# JAMES PATTERSON

& JOHN CONNOLLY WITH TIM MALLOY

# FILTHY RICH

A POWERFUL BILLIONAIRE,
THE SEX SCANDAL THAT UNDID HIM, AND ALL
THE JUSTICE THAT MONEY CAN BUY:

*THE SHOCKING TRUE STORY OF JEFFREY EPSTEIN*

I don't see what it adds to the
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estigation had taken place, that
But, at that time, no criminal
irs had been launched. And in
the rumors of Epstein's dealings
l to be just that—rumors.
his lawyers, his editors, and his
ing odd and disturbing happened
n in Times Square.

to the office early. He swiped his
the elevator button, and arrived in
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ct time to review Ward's story.
n's town house—which is said to
residence in New York City at the
e, amid the flurry of menservants
and pristine white gloves, you feel
leone's private Xanadu," she'd writ-
person's home, but a high-walled,
that seems to have no boundaries.
ed not with paintings but with row
amed eyeballs; these, the owner tells
nported from England, where they
ers. Next comes a marble foyer, which
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visitors who painted it. In any case,



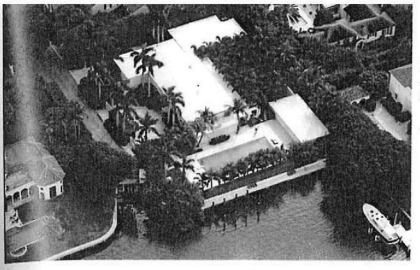

Epstein's Palm Beach property, 358 El Brillo Way (© *Chris Bott / Splash News / Corbis*)

One of the photographs captured on video during the Palm Beach Police Department search warrant walk-through of Epstein's El Brillo Way residence (*Palm Beach Police Department*)

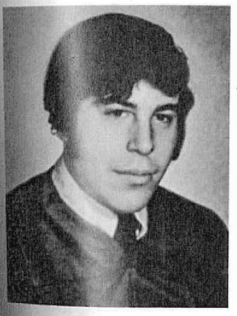

Jeffrey Epstein's 1969 high school yearbook photo (*Lafayette High School, Brooklyn, New York, 1969*)

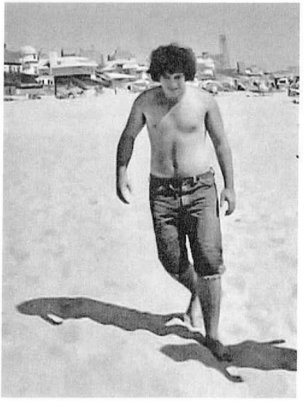

Jeffrey Epstein, Coney Island, circa 1969 (*Anonymous*)

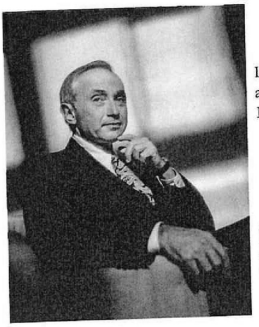

Leslie Wexner, photographed at his home in New York City, 1989 *(© Lynn Goldsmith)*

(L to R) Jeffrey Epstein, Ghislaine Maxwell, and Tony Randall, who presided over a November 1991 YIVO Institute event at the Plaza Hotel to honor the late Robert Maxwell *(Marina Garnier)*

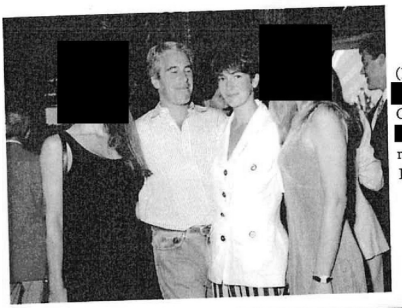

(L to R) [redacted], Jeffrey Epstein, Ghislaine Maxwell, and [redacted] attend a reception at Mar-a-Lago, 1995. *(Davidoff Studios)*

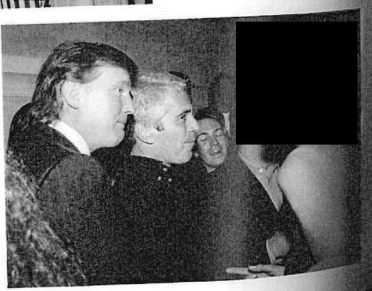

Jeffrey Epstein, Donald Trump, and (newly signed Trump Model) [redacted], attending the Victoria's Secret Angels party at Laura Belle club in New York City on April 8, 1997 *(Marina Garnier)*

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(L to R) Deborah Blohm, Jeffrey Epstein, Ghislaine Maxwell, and Gwendolyn Beck attend a reception at Mar-a-Lago, 1995. *(Davidoff Studios)*

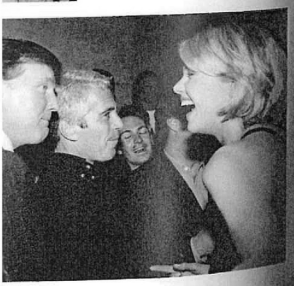

[redacted], age fifteen; photo reportedly taken by Jeffrey Epstein in New York City [redacted] *Affidavit, US District Southern Court of Florida)*

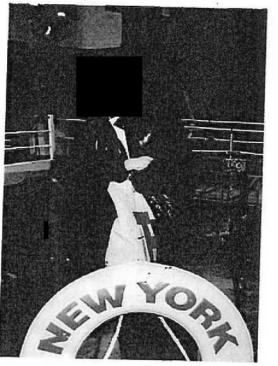

(L to R) Prince Andrew, [redacted] and Ghislaine Maxwell; photo reportedly taken by Epstein with [redacted] camera in Maxwell's London town house. [redacted] was seventeen years old at this time. ([redacted] *Affidavit, US District Southern Court of Florida)*

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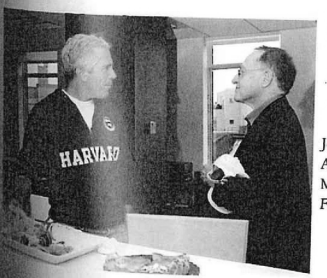


Jeffrey Epstein with Professor Alan Dershowitz in Cambridge, MA, September 8, 2004 *(© Rick Friedman / Corbis)*

On the day the police investigation began, Epstein was photographed with Ghislaine Maxwell in New York City at the 2005 Wall Street concert series benefiting Wall Street Rising, at Cipriani in New York City, March 15, 2005. *(Joe Shildhorn / Patrick McMullen)*

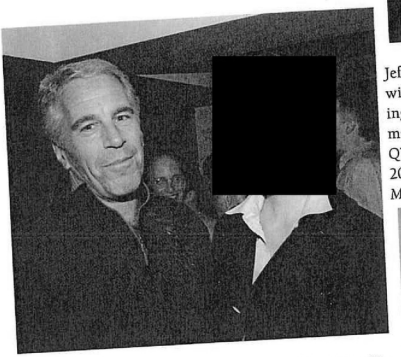

Jeffrey Epstein, photographed with [redacted] attending the launch of *Radar* magazine held at the Hotel QT in New York City, May 2005 *(Neil Rasmus / Patrick-McMullan.com / Sipa Press)*

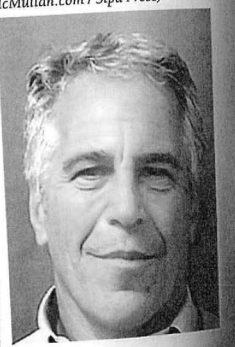

2008 Palm Beach County Sheriff's Office booking photo of Jeffrey Epstein *(Palm Beach County Sheriff's Office)*

The Stockade, where Epstein served his sentence, photographed here in 2006, was located at 673 Fairgrounds Road in West Palm Beach, Florida. At the time, it was used as a minimum- and medium-security facility housing women and juveniles, as well as male inmates on a work-release program. *(Smith Aerial Photos)*

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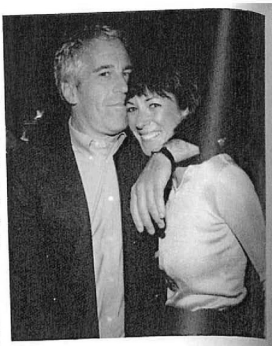

Jeffrey Epstein, photographed with Adrianna Ross, attending the launch of *Radar* magazine held at the Hotel QT in New York City, May 2005 *(Neil Rasmus / Patrick-McMullan.com / Sipa Press)*

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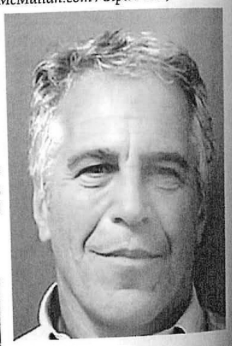

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Epstein pleaded guilty to state solicitation charges and served thirteen months of an eighteen-month sentence, with liberal work-release privileges, in a solitary cell at the Palm Beach County Stockade similar to the one pictured here. *(Courtesy CDC Special Management, Palm Beach Sheriff's Office)*

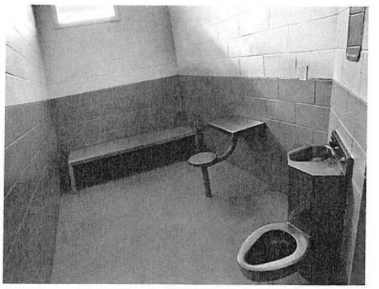

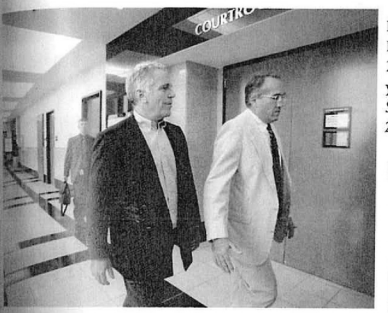

Epstein and lawyer at the West Palm Beach courthouse in June 2008 to enter a plea nearly two years after being charged *(Uma Sanghvi / The Palm Beach Post / ZUMAPRESS.com)*

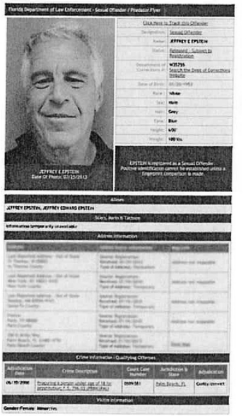

Jeffrey Epstein's entry in the National Sex Offender Registry *(National Sex Offender Registry)*

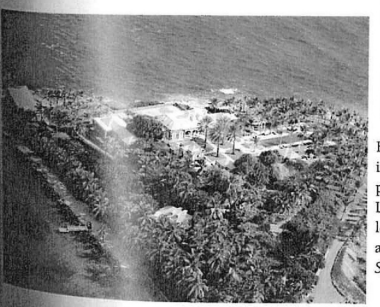

Epstein's Little Saint James island, U.S. Virgin Islands: a privately owned cay (nicknamed Little Saint Jeff's) whose owner locals affectionately refer to as Richie Rich *(© Chris Bott / Splash News / Corbis)*

Epstein's Gulfstream, photographed on Little Saint James island in the U.S. Virgin Islands, January 2015 (© *Chris Bott / Splash News / Corbis*)

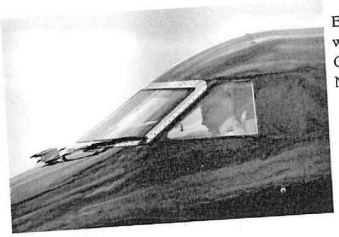

Epstein's longtime pilot, Larry Visoski, was at the controls as Epstein's Gulfstream left Teterboro Airport in New Jersey, January 2016. (*Jae Donnelly*)

When Prince Andrew and Epstein were seen strolling together through New York's Central Park in 2011, shortly after Epstein's release from jail, the duke was forced to quit his role as the British government's global trade envoy. (*Jae Donnelly / News of the World*)

Stephen Hawking, photographed in March 2006 aboard an Atlantis submarine that was custom-fitted by Epstein to accommodate his wheelchair. Hawking was attending the conference "Confronting Gravity," "a workshop to explore fundamental questions in physics and cosmology," sponsored by the J. Epstein VI Foundation and the Center for Education and Research in Cosmology and Astrophysics (CERCA) at Case Western Reserve University, at the Ritz-Carlton, St. Thomas, USVI. (*Courtesy CERCA, Case Western University*)

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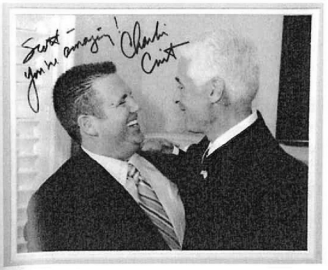


A framed photo of Florida governor Charlie Crist and Scott Rothstein in Rothstein's office in Fort Lauderdale, autographed by Charlie Crist: *Scott—You are amazing! Charlie Crist (Carline Jean © Sun Sentinel / ZUMA-PRESS.com)*

Epstein's current residence, the storied building formerly known as the Herbert N. Straus Mansion, on East 71st Street just off Central Park, was acquired by Leslie Wexner in 1989. *(Laura Hanifin)*

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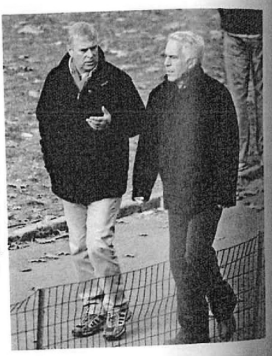

Epstein, a longtime benefactor, with an unidentified friend, attended the 2014 New York Academy of Art's Tribeca Ball, presented by Van Cleef & Arpels, at the New York Academy of Art on April 7, 2014, in New York City. *(Billy Farrell / BFAnyc.com)*

Stephen Hawking, photographed in March 2006 aboard an Atlantis submarine that was custom-fitted by Epstein to accommodate his wheelchair. Hawking was attending the conference "Confronting Gravity," "a workshop to explore fundamental questions in physics and cosmology," sponsored by the J. Epstein VI Foundation and the Center for Education and Research in Cosmology and Astrophysics (CERCA) at Case Western Reserve University, at the Ritz Carlton, St. Thomas, USVI. *(Courtesy CERCA, Case Western University)*

[redacted] photographed at the New York Academy of Art's Tribeca Ball, April 14, 2004 *(Rob Rich / SocietyAllure.com)*

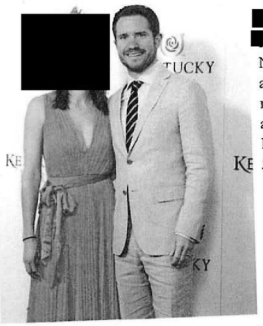


[redacted] and husband, NASCAR driver Brian Vickers, arrive on the red carpet at the 141st running of the Kentucky Derby at Churchill Downs in Louisville, Kentucky. *(Jeff Moreland / Icon Sportswire via AP Images)*

[redacted] and Larry Visoski, Epstein's personal pilot, in what appears to be the cockpit of a Gulfstream G-II *(YouTube)*

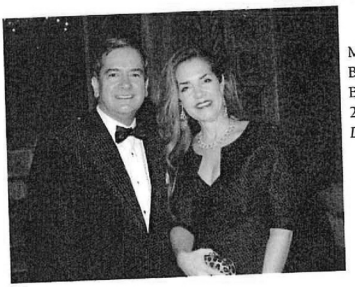

Michael and Janet Reiter at the Palm Beach Police Foundation Policemen's Ball at Mar-a-Lago, January 2012 *(Debbie Schatz / Palm Beach Daily News / ZUMAPRESS.com)*

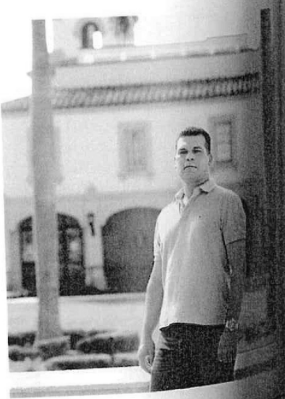

Retired Palm Beach police detective Joe Recarey, November 2013 *(Meghan McCarthy / Palm Beach Daily News / ZUMAPRESS.com)*

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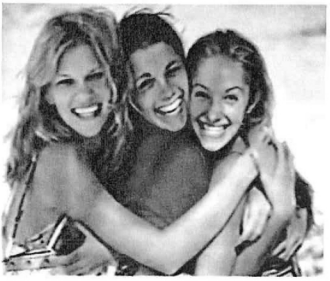

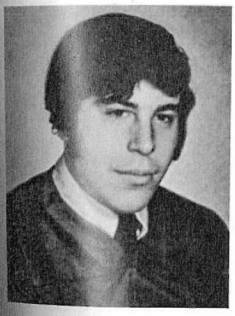

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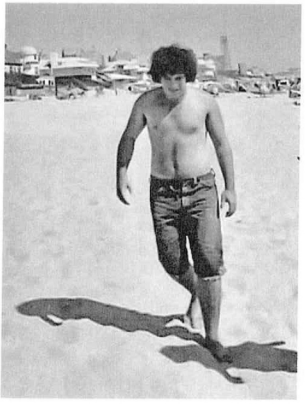

Jeffrey Epstein, Coney Island, circa 1969 (*Anonymous*)

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Leslie Wexner, photographed at his home in New York City, 1989 *(© Lynn Goldsmith)*

(L to R) Jeffrey Epstein, Ghislaine Maxwell, and Tony Randall, who presided over a November 1991 YIVO Institute event at the Plaza Hotel to honor the late Robert Maxwell *(Marina Garnier)*

(L to R) Deborah Blohm, Jeffrey Epstein, Ghislaine Maxwell, and Gwendolyn Beck attend a reception at Mar-a-Lago, 1995. *(Davidoff Studios)*

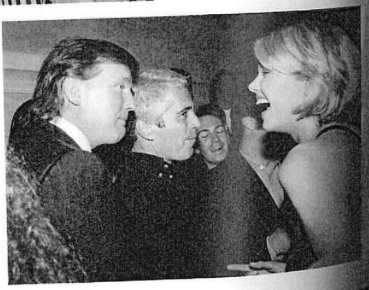

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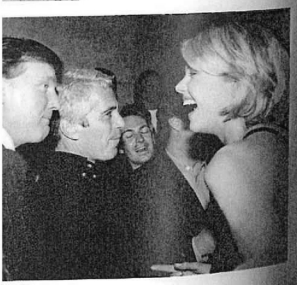

Virginia Roberts, age fifteen; photo reportedly taken by Jeffrey Epstein in New York City *(Virginia Roberts Affidavit, US District Southern Court of Florida)*

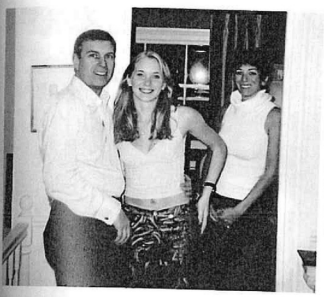

(L to R) Prince Andrew, Virginia Roberts, and Ghislaine Maxwell; photo reportedly taken by Epstein with Roberts's camera in Maxwell's London town house. Roberts was seventeen years old at this time. *(Virginia Roberts Affidavit, US District Southern Court of Florida)*

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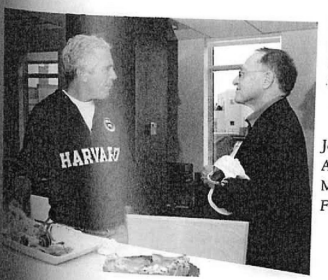


Jeffrey Epstein with Professor Alan Dershowitz in Cambridge, MA, September 8, 2004 *(© Rick Friedman / Corbis)*

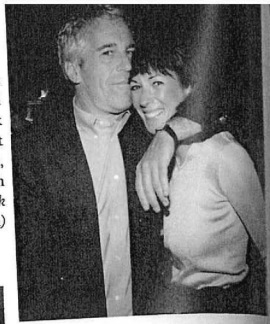

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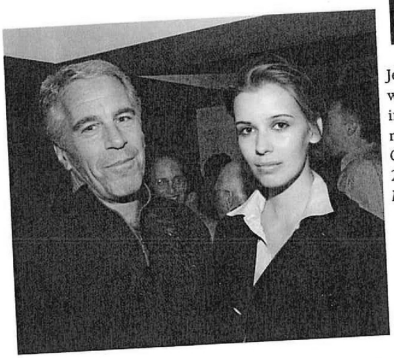

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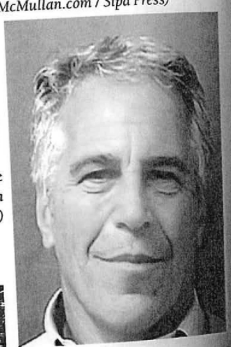

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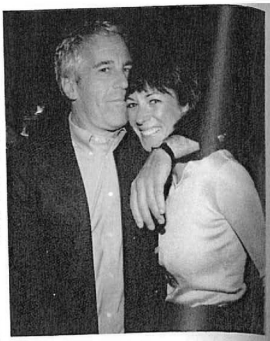

Jeffrey Epstein, photographed with Adrianna Ross, attending the launch of *Radar* magazine held at the Hotel QT in New York City, May 2005 *(Neil Rasmus / Patrick-McMullan.com / Sipa Press)*

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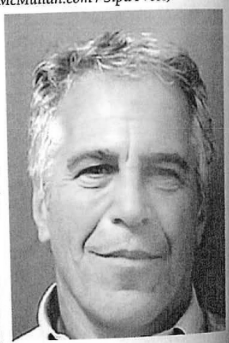

The Stockade, where Epstein served his sentence, photographed here in 2006, was located at 673 Fairgrounds Road in West Palm Beach, Florida. At the time, it was used as a minimum- and medium-security facility housing women and juveniles, as well as male inmates on a work-release program. *(Smith Aerial Photos)*

Epstein pleaded guilty to state solicitation charges and served thirteen months of an eighteen-month sentence, with liberal work-release privileges, in a solitary cell at the Palm Beach County Stockade similar to the one pictured here. *(Courtesy CDC Special Management, Palm Beach Sheriff's Office)*

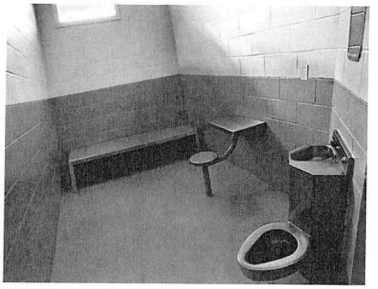

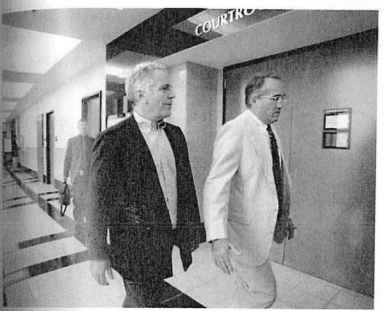


Epstein and lawyer at the West Palm Beach courthouse in June 2008 to enter a plea nearly two years after being charged *(Uma Sanghvi / The Palm Beach Post / ZUMAPRESS.com)*

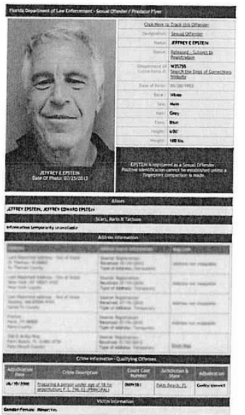

Jeffrey Epstein's entry in the National Sex Offender Registry *(National Sex Offender Registry)*

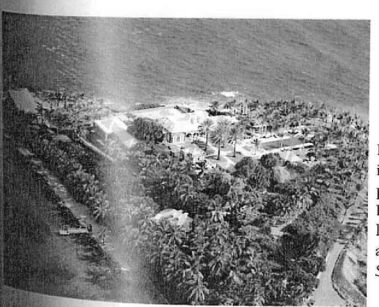

Epstein's Little Saint James island, U.S. Virgin Islands: a privately owned cay (nicknamed Little Saint Jeff's) whose owner locals affectionately refer to as Richie Rich *(© Chris Bott / Splash News / Corbis)*

Epstein's Gulfstream, photographed on Little Saint James island in the U.S. Virgin Islands, January 2015 (© Chris Bott / Splash News / Corbis)

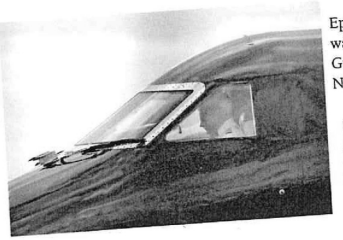

Epstein's longtime pilot, Larry Visoski, was at the controls as Epstein's Gulfstream left Teterboro Airport in New Jersey, January 2016. (Jae Donnelly)

When Prince Andrew and Epstein were seen strolling together through New York's Central Park in 2011, shortly after Epstein's release from jail, the duke was forced to quit his role as the British government's global trade envoy. (Jae Donnelly / News of the World)

Stephen Hawking, photographed in March 2006 aboard an Atlantis submarine that was custom-fitted by Epstein to accommodate his wheelchair. Hawking was attending the conference "Confronting Gravity," "a workshop to explore fundamental questions in physics and cosmology," sponsored by the J. Epstein VI Foundation and the Center for Education and Research in Cosmology and Astrophysics (CERCA) at Case Western Reserve University, at the Ritz-Carlton, St. Thomas, USVI. (Courtesy CERCA, Case Western University)

Epstein's longtime pilot, Larry Visoski, was at the controls as Epstein's Gulfstream left Teterboro Airport in New Jersey, January 2016. *(Jae Donnelly)*

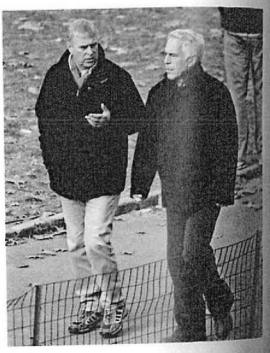

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Stephen Hawking, photographed in March 2006 aboard an Atlantis submarine that was custom-fitted by Epstein to accommodate his wheelchair. Hawking was attending the conference "Confronting Gravity," "a workshop to explore fundamental questions in physics and cosmology," sponsored by the J. Epstein VI Foundation and the Center for Education and Research in Cosmology and Astrophysics (CERCA) at Case Western Reserve University, at the Ritz Carlton, St. Thomas, USVI. *(Courtesy CERCA, Case Western University)*

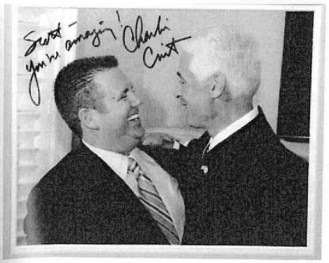


A framed photo of Florida governor Charlie Crist and Scott Rothstein in Rothstein's office in Fort Lauderdale, autographed by Charlie Crist: *Scott—You are amazing! Charlie Crist (Carline Jean © Sun Sentinel / ZUMA-PRESS.com)*

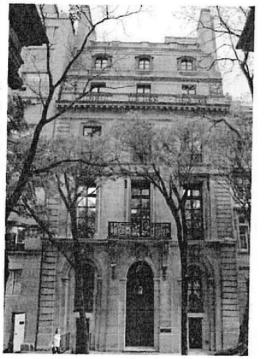

Epstein's current residence, the storied building formerly known as the Herbert N. Straus Mansion, on East 71st Street just off Central Park, was acquired by Leslie Wexner in 1989. *(Laura Hanifin)*

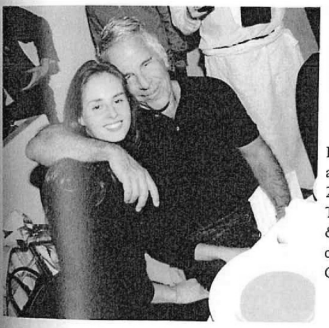

Epstein, a longtime benefactor, with an unidentified friend, attended the 2014 New York Academy of Art's Tribeca Ball, presented by Van Cleef & Arpels, at the New York Academy of Art on April 7, 2014, in New York City. *(Billy Farrell / BFAnyc.com)*

Nadia Marcinkova, Michele Tagliani, Sarah Kellen, and Teala Davies, photographed at the New York Academy of Art's Tribeca Ball, April 14, 2004 *(Rob Rich / SocietyAllure.com)*

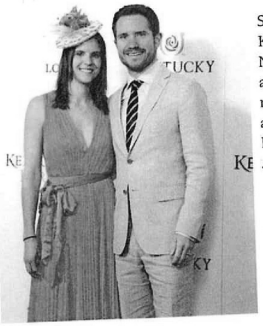

Sarah (formerly Kellen/ Kensington) and husband, NASCAR driver Brian Vickers, arrive on the red carpet at the 141st running of the Kentucky Derby at Churchill Downs in Louisville, Kentucky. *(Jeff Moreland / Icon Sportswire via AP Images)*

Nadia Marcinkova and Larry Visoski, Epstein's personal pilot, in what appears to be the cockpit of a Gulfstream G-II *(YouTube)*

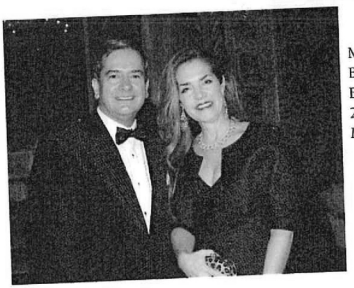

Michael and Janet Reiter at the Palm Beach Police Foundation Policemen's Ball at Mar-a-Lago, January 2012 *(Debbie Schatz / Palm Beach Daily News / ZUMAPRESS.com)*

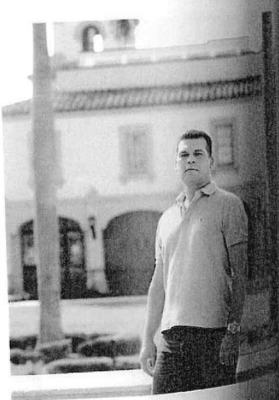

Retired Palm Beach police detective Joe Recarey, November 2013 *(Meghan McCarthy / Palm Beach Daily News / ZUMAPRESS.com)*

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Michael and Janet Reiter at the Palm Beach Police Foundation Policemen's Ball at Mar-a-Lago, January 2012 *(Debbie Schatz / Palm Beach Daily News / ZUMAPRESS.com)*

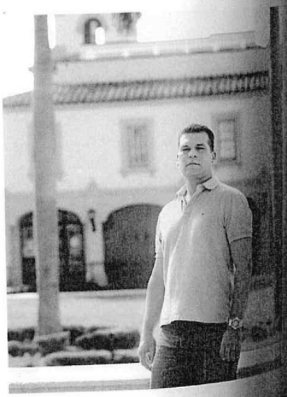

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guests are like pygmies next to the nearby twice-life-size sculpture of a naked African warrior."

The journalist had confirmed that several prominent names—Mort Zuckerman, the famous real estate mogul and publisher; Microsoft executive Nathan Myhrvold; and Donald Trump among them—had dined at the residence. She'd interviewed several of Epstein's friends and ex-friends: Nobel Prize–winning scientists, financiers who worked with Epstein at Bear Stearns. She'd handled Steven Hoffenberg with aplomb. And, working with *Vanity Fair*'s editors, she'd figured out ways to slip even more information between the lines, in ways that would allow readers to form their own questions about Epstein's finances.

In that respect, she'd fulfilled her original assignment perfectly.

What Carter needed to figure out was what to do with the artist, her sister, and their mother's story. But before he could swipe his key card to let himself into the magazine's offices, Carter saw a man standing in the reception area.

The man was motionless. He'd been waiting for Carter.

It was Jeffrey Epstein. Nonplussed, Carter invited him into his office.

Epstein denied the claims involving underage women. No criminal charges had been filed. And so *Vanity Fair* decided not to include the claims in Ward's article. But, according to Ward, when her editor Doug Stumpf called her, she cried.

She'd worked so hard on the piece, gotten so stressed out that one of her twins had begun to grow more slowly than the other. On doctor's orders, she'd been put on bed rest.



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"Why?" she asked when she got to speak to Carter directly.

"He's sensitive about the young women. And we still get to run most of the piece."

In her notebook, Ward wrote down the rest of what Carter had said: "I believe him," he told her. "I'm Canadian."

But the piece that came out, in the March issue, still created a sensation. It was called "The Talented Mr. Epstein" in a sly reference to Patricia Highsmith's celebrated suspense novel *The Talented Mr. Ripley*. The film adaptation, by Anthony Minghella, was still fresh in the minds of *Vanity Fair*'s readers. For Graydon Carter, just posing the question *Is Epstein some sort of scam artist, like Ripley?* had been question enough. And throughout the piece, there were ironies readers wouldn't miss as they drew their own conclusions about Epstein's life story. It came through clearly in the first line of the last paragraph of Ward's 7,500-word story: "Many people comment there is something innocent, almost childlike about Jeffrey Epstein."

In context, the word *innocent* was rather ironic—so much so that it almost became its own opposite.



*Todd Meister: June 20*

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# CHAPTER 39

## *Todd Meister: June 2015*

Harry Cipriani, on Fifth Avenue, is a New York institution. The restaurant began its life as an American outpost of Harry's Bar—which was itself a famous American outpost in Venice. Located inside the Sherry-Netherland hotel, it's a theme restaurant—the theme being money. And today, a hedge-fund manager named Todd Meister is talking about a very wealthy man—Jeffrey Epstein—whom he knows through his father, Epstein's sometime friend Bob Meister.

"I've known Jeffrey since I was nineteen," Meister says. "So let me tell you what I know—whatever everyone knows and everybody else says. First off, he's no billionaire. Second off—and here's why—he has no clue how to invest. He has people do that for him."

Meister knows how to invest. He does it for other people and, as the son of a superrich father, for himself. He also knows about the



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good life. Parties in Vegas; weekends in the Hamptons; affairs with beautiful women that end up getting splashed all over the tabloids.

It makes sense that, once upon a time, he and Epstein would have gotten along.

"As for the girls," Meister says, "that was just business. He'd seat them strategically at client dinners. When he went to the movies, he'd take three or four girls with him. They'd take turns massaging his back, arms, and legs."

According to Meister, Epstein used to boast that he "liked to go into insane asylums because he liked to fuck crazy women."

"Who knows if it's true?" Meister adds. "But I'm telling you, he used to say it."

From time to time, Epstein's friends and acquaintances would see sides of Epstein that he'd grown much less shy about sharing.

Epstein encouraged Alan Dershowitz to invest with a prominent hedge-fund manager named Orin Kramer. Dershowitz did, and he made a lot of money at first. But in 2008, the fund Dershowitz had invested in lost a substantial amount. Afterward, according to a former associate of Epstein's, Epstein appeared in Kramer's midtown Manhattan office. There, sources say, he told Kramer: "It's very much in your interest to make Alan Dershowitz whole."

Epstein's intervention worked, and Dershowitz recovered his money.

To people who'd known Epstein back in the 1980s, this kind of behavior was out of character. But the thing about Epstein was that you never could figure him out. One minute he was charming.





The most charming man you'd
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Todd Meister, who was marri
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At Harry Cipriani, the ques

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The most charming man you'd ever meet. The next he was snarl, threat, and bluster. Something didn't add up. So you'd run the numbers: this many parties, that many women. Even with the connection to Victoria's Secret, the women didn't add up, either.

Throw in the modeling agency, it makes more sense. Then you plug in the parties. The scene brings *Eyes Wide Shut* to mind. But the thing is, *Eyes Wide Shut* only works in the shadows. For Epstein, getting on that plane with Clinton was more like a moment in *Caddyshack*—the one in which the groundhog peeks out from his hole in the golf course. From there on in, Jeffrey Epstein was like the mole in a game of whack-a-mole. It was only a matter of time before he'd be caught. But the question you had to ask yourself was, are people like Epstein born without morals? Or are their morals like snakeskin—just something they shed (along with all the other basic, day-to-day concerns that everyday working people have) as they make their way into that *Eyes Wide Shut* world?

Todd Meister, who was married to Nicky Hilton and stole the heiress Samantha Boardman away from Condé Nast's former editorial director James Truman, should know. He wonders out loud:

"How *does* a yutz like Epstein get beautiful women?"

At Harry Cipriani, the question lingers in the air.



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# PART IV

## The Investigation

# CHAPTER 40

## *Michael Reiter: January 2006*

As far as Michael Reiter's concerned, the case that his team has built against Epstein—slowly, meticulously, over the course of an entire year—is airtight. Even now, Detective Recarey's finding new pieces of evidence. And already Reiter's been laying the groundwork with prosecutors. State attorney Barry Krischer has a reputation for toughness. He's known, nationally, for his prosecution of juvenile offenders. And Reiter's been keeping him abreast of the investigation. With Jeffrey Epstein, it's not simply a matter of seeing him punished. It's a matter of getting a sexual predator off the streets of Palm Beach.

Krischer assures the chief that he's taking this case *very* seriously.

The state attorney's office will have Reiter's back at every turn.

"I told him that we had an investigation that was very serious



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that involved a very noteworthy person and that involved a number of underage females," Reiter would say in his deposition for the suit that was later settled by Epstein. "That it was of a sexual nature. I was concerned that we had not reached all of the victims, and we hadn't, I'm sure, at this point. I told him that I felt like the suspect would probably become aware of the investigation at some point and that we should probably expect some contact from . . . Mr. Epstein's lawyers. And I told him that I wanted to keep him very well informed on this and that I hoped that he would do the same. And that we would have to have more contact in making sure it was handled responsibly, intelligently, and appropriately as it moved forward."

Reiter would say that Epstein's name did not seem to ring a bell with the state attorney. But shortly afterward, the chief became aware that in certain powerful circles his investigation was being looked upon unfavorably. "I had many people-related conversations . . . on the cocktail-party circuit that suggested we approach this in a way that wasn't necessary," he would say.

Michael Reiter was a good cop. A good man. But he was about to discover that when it came to men with the power and influence Epstein wielded, fairness under the law was a relative, malleable concept.



*Detective Recarey: Feb*

For months, Joe Reca
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on El Brillo Way.

Recarey interviewed or
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# CHAPTER 41

## *Detective Recarey: February 2006*

For months, Joe Recarey's been interviewing girls who'd been brought to Epstein's house, subpoenaing telephone and car-rental records, conducting surveillance. Ultimately, according to a source within the Palm Beach PD, the department would identify forty-seven underage girls who'd been molested on El Brillo Way.

Recarey interviewed one of Epstein's pilots, a man named David Rogers, as well as Epstein's houseman, Alfredo Rodriguez. He also spoke to a woman who really *was* a massage therapist.

It turned out that Epstein paid just one hundred dollars for actual Swedish deep-tissue massages that the therapist provided for him and his friends, the lawyer Alan Dershowitz among them.

Did anything untoward ever happen? Recarey asked. Had Epstein ever asked the woman to rub his chest?



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No, she told him. She wasn't Epstein's type. The girls she'd seen at his house were very thin and beautiful and did not have tattoos. This massage therapist had several tattoos that were visible, and on quite a few occasions Epstein and Ghislaine Maxwell had made negative comments about them.

According to a Palm Beach Police Department Incident Report filed by Recarey on July 25, 2006, the detective had also heard from Mary's father, who said that a private eye had been to his house, photographing his family and chasing visitors away.

Mary's dad had gotten the license plate—Florida E79-4EG.

Recarey traced it back to one Ivan Robles of West Palm Beach. Robles turned out to be a licensed private investigator.

Recarey informed the state's attorney's office.

Alison also contacted Recarey and told him that she'd been approached by someone who was in touch with Epstein. Alison had been told that she'd receive money if she would refuse to cooperate with the police.

Those who help him will be compensated, she was told, according to Detective Recarey's incident report. "And those who hurt him will be dealt with."

Recarey reassured the girl and told her that tampering with a witness in a case like this was a serious, arrestable offense.

Then he told an assistant state attorney.

The detective was leaving no *i* undotted and no *t* uncrossed.

But he did wonder if the state attorney's office itself had become part of the problem.



*Barry Krischer: April*

State attorney Barry
before taking his post
in and around Palm
1992 and 1996, he had run
and 2004. During the cou
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Brooklyn, he received a n
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# CHAPTER 42

## *Barry Krischer: April 2006*

State attorney Barry Krischer was an elected official, but before taking his post, he'd been a lawyer in private practice in and around Palm Beach. Elected twice to his office, in 1992 and 1996, he had run unopposed for state attorney in 2000 and 2004. During the course of his long career, which began in 1970 with a three-year stint in the district attorney's office in Brooklyn, he received a number of awards: the pro bono award from the Legal Aid Society of Palm Beach County for his service with the juvenile justice system and for his work with the child protection team; the Peace at Home award, presented by Governor Jeb Bush, for his work with victims of family violence; a lifetime achievement award from the Florida Bar. He was a board member of the National District Attorneys Association. And he was not necessarily averse to going after the rich and powerful. In 2003, he launched an investigation into Rush Limbaugh's use



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of, and means of obtaining, oxycodone and hydrocodone. (A few years after Limbaugh's arrest, which coincided with Chief Reiter's investigation into Jeffrey Epstein, the talk-show host settled with prosecutors, agreed to submit to random drug testing, and gave up his firearms permit.)

Krischer himself, however, had been accused of sexual misconduct.

In October of 1992, Jodi Bergeron, a legal secretary who'd worked for Krischer, filed a sexual harassment lawsuit against him in the Palm Beach County circuit court. That suit was dismissed, but a few months later, the woman took Krischer to federal court, accusing him of making unwanted advances and demanding recompense for battery, negligence, invasion of privacy, and emotional distress.

Krischer had placed his hands, violently, inside her blouse, the woman said. He'd forcibly fondled her breasts, forcibly kissed her, and rubbed her shoulders while brushing her buttocks with his hands and knees, all while accompanying the gestures with verbal advances.

When she declined those advances, the woman claimed, Krischer fired her.

Krischer denied the allegations. At the time, he was making his first run for the state attorney's office. The charges were politically motivated, he said. Members of a local chapter of NOW—the National Organization for Women—had stood by the lawyer, citing his efforts to stop domestic violence, among his other virtues.

"I am here to support Barry Krischer for the work his office did in my daughter's case," one woman said during a rally that took place in front of the courthouse. "Her murderer received the maximum sentence, a life sentence."

The second lawsuit had also been dismissed—after Krischer's



former law firm agreed
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Now Chief Reiter and D
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former law firm agreed to pay Bergeron's attorney seven thousand dollars in legal fees.

Now Chief Reiter and Detective Recarey were beginning to have their own questions about Barry Krischer. The Palm Beach PD wanted to charge Epstein with one count of lewd and lascivious behavior and four counts of unlawful sexual activity with a minor—felony charges that would have amounted to years behind bars in the case of a conviction. Wendy Dobbs and Sarah Kellen would be charged as accomplices.

This was not the plan that Krischer seemed to have in mind for Jeffrey Epstein.

In cases involving the sexual abuse of minors, prosecuting attorneys tend to have suspects arrested, then push for a trial. But instead of granting his approval for an arrest, Krischer told the police that he would convene a grand jury, which would be asked to consider a broad range of charges.

In a case such as Epstein's, this was highly unusual. Not damning in and of itself. But very strange. In Florida, grand juries are only *required* in capital cases. At the state attorney's discretion, they may also be called in controversial cases—for instance, cases involving crimes committed by public officials. But Jeffrey Epstein wasn't a public official, and as far as the Palm Beach PD was concerned, the only controversial thing about the case they'd built was that Epstein was rich and well connected. In his deposition for *B.B. vs. Epstein,* Chief Reiter rel ayed Krischer's concerns: the prosecutor had to make sure that his case was solid, beyond a reasonable doubt. And Krischer did have his doubts about the credibility of the young women who'd be called to testify against Epstein.



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Even so, Reiter was beginning to wonder if Krischer was stacking the deck in Epstein's favor—if, thanks to the sway prosecutors have over grand juries, assembling such a jury wasn't an excellent way to let Epstein off with the lightest punishment possible.

Another unusual thing: the way Barry Krischer and the lawyers working for him ignored Chief Reiter's multiple phone calls as well as Detective Recarey's—even though the police had been hearing from Epstein's own lawyers.

"[Krischer] and I had an excellent relationship," Chief Reiter said in his deposition. "I was the speaker at his swearing-in ceremony. And that he wouldn't return my phone calls—I mean, it was clear to me by his actions that he could not objectively look at this case."

In the incident report he ended up writing, Detective Recarey remembered a phone call that he received from Guy Fronstin, one of the lawyers representing Epstein.

It was a message Epstein wanted to send, something central to the case that demanded explanation. The whole shit show swirling around him was just a misunderstanding—a misrepresentation—of Epstein's actual interests and intentions.

*Fronstin says Mr. Epstein is very passionate about massages,* Detective Recarey would write.

And: *Mr. Epstein had donated over $100,000 to the Ballet of Florida for massages.*

And: *The massages are therapeutic and spiritually sound for him. That is why he has had so many massages.*



*Palm Beach Police Depar*
*by Detective Joseph Reca*

*On April 13 and April 14, 2*
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*Weiss and ASA [Lanna] B*
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*ted over $100,000 to the Ballet of*

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# CHAPTER 43

## *Palm Beach Police Department Incident Report Filed by Detective Joseph Recarey: July 25, 2006*

*On April 13 and April 14, 2006, I attempted contact on several occasions with ASA [assistant state attorney Daliah] Weiss and ASA [Lanna] Belohlavek to ascertain when the victims needed to report for Grand Jury testimony. Messages were left on their voicemail. On April 17, 2006, during the hours of 9:00 am and 11:30 am I again left messages for ASA Weiss and ASA Belohlavek for either of them to return my call as I had not heard from the State Attorney's Office as to the time and date of the Grand Jury.*

*At approximately 12:30 pm, I went to the State Attorney's Office and Located ASA Weiss and ASA Belohlavek in their offices. I entered ASA Belohlavek's office who informed me that she was going to return my call. She explained that an offer was made to the Defense, Atty Guy Fronstin and*



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*Atty Alan Dershowitz. The offer is 1 count of Agg Assault with intent to commit a felony, five years probation, with adjudication withheld. Epstein would have to submit to psychiatric/sexual evaluation and no unsupervised visits with minors. When asked about all the other victims, ASA Belohlavek stated that was the only offer made as to one victim, [Mary]. ASA Belohlavek['s] cell phone rang and went to voice mail. She checked her voice mail and played the message on speaker. The caller identified himself as Atty Guy Fronstin and acknowledged the deal made between them. Fronstin stated in the message, he spoke with his client, Jeffrey Epstein, and would agree to this deal. Fronstin asked to call off the grand jury as they would accept this deal. Belohlavek stated a probable cause would be needed to book Epstein in the county Jail and would let me know as to when it was needed. I explained my disapproval of the deal and not being consulted prior to the deal being offered. However I expressed that was only my opinion and the final approval would come from the Chief of Police. She explained to have Chief Reiter call Barry Krischer about the deal. I left the area and returned to the police station where I briefed the Chief about the deal offered.*

*I checked my voice mail messages and discovered a message from [the] stepmother for the victim [Mary]. She was calling because the State Attorney's Office still had not returned any of her calls as to when they are needed for this case. I then called ASA Belohlavek's office and left messages for her to call the victims on this case and explain to them what the State Attorney's Office had done.*



*Michael Reiter: May 2(*

A plea offer?

Chief Reiter is o
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see Epstein get off with a m
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Why?

Alan Dershowitz has pre
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In her "About Me" colu
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Under "Ever drank" an
"Yeah."

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# CHAPTER 44

## *Michael Reiter: May 2006*

A plea offer?

Chief Reiter is *outraged*. His team has logged thousands of hours of work. They've assembled mountains of evidence. But instead of going to trial, the state attorney wants to see Epstein get off with a misdemeanor, five years of probation, and a psych exam.

Why?

Alan Dershowitz has presented the prosecutors with his own pieces of evidence—printouts from the victims' Myspace pages.

In her "About Me" column, under "Best physical feature," Mary has written "Ass and eyes."

Under "Ever drank" and "Ever smoked pot," she's written "Yeah."

Under "Ever shoplifted": "Lots."

Under "Ever skinny dipped": "Yeah."



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Under "[Do] you wanna lose your virginity": "I already lost it."

One of the victims has been caught with drugs and arrested. She's also been caught stealing from Victoria's Secret. From the state attorney's perspective, these girls look like compromised women. And if what they say about Epstein is true, wouldn't that make them prostitutes?

As witnesses, they would be weak, while the lawyers on Epstein's side were exceptionally strong.

Alan Dershowitz had represented Claus von Bülow, the British socialite who was acquitted of the murder of his wife, Sunny. Dershowitz had been on O. J. Simpson's team when the former football star was acquitted of the murders of his ex-wife, Nicole Brown Simpson and Nicole's friend Ronald Lyle Goldman. And rich as von Bülow and Simpson had been, neither one had had the resources that Epstein was willing and able to deploy in his own defense.

Neither of them had been intimate friends with his lawyer.

As far as Reiter was concerned, none of that mattered. Even if Epstein thought that the girls he'd molested were eighteen years old—even if they had *lied* to him—it didn't matter under Florida law. The chief grew worried that in Epstein's case exceptions were being made, and he grew even more concerned with each unreturned call that he made to the state attorney's office.

On May 1, the Palm Beach PD asked the state attorney's office to issue an arrest warrant for Jeffrey Epstein.

That same day, Chief Reiter took the extraordinary step of writing Barry Krischer a letter all but demanding that he recuse himself from the case.



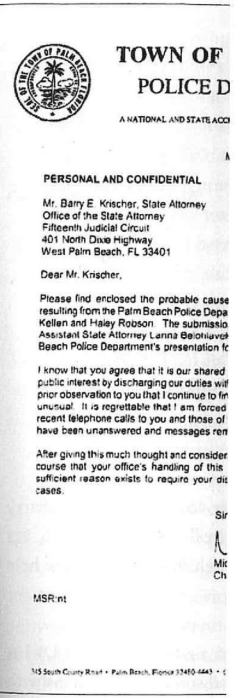

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PERSONAL AND CONFIDENTIAL

Mr. Barry E. Krischer, State Attorney
Office of the State Attorney
Fifteenth Judicial Circuit
401 North Dixie Highway
West Palm Beach, FL 33401

Dear Mr. Krischer,

Please find enclosed the probable cause
resulting from the Palm Beach Police Depa
Kellen and Haley Robson. The submissio
Assistant State Attorney Lanna Belohlave
Beach Police Department's presentation fo

I know that you agree that it is our shared
public interest by discharging our duties wit
prior observation to you that I continue to fin
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After giving this much thought and consider
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**TOWN OF PALM BEACH**
**POLICE DEPARTMENT**

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

May 1, 2006

**PERSONAL AND CONFIDENTIAL**

Mr. Barry E. Krischer, State Attorney
Office of the State Attorney
Fifteenth Judicial Circuit
401 North Dixie Highway
West Palm Beach, FL 33401

Dear Mr. Krischer,

Please find enclosed the probable cause affidavits and case filing packages thus far resulting from the Palm Beach Police Department's investigation of Jeffrey Epstein, Sarah Kellen and Haley Robson. The submission of these documents are both in response to Assistant State Attorney Lanna Belohlavek's request for them and to serve as the Palm Beach Police Department's presentation for prosecution.

I know that you agree that it is our shared responsibility to seek justice and to serve the public interest by discharging our duties with fairness and accountability. I must renew my prior observation to you that I continue to find your office's treatment of these cases highly unusual. It is regrettable that I am forced to communicate in this manner but my most recent telephone calls to you and those of the lead detective to your assigned attorneys have been unanswered and messages remain unreturned.

After giving this much thought and consideration, I must urge you to examine the unusual course that your office's handling of this matter has taken and consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases.

Sincerely,

Michael S. Reiter
Chief of Police

MSR:nt

345 South County Road • Palm Beach, Florida 33480-4443 • (561) 838-5460 • Fax (561) 838-4700 • www.palmbeachpolice.com

# CHAPTER 45

## *Videotaped Deposition of Michael Reiter in* B.B. vs. Epstein, *a civil lawsuit against Jeffrey Epstein: November 23, 2009*

Q: At some point you sent a letter to state attorney Barry Krischer. Let me show you what we'll mark as exhibit 3. Let me give you a chance to read through this letter again to help refresh your recollection.

A: I've read it.

Q: At this point, in May of 2006, I'm assuming based on what you told us before that you had had some conversations with Barry Krischer directly . . . by phone—correct?—prior to this letter.

A: I had conversations in person and by phone.

Q: Okay. But nonetheless in May—May 1, 2006—you felt the need to write this letter; is that correct?

A: Yes.





Q: Can you tell us why?

A: Well, I felt the handling–
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unusual. I knew that M
about this case. I felt tha
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# CHAPTER 45

## *Michael Reiter in* B.B. vs. *ainst Jeffrey Epstein:*

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u had had some conversations with
by phone—correct?—prior to this

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ı May—May 1, 2006—you felt the
is that correct?





Q: Can you tell us why?

A: Well, I felt the handling—and just continued to feel that the way the state attorney's office handled this case was extremely unusual. I knew that Mr. Krischer was making decisions about this case. I felt that his objectivity was lacking, and I felt that the appropriate way, after reading the statute that governed the assignment of cases to other circuits—I felt that his action met the standard. I used some of the words from the statute in here. And I attempted to call him, and he wouldn't return my phone calls.

The detective attempted to contact—his contact in the state attorney's office, Lanna Belohlavek, however you pronounce that...and she wouldn't return his calls. So I wrote the letter in hope that he would think about his situation and realize that his objectivity was insufficient to prosecute the case and ask the governor to appoint someone else. And I felt like that was necessary for a fair prosecution of our case that had been submitted to him.

Q: Could you tell us, explain to us, why you felt that his objectivity may be lacking in regards to this prosecution...? In other words, what evidence did you see here, uncover, that you felt made it potentially nonobjective?

A: Well...when I first told him about the case, and I realized that it was a serious case, [that] there were multiple victims, [and] that the suspect was very well known, I told him about it. And we were—it was in person. I talked to him after a meeting that he and I were both involved in. And I had known him to be a victim advocate and to protect the rights of children. Well, I know that he even wrote a portion of the statute that addresses those issues. And when I told him



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originally, he said, "Let's go for it; this is an adult male in his fifties who's had sexual contact with children of the ages of the victims." He said this is somebody who we have to stop. And whatever we need, he said, in the state attorney's office, we have a unit that's equipped to investigate and prosecute these kinds of cases. And I didn't have too many facts early on when I talked with him, but I knew that there were multiple victims and to our detectives they were believable. So when time went on and Mr. Epstein became aware of the investigation and his lawyers contacted the state attorney's office, they told me that.

And from that point on, and I believe it was Mr. Dershowitz initially, the tone and tenor of the discussions of this case with Mr. Krischer changed completely. [At] one point he suggested that we write [Epstein] a notice to appear, which would be for a misdemeanor. He just completely changed from not only our first conversation about this[—when] he didn't know the name Jeffrey Epstein—till when he had been informed on Mr. Epstein's reputation and his wealth, and I just thought that very unusual.

I feel like I know him or knew him very well, the state attorney, and I just felt like he could not objectively make decisions about this case: that is why I wrote it.



*Detective Recarey: May*

Chief Reiter's letter to tl
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Krischer did not
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# CHAPTER 46

## *Detective Recarey: May 2006*

Chief Reiter's letter to the state attorney had no perceptible effect.

Krischer did not recuse himself from the case. No arrest warrant was issued. And on the afternoon of May 3, Detective Recarey received a telephone call from assistant state attorney Daliah Weiss, who advised him that she had been taken off the Epstein case.

Weiss had been the perfect person to prosecute Epstein. As a member of the special victims unit, she focused on sex crimes and crimes against children, prosecuting high-profile cases involving rape, aggravated child abuse, and neglect. But Epstein had added another lawyer, a man named Jack Goldberger, and made Goldberger his attorney of record.

Goldberger was friendly with Barry Krischer—and an associate of Goldberger's was married to Daliah Weiss.



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If Epstein's legal team had wanted to remove Weiss from the case, this would have been a good way to do it.

Nine days later, Detective Recarey met with ASA Lanna Belohlavek, who told him that her boss, Barry Krischer, had asked her again to take the case to the grand jury. Recarey told Belohlavek that he had already requested arrest warrants for Epstein, Sarah Kellen, and Wendy Dobbs. The Palm Beach PD had finished its investigation months earlier, he said, and had been waiting since then for the case to move forward. He asked her once more to issue the warrants. Once again Belohlavek declined, saying that the original offer her office had made to Epstein's old lawyer had been resubmitted to the new lawyer. When Epstein's reply came, she would call.

While waiting for that call, Recarey received several calls from Mary's father, who told him that he was being followed by a green Chevrolet Monte Carlo—tailed so aggressively that other vehicles were being run off the road. Recarey ran the plates and found that the Chevy was registered to one Zachary Bechard of Jupiter, Florida.

Bechard was a licensed private eye.

"A funny thing happened in Palm Beach," says Tim Malloy, who was working as a TV newscaster in South Florida at the time.

"This would have been right around the time that Michael Reiter sent his letter asking Barry Krischer to recuse himself from the case. I didn't even know what Epstein looked like, really, at the time. We had pictures taken by the British tabloids, where the link to Prince Andrew first broke. But we didn't have too many of them. What we *did* have was a contact in the hangar where Epstein kept his 727.





"I don't know how much y
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Saudi princes, heads of state. P
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"Our cameraman had a tele
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flipped up over his neck, about
that was waiting for him.

"Then he saw our helicopter

"I was doing a live voice-ov
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"The cameraman kept rolli
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"I don't know how much you know about Palm Beach International Airport. It's the kind of place that has private hangars, valet parking, and waiting lounges that look as chic as anything you'll see in Manhattan. It's an airport for the rich, basically. Saudi princes, heads of state. Powerful men who value their privacy. You can bring limousines onto the tarmac. And we found out Epstein was very secretive about his dealings there. He didn't want anyone to know the tail numbers on his planes.

"But our contact didn't like Epstein. And he was horrified by how young the girls around Epstein were. So thanks to him, we had the 727's tail number, and thanks to one other source—someone I won't say too much about here—we had Epstein's flight plan for a certain trip he was making. We knew he was going to land at the airport. And so our producer climbed into the station's traffic helicopter and told the pilot to hover at five hundred feet a quarter mile south of the field.

"Our cameraman had a telephoto lens. The idea was to get a tight shot, on video, of Epstein deplaning. And for a moment we *did* get the shot: Epstein, with the collar of his cashmere coat flipped up over his neck, about to run down the steps into a cart that was waiting for him.

"Then he saw our helicopter, with the station's markings.

"I was doing a live voice-over on Epstein's arrival. It was the first video anyone had on him up to that point. But Epstein had *run* back onto the plane. Then, during the next commercial break, my producer told me through my headpiece: 'Jeffrey Epstein wants us to stop taking his picture. In fact, he wants to talk to you.'

"The cameraman kept rolling. And eventually Epstein got out, got into a car with tinted windows, and was driven over the



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bridge to his home in Palm Beach. So in a sense we failed to get the story. But the fact that Epstein would call a news program from his plane and command them to order the program's traffic helicopter away—that says something about the man's arrogance. And maybe his temper."



## *Mary: July 2006*

On June 29, assistant s
Detective Recarey th
would be going to a
convened for July 19.

On July 12, Recarey spok
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She was back in Palm Bea
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All in all, it had been a ve

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# CHAPTER 47

## *Mary: July 2006*

On June 29, assistant state attorney Lanna Belohlavek told Detective Recarey that despite his protestations, the case would be going to a grand jury after all. One had been convened for July 19.

On July 12, Recarey spoke with Mary's stepmother, who said that she still hadn't heard from the state attorney's office. This, too, was odd, since Recarey knew that Mary would be called upon to testify.

She was back in Palm Beach now, after months of living with out-of-state relatives.

All in all, it had been a very tough year for Mary.

"What has happened to my daughter's life is criminal," her father would say.

Mary had been sent to a school for troubled children. For her it was the wrong place at the worst time in her life. She had



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gotten into more fights there, growing depressed and withdrawn from her sister and parents. Helplessly, her parents watched her spiral out of control. As they neared the end of their rope, they sent her out of state. But after the move, Mary had fallen apart completely. She used drugs, fell in with a bad crowd, ran away from her relatives, and shacked up with a gang of drug dealers.

When the gang was busted by local police, the dealers blamed Mary for snitching and put out the word that they wanted her dead.

"We had to move her again," Mary's father explained. "We finally got her into therapy—she's still seeing the therapist. And worst of all, she developed HPV. She's already had to have a serious operation."

Mary's troubles didn't end there. On June 28, she was brought in front of the grand jury. She hadn't been briefed by the state attorney—she hadn't even *met* the prosecutors—and she had no idea what she would be asked.

Almost immediately, she found that she was being treated more like a criminal than like a witness or victim.

"The prosecutor produced a printout of our daughter's Myspace page," Mary's father recalls. "Mary was stunned. She began to cry. The prosecutor accused her of all sort of things; it was like she was *working* for Epstein.

"All this time, we knew that we were being watched. Creepy guys. Private investigators from Miami. They would follow us, scaring the hell out of my wife and Mary's sister. My car was vandalized. It was like living in hell."

By this point, Epstein's defense dream team included Jack Goldberger, Alan Dershowitz, and Gerald Lefcourt. All of them had excellent track records. Dershowitz and Lefcourt were two





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of America's most famous lawyers, and before long, another celebrity lawyer—Ken Starr, the former solicitor general who had had Bill Clinton impeached for perjury—would join Epstein's team.

As far as Mary's parents were concerned, their daughter had walked into an ambush. *Everyone* in the courtroom seemed to be playing defense on the side of Jeffrey Epstein. And as for the second girl—Alison, who claimed that she had been raped—she never testified in court at all.



HOUSE_OVERSIGHT_010522

# CHAPTER 48

## *Michael Reiter: July 2006*

On July 28, the grand jury reached a verdict that floored the Palm Beach PD.

The original plea deal that Krischer had offered to Epstein had been bad enough. Now the grand jury was recommending that Epstein be charged with just one felony count of solicitation of prostitution.

There was no mention of underage girls. The original accusation—four felony counts of unlawful sex acts with minors and one felony count of lewd and lascivious molestation—had simply evaporated.

It wasn't enough to send Epstein to prison.

Epstein was allowed to surrender on a Sunday, when no one would know he'd been arraigned. A few hours later, he was released on three thousand dollars bail.

The Palm Beach PD was not even notified.





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# CHAPTER 48

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Once again, Chief Reiter was outraged. So much so that he took the extraordinary step of calling the FBI and the federal prosecutor's office.

At the time, the federal prosecutor of the Southern District of Florida was a Republican named R. Alexander Acosta. Chief Reiter recalls being present at Acosta's swearing-in ceremony and remembers Acosta's declaration that one of his goals would be the prosecution, to the fullest extent of the law, of anyone who takes advantage of the weak—especially perpetrators of sex crimes. Disgusted with Krischer's laissez-faire attitude, Reiter recalls thinking he'd found his man.

In Acosta, the chief saw a prosecutor who wouldn't shy away from confronting a man with Jeffrey Epstein's resources and connections.

But it turned out that Acosta had worked under Ken Starr at Starr's high-powered multinational law firm, Kirkland & Ellis. And while Acosta had a sterling résumé, which included a stint clerking for future Supreme Court justice Samuel Alito, he had only argued two cases before a judge.

At the time, Reiter did not know this. All he knew was that someone had to look much more seriously into Jeffrey Epstein's crimes.

Reiter's actions did not necessarily make him a hero—at least, not in *every* corner of the community he served.

"I had individuals suggest that the department's approach to the investigation and my referral of the investigation to the FBI was more horsepower than the investigation deserved. And I had other individuals suggest that—yeah, the term 'back off' probably fits," Reiter said in his deposition for *B.B. vs. Epstein*.



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"I had people in the community in Palm Beach who either made comments directly to me or to others who relayed them to me that I didn't need to take the tack in the investigation that we did, which is [to] completely investigate it and then refer it to the FBI after the state case was resolved," Reiter said in the deposition. "I had one individual who came to see me a couple of times about this."

According to the chief, the individual in question was a prominent Palm Beach politician.

"He said this wasn't necessary; this was a case that was really very minor," Reiter recalled. "The victims had lifestyles that don't make them—shouldn't make them believable to the police department."

"I told him that those kinds of suggestions to me were improper and he should stop," said Reiter. "That he had taken a couple of steps down the road toward something that could eventually constitute a crime. We talked several times. Early on it didn't end favorably. You know, this is an individual [whom] I had to interact with in my official capacity and in his official capacity as well."

The Palm Beach politician wasn't the only one to pressure the police chief. "I received comments from a variety of different viewpoints . . . in some cases I had people tell me, hey, he's a Palm Beacher, why are you investigating a Palm Beacher?" Reiter would say when deposed. "I had people that said it was an unfavorable career move for me to ask the state attorney to remove himself from the case and to refer it to the FBI. . . . I had plenty of people that told me that that was a mistake."

Reiter didn't back off. To have done so would have been a betrayal—not only of the victims but also of his vocation and the community he had sworn he would serve.





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"My responsibility was to protect everyone that lives in Palm Beach and preserve their constitutional rights and be the police department for all," Reiter said. "And I think that under the law, particularly under the criminal laws, that all people have to, by the nature of our system, be treated exactly alike."

But along with handing the case off to the FBI and the US attorney, Reiter took another unusual step. He wrote personal letters—on Palm Beach PD letterhead—to the parents of the victims in the case.

He delivered the letters by hand.



HOUSE_OVERSIGHT_010526

# TOWN OF PALM BEACH
## POLICE DEPARTMENT

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

July 24, 2006

***HAND DELIVERED***

[redacted]

Dear Mr [redacted]

Your daughter [redacted] was the victim of a crime which has been investigated by the Palm Beach Police Department and subsequently referred for prosecution to the Palm Beach County State Attorney's Office. You may be aware that Jeffrey Epstein was indicted on charges of solicitation for prostitution by a State of Florida grand jury last week and turned himself in at the Palm Beach County jail on July 23, 2006. While I do not speak for them, it is my understanding that is the full context in which the Palm Beach County State Attorney's Office intends to address the charges that involved the crime in which your daughter was victim.

Please know that it is the role and responsibility of law enforcement to investigate crime and to refer appropriate charges to the prosecutor for consideration. I believe that the Palm Beach Police Department has acted competently and responsibly in carrying out this role. Should you have any questions concerning the state prosecution of this matter, they are best addressed by the Palm Beach County State Attorney's Office.

I do not feel that justice has been sufficiently served by the indictment that has been issued. Therefore, please know that his matter has been referred to the Federal Bureau of Investigation to determine if violations of federal law have occurred. In the event that the FBI should choose to pursue this matter, the Palm Beach Police Department will assist them in their investigation of potential violations of federal law.

Please feel free to contact me at (561) 838-5460 should you have any questions.

Sincerely,

Michael S. Reiter
Chief of Police

MSR:nt

751 South County Road • Palm Beach, Florida 33480-4413 • (561) 838-5460 • Fax (561) 833-4700 • www.palmbeachpolice.com

*Jeffrey Epstein: Septem*

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f Police

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# CHAPTER 49

## *Jeffrey Epstein: September 2007*

In the winter of 2013, Scott Blake, a forty-seven-year-old middle school principal from Palm Beach Gardens, Florida, would be sentenced to the minimum mandatory sentence—ten years in prison, with ten years of probation on top—for pleading guilty to one charge of soliciting sex with a minor.

Blake's crime? He sent sexually charged messages to a Boynton Beach police officer who was pretending to be a fifteen-year-old boy. But in a sense, Blake was lucky: he could have been sentenced to life. The case was an interesting example of the kind of treatment regular Florida folks could expect just for *soliciting* sex with a minor. But nothing about Jeffrey Epstein was regular—and the plea deal he managed to strike in 2007 was simply *extraordinary*.

Epstein had bought himself one of the best defense teams ever assembled. His connections and contributions to Democratic



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causes had made him a player on that side of the political aisle. He had a famous Republican, Bill Clinton's nemesis, Ken Starr, working the other side. And just to make sure they'd covered the bases, Epstein's team also recruited Roy Black—the lawyer who'd cleared William Kennedy Smith of rape and kept Rush Limbaugh out of prison for his alleged illegal drug use—and Jay Lefkowitz, a defense attorney who'd worked with US attorney R. Alexander Acosta at Ken Starr's law firm.

And so in September, the US attorney's office reached a formal agreement with Epstein's team: the United States would defer federal prosecution in favor of prosecution by the state of Florida.

A non-prosecution agreement (NPA) was drafted; among other things, it assured Epstein that he would not be prosecuted in the Southern District of Florida for felony offenses involving the sexual abuse of underage girls. (By that point, thirty known victims had been discovered.) Instead it allowed him to plead guilty to state felony offenses for solicitation of prostitution and the procurement of minors for prostitution. The NPA established a procedure that allowed Epstein's victims to sue him in civil court and took the extraordinary step of ensuring that "any potential co-conspirators" of Epstein's would be immune from prosecution.

"In consideration of Epstein's agreement to plead guilty and to provide compensation in the manner described above, if Epstein successfully fulfills all of the terms and conditions of this agreement, the United States also agrees that it will not institute any criminal charges against any potential co-conspirators of Epstein," the agreement stated, mentioning Sarah Kellen and Nadia Marcinkova by name.





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"The parties anticipate that this agreement will not be made part of any public record," the document concludes. "If the United States receives a Freedom of Information Act request or any compulsory process commanding the disclosure of the agreement, it will provide notice to Epstein before making that disclosure."

Remarkably, despite assurances they'd received from the feds, none of the victims was consulted prior to the drafting of this NPA.

If Epstein did not sign the agreement, he faced a fifty-seven-count indictment and a decade or more in prison. But Epstein's team of lawyers had gotten him a deal so sweet it could have rotted all the teeth in South Florida.

For all his protestations of innocence, there was every reason in the world to agree to an NPA.

On September 24, 2007, Epstein did sign it.

Once again, none of the victims had been consulted or notified.



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# CHAPTER 50

## *Jane Doe: February 2008*

As a result of the non-prosecution agreement, a fifty-three-count indictment that federal prosecutors had prepared against Jeffrey Epstein—one that claimed he'd abused dozens of underage women—never was filed.

But as far as lawyers representing Epstein's victims were concerned, the fact that those victims were not consulted about the non-prosecution agreement was inexcusable. The "government deliberately kept crime victims 'in the dark' so that it could enter into a plea arrangement designed to prevent the victims from raising any objections," they would argue, in documents filed on February 10, 2016. For nine months, the lawyers claimed, from the time that the NPA was signed, on September 24, 2007, Krischer's office, "doing Epstein's bidding, [had] concealed the NPA's existence from victim[s]" and continued to do so until the



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# CHAPTER 50

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moment that Epstein had to plead guilty in court, which he finally did June 30, 2008.

In the interim, according to their lawyers, Epstein's victims were only told, "This case is currently under investigation."

A lawsuit that Bradley Edwards, a victims' rights attorney in Fort Lauderdale, filed in July of 2008 cited the Crime Victims' Rights Act, or CVRA (title 18, section 3771, of the US Code), which states that "victims of federal crimes have rights, including the right to be heard in court, and most particularly, not to be precluded from court proceedings, and the right to be treated fairly."

According to him, prosecutors had violated the CVRA rights of the victims. Edwards, who said he was working pro bono, knew that this suit against the government would not allow for monetary recovery of any sort (including lawyers' fees). But he also knew that if the government, urged by Jeffrey Epstein, had entered into a contract that improperly or illegally violated the rights of Epstein's victims, then that contract, by nature, would have been improper in and of itself—in which case, the only remedy would have been to have the contract invalidated. And while it is difficult to know what, exactly, would happen if the contract *is* overturned, one possibility is that the government could prosecute Epstein for crimes against his victims, if the statute of limitations on those crimes has not expired.

At the time of this writing, that case is winding its way through the courts. It has all the earmarks of a modern-day *Bleak House*—the Charles Dickens novel about a legal case that is so massive and so complex that it drags on forever and drags everyone involved into the mire.



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* * *

In the meantime, Epstein began to settle out of court with his victims.

In February of 2008, a Virginia woman who went by the alias Jane Doe #2 brought a fifty-million-dollar lawsuit against Epstein.

At the time of their meeting, she claimed, Epstein was fifty-two years old. She was a teenager, and her complaint, which was made public, gave the rest of the world an early glimpse of what Epstein, and the inner workings of his secret world, looked like from a victim's perspective.

"Epstein is a financier and money manager with a secret clientele limited exclusively to billionaires," the lawsuit alleged. "He is himself a man of tremendous wealth, power and influence. He maintains his principal home in New York and also owns residences in New Mexico, St. Thomas and Palm Beach, FL. The allegations herein concern Epstein's conduct while at his lavish estate in Palm Beach." The complaint continued:

> *Upon information and belief, Epstein has a sexual preference and obsession for underage minor girls. He engaged in a plan and scheme in which he gained access to primarily economically disadvantaged minor girls in his home, sexually assaulted these girls, and then gave them money. In or about 2004–2005, Jane Doe, then approximately 16 years old, fell into Epstein's trap and became one of his victims.*
>
> *Upon information and belief, Jeffrey Epstein carried out his schemes and assaulted girls in Florida, New York, and on his private Island, known as Little St. James, in St. Thomas.*
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> *Epstein's scheme involved the use of young girls to recruit*





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*underage girls. (Upon information and belief, the young girl who brought Jane Doe to Epstein was herself a minor victim of Epstein, and will therefore not be named in this Complaint.) Under Epstein's plan, underage girls were recruited ostensibly to give a wealthy man a massage for monetary compensation in his Palm Beach mansion. The recruiter would be contacted when Epstein was planning to be at his Palm Beach residence or soon after he had arrived there. Epstein or someone on his behalf would direct the recruiter to bring one or more underage girls to the residence. The recruiter, upon information and belief, generally sought out economically disadvantaged underaged girls from western Palm Beach County who would be enticed by the money being offered—generally $200 to $300 per "massage" session—and who were perceived as less likely to complain to authorities or have credibility if allegations of improper conduct were made. This was an important element of Epstein's plan.*

*Epstein's plan reflected a particular pattern and method. Upon arrival at Epstein's mansion, the underaged victim would be introduced to Sarah Kellen, Epstein's assistant, who gathered the girl's personal information, including her name and telephone number. Ms. Kellen would then bring the girl up a flight of stairs to a bedroom that contained a massage table in addition to other furnishings. There were photographs of nude women lining the stairway hall and in the bedroom. The girl would then find herself alone in the room with Epstein, who would be wearing only a towel. He would then remove his towel and lie naked on the massage table, and direct the girl to remove her clothes. Epstein would then*



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*perform one or more lewd, lascivious and sexual acts, including masturbation and touching the girl's vagina.*

*Consistent with the foregoing plan and scheme, Jane Doe was recruited to give Epstein a massage for monetary compensation. Jane was brought to Epstein's mansion in Palm Beach. Once at the mansion, Jane was introduced to Sarah Kellen, who led her up the flight of stairs to the room with the massage table. In this room, Epstein told Jane to take off her clothes and give him a massage. Jane kept her panties and bra on and complied with Epstein's instructions. Epstein wore only a towel around his waste [sic]. After a short period of time, Epstein removed the towel and rolled over exposing his penis. Epstein began to masturbate and he sexually assaulted Jane.*

*After Epstein had completed the assault, Jane was then able to get dressed, leave the room and go back down the stairs. Jane was paid $200 by Epstein. The young girl who recruited Jane was paid $100 by Epstein for bringing Jane to him.*

*As a result of this encounter with Epstein, Jane experienced confusion, shame, humiliation and embarrassment, and has suffered severe psychological and emotional injuries.*



## *Jeffrey Epstein: June 30, 2*

On June 30, 2008, more
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# CHAPTER 51

## *Jeffrey Epstein: June 30, 2008*

On June 30, 2008, more than three years after the start of Officer Pagan's investigation into his dealings with underage girls, Jeffrey Epstein reported to the Palm Beach County jail.

A few days earlier, Epstein had taken a phone call from the *New York Times*. At the time, he'd been working, or vacationing (the line having long since blurred), at his compound on Little Saint Jeff's.

"I respect the legal process," Epstein had said. "I will abide by this."

He'd spent years fighting the charges—fighting the state, then the federal government, in an effort to avoid a sentence that would have seen him emerge from prison an old man. But the battle had aged him. *Mellowed* him, even. Months earlier, he had all but boasted to a journalist from *New York* magazine.



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"It's the Icarus story, someone who flies too close to the sun," that journalist said in reference to "the agony" of Epstein's legal "ordeal."

"Did Icarus like massages?" Epstein responded.

But after Epstein's indictment, there were no more boasts. For the most part, he kept silent in public and retreated into his *Eyes Wide Shut* world. And when the *New York Times* did manage to get him to speak on the record, he spoke like a chastened man.

Sitting on his patio down on Little St. James, Epstein likened himself to the shipwrecked Gulliver after he washes ashore on Lilliput.

"Gulliver's playfulness had unintended consequences," he said.

On the eve of his departure, he had a few more things to say:

"That is what happens with wealth. There are unexpected burdens as well as benefits. . . ."

"Your body can be confined, but not your mind. . . ."

"I am not blameless. . . ."

Outside of the agreement he'd signed with the prosecutor's office, this was the closest Epstein had come to admitting his guilt. But strange details were sprinkled throughout the story. He had formed a "board of directors of friends" who would counsel him on his behavior. And, seemingly for the first time, he'd hired a full-time masseur—a man.

Readers of the *New York Times* might have wondered: Epstein was going to jail for eighteen months. What need would he have for a full-time masseur?

The story's last line hinted at the answer: in preparation for incarceration, Epstein had set up an e-mail alert.

From then on, his automatic reply would read "On vacation."



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pstein responded.
ıt, there were no more boasts.
in public and retreated into his
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Little St. James, Epstein likened
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# PART V

## Incarceration

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# CHAPTER 52

## *Jeffrey Epstein: June 30, 2008*

The Palm Beach County Main Detention Center is on the west side of Lake Worth Lagoon, which separates West Palm Beach from the island of Palm Beach. Epstein's home on El Brillo Way is five miles to the east. Mary's high school is several miles to the west.

It's fitting, somehow, that this jail—which is the jail Epstein ends up in, after turning himself in to the local sheriff—lies in between the two points.

The detention center's inmates, their families, and their lawyers call it the Gun Club, a reference not only to the jail's address, on Gun Club Road, but also to its population of hustlers, burglars, drug dealers, rapists, and murderers. There's the occasional hooker as well. And, from time to time, Haitian refugees are lodged there.

There are three thousand inmates in all.



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Some wait a year before making their way to the courthouse, their date with the public defender, and an appearance before the judge. Some get out much sooner, if only they can make bail. But there's no bail without money—or at least collateral—and, of course, being without money is often what lands people in jail in the first place.

Jeffrey Epstein could have posted bail for every single inmate in the Gun Club.

But that's just one of the ways in which Epstein is unlike his fellow inmates. He's an admitted pedophile now. Even a famous one.

And, famously, pedophiles tend to fare poorly in jail.

Luckily for Epstein, Ric Bradshaw, the sheriff in charge of local jails, transfers Epstein to the infirmary, where he spends exactly one night before being transferred seven miles up the road to a much smaller, safer location: the Palm Beach County *Central* Detention Center—or, as it's known, the Stockade.

"It's not somewhere we'd put a serial killer," Ric Bradshaw says.

Most of the residents here are addicts who take part in drug education programs, prostitutes, petty criminals, and drunks. It's a far safer place for Epstein to be, and, unlike other inmates (except, of course, those being held in solitary), he'll end up with his own cell, even his own wing, which he has to himself. Epstein's allowed to pay for a security guard, who sits outside the cell and keeps watch. And he's allowed any number of visitors.

For a convicted felon, it's an extraordinary benefits package.

But according to Sheriff Bradshaw, who also oversees the Stockade, Epstein is incredulous over the treatment he is receiving.

"He was astonished that he had to go to prison at all," Bradshaw remembers.

"Let's just say he didn't think he belonged there."



*Sheriff Ric Bradshaw: June*

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Bradshaw, who also oversees the Stock-
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he had to go to prison at all," Brad-

think he belonged there."



# CHAPTER 53

## *Sheriff Ric Bradshaw: June 2015*

"Our job," says Ric Bradshaw, "was to make sure nobody killed him."

Sheriff Bradshaw could have stepped off the set of a Western. Imposingly tall, with his cowboy hat, Kurt Russell mustache, and slow, southern drawl, he looks *exactly* like an old-school law officer—the kind you once would have found patrolling the streets of Tombstone, Deadwood, or Dodge City. He's been a lawman for forty-four years, eleven of which have been spent as the head of the county's jails. As a rule, he doesn't talk to the media, and today, as he talks about Jeffrey Epstein, he's clearly uncomfortable, fidgety, and ill disposed.

But here in his wood-paneled office on the first floor of the Gun Club, Bradshaw remembers Epstein quite well.

"We have a thousand sexual predators in the county," he says. "When he arrived here, he was one of them. He definitely



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fit the category we have to ensure the general population is not going to take their anger out on."

Although he understands that Epstein is a sex offender and has a sense of the scope of his alleged crimes, Bradshaw's also aware that the actual *conviction* was for a "low-level felony." At the request of Epstein's attorneys—a request that is confirmed by a court order—Epstein is quickly granted "work release."

What it means in practice is that six days a week, for up to sixteen—sixteen!—hours each day, Epstein is allowed to leave the Stockade to be driven by a designated driver in a car earmarked especially for him to any one of three places: his lawyer Jack Goldberger's office in downtown West Palm Beach, the Palm Beach office of a science foundation that he's established, and his house on El Brillo Way.

Despite the ankle bracelet he wears, it could be argued that as a fabulously rich prisoner with two of his own jets parked nearby, at the Palm Beach International Airport, Epstein might have posed a flight risk.

Instead, every day of the week save one, he's allowed to go to his lawyer's, to go to his office, or simply to go home.

Did the deputy in charge of Epstein go to the house on El Brillo Way?

Ric Bradshaw considers the question.

"Yes," he says, "he did."

Did the deputy go inside the house?

"Yes, he did."

If so, the deputy might have encountered Nadia Marcinkova, who was staying on El Brillo Way at the time. He may also have





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That would be Jean-Luc E

For the duration of Jeffre
the Stockade, Brunel's taken
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met a suave short-haired gentleman who spoke with a distinct French accent.

That would be Jean-Luc Brunel.

For the duration of Jeffrey Epstein's stay—or half stay—in the Stockade, Brunel's taken up residence in the house on El Brillo Way.



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# CHAPTER 54

## *Jeffrey Epstein: June 30, 2008–July 21, 2009*

According to Sheriff Ric Bradshaw, the treatment Jeffrey Epstein received in the Stockade was not preferential. By some measures, he isn't wrong.

In 2010, millionaire polo mogul John Goodman killed a young man while driving drunk. He was convicted but was allowed to spend two years under house arrest while his appeal was being tried.

Like Epstein, Goodman was allowed visitors. But Goodman's visitor list was nothing like Jeffrey Epstein's.

Nadia Marcinkova is said to have visited Epstein in jail more than seventy times.

Epstein's assistant Sarah Kellen also visited Epstein in the Stockade.

A Russian mixed martial artist named Igor "Houdini" Zinoviev was another visitor, as was a disbarred lawyer and financial





fraudster named Arnold Pr
had been commuted by Bill
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Sheriff Bradshaw wants
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But even US attorney Aco
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"Epstein appears to have
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And, of course, Epstein's
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# CHAPTER 54

*:008–July 21, 2009*

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fraudster named Arnold Prosperi, whose own prison sentence had been commuted by Bill Clinton on the day before Clinton left office.

Sheriff Bradshaw wants to be clear: none of these visits was conjugal.

But even US attorney Acosta, who negotiated Epstein's unusual agreement with the government, would say that Epstein's arrangement was highly irregular.

"Epstein appears to have received highly unusual treatment while in jail," Acosta would say in a letter addressed to the general public. "Although the terms of confinement in a state prison are a matter appropriately left to the state of Florida and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence."

And, of course, Epstein's stay at the Stockade was subsidized by taxpayers.



HOUSE_OVERSIGHT_010545

# CHAPTER 55

## *R. Alexander Acosta's letter to the general public, March 20, 2011*

To whom it may concern:

I served as U. S. Attorney for the Southern District of Florida from 2005 through 2009. Over the past weeks, I have read much regarding Mr. Jeffrey Epstein. Some appears true, some appears distorted. I thought it appropriate to provide some background, with two caveats: (i) under Justice Department guidelines, I cannot discuss privileged internal communications among department attorneys and (ii) I no longer have access to the original documents, and as the matter is now nearly 4 years old, the precision of memory is reduced.

The Epstein matter was originally presented to the Palm Beach County State Attorney. Palm Beach Police alleged that Epstein unlawfully hired underage high-





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# CHAPTER 55

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school females to provide him sexually lewd and erotic massages. Police sought felony charges that would have resulted in a term of imprisonment. According to press reports, however, in 2006 the State Attorney, in part due to concerns regarding the quality of the evidence, agreed to charge Epstein only with one count of aggravated assault with no intent to commit a felony. That charge would have resulted in no jail time, no requirement to register as a sexual offender and no restitution for the underage victims.

Local police were dissatisfied with the State Attorney's conclusions, and requested a federal investigation. Federal authorities received the State's evidence and engaged in additional investigation. Prosecutors weighed the quality of the evidence and the likelihood for success at trial. With a federal case, there were two additional considerations. First, a federal criminal prosecution requires that the crime be more than local; it must have an interstate nexus. Second, as the matter was initially charged by the state, the federal responsibility is, to some extent, to back-stop state authorities to ensure that there is no miscarriage of justice, and not to also prosecute federally that which has already been charged at the state level.

After considering the quality of the evidence and the additional considerations, prosecutors concluded that the state charge was insufficient. In early summer 2007, the prosecutors and agents in this case met with Mr. Epstein's attorney, Roy Black. Mr. Black is perhaps best known for his successful defense of William



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Kennedy Smith. The prosecutors presented Epstein a choice: plead to more serious state felony charges (that would result in 2 years' imprisonment, registration as a sexual offender, and restitution for the victims) or else prepare for a federal felony trial.

What followed was a year-long assault on the prosecution and the prosecutors. I use the word assault intentionally, as the defense in this case was more aggressive than any which I, or the prosecutors in my office, had previously encountered. Mr. Epstein hired an army of legal superstars: Harvard Professor Alan Dershowitz, former Judge and then Pepperdine Law Dean Kenneth Starr, former Deputy Assistant to the President and then Kirkland & Ellis Partner Jay Lefkowitz, and several others, including prosecutors who had formerly worked in the U.S. Attorney's Office and in the Child Exploitation and Obscenity Section of the Justice Department. Defense attorneys next requested a meeting with me to challenge the prosecution and the terms previously presented by the prosecutors in their meeting with Mr. Black. The prosecution team and I met with defense counsel in Fall 2007, and I reaffirmed the office's position: two years, registration and restitution, or trial.

Over the next several months, the defense team presented argument after argument claiming that felony criminal proceedings against Epstein were unsupported by the evidence and lacked a basis in law, and that the office's insistence on jail-time was motivated by a zeal to overcharge a man merely because he is wealthy. They bolstered their arguments with legal opinions from





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well-known legal experts. One member of the defense team warned me that the office's excess zeal in forcing a good man to serve time in jail might be the subject of a book if we continued to proceed with the matter. My office systematically considered and rejected each argument, and when we did, my office's decisions were appealed to Washington. As to the warning, I ignored it.

The defense strategy was not limited to legal issues. Defense counsel investigated individual prosecutors and their families, looking for personal peccadilloes that may provide a basis for disqualification. Disqualifying a prosecutor is an effective (though rarely used) strategy, as eliminating the individuals most familiar with the facts and thus most qualified to take a case to trial harms likelihood for success. Defense counsel tried to disqualify at least two prosecutors. I carefully reviewed, and then rejected, these arguments.

Despite the army of attorneys, the office held firm to the terms first presented to Mr. Black in the original meeting. On June 30, 2008, after yet another last minute appeal to Washington D.C. was rejected, Epstein pled guilty in state court. He was to serve 18 months imprisonment, register as a sexual offender for life, and provide restitution to the victims.

Some may feel that the prosecution should have been tougher. Evidence that has come to light since 2007 may encourage that view. Many victims have since spoken out, filing detailed statements in civil cases seeking damages. Physical evidence has since been discovered. Had these additional statements and evidence been known,



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the outcome may have been different. But they were not known to us at the time.

A prosecution decision must be based on admissible facts known at the time. In cases of this type, those are unusually difficult because victims are frightened and often decline to testify or if they do speak, they give contradictory statements. Our judgment in this case, based on the evidence known at the time, was that it was better to have a billionaire serve time in jail, register as a sex offender, and pay his victims restitution than risk a trial with a reduced likelihood of success. I supported that judgment then, and based on the state law as it then stood and the evidence known at the time, I would support that judgment again.

Epstein's treatment, while in state custody, likewise may encourage the view that the office should have been tougher. Although the terms of confinement in a state prison are a matter appropriately left to the State of Florida, and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence.

Some may also believe that the prosecution should have been tougher in retaliation for the defense's tactics. The defense, arguably, often failed to negotiate in good faith. They would obtain concessions as part of a negotiation and agree to proceed, only to change their minds, and appeal the office's position to Washington. The investigations into the family lives of individual prosecutors were, in my opinion, uncalled for, as were the accusations of bias and/or misconduct against individual prosecutors.





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At times, some prosecutors felt that we should just go to trial, and at times I felt that frustration myself. What was right in the first meeting, however, remained right irrespective of defense tactics. Individuals have a constitutional right to a defense. The aggressive exercise of that right should not be punished, nor should a defense counsel's exercise of their right to appeal a U.S Attorney to Washington D.C. Prosecutors must be careful not to allow frustration and anger with defense counsel to influence their judgment.

After the plea, I recall receiving several phone calls. One was from the FBI Special Agent-In-Charge. He called to offer congratulations. He had been at many of the meetings regarding this case. He was aware of the tactics of the defense, and he called to praise our prosecutors for holding firm against the likes of Messrs. Black, Dershowitz, Lefkowitz and Starr. It was a proud moment. I also received calls or communications from Messrs. Dershowitz, Lefkowitz and Starr. I had known all three individuals previously, from my time in law school and at Kirkland & Ellis in the mid 90s. They all sought to make peace. I agreed to talk and meet with each of them after Epstein pled guilty, as I think it important that prosecutors battle defense attorneys in a case and then move on. I have tried, yet I confess that this has been difficult to do fully in this case.

The bottom line is this: Mr. Jeffrey Epstein, a billionaire, served time in jail and is now a registered sexual offender. He has been required to pay his victims restitution, though restitution clearly cannot compensate for the crime. And



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we know much more today about his crimes because victims have come forward to speak out. Some may disagree with prosecutorial judgments made in this case, but those individuals are not the ones who at the time reviewed the evidence available for trial and assessed the likelihood of success.

Respectfully,
R. Alexander Acosta
Former U.S. Attorney
Southern District of Florida



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Respectfully,
R. Alexander Acosta
Former U.S. Attorney
Southern District of Florida



# PART VI

## Aftermath

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# CHAPTER 56

## *Jeffrey Epstein: July 2009*

Jeffrey Epstein walks out of the Stockade on July 21, 2009, having served less than thirteen months of his eighteen-month sentence. One of the concessions his lawyers have gotten while working out his plea-deal guarantees is that the media not be alerted to the time and day of his departure.

But from now on, Epstein, who is fifty-six, will carry the mark of a level 3 sex offender—level 1 being the lowest, and level 3 indicating the highest possible risk of a future criminal act of a sexual nature. Wherever he goes, he will be forced to register as such.

Every ninety days, Epstein will have to check in with the authorities. Every year, the New York City Police Department will take his mug shot. And for a full year, Epstein will be under house arrest in Palm Beach.

This last prohibition doesn't stop him from flying, with court



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approval, on his own planes to New York and to Little Saint Jeff's, where the locals have taken to referring to Epstein's 727 as the Lolita Express.

There are other restrictions, of course, that Epstein is supposed to abide by. He has to provide the state of Florida with a list of all the motor vehicles, boats, and airplanes he owns. The full list includes two Escalades, six Suburbans, two Ford F-150s, two Harley-Davidsons, a Land Rover, a Hummer H2, a thirty-four-foot JVC boat, and a thirty-five-foot Donzi powerboat.

Three of his five planes turn out to be registered to a company called Air Ghislaine, Inc.

As a registered sex offender, Epstein is legally obliged to undergo psychiatric treatment. This is a restriction he'll get around by having his own psychologist submit a report to law enforcement officers.

Epstein is also prohibited from accessing pornography on the Internet and using social networking for sexual purposes.

For Jeffrey Epstein, there will be no Bangbros, Tinder, or Swingles.com.

There *will* be lawsuits.

Six weeks before probation ends, he settles with seven women who sue him in civil court. But Epstein can easily afford the settlement payments. He won't be going back to jail, and in regard to further prosecution for any criminal actions, his troubles are behind him.

Not everyone who's spent time in his company will be so lucky.



*Alfredo Rodriguez: Aug*

Epstein's houseman, Al
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# CHAPTER 57

## *Alfredo Rodriguez: August 2009*

Epstein's houseman, Alfredo Rodriguez, also ends up with a prison sentence.

In a sworn statement, Rodriguez talks about Epstein's maid, Lupita, who had complained to him about having to clean up after Epstein's "massages." Lupita, who was a devout Catholic, had cried as she described the stained towel and sex toys.

Rodriguez was fired by Epstein, he says, when he called 911 after seeing a strange car—a "beater"—in Epstein's driveway.

As it turned out, the car had belonged to one of Epstein's masseuses.

On his way out of the house on El Brillo Way, he took some of Epstein's papers, which he failed to produce when questioned by Chief Reiter's investigators.

For years, Rodriguez tried and failed to find work as a house manager. No one wanted to hire someone who'd worked for



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Jeffrey Epstein. Finally, desperately, he tried to sell the information he'd stolen.

The papers named underage girls and the places where Epstein had taken them. The list included locations in California, Paris, New Mexico, New York, and Michigan. The papers also included the names, addresses, and phone numbers of famous individuals—Henry Kissinger, Mick Jagger, Dustin Hoffman, Ralph Fiennes, David Koch, Ted Kennedy, Donald Trump, Bill Richardson, Bill Clinton, and former Israeli prime minister Ehud Barak among them.

This was intriguing, if not at all damning. Epstein made a habit of collecting such information for future use. But information pertaining to the girls would have bolstered the state's case against Jeffrey Epstein, and by withholding it from the Palm Beach PD and the FBI, Rodriguez had committed a crime.

In his defense, Rodriguez would say that the papers were an "insurance policy." Without them, he believed, Epstein would have made him "disappear."

But now Rodriguez needed the money. And so a few weeks after Epstein's release from the Stockade, he approached a lawyer who was representing some of Epstein's masseuses. He had the "holy grail," he insisted. A "golden nugget." The names of hundreds of girls, he said, who had been abused by Epstein.

The lawyer told Rodriguez in no uncertain terms that he was obliged to turn whatever he had over to the authorities. By demanding money for the information, Rodriguez was committing another crime.

According to a sworn statement by Christina Pryor, a special agent with the FBI, Rodriguez "persisted that he would only turn over the information in his possession in exchange for $50,000."





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guez had committed a crime.
would say that the papers were an
them, he believed, Epstein would

ed the money. And so a few weeks
ie Stockade, he approached a lawyer
of Epstein's masseuses. He had the
golden nugget." The names of hun-
ad been abused by Epstein.
ez in no uncertain terms that he was
ie had over to the authorities. By
ıformation, Rodriguez was commit-

ıtement by Christina Pryor, a special
ez "persisted that he would only turn
ossession in exchange for $50,000."





* * *

Two months later, on October 28, the lawyer called Rodriguez, who insisted once more on being paid for the information. The lawyer told him that an associate would be in touch.

What the lawyer knew and Rodriguez did not know was that the associate in question was an undercover employee (UCE) of the FBI. A few days later, on November 2, the UCE calls Rodriguez and sets up a meeting, which takes place the following day.

"During the meeting, Rodriguez produced a small bound book and several sheets of legal pad paper containing handwritten notes," Special Agent Pryor would say in her statement. She continues:

> *Rodriguez explained that he had taken the bound book from his former employer's residence while employed there in 2004 to 2005 and that the book had been created by persons working for his former employer. Rodriguez discussed in detail the information within the book and identified important information to the UCE. In addition, Rodriguez admitted he had previously lied to the FBI. Rodriguez asked the UCE about the $50,000, took possession of the money, and began counting it.*
>
> *Rodriguez was then detained for Obstruction of Official Proceedings, Title 18, U.S. Code, Section 1512(c), and questioned. After Miranda warnings were administered by agents, Rodriguez waived his rights and signed a written waiver of those rights. Rodriguez admitted that he had the documents and book in his possession and had never turned them over to local law enforcement or the FBI. In addition, Rodriguez*



HOUSE_OVERSIGHT_010558

*advised he had witnessed nude girls whom he believed were underage at the pool area of his former employer's home, knew that his former employer was engaging in sexual contact with underage girls, and had viewed pornographic images of underage girls on computers in his employer's home. Rodriguez was then released from custody for further investigation.*

*The items that Rodriguez had attempted to sell to the UCE for $50,000.00 were reviewed by an agent familiar with the underlying criminal investigation. As Rodriguez had described, the items contained information material to the underlying investigation that would have been extremely useful in investigati[ng] and prosecuting the case, including the names and contact information of material witnesses and additional victims. Had those items been produced in response to the inquiries of the state law enforcement officers or the FBI Special Agents, their contents would have been presented to the federal grand jury.*

Following his release, Alfredo Rodriguez was arrested again. He appeared in court on June 18, 2010, facing charges of corruptly concealing records and documents. Dressed in a blue jumpsuit and shackles, he apologized for his crimes and asked the court to be merciful.

He received a sentence of eighteen months.

It was the same punishment that Jeffrey Epstein had gotten for his crimes. But unlike Epstein, Alfredo Rodriguez served his time in a federal prison and did not ask for, or receive, permission to go on work release.



## *Prince Andrew: 2011*

Prince Andrew also fares imprisonment.

The two men are old f Ghislaine Maxwell introduced time in the 1990s. In 2000, Eps Castle to celebrate the queen's b flew to Sandringham, the quee a party Prince Andrew threw for

The prince had also visited Palm Beach as well as in New Roberts made in her 2015 decla asked her to give the prince wi back with the details.

According to the *Guardian*, tied together at Windsor Castle,



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OF COUNSEL
MARÍA G. DÍAZ

E-MAIL:
[redacted]

June 19, 2019

**VIA FEDERAL EXPRESS & EMAIL**

Mr. Scott Link
Link & Rockenbach, PA
1555 Palm Beach Lakes Blvd., Suite 930
West Palm Beach, FL 33401
[redacted]

**Re:** [redacted]

Dear Mr. Link,

We represent [redacted] with reference to her claims against Jeffrey Epstein for childhood sexual abuse which occurred in New York City when she was [redacted] years old.

New York recently passed the Child Victims Act which creates a 1 year window for claims where the statute of limitations had expired. Therefore, [redacted] will be able to sue Mr. Epstein for the sexual abuse which she experienced while she was a minor.

[redacted] was the perfect victim.

She was born in [redacted], a town on the [redacted] coast. When [redacted] was four years old, [redacted] descended into civil war. At the age of six, her entire village was evacuated. She fled her hometown travelling through war zones on foot with her family, in a stream of refugees.

Her family settled in the outskirts of [redacted]. As refugees, with no money, her family lived together in one room, sharing a bathroom with other families. Her parents eventually found low paying, unskilled jobs. Their only clothing was what was provided to them by the Red Cross.

When she was ten years old, [redacted] family arrived in [redacted].

By the sixth grade, [redacted] was 5'10", beautiful and naturally slim. She desperately

wanted to leave [redacted]. She learned about a talent search for models and persuaded her mother to take her. She was a huge success and began modeling at age fourteen. Though her parents disparaged her for marketing her appearance, they allowed her to work because she earned more than their combined income.

At age sixteen, [redacted] moved to New York City to model. She lived in an apartment for models, with one or two roommates and no adult on the premises. Her father was deeply ashamed of her because he disapproved of her profession and her parents distanced themselves.

[redacted] days were hectic with professional assignments. She worked with top tier clients and for DNA Modeling Agency, a well-known agency representing supermodels such as Linda Evangelista and Natalia Vodianova.

[redacted] was very innocent and inexperienced prior to meeting Mr. Epstein. At age sixteen, [redacted] experienced her first kiss. The director of a perfume campaign, Fabian Barron, wanted a kiss at the end of the commercial as a finale to a perfume ad. She dreaded her parents' reaction to seeing the commercial. She was raised in the Orthodox Christian Church where abstinence was encouraged.

[redacted] met Jeffrey Epstein when was sixteen years old. She was introduced through a fellow model a few years her senior.

Mr. Epstein seemed bigger than life. He did not drink or do drugs, which put her at ease. He was friends with former President Bill Clinton, the President who made it possible for [redacted] and her family to immigrate to America. When she told Mr. Epstein how her family came to America, Mr. Epstein said he would personally thank "Bill" for her. Mr. Epstein touted other impressive connections. He made it known that he had A list celebrities on speed-dial.

She felt very fortunate to have made the connection with Mr. Epstein.

As [redacted]s estrangement from her family increased, Mr. Epstein's role in her life became more and more important. He encouraged her and built her confidence. She trusted him completely.

Mr. Epstein told [redacted] that he was on the board of directors at Harvard University. He promised that once she took her SATs and obtained the scores she needed, he would write a letter of recommendation for her, which he said would carry significant weight with regard to her admission. Her dream was to establish herself as a successful model and to one day graduate from Harvard. Mr. Epstein made her feel that everything she wanted was possible.

[redacted] confided to him that she had never even had a boyfriend. He told her everything would fall into place, "just keep doing what you are doing, work hard and stay focused." She told Mr. Epstein that she preferred to abstain from sex until she was married.

The first time [redacted] asked her for a massage was to help with an ache in his shoulder. [redacted] thought it was an innocent request. He said his masseuse had failed to get a kink out of his shoulder. He gave her a large purple massager for her to use to take the knot out of his back. Mr. Epstein told her she was an excellent masseuse and she was pleased to be able to ease his pain.

When the massage ended, Mr. Epstein pulled two hundred dollars from his wallet and handed it to her. He said, "I was going to give it to the masseuse anyway, so you take it and pay for your car service or something."

Mr. Epstein began calling her every day, no matter where she was in the world. He told her he loved her. He became a vital part of [redacted] world as her parents remained distant. He invited her to stay at one of his apartments close to him on the Upper East Side. Her arduous work schedule, starting with 6:00 a.m. call times and shows running late into the night were exhausting. Epstein's daily check-up calls and pep talks gave her strength to survive her grinding schedule.

When in Paris, Mr. Epstein allowed her to stay at his home with her sister and arranged for a night out at a concert with Naomi Campbell. It appeared to [redacted] that Mr. Epstein's thoughts were focused on her career, future and good fortune.

The first time the purple massage tool found its way between her legs, [redacted] told him to stop, but Mr. Epstein pushed the head of the massager firmly against her and forced her legs apart. She felt ashamed and embarrassed. The massages became a ritual and were always accompanied with sexual abuse and a two-hundred dollar payment at the end.

Mr. Epstein approached her as if he was her mentor and teacher, teaching her about sexuality, opening her eyes. She experienced immense orgasms, and then shame and fear. She felt claustrophobia as she stared up into Mr. Epstein's church-like ceiling of the massage parlor while he fondled her. She felt she couldn't escape her position, and that this was the way it had to be because this powerful man orchestrated it. At the end of each massage he would make himself ejaculate by demanding she pay vigorous attention to his nipples with her fingers and he would tell her what a good girl she was, that he loved her and would call her later, which made everything seem better. Then he would open his wallet filled with hundred dollar bills and give her a couple, which she accepted as pocket money, never thinking twice about it.

[redacted] thought this is what it must feel like to become a woman. She was both thrilled and ashamed. She followed the path that Mr. Epstein set out for her because he said if she trusted him and did what he told her to do, everything would go according to his plan and her career would soar. Without him the world was a scary and unpredictable place. When she was with him, she felt like everything was right because of how much love and care she received from him. She started to think and believe that they would be together and that he would marry her.

He used the purple massage vibrator on her time and time again. She closed her eyes feeling lost, overwhelmed and out of control.

When he stuck his penis in her mouth, she did what she was told. She choked and gagged and when she tried to move her head away he forced it back into place. Mr. Epstein was extremely aggressive. When it was over he told her how amazing she was. She continued to believe in Mr. Epstein's friendship and guidance.

Mr. Epstein took her virginity. This was the trajectory for which he groomed her. [redacted] first sexual experience was devoid of tenderness or affection. She was stripped down and made to shower. Mr. Epstein told her, "If you're lying about being a virgin, or I get a disease from you, I'll kill you." She felt her mind separate from her body during intercourse.

She began to feel like a shell of her former self. She was mortified and in agony. She felt she had become everything her parents feared she would become. She was appearing in beauty magazines and making hundreds of thousands of dollars, but felt dirty and worthless. Mr. Epstein made her feel like nothing more than a teenage prostitute. Everything came crashing down once she realized that this was not love.

[redacted] left Mr. Epstein's residence for the last time feeling less than human. On her way out, she passed a young girl who appeared to be another young model. As [redacted] turned around to glance back, she saw the young woman entering Mr. Epstein's residence. She was disgusted with the realization that she was one of many called to "massage" Epstein.

[redacted] had a nervous breakdown while alone in New York. She found herself crying inconsolably, shaking, hyperventilating and unable to go to her castings and meetings. She was suicidal. She feared confiding in her agents and reaching out for help from them because she was so ashamed. She booked a ticket to go home.

She flew back to Kansas where her parents were living. She never returned to New York.

[redacted] was devastated with the realization of what she was lured into and how she

had been victimized. It shattered her to her core. At the vulnerable age of 16, Mr. Epstein made himself the center of her existence and the master of her world. She realized she was a disposable pawn in his game. She could not talk about her years with Mr. Epstein because she was consumed with shame. At 16 years old, he isolated her and made himself her only emotional support system. Her mental torment and pain turned into depression. She was prescribed medication. She numbed herself and tried not to deal with what had happened. She tried to block the pain.

[redacted] was embarrassed that she had been used and abused. She withdrew and had no desire to model or interact with anyone in the modeling world anymore. [redacted] stopped taking calls from modeling agencies, and eventually they stopped calling for good. She was afraid to go to New York where her emotions and memories would be triggered.

The final contact between [redacted] and Mr. Epstein was when he tracked her parent's house phone number in Kansas and tried to speak to her. [redacted] mother grabbed the phone and told Mr. Epstein she was calling the police before hanging up on him.

Her career dwindled to nothing. Taking a break from the modeling industry when clients like Italian Vogue and Victoria's Secret were requesting bookings constituted career suicide.

In Kansas she became chronically depressed. She was suicidal before her 18th birthday. She called the suicide hotline many times from her home.

While in Kansas, a friend of [redacted] ent her an email with news that Mr. Epstein had been arrested for trafficking underaged girls. [redacted] felt as if she had gone from being a supermodel to becoming an unsuspecting prostitute. Her parents' warnings of what would become of her in New York had come to fruition. She fell prey to a child predator, Mr. Epstein, and it took her a decade to understand the gravity of what Epstein had done to her as a vulnerable young girl.

Mr. Epstein masqueraded as a loving mentor, a parental substitute and friend who had nothing but [redacted] s best interest in mind. The repercussions of the sexual and mental abuse [redacted] endured remain with her. Her first sexual encounters are forever scarred by memories of Mr. Epstein forcing his purple massage device between her legs amidst her cries for him to stop. Debilitating nausea and stomach pain followed her separation from him. She had no framework with which to reference what a "normal" sexual experience was. She remains plagued with self-doubt and insecurity and finds it nearly impossible to separate memories of Mr. Epstein's manipulation and abuse from new relationships she tries to develop.

The sexual abuse Mr. Epstein inflicted upon [redacted] left irreparable psychological scars. She has struggled and continues to struggle with her ability to maintain healthy relationships with men and in general. Her career is permanently compromised and the likelihood of recovering severed professional ties is non-existent.

Please contact us within ten days of this letter to advise whether Mr. Epstein is amenable to attempting to resolve [redacted]'s civil claims without litigation.

Very truly yours,

ALLRED, MAROKO & GOLDBERG

Gloria Allred

GLORIA ALLRED

IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

Case No.:50 2009 CA 040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually, and
BRADLEY J. EDWARDS, individually,

Defendants,
_____/

**STATEMENT OF UNDISPUTED FACTS**

Defendant Bradley J. Edwards, Esq., offers the following specific facts as the undisputed material facts in this case. Each of the following facts is numbered separately and individually to facilitate Epstein's required compliance with Fla. R. Civ. P. 1.510(c) ("The adverse party shall identify . . . any summary judgment evidence on which the adverse party relies."). All referenced exhibits and attachments have previously been filed with the Court and provided to Epstein.

*Sexual Abuse of Children By Epstein*

1. Defendant Epstein has a sexual preference for young children. Deposition of Jeffrey Epstein, Mar. 17, 2010, at 110 (hereinafter "Epstein Depo.") (Deposition Attachment #1).[1]

[1] When questioned about this subject at his deposition, Epstein invoked his Fifth Amendment right to remain silent rather than make an incriminating admission. Accordingly, Edwards is entitled to the adverse inference against Epstein that, had Epstein answered, the answer would have been unfavorable to him. "[I]t is well-settled that the Fifth Amendment does not forbid adverse inferences against parties to

2. Epstein repeatedly sexually assaulted more than forty (40) young girls on numerous occasions between 2002 and 2005 in his mansion in West Palm Beach, Florida. These sexual assaults included vaginal penetration. Epstein abused many of the girls dozens if not hundreds of times. Epstein Depo. at 109 ("Q: How many times have you engaged in oral sex with females under the age of 18?" A: [Invocation of the Fifth Amendment]); Deposition of Jane Doe, September 24, 2009 and continued March 11, 2010, at 527 (minor girl sexually abused at least 17 times by Epstein) (hereinafter "Jane Doe Depo") (Deposition Attachment #2); *id.* 564-67 (vaginal penetration by Epstein with his finger), 568 (vaginal penetration by Epstein with a massager); Deposition of L.M., September 24, 2009, at 73 (hereinafter "L.M. Depo") (Deposition Attachment #3) (describing the manner in which Epstein abused her beginning when LM was 13 years old, touching her vagina with his fingers and vibrator) at 74, line 12-13 (she was personally molested by Epstein more than 50 times), at 164, line 19-23 and 141, line 12-13 and 605, line 3-6 (describing that in addition to being personally molested by Epstein she was paid $200 per underage girl she brought Epstein and she brought him more than seventy (70) underage girls - she told him that she did not want to bring him any more girls and he insisted that she continue to bring him underage girls); Deposition of E.W., May 6, 2010 (hereinafter "E.W. Depo") (Deposition Attachment #4) at 115-116, 131 and 255 (describing Epstein's abuse of her beginning at age 14 when he paid her for touching her vagina, inserting his fingers and

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civil actions when they refuse to testify in response to probative evidence offered against them." *Baxter v. Palmigiano,* 425 U.S. 308, 318 (1976); *accord Vasquez v. State*, 777 So.2d 1200, 1203 (Fla. App. 2001). The reason for this rule "is both logical and utilitarian. A party may not trample upon the rights of others and then escape the consequences by invoking a constitutional privilege – at least not in a civil setting." *Fraser v. Security and Inv. Corp.*, 615 So.2d 841, 842 (Fla. App. 1993).



HOUSE_OVERSIGHT_010567

using a vibrator and he also paid her $200 for each other underage female E.W. brought him to molest. She brought him between 20 and 30 underage females); Deposition of Jane Doe #4, date (hereinafter "Jane Doe #4 Depo") (Deposition Attachment #5) at 32-34, and 136 (she describes first being taken to Epstein at 15 years old, "Being fingered by him, having him use a vibrator on [me], grabbing my nipples, smelling my butt, jerking off in front of me, licking my clit, several times.").

3. At all relevant times Edwards has had a good faith basis to conclude and did conclude[2] that Epstein was able to access a large number of underage girls through a pyramid abuse scheme in which he paid underage victims $200-$300 cash for each other underage victim that she brought to him. *See* Palm Beach Police Incident Report at 87 (hereinafter "Incident Report") (Exhibit "A").[3] The Palm Beach Police Incident Report details Epstein's scheme for molesting underage females. Among other things, the Incident Report outlines some of the experiences of other Epstein victims. When S.G, a 14 year old minor at the time, was brought to Epstein's home, she was taken upstairs by a woman she believed to be Epstein's assistant. The woman started to fix up the room, putting covers on the massage table and bringing lotions out. The "assistant" then left the room and told S.G. that Epstein would be up in a second. Epstein walked over to S.G. and told her to take her clothes off in a stern voice. S.G. states in the report she did not know what to do, as she was the only one there. S.G. took off her shirt, leaving her bra on. Epstein, then in a towel told her to take off everything. S.G. removed her pants leaving

[2] In support of all assertions concerning the actions Edwards took, what Edwards learned in the course of his representation of his clients, Edwards's good faith beliefs and the foundation for those beliefs, see Edwards Affidavit and specifically paragraphs 25 and 25 of that Affidavit.

[3] For clarity, depositions attached to this memorandum will be identified numerically as attachments #1, #2, #3, etc., while exhibits attached to this memorandum will be identified alphabetically as exhibits A, B, C, etc.



HOUSE_OVERSIGHT_010568

on her thong panties. Epstein then instructed S.G to give him a massage. As S.G gave Epstein a massage, Epstein turned around and masturbated. S.G. was so disgusted, she did not say anything; Epstein told her she "had a really hot body." *Id.* at 14. In the report, S.G. admitted seeing Jeffrey Epstein's penis and stated she thought Epstein was on steroids because he was a "really built guy and his wee wee was very tiny." *Id. at* 15.

4. The exact number of minor girls who Epstein assaulted is known only to Epstein. However, Edwards had a good faith basis to believe and did in fact believe that Epstein's victims were substantially more than forty (40) in number. In addition to the deposition excerpts from two of his many victims above about the number of underage girls brought to Epstein and the Palm Beach incident report, there is overwhelming proof that the number of underage girls molested by Epstein through his scheme was in the hundreds. *See* Complaint, Jane Doe 102 v. Epstein, (hereinafter Jane Doe 102 complaint) (Exhibit "B"); *see also* Deposition of Jeffrey Epstein, April 14, 2010, at 442, 443, and 444 (Epstein invoking the 5th on questions about his daily abuse and molestation of children) (Deposition Attachment #6).

5. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that Epstein and his attorneys knew of the seriousness of the criminal investigation against him and corresponded constantly with the United States Attorney's Office in an attempt to avoid the filing of numerous federal felony offenses, which effort was successful. *See* Correspondence from U.S. Attorney's Office to Epstein (hereinafter "U.S. Attorney's Correspondence") (Composite Exhibit "C) (provided in discovery during the Jane Doe v. Epstein case).



HOUSE_OVERSIGHT_010569

6. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that, more specifically, Epstein's attorneys knew of Epstein's scheme to recruit minors for sex and also knew that these minors had civil actions that they could bring against him. In fact, there was much communication between Epstein's attorneys and the United States Prosecutors in a joint attempt to minimize Epstein's civil exposure. For example, on October 3, 2007, Assistant U.S. Attorney Marie Villafaña sent an email (attached hereto as Exhibit "D") to Jay Lefkowitz, counsel for Epstein, with attached proposed letter to special master regarding handling numerous expected civil claims against Epstein. The letter reads in pertinent part,

> "The undersigned, as counsel for the United States of America and Jeffrey Epstein, jointly write to you to provide information relevant to your service as a Special Master in the selection of an attorney to represent several young women who may have civil damages claims against Mr. Epstein. The U.S. Attorney's Office and the Federal Bureau of Investigation (jointly referred to as the "United States") have conducted an investigation of Jeffrey Epstein regarding his solicitation of minor females in Palm Beach County to engage in prostitution. Mr. Epstein, through his assistants, would recruit underage females to travel to his home in Palm Beach to engage in lewd conduct in exchange for money. Based upon the investigation, the United States has identified forty (40) young women who can be characterized as victims pursuant to 18 USC 2255. Some of those women went to Mr. Epstein's home only once, some went there as much as 100 times or more. Some of the women's conduct was limited to performing a topless or nude massage while Mr. Epstein masturbated himself. For other women, the conduct escalated to full sexual intercourse. As part of the resolution of the case, Epstein has agreed that he would not contest jurisdiction in the Southern District of Florida for any victim who chose to sue him for damages pursuant to 18 USC 2255. Mr. Epstein agreed to provide an attorney for victims who elected to proceed exclusively pursuant to that section, and agreed to waive any challenge to liability under that section up to an amount agreed to by the parties. The parties have agreed to submit the selection of an attorney to a Special Master...."

7. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that L.M. was, in fact, a victim of Epstein's criminal abuse because L.M. was one of the



HOUSE_OVERSIGHT_010570

minor females that the United States Attorney's Office recognized as a victim. L.M.'s sworn deposition testimony and the adverse inference drawn from Epstein's refusal to testify confirm that Epstein began sexually assaulting L.M. when she was 13 years old and continued to molest her on more than fifty (50) occasions over three (3) years. Epstein Depo., Attachment #1, at 17 ("Q: Did you . . . ever engage in any sexual conduct with L.M.?" A: [Invocation of the Fifth Amendment].); *see also* Epstein Depo., April 14, 2010, Attachment #6, at 456 ("Q: LM was an underage female that you first abused when she was 13 years old; is that correct?" A: [Invocation of Fifth Amendment].)

8. Epstein was also given ample opportunity to explain why he engaged in sexual activity with L.M. beginning when L.M. was 13 years old and why he has molested minors on an everyday basis for years, and he invoked his 5th amendment right rather than provide explanation. *See* Epstein Deposition, February 17, 2010, at 11-12, 30-31 (Deposition Attachment # 7).

9. Epstein also sexually assaulted E.W., beginning when she was 14 years old and did so on numerous occasions. *See* E.W. Depo., Attachment #4 at 215-216.

10. Another of the minor girls Epstein sexually assaulted was Jane Doe; the abuse began when Jane Doe was 14 years old. Rather than incriminate himself, Epstein invoked the 5th amendment to questions about him digitally penetrating Doe's vagina, using vibrators on her vagina and masturbating and ejaculating in her presence. Epstein Depo., April 14, 2010, Attachment #6, at 420, 464, 468.

11. When Edwards's clients L.M., E.W., and Jane Doe were 13 or 14 years old, each was brought to Epstein's home multiple times by another underage victim. Epstein engaged in



HOUSE_OVERSIGHT_010571

one or more of the following acts with each of the then-minor girls at his mansion: receiving a topless or completely nude massage; using a vibrator on her vagina; masturbating in her presence; ejaculating in her presence; touching her breast or buttocks or vagina or the clothes covering her sexual organs; and demanding that she bring him other underage girls. Epstein and his co-conspirators used the telephone to contact these girls to entice or induce them into going to his mansion for sexual abuse. Epstein also made E.W. perform oral sex on him and was to perform sex acts on Nadia Marcinkova (Epstein's live-in sex slave) in Epstein's presence. *See* Plaintiff Jane Doe's Notice Regarding Evidence of Similar Acts of Sexual Assault, filed in Jane Doe v. Epstein, No. 08-cv-80893 (S.D. Fla. 2010), as DE 197, (hereinafter "Rule 413 Notice") (Exhibit "E"); Jane Doe Depo., Attachment #2, at 379-380; L.M. Depo., Attachment #3, at 416; E.W. Depo, Attachment #4, at 205.

12. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that yet another of the minor girls Epstein sexually assaulted was C.L. When she was approximately 15 years old, C.L. was brought to Epstein's home by another underage victim. While a minor, she was at Epstein's home on multiple occasions. Epstein engaged in one or more of the following acts with her while she was a minor at his house - topless or completely nude massage on Epstein; Epstein used a vibrator on her vagina; Epstein masturbated in her presence; Epstein ejaculated in her presence; Epstein also demanded that she bring him other underage girls. *See* Rule 413 Notice, Exhibit "E"; Incident Report, Exhibit "A."

13. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that yet another girl Epstein sexually assault was A.H. When she was approximately 16 years old, she was brought to Epstein's home by another underage victim. While a minor, she



HOUSE_OVERSIGHT_010572

was at Epstein's home on multiple occasions. Epstein engaged in one or more of the following acts with her while she was a minor at his house - topless or completely nude massage on Epstein; Epstein used a vibrator on her vagina; Epstein masturbated in her presence; Epstein ejaculated in her presence; Epstein touched her breast or buttock or vagina or the clothes covering her sexual organs; was made to perform sex acts on Epstein; made to perform sex acts on Nadia Marcinkova in Epstein's presence. Epstein also forcibly raped this underage victim, as he held her head down against her will and pumped his penis inside her while she was screaming "No". *See* Rule 413 Notice, Exhibit "E"; Incident Report, Exhibit "A", at 41 (specifically discussing the rape):

> "[A.H.] remembered that she climaxed and was removing herself from the massage table. [A.H.] asked for a sheet of paper and drew the massage table in the master bathroom and where Epstein, Marcinkova and she were. Epstein turned [A.H.] on to her stomach on the massage bed and inserted his penis into her vagina. [A.H.] stated Epstein began to pump his penis in her vagina. [A.H.] became upset over this. She said her head was being held against the bed forcibly, as he continued to pump inside her. She screamed no, and Epstein stopped ...."

> "[A.H.] advised there were times that she was so sore when she left Epstein's house. [A.H.] advised she was ripped, torn, in her vagina area. [A.H.] advised she had difficulty walking to the car after leaving the house because she was so sore."

14. Without detailing each fact known about Epstein's abuse of the many underage girls, Edwards has had a good faith basis to believe and did in fact believe at all relevant times that Epstein also abused other victims in ways closely similar to those described in the preceding paragraphs. Epstein's additional victims include the following (among many other) young girls: S.G.; A.D.; V.A.; N.R.; J.S.; V.Z.; J.A.; F.E.; M.L.; M.D.; D.D.; and D.N. These girls were between the ages of 13 and 17 when Epstein abused them. *See* Rule 413 Notice, Exhibit E; Deposition of E.W., Deposition Attachment #4.



HOUSE_OVERSIGHT_010573

15. One of Mr. Epstein's household employees, Mr. Alfredo Rodriguez, saw numerous underage girls coming into Epstein's mansion for purported "massages." *See* Rodriguez Depo. at 242-44 (Deposition Attachment #8). Rodriguez was aware that "sex toys" and vibrators were found in Epstein's bedroom after the purported massages. *Id.* at 223-28. Rodriguez thought what Epstein was doing was wrong, given the extreme youth of the girls he saw. *Id.* at 230-31.

16. Alfredo Rodriguez took a journal from Epstein's computer that reflected many of the names of underage females Epstein abused across the country and the world, including locations such as Michigan, California, West Palm Beach, New York, New Mexico, and Paris, France. *See* Journal (hereinafter "The Journal" or "Holy Grail") (Exhibit "F") (identifying, among other Epstein acquaintances, females that Rodriguez believes were underage under the heading labeled "Massages").

17. Rodriguez was later charged in a criminal complaint with obstruction of justice in connection with trying to obtain $50,000 from civil attorneys pursuing civil sexual assault cases against Epstein as payment for producing the book to the attorneys. *See* Criminal Complaint at 2, U.S. v. Rodriguez, No. 9:10-CR-80015-KAM (S.D. Fla. 2010) (Exhibit "G"). Rodriguez stated he needed money because the journal was his "property" and that he was afraid that Jeffrey Epstein would make him "disappear" unless he had an "insurance policy" (i.e., the journal). *Id.* at 3. Because of the importance of the information in the journal to the civil cases, Mr. Rodriguez called it "The Holy Grail."

18. In the "Holy Grail" or "The Journal," among the many names listed (along with the abused girls) are some of the people that Epstein alleges in his Complaint had "no connection



HOUSE_OVERSIGHT_010574

whatsoever" with the litigation in this case. *See, e.g.,* Journal, Exhibit F, at 85 (Donald Trump); at 9 (Bill Clinton phone numbers listed under "Doug Bands").

*Federal Investigation and Plea Agreement With Epstein*

19. In approximately 2005, the FBI and the U.S. Attorney's Office in the Southern District of Florida learned of Epstein's repeated sexual abuse of minor girls. They began a criminal investigation into federal offenses related to his crimes. *See* U.S. Attorney's Correspondence, Exhibit "C".

20. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that to avoid the Government learning about his abuse of minor girls, Epstein threatened his employees and demanded that they not cooperate with the government. Epstein's aggressive witness tampering was so severe that the United States Attorney's Office prepared negotiated plea agreements containing these charges. For example, in a September 18, 2007, email from AUSA Villafaña to Lefkowitz (attached hereto as Exhibit "H"), she attached the proposed plea agreement describing Epstein's witness tampering as follows:

"UNITED STATES vs. JEFFREY EPSTEIN PLEA PROFFER"

> On August 21, 2007, FBI Special Agents E. Nesbitt Kuyrkendall and Jason Richards traveled to the home of Leslie Groff to serve her with a federal grand jury subpoena with an investigation pending in the Southern District of Florida. Ms. Groff works as the personal assistant of the defendant. Ms. Groff began speaking with the agents and then excused herself to go upstairs to check on her sleeping child. While upstairs, Ms. Groff telephoned the defendant, Jeffrey Epstein, and informed him that the FBI agents were at her home. Mr. Epstein instructed Ms. Groff not to speak with the agents and reprimanded her for allowing them into her home. Mr. Epstein applied pressure to keep Ms. Groff from complying with the grand jury subpoenas that the agents had served upon her. In particular, Mr. Epstein warned Ms. Groff against turning over documents and electronic evidence responsive to the subpoena and pressured her to delay her



HOUSE_OVERSIGHT_010575

appearance before the grand jury in the Southern District of Florida. This conversation occurred when Mr. Epstein was aboard his privately owned civilian aircraft in Miami in the Southern District of Florida. His pilot had filed a flight plan showing the parties were about to return to Teterboro, NJ. After the conversation with Ms. Groff, Mr. Epstein became concerned that the FBI would try to serve his traveling companion, Nadia Marcinkova, with a similar grand jury subpoena. In fact, the agents were preparing to serve Ms. Marcinkova with a target letter when the flight landed in Teterboro. Mr. Epstein then redirected his airplane, making the pilot file a new flight plan to travel to the US Virgin Islands instead of the New York City area, thereby keeping the Special Agents from serving the target letter on Nadia Marcinkova. During the flight, the defendant verbally harassed Ms. Marcinkova, harassing and pressuring her not to cooperate with the grand jury's investigation, thereby hindering and dissuading her from reporting the commission of a violation of federal law to a law enforcement officer, namely, Special Agents of the FBI. Epstein also threatened and harassed Sarah Kellen against cooperating against him as well.

21. Edwards learned that the Palm Beach police department investigation ultimately led to the execution of a search warrant at Epstein's mansion in October 2005. *See* Police Incident Report, Exhibit "A".

22. Edwards learned that at around the same time, the Palm Beach Police Department also began investigating Epstein's sexual abuse of minor girls. They also collected evidence of Epstein's involvement with minor girls and his obsession with training sex slaves, including pulling information from Epstein's trash. Their investigation showed that Epstein ordered from Amazon.com on about September 4, 2005, such books as: SM101: A Realistic Introduction, by Jay Wiseman; SlaveCraft: Roadmaps for Erotic Servitude - Principles, Skills, and Tools, by Guy Baldwin; and Training with Miss Abernathy: A Workbook for Erotic Slaves and Their Owners, by Christina Abernathy. *See* Receipt for Sex Slave Books (Exhibit "I").

23. The Palm Beach incident reports provided Edwards with the names of numerous witnesses that participated in Epstein's child molestation criminal enterprise and also provided



HOUSE_OVERSIGHT_010576

Edwards with some insight into how far-reaching Epstein's power was and how addicted Epstein was to sex with children. *See* Incident Report, Exhibit "A".

24. The Palm Beach Police Department also collected Epstein's message pads, which provided other names of people that also knew Epstein's scheme to molest children. *See* Message Pads (Exhibit "J") (note: the names of underage females have been redacted to protect the anonymity of the underage sex abuse victims). Those message pads show clear indication that Epstein's staff was frequently working to schedule multiple young girls between the ages of 12 and 16 years old literally every day, often two or three times per day. *Id.*

25. In light of all of the information of numerous crimes committed by Epstein, Edwards learned that the U.S. Attorney's Office began preparing the filing of federal criminal charges against Epstein. For example, in addition to the witness tampering and money laundering charges the U.S. Attorney's Office prepared an 82-page prosecution memo and a 53-page indictment of Epstein related to his sexual abuse of children. On September 19, 2007, at 12:14 PM, AUSA Villafaña wrote to Epstein's counsel, Jay Lefkowitz, "Jay - I hate to have to be firm about this, but we need to wrap this up by Monday. I will not miss my indictment date when this has dragged on for several weeks already and then, if things fall apart, be left in a less advantageous position than before the negotiations. I have had an 82-page pros memo and 53-page indictment sitting on the shelf since May to engage in these negotiations. There has to be an ending date, and that date is Monday." These and other communications are within the correspondence attached as Composite Exhibit "C."

26. Edwards learned that rather than face the filing of federal felony criminal charges, Epstein (through his attorneys) engaged in plea bargain discussions. As a result of those



HOUSE_OVERSIGHT_010577

discussions, on September 24, 2007, Epstein signed an agreement with the U.S. Attorney's Office for the Southern District of Florida. Under the agreement, Epstein agreed to plead guilty to an indictment pending against him in the 15th Judicial Circuit in and for Palm Beach County charging him with solicitation of prostitution and procurement of minors for prostitution. Epstein also agreed that he would receive a thirty month sentence, including 18 months of jail time and 12 months of community control. In exchange, the U.S. Attorney's Office agreed not to pursue any federal charges against Epstein. *See* Non-Prosecution Agreement (Exhibit "K").

27. Part of the Non-Prosecution Agreement that Epstein negotiated was a provision in which the federal government agreed not to prosecute Epstein's co-conspirators. The co-conspirators procured minor females to be molested by Epstein. One of the co-conspirators - Nadia Marcinkova -even participated in the sex acts with minors (including E.W.) and Epstein. *See* Incident Report, Exhibit "A", at 40-42, 49-51; Deposition of Nadia Marcinkova, April 13, 2010, (hereinafter "Marcinkova Depo.") at 11 (Deposition attachment #9).

28. Under the Non-Prosecution Agreement, Epstein was to use his "best efforts" to enter into his guilty pleas by October 26, 2007. However, Edwards learned that Epstein violated his agreement with the U.S. Attorney's Office to do so and delayed entry of his plea. *See* Letter from U.S. Attorney R. Alexander Acosta to Lilly Ann Sanchez, Dec. 19, 2007 (Exhibit "L").

29. On January 10, 2008 and again on May 30, 2008 E.W. and L.M. received letters from the FBI advising them that "[t]his case is currently under investigation. This can be a lengthy process and we request your continued patience while we conduct a thorough investigation." Letters attached at Composite Exhibit "M". This document is evidence that the FBI did not notify E.W. and L.M. that a plea agreement had already been reached that would



HOUSE_OVERSIGHT_010578

block federal prosecution of Epstein. Nor did the FBI notify E.W. and L.M. of any of the parts of the plea agreement. Nor did the FBI or other federal authorities confer with E.W. and L.M. about the plea. *See id.*

30. In 2008, Edwards believed in good faith that criminal prosecution of Epstein was extremely important to his clients E.W. and L.M. and that they desired to be consulted by the FBI and/or other representatives of the federal government about the prosecution of Epstein. The letters that they had received around January 10, 2008, suggested that a criminal investigation of Epstein was on-going and that they would be contacted before the federal government reached any final resolution of that investigation. *See id.*

*Edwards Agrees to Serve as Legal Counsel for Three Victims of Epstein's Sexual Assaults*

31. In about April 2008, Bradley J. Edwards, Esq., was a licensed attorney in Florida, practicing as a sole practitioner. As a former prosecutor, he was well versed in civil cases that involved criminal acts, including sexual assaults. Three of the many girls Epstein had abused – L.M., E.W., and Jane Doe – all requested that Edwards represent them civilly and secure appropriate monetary damages against Epstein for repeated acts of sexual abuse while they were minor girls. Two of the girls (L.M. and E.W.) also requested that Edwards represent them in connection with a concern that the Federal Bureau of Investigation (FBI) and U.S. Attorney's Office might be arranging a plea bargain for the criminal offenses committed by Epstein without providing them the legal rights to which they were entitled (including the right to be notified of plea discussions and the right to confer with prosecutors about any plea arrangement). *See*



HOUSE_OVERSIGHT_010579

Affidavit of Bradley J. Edwards, Esq. at ¶1 - 2, ¶4 (hereinafter "Edwards Affidavit") (Exhibit "N").

32. On June 13, 2008, attorney Edwards agreed to represent E.W.; on July 2, 2008, attorney Edwards agreed to represent Jane Doe; and, on July 7, 2008, attorney Edwards agreed to represent L.M. in connection with the sexual assaults committed by Epstein and to insure that their rights as victims of crimes were protected in the criminal process on-going against Epstein. Mr. Edwards and his three clients executed written retention agreements. *See id.* at ¶2.

33. In mid June of 2008, Edwards contacted AUSA Villafaña to inform her that he represented Jane Doe #1 and, later, Jane Doe #2. AUSA Villafaña did not advise that a plea agreement had already been negotiated with Epstein's attorneys that would block federal prosecution. To the contrary, AUSA Villafaña mentioned a possible indictment. AUSA Villafaña did indicate that federal investigators had concrete evidence and information that Epstein had sexually molested many underage minor females, including E.W., LM, and Jane Doe. *See id.* at ¶4.

34. Edwards also requested from the U.S. Attorney's Office the information that they had collected regarding Epstein's sexual abuse of his clients. However, the U.S. Attorney's Office, declined to provide any such information to Edwards. It similarly declined to provide any such information to the other attorneys who represented victims of Epstein's sexual assaults. At the very least, this includes the items that were confiscated in the search warrant of Epstein's home, including dildos, vibrators, massage table, oils, and additional message pads. *See* Property Receipt (Exhibit "O").



HOUSE_OVERSIGHT_010580

35. On Friday, June 27, 2008, at approximately 4:15 p.m., AUSA Villafaña received a copy of Epstein's proposed state plea agreement and learned that the plea was scheduled for 8:30 a.m., Monday, June 30, 2008. AUSA Villafaña called Edwards to provide notice to his clients regarding the hearing. AUSA Villafaña did not tell Attorney Edwards that the guilty pleas in state court would bring an end to the possibility of federal prosecution pursuant to the plea agreement. *See* Edwards Affidavit, Exhibit "N", at ¶6.

36. Under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771, victims of federal crimes – including E.W. and L.M. – are entitled to basic rights during any plea bargaining process, including the right to be treated with fairness, the right to confer with prosecutors regarding any plea, and the right to be heard regarding any plea. The process that was followed leading to the non-prosecution of Epstein violated these rights of E.W. and L.M. *See* Emergency Petn. for Victim's Enforcement of Crime Victim's Rights, No. 9:08-CV-80736-KAM (S.D. Fla. 2008) (Exhibit "P").

37. Because of the violation of the CVRA, on July 7, 2008, Edwards filed an action in the U.S. District Court for the Southern District of Florida, Case No. 9:08-CV-80736, seeking to enforce the rights of E.W. and L.M. That action alleged that the U.S. Attorney's Office had failed to provide E.W. and L.M. the rights to which they were entitled under the Act, including the right to be notified about a plea agreement and to confer with prosecutors regarding it. *See id.*

38. On July 11, 2008, Edwards took E.W. and L.M. with him to the hearing on the CVRA action. It was only at this hearing that both victims learned for the first time that the plea deal was already done with Epstein and that the criminal case against Epstein had been



HOUSE_OVERSIGHT_010581

effectively terminated by the U.S. Attorney's office. *See* Hearing Transcript, July 11, 2008 (Exhibit "Q").

39. Edwards learned that Jane Doe felt so strongly that the plea bargain was inappropriate that she made her own determination to appear on a television program and exercise her First Amendment rights to criticize the unduly lenient plea bargain Epstein received in a criminal case.

40. The CVRA action that Edwards filed was recently administratively closed and Edwards filed a Motion to reopen that proceeding. *See* No. 9:08-CV-80736 (S.D. Fla.).

*Epstein's Entry of Guilty Pleas to Sex Offenses*

41. Ultimately, on June 30, 2008, in the Fifteenth Judicial Circuit in Palm Beach County, Florida, defendant Epstein, entered pleas of "guilty" to various Florida state crimes involving the solicitation of minors for prostitution and the procurement of minors for the purposes of prostitution. *See* Plea Colloquy (Exhibit "R").

42. As a condition of that plea, and in exchange for the Federal Government not prosecuting the Defendant, Epstein additionally entered into an agreement with the Federal Government acknowledging that approximately thirty-four (34) other young girls could receive payments from him under the federal statute providing for compensation to victims of child sexual abuse, 18 U.S.C. § 2255. As had been agreed months before, the U.S. Attorney's Office did not prosecute Epstein federally for his sexual abuse of these minor girls. *See* Addendum to Non-Prosecution Agreement (Exhibit "S") (in redacted form to protect the identities of the minors involved).



HOUSE_OVERSIGHT_010582

43. Because Epstein became a convicted sex offender, he was not to have contact with any of his victims. During the course of his guilty pleas on June 30, 2008, Palm Beach Circuit Court Judge Deborah Dale Pucillo ordered Epstein "not to have any contact, direct or indirect" with any victims. She also expressly stated that her no-contact order applied to "all of the victims." Similar orders were entered by the federal court handling some of the civil cases against Epstein. The federal court stated that it "finds it necessary to state clearly that Defendant is under this court's order not to have direct *or indirect contact* with any plaintiffs . . . ." Order, Case No. 9:08-cv-80119 (S.D. Fla. 2008), [DE 238] at 4-5 (emphasis added); *see also* Order, Case No. 9:08-cv-80893, [DE 193] at 2 (emphasis added).

*Edwards Files Civil Suits Against Epstein*

44. Edwards had a good faith belief that his clients felt angry and betrayed by the criminal system and wished to prosecute and punish Epstein for his crimes against them in whatever avenue remained open to them. On August 12, 2008, at the request of his client Jane Doe, Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of Jane Doe. *See* Edwards Affidavit, "N" at ¶7. Included in this complaint was a RICO count that explained how Epstein ran a criminal conspiracy to procure young girls for him to sexually abuse. *See* Complaint, Jane Doe v. Epstein (Exhibit "T").

45. On September 11, 2008, at the request of his client E.W., Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of E.W. *See* Complaint, E.W. v. Epstein (Exhibit "U").



HOUSE_OVERSIGHT_010583

46. On September 11, 2008, at the request of his client L.M.., Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of L.M. *See* Complaint, L.M. v. Epstein, (Exhibit "V").

47. Jane Doe's federal complaint indicated that she sought damages of more than $50,000,000. Listing the amount of damages sought in the complaint was in accord with other civil suits that were filed against Epstein (before any lawsuit filed by Edwards). *See* Complaint, Jane Doe #4 v. Epstein (Exhibit "W") (filed by Herman and Mermelstein, PA).

48. At about the same time as Edwards filed his three lawsuits against Epstein, other civil attorneys were filing similar lawsuits against Epstein. For example, on or about April 14, 2008 another law firm, Herman and Mermelstein, filed the first civil action against Epstein on behalf of one of its seven clients who were molested by Epstein. The complaints that attorney Herman filed on behalf of his seven clients were similar in tenor and tone to the complaint that Edwards filed on behalf of his three clients. *See id.*

49. Over the next year and a half, more than 20 other similar civil actions were filed by various attorneys against Epstein alleging sexual assault of minor girls. These complaints were also similar in tenor and tone to the complaint that Edwards filed on behalf of his clients. These complaints are all public record and have not been attached, but are available in this Court's files and the files of the U.S. District Court for the Southern District of Florida.

50. In addition to the complaints filed against Epstein in Florida, a female in New York, Ava Cordero, filed a lawsuit against Epstein in New York making similar allegations - that Epstein paid her for a massage then forced her to give him oral sex and molested her in other ways when she was only 16 years old. Cordero was born a male, and in her complaint she



HOUSE_OVERSIGHT_010584

alleges that Epstein told her during the "massage", "I love how young you are. You have a tight butt like a baby". *See* Jeff Epstein Sued for "Repeated Sexual Assaults" on Teen, New York Post, October 17, 2007, by Dareh Gregorian, link at: http://www.nypost.com/p/news/regional/item_44zlWyLUFH7R1OUtKYGPbP;jsessionid=6CA3EBF1BEF68F5DE14BFB2CAA5C37E0. *See* Article attached hereto as Exhibit "X".

51. Edwards's three complaints against Epstein contained less detail about sexual abuse than (as one example) a complaint filed by attorney Robert Josephsberg from the law firm of Podhurst Orseck. *See* Complaint, Jane Doe 102 v. Epstein (Exhibit "B"). As recounted in detail in this Complaint, Jane Doe 102 was 15 years old when Ghislaine Maxwell discovered her and lured her to Epstein's house. Maxwell and Epstein forced her to have sex with both of them and within weeks Maxwell and Epstein were flying her all over the world. According to the Complaint, Jane Doe 102 was forced to live as one of Epstein's underage sex slaves for years and was forced to have sex with not only Maxwell and Epstein but also other politicians, businessmen, royalty, academicians, etc. She was even made to watch Epstein have sex with three 12-year-old French girls that were sent to him for his birthday by a French citizen that is a friend of Epstein's. Luckily, Jane Doe 102 escaped to Australia to get away from Epstein and Maxwell's sexual abuse.

52. Edwards learned that in addition to civil suits that were filed in court against Epstein, at around the same time other attorneys engaged in pre-filing settlement discussions with Epstein. Rather than face filed civil suits in these cases, Epstein paid money settlements to more than 15 other women who had sexually abused while they were minors. *See* articles regarding settlements attached hereto as Composite Exhibit "Y."



HOUSE_OVERSIGHT_010585

*Epstein's Obstruction of Normal Discovery and Attacks on His Victims*

53. Once Edwards filed his civil complaints for his three clients, he began the normal process of discovery for cases such as these. He sent standard discovery requests to Epstein about his sexual abuse of the minor girls, including requests for admissions, request for production, and interrogatories. *See* Edwards Affidavit, Exhibit "N", at ¶¶11-19 and 25. Rather than answer any substantive questions about his sexual abuse and his conspiracy for procuring minor girls for him to abuse, Epstein invoked his 5th amendment right against self-incrimination. An example of Epstein's refusal to answer is attached as Composite Exhibit "Z" (original discovery propounded to Epstein and his responses invoking 5th amendment).

54. During the discovery phase of the civil cases filed against Epstein, Epstein's deposition was taken at least five times. During all of those depositions, Epstein refused to answer any substantive questions about his sexual abuse of minor girls. *See, e.g.,* Deposition Attachments 1, 6 and 7.

55. During these depositions, Epstein further attempted to obstruct legitimate questioning by inserting a variety of irrelevant information about his case. As one of innumerable examples, on March 8, 2010, Mr. Horowitz, representing seven victims, Jane Doe's 2-8, asked, "Q: In 2004, did you rub Jane Doe 3's vagina? A: Excuse me. I'd like to answer that question, as I would like to answer mostly every question you've asked me here today; however, upon advice of counsel, I cannot answer that question. They've advised me I must assert my Sixth Amendment, Fifth Amendment and Fourteenth Amendment Rights against self--excuse me, against--under the Constitution. And though your partner, Jeffrey Herman, was disbarred after filing this lawsuit [a statement that was untrue], Mr. Edwards' partner sits in jail for



HOUSE_OVERSIGHT_010586

fabricating cases of a sexual nature fleecing unsuspecting Florida investors and others out of millions of dollars for cases of a sexual nature with--I'd like to answer your questions; however if I--I'm told that if I do so, I risk losing my counsel's representation; therefore I must accept their advice." Epstein deposition, March 8, 2010, at 106 (Deposition attachment #10).

56. When Edwards had the opportunity to take Epstein's deposition, he only asked reasonable questions, all of which related to the merits of the cases against Epstein. All depositions of Epstein in which Mr. Edwards participated on behalf of his clients are attached to this motion. *See* Edwards Affidavit, Exhibit "N" at ¶11 and Deposition attachments #1, 6, 7, 10, 11, 12, and 13. Cf. with Deposition of Epstein taken by an attorney representing BB (one in which Edwards was not participating), http://www.youtube.com/watch?v=V-dqoEyYXx4; and http://www.youtube.com/watch?v=YCNiYltW-r0

57. Edwards's efforts to obtain information about Epstein's organization for procuring young girls was also blocked because Epstein's co-conspirators took the Fifth. Deposition of Sarah Kellen, March 24, 2010 (hereinafter "Kellen Depo.") (Deposition attachment #14); Deposition of Nadia Marcinkova, April 13, 2010, (Deposition attachment #9); Deposition of Adriana Mucinska Ross, March 15, 2010 (hereinafter "Ross Depo.") (Deposition attachment #15). Each of these co-conspirators invoked their respective rights against self-incrimination as to all relevant questions, and the depositions have been attached.

58. At all relevant times Edwards has had a good faith basis to believe and did in fact believe Sarah Kellen was an employee of Epstein's and had been identified as a defendant in at least one of the complaints against Epstein for her role in bringing girls to Epstein's mansion to be abused. At the deposition, she was represented by Bruce Reinhart. She invoked the Fifth on



HOUSE_OVERSIGHT_010587

all substantive questions regarding her role in arranging for minor girls to come to Epstein's mansion to be sexually abused. Reinhart had previously been an Assistant United States Attorney in the U.S. Attorney's Office for the Southern District of Florida when Epstein was being investigated criminally by Reinhart's office. Reinhart left the United States Attorney's Office and was immediately hired by Epstein to represent Epstein's pilots and certain co-conspirators during the civil cases against Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.

59. Edwards also had other lines of legitimate discovery blocked through the efforts of Epstein and others. For example, Edwards learned through deposition that Ghislaine Maxwell was involved in managing Epstein's affairs and companies. *See* deposition of Epstein's house manager Janusz Banziak, February 16, 2010 at page 14, lines 20-23 (Deposition Attachment #16); *See* deposition of Epstein's housekeeper Louella Rabuyo, October 20, 2009, page 9, lines 17-25 (Deposition Attachment #17); *See* deposition of Epstein's pilot Larry Eugene Morrison, October 6, 2009, page 102-103 (Deposition Attachment #18); *See* deposition of Alfredo Rodriguez, August 7, 2009, page 302-306 and 348 (Deposition Attachment #8); *See* also Prince Andrew's Friend, Ghislaine Maxwell, Some Underage Girls and A Very Disturbing Story, September 23, 2007 by Wendy Leigh, link at http://www.redicecreations.com/article.php?id=1895OHANNA SJOBERG. Exhibit "AA".

60. Alfredo Rodriguez testified that Maxwell took photos of girls without the girls' knowledge, kept the images on her computer, knew the names of the underage girls and their respective phone numbers and other underage victims were molested by Epstein and Maxwell together. *See* Deposition of Rodriguez, Deposition attachment # 8 at 64, 169-170 and 236.



HOUSE_OVERSIGHT_010588

61. In reasonable reliance on this and other information, Edwards served Maxwell for deposition in 2009. *See* Deposition Notice attached as Exhibit "BB." Maxwell was represented by Brett Jaffe of the New York firm of Cohen and Gresser, and Edwards understood that her attorney was paid for (directly or indirectly) by Epstein. She was reluctant to give her deposition, and Edwards tried to work with her attorney to take her deposition on terms that would be acceptable to both sides. The result was the attached confidentiality agreement, under which Maxwell agreed to drop any objections to the deposition, attached hereto as Exhibit "CC." Maxwell, however, contrived to avoid the deposition. On June 29, 2010, one day before Edwards was to fly to NY to take Maxwell's deposition, her attorney informed Edwards that Maxwell's mother was deathly ill and Maxwell was consequently flying to England with no intention of returning to the United States. Despite that assertion, Ghislaine Maxwell was in fact in the country on July 31, 2010, as she attended the wedding of Chelsea Clinton (former President Clinton's daughter) and was captured in a photograph taken for OK magazine. Photos from Issue 809 of the publication *See* US Weekly dated August 16, 2010 are attached hereto as Exhibit "DD" and Edwards Affidavit, Exhibit "N" at ¶12.

62. Maxwell is not the only important witness to lie to avoid deposition by Edwards. Upon review of the message pads that were taken from Epstein's home in the police trash pulls, *see* Exhibit "J" *supra*, many were from Jean Luc Brunel, a French citizen and one of Epstein's closest pals. He left messages for Epstein. One dated 4/1/05 said, "He has a teacher for you to teach you how to speak Russian. She is 2x8 years old, not blonde. Lessons are free and you can have your 1st today if you call." *See* Messages taken from Jean Luc Brunel are attached hereto as Exhibit "EE." In light of these circumstances of the case, this message reasonably suggested to



HOUSE_OVERSIGHT_010589

Edwards that Brunel might have been procuring two eight-year-old girls for Epstein to sexually abuse. According to widely circulated press reports reviewed by Edwards, Brunel is in his sixties and has a reputation throughout the world (and especially in the modeling industry) as a cocaine addict that has for years molested children through modeling agencies while acting as their agent – conduct that has been the subject of critical reports, books, several news articles, and a 60 Minutes documentary on Brunel's sexual exploitation of underage models. *See* http://bradmillershero.blogspot.com/2010/08/women-are-objects.html, attached hereto as Exhibit "FF."

63. Edwards learned that Brunel is also someone that visited Epstein on approximately 67 occasions while Epstein was in jail. *See* Epstein's jail visitor log attached as Exhibit "GG."

64. Edwards learned that Brunel currently runs the modeling agency MC2, a company for which Epstein provides financial support. *See* Message Pad's attached as Exhibit "J" *supra* and Sworn Statement of MC2 employee Maritza Vasquez, June 15, 2010, "Maritza Vasquez Sworn Statement" attached at Exhibit "HH" at 1-16.

65. Employees of MC2 told Edwards that Epstein's numerous condos at 301 East 66 Street in New York were used to house young models. Edwards was told that MC2 modeling agency, affiliated with Epstein and Brunel brought underage girls from all over the world, promising them modeling contracts. Epstein and Brunel would then obtain a visa for these girls, then would charge the underage girls rent, presumably to live as underage prostitutes in the condos. *See* Maritza Vasquez Sworn Statement, Exhibit "HH" at 7-10, 12-15, 29-30, 39-41, 59-60 and 62-67.



HOUSE_OVERSIGHT_010590

66. In view of this information suggesting Brunel could provide significant evidence of Epstein's trafficking in young girls for sexual abuse, Edwards had Brunel served in New York for deposition. *See* Notice of Deposition of Jean Luc Brunel attached hereto as Exhibit "II." Before the deposition took place, Brunel's attorney (Tama Kudman of West Palm Beach) contacted Edwards to delay the deposition date. Eventually Kudman informed Edwards in January 2009 that Brunel had left the country and was back in France with no plans to return. This information was untrue; Brunel was actually staying with Epstein in West Palm Beach. *See* Banasiak deposition, deposition attachment #16 at 154-160 and 172-175; see also pages from Epstein's probation file evidencing Jean Luc Brunel (JLB) staying at his house during that relevant period of time attached Exhibit "JJ". As a result, Edwards filed a Motion for Contempt, attached hereto as Exhibit "KK" (Because Epstein settled this case, the motion was never ruled upon.)

67. Edwards was also informed that Epstein paid for not only Brunel's representation during the civil process but also paid for legal representation for Sarah Kellen (Epstein's executive assistant and procurer of girls for him to abuse), Larry Visoski (Epstein's personal pilot), Dave Rogers (Epstein's personal pilot), Larry Harrison (Epstein's personal pilot), Louella Rabuyo (Epstein's housekeeper), Nadia Marcinkova (Epstein's live-in sex slave), Ghislaine Maxwell (manager of Epstein's affairs and businesses), Mark Epstein (Epstein's brother), and Janusz Banasiak (Epstein's house manager) It was nearly impossible to take a deposition of someone that would have helpful information that was not represented by an attorney paid for by Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.



HOUSE_OVERSIGHT_010591

68. While Epstein and others were preventing any legitimate discovery into his sexual abuse of minor girls, at the same time he was engaging (through his attorneys) in brutal questioning of the girls who had filed civil suits against him, questioning so savage that it made local headlines. *See* Jane Musgrave, *Victims Seeking Sex offender's Millions See Painful Pasts Used Against Them,* Palm Beach Post News, Jan. 23, 2010, available at http://www.palmbeachpost.com/news/crime/victims-seeking-sex-offenders-millions-see-painful-pasts-192988.html attached hereto as Exhibit "LL."

*Edwards Pursues Other Lines of Discovery*

69. Because of Epstein's thwarting of discovery and attacks on Edwards's clients, Edwards was forced to pursue other avenues of discovery. Edwards only pursued legitimate discovery designed to further the cases filed against Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.

70. Edwards notified Epstein's attorneys of his intent to take Bill Clinton's deposition. Edwards possessed a legitimate basis for doing so: (a) Clinton was friends with Ghislaine Maxwell who was Epstein's longtime companion and helped to run Epstein's companies, kept images of naked underage children on her computer, helped to recruit underage children for Epstein, engaged in lesbian sex with underage females that she procured for Epstein, and photographed underage females in sexually explicit poses and kept child pornography on her computer; (b) it was national news when Clinton traveled with Epstein aboard Epstein's private plane to Africa and the news articles classified Clinton as Epstein's friend. (c) the complaint filed on behalf of Jane Doe No. 102 stated generally that she was required by Epstein to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty,



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politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories Clinton and acquaintances of Clinton fall into. The flight logs showed Clinton traveling on Epstein's plane on numerous occasions between 2002 and 2005. *See* Flight logs attached hereto as Exhibit "MM." Clinton traveled on many of those flights with Ghislaine Maxwell, Sarah Kellen, and Adriana Mucinska, - all employees and/or co-conspirators of Epstein's that were closely connected to Epstein's child exploitation and sexual abuse. The documents clearly show that Clinton frequently flew with Epstein aboard his plane, then suddenly stopped - raising the suspicion that the friendship abruptly ended, perhaps because of events related to Epstein's sexual abuse of children. Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him, including those for his assistant (Doug Band), his schedulers, and what appear to be Clinton's personal numbers. This information certainly leads one to believe that Clinton might well be a source of relevant information and efforts to obtain discovery from him were reasonably calculated to lead to admissible evidence. *See* Exhibits "B", "F" "AA", "DD", and "MM" and Edwards Affidavit, Exhibit "N" at ¶15.

71. Bradley J. Edwards, Esq., provided notice that he intended to take the deposition of Donald Trump. Edwards possessed a legitimate basis for doing so: (a) The message pads confiscated from Epstein's home indicated that Trump called Epstein's West Palm Beach mansion on several occasions during the time period most relevant to my Edwards's clients' complaints; (b) Trump was quoted in a *Vanity Fair* article about Epstein as saying "I've known Jeff for fifteen years. Terrific guy," "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it --



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Jeffrey enjoys his social life." Jeffrey Epstein: International Moneyman of Mystery; He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't until he flew Bill Clinton, Kevin Spacey, and Chris Tucker to Africa on his private Boeing 727 that the world began to wonder who he is. By Landon Thomas Jr. (*See* article attached hereto as Exhibit "NN") (c) Trump allegedly banned Epstein from his Maralago Club in West Palm Beach because Epstein sexually assaulted an underage girl at the club; (d) Jane Doe No. 102's complaint alleged that Jane Doe 102 was initially approached at Trump's Maralago by Ghislaine Maxwell and recruited to be Maxwell and Epstein's underage sex slave; (e) Mark Epstein (Jeffrrey Epstein's brother) testified that Trump flew on Jeffrey Epstein's plane with him (the same plane that Jane Doe 102 alleged was used to have sex with underage girls); (f) Trump had been to Epstein's home in Palm Beach; (g) Epstein's phone directory from his computer contains 14 phone numbers for Donald Trump, including emergency numbers, car numbers, and numbers to Trump's security guard and houseman. Based on this information, Edwards reasonably believed that Trump might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition. See deposition of Mark Epstein, September 21, 2009, at 48-50 (Deposition Attachment #19); *See* Jane Doe 102 v. Epstein, Exhibit "B"; Exhibit "F"; "Exhibit"J"; "N" and *See* Edwards Affidavit, Exhibit "N" at ¶13.

72. Edwards provided notice that he intended to depose Alan Dershowitz. Edwards possessed a legitimate basis for doing so: (a) Dershowitz is believed to have been friends with Epstein for many years; (b) in one news article Dershowitz comments that, "I'm on my 20th book... The only person outside of my immediate family that I send drafts to is Jeffrey" The



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Talented Mr. Epstein, By Vicky Ward on January, 2005 in Published Work, Vanity Fair (*See* article attached as Exhibit "OO"); (c) Epstein's housekeeper Alfredo Rodriguez testified that Dershowitz stayed at Epstein's house during the years when Epstein was assaulting minor females on a daily basis; (d) Rodriguez testified that Dershowitz was at Epstein's house at times when underage females where there being molested by Epstein (see Alfredo Rodriguez deposition at 278-280, 385, 426-427); (e) Dershowitz reportedly assisted in attempting to persuade the Palm Beach State Attorney's Office that because the underage females alleged to have been victims of Epstein's abuse lacked credibility and could not be believed that they were at Epstein's house, when Dershowitz himself was an eyewitness to their presence at the house; (f) Jane Doe No. 102 stated generally that Epstein forced her to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories that Dershowitz and acquaintances of Dershowitz fall into; (g) during the years 2002-2005 Alan Dershowitz was on Epstein's plane on several occasions according to the flight logs produced by Epstein's pilot and information (described above) suggested that sexual assaults may have taken place on the plane; (h) Epstein donated $30 Million one year to the university at which Dershowitz teaches. Based on this information, Edwards had a reasonable basis to believe that Dershowitz might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition. *See* Dershowitz letters to the State Attorney's office attached as Exhibit "PP"; Deposition of Alfredo Rodriguez at 278-280; Flight Logs Exhibit "MM"; Exhibits "B" and "OO"; and Edwards Affidavit, Exhibit "N" at ¶14.



HOUSE_OVERSIGHT_010595

73. Epstein's complaint alleges that Edwards provided notice that he wished to take the deposition of Tommy Mattola. That assertion is untrue. Mr. Mattola's deposition was set by the law firm of Searcy Denny Scarola Barnhart and Shipley. *See* Edwards Affidavit, Exhibit "N" at ¶16.

74. Edwards gave notice that he intended to take David Copperfield's deposition. Edwards possessed a legitimate basis for doing so. Epstein's housekeeper and one of the only witnesses who did not appear for deposition with an Epstein bought attorney, Alfredo Rodriguez, testified that David Copperfield was a guest at Epstein's house on several occasions. His name also appears frequently in the message pads confiscated from Epstein's house. It has been publicly reported that Copperfield himself has had allegations of sexual misconduct made against him by women claiming he sexually abused them, and one of Epstein's sexual assault victims also alleged that Copperfield had touched her in an improper sexual way while she was at Epstein's house. Mr. Copperfield likely has relevant information and deposition was reasonably calculated to lead to the discovery of admissible evidence. *See* Edwards Affidavit, Exhibit "N" at ¶17.

75. Epstein also takes issue with Edwards identifying Bill Richardson as a possible witness. Richardson was properly identified as a possible witness because Epstein's personal pilot testified to Richardson joining Epstein at Epstein's New Mexico Ranch. There was information indicating that Epstein had young girls at his ranch which, given the circumstances of the case, raised the reasonable inference he was sexually abusing these girls as he had abused girls in West Palm Beach and elsewhere. Richardson had also returned campaign donations that were given to him by Epstein, indicating that he believed that there was something about Epstein



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with which he did not want to be associated. Richardson was not called to testify nor was he ever subpoenaed to testify. *See* Edwards Affidavit, Exhibit "N" at ¶18.

76. Edwards learned of allegations that Epstein engaged in sexual abuse of minors on his private aircraft. *See* Jane Doe 102 Complaint, Exhibit "B." Accordingly, Edwards pursued discovery to confirm these allegations.

77. Discovery of the pilot and flight logs was proper in the cases brought by Edwards against Epstein. Jane Doe filed a federal RICO claim against Epstein that was an active claim through much of the litigation. The RICO claim alleged that Epstein ran an expansive criminal enterprise that involved and depended upon his plane travel. Although Judge Marra dismissed the RICO claim at some point in the federal litigation, the legal team representing Edwards' clients intended to pursue an appeal of that dismissal. Moreover, all of the subjects mentioned in the RICO claim remained relevant to other aspects of Jane Doe's claims against Epstein, including in particular her claim for punitive damages. *See* Edwards Affidavit, Exhibit "N" at ¶19.

78. Discovery of the pilot and flight logs was also proper in the cases brought by Edwards against Epstein because of the need to obtain evidence of a federal nexus. Edwards's client Jane Doe was proceeding to trial on a federal claim under 18 U.S.C. § 2255. Section 2255 is a federal statute which (unlike relevant state statutes) established a minimum level of recovery for victims of the violation of its provisions. Proceeding under the statute, however, required a "federal nexus" to the sexual assaults. Jane Doe had two grounds on which to argue that such a nexus existed to her abuse by Epstein: first, his use of telephone to arrange for girls to be abused; and, second, his travel on planes in interstate commerce. During the course of the litigation,



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Edwards anticipated that Epstein would argue that Jane Doe's proof of the federal nexus was inadequate. These fears were realized when Epstein filed a summary judgment motion raising this argument. In response, the other attorneys and Edwards representing Jane Doe used the flight log evidence to respond to Epstein's summary judgment motion, explaining that the flight logs demonstrated that Epstein had traveled in interstate commerce for the purpose of facilitating his sexual assaults. Because Epstein chose to settle the case before trial, Judge Marra did not rule on the summary judgment motion.

79. Edwards had further reason to believe and did in fact believe that the pilot and flight logs might contain relevant evidence for the cases against Epstein. Jane Doe No. 102's complaint outlined Epstein's daily sexual exploitation and abuse of underage minors as young as 12 years old and alleged that Epstein's plane was used to transport underage females to be sexually abused by him and his friends. The flight logs accordingly were a potential source of information about either additional girls who were victims of Epstein's abuse or friends of Epstein who may have witnessed or even participated in the abuse. Based on this information, Edwards reasonably pursued the flight logs in discovery.

80. In the fall of 2009, Epstein gave a recorded interview to George Rush, a reporter with the *New York Daily News* about pending legal proceedings. In that interview, Epstein demonstrated an utter lack of remorse for his crimes (but indirectly admitted his crimes) by stating:

- People do not like it when people make good and that was one reason he (Epstein) was being targeted by civil suits filed by young girls in Florida;
- He (Epstein) had done nothing wrong;



HOUSE_OVERSIGHT_010598

- He (Epstein) had gone to jail in Florida for soliciting prostitution for no reason;
- If the same thing (i.e., sexual abuse of minor girls) had happened in New York, he (Epstein) would have received only a $200 fine;
- Bradley J. Edwards was the one causing all of Epstein's problems (i.e., the civil suits brought by Jane Doe and other girls);
- L.M. came to him as a prostitute and a drug user (i.e., came to Epstein for sex, rather than Epstein pursuing her);
- All the girls suing him are only trying to get a meal ticket;
- The only thing he might have done wrong was to maybe cross the line a little too closely;
- He (Epstein) was very upset that Edwards had subpoenaed Ghisline Maxwell, that she was a good person that did nothing wrong (i.e., had done nothing wrong even though she helped procure young girls to satisfy Epstein's sexual desires);
- With regard to Jane Doe 102 v. Epstein, which involved an allegation that Epstein had repeatedly sexually abused a 15-year-old girl, forced her to have sex with his friends, and flew her on his private plane nationally and internationally for the purposes of sexually molesting and abusing her, he (Epstein) flippantly said that the case was dismissed, indicating that the allegations were ridiculous and untrue.

*See* Affidavit of Michael J. Fisten attached hereto as Exhibit "QQ."

81. The Rush interview also demonstrated perjury (a federal crime) on the part of Epstein. Epstein lied about not knowing George Rush. *See* Epstein Deposition, February 17, 2010, taken in L.M. v. Jeffrey Epstein, case 50-2008-CA-028051, page 154, line 4 through 155 line 9, (Deposition attachment #7), wherein Jeffrey Epstein clearly impresses that he does not recognize George Rush from the New York Daily News. This impression was given despite the fact that he gave a lengthy personal interview about details of the case that was tape recorded with George Rush.



HOUSE_OVERSIGHT_010599

*Epstein's Harassment of Witnesses Against Him*

82. At all relevant times Edwards has a good faith basis to believe and did in fact believe that Epstein engaged in threatening witnesses. *See* Incident Report, Exhibit "A" at p. 82, U.S. Attorney's Correspondence, Exhibit "C" - Indictments drafted by Federal Government against Epstein; and Edwards Affidavit, Exhibit "N" at ¶11.

83. Despite three no contact orders entered against Epstein (*see* Exhibit C, *supra*), Edwards learned that Epstein continued to harass his victims. For example, Jane Doe had a trial set for her civil case against him on July 19, 2010. As that trial date approached, defendant Epstein intimidated her in violation of the judicial no-contact orders. On July 1, 2010, he had a "private investigator" tail Jane Doe – following her every move, stopping when she stopped, driving when she drove, refusing to pass when she pulled over. When Jane Doe ultimately drove to her home, the "private investigator" then parked in his car approximately 25 feet from Jane Doe house and flashed his high beam lights intermittently into the home. Even more threateningly, at about 10:30 p.m., when Jane Doe fled her home in the company of a retired police officer employed by Jane Doe's counsel, the "private investigator" attempted to follow Jane Doe despite a request not to do so. The retired officer successfully took evasive action and placed Jane Doe in a secure, undisclosed location that night. Other harassing actions against Jane Doe also followed. *See* Motion for Contempt filed by Edwards in Jane Doe v. Epstein detailing the event, including Fisten Affidavit attached to Motion, Composite Exhibit "RR."

*Epstein Settlement of Civil Claims Against Him for Sexual Abuse of Children*

84. The civil cases Edwards filed against Epstein on behalf of L.M., E.W., and Jane Doe were reasonably perceived by Edwards to be very strong cases. Because Epstein had



HOUSE_OVERSIGHT_010600

sexually assaulted these girls, he had committed several serious torts against them and would be liable to them for appropriate damages. *See* Preceding Undisputed Facts. Because of the outrageousness of Epstein's sexual abuse of minor girls, Edwards reasonably expected that Epstein would also be liable for punitive damages to the girls. Because Edwards could show that Epstein had molested children for years and designed a complex premeditated scheme to procure different minors everyday to satisfy his addiction to sex with minors, the punitive damages would have to be sufficient to deter him from this illegal conduct that he had engaged in daily for years. Epstein was and is a billionaire. *See* Complaint, ¶49 (referring to "Palm Beach Billionaire"); *see also* Epstein Deposition, February 17, 2010, at 172-176 (Deposition Attachment #7) (taking the Fifth when asked whether he is a billionaire). Accordingly, Edwards reasonably believed the punitive damages that would have to be awarded against Epstein would have been substantial enough to punish him severely enough for his past conduct as well as deter him from repeating his offenses in the future. *See* Edwards Affidavit, Exhibit "N" at ¶19.

85. On July 6, 2010, rather than face trial for the civil suits that had been filed against him by L.M., E.W., and Jane Doe, defendant Epstein settled the cases against him. The terms of the settlement are confidential. The settlement amounts are highly probative in the instant action as Epstein bases his claims that Edwards was involved in the Ponzi scheme on Epstein's inability to settle the L.M., E.W., and Jane Doe cases for "minimal value". His continued inability to settle the claims for "minimal value" after the Ponzi scheme was uncovered would be highly probative in discrediting any causal relationship between the Ponzi scheme and Edwards's settlement negotiations. *See* Edwards Affidavit, Exhibit "N" at ¶21.

*Edwards Non-Involvement in Fraud by Scott Rothstein*



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86. From in or about 2005, through in or about November 2009, Scott Rothstein appears to have run a giant Ponzi scheme at his law firm of Rothstein, Rosenfeldt and Adler P.A. ("RRA"). This Ponzi scheme involved Rothstein falsely informing investors that settlement agreements had been reached with putative defendants based upon claims of sexual harassment and/or whistle-blower actions. Rothstein falsely informed the investors that the potential settlement agreements were available for purchase. Plea Agreement at 2, *United States v. Scott W. Rothstein*, No. 9-60331-CR-COHN (S.D. Fla. Jan. 27, 2010) attached hereto as Exhibit "SS."

87. It has been alleged that among other cases that Rothstein used to lure investors into his Ponzi scheme were the cases against Epstein that were being handled by Bradley J. Edwards, Esq. Edwards had no knowledge of the fraud or any such use of the Epstein cases. *See* Edwards Affidavit, Exhibit "N" at ¶9.

88. Bradley J. Edwards, Esq., joined RRA in about April 2009 and left RRA in November 2009 – a period of less than one year. Edwards would not have joined RRA had he been aware that Scott Rothstein was running a giant Ponzi scheme at the firm. Edwards left RRA shortly after learning of Rothstein's fraudulent scheme. *Id.* at ¶8.

89. At no time prior to the public disclosure of Rothstein's Ponzi scheme did Edwards know or have reason to believe that Rothstein was using legitimate claims that Edwards was prosecuting against Epstein for any fraudulent or otherwise illegitimate purpose. *Id.* at ¶20.

90. Edwards never substantively discussed the merits of any of his three cases against Epstein with Rothstein. *See* Deposition of Bradley J. Edwards taken March 23, 2010, at 110-16. (hereinafter "Edwards Depo") (Deposition Attachment #22).



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91. On July 20, 2010, Bradley Edwards received a letter from the U.S. Attorney's Office for the Southern District of Florida – the office responsible for prosecuting Rothstein's Ponzi scheme. The letter indicated that law enforcement agencies had determined that Edwards was "a victim (or potential victim)" of Scott Rothstein's federal crimes. The letter informed Edwards of his rights as a victim of Rothstein's fraud and promised to keep Edwards informed about subsequent developments in Rothstein's prosecution. *See* Letter attached hereto as Exhibit "TT."

92. Jeffrey Epstein filed a complaint with the Florida Bar against Bradley Edwards, Esq., raising allegations that Edwards and others were involved in the wrongdoing of Scott Rothstein. After investigating the claim, the Florida Bar dismissed this complaint. *See* Edwards Affidavit, Exhibit "N" at ¶23.

*Epstein Takes the Fifth When Asked Substantive Questions About His Claims Against Edwards*

93. On March 17, 2010, defendant Epstein was deposed about his lawsuit against Edwards. Rather than answer substantive questions about his lawsuit, Epstein repeatedly invoked his Fifth Amendment privilege. *See* Epstein Depo. taken 3/17/10, Deposition Attachment #1.

94. In his deposition, Epstein took the Fifth rather than answer the question: "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?" *Id.* at 34.

95. In his deposition, Epstein took the Fifth rather than name people in California that Edwards had tried to depose to increase the settlement value of the civil suit he was handling. *Id.* at 37.



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96. In his deposition, Epstein took the Fifth rather than answer the question: "Do you know former President Clinton personally." *Id.*

97. In his deposition, Epstein took the Fifth rather than answer the question: "Are you now telling us that there were claims against you that were fabricated by Mr. Edwards?" *Id.* at 39.

98. In his deposition, Epstein took the Fifth rather than answer the question, "Well, which of Mr. Edwards' cases do you contend were fabricated." *Id.*

99. In his deposition, Epstein took the Fifth rather than answer the question: "What is the actual value that you contend the claim of E.W. against you has?" *Id.* at 45.

100. In his deposition, Epstein took the Fifth rather than answer a question about the actual value of the claim of L.M. and Jane Doe against him. *Id.*

101. In his deposition, taken prior to the settlement of Edwards's clients claims against Epstein, Epstein took the Fifth rather than answer the question: "Is there any pending claim against you which you contend is fabricated?" *Id.* at 71.

102. In his deposition, Epstein took the Fifth rather than answer the question: "Did you ever have damaging evidence in your garbage?" *Id.* at 74.

103. In his deposition, Epstein took the Fifth rather than answer the question: "Did sexual assaults ever take place on a private airplane on which you were a passenger?" *Id.* at 88.

104. In his deposition, Epstein took the Fifth rather than answer the question: "Does a flight log kept for a private jet used by you contain the names of celebrities, dignitaries or international figures?" *Id.* at 89.



HOUSE_OVERSIGHT_010604

105. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Donald Trump in the presence of females under the age of 18?" *Id.* at 89.

106. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Alan Dershowitz in the presence of females under the age of 18." *Id.* at 90.

107. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Mr. Mottola in the presence of females under the age of 18?" *Id.* at 91-92.

108. In his deposition, Epstein took the Fifth rather than answer the question: "Did you ever socialize with David Copperfield in the presence of females under the age of 18?" *Id.* at

109. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Mr. Richardson [Governor of New Mexico and formerly U.S. Representative and Ambassador to the United Nations] in the presence of females under the age of 18." *Id.* at 94.

110. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever sexually abused children?" *Id.* at 95.

111. In his deposition, Epstein took the Fifth rather than answer the question: "Did you have staff members that assisted you in scheduling appointments with underage females; that is, females under the age of 18." *Id.* at 97-98.

112. In his deposition, Epstein took the Fifth rather than answer the question: "On how many occasions did you solicit prostitution." *Id.* at 102.



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113. In his deposition, Epstein took the Fifth rather than answer the question: "How many minors have you procured for prostitution?" *Id.* at 104.

114. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever coerced, induced or enticed any minor to engage in any sexual act with you?" *Id.* at 107.

115. In his deposition, Epstein took the Fifth rather than answer the question: "How many times have you engaged in fondling underage females?" *Id.* at 108.

116. In his deposition, Epstein took the Fifth rather than answer the question: "How many times have you engaged in oral sex with females under the age of 18?" *Id.* at 110.

117. In his deposition, Epstein took the Fifth rather than answer the question: "Do you have a personal sexual preference for children?" *Id.* at 111-12.

118. In his deposition, Epstein took the Fifth rather than answer the question: "Your Complaint at page 27, paragraph 49, says that 'RRA and the litigation team took an emotionally driven set of facts involving alleged innocent, unsuspecting, underage females and a Palm Beach billionaire, and sought to turn it into a goldmine,' end of quote. Who is the Palm Beach billionaire referred to in that sentence?" *Id.* at 112-13.

119. In his deposition, Epstein took the Fifth rather than answer the question: "Who are the people who are authorized to make payment [to your lawyers] on your behalf?" *Id.* at 120.

120. In his deposition, Epstein took the Fifth rather than answer the question: "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?" *Id.* at 128.



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## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on November 4th, 2010 a copy of the foregoing has been served via Fax and U.S. Mail to all those on the attached service list.

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Liquid Insight

# Trump's effect on MXN

Bank of America Merrill Lynch

22 September 2016

## Key takeaways

- We provide an empirical analysis of Donald Trump's potential effects on the Mexican peso
- Our analysis suggests the exchange rate is perhaps as much as 15% undervalued
- We remain neutral for now given US election risks are likely to remain high in the near term

## *By Claudio Irigoyen and Ezequiel Aguirre*

**Chart of the day: MXN may be as much as 15% undervalued**

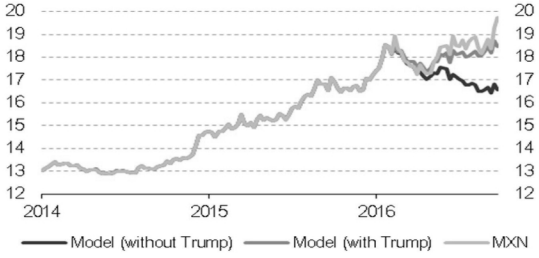


Source: BofA Merrill Lynch Global Research, Bloomberg

## Trump's effect on MXN

We provide an empirical analysis of Donald Trump's effects on the Mexican peso. Our analysis suggests the exchange rate is perhaps as much as 15% undervalued. In our view, buying the Mexican peso likely would prove a profitable strategy if Hillary Clinton wins. However, we remain neutral for now given US election risks are likely to remain high in the near term.

### A model of MXN weekly returns including Trump

We estimate a model of MXN returns with standard financial fundamentals that also includes Donald Trump's RealClearPolitics polling average in the US presidential election. It is generally accepted now that Trump's chances in the US election have been a major driver of the Mexican peso (Chart 1).

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**Refer to important disclosures on page 6 to 7. Analyst Certification on page 5.** 11668923

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We estimate a regression of weekly returns on the MXN spot exchange rate on five variables: a basket of commodity currencies, US equities, the 10-year US bond yield, the two-year interest rate differential between MXN and USD swaps, and RealClearPolitics polling average for Donald Trump in the 2016 US presidential election. The estimated equation is

$$R^{MXN} = b_0 + b_1 * R^{basket} + b_2 * R^{SP500} + b_3 * dy^{10} + b_4 * (i^{MXN} - i^{USD}) + b_5 * RCP + e$$

where $R^{MXN}$ is the MXN spot return, $R^{basket}$ is the commodity currency basket spot return, $R^{SP500}$ is the SP500 index return, $dy^{10}$ is the 10-year US bond yield change, $i^{MXN} - i^{USD}$ is the two-year swap rate differential (lagged one period), $RCP$ is RealClearPolitics polling average for Donald Trump, and $e$ is an error term. The commodity currency basket consists of BRL, CLP, COP, CAD, NOK and AUD with equal weights. The full data sample has weekly frequency and runs from 6/20/2012 to 9/21/2016.

The model without Trump yields an R-squared coefficient of 0.50. Including Trump's variable increases the coefficient to 0.63, a significant improvement (Chart 2). We use data only up to 1/27/2016 for parameter estimation of the financial variables. We use the full sample to estimate the parameter on Trump's variable due to its shorter history.

**Chart 1: The Trump factor on the Mexican peso**

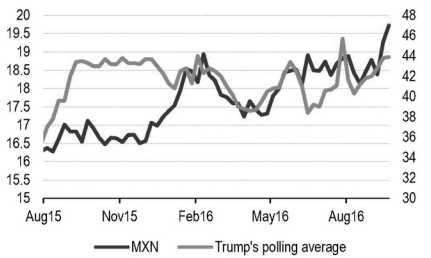


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 2: Forecasting MXN returns with and without Trump**

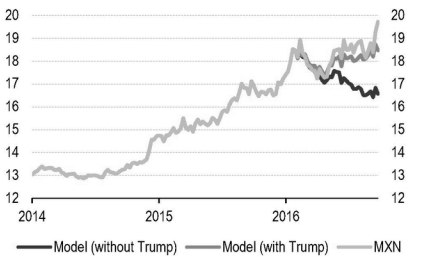


Source: BofA Merrill Lynch Global Research, Bloomberg

## A possible 15% negative shock on MXN

According to the model that does not include Trump's polling average, we estimate that MXN should be trading at around 16.50, more than 15% stronger than current levels (spot 19.72). Chart 2 shows the possible magnitude of the Trump effect on the Mexican peso.

The model including Trump's polling average appears to do a much better job at explaining the recent behavior of the Mexican peso. However, it still suggests that the currency has depreciated more than justified by Trump's increase in recent polls. Based on Trump's increase to 43.9% (RealClearPolitics polling average on 21 September) from 39% (RealClearPolitics polling average on 29 June), our model suggests the Mexican peso should be trading at around 18.50, still almost 7% stronger than current levels.

This, however, does not necessarily mean that MXN has oversold. The almost 5% gain in Trump's polling average since June could have had an outsized effect on MXN if those gains took place in swing states, potentially leading to crucial Electoral College votes.

## Strategy: neutral MXN for now

From a strategy standpoint, we recommend staying neutral the Mexican peso for now. We believe the Mexican peso would likely strengthen significantly if Hillary Clinton wins the US election. But there is still significant uncertainty. Net speculative long USD/MXN positions are somewhat stretched, but could increase much more (Chart 3).



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The Bank of Mexico will meet on 29 September, and a 50bp rate hike is already priced in (Chart 4). A stronger hike, perhaps of 75bp, or a 50bp rate hike accompanied by a hawkish statement could lead to MXN strengthening in the very short run.

**Chart 3: Net speculative USD/MXN position in CFTC**

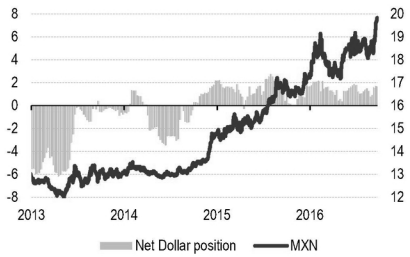


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 4: Bank of Mexico expected to hike**

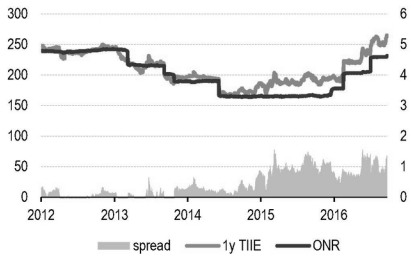


Source: BofA Merrill Lynch Global Research, Bloomberg

**Notable Rates and FX Research**

* Global Rates & Currencies 2016 Year Ahead, 23 November 2015
* USD/MXN builds momentum, FX Quant Trader, 19 Sep 2016
* Central banks still the only game in town, Global Rates and FX Weekly, 15 Sep 2016
* Land of the rising bond yield, US Rates Weekly, 16 Sep 2016
* Policy uncertainty, Liquid Cross Border Flows, 19 Sep 2016

**Key trade ideas**

**Top Rates and FX trades for 2016**

For rationale and details, refer to Global Rates & Currencies 2016 Year Ahead: The "Great Divorce", 23 November, 2015

***Rates:***

Buy US 30y TIPS, entry: 1.2%, target: 70bp, stop loss: 1.55%

Closed at 101bp (3 Mar 2016): Short USD 5y5y vs EUR 5y5y, entry: 115 bp, target: 160 bp, stop-loss: 90 bp (3 Sep 2015)

Long $100mn 6m5y ATMF UK vs $100.75mn US rates straddles, net take-in: $126K, target: +450K, stop: -$225K

Sell 3y Fannie Mae debt vs Treasuries, entry: 6bp, stop: 2bp, target: 20bp

Closed at 11bp - Long 12m Treasury bills vs OIS, entry: 1bp, target: -10bp, stop: 7bp

***FX:***

Closed at 6.5630 (26 May 2016): Buy USD/CNH 6m forward outright, entry: 6.5260, stop: 6.40

Long a 12m USD/CNH forward outright, entry: 6.7485, target 7.00, stop: 6.67, current: 6.7420 (26 May 2016)

Closed at 0% - Buy EUR/USD 3m 1.10 call with a 16 Dec 1.1050 window KO, cost: 0.55% EUR (spot: 1.0690)

Buy 1y EUR/USD<1.00, USD/JPY<120 dual digital, cost: 7.0% USD (spot: 1.0690, 122.80)



HOUSE_OVERSIGHT_010611

Closed at 902 (10 Mar 2016): Buy AUD/KRW, entry: 832, target: 920, stop: 859 (revised from 790)
Closed at 38.25 (18 Apr 2016): Sell TRY/JPY, entry: 43.40, target: 36.15, stop: 45.25
Closed at 8.27: Sell USD/NOK spot 8.685, target: 8.27, stop-loss: 8.60 (revised from 9.00)

**New trades**

***Rates:***

Mar17 FRA-OIS widener, entry: 6.25bp, target: 10bp, stop loss: 4bp (21 Sep 2016)
* Despite recent tightening, richness of bonds vs OIS, upcoming TLTRO & corporate issuance point to renewed widening

**Existing open trades**

For a complete list of our open trade recommendations, as well as our trade recommendations closed over the last 12 months, please see: Global Rates and FX Weekly: Central banks still the only game in town 15 September 2016

***Rates:***

Pay 5y5y forward 3s6s basis, entry: 11.3bp, target: 13.3bp, stop: 10.3bp (10 Aug 2016)
* Bank hedging flows on the back of sharp pickup in corp issuance suggests the widening of 3s6s basis is structural. It also hedges any aggressive ECB easing in Sep

Buy 6m30y ATMF+25bp/+50bp/+75 bp payer ladders for a net premium of €950k on €100m notional (or 3.3 bp) (20 Jul 2016)
*30y rates are at risk from the ECB tomorrow, especially if tweaks to the capital key are flagged already

Buy 3-year 3.5% ZC RPI inflation caps, entry: 26.0c; current 37.5c (21 Oct 2015)
*Sterling vulnerability due to the UK's large current account deficit makes being long inflation volatility attractive. Pairing this trade with a long-standing recommendation to be short 30-year UK breakevens is an attractive way to finance it.

Closed at 0 (22 Jul 2016): Buy 167 Aug RXU6 call and buy 162 put, cost 118 cents (16 Jun 2016)

Closed at 55bp (12 Jul 2016): OATei 2018/2027 flattener; entry: 78.5bp, target: 40bp; stop-loss: 100bp (11 Mar 2016)

***FX:***

Short EURUSD 6m 1.0740/1.1500 risk reversal, cost: 0 (off 1.1077 spot)(6 Jul 2016)
*EUR downside risks are underpriced. We think the post-referendum risk rally is overdone and could be at risk. Potential shocks include Brexit uncertainty, turbulence in Italy's banking sector, and political paralysis in Spain.

Closed 1.0840 (1 Jul 2016): Buy 3m EURCHF 1.08/1.03 put spread for 0.76% Eur (7.75/8.05 ag 10.45 vols off 1.0930 spot)(1 Apr 2016)



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* EUR is underpricing Brexit and that shorting Euro was a cheaper way to express such a view via options. CHF tends to perform strongly when risks become more localized.

Closed on 28 Aug 2016: Buy EUR/USD 6m 1.00/1.20 strangle for 155 usd pips (off 1.1020 spot, DF two-way vols 12.1/12.3) (29 Feb 2016)
*Owning low delta EURUSD strangles may be an effective and cheap double hedge in the scenario that either the US enters a recession or the European debt crisis resurfaces.

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| Trump | Donald | J | President of the United States of America | |

Other Federal Government Positions Held During the Preceding 12 Months:
N/A

Name of Congressional Committee Considering Nomination (Nominees only):
N/A

Filer's Certification - I certify that the statements I have made in this report are true, complete and correct to the best of my knowledge:

| Signature: | Date: |
|---|---|
| [redacted] | JUNE 14/2017 |

Agency Ethics Official's Opinion – On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments below)

| Signature: | Date: |
|---|---|
| Stephen C. Rosenfeld | June 14, 2017 |

Other Review Conducted By:

| Signature: | Date: |
|---|---|
| | |

U.S. Office of Government Ethics Certification (if required):

| Signature: | Date: |
|---|---|
| Walter M. Shaub, Jr. | 6/16/17 |

Comments of Reviewing Officials:

OGE Form 278e (3/2011)

**Instructions for Part 1**

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 2 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 1 | 4 Shadow Tree Lane LLC | New York, NY | LLC | President | 09/26/12 | 1/19/2017 |
| 2 | 4 Shadow Tree Lane Member Corp | New York, NY | Corporation | President/Director/Chairman | 09/26/12 | 1/19/2017 |
| 3 | 40 Wall Development Associates LLC | New York, NY | LLC | Member & President | 4/11/95 & 8/11/03 | 1/19/2017 |
| 4 | 40 Wall Street Commercial LLC | New York, NY | LLC | President | 08/27/09 | 1/19/2017 |
| 5 | 40 Wall Street LLC | New York, NY | LLC | President | 04/23/98 | 1/19/2017 |
| 6 | 40 Wall Street Member Corp | New York, NY | Corporation | President/Director | 04/29/98 | 1/19/2017 |
| 7 | 3128 Corporation | New York, NY | Corporation | President/Director | 06/01/99 | 1/19/2017 |
| 8 | 401 Merz Venture LLC | New York, NY | LLC | President | 10/01/04 | 1/19/2017 |
| 9 | 401 North Wabash Venture LLC | New York, NY | LLC | Member & President | 5/2/02 & 10/1/04 | 1/19/2017 |
| 12 | 809 North Canon LLC | New York, NY | LLC | President | 12/13/06 | 1/19/2017 |
| 13 | 809 North Canon Member Corporation | New York, NY | Corporation | President/Director | 12/13/06 | 1/19/2017 |
| 14 | 81 Pine Note Holder Inc | New York, NY | Corporation | President/Director/Secretary | 06/30/99 | 1/19/2017 |
| 15 | Aviation Payroll Company | New York, NY | Corporation | President/Chairman | 08/09/12 | 1/19/2017 |
| 16 | B Plaza Realty Corp. | New York, NY | Corporation | Director/President | 07/14/81 | 11/10/2016 |
| 17 | Bedford Hills Corp | New York, NY | Corporation | Director & President/Treasurer/Secretary | 8/3/1995 & 4/16/96 | 1/19/2017 |
| 18 | Briar Hall Operations LLC | New York, NY | LLC | Member | 01/09/97 | 1/19/2017 |
| 19 | Briarcliff Properties, Inc. | New York, NY | Corporation | Director & President/Treasurer/Secretary | 1/17/1995 & 4/16/96 | 1/19/2017 |
| 20 | Caribusiness MRE LLC | New York, NY | LLC | Member | 03/13/13 | 1/19/2017 |
| 21 | Caribusiness RE Corp, The | New York, NY | Corporation | Director/Chairman/President | 03/12/15 | 1/19/2017 |
| 22 | Chelsea Hall LLC | New York, NY | LLC | Member | 11/22/95 | 1/19/2017 |
| 23 | Chicago Unit Acquisition LLC | New York, NY | LLC | Member/President | 12/15/05 | 1/19/2017 |
| 24 | China Trademark LLC | New York, NY | LLC | Member/President | 05/17/08 | 1/19/2017 |
| 25 | Coronet Hall Inc. | New York, NY | Corporation | Director/Vice President | 08/01/69 | 1/19/2017 |
| 26 | Development Member Inc. | New York, NY | Corporation | President/Secretary & Director | 10/24/1996 & 1/14/98 | 1/19/2017 |
| 27 | D B Pace Acquisition, LLC | South Carolina | LLC | Member/President | 11/12/14 | 1/19/2017 |
| 28 | D B Pace Acquisition Member Corp | New York, NY | Corporation | Chairman/President/Director | 11/07/14 | 1/19/2017 |
| 29 | DJT Aerospace LLC | Atlantic City, NJ | LLC | Member/President | 05/02/10 | 1/19/2017 |
| 30 | DJ Aerospace (Bermuda) Limited | Bermuda | Foreign Corporation | President/Director | 03/09/94 | 1/19/2017 |
| 31 | DJT Entrepreneur Managing Member LLC (f/k/a DJT University Managing Member LLC) | New York, NY | LLC | Member & President | 10/25/04 | 1/19/2017 |
| 32 | DJT Entrepreneur Member LLC (f/k/a DJT University Member LLC) | New York, NY | LLC | Member & President | 10/25/04 | 1/19/2017 |
| 33 | DJT Holdings LLC | New York, NY | LLC | Member & President | 11/29/2010 & 12/2/2010 | 1/19/2017 |
| 34 | DJT Holdings Managing Member LLC | New York, NY | LLC | Member & President | 12/02/10 | 1/19/2017 |
| 35 | DJT Land Holdings Member Corp | New York, NY | Corporation | President /Director | 01/16/12 | 1/19/2017 |
| 36 | DJT Operations I LLC | Palm Beach, Florida | LLC | Member/President | 07/15/10 | 1/19/2017 |
| 37 | DJT Operations II LLC | Palm Beach, Florida | LLC | Member/President | 07/15/10 | 1/19/2017 |
| 38 | DJT Operations CK LLC | Waterbury, CT | LLC | Member/President | 09/12/12 | 1/19/2017 |
| 39 | DSN Licensing LLC (f/k/a Trump Marks Network LLC) | New York, NY | LLC | Member/President | 02/26/09 | 11/9/2016 |
| 40 | DSN Licensing Member Corp (f/k/a Trump Marks Network Member Inc) | New York, NY | Corporation | Director/Chairman & President | 1/14/2009 & 2/26/09 | 11/9/2016 |
| 41 | DT APP Warrant Holding LLC | New York, NY | LLC | Member/President | 03/02/12 | 1/19/2017 |
| 42 | DT APP Warrant Holding Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 03/02/12 | 1/19/2017 |
| 43 | DT Connect II LLC | Palm Beach, Florida | LLC | Member/President | 07/31/14 | 1/19/2017 |
| 44 | DT Connect II Member Corp | Palm Beach, Florida | Corporation | Director/Chairman/President | 07/31/14 | 1/19/2017 |
| 45 | DT Connect LLC | Palm Beach, Florida | LLC | Member/President | 02/27/12 | 10/26/2015 |
| 46 | DT Connect Managing Member Corp | Palm Beach, Florida | Corporation | Director/Chairman/President | 02/27/12 | 10/22/2015 |
| 47 | DT Dubai Golf Manager LLC | New York, NY | LLC | Member/President | 03/20/13 | 1/19/2017 |
| 48 | DT Dubai Golf Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 03/20/13 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part.

OGE Form 278e (March 2014)

Instructions for Part 1

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 3 of 5 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 49 | DT Dubai II Golf Manager LLC | New York, NY | LLC | Member/President | 10/30/14 | 1/19/2017 |
| 50 | DT Dubai II Golf Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 10/30/14 | 1/19/2017 |
| 51 | DT Home Marks International LLC | New York, NY | LLC | Member/President | 07/12/13 | 1/19/2017 |
| 52 | DT Home Marks International Member Corp | New York, NY | Corporation | Director/Chairman/President | 07/12/13 | 1/19/2017 |
| 53 | DT India Venture LLC | New York, NY | LLC | Member/President | 01/09/12 | 1/19/2017 |
| 54 | DT India Venture Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/09/12 | 1/19/2017 |
| 55 | DT Marks Baku LLC | New York, NY | LLC | Member/President | 04/10/12 | 1/19/2017 |
| 56 | DT Marks Baku Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 04/10/12 | 1/19/2017 |
| 57 | DT Marks Dubai LLC | New York, NY | LLC | Member/President | 09/05/13 | 1/19/2017 |
| 58 | DT Marks Dubai Member Corp | New York, NY | Corporation | Director/Chairman/President | 09/05/13 | 1/19/2017 |
| 59 | DT Marks Dubai II LLC | New York, NY | LLC | Member/President | 10/30/14 | 11/20/2015 |
| 60 | DT Marks Dubai II Member Corp | New York, NY | Corporation | Director/Chairman/President | 10/30/14 | 11/20/2015 |
| 61 | DT Marks Gurgaon LLC | New York, NY | LLC | Member/President | 10/28/14 | 1/19/2017 |
| 62 | DT Marks Gurgaon Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 10/30/14 | 1/19/2017 |
| 63 | DT Marks Jersey City LLC | New York, NY | LLC | Member/President | 10/30/14 | 1/19/2017 |
| 64 | DT Marks Jupiter LLC | New York, NY | LLC | Member/President | 06/29/14 | 1/19/2017 |
| 65 | DT Marks Qatar LLC | New York, NY | LLC | Member/President | 10/30/14 | 1/19/2017 |
| 66 | DT Marks Qatar Member Corp | New York, NY | Corporation | Director/Chairman/President | 10/30/14 | 1/19/2017 |
| 67 | DT Marks Products International LLC | New York, NY | LLC | Member/President | 09/13/13 | 1/19/2017 |
| 68 | DT Marks Products International Member Corp | New York, NY | Corporation | Director/Chairman/President | 09/13/13 | 1/19/2017 |
| 69 | DT Marks Pune LLC | New York, NY | LLC | Member/President | 01/09/12 | 1/19/2017 |
| 70 | DT Marks Pune Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/09/12 | 1/19/2017 |
| 71 | DT MARKS PUNE II LLC | New York, NY | LLC | Member/President | 06/18/14 | 1/19/2017 |
| 72 | DT Marks Pune II Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/18/14 | 1/19/2017 |
| 73 | DT Marks Rio LLC | New York, NY | LLC | Member/President | 03/09/12 | 1/19/2017 |
| 74 | DT Marks Rio Member Corp | New York, NY | Corporation | Director/Chairman/President | 03/09/12 | 1/19/2017 |
| 75 | DT Marks Vancouver LP | New York, NY | Partnership | Partner/President | 01/22/13 | 1/19/2017 |
| 76 | DT Marks Vancouver Manager Corp | New York, NY | Corporation | Director/Chairman/President | 01/22/13 | 1/19/2017 |
| 77 | DT Marks Worli LLC | New York, NY | LLC | Member/President | 05/21/13 | 1/19/2017 |
| 78 | DT Marks Worli Member Corp | New York, NY | Corporation | Director/Chairman/President | 05/21/13 | 1/19/2017 |
| 79 | DT Tower Gurgaon LLC | New York, NY | LLC | Member/President | 03/09/15 | 1/19/2017 |
| 80 | DT Tower Gurgaon Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 03/09/15 | 1/19/2017 |
| 81 | DTW Venture LLC | New York, NY | LLC | Member | 03/14/14 | 1/19/2017 |
| 82 | DTW Venture Managing Member Corp | New York, NY | Corporation | Director/President | 03/14/14 | 1/19/2017 |
| 83 | East 61 St Company, L.P., The | New York, NY | Partnership | Partner | 12/05/96 | 1/19/2017 |
| 84 | EID Venture I LLC | New York, NY | LLC | Member | 05/01/13 | 1/19/2017 |
| 85 | EID Venture I Corporation | New York, NY | Corporation | President/Director | 05/01/13 | 1/19/2017 |
| 86 | Excel Venture I LLC | St. Martin, French West Indi | LLC | President/Secretary/Treasurer/Member | 07/01/13 | 1/19/2017 |
| 87 | Excel Venture I Corp. | St. Martin, French West Indi | Corporation | Director/Chairman/President | 07/01/13 | 1/19/2017 |
| 88 | Fifty Seven Management Corp | New York, NY | Corporation | Director/Chairman | 08/23/12 | 1/19/2017 |
| 89 | Fifty Seventh Street Associates LLC | New York, NY | LLC | President | 11/30/95 | 1/19/2017 |
| 90 | First Member, Inc. | New York, NY | Corporation | President | 09/26/96 | 1/19/2017 |
| 91 | Flights, Inc. (Formerly Trump Flights, Inc.) | New York, NY | Corporation | President/Treasurer/Director | 07/01/99 | 1/19/2017 |
| 92 | Florida Properties Management LLC | Palm Beach, Florida | LLC | Member | 12/17/01 | 1/19/2017 |
| 93 | Fontainbleu Apartments LLC | New York, NY | LLC | Member | 11/22/95 | 1/19/2017 |
| 94 | Golf Productions LLC | New York, NY | LLC | Member/President | 06/16/09 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part.

OGE Form 278e (March 2014)

**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 4 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 95 | Golf Productions Member Corp. | New York, NY | Corporation | President/Director/Chairman | 05/16/09 | 1/19/2017 |
| 96 | Golf Recreation Scotland Limited | Turnberry, Scotland | Foreign Entity | Director | 04/18/14 | 1/19/2017 |
| 97 | Helicopter Air Services, Inc. | New York, NY | Corporation | President | 08/16/88 | 1/19/2017 |
| 98 | Highlander Hall, Inc. | New York, NY | Corporation | Director/Vice President | 08/01/69 | 10/15/2015 |
| 107 | Indian Hills Holdings LLC f/k/a Indian Hills Development LLC | New York, NY | LLC | Member/President | 2/5/1998 & 8/2000 | 1/19/2017 |
| 108 | Jupiter Golf Club LLC (Trump National Golf Club - Jupiter) | New York, NY | LLC | President | 09/28/12 | 1/19/2017 |
| 109 | Jupiter Golf Club Managing Member Corp | New York, NY | Corporation | President/Director/Chairman | 09/28/12 | 1/19/2017 |
| 110 | Lamington Family Holdings LLC | New York, NY | LLC | President/Member | 7/7/2011 & 7/6/2011 | 1/19/2017 |
| 111 | Lawrence Towers Apartments LLC | New York, NY | LLC | Member | 11/22/95 | 1/19/2017 |
| 112 | LFB Acquisition LLC | New York, NY | LLC | President | 08/29/02 | 1/19/2017 |
| 113 | LFB Acquisition Member Corp | New York, NY | Corporation | President/Director/Chairman | 11/09/11 | 1/19/2017 |
| 114 | Mar A Lago Club, Inc | Palm Beach, Florida | Corporation | President/Treasurer/Secretary | 04/16/96 | 1/19/2017 |
| 115 | Mar A Lago Club, L.L.C. | New York, NY | LLC | Member/President | 01/14/10 | 1/19/2017 |
| 116 | Midland Associates | New York, NY | Partnership | Partner | 06/15/88 | 1/19/2017 |
| 117 | Miss Universe L.P., L.L.L.P. (Formerly Trump Pageants, L.P.) | New York, NY | Partnership | Partner | October, 1996 | 1/19/2017 |
| 118 | Nitto World Co., Limited | Turnberry, Scotland | Foreign Entity | Director | 05/11/14 | 1/19/2017 |
| 119 | Ocean Development Member Inc. | New York, NY | Corporation | President/Director | 03/08/07 | 1/19/2017 |
| 120 | Ocean Development Services LLC | New York, NY | LLC | Member | 03/08/07 | 10/28/2015 |
| 121 | OPO Hotel Manager LLC | New York, NY | LLC | President | 05/12/13 | 1/19/2017 |
| 122 | OPO Hotel Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 05/12/13 | 1/19/2017 |
| 123 | OWO Developer LLC | New York, NY | LLC | President/Member | 11/05/14 | 1/19/2017 |
| 124 | Panama Ocean Club Management LLC | New York, NY | LLC | Member/President | 08/05/10 | 1/19/2017 |
| 125 | Panama Ocean Club Management Member Corp | New York, NY | Corporation | President/Chairman/Director | 08/05/10 | 1/19/2017 |
| 126 | Paramount RPV Holdings LLC | New York, NY | LLC | Member/President | 11/7/2011 & 12/13 | 10/14/2016 |
| 127 | Paramount RPV Holdings Manager Corp | New York, NY | Corporation | President/Director/Chairman | 01/03/13 | 10/14/2016 |
| 128 | Parc Consulting, Inc. | New York, NY | Corporation | President/Director/Secretary | 08/01/69 | 1/19/2017 |
| 129 | Park Briar Associates | New York, NY | Partnership | Partner | 06/24/69 | 1/19/2017 |
| 130 | Pine Hill Development Managing Member Corp | New York, NY | Corporation | Director & Chairman/President | 4/19/14 & 4/15/14 & 4/15/14 | 1/19/2017 |
| 131 | Pine Hill Development LLC | New York, NY | LLC | President | 04/15/14 | 1/19/2017 |
| 132 | Plaza Consulting Corp | New York, NY | Corporation | President | 10/22/86 | 1/19/2017 |
| 133 | Poker Venture LLC | New York, NY | LLC | Member/President | 03/19/12 | 1/19/2017 |
| 134 | Poker Venture Managing Member Corp | New York, NY | Corporation | Director/President/Chairman | 03/19/12 | 1/19/2017 |
| 135 | Reg Tru Equities, LTD. | New York, NY | Corporation | Director/President/Secretary/Treasurer | 8/7/60 & 8/26/77 | 1/19/2017 |
| 136 | RPV Development LLC | New York, NY | LLC | Member/President | 08/05/02 | 1/19/2017 |
| 137 | Scotland Acquisitions LLC | New York, NY | LLC | Member/President | 03/21/06 | 1/19/2017 |
| 138 | Sentient Jets LLC (Now/KnownAs Trump Jets LLC) | New York, NY | LLC | Member | 09/25/08 | 11/9/2016 |
| 139 | Sentient Jets Member Corp | New York, NY | Corporation | President/Director | 09/25/08 | 11/9/2016 |
| 140 | Seven Springs LLC | New York, NY | LLC | President | Dec. 1995 | 1/19/2017 |
| 142 | Shore Haven Apt#1,Inc | New York, NY | Corporation | Director/Vice President | 08/01/69 | 1/19/2017 |
| 143 | Shore Haven Shopping Center LLC | New York, NY | LLC | Member | 11/22/95 | 1/19/2017 |
| 144 | SLC Turnberry Limited (Trump Turnberry) | Turnberry, Scotland | Foreign Entity | Director/Chairman | 06/11/14 | 1/19/2017 |
| 147 | Sussex Hall, Inc. | New York, NY | Corporation | Director/Vice President | 08/01/69 | 1/19/2017 |
| 148 | Restaurant 40 LLC | New York, NY | LLC | Member/President | 12/21/2011 & 12/24/11 | 11/9/2016 |
| 149 | Restaurant 40 Member Corp | New York, NY | Corporation | President/Director/Chairman/Treasurer/Secretary | 12/24/11 | 11/9/2016 |
| 150 | T International Realty LLC (dba Trump International Realty) | New York, NY | LLC | Member/President | 08/12/12 | 1/19/2017 |
| 151 | Tag Air, Inc. | New York, NY | Corporation | President/Director | 08/24/10 | 1/19/2017 |

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OGE Form 278e (March 2014)

**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 5 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 153 | THC Baku Hotel Manager Services LLC | New York, NY | LLC | President/Member | 12/19/14 | 1/19/2017 |
| 154 | THC Baku Hotel Manager Services Member Corp. | New York, NY | Corporation | Director/Chairman/President | 12/19/14 | 1/19/2017 |
| 155 | THC Baku Services LLC | New York, NY | LLC | Member/President | 12/10/14 | 1/19/2017 |
| 156 | THC Baku Services Member Corp | New York, NY | Corporation | Director/Chairman/President | 12/10/14 | 1/19/2017 |
| 157 | THC Barra Hotelaria LTDA. | Brazil | Foreign Entity | Member | 04/15/14 | 1/19/2017 |
| 158 | THC Central Reservations LLC | New York, NY | LLC | Member/President | 09/16/13 | 1/19/2017 |
| 159 | THC Central Reservations Member Corp | New York, NY | Corporation | Chairman/Director/President | 09/16/13 | 1/19/2017 |
| 160 | THC China Development LLC (fka Trump China Development LLC) | New York, NY | LLC | President | 02/20/08 | 1/19/2017 |
| 162 | THC Development Brazil Managing Member Corp | New York, NY | Corporation | Chairman/Director/President | 05/15/13 | 1/19/2017 |
| 163 | THC Development Brazil LLC | New York, NY | LLC | Member/President | 05/15/13 | 1/19/2017 |
| 164 | THC Dubai II Hotel Manager LLC | New York, NY | LLC | Member/President | 10/30/14 | 11/20/2015 |
| 165 | THC Dubai II Hotel Manager Member Corp | New York, NY | Corporation | Chairman/Director/President | 10/30/14 | 11/20/2015 |
| 166 | THC Hotel Development LLC | New York, NY | LLC | Member/President | 10/11/12 | 1/19/2017 |
| 167 | THC IMEA Development LLC | New York, NY | LLC | President | 01/18/12 | 1/19/2017 |
| 168 | THC Miami Restaurant Hospitality Member Corp | New York, NY | Corporation | Chairman/Director/President | 02/01/13 | 1/19/2017 |
| 169 | THC Miami Restaurant Hospitality LLC | New York, NY | LLC | Member/President | 02/01/13 | 1/19/2017 |
| 170 | THC Rio Managing Member Corp | New York, NY | Corporation | Chairman/Director/President | 04/11/13 | 1/19/2017 |
| 171 | THC Rio Manager LLC | New York, NY | LLC | Member/President | 04/11/13 | 1/19/2017 |
| 172 | THC Sales & Marketing LLC | New York, NY | LLC | Member/President | 09/17/13 | 1/19/2017 |
| 173 | THC Sales & Marketing Member Corp | New York, NY | Corporation | Chairman/Director/President | 09/17/13 | 1/19/2017 |
| 174 | THC China Technical Services Manager Corp | New York, NY | Corporation | Chairman/Director/President | 05/16/14 | 1/19/2017 |
| 175 | THC China Technical Services LLC | New York, NY | LLC | Member/President | 05/16/14 | 1/19/2017 |
| 176 | THC Qatar Hotel Manager LLC | New York, NY | LLC | Member/President | 10/30/14 | 1/19/2017 |
| 177 | THC Qatar Hotel Manager Member Corp | New York, NY | Corporation | Chairman/Director/President | 10/30/14 | 10/18/2016 |
| 178 | THC Services Shenzhen LLC | New York, NY | LLC | Member/President | 11/25/14 | 1/19/2017 |
| 179 | THC Services Shenzhen Member Corp | New York, NY | Corporation | Chairman/Director/President | 11/25/14 | 1/19/2017 |
| 180 | THC Shenzhen Hotel Manager LLC | New York, NY | LLC | Member/President | 11/25/14 | 1/19/2017 |
| 181 | THC Shenzhen Hotel Manager Member Corp | New York, NY | Corporation | Chairman/Director/President | 11/25/14 | 1/19/2017 |
| 182 | THC Vancouver Management Corp | New York, NY | Corporation | Chairman/Director/President | 01/23/13 | 1/19/2017 |
| 183 | THC Vancouver Payroll ULC | British Columbia (Canada) | Corporation | Director/President | 02/20/15 | 1/19/2017 |
| 184 | THC Venture I LLC | New York, NY | LLC | Member/President | 03/14/14 | 1/19/2017 |
| 185 | THC Venture II LLC | New York, NY | LLC | Member/President | 03/14/14 | 1/19/2017 |
| 186 | THC Venture III LLC - NKIA TTTT Venture LLC | New York, NY | LLC | President/ | 10/27/14 | 1/19/2017 |
| 187 | THC Venture I Managing Member Corp. | New York, NY | Corporation | Chairman/Director/President | 03/14/14 | 1/19/2017 |
| 188 | THC Venture II Managing Member Corp. | New York, NY | Corporation | Chairman/Director/President | 03/14/14 | 1/19/2017 |
| 189 | THC Venture III Member Corp - NKIA TTTT Venture Member Corp | New York, NY | Corporation | Chairman/Director/President | 10/27/14 | 1/19/2017 |
| 190 | The Donald J. Trump Foundation, Inc. | New York, NY | Non profit. | Director | 02/18/87 | 1/19/2017 |
| 191 | The Trump Corporation | New York, NY | Corporation | Director/President/Chairman | 07/30/80 | 1/19/2017 |
| 192 | The Trump Follies Member Inc. | New York, NY | Corporation | Chairman/Director/President | 12/13/10 | 1/19/2017 |
| 193 | The Trump Equitable Fifth Avenue Company | New York, NY | Partnership | Partner | 01/30/80 | 1/19/2017 |
| 194 | TIGL Common Area Management Corp | New York, NY | Corporation | President/Director | 02/21/14 | 1/19/2017 |
| 195 | TIGL Common Area Management Holdings LLC | New York, NY | LLC | Member/President | 02/21/14 | 12/30/2015 |
| 196 | TIGL Ireland Enterprises Limited (Trump International Golf Links - Doonbeg) | Doonbeg, Ireland | Foreign Entity | Director/President | 02/24/14 | 1/19/2017 |
| 197 | TIGL Ireland Management Limited | Doonbeg, Ireland | Foreign Entity | President/Director | 02/24/14 | 1/19/2017 |
| 198 | TIHC Reservations LLC | New York, NY | LLC | Member/President | 08/09/10 | 1/19/2017 |
| 199 | TIHH Member Corp | New York, NY | Corporation | President/Director | 09/10/09 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part.

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Instructions for Part 1

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 6 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 200 | TBH Member LLC | New York, NY | LLC | Member/President | 09/10/09 | 1/19/2017 |
| 201 | TBHM Member Corp | New York, NY | Corporation | President/Director | 06/13/06 | 1/19/2017 |
| 202 | TBHT Chicago Member Acquisition LLC | New York, NY | LLC | President | 06/03/04 | 1/19/2017 |
| 203 | TBHT Commercial LLC | New York, NY | LLC | Member/President | 12/30/98 | 1/19/2017 |
| 204 | TBHT Holding Company LLC | New York, NY | LLC | Member/President | 01/18/05 | 1/19/2017 |
| 205 | TBHT Member LLC | New York, NY | LLC | Member/President | 07/20/06 | 1/19/2017 |
| 206 | Tipperary Realty Corp. | New York, NY | Corporation | President/Treasurer/Director | 11/13/75 | 1/19/2017 |
| 207 | TMG Member, LLC | New York, NY | LLC | Member | 01/15/99 | 1/19/2017 |
| 208 | TNGC Charlotte LLC | New York, NY | LLC | President | 10/20/11 | 1/19/2017 |
| 209 | TNGC Charlotte Manager Corp | New York, NY | Corporation | President/Chairman/Director | 10/20/11 | 1/19/2017 |
| 210 | TNGC Dutchess County LLC (fka Trump Marks Classis Cars LLC) | New York, NY | LLC | President | 11/17/09 | 1/19/2017 |
| 211 | TNGC Dutchess County Member Corp (fka Trump Marks Classic Cars Member Corp) | New York, NY | Corporation | President/Chairman/Director | 11/17/09 | 1/19/2017 |
| 212 | TNGC Jupiter Management LLC | New York, NY | LLC | President | 06/26/14 | 1/19/2017 |
| 213 | TNGC Jupiter Managing Member Corp | New York, NY | Corporation | President/Chairman/Director | 06/26/14 | 1/19/2017 |
| 214 | TNGC Pine Hill LLC (fka Crest Court LLC) (Trump National Golf Club - Philadelphia) | New York, NY | LLC | President | 11/17/09 | 1/19/2017 |
| 215 | TNGC Pine Hill Member Corp. (fka Crest Court Member Corp) | New York, NY | Corporation | President/Chairman/Director | 11/17/09 | 1/19/2017 |
| 216 | Toronto Development LLC | New York, NY | LLC | Member/President | 06/28/01 | 1/19/2017 |
| 217 | TP CFD LLC | New York, NY | LLC | Member/President | 11/28/12 | 10/18/2016 |
| 218 | TP CFD Manager Corp. | New York, NY | Corporation | President/Chairman/Director | 11/28/12 | 10/18/2016 |
| 219 | Travel Enterprises Management, Inc (Formerly Toys at Trump, Inc.) | New York, NY | Corporation | President/CEO | 03/24/86 | 1/19/2017 |
| 220 | Trump 106 CPS LLC | New York, NY | LLC | Member/President | 03/28/97 | 1/19/2017 |
| 223 | Trump 845 LP LLC | New York, NY | LLC | Member/President | 09/19/03 | 1/19/2017 |
| 224 | Trump 845 UN GP LLC | New York, NY | LLC | Member/President/Treasurer | 06/20/97 | 1/19/2017 |
| 225 | Trump 845 UN MGR Corp | New York, NY | Corporation | President | 10/14/98 | 1/19/2017 |
| 226 | Trump 845 UN MGR LLC (F/K/A 845 UN LLC) | New York, NY | LLC | President/Treasurer/Member | 05/14/97 | 1/19/2017 |
| 227 | Trump AC Casino Marks LLC | New York, NY | LLC | President/Member | 08/03/10 | 1/19/2017 |
| 228 | Trump AC Casino Marks Member Corp | New York, NY | Corporation | President/Chairman/Director | 08/03/10 | 1/19/2017 |
| 229 | Trump Acquisition Corp. | New York, NY | Corporation | President/Chairman/Director | 02/05/08 | 1/19/2017 |
| 230 | Trump Acquisition, LLC | New York, NY | LLC | Member/President | 02/05/08 | 1/19/2017 |
| 231 | Trump Books LLC | New York, NY | LLC | Member/President | 10/03/11 | 1/19/2017 |
| 232 | Trump Books Manager Corp | New York, NY | Corporation | President/Chairman/Director | 10/03/11 | 1/19/2017 |
| 233 | Trump Brazil LLC | New York, NY | LLC | President/Member | 09/08/03 | 1/19/2017 |
| 234 | Trump Briarcliff Manor Development LLC (formerly Briar Hall Development LLC) | New York, NY | LLC | President | 03/04/96 | 1/19/2017 |
| 235 | Trump Canadian Services Inc | New York, NY | Corporation | President/Secretary | March-03 | 1/19/2017 |
| 236 | Trump Canouan Estate LLC | New York, NY | LLC | President/Member | 12/19/07 | 1/19/2017 |
| 237 | Trump Canouan Estate Member Corp | New York, NY | Corporation | President/Chairman/Director | 12/19/07 | 1/19/2017 |
| 238 | Trump Caribbean LLC | New York, NY | LLC | Member | 08/27/01 | 1/19/2017 |
| 239 | Trump Carousel LLC | New York, NY | LLC | President/Member | 02/18/10 | 1/19/2017 |
| 240 | Trump Carousel Member Corp | New York, NY | Corporation | President/Chairman/Director | 02/18/10 | 1/19/2017 |
| 241 | Ace Entertainment Holdings Inc (f/k/a Trump Casinos Inc. & Formerly Trump Taj Mahal, Inc.) | Atlantic City, NJ | Corporation | Chairman/Treasurer | 08/03/88 | 1/19/2017 |
| 242 | Trump Central Park West Corp | New York, NY | Corporation | President | September-94 | 1/19/2017 |
| 243 | Trump Chicago Commercial Member Corp | New York, NY | Corporation | President/Chairman/Director | 07/08/10 | 1/19/2017 |
| 244 | Trump Chicago Commercial Manager LLC | New York, NY | LLC | President/Member | 05/28/10 | 1/19/2017 |
| 245 | Trump Chicago Development LLC | New York, NY | LLC | President/Member | 12/26/01 | 1/19/2017 |
| 246 | Trump Chicago Hotel Member Corp | New York, NY | Corporation | President/Chairman/Director | 07/08/10 | 1/19/2017 |
| 247 | Trump Chicago Hotel Manager LLC | New York, NY | LLC | President/Member | 05/28/10 | 1/19/2017 |

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**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 7 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 248 | Trump Chicago Managing Member LLC | New York, NY | LLC | President | 10/01/04 | 1/19/2017 |
| 249 | Trump Chicago Member LLC | New York, NY | LLC | President | October-04 | 1/19/2017 |
| 250 | Trump Chicago Residential Member Corp | New York, NY | Corporation | President/Chairman/Director | 07/08/10 | 1/19/2017 |
| 251 | Trump Chicago Residential Manager LLC | New York, NY | LLC | President/Member | 06/28/10 | 1/19/2017 |
| 252 | Trump Chicago Retail LLC | New York, NY | LLC | President | 10/16/12 | 1/19/2017 |
| 253 | Trump Chicago Retail Manager LLC | New York, NY | LLC | President/Member | 10/23/12 | 1/19/2017 |
| 254 | Trump Chicago Retail Member Corp | New York, NY | Corporation | President/Chairman/Director | 10/23/12 | 1/19/2017 |
| 255 | Trump Classic Cars LLC | New York, NY | LLC | President/Member | 06/24/10 | 10/17/2016 |
| 256 | Trump Classic Cars Member Corp | New York, NY | Corporation | President/Chairman/Director | 06/24/10 | 10/17/2016 |
| 257 | Trump Commercial Chicago LLC | New York, NY | LLC | President | 08/29/07 | 1/19/2017 |
| 260 | Trump CPS Corp | New York, NY | Corporation | Director | 11/06/96 | 1/19/2017 |
| 261 | Trump CPS LLC | New York, NY | LLC | Member & President | 11/6/1996 & 11/16/06 | 1/19/2017 |
| 262 | Trump Delmonico LLC | New York, NY | LLC | Member | 11/21/01 | 1/19/2017 |
| 263 | Trump Development Services LLC | New York, NY | LLC | President/Member | 09/28/09 | 1/19/2017 |
| 264 | Trump Development Services Member Corp. | New York, NY | Corporation | President/Director | 09/28/09 | 1/19/2017 |
| 265 | Trump Drinks Israel Holdings LLC | New York, NY | LLC | Member/President | 05/25/11 | 10/26/2015 |
| 266 | Trump Drinks Israel Holdings Member Corp | New York, NY | Corporation | President/Director/Chairman | 05/25/11 | 10/22/2015 |
| 267 | Trump Drinks Israel LLC | New York, NY | LLC | Member/President | 05/25/11 | 1/19/2017 |
| 268 | Trump Drinks Israel Member Corp | New York, NY | Corporation | President/Director/Chairman | 05/25/11 | 1/19/2017 |
| 269 | Trump Education ULC | Nova Scotia (Canada) | Corporation | Chairman/Director | 05/28/09 | 1/19/2017 |
| 270 | Trump Empire State, Inc. | New York, NY | Corporation | President/Treasurer/Director | 04/18/94 | 1/19/2017 |
| 271 | Trump Endeavor 12 LLC (Trump National Doral) | New York, NY | LLC | President | 10/06/11 | 1/19/2017 |
| 272 | Trump Endeavor 12 Manager Corp | New York, NY | Corporation | President/Director/Chairman | 10/06/11 | 1/19/2017 |
| 273 | Trump EU Marks LLC | New York, NY | LLC | Member/President/Secretary/Treasurer | 08/04/11 | 1/19/2017 |
| 274 | Trump EU Marks Member Corp | New York, NY | Corporation | President/Director/Chairman | 08/04/11 | 1/19/2017 |
| 275 | The Trump Entrepreneur Initiative LLC (f/k/a Trump University CA LLC) | New York, NY | LLC | Member | 05/14/09 | 1/19/2017 |
| 276 | Trump Ferry Point LLC | New York, NY | LLC | President/Member | 06/04/10 | 1/19/2017 |
| 277 | Trump Ferry Point Member Corp | New York, NY | Corporation | President/Director/Chairman | 06/04/10 | 1/19/2017 |
| 278 | Trump Florida Management LLC | New York, NY | LLC | Member | 06/13/05 | 1/19/2017 |
| 279 | Trump Florida Manager Corp. | New York, NY | Corporation | Director/President | 06/10/05 | 1/19/2017 |
| 280 | The Trump Follies LLC | New York, NY | LLC | Member & President | 12/14/06 | 1/19/2017 |
| 283 | Trump Golf Acquisition LLC | New York, NY | LLC | Member/President | 04/23/10 | 1/19/2017 |
| 284 | Trump Golf Coco Beach LLC | New York, NY | LLC | Member/President | 12/11/07 | 1/19/2017 |
| 285 | Trump Golf Coco Beach Member Corp | New York, NY | Corporation | Director/President | 12/11/07 | 1/19/2017 |
| 286 | Trump Golf Management LLC | New York, NY | LLC | Member/President | 01/28/05 | 1/19/2017 |
| 287 | Trump Home Marks LLC | New York, NY | LLC | Member/President | 11/19/09 | 1/19/2017 |
| 288 | Trump Home Marks Member Corp | New York, NY | Corporation | President/Director | 11/19/09 | 1/19/2017 |
| 289 | Trump Ice LLC | New York, NY | LLC | President/Member | 03/25/04 | 1/19/2017 |
| 290 | Trump Ice, Inc. | New York, NY | Corporation | Director/President | 03/03/99 | 1/19/2017 |
| 293 | Trump International Development LLC | New York, NY | LLC | Member/President | 11/29/10 | 1/19/2017 |
| 294 | Trump International Development Member Corp | New York, NY | Corporation | President/Director/Chairman | 11/29/10 | 1/19/2017 |
| 295 | Trump International Golf Club LC (Trump International Golf Club - Florida) | Palm Beach, Florida | LLC | Member & President | 5/3/1997 & 11/1/13 | 1/19/2017 |
| 296 | Trump International Golf Club Scotland Limited | Aberdeen, Scotland | Foreign Entity | Director & Chairman | 1/24/05 & 3/13/05 | 1/19/2017 |
| 297 | Trump International Golf Club, Inc. | Palm Beach, Florida | Corporation | President/Director/Secretary/Treasurer | 12/09/96 | 1/19/2017 |
| 298 | Trump International Hotel and Tower Condominium | New York, NY | Condominium Association | President | September-98 | 1/19/2017 |
| 299 | Trump International Hotel Hawaii LLC | New York, NY | LLC | President | 09/10/09 | 1/19/2017 |

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OGE Form 278e (Ubmb 2014)

Instructions for Part 1

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 8 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 300 | Trump International Hotels Management LLC | New York, NY | LLC | President/Member | 06/13/06 | 1/19/2017 |
| 301 | Trump International Management Corp | New York, NY | Corporation | President/Director | 07/02/98 | 1/19/2017 |
| 304 | Trump Korean Projects LLC | New York, NY | LLC | Member | 05/04/99 | 1/19/2017 |
| 305 | Trump Las Clas LLC | New York, NY | LLC | Member | 06/10/05 | 1/19/2017 |
| 306 | Trump Las Clas Member Corp | New York, NY | Corporation | Director/President | 06/10/05 | 1/19/2017 |
| 307 | Trump Las Vegas Corp. | Las Vegas, NV | Corporation | Director/President | 12/04/09 | 1/19/2017 |
| 308 | Trump Las Vegas Development LLC | Las Vegas, NV | LLC | President/Member | 10/10/02 | 1/19/2017 |
| 309 | Trump Las Vegas Managing Member LLC | Las Vegas, NV | LLC | President/Member | 10/10/02 | 1/19/2017 |
| 312 | Trump Las Vegas Member LLC | Las Vegas, NV | LLC | President/Member | 10/01/02 | 1/19/2017 |
| 314 | Trump Las Vegas Sales & Marketing Inc | Las Vegas, NV | Corporation | President | 10/08/04 | 1/19/2017 |
| 316 | Trump Lauderdale Development 2 LLC | New York, NY | LLC | Member | 09/08/04 | 1/19/2017 |
| 317 | Trump Lauderdale Development LLC | New York, NY | LLC | President & Member | 1/12/04 & 9/22/2003 | 1/19/2017 |
| 318 | Trump Management Inc. | New York, NY | Corporation | Director & VP | 04/22/69 | 1/19/2017 |
| 319 | Trump Marketing LLC | New York, NY | LLC | Member/President | 02/10/11 | 1/19/2017 |
| 320 | Trump Marks Asia Corp | New York, NY | Corporation | President/Chairman/Director | 03/03/08 | 1/19/2017 |
| 321 | Trump Marks Asia LLC | New York, NY | LLC | President | 2/29/2008 11/1/411 & 2/29/08 | 1/19/2017 |
| 322 | Trump Marks Atlanta LLC | New York, NY | LLC | Member/President | 05/01/08 | 1/19/2017 |
| 323 | Trump Marks Atlanta Member Corp | New York, NY | Corporation | President/Director/Chairman | 05/01/08 | 1/19/2017 |
| 324 | Trump Marks Baja Corp. | New York, NY | Corporation | President/Director | 06/13/07 | 10/22/2015 |
| 325 | Trump Marks Baja LLC | New York, NY | LLC | Member & President | 06/13/07 | 10/26/2015 |
| 326 | Trump Marks Balumi LLC | New York, NY | LLC | Member & President | 3/3/11 & 3/9/11 | 1/19/2017 |
| 327 | Trump Marks Balumi Member Corp | New York, NY | Corporation | President/Director/Chairman | 03/09/11 | 1/19/2017 |
| 328 | Trump Marks Beverages Corp | New York, NY | Corporation | President/Director/Chairman | 09/25/07 | 10/22/2015 |
| 329 | Trump Marks Beverages LLC | New York, NY | LLC | Member/President | 09/25/07 | 10/26/2015 |
| 330 | Trump Marks Canouan Corp | New York, NY | Corporation | President/Director/Chairman | 05/17/07 | 1/19/2017 |
| 331 | Trump Marks Canouan LLC | New York, NY | LLC | Member/President | 05/17/07 | 1/19/2017 |
| 332 | Trump Marks Chicago LLC | New York, NY | LLC | Member/President | 04/14/10 | 1/19/2017 |
| 333 | Trump Marks Chicago Member Corp | New York, NY | Corporation | President/Director/Chairman | 04/14/10 | 1/19/2017 |
| 336 | Trump Marks Dubai Corp | New York, NY | Corporation | President/Director/Chairman | 06/13/07 | 1/19/2017 |
| 337 | Trump Marks Dubai LLC | New York, NY | LLC | President/Member | 06/13/07 | 1/19/2017 |
| 338 | Trump Marks Egypt Corp | New York, NY | Corporation | President/Director/Chairman | 09/17/07 | 1/19/2017 |
| 339 | Trump Marks Egypt LLC | New York, NY | LLC | President/Member | 09/17/07 | 1/19/2017 |
| 340 | Trump Marks Fine Foods LLC | New York, NY | LLC | President/Member | 09/11/09 | 1/19/2017 |
| 341 | Trump Marks Fine Foods Member Corp | New York, NY | Corporation | President/Director/Chairman | 09/11/09 | 1/19/2017 |
| 342 | Trump Marks Ft. Lauderdale LLC | New York, NY | LLC | President/Member | 11/06/07 | 1/19/2017 |
| 343 | Trump Marks Ft. Lauderdale Member Corp | New York, NY | Corporation | President/Director/Chairman | 11/06/07 | 1/19/2017 |
| 346 | Trump Marks GP Corp | New York, NY | Corporation | President/Director/Chairman | 07/12/05 | 1/19/2017 |
| 347 | Trump Marks Holding LP (FKA Trump Marks LP) | New York, NY | Partnership | Partner | 05/25/05 | 1/19/2017 |
| 348 | Trump Marks Hollywood Corp | New York, NY | Corporation | Director/Chairman/President | 04/10/07 | 1/19/2017 |
| 349 | Trump Marks Hollywood LLC | New York, NY | LLC | President/Member | 04/09/07 | 1/19/2017 |
| 350 | Trump Marks Istanbul II Corp. | New York, NY | Corporation | Director/Chairman/President | 03/19/08 | 1/19/2017 |
| 351 | Trump Marks Istanbul II LLC | New York, NY | LLC | President/Member | 03/18/08 | 1/19/2017 |
| 352 | Trump Marks Jersey City Corp. | New York, NY | Corporation | Director/President | 06/27/07 | 1/19/2017 |
| 353 | Trump Marks Jersey City LLC | New York, NY | LLC | President/Member | 06/22/07 | 1/19/2017 |
| 354 | Trump Marks Las Vegas Corp | New York, NY | Corporation | Director/President | 09/10/07 | 1/19/2017 |
| 355 | Trump Marks Las Vegas LLC | New York, NY | LLC | President/Member | 09/10/07 | 1/19/2017 |

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OGE Form 278e (Jun/h 2014)

**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 9 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 356 | Trump Marks LLC | New York, NY | LLC | President | 02/28/05 | 1/19/2017 |
| 357 | Trump Marks Magazine Corp | New York, NY | Corporation | Director/President | 09/11/07 | 11/8/2016 |
| 358 | Trump Marks Magazine LLC | New York, NY | LLC | President/Member | 09/11/07 | 11/8/2016 |
| 359 | Trump Marks Mattress LLC | New York, NY | LLC | President/Member | 08/07/08 | 1/19/2017 |
| 360 | Trump Marks Mattress Member Corp. | New York, NY | Corporation | Director/Chairman/President | 08/07/08 | 1/19/2017 |
| 361 | Trump Marks Menswear LLC | New York, NY | LLC | President/Member | 08/24/09 | 1/19/2017 |
| 362 | Trump Marks Menswear Member Corp | New York, NY | Corporation | Director/President | 08/24/09 | 1/19/2017 |
| 363 | Trump Marks Mortgage Corp. | New York, NY | Corporation | President/Director | 06/19/07 | 1/19/2017 |
| 364 | Trump Marks Mtg LLC | New York, NY | LLC | President/Member | 08/23/07 | 1/19/2017 |
| 365 | Trump Marks Mumbai LLC | New York, NY | LLC | President/Member | 10/11/10 | 1/19/2017 |
| 366 | Trump Marks Mumbai Member Corp | New York, NY | Corporation | President/Director/Chairman | 10/11/10 | 1/19/2017 |
| 369 | Trump Marks New Rochelle Corp. | New York, NY | Corporation | Director/President | 06/13/07 | 1/19/2017 |
| 370 | Trump Marks New Rochelle LLC | New York, NY | LLC | President/Member | 06/13/07 | 1/19/2017 |
| 371 | Trump Marks Palm Beach Corp. | New York, NY | Corporation | Director/President | 06/12/07 | 1/19/2017 |
| 372 | Trump Marks Palm Beach LLC | New York, NY | LLC | President/Member | 06/12/07 | 1/19/2017 |
| 373 | Trump Marks Panama Corp | New York, NY | Corporation | Director/President | 04/26/07 | 1/19/2017 |
| 374 | Trump Marks Panama LLC | New York, NY | LLC | President/Member | 04/26/07 | 1/19/2017 |
| 375 | Trump Marks Philadelphia Corp | New York, NY | Corporation | Director/President | 04/18/07 | 1/19/2017 |
| 376 | Trump Marks Philadelphia LLC | New York, NY | LLC | President/Member | 04/18/07 | 1/19/2017 |
| 377 | Trump Marks Philippines LLC | New York, NY | LLC | President/Member | 03/03/08 | 1/19/2017 |
| 378 | Trump Marks Philippines Corp | New York, NY | Corporation | Director/President | 03/03/08 | 1/19/2017 |
| 379 | Trump Marks Products LLC | New York, NY | LLC | President/Member | 09/13/10 | 1/19/2017 |
| 380 | Trump Marks Products Member Corp | New York, NY | Corporation | President/Director/Chairman | 09/13/10 | 1/19/2017 |
| 381 | Trump Marks Puerto Rico I LLC | New York, NY | LLC | President/Member | 12/11/07 | 1/19/2017 |
| 382 | Trump Marks Puerto Rico I Member Corp. | New York, NY | Corporation | Director/President | 12/11/07 | 1/19/2017 |
| 383 | Trump Marks Puerto Rico II LLC | New York, NY | LLC | President/Member | 07/08/08 | 11/8/2016 |
| 384 | Trump Marks Puerto Rico II Member Corp | New York, NY | Corporation | President/Chairman/Director | 07/08/08 | 11/10/2016 |
| 385 | Trump Marks Punta del Este LLC | New York, NY | LLC | President/Member | 01/05/12 | 1/19/2017 |
| 386 | Trump Marks Punta del Este Manager Corp | New York, NY | Corporation | President/Director/Chairman | 01/05/12 | 1/19/2017 |
| 387 | The Donald J. Trump Company LLC | New York, NY | LLC | Manager | 04/07/14 | 1/19/2017 |
| 388 | The Trump Marks Real Estate Corp | New York, NY | Corporation | Chairman/Director & President | 02/23/07 | 1/19/2017 |
| 389 | Trump Marks Real Estate LLC | New York, NY | LLC | President/Member | 08/01/07 | 1/19/2017 |
| 390 | Trump Marks SOHO License Corp | New York, NY | Corporation | President/Chairman/Director | 06/11/07 | 1/19/2017 |
| 391 | Trump Marks SOHO LLC | New York, NY | LLC | President/Member | 06/11/07 | 1/19/2017 |
| 394 | Trump Marks Stamford Corp | New York, NY | Corporation | Director/President | 06/13/07 | 1/19/2017 |
| 395 | Trump Marks Stamford LLC | New York, NY | LLC | President/Member | 06/13/07 | 1/19/2017 |
| 396 | Trump Marks Sunny Isles I LLC | New York, NY | LLC | President/Member | 11/05/07 | 1/19/2017 |
| 397 | Trump Marks Sunny Isles I Member Corp. | New York, NY | Corporation | Director/President | 11/05/07 | 1/19/2017 |
| 398 | Trump Marks Sunny Isles II LLC | New York, NY | LLC | President/Member | 11/05/07 | 1/19/2017 |
| 399 | Trump Marks Sunny Isles II Member Corp. | New York, NY | Corporation | Director/President | 11/05/07 | 1/19/2017 |
| 400 | Trump Marks Tampa Corp | New York, NY | Corporation | Director/President | 10/26/07 | 1/19/2017 |
| 401 | Trump Marks Tampa LLC | New York, NY | LLC | President/Member | 10/26/07 | 1/19/2017 |
| 402 | Trump Marks Toronto Corp | New York, NY | Corporation | Director/President | 08/09/07 | 1/19/2017 |
| 403 | Trump Marks Toronto LLC | New York, NY | LLC | President/Member | 08/09/07 | 1/19/2017 |
| 404 | Trump Marks Toronto LP ( formally Trump Toronto Management LP) | New York, NY | Partnership | Partner | 03/19/08 | 1/19/2017 |
| 405 | Trump Marks Waikiki Corp | New York, NY | Corporation | Director/President | 04/10/07 | 1/19/2017 |

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Instructions for Part 1

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 10 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 406 | Trump Marks Waikiki LLC | New York, NY | LLC | President/Member | 04/09/07 | 1/19/2017 |
| 407 | Trump Marks Westchester Corp. | New York, NY | Corporation | Director/President | 06/13/07 | 1/19/2017 |
| 408 | Trump Marks Westchester LLC | New York, NY | LLC | President/Member | 06/13/07 | 1/19/2017 |
| 409 | Trump Marks White Plains Corp | New York, NY | Corporation | President/Director | 06/13/07 | 1/19/2017 |
| 410 | Trump Marks White Plains LLC | New York, NY | LLC | President/Member | 06/13/07 | 1/19/2017 |
| 411 | Trump Miami Resort Management LLC | New York, NY | LLC | President/Member | 03/22/12 | 1/19/2017 |
| 412 | Trump Miami Resort Management Member Corp | New York, NY | Corporation | President/Director/Chairman | 03/22/12 | 1/19/2017 |
| 413 | Trump National Golf Club Colts Neck LLC | New York, NY | LLC | President/Member | 07/10/08 | 1/19/2017 |
| 414 | Trump National Golf Club Colts Neck Member Corp | New York, NY | Corporation | President/Director/Chairman | 07/10/08 | 1/19/2017 |
| 415 | Trump National Golf Club LLC (Trump National Golf Club - Westchester) | New York, NY | LLC | President | 08/02/00 | 1/19/2017 |
| 416 | Trump National Golf Club Member Corp | New York, NY | Corporation | Director/President/Chairman | 11/09/11 | 1/19/2017 |
| 417 | Trump National Golf Club Washington DC LLC | New York, NY | LLC | President | 02/03/09 | 1/19/2017 |
| 418 | Trump National Golf Club Washington DC Member Corp. | New York, NY | Corporation | President/Chairman/Director | 02/03/09 | 1/19/2017 |
| 419 | Trump Ocean Manager Inc. | New York, NY | Corporation | President | 09/14/06 | 11/10/2016 |
| 420 | Trump Ocean Managing Member LLC | New York, NY | LLC | President | 08/01/06 | 10/27/2015 |
| 421 | Trump Old Post Office LLC | New York, NY | LLC | President/Member | 06/30/11 | 1/19/2017 |
| 422 | Trump Old Post Office Member Corp. | New York, NY | Corporation | President/Director/Chairman | 06/30/11 | 1/19/2017 |
| 423 | Trump On the Ocean LLC | New York, NY | LLC | President | 9/14/06 & 2/27/2007 | 10/28/2015 |
| 424 | Trump Organization LLC | New York, NY | LLC | Chairman and President/Member | 2/1/09 & August,2000 | 1/19/2017 |
| 425 | The Trump Organization, Inc. | New York, NY | Corporation | Director/President/Chairman | 05/01/81 | 1/19/2017 |
| 426 | Trump Pageants, Inc. | New York, NY | Corporation | Director & Chairman/President | 10/16/96 & 5/1/05 | 1/19/2017 |
| 427 | Trump Palace Condominium | New York, NY | Condominium Association | President | 03/27/91 | 1/19/2017 |
| 428 | Trump Palace/Parc LLC | New York, NY | LLC | Member | 10/01/86 | 1/19/2017 |
| 429 | Trump Panama Condominium Management LLC | New York, NY | LLC | President/Member | 12/13/10 | 1/19/2017 |
| 430 | Trump Panama Condominium Member Corp | New York, NY | Corporation | President/Director/Chairman | 12/13/10 | 1/19/2017 |
| 431 | Trump Panama Hotel Management LLC | New York, NY | LLC | Member | 08/05/10 | 1/19/2017 |
| 432 | Trump Panama Hotel Management Member Corp | New York, NY | Corporation | President/Director/Chairman | 08/05/10 | 1/19/2017 |
| 433 | Trump Parc East Condominium | New York, NY | Condominium Association | President | 04/30/98 | 1/19/2017 |
| 434 | Trump Park Avenue Acquisition LLC | New York, NY | LLC | Member/President | Nov. 2004 | 1/19/2017 |
| 435 | Trump Park Avenue LLC | New York, NY | LLC | President | 01/31/02 | 1/19/2017 |
| 436 | Trump Payroll Chicago LLC | New York, NY | LLC | President | 08/29/07 | 1/19/2017 |
| 437 | Trump Payroll Corp. | New York, NY | Corporation | President/Treasurer/Secretary/Director | 04/16/96 | 1/19/2017 |
| 438 | Trump Phoenix Development LLC | New York, NY | LLC | President/Member | 08/28/03 | 1/19/2017 |
| 439 | Trump Plaza LLC | New York, NY | LLC | Member | 10/27/97 | 1/19/2017 |
| 440 | Trump Plaza Member Inc. (F/K/A Trump Plaza Corp.) | New York, NY | Corporation | Director/President/Treasurer | 08/02/04 | 1/19/2017 |
| 442 | Trump Productions LLC (former Rancho Lien LLC) | New York, NY | LLC | Member/President | 05/18/06 | 1/19/2017 |
| 443 | Trump Production Managing Member Inc | New York, NY | Corporation | Director/Chairman/President/Treasurer/Secretary | 05/18/06 | 1/19/2017 |
| 444 | Trump Project Management Corp. | New York, NY | Corporation | President | 04/16/96 | 11/10/2016 |
| 446 | Trump Realty Services, LLC (f/k/a Trump Mortgage Services LLC (03) & Tower Mortgage Services LLC) | Palm Beach, Florida | LLC | President/Member | 05/09/00 | 1/19/2017 |
| 447 | Trump Restaurants LLC | New York, NY | LLC | President/Member | 07/31/12 | 1/19/2017 |
| 449 | Trump Riverside Management LLC | New York, NY | LLC | Member | 09/26/00 | 1/19/2017 |
| 450 | Trump Ruffin Commercial LLC | New York, NY | LLC | President | 07/25/07 | 1/19/2017 |
| 451 | Trump Ruffin LLC | Las Vegas, NV | LLC | President | 10/22/02 | 1/19/2017 |
| 452 | Trump Ruffin Tower I LLC | Las Vegas, NV | LLC | President & Director | 4/8/2005 & 7/12/05 | 1/19/2017 |
| 453 | Trump Sales & Leasing Chicago LLC | Chicago, IL | LLC | Member/President | 10/20/09 & 10/21/09 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part.

OGE Form 278e (March 2014)

**Instructions for Part 1**

*Note:* This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 11 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Orgzmiation Name | City/State | Orgzmiation Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 454 | Trump Sales & Leasing Chicago Member Corp | Chicago, IL | Corporation | Member/Director/President | 10/20/09 & 10/21/09 & 10/21/09 | 1/19/2017 |
| 455 | Trump Scotland Member Inc | Aberdeen, Scotland | Corporation | Director/President/Chairman | 03/01/06 | 1/19/2017 |
| 456 | Trump Scotsborough Square LLC | Scotsborough Sq, VA | LLC | President | 07/07/11 | 1/19/2017 |
| 457 | Trump Scotsborough Square Member Corp. | Scotsborough Sq, VA | Corporation | President/Chairman/Director | 07/07/11 | 1/19/2017 |
| 458 | Trump SoHo Hotel Condominium New York | New York, NY | Condominium Association | Member of the Board | 08/03/07 | 1/19/2017 |
| 459 | Trump Soho Member LLC | New York, NY | LLC | Member/President | 04/24/06 | 1/19/2017 |
| 460 | Trump Toronto Development Inc | New York, NY | Corporation | President/Director/Secretary | 04/02/03 | 1/19/2017 |
| 461 | Trump Toronto Hotel Management Corp. | Toronto, CA | Corporation | President | 05/30/08 | 1/19/2017 |
| 462 | Trump Toronto Member Corp. (formally Trump Toronto Management Member Corp) | New York, NY | Corporation | Director/Chairman | 03/19/08 | 1/19/2017 |
| 463 | Trump Tower Commercial LLC | New York, NY | LLC | President | 12/22/97 | 1/19/2017 |
| 464 | Trump Tower Condominium Residential Section | New York, NY | Condominium Association | President | 03/23/83 | 1/19/2017 |
| 465 | Trump Tower Managing Member Inc | New York, NY | Corporation | President | 12/22/97 | 1/19/2017 |
| 466 | Trump Village Construction Corp. | New York, NY | Corporation | Director/Vice President | 08/01/69 | 1/19/2017 |
| 467 | Trump Vineyard Estates LLC | New York, NY | LLC | President | 03/18/11 | 1/19/2017 |
| 468 | Trump Vineyard Estates Manager Corp. | New York, NY | Corporation | President/Director/Chairman | 03/18/11 | 1/19/2017 |
| 469 | Trump Vineyard Estates Lot 3 Owner LLC (fka Eric Trump Land Holdings LLC) | New York, NY | LLC | President | 08/15/11 | 1/19/2017 |
| 470 | Trump Vineyard Estates Manager Corp | New York, NY | Corporation | President/Director/Chairman | 03/18/11 | 1/19/2017 |
| 471 | Trump Virginia Acquisitions LLC (fka Virginia Acquisitions LLC) | New York, NY | LLC | Member/President | 3/4/2011 & 1/25/11 | 1/19/2017 |
| 472 | Trump Virginia Acquisitions Manager Corp. | New York, NY | Corporation | President/Director/Chairman | 03/15/11 | 1/19/2017 |
| 473 | Trump Virginia Lot 5 LLC | New York, NY | LLC | President | 05/28/11 | 1/19/2017 |
| 474 | Trump Virginia Lot 5 Manager Corp. | New York, NY | Corporation | President/Director/Chairman | 05/28/11 | 1/19/2017 |
| 475 | Trump Wine Marks LLC | New York, NY | LLC | President/Secretary/Treasurer | 05/21/11 | 1/19/2017 |
| 476 | Trump Wine Marks Member Corp. | New York, NY | Corporation | Director & Chairman/ President | 6/21/2011 & 6/21/08 | 1/19/2017 |
| 477 | Trump World Productions LLC | New York, NY | LLC | Member/President | 09/29/11 | 1/19/2017 |
| 478 | Trump World Productions Manager Corp | New York, NY | Corporation | Director/Chairman/President | 09/29/11 | 1/19/2017 |
| 479 | Trump World Publications LLC | New York, NY | LLC | Member/President | 09/29/11 | 1/19/2017 |
| 480 | Trump/New World Property Management LLC | New York, NY | LLC | President | 11/22/00 | 1/19/2017 |
| 481 | Trump's Castle Management Corp | Atlantic City, NJ | Corporation | President | 03/24/92 | 1/19/2017 |
| 482 | Trump Marks White Plains Corp | New York, NY | Corporation | President/Director | 05/13/07 | 1/19/2017 |
| 484 | Turnberry Scotland Managing Member Corp | Turnberry, Scotland | Corporation | Director/Chairman/President | 04/09/14 | 1/19/2017 |
| 485 | Turnberry Scotland LLC | Turnberry, Scotland | LLC | President | 04/09/14 | 1/19/2017 |
| 486 | TW Venture I LLC | Palm Beach, Florida | LLC | President | 11/19/13 | 1/19/2017 |
| 487 | TW Venture II LLC | Doonbeg, Ireland | LLC | President | 01/31/14 | 1/19/2017 |
| 488 | TW Venture I Managing Member Corp | Palm Beach, Florida | Corporation | President/Director/Chairman | 11/19/13 | 1/19/2017 |
| 489 | TW Venture II Managing Member Corp | Doonbeg, Ireland | Corporation | President/Director/Chairman | 01/31/14 | 1/19/2017 |
| 490 | Ultimate Air Corp. | New York, NY | Corporation | President/Treasurer/Secretary/Director | 4/16/96 & 1/29/1993 | 1/19/2017 |
| 491 | Unit 2502 Enterprises Corp | Chicago, IL | Corporation | President/Director | 07/21/08 | 1/19/2017 |
| 492 | Unit 2502 Enterprises LLC | Chicago, IL | LLC | Member/President | 7/16/08 & 7/18/08 | 1/19/2017 |
| 493 | VH Property Corp (Trump National Golf Club - Los Angeles) | Los Angeles, CA | Corporation | Secretary/President/Director | 9/22/00 & 12/2/02 11/26/02 & 11/25/02 | 1/19/2017 |
| 494 | VHPS LLC | Los Angeles, CA | LLC | President/Member | 5/28/08 & 12/1/04 | 1/19/2017 |
| 495 | West Palm Operations LLC | WPB, Florida | LLC | Member/President | 8/27/10 & 9/1/10 | 1/19/2017 |
| 496 | Wexford Hall Inc. | New York, NY | Corporation | Director/Vice President | 08/01/69 | 1/19/2017 |
| 497 | White Course LLC | Miami, Florida | LLC | President | 03/20/12 | 1/19/2017 |
| 498 | White Course Managing Member Corp | Miami, Florida | Corporation | Director/Chairman/President | 03/20/12 | 1/19/2017 |
| 499 | Wilshire Hall LLC | New York, NY | LLC | Member | 11/22/95 | 1/19/2017 |
| 500 | Wollman Rink Operations LLC | New York, NY | LLC | Member/President | 9/24/01 & 11/1/01 | 1/19/2017 |

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**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 12 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 501 | Yorktown Real Estate LLC (F/K/A/ Yorktown Development Associates LLC ) | New York, NY | LLC | Member/President | 09/00/97 | 1/19/2017 |
| 502 | The Fred C. Trump December 16, 1976 Trust- F/B/O Donald J. Trump | New York, NY | Trust | Trustee | December-76 | 1/19/2017 |
| 504 | The Fred C. Trump December 16, 1976 Trust- F/B/O Robert S. Trump | New York, NY | Trust | Trustee | December-76 | 1/19/2017 |
| 505 | The Fred C. Trump December 16, 1976 Trust- F/B/O Elizabeth J. Trump | New York, NY | Trust | Trustee | December-76 | 1/19/2017 |
| 509 | Fred C. Trump, GRAT Trust- F/B/O Elizabeth Trump Grau | New York, NY | Trust | Trustee | November-97 | 1/19/2017 |
| 510 | Trust U/W/O Fred C. Trump- F/B/O Elizabeth Trump Grau | New York, NY | Trust | Trustee | April-01 | 1/19/2017 |
| 511 | Maryanne Trump GRAT Trust- F/B/O Elizabeth Trump Grau | New York, NY | Trust | Trustee | November-97 | 1/19/2017 |
| 512 | Trust U/W/O Fred C. Trump- F/B/O the grandchildren of Fred C. Trump | New York, NY | Trust | Trustee | April-01 | 1/19/2017 |
| 514 | The Donald J. Trump grantor Trust - DJT is the Trustee Successor - Trustee is Donald J. Trump, Jr. | New York, NY | Trust | Trustee | November-97 | 12/31/2016 |
| 515 | The Donald J. Trump Revocable Trust | New York, NY | Trust | Trustee | April-14 | 1/19/2017 |
| 516 | The Police Athletic League, Inc. | New York, NY | Non profit | Member of the Board | July-86 | 1/19/2017 |
| 517 | DT Ball Golf Manager LLC | New York, NY | LLC | President | 06/23/15 | 1/19/2017 |
| 518 | DT Ball Golf Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 519 | DT Ball Hotel Manager LLC | New York, NY | LLC | President | 06/23/15 | 1/19/2017 |
| 520 | DT Ball Hotel Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 521 | DT Ball Technical Services Manager LLC | New York, NY | LLC | Member/President | 06/23/15 | 1/19/2017 |
| 522 | DT Ball Technical Services Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 523 | DT Connect Europe Limited | Turnberry, Scotland | Foreign Entity | Director | 02/13/15 | 1/19/2017 |
| 524 | DT Endeavor I LLC | New York, NY | LLC | President | 01/04/16 | 1/19/2017 |
| 525 | DT Endeavor I Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 526 | DT Jeddah Technical Services Advisor LLC | New York, NY | LLC | Member/President | 08/21/15 | 10/26/2015 |
| 527 | DT Jeddah Technical Services Advisor Member Corp | New York, NY | Corporation | Director/Chairman/President | 08/21/15 | 10/22/2015 |
| 528 | DT Jeddah Technical Services Manager LLC | New York, NY | LLC | Member/President | 08/31/15 | 11/15/2016 |
| 529 | DT Jeddah Technical Services Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 08/31/15 | 11/15/2016 |
| 530 | DT Lido Golf Manager LLC | New York, NY | LLC | President | 06/23/15 | 1/19/2017 |
| 531 | DT Lido Golf Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 532 | DT Lido Hotel Manager LLC | New York, NY | LLC | President | 06/23/15 | 1/19/2017 |
| 533 | DT Lido Hotel Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 534 | DT Lido Technical Services Manager LLC | New York, NY | LLC | Member/President | 06/23/15 | 1/19/2017 |
| 535 | DT Lido Technical Services Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 536 | DT Marks Ball LLC | New York, NY | LLC | Member/President | 06/23/15 | 1/19/2017 |
| 537 | DT Marks Ball Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 538 | DT Marks Lido LLC | New York, NY | LLC | Member/President | 06/23/15 | 1/19/2017 |
| 539 | DT Marks Lido Member Corp | New York, NY | Corporation | Director/Chairman/President | 06/23/15 | 1/19/2017 |
| 540 | DT Tower I LLC | New York, NY | LLC | Member/President | 01/04/16 | 1/19/2017 |
| 541 | DT Tower I Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 542 | DT Tower II LLC | New York, NY | LLC | President | 01/04/16 | 1/19/2017 |
| 543 | DT Tower II Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 544 | DT Tower Kolkata LLC | New York, NY | LLC | Member/President | 11/25/15 | 1/19/2017 |
| 545 | DT Tower Kolkata Managing Member Corp | New York, NY | Corporation | Director/Chairman/President | 11/25/15 | 1/19/2017 |
| 546 | DT Venture I LLC | New York, NY | LLC | President | 01/04/16 | 1/19/2017 |
| 547 | DT Venture I Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 548 | DT Venture II LLC | New York, NY | LLC | President | 01/04/16 | 1/19/2017 |
| 549 | DT Venture II Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 550 | DTTM Operations LLC | New York, NY | LLC | Member/President | 01/15/16 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part.

OGE Form 278e (Lines 2014)

**Instructions for Part 1**

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 13 of 51 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 551 | DTTM Operations Managing Member | New York, NY | Corporation | Director/Chairman/President | 01/15/16 | 1/19/2017 |
| 552 | EID Venture II LLC | New York, NY | LLC | Member/President | 01/04/16 | 1/19/2017 |
| 553 | EID Venture II Member Corp | New York, NY | Corporation | Director/Chairman/President | 01/04/16 | 1/19/2017 |
| 554 | Mobile Payroll Construction LLC | New York, NY | LLC | Member/President | 05/04/15 | 1/19/2017 |
| 555 | Mobile Payroll Construction Manager Corp | New York, NY | Corporation | Director/Chairman/President | 05/04/15 | 1/19/2017 |
| 556 | THC DC Restaurant Hospitality LLC | New York, NY | LLC | President | 08/17/15 | 1/19/2017 |
| 557 | THC Jeddah Hotel Advisor LLC | New York, NY | LLC | Member/President | 08/21/15 | 10/26/2015 |
| 558 | THC Jeddah Hotel Advisor Member Corp | New York, NY | Corporation | Director/Chairman/President | 08/21/15 | 10/22/2015 |
| 559 | THC Jeddah Hotel Manager LLC | New York, NY | LLC | Member/President | 08/31/15 | 11/15/2016 |
| 560 | THC Jeddah Hotel Manager Member Corp | New York, NY | Corporation | Director/Chairman/President | 08/31/15 | 11/15/2016 |
| 561 | C DEVELOPMENT VENTURES LLC | New York, NY | LLC | President/Member | 04/06/16 | 1/19/2017 |
| 562 | C DEVELOPMENT VENTURES MEMBER CORP | New York, NY | Corporation | President/Director/Chairman | 04/06/16 | 1/19/2017 |
| 563 | TC MARKS BUENOS AIRES LLC | New York, NY | LLC | President/Member | 04/20/16 | 1/19/2017 |
| 564 | WMTMF LLC | New York, NY | LLC | President/Secretary/Treasurer/Managing Member | 09/24/15 | 1/19/2017 |
| 565 | Lamington Farm Club LLC (TRUMP NATIONAL GOLF CLUB - BEDMINSTER) * | Bedminster, NJ | LLC | President | 02/11/00 | 1/19/2017 |

Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. The entry marked with an * is hereby incorporated into the 2016 and 2015 reports to amend those reports.

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 14 of 51 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 002 | 40 Wall Street LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 005 | Over $50,000,000 | rent | Over $5,000,000 |
| 004 | 401 North Wabash Venture LLC<br>Underlying Assets: residential & commercial real estate<br>Location: Chicago, IL<br>See attached schedule | N/A | 008 | Over $50,000,000 | rent<br>condo sales | Over $5,000,000<br>$90,249 |
| 005 | 809 NORTH CANON LLC<br>Underlying Assets: residential real estate<br>Location: Beverly Hills, CA<br>See attached schedule | N/A | 009 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 007 | 845 UN Limited Partnership<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 012 | $5,000,001 - $25,000,000 | rent | $1,000,001 - $5,000,000 |
| 008 | Caribusiness Investments, S.R.L.<br>Underlying Assets: land<br>Location: Dominican Republic<br>See attached schedule | N/A | 025 | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 010 | Country Apartments, LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Entity set up to buy & sell residential real estate, New York, NY; See attached schedule | N/A | 032 | $1,001 - $15,000 | | None (or less than $201) |
| 011 | Country Properties, LLC<br>Underlying Assets: residential real estate<br>Location: Norfolk, VA<br>See attached schedule | N/A | 034 | $50,001 - $100,000 | | None (or less than $201) |
| 012 | D B Pace Acquisition, LLC<br>Underlying Assets: land, building and ff&e<br>Location: New York, NY<br>See attached schedule | N/A | 036 | $1,000,001 - $5,000,000 | | None (or less than $201) |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported is as of April 15, 2017.

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 013 | DJT AEROSPACE LLC<br>Underlying Assets: aircraft<br>Location: New York, NY<br>See attached schedule | N/A | 039 | $1,000,001 - $5,000,000 | rent | None (or less than $201) |
| 014 | DJT HOLDINGS LLC<br>Value reported reflects bank account only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Holding company, New York, NY | N/A | 042 | $1,000,001 - $5,000,000 | interest | $15,001 - $50,000 |
| 017 | DJT OPERATIONS I LLC<br>Underlying Assets: aircraft<br>Location: New York, NY<br>See attached schedule | N/A | 046 | Over $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 018 | DT CONNECT II LLC<br>Underlying Assets: aircraft<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 055 | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 020 | DT DUBAI GOLF MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with DAMAC CRESCENT PROPERTIES LLC - value not readily ascertainable.<br>Management company, Dubai, UAE; See attached schedule | N/A | 059 | $1,001 - $15,000 | management fees | $12,984 |
| 021 | DT HOME MARKS INTERNATIONAL LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with RNA RESOURCES GROUP LTD, DORYA INTERNATIONAL LLC, HOMESTUDIO INTERNATIONAL SA, WONU CO LTD - value not readily ascertainable.<br>License holder, New York, NY; See attached schedule. | N/A | 063 | $1,001 - $15,000 | royalties | $100,001 - $1,000,000 |
| 024 | Excel Venture I LLC<br>Underlying Assets: residential rental property<br>Location: St. Martin, French West Indies<br>See attached schedule | N/A | 098 | $25,000,001 - $50,000,000 | rent | $100,001 - $1,000,000 |
| 026 | Fifty-Seventh Street Associates LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 100 | Over $50,000,000 | rent | Over $5,000,000 |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported is as of April 15, 2017.

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 030 | TRUMP NATIONAL GOLF CLUB - JUPITER<br>Underlying Assets: golf club<br>Location: Jupiter, FL<br>See attached schedule | N/A | 117 | Over $50,000,000 | golf related revenue | $20,131,872 |
| 031 | LAMINGTON FAMILY HOLDINGS LLC<br>Underlying Assets: land<br>Location: Bedminster, NJ<br>See attached schedule | N/A | 119 | $100,001 - $250,000 | | None (or less than $201) |
| 032 | TRUMP NATIONAL GOLF CLUB - BEDMINSTER<br>Underlying Assets: golf club<br>Location: Bedminster, NJ<br>See attached schedule | N/A | 120 | Over $50,000,000 | golf related revenue | $19,752,500 |
| 034 | MAR-A-LAGO CLUB, L.L.C.<br>Underlying Assets: resort<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 126 | Over $50,000,000 | resort related revenue | $37,251,635 |
| 036 | PINE HILL DEVELOPMENT LLC<br>Underlying Assets: golf club<br>Location: Pine Hill, NJ<br>See attached schedule | N/A | 142 | $100,001 - $250,000 | | None (or less than $201) |
| 037 | Seven Springs LLC<br>Underlying Assets: real estate<br>Location: Mt. Kisco, NY<br>See attached schedule | N/A | 153 | $25,000,001 - $50,000,000 | interest | $2,501 - $5,000 |
| 038 | TRUMP TURNBERRY<br>Underlying Assets: golf courses and resort<br>Location: Turnberry, Scotland<br>See attached schedule | N/A | 157 | Over $50,000,000 | golf related revenue | $14,487,619 |
| 039 | T International Realty LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: brokerage company - value not readily ascertainable. Brokerage company, New York, NY; See attached schedule | N/A | 160 | $250,001 - $500,000 | commissions | $3,374,860 |
| 040 | THC CENTRAL RESERVATIONS LLC<br>Underlying Assets: hotel company<br>Location: New York, NY<br>See attached schedule | N/A | 167 | $50,001 - $100,000 | | None (or less than $201) |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported is as of April 15, 2017.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 17 of 51 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 041 | THC CHINA DEVELOPMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: developer - value not readily ascertainable. Developer, New York, NY; See attached schedule | N/A | 169 | $1,001 - $15,000 | | None (or less than $201) |
| 042 | THC SALES & MARKETING LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable. Management company, New York, NY; See attached schedule | N/A | 184 | $100,001 - $250,000 | | None (or less than $201) |
| 043 | The East 61 Street Company, LP<br>Underlying Assets: residential real estate<br>Location: New York, NY<br>See attached schedule | N/A | 199 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 044 | THE TRUMP CORPORATION<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule | N/A | 200 | Over $50,000,000 | management and related fees | $18,045,141 |
| 045 | The Trump-Equitable Fifth Avenue Company<br>Value reported reflects bank account only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity, New York, NY | N/A | 208 | $1,001 - $15,000 | rent | $100,001 - $1,000,000 |
| 046 | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG<br>Underlying Assets: golf course and resort<br>Location: Doonbeg, Ireland<br>See attached schedule | N/A | 211 | $5,000,001 - $25,000,000 | golf related revenue | $12,498,172 |
| 047 | TIHT COMMERCIAL LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 218 | $5,000,001 - $25,000,000 | rent | $1,000,001 - $5,000,000 |
| 048 | TIHT HOLDING COMPANY LLC<br>Underlying Assets: hotel condo unit<br>Location: New York, NY<br>See attached schedule | N/A | 219 | $1,000,001 - $5,000,000 | rent | $100,001 - $1,000,000 |
| 049 | TRUMP NATIONAL GOLF CLUB - CHARLOTTE<br>Underlying Assets: golf club<br>Location: Charlotte, NC<br>See attached schedule | N/A | 223 | $5,000,001 - $25,000,000 | golf related revenue | $15,016,404 |
| 050 | TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY<br>Underlying Assets: golf club<br>Location: Hopewell Junction, NY<br>See attached schedule | N/A | 225 | $5,000,001 - $25,000,000 | golf related revenue | $5,323,573 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 18 of 51 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 051 | TRUMP NATIONAL GOLF CLUB - PHILADELPHIA<br>Underlying Assets: golf club<br>Location: Pine Hill, NJ<br>See attached schedule | N/A | 229 | $5,000,001 - $25,000,000 | golf related revenue | $5,258,866 |
| 052 | TRUMP 106 CPS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Location: New York, NY; See attached schedule | N/A | 234 | $15,001 - $50,000 | | None (or less than $201) |
| 055 | TRUMP 845 UN MGR CORP<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. New York, NY | N/A | 237 | $1,001 - $15,000 | | None (or less than $201) |
| 057 | TRUMP BOOKS LLC<br>THE MIDAS TOUCH<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: book deal with Plata Publishing LLC - value not readily ascertainable.<br>Holder of book contract, New York, NY,<br>See attached schedule<br>(Published 2011) | N/A | 243 | None (or less than $1,001) | royalties | $5,001 - $15,000 |
| 059 | TRUMP CAROUSEL LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - value not readily ascertainable.<br>Carousel operator, New York, NY.<br>See attached schedule | N/A | 250 | $15,001 - $50,000 | admissions | $671,728 |
| 061 | TRUMP CPS LLC<br>Underlying Assets: commercial and residential real estate<br>Location: New York, NY<br>See attached schedule | N/A | 269 | $25,000,001 - $50,000,000 | rent<br>condo sales | $1,000,001 - $5,000,000<br>$3,170,000 |
| 064 | TRUMP NATIONAL DORAL<br>Underlying Assets: golf courses & resort<br>Location: Miami, FL<br>See attached schedule | N/A | 279 | Over $50,000,000 | golf resort related revenues | $115,865,590 |
| 065 | TRUMP FERRY POINT LLC<br>Underlying Assets: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - golf course<br>Location: New York, NY<br>See attached schedule<br>(Opening Day: April 1, 2015) | N/A | 283 | $5,000,001 - $25,000,000 | golf related revenue | $7,300,157 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 19 of 51 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 066 | TRUMP GOLF ACQUISITIONS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Entity set up to sign letters of intent for golf related deals, New York, NY; See attached schedule | N/A | 287 | $1,001 - $15,000 | golf related revenue | $17,539 |
| 067 | TRUMP HOME MARKS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with DOWNLITE INTERNATIONAL INC, GOURMET HOME PRODUCTS LLC, NORTHPOINT TRADING LLC, SIGN OF TIMES INC, TPS SAS - value not readily ascertainable.<br>License holder, New York, NY<br>See attached schedule | N/A | 291 | None (or less than $1,001) | royalties | $15,001 - $50,000 |
| 068 | TRUMP ICE LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: wholesale company - value not readily ascertainable. Water wholesaler, New York, NY; See attached schedule | N/A | 294 | $1,001 - $15,000 | sales | $396,161 |
| 069 | TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND<br>Underlying Assets: golf course<br>Location: Aberdeen, Scotland<br>See attached schedule | N/A | 297 | Over $50,000,000 | golf related revenue | $3,803,033 |
| 070 | TRUMP INTERNATIONAL GOLF CLUB - FLORIDA<br>Underlying Assets: golf club<br>Location: West Palm Beach, FL<br>See attached schedule | N/A | 299 | $25,000,001 - $50,000,000 | golf related revenue | $18,411,472 |
| 071 | TRUMP INTERNATIONAL HOTEL HAWAII LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management and license agreements with IRONGATE AZREP BW LLC - value not readily ascertainable.<br>License holder, Waikiki, HI<br>See attached schedule | N/A | 300 | $1,001 - $15,000 | royalties<br>management fees | $100,001 - $1,000,000<br>$2,538,973 |
| 072 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule | N/A | 301 | Over $50,000,000 | management fees | $2,888,093 |
| 073 | TRUMP LAS VEGAS DEVELOPMENT LLC<br>Underlying Assets: development deal with TRUMP RUFFIN TOWER I LLC Entity set up to receive development fees, Las Vegas, NV; See attached schedule | N/A | 308 | $1,000,001 - $5,000,000 | development fees | $8,154,142 |
| 074 | TRUMP LAS VEGAS MEMBER LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. Las Vegas, NV | N/A | 310 | None (or less than $1,001) | sponsor fee | $2,631,300 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type. | Income Amount |
|---|---|---|---|---|---|---|
| 076 | TRUMP MARKS ASIA LLC<br>Underlying Assets: residential real estate<br>Location: Sterling, VA<br>See attached schedule | N/A | 316 | $500,001 - $1,000,000 | | None (or less than $201) |
| 078 | TRUMP MARKS ISTANBUL II LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with ORTADOGU OTOMOTIV TICARET AS - value not readily ascertainable.<br>License holder, New York, NY<br>See attached schedule | N/A | 342 | $15,001 - $50,000 | royalties | $1,000,001 - $5,000,000 |
| 079 | TRUMP MARKS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with ELK LIGHTING INC - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 347 | $15,001 - $50,000 | royalties | $50,001 - $100,000 |
| 080 | TRUMP MARKS MATTRESS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with SERTA - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 350 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 081 | TRUMP MARKS MENSWEAR LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with PVH CORP, PEERLESS CLOTHING INTERNATIONAL, PARLUX LTD, OXFORD OPTHALMIC, RANDA ACCESSORIES - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 352 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 082 | TRUMP MARKS NEW ROCHELLE LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with NEW ROC PARCEL 1A LLC - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 359 | None (or less than $1,001) | royalties | $5,001 - $15,000 |
| 083 | TRUMP MARKS PANAMA LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with K GROUP DEVELOPERS INC - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 363 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 087 | TRUMP MARKS WAIKIKI LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with IRONGATE AZREP BW LLC - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 391 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 090 | TRUMP MIAMI RESORT MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Management company - value not readily ascertainable, Miami, FL;<br>See attached schedule | N/A | 396 | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 091 | TRUMP MODEL MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Modeling agency - value not readily ascertainable, New York, NY;<br>See attached schedule | N/A | 398 | $250,001 - $500,000 | commissions | $1,870,632 |
| 092 | TRUMP NATIONAL GOLF CLUB - COLTS NECK<br>Underlying Assets: golf club<br>Location: Colts Neck, NJ<br>See attached schedule | N/A | 399 | Over $50,000,000 | golf related revenue | $7,708,047 |
| 093 | TRUMP NATIONAL GOLF CLUB - WESTCHESTER<br>Underlying Assets: golf club<br>Location: Briarcliff Manor, NY<br>See attached schedule | N/A | 401 | Over $50,000,000 | golf related revenue | $9,771,428 |
| 094 | TRUMP NATIONAL GOLF CLUB - WASHINGTON DC<br>Underlying Assets: golf club<br>Location: Potomac Falls, VA<br>See attached schedule | N/A | 403 | Over $50,000,000 | golf related revenue | $17,508,270 |
| 095 | TRUMP OLD POST OFFICE LLC<br>Underlying Assets: hotel<br>Location: Washington, DC<br>See attached schedule | N/A | 408 | Over $50,000,000 | hotel related revenue | $19,666,129 |
| 097 | Miss Universe L.P., LLLP<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>See attached schedule | N/A | 413 | $50,001 - $100,000 | beauty pageant related revenue | $10,973,722 |
| 098 | TRUMP PALACE/PARC LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 414 | $1,000,001 - $5,000,000 | rent | $100,001 - $1,000,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 099 | TRUMP PARK AVENUE LLC<br>Underlying Assets: residential & commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 420 | Over $50,000,000 | rent<br>condo sales | Over $5,000,000<br>$29,943,500 |
| 100 | TRUMP PLAZA LLC<br>Underlying Assets: residential & commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 424 | $25,000,001 - $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 101 | TRUMP PRODUCTIONS LLC<br>Underlying Assets: production company<br>Location: New York, NY<br>See attached schedule | N/A | 426 | $1,000,001 - $5,000,000 | production revenue | $1,103,161 |
| 103 | Trump Restaurants LLC<br>Underlying Assets: restaurant<br>Location: New York, NY<br>See attached schedule | N/A | 430 | $1,000,001 - $5,000,000 | food & beverage related sales | $4,830,768 |
| 104 | TRUMP RUFFIN TOWER I LLC<br>Underlying Assets: commercial real estate<br>Location: Las Vegas, NV<br>See attached schedule | N/A | 434 | Over $50,000,000 | condo sales<br>hotel related revenue | $10,683,900<br>$30,835,137 |
| 106 | TRUMP SCOTSBOROUGH SQUARE LLC<br>Underlying Assets: residential real estate<br>Location: Scotsborough Square, VA<br>See attached schedule | N/A | 438 | $500,001 - $1,000,000 | rent | $5,001 - $15,000 |
| 108 | TRUMP TOWER COMMERCIAL LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 444 | Over $50,000,000 | rent | Over $5,000,000 |
| 109 | TRUMP TOWER MANAGING MEMBER INC.<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. New York, NY | N/A | 445 | $1,001 - $15,000 | | None (or less than $201) |
| 110 | TRUMP VINEYARD ESTATES LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 447 | $5,000,001 - $25,000,000 | rent | $100,001 - $1,000,000 |
| 111 | TRUMP VINEYARD ESTATES LOT 3 OWNER LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 448 | $500,001 - $1,000,000 | rent | $100,001 - $1,000,000 |
| 112 | TRUMP VIRGINIA ACQUISITIONS LLC<br>Underlying Assets: commercial real estate<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 450 | $5,000,001 - $25,000,000 | hotel related revenue | $1,015,752 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 113 | TRUMP VIRGINIA LOT 5 LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 452 | $500,001 - $1,000,000 | rent | $50,001 - $100,000 |
| 116 | TRUMP NATIONAL GOLF CLUB - LOS ANGELES<br>Underlying Assets: golf course and unsold lots<br>Location: Los Angeles, CA<br>See attached schedule | N/A | 469 | Over $50,000,000 | golf related revenue<br>land sales | $14,982,417<br>$12,035,000 |
| 119 | Wollman Rink Operations LLC<br>Underlying Assets: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - ice skating rinks<br>Location: New York, NY<br>See attached schedule | N/A | 476 | $1,000,001 - $5,000,000 | ice skating rink operation | $12,661,523 |
| 120 | HWA 555 Owners, LLC<br>Underlying Assets: commercial real estate<br>Location: San Francisco, CA<br>See attached schedule | N/A | 478 | Over $50,000,000 | rent | Over $5,000,000 |
| 121 | 1290 AVENUE OF THE AMERICAS, A TENANCY-IN-COMMON<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 479 | Over $50,000,000 | rent | Over $5,000,000 |
| 122 | 4% limited partnership interest in Starrett City Associates, L.P. (via the entities disclosed on Exhibit A and direct ownership by The Donald J. Trump Revocable Trust)<br>Underlying Assets: residential real estate<br>Location: Brooklyn, NY | N/A | 018, 141, 154, 446 | $5,000,001 - $25,000,000 | rent | Over $5,000,000 |
| 123 | 4% limited partnership interest in Spring Creek Plaza LLC (via the entities disclosed on Exhibit A and direct ownership by The Donald J. Trump Revocable Trust)<br>Underlying Assets: commercial real estate<br>Location: Brooklyn, NY | N/A | 018, 141, 154, 446 | $500,001 - $1,000,000 | rent | $100,001 - $1,000,000 |
| 124 | Trump Tower Triplex<br>Underlying Assets: residential real estate<br>Location: New York, NY | N/A | | Over $50,000,000 | | None (or less than $201) |
| 125 | N/K/A DT VENTURE I LLC<br>Underlying Assets: residential real estate<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 533 | $5,000,001 - $25,000,000 | | None (or less than $201) |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 126 | N/K/A DTW VENTURE LLC<br>Underlying Assets: residential real estate<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 093 | $1,000,001 - $5,000,000 | rent | $50,001 - $100,000 |
| 127 | DT Marks Worli LLC<br>Underlying Assets: license deal<br>Licensee(s): JAWALA REAL ESTATE PRIVATE LTD, LODHA DEVELOPERS PRIVATE LTD<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 089 | | royalties | $100,001 - $1,000,000 |
| 130 | THC VANCOUVER MANAGEMENT CORP<br>Underlying Assets: management company<br>Location: Vancouver, Canada<br>See attached schedule<br>Value not readily ascertainable | N/A | 190 | | management fees | $21,576 |
| 131 | THE TRUMP ENTREPRENEUR INITIATIVE LLC<br>Underlying Assets: seminar program<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 201 | | residual income | $38,542 |
| 132 | TNGC JUPITER MANAGEMENT LLC<br>Underlying Assets: management company<br>Location: Jupiter, FL<br>See attached schedule<br>Value not readily ascertainable | N/A | 227 | | management fees | $468,346 |
| 133 | TRUMP CHICAGO COMMERCIAL MANAGER LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 254 | | management fees | $1,292,392 |
| 134 | TRUMP CHICAGO HOTEL MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable. New York, NY<br>See attached schedule | N/A | 256 | $15,001 - $50,000 | management fees | $2,198,295 |
| 135 | TRUMP CHICAGO RESIDENTIAL MANAGER LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 260 | | management fees | $677,122 |
| 136 | TRUMP MARKS FINE FOODS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with TWO RIVERS COFFEE - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 333 | $1,001 - $15,000 | royalties | $5,001 - $15,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 25 of 51 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 137 | TRUMP MARKS PHILIPPINES LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with CENTURY CITY DEVELOPMENT CORP - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 367 | $1,001 - $15,000 | royalties | $1,000,001 - $5,000,000 |
| 139 | TRUMP MARKS STAMFORD LLC<br>Underlying Assets: license deal<br>Licensee(s): 33 BROAD STREET ASSOCIATES II<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 380 | | royalties | $100,001 - $1,000,000 |
| 140 | TRUMP MARKS SUNNY ISLES I LLC<br>Underlying Assets: license deal<br>Licensee(s): MICHAEL DEZER & NAOMI DEZERTOV<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 381 | | royalties | $100,001 - $1,000,000 |
| 141 | TRUMP PANAMA HOTEL MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management agreement - value not readily ascertainable. New York, NY<br>See attached schedule | N/A | 417 | $15,001 - $50,000 | management fees | $810,795 |
| 142 | TRUMP TORONTO HOTEL MANAGEMENT CORP<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with TALON INTERNATIONAL INC - value not readily ascertainable.<br>Management company, New York, NY; See attached schedule. | N/A | 442 | $1,001 - $15,000 | management fees | $559,904 |
| 143 | TW VENTURE I LLC<br>transportation services<br>Location: Palm Beach, FL<br>See attached schedule<br>Value not readily ascertainable | N/A | 462 | | operating income | $185,601 |
| 144 | Trump Management Inc.<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable<br>Location: Manhasset, NY<br>See attached schedule | N/A | 480 | $15,001 - $50,000 | management fees | $30,000 |
| 145 | RITZ CARLTON HOTEL AT 112 CENTRAL PARK SOUTH N/K/A DT VENTURE II LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management agreement - value not readily ascertainable.<br>Location: New York, NY | N/A | 535 | $15,001 - $50,000 | management fees | $268,125 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
| --- | --- | --- | --- | --- | --- | --- |
| 146 | Think Like A Champion<br>Publisher: Vanguard Press, a member of Perseus Books LLC<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2009) | N/A | | | royalties | $15,001 - $50,000 |
| 147 | The Art Of The Deal<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1987) | N/A | | | royalties | $100,001 - $1,000,000 |
| 148 | Time To Get Tough<br>Publisher: Regnery Publishing<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2011) | N/A | | | royalties | $100,001 - $1,000,000 |
| 149 | Think Like a Billionaire<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | | None (or less than $201) |
| 150 | The Art of the Comeback<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1997) | N/A | | | | None (or less than $201) |
| 151 | Why We Want You To Be Rich<br>Publisher: Plata Publishing LLC<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2006) | N/A | | | | None (or less than $201) |
| 152 | Trump 101: The Way to Success<br>Publisher: John Wiley & Sons, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2007) | N/A | | | | None (or less than $201) |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 153 | The America We Deserve<br>Publisher: Renaissance Books<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2000) | N/A | | | | None (or less than $201) |
| 154 | Never Give Up<br>Publisher: John Wiley & Sons, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2008) | N/A | | | | None (or less than $201) |
| 155 | The Best Real Estate Advice I Ever Received<br>Publisher: Thomas Nelson, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2005) | N/A | | | | None (or less than $201) |
| 156 | The Way To The Top<br>Publisher: Bill Adler Books<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | | None (or less than $201) |
| 157 | How to Get Rich<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | royalties | $5,001 - $15,000 |
| 158 | Think Big and Kick Ass<br>Publisher: HarperCollins Publishers<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2007) | N/A | | | | None (or less than $201) |
| 159 | Trump: Surviving At The Top<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1990) | N/A | | | | None (or less than $201) |
| 160 | SCREEN ACTORS GUILD PENSION<br>Underlying Assets: pension<br>Location: Burbank, CA<br>Value not readily ascertainable | N/A | | | pension | $84,292 |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported is as of April 15, 2017.

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 169 | THC MIAMI RESTAURANT HOSPITALITY LLC<br>Value reported reflects bank account holding only.<br>Restaurant operations at Trump National Doral<br>Location: Miami, FL | N/A | 178 | $500,001 - $1,000,000 | food & beverage related sales | $7,390,861 |
| 172 | 40 WALL STREET COMMERCIAL LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Payroll company. New York, NY | N/A | 004 | $15,001 - $50,000 | | None (or less than $201) |
| 173 | DT DUBAI II GOLF MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with FRONTLINE INVESTMENT MANAGEMENT CO LLC (AN AFFILIATE OF DAMAC) - value not readily ascertainable.<br>Management company, Dubai, UAE; See attached schedule. | N/A | 061 | $15,001 - $50,000 | royalties | None (or less than $201) |
| 174 | DT TOWER GURGAON LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with IREO PRIVATE LTD - value not readily ascertainable.<br>License holder, Gurgaon, India; See attached schedule. | N/A | 091 | $1,001 - $15,000 | royalties | $100,001 - $1,000,000 |
| 176 | TAG AIR INC.<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Entity set up to lease 757 from DJT Operations I LLC.<br>New York, NY | N/A | 161 | $15,001 - $50,000 | aircraft related revenue/expense reimbursements | $7,727,674 |
| 178 | THC IMEA DEVELOPMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: developer - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule. | N/A | 177 | $15,001 - $50,000 | | None (or less than $201) |
| 181 | DT BALI TECHNICAL SERVICES MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with PT BALI NIRWANA RESORT - value not readily ascertainable.<br>Management company, Bali, Indonesia; See attached schedule. | N/A | 497 | $1,001 - $15,000 | management fees | $190,476 |
| 182 | DT CONNECT EUROPE LIMITED<br>Underlying Assets: aircraft<br>Location: Turnberry, Scotland<br>See attached schedule | N/A | 499 | $1,000,001 - $5,000,000 | rent | $100,001 - $1,000,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 183 | DT ENDEAVOR I LLC<br>Underlying Assets: aircraft<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 500 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 184 | DT LIDO TECHNICAL SERVICES MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with PT LIDO NIRWANA PARAHYANGAN - value not readily ascertainable.<br>Management company, Lido, Indonesia; See attached schedule. | N/A | 509 | None (or less than $1,001) | management fees | $190,476 |
| 187 | MOBILE PAYROLL CONSTRUCTION LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Payroll company, Bedminster, NJ; See attached schedule | N/A | 523 | $50,001 - $100,000 | | None (or less than $201) |
| 188 | CRIPPLED AMERICA<br>Publisher: Threshold Editions<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2015) | N/A | | | royalties | $1,000,001 - $5,000,000 |
| 189 | DTTM OPERATIONS LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. New York, NY | N/A | 519 | $15,001 - $50,000 | | None (or less than $201) |
| 190 | TRUMP LAS VEGAS MANAGING MEMBER LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. Las Vegas, NV | N/A | 309 | None (or less than $1,001) | sponsor fee | $53,700 |
| 191 | Trump Las Vegas Sales & Marketing, Inc.<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: sales & marketing deal with TRUMP RUFFIN TOWER I LLC - value not readily ascertainable. Entity set up to receive brokerage commissions, Las Vegas, NV; See attached schedule | N/A | 311 | $1,001 - $15,000 | commissions | $14,078,526 |
| 192 | DT TOWER KOLKATA LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with CONCAST INFRASTRUCTURE PRIVATE LIMITED, TRIBECA CREATORS LLP, REGENT HIRISE PRIVATE LIMITED, RAJ CONSTRUCTION PROJECTS PRIVATE LIMITED, RDB REALTY & INFRASTRUCTURE LIMITED - value not readily ascertainable.<br>License holder, Kolkata, India; See attached schedule. | N/A | 517 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 193 | DT MARKS VANCOUVER LP<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with WEST GEORGIA DEVELOPMENT LIMITED PARTNERSHIP AND WEST GEORGIA HOLDINGS INC. - value not readily ascertainable.<br>License holder, Vancouver, Canada; See attached schedule. | N/A | 087 | None (or less than $1,001) | royalties | Over $5,000,000 |
| 194 | STORAGE 106 LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 542 | $5,000,001 - $25,000,000 | rent | $100,001 - $1,000,000 |

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Instructions for Part 3

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 31 of 51 |

## Part 3: Filer's Employment Agreements and Arrangements

| # | Employer or Party | City/State | Status and Terms | Date |
|---|---|---|---|---|
| 1. | Screen Actors Guild - Producers | Burbank, CA | Pension Plan for Motion Picture Actors; payments received on a monthly basis. | July 2011 |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |
| 7. | | | | |
| 8. | | | | |
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| 11. | | | | |
| 12. | | | | |

OGE Form 278e (March 2014)

Instructions for Part 4

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 32 of 51 |

## Part 4: Filer's Sources of Compensation Exceeding $5,000 in a Year

| # | Source Name | City/State | Brief Description of Duties |
|---|---|---|---|
| 1. | N/A | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
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Instructions for Part 5

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 33 of 51 |

## Part 5: Spouse's Employment Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 1. | Melania LLC<br>Underlying Assets: inactive<br>Location: New York, NY | N/A | None (or less than $1,001) | | None (or less than $201) |
| 2. | MELANIA MARKS ACCESSORIES LLC<br>Underlying Assets: licensing agreement<br>Licensee(s): MZ BERGER & COMPANY LLC<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 3. | MELANIA MARKS ACCESSORIES MEMBER CORP<br>(pass-thru company for MELANIA MARKS ACCESSORIES LLC)<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 4. | 721 33H LLC<br>Underlying Assets: residential real estate<br>Location: New York, NY | N/A | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 5. | 721 33H Holdings LLC<br>(pass-thru company for 721 33H LLC)<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |

Information being reported is as of April 15, 2017.

Instructions for Part 6

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 34 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 1 | BARON REAL ESTATE FUND | Y | None (or less than $1,001) | | $100,001 - $1,000,000 |
| 2 | BARON GROWTH FUND | Y | None (or less than $1,001) | | $100,001 - $1,000,000 |
| 3 | BARON PARTNERS FUND | Y | None (or less than $1,001) | | $100,001 - $1,000,000 |
| 4 | AG DIVERSIFIED INCOME FUND PLUS, LP (f/k/a AG DIVERSIFIED CREDIT STRATEGIES FUND LP) (ANGELO GORDON) | Y | None (or less than $1,001) | | $100,001 - $1,000,000 |
| 5 | MIDOCEAN CREDIT OPPORTUNITY FUND LP (MIDOCEAN CREDIT PARTNERS) | Y | $1,000,001 - $5,000,000 | | $100,001 - $1,000,000 |
| 6 | JP MORGAN CHASE - CHECKING AND SAVINGS ACCOUNTS | N/A | $1,000,001 - $5,000,000 | Interest | $1,001 - $2,500 |
| 7 | CAPITAL ONE BANK - CHECKING AND SAVINGS | N/A | $5,000,001 - $25,000,000 | Interest | $100,001 - $1,000,000 |
| 8 | SIGNATURE BANK - CHECKING | N/A | $100,001 - $250,000 | Interest | $1,001 - $2,500 |
| 9 | BANK UNITED, NA - MONEY MARKET | N/A | $100,001 - $250,000 | Interest | $1,001 - $2,500 |
| 10 | FIRST REPUBLIC BANK - CHECKING | N/A | $15,001 - $50,000 | Interest | None (or less than $201) |
| 11 | INVESTMENT IN GOLD | N/A | $100,001 - $250,000 | | None (or less than $201) |
| 12 | WMTMF LLC (US BANK CASH ACCOUNT) | N/A | $50,001 - $100,000 | | None (or less than $201) |
| | | | | | |
| | BARCLAYS BANK - BROKERAGE ACCOUNT - HOLDINGS | | | | |
| 1 | AT&T INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 2 | ASTRAZENECA PLC ADR | N/A | None (or less than $1,001) | Capital Gain | $201 - $1,000 |
| 3 | CROWN CASTLE INTL CORP | N/A | None (or less than $1,001) | Dividends,Capital Gain | $201 - $1,000 |
| 4 | GENERAL ELECTRIC COMPANY | N/A | None (or less than $1,001) | Dividends,Capital Gain | $1,001 - $2,500 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 35 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 5 | HALLIBURTON COMPANY | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 6 | ISHS EURO FINLS INDX ETF | Y | None (or less than $1,001) | | $201 - $1,000 |
| 7 | KINDER MORGAN INC DE | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 8 | KRAFT HEINZ CO | N/A | None (or less than $1,001) | Capital Gain | $201 - $1,000 |
| 9 | METLIFE INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 10 | PHILIP MORRIS INTL INC | N/A | None (or less than $1,001) | Capital Gain | $201 - $1,000 |
| 11 | PFIZER INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $201 - $1,000 |
| 12 | PRUDENTIAL FINL INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 13 | RAYTHEON COMPANY NEW | N/A | None (or less than $1,001) | Dividends,Capital Gain | $2,501 - $5,000 |
| 14 | SPDR S&P BANK ETF | Y | None (or less than $1,001) | | $1,001 - $2,500 |
| 15 | SWISS RE LTD ADR | N/A | None (or less than $1,001) | Dividends,Capital Gain | $1,001 - $2,500 |
| 16 | U S BANCORP DE NEW | N/A | None (or less than $1,001) | Dividends,Capital Gain | $1,001 - $2,500 |
| 17 | VNGRD HGH DIV YLD ETF | Y | None (or less than $1,001) | | $201 - $1,000 |
| 18 | VERIZON COMMS INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $201 - $1,000 |
| | | | | | |
| | OPPENHEIMER-BROKERAGE ACCOUNT - HOLDINGS | | | | |
| 1 | ALTRIA GROUP INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 2 | AMGEN INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $50,001 - $100,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 36 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 3 | APPLE INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 4 | AT&T INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 5 | BRISTOL MYERS SQUIBB CO | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 6 | GENERAL MLS INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $5,001 - $15,000 |
| 7 | GILEAD SCIENCES INC | N/A | None (or less than $1,001) | Capital Gain | $100,001 - $1,000,000 |
| 8 | JPMORGAN CHASE & CO COM | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 9 | PHILIP MORRIS INTL INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $5,001 - $15,000 |
| 10 | REGENERON PHARMACEUTICALS | N/A | None (or less than $1,001) | Capital Gain | $50,001 - $100,000 |
| 11 | UNITED PARCEL SERVICE INC CL B | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 12 | VERIZON COMMUNICATIONS INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 13 | VISA INC | N/A | None (or less than $1,001) | Capital Gain | $100,001 - $1,000,000 |
| 14 | WASTE MGMT INC DEL | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 15 | WELLS FARGO & CO NEW | N/A | None (or less than $1,001) | Dividends,Capital Gain | $50,001 - $100,000 |
| 16 | YAHOO INC | N/A | None (or less than $1,001) | Capital Gain | $50,001 - $100,000 |
| 17 | ADVANTAGE ADVISORS XANTHUS FUND, LLC | Y | None (or less than $1,001) | | $100,001 - $1,000,000 |
| | | | | | |
| | The Fred C. Trump December 16, 1976 Trust- F/B/O Donald J. Trump | | | | |
| 1 | JP MORGAN CHASE - SAVINGS ACCOUNT | N/A | $1,000,001 - $5,000,000 | Interest | $1,001 - $2,500 |

Information being reported is as of April 15, 2017.

Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 37 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| | JP MORGAN CLEARING CORP - BROKERAGE ACCOUNT - HOLDINGS | | | | |
| 1 | APPLE, INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 2 | CATERPILLER INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $15,001 - $50,000 |
| 3 | MICROSOFT CORP | N/A | None (or less than $1,001) | Dividends,Capital Gain | $100,001 - $1,000,000 |
| 4 | PEPSICO INC | N/A | None (or less than $1,001) | Dividends,Capital Gain | $15,001 - $50,000 |
| 5 | ECO TEK 360 INC (f/k/a GLOBAL FASHION TECHNOLOGIES) | N/A | $1,001 - $15,000 | | None (or less than $201) |
| 6 | HALLIBURTON COMPANY | N/A | None (or less than $1,001) | Dividends,Capital Gain | $15,001 - $50,000 |
| 7 | PHILLIPS 66 COM | N/A | None (or less than $1,001) | Dividends,Capital Gain | $5,001 - $15,000 |
| | | | | | |
| | The Donald J Trump Revocable Trust | | | | |
| 1 | CAPITAL ONE BANK - CHECKING AND SAVINGS (account funded 4/12/2017)) | N/A | Over $50,000,000 | | None (or less than $201) |
| | | | | | |
| | DEUTSCHE ASSET & WEALTH MANAGEMENT A/C 1 BROKERAGE ACCT - HOLDINGS | | | | |
| 1 | ADVANCE AUTO PTS INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $2,501 - $5,000 |
| 2 | INVESCO EUROPEAN GROWTH FUND | Y | None (or less than $1,001) | | $2,501 - $5,000 |
| 3 | ALPHABET INC COM CL A | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 4 | ALPHABET INC COM CL C | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 5 | AMAZON COM INC COM | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 38 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 6 | AMERICAN WATER WORKS COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 7 | AMERIPRISE FINANCIAL INC | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 8 | AMETEK INC NEW COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 9 | AMGEN INC DTD 5/15/2012 | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 10 | APPLE INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 11 | APPLE INC DTD 5/6/2014 3 | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 12 | BOEING CO COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 13 | BROADCOM LIMITED COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 14 | BURLINGTN NORTH SANTA FE BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 15 | CELGENE CORP COM | N/A | None (or less than $1,001) | Capital Gain | $50,001 - $100,000 |
| 16 | CISCO SYS COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $201 - $1,000 |
| 17 | CITIGROUP INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 18 | COCA COLA CO/THE BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 19 | COMCAST CORP NEW CL A | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 20 | CONAGRA BRANDS INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $1,001 - $2,500 |
| 21 | COSTCO WHSL CORP NEW COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $2,501 - $5,000 |
| 22 | CROWN CASTLE INTERNATION | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 23 | DISCOVER FINANCIAL SERVI | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 39 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 24 | ECOLAB INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 25 | EOG RES INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 26 | EXPRESS SCRIPTS HLDG CO | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 27 | EXTRA SPACE STORAGE INC | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 28 | GENERAL ELEC CAP CORP BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 29 | GENERAL ELEC CO COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 30 | GENERAL MOTORS FINL CO BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 31 | GILEAD SCIENCES INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $100,001 - $1,000,000 |
| 32 | HCA HOLDINGS INC COM | N/A | None (or less than $1,001) | Capital Gain | $2,501 - $5,000 |
| 33 | HCA INC DTD 8/1/2011 6.5 | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 34 | HOME DEPOT INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 35 | INTUIT INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 36 | J P MORGAN CHASE & CO CO | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 37 | JARDEN CORP | N/A | None (or less than $1,001) | Capital Gain | $201 - $1,000 |
| 38 | JOHNSON & JOHNSON COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 39 | JPMORGAN CHASE BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 40 | KRAFT HEINZ CO/THE COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 41 | L BRANDS INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 40 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 42 | MCKESSON HBOC INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 43 | MEAD JOHNSON NUTRITION C | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 44 | MEDIVATION INC COM | N/A | None (or less than $1,001) | Capital Gain | $15,001 - $50,000 |
| 45 | MERCK & CO INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 46 | MICROSOFT CORP COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 47 | MORGAN STANLEY BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 48 | NEWELL BRANDS INC COM | N/A | None (or less than $1,001) | Capital Gain | $201 - $1,000 |
| 49 | NEXTERA ENERGY INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 50 | NIKE INC CL B | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 51 | NORFOLK SOUTHERN CORP CO | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 52 | PARKER HANNIFIN CORP COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 53 | PEPSICO INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 54 | PEPSICO INC DTD 2/28/201 BOND | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 55 | PFIZER INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $1,001 - $2,500 |
| 56 | PHILIP MORRIS INTL INC C | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 57 | PROCTER & GAMBLE CO COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 58 | PRUDENTIAL FINL INC COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 59 | ROPER TECHNOLOGIES INC C | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 41 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 60 | SALESFORCE COM INC | N/A | None (or less than $1,001) | Capital Gain | $5,001 - $15,000 |
| 61 | SCHWAB CHARLES COM | N/A | None (or less than $1,001) | Capital Gain | $5,001 - $15,000 |
| 62 | SEALED AIR CORP COM NEW | N/A | None (or less than $1,001) | Dividends, Capital Gain | $201 - $1,000 |
| 63 | SMUCKER J M CO COM NEW | N/A | None (or less than $1,001) | Dividends, Capital Gain | $1,001 - $2,500 |
| 64 | T MOBILE US INC COM | N/A | None (or less than $1,001) | Capital Gain | $1,001 - $2,500 |
| 65 | THERMO FISHER SCIENTIFIC | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| 66 | TJX COS INC NEW COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 67 | TWENTY FIRST CENTURY FOX | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 68 | US T NTS DTD 8/15/2012 1 | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 69 | V F CORP COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 70 | VISA INC CL A COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $50,001 - $100,000 |
| 71 | WELLS FARGO & CO NEW COM | N/A | None (or less than $1,001) | Dividends, Capital Gain | $15,001 - $50,000 |
| | | | | | |
| | DEUTSCHE ASSET & WEALTH MANAGEMENT A/C 2 BOND ACCOUNT - HOLDINGS | | | | |
| 1 | AMERICAN EXPRESS CREDIT | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 2 | ANHEUSER-BUSCH | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 3 | APPLE INC DTD 5/3/2013 0 | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 4 | AT&T INC DTD 8/18/2011 2 | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 42 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 5 | BANK OF NOVA SCOTIA | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 6 | BERKSHIRE HATHAWAY FIN | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 7 | BHP BILLITON FIN USA LTD | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 8 | CATERPILLAR FIN SERV CRP | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 9 | CHEVRON CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 10 | CITIGROUP INC | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 11 | CONAGRA INC | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 12 | CREDIT SUISSE NEW YORK | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 13 | DEUTSCHE GOVERNMENT MONEY MARKET | N/A | None (or less than $1,001) | Dividends, Capital Gain | $5,001 - $15,000 |
| 14 | DEUTSCHE MONEY MARKET SERIES | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 15 | ECOLAB INC DTD 12/8/2011 | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 16 | EXXON MOBIL CORPORATION | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 17 | FHLB DTD 7/25/2016 0.00% | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 18 | FMCC DTD 8/7/2012 2.50% | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 19 | FNMA DTD 1/29/1999 0.00% | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 20 | FORD MTR DTD 12/18/2006 | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 21 | GOLDMAN SACHS GROUP INC | N/A | None (or less than $1,001) | Interest, Capital Gain | $15,001 - $50,000 |
| 22 | IBM CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 43 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 23 | INTL BK RECON & DEVELOP | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 24 | J P MORGAN CHASE & CO | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 25 | JOHN DEERE CAPITAL CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 26 | MCDONALD'S CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 27 | MCKESSON CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 28 | MORGAN STANLEY | N/A | None (or less than $1,001) | Interest, Capital Gain | $15,001 - $50,000 |
| 29 | NBCUNIVERSAL MEDIA LLC | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 30 | NEW YORK CITY NY | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 31 | ORACLE CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 32 | PEPSICO INC | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 33 | PNC BANK NA | N/A | None (or less than $1,001) | Interest, Capital Gain | $1,001 - $2,500 |
| 34 | ROYAL BANK OF CANADA | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 35 | SHELL INTERNATIONAL FIN | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 36 | THERMO FISHER SCIENTIFIC | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 37 | TORONTO DOMINION BANK | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 38 | TOTAL CAPITAL INTL SA | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |
| 39 | TOYOTA MOTOR CREDIT CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 40 | UNITED STATES TREAS NTS | N/A | None (or less than $1,001) | Interest, Capital Gain | $5,001 - $15,000 |

Information being reported is as of April 15, 2017.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 44 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 41 | VERIZON COMMUNICATIONS | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 42 | WAL MART STORES INC | N/A | None (or less than $1,001) | Interest, Capital Gain | $201 - $1,000 |
| 43 | WELLS FARGO & COMPANY | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| 44 | WESTPAC BANKING CORP | N/A | None (or less than $1,001) | Interest, Capital Gain | $2,501 - $5,000 |
| | | | | | |
| | Family Trust 1* | | | Dividends, Capital Gains | $5,001 - $15,000 |
| 1 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 2 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 3 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 4 | DODGE & COX INTL STOCK FD | Y | $1,001 - $15,000 | | |
| 5 | AMG MANAGERS PICTET INTERNATIONAL FUND CLASS I | Y | $1,001 - $15,000 | | |
| 6 | JOHN HAN II-ABS RET CURR-I | Y | $1,001 - $15,000 | | |
| 7 | BLACKROCK HIGH YIELD PT-BLAC | Y | $1,001 - $15,000 | | |
| 8 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | $1,001 - $15,000 | | |
| 9 | AQR MANAGED FUTURES STR-R6 | Y | $1,001 - $15,000 | | |
| 10 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 11 | U.S. BANK CASH ACCOUNT | N/A | $1,001 - $15,000 | | |
| 12 | ISHARES RUSSELL MIDCAP INDEX FUND | Y | $15,001 - $50,000 | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 45 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 13 | SPDR S&P 500 ETF TRUST | Y | $15,001 - $50,000 | | |
| 14 | JPM GLBL RES ENH INDEX FD - CL I FUND 3457 | Y | $15,001 - $50,000 | | |
| 15 | FMI LARGE CAP FUND-INST | Y | $1,001 - $15,000 | | |
| 16 | JPM US LARGE CP CORE PLUS FD - CL I FUND 1002 | Y | $15,001 - $50,000 | | |
| 17 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 18 | MFS EMERGING MKTS DEBT FD-I | Y | $1,001 - $15,000 | | |
| 19 | PIMCO UNCONSTRAINED BOND-INS | Y | $1,001 - $15,000 | | |
| 20 | ARTISAN INTL VALUE FD-INS | Y | $1,001 - $15,000 | | |
| 21 | JPM MID CAP VALUE FD - L FUND 758 | Y | $1,001 - $15,000 | | |
| 22 | JPM SHRT-INT MUNI BND FD - CL L FUND 3602 1.48% | Y | $15,001 - $50,000 | | |
| 23 | AQR LONG-SHORT EQUITY-R6 | Y | $1,001 - $15,000 | | |
| 24 | PRUDENTIAL TOTAL RETRN BND-Z | Y | None (or less than $1,001) | | |
| 25 | VANGUARD INTM TRM INV G-ADM | Y | None (or less than $1,001) | | |
| | | | | | |
| | Family Trust 2* | | | Dividends, Capital Gains | $5,001 - $15,000 |
| 1 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 2 | JPM US LARGE CP CORE PLUS FD - CL I FUND 1002 | Y | $15,001 - $50,000 | | |
| 3 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | $1,001 - $15,000 | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 46 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 4 | JPM SHRT-INT MUNI BND FD - CL L FUND 3602 1.48% | Y | $15,001 - $50,000 | | |
| 5 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 6 | ISHARES RUSSELL MIDCAP INDEX FUND | Y | $15,001 - $50,000 | | |
| 7 | ARTISAN INTL VALUE FD-INS | Y | $15,001 - $50,000 | | |
| 8 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 9 | U.S. BANK CASH ACCOUNT | N/A | $15,001 - $50,000 | | |
| 10 | AMG MANAGERS PICTET INTERNATIONAL FUND CLASS I | Y | $1,001 - $15,000 | | |
| 11 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 12 | JOHN HAN II-ABS RET CURR-I | Y | $1,001 - $15,000 | | |
| 13 | JPM GLBL RES ENH INDEX FD - CL I FUND 3457 | Y | $15,001 - $50,000 | | |
| 14 | EQUINOX FDS TR IPM SYSTMATC I | Y | $1,001 - $15,000 | | |
| 15 | PIMCO UNCONSTRAINED BOND-INS | Y | $1,001 - $15,000 | | |
| 16 | BLACKROCK HIGH YIELD PT-BLAC | Y | $15,001 - $50,000 | | |
| 17 | FMI LARGE CAP FUND-INST | Y | $1,001 - $15,000 | | |
| 18 | MFS EMERGING MKTS DEBT FD-I | Y | $1,001 - $15,000 | | |
| 19 | JPM MID CAP VALUE FD - L FUND 758 | Y | $15,001 - $50,000 | | |
| 20 | SPDR S&P 500 ETF TRUST | Y | $15,001 - $50,000 | | |
| 21 | AQR LONG-SHORT EQUITY-R6 | Y | $1,001 - $15,000 | | |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 47 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 22 | DODGE & COX INTL STOCK FD | Y | $1,001 - $15,000 | | |
| 23 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 24 | PRUDENTIAL TOTAL RETRN BND-Z | Y | None (or less than $1,001) | | |
| 25 | VANGUARD INTM TRM INV G-ADM | Y | None (or less than $1,001) | | |
| | | | | | |
| | Family Trust 3* | | | Dividends, Capital Gains | $15,001 - $50,000 |
| 1 | ISHARES RUSSELL MIDCAP INDEX FUND | Y | $15,001 - $50,000 | | |
| 2 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 3 | BLACKROCK HIGH YIELD PT-BLAC | Y | $15,001 - $50,000 | | |
| 4 | JPM SHRT-INT MUNI BND FD - CL L FUND 3602 1.48% | Y | $15,001 - $50,000 | | |
| 5 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 6 | JPM US LARGE CP CORE PLUS FD - CL I FUND 1002 | Y | $15,001 - $50,000 | | |
| 7 | MFS EMERGING MKTS DEBT FD-I | Y | $1,001 - $15,000 | | |
| 8 | AQR MANAGED FUTURES STR-R6 | Y | $1,001 - $15,000 | | |
| 9 | DODGE & COX INTL STOCK FD | Y | $15,001 - $50,000 | | |
| 10 | SPDR S&P 500 ETF TRUST | Y | $50,001 - $100,000 | | |
| 11 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 12 | AMG MANAGERS PICTET INTERNATIONAL FUND CLASS I | Y | $1,001 - $15,000 | | |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 48 of 51 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 13 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 14 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 15 | ARTISAN INTL VALUE FD-INS | Y | $15,001 - $50,000 | | |
| 16 | PIMCO UNCONSTRAINED BOND-INS | Y | $1,001 - $15,000 | | |
| 17 | JOHN HAN II-ABS RET CURR-I | Y | $1,001 - $15,000 | | |
| 18 | AQR LONG-SHORT EQUITY-R6 | Y | $1,001 - $15,000 | | |
| 19 | JPM MID CAP VALUE FD - L FUND 758 | Y | $15,001 - $50,000 | | |
| 20 | JPM GLBL RES ENH INDEX FD - CL I FUND 3457 | Y | $50,001 - $100,000 | | |
| 21 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | $1,001 - $15,000 | | |
| 22 | U.S. BANK CASH ACCOUNT | N/A | $15,001 - $50,000 | | |
| 23 | PRUDENTIAL TOTAL RETRN BND-Z | Y | None (or less than $1,001) | | |
| 24 | VANGUARD INTM TRM INV G-ADM | Y | None (or less than $1,001) | | |
| 25 | FMI LARGE CAP FUND | Y | None (or less than $1,001) | | |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J Trump | 49 of 51 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 1. | N/A | | | |
| 2. | | | | |
| 3. | | | | |
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Instructions for Part 8

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 50 of 51 |

## Part 8: Liabilities

| # | Creditor Name | Type | Amount | Year Incurred | Rate | Term |
|---|---|---|---|---|---|---|
| 1. | Ladder Capital Finance LLC | Trump Tower Commercial LLC - mortgage | Over $50,000,000 | 2012 | 4.200% | Matures in 2022 |
| 2. | Ladder Capital Finance I LLC | 40 Wall Street LLC - loan | Over $50,000,000 | 2015 | 3.665% | Matures in 2025 |
| 3. | Deutsche Bank Trust Company Americas | Trump National Doral - mortgage | Over $50,000,000 | 2012 | LIBOR + 1.75% or Prime minus .75% | Matures in 2023 |
| 4. | Deutsche Bank Trust Company Americas | Trump National Doral - mortgage | $5,000,001 - $25,000,000 | 2012 | LIBOR + 1.75% or Prime minus .75% | Matures in 2023 |
| 5. | The Bank of New York Mellon Trust Company N.A., as trustee | Fifty-Seventh Street Associates LLC - issuer of secured lease bonds | $500,001 - $1,000,000 | 1996 | 7.125% | Matures in 2017 |
| 6. | Investors Savings Bank | Trump Park Avenue LLC - mortgage | $5,000,001 - $25,000,000 | 2010 | 3.250% | Matures in 2020 |
| 7. | Ladder Capital Finance LLC | Trump Plaza LLC - mortgage | $5,000,001 - $25,000,000 | 2014 | 3.850% | Matures in 2024 |
| 8. | Amboy Bank | Trump National Golf Club Colts Neck LLC - mortgage | $5,000,001 - $25,000,000 | 2008 | 5.250% | Matures in 2028 |
| 9. | Chevy Chase Trust Holdings, Inc. as successor in interest to Bondy Way Development | Trump National Golf Club Washington DC LLC - mortgage | $5,000,001 - $25,000,000 | 2009 | 5.500% | Matures in 2029 |
| 10. | Royal Bank America | Seven Springs - mortgage | $5,000,001 - $25,000,000 | 2000 | 4.000% | Matures in 2019 |
| 11.a. | UBS Real Estate Investments Inc.* | TIHT Commercial LLC - mortgage | $5,000,001 - $25,000,000 | 2006 | 6.180% | Matures in 2016 |
| 11.b. | Ladder Capital Finance LLC* | TIHT Commercial LLC - mortgage | $5,000,001 - $25,000,000 | 2016 | 4.050% | Matures in 2026 |
| 12. | Merrill Lynch Credit Corporation | 1094 S Ocean Blvd - mortgage | $100,001 - $250,000 | 1994 | Six month LIBOR + 1.50% | Matures in 2019 |
| 13. | Merrill Lynch Credit Corporation | 124 Woodbridge Road - mortgage | $50,001 - $100,000 | 1993 | Six month LIBOR + 1.75% | Matures in 2019 |
| 14. | Chicago Unit Acquisition LLC | TIHT Chicago - springing loan | Over $50,000,000 | 2012 | Prime + 5% | Springing loan |
| 15. | Deutsche Bank Trust Company Americas | TIHT Chicago - term loan | $25,000,001 - $50,000,000 | 2012 | LIBOR + 2.00% or Prime minus .50% | Matures in 2024 |
| 16. | Deutsche Bank Trust Company Americas | Trump Old Post Office - loan | Over $50,000,000 | 2015 | LIBOR or Prime + 2.00% | Matures in 2024 |
| 17. | | | | | | |

(*) UBS Real Estate Investments Inc. mortgage (11.a.) was refinanced by Ladder Capital Finance LLC (11.b.) after the close of the reporting period in 2016.

NOTE: Reporting date for liabilities is May 31, 2017 per 5 CFR 2634.308(b)(3).

OGE Form 278e (March 2014)

Instructions for Part 9

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J Trump | 51 of 51 |

## Part 9: Gifts and Travel Reimbursements

| # | Source Name | City/State | Brief Description | Value |
|---|---|---|---|---|
| 1. | N/A | | | |
| 2. | | | | |
| 3. | | | | |
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Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A1 of 47 |

Reference #

Part 2 disclosed entities with assets over $1,000 or which produced income of over $200. This Schedule (EXHIBIT A) discloses the ownership structure of the entities on Part 2, as well as additional entities that are not disclosed on Part 2. For each of the entities below that are not disclosed on Part 2, the numerical or text label indicates which reason for non-disclosure applies. The numerical labels are as follows: *(1) have no independent value or income and are part of the entity structures listed in Part 2; (2) have no independent value or income and provide back office support functions to other entities; (3) are dormant/inactive; (4) have no independent value or income and exist to hold license deals that are prospective, inactive, or otherwise do not currently have valuable assets or create income; or (5) have no independent value or income, not inactive nor dormant, not part of an entity structure or license deal. This Schedule is being provided to ensure a complete picture of the assets and holdings of the filer. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this exhibit. All of the interests listed below in this exhibit, which were formerly held by Donald J. Trump, directly or indirectly, are now held by The Donald J. Trump Revocable Trust.

1 ***4 SHADOW TREE LANE LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | 4 SHADOW TREE LANE MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

2 ***4 SHADOW TREE LANE MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 4 SHADOW TREE LANE LLC | 1.00% | Managing Member |

3 ***40 Wall Development Associates, LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | Parc Consulting, Inc. | Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Street LLC | 99.90% | Member |
| | 40 WALL STREET COMMERCIAL LLC | 100.00% | Member |
| | 40 Wall Street Member Corp. | 100.00% | Shareholder |

4 ***40 WALL STREET COMMERCIAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 40 Wall Development Associates, LLC | Member |

5 ***40 Wall Street LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | 40 Wall Street Member Corp. | Managing Member |
| | 99.9 | 40 Wall Development Associates, LLC | Member |

6 ***40 Wall Street Member Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 40 Wall Development Associates, LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Street LLC | 0.10% | Managing Member |

7 ***401 MEZZ VENTURE LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CHICAGO MANAGING MEMBER LLC | Managing Member |
| | 49 | TRUMP CHICAGO MEMBER LLC | Member |
| | 50 | TIHT CHICAGO MEMBER ACQUISITION LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 North Wabash Venture LLC | 100.00% | Member |
| | TRUMP CHICAGO RETAIL LLC | 100.00% | Member |

8 ***401 North Wabash Venture LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 MEZZ VENTURE LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP COMMERCIAL CHICAGO LLC | 100.00% | Member |

| | | | |
|---|---|---|---|
| TRUMP PAYROLL CHICAGO LLC | 100.00% | Managing Member | |

9 ***809 NORTH CANON LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | 809 NORTH CANON MEMBER CORPORATION | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

10 ***809 NORTH CANON MEMBER CORPORATION *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 809 NORTH CANON LLC | 1.00% | Managing Member |

11 ***81 Pine Note Holder Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

12 ***845 UN Limited Partnership***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 60 | Trump 845 LP LLC | Partner |
| | 40 | Trump 845 UN GP LLC | Partner |

13 ***Ace Entertainment Holdings Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

14 ***All County Building Supply & Maintenance Corp. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

15 ***AVIATION PAYROLL COMPANY *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

16 ***B. Plaza Realty Corp. *(3)--DISSOLVED 11/10/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

17 ***Beach Haven Apartments #3 LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Member |
| | 75 | Trump Family Members | Member |

18 ***Beach Haven Apt #1, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 0.86% | Partner |
| | Spring Creek Plaza LLC | 0.86% | Member |

20 ***Beach Haven Shopping Center LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

21 ***Bedford Hills Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Seven Springs LLC | 0.10% | Member |

22 ***TRUMP BRIARCLIFF MANOR DEVELOPMENT LLC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | BRIARCLIFF PROPERTIES, INC. | Member |
| | 99.9 | DJT HOLDINGS LLC | Member |

23 ***Briar Hall Operations LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | Development Member Inc. | Member |
| | 99.9 | DJT Holdings LLC | Member |

24 ***BRIARCLIFF PROPERTIES, INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | BRIAR HALL DEVELOPMENT LLC (N/K/A TRUMP BRIARCLIFF MANOR DEVELOPMENT LLC) | 0.10% | Member |

25 ***Caribusiness Investments, S.R.L.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE CARIBUSINESS RE CORP | Member |
| | 99 | CARIBUSINESS MRE LLC | Member |

26 ***CARIBUSINESS MRE LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE CARIBUSINESS RE CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Caribusiness Investments, S.R.L. | 99.00% | Member |

27 ***Chelsea Hall LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

28 ***CHICAGO UNIT ACQUISITION LLC *(6)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

29 ***CHINA TRADEMARK LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

30 ***Clyde Hall, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

31 ***Coronet Hall, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

32 ***Country Apartments, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

33 ***Country Investors LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

34 ***Country Properties, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

35 ***D B PACE ACQUISITION MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | | |
|---|---|---|---|
| D B Pace Acquisition, LLC | 1.00% | Managing Member | |

36 ***D B Pace Acquisition, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | D B PACE ACQUISITION MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

37 ***Development Member Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Briar Hall Operations LLC | 0.10% | Member |

38 ***DJ Aerospace (Bermuda) Limited *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

39 ***DJT AEROSPACE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

40 ***DJT ENTREPRENEUR MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | 0.10% | Managing Member |

41 ***DJT ENTREPRENEUR MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | 91.90% | Member |

42 ***DJT HOLDINGS LLC***

| Assumed Names : | D/B/A | Jurisdiction | Expiration Date | Filing Date |
|---|---|---|---|---|
| | DJT 3 HOLDINGS LLC | Florida | | |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DJT HOLDINGS MANAGING MEMBER LLC | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

43 ***DJT HOLDINGS MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

44 ***DJT LAND HOLDINGS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

45 ***DJT OPERATIONS CX LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

46 ***DJT OPERATIONS I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

47 ***DJT OPERATIONS II LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TAG AIR INC. | 100.00% | Shareholder |

48 ***Donald J Trump Enterprises LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

49 ***Donald J. Trump Enterprises II LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

50 ***Donald J. Trump Enterprises III LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

51 ***DSN LICENSING LLC *(3)--DISSOLVED 11/9/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Trump, Donald J. | Member |
| | 99 | DSN LICENSING MEMBER CORP | Managing Member |

52 ***DSN LICENSING MEMBER CORP *(3)--DISSOLVED 11/9/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DSN LICENSING LLC | 99.00% | Managing Member |

53 ***DT APP WARRANT HOLDING LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT APP WARRANT HOLDING MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

54 ***DT APP WARRANT HOLDING MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT APP WARRANT HOLDING LLC | 1.00% | Managing Member |

55 ***DT CONNECT II LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT CONNECT II MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

56 ***DT CONNECT II MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT CONNECT II LLC | 1.00% | Managing Member |

59 ***DT DUBAI GOLF MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT DUBAI GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

60 ***DT DUBAI GOLF MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT DUBAI GOLF MANAGER LLC | 1.00% | Managing Member |

61 ***DT DUBAI II GOLF MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT DUBAI II GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

62 ***DT DUBAI II GOLF MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT DUBAI II GOLF MANAGER LLC | 1.00% | Managing Member |

63 ***DT HOME MARKS INTERNATIONAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT HOME MARKS INTERNATIONAL MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

64 ***DT HOME MARKS INTERNATIONAL MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT HOME MARKS INTERNATIONAL LLC | 1.00% | Managing Member |

65 ***DT INDIA VENTURE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT INDIA VENTURE MANAGING MEMBER CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

66 ***DT INDIA VENTURE MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT INDIA VENTURE LLC | 1.00% | Member |

67 ***DT MARKS BAKU LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS BAKU MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

68 ***DT MARKS BAKU MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS BAKU LLC | 1.00% | Managing Member |

71 ***DT MARKS DUBAI LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS DUBAI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

72 ***DT MARKS DUBAI MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS DUBAI LLC | 1.00% | Managing Member |

73 ***DT MARKS GURGAON LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS GURGAON MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

74 *DT MARKS GURGAON MANAGING MEMBER CORP *(4)*

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | DT MARKS GURGAON LLC | 1.00% | Managing Member | |

75 *DT MARKS JERSEY CITY LLC *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM OPERATIONS LLC | Member |

76 *DT MARKS JUPITER LLC *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM OPERATIONS LLC | Managing Member |

77 *DT MARKS PRODUCTS INTERNATIONAL LLC *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PRODUCTS INTERNATIONAL MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

78 *DT MARKS PRODUCTS INTERNATIONAL MEMBER CORP *(4)*

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | DT MARKS PRODUCTS INTERNATIONAL LLC | 1.00% | Managing Member | |

79 *DT MARKS PUNE II LLC *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PUNE II MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

80 *DT MARKS PUNE II MANAGING MEMBER CORP *(3)*

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | DT MARKS PUNE II LLC | 1.00% | Managing Member | |

81 *DT MARKS PUNE LLC *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PUNE MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

82 *DT MARKS PUNE MANAGING MEMBER CORP *(4)*

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | DT MARKS PUNE LLC | 1.00% | Managing Member | |

83 *DT MARKS QATAR LLC *(3)--DISSOLVED 1/26/17*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS QATAR MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

84 *DT MARKS QATAR MEMBER CORP *(3)--DISSOLVED 1/26/17*

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |

| | | |
|---|---|---|
| DT MARKS QATAR LLC | 1.00% | Managing Member |

85 ***DT MARKS RIO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS RIO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

86 ***DT MARKS RIO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS RIO LLC | 1.00% | Managing Member |

87 ***DT MARKS VANCOUVER LP***

| Owned by : | % Ownership | Name | Title |
|---|---|---|---|
| | 1 | DT MARKS VANCOUVER MEMBER CORP | General Partner |
| | 99 | The Donald J. Trump Revocable Trust | Limited Partner |

88 ***DT MARKS VANCOUVER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS VANCOUVER LP | 1.000000 units (100.00 %) | General Partner |

89 ***DT Marks Worli LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT Marks Worli Member Corp | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

90 ***DT Marks Worli Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT Marks Worli LLC | 1.00% | Managing Member |

91 ***DT TOWER GURGAON LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT TOWER GURGAON MANAGING MEMBER CORP | Managing Member |
| | 99 | TTTT Venture LLC | Member |

92 ***DT TOWER GURGAON MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT TOWER GURGAON LLC | 1.00% | Managing Member |

93 ***DTW VENTURE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

94 ***DTW VENTURE MANAGING MEMBER CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

95 ***EID Venture I Corporation *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

96 ***EID Venture I LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| 100 | DTTM OPERATIONS LLC | Member |

97 ***Excel Venture I Corporation *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Excel Venture I LLC | 1.00% | Managing Member |

98 ***Excel Venture I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Excel Venture I Corporation | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

99 ***Fifty-Seven Management Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Fifty-Seventh Street Associates LLC | 1.00% | Managing Member |

100 ***Fifty-Seventh Street Associates LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Fifty-Seven Management Corp. | Managing Member |
| | 99 | The Trump-Equitable Fifth Avenue Company | Member |

101 ***FIRST MEMBER INC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PALACE/PARC LLC | 0.10% | Managing Member |

102 ***FLIGHTS INC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

103 ***FLORIDA PROPERTIES MANAGEMENT LC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

104 ***Fountainbleu Apartments LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

105 ***Golf Productions LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Golf Productions Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

106 ***Golf Productions Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Golf Productions LLC | 1.00% | Managing Member |

107 ***Golf Recreation Scotland Limited *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TURNBERRY SCOTLAND LLC | Sole Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP TURNBERRY | 100.00% | Shareholder |

108 ***HELICOPTER AIR SERVICES INC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

110 ***Hudson Waterfront Associates I, LP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT I CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES I, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 555 Owners, LLC | 100.00% | Partner |

111 ***Hudson Waterfront Associates II, LP *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT II CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES II, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

112 ***Hudson Waterfront Associates III, LP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT III CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES III, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 III LLC | 100.00% | Partner |

113 ***Hudson Waterfront Associates IV, LP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT IV CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES IV, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 IV LLC | 100.00% | Partner |

114 ***Hudson Waterfront Associates V LP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT V CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES V, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 V LLC | 100.00% | Partner |

116 ***Indian Hills Holdings LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

117 ***TRUMP NATIONAL GOLF CLUB - JUPITER***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | JUPITER GOLF CLUB MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

118 ***JUPITER GOLF CLUB MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - JUPITER | 1.00% | Managing Member |

119 ***LAMINGTON FAMILY HOLDINGS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

120 ***TRUMP NATIONAL GOLF CLUB - BEDMINSTER***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | LFB ACQUISITION LLC | Member |

121 ***Lawrence Towers Apartments LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

122 ***LFB ACQUISITION LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | LFB ACQUISITION MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - BEDMINSTER | 100.00% | Member |

123 ***LFB ACQUISITION MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | LFB ACQUISITION LLC | 1.00% | Managing Member |

125 ***MAR-A-LAGO CLUB INC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | MAR-A-LAGO CLUB, L.L.C. | 0.01% | Member |
| | MALC, Inc. | 100.00% | Shareholder |

126 ***MAR-A-LAGO CLUB, L.L.C.***

| Assumed Names : | D/B/A |
|---|---|
| | MAR-A-LAGO CLUB, L.L.C., L.C. |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.01 | MAR-A-LAGO CLUB INC | Member |
| | 99.99 | The Donald J. Trump Revocable Trust | Member |

127 ***Midland Associates *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Partner |
| | 75 | Trump Family Members | Partner |

128 ***NITTO WORLD CO., LIMITED *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP TURNBERRY | Shareholder |

129 ***OCEAN DEVELOPMENT MEMBER INC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | OCEAN DEVELOPMENT SERVICES LLC | 1.00% | Member |

131 ***One Central Park West Associates *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 50 | TRUMP CENTRAL PARK WEST CORP | Partner |
| | 50 | GALBREATH COLUMBUS CIRCLE DEVELOPMENT ASSOCIATES, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | One Central Park West PT Associates | 34.30% | Member |

132 ***One Central Park West PT Associates *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 34.3 | One Central Park West Associates | Partner |
| | 65.7 | CPW PT Partners, G.P. | Partner |

133 ***OPO HOTEL MANAGER LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | OPO HOTEL MANAGER MEMBER CORP | Managing Member |
| | 22.50 | Trump Family Members | Member |
| | 76.50 | DJT HOLDINGS LLC | Member |

134 ***OPO HOTEL MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | OPO HOTEL MANAGER LLC | 1.00% | Managing Member |

135 ***OWO DEVELOPER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

136 ***PANAMA OCEAN CLUB MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | PANAMA OCEAN CLUB MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

137 ***PANAMA OCEAN CLUB MANAGEMENT MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | PANAMA OCEAN CLUB MANAGEMENT LLC | 1.00% | Managing Member |

138 ***Paramount RPV Holdings LLC *(3)--DISSOLVED 10/14/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Paramount RPV Holdings Manager Corp | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

139 ***Paramount RPV Holdings Manager Corp *(3)--DISSOLVED 10/14/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Paramount RPV Holdings LLC | 1.00% | Managing Member |

140 ***Parc Consulting, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Development Associates, LLC | 0.10% | Member |

141 ***Park Briar Associates *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Partner |
| | 75 | Trump Family Members | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.47% | Partner |
| | Spring Creek Plaza LLC | 1.47% | Member |

142 ***PINE HILL DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | PINE HILL DEVELOPMENT MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

143 ***PINE HILL DEVELOPMENT MANAGING MEMBER CORP *(1)***

Owned by : % Ownership: 100 | Name: DJT Holdings Managing Member LLC | Role: Shareholder

Has ownership interest in : Entity Name: PINE HILL DEVELOPMENT LLC | Ownership: 1.00% | Title: Managing Member

144 ***Plaza Consulting Corp. *(1)***

Owned by : % Ownership: 100 | Name: The Donald J. Trump Revocable Trust | Role: Shareholder

Has ownership interest in : Entity Name: The East 61 Street Company, LP | Ownership: 0.10% | Title: Partner

145 ***POKER VENTURE LLC *(3)***

Owned by : % Ownership: 1 | Name: POKER VENTURE MANAGING MEMBER CORP | Role: Managing Member

% Ownership: 99 | Name: DTTM OPERATIONS LLC | Role: Member

146 ***POKER VENTURE MANAGING MEMBER CORP *(3)***

Owned by : % Ownership: 100 | Name: DTTM Operations Managing Member Corp | Role: Shareholder

Has ownership interest in : Entity Name: POKER VENTURE LLC | Ownership: 1.00% | Title: Managing Member

147 ***Reg-Tru Equities, LTD *(3)***

Owned by : % Ownership: 100 | Name: DJT Holdings Managing Member LLC | Role: Shareholder

148 ***RESTAURANT 40 LLC *(3)--DISSOLVED 11/9/16***

Owned by : % Ownership: 1 | Name: Restaurant 40 Member Corp | Role: Managing Member

% Ownership: 99 | Name: Trump, Donald J. | Role: Member

149 ***RESTAURANT 40 MEMBER CORP *(3)--DISSOLVED 11/9/16***

Owned by : % Ownership: 100 | Name: Trump, Donald J. | Role: Shareholder

Has ownership interest in : Entity Name: RESTAURANT 40 LLC | Ownership: 1.00% | Title: Managing Member

150 ***RPV DEVELOPMENT LLC *(1)***

Owned by : % Ownership: 100 | Name: DJT HOLDINGS MANAGING MEMBER LLC | Role: Member

Has ownership interest in : Entity Name: TRUMP NATIONAL GOLF CLUB - LOS ANGELES | Ownership: 100.00% | Title: Shareholder

151 ***SCOTLAND ACQUISITIONS LLC *(3)***

Owned by : % Ownership: 100 | Name: DJT Holdings LLC | Role: Member

152 ***SENTIENT JETS MEMBER CORP *(3)--DISSOLVED 11/9/16***

Owned by : % Ownership: 100 | Name: Trump, Donald J. | Role: Shareholder

Has ownership interest in : Entity Name: TRUMP JETS LLC | Ownership: 1.00% | Title: Managing Member

153 ***Seven Springs LLC***

Owned by : % Ownership: 0.1 | Name: Bedford Hills Corp. | Role: Managing Member

% Ownership: 99.9 | Name: DJT HOLDINGS LLC | Role: Member

154 ***Shore Haven Apt#1, Inc. *(1)***

Owned by : % Ownership | Name | Role

| | | | |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.72% | Partner |
| | Spring Creek Plaza LLC | 1.72% | Member |

156 ***Shore Haven Shopping Center LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

157 ***TRUMP TURNBERRY***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Golf Recreation Scotland Limited | Sole Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | NITTO WORLD CO., LIMITED | 100.00% | Shareholder |

159 ***Sussex Hall, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

160 ***T International Realty LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 55 | The Donald J. Trump Revocable Trust | Managing Member |
| | 45 | Trump Family Members | Member |

161 ***TAG AIR INC. *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT OPERATIONS II LLC | Shareholder |

162 ***THC BAKU HOTEL MANAGER SERVICES LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC BAKU HOTEL MANAGER SERVICES MEMBER CORP. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

163 ***THC BAKU HOTEL MANAGER SERVICES MEMBER CORP. *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC BAKU HOTEL MANAGER SERVICES LLC | 1.00% | Managing Member |

164 ***THC BAKU SERVICES LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC BAKU SERVICES MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

165 ***THC BAKU SERVICES MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC BAKU SERVICES LLC | 1.00% | Managing Member |

166 ***THC Barra Hotelaria LTDA. *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT Holdings LLC | Shareholder |
| | 1 | THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP | Shareholder |

167 ***THC CENTRAL RESERVATIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC CENTRAL RESERVATIONS MEMBER CORP | Managing Member |

| | | |
|---|---|---|
| 99 | DJT Holdings LLC | Member |

168 ***THC CENTRAL RESERVATIONS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CENTRAL RESERVATIONS LLC | 1.00% | Managing Member |

169 ***THC CHINA DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | Member |

170 ***THC CHINA TECHNICAL SERVICES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC CHINA TECHNICAL SERVICES MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

171 ***THC CHINA TECHNICAL SERVICES MANAGER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CHINA TECHNICAL SERVICES LLC | 1.00% | Managing Member |

172 ***THC DEVELOPMENT BRAZIL LLC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

173 ***THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC DEVELOPMENT BRAZIL LLC. | 1.00% | Managing Member |
| | THC Barra Hotelaria LTDA | 1.00% | Managing Member |

176 ***THC HOTEL DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

177 ***THC IMEA DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | Member |

178 ***THC MIAMI RESTAURANT HOSPITALITY LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC MIAMI RESTAURANT HOSPITALITY MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

179 ***THC MIAMI RESTAURANT HOSPITALITY MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC MIAMI RESTAURANT HOSPITALITY LLC | 1.00% | Managing Member |

180 ***THC QATAR HOTEL MANAGER LLC *(3)--DISSOLVED 1/26/17***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | 1 | THC QATAR HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

181 ***THC QATAR HOTEL MANAGER MEMBER CORP *(3)--DISSOLVED 1/26/17***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC QATAR HOTEL MANAGER LLC | 1.00% | Managing Member |

182 ***THC RIO MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC RIO MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

183 ***THC RIO MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC RIO MANAGER LLC | 1.00% | Managing Member |

184 ***THC SALES & MARKETING LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SALES & MARKETING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

185 ***THC SALES & MARKETING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SALES & MARKETING LLC | 1.00% | Managing Member |

186 ***THC SERVICES SHENZHEN LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SERVICES SHENZHEN MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

187 ***THC SERVICES SHENZHEN MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SERVICES SHENZHEN LLC | 1.00% | Managing Member |

188 ***THC SHENZHEN HOTEL MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SHENZHEN HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

189 ***THC SHENZHEN HOTEL MANAGER MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SHENZHEN HOTEL MANAGER LLC | 1.00% | Managing Member |

190 ***THC VANCOUVER MANAGEMENT CORP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

191 ***THC VANCOUVER PAYROLL ULC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| 100 | THC VANCOUVER MANAGEMENT CORP | Member |

192 ***THC VENTURE I LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT HOLDINGS LLC | Member |
| | 1 | THC VENTURE I MANAGING MEMBER CORP | Member |

193 ***THC VENTURE I MANAGING MEMBER CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC VENTURE I LLC | 1.00% | Managing Member |

194 ***THC VENTURE II LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC VENTURE II MANAGING MEMBER CORP. | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

195 ***THC VENTURE II MANAGING MEMBER CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC VENTURE II LLC | 1.00% | Managing Member |

196 ***THC VENTURE III LLC - N/K/A TTTT Venture LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TTTT Venture Member Corp | Managing Member |
| | 76.272 | DTTM OPERATIONS LLC | Member |
| | 22.728 | Trump Family Members | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

197 ***THC VENTURE III MEMBER CORP - N/K/A TTTT Venture Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TTTT VENTURE LLC | 1.00% | Managing Member |

198 ***THE CARIBUSINESS RE CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | CARIBUSINESS MRE LLC | 1.00% | Managing Member |
| | Caribusiness Investments, S.R.L. | 1.00% | Member |

199 ***The East 61 Street Company, LP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99.9 | The Donald J. Trump Revocable Trust | Partner |
| | 0.1 | Plaza Consulting Corp. | Partner |

200 ***THE TRUMP CORPORATION***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

201 ***THE TRUMP ENTREPRENEUR INITIATIVE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | Managing Member |

Reference #

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP EDUCATION ULC | 100.00% | Shareholder |

202 ***THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | DJT ENTREPRENEUR MANAGING MEMBER LLC (FORMALLY KNOWN AS DJT UNIVERSITY MANAGING MEMBER LLC) | Managing Member |
| | 3.5 | Spitalny, Jonathan | Member |
| | 4.5 | Sexton, Michael | Member |
| | 91.9 | DJT ENTREPRENEUR MEMBER LLC (FORMALLY KNOWN AS DJT UNIVERSITY MEMBER LLC) | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC | 100.00% | Managing Member |

203 ***THE TRUMP FOLLIES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE TRUMP FOLLIES MEMBER INC. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

204 ***THE TRUMP FOLLIES MEMBER INC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP FOLLIES LLC | 1.00% | Managing Member |

205 ***The Trump Hotel Corp. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

206 ***THE TRUMP MARKS REAL ESTATE CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS REAL ESTATE LLC | 1.00% | Member |

207 ***The Trump Organization, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

208 ***The Trump-Equitable Fifth Avenue Company***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | The Donald J. Trump Revocable Trust | Partner |
| | 1 | TIPPERARY REALTY CORPORATION | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Fifty-Seventh Street Associates LLC | 99.00% | Member |
| | TRUMP TOWER COMMERCIAL LLC | 99.00% | Member |

209 ***TIGL COMMON AREA MANAGEMENT CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

211 ***TRUMP INTERNATIONAL GOLF LINKS - DOONBEG***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TW VENTURE II LLC | Sole Member |

212 ***TIGL IRELAND MANAGEMENT LIMITED *(assets & income already disclosed on Part 2 under TRUMP INTERNATIONAL GOLF LINKS - DOONBEG; operator of suites)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG | Sole Member |

213 *TIHC RESERVATIONS LLC *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

214 *TIHH MEMBER CORP *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTEL HAWAII LLC | 1.00% | Managing Member |

215 *TIHH MEMBER LLC *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTEL HAWAII LLC | 99.00% | Member |

216 *TIHM MEMBER CORP. *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | 0.10% | Managing Member |

217 *TIHT CHICAGO MEMBER ACQUISITION LLC *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 50.00% | Member |

218 *TIHT COMMERCIAL LLC*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.01 | TIHT MEMBER LLC | Member |
| | 99.99 | The Donald J. Trump Revocable Trust | Managing Member |

219 *TIHT HOLDING COMPANY LLC*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

220 *TIHT MEMBER LLC *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TIHT COMMERCIAL LLC | 0.01% | Member |

221 *TIPPERARY REALTY CORP. *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | The Trump-Equitable Fifth Avenue Company | 1.00% | Partner |

222 *TMG Member, LLC *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Trump Model Management LLC | 85.00% | Member |

223 *TRUMP NATIONAL GOLF CLUB - CHARLOTTE*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 1 | TNGC CHARLOTTE MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

224 ***TNGC CHARLOTTE MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - CHARLOTTE | 1.00% | Managing Member |

225 ***TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC DUTCHESS COUNTY MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

226 ***TNGC DUTCHESS COUNTY MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY | 1.00% | Managing Member |

227 ***TNGC JUPITER MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC JUPITER MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

228 ***TNGC JUPITER MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TNGC JUPITER MANAGEMENT LLC | 1.00% | Managing Member |

229 ***TRUMP NATIONAL GOLF CLUB - PHILADELPHIA***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC PINE HILL MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

230 ***TNGC PINE HILL MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - PHILADELPHIA | 1.00% | Managing Member |

231 ***Toronto Development LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

232 ***TP-CFD MANAGER CORP *(3)--DISSOLVED 10/18/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TP-CFD, LLC | 1.00% | Managing Member |

233 ***TP-CFD, LLC *(3)--DISSOLVED 10/18/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TP-CFD MANAGER CORP | Managing Member |
| | 99 | Trump, Donald J. | Member |

234 ***TRUMP 106 CPS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

235 ***Trump 845 LP LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 845 UN Limited Partnership | 60.00% | Partner |

236 ***TRUMP 845 UN GP LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TRUMP 845 UN MGR CORP | Managing Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 845 UN Limited Partnership | 40.00% | Partner |

237 ***TRUMP 845 UN MGR CORP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP 845 UN GP LLC | 0.10% | Managing Member |

238 ***TRUMP 845 UN MGR LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

239 ***TRUMP AC CASINO MARKS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP AC CASINO MARKS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

240 ***TRUMP AC CASINO MARKS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP AC CASINO MARKS LLC | 1.00% | Managing Member |

241 ***TRUMP ACQUISITION CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP ACQUISITION, LLC | 1.00% | Managing Member |

242 ***TRUMP ACQUISITION, LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP ACQUISITION CORP. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

243 ***TRUMP BOOKS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP BOOKS MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

244 ***TRUMP BOOKS MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP BOOKS LLC | 1.00% | Managing Member |

245 ***TRUMP BRAZIL LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| 100 | DJT Holdings LLC | Member |

246 ***TRUMP CANADIAN SERVICES, INC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

247 ***TRUMP CANOUAN ESTATE LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CANOUAN ESTATE MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

248 ***TRUMP CANOUAN ESTATE MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CANOUAN ESTATE LLC | 1.00% | Managing Member |

249 ***TRUMP CARIBBEAN LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

250 ***TRUMP CAROUSEL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CAROUSEL MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

251 ***TRUMP CAROUSEL MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CAROUSEL LLC | 1.00% | Managing Member |

252 ***TRUMP CENTRAL PARK WEST CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | One Central Park West Associates | 50.00% | Partner |

253 ***Trump Chicago Commercial Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CHICAGO COMMERCIAL MANAGER LLC | 1.00% | Managing Member |

254 ***TRUMP CHICAGO COMMERCIAL MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Trump Chicago Commercial Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

255 ***TRUMP CHICAGO DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

256 ***TRUMP CHICAGO HOTEL MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Trump Chicago Hotel Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

257 ***Trump Chicago Hotel Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | |
|---|---|---|
| TRUMP CHICAGO HOTEL MANAGER LLC | 1.00% | Managing Member |

258 ***TRUMP CHICAGO MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 1.00% | Member |

259 ***TRUMP CHICAGO MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 49.00% | Member |

260 ***TRUMP CHICAGO RESIDENTIAL MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Trump Chicago Residential Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

261 ***Trump Chicago Residential Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CHICAGO RESIDENTIAL MANAGER LLC | 1.00% | Managing Member |

262 ***TRUMP CHICAGO RETAIL LLC *(assets & income already disclosed on Part 2 under 401 North Wabash Venture LLC; operator of retail space)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 MEZZ VENTURE LLC | Member |

263 ***TRUMP CHICAGO RETAIL MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CHICAGO RETAIL MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

264 ***TRUMP CHICAGO RETAIL MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CHICAGO RETAIL MANAGER LLC | 1.00% | Managing Member |

265 ***TRUMP CLASSIC CARS LLC *(4)--DISSOLVED 10/17/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CLASSIC CARS MEMBER CORP | Member |
| | 99 | Trump, Donald J. | Member |

266 ***TRUMP CLASSIC CARS MEMBER CORP *(4)--DISSOLVED 10/17/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CLASSIC CARS LLC | 1.00% | Member |

267 ***TRUMP COMMERCIAL CHICAGO LLC *(assets & income already disclosed on Part 2 under 401 North Wabash Venture LLC; operator of commercial space)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 North Wabash Venture LLC | Member |

268 ***TRUMP CPS CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CPS LLC | 0.10% | Managing Member |

269 ***TRUMP CPS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TRUMP CPS CORP | Managing Member |

Reference #

| | | | |
|---|---|---|---|
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

270 ***TRUMP DELMONICO LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PARK AVENUE LLC | 50.00% | Managing Member |

271 ***TRUMP DEVELOPMENT SERVICES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP DEVELOPMENT SERVICES MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

272 ***TRUMP DEVELOPMENT SERVICES MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP DEVELOPMENT SERVICES LLC | 1.00% | Managing Member |

275 ***TRUMP DRINKS ISRAEL LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP DRINKS ISRAEL MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

276 ***TRUMP DRINKS ISRAEL MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP DRINKS ISRAEL LLC | 1.00% | Managing Member |

277 ***TRUMP EDUCATION ULC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | Shareholder |

278 ***TRUMP EMPIRE STATE INC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

279 ***TRUMP NATIONAL DORAL***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP ENDEAVOR 12 MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

280 ***TRUMP ENDEAVOR 12 MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL DORAL | 1.00% | Managing Member |

281 ***TRUMP EU MARKS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP EU MARKS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

282 ***TRUMP EU MARKS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | |
|---|---|---|
| TRUMP EU MARKS LLC | 1.00% | Managing Member |

283 *TRUMP FERRY POINT LLC*

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | Trump Golf Links Ferry Point | Delaware |
| | Trump Golf Links Ferry Point | New York |
| | Trump Golf Links | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP FERRY POINT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

284 *TRUMP FERRY POINT MEMBER CORP *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP FERRY POINT LLC | 1.00% | Managing Member |

285 *TRUMP FLORIDA MANAGEMENT LLC *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP FLORIDA MANAGER CORP | Member |
| | 99 | DJT HOLDINGS LLC | Member |

286 *TRUMP FLORIDA MANAGER CORP *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP FLORIDA MANAGEMENT LLC | 1.00% | Member |

287 *TRUMP GOLF ACQUISITIONS LLC*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

288 *TRUMP GOLF COCO BEACH LLC *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP GOLF COCO BEACH MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

289 *TRUMP GOLF COCO BEACH MEMBER CORP *(4)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP GOLF COCO BEACH LLC | 1.00% | Managing Member |

290 *TRUMP GOLF MANAGEMENT LLC *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

291 *TRUMP HOME MARKS LLC*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP HOME MARKS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

292 *TRUMP HOME MARKS MEMBER CORP *(1)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP HOME MARKS LLC | 1.00% | Managing Member |

293 *TRUMP ICE INC *(3)*

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

294 ***TRUMP ICE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

295 ***TRUMP INTERNATIONAL DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP INTERNATIONAL DEVELOPMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

296 ***TRUMP INTERNATIONAL DEVELOPMENT MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL DEVELOPMENT LLC | 1.00% | Managing Member |

297 ***TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT HOLDINGS MANAGING MEMBER LLC | Member |
| | 1 | TRUMP SCOTLAND MEMBER INC | Member |

298 ***Trump International Golf Club, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF CLUB - FLORIDA | 0.001% | Member |

299 ***TRUMP INTERNATIONAL GOLF CLUB - FLORIDA***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.001 | Trump International Golf Club, Inc. | Member |
| | 99.999 | The Donald J. Trump Revocable Trust | Member |

300 ***TRUMP INTERNATIONAL HOTEL HAWAII LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TIHH MEMBER CORP | Managing Member |
| | 99 | TIHH MEMBER LLC | Member |

301 ***TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | TRUMP HOTEL COLLECTION | Hawaii |
| | TRUMP HOTEL COLLECTION | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TIHM MEMBER CORP. | Managing Member |
| | 99.9 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CHINA DEVELOPMENT LLC | 100.00% | Member |
| | THC IMEA DEVELOPMENT LLC | 100.00% | Member |

302 ***TRUMP JETS LLC *(3)--DISSOLVED 11/9/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | SENTIENT JETS MEMBER CORP XXXXXXXX | Managing Member |
| | 99 | Trump, Donald J. | Member |

303 ***Trump Korea LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 41 | DAEWOO AMERICA DEVELOPMENT (NEW YORK) CORP | Member |
| | 59 | TRUMP KOREAN PROJECTS LLC | Member |

304 ***TRUMP KOREAN PROJECTS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | Trump Korea LLC | 59.00% | Member |

305 ***TRUMP LAS OLAS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP LAS OLAS MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

306 ***TRUMP LAS OLAS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP LAS OLAS LLC | 1.00% | Managing Member |

307 ***TRUMP LAS VEGAS CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP LAS VEGAS MANAGING MEMBER LLC | 6.00% | Managing Member |
| | TRUMP LAS VEGAS MEMBER LLC | 6.00% | Managing Member |

308 ***TRUMP LAS VEGAS DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

309 ***TRUMP LAS VEGAS MANAGING MEMBER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 6 | TRUMP LAS VEGAS CORP | Member |
| | 94 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN LLC | 1.00% | Managing Member |

310 ***TRUMP LAS VEGAS MEMBER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 6 | TRUMP LAS VEGAS CORP | Member |
| | 94 | DJT HOLDINGS LLC | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN LLC | 49.00% | Member |

311 ***Trump Las Vegas Sales & Marketing, Inc.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

312 ***TRUMP LAUDERDALE DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

313 ***TRUMP LAUDERDALE DEVELOPMENT NO 2 LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

314 ***TRUMP MARKETING LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

315 ***TRUMP MARKS ASIA CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS ASIA LLC | 1.00% | Managing Member |

316 ***TRUMP MARKS ASIA LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS ASIA CORP | Managing Member |

| | | |
|---|---|---|
| 99 | DJT HOLDINGS LLC | Member |

317 ***TRUMP MARKS ATLANTA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS ATLANTA MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

318 ***TRUMP MARKS ATLANTA MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS ATLANTA LLC | 1.00% | Managing Member |

321 ***TRUMP MARKS BATUMI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS BATUMI MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

322 ***TRUMP MARKS BATUMI MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS BATUMI LLC | 1.00% | Managing Member |

325 ***TRUMP MARKS CANOUAN CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS CANOUAN LLC | 1.00% | Managing Member |

326 ***TRUMP MARKS CANOUAN LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS CANOUAN CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

327 ***TRUMP MARKS CHICAGO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS CHICAGO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

328 ***TRUMP MARKS CHICAGO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS CHICAGO LLC | 1.00% | Managing Member |

329 ***TRUMP MARKS DUBAI CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS DUBAI LLC | 1.00% | Managing Member |

330 ***TRUMP MARKS DUBAI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS DUBAI CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

331 ***TRUMP MARKS EGYPT CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS EGYPT LLC | 1.00% | Managing Member | |

332 ***TRUMP MARKS EGYPT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS EGYPT CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

333 ***TRUMP MARKS FINE FOODS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS FINE FOODS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

334 ***TRUMP MARKS FINE FOODS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS FINE FOODS LLC | 1.00% | Managing Member | |

335 ***TRUMP MARKS FT LAUDERDALE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS FT LAUDERDALE MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

336 ***TRUMP MARKS FT LAUDERDALE MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS FT LAUDERDALE LLC | 1.00% | Managing Member | |

337 ***TRUMP MARKS GP CORP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS HOLDINGS LP | 1.00% | Partner | |

338 ***TRUMP MARKS HOLDINGS LP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 1 | TRUMP MARKS GP CORP | | Partner |
| | 99 | DTTM Operations LLC | | Partner |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS LLC | 100.00% | Member | |

339 ***TRUMP MARKS HOLLYWOOD CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS HOLLYWOOD LLC | 1.00% | Managing Member | |

340 ***TRUMP MARKS HOLLYWOOD LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS HOLLYWOOD CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

341 ***TRUMP MARKS ISTANBUL II CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | TRUMP MARKS INSTANBUL II LLC | 1.00% | Managing Member | |

342 ***TRUMP MARKS ISTANBUL II LLC***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 1 | TRUMP MARKS ISTANBUL II CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

343 ***TRUMP MARKS JERSEY CITY CORP *(4)***

| | | | | |
|---|---|---|---|---|
| Owned by : | % Ownership | Name | | Role |
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | TRUMP MARKS JERSEY CITY LLC | 1.00% | Managing Member | |

344 ***TRUMP MARKS JERSEY CITY LLC *(4)***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 1 | TRUMP MARKS JERSEY CITY CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

345 ***TRUMP MARKS LAS VEGAS CORP *(3)***

| | | | | |
|---|---|---|---|---|
| Owned by : | % Ownership | Name | | Role |
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | TRUMP MARKS LAS VEGAS LLC | 1.00% | Managing Member | |

346 ***TRUMP MARKS LAS VEGAS LLC *(3)***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 1 | TRUMP MARKS LAS VEGAS CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

347 ***TRUMP MARKS LLC***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 100 | TRUMP MARKS HOLDINGS LP | Member |

348 ***TRUMP MARKS MAGAZINE CORP *(3)--DISSOLVED 11/9/16***

| | | | | |
|---|---|---|---|---|
| Owned by : | % Ownership | Name | | Role |
| | 100 | Trump, Donald J. | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | TRUMP MARKS MAGAZINE LLC | 1.00% | Managing Member | |

349 ***TRUMP MARKS MAGAZINE LLC *(3)--DISSOLVED 11/9/16***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 1 | TRUMP MARKS MAGAZINE CORP | Managing Member |
| | 99 | Trump, Donald J. | Member |

350 ***TRUMP MARKS MATTRESS LLC***

| | | | |
|---|---|---|---|
| Owned by : | % Ownership | Name | Role |
| | 1 | TRUMP MARKS MATTRESS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

351 ***TRUMP MARKS MATTRESS MEMBER CORP *(1)***

| | | | | |
|---|---|---|---|---|
| Owned by : | % Ownership | Name | | Role |
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | TRUMP MARKS MATTRESS LLC | 1.00% | Managing Member | |

Reference #

352 ***TRUMP MARKS MENSWEAR LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MENSWEAR MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

353 ***TRUMP MARKS MENSWEAR MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MENSWEAR LLC | 1.00% | Managing Member |

354 ***TRUMP MARKS MORTGAGE CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MTG LLC | 1.00% | Managing Member |

355 ***TRUMP MARKS MTG LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MORTGAGE CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

356 ***TRUMP MARKS MUMBAI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MUMBAI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

357 ***TRUMP MARKS MUMBAI MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MUMBAI LLC | 1.00% | Managing Member |

358 ***TRUMP MARKS NEW ROCHELLE CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS NEW ROCHELLE LLC | 1.00% | Managing Member |

359 ***TRUMP MARKS NEW ROCHELLE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS NEW ROCHELLE CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

360 ***TRUMP MARKS PALM BEACH CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PALM BEACH LLC | 1.00% | Managing Member |

361 ***TRUMP MARKS PALM BEACH LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PALM BEACH CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

362 ***TRUMP MARKS PANAMA CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PANAMA LLC | 1.00% | Managing Member |

363 ***TRUMP MARKS PANAMA LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PANAMA CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

364 ***TRUMP MARKS PHILADELPHIA CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PHILADELPHIA LLC | 1.00% | Managing Member |

365 ***TRUMP MARKS PHILADELPHIA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PHILADELPHIA CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

366 ***TRUMP MARKS PHILIPPINES CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PHILIPPINES LLC | 1.00% | Managing Member |

367 ***TRUMP MARKS PHILIPPINES LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PHILIPPINES CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

368 ***TRUMP MARKS PRODUCTS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PRODUCTS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

369 ***TRUMP MARKS PRODUCTS MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PRODUCTS LLC | 1.00% | Managing Member |

370 ***TRUMP MARKS PUERTO RICO I LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PUERTO RICO I MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

371 ***TRUMP MARKS PUERTO RICO I MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PUERTO RICO I LLC | 1.00% | Managing Member |

372 ***TRUMP MARKS PUERTO RICO II LLC *(3)--DISSOLVED 11/9/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PUERTO RICO II MEMBER CORP | Managing Member |
| | 99 | Trump, Donald J. | Member |

373 ***TRUMP MARKS PUERTO RICO II MEMBER CORP *(3)--DISOLVED 11/10/16***

Owned by : % Ownership 100 Name Trump, Donald J. Role Shareholder

Has ownership interest in : Entity Name TRUMP MARKS PUERTO RICO II LLC Ownership 1.00% Title Managing Member

374 ***TRUMP MARKS PUNTA DEL ESTE LLC *(4)***

Owned by : % Ownership 1 Name TRUMP MARKS PUNTA DEL ESTE MANAGER CORP Role Managing Member

99 DTTM OPERATIONS LLC Member

375 ***TRUMP MARKS PUNTA DEL ESTE MANAGER CORP *(4)***

Owned by : % Ownership 100 Name DTTM Operations Managing Member Corp Role Shareholder

Has ownership interest in : Entity Name TRUMP MARKS PUNTA DEL ESTE LLC Ownership 1.00% Title Managing Member

376 ***TRUMP MARKS REAL ESTATE LLC *(5)***

Owned by : % Ownership 1 Name THE TRUMP MARKS REAL ESTATE CORP Role Member

99 DTTM OPERATIONS LLC Member

377 ***TRUMP MARKS SOHO LICENSE CORP *(4)***

Owned by : % Ownership 100 Name DTTM Operations Managing Member Corp Role Shareholder

Has ownership interest in : Entity Name TRUMP MARKS SOHO LLC Ownership 1.00% Title Member

378 ***TRUMP MARKS SOHO LLC *(4)***

Owned by : % Ownership 1 Name TRUMP MARKS SOHO LICENSE CORP Role Member

99 DTTM OPERATIONS LLC Member

379 ***TRUMP MARKS STAMFORD CORP *(1)***

Owned by : % Ownership 100 Name DTTM Operations Managing Member Corp Role Shareholder

Has ownership interest in : Entity Name TRUMP MARKS STAMFORD LLC Ownership 1.00% Title Member

380 ***TRUMP MARKS STAMFORD LLC***

Owned by : % Ownership 99 Name DTTM OPERATIONS LLC Role Member

1 TRUMP MARKS STAMFORD CORP Member

381 ***TRUMP MARKS SUNNY ISLES I LLC***

Owned by : % Ownership 1 Name TRUMP MARKS SUNNY ISLES I MEMBER CORP Role Member

99 DTTM OPERATIONS LLC Member

382 ***TRUMP MARKS SUNNY ISLES I MEMBER CORP *(1)***

Owned by : % Ownership 100 Name DTTM Operations Managing Member Corp Role Shareholder

Has ownership interest in : Entity Name TRUMP MARKS SUNNY ISLES I LLC Ownership 1.00% Title Member

383 ***TRUMP MARKS SUNNY ISLES II LLC *(4)***

Owned by : % Ownership 1 Name TRUMP MARKS SUNNY ISLES II MEMBER CORP Role Member

99 DTTM OPERATIONS LLC Member

384 ***TRUMP MARKS SUNNY ISLES II MEMBER CORP *(4)***

Owned by : % Ownership 100 Name DTTM Operations Managing Member Corp Role Shareholder

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS SUNNY ISLES II LLC | 1.00% | Member |

385 ***TRUMP MARKS TAMPA CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TAMPA LLC | 1.00% | Member |

386 ***TRUMP MARKS TAMPA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS TAMPA CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

387 ***TRUMP MARKS TORONTO CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TORONTO LLC | 1.00% | Member |

388 ***TRUMP MARKS TORONTO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS TORONTO CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

389 ***TRUMP MARKS TORONTO LP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP TORONTO MEMBER CORP | Member |
| | 99 | DTTM Operations LLC | Member |

390 ***TRUMP MARKS WAIKIKI CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS WAIKIKI LLC | 1.00% | Managing Member |

391 ***TRUMP MARKS WAIKIKI LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WAIKIKI CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

392 ***TRUMP MARKS WESTCHESTER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS WESTCHESTER LLC | 1.00% | Managing Member |

393 ***TRUMP MARKS WESTCHESTER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WESTCHESTER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

394 ***TRUMP MARKS WHITE PLAINS CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS WHITE PLAINS LLC | 1.00% | Managing Member |

395 ***TRUMP MARKS WHITE PLAINS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WHITE PLAINS CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

396 ***TRUMP MIAMI RESORT MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MIAMI RESORT MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

397 ***TRUMP MIAMI RESORT MANAGEMENT MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MIAMI RESORT MANAGEMENT LLC | 1.00% | Managing Member |

398 ***TRUMP MODEL MANAGEMENT LLC***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | TRUMP MODELS | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 15 | Annie Veltri | Member |
| | 85 | TMG Member, LLC | Member |

399 ***TRUMP NATIONAL GOLF CLUB - COLTS NECK***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB COLTS NECK MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

400 ***TRUMP NATIONAL GOLF CLUB COLTS NECK MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - COLTS NECK | 1.00% | Managing Member |

401 ***TRUMP NATIONAL GOLF CLUB - WESTCHESTER***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Managing Member |

402 ***TRUMP NATIONAL GOLF CLUB MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - WESTCHESTER | 1.00% | Managing Member |

403 ***TRUMP NATIONAL GOLF CLUB - WASHINGTON DC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB WASHINGTON DC MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

404 ***TRUMP NATIONAL GOLF CLUB WASHINGTON DC MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - WASHINGTON DC | 1.00% | Managing Member |

405 ***Trump New World Property Management, LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 50 | New World Property Management Limited | Managing Member |
| | 50 | TRUMP RIVERSIDE MANAGEMENT LLC | Managing Member |

406 ***TRUMP OCEAN MANAGER, INC. *(3)--DISSOLVED 11/10/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP OCEAN MANAGING MEMBER LLC | 1.00% | Managing Member |

408 ***TRUMP OLD POST OFFICE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP OLD POST OFFICE MEMBER CORP | Managing Member |
| | 76.725 | DJT HOLDINGS LLC | Member |
| | 22.275 | Trump Family Members | Member |

409 ***TRUMP OLD POST OFFICE MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 77.5 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |
| | 22.5 | Trump Family Members | |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP OLD POST OFFICE LLC | 1.00% | Managing Member |

411 ***TRUMP ORGANIZATION LLC *(3)***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | The Trump Organization | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

412 ***TRUMP PAGEANTS, INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Miss Universe L.P., LLLP | 2.00% | Partner |

413 ***Miss Universe L.P., LLLP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 2 | TRUMP PAGEANTS, INC. | Partner |
| | 98 | DJT Holdings LLC | Partner |

414 ***TRUMP PALACE/PARC LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | FIRST MEMBER INC | Managing Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

415 ***TRUMP PANAMA CONDOMINIUM MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PANAMA CONDOMINIUM MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

416 ***TRUMP PANAMA CONDOMINIUM MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PANAMA CONDOMINIUM MANAGEMENT LLC | 1.00% | Managing Member |

417 ***TRUMP PANAMA HOTEL MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PANAMA HOTEL MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

418 ***TRUMP PANAMA HOTEL MANAGEMENT MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PANAMA HOTEL MANAGEMENT LLC | 1.00% | Managing Member |

419 ***TRUMP PARK AVENUE ACQUISITION LLC *(1)***

Reference #

Owned by : % Ownership 100 Name The Donald J. Trump Revocable Trust Role Member

Has ownership interest in : Entity Name TRUMP PARK AVENUE LLC Ownership 49.90% Title Member

420 *TRUMP PARK AVENUE LLC*

Owned by : % Ownership 0.1 Name GEPT Delmonico LLC Role Member
49.9 TRUMP PARK AVENUE ACQUISITION LLC Member
50 TRUMP DELMONICO LLC Managing Member

421 *TRUMP PAYROLL CHICAGO LLC *(2)*

Owned by : % Ownership 100 Name 401 North Wabash Venture LLC Role Managing Member

422 *TRUMP PAYROLL CORP *(2)*

Owned by : % Ownership 100 Name DJT Holdings Managing Member LLC Role Shareholder

423 *TRUMP PHOENIX DEVELOPMENT LLC *(3)*

Owned by : % Ownership 100 Name DJT Holdings LLC Role Shareholder

424 *TRUMP PLAZA LLC*

Owned by : % Ownership 1 Name TRUMP PLAZA MEMBER INC. Role Managing Member
99 The Donald J. Trump Revocable Trust Member

425 *TRUMP PLAZA MEMBER INC. *(1)*

Owned by : % Ownership 100 Name The Donald J. Trump Revocable Trust Role Shareholder

Has ownership interest in : Entity Name TRUMP PLAZA LLC Ownership 1.00% Title Managing Member

426 *TRUMP PRODUCTIONS LLC*

Owned by : % Ownership 1 Name TRUMP PRODUCTIONS MANAGING MEMBER INC. Role Managing Member
99 DJT Holdings LLC Member

427 *TRUMP PRODUCTIONS MANAGING MEMBER INC. *(1)*

Owned by : % Ownership 100 Name DJT Holdings Managing Member LLC Role Shareholder

Has ownership interest in : Entity Name TRUMP PRODUCTIONS LLC Ownership 1.00% Title Managing Member

428 *TRUMP PROJECT MANAGEMENT CORP *(3)--DISSOLVED 11/10/16*

Owned by : % Ownership 100 Name Trump, Donald J. Role Shareholder

429 *TRUMP REALTY SERVICES LLC *(5)*

Owned by : % Ownership 100 Name DJT Holdings LLC Role Member

430 *Trump Restaurants LLC*

Owned by : % Ownership 100 Name DJT Holdings LLC Role Member

431 *TRUMP RIVERSIDE MANAGEMENT LLC *(3)*

Owned by : % Ownership 100 Name DJT Holdings LLC Role Shareholder

Has ownership interest in : Entity Name Trump New World Property Management, LLC Ownership 50.00% Title Managing Member

Reference #

432 ***TRUMP RUFFIN COMMERCIAL LLC *(assets & income already disclosed on Part 2 under TRUMP RUFFIN TOWER I LLC; operator of front desk)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP RUFFIN TOWER I LLC | Managing Member |

433 ***TRUMP RUFFIN LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP LAS VEGAS MANAGING MEMBER LLC | Managing Member |
| | 49 | TRUMP LAS VEGAS MEMBER LLC | Member |
| | 50 | Hyde Park, LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN TOWER I LLC | 100.00% | Managing Member |

434 ***TRUMP RUFFIN TOWER I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP RUFFIN LLC | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN COMMERCIAL LLC | 100.00% | Managing Member |

435 ***TRUMP SALES & LEASING CHICAGO LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP SALES & LEASING CHICAGO MEMBER CORP | Member |
| | 99 | DJT Holdings LLC | Member |

436 ***TRUMP SALES & LEASING CHICAGO MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP SALES & LEASING CHICAGO LLC | 1.00% | Member |

437 ***TRUMP SCOTLAND MEMBER INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND | 1.00% | Member |

438 ***TRUMP SCOTSBOROUGH SQUARE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP SCOTSBOROUGH SQUARE MEMBER CORP. | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

439 ***TRUMP SCOTSBOROUGH SQUARE MEMBER CORP. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP SCOTSBOROUGH SQUARE LLC | 1.00% | Managing Member |

440 ***TRUMP SOHO MEMBER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

441 ***TRUMP TORONTO DEVELOPMENT, INC. *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

442 ***TRUMP TORONTO HOTEL MANAGEMENT CORP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

443 ***TRUMP TORONTO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TORONTO LP | 1.00% | Member |

444 ***TRUMP TOWER COMMERCIAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP TOWER MANAGING MEMBER INC. | Managing Member |
| | 99 | The Trump-Equitable Fifth Avenue Company | Member |

445 ***TRUMP TOWER MANAGING MEMBER INC.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP TOWER COMMERCIAL LLC | 1.00% | Managing Member |

446 ***Trump Village Construction Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.84% | Partner |
| | Spring Creek Plaza LLC | 1.84% | Member |

447 ***TRUMP VINEYARD ESTATES LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VINEYARD ESTATES MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VINEYARD ESTATES LOT 3 OWNER LLC | 100.00% | Member |

448 ***TRUMP VINEYARD ESTATES LOT 3 OWNER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP VINEYARD ESTATES LLC | Member |

449 ***TRUMP VINEYARD ESTATES MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VINEYARD ESTATES LLC | 1.00% | Managing Member |

450 ***TRUMP VIRGINIA ACQUISITIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VIRGINIA ACQUISITIONS MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

451 ***TRUMP VIRGINIA ACQUISITIONS MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VIRGINIA ACQUISITIONS LLC | 1.00% | Managing Member |

452 ***TRUMP VIRGINIA LOT 5 LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VIRGINIA LOT 5 MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

453 ***TRUMP VIRGINIA LOT 5 MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

Reference #

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VIRGINIA LOT 5 LLC | 1.00% | Managing Member |

454 ***TRUMP WINE MARKS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP WINE MARKS MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

455 ***TRUMP WINE MARKS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP WINE MARKS LLC | 1.00% | Managing Member |

456 ***TRUMP WORLD PRODUCTIONS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP WORLD PRODUCTIONS MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

457 ***TRUMP WORLD PRODUCTIONS MANAGER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP WORLD PRODUCTIONS LLC | 1.00% | Managing Member |

458 ***TRUMP WORLD PUBLICATIONS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

459 ***TRUMP'S CASTLE MANAGEMENT CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

460 ***TURNBERRY SCOTLAND LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TURNBERRY SCOTLAND MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Golf Recreation Scotland Limited | 100.00% | Sole Member |

461 ***TURNBERRY SCOTLAND MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TURNBERRY SCOTLAND LLC | 1.00% | Managing Member |

462 ***TW VENTURE I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TW VENTURE I MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

463 ***TW VENTURE I MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TW VENTURE I LLC | 1.00% | Managing Member |

464 ***TW VENTURE II LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 1 | TW VENTURE II MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG | 100.00% | Shareholder |

465 ***TW VENTURE II MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TW VENTURE II LLC | 1.00% | Managing Member |

466 ***ULTIMATE AIR CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

467 ***UNIT 2502 ENTERPRISES CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | UNIT 2502 ENTERPRISES LLC | 1.00% | Managing Member |

468 ***UNIT 2502 ENTERPRISES LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | UNIT 2502 ENTERPRISES CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

469 ***TRUMP NATIONAL GOLF CLUB - LOS ANGELES***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | RPV DEVELOPMENT LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | VHPS LLC | 100.00% | Managing Member |

470 ***VHPS LLC *(assets & income already disclosed on Part 2 under TRUMP NATIONAL GOLF CLUB - LOS ANGELES; owner of vacant land)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP NATIONAL GOLF CLUB - LOS ANGELES | Managing Member |

471 ***WEST PALM OPERATIONS LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

472 ***Wexford Hall Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

473 ***WHITE COURSE LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | WHITE COURSE MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

474 ***WHITE COURSE MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | WHITE COURSE LLC | 1.00% | Managing Member |

475 ***Wilshire Hall LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

Reference #

476 ***Wollman Rink Operations LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

477 ***YORKTOWN REAL ESTATE LLC (F/K/A Yorktown Development Associates LLC) *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

478 ***HWA 555 Owners, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates I, L.P. | Partner |

479 ***1290 AVENUE OF THE AMERICAS, A TENANCY-IN-COMMON***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 52 | HWA 1290 III LLC | Partner |
| | 20.2 | HWA 1290 IV LLC | Partner |
| | 27.8 | HWA 1290 V LLC | Partner |

480 ***Trump Management Inc.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

481 ***HWA 1290 III LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates III, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 52.00% | Partner |

482 ***HWA 1290 IV LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates IV, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 20.20% | Partner |

483 ***HWA 1290 V LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates V, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 27.80% | Partner |

486 ***Travel Enterprises Management Inc. *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

490 ***The Donald J. Trump Company LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

493 ***DT BALI GOLF MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

494 ***DT BALI GOLF MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | |
|---|---|---|
| DT BALI GOLF MANAGER | 1.00% | Managing Member |

495 ***DT BALI HOTEL MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

496 ***DT BALI HOTEL MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT BALI HOTEL MANAGER LLC | 1.00% | Managing Member |

497 ***DT BALI TECHNICAL SERVICES MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI TECHNICAL SERVICES MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

498 ***DT BALI TECHNICAL SERVICES MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT BALI TECHINICAL SERVICES MANAGER LLC | 1.00% | Managing Member |

499 ***DT CONNECT EUROPE LIMITED***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Golf Recreation Scotland Limited | Partner |

500 ***DT ENDEAVOR I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

503 ***DT JEDDAH TECHNICAL SERVICES MANAGER LLC *(4)--DISSOLVED 11/15/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT JEDDAH TECHNICAL SERVICES MANAGER MEMBER CORP | Managing Member |
| | 99 | Trump, Donald J. | Member |

504 ***DT JEDDAH TECHNICAL SERVICES MANAGER MEMBER CORP *(4)--DISSOLVED 11/15/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT JEDDAH TECHINAL SERVICES MANAGER LLC | 1.00% | Managing Member |

505 ***DT LIDO GOLF MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

506 ***DT LIDO GOLF MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

| | | | |
|---|---|---|---|
| | DT LIDO GOLF MANAGER LLC | 1.00% | Managing Member |

507 ***DT LIDO HOTEL MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

508 ***DT LIDO HOTEL MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT LIDO HOTEL MANAGER LLC | 1.00% | Managing Member |

509 ***DT LIDO TECHNICAL SERVICES MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO TECHNICAL SERVICES MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

510 ***DT LIDO TECHNICAL SERVICES MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT LIDO TECHNICAL SERVICES MANAGER LLC | 1.00% | Managing Member |

511 ***DT MARKS BALI LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS BALI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

512 ***DT MARKS BALI MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS BALI LLC | 1.00% | Managing Member |

513 ***DT MARKS LIDO LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS LIDO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

514 ***DT MARKS LIDO MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS LIDO LLC | 1.00% | Managing Member |

515 ***DT TOWER I LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT TOWER I MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

516 ***DT TOWER I MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT TOWER I LLC | 1.00% | Managing Member |

517 ***DT TOWER KOLKATA LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT TOWER KOLKATA MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

518 ***DT TOWER KOLKATA MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT TOWER KOLKATA LLC | 1.00% | Member |

519 ***DTTM OPERATIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DTTM OPERATIONS MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

520 ***DTTM OPERATIONS MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in : various entities as indicated elsewhere in this schedule

521 ***EID VENTURE II LLC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | EID VENTURE II MEMBER CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

522 ***EID VENTURE II MEMBER CORP *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | EID VENTURE II LLC | 1.00% | Managing Member |

523 ***MOBILE PAYROLL CONSTRUCTION LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | MOBILE PAYROLL CONSTRUCTION MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

524 ***MOBILE PAYROLL CONSTRUCTION MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | MOBILE PAYROLL CONSTRUCTION LLC | 1.00% | Managing Member |

525 ***THC DC RESTAURANT HOSPITALITY LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | OPO HOTEL MANAGER LLC | Member |

528 ***THC JEDDAH HOTEL MANAGER LLC *(4)--DISSOLVED 11/15/16***

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC JEDDAH HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | Trump, Donald J. | Member |

529 ***THC JEDDAH HOTEL MANAGER MEMBER CORP *(4)--DISSOLVED 11/15/16***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump, Donald J. | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC JEDDAH HOTEL MANAGER LLC | 1.00% | Managing Member |

530 ***C DEVELOPMENT VENTURES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | C DEVELOPMENT VENTURES MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

531 ***C DEVELOPMENT VENTURES MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | C DEVELOPMENT VENTURES LLC | 1.00% | Managing Member |

532 ***TC MARKS BUENOS AIRES LLC *(4)--DISSOLVED 1/26/17***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TTTT VENTURE LLC | Member |

533 ***DT VENTURE I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

534 ***DT VENTURE I MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

535 ***DT VENTURE II LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

536 ***DT VENTURE II MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

537 ***DT TOWER II LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DTTM Operations LLC | Member |
| | 99 | DT TOWER II MEMBER CORP | Managing Member |

538 ***DT TOWER II MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT TOWER II LLC | 99.00% | Managing Member |

539 ***DT ENDEAVOR I MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A47 of 47 |

Reference #

| | | |
|---|---|---|
| 100 | DTTM Operations Managing Member Corp | Shareholder |

540 ***4T HOLDINGS ONE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TTTT VENTURE LLC | Member |

541 ***4T HOLDINGS TWO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TTTT VENTURE LLC | Member |

542 ***STORAGE 106 LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

543 ***T EXPRESS LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | T EXPRESS MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

544 ***T EXPRESS MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | T EXPRESS LLC | 1.00% | Managing Member |

Real Estate License Fees (Royalties) are customarily paid to Trump in phases: upon signing of the License Agreement (Upfront Fee), and during various stages of the project's development. Therefore, the amount of License fee income reflected herein is dependent on the phase of that project's development cycle with the majority of payment back-loaded towards project completion.

Too Close

Peggy Siegal's Oscar Diary
to Call

David O. Russell and Spike Jones

Peggy Siegal and Catherine Martin

Suki Waterhouse and Bradley Cooper

This was the year absolutely no one could predict Best Picture for the 86th Academy Awards: not even me, the Oscar witch. This made directors Steve McQueen, Alfonso Cuaron and David O. Russell very crazy. After months of screenings, press conferences, lunches, and parties, publicists and bloggers had to look these three wise men in the eye and say, "We don't have a clue."

Then came the slogan, "It's time." That was Fox Searchlight's last suggestion on *12 Years a Slave* advertisements that subliminally registered in the hearts and minds of voters in the closing days of the studio's low-key campaign.

"It's time." So simple. Says it all. Just like the mantra "Find your voice" that marketing honcho **Harvey Weinstein** came up with three years ago, which drove *The King's Speech* to a win.

This is how you win an Oscar. You pinpoint and connect an exact emotion on the screen to an exact emotion that moves 6,000 voters who are mostly very smart white middle-aged guys.

On Oscar night, host **Ellen DeGeneres** joked to 43 million viewers, "Possibility number one: *12 Years a Slave* wins Best Picture. Possibility number two: You're all racists," answering the question three hours before the win was announced. DeGeneres then gifted sponsor Samsung with the world's most famous selfie and tipped a pizza delivery guy $1,000.

The gripping *12 Years a Slave* won Best Picture, putting Steve McQueen in the history books as the first black director, who is also British, to win an Oscar.

It took the star power of white heartthrob **Brad Pitt** to get the film financed. Taking the small but heroic role as the slave's savior, Brad then took a backseat by shooting WWII film, *Fury* in England, leaving the promotion to others.

Steve McQueen's muse **Michael Fassbender,** who portrayed a sadistic plantation owner, announced he would not campaign. McQueen, **Chiwetel Ejiofor** and an unknown supporting actress, **Lupita Nyong'o**, were left with the herculean task of selling a film about slavery that was guaranteed to embarrass every American. This is why their win was so poignant.

Warner Bros.' wildly popular *Gravity* had skyrocketed to $1 billion globally at the box office. This technical game changer propelled **Sandra Bullock** into outer space with $70 million of backend profits tucked into her space panties. The beloved thriller landed triumphantly with seven Oscars. Alfonso Cuarón, who slaved for four years to create his masterpiece, won two statues for directing and editing and became the first Latino director to win. Although *Gravity*'s producer **David Heyman** did not strike gold, this film was one hell of a second act after producing all those *Harry Potter* films.

In the past four years, David O. Russell has been a serious contender with 25 total nominations for his last three films. Hilarious and astute *American Hustle* garnered 10 nominations, but no wins this year.

The four acting categories were easy to predict. **Cate Blanchett** wowed the minute *Blue Jasmine* was released in July. This instantaneous phenomenon is known as the "**Colin-Firth-Daniel-Day-Lewis** slam dunk."

In November, beautiful darling **Jared Leto** stole everybody's hearts dressed as a woman in *Dallas Buyers Club*. His long hair, penchant for '90s grunge, and rock band 30 Seconds to Mars, made him another instant winner.

**Matthew McConaughey**'s career renaissance became "McConaissance." *Mud*, *Dallas Buyer's Club*, *Wolf of Wall Street*, and finally HBO's

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*True Detective* collectively earned him Best Actor by December.

The actress who really stole the show on the campaign circuit was eloquent ingénue Lupita Nyong'o, who morphed into a fashion goddess. No one will forget her Best Supporting Actress acceptance speech when she said, "It doesn't escape me for one moment that so much joy in my life is thanks to so much pain in someone else's."

## TUESDAY, FEBRUARY 25

I flew to L.A. with some indefinable eye infection that made Olympics reporter Bob Costas' reaction to Botox look attractive. My medical calamity possibly caused by Latisse, which promotes eyelash growth, caused my eyelids to resemble red golf balls and necessitated the wearing of dark glasses. No, I did not look as cool as **Anna Wintour**. I managed to grope my way through Oscar week in couture **Ralph Rucci** gowns and furs and pretend temporary blindness was "just a new look."

On this, my 30th trip to The Beverly Hills Hotel, the famous Polo Lounge had finally been renovated to look exactly like it did 30 years ago so as not to upset the regulars. Each pool cabana now had giant flat screens installed for watching CNN in the sun. Cate Blanchett and **Oprah Winfrey** were the hot Oscar week guests.

I headed over to the *Vanity Fair* Social Club, with its media-friendly "WeWork Hollywood" pop-up lounge. *Vanity Fair* publisher **Ed Menicheschi**, who perfected the Midas touch for masterminding Oscar week sponsorship, greeted me. I participated in a panel discussion of Oscar prognosticators about who would win, hosted by **Michael Hogan** of VF.com with **Anne Thompson** of IndieWire, **Sasha Stone** of Awards Daily, **Pete Hammond** of *Deadline*, **Dave Karger** of Fandango, **Krista Smith** of *Vanity Fair,* and **Kyle Buchanan** of Vulture. If you had put fire to our feet we could not tell you who was winning Best Picture. Like a bunch of nerds all trying to impress each other, we did predict every other category correctly.

The town was crawling with stars. So it wasn't shocking to find the most famous sitting in the middle of a public restaurant drinking and singing oldies by the **Eagles** and **Neil Diamond**. That was the scene at Nobu in L.A. where **Bono** and **U2**, here to perform *Mandela*'s theme "Ordinary Love" at the Oscars, sat drinking sake and **George Clooney**'s Casamigos Tequila with Clooney himself, and **Cindy Crawford** and **Rande Gerber** as they all belted out songs.

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Steve McQueen with Bianca Stigter
Alfonso Cuaron
Jennifer Lawrence
Brad Pitt and Angelina Jolie
Lupita Nyong'o

George left town soon after, was rumored to stop in London to see his new girlfriend, Oxford-educated British barrister **Amal Alamuddin**, and they headed to an exotic, secluded island for a much-deserved vacation. After winning the Oscar last year for producing *Argo*, George had a supporting role in *Gravity*; co-produced *August: Osage County*; and starred in *Tomorrowland*, which Disney will release in 2015. He also produced, wrote, directed, and acted in *The Monuments Men*. Clooney marched to Berlin, Milan, London, and Paris, successfully opening that film.

With his Oscar night absence, not only did he make sure Sandra Bullock got all the credit she deserved, but my hunch is that he was also quietly proud of his good friend Brad Pitt, who produced *12 Years a Slave*, *Gravity*'s biggest competition.

## WEDNESDAY, FEBRUARY 26

Action central was now in the lobby of Chateau Marmont where *Vanity Fair*, **Graydon Carter**, and **Benedikt Taschen** honored world-class photographer **Annie Leibovitz** for the launch of her new sumo-sized book, *Annie Leibovitz*.

**André Balazs** confided that Annie pulled an all-nighter in her pajamas hanging her work. Balazs gave her free reign to install her huge iconic portraits throughout the hallways and first floor suites that were open during the party.

Photographers **Mario Testino** and **Terry Richardson** browsed as Annie walked **Quincy Jones** on a tour of her larger-than-life exhibition. **Sylvester Stallone** gazed at his own portrait taken 20 years ago, his Dorian Gray *Rocky* face now frozen—as in Botox—not the blockbuster animated Disney winner.

Paramount CEO **Brad Grey**'s wife **Cassandra**, **Carole Bayer Sager** and **Lorraine Schwartz** gave a private dinner at Cassandra's Violet Grey store on Melrose. **Jack Nicholson**, seated with model **Erin Wasson** and **Eva Mendes**, held court as superstar **Pharrell Williams** (in his **Vivienne Westwood** "Mountain" hat) and **Anjelica Huston** chatted

Michael Fassbender

Bono

up *Chinatown* producer **Robert Evans**. Dom Perignon sent the champagne, proving that even behind private dinners, one can now spot a sponsor.

## THURSDAY, FEBRUARY 27

Oprah Winfrey slipped into *Essence*'s "Black Women in Hollywood" lunch at the Beverly Hills Hotel where **Cheryl Boone Isaacs**, the first black female president of the Academy, was honored with a Trailblazer Award.

**President Bill Clinton**, in town for the first United4Humanity gala at Sony Studios that night, had lunch at **Larry Gagosian**'s magnificent modern home in Holmby Hills.It was designed by architect A. Quincy Jones, the mentor of **Frank Gehry**—not to be confused with music legend Quincy Jones, the mentor of Michael Jackson. On this night, there were

**This is how you win an Oscar. You pinpoint and connect an exact emotion on the screen to an exact emotion that moves 6,000 voters . . .**

10 parties. English society decorator and Olympic party animal **Nicky Haslam** flew in from England for the *Vanity Fair* dinner Sunday night and was my escort for this evening. We made it to five parties.

*Vanity Fair* and Sony's "Toast to *American Hustle*" at Ago on Melrose was our first stop, to pay homage to David O. Russell. Inquiring minds, including hotshot producer **Megan Ellison**, **Amy Adams**, Sony CEO **Michael Lynton** and co-chairman **Amy Pascal**, debated who was winning Best Picture. We still didn't know.

CAA's **Josh Lieberman** was on his way to ICM's **John Burnham**'s Santa Monica home.

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**Al Pacino** and **David Mamet** were huddled on a couch as **Spike Lee** and **Meredith Vieira** sat nearby listening.

At Warner Bros.' fancy private dinner for its nominees at the Bel Air Hotel, Nicky and I were greeted by David Heyman. Executives **Sue Kroll** and **Juli Goodwin** brought us over to Sandra Bullock and CEO **Kevin Tsujihara**. Again, everyone whispered, "Who is winning Best Picture?" *Gravity*'s technical wizardry, revered in L.A., was now thought to have the edge.

**Spike Jones** arrived and was too superstitious to discuss his chances for Best Original Screenplay for *Her*. He won. Don't worry about *Blue Jasmine* fellow nominee **Woody Allen**; he was tap dancing with **Susan Stroman** on Broadway, rehearsing *Bullets Over Broadway*. As a man who doesn't believe in campaigning for awards, he just might show up to collect a few Tonys.

An exhausted Alfonso Cuarón was the last to appear, with girlfriend **Sheherazade Goldsmith**. He was fighting a cold and couldn't wait to get back to real, not reel, life.

**Brad Grey**'s party for Paramount's nominees was in full swing at Spago Beverly Hills. *The Wolf of Wall Street*'s **Marty Scorsese** was huddled in a booth with Brad, marketing maven **Megan Colligan**, producer **Irwin Winkler**, and the ageless **Don Rickles**. **Jonah Hill**'s buddy **Leonardo DiCaprio** had just left, as he was getting a cold too, but he later showed up at the Bel Air, where Marty was staying, to have drinks with Scorsese and Cuarón in the bar.

*Nebraska* talent **Bruce Dern**, **Will Forte**, **June Squibb**, cinematographer **Phedon Papamichael** and screenwriter **Bob Nelson** relaxed since their grueling nine-month campaign, which had begun at Cannes, was finally over.

**Ron Meyer**, vice chairman of Universal, had his annual private party at his Malibu home in honor of Graydon Carter. **Barbra Streisand**, **Jim Brolin**, **John Travolta**, **Kelly Preston**, **Diane Lane**, **Robert Downey Jr.**, and **Paul Rudd** mingled under a tent with interior designer **Sandy Gallin** and his new husband **Bryan Fox**. Ron's daughter, jewelry designer **Jennifer Meyer,** came alone. It was nanny's night off, so her husband **Tobey Maguire** stayed home with the kids.

Larry Gagosian gave his 17th annual art opening and dinner, which is always a hot ticket for the rich and hip. This year, art photographer **Taryn Simon** mounted a show titled "Birds of the West Indies" after the seminal taxonomy by ornithologist James Bond. The exhibition also chronicled the women, weapons, and cars depicted in the *Bond* films, in addition to the birds that appear in all 24 movies. Even MGM couldn't dream this up.

Dinner followed next door at Mr. Chow's, complete with **Eva** and **Michael Chow**. Simon's filmmaker husband **Jake Paltrow** brought his mother **Blythe Danner** and his sister **Gwyneth**.

Since the Spielbergs and the Paltrows are close family friends, **Kate Capshaw** arrived with **Theo** and **Sasha Spielberg**. Jared Leto came with Terry Richardson. **Adrien Brody**, **Elle Fanning**, **Cameron Diaz**, **John Waters**, and **Robbie Robertson** chowed down. Power collectors **Eli** and **Edythe Broad** and **Bill** and **Maria Bell** split chopsticks.

After dinner, we migrated to Gagosian's home. It was raining, it was windy, and it was cold. Teetotaler Robbie Robertson slipped on wet stone outside the house. He was taken to the hospital that night and endured a two-hour operation on three broken ankle bones. Simultaneously, Nicky Haslam slipped onto a glass table and crashed to the floor. Nicky was fine; the table was a goner—so much excitement for one night.

## FRIDAY, FEBRUARY 28

Woke up this morning and the eye problem had reached epic proportions as my left eye was now shut. Found an eye doctor to lance the infected eyelid. He gave me enough drugs to get me to the Publicist Guild lunch at the Beverly Wilshire Hotel. **Jerry Lewis** was receiving a Lifetime Achievement Award from **Carol Burnett**. Thankfully, I only needed one eye to take all that in.

At her uncle's Rodeo Drive store, **Roberta Armani** toasted fellow Italians Marty Scorsese and **Paolo Sorrentino**. The suits Leo wore in *The Wolf of Wall Street* were designed for him by Armani himself.

Paolo Sorrentino was the overwhelming favorite to win Best Foreign Film for his Fellini-inspired *The Great Beauty*, and indeed he won.

Armani's talent turnout was very impressive. Cate Blanchett, who has signed with the designer as the face of his perfume, was there with **Glenn Close**, **Robert DeNiro**, and **Samuel L. Jackson**. All were bedecked in Armani.

**Wanda McDaniel**, the marketing guru for Armani, was the very first to dress actresses on the red carpet. **Jodie Foster** was her muse and that was 25 years ago.

Lara Spencer

Greta Gerwig

Bette Midler

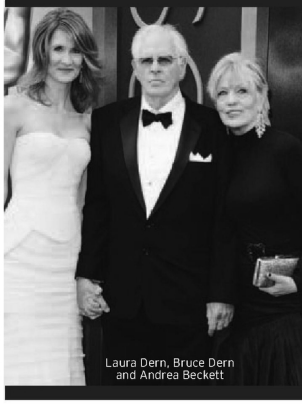
Laura Dern, Bruce Dern and Andrea Beckett



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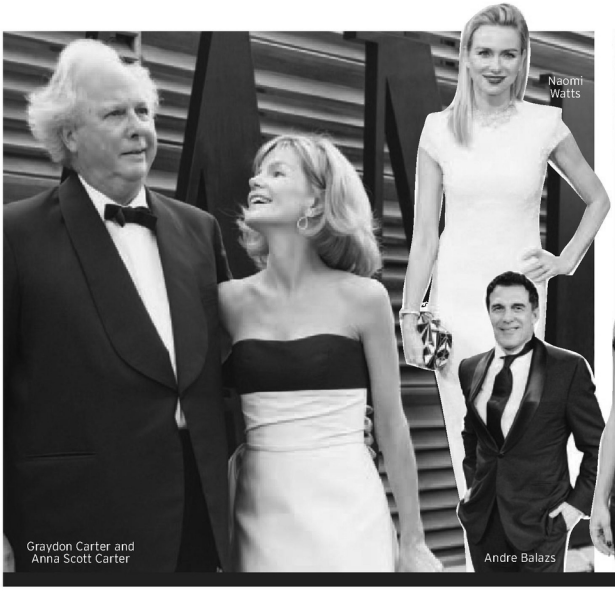
Graydon Carter and Anna Scott Carter

Naomi Watts

Andre Balazs

Harvey Weinstein and Georgina Chapman

Sandra Bullock

Terry Richardson

## I never tire of the overwhelming excitement, throngs of eager press, and screaming fans. Everything boils down to this moment of mass hysteria.

*Philomena* producers **Gaby Tana** and **Tracey Seaward** invited me to **Steve Coogan**'s home where music man **Alexandre Desplat** and **Jon Hamm** were having beers. Coogan captivated me with conversation of how he and the real **Philomena Lee**, who was a red carpet regular, took their "full disclosure" adoption campaign to the Vatican, meeting The Pope. Only Harvey Weinstein could have pulled off that jaw-dropping marketing miracle.

Traditionally, there are three private agency parties on Friday night—WME, CAA, and UTA. They were hosted by **Ari Emanuel**, **Kevin Huvane**, and **Jim Berkus** and were press free, leaving the stars uninhibited and happy. **Justin Theroux**, about to explode in HBO's miniseries *The Leftovers*, canoodled with **Jennifer Aniston**. Past and present Oscar nominees and winners including **Ben Affleck**, **Matt Damon**, Oprah Winfrey, **Charlize Theron**, **Sean Penn**, **Bradley Cooper**, Jonah Hill, **Alexander Payne**, Steve McQueen, and Alfonso Cuarón were among the evening's migrating tribe.

### SATURDAY, MARCH 1

**Barry Diller** and **Diane von Furstenberg** canceled their annual, highly anticipated outdoor lunch for Graydon Carter at their Coldwater Canyon home atop a steep hill because of impending torrential rain that never came. Three hundred power hungry showbiz executives were sent into a tailspin for an alternative activity.

Luckily, Sony Pictures Classics' and industry icons **Tom Bernard**, and **Michael Barker** took pity on me and invited me to their table at the Independent Spirit Awards under a wobbly tent that billowed with the wind in Santa Monica.

**Bob Balaban** and I headed to the 6th annual Chanel-sponsored dinner hosted by the debonair **Charles Finch** at Madeo. Girls donning $20k Chanel dresses included **Anne Hathaway**, **Sienna Miller** (with baby daddy **Tom Sturridge**), **Lily Collins**, **Greta Gerwig** and **Poppy Delevingne**. **Jessica de Rothschild** and her director husband **Sacha Gervasi** were in attendance as well as Adrien Brody, David O. Russell, **Oliver Stone**, **Danny Huston**, **Jean Pigozzi**, **Ben Silverman**, **Peter Morton**, and **Elon Musk**.

Harvey and **Bob Weinstein** along with Chopard honored their nominees, including the singers in RADiUS-TWC's Best Documentary winner *20 Feet from Stardom*, with a seated dinner at the Montage Hotel in the "Marchesa Ballroom." (The dining room was rechristened for the evening in honor of Harvey's wife **Georgina Chapman**'s dress label.) After dinner, guests were wowed by a performance from Weinstein's upcoming Broadway musical, *Finding Neverland*, based on their Oscar-nominated film about Peter Pan creator J. M. Barrie. Celebrities Bono, U2, **Meryl Streep**, **Julia Roberts**, Oprah Winfrey, **Olivia Wilde** and **Jason Sudeikis**, **Christoph Waltz**, and **Taylor Swift** gave *Neverland*'s stars, **Jason Alexander** and **Gary Barlow**, a standing ovation.

### SUNDAY, MARCH 2

My Oscar date this year was GMA's glamorous **Lara Spencer**. I arrived, as usual, two hours early at the Dolby Theater in order to plant myself on the mother of all red carpets. Only this year, I was incognito with the dark

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glasses. I greeted each of Lara's interviewees as if they were coming to my house for dinner. I never tire of the overwhelming excitement, throngs of eager press, and screaming fans. Everything boils down to this moment of mass hysteria. It's always humbling to stand among the entertainment giants, wish them luck and have them nervously smile back. It's the bittersweet finale when all of the campaigning is over and you think you won't see them until their next movie. It's like the last day of camp.

I was now dateless and alone as Lara Spencer went home suffering from a sore throat.

Those in the know always hang out at the downstairs bar during the broadcast where the sound is turned up on the flat screens. This year, Cate Blanchett's husband theater impresario **Andrew Upton** bought me free drinks. I hung out with Cate, her CAA agent **Hylda Queally**, the adorable skinny **Sally Hawkins** in a heavily beaded **Valentino** gown, **Julia Roberts**, and Tom Bernard and Michael Barker who have 140 career nominations and 32 wins.

After reassuring Blanchett that her stupendous pale beaded Armani Privé gown was the best of the other girls' pale dresses and that her Oscar would pop against it, she went on stage to win.

While I was at the Oscar broadcast, 160 VIPs at Graydon Carter's annual Oscar viewing dinner were getting ready for the rush of a thousand more party guests. Five hundred limos were on the way. Those who watched the awards from the beige, circular dining room were Graydon's friends including: **Sofia Vergara**, **Tom Ford**, **Carolina Herrera**, **Bruce Weber**, **Allen Grubman**, **Bob Colacello**, **Judd Apatow**, **Jeff Klein** and **John Goldwyn**, **Rupert Murdoch**, **Steve Newhouse**, **Les Moonves**, and **Jimmy Buffet.**

I ran through the Governor's Ball and found **Bryan Lourd** and Fox's beloved leader **Jim Gianopulos**, ushered by Fox Searchlight's **Michelle Hooper**, sitting at Brad Pitt's empty table because everyone else was still in the press room doing interviews.

I arrived at the *Vanity Fair* party at its new location, 8680 Sunset Boulevard, a parking lot that was transformed into an airy glass dome. I stood in a corner, ravenously inhaling my In-n-Out burger with ketchup dripping down my chin and of course, Graydon—the adored maestro of the week—came up and so sweetly wanted to know how I was doing. It's a little difficult to respond with a mouthful of food behind dark glasses.

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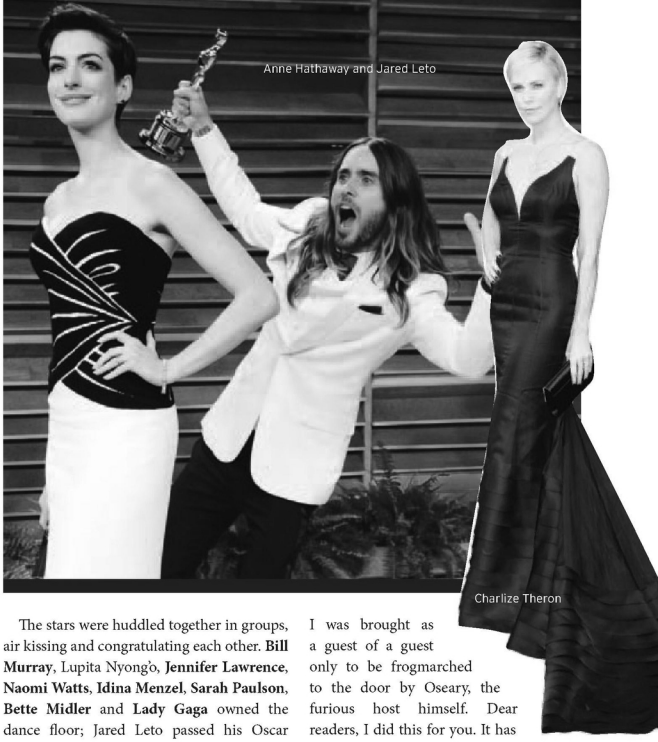
Anne Hathaway and Jared Leto

Charlize Theron

The stars were huddled together in groups, air kissing and congratulating each other. **Bill Murray**, Lupita Nyong'o, **Jennifer Lawrence**, **Naomi Watts**, **Idina Menzel**, **Sarah Paulson**, **Bette Midler** and **Lady Gaga** owned the dance floor; Jared Leto passed his Oscar around so much he dropped it and it now sports a little dent in the head; pregnant **Kerry Washington** ate for two; and the **Janes—Fonda** and **Buffet**—huddled on a couch, while *The Great Gatsby*'s production and costume designer, and wife of director **Baz Luhrmann**, **Catherine Martin** and I posed with her two Oscars. (Including the two she won for *Moulin Rouge*, she now has four).

Even **Madonna** has sponsors now. The material girl—blinding in 1,000 carats of **Neil Lane**'s diamonds—hosted her seventh annual awards bash at her manager **Guy Oseary**'s home with Gucci. Originally super secret, the party is now a headline on Page Six. Madonna made her best effort to cream off the stars from Graydon's party.

In attendance were **Paul McCartney**, **Tom Brady** and **Gisele Bündchen**, newly engaged **Ashton Kutcher** and **Mila Kunis**, **Serena Williams**, **Prince**, and **Pink**. Madonna closed out her own party by breakdancing with her kids and **Miley Cyrus**, and spinning records until 7 a.m. for Matthew McConaughey.

Madge, short for majesty, would rather die than entertain press, let alone an adorable publicist like *moi*. Last year, ever so curious, I was brought as a guest of a guest only to be frogmarched to the door by Oseary, the furious host himself. Dear readers, I did this for you. It has taken me a year to admit—I was too socially traumatized to report my investigative failure. I now realize that I was just a pawn for Oseary's A-list purity for the night. His own rock status had been boosted by signing Bono and U2. Thank God my social stock is still otherwise intact. The week before the Oscars, the real **Oscar—de la Renta**—had invited me to his beachfront paradise in the Dominican Republic with **Lord** and **Lady Astor**. In June, the **Duke** and **Duchess of Marlborough** are expecting me at Blenheim Palace. So much for not making the cut at Madonna's.

Once again, I scored a ride home on a friend's plane where my dark glasses fit right in. Passengers received an email that morning requesting "no jeans." I thought this was a bizarre fashion edict, only to find out the indigo dye in denim bleeds onto the jet's white leather chairs.

As a closing to my 10th annual Oscar diary, I can sum up this year's race as one of intense emotions and euphoric pride for our love of what Americans do best: making the most wonderful and culturally enlightening movies that entertain the world. On to Cannes!✦



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May 19, 2008

VIA FACSIMILE [redacted]

***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

In his confirmation hearings last fall, Judge Mukasey admirably lifted up the finest traditions of the Department of Justice in assuring the United States Senate, and the American people, of his solemn intent to ensure fairness and integrity in the administration of justice. Your own confirmation hearings echoed that bedrock determination to assure that the Department conduct itself with honor and integrity, especially in the enforcement of federal criminal law.

We come to you in that spirit and respectfully ask for a review of the federal involvement in a quintessentially state matter involving our client, Jeffrey Epstein. While we are well aware of the rare instances in which a review of this sort is justified, we are confident that the circumstances at issue warrant such an examination. Based on our collective experiences, as well as those of other former senior Justice Department officials whose advice we have sought, we have never before seen a case more appropriate for oversight and review. Thus, while neither of us has previously made such a request, we do so now in the recognition that both the Department's reputation, as well as the due process rights of our client, are at issue.

Recently, the Criminal Division concluded a very limited review of this matter at the request of U.S. Attorney Alex Acosta. Critically, however, this review deliberately excluded many important aspects of this case. Just this past Friday, on May 16, 2008, we received a letter from the head of CEOS informing us that CEOS had conducted a review of this case. By its own admission, the CEOS review was "limited, both factually and legally." Part of the self-imposed limitation was CEOS's abstention from addressing our "allegations of professional misconduct by federal prosecutors"—even though such misconduct was, as we contend it is, inextricably intertwined with the credibility of the accusations being made against Mr. Epstein by the United States Attorney's Office in Miami ("USAO"). Moreover, CEOS did not assess the terms of the Deferred Prosecution Agreement now in effect, nor did CEOS review the federal prosecutors' inappropriate efforts to implement those terms. We detail this point below.

By way of background, we were informed by Mr. Acosta that, at his request, CEOS would be conducting a review to determine whether federal prosecution was both appropriate and, in his words, "fair." That is not what occurred. Instead, CEOS has now acknowledged that we had raised "many compelling arguments" against the USAO's suggested "novel application" of federal law in this matter. Even so, CEOS concluded, in minimalist fashion, that "we do not see anything that says to us *categorically* that a federal case should not be brought" and that the U.S. Attorney "would not be *abusing his prosecutorial discretion* should he authorize federal prosecution of Mr. Epstein" thus delegating back to Mr. Acosta the decision of whether federal prosecution was warranted (emphasis added). Rather than assessing whether prosecution would be *appropriate*, CEOS, using a low baseline for its evaluation, determined only that "it would not be impossible to prove . . ." certain allegations made against Mr. Epstein. The CEOS review failed to address the significant problems involving the appearance of impermissible selectivity that would necessarily result from a federal prosecution of Mr. Epstein.

We respect CEOS's conclusion that its authority to review "misconduct" issues was precluded by Criminal Division practice. We further respect CEOS's view that it understood its mission as significantly limited. Specifically, the contemplated objective was to determine whether the USAO would be abusing its discretion by bringing a federal prosecution rather than making its own de novo recommendations on the appropriate reach of federal law. However, we respectfully submit that a full review of all the facts is urgently needed at senior levels of the Justice Department. In an effort to inform you of the nature of the federal investigation against Mr. Epstein, we summarize the facts and circumstances of this matter below.

The two base-level concerns we hold are that (1) federal prosecution of this matter is not warranted based on the purely-local conduct and the unprecedented application of federal statutes to facts such as these and (2) the actions of federal authorities are both highly questionable and give rise to an appearance of substantial impropriety. The issues that we have raised, but which have not yet been addressed or resolved by the Department, are more than isolated allegations of professional mistakes or misconduct. These issues, instead, affect the appearance and administration of criminal justice with profound consequences beyond the resolution in the matter at hand.

* * *

In a precedent-shattering investigation of Jeffrey Epstein that raises important policy questions—and serious issues as to the fair and honorable enforcement of federal law—the USAO in Miami is considering extending federal law beyond the bounds of precedent and reason. Federal prosecutors stretched the underlying facts in ways that raise fundamental questions of basic professionalism. Perhaps most troubling, the USAO in Miami, as a condition of deferring prosecution, required a commingling of substantive federal criminal law with a proposed civil remedy engineered in a way that appears intended to profit particular lawyers in

private practice in South Florida with personal relationships to some of the prosecutors involved. Federal prosecutors then leaked highly sensitive information about the case to a New York Times reporter.[1] The immediate result of this confluence of extraordinary circumstances is an onslaught of civil lawsuits, all save one brought by the First Assistant's former boutique law firm in Miami.

The facts in this case all revolve around the classic state crime of solicitation of prostitution.[2] The State Attorney's Office in Palm Beach County had conducted a diligent investigation, convened a Grand Jury that returned an indictment, and made a final determination about how to proceed. That is where, in our federal republic, this matter should rest. Mr. Epstein faces a felony conviction in state court by virtue of his conduct, and the only reason the State has not resolved this matter is that the federal prosecutors in Miami have continued to insist that we, Mr. Epstein's counsel, approach and demand from the State Attorney's Office a harsher charge and a more severe punishment than that Office believes are appropriate under the circumstances. Yet despite the USAO's refusal to allow the State to resolve this matter on the terms the State has determined are appropriate, the USAO has not made any attempt to coordinate its efforts with the State. In fact, the USAO mandated that any federal agreement would be conditioned on Mr. Epstein persuading the State to seek a criminal punishment unlike that imposed on other defendants within the jurisdiction of the State Attorney for similar conduct.

From the inception of the USAO's involvement in this case, which at the end of the day is a case about solicitation of prostitution within the confines of Palm Beach County, Florida, we have asked ourselves why the Department of Justice is involved. Regrettably, we are unable to suggest any appropriate basis for the Department's involvement. Mr. Epstein has no criminal history whatsoever. Also, Mr. Epstein has never been the subject of general media interest until a few years ago, after it was widely perceived by the public that he was a close friend of former President Bill Clinton.

The conduct at issue is simply not within the purview of federal jurisdiction and lies outside the heartland of the three federal statutes that have been identified by prosecutors—18 U.S.C. §§ 1591, 2422(b), and 2423(b).

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1 One of the other members of Mr. Epstein's defense team, Jay Lefkowitz, has personally reviewed the reporter's contemporaneous notes.

2 Although some of the women alleged to be involved were 16 and 17 years of age, several of these women openly admitted to lying to Mr. Epstein about their age in their recent sworn statements.

These statutes are intended to target crimes of a truly national and international scope. Specifically, § 1591 was enacted to combat human trafficking, § 2422 is aimed at sexual predation of minors through the Internet, and § 2423 deals with sex tourism. The nature of these crimes results in multi-jurisdictional problems that state and local authorities cannot effectively confront on their own. However, Mr. Epstein's conduct was purely local in nature and, thus, does not implicate federal involvement. After researching every reported case brought under 18 U.S.C. §§ 1591, 2422(b), and 2423(b), we found that not a single case involves facts or a scenario similar to the situation at hand. Our review of each precedent reflects that there have been no reported prosecutions under § 1591 of a 'john' whose conduct with a minor lacked force, coercion, or fraud and who was not profiting from commercial sexual trafficking. There have likewise been no cases under § 2422(b)—a crime of communication—where there was no use of the Internet, and where the content of phone communications did not contain any inducing or enticing of a minor to have illegal sexual activity as expressly required by the language of the statute. Furthermore, the Government's contention that "routine and habit" can fill the factual and legal void created by the lack of evidence that such a communication ever occurred sets this case apart from every reported case brought under § 2422(b). Lastly, there are no reported cases of violations of § 2423(b) of a person whose dominant purpose in traveling was merely to go to his own home.[3]

Although these matters were within the scope of the CEOS review, rather than considering whether federal prosecution is appropriate, CEOS only determined that U.S. Attorney Acosta "would not be abusing his prosecutorial discretion should he authorize federal prosecution" in this case. The "abuse of discretion" standard constitutes an extremely low bar of evaluation and while it may be appropriate when the consideration of issues are exclusively factual in nature, this standard fails to address concerns particular to this situation, namely the "novel application" of federal statutes. The "abuse of discretion" standard in such pure legal matters of statutory application risks causing a lack of uniformity. The same federal statutes that would be stretched beyond their bounds in Miami have been limited to their heartland in each of the other federal districts. Also, because this case implicates broader issues of the administration of equal justice, federal prosecution in this matter risks the appearance of selectivity in its stretching of federal law to fit these facts.

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[3] Federal prosecution of a man who engaged in consensual conduct in his home that amounted to, at most, the solicitation of prostitution, is unprecedented. Since prostitution is fundamentally a state concern, (*see United States v. Evans*, 476 F.3d 1176, n.1 (11th Cir. 2007) (federal law "does not criminalize all acts of prostitution (a vice traditionally governed by state regulation)")), and there is no evidence that Palm Beach County authorities and Florida prosecutors cannot effectively prosecute and punish the conduct, there is no reason why this matter should be extracted from the hands of state prosecutors in Florida.

In fact, recent testimony of several alleged "victims" contradicts claims made by federal prosecutors during the negotiations of a deferred prosecution agreement. The consistent representations of key Government witnesses (such as [redacted], [redacted], [redacted], and [redacted]) confirm the following critical points: *First*, there was no communication, telephonic or otherwise, that meets the requirements of § 2422(b). For instance, Ms. Gonzalez confirmed that Mr. Epstein never emailed, text-messaged, or used any facility of interstate commerce whatsoever, before or after her one (and only) visit to his home. [redacted] Tr. (deposition) at 30. *Second*, the women who testified admitted that they lied to Mr. Epstein about their age in order to gain admittance into his home. Indeed, the women who brought their underage friends to Mr. Epstein testified that they would counsel their friends to lie about their ages as well. [redacted] stated the following: "I would tell my girlfriends just like [redacted] approached me. Make sure you tell him you're 18. Well, these girls that I brought, I know that they were 18 or 19 or 20. And the girls that I didn't know and I don't know if they were lying or not, I would say make sure that you tell him you're 18." [redacted] *Third*, there was no routine or habit of improper communication expressing an intent to transform a massage into an illegal sexual act. In fact, there was often no sexual activity at all during the massage. [redacted] testified that "[s]ometimes [Mr. Epstein] just wanted his feet massaged. Sometimes he just wanted a back massage." [redacted] also stated that Mr. Epstein "never touched [her] physically" and that all she did was "massage[ ] his back, his chest and his thighs and that was it." [redacted] *Finally*, there was no force, coercion, fraud, violence, drugs, or even alcohol present in connection with Mr. Epstein's encounters with these women. [redacted] stated that "[Mr. Epstein] never tried to force me to do anything." [redacted] at 12. These accounts are far from the usual testimony in sex slavery, Internet stings and sex tourism cases previously brought. The women in actuality were not younger than 16, which is the age of consent in most of the 50 states, and the sex activity was irregular and in large part, consisted of solo self-pleasuring.

The recent crop of civil suits brought against Mr. Epstein confirm that the plaintiffs did not discuss any sexually-related activities with anyone prior to arriving at Mr. Epstein's residence. This reinforces our contention that no telephonic or Internet persuasion, inducement, enticement or coercion of a minor, or of any other individual, occurred. In addition, Mr. Jeffrey Herman, the former law partner of one of the federal prosecutors involved in this matter and the attorney for most of the civil complainants (as described in detail below), was quoted in the Palm Beach *Post* as saying that "it doesn't matter" that his clients lied about their ages and told Mr. Epstein that they were 18 or 19.

Not only is a federal prosecution of this matter unwarranted, but the irregularity of conduct by prosecutors and the unorthodox terms of the deferred prosecution agreement are beyond any reasonable interpretation of the scope of a prosecutor's responsibilities. The list of improprieties includes, but is not limited to, the following facts:

- Federal prosecutors made the unprecedented demand that Mr. Epstein pay a minimum of $150,000 per person to an unnamed list of women they referred to as minors and whom they insisted required representation by a guardian ad litem. Mr. Epstein's counsel later established that all but one of these individuals were actually adults, not minors. Even then, though demanding payment to the women, the USAO eventually asserted that it could not vouch for the veracity of any of the claims that these women might make.

- Federal prosecutors made the highly unusual demand that Mr. Epstein pay the fees of a civil attorney chosen by the prosecutors to represent these alleged "victims" should they choose to bring any civil litigation against him. They also proposed sending a notice to the alleged "victims," stating, in an underlined sentence, that should they choose their own attorney, Mr. Epstein would not be required to pay their fees. The prosecutors further demanded that Mr. Epstein waive his right to challenge any of the allegations made by these "victims."

- The Assistant U.S. Attorney involved in this matter recommended for the civil attorney, a highly lucrative position, an individual that we later discovered was closely and personally connected to the Assistant U.S. Attorney's own boyfriend.

- Federal prosecutors represented to Mr. Epstein's counsel that they had identified (and later rechecked and re-identified) several alleged "victims" of federal crimes that qualified for payment under 18 U.S.C. § 2255, a civil remedy designed to provide financial benefits to victims. Only through state discovery provisions did we later learn that many of the women on the rechecked "victim list" could not possibly qualify under § 2255. The reason is that they, themselves, testified that they did not suffer any type of harm whatsoever, a prerequisite for the civil recovery under § 2255. Moreover, these women stated that they did not, now or in the past, consider themselves to be victims.

- During the last few months, Mr. Herman, First Assistant Sloman's former law partner, has filed several civil lawsuits against Mr. Epstein on behalf of the alleged "victims." It is our understanding that each of Mr. Herman's clients are on the

Government's confidential "list of victims." Most of these lawsuits seek $50 million in money damages.[4]

- Assistant U.S. Attorney David Weinstein spoke about the case in great detail to Landon Thomas, a reporter with the *New York Times*, and revealed confidential information about the Government's allegations against Mr. Epstein. The Assistant U.S. Attorney also revealed the substance of confidential plea negotiations.

- When counsel for Mr. Epstein complained about the media leaks, First Assistant Sloman responded by asserting that "Mr. Thomas was given, pursuant to his request, non-case specific information concerning specific federal statutes." Based on Mr. Thomas' contemporaneous notes, that assertion appears to be false. For example, Mr. Weinstein told Mr. Thomas that federal authorities believed that Mr. Epstein had lured girls over the telephone and traveled in interstate commerce for the purpose of engaging in underage sex. He recounted to Mr. Thomas the USAO's theory of prosecution against Mr. Epstein, replete with an analysis of the key statutes being considered. Furthermore, after Mr. Epstein's defense team complained about the leak to the USAO, Mr. Weinstein, in Mr. Thomas' own description, then admonished him for talking to the defense, and getting him in trouble. Mr. Weinstein further told him not to believe the "spin" of Mr. Epstein's "high-priced attorneys," and then, according to Mr. Thomas, Mr. Weinstein forcefully "reminded" Mr. Thomas that all prior conversations were merely hypothetical.

We are constrained to conclude that the actions of federal officials in this case strike at the heart of one of the vitally important, enduring values in this country: the honest enforcement of federal law, free of political considerations and free of the taint of personal financial motivations on the part of federal prosecutors that, at a minimum, raise the appearance of serious impropriety.

We were told by U.S. Attorney Acosta that as part of the review he requested, the Department had the authority, and his consent, to make any determination it deemed appropriate regarding this matter, including a decision to decline federal prosecution. Yet, CEOS's only conclusion, based on its limited review of the investigation, is that U.S. Attorney Acosta would not abuse his discretion by proceeding against Mr. Epstein. Thus, the decision of whether

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4 As recently as two months ago, Mr. Sloman was still listed publicly as a part of his former law firm. While we assume this was an oversight, Mr. Sloman's identification as part of the firm raises the appearance of impropriety.

prosecution *is fair and appropriate* has been placed, once again, in U.S. Attorney Acosta's hands.

In light of the foregoing, we respectfully ask that you review this matter and discontinue all federal involvement so that the State can appropriately bring this matter to closure. We would greatly appreciate the opportunity to meet with you to discuss these important issues. Such a meeting would provide the Department with an opportunity to review the paramount issues of federalism and the appearance of selectivity that are generated by the unprecedented attempts to broaden the ambit of federal statutes to places that they have never before reached. We sincerely appreciate your attention to this matter.

Respectfully submitted,

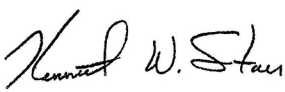

Kenneth W. Starr
Kirkland & Ellis LLP

Joe D. Whitley
Alston & Bird LLP

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*** TX REPORT ***
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TRANSMISSION OK

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# KIRKLAND & ELLIS LLP

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| Honorable Mark Filip | Office of the Deputy Attorney General<br>United States Department of Justice | [redacted] | [redacted] |

| *From:* | *Date:* | *Pages w/cover:* | *Fax #:* | *Direct #:* |
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| Kenneth W. Starr | May 19, 2008 | 9 | [redacted] | [redacted] |

*Message:*

**Kenneth W. Starr**
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**Joe D. Whitley**
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May 27, 2008

**VIA FACSIMILE** [redacted]

***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

This letter briefly supplements our prior submission to you dated May 19, 2008. In that communication, we urgently requested that your Office conduct an independent review of the proposed federal prosecution of our client, Jeffrey Epstein. The dual reasons for our request that you review this matter are (i) the bedrock need for integrity in the enforcement of federal criminal laws, and (ii) the profound questions raised by the unprecedented extension of federal law by the United States Attorney's Office in Miami (the "USAO") to a prominent public figure who has close ties to former President Clinton.

The need for review is now all the more exigent. On Monday, May 19, 2008, First Assistant Jeffrey Sloman of the USAO responded to an email from Jay Lefkowitz informing U.S. Attorney Alex Acosta that we would be seeking your Office's review. Mr. Sloman's letter, which imposed a deadline of June 2, 2008 to comply with all the terms of the current Non-Prosecution Agreement (the "Agreement"), plus new unilateral modifications, on pain of being deemed in breach of that Agreement, appears to have been deliberately designed to deprive us of an adequate opportunity to seek your Office's review in this matter.

The USAO's desire to foreclose a complete review is understandable, given that the Child Exploitation and Obscenity Section ("CEOS") has already determined that our substantive arguments regarding why a federal prosecution of Mr. Epstein is not warranted were "compelling." However, in contradiction to Mr. Sloman's assertion that CEOS had provided an independent, *de novo* review, CEOS made clear that it did not do so. Indeed, CEOS declined to examine several of the more troubling aspects of the investigation of Mr. Epstein, including the deliberate leak to the *New York Times* of numerous highly confidential aspects of the investigation and negotiations between the parties as well as the recent crop of civil lawsuits filed against Mr. Epstein by Mr. Sloman's former law partner.

The unnecessary and arbitrarily imposed deadline set by the USAO was done without any respect for the normal functioning and scheduling of state judicial matters. It requires that Mr. Epstein's counsel persuade the State Attorney of Palm Beach to issue a criminal information

to a charge that the State Attorney has not, despite a two year investigation, determined to be appropriate. Mr. Epstein's counsel must also successfully expedite a plea of guilty to this charge on a date prior to July 8, 2008, which is the date presently set by the state court Judge.

Further, the unnecessary deadline is even more problematic because Mr. Epstein's effort to reconcile the state charge and sentence with the terms of the Agreement requires an unusual and unprecedented threatened application of federal law. Thus, it places Mr. Epstein in the highly unusual position of having to demand that the State acquiesce to a more severe punishment than it had already determined was appropriate.

We have attempted to resolve these and other issues through the USAO and CEOS, including raising our concerns about the USAO's inappropriate conduct with respect to this matter. But those avenues have now been shut down. Mr. Sloman's letter purports to prohibit any further contact between Mr. Epstein's defense team and U.S. Attorney Acosta, and instead requires us to communicate with the USAO only though Mr. Sloman's subordinates.

While it pains us to say this, this misguided prosecution from the outset gives the appearance that it may have been politically motivated. Mr. Epstein is a highly successful, self-made businessman and philanthropist who entered the public arena only by virtue of his close personal association with former President Bill Clinton. There is little doubt in our minds that the USAO never would have contemplated a prosecution in this case if Mr. Epstein were just another "John."

U.S. Attorney Acosta previously has stated that he is "sympathetic" to our federalism-related concerns, but he has taken the position that his authority is limited by enforcement policies set forth in Washington, D.C. As expressed in our prior communication to you, we believe that a complete and independent appraisal and resolution of this case most appropriately would be undertaken by your Office—beginning with the rescission of the arbitrary, unfair, and unprecedented deadline that Mr. Sloman demands to have imposed in this case. At the very least, we would appreciate a tolling of the arbitrary timeline imposed on our client by the USAO in order to allow time for your office to consider our request that you undertake a review of this case.

Thank you for your time and attention.

Respectfully submitted,

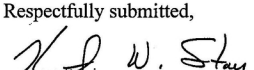

Kenneth W. Starr
Kirkland & Ellis LLP

Joe D. Whitley
Alston & Bird LL

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| Kenneth W. Starr | May 27, 2008 | 3 | [redacted] | [redacted] |

*Message:*

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 08-80736-CIV-MARRA/JOHNSON

JANE DOE #1 AND JANE DOE #2,

Plaintiffs,

vs.

UNITED STATES OF AMERICA,

Defendant.
_____/

**REPLY IN SUPPORT OF MOTION**
**FOR LIMITED INTERVENTION BY ALAN M. DERSHOWITZ**

Alan M. Dershowitz hereby replies in support of his Motion for Limited Intervention (DE 282). Prof. Dershowitz's only interest in joining this case is to strike the false, sensational and irrelevant allegations against him. In its response (DE 290), the government compellingly set forth the many reasons why Jane Does #3 and #4's request, filed over 6 years after the commencement of the CVRA case, should be denied. Jane Doe #3's false allegations against Prof. Dershowitz were not included in her statement to the government, were not made to the FBI when she was initially contacted by that agency, were not included in her civil action against Epstein in 2009, were not included in her recorded interview with her attorneys in 2011 and were not included in her interview with the British press in 2011. These allegations first appeared in Jane Doe #3's Motion for Joinder in December 2014 (DE 279), and therefore have absolutely no relevance as to whether there was a CVRA violation when Epstein and the government executed the Non-Prosecution Agreement in September 2007. The request for limited intervention was initiated to give Dershowitz a voice in the proceedings if and only if the Court allowed the

joinder of Jane Doe 3 and her untimely allegations to the underlying CVRA case. If the Court rejects the pending motion for joinder (DE 279), then the Court should strike the scurrilous allegations against Dershowitz, or, alternatively, determine the possible mootness of his Motion for Limited Intervention. Of course, if the Court strikes the allegations against him *sua sponte*, Prof. Dershowitz will withdraw his motion for limited intervention. However, if the Court grants Jane Does #3 and #4's motion for joinder, then Prof. Dershowitz's motion for limited intervention should be granted for such purposes as may be appropriate including submitting a motion to strike or other relief, so as to give him an opportunity to defend himself against these malicious and false allegations. In support of his Reply in Support of his Motion for Limited Intervention, Prof. Dershowitz states as follows:

Despite swearing under oath to her falsehoods about Prof. Dershowitz, Jane Doe #3 struggles to justify her defamations as having any relevance to the issues in this proceeding. Her Response to Prof. Dershowitz's Motion for Limited Intervention (DE 291) (herein "Response") offers no legitimate reason for defaming Prof. Dershowitz in her Joinder Motion, and she has no right to continue to do so in this Court. Strikingly, the Response does not explain why Jane Doe #3, with an obvious financial motive for fabrication of salacious accusations, waited almost seven years to lob a stink bomb into a proceeding in which she has no right to participate. The Response does not account for why Jane Doe #3 never once asserted her accusations about Prof. Dershowitz until a month ago, even though the alleged transgressions supposedly occurred some fifteen years ago. Although neither Jane Doe #3 nor anyone else had previously asserted any improper sexual contact with Prof. Dershowitz, now Jane Doe #3 cynically exploits the yoke of victimhood to victimize others.



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At bottom, Jane Doe #3's Response is nothing but a paper-thin pastiche of conspiracy theory and outright misrepresentation that crumbles upon examination. Invocations of the Fifth Amendment by nonparty witnesses in response to innocuous questions about Prof. Dershowitz are said to take on a "sinister cast"; yet these same witnesses invoked their right against self-incrimination to almost every question asked of them, including their parents' names. Prof. Dershowitz, as Epstein's former legal counsel, is one of hundreds of people listed in an address book purloined by Jeffrey Epstein's criminal butler; yet because Prof. Dershowitz's name is circled in the address book by an unknown person for unknown reasons, the argument is made that Prof. Dershowitz must have sexually abused a minor. The record shows that while Prof. Dershowitz and Jane Doe #3 are both separately mentioned in the flight logs of Mr. Epstein's private plane, they are never listed on the same flight. Plaintiffs, in turn, falsely claim that somehow Prof. Dershowitz single-handedly orchestrated the destruction of logs without any evidence of ability or possibility to do so. The increasingly unfounded accusations and insults are both sad and irresponsible.

It is precisely this toxic mix of irrelevancy, malicious falsehood, and empty accusation that justifies Prof. Dershowitz's intervention to, at least, strike the allegations against him. Jane Doe #3 never had any need to drag Prof. Dershowitz into this action besides to wrongfully use his good name and international stature to stir up media interest in her filing. This is impertinence, plain and simple, and it has no place in this Court. Prof. Dershowitz therefore urges the Court to either allow him to intervene to strike Jane Doe #3's defamatory allegations or deny Jane Doe #3's Joinder Motion so she is no longer afforded the ability to use the docket of this Court to defame others without being held accountable and strike these allegations from the record.



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## I. Jane Doe #3's Continued Smears of Prof. Dershowitz Demonstrate His Need to Intervene

Jane Doe #3 and her counsel's actions over the past month have confirmed that Prof. Dershowitz's request for intervention stands upon dramatically different circumstances than other intervention motions in this case, or any other case for that matter. Simply put, the scope and tenor of their attacks against Prof. Dershowitz differ both in degree and in kind from other reputational muggings conducted in the case before this Court. Nor is there a single reported decision in federal case law in which the vitriol, severity, and length of the attacks against a nonparty approach those levelled against Prof. Dershowitz here. What has become further apparent is that if Jane Doe #3's Motion for Joinder is granted and Prof. Dershowitz is not allowed to intervene, Jane Doe #3 and her counsel will proceed with their attacks against him, all the more emboldened with complete impunity.

While Jane Doe #3 asks to "prove" her allegations against Prof. Dershowitz, she argues paradoxically that he does not have "any direct interest" in defending these allegations. Instead, she directs Prof. Dershowitz to defend the allegations that she makes in a contrived lawsuit filed by her attorneys against him in Broward County Circuit Court for defamation of them. Moreover, the law cited by Prof. Dershowitz, including the *Sackman* and *Penthouse* cases, demonstrates a need and entitlement to intervene to vindicate his legitimate reputational interest that no other party is situated to protect. "The individual's right to the protection of his own good name reflects no more than our basic concept of essential dignity and worth of every human being – a concept at the root of any decent system of ordered liberty…" *Krauser v. Evolution Holdings, Inc.*, 975 F.Supp. 2d 1247, 1260 (S.D. Fla. 2013); quoting *Spencer v. Kemna*, 523 U.S. 1, 24 n. 5 (1998) (Stevens, J., dissenting).

In an effort to cite contrary law to the Court, Jane Doe #3's Response takes remarkable liberties in describing what is claimed to be the law to Court. For example, the Response quotes *Calloway v. Westinghouse Elec. Corp.*, 115 F.R.D. 73, 74 (M.D. Ga. 1987) for the proposition that "a witness' interest in his reputation alone . . . does not constitute the required 'interest relating to the property or transaction which is the subject of the present action' necessary to allow intervention as a matter of right." Yet what is excised from that quote through the ellipses is the most crucial part of the case: "following a finding by a court that he is not credible." *Calloway* actually stands for the proposition that a witness cannot intervene in a case as of right if the Court has found him not credible in one of its orders. This finding has never been made as to Prof. Dershowitz either in this Court, or in hundreds of others in which he has appeared.

## II. Jane Doe #3's Lies About Prof. Dershowitz Are Wholly Irrelevant to This Action

Meanwhile, Jane Doe #3 fails to come up with a single credible reason for naming Prof. Dershowitz in her Joinder Motion. First, she claims she needed to drag Prof. Dershowitz's name through the mud to prove that Jane Doe #3 was a victim of sexual abuse by Jeffrey Epstein. Yet, in her Joinder Motion, she states that "[t]he Government was well aware of Jane Doe #3 when it was negotiating the NPA, as it listed her as a victim in the attachment to the NPA." (DE 279 at 6.) If she was already listed as a victim on the NPA, why would they need to prove that further by adding pages of scurrilous allegations against various individuals? And why did they have to mention Prof. Dershowitz by name, when elsewhere they claim that "numerous prominent" individuals also allegedly committed sexual abuse, but keep those alleged figures anonymous? The bad faith against Prof. Dershowitz is apparent[1].

[1] Similarly, Jane Doe #3's allegations that she named Prince Andrew because of outstanding

Second, Jane Doe #3 claims that she needed to defame Prof. Dershowitz and others in the Joinder Motion because of discovery disputes between the government and Jane Doe #1 and Jane Doe #2. This does not even make sense, legally or factually. Jane Doe #3's right to join in this case has nothing to do with Jane Doe #1 and Jane Doe #2's entitlement to documents in discovery. In fact, the discovery requests that Jane Doe #3 cites to in her Response as purported cover for their sliming of Prof Dershowitz show that their argument is factually bogus. Prof. Dershowitz is mentioned in only two of twenty-five requests for production propounded by Jane Doe #1 and Jane Doe #2. (*See* Jane Doe #1 and Jane Doe #2's First Request for Production to the Government Regarding Information Relevant to Their Pending Action Concern [sic] the Crime Victims Act, at DE 225-1 at 26-38.) Both requests, nos. 8 and 21 seek his communications with the government in his role as Mr. Epstein's defense attorney. There is no issue of complicity or knowledge in any misconduct. Moreover, a fact conveniently omitted by Jane Doe #3 is that Prof. Dershowitz is one of eleven lawyers whose communications Jane Doe #1 and Jane Doe #2 sought in the requests for production. As the Court knows, Prof. Dershowitz had no material connection to this case—as to the merits or as to discovery—before he was dragged in by Jane Doe #3.

Third, Jane Doe #3 claims that the smears against Prof. Dershowitz are relevant to show that Prof. Dershowitz had a motive to negotiate "confidentiality" and "blank check" provisions

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discovery requests regarding her belief that Prince Andrew was somehow involved in "lobbying efforts to persuade the Government to give him a more favorable plea arrangement," and because her allegations against Prince Andrews occurred in London, therefore "affect[ing] foreign commerce" are patently absurd. (DE 291 at 20 and 18, fn. 10.) Because Jane Doe #3's other allegations are replete with allegations of interstate activity and because implications of Prince Andrew's involvement in "lobbying" for the NPA are entirely nonsensical, it is obvious that the inclusion of claims against Prince Andrew were included solely for their intended audience: the media.

into the NPA entered into between the government and Mr. Epstein. Again, this argument makes no sense in the context of this case.[2] The inclusion of certain provisions in the agreement simply has nothing to do with whether the government complied with its obligations under the Crime Victims' Rights Act ("CVRA"). If anything, it is the government's motive that would be at issue—although even that point is doubtful—not the defense attorneys'. Moreover, because the first time Jane Doe #3 made these contemptible allegations against Prof. Dershowitz was in her Motion for Joinder in December 2014, those allegations are irrelevant as to the inquiry of whether Jane Doe #3's rights under the CVRA were violated at the time the NPA was entered. The government confirms that when Jane Doe #3 was contacted by the FBI about this investigation, she clearly "stated that she did not want to be involved in the federal investigation." (DE 290 at 6.) She was not "kept in the dark" as she alleges in her Response. (DE 291 at 25.) Instead, she apparently chose to stay in the dark. Moreover, she did not make any allegations against Prof. Dershowitz at the time the NPA was entered, nor did she made any allegations against Prof. Dershowitz in her action for civil damages in 2009, nor did she make any allegations against Prof. Dershowitz in her tape recorded interview with her attorney in 2011, nor did she make any allegations against Prof. Dershowitz in her interview with the British press in 2011. The first time these allegations surfaced were in connection with Jane Doe #3's Motion for Joinder in this action. The allegations have absolutely no relevance to the underlying issue of whether Jane Doe #3 was "treated with fairness" when the NPA was entered, as the allegations against Prof. Dershowitz did not surface until approximately eight years later.

[2] Prof. Dershowitz, along with many other lawyers, was involved in negotiating the plea bargain under which Epstein agreed to plead guilty to State charges in exchange for an agreement not to prosecute him federally. However, he was not involved in drafting the text of the NPA. In fact, two other lawyers did the drafting.

Moreover, if the government had any reason to believe that Prof. Dershowitz was involved in any criminal activity they would have immediately demanded his recusal rather than continuing to work with him as one of Epstein's attorneys in negotiating a plea bargain.

Fourth, Jane Doe #3 then makes the facially absurd and libelous claim that somehow Prof. Dershowitz must have drafted and benefited from the "co-conspirators" clause of the NPA. But the link between the need to include these allegations and their ability to rescind the "co-conspirators" clause goes completely unexplained. The allegations are completely gratuitous, as there is no such link. No such claim existed until fabricated by Jane Doe #3 many years after the NPA was signed and fully performed. Additionally, as stated in Prof. Dershowitz's Supplement to his Motion for Limited Intervention, this "co-conspirator" provision "was intended to apply to four alleged co-conspirators, who were named in the original NPA and later redacted at their request…. Alan Dershowitz was never alleged to be a potential co-conspirator." (DE 285 at 4[3].)

Incredibly, Jane Doe #3's counsel, Bradley Edwards, agreed with this reading of the NPA in his Statement of Undisputed Fact during his own personal lawsuit against Jeffrey Epstein (*Jeffrey Epstein v. Scott Rothstein and Bradley J. Edwards*, lawsuit (Case no. 502009-CA-040800)) in Palm Beach County Circuit Court. There, Edwards explained that these co-conspirators were certain individuals who "procured minor females to be molested by Epstein." (DE 291-15 at ¶ 27.) Only now, when convenient as a way to try to justify allegations against Prof. Dershowitz does Edwards argue (on behalf of Jane Doe #3) that the "co-conspirator" provision was actually intended to protect Prof. Dershowitz.

[3] Moreover, it is unlikely that anyone who had sexual contact with Jane Doe #3, or any other minor involved in the Epstein case, would be considered to be a "co-conspirator." Instead those individuals would be substantive perpetrators, not covered by the agreement.

Fifth, Jane Doe #3 claims that she needed to include Prof. Dershowitz in her filing because her CVRA claim of "unfair" treatment "implicates a fact-sensitive equitable defense which must be considered in the factual context of the entire interface between Epstein, the relevant prosecutorial authorities and the federal offense victims." The "facts" to which this "defense" is sensitive, even if Jane Doe #3 is allowed to intervene, are the interactions between the prosecutors and Jane Doe #3, and not anything pertinent to Prof. Dershowitz personally. Nor are attorney-client communications between Epstein and his counsel at issue, or the proper subject of discovery in this action under any scenario.

## III. Jane Doe #3's Efforts to Bolster Her Lies About Prof. Dershowitz Are Remarkably Thin

Setting aside the utter irrelevancy of the allegations against Prof. Dershowitz, having created an international imbroglio by their ill-conceived libels of Prof. Dershowitz, one would expect that Jane Doe #3 would be able to muster at least some credible support for their allegations. Yet the two "incontestable" facts she leads with in support of her claim that Prof. Dershowitz is a serial sex abuser are (1) that Mr. Epstein and Prof. Dershowitz were friends; and (2) Prof. Dershowitz visited Mr. Epstein's house. Of course, these supposedly "incontestable" facts are evidence of nothing.

In the affidavit she submitted to this court, Jane Doe #3's lack of credibility is readily apparent. She has now sworn under oath, repeating a fragrant lie that she had previously sold to a British newspaper: namely that "former President Bill Clinton was present on the island [Jeffrey Epstein's private island] at a time when [Jane Doe #3] was also present on the island." (DE 291-1 at ¶ 53.) In this easily discredited fabrication[4], Jane Doe #3 expounded in imaginative

[4] The name of the publication is intentionally omitted as Jane Doe # 3 reveals her identity

detail about her fictional meeting with former President Clinton, providing an elaborate description about how Mr. Clinton and his secret service detail somehow allowed Ghislaine Maxwell, then a novice helicopter pilot, to fly all of them to Jeffrey's Epstein's private island on Epstein's black helicopter, as well as details about the specific place at the dinner table at which she and Mr. Clinton were seated[5]. *Id.* Jane Doe #3 also gave this British newspaper an account of yet another fictional meeting on the same island, but this time with former vice president Gore and his then wife, Tipper, providing specific details purportedly to enhance the value of her fictional story: "The Gores seemed like a beautiful couple when I met them… Jeffrey [Epstein] didn't ask me to give him a massage… I was planning on voting for him when I turned 18. I thought he was awesome." On information and belief, Prof. Dershowitz represents to the Court

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therein. A copy of the publication, or a link to the article, will be provided to the Court at the Court's request.

[5] The article states, in relevant part: "On one occasion,[Jane Doe #3] adds, Epstein did invite two young brunettes to a dinner which he gave on his Caribbean island for Mr. Clinton shortly after he left office. But, as far as she knows, the ex-President did not take the bait. "'I'd have been about 17 at the time,' [Jane Doe #3] says. 'I flew to the Caribbean with Jeffrey and then Ghislaine Maxwell went to pick up Bill [Clinton] in a huge black helicopter that Jeffrey had bought her. She'd always wanted to fly and Jeffrey paid for her to take lessons, and I remember she was very excited because she got her licence around the first year we met. I used to get frightened flying with her but Bill had the Secret Service with him and I remember him talking about what a good job she did. I only ever met Bill twice but Jeffrey had told me that they were good friends. I asked, 'How come?' and he laughed and said, 'He owes me some favours.' Maybe he was just joking but it constantly surprised me that people with as much to lose as Bill and [Prince] Andrew weren't more careful. Bill must have known about Jeffrey's girls… We all dined together that night. Jeffrey was at the head of the table. Bill was at his left. I sat across from him. [], Ghislaine's bonde British assistant, sat at my right. Ghislaine was at Bill's left and at the left of Ghislaine there were two olive-skinned brunettes who'd flown with us from New York. I'd never met them before. I'd say they were no older than 17, very innocent-looking… Maybe Jeffrey thought they would entertain Bill, but I saw no evidence that he was interested in them. He and Jeffrey and Ghislaine seemed to have a very good relationship. Bill was very funny. He made me laugh a few times. And he and Jeffrey Ghislaine told blokey jokes and the brunettes listed politely and giggled. After dinner I gave Jeffrey an erotic massage. I don't remember seeing Bill again on the trip but I assume Ghislaine flew him back.'"

that evidence will show that former president Clinton, former vice president Al Gore, and Tipper Gore never set foot on Epstein's private island, and that in all events Jane Doe #3's detailed accounts are not merely preposterous on their face but in fact entirely false and her sworn statement to this court is perjurious.

Indeed, while the points raised above show a complete lack of investigation into the credibility of the woman making these scurrilous allegations[6], what is most remarkable about Jane Doe #3's Response is what it omits. Approximately six years ago, Jane Doe #3 took advantage of the NPA's provisions, sued Mr. Epstein and received a monetary settlement. Ironically, Jane Doe #3 now seeks to overturn the very NPA which required Epstein to waive his right to contest liability by moving to join the instant action which seeks to rescind that very agreement.

Yet, she apparently never once mentioned Prof. Dershowitz's now supposedly systematic sexual abuse of her to the prosecutors or to her own lawyer. No explanation is given for this monumental inconsistency. Nor, despite his supposed status as a co-conspirator in a scheme to cover up an underage sex abuse ring, is there any explanation given for the fact that Prof. Dershowitz was never even investigated—or even mentioned—as a potential suspect. Meanwhile the present case has been proceeding for the last six and a half years, but no explanation has been given for the timing of Jane Doe #3's effort to join this case only last month.

[6] Prof. Dershowitz reserves the right to promptly file a succinct supplement to this Reply brief with information which he is in the process of confirming presently.

## IV. Prof. Dershowitz Immediately Responded to Jane Doe #3's Allegations Against Him by Asking to Defend his Reputation

Jane Doe #3 also argues that Prof. Dershowitz should not be allowed to intervene because "he has declined to defend his reputation in other actions." (DE 279, at 12.) This is demonstrably false. It is without question that the Motion for Joinder filed by Jane Doe #3 on December 30, 2014 (DE 279) was the ***first time*** anyone has ***ever*** alleged that Prof. Dershowitz had any sexual contact with a minor. It necessarily follows that this is the ***first opportunity*** Prof. Dershowitz has had to defend his reputation related to "his involvement in Epstein's offenses." In fact, just six days after these venomous allegations were made, Prof. Dershowitz filed his Motion for Limited Intervention. (DE 282.)

More specifically, Jane Doe #3 argues that when the civil lawsuit was brought by "one of the underage females" against Epstein in 2009 (*Doe v. Epstein*, No. 9:08-80893-KAM (S.D. Fla.), "Dershowitz understood that counsel for many of Epstein's victims believed that mounting evidence pointed toward his role extending beyond merely being an attorney for Epstein." (DE 279 at 13.) This, too, is demonstrably false. Despite this rank and self-serving speculation about what Prof. Dershowitz "understood," there is not one piece of evidence which points to any allegations that he engaged in any sexual contact with any minor, or even observed any criminal activity, prior to the December 30, 2014 Motion for Joinder. Instead, the deposition testimony which Jane Doe #3 points to simply states that Prof. Dershowitz visited Epstein's home (Deposition Testimony of Alfredo Rodriguez at 199, 278, 279, DE 291-18, herein, "Rodriguez Depo. Tr.") Rodriguez specifically testified that he has ***no idea whether Prof. Dershowitz had any contact at all with any female***.

> Q. And did you have any knowledge of why [Dershowitz] was visiting there?
> A. No ma'am.
> …
> Q. And do you have any idea whether or not Mr. Dershowitz was also receiving massages?
> A. I don't know, Ma'am.
> …
> Q. As to whether any of those women were ever associated with Mr. Dershowitz would it be a correct statement that you have absolutely no knowledge?
> A. I don't know, sir.
> …
> Q. Okay. Were you in any way attempting in your response to Ms. Ezell to imply that Mr. Dershowitz had a massage by one of these young ladies?
> A. I don't know, sir.
>
> Q. You have no knowledge?
> A. No, sir.

(Rodriguez Depo. Tr. at 279, 280, 385, 386.) To be sure, Rodriguez does testify that Prof. Dershowtiz was at Epstein's home when young females were present at the home – an allegation which Dershowitz strenuously denies. However, ***Rodriguez did not testify that Prof. Dershowitz saw, interacted with, or touched any of these females***. Instead, when asked what Prof. Dershowitz did "while those girls were at the house," Rodriguez answered "He will read a book with a glass of wine by the pool, stay inside." (Id. at 426, 427.) When asked if Prof. Dershowitz ever even spoke to any of the girls, or "even knew that they were there" Rodriguez answered "I don't know." (Id. at 427.) This is consistent with the fact that Epstein's home is very large and has separate closed-off quarters where Epstein resided. Prof. Dershowitz never stepped into these private quarters.

Jane Doe #3 also relies upon the September 8, 2009 deposition testimony of Mr. Juan Alessi to "corroborate" Jane Doe #3's sensational and false allegations regarding Prof. Dershowitz. However, a more complete examination of that testimony reveals that ***Alessi did not make any allegations of any wrong doing by Dershowitz***. (See, DE 291-17, hereinafter

"Alessi Depo. Tr.") Alessi testified that he saw "many celebrities" at the house… [including] a very famous lawyer[] that I'm sure you know, Alan Dershowitz, who spend [sic] at the house a couple times." (Alessi Depo. Tr. 70, 71.) However, Alessi made no allegations of improprieties against any of these individuals. Jane Doe #3 asks the Court to infer that because Prof. Dershowitz was at his client's home, he must have participated in nefarious activities. In fact, Prof. Dershowitz's friendship with Epstein consisted of the exchange of academic and intellectual ideas. At most, Alessi testified that Prof. Dershowitz visited Epstein's home and received a massage from an adult massage therapist, which "was a treat for everybody" at the Epstein home. (Id. at 74) ("Q. Did [Dershowitz] have massages sometimes when he was there? A. Yes. A massage was like a treat for everybody. If they want it, we call the massage and they have a massage.") Alessi explains that he was referring to massages performed by adult massage therapists. (Id. at 184) ("Q. All right. And if I understood your testimony is, the ones the – that is, of the massage therapists as you've just described [a hundred, 200 different massage therapists], you saw some men? A. Yes. Q. You saw more women? A. Yes. Q. ***And all of the women, at least from your viewpoint, were 18, 19 or older? A. Yes.***")[7]

Messrs. Alessi and Rodriguez did not allege that Prof. Dershowitz received a massage from any underage females, had any physical contact whatsoever with any underage females, or witnessed anyone engaging in any inappropriate behavior with any underage females. Additionally, despite their allegations to the contrary, it is clear that previous testimony from Rodriguez and Alessi does not corroborate Jane Doe #3's baseless and utterly false affidavit. (DE 291-1.)

[7] In fact, the only massage Prof. Dershowitz ever received at any of Epstein's homes was from a professional massage therapist who was in her 30's or 40s.

Next, Jane Doe #3 claims that Prof. Dershowitz declined to defend his reputation in the *Edwards v. Epstein* lawsuit (Case no. 502009-CA-040800) in Palm Beach County Circuit Court. (Opp. to Mtn. to Intervene at 13.) In support of this allegation, Jane Doe #3 argues that her attorney in the instant matter, Bradley Edwards (through his attorney Jack Scarola) contacted Prof. Dershowitz to seek his voluntary cooperation in answering questions about Prof. Dershowitz's client, Jeffrey Epstein's conduct. Prof. Dershowitz responded by letter stating

> As you may know, I was Jeffrey Epstein's attorney when he submitted his guilty plea. Accordingly, "any knowledge" I may have in connection with that plea is privileged information. If you would let me know what non-privileged information you would seek from me, I would then be able to decide whether to cooperate.

(DE 291-11.) Dershowitz sent a second letter on or about August 29, 2011 explaining that he has "never personally observed Jeffrey Epstein in the presence of underage females," and asking Edwards' attorney to provide him with any alleged basis for his unfounded belief. Edwards' attorney responded by stating that based on "sworn testimony and private interviews" he had "placed [Dershowitz] in the presence of Jeffrey Epstein on multiple occasions… when Jeffrey Epstein was in the company of underage females subsequently identified as victims." (DE 291 at 13, 14.) Again, no allegations were made at that time by Edwards' attorney, or by anyone else, that Prof. Dershowitz engaged in any inappropriate conduct or witnessed any inappropriate conduct related to Jeffrey Epstein and underage females. Instead, Edwards was incorrectly seeking Prof. Dershowitz's cooperation for a civil suit between Dershowitz's client, Jeffrey Epstein, and Edwards himself. Remarkably, because Prof. Dershowitz did not agree to compromise his ethical obligations to his client, by voluntarily cooperating with Epstein's

adversaries, Jane Doe #3 argues that Prof. Dershowitz should not be allowed to intervene in this action[8].

It is clear from the record, however, that Prof. Dershowitz acted immediately to defend himself the first time he was made aware of any such allegations against him. In fact, just six days after Jane Doe #3 filed her Motion for Joinder, which included vicious allegations against him, Prof. Dershowitz filed his Motion for Limited Intervention. (DE 282.) Accordingly, Prof. Dershowitz should be permitted to intervene for the limited purposes of moving to strike these outrageous and impertinent allegations.

## V. Jane Doe #3's Reliance on Other's Invocation of the Fifth Amendment is Improper and Wholly Unpersuasive

Without a shred of physical evidence or witness corroboration for Jane Doe #3's fantasies, she relies on invocations of the Fifth Amendment by Epstein as supportive of an adverse inference as to Prof. Dershowitz. Given that Epstein was taking the Fifth Amendment on virtually all questions, and would have responded in the same way had the opposite questions been asked, there is no inference against Prof. Dershowitz to be made from the invocation of the Fifth Amendment by Epstein[9]. Epstein's interest – in declining to answer any questions whatsoever – was his own personal interest and not that of his lawyers, and lacks even minimal relevance. *Coquina Investments v. TD Bank, N.A.,* 760 F.3d 1300, 1310-11 (11th Cir. 2014)(adverse inferences from the fifth amendment invocation by third parties allowed only

[8] Jane Doe #3's argument that he has not yet scheduled his deposition in this case, or the recently filed defamation action, is of no moment. At the appropriate time, Prof. Dershowitz will of course, appear for his deposition and testify that Jane Doe #3's allegations as to him are entirely false. This, however, has no bearing as to whether the Court should permit the limited intervention Prof. Dershowitz seeks.

[9] Had Epstein been asked about anyone – from leading government officials to members of the clergy – he would have similarly invoked the Fifth Amendment.

where inference is "trustworthy under all of the circumstances" including relationship, shared interest and control); *Kontos v. Kontos,* 968 F.Supp. 400, 407-408 (1997) (no adverse inference allowed from invocation of Fifth Amendment by sister of civil defendant in absence of "identity of interests"); *Sebastian v. City of Chicago,* 2008 WL 2875255 *33-34 (N.D. Ill. 2008)(no adverse inference from invocation of Fifth Amendment in absence of close family or business relationship). Similarly, any other witnesses taking the Fifth Amendment and remaining silent to protect themselves are obviously not creating any kind of evidence against Prof. Dershowitz. *See*, *Coquina Investments*, 760 F.3d at 1310 (11th Cir. 2014).

**Conclusion**

In conclusion, Prof. Dershowitz has no interest in joining this case other than to strike the scurrilous and irrelevant allegations against him. If the Court grants Jane Does #3 and #4 motion for joinder (DE 279), then Prof. Dershowitz's motion for limited intervention should be granted for such purposes as may be appropriate including submitting a motion to strike or other relief, so as to give him an opportunity to defend himself against harmful, defamatory and false allegations of the worse kind. If the Court rejects the pending motion for joinder, then the Court should strike the scurrilous allegations against Dershowitz, or, alternatively, determine the possible mootness of his Motion for Limited Intervention. Of course, if the Court strikes the allegations against him *sua sponte*, Prof. Dershowitz will withdraw his motion for limited intervention.

Respectfully submitted,

*/s/ Kendall Coffey*

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by Notice of Electronic Filing generated by CM/ECF, on this 2nd day of February, 2015, on all counsel or parties of record on the Service List below.

*/s/ Kendall Coffey*

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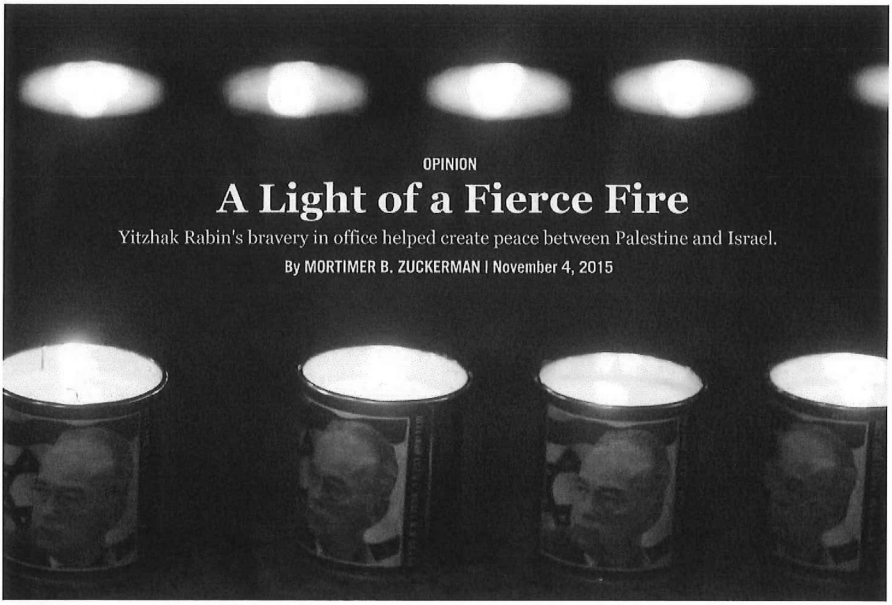

OPINION

# A Light of a Fierce Fire

Yitzhak Rabin's bravery in office helped create peace between Palestine and Israel.

By MORTIMER B. ZUCKERMAN | November 4, 2015

By Mortimer B. Zuckerman

Mortimer Zuckerman is the chairman and editor-in-chief of U.S. News & World Report and the publisher of the New York Daily News.

*Editor's note: This editorial originally appeared in the November 20, 1995 issue of U.S. News & World Report.*

The poet was once asked, "If your house was burning and you could save only one thing, what would you save?" The poet answered, "I would save the fire, for without the fire we are nothing."

It was Yitzhak Rabin's destiny not to be saved from the frenzy of a madman. But bullets cannot so easily extinguish what Rabin's bravery and vision ignited, the fire of Israel's commitment to peace. He might so easily have died in the din of battle, this man who made war when he had to. But he died instead amid the clamor of peace, with the acclaim of a mass peace rally of Israelis still in the air and still in his mind. It would be his last wish that the flame of peace, for which he gave his life, should not be dimmed by anger and despair. His state funeral, for all its sadness, was inspiring as an occasion for the vindication of his hopes, for a new dedication to Israel's security from America and for a demonstration of goodwill by some former Arab enemies.

[**SEE:** Editorial Cartoons on the Middle East]

President Clinton led a bipartisan delegation that included the congressional Republican leadership, former President Bush and former Secretary of State George Shultz. It was more than a respectful gesture of protocol. This was a statement of emotional and psychological support from the most powerful nation in the world to a small, isolated country, living in a perilous neighborhood and in a time of great national trauma: We do more than share your grief, we understand your fears; we will not desert you as you have so many



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times in your history been deserted. All Americans could take pride in President Clinton's splendid eulogy; in the uniqueness of America's compassion and friendship that extended beyond a calculation of narrow national interest; in the honor of the hand outstretched at a time of need to an ally and friend. The president rose to the moment. The hundreds of thousands of people who lined the roadside and saw the American delegation were clearly moved.

Of equal significance was the roll call of certain Arab countries (excluding Saudi Arabia) and especially the emotional speech of King Hussein of Jordan. His words referring to Yitzhak and Leah Rabin as "my brother" and "my sister," which Muslims usually reserve for one another, and the tears shed by both the king and his queen, made a deep impression on the Israelis for their humanity and ability to overcome the past. Here, clearly, were keepers of Rabin's flame of peace, continuing a line that began with Egypt's late president Anwar Sadat.

*He alone, at the time, had the capacity to persuade the divided and wary Israelis to accept a compromise.*

It is hard for outsiders to appreciate the effect on Israelis of the worldwide outpouring of sympathy and condolence, with some 80 nations represented at the funeral. The Israelis are a traumatized people. They have for so long been alone, so long believed they could not rely on anyone but themselves, so long expected the world to stay silent in their times of trouble. The extensive response resonates for a people who remember how the world closed its doors to millions of Jews in the 1930s. Their deaths in the Holocaust were but an obscene multiple of the deaths endured in the crusades and pogroms of earlier centuries when the Jews were betrayed by those who had the power to save them.

Israel was to be the end of that vulnerable status of perpetual minority, an end to exile and alienation, and a beginning of a normal and natural form of national existence. Israel was home, the new home in the old country, proclaiming that the Jews had formed a self-reliant community and did not need others to fight their battles for them. Now they had their future defined by their own family; the farmer, the kibbutznik, the jet pilot, the shopkeeper, the schoolteacher could coalesce with a traditional language, with their own bible, their own culture. This self-reliance is a matter of great pride. Jews could look after their own family. When the Jews were kidnapped in Entebbe, Uganda, it was the Israelis who took care of it. A Jewish majority could eliminate Jewish vulnerability, and with their own state, the Israelis could, they thought, be like all other nations and like everyone else. The passion for wanting to be normal extended to the notion that to be accepted, Jews did not have to justify themselves by winning the Moral Man of the Year Award every year -- at the cost of their own survival. To be 10 percent more moral than other nations would make them a light unto the world; if they were expected to be 50 percent more moral, they would be dead.

[**READ:** One State Over the Status Quo]

And yet Israel cannot be just another secular country. This very land forces the Jews into a dialogue with their religious past. The land was defined through religion, through the divine promise to Abraham, the covenant with the Father and the covenant with the people of Israel. For many religious Zionists, the victory of the Six-Day War, and the subsequent opening to resettlement of the greater land of Israel, were clear signs that God was guiding the secular Zionist revolution toward the ultimate realization of the prophetic vision of history. That is why, for some religious Jews, admitting the existence of a Palestinian nation whose homeland is the Holy Land is tantamount to violating the integrity of the Jewish people's covenantal identity. But the Jews faced a dilemma. They had come home to find peace and safety, only to find that their neighbors also claimed this tiny piece of land as their home. Even worse, how do you share a home with someone who says: "You have no right to be here"?

It is the great contribution of Yitzhak Rabin that has brought a moral answer to this dilemma. There are those Israelis who emphasize self-reliance and remember Rabbi Hillel's saying, "If I am not for myself, who is for me?" Rabin understood Rabbi Hillel had a second part: "When I am for myself, what am I?" He saw that the Jews could not control 2 million Arabs without frequent resort to a violence that would erode the moral and Jewish character of the state and, with that, its support in the world. He sought a new definition of Israeli strength and normalcy that incorporated not just military power but also moral and economic fortitude. He decided to end the Israeli occupation of Palestine and any pretense that Israel could become a



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binational state in which one people ruled another.

He was uniquely qualified for this adventure. Those to his political right had the strength but not the will to take a calculated risk for peace. Those to his political left had the will but not the strength. He alone, at the time, had the capacity to persuade the divided and wary Israelis to accept a compromise arrangement with the Palestine Liberation Organization that held great promise for peace but also great risk. But the risk was seen as a risk from the Arabs, not the risk of Jew killing Jew. What the right-wing fanatics were blind to is that their murderous intransigence threatened the state that gave them succor and its necessary acceptance by the world. Without the flame of peace, they would have nothing but bloodshed threatening every Israeli's personal security.

[**ZUCKERMAN:** The Palestinians' Lies Are Fueling the Violence]

The debate over security in Israel is different from the quarrel with the extremists. Many moderate people all across Israel are concerned about giving up land, because for years their leaders told them this land was essential to their national security. In Israel, security decisions are made in the context of the terrible reality that a single Israeli strategic blunder may mean not only military defeat but a genocidal threat to the very existence of the state – one that the world could not forestall, even if it were willing to. Many Israelis ask: Will the peace process be the beginning of a new future or the beginning of the end?

The Israelis are determined to avoid another genocide, this time in Israel. The decision to exchange lawfully captured territory for the promise of peace from those who have constantly threatened violence is fraught with unprecedented risk. Israel will not survive in this neighborhood by superior morality in the absence of superior real strength. Arab moderation is in direct proportion to Israeli strength. If the Arabs could defeat Israel, who could doubt that sooner or later they would try?

Can Shimon Peres, a durable politician less trusted by Israelis, lead the people in pursuit of Rabin's twin goals of peace and security? He is a consummate international diplomat and served with great distinction as prime minister a decade ago. His ardent desire for peace may be part of his problem, for many people believe he is too eager to cut a deal, too dovish and not skeptical enough about security issues, too wrapped up in his own ambitions. So his challenge is to relieve the worries of Israelis as well as meet the needs of the Palestinians.

In this effort, American support is crucial. Rabin said he was elected to take risks for peace. President Clinton said, "If that is your goal, I will do my best to minimize the risks you must take." That is the fire of friendship and support that will enable Israel to fulfill what Rabin so bravely began.

'Rabin, The Last Day': Venice Review
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IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT, IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiffs,

vs.

ALAN M. DERSHOWITZ,

Defendant.
_____/

**PLAINTIFFS/COUNTERCLAIM DEFENDANT EDWARDS AND CASSELL'S RESPONSE TO DERSHOWITZ'S MOTION TO DETERMINE CONFIDENTIALITY OF COURT RECORDS**

Plaintiffs/Counterclaim Defendants Bradley J. Edwards and Paul G. Cassell, by and through their undersigned attorneys, hereby file this response to Dershowitz's Motion to Determine Confidentiality of Court Records. The records at issue are not confidential, and so the Court should deny Dershowitz's motion in its entirety.

**The court records at issue are three court filings by attorneys Edwards and Cassell in which they recite their client's (Mr. Virginia Giuffre's) allegations that she was sexually abused by Dershowitz. These records are hardly "confidential" in this defamation case, where the parties have claims and counterclaims about these sexual abuse Allegations. Rather, these records are an important part of this case, since they not only support the conclusion that Dershowitz abused Ms. Giuffre, but also indisputably establish Edwards and Cassell's strong basis for filing the allegations on her behalf. Moreover, contrary to assertions made in Dershowitz's motion, these documents have never been found to be "confidential" by any other court. And Dershowitz has repeatedly referred to**

**these documents, not only in defamatory statements broadcast worldwide, but also in his pleadings before this Court and in recent depositions. Indeed, Dershowitz said in his media interviews that he wants "everything to be made public" and implied that Edwards and Cassell had something to hide. Accordingly, Dershowitz has failed to carry his heavy burden to justify sealing these presumptively-public documents.**

## I. DERSHOWITZ HAS NOT JUSTIFIED SEALING ALLEGED DEFAMATORY RECORDS THAT ARE INTEGRAL TO THIS DEFAMATION CASE.

In his motion, Dershowitz never recounts the heavy burden that he must carry to seal the records at issue. To be sure, Florida Rule of Judicial Administration 2.420 allows for the sealing of "confidential" materials. But the Rule begins by recounting the overarching principle that "[t]he public shall have access to all records of the judicial branch of government, except as provided below." Fla. R. Jud. Admin. 2.420(a). This rule is a codification of the Florida Supreme Court's admonition that a "a *strong presumption of openness* exists for all court proceedings. A trial is a public event, and the filed records of court proceedings are public records available for public examination." *Barron v. Florida Freedom Newspapers, Inc.*, 531 So.2d 113, 118 (Fla. 1988) (emphasis added). In light of this presumption of openness, "[t]he burden of proof in [closure] proceedings shall always be on the party seeking closure." *Id.* To obtain a sealing order, the party seeking sealing must carry a "heavy burden." *Id.*

Remarkably, Dershowitz fails to acknowledge these well-settled principles. More important, he even fails to cite (much less discuss) the limited substantive exceptions to this general principle of access – and which specific exception he believes applies to this

case. Accordingly, it is impossible for Edwards and Cassell to respond with precision to his motion.

The exceptions that might arguably be in play in this case permit records to be maintained as confidential in order to:

(i) Prevent a serious and imminent threat to the fair, impartial, and orderly administration of justice;
(ii) Protect trade secrets;
(iii) Protect a compelling governmental interest;
(iv) Obtain evidence to determine legal issues in a case;
(v) Avoid substantial injury to innocent third parties;
(vi) Avoid substantial injury to a party by disclosure of matters protected by a common law or privacy right not generally inherent in the specific type of proceeding sought to be closed;
(vii) Comply with established public policy set forth in the Florida or United States Constitution or statutes or Florida rules or case law . . . .

Fla. R. Jud. Admin. 2.420(c)(9) (codifying the holding in *Barron v. Florida Freedom Newspapers, Inc.*, 531 So.2d 113 (Fla. 1988)). The only exception that seems to even arguably apply here is exception vi, which itself specifically provides that confidentiality is appropriate only where disclosure is "*not generally inherent* in the specific type of proceeding sought to be closed" (emphasis added). Of course, this lawsuit is a defamation action – involving a defamation claim by Edwards and Cassell and a defamation counterclaim by Dershowitz. Disclosure, discussion, and debate about the defamatory statements at issue lies at the heart of the case. Accordingly, disclosure of these materials is "inherent" in the case itself. The principle that defamatory material in a defamation case cannot be sealed is recognized in *Carnegie v. Tedder*, 698 So.2d 1310 (2d DCA 1997). *Carnegie* involved a claim and counterclaim between two parties (Carnegie and Tedder), one of whom alleged that disclosure of

the materials in the records would be harmful to his professional reputation. *Carnegie* recited subsection vi's restriction on release of materials involving a privacy right, but noted that "statements Tedder alleged were defamatory and damaging were allegations in Carnegie's counterclaim for which she seeks damages. These matters were not peripheral to the lawsuit; they were inherent to it." *Id.* at 1312. Of course, exactly the same principle applies here: sexual abuse allegations filed by attorneys Edwards and Cassell for their client Ms. Virginia Giuffre are not peripheral to this lawsuit – they are inherent to it.

To see how "inherent" the sexual abuse allegations are to this lawsuit, the Court need look no further than Dershowitz's counterclaim in this case. Count I of Dershowitz's Counterclaim (styled as "False Allegations in the Joinder Motion") contends that Edwards and Cassell should pay him damages because they "filed a pleading in the Federal Action titled 'Jane Doe #3 and Jane Doe #4's Motion Pursuant to Rule 21 for Joinder in Action' . . . ." Dershowitz Counterclaim at ¶ 14. Dershowitz's Counterclaim then goes on to quote at length from the Joinder Motion. His counterclaim contains, for example, this paragraph recounting the allegations:

> The Joinder Motion then goes on to allege – without any supporting evidence – as follows:
>
> > One such powerful individual that Epstein forced then-minor Jane Doe #3 to have sexual relations with was former Harvard Law Professor Alan Dershowitz, a close friend of Epstein's and well-known criminal defense attorney. Epstein required Jane Doe #3 to have sexual relations with Dershowitz on numerous occasions while she was a minor, not only in Florida but also on private planes, in New York, New Mexico, and the U.S. Virgin

> Islands. In addition to being a participant in the abuse of Jane Doe #3 and other minors, Dershowitz was an eye-witness to the sexual abuse of many other minors by Epstein and several of Epstein's coconspirators. Dershowitz would later play a significant role in negotiating the [Non-Prosecution Agreement] on Epstein's behalf. Indeed, Dershowitz helped negotiate an agreement that provided immunity from federal prosecution in the Southern District of Florida not only to Epstein, but also to "any potential coconspirators of Epstein." Thus, Dershowitz helped negotiate an agreement with a provision that provided protection for himself against criminal prosecution in Florida for sexually abusing Jane Doe #3. Because this broad immunity wouldhave been controversial if disclosed, Dershowitz (along with other members of Epstein's defense team) and the Government tried to keep the immunity provision secret from all of Epstein's victims and the general public, even though such secrecy violated the Crime Victims' Rights Act.

Dershowitz Counterclaim at ¶ 15 (quoting Joinder Motion at 4).

Remarkably, having quoted at length from the Joinder Motion in his Counterclaim in this case, Dershowitz now seeks to have *that very same language* from the Joinder Motion deemed "confidential" and sealed. *Compare* Counterclaim at ¶15 (block quotation above) with Motion to Determine Confidentiality, Exhibit A at 4 (composite exhibit with proposed "confidential" document that includes paragraph beginning "[o]ne such powerful individual that Epstein forced then-minor Jane Doe #3 to have sexual relations with was former Harvard Law Professor Alan Dershowitz, a close friend of Epstein's . . . ."). Dershowitz cannot come before this Court and file a counterclaim seeking damages from Edwards and Cassell for alleged defamatory statements and then ask to have those very same statements placed under seal as "confidential." *See Barron v. Florida Freedom Newspapers*, 531 So.2d at 119 ("although generally protected by one's privacy right, medical reports and history are no longer protected

when the medical condition becomes an integral part of the civil proceeding, *particularly when the condition is asserted as an issue by the party seeking closure*" (emphasis added)).

## II. JUDGE MARRA'S ORDER IN HIS CASE DOES NOT REQUIRE THAT THE RECORDS BE SEALED IN THIS CASE.

Dershowitz also appears to contend that Judge Marra's order striking some of the materials from the records at issue somehow requires that these stricken materials be kept confidential in this case. Dershowitz's argument misunderstands both the scope of Judge Marra's order and its effect in this case. His argument rests on a truncated – and misleading -- description of the events surrounding Judge Marra's ruling striking certain documents. A more complete description makes clear that Judge Marra has not determined the documents are somehow "confidential" even in the federal Crime Victims' Rights Act case – much less in this separate state defamation action.

Edwards and Cassell filed the federal case pro bono on behalf of two young women who were sexually abused as underage girls by Dershowitz's close personal friend – Jeffrey Epstein. In 2008, Edwards and Casell filed a petition to enforce the rights of "Jane Doe No. 1" and "Jane Doe No. 2" under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771, alleging that the Government had failed to provide them rights with regard to a plea arrangement it was pursuing with Epstein. *Jane Doe No. 1 and Jane Doe No. 2 v. United States*, No. 9:08-cv-80736 (S.D. Fla.). In the course of that case, on October 11, 2011, the victims filed discovery requests with the Government, including requests specifically seeking information about Dershowitz, Prince Andrew, and others. Further efforts from the Government to avoid any discovery

followed (*see generally* Docket Entry or "DE" 225-1 at 4-5), ultimately leading to a further Court ruling in June 2013 that the Government should produce documents. DE 189. The Government then produced about 1,500 pages of largely irrelevant materials to the victims (DE 225-1 at 5), while simultaneously submitting 14,825 pages of relevant materials under seal to the Court. The Government claimed that these pages were "privileged" for various reasons, attaching an abbreviated privilege log.

While these discovery issues were pending, in the summer of 2014, Edwards and Cassell, contacted Government counsel to request their agreement to add two additional victims to the case, including Ms. Virginia Giuffre (who was identified in court pleadings as "Jane Doe No. 3"). Edwards and Cassell sought to have her added to the case via stipulation, which would have avoided the need to include any detailed facts about her abuse. Weeks went by and the Government – as it had done on a similar request for a stipulation to add another victim – did not respond to counsel's request for a stipulation. Finally, on December 10, 2014, despite having had four months to provide a position, the Government responded by email to counsel that it was seeking more time, indicating that the Government understood that victims' counsel might need to file a motion with the court on the matter immediately. DE 291 at 3-5. Rather than file a motion immediately, victims' counsel waited and continued to press the Government for a stipulation. *See id.* at 5. Finally, on December 23, 2014 – more than four months after the initial request for a stipulated joinder into the case – the Government tersely indicated its objection, without indicating any reason: "Our position is that we oppose adding new petitioners at this stage of the litigation." *See* DE 291 at 5.

Because the Government now contested the joinder motion, Edwards and Cassell prepared a more detailed pleading explaining the justification for granting the motion. One week after receiving the Government's objection, on December 30, 2014, Ms. Giuffre (i.e., Jane Doe No. 3) and Jane Doe No. 4 filed a motion (and later a corrected motion) seeking to join the case. DE 279 and DE 280. (Note: DE 280 is the first of the three documents Dershowitz seeks to have declared "confidential" in this case.) Uncertain as to the basis for the Government's objection, the motion briefly proffered the circumstances that would qualify the two women as "victims" eligible to assert rights under the CVRA. *See* 18 U.S.C. 3771(e) (defining "crime victim" protected under the Act). With regard to Ms. Giuffre, the motion indicated that when she was a minor, Jeffrey Epstein had trafficked her to Dershowitz and Prince Andrew (among others) for sexual purposes. Jane Doe No. 3 stated that she was prepared to prove her proffer. *See* DE 280 at 3 ("If allowed to join this action, Jane Doe No. 3 would prove the following . . . . "). The motion also provided specific reasons why Jane Doe No. 3's participation was relevant to the case, including the pending discovery issues regarding Dershowitz and Prince Andrew. DE 280 at 9-10 (explaining several reasons participation of new victims was relevant to existing issues).

After the motion was filed, various news organizations published articles about it. Dershowitz also made numerous media statements about the filing, including calling Jane Doe No. 3 "a serial liar" who "has lied through her teeth about many world leaders." http://www.cnn.com/2015/01/06/us/dershowitz-sex-allegation/. Dershowitz also repeatedly called Edwards and Cassell "two sleazy, unprofessional, disbarable lawyers." *Id.* On

January 5, 2015, Dershowitz filed a motion to intervene to argue to have the allegations stricken. DE 282. Dershowitz also argued that Ms. Giuffre had not provided a sworn affidavit attesting to the truth of her allegations. On January 21, 2015, Edwards and Cassell filed a response for Ms. Giuffre and Jane Doe No. 4. DE 291. (Note: This is the second of the three documents Dershowitz seeks to have kept under seal here.) The response enumerated nine specific reasons why Ms. Giuffre's specific allegations against Dershowitz were relevant to the case, including the fact that Ms. Giuffre needed to establish that she was a "victim" in the case, that pending discovery requests concerning Dershowitz-specific documents were pending, and that Dershowitz's role as a defense attorney in the case was highly relevant to the motive for the Government and defense counsel to conceal the plea deal from the victims. DE 291 at 17-26 & n.17. The response included a detailed affidavit from Ms. Giuffre about the sexual abuse she had suffered from Epstein, Dershowitz, and other powerful persons. DE 291-1. On February 6, 2015, Edwards and Cassell filed a further pleading (and affidavit from Ms. Giuffre, *see* DE 291-1) in support of her motion to intervene. (Note: this affidavit is the third of the three documents Dershowitz seeks to have declared confidential.)

On April 7, 2015, Judge Marra denied Ms. Giuffre's motion to join the case. Judge Marra concluded that "at this juncture in the proceedings" details about the sexual abuse she had suffered was unnecessary to making a determination "of whether Jane Doe 3 and Jane Doe 4 should be permitted to join [the other victims'] claim that *the Government* violated their rights under the CVRA. The factual details regarding with whom and where the Jane Does engaged in sexual activities are impertinent to this central claim (i.e., that they were known victims of Mr.

Epstein and the Government owed them CVRA duties), especially considering that the details involve non-parties who are not related to the respondent Government." DE 324 at 5 (emphasis in original). While Judge Marra struck those allegations, he emphasized that "Jane Doe 3 is free to reassert these factual details through proper evidentiary proof, should [the victims] demonstrate a good faith basis for believing that such details are pertinent to a matter presented for the Court's consideration. Judge Marra then denied Ms. Giuffre's motion to join the case, but allowed her to participate as trial witness: "The necessary 'participation' of [Ms. Giuffre] . . . in this case can be satisfied by offering . . . properly supported – and relevant, admissible, and non-cumulative – testimony as needed, whether through testimony at trial . . . or affidavits supported in support [of] the relevancy of discovery requests." DE 324 at 8 (emphasis deleted). In a supplemental order, Judge Marra stated that the victims "may re-refile these documents omitting the stricken portions." DE 325. The victims have recently refiled the documents.

In light of this history, Dershowitz is flatly incorrect when he asserts that "Judge Marra's Order appropriately precludes the unredacted documents from being re-filed in this case on the public docket." Confidentiality Motion at 3. To the contrary, the Order specifically permits factual details about Dershowitz's sexual abuse of Ms. Giuffre to be presented in regard to pertinent matters in the *federal CVRA case*. And certainly nothing in Judge Marra's Order could render those documents confidential in *this state defamation* case, where the central issues swirl around Edwards and Cassell's good faith basis for filing the allegations. Indeed, the order is not binding in any way in this case, because it is res judicata only as to Ms. Giuffre (the moving

party in that case), not as to her attorneys Edwards and Cassell. *See Palm AFC Holdings, Inc. v. Palm Beach County*, 807 So.2d 703 (4th DCA 2002) ("In order for res judicata to apply four identities must be present: (1) identity of the thing sued for; (2) identity of the cause of action; (3) identity of persons and parties; and (4) identity of the quality or capacity of the persons for or against whom the claim is made.").

## III. EDWARDS AND CASSELL WILL BE PREJUDICED IF THEY ARE BARRED FROM QUOTING FROM THE RECORD WHILE DERSHOWITZ IS PERMITTED TO FREELY REFER TO THEM WHENEVER HE FINDS IT CONVENIENT.

Dershowitz is also incorrect when he asserts that no prejudice will befall Edwards and Cassell if the records are placed under seal. To the contrary, placing the documents under seal would permit Dershowitz to continue to misrepresent and distort what is contained in those records while preventing Edwards and Cassell from correcting those misrepresentations. Dershowitz has repeatedly referred to details in the records when he has found it convenient to do so – treating the records as not confidential in any away. One clear example comes from Dershowitz's recent deposition, where he gratuitously injected into the record a reference to a portion of Ms. Giuffre's affidavit about him watching Ms. Giuffre perform oral sex on Epstein. And then, having injected that gratuitous reference into the record, he proceeded to try to rebut the reference with confidential settlement discussions – but did so by mispresenting what another attorney (David Boies) had said during the settlement discussions. So that the Court may have the full flavor of the exchange, the narrow question to Dershowitz (by attorney Jack

Scarola) and Dershowitz's extended answer are quoted in full – including Dershowitz's reference to the oral sex allegation that he now argues this Court should treat as "confidential":

> Q. [Y]ou [are] aware that years before December of 2014, when the CVRA pleading was filed, that your name had come up repeatedly in connection with Jeffrey Epstein's abuse of minors, correct? . . .
>
> A. Let me answer that question. I am aware that never before 2014, end of December, was it ever, ever alleged that I had acted in any way inappropriately with regard to Virginia [Giuffre], that I ever touched her, that I ever met her, that Ihad ever been with her. I was completely aware of that. There had never been any allegation. She claims under oath that she told you that secretly in 2011, but you have produced no notes of any such conversation. You, of course, are a witness to this allegation and will be deposed as a witness to this allegation. I believe it is an entirely false allegation that she told you in 2011 that she had had any sexual contact with me. I think she's lying through her teeth when she says that. And I doubt that your notes will reveal any such information.
> But if she did tell you that, she would be absolutely, categorically lying. So I am completely aware that never, until the lies were put in a legal pleading at the end of December 2014, it was never alleged that I had any sexual contact with Virginia Roberts.
> I know that it was alleged that I was a witness to Jeffrey Epstein's alleged abuse and that was false. I was never a witness to any of Jeffrey Epstein's sexual abuse. And I wrote that to you, something that you have falsely denied. And I stand on the record. The record is clear that I have categorically denied I was ever a witness to any abuse, that I ever saw Jeffrey Epstein abusing anybody.
>
> *And -- and the very idea that I would stand and talk to Jeffrey Epstein while he was receiving oral sex from Virginia Roberts, which she swore to under oath, is so outrageous, so preposterous, that even David Boies said he couldn't believe it was true.*
>
> MS. McCAWLEY: I object. I object. I'm not going to allow you to reveal any conversations that happened in the context of a settlement discussion.
>
> THE WITNESS: Does she have standing?

> MS. McCAWLEY: I have a standing objection and, I'm objecting again. I'm not going to
>
> THE WITNESS: No, no, no. Does she have standing in this deposition?
>
> MR. SCOTT: Let's take a break for a minute, okay?
>
> THE WITNESS: I'm not sure she has standing.
>
> MR. SCAROLA: Are we finished with the speech?
>
> MR. SCOTT: No. If he --
>
> MR. SCAROLA: I'd like him to finish the speech so that we can get to my question
> and then we can take a break.
>
> A. So the question -- the answer to your question is --
>
> MR. SIMPSON: Wait a minute. Wait a minute. Wait a minute. Please don't disclose something that she has a right to raise that objection if she wants to.
>
> MR. SCOTT: Exactly.

Deposition of Alan Dershowitz (Oct. 15, 2015) at 93-95 (attached as Exhibit 1); *see also* Deposition of Alan Dershowitz (Oct. 16, 2016) (attached as Exhibit 2) (also containing discussion of Ms. Giuffre's affidavit).

The Court should be aware that within approximately two hours of this exchange, Ms. McCawley (David Boies' law partner) released a statement on his behalf, which stated that Dershowitz was misrepresenting what happened: "Because the discussions that Mr. Boies had with Mr. Dershowitz were expressly privileged settlement discussions, Mr. Boies will not, at least at this time, describe what was actually said. However, Mr. Boies does state that Mr.

Dershowitz description of what was said is not true." Statement of Ms. McCawley on Behalf of David Boies (Oct. 15, 2015).

More broadly, the Court can readily see from this passage how Dershowitz is willing to inject into the record a part of Ms. Giuffre's affidavit whenever it serves his purpose – and, indeed, to characterize the part of the affidavit as "preposterous." But then he asks this Court to place the underlying affidavit under seal, so that the Edwards and Cassell stand accused having filed a "preposterous" affidavit without anyone being able to assess the validity of Dershowitz's attack.

Dershowitz has referred to the court records that he now wishes to have the Court declare confidential not only in his deposition, but also in his widely-broadcast media attacks on Edwards and Cassell. For example, Dershowitz appeared on the British Broadcasting Corporation (the BBC) and was asked about the allegations:

> Well, first of all they were made in *court papers* that they don't even ask for a hearing to try to prove them. They put them in *court papers* in order to immunize themselves from any consequences from a defamation suit. *The story is totally made up,* completely out of whole cloth.
> I don't know this woman. I was not at the places at the times. It is part of a pattern of made up stories against prominent people and world leaders. And the lawyers in recent statement challenged me to deny the allegations under oath. I am doing that. I am denying them under oath, thus subjecting me to a perjury prosecution were I not telling the truth. *I am now challenging them to have their client put these charges under oath* and for them to put them under oath. I am also challenging them to repeat them outside of the context of court papers so that I can sue them for defamation. . . . And I will prove beyond any doubt not only that the story is totally false, but it was knowingly false: that the lawyers and the client *conspired together to create a false story*. That is why I am moving for their disbarment in challenges to be provided to the disciplinary committee.

*BBC Radio 4 - Sarah Montague* (Jan. 3, 2015) (http://www.bbc.co.uk/programmes/p02g7qbc).

Similarly, Dershowitz appeared on NBC's *Today Show* the morning after Edwards and Cassell made a filing for Ms. Giuffre, to say that the Edwards and Cassell – and Ms. Giuffre – were all "lying" in the court documents:

> Question from Savannah Guthrie: *In legal papers from the lawyers*, they say you've had, in fact, the opportunity to be deposed.
>
> Answer from Alan Dershowitz: They're lying. They're lying.
>
> Question: They show letters in which they offered to depose you.
>
> Answer: And they didn't show my letters in response saying, (a), if you ask me about my legal relationship with Epstein and I'll be happy to answer. . . . And I responded that I would be happy to be deposed if you could give me any indication that I would be a relevant witness . . . . They will be proved – all of them [i.e., Cassell, Edwards, and Ms. Giuffre] – to be categorically lying and *making up this story.* And it will be a terrible thing for rape victims. . . . We [Epstein and Dershowitz] had an academic relationship. I was never in the presence of a single, young, underaged woman. When I was with him, it was with prominent scientists, prominent academics. And they're just – again – lying about this. I never saw him doing anything improper. I was not a participant. I was not a witness.

Today Show, Jan. 22, 2015 (emphases added).

As another example, in *Miami Herald*, Dershowitz called the Joinder Motion that he seeks to have sealed "the sleaziest *legal document* I have ever seen. They [Edwards and Cassell] manipulated a young, suggestible woman who was interested in money. This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me" – i.e., Edwards and Cassell will "rue the day" they ever filed the Joinder Motion. *Miami Herald* (Jan. 3, 2015).

Most remarkably, Dershowitz took the public airwaves to represent that he wanted all of the information surrounding the allegations to "be made public," while implying that Edwards and Cassell had something to hide. For example, on the BBC he claimed that he wanted"everything to be made public":

> Q: Would you encourage that it now be made public?
>
> A: Of course, of course. *I want everything to be made public. I want every bit of evidence in this case to be made public. I want every allegation to be made public.* I want to know who else she's accused of these horrible crimes. We know that she accused Bill Clinton of being on Jeffrey Epstein's island and participating in sex orgy with underage girls. The records of the Secret Service will prove that President Clinton never set foot on that island. So that she lied. Now it's possible to have a case of mistaken identification with somebody like me. It's impossible to have a case of mistaken identification with Bill Clinton.
> My only feeling is that if she has lied about me, which I know to an absolute certainty she has, she should not be believed about anyone else. She's lied clearly about me, she's lied clearly about Bill Clinton. We know that. We know that she's lied about other public figures, including a former prime minister and others who she claims to have participated in sexual activities with. So I think it must be presumed that all of her allegations against Prince Andrew are false as well.
> I think he [Prince Andrew] should clear the air as well.
> If you're squeaky clean and if you have never done anything like this, you must fight back with all the resources available to you. And that's what I will do. I will not rest or stop until the world understands no only that I had nothing to do with any of this, but that she deliberately, with the connivance of her lawyer, lawyers, made up this story willfully and knowingly.

*BBC Radio 4 - Sarah Montague* (Jan. 3, 2015) (http://www.bbc.co.uk/programmes/p02g7qbc).

In another widely-broadcast interview on CNN, Dershowitz implied that there is no evidence supporting the allegations against him:

> *Ask them [Edwards and Cassell] if they have any evidence* . . . . They're doing it for money. She's getting money for having sold her story. She wants to sell the book. They're trying to get into this lawsuit. They see a pot of gold at the end of the rainbow. They're [Edwards and Cassell] prepared to lie, cheat, and steal. These are unethical lawyers. This is Professor Cassell who shouldn't be allowed near a student. This is Professor Cassell, who is a former federal judge, thank God he no longer wears a robe. He is essentially a crook. He is essentially somebody who's distorted the legal profession. . . . Why would he charge a person with a sterling reputation for 50 years on the basis of the word alone of a woman who is serial liar, who has lied about former Prime Ministers, former Presidents, has lied demonstrably.

*CNN Live (with Hala Gorani) (January 5, 2015). Of course, by placing "the evidence" in this case under seal, Dershowitz will be free to continue to try and insinuate that Edward and Cassell – and their client, Ms. Giuffre – had no evidence supporting the allegations against him, even though a mountain evidence strongly support Ms. Giuffre's allegations. See Deposition of Paul Cassell (Oct. 16, 2015) at 61-117 (Exhibit 3); see also Depo of Pual Cassell (Oct. 17, 2015) (Exhibit 4).*

## CONCLUSION

The Court should deny Defendant/Counterclaim Plaintiff Alan Dershowitz's motion to place documents regarding Ms. Giuffre's allegations against him under seal.

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via E-Serve to all Counsel on the attached list, this 23rd day of November, 2015.

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# Exhibit 1

IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL
CIRCUIT IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G.
CASSELL,,

Plaintiffs,

vs.

ALAN M. DERSHOWITZ,

Defendant.
_____/

VIDEOTAPE DEPOSITION OF

ALAN M. DERSHOWITZ

VOLUME 1
Pages 1 through 179

Thursday, October 15, 2015
9:31 a.m. - 4:13 p.m.

Cole Scott & Kissane
110 Southeast 6th Street
Fort Lauderdale, Florida

Stenographically Reported By:
Kimberly Fontalvo, RPR, CLR
Realtime Systems Administrator

1 people that abused Virginia?

2 A. I told you I never asked her the question. 11:36:21

3 Q. Are you aware that years before December 11:36:48

4 of 2014, when the CVRA pleading was filed, that your

5 name had come up repeatedly in connection with

6 Jeffrey Epstein's abuse of minors, correct?

7 MR. SCOTT: Objection, form, overly broad. 11:37:16

8 A. Let me answer that question. I am aware 11:37:17

9 that never before 2014, end of December, was it

10 ever, ever alleged that I had acted in any way

11 inappropriately with regard to Virginia Roberts,

12 that I ever touched her, that I ever met her, that I

13 had ever been with her. I was completely aware of

14 that. There had never been any allegation.

15 She claims under oath that she told you 11:37:48

16 that secretly in 2011, but you have produced no

17 notes of any such conversation. You, of course, are

18 a witness to this allegation and will be deposed as

19 a witness to this allegation. I believe it is an

20 entirely false allegation that she told you in 2011

21 that she had had any sexual contact with me. I

22 think she's lying through her teeth when she says

23 that. And I doubt that your notes will reveal any

24 such information.

25 But if she did tell you that, she would be 11:38:24

1 absolutely, categorically lying. So I am completely
2 aware that never, until the lies were put in a legal
3 pleading at the end of December 2014, it was never
4 alleged that I had any sexual contact with Virginia
5 Roberts.
6 I know that it was alleged that I was a 11:38:46
7 witness to Jeffrey Epstein's alleged abuse and that
8 was false. I was never a witness to any of Jeffrey
9 Epstein's sexual abuse. And I wrote that to you,
10 something that you have falsely denied. And I stand
11 on the record. The record is clear that I have
12 categorically denied I was ever a witness to any
13 abuse, that I ever saw Jeffrey Epstein abusing
14 anybody.
15 And -- and the very idea that I would 11:39:18
16 stand and talk to Jeffrey Epstein while he was
17 receiving oral sex from Virginia Roberts, which she
18 swore to under oath, is so outrageous, so
19 preposterous, that even David Boies said he couldn't
20 believe it was true.
21 MS. McCAWLEY: I object. I object. I'm 11:39:40
22 not going to allow you to reveal any
23 conversations that happened in the context of a
24 settlement discussion.
25 THE WITNESS: Does she have standing? 11:39:46

1 MS. McCAWLEY: I have a standing objection 11:39:47
2 and, I'm objecting again. I'm not going to --
3 THE WITNESS: No, no, no. Does she have 11:39:49
4 standing in this deposition?
5 MR. SCOTT: Let's take a break for a 11:39:51
6 minute, okay?
7 THE WITNESS: I'm not sure she has 11:39:54
8 standing.
9 MR. SCAROLA: Are we finished with the 11:39:57
10 speech?
11 MR. SCOTT: No. If he -- 11:39:58
12 MR. SCAROLA: I'd like him to finish the 11:39:59
13 speech so that we can get to my question and
14 then we can take a break.
15 A. So the question -- the answer to your 11:40:02
16 question is --
17 MR. SIMPSON: Wait a minute. Wait a 11:40:04
18 minute. Wait a minute. Please don't disclose
19 something that she has a right to raise that
20 objection if she wants to.
21 MR. SCOTT: Exactly. 11:40:13
22 THE WITNESS: Okay. 11:40:14
23 MR. SCOTT: Ask your question. 11:40:17
24 MR. SWEDER: Maybe you want to read back 11:40:20
25 the last couple of sentences.

# Exhibit 2

IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,,

Plaintiffs,

vs.

ALAN M. DERSHOWITZ,

Defendant.

_____/

CONTINUED VIDEOTAPE DEPOSITION OF

ALAN M. DERSHOWITZ

VOLUME 2
Pages 180 through 333

Friday, October 16, 2015
9:18 a.m. - 12:26 p.m.

Cole Scott & Kissane
110 Southeast 6th Street
Fort Lauderdale, Florida

Stenographically Reported By:
Kimberly Fontalvo, RPR, CLR
Realtime Systems Administrator



HOUSE_OVERSIGHT_010783

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Joni Jones, Utah Attorney General Office
Travis Gallagher, Videographer



INDEX


| Examination | Page |
|---|---|
| VOLUME 2 (Pages 180 - 333) | |
| Direct By Mr. Scarola | 184 |
| Certificate of Oath | 330 |
| Certificate of Reporter | 331 |
| Read and Sign Letter to Witness | 332 |
| Errata Sheet (forwarded upon execution) | 333 |

PLAINTIFF EXHIBITS

| No. | | Page |
|---|---|---|
| 1 | Television Interview Transcript | 193 |
| 2 | Except from Deposition of Alan M. Dershowitz | 193 |
| 3 | Photograph - 8x10 - Color | 194 |
| 4 | Photograph - 8x10 - Color | 197 |
| 5 | Flight Log Information Sheet | 198 |
| 6 | Composite - Flight logs | 240 |
| 7 | Composite - Flight manuals | 240 |
| 8 | Photograph - 8x10 - Color | 305 |
| 9 | Composite - Calendar entries | 306 |
| 10 | Composite - Calendar entries | 307 |
| 11 | Composite - Calendar entries | 307 |
| 12 | Composite - Calendar entries | 307 |




VIDEOGRAPHER: Going on the record. This is day two of Alan Dershowitz's deposition. The date is October 16, 2015, and the time is approximately 9:18 a.m.

MR. SCAROLA: Would you please reswear the witness.

THE COURT REPORTER: Would you raise your right hand, please?

Do you swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

THE WITNESS: Yes.

Thereupon:

ALAN M. DERSHOWITZ

having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SCAROLA:

**Q. Mr. Dershowitz, what is rhetorical hyperbole?**

A. Rhetorical means verbal and hyperbole means exaggeration.

**Q. Something other than the truth, correct?**

A. Truth --

MR. SCOTT: Objection, form, relevancy.



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185

A. Truth has many, many meanings and is a continuum. The Supreme Court has held that rhetorical hyperbole cannot be the basis, for example, of perjury prosecutions or generally of a defamation prosecution.

So it depends on the context. You might just look at the dictionary and probably get a variety of definitions for it.

BY MR. SCAROLA:

**Q. Well, what I'm concerned about, Mr. Dershowitz, is not a dictionary definition. I want to know what your understanding of rhetorical hyperbole is.**

**And do you agree that pursuant to your understanding of rhetorical hyperbole, it is an exaggeration beyond the facts?**

MR. SCOTT: Objection, argumentative and compound, three questions.

A. No --

MR. SCOTT: You can answer.

A. -- I would not agree with that definition.

BY MR. SCAROLA:

**Q. Okay. Then define it for us, if you would, please.**

A. I think I have already.

186

**Q. I'm sorry, I missed the definition. Could you tell us what rhetorical hyperbole is?**

MR. SCOTT: Objection, repetitious. He's done it.

A. Why don't we just read back my answer.

BY MR. SCAROLA:

**Q. Because I didn't understand it, so I would like you to try to give us a direct response to that question if you're able to.**

A. I will repeat exactly what I said. A rhetorical means verbal and hyperbole means some exaggeration of the facts for political or other reasons, but generally it is truthful in a literal sense but perhaps -- it all depends on context.

And if you tell me the context in which I used it, I will be happy to describe what I meant in that context. But I don't think you can really answer a question about what two words put together mean without understanding the context.

**Q. Okay. Well, we're going to talk about some context.**

**Do you recall having been interviewed on CNN Tonight on January 5, 2015?**

A. I have no current recollection of --

MR. SCOTT: Do you have a copy of the

187

transcript of the interview? We'd like to see it.

MR. SCAROLA: That's exactly what I gave you, the photocopy.

MR. SCOTT: We're doing it right now. Maybe we can move on and come back then.

MR. SCAROLA: No, I would like to proceed.

MR. SCOTT: Then let's stop until I get a copy of it. Because he -- I want --

MR. SCAROLA: I don't think that's necessary because your client has told us that he has a superb memory and one of the things I would like to know is what he's able to recall. If he needs to refresh his memory, the transcripts will be here in just a moment, but I don't want to delay going forward.

MR. SCOTT: Do you need the transcript to refresh your memory?

THE WITNESS: Well, I have no memory of what specifically I said on a particular day in a particular interview.

MR. SCOTT: Since you have a copy in front of him, why don't you just show him your copy then? Read the -- ask your question and let him read it.

188

BY MR. SCAROLA:

**Q. Do you recall having been interviewed on CNN Tonight by Don Lemon?**

A. Yes, I do.

**Q. Do you recall having been interviewed on CNN Tonight by Don Lemon in early January of 2015, where you spoke about matters that have become the subject of this litigation?**

A. Yes, I do.

**Q. Did you make the following statement during the course of that interview: "As to the airplanes, there are manifests that will prove beyond any doubt that I was never on a private airplane with this woman or any other underage girl"?**

MR. SCOTT: You need to see the transcript?

THE WITNESS: No. No.

A. That is a truthful statement. I would repeat it right now. I've reviewed the manifests.

First, I know I was never on the airplane with any underage woman. I know that for a fact. I have absolutely no doubt in my mind about that. And the records that I have reviewed confirm that.

They have Virginia Roberts on a number of



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1 airplane flights with Jeffrey Epstein. They have me
2 on a number of flights, none -- let me emphasize,
3 none within the relevant time period, none within
4 the relevant time period. That is, there are no
5 manifests that have me on Jeffrey Epstein's airplane
6 during the time that Virginia Roberts claims to
7 have -- falsely claims to have had sex with me.
8 So, yes, not only recall making that
9 statement, but I repeat it here today. And it is
10 absolutely true. And it just confirms what I know,
11 and that is that Virginia Roberts made up the entire
12 story.
13 BY MR. SCAROLA:
14 **Q. Your statement --**
15 MR. SCOTT: What page are you reading
16 from?
17 MR. SCAROLA: Page 5.
18 **Q. Your statement was that you were never on**
19 **a private airplane with this woman, which I assume**
20 **was a reference to Virginia Roberts, correct?**
21 A. It is, yes.
22 **Q. Or any other underage girl?**
23 A. That's right.
24 **Q. All right. How many times --**
25 A. Well, let me be very clear. I have no



1 idea who was in the front cabin of the airplane with
2 the pilots. Obviously what I intended to say and
3 what I say here now is I never saw an underaged
4 person on an airplane.
5 Now, when I -- when I flew with Jeffrey
6 Epstein to the launch, my recollection is that there
7 may have been a couple on the plane with their child
8 who was going to see the launch. But that was
9 certainly not the context in which I made the
10 statement.
11 I never saw any underage, young person who
12 would be the subject or object of any improper
13 sexual activities. Had I seen Jeffrey Epstein ever
14 in the presence of an underage woman in a context
15 that suggested sexuality, I would have, A, left the
16 scene; B, reported it; and, C, never had any further
17 contact with Jeffrey Epstein.
18 **Q. You have also made the statement that you**
19 **were never on a private airplane with any underage**
20 **women or any young women, correct?**
21 A. The context was underage women in a sexual
22 context. If it was a -- you know, a four-year-old
23 child being carried by her mother, that would not be
24 included in what I intended to say.
25 **Q. Your sworn testimony yesterday, according**



1 **to the transcription, the official transcription of**
2 **that testimony, was that, quote:**
3 **"Let me emphasize that the manifests that**
4 **do exculpate me do not show me flying with Virginia**
5 **Roberts, they do not show me flying with any young**
6 **women."**
7 **That was the testimony you gave under**
8 **oath. Do you stand by that testimony today?**
9 A. The manifests that I saw corroborate my
10 own memory -- my own memory is as clear as could
11 be -- that I never saw any inappropriately aged,
12 underaged women on any airplane to my knowledge that
13 were visible to me at any time that I flew. That is
14 my testimony, yes.
15 **Q. Well, that's not a response to the**
16 **question that I asked. Is it your testimony today**
17 **that you never flew on a private airplane with,**
18 **quote, "any young women"?**
19 MR. SCOTT: Objection, form.
20 A. By young women, I obviously meant in that
21 context underage women. And underage women in the
22 context of sexuality. And, yes, I -- I stand by
23 that statement.
24 BY MR. SCAROLA:
25 **Q. All right. So your -- your clarification**



1 **of your earlier testimony is that you never saw any**
2 **young women in a sexual context?**
3 A. That's not clarification. I think that's
4 what I initially said. That's what I initially
5 intended. And that's the way any reasonable -- any
6 reasonable person would interpret what my original
7 testimony was. So I don't believe my original
8 testimony required any clarification.
9 **Q. So what you meant to convey by the**
10 **statement that you made when you said you never flew**
11 **with any underage girl or any young women was you**
12 **never flew with any underage girl or young women in**
13 **a sexual context?**
14 MR. SCOTT: Objection, form.
15 BY MR. SCAROLA:
16 **Q. Is that correct?**
17 A. Let me simply repeat the fact and that is,
18 to my knowledge, I never flew on an airplane or was
19 ever in the presence on an airplane with any
20 underage woman who would be somebody who might be in
21 a sexual context. I say that only to eliminate the
22 possibility that some four-year-old was on the lap
23 of a mother or somebody was on the airplane with
24 family members.
25 But, no, I do not recall -- and I'm very



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1 firm about this -- being on an airplane with anybody
2 who I believed could be the subject of Jeffrey
3 Epstein or anyone else's improper sexual activities.
4 MR. SCAROLA: All right. Let's mark the
5 transcript that we've been referring to as
6 Exhibit Number 1, please. That's the
7 transcript of the television interviews that
8 we'll be discussing.
9 (Thereupon, marked as Plaintiff Exhibit
10 1.)
11 MR. SCOTT: This is actually 2, right? We
12 had one yesterday, an article from the British
13 newspaper?
14 MR. SCAROLA: No. It was not marked as an
15 exhibit. This is the first exhibit that's been
16 marked.
17 MR. SCOTT: No, I know that, but I thought
18 we were going to mark that one. Maybe I was --
19 I asked for that. Okay.
20 It was an answer and counterclaim about
21 the allegation shown to the witness.
22 MR. SCAROLA: And Exhibit Number 2 will be
23 the transcript from yesterday's proceedings
24 that I have just referenced.
25 (Thereupon, marked as Plaintiff



1 Exhibit 2.)
2 MR. SCOTT: You don't have a copy of that,
3 do you, of the transcript?
4 MR. SCAROLA: No. Got sent to you. I
5 assume you have it.
6 BY MR. SCAROLA:
7 **Q. I'm going to hand you what we'll now mark**
8 **as Exhibit Number 3.**
9 **(Thereupon, marked as Plaintiff**
10 **Exhibit 3.)**
11 MR. SCOTT: There's no question.
12 MR. SWEDER: Yes.
13 BY MR. SCAROLA:
14 **Q. Do you recognize that young woman,**
15 **Mr. Dershowitz?**
16 A. No.
17 **Q. Never saw her?**
18 A. Not that I know of.
19 **Q. Never flew on an private airplane with**
20 **her?**
21 A. Not that I know of.
22 **Q. Do you recognize the name Tatiana?**
23 A. I do recall that Jeffrey Epstein had a
24 friend named Tatiana.
25 **Q. That you flew with?**



1 A. I don't remember that I flew with her or
2 not. I may have. But I don't recall necessarily.
3 But I did meet -- I remember meeting a woman named
4 Tatiana. This does not look like Tatiana, like the
5 woman I met.
6 **Q. Okay. So that's a -- that's a different**
7 **Tatiana?**
8 A. No, I don't know.
9 MR. SCOTT: Objection, form,
10 argumentative.
11 A. I have no idea. I do not recognize this
12 woman. She's not familiar to me at all.
13 I can tell you this: Without any doubt, I
14 never met anybody dressed like this on any airplane
15 or in the presence of Jeffrey Epstein or in any
16 context --
17 BY MR. SCAROLA:
18 **Q. Did she have --**
19 A. -- related to this case.
20 **Q. -- more clothes on or less clothes on when**
21 **you met her?**
22 MR. SCOTT: Objection, form. He said he
23 never met her. Misrepresent --
24 BY MR. SCAROLA:
25 **Q. When you met the woman that you're**



1 **referencing, did she have more clothes on or less**
2 **clothes on than that woman?**
3 A. Every woman that I met in the presence of
4 Jeffrey Epstein was properly dressed, usually in
5 suits and dresses and -- and appropriately covered
6 up. I never met any women in the context of Jeffrey
7 Epstein who were dressed anything like this.
8 **Q. Would you agree that that is a young woman**
9 **in that photograph?**
10 A. I have no idea what her age is.
11 **Q. So you don't know whether she was underage**
12 **or overage or a young woman or not a young woman?**
13 A. I don't --
14 MR. SCOTT: Objection, form.
15 A. -- know this woman, so I have no idea how
16 old a woman in a picture is. She could be -- she
17 could be 30. She could be 25. I have no idea.
18 BY MR. SCAROLA:
19 **Q. Or she could be 15 or 16?**
20 A. I don't think so.
21 **Q. But you don't know?**
22 A. This doesn't -- well, I don't know how old
23 you are. This does not strike me --
24 **Q. Old enough to know that --**
25 MR. SCOTT: You're cutting --



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197

BY MR. SCAROLA:

**Q. -- that's a young woman.**

MR. SCOTT: Objection. You're cutting the witness off. You're not letting him finish.

A. This looks like a picture out of a Playboy or Penthouse magazine. It does not look to me like a person who is under the age of 16 or 17 or 18. But I don't think you can tell anything from the picture. I think you can tell much more from meeting somebody and being with them and having a conversation with them.

MR. SCAROLA: Let's mark this photograph, if we could, as Exhibit Number 4.

(Thereupon, marked as Plaintiff Exhibit 4.)

BY MR. SCAROLA:

**Q. Does Exhibit Number 4 help you at all to recognize this young woman?**

A. I've never -- I have no -- no recollection of this young woman at all.

**Q. All right. Would you describe for us, please, the Tatiana that you flew with Jeffrey Epstein on November 17, 2005?**

A. First, I want to emphasize that that's three years later than any of the issues involved in

198

this case. I have no recollection of flying with this woman. I saw the name Tatiana on a manifest.

And my recollection of Tatiana -- I have no recollection of flying with her, but my recollection of Tatiana is that she was a serious, mid 20s woman friend of Jeffrey Epstein, who I may have met on one or two or three occasions when he was with her in -- perhaps at Harvard University where he was meeting with academics and scholars, or perhaps -- I think that's probably the context where -- where she might have been.

**Q. But you never flew with her?**

A. I have no recollection of flying with her.

**Q. Okay. Well, let me see if this helps to refresh your recollection, Mr. Dershowitz.**

MR. SCAROLA: Let's mark this as Exhibit Number 5, please.

THE WITNESS: Uh-huh, yes.

(Thereupon, marked as Plaintiff Exhibit 5.)

BY MR. SCAROLA:

**Q. Do you see that the name of the woman in the photographs I have handed you is Tatiana Kovylina, K-O-V-Y-L-I-N-A, a Victoria Secrets model?**

**The photographs, sir, look at the**

199

**photographs. The photographs identify the woman as Tatiana Kovylina, correct?**

A. Yes, but --

MR. SCOTT: Mr. Dershowitz, take your time --

THE WITNESS: Yeah.

MR. SCOTT: -- review the exhibits. Don't be rushed by Mr. Scarola.

A. Yes, it's a different -- different spelling of the name. The Tatiana on the manifest is spelled T-A-I-T-A-N-N-A.

The Tatiana in the photograph is T-A-T-I-N -- I-A-N-A. I have no idea whether --

BY MR. SCAROLA:

**Q. The last name --**

A. -- they are the same person.

**Q. -- is the same, Kovylina, right?**

A. There's no last name.

**Q. Well, read down a little bit further, if you would, Mr. Dershowitz.**

A. You mean as to a different flight?

**Q. Yes, sir. Identifying the return flight for the same Tatiana.**

A. I have no idea that it's a return flight. I have nothing on the record that suggests that it's

200

a return flight. And it has different people on it. So I have no reason to believe it's a return flight.

**Q. Is the last -- the question that I asked you, Mr. Dershowitz, is: Is the last name spelled exactly the same as the last name is spelled in the two photographs I have shown you?**

A. Let me look. So, on the 20th of November --

**Q. Is the last name --**

MR. SCOTT: Whoa, whoa --

BY MR. SCAROLA:

**Q. -- spelled the same way on both the flight log and the two photographs I have shown you?**

A. On -- you mean on a flight log that I was not on the flight? Is that right? You're talking about a flight log that I was not on the flight, right?

**Q. That flight log shows you on multiple flights, does it not?**

A. It shows me not on that flight. It shows me on a number of flights, but not on that flight.

MR. SCOTT: What's the date of the flights?

THE WITNESS: The date of that flight is -- looks like November 20th, 2005, more



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1 than three years after Virginia Roberts left
2 for --
3 BY MR. SCAROLA:
4 **Q. Mr. Dershowitz --**
5 MR. SCOTT: You're cutting the witness
6 off.
7 MR. SCAROLA: He's not answering my
8 question, Tom.
9 MR. SCOTT: Well --
10 MR. SCAROLA: I want to know whether the
11 last name is spelled the same or it isn't
12 spelled the same on the flight log marked as an
13 exhibit and on the photographs. That's a very
14 direct question. It calls for a very direct
15 yes or no response.
16 And this witness has demonstrated a clear
17 refusal to respond directly to direct
18 questions, which will result, when we resume
19 this deposition, in our requesting that the
20 Court appoint a special master so that this
21 deposition doesn't take two weeks to complete.
22 MR. SCOTT: You know, Mr. Scarola, that's
23 a nice speech and I appreciate it.
24 MR. SCAROLA: Thank you.
25 MR. SCOTT: I don't agree with your



1 characterization. And if you recall, months
2 ago I suggested a special master for this
3 deposition, for your clients' depositions and
4 for Virginia Roberts' and your response to me
5 was: I'll consider it, I won't pay for it. If
6 your client wants to pay for it -- so basically
7 you blew me off.
8 So, I appreciate you finally come around.
9 And your clients.
10 MR. SCAROLA: Your client's misconduct has
11 clearly convinced me, having now considered it,
12 that it is absolutely necessary.
13 MR. SCOTT: Okay. Now --
14 BY MR. SCAROLA:
15 **Q. So now could I get an answer to my**
16 **question --**
17 MR. SCOTT: Now that we have --
18 BY MR. SCAROLA:
19 **Q. -- whether the last name on the flight log**
20 **is spelled exactly the same way as the last name in**
21 **the photographs?**
22 MR. SCOTT: Now that all the lawyers'
23 speeches are done, read the question back and
24 the witness will answer it.
25 MR. SCAROLA: I will repeat the question.



1 BY MR. SCAROLA:
2 **Q. Is the last name on the photograph spelled**
3 **exactly the same way as the last name on the flight**
4 **log?**
5 A. If you're talking about a flight log that
6 I was not on that flight, the answer is yes.
7 **Q. All right. Thank you very much, sir.**
8 **Now, that flight log also shows you flying**
9 **repeatedly in the company of a woman named Tatiana,**
10 **correct?**
11 A. I've only seen one reference to Tatiana on
12 November 17. If you want to show me any other
13 references, I'd be happy to look at them.
14 **Q. All right, sir. Thank you.**
15 **Let's go back to the --**
16 MR. SCOTT: Are we done with this exhibit?
17 MR. SCAROLA: We are done with the
18 exhibit.
19 MR. SCOTT: Okay. Then let's collect the
20 exhibits so that we don't have a big -- then
21 we'll turn them over to the court reporter to
22 keep safekeeping.
23 There you go, young lady, don't lose
24 those, don't get them wet. And we'll proceed.
25



1 BY MR. SCAROLA:
2 **Q. Did you state during the same interview,**
3 **the CNN Don Lemon interview: "She has said that**
4 **Bill Clinton was with her at an orgy on Jeffrey's**
5 **island"?**
6 A. I did state that, yes.
7 **Q. Was that statement intended as fact,**
8 **opinion, or was it intended as rhetorical hyperbole?**
9 MR. SCOTT: Do you understand the
10 question?
11 THE WITNESS: Yes, I do.
12 A. It was a statement based on what I
13 believed were the facts at the time I said them.
14 Various newspapers and blogs had placed
15 Bill Clinton on, quote, "orgy island" on -- in the
16 presence of Jeffrey Epstein when there were orgies.
17 And at the time I made that statement, I had a
18 belief that she had accused Bill Clinton of
19 participating or being -- as being a part of or an
20 observer or -- or a witness or a participant in
21 orgies on what was called Jeffrey Epstein's orgy
22 island. That was my state of belief, honest belief
23 at the time I made that statement.
24 BY MR. SCAROLA:
25 **Q. Yes, sir. And what I want to know is what**



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205

1 **the source of that honest belief was? Identify any**
2 **source that attributed to Virginia Roberts the**
3 **statement that Bill Clinton was with her at an orgy**
4 **on Jeffrey's island.**
5 A. We can provide you about, I think, 20
6 newspaper articles and blogs which certainly raise
7 the implication that Bill Clinton had improperly
8 participated in sexual activities on the island
9 either as an observer or as a participant. The
10 issue was raised on Sean Hannity's program. The
11 headlines in various British media had suggested
12 that.
13 It's my belief that Virginia Roberts
14 intended to convey that impression when she was
15 trying to sell her story to various media, which she
16 successfully sold her story to in Britain, that she
17 wanted to keep that open as a possibility.
18 And then when I firmly declared, based on
19 my research, that Bill Clinton had almost certainly
20 never been on that island, she then made a firm
21 statement that she -- which was a -- which was a
22 perjurious statement, a firm perjurious statement
23 saying that although Bill Clinton had been with her
24 on the island and had had dinner with her, the
25 perjurious statement was that Bill Clinton had been

206

1 on the island with her.
2 The lie was that she described in great
3 detail a dinner with Bill Clinton and two underaged
4 Russian women who were offered to Bill Clinton for
5 sex but that Bill Clinton turned down.
6 So she then put in her affidavit that
7 although -- perjuriously, although she had seen Bill
8 Clinton on that island, she then stated that she had
9 not had sex with Bill Clinton. To my knowledge,
10 that was -- to my knowledge at least, that was the
11 first time she stated that -- that she not had sex
12 with Bill Clinton. She had certainly implied, or at
13 least some of the media had inferred from her
14 statements that she may very well have observed Bill
15 Clinton in a sexually compromising position.
16 So, when I made that statement to Don
17 Lemon, I had a firm belief, based on reading
18 newspaper accounts and blogs, that it was true.
19 **Q. Can you identify a single newspaper that**
20 **attributed to Virginia Roberts the statement that**
21 **Bill Clinton was with her at an orgy on Jeffrey's**
22 **island?**
23 A. I think there -- I don't have them in my
24 head right now. But I do recall reading headlines
25 that talked about things like, sex slave places

207

1 Clinton on orgy island, things of that kind. I
2 would be happy to provide them for you. I don't
3 have them on the top of my head.
4 **Q. There's a big difference between saying**
5 **that Bill Clinton was on Jeffrey's island and saying**
6 **that Bill Clinton was at an orgy on Jeffrey's**
7 **island, isn't there?**
8 MR. SCOTT: Objection --
9 BY MR. SCAROLA:
10 **Q. Do you recognize a distinction between**
11 **those statements?**
12 MR. SCOTT: Form.
13 A. I don't think that distinction was clearly
14 drawn by the media.
15 BY MR. SCAROLA:
16 **Q. I'm asking whether you recognize the**
17 **distinction?**
18 A. Oh, I -- I certainly recognize a
19 distinction.
20 **Q. Oh, so --**
21 A. Let me finish. I certainly recognize a
22 distinction between Bill Clinton being on the
23 island, which I believe she perjuriously put in her
24 affidavit, and Bill Clinton participating actively
25 in an orgy. I also think it's a continuum.

208

1 And there is the possibility, which I
2 don't personally believe to be true, that he was on
3 the island. There was the possibility, which I
4 don't believe to be true, that he was on the island
5 when orgies were taking place. There was the
6 possibility that he was on the island and observed
7 an orgy, and there was the possibility that he was
8 on the island and participated in an orgy.
9 Newspapers picked up those stories. I'll
10 give you an example of a newspaper that actually
11 said that that she had placed or that I was on the
12 island and -- that I participated in an orgy along
13 with Stephen Hawkings [sic.], the famous physicist
14 from Cambridge University, that was a newspaper
15 published in the Virgin Islands, which falsely
16 claimed that I was at an orgy with Stephen Hawkings.
17 So, many newspapers were suggesting,
18 implying, and I inferred from reading those
19 newspapers that that's what she had said to the
20 media.
21 If I was wrong about that based on
22 subsequent information, I apologize. But I
23 certainly, at the time I said it, believed it and
24 made the statement in good faith in the belief that
25 it was an honest statement.



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1 **Q. Okay. So you now are withdrawing the**
2 **statement that you made that Virginia Roberts said**
3 **that Bill Clinton was with her at an orgy on**
4 **Jeffrey's island; that was wrong?**
5 A. I don't know whether she ever said that.
6 I would not repeat that statement and have not
7 repeated that statement based on her denial. As
8 soon as she denied it, I never again made that
9 statement and would not again make that statement.
10 **Q. You --**
11 A. But I did reiterate the fact that she
12 committed perjury when she said she was on the
13 island with Bill Clinton.
14 MR. SCAROLA: Move to strike the
15 nonresponsive --
16 A. That was the perjurious statement.
17 MR. SCAROLA: Move to strike the
18 nonresponsive portions of the answer.
19 BY MR. SCAROLA:
20 **Q. You have made a reference during that same**
21 **CNN interview to this woman, referring to Virginia**
22 **Roberts, having a criminal record?**
23 A. That's right.
24 **Q. Okay. What -- what is a criminal record?**
25 A. Well, the way I used the term is that she



1 committed a crime and legal -- some kind of
2 proceedings resulted from her committing a crime.
3 The crime she committed was stealing money from a
4 restaurant that she worked at while she was also
5 working for Jeffrey Epstein. And it was my
6 information that there was a criminal record of her
7 theft.
8 **Q. How old was she at the time this alleged**
9 **offense occurred?**
10 A. I don't know. But old enough to be held
11 criminally responsible in the State of Florida, to
12 my knowledge. To my knowledge, I -- I recall a case
13 where a 14-year-old boy was sentenced as an adult
14 for --
15 MR. SCAROLA: Mr. Scott --
16 A. -- a serious --
17 MR. SCAROLA: -- did my question ask
18 anything about a 14-year-old boy?
19 A. You asked if --
20 MR. SCAROLA: Do we really need to listen
21 to this?
22 MR. SCOTT: You're asking questions, my
23 client is providing his response.
24 MR. SCAROLA: No, your client is not
25 responding. Your client is filibustering.



1 Your client is doing everything he can to avoid
2 giving direct answers to these questions.
3 I would appreciate it if you would take a
4 break, counsel your client that the speeches
5 are not helpful to anyone, and especially not
6 helpful to him.
7 MR. SCOTT: If you want to take a break,
8 I'll take a break and I will advise my client
9 whatever I feel is appropriate, not what you
10 instruct me to do.
11 MR. SCAROLA: Okay. Well, if you think it
12 might help at all in the progress of this
13 deposition, then I do want to take a break. If
14 you don't think taking a break would be
15 helpful, I don't want to take a break.
16 MR. SCOTT: Do you want to take a break or
17 not?
18 THE WITNESS: I'm going to leave it to
19 your judgment. I'm happy to proceed --
20 MR. SCOTT: Okay. I'll be glad to take a
21 break.
22 MR. SCAROLA: Thank you.
23 MR. SCOTT: I can't say --
24 MR. SCAROLA: Five minutes.
25 MR. SCOTT: -- it will help you or



1 anything but --
2 MR. SCAROLA: I can understand that you
3 don't -- you don't have that control, but if
4 there's any reasonable --
5 MR. SCOTT: You know, Counsel --
6 MR. SCAROLA: -- prospect that it might
7 help, let's give it a try.
8 MR. SCOTT: You know, I really don't
9 appreciate the comments about my abilities as
10 an attorney, like I don't have that control and
11 things of nature. It really is --
12 MR. SCAROLA: I don't have the control
13 either.
14 MR. SCOTT: It's not --
15 MR. SCAROLA: I'm not trying to disparage
16 you at all in any respect. I'm just suggesting
17 that --
18 MR. SCOTT: Okay.
19 MR. SCAROLA: -- there is reason to doubt
20 that it will do any good. But I want to give
21 it a try.
22 MR. SCOTT: Okay. Fine. Thank you.
23 MR. SCAROLA: Thank you.
24 VIDEOGRAPHER: Going off the record. The
25 time is approximately 9:49 a.m.



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213

(Recess was held from 9:49 a.m. until 10:01 a.m.)
VIDEOGRAPHER: Going back on the record. The time is approximately 10:01 a.m.
MR. SCOTT: If you've finished your bagel, we're ready to proceed, I think.
MR. SCAROLA: I think we are. I was actually ready to proceed a little bit earlier, but we'll proceed now.
BY MR. SCAROLA:
**Q. Mr. Dershowitz, do you agree with the basic concept that one is presumed to be innocent until proven guilty?**
A. Yes.
**Q. Has Virginia Roberts ever been proven to be guilty of any crime at any time, anywhere, at any age?**
A. I don't know the answer to that question, but I do know that she was brought into the legal system for stealing money from her employer and I think it's fair to characterize that as her having a criminal record, yeah.
**Q. To the extent that anyone might interpret your comment that Virginia Roberts was ever convicted of a crime, they would be drawing a false conclusion as far as you know, correct?**

214

A. As far as I know, I don't know of her having convicted of any crime. But I do know that she was proceeded against for having stolen money. And I don't think she contested that. I don't think there's any dispute about the fact that she stole money and engaged in other crimes as well.
**Q. When did you find out about this alleged crime?**
A. As soon as the false allegation against me was made public, I got call after call after call from people telling me about Virginia Roberts, about your 22 clients. The calls just kept coming in because there was such outrage at this false allegation being directed against me.
MR. SCAROLA: Move to strike the unresponsive portion of the answer.
BY MR. SCAROLA:
**Q. You found out as soon as the CVRA complaint was -- the CVRA allegations referencing you were filed; is that correct?**
A. I didn't say that. I said as soon as they were made public and as soon as the newspapers carried these false stories, I received phone calls and I learned about -- I learned about her encounter with the criminal justice system.

215

**Q. That would certainly have been prior to February 23rd of 2015, correct?**
A. Yes.
MR. SCOTT: Are you going back to the exhibit now with the newspapers and --
MR. SCAROLA: Not yet.
MR. SCOTT: Okay.
BY MR. SCAROLA:
**Q. Having reviewed the available airplane flight logs, you are aware that Bill Clinton flew on at least 15 occasions with Jeffrey Epstein on his private plane, correct?**
A. Yes.
**Q. Have you ever attempted to get flight log information with regard to Former President Clinton's other private airplane travel?**
A. No.
**Q. Never made a public records request --**
A. Yes.
**Q. -- under the Freedom of Information Act with regard to those records?**
A. Well, we have made a Freedom of Information request. My -- my attorney in New York, Louis Freeh, the former head of the FBI, has made a FOIA request for all information that would

216

conclusively prove that Bill Clinton was never on Jeffrey Epstein's island, yes.
**Q. And you were denied those records, correct?**
A. No, no, no.
**Q. Oh, you got them?**
MR. SCOTT: Well, wait a minute. Let's take it slow. Ask a question.
A. As any lawyer knows, FOIA requests take a long, long period of time. So they were neither denied nor were they given to us. They are very much in process.
BY MR. SCAROLA:
**Q. When was --**
A. While we're talking about -- may I complete -- I want to amend one answer I gave previously.
While we're talking about the plane logs, I must say that during the recess, my wife Googled Tatiana and found out that she was, in fact, 24 years old in 1995, at the time she flew on that airplane. So that my characterization of her as about 25 years old is absolutely correct.
And the implication that you sought to draw by showing me those pictures was not only



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217

1 demonstrably false, but you could have easily
2 discovered that the implication you were drawing was
3 demonstrably false by simply taking one second and
4 Googling her name as my wife did.
5 BY MR. SCAROLA:
6 **Q. And so at 25 years old, she wasn't a young**
7 **woman?**
8 A. She was not the kind of woman that I was
9 describing as underage. She was a mature, serious,
10 I think I said in my public statements a model. I
11 wasn't aware at the time that see was working for
12 Victoria's Secrets, but Google demonstrates that.
13 And I described her exactly, in exactly the right
14 terms, a serious person.
15 I always saw her dressed when I saw her --
16 I saw her maybe on two or three occasions, dressed
17 appropriately. She was a serious adult worker and I
18 think you insult and demean her when you suggest
19 that anything other than that she was a serious
20 adult when she flew on that airplane.
21 **Q. You were asked on the occasion of that**
22 **same Don Lemon CNN interview what possible motive**
23 **the attorneys, Brad Edwards and Paul Cassell, could**
24 **have had to have identified you in the pleading that**
25 **was filed in the Crime Victim's Rights Act case.**

218

1 **Do you remember that?**
2 A. That's right, yes.
3 **Q. And your response was, quote --**
4 MR. SCOTT: Here's your transcript if you
5 need to refer to it.
6 BY MR. SCAROLA:
7 **Q. -- "They want to be able to challenge the**
8 **plea agreement and I was one of the lawyers who**
9 **organized the plea agreement. I got the very good**
10 **deal for Jeffrey Epstein."**
11 **Did you make that response?**
12 A. Yes.
13 **Q. So, you recognized as of January 5, 2015,**
14 **that the reason why the statements were filed in the**
15 **Crime Victim's Rights Act case was because the Crime**
16 **Victim's Rights Act case had, as an objective,**
17 **setting aside the plea agreement that you had**
18 **negotiated for Jeffrey Epstein, correct?**
19 MR. SCOTT: Objection, form. Go ahead if
20 you can answer it.
21 A. There were multiple motives. One of the
22 motives was crassly financial. They were trying to
23 line their pockets with money. But as I also said,
24 and I said this over and over again, they profiled
25 me. They sat down with their client, knowing that

219

1 she has a history of lying, knowing that she is
2 easily suggestible, and they basically pressured
3 her, according to my sources, into including me when
4 she didn't want to include me, because by including
5 me, they could make a claim, false as it was, could
6 make a false claim that a person who negotiated the
7 NPA was also criminally involved with her.
8 They also lied -- lied unethically and
9 unprofessionally by saying that I negotiated that
10 provision of the NPA, which gave me, myself, any
11 kind of immunity from prosecution had I had improper
12 sex with Virginia Roberts, which, of course, I did
13 not. And that was one of the bases on which I was
14 certain that they had engaged in unprofessional,
15 disbarrable and unethical conduct by including that
16 provision, as well as including a provision that
17 Prince Andrew was included because he, Prince
18 Andrew, pressured a United States attorney to try to
19 get a good deal for Jeffrey Epstein.
20 That is so laughable. How any lawyer
21 could put that in a pleading, it doesn't pass even
22 the minimal giggle test. And I'm embarrassed for
23 Professor Cassell that he would have signed his name
24 to a pleading that alleges that Prince Andrew would
25 pressure the United States attorney for the Southern

220

1 District of Florida into giving Jeffrey Epstein a
2 good deal.
3 MR. SCAROLA: Move to strike the
4 unresponsive portions of the answer. And
5 obviously the break didn't do any good.
6 MR. SCOTT: Let's proceed.
7 MR. SCAROLA: We're going to.
8 BY MR. SCAROLA:
9 **Q. You stated, quote: "If they," referring**
10 **to Bradley Edwards and Paul Cassell, "could find a**
11 **lawyer who helped draft the agreement" --**
12 A. Right.
13 **Q. -- "who also was a criminal having sex,**
14 **wow, that could help them blow up the agreement."**
15 **Did you make that statement on --**
16 A. Yes. I just repeated it now, yes, under
17 oath, yes.
18 **Q. Did you state the following in that same**
19 **interview: "So they," referring to Bradley Edwards,**
20 **Paul Cassell and Virginia Roberts, "sat down**
21 **together, the three of them, these two sleazy,**
22 **unprofessional disbarrable lawyers" --**
23 A. Uh-huh, uh-huh.
24 **Q. -- "they said" --**
25 MR. SCOTT: Let him ask the question.



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BY MR. SCAROLA:

**Q. -- "who would fit into this description? They and the woman got together and contrived and made this up."**

**Did you make that statement on national television?**

A. Yes, and I just repeated it under oath. I believe that to be the case. I think that's exactly what happened. And I think that my source has corroborated that.

By the way, can I add at this point -- I don't mean to distract you, but I think the record would be more complete if I indicated that I did get a phone call last night from Michael, who told me that he had received numerous phone calls and texts from Virginia Roberts trying to persuade her not to talk to me or cooperate with me and offering the help of a lawyer.

And I also -- although you didn't ask the question, Mr. Scarola, I think for completeness and fullness, I do want to say that you asked me whether or not I knew about what could be taped and what couldn't be taped. I did tape record some of what Virginia Roberts [sic.] told me, with her



permission, and I have those tape recordings.

**Q. Well, you're getting a little bit overexcited, Mr. Dershowitz, because you never tape recorded anything that Virginia Roberts told you.**

A. Did I say Virginia Roberts?

**Q. You misspoke.**

A. I misspoke. You wouldn't know that. But, in fact, let me be clear.

I tape recorded, with her permission, Rebecca's statements to me about what Virginia Roberts had told her. And I just want to make sure that for completeness, even though you didn't ask the question yesterday, that's part of the record.

**Q. Well, I actually did ask the question and my recollection is that you said you didn't even think about tape recording anything --**

MR. SCOTT: No, that's not accurate. You never asked that.

BY MR. SCAROLA:

**Q. But can you tell us, please, did you turn over those tape recordings in the discovery that you were required to make in this case?**

A. The discovery -- these events occurred after April of 2015. And I certainly turned over the recordings and the -- recordings to my lawyers,



who made transcripts of them.

**Q. Did you turn them over to opposing counsel --**

MR. SCOTT: The transcripts --

BY MR. SCAROLA:

**Q. -- in the course of discovery?**

MR. SCOTT: The transcripts we consider to be work product. If you make a request to produce, we'll provide them.

MR. SIMPSON: Just for completeness, they were also after your discovery request.

MR. SCOTT: Request to produce, we'll consider providing them.

BY MR. SCAROLA:

**Q. Is there an entry in any privilege log that identifies these allegedly privileged work product documents?**

MR. SIMPSON: We will -- the lawyers will address the document production issues. But two things, Mr. Scarola, first, they postdate your request and you have said several times there's no duty to supplement. And second, they're work product.

MR. SCAROLA: Well, sir, if they postdated a full and complete production, which we are



now told they do not, then you wouldn't be obliged to supplement the production that had already been completed. But it is not the date of the request that matters, it is the date of the production that matters.

And what we're now being told is there are allegedly highly relevant transcripts of a telephone conversation that occurred months ago when the last production that we received, which we are told still is not complete, occurred approximately two weeks ago.

So, there's no privilege log entry. There's no production of these documents. And there is clearly a very significant discovery violation if, in fact, such documents exist.

MR. SIMPSON: I'm not going to debate it here, Mr. Scarola, but your assertions are not accurate.

MR. SCAROLA: All right. There also was a subpoena duces tecum that was responded to tomorrow -- I'm sorry, yesterday. Can you tell us whether the documents that are now being described are included in response to the subpoena duces tecum on the flash drive that you provided to us?



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MR. SIMPSON: The flash drive is the same as the document production.

MR. SCAROLA: So the answer is no, they're not there; is that correct?

MR. SIMPSON: Correct.

MR. SCAROLA: Okay. And what's the explanation for that?

MR. SIMPSON: I'm not going to debate this on the record with you, Mr. Scarola.

MR. SCAROLA: All right. Thank you.

BY MR. SCAROLA:

**Q. Which conversation with Rebecca did you tape record?**

A. I tape recorded a conversation with her permission where she told me that she was pressured, she didn't -- where Rebecca told me that Virginia was pressured and that she didn't want to name me but she was pressured to name me, that she had never previously named me.

By the way, I told this to Virginia Roberts' lawyer.

MS. McCAWLEY: Objection. To the extent you're going to reveal anything that was said during settlement discussions, I'm moving for sanctions, period. We're not doing this today.



Please instruct the witness.

MR. SCOTT: Avoid that. We discussed that yesterday.

THE WITNESS: That's fine.

BY MR. SCAROLA:

**Q. What was the date of the phone conversation that you tape recorded?**

A. I don't recall. But it's on the transcript.

**Q. And does it also reflect that the recording is being made with her permission?**

A. Uh-huh.

**Q. That's a yes?**

A. Yes. Yes, that's a yes.

**Q. What is Rebecca's last name?**

A. You know Rebecca's last name and she has asked me not to reveal it to the press. And so I would like to comply with that -- with that request. For purposes of discovery, you know her name, you know her husband's name, you know her phone number, and she has been called. But there's no reason for me to reveal it so that it appears in the press that she would be called by newspapers and by the media.

**Q. Mr. Dershowitz, how do you know what I know if you haven't told me?**



A. I know what you know because I'm a logical person and I know that Virginia -- I know that Virginia Roberts repeatedly called this -- this woman and her husband, repeatedly text her, and knows her name. And you and Virginia Roberts' lawyers are operating in privity here. You're whispering to each other, you're passing notes. You are part of a joint legal team.

And if you want to know her name, all you have to do is ask Sigrid McCawley and she'll tell you her name. I'm sure you know her name. And if you don't know her name, it's because you haven't asked.

**Q. Okay. Well, I'm asking you --**

A. I'm not going to tell you --

**Q. -- and I'm telling you I don't know her name.**

A. Okay.

**Q. Okay? As an officer of the court, I am telling you I don't know her name. And you are under oath and obliged to answer material and relevant questions, and I want to know what her name is.**

MR. SCOTT: I will provide you the name off the record, but I'm not -- if he feels it's



inappropriate because of what -- he's not going to answer the question. I will provide you the name.

BY MR. SCAROLA:

**Q. Okay. She has still insisted that her name not be revealed; is that correct?**

A. Her husband asked me to do whatever I could not to put her name in front of the press, in front of the media.

**Q. There's no -- there's no one from the press here today.**

MR. SCOTT: Yeah, but they're going to order the transcript and they're going to see, so that's the same thing. And I've already told --

A. You will have her name in five --

MR. SCOTT: I will give you her name --

A. -- minutes. All you have to do is --

MR. SCOTT: And, Jack, if you want to take a break now --

THE REPORTER: Hold on. Hold on, gentlemen. You can't talk at the same time.

MR. SCOTT: Let me do the talking at this point.

THE WITNESS: Please.



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HOUSE_OVERSIGHT_010795

229

1 BY MR. SCAROLA:
2 **Q. What's her phone number?**
3 A. Her phone number is known to Virginia
4 Roberts and presumably -- and to Virginia Roberts'
5 lawyers because she received phone calls from
6 Virginia Roberts' lawyers. So all you have to do is
7 ask your colleagues and you will get that. But I
8 think there's no reason to put her phone number in
9 the public record so that she will receive massive
10 amounts of phone calls from the media. Seems to me
11 that any -- that a judge would try to prevent that
12 from happening. I would hope so. And I'm -- you
13 can get the name and the phone number from my lawyer
14 as long as it's --
15 MR. SCOTT: We'll provide that.
16 A. -- done off the record, not so that the
17 media can see it.
18 BY MR. SCAROLA:
19 **Q. You just swore under oath that lawyers**
20 **contacted Rebecca; is that correct?**
21 A. I swore under oath that I was told by
22 Michael that lawyers contacted Rebecca, yes.
23 **Q. Which lawyers?**
24 A. I don't know the answer to that.
25 **Q. Did you ask him?**

230

1 A. I did.
2 **Q. And he said, I --**
3 A. He wouldn't answer that.
4 **Q. -- refuse to tell you?**
5 A. No, he didn't know the answer to that
6 either because he didn't return the phone calls. He
7 said --
8 **Q. How did he know they were lawyers if he**
9 **didn't return the phone calls?**
10 A. Because they left messages, presumably.
11 **Q. With names that identified them as**
12 **lawyers; is that right?**
13 MR. SCOTT: You're arguing with the
14 witness --
15 A. I don't know the answer to that.
16 MR. SCAROLA: No, I'm trying to find out
17 whether there's any logical basis for the
18 stories that the witness is telling.
19 MR. SCOTT: And I think he's trying to
20 explain it. And I think he's trying to do it
21 in an easy, slow format. So, you know --
22 MR. SCAROLA: Okay. Well, let's take it
23 easy --
24 MR. SCOTT: -- if we all take -- if we all
25 take the tension down here, maybe we can get

231

1 more accomplished.
2 MR. SCAROLA: Let's take it easy and slow.
3 BY MR. SCAROLA:
4 **Q. How did Michael tell you he knew these**
5 **people he didn't speak to were lawyers?**
6 A. He told me that he received a phone call
7 from Virginia Roberts. That then his wife received
8 numerous phone calls and texts from her all through
9 the night. And that they received phone calls as
10 well from her lawyers. One of them had a Miami
11 phone number.
12 And I don't know how he knew they were
13 lawyers. But that's what he conveyed to me. All I
14 can tell you is what he told me, and I'm telling you
15 that.
16 **Q. Did you ask him for the phone number?**
17 A. I did not.
18 **Q. Why not?**
19 A. I didn't think it was appropriate or
20 necessary.
21 **Q. What was inappropriate about asking for**
22 **the phone number to find out who was attempting to**
23 **contact this witness?**
24 A. I was not particularly interested in that.
25 All I was interested in was getting the truth from

232

1 the witness and trying to prevent her from having a
2 media barrage that would interfere with their lives.
3 **Q. You told Don Lemon on CNN that the flight**
4 **manifests would exonerate you, prove that you were**
5 **not in the same place at the same time as Virginia**
6 **Roberts, correct?**
7 A. That's right. And that's true.
8 **Q. You also told Don Lemon, quote, "I am**
9 **waiving the statute of limitations or any immunity."**
10 A. That's right.
11 **Q. You were then subsequently asked to waive**
12 **the statute of limitations and refused to, correct?**
13 A. Absolutely false.
14 I waived the statute of limitations by
15 submitting a statement under oath. Had I not
16 submitted that statement under oath, the statute of
17 limitations would have been long gone. But by
18 stating under oath categorically that I did not have
19 any sexual contact with her, I waived the statute of
20 limitations and could be prosecuted for the next
21 five or so years for perjury in what I said was
22 false.
23 But what I said was true, so I have no
24 fear of any statute of limitations or any criminal
25 prosecution. So, yes, I did waive the statute of



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limitations, yes.

**Q. You refused to waive the statute of limitations with regard to sexual crimes, correct?**

A. I didn't refuse anything. I didn't feel I had any obligation to respond to you. And I did not.

**Q. So, you were asked to waive the statute of limitations with regard to your sexual crimes and you refused to respond?**

A. I was asked by you, utterly inappropriately, and what I had said -- and if you check what I said, I said if any reasonable prosecutor were to investigate the case and find that there was any basis, I would then waive the statute of limitations. I didn't waive the statute of limitations because you, a lawyer, for two unprofessional, unethical lawyers asked me to do so, what obligation do I have to respond to you?

**Q. Well, you have no obligation to respond to me at all, Mr. Dershowitz, except now while you are under oath and I am asking you questions and I would greatly appreciate you responding to the questions that I ask.**

MR. SCOTT: I think he's trying.



BY MR. SCAROLA:

**Q. You made the further statement in that same interview, "They dropped the dime on the media when they filed it," referring to the CVRA pleading --**

A. Right.

**Q. -- in which were you named?**

A. Right.

**Q. What is the basis for that statement?**

A. The basis for that statement was that the filing was done virtually on the eve of New Year's on a day that the press was completely dead. And nonetheless, immediately upon the filing, I got a barrage of phone calls that led me to conclude, and led many, many, many other lawyers who called me to conclude that obviously somebody tipped somebody off that they didn't just happen to file -- to find in the middle of an obscure pleading which didn't even have a heading that indicated that I was involved or anybody else was involved.

So, I'm certain that a dime was dropped to somebody saying, by the way, you want an interesting story, there's -- Prince Andrew of Great Britain and Alan Dershowitz have been accused of sexual misconduct. I still believe that.



**Q. And by dropping the dime on the media when they filed it, you intended to convey the message that Paul Cassell and Bradley Edwards intentionally generated the focus of press attention on that filing; is that correct?**

A. Absolutely. Absolutely without any doubt. Why else would they have brought Prince Andrew into this filing? Prince Andrew had no connection to the NPA, no relevance at all. But they knew that by including Prince Andrew, this would drag my name into every single newspaper and media outlet in the world.

It was outrageous for them to do this. Particularly because they did so little, if any, investigation, which will, of course, be determined when they're deposed. And -- and --

**Q. Well, you've already made that determination, right?**

MR. SCOTT: Wait.

A. I'm convinced that -- that they did little or no investigation. They never even bothered to call me. That would have been --

BY MR. SCAROLA:

**Q. We'll get to that in just a moment.**

A. -- a simple basic thing.



**Q. But right now -- right now could you please tell us was there anything other than your inferring that they must have contacted the media to support your conclusion that either Paul Cassell or Brad Edwards did, in fact, alert the media at the time of the filing of this pleading?**

A. Yes.

**Q. What else besides your inference?**

A. When the BBC came to see me, the BBC reporter showed me an e-mail from Paul Cassell, which urged him, the BBC reporter, to ask me a series of questions. So I knew that Paul Cassell was in touch with the British media and was trying to stimulate and initiate embarrassing questions to be asked of me.

And when I spoke to a number of reporters, they certainly -- obviously reporters have privilege, but they said things that certainly led me to infer that they had been in close touch with your clients or representatives on their behalf.

**Q. What was the date of the e-mail --**

A. I don't know.

**Q. -- that you referenced in that response?**

A. I don't know.

**Q. Well --**



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A. It was whenever -- I'm not sure I ever saw the date. He just quickly showed me the e-mail and I quickly looked at it.

**Q. The e-mail that you are referencing, in fact, occurred after you had begun all of your media appearances with respect to this filing --**

A. Let me be very clear about --

**Q. -- didn't it, sir?**

A. Let me be very clear about my media appearances so that I --

**Q. How about just answering the questions?**

A. I'm trying to answer the question. All of my media appearances --

**Q. The question is: Did it occur before or after your media -- your media appearances? That doesn't call for a speech --**

A. It came --

**Q. -- it calls for before or after.**

A. It came before some and after some. It came, for example, before my appearance on the BBC because they showed me the e-mail before they interviewed me for the BBC. So some occurred -- it occurred before some and it occurred after some.

**Q. All right. So it is your assertion that this single e-mail that you have made reference to**



**where Paul Cassell says "asks Dershowitz these questions" occurred before your -- your media appearances and after your media appearances; is that correct?**

MR. SCOTT: Objection, form, argumentative and repetitious.

A. It occurred before some of the media appearances, and it occurred after some of media appearances, yes.

BY MR. SCAROLA:

**Q. Did it occur before your first media appearances?**

A. My first media appearances came as the result of phone calls I received from --

**Q. That's nonresponsive to my question, sir.**

A. -- newspapers --

**Q. I didn't ask you anything about what your first media appearances occurred --**

A. Yes, you did.

**Q. -- as a result of. I asked you --**

MR. SCOTT: Let him ask his question.

BY MR. SCAROLA:

**Q. -- whether the e-mail that you claimed to have seen was sent before or after your first media appearance?**



MR. SCOTT: I think he's answered that twice.

A. It came after. It came after.

BY MR. SCAROLA:

**Q. Thank you, sir. On January 5, you made another CNN Live appearance in an interview with Hala Gorani. Do you recall that?**

A. I do not recall the name of the person --

**Q. Take a look at the transcript, if you would, please, page 15.**

MR. SCOTT: Take a moment to review the transcript, please, Mr. Dershowitz.

THE WITNESS: Page 15.

MR. SCOTT: Take your time to review that.

A. Yeah, that name is not familiar to me but, of course, I remember doing an interview, yes.

BY MR. SCAROLA:

**Q. All right, sir. And during the course of that interview, you said: "There are flight manifests. They will prove I was never on any private airplane with any young woman." Correct?**

A. Yes.

**Q. Go to page 17, if you would.**

A. Uh-huh.

**Q. At line 4 of transcript of that same**



**interview, you said: "She made the whole thing up out of whole cloth. I can prove it by flight records. I can prove it by my travel records."**

**Did you make those statements?**

A. Yes, and they're absolutely true.

**Q. Okay. I am going to hand you every flight record that has been produced in connection with this litigation.**

A. Uh-huh.

MR. SCAROLA: Could we mark that as the next composite exhibit, please?

(Thereupon, marked as Plaintiff Exhibit 6.)

MR. SCAROLA: And mark this as the next composite exhibit, which will be 7.

MR. SCOTT: These are all the flight manuals?

MR. SCAROLA: As far as I know.

MR. SCOTT: Okay.

MR. SCAROLA: They're the only ones that have been produced in discovery. If there are more, I'm going to be interested to hear about it.

(Thereupon, marked as Plaintiff Exhibit 7.)



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(Discussion off the record.)
THE WITNESS: What's Number 6 then? I'm confused, there were two.
BY MR. SCAROLA:
**Q. Have you ever seen Exhibit Number 6 before?**
A. Exhibit Number 6. I don't believe so. It doesn't look familiar to me.
**Q. No?**
A. It does not look familiar to me.
**Q. Did you bother at any time to review discovery that was produced by Bradley Edwards and Paul Cassell responding to requests for information that supported the allegations of Virginia Roberts?**
A. I'm not clear what you're asking.
**Q. I want to know --**
A. In which case? In which case are we talking?
**Q. This case. This case.**
A. Right.
**Q. Did you ever bother to review the discovery produced in this case responding to requests for all of the information that supported their belief in the truthfulness of Virginia Roberts' allegations against you?**



A. I don't know if I reviewed everything. But I certainly, in preparation for this deposition, reviewed some of the documents that were produced in discovery. But I can't say I reviewed them all.
**Q. Well, having placed such substantial emphasis during the course of your public appearances on the flight logs exonerating you, it would certainly seem logical that one of the things that you would want to review would be all of the available -- all of the available flight logs, right?**
A. No.
MR. SCOTT: Objection, argumentative.
A. No.
BY MR. SCAROLA:
**Q. No?**
A. No. Look, I knew I was never on a plane with any underage females under any circumstances. I knew that. I knew that as certainly as I'm sitting here today. So, I knew absolutely that if the manifests and the flight logs were accurate, they would, of course, exonerate me because I am totally, completely, unequivocally innocent of any of these charges.
So of course I knew that I would be



exonerated by any flight logs that were innocent -- that were complete and accurate, of course.
**Q. So you made the public statements repeatedly that the flight logs would exonerate you without having examined the flight logs to see whether they were accurate or not; is that correct?**
A. Well, I knew -- I knew that --
**Q. Did you say those things without having examined the flight logs?**
A. I said those things having looked at some of the flight logs at some point in time. But I knew for sure that the flight logs would exonerate me because I knew I was never on Jeffrey Epstein's plane with Virginia Roberts or any other young underage girls. So, I knew that to an absolute certainty. And I was prepared to say it. I'm prepared to say it again under oath here.
And if your clients had simply called me and told me they were planning to do this, we wouldn't be here today because I could have shown them in one day that it was impossible for me to have had sex with their client on the island, in the ranch, on the airplanes, in Palm Beach. And they would have, if they were decent and ethical lawyers, not filed that.



And there are cases, legal ethics cases that say that lawyers are obliged to make that phone call. Lawyers are obliged to check if it's easy to check. Lawyers are obliged to, particularly when they're making extremely heinous charges against a fellow lawyer, do very, very, detailed investigations. And they didn't do that in this case.
**Q. I will represent to you that I have handed you all of the available flight logs produced in the discovery of this case. Could you show me, please, which of these flight logs exonerates you?**
A. The absence of evidence is evidence of absence. None of the flight logs have me on an airplane with Virginia Roberts. None of the flight logs have me on an airplane during the relevant period of time when Virginia Roberts claims that she had sex with me in the presence of another woman.
So, the flight logs clearly exonerate me. There's absolutely no doubt about that.
**Q. Well, the flight logs, in fact, confirm that you were in the same places at the same time as Virginia Roberts, don't they?**
A. No, they do not.
**Q. Do you -- do you deny that they confirm**



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HOUSE_OVERSIGHT_010799

245

1 **that you were in the same place at the same time --**
2 A. First --
3 **Q. -- as Virginia Roberts?**
4 MR. SCOTT: Let him ask the question.
5 THE WITNESS: Okay.
6 MR. SCOTT: Then you answer the question.
7 And Mr. Scarola will try to, you know, keep the
8 emotion down, I'm sure, so we can get through
9 this with less acrimony between everybody here.
10 A. Your client has adamantly refused, as well
11 as the lawyer --
12 BY MR. SCAROLA:
13 **Q. No, sir, that's nonresponsive to my**
14 **question.**
15 MR. SCOTT: Wait a minute.
16 BY MR. SCAROLA:
17 **Q. My question is: Do you deny that the**
18 **flight logs corroborate that you were in the same**
19 **place at the same time as Virginia Roberts?**
20 A. So the question includes the word "time"
21 and, therefore, I must answer in this way. Your
22 client --
23 **Q. How to build a watch?**
24 MR. SCOTT: Wait a minute, you're cutting
25 him off. He's been trying to answer the

246

1 question.
2 A. Your client has adamantly refused, and her
3 lawyers and your clients have refused to give me any
4 timeframes, any timeframes when your client claims
5 that she had improper -- falsely claims,
6 perjuriously claims that she had improper sexual
7 encounters with me.
8 So how can you possibly ask me a question
9 that includes the word "timeframes" when your client
10 has refused -- when Virginia Roberts has refused to
11 give any timeframes? How can it be possible that
12 the flight logs show me being in the same time and
13 same place with her when she has refused to describe
14 any of the times that she claims to have been in
15 those places?
16 So the answer to the question is
17 categorically no, sir.
18 BY MR. SCAROLA:
19 **Q. What is the question that you are**
20 **answering no to?**
21 A. Whether or not the timeframe shows that I
22 could have been in the same place at the same time
23 as your client. Absolutely not. Because we don't
24 know what times your client -- now, if you know
25 that, you should have produced them in discovery and

247

1 I would be very anxious to see any timeframes when
2 Virginia Roberts claims she was with me on the
3 island, claims she was with me on -- at the ranch,
4 claims she was with me on the airplanes, claims she
5 was with me in Palm Beach. And they will all
6 conclusively --
7 **Q. You forgot --**
8 A. -- prove --
9 **Q. -- New York. Didn't you mean New York**
10 **also?**
11 A. No, I did not mean New York --
12 **Q. Oh, okay.**
13 A. -- because New York is very different. I
14 was, in fact, in New York for large periods of time.
15 I was not, in fact, on the island during the
16 relevant timeframe. I was not in the airplane in
17 the relevant timeframe. I was not in Jeffrey
18 Epstein's Palm Beach home in the relevant timeframe.
19 And I was once in the ranch but under circumstances
20 where it would have been absolutely impossible for
21 me to have had any contact with her.
22 So if you will give me the timeframe, I
23 will be happy to answer your question. But without
24 timeframes, that question is an absolutely
25 inappropriate question. And the answer to it is no.

248

1 **Q. Well, Mr. Dershowitz, it might be**
2 **inappropriate if you had not repeatedly made the**
3 **public statements that the flight logs exonerate**
4 **you.**
5 A. They do.
6 **Q. So what I am attempting to find out is the**
7 **basis upon which you can contend that the flight**
8 **logs exonerate you if you are now telling us you**
9 **don't even know when it is that you are alleged to**
10 **have been in the same place at the same time as**
11 **Virginia Roberts.**
12 A. Okay.
13 **Q. So how -- how can you make both those**
14 **statements?**
15 A. Very simple, because I know the timeframe
16 that Virginia Roberts, A, knew Jeffrey Epstein. And
17 during that timeframe, I can conclusively prove that
18 I was never on Jeffrey Epstein's island where she
19 claimed to have sex with me. That the only time I
20 was at the ranch was with my wife, with the Ashe
21 family, with my daughter, the house was under
22 construction, we just simply stayed outside the
23 house and looked around. That the manifests show I
24 was never on Jeffrey Epstein's plane during that
25 period of time. And the manifests show that I never



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HOUSE_OVERSIGHT_010800

249

1 flew down to Palm Beach during that relevant period
2 of time.
3 So I have a timeframe not that was
4 provided by your client but that was provided by the
5 externalities of the case. And that timeframe
6 coupled with the manifests clearly exonerate me
7 without any doubt.
8 **Q. I want to make sure that I understood what**
9 **you just said. "I never flew down to Palm Beach**
10 **during the relevant timeframe"?**
11 A. I never flew down and stayed at Jeffrey's
12 house in Palm Beach during that relevant period of
13 time.
14 **Q. Okay. So you want to withdraw the**
15 **statement that you never flew down to Palm Beach --**
16 MR. SCOTT: Objection.
17 BY MR. SCAROLA:
18 **Q. -- during that relevant period of time --**
19 A. Let me be --
20 MR. SCOTT: Objection.
21 BY MR. SCAROLA:
22 **Q. -- and what you want to say is, "I never**
23 **flew down to Palm Beach and stayed at Jeffrey**
24 **Epstein's house during that timeframe period,"**
25 **correct?**

250

1 MR. SCOTT: Objection, argumentative --
2 A. Let me be --
3 MR. SCOTT: -- mischaracterization.
4 A. Let me be clear. A, I never flew down on
5 Jeffrey Epstein's plane during the relevant period
6 of time.
7 BY MR. SCAROLA:
8 **Q. Flew down to where?**
9 A. To Palm Beach or anywhere else. I was
10 never on Jeffrey Epstein's plane, according to the
11 flight manifests and according to my own records,
12 during the relevant period of time.
13 I have independent records of my travel
14 which demonstrate that I was not in Jeffrey
15 Epstein's house during the relevant period of time.
16 And -- but the -- talking about the manifests, the
17 manifests conclusively prove that I was never on the
18 airplane during the relevant period of time.
19 So I don't know how you can claim that the
20 manifests show that I was with Virginia Roberts
21 during the relevant period of time. They do not do
22 that. And if you would testify under oath to that,
23 I think you could be subject to pretty -- pretty
24 scathing cross examination. So your statement is
25 categorically false, sir.

251

1 **Q. Which of the manifests are you referring**
2 **to when you claim what you have claimed about the**
3 **manifests, Exhibit Number 6 or Exhibit Number 7?**
4 A. I can only tell you that I have reviewed
5 the manifests and they show, to me, that I was never
6 on Jeffrey Epstein's airplane during the relevant
7 period of time. That's all I can tell you now.
8 I'm not in a position where I look at all
9 these documents now. If you point me to any
10 particular trip that shows that I was on Jeffrey
11 Epstein's plane, I would be happy to respond to
12 that.
13 **Q. There are two separate collections of**
14 **documents purporting to be flight manifests for**
15 **Jeffrey Epstein's plane. When you made the public**
16 **statements that you made regarding the flight logs**
17 **or manifests exonerating you, were you referring to**
18 **Exhibit Number 6 or Exhibit Number 7?**
19 A. I have no recollection as to which
20 particular exhibits, which are formed for purposes
21 of the legal case, I had reviewed. I know I had
22 reviewed the manifests. Not only had I reviewed the
23 manifests, but others reviewed the manifests and
24 have conclusively told me that their review of the
25 manifests shows that I was right.

252

1 **Q. Who else --**
2 MR. SCOTT: Avoid any attorney-client
3 communications either with Ms. -- you know,
4 with your current lawyers, please.
5 THE WITNESS: Okay.
6 BY MR. SCAROLA:
7 **Q. Who told you that they had reviewed the**
8 **manifests and they confirmed your position?**
9 MR. SCOTT: Objection, work product.
10 MR. SCAROLA: Well, you know, Mr. Scott,
11 he can't have it both ways. He can't insert
12 into the record the gratuitous statements that
13 he inserts into the record regarding others
14 having corroborated his inaccurate testimony,
15 and then refuse to tell us who those others
16 are. It constitutes a waiver of whatever
17 privilege might exist.
18 MR. SCOTT: He can -- he can tell who they
19 are. I'm just saying he can't go into
20 communications with them.
21 MR. SCAROLA: Well, he's already said what
22 the communication was. The communication was
23 these manifests prove your position.
24 MR. SCOTT: And he's answered that because
25 based on his review of them, Mr. Scarola.



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253

BY MR. SCAROLA:

**Q. Who told you that the manifests confirm the accuracy of your public statements?**

MR. SCOTT: If it involves lawyer-client privilege, don't answer it.

THE WITNESS: Okay.

BY MR. SCAROLA:

**Q. You're refusing to answer?**

A. No, I would like --

MR. SCOTT: Instruct you not to answer.

A. -- to answer. But I've been instructed not to answer. I would like to answer.

You've made a statement --

MR. SCOTT: There's no question pending.

THE WITNESS: But he made a statement --

MR. SCOTT: But there's no question pending, sir.

BY MR. SCAROLA:

**Q. What does it mean to make something up out of whole cloth?**

A. It means that Virginia Roberts and your clients --

**Q. No, sir, I haven't asked you anything about Virginia Roberts. I haven't asked you anything about my clients.**

254

**I want to know what the words "making something up out of whole cloth" mean.**

A. I said those words in the context of Virginia Roberts.

MR. SCOTT: That's -- that's fine. Go ahead.

BY MR. SCAROLA:

**Q. What do the words mean?**

A. That there was absolutely no basis for Virginia Roberts' claim that she had any sexual contact with me. That the story was entirely false. I don't know where the metaphor derives about whole cloth, but certainly that's the common understanding. And I repeat under oath that Virginia Roberts made up the entire story about having sexual contact with me out of whole cloth.

**Q. During the course of the same interview that we have been referencing with Hala Gorani -- for the record, that's H-A-L-A, G-O-R-A-N-I.**

A. What page?

**Q. Page 19.**

**You were asked: "I'm wondering, have you spoken to Jeffrey Epstein about this since these allegations came out in this suit in the United States? Have conversations happened there?"**

255

MR. INDYKE: Objection. This is Darren. Anything that relates to your conversations with Jeffrey --

THE REPORTER: He's going to have to speak up.

MR. SCOTT: You're going to have to speak up a little bit more, Counsel.

MR. INDYKE: Objection. This is Darren Indyke. Anything that Alan might have to say to that, to the extent they are covered under conversations with Jeffrey Epstein, privileged under attorney-client privileges as well as common interest privileges.

MR. SCOTT: Do you understand?

THE WITNESS: I do.

BY MR. SCAROLA:

**Q. To which your response was: "Sure, sure, certainly I have been his lawyer and I did speak to him about it. I wanted to make sure that his memory and mine coordinated about when I was at his island. He was able to check. I was able to check. I checked with my friends who went with me."**

**Did you make that answer to that question?**

A. Yes.

**Q. Disclosing the contents of your**

256

**communication with Jeffrey Epstein, correct?**

A. I disclosed that I had spoken to him to find out whether he had any records of when I was on his island. And, yes.

MR. INDYKE: Again, this is Darren Indyke. Jeffrey does not waive any attorney-client privileges here.

BY MR. SCAROLA:

**Q. Well, the reason why you were able to answer that question and discuss with the press what Jeffrey Epstein was telling you was because you weren't his lawyer at that time, right?**

A. No, I was his lawyer at that time. I'm still his lawyer.

**Q. Oh, what were you representing him on then --**

A. The ongoing --

**Q. -- that is, on January --**

MR. SCOTT: Whoa.

BY MR. SCAROLA:

**Q. -- on January 5, 2015?**

A. The ongoing --

MR. INDYKE: My objection stands.

MR. SCOTT: You can answer what you were representing him on, I think.



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257

A. The ongoing issues --

MR. SCOTT: But nothing about communications.

A. Right. The ongoing issues relating to the NPA, which continue to this day. And I regard myself as his lawyer basically on all those -- all those issues.

BY MR. SCAROLA:

**Q. So, when the pleadings were filed in the Crime Victims Rights Act regarding your conduct in relationship to Virginia Roberts and Jeffrey Epstein, you were and still are his lawyer in the Crime Victim's Rights Act case; is that correct?**

A. I certainly am bound by lawyer-client privilege and communications, yes.

**Q. Okay. You go on to say in that same interview: "Only once in my life have I been in that area," referring to New Mexico.**

A. Yes.

**Q. "Only once in my life did my travel records show I was in New Mexico."**

A. Uh-huh.

**Q. Is that an accurate statement?**

A. To the best of my knowledge. I have no recollection of being in New Mexico other than

258

during that visit to the Ashes, which was not during the -- the narrower timeframe.

The narrower timeframe, remember, is Virginia Roberts meets Jeffrey Epstein in the late summer, the summer just before she's turning 16, of 1999. She says she didn't commence having sexual activities with any of Epstein's friends until nine months later. That would put it in March or April of 2000. This visit occurred in January of 2000. It's the only time I recall having been in New Mexico.

**Q. Okay. I want to be sure now. You're not just saying that you were only at Jeffrey Epstein's ranch in New Mexico once; you are confirming your statement on national television that you have only been in New Mexico one time?**

A. My recollection right now is that I was only there once. I have no -- no other recollection of -- it's conceivable when I was a very young man, I could have been there. But I have no recollection of having been there. It certainly -- certainly I haven't been there recently. And during the relevant time period, I know I haven't been there.

**Q. "Recently" means --**

A. Fifteen --

259

**Q. -- the last 10 years?**

A. I would say 15 --

**Q. Last 15 --**

A. -- years.

**Q. -- how about the last 20 years?**

A. I have -- I don't think so.

**Q. Okay.**

A. As I stand here today, I have no recollection of ever being in New Mexico except to visit the Ashes in January of 2000.

I'm 77 years old. I've lived a long life. It is certainly possible that at some earlier point in my life -- I mean, I've been in most of the states. But I have no recollection of ever being in New Mexico.

And I can tell you unequivocally the only time I was ever at Jeffrey Epstein's ranch was that one time with my wife with the Ashes, with my daughter. And we only stayed there for an hour and the house was not completed. It was under construction. And I certainly did not have any sexual encounter or any encounter with Virginia Roberts during that visit.

MR. SCAROLA: Move to strike the unresponsive portions of the answer.

260

MR. SCOTT: We don't agree on that point, so let's go ahead.

MR. SCAROLA: It's of any help, I can agree that you don't agree to any of my objections.

MR. SCOTT: No, that's not true. I mean, I'm trying to work with you, sir.

I have to tell you, this -- this is obviously one of the most acrimonious depositions I've sat through in my 40 plus years because of the personalities involved here and because of the personal issues. And it's quite difficult for everybody in this room.

MR. SCAROLA: I agree.

MR. SCOTT: And all I'm saying, and my client is -- who's 77, is trying to defend his life. And I understand you're trying to vigorously -- and you're a great lawyer -- represent your clients. And it's -- this is not the typical deposition. And we're trying our very best, both of us.

MR. SCAROLA: Thank you. And you're right, you and I do agree on something.

MR. SCOTT: As you said yesterday, more



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261

often than we usually say.

MR. SCAROLA: Yes, sir.

BY MR. SCAROLA:

**Q. In interviews on January 4 and January 5, you claim to have completed the necessary work to identify documents exonerating you within an hour after learning of the accusations that were made, correct?**

A. I don't remember having said that. But within a minute, I had clear knowledge that every document in the world would exonerate me because I knew for absolute certainty that every aspect of her allegation was totally false. That's why I challenged the other side to produce videos, to produce photographs. I knew that there could be no evidence inculpating me because I knew I was innocent. So I knew that all of my records would prove that.

Facts are facts. And I just wasn't in any contact or any sexual contact with Virginia Roberts, and I knew with absolute certainty that the facts would completely exonerate me. And if your clients had just called me, at the courtesy of simply calling me, I would have been able to point them to Professor Michael Porter of the Harvard Business

262

School. I would have been able to -- to alert them to the Ashes. I would have been able to tell them that I keep little black books which have all of my travel information. Although they were in the basement of Martha's Vineyard, I would have been happy to go up and get them.

If they had just simply called me, I would have been able to persuade them without any doubt that these allegations were false. If they needed any persuading because I believe, as I sit here today, that they knew they were false at the time -- certainly should have known, but I believe knew they were false at the time that they leveled them.

**Q. My question related to your gathering documents that you claim exonerated you --**

A. That's right.

**Q. -- and your public statements were that within an hour, you --**

A. Can you --

**Q. -- had gathered the documents --**

MR. SCOTT: Listen to the question.

BY MR. SCAROLA:

**Q. -- you had gathered the documents that exonerated you, correct?**

MR. SCOTT: You can refer.

263

A. Where? Where? Can you point to that?

BY MR. SCAROLA:

**Q. Well, I'm asking you, sir, based upon your superb memory whether you remember having said --**

MR. SCOTT: No, we're going to do --

BY MR. SCAROLA:

**Q. -- on Jan --**

MR. SCOTT: He's going to take a moment to review the transcript and -- and that's -- any witness is entitled to do that. So why don't we take a break, he'll review transcript and we'll come back? We've been going an hour --

MR. SCAROLA: Because I haven't asked him a question about the transcript.

MR. SCOTT: You've asked --

MR. SCAROLA: I'm asking him a question about his recollection.

MR. SCOTT: Based upon what he said in the transcript.

MR. SCAROLA: No, I'm asking him whether he has a recollection of having made public statements that within an hour, he had gathered the documents that proved his innocence, exonerated him.

264

BY MR. SCAROLA:

**Q. Do you remember having made those statements?**

A. I do not, but it's true. I was able to gather documents literally within an hour. I was able to call Tom Ashe. He was able to access his daughter's journal notes that I had taught his daughter's class. I was able to find out where my other documents were.

My wife made some phone calls immediately. We called the Canyon Ranch. We called and determined the dates of when I was in Florida. We called the Porters. We very, very, very quickly were able to gather information that conclusively would prove that she was lying about me having had sex with me on the island, in the ranch, particularly those two I was able to prove conclusively.

And when a woman lies deliberately and willfully about two instances where she in great detail claims she had had sex, I think you can be clear that you should discount any other -- any other false allegations.

MR. SCOTT: We've been going for an hour. Let's take a break for a few minutes. Then we



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1 have another hour.
2 MR. SCAROLA: I'm almost ready to take a
3 break.
4 MR. SCOTT: Okay.
5 MR. SCAROLA: Could you read back the last
6 question, please?
7 First of all, I move to strike the
8 unresponsive speech.
9 And now read back the last question, if
10 you would.
11 (Requested portion read back as follows:)
12 THE REPORTER: "Do you remember having
13 made those statements?"
14 Do you want me to read prior to that?
15 MR. SCAROLA: No, that's fine. That's the
16 question that I asked.
17 BY MR. SCAROLA:
18 **Q. Is the answer yes?**
19 A. I don't remember specifically. I do
20 generally remember having said that your clients
21 could have easily discovered conclusive proof that
22 Virginia Roberts was lying about me and that I
23 had -- because I knew, of course, it was false --
24 MR. SCAROLA: Tom --
25 A. -- been able to uncover such proof.



1 MR. SCAROLA: That has nothing to do with
2 the question I asked --
3 MR. SCOTT: Let's take -- let's take a
4 break like I suggested and we'll come back and
5 then you can ask your question and -- okay?
6 MR. SCAROLA: Well, while the question is
7 pending, I would like an answer to the question
8 before we break.
9 MR. SCOTT: Did you answer the question?
10 THE WITNESS: I thought I did.
11 A. But what -- could you repeat the question?
12 I'll try to answer it in a yes or no if I can.
13 BY MR. SCAROLA:
14 **Q. Did you make the statement that within an**
15 **hour of learning of these allegations, you had**
16 **gathered documents that completely exonerated you?**
17 A. I don't recall those specific words --
18 **Q. Thank you, sir.**
19 A. -- but the truth --
20 MR. SCOTT: That's it, and I think he
21 indicated that before.
22 MR. SCAROLA: That would be very helpful
23 if we said that and then we stopped and we can
24 take a break.
25 MR. SCOTT: He previously had said that



1 and then explained it but now you have it
2 directly answered. So we're -- we're at a
3 break point.
4 MR. SCAROLA: Thank you.
5 VIDEOGRAPHER: Going off the record. The
6 time is approximately 11:01 a.m.
7 (Recess was held from 11:01 a.m. until 11:23 a.m.)
8 VIDEOGRAPHER: Going back on the record.
9 The time is approximately 11:23 a.m.
10 BY MR. SCAROLA:
11 **Q. When did you last travel from outside the**
12 **State of Florida to arrive in Florida?**
13 A. The day before yesterday, I think.
14 **Q. And where did you travel from?**
15 A. New York.
16 **Q. When were you last in Boston, in the**
17 **Boston area?**
18 A. About two weeks ago.
19 **Q. So, if anyone had represented that you**
20 **were going to be traveling from Boston to Florida**
21 **this past weekend, that would have been a**
22 **misrepresentation; is that correct?**
23 A. I have no idea what you're talking about.
24 **Q. Well, I'm talking about your personal**
25 **travels. If anyone had represented that you were**



1 **going to travel from Boston to Florida and canceled**
2 **travel arrangements from Boston to Florida this past**
3 **weekend, that would have been a misrepresentation,**
4 **correct?**
5 A. I have no idea what you're talking about.
6 I'm sorry.
7 **Q. Well, what is it that you don't understand**
8 **about that question? Either you were in --**
9 A. The basis --
10 **Q. -- Boston and were planning on traveling**
11 **from Boston to Florida this past weekend or the last**
12 **time you were in Boston was two weeks ago, so you**
13 **couldn't have been planning --**
14 A. I --
15 **Q. -- on traveling from Boston to Florida.**
16 A. I was actually in Boston -- now that I
17 checked my calendar, I was actually in Boston --
18 here, I have -- aha. It says -- and my calendar
19 says I was in Boston. Then it says leave for
20 Florida, but that got changed. Yes, that got
21 changed, right.
22 **Q. May I see that, please?**
23 A. No, this is my personal calendar.
24 **Q. Yes, I'm sorry, but if you refer to**
25 **anything to refresh your recollection --**



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269

A. I have --

**Q. -- during the course of the deposition, I am permitted to examine it.**

A. I have lawyer-client privileged information in here, so I can't give it to you. I can give it to you in a redacted form. I have a quote from David Boies in here, which I'm sure --

MR. SCOTT: Don't --

A. -- nobody is going to want to see --

MR. SCOTT: We'll make a copy and give it to you.

MR. SCAROLA: Thank you. Would you hand it to your counsel, please?

MR. SCOTT: On that note, hold on to that.

THE WITNESS: But I need that back.

MR. SCOTT: Of course. Don't worry.

MR. SIMPSON: Hold on to it.

MR. SCOTT: That's why I gave it to him because I'd lose it.

BY MR. SCAROLA:

**Q. Before January 21, 2015, what information did you have regarding what Bradley Edwards and Paul Cassell had gathered in the course of investigating the accuracy of Virginia Roberts' accusations against you?**

270

A. Well, first, I knew that anything they gathered --

MR. INDYKE: Objection to the extent that requires --

MR. SCOTT: Whoa.

MS. McCAWLEY: -- you to disclose anything you gave --

THE COURT REPORTER: I can't hear. I'm sorry, Mr. Indyke, can you repeat your objection?

MR. SCOTT: Can you say that a little louder?

MR. INDYKE: Darren Indyke. I would object to the extent that your answer would disclose anything you -- you obtained or learned or any knowledge you gained in connection with your representation of Jeffrey Epstein.

MR. SCOTT: Do you understand that instruction?

THE WITNESS: I do, yes.

Could you repeat the question?

BY MR. SCAROLA:

**Q. Yes, sir. I want to know what information you had regarding what Bradley Edwards and Paul**

271

**Cassell had done in the course of their investigation of the credibility of the accusations made by Virginia Roberts against you?**

A. Well, first and foremost, the most important piece of information I had was my firm and complete knowledge and memory that I had never had any sexual contact with Virginia Roberts ever under any circumstances or any other underage girls. So I knew --

**Q. The question I'm asking, sir --**

A. -- this information --

**Q. -- focuses on what knowledge you had regarding what Bradley Edwards and Paul Cassell did in the course of their investigation of the credibility of the accusations against you made by Virginia Roberts?**

A. That was the first and most important bit of information; namely, that I couldn't have done it and didn't do it. So I knew for sure that they could not have conducted any kind of valid investigation.

Second, I knew from -- that they also had a letter from Mr. Scarola that said that multiple witnesses had placed me in the presence of Jeffrey Epstein and underage girls and I knew that

272

Mr. Scarola's letter was a patent lie. And they had access to that letter and that information.

I also knew they were relying on depositions of two house people of Jeffrey Epstein. And I've read these two depositions. And I'm sure I knew of other -- other information as well.

I knew that they had stated -- I knew that they had stated publicly, or you had stated publicly on their behalf as a witness, that you had stated publicly that you had tried to depose me on these -- on this subject. I knew that that was a blatant lie and unethical conduct because nobody ever tried to depose me on this subject.

I had never been accused, nor did I have any knowledge that anybody had ever falsely accused me of having any sexual encounters. And I had a great deal of information about the paucity or absence of any legitimate investigation. And I also knew that they hadn't called me, they hadn't tried to call me, there was no record of an attempt to call me or e-mail me. My e-mail is available on my website. My phone number is available on my website.

The most basic thing they could have done, as courts have said, when you're accusing somebody



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273

1 of outrageous, horrible, inexcusable misconduct, at
2 least call the person and ask them if they can
3 disprove it before you file a -- a statement. Not
4 even asking for a hearing on it, not even basically
5 seeking to prove it, just -- just putting it in a
6 pleading as if scrolling on a bathroom stall.
7 So, yes, I had -- I had a great basis for
8 making that kind of statement and I repeat it here
9 today. And we will find out in depositions what
10 basis they actually had. And I'm anxiously awaiting
11 Mr. Cassell's deposition this afternoon.
12 MR. SCAROLA: Move to strike the
13 non-responsive portion of that answer.
14 Could I have a standing objection to
15 unresponsive --
16 MR. SCOTT: Sure.
17 MR. SCAROLA: -- answers? That would be
18 helpful. Thank you. I appreciate that. That
19 will save us --
20 MR. SCOTT: Absolutely. No, any time.
21 MR. SCAROLA: -- save us some time.
22 MR. SCOTT: Thank you, sir.
23 BY MR. SCAROLA:
24 **Q. The one portion of what you just said that**
25 **directly responded to my question was you knew in**

274

1 **early January of 2015 that Bradley Edwards and Paul**
2 **Cassell had the sworn testimony of two -- did you**
3 **refer to them as house --**
4 A. House people.
5 **Q. House staff?**
6 A. House staff.
7 **Q. House staff of Jeffrey Epstein's --**
8 A. That's right.
9 **Q. -- correct?**
10 **And those two individuals are Juan Alessi**
11 **and Alfredo Rodriguez, correct?**
12 A. That's right.
13 **Q. And you, in fact, were aware of the**
14 **existence of that testimony from shortly after the**
15 **time that the testimony was given, weren't you?**
16 A. Well, I was certainly aware of it at the
17 time I made these statements.
18 **Q. Yes, sir. But you also knew as far back**
19 **as 2009, when this sworn testimony was given, that**
20 **you were specifically identified by name in the**
21 **sworn testimony of Jeffrey Epstein's house staff**
22 **members, right?**
23 A. I was identified by name in a manner that
24 completely exculpated me, yes.
25 **Q. Okay. Well, let's -- let's take a look at**

275

1 **your assertion that the testimony of these two**
2 **individuals completely exculpates you.**
3 A. Uh-huh.
4 **Q. The following question was asked of --**
5 MR. SCOTT: What you are reading from?
6 MR. SCAROLA: I'm reading from the
7 deposition transcript.
8 BY MR. SCAROLA:
9 **Q. The following question was asked of --**
10 MR. SCOTT: The deposition transcript --
11 BY MR. SCAROLA:
12 **Q. -- of Mr. Juan -- Mr. Juan Alessi and --**
13 MR. SCOTT: Let me object to the -- first
14 of all, let me object to this format because he
15 has not been provided a part of the deposition.
16 You're reading portions from the deposition --
17 MR. SCAROLA: Yes, I am.
18 MR. SCOTT: -- which can be taken out of
19 context. He has not had the ability to review
20 the deposition. This is improper.
21 MR. SCAROLA: Okay.
22 MR. SCOTT: Cross-examination.
23 BY MR. SCAROLA:
24 **Q. Do you recall the following questions**
25 **having been asked of Mr. Alessi and the following**

276

1 **answers have been given during the course of this**
2 **deposition which you contend completely exonerates**
3 **you?**
4 **"Question: Do you have any recollection**
5 **of VR, referring to Virginia Roberts, coming to**
6 **the house when Prince Andrew was there?**
7 **"Answer: It could have been, but I'm not**
8 **sure.**
9 **"Question: When Mr. Dershowitz was**
10 **visiting --**
11 **"Answer: Uh-huh.**
12 **"Question: -- how often did he come?**
13 **"Answer: He came pretty -- pretty often.**
14 **I would say at least four or five times a year.**
15 **"Question: And how long would he stay**
16 **typically?**
17 **"Answer: Two to three days.**
18 **"Question: Did he have massages sometimes**
19 **when he was there?**
20 **"Answer: Yes. A massage was like a treat**
21 **for everybody. If they wanted, we call the**
22 **massage, and they get -- excuse me -- and they**
23 **have a massage.**
24 **"Question: You said that you set up the**
25 **massage tables, and would you also set up the**



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**oils and towels?**

**"Answer: Yes, ma'am.**

**"Question: And did you ever have occasion to go upstairs and clean up after the massages?**

**"Answer: Yeah, uh-huh.**

**"Question: Did you ever find any vibrators in that area?**

**"Answer: Yes. I told him yes.**

**"Question: Would you describe for me what kinds of vibrators you found?**

**"Answer: I'm not too familiar with the names, but they were like big dildos, what they call the big rubber things like that (indicating). And I used to go and put my gloves on and pick them up, put them in the sink, rinse it off and put it in Ms. Maxwell -- Ms. Maxwell had in her closet, she had like a laundry basket. And you put laundry in. She have full of those toys."**

**Is that testimony that exonerates you, Mr. Dershowitz? Is that what you were referring to?**

MR. SCOTT: Let me -- objection to the form, improper cross examination by taking excerpts out of depositions of witnesses.



BY MR. SCAROLA:

**Q. Is it your contention that that testimony, under oath, of your friend, Mr. Epstein's staff person, exonerates you?**

A. First, a little background. Mr. Alessi was fired for theft of material from Mr. Epstein, so Mr. Alessi was not on a friendly basis with Jeffrey Epstein.

Second, the description of the dildos and sex toys clearly refers to the area of the house that I was never in, the area of Ms. Maxwell's room, rather than the area of the room that I stayed in.

Third, he gives no timeframe for the visits.

And, fourth, he certainly didn't in any way confirm that I was there while Virginia Roberts was there. His answer was simply that I was there from time to time. He's wrong about that. During the relevant timeframe, I was never in the house.

And even taking outside the relevant timeframe, the only time I was in the house for more than one day was when my family, my wife, my son, my daughter-in-law, my then probably seven or eight-year-old granddaughter, who just graduated Harvard, and my probably four-year-old grandson, who



is a third-year student at Harvard, were all there with me. That was the only time that I stayed over more than one night. And I never stayed even one night during the relevant timeframe.

But most importantly, he gives no timeframe. And clearly his reference to the sex toys is a reference to the part of the house that I was never permitted in and never entered.

**Q. What is the question that you think you were answering?**

A. Whether --

MR. SCOTT: He was explaining to you exactly why he felt that that was inappropriate, which is exactly what you asked him.

MR. SCAROLA: No, it is not.

MR. SCOTT: Well, it is my recollection, so I don't know --

MR. SCAROLA: Well, then --

MR. SCOTT: I think he was defending --

MR. SCAROLA: Let me try the same question over again.

MR. SCOTT: I think he was defending his -- his position.

THE WITNESS: Right.



BY MR. SCAROLA:

**Q. The question was: Is that part of the time that you claim exonerates you?**

A. Well, I think if you read the whole testimony, it clearly exonerates me and I think that part of the testimony in no way inculpates me and no reasonable person reading that could use that as a basis for making allegations that I had sexual encounters or misconduct with Virginia Roberts.

So, when -- if that's the best testimony that your unprofessional clients relied on, then clearly that exonerates me.

Again, the absence of evidence is evidence of absence. And the very idea that this is seen as some basis for concluding that I had sexual encounters with -- with Virginia Roberts, why wasn't he asked did he ever see me have a massage by Virginia Roberts? Did he ever see me have a sexual encounter with Virginia Roberts? Did he ever go to the room I was staying in and find any sex toys?

The answers to all those questions, if truthful, would be no.

**Q. What was Mr. Alessi's motive against you? You've told us he was fired by Jeffrey Epstein, so he may have had some motive against Mr. Epstein.**



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281

1 **What was his motive against you?**
2 A. I was Jeffrey Epstein's friend and lawyer
3 and, in fact -- well, I can't get into this. But I
4 can say this, I gave advice --
5 MR. SCOTT: Be careful about anything
6 involving --
7 THE WITNESS: Okay.
8 MR. SCOTT: -- Mr. Epstein, please.
9 A. He could easily have believed that I was
10 one of the causes of his firing.
11 BY MR. SCAROLA:
12 **Q. So, he was -- he may have been angry at**
13 **you because you assisted in getting him fired?**
14 A. It's --
15 MR. SCOTT: Objection,
16 mischaracterization.
17 A. It's conjecture. It's possible. But in
18 any event, even --
19 BY MR. SCAROLA:
20 **Q. It's conjecture, is that what you were**
21 **about to say?**
22 A. I'm saying I have -- I don't know what he
23 was thinking, but there is a basis for him believing
24 that. But most -- most important, even if you take
25 everything he says as true, which it's not, it's

282

1 exculpatory because it has no suggestion that I ever
2 had any sexual encounter with Virginia Roberts.
3 And if I were a lawyer reading that --
4 MR. SCOTT: It's okay?
5 A. -- I certainly would not base this heinous
6 accusation on that flimsy read.
7 BY MR. SCAROLA:
8 **Q. You know the context in which that**
9 **deposition was taken, don't you?**
10 A. I don't recall it as I'm sitting here
11 today.
12 **Q. Do you remember that the lawsuit in which**
13 **that deposition was taken was a lawsuit in which**
14 **Virginia Roberts was being represented by Bob**
15 **Josefsberg?**
16 A. No.
17 **Q. You know Bob Josefsberg, don't you?**
18 A. We -- we were classmates at law school.
19 **Q. You know Bob Josefsberg to be an extremely**
20 **ethical, highly professional and extraordinarily**
21 **well-respected lawyer, right?**
22 A. Absolutely, yes.
23 **Q. Absolutely?**
24 A. Yeah.
25 **Q. A man of impeccable honesty and integrity?**

283

1 A. Yes.
2 **Q. A man who would never undertake to advance**
3 **the cause of a client whom he believed to be**
4 **incredible, right?**
5 A. Yes. And a man who told me and a man
6 who --
7 MR. SCOTT: That's it.
8 A. Okay. And a man who believes I'm
9 innocent.
10 BY MR. SCAROLA:
11 **Q. You know that Bob Josefsberg would never**
12 **file charges on behalf of a client alleging that she**
13 **was lent out by Jeffrey Epstein for purposes of**
14 **sexual abuse while she was a minor to academicians**
15 **unless he absolutely had confidence that those**
16 **statements were true --**
17 MR. SCOTT: Let me object --
18 BY MR. SCAROLA:
19 **Q. -- right?**
20 MR. SCOTT: -- that this is completely
21 irrelevant to the issues in this case.
22 Whatever Mr. Josefsberg thinks has nothing to
23 do with this lawsuit. This is all your effort
24 to try to put Josefsberg into this case to try
25 to give some justification to your position.

284

1 A. I'll answer that question.
2 BY MR. SCAROLA:
3 **Q. Thank you.**
4 A. And I also know Bob Josefsberg and know
5 that he would never maintain a friendship, as he has
6 with me, if he believed that I was one of the,
7 quote, academicians --
8 **Q. Well, how about --**
9 A. -- with whom --
10 **Q. -- answering my question --**
11 MR. SCOTT: Wait a minute. No, no, no.
12 A. You're going to let me finish.
13 BY MR. SCAROLA:
14 **Q. I know I'm going to go, but I don't have**
15 **to like it --**
16 MR. SCOTT: Yeah, but --
17 BY MR. SCAROLA:
18 **Q. -- when you're not being responsive to the**
19 **questions that are being asked.**
20 MR. SCOTT: Yeah, but you're
21 interjecting --
22 BY MR. SCAROLA:
23 **Q. And --**
24 MR. SCOTT: You're interjecting questions
25 that are irrelevant utilizing Bob Josefsberg's



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relationship with him and he has an ability to justify and explain his position in response --

MR. SCAROLA: If it's responsive to the question.

A. It's responsive. And as far as the filibustering is --

BY MR. SCAROLA:

**Q. Do you remember what the question is?**

A. -- is concerned, I was here --

**Q. Do you remember what the question was?**

A. Yes. Yes.

**Q. What is the question?**

A. The question is -- no, why don't you repeat the question.

**Q. Yes, sir.**

A. So --

**Q. You know that Bob Josefsberg would not advance allegations on behalf of a client that that client had been lent out by Jeffrey Epstein to satisfy the sexual desires of friends of Jeffrey Epstein, including academicians, unless Bob Josefsberg believed those allegations to be true, right?**

A. I believe that -- I know that Bob Josefsberg would never maintain a friendship with



me, as he has, if he believed that I was one of those academicians. Bob Josefsberg knows that I was not one of those academicians, and the inference of your question is beneath contempt, sir.

**Q. Could we try to answer the question now?**

A. The answer is that Bob Josefsberg would never maintain a friendship with me if he believed that there was any possibility that I was among the academicians who she was accusing of sexual misconduct. I do not believe that she ever accused me of sexual misconduct to Bob Josefsberg, to the FBI, to the U.S. attorney, or even, sir, to you and Bradley Edwards, as she says in 2000, I think, '11. I think she made up this story on the eve of the filing in 2014.

**Q. You do agree that Bob Josefsberg would not have advanced the claims that he advanced if he did not have confidence that they were true, correct?**

A. I have no idea what he believed or knew at the time. I would say this: I know Bob Josefsberg is an extraordinarily ethical lawyer. I don't know what his responsibilities were in the case. I don't know whether his responsibilities were to make those kinds of judgments or whether his responsibility was simply to make sure that money was paid to each of



the people who the FBI had put on the -- the list. I just don't know what his responsibility was.

I can say with confidence that he would only act ethically and would, A, not represent -- not make any false statements the way your clients made them, and that I wish your clients had the ethics of Bob Josefsberg.

**Q. You then agree that if Bob Josefsberg advanced the claims that I have described in a complaint on behalf of a client, he would not have done so unless he believed those allegations to be true, having conducted a fair and reasonable investigation, correct?**

MR. SCOTT: Objection, asked and answered several times.

A. I don't know the answer to that question because I don't know the context in which he made these arguments. All I do know is that he never would maintain a friendship with me if he believed in any way that I was one of the people that she had accused.

BY MR. SCAROLA:

**Q. Did Alfredo Rodriguez, another one of your friend's staff persons, have a motive to lie against you?**



A. Alberto Rodriguez --

**Q. No, sir, Alfredo Rodriguez.**

A. Alfredo Rodriguez, I never knew him by name. He was, of course, there out -- well outside of the timeframe of the alleged events in this case. And so anything that he would be able to testify to would bear no relationship whatsoever to the -- the allegations here.

He was criminally prosecuted, to my memory, for having stolen material and turned it over to Bradley Edwards is my recollection. And as the result of that clearly had a motive to lie. And the same with Mr. Alessi, clearly would have a basis for believing that I may have played a role as Jeffrey Epstein's lawyer in seeking to do harm to him.

But again, there's nothing in Mr. Rodriguez's testimony which is in any way inculpatory of me. I think he has me sitting and -- and reading a book and drinking a glass of wine.

**Q. In the presence of young women?**

A. No.

**Q. No?**

A. I don't --

**Q. Do you --**



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A. -- believe that.
Q. -- recall the following testimony --
A. It wouldn't be true if he said it.
Q. Yes, sir. Well, do you recall the following testimony having been given by Mr. Alfredo Rodriguez in a deposition that was taken on August 7, 2009?
"Question: Mr. Rodriguez, you stated last time that there were guests at the house, frequent guests from Harvard. Do you remember that testimony?
"Answer: Yes, ma'am.
"Question: Was there a lawyer from Harvard named Alan Dershowitz?
"Answer: Yes, ma'am.
"Question: And are you familiar with the fact that he's a famous author and famous lawyer?
"Answer: Yes, ma'am.
"Question: How often during the six months or so that you were there was Mr. Dershowitz there?
"Answer: Two or three times.
"Question: And did you have any knowledge of why he was visiting there?



"Answer: No, ma'am.
"Question: You don't know whether or not he was a lawyer acting as a lawyer or whether he was there as a friend?
"Answer: I believe as a friend.
"Question: Were there also young ladies in the house at the time he was there?
"Answer: Yes, ma'am.
"Question: And would those have included, for instance, Sarah Kellen, Nada Marcinkova?
"Answer: Yes, ma'am.
"Question: Were there other young ladies there when Mr. Dershowitz was there?
"Answer: Yes, ma'am.
"Question: Do you have any idea who those young women were?
"Answer: No, ma'am.
"Question: Were there any of these -- excuse me. Were any of these young women that you have said came to give massages?
"Answer: Yes, ma'am."
Do you recall that testimony having been given --
A. Yes.
Q. -- and those answers having been given to



that testimony?
A. Yes.
MR. SCOTT: Objection. This is totally improper cross examination of a witness by trying to use a deposition. The only purpose of doing this is to interject this into the record, which has no relevance and would not be admissible at trial. And in any case, he never actually has my client doing any of the things that you've accused him of.
Go ahead, let's go ahead and do it.
Answer the question. Answer the question.
MR. SCAROLA: He did.
A. Yes, I remember that.
MR. SCAROLA: He said yes.
A. Yes, I remember that, yes.
BY MR. SCAROLA:
Q. And do you know why it was that back in 19 -- excuse me, back in 2009, August of 2009, four and a half years before you allege that this story about you was being made up out of whole cloth, that lawyers representing Jeffrey Epstein's victims, including Katherine Ezell, E-Z-E-L-L from Bob Josefsberg's office, who had filed the complaint alleging that you had -- excuse me, that Virginia



Roberts had been lent out for sexual purposes to academicians, were asking specific questions about you? Do you know why it was in 2009 they were doing that?
A. I have no idea that it happened. And I imagine that they had a list of every academic that was in the house. Probably included --
MR. SCOTT: I want to object to this whole procedure because you're taking pieces out of the record and not reading other pieces that totally absolve my client. For example, there's testimony by him that says --
MR. SCAROLA: Is this an objection?
MR. SCOTT: Yes, it's a statement into the record just like you're putting into the record. There's -- I want to show this to my client and refresh his memory as to some other testimony by this witness --
MR. SCAROLA: There's no question pending as to what you can -- as to what you can refresh your client's memory. What you are doing is coaching him.
MR. SCOTT: No, I'm not.
MR. SCAROLA: Improperly.
MR. SCOTT: And you are improperly reading



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excerpts out of a deposition to try to imply something when there's other parts that totally are inconsistent with that. And if you're going to do that, then he has the ability under our rules to review the entire transcript of the deposition and that's what I'm permitting him to do, just like when we're in court.

MR. SCAROLA: What I am doing, Mr. Scott -- what I am doing, Mr. Scott --

MR. SCOTT: Have you read that now, sir?

MR. SCAROLA: -- is reviewing the evidence that was relied upon by Bradley Edwards and by Paul Cassell in coming to the conclusion that the allegations that had been made by Virginia Roberts were, in fact, credible allegations.

MR. SCOTT: And I'm --

MR. SCAROLA: Because your own client has acknowledged that this is information that was available to both him and to them back in 2009.

MR. SCOTT: And what I am doing is showing him portions of the same deposition that totally take a different position from this witness from what you have read, so that this record is a complete record and not a partial record with your inference only. And I feel



that that's totally appropriate. If we were in a courtroom, a judge would permit him to do it.

So you have your position and I have mine.

MR. SWEDER: Can we have the witness read that?

BY MR. SCAROLA:

**Q. Do you recall the following testimony having been given in that same deposition?**

**"Question: All right. This is follow-up to questioning by Ms. Ezell. Ms. Ezell asked you about Mr. Dershowitz being present in Mr. Epstein's home, and I think you said -- I think you said Mr. Epstein and he and Mr. Dershowitz were friends?**

**"Answer: Yes.**

**"Question: She also, I think, asked was Mr. Dershowitz ever there when one of the young women who gave a massage was present in the home.**

**"Answer: I don't remember that.**

**"Question: That's where I want to clear up. Is it your testimony that Mr. Dershowitz was there when any of the women came to Mr. Epstein's home to give a massage?**

**"Answer: Yes."**



**Do you remember that testimony having been given?**

A. I assume that when your clients used the transcript as a basis for their false conclusion that I was guilty, they read the whole transcripts, not just the --

BY MR. SCAROLA:

**Q. Every word.**

MR. SCOTT: Don't interrupt him.

BY MR. SCAROLA:

**Q. You don't need to assume that. I will stipulate they read every word.**

MR. SCOTT: Mr. Scarola, he's speaking. You don't have a right to do this.

A. And if you read every word, you will see that it's totally exculpatory, that I have no idea whether there were any young women in one part of the house when I was in another part of the house. It's completely consistent with my testimony that I have never seen any underage women. Let's see.

And if you read the whole transcript, you'll see, I think:

"Was Dershowitz ever there when one of the woman gave a massage?

"I don't remember that.



"Were you in -- were you in any way attempting in your response to imply that Mr. Dershowitz had a massage by one of these young ladies?

"I don't know, sir.

"You have no knowledge?

"No, sir.

"And you certainly weren't implying that that occurred; you just have no knowledge, correct?

"Answer: I don't know."

And I would hope that your clients would be reading the whole thing in context, unlike what you've tried to do to try to create a false impression that this testimony in any way exculpates me.

I have to say if this is what they relied on, my confirmation of their unethical and unprofessional conduct has been strongly corroborated by that and you're helping my case.

BY MR. SCAROLA:

**Q. Would it have been reasonable for Bradley Edwards and Paul Cassell to have relied upon the detailed reports of Palm Beach police department?**

A. I don't know. I don't know what the Palm



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297

1 Beach police department says.
2 **Q. You never read those reports?**
3 A. I don't know which reports you're
4 referring to.
5 **Q. All of the reports about Jeffrey Epstein.**
6 MR. SCOTT: Asked and answered yesterday
7 on this whole line.
8 A. I probably did not read all the reports on
9 Jeffrey Epstein. I'm sure I've read some of them.
10 I do not recall --
11 MR. SCOTT: Be careful about any work --
12 attorney-client privilege.
13 THE WITNESS: Right.
14 A. I don't remember my name coming up. I was
15 the lawyer during that period of time.
16 BY MR. SCAROLA:
17 **Q. To the extent that Bradley Edwards and**
18 **Paul Cassell relied upon detailed reports from the**
19 **Palm Beach police department in order to assess the**
20 **credibility of Virginia Roberts, would it be**
21 **reasonable for them to rely upon police reports?**
22 A. I would hope that they would rely on all
23 the police reports, including the ones that showed
24 that she was involved in criminal actions, including
25 the ones that would show that she took money as an

298

1 adult to provide sexual services to people.
2 I would hope they would look at all the
3 reports, not just selected portions of those
4 reports.
5 **Q. Would that include the reports of the**
6 **Federal Bureau of Investigation?**
7 A. I would hope so.
8 **Q. Would that include the information**
9 **provided by the U.S. Attorney's Office?**
10 A. I would sure hope so, and I could tell you
11 that the --
12 **Q. Would that include --**
13 A. Let me just say that the U.S. Attorney's
14 Office has told me unequivocally that my name never
15 came up in any context of any accusation against me
16 during the negotiations.
17 **Q. Is this part of your work product that**
18 **you're waiving right now?**
19 MR. SWEDER: No, no.
20 A. My conversation with Jeffrey Sloman is not
21 work product.
22 MR. SCOTT: Here's a --
23 BY MR. SCAROLA:
24 **Q. What is the work product --**
25 MR. SCOTT: Excuse me. Please review

299

1 this.
2 A. Excuse me one second.
3 MR. SCOTT: You know, you think this is
4 funny and I think this man's -- and I think
5 this man's --
6 MR. SCAROLA: I think it's improper for
7 you to be coaching the witness in the middle of
8 examination. If you think that there's
9 something that needs to be brought out, you do
10 that in cross examination. You don't feed him
11 information that you want him to be reading in
12 the middle of my examination of this witness.
13 MR. SCOTT: No. But it's also true that
14 under our rules, when you read portions of a
15 deposition, he has the ability to read other
16 portions of the deposition which clarify the
17 answers. That's done in every courtroom on
18 every time a witness -- you have selected
19 portions of it that are not accurate based on
20 other portions and I am having him review them
21 since you did not offer him the deposition to
22 review.
23 MR. SCAROLA: And that's what you do --
24 MR. SCOTT: And I think that's totally
25 proper --

300

1 MR. SCAROLA: -- in cross examination. It
2 is --
3 MR. SCOTT: -- to do. No --
4 MR. SCAROLA: -- improper.
5 MR. SCOTT: No.
6 MR. SCAROLA: There's no question pending
7 as to which that's relevant. But let's take a
8 look at what you're showing him.
9 MR. SCOTT: Sure. Why don't you read it
10 into the record?
11 THE WITNESS: I've read it.
12 MR. SCOTT: Read it into the record so
13 that Mr. Scarola is advised.
14 A. "Okay. When Alan Dershowitz was in the.
15 house, I understand you to say that these local
16 Palm Beach girls would come over to the house
17 while he was there, but you're not sure if he
18 had a massage from any of these girls?
19 "Exactly.
20 "And what would he do while these girls
21 were in the house?
22 "He would read a book with a glass of
23 wine by the pool, stay inside.
24 "Did he ever talk to any of the girls?
25 "I don't know, sir.



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HOUSE_OVERSIGHT_010813

"Certainly he knew they were there?

"I don't know, sir."

That's the best you can do? That's really the best you can do? You think a professional lawyer would make these allegations based on "I don't know, sir."

MR. SCAROLA: Is there a question pending, Mr. Scott?

MR. SCOTT: He's reading -- you asked him what he was reading --

MR. SCAROLA: Yes, sir.

MR. SCOTT: -- from and I had him publish it.

MR. SCAROLA: Yeah, I know, and then he went on to make a speech. So I know I don't have to do it, but I'm compelled to move to strike the unresponsive speeches.

MR. SCOTT: And I consider these to be a response to the interrogation that you did taking excerpts improperly and not having the entire record in front of him, which he's entitled to do to make that the record is complete. And I intend to protect him in that way.



BY MR. SCAROLA:

**Q. So we have agreed that it was reasonable for Bradley Edwards and Paul Cassell, in assessing the credibility of Virginia Roberts, to rely upon police reports, FBI reports, U.S. Attorney's Office information, and information from the Palm Beach County State Attorney's Office, correct?**

A. No.

**Q. No?**

A. No. It would not be enough for them to do that --

**Q. I didn't ask you whether it was enough.**

A. You said it was --

**Q. I asked you: Would it reasonable for them to rely upon those sources of information in assessing the credibility of Virginia Roberts?**

A. Not alone, not without looking at --

**Q. That wasn't my question.**

A. -- other sources of information.

MR. SCOTT: Wait a minute.

BY MR. SCAROLA:

**Q. Well, what he's relying upon --**

MR. SCOTT: You're not the judge here. Let him -- ask a question and let him answer it and not cut him off, please.



A. Let me answer. "Rely" connotes to me that they would place a heavy emphasis on that to the exclusion of other things and that it would be enough. And so my answer is, yes, they certainly should have read all the reports. They certainly should have read all the transcripts. But they also should have called me, they should have made other inquiry, and they should have made sure that they read all of these depositions and reports in context.

And if you're implying that there are FBI reports that in any way inculpate me, that's inconsistent with the information I have from Former Chief of Assistant Jeffrey Sloman, who was prepared to file an affidavit saying that that wasn't the case but was prevented from doing so by the Justice Department.

MR. SCOTT: It's about noon now. So I guess we're heading -- we're wrapping this up?

MR. SCAROLA: Not quite yet.

BY MR. SCAROLA:

**Q. You do agree that the allegations that Virginia Roberts made against Prince Andrew were well-founded allegations, correct?**

A. I have absolutely no idea. I've met



Prince Andrew on a number of occasions in a public context. He came and spoke in my class at Harvard law school. The dean then had a dinner in his -- or lunch in his honor. I was then invited to a dinner at the British Consulate.

I've never seen him in the presence of any underaged women, so I have absolutely no basis for reaching any conclusion whatsoever about Prince Andrew.

**Q. So you don't know one way or another whether those allegations are true or false?**

A. Neither do you. Nobody would know except two people, I imagine. But I don't know. Of course not.

**Q. All right.**

A. But I presume --

**Q. You say you have never seen him --**

A. -- people innocent --

**Q. -- in the presence of any underaged women, but you've seen photographs of him in the presence of an underaged woman, correct?**

A. I have, yes.

MR. SCAROLA: May we mark this as the next numbered exhibit, please.

A. And I want to note --



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THE REPORTER: Hold on. Hold on.
A. -- the absence of any --
MR. SCOTT: She can't take it down.
THE WITNESS: Sorry.
(Thereupon, marked as Plaintiff Exhibit 8.)
THE REPORTER: It's okay. Go ahead.
A. And I want to note the absence of any photograph of me with Virginia Roberts.
BY MR. SCAROLA:
**Q. That's the photograph that you were referring to?**
A. I've seen this photograph in the newspapers.
**Q. Yes, sir. And the woman on the far right of that photograph, who is that?**
A. Ghislaine Maxwell.
**Q. The woman that you and your friend Jeffrey Epstein have traveled with repeatedly, correct?**
A. No. A woman who I may have traveled with on two or three occasions. I can't think of more times than that that I traveled with her, but it's possible. But not -- I wouldn't say repeated occasions. I've --
**Q. Well --**



A. -- probably been in her presence fewer than a dozen times.
**Q. I'm going to hand you --**
A. But just to be clear, what I knew about Ghislaine Maxwell was that she was the daughter of a prominent British publisher --
**Q. I haven't asked you what you knew about Ghislaine Maxwell. I asked you --**
A. Well, you asked --
**Q. -- whether or not you recognized her in the photograph?**
A. Yes. Yes.
**Q. Thank you very much, sir.**
**I'm going to hand you an airport codes log that identifies the airports that are identified by abbreviations in the case -- in case that is of some assistance to you in answering the next series of questions that I'm about to ask you.**
A. Right.
**Q. And I'm going to hand you this composite exhibit, which we will mark as the next numbered composite.**
A. Uh-huh, right.
(Thereupon, marked as Plaintiff Exhibit 9.)



THE WITNESS: Excuse me, I need to a take a very quick bathroom break.
MR. SCAROLA: That's fine.
THE WITNESS: Probably be two minutes or less than two minutes.
VIDEOGRAPHER: Going off the record. The time is approximately 12:03 p.m.
(Sidebar held off the record.)
MR. SCAROLA: While we're waiting, let me mark the next numbered exhibits as well. That will save us some time.
MR. SCOTT: What is this?
MR. SCAROLA: Her calendar, his calendar.
MR. SCOTT: Who's calendar is this, Carolyn's?
MR. SCAROLA: Okay. This is Number 10.
MR. SCOTT: Carolyn's calendar.
(Thereupon, marked as Plaintiff Exhibit 10.)
MR. SCAROLA: This is Number 11.
(Thereupon, marked as Plaintiff Exhibit 11.)
MR. SCAROLA: This is Number 12.
(Thereupon, marked as Plaintiff Exhibit 12.)



BY MR. SCAROLA:
**Q. Mr. Dershowitz, I have handed you a composite exhibit that is marked as Number 9.**
A. Yes.
**Q. The first document in that composite is a page from --**
MR. SCOTT: Here's Number 9.
BY MR. SCAROLA:
**Q. -- is a page from your wife's calendar; is that correct?**
A. Yes.
MR. SCOTT: Take a moment to review the exhibit, please.
A. Yes, it looks like -- I'm looking at the first page. It looks like my wife's -- my wife's handwriting, yes.
BY MR. SCAROLA:
**Q. And the second page is another page from your wife's calendar; is that correct?**
A. Looks like it, yes.
**Q. And --**
MR. SCOTT: Take the time to review it before you answer questions, please.
A. Right.



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HOUSE_OVERSIGHT_010815

309

BY MR. SCAROLA:

**Q. And can you determine from the calendar entries here where your wife is during the period of time that's covered by these calendar entries?**

A. I would have to look at a particular entry. If it describes where she is, yes.

**Q. Okay. Well, tell me where she is.**

A. What day?

MR. SCOTT: Which one? What point?

BY MR. SCAROLA:

**Q. The period covered by this calendar between December 7 and December 13.**

A. What year?

**Q. You know what, I can't tell you what year it is from these calendars. So you tell me.**

**I suggest to you that this is a calendar from December of 2000, since the next two months at the top of the calendar are January 2001 and February 2001. So let's assume that since it is a page from a calendar that appears to be December of 2000, that it's December of 2000.**

**That would be a reasonable conclusion, wouldn't it?**

A. I have no idea.

**Q. You don't know?**

310

A. I don't know. I mean, I don't know -- you said you don't -- you can't tell what the year is, so --

**Q. Well, I'm telling --**

A. -- I can't tell what the year is.

**Q. -- you that it appears to be December 2000 because the next two months at the top of the calendar are January of 2001 and February of 2001.**

A. I only see -- I'm sorry, we're probably looking at different things. I see November 2000, December 2000. I don't see January or anything like that. Maybe you can show them to me. Oh, it's on the first page.

**Q. First page, yes, sir.**

A. So it's in reverse order.

Yeah, so the pages are in reverse order. The first page says on top January 2001, February 2001 and the second page says November 2000, December 2000, yeah.

**Q. So it appears we're looking at December 2000, correct?**

A. When we're looking at which page? When we --

**Q. Both pages.**

A. Well, one is January/February and one is

311

December.

**Q. One shows the subsequent two months and the --**

A. Okay.

**Q. -- other one shows --**

A. Yes.

**Q. -- the preceding and following month, correct?**

A. Yes, that does look like it's December of 2000, yes.

**Q. Okay, sir. So look at the calendar and tell me where it appears your wife is during this period of time.**

A. The whole period of time?

MR. SCOTT: Please read the exhibit, all the pages, thoroughly, so that you have a full context.

A. It says, A.D. in Boston. That means I was in -- in Boston.

It says Charleston, New York. It says book fair. It says book fair. It says A.D. in Boston.

It then says the Halbreiches arrive. They -- they were probably our guests.

312

BY MR. SCAROLA:

**Q. Your guests at home in Cambridge, Massachusetts, right?**

A. No, I don't know. I don't know. Halbreiches arrive.

And I can't really tell from here where Carolyn is. McDonalds -- let's see, this is 2000 and what year? 2001. 2000. Yeah, yeah.

So tell me what you're looking for. I'll try to --

**Q. I want to know where your wife was during this period of time if you can tell from the calendar entries.**

A. Well, she may have been in -- there's something about Charleston. There's something about New York. There's something about me being in Boston. I really can't tell much beyond that.

**Q. Okay. So you don't know one way or another from these calendar entries where your wife was during this period of time; is that correct?**

A. I can't tell that from this entry, no.

**Q. What we can tell from the entry in the bottom right-hand corner --**

MR. SCOTT: Which page?

A. Which page?



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HOUSE_OVERSIGHT_010816

313

BY MR. SCAROLA:

**Q. Of the first page of this composite is that there is a notation that says Alan Dershowitz 11:45 a.m., New York City, right?**

A. Eleven -- A.D. 11:45 and then there's a word that I can't read.

**Q. How about a.m.?**

A. Oh, 5:00 a.m., New York City, yes.

**Q. Okay. Thank you, sir.**

**And the next page, where did -- where did your wife have opera instructions?**

A. I have no idea. We go to the opera in Boston, we go to the opera in New York, we go to the opera in Florida. We do a lot -- a lot of opera. I don't know what "opera instructions" means.

Maybe it would be best if you asked my wife about these things. It's her calendar.

**Q. I -- I intend to, sir, but --**

A. Sure.

**Q. -- these are calendars that you produced as part of the evidence that you contend exonerates you. So, I assumed that you had some knowledge of the meaning of these pages.**

A. No.

**Q. But I may be wrong.**

314

A. We have --

**Q. So you're telling me that you don't know where she was and that's --**

A. We just -- we just gave you everything we had --

MR. SCOTT: We provided hundreds and hundreds of pages. You're picking out one.

BY MR. SCAROLA:

**Q. Let's go -- let's go to the next page, if we could, please, the third page in this composite.**

A. The third, okay. Third, okay.

**Q. And can we agree that this is a calendar from December of 2000?**

A. Yes.

**Q. Can we agree it's your calendar from December of 2000?**

A. That's right, yeah.

**Q. And can we also agree that during this period of time, you were making regular appearances in New York on Court TV?**

MR. SCOTT: Review the document before you answer the question, please.

A. It says 12/30, Court TV, yes. There was a period of time where I had a contract with Court TV and I would appear when they asked me to, yeah.

315

BY MR. SCAROLA:

**Q. And you would appear in New York --**

A. Well, no --

**Q. -- for those Court TV appearances --**

A. I would appear --

**Q. -- on a regular basis, correct?**

A. I would appear wherever I was. So when I was in New York, I appeared in New York, but they would do it by remote when I was in a different city. And I clearly did some remotes for Court TV.

**Q. In fact, you took an apartment in New York for purposes of convenience to facilitate your New York Court TV appearances, correct?**

A. Totally false.

**Q. Did you have an apartment in New York during this period of time in December of 2000?**

A. I had an apartment for -- I've had an apartment in New York for 30 -- 30 years or more. But I certainly didn't take an apartment for purposes of Court TV, no.

**Q. On Tuesday, December 12, the entry is 1:30, Jeff, correct?**

A. Right. Yeah.

**Q. And that's a reference to Jeffrey Epstein, correct?**

316

A. I don't -- I don't know.

**Q. Well, what other Jeff might it be?**

A. I know -- I know many, many Jeffs.

**Q. Tell me which other Jeffs it might have been a reference to --**

A. I have no idea.

**Q. -- on this calendar page.**

A. I just have no idea. I would be speculating.

**Q. During the same period of time on December 12 when there's a calendar entry that reflects 1:30, Jeff, we know from the flight logs that Jeffrey Epstein traveled on December 11 from Palm Beach International Airport to Teterboro Airport, which is the private plane facility that services the New York Metropolitan area.**

A. I have no idea.

**Q. You don't know?**

A. No, I have no idea whether he was on that plane. I haven't seen the flight log.

**Q. Well, I'm calling your attention to the flight log. It's the next page.**

A. It's the next page here?

**Q. Yes, sir.**

A. Okay.



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HOUSE_OVERSIGHT_010817

317

1 **Q. December 11, 2000, PBI to Teterboro,**
2 **passengers, Jeffrey Epstein --**
3 A. Wait a second. I have to find it.
4 MR. SCOTT: Well, let him -- let him read
5 the exhibit.
6 A. What -- what's the date?
7 BY MR. SCAROLA:
8 **Q. December 11.**
9 A. December 11. Yes, I see that.
10 **Q. Palm Beach International Airport to**
11 **Teterboro?**
12 A. Right, yeah.
13 **Q. Passengers, Jeffrey Epstein?**
14 A. Right.
15 **Q. GM, a reference to Ghislaine -- excuse me,**
16 **Ghislaine Maxwell.**
17 A. Uh-huh.
18 **Q. And ET and Virginia, right?**
19 A. That's what it says, yes, sir.
20 **Q. And then we see three of the same four**
21 **passengers leaving the New York area.**
22 A. Uh-huh.
23 **Q. To fly to another destination three days**
24 **later on December 14, correct?**
25 A. Yes.

318

1 **Q. And let's look at the next page of your**
2 **wife's diary for December 13, the period of time**
3 **when the flight log shows Jeffrey Epstein and**
4 **Virginia in New York --**
5 A. Uh-huh.
6 **Q. -- at the same time when it would appear**
7 **that you were in New York. And at the bottom of**
8 **this calendar, Wednesday, December 13, A.D.,**
9 **massage, right?**
10 A. 10:00 a.m. it says? What is it?
11 **Q. It says 10, 10-A.D. massage?**
12 A. Yeah.
13 **Q. Okay.**
14 **Let's go to the next composite.**
15 A. I don't have -- there's another page after
16 that. Oh, the next composite.
17 **Q. Yes, sir.**
18 A. Yeah.
19 **Q. Composite Number 10.**
20 A. Uh-huh. But -- but I just want to be
21 clear. So you're saying Carolyn was with me in
22 New York during that period of time.
23 **Q. No, I'm not saying that at all, sir. I**
24 **suggest that when we take a close look at the**
25 **calendar, it's going to reveal something other than**

319

1 **that, but that you were in New York at the same time**
2 **Jeffrey Epstein --**
3 A. And that Carolyn --
4 **Q. -- and Virginia were in New York and you**
5 **were --**
6 A. And that Carolyn arranged for a massage.
7 **Q. -- having a massage.**
8 A. And that my wife arranged for a massage.
9 **Q. No, I didn't say that at all, sir?**
10 MR. SCOTT: Well, that's what he's saying
11 that the record reflects.
12 A. The record --
13 MR. SCOTT: Don't cut him off.
14 A. -- reflects that Carolyn -- Carolyn always
15 wanted me to have massages because she thought it
16 would relax me. I don't like massages particularly,
17 but when Carolyn arranged massages, almost always we
18 had them together at the same time. We would have
19 the same masseuse, sometimes a man, sometimes a
20 woman, come to the house and give us massages
21 together.
22 The idea that my wife would arrange for me
23 to have a massage with an underage girl for sexual
24 purposes is so bizarre and absurd as to defy any
25 kind of credibility, but go on.

320

1 BY MR. SCAROLA:
2 **Q. Yes. Thank you very much, sir.**
3 A. Go on.
4 **Q. I intend --**
5 MR. SCOTT: Since you're both smiling,
6 there seems to be some humor that I'm missing
7 here. I guess I --
8 MR. SCAROLA: Well, I'm missing the humor
9 too.
10 BY MR. SCAROLA:
11 **Q. Let's go to Composite Exhibit Number 10.**
12 A. Yeah.
13 **Q. The first page of that composite exhibit**
14 **is a photocopy of pages from your personal calendar**
15 **in January 2001, correct?**
16 A. That's right, yes.
17 **Q. Another Court TV appearance on January 11,**
18 **correct?**
19 A. January 11.
20 **Q. Yes, sir. Thursday, January 11, entry in**
21 **the left-hand column, Court TV.**
22 A. Entry on -- yes, January -- I see it as --
23 I see it on January 12. I don't see it on
24 January 11, but...
25



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BY MR. SCAROLA:

**Q. I'm sorry, maybe it is January 12, but some time between the 11th and 12th, either on the 11th or on the 12th, it's Court TV, correct?**

A. No, no, no. You're just totally --

**Q. It's the 12th --**

A. -- wrong -- it's the 12th, yes.

**Q. Okay. Good. Thank you.**

A. It's clearly stated on the 12, yeah.

**Q. Okay. And then on Friday, the 19th, a week later, another Court TV appearance, correct?**

A. 19th. Yes.

**Q. Okay. And on the 26th on Friday, another Court TV appearance, correct?**

A. That's what it says, yes. These were all --

**Q. During this period of time --**

MR. SCOTT: Whoa. Let -- let him finish his answer.

A. These are all scheduled appearances. I assume that I did them. These -- these were -- when they requested me to -- to do them, I would do them, yes.

BY MR. SCAROLA:

**Q. Okay. And it looks like you're appearing**



**on a scheduled basis every Friday during this period of time?**

A. I don't think that was right. Yeah, I don't think that was right. I think that they called me when they wanted me. And it may have been several Fridays in a row, but I think it depended on breaking news at the --

**Q. What is "scheduled appearance" --**

MR. SCOTT: Well, wait a minute. Let him finish his questions [sic].

A. It would depend very much on whether there was a particular trial because I would be the commentator on the trial, along with other lawyers. And there were some days when there were trials and some days when there weren't and I would be available because I was living in New York at the time.

BY MR. SCAROLA:

**Q. On Tuesday, the 16th, there is an entry that says Epstein, right?**

A. On Tuesday, the 16th?

**Q. Yes, sir.**

A. Where are we? Which calendar now?

**Q. Page 2. Page 2 of the composite, Tuesday, the 16th, Epstein.**



MR. SCOTT: Wait a minute. Let him get to it.

A. 2 of the composite. Page 2, and what -- what day are we on?

MR. SWEDER: Do we even have it?

MR. SCOTT: I'm sorry. Excuse me. Do we have copies of this exhibit?

MR. SCAROLA: I've given you copies of everything --

THE WITNESS: Were these produced in discovery?

MR. SCOTT: I assume.

A. Okay. What are we up to? What page?

BY MR. SCAROLA:

**Q. Page 2 of Composite Exhibit Number 10.**

MR. SCOTT: Okay. Now, stop.

BY MR. SCAROLA:

**Q. Tuesday, the 16th.**

MR. SCOTT: What year are we talking about now?

MR. SCAROLA: 2001, the only year covered in this composite exhibit.

A. Yeah, dinner foreign policy Epstein, that was dinner we had at Jeffrey Epstein's house with a group of very distinguished foreign policy experts,



yes.

BY MR. SCAROLA:

**Q. All right, sir. Let's go to the next page. I've just focused on this period of time in January 2001 and on Friday, January 12 --**

A. So we're going back to Friday, January 12. Yeah.

**Q. Your wife is in Cambridge, correct?**

A. No, I don't think so. My wife was living in New York with me at the time. I don't see any record of her being in Cambridge.

She was -- we were living together in New York at NYU downtown. I was a visiting scholar. Having been appointed by John Sexton of NYU to be a visiting scholar, we were there for the year. And my wife was with me during the year. Our daughter was in school in New York. She went to Little Red Schoolhouse in New York. And we had -- our life was in New York for a period of one year.

**Q. And on Friday, January 12, you had another massage, right?**

A. I don't see anything on my record that --

**Q. Massage, A.D.?**

A. We must be looking at the different pages.

**Q. Friday, January 12, page 4 --**



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325

A. Who's --

**Q. -- of Composite Exhibit 10.**

MR. SCOTT: Let me see the page you're talking about so he can --

MR. SCAROLA: I've given you the entire calendar.

MR. SCOTT: Come on, Jack.

MR. SCAROLA: I've given you the entire composite --

THE WITNESS: So you're talking about my wife's --

MR. SCAROLA: Fourth page -- fourth page of Exhibit 10. You have Exhibit 10, I've given a copy of that.

MR. SCOTT: I understand it and he has it front of him and I'm trying to get him to the right page. Thank you. Please take it down.

BY MR. SCAROLA:

**Q. Fourth page, Composite Exhibit 10.**

A. Yes.

**Q. Friday, January 12.**

A. Okay. That's very simple. We were both in Cambridge and I had a massage in Cambridge. How do I know that? Because it had basketball. And that's where I play and watch basketball was in

326

Cambridge. So probably I was in Cambridge if it says B ball 3:30, 4:15 and says Cambridge with Ella, so I'm sure I was in Cambridge.

**Q. All right. So --**

A. But I'm -- I'm looking at my wife's calendar. I can't tell you and nor can you tell me where I was at that period of time.

**Q. So, the basketball entries are references to your watching basketball in Cambridge?**

A. No. They could be playing basketball. I played basketball in those days --

**Q. Watching or playing basketball?**

MR. SCOTT: Let him finish his answer, please.

A. I either watched basketball or played basketball, yeah. I did not go to basketball games in New York, to my recollection, unless the Celtics were in New York and maybe we can check --

MR. SCOTT: You've got about five minutes, Counsel.

BY MR. SCAROLA:

**Q. The Celtics didn't play from 4:15 to 5:00, did they?**

A. No, but I did.

**Q. You did?**

327

A. Uh-huh.

**Q. Okay. Or from 3:30 to 4:15, that would be a playing time for you in Cambridge; is that correct?**

A. You'd be asking me to speculate. I can't speculate based on my wife's calendar. It says utility bill, Reservoir address. That suggests Cambridge. Reservoir is our house in Cambridge.

**Q. So, it would appear that this is another massage that you got somewhere?**

A. But I would like to also say one thing. I don't -- I at least wonder were these records available to your clients at the time they made the false accusations against me or are they after-the-fact constructs designed to simply try to find excuses to justify their false allegations? It seems to me the latter is probably the case.

**Q. And you are going to have an opportunity through your counsel to ask those questions.**

A. And we will.

**Q. And my clients are anxious to be able to answer those questions.**

A. Not as anxious as I am to hear their answers.

**Q. Okay.**

328

MR. SCOTT: Okay. Let's wrap it up.

MR. SCAROLA: Not quite.

MR. SCOTT: Yeah, it's 12:30. I'm ending this. That gives you three and a half hours. We take a lunch break and then we have three and a half.

MR. SCAROLA: We don't need three and a half hours for lunch.

MR. SCOTT: No, I didn't say that. I said we take an hour break and then we have three and a half hours with your client, just like...

MR. SCAROLA: If -- if that's what you want to do --

MR. SCOTT: That's the fair thing to do because that's why we're dividing it equally and I suggested that --

MR. SCAROLA: I will state -- I will state for the record that Exhibits 2, 3 and 4 -- excuse me, Exhibits 9, 10, 11 and 12, composite exhibits, directly conflict with the witness's assertion --

MR. SCOTT: This is all a speech on your part.

MR. SCAROLA: It is a speech.

MR. SCOTT: It is a speech and --



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HOUSE_OVERSIGHT_010820

1 MR. SCAROLA: I'm giving you notice as to
2 what you can do to do your homework. Okay?
3 They directly conflict with the witness's
4 assertion that the flight logs exonerate him.
5 In fact --
6 MR. SCOTT: Wait a minute.
7 MR. SCAROLA: -- the flight logs -- the
8 flight logs corroborate Virginia Roberts'
9 assertions.
10 MR. SCOTT: And I thank you very much for
11 that explanation and we look forward to
12 resuming this at the appropriate time and
13 responding to that.
14 THE WITNESS: And that is a false
15 statement.
16 MR. SCOTT: Thank you.
17 VIDEOGRAPHER: Going off the record. The
18 time is approximately 12:26 p.m.
19 (The proceedings ADJOURNED at 12:26 p.m.)
20
21
22
23
24
25



CERTIFICATE OF OATH

STATE OF FLORIDA
COUNTY OF BROWARD

I, the undersigned authority, certify that ALAN M. DERSHOWITZ personally appeared before me and was duly sworn on the 16th day of October, 2015.

Signed this 16th day of October, 2015.

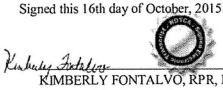

KIMBERLY FONTALVO, RPR, FPR, CLR
Notary Public, State of Florida
My Commission No. EE 161994
Expires: 2/01/16



CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF BROWARD

I, KIMBERLY FONTALVO, Registered Professional Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing videotape deposition of ALAN M. DERSHOWITZ; pages through 145; that a review of the transcript was requested; and that the transcript is a true record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Dated this 16th day of October, 2015.

_____
KIMBERLY FONTALVO, RPR, FPR, CLR



October 16, 2015

COLE, SCOTT & KISSANE, P.A.
Dadeland Centre II - Suite 1400
9150 South Dadeland Boulevard
Miami, Florida 33156
BY: THOMAS EMERSON SCOTT, JR., ESQ.
Re: Edwards v. Dershowitz
Please take notice that on the 16th day of October, 2015, you gave your deposition in the above cause. At that time, you did not waive your signature. The above-addressed attorney has ordered a copy of this transcript and will make arrangements with you to read their copy. Please execute the Errata Sheet, which can be found at the back of the transcript, and have it returned to us for distribution to all parties.

If you do not read and sign the deposition within a reasonable amount of time, the original, which has already been forwarded to the ordering attorney, may be filed with the Clerk of the Court.
If you wish to waive your signature now, please sign your name in the blank at the bottom of this letter and return to the address listed below.
Very truly yours,

KIMBERLY FONTALVO, RPR, FPR, CLR
Phipps Reporting, Inc.
1615 Forum Place, Suite 500
West Palm Beach, Florida 33401
I do hereby waive my signature.

_____
ALAN M. DERSHOWITZ



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ERRATA SHEET
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In Re: EDWARDS V. DERSHOWITZ
ALAN M. DERSHOWITZ
October 16, 2015

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Under penalties of perjury, I declare that I have read the foregoing document and that the facts stated in it are true.

_____ _____
Date ALAN M. DERSHOWITZ



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HOUSE_OVERSIGHT_010822

# Exhibit 3

IN THE CIRCUIT COURT OF THE SEVENTEENTH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CASE NO. CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiffs/Counterclaim Defendants,

vs.

ALAN M. DERSHOWITZ,

Defendant/Counterclaim Plaintiff.
_____/

VIDEOTAPED DEPOSITION OF

PAUL G. CASSELL

TAKEN ON BEHALF OF THE DEFENDANT

VOLUME I, PAGES 1 to 151

Friday, October 16, 2015

1:33 p.m. - 4:31 p.m.

110 Southeast 6th Street
110 Tower - Suite 1850
Fort Lauderdale, Florida 33301

Theresa Tomaselli, RMR





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DON SAVOY, Videographer
BRADLEY J. EDWARDS
ALAN M. DERSHOWITZ
CAROLYN COHEN





INDEX OF EXAMINATION


| WITNESS | PAGE |
|---|---|
| PAUL G. CASSELL | |
| DIRECT EXAMINATION BY MR. SIMPSON | 6 |


INDEX TO EXHIBITS


| EXHIBIT DESCRIPTION | PAGE |
|---|---|
| Cassell I.D. Exhibit No. 1 - Plaintiff's Response to Motion for Limited Intervention by Alan M. Dershowitz | 21 |
| Cassell I.D. Exhibit No. 2 - Jane Doe Number 3 and Jane Doe Number 4's Motion Pursuant to Rule 21 for Joinder in Action | 22 |
| Cassell I.D. Exhibit No. 3 - one-page document produced by the witness | 106 |


(Original Exhibits have been attached to the original transcript.)





HOUSE_OVERSIGHT_010824

01:10:55 1 Q. I would like to know why you alleged "and
01:10:57 2 other minors" given what you have said about your
01:11:01 3 knowledge of the factual basis, so to speak, for that
01:11:06 4 allegation.
01:11:06 5 **A. Okay. There are going to be -- I'm going to**
01:11:08 6 **end up giving you nine reasons, each of which is**
01:11:11 7 **complicated, so I just want to -- if -- if -- I don't**
01:11:13 8 **want to be accused of -- of filibustering or anything.**
01:11:15 9 **I just want you to know that you have asked a broad**
01:11:18 10 **question that's going to require a broad and extended**
01:11:20 11 **answer. It -- it --**
01:11:21 12 Q. Answer the question.
01:11:22 13 **A. Okay. Then I'm going to refer to a -- I have**
01:11:27 14 **a -- well, actually, I don't.**
01:11:28 15 Q. Let me ask you this: Before you refer to
01:11:30 16 something --
01:11:30 17 **A. Yeah.**
01:11:30 18 Q. -- please give me your best recollection of
01:11:34 19 what the basis was, the factual basis that you had in
01:11:37 20 mind. If the court said to you -- let me put it this
01:11:40 21 way. If you went to court and Judge Marra said,
01:11:43 22 Professor Cassell, what's your factual basis for this
01:11:46 23 allegation? Tell me. What would you say?
01:11:48 24 **A. Right.**
01:11:49 25 MS. McCAWLEY: Wait. Outside the context of





01:11:50 1 anything that's been communicated to you.
01:11:53 2 MR. SCAROLA: Excuse me. You have asked two
01:11:55 3 different questions now, and I need to understand
01:11:56 4 which question you are asking.
01:11:58 5 The question that you posed before just now
01:12:02 6 was: What was the reason for your including
01:12:05 7 those allegations in this pleading?
01:12:08 8 Now you have asked: What is the factual
01:12:10 9 basis? And that's going back to questions that
01:12:14 10 we have already covered, and we have, I think,
01:12:17 11 exhausted the ability to respond to that question
01:12:20 12 outside of privileged information.
01:12:23 13 Do you want to go back to the question about:
01:12:26 14 What was your reason for including those
01:12:28 15 allegations?
01:12:29 16 MR. SIMPSON: I'll ask the question a
01:12:30 17 different way.
01:12:31 18 MR. SCAROLA: Thank you.
01:12:31 19 BY MR. SIMPSON:
01:12:33 20 Q. Mr. Cassell, I'm going to ask you: If you're
01:12:37 21 in court and Judge Marra said to you, counsel, what is
01:12:42 22 the factual basis for your allegation that Professor
01:12:47 23 Dershowitz abused other minors, what would you say? And
01:12:51 24 if you wouldn't say something because it was privileged,
01:12:52 25 then don't include it. What would you tell the judge





01:12:55 1 was your basis for this?
01:12:56 2 **A. All right. So the initial basis for it**
01:13:00 3 **was --**
01:13:00 4 MR. SCAROLA: First of all, let me object
01:13:02 5 because Professor Cassell is not here as an
01:13:04 6 expert witness and hypotheticals are
01:13:06 7 inappropriate. You're calling for speculation on
01:13:08 8 his part. I'm not going to instruct him not to
01:13:10 9 answer, but it is an improper question.
01:13:14 10 MR. SIMPSON: I disagree, but you can answer
01:13:14 11 the question.
01:13:14 12 THE WITNESS: Right. So the -- the factual
01:13:17 13 basis would -- we are setting aside
01:13:21 14 attorney/client communications, right?
01:13:21 15 BY MR. SIMPSON:
01:13:22 16 Q. I'm asking: What would you tell the judge?
01:13:26 17 **A. Right. So that -- I -- I -- that's**
01:13:28 18 **speculative to -- I don't think I can give a fair answer**
01:13:30 19 **at this point because that would have involved going**
01:13:32 20 **back to my client and -- and carving out what kinds**
01:13:36 21 **of things we were going to present to Judge Marra in**
01:13:39 22 **light of the posture of the case at that point.**
01:13:42 23 **So it's a speculative question. I would**
01:13:46 24 **have -- let me just -- without going into any**
01:13:49 25 **attorney/client privileged communications, I would have**





01:13:51 1 **provided an ample factual basis for those allegations.**
01:13:55 2 MR. SIMPSON: I move to strike as
01:13:56 3 nonresponsive.
01:13:56 4 BY MR. SIMPSON:
01:13:58 5 Q. Let me ask it this way: We have talked
01:14:00 6 about -- somewhat about the basis for this allegation
01:14:02 7 about other minors. Putting aside information as to
01:14:09 8 which you're claiming privilege, tell me what you knew
01:14:13 9 as of December 30th, 2014, that formed the factual basis
01:14:20 10 for your -- for that allegation about other minors.
01:14:23 11 MR. SCAROLA: And I'll instruct you not to
01:14:25 12 answer that question for the same reason, that
01:14:27 13 when the same question was asked earlier, I
01:14:29 14 instructed you not to answer.
01:14:31 15 MR. SIMPSON: I'm -- I'm -- maybe we are not
01:14:33 16 being clear, Jack. I'm asking him to put
01:14:35 17 aside -- I mean, certainly, he -- he filed a
01:14:37 18 pleading. You've asserted privilege as to
01:14:40 19 certain aspects. I'm simply asking him, putting
01:14:43 20 aside whatever you're claiming privilege for,
01:14:45 21 right, so I'm not -- I'm not asking you right now
01:14:47 22 to tell me anything you're claiming as
01:14:49 23 privileged.
01:14:49 24 BY MR. SIMPSON:
01:14:50 25 Q. Tell me whatever is not privileged that





HOUSE_OVERSIGHT_010825

01:14:53 1 supports that allegation.
01:14:55 2 A. Okay. The privileged information, obviously,
01:14:58 3 you're asking me not to reveal at this point.
01:14:59 4 Q. I'm asking you -- I'm asking you to tell me
01:15:00 5 the nonprivileged information. And I'm not agreeing
01:15:04 6 with your privilege assertion --
01:15:04 7 A. Sure.
01:15:07 8 Q. -- but for purposes of this question --
01:15:07 9 A. For purposes of this question.
01:15:07 10 Q. -- I'm accepting it.
01:15:07 11 A. All right.
01:15:08 12 Q. Putting aside what you claim is privileged, I
01:15:10 13 want to know everything that's the factual basis for
01:15:12 14 including the allegation about other minors.
01:15:14 15 A. Okay. Privileged information which I'm not
01:15:17 16 disclosing in any way would have interacted with a vast
01:15:20 17 body of other information.
01:15:22 18 The vast body of other information would have
01:15:24 19 started with an 89-page police report from the Palm
01:15:29 20 Beach Police Department that showed for about a
01:15:30 21 six-month period in 2005, there was sexual abuse of
01:15:35 22 minor girls going on on a daily basis, in -- whenever
01:15:40 23 Jeffrey Epstein was in his Palm Beach mansion.
01:15:44 24 And on some cases, it was going on not once,
01:15:48 25 not twice, but three times during the day. That -- let





01:15:51 1 me just be clear. I mean, I -- I referred to the
01:15:53 2 89-page police report. I have offered to put it into
01:15:55 3 the record if -- if it would speed things up, but let's
01:15:58 4 just talk about some of the things that are in that
01:15:59 5 89-page police report.
01:16:02 6 This was a -- a very intensive investigation
01:16:05 7 that the Palm Beach Police Department put together.
01:16:07 8 They did, for example, what are called trash covers;
01:16:09 9 that is when trash came out of the -- of the mansion of
01:16:13 10 Epstein, the police would intercept the trash and then
01:16:16 11 they would go through the trash and look for
01:16:17 12 incriminating information.
01:16:19 13 And what they began to discover was memo
01:16:22 14 pads -- and I say "memo pads," let's be clear, pad after
01:16:26 15 pad after pad, or I guess I should say, sheet after
01:16:28 16 sheet after sheet that had the name of a girl, and then
01:16:33 17 there was a notation of something to the effect of a
01:16:35 18 massage.
01:16:36 19 And so the Palm Beach Police Department began
01:16:39 20 tracking down, well, wait a minute, these -- these are
01:16:41 21 girls giving massages and they don't seem to have any
01:16:44 22 specialized training in massages; they don't seem to be
01:16:47 23 masseuses in any sense of the term; what's going on
01:16:47 24 here?
01:16:50 25 And so the Palm Beach Police Department





01:16:52 1 began, you know, I guess what we would call
01:16:54 2 knock-and-talks, knocking on doors to try to get to some
01:16:57 3 of these girls, and they would get to the girls, and
01:16:59 4 many of them initially were -- were afraid to explain
01:17:02 5 what had happened.
01:17:03 6 But as they -- as they continued talking to
01:17:06 7 them, the girls began to explain that what was happening
01:17:09 8 was, they were going over to Epstein's house under the
01:17:13 9 guise of giving a massage, and when they got there, the
01:17:17 10 massage was, in fact, sexual activity.
01:17:19 11 And for many of the girls, I think, as I say
01:17:22 12 around 23, 24, something along those lines, they were
01:17:25 13 underage. They were under the age of consent in
01:17:28 14 Florida.
01:17:28 15 And so each and every one of those events was
01:17:30 16 a crime being perpetrated -- and let's be clear, not
01:17:35 17 just being perpetrated by Epstein, but by other people
01:17:36 18 who were involved there at the mansion.
01:17:38 19 And so what the -- the Palm Beach Police
01:17:40 20 Department was putting together was that this mansion in
01:17:43 21 Florida was the nest of sexual abuse of young girls here
01:17:48 22 in Florida that involved, literally, in the -- in this
01:17:53 23 period of time, more than a hundred events that they
01:17:57 24 were able to document of sexual abuse.
01:17:59 25 And when you put that together with the





01:18:01 1 pattern or practice that was being revealed there, there
01:18:03 2 were hundreds of acts of sexual abuse going on in the
01:18:06 3 mansion.
01:18:07 4 But then what becomes -- and this is where I
01:18:10 5 indicated that, you know, the answer would continue on.
01:18:12 6 The -- the problem was that the evidence was starting to
01:18:14 7 show that this was a much broader series of events. For
01:18:18 8 example, there were flight logs showing that Mr. Epstein
01:18:21 9 was then flying with underaged girls, and those flight
01:18:27 10 logs, you know, as -- as the flight logs began to
01:18:29 11 develop, for example, we have seen, I know in the last
01:18:32 12 day or two here, one underage girl was Virginia Roberts
01:18:35 13 who is on the flight, you know, with Epstein, and with
01:18:39 14 Maxwell, and those sorts of things.
01:18:41 15 So you start to look at the flight logs and
01:18:43 16 you see what's going on is not just events that are
01:18:46 17 occurring in Florida, but it's occurring on a
01:18:50 18 multi-state basis, which now starts to make it a federal
01:18:53 19 crime. For example, we are seeing evidence that --
01:18:56 20 let's just talk about Virginia Roberts since she's
01:18:58 21 central to this case.
01:18:59 22 We are seeing Virginia Roberts being flown
01:19:02 23 from Florida to New York where she's in the clutches of
01:19:07 24 Jeffrey Epstein who is sexually abusing her, you know,
01:19:12 25 many times a week. And not just Jeffrey Epstein, but





HOUSE_OVERSIGHT_010826

01:19:15 1 other powerful persons. For example, Ghislaine Maxwell
01:19:18 2 is there with him on all of these flights and apparently
01:19:21 3 being involved in the abuse.
01:19:24 4 Indeed -- and so you -- you have -- you
01:19:27 5 have that. You also start to see on the flight logs,
01:19:30 6 what to my mind are some very sinister things,
01:19:34 7 suggesting that the pattern is not just confined to sort
01:19:36 8 of, you know, the girls that are there in Florida, but
01:19:39 9 it -- it is extending more broadly.
01:19:41 10 Like one of the -- to my mind, sinister and
01:19:44 11 scary things on the flight logs is, we see, you know,
01:19:48 12 Virginia Roberts, who we know has been sexually abused,
01:19:51 13 and we see Jeffrey Epstein, and then we see on the
01:19:54 14 flight logs one female.
01:19:55 15 That's kind of an odd notation for a flight
01:19:59 16 log because, you know, typically, I understand the
01:20:02 17 flight logs, the purpose is, well, if something happens
01:20:04 18 with the flight, or there's some question about who was
01:20:05 19 on it, you want to know who -- who the person was who
01:20:07 20 was on the flight.
01:20:08 21 So, to my mind, when I started to see on
01:20:10 22 these flight logs entries like one female, I viewed that
01:20:15 23 as a potential device for obscuring the fact that there
01:20:17 24 was interstate trafficking of underage girls for
01:20:19 25 purposes of sexual activity. Serious federal offenses.





01:20:22 1 But then that evidence extended, you know,
01:20:26 2 more broadly than that. The evidence also started to
01:20:28 3 show, again, if we talk just about flight logs, that
01:20:31 4 the -- that underage girls such as Virginia Roberts were
01:20:34 5 being flown internationally from, for example, Teterboro
01:20:39 6 in New York to -- to locations, just to pick one, you
01:20:42 7 know, for example, in London, where again sexual abuse
01:20:45 8 was occurring.
01:20:47 9 And so you started to put together this
01:20:50 10 pattern of criminality that was started in this -- you
01:20:54 11 know, I don't know what the right word is here. I don't
01:20:56 12 want to -- I don't want to -- you know, you've heard
01:20:58 13 discussions of hyperbole and things like that, but we
01:21:01 14 have got this nest of -- of -- and I won't say snakes,
01:21:04 15 but we have this nest of criminals in Florida, but it --
01:21:07 16 it seems to be spreading to Epstein's mansion in New
01:21:10 17 York; it seems to be spreading to Ghislaine Maxwell's
01:21:14 18 flat in London, and -- and -- and it goes on.
01:21:17 19 So those are the kinds of things that would
01:21:19 20 have formed the -- the -- the basis, particularly when
01:21:25 21 you -- when you start to add in this fact: What the
01:21:28 22 Palm -- going back now to Florida with the Palm Beach
01:21:31 23 Police Department. What the Palm Beach Police
01:21:33 24 Department has -- had discovered was not a one-off kind
01:21:35 25 of event, you know, on one particular day, one





01:21:37 1 particular girl had been sexually abused.
01:21:40 2 What the Palm Beach Police Department had
01:21:42 3 discovered was brazen, notorious, repetitive activity
01:21:46 4 sometimes occurring as often as three times in a
01:21:48 5 particular day. And so that led me to believe that the
01:21:51 6 sexual activity that was going on in Florida was such
01:21:54 7 that someone who was a regular house guest there would
01:21:57 8 have immediately come to the conclusion that, well,
01:22:00 9 look, gee, there are these underage girls coming in here
01:22:03 10 and they -- they seem to be -- you know, they don't seem
01:22:06 11 to be here to be doing, you know, business activities;
01:22:08 12 they -- they might be here doing other kinds of
01:22:11 13 activities. So those would be the kinds of things that
01:22:13 14 would -- would have formed the factual basis.
01:22:17 15 There are other things as well, but I'm sure
01:22:18 16 you want to ask other questions in addition to that. So
01:22:22 17 I'll stop there, but those -- that's -- I think gives
01:22:24 18 you a small flavor of the kind of evidence that, you
01:22:28 19 know, was form -- undergirding the allegations that were
01:22:32 20 being presented here.
01:22:32 21 Q. It sounds like you quite passionately believe
01:22:35 22 that there was strong evidence that Mr. Epstein had
01:22:39 23 engaged in sexual misconduct; is that right?
01:22:41 24 A. I think "strong" understates it.
01:22:44 25 Q. In the course of that long answer, you didn't





01:22:48 1 mention Professor Dershowitz's name once.
01:22:51 2 A. I said flight logs. And let's talk about
01:22:53 3 flight logs.
01:22:54 4 Q. Let me back up. You didn't answer his
01:22:57 5 name -- mention his name once; is that -- is that your
01:23:00 6 recollection as well?
01:23:00 7 A. That's correct. We were talking about a
01:23:02 8 factual basis, and I'll be glad -- I told you that there
01:23:05 9 were other things if you want, factual basis for -- for
01:23:07 10 Mr. Dershowitz. I'll be glad to add that in. Let me --
01:23:10 11 let's -- let me -- let me -- I would like to supplement
01:23:11 12 my answer then if I could.
01:23:12 13 Q. Do you want to look at a document?
01:23:14 14 A. Yes.
01:23:14 15 Q. Let me first -- have we exhausted your
01:23:16 16 recollection without documents of all the evidence that
01:23:21 17 you would refer to to support the allegation that
01:23:23 18 Professor Dershowitz abused other minors?
01:23:26 19 A. No.
01:23:26 20 MR. SCAROLA: And let me say that you have a
01:23:28 21 right to refer to whatever documents you choose
01:23:31 22 to refer to, to be sure that you give a complete
01:23:35 23 response to the question that has been asked, as
01:23:38 24 long as you understand that whatever you refer to
01:23:40 25 is going to be available to the other side, and





HOUSE_OVERSIGHT_010827

01:23:43 1 we would be happy to make it available to you.
01:23:45 2 MR. SIMPSON: And -- and I'll give you an
01:23:47 3 opportunity to look at that --
01:23:47 4 THE WITNESS: Sure --
01:23:47 5 BY MR. SIMPSON:
01:23:48 6 Q. -- but I'm entitled to ask first about your
01:23:50 7 recollection.
01:23:51 8 A. **Okay.**
01:23:51 9 Q. Based on your recollection --
01:23:51 10 A. **Right.**
01:23:52 11 Q. -- I want to know all the evidence --
01:23:52 12 A. **Right.**
01:23:54 13 Q. -- you were relying on here.
01:23:55 14 A. **So what -- what I'm going to do is, I'm going**
01:23:57 15 **to make a list here on my -- on my notepad of all the**
01:23:59 16 **things, and then I'm going to compare that with notes I**
01:24:01 17 **have here. There may be a couple things that I don't**
01:24:03 18 **cover.**
01:24:03 19 Q. As long as your counsel is okay with that.
01:24:04 20 A. **Yeah.**
01:24:05 21 Q. You understand you'll have to give that to
01:24:07 22 me?
01:24:07 23 A. **Yeah. I'll give you the notes --**
01:24:07 24 Q. All right.
01:24:09 25 A. **-- and then I will compare with what I've got**





01:24:11 1 **there. So I mentioned the Palm Beach Police Department**
01:24:14 2 **report.**
01:24:15 3 **The next thing that I want to mention is the**
01:24:19 4 **Jane Doe 102 complaint. In August of 2009, Bob**
01:24:27 5 **Josefsberg -- who is, from what I understood, a very**
01:24:32 6 **well-regarded lawyer here in Florida; in fact, a lawyer**
01:24:33 7 **that was selected by the United States Government to**
01:24:36 8 **represent a number of the -- of the girls that had been**
01:24:40 9 **sexually abused by Jeffrey Epstein. He was -- he was**
01:24:43 10 **part of the procedure that was including the**
01:24:45 11 **nonprosecution agreement.**
01:24:46 12 **In August of 2009, he filed a complaint on**
01:24:48 13 **behalf of Virginia Roberts. That complaint indicated**
01:24:54 14 **that Virginia Roberts had been sexually abused in**
01:24:58 15 **Florida, in New York, and in -- in other places, as I**
01:25:02 16 **recall. The thing that -- that I particularly recall**
01:25:06 17 **was that Mr. Josefsberg had said, Virginia Roberts was**
01:25:12 18 **abused by -- and he gave some categories of people.**
01:25:15 19 **He mentioned, I think, business people. He**
01:25:17 20 **mentioned royalty, and he mentioned academicians. And**
01:25:23 21 **so to tie into your question, I knew that Professor**
01:25:25 22 **Dershowitz was an academician. And so what I was seeing**
01:25:29 23 **now was, that according to a very, very respected**
01:25:32 24 **attorney here in Florida, he had found Virginia Roberts**
01:25:34 25 **to be credible, and had filed a lawsuit against**





01:25:38 1 **Mr. Epstein saying that she had been trafficked,**
01:25:41 2 **sexually trafficked, you know, not just abused by**
01:25:44 3 **Mr. Epstein, but now being forcibly sent to, you know,**
01:25:48 4 **other people to abuse.**
01:25:49 5 **And in the categories of people that were**
01:25:52 6 **sexually abusing her were academicians, and I knew that**
01:25:58 7 **Mr. Dershowitz fell within that category of -- of being**
01:26:00 8 **an academician. The -- that complaint also indicated**
01:26:05 9 **that there might be flight logs that would show that**
01:26:08 10 **Virginia Roberts had been sexually abused in these**
01:26:13 11 **various locations. And that started to indicate to me**
01:26:16 12 **that there might be what the law refers to as a common**
01:26:19 13 **scheme or plan. And that, just as Virginia Roberts was**
01:26:23 14 **being trafficked to these powerful people in various**
01:26:26 15 **places, there might well be other girls.**
01:26:28 16 **And so I have mentioned a flight log, and let**
01:26:31 17 **you -- you wanted to talk about Mr. Dershowitz. On --**
01:26:35 18 **on December 30th, 2009, I was aware that there was a**
01:26:39 19 **flight log showing Mr. Dershowitz flying with Tatiana,**
01:26:44 20 **who as far as I can tell was not a business person, was**
01:26:49 21 **not providing financial advice or something else.**
01:26:51 22 **I understood that Mr. Epstein was a**
01:26:53 23 **billionaire who was heavily involved in financial**
01:26:57 24 **issues. I knew that Tatiana was on a plane with**
01:27:01 25 **Mr. Dershowitz, and then there was also, if I recall**





01:27:01 1 **correctly, working from memory as -- as you were**
01:27:04 2 **wondering about, there was a notation that**
01:27:06 3 **Mr. Dershowitz was on a plane with one female.**
01:27:08 4 **And so I was -- when I looked at that, I'm**
01:27:11 5 **seeing Mr. Dershowitz on a -- on a flight with a woman**
01:27:15 6 **who doesn't seem to be there for, frankly anything other**
01:27:18 7 **than sexual purposes or something along those lines with**
01:27:21 8 **Mr. Epstein, with Mr. Epstein, who is a sex trafficker,**
01:27:25 9 **and with one female which seemed to me to be a potential**
01:27:30 10 **entry for disguising international sex trafficking. So**
01:27:33 11 **that was of concern.**
01:27:34 12 **I then began to look at, well, I wonder, how**
01:27:36 13 **would I find out if Mr. Dershowitz had been abusing**
01:27:39 14 **other girls? Let's see. I knew that Virginia Roberts**
01:27:42 15 **had been forced to -- to -- to -- to do this sort of**
01:27:48 16 **thing.**
01:27:56 17 MS. McCAWLEY: You're okay as long as
01:27:56 18 you're -- if you're revealing something that's in
01:27:59 19 an affidavit --
01:27:59 20 THE WITNESS: That's right.
01:27:59 21 MS. McCAWLEY: -- that she submitted, you're
01:27:59 22 fine.
01:28:00 23 THE WITNESS: Right. So -- so what...
01:28:05 24 Let's see. What did I want, at this point --
01:28:05 25





HOUSE_OVERSIGHT_010828

01:28:05 1 BY MR. SIMPSON:
01:28:09 2 **Q.** Do you want the question back?
01:28:10 3 **A. No. I'm just trying to remember what I was**
01:28:12 4 **thinking about with -- with regard to --**
01:28:15 5 MR. SCAROLA: Do you need the response read
01:28:17 6 back up to the point --
01:28:18 7 THE WITNESS: Yeah, if you would do that,
01:28:20 8 yeah. I just --
01:28:20 9 MR. SCAROLA: -- about privilege arose.
01:28:20 10 THE WITNESS: Yeah. Let's just see what that
01:28:20 11 one --
01:28:21 12 MR. SCAROLA: Just read the last couple of
01:28:22 13 sentences back, or the last two sentences.
01:28:31 14 THE WITNESS: Oh, I'm sorry. Now I remember
01:28:32 15 exactly what I was thinking.
01:28:32 16 How would we go find out whether Mr. Epstein
01:28:35 17 was lending women, or in this case, underage
01:28:39 18 girls, to Mr. Dershowitz for sexual purposes?
01:28:41 19 Well, the first thing I want to do was ask -- you
01:28:45 20 know, I'd -- I'd go ask Jeffrey Epstein.
01:28:47 21 And so what I discovered when I started to
01:28:48 22 look at the transcripts, there were a number of
01:28:52 23 transcripts where Mr. Epstein was asked about
01:28:55 24 Alan Dershowitz. And rather than say, well, no,
01:28:57 25 he wasn't involved in any of these illegal





01:29:00 1 activities, Jeffrey Epstein took the Fifth as the
01:29:03 2 phrase, you know, to be more precise. He
01:29:05 3 exercised his right against compelled
01:29:06 4 self-incrimination and refused to answer the
01:29:09 5 question, which since these were civil cases,
01:29:11 6 indicated to me, since he was being represented
01:29:14 7 by very experienced legal counsel, that there was
01:29:16 8 more than an insignificant risk of incriminating
01:29:19 9 himself if he answered that.
01:29:20 10 And so Jeffrey Epstein now had taken the
01:29:23 11 Fifth. And one of the things that I was aware of
01:29:26 12 having been involved in, you know, civil
01:29:28 13 litigation and criminal litigation in other
01:29:30 14 cases, was that once somebody refuses to answer a
01:29:32 15 question like, you know: Do you know
01:29:35 16 Mr. Dershowitz? And they take the Fifth on that,
01:29:38 17 that you're then entitled to draw what's called
01:29:40 18 an adverse inference. You can -- you can infer
01:29:42 19 that, well, if they answered that question, they
01:29:44 20 would have --
01:29:44 21 MR. SCAROLA: Excuse me.
01:29:44 22 MS. McCAWLEY: Yeah, I want to make an
01:29:44 23 objection here --
01:29:44 24 MR. SCAROLA: Pardon me. Could you please
01:29:47 25 try to control your client --





01:29:47 1 MS. McCAWLEY: Yeah.
01:29:49 2 MR. SCAROLA: -- who keeps jumping up and
01:29:50 3 down and distracting everybody in the room?
01:29:52 4 MS. McCAWLEY: And there was also profanity
01:29:54 5 used earlier. I mean, we just have to settle
01:29:55 6 down on this side, and take a deep breath, and
01:29:58 7 let him answer his questions.
01:29:58 8 MR. SIMPSON: Look, I mean, the same thing
01:29:59 9 was happening on the other side.
01:30:00 10 MR. SCAROLA: No, sir.
01:30:00 11 MS. McCAWLEY: There was no profanity on this
01:30:00 12 side of the table.
01:30:00 13 MR. SCAROLA: No, no, no. There was never
01:30:03 14 anyone who jumped to their feet at any time
01:30:06 15 during the course of the last two days. The only
01:30:08 16 person who keeps jumping up is Alan Dershowitz.
01:30:13 17 Have him pass you a note quietly, if you would,
01:30:16 18 please.
01:30:18 19 MR. SIMPSON: I will disagree with your
01:30:19 20 characterization, but let me say the
01:30:20 21 argumentation --
01:30:21 22 MR. SCAROLA: Excuse me. Are you -- are you
01:30:22 23 making the representation --
01:30:22 24 MR. SIMPSON: No, I'm not.
01:30:23 25 MR. SCAROLA: -- that somebody on this side





01:30:24 1 of the room jumped up?
01:30:25 2 MR. SIMPSON: No, no, no, I'm not.
01:30:26 3 MR. SCAROLA: Okay. Thank you.
01:30:26 4 MR. SIMPSON: I'm not.
01:30:27 5 MR. SCAROLA: And I appreciate that.
01:30:27 6 MR. SIMPSON: And I --
01:30:29 7 MR. SCAROLA: And you do acknowledge that
01:30:30 8 Mr. Dershowitz has repeatedly been jumping up in
01:30:33 9 the middle of testimony, correct?
01:30:36 10 MR. SIMPSON: That's -- he just got up and
01:30:37 11 came over to me. That's the only time I'm aware
01:30:39 12 of, because I'm -- I'm looking at the witness,
01:30:41 13 but he did just do that, and I will pass notes.
01:30:44 14 We won't get up.
01:30:45 15 MR. SCAROLA: Okay. Well, I will tell you --
01:30:45 16 MR. SIMPSON: I'm not going to take time from
01:30:47 17 this.
01:30:47 18 MR. SCAROLA: I will -- I will, for the
01:30:49 19 record, as an officer of the court, represent
01:30:51 20 that there have been multiple times during the
01:30:54 21 course of Professor Cassell's deposition when
01:30:58 22 Alan Dershowitz has jumped up in the middle of
01:31:01 23 the testimony and excitedly whispered in your
01:31:07 24 ear.
01:31:07 25 You may not have realized it because you were





HOUSE_OVERSIGHT_010829

01:31:08 1 focusing on the witness, but everybody on this
01:31:10 2 side of the room has been distracted by his
01:31:13 3 unprofessional conduct.
01:31:16 4 MR. SIMPSON: I'm not going to argue with
01:31:18 5 you. And I --
01:31:18 6 MR. SCAROLA: Thank you.
01:31:18 7 MR. SIMPSON: -- I disagree with that
01:31:20 8 characterization. There is another attorney
01:31:22 9 sitting between us. We will pass notes.
01:31:24 10 MR. SCAROLA: Thank you.
01:31:25 11 MR. SIMPSON: And we -- and I believe,
01:31:29 12 Ms. McCawley, were you instructing not to answer
01:31:30 13 or what was happening? What did you -- what were
01:31:34 14 you raising?
01:31:34 15 MS. McCAWLEY: No. There was a lot of
01:31:35 16 yelling going on here, so I was trying to make
01:31:37 17 sure that everybody was quiet --
18 MR. SIMPSON: All right.
19 MS. McCAWLEY: -- so that the client could
20 answer.
21 MR. SIMPSON: All right. Let me back up.
22 BY MR. SIMPSON:
01:31:41 23 Q. Professor Cassell, I think you were in the
01:31:41 24 middle of an answer?
01:31:42 25 **A. I was. Yes, if I could conclude --**





01:31:43 1 MR. SIMPSON: All right. Could the court
01:31:44 2 reporter read me the last two lines of your
01:31:46 3 answer?
01:31:46 4 THE WITNESS: Okay.
01:31:46 5 (Thereupon, a portion of the record was read
01:31:46 6 by the reporter.)
01:31:46 7 BY MR. SIMPSON:
01:32:26 8 Q. Okay. Can you pick up then?
01:32:27 9 **A. Sure. I'll pick up -- pick up the --**
01:32:27 10 Q. Okay.
01:32:31 11 **A. So I was beginning to draw an adverse**
01:32:31 12 **inference when Jeffrey Epstein, who is at the heart of**
01:32:34 13 **the sexual abuse of, not only Virginia Roberts, but**
01:32:39 14 **dozens and dozens and dozens of -- of girls literally**
01:32:40 15 **scattered across the globe, takes the Fifth, refuses to**
01:32:43 16 **answer the question, off the top of my head, I can't**
01:32:46 17 **recall exactly, but something along lines of: Do you**
01:32:48 18 **know Alan Dershowitz? And he says, I take the Fifth.**
01:32:50 19 **That sort of, frankly, startled me, that -- that this**
01:32:55 20 **international sex trafficker was taking the Fifth now**
01:32:57 21 **when asked about Mr. Dershowitz.**
01:33:01 22 **And so I was stymied in trying to get**
01:33:04 23 **information from Mr. Epstein at that point. I think**
01:33:07 24 **there were two depositions, if I recall correctly off**
01:33:09 25 **the top of my head, that -- that I had an opportunity to**





01:33:11 1 **review, in which he took the Fifth when asked questions**
01:33:13 2 **about Dershowitz.**
01:33:14 3 **So, at that point, in trying to figure out,**
01:33:17 4 **you know, whether Mr. Dershowitz was involved in**
01:33:20 5 **sexually abusing, not only Virginia Roberts, but in**
01:33:24 6 **other girls, then you go down to the next level, next**
01:33:26 7 **layer of the criminal conspiracy.**
01:33:28 8 **Epstein is at the top, so you go to the next**
01:33:31 9 **layer. These are, you know, basically the -- the women**
01:33:33 10 **who, from what I could gather, were -- were older than**
01:33:36 11 **the age that Epstein wanted to sexually abuse. I think**
01:33:40 12 **these were 22 and 23-year-old girls, so they had, you**
01:33:44 13 **know, essentially aged out of being his sexual abuse**
01:33:47 14 **victims, but they continued to -- what they would do is**
01:33:50 15 **collect girls for him under the age of 18, that I guess**
01:33:53 16 **was in his target range.**
01:33:55 17 **And so what -- so the next person I wanted to**
01:33:58 18 **talk to, you know, and get information from was Sarah**
01:34:01 19 **Kellen. Sarah Kellen is on a lot of these flight logs**
01:34:04 20 **with, you know, these girls that -- or women and with**
01:34:07 21 **Epstein and others, and so I wanted to talk to Sarah**
01:34:07 22 **Kellen.**
01:34:11 23 **But what I discovered there was that, when**
01:34:15 24 **Sarah Kellen was asked about Alan Dershowitz, she took**
01:34:18 25 **the Fifth, and there was -- she wasn't the only one.**





01:34:21 1 **There was Miss Mucinska, who also took the Fifth when**
01:34:25 2 **asked questions about Alan Dershowitz.**
01:34:27 3 **And then there was Marcin -- Miss Marcinkova**
01:34:30 4 **who also took the Fifth. So what we -- what I had at**
01:34:33 5 **this point was Jeffrey Epstein's international sex**
01:34:35 6 **trafficking organization. I had the next echelon, and**
01:34:38 7 **both the top kingpin of the sex trafficking**
01:34:42 8 **organization, and the next echelon had taken the Fifth,**
01:34:46 9 **had refused to answer questions about Alan Dershowitz.**
01:34:49 10 **And so, at -- at that point, I was drawing an**
01:34:51 11 **adverse inference, not just from one person, but from**
01:34:54 12 **four persons, and that adverse inference was being**
01:34:57 13 **strengthened by the surrounding circumstances, some of**
01:35:00 14 **which we have already talked about.**
01:35:00 15 **One of the things that -- that really**
01:35:02 16 **bolstered the adverse inference that I was drawing in**
01:35:05 17 **this case was that I've mentioned those three girls,**
01:35:09 18 **Kellen, Mucinska, and Marcinkova. They were all covered**
01:35:12 19 **by a nonprosecution agreement. And the nonprosecution**
01:35:15 20 **agreement was highly unusual.**
01:35:17 21 **I -- I had been a federal prosecutor for**
01:35:18 22 **about four years, I had been a federal judge for about**
01:35:21 23 **five-and-a-half years, so I had seen a lot of -- of, you**
01:35:23 24 **know, nonprosecution types of arrangements. And one of**
01:35:26 25 **the things that was very unusual in this one is, it has**





HOUSE_OVERSIGHT_010830

01:35:29 1 what I'll refer to as the blank-check immunity
01:35:33 2 provision.
01:35:34 3 There was a provision in the nonprosecution
01:35:36 4 agreement that said, this agreement will prevent federal
01:35:40 5 prosecution for international and interstate sex
01:35:43 6 trafficking, not only of Jeffrey Epstein, and not only
01:35:46 7 of the four women who were identified, but -- and this
01:35:49 8 is a direct quote: Any other potential co-conspirator,
01:35:53 9 close quote.
01:35:55 10 And so that was unusual because what it --
01:35:57 11 what it seemed to be doing was that somehow this
01:35:58 12 agreement was quite out of the normal and had been
01:36:00 13 designed to extend immunity to other people that might
01:36:04 14 have been associated with Epstein.
01:36:05 15 And I knew that that category included the
01:36:09 16 people that were involved in negotiating this highly
01:36:11 17 unusual provision included Mr. Dershowitz, who had been
01:36:14 18 heavily involved, not only in the drafting of the
01:36:18 19 agreement, but had also been involved remarkably in
01:36:22 20 attacking the credibility of these girls and saying
01:36:25 21 things like, you know, it was -- Epstein wasn't
01:36:28 22 targeting minor girls, which just struck -- you know, I
01:36:33 23 was -- I don't want to use a technical term,
01:36:35 24 gob-smocked, that a defense attorney with an obligation
01:36:37 25 to tell the truth was making a factual representation





01:36:42 1 that Jeffrey Epstein was not targeting minor girls, when
01:36:44 2 the Palm Beach Police Department had collected, you
01:36:47 3 know, 23 of them that had all given essentially
01:36:50 4 interlocking stories about how they had all gone over to
01:36:54 5 this house, you know, the mansion, to give a massage and
01:36:57 6 when they had gotten there, they had been sexually
01:36:58 7 abused.
01:36:58 8 So the kingpin wouldn't talk. The next
01:37:01 9 echelon of the trafficking organization wouldn't talk.
01:37:03 10 So the next step was to say, okay, let's see if we can
01:37:06 11 find somebody, you know, lower level in there, you know,
01:37:08 12 a household employee or something like that; maybe they
01:37:10 13 will have some information about, you know, what this
01:37:12 14 criminal organization is doing.
01:37:14 15 Now, let's -- let's understand, you know,
01:37:16 16 given the pervasiveness of the -- of the criminal
01:37:19 17 activity, I -- I wasn't convinced that they were going
01:37:21 18 to be able to get in there and start saying exactly what
01:37:24 19 was going on because they might well be exposing
01:37:26 20 themselves to criminal -- you know, criminal
01:37:29 21 culpability.
01:37:30 22 But I -- I was able to read a sworn
01:37:32 23 deposition from Juan Alessi, and Juan Alessi -- I
01:37:37 24 think -- I don't know. Maybe just to speed things up
01:37:38 25 today, I won't go through all the things that are --





01:37:40 1 that are said there, but Alessi puts Mr. Dershowitz at
01:37:46 2 the nest of this international sex trafficking
01:37:47 3 organization. Let's see. I think he said four or five
01:37:51 4 times a year, two or three -- you know, two or three
01:37:55 5 days when he goes there.
01:37:56 6 And let's be clear, I know Mr. Dershowitz had
01:37:58 7 said at some points like, I'm an attorney, and that's my
01:38:00 8 client and so forth. And Alessi said, no, but this was
01:38:03 9 not in a -- in a lawyer/client capacity; this is in a
01:38:09 10 friend capacity.
01:38:10 11 And so now we have Alessi putting him there
01:38:12 12 at the same time when young girls were there. And one
01:38:15 13 of the -- the -- the things that I picked up, so is
01:38:17 14 Alessi -- you know, is he able to figure out who these
01:38:19 15 girls are?
01:38:20 16 A photograph of Virginia Roberts is shown to
01:38:22 17 Juan Alessi in the deposition, and he I.D.s the
01:38:26 18 photograph as, you know, V.R., so he -- he had, you
01:38:30 19 know, put two and two together.
01:38:30 20 So now I've got V.R. coming to the house at a
01:38:34 21 time when Mr. Dershowitz is also in the house, and
01:38:37 22 apparently spending, you know, two to three nights there
01:38:40 23 and doing this four or five times a year.
01:38:45 24 Now, Alessi wasn't the only one. There was
01:38:48 25 Alfredo Rodriguez who was there in about 2004 to 2005,





01:38:53 1 after the time period of Virginia Roberts, but it's part
01:38:56 2 of the common scheme or plan that we've been discussing
01:38:59 3 here.
01:38:59 4 And so in 2005, Alfredo Rodriguez says, yeah,
01:39:02 5 again, Mr. Dershowitz is there at a time when these
01:39:05 6 massages are going on. When you start to look at Alessi
01:39:09 7 and Rodriguez's statements in context where they're --
01:39:14 8 they're saying he's there at the same time the massages
01:39:16 9 are occurring, and with the West Palm Beach Police
01:39:19 10 Department reports showing that massages are of a sexual
01:39:22 11 nature, again, it started to put two and two together.
01:39:26 12 One of the things that was particularly
01:39:30 13 important about Rodriguez's situation was that Rodriguez
01:39:34 14 had an access to what's been called the little black
01:39:38 15 book, or I think he referred to it as the holy grail.
01:39:40 16 This was Jeffrey Epstein's, you know, telephone book
01:39:42 17 where he had telephone numbers in it.
01:39:45 18 And so Rodriguez had that and, you know, I
01:39:48 19 guess thought that this would be worth a lot of money
01:39:50 20 because it would -- you know, it would identify all of
01:39:52 21 the people that have been sexually abused by -- by
01:39:54 22 Jeffrey Epstein. And so he tried to sell it. The FBI
01:39:57 23 busted him for that.
01:39:58 24 And when the FBI busted him, now he's got
01:40:00 25 this book. And so the book went to Alessi, and





HOUSE_OVERSIGHT_010831

01:40:05 1 according to a -- to a later FBI report, Alessi
01:40:07 2 identified information that was pertinent to the FBI's
01:40:07 3 investigation.
01:40:11 4 And so when I look at the little black book
01:40:14 5 that I have seen copies of, there are a handful of names
01:40:17 6 in that black book that have been circled, apparently by
01:40:22 7 Mr. Rodriguez, and one of the names that's -- that has
01:40:25 8 been circled is Alan Dershowitz. And so that, to me,
01:40:30 9 was suggesting that Mr. Rodriguez had identified, you
01:40:35 10 know, Alan Dershowitz as somebody who had information
01:40:38 11 about this -- this international sex trafficking ring.
01:40:40 12 But just as a side note, but an important
01:40:42 13 note, when the -- the thing that was circled on the Alan
01:40:46 14 Dershowitz page was not a single phone number
01:40:49 15 indicating, you know, somebody had bumped -- you know,
01:40:51 16 Epstein had bumped into at one point. I believe there
01:40:56 17 were 10 or 11 phone numbers that were associated with
01:40:57 18 Mr. Dershowitz that had all been circled and an e-mail
01:41:00 19 address as well.
01:41:02 20 So that started to corroborate my sense that
01:41:05 21 Mr. Dershowitz was, indeed, a very close friend of
01:41:10 22 Jeffrey Epstein. Now, I had then continued to do --
01:41:14 23 there's been reference today to, you know, using Google
01:41:16 24 to do research and so forth. So I Googled Jeffrey
01:41:20 25 Epstein and one of the things that pops up rather





01:41:22 1 rapidly is an article in Vanity Fair.
01:41:25 2 And what you see in that article is, you
01:41:28 3 know, discussion about Mr. Epstein, but when you're
01:41:33 4 trying to do a profile of someone, you try to figure out
01:41:34 5 who that person's closest friends are.
01:41:35 6 And so the Vanity Fair author had gone to
01:41:38 7 Alan Dershowitz, you know, our -- Mr. Dershowitz here,
01:41:42 8 and had asked him, hey, what do you know about Jeffrey
01:41:45 9 Epstein?
01:41:46 10 And, again, off the top of my head, you want
01:41:47 11 to know what I can remember right now. What I can
01:41:49 12 remember right now is that in the Vanity Fair article,
01:41:53 13 the -- in the Vanity Fair article, Mr. Dershowitz said,
01:41:59 14 I've written 20-some odd books; there's only one person
01:42:03 15 outside my immediate family with whom I share drafts,
01:42:06 16 and that's Jeffrey Epstein.
01:42:08 17 So I took that as indicating a -- a very
01:42:10 18 close personal association that -- you know, among the
01:42:13 19 people that -- that obviously he's sharing this -- these
01:42:15 20 kinds of things that he wants evaluated before he shares
01:42:18 21 them with the broader world, there's his immediate
01:42:21 22 family and then there's -- there's Jeffrey Epstein.
01:42:23 23 There was also another similar quote in the
01:42:24 24 article that indicated that -- that Mr. Dershowitz said
01:42:29 25 that he wasn't interested in Epstein just because he had





01:42:32 1 a lot of money. I mean, Epstein was identified as a
01:42:32 2 billionaire in this article, billionaire with -- with a
01:42:38 3 B, so the record is clear.
01:42:39 4 But he said, look, if Epstein lost all his
01:42:43 5 money -- I'm paraphrasing here -- I would be, you know,
01:42:44 6 happy to walk down, you know, the Coney Island Boardwalk
01:42:47 7 with him and discuss things with him, as -- you know,
01:42:49 8 even if he didn't have any money.
01:42:50 9 So now I'm seeing Dershowitz is a very close
01:42:54 10 personal friend of Jeffrey Epstein. And then I started
01:42:58 11 to look at flight logs. There were -- there were some
01:43:01 12 very interesting things that I noticed on the flight
01:43:04 13 logs.
01:43:04 14 One of the things I noticed was when I began
01:43:07 15 to, you know, get into this, that, you know, I was
01:43:13 16 wondering, well, what -- well, how do these flight logs
01:43:14 17 come into the possession of, you know, law enforcement
01:43:16 18 agencies? And the answer turned out to be that they had
01:43:20 19 been provided by Epstein's defense attorney and -- and,
01:43:23 20 you know, coincidentally, I suppose, or in my mind,
01:43:27 21 suspiciously, they were not provided by just any defense
01:43:30 22 attorney on this rather large defense team. They were
01:43:33 23 provided by one attorney according to Detective Recarey.
01:43:36 24 Detective Recarey testified under oath that the flight
01:43:39 25 logs were provided to him by Alan Dershowitz.





01:43:41 1 So one of the things that was -- was
01:43:43 2 interesting is, Dershowitz has had access to these
01:43:45 3 flight logs, and now I'm beginning to wonder, well, has
01:43:48 4 there been an opportunity to sanitize those flight logs
01:43:50 5 or remove any incriminating information?
01:43:52 6 And -- and one of the things that was
01:43:54 7 interesting about the flight logs that were produced --
01:43:56 8 I believe just so the record is clear, that was Exhibit
01:44:02 9 1 that -- if we could -- if I could refer -- I need to
01:44:04 10 refresh my recollection as to -- well, I don't -- you
01:44:07 11 may not want me to look at documents.
01:44:08 12 It was either Exhibit 1 or 2 this morning
01:44:11 13 during Dershowitz's deposition which was covering a time
01:44:15 14 period of January to, I believe, September 2005. These
01:44:20 15 were flight logs that were produced by Mr. Dershowitz to
01:44:23 16 the Palm Beach Police Department.
01:44:25 17 And you wonder why did they stop in
01:44:27 18 September -- you know, why stop in September 2005?
01:44:31 19 What's the significance of that? Well, later on,
01:44:35 20 additional flight logs were obtained, and sure enough,
01:44:39 21 who shows up on an October 2005 flight log with Jeffrey
01:44:45 22 Epstein? Mr. Dershowitz.
01:44:46 23 So that led to a suspicion that
01:44:49 24 Mr. Dershowitz had provided to the Palm Beach Police
01:44:52 25 Department flight logs that, the time period of which





HOUSE_OVERSIGHT_010832

01:44:54 1 for the production had been carefully crafted to keep
01:44:57 2 him out of it; in other words, to not produce the
01:44:59 3 October 2005 version.
01:45:03 4 The other thing I -- I began to discover as I
01:45:05 5 started going through some flight logs, Dave Rogers, who
01:45:08 6 is one of I think about three pilots that -- that
01:45:10 7 Epstein regularly relied on to fly his -- you know, he
01:45:13 8 had very fancy -- to use the technical term -- jets.
01:45:18 9 There were about -- there were about three pilots there.
01:45:20 10 One of them had some flight logs and that --
01:45:24 11 that was Pilot Dave Rogers, if I'm recalling his name
01:45:26 12 correctly. And so later on in the litigation, the sex
01:45:30 13 abuse litigation against Epstein, flight logs were
01:45:34 14 obtained from Dave Rogers, and it was possible to -- to
01:45:37 15 compare -- I'm sorry. I don't mean to -- I want to make
01:45:40 16 sure I get -- you know, the question is: How much can I
01:45:42 17 remember and I'm trying to make sure I get -- get it all
01:45:44 18 in.
01:45:45 19 And so the flight logs were produced from
01:45:48 20 Dave Rogers. And so Dave Rogers produced some flight
01:45:51 21 logs, and some of the flights that he produced logs for
01:45:56 22 coincided with the logs that Mr. Dershowitz had provided
01:45:59 23 to the Palm Beach Police Department, and there were
01:46:01 24 inconsistencies. And so that, again, aroused my
01:46:05 25 suspicion that maybe Mr. Dershowitz when he had --





01:46:08 1 MR. SCOTT: I just got a call from a lawyer
01:46:09 2 on the screen. His -- his phone is not working,
01:46:10 3 Epstein's lawyer, Darren Indyke.
01:46:10 4 MR. SIMPSON: Why don't --
01:46:15 5 MR. SCAROLA: Do you want to take a break for
01:46:17 6 a second?
01:46:17 7 MR. SIMPSON: Well, why don't -- well, why
01:46:17 8 don't we let him finish his answer?
01:46:18 9 MR. SCAROLA: Let him finish the answer.
01:46:20 10 MR. SCOTT: Yeah, let's do that. You're
01:46:20 11 right.
01:46:21 12 MR. SCAROLA: Although it may take a while.
01:46:21 13 THE WITNESS: It -- it's, I mean, the
01:46:21 14 question --
01:46:21 15 MR. SCAROLA: Yeah. But let's --
01:46:25 16 MR. SCOTT: I don't care.
01:46:25 17 MR. SCAROLA: Okay. Let's -- let's go ahead
01:46:27 18 and finish.
01:46:27 19 MR. SCOTT: Let's go ahead and finish the
01:46:29 20 answer. We heard this much.
01:46:29 21 MR. SCAROLA: Good. Thank you.
01:46:29 22 THE WITNESS: Okay. So there --
01:46:31 23 MR. SCOTT: I don't want to break him on a
01:46:32 24 roll.
01:46:33 25 MR. SCAROLA: Thanks.





01:46:33 1 THE WITNESS: Right. No, I mean, I want to
01:46:36 2 make -- I want to make clear that there was a lot
01:46:37 3 of information that I was relying on in filing
01:46:40 4 this pleading, and -- and, of course, the later
01:46:42 5 pleading. So we are on the subject of flight
01:46:44 6 logs.
01:46:44 7 Flight logs showed that the flight logs
01:46:46 8 Mr. Dershowitz had produced to Detective Recarey
01:46:49 9 were incomplete and inaccurate. And so that led
01:48:52 10 to concern on my part that Mr. Dershowitz had had
01:46:55 11 an opportunity to sanitize the flight logs,
01:46:57 12 had -- had -- had provided incomplete production,
01:47:01 13 you know, obviously, very important production
01:47:02 14 that the Palm Beach Police Department was looking
01:47:05 15 at.
01:47:06 16 Then we got some additional flight logs from
01:47:09 17 Dave Rogers. And what those flight logs
01:47:11 18 showed -- first off, let's talk again about
01:47:14 19 the -- the production of those flight logs.
01:47:17 20 My recollection is that Dave Rogers's flight
01:47:21 21 logs were provided by Bruce Reinhart who was a
01:47:24 22 former Assistant U.S. Attorney who had been
01:47:26 23 inside the Southern District of Florida Office at
01:47:29 24 a time when the Epstein case was the subject of
01:47:32 25 regular discussion in that office.





01:47:33 1 And then he had gone to work for some kind of
01:47:36 2 a -- a law firm or private operation that was
01:47:39 3 located adjacent to Mr. Epstein's business. And
01:47:44 4 so, now, Reinhart, who appeared to be being paid
01:47:48 5 by Mr. Epstein, and certainly was adjacent to
01:47:49 6 Mr. Epstein's business office, was producing
01:47:51 7 these flight logs.
01:47:52 8 So that, again, aroused suspicion that the
01:47:54 9 flight logs that were being produced would have
01:47:57 10 been sanitized or inaccurate.
01:47:58 11 But even -- I mean, you know, I think the
01:48:00 12 problem with -- you know, you can't sanitize
01:48:02 13 everything. That would be too suspicious. And
01:48:04 14 so what -- what was -- was -- what was evident on
01:48:07 15 these flight logs was, for example, approximately
01:48:11 16 ten flights by Mr. Dershowitz with Tatiana has --
01:48:18 17 has been discussed; with Maxwell; with Jeffrey
01:48:21 18 Epstein. One of them had one female, which,
01:48:25 19 again, in the context that I was looking at,
01:48:27 20 seemed to be a potential code word for
01:48:28 21 underage -- underage girl.
01:48:32 22 And so those flight logs showed, you know,
01:48:35 23 again, close association and travel with --
01:48:40 24 with -- with -- with Mr. Dershowitz, and
01:48:47 25 Mr. Epstein.





HOUSE_OVERSIGHT_010833

01:48:51 1 Another thing that I had, and I will not
01:48:53 2 reveal any privileged communications here or any
01:48:56 3 confidential information, but on December 30th, I
01:48:59 4 was aware that one of the preeminent lawyers in
01:49:02 5 the United States, David Boies, had agreed to
01:49:07 6 represent Virginia Roberts. And given the vast
01:49:11 7 amount of business that -- that, you know, tries
01:49:13 8 to get in the door --
01:49:15 9 MR. SIMPSON: Could I interrupt? I mean, I
01:49:17 10 think we are going towards a waiver here.
01:49:19 11 MS. McCAWLEY: Yeah. No, no, no, I do not --
01:49:20 12 MR. SIMPSON: We can't have testimony
01:49:21 13 about --
01:49:21 14 MS. McCAWLEY: Yeah.
01:49:22 15 MR. SIMPSON: -- this is one of the most
01:49:22 16 respected people in the country, or lawyers in
01:49:26 17 the country, and then you won't answer the
01:49:28 18 questions --
01:49:26 19 THE WITNESS: Okay.
01:49:28 20 MR. SIMPSON: -- you said not to answer.
01:49:28 21 MS. McCAWLEY: Oh. Well, describing David
01:49:30 22 Boies in general --
01:49:30 23 MR. SIMPSON: I agree with the description.
01:49:31 24 MS. McCAWLEY: -- doesn't constitute a
01:49:32 25 waiver.





01:49:32 1 MR. SIMPSON: He's a distinguished lawyer.
01:49:32 2 MR. SCAROLA: And I don't think we are
01:49:33 3 getting beyond anything that is a matter of
01:49:37 4 public record.
01:49:37 5 MR. SIMPSON: I just -- I --
01:49:38 6 MS. McCAWLEY: But I appreciate you --
01:49:38 7 MR. SIMPSON: Be aware of waiver.
01:49:39 8 MS. McCAWLEY: -- letting me know that.
01:49:40 9 THE WITNESS: All right. I will be -- I will
01:49:41 10 not waive anything, and if I start to do that, I
01:49:43 11 would certainly request the opportunity to -- to
01:49:45 12 retract what I'm doing, but I was aware -- since
01:49:48 13 the issue is, well, what's in the public record,
01:49:50 14 I was aware that, you know, probably the most
01:49:52 15 significant United States Supreme Court case
01:49:55 16 argued in the last 20 years was Bush versus Gore,
01:49:58 17 which was a case that essentially determined who
01:50:01 18 was going to be President of the most powerful
01:50:03 19 country in the world.
01:50:04 20 There were two attorneys who argued that case
01:50:05 21 in front of the United States Supreme Court, and
01:50:07 22 arguing for the Democratic Presidential
01:50:10 23 Candidate, Al Gore, was David Boies.
01:50:12 24 He had put his credibility on the line in
01:50:16 25 arguing the Bush versus Gore case, and without





01:50:19 1 going into any confidential communications or
01:50:22 2 trying to waive in any way, I knew that David
01:50:24 3 Boies had agreed to represent Virginia Roberts,
01:50:27 4 which gave me additional confidence in the fact
01:50:30 5 that I was also representing this young woman in
01:50:34 6 her effort to bring sex traffickers to justice,
01:50:37 7 and those who had sexually abused her to justice.
01:50:41 8 And so those are things that come to mind
01:50:46 9 immediately as -- let me just take a second and
01:50:50 10 see if there were other things regarding
01:50:56 11 Dershowitz that -- that come immediately --
01:51:01 12 immediately to mind.
01:51:03 13 Oh, one of the things was in the Jane Doe 102
01:51:09 14 complaint, which alleged academicians that had --
01:51:14 15 that had abused -- sexually abused Jane Doe 3,
01:51:19 16 there -- there were -- so that raises a question,
01:51:24 17 obviously, of who were the academicians that Bob
01:51:30 18 Josefsberg had identified?
01:51:31 19 I can't recall, actually. Let me -- the
01:51:33 20 record should be clear, I can't recall
01:51:34 21 immediately whether it was singular or plural.
01:51:36 22 It may have been plural, but if it's singular, I
01:51:38 23 don't want to suggest that there were other
01:51:40 24 academicians, but at least one academician had
01:51:42 25 sexually abused Jane Doe 3, according to the





01:51:45 1 complaint that had been filed by Bob Josefsberg.
01:51:48 2 There were two things that were of interest
01:51:49 3 to that: One was that Mr. Epstein, the man that
01:51:51 4 I wasn't able to get information from because he
01:51:54 5 was invoking the Fifth, had refused or declined
01:51:57 6 to file an answer to that complaint.
01:52:00 7 Rather than deny the allegations, he had,
01:52:03 8 ultimately, it's my understanding -- I don't have
01:52:05 9 inside information and I'm not trying to waive
01:52:07 10 any information, but my understanding is that
01:52:09 11 rather than answer the complaint, he settled the
01:52:11 12 case through the payment of some kind of
01:52:13 13 compensation that Jane Doe 102 found desirable
01:52:17 14 for dropping her claim.
01:52:19 15 The other thing that I found interesting is
01:52:21 16 that Josefsberg's partner, I believe it is,
01:52:25 17 Miss Ezell, had been to some of the depositions
01:52:29 18 of, for example, I believe Juan Alessi and
01:52:33 19 Alfredo Rodriguez. And I believe at least one of
01:52:35 20 those, and perhaps both of those. And she had
01:52:36 21 asked questions about Alan Dershowitz in those
01:52:39 22 depositions, but had not asked questions about
01:52:42 23 other academics in those depositions.
01:52:45 24 So that led me to conclude that Bob
01:52:51 25 Josefsberg and his outstanding law firm had





HOUSE_OVERSIGHT_010834

01:52:51 1 identified Alan Dershowitz as someone who had
01:52:54 2 information relevant -- and let's be clear, that
01:52:56 3 this is not a lawsuit about some contract dispute
01:52:58 4 or something -- that he was someone who had
01:53:00 5 information relevant to the sexual abuse of
01:53:02 6 underage girls and, indeed, they were asking
01:53:05 7 questions about what information -- what
01:53:07 8 information he might have.
01:53:09 9 Another -- I know, I remember now, there's a
01:53:11 10 whole other line of things that -- that I had in
01:53:13 11 mind at the time, and I think since you want to
01:53:16 12 test my memory -- I'm not -- let me be clear.
01:53:19 13 I'm not claiming I have a superb memory. I have
01:53:21 14 an average memory, but this is a subject that's
01:53:22 15 very important to me, and so I've worked, you
01:53:26 16 know, very hard to get all the information.
01:53:31 17 I would like to take a break.
01:53:32 18 MR. SCAROLA: Sure. Take a break.
01:53:33 19 THE VIDEOGRAPHER: We are going off the video
01:53:36 20 record, 3:27 p.m.
02:07:43 21 (Thereupon, a recess was taken.)
02:07:43 22 THE VIDEOGRAPHER: We are back on the video
02:08:03 23 record, 3:41 p.m.
02:08:06 24 THE WITNESS: I want to continue my answer.
02:08:08 25 I'm sorry. I got emotional there for a moment.





02:08:12 1 I want to do a good job for Virginia Roberts
02:08:12 2 on -- on representing all the -- the evidence
02:08:14 3 that is available to support her.
02:08:16 4 The next thing that I was thinking of was,
02:08:19 5 all right, then the question is: Well, what does
02:08:23 6 Mr. Dershowitz have to say about all this? So I
02:08:27 7 started to look at the information on that as
02:08:28 8 well.
02:08:29 9 In 2009, there had been a deposition request
02:08:34 10 sent to Mr. Dershowitz, and I -- I saw a document
02:08:37 11 showing that that had actually been served on --
02:08:40 12 on him, and, you know, to the extent that what I
02:08:44 13 saw was a -- I think a receipt from the process
02:08:48 14 server, or something along those lines, so I saw
02:08:51 15 attempt to contact him in -- in 2009.
02:08:53 16 And then I saw an additional attempt to
02:08:55 17 contact him in 2011. Mr. Scarola had sent him a
02:09:01 18 note and there was, you know, some back and
02:09:03 19 forth. The -- the one note that -- that jumped
02:09:06 20 out to me was one in which Mr. Scarola had
02:09:09 21 written to Mr. Dershowitz, I think the phrase
02:09:12 22 was: Multiple witnesses have placed you in the
02:09:14 23 presence of Jeffrey Epstein and underage girls; I
02:09:18 24 would like to depose you about those subjects.
02:09:21 25 And the answer that came back was not, well,





02:09:23 1 let me clear all of that misunderstanding up.
02:09:25 2 You know, that's -- frankly, if I had gotten
02:09:28 3 something like that, that's what I would have
02:09:29 4 said.
02:09:30 5 The answer that came back was -- from
02:09:32 6 Mr. Dershowitz was something along the lines of,
02:09:34 7 if I remember correctly, well, tell me what
02:09:36 8 you -- you -- tell me what you want to know and
02:09:38 9 I'll decide whether to cooperate, was I think
02:09:41 10 the phrase that was used. And -- and so there
02:09:43 11 was an attempt, you know, a 2009 attempt, a 2011
02:09:46 12 attempt to get information from Mr. Dershowitz.
02:09:49 13 Then there was another subpoena without
02:09:52 14 deposition for -- for documents. You know, we
02:09:54 15 have heard a lot about records in this case that
02:09:57 16 could prove innocence. There was a records
02:09:58 17 request to Mr. Dershowitz in 2013. And, again,
02:10:01 18 my understanding was that there was no -- you
02:10:03 19 know, no documents were provided on that.
02:10:07 20 And so those -- I had that information.
02:10:11 21 Another bit of information that I had was that in
02:10:14 22 2011, I believe in early April -- this is not
02:10:19 23 attorney/client privileged information from
02:10:21 24 Virginia Roberts. This is a telephone call that
02:10:23 25 she placed from Australia where she had been





02:10:27 1 essentially forced into hiding by Jeffrey
02:10:28 2 Epstein. She managed to escape and was hiding
02:10:31 3 out in -- in Australia, and that she would --
02:10:36 4 that somehow, you know, Mr. Scarola and
02:10:38 5 Mr. Edwards were able to reach her and there was
02:10:41 6 a telephone call that was made.
02:10:43 7 And in that telephone call she identified
02:10:46 8 Alan Dershowitz as someone who would have
02:10:48 9 relevant information about Jeffrey Epstein and
02:10:50 10 the sexual abuse of underage girls.
02:10:53 11 And so I had that information as well. So
02:11:01 12 that, as I understand, the question was: What
02:11:01 13 could I recall off the top of my head with regard
02:11:05 14 to the factual basis for information connecting
02:11:07 15 Mr. Dershowitz with the sexual abuse of minor
02:11:12 16 girls, plural, and that, sitting here at this
02:11:15 17 moment, is the best that I can recall for the
02:11:18 18 information along those lines.
02:11:18 19 BY MR. SIMPSON:
02:11:21 20 **Q.** Was that answer --
02:11:21 21 MR. SCAROLA: Excuse me. Before -- before
02:11:23 22 you go on to another subject, Professor Cassell
02:11:26 23 is entitled to refresh his recollection to give
02:11:29 24 you a complete response. So why don't you go
02:11:31 25 ahead and do that now. Make sure you've covered





HOUSE_OVERSIGHT_010835

02:11:34 1 everything.
02:11:34 2 MR. SIMPSON: I'm -- I think I get to ask the
02:11:36 3 questions, but I was going to ask the same
02:11:38 4 question.
02:11:39 5 MR. SCAROLA: Wonderful. We are on the same
02:11:40 6 page.
02:11:40 7 BY MR. SIMPSON:
02:11:41 8 Q. Mr. Cassell, you -- you mentioned that you
02:11:43 9 had something that you had prepared --
02:11:44 10 A. **Yes.**
02:11:44 11 Q. -- that would summarize --
02:11:46 12 A. **Right.**
02:11:46 13 Q. -- your knowledge.
02:11:48 14 A. **Right.**
02:11:48 15 Q. And now that you have exhausted your
02:11:51 16 recollection, could you produce that and let's just mark
02:11:54 17 it --
02:11:54 18 A. **Yeah, sure.**
02:11:55 19 Q. -- as an exhibit?
02:11:56 20 MR. SIMPSON: We are up to Exhibit 3, I
02:11:59 21 believe. Cassell 3.
02:12:01 22 THE WITNESS: Right. Now, there -- there are
02:12:01 23 two parts to this --
02:12:02 24 MR. SIMPSON: Can we mark it first and
02:12:02 25 then --





02:12:04 1 THE WITNESS: Yeah. I just want the record
02:12:06 2 to be clear, that I'm only looking -- there's --
02:12:07 3 there's a pre-December 30th section and a
02:12:10 4 post-December 30th section, so the top part is
02:12:13 5 the -- is what I was working off of.
02:12:13 6 BY MR. SIMPSON:
02:12:15 7 Q. Okay.
02:12:15 8 A. **Now, underneath this is -- you know, if you**
02:12:18 9 **have questions about what happened after December 30th.**
02:12:19 10 Q. So you're -- you're prepared to produce the
02:12:22 11 entire document, but you're clarifying? I don't -- I
02:12:24 12 don't want to ask you -- if you're going to use it in
02:12:26 13 your testimony, then we will mark the whole thing.
02:12:27 14 MR. SCAROLA: Mark the whole thing. You can
02:12:30 15 use it.
02:12:30 16 MR. SIMPSON: Mark the whole thing and I'll
02:12:30 17 ask you about it.
02:12:30 18 THE WITNESS: That would be great.
02:12:33 19 Absolutely.
02:12:33 20 MR. SIMPSON: All right. I'm going to ask
02:12:35 21 the court reporter to mark as Cassell Exhibit 3,
02:12:39 22 a one-page document that the witness has just
02:12:42 23 handed to me. It's mostly typed. It has some
02:12:44 24 handwriting on it.
02:12:45 25 (Cassell I.D. Exhibit No. 3 - one-page





02:12:45 1 document produced by the witness was marked for
02:12:45 2 identification.)
02:13:10 3 THE WITNESS: All right. So let me -- if I
02:13:11 4 could look at this to see if it -- the top
02:13:13 5 portion of it to see if it refreshes my
02:13:13 6 recollection about --
02:13:13 7 BY MR. SIMPSON:
02:13:16 8 Q. Could I just see it for one second?
02:13:18 9 A. **Sure. Absolutely.**
02:13:21 10 Q. All right. Yeah. Let me just clarify one
02:13:27 11 point before you do that.
02:13:27 12 A. **Yes, sir.**
02:13:27 13 Q. In your answer, were you referring to the
02:13:28 14 evidence you could recall or the information you could
02:13:30 15 recall that supported your allegations as to both
02:13:34 16 Virginia Roberts and other minors, or were you treating
02:13:36 17 those separately?
02:13:37 18 A. **No, I was not treating those separately. I**
02:13:39 19 **was -- for me, there's a common -- what -- what the law**
02:13:42 20 **refers to as a common scheme or plan in a --**
02:13:42 21 Q. Okay.
02:13:44 22 A. **-- a criminal conspiracy for international**
02:13:46 23 **trafficking that involved not just a single girl, but**
02:13:49 24 **multiple girls. So the answer was -- was with respect**
02:13:52 25 **to -- to multiple girls.**





02:13:53 1 Q. Okay. So I may have some questions to
02:13:56 2 distinguish further between those two --
02:13:57 3 A. **Yes.**
02:13:58 4 Q. -- but is it fair to say that -- and I
02:14:02 5 realize you're going to refresh your recollection, but
02:14:05 6 that you had exhausted your recollection of the basis
02:14:07 7 for the allegation in this Exhibit 2, the motion to join
02:14:14 8 as to both Miss Roberts and other minors?
02:14:17 9 A. **Yes.**
02:14:17 10 Q. Okay. So then, now, take a look at that and
02:14:20 11 tell me if there's anything there that refreshes your
02:14:25 12 recollection as to something that you have not yet told
02:14:28 13 me about.
02:14:29 14 A. **So this refreshes my recollection. Sarah**
02:14:46 15 **Kellen. I think I referred to her as Miss Kellen.**
02:14:49 16 **Sarah Kellen was the first name.**
02:14:52 17 **Nadia Marcinkova, Nadia was the first name**
02:14:53 18 **there. Adrianna Mucinska was the full name of those --**
02:14:59 19 **that's the second echelon of the -- of the -- of the**
02:15:00 20 **criminal conspiracy.**
02:15:06 21 **Oh, this refreshes my recollection that**
02:15:08 22 **Jeffrey Epstein had answered some questions in the civil**
02:15:11 23 **litigation. He provided, for example, names of -- of**
02:15:15 24 **some people who were involved, but he took the Fifth**
02:15:18 25 **when asked -- he took -- he provided names of some**





HOUSE_OVERSIGHT_010836

02:15:21 1 people who would have relevant information in the civil
02:15:25 2 cases, but when asked in deposition about
02:15:29 3 Mr. Dershowitz, he took the Fifth.
02:15:31 4 So I -- I found it significant that for some
02:15:33 5 people, he was willing to answer questions, but with
02:15:35 6 regard to Mr. Dershowitz, he took his -- he invoked his
02:15:39 7 Fifth Amendment right against compelled
02:15:41 8 self-incrimination presumably because revealing what he
02:15:44 9 knew about Mr. Dershowitz would, you know, cause
02:15:48 10 criminal -- criminal charges potentially to be filed
02:15:51 11 against him.
02:15:52 12 There was a common scheme or plan, and I'll
02:16:08 13 elaborate on that in a moment, but yeah, one of -- so
02:16:14 14 this was another point. I mentioned that -- that there
02:16:17 15 had been three efforts to get information from
02:16:18 16 Mr. Dershowitz by way of a 2009 deposition request, a
02:16:23 17 2011 deposition request, and further follow-up
02:16:26 18 correspondence from counsel on that, and a 2013 document
02:16:31 19 request all propounded to Mr. Dershowitz that had not
02:16:34 20 gone answered.
02:16:35 21 Yeah, and this was -- yeah, I'm sorry, this
02:16:37 22 slipped my mind at the time -- but when -- when we saw
02:16:40 23 Mr. Dershowitz not responding to these answers, you
02:16:44 24 know, maybe the mail didn't get delivered to him or
02:16:46 25 something like that. I don't -- I suppose that's, you





02:16:48 1 know, a theoretical possibility.
02:16:50 2 But -- but the reason I ruled out that
02:16:52 3 possibility, first, it didn't seem likely; but secondly,
02:16:55 4 there was a pattern of Mr. Epstein's associates evading
02:16:59 5 efforts to get information from them.
02:17:02 6 And so let me just go back to the earliest
02:17:05 7 instance of that. According to the Chief of Police in
02:17:07 8 the Palm Beach -- of the Palm Beach Police Department,
02:17:11 9 Mr. Dershowitz had said that he would make available
02:17:14 10 Mr. Epstein for questions about the -- the sex, you
02:17:18 11 know, abuse that was going on. And, you know,
02:17:21 12 Mr. Dershowitz had said to the Palm Beach Police
02:17:23 13 Department, yeah, we will make him available; no, we got
02:17:25 14 to reschedule it; you know, and then another time,
02:17:28 15 reschedule, another time. And so there were multiple --
02:17:32 16 according to the Chief of Police, there had been
02:17:34 17 multiple, you know, requests to interview Mr. Epstein
02:17:38 18 and Mr. Dershowitz had repeatedly said: Oh, yeah, we
02:17:41 19 will schedule that, and then it hadn't happened.
02:17:43 20 Now, obviously, there could have been a
02:17:45 21 situation there where, you know, an emergency had come
02:17:47 22 up for Mr. Epstein and he wasn't able to make a schedule
02:17:49 23 or something like that. But what I saw was a -- was a
02:17:52 24 pattern of offers to -- to meet and then withdrawals,
02:17:55 25 and that seemed to me to be a deliberately calculated





02:18:00 1 strategy to sort of stall the investigation to say:
02:18:03 2 Well, we will get you Epstein; oh, we can't meet now;
02:18:03 3 oh, we will get it now -- and then -- and so forth.
02:18:04 4 And one of the things that I noted from all
02:18:06 5 that was that Mr. Dershowitz, as Mr. Epstein's attorney,
02:18:09 6 never ultimately produced Epstein for a meeting with the
02:18:14 7 Palm Beach Police Department, having made another offer.
02:18:17 8 Now, obviously, something could have happened
02:18:19 9 there. I mean, I don't -- you know, I don't know what
02:18:21 10 was the communications and so forth, but as an attorney
02:18:24 11 trying to get information and unable to do that, I had
02:18:26 12 to make some reasonable inferences.
02:18:29 13 And so one of the inferences I began to draw
02:18:31 14 was that this was a stall tactic by Mr. Dershowitz, and
02:18:34 15 in my view, potentially, an unethical one, but I
02:18:37 16 don't -- I don't think we need to get into that in this
02:18:39 17 litigation.
02:18:40 18 What I saw was a stall tactic going on,
02:18:44 19 and -- and the reason I think it was a stall tactic, as
02:18:46 20 we are sitting here now in, what is it, October of 2015,
02:18:51 21 and Mr. Epstein has never been willing to answer
02:18:54 22 questions about his sexual abuse of these girls.
02:18:58 23 And this was back in around -- what was it?
02:19:01 24 I guess it would be 2005, 2006, you know, roughly a
02:19:04 25 decade ago, Mr. Dershowitz was offering to make Epstein





02:19:07 1 available. And then that never happened, and given the
02:19:11 2 ten-year pattern that -- that developed -- I guess I
02:19:12 3 should go back. I'm sorry. Let me correct my answer.
02:19:14 4 We should go back to December 30th, 2014. So
02:19:17 5 there -- there appeared to be about an eight-year period
02:19:21 6 of time during which Mr. Epstein had refused to answer
02:19:24 7 any questions about his sexual abuse of girls and yet,
02:19:29 8 Mr. Dershowitz said, oh, it's just a scheduling issue
02:19:30 9 and -- and we will get the Palm Beach Police Department
02:19:33 10 to -- to, you know, to meet and -- and learn all this.
02:19:37 11 The other thing that I'm -- that I'm seeing
02:19:39 12 here, so now there's -- there's -- Mr. Dershowitz had
02:19:42 13 been involved in concealing Mr. Epstein from the Palm
02:19:46 14 Beach Police Department, but there were others that had
02:19:47 15 done similar sorts of things.
02:19:49 16 So one of them was a Ghislaine Maxwell. I
02:19:55 17 will just call her Glenn Maxwell. I think that's kind
02:19:55 18 of the nickname I understand she goes by.
02:19:59 19 So Glenn Maxwell -- remember, she is -- she
02:19:59 20 is the one, you know, I think the record is clear, in --
02:20:03 21 in -- in litigation that, you know, an allegation has
02:20:06 22 been made that she was the one that -- that brought
02:20:08 23 Virginia Roberts into the -- into the sex trafficking,
02:20:12 24 and was heavily involved with -- you know, on all the --
02:20:15 25 not all the flights, but on many of the flights with





HOUSE_OVERSIGHT_010837

02:20:17 1 Jeffrey Epstein where -- where this seemed to be going
02:20:19 2 on and was very close to Epstein, staying at the mansion
02:20:22 3 frequently.
02:20:23 4 And so she would, obviously, be -- I guess if
02:20:25 5 you have Epstein at the -- the top of the -- you know,
02:20:27 6 the kingpin of the operation, Maxwell would be, you
02:20:30 7 know, a close second or certainly at, you know, the
02:20:32 8 higher echelon.
02:20:33 9 So, obviously, someone who would have, you
02:20:35 10 know, very significant information about, you know, the
02:20:38 11 sex trafficking, who were the other people that the --
02:20:41 12 the girls were being trafficked to, what kind of abuse
02:20:43 13 was going on, you know, what kinds of sex toys were
02:20:46 14 being used to abuse them, because I think it was in her
02:20:48 15 room or -- or adjacent to her room that many of these --
02:20:52 16 these devices were located, and so she would have had
02:20:55 17 very significant information to provide.
02:20:57 18 And so in connection with the civil cases
02:21:00 19 that some of the girls had filed against Mr. Epstein,
02:21:02 20 her deposition was set, in fact, by my co-counsel,
02:21:05 21 Mr. Edwards, and then there was some haggling over a
02:21:10 22 confidentiality agreement, you know, what are we
02:21:12 23 gonna -- and that had all been worked out, and then she
02:21:14 24 was set for a deposition and finally agreed, you know,
02:21:16 25 to a deposition.





02:21:17 1 And just shortly, you know, I think a couple
02:21:19 2 of days before that deposition, she canceled. And well,
02:21:23 3 she didn't cancel. Her -- her attorney called to cancel
02:21:26 4 the deposition and represented that Miss Maxwell was
02:21:30 5 outside the United States of America and had no plans to
02:21:33 6 return back to the United States.
02:21:35 7 And so, at that point, the deposition was --
02:21:40 8 was not able to go forward. But it turned out that she
02:21:43 9 had not left the United States for an extended period of
02:21:46 10 time. She was spotted later at a wedding of a prominent
02:21:49 11 person in New York.
02:21:50 12 And so that was Maxwell fitting into this
02:21:52 13 pattern of, you know, Epstein was being told -- you
02:21:56 14 know, the Palm Beach Police Department being told by
02:21:57 15 Dershowitz that Epstein will answer your questions, and
02:22:00 16 then, you know, not -- not getting information, Maxwell
02:22:03 17 evading the deposition.
02:22:06 18 Jean Luc Brunel was another person who seemed
02:22:09 19 to be very much involved in -- in trafficking the girls,
02:22:10 20 and it was the same situation. A deposition was set to
02:22:13 21 try to get answers, you know, who is involved, which
02:22:16 22 girls are involved, what are their names, what's --
02:22:17 23 what's going on?
02:22:18 24 And so Brunel's deposition is set and then
02:22:25 25 he -- he finagles out of it too. I don't recall exactly





02:22:28 1 what his excuse was, but, you know, evaded the
02:22:31 2 deposition and, in fact, later information came to light
02:22:33 3 he was hiding out in, you know, in the mansion of
02:22:35 4 Epstein while he's claiming he's unavailable for -- for
02:22:39 5 deposition.
02:22:39 6 So -- so this pattern of Mr. Dershowitz, you
02:22:42 7 know, where there were three attempts to obtain
02:22:44 8 information from him, if that's all I had, I guess that
02:22:46 9 would have been one thing. But what I had was a pattern
02:22:49 10 of people who were implicated in this sex trafficking
02:22:52 11 ring evading questions, you know, quite in violation of
02:22:57 12 court orders and depositions and things -- I shouldn't
02:22:58 13 say court order -- in violation of the deposition
02:23:01 14 notices that were being sent and agreements being made,
02:23:03 15 you know, through counsel.
02:23:05 16 And then in addition to that, I had this, so
02:23:11 17 why -- why would you think that, you know, there's this
02:23:13 18 sex trafficking, you know, ring going on? It sounds
02:23:17 19 kind of farfetched.
02:23:18 20 Well -- well, one of the things that I had
02:23:19 21 available to me on December 30th was a photograph that
02:23:22 22 was widely available on the Internet, and that
02:23:26 23 photograph depicted three people.
02:23:28 24 It depicted Glenn Maxwell, Prince Andrew, and
02:23:34 25 Virginia Roberts, and the -- at the time that it looked





02:23:38 1 like Virginia Roberts was an underage girl. She was not
02:23:43 2 dressed in formal attire. And Prince Andrew had his arm
02:23:47 3 around her, I think if memory serves, and right next --
02:23:52 4 smiling in the background is Miss Maxwell, and it
02:23:54 5 appeared that that was a private residence, presumably
02:23:57 6 in London, close to Buckingham Palace where -- where
02:24:00 7 Prince Andrew lived.
02:24:01 8 And so here was Prince Andrew with this
02:24:03 9 underage girl with Glenn Maxwell, the -- the right-hand
02:24:05 10 girl, if that's the right expression -- I probably
02:24:07 11 should say -- strike that -- right-hand woman of --
02:24:11 12 of -- of Mr. Epstein -- that were there and somebody had
02:24:16 13 taken the photograph.
02:24:17 14 Given the surrounding circumstances, I
02:24:19 15 thought perhaps Mr. Epstein had taken the photograph.
02:24:21 16 So that would have shown Virginia Roberts's sexual abuse
02:24:24 17 was not confined just to Florida, not confined to the
02:24:27 18 New York mansion; it would have -- it would have
02:24:31 19 presumably continued into London where one of, you know,
02:24:37 20 the highest, most powerful persons in the governmental
02:24:43 21 structure that -- that exists in England was now
02:24:47 22 involved in -- in sexual abuse.
02:24:49 23 And so that created grave concern about, how
02:24:52 24 far did this sex trafficking ring reach; what were their
02:24:56 25 connections; what were their abilities to influence, you





HOUSE_OVERSIGHT_010838

02:25:01 1 **know, law enforcement agencies in those countries, you**
02:25:04 2 **know, in England, or law enforcement agencies in this**
02:25:07 3 **country, through -- through power that, you know,**
02:25:10 4 **somebody at that level, fifth I think in line to the**
02:25:15 5 **British Throne, would have, you know, presumably access**
02:25:17 6 **to levers of power that other people might not -- might**
02:25:21 7 **not have.**
02:25:22 8 **And so that is the -- I believe is the -- the**
02:25:29 9 **information that I had available to me on December 30th**
02:25:32 10 **involving not just Virginia Roberts, but the entire sex**
02:25:35 11 **trafficking organization.**
02:25:37 12 Q. Okay. And that -- just to clarify again, it
02:25:42 13 exhausts your refreshed recollection as to both the
02:25:46 14 information you were relying on as to the allegations
02:25:48 15 about Virginia Roberts, and as to the allegations about
02:25:52 16 other minors; is that right?
02:25:53 17 **A. Correct.**
02:25:53 18 Q. So I don't have to ask you separately about
02:25:55 19 Roberts?
02:25:56 20 **A. That's right. No, and I gave you a heads-up,**
02:25:58 21 **that was going to be a long answer.**
02:26:00 22 Q. You made Mr. Dershowitz look like an amateur.
02:26:03 23 If I could --
02:26:03 24 MR. SCAROLA: I'm sorry. Like a what?
02:26:04 25 MR. SIMPSON: Amateur, at the long answers.





02:26:07 1 THE WITNESS: Well, I wasn't trying to -- let
02:26:08 2 me be clear. I want the record to be clear: I
02:26:11 3 was not trying to filibuster. You asked me a
02:26:12 4 very direct question which was: I want to know
02:26:15 5 everything that was in your memory on December
02:26:17 6 30th, and as you can tell, this was a very
02:26:20 7 important subject to me, and it's very important
02:26:21 8 to Miss Roberts, and I wanted to be
02:26:24 9 comprehensive.
02:26:25 10 And I gave you the opportunity to say,
02:26:26 11 let's -- let's have a narrower question, and --
02:26:28 12 but you wanted the broad question and that's why
02:26:30 13 I did this, so I wasn't...
02:26:30 14 BY MR. SIMPSON:
02:26:30 15 Q. Mr. Cassell, I apologize for attempting humor
02:26:34 16 in this intense situation.
02:26:35 17 **A. This is very important to me.**
02:26:35 18 Q. I -- I -- I --
02:26:36 19 **A. This is not -- this is not something that I**
02:26:39 20 **find funny.**
02:26:40 21 Q. And -- well, it -- like I say, it's very
02:26:43 22 important to Mr. Dershowitz, or Professor Dershowitz
02:26:45 23 also. He was trying to answer questions. I'm not
02:26:47 24 questioning that you were trying to answer my question,
02:26:49 25 and I appreciate it.





02:26:51 1 Mr. Dershowitz was trying to do the same
02:26:53 2 thing and it is a difficult situation.
02:26:55 3 **A. All right.**
02:26:55 4 Q. So I was not trying to make light of the
02:26:58 5 questions I'm asking you.
02:26:58 6 **A. Right. This involves sexual abuse --**
02:26:58 7 Q. I understand that.
02:27:01 8 **A. -- of multiple girls.**
02:27:02 9 Q. I understand that. Your -- I understand the
02:27:04 10 allegations that have been made.
02:27:06 11 **A. And your side keeps attacking these girls.**
02:27:09 12 **That's why it's emotional for me.**
02:27:12 13 Q. That -- that part is not true, but I will ask
02:27:15 14 questions --
02:27:15 15 **A. I believe that part is true.**
02:27:16 16 THE WITNESS: I would like to take a break.
02:27:18 17 I'm sorry.
02:27:19 18 THE VIDEOGRAPHER: We are going off the video
02:27:21 19 record, 4:01 p.m.
02:30:41 20 (Thereupon, a recess was taken.)
02:30:41 21 THE VIDEOGRAPHER: We are back on the video
02:30:47 22 record, 4:04 p.m.
02:30:47 23 (Thereupon, Kenneth A. Sweder, Esquire, Alan
02:30:47 24 M. Dershowitz and Carolyn Cohen left the
02:30:48 25 proceedings.)





02:30:48 1 MR. SCAROLA: The record should reflect that
02:30:50 2 Mr. and Mrs. Dershowitz have -- are no longer
02:30:52 3 present.
02:30:53 4 MR. SIMPSON: Correct.
02:30:54 5 MR. SCAROLA: Thank you.
02:30:55 6 BY MR. SIMPSON:
02:30:56 7 Q. Mr. Cassell, would you agree with me that
02:31:00 8 accusing someone --
02:31:03 9 MS. McCAWLEY: Oh, I'm sorry. I just
02:31:04 10 realized that she stepped out to get water, I
02:31:06 11 believe. I didn't ask. I'm sure it's
02:31:08 12 probably okay --
02:31:08 13 THE WITNESS: It's all right.
02:31:08 14 MR. SCAROLA: It's all right.
02:31:11 15 MR. SIMPSON: That's okay with you?
02:31:11 16 THE WITNESS: Sure.
02:31:11 17 BY MR. SIMPSON:
02:31:13 18 Q. Would you agree with me that accusing a
02:31:17 19 person of -- an adult of engaging in sex with a minor is
02:31:24 20 a serious accusation?
02:31:26 21 **A. Sure.**
02:31:27 22 Q. And would you agree with me that the cause of
02:31:33 23 Victims' Rights is harmed and not furthered by false
02:31:39 24 allegations of sexual abuse?
02:31:41 25 **A. Sure.**





HOUSE_OVERSIGHT_010839

# Exhibit 4

IN THE CIRCUIT COURT OF THE SEVENTEENTH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CASE NO. CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiffs/Counterclaim Defendants,

vs.

ALAN M. DERSHOWITZ,

Defendant/Counterclaim Plaintiff.
_____/

VIDEOTAPED DEPOSITION OF

PAUL G. CASSELL

TAKEN ON BEHALF OF THE DEFENDANT

VOLUME II, PAGES 152 to 335

Saturday, October 17, 2015

8:32 a.m. - 12:14 p.m.

425 North Andrews Avenue
Suite 2
Fort Lauderdale, Florida 33301

Theresa Tomaselli, RMR

ESQUIRE DEPOSITION SOLUTIONS
(954) 331-4400



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BRADLEY J. EDWARDS
ALAN M. DERSHOWITZ (Telephonically)





INDEX OF EXAMINATION


| WITNESS | PAGE |
|---|---|
| PAUL G. CASSELL | |
| CONTINUED DIRECT EXAMINATION BY MR. SIMPSON | 160 |


INDEX TO EXHIBITS


| EXHIBIT | DESCRIPTION | PAGE |
|---|---|---|
| Cassell's I.D. Exhibit No. 4 - document produced by the witness | | 203 |
| Cassell's I.D. Exhibit No. 5 - copy of address book | | 229 |
| Cassell's I.D. Exhibit No. 6 - series of e-mails, Bates numbered BE-510 - -514 | | 309 |


(Original Exhibits have been attached to the original transcript.)





HOUSE_OVERSIGHT_010841

1 DEPOSITION OF PAUL G. CASSELL

2 Saturday, October 17, 2015

3

4 THE VIDEOGRAPHER: We are now on the video
00:00:01 5 record. Today is Saturday, the 17th day of
00:00:03 6 October, 2015. The time is 8:32 a.m. We are
00:00:07 7 here at 425 North Andrews Avenue, Fort
00:00:10 8 Lauderdale, Florida, for the purpose of taking
00:00:11 9 the videotaped deposition of Paul G. Cassell.
00:00:14 10 The case is Bradley J. Edwards and Paul
00:00:17 11 G. Cassell versus Alan M. Dershowitz.
00:00:19 12 The court reporter is Terry Tomaselli, and
00:00:20 13 the videographer is Don Savoy, both from Esquire
00:00:23 14 Deposition Solutions.
00:00:24 15 Will counsel please announce their
00:00:26 16 appearances for the record.
00:00:27 17 MR. SCAROLA: Jack Scarola on behalf of the
00:00:30 18 Plaintiffs.
00:00:30 19 MR. SIMPSON: Richard Simpson of Wiley Rein
00:00:35 20 on behalf of the Defendant and Counterclaim
00:00:36 21 Plaintiff, Alan Dershowitz. With me is my
00:00:39 22 colleague, Nicole Richardson, and Thomas Scott of
00:00:44 23 Cole, Scott & Kissane, also for Mr. -- Professor
00:00:48 24 Dershowitz.
00:00:50 25 MR. SCAROLA: Before we begin the deposition,





00:00:52 1 we were informed for the first time yesterday
00:00:55 2 morning of the existence of a recording of a
00:01:01 3 telephone communication between Alan Dershowitz
00:01:05 4 and a woman identified only as Rebecca.
00:01:10 5 That information was conveyed to us
00:01:13 6 subsequent to Professor Dershowitz's sworn
00:01:16 7 testimony that no recording existed, but now that
00:01:20 8 we know that the recording existed and that it
00:01:23 9 was obviously made according to the
00:01:25 10 representations given to us, prior to the
00:01:29 11 completion of the responses to our earlier
00:01:31 12 discovery requests, I would like to know whether
00:01:34 13 it is the Defendant's position that it is
00:01:37 14 necessary for us to propound a new discovery
00:01:40 15 request to get information that clearly should
00:01:43 16 have been disclosed in response to the earlier
00:01:46 17 discovery request.
00:01:47 18 Is that the position that you're taking?
00:01:48 19 MR. SIMPSON: First, Mr. Scarola, I believe
00:01:50 20 you have mischaracterized Professor Dershowitz's
00:01:53 21 testimony. You didn't ask the question whether
00:01:55 22 he made a recording. Yesterday morning, he
00:01:57 23 provided that information in response to a
00:01:59 24 different question.
00:02:00 25 MR. SCAROLA: His exact testimony was: I





00:02:01 1 never thought to record it, but that's fine.
00:02:04 2 MR. SIMPSON: We don't -- we don't need to
00:02:05 3 make that --
00:02:05 4 MR. SCAROLA: We don't need to discuss that.
00:02:06 5 The question is --
00:02:06 6 MR. SIMPSON: What you're saying does --
00:02:06 7 MR. SCAROLA: -- are you going to produce the
00:02:08 8 recording without the necessity of a new request
00:02:10 9 to produce, or will it be necessary for us to
00:02:13 10 file a new request to produce?
00:02:15 11 MR. SIMPSON: As Mr. Scott indicated
00:02:17 12 yesterday, we will respond to you to the
00:02:19 13 discovery request. We will confer at a break and
00:02:23 14 respond to that question. I don't want to take
00:02:24 15 time on the record debating it. After Mr. Scott
00:02:28 16 and I have conferred at a break, we will respond
00:02:29 17 further to your question.
00:02:30 18 MR. SCAROLA: All right. So that the record
00:02:31 19 is clear, it is our position that the recording
00:02:35 20 itself, any evidence of any communication between
00:02:40 21 Mr. Dershowitz and Rebecca and/or Michael, any
00:02:45 22 notes with respect to any such communications,
00:02:50 23 text messages, e-mails, and an accurate privilege
00:02:57 24 log as to everything that is being withheld is
00:03:01 25 responsive to the earlier request to produce, and





00:03:04 1 that the obligation was to have provided it to us
00:03:08 2 previously and is to provide it to us now.
00:03:11 3 We understand that you're considering that
00:03:13 4 and you will respond, so we can proceed with the
00:03:15 5 deposition.
00:03:16 6 MR. SIMPSON: Yes. And we disagree about
00:03:17 7 that, and as you know, we have a motion to compel
00:03:19 8 regarding your inadequate privilege log.
00:03:24 9 MS. McCAWLEY: Just before we begin, I'm
00:03:24 10 sorry, I didn't announce my appearance for the
00:03:24 11 record. Sigrid McCawley from Boies, Schiller &
00:03:28 12 Flexner, and I have a standing objection that I'd
00:03:31 13 just like to repeat on the record.
00:03:32 14 MR. SCOTT: Feel better that you got that off
00:03:32 15 your chest?
00:03:32 16 MS. McCAWLEY: With respect to -- excuse me.
00:03:34 17 With respect to my client, Virginia Roberts,
00:03:37 18 she is asserting her attorney/client privilege
00:03:39 19 with her attorneys and is not waiving it through
00:03:41 20 any testimony here today, and that I object to
00:03:44 21 any testimony elicited that would be used as a
00:03:47 22 subject of waiver for her attorney/client
00:03:48 23 privilege.
24 MR. SIMPSON: Would you reswear the witness,
25 please?





HOUSE_OVERSIGHT_010842

1 Thereupon,
2 PAUL G. CASSELL,
3 having been first duly sworn, was examined and testified
4 as follows:
5 THE WITNESS: I do.
6 CONTINUED DIRECT EXAMINATION
7 BY MR. SIMPSON:
00:04:01 8 Q. Good morning --
00:04:01 9 A. **Good morning.**
00:04:01 10 Q. -- Mr. Cassell.
00:04:03 11 As of December 30th, 2014, had you ever met
00:04:08 12 with Virginia Roberts in person?
00:04:10 13 A. **Yes.**
00:04:10 14 Q. And how many times had you met with her in
00:04:14 15 person?
00:04:14 16 A. **Once.**
00:04:15 17 Q. When was that?
00:04:16 18 A. **Approximately May 2014.**
00:04:20 19 Q. May of 2014?
00:04:21 20 A. **Yes.**
00:04:21 21 Q. Who was present for that meeting?
00:04:24 22 A. **I'm just pausing for a second because I**
00:04:28 23 **don't -- I think we're --**
00:04:28 24 Q. I -- I'm not --
00:04:30 25 A. **-- clearly not trying to get into**





00:04:31 1 **attorney/client communication.**
00:04:32 2 Q. I'm not asking you for what was said at this
00:04:34 3 point. I'm just asking you who was present. I'm going
00:04:36 4 to ask you where it was, those kind of questions.
00:04:39 5 A. **Sure. Yeah. The main person who was present**
00:04:42 6 **was Bradley J. Edwards, my Co-Plaintiff in this case.**
00:04:45 7 Q. Okay. And Miss Roberts obviously was
00:04:47 8 present?
00:04:47 9 A. **Yes.**
00:04:48 10 Q. Anyone else present?
00:04:49 11 A. **You know, there were -- this was at the**
00:04:53 12 **Farmer, Jaffee office here, and so persons who were**
00:04:56 13 **associated with the law firm were assisting, but those**
00:05:00 14 **were the main people.**
00:05:00 15 Q. Okay. Do you remember any of those other
00:05:02 16 people associated with the law firm who were present?
00:05:05 17 A. **Present for, you know, coming in and**
00:05:08 18 **assisting, I believe Brad's assistant, Maria, was there,**
00:05:13 19 **and perhaps others at the firm, but it was -- it was**
00:05:17 20 **basically Brad and I.**
00:05:18 21 Q. Was there anyone else who attended for the
00:05:21 22 entire meeting or a substantial portion of the meeting?
00:05:23 23 A. **No.**
00:05:23 24 Q. Okay. How long did the meeting last?
00:05:26 25 A. **Approximately all day.**





00:05:28 1 Q. And when you say "all day," what time period
00:05:31 2 are you referring to?
00:05:32 3 A. **9:00 to 5:00.**
00:05:33 4 Q. 9:00 to 5:00. Okay. And was that through
00:05:38 5 lunch; you just stayed through eight hours; is that --
00:05:40 6 what's your recollection of that?
00:05:41 7 A. **Yeah, I remember we were working very hard**
00:05:43 8 **on -- on it, so I think we had, if I recall correctly,**
00:05:46 9 **had lunch brought in and worked straight through that.**
00:05:49 10 Q. Any other meetings in person with
00:05:53 11 Miss Roberts before December 30th of 2014?
00:05:57 12 A. **No.**
00:05:57 13 Q. Any telephone calls with her that you -- you
00:06:03 14 had, obviously, before December 30th, 2014?
00:06:07 15 A. **I believe there were a couple of -- of**
00:06:09 16 **telephone calls.**
00:06:09 17 Q. And can you tell us when those were?
00:06:12 18 A. **Let's see. Roughly September 2014. Give or**
00:06:18 19 **take a month. I mean, you know, sometime after May and**
00:06:22 20 **before December 30th.**
00:06:23 21 Q. Okay. And were those telephone calls between
00:06:27 22 just you and Miss Roberts, or was anyone else on the
00:06:31 23 line?
00:06:32 24 A. **No. It was just the two of -- just**
00:06:34 25 **Miss Roberts and I.**





00:06:35 1 Q. Okay. And are you able to distinguish the
00:06:38 2 calls in your mind as two separate telephone calls?
00:06:40 3 A. **I -- I think there were either one or two**
00:06:43 4 **calls. I think there may have been two, but it -- it**
00:06:46 5 **would not have been more than two that I can recall.**
00:06:49 6 Q. Okay. How long did each of the telephone
00:06:51 7 calls last?
00:06:52 8 A. **Less than five minutes.**
00:06:54 9 Q. I'm going to ask you a question now, but
00:06:59 10 before you answer it, pause, because I believe you will
00:07:01 11 be instructed not to answer it --
00:07:03 12 A. **Okay.**
00:07:03 13 Q. -- but want to -- I think -- we disagree on
00:07:07 14 the privilege --
00:07:07 15 A. **Sure.**
00:07:07 16 Q. -- we believe it's been waived.
00:07:07 17 My question is: During the meeting, did you
00:07:11 18 discuss Professor Dershowitz?
00:07:13 19 MS. McCAWLEY: I'm going to object to any
00:07:15 20 discussion of what my client told you during any
00:07:19 21 situation where you were representing her as
00:07:21 22 an -- an attorney.
00:07:22 23 MR. SIMPSON: So -- and I think we had an
00:07:24 24 agreement yesterday, if you follow your own
00:07:28 25 counsel's instruction on not answering, are you





HOUSE_OVERSIGHT_010843

00:07:28 1 also going to follow Miss McCawley's instructions
00:07:32 2 on not answering on behalf of --
00:07:32 3 MR. SCAROLA: Mr. Cassell will follow the
00:07:36 4 instructions of Virginia Roberts' counsel. It is
00:07:38 5 not his privilege to waive, and he is ethically
00:07:42 6 obliged to respect the direction coming from
00:07:46 7 Virginia Roberts' counsel.
00:07:48 8 MR. SIMPSON: Yes, I'm -- I'm simply,
00:07:49 9 Mr. Scarola, making my record that the witness --
00:07:52 10 MR. SCAROLA: I understand that.
00:07:52 11 MR. SIMPSON: Right. We disagree.
00:07:53 12 MR. SCAROLA: I understand, but you can
00:07:54 13 assume the same way I have authorized you to
00:07:58 14 assume that Professor Cassell will follow my
00:08:01 15 instructions, Professor Cassell will also follow
00:08:04 16 all instructions concerning the assertion of
00:08:07 17 attorney/client privilege expressed on the record
00:08:10 18 by Miss McCawley on behalf of Virginia Roberts.
00:08:13 19 MR. SIMPSON: All right.
00:08:14 20 BY MR. SIMPSON:
00:08:16 21 **Q.** So, Mr. Cassell, based on that, I will assume
00:08:21 22 that if I ask you what you recall the discussion being
00:08:24 23 at the meeting or at each of the phone calls, that
00:08:29 24 you're not going to answer those questions; is that
00:08:29 25 correct?





00:08:29 1 MS. McCAWLEY: Yes.
00:08:30 2 THE WITNESS: Yeah, obviously not.
00:08:30 3 BY MR. SIMPSON:
00:08:30 4 **Q.** Okay.
00:08:32 5 **A. I mean, I have a duty to my client which I'm**
00:08:36 6 **going to respect.**
00:08:36 7 **Q.** All right. So we'll -- we'll take that up
00:08:37 8 later with the judge.
00:08:39 9 As of December 30th, 2014, had you spoken
00:08:44 10 about this case with David Boies, and the question is
00:08:47 11 just: Had you spoken --
00:08:48 12 MS. McCAWLEY: Objection.
00:08:48 13 BY MR. SIMPSON:
00:08:50 14 **Q.** -- not what the discussion was.
00:08:51 15 MS. McCAWLEY: Objection. It's the
00:08:52 16 common-interest privilege.
00:08:52 17 BY MR. SIMPSON:
00:08:53 18 **Q.** I'm only asking if there was a discussion, no
00:08:55 19 substance at all. Just, was there a discussion?
00:08:58 20 MS. McCAWLEY: I'm going to instruct you not
00:09:00 21 to answer that.
00:09:01 22 MR. SIMPSON: Okay. You're taking the
00:09:02 23 position that the fact of whether or not --
00:09:04 24 MS. McCAWLEY: Yes, because you're also
00:09:05 25 trying to get into the timing of communications,





00:09:08 1 and all that goes into the advice that they were
00:09:08 2 giving her and surrounding that advice, so I
00:09:11 3 would object to that.
00:09:12 4 MR. SCAROLA: Could I have the question read
00:09:15 5 back?
00:09:15 6 (Thereupon, a portion of the record was read
00:09:15 7 by the reporter.)
00:09:33 8 MS. McCAWLEY: And I would like to clarify
00:09:33 9 what case as well that you're referring to.
00:09:34 10 MR. SIMPSON: All right. Let me ask the
00:09:36 11 question, and -- and I will note for the record
00:09:38 12 that yesterday, the witness testified that the
00:09:40 13 fact that Mr. Boies was representing Virginia
00:09:42 14 Roberts was significant to him. So it's sort of
00:09:47 15 being used as a sword and a shield here, but I
00:09:48 16 have only asked the question. I'll clarify.
00:09:48 17 MR. SCAROLA: We haven't used it any way yet.
00:09:51 18 MR. SIMPSON: Well, the -- the witness
00:09:52 19 volunteered. Shall I put it that way? And we
00:09:54 20 have a waiver.
00:09:54 21 BY MR. SIMPSON:
00:09:55 22 **Q.** But, in any event, my question is: Have you
00:09:58 23 spoken -- before December 30th of 2014, had you spoken
00:10:02 24 with David Boies about Virginia Roberts' allegations
00:10:06 25 regarding Professor Dershowitz?





00:10:10 1 MR. SCAROLA: Without getting into the
00:10:13 2 substance of any such discussions, you can answer
00:10:16 3 that question.
00:10:17 4 THE WITNESS: My recollection is no.
00:10:20 5 MR. SCOTT: I think you're right on that one.
00:10:20 6 BY MR. SIMPSON:
00:10:22 7 **Q.** Okay. So the answer is, no, you had not
00:10:23 8 spoken with him?
00:10:23 9 **A. My recollection --**
00:10:24 10 MR. SCAROLA: Judge Scott has issued a
00:10:27 11 ruling, so --
00:10:29 12 MR. SCOTT: I wrote several opinions on that
00:10:29 13 actually.
00:10:29 14 MR. SCAROLA: -- we'll proceed.
00:10:29 15 THE WITNESS: Let me go back --
00:10:29 16 MR. SCOTT: In the context of criminal
00:10:33 17 lawyers.
00:10:33 18 THE WITNESS: I'm trying to remember if I
00:10:34 19 wrote any opinions on that one when I was a
00:10:36 20 judge. My -- I don't recall, but -- I don't
00:10:41 21 recall. I -- my recollection is I had not
00:10:42 22 personally spoken to David Boies before December
00:10:44 23 30th, 2014.
00:10:44 24 BY MR. SIMPSON:
00:10:45 25 **Q.** Okay. Had you, before December 30th of 2014,





HOUSE_OVERSIGHT_010844

00:10:53 1 spoken with any other lawyers at Mr. Boies' firm?
00:10:58 2 **A. My recollection is, no.**
00:11:02 3 **Q.** And after December 30th of 2014, have you
00:11:08 4 spoken with Mr. Boies about Virginia Roberts's
00:11:13 5 allegations against --
00:11:15 6 MS. McCAWLEY: Again, I'm going to object.
00:11:15 7 BY MR. SIMPSON:
00:11:16 8 **Q.** -- Professor Dershowitz?
00:11:19 9 MS. McCAWLEY: Sorry. I will let you finish.
00:11:19 10 I'm objecting to this. I think it gets into
00:11:20 11 the substance of conversations under the
00:11:24 12 common-interest privilege, whether there was a
00:11:25 13 conversation, but you're getting into the
00:11:27 14 substance of what the conversation was about, and
00:11:28 15 I think that is a violation of her -- her
00:11:31 16 privilege.
00:11:31 17 MR. SCAROLA: And just so that I can clarify
00:11:34 18 our position on the record, I think that we can
00:11:38 19 identify the general subject matter in order to
00:11:42 20 support our position that it falls within the
00:11:45 21 common-interest privilege. So we are willing to
00:11:48 22 answer the question about the general subject
00:11:51 23 matter to support our assertion of
00:11:53 24 common-interest privilege, but not get into the
00:11:56 25 substance of the communications beyond that.





00:11:58 1 MR. SIMPSON: And I believe it's the same
00:12:00 2 question that was answered a moment ago for a
00:12:02 3 different time period, and again, I'm not asking
00:12:05 4 for any substance. I'm just asking whether,
00:12:07 5 since December 30th, 2014, you have discussed the
00:12:13 6 allegations by Virginia Roberts against Professor
00:12:17 7 Dershowitz.
00:12:17 8 THE WITNESS: I would like to confer with my
00:12:19 9 counsel on that question. It gets into a
00:12:22 10 complicated legal issue that I'm not sure I
00:12:25 11 can --
00:12:25 12 MR. SIMPSON: You want to confer on a
00:12:26 13 privilege issue; is that right?
00:12:27 14 THE WITNESS: I want to confer with my
00:12:29 15 counsel before answering that question anyway.
00:12:32 16 MR. SIMPSON: I just want to clarify --
00:12:32 17 MR. SCAROLA: With respect to privilege.
00:12:33 18 MR. SIMPSON: All right. As long as it's
00:12:35 19 with respect to privilege, you're entitled to do
00:12:37 20 that.
00:12:37 21 THE WITNESS: Okay.
00:12:38 22 THE VIDEOGRAPHER: We are going off the video
00:12:40 23 record, 8:45 a.m.
00:14:50 24 (Thereupon, a recess was taken.)
00:14:50 25 THE VIDEOGRAPHER: We are back on the video





00:14:54 1 record, 8:47 a.m.
00:14:54 2 MR. SCAROLA: As it turns out, while we may
00:14:57 3 reach some issue of privilege at some point in
00:14:59 4 this discussion, the answer to your pending
00:15:01 5 question is, no, so there's no privilege concern.
00:15:04 6 MR. SIMPSON: All right. I'll -- I'll ask
00:15:06 7 the witness for the --
00:15:07 8 MR. SCAROLA: Sure.
00:15:08 9 MR. SIMPSON: -- the -- the answer. I'll
00:15:10 10 move to -- I'll reask the question.
00:15:11 11 THE WITNESS: Sure. That will be good.
00:15:11 12 BY MR. SIMPSON:
00:15:12 13 **Q.** My question is: I believed you had already
00:15:15 14 answered the question as to before December 30th, 2014,
00:15:19 15 you had discussed Miss Roberts' allegations against
00:15:21 16 Professor Dershowitz, and you said, no; is that right?
00:15:25 17 MR. SCAROLA: David Boies.
00:15:28 18 MR. SIMPSON: David Boies. I'm sorry.
00:15:28 19 THE WITNESS: Before December 30th, no
00:15:31 20 discussions that I can recall with David Boies.
00:15:31 21 BY MR. SIMPSON:
00:15:34 22 **Q.** After December 30th, 2014, did you have any
00:15:37 23 discussions with David Boies about Professor Dershowitz?
00:15:42 24 **A. Can I --**
00:15:44 25 MR. SCAROLA: You can answer yes or no.





00:15:45 1 THE WITNESS: Yes.
00:15:46 2 BY MR. SIMPSON:
00:15:47 3 **Q.** You did.
00:15:47 4 **A. Yes.**
00:15:48 5 **Q.** What was the substance of those
00:15:51 6 communications?
00:15:52 7 MS. McCAWLEY: I'm going to object to that.
00:15:53 8 You -- it's under the common-interest privilege
00:15:55 9 and it's Virginia's privilege to waive, and she's
00:15:57 10 not waiving it.
00:15:58 11 MR. SIMPSON: Okay.
00:15:58 12 MR. SCAROLA: We -- we assert the
00:16:01 13 common-interest privilege with regard to the
00:16:02 14 substance as well.
00:16:03 15 MR. SIMPSON: All right. And that -- that
00:16:04 16 will be -- that will be asserted as to all
00:16:06 17 questions about the substance of the discussions
00:16:09 18 with Mr. Boies; is that right?
00:16:11 19 MR. SCAROLA: I can't say that for sure.
00:16:14 20 MR. SIMPSON: All right. Let me ask my
00:16:15 21 question then.
00:16:15 22 MR. SCAROLA: And let -- maybe this -- maybe
00:16:17 23 this will help you and maybe it won't. But,
00:16:20 24 obviously, there have been some public statements
00:16:27 25 with regard to this general area. If the





HOUSE_OVERSIGHT_010845

00:16:33 1 communications were not considered to be
00:16:34 2 privileged at the time that they were made, we
00:16:37 3 can answer questions about that. If they were
00:16:39 4 considered to be privileged at the time they were
00:16:41 5 made, we can't answer questions.
00:16:42 6 So I can't tell you that there's a blanket
00:16:45 7 assertion. We need to hear the question.
00:16:47 8 THE WITNESS: I need the question back.
00:16:47 9 MR. SIMPSON: All right.
00:16:48 10 BY MR. SIMPSON:
00:16:49 11 **Q.** What did you discuss with Mr. Boies about the
00:16:53 12 allegations against Professor Dershowitz?
00:16:55 13 MR. SCAROLA: And that is common-interest
00:16:58 14 privilege information and we do assert a
00:17:00 15 privilege.
00:17:00 16 BY MR. SIMPSON:
00:17:01 17 **Q.** Did you discuss with Mr. Boies any
00:17:05 18 discussions he had had with Professor Dershowitz?
00:17:08 19 MS. McCAWLEY: Objection.
00:17:09 20 MR. SCAROLA: Same objection. Same
00:17:11 21 instruction.
00:17:11 22 BY MR. SIMPSON:
00:17:12 23 **Q.** Did you discuss with Mr. Boies any documents
00:17:15 24 that Mr. Boies had reviewed?
00:17:18 25 MR. SCAROLA: Well, let me -- again, I don't





00:17:23 1 want to be asserting a privilege to questions as
00:17:26 2 to which the answer is no, so you can answer
00:17:34 3 generally as to whether the subject matter was
00:17:40 4 covered in any discussion that you had with
00:17:42 5 Mr. Boies.
00:17:43 6 THE WITNESS: Okay.
00:17:44 7 MR. SCAROLA: Okay. If the answer is no. If
00:17:47 8 the answer -- as I sink down in this chair, if
00:17:51 9 the answer may be yes, you can't respond.
00:17:56 10 MR. SIMPSON: I -- I -- that's a new version.
00:17:58 11 MS. McCAWLEY: I'm afraid -- yeah, I want
00:18:00 12 to -- I'm sorry. I want to confer on that
00:18:01 13 because I have an objection.
00:18:02 14 THE WITNESS: I have to say I want to confer,
00:18:04 15 I'm confused, too, so let's take a short break.
00:18:06 16 MR. SIMPSON: Again, you're conferring on the
00:18:06 17 privilege now, not the substance?
00:18:06 18 THE WITNESS: That's right.
00:18:06 19 MR. SCAROLA: Can we go off the record?
00:18:14 20 MR. SIMPSON: Yes.
00:18:14 21 THE VIDEOGRAPHER: Going off the video
00:18:17 22 record, 8:48 a.m.
00:19:54 23 (Thereupon, a recess was taken.)
00:19:54 24 THE VIDEOGRAPHER: We are back on the video
00:20:06 25 record, 8:52 a.m.





00:20:09 1 MR. SCAROLA: Because of concern about a --
00:20:14 2 an inadvertent potential waiver of the
00:20:18 3 work-product privilege, while it is not our
00:20:21 4 intent to assert a privilege with regard to
00:20:27 5 nonexistent communications, any effort to
00:20:33 6 identify the subject matter of communications in
00:20:37 7 the questions that you asked will require that we
00:20:40 8 assert work-product privilege with regard to
00:20:43 9 those questions.
00:20:44 10 MR. SIMPSON: Okay. We disagree, obviously,
00:20:46 11 on that position.
00:20:47 12 MR. SCAROLA: We understand.
00:20:48 13 MR. SIMPSON: So I will ask some additional
00:20:49 14 questions and we will see if the witness answers
00:20:53 15 them.
00:20:53 16 MR. SCAROLA: If it begins: "Did you talk
00:20:54 17 about," the answer is going to be an assertion of
00:20:58 18 privilege.
00:20:58 19 MR. SIMPSON: Okay.
00:20:58 20 MR. SCAROLA: Okay?
00:20:59 21 MR. SIMPSON: I'll ask the questions.
00:21:00 22 BY MR. SIMPSON:
00:21:05 23 **Q.** Did you discuss with Mr. Boies any meetings
00:21:09 24 Mr. Boies had had with Professor Dershowitz?
00:21:12 25 MS. McCAWLEY: Objection.





00:21:13 1 MR. SCAROLA: Objection. Same instruction.
00:21:15 2 BY MR. SIMPSON:
00:21:15 3 **Q.** Did you discuss with Mr. Boies his views as
00:21:20 4 to the credibility of Virginia Roberts?
00:21:22 5 MR. SCAROLA: Same objection.
00:21:23 6 MS. McCAWLEY: Objection.
00:21:23 7 MR. SCAROLA: Same instruction.
00:21:25 8 BY MR. SIMPSON:
00:21:25 9 **Q.** Did you discuss with Mr. Boies any
00:21:35 10 allegations about sexual misconduct by Les Wexner?
00:21:41 11 MR. SCAROLA: Same objection.
00:21:44 12 MS. McCAWLEY: Objection.
00:21:44 13 MR. SCAROLA: Same instruction.
00:21:44 14 MR. SIMPSON: That's the same question you
00:21:46 15 allowed to be answered. Did you -- let me ask it
00:21:47 16 a different way.
00:21:47 17 BY MR. SIMPSON:
00:21:48 18 **Q.** Did you discuss, in any way, Les Wexner with
00:21:51 19 Mr. Boies?
00:21:51 20 MR. SCAROLA: Same objection.
00:21:51 21 MS. McCAWLEY: Objection.
00:21:53 22 MR. SCAROLA: Same instruction.
00:21:55 23 MR. SIMPSON: He's instructed not to answer
00:21:55 24 whether that topic was discussed?
00:21:56 25 MR. SCAROLA: Yes.





HOUSE_OVERSIGHT_010846

00:21:57 1 MS. McCAWLEY: Yes.
00:21:57 2 MR. SIMPSON: Okay.
00:21:57 3 BY MR. SIMPSON:
00:22:02 4 **Q.** Did you discuss former Prime Minister Barak
00:22:06 5 with Mr. Boies?
00:22:08 6 MR. SCAROLA: Same objection.
00:22:08 7 MS. McCAWLEY: Objection.
00:22:08 8 MR. SCAROLA: Same instruction.
00:22:10 9 BY MR. SIMPSON:
00:22:12 10 **Q.** Yesterday, you mentioned that one of the
00:22:14 11 reasons that supported your conclusion that it -- you
00:22:20 12 had an adequate basis to allege in the joinder motion
00:22:25 13 that the allegations against Professor Dershowitz was
00:22:29 14 that Mr. Boies was representing Virginia Roberts -- yes,
00:22:31 15 Virginia Roberts; do you recall that testimony?
00:22:35 16 **A. Yes.**
00:22:36 17 **Q.** And you said that because of how highly
00:22:40 18 regarded Mr. Boies was, I think you mentioned the Bush
00:22:45 19 v. Gore case; is that right?
00:22:45 20 **A. Yes.**
00:22:45 21 **Q.** I used to work for his opponent in Bush v.
00:22:49 22 Gore case. They are both very good.
00:22:50 23 **A. I'm trying -- I was trying to remember. I'm**
00:22:51 24 **sorry to take time, but who was the other lawyer?**
00:22:53 25 **Q.** Ted Olson.





00:22:54 1 **A. Ted, that's right. That's...**
00:22:55 2 **Q.** But that's a side note.
00:22:57 3 My question is: Given your high regard for
00:23:00 4 Mr. Boies, would you -- would his views as to the
00:23:07 5 credibility of Virginia Roberts be something that would
00:23:10 6 be important to you in evaluating the case?
00:23:12 7 MS. McCAWLEY: Objection.
00:23:12 8 MR. SIMPSON: Are you instructing him not to
00:23:15 9 answer?
00:23:15 10 MS. McCAWLEY: I mean, is it a hypothetical?
00:23:18 11 MR. SIMPSON: No. I'm just asking whether
00:23:19 12 his views -- those views -- I'm not asking what
00:23:19 13 the views are. I'm simply asking whether those
00:23:23 14 views would be important to him.
00:23:23 15 MR. SCAROLA: You may answer that question.
00:23:25 16 THE WITNESS: Yes.
00:23:25 17 BY MR. SIMPSON:
00:23:28 18 **Q.** And if I -- I may have asked this already,
00:23:30 19 but did you discuss with Mr. Boies his views as to the
00:23:35 20 credibility of Miss Roberts?
00:23:38 21 MS. McCAWLEY: Objection.
00:23:39 22 MR. SCAROLA: Same objection. Same
00:23:40 23 instruction.
00:23:41 24 BY MR. SIMPSON:
00:23:53 25 **Q.** Prior to December 30th of 2014, had you





00:23:58 1 discussed Virginia Roberts' allegations of sexual
00:24:07 2 misconduct against Professor Dershowitz with Bob
00:24:14 3 Josefsberg?
00:24:14 4 **A. Me personally?**
00:24:18 5 **Q.** Yes, you personally.
00:24:18 6 **A. No.**
00:24:18 7 **Q.** After December 30th of 2014, had you -- did
00:24:24 8 you discuss with Mr. Josefsberg Ms. Roberts' allegations
00:24:30 9 against Professor Dershowitz?
00:24:32 10 **A. Not personally, no.**
00:24:32 11 **Q.** You say not personally. Are you aware of
00:24:36 12 someone else who had those discussions of -- with Mr. --
00:24:39 13 had any discussions on that topic with Mr. Josefsberg?
00:24:43 14 MR. SCAROLA: To the extent that that
00:24:46 15 question would call for any information that was
00:24:51 16 communicated to you in the context of the
00:24:55 17 common-interest privilege, you should not answer.
00:25:00 18 THE WITNESS: All right. I'm not going to...
00:25:03 19 MR. SCAROLA: So you -- you can answer it if
00:25:04 20 any such communication came to you outside the
00:25:07 21 context of the common-interest privilege, but you
00:25:10 22 may not include in your response any information
00:25:12 23 derived from the common-interest privilege.
00:25:12 24 BY MR. SIMPSON:
00:25:15 25 **Q.** And my question right now is not the





00:25:17 1 substance. We will get to that. But, to your
00:25:19 2 knowledge -- put -- let me rephrase that.
00:25:24 3 Did someone tell you that they had discussed
00:25:26 4 with Mr. Josefsbergs -- Josefsberg, the allegations made
00:25:32 5 by Miss Roberts against Professor Dershowitz?
00:25:35 6 MR. SCAROLA: You may only answer that
00:25:36 7 question to the extent that you had any
00:25:39 8 communication regarding that subject matter with
00:25:43 9 someone outside the common-interest privilege, or
00:25:46 10 the attorney/client privilege for that matter.
00:25:46 11 BY MR. SIMPSON:
00:25:48 12 **Q.** I'm simply -- I'm not asking for substance,
00:25:50 13 just the name if you did.
00:25:52 14 MR. SCAROLA: Well, I understand that, but
00:25:54 15 following along the same lines as before, you are
00:25:57 16 asking us to identify the subject matter of a
00:26:01 17 communication that is privileged. We won't
00:26:04 18 answer questions regarding the subject matter of
00:26:07 19 privileged communications, but if
00:26:09 20 Professor Cassell had a conversation with Sam
00:26:14 21 Smith standing on the street corner about Bob
00:26:17 22 Josefsberg, he can answer that question.
00:26:20 23 BY MR. SIMPSON:
00:26:20 24 **Q.** Did you have a conversation with anyone --
00:26:24 25 just narrow question: Did you have a conversation with





HOUSE_OVERSIGHT_010847

00:26:26 1 anyone who told you that they, that person, had
00:26:32 2 discussed the subject matter of Virginia Roberts's
00:26:36 3 allegations against Professor Dershowitz with
00:26:38 4 Mr. Josefsberg? Just did you discuss it with anyone?
00:26:41 5 MR. SCAROLA: Same objection. Same
00:26:42 6 instruction.
00:26:42 7 MR. SIMPSON: Okay.
00:26:43 8 MR. SCAROLA: If you want to rephrase the
00:26:44 9 question to ask him whether he had such a
00:26:46 10 conversation with anyone outside the
00:26:48 11 attorney/client or work-product privilege, that's
00:26:51 12 a question that we are obliged to answer.
00:26:55 13 The question, as you phrased it, is a
00:26:56 14 question that we are precluded from answering.
00:26:59 15 MR. SIMPSON: That's a very strange notion of
00:27:01 16 privilege.
00:27:01 17 BY MR. SIMPSON:
00:27:01 18 **Q.** But let me ask it this way: Did you discuss
00:27:07 19 with anyone who is not an attorney -- let me rephrase it
00:27:15 20 a different way.
00:27:16 21 You testified yesterday about your
00:27:18 22 understanding of the scope of the alleged
00:27:21 23 common-interest privilege, correct?
00:27:23 24 **A. Yes.**
00:27:23 25 **Q.** Putting aside the people within the scope of





00:27:23 1 that privilege --
00:27:23 2 **A. Yes.**
00:27:27 3 **Q.** -- that you identified --
00:27:27 4 **A. Uh-huh.**
00:27:30 5 **Q.** -- your definition of it --
00:27:31 6 **A. Right. That's right.**
00:27:31 7 **Q.** -- did you discuss the topic -- did anyone
00:27:34 8 tell you they had discussed the topic of Virginia
00:27:37 9 Roberts's allegations against Professor Dershowitz with
00:27:40 10 Mr. Josefsberg?
00:27:41 11 MR. SCAROLA: You may not answer that
00:27:44 12 question to the extent the question still
00:27:45 13 encompasses attorney/client privileged
00:27:49 14 communications. If you want to rephrase the
00:27:50 15 question to exclude both common-interest
00:27:55 16 privileged communications and attorney/client
00:27:57 17 privileged communications, that's a question we
00:28:00 18 are prepared to answer.
00:28:01 19 Otherwise, we are prohibited from answering
00:28:04 20 the question as phrased as a consequence of it
00:28:09 21 encompassing privileged communications.
00:28:12 22 MR. SIMPSON: As he defined the
00:28:14 23 common-interest privileged group, it included
00:28:17 24 attorney/client, but I think at this point the
00:28:20 25 explanations you're providing aren't really





00:28:23 1 helpful. So please just instruct him to answer
00:28:25 2 or not answer, and we will let the judge decide.
00:28:27 3 MR. SCAROLA: Well, the instruction -- I only
00:28:29 4 gave the explanation in the hope that it might
00:28:31 5 facilitate the examination and allow you to move
00:28:33 6 to areas where you can get substantive
00:28:36 7 information.
00:28:36 8 I apologize if you consider it a waste of
00:28:39 9 time. So I will simply instruct Professor
00:28:42 10 Cassell not to answer the question as phrased.
00:28:45 11 If you ever want an explanation as to the basis
00:28:47 12 of my instruction, I'm prepared to give that to
00:28:50 13 you.
00:28:50 14 MR. SIMPSON: Thank you. That -- that's a
00:28:51 15 helpful way to proceed.
00:28:52 16 MR. SCAROLA: Okay.
00:28:53 17 BY MR. SIMPSON:
00:28:56 18 **Q.** Have you -- well, let's start this way: Have
00:28:58 19 you discussed with any of the attorneys within what you
00:29:05 20 described as the common-interest attorney/client group,
00:29:12 21 whether that person had discussed with Mr. Josefsberg
00:29:16 22 Virginia Roberts's allegations against Professor
00:29:20 23 Dershowitz?
00:29:20 24 MR. SCAROLA: Same objection. Same
00:29:20 25 instruction.





00:29:20 1 BY MR. SIMPSON:
00:29:22 2 **Q.** Have you discussed with anyone who is not an
00:29:27 3 attorney for Miss Roberts whether -- strike that.
00:29:33 4 Has anyone who is not an attorney for
00:29:35 5 Miss Roberts told you that they had discussed with
00:29:40 6 Mr. Josefsberg the allegations against -- by Virginia
00:29:46 7 Roberts against Professor Dershowitz?
00:29:47 8 MR. SCAROLA: Same objection. Same
00:29:48 9 instruction.
00:29:48 10 BY MR. SIMPSON:
00:29:59 11 **Q.** Have you personally spoken with anyone else
00:30:03 12 at Mr. Josefsberg's firm, other than him, about Virginia
00:30:12 13 Roberts's allegations against Professor Dershowitz?
00:30:15 14 **A. Not to my knowledge.**
00:30:16 15 MS. McCAWLEY: I'm sorry. I'm sorry. Can
00:30:18 16 you read that back?
00:30:19 17 MR. SCAROLA: Was a communication with anyone
00:30:20 18 else in Bob Josefsberg -- Bob Josefsberg's firm,
00:30:25 19 personal communication between Professor Cassell
00:30:28 20 and any firm member of Bob Josefsberg.
00:30:31 21 MS. McCAWLEY: Okay.
00:30:31 22 BY MR. SIMPSON:
00:30:31 23 **Q.** And the answer was, not that you recall?
00:30:34 24 **A. Not to my knowledge. I don't know all the**
00:30:34 25 **members of his firm, but I certainly have no**





HOUSE_OVERSIGHT_010848

00:30:37 1 **recollection of talking to, you know, anyone who is --**
00:30:39 2 **who was in his firm.**
00:30:40 3 **Q.** Okay.
00:30:41 4 **A. I -- I think the record should be clear,**
00:30:43 5 **I'm -- I'm an attorney and a law professor in Salt Lake**
00:30:46 6 **City, Utah, and my understanding, he's an attorney here**
00:30:49 7 **in Florida. So I don't ordinarily interact with --**
00:30:51 8 **with, you know, attorneys in Florida, other than the**
00:30:54 9 **ones that I'm interacting with on -- on this case.**
00:30:56 10 MR. SCAROLA: Which is now occurring on a
00:30:58 11 very regular basis.
00:31:01 12 BY MR. SIMPSON:
00:31:01 13 **Q.** Mr. Cassell --
00:31:01 14 MR. SCOTT: No teaming, Mr. Scarola, please.
00:31:01 15 BY MR. SIMPSON:
00:31:04 16 **Q.** -- did -- didn't you testify yesterday that
00:31:05 17 the fact that Mr. Josefsberg's firm had filed a
00:31:10 18 complaint against Miss Roberts, who is also your client,
00:31:12 19 to be significant to your evaluation of the case?
00:31:15 20 **A. Yes.**
00:31:15 21 **Q.** And if it -- if that was significant to
00:31:18 22 evaluation of the case, why are you telling us you don't
00:31:20 23 normally talk with attorneys in Florida? Doesn't he
00:31:25 24 represent -- at one point, represent the same client?
00:31:26 25 **A. Right.**





00:31:27 1 **Q.** And so wouldn't it be natural for you to be
00:31:29 2 speaking with -- at least within the realm of something
00:31:33 3 one might expect for you to speak?
00:31:35 4 **A. If I were a solo representative of Virginia**
00:31:38 5 **Roberts, that would be the case, but I think you're**
00:31:40 6 **obviously aware that I have co-counsel on this case, and**
00:31:43 7 **there are other attorneys who are also participating in**
00:31:46 8 **this matter.**
00:31:47 9 **So I think it would be obvious that if**
00:31:50 10 **there's a division of labor, it might not be along the**
00:31:53 11 **lines that you're suggesting. And I can't go any**
00:31:55 12 **further without going into work product and other issues**
00:31:59 13 **surrounding Miss Roberts' representation.**
00:32:01 14 **Q.** Has Mr. Boies ever told you that he believes
00:32:05 15 Miss Roberts was mistaken in her accusations against
00:32:08 16 Professor Dershowitz?
00:32:09 17 MR. SCAROLA: Same objection. Same
00:32:11 18 instruction.
00:32:12 19 MS. McCAWLEY: Same instruction.
00:32:13 20 THE WITNESS: I'd like to confer with my
00:32:15 21 counsel on a attorney/client privilege issue in
00:32:19 22 connection with that question.
00:32:19 23 MS. McCAWLEY: Can I just write down the
00:32:19 24 question and --
00:32:20 25 MR. SIMPSON: I'll -- I'll rephrase it.





00:32:20 1 BY MR. SIMPSON:
00:32:22 2 **Q.** Have you ever -- I'll rephrase the question.
00:32:25 3 Have you ever discussed with Mr. Boies his
00:32:30 4 views as to whether or not Miss Roberts is mistaken in
00:32:37 5 her allegations against Professor Dershowitz?
00:32:39 6 MS. McCAWLEY: Objection.
00:32:39 7 MR. SCAROLA: Same objection. Same
00:32:40 8 instruction.
00:32:45 9 BY MR. SIMPSON:
00:32:46 10 **Q.** Prior to December 30th of 2014, had you
00:32:52 11 personally reviewed any of the flight logs that had been
00:32:56 12 referred to in the testimony in this case?
00:32:58 13 **A. All right?**
00:33:02 14 **Q.** My only question is whether you personally
00:33:03 15 reviewed them.
00:33:04 16 **A. Yes.**
00:33:04 17 **Q.** What flight logs have you reviewed; how would
00:33:07 18 you describe them?
00:33:08 19 **A. Both Exhibit 1 and Exhibit 2 that were shown**
00:33:13 20 **to Mr. Dershowitz yesterday.**
00:33:15 21 **Q.** If -- I believe those were Exhibits 6 and
00:33:19 22 7 --
00:33:19 23 **A. Okay.**
00:33:19 24 **Q.** -- but can we agree that flight logs were
00:33:21 25 marked as exhibits?





00:33:22 1 **A. Right. The two composite exhibits of flight**
00:33:26 2 **logs I had examined previously.**
00:33:27 3 **Q.** Okay. So the same documents that Professor
00:33:30 4 Dershowitz was shown at his deposition; is that right?
00:33:34 5 **A. That's my recollection, yes.**
00:33:35 6 **Q.** Okay. When did you review those?
00:33:37 7 **A. So one of the reviews was in May 2014. There**
00:33:46 8 **may have also been an earlier review at an earlier --**
00:33:53 9 **earlier time, but I definitely remember reviewing them**
00:33:55 10 **in May -- approximately May 2014.**
00:33:58 11 **Q.** Would -- do you -- isn't it true that those
00:34:02 12 flight logs support Professor Dershowitz's testimony
00:34:07 13 that he was never on a plane with Virginia Roberts?
00:34:10 14 **A. No.**
00:34:12 15 **Q.** How do they not? What is -- what is the
00:34:14 16 explanation for your conclusion in that regard?
00:34:16 17 **A. Right. We talked about this yesterday, so**
00:34:20 18 **I'll incorporate to speed things up some of the**
00:34:22 19 **testimony that I gave yesterday.**
00:34:23 20 **What the flight logs showed was, to my mind,**
00:34:26 21 **evidence of potential doctoring, evidence of -- of**
00:34:30 22 **selective presentation of evidence. Mr. Dershowitz had**
00:34:34 23 **presented to a law enforcement agency, at their request,**
00:34:37 24 **apparently what I understood to be the -- the -- I**
00:34:40 25 **understood that he had been requested by a law**





HOUSE_OVERSIGHT_010849

00:34:42 1 enforcement agency to provide flight logs relevant to
00:34:46 2 this investigation.
00:34:47 3 And rather than providing all the flight logs
00:34:49 4 that were available at that time, he appears to have
00:34:52 5 provided flight logs that went from January 2005 through
00:34:57 6 September 2005, knowing that he appeared on an
00:35:01 7 October -- I may be off by one month here -- but on an
00:35:04 8 October 2005 flight log.
00:35:06 9 So that, to my mind, had indicated that
00:35:08 10 Professor Dershowitz was providing selective information
00:35:11 11 to law enforcement. Those concerns -- this is, you
00:35:15 12 know, there's -- there's more to it.
00:35:18 13 The other problem was that the flight logs
00:35:22 14 that Mr. Dershowitz had produced were inconsistent with
00:35:26 15 the flight logs that Dave Rogers, one of Mr. Epstein's
00:35:31 16 pilots had, so there were now inconsistencies on these
00:35:35 17 flight logs. And it seemed to be -- it seemed to me to
00:35:39 18 be surprising that during the period of time where
00:35:41 19 Virginia Roberts was involved, Mr. Dershowitz was not
00:35:45 20 appearing on those flight logs.
00:35:46 21 Now, it is possible, I suppose, and that
00:35:49 22 seems to be Mr. Dershowitz's position, that the reason
00:35:52 23 he's not on those flight logs is that he was not on
00:35:54 24 those flights. But given all of the information -- and
00:35:57 25 I won't take your time this morning to go through -- all





00:35:59 1 the information I had about this international sex
00:36:03 2 trafficking organization, it seemed to me that it was
00:36:05 3 also possible that the sex trafficking organization,
00:36:08 4 which was represented by, you know, vast resources and
00:36:12 5 the ability to produce witnesses and documents and other
00:36:15 6 information that would -- would cover up the existence
00:36:19 7 of this organization, had gone through the flight logs
00:36:22 8 and had made necessary alterations to -- to conceal the
00:36:26 9 scope of -- of the -- of the operation.
00:36:29 10 In addition to that, when I started to
00:36:33 11 compare the Dave Rogers' flight logs with the David --
00:36:38 12 excuse me. I am going to get a drink.
00:36:42 13 When I started to compare the -- oh, I'm
00:36:46 14 sorry. I should be looking at the camera.
00:36:48 15 When I started -- when I started to compare
00:36:49 16 the Dave Rogers' flight logs with the Dershowitz --
00:36:54 17 which we call them the Dershowitz flight logs, which
00:36:55 18 were the logs that he had produced, there were
00:36:58 19 inconsistencies, and so it struck me as odd that there
00:37:03 20 were these inconsistent flight logs.
00:37:03 21 The other thing that I noticed is, I don't
00:37:05 22 believe that Dave Rogers was the exclusive pilot for
00:37:08 23 Mr. Epstein. And so I had a concern -- excuse me. I'm
00:37:13 24 sorry.
00:37:13 25 I had a concern that the flight logs that --





00:37:16 1 that covered the jet were not just the David Rogers'
00:37:20 2 flight logs, but there should be flight logs for other
00:37:22 3 pilots which were not apparently being produced.
00:37:25 4 And so, in light of all that, what I was
00:37:27 5 seeing was a -- a production of flight logs that was
00:37:32 6 incomplete. And then I started to hear from
00:37:35 7 Mr. Dershowitz that, well, these records prove
00:37:37 8 conclusively I couldn't have done that. And I knew to
00:37:40 9 an absolute certainty, that the records were
00:37:42 10 inconsistent and inaccurate; and for somebody who had
00:37:45 11 apparently carefully produced these records, to
00:37:48 12 represent that these conclusively prove that he wasn't
00:37:52 13 on the flights, seemed to me to be inaccurate
00:37:54 14 information.
00:37:55 15 So that was -- those were the kinds of things
00:37:56 16 I was thinking about.
00:37:59 17 Q. Mr. Cassell, is it your testimony --
00:38:02 18 MR. SIMPSON: Well, first of all, I move to
19 strike the nonresponsive portion of the answer.
00:38:03 20 BY MR. SIMPSON:
00:38:07 21 Q. Mr. Cassell, is it your testimony that you
00:38:08 22 have sufficient information to conclude and allege that
00:38:12 23 Professor Dershowitz falsified documents and gave
00:38:16 24 falsified documents to a prosecuting authority?
00:38:19 25 A. It is my belief that Professor Dershowitz





00:38:22 1 provided incomplete production to law enforcement
00:38:25 2 agencies.
00:38:25 3 Q. Is it your testimony under oath that you have
00:38:28 4 sufficient information to allege that Professor
00:38:31 5 Dershowitz intentionally provided false information to a
00:38:37 6 prosecuting authority?
00:38:38 7 A. It is my position that he provided incomplete
00:38:42 8 information to a prosecuting authority and inaccurate
00:38:45 9 information to a prosecuting authority.
00:38:47 10 Now, as to precisely what his state of mind
00:38:49 11 was when he was producing the incomplete and inaccurate
00:38:52 12 information, that remains to be this -- you know, that
00:38:54 13 was one of the topics that I was hoping could have been
00:38:56 14 covered in -- in the depositions here in the last two
00:38:59 15 days, but unfortunately, there wasn't sufficient time.
00:39:03 16 Q. Let me ask it a different way. You -- you
00:39:05 17 gave a long answer in which you described reasons you
00:39:08 18 apparently believe that these flight logs were not
00:39:13 19 merely incomplete, but that someone had false --
00:39:16 20 falsified them. And did I understand you correctly?
00:39:20 21 MR. SCAROLA: Excuse me. The question that
00:39:22 22 was asked was limited to the time period prior to
00:39:26 23 December 30th. The answer that was given was
00:39:29 24 limited to the time period prior to December
00:39:31 25 30th.





HOUSE_OVERSIGHT_010850

00:39:32 1 Are you now asking for an expansion of that
00:39:35 2 response to include information that's been
00:39:38 3 gathered since December 30th?
00:39:40 4 MR. SIMPSON: I will take your objection to
00:39:43 5 the form.
00:39:44 6 Can we have the question back?
00:39:44 7 (Thereupon, a portion of the record was read
00:40:05 8 by the reporter.)
00:40:06 9 MR. SCAROLA: And I object. The question is
00:40:07 10 vague and ambiguous because it fails to identify
00:40:09 11 the time period about which you are inquiring.
00:40:09 12 BY MR. SIMPSON:
00:40:14 13 Q. Mr. Cassell, as you sit here today, are you
00:40:18 14 prepared, based on the information you have available to
00:40:21 15 you, to assert that Professor Dershowitz intentionally
00:40:28 16 provided misleading or doctored documents to a
00:40:34 17 prosecuting authority?
00:40:37 18 A. **So based on all the information I have today?**
00:40:39 19 Q. Yes.
00:40:40 20 A. **Yes.**
00:40:40 21 Q. What do you base -- what is the basis for
00:40:44 22 that conclusion, and include information up until today?
00:40:48 23 A. **All right. So, obviously, that's an**
00:40:51 24 **open-ended question.**
00:40:52 25 Q. I -- just answer the question, please, as





00:40:55 1 best you can.
00:40:55 2 A. **Sure. All right. Well, let me just --**
00:40:58 3 **that's a lot -- there's a lot of things to get into on**
00:41:00 4 **that.**
00:41:02 5 **Let's start with the events of the last two**
00:41:05 6 **days, the deposition of Mr. Dershowitz, which in my mind**
00:41:10 7 **demonstrates repeated false statements that were made by**
00:41:14 8 **Mr. Dershowitz.**
00:41:15 9 **Let's begin with the overarching point about**
00:41:18 10 **the deposition of the last two days. I've been**
00:41:20 11 **practicing law -- law since about 1986. And in my**
00:41:26 12 **experience, I have never seen a more evasive effort to**
00:41:30 13 **avoid answering questions, and to essentially run out**
00:41:34 14 **the clock so that detailed questions could not be asked**
00:41:38 15 **by my attorney. And I witnessed over the last two days,**
00:41:41 16 **Mr. Dershowitz was asked a series of very simple**
00:41:44 17 **questions; where were you on this day; or what's the**
00:41:46 18 **name; or what time, things like that, and instead of,**
00:41:49 19 **you know, giving an -- an immediate answer, he ended up**
00:41:53 20 **giving a very extended answer commonly punctuated with**
00:41:57 21 **disparaging remarks that seemed to have nothing to do**
00:42:00 22 **with answering the question.**
00:42:01 23 **So I drew the inference from that that**
00:42:03 24 **Mr. Dershowitz did not want to answer questions over the**
00:42:07 25 **last two days.**





00:42:08 1 **Another thing that happened during the**
00:42:10 2 **deposition, and I will not repeat what was said in the**
00:42:14 3 **deposition, because there was immediately an objection**
00:42:17 4 **from Ms. McCawley, but there were two points in the**
00:42:19 5 **deposition where Mr. Dershowitz made representations**
00:42:22 6 **about what a New York Attorney David Boies would say,**
00:42:25 7 **and I'm not going into any --**
00:42:27 8 Q. I -- I just want to say if he starts talking
00:42:30 9 about it --
00:42:31 10 MS. McCAWLEY: No, I -- I object to any
00:42:32 11 reference --
00:42:33 12 MR. SIMPSON: -- then I get to ask all the
00:42:34 13 questions if he should say anything.
00:42:34 14 MS. McCAWLEY: I think he's just
00:42:35 15 acknowledging that -- I'm sorry. I think he's
00:42:37 16 acknowledging that that occurred. I object to
00:42:39 17 any -- any discussion of any settlement
00:42:43 18 communications in the context of that privilege.
00:42:44 19 MR. SCAROLA: I don't intend to get into any
00:42:48 20 settlement discussions. We are not going to
00:42:50 21 repeat the substance of the objected-to
00:42:51 22 testimony.
00:42:51 23 MR. SIMPSON: My point, I just want it to be
00:42:54 24 on notice --
00:42:54 25 MS. McCAWLEY: Yes.





00:42:55 1 MR. SIMPSON: -- is if this witness starts
00:42:56 2 saying anything about his communications or why
00:43:00 3 he -- he's coming to a conclusion, he's putting
00:43:02 4 that forth as a basis, he has opened the door.
00:43:05 5 You can't put it forth and park and not let
00:43:07 6 me ask for all the discussions.
00:43:09 7 MR. SCAROLA: You can -- you can proceed and
00:43:10 8 you know not to include privileged --
00:43:10 9 THE WITNESS: Yes.
00:43:13 10 MR. SCAROLA: -- communications.
00:43:13 11 THE WITNESS: There was a newspaper that
00:43:15 12 reported -- a Florida business newspaper that
00:43:18 13 promptly after Mr. Dershowitz said that Mr. Boies
00:43:21 14 had made certain representations, a Florida --
00:43:24 15 respected Florida business newspaper immediately
00:43:27 16 reported that David Boies had said, that was a
00:43:29 17 false statement.
00:43:31 18 And in light of that, I now had David Boies
00:43:34 19 saying that Mr. Dershowitz was making false
00:43:37 20 statements under oath during the -- the
00:43:38 21 deposition that occurred over the last two days.
00:43:41 22 In addition to that, I had -- again, during
00:43:44 23 the deposition, I heard Mr. Dershowitz say that
00:43:46 24 Attorney Bob Josefsberg had said that -- words to
00:43:52 25 the effect that he, Josefsberg, did not believe





HOUSE_OVERSIGHT_010851

00:43:54 1 Virginia Roberts.
00:43:55 2 I knew Josefsberg was an attorney who had
00:44:00 3 represented Miss Roberts based on public
00:44:00 4 information, and I knew that that would be a
00:44:02 5 gross violation of Mr. Josefsberg's
00:44:04 6 attorney/client obligations. And as a result of
00:44:09 7 that, it seemed to me that, once again,
00:44:09 8 Mr. Dershowitz was giving false information under
00:44:12 9 oath in an effort to exculpate himself from the
00:44:17 10 sex trafficking that he had been involved with.
00:44:19 11 In addition to that, I learned during the
00:44:21 12 deposition on Thursday that it had, quote, not
00:44:26 13 crossed my mind, close quote -- I believe that's
00:44:29 14 a direct quote from Mr. Dershowitz -- to record a
00:44:31 15 conversation with a woman allegedly named Rebecca
00:44:34 16 who had allegedly made certain statements. That
00:44:37 17 was on Thursday.
00:44:38 18 And then yesterday, Friday, I learned that
00:44:40 19 Mr. Dershowitz, not only had it crossed his mind
00:44:43 20 to make a recording, he had, in fact, made such a
00:44:47 21 recording; and in fact, had it transcribed; and
00:44:50 22 in fact, turned it over to his attorneys. So,
00:44:53 23 once again, I had what appeared to be a false
00:44:56 24 statement under oath by Mr. Dershowitz in an
00:44:58 25 attempt to exculpate himself from the -- the sex





00:45:03 1 trafficking that we -- we have evidence he has
00:45:05 2 been involved with.
00:45:06 3 The false statements or certainly misleading
00:45:12 4 statements continue. I suppose, some of these
00:45:14 5 could be a matter of judgment. The -- they raise
00:45:18 6 grave concern to me.
00:45:18 7 One of them was that we had propounded an
00:45:20 8 interrogatory requesting the basis for
00:45:23 9 Mr. Dershowitz's statements that Virginia Roberts
00:45:26 10 had a criminal record. And he said that, well,
00:45:29 11 she's admitted that she had sex with various
00:45:32 12 people, so that renders her a criminal, and
00:45:34 13 something along those lines, which I didn't think
00:45:36 14 was very accurate.
00:45:38 15 But in any event, that was the answer he
00:45:39 16 gave. And then I learned during the deposition
00:45:42 17 in the last two days, that Mr. Dershowitz had
00:45:45 18 received information that he says shows that
00:45:46 19 Virginia Roberts had stolen money from a
00:45:50 20 restaurant and had been criminally charged with
00:45:51 21 that.
00:45:52 22 That was not produced to us during discovery,
00:45:54 23 even though it would have been obviously
00:45:56 24 relevant, and it was directly called for in the
00:45:59 25 discovery that we were provided with.





00:46:02 1 You know, I also have -- I would like to
00:46:05 2 refresh my recollection and if -- if counsel --
00:46:10 3 that's --
00:46:10 4 MR. SCAROLA: You can refresh your
00:46:12 5 recollection on anything you need to.
00:46:12 6 THE WITNESS: All right. I'd like to refresh
00:46:15 7 my recollection by looking at --
00:46:16 8 MR. SIMPSON: Actually, I -- I object to this
00:46:17 9 answer as nonresponsive. I haven't heard
00:46:20 10 anything about flight logs once.
00:46:21 11 MR. SCAROLA: You can continue.
00:46:23 12 THE WITNESS: These -- you know, these all go
00:46:27 13 to the statements.
00:46:27 14 BY MR. SIMPSON:
00:46:28 15 Q. You're looking at a document?
00:46:29 16 A. **Yeah. Let's mark it as an exhibit if you'd**
00:46:32 17 **like. This is a memory aid to me.**
00:46:34 18 Q. Did you prepare it?
00:46:35 19 A. **Yes, I did. All right. Let's see. At page**
00:46:42 20 **114 of a rough transcript that I saw prepared of**
00:46:46 21 **Thursday's testimony, Mr. Dershowitz was asked. Quote:**
00:46:50 22 **You know that Virginia Roberts is not the only person**
00:46:52 23 **who has sworn under oath that you were present at**
00:46:55 24 **Jeffrey Epstein's Palm Beach home with young girls,**
00:46:59 25 **right? Answer: No.**





00:47:02 1 **That seemed to me to be false or at the very**
00:47:05 2 **least misleading testimony given that Mr. Dershowitz**
00:47:07 3 **knew that Juan Alessi, among potentially other people,**
00:47:11 4 **had identified him as having been in the presence of**
00:47:14 5 **Jeffrey Epstein and young girls at the Florida mansion**
00:47:17 6 **and, indeed, had identified a photograph of Virginia**
00:47:20 7 **Roberts.**
00:47:21 8 **At page 164 of the transcript, Mr. Dershowitz**
00:47:25 9 **was asked, quote: All of the manifests that have been**
00:47:28 10 **produced in this litigation, the ones that you say**
00:47:31 11 **corroborate your testimony and exonerate you,**
00:47:34 12 **demonstrate that you never flew on Jeffrey Epstein's**
00:47:37 13 **plane in the company of your wife, correct? Answer:**
00:47:41 14 **No, that's not true. I don't know that.**
00:47:44 15 **And, again, in the context of this litigation**
00:47:46 16 **where the flight logs have been, as this question that**
00:47:48 17 **I'm answering tends to show, are so central for**
00:47:52 18 **Mr. Dershowitz to testify under oath that he didn't know**
00:47:56 19 **whether his wife was depicted on the flight log, struck**
00:47:59 20 **me as, at the very least, misleading information, but I**
00:48:02 21 **concluded in my opinion was actually deliberately false**
00:48:05 22 **information, particularly, given this litigation where**
00:48:08 23 **he has produced, not only his own personal travel**
00:48:11 24 **record, but all of his wife's travel records for the**
00:48:14 25 **relevant period of time.**





HOUSE_OVERSIGHT_010852

00:48:15 1 So I thought that was, again, a deliberate
00:48:19 2 false statement under oath designed to exculpate him
00:48:22 3 from his criminal involvement in this international sex
00:48:26 4 trafficking ring.
00:48:27 5 At another point in the transcript, he was
00:48:29 6 asked, quote, -- no, I'm sorry. He stated, quote: I
00:48:32 7 challenge you to find any statement where I said I have
00:48:35 8 never traveled outside the presence of my wife, close
00:48:38 9 quote, representing that there would be no such
00:48:42 10 statement there, when, in fact, I'm aware of an American
00:48:45 11 Lawyer quotation attributed to him from January 15th,
00:48:48 12 2015, quote: I've been married to the same woman for 28
00:48:52 13 years. She goes with me everywhere, close quote. And,
00:48:56 14 again, you know, this -- I understand sometimes people
00:48:59 15 may go away from their wife, but the American Lawyer
00:49:01 16 was, obviously, on January 15th, 2015, asking about:
00:49:05 17 Well, have you been outside the presence of your wife in
00:49:08 18 situations where you might have interacted with Virginia
00:49:10 19 Roberts? And that was the answer that he gave to the
00:49:12 20 American Lawyer.
00:49:13 21 And based on -- on my review of the flight
00:49:15 22 logs, I thought that was, again, a deliberate effort to
00:49:20 23 obscure and try to exculpate himself from his
00:49:23 24 involvement in this International sex trafficking ring.
00:49:26 25 The -- he also said yesterday: Nobody knows





00:49:33 1 about Prince Andrew and Virginia, except for the two of
00:49:36 2 them. And, again, I thought that was at a minimum,
00:49:39 3 deliberately mis -- misleading information and more
00:49:41 4 likely deliberately false information, because
00:49:43 5 Mr. Dershowitz was aware of the photograph and had long
00:49:47 6 been aware of the photograph that shows Prince Andrew
00:49:50 7 with his arm around Virginia Roberts, standing next to a
00:49:53 8 beaming Glenn Maxwell who has been involved in this
00:49:56 9 international sex trafficking organization.
00:49:59 10 And in the circumstances of that photograph,
00:50:01 11 it seems quite likely that the photographer who took
00:50:04 12 that picture was the head of the international sex
00:50:07 13 trafficking ring, Jeffrey Epstein. And so for him to
00:50:10 14 say that only two people knew what went on was, again,
00:50:14 15 deliberately false information, because I know he is the
00:50:17 16 attorney for Jeffrey Epstein, and he could have asserted
00:50:20 17 attorney/client privilege over that, said, I can't get
00:50:22 18 into my communications with my client about what he was
00:50:25 19 doing with Prince Andrew.
00:50:26 20 But instead he said, no one knows what
00:50:29 21 happened, other than those two people in circumstances
00:50:31 22 where it was quite clear that there would have been
00:50:34 23 others who would have been aware of that.
00:50:35 24 Now, the question is: Why do I think the --
00:50:39 25 the -- you know, there are inaccuracies in the flight





00:50:41 1 logs. And I could refresh my recollection here by
00:50:45 2 looking at, I think it's docket entry 291 of our
00:50:49 3 pleading that we presented on January 21st to
00:50:51 4 Judge Marra where we provided specific itemized examples
00:50:54 5 of inconsistencies between the Dave Rogers' flight log
00:50:58 6 and the -- again, I'll call it, the Alan Dershowitz
00:51:01 7 flight log, which was a selected presentation of flight
00:51:03 8 log information.
00:51:04 9 And when you see those inconsistencies, it
00:51:06 10 becomes very hard to believe that all of the information
00:51:09 11 that was provided in those flight logs was accurate. So
00:51:11 12 when I take all of that information, put it together, I
00:51:14 13 believe that there's sufficient -- I have a sufficient
00:51:17 14 basis for believing at this point in time, that
00:51:19 15 Mr. Dershowitz has, indeed, provided inaccurate
00:51:22 16 information to -- to law enforcement agencies, or at a
00:51:25 17 minimum has provided -- has produced inaccurate
00:51:29 18 information through circumstances beyond his control.
00:51:32 19 But when he continually represents that the
00:51:34 20 information is accurate and exonerates him, I believe
00:51:37 21 that that is a deliberately false statement.
00:51:41 22 MR. SIMPSON: Move to strike the answer --
00:51:42 23 the nonresponsive portion of the answer.
00:51:46 24 MR. SCAROLA: Which portion is that?
00:51:47 25 MR. SIMPSON: 99 percent of it. I think at





00:51:50 1 the end, we got to the flight logs.
00:51:52 2 I move to strike the nonresponsive portion.
00:51:54 3 BY MR. SIMPSON:
00:51:55 4 Q. Mr. Cassell, you came here today looking for
00:51:57 5 an opportunity to give that statement; did you not?
00:51:59 6 A. If it was relevant to an answer I was giving,
00:52:03 7 yes.
00:52:03 8 Q. The answer to my question is, yes, you came
00:52:05 9 here today looking for a question to which you could
00:52:08 10 respond with that prepared statement?
00:52:10 11 A. I was prepared to give that -- I anticipated
00:52:13 12 that a very good attorney for Mr. Dershowitz might ask a
00:52:15 13 question where that would be relevant. And if that
00:52:18 14 question were asked and I was given the opportunity to
00:52:20 15 make that statement, I wanted to be prepared to give it
00:52:23 16 in the most accurate way that I could.
00:52:25 17 MR. SIMPSON: I would like the reporter to
00:52:27 18 mark as Exhibit -- are we up to 4 -- Exhibit 4,
00:52:31 19 the document that Mr. Cassell was referring to.
00:52:34 20 I'll let the reporter do that.
00:52:36 21 THE WITNESS: Okay.
00:52:36 22 (Cassell's I.D. Exhibit No. 4 - document
00:52:36 23 produced by the witness was marked for identification.)
00:52:59 24 MR. SIMPSON: I just want to make that part
00:53:00 25 of the record.





HOUSE_OVERSIGHT_010853

00:53:00 1 BY MR. SIMPSON:
00:53:02 2 **Q.** Before Wednesday of this week, you had none
00:53:07 3 of the information that you just described about
00:53:10 4 Professor Dershowitz's testimony, correct?
00:53:12 5 **A. Correct.**
00:53:12 6 **Q.** I'm trying to look at my notes here of your
00:53:28 7 long answer, but one thing you indicated that -- was the
00:53:30 8 fact that Professor Dershowitz gave long answers is
00:53:34 9 somehow indicative of false answers or perjury --
00:53:34 10 MR. SCAROLA: That is --
00:53:34 11 BY MR. SIMPSON:
00:53:39 12 **Q.** -- is that right?
00:53:39 13 MR. SCAROLA: That is an absolute
00:53:40 14 mischaracterization of the statement that
00:53:43 15 Professor Cassell made. He did not refer to the
00:53:47 16 length of the answers, but rather their
00:53:47 17 nonresponsiveness.
00:53:47 18 BY MR. SIMPSON:
00:53:52 19 **Q.** Let me -- let me ask a different question.
00:53:55 20 Go back to the flight logs themselves.
00:53:57 21 **A. Okay.**
00:53:57 22 **Q.** My initial question that got us going down
00:54:01 23 this line was: Isn't it true that the flight logs
00:54:05 24 themselves support Professor Dershowitz's testimony that
00:54:13 25 he was never on a plane with Virginia Roberts, the face





00:54:17 1 of the flight logs support that proposition?
00:54:20 2 **A. The face of the flight logs for the relevant**
00:54:23 3 **period of time, we can call it the hot period of time or**
00:54:25 4 **whatever you want, did not reveal the presence of**
00:54:27 5 **Mr. Dershowitz on those flights, yes.**
00:54:29 6 **Q.** Okay. So during the period -- well,
00:54:32 7 actually, there's no flight log that shows Virginia
00:54:34 8 Roberts and Professor Dershowitz on the same airplane,
00:54:37 9 correct?
00:54:37 10 **A. That's my understanding, yes.**
00:54:39 11 **Q.** And --
00:54:39 12 MR. SCAROLA: By name. You're -- you're --
00:54:39 13 MS. McCAWLEY: And it --
00:54:41 14 MR. SCAROLA: -- asking whether she was there
00:54:43 15 identified by name?
00:54:45 16 BY MR. SIMPSON:
00:54:47 17 **Q.** To your knowledge, isn't it correct that
00:54:49 18 there is no flight log that's been produced in this case
00:54:51 19 by any party that reflects Professor Dershowitz and
00:54:55 20 Virginia Roberts on the same plane, as you read the
00:54:58 21 flight log?
00:54:59 22 MR. SCAROLA: I'm sorry. Are you asking
00:55:02 23 whether those same names appear on the flight log
00:55:06 24 together?
00:55:06 25 MR. SIMPSON: My question, I think, is





00:55:08 1 perfectly clear.
00:55:08 2 BY MR. SIMPSON:
00:55:08 3 **Q.** My question, Mr. Cassell, is: You reviewed
00:55:11 4 the flight logs, correct?
00:55:12 5 **A. Correct.**
00:55:12 6 **Q.** You reviewed them in some detail, correct?
00:55:14 7 **A. Correct.**
00:55:15 8 **Q.** Is there any entry on those flight lines --
00:55:17 9 logs that you read as putting Professor Dershowitz and
00:55:21 10 Miss Roberts on the same plane?
00:55:23 11 **A. No.**
00:55:24 12 **Q.** And so your testimony about questions about
00:55:26 13 the completeness and accuracy of those flight logs goes
00:55:33 14 to whether the logs are -- let me rephrase that.
00:55:39 15 The answer that you gave about your question
00:55:43 16 as -- your views as to the completeness of the flight
00:55:47 17 logs and whether they may have been changed in some
00:55:50 18 ways, goes to whether those logs are conclusive, not
00:55:54 19 whether they, in fact, support Professor Dershowitz's
00:55:58 20 testimony that he was not on a plane with Virginia
00:56:02 21 Roberts?
00:56:03 22 MR. SCAROLA: I'm going to object to the form
00:56:04 23 of the question as vague and ambiguous. I don't
00:56:06 24 understand it.
00:56:08 25 THE WITNESS: And I won't give a long answer,





00:56:08 1 but I -- I think, as I previously indicated, you
00:56:11 2 can't just look at the face of these documents
00:56:14 3 without -- with -- you know, against the context
00:56:17 4 of an international sex trafficking ring that's
00:56:19 5 trying to cover up what it's doing. You can't
00:56:21 6 just look and documents and assume that they are
00:56:22 7 100 percent accurate without that -- having that
00:56:24 8 context in mind.
00:56:25 9 BY MR. SIMPSON:
00:56:26 10 **Q.** And so am I right, that on the face of the
00:56:29 11 flight logs, there's nothing showing Virginia Roberts
00:56:32 12 and Professor Dershowitz on the same plane?
00:56:35 13 **A. That's correct.**
00:56:35 14 **Q.** And -- go on.
00:56:40 15 And so do I understand correctly that your
00:56:57 16 position is that the flight logs may not be complete or
00:57:06 17 may have been changed, but you do not dispute, that on
00:57:10 18 their face, they support Professor Dershowitz's
00:57:13 19 testimony?
00:57:14 20 MR. SCAROLA: Objection.
00:57:16 21 MS. McCAWLEY: Objection.
00:57:16 22 MR. SCAROLA: Compound.
00:57:16 23 THE WITNESS: Could you just aggregate that?
00:57:19 24 BY MR. SIMPSON:
00:57:20 25 **Q.** You follow the objections very well.





HOUSE_OVERSIGHT_010854

00:57:22 1 A. **I was thinking of that as well.**
00:57:22 2 BY MR. SIMPSON:
00:57:22 3 Q. Let me --
00:57:23 4 A. **I wasn't --**
00:57:23 5 Q. Let me --
00:57:25 6 A. **-- following their answer.**
00:57:25 7 Q. Let me -- let me just ask a different
00:57:27 8 question.
00:57:27 9 A. **Sure. Thanks.**
00:57:31 10 Q. You testified that you have -- at some
00:57:35 11 length, about why you question the accuracy of the
00:57:40 12 flight logs, correct?
00:57:43 13 A. **Correct.**
00:57:43 14 Q. But I may be redundant, but you don't
00:57:45 15 question that what they show on their face supports
00:57:48 16 Professor Dershowitz's testimony --
00:57:48 17 MS. McCAWLEY: Objection.
00:57:48 18 BY MR. SIMPSON:
00:57:50 19 Q. -- that he was not on a plane with Virginia
00:57:52 20 Roberts?
00:57:53 21 A. **The -- you know, the -- the sex trafficking**
00:57:56 22 **ring run by Jeffrey Epstein has produced Epstein flight**
00:57:59 23 **logs that appear to show that -- that Dershowitz and**
00:58:04 24 **Virginia Roberts are not on the plane, so...**
00:58:06 25 Q. So the answer to my question is, yes?





00:58:09 1 MR. SCAROLA: I'm sorry.
00:58:09 2 THE WITNESS: Which question now?
00:58:10 3 MR. SIMPSON: The question you just -- could
00:58:12 4 you read back my -- my question and the answer?
00:58:12 5 BY MR. SIMPSON:
00:58:31 6 Q. Let me ask it again.
00:58:31 7 A. **Okay.**
00:58:31 8 Q. That's fine.
00:58:33 9 A. **I mean, I thought I was --**
00:58:33 10 MR. SCAROLA: There's no question pending.
00:58:34 11 THE WITNESS: I'm sorry.
00:58:35 12 BY MR. SIMPSON:
00:58:35 13 Q. What were you about to say?
00:58:36 14 A. **I was about to say that the records that they**
00:58:39 15 **produced -- I'm -- I'm sorry...**
00:58:42 16 Q. The records -- the records that were
00:58:44 17 produced --
00:58:44 18 A. **On -- on their face, I cannot give you a**
00:58:47 19 **flight log that has Virginia Roberts and Alan Dershowitz**
00:58:50 20 **sitting next to each other, yes.**
00:58:51 21 Q. And you also -- you also testified a moment
00:58:54 22 ago that Professor Dershowitz in his testimony in the
00:58:57 23 last couple of days, had testified that Virginia Roberts
00:59:03 24 had been arrested for stealing cash; do you refer -- do
00:59:08 25 you recall that?





00:59:08 1 A. **I recall his testimony to that effect, yes.**
00:59:10 2 Q. And you testified that no support for that
00:59:14 3 had been produced in discovery; is that correct?
00:59:16 4 A. **That's my understanding, yes.**
00:59:17 5 Q. Isn't it true that in Mr. Alessi's
00:59:20 6 deposition, he describes that under oath and says that
00:59:23 7 it happened?
00:59:24 8 A. **I don't have a recollection of criminal**
00:59:27 9 **charges having been discussed in the Alessi deposition.**
00:59:31 10 Q. Is it -- well, let me -- let me ask you: Is
00:59:34 11 it your testimony that you understood that, in fact,
00:59:40 12 Miss Roberts had been accused of stealing money from her
00:59:44 13 employer?
00:59:47 14 MS. McCAWLEY: I'm going to object to the
00:59:48 15 extent it gets into any conversations that you
00:59:49 16 had with Virginia on any of these issues.
00:59:52 17 THE WITNESS: Yeah, I'm trying to -- if your
00:59:55 18 question is about the Alessi depo, I don't --
00:59:58 19 don't immediately recall him discussing --
01:00:01 20 discussing them.
01:00:03 21 BY MR. SIMPSON:
01:00:04 22 Q. If I represent to you that Mr. Alessi, in his
01:00:07 23 deposition, referred to a police report and an arrest of
01:00:11 24 Miss Roberts, do you have any reason to question that?
01:00:13 25 MR. SCAROLA: Could we -- could we pull out





01:00:14 1 the deposition? And if you have got a reference
01:00:16 2 in the deposition, let's take a look at it.
01:00:17 3 MR. SIMPSON: I'm just asking for his
01:00:18 4 recollection right now. The document will speak
01:00:20 5 for itself. But I want to --
01:00:21 6 MR. SCAROLA: Yes, it will.
01:00:21 7 MR. SIMPSON: He -- he made a very serious
01:00:23 8 accusation. I would like to get an answer to my
01:00:25 9 question. Does he recall whether, in that
01:00:27 10 deposition that all the parties in this case
01:00:29 11 have, Mr. Alessi said under oath, that she had
01:00:32 12 been arrested and charged with stealing from her
01:00:34 13 employer.
01:00:35 14 THE WITNESS: When you -- the question built
01:00:37 15 in a serious accusation, the -- the -- the -- the
01:00:39 16 statement I was making is that we had propounded
01:00:42 17 an interrogatory to Mr. Dershowitz saying:
01:00:44 18 What's the basis for your assertion that
01:00:46 19 Miss Roberts had a criminal record? And that
01:00:49 20 answer didn't refer to an Alessi depo. If it --
01:00:51 21 this is one of the problems that I'm having.
01:00:53 22 When -- when -- you know, when you come into
01:00:56 23 a deposition, both sides are supposed to turn
01:00:58 24 everything over. And then if I get a question
01:01:00 25 about, well, what if -- you know, we're relying





HOUSE_OVERSIGHT_010855

212

01:01:01 1 on this piece of the Alessi depo and it's not in
01:01:03 2 the answers to interrogatories, it's hard for me
01:01:05 3 to -- to give an answer to that. So -- so that's
01:01:07 4 the -- that's the concern I have.
01:01:10 5 MR. SIMPSON: I move -- I move to strike as
01:01:11 6 nonresponsive.
01:01:11 7 BY MR. SIMPSON:
01:01:12 8 **Q.** My question went to whether -- let me back
01:01:18 9 up. If -- if I'm -- unless I misunderstood you --
01:01:21 10 MR. SCAROLA: The question was: Did he
01:01:23 11 recall the contents --
01:01:23 12 MR. SIMPSON: I'm asking the question.
01:01:23 13 MR. SCAROLA: -- of the Alessi deposition.
01:01:24 14 MR. SIMPSON: I'm withdrawing it. I will ask
01:01:25 15 a new question.
01:01:26 16 MR. SCAROLA: Okay. Thank you.
01:01:26 17 BY MR. SIMPSON:
01:01:27 18 **Q.** I understood you in your -- the long answer
01:01:32 19 that you gave a while ago to suggest that Professor
01:01:36 20 Dershowitz had either testified falsely or failed to
01:01:41 21 provide relevant information on which he was basing his
01:01:44 22 testimony about Miss Roberts's arrest; is that right?
01:01:46 23 **A. Yes.**
01:01:46 24 **Q.** And that assertion would be incorrect if
01:01:50 25 there's a deposition in this case that all the parties



213

01:01:53 1 have that include that information?
01:01:55 2 MR. SCAROLA: Mr. Simpson, there was an
01:01:58 3 express reference to an answer to interrogatory,
01:02:01 4 and the absence of any reference to an arrest for
01:02:05 5 theft in your client's sworn answer to
01:02:09 6 interrogatory. That's --
01:02:09 7 MR. SIMPSON: We -- we --
01:02:11 8 MR. SCAROLA: -- exactly what the testimony
01:02:12 9 was.
01:02:12 10 MR. SIMPSON: If you object to the form,
01:02:13 11 please just object to the form. I think it's a
01:02:15 12 proper question --
01:02:17 13 MR. SCAROLA: I -- I object --
01:02:17 14 MR. SIMPSON: -- in our discovery response.
01:02:18 15 MR. SCAROLA: -- I object to your
01:02:19 16 misrepresentation of the earlier testimony. I'm
01:02:21 17 sure it was not intentional, and that's why I'm
01:02:25 18 calling it to your attention so that we don't go
01:02:27 19 down a rabbit trail.
01:02:30 20 MR. SIMPSON: I'm not going down any rabbit
01:02:32 21 trail. I'm really -- objection to the form will
01:02:34 22 preserve it.
01:02:34 23 BY MR. SIMPSON:
01:02:37 24 **Q.** My question is whether you were aware at the
01:02:44 25 time that Professor Dershowitz testified that, in fact,



214

01:02:48 1 Mr. Alessi had also testified previously about the
01:02:54 2 arrest of Miss Roberts for stealing from her employer?
01:02:57 3 **A. I didn't recall that. If that's in there,**
01:03:00 4 **you're -- you're making a representation, and I know**
01:03:01 5 **you're a fine lawyer, so I'll accept your**
01:03:04 6 **representation.**
01:03:05 7 **I didn't recall that when he was testifying**
01:03:06 8 **a -- a day or two ago on that subject.**
01:03:15 9 MR. SCAROLA: We have been going for about an
10 hour. Is it time to take a break? Is that
01:03:19 11 convenient for you?
01:03:19 12 MR. SIMPSON: We can take a break now.
01:03:21 13 THE VIDEOGRAPHER: We are going off the video
01:03:22 14 record, 9:35 a.m.
01:15:01 15 (Thereupon, a recess was taken.)
01:15:01 16 THE VIDEOGRAPHER: We are back on the video
01:15:28 17 record, 9:47 a.m.
01:15:30 18 THE WITNESS: I need to take two minutes, if
01:15:34 19 I may, and just supplement the long answer that I
01:15:34 20 gave about the series of things.
01:15:36 21 By looking over my checklist, I noticed that
01:15:38 22 item 5 of the 12 items was not given during my
01:15:42 23 testimony. I'm --
01:15:42 24 BY MR. SIMPSON:
01:15:44 25 **Q.** I don't -- I'm not going to ask about item 5.



215

01:15:45 1 It's in the record as part of your -- your -- your --
01:15:49 2 **A. I would like to just supplement --**
01:15:50 3 MR. SCAROLA: That's fine. That's fine. If
01:15:51 4 you don't want to hear it, that's okay.
01:15:51 5 THE WITNESS: I'd like --
01:15:53 6 MR. SCAROLA: Just as long as it's noted that
01:15:54 7 there was an inadvertent omission.
01:15:56 8 THE WITNESS: Yeah.
01:15:56 9 BY MR. SIMPSON:
01:15:58 10 **Q.** As part of -- I'm going to go back actually
01:16:02 11 to --
01:16:02 12 **A. Sure.**
01:16:02 13 **Q.** -- the questions I was asking. One question
01:16:06 14 about the -- the flight logs again.
01:16:08 15 **A. Okay.**
01:16:08 16 **Q.** It's true, is it not, that you have no
01:16:12 17 personal knowledge as to whether Professor Dershowitz or
01:16:15 18 some other member of Jeffrey Epstein's defense team
01:16:21 19 prepared those logs for production to the government?
01:16:23 20 **A. I don't have personal knowledge of -- of**
01:16:25 21 **that, that's right.**
01:16:26 22 **Q.** And you would agree, would you not, that it's
01:16:33 23 the duty of a defense counsel to represent a client
01:16:38 24 zealously within the bounds of the law, correct?
01:16:40 25 **A. Correct.**





HOUSE_OVERSIGHT_010856

01:16:41 1 Q. In fact, I think you testified yesterday
01:16:44 2 about your duty with respect to Miss Roberts along those
01:16:47 3 lines, correct?
01:16:48 4 **A. That's right.**
01:16:48 5 Q. And so with respect to Professor Dershowitz's
01:16:52 6 representation of Jeffrey Epstein, he would have been
01:16:57 7 acting unethically if he didn't attempt to negotiate the
01:17:00 8 best resolution for his client that he could, consistent
01:17:05 9 with the law; is that correct?
01:17:06 10 **A. Right. Consistent with the law, yes.**
01:17:09 11 Q. And so you wouldn't --
01:17:09 12 **A. I'm sorry. Let me just -- consistent with**
01:17:11 13 **the law and with the ethical obligations of attorneys.**
01:17:14 14 **Attorneys cannot make, for example, false**
01:17:16 15 **representations when they are negotiating those kinds of**
01:17:18 16 **things.**
01:17:18 17 Q. Right. The duty as a defense counsel,
01:17:22 18 Professor Dershowitz's duty was to attempt to obtain the
01:17:27 19 best resolution he could for Jeffrey Epstein consistent
01:17:31 20 with the law and legal ethics, correct?
01:17:34 21 **A. That's correct.**
01:17:34 22 Q. And, in fact, if he had not done that, he
01:17:39 23 would have been acting unethically, correct?
01:17:41 24 **A. That's correct.**
01:17:41 25 Q. And would you agree that it would be





01:17:46 1 inappropriate, totally inappropriate, to infer anything
01:17:55 2 negative about an attorney because the attorney
01:17:58 3 represented someone accused of heinous crimes?
01:18:01 4 **A. Just the fact of representation alone?**
01:18:04 5 Q. Yes.
01:18:04 6 **A. Yeah, that's right. Sure, of course,**
01:18:06 7 **everyone is entitled to a defense.**
01:18:08 8 Q. As -- before December 30th of 2014, had you
01:18:18 9 reviewed the Palm Beach Police report?
01:18:22 10 **A. Portions of it, yes.**
01:18:23 11 Q. Had you reviewed the entire report?
01:18:25 12 **A. I think I reviewed most of it, but I don't**
01:18:31 13 **think I've gone through it page by page.**
01:18:32 14 Q. When did you do that?
01:18:35 15 **A. Well, let's see. Before December 30th, 2014,**
01:18:41 16 **Brad and I filed the case in about July 2008, so it was**
01:18:49 17 **about a six-year period of time, and I remember I'd been**
01:18:56 18 **to Florida a couple of times on this case, once in 2010**
01:19:03 19 **and I think another a year or two later. And I**
01:19:07 20 **remember, at least on one of those times, reviewing the**
01:19:09 21 **report here with -- I don't know if I can...**
01:19:15 22 MS. McCAWLEY: Yeah. I wouldn't go into
01:19:15 23 anything.
01:19:15 24 THE WITNESS: To the -- right. So we just --
01:19:15 25 we just want to know --





01:19:19 1 MS. McCAWLEY: The location is fine.
01:19:20 2 THE WITNESS: The location, once
01:19:22 3 personally -- once here in Florida, and then in
01:19:25 4 my office in -- while in Salt Lake City.
01:19:25 5 BY MR. SIMPSON:
01:19:28 6 Q. And are you able to place in time when you
01:19:29 7 reviewed these portions of the police report, other than
01:19:35 8 before December 30th of 2014?
01:19:37 9 **A. Not precisely, no.**
01:19:40 10 Q. And do I understand correctly from your
01:19:42 11 testimony yesterday that that police report is one of
01:19:47 12 the things you relied on to support making the
01:19:51 13 allegations against Professor Dershowitz that are
01:19:54 14 included in the joinder motion?
01:19:56 15 **A. That's right.**
01:19:56 16 Q. It's also true, is it not, that that police
01:20:01 17 report includes an interview with an adult woman who was
01:20:07 18 retained to provide massages at Jeffrey Epstein's
01:20:11 19 residence for guests, among others; isn't that correct?
01:20:14 20 **A. I believe that's correct.**
01:20:16 21 Q. And based on that, is it your testimony that
01:20:20 22 it's fair to presume that a reference that a guest got a
01:20:24 23 massage is a code word for abusing a minor sexually?
01:20:31 24 MR. SCAROLA: I'm sorry. Are you -- are you
01:20:33 25 isolating --





01:20:33 1 MR. SIMPSON: I don't -- I don't want a
01:20:34 2 speech, Mr. Scarola. If you object to the form,
01:20:36 3 object to the form, and I -- if it's not a proper
01:20:38 4 question --
01:20:38 5 MR. SCAROLA: I want a clarification of the
01:20:39 6 question, please. Are you isolating only that
01:20:39 7 piece --
01:20:39 8 MR. SIMPSON: I -- the question --
01:20:41 9 MR. SCAROLA: -- of information?
01:20:42 10 MR. SIMPSON: I'm -- I am asking a question
01:20:45 11 that's perfectly clear. If you think it's
01:20:46 12 objectionable, it won't -- it will stand.
01:20:49 13 MR. SCAROLA: I'm going to object on the
01:20:50 14 basis that it is vague and ambiguous. It is
01:20:53 15 unclear whether you're asking for him --
01:20:55 16 MR. SIMPSON: Please don't coach the witness.
01:20:56 17 MR. SCAROLA: -- to isolate -- to isolate his
01:20:59 18 focus to that single piece of evidence.
01:20:59 19 MR. SIMPSON: I object on the coaching of the
01:21:01 20 witness.
01:21:01 21 BY MR. SIMPSON:
01:21:02 22 Q. My question is: Is it reasonable,
01:21:06 23 considering that the police report on its face shows
01:21:11 24 evidence -- let me back this up. Ask another question
01:21:16 25 to you.





HOUSE_OVERSIGHT_010857

01:21:16 1 Are you aware that the police report reflects
01:21:21 2 that the woman I referred to who was hired to give
01:21:24 3 massages, told them that she never touched anyone
01:21:28 4 inappropriately?
01:21:29 5 **A. I think that there are -- there is**
01:21:32 6 **information along those lines in the police report, yes.**
01:21:34 7 Q. Okay. And so do you acknowledge that the
01:21:37 8 police report, on its face, reflects both reports of
01:21:41 9 massages that involved improper sexual contact --
01:21:45 10 contact and massages that were perfectly legitimate?
01:21:50 11 **A. Yes, but not in the same proportion.**
01:21:54 12 Q. My question wasn't proportion. The -- the
01:21:57 13 report on its face, you understood, reflected that there
01:22:01 14 were massages given at Mr. Epstein's residence that were
01:22:06 15 perfectly legitimate?
01:22:08 16 **A. Some -- it was basically a few isolated**
01:22:13 17 **examples from what I could see.**
01:22:14 18 Q. So you would characterize what was said in
01:22:18 19 the police report as "a few isolated examples"?
01:22:21 20 **A. Well, given the backdrop that they had --**
01:22:25 21 Q. No. My question -- it's a yes or no
01:22:26 22 question. Is that how you would characterize it?
01:22:27 23 MR. SCAROLA: Excuse me. The witness is not
01:22:29 24 confined to answering yes or no, if yes or no
01:22:31 25 would be misleading.





01:22:33 1 BY MR. SIMPSON:
01:22:33 2 Q. It's a different position than was taken
01:22:35 3 previously, but --
01:22:36 4 **A. I mean, I was just going to give one**
01:22:38 5 **sentence, and the one sentence would be, in the context**
01:22:41 6 **of this whole police report where they had 24,**
01:22:44 7 **approximately, minor girls who were -- who were being**
01:22:47 8 **sexually abused, the references to legitimate massages I**
01:22:51 9 **would view as isolated.**
01:22:53 10 Q. So you're coming to the conclusion, looking
01:22:56 11 at the police report, that they are isolated; is that
01:22:59 12 right?
01:22:59 13 **A. Yes.**
01:23:01 14 Q. And do you think a fair-minded reader of the
01:23:04 15 police report would reach that conclusion?
01:23:05 16 **A. Absolutely.**
01:23:07 17 Q. And were you aware that the police report, to
01:23:12 18 give a bit more detail, reflected that a woman who was
01:23:14 19 described as having tattoos was hired to give
01:23:17 20 deep-tissue Swedish massages. Do you recall that being
01:23:20 21 in the -- in the police report?
01:23:22 22 **A. Something along those lines, yes.**
01:23:23 23 Q. And she also -- that woman also told the
01:23:26 24 police that she was not Jeffrey Epstein's type, that she
01:23:30 25 wasn't thin, had tattoos, didn't fit his type?





01:23:34 1 **A. That sounds accurate with the information I**
01:23:37 2 **have, yes, she doesn't sound like she would fit his**
01:23:40 3 **type.**
01:23:40 4 Q. And so do you agree with me then --
01:23:42 5 **A. And she's over the age of 18, which is**
01:23:44 6 **another reason why wouldn't fit his type, so...**
01:23:47 7 Q. But you acknowledge that -- that this
01:23:50 8 woman -- that the police report reflects a woman over --
01:23:54 9 well over the age of 18, being hired to give perfectly
01:23:57 10 legitimate massages, correct?
01:23:58 11 **A. Yeah. That was cover for the sex trafficking**
01:24:01 12 **that was going on.**
01:24:01 13 Q. Okay. So you're now -- does the police
01:24:04 14 report say "it was cover" --
01:24:04 15 **A. That was --**
01:24:05 16 Q. -- "for the sex trafficking"?
01:24:07 17 **A. That was my conclusion when I reviewed the**
01:24:09 18 **materials.**
01:24:09 19 Q. Okay. So your inclusion is that a
01:24:11 20 fair-minded reader of the police report would come to
01:24:14 21 that conclusion?
01:24:15 22 **A. December 30th of 2014, knowing what we know**
01:24:18 23 **now, yes.**
01:24:19 24 Q. Do you consider yourself a very suspicious
01:24:24 25 person?





01:24:25 1 **A. No.**
01:24:25 2 Q. Do you consider yourself a conspira -- having
01:24:31 3 a conspiratorial view?
01:24:31 4 **A. Absolutely not.**
01:24:34 5 Q. Do you consider yourself a crusader?
01:24:35 6 **A. Well, crusader for justice, I would say, yes.**
01:24:41 7 Q. If -- let me put it this way: In your view,
01:24:49 8 is evidence that a person, any person, any guest at
01:24:54 9 Mr. Epstein's house had a massage, evidence that that
01:25:01 10 person engaged in criminal sexual conduct, contact with
01:25:07 11 minors, because of the fact of having a massage?
01:25:13 12 **A. You'd have to look at the context.**
01:25:16 13 Q. On its own, is it any evidence -- doesn't
01:25:19 14 it -- is it any evidence at all, in your view?
01:25:21 15 **A. It would be some evidence, yes.**
01:25:22 16 Q. Notwithstanding that the report, on its face,
01:25:26 17 reflects both legitimate and illegitimate massages?
01:25:30 18 **A. The report on its face, let's be clear,**
01:25:32 19 **reflects a lot of illegitimate sag -- massages and a**
01:25:36 20 **sporadic or isolated, you know, legitimate massages. So**
01:25:38 21 **the fact that somebody gets a massage in that context,**
01:25:42 22 **I -- I think is -- is -- raises, you know, the concerns**
01:25:45 23 **we have been talking about.**
01:25:47 24 Q. Did you, before December 30th of 2014,
01:26:03 25 yourself personally, review what I think you referred to





HOUSE_OVERSIGHT_010858

01:26:07 1 in your testimony yesterday as the holy grail, an
01:26:12 2 address book of Mr. Epstein?
01:26:17 3 **A. Pieces of it, yes.**
01:26:18 4 Q. Did you review the entire document?
01:26:21 5 **A. No.**
01:26:21 6 Q. Did I understand yesterday that you
01:26:25 7 testified -- did I understand correctly yesterday, that
01:26:28 8 you testified that the fact that names were circled
01:26:33 9 indicated that those persons likely engaged in illegal
01:26:39 10 sexual contact with minors?
01:26:41 11 **A. My -- my impression is the names that were**
01:26:44 12 **circled were circled by Alfredo Rodriguez when he was**
01:26:47 13 **busted by the FBI for involvement, and he was asked to**
01:26:51 14 **identify those who would have information about the sex**
01:26:54 15 **trafficking organization. And my -- based on all the**
01:26:58 16 **evidence I have, I believe the names that were circled**
01:27:00 17 **were those who would have that kind of information.**
01:27:02 18 Q. So is it your testimony that if the name is
01:27:05 19 circled, it indicates that they have information, or
01:27:08 20 that they are criminals?
01:27:09 21 **A. That they would have information about the**
01:27:12 22 **sex trafficking organization, and that would probably**
01:27:15 23 **mean that they were part of the organization. It may**
01:27:18 24 **mean that they were witnesses to what the organization**
01:27:19 25 **was doing.**





01:27:20 1 **But they would have information that the FBI,**
01:27:24 2 **among other law enforcement agencies, should be**
01:27:26 3 **following up on, if they are trying to piece together**
01:27:28 4 **what the sex trafficking organization was doing.**
01:27:32 5 Q. Would you agree that a fair-minded person,
01:27:37 6 with that background that you just described, would not
01:27:41 7 go to the conclusion that the fact that a name is
01:27:44 8 circled indicates that that person has engaged in
01:27:46 9 criminal conduct?
01:27:48 10 **A. They -- what it would indicate is that they**
01:27:51 11 **had information relevant to criminal activity. Now,**
01:27:54 12 **would they on the -- just the fact that a name was**
01:27:55 13 **circled, standing alone, reach that conclusion?**
01:27:59 14 **Well, that's a hypothetical question because**
01:28:01 15 **obviously in this case, there's lots of other**
01:28:02 16 **information.**
01:28:02 17 Q. Did you understand -- it is true, is it not,
01:28:06 18 that Mr. Rodriguez was trying to sell that book?
01:28:09 19 **A. That's true.**
01:28:10 20 Q. And is it not also true that the people who
01:28:13 21 are circled are famous people?
01:28:15 22 **A. I'd have to refresh my recollection as to**
01:28:22 23 **exactly who was circled, but I know that some famous**
01:28:25 24 **people were circled and some famous people were not**
01:28:29 25 **circled.**





01:28:29 1 Q. Would it be a reasonable inference, or a
01:28:36 2 possible reasonable inference to draw, that
01:28:39 3 Mr. Rodriguez was trying to highlight people who would
01:28:42 4 be of interest to the Press for purposes of selling the
01:28:45 5 book?
01:28:46 6 **A. No, because he was not talking to the Press.**
01:28:49 7 **He was talking to an FBI agent who had busted him for**
01:28:52 8 **criminal activity. And so I was assuming that what he**
01:28:54 9 **was trying to do, as many criminals do when they are**
01:28:58 10 **apprehended, was give information to law enforcement**
01:29:01 11 **agency that would be helpful so that they can catch**
01:29:03 12 **other "bigger fishes" is the phrase that's sometimes**
01:29:06 13 **used, so that the little fish would -- would get off or**
01:29:09 14 **get a cooperation deal from the law enforcement agency.**
01:29:12 15 **He was talking -- let's be clear. He was**
01:29:14 16 **talking to somebody he understood was an FBI agent at**
01:29:17 17 **the time, and so that was the context of the**
01:29:18 18 **conversation.**
01:29:19 19 Q. Do you have any personal knowledge that it's
01:29:22 20 in the context of talking to the FBI that Mr. Rodriguez
01:29:25 21 circled those names?
01:29:26 22 **A. I have reviewed -- I know I could refresh my**
01:29:30 23 **recollection here, but there's an FBI 302, a report of**
01:29:33 24 **interview of the circumstances surrounding**
01:29:35 25 **Mr. Rodriguez's arrest, and I believe I reviewed that**





01:29:38 1 **302.**
01:29:39 2 Q. Do you know whether the FBI, at any point,
01:29:47 3 contacted Professor Dershowitz to discuss any evidence
01:29:53 4 he might have after his name was circled on this
01:29:56 5 document?
01:29:57 6 **A. I don't have personal knowledge of what the**
01:29:58 7 **FBI did to follow up after that.**
01:30:01 8 Q. Okay. One of the names that's circled in the
01:30:05 9 book is Courtney Love. Do you know who she is?
01:30:08 10 **A. Not off the top of my head, no.**
01:30:12 11 Q. If I mention to you or if I represent that
01:30:16 12 she's a famous actress, any reason to question that?
01:30:19 13 **A. No.**
01:30:21 14 Q. In your view, was Courtney Love involved in
01:30:25 15 sex trafficking?
01:30:26 16 **A. I don't know.**
01:30:27 17 Q. In your view, was Courtney Love a witness to
01:30:32 18 sex trafficking?
01:30:33 19 **A. If -- is there a way -- are you representing**
01:30:36 20 **her name is circled?**
01:30:38 21 Q. Her name is circled on the book. In fact, we
01:30:40 22 can show it --
01:30:40 23 **A. Okay. Yeah.**
01:30:40 24 Q. It is circled on the book.
01:30:42 25 **A. Okay. Sure. Yeah, I mean, my -- my**





HOUSE_OVERSIGHT_010859

01:30:44 1 **understanding would be that if her -- and this is --**
01:30:46 2 **could I ask a question about the circling -- or your**
01:30:49 3 **representation?**
01:30:50 4 **Is the circling the same type of circling**
01:30:52 5 **that is done for Mr. Dershowitz, for example? Is it the**
01:30:56 6 **same, you know, handwriting, same ink, same -- same**
01:30:59 7 **appearance? You know, if it's consistent with the**
01:31:02 8 **circling -- are you representing it's consistent with**
01:31:04 9 **the circling?**
01:31:07 10 **Q.** Mr. Cassell, we have a document produced in
01:31:09 11 discovery that has various names circled. Looking at
01:31:14 12 the document, I don't see any difference among the
01:31:17 13 circles. Are you aware of any document --
01:31:20 14 MR. SCAROLA: Could we have a look -- could
01:31:21 15 we see the document?
01:31:25 16 MR. SIMPSON: Take a -- go off the record for
01:31:28 17 one moment.
01:31:28 18 THE WITNESS: We are going off the video
01:31:30 19 record, 10:03.
01:36:22 20 (Thereupon, a recess was taken.)
01:36:22 21 THE VIDEOGRAPHER: We are back on the video
01:36:24 22 record, 10:08 a.m.
01:36:30 23 MR. SIMPSON: Okay. Back on the record. I'm
01:36:31 24 going to ask the reporter to mark as Cassell
01:36:36 25 Exhibit 5, a multi-page document. It's a copy of





01:36:44 1 the address book we have been speaking about, and
01:36:49 2 ask that Doc -- Mr. Cassell to take a look at
01:36:51 3 this, and I'm going to ask him about certain of
01:36:55 4 the entries.
01:37:03 5 (Cassell's I.D. Exhibit No. 5 - copy of
01:37:03 6 address book was marked for identification.)
01:37:03 7 MR. SIMPSON: And I will note, I put a few
01:37:03 8 flags on here --
01:37:03 9 THE WITNESS: Sure.
01:37:06 10 MR. SIMPSON: -- to direct your attention --
01:37:06 11 THE WITNESS: Correct, yeah.
01:37:09 12 MR. SIMPSON: -- which we can -- I'll note
01:37:10 13 the pages for the record just so we have them.
01:37:16 14 38, 76, and 85.
01:37:24 15 THE WITNESS: Okay. I just -- I just want to
01:37:25 16 take two minutes or so --
01:37:25 17 BY MR. SIMPSON:
01:37:27 18 **Q.** Yeah. Take -- take a moment to look at it.
01:37:29 19 **A. Okay. I want to make a few notes, if that's**
01:38:07 20 **all right, just to get them in --**
01:38:07 21 **Q.** You're going to mark on the --
01:38:09 22 **A. No, not on the exhibit. I'm just going to**
01:38:11 23 **make notes to refresh my recollection so we don't have**
01:38:13 24 **to take time. I'm just -- I'm just making notes of the**
01:38:15 25 **context here. This will just take another minute is**





01:38:22 1 **all.**
01:38:23 2 **Q.** Take as long as you want to look at the
01:38:26 3 document.
01:38:27 4 **A. Super. Thank you.**
01:38:51 5 **Okay. Yeah. I think I'm -- I'm oriented**
01:38:54 6 **now. But I haven't looked at the Love entry.**
01:38:54 7 **Q.** My -- my first --
01:38:57 8 **A. I want to look at the Love --**
01:38:57 9 **Q.** -- question is: Is this a copy of the
01:39:02 10 address book that you referred to in your testimony?
01:39:05 11 **A. Yes.**
01:39:05 12 **Q.** Okay. And if you would take a look at the --
01:39:08 13 I've marked the entries for Courtney Love. Take a look
01:39:13 14 at that one.
01:39:13 15 **A. All right. I see it.**
01:39:14 16 **Q.** Okay. And then if you look at the last
01:39:16 17 entry, there's an entry for Professor Dershowitz that's
01:39:21 18 also circled. It should be on the flag. It's
01:39:26 19 two-sided.
01:39:26 20 **A. Oh, yeah.**
01:39:29 21 **Q.** Do you see that one?
01:39:30 22 **A. I see it.**
01:39:31 23 **Q.** And then also the other one I marked is
01:39:32 24 Donald Trump.
01:39:38 25 **A. Yes. Got it. I see those entries circled.**





01:39:47 1 **Q.** So am I right -- I'm right, am I not, that
01:39:50 2 among the others circled are: Courtney Love, Donald
01:39:54 3 Trump, and Alan Dershowitz, correct?
01:39:55 4 **A. Correct, among the others, yes.**
01:39:57 5 **Q.** And they are all circled in the same way; are
01:40:00 6 they not?
01:40:00 7 **A. Yeah. It's kind of a -- a box is what I**
01:40:04 8 **would say. Some, yes.**
01:40:06 9 **Q.** Is there anything on the face of that
01:40:08 10 document that leads you to conclude that the circling --
01:40:13 11 the significance of the circling is any different for
01:40:16 12 one person than another?
01:40:17 13 **A. No.**
01:40:18 14 **Q.** So based on the document, do you infer that
01:40:23 15 Courtney Love was involved in some kind of sexual abuse
01:40:30 16 of minors?
01:40:30 17 **A. I would infer that if I were running a**
01:40:35 18 **criminal investigation through the FBI and I'm trying to**
01:40:37 19 **find people who would have relevant information, she**
01:40:40 20 **would be one of the people I'd want to talk to. I mean,**
01:40:43 21 **the names that are circled here, Glenn Maxwell, one of**
01:40:45 22 **the identified traffickers, Epstein is circled, the**
01:40:48 23 **pilot -- one of the pilots is circled. So it's these**
01:40:51 24 **people that all seemed to be connected are -- are all**
01:40:55 25 **being marked here, and -- and the number of people that**





HOUSE_OVERSIGHT_010860

01:40:57 1 **are circled is, I would say, you know, 5 to 10 percent**
01:41:00 2 **of the -- of the names ball-parking in the dark.**
01:41:03 3 **Q.** Do you know whether this address book was
01:41:07 4 Jeffrey Epstein's address book or Glenn Maxwell's
01:41:11 5 address book?
01:41:12 6 **A. I'm not certain exactly whose book it is. I**
01:41:16 7 **actually thought it was Alfredo Rodriguez maintaining a**
01:41:19 8 **copy of records in case he was worried that Epstein**
01:41:22 9 **might try to have him killed at some point, and so this**
01:41:25 10 **was his insurance policy, I think he said, against that**
01:41:28 11 **happening.**
01:41:29 12 MR. SIMPSON: Object to the nonresponsive
01:41:31 13 portion of the answer.
01:41:31 14 BY MR. SIMPSON:
01:41:32 15 **Q.** Is the answer to my question: You don't know
01:41:34 16 whether it was Jeffrey Epstein's or Glenn Maxwell's
01:41:38 17 address book?
01:41:39 18 **A. I don't know. And the reason I don't know**
01:41:41 19 **that is because I actually believe it is neither --**
01:41:44 20 **neither of their -- that's -- is it one or the other?**
01:41:46 21 **Actually, I think it's a third possibility. I think**
01:41:48 22 **this was Alfredo Rodriguez's insurance policy against**
01:41:51 23 **getting knocked off by Jeffrey Epstein.**
01:41:55 24 **Q.** So that's the view you have of the
01:42:04 25 significance of this document?





01:42:06 1 **A. Yes. In part. I mean, there are other**
01:42:08 2 **reasons it's significant, as we have been talking about,**
01:42:10 3 **names are circled who appear to have relevant**
01:42:13 4 **information on Jeffrey Epstein's criminal activities.**
01:42:17 5 **Q.** Donald Trump was a friend of Jeffrey Epstein;
01:42:22 6 is that not correct?
01:42:23 7 **A. I really don't -- my understanding is, yes,**
01:42:26 8 **but I -- I don't have a lot of information about Trump.**
01:42:29 9 **Q.** It's true also, is it not, that Mr. Trump was
01:42:34 10 a frequent visitor to Mr. Epstein's residence?
01:42:38 11 **A. I -- I know that he visited frequent. I -- I**
01:42:41 12 **don't have a lot of information about Trump.**
01:42:43 13 **Q.** And his name is circled in this book; is it
01:42:47 14 not?
01:42:47 15 **A. I believe it is.**
01:42:48 16 **Q.** Based on him -- assuming he's a frequent
01:42:52 17 visitor to Mr. Epstein's home, and that he's a friend of
01:43:00 18 Mr. Epstein's, and that his name is circled in this
01:43:03 19 book, do you infer that he was engaged in criminal
01:43:09 20 sexual abuse of minors?
01:43:11 21 MS. McCAWLEY: I'm going to object to the
01:43:13 22 extent that your answer would reveal anything
01:43:16 23 that my client has told you.
01:43:16 24 THE WITNESS: No.
01:43:17 25





01:43:17 1 BY MR. SIMPSON:
01:43:17 2 **Q.** But based on your testimony previously, you
01:43:20 3 would consider all of those facts to be evidence that he
01:43:26 4 may have been?
01:43:28 5 **A. They are, you know, certainly things that I**
01:43:31 6 **would want to follow up on.**
01:43:32 7 **Q.** And --
01:43:34 8 **A. If I were running an -- we were in the**
01:43:36 9 **context, I take it, of your question, you know, if**
01:43:38 10 **somebody is running an investigation into the**
01:43:42 11 **organization, so...**
01:43:43 12 **Q.** Did you, in the course of your representation
01:43:47 13 of Miss Roberts or any of the other Jane Doe clients you
01:43:56 14 have had who have had claims against Mr. Epstein, make
01:43:58 15 any effort to find out whether Mr. Trump had abused any
01:44:02 16 of them?
01:44:04 17 MR. EDWARDS: I would just object to this
01:44:09 18 being work-product privilege as it relates to
01:44:10 19 other cases that I'm working on with Paul that
01:44:12 20 Jack is not involved in.
01:44:12 21 MR. SIMPSON: Okay.
01:44:15 22 MR. EDWARDS: With respect to what we did
01:44:16 23 during our investigation on behalf of other
01:44:18 24 clients.
01:44:19 25 MR. SIMPSON: Okay.





01:44:20 1 MS. McCAWLEY: Right. And I object on that
01:44:20 2 to the extent that it reveals anything you did on
01:44:23 3 behalf of Virginia Roberts.
01:44:23 4 MR. EDWARDS: I don't think Jack would know
01:44:26 5 to object to this, but because I know of another
01:44:28 6 case that we work on, that's protected by our
01:44:30 7 work-product privilege, who I talked to and who I
01:44:32 8 did not.
01:44:32 9 THE WITNESS: I'd like to --
01:44:32 10 MR. SCAROLA: In that case, I instruct you
01:44:34 11 not to answer.
01:44:34 12 THE WITNESS: All right.
01:44:37 13 MR. SIMPSON: All right. You're here,
01:44:39 14 Mr. Edwards, as a client, not an attorney,
01:44:41 15 correct?
01:44:42 16 MR. EDWARDS: Yes. That's my primary role in
01:44:44 17 being here, but I'm going to protect the
01:44:46 18 privilege to the extent that it's not being
01:44:47 19 protected by others who don't recognize that the
01:44:50 20 privilege needs to be protected on other matters.
01:44:52 21 MR. SIMPSON: Okay.
01:44:53 22 BY MR. SIMPSON:
01:44:58 23 **Q.** Mr. Cassell, as of December 30th of 2014,
01:45:03 24 were you aware that Professor Dershowitz had visited
01:45:09 25 Mr. Epstein's home and stayed as a guest for a week in





HOUSE_OVERSIGHT_010861

01:45:14 1 the company of his grandchildren, among other family
01:45:18 2 members?
01:45:19 3 **A. I'm sorry. Which residence? Which Epstein**
01:45:23 4 **residence?**
01:45:23 5 Q. Palm Beach.
01:45:25 6 **A. Can you -- can you restate?**
01:45:25 7 Q. Yes.
01:45:27 8 **A. I mean that's kind of a compound question. I**
01:45:30 9 **mean...**
01:45:30 10 Q. Well, let me rephrase it. I will be clear.
01:45:31 11 **A. Yeah.**
01:45:32 12 Q. Were you aware as of December 30th of 2014 --
01:45:36 13 let me back up a moment.
01:45:37 14 **A. Sure.**
01:45:37 15 Q. You indicated yesterday that part of the
01:45:40 16 basis for your conclusion that this pleading -- it was
01:45:44 17 appropriate to file this pleading accusing Professor
01:45:49 18 Dershowitz of misconduct was that he was a guest at the
01:45:53 19 Palm Beach house, correct?
01:45:55 20 **A. No. It was more than that. He was a**
01:45:57 21 **frequent guest, a frequent overnight guest.**
01:46:01 22 Q. My question is: As of December 30th, 2014,
01:46:06 23 were you aware that Professor Dershowitz had spent a
01:46:10 24 week at the Palm Beach house with family members,
01:46:13 25 including his grandchildren?





01:46:15 1 **A. No.**
01:46:15 2 Q. Okay. Do you think it's reasonable -- would
01:46:20 3 it be reasonable to believe that someone who is
01:46:23 4 committing criminal sexual abuse of minors at a home
01:46:28 5 where such abuse, as you understand it, is a daily
01:46:33 6 occurrence would bring his grandchildren to stay for a
01:46:35 7 week?
01:46:35 8 **A. It would depend on the circumstances. I**
01:46:37 9 **mean, you know, so -- you know, it would depend on the**
01:46:40 10 **circumstances.**
01:46:40 11 MR. SCAROLA: Are you representing that
01:46:41 12 Jeffrey Epstein was there at the time?
01:46:42 13 MR. SIMPSON: I'm not answering questions.
01:46:44 14 I'm asking questions.
01:46:45 15 MR. SCAROLA: Oh, okay.
01:46:45 16 BY MR. SIMPSON:
01:46:47 17 Q. So, in your view, you can -- let me -- let me
01:46:50 18 rephrase that.
01:46:52 19 You say it would depend on the
01:46:54 20 circumstances --
01:46:54 21 **A. Sure. Sure.**
01:46:54 22 Q. -- that's your answer?
01:46:55 23 **A. Yes.**
01:46:56 24 Q. Okay. So that you don't find it incongruous
01:47:00 25 that someone who knows that a particular home is the





01:47:08 1 scene of ongoing criminal abuse of minors, and who
01:47:12 2 himself, has engaged in that criminal abuse, would bring
01:47:16 3 his grandchildren to stay there for a week?
01:47:18 4 **A. It would depend on the circumstances.**
01:47:21 5 Q. When you say that Professor Dershowitz was a
01:47:33 6 regular guest at the mansion, at the Palm Beach house,
01:47:41 7 it's correct, is it not, that you're referring to a
01:47:43 8 period after Virginia Roberts had left for Thailand?
01:47:47 9 **A. No.**
01:47:49 10 Q. Are you aware of any evidence -- let me back
01:47:55 11 that up.
01:47:57 12 Are -- during the period that Virginia
01:47:59 13 Roberts contends she was sexually abused, which I
01:48:02 14 understand to be middle of 1999 to middle of 2002 -- is
01:48:09 15 that consistent with your understanding?
01:48:10 16 **A. Approximately, yes.**
01:48:12 17 Q. -- how many times did Professor Dershowitz
01:48:14 18 visit the Palm Beach mansion during that period?
01:48:17 19 **A. My understanding is in the neighborhood of --**
01:48:21 20 **what was it? Three to five times a year, staying two to**
01:48:25 21 **three nights at a time.**
01:48:26 22 Q. And was that your understanding as of
01:48:29 23 December 30th of 2014?
01:48:32 24 **A. Yes.**
01:48:32 25 Q. What was the basis for your understanding,





01:48:38 1 what pieces, what documents, or testimony?
01:48:41 2 **A. Right. The information, you know, I gave a**
01:48:44 3 **long presentation yesterday. So it was that**
01:48:46 4 **information.**
01:48:48 5 Q. I want to focus now specifically -- I'm not
01:48:50 6 looking for a full answer on your entire views --
01:48:50 7 **A. Yeah, right.**
01:48:53 8 Q. -- on the case.
01:48:53 9 **A. I appreciate that.**
01:48:54 10 Q. I just want to say, you've testified that you
01:48:57 11 understood as of December 30th, 2014, that Professor
01:49:03 12 Dershowitz had -- was a visitor at the Palm Beach
01:49:04 13 mansion three to five times during this relevant period
01:49:09 14 of 1999 to -- middle of 1999 to the middle of 2002.
01:49:14 15 What was the basis on December 30th of 2014, for just
01:49:20 16 that fact?
01:49:21 17 **A. Right. I mean, I will take about a minute**
01:49:23 18 **here because there are a few things I want --**
01:49:25 19 Q. Okay. And I want to make sure my question is
01:49:28 20 clear.
01:49:28 21 **A. Sure.**
01:49:29 22 Q. I'm not asking you about any of your
01:49:30 23 inferences about anything else. Just, what's the basis
01:49:34 24 for your belief that he visited three to five times
01:49:38 25 during that two-year period?





HOUSE_OVERSIGHT_010862

01:49:39 1 MR. SCAROLA: Could I ask for a
01:49:40 2 clarification? Are you looking only for direct
01:49:42 3 evidence and you want to exclude the
01:49:44 4 circumstantial evidence? Is that the way you
01:49:45 5 want to --
01:49:46 6 MR. SIMPSON: I'm asking. You can object to
01:49:48 7 the form.
01:49:48 8 BY MR. SIMPSON:
01:49:48 9 Q. My question is: What was -- what were you --
01:49:51 10 what did you have in mind as supporting your conclusion
01:49:57 11 or belief that he -- that Professor Dershowitz visited
01:50:02 12 three to five times during that relevant period?
01:50:04 13 MS. McCAWLEY: And I'm sorry. Can I just
01:50:06 14 place an objection on the record. I'm going to
01:50:07 15 object to the extent that -- so that you do not
01:50:10 16 reveal attorney/client privileged communication,
01:50:12 17 unless it's something that's already public that
01:50:15 18 she's revealed.
01:50:15 19 THE WITNESS: Okay. Right. So I'm going to
01:50:17 20 just exclude -- I take it your question isn't
01:50:19 21 asking about any communications.
01:50:19 22 BY MR. SIMPSON:
01:50:22 23 Q. My question is asking about that, but I
01:50:24 24 understand you're going to refuse to provide it.
01:50:25 25 MS. McCAWLEY: Unless it's already public.





01:50:28 1 THE WITNESS: Okay. So as of December 30th,
01:50:30 2 I'm going to exclude any communications from
01:50:33 3 Virginia Roberts from --
01:50:34 4 MR. SCAROLA: Except to extent that they have
01:50:37 5 already been made public. That is, if she has
01:50:39 6 given express permission to make disclosures,
01:50:43 7 these were not confidential communications, but
01:50:46 8 communications intended to be communicated to
01:50:48 9 third parties, then you are permitted to include
01:50:52 10 information from Virginia Roberts in your
01:50:54 11 response to that extent. And I -- go ahead.
01:51:00 12 THE WITNESS: Okay.
01:51:00 13 BY MR. SIMPSON:
01:51:00 14 Q. As of December --
01:51:01 15 A. **Right.**
01:51:03 16 Q. -- 30th, 2014 --
01:51:06 17 A. **Right.**
01:51:06 18 Q. -- correct? So --
01:51:06 19 A. **Yeah, that's right.**
01:51:07 20 Q. -- any -- any public statements by her after
01:51:10 21 December 30th, 2014 would not be included in the answer.
01:51:14 22 A. **Okay.**
01:51:14 23 MS. McCAWLEY: But let me be clear. Let me
01:51:16 24 be clear about my objection. To the extent that
01:51:18 25 she revealed something to you in a nonprivileged





01:51:23 1 context, in other words, information that was
01:51:25 2 going to be disclosed, not for advice, but
01:51:26 3 factual information that she intended to
01:51:28 4 disclose, that's no -- that's not privileged.
01:51:30 5 But if it's something that she communicated to
01:51:32 6 you in confidence with respect to getting legal
01:51:36 7 advice, then that would be privileged.
01:51:39 8 THE WITNESS: Right. Okay. So Juan Alessi's
01:51:45 9 deposition, Alfredo Rodriguez's deposition, and
01:51:49 10 then considerable circumstantial evidence which
01:51:52 11 we don't have to rehash here involving the close
01:51:55 12 personal association between Epstein and
01:52:00 13 Dershowitz.
01:52:00 14 I mean, again, we can rehash all of that, but
01:52:03 15 those were -- those are -- that's kind of a
01:52:04 16 quick -- because I know you want to get to a lot
01:52:06 17 of questions -- that's a quick sort of highlight
01:52:09 18 film, if you will.
01:52:09 19 BY MR. SIMPSON:
01:52:11 20 Q. Mr. Cassell, isn't it true that Mr. Rodriguez
01:52:14 21 was not hired until several years after the Summer --
01:52:19 22 A. **2004.**
01:52:20 23 Q. Let me ask it again.
01:52:21 24 -- until well after 2002?
01:52:22 25 A. **Yeah, about 2004.**





01:52:23 1 Q. And Mr. Rodriguez would have no personal
01:52:28 2 knowledge of how often Professor Dershowitz visited
01:52:31 3 during a period two years or three years before he was
01:52:34 4 hired; isn't that true?
01:52:35 5 A. **So, look, this is -- this is why I was trying**
01:52:37 6 **to speed up the answer to the question. We have a sex**
01:52:41 7 **trafficking organization that is running a common scheme**
01:52:43 8 **and plan that is continuing on until it was interrupted**
01:52:45 9 **by law enforcement about 2005 and 2006.**
01:52:49 10 **So what the -- the criminal organization is**
01:52:51 11 **doing in 2004, unless I have some significant evidence**
01:52:54 12 **that it's different than what was going on in 2002,**
01:52:58 13 **2001, 2000, 1999, I think it's reasonable to conclude**
01:53:01 14 **that the same sort of criminal activities are going on**
01:53:03 15 **later.**
01:53:04 16 **So if -- if you want -- if you want me to get**
01:53:07 17 **into the -- the full scope of the criminal organization,**
01:53:09 18 **we can get into it. But the fact that somebody in 2004**
01:53:13 19 **sees this going on, leads me to conclude that it's**
01:53:16 20 **probably the same thing going on in the absence of other**
01:53:19 21 **information in 2001.**
01:53:21 22 Q. So from Mr. Rodriguez's testimony about what
01:53:28 23 was going on, so to speak -- and my question related,
01:53:32 24 what was going on the number of times that Professor
01:53:35 25 Dershowitz visited. That's the topic.





HOUSE_OVERSIGHT_010863

01:53:37 1 A. **Right.**
01:53:37 2 Q. That because he visited, according to
01:53:40 3 Mr. Rodriguez, several times a year in 2004, 2005, he
01:53:45 4 must have visited several times a year in 2000 -- 19- --
01:53:52 5 middle of 1999 to the middle of 2002.
01:53:55 6 A. **I didn't say must have. I said that that's**
01:53:57 7 **going to be evidence of the common scheme and plan, and**
01:53:59 8 **then, in the absence of, you know, some falling out**
01:54:02 9 **between people or somebody becoming, you know, more**
01:54:05 10 **associated or less associated with a criminal**
01:54:07 11 **organization. I mean, if you want to get into the**
01:54:09 12 **circumstantial evidence, in 2003, there's an article on**
01:54:13 13 **which, you know, Dershowitz identifies himself --**
01:54:15 14 Q. Let me interrupt you because I'm asking --
01:54:15 15 A. **Okay.**
01:54:18 16 Q. -- about -- my only question is evidence of
01:54:18 17 how -- not anything, whether engaged in conduct or
01:54:23 18 didn't engage in conduct, just how many times he came
01:54:26 19 during this period.
01:54:26 20 A. **Right.**
01:54:26 21 MR. SCAROLA: Excuse me, counsel. That's the
01:54:28 22 reason why I asked you to clarify whether you
01:54:30 23 want to limit this to direct evidence or whether
01:54:33 24 you want all of the evidence including
01:54:35 25 circumstantial evidence, because as we both know,





01:54:39 1 circumstantial evidence is good evidence. A
01:54:42 2 well-connected chain of circumstance can be --
01:54:45 3 MR. SIMPSON: We really don't need a speech.
01:54:47 4 MR. SCAROLA: -- a well-connected --
01:54:47 5 MR. SIMPSON: We really don't --
01:54:48 6 MR. SCAROLA: -- chain of circumstance may be
01:54:49 7 as compelling proof as direct evidence of a given
01:54:53 8 fact. That's the law.
01:54:55 9 If you don't want --
01:54:57 10 MR. SIMPSON: Really, sir.
01:54:55 11 MR. SCAROLA: -- the circumstantial
01:54:56 12 evidence --
01:54:57 13 MR. SIMPSON: Mr. Scarola --
01:54:57 14 MR. SCAROLA: -- tell us that.
01:54:58 15 MR. SIMPSON: -- please don't make speeches,
01:54:59 16 and please don't coach the witness.
01:55:01 17 MR. SCAROLA: Just tell us that. I'm not
01:55:02 18 coaching the witness. I'm asking you -- you're
01:55:06 19 asking ambiguous questions.
01:55:08 20 MR. SIMPSON: There's nothing ambiguous --
01:55:09 21 MR. SCAROLA: If you want only direct
01:55:10 22 evidence, we will give you only direct evidence.
01:55:13 23 If you want a full and complete answer, it's
01:55:15 24 got to include circumstantial evidence, so don't
01:55:19 25 cut him off when he's giving you that.





01:55:20 1 MR. SIMPSON: Really, objecting to the form
01:55:23 2 of the question preserves all of any problems
01:55:26 3 there may be with the question.
01:55:27 4 MR. SCAROLA: No, sir.
01:55:27 5 MR. SIMPSON: We don't need a speech.
01:55:27 6 MR. SCAROLA: It doesn't. It doesn't.
01:55:27 7 BY MR. SIMPSON:
01:55:32 8 Q. Mr. Cassell, is it your testimony that, from
01:55:37 9 Mr. Rodriguez's testimony about how often he says
01:55:43 10 Professor Dershowitz visited in a 2004/2005 time frame,
01:55:49 11 it's fair to draw an inference about how often he
01:55:52 12 visited in an earlier -- three-year earlier time frame?
01:55:56 13 A. **In the circumstances of this case,**
01:55:59 14 **absolutely.**
01:55:59 15 Q. And would it be fair to infer from the number
01:56:03 16 of times that Donald Trump visited three years later,
01:56:09 17 how often he visited at an earlier period?
01:56:09 18 A. **I did not investigate the circumstances**
01:56:12 19 **involving Trump. He wasn't somebody that was coming up.**
01:56:16 20 Q. Were you aware on December 30th of 2014 that
01:56:25 21 Donald Trump was quoted in Vanity Fair as saying: "I've
01:56:28 22 known Jeff" -- referring to Epstein -- oh, I'm sorry.
01:56:34 23 It was a New Yorker Magazine, not Vanity Fair. That he
01:56:37 24 was quoted as saying: "I've known Jeff" -- referring to
01:56:40 25 Epstein -- "for 15 years. Terrific guy. And he's a lot





01:56:44 1 of fun to be with." It even said that: "He likes
01:56:47 2 beautiful women as much as I do, and many of them are on
01:56:52 3 the younger side. No doubt about it, Jeffrey enjoys the
01:56:56 4 social -- social life"? Were you aware of that on
01:56:57 5 December 30th, 2014?
01:56:58 6 A. **Possibly. I mean that sounds vaguely**
01:57:01 7 **familiar. Trump has just not been somebody that -- that**
01:57:05 8 **I've paid much attention to in this case.**
01:57:07 9 Q. Based on that statement, and the facts we
01:57:14 10 discussed earlier about Mr. Trump visiting and being a
01:57:21 11 friend, and the other circumstances we discussed, are
01:57:24 12 you suspicious about whether he engaged in sexual
01:57:27 13 misconduct with minors?
01:57:29 14 MS. McCAWLEY: I'm going to object to the
01:57:30 15 extent that you can't reveal anything that my
01:57:31 16 client has informed you of.
01:57:33 17 THE WITNESS: Right. If we set aside that
01:57:35 18 information, I'm not -- I'm not suspicious, no,
01:57:39 19 not given the information I have.
01:57:39 20 BY MR. SIMPSON:
01:57:40 21 Q. Okay. So notwithstanding that his name is
01:57:42 22 circled in the address book, he was a good friend, he
01:57:49 23 visited often, and he was quoted as saying that Jeff was
01:57:54 24 a terrific guy who liked young women almost as much as
01:57:58 25 Trump did, you're not even suspicious?





HOUSE_OVERSIGHT_010864

01:58:01 1 **A. Not -- you know, let's break that down in a**
01:58:05 2 **couple pieces.**
01:58:06 3 **The fact that his name is circled, if I were**
01:58:08 4 **running an FBI investigation, I'd go send somebody to**
01:58:10 5 **see what he knew about it, but no, it would take a lot**
01:58:13 6 **more for me to become suspicious that somebody is**
01:58:16 7 **involved in -- in sexual activity like that.**
01:58:19 8 Q. Okay. So you would agree with me then, that
01:58:21 9 the fact that a person often visited the mansion, the
01:58:24 10 person -- the fact that a person was a friend of
01:58:27 11 Mr. Epstein for 15 years, the fact that the person had
01:58:32 12 stated publicly that: "Mr. Epstein liked young women
01:58:36 13 almost as much as I do myself," and the fact that the
01:58:40 14 name is circled in the address book is not sufficient to
01:58:43 15 raise a suspicion that that person engaged in sexual
01:58:47 16 misconduct?
01:58:47 17 **A. So...**
01:58:48 18 Q. Yes or no. It's a yes or no question.
01:58:51 19 **A. It requires --**
01:58:51 20 MR. SCAROLA: You're not required to answer
01:58:53 21 yes or no, if a yes or no response alone would be
01:58:55 22 misleading.
01:58:56 23 THE WITNESS: The problem is the word
01:58:57 24 "suspicion." I'm not particularly suspicious on
01:58:59 25 those facts, but it -- you know, what do you mean





01:59:03 1 by "suspicion"? If I -- if I were running an FBI
01:59:04 2 investigation and somebody circled a name as --
01:59:06 3 as saying, look, this fellow may have some
01:59:09 4 information, I'd go follow up on that.
01:59:10 5 If you say that's suspicion, then the answer
01:59:13 6 would be, yes. But I -- you know, based on that
01:59:15 7 information alone, no. I mean that -- that
01:59:18 8 wouldn't -- wouldn't be enough for me to, you
01:59:22 9 know, invest time and energy into that particular
01:59:26 10 possibility.
01:59:26 11 BY MR. SIMPSON:
01:59:27 12 Q. Okay. So none of those facts are sufficient
01:59:31 13 even to justify spending time and energy, correct?
01:59:34 14 **A. Unless -- if I'm running -- this is -- again,**
01:59:37 15 **what do you mean by "suspicion"? Time and energy in the**
01:59:42 16 **context of somebody who is running a pro bono case with**
01:59:44 17 **limited resources to try to figure out what the sex**
01:59:47 18 **trafficking ring's going to do, I'm not going to chase**
01:59:49 19 **after that rabbit. It seems farfetched.**
01:59:53 20 **I'm going to focus my efforts on the people**
01:59:53 21 **who appear to be more directly involved.**
01:59:56 22 Q. Okay. So based on the facts that I gave you
01:59:59 23 a moment ago, you think it's farfetched that Donald
02:00:04 24 Trump was engaged in abusing minors?
02:00:07 25 **A. If that's all I had, I would not invest time**





02:00:11 1 **and energy in that, right.**
02:00:12 2 Q. And you referred to your pro bono case. What
02:00:16 3 is your best estimate of how much money you have made
02:00:21 4 representing victims of Jeffrey Epstein?
02:00:24 5 **A. In which case are we talking about now?**
02:00:26 6 Q. Any -- any case representing a victim of
02:00:28 7 Jeffrey Epstein.
02:00:29 8 **A. I need to confer with --**
02:00:33 9 MS. McCAWLEY: Yeah. I'm going to object.
02:00:33 10 BY MR. SIMPSON:
02:00:34 11 Q. And that -- that's a fact -- that's not a
02:00:36 12 privileged question. That's a factual question.
02:00:37 13 **A. Factual. Well, there are -- there are --**
02:00:38 14 Q. Just how much money? You don't have to tell
02:00:41 15 me who the clients are. Just how much money?
02:00:44 16 **A. Okay. I need to --**
02:00:46 17 MR. SIMPSON: There's a question pending. I
02:00:47 18 object to a break. There's no possible
02:00:48 19 privilege.
02:00:48 20 MR. SCAROLA: He has a privilege -- he has a
02:00:50 21 privilege question. He wants to consult with
02:00:51 22 counsel.
02:00:51 23 MR. SIMPSON: Well, really? My question is
02:00:53 24 how much money, and that's privileged?
02:00:55 25 MR. SCAROLA: It may be. I don't know. We





02:00:56 1 need to talk.
02:00:57 2 THE WITNESS: That's why I need to --
02:00:58 3 MR. SCOTT: There's no federal law or state
02:01:01 4 law that supports that financial information and
02:01:02 5 fees is privileged.
02:01:03 6 MS. McCAWLEY: We can argue about that
02:01:05 7 because that's in my motion, so we can argue
02:01:09 8 about that.
02:01:09 9 MR. SIMPSON: Well, can -- can --
02:01:09 10 MR. SCOTT: That one, I know all about.
02:01:10 11 MR. SCAROLA: You're objecting to our taking
02:01:11 12 a break --
02:01:11 13 MR. SIMPSON: I am objecting --
02:01:11 14 MR. SCAROLA: -- while this question is
02:01:13 15 pending?
02:01:13 16 MR. SIMPSON: That's correct.
02:01:14 17 MR. SCAROLA: It is our position that the
02:01:16 18 witness has a legal question about privilege. We
02:01:20 19 are going to take a break. We are going to talk
02:01:22 20 about it. It may turn out that it's not a
02:01:24 21 problem at all. I don't know.
02:01:26 22 THE VIDEOGRAPHER: We are going off the video
02:01:28 23 record, 10:38.
02:01:29 24 MR. SIMPSON: With my note, we are taking a
02:01:32 25 break over my objection.





HOUSE_OVERSIGHT_010865

02:01:34 1 THE VIDEOGRAPHER: 10:38.
02:01:41 2 (Thereupon, a recess was taken.)
02:15:10 3 THE VIDEOGRAPHER: We are back on the video
02:16:42 4 record, 10:49 a.m.
02:16:42 5 BY MR. SIMPSON:
02:16:44 6 Q. Back on the record. My question,
02:16:46 7 Mr. Cassell, was: What is your best estimate of how
02:16:50 8 much money you have made representing victims of Jeffrey
02:16:56 9 Epstein?
02:16:56 10 **A. In which case are we talking about?**
02:16:58 11 Q. In -- in any case. Combined total.
02:17:01 12 **A. Okay. With regard to the CVRA case, that's**
02:17:04 13 **pro bono, no money there. With regard to the other**
02:17:07 14 **cases, I'd like to answer your question, but due to**
02:17:10 15 **confidentiality obligations that have been imposed upon**
02:17:13 16 **me by Jeffrey Epstein, in the course of negotiating**
02:17:16 17 **those cases, I'm not permitted to answer that question.**
02:17:23 18 MR. SCAROLA: We are certainly willing to
02:17:25 19 respond appropriately to a court order in that
02:17:27 20 regard, but it requires a court order to release
02:17:30 21 us from the contractual confidentiality
02:17:33 22 obligations that we are under.
02:17:33 23 BY MR. SIMPSON:
02:17:36 24 Q. Is it your testimony, Mr. Cassell, that there
02:17:41 25 are confidentiality agreements with Mr. Epstein that





02:17:45 1 preclude you from giving the total amount paid without
02:17:51 2 breaking it down into particular cases?
02:17:53 3 **A. I'm sorry. I didn't understand.**
02:17:54 4 Q. Oh, maybe that wasn't clear. Let me do it
02:17:58 5 this way so we avoid --
02:18:00 6 **A. Yeah.**
02:18:00 7 Q. -- the confidentiality issues.
02:18:01 8 In how many cases have you been counsel for a
02:18:07 9 person suing Mr. Epstein alleging that she was a victim?
02:18:12 10 **A. Counsel of record?**
02:18:14 11 Q. Put it this way. How -- well, start with
02:18:17 12 that, counsel of record.
02:18:18 13 **A. I believe three.**
02:18:19 14 Q. Okay. And in addition to those three, have
02:18:26 15 you assisted other counsel in some way without becoming
02:18:29 16 counsel of record in cases by women suing Mr. Epstein
02:18:36 17 alleging that they had been abused?
02:18:38 18 **A. I believe there's one other case in addition**
02:18:41 19 **to the counsel of record case.**
02:18:42 20 Q. And without telling me --
02:18:44 21 **A. I'd -- I'd have to go double-check my record.**
02:18:46 22 **This is an approximate best recollection.**
02:18:46 23 Q. All right.
02:18:48 24 **A. It's about four.**
02:18:49 25 Q. To the best of your recollection, you were





02:18:51 1 counsel of record in three cases and you were involved
02:18:56 2 in another case -- at least one other case in which you
02:18:58 3 did not appear --
02:18:58 4 **A. That's right.**
02:18:59 5 Q. -- as counsel of record; is that correct?
02:19:00 6 **A. That's -- that's my recollection right now,**
02:19:03 7 **yeah.**
02:19:03 8 Q. All right. How many of those cases have been
02:19:05 9 resolved at this point?
02:19:06 10 **A. All. All -- of the four, I recall all four**
02:19:08 11 **have been resolved.**
02:19:09 12 Q. Okay. Without telling me the amount, did you
02:19:12 13 receive -- all four were settled; is that right?
02:19:15 14 **A. Correct.**
02:19:15 15 Q. Without telling me the amount, is it correct
02:19:21 16 that in all four of those cases, you received a legal
02:19:27 17 fee?
02:19:28 18 **A. I think that starts to call for a question I**
02:19:33 19 **need to consult with my attorney about.**
02:19:36 20 Q. Simply the question of whether in each of
02:19:39 21 them you received a fee?
02:19:40 22 **A. I just want to...**
02:19:42 23 THE WITNESS: Is -- is there any problem --
02:19:42 24 MR. SCAROLA: You can respond to that. You
02:19:43 25 can answer yes or no to that question.





02:19:44 1 THE WITNESS: Yes, I received something.
02:19:45 2 BY MR. SIMPSON:
02:19:48 3 Q. Okay. Was the fee -- and if it's different
02:19:50 4 for the -- the cases, tell me, but was it a contingent
02:19:54 5 fee or some kind of hourly fee?
02:19:56 6 MR. SCAROLA: That -- that does get into
02:19:59 7 attorney/client privileged matters. The terms --
02:20:03 8 MR. SIMPSON: You're instructing him not to
02:20:04 9 answer?
02:20:04 10 MR. SCAROLA: -- the terms of the
02:20:04 11 representation are attorney/client privilege. I
02:20:06 12 instruct him not to answer.
02:20:08 13 MR. SIMPSON: All right.
02:20:09 14 BY MR. SIMPSON:
02:20:10 15 Q. In addition to these four cases that have
02:20:13 16 been resolved, are you representing any other clients
02:20:18 17 who are alleging, in a case seeking monetary damages,
02:20:23 18 that they were abused by Jeffrey Epstein?
02:20:28 19 **A. I --**
02:20:28 20 MS. McCAWLEY: I'm going to object to the
02:20:29 21 extent that this seeks any information related to
02:20:33 22 Virginia Roberts that could be deemed privileged
02:20:35 23 or confidential.
02:20:36 24 THE WITNESS: So what's the...
02:20:36 25





HOUSE_OVERSIGHT_010866

02:20:36 1 BY MR. SIMPSON:
02:20:38 2 Q. I'm -- I'm trying to close a loop here.
02:20:40 3 A. **Yeah.**
02:20:40 4 Q. I'm asking whether you were involved in any
02:20:44 5 other cases in which claims have been made against
02:20:47 6 Jeffrey Epstein for damages that are still active; they
02:20:52 7 have not been resolved?
02:20:53 8 A. **So we are talking civil cases, unresolved**
02:20:58 9 **civil cases against Jeffrey Epstein right now?**
02:20:59 10 Q. Unresolved cases seeking money from Jeffrey
02:21:02 11 Epstein.
02:21:02 12 MR. SCAROLA: And to the extent that that
02:21:03 13 question calls for matters that are of public
02:21:06 14 record, then, obviously, you can respond.
02:21:08 15 THE WITNESS: Right. Yeah. None.
02:21:09 16 BY MR. SIMPSON:
02:21:10 17 Q. Are there -- and I'm not asking for the name.
02:21:11 18 Are there any not of public record that --
02:21:15 19 A. **What would be a "not"?**
02:21:16 20 Q. Well, if you had made a claim that's not in
02:21:19 21 suit, for example.
02:21:20 22 A. **Oh, against Jeffrey Epstein?**
02:21:21 23 Q. Yes.
02:21:21 24 A. **Yeah. No, I don't -- I don't think there's**
02:21:25 25 **anything. Yeah, no -- no claims against Epstein, right.**





02:21:30 1 Q. And -- and it's true, is it not, that if
02:21:33 2 you're successful in the CVRA case, in setting aside the
02:21:37 3 nonprosecution agreement, you expect to get other
02:21:41 4 clients who will have claims against Jeffrey Epstein?
02:21:45 5 A. **If we -- in civil claims?**
02:21:47 6 Q. Claims for damages, claims for money from
02:21:50 7 Jeffrey Epstein.
02:21:51 8 A. **That -- I mean, that starts to -- if the**
02:21:55 9 **nonprosecution agreement is set aside?**
02:21:58 10 Q. Yes, if you're successful.
02:21:59 11 A. **I haven't really -- that sounds pretty**
02:22:02 12 **speculative. I haven't really thought about the**
02:22:04 13 **civil -- the focus of the CVRA case is criminal. I**
02:22:08 14 **haven't thought about, you know, whether, civil claims**
02:22:11 15 **could somehow arise out of that. I mean, we are talking**
02:22:14 16 **about, you know, events that took place long ago. There**
02:22:18 17 **would be statute of limitations issues, you know.**
02:22:20 18 **Whether they are viable civil claims at this point has**
02:22:24 19 **not been something that I have, you know, given much**
02:22:25 20 **thought to.**
02:22:26 21 Q. So is it your testimony then that you have
02:22:28 22 not thought about the question of whether success in the
02:22:33 23 CVRA case may or result in you obtaining additional
02:22:39 24 clients with claims for money damages against Jeffrey
02:22:41 25 Epstein?





02:22:42 1 A. **Yeah. That hasn't been something that I have**
02:22:44 2 **focused on, no. I mean...**
02:22:46 3 Q. It is -- it is correct, is it not, that you
02:22:49 4 anticipate that if you are successful in setting aside
02:22:53 5 the nonprosecution agreement, that the names of
02:22:58 6 additional victims will become known; didn't you testify
02:23:01 7 to that yesterday?
02:23:03 8 A. **I -- I'm not -- I must be confused here. I**
02:23:07 9 **don't remember.**
02:23:07 10 Q. Well, wait -- I don't want to -- you know,
02:23:09 11 let me ask the question --
02:23:09 12 A. **Yeah.**
02:23:10 13 Q. -- rather than my recollection.
02:23:11 14 A. **Yeah, yeah. That's what I'm not...**
02:23:12 15 Q. My question is: Do you anticipate that if
02:23:15 16 you're successful in setting aside the nonprosecution
02:23:18 17 agreement, that the names of additional victims will
02:23:23 18 become known?
02:23:24 19 A. **Additional Epstein victims at this point?**
02:23:26 20 Q. Yes.
02:23:26 21 A. **Again, it's pretty speculative. The --**
02:23:30 22 **the issue -- you know, the case, you know, the events**
02:23:34 23 **were roughly a decade ago. I mean, we are always hoping**
02:23:38 24 **that there might be somebody additional that would come**
02:23:40 25 **forward, but that hasn't been the focus of the**





02:23:43 1 **litigation.**
02:23:43 2 Q. Whether --
02:23:45 3 A. **And you always hope that there are -- yeah, I**
02:23:48 4 **mean, any time you file a case, ah, I hope some more,**
02:23:50 5 **you know, witnesses will come forward to support that**
02:23:52 6 **case, but that hasn't been the focus, trying to secure**
02:23:55 7 **additional -- additional witnesses. That is a**
02:23:57 8 **possibility, though. I mean, I think in fairness to**
02:24:00 9 **your question, that is a possibility that, you know,**
02:24:02 10 **if -- if the case attracts attention and -- and**
02:24:05 11 **somebody, you know, says, you know, gosh, now that I --**
02:24:09 12 **I -- I -- you know, I moved away to escape Epstein and**
02:24:10 13 **now it's safe for me to come back, or -- or now I**
02:24:13 14 **realize I have a claim, that's always a possibility.**
02:24:15 15 **I certainly wouldn't want to suggest that,**
02:24:17 16 **you know, we are ruling that possibility out.**
02:24:19 17 Q. And for the same reason that additional
02:24:23 18 witnesses might become available -- known, additional
02:24:27 19 clients might become known, correct?
02:24:28 20 A. **That is a theoretical possibility, yes.**
02:24:30 21 Q. In these four cases that you mentioned, the
02:24:34 22 three that were, which you were counsel of record and
02:24:38 23 one in which you were not, did you meet at any time in
02:24:44 24 person with the clients? And if it's different as to
02:24:48 25 some than others, tell me that, but --





HOUSE_OVERSIGHT_010867

02:24:50 1 A. **Yes.**
02:24:50 2 Q. In all four, you met with the clients?
02:24:52 3 A. **In three of the four.**
02:24:53 4 Q. And were those three the three in which you
02:24:57 5 were counsel of record?
02:24:58 6 A. **Yes.**
02:24:59 7 Q. As of December --
02:25:01 8 A. **I believe I was counsel of record on all**
02:25:03 9 **three of those. I would have to double-check. I know I**
02:25:05 10 **was counsel of record in the federal case. The two of**
02:25:08 11 **them are state cases, I believe, that it was pro hac in**
02:25:11 12 **the state cases.**
02:25:14 13 Q. Okay. I won't ask you the names, but in the
02:25:14 14 four cases, what are the initials of your clients?
02:25:19 15 A. **Okay. So the -- the --**
02:25:20 16 Q. Put it this way: How are they identified in
02:25:22 17 the caption that you filed?
02:25:23 18 A. **Well, also the three that were filed, one**
02:25:26 19 **was -- one was the initials S.R. I referred to**
02:25:28 20 **Miss S.R. yesterday. That was the Jane Doe case in**
02:25:32 21 **Federal Court in front of Judge Marra.**
02:25:34 22 **There were two state claims. I'll -- I'll**
02:25:37 23 **identify the clients as E.W. and L.M.**
02:25:42 24 Q. And then the fourth one?
02:25:44 25 A. **The fourth one, I believe -- the initial M.**





02:25:49 1 **and I believe the last initial was B., but I may be**
02:25:54 2 **wrong about the B. First initial M.**
02:25:56 3 Q. At the -- okay. At the time that you filed
02:26:04 4 the joinder motion --
02:26:05 5 A. **Yes.**
02:26:06 6 Q. -- in the federal case, so December 30th of
02:26:10 7 2014, you knew that naming Prince Andrew would generate
02:26:15 8 substantial publicity, correct?
02:26:18 9 A. **I knew it would attract a lot of attention.**
02:26:23 10 **Yeah, I mean, "substantial" we could debate, but, sure,**
02:26:25 11 **I knew that that was going to -- you know, once you**
02:26:28 12 **start exposing the extent of this criminal activity,**
02:26:33 13 **obviously, there were going to be a lot of people**
02:26:36 14 **interested, yes.**
02:26:36 15 Q. And you also knew that naming Professor
02:26:41 16 Dershowitz would attract publicity?
02:26:46 17 A. **Well, when you say "naming," one of the**
02:26:49 18 **things you've got to understand is the names were**
02:26:50 19 **already in the case, both Prince Andrew and Alan**
02:26:56 20 **Dershowitz. We had pending discovery requests for**
02:26:59 21 **information about both of them. So when you say "naming**
02:27:00 22 **them," you know, they were already named in the case.**
02:27:02 23 **Now, would the additional allegations have**
02:27:05 24 **attracted additional attention? Sure.**
02:27:07 25 Q. Mr. Cassell, it's true, is it not, that the





02:27:10 1 filing on December 30th of 2014, was the first time that
02:27:16 2 you had ever, yes, ever on behalf of Virginia Roberts or
02:27:21 3 any other client, accused Professor Dershowitz or
02:27:25 4 Prince Andrew of sexual abuse in a public filing?
02:27:29 5 A. **If you're talking about direct allegation,**
02:27:31 6 **that's correct.**
02:27:31 7 Q. Had you ever public -- well, at no other time
02:27:39 8 that -- you expected when you filed the pleading on
02:27:41 9 December 30th, 2014, that it would be -- be something of
02:27:45 10 public record that would generate publicity, correct?
02:27:48 11 A. **Public record, the focus was not generating**
02:27:51 12 **publicity. Of course, when you file an allegation like**
02:27:54 13 **that, there certainly would have been -- we would**
02:27:55 14 **anticipate there would have been publicity, absolutely.**
02:27:58 15 Q. And before December 30th of 2014, to the best
02:28:03 16 of your knowledge, neither you, nor anyone else, had
02:28:08 17 told Professor Dershowitz that there were allegations
02:28:12 18 that he personally had engaged in sexual misconduct?
02:28:12 19 A. **Um...**
02:28:19 20 MS. McCAWLEY: I'm going to object to that
02:28:20 21 date if that reveals anything that would be
02:28:21 22 privileged between something that would have been
02:28:24 23 communicated by the client.
02:28:25 24 MR. SIMPSON: No. These are communications
02:28:27 25 to Professor Dershowitz.





02:28:29 1 MR. SCAROLA: Yes. And that could very well
02:28:31 2 include attorney/client privileged
02:28:33 3 communications.
02:28:36 4 MR. SIMPSON: Let me -- I'll ask my question.
02:28:37 5 BY MR. SIMPSON:
02:28:38 6 Q. My question is: Did you ever advise
02:28:45 7 Professor Dershowitz that there were allegations that he
02:28:50 8 had engaged, himself, in sexual misconduct with minors?
02:28:56 9 A. **Not me personally, no.**
02:28:57 10 Q. Are you aware of any e-mail, letter, other
02:29:04 11 communication from anybody that went to Professor
02:29:09 12 Dershowitz that told Professor Dershowitz that he had
02:29:12 13 been accused of engaging in misconduct himself?
02:29:17 14 A. **Well, there -- I mean, I'm aware that there**
02:29:19 15 **was a deposition request in 2009. There was a**
02:29:22 16 **deposition request in 2011. That was accompanied by an**
02:29:27 17 **exchange of correspondence that said, for example,**
02:29:29 18 **numerous witnesses have placed you in the presence of**
02:29:31 19 **Jeffrey Epstein and underaged girls. It didn't then go**
02:29:35 20 **on to say, and you were committing sexual abuse of them,**
02:29:38 21 **but it said numerous witnesses had -- had done that.**
02:29:42 22 **And I think a reasonable inference would be**
02:29:43 23 **that, you know, you're verily sure that a witness and**
02:29:47 24 **then that also raises the possibility of -- well, I**
02:29:49 25 **mean, I think Professor Dershowitz mentioned yesterday,**





HOUSE_OVERSIGHT_010868

02:29:51 1 **that if you're in the presence of a convicted sex**
02:29:54 2 **offender, or a sex offender and sex abuse is going on,**
02:29:57 3 **you would have obligations, for example, at a minimum to**
02:30:00 4 **report that, and it raises the possibility of other**
02:30:02 5 **criminal activity as well.**
02:30:04 6 **Q.** Is it your testimony, Mr. Cassell, that
02:30:07 7 telling a person that multiple people have identified
02:30:15 8 you as a witness to some activity is fair notice that
02:30:20 9 you, yourself, are accused of engaging in criminal
02:30:25 10 misconduct?
02:30:26 11 **A. So -- so you, I think, recharacterized the**
02:30:29 12 **letter that went to Mr. Dershowitz in 2011. The letter,**
02:30:32 13 **as I recall, doesn't say he is a witness. It says, if I**
02:30:35 14 **recall -- we can double-check the language -- but I**
02:30:38 15 **believe the language says: Numerous witnesses have**
02:30:42 16 **placed you in the presence of Jeffrey Epstein, underaged**
02:30:45 17 **girls, and Epstein. Then, you know, so at that point,**
02:30:48 18 **given what we know in this case, given that at that**
02:30:52 19 **point in 2011, there had been an ongoing set of**
02:30:55 20 **allegations against Mr. Epstein, I -- I think your**
02:30:59 21 **question doesn't -- doesn't take into account this**
02:31:03 22 **surrounding context.**
02:31:04 23 **Not to mention the fact there had been a 2009**
02:31:07 24 **deposition request and a 2013 document request.**
02:31:12 25 **Q.** Okay. I think you accurately characterized





02:31:15 1 the communication about the deposition request that
02:31:20 2 multiple persons have placed you in the presence --
02:31:23 3 **A. Right.**
02:31:23 4 **Q.** -- of minors --
02:31:25 5 **A. Right.**
02:31:26 6 **Q.** -- correct?
02:31:27 7 **A. I believe that's my recollection. Numerous**
02:31:29 8 **witnesses have placed you in the presence of sex**
02:31:33 9 **offend -- at that point, convicted sex offender Jeffrey**
02:31:35 10 **Epstein, who was convicted of sexually abusing underaged**
02:31:38 11 **girls, and underaged girls, and those are the subjects**
02:31:42 12 **we would like to question you about.**
02:31:43 13 **And rather than getting a response that says,**
02:31:46 14 **well, let me clear that all up, the response that's**
02:31:48 15 **received was, something along the lines of, give me more**
02:31:51 16 **information and -- and, quote: I'll decide whether I**
02:31:54 17 **want to cooperate, close quote, or something along those**
02:31:57 18 **lines.**
02:31:57 19 **Q.** Mr. Cassell, let me -- I'm going to read to
02:31:59 20 you --
02:31:59 21 **A. Good.**
02:31:59 22 **Q.** -- from the letter itself --
02:31:59 23 **A. Okay.**
02:32:02 24 **Q.** -- and tell me if it's consistent with your
02:32:03 25 recollection.





02:32:03 1 MR. SIMPSON: I'm sorry. You were right,
02:32:08 2 yes.
02:32:08 3 MR. SCAROLA: Can you just show it to him?
02:32:09 4 MR. SIMPSON: I'll read it, and then if he
02:32:11 5 wants to look at it, that will be fine.
02:32:12 6 MR. SCAROLA: Thank you.
02:32:13 7 BY MR. SIMPSON:
02:32:14 8 **Q.** This is a letter from Mr. Scarola to
02:32:15 9 Mr. Dershowitz dated August 23rd, 2011. The second
02:32:23 10 sentence says -- well, I'm going to read the whole
02:32:26 11 thing.
02:32:26 12 MR. SCAROLA: Yeah, thank you.
13 BY MR. SIMPSON:
14 **Q.** "We do not" --
15 MR. SCAROLA: It's short, so it would be
16 helpful if you just read the whole thing.
17 BY MR. SIMPSON:
18 **Q.** Yeah.
02:32:28 19 "We do not intend to inquire about any
02:32:31 20 privileged communications or attorney work
02:32:33 21 product. We do, however, have reason to believe
02:32:37 22 that you have personally observed Jeffrey Epstein
02:32:41 23 in the presence of underaged females, and we
02:32:44 24 would like the opportunity to question you under
02:32:47 25 oath about those observations. Thank you for





02:32:51 1 your anticipated cooperation. Signed, Jack
02:32:53 2 Scarola."
02:32:54 3 If you would like to --
02:32:54 4 **A. Sure.**
02:32:55 5 **Q.** -- take a look at the letter to refresh
02:32:57 6 yourself, you're welcome to.
02:33:00 7 **A. Great. Thanks. Okay.**
02:33:06 8 **Q.** Now, first, you're aware, are you not, that
02:33:09 9 Professor Dershowitz answered that letter and said the
02:33:12 10 assertion that he had observed Mr. Epstein in the
02:33:15 11 presence of underage --
02:33:22 12 MR. SCAROLA: Females.
02:33:22 13 BY MR. SIMPSON:
02:33:23 14 **Q.** -- females was not true?
02:33:24 15 **A. Something along those lines, yeah.**
02:33:28 16 **Q.** Yeah. And I will read it from that letter --
02:33:29 17 **A. Okay. That would be good. Yeah, that would**
02:33:31 18 **be great.**
02:33:33 19 **Q.** And "I have never" -- this is a letter from
02:33:33 20 Mr. Dershowitz to Mr. Scarola, August 29th, 2011.
02:33:38 21 "Dear Mr. Scarola, I have never personally
02:33:41 22 observed Jeffrey Epstein in the presence of
02:33:43 23 underaged females. I do not believe you have any
02:33:46 24 reasonable basis for believing that I have. If
02:33:49 25 you have -- if you claim to have reason to





HOUSE_OVERSIGHT_010869

02:33:52 1 believe, please provide me with any such reason.
02:33:55 2 I am certain I can demonstrate to you that it is
02:33:58 3 false."
02:33:59 4 Is that consistent with your recollection of
02:34:01 5 the response?
02:34:01 6 **A. That sounds about right, yeah.**
02:34:03 7 Q. So Mr. Dershowitz did not ignore the letter;
02:34:04 8 he responded to it, correct?
02:34:06 9 **A. I think that's right.**
02:34:07 10 Q. And go back to the first letter.
02:34:10 11 **A. But, now, if we are -- if we're talking**
02:34:11 12 **about -- yeah, there's that one letter and now there's a**
02:34:14 13 **response letter, right.**
02:34:14 14 Q. My question to you is: Does the statement to
02:34:21 15 a person that "we have reason to believe that you have
02:34:26 16 personally observed another person in the presence of
02:34:31 17 underage females and we would like to ask you about your
02:34:35 18 observations," put the recipient on notice that you,
02:34:41 19 yourself, are accused of criminal conduct in abusing
02:34:45 20 minors?
02:34:46 21 **A. Well, it puts you on notice that you're a**
02:34:49 22 **potential, obviously, witness to this and then therefore**
02:34:51 23 **you could have potential involvement.**
02:34:53 24 **Let me give you a simple illustration. It'll**
02:34:55 25 **take about 20 seconds. If somebody says --**





02:34:56 1 Q. Well, let me back up. My first question,
02:34:57 2 though, if you can answer the question.
02:34:58 3 MR. SCAROLA: No. I'm sorry. The witness is
02:35:00 4 entitled to complete his response. If you
02:35:01 5 don't -- if you believe it to be unresponsive,
02:35:03 6 you can move to strike it, but he's entitled to
02:35:06 7 complete it.
02:35:06 8 MR. SIMPSON: He --
02:35:06 9 MR. SCAROLA: So go ahead and complete your
02:35:08 10 response.
02:35:08 11 MR. SIMPSON: Can we have a -- you can give
02:35:09 12 an explanation, but a yes or no with an
02:35:10 13 explanation.
02:35:11 14 MR. SCAROLA: You already got that. Could we
02:35:12 15 now have the completion of the response?
02:35:14 16 THE WITNESS: Here's the simple illustration
02:35:16 17 I think makes it pretty clear: If somebody says,
02:35:17 18 we have observed you in the presence of a kilo of
02:35:20 19 cocaine, we would like to question you about the
02:35:23 20 presence -- about your observations of this, that
02:35:26 21 doesn't directly state that you are a drug user
02:35:27 22 or a drug dealer, but it certainly puts you on
02:35:29 23 notice that you're associated with that criminal
02:35:31 24 activity and somebody is going to question you
02:35:31 25 about it.





02:35:33 1 In the context of this case, to say, you have
02:35:35 2 been observed in the -- in -- by numerous
02:35:37 3 witnesses in the presence of a convicted sex
02:35:41 4 offender and underage girls, and we would like to
02:35:45 5 talk to you about those observations, I think
02:35:45 6 that puts you on notice that you're in -- in --
02:35:49 7 in jeopardy of -- of criminal activity,
02:35:52 8 particularly when you combine that with the fact
02:35:54 9 that there is a duty to report child abuse in
02:35:57 10 many states in this country, including the State
02:35:57 11 of Florida.
02:35:59 12 And so that if those observations were such
02:36:02 13 that they would give rise to a reasonable
02:36:05 14 inference that sex abuse was -- of children was
02:36:08 15 going on and you'd be obligated to report it, as
02:36:09 16 I think Mr. Dershowitz conceded yesterday, yes,
02:36:12 17 you -- I think that puts you on notice that --
02:36:14 18 that those kinds of things are being alleged.
02:36:16 19 BY MR. SIMPSON:
02:36:18 20 Q. So, first, the letter itself, the letter from
02:36:22 21 Mr. Scarola simply says, you were -- you were personally
02:36:29 22 -- you personally observed Jeffrey Epstein in the
02:36:31 23 presence of underaged females, correct?
02:36:33 24 **A. Correct.**
02:36:33 25 Q. It does not say, you witnessed abuse of any





02:36:37 1 minor; we have reason to believe you observed abuse of
02:36:39 2 minors?
02:36:39 3 **A. If those words do not appear there, but come**
02:36:41 4 **on, we -- we know -- we know in the context of this**
02:36:44 5 **case, when somebody is asking to take a deposition about**
02:36:47 6 **your observation of young girls, they weren't talking**
02:36:50 7 **about preparations for birthday parties. They were**
02:36:52 8 **talking about sexual abuse of children.**
02:36:56 9 **And that was what Mr. Dershowitz was going to**
02:36:59 10 **be asked about. And he did not -- he did not take that**
02:37:02 11 **opportunity to try to clear the record; instead, we are,**
02:37:05 12 **you know, here today, because among other reasons, he --**
02:37:09 13 **he -- he wasn't deposed then.**
02:37:12 14 Q. I want -- I want to comment. I'm just a
02:37:18 15 little bit non -- nonplussed, so I want to come back to
02:37:21 16 this again.
02:37:21 17 **A. Well, I'm -- I have to tell you, I'm a little**
02:37:23 18 **bit nonplussed that somebody would say that letter**
02:37:24 19 **doesn't put you on notice that you're potentially**
02:37:27 20 **involved in criminal activity. I mean, come on.**
02:37:30 21 Q. I -- my question wasn't potentially involved
02:37:33 22 in criminal activity. We disagree about whether it does
02:37:36 23 that.
02:37:37 24 **A. Okay. I think it does.**
02:37:38 25 Q. I suspect you -- that's how you read it?





HOUSE_OVERSIGHT_010870

02:37:40 1 A. I think it puts you on notice in the context
02:37:42 2 of a country which has required people to report the
02:37:45 3 sexual abuse of children, and somebody wants to talk to
02:37:49 4 you about your observations of a convicted sex offender
02:37:52 5 with underage girls, that that's going to be one of the
02:37:56 6 subjects that's going to be discussed, yes.
02:37:56 7 Q. My question was -- my initial question was:
02:38:01 8 Does -- do the statements in this letter put the reader
02:38:05 9 on notice that you, personally, are accused of abusing
02:38:14 10 minors yourself, not that you have in some knowledge or
02:38:19 11 evidence that someone else did it, but that you,
02:38:22 12 yourself, did it; is that a way to give fair notice?
02:38:26 13 A. Well, in fair notice in what context? You
02:38:30 14 know, is he on notice that a lawsuit is going to be
02:38:31 15 filed the next day?
02:38:32 16 Simply from that piece of -- that letter
02:38:34 17 alone, they are on notice, you know -- I mean, I think
02:38:37 18 that puts you on notice that there are serious
02:38:41 19 allegations afoot and it would be in your best interest
02:38:43 20 if you hadn't done anything, to show up, attend a
02:38:46 21 deposition, let all the facts come out so that everybody
02:38:48 22 can know them.
02:38:49 23 Q. Would you agree that accusing someone of
02:38:54 24 themselves abusing a minor is different than accusing
02:39:00 25 someone of having knowledge that somebody else did it?





02:39:03 1 A. Yes.
02:39:04 2 Q. And to accuse someone of abusing a minor is a
02:39:09 3 serious, serious accusation of criminal conduct,
02:39:14 4 personal criminal conduct, not just failing to report
02:39:17 5 somebody else, but you, yourself, are abusing people?
02:39:21 6 A. Oh, yeah.
02:39:21 7 MR. SCAROLA: Are you suggesting that that's
02:39:23 8 not criminal conduct?
02:39:25 9 MR. SIMPSON: I'm -- I'm -- my question
02:39:26 10 stands.
02:39:26 11 BY MR. SIMPSON:
02:39:26 12 Q. What is the answer to that?
02:39:27 13 A. It is a very serious charge, I agree. That's
02:39:30 14 why we are all here today.
02:39:30 15 Q. Okay. And -- and if you wanted to put
02:39:32 16 someone on fair notice that they are accused themselves
02:39:36 17 of being a sex offender, a criminal who has abused
02:39:41 18 children, wouldn't you tell them that?
02:39:43 19 A. That's a speculative question because that
02:39:46 20 letter was designed to try to collect information about
02:39:48 21 an international sex trafficking organization. And so
02:39:52 22 as to -- you know, I'm not going to speculate as to why
02:39:55 23 Mr. Scarola wrote it that way. But my sense, based on
02:39:58 24 the public record is, that he was trying to get as much
02:40:01 25 information as he could about what Jeffrey Epstein and





02:40:03 1 his criminal associates were doing. And he thought that
02:40:05 2 Mr. Dershowitz would have information and was trying to
02:40:07 3 collect that.
02:40:08 4 Now, whether the -- the -- the tentacles of
02:40:10 5 the organization would extend so that they wrapped
02:40:13 6 around Mr. Dershowitz himself, I guess was the subject
02:40:16 7 that -- that Mr. Scarola, I am assuming, was hoping to
02:40:18 8 explore. But Mr. Dershowitz prevented that opportunity.
02:40:22 9 Q. And Mr. Dershowitz, you knew, had been
02:40:26 10 Mr. Epstein's attorney, correct?
02:40:27 11 A. Correct.
02:40:28 12 Q. And you knew, just as we have seen here today
02:40:32 13 with multiple assertions of privilege, that he could not
02:40:36 14 testify about anything he learned as an attorney?
02:40:37 15 A. He could testify, and the letter itself says,
02:40:40 16 we are not going to ask you about any communications; we
02:40:43 17 are going to ask you about observations of sex abuse by
02:40:47 18 a convicted sex offender, and your personal knowledge of
02:40:50 19 that. That would not have erased in the -- and
02:40:52 20 Mr. Scarola's a very good attorney, and I'm sure all of
02:40:55 21 his questions that we saw the last couple of days would
02:40:58 22 have been very narrowly focused on observations about
02:41:01 23 what this criminal organization was doing.
02:41:05 24 Q. And so to the bottom line is that your view,
02:41:08 25 your sworn testimony, this letter of August 23rd, 2011,





02:41:16 1 put Mr. Dershowitz, Professor Dershowitz, on fair notice
02:41:21 2 that he was being accused of being a sex offender
02:41:25 3 himself?
02:41:26 4 A. We -- we have gone over this. I think it put
02:41:28 5 him on fair notice that there were serious questions
02:41:31 6 being raised about what he knew about this criminal
02:41:35 7 organization, what the potential criminal responsibility
02:41:36 8 he had for failure to report sexual abuse of a child, as
02:41:39 9 well as other possibilities.
02:41:42 10 MR. SIMPSON: I'm going to move to strike as
02:41:43 11 nonresponsive.
02:41:43 12 BY MR. SIMPSON:
02:41:44 13 Q. My question is a very narrow one, whether
02:41:47 14 this letter, in your opinion, under oath, fairly put
02:41:53 15 Mr. -- Professor Dershowitz on notice that he himself
02:41:58 16 was accused of abusing minors.
02:42:02 17 A. Again, that's a vague question. I've tried
02:42:04 18 to give the best answer I can. That was certainly a
02:42:06 19 potential area of questioning. I think that puts him on
02:42:09 20 notice that it would have been in his best interest to
02:42:12 21 appear to answer those questions.
02:42:14 22 MR. SIMPSON: I'm going to object to the
02:42:16 23 answer again as nonresponsive.
02:42:16 24 BY MR. SIMPSON:
02:42:18 25 Q. It's a really simple question.





HOUSE_OVERSIGHT_010871

02:42:20 1 Does that letter put Mr. Dershowitz on fair
02:42:23 2 notice that he's accused of being a sex offender
02:42:26 3 himself?
02:42:27 4 MR. SCAROLA: Objection. Repetitious. To
02:42:28 5 the extent that you can improve upon the answer,
02:42:32 6 you can improve upon the answer. If you can't,
02:42:35 7 all you need to do is say that.
02:42:37 8 THE WITNESS: I -- and I'll try to --
02:42:38 9 obviously, I want to be responsive --
02:42:38 10 BY MR. SIMPSON:
02:42:38 11 Q. Let -- let me ask --
02:42:40 12 A. **-- to your question.**
02:42:40 13 Q. I'll ask you a different question.
02:42:41 14 A. **I don't think that's a yes or no question**
02:42:43 15 **because of -- of you're including vague terms like fair**
02:42:46 16 **notice and -- and those sorts of things. So -- but go**
02:42:49 17 **ahead and ask your questions and I'll -- I mean, go**
02:42:55 18 **ahead.**
02:42:55 19 Q. You're a former federal judge?
02:42:55 20 A. **Right.**
02:42:56 21 Q. A former Supreme Court law -- law clerk?
02:42:58 22 A. **Yes.**
02:42:59 23 Q. Professor at a law school?
02:43:02 24 A. **Yes.**
02:43:03 25 Q. Reading as -- reading the language of this





02:43:09 1 letter, in your opinion, does the language itself put
02:43:18 2 the recipient on notice that the recipient is accused of
02:43:23 3 abusing minors himself?
02:43:27 4 A. **It puts him on notice that that is going to**
02:43:29 5 **be a potential subject of inquiry at the -- at the --**
02:43:33 6 **the deposition.**
02:43:34 7 Q. So your answer then is, yes, it puts the --
02:43:37 8 the -- the person on notice; that's your reading?
02:43:40 9 A. **You're -- I think you're putting words in my**
02:43:42 10 **mouth. You're -- you're trying to ask, you know, a**
02:43:44 11 **question that on the one hand, you're suggesting is**
02:43:47 12 **narrow, and on the other hand is broad. It -- I mean,**
02:43:50 13 **this is probably the simplest way to answer that**
02:43:50 14 **question.**
02:43:51 15 **If I had gotten that letter, I would have**
02:43:52 16 **said, schedule the deposition in the next 24 hours, and**
02:43:55 17 **come on down here now, and I will be available for a**
02:43:58 18 **week. That's what I would have said if I had gotten**
02:44:01 19 **that letter.**
02:44:02 20 MR. SIMPSON: Move to strike as
02:44:03 21 nonresponsive.
02:44:03 22 BY MR. SIMPSON:
02:44:06 23 Q. Is it your testimony you can't answer yes or
02:44:09 24 no whether that letter, on its face, puts the recipient
02:44:12 25 on notice that the recipient is accused himself of





02:44:17 1 having abused minors? Can you answer that: Yes or no?
02:44:21 2 A. **No. I think a yes-or-no answer would be**
02:44:24 3 **misleading, given the context of this case.**
02:44:27 4 Q. You referred in your earlier testimony to --
02:44:44 5 strike that for a moment.
02:44:46 6 You referred in your earlier testimony to an
02:45:04 7 article that appeared today regarding
02:45:09 8 Professor Dershowitz's deposition testimony, correct?
02:45:11 9 A. **I don't think so.**
02:45:13 10 Q. Okay. Are you aware that -- well, perhaps it
02:45:17 11 was Miss McCawley who referred to it.
02:45:19 12 Do you recall there being a reference this
02:45:21 13 morning to an article being published about
02:45:24 14 Professor Dershowitz's testimony?
02:45:26 15 MS. McCAWLEY: Oh, I'm sorry. It was me. I
02:45:28 16 objected to the extent -- only to the extent it
02:45:30 17 revealed something public that had been stated in
02:45:33 18 public.
02:45:33 19 BY MR. SIMPSON:
02:45:34 20 Q. Okay. And I -- you recall that?
02:45:36 21 A. **Yeah, I recall the objection. I think**
02:45:37 22 **there's an article that came out yesterday or a**
02:45:39 23 **communication. I -- I -- you know, I can't remember**
02:45:42 24 **the -- exactly where I -- I know that I received a**
02:45:45 25 **communication, either through publication or in some**





02:45:47 1 **other way from the -- from the -- you know, I became**
02:45:51 2 **aware that there was a statement that the -- what's the**
02:45:55 3 **name of the outfit? It's the Business Investor --**
02:45:57 4 MR. SCAROLA: Daily Business Review.
02:45:58 5 THE WITNESS: Daily Business Review that was
02:46:01 6 stating that David Boies was saying that the
02:46:04 7 representations made by Mr. Dershowitz were
02:46:08 8 false.
02:46:08 9 MR. SCAROLA: I did just coach the witness.
02:46:09 10 I apologize.
02:46:10 11 THE WITNESS: Yeah. And, I'm sorry, just for
02:46:12 12 the name of that, so...
02:46:12 13 BY MR. SIMPSON:
02:46:13 14 Q. And you -- in your earlier testimony, you
02:46:14 15 referred to it -- you didn't recall the name, but you
02:46:17 16 referred to it as a reputable --
02:46:18 17 A. **That's right.**
02:46:19 18 Q. -- publication?
02:46:21 19 A. **That's right. That's the one we are talking**
02:46:21 20 **about, right.**
02:46:21 21 Q. Right. And in that article it states:
02:46:31 22 "McCawley," referring to our colleague,
02:46:32 23 "later issued a statement on Boies's behalf
02:46:35 24 saying, because the discussions that Mr. Boies
02:46:37 25 had with Mr. Dershowitz were expressly privileged





HOUSE_OVERSIGHT_010872

02:46:40 1 settlement discussions, Mr. Boies will not, at
02:46:43 2 least at this time, describe what was actually
02:46:46 3 said. However, Mr. Boies does state that
02:46:50 4 Mr. Dershowitz's description of what was said is
02:46:54 5 not true."
02:46:55 6 **A. That's the one.**
02:46:55 7 Q. You read that?
02:46:56 8 **A. Yeah. I -- I learned of it -- yeah, I don't**
02:46:58 9 **remember whether I read or how I got it, but yeah,**
02:47:00 10 **that's the one.**
02:47:00 11 Q. In light of that statement by Mr. Boies,
02:47:03 12 would you agree that any privilege has been waived?
02:47:05 13 **A. I would not.**
02:47:06 14 Q. So --
02:47:07 15 **A. That's -- that's a newspaper article.**
02:47:08 16 Q. It's a pub -- it's a quote. Let me clarify.
02:47:12 17 That's a statement -- quoting a statement issued by
02:47:16 18 Ms. McCawley and quoting Mr. Boies as saying,
02:47:20 19 Mr. Dershowitz's description of what was said is not
02:47:23 20 true, so that's a public statement by Mr. Boies saying
02:47:26 21 that Mr. Dershowitz's testimony is not true; is that a
02:47:29 22 waiver in your view?
02:47:30 23 **A. No. And that would require -- I'm with --**
02:47:32 24 **I'm just putting you on notice, talking about notice, if**
02:47:35 25 **you want me to, I could give you the law professor**





02:47:39 1 **answer as to why that's not a waiver. Off the top of my**
02:47:41 2 **head, I can start talking about that.**
02:47:43 3 Q. No. I don't -- I don't need that.
02:47:44 4 **A. Right. That's why I just wanted to let you**
02:47:46 5 **know, so...**
02:47:46 6 Q. But I really wanted to clarify -- and what I
02:47:49 7 wanted to clarify was --
02:47:49 8 **A. I do not -- let me just be clear, so the**
02:47:51 9 **record is clear: I absolutely do not believe that's a**
02:47:52 10 **waiver and I could give you an extended answer, but I**
02:47:55 11 **know time is drawing short --**
02:47:55 12 Q. All right.
02:47:56 13 **A. -- so...**
02:47:56 14 Q. But you -- what I want to clarify is that,
02:48:00 15 notwithstanding that statement, you will continue to
02:48:02 16 answer all my questions about the substance of
02:48:05 17 discussions with Mr. Boies; you're continuing not to
02:48:08 18 answer, you're continuing --
02:48:10 19 MS. McCAWLEY: Yes --
02:48:10 20 MR. SCAROLA: You just said you --
02:48:10 21 MS. McCAWLEY: -- I believe --
02:48:11 22 MR. SCAROLA: -- continue to answer.
02:48:11 23 MS. McCAWLEY: I'm sorry.
02:48:11 24 MR. SIMPSON: I'm sorry.
02:48:12 25 MS. McCAWLEY: Continue not to answer.





02:48:13 1 MR. SCAROLA: Why don't you start over again?
02:48:15 2 MR. SIMPSON: No. I just want --
02:48:15 3 MS. McCAWLEY: We disagree with
02:48:16 4 your characterization of that as a waiver. It
02:48:19 5 was a statement that was issued in order to stop
02:48:22 6 the waivers that Mr. Dershowitz was trying to
02:48:22 7 engage in, and we -- we don't agree that's a
02:48:25 8 waiver and we will not allow any testimony
02:48:27 9 regarding those communications.
02:48:28 10 MR. SIMPSON: Okay. I disagree with the
02:48:31 11 position and the characterization, but I just
02:48:33 12 wanted to clarify on the record, I didn't have to
02:48:35 13 ask those questions again.
02:48:35 14 MR. SCAROLA: Sure.
02:48:38 15 MS. McCAWLEY: I understand.
02:48:38 16 MR. SIMPSON: And, obviously, our position is
02:48:39 17 that if it hadn't already been -- if it hadn't
02:48:41 18 already been waived -- either it wasn't
02:48:43 19 privileged or hadn't been waived, it's now
02:48:47 20 waived.
02:48:47 21 THE WITNESS: And my -- just --
02:48:50 22 MR. SIMPSON: I don't have a question.
02:48:51 23 THE WITNESS: I know, but I -- but I think
02:48:52 24 now in light of, since the record has these
02:48:53 25 characters, I just want to put one sentence into





02:48:57 1 the record, which is: It doesn't seem to me that
02:48:58 2 an attorney can inject into a deposition
02:49:01 3 confidential settlement proceedings, have
02:49:03 4 somebody deny that, and then say, aha, they're no
02:49:05 5 longer confidential settlement proceedings, so
02:49:05 6 that's --
02:49:08 7 MR. SIMPSON: There's no question pending. I
02:49:10 8 move to strike the comments.
02:49:12 9 THE WITNESS: Right. I just didn't want your
02:49:14 10 comments to -- to reflect back on my earlier
02:49:15 11 answer.
02:49:15 12 BY MR. SIMPSON:
02:49:18 13 Q. I want to go back, Mr. Cassell, get back to
02:49:23 14 yesterday's exhibits. I'm going to hand you what was
02:49:26 15 marked yesterday as Cassell Exhibit Number 2, which is
02:49:30 16 the joinder motion, and when you have that in front of
02:49:36 17 you --
02:49:36 18 **A. Got it.**
02:49:37 19 Q. Do you have that in front of you?
02:49:38 20 **A. I do.**
02:49:39 21 Q. All right. Would you -- find my copy of
02:49:42 22 it -- if you would turn to page -- bottom of page 3,
02:49:50 23 part of -- top of page 4; do you have that?
02:49:52 24 **A. Got it.**
02:49:53 25 Q. All right. I'm going to read it. Tell me if





HOUSE_OVERSIGHT_010873

02:49:55 1 I've read it correctly.
02:49:56 2 **A. Okay.**
02:49:56 3 Q. "Epstein also sexually trafficked the
02:49:59 4 then-minor Jane Doe" -- and that's Virginia Roberts,
02:50:02 5 correct?
02:50:02 6 **A. Yes.**
02:50:03 7 Q. -- "making her available for sex to
02:50:05 8 politically-connected and financially-powerful people.
02:50:09 9 Epstein's purposes in lending Jane Doe, along with other
02:50:14 10 young girls, to such powerful people were to ingratiate
02:50:20 11 himself with them for business, personal, political, and
02:50:24 12 financial gain, as well as to obtain potential blackmail
02:50:29 13 information."
02:50:30 14 Did I read that correctly?
02:50:31 15 **A. You did.**
02:50:31 16 Q. What did you mean by "obtain potential
02:50:35 17 blackmail information"?
02:50:36 18 **A. Okay. Let me just double-check.**
02:50:41 19 **Once the criminal organization had put the**
02:50:45 20 **bait out, so to speak, to various people, and they took**
02:50:49 21 **the bait that -- you know, I'm -- I'm speaking**
02:50:49 22 **colloquially here. These are -- these are young girls**
02:50:54 23 **who are being sexually abused. Once the criminal**
02:50:56 24 **organization had gotten people to sexually abuse**
02:50:58 25 **these -- these young girls, at that point, they had**





02:51:01 1 **information that they could use to blackmail those**
02:51:02 2 **people and -- and then get favors in exchange.**
02:51:05 3 **And that's Epstein at the head of the**
02:51:08 4 **organization would be the one who would benefit most**
02:51:11 5 **directly from the black -- the blackmail information.**
02:51:12 6 Q. And by "blackmail information," do you mean
02:51:17 7 that Mr. Epstein then had information that he could
02:51:19 8 threaten to disclose if the other person didn't do what
02:51:24 9 Epstein asked them to do?
02:51:24 10 **A. Precisely.**
02:51:26 11 Q. As of December 30th, 2014, if Miss Roberts
02:51:32 12 had access to publicity, she had exactly the same
02:51:36 13 ability to blackmail people; isn't that true?
02:51:38 14 **A. Absolutely not. A billionaire has far more**
02:51:43 15 **resources than a victim of child sex abuse, particularly**
02:51:46 16 **one that has been forced into hiding in Australia to**
02:51:49 17 **escape the criminal organization.**
02:51:51 18 **So for you to suggest that Virginia Roberts**
02:51:52 19 **had the same ability to blackmail somebody as Jeffrey**
02:51:56 20 **Epstein is, I think, preposterous.**
02:52:00 21 Q. As of -- Miss -- Miss Roberts had the same
02:52:03 22 ability as Jeffrey Epstein to reveal publicly the names
02:52:12 23 of the people who she says sexually abused her, as did
02:52:17 24 Mr. Epstein; isn't that true?
02:52:19 25 **A. You're talking about physical ability to**





02:52:21 1 **speak words. They both have the same physical ability**
02:52:24 2 **to speak the English language, yes.**
02:52:25 3 Q. And, in fact, before, at least three years
02:52:31 4 before December 30th, 2014, she had the ability to be
02:52:35 5 quoted in an article, more than one article, in the
02:52:39 6 Daily Mail in London about her experiences, correct?
02:52:42 7 **A. That's correct.**
02:52:43 8 Q. And am I correct that as of December 30th,
02:52:48 9 2014, you didn't know whether she was paid for that
02:52:50 10 interview or not?
02:52:51 11 **A. I wasn't sure. That's right.**
02:52:53 12 Q. And after December 30th, 2014, the references
02:52:58 13 to Prince Andrew and Professor Dershowitz generated
02:53:04 14 international publicity; isn't that true?
02:53:07 15 **A. Okay. Which -- yes, I mean, in a general**
02:53:11 16 **sense, I could ask which allegations, but these**
02:53:13 17 **allegations did generate publicity, certainly.**
02:53:16 18 Q. Yes. The allegations in your joinder motion
02:53:18 19 that Prince Andrew and Professor Dershowitz had abused
02:53:24 20 Virginia Roberts, then known as Jane Doe Number 3,
02:53:26 21 generated a firestorm of publicity; did it not?
02:53:30 22 **A. It generated a lot of publicity, yes.**
02:53:32 23 Q. And within days of that, you were -- you were
02:53:35 24 participating in attempting to arrange an interview with
02:53:38 25 ABC News; isn't that true?





02:53:39 1 **A. That -- within days of -- the chronology is**
02:53:43 2 **important here: The allegations were filed in this**
02:53:45 3 **pleading on December 30th. Several days after that,**
02:53:48 4 **Mr. Dershowitz then took to the airwaves to denounce,**
02:53:53 5 **not only Brad and me, but -- but particularly of concern**
02:53:56 6 **to me was Virginia Roberts, this victim of sex**
02:53:58 7 **trafficking.**
02:53:59 8 **And, at that point, as one of -- as one of**
02:54:01 9 **her attorneys, I was looking for a way to respond to**
02:54:05 10 **that media assault on her by Mr. Dershowitz.**
02:54:09 11 MR. SIMPSON: Move to strike as
02:54:09 12 nonresponsive.
02:54:09 13 BY MR. SIMPSON:
02:54:15 14 Q. Did -- within 24 hours of this pleading being
02:54:22 15 filed, there was publicity about the allegations against
02:54:27 16 Prince Andrew and Mr. Dershowitz -- Professor
02:54:31 17 Dershowitz; isn't that correct?
02:54:32 18 **A. I don't know the exact time frame, but**
02:54:34 19 **that -- you know, roughly that time frame sounds about**
02:54:36 20 **right.**
02:54:36 21 Q. If Mr. -- if Professor Dershowitz had never
02:54:39 22 said anything, wouldn't you expect that these
02:54:42 23 allegations as to Prince Andrew, in particular, and
02:54:47 24 Professor Dershowitz would get substantial publicity?
02:54:50 25 **A. There was -- there was --**





HOUSE_OVERSIGHT_010874

02:54:51 1 MR. SCAROLA: Excuse me. To the extent the
02:54:53 2 question calls for speculation, I object.
02:54:55 3 MR. SIMPSON: No. I'm asking for his state
02:54:57 4 of mind when he filed this document.
02:54:59 5 THE WITNESS: There's no doubt that --
02:54:59 6 MR. SCAROLA: So the question is: At the
02:55:01 7 time of the filing --
02:55:02 8 MR. SIMPSON: Please -- please don't coach
02:55:03 9 the witness.
02:55:03 10 MR. SCAROLA: No, I'm not coaching him. I
02:55:05 11 just want to understand the question. You're
02:55:06 12 asking what his state of mind was at the time of
02:55:09 13 filing?
02:55:09 14 MR. SIMPSON: Did he -- did he anticipate --
02:55:09 15 MR. SCAROLA: Because the other question was:
02:55:11 16 What do you -- what's your position today.
02:55:13 17 MR. SIMPSON: Mr. Scarola, really.
02:55:14 18 MR. SCAROLA: That's -- that's a different
02:55:15 19 question. So I just want to know which one
02:55:17 20 you're asking.
02:55:18 21 Do you want to know his state of mind then,
02:55:21 22 or his state of mind today?
02:55:23 23 MR. SIMPSON: I will take that as an
02:55:25 24 objection to the form of the question.
02:55:25 25





02:55:25 1 BY MR. SIMPSON:
02:55:27 2 Q. As of --
02:55:27 3 MR. SCAROLA: It's a request for a
02:55:28 4 clarification of an ambiguous question.
02:55:33 5 MR. SIMPSON: It's coaching the witness.
02:55:33 6 BY MR. SIMPSON:
02:55:34 7 Q. As of --
02:55:34 8 **A. Yeah, I don't need any coaching. I mean...**
02:55:35 9 Q. Let me ask the question.
02:55:36 10 As of December 30th -- that's true -- as
02:55:39 11 of --
02:55:39 12 **A. Right --**
02:55:39 13 Q. -- we agree that's coaching.
02:55:39 14 **A. -- but that wasn't coaching. That wasn't**
02:55:41 15 **coaching, so the suggestion that it's coaching is -- is**
02:55:43 16 **not fair.**
02:55:43 17 Q. Okay. We disagree.
02:55:46 18 As of December 30th, 2014, did you anticipate
02:55:52 19 that naming Prince Andrew in a public filing as having
02:55:58 20 abused Virginia Roberts would generate substantial
02:56:02 21 publicity?
02:56:03 22 **A. "Substantial" is a debatable word, but**
02:56:06 23 **certainly, it's going to generate publicity, yes.**
02:56:10 24 **Publicity about the allegations.**
02:56:12 25 Q. Yes. And -- and the allegations are that





02:56:15 1 Prince Andrew had sexually abused Virginia Roberts,
02:56:19 2 correct?
02:56:19 3 **A. That was one of the allegations in here,**
02:56:21 4 **sure.**
02:56:21 5 Q. And the allegations that Professor Dershowitz
02:56:25 6 had sexually abused Virginia Roberts, correct?
02:56:31 7 **A. That's right. It was in a -- what we were --**
02:56:32 8 **what we were starting to document and allege here was**
02:56:35 9 **that terrible things that Epstein's criminal**
02:56:39 10 **organization had done.**
02:56:39 11 Q. Let me refer you to page 6 --
02:56:42 12 **A. Okay.**
02:56:42 13 Q. -- of your filing. It's the first full
02:56:48 14 paragraph.
02:56:48 15 **A. Yep.**
02:56:49 16 Q. I'm going to read it. "Epstein also
02:56:51 17 trafficked Jane Doe Number 3 for sexual purposes to many
02:56:56 18 other powerful men."
02:56:57 19 **A. Okay.**
02:56:57 20 Q. "Including numerous prominent American
02:57:00 21 politicians, powerful business executives, foreign
02:57:05 22 presidents, a well-known prime minister, and other world
02:57:10 23 leaders. Jane -- Epstein required Jane Doe Number 3 to
02:57:15 24 describe the events that she had with these men so that
02:57:18 25 he could potentially blackmail them."





02:57:20 1 Did I read that correctly?
02:57:21 2 **A. You did.**
02:57:22 3 Q. With respect to blackmail, the ability to
02:57:28 4 blackmail, is that the same potential we talked about a
02:57:30 5 moment ago in your testimony?
02:57:32 6 **A. Sure.**
02:57:32 7 Q. And you're referring there to --
02:57:34 8 **A. Roughly, yeah. I mean, if there's something**
02:57:35 9 **that you want clarified, go ahead and clarify it.**
02:57:37 10 Q. I just -- I just wanted to make sure I
02:57:39 11 understand correctly that when you refer that -- to
02:57:42 12 Epstein requiring Virginia Roberts to describe these
02:57:44 13 events so that he could potentially blackmail them, what
02:57:48 14 you had in mind was, Epstein wanted to know what
02:57:52 15 Virginia Roberts did with these men so that he had the
02:57:55 16 ability to threaten to disclose it if they didn't do
02:57:58 17 what he wanted them to do?
02:57:59 18 **A. That was -- that was part of it, yes.**
02:58:01 19 Q. And isn't it true you could have
02:58:04 20 accomplished -- in terms of furthering Virginia
02:58:07 21 Roberts's legal interests, you could have accomplished
02:58:10 22 exactly the same thing by saying Epstein also
02:58:14 23 trafficked -- trafficked Jane Doe Number 3 for sexual
02:58:18 24 purposes to other well-known men, period?
02:58:24 25 **A. No, I don't think so.**





HOUSE_OVERSIGHT_010875

02:58:26 1 Q. Okay. You felt that it furthered her legal
02:58:30 2 interests to specify American politicians, powerful
02:58:34 3 business executives, foreign presidents, a well-known
02:58:38 4 prime minister and other world leaders; that was your --
02:58:42 5 you -- you believe that furthered her legal interest?
02:58:43 6 **A. Yes.**
02:58:43 7 Q. Did you also anticipate that that would
02:58:47 8 titillate the Press, so to speak, that there would be a
02:58:49 9 lot of speculation on who these people are?
02:58:52 10 **A. That wasn't the -- that wasn't the focus**
02:58:54 11 **of the -- those comments, no.**
02:58:55 12 Q. You said it wasn't the focus. Did you
02:58:57 13 realize it would happen?
02:58:58 14 **A. Sure. I mean, this was a case that had**
02:59:02 15 **been already -- this litigation had been going on at**
02:59:02 16 **that point for seven years and lots of people were**
02:59:04 17 **following it. This is -- this case is one of the most**
02:59:07 18 **egregious examples of a violation of Crime Victims'**
02:59:11 19 **Rights in the history of this country.**
02:59:13 20 **And so against that context, yes, there were**
02:59:14 21 **going to be people interested in every word that was**
02:59:16 22 **going into this pleading. Whether we had gone more**
02:59:19 23 **broadly or more narrowly than what we did, people were**
02:59:23 24 **going to be interested in this.**
02:59:23 25 Q. And as of December 30th of 2014, Miss Roberts





02:59:31 1 had the same ability to disclose who these individuals
02:59:34 2 were publicly, as did Jeffrey Epstein, correct, because
02:59:38 3 she had personal knowledge of who they were?
02:59:40 4 **A. She had the ability to speak the words, but,**
02:59:42 5 **again, I think it's preposterous to say that a victim of**
02:59:45 6 **sex trafficking has the same power as the sex trafficker**
02:59:48 7 **to disclose information.**
02:59:51 8 **For example, Virginia Roberts could be**
02:59:52 9 **attacked, and I think as we were talking about**
02:59:54 10 **yesterday, we have seen evidence of the kind of attack**
02:59:57 11 **that powerful people can mount against the victims of**
03:00:01 12 **sex trafficking. So to say that the young women in sex**
03:00:04 13 **trafficking schemes have the same power as their**
03:00:07 14 **traffickers to do this -- I'm sorry. I'm going to have**
03:00:11 15 **to take a break.**
03:00:12 16 THE VIDEOGRAPHER: We are going off the video
03:00:14 17 record, 11:32 a.m.
03:04:14 18 (Thereupon, a recess was taken.)
03:04:14 19 THE VIDEOGRAPHER: We are back on the video
03:04:20 20 record, 11:36 a.m.
03:04:24 21 BY MR. SIMPSON:
03:04:27 22 Q. Had you finished your answer, Mr. Cassell?
03:04:28 23 **A. I think I had.**
03:04:28 24 Q. Okay.
03:04:29 25 **A. Thank you. Thank you for letting me take a**





03:04:31 1 **break. I appreciate that.**
03:04:32 2 Q. Okay.
03:04:32 3 MR. SCAROLA: Could you just read back the
03:04:34 4 last question for me? I just want to orient
03:04:37 5 myself as to where we are. Thank you.
03:04:37 6 (Thereupon, a portion of the record was read
03:05:33 7 by the reporter.)
03:05:33 8 MR. SCAROLA: Yeah, I didn't I think the
03:05:34 9 answer was --
03:05:34 10 THE WITNESS: I guess I was mid-sentence, so
03:05:36 11 think I will just stick with the same word,
03:05:38 12 preposterous. And one -- one thing that occurred
03:05:39 13 to me during the break, in the context of this
03:05:42 14 case, is that there had been allegations that
03:05:44 15 Epstein was part of the -- the sex trafficking
03:05:47 16 organization, had video cameras mounted
03:05:49 17 throughout many of his -- his mansions. And so,
03:05:52 18 whereas a young woman could say, or a young girl
03:05:55 19 could say, look, I was a victim of sex abuse,
03:05:58 20 people would attack her; people wouldn't believe
03:06:00 21 her, that unless she had, you know, corroborating
03:06:02 22 evidence, people would say, well, look, it didn't
03:06:05 23 happen.
03:06:05 24 And so Epstein had managed to collect
03:06:08 25 apparently a lot of videotapes and other kinds of





03:06:11 1 information that would have been -- given him the
03:06:14 2 ability to make the blackmail kinds of charges
03:06:15 3 that the girls that he was trafficking would --
03:06:18 4 would not have had the ability to do.
03:06:18 5 BY MR. SIMPSON:
03:06:20 6 Q. Mr. Cassell, didn't you testify yesterday
03:06:22 7 that any videotapes from Mr. Epstein's house had been
03:06:27 8 destroyed?
03:06:28 9 **A. I -- when I used the word "destroyed," I**
03:06:30 10 **probably should have been more precise. They had been**
03:06:32 11 **concealed from law enforcement, is what I meant. That**
03:06:35 12 **when Palm Beach Police Department went up to the Epstein**
03:06:37 13 **mansion, they found surveillance cameras and other**
03:06:41 14 **cameras. I can't remember exactly where the cameras**
03:06:44 15 **were, but they found surveillance cameras, and when they**
03:06:46 16 **looked for the tapes associated with those cameras, I**
03:06:50 17 **used the word "destroyed"; and as I say, I probably**
03:06:50 18 **should have said they were missing. And so they were**
03:06:52 19 **never able to locate those -- those missing videotapes.**
03:06:55 20 Q. So as of December 30th of 2014, to your
03:07:01 21 knowledge, there were no videotapes available?
03:07:03 22 **A. There were no videotapes available to law**
03:07:06 23 **enforcement or to Brad and his pro bono crime victim**
03:07:09 24 **attorneys to help document our case. We were trying to**
03:07:12 25 **get those and we are continuing to try to get those,**





HOUSE_OVERSIGHT_010876

03:07:13 1 **but, obviously, Epstein and his criminal associates have**
03:07:18 2 **had the ability to -- to destroy the evidence that's**
03:07:21 3 **been -- that we have been trying to gather.**
03:07:23 4 **Q.** And in -- in your answer a couple of
03:07:26 5 questions --
03:07:27 6 **A. I -- I'm sorry. I shouldn't say "destroyed."**
03:07:28 7 **They have been able to conceal would probably be a more**
03:07:30 8 **accurate term, the -- the evidence that we are trying to**
03:07:33 9 **gather.**
03:07:33 10 **Q.** In my answer -- in my answer --
03:07:33 11 **A. Yeah.**
03:07:36 12 **Q.** -- in the question and answer, your answer to
03:07:38 13 my question a couple of questions ago, you talked about
03:07:42 14 whether Mr. Epstein and Virginia Roberts would have the
03:07:46 15 same or equal ability to disclose --
03:07:49 16 **A. Right.**
03:07:49 17 **Q.** -- what these prominent politicians,
03:07:53 18 et cetera, had done, correct?
03:07:54 19 **A. Correct.**
03:07:55 20 **Q.** Without attempting to make any comparison,
03:07:59 21 you would agree, would you not, that as of December
03:08:01 22 30th, 2014, Miss Roberts had the ability to name the
03:08:07 23 names of the people who are referenced in this document?
03:08:10 24 **A. Physical ability, yes.**
03:08:11 25 **Q.** And -- well, let me ask this: You say a





03:08:17 1 well-known prime minister. Is that Prime Minister
03:08:22 2 Barak?
03:08:22 3 MS. McCAWLEY: I'm gonna instruct you not to
03:08:25 4 reveal any attorney/client communications you had
03:08:26 5 with Virginia Roberts on the specifics of her
03:08:29 6 counsel to you about these individuals.
03:08:31 7 BY MR. SIMPSON:
03:08:32 8 **Q.** Is one of the other -- one of the powerful
03:08:34 9 business executives, Les Wexner?
03:08:37 10 MS. McCAWLEY: Again, same instruction.
03:08:40 11 BY MR. SIMPSON:
03:08:41 12 **Q.** Okay. Now, you mentioned yesterday -- well,
03:08:49 13 a moment ago, you testified that these -- in your view,
03:08:51 14 these allegations about other powerful men furthered
03:08:58 15 Miss Roberts' legal position in the case, correct?
03:09:02 16 **A. Yes.**
03:09:02 17 **Q.** And it's also your position, I assume, that
03:09:10 18 the allegations regarding Professor Dershowitz and
03:09:14 19 Prince Andrew furthered Miss Roberts' legal position; is
03:09:21 20 that right?
03:09:21 21 **A. Absolutely.**
03:09:21 22 **Q.** Does the fact that Judge Marra struck those
03:09:24 23 allegations as impertinent, scandalous, and completely
03:09:30 24 irrelevant to the case, cause you to reassess?
03:09:32 25 MR. SCAROLA: Excuse me. Is that -- is that





03:09:34 1 intended to be a direct quote?
03:09:36 2 MR. SIMPSON: Back up.
03:09:37 3 BY MR. SIMPSON:
03:09:39 4 **Q.** What is your understanding of Judge Marra's
03:09:41 5 ruling with respect to these allegations about Professor
03:09:45 6 Dershowitz and Prince Andrew?
03:09:46 7 **A. That they were premature.**
03:09:48 8 **Q.** That's your understanding of his order?
03:09:50 9 **A. Yes.**
03:09:50 10 **Q.** Okay.
03:09:54 11 **A. And I -- maybe I should -- I see some**
03:09:58 12 **skepticism there, so let me explain why I think those**
03:10:00 13 **allegations --**
03:10:01 14 **Q.** Yeah. Well, we can pull --
03:10:01 15 **A. -- are appropriate.**
03:10:01 16 **Q.** -- we will pull out the order itself --
03:10:01 17 **A. Sure.**
03:10:05 18 **Q.** -- at the appropriate time, but first, your
03:10:05 19 understanding is that the judge didn't find that those
03:10:09 20 allegations, at the time they were made, were so
03:10:13 21 irrelevant to the case, that they should be stricken
03:10:15 22 from the public record?
03:10:17 23 **A. In that pleading at that time, remember, we**
03:10:20 24 **had in our -- our brief -- let me explain the -- the**
03:10:24 25 **nine reasons why we thought that those allegations were**





03:10:27 1 **relevant to the case, since I think your question calls**
03:10:28 2 **for that.**
03:10:29 3 **Q.** Are those the nine reasons you gave
03:10:31 4 yesterday?
03:10:31 5 **A. No, I didn't have a chance to.**
03:10:32 6 **Q.** Are they the nine reasons that are set forth
03:10:34 7 in your -- in your brief?
03:10:35 8 **A. They are. Those are the nine reasons that**
03:10:37 9 **are set forth in the brief.**
03:10:38 10 **Q.** Okay. And -- and Judge Marra had that brief
03:10:41 11 in front of him when he held that, these allegations
03:10:45 12 were so not relevant to the issues before the court,
03:10:48 13 that they would be stricken and not part of the public
03:10:52 14 record?
03:10:52 15 **A. At that time, in that particular pleading --**
03:10:55 16 **I think you're mischaracterizing Judge Marra's ruling in**
03:11:00 17 **its entirety. He specifically said that the allegations**
03:11:01 18 **could be reasserted, if they were relevant to issues**
03:11:04 19 **that are -- that were coming up. And so, in following**
03:11:07 20 **that ruling, we went to the U.S. Attorney's Office,**
03:11:10 21 **propounded discovery requests and said, look, we believe**
03:11:13 22 **you're sitting on information that Dershowitz was, you**
03:11:16 23 **know, connected with the -- with the criminal**
03:11:17 24 **trafficking here; we would like you to produce those**
03:11:19 25 **documents.**





HOUSE_OVERSIGHT_010877

03:11:20 1 And rather than say, hey, we don't have any
03:11:22 2 such documents, the U.S. Attorney's Office gave us the
03:11:26 3 response indicating, to our view, that there were such
03:11:27 4 documents, and as you know, since you're one of
03:11:29 5 Mr. Dershowitz's attorneys, we have drafted a pleading
03:11:32 6 now to try and collect that information, that law
03:11:36 7 enforce -- federal law enforcement agencies have
03:11:39 8 collected, and -- and to figure out the appropriate way
03:11:42 9 to litigate that so that we can get that information and
03:11:44 10 move forward with the case.
03:11:46 11 That's just one example of -- of how the
03:11:49 12 allegations, if they were premature at that point, are
03:11:53 13 no longer going to be premature as the case moves along.
03:11:57 14 Q. Is it or is it not your understanding that
03:12:01 15 Judge Marra ruled that the allegations in this pleading
03:12:08 16 in front of you were so irrelevant to the pleading in
03:12:14 17 which they were stated, that they should be stricken
03:12:17 18 from the public record?
03:12:18 19 A. In that particular pleading at that
03:12:20 20 particular time, that's right.
03:12:21 21 Q. Does that cause you to reassess, in any way,
03:12:24 22 having filed this document?
03:12:25 23 A. Well, I think certainly as a tactical matter,
03:12:28 24 we should have reserved the -- the allegations for --
03:12:31 25 for another motion. I -- I think that's -- you know,





03:12:34 1 certainly, with the -- you're -- now, we are now sort of
03:12:38 2 speculating, would we have done something different if
03:12:39 3 we knew that? And the answer to that is, sure, we would
03:12:41 4 have tried to do something that Judge Marra thought was
03:12:44 5 the appropriate way to handle it, so...
03:12:46 6 Q. And Judge Marra also reminded counsel of
03:12:49 7 their Rule 11 obligations; didn't he?
03:12:51 8 A. That's right. Yeah.
03:12:52 9 Q. And did it cause you to question, not
03:12:57 10 tactics, but whether you were acting properly in filing
03:13:00 11 this?
03:13:00 12 MR. SCAROLA: Excuse me. I --
03:13:02 13 MR. SIMPSON: I'm just asking if it caused
03:13:03 14 him to reassess.
03:13:04 15 MR. SCAROLA: I understand what you're
03:13:05 16 asking, and you're asking him about his mental
03:13:07 17 processes in connection with pending litigation.
03:13:12 18 That's work product. I instruct you not to
03:13:13 19 answer that question.
03:13:14 20 BY MR. SIMPSON:
03:13:15 21 Q. All right. You testified yesterday that one
03:13:19 22 reason that you found the filing of the complaint on
03:13:27 23 behalf of Jane Doe 102, who is Virginia Roberts, by
03:13:34 24 the -- Bob Josefsberg and -- and why that was
03:13:37 25 significant was that Bob Josefsberg had been selected by





03:13:41 1 the United States Attorney for the Southern District of
03:13:45 2 Florida to represent victims, correct?
03:13:48 3 A. Yes. Through the -- through the NPA, yeah,
03:13:51 4 there was an apparatus that led to his selection.
03:13:54 5 Q. And does that answer reflect holding the U.S.
03:14:01 6 Attorney for the Southern District of Florida in that
03:14:03 7 office in high regard?
03:14:04 8 A. Sure.
03:14:05 9 Q. Do you contend that at the time the United
03:14:11 10 States Attorney for the Southern District of Florida
03:14:14 11 negotiated the NPA, they knew that Professor Dershowitz,
03:14:20 12 himself, had been involved in abuse of minors?
03:14:25 13 A. I don't know exactly what information they
03:14:27 14 had. I do know that we have been propounding discovery
03:14:30 15 requests on all of these subjects, including
03:14:32 16 Professor Dershowitz's involvement, when the U.S.
03:14:35 17 Attorney knew. They are asserting privilege over that.
03:14:37 18 I would wish they would waive the privilege or at least
03:14:39 19 provide the information to pro bono crime victims'
03:14:43 20 attorneys that they have, so we can get to the bottom of
03:14:45 21 this.
03:14:45 22 But there have been, you know, a nonstop
03:14:47 23 series of assertions of privilege and other barriers
03:14:49 24 interposed against us in this case, and I think
03:14:53 25 inappropriately so, and -- and we have been arguing that





03:14:55 1 now for a number of years.
03:14:56 2 Q. Would you agree with me that if the United
03:15:00 3 States Attorney's Office had been aware that Professor
03:15:04 4 Dershowitz had engaged in sexual misconduct with minors,
03:15:07 5 or himself had observed Mr. Epstein do so, that it would
03:15:12 6 have been improper and unethical for them to let Mr. --
03:15:17 7 Professor Dershowitz negotiate the terms of the NPA with
03:15:19 8 them?
03:15:19 9 A. If they had direct personal knowledge of
03:15:21 10 that, sure. I mean, the -- the -- but the realities are
03:15:23 11 a little bit more complicated in that Professor
03:15:26 12 Dershowitz, over the last couple of days as
03:15:27 13 frequently -- has frequently used the word "continuum,"
03:15:29 14 and so if they were certain of that, it absolutely would
03:15:31 15 have -- would have been unethical.
03:15:33 16 The question is: Well, what if they had a
03:15:35 17 suspicion or what if -- you know, a reasonable suspicion
03:15:36 18 or a possible suspicion. Those are the kinds of
03:15:39 19 dimensions that you've got to, you know, take into
03:15:42 20 account in the real world about, you know, what they --
03:15:44 21 what they would have done.
03:15:50 22 I mean, it seems pretty clear, for example,
03:15:52 23 that at some point, you know, later on, they got a black
03:15:55 24 book in which Professor Dershowitz's name had been
03:15:58 25 circled. Now, what they did with that information, I --





HOUSE_OVERSIGHT_010878

03:16:00 1 **I don't know.**
03:16:00 2 **Q.** And what they did with the fact that Courtney
03:16:04 3 Love and Donald Trump were circled, you don't know also,
03:16:06 4 correct?
03:16:06 5 **A. That's right. Fair point.**
03:16:07 6 **Q.** But somehow it's suspicious as to
03:16:10 7 Mr. Dershowitz, but not as to anyone else?
03:16:12 8 MR. SCAROLA: Objection. Argumentative.
03:16:12 9 THE WITNESS: And I'm -- I'm glad to argue on
03:16:14 10 that point, let me, because they --
03:16:14 11 MR. SIMPSON: I'll withdraw the question.
03:16:15 12 THE WITNESS: All right. Because I would
03:16:16 13 have a --
03:16:16 14 MR. SIMPSON: Let --
03:16:17 15 THE WITNESS: -- a substantial argument on
03:16:18 16 that.
03:16:20 17 MR. SIMPSON: I -- I will withdraw the
03:16:20 18 question.
03:16:20 19 BY MR. SIMPSON:
03:16:28 20 **Q.** With respect, again, to the --
03:16:30 21 MR. SCAROLA: And I'll withdraw the
03:16:32 22 objection.
03:16:32 23 MR. SIMPSON: Thank you.
03:16:33 24 BY MR. SIMPSON:
03:16:36 25 **Q.** At the time that you filed this joinder





03:16:40 1 motion, Exhibit 2, you knew that the United States
03:16:44 2 Attorney's Office had denied having any contact -- any
03:16:48 3 documents reflecting any contact with Prince Andrew;
03:16:51 4 isn't that true?
03:16:51 5 **A. They had -- there were -- there were various**
03:16:56 6 **discovery requests that had been propounded, and I think**
03:16:59 7 **with regard to one, they had denied, and my recollection**
03:17:01 8 **is with regard to another, where there had been an**
03:17:04 9 **assertion of privilege.**
03:17:07 10 **Q.** Is it not true, that before December 30th,
03:17:09 11 2014, in response to a request asking the government:
03:17:15 12 Are there any documents reflecting contact with -- by
03:17:20 13 Prince Andrew regarding the NPA, the government
03:17:24 14 represented, there were none?
03:17:26 15 **A. That -- with regard to the -- you're talking**
03:17:30 16 **about RFPs, request for production of documents, I**
03:17:32 17 **believe that's -- I believe that's correct.**
03:17:33 18 **Q.** And on December 30th, 2014, knowing that, you
03:17:38 19 named Prince Andrew in this motion, correct?
03:17:40 20 **A. Correct.**
03:17:41 21 **Q.** And is it your testimony that you believe
03:17:46 22 that Prince Andrew somehow attempted to influence the
03:17:52 23 negotiations of an NPA in the United States as to
03:17:56 24 Mr. Epstein?
03:17:57 25 **A. I don't have direct evidence of that, but I**





03:17:59 1 **certainly believe I have a good-faith basis, along with**
03:18:02 2 **my co-counsel, to explore that subject, and try to see**
03:18:04 3 **how someone who is fifth in line to the British Throne**
03:18:07 4 **might have been able to use the contacts and power that**
03:18:09 5 **he has to influence a -- a -- a disposition in this --**
03:18:15 6 **in the Crime Victims' Rights Act case that it would have**
03:18:19 7 **been favorable to one of his friends and potentially**
03:18:23 8 **favorable to himself.**
03:18:23 9 **Q.** And -- and you have that view,
03:18:25 10 notwithstanding that the government had represented they
03:18:27 11 have no record of that?
03:18:30 12 **A. They didn't -- no, no, no, no. Let's not --**
03:18:31 13 **not -- let's not slip and try to get me to admit**
03:18:34 14 **something that is not what the record reflects. The**
03:18:36 15 **government said they did not have documents. They did**
03:18:38 16 **not say that they didn't have any information along**
03:18:40 17 **those lines.**
03:18:41 18 **To the contrary: They asserted a whole**
03:18:43 19 **series of privileges every time we tried to get**
03:18:47 20 **information along these lines. So the fact that they**
03:18:49 21 **didn't have a letter, signed Prince Andrew, saying,**
03:18:51 22 **please do the best you can for this convicted sex**
03:18:54 23 **offender is one thing. That's the request for**
03:18:56 24 **production of documents.**
03:18:57 25 **But they never said that they -- they -- that**





03:19:00 1 **something along these lines had never happened and, to**
03:19:03 2 **the contrary, we were faced with assertions of privilege**
03:19:07 3 **over roughly, if I remember correctly, about 10,000**
03:19:08 4 **pages of documents where a whole host of privileges were**
03:19:11 5 **being asserted.**
03:19:12 6 **Q.** Do you think it's credible that the United
03:19:16 7 States Attorney's Office would be discussing an NPA with
03:19:20 8 a member of the British Royal Family?
03:19:22 9 **A. Not directly, but there certainly are**
03:19:24 10 **possibilities of surrogates. I -- my -- somebody who is**
03:19:27 11 **that powerful certainly wouldn't go out at it directly.**
03:19:29 12 **What they would probably do is try to find the best**
03:19:32 13 **lawyers they could around the United States and -- and,**
03:19:33 14 **you know, and some of the, you know, big-named lawyers**
03:19:36 15 **and try to bring them in there to -- to work a deal.**
03:19:38 16 **That's, I think, how, you know, we're -- you're**
03:19:42 17 **asking -- your question is asking for speculation and**
03:19:42 18 **I'm saying that -- that based on, how would you**
03:19:46 19 **influence a deal in an American criminal justice system?**
03:19:49 20 **You go try to get the best defense lawyers you could and**
03:19:52 21 **see -- you know -- you know, figure out which political**
03:19:54 22 **party was in power; and try to get people who are**
03:19:58 23 **well-connected to that political party, things like**
03:19:58 24 **that.**
03:19:59 25 **So that's the way that I think somebody might**





HOUSE_OVERSIGHT_010879

03:20:01 1 **have gone about trying to -- to put pressure for a -- a**
03:20:04 2 **favorable plea deal.**
03:20:06 3 **Q.** And that's what you just referred to as
03:20:08 4 speculation, correct?
03:20:09 5 **A. Well, your question said: Well, how would**
03:20:10 6 **they go do this? And I -- I -- I gave you my answer as**
03:20:14 7 **to how I think somebody could well do that, yes.**
03:20:16 8 **Q.** And -- and your pleading doesn't allege how
03:20:22 9 someone would do it; it alleges that they did it; isn't
03:20:26 10 that correct?
03:20:27 11 **A. Did what?**
03:20:27 12 **Q.** Let me -- let me rephrase it.
03:20:29 13 **A. No. I -- I -- the --**
03:20:30 14 **Q.** I -- I withdraw the question.
03:20:30 15 **A. Yeah.**
03:20:36 16 **Q.** We only have about ten minutes here. There
03:20:38 17 are a couple of things that I --
03:20:38 18 **A. Sure. Absolutely.**
03:20:41 19 **Q.** -- wanted to get before we -- we will come
03:20:41 20 back to these when we resume. We have a lot more
03:20:43 21 questions.
03:20:44 22 **A. Great. I look forward to it.**
03:20:46 23 MR. SIMPSON: I'm going to ask the reporter
03:20:48 24 to mark as Exhibit -- what are we up to -- 6,
03:20:55 25 Exhibit 6, a document bearing Bates stamp numbers





03:21:01 1 BE-510 through -514.
03:21:01 2 (Cassell's I.D. Exhibit No. 6 - series of
03:21:01 3 e-mails, Bates numbered BE-510 - -514 was marked for
03:21:18 4 identification.)
03:21:18 5 BY MR. SIMPSON:
03:21:19 6 **Q.** I will give that to the witness. And to
03:21:30 7 identify the document further, it's a series of e-mails,
03:21:36 8 the most -- the latest one in date being at the top,
03:21:40 9 which appears to be an e-mail from Paul Cassell to
03:21:44 10 Jacqueline S. Jesko on Sunday, January 4th, 2015 at
03:21:49 11 12:48 p.m.
03:21:51 12 **A. Right.**
03:21:51 13 **Q.** My first question is whether you, in fact,
03:21:57 14 sent this e-mail that -- that this -- had this exchange
03:22:02 15 of e-mails with Miss Jesco?
03:22:04 16 **A. Yes.**
03:22:04 17 **Q.** And Miss Jesko -- who is Miss Jesko?
03:22:08 18 **A. She works for -- which -- which -- oh,**
03:22:13 19 **Nightline. She works for Nightline, yes.**
03:22:15 20 **Q.** So she's with ABC News?
03:22:17 21 **A. I believe that's right, yes.**
03:22:19 22 **Q.** And --
03:22:19 23 **A. I mean, I -- I can't remember. The network**
03:22:22 24 **wasn't significant to me, but she's with the Nightline**
03:22:25 25 **program. I knew that was a major program. I don't**





03:22:27 1 **know -- I can't recall sitting here today whether**
03:22:29 2 **Nightline, is that an ABC program or NBC or -- or some**
03:22:35 3 **other network.**
03:22:35 4 **Q.** If you look at the exhibit, the e-mail in the
03:22:39 5 second -- the bottom half of the first page, it has her
03:22:42 6 e-mail address. Does that -- @abc.com?
03:22:45 7 **A. Yeah, yeah, yeah. That's good. Thank you.**
03:22:48 8 **Q.** So ABC. So in this e-mail on January 4th of
03:22:51 9 2015, you told Miss Jesko of CBS News [sic] that --
03:22:59 10 MS. McCAWLEY: ABC. I'm sorry. You said
03:22:59 11 CBS.
03:22:59 12 MR. SIMPSON: I'm sorry.
03:22:59 13 THE WITNESS: There you go.
03:23:00 14 MS. McCAWLEY: Now, we are really confused.
03:23:00 15 MR. SIMPSON: I'm sorry. Let me start again,
03:23:04 16 and thank you.
03:23:05 17 MS. McCAWLEY: Sure.
03:23:06 18 BY MR. SIMPSON:
03:23:06 19 **Q.** In this e-mail on January 4th, 2015, you told
03:23:10 20 Miss Jesko of ABC News, quote: I represent, along with
03:23:15 21 Brad Edwards in Florida, the young woman who was
03:23:18 22 sexually abused by Prince Andrew and Alan Dershowitz,
03:23:22 23 period, close quote. Have I quoted that correctly?
03:23:25 24 **A. You have.**
03:23:25 25 **Q.** So is it fair to say that in this e-mail, you





03:23:28 1 have told ABC News that Mr. -- Professor Dershowitz, in
03:23:33 2 fact, had abused Virginia Roberts?
03:23:37 3 **A. No. I think it says that I'm the lawyer who**
03:23:39 4 **is representing someone who has -- has made those**
03:23:42 5 **allegations.**
03:23:42 6 **Q.** That's how you read this e-mail?
03:23:44 7 **A. Yes.**
03:23:45 8 **Q.** In the e-mail you identified Miss Roberts as:
03:23:49 9 "The young woman who was sexually abused by
03:23:53 10 Prince Andrew and Alan Dershowitz."
03:23:55 11 That doesn't read to you as a statement that
03:24:00 12 she was abused?
03:24:01 13 **A. In context, I think it was understood that I**
03:24:03 14 **was the attorney representing her with that claim.**
03:24:14 15 MR. DERSHOWITZ: Move on.
03:24:14 16 BY MR. SIMPSON:
03:24:14 17 **Q.** Who --
03:24:15 18 THE WITNESS: I'm sorry. What was that?
03:24:15 19 Who -- who was that?
03:24:16 20 MR. SIMPSON: Who is speaking?
03:24:18 21 THE WITNESS: I heard somebody say "move on"
03:24:20 22 or something. Could somebody identify
03:24:23 23 themselves, please? Did I --
03:24:26 24 MR. SIMPSON: In any event, I -- I will move
03:24:27 25 on.





HOUSE_OVERSIGHT_010880

03:24:27 1 THE WITNESS: Well -- well, who -- I'm sorry.
03:24:30 2 Who was that? The speaker? I want to know who
03:24:32 3 is on the line here. Could somebody identify
03:24:34 4 themselves, please?
03:24:36 5 If somebody is eavesdropping in my
03:24:37 6 deposition, I would like to know who it is.
03:24:40 7 MR. SIMPSON: No one has the call-in number
03:24:42 8 other than counsel and parties.
03:24:44 9 THE WITNESS: So --
03:24:45 10 MR. SIMPSON: To my knowledge.
03:24:46 11 MR. SCAROLA: Yeah, but that --
03:24:46 12 THE WITNESS: But who is that person?
03:24:47 13 MR. SCAROLA: -- that doesn't preclude
03:24:48 14 someone from sharing that call-in number. And
03:24:50 15 it is appropriate that anybody on the line
03:24:52 16 identify themselves.
03:24:58 17 And if the people on the line refuse to
03:25:01 18 identify themselves, then it's our intention to
03:25:04 19 cut off the line, and the people who are
03:25:07 20 authorized to be on the line can call back in.
03:25:10 21 MR. SCOTT: I agree with that.
03:25:12 22 MR. SIMPSON: Could -- could the people on
03:25:12 23 the line identify themselves?
03:25:17 24 MR. SCAROLA: Okay --
03:25:17 25 MR. DERSHOWITZ: Alan Dershowitz.





03:25:17 1 MR. SCAROLA: -- cut it off.
03:25:17 2 MS. McCAWLEY: He just -- he just --
03:25:17 3 THE WITNESS: So he --
03:25:20 4 MR. SIMPSON: Alan Dershowitz. Anyone else?
03:25:24 5 MR. SCAROLA: So the only person on the line
03:25:27 6 is Alan Dershowitz, and it was Mr. Dershowitz who
03:25:29 7 made the comment "move on"; is that correct?
03:25:32 8 MR. SIMPSON: Well, he's the only one on the
03:25:34 9 line. I know -- I've only got three minutes left
03:25:37 10 here.
03:25:37 11 MR. SCAROLA: Well, I'll give you three more
03:25:39 12 minutes. I want to know: Was it Mr. Dershowitz
03:25:41 13 who made that comment "move on" because if it
03:25:45 14 wasn't, there's somebody else on the line --
03:25:45 15 MR. WEINBERG: I -- I --
03:25:47 16 MR. SCAROLA: -- that refuses to identify
03:25:48 17 themselves.
03:25:51 18 MR. WEINBERG: Marty Weinberg for Epstein.
03:25:51 19 I've been on the line on occasion. I have a mute
03:25:56 20 button and have said nothing and just kept on
03:25:56 21 going with no statements on my end.
03:25:56 22 MR. DERSHOWITZ: It was me who said it. I --
03:25:56 23 I -- I thought my mute button was on.
03:25:56 24 THE COURT REPORTER: I can't hear. I can't
03:26:02 25 hear.





03:26:02 1 MR. SIMPSON: Okay. I --
03:26:02 2 THE COURT REPORTER: I can't hear.
03:26:02 3 MR. SIMPSON: I heard it and I'll -- I'll
03:26:03 4 repeat it.
03:26:03 5 MR. SCAROLA: "It was me who said it."
03:26:05 6 MR. SIMPSON: "And I thought my mute
03:26:06 7 button" --
03:26:06 8 MR. SCAROLA: "I thought my" --
03:26:06 9 MR. SIMPSON: -- "was on."
03:26:06 10 MR. SCAROLA: -- "mute button was on."
03:26:06 11 And that was Mr. Dershowitz making that
03:26:09 12 comment?
03:26:09 13 MR. SIMPSON: Yes, it was.
03:26:12 14 MR. SCAROLA: Okay. Thank you.
03:26:12 15 MR. DERSHOWITZ: I was trying to instruct my
03:26:14 16 attorney.
03:26:14 17 MR. SCAROLA: Then we are ready to move on.
03:26:14 18 BY MR. SIMPSON:
03:26:18 19 Q. Have you told any -- all right.
03:26:25 20 Putting aside counsel who are working with
03:26:28 21 you, and putting aside those who you identified as being
03:26:32 22 within the common-interest privilege --
03:26:34 23 **A. Right.**
03:26:34 24 Q. -- so not those people --
03:26:34 25 **A. Right.**





03:26:36 1 Q. -- have you told anyone that Professor
03:26:45 2 Dershowitz abused Virginia Roberts or any other minor?
03:26:51 3 **A. No. I've -- what I have tried to say is that**
03:26:53 4 **I'm representing a young woman who has made those**
03:26:55 5 **allegations. As an attorney, I'm proud to represent**
03:26:58 6 **her, proud to present her case in court, proud to**
03:27:02 7 **present arguments to whoever will listen that she's been**
03:27:06 8 **sexually abused by various people.**
03:27:07 9 Q. Okay. And you have spoken with
03:27:09 10 representatives of the News Media on the record and off
03:27:15 11 the record about this case; isn't that -- is that not
03:27:17 12 correct?
03:27:17 13 **A. Well, on the record, yes; with regard to off**
03:27:21 14 **the record, there have been some communications that I**
03:27:24 15 **think now have been turned over to the -- to the**
03:27:26 16 **defense. So I don't -- I'm not sure if there still**
03:27:29 17 **remain any off the record -- I suppose probably there**
03:27:32 18 **are a few, but I would -- I think most of the -- what**
03:27:36 19 **were originally off-the-record communications have now**
03:27:38 20 **been provided to -- to the defense time.**
03:27:41 21 Q. Mr. Cassell, is it not true -- true, that you
03:27:44 22 have spoken with reporters on what you referred to as
03:27:49 23 quote, background, close quote?
03:27:50 24 **A. Yeah. I mean that's different than -- your**
03:27:54 25 **earlier question was off the record and on the record.**





HOUSE_OVERSIGHT_010881

03:27:57 1 **There is an intermediate category of**
03:27:58 2 **background information as well, and I have spoken to**
03:28:01 3 **some reporters in that capacity, yes.**
03:28:04 4 Q. And -- and -- and background means that it's
03:28:08 5 not for attribution, correct?
03:28:10 6 **A. Right. The background means the reporter can**
03:28:13 7 **use the information, but shouldn't attribute it to a**
03:28:16 8 **particular person.**
03:28:17 9 Q. And, in fact, you have --
03:28:19 10 **A. Or let me -- let me just clarify. Some**
03:28:21 11 **time -- well, background, I think, you know, we are now**
03:28:23 12 **talking about sort of -- when I use the term**
03:28:25 13 **"background," it would generally mean that this is**
03:28:28 14 **something maybe that you want to investigate and see if**
03:28:31 15 **you can confirm in other ways, but it shouldn't be**
03:28:34 16 **sourced to -- that I shouldn't be quoted directly**
03:28:38 17 **because they are going to have to find other -- other**
03:28:40 18 **sources that confirm that same information.**
03:28:42 19 Q. Okay. And so my question is that it is true
03:28:45 20 that you have spoken with a number of reporters on
03:28:49 21 background about Virginia Roberts's allegations in this
03:28:53 22 case, correct?
03:28:54 23 **A. Well, a number -- a few, I would say, is**
03:28:56 24 **probably a more accurate characterization.**
03:29:00 25 Q. And in any of those background conversations,





03:29:04 1 did you ever identify Miss Roberts as someone who had
03:29:08 2 been sexually abused by Mr. -- Professor Dershowitz?
03:29:11 3 **A. I tried to identify myself as the attorney**
03:29:14 4 **representing someone who said that she had been sexually**
03:29:18 5 **abused by Dershowitz. I think you've received -- you**
03:29:20 6 **know, we can go through -- you know, we have produced, I**
03:29:24 7 **think, 2,500 pages of discovery. Many of those pages**
03:29:26 8 **are media communications. And, you know, we can go**
03:29:30 9 **through, and I think you know that there are a number of**
03:29:33 10 **examples, many examples, where I have said, I represent**
03:29:35 11 **a woman who has alleged that... Some verbal formulation**
03:29:40 12 **along those lines.**
03:29:44 13 **I mean, attorneys represent victims all the**
03:29:46 14 **time and -- and I don't think people generally**
03:29:49 15 **understand when an attorney makes a statement, that the**
03:29:51 16 **attorney is adopting and vouching for that statement.**
03:29:55 17 **They are -- they are serving in a representative**
03:29:58 18 **capacity.**
03:29:59 19 Q. Have you finished your answer?
03:30:00 20 **A. I have.**
03:30:01 21 Q. Okay. Do you -- are you a party to any fee
03:30:06 22 agreement of any kind that would relate to a possible
03:30:10 23 recovery from Les Wexner?
03:30:13 24 MS. McCAWLEY: Objection to the extent that
03:30:15 25 it reveals any confidential communications with





03:30:17 1 your client, my client, or any joint defense
03:30:22 2 communications. You can't reveal that.
03:30:24 3 THE WITNESS: All right. So I'm going to
03:30:27 4 follow that instruction and not answer.
03:30:28 5 BY MR. SIMPSON:
03:30:46 6 Q. With respect to the -- what's now still
03:30:52 7 Exhibit 2, the motion for limited intervention --
03:30:56 8 MR. SCAROLA: Let me just observe for the
03:30:57 9 record that it's 12:02. I don't think we used
03:31:01 10 the three minutes that I said I was going to give
03:31:03 11 you, but we will go to 12:03 anyway.
03:31:10 12 MR. SIMPSON: This line of questioning will
03:31:11 13 take a little -- a little time, so --
03:31:14 14 MR. SCAROLA: Well, what's a "little"? Oh,
03:31:14 15 so you --
03:31:15 16 MR. SIMPSON: Five minutes.
03:31:16 17 MR. SCAROLA: So you prefer to wait then?
03:31:20 18 MR. SIMPSON: Let me ask -- I can ask you a
03:31:22 19 few questions here.
03:31:23 20 THE WITNESS: Sure.
03:31:23 21 BY MR. SIMPSON:
03:31:24 22 Q. I'm going to keep going. On the -- this is
03:31:28 23 your brief actually --
03:31:29 24 **A. Which --**
03:31:29 25 Q. -- Exhibit 1.





03:31:30 1 **A. Which -- let me just make sure which one is**
03:31:33 2 **it. I have Exhibit 2, but I don't think I have**
03:31:38 3 **Exhibit 1.**
03:31:39 4 Q. Oh, I probably have Exhibit 1. Let me give
03:31:41 5 you Exhibit 1. I will give you 2 back so we don't lose
03:31:44 6 it --
03:31:44 7 **A. Okay.**
03:31:45 8 Q. -- or keep it in front of you with the
03:31:46 9 others.
03:31:46 10 **A. Okay. So, now, let's see. Okay. Yeah. I**
03:31:50 11 **have it.**
03:31:51 12 Q. In preparing this brief, did you personally
03:32:00 13 review the citations to the record that were given to
03:32:05 14 support the factual assertions?
03:32:08 15 **A. As opposed to somebody else on the legal**
03:32:11 16 **team?**
03:32:12 17 Q. Yes. I'm trying to ascertain whether you,
03:32:14 18 yourself, reviewed citations -- I'm going to be asking
03:32:18 19 you about a deposition transcript -- citations to the
03:32:22 20 record evidence that are cited as representing to the
03:32:26 21 court as supporting the factual assertions?
03:32:29 22 **A. I mean, I reviewed some, and others. You**
03:32:32 23 **know, maybe I need to -- this is starting to get into**
03:32:36 24 **work product. If you're asking, you know, what did Brad**
03:32:38 25 **do, what did you do, what did the paralegals do --**





HOUSE_OVERSIGHT_010882

03:32:42 1 Q. Let -- let me ask you a different question
03:32:43 2 then.
03:32:43 3 A. **Okay.**
03:32:43 4 Q. By -- by submitting this brief with your name
03:32:46 5 signing it, you were representing that the factual
03:32:50 6 allegations, factual assertions, were support -- are
03:32:54 7 supported by the record citations that are given for
03:32:58 8 those, correct?
03:32:58 9 A. **Yeah. I mean, obviously, when you write a**
03:33:00 10 **brief, you're -- you're -- you know, you're trying to**
03:33:02 11 **represent that this is the best product I can come up**
03:33:04 12 **with.**
03:33:05 13 **Now, you know, in a 40-page brief did --**
03:33:07 14 **did -- is there some, you know, error in citation or**
03:33:10 15 **something like that? I have to -- I'm not perfect. I'm**
03:33:12 16 **sure that's a possibility, but, you know, I worked hard**
03:33:15 17 **to try to put together the best product that I could on**
03:33:18 18 **behalf of Virginia Roberts when I filed this brief.**
03:33:21 19 Q. And -- and in general, when a lawyer signs a
03:33:24 20 brief, it's a representation to the court that the
03:33:28 21 citations to the record support the factual --
03:33:28 22 A. **Yeah, to the --**
03:33:32 23 Q. -- propositions given to the court?
03:33:34 24 A. **Yeah, that's right. To the best of, you**
03:33:36 25 **know, your ability, sure.**





03:33:37 1 Q. Take a look if you would at page 29 --
03:33:40 2 A. **Okay.**
03:33:41 3 Q. -- the top of the page --
03:33:42 4 A. **Okay.**
03:33:42 5 Q. -- the statement: "Jane Doe number 3 came to
03:33:50 6 the house when Dershowitz was there." And then it's
03:33:53 7 "Id." which is a citation to the Alessi deposition, page
03:33:56 8 73, line 18 to 20. Do you see that?
03:33:59 9 A. **I do.**
03:34:01 10 Q. So that sentence if I -- do you agree with me
03:34:03 11 that sentence is representing to the court that Virginia
03:34:08 12 Roberts came to the Palm Beach house when Professor
03:34:12 13 Dershowitz was there?
03:34:12 14 A. **Yes.**
03:34:13 15 Q. I'm going to read you what's cited for that
03:34:15 16 proposition. I can show it to you if you like.
03:34:17 17 A. **I would like to see it because, you know,**
03:34:18 18 **it's possible I'm off.**
03:34:20 19 Q. Let me read it for the record.
03:34:22 20 A. **Sure.**
03:34:22 21 Q. And I will read what is cited. It's page 73,
03:34:31 22 lines 22 to 25.
03:34:39 23 Actually -- I'm -- yeah, I'm sorry. 73, 18
03:34:44 24 to 20. Line 18:
03:34:51 25 "Not sure. When Mr. -- Mr. Dershowitz was





03:34:54 1 visiting?
03:34:55 2 "Uh-huh. Answer.
03:34:56 3 "Question: How often did he come?
03:34:59 4 "Answer: He came pretty -- pretty often. I
03:35:02 5 would says as least four or five times a year."
03:35:06 6 And that's what is cited as the support for
03:35:09 7 the proposition --
03:35:09 8 A. **I'd -- I would like to look at the document.**
03:35:10 9 Q. I'm going to give you the document before I
03:35:12 10 ask you to comment on it.
03:35:15 11 A. **Sure.**
03:35:15 12 Q. I will -- I will go beyond what was cited to
03:35:16 13 the court --
03:35:16 14 A. **Okay.**
03:35:16 15 Q. -- to put it in context.
03:35:20 16 A. **But I mean, there's -- this is a large --**
03:35:22 17 **well, that's what I'm saying. I would like -- my**
03:35:24 18 **recollection is that there are number of parties to the**
03:35:26 19 **Alessi depo --**
03:35:27 20 Q. No. My -- my only question is in this brief,
03:35:30 21 the lawyers signing it represented to the court that
03:35:32 22 this citation supported that factual assertion.
03:35:35 23 A. **But that's true, yes.**
03:35:36 24 Q. Okay. I will read it.
03:35:40 25 "Do you have any recollection of V.R.,





03:35:43 1 Virginia Roberts, coming to the house when
03:35:44 2 Prince Andrew was there? Question.
03:35:46 3 "Answer: It could have been, but I'm not
03:35:49 4 sure.
03:35:50 5 "Not sure. When Mr. Dershowitz was visiting?
03:35:53 6 "Uh-huh.
03:35:54 7 "How often did he come?
03:35:55 8 "He came pretty -- he pretty often. I would
03:35:58 9 says at least four or five times a year."
03:36:00 10 A. **Okay.**
03:36:01 11 Q. Do you want to take a look at that?
03:36:02 12 A. **Yeah.**
03:36:04 13 MS. RICHARDSON: Page 73.
03:36:04 14 BY MR. SIMPSON:
03:36:06 15 Q. Page 73, line -- it's right here (indicating)
03:36:08 16 if it helps you find it.
03:36:11 17 A. **Yeah. Okay. All right. That's what those**
03:36:15 18 **lines say, yes.**
03:36:16 19 Q. Okay. So my -- my question is: In your
03:36:19 20 view, as an attorney, does that quotation -- does that
03:36:23 21 testimony support the assertion that Professor
03:36:27 22 Dershowitz and Virginia Roberts were in the house at the
03:36:30 23 same time?
03:36:30 24 A. **Those -- those lines 18 to --**
03:36:34 25 Q. And if you want to put it in the context of a





HOUSE_OVERSIGHT_010883

03:36:36 1 couple of lines above it that do refer to Virginia
03:36:39 2 Roberts, put it in the context.
03:36:41 3 My question is: Does that, fairly read,
03:36:46 4 constitute testimony that Virginia Roberts and Professor
03:36:49 5 Dershowitz were in the house at the same time?
03:36:51 6 **A. Those three sentences, three lines.**
03:36:55 7 Q. What -- yes, what the brief cites.
03:36:57 8 **A. Those -- those three lines: "Not sure. When**
03:37:03 9 **Mr. Dershowitz was visiting. Uh-huh. How often did he**
03:37:06 10 **come?" Those -- those three lines, I agree, that looks**
03:37:10 11 **like a miscitation there. I agree with you on that.**
03:37:14 12 Q. And isn't it true that -- first of all,
03:37:16 13 nothing else is cited in the brief or elsewhere to
03:37:22 14 support -- put -- put aside.
03:37:23 15 Other than Virginia Roberts's own testimony,
03:37:26 16 this is the only evidence that you cited to the court to
03:37:30 17 support --
03:37:31 18 **A. No, no, no, no, no. That would require a**
03:37:34 19 **30-minute answer.**
03:37:34 20 Q. Okay. I won't ask you a 30-minute answer --
03:37:37 21 MR. SCAROLA: How about -- how about wrapping
03:37:38 22 it up then because it's now 12:10.
03:37:41 23 MR. SIMPSON: I will wrap it up. I have one
03:37:42 24 more -- one more question.
03:37:43 25 THE WITNESS: Okay.





03:37:43 1 BY MR. SIMPSON:
03:37:43 2 Q. And that is: I just want to confirm that you
03:37:47 3 do agree with me that what was cited to the court for
03:37:50 4 the proposition that they were together, in this
03:37:52 5 sentence, doesn't support that proposition?
03:37:54 6 **A. I will agree with you that there appears to**
03:37:56 7 **be a miscitation of the line number -- of the lines 18**
03:38:01 8 **through 20.**
03:38:02 9 **Now, you're saying that there is not**
03:38:04 10 **information outside of 8 -- lines 18 through 20 to**
03:38:08 11 **support the allegation, and that's going to require a**
03:38:11 12 **much longer answer.**
03:38:12 13 Q. I don't want a long answer, but I do want to
03:38:15 14 clarify. When you say "outside" --
03:38:15 15 MR. SCAROLA: You also said one more
03:38:15 16 question.
03:38:15 17 MR. SIMPSON: Well, I -- let me just finish
03:38:16 18 this, so we are not going to have this hanging,
03:38:19 19 because I want to make sure we are communicating.
03:36:21 20 THE WITNESS: Okay. Sure.
03:38:21 21 BY MR. SIMPSON:
03:38:22 22 Q. I understand you're -- you're saying that
03:38:25 23 there -- there may be evidence --
03:38:26 24 **A. Yeah.**
03:38:27 25 Q. -- elsewhere?





03:38:27 1 **A. The lawyer -- look, this is not the first**
03:38:27 2 **time --**
03:38:27 3 Q. I'm not asking the --
03:38:29 4 **A. -- a lawyer has cited the wrong line number**
03:38:31 5 **on a transcript or something, and if you're suggesting**
03:38:34 6 **that -- you know, I will concede that I cited the wrong**
03:38:38 7 **line number for that particular assertion.**
03:38:41 8 Q. And this is what I want to clarify: When you
03:38:43 9 say the wrong line number, if you look at the quotation,
03:38:46 10 there is, up above -- you cited 18 to 20 -- 22 to 25 --
03:38:46 11 no, 18 to 20. I'm sorry. You cited 18 to 20 which is
03:38:56 12 -- do you see that?
03:38:57 13 **A. I do see 18 to 20, yes.**
03:38:59 14 Q. And those lines don't refer to Virginia
03:39:01 15 Roberts coming to the house, correct?
03:39:02 16 **A. Lines 18 to 20 do not refer to Virginia**
03:39:10 17 **Roberts -- oh, no, wait a minute. Now, this is --**
03:39:12 18 **because when I look at it here, line 15:**
03:39:17 19 "Do you have any recollection of V.R.,
03:39:20 20 Virginia Roberts, coming to the house when
03:39:21 21 Prince Andrew was there?"
03:39:23 22 Answer: "It could have been. I'm not sure.
03:39:25 23 "Not sure. When Mr. Dershowitz was
03:39:28 24 visiting?"
03:39:30 25 So now when I read it, actually, I'm now





03:39:32 1 going to withdraw my earlier answer, I would -- because
03:39:35 2 you know, it's getting late in the day. I'm getting a
03:39:37 3 little fuzzy here. When Mr. Dershowitz was visiting,
03:39:40 4 uh-huh, could be an affirmative answer read in context
03:39:45 5 to saying, I don't recall about Prince Andrew, but I do
03:39:47 6 recall Virginia Roberts being there. And I think when
03:39:49 7 we unpack the entirety of the deposition, which we don't
03:39:52 8 have time right now, that the context that I'm
03:39:54 9 suggesting now would be accurate. So I am not prepared
03:39:57 10 to say, as I sit here right now, that those were the
03:39:59 11 wrong line numbers.
03:40:01 12 Perhaps those are the correct line numbers,
03:40:03 13 but what I think I should have done was to cite
03:40:05 14 additional parts of the transcript that would have, in
03:40:10 15 context, made clear that the assertion was correct.
03:40:14 16 MR. SCAROLA: With that --
03:40:15 17 MR. SIMPSON: I -- I just need to finish this
03:40:16 18 one or two questions, but this is the topic, so
03:40:18 19 let me finish it.
03:40:19 20 BY MR. SIMPSON:
03:40:19 21 Q. Did you ever watch the video --
03:40:19 22 MR. SCAROLA: Running out of tape --
03:40:19 23 BY MR. SIMPSON:
03:40:22 24 Q. -- of the transcript?
03:40:22 25 MR. SCAROLA: We are also running out of tape





HOUSE_OVERSIGHT_010884

03:40:25 1 right now.
03:40:26 2 MR. SIMPSON: I've got --
03:40:26 3 THE VIDEOGRAPHER: Two minutes.
03:40:28 4 MR. SIMPSON: Two minutes. All right. That
03:40:28 5 won't take --
03:40:28 6 BY MR. SIMPSON:
03:40:29 7 **Q.** I want you to look at the video of that --
03:40:31 8 that testimony. Would you play it, please, for the
03:40:33 9 witness? This is from the videotape of the deposition.
03:40:35 10 THE WITNESS: I do not want to watch just --
03:40:37 11 I want to watch -- what -- what I'm seeing here
03:40:42 12 as I dive into this, I would -- if you're going
03:40:45 13 to ask me questions about what's in these
03:40:47 14 particular lines, I want to see -- I want to go
03:40:50 15 back. I want all of the -- the relevant parts of
03:40:54 16 Virginia Roberts's testimony played. And I
03:40:56 17 believe there are approximately four points in
03:40:59 18 the transcript where she's mentioned, so can we
03:41:00 19 play all four of those?
03:41:02 20 MR. SCAROLA: We are not going to do that.
03:41:03 21 We have run out of time. Per agreement, this was
03:41:05 22 supposed to stop at noon.
03:41:05 23 MR. SIMPSON: Okay.
03:41:08 24 MR. SCAROLA: It is now 12:12, so this
03:41:09 25 deposition is ended. There were a lot of things





03:41:10 1 that I would have like to have finished with
03:41:13 2 Professor Dershowitz and wasn't permitted to do
03:41:14 3 that. So by agreement, this deposition is now
03:41:17 4 over.
03:41:18 5 MR. SIMPSON: It -- it's -- it's ending over
03:41:20 6 my objection and the witness's --
03:41:21 7 MR. SCAROLA: I -- I understand that.
03:41:22 8 MR. SIMPSON: -- the -- I'm going to make my
03:41:23 9 record.
03:41:23 10 MR. SCAROLA: Okay.
03:41:24 11 MR. SIMPSON: -- the witness's refusal to
03:41:25 12 look at the videotape of the portion of the
03:41:29 13 deposition that he just characterized in his
03:41:32 14 testimony as suggesting an affirmative answer to
03:41:35 15 the question of whether Virginia Roberts and
03:41:38 16 Professor Dershowitz were there at the same time,
03:41:39 17 and I will represent --
03:41:40 18 MR. SCAROLA: That record is clear.
03:41:41 19 MR. SIMPSON: -- and anyone looking at that
03:41:43 20 videotape would know, to a moral certainty, that
03:41:46 21 that was false.
03:41:46 22 THE WITNESS: Okay. And I -- I want to make
03:41:48 23 clear that I would be happy to look at
03:41:50 24 everything. We will do that at another time
03:41:52 25 perhaps.





03:41:54 1 MR. SCAROLA: Right.
03:41:54 2 THE VIDEOGRAPHER: We are going off the video
03:41:55 3 record, 12:14 p.m.
4
5 (Witness excused.)
6 (Deposition was adjourned.)
7
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1 DEPOSITION ERRATA SHEET
2
3 Assignment no: 220190
4 BRADLEY J. EDWARDS and PAUL G. CASSELL vs.
5 ALAN M. DERSHOWITZ
6
7 DECLARATION UNDER PENALTY OF PERJURY
8
9 I declare under penalty of perjury that I have
10 read the entire transcript of my deposition/examination
11 under oath taken in the captioned matter or the same
12 has been read to me, and the same is true and accurate,
13 save and except for changes and/or corrections, if any,
14 as indicated by me on the DEPOSITION ERRATA SHEET
15 hereof, with the understanding that I offer these
16 changes as if still under oath.
17
18 Signed on the _____ day of _____,
19 2015.
20
21 _____.
22 PAUL G. CASSELL
23
24
25





HOUSE_OVERSIGHT_010885

DEPOSITION ERRATA SHEET

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SIGNATURE:_____DATE:_____, 2015

PAUL G. CASSELL





DEPOSITION ERRATA SHEET

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SIGNATURE:_____DATE:_____, 2015

PAUL G. CASSELL





CERTIFICATE OF OATH

STATE OF FLORIDA )

COUNTY OF BROWARD )

I, the undersigned authority and Notary Public certify that PAUL G. CASSELL personally appeared before me and was duly sworn on Saturday, the 17th day of October, 2015.

Sworn to before me this 19th day of October, 2015.

_____

Theresa Tomaselli, RMR

Notary Public - State of Florida

My Commission No. FF 226528

My Commission Expires 8/27/2019

220190





REPORTER'S CERTIFICATE

I, THERESA TOMASELLI, Registered Merit Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that I was authorized to and did report said deposition in stenotype; and that the foregoing pages are a true and correct transcription of my shorthand notes of said deposition.

I further certify that said deposition was taken at the time and place hereinabove set forth and that the taking of said deposition was commenced and completed as hereinabove set out.

I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel of party connected with the action, nor am I financially interested in the action.

The foregoing certification of this transcript does not apply to any reproduction of the same by any means unless under the direct control and/or direction of the certifying reporter.

DATED this 19th day of October, 2015.

_____

THERESA TOMASELLI

220190





HOUSE_OVERSIGHT_010886

Filing # 37201585 E-Filed 01/29/2016 03:47:44 PM

IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT
IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and
PAUL G. CASSELL,

Plaintiffs/Counterclaim Defendants,

vs.

ALAN M. DERSHOWITZ,

Defendant/Counterclaim Plaintiff.

_____/

**DEFENDANT/COUNTERCLAIM PLAINTIFF ALAN DERSHOWITZ'S MOTION FOR CLARIFICATION OF CONFIDENTIALITY ORDER OR RELIEF FROM THAT ORDER**

The transcript of the deposition of non-party Virginia Roberts Giuffre ("Roberts") is currently under seal as a result of the January 12, 2016 Confidentiality Order in this action. Dershowitz seeks clarification that the Confidentiality Order does not preclude him or his counsel from submitting the transcript of the deposition to the Office of the State Attorney, the Office of the United States Attorney, and other appropriate investigative authorities solely for purposes of requesting that those offices consider opening perjury investigations regarding Roberts's testimony. To the extent that the Confidentiality Order precludes such disclosure, Dershowitz requests that the Court modify it to permit the requested disclosure in the public interest.

Roberts has stated in an affidavit originally filed publicly in federal court in what the parties have referred to as the CVRA Action that she was present on Jeffrey Epstein's private island, Little St. James Island, at the same time as former President Clinton. That affidavit was



HOUSE_OVERSIGHT_010887

stricken in relevant part from the record by the federal court, but Roberts's counsel filed publicly a pleading in this case contesting Defendant's assertion that her statements in the media regarding meeting former President Clinton were untrue. A copy of the public affidavit filed in the CVRA Action and the excerpted portion of the pleading filed in this action are attached hereto as composite Exhibit A.

Because former President Clinton did not leave office until January of 2001, and Roberts has repeatedly stated in publicly filed affidavits that she "escaped" from Epstein while in Thailand in September of 2002, the alleged meeting with former President Clinton must have taken place between January of 2001 and September of 2002. As explained in the letter attached as Exhibit B, former FBI Director Louis Freeh made a request pursuant to the Freedom of Information Act for documents from the Secret Service regarding Secret Service personnel travelling with former President Clinton to Epstein's private island and the US Virgin Islands. Based on the response by the federal government to this request, and his knowledge of the duties, protocols and operations of security provided to a former President, Mr. Freeh opines in the attached letter that the absence of such records "strongly establishes that former President Clinton was not present on Little St. James Island during the period at issue." If Mr. Freeh's opinion is correct, then Roberts's publicly filed affidavits in which she stated that she met President Clinton on the island during that period are obviously false. Dershowitz intends to bring this public information to the attention of the appropriate authorities.

Separate from the public information, Dershowitz also believes that Roberts gave false testimony at her deposition. The relevant testimony, which Dershowitz intends to provide to the appropriate authorities, is being filed under seal contemporaneously with this motion. In an abundance of caution, Dershowitz and his counsel do not want to disclose this non-public



HOUSE_OVERSIGHT_010888

information even to the responsible public officials with a right and need to know without obtaining confirmation from this Court that doing so would not violate the Confidentiality Order or alternatively relief from that Confidentiality Order.

Respectfully submitted,

s/ *Thomas E. Scott*
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HOUSE_OVERSIGHT_010889

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been electronically filed through the Clerk of Broward County by using the Florida Courts eFiling Portal and thus served by electronic mail: jsx@searcylaw.com, mep@searcylaw.com, scarolateam@searcylaw.com to: Jack Scarola, Esq, Searcy Denney Scarola Barnhart & Shipley, P.A., Counsel for Plaintiff, 2139 Palm Beach Lakes Blvd., West Palm Beach, Florida 33409; jonijones@utah.gov to: Joni J. Jones, Esq., Assistant Utah Attorney General, Counsel for Plaintiff Cassell, 160 East 300 South, Salt Lake City, Utah 84114; brad@pathtojustice.com to: Bradley J. Edwards, Esq, Farmer, Jaffe et al, 425 North Andrews Avenue, Suite 2, Ft. Lauderdale, FL 33301; cassellp@law.utah.edu, to: Paul G. Cassell, Esq.,; smccawley@bsfllp.com, sperkins@bsfllp.com, ftleserve@bsfllp.com to: Sigrid S. McCawley, Esq., Boies Schiller & Flexner, LLP, 401 E. Las Olas Blvd, Suite 1200, Ft. Lauderdale, FL 33301, this 29th day of January, 2016.

By: *s/ Thomas E. Scott*
THOMAS E. SCOTT
FBN: 149100
STEVEN R. SAFRA
FBN: 057028



HOUSE_OVERSIGHT_010890

# EXHIBIT A

**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF FLORIDA**

**CASE NO. 08-80736-CIV-MARRA**

JANE DOE #1 and JANE DOE #2,
Petitioners,

vs.

UNITED STATES OF AMERICA,
Respondent.
_____/

**DECLARATION OF** [redacted]

1. My name is [redacted] and I was born in August, 1983.

2. I am currently 31 years old.

3. I grew up in Palm Beach, Florida. When I was little, I loved animals and wanted to be a veterinarian. But my life took a very different turn when adults began to be interested in having sex with me.

4. In approximately 1999, when I was 15 years old, I met Ghislaine Maxwell. She is the daughter of Robert Maxwell, who had been a wealthy publisher in Britain. Maxwell asked that I come with her to Jeffrey Epstein's mansion for the purposes of teaching me how to perform "massages" and to train me professionally in that area. Soon after that I went to Epstein's home in Palm Beach on El Brillo Way.

5. From the first time I was taken to Epstein's mansion that day, his motivations and actions were sexual, as were Maxwell's. My father was not allowed inside. I was brought up some stairs. There was a naked guy, Epstein, on the table in the room. Epstein and Maxwell forced me into sexual activity with Epstein. I was 15 years old at the time. He seemed to be in his 40s or 50s. I was paid $200. I was driven home by one of Epstein's employees.

6. I came back for several days following and did the same sorts of sexual things for Epstein.

7. After I did those things for Epstein, he and Maxwell said they were going to have me travel and were going to get an education for me. They were promising me the world, that I would travel with Epstein on his private jet and have a well-paid profession. Epstein said he would eventually match me up with a wealthy person so that I would be "set up" for life.

8. So I started "working" exclusively for Epstein. He took me to New York on his big, private jet. We went to his mansion in New York City. I was shown to my room, a very luxurious room. The mansion was huge. I got scared because it was so big. Epstein brought me to a room with a massage parlor. To me, it looked like an S&M parlor. Epstein made me engage in sexual activities with him there.

9. You can see how young I looked in the photograph below.

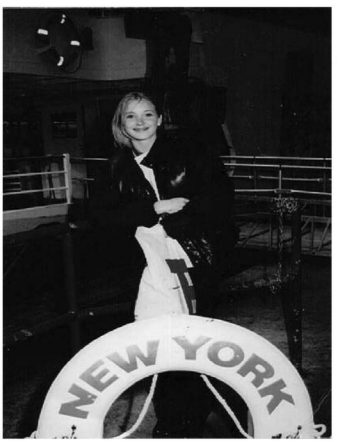

10. Epstein took me on a ferry boat on one of the trips to New York City and there he took the picture above. I was approximately 15 or 16 years old at the time.

11. Over the next few weeks, Jeffrey Epstein and Ghislaine Maxwell trained me to do what they wanted, including sexual activities and the use of sexual toys. The training was in New York and Florida, at Epstein's mansions. It was basically every day and was like going to school. I also had to have sex with Epstein many times.

12. I was trained to be "everything a man wanted me to be." It wasn't just sexual training - they wanted me to be able to cater to all the needs of the men they were going to send me to. They said that they loved that I was very compliant and knew how to keep my mouth shut.

13. Epstein and Maxwell also told me that they wanted me to produce things for them in addition to performing sex on the men. They told to me to pay attention to the details about what the men wanted, so I could report back to them.

14. From very early on I was fearful of Epstein. Epstein told me he was a billionaire. I told my mother that I was working for this rich guy, and she said "go, go far away." Epstein had promised me a lot, and I knew if I left I would be in big trouble. I also knew that I was a witness to a lot of illegal and very bad behavior by Epstein and his friends. If I left Epstein, he knew all kinds of powerful people. He could have had me killed or abducted, and I always knew he was capable of that if I did not obey him. He let me know that he knew many people in high places. Speaking about himself, he said "I can get away" with things. I was very scared, particularly since I was a teenager.

15. I visited and traveled with Jeffrey Epstein from 1999 through the summer of 2002, and during that time I stayed with him, as his sex slave, at each of his houses (really more like mansions) in locations including New York City, New York; the area of Santa Fe, New Mexico; Palm Beach, Florida; an island in the U.S. Virgin Islands; and Paris, France. I had sex with him often in these places and also with the various people he demanded that I have sex with. Epstein paid me for many of these sexual encounters. In fact, my only purpose for Epstein, Maxwell and their friends was to be used for sex.

16. To illustrate my connection to these places, I include four photographs taken of me in New Mexico (shown below). The first one is a museum in Santa Fe, New Mexico. We had gone sightseeing for the day. Epstein took this picture of me. I was approximately 17 at the time, judging from the looks of it. At the end of the day we returned to Epstein's Zorro Ranch. The second picture is me on one of Epstein's horses on the ranch in New Mexico. The following two are from wintertime in New Mexico.

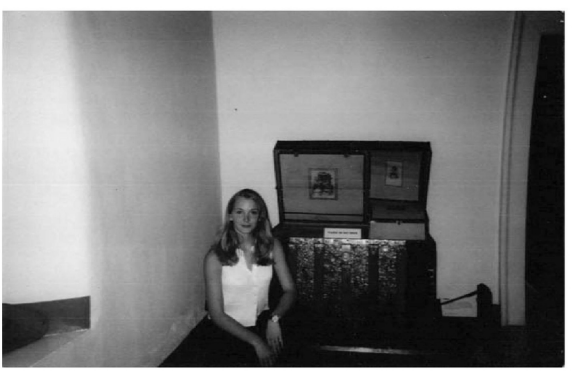

17. When I was with him, Epstein had sex with underage girls on a daily basis. His interest in this kind of sex was obvious to the people around him. The activities were so obvious

and bold that anyone spending any significant time at one of Epstein's residences would have clearly been aware of what was going on.

18. Epstein's code word for sexual encounters was that it was a "massage". At times the interaction between Epstein and the girls would start in a massage room setting, it was always a sexual encounter and never just a massage.

19. In addition to constantly finding underage girls to satisfy their personal desires, Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would "owe him," they would "be in his pocket," and he would "have something on them." I understood him to mean that when someone was in his pocket, they owed him favors. I also understood that Epstein thought he could get leniency if he was ever caught doing anything illegal, or more so that he could escape trouble altogether.

20. Ghislaine Maxwell was heavily involved in the illegal sex. I understood her to be a very powerful person. She used Epstein's money and he used her name and connections to gain power and prestige.

21. One way to describe Maxwell's role was as the "madame." She assumed a position of trust for all the girls, including me. She got me to trust her and Epstein. It turned out that Maxwell was all about sex all the time. She had sex with underage girls virtually every day when I was around her, and she was very forceful.

22. I first had sexual activities with her when I was approximately 15 at the Palm Beach mansion. I had many sexual activities with her over the next several years in Epstein's various residences plus other exotic locations. I had sex with Maxwell in the Virgin Islands,

New Mexico, New York, as well as France and many other locations. I also observed Maxwell have sex with dozens of underage girls.

23. Maxwell took pictures of many of the underage girls. These pictures were sexually explicit. Maxwell kept the pictures on the computers in the various houses. She also made hard copies of these images and displayed them in the various houses. Maxwell had large amounts of child pornography that she personally made. Many times she made me sleep with other girls, some of whom were very young, for purposes of taking sexual pictures.

24. Harvard law professor Alan Dershowitz was around Epstein frequently. Dershowitz was so comfortable with the sex that was going on that he would even come and chat with Epstein while I was giving oral sex to Epstein.

25. I had sexual intercourse with Dershowitz at least six times. The first time was when I was about 16, early on in my servitude to Epstein, and it continued until I was 19.

26. The first time we had sex took place in New York in Epstein's home. It was in Epstein's room (not the massage room). I was approximately 16 years old at the time. I called Dershowitz "Alan." I knew he was a famous professor.

27. The second time that I had sex with Dershowitz was at Epstein's house in Palm Beach. During this encounter, Dershowitz instructed me to both perform oral sex and have sexual intercourse.

28. I also had sex with Dershowitz at Epstein's Zorro Ranch in New Mexico in the massage room off of the indoor pool area, which was still being painted.

29. We also had sex at Little Saint James Island in the U.S. Virgin Islands. I was asked to give Dershowitz a massage on the beach. Dershowitz then asked me to take him somewhere more private, where we proceeded to have intercourse.

30. Another sexual encounter between me and Dershowitz happened on Epstein's airplane. Another girl was present on the plane with us.

31. I have recently seen a former Harvard law professor identified as Alan Dershowitz on television calling me a "liar." He is lying by denying that he had sex with me. That man is the same man that I had sex with at least six times.

32. Epstein made me have sex with Prince Andrew several times. Prince Andrew, Maxwell, and I are shown in the photograph below. I had sex with him three times, including one orgy. I knew he was a member of the British Royal Family, but I just called him "Andy."

33. One day when I was in London (specifically in a townhouse that is under Maxwell's name), I got news from Maxwell that I would be meeting a prince. Later that day, Epstein told me I was meeting a "major prince." Epstein told me "to exceed" everything I had been taught. He emphasized that whatever Prince Andrew wanted, I was to make sure he got.

34. Eventually Prince Andrew arrived, along with his security guards. The guards then went out of the house and stayed out front in their car. It was just Epstein, Maxwell, and me inside alone with Andy. I was introduced to the Prince, and we kissed formally, cheek to cheek.

There was a lot of legal discussion about Andy and his ex-wife ("Fergie"). Then the discussion turned to me. Maxwell said "guess how old she is." Prince Andrew guessed 17.

35. Then we all went to a Chinese restaurant for dinner and then to Club Tramp, a fancy "members only" night club in central London. Andy arranged for alcohol to be provided to me at the club. Eventually we left. I rode with Epstein and Maxwell back to the townhouse. On the way there, Epstein and Maxwell informed me that the Prince wanted to see "more of me" that night. Andy traveled in a separate car with his guards.

36. We all arrived back at the townhome and went upstairs. Epstein took a picture of me and Andy with my own camera. The picture above is that picture, which has been widely circulated on the internet. Andy has his left arm around my waist and is smiling. The picture was developed on March 13, 2001, and was taken sometime shortly before I had it developed. I was 17 years old at the time.

37. I wanted a picture with the prince because I was keeping in contact with my family. I had told my mom and my grandma that I was meeting Prince Andrew and that I'd take a picture for them. They told me to "be careful."

38. After the picture, Epstein and Maxwell kissed me and said to "have fun." They left Andy and me alone upstairs. We went to the bathroom and bedroom, which were just steps away from where the picture was taken. We engaged in sexual activities there. Afterwards, Andy left quickly with his security.

39. I chatted with Epstein about this the next day. I told him, "it went great." Epstein said something to the effect of, "You did well. The Prince had fun." I felt like I was being graded. It was horrible to have to recount all these events and have to try to meet all these needs

and wants. I told Epstein about Andy's sexual interests in feet. Epstein thought it was very funny. Epstein appeared to be collecting private information about Andy.

40. When I got back from my trip, Epstein paid me more than he had paid me to be with anyone else – approximately $15,000. That money was for what I had done and to keep my mouth shut about "working" with the Prince.

41. The second time I had sex with Prince Andrew was in Epstein's New York mansion in spring 2001. I was 17 at time. Epstein called me down to his office. When I got there, Epstein was there, along with Maxwell, Johanna Sjoberg, and Andy. I was very surprised to see him again. Epstein and Maxwell were making lewd jokes about "Randy Andy".

42. I had the impression that Andy had come there to see Epstein and to have sex me with. There was no other apparent purpose for Andy to be there.

43. I was told to go upstairs with Andy and to go to the room I thought of as the "dungeon" (the massage room, but it is really scary looking). I had sex with Andy there. I was only paid $400 from Epstein for servicing Andy that time.

44. The third time I had sex with Andy was in an orgy on Epstein's private island in the U.S. Virgin Islands. I was around 18 at the time. Epstein, Andy, approximately eight other young girls, and I had sex together. The other girls all seemed and appeared to be under the age of 18 and didn't really speak English. Epstein laughed about the fact they couldn't really communicate, saying that they are the "easiest" girls to get along with. My assumption was that Jean Luc Brunel got the girls from Eastern Europe (as he procured many young foreign girls for Epstein). They were young and European looking and sounding.

45. Afterwards we all had dinner by the cabanas. The other girls were chatting away among themselves, and Epstein and the Prince chatted together. I felt disgusted, and went

quickly to my own cabana that night and went to sleep. Prince Andrew must have flown out early the next morning, as I did not see him when I got up.

46. I have seen Buckingham Palace's recent "emphatic" denial that Prince Andrew had sexual contact with me. That denial is false and hurtful to me. I did have sexual contact with him as I have described here – under oath. Given what he knows and has seen, I was hoping that he would simply voluntarily tell the truth about everything. I hope my attorneys can interview Prince Andrew under oath about the contacts and that he will tell the truth.

47. I also had sexual intercourse with Jean Luc Brunel many times when I was 16 through 19 years old. He was another of Epstein's powerful friends who had many contacts with young girls throughout the world. In fact, his only similarity with Epstein and the only link to their friendship appeared to be that Brunel could get dozens of underage girls and feed Epstein's (and Maxwell's) strong appetite for sex with minors.

48. Brunel ran some kind of modeling agency and appeared to have an arrangement with the U.S. Government where he could get passports or other travel documents for young girls. He would then bring these young girls (girls ranging in age from 12 to 24) to the United States for sexual purposes and farm them out to his friends, including Epstein.

49. Brunel would offer the girls "modeling" jobs. A lot of the girls came from poor countries or poor backgrounds, and he lured them in with a promise of making good money.

50. I had to have sex with Brunel at Little St. James (orgies), Palm Beach, New York City, New Mexico, Paris, the south of France, and California. He did not care about conversation, just sex.

51. Jeffrey Epstein has told me that he has slept with over 1,000 of Brunel's girls, and everything that I have seen confirms this claim. Epstein, Brunel, and Maxwell loved orgies with

kids – that is, having sexual interactions with many young teenagers at the same time. Sometimes as many as ten underage girls would participate in a single orgy with them. I personally observed dozens of these orgies. The orgies happened on Epstein's island in the U.S. Virgin Islands, in New Mexico, Palm Beach, and many other places. Most of the girls did not speak English. It was my understanding that the girls had been persuaded to come by Brunel offering them illegal drugs or a career in modeling. Brunel was one of the main procurers of girls.

52. In addition to Ghislaine Maxwell, [redacted], and [redacted] were also involved in the orgies. At this stage, I am hopeful that these other women will come forward and tell the truth about everything because that will help prevent future similar abuse.

53. I have seen reports saying or implying that I had sex with former President Bill Clinton on Little Saint James Island. Former President Bill Clinton was present on the Island at a time when I was also present on the Island, but I have never had sexual relations with Clinton, nor have I ever claimed to have had such relations. I have never seen him have sexual relations with anyone.

54. I now understand that Epstein reached a non-prosecution agreement with the federal government in 2007 and pled guilty to two state crimes in June 2008. I now know that I was identified by the federal government as one of Epstein's and his co-conspirator's sexually abused victims. However, no one told me about those events until after they happened.

55. On September 3, 2008, the FBI sent a victim notification letter to me. This was the first written communication I had received from the FBI. The letter is attached as Exhibit 1. The letter describes an agreement in which compensation would be made victims of Epstein's

sexual abuse. The letter also said that the federal government was going to "defer federal prosecution." No one had told me about deferring federal prosecution before this.

56. In 2011, two FBI agents, called me in Australia and then came to meet me. They met me at the U.S. Consulate in Sidney. They seemed to be very professional and hard working. I thought to myself, "Wow, these people will do the right thing against the bad guys and protect me."

57. The agents were mainly focused on Epstein but while there I provided them some information about others who were involved in illegal acts as well. I was aware that a false statement to these law enforcement officers was a crime and I told the truth – giving them the information that I could recall about the individuals they inquired about.

58. Epstein also trafficked me for sexual purposes to many other powerful men, including politicians and powerful business executives. Epstein required me to describe the sexual events that I had with these men presumably so that he could potentially blackmail them. I am still very fearful of these men today.

59. I will continue to cooperate fully in the investigation and prosecution of Epstein, Maxwell, or any of their friends who participated in the sexual abuse of minors. I also hope that this information is treated in a way that will keep me safe from Epstein and others criminals identified here so as to encourage more victims of similar crimes to come forward. If these crimes are not prosecuted, despite my volunteering this information and cooperation, then it may deter other similar victims from coming forward.

60. In this affidavit, I have tried to focus on how I was trafficked for sexual purposes. I have not described all of the details of the sexual activities Epstein forced me to have. Also, I have not described all of the details of the other events discussed here. If a judge wants me to

present my information in more detail, including more specific descriptions of the sexual activities with the men Epstein sent me to, I could do so.

61. I have directed my attorneys, Bradley J. Edwards and Paul G. Cassell, to pursue all reasonable and legitimate means to have criminal charges brought against these powerful people for the crimes they have committed against me and other girls. They are representing me in this case pro bono.

62. Since I filed my motion in this case, my credibility has been attacked. I am telling the truth and will not let these attacks prevent me from exposing the truth of how I was trafficked for sex to many powerful people. These powerful people seem to think that they don't have to follow the same rules as everyone else. That is wrong. I hope that by coming forward, I can help expose the problem of sex trafficking and prevent the same sort of abuse and degradation that happened to me from happening to other girls.

63. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 19th day of January, 2015.

(Location of signature left undisclosed for security reasons)

Filing # 33754151 E-Filed 10/27/2015 06:33:15 PM

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.
_____/

CASE NO. CACE 15-000072

**CONSOLIDATED REPLY IN SUPPORT OF NON-PARTY JANE DOE NO. 3[1] AND BOIES, SCHILLER & FLEXNER LLP's MOTIONS TO QUASH OR FOR PROTECTIVE ORDERS REGARDING SUBPOENA SERVED ON THE NON-PARTIES**

Defendant served virtually identical subpoenas on non-party Giuffre, and her counsel Boies, Schiller & Flexner LLP ("BSF"). In an effort to conserve judicial resources, the non-parties are submitting a consolidated reply requesting that this Court quash the unreasonable and oppressive subpoenas pursuant to Florida Rules of Civil Procedure 1.410(c)(1), or alternatively, issue protective orders sharply limiting the scope of the abusive subpoenas pursuant to Florida Rules of Civil Procedure 1.280(c).

## INTRODUCTION

After publicly stating that his main goal in seeking discovery from Giuffre is to put her in "jail"[2], Defendant served this non-party with a subpoena containing twenty five (25) unreasonable and oppressive requests. It is without question that Giuffre was sexually abused as

[1] Jane Doe No. 3 is Virginia Roberts Giuffre, and will hereinafter be referred to as "Giuffre."

[2] *See* Exhibit 1, CNN International, New Day, January 6, 2015. *See also* Exhibit 2, Australian Broadcasting System (ABC), January 6, 2015. "**My goal is to bring charges against the client and require her to speak in court.**"



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Jeffrey Epstein. Defendant spends over five (5) pages discussing the federal action and eleven (11) of his subpoena Requests (Jane Doe Subpoena 1, 5, 6, 7, 8, 9, 12, 13, 14, 22 and 24; BSF Subpoena 3, 6, 7, 8, 9, 10, 12, 13, 14, 19 and 22) relate to the federal action or Jeffrey Epstein.

For example, Request 24 seeks "All documents concerning, relating or referring to your assertion that you met former President Bill Clinton, former Vice President Al Gore and/or Mary Elizabeth "Tipper" Gore on Little Saint James Island in the U.S. Virgin Islands." Defendant claims that this discovery would go to the issue of whether or not Giuffre is telling the truth about Defendant – but that effort at impeachment is clearly collateral at best and fails to address the central issue in this case. That issue is whether the Defendant had any basis to support his media assault against two lawyers claiming that they fabricated and then publicly filed false charges of criminal conduct on the part of the Defendant. It is the Defendant's credibility and not the credibility of Giuffre that is the focus of this defamation action. Defendant suggests that Giuffre must be a liar because it would be unheard of for one of Epstein's young girls to have met President Clinton. Quite the opposite is true. There are a number of accounts documenting Clinton's regular visits with Epstein. For example, Chauntae Davies recently showed pictures on The Inside Edition program of her travels with other young women in the company of Bill Clinton and Jeffrey Epstein on Epstein's plane. *See* Exhibit 4, *'Lolita Express' Masseuse Reveals Lurid Details from Jeffrey Epstein's Private Plane For the Rich*, Inside Edition, April 27, 2015. The Epstein flight logs also demonstrate that former President Bill Clinton traveled with Jeffrey Epstein and other young women. *See* Exhibit 5, The Gauker, January 22, 2015. All of that information, while no doubt interesting, is irrelevant to the defamation issue before this Court except to the extent it casts doubt on the Defendant's own credibility.



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# EXHIBIT B

Professor Alan Dershowitz
Harvard Law School
1575 Massachusetts Avenue
Hauser Hall 518
Cambridge, MA 02138

Hon. Louis J. Freeh
Mobile: 202.215.8321
[redacted]

January 22, 2016

RE: FOIA Request

Dear Professor Dershowitz:

As you know, on April 6, 2015, a request was made to the United States Secret Service under the federal Freedom of Information Act (FOIA; 5 U.S.C. Sec. 552), relating to the period 1/01/01 to 1/1/03, for "any and all shift logs, travel records, itineraries, reports and other records for USSS personnel traveling with former President Bill Clinton to Little St. James Island and the US Virgin Islands" (Attachment A).

The basis of the above-described FOIA request was a claim by Virginia Roberts, in court papers filed in early 2015 in Florida federal court, that she and former President Clinton were on Little St. James Island at the same time during the 1/01/01 to 1/1/03 period.

As set forth in a January 16, 2016 letter from Kim E. Campbell, United States Secret service Special Agent In Charge, Freedom of Information Act and Privacy Act Officer, the "USSS has conducted a reasonable search for responsive records. It appears, from a review of USSS main indices, that there are no records pertaining to your request that are referenced in these indices" (Attachment B).

I therefore conclude from this response that former President Clinton did not in fact travel to, nor was he present on, Little St. James Island between January 1, 2001 and January 1, 2003.

Based upon my experience and knowledge of the duties, protocols and operations of USSS Protective Details, the Special Agents accompany and escort former President Clinton 24 hours per day, and would have certainly went with him to Little St. James Island during the period at issue. If the Agents had accompanied the former President to that location, they would had been required to make and file shift logs, travel vouchers and related documentation relating to the visit.

The total absence of any such records and documentation, in my opinion, strongly establishes that former President Clinton was not present on Little St. James Island during the period at issue.

Best Regards,

Louie Freeh

**DEPARTMENT OF HOMELAND SECURITY**
UNITED STATES SECRET SERVICE
WASHINGTON, D.C. 20223

Freedom of Information Act and Privacy Act Branch
Communications Center
245 Murray Lane, SW, Building T-5
Washington, D.C. 20223

Date: JAN 15 2016

Patti Bescript
3711 Kennett Pike, Suite 130
Wilmington, DE 19807

File Number: 20150826

Dear Requester:

This is the final response to your Freedom of Information Act/Privacy Acts (FOIA/PA) request originally received by the United States Secret Service (USSS) on April 16, 2015, for information pertaining to any and all shift logs, travel records, itineraries, reports, and other records for USSS personnel traveling with former President Bill Clinton to Little St. James Island and the US Virgin Islands.

In response to your request, the USSS has conducted a reasonable search for responsive records. It appears, from a review of USSS main indices, that there are no records pertaining to your request that are referenced in these indices. Enclosed is a copy of your original request.

Alternatively, if you deem our decision an adverse determination, you may exercise your appeal rights. Should you wish to file an administrative appeal, your appeal should be made in writing and received within sixty (60) days of the date of this letter, by writing to: Freedom of Information Appeal, Deputy Director, U.S. Secret Service, Communications Center, 245 Murray Lane, S.W., Building T-5, Washington, D.C. 20223. If you choose to file an administrative appeal, please explain the basis of your appeal and reference the case number listed above.

If you have any questions or would like to discuss this matter, please contact this office at (202) 406-6370. FOIA File No. 20150826 is assigned to your request. Please refer to this file number in all future communication with this office.

Sincerely,

for Kim E. Campbell
Special Agent In Charge
Freedom of Information Act & Privacy Act Officer

Enclosure: Copy of Original Request

Patti Bescript
3711 Kennett Pike
Suite 130
Wilmington, DE 19807
302 824 7144

April 6, 2015

Delores Barber
Deputy Chief FOIA Officer, Director, Disclosure & FOIA, The Privacy Office
Department of Homeland Security
Headquarters & Privacy Office
Building 410 - STOP-0655
245 Murray Drive, SW
Washington, DC 20528-0655

**FOIA REQUEST**

Dear FOIA Officer:

Pursuant to the federal Freedom of Information Act, 5 U.S.C. § 552, I request access to and copies of For the period 1/1/01 to 1/1/03, any and all shift logs, travel records, itineraries, reports, and other records for USSS personnel traveling with former President Bill Clinton to Little St James Island and the US Virgin Islands.

I agree to pay reasonable duplication fees for the processing of this request.

If my request is denied in whole or part, I ask that you justify all deletions by reference to specific exemptions of the act. I will also expect you to release all segregable portions of otherwise exempt material. I, of course, reserve the right to appeal your decision to withhold any information or to deny a waiver of fees.

I look forward to your reply within 20 business days, as the statute requires.

Thank you for your assistance.

Sincerely,

Patti Bescript

# FREE GROWTH AND OTHER SURPRISES

***Draft***

Gordon Getty

## FOREWORD BY THE AUTHOR

### How Come This Book?

A few months ago, Robert Trivers was kind enough to send me his new book. The title is "Wild Life". Perfect two ways. Bob is a world authority on wildlife, to wit evolutionary biology. But his books and papers about that are already well known. His new one is about his own wild life, with his ideas in the background.

I've started my own book three for four times over the past decade. Bob's got me started again. Try it. It's Bob's real voice. One of his papers, co-authored by Huey Newton(!), is about deception and self-deception. I never saw much of either in Bob. I never saw a guy less anxious to impress. Fine if you knew his achievements, and fine if you didn't. What he wanted to talk about was great new ideas by others. It was from him that I first heard about the Hamilton-Zuk parasite theory, and Paul Ewald's complementary one about parasites stabilizing population density of hosts. Both are beautiful examples of the obvious-in-hindsight.

I realized that my book could take a cue from his. My own life hasn't been wild. It has been interesting because the genius of my father gave me interesting places to be and things to do. I could say something about that.

But the book would be mostly about my ideas in economics. Bob's ideas are well known to anyone in his field. Mine aren't. I'm ten years older than Bob, without much to show for it except in composition. (My last two operas have been getting some traction, and my SACDs get pretty good radio time.) So I'll run my economic ideas up the flagpole, in my real voice, and see if they prove deception or self-deception or something worth the time.

### Declaring My Biases

I'm a big free market fan. I would love it even if I agreed with socialists that there is something inherently iniquitous about it. There are bad guys and conflicted motives



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in markets and government both. What I love about it is the chance to prove ideas. I love Wall Street innovations such as swaps and futures and ETFs and mortgage-backed securities, even admitting their dangers. And who would have thought that the San Francisco Bay area, a stronghold of political correctness at the voters' booth, would nonetheless innovate Siri and Alexa and driverless cars, in its free market havens here and there, over the past five years? Remind me the last innovation by a committee. Who would have thought we would make the world's best car, the Tesla, in this labor stronghold? It takes guys who *prefer* the impossible. It takes guys like my father.

Yes, that was J. Paul Getty. I'll declare a bias for him. His faults were just what we read they were. I liked them fine. My times with him, with an exception I'll note in Chapter 1, are some of my favorite memories. I seem to be the opposite of pharaohs who began their reigns by chiseling off their father's names from the monuments and substituting their own. That was something about a ticket to the afterlife. I put my father's name on things I build. The afterlife will come as it comes.

Since this book is about growth first, I should say how I feel about growth. Most economists, which I'm anything but, treat it as a goal. I love innovation, which has translated to growth, while worrying plenty about growth itself. What happens when anyone can make a doomsday weapon on his desktop? Depressed people do away with themselves every day. Some might take the rest of the world with them if they could. Armageddonist religions wouldn't be needed. Not even destructive intentions need be. A doomsday weapon bought at the five and ten might go off by accident.

Then why do I root for innovation when I'm scared stiff about its consequences? Because alternatives are scarier still. Humans will innovate anyhow, while Big Brother or the religious authorities aren't looking, and I don't like the prospects of innovation driven underground. We'll have to find some way to face the risks and



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manage them. This book doesn't say how. It will open that can of worms, and others too, and try to track some but not all to their destinations. One look leads to another.

This shows that I'm not an optimist in the sense of making rosy predictions. But I seem to show that bias in evaluations. I'm two thirds Panglossian. (Doctor Pangloss was the guy in Voltaire's *Candide* who said that this is the best of all possible worlds.) I side with the good doctor in that I cannot imagine an improvement to this world or to the human race. I see the dangers and evils, such as Armageddonists, as somehow part of the scheme. The world would not be better if it posed no threats and challenges to solve. To solve them is not to wish them away. The stories of Aladdin's lamp and the monkey's paw tell us that each wish after the first is to undo the one before. I think that's what Shaw was telling us in *Don Juan in Hell*. Don Juan and the others are free to go to heaven whenever they like, and occasionally do. They come back because they can't stand the boredom.

Where I find fault, and differ with Pangloss, is as to the doctrines we are taught. Whatever I study, I seem to find a good measure of nonsense taught along with wisdom. This book is about what I find of both in economics. And a problem I try to solve, not wish away, is the danger of losing sight of the points on which Pangloss was right. My verse and music try to remind us.

And I'll admit a bias for the surprises my title promises. I love upending what we had all assumed. Fun! And all the more fun when I can show that famous economists had already seen and said some of the same things I do when we read those economists again. Surprise need not be true novelty. My free growth theory is really John Stuart Mill's, although no one seems to have noticed the paragraph I quote from him. My next generation theory really belongs to my 17th-century rhymesake Sir WilliamPetty, who happens to be my nominee for greatest economist of all time. In a way, I could also credit it to the period of production theorists John Rae, Nassau Senior, William Stanley Jevons and Eugen von Boehm Bawerk. They need only to have considered human and total capital as explained by Petty two centuries before.



HOUSE_OVERSIGHT_010915

This reveals my bias for economic history. It seems dry as a bone until you find something terrific like those insights. It happens that I had written both theories, and published one, decades before I found those great precedents. Should I have been chagrined? Of course not. Forgotten or unnoticed precedents are at least as much fun to point out as the surprises they showed ahead of me.

I will also reveal a bias for evolutionary biology. Its main axiom, the biological imperative, becomes one of mine. The idea is that behaviors are selected for successful reproduction. I will try to show that the classical school treated this as axiomatic from Petty through Smith, Malthus, Ricardo and Mill. Malthus was only the most obvious case. It lapsed from attention when a brilliant new insight called marginalism preferred to do without explanations for tastes.

Above all comes my bias for the great thinkers in those fields. We saw that as to Bob Trivers. Although I often cite them to disagree with them, I see all as giants from whose shoulders I slip in trying to climb. I don't kick sand on 97-pound weaklings. Mill was a *mensch* who gives us all lessons in attribution and generosity, particularly to schools he disputed, and who nonetheless didn't mind being a minority of one in his books or in parliament.

Petty was something beyond. Polymath, self-made tycoon, anatomist, music teacher, father of national accounts, originator of present value theory and human capital and next generation theory, and esteemed by both Adam Smith and Karl Marx for other innovations I don't mention. Such men are understood slowly and incompletely.



HOUSE_OVERSIGHT_010916

## CHAPTER 1: RECOLLECTIONS

I never finished a course in economics. I started one at the University of San Francisco sixty years ago, and dropped it when I couldn't see the foundations. But the bug had bitten me. I knew that one day I would try on my own.

I always loved logic. My favorite philosophers at USF were the pre-Socratics who liked nothing better than to confound common sense. A brilliantly vexing example was Zeno the Eleatic and his argument that Achilles can never catch up to the tortoise; Achilles must first reach the line where the tortoise was last, and the tortoise has since moved on. Logic can play such tricks. But I sensed that economics was the place to try its limits. Dropping the course didn't mean giving up, and logic would be the key.

Neither did I take a course in business administration or investment. My major was English literature. As a grade schooler I had asked my father about this. Where and what should I end up studying? He had read economics and petroleum geology at Oxford, and I supposed he would advise something like that for me. I got a surprise. Career-oriented majors were fine but not necessary. A grounding in the liberal arts could be as much or more. The trick was to learn how to learn. That sounded right, and anyhow right for me. So I chose USF, a twenty-minute walk from home until my mother moved us to San Rafael, a half hour drive across the Golden Gate Bridge, and followed my intuitions toward English lit and history and music and philosophy.

I graduated with a degree in English lit in 1956. This was the time of skittish peace between the Korean and Vietnam wars, and the Reserve Forces Act meant I had to report for six months active duty starting in the spring of 57. Meanwhile I worked for my father. I and my brother Paul, later Sir Paul, started at the bottom pumping gas and changing oil at separate gas stations not far from our home in San Rafael. That left time for a few weeks at a bulk plant (oil warehouse and tank farm) in San Francisco, still working at the bottom, before I reported. Paul had served in the



HOUSE_OVERSIGHT_010917

Korean war, and was now exempt. I was a shavetail second lieutenant, thanks to the ROTC program at USF, in the quartermaster branch at Fort Lee, Virginia. My eyesight was never good enough for the combat branches.

Ike, who was then president, had started in the quartermaster too. My military career was not so glorious. Somehow I finished the six months at Fort Lee and seven and half years of inactive duty following, obligating me to one weekend per month at military posts near home, without being promoted even to first lieutenant. By policy, I should have been promoted or busted to the ranks. I later learned that my school chum Manuel Teles, who worked at Fort Presidio in San Francisco, had somehow fixed the record. Thank God for old friends.

My weekends of saluting were postponed when Paul and I went back to work for my father in 1958. My father then lived in the Ritz Hotel in Paris. He liked ordinary two-room suites. The sitting room was his office. His filing system was a steamer trunk. Our job was to sit and listen as he met with executives or art people or old friends. He would usually take us along to lunch and dinner, and wangle us along when he had been invited out. He was the world's most attentive father whenever we were with him, at least, if focused elsewhere when we weren't.

Paul went on to learn refining and marketing in Italy, after those few weeks in Paris, while I went to the oilfields my father had just found and developed in the Neutral Zone between Saudi Arabia and Kuwait. Paul soon learned Italian, became general manager within two years, and ran things well. I learned only a little Arabic, but also became manager in 1959, and soon blundered my way into two weeks' house arrest. I had got crossways with the local emir, Mohammed bin Nasr, not a bad guy, about perks and privileges he and his staff expected Getty Oil to pay for.

The case against me was rigged. One of our junior staff drivers, a Kuwaiti I think, had accidentally rammed and damaged a pipeline. He had fled the country to avoid jail. Jails there were no fun. His supervisor, Jim Kinnell, was warned that he (Jim) was accountable under Saudi law, and would be sent to jail instead. Jim came to me. I realized what was brewing. Laws are flexible, and Jim would have got off with a



HOUSE_OVERSIGHT_010918

caution at most if I weren't at odds with the governor. I was obviously next. But I was not about to gamble that the threat to Jim was a bluff. I told him that if I were in his shoes, I would go back to England. He did. That left me. But I was in my shoes. The blunders had been mine, and I would face the music.

My two weeks of house arrest went peacefully. The plain cement-block house had been built for my father at our port camp of Mina Saud when he lived in the Neutral Zone in 1953. The Emir's identical house was a few steps away. My father's favorite maple sugar was still in the fridge. I read the few Shakespeare plays I hadn't read in college, and read or reread the complete poems and plays of John Keats.

The house arrest was probably as much dressing-down as I deserved. Paul, or anyone else, would have handled the perks and privileges more adroitly. But our host country, Saudi Arabia, may have picked up on something too. Getty Oil was not one of the concession companies in the Middle East named in the baksheesh (bribery) scandals that made the front pages over the few years remaining before most concessions were negotiated away and host countries ran things themselves.

Back to my father in Scotland, where he was visiting his old friends the Maxwells near Inverness, and then to the two-room suite at the Ritz in London about like the one in Paris. He drove the six hundred miles between, in a vintage Cadillac, taking two days and stopping to visit historic sites and museums. He needed no guidebook. I sat in on meetings and events everywhere with him in London as in Paris. I assumed that the Saudis had cleared the house arrest with him, and I would have agreed as he did. He too was in different shoes. He was right. He had solved a real problem with minimum damage. Lesson learned, and no hard feelings either way.

It was clear to both of us that I was not cut out to be a line officer, meaning one who runs things from day to day. My mind goes off on tangents instead of tracking arguments in real time. It works for me, but not as an administrator. We decided to try me as a consultant.



HOUSE_OVERSIGHT_010919

That began at my father's Spartan Aircraft Company in Tulsa, Oklahoma. He hadn't meant to buy it. He had bought control of Skelly Oil, centered in Tulsa, and Spartan turned out to be one of its holdings. Then came Pearl Harbor. My father was 48 years old, and had been a yachtsman. He took a navigation course at USC along with kids half his age, led the class, and volunteered for sea duty. His old friend James Forrestal, Secretary of the Navy, steered him to Spartan instead. Spartan could make training planes and could train pilots. My father accepted. He paid himself a salary of one dollar a year.

He had decisions to make when MacArthur and Matzushita signed the peace treaty. The training planes were not meant to leave the ground. Spartan lacked the capacity to make the real thing up to competition. The demand for training planes pretty much ended with the war. My father could sell out or find another use. He decided to make house trailers. It worked. I had lived in a Spartan trailer in the Neutral Zone, like the rest of the senior staff, when I stayed at our Wafra oil field rather than the house at Mina Saud. We and the market had liked them fine.

Herschel Shelton had been one of my father's right-hand men during the conversion to trailers. He said that the place to look for him was never in his office. You would find him in overalls under a trailer on the factory floor, with a welding iron or riveting gun. He liked to be able to do any job his workers did. How else would he know if they were doing it right?

I stayed in my father's house at Spartan, as at Mina Saud. It stood at the opposite end of the runway from the offices and trailer plant. I drove another seasoned Cadillac that my father had left in case he came back. Max Balfour, who ran Spartan, called it a clunker. It clunked me around the countryside on weekends, or to Jamil's restaurant or Cap Balfour's house for dinner, or downtown to the movies or symphony or opera house. Cap (Captain) Balfour had flown in World War I, and showed crippled hands from when his plane caught fire. He was cranky, urbane and razor-sharp. His problem was that Spartan couldn't seem to come out in the black. He worshipped my father, and figured he had let him down. He seems to have



HOUSE_OVERSIGHT_010920

brought his moods with him after work, which my father generally didn't. That cost him his sunny young wife. I somehow got a pass. I could understand him, and I was my father's son.

My advice in the end was that my father should sell. Meanwhile I was taking an interest in economics again. Business was about rate of return. Spartan's was negative. What was the benchmark? I did a little study.

It is easy to see that return tends to even out from one company or industry to the next. We pour investment into high-return prospects, and unintentionally drive that high return down toward the norm by expanding the capital denominator. I didn't know that Robert Turgot had written the same in 1766. But what struck me was the impression that return, net of inflation, seemed to revert to a norm over time. Why were interest rates, averaged over business cycles, about the same then as in Dante's time or Julius Ceasar's? Why should human impatience be a steady norm? That puzzle nagged me for about a quarter century until I found the answer. Another decade or two would pass before I learned that Sir William Petty had found it in the seventeenth century.

I went home in 1961 to study harmony and counterpoint at the San Francisco Conservatory of Music. I had found time to compose a few things at the house at Mina Saud with a piano I had bought in Kuwait. They included an *a cappella* (unaccompanied) choral setting of Tennyson's "All Along the Valley", and something to which I later fit Emily Dickenson's poem "Beauty Crowds Me" in my song cycle "The White Election". The composer Charles Haubiel published "All Along the Valley" in his Composers' Press in Los Angeles in 1959. The one change he suggested, an unexpected D flat major resolution, is the best touch in the piece. I had noticed copies in music shops in Tulsa. So it seemed about time to develop that interest too, and the conservatory back home seemed the logical place.



HOUSE_OVERSIGHT_010921

I studied there from fall 1961 through spring 1962. I was probably the only composition student already published. My teacher in both the fall and spring classes was Sol Joseph. He was a legend there. Most of what he taught confirmed my instincts. Maybe five percent was old rules I didn't think much of, and five percent good ideas that hadn't occurred to me. All was useful anyhow as a guide to what leading authorities have thought and taught. That was the point. We were to accept what we liked, and anyhow learn the lingo.

Those two courses covered traditions of the eighteenth and nineteenth centuries. Most composers in the 1960s, and probably some or most of my classmates, thought of that as a stepping stone toward study of the serialism and other atonalism then in vogue. I skipped those classes. I realized that I was a nineteenth-century composer at heart. Now the world seems to have spun back to where I was all along. For most composers now, atonalism is one of the colors on our palettes. Even I use some. So did Bach. We reach for that color when we want to express disorientation or angst. I found I could get more said most of the time with major-minor scales.

Five short piano pieces I wrote then were published by Belwin Mills in 1964. As my father's son, you might imagine that I was asked to pay the costs. Nope. Neither had I paid a cent to Composers' Press. Vanity press exists, but that was not the business model of those two firms. I got standard royalties from sales, not amounting to much, and they got the rest.

Six published pieces by age 31 would not have impressed Mozart or Schubert. By lesser standards, it was a pretty good start. There are distinguished composers who have never found a publisher. Tomorrow the world! I would write operas and symphonies! What happened instead was sixteen years of writer's block, or eighteen since finishing the pieces in 1962. I suppose I was trying to say "Shazam!" and turn into something I wasn't. The ice would break in 1980, when I realized that Billy Batson would have to do. But that gets me ahead of my story.

I married Ann in 1964, making it a banner year on that count even more than the publication, and went back to work for my father. That took us to New York in 1965.



HOUSE_OVERSIGHT_010922

Tidewater Oil Company, which would merge into its parent Getty Oil Company a few years later, had red ink problems in its Eastern Division. My job was to see why. Eastern Division was run by "Jim" Jiminez, an upbeat guy I liked. I don't think he took the red-ink problems home with him as Cap Balfour had. He reported to my half-brother George at corporate headquarters in Los Angeles, and George reported to my father in London. George had earned his job as president by outstanding performance at every level on the way up, which is more than you could say for me in the Neutral Zone. But George was touchy. He had a chip on his shoulder. I think my father liked to ride him, and he sometimes felt unappreciated. You have to shrug that off. George was doing fine. The problem in Eastern Division was not in him, and it was not in Jim Jiminez. Then what?

I looked at the books. The red ink had nothing to do with management. Eastern Division did refining and marketing. Its new refinery in Delaware had been optimized to process heavy Wafra crude oil, which then was over a dollar cheaper per barrel on the market than the lighter and easier-to-refine crude we produced in Texas and the Central Basin. Tidewater's Western Division refinery at Martinez, by contrast, had all the cheap oil it needed in our own San Joaquin field. The Martinez refinery was old, and more expensive to operate. But the net advantage still went to Western Division by about a dollar per barrel. Meanwhile gasoline sold for about a dollar less per barrel, although only two or three cents less per gallon, in the refinery-loaded east than in California.

Management can't do much about import quotas and market conditions. I reported to my father that Eastern Division was at least as well run as Western Division, where the ink was black thanks to cheaper crude and pricier gasoline.

Then could we cut costs or boost receipts in other ways? I proposed that we close our old and inefficient Boston Harbor terminal, where barges unloaded gasoline into our tank farms to be trucked to stations, and supply Boston from our new terminal at Providence two hours' drive away. If that worked, other distribution consolidations seemed possible. I later proposed much the same thing for our



HOUSE_OVERSIGHT_010923

operations in Japan, where the new terminal at Kawasaki could theoretically obviate the older and clumsier one in Tokyo Harbor. I realized that plant-closing might be unthinkable in Japan, but thought that something good might come of the idea.

Sometime a little later came my lawsuit against my father. It isn't my happiest memory. There had been a stock dividend years before, when I was still in school. We had treated it a certain way on the books. I read the law as saying it should have been treated another way. The law was probably on my side, and common sense on my father's. Judge Peery wisely found a way to make common sense win in the end. Meanwhile I had accused my father of nothing worse than oversight. My visits to Sutton Place, now with Ann and the boys, went the same as before. The lawsuit seldom came up and was discussed in easy terms when it did. I suggested to him, for example, that he might want to settle with my stepmother Teddy in case there could be claims by the estate of my late half-brother Timmy. He did. Somehow we got through the lawsuit without bad blood. One would not have guessed so much was at stake. The stock dividend had been a huge one. What I learned from my father, then most of all, was perspective. He believed in an even keel. Zeno the Stoic, not the Eleatic, would have met his match.

The lawsuit lasted from 1966 through 1971. In hindsight, thank gosh he won. If I had, tax consequences would have been ugly all around. Again I had learned a lesson, and again there were no hard feelings either way.

I continued to do consulting jobs for him throughout the lawsuit and after. I charged expenses, but no fee. And I didn't pad expenses. If I had, you can believe he would have seen it. I stayed in a single room in the best hotels, ate three squares a day, and paid for anything else myself. I was trying to make the point that I didn't want to be paid. Neither had my father at Spartan during the war. The idea was for me to be of use. I was paid like everyone else when working for my father full-time, but never on consulting jobs.

Those now came once or twice a year, and lasted for a week or two each. Composing was still on the back burner. I was keen on physics, economics, human origins and



HOUSE_OVERSIGHT_010924

city planning. It became clear that all but the third needed better math skills than I had. So I bought the Barnes and Noble textbook on College Mathematics, got through it in a week of hard work, and then began on the Johnson and Kiokemeister textbook on calculus along with Halliday and Resnick on physics. Together they took me nearly a year. At the end, I was allowed to sit in on the freshman physics finals at Cal Berkeley, where the same two textbooks were taught.

It was the finals for physics majors, and meant to be tough. Cal took physics seriously. Not every freshman was destined to go farther. Some should be steered towards engineering, which pays better anyhow. There were 10 questions. Three hours were allowed. Each of us had a calculator and nothing else. Not even a table of integrals. My God. I had to remember them or rederive them. There are some that had taken even Newton and Leibnitz months to solve. I don't remember any of the questions. There were 200 to 300 kids in the room. Maybe 20 or 30 orientals, about three women, no blacks. Not one finished early. And some figure to be Nobelists by now. We're talking about Cal. I had answered seven questions when the three hours were up. Was that good enough? I got a call in a few days. I passed, and beat the class average.

My old friend Matt Kelly warned me about this time that George was in trouble. Matt had known George's new wife Jackie, and had been invited to dinner there. Matt's impression was of out-of-control mood changes. He said that George at one point had drawn him aside, shown a pistol and warned him about paying too much attention to Jackie. The next minute they were back at the table in jolly spirits. I learned later what was wrong. George thought he had a weight problem, although I never noticed one. Doctors prescribed amphetamines in those days to control appetite. They revved him up and made it hard to sleep at night. So the same doctors prescribed barbiturates at night to get him to sleep. Uppers and downers are dangerous enough. Add a drink or two and you've got trouble.

Of course I should have told my father. But I didn't want to be the one. I liked to boost my brothers. Many must have seen the symptoms Matt saw. Let them break



HOUSE_OVERSIGHT_010925

the news. But the others must have felt as I did. We waited too long. I got a phone call in 1973. George had died at Mount Sinai Hospital. There was an empty bottle of sleeping pills.

My father's death came in 1976. Ann and I had got word it was coming a few weeks before. We were there. So was Norris Bramblett, an accountant who had worked for my father since I was in school. My father trusted him. So did I. He had only a fourth grade education, but a PHD's worth of character and sense. My father, Zeno the Stoic when things got tough, cracked jokes to the end. Norris alone could understand him by then. He translated patiently. My father was giving me one more lesson. He lapsed into a coma. Ann and I were called down from our bedroom when he died.

That left me and Lansing Hays co-trustees of the trust controlling his companies. Lansing ran the law firm that handled nearly all my father's business and little else. It was a big job. Lansing was smart, abrasive, and dead honest. He didn't mind hurting people's feelings. I was not immune. It didn't matter. It wouldn't have mattered to my father. What mattered was that Lansing knew what trust meant, and put the Trust first. That's what I cared about.

Lansing was already on the Getty Oil board. I was invited to join too. We met four times a year, most often in Los Angeles. Harold Berg, an oil engineer from Colorado, had become CEO (chief executive officer) and chairman after George died. Sid Petersen, an accountant, was COO (chief operating officer). Harold was a warmer and more approachable personality. That's what you'd expect in an oilfield guy. Sid was reserved and analytical. That's what you might expect from an accountant, although Norris Bramblett fit anything but the stereotype. Harold and Sid were both clearly well chosen. Neither then nor later did I doubt that Getty was run at least as well as its big oil rivals.

The board too were top people. But trouble was brewing. The trust, meaning Lansing and I, owned about 43% of the shares. The Getty Museum, also chaired by Harold, owned another 11%. Boards and managers prefer scattered ownership, so that they can operate more freely. Second-best would be concentration in docile



HOUSE_OVERSIGHT_010926

hands happy to follow the board's guidance. But my father had made it clear to Lansing and me that we were to trust our judgment. We should be ready "to vote the management in and out." Since stockholders elect boards and boards hire managers, that meant to vote the board in and out.

No wonder they were concerned. Lansing and I were both boat-rockers. Wouldn't it be safer if there were a corporate co-trustee? These are usually safety-minded banks, and many banks did business with Getty Oil.

Concerns rose when Lansing died in 1972. That left me as the sole trustee. I was less obstreperous than Lansing, but also less predictable. Hostile takeovers were common then, where bids are made directly to shareholders rather than cleared through the board. Getty was rich in oil reserves per dollar of share price. It could be a target. Board members tend to feel that they know stockholders' interests best, and that the angels are on the side of "friendly" or board-approved takeovers if any at all. Stockholders don't necessarily feel that way.

Temperatures rose when I pushed serious study of the possibility of taking Getty private. The idea was to give up our corporate structure to escape the corporate double tax. Management and its investment banker, Goldman Sachs, advised against. I now think they were right, although my idea had good precedents. I pressed on, unwisely, by trying to convince the Museum to back me. They had better sense.

It was time to heal the breach. Marty Lipton of Wachtell, Lipton, a top mergers and acquisitions law firm, represented the Museum. He proposed a moratorium (the "tripartite agreement") where the Trust, Museum and company would hold the status quo for one year. Harold Berg had retired as chairman of Getty Oil, and Sid was now chairman and CEO. His COO was Bob Miller, a keen petroleum engineer. Harold Berg still chaired the Museum, although Harold Williams was its CEO and main voice. We all signed. But Getty Oil had its fingers crossed. A few days later, the company petitioned the court to appoint a co-trustee. It proposed Bank of America. B of A's chairman, Chauncey Medberry, sat on the Getty Oil board. Paul and George's daughters joined the plaintiffs.



HOUSE_OVERSIGHT_010927

The Museum was more outraged than I was. Marty felt that he had been used. He and Harold Williams, a business-savvy guy who had chaired the SEC under Jimmy Carter, realized that if I could be hog-tied, the Museum with its 11% was the next domino.

This was in November of 1983. Within a few weeks, the Museum and I signed a "consent of shareholders" taking over the company. The required public disclosure of this, on top of the tripartite agreement and co-trustee lawsuit before, was blood in the water.

Pennzoil launched a hostile takeover bid in December. My concern was that the trust should not be locked in a minority position. I met with Pennzoil in New York. We resolved that to my satisfaction. The Getty Oil board met, also in New York, on January fourth. The mood was not sunny. Harold Stuart, one of the brightest and finest board members, assumed that I had invited the Pennzoil bid. Chauncey Medberry thought I should be sued. But Sid and the board acted responsibly overall. We countered with a higher price, Pennzoil accepted, and we went home thinking we had a deal.

Texaco offered a higher bid two days later. Was Getty Oil already bound to Pennzoil? Its lawyers and mine said it wasn't until the final agreement was signed. I had my doubts. But I liked Texaco's offer better, and my duty was clear. The Trust and Museum would be paid cash for their shares, rather than locked in. I had insisted on language in the Pennzoil agreement that bound me only as "consistent with my fiduciary duty." My duty, in the light of legal advice, was to accept Texaco's offer. I did, and voted the same way as a member of Getty's and the Museum's board. Those were fiduciary duties too.

Pennzoil sued Texaco, and eventually won punitive damages of some eleven billion dollars. The Museum and Trust had cashed out. We were not parties. The Pennzoil and Texaco filings both spoke well of me. But there was still the lawsuit seeking a corporate co-trustee. That would have been very dangerous before the sale to Texaco cashed us out. A corporate co-trustee might well have assented to "corporate



HOUSE_OVERSIGHT_010928

defenses" blocking a sale and effectively locking the trust in a minority position. But now that danger was over. The remaining plaintiffs were my three nieces and Paul. I couldn't blame them. How could a corporate co-trustee hurt?

But I was still worried. I now wanted to split up the trust into four separate ones for my family, Paul's, George's, and my other half-brother Ronnie's. Corporate co-trustees tend to prefer the safety of acting only as required, and anyhow might not be keen to vote themselves out of a job.

Were Paul and my nieces mad at me? Believe it. Lawsuits get that way. Lawyers on both sides say nasty things. That lasted because splitting the Trust took time. The math was easy, but the legal precedents were vague. My lawyer, Mose Lasky, thought we needed new California law. Plaintiff's counsel didn't think so. I was accused of stalling. Someone had the bright idea to approach Willy Brown as Speaker of the Senate. The law Mose wanted had already worked in other states, and Willy liked it. He pushed it through. Problem solved. The Trust was split into four in 1988, and an unhappy chapter ended. My nieces and I are as close as ever. So were Paul and I until his death in 2002.

My interests by the time of the split were composing, verse, economics, human origins and evolutionary biology. Composing was going pretty well. My writer's block had melted away in the summer of 1980. Ann and I and the boys were in Paris then. We wandered into Smith's English language bookstore. I bought the Thomas Johnson variorum of Emily Dickenson's 1800-odd poems. "Variorum" means including Emily's own variations when she mailed the same poem to different people, or put a copy in the chest at the foot of her bed.

I read them all over the next two days. Emily had been one of my favorites at USF. She died in 1886. She had published only eleven poems. Squabbles among the heirs delayed publication of about half the rest until Johnson published them in 1959, three years after I graduated. Many already published had been "bowdlerized" to fit conventional rhyme and grammar. Johnson gave us the real McCoy from her manuscripts. All was new to me.



HOUSE_OVERSIGHT_010929

I had no piano in our hotel room in Paris, but set a few of the poems in my head to write down later. More followed. One of her poems I didn't set begins "Mine by the right of the white election…" Election meant choice. Her white smock hangs today by her bed in Amherst where she was born and died. White is the color of weddings and burials. Her choice, I think, was a death marriage to the reverend Charles Wadsworth of the Arch Street Church in Philadelphia. He was happily married. She met him about three times in her life. I would tell her story in 31 of her poems, one in two different settings, in my cycle "The White Election."

It was completed in 1981, and broadcast on National Public Radio two years later. It seems to have made a good impression. Slava Rostropovich had kind words, and invited me to write something for cello and orchestra that he could schedule on his upcoming tour in Russia. Placido Domingo invited me to write a song for him. Renata Scotto wanted me to choose five or so of the White Election songs that she could include in her concerts. All were big opportunities. Somehow none happened. Other stuff was coming out the pipeline.

That included my opera "Plump Jack." Here I would tell the rise and fall of Falstaff in Shakespeare's Henry the Fourth and Fifth. This was riskier. Now the accompaniment would be orchestra, not piano, and I had no background in orchestration. Composing and orchestrating are not the same. Composing is like writing a play, and orchestration is like casting the play. There are composers that don't orchestrate, and orchestrators who don't compose. Most of us do both. I always did my own orchestration because no one else would know what I wanted. I gradually learned from my mistakes. Now I can probably hold my own in orchestration, although many do that better.

Plump Jack was completed scene by scene over some twenty years. I would think it was finished, and then decide it wasn't. My next two operas, each running about an hour, would be composed much faster. I set "Usher House" to my earlier libretto based on Poe's story in about six weeks in 2008 and 2009. "The Canterville Ghost", on Wilde's short story, took me about two weeks each, with two months between,



HOUSE_OVERSIGHT_010930

for libretto, composition and orchestration. The last two operas have been premiered at major opera houses. *Usher House* ran again at San Francisco Opera. Upcoming performance of the "scare pair", meaning *Usher* and *Canterville* as a double bill, have been announced in other cities. Plump Jack is still waiting its turn.

My interest in human origins led me to the Leakey Foundation. I had read about Louis Leakey in the papers, and had met him a few times in Las Angeles and San Francisco. Brilliant, courtly, fierce. He let you know what was wrong. I became a fellow in 1973, a trustee the next year and chairman the next.

Clark Howell, who taught anthropology at Berkeley, chaired our science committee. His co-chair was Dave Hamburg, a Stanford psychology professor who specialized in great ape studies or primatology. Most leading scientists in either field were members or regular advisors. They recommended grants, and we trustees funded them. We took a venture capital role, usually making grants of a few thousand dollars to promising new prospects rather than bigger amounts to steady-state projects already proved. Those proved ones included Jane Goodall's chimp studies at Gombe or Richard Leakey's digs at Lake Turkana. National Geographic, or the Wenner Gren or World Wildlife or National Science Foundations tended to fund the known winners. We're a lot bigger now. I am one of the few living links to those great people and times. We've evolved with the science. But we stick to the venture capital role.

That always left time to organize lectures and symposia. A few of us including Nancy Pelosi, long before she tried politics, put together an all-star two-day symposium at the Palace of Fine Arts in the San Francisco Marina district in 1973. Tickets sold out, and hundreds watched on screens set up in the lobby. Julian Huxley regretted, but sent his good wishes on tape. The octogenarian Raymond Dart recounted his discovery of *australopithecus africanus* at Taung cave near Johannesburg in 1924. Louis Leakey had died the year before, but his equally legendary widow Mary updated us on the digs at Olduvai. Dick Hay filled us in on the geology there. Jane Goodall gave the news from Gombe. Dave Hamburg reported on the new



HOUSE_OVERSIGHT_010931

chimpanzee compound near the linear reaction at Stanford. Clark Howell briefed us on his work at Torralba and Ambrona in Spain, where our ancestors half our size had hunted elephants twice the size of modern ones. (Elephants go back at least as far as mammoths and mastodons.) Desmond Clark covered African archaeology in general and his discoveries at Kalambo Falls in particular. Sherry Washburn showed the way in which our DNA is 98% the same as a chimp's. All were my close friends.

It was at a symposium in 1974, in Washington I believe, that I first heard and met Irv DeVore. His talk was on evolutionary biology and Hamilton's rule. Both were new to me. Irv was a champion speaker. Students packed his anthropology classes at Harvard. He became a Leakey stalwart and a particularly close friend.

I liked his topic. Genes code for traits, and traits more adaptive to niche pressures are likelier to carry the genes that encode them into the next generation. The likeliness is "fitness". A beauty of this is that you can predict traits from the environment (niche), and the environment from traits. That promised the kind of logical challenge that I loved.

Survival of the fittest was not news to us. What was news was that bright scientists like Irv were specializing in that logic, and making testable predictions for creatures generally, humans included, rather than sticking to the groups they studied most. That meant people I could talk to.

Hamilton's rule was put up as the prime example. It starts from the principle that the end game in biology is investment in the next generation. Hamilton had reasoned in 1965 that genes coding for most efficient investment in closest kin, who were likeliest to carry copies of those genes, ought to leave most copies in the next generation. We would invest in them when consanguinity was greater than cost/benefit ratio measured in fitness given up and fitness gained at the other end.

I didn't like this. Something was missing. The logic was seductive. But Achilles *does* overtake the tortoise. Traits compete, like those racers, for niche space. The winner is the fittest at meeting needs of the niche. Hamilton's rule seemed to leave that out.



HOUSE_OVERSIGHT_010932

It got Darwinism backward. Darwin's idea was that the best-adapted leave most progeny, not that leaving most progeny or other close kin somehow bootstraps itself into adaptiveness.

The math of Hamilton's rule didn't work either. In diploids like us, where each parent carries two sets of chromosomes, closest relatedness without inbreeding is ½. That meant that fitness would have to double or more with each generation. The reason is that fitness not expected to be transmitted to successors would be a contradiction in terms. If it cannot be transmitted (invested) at less than a 2:1 efficiency ratio (benefit/cost ratio), then it must be expected to double or more with each reinvestment. But aardvarks and flatfish aren't 1024 times fitter than their ancestors of ten generations ago. They aren't even a smidgen fitter, by any measure of fitness known to me, unless the population has grown. Population growth in nature usually fluctuates around zero.

But his rule was right in important ways. Nepotism is common in nature. The Trust passed my father's wealth to direct descendants. Most wills do, or favor nephews and nieces as a secondary choice. Chimp mothers maneuver to push their offspring up the social ladder. Worker ants and bees, who don't breed, push the chances of their younger half-sisters. Hamilton's rule was clearly a good rule of thumb, even though the math needed tuning. Why should it usually work? I couldn't know then that Hamilton himself would find the biggest missing piece of the puzzle in 1982.

Economics was always somewhere on my screen. It was the biggest challenge because I had to reinvent it from scratch. I had dropped the course at USF because I couldn't find the foundations. But we don't build a foundation without knowing what we want to top. I had to reinvent everything at once. Does that mean I thought I was best qualified for such a task? No. Plenty of people are better at logic than I am. Rather I seemed to be the only volunteer.

Explicit economic axioms are seen as a nineteenth century thing. There are implicit ones to a degree. Macroeconomics is said to rest on microeconomics, and microeconomics on the logic of supply and demand. Good so far. But I felt the need



HOUSE_OVERSIGHT_010933

of a logical context for those. Too darned much was being taken for granted. What do we really want from economics? As we gradually figure that out, we can figure out the most efficient vocabulary for description and prediction. That's was what Newton did. I didn't like the lazy assumption that those problems had already been solved.

Newton lucked out in that old words like mass, force and energy would mostly do if he gave them exact definitions within their usual ranges of meanings. Brand new terms would have made tougher reading, and his *Principia Mathematica* was tough enough in 1687. I had the same luck in the end. But I didn't know that until I had collected textbooks and economic dictionaries, along with most books on economic history I could find, and meanwhile worked out what I thought the right vocabulary ought to be. We pretty well have to solve every section of the jigsaw puzzle at the same time. I'm my father's son, by the way, and balked at the three-figures prices of some of those textbooks, even though I might fork up as much for a bottle of wine.

My ideas on growth theory and capital theory (explaining rates of interest and return) will get plenty of coverage later. It happens I have also taken a lifelong interest in banks and money theory. This book isn't about that directly. But banks and money are part of the story of growth and interest, and anyhow are worth attention in themselves.

Money has been defined elegantly in terms of what we want from it. We want a measure of value and a medium of exchange. The qualities to give those things are "moneyness". Money should be "transportable", for one, in that we don't really want to lug bags of wampum around. It should be stable in value, so that we can contract over the future with least uncertainty. It should have the same value in different places as well as at different times, to minimize the nuisance of conversion. There should be enough of it that shortage doesn't drive us to the clumsiness of barter. It should be "divisible" into tiny units, as hundred-dollar bills into tens and ones and pennies, for exact payment with nothing owed back. It should be fungible in that one



HOUSE_OVERSIGHT_010934

unit, say dollar, is worth exactly the same as another. Most essential of all, money should be something actually and reliably valued.

What meets all these criteria? Gold has been a contender since ancient times. But how reliable is its value? Spain and Portugal stockpiled gold and silver from the new world for two centuries, and bought nothing but inflation for their trouble. Gold is good for filling teeth, and for displaying status so long as it is rare. Then what is better?

Two brilliant and dangerous adventurers, the Scotsman John Law and the Irishman Richard Cantillon, proposed land. France in 1720 had no new world mines, and needed money. It had plenty of land in Mississippi. Law and Cantillon put two and two together. I think they sincerely believed their advice to The Duke D'Orleans, the regent after the death of Louis XIV, that land could be the most reliable basis of value then known. More than that, I think they were probably right. But it wasn't reliable enough. Early investors in paper rights to the land had made a mint as others crowded in. Market euphoria led to more paper rights than underlying value. You've heard that one before. Law and Cantillon saw the crash coming. It would be called the "Mississippi bubble". Cantillon sold out just in time. Law preferred to face the music, as I would in the Neutral Zone a quarter millennium later. Land wasn't the answer.

I can't call Law and Cantillon good guys like the emir. Both seem to have committed murder for money, Law long before and Cantillon long after, in scandals in London having nothing to do with the bubble. But they had good days. Cantillon's book, which I know only from descriptions by economic historians, seems to be a masterpiece of the obvious-in-hindsight. Law went down with the ship, like a mensch, and seems to have kept the trust and friendship of many backers he had bankrupted. I mention the plusses of these two men to remind us that the truth is seldom black and white, and to mitigate the folly of the French in trusting them.

Money today, in the United States and elsewhere, is not backed by any commodity. It is "government fiat money" backed by the taxing power of government. That may be



HOUSE_OVERSIGHT_010935

the best solution tried so far. The value behind the taxing power is the total capital of the nation, meaning human as well as physical capital. And the dollar has proved pretty stable since Paul Volker's tough reforms in the early 1980s. That means that government fiat money in this county is working about as well as anything we have known.

But there are problems. Government tools for stabilizing government fiat money, which has no value in itself, are limited to control of its supply. The tools are monetary and financial policy. Monetary policy is mostly "open market operations" where government sells bonds to soak up excess money, and buys them back again to put money back in the system. You can also raise or lower Central Bank interest rates to get the same effects. Fiscal policy trims money supply by raising taxes and cutting government expense, and pumps money back into people's hands by lowering taxes and raising government expense. Monetary policy is the tool of choice because it has acted must faster. But either policy, or any mix, is a tightrope walk. Too much money courts inflation by motivating people to spend rather than save. Too little courts recession by motivating the opposite. That's why macroeconomics is said to rest on microeconomics. Are we wise to push our luck on that tightrope forever?

Another problem is that our current money system may depend too much on banks. Banks buy and sell back the government bonds, for example, and create the money they lend by writing it into the borrower's checking account and booking the promissory note as value received in return. The problem is that banks are failure-prone. I mean plain commercial banks which do nothing but accept deposits and make loans, not the still more dangerous commercial/investment hybrids which rose and fell after repeal of the Glass-Steagle Act.

The danger is leverage. Depositors must be attracted at some cost, say checking services. Borrowers must be attracted at a rate covering those costs to give profit in the first place. Then equity investors must be attracted at an equity rate, generally higher because equity imposes risk. These rates and costs are market givens rather



HOUSE_OVERSIGHT_010936

than what the bank decides. Then how can profit from lending rates, watered down by costs of attracting depositors, translate into higher equity rates?

Easily, but dangerously. That's where the leverage comes in. If the amount borrowed is much larger than the *amount* invested as equity, absolute profit from borrowing might be large compared to the amount invested. If hens lay only one egg per day, but I own three hens, then I can eat three eggs a day.

More money lent out, compared to equity invested, presupposes more deposits to lend. The leverage needed, or deposits/equity ratio in the bank's case, works out to equal the market equity return for investments of equal risk, divided by the market borrowing rate for loans of such term and risk, net of expense percent including costs of attracting depositors. This has tended to pencil out at about ten to one.

Firms in general are considered risky when leverage (debt/equity in that case) reaches one to one. Four to six is more typical. Not ten to one. Banks invest in loans, which are safer. But not ten times safer. Few people today would risk their money in bank deposits without federal deposit insurance. My own reading of history finds that deposit-and-lend banks have failed systemically, or needed bailouts, about once per generation since they were innovated in Marco Polo's time. They failed because borrowers default in high winds, and defaults are magnified tenfold in effects on stockholders' investment. We rebuilt them, and the tenfold leverage, because we blamed the high winds rather than the rickety structure. The Practical Pig knew better.

It began occurring to me in the mid 90s that mutual funds might replace bank deposits, and deal with the tightrope problem too. Too much money burns holes in pockets today because money earns nothing while we hold it. Mutual funds pay returns, and are owned for their own sake. If their shares were somehow money, people would feel no impatience to spend it, and no supply would be too much. I gradually figured out how the obvious problems in fungibility and divisibility and other moneyness qualities could be addressed.



HOUSE_OVERSIGHT_010937

Nobelist Franco Modigliani heard of this, and invited me to MIT for a presentation. He talked like Gepetto in Disney's "Pinocchio". There were a few other top brains, including Ruddiger Dornbusch and2Julio Rotemburg, in the small classroom where I spoke. Sometimes Modigliani interrupted. "Getty, you don'ta consider this." "You forgeta that." I guess I thought I wasn't doing so well.

My talk ended, and he and I were standing by a window. To lighten the mood, I said something about the Red Sox. He said "Getty, I getta papers on banka reform every week. Yours isa the best."

Milton Friedman, another nobelist, had a different take. We had given talks at a Cato Foundation symposium in San Francisco. He hated my idea. No great surprise. He had written that money *ought* to earn nothing so that we wouldn't own too much. Any attempt to back money with anything, he told me, would meet John Law's fate in the Mississippi bubble. The backing commodity would become inflated and then crash. So Nobelists can disagree.

My version of the same idea today looks first to ETFs (exchange traded funds), which are more liquid and money-like than mutual funds. ETFs are usually index funds, which replicate index holdings with no active management and so charge very small expense ratios. But mutual funds might become money too. My idea, dead opposite from Friedman's, is that both money supply and money yield should be held as high as possible.

What would happen to banks? Major angst, but not much damage. They would devolve into their separate deposit and lending specialties, with separate stockholders and only incidental interaction. Deposits would be invested in ETFs or mutual funds. Federal deposit insurance would wither away as unneeded. There are no runs on ETFs. Lending banks would have to raise funds to lend from investors expecting a return.

Is there a downside? There is certainly a risk of one. The devil we don't know is what would happen to lending rates and what the consequences might be. That had



HOUSE_OVERSIGHT_010938

been one of Modigliani's points in his interruptions. Federal deposit insurance subsidizes cheap money and keeps lending rates low. Most tradition associates easy money with growth and prosperity. Higher interest rates are associated with restraint in investment and consumption both. Modigliani was right to worry.

My guess is that the bank reform and money reform I propose would drive borrowing costs up, borrowing volume down, and equity investment up to fill the gap. Corporations would issue new stock to retire corporate debt. Newlyweds would rent, not buy, until their incomes were high enough to bring other options.

Modigliani was also worried that monetary policy would become impossible. It would as we know it. I have argued elsewhere that fiscal policy can be made to work as well and as fast. And I will argue for an unusual and more direct form of monetary policy. But no one knows.

These concerns are reasons to go slow. I think that the reforms I describe are developing now, with no input from me, and will continue if they succeed. Depositors will be attracted away from banks to ETF accounts of equal liquidity and full return. Federal deposit insurance will not be advantage enough to hold them. Banks will get the message and join the parade by spinning off their loan departments and investing deposits in ETFs. If Modigliani's valid concerns haven't found good answers, the parade will stop until they do. It could backtrack to the starting point. The reforms I believe in ought to work, but can be scrubbed without much mess if they don't.

I am not their only advocate. Others argue for splitting up commercial banks more or less as I would. Meanwhile many people maintain liquidity in ETFs or mutual funds rather than banks. There may be some originality in putting the two reforms together.

This personal account can end with more thoughts about my father. My stepmother Teddy's touching book about their marriage, out a couple of years ago, tells the truth, the whole truth and nothing but the truth. That what she does. He seems not to have



HOUSE_OVERSIGHT_010939

been the easiest guy to be married to. He pinched pennies, went on trips while she held up the home front, came home late. My mother had about the same story. But I saw different sides of him at different times and places.

Twice I saw him cry. Once we were listening to a Caruso record. He might well have heard Caruso, although I don't recall that he said so. He would already have been 28 when Caruso last sang at the Met. One of the two books he wrote by himself shows him as an opera buff when on his own in Germany in the 1930s. He wrote what operas he had heard, who sang, and what he liked. My mother said the same. Once they arrived late at a performance of La Boheme somewhere on the Riviera, couldn't find a program, liked the tenor, decided to help him, and learned that they had failed to recognize Beniamino Gigli.

The other time was about his and Teddy's son Timmy. Timmy's brain tumor was inoperable and growing. He was 13. The doctors had told them to prepare for the worst. We were in London. The papers said something about young toughs called Teddy boys. My father started crying. Timmy wouldn't make it, and the Teddy boys would.

I've now lost a son myself. You thank the graces for what's left to do. What's left to do includes composing, verse and economics. The first has panned out okay. A fair bit of the verse was set in the music. At least that makes it read and heard. Aside from the kind words of Modigliani and a few others, I can't say as much for my economics. So here goes again.



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## CHAPTER 2: FAST FORWARD

I dropped the course on economics because I couldn't see the foundations. Not that they should be clear from the start. That isn't how the mind works. We see, do and understand in that order. The pyramids rose four thousand years before people like Galileo and Newton found the laws that made them possible. Practice comes first, and science last. Science is abstraction from the particular to the general. It is fewer rules predicting more outcomes more exactly. The pyramid builders knew rules for this kind of stone and that kind of wood or rope. Newton gave rules for mass and force. Those are not particular things like stone and wood and rope. They are qualities of all things. Their rules are tougher to get our minds around, but predict everywhere once we do.

What a book or course should offer from the start, even before the foundations, is an inkling that it should be worth finishing. We have to sense that we're on to something. The price of getting there will be the nuisance of abstraction from things to qualities, and we need to see a reason to pay it. I didn't in the course on economics. Now it's my turn. I'll try a fast forward through free growth theory and my other arguments to give an idea where we're headed and why it matters. The foundations and then the slower tour will follow.

### Free Growth

What I call free growth theory will probably count as the chief surprise, at least to non-economists, because the argument and the supporting evidence call for a major reversal in tax policy of this and other nations. But it is not original. John Stuart Mill wrote the same idea in his *Principles of Political Economy* in 1848. I will quote what he said in my Chapter 4. Although *Principles* became a leading textbook for decades, the paragraph I quote seems to have been overlooked. Economic historians including Joseph Schumpeter describe him as a champion of growth through belt-tightening. The paragraph I will quote makes the opposite clear. We now have means to prove his idea. I will show how to test it, and will show test results in charts and tables taking up about 20% of this book. They imply that tax laws



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encouraging investment over consumption and plowback over dividends, particularly in the last half century, have led to dangerous overinvestment in the private sector. The empty eyesores and bulldozer bills of 2008 are symptoms of pro-investment policies founded in many countries after World War II. They did no harm when the world needed rebuilding anyhow. But I suggest that output growth slowed because of them, not despite them, after 1970 or so. I will argue that optimal investment at the national scale, strange as it sounds, is depreciation plowback and nothing more. Mill showed how that could be true. The same growth will arrive, say he and I and the charts and tables, with no consumption sacrificed. More consumption at no cost to growth adds up to more output. Output nosed down since 1970 or so because we squelched consumption to no purpose.

That means only private sector overinvestment, prompted by unwise tax motives, and only at the collective scale. Government follows different motives, and has somehow followed them to an opposite problem in this country. Our infrastructure rusts and crumbles. It seems that our good friends in the Tea Party think that roads and bridges undercut market freedom.

Growth is interesting, even without these opposite distortions, because history is interesting. Growth is our history. It is not the history of other creatures, who repeat norms from generation to generation once evolved. That's why the math of Hamilton's rule doesn't work. And we care about it because there are emotional and moral and belly issues attached. I gave an idea of its dangers in the foreword. The past has proved survivable. The future has not. Then what about its cost? Does faster growth need consumption restraint at the start? Is it a reward for sacrifice? That's what Mill tried to answer in 1848.

He started with the idea that output, meaning creation of capital, must mean growth of capital ("investment") plus consumption. I will call this the $Y=I+C$ (or $Y=C+I$) equation from the standard notation economists use. I will argue that it is true with two adjustments. Investment must include investment in human capital, and



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consumption must exclude any schooling or nurture already counted in that investment. (Schooling counts as consumption.) Mill would have understood the human capital concept, defined by Sir William Petty nearly two centuries before, but economists only recently have begun to take it seriously. Mill's meaning of the $Y = C + I$ equation, and the one accepted everywhere in macroeconomics even today, leaves out the growth in human capital and includes all consumption.

That equation, which I will try to prove correct if we make the two adjustments, shows that less consumption brings faster growth if output holds still. But nothing in the equation says it will. It says that less consumption means either more growth or less output. It doesn't say which. John Maynard Keynes, probably the most famous and influential economist of the 20th century, put this fact of math a special way in his *General Theory* of 1936. In his analysis, saving through less consumption is either invested or not. Since output is consumption plus investment, saving uninvested is so much less output. I like to put the same idea with a range of degrees. All saving is invested, as I use the word, but finds different returns. Saving under the mattress is investment at zero return, and drops output just as Keynes said. Investment at the current average return keeps output unchanged. That's what Keynes meant. But investment at lower returns lowers output, and conversely. Keynes' version sees intended saving (consumption restraint) as either invested or not, and sees it as translated dollar for dollar into actual capital growth if it is. Mine allows any degree of capital growth below or above the actual cost of investment in consumption given up.

This is a surprising concept, either in Keynes' version or mine, because it seems to fight personal experience. Until the next raise or job change or layoff, our incomes seem to be known quantities. If we skip desert, and watch TV instead of going to the movies, we can put more in the bank. At least our incomes will not drop *because* we saved those costs. But it is different for all of us collectively. When the whole nation saves, and either does not invest or invests less productively, output drops. Keynes' analysis says the same, but leaves out the "less productively".



HOUSE_OVERSIGHT_010943

My reading of the Mill paragraph says that if we plowed back only depreciation investment, without invading consumption for more, we would still grow if that investment paid off in higher returns than the current norm. Then capital would grow faster without making consumption grow slower. The gain in output, even though we had invested only enough to make up for depreciation while keeping consumption the same, would have been split into some for capital growth and some for more consumption. And Mill gave the reason for the gain in output. The driver was "whatever increases the productive power of labor". He was talking about better ideas. We would make returns higher if we could make capital more productive at the same cost.

This possibility troubled Nobelist Robert Solow, who came reluctantly to a conclusion most of the way toward Mill's a century later. He felt that growth should not be a gratuitous *deux ex machina* arriving at its own whim. How could Mother Nature say "Shazam" and turn less into more whenever new ideas come along? Didn't the capital chicken have to grow before the output egg? Didn't we have to tighten belts to invest in new plant applying those new ideas? But the evidence seemed to say that the rise in output came first. Rise in capital followed. Thrift seemed to play little role. Tests by others have tended to find the same thing since. My own tests, using new data from national accounts and my own new testing method shown in my charts and tables, reduces the role of thrift to zero. How could that be?

How could better kinds of capital arrive without costing more, at least at the start, than the kinds we already knew? My best guess is that the cost of innovation in failure rates and learning curves is the cost of being human, that we pay it about the same every day, and that growth happens when the worth of innovation proves more than the cost. It can because we are human. The cost of being human means the cost of adapting. It is how we cope. We turned in our fangs and fur in exchange for the savvy to make tools and fire and clothing do better. Other creatures adapt



HOUSE_OVERSIGHT_010944

too, but we became the specialists. Adaptation grades into innovation whenever it somehow becomes a norm. That too happens with other creatures, but not as often or as lastingly. Their new norms almost always revert to the old ones. Our innovations collect and accrue. That's why growth is our history.

Its costs are failure rates and learning curves. Many innovations are blind alleys, and most others need shakedown runs. But we're stuck with those as the cost of being human. And we're stuck with them whether the result right now is growth or not. They were our cost of survival during our million years as *homo erectus*, when the archeological record shows little overall change in the stone tools we made. Growth and lasting innovation picked up marginally with the emergence of Ancestral Eve and bigger brains about 200,000 years ago, and began accelerating about 50,000 years ago. Growth happened because the more or less constant cost of adaptation and innovation became less than the payoff. New ideas finally found traction at no added cost. Mill's idea was that more payoff in growth need not presuppose more sacrifce.

Does that mean that all we need for growth is new ideas and the courage to trust them? Well, no. We still have to plow back depreciation as the cost of holding even. We need practical savvy and patience too. Sometimes great new ideas must wait for an opening. That may be why our bigger brains showed little effect on the kinds of tools we made until about 50,000 years ago. And I will argue that innovations need laws and customs that welcome them. Otherwise they will make a few bucks for the local warlord rather than wealth for the originator and the world. But what they don't need, say Mill and I and the data, is tighter belts.

Adam Smith, in his *Wealth of Nations* published in 1776, proposed growth by belt tightening. Most tradition has agreed, with the proviso that new ideas must come first. Solow raised doubts about the role of consumption restraint, but stopped short of denying a need for it. Mill acknowledged both ways to grow. My charts and tables will confirm that only the kind that troubled Solow has actually happened, in every



HOUSE_OVERSIGHT_010945

country and period tested. I call it free growth. My own free growth theory acknowledges growth by consumption restraint, which I call thrift, only as a mathematical possibility which doesn't seem to happen. So my idea, taking account of data Mill didn't have, is different from his. I must be careful not to put my ideas in his mouth. When I say "Mill's idea", from now on, I will mean some of both.

No one had the data to prove him right until national accounts began reporting market-valued capital in 1990 or so, and reconstructing it for a few decades before. What they had earlier was the book measures of capital that we see in balance sheets. They don't reveal enough. Book measures assume depreciation norms. Outcomes converge to norms over time, but meanwhile might be anything. National accounts follow a form of this book or depreciation accounting. They now report market-valued capital too, but still prefer book methods to calculate investment I and output Y in the Y = C + I equation. That doesn't work well. Did you know that national accounts in France, Germany, U.K. and the United States all reported positive net investment in the crash years 1929, 1930, 1937 and 2008? Net investment, meaning net of depreciation, is intended to show growth in capital value. Do you think values really went up in those crash years? And national accounts can be just as wrong in the opposite direction. In the boom year 1933, when stock markets were up 42%, 67%, 96% and 46% in those four countries, Germany and U.S. reported net investment (capital growth) as negative while France and U.K. reported it up less than half a percent. All this shows in my charts and tables. Reports of net investment in national accounts tend to prove radically wrong in years of unexpected upturn or downturn because they don't get the news of wars or national disasters or discoveries or business cycles until new assets are bought or new products sold. Purchases and sales are normally the only input into the books. Average time between original purchase and realization in sales is the "holding period" or "turnover period" of capital. For all physical capital together, it runs several years. Accounts in those slump years were reporting the good news of boom years shortly before, including the booms of 1935 as well as 1933 preceding the slump year 1937. Accounts in the boom year 1933 were finally getting the news of



HOUSE_OVERSIGHT_010946

the crash. (Yes, some of the strongest boom years in history came during the world depression.)

This is not to question the need for national accounts. We could not manage without them. But the genius of accountancy is in its reporting of cash flow items. Depreciation, even its sophisticated form used in national accounts, is a makeshift approximation better than nothing. I argue that it is obsoleted by our access to market-valued capital appearing in the last few decades.

Mill's argument was that capital growth might be explained by productivity gain as well as by thrift in deferred consumption. The way to test between them that I will describe takes measurements of market-valued capital, its year-to-year change in these, and consumption at the same time. I call it the simultaneous rates method. In any year and country where consumption restraint explains growth, although the data show none, rise in growth rate would equal current drop in consumption rate (consumption/capital) while rate of return (output/capital) holds unchanged. When productivity gain is the explanation, as the data confirm so far, it is consumption rate that holds the same while growth rate and return rise equally. That's what I test. Data in charts and tables for those four nations from 1870 through 2010, and from Australia, Canada, Italy and Japan from 1970 through 2010, show that faster capital growth coincides with higher consumption rates in the same year as often as not. Less consumption has simply meant less output with no growth to show for it. That is the sense in which growth is free.

These countries and periods are not cherry-picked to support Mill's idea. They are all I have found. My source for national accounts including market-valued capital was the website of Thomas Piketty and Gabriel Zucman adjusting their data to uniform accounting standards and measuring them in 2010 currency units. It also collects recent and past research by other economists modeling what national accounts, again including accounts of market-valued capital, would have shown in years before they were founded in 1930 or so. Simon Kuznets, for example, who



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founded the national accounts in the 1920s and reorganized them along Keynesian lines when the *General Theory* was published, reconstructed them back to 1870 for the U.S. economy. Piketty and Zucman incorporate this research and others. They have acted as editors only. As a layman, I would hardly be qualified to find and interpret original sources. Even most economists might lack that specialty. I simply trust Picketty and Zucman. They will have compounded misreadings and editors' bias in those sources by adding their own, and I will have added mine. They and I have plenty. Editing is bias by definition. But we can't do without it. We manage as best we can.

To make sure, I also test Mill's idea on stock market data from the same nations and periods. Here my source was the *Global Financial Data* website marketed by Bloomberg. Market cap corresponds to capital, dividend yield to consumption and total return to output. Charts and tables show free growth as essentially all of growth in stock markets too.

Now try a first look at the charts and tables. The lollipop-shaped Greek letter $\varphi$ (*phi*) is something I call the free growth index. It reads 1 in years when growth is explained as Mill described, 0 in years when belt-tightening was the explanation, and something in between when there was both. The free growth index will be explained in chapters 4 and 5. The charts can be messy, and the data jumps around. There are spikes, both up and down, which tend to disappear in the charts which screen out small absolute values of the denominator (capital acceleration). But the free growth index clearly jumps around 1, not zero, both before or after the screening. It is as often above 1 as below. That means that growth is as likely to coincide with belt-loosening as belt-tightening. My free website *FreeGrowth&OtherSurprises.org* shows how everything was calculated.

Economists will not be as surprised as they might have been a century ago. Growth theory since Solow's revolutionary papers in 1956 and 1957 has marginalized



HOUSE_OVERSIGHT_010948

capital accumulation or thrift, and has seen most growth at the national scale as "exogenous" or unexplained by whatever we suppose that we give up in exchange. This book takes the next step in the same direction. The role of thrift is zero. It is politicians, not economists, who will be flummoxed. The double tax and the tax preference for capital gains are examples of policies favoring investment over consumption to benefit growth. The record shows no such benefit in any country ever. From all evidence so far, free growth theory is free growth fact.

**A New Way to Measure**

What this book tries to add is not only the next step in Solow's direction. My simultaneous rates method offers a new means of testing. Twentieth century growth theory, led first by Keynes' colleague Sir Roy Harrod and then by Solow, has tried to gauge the effectiveness of consumption restraint by a different method from Mill's and mine. It has looked for effects on later output rather than on current capital growth. I call it the lagged flows method. Why the lag? Because if output is growth of wealth (capital) plus consumption, a shift from the third to the second cannot change output at the same time. Rather output should benefit after a lag of a few years for the capital that produces it to accumulate. Capital investment plants a tree, and output growth is the new fruit expected to follow.

The lagged flow method makes sense, and there was nothing better until data for market-valued capital began appearing in 1990 or so. But the lag tends to blur causality. Later changes in output could have later causes. And output itself, after the lag, could not be measured reliably for lack of the same data. It has been measured as gross or net domestic product, reported as the sum of consumption and *book* investment. Books don't get the news until new assets are bought or new products sold. We just saw the anomalous book results reported for 1929, 1930, 1933 (the opposite distortion), 1937 and 2008. Those are not the only examples. My method measures output as consumption plus change in *market-valued* capital. It seems to me that Piketty and Zucman ought to have shown output this way, at least as an alternative version. Isn't it inconsistent to measure capital at market, but to



HOUSE_OVERSIGHT_010949

measure its change (net investment) at book? And isn't it better to measure the effectiveness of thrift with neither the lag nor the well-known problems of book depreciation?

I will show the math of my simultaneous rates method in Chapters 4 and 5. Chapter 4 reasons from the Y = C + I equation, even though I don't accept it, while Chapter 5 translates findings into the new version I do accept. Charts and tables show both versions for all eight countries reported, over all years reported, and run the averages. The thrift index, or ratio of the supposed cost to actual growth, averages zero. I found it best to show separate charts for each country by each of the two versions of the Y = C + I equation and by each of three levels of denominator-screening (none, then two progressively wider screens). Other charts track other data that seemed informative. That explains why charts take up so much of this book.

This completes my first survey of free growth theory and its support in the data. Chapters 4 and 5 will cover the same ground again from new perspectives. So it will be with other themes of this book and other chapters. My problem is to sell unfamiliar ideas, although not necessarily new ones, and in somewhat unfamiliar language too. My "simultaneous rates method", yet to be clarified, is an example. I use the standard language of economics where I can, but must sometimes tweak words or coin them. We will see that in Chapter 3. I try to cope with that double challenge – unusual ideas in unusual terms – by the same strategy of restatement from new perspectives until all fits together.

**Fixing the Y = I + C Equation**

If I had any sense, I would pretend to accept the Y = I + C equation as Mill and all other economists seem to do. Then I could have done with only half as many charts, and made this a book about free growth only. Any fool knows that a book should pick a focus. The data confirming Mill's idea would have made a spectacular finale. Why undermine my own case by questioning his assumptions? So I should probably



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have played dumb and quit ahead. But that would have left out half the story and all the other surprises. I confessed that the surprises are the features I can't resist. If they are fun for me, I can accept the challenge of making them fun for the reader. Anyway, I already opened that can of worms by showing that I don't accept the $Y = I + C$ equation even though others do. I gave an idea why, and can sketch my reason out a little farther.

It begins with something I call the total return rule or total return truism. The truism is that creation of value equals growth of value plus cash flow, where cash flow means value taken out less value inserted from outside. I don't think anyone doubts this truism, which is fundamental everywhere every day in the investment world. I will prove it anyhow, just for good measure, in the next chapter. It is probably the reason that the $Y = C + I$ equation is readily accepted. Net investment $I$ is meant to show physical capital growth. It could look to be the growth in value, if we don't consider human capital, and consumption $C$ could look to be the value taken out.

But a second look is needed. The logic doesn't work unless we consider all value including human capital. Some consumption is invested in human capital, and only the rest exits the whole economy in satisfying tastes. Then the equation would still be true if the invested part of consumption equaled human capital growth.

The reason why it doesn't starts with what we already know about human capital. Petty in 1664 had hit on the idea of this as time-discounted future lifetime pay. Adam Smith in 1776 saw it equivalently as accumulated past investment in nurture and schooling. The Americans Irving Fisher and Frank Knight revived both ideas in the early 20th century. The tempo picked up after World War II at the University of Chicago. Jacob Mincer rederived Fisher's present value equation in 1958, and modeled investment in human capital through job training. Nobelists Theodore Schultz and Gary Becker soon joined in. New insights included the realization that human capital grows from the self-invested work of learning, as well as the outside



HOUSE_OVERSIGHT_010951

input of nurture and schooling, and then depreciates gradually to zero just as buildings do. Yoram Ben-Porath combined these ideas and more in a masterly life-cycle model published in 1967. We'll get to it soon.

Schultz called the part of consumption exhausted in taste satisfaction "pure consumption". The part invested in human capital was "pure investment". I change that to "invested consumption" to avoid confusion with investment in physical capital. Since there is no settled term for the part of work invested in learning, I call it "self-invested work". I call the part of work sold for pay "realized work". Then the consensus view formed in the 1960s held that human capital growth equals invested consumption plus self-invested work less human depreciation. I agree, with a clarification as to possible deadweight loss that I'll come to in Chapter 6. I call it the Ben-Porath equation, although he drew it from the Schultz-led consensus. It is really a summary of the first four of the equations in his 1967 paper taken together.

This explains my critique of the Y = I + C equation. The equation would be true if human capital growth equaled invested consumption. In fact it equals that plus self-invested work less human depreciation. The corrected equation would read "output equals consumption plus investment plus self-invested work less human depreciation". I call this the "Y rule".

Upending the Y = I + C equation is big news. Macroeconomics and the national accounts are founded on it. That's one reason, although not the main one, why I think that macroeconomics should start over. It doesn't follow that national accounts in themselves need much change, aside from reporting net investment at market as well as at book, because accountants must measure what they can. Human depreciation and self-invested work elude market measurement. But economists can allow for them, and they are huge flows. Human depreciation is depreciation of the larger factor. And self-invested work includes more than learning. Ben-Porath showed, as we will see, that it equals all growth in human capital not explained by inflows of nurture and schooling less outflows in human



HOUSE_OVERSIGHT_010952

depreciation. That implies that it includes all free growth of the larger factor. And these huge flows would figure to be uncorrelated. Depreciation of either factor is a steady drag on growth, while free growth is revealed in the charts and tables as a bucking bronco which might be double-digit positive one year and double-digit negative the next. No wonder that national accounts cannot reliably tell good years from bad.

Another distortion in the $Y = I + C$ equation is the undue prominence given to consumption. Physical capital, in most views including mine, is only a third to a fifth of total including human capital. Human capital is the lion's share. Pure consumption is most of consumption, in my view, but not all of consumption. If the factors grow in mutual proportion, then, the ratio of total capital growth to pure consumption will be much higher than of net investment to all of consumption. That explains, I think, why national accounts have reported not a single year of negative net product in any of the eight countries since inception. Balanced portfolios report negative total returns every few years. So would net product, were it not dominated artificially by the steady positive of consumption. It is as if a portfolio dominated by investment grade bonds were taken as representative of a realistically balanced portfolio.

**Solving the Age-Wage Puzzle**

I will now try to solve a feature that troubled Ben-Porath and has troubled many economists since. I call it the age-wage puzzle. Age-wage profiles are published reports comparing pay earned by all working ages at the same time. Since all cohorts (same-age sets) are compared at once, as in a family portrait, age-wage profiles do not show effects of technological growth over time. They show effects of age and experience alone. What appears is that pay or wage rises steadily until retirement or near it. Meanwhile human capital is present value of remaining lifetime pay, and shrinks steadily as approaching retirement and mortality leaves fewer future paydays to discount. Most students of human capital including Ben-Porath reason that self-investment must end when time left for recovery in higher



HOUSE_OVERSIGHT_010953

future pay runs out. So do I. The puzzle is how pay could rise while human capital shrinks smoothly to zero.

This would not be a puzzle if we were speaking of oil wells whose oil might continue to be pumped out at a steady or even rising rate until the well ran dry. We are puzzled because pay is generally believed to equal and compensate work. Work means the output of human capital. How could less capital steadily produce more output, meaning creation as distinct from depletion of value, particularly if some work is self-invested rather than marketed for pay? That would imply exponentially rising productivity, meaning rate of return, and rising to infinity at the end.

Think about it. Strictly speaking, human capital is present value of future pay less spending on future childhood nurture plus textbooks or tuition or job training (collectively called "schooling" by Mincer) invested in human capital. Ben-Porath knew that, as had others before, but reasoned that investment in anything must stop when not enough time remains for recovery. I think so too. And I argue anyhow, from observation rather than logic, that invested nurture and schooling substantially end when we enter the full-time job market sometime in our twenties. Then human capital in adulthood is essentially present value of expected pay, or even less if Ben-Porath and I are wrong and nurture or schooling continues to the end. When only a year of pay is left ahead of us, human capital at most is time-discounted present value of one year's pay. When one day is left, it is at most present value of one day's pay. Yet age-wage profiles show pay (wage) holding level, or even rising, as human capital grades smoothly to zero. This is the famous age-wage puzzle. I'll flesh out the same thought experiment later in what I call the parable of the boss and her secretary.

Economists have recently proposed solutions which I see as farfetched. Possibilities that human capital indeed grows more productive with age, or depreciates all at once, seem implausible in each case and cannot begin to explain enough. I think Becker hinted at the answer in 1964. Becker pointed out that job training at the



HOUSE_OVERSIGHT_010954

employers' expense is part of investment in human capital, and reasoned that employers won't pay it unless they expect eventual recovery with interest.

What Becker stopped short of saying is that the same is true of any investment in anything by anyone. When we invest for our own benefit, we expect recovery by ourselves. When we invest for the sake of others, we expect recovery by them. Recovery means recovery of depreciation. Our parents would not have invested in our human capital without expected recovery of our human depreciation by us, and the young further invest the work of learning in themselves because they expect that to be recovered with interest as well.

There is another proof which I call the deadweight loss rule. Capital of any kind is present value of cash flow, meaning expected realizations in transfer or taste satisfaction. Deadweight loss means decapitalization with neither. It follows that deadweight loss, although a common reality, is implicitly unexpected. But human depreciation, like plant depreciation, is expected from first investment. That rules out deadweight loss, and makes human depreciation *expected* as cash flow by elimination of alternatives.

Each proof is sufficient. The first expresses what I call the maximand rule: we maximize risk-adjusted rate of return. Robert Turgot observed this in 1766. I'll say more about that in the next chapter. It takes little thought to realize that maximizing risk-adjusted return begins with recovery of investment, and that this means recovery of depreciation or amortization. We *are* depleted like the oil well, although we create value too. The second proof needs only the assumption that human depreciation is foreseen. It adds the specification that human depreciation is realized in human cash flow. That turns out to mean that it is realized in pay. The solution to the age-wage puzzle is that pay does not equal and compensate realized work above. It compensates that plus human depreciation. I call this the "pay rule".



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The pay rule joins free growth theory and the Y rule as the three major surprises promised in my title. Recovery of human depreciation in pay changes a lot of equations. It does not impact public policy and tax laws as radically as free growth theory, but I will argue that it impacts them enough. Even if it didn't, it is probably the most startling assertion in this book from an economist's viewpoint. And although I now know better than to claim originality for any idea in economics, this one just might pass the test. If someone out there knows a precedent closer than Becker's, as I eventually found ones for what I had thought were my own free growth and next generation theories, all the more fun in finding those unsuspected precursors. (Next generation theory will be outlined soon.) And the two proofs leave no doubt. I will add a few more as we go. It is never overkill to drive another stake through the heart of entrenched misperception. Meanwhile we can already be as sure of that expected recovery, not actual recovery, as of anything we know. The arguments from the maximand rule (Turgot's insight) and the deadweight loss rule are unanswerable.

An analogy from something else we all know leads to the rest of my argument. Pay over working careers is something like payments over the period of a declining-balance mortgage. Mortgage payments are partly amortization and partly interest. Amortization is like depreciation, although without the same sense of physical wear and tear behind it, and interest is like the worker's output marketed to employers. The declining balance is like human capital. Mortgage payments are almost all interest at the start of the loan, when the declining balance is almost the whole loan amount, and then gradually less interest and more amortization as the balance shrinks. As the balance approaches zero at the end, the payment approaches all amortization while the interest share approaches zero.

My depreciation theory, which we'll come to soon, argues that depreciation follows the same logic and the same math. I will argue, in the face of what has seemed to be contrary evidence, that depreciation of both factors begins at zero and grows



HOUSE_OVERSIGHT_010956

exponentially to become all of cash flow at the end. This completes the explanation of age-wage profiles as we see them. Pay is all human depreciation at the end.

**What I Thought Once**

Chapter 6 will compare accounting for human capital to accounting for a firm. Pay, in this analogy, is the worker's revenue. The firm deducts outside operating costs of labor and supplies to leave gross realized output. The analogy for human capital would be maintenance consumption enabling life and activity. But I don't deduct this in reaching the workers' gross realized output (gross realized work) because I take it as part of the net output we intend in itself rather than a cost in return for what we intend. I see adult consumption as mainly Schultz' pure consumption exhausted from the universe of capital, including human capital, in satisfying our taste for adult survival.

Opinion is divided here. Some economists have treated the maintenance consumption that keeps workers going as new investment in human capital for the sake of higher pay in future. Some in the 18th century expensed it, like maintenance in the firm, as a cost recovered in keeping up the worker's revenue (pay) now, rather than invested for later. I did that for years. I now treat it as recovered neither in pay now nor pay later. Even though we couldn't earn without it, I count it in pure consumption exhausted in satisfying tastes for survival.

When I thought it was recovered in pay and work products, up to about five years ago, I realized that human depreciation could not also be. There would be nothing left for pure consumption except Mill's "unproductive consumption" neither replacing nor maintaining human capital. That would stand biology on its head. Biology is precisely about replacing and maintaining us. Unproductive consumption, for which there seem to be parallels in other species, is something biology has yet to justify. It cannot be the *unique* taste satisfaction that behavior reveals.



HOUSE_OVERSIGHT_010957

I found a solution that seemed to make sense then. It was the exact opposite of what I think now. If maintenance consumption were recovered in pay and work products, as I now think human depreciation but not maintenance consumption is, then human depreciation instead of maintenance consumption could be exhausted in taste satisfaction! That seemed less macabre to me then. I looked for ways in which human depreciation, hardly the biological end in itself, could somehow be its measure. It was not unreasonable, I thought, to interpret human depreciation in aging as the cost of survival. The old gag says that aging is not so bad when you think about the alternative. Age-wage profiles could be explained, I thought then, as recovery of maintenance consumption rather than of human depreciation in pay. And I had those precedents from the 18th century. I knew that Francois Quesnay and the physiocrats, in Adam Smith's time, had argued too that consumption could be recovered in earnings. Mill could be interpreted that way, in his definition of "productive consumption", as could Piero Sraffa in a paper from 1960. I thought I was on the right track.

What brought me to my senses was the thought experiment about a boss and her secretary I mentioned earlier. Picture them together at the beginning of the last year of human capital for each. The boss earns ten times as much. Human capital for each is one year's pay, or even less in the unlikely case that invested consumption continues to the end, less one year's discount. If pay measured work, rate of return (work/human capital) would be something over 100% per year for each. It would be even more in the unlikely case that some work remains unrealized (self-invested) until the end. Yet their time preferences measured by return to their other investments, say securities, is less than a tenth as much. This already states pretty clearly that pay covers more than work.

In case there was doubt, go on to the beginning of the last day. Age-wage profiles show that pay for each is about what it was a year before. Rate of return to each is now a little over 100% per *day*. At the beginning of the last second, it is a little over 100% per *second*. At the end of the last second it is infinite. Yet the securities in their



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portfolios are chosen for returns no higher and riskier than the year before. They will tend in fact to be lower, judging from logic and evidence for a decline in risk tolerance with age.

Then what besides work is recovered in pay? The two possibilities I was weighing were maintenance consumption and human depreciation. The winner was obvious. The higher-paid usually consume more, but not always and not in proportion. The fact that we must generally be paid enough to cover consumption does not imply that we are paid to consume. We are motivated to do that anyhow. We are paid to apply skills, and are paid in proportion to skills applied. Human capital is skill sets. Pay measures its transfer to products, whether in realized work currently created or from capital in place through human depreciation.

That's how I came to the pay rule. We see why it ought to startle economists. Macroeconomic tradition teaches the doctrine that wage measures work, and teaches it so confidently that it uses the notation W for either. Human capital tradition recognizes that some work is self-invested, but effectively treats human depreciation as deadweight loss. That's why I use "pay" in place of the more usual "wage".

**Refuting a Piketty Argument**

There are practical uses for the pay rule aside from solution of the age-wage problem. These are the impact on tax laws and public policy that I promised. Piketty has shown correctly that the ratio of pay to net profit rose substantially during the world wars, world depression and welfare state period following, and has declined since. Piketty argues for higher capital taxes in consequence. His argument follows tradition in comparing pay and net profit as the shares of workers and investors in income. But tradition is wrong. Pay is the worker's gross realized income, meaning gross of human depreciation. Depreciation, for either factor, is a steadier flow. This makes gross output for either less responsive to upturns and downturns. It is a particularly high share of realized income or output in hard times when dislocation



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of both factors (human and physical capital) drives net output down. Comparison between net income and gross realized income can mislead. Piketty is right about the data, but wrong about its interpretation.

**Depreciation Theory**

This is the explanation I promised when I said that depreciation is essentially like amortization. Accounting tends to practice straight-line depreciation over standard depreciation periods. A well-known refinement, allowed but not much practiced in business, is called current cost accounting. The idea is to correct distortions due to past inflation. The problem is that books reflect long-term assets and their depreciation at original cost at date of booking. Current cost accounting adjusts both to the equivalent in current dollars. It shows both net worth and depreciation as higher if prices inflated since booking, or lower if prices deflated. That seems to make sense.

A further adjustment called replacement cost accounting does the same, but also replaces linear depreciation with a curve believed more realistic. National accounts adopt this method. It is sound in principle. But they shape the curve in the wrong direction. They rely on records of actual sales of plant to model depreciation as steep initially and slower later. I suggest that this record is misleading.

My starting point is that value of any capital is discounted cash flow. To keep things simple at first, suppose that cash flow in constant dollars is expected to hold steady for fifty years before asset life ends. Also suppose a constant time discount rate.

Present value at the outset is fifty years of discounted cash flow. At the beginning of the second year, it is 49 years present value of the same cash flow at the same discount rate. All that has been lost is present value of the 50$^{th}$ and most-discounted year. At the start of the third year, capital has dropped again by present value of the 49$^{th}$ and second-most discounted year. So it continues until the end as the discount



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period approaches zero. Depreciation increases absolutely each year, and increases even faster in ratio to capital.

What I have just modeled is depreciation rising exponentially from zero at the start to a maximum at the end. National accounts show the exact opposite. They show it decreasing exponentially from a maximum at the start. The reason for the difference is instructive. I would rather trust the present value formula to show what assets are worth subjectively to their owners. The national accounts prefer to trust evidence as to what they are worth to others if sold. That's a solid method too if the evidence is likely to prove representative. It isn't in cases where transactions are more likely to have been driven by pressure to sell than pressure to buy. Plant is generally tailored to purposes of its first owner, and not meant to be resold. Plant sales tend to follow disappointing results. These are likelier to come early as business plans are first tested. That could explain why evidence without logic has suggested that depreciation tends to start fast and slow down with time.

I would recommend that national accounts continue tracking actual sales as an indicator of true depreciation curves, but limit the study to rental buildings expected from the start to be resold several times. I mean apartment buildings, office buildings and warehouses designed along standard lines. Many investors specialize in buying and selling these tradable assets for portfolio purposes. Pressure to buy and pressure to sell tend to balance.

I can testify that prices bid for them are found either by discounted cash flow or internal rate of return (IRR) methods. IRR is a variant of the same thing. A bid price is modeled as the original negative cash flow in evaluating the proposed purchase. Then the positive cash flows at each year's end are modeled, and the discount rate found which nets present value of all flows together to zero. If this rate is judged competitive, the purchase goes ahead. This method was originated by Keynes in the *General Theory* as his "marginal product of capital".



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And I repeat that most other structures are not meant to be resold. Productive plant is customized to original owners. Tract housing is not, but becomes adapted to them. Original plant operators and homeowners typically expect to stay put. Most do. When they do, their own valuations are higher than would likely be realized in sale. Owners' valuations matter. Economics is more than prediction of sales prices. It is prediction of behavior. It is the owner's valuation of an asset, not a hypothetical outside valuation, that predicts what he will do to exploit and defend it.

My depreciation theory does not jolt settled belief as forcibly as free growth theory or the pay rule and Y rule do. It contradicts only a minor feature of the national accounts. But it contradicts that diametrically, and adds clarity to the pay rule too. It is also original as far as I know. Who has said such a thing before? All the more fun and satisfaction in finding out and setting the record straight. There are giants out there, whether I ever make it to their shoulders or not, and economic history means identifying them.

**Retirement Theory**

Retirement generally means the period or first moment when people end the careers for which their training has been specialized. The reason is typically not diminished skills and performance just yet, as age-wage profiles show no little or no drop in pay toward the end. I think it is more that we and our bosses see the drop coming.

Literal pay is typically zero in retirement. Instead we earn imputed pay for taking care of ourselves and one another, and for driving the grandkids to the zoo. These services are tangible, not psychic, in that they save the hire of others to do the same. The imputed pay is what the others would have charged. But it typically is not enough to meet our consumption needs. Retirees must typically draw down savings or depend on "social transfer payments", meaning support from government or family or foundations, to make ends meet.



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It seems that these infusions from savings or gift cannot be interpreted as invested consumption to be recovered with interest later, but are rather pure consumption recovered now in the satisfaction of survival. Then human cash flow, or pay less invested consumption, remains positive to the end if we recognize imputed pay. Economists should, I think, because it figures into predicting behavior as much as literal pay. So does psychic pay.

It follows that human capital, meaning present value of all pay in the absence of invested consumption to deduct, continues after retirement. That shows that my parable of the boss and her secretary is oversimplified. Parables tend to be. The secretary may happen to have better skills as a full-time caregiver, which both she and the boss will figure to be in retirement, and so may reverse the disparity in human capital then. All models, I guess, assume *ceteris paribus* (other things equal).

My retirement theory leaves much unexplained. It tries to throw a little light here and there. I believe it achieves some surprise, and even originality until we know better, in my argument that human capital continues after retirement. Yet this follows directly from Ben-Porath. Invested consumption must end when time for recovery runs out, whether or not I am right in ending it with job entry decades before, and human capital must last as long as literal or imputed pay does. The endurance of human capital through to mortality is not logical certitude, but need not be doubted either.

**Retouching the Ben-Porath Model**

Ben-Porath's life cycle model seems right enough in all features but one. Equations in his 1967 paper imply that pay measures realized work alone. This should be adjusted to show the pay rule. I would also model invested consumption as ending at independence, or a few months later to allow for initial job training. That does not contradict Ben-Porath, who leaves such a possibility open. I would further apply depreciation theory to model human depreciation as growing from a negligible share of pay at first employment to substantially all of pay at the end.



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My model is the same as Ben-Porath's from birth to independence. All consumption and all work are invested, for modeling purposes, until schooling ends at full-time job entry. I model this transition at age 20. Pay, realized work, human depreciation and pure consumption all begin at that point, although human depreciation begins at essentially zero.

Self-invested work continues as an important but diminishing share of work until late in careers, just as in Ben-Porath. I differ from him mildly in that I model all adult consumption as pure consumption. Ben-Porath allows adult invested consumption without assuming it. I regard it as real but negligible. Age-wage profiles are explained by self-invested work and depreciation theory alone.

I model this self-invested work as subliminal accumulation of job experience. My reason is personal observation. What I have seen in plants and offices is people working full time on the job. We don't take time off to learn. Experience simply arrives, much as free growth does. I think that my view on this contradicts Ben-Porath's marginally. He seems to allow some such allocation of time to help explain age-wage profiles.

Next comes retirement. I model this as just shown. Later I will expand this model to include acquisition and disposal of physical capital too. The combined model will give most of the math and mechanics of next generation theory.

**Risk Theory**

For practical purposes, economic risk is usually measured as expected standard deviation in rate of return. Safer assets vary less from their return norms. Short-term treasuries are thought safest because they combine fixed nominal return with fast liquidity in case inflation threatens. The market overall bids safer expected outputs up and riskier ones down. Since asset value is the denominator in rate of return, and output the numerator, the effect is make risker assets higher in return.



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Risk tolerance might be anything in any individual. As a norm, it tends to be a function of age, gender and wealth. Effects of age and gender are better understood. Teens and young adults, particularly males, seem readiest to take chances. Prison populations and medal of honor rolls feature young males. Part of the explanation, I think, is biologist R. A. Fisher's sex ratio theory of 1930, or equally Bob Trivers' differential investment theory of 1971. Young males show greatest variance in reproductive prospects. Females are almost always assured of a few offspring. Young males might leave none or many. Nature arranges tournaments or displays to give fitter males the advantage.

Another reason is that the young, of either sex, have most time left to outride downswings. The older we get, the more risk-averse.

Some businesses and assets are inherently riskier than others. Nerf balls are safer than hand grenades. But I prefer to look past the asset owned to the owner. We tend to own assets suited to our risk preferences. And we tend to operate it as safely or riskily as we like. That is true particularly of human capital, although it was first designed according to our parents' goals rather than ours. Human capital is probably the most versatile asset, even so, and is adapted to our purposes rather than theirs. We make it as risky as we choose. The risk-averse can become florists or Trappists. Risk lovers can try bullfighting or skydiving. What does that tell us about the relative risk of the factors?

Human capital is owned disproportionately by the young. We own very little physical capital, legally or in practical effect, until maturity. Pay at first is barely enough for survival. We accumulate it gradually as pay rises with age, and then deplete it in provision for the young and in our own retirement. Since physical capital is owned disproportionately by the older and more risk-averse, and human capital the contrary, human capital figures to be higher on average in risk and return.



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There is another useful inference. Adults own assets in the business and housing sectors. Older adults tend more to own debt claims on these sectors, and younger adults to own equity claims. But all adult ages collectively own both sectors collectively. It does not follow that the sectors are equal in risk, as older individuals might tend to own one sector predominantly, and younger ones the other. As a layman, I don't really know.

What I happen to know is that the publicly traded corporate sector, meaning stocks particularly but also bonds, is far more liquid than the housing sector, and that the rest of the business sector is far less liquid than either. Risk in general includes liquidity risk. This leads me to the hypothesis or hunch that the housing sector in general should be safer than the business sector, *ceteris paribus*, but that the publicly traded corporate sector, cap-weighting debt and equity claims on it, may be safest of all.

The idea that stocks and bonds cap-weighted are safer than houses might have been laughed to scorn a few years ago. It doesn't seem so funny after 2008. I view it as an idea to be tested, not trusted, until more is known. If it holds up, it will rank as another surprise.

The effect of individual wealth on risk tolerance is less understood. Here I judge more from hunch and impression than from data. Given that human needs are fairly uniform, as with the private and the general, more wealth gives more insulation from want. Talent is wealth in human capital, and gives the same. Less, in either factor, gives less margin for error. My hunch and impression is that the wealthier in either factor should tend to be more risk tolerant so long as human capital itself is not put in harm's way. Human capital operates physical capital, and gives the means of recovery. The wealthier, in talent or net worth, should prove the least tempted toward sky diving and Russian roulette.



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In this book I will usually be modeling risk and return at the collective scale or at the cohort one. A cohort means the set of all same-aged individuals. It turns out that the ratio of females to males tends to rise with each older cohort, for reasons Bob Trivers explains, as does wealth up to a point. But in cohort analysis, both effects (wealth and sex ratio) are incorporated into effects of cohort age. That will simplify modeling.

My risk theory is another example of what looks to be surprise and novelty until shown otherwise. The unusual idea lies in projecting the owner's time preference/return rate onto the asset rather than conversely. Thus all the owner's assets of both factors are selected or modified to fit her current risk profile. This would count her liquid securities portfolio, cap weighted, as a single asset. All other assets are too illiquid for practical rebalancing. We own the assets best suited to our risk profiles, if for no better reason than that we wouldn't be the winning bidders for any others if we wanted them. As our risk profiles evolve with age, we modify or trade them. We will tend to have anticipated this need, and to have factored modification or trading costs into our bid price. It turns out that this interpretation can simplify the math of present value and present cost.

It helps in supporting the pay rule, and explaining age-wage profiles, by rebutting a hypothesis, sometimes argued, that productivity of human capital might rise with age. Productivity, rate of return and time preference rate all mean the same. My risk theory argues that we know a cohort's risk tolerance from the return to its cap-weighted securities portfolio as a whole. All other assets of the same cohort, including human capital, will tend to agree with it in return. Return to security portfolios tends to be transparent. It declines with adult cohort age. I infer that return to human capital does the same.

My risk theory and depreciation theory together add a finishing touch to the pay rule. The key supporting evidence is age-wage profiles. Depreciation theory offers solid logic, in the face of apparent contrary data, that pay is all human depreciation



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at the end. Risk theory reinforces that impression by adding that the contribution of productivity in the form of realized work/human capital actually declines. One cannot pound too many stakes through the heart of the doctrine that pay compensates realized work alone.

**Next Generation Theory**

I also treat rate of return. This combined free growth theory with insights of Petty in 1662 and William Stanley Jevons in 1871. Petty's idea was that each generation passes the baton to the next. Our investment horizon is the generation length. Its reciprocal, or one over that period, gives our time preference rate. Jevons also saw time preference as the reciprocal of the period of production, but did not connect that to the generation length. I adjust Petty's estimate of the length from his 21 years to 28.5 by allowing for later births as well as firstborns. The reciprocal is 3.5% per year. I add free growth as an exogenous and unspecified variable.

As with Mill and free growth theory, I have to walk a fine line between crediting Petty and putting my ideas in his mouth. Petty dictated his books and pamphlets, and is not always clear. My idea, probably but not certainly the same as his, is that each generation invests everything in the next in trust that it will do the same. All our capital of both factors, although Petty spoke only of a cornfield, is exhausted in putting the next generation in place. The time horizon to get this done is the generation length.

This 28.5 years, as I model it, becomes Jevons' "period of production". Its reciprocal, meaning one over it, gives rate of return. The idea of a period of production whose reciprocal gave rate of return had begun with Rae in 1934, if you don't count Petty, and passed through Nassau Senior to Jevons and Boehm Bawerk. All assumed growthlessness for simplicity. Return is growth rate plus cash flow rate. It simplifies to the pure consumption rate at the collective scale. All these men, even Petty, were really modeling the pure consumption rate. 28.5 years gives the period of replication, in my view, or period of production if there were no growth.



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Free growth then arrives at its whim, like a *deus ex machina*, without calling for more than this steady effort of replication. I find myself focusing more and more on that cash flow component of rate of return, or pure consumption rate at the collective scale, as the part we can predict and model.

The generation length is a biological norm which probably has not varied by more than a factor of two since Ancestral Eve some 200,000 year ago. This suggests that next generation theory can be tested against data from any period. Meanwhile it predicts only at the collective scale. Collective return is average risk return. Subtract collective growth rate to leave cash flow rate. Return and growth are two of the most closely measured rates in economics. That says that tests of next generation theory should be practical. I will show tables broadly in support.

Next generation theory is a blockbuster. An explanation of interest and return has been the Holy Grail of capital theory. Boehm Bawerk contributed a big advance by revealing return as an artifact of time preference rather than the other way around. Some including Irving Fisher have seen that beautiful insight as enough.

Not me. What explains and quantifies time preference? What turned out to be Petty's idea occurred to me about 40 years ago, when I first took an interest in evolutionary biology. My friend Alan Rogers, a population geneticist I didn't know all the time, was thinking in the same direction. His two published papers on this are in my appendix. Neither of us knew about Petty's priority.

The idea would have been a still bigger blockbuster before the wall came down. Wars were being fought about whether return has any legitimacy at all. Karl Marx, ironically a champion of Petty, may have missed his argument on that.

Petty's idea is really the biological imperative I discussed in Chapter 1. The first priority is survival and reproduction. I will argue that this was implicitly accepted



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throughout economic history until new insights now summarized as the marginalist revolution began in 1871. The marginalists, mentioned in the forward, swapped the telescope for the microscope. They left aside the grand teleologies of Smith and Ricardo and Mill and Marx to refocus on the mechanics of choice. Reasons for tastes or choices were treated as irrelevant. By 1900 or so, the marginalists had given us microeconomics much as we know it today. A century would pass before bioeconomics took form in response to Hamilton's rule.

**Summary**

That gives the outline. It is a layman's view of what a proper economist might not have attempted. Fools rush in. I will cite sources in economics and biology not to pretend that I am an authority, but to give real ones a chance to check. My case rests on the charts and tables. Mill might have been astonished to find that the kind of growth he described is the only kind to appear in the record.

What makes my book different, aside from my lack of credentials, is the surprises and the unusual degree of abstraction leading to them. Not many writers try to follow a chain of inference as far without the comforting touch of the stone and wood and rope. If Becker had been as venturesome, he might well have solved the age-wage problem in 1964. I see no other path. Economics is all inside. It is tastes expressed in choices. Capital is foreseen satisfactions discounted by whatever our taste for impatience is. Most of it is human capital leaving little market record beyond its rental cost in pay. Logic is about all we have left.

But the story cannot end in thin air. Few would pay the nuisance cost of so much abstraction without prospect of surprising and testable prediction. I will try to deliver that. Mill's idea is a surprise to politicians, if less so to economists, and could hardly be tested more thoroughly and successfully. When new ideas are thought up, Mother Nature says "Shazam" and embodies them at no cost beyond the depreciation plowback we needed anyway. The data could not be more supportive if Mill and I had invented them. Even my proposed solution to the age-wage problem,



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which must have seemed hopelessly stuck in subjectivity, paid off finally in that solution and in a refutation of Piketty's argument. Risk theory and depreciation theory, each surprising enough, reinforced that solution and the pay rule. I said nothing in the this chapter about bank reform because I covered that in Chapter 1.

Predictions of behavior can work because tastes converge to market equilibria. What stands behind the convergence, I argue, is biology selecting tastes that maintain and reproduce us. The idea that we act out the biological imperative is clear in Petty and Malthus, and in the equilibrium wage theory of Adam Smith and David Ricardo, where pay converges to the level preserving the work force. But if I say everything about that now, I will have nothing to say later.



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## CHAPTER 3: FOUNDATIONS

Historically, foundations and science itself emerge at the end of centuries of practical application. A logical place for foundations in textbooks is the beginning. So it was with Halliday and Resnick on physics, which began with Newton's kinetics (motion in time and space) and then this three laws. Only in the last chapter did the authors remind us that Einstein later put two of these three into question, and even the kinetics. Halliday and Resnick reasoned, correctly I think, that we sometimes learn more efficiently by learning something slightly wrong first and fixing it later. I will do that, in a sense, by reasoning first through free growth theory as if the Y = C + I equation were true, and then again with the two corrections. The sometimes counterintuitive logic of teaching and learning, including that, is "heuristics".

Building on explicit axioms was common in economics throughout the classical period running from Petty in the 17th century through Mill in the 19th. Then came the major shift in focus, beginning in 1871, called the marginalist revolution. What mattered was less our goals, and more the market mechanisms that aligned supply, demand and price. The meeting point was the margin. Axioms about goals disappeared, including the usual one of prioritizing survival and reproduction, and axioms kept were usually left implicit. The implicit ones, essential to marginalism in my view, included convergent tastes and predictions. I will make those two and others explicit, and eventually add back the goals.

This book on the whole is about second-guessing what is taught. This chapter is different. The nearest thing to a surprise in it is the idea that economics *needs* explicit foundations in the sense of axioms and basic definitions and equations. All the ones I choose are well accepted. Why I pick which should seem obvious in hindsight. But some mini-surprises will accumulate. Why do I take such pains to prove every feature of what everyone accepts already? Why all the boilerplate and bulletproofing? I need them because I will later try to shoot down other beliefs everyone accepts. We must know what is sound to find what is not.



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Another mini-surprise is the physics-like care in definitions. The reason is that my arguments later will drive logic pretty far. Logic needs words that are like algeraic symbols in meaning the same thing all along.

Figuratively and literally, foundations are groundwork. They will be less a chore if you love logic. And you'd better if you're going to like the later chapters. Let's get started.

**Orientation**

Economics itself, I think, is a quantitative rationale of choices. Psychology is a sister study not explicitly quantitative, and accounting for subliminal behavior as well as deliberate choices. The two fields cooperate and overlap. Economics is quantitative in that it asks how much as well as what, and focuses on numbers. It is science-like in that it looks for surprising and testable predictions in the end. It is philosophy-like in that choices are subjective and that the larger factor, human capital, leaves little market evidence from which to reason upward. Both facts put the burden on reasoning downward from axioms.

Much of the evidence for both factors, meaning physical and human capital, comes from the records of literal markets where we rent and hire and buy and sell. Most economics looked no further until Gary Becker and others expanded the boundaries about 50 years ago. The expansion made sense. A rationale of choices in literal markets alone is a silly concept. It is silly to acknowledge only choices that ring cash registers. We are the same people everywhere. Logic is the same everywhere. We have little interest in axioms that aren't the same everywhere. Becker was right to see choices in marriage and even crime as predictable in terms of supply and demand and price.

That includes psychic price. Once we follow Becker past literal markets, we accept psychic value and yield. We must anyhow. Value is in the mind. Economics works as



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a rationale of choices, hence values, because human nature leads minds to converge. The literal market adds a measure. When we step outside it, we make do without the measure and trust logic alone.

**A Diamond Ring Parable**

I like a picture of a diamond ring to show something about psychic value and yield, and even about what output and exhaust in consumption are. The ring brings psychic yield to its wearer. If it didn't, it would have no value. Its yield is each psychic satisfaction, and its value sums all time-discounted prospective ones together. Value therefore drops just a little as each yield is finally realized. It is as with apples dropping from a tree. Yet the ring is inert. It ostensibly produces nothing. It also keeps all its value as a ring from day to day. Then where does the outflow of the value in the exhaust come from? How can value go out if none was deducted and none produced? In the tree, we can see the apples growing and falling. The answer is that some value *was* produced in the ring, and some deducted too.

What we didn't notice was the constant shortening of remaining discount periods. As each day passes, each future yield comes one day closer. These are the apples slowly ripening on the tree. Present value of each rises because the discount period covers less time. This creation of value is output by definition, even though nothing has moved but the hands of the clock. As the discount period reaches zero, the expected yield eventuates to explain the taste satisfaction. These yields are the apples falling to be eaten. The ring holds its value intact because the exhaust of value it surrendered has exactly offset the output of replacement value as time alone shortens discount periods. Yet not an atom stirred.

The whole point is that the value of the ring or anything else is discounted present value of foreseen satisfactions. They are discounted because there is such a thing as "time preference"; we value satisfactions now over foreseen ones later. This is not quite the same as the difference between birds in the hand and birds in the bush. That says that we value certainties over probabilities. Time preference also values



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present certainties over future certainties. The reason is studied in a branch of economics called "capital theory". My next generation theory, really Petty's of 1662, proposes what the average-risk time discount rate is and why. Present value of each expected instant of future satisfaction grows at that rate as time shortens the discount period. It disappears, as apples from the tree, when expectation matures into reality.

This diamond ring parable is full of useful lessons. I think it contains substantially all of economics. "Consider the lilies of the field." "They also serve who only stand and wait." A chemist would testify that the ring has done nothing. An economist sees plenty happening. Economics is abstraction. Physical capital is not things, and human capital is not people. It's all in the mind. What an economist sees is present value evolving with time as expectations ripen and eventuate. Output is not what we do, although it has to do with what we do. It is the passage of time. Exhaust is the fruition of time and the harvest reaped.

Only when we allow psychic values can we say that all behavior is economic behavior. It is choices among alternatives. That's what makes economics philosophy.

**Axioms**

Then what should its axioms be? We would like empirical or real-world certainties. I find none beyond Descarte's *cogito*. Philosophy is certain of next to nothing. We settle for working assumptions. We want ones as safe and few as possible. Those of economics have usually been left implicit since the marginalist revolution. I dropped the course because I felt their need. It should do no harm, at this point, to risk the opposite extreme. Let's try putting everything on the table.

My first axiom, in that spirit, will be unguided natural causality. This need not alarm the devout. It is the working assumption of all science. Working assumptions are not creeds. I cannot rule out the possibility of occasional or even continuous intervention by God to explain what we see. But we know to act as if we ruled it out



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when our science hats are on. Even philosophy, in the Western tradition, leaves revelation aside. A practical consideration is that debates of how God is likely to be motivated to intercede have tended to find little consensus or traction. Science gets some.

I tipped my hand on my own views in Chapter 1. As chairman of the Leakey Foundation for more than 40 years, I pretty clearly buy evolution theory and unguided natural casualty as working assumptions. But I invite those who don't to read further before deciding that we will disagree on conclusions. If I foresaw a conflict with the devout, which I don't, I would feel obligated to warn them now. I'll bring this up again as we go along.

My next few axioms, lumped together, are a mortal and reproducing population which competes, cooperates and freelances to act on convergent predictions. It acts to satisfy convergent tastes in a world of limited resources. I will model the population as human, although other species would do insofar as my axioms hold for them. "Convergent" means non-identical from individual to individual or place to place or moment to moment, but converging to norms with increasing scale in space and time. Predictions converge to outcomes as well as to one another.

The point is that tastes and predictions must be convergent enough for markets to form and hold. A market, as Becker knew, is where anyone makes any choice among alternatives. A literal market is where a choice leaves a quantitative record. Markets cannot form and hold if we cannot predict where to find them and what they supply and when they are open. They cannot form and hold without some consensus that what we predict they will offer includes something we want. Clothing stores can work because our sizes and shapes fall mostly within standard ranges. Their business would be in trouble if we did not agree in number and rough placement of arms and legs and head. Restaurants can work because we can find what we want on a finite menu. Most crucially, clothing stores and restaurants cannot hold unless there is consensus on what their wares are worth in return. All this convergence



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suggests a single species, although the axiom only said population. The ants and the picnickers can compete for the lunch, but they cannot bargain for it. The bar in Star Wars is a great gag because it thumbs its nose at this home truth. We converge in taste for the hilarious.

I will add the biological imperative as a separate axiom later, although much of that at least may be implicit in the first one of natural causality. We hate unnecessary axioms, from good Occamite principle, but we hate unsupported inference or question-begging worse.

I spell out the axiom of mortality and reproduction because I know I'm heading towards Petty's insight and next generation theory. Of course we design foundations to support what we want on top. It seems to me that my axioms mention nothing about rationality, whatever that might mean, except in the sense of assumed convergence of predictions to outcomes. And that assumption itself might not be critical. What seems critical that is the predictions should converge to a known function of outcomes. If they converge to something predictably overoptimistic or overpessimistic, we're still in business. Lacking even that, economic science is stillborn. We can't predict chaos.

That's an example of the principle that axioms need not be strictly true. They must be true enough. We're still in business if God intervenes a little here and there. Much more than that, and the convergent prediction axiom runs into the problem of predicting the mind of God.

The two convergence axioms, of tastes and predictions, are implicit in all microeconomics. "Micro", as economists call it, is about supply meeting demand at price equilibrium. This insight was the main theme of the marginalist revolution. It's exactly what can't happen without convergent tastes and predictions. It's exactly why the bar in Star Wars is a hoot. Ants find price equilibria in ant markets, and people in people markets. Ants and people find no meeting of the minds. Then if



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macroeconomics ("macro") rests on micro, the convergence axioms say only what economics has accepted implicitly since micro began. The "law of one price", meaning market equilibrium, actually begins a century and a half earlier with Cantillon. But Jevons, in co-founding the marginalist revolution in 1871, effectively made it an axiom.

I don't want to seem to claim that the convergence axioms are safe because they are accepted. Arguments *ad majoritatem* or *ad auctoritatem* prove nothing. But markets do seem to form and hold, and the convergences seem implied. Authority and majority are sometimes right.

Not all economists have agreed. There have been "historicists" and "institutionalists" who mistrust the idea of convergent tastes, and prefer to see idiosyncratic national tradition or power groups or mindsets as the prime movers in place of uniform human nature. Heinrich Schmoller, a historicist who stressed national differences, tangled with Carl Menger, an independent co-founder of the marginalist revolution in 1871, in a childish feud for which Menger was at least as much to blame. If you must answer your critics, be gracious. Thorstein Veblen, an institutionalist from Wisconsin, coined the term "neoclassicism" for what we now call marginalism. He made fun of it for missing the role of institutions in driving economies for institutional or collective goals rather than individual human ones.

I think there's something there. My main theme in this book is growth theory at the collective scale. I argue that collective growth flourishes where laws and practices and cultures nurture and protect it. These are national institutions. New ideas, by definition, are opposite from the fungible commodities for which supply and demand meet at price equilibria. Somehow they come. Dogs bark, cats climb, people innovate. I'm with Menger and Jevons and the marginalists and human nature, but with asterisks there too. There is plenty left for historicists and institutionalists to help explain.



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**Vocabulary and Catechism**

The words microeconomics and macroeconomics, by the way, didn't exist until Ragnar Frisch coined them in the 1920s. We use terms retrospectively to describe old arguments in language familiar now. That segues into the next steps in the foundations. What should be the basic vocabulary and catechism, meaning basic logic, in terms understood today?

Consideration of purpose always comes first. The purpose of economics is prediction. We happen to know that one of the most powerful predictors of economic behavior is maximization of risk-adjusted return. This was Robert Turgot's insight of 1766, although he left the risk variable unsaid. (His real first name was somehow Anne, so we'll go with the second). He wrote that return equilibrates across markets as investors leave low-return businesses to crowd into higher-return ones. The shift bids up capital denominators in the higher-return businesses, and conversely, until return converges. It was David Ricardo, in 1817 who added that the convergence is more exactly for businesses judged equal in risk. The evidence is everywhere we look. I call this the maximand rule: all behavior maximizes perceived risk-adjusted rate of return. I'll show its proof below. That means all behavior in all markets, and markets are where any choice among alternatives is made. Return means ratio of (net) output to capital generating it. Then the vocabulary wanted might as well include capital and output.

But what is capital? Economics is choices, and the measure is price or value. Price can't be measured exactly outside literal markets, which is why economists follow those markets, but is measured in principle by what we give up in exchange. The price of any capital, even human capital, is given by the present value rule as time-discounted cash flow. Then cash flow and its positive and negative components belong to the basic vocabulary, while the present value and maximand rules both belong in the catechism. Output is total return, so the total return truism belongs in the catechism too.



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What other basic terms do we need? Cash flow at the collective scale, where transfers cancel internally, and there is no source of investment from outside, simplifies to exhaust of value in taste satisfaction. There is no negative component because there is no external source of new investment. Tradition through most of economic history has called this exhaust consumption. Schultz recognized some consumption as investment in human capital, I said earlier, and limited the exhaust to "pure consumption". I will use this and the term "exhaust" interchangeably. Then transfer, consumption, exhaust and pure consumption belong in the vocabulary too. So does "invested consumption", my restatement of Schultz' "pure investment" in human capital.

This seems to be the right track. The object is prediction of behavior. The maximand rule predicts all behavior, and I have sought to build a vocabulary and catechism to clarify its terms. The right vocabulary, thank gosh, is mostly the one we have all used since Adam Smith or even Petty. It has needed only a little tweaking and clarification, as to the two kinds of capital and consumption for example.

There is a "fundamental theorem" of calculus showing how differentials and integrals fit together. Its proof takes a lot of thought. There is a simpler one for algebra. Might a fundamental theorem of economics be helpful? Obvious candidates would include the maximand rule predicting all behavior, the total return truism explaining the output numerator of the maximand (rate of return), and the present value rule explaining the capital denominator. For years I chose the maximand rule as the fundamental theorem. Then I preferred the present value rule as more fundamental since it explained the denominator. But so would be the total return truism in explaining the numerator. Now I opt for the judgment of Paris. Let the three together be the fundamental theorems of economics. The maximand rule is the centerpiece, and the other two define its terms. All three together are much easier to follow, mercifully, then the one of calculus.



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The vocabulary can also include the standard distinction among stocks, flows and rates. These are only definitions, not assumptions. Stocks means value measured in money units, say dollars. This is not the same as stock in the sense of equity securities, although those can be examples. Flows means processes such as output for consumption measured in dollars per unit time. Flows are to stocks as verbs to nouns. Percent rates are flows divided by stocks, as rate of return or growth rate, and are measured in pure numbers over time such as 5% per year.

Now for the fundamental theorems. Take the present value rule first. It starts from the axiom that we satisfy convergent tastes in the light of convergent predictions. In a simple case, we foresee that an asset (stock) is likely to yield a certain amount of taste satisfaction flow at a certain future time. We discount that expected amount at a time preference or time discount rate given by our taste for impatience, tempered by our taste for risk avoidance, to find its present value. Present value of the whole asset is the sum of present values of all the expected future satisfactions together.

A more general case allows for transfers. The future events we foresee and discount are not always exhaust in taste satisfaction by ourselves at the time. Some might be foreseen liquidations to reinvest in other assets or to give away so that we or the donee can realize the taste satisfaction later. Either reinvestment or gift is called transfer. I call it "transfer out", meaning out from the generating asset. Then

$$\text{transfer out} = \text{reinvestment} + \text{gift}. \tag{3.1}$$

There can also be transfer in. Sometimes future realizations, in taste satisfaction or transfer out, are not explained as production by the asset as it is now. The asset might grow later by new investment from outside, and the investment in between might help explain the later yield. If an eighth-grader is destined to become a doctor, for example, her foreseen earnings as a doctor will presuppose investment in high school and college and med school in between.



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The expected future flow we discount to present value, allowing for transfers too, is exhaust plus transfer out less transfer in. This net difference is called cash flow. That is,

$$\text{cash flow} = \text{exhaust} + \text{transfer out} - \text{transfer in}. \tag{3.2}$$

That's the logic behind the present value rule interpreting capital as discounted cash flow.

Human cash flow may not be defined in those words anywhere but in this book. But the flow discounted to find human capital is understood everywhere, I think, as pay less what Schultz called pure investment and I call invested consumption. I defended this idea in my analogy between human capital and the firm. Thus I endorse the tradition that human capital is pay less invested consumption discounted to present value. That is,

$$\text{human cash flow} = \text{pay} - \text{invested consumption}.$$

It turns out that this is not logical certitude, or an inference from axioms already given, and so it is not strictly part of the foundations. I will defend it in later chapters.

The great convenience of the present value rule and its application to human capital is that it allows the factors to be added as a dollar sum. That helps in understanding the total return rule.

That rule begins with the truism that growth of anything is internal creation plus flow passed in less flow passed out. That shows as

$$\text{growth} = \text{creation} + \text{flow passed out} - \text{flow passed in}. \tag{3.3}$$



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Algebra now allows

$$\text{creation} = \text{growth} + \text{flow passed out} - \text{flow passed in}, \tag{3.3a}$$

since terms can change sides if they reverse signs.

Economics is interested in creation and growth of value. Value in the stock sense means capital in general. Most economists most of the time use the word to mean only the "physical capital" we buy and sell. But the truism works for anything. I sometimes prefer the generality of "value", meaning any amount of any mix of human and physical capital. This again can be called either "total capital" or value interchangeably.

Flow of value passed out is exhaust plus transfer out, and flow passed in is transfer in. Creation of value is output in the net sense. Then (3.2) and (3.3a) give the total return rule

$$\text{output} = \text{growth} + \text{cash flow}. \tag{3.3b}$$

"Income" means rights to output, and is implicitly equal to output. Like most writers in economics, I will use these words more or less interchangeably too.

Now comes the centerpiece. A good starting point is the present value rule. We assemble value or total capital to satisfy foreseen tastes. But we also satisfy current tastes by spending current cash flow. At the scale of the total capital (value) of the individual, were reinvestment cancels internally, cash flow simplifies to exhaust in taste satisfaction plus gift given less gift received. Then

$$\text{individual cash flow} = \text{net gift} + \text{exhaust}, \tag{3.4}$$

where net gift means gift given less gift received.



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Consider net gift. Its negative component, gift received, is concurrently added either into total capital growth or into exhaust. Thus it is the contribution to those two desiderata explained from outside, rather than by the individual's behavior. Net gift deducts that negative component (gift received) from the positive one to leave the part which the individual's behavior explains. Thus individual output, as the sum of growth and net gift, is the sum of desiderata realized by behavior. That makes it the unique behavioral maximand as a flow. Division by the individual's total capital, which is her whole means of behavior, gives total capital rate of return as the rate maximand.

This can be summarized in a slightly different way. Cash flow measures the means of taste satisfaction now. Total capital growth measures gain in means of expected satisfactions, discounted according to our taste for impatience (time preference) tempered by our taste for risk aversion. Output is their sum. Behavior reveals and maximizes the taste satisfaction including provision for future satisfaction. Therefore risk-adjusted output is the flow maximand. Capital of both factors, at present value, is defined as the whole means of that satisfaction, and implicitly of behavior. Therefore risk-adjusted return, the ratio of the flow maximand to its means, is the rate maximand.

What Turgot said in 1766, in his *Reflections*, was

> "... as soon as the profits of one employment of money... increase or diminish, capitals turn in that direction... or withdraw and turn to other employments... Whatever the manner in which money is employed, its product cannot increase or diminish without all the other employments experiencing a proportionate increase or diminution."

Turgot did not allow for risk in this quick summary, but otherwise explained the mechanics that tend to equalize return.



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The rule does not say that risk-adjusted return tends to hold constant over time. To the contrary. Return equals growth plus cash flow, and my charts show the growth component as a bucking bronco. The maximand rule says only that risk-adjusted return is always the maximand. It is not always the same as time changes circumstances. Proof is in Turgot's equalization of return at each moment, not from one moment to the next. That is what we see wherever we look.

There is a quibble worth attention. Behavior seldom expresses taste exactly. We say one word when we mean another. We reach for the coffee, and accidentally spill it. That was the point of my axiom that predictions converge to outcomes, as well as to one another, only on average. Outcomes are generally a little better or a little worse than predicted. There can even be systematic bias where all people together seem overoptimistic or overpessimistic accordingly to circumstances, as shown in the psychological economics of Hanneman and Tversky. The axiom requires that these biases offset over scale and time. That sounds plausible, and anyhow makes analysis easier.

The maximand rule would be ridiculous if terms were defined in a literal market context only. Markets must be defined as wherever any choice is made. It would be ridiculous if cash flow were understood to presuppose literal cash, or even the necessity of some *quid pro quo* to explain motivations. Unreciprocated gift down the generations drives lineage survival.

All behavior means all behavior. The miser maximizes the growth component in return, the parent or philanthropist maximizes the net gift component, and the good-time Charlie maximizes exhaust.

Have I gone too far in this claim? Try to imagine an exception. What kind of behavior might not maximize perceived risk-adjusted return? What if I jump out the window? Deliberately drive my car into a tree? Sell a cow for a handful of beans? Maximize a



HOUSE_OVERSIGHT_010985

pile of nuclear waste in my safe instead of cash and securities? Drive a truck filled with dynamite into a crowd of unbelievers? Write a book on economics when I have no credentials? Sing when I have an atrocious voice? All express my tastes. There is no escape. Behavior reveals taste satisfaction in the broad sense including provision for future satisfactions.

**Tastes, Aims and Ends**

I usually mean the word "tastes" as objectives whose satisfaction exhausts capital value. By that usage, as we just saw, the truism that behavior reveals tastes must be interpreted carefully. We see current taste satisfaction at mealtimes. Between meals, we mostly see buildup of capital to satisfy tastes in future. And we sometimes are motivated to give capital away, as in raising the generation to succeed us. I sometimes use the term "aims" to mean the sum of this exhaust plus gift plus buildup. Then to say that output realizes growth plus cash flow is to say that it realizes aims. All behavior reveals and maximizes aims explained by ends. This again puts the maximand rule in a different way.

As capital of both factors is our whole means of behavior, and as it is present value of foreseen taste satisfaction and nothing else, we might first suppose that taste satisfaction is our unique *final* goal. But that too could mislead. Biology shapes our tastes, and shapes them to replicate the generations. I treat the biological imperative as the "ends" driving tastes and aims. Our two complementary ends are adult survival and replication of both factors for survival of the young. This idea underlies next generation theory.

What we maximize is risk-adjusted present value of current plus foreseen taste satisfactions by ourselves plus donees. Current taste satisfaction or exhaust by ourselves is counted at full value, and foreseen ones are added at a time discount. Transfer is part of the mechanics. The exhaust plus growth plus gift are the aims, in whatever proportion we like, and our subliminal deeper motive of lineage survival is the ends.



HOUSE_OVERSIGHT_010986

**Subjective Certitude**

Tautologies or truisms are logical certitudes. My three fundamental theorems are cases in point. The total return truism is a classical example. Since growth is creation less net outflow, creation is growth *plus* net outflow. This gives unqualified certitude to the doctrine that output, or creation of value, is growth of value plus cash flow (net outflow of value).

The other two fundamental theorems are certitudes in a subjective sense. What they predict infallibly is intentions. The present value rule must give capital value as we see it individually. Only under the convergence axioms does it predict observed market equilibria. The same is true of the maximand rule. This rested on the same axioms and the one that a population acts to satisfy tastes (in the sense of aims).

There are schools of thought, including Popperians and deconstructionists, which disapprove of logical certitude on grounds not clear to me. They are wrong. A rose *is* a rose. Nor are all examples as inane as that one from Gertrude Stein. All of math is derived as logical certitude. Its proof comes from analysis, not experiment. Proof of Fermat's last theorem eluded some of the finest minds in the world for three centuries until Andrew Wiles published the solution in 1995. Philosophy is precisely a search for hidden truisms or tautologies. Economics is philosophy when it does the same. The pay rule shows that their inferences can be startling. Age-wage profiles are technically illustration, not proof, of the proposition that human depreciation is *expected* to be recovered in pay. That follows from definitions and needs no evidence in proof.

The pay rule is not wholly logical certitude because it also proposes that maintenance consumption is *not* recovered in pay. Rather I argue that from the biological imperative: maintenance is exhausted in satisfying our taste for adult survival. The fact that few can have doubted this since the physiocrats has nothing to do with proof. The shock, anyhow, is in the expected recovery of human



HOUSE_OVERSIGHT_010987

depreciation. This opened a can worms. It contradicts the Y = C + I equation, and the related belief that output equals profit plus pay. I will try to track down some of the worms, as I promised, and release new ones in the process if I must.

This book will continue to hunt for certitude, absolute when possible and subjective otherwise. If the convergence axioms are trustworthy, behavior will reveal aims well enough.

**Output Exhaust**

I define output as creation of value, and equivalently of capital. Does this overlook the possibility that output might also create taste-satisfying pure consumption directly, without passing through a capital phase first?

Such a thing is possible in math, but not in economics. Since capital is foreseen eventual exhaust, exhaust not drawn from capital in place would be implicitly unforeseen. This is the flip side of the deadweight loss rule. Economics is a rationale of choices, and neglects unforeseen taste satisfaction as unable to influences choices.

Those unforeseen and hence costless satisfactions are called "free goods", and ignored as outside the economic purview. They why not ignore free growth too? Growth is roughly foreseen and factored into choices, for one thing, even if I am the first since Mill to foresee it as free. For another, even unforeseen events are of economic interest if they affect means or choices *after*. Free growth does. Costless satisfactions leave no trace.

Note in any case that the total return truism (3.2) through (3.3b) does not depend on this inference. Those equations describe creation of value, not necessarily of capital alone. Output exhaust would be added both to output and to exhaust, and would disappear in their difference.



HOUSE_OVERSIGHT_010988

## Basic Glossary

I use standard terms when I can find them, and coin new ones like "aims" and "ends" when I can't. But even standard ones are ambiguous. The vocabulary of economics is not settled. Look up "capital" or "output" or "cash flow", for example, in any economic dictionary. It will show ranges of meanings, and appreciably different ones from one dictionary to the next. I coped by defining as I went along, and would have had to do the same even if this book were meant for economists only. Otherwise the ambiguities would have left loopholes.

Definitions include:

| | |
|---|---|
| Aims: | Intention to maximize the sum of current taste satisfactions plus gift, plus growth in means of future satisfactions and gift. |
| Capital: | Means of aims; human plus physical capital; present value of expected cash flows. |
| Cash flow: | Capital passed out, in transfer or exhaust, less capital inserted from outside. |
| Ends: | Rationale of aims; biological imperative. |
| Exhaust: | Termination of capital in taste satisfaction. |
| Flow: | Any process measured in capital per unit time. |
| Human capital: | Present value of skill sets; capital whose outside operating cost is exhausted in taste satisfaction; present value of pay less invested consumption; present cost of past invested consumption less pay. |
| Income: | Rights to output; equal to output. |
| Invested consumption: | Transfer into value of human capital. |
| Maximand rule: | All behavior is maximization of perceived risk-adjusted output and return as a flow and a rate respectively. |
| Net transfer: | Transfer out less transfer in. |



HOUSE_OVERSIGHT_010989

| | |
|---|---|
| Output: | Creation of wealth, or equivalently of capital of either factor. |
| Physical capital: | Capital whose outside operating cost does not satisfy tastes. |
| Present value rule: | Capital of either value is expected cash flow discounted at our time preference rate. |
| Profit: | Output of physical capital. |
| Pure consumption: | Same as exhaust. |
| Rate: | Quantity measured as a flow over a stock, and equivalently as a pure number over time. |
| Stock: | Quantity measured in dollars alone. Same as capital. |
| Tastes: | Intentions whose satisfaction terminates capital in exhaust. |
| Total return rule (or total return truism): | Output equals capital growth plus cash flow. |
| Transfer in: | Value inserted from outside. Same as new investment from outside. |
| Transfer out: | Value passed out and recovered fully in other assets rather than exhausted. |
| Wage: | Same as pay. |
| Work: | Output of human capital. |

**Summary**

When I first thought these foundations through, maybe 25 years ago, I was just as happy to see that they held so little originality. The vocabulary is about the same as in Adam Smith, and the three fundamental theorems are well accepted. Any composer knows that originality should be incidental. Our music says what we think



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needs saying. If it does, that tends to mean that it is new to the current conversation. It need not be new to the world.

All three fundamental theorems are part of the daily conversation of investors and finance economists. They are not much on the screens of microeconomists and macroeconomists. There may have been some originality in spelling out the implicit axioms behind them, and in generalizing them into all capital including human capital if we trust those axioms.

One of the mini-surprises was that gift appeared in my very first equation. Cash flow at the scale of the total capital of the individual, where reinvestment cancels out, simplifies to gift and exhaust alone. Obvious in hindsight, but surprising if we have been taught that economics is all about *numero uno*. I think it is about adults giving to the young to keep the generations turning.

That sets the theme of this book. Old ideas will find unfamiliar combinations and applications. Those are originality enough. But so many little stretches of the tried and true can be hard to track.

Economics needs a special and counterintuitive mindset. The guiding principle is the analysis of the diamond ring. Economics means taking our minds off the physical substrate. That goes to the corners of our eyes, not the focus. Capital is not people and things. It is present value of foreseen cash flows. Output is the ripening of these foreseen flows with time, and exhaust is the harvest eventually reaped. Economics takes us through the looking glass to a place the same but different.



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## CHAPTER 4: MILL'S IDEA

### Mill's Paragraph

It always seemed obvious to me that growth is free. Survival costs investment in the next generation, but growth costs nothing more. It seemed to me that innovation is the human specialty, that we pay its cost every day as the cost of being human, and that growth happens when genius or circumstance somehow gives it traction. I spent most of my life assuming that all economists, but not politicians, thought the same. I since learned that economists, following Solow, teach something close but different. So I guessed that I had hit on something new.

I hadn't. We read economic history to learn that our ideas are seldom original. Thomas Malthus, contradicting his friend and rival David Ricardo, wrote something like my or Mill's free growth theory in 1820. Chapter 7 of his *Principles*[1] says this in several ways. One example is

> "When we have attained…increased and steady profits, we may then begin to accumulate, and our accumulation will then be effectual. But if, instead of saving from increased profits, we save from diminished expenditure; if, at the very time that supply of commodities compared with the demand for them, clearly admonishes us that the proportion of capital to revenue is already too great, we go on saving to add still further of our capital, all general principles concur in showing that we must of necessity be aggravating instead of alleviating our distresses."

John Rae renewed this theme in 1834. Book 1, Chapter 10 of his *New Principles*[2] includes

> "If an improvement, for instance, in the art of baking bread were effected, by which, with half the labor and fuel, equally good bread could be produced, it would not benefit the bakers exclusively, but would be felt equally over the whole society. The bakers would have a small additional profit, the whole society would have bread for the product of somewhat less labor, and all who

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[1] *Principles of Political Economy Considered with a View to their Practical Applications*

[2] *Statement of some New Principles on the Subject of Political Economy*



HOUSE_OVERSIGHT_010992

> consumed bread, that is, every member of society, would from the same outlay have somewhat larger returns. The whole series of instruments owned by the society would be somewhat more productive, and would be carried to an order of quicker returns."

The clearest expression, and probably clearest even today, came from Mill in 1848. He put it that output growth can precede and explain capital growth as well as the reverse. Crediting Rae, he wrote:

> There are other cases in which the term saving, with the associations usually belonging to it, does not exactly fit the operation by which capital is increased. If it were said, for instance, that the only way to accelerate the increase of capital is by increase of saving, the idea would probably be suggested of greater abstinence, and increased privation. But it is obvious that whatever increases the productive power of labor creates an additional fund to make savings from, and enables capital to be enlarged not only without additional privation, but concurrently with an increase of personal consumption. Nevertheless, there is here an increase of saving, in the scientific sense. Though there is more consumed, there is also more spared. There is a greater excess of production over consumption. It is consistent with correctness to call this a greater saving. Though the term is not unobjectionable, there is no other which is not liable to as great objections. To consume less than is produced, is saving; and that is the process by which capital is increased; not necessarily by consuming less, absolutely. We must not allow ourselves to be so much the slaves of words, as to be unable to use the word saving in this sense, without being in danger of forgetting that to increase capital there is another way besides consuming less, namely, to produce more.

The words "accelerate" and "concurrently" show that Mill understood calculus. His autobiography says that he hadn't really learned it from his father James, who had bought a book and was trying to teach himself and the 13-year old son at the same time. The son studied it in his later teens at school in France. He like me was writing for everyone, and preferred to keep explicit math off the page. But the quote reminds us that the only alternative in economics is implicit math in sentence form. The paragraph implies the Y = C + I equation: output equals consumption plus investment. I go a tad farther, starting one chapter ago, by offsetting my word equations from the running text. These show equal signs and plus and minus and



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division and multiplication signs, rather than keeping them inside the paragraph and writing out such words as "equals" and "plus". These word equations are usually easy enough to read. My appendix will cover them and more in notation.

Mill's equation may be as old as economics, although I haven't found it put explicitly before Keynes wrote it in his *General Theory* 1936. It is now foundational to national accounts and macroeconomics (the art of balancing full employment with price stability). I showed why I agree only if we add a couple of imaginary asterisks. We have to mean total capital growth and pure consumption. Mill and tradition have meant physical capital and all consumption.

That leaves me with something like the heuristic problem of Halliday and Resnick. They started with Newton as something familiar and accessible and common-sensical. I will follow suit. I will reason as if Mill's equation were right. My own argument is exactly the same if we remember the hidden asterisks. That saves us all the trouble of going through it twice. Chapter 4 will restate it in terms of total including human capital just to make sure.

It is an unsettling argument either way. It unsettled Solow. Chapter 2 showed why. We are probably more comfortable to think of income as something known which we can slice into consumption and saving slices as we like. Less of one would mean that much more of the other. That would put us in charge. We can always consume less by will power. If less consumption meant more growth, we could grow at will.

Keynes showed otherwise by invoking the old paradox of thrift. If everyone put money in vaults instead of consuming, consumption would go down while money piled up. But the added money would find less output to buy with it, as nothing new was created to compensate for the drop in consumption. The value of the piled-up money would vanish in inflation. Saving would equal investment in the end because both disappeared. The Y = C + I equation shows the math. It say that less



HOUSE_OVERSIGHT_010994

consumption C means either more investment I or less output Y. It doesn't say which happens.

Investment, for Keynes, meant creation of new productive assets. He was right in seeing that as the goal. But his analysis leaves too much outside. What I miss is a variable for investment quality. Investments in new productive assets in 1929 or 2008 yielded negative return. Money in vaults did better.

I prefer an approach which takes our minds off the ultimate goal in new productive assets. I drop all distinctions between saving and investment. Either word means the other. What matters is its intended and realized return. That is the missing quality variable. Notice that I don't have to specify "risk-adjusted" return because Keynes and I are describing only at the collective (national) scale. Risk of all investments collectively is average risk. This can be implicit whenever I describe at the collective scale.

Keynes' analysis and equations appear in his *General Theory*. He was addressing the world depression. A theme was that households do most saving, while businesses do most investing. Banks collected the saving and made it available for business to borrow and invest. But business lacked the "animal spirits" to take such a risk in a slump. We saw the same story after 2008. Keynes' proposal was for government to do the borrowing and investing instead. That's part of the "fiscal policy" I described in Chapter 1. Here we tend to agree. That would explain his sense of urgency as to new productive capital as the most direct way to put idle plant and workers back to work.

I prefer to suspend judgment on what is a new productive asset and what isn't. I think my way of putting things is both simpler and subtler than Keynes', although at sacrifice of his explicit focus. Saving and investment, in my language, are the same from the start. The maximand is return. Consumption foregone will translate into



HOUSE_OVERSIGHT_010995

capital growth insofar as rate of return actually realized matches the current norm. Less return makes less growth than consumption sacrificed, and more makes more.

But collective return can be a surprise. Boom years and bust years arrive unforeseen. The cost of investment in consumption given up, whether individually or collectively, never agrees exactly with what it proves to be worth at market. Gunnar Myrdal, in 1939, coined the terms *ex ante* for the first and *ex post* for the second. The bucking bronco describes the *ex post* picture overall.

*Ex ante* (at cost) and *ex post* (at market) investment agree when market-realized return holds unchanged. Lower return means that *ex post* outcomes fell short of *ex ante* cost and expectations. Higher return means the reverse. That gives the context of Mill's idea. And he clearly isn't talking about growing or declining by random luck. His prime mover is "whatever increase the productive power of labor." He knew that this meant innovative ideas. Can we dial them in as we like? All he says is that they need cost nothing in consumption missed. Then how might that work?

**Gross and Net Investment**

Keynes, accepting the Y = I + C equation, defined saving S as gross income less consumption C. I draw the impression that he implicitly defined output as creation of economic value. So do I. He defined gross investment I as gross output less consumption. Gross in both cases meant gross of depreciation. He knew that income and output are equal, at all scales, since the first means rights to the second, and gave both the symbol Y as I do. It followed that saving and investment are also equal. The meaning was that actually realized saving, as distinct from consumption restraint in hopes of saving, had to be realized in investment. This is the home truth which I accept but prefer to rephrase.

I have traced Keynes' argument and language on these points because I think it is now generally accepted by Keynesian and anti-Keynesian and neo-Keynesian schools alike. That's why I think my own interpretation differs from a general



HOUSE_OVERSIGHT_010996

consensus rather than supports one school over another. I think it is the consensus view, as well as Keynes', that his "attempted saving" means gross saving (gross income less consumption) not invested in new productive assets. That can be written as

Keynesian attempted saving – transfer payments
= Keynesian net saving = Keynesian net investment,

at any scale.

I accept Keynes' definition of transfer payments, and I recognize the importance of his distinction of those from investment in new productive assets which put idle plant and workers to work. My interpretation, even so, is that it is better to leave them idle than to put them to work unproductively. Keynes made his opposite view crystal-clear with his brilliant tongue-in-cheek parable of money buried in mineshafts and idle workers hired to dig it up. He had a sense of theater as well as a great mind. And he just might have been right. But I think my way of putting things encompasses that possibility. His mineshaft scenario works if it somehow maximizes return in the big picture.

My language differs from Keynes' in several ways. I prefer Myrdal's *ex ante – ex post* dichotomy, published three years after the *General Theory*, to Keynes' equivalent attempted-realized one. Like Myrdal, and unlike Keynes, I apply it to investment as well as saving. That's why I treat them as synonymous. And I prefer to recognize human capital explicitly. Keynes surely understood the concept. He was the star pupil of Alfred Marshall's later teaching career, unless he shared that distinction with his lifelong personal friend and professional adversary Arthur Pigou, and Marshall and Pigou both describe human capital in principle. Marshall wrote that he neglected it as something outside what he saw as the main sequence ending with consumption. Keynes could have agreed, or could have meant to provide for it implicitly by defining output as investment plus consumption while realizing that



HOUSE_OVERSIGHT_010997

some consumption is investment in human capital. I said what I think this overlooks (self-invested work) and what it forgets to exclude (recovered human depreciation).

My own way of putting things mightn't strictly need the terms investment or saving except to translate my ideas into the language we all know. That translation is essential if I hope to be understood. It will first take account of the fact that Keynes meant investment and saving as to physical capital only, with labor or human capital to arrive exogenously as an outcome somehow of consumption. That led to the $Y = I + C$ equation

$$\text{output} = \text{investment} + \text{consumption}. \tag{4.1}$$

Gross and net versions of (4.1) meant gross and net of depreciation. Thus

$$\text{gross output} = \text{gross investment} + \text{consumption} \tag{4.1a}$$

and

$$\text{net output} = \text{net investment} + \text{consumption}. \tag{4.1b}$$

In the *General Theory*, where (4.1) appears in his Chapter 6, (4.1) it means the gross version unless otherwise specified. I prefer the opposite, and mean the net version (4.1b) unless otherwise specified.

My *ex ante* investment corresponds to Keynes' "intended saving" through consumption restraint. My "depreciation investment", or "depreciation plowback", means just enough *ex ante* investment to offset actual depreciation, not book depreciation, of physical capital. I assume that we intuit roughly how much this is when I say that optimum *ex ante* investment is depreciation plowback. Now let's consider how that could be true.



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**Growth Mechanics**

Start with simplicity. Imagine a changeless world where people and things replicate themselves exactly. Chapter 3 showed that in total capital terms including human capital, although neither Mill nor Keynes used them, depreciation of both factors together, net of transfers from one to the other, equals exhaust in taste satisfaction. "Replacement investment," or "depreciation investment," is just enough to turn the generations over as new (net) output makes up the loss to consumption exactly. Ideas hold unchanged. That wouldn't be too far from the truth for our million years as *homo erectus*, or our millennia after as *homo sapiens* until some 50,000 years ago, or our centuries in the dark ages after Rome fell. Most of the new norms we innovated, although not all, eventually regressed to the old ones.

Next imagine growth of everything at a constant rate. Capital, consumption and output all grow in constant proportion. Economists now call this "balanced" growth. Mill had described that possibility in 1844. Balanced growth isn't driven by consumption restraint, as consumption never lags. And it isn't driven by productivity gain, meaning more output per unit capital, since output grows no faster. What drives it?

Suppose first that there are still no new ideas. If we are pioneers in a new world or empty niche, we might be able to increase numbers of exactly the same things and skill sets until we reach niche limits. Then what would pay for capital growth in that case? Zeno the Eleatic might insist that depreciation investment is never enough because it chases a moving target. But depreciation moves just as fast. Identical capital means identical in depreciation rates. That means the ratio of depreciation (pure consumption) to capital. The two racers hold neck and neck indefinitely. Depreciation investment is still enough, just as it was in the growthlessness before. In balanced growth, as in standing still, it is the only need for of capital replacement.

Now comes a tougher problem. Niches in the real world are typically more or less full. Here old ideas alone can't bring growth. David Ricardo, Thomas Malthus and



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Edward West had written in 1815 that in economies already developed, there isn't much room for more capital of the same kind. Its productivity disappears in capital glut and diminishing returns. There could still be growth when some of the new ideas would need only redeployment of existing kinds of capital, as in relocating production nearer to the market or cutting out the middleman. This redeployment was Solow's "disembodied growth." But growth after that have to come from capital new in kind. Hourglasses might have to give place to pocket watches, or sailing ships to steamships. Those were Solow's "embodied" growth.

The apparent problem here is that novelty is expensive. There are blind alleys and failure rates and learning curves that rote replication avoids. This is true somewhat even in disembodied growth, where redeployment is already a step into the unfamiliar. If depreciation investment is barely enough for balanced growth without new ideas, how can it also pay for the failure rates and learning curves?

A tough question. And Mill was posing an even tougher one. The paragraph quoted is clearly describing capital acceleration. Capital as he describes it is not only innovating consistently as it keeps up with consumption, but picking up the pace, and still taking the innovation costs in stride. Is that too much even for Achilles?

It is not. Charts and tables show that the kind of growth Mill describes has proved the only kind in every country and period where tests are practical. It has proved the only kind whether capital was growing faster or shrinking faster or anything between. The growth bronco bucks, and the consumption rider stays on. This is what clearly happens, or anyhow has happened so far, despite so many reasons to think it is impossible. What would explain it?

First take the lesser puzzle. Balanced growth, where capital, output and consumption all grow at the same constant rate, must make do with depreciation investment. How can it in crowded niches where growth compels the costs of innovation? Chapter 2 showed my inference that these are the costs of being human.



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We were paying them as *homo habilis* two million years ago. The cost went up, but the value of innovation just as much, when *homo erectus* arrived a little later. Both rose again with the emergence of Ancestral Eve 200,000 years ago. Adaptation is the human specialty. Its what gets us through the day. Innovation is adaptation that happens to become new norms. It started leaving a record of embodied growth about 50,000 years ago. That doubled pace about 400 years ago. The costs of being human are the same failure rates and learning curves whether the payoff in adaptation/innovation means faster gain in good times or slower decline in bad ones. We row at a steady stroke, and gain against the shoreline when our new ideas are particularly good ones and the current is right.

My idea, whether or not Mill's, is that these costs might be about the same for breakthroughs or meta-ideas or paradigm shifts as for modest upgrades, or even for holding even in a world of daily surprises. Ideas trade in an inefficient market. Cost is dissociated from value, and cause is desynchronized from effect, by the vagaries of genius and the whim of circumstance.

Now the tougher puzzle. How can consumption keep up with capital even in accelerations? That's what Mill described, and that's what happens. Can Achilles catch the tortoise even when the tortoise speeds up? Put your money on Achilles. Here it is Gunnar Myradal to the rescue. The apparent problem is that *ex ante* depreciation investment is never enough in acceleration. But the charts and tables show unanswerably that *ex post* depreciation investment is. We sow the first, but reap the second. Plowback of depreciation investment is up to us. Growth is whatever is added by genius or happenstance. The difference between market value and cost is sometimes luck, which neither loses nor gains in the long run, but sometimes imagination. Mother Nature and Gunnar Myrdal simultaneously say "Shazam", and convert new ideas into embodied or disembodied growth without surcharge for the novelty.



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That still leaves the mystery only half solved. How exogenous (sourced from outside) are the genius and happenstance? Can we coax them along by policy? That isn't really my field. What seems reasonably clear is that growth flourishes in secular free markets with solid infrastructure and rule of law. How to get *those* things is the problem. I will suggest that the answers, whatever they are, will be developed outside the usual marginalist perspective of supply and demand.

**The Free Growth Equations**

Now back to Mill's argument. Notice first that he puts it all in the present tense. Modern growth economists have preferred what I called the lagged flows method: spikes in investment are compared to later ones in output. Mill here is substituting what I called a concurrent rates method: he compares changes in consumption rate to changes in capital growth rate at the same time. He writes that "whatever increases the productive power of labor … enables capital to be enlarged … concurrently with an increase of personal consumption."

Let's follow that. Mill's root assumption is the Y = I + C equation in its net form (4.1b). Put the *ex post* version as

$$\text{output} = \text{growth} + \text{consumption}, \tag{4.2}$$

meaning net output, growth of physical capital and all consumption. The Y rule says the same with the hidden asterisks after growth and consumption. So it will continue for the rest of this discussion. (4.2) shows that less consumption implies more growth, or less output, or some of both. Mill was asking which. To show how to find out, first arrange (4.2) as

$$\text{growth} = \text{output} - \text{consumption}, \tag{4.2a}$$

again because terms can change sides if they change signs.



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Mill and Keynes and tradition hold (4.2) and (4.2a) as logical certitudes which hold constant over time. I agree if we imagine the asterisks. Constancy over time would imply

$$\text{change in growth} = \text{change in output} - \text{change in consumption.} \tag{4.3}$$

I take the trouble to derive this as a road I haven't preferred to follow. I will reason instead in rates rather than flows. Rates, or ratios of flows to capital, effectively cancel capital from numerator and denominator. That frees them to show comparison between smaller and larger economies among the eight I test. Mill's idea, or anyhow mine, is that the *ratio* of consumption to capital in all those countries can hold constant. That is what the charts and tables show.

To follow that lead, divide (4.2a) by capital. This finds

$$\frac{\text{growth}}{\text{capital}} = \frac{\text{output}}{\text{capital}} - \frac{\text{consumption}}{\text{capital}}. \tag{4.4}$$

That can be put more compactly as

$$\text{growth rate} = \text{capital productivity} - \text{consumption rate,} \tag{4.4a}$$

where rate always means ratio to capital. That needs a caveat because consumption rate in macro means ratio to output. Capital productivity in this sense is also called rate of return.

For more compactness still, define

$$\text{thrift rate} = -\text{ consumption rate,}$$

allowing (4.4a) to be restated as



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$$\text{growth rate} = \text{capital productivity} + \text{thrift rate}. \tag{4.4b}$$

Notice that we must change the sign before "consumption rate" to find thrift. Change downward in consumption rate is change upward in thrift rate, and conversely.

Further

$$\begin{aligned}\text{change in growth rate} = {} & \text{change in capital productivity} \\ & - \text{change in consumption rate},\end{aligned} \tag{4.5}$$

by the same logic as with (4.3). Save space again by reexpressing (4.5) as

$$\text{acceleration} = \text{productivity gain} + \text{thrift gain}. \tag{4.5a}$$

Finally divide by acceleration to reach

$$1 = \frac{\text{productivity gain}}{\text{acceleration}} + \frac{\text{thrift gain}}{\text{acceleration}}, \tag{4.6}$$

if acceleration is nonzero. Reexpress as

$$1 = \text{free growth index} + \text{thrift index}, \tag{4.6a}$$

where indexes are undefined if acceleration is zero.

I think this gets at what Mill meant, and anyhow what I mean. We both describe acceleration as well as growth. One night think that his "whatever increases the productive power of labor" is the opposite from my "change in capital productivity." But they are about the same. Better machines make their operators more productive whether skills have changed or not.



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(4.5) shows something about "balance" or the state where capital, consumption and output grow at the same rate. It confirms the standard teaching that balance is possible, although not compelled, when growth rate is constant. It also shows that balance is impossible when growth rate changes. No one disputes that capital productivity (output/capital) always leads, and consumption rate (consumption/capital) always lags, in accelerations up and down. Output gets the bad news first and the good news first. What the equations leave unspecified is where capital itself joins the sequence. That is what the evidence in the charts and tables tells us.

In the case where the free growth index equals one, for example, the above equations show

$$\text{thrift index} = \frac{\text{thrift gain}}{\text{acceleration}} = 0, \quad \text{implying}$$

$$\text{thrift gain} = \frac{-\text{change in consumption rate}}{\text{change in growth rate}} = 0, \quad \text{and}$$

$$\text{change in consumption rate} = 0, \quad \text{or equivalently}$$

$$\text{consumption rate} = \frac{\text{consumption}}{\text{capital}} = \text{constant}, \tag{4.7}$$

if acceleration is non-zero. (The reason for that qualifier is that zero acceleration means zero change in growth rate, and division by zero is a no-no.)

In the opposite case where the thrift index is one, the same equations would show

$$\text{free growth index} = \frac{\text{productivity gain}}{\text{acceleration}} = \frac{\text{change in productivty rate}}{\text{change in growth rate}} = 0,$$



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implying

$$\text{productivity rate} = \frac{\text{output}}{\text{capital}} = \text{constant}, \tag{4.7a}$$

assuming again that acceleration is nonzero.

This shows how to find the position of capital in the sequence led by output, and how to test between free growth and thrift theories. The market-valued capital denominator in (4.7) and (4.7a), and the consumption numerator in (4.7), can be taken directly from national accounts data collected at the Piketty-Zucman website. The output numerator in (4.7a) can be constructed as consumption plus current change in market-valued capital. By (4.7), free growth theory (Mill's idea) predicts a roughly constant consumption/capital ratio, even in accelerations and decelerations and reversals. Then capital acceleration would lag alongside consumption acceleration while output led alone. Thrift theory makes the opposite prediction of a roughly constant output/capital ratio, so that output and capital would lead together while consumption lagged alone. There is no need to measure and test both indexes, as either is defined as one less the other. My charts and tables track the free growth index. They confirm free growth theory in all countries and periods.

**Defining Free Growth and Thrift**

(4.2) through (4.7a) defined the free growth and thrift indexes, but not free growth or thrift themselves as flows. Since I will use those terms often, I'd better clear that up now. Define

free acceleration = productivity gain = gain in rate of return, and
thrift acceleration = thrift gain = drop in cash flow rate,

so that those sets of terms become interchangeable. Then (4.5a) can be put as



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acceleration = free acceleration + thrift acceleration. (4.5b)

Rates are flows divided by capital expressing them. Then define the two flows as

free growth = capital $*$ free acceleration, and (4.8)

thrift = capital $*$ thrift acceleration, giving (4.9)

growth = free growth + thrift. (4.10)

These equations apply equally in continuous or discrete-period time. In the latter, they leave the periods of acceleration and growth unspecified. Marginal or current free growth, as with the speed of a car, is the sum of free accelerations since some past origin when growth was zero. So it is with current thrift. That need not place the origin with Ancestral Eve. Surprising as it might seem in the growth age, zero points appear to recur every few minutes at the longest. Online stock index numbers reverse direction at least that often. They pass through zero each time. Debt claims on the corporate sector figure to be less volatile, but equity (stock) ones outweigh them. Then marginal free growth means accumulated free acceleration, or rise in rate of return, since the last zero growth point no more than a few minutes ago when return and cash flow were equal. Growth is free whenever cash flow rate rises or holds steady.

**The Charts and Tables**

Mill lacked data to test whether growth tends to lead with output when it changes, or to lag with consumption, or something else. So did all economists until national accounts began reporting market-valued capital in 1990 or so, and reconstructing it backward over a few decades before. The equations through (4.7) show how to test from data in the Piketty-Zucman and *Global Financial Data* websites.

First I downloaded the Piketty-Zucman data for market-valued capital and consumption for all countries and periods. I chose their "private wealth" data for the



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former. I neglected "government wealth" net of national debt, which is small and often negative, as I don't feel that I understand it well enough. I took consumption as the sum of personal consumption expenditure (PCE) and government consumption expenditure (GCE). I also downloaded real stock market rates of growth, dividends and return from the *Global Financial Data* website for the same years and countries.

Yearly change in capital in each country gave each year's capital growth as a flow. I added this to consumption to give what I call market-valued output. I said earlier that Piketty and Zucman should logically have done the same. This gave the values for (4.1) and (4.1a).

I then divided by year-end capital to give values for (4.3). I next found annual changes in those three to give acceleration, productivity gain and thrift gain as shown in (4.5) and (4.5a), and divided by acceleration to find the two indexes of (4.6) and (4.6a).

The test from *Global Financial Data* took fewer steps. Stock market growth rate, rate of return and dividend rate were downloaded directly. I took them as corresponding respectively to growth rate, capital productivity and consumption rate in (3.3a). I found their annual changes to find values for (3.4a), and again divided by acceleration to reach (3.5a).

This allows tests of Mill's idea from national accounts data for all eight nations reported at the Piketty-Zucman website, and over their entire reporting periods through 2010. (The website also reports for Spain, but only since 1993 and without data for consumption.) In each year, for each country, change in capital growth rate is compared to change in consumption rate (consumption/capital). If consumption rate grows faster than capital growth rate while both grow, or declines faster if both decline, the free growth index in that year is greater than one. If they change at the same rate in the same direction it is one exactly. If both change in the same direction, but consumption changes less, the free growth index is between zero and one. If



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either grows while the other declines, the index is zero or less; zero if one grew as much as the other declined, and less if the change in capital growth rate was larger than the opposite one in consumption rate.

**Interpreting the Charts and Tables**

Now look again at the charts captioned "free growth index" in the appendix. I will summarize them and all other charts and tables only briefly here, and save most description for there. They cover all eight countries. Each chart covering free growth tracks three separate versions of the free growth index labeled $\varphi(K)$, $\varphi(K_T)$ and $\varphi(SM)$. The one I have discussed so far is $\varphi(K)$. $\varphi(K_T)$ is a version including human capital, and $\varphi(SM)$ is taken from stock markets only. $\varphi(K_T)$ will be explained in the next chapter.

The powerful spikes both up and down in the free growth charts were described in Chapter 2. Spikes tend to be explained by the fact that acceleration, the denominator in both the free growth and the thrift index, is occasionally close to zero. Near-zero denominators, whether above zero or below, can magnify mismeasurements. Some charts report the free growth index every year, and show all the spikes. Others filter out years where denominators fall below a chosen threshold, and spikes disappear accordingly. Filtration is unbiased in that free growth index is corrected down as often as up.

What jumps out from all those charts is that all versions of the free growth index $\varphi$ fluctuate around one. That means that the unshown thrift index fluctuates around zero. We just saw that the thrift index will show as negative whenever the thrift numerator and acceleration denominator disagree in sign, meaning that thrift gain coincided with deceleration (negative acceleration) or conversely. Charts and tables show that thrift gain, meaning drop in consumption rate, coincides as often with a lower as a higher capital growth rate. Growth by thrift is a theoretical possibility



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which doesn't actually happen. The means of growth Mill describes in the paragraph quoted is the only kind that appears in the record.

**Evidence from Stock Markets**

Market-valued capital, reported in national accounts since 1990 or so and assembled at the convenient Piketty-Zucman website, is measured by a common standard in principle. Measurement begins with stock markets. It should. The stock market is the most exact source of economic information that I know. With due reservations about connivance and "stale prices," meaning outdated prices from earlier days because the stock has not traded since, or anyhow not enough for confidence, we know pretty well what markets think stocks are worth from tick to tick.

We would know better if markets were perfectly efficient. Proof that they aren't shows in medium-term autocorrelation or trend. Autocorrelation (in price) is tendency for markets to be up tomorrow if up today, and down if down. Trend is a shorter word for the same. Perfect efficiency ought to show a "random walk" where prices change captures all current news, news captures reality without optimistic or pessimistic bias, and tomorrow's price direction is as unpredictable as tomorrow's news. The only exception should be long-term uptrend with productivity gain through innovation. In this case it is not surprise in the news that brings growth, but gradual gain in present value as a foreseen better future is less discounted as it draws nearer.

There is chicanery as well as inefficiency. Insiders, braving the legal risks, may take advantage of outsiders. But it is not clear to me that insiders are likelier to be sellers than buyers. National accounts follow prices of publicly traded shares collectively, where some chicaneries should offset others.

Allowing for all this, I think national accounts are wise to accept stock prices as the best measure of underlying assets. Intangibles such as patents or market advantages



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are factored into share prices because they are realities that would be valued as such by bidders for the assets themselves. It is a mistake, I think, to suppose that shares prices would be less volatile if more descriptive of real value underneath. The existence of trends suggests the opposite. Trends would be expected from systematic underreaction to the news, so that reaction catches up later, while systematic overreaction ought to be followed by adjustment in the opposite direction. This gradual rather than immediate digestion of the news would tend to smooth out price response. Trends imply systematic underreaction, not overreaction. Market evidence shows something near that random walk as a usual rule, implying neither systematic overreaction nor systematic underreaction, but with some episodes of the latter. What would the reason be? My first guess would be something delaying the mechanics of price reaction when news is particularly surprising. Our sense of where prices should go right now seems not to get them there until later. Prefect reaction to perfect news ought to mean *more* price volatility, not less, from day to day.

Stocks are more volatile then most assets because most are "leveraged." Firms may issue bonds, and may borrow shorter-term from banks. Fixed interest on those debt claims is paid first. Shareholders get the rest of net output, which itself fluctuates around expected norms and is sometimes negative. If a firm's net profit (net output) is one million dollars one year, and one dollar higher the next, net profit will have varied only one ten thousandth of a percent. But if interest payments take up the same million dollars per year, every year, profit left for shareholders will have grown from nothing to one dollar. Its growth rate will have been effectively infinite. If the firm earns two dollars less the year after, it will have to invade capital to pay the interest, and owners take a one-dollar loss. Again the difference is trivial percentage-wise to net profit, but diametric to equity investors. The more fixed debt, the more surprise and volatility in whatever is left for shareholders. The ratio of debt to that remainder, called "equity," is the leverage meant. Stock in this security sense means the same as shares or equity.



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Now I'll try to pull this together. Stock prices collectively, meaning all shares at current prices, is called "market cap." (Cap is capitalization.) Market cap does not measure the whole underlying value of the issuers, meaning firms that issued the stock, since there are debt claims that must be paid off first. It measures the equity residue. It measures that imperfectly because some inefficiency and chicanery are here to stay. It is more volatile than the debt claims because it is leveraged, but probably less volatile, given the observed reality of trends showing smoothed-out reaction of share prices to news over time, than what would be bid for the underlying assets, including intangibles, subject to the same debt claims that must be paid off first.

National accounts measure market-valued (physical) capital by beginning with market cap. They then add the market value of debt claims on the same issuers, along with equity and debt claims on the rest of the business sector, and then the same for the housing sector. The sum is "private wealth." Consumer durables such as cars and refrigerators are excluded as impractical to price. Government wealth net of national wealth is tracked separately, and tends to show as slight or negative.

**Finding the Free Growth Index for Stock Markets**

My concern in this chapter is the stock market as a data source for testing free growth theory. Here (4.2) would read total return in place of (net) output, while growth would be in market cap. Consumption in (4.2) would become dividend yield in the sense net of capital concurrently raised in new stock issues. The *Global Financial Data* website summarizes the history of world stock markets from inception in about 1700 for U.K., about 1800 in U.S., and later elsewhere. A nice feature of this data source, and most other sources for stock and security performance, is that market values are shown from the start. This left no need to correct for the inevitable lags in depreciation accounting, which gets the news only in purchases or sales.



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*Global Financial Data* reports annual rate of return, growth rate in market cap, and "imputed dividend rate" as the difference. Dividend rate itself is reported as something a little different. I made no attempt to get to the bottom of this distinction, just as I made none to allow for editorial bias in the Piketty-Zucman website. I chose the imputed version for logical consistency.

This direct information obviates the chain of reasoning from (4.2) to (4.5), and allows me to jump to the latter. "Productivity gain" in (4.5) is simply annual change in reported rate of return. Acceleration is annual change in reported market cap growth rate. (4.6a) defines the free growth index as their ratio. $\varphi$(SM), the green line, tracks it in the charts. It too fluctuates around the number one. Gains in dividend rate have coincided as often with gains in market cap growth rate as with drops.

This seems only to expound what everyone knows. Of course firms are likelier to raise dividends in years of growth, and cut them in years of decline. I never claimed that free growth theory does more than state the obvious. What is made obvious by the data is that a change in total return is the prime mover enabling market cap and dividend rate to accelerate or decelerate as a pair. What is made obviously wrong would be a thrift theory casting dividend restraint as the prime mover. Were that so, market cap acceleration would coincide with lower rather than higher dividend rates.

This pretty much completes my evidence for free growth theory. I have not found other promising data sources. One is tantalizingly close to hand. There is not much reason why corporate bond history is less transparent to the world than corporate stock history. A qualified expert might reconstruct market caps of both, side by side, to show a picture of the whole corporate sector. Surely I am not the only person who would take interest. What is the history of leverage, and of total return, and its growth and yield components, to debt and equity claims cap-weighted together?



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It would be nice to test from such a dataset, again starting from (4.6), to see if free growth theory holds again. Who knows? Meanwhile, I think, the case is closed. All growth at very large scales is free until proved otherwise.

**Where Does Opinion Stand Now?**

What should we make of this evidence for free growth in national accounts and stock market data? Lawmakers would probably demand a recount or an investigation. Tax laws discourage consumption and dividends to encourage growth. Yet data show that lower consumption rate coincides as often with lower as higher capital growth rate for eight nations over four to fourteen decades. They will show the same for dividends when we come to that.

Economists would be less surprised. Solow has prepared them for the news. In 1956 and 1957 he showed evidence that most growth is not explained by capital accumulation, or saving through consumption restraint. His Nobel prize acceptance speech in 1988 includes:

> … In the beginning, I was quite surprised at the relatively minor part the model ascribed to capital formation. Even when this was confirmed by Denison and others, the result seemed contrary to common sense. The fact that the steady-state rate of growth is independent of the investment quota was easy to understand; it only required thinking through the theory. It was harder to feel comfortable with the conclusion that even in the shorter run increased investment would do very little for transitory growth. The transition to a higher equilibrium growth path seemed to offer very little leverage for policy aimed at promoting investment.
>
> The formal model omitted one mechanism whose absence would clearly bias the predictions against investment. That is what I called "embodiment," the fact that much technological progress, maybe most of it, could find its way into actual production only with the use of new and different capital equipment. Therefore the effectiveness of innovation in increasing output would be paced by the rate of gross



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> investment. A policy to increase investment would thus lead not only to higher capital intensity, which might not matter much, but also a faster transfer of new technology into actual production, which would. Steady-state growth would not be affected, but intermediate-run transitions would, and those should be observable.
>
> That idea seemed to correspond to common sense, and it still does. By 1958 I was able to produce a model that allowed for the embodiment effect. ... If common sense was right, the embodiment model should have fit the facts better than the earlier one. But it did not. Dension (1985) , whose judgment I respect, came to the conclusion that there was no explanatory value in the embodiment idea. I do not know if that find should be described as a paradox, but it was at least a puzzle.

Edward Denison was another leading growth economist Solow consulted. Remember that Solow had defined disembodied growth to mean better use of existing assets, as when ships carrying coal to Newcastle are inspired to reverse the business plan. It is easy to see how disembodied growth could come more or less for free. But Solow puzzled how embodied growth, which needs "new and different capital equipment," could arrive without " a policy to increase investment."

It can for the same reason that Achilles can overtake the tortoise. Solow's problem, I think, may have been that new and different capital equipment stands to embodied novelty as a new and different chicken laying a new and different egg. We can see how the different capital might come first through saving from consumption deferment. And it seems clear that the embodied novelty could not. But one of the beauties of calculus is that it allows chicken and egg to evolve simultaneously. Neither novelty precedes the other at the instant of first embodiment.

This time it is Newton and Leibnitz to the rescue, along with the trusty Gunnar Myrdal, if I guess right about Solow's misgivings. Since he understands calculus and Myrdal far better than I do, I may guess wrong. So let me try another way. It seems to me that embodied growth is still disembodied growth at a finer and more basic



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scale. Instead of redeploying finished goods, we recombine raw materials. We aren't creating something from nothing. And growth is not so free that it needs no cost at all. It still needs depreciation plowback. Net investment would mean any in addition. The charts and tables, as I read them, show a steady stroke of deprecation plowback paying for all innovation, embodied or disembodied, that copes as best it can with good times or bad.

The steady stroke metaphor, showing how cost (the steady stroke) and growth (against the shoreline) could be desynchronized, explains the possibility of free growth. It does not explain why the record shows no other kind. My best guess as an explanation would look to biology. The biological imperative shapes our tastes and behaviors for lineage survival in some sense of family or population or species. Other species crowd their niches. They cannot gain by consumption restraint for the two excellent reasons that there is no consumption to spare and no niche space if there were.

Ricardo, Malthus and West all warned against rote replication in economies already developed. We must create means to make more from less. I suspect that we are up against that wall more or less continually. Innovation pushes the wall back when genius and happenstance are at their best, and helps us survive the rest of the time. It costs the same either way. Consumption sacrifice is sacrifice to gods who work their will heedless of it.

My implication that we have no consumption to spare could mislead. Rather we have none safe to spend. All creatures hold back reserves against adversity. Economies usually carry more capital, producing more consumption, than they need for now. It is a rainy day fund to be drawn down in lean times and built back in plush ones. Many nations invaded capital to keep up consumption during the world wars and world depression between, and reversed course since. But we would be fools to spend it for return over time when the next crisis might come tomorrow.



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What exactly do I picture as this capital reserve? Is it vodka distilleries that might be converted to orange juice plants in a pinch? I don't really know. Human capital itself is versatile. Some retirees could unretire, and vodka plant workers might convert with not much retraining. I will explore some of this idea later.

**Harrod's Knife Edge**

Solow's neoclassical growth model developed from ideas published a decade earlier by Roy Harrod. Harrod had described a "warranted growth path" given by the pace of technological innovation. He reasoned correctly that any effort to push investment faster must soon founder in the diminishing returns foreseen by Malthus, Ricardo and West in 1815. But how could we get investment exactly right? There was a critical "knife edge" with little margin for error. He was right to stress the dangers of overinvestment. I do the same. But free growth theory, and the overwhelming evidence that it is right, bring a new perspective.

What Solow and other economists teach today , judging from the textbooks I read, is more or less Harrod without the knife edge. We are taught to figure out the warranted growth path, meaning the rate of technological growth, and then invest just enough, *ex ante*, to exceed depreciation by that margin. But my charts and tables show that any investment beyond depreciation recovery is deadweight loss. There is no need to know the warranted growth path because optimum investment is not a function of whatever it might be. Depreciation investment captures the whole of technological growth, and further investment adds no more. It is money left on the table. Optimum *ex ante* investment, at the collective scale, is depreciation investment. *Ex post* results will reveal the warranted growth path.

**What about Underinvestment?**

One indication in the charts and tables might leave us puzzled. It is easy to understand the futility of *ex ante* investment (consumption restraint) beyond



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depreciation plowback in light of the diminishing returns described by Ricardo, Malthus and West two centuries ago. We might crowd our niche, like other creatures, and leave neither consumption safe to spare nor room for capital accumulation before diminishing returns set in. But too little investment could seem a tougher challenge. No thrift at all, meaning not even depreciation plowback, would mean no growth at all. Then consumption rate would vary inversely as capital acceleration, just as predicted in in thrift theory. And underinvestment, meaning plowback of less than current cost depreciation, ought to happen about as often as overinvestment. If each year of underinvestment tended to fit the predictions of thrift theory even a little, free growth indexes should average something less than one in the end. But they don't. The index varies, but averages more than one as often as less in every country and period.

The explanation I suggest is already implied in that insight of two centuries ago. Just as overinvestment and capital glut diminish returns, underinvestment and capital shortage augment them until supply of capital catches up to demand. Even if there were no plowback at all in some years, higher returns to capital already in place would help take up the slack. There would be real danger in sustained underinvestment or overinvestment. The saving grace is in market forces restoring equilibrium as investors maximize return.

**Summary**

This gives the outline of free growth theory. It is my best speculation on how to make sense of the charts and tables. It follows Mill more or less exactly, and risks the next step in the bold new direction pointed by Solow.

My prize exhibits are the charts and tables. Better this book should show them alone, with an explanation of my testing equations and the data sources, than all the rest without them. They could hardly support free growth theory better than if Mill and I had rigged them. The consequences are huge. We must get rid of the corporate double tax ASAP, and raise the corporate tax rate enough to make the overall



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adjustment revenue-neutral. That should help get both parties on board. We must tax capital gains at the same rate as ordinary income. Dividend rates should revert to the 4% - 6% range typical over the centuries before the pro-investment policies put in place after World War II. We must do whatever we can to level the consumption-investment playing field.

Obvious qualifiers are worth spelling out. (4.1) and all consequences are meant to describe at the collective scale, where growth cannot be explained by transfer. Free growth theory assumes depreciation investment, not zero investment. My charts and tables will never be exact. There are inevitably errors and judgment biases in the national accounts and research assembled by Piketty and Zucman, more added by them, and more by me. These cautions will apply to later chapters as well.



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## CHAPTER 5: BRINGING HUMAN CAPITAL IN

Human capital is labor measured as a dollar sum rather than as so much per hour or year. It treats pay less invested consumption as our cash flow, and finds our present value (to ourselves) as expected lifetime cash flow discounted by our own time preference rates, meaning what we would charge for delay. Measurement in this way usually finds it as something near three fourths of all capital. Physical capital, much better understood because it can be bought and sold as well as hired, is only the visible tip of the iceberg. The term human capital itself is touchy because it can suggest that life has a price. Irving Fisher used it in quotation marks in 1898[1], attributing it to earlier sources I haven't found, but not in his two great books on the topic in 1906[2] and 1907[3]. Wikipedia is mistaken in attributing the term to Arthur Pigou a generation later.

### History of the Idea

The concept began with Petty in 1664[4]. He estimated the aggregate pay of English workers, and divided by the discount rate he had modeled in *A Treatise of Taxes* two years earlier. I have not read *Verbum Sapienti*, but have read two of his later versions of the same argument[5].

Petty's method was criticized by William Farr in 1854[6], also in a paper I haven't read, for neglecting what I call invested consumption. Farr, if I read the right description of his argument, was both right and wrong. Petty was modeling human capital of aggregate workers. These were mostly adults, who no longer receive invested consumption if my model is right. That makes his method sound in principle for measuring adult human capital separately. It follows that he underestimated the human capital of England, rather than overestimating it as Farr claimed, by leaving

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[1] *The Nature of Capital*.
[2] *The Nature of Capital and Income*.
[3] *The Rate of Interest*.
[4] *Verbum Sapienti.*
[5] *Political Arithmetic* (1676) and *A Gross Estimate of the Wealth of England* (1685).
[6] *Vital Statistics*.



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out the human capital of children. But Farr deserves credit for pointing out that human capital in general capitalizes pay less invested consumption.

Keynes' teacher Alfred Marshall agreed with Farr in 1990[7]. As I read this passage, Marshall interpreted maintenance consumption as investment. So did B. F. Kiker[8] in 1968. I interpret it as exhaust in taste satisfaction enabling energy to earn pay concurrently, while preserving but not increasing pay expectations in future. Invested consumption would mean addition to human capital concurrently for expected realization with interest in higher pay later.

Meanwhile economists had developed the complementary idea of human capital as present cost of investment accumulated before. Adam Smith[9] in 1776 wrote

> …The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person.

The conversion of some consumption into human capital was a favorite theme of Frank Knight a generation before Schultz. Only the rest is what Schultz called pure consumption eliminated from the economy in satisfying tastes. Becker added in 1964 that this investment must be expected to be recovered with interest, at least when paid by employers in job training. Schultz had also pointed out that human capital depreciates, and invests some work in itself in the effort of learning to complement the exterior investment of nurture and schooling. Ben-Porath, expressing a Schultz-led consensus, added in 1967 that human capital growth is invested consumption (the nurture and schooling) plus self-invested work less human depreciation. All these ideas are now accepted everywhere in human capital studies.

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[7] *Principles of Economics*.
[8] *A History of Human Capital*. I learned of Farr from Kiker.
[9] *The Wealth of Nations.*



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Jacob Mincer seems to have been first in print with the post-war revival of interest in human capital, in his 1958 paper[10] rederiving Irving Fisher's present value equation and stressing job training. Schultz impresses me as the main idea man among these post-war contributors. He usually avoided math, unlike the others, and is probably the best source for quotes in plain English. His paper *Investment in Human Capital,* published in 1961, includes:

… Much of what we call consumption constitutes investment in human capital. Direct expenditures on education, health and internal migration to take advantage of better job opportunities are clear examples. Earnings foregone by mature students attending school and by workers acquiring on-the-job training are equally clear examples.

… This use of leisure time to improve skills and knowledge is widespread… I shall contend that such investment in human capital accounts for most of the impressive rise in the real earnings per worker…

… Measured by what labor contributes to output, the productive capacity of human beings is now vastly larger than all other forms of wealth taken together…

… the curve relating income to age trends to be steeper for skilled than for unskilled persons. Investment in on-the-job training seems a likely explanation…

… We can think of three classes of expenditures: expenditures that satisfy human preferences and in no way enhance the capabilities under discussion – these represent pure consumption; expenditures that enhance capabilities and do not satisfy any preference underlying consumption – these represent pure investment; and expenditures that … are … partly consumption and partly investment, …

In 1962[11] he added:

… the investment in human capital can conveniently be classified in (1) nurture and higher education, (2) postschool training and learning, (3) preschool learning activities, (4) migration, (5) health, (6) information, and (7) investment in children (population) …

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[10] *Investment in Human Capital and Personal Income Distribution*

[11] *Human Capital: Policy Issues and Research Opportunities*



HOUSE_OVERSIGHT_011022

… But unlike the wonderful "one-hoss shay," the productive life of educational capital typically does not go to pieces all at once. It depreciates along the way, it becomes obsolete, it is altered by changes in retirement and by the state of employment …

… As already noted, educational capital, like reproducible physical capital, is subject to depreciation and obsolescence. The established tax treatment takes account of both depreciation and obsolescence in the case of physical capital, but this accounting is not extended to education capital… In brief, our tax laws… appear to be all but blind to the fact that educational capital entrails maintenance and depreciation, becomes obsolete, and disappears at death…

These excerpts clearly show Shultz' meanings of pure and invested consumption, and of human deprecation. He says "pure investment" in place of my "invested consumption", but I prefer to follow tradition by applying "invested" to physical capital alone. We also see his belief, with which I disagree, that substantial invested consumption continues after independence and physical maturity. For example, he writes "Direct expenditures on … health and internal migration … are clear examples." I interpret these outlays, when applied to adult workers, as maintenance consumption preserving rather than adding skills, and enabling current pay rather than invested for higher pay later.

I agree that self-invested work "to improve skills and knowledge … accounts for most of the impressive rise in the real earnings per worker …". But I don't share Schultz' view that the "use of leisure time" accounts for much of this improvement. My years in plants and oilfields and offices have given me an impression of some study by workers during leisure time, but mostly passive accumulation of experience and insight while fully at work on the job.

**Practical Uses**

One obvious use of the human capital idea is to compare the factors (human and tradeable capital) in the same dimension. Capital and labor cannot be added, as Petty knew, since capital is measured in dollars where labor is measured in dollars



HOUSE_OVERSIGHT_011023

per unit time. But Petty showed that the idea of human capital as discounted cash flow measured in a money sum allows the factors to be summed together. The revival of interest at the Chicago school soon introduced the term physical capital for land and man-made things that can be bought and sold, and total capital for the sum. Physical capital is a misnomer in that we are physical too. But I have used it throughout so that economists can follow me and general readers can pick up some of their language.

**From the Y = C + I Equation to the Y Rule**

Chapter 2 summarized my argument adjusting the Y = C + I equation to the Y rule. Chapter 4 spelled out the former in (4.1). The Y rule made the hidden asterisks of the Y = C + I equation explicit. I said in both chapters that the free growth equations are the same for both when we allow for the asterisks.

Let's go through the derivation of the Y rule again. (4.1) shows

output = investment + consumption.

I generally mean the version of this where "*ex post* net" is understood before both "output" and "investment". I said that this idea is implicit in the Mill quote, and is probably as old as economics. Net output, here or anywhere, means creation of value. Then the equation would be guaranteed by the truism, at the collective scale, if net investment meant growth of all value existing, meaning total capital, while consumption meant elimination from total capital collectively and nothing else. But net *ex post* investment as meant throughout this book, and anywhere in macro, means growth in physical capital alone. Consumption includes Schultz' invested consumption transferred into human capital as well as his pure consumption eliminated from total capital as a whole. What the truism guarantees is rather

output = total growth + pure consumption, (5.1)



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at the collective scale and where "*ex post* net" is again understood before "output." (5.1), but not (4.1), guarantees that terms are mutually exclusive and exhaustive.

Total growth means this *ex post* net investment (growth of physical capital) plus growth of human capital. The latter would have puzzled us before the contribution of Ben-Porath. Equation (4) in his 1967 paper, summarizing the first three, shows

$$\text{human growth} = \text{invested consumption} + \text{self-invested work} - \text{human depreciation}, \tag{5.2}$$

using my terms rather than his.

Chapter 6 will argue that this equation needs to be clarified. I gave a preview in Chapter 2, and will update it now. Work is the output of human capital. Output is not always positive. It is negative whenever growth and cash flow sum to less than zero. A negative sum of these two shows unrecovered decapitalition (also called deadweight loss). That would include unrecovered human depreciation. If (5.2) meant all including negative self-invested work less all including unrecovered human depreciation, it would subtract unrecovered human depreciation twice. Then it must be corrected either to

$$\text{human growth} = \text{invested consumption} + \text{positive self-invested work} - \text{human depreciation}, \tag{5.3}$$

or equivalently

$$\text{human growth} = \text{invested consumption} + \text{self-invested work} - \text{recovered human depreciation}. \tag{5.3a}$$

It is clear that Ben-Porath meant (5.3), as other evidence shows that he treated human depreciation as unrecovered. So does all tradition, mistakenly I believe, with



HOUSE_OVERSIGHT_011025

the partial exception of Becker. I will generally prefer (5.3a), although the two are identical in meaning.

Schultz' analysis of consumption found

consumption = invested consumption + pure consumption. (5.4)

This plus (5.1) and (5.3a) combine for

output = total growth + pure consumption
= investment + human growth + pure consumption
= investment + invested consumption + self-invested work
– recovered human depreciation + pure consumption
= investment + invested consumption + self-invested work
– recovered human depreciation + consumption
– invested consumption
= investment + consumption + self-invested work
– recovered human depreciation. (5.5)

"*Ex post* net", as always, should be understood before both "output" and "investment".

Chapter 6 will revisit this logic once again, and add a second way to the same conclusion.

**<u>The Growth Equation Under the Y Rule</u>**

(5.1) can be arranged as

total growth = output – pure consumption, (5.1a)

as a counterpart to (4.1a). Total growth means growth in total capital. My argument continues as in Chapter 4. Since (4.2) was a blind alley, skip to (4.3). That now becomes



HOUSE_OVERSIGHT_011026

$$\frac{\text{total growth}}{\text{total capital}} = \frac{\text{output}}{\text{total capital}} - \frac{\text{pure consumption}}{\text{total capital}}, \tag{5.6}$$

which can be written as

$$\text{total growth rate} = \text{total capital productivity} - \text{pure consumption rate}, \tag{5.6a}$$

as with (4.3a). Since (5.6a) is always true, and not only under occasional circumstances, we also get

$$\text{change in total growth rate} = \text{change in total capital productivity} - \text{change in pure consumption rate}. \tag{5.7}$$

This parallels the logic of (4.4). Again save space by reexpressing this as

$$\text{total acceleration} = \text{total productivity} + \text{total thrift}, \tag{5.7a}$$

where "total" means "of total capital". Now divide by total acceleration to reach the counterparts of (4.5) and (4.5a).

I will sometimes save space, from now on, by expressing these arguments in the equations of Chapter 4, as for example in leaving the words "total" and "pure" implicit if the context shows that I mean them.

**The Slave Paradox**

Say that Phil enslaves Bill. Bill's maintenance consumption had been taste-satisfying pure consumption to Bill when Bill was free, and so was not deducted from his pay to find his gross realized output as valued by himself. But Bill's maintenance consumption satisfies no tastes of Phil. Cash flow is gross realized output less plowback from revenue less new investment from outside, for either factor, while



HOUSE_OVERSIGHT_011027

net output is gross realized output less depreciation plus proprietary output. Both drop by the amount of Bill's maintenance consumption on Phil's books as a slaveowner. So then does Bill's present value of that cash flow.

This *noir* thought experiment is worth thinking through. It shows that even if slavery were legal and common, its market evidence would neither show the value of human capital nor refute the fact that human capital is inalienable. It is inalienable for the reason, if none other, that our maintenance consumption satisfies no one else's tastes. Phil did not acquire Bill's human capital. He converted it to livestock worth much less.

Another useful point is that assets in general tend to be worth more to their owners. This does not contradict the convergence axioms. We buy or build to taste. That difference is particularly important as to assets not meant to be traded, such as productive plant. I suspect that this is what the national accounts missed in adjusting depreciation.

**Maintenance Learning**

Ben-Porath argued, persuasively I believe, that both kinds of investment in human capital must end when not enough time remains for recovery with interest. Those two are invested consumption, including schooling, and self-invested work. I propose that invested consumption substantially ends at maturity and independence. Self-invested work of learning continues long after, as there remains no other adequate explanation of age-wage profiles. When does it stop?

Learning itself continues to the end. Yet if Ben-Porath is right, and he is, self-invested learning stops well before. What continues, I think, is what I call "maintenance learning". It is defined as learning to keep up pay now rather than to enhance pay later. At all ages, we must learn the names and traits of new clients and co-workers and suppliers and regulations continually to do what we are paid for.



HOUSE_OVERSIGHT_011028

This observation helps clarify my hypothesis that job learning costs no time that might otherwise have been spent earning pay. My deeper meaning is that invested learning and maintenance learning are the same process costing the same time but with different economic effect, much as with invested and maintenance consumption.

Evidence that hourly if not yearly pay rises until retirement, or very near, would refute Ben-Porath's claim if human capital ended at retirement. But it continues through retirement because imputed pay does.

Mill and a few economists before him acknowledged "productive" and "unproductive" consumption. The productive kind was what I call maintenance and invested consumption. Unproductive consumption meant any written invested for higher pay later nor supporting survival pay now. That would give

$$\text{pure consumption} = \text{maintenance consumption} + \text{unproductive consumption} \quad (5.8)$$

and

$$\begin{aligned}\text{consumption} &= \text{invested consumption} + \text{pure consumption}\\ &= \text{invested consumption} + \text{maintenance consumption}\\ &\quad + \text{unproductive consumption.} \qquad (5.9)\end{aligned}$$

Investment and maintenance contrast in human capital as in a firm. Investment is valued only in the expectation of future maintenance. No maintenance later, no value now. To count maintenance as new investment would count part of the old investment twice. Where the accounting treatments differ is in disposition. Maintenance in the firm is recovered in pay and products. I thought before that the same was true of human capital. Thanks to the parable of the boss and her secretary, I now I think it is exhausted in satisfying our taste for lineage survival.



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**Restating the Three Fourths Rule**

Petty, neglecting human capital of children, measured total capital as about 2.5 times physical capital in 1664. Most estimates since have run higher. I myself model 4:1 or so as a first approximation. The ratio of human to physical capital might hold to some such lasting norm for the same reason that number of shepherds should hold in proportion to number of sheep. They own as many as they can manage. Human capital means value of skills, including skills in acquiring and employing physical capital. If the value of physical capital changes, so should the value of its management. There is truth behind the old doctrine that a rise in the productivity of labor explains growth in value of physical capital. But old skills can also be more in demand when improvements in physical capital productivity can get more good out of them. Drivers are worth more when there is more valuable freight to be trucked. A rise in either kind of capital tends to invite a rise in the other.

The ratio of pure to invested consumption is unsettled in human capital studies. I just showed why I think Schultz gave the right clue in 1961 when he defined invested consumption as an outlay to be recovered with interest in consumption over the future, and pure consumption as an outlay bringing taste satisfaction now. It is the same distinction as with investment and operating expense in the firm. A professional's meals and doctor bills, and even his subscription to trade journals, are expenses needed to keep his earning power intact rather than investment to raise it over the future. It seems to me that once we are physically mature, the only avenues of investment in skill building, not exhuast in skill maintenance, are self-invested work and job training or other adult education.

And I argued that there is probably not much adult education. Only a few go back to school. From what I've seen, job training is concentrated in our first few months when schooling is over and full-time work begins. That's why I think that the rise of pay with age, implying a rise in skills marketed, is explained more or less entirely by self-invested work in the mainly subliminal accumulation of job experience. (Work



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means the output of human capital, and nothing in the definition of output implies effort or even awareness.)

I agree with Ben-Porath that all consumption and all work should be modeled as self-invested until independence and full-time job entry, given that models must simplify. But I just showed why I model all consumption after, or anyhow after a few months of job training, as Schultz' pure kind. Here I would fault Mincer and his pupil Becker, but not Schultz or Ben-Porath, for too much focus on the potential of job training. It exists and is crucial. But it is so small a fraction of invested consumption, judging from my experience, that I prefer to neglect it in modeling. Job learning, conversely, seems to explain all rise in pay with age.

Biology might predict the same. Nature's plan is that we first develop and then reproduce. Some creatures follow sharply-defined somatic and reproductive phases showing first only development and then only reproduction. A mature butterfly does not eat. It may even lose mouth parts. Its time is spent in reproduction alone. Other creatures including us like eating too, but nature gives them that taste for the sake of the one behind. Adult consumption, as I see it, is more or less all pure consumption exhausted from total capital in satisfying our taste for life and energy. Consumption by the young is invested because that is the big idea. Nature's plan is reproduction to maturity.

Now suppose for simplicity that consumption is age-independent. Nobelists Milton Friedman and Franco Modigliani, mentioned earlier for their opposite reactions to my banking idea, separately argued something like that in the 1950s for adults. My extension backward to birth seems defensible when we remember to include unpaid parental care and then schooling in invested consumption. I model human capital as continuing after retirement as present value of implicit pay by ourselves and others for caring for ourselves and those others. Then if adulthood runs from ages 20 to 80, those simplifying assumptions would give pure consumption as three fourths of all consumption.



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I also modeled human capital as three fourths of total capital. My tag for the two ideas together was the "three fourths rule." The agreement of the two ratios as modeled is a convenient coincidence. If they differed, this book would have to be a few sentences longer. Each is first-order approximation only.

**The Free Growth Index for Total Capital**

Given the three fourths rule, the free growth index for total capital is derived by reading "pure" and "total" before the words consumption and capital in the equations of Chapter 4.

Now back to the charts and tables. The free growth index for total capital is tracked in the red line and labeled $\varphi(\mathrm{Kt})$. It too fluctuates around one in each country, but in a much narrower range than does the blue line $\varphi(\mathrm{K})$. The reason is the three fourths rule. The thrift index, not shown in the charts and tables, is one minus the free growth index. It is derived in Chapter 4 as thrift rate over acceleration, where thrift rate is change in consumption/capital ratio times minus one. By the three fourths rule, where pure consumption is three fourths of all consumption while total capital is four times physical capital, the pure consumption/total capital ratio is only 3/16 (3/4 divided by 4) the size of the consumption/physical capital ratio. The yearly changes in these ratios reflected in the numerator of the thrift index will hold to the same proportion. The denominator is acceleration, which is always the same for physical as total capital by the assumption that they hold in 1:4 proportion throughout. This explains why the unshown thrift index, or numerator over denominator, is automatically 3/16 as large for total as for physical capital, and why the shown free growth index runs nearer one in consequence.

I have just given an idea why it can be worthwhile to brush up the algebra we all learned in high school or before, and to suffer the nuisance of mathematical notation. I have made a very simple truth, obvious in hindsight, seem complicated by making



HOUSE_OVERSIGHT_011032

do with words alone. One less something nearer zero, whether that something (the thrift index) is positive or negative, is nearer one. The wonderful books of Einstein (with Enfeld) and Steven Hawking, not to mention Mill, show that even calculus can be put that way. My task has been to follow their tough act. But I will now start to infiltrate notation where I think that that form of shorthand should help more then it hurts.

**Summary**

The data for the free growth index of total capital $\varphi(\mathrm{Kt})$ in the charts and tables do not represent a separate test. It is the same test adjusted to the three fourths rule. That was proposed as a convenient rule of thumb. I would have shown a true separate test if I knew how. Pure consumption might become separately measurable some day, but human capital will not. The Phil and Bill parable shows that not even evidence from slave markets would be on point. Human capital has no possible value to any but its original owner.

Whether in words or notation, I hope to make the point that Chapter 4 and the charts and tables showing $\varphi(\mathrm{K})$ are likely to understate the case for Mill. Those showing $\varphi(\mathrm{K}_{\mathrm{T}})$ should be nearer the truth. Physical capital and pure consumption are less than the whole. My three fourths rule will never be exact because reality cares little for the convenience of modelers. Proportions between the kinds of consumption will not hold exactly constant and will never exactly agree. But I don't think the three fourths rule is so wrong that the real value of $\varphi(\mathrm{K}_{\mathrm{T}})$ doesn't run nearer one than the real value of $\varphi(\mathrm{K})$. (The infiltration begins.)

Then the data support free growth theory convincingly enough if we trust equation (4.1), as do all macroeconomists as far as I know, and probably more convincingly when human capital is considered too.



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The cautions at the end of Chapter 4 apply even more. My charts and tables for $\varphi(K_T)$ repeat the accumulated error and bias of those for $\varphi(K)$, and add the crude simplification of the three fourths rule. (5.4) expresses my understanding of what Ben-Porath means in equation (4) in his 1967 paper, where variables are defined in his three equations before. If (5.4) doesn't capture his idea faithfully, it anyhow captures mine. Likewise my (5.5) may or may not do justice to Schultz. Some but not all possible interpretations of what he might have meant give (5.5). Again, it is my belief whether or not his.

What Farr, Marshall and Kiker have shown, by deducting both invested and maintenance consumption from pay to get adult cash flow discounted to present value, is human livestock value to a slaveowner. It is very little. The parable of Phil and Bill argued that Bill's maintenance is expensed on Phil's books, but treated as net output and positive cash flow on Bill's. I said I can't prove that from axioms and definitions so far, and will need the biological imperative.



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## CHAPTER 6: PARALLELS WITH THE FIRM

### My Own History with These Ideas

For sheer shock value, at least to economists, the pay rule and the Y rule must count first amount the surprises I promised. Who would have thought that human depreciation is expected to be recovered in revenue (pay) and product value just as with plant depreciation? Heresy! Yet nothing is more easily proved. Either the maximand rule or the deadweight loss rule is enough.

Free growth theory and next generation theory give more scope and policy implications. But the pay and Y rules have plenty of those, and may be new to the world. Mill and Petty beat me to the others.

I have been arguing the pay and Y rules from the time I reversed course from Quesnay's idea some five years ago. I will rederive both in new ways at the end of this chapter. My change of mind was a classical epiphany. I had been resisting the obvious for years. I showed how my parable of the boss and her secretary got me on track.

My depreciation theory is a lesser shock. It occurred to me over the Christmas holidays this year. It contradicts the national accounts, whose Capital Consumption Adjustment corrects book depreciation from linear to exponentially falling. That would make depreciation fastest at the start, and progressively less. No one has objected because practical experience seems to say the same. If we resell a new car or house after only a few months of use, we take a big hit. If we resell a new factory, which would have been tailored to our unique business plan, we take a bigger one. My counter-argument is that premature resale reflects adverse selection. The usual motive for premature trade is bad news and pressure to sell, not pressure from others to buy.



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I point instead to the millions who don't sell. I argue that depreciation and amortization are the same in essence. Loan payments are all interest at the start, and all amortization at the end, by inference from the present value rule.
My risk theory is a mini-surprise. It shifts focus from the risk of the asset to the risk aversion of the owner. Another mini-surprise is the feature of my growth truism pointing out that deadweight loss means negative unrealized output.

I will revisit these topics in more depth after I cover the necessary groundwork in comparing the accountancy for human capital and the firm.

**Assets, Owners and Revenue**

Assets means examples of capital of either factor. Their owners are all members of the reproducing population assumed in the axioms. Each, from newborns up, owns human capital at least. Value and growth and cash flow and output are properties of capital. Tastes, aims and ends are properties of owners. Human capital reads its owner's aims, and manages both factors to realize them. Positive cash flow is outflow from assets to owners, to exhaust or reinvest or give away as they like. In the last two cases, the owner is mediating transfer out. She also mediates transfer in from reinvestment or gift received.

Think of capital as source and present value of foreseen cash flows. Owners are the foreseers, the recipients of positive cash flows, the exhausters of some in taste satisfaction, the deciders of the time preference rates giving present value, and the mediators of transfer out and transfer in (negative cash flow). In the case of the diamond ring, the psychic positive cash flow arrived without mechanics. The more typical case reaches the same outcome indirectly.

(Net) output of an asset is its value added, or creation of value. Output can be realized as outflow to owners for reinvestment or gift or exhaust, or it can be left in as growth. The part left in is proprietary or unrealized or self-invested output.



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Outflow to owners can also include decapitalization from capital already in place, as in withdrawals from a bank account. I say decapitization, rather than depreciation, because the appropriate term might rather be amortization or depletion or liquidation in sale, depending on circumstances and the nature of the asset. The sum of the realized output and decapitalization can be called "gross cash flow", meaning gross before deducting plowback and negative cash flow (transfer in). Then

$$\begin{aligned}\text{gross cash flow} &= \text{cash flow} + \text{plowback} + \text{transfer in} \\ &= \text{realized output} + \text{recovered decapitalization.}\end{aligned} \tag{6.1}$$

Here I specify recovered decaptalization because I treat deadweight loss as decapitalization too. Cash flow as accountants and businessmen use the term usually means gross of plowback, although net of transfer in. My meaning, net of both, is the one always applied in finding total return and present value.

Although cash flow might be in kind as well, I will follow convention by treating it as if realized from sale in cash. The owner can then spend the revenue on exhaust (pure consumption) or reinvestment or gift as she likes, but might also plow some or all back into the originating asset. The general principle is

$$\text{positive cash flow} = \text{gross cash flow} - \text{plowback.} \tag{6.2}$$

In simple cases, revenue measures and equals gross cash flow for each asset. But revenue as the term is actually used is likelier to sum contributions from many assets and owners. To keep that usual meaning separate, define this asset's share as "earned revenue". Then

$$\text{gross cash flow} = \text{earned revenue.} \tag{6.3}$$

Another way to put the same idea is



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$$\text{revenue} = \text{collective gross cash flow} = \text{collective earned revenue} \tag{6.4}$$

from all contributors to revenue together. Then revenue and earned revenue would be the same if there are no other claims.

**Earned Revenue and Cash Flow**

A classical illustration of revenue generated collaboratively is the firm. The firm proper can be interpreted as a single asset of physical capital. Its typically many owners agree to hire outside management, meaning outside themselves, to contract and trade on their behalf. The firm through its managers hires the other employees, contracts with suppliers, and generates a joint product representing all its own gross cash flow plus any contributed parts of gross cash flow of others. The product is sold for revenue in the collective sense. Revenue is first applied to satisfy claims on it by those outside contributors. Claims recovered include current purchases from suppliers realized in sales. Others are pay to management and other employees, along with rent, interest, utilities, other services, and whatever is due to the tax man. The principle is to include all outlays by the firm needed to secure revenue now, as distinct from outlays invested for the sake of more revenue later. The share of revenue due the firm proper is any residue after all those prior claims are met. Then

$$\text{gross cash flow} = \text{revenue} - \text{prior claims} = \text{earned revenue} \tag{6.5}$$

gives the contribution of the firm proper.

Earned revenue may or may not be passed to owners. Management is typically authorized to plow back any part as reinvestment, say in replenishing inventory or cash or in buying new plant and equipment. Any revenue left over after that plowback is transferred out to owners as dividend yield.



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Negative cash flow, or transfer in, always means new investment added from outside. Plowback from revenue is excluded, as it is already recognized as a deduction from positive cash flow. For the firm, the only source of positive cash flow is proceeds from new shares issued. With this understood,

$$\begin{aligned} \text{cash flow} &= \text{gross cash flow} - \text{plowback} - \text{transfer in} \\ &= \text{earned revenue} - \text{plowback} - \text{transfer in} \\ &= \text{positive cash flow} - \text{negative cash flow}, \end{aligned} \tag{6.6}$$

where

$$\begin{aligned} &\text{positive cash flow} = \text{earned revenue} - \text{plowback}, \quad \text{and} \\ &\text{negative cash flow} = \text{transfer in}. \end{aligned} \tag{6.7}$$

Firms use the term gross realized output to mean the same thing as what I call gross cash flow. A common definition is

$$\text{gross realized output} = \text{realized output} + \text{depreciation}.$$

Now we come to the subtle point allowing for deadweight loss. The total return truism shows that output equals value growth plus cash flow. Then output is negative wherever the sum of growth and cash flow is less than zero. Natural disasters and bad investments can make them so. Those unexpected setbacks are examples of deadweight loss. It amounts to unrecovered depreciation, meaning depreciation not recovered (realized) in positive cash flow. I'll get back to that soon. The point at present is that the equation above really means

$$\text{gross realized output} = \text{realized output} + \text{recovered depreciation}.$$

Here too I prefer the generality of "decapitalization" over "depreciation", and define

$$\begin{aligned} \text{gross realized output} &= \text{gross cash flow} \\ &= \text{realized output} + \text{recovered decapitalization} \\ &= \text{earned revenue} + \text{recovered decapitalizaton}. \end{aligned} \tag{6.8}$$



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The terms gross cash flow, earned revenue and gross realized output will be used interchangeably. "Realized" and "recovered" will likewise be synonymous, as will be "proprietary", "unrealized" and self-invested".

(A6.1) allows

$$\text{realized output} = \text{cash flow} + \text{plowback} + \text{transfer in} - \text{recovered decapitalizaiton.} \tag{6.1a}$$

Define

$$\begin{aligned}\text{unrealized output} &= \text{output} - \text{realized output}\\ &= \text{growth} + \text{cash flow} - \text{realized output}\\ &= \text{growth} - \text{plowback} - \text{transfer in}\\ &\quad + \text{recovered decapitalization,}\end{aligned} \tag{6.9}$$

by (6.1a) and the total return truism.

**Proprietary Output and Deadweight Loss**

Unrealized or proprietary or self-invested output of the firm is creation of value not yet sold or not meant to be sold. This can be something as workaday and perfunctory and automatic as output to inventory. Other illustrations could be where a construction firm builds its own offices, or a car manufacturer makes cars for its executive fleet. (6.9) shows that it includes all growth not explained by plowback plus transfer in less recovered decapitalization. This implicitly includes all free growth. Judging from my charts and tables, free growth seems to mean all of growth at the collective scale. What effect might it have on the firm?

Free growth includes random windfall gain and deadweight loss as well as the overall upward trend expressing new ideas. Deadweight loss is unrecovered decapitalization, meaning not recovered in cash flow, That makes it negative output



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as the sum of growth and cash flow, and specifically negative unrealized output.

Then

$$\begin{aligned}\text{deadweight loss} &= \text{unrecovered decapitalization}\\ &= \text{negative output}\\ &= \text{negative unrealized output}\\ &= \max(0, -\text{output})\\ &= \max(0, -\text{unrealized output}).\end{aligned} \tag{6.10}$$

Also

$$\text{positive unrealized output} = \max(0, \text{proprietary output}), \tag{6.11}$$

and

$$\text{output} = \text{unrealized output} + \text{realized output}. \tag{6.12}$$

**The Growth Truism**

In general,

$$\begin{aligned}\text{growth} &= \text{capitalization from outside} + \text{capitalization from inside}\\ &\quad - \text{decapitalization}.\end{aligned} \tag{6.13}$$

Here

capitalization from outside = negative cash flow = transfer in, and
capitalization from inside = positive unrealized output + plowback.

Also

$$\begin{aligned}\text{decapitalization} &= \text{recovered decapitalization} + \text{unrecovered decapitalization}\\ &= \text{recovered decapitalization} + \text{deadweight loss}.\end{aligned}$$

Then

$$\begin{aligned}\text{growth} &= \text{transfer in} + \text{positive unrealized output} + \text{plowback}\\ &\quad - \text{recovered decapitalization} - \text{deadweight loss},\end{aligned} \tag{6.14}$$

or more simply



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growth = transfer in + positive unrealized output + plowback
– decapitalization. (6.14a)

(6.14a) can also be expressed as

growth = transfer in + unrealized output + plowback
– recovered decapitalization. (6.14b)

For convenience, define

gross transfer in = transfer in + plowback,

So that (6.14) through (6.14b) can be put more compactly as

growth = gross transfer in + positive proprietary output – decapitalizaiton
= transfer in + unrealized output – recovered decapitalization. (6.14c)

Any of these versions of (6.14) can be called the growth truism. The new term gross transfer in will help shorten equations for human capital.

**Management as a Quasi-Owner**

Owners (shareholders) typically allow management wide latitude to cope with needs. It stands in place of owners. Accounting tradition, and this book too, reasons out the steps from revenue to dividend yield as if management itself were the owner. Otherwise there would be little to say. From the shareholder viewpoint, revenue is simply dividend yield.

But the bottom line is the same. The maximand is output, or growth plus cash flow. Positive cash flow, in the sense net of plowback, is dividend yield on both the firm's books and the shareholder's. Negative cash flow on the books of shareholders individually is purchase of any shares in the same firm. On the books of shareholders collectively, where sales and purchases of existing shares offset, it simplifies to purchase of new stock issues alone. This too is just as on the books of the firm.



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My purpose in this analysis of the firm has been to derive equations valid for any capital of either factor. The firm is a good model for several reasons. Its accounting traditions are centuries old, and have been well thought through. It is rich in possibilities because it has to be. It must describe firms of many kinds. It must allow for contingencies whether or not they apply. For many simple assets, say the firm's shares as opposed to itself, revenue and positive cash flow can be the same. But the complexity and versatility of the firm itself, and the person-likeness added by its internal management, make it a useful model for any and all capital of either factor.

Not that I claim to follow accounting tradition closely, or even to understand it closely. I am even less an accountant than an economist. My terms and concepts tend to be idiosyncratic. The main thing is for the logic to hold together.

**Human Capital by Analogy to the Firm**

It is reasonable to define pay as the revenue of human capital. Earned revenue for the firm is typically less than revenue. There are prior claims to offset contribution by worker and suppliers. The counterpart in human capital, I said in Chapter 2, is maintenance consumption. I believed for years that this cost counted as a prior claim on pay, just as with the firm. I may have been the only person to think so since Quesnay and the physiocrats, although Mill and Sraffa might be interpreted that way. But who has thought what doesn't matter. Quesnay's idea is a mathematical possibility that must be addressed. I'll get there soon.

Human capital is inalienable. That means that its decapitalization simplifies to human depreciation. The firm's added possibilities of depletion and liquidation don't apply. The output of human capital is called work. Then (6.1) through (6.8), applied to human capital, give

$$\begin{aligned} \text{earned revenue} &= \text{pay} - \text{prior claims} \\ &= \text{gross realized work} \\ &= \text{realized work} + \text{recovered human depreciation.} \end{aligned} \tag{6.15}$$



HOUSE_OVERSIGHT_011043

The pay rule argues that prior claims are zero and that all human depreciation is expected to be recovered in pay and work products as a norm.

Chapter 2 offered two logical proofs of the second point. The alternative to recovery is deadweight loss. Capital is discounted foreseen cash flow, and cash flow is realization in transfer or taste satisfaction. Deadweight loss, or unrealized depcatialization, is therefore implicitly unforeseen. Human depreciation, like plant depreciation, is foreseen from the start. Aging and mortality come as no surprise. It is therefore foreseen as realized in pay.

The second proof, stated in part by Becker, follows from the maximand rule. All behavior is maximization of perceived risk-adjusted return to the individual's total capital. This follows from definitions, not from axioms. There are no exceptions because there are no square circles. The rule says that no one invests in anything without expected recovery with interest. Recovery means recovery of depreciation. We do invest in human capital, of ourselves and our children, and consequently expect recovery of human depreciation by ourselves or them. It's that simple.

Other proofs looked to evidence and experience. I offered the parable of the boss and her secretary, which had been decisive in converting me from Quesnay's view. Let's go through it once more. Assume that investment in each has ended before the last year for each. First take the possibility that neither maintenance consumption (the supposed prior claims) nor human depreciation is recovered in pay. Then work and cash flow for each have simplified to realized work and pay. Human capital of each is remaining pay less the time discount. At the beginning of the last year, it is something less than one year's pay. If pay measured work, return to each (work/human capital) would be something over 100% per year. It would rise to 100% per day at the beginning of the last day, and 100% per second at the beginning of the last second. At the end of the last second it reaches infinity. Yet the portfolio assets of each reveal their rates of time-preference (return) as only a few percentage points per year.



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This is enough to rule out the idea that pay recovers neither maintenance nor depreciation. Does it say which is recovered? It does if we look at the cases of the boss and her secretary separately. Each earns the same pay throughout, and the boss earns ten times more. By the beginning of the last day, the human capital and work of each is negligible. Pay is all depreciation recovery if I am right, or all maintenance recovery if Quesnay was right, or maybe both. The boss's pay, anyhow, remains ten times higher. Is that because her maintenance is ten time more, per Quesnay, or because her depreciation is?

The answer is easy. I concede that the higher-paid usually consume more. But not always, and anyhow not in proportion and not because they have to. I learned in the quartermaster corps that the consumption needs of the general and the private are not much different. The commanding officer, in the field, is expected to be the last to eat, the last to sleep and the first up in the morning. Maintenance consumption, as opposed to the rest, is what we need to keep up strength and vitality and performance. We can't make do with less. More pay is more motive, but need not be spent on more consumption unless by choice.

The boss and her secretary are paid to apply skills. They are in trouble if the worth of those skills doesn't cover their maintenance needs. But they will tap savings if it doesn't. Retirees need no money motive to consume. All they need is the means. The source of skills applied is human capital. The application is gross realized work. The difference between its human depreciation and realized work components matters because the maximand is net output (work) rather than gross. But it is not a difference in kind. Skill applied is skill applied. Pay is all depreciation at the last second for the same reason as with the mortgage payment. There is no balance left to earn interest.

This argues strongly that human depreciation is recovered in literal pay and transferred to work products. It also argues that maintenance is not. The problem is



HOUSE_OVERSIGHT_011045

in the exact 10:1 proportion required throughout. Whatever was contributed to pay by maintenance recovery, on top of depreciation recovery, would have to hold the same ratio in order for pay to cover both. Experience shows this as unlikely in any case, let alone all cases. The boss and her secretary probably couldn't hold maintenance consumption to that ratio if they tried.

Another strong argument against the hypothesis of prior claims on pay is lack of a source. The claimant would be whoever other than the worker had paid for the maintenance consumption and needed to be made whole. Thus the employing firm would hold a valid claim if it had provided the maintenance consumption in order to enable the work. That would put the firm in the position of a farmer who must feed the livestock and must earn enough profit to recoup the cost. We went through this in the parable of Phil and Bill. But the employer firm does not advance the cost because it has no motive to do so. It knows that the worker will pay it anyhow if means allow. Where means don't allow, as in retirement without adequate savings, the worker looks to transfer payments from society generally rather than from the firm alone.

Now comes the evidence of age-wage profiles. This evidence is the substance behind the parable of the boss and her secretary. The evidence is apt. Wage generally means hourly pay, while "earnings" means yearly pay. Wage-earnings profiles show a rise with age, but peaking and reversing as workers reach their fifties or so. The reason is that they tend to work fewer hours. I consider pay per hour a better measure of human capital than pay per year. If someone is worth $30 per hour half time, my impression is that she would be worth $30 per hour full time. If she prefers to stay home, her leisure must give her that much psychic pay instead. Psychic pay cuts just as much ice with me.

My boss and secretary were cases preferring to work full time. Age-wage profiles bear out the scenario I imagined for them. They illustrate the logical certainty that human depreciation is expected to be recovered in pay, and support the



HOUSE_OVERSIGHT_011046

convergence axioms leading from prediction to probable outcome. More than that, continuance of the 10:1 ratio through the last day tends to confirm that no maintenance consumption is recovered alongside human depreciation. If it were, age-wage profiles show that it would have to hold the same 10:1 ratio throughout.

**Exhaust Pay**

The present value and maximand truisms affirm that all including human depreciation is expected to be recovered in positive cash flow. Positive cash flow is transfer out plus exhaust. In human capital it is pay less plowback. Might some human depreciation be realized in exhaust? I thought all was when I also thought maintenance consumption was recovered in pay and work products. The boss and secretary parable turned my thinking around on that. But it doesn't follow that *none* is.

Some pretty clearly is. I argued that even suicide expresses the maximand rule. Deliberate self-maiming exists and expresses it again. Just as Citizen Kane destroyed his showcases because the fit was on him, some destroy their bodies. So long as the destruction is intended and *compos mentis*, it counts as economic behavior.

Are there sunnier examples? What about voluntary unpaid vacations and voluntary retirements? What if the boss and her secretary enter convents in mid-career? These choices surrender human capital on the face of things because they surrender literal future pay. But the psychic pay of leisure makes up for it. Otherwise we would have stayed on the job track.

Then some human depreciation is exhaust. Call the psychic pay for it "exhaust pay". It seems mercifully small in the big picture. I tend to neglect it in modeling for that reason, just as with invested consumption after full-time job entry. But I claimed logical certitude as to expected recovery of human depreciation in pay. I'd better not leave loopholes. There are none. Some of the pay is psychic, and some of the tastes satisfied are not pretty.



HOUSE_OVERSIGHT_011047

**Tweaking the Axioms**

My last argument reasoned from experience that we need no money motive to consume, and that pay tends to cover our maintenance needs. But that wasn't strictly in the axioms. I assumed a mortal and reproducing population strategizing for means to satisfy tastes, and more generally aims. I didn't say out loud that the population in fact survives. Now I do. Let's specify that the population has motive and means for lineage survival, whether in a group selection or kin selection sense. The means can be specified as skill sets, as an adult norm, sufficient to earn maintenance consumption needs for themselves and invested consumption needs for their young together. As to motive, I will specify at last that maintenance consumption is exhausted in satisfying our taste for survival. I already as much as assumed this in arguing that we need no money motive to consume.

This assumption of motive and means amounts to the biological imperative. It is hardly new to economics. It is the essence of Petty's overlapping generations model of 1662 in *A Treatise of Taxes.* It is the essence of the equilibrium wage theory of Smith in 1776 and Ricardo 1817, where pay converges to the level holding the work force intact. It is the essence of Malthus' population principle of 1798 and 1801, chosen by Senior as his first axiom in his *Outline* of 1836. It is the essence of the productive consumption theory developed from Malthus through Mill in 1848.

It lapsed from attention with the marginalist revolution beginning with Jevons and Menger in 1871, ironically the year of publication of Darwin's *The Descent of Man*, because the marginalists treated explanations of tastes as irrelevant. I happen to be a huge fan of the marginalists. But they've made their point. The microeconomics they founded is a rich and mature science. It needs no assumptions as to what explains our tastes. But macro is not doing so well. I believe that it must start over, and that a grasp of motives helps.



HOUSE_OVERSIGHT_011048

**Quesnay's Idea**

What Quesnay wrote, in his entry for "man" in Diderot's *Encyclopedia* of 1750, was

> "Those who make manufactured commodities do not produce wealth…they spend their receipts in order to obtain their subsistence. Thus they consume as much as they produce…and no surplus of wealth results from it."

Quesnay, like Petty a century before, came to economics from medicine. He was personal physician to Madame de Pompadour, and then to the royal family. His argument was that value is added in agriculture alone, not in manufactures. His conclusion that only landowners can afford to pay taxes did not enchant the landed aristocracy of Versailles.

Mill's *Essays*[1] includes

> "as much as is necessary to keep the productive worker in perfect health and fitness for his employment, may be said to be consumed productivity. To this should be added what he expends in rearing children to the age at which they become capable of productive industry."

Mill's *Principles* of 1848, which I quoted earlier, said the same:

> "What they consume in keeping up their health, strength and capacities of work, or in rearing the productive laborers to succeed them, is productive consumption."

Sraffa's parallel idea is expressed in his 1960 paper *Production of Commodities by Means of Commodities*.

My impression is that Quesnay's "surplus of wealth" means value added, and that he thought maintenance consumption should be deducted from revenue in finding it. Mill can't have meant what I think Quesnay did, in view of Mill's evident belief that output is investment plus consumption. Rather, when I like Quesnay argued that

[1] *Essays on Some Unsettled Questions of Political Economy* (1844).



HOUSE_OVERSIGHT_011049

maintenance is recovered in pay work products, I thought Mill and Sraffa might have reasoned partway there.

My belief then that human depreciation is exhausted is satisfying tastes seemed defensible then. I argued, sensibly to a point, that getting older meant surviving. I suppose I might still argue the same but for the parable of the boss and her secretary.

**Another Look at Depreciation Theory**

My pay rules, illustrated in the parable of the boss and her secretary, depends on my idea that depreciation and amortization are the same. Capital means present value of a typically finite series of forseen cash flows. As each year passes, present value of the most distant and most discounted one is lost. Depreciation/amortization is that loss. It begins at a maximum, and rises steadily as the end point nears.
I faulted national accounts for projecting an opposite trajectory from evidence of actual sales. I suggested a second look at likely circumstances and motivations. Depreciable assets are mostly structures and equipment. They tend to have been designed and modified for original users. Original users typically expect to own and operate them to the end. Then what is the likely driver of exceptions? Are secondary trades of plant and equipment likelier to be driven by pressure to buy or pressure to sell?

Human capital, anyhow, is exempt from both pressures. We're struck with what we have. We can invest more, as a homeowner might add a pool room, but we cannot sell. The years roll by, and present value of the most distant one's pay is lost.

Consider what happens when the expected end point changes. Say that the boss and her secretary, at the beginning of what was to be the last day, are both persuaded to re-up for another five years at the same pay. Human capital of each jumps from a little less than one day's pay to present value of five years' pay. But human depreciation of each is sharply reduced! At the beginning of what seemed the last



HOUSE_OVERSIGHT_011050

day, it was substantially to be the whole of pay. Now it becomes present value of a day's pay five years off.

**Another Look at Risk Theory**

I made the point that the boss and her secretary reveal their time preferences in the security portfolios they assemble, and discount their pay at the same rate of return to reveal their human capital. Is that too simple? Does it overlook risk, or other factors?

I argued that human capital is the risker and higher-return factor because its exceptional versatility makes it as risky as we like, and because it is owned disproportionately by the risk-tolerant young. Does that make the bosses' or secretary's human capital riskier and higher in return than her portfolio assets? It does not. She molds all capital to her single risk-preference level at her current age. This is not to claim that age is the only determinant. Gender seems to count too, with males usually more risk-tolerant. Bob Trivers tells us why. And there is a wealth effect. We tend to tolerate more risk when wealth gives us more cushion against setbacks. But each of us, in present circumstances, has just so much tolerance. Tastes are properties of owners, not of assets. We assemble and modify assets of both factors to suit them. Human capital is not inherently riskier. It is riskier at the collective scale only because it is owned disproportionately by the risk-prone young. Each cohort, from youngest to oldest, molds it to suit that cohort's characteristic risk profile. The boss and her secretary each molds all her assets of both factors to her single risk tolerance at the time.

**Tweaking the Life Cycle Model**

I consider Ben-Porath's life cycle model of 1967 the most important paper in 20th century economics. I agree with all of it more or less. Now it needs clarification and completion.



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All studies of human capital, as far as I know, effectively treat human depreciation as deadweight loss. Ben-Porath's model seems no exception. How does he model pay? He multiplies human capital by a productivity factor, and then again by the fraction marketed for pay rather than self-invested. That gives what I call realized work. Pay, if I am right, measures gross realized work. That is the main amendment I would propose for his model.

Ben-Porath's first three equations summarize what I call the growth truism (6.14). In my terms, not his, he models

human growth = invested consumption + self-invested work
– human depreciation.

He means positive self-invested work in the form of learning. Meanwhile the inalienability of human capital leaves its depreciation as its only avenue of decapitalization. Invested consumption corresponds to gross transfer in as meant in the growth truism (6.14c) while self-invested work is the same as proprietary output. Then (6.4c) applied to human capital could show as

human growth = invested consumption + positive self-invested work
– human depreciation,
= invested consumption + self-invested work
– recovered human depreciation,

confirming (5.2) and (5.3a).

Logic also seems to agree with Ben-Porath's interpretation that self- invested work continues late into careers, and that it must stop when time for recovery runs out. But I would specify that invested consumption stops, for modeling purposes, at full-time job entry or a little later to allow for initial job training.

This needn't follow from my adjusted axioms. It's just an impression from what I see. I don't agree with Schultz that outlays on medicine or worker relocation are investment. I see them as maintenance consumption preserving skills, not



HOUSE_OVERSIGHT_011052

investment building skills. I don't see much avenue for investment in adult human capital except through textbooks and tuition. Some happens. I went back to school at the Conservatory myself, and I buy lots of textbooks. But I just don't see enough of it around me. Models must simplify. Mine would end invested consumption at independence more or less.

I would also model adult self-invested work as subliminal and costless job experience. I don't see it as taking a second away from work for pay. This again is meant to describe the usual rule only. Ben-Porath's model, I think, allows an impression that workers can choose between earning and learning by allocation of time. The quotes from Schultz in Chapter 5 described that as common. I just don't see much of it happening. Rather we tend to work fewer hours at the end of careers, not the beginning or middle when time for recovery of self-invested work remains.

I said that Ben-Porath's equations imply

$$\text{pay} = \text{realized work.}$$

I would substitute the pay rule

$$\begin{aligned} \text{pay} &= \text{gross realized work} \\ &= \text{realized work} + \text{human depreciation} \\ &= \text{work} - \text{self-invested work} + \text{human depreciation,} \end{aligned} \tag{6.17}$$

as a norm or expectation. It isn't a guaranteed outcome because deadweight loss happens to human capital too. We may be hit by a bus, or lose our jobs in a slump, or be sent to prison or drafted into the army. The pay rule means that recovery is foreseen. If (6.17) were stated in terms of outcomes, "recovered" would have to be inserted before "human depreciation".



HOUSE_OVERSIGHT_011053

I believe that the case for this rule is very strong. The deadweight loss rule and the argument from the maximand rule give logical certitude that human depreciation is expected to be recovered in pay. The convergence axioms would then give actual recovery as a norm. The rule disallows the prior claims hypothesis, or possibility that maintenance is recovered too, from an accumulation of implausibilities that led me finally to rule them out by adjusting the axioms.

The life cycle model should also specify that human capital continues after retirement. I admit that this rules out the simplicities assumed in the boss/secretary parable. It continues because we earn imputed pay until the end, and human capital remains as its present value.

I would also model in my depreciation theory. Pay, like the mortgage payments, is all realized work (interest) at the start and all human depreciation (amortization) at the end. No other explanation of age-wage profiles will hold water.

**A New Approach to the Pay Rule**

I reasoned to the pay rule from the maximand and deadweight loss rules. Another approach can reach the same conclusion.

The total return truism finds

output = capital growth + cash flow.

(6.16) expressed Ben-Porath's equation as

human growth = invested consumption + self-invested work
–recovered human depreciation.

Cash flow is the flow discounted to present value. Tradition, since Farr in the mid-nineteenth century, has seen human capital as present value of future pay less what



HOUSE_OVERSIGHT_011054

I call invested consumption. I argued in Chapter 3 that this tradition is sound, although not logical certitude. I put it as

$$\text{human cash flow} = \text{pay} - \text{invested consumption.} \tag{6.18}$$

Work is defined as the output of human capital. Summing (6.16) and (6.17) now shows the pay rule

$$\text{work} = \text{pay} + \text{self-invested work} - \text{recovered human depreciation,}$$

after cancellation of invested consumption.

This says that the pay rule is not so exotic after all. It has been staring us in the face since the Schultz-led consensus, with Ben-Porath, figured out the human growth equation a half a century ago. We had effectively recognized human cash flow as pay less invested consumption since Farr a century before, without putting it in those words. The total return truism does the rest.

**A New Approach to the Y Rule**

The marginalist tradition, which has dominated economic thought since its introduction by Jevons and Menger in 1871, has treated all consumption as the end point exhausting capital in satisfying tastes. It doesn't follow that marginalists were unaware that some is invested in human capital. At least three of the leading ones understood human capital well. That includes Leon Walras, a third co-founder of the marginalist revolution in 1874. I also mentioned Marshall, who agreed with Farr in disputing Petty, and Irving Fisher. But all three, and marginalsts in general, preferred to locate human capital outside the economy proper. Whether they spoke of labor measured in dollars per unit time, or human capital meansured in dollars alone, the larger factor was taken to arrive exogenously. It provided its services from outside and was paid their market value in return, as if on the books of a firm.



HOUSE_OVERSIGHT_011055

Marshall's pupil Keynes was thoroughly a marginalist, as are economists in general today and as am I. One of the features of his *General Theory* of 1936 was a kind of double-entry accounting for national product. Product was output and equivalently income. Output meant the sum of prices of final products produced within the year, while income meant the shares of that sum paid to the workers and investors producing it. His double-entry idea can be put as

$$\text{output} = \text{investment} + \text{consumption} = \text{income} = \text{pay} + \text{profit}. \qquad (6.19)$$

I showed why I disagree. But let us see how the total return truism might seem to have led to that inference if we leave workers or human capital outside the economy.

To treat them as arriving exogenously from outside is essentially to treat the national economy as if it were a single firm. Output inside is simply profit. Output outside is work, meaning creation of value by the workers. This gives the truism

$$\text{output} = \text{work} + \text{profit},$$

confirming that total output is the sum of factor outputs.

So far, so good. But now Mill and Keynes and most tradition slip by arguing that pay equals and compensates all of work and nothing else. That's why (6.18) equates output to pay plus profit. Schultz and Ben-Porath and other students of human capital correct this in part by recognizing some work as self-invested rather than marketed for pay. My pay rule adds that pay recovers human depreciation as well as realized work. (6.19) should have reasoned

$$\begin{aligned}\text{output} &= \text{income} = \text{work} + \text{profit}\\ &= \text{pay} + \text{self-invested work} - \text{human depreciation} + \text{profit}. \qquad (6.20)\end{aligned}$$



HOUSE_OVERSIGHT_011056

Where Keynes and Kuznets and macroeconomic tradition have been right is in reasoning that pay and gross profit, meaning gross of depreciation, sum to the "expenditure" spent on consumption and gross investment. This fact of arithmetic is the logic behind Say's law: pay plus profit are always enough to buy what is produced. We saw that this truism gives cold comfort when calamity or misjudgment make profit negative, as with the subprime houses of 2008. What it certifies, anyhow, is

$$\text{expenditure} = \text{pay} + \text{gross profit} = \text{consumption} + \text{gross investment}. \qquad (6.21)$$

We can subtract depreciation to reach

$$\text{pay} + \text{profit} = \text{consumption} + \text{investment}. \qquad (6.22)$$

Now (6.19) can be corrected as a whole to show

$$\begin{aligned} \text{income} &= \text{pay} + \text{profit} + \text{self-invested work} - \text{human depreciation} \\ &= \text{output} \\ &= \text{consumption} - \text{investment} + \text{self-invested work} \\ &\quad - \text{human depreciation}. \end{aligned} \qquad (6.23)$$

My main goal in this book has been to further the work of Solow in exogenizing growth, and also the work of Ben-Porath in endogenizing human capital as something produced within the economy. It was in that spirit that I derived the Y rule in Chapters 2 and 5 by putting human capital inside. I reached

$$\text{output} = \text{investment} + \text{human capital growth} + \text{cash flow}.$$

Here "*ex post net*" is understood before output and investment, so that investment means physical capital growth. (6.16) applies the growth truism to human capital. The cash flow truism shows that cash flow is net transfer plus exhaust realized in



HOUSE_OVERSIGHT_011057

taste satisfaction. These are all *ex post* descriptions of realized outcomes rather than intentions. Together they give

$$\begin{aligned}\text{output} &= \text{investment} + \text{invested consumption} + \text{positive self-invested work} \\ &\quad - \text{human depreciation} + \text{net transfer} + \text{exhaust} \\ &= \text{investment} + \text{invested consumption} + \text{self-invested work} \\ &\quad - \text{recovered human depreciation} + \text{net transfer} + \text{exhaust.} \qquad (6.24)\end{aligned}$$

This much is certitude. I now apply (5.9), which includes

$$\text{consumption} = \text{invested consumption} + \text{pure consumption,}$$

to reach the Y rule in its general form:

$$\begin{aligned}\text{output} &= \text{investment} + \text{consumption} + \text{self-invested work} \\ &\quad - \text{human depreciation} + \text{net transfer.} \qquad (6.25)\end{aligned}$$

The net transfer term disappears at the collective scale.

Although (6.24) is logical certitude infered from definitions, (5.9) and consequently (6.25) are not. I cannot rule out the possibility of a third kind of consumption recovered in work products as per Quesnay. I hope that my interpretation of age-wage profiles in the light of the boss-secretary parable has revealed that as improbable. The same holds for my derivation of the pay rule through Ben-Porath's equation and (6.18). (6.18), my inference that human cash flow equals less invested consumption, also trusts that all maintenance consumption is exhausted in satisfying tastes.

**Summary**

Accounting for human capital is much like accounting in a firm. Expected recovery of human depreciation in pay is logical certitude illustrated in age-wage profiles and in the boss-secretary parable. The pay rule is not entirely logical certitude, however, as it also asserts that maintenance consumption is not recovered. Age-wage profiles



HOUSE_OVERSIGHT_011058

support this hypothesis too, as the constancy of pay differences to the end would otherwise be improbable. I made it the Darwinian axiom: maintenance is exhausted in satisfying our taste for survival.

Ben-Porath's life cycle was adjusted to express these features. Factor risk theory argued that human capital is the riskier and higher-return factor because capital of any kind takes on the risk characteristics of its owners and human capital is owned disproportionately by the risk-tolerant young.

The Y rule contradicts the Y = I + C equation, while the pay rule contradicts the dogma that output equals pay plus work. National accounts are founded on both. That means I can expect tough resistance. I have tried to prepare for it by adding a little more to each argument with each chapter.

Throughout this chapter, and throughout this book, I have bent over backwards to distinguish logical certitudes from falsifiable hypothesis. Economics needs both. But it needs to know which is which. The pay and Y rules, for example, are each certitude in part. The certain part is the heretical one. The present value and maximand rules follow from definitions, and compel *expected* recovery of human depreciation in pay. I then relied on the convergence axioms to infer actual recovery as a norm, not a invariable outcome, and on the new axiom of the biological imperative, as well as evidence from age-wage profiles, to infer that maintenance consumption is exhausted rather than recovered in pay as well.



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## CHAPTER 7: PETTY'S IDEA

### How We Got to this Point

I said that if I had any sense, I would have left the worms in the can by pretending to believe (4.1) as Mill did and as the rest of the world seems to do. Charts and tables confirm his prediction in his and their terms as well as mine. But Piketty's argument was rightly criticized for leaving human capital out. Someone might or might not have faulted mine on the same ground if I had stopped at the end of Chapter 4. Whether they would have or not, every composer knows that the critic to hear is the one inside. What that critic told me was to gamble a case already won, open the can, and follow the argument and worms wherever they lead. That's why my title promised other surprises.

I risked following it past clarification into digression when I argued the pay rule. I since tried to justify the digression, if there was some, by showing how that rule could explain Piketty's data for pay/net profit ratios in the twentieth century. And I tried to show how the pay rule and depreciation theory combined, making pay all human depreciation and no realized work at the end, gives the only convincing explanation of age-wage profiles showing rising or steady pay as human capital grades smoothly to zero. Risk theory reinforced this argument by revealing time discount rates for human capital as those made plain for physical capital owned by the same ageing cohorts. Every step was an adventure, and every step led to the next one. But I opened other questions and cans along the way, and the same critic tells me to follow the worms a little farther.

I said that the cost of survival is adult consumption for the sake of investment in the next generation, that pure consumption is more or less the same, and that we will understand the maximand when we understand pure consumption. These threads lead into evolutionary biology, which reasons how traits are selected for lineage survival. The faithful need not take alarm. Although I mean natural selection, divine



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selection should probably do as well. We are all at peace with the fact that people and other creatures care for their young.

Economics and evolutionary biology are much the same. Helen Keller, born blind and deaf, might still have reasoned her way through much of both. Hamlet would have loved them. I love them most when they test the limits of logic, and consult the data only at the end. The theme from which both reason, as Herbert Spencer taught in the nineteenth century, is what he called "survival of the fittest." Another philosopher, Karl Popper, found fault with this idea a century later. Popper was one of those I mentioned who disapprove of truisms. I haven't read Popper, but gather that he thought it improper to define fitness as potential survival, and then measure it as survival. That objection is close to being understandable from an anti-truism viewpoint. But the reason why it is not quite a truism is instructive. Measurement implies an "empirical" world of data in external and observable reality. Spencer's insight, really his paraphrase and generalization of Darwin's, is not quite a truism because it carries the hypothesis that "potential" has an empirical meaning. Aristotle's idea that potency precedes and explains act is called causality. Adam Smith's friend and fellow Scotsman David Hume scarcely doubted causality, but argued correctly (I think) that it cannot be proved either by logic or by experiment. The fittest prove themselves such by surviving if and only if Aristotle was right. Natural selection simply means the untestable but little-doubted theory of causality.

Spencer or Darwin or Gertrude Stein might be faulted for insulting our intelligence by stating the obvious. That shoe would fit Gertrude Stein. But Spencer and Darwin, like the little boy in Hans Christian Andersen's *The Emperor's New Clothes*, were stating the obvious unseen. Andersen's point was that intelligence was not the thing lacking or what the little boy supplied. It was about how tradition and mind-sets and in-groups might sometimes need a look from outside. Peer review is not enough. Sometimes it perpetuates nonsense. The little boy was not a peer, but he could tell clothes when he saw them. ("Peer", as any theorist knows, means someone who pees on your theory.)



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I confess that this book casts me as that little boy crashing the economic party, and maybe the evolutionary biology one too, in trust that outsiders might have better chances to spot the obvious unseen. What else was the pay rule? I derived it easily from doctrines already accepted, I think, and anyhow hard to refute. Those were the total return turism and Ben-Porath's equation for human growth. The maximand rule or deadweight loss rule would prove it as well. How could Becker have missed that what holds for investment in job training by employers holds for any investment by anyone in anything? How could students of the age-wage problem have missed the obvious solution? Investment implies expected recovery with interest, by the investor or a chosen donee, and recovery means recovery of depreciation. I belabor this point because tradition dies hard, and naturally tends to circle wagons under attack. I doubt that my surprise attack will meet the resistance Darwin's found. Darwin's met resistance founded on faith. I took pains to show that my version requires only selection for lineage survival, and that a benign Artificer might ordain the same.

**Evolutionary Biology and Hamilton's Rule**

Economics, meaning any quantitative rationale of choice, normally describes humans and human choice. That goes for this book too. But some treatments of economics including this one are meant to fit other creatures as well. My axioms have kept that in mind. The mortal and reproducing population need not be human. Much of the animal kingdom, I think, shows convergent tastes and predictions or acts as if it did. The biological imperative is meant to apply to all. All, as I see it, own capital of both factors. Even protozoans own ("monopolize") the nutrients they assimilate and the space they occupy. Humans are exceptional in their cultural accumulations of learning and technology shown in our secular (lasting) growth. But I did not make those features axioms.

I argued that economics tended to reason explicitly or implicitly from the biological imperative, meaning what I call "ends" in lineage survival, from Petty through Smith



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and Ricardo and Malthus and Mill, until the marginalist revolution shifted focus from objectives to the mechanics in supply, demand and price. Bioeconomics awoke a century later, largely it seems in response to the challenge of Hamilton's rule. Now I will look at it too.

My term "lineage survival" is unusual. It is meant not to take sides between "kin selection" and "group selection." The kin selection idea was another word for Hamilton's rule from his doctorial thesis in 1964. It said that genes encoding investment in close kin encode investment in likeliest sharers of those genes, and should tend to entrench and perpetuate themselves. His condition for investment was $r \rangle bc$. r here meant relatedness: ½ for offspring or siblings, ¼ for nephews or nieces or grandoffspring, and so forth. b meant benefit to the donee, and c meant cost to the investor. The sign > means "greater than". The cost and benefit were measured in fitness itself, meaning chances to survive and breed. But that too meant "inclusive fitness" where investing in kin counted as breeding when adjusted for relatedness. The idea was that I give up some of my chances if I can increase yours to my net genic advantage in the long run. Hamilton allowed for exceptions including meiotic drive, which sometimes forecloses gene competition. His rule prevailed because it made mostly good predictions. Humans and creatures in general usually care for their own young first, if they have any, and for closely related young if not.

Hamilton made it clear that cost $c$ and benefit $b$ in his hurdle $rb > c$ respectively meant fitness given up by the investor and fitness grained by the investee. He further made it clear that fitness could be measured as R. A. Fisher's "reproductive value" $V(x)$ published in 1930 and 1957. $V(x)$ meant likelihood at age $x$ of reaching each successive age times expected offspring at that age. $V(x)$, or Bob Trivers' "reproductive success" RS, which simplifies $V(x)$ to expected remaining offspring, is implicitly constant at the population scale unless there is population growth (Fisher's "Malthusian parameter"). For creatures other than us, the



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parameter typically fluctuates around zero and group fitness holds about where it started.

Hamilton's rule, applied to diploids like us where closest relatedness r absent inbreeding is ½, forbids investment where fitness gained (benefit) is less than twice fitness given up (cost). I see no escape from the inference that fitness would double with each generation, or more to account for cases where relatedness fell below ½. I see no relief in an interpretation, say, that each successive generation cures this imbalance by investing only half or less of its fitness and letting the rest lapse. Fitness is likelihood of leaving descendants of equal fitness. It is not strictly conserved, because likelihood is generally not identical to outcome. There is *ex ante* and *ex post* fitness. But the *ex ante* kind is meaningless unless potency, in Aristotle's terms, is expected to converge to act. Hamilton's rule should not have escaped this critique for half a century. It clearly has merit, but needs some different expression.

Such a reformulation might treat rb/c as a maximand within practical constraints. We can see how it might be by looking at the context. Darwin's idea is a competition for breeding success. This biological imperative is a powerful predictor in nature. It predicts that traits are selected for successful reproduction to the exclusion of all else. Evidence is impressive. "Semelparous" creatures who breed only once and do not invest postpartum care, like salmon and soybeans, die within hours. An octopus mother breeds only once, cares for her young a few weeks, and dies as they disperse. Nature is on a tight budget. Resources wasted soon become resources lost to thriftier lineages.

Hamilton saw this. He was right in stressing the role of competition among individuals and individual heritable traits. Darwin did the same. One thing Hamilton's rule leaves out, which is not to claim that he overlooked it, is that traits and their genes best at *prioritizing* self-replication might for that reason hurt chances of *achieving* it. We know this happens. Human tradition everywhere resists and punishes nepotism when it crosses a line. Jane Goodall reported the same for



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her chimps at Gombe. I think I have seen it among the pack of dogs, led by my father's favorite "Sean", at Sutton Place. That would count as one of the practical constraints. Too little support for family over equally deserving others is seen as a fault, and too much as another.

The reason is obvious. Jack's ambitions for kin will eventually conflict with Zack's, just as with ambitions for food and nest sites and mating opportunities. Not everyone's firstborn can be king of the hill. Social creatures evolve agonistic rules to settle such conflicts peacefully. Losers in mating tournaments, or in contests where males display and females choose, usually survive to compete again next year. The contest is in the group interest because the traits of strength and skill proved in the winner will be those passed on. Our genes tell us to compete as best we can for the sake of a fair test, and to stop when the verdict seems clear. And soon enough it does. The quarterback tries his best for three downs to move the yardsticks, but trots to the sidelines on fourth down for the sake of another chance later. If genes can encode this farsighted strategy for those other kinds of competition, why not for nepotistic competition too?

For decades, biologists wondered why genes need so much selecting in species long established. Shouldn't earlier contests have selected the fittest genes once and for all, with no need for further ones but to screen out recent and harmful mutations? Shouldn't the best traits have become clear millennia ago? Why need males contest in tournaments or beauty contests every breeding season, with mostly the same contestants, when best genes ought to have proved themselves soon after the species began? Then there would be no genetic diversity except for recent mutations not yet screened out. Population genetists such as Fisher, J. B. S. Haldane and Sewall Wright had written mathematical models showing that even the slightest selection pressures should drive a gene to fixity, and its rivals to extinction, within a few generations if selection favored it consistently. Their argument was Malthus' insight: breeding success is geometric. Yet there is rich allelic diversity wherever we look. There are some gene sites in some species where the most common allele



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holds frequencies under ten percent, and those frequencies are constantly shifting. The flux proves that losers are allowed mating opportunities too, though not as much, and leave young to compete in the next generation.

Hamilton explained why that could make sense in a paper published with Marlene Zuk in 1982. George Williams in 1976 and John Tooby in 1980 had argued that fittest genes in one generation might not be fittest in the next if niche pressures varied to counter current gene choices. Tooby had pointed to parasites and pathogens, particularly single-cell ones whose life cycle runs less than an hour. They could evolve new strains to outflank our old defenses and call for new ones. Hamilton and Zuk continued this theme. They suggested that genes might have long memories, put in human terms, and might have seen the same parasites and pathogens pull such tricks before. If some individuals in the host population still carried the antidote gene that worked the last time the same unexpected strain arose, or something close enough to it, hosts collectively could weather the threat if that antidote gene could be identified and spread fast enough. Then how? Hamilton and Zuk proposed that what winning males display in contests of singing or croaking or agility or symmetry, or bright colors in the right places, was possession of the genes needed to counter the *current* strains of pathogens and parasites. Losers in the same contests carried genes that had proved best against strains of the past and might come back in the future. Nepotism practiced by winners would speed up the spread of the current antidote. But losers carried genes that had worked against other strains that might recur. A way had to be found to keep all those potential antidotes somewhere in the medicine cabinet. Current losers had to be saved for later. Gene diversity was the key to group survival in the long run. The quarterback trots to the bench on fourth down because that is better for himself and the team than being carried to the hospital. He realizes that other players are best for punts or field goals or defense until he gets the ball again. Selection pressures do *not* favor the same traits and genes every time.



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**Hamilton's Parasite Theory**

My take on Hamilton's 1982 paper, which I consider his masterpiece, is a blend of his thoughts, Bob Trivers' from a decade before, Richard Alexander's, and maybe mine. Mine sees a population arranged in local "demes" which intrabreed in most cases for best adaptation to local pressures including pathogens and parasites. A local strain to which the local deme is adapted might spread to other demes which are not. Hosts in the invaded demes become sick. Female ones there intuit the degraded conditions, breed less often, and breed mostly females (mothers can choose) because males with their now ill-adapted anti-parasite (histocampatability) genes will find few willing mates. This begins the part from Trivers. I'll come to Alexander's later.

Mothers in the source deme see an opposite picture. Conditions are not necessarily better than before, but they are better than in the invaded demes. They intuit this, breed more often, and breed mostly males. The males migrate to those invaded demes, carrying histocompatibility genes pre-adapted to the invaders, and find willing mates there if they can show the signs. The idea that mothers choose to breed mostly males in prosperous conditions is the other half of Trivers' idea. The idea that the invading parasite and the males with antidote genes might tend to originate from the same deme may be mine.

That presupposes that females can trust the signs. Nature makes sure they can. She provides resistant males with hard-to-feign ones to prove it. This was one of Hamilton's key insights. His idea has been called the "truth in advertising" theory. Symmetrical antlers, deep croaks, accurate songs and bright colors where they should be tell the females whose genes can be trusted. Parasites and pathogens would fake them in afflicted host males if they could. It seems they can't.

Hamilton, I believe, had solved three nagging puzzles at once. Why does nature waste resources on beauty displays that seem at first glance to hinder fitness? A



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peacock's tail feathers are an encumbrance in running from predators. And why give the expensive displays mostly to males? Why do males exist at all in species where they contribute genes but no care?

We just saw the answer to the first. Answers to the second two again build on an insight of Trivers in 1973. Males produce cheap sperm carrying genes alone. Females produce eggs packed with costly nutrients. A male can pass genes to many descendants through many mates if they approve his signs. That speeds up the fight against parasites. Nature evolved males and their self-promoting signs and their contests for fastest spread of antidote genes to catch up to shifts in parasite load.

**Where Do Losers Go?**

A key point in the Hamilton-Zuk theory is that losers' genes in the beauty contest are typically not driven to extinction. They are driven to low frequencies until needed again. Kin selection, up to a point, helps maintain genic diversity by preserving current losers within the gene pool. Selection pressures punish and restrain kin selection when it conflicts with preservation of other genes whose time will come again. I met Hamilton at a conference in Squaw Valley, where Bob Trivers had helped us attract him, and told him this reason why I thought his 1982 paper helped complete and qualify his 1964 paper. He was the absent-minded professor to perfection. Moody, distracted, profound. He smiled, a rare thing for him, and said "It's been a long search."

This explains what I mean by lineage survival or fitness. Much of this book assumes its maximization even among modern humans, who create our own urban environments in place of the ancestral savanna for which we were adapted. And much of economic history, although written in cities by city-dwellers, appears to assume the same. Chapter 2 listed some examples. Let's review them. There was Petty's of 1662. The similar equilibrium wage theories of Smith and Ricardo expected pay to converge to the level maintaining and replacing the work force, which is trusted to spend it on both. Malthus' population principle in 1798 and 1801



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added the mechanics. Nassau Senior made that principle his first axiom in his *Outline* of 1836. The biological imperative lapsed from attention when the first generation of marginalists, led by Jevons and Menger, with Walras soon to follow, thought it unscientific to explain or justify tastes. It reemerged a century later in bioeconomics, much of which looked for economic implications of Hamilton's rule. We will see how it might clarify pure consumption and the maximand.

**Enlightened Kin Selection**

Hamilton's rule needs completion because the quarterback and his genes have figured out that the bench is better than the hospital. What really happens, I think, is a long-range example of Bob Trivers' "reciprocal altruism" of 1971 as generalized by Richard Alexander. Bob wrote that creatures might invest in non-kin if the investment were expected to be repaid with interest. Alexander added that the repayment could be to the investor's kin with equal genetic benefit if Hamilton's hurdle $rb > c$ were cleared from the investor's perspective. The quarterback yields to special teams on fourth down, and they to the defense until possession changes again, for the best interests of each and all in the long run. The interest they receive in turn for deferring to non-kin is the cost of maintaining themselves on the bench. It does not accrue and compound because it is paid out continuously. It is an insurance cost that each temporary winner dares not trim. Group selection is enlightened kin selection.

Three or four decades ago, this much acknowledgement of group selection would have met more resistance than I expect now. It shouldn't have. Half the beauty of the Hamilton-Zuc scenario is in explaining allelic diversity as a result of agonistic rather than lethal competition. Zack and Jack and their genotypes are rivals now because they are teammates in the big picture.

Kin selection is a help until it crosses the line and becomes a hindrance. Some mothers in the source deme will carry higher frequencies of the antidote gene than others. They will tend to be healthier, and so able to invest more energy in more



HOUSE_OVERSIGHT_011069

young. If all mothers invest preferentially in their own, or maximize Hamilton's standard $rb > c$ , healthier mothers will produce more young with higher doses of the antidote genes, while sicklier mothers will produce less with less. Here it is females who compete to prove the same better genes that males just proved in the tournaments or beauty contests.

The race against parasites speeds up again with Trivers' fine insight about healthier mothers choosing to dial up the ratio of sons to daughters ("primary sex ratio"), and to expand the reproductive period at both ends with shorter birth spacing for more male offspring still. (Some of this may be my idea rather than his.) Nature proves best current genes twice. Fathers prove them by duking it out or strutting their stuff. Mothers carrying the same best genes prove it by winning the breeding contest against other mothers after.

The *ex ante/ ex post* distinction counts as much in biology as in economics. Here it accelerates the selection process. Offspring carrying the antidote gene to meet current parasites will generally not on that account cost more *ex ante* invested consumption to raise. If they are males, who can turn that advantage into many offspring, the *ex post* value of that same investment can be far higher. The converse works for offspring lacking the gene. Their mothers can make the best of it by producing females who will find breeding opportunities anyhow with mates carrying the gene, since she knows which they are and males always have cheap sperm to spare, and will so keep their own genes in the gene pool.

Parasites got the last laugh by killing Hamilton on research in Africa a few years after I met him. I never knew well enough to call him Bill. Bob Trivers called him the deepest thinker in the world. That couldn't be wrong by much.

**Parasites and Demes**

Ernst Mayr, Bob Trivers' doctoral advisor at Harvard, defined a deme as a race or subpopulation that intrabreeds at least 95% of the time. I hypothesize that it does so,



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in some cases, to maximize frequency of a histocompatibility gene which is an antidote to the local strain of parasite or pathogen. This idea could complement the Hamilton-Zuc parasite model nicely. It would give a safe home to which both gene and parasite could retreat until their times come again.

**Period of Production Theory**

Back to economics. Chapter 4 mentioned John Rae as a contributor to what later developed into Mill's free growth theory. Rae's book, published in 1834, also begins what was called period of production theory. The idea was that production took time, and that profit compensated the investor's patience over the production period. Senior, who had sent Rae's book to Mill, adopted this idea in his own better-known *Outline* in 1836. Rae's book itself found few readers, despite its warm endorsement by Mill in his own *magnus opus* of 1848. Jevons adopted the idea from Senior in 1871, and Boehm Bawerk from Senior and Jevons in his book of 1889. Boehm Bawerk soon learned of Rae's work, and dedicated later editions to him. Period of production theory thrives today in the Austrian School, which had been founded by Boehm Bawerk's teacher Carl Menger in 1871. (Menger was the guy who squabbled with Schmoller in Chapter 2.)

It has found little favor elsewhere. The period seemed impractical to define or measure, and so gave little predictive value. Joseph Schumpeter, a student of Boehm Bawerk who disagreed with him on this point, argued in 1911 that the period of production is zero; capital is present continuously. Frank Knight, who had anticipated Schultz in realizing that some consumption is investment in human capital, argued as Schumpeter had.

But the theory is true by definition. Any rate is the inverse or reciprocal of a period. The inverse of 4% per year is 25 years. Return is the ratio of net output to capital producing it, meaning the rate of production, and its reciprocal is the period of



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production. Where the critics were right was in finding a lack of clarity and predictive value in the theory. Where does it lead? Rabbits and redwoods have different periods of production, at first glance, but should nonetheless agree in return if in risk. Jevons wrote that he meant production of the "wage fund" as a whole, meaning the universe of consumer goods. But he pointed to wine and timber as examples to help pin down the period. Boehm Bawerk picked nine years for no reason I can see.

All went wrong by considering physical capital only. The factors blend into each other; physical becomes human capital through invested consumption, and conversely when human depreciation is recovered in products. The generation length gives the replacement period for total capital if total capital is interpreted as fitness and if all fitness of each generation is passed to the next.

Jevons and Boehm Bawerk assumed growthlessness for simplicity, and would have realized that they were modeling only the replacement component in net output. Boehm Bawerk's contribution, anticipated by Petty, was his insight that time preference rate explains rate of return by pricing the capital denominator, and not the reverse. This had not been clear in Rae or Senior or Jevons. I give all four high marks for a near miss. But they could have come closer. Remember that Senior's first axiom had been Malthus' population principle. He and the others would also have known of Petty's human and total capital idea, which was occasionally revived and critiqued. They didn't quite connect the dots.

**Next Generation Theory**

Petty wrote *A Treatise of Taxes* in 1662. The whole title continues to about as many words, counting ampersands, as pages in the book or pamphlet. His son tells us that Petty dictated his books overnight to secretaries who slept by turns. It is easy to believe that Petty didn't need much sleep. He was a go-getter who had sailed to



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Ireland as chief medical officer to Cromwell's ironsides, stayed on to survey the Irish land with which Cromwell would pay his troops, and then got Parliament's approval to invest in that high-risk land to make a fortune. It is rare for a man of practical gifts to be a deep thinker too. Petty, like my father, was both. His *Verbum Sapienti* of 1664 was first to apply the ancient capitalization formula to both factors, meaning workers as well as tradeable things, and so originated the concept of human capital as present value. He applied this insight there and his *Political Arithmetick* in 1676, and again in *The Total Wealth of England* in 1683, to measure the total wealth of England including human capital. That makes him the father of national accounts. But his greatest achievements, I think came in *A Treatise of Taxes*.

Chapter 4, paragraph 9 of that book begins with

> 19. Having found the Rent or value of the usus fructus per annum, the question is, how many years purchase (as we usually say) is the Fee simple naturally worth? If we say an infinite number, then an Acre of Land would be equal in value to a thousand Acres of the same Land; which is absurd, an infinity of unites being equal to an infinity of thousands.

Petty clearly recognizes that time preference, meaning our taste for impatience, explains productivity, or ratio of output to capital, rather than the other way around. This powerful and counterintuitive insight is usually credited to Boehm Bawerk in 1889, who showed that it is true for man-made things as well as land. The utility or usus fructus being a given, we bid less for the land or other capital producing it if we are less patient, and more if more. Bidding less for this denominator of rate of return bids that rate itself up if the numerator is a given, and conversely. That's why riskier assets offer higher return. Petty's *reductio ad absurdam* of a hypothesis of infinite patience is obvious in hindsight, but may not have been written down before. Petty continues:



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> Wherefore we must pitch upon some limited number, and that I apprehend to be the number of years, which I conceive one man of fifty years old, another of twenty eight, and another of seven years old, all being alive together may be thought to live; that is to say, of a Grandfather, Father and Childe; few men having reason to take care of more remote Posterity: for if a man be a great Grandfather, he himself is so much nearer his end, so as there are but three in a continual line of descent usually coexisting together; and as some are Grandfathers at forty years, yet as many are not till above sixty, and sic de eteteris.
>
> 20. Wherefore I pitch the number of years purchase, that any Land is naturally worth, to be the ordinary extent of three such person their lives. Now in England we esteem three lives equal to one and twenty years, and consequently the value of Land, to be about the same number of years purchase. Possibly if they thought themselves mistaken. . . .(as the observer on the Bills of Mortality thinks they are. . .)
>
> 21. . . . But in other Countreys Lands are worth nearer thirty years purchase, by reason of the better titles, more people, and perhaps truer opinion of the value and duration of three lives.
>
> 23. One the other hand, Lands are worth fewer years purchase (as in Ireland) . . . by reason of the frequent rebellions. . ."

The "other Countreys" could include France and especially Holland, then models of prosperity. Petty had made his fortune in Irish mortgages, and knew the years purchase there.

But the argument is a puzzle. There is a focus on longevity and mortality, as if the generations are providing for old age. But Petty's overlapping generations model cannot be much like Paul Samuelson's of three centuries later, where a generation of productives leaves a nest egg for retirement. Samuelson's productives are replenished exogenously, with children left to the imagination. Why would Petty have mentioned their ages? And retirement at age 50, as a norm, would have made no sense to Petty or his readers. The grandfather will stay in harness.



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The one and twenty years could mean remaining life expectancy at age 50. But Petty could easily have spelled that out, or the implied 71 year terminus. He does spell out the ages of the three generations. Their average difference in age rounds to 21 years.

Petty's readers, like Smith's and Ricardo's after, would have taken it for granted that each generation provides for the next. "Few men having reason to take care of more remote posterity" would have registered in the context of that provision. "Posterity" usually meant and means descendants.

His description, like mine, is incomplete. He may mean that life expectancy is also a factor in calculating the years purchase. If so, he apparently leaves that thought to be followed up later. There is also room to argue that the grandfather looks two generations ahead, so that the years purchase becomes 42 years. But that would give the usus fructus at 2.3%. All the rates Petty reports elsewhere in the tract are much higher. One generation length is what he seems to apply. My reading is that the grandfather provides for the grandson by passing all to the son.

Petty's overlapping generation insight has been one of his least noticed, just as with Mill's on output growth preceding and explaining capital growth. I first read of Petty's idea in a collection of Lionel Robbins' lectures at London School of Economics delivered in 1979-1980, but published in 2000. I learned from these lectures that Gustav Cassel had published the same idea in his *The Nature and Necessity of Interest* in 1903. I hunted that down. Robbins misremembered in telling his students that Cassel had arrived at the idea independently. In fact Cassel and Robbins both quote the same excerpts from *A Treatise of Taxes* that I just did. Cassel inferred that interest rates cannot stably be less than 2% per year.



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I arrived at the same idea independently, anyhow, and published it in *Social Science Information* in 1989. To date it is my only publication in a refereed journal, and remains uncited as far as I know. Alan Rogers, a biologist at University of Utah, published almost the same idea in 1994[1] and 1997[2]. Neither of us knew of Petty or Cassel or each other. Both of Rogers' two papers are included in my appendix. Petty's great idea has otherwise remained unnoticed as far as I know.

His idea in modern terms comes from the same ancient capitalization formula. Sumerian temples knew how to evaluate land as well as mortgages and annuities by discounting to present value. In the simplest case, where cash flow is expected to hold constant forever, the logic begins with the definition

$$\text{cash flow rate} = \frac{\text{cash flow}}{\text{capital}} .$$

Algebra allows

$$\text{capital} = \frac{\text{cash flow}}{\text{cash flow rate}} . \tag{7.1}$$

Years purchase, given those simplifying assumptions, meant

$$\text{years purchase} = \frac{1}{\text{cash flow rate}} , \tag{7.2}$$

[1] *The Evolution of Time Preference*.
[2] *Evolution and Human Choice over Time.*



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Suppose for example that cash flow rate is known to be 4%. Using (7.2), we would figure

$$\text{years purchase} = \frac{1}{4\%/\text{year}} = \frac{\text{year}}{4\%} = \frac{\text{year}}{4/100} = \frac{100\,\text{years}}{4} = 25 \text{ years.}$$

That allows (7.1) to be reexpressed as

capital = (cash flow) x (years purchase). (7.3)

Where cash flow and cash flow rate are assumed constant over time, they become identical to profit and rate of return. Sumerians realized that return is the universal maximand, three millennia before Turgot wrote that down, and that competition tended to equalize it to a current market norm. Then it would also equal years purchase.

Petty was searching for the rationale of years purchase, and found it in the generation length. Petty's idea I think, and mine anyhow, could begin with

capital = means of accomplishing goals= means of lineage survival= fitness. (7.4)

Nature's way is transmission of all fitness, meaning total capital for humans, to the next generation. Nature cares just as much for later generations, but trusts each generation of immediate descendants to know best what their own immediate descendants will need for that long-range goal. Each passes the baton and retires. We invest everything in the next generaton precisely because we care about the ones after. Hamilton's rule reflects this reality. Grandoffspring are only ¼ related to



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donors, while offspring are ½ related. Hamilton thus predicts grandoffspring to receive investment only when benefit/cost ratio is double. My own analysis allows more role for group selection, without saying how much, and shifts attention from who benefits to when.

Petty's idea, if I understand him, is

$$\text{years purchase} = \text{generation length} = 21\text{years}, \tag{7.5}$$

which would give

$$\text{cash flow rate } \frac{1}{\text{generation length}} = \frac{1}{21\text{ years}} = 4.7\%/\text{year}. \tag{7.6}$$

This would tally well enough with rates of return and interest rates as Petty knew them.

I would adjust Petty's estimate of the generational length. Petty's primogeniture model may have been true to law and custom for land inheritance, but it is not true to biology. I prefer R. A. Fisher's[3] method equal-weighting all births from first to last, and equal-weighing ages of both parents at each birth. We have some evidence that the maternal generation length in recent decades, by that method, has run near 26 years over recent decades. If fathers are five years older on average, Fisher's method would arrive at 28.5 years. Rogers found 28.9 years from other sources. Then (7.6) would give

$$\text{cash flow rate} = \frac{1}{28.5\text{ years}} = 3.5\%/\text{year}. \tag{7.7}$$

[3] *The Genetical Theory of Natural Selection* (1930).



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All this has assumed has assumed constant cash flow indefinitely. That would imply zero growth. Only under zero growth do output and rate of return simplify to cash flow and cash flow rate.

Now let's model growth in. I divide the Y rule by total capital, as in Chapter 4, to get

$$\frac{\text{output}}{\text{total capital}} = \frac{\text{total capital growth}}{\text{total capital}} + \frac{\text{cash flow}}{\text{total capital}},$$

or more compactly

$$\text{rate of return} = \text{growth rate} + \text{cash flow rate.} \tag{7.8}$$

At the collective scale, cash flow rate simplifies to pure consumption rate. That would be written

$$\text{rate of return} = \text{growth rate} + \text{pure consumption rate,} \tag{7.9}$$

as in Chapter 4. Then (7.6) through (7.9) allow

$$\text{rate of return} = \text{growth rate} + 3.5\%/\text{year} \tag{7.10}$$

at the collective scale.

(7.10) would be wrong if growth rate were a function of cash flow rate. I said that politicians, and even economists to a degree, teach that faster growth needs consumption restraint first. That corresponds to cash flow restraint in (7.10). Free



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growth theory says such restraint doesn't happen. Data say the same. I apply the same idea in next generation theory.

My 3.5% is a rough estimate. What counts is the generation length. The length was probably higher, and the rate lower, before medicine and sanitation lowered mortality rates, and let two or three births per couple meet the need for population replenishment.

The cash flow or pure consumption rate modeled at 3.5% might also vary for reasons other than changes in the generation length. My charts show the pure consumption/total capital rate as higher in the middle part of the twentieth century as people drained capital reserves to keep up consumption in times of world-wide depression. I'll say more about these reserves.

**First Interpretation**

Next generation theory says in effect that R. A. Fisher's version of the generation length, not Petty's primogeniture version, gives the period of production of total capital. We would miss the point if we focused on the period production of human capital separately. *Total* capital is our means of lineage survival. This reinforces my theme that human capital does not mean humans. It means skill sets priced at present value of foreseen cash flow. Skill sets are not enough for lineage survival. We also need things. We should not fall into the trap of surplus value theory, which had been taught by communists for decades before Karl Marx joined their ranks, in supposing that skills make things. It is only half the truth. Skills plus things make skills plus things as the generations repeat.

Nor should we make the mistake of supposing that the generation length begins and ends uniquely from birth to birth, so that the remaining period of production grows shorter over adult life and the time discount rate steeper. The period of a cycle is the same at any point. The young, simply by maturing, are already investing in their



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counterparts in the next generation. Each cohort (same-age group) invests effectively in its immediate descendent. Eight-year-olds are investing in the next generation of eight-year-olds, and so to the end. That's why Fisher's version of the generation length is best. It prioritizes each cohort and gender without judgment as to which matter more. The period of production gives our patience horizon. The horizon and its reciprocal, the pure consumption rate, both hold the same at any age.

**Cash Flow and Risk**

The maximand rule notes that time preference and return vary with risk. Return is growth rate plus cash flow rate. Is variance with risk captured more in one of these two components than the other?

We might intuit that riskier and higher-return assets grow faster on average, over enough time for the bumps of risk to even out. But if that tended to be true, the universe of assets would grow progressively riskier over the decades and centuries. That is not my reading of history. My impression is that smoother and rockier periods come and go without overall trend. In the world we know, then, it is cash flow rate rather than growth rate that varies from asset to asset with risk.

For illustration, consider factor risk. I argued that human capital figures to be the riskier and higher return factor because assets tend to reflect the risk appetites of their owners. The young are more risk-tolerant, and own human capital disproportionately. If this higher return were reflected in higher growth, rather than in higher cash flow, the ratio of human to physical capital would tend to rise steadily over the millennia. Most readings have tended to see it the other way around. I myself favor the neutral assumption that the factors keep pace. Then cash flow rate becomes higher for human than physical capital, with 3.5% the cap-weighted average.



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Consider also the history of corporate leverage. Equities are riskier because bond interest is paid first. If equities grew faster, however, leverage would constantly decline. That is not what we see.

This inferred concentration of risk premium in cash flow rate is convenient for testing. Growth and return are two of the most closely followed variables in economics. We have no direct measure of the pure consumption rate, or cash flow rate at the collective scale. Nor have we any direct measure of growth and return to total capital at any scale. But we have a good idea of average return and growth and cash flow to securities and business assets. By the maximand rule, return to human capital should be the same but for differences in risk. I model human capital as somewhat riskier, for reasons just given, and human capital is the larger factor. Then if I am right in placing the risk premium within the cash flow component of return, and in estimating average-risk cash flow rate at 3.5%, cash-flow rate to the business sector as a whole should be somewhat less.

Next generation theory predicts at the collective scale. Collective return is implicitly average return, and that means average-risk return. My reading of history, which rules out progressive growth of higher-risk assets at the expense of lower-risk ones, simplifies that to average-risk cash flow plus whatever collective or average growth happens to be at the moment.

**Don't Grandparents Invest?**

Next generation theory assumes that each generation invests all its capital of both factors in the next within the generation length. We expect it to do the same in turn. We care about grandoffspring too, but serve them best by trusting and enabling their parents only.

A first reaction is that this denies the obvious. Humans today, in advanced countries, normally live to nearly three times the generation length. (3 x 28.5 = 85.5). Even retirement at age 65 comes eight years after twice that length. And job number one



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for grandparents seems to be helping take care of grandchildren. Doesn't that falsify next generation theory?

Note quite. Retirement typically means dependence on savings or subsidy. The parental generation subsidizes both the young and the old. Retirees can be interpreted to some extent as hired though willing caregivers paid for by parents.

That explains part. The rest, I think, is best explained as replenishing a capital reserve. Nature builds up reserves in good times and depletes them in bad times. A rise in longevity from what is normally needed for lineage survival is a rise in human capital reserves. Human capital is the most versatile kind. We geezers have lost a step. But we remember how it's done. We particularly remember how parenting and homemaking are done, since those change least with technology. Julius Caesar's nanny, with a few pointers, could probably fill in as a nanny today. If the parental generation were pulled away to fight a war, or rebuild after a catastrophe, we oldsters could keep up the home front.

Free growth theory, abundantly proved in the data, is essential to next generation theory. What each generation invests in the next is all its fitness (total capital). All *ex post* growth, up or down, is added or subtracted for free. Catastrophes and windfalls are the random kind of free growth. Tech gain is the accumulating "secular" (of ages) kind. I wouldn't put it past nature to have learned that sustained growth means rising risk. She could adjust with reserves. We may be selected (a nicer word than programmed) to build human capital reserves intentionally, whether or not seeing nature's motives for the buildup as distinct from our own, when real wealth doubles with every generation.

That intentional or *ex ante* part would mean investment in the reserve. It isn't targeted to the grandoffspring generation, because they aren't expected to draw it down unless needed. All the rest of the buildup of human capital reserves in lifespan prolongation is best explained as random free growth if my interpretation holds



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water. Next generation theory is not contradicted because it describes cash flows only. It treats all growth at the collective scale as free and exogenous.

## Testing Next Generation Theory

The proxies for the pure consumption rate (Schultz' pure consumption over total capital) in security markets would be dividend yield for equities, and interest for debt claims. Ibbotson Associates' SBII (2012), Chapter 4, shows average real interest on U.S. corporate bonds as 3.0% over the period 1926-2011. Real corporate dividend yield rate over the period can be estimated from the same source at about 2.9%. Jeremy Siegel's *Stocks for the Long Run* (2002), Table 1-2, reports data extending back to 1802. Real return over the period 1802 – 2001 is shown as averaging 3.5% for long-term governments, and 2.9% for short-term governments. Corporate bond returns would have run somewhat higher.

*Global Financial Data* shows stock market information for 95 countries. Data for U.K., U.S., Germany, Australia and France begin from 1701, 1801, 1870, 1883 and 1896 respectively. My charts and tables, and my website *Free Growth and Other Surprises*, show this information along with evidence for free growth.

The eighteenth century is represented by U.K. alone. U.K. then showed real price return, dividend yield and total return at 21.4%, 7.9% and 29.3%. Volatility of dividend yield was exceptional. From 1801 forward, U.K. averages for these flows were 2.2%, 4.2% and 6.4%. U.S. figures from 1801 forward were 2.9%, 5.3% and 8.3%. *Global Financial Data* also shows collective flows for Europe and the world since 1926. Here the figures were 3.3%, 3.9% and 7.3% for Europe, and 3.5%, 3.8% and 7.3% for the world.

Modeling of the pure consumption rate before the emergence of security markets could refer to the history of interest rates alone. Interest is rate of return to senior claims. Rate of return to any claim is realization by investors net of all expense.



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Investors as to interest means lenders, not borrowers. Interest rates published historically are rates borrowers are contracted to pay. Interest rates realized by lenders are less for two reasons. There are friction costs of due diligence, contracting and collection. Default costs, slight when times are good, can be catastrophic when times are bad.

Homer and Sylla describe normal contracted rates, not realized rates net of those costs, as 10% – 40% in Sumer and Babylonia, 6% – 18% in ancient Greece, 5% – 24% in Egypt, and 4% – 12+% in Rome and the Byzantine Empire.[4] After higher rates in the dark ages, European mortgages and commercial loans found the range 7% – 25% in the thirteenth and fourteenth centuries.[5] The range settled down to 4% – 14% in the sixteenth century,[6] and to 3% – 10% by the seventeenth and eighteenth[7]. The authors comment:[8] "…interest rates declined during much of the later Middle Ages and Renaissance. The earliest short-term rates quoted were somewhat higher than the last and highest of the western Roman Legal limits. They were not too different from early Greek rates and were within the range of Babylonian rates… The later Renaissance rates were well within the range of modern rates and the lowest were far below modern rates in periods of credit stringency." Merchants of Venice in Shakespeare's time and long before borrowed from banks, not from Shylocks, and at rather lower cost than merchants of the twentieth century.

## Economics and Biology

Bioeconomics has meant economics informed by biology. I argued that this describes much or all of classical economics from Petty through Mill, then lapsed when the marginalists preferred to do without any explanations or justifications of tastes, and revived a century later to explore Hamilton's rule.

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[4] *A History of Interest Rates*, Rutgers, 1996, Table 4.
[5] Ibid. Tables 6 and 7.
[6] Ibid. Table 9.
[7] Ibid. Tables 10 and 14.
[8] Ibid. Chapter 10.



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I too reason from biological axioms, and from much the same ones implicit or explicit in the classical period. But I end up framing ideas of biology in the language of economics rather than the opposite. I begin with

total capital = means of ends = means of replication = fitness,

where fitness is understood as a stock. The concomitant flow and rate would be output (creation of fitness/total capital) and return (ratio of the two).

Free growth theory gave the inference

optimum *ex ante* output = optimum controllable output
= exact offset of pure consumption, at the collective scale.

Next generation theory specified the period of this exhaust and recovery as the generation length.

Consider Hamilton's rule in this context. All *ex ante* output, continuing steadily at the generation rate, must be invested concurrently in the next generation or stored for later investment within the deadline. It is the problem of Brewster's millions. Adults must invest or store as efficiently as practical (the maximand rule) before the output means has slipped by. And the more stored instead, the more pressure to invest later within the deadline. Time left for investment is another of the practical constraints on maximization of rb/c.

What I sense is a watering down of Hamilton's rule from what seemed logical compulsion a few decades ago to something more like a target of opportunity. A prediction maximizing rb/c has proved its value as a useful rule of thumb. I suggested why some nepotism might be more adaptive than none in my review of the Hamilton-Zuk parasite theory. It's about giving all genes a fair but speedy trial.



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The quarterback gets three downs, and the batter three strikes, before they go back to the bench. Some nepotism directs healthier mothers to invest in more and healthier offspring, and sicker ones conversely, long enough to demonstrate which is really which. Males passing the test carry the signs to prove it. Females choose them to spread the antidote gene to the whole population. Losing genes and losing parasites retreat until their time comes again.

**Summary**

This chapter trades my wannabe economist hat for my wannabe biologist one. Herbert Spencer called those fields the same at bottom. I never read Spencer, and know him mostly from Bertrand Russell's books on the history of philosophy. Spencer rates a subchapter there. Yet he was an autodidact with less training in either field than mine. He even had less training in philosophy than mine. He was a philosopher all the same, by Russell's tough standards, and knew that logic comes first. Data eventually prove their worth when it's time to test. The data I've found fits net generation theory more or less. What I really have on, all the while, is my wannabe philosopher hat.

Popperians make no sense. Are we supposed to find that a rose is *not* a rose? Or that all reasoning from definition is as transparent as that example? Wiles' proof of Fermat's last theorem ended a search that took some pretty bright minds three centuries. My best guess would be that Popperians confuse the concepts of logic and question-begging. They are opposite. Logic (reasoning from definition) means taking out no more than you put in. Truism or tautology usually means obvious examples of the same, but sometimes includes subtle ones too. Question-begging means taking out what you never put in[9].

[9] Circularity is question-begging which claims to take out as inference what it put in as assumption. Assumption that Socrates is a man and that all men are mortal does not confirm that Socrates is a man. It confirms that Socrates is mortal if assumptions are sound.



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Spencer's "survival of the fittest' doctrine would be a truism if we could prove the theory of natural causality. We can't by any means known to me. Science takes it as a working assumption. So did Hume, and so do I. If God intervenes only a little, so that laws of nature comes close to reality most of the time, we're still in business.

My critique of Hamilton's rule proposed that nepotism meets resistance when it conflicts with nepotistic goals of others. I proposed a modus vivendi through agonistic rules. Hamilton's parasite theory with Zuk, written 18 years later, gives the game plan.

Nepotism, meaning kin selection through Hamilton's rule, is in the common interest to a point. It speeds up proof of best genes to beat the current parasites by testing female genes as well as male ones. Healthier mothers and sisters and aunts carry more fitness to invest in more young. And females in most K-selected species, including humans, perform most care of the offspring and siblings and nepotes (nephews and nieces) that receive it[10]. Male competition alone does not determine best current genes to nature's satisfaction. Female breeding competition and nepotistic investment help prove them farther.

All agonistic rules are about keeping the contest fair and deciding when proof is enough. Long-term success against future as well as current parasites needs most losers, not all, to go to the bench (low frequencies; source demes in my version) rather than to extinction. Most losers survived to enter the contest because they

[10] The burden is about 50-50 in pair-bonding birds. Fathers look to be the only caregivers in territorial fish such as sticklebacks.



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were winners once before. Their cost on the bench, or on the taxi squad, is good insurance.

My version of Hamilton's parasite theory patched in some of Trivers' ideas. One was that mothers intuiting self-health and good prospects should tend to breed higher primary sex ratios and conversely. Their male offspring can then find willing mates if health carries reliable signs as Hamilton proposed. Also the investment of insurance cost by winners in maintaining losers on the bench can be interpreted as Trivers' reciprocal altruism to be recovered when winners now become losers later.

My discussion of grandparental investment let still more worms out of the can. It is clear that humans in advanced economies today normally live to nearly three generation lengths. I proposed that we are replenishing a total capital reserve, meaning mainly a human capital one, when recovering from hard times in the world wars and world depression. No one really knows.



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# CHAPTER 8: BANKS, MONEY AND MACROECONOMICS

## Splitting up Banks

I started to write a book on banks and money a year ago. I stopped when I realized that I don't know enough about the subject. I have some experience and have done some reading in those fields, but not enough to justify a whole book. A chapter, or part of a chapter, is more like it.

Sumerian temples doubled as banks, mostly for agricultural loans to finance the next crop. It is from their records, in clay tablets, that we know they understood compound interest and the capitalization formula.

Deposit-and-lend banks as we know them today emerged in Venice and other European cities in the twelfth and thirteenth centuries. Chapter 1 said that equity investors cannot be attracted at leverage (deposit/equity) of less than 10:1, that even one tenth so much leverage is unstable in high winds, and that we rebuild the banking system after every systemic failure because we blamed the high winds rather than the rickety structure.

I said that the solution is to split up banks as we know them into deposit banks which invest in ETFs on the one side, and lending banks which raise funds from investors rather than depositors on the other. These entities would have separate stockholders, and would not interact unless incidentally.

A different kind of bank split-up has been urged since the 2008 crash. Repeal of the Glass-Steagle act had allowed commercial (deposit-and-lend) banks to operate as investment banks (brokerage firms). Many blamed the crash on that repeal, and on investment bank innovations such as mortgage-backed securities. I think those critics are looking in the wrong direction. The problem, as with most bank crashes over the centuries, was overleverage encouraged by nearly costless deposits. The solution is not to peel off brokerage operations from the mix, but to peel off deposits.



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I see no reason why lending banks should be separate from investment banks. Rather the depositors' money should not be risked in either.

It is also a mistake to blame Wall Street chicanery. Chicanery is a fact of life, and Wall Street has more than its share. But I can testify, from a ringside seat, that many sound financiers and first-rate economists genuinely believed in the sub-prime derivatives they were selling. They were proposed to the trusts I run. I turned them down as a business proposition because I saw too much complexity and no upside. But my read was that the presenters were sold themselves.

The problem is not in the people. It is in the inherent fragility of deposit-and-lend banks. Then what would the world be like without them? The answer first needs a closer look at the problem.

**Credit Risk is More than Leverage**

Some leverage is a good thing. Firms issue bonds as well as stocks in order to attract a wider range of investors. Risk-averse investors may choose the safety of bonds, whose interest claims are paid first, while risk tolerant ones may be happy with the iffier but more promising equity remainder. Leverage in general is a way to satisfy both these constituencies.

Credit risk rises with term (duration) as well as amount of debt. One of the most telling points in Siegel's *Stocks for the Long Run* is that corporate bonds of 15 years or more have proved more volatile in real total return than equities have. No wonder. A corporate bond will have ample debt coverage (gross profit/debt service) at date of issuance, and an appropriate credit rating. What will both be fifteen years from now?

Homeowners also typically borrow long-term. They expect to have children in local schools, husbands and/or wives in local jobs, and other roots in the community. But



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who knows that husbands and wives will still be married in fifteen years? Who knows that if they are, their careers will not have taken them to another city?

It seems to me that reducing the dangers of debt means reducing both term and amount, and that the solution had better find ways that still accommodate the short-term and long-term needs of firms and people.

Now let's look at how deposit banks might invest.

**The Omnibus Fund Idea**

If I were a couple of decades younger, I would try to create something I call an omnibus fund. It starts by seeming to contradict what I just said. I said that firms issue both stocks and bonds to reach different constituencies. The omnibus fund would first erase that separation. In principle it would reconstruct the firm as a whole, or put the pieces back together again, by assembling proportionate shares of the debt and equity claims on it in a single portfolio.

Suppose for example that the market cap (number of shares times current market quotation) for a firm's equity shares is one billion dollars, while the market cap of all debt claims together in half that. Then the omnibus fund, in principle, would buy each firm's equities and debt instruments in that proportion at current market valuation. In practice it could realize the same effect in a simpler way.

The omnibus fund would be a balanced index fund. Index funds are representative of all the funds in an index, such as the S&P 500, weighted again to market cap. The omnibus fund would pick a still more inclusive index, say the Russell 3000 or even the Wilshire 5000. It would add in a corporate bond index, since balanced means mixing stocks and bonds, and cap weight the two. The object would be to model the publicly-traded corporate sector as a whole. The simplest way to get there would be to buy index ETFs (exchange traded funds) directly, rather than duplicating their work of assembling portfolios of the underlying individual issues.



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If it stopped at that point, the omnibus fund would probably attract few investors. It would offer the aggregate return and risk of the publicity-traded corporate sector as if it had never borrowed or issued debt. Aggregate means average. No one is exactly average. Some like me and my father happen to be more risk-tolerant, and opt for the higher returns that tend to come from higher risk. Some prefer the opposite. How can the omnibus fund attract both?

The answer is derivatives. Derivatives are obligations whose benefits depend on outcomes imperfectly foreseen. I said in the forward that I'm all in favor of them so long as we respect and manage the risks. Equities themselves are the classical example. Mortgage-backed securities give another. Common forms include futures and swaps. The idea is about the same. Each typically picks an index, often the S&P 500. One party, the "short leg", bets so much money, the "notional amount", that the S&P 500 index will go down tomorrow. Another party, the "long leg", bets it will go up. The short leg gets so much, say Libor plus 20 basis points (hundredths of a percent) of the notional amount, in any outcome. The long leg gets the index change, whether up or down, times the same notional amount.

No one actually invests the notional amount. It is called "notional" for good reason. Rather each side (leg) commits a cash reserve, held by the firm managing the swap or future, in this case the omnibus fund itself, of 20% of the notional amount. The reserve is drawn down to meet payments required when market swings are averse, and replenished when favorable. When it falls to 10% of the notional amount, it is considered unsafe and the swap or future ends prematurely. Parties are warned, and new reserves can be committed in time.

Monitoring of the reserve is continuous during market hours. Whenever the reserve falls to 10%, even in the middle of the day, the account is closed immediately. This discipline keeps the other party safe.



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Risk-averse clients in the omnibus fund can take short legs, and risk-tolerant ones long legs. Management of the omnibus fund can handle the mechanics of the swaps or futures.

The effect would be not less leverage per se, since leverage at the individual account level is substituted for leverage at the corporate level. The difference is duration. Swaps and futures are short-term commitments. Three months is typical. Futures trade in active markets, for good measure, and can usually be liquidated in seconds at current market during trading hours. So can ETFs themselves.

What do these derivatives cost? Essentially nothing. Those who prefer safety and the short leg are matched with those who prefer return and the long leg, while the manager charges only for its time in working the mechanics.

**What About Asset Allocation?**

Where the omnibus fund seems to violate common sense is in merging out what had seemed to be valuable distinctions. So it would seem with the blending of equity and debt claims, but for an optional overlay of derivatives such as futures to restore whatever risk and expected return we want. Many distinctions blended out, including that one, have been important to principles of asset allocation and modern portfolio theory. They are important because some investment sectors are less correlated than others, meaning less likely to risk and fall in lockstep. Low-correlation portfolios are better because less volatile as a whole without sacrifice of return. That's why hedge funds typically assemble portfolios judged low or negative in correlation, and then try to reduce correlation still further with an overlay of derivatives. The omnibus fund seems to throw away all these options.

Not really. One of the lessons of the 2008 crash is that everything but Treasuries tends to go down in high winds. Anti-correlation strategies failed when we most needed them. The omnibus fund isn't really giving up so much. Its exceptional diversity makes it begin with less correlation than specializing portfolios. And



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nothing would prevent a sophisticated investor in the omnibus fund from manipulating correlation further down with derivatives as hedge funds do.

**Liquidity, Risk and Return**

Demand deposits in banks today can be withdrawn at any time. Time deposits cannot be attracted without either competitive interest or quick liquidity. This liquidity requirement has been awkward in that bank deposits are usually reloaned for years. A run on the bank soon finds no cash left to meet withdrawals. The runs come when the high winds blow, and provide a *coup de grace* on top of high default rates.

The omnibus fund meets withdrawals easily because it is invested only in the most liquid securities. ETFs trade in seconds at current market quotations. Any mutual fund shares that might belong to the portfolio trade at current close.

Like most funds, the omnibus fund would also maintain cash. Like some others, it would "equitize" its cash by exposing it to swaps or futures. Equitized cash leaves a fund fully invested in effect, while adding instant liquidity around the clock. ETFs give instant liquidity, but only during trading hours. Mutual funds typically trade at market close only.

A risk-averse investor in the omnibus fund who opts for Libor plus so many basis points is more or less in the same position as a bank depositor today. She knows that her account will grow only by deposits and by interest (Libor plus basis points) left in to compound. She knows that it will decline only by withdrawals. The investor who prefers the long leg in swaps or futures, or stays unhedged, will also see her account rise and fall with the market. There are infinite graduations around these three simple choices. An account might be partly hedged and partly exposed, or even over-exposed to a notional amount larger than the account size where law and markets permit. (They usually do.)



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**Payment Mediation**

Banks effect payments from depositors' accounts. An omnibus fund can do the same. Payments out are directed "redemptions" in the language of brokerage accounts, or withdrawals in the language of bank accounts. Payments in are "subscriptions" to brokers and their clients, or deposits to bankers.

All these payments can be electronic. A payer, typically a customer, might swipe a card or click a screen. A payee, typically a vendor, typically must verify first that the account is authentic and covers the payment offered. An omnibus fund could be well suited to give this quick transparency.

First, it is essentially an index fund. It is composed of a published ratio of index ETFs and index mutual funds and index-equitized cash. Individual accounts are then hedged or exposed to index swaps or future overlays administered by the omnibus fund itself. The fund can track all these indexes online, and knows from tick to tick what each account is worth. This holds true even for volatile accounts where risk-tolerant clients have opted for long legs in swaps and futures. So long as management effects all payments in an out, and constructs each account of index exposures itself, and tracks those exposures and payments in real time, it knows account values exactly.

Risk-tolerant clients will expect daily ups and downs in account size. That means that they will have to carry larger accounts in order to be sure of covering payments in the downswings. That would be a problem if accounts yielded zero return, as checkable bank deposits do. The gist of my answer to Milton Friedman was that no amount of money is too much if it yields as much return as other assets of equal risk. Accounts are hedged or leveraged to do so. Omnibus fund accounts burn no holes in pockets. We do not own one to spend, like a checking account, and treat it as a drag on earnings until spent. We own it as a fully competitive investment, and spend it reluctantly when bills are presented.



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**Why Invest in Indexes?**

The last section showed that index funds offer easy trackability over market hours. What are the other pros and cons?

On sound microeconomic principle, professional asset management will add value over index results before deduction of fees. Otherwise they couldn't stay in business. The same principle says that the fees will converge to that pre-fee value added. Price converges to marginal utility (value). Investors bid fees up when fees are less, and down when they are more. As a rule of thumb, investors should expect to do equally well in managed or index accounts when fee costs are considered too.

The mechanics of convergence is worth a look. Managed and index funds compete in a kind of density-dependent flux like hawks and doves in game theory. It pays to be a hawk when the hawk/dove ratio is too low, and a dove when too high. When hawks have only hawks to fight, they will win only half the time. Fighting becomes a losing strategy when it risks more than winning stands to gain. More doves will mean easier contests.

So it is with asset managers. Index funds (doves) avoid commitment (fights) as to which firms and sectors will outperform. This neutrality saves the costs of research needed for commitment (fights). Asset managers (hawks) pay those costs, and recover them when outperformance results. That means outperforming the index. But if asset managers collectively managed the whole market, they would become the index. Some would outperform others, but the whole group cannot outperform itself. Then it could not recover its research costs. Many would have to close their doors, leaving the field to index funds which don't pay those costs, until market equilibrium was restored.

Then what determines equilibrium? Is the critical variable percent of trades by managed funds? I thought so for a while. Now I think it's percent of AUM (market value of assets under management). My reasoning now is that holds by portfolio



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managers reveal informed opinion on security values as clearly as trades do. Research cost is the same for both. If a manger neither buys nor sells, she tells us that she thinks the price is right. The critical variable is not trade volume, but percent of aggregate market cap controlled by asset managers collectively.

The number of asset managers is much less critical. There must be enough for competition within each specialty or sector of investment. Too many is not a concern. Abler ones, on microeconomic principle, will displace the less able. That's why Herbert Spencer taught that natural selection works the same in economics as in biology.

A particular reason for preferring index ETFs as omnibus fund investments is for cheaper liquidity. The omnibus fund must compete with banks in accommodating payments and other withdrawals (redemptions). Popular index ETFs such as spiders (SPDRs, for Standard and Poor's Depository Receipts) are bought and sold in seconds for a fee of a couple of basis points. So are Treasury ETFs. Thus the omnibus fund might do best not to include actual corporate bond ETFs in reintegrating the corporate sector. Treasuries of equal value should do about as well at much lower trading cost. Easy liquidity is essential.

**Why Omnibus?**

Omnibus means for everyone as well as of everything. It is all-inclusive either way. Individuals differ in risk tolerance. An omnibus fund provides for all. The portfolio of index exposures to riskier equity claims and safer debt claims is meant to satisfy average risk tolerance as a whole. Individual accounts then choose short-leg hedges or long-leg exposure or anything between. An omnibus portfolio best matches aggregate risk and return to individual claims on it.

Other approaches would work too. A broad-based *equity* index fund, targeting say the S&P 500 or Russell 3000, could give the same tick-to-tick transparency in individual accounts. Hedging would still be available to cater to individual risk



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appetites within the risk-tolerant groups. A broad-based *bond* index fund would do the same for the risk-averse.

It seems to me that the omnibus fund would do both jobs at once, and would attract more clients collectively. Bigger is better for payment processing. The more clients, the more "two-sided" payments from one client to another. These payments are always cheapest.

If accounts cost little or nothing to open, vendors would logically need no urging to open them. That again favors the simplicity and economy and immediacy of two-sided payments by including both buyers and sellers within the fund.

The omnibus fund is also for everyone as a investor as well as a payer. Very few people have the time or training to beat the market. I myself have not. What we have is a sense of our degree of risk-aversion. The omnibus fund gives the broadest and most flexible coverage of risk appetites. It can poll and advise clients on risk preferences, and mediate hedges and exposures to suit.

**How the Omnibus Fund Might Evolve**

I said that if I were a couple of decades younger, I would start an omnibus fund. Not to worry. If the idea holds water, as I think, someone else will.

It seems to me that banks could not offer much competition. Demand deposits typically pay no interest, and process payments no better. Omnibus clients offer an infinite range of returns according to client tolerance for risk.

Banks offer the advantage of federal deposit insurance (FDIC). It will not be enough. The omnibus fund carries no leverage, and needs no insurance. As it grows, banks will take notice. They can keep up the uneven fight, or they can join the parade. My working assumption is that many will prefer the latter. Banks are well positioned to make the most of the idea. They have the needed expertise and systems and



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clientele in place. They can spin off their lending operations as separate ventures to find funds from investors rather than depositors.

If there were no FDIC, there would be no deposits and no commercial banks. People can read the newspapers. Anyone old enough has lived through periodic bailouts. I'm a free market fan who dislikes FDIC. But we would be rash to yank the rug from under banks by repealing it. We shouldn't even hint that we might. The world we know is build around banks, and banks are built on FDIC. Let it stand. How can anyone know for sure that omnibus funds and independent lending banks will do better? I think omnibus funds figure to win despite that advantage for banks.

**Lending Banks**

This is the area least clear to me. Banks as we know them begin with expertise, systems and clientele in the loans business as well as the deposit and payment processing business. That could position them to take the lead in both if spun off separately. Lending can stand alone. There are many lending firms other than banks. They raise funds from investors seeking returns, rather than depositors seeking liquidity, and somehow mange to compete with banks today. Lending banks divorced from depositors could do whatever they do.

If interest rates must rise because investors demand competitive returns, some traditional borrowers will be motivated to attract equity investment instead. Corporations and other firms could phase out structural (long-term) debt, and float new stock issues in its place. The effect would be to lower leverage, risk and return together. Investors could then tailor risk and return more flexibly by hedging or leveraging their individual holdings through professional services.

If the same rise in interest rates makes it impractical for newlyweds to buy homes, they can rent until their means improve. In ten or fifteen years their incomes will double. They will know if they are still married, how much house they need if so, and where their careers have taken them. Meanwhile they might rent the same



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house they would have bought. They will not have missed a sure-fire investment. The crash of 2008 showed that houses are risky too. The time to commit to huge and illiquid investments, as houses are, is after ten or fifteen years of business experience.

I see no reason why lending banks should not make equity investments too. Loans, convertible loans and equity investments need the same "due diligence", or research into prospects of success and return. All might serve the same clients. "Lending banks" might simply be investment banks. That's why splitting of investment banks and commercial (deposit-and-lend) banks may be a step in the wrong direction. The key is splitting off deposits.

**Macroeconomics in General**

Splitting up commercial banks into omnibus funds and depositless lending banks could change the nature of macroeconomics. Macro has meant the art of maintaining growth and money value stability at the same time. This has proved mostly a tightrope walk between inflation and recession. Easy money risks the first, and tight money the second. My idea is to disconnect the problems of underemployment and money value instability. If medicine for one has no side effect on the other, each can be treated more freely.

I would first dissociate money value from money supply. No supply is too large if money earns competitive returns while we hold it. That was one of the main ideas of the omnibus fund. Milton Friedman thought my early version of this idea was anathema. Franco Modigliani liked it fine, but asked tough questions. I'll try to answer some of them below.

My approach to the problems of underemployment and the business cycle begins with phasing out deposit-and-lend banks as I described. I more or less agree with



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Ludwig von Mises and the Austrian school that slumps come from overinvestment enabled by overlending. In 1928[1], a year before the crash, Mises wrote:

> Sooner or later, the crisis must inevitably break out as the result of change in the conduct of the banks. The later the crack-up comes, the longer the period in which the calculation of the entrepreneurs is misguided by the issue of additional fiduciary media[2]. The greater this additional quantity of fiduciary money, the more factors of production have been firmly committed in the form of investments which appeared profitable only because of the artificially reduced interest rate and which prove to be unprofitable… Great losses are sustained as a result of misdirected capital investments. Many new structures remain unfinished. Others, already completed, close down operations. Still others are carried on because, after writing off losses which represent a waste of capital, operation of the existing structure pays at least something.

Here Mises, writing in 1928, describes the crash of 2008 even more vividly than the one in 1929. "Many new structures remain unfinished. Others, already completed, close down operations." These were mostly plant and office buildings in 1929, and mostly houses in 2008.

Mises argued that money should be backed by precious metals. He was right in thinking that it should be backed. But precious metals pay no return. The omnibus fund earns competitive return at the risk level chosen in each account. Accounts are owned for performance, and only incidentally for liquidity. No amount is so large as to tempt overspending.

It did not occur to Mises that divorcement of deposits from lending might prevent the cycle in the first place. Nor did he mention the danger of 10:1 bank leverage, and often more, in amplifying consequences of bad guesses. His idea was better governance of commercial banks. Mine is ending them.

Free growth theory also belongs to macroeconomics in that it predicts only at the collective scale. It predicts that *ex ante* net investment, or attempted investment

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[1] *Monetary Stabilization and Cyclical Policy*.

[2] Unbacked paper money. Also called government fiat money.



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beyond depreciation recovery, is simply less consumption with no growth to show for it. My charts and tables show that this has been true wherever and whenever tested, in eight economies over 40 to 140 years. We crowd our niches like other creatures, I think, and have no room for growth except as innovation widens the niche. The charts and tables seem to tell us that innovation costs no more in failure rates and learning curves that daily coping does.

**Macroeconomics and Keynes**

Macro emerged in the 1930s under the influence of Keynes. Simon Kuznets, the chief architect of the U.S. national accounts, was one of the five economists Keynes invited to proof the chapters of his *General Theory* as he wrote them[3]. National accounts were soon reorganized along Keynesian lines.

To read the *General Theory*, a beautiful work, one would think that counter opinions were led by his close friend Arthur Pigou. But Pigou was already in print with recommendations much like Keynes' when it was published in 1936. Opposition came rather from Mises, the other Austrians, Lionel Robbins and the Chicago school. They argued that intervention tends to make things worse. So do many economists today. Keynes believed in fiscal and monetary policy as I describe in Chapter 1. He favored fiscal policy.

Chapter 2 said that he made a basic distinction between investment producing new things and repurchase of things already produced. Only the first counted as real investment. The difference matters because only the first puts plant and people to work. Transfers neither add nor subtract value. Even so, my own language counts all as investment, and ranks investment only by return. I make no distinction among investment adding new plant and equipment, or investment in stocks and bonds already issued, or in existing structures, or even under the mattress.

[3] The others were Harrod, Sraffa, Joan Robinson and Ralph Hawtree.



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What matters is return. I don't have to specify "risk-adjusted" return so long as I describe the collective scale alone. Collective return is implicitly average-risk return. I prioritize it on the reasoning that optimizing employment of people and plant is implicit, and that optimizing means putting them to work most productively rather than over the most hours.

If policy maximizes rate of return, at the collective scale, it will maximize true output perforce. Return is output divided by total capital producing it. More return is more output per unit capital. Putting idle plant and people to work, in a slump, is a step in the right direction. But it doesn't get the job done unless they work productively. Even putting money under the mattress is better than investing at a loss. Zero return is better than negative return. I accept Keynes' distinction between new investment and transfer payments. But I see the latter as part of the mechanics that ends up in the former. Maximize return, and full employment will happen.

Keynes' opposition is now mostly the Chicago school and other "freshwater" schools bordering the Great Lakes and along inland rivers. Somehow the taste for Keynesian intervention resonated best in "saltwater" seaboard school such as Harvard, MIT, Stanford, and University of California. It is probably no coincidence that the saltwater states are the "blue" ones tending to vote Democrat, while the freshwater ones are the "red" ones favoring Republicans. (I call myself a free market Democrat, whether or not that's a contradiction in terms.) Freshwater views tend to oppose intervention, but accept Keynesian basic definitions and equations such as the $Y = I + C$ doctrine and the distinction between "attempted saving" and investment. It is these I question.

I don't think much of his view that intended saving (consumption foregone) becomes actual saving only if invested, and becomes an equal amount of physical capital growth if it is. Then (actual) net saving, net investment and physical capital growth would become synonymous. I said why I prefer a language where saving and investment are synonymous in the first place. What matters is rate of return.



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Investment (saving) under the mattress yields only the psychic value of liquidity. Actual capital growth depends on rate of return as much as amount invested. If return holds the same as it was before, growth and net *ex ante* investment will be equal. Growth will be less than consumption foregone (remembering the asterisks) if return drops, and more if return rises.

Keynes saw slumps as investment deficits. I see them as return deficits. Keynes assumed uncritically, I think, that new investment is the path out of slumps. Investment will come when prospects of return do.

Although the *General Theory* was published three years before Myrdal's *ex ante – ex post* distinction, Keynes would have realized the same thing. I think he made the understandable mistake of supposing that the difference would balance out as random noise. The charts and tables show otherwise. The optimum *ex ante* investment target is enough to offset realistic depreciation exactly.

Keynes was a great thinker, a lively writer and a decent man. I happen to endorse some of his policy ideas. So did my father. When I asked him what he thought of fiscal policy, I expected something like Hawtree's "crowding out" argument: government investment preempts and prevents private investment. I got a surprise. My father said "When people are out of work, that's the time to build a new post office." It is, if you need a new post office, because returns can be higher when contractors strapped for options bid construction cost down.

But it is no disrespect to point that the *General Theory* was published 80 years ago. I tend to support Keynes on some points, for example the usefulness of fiscal policy in relieving slumps, but to agree mostly with Mises on their causes in the first place. Where I differ from both is in the fundamental anatomy.



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**Stabilizing Money Value**

Modigliani's main critique was that money earning full competitive return, so that no amount was too much, would make monetary policy impossible in its usual forms. My best answer at the time was that full-return money ought to remove inflationary or deflationary pressures. But I agreed with him that money value might drift, even so, and that some control would be a safeguard if someone could think of a way.

The best that occurs to me is continuous revaluation of the dollar. Legal tender laws specify dollars, or other currency in other countries, as the default means of payment recognized in satisfying money obligations. Laws could be changed to specify real dollars instead. Real means corrected for inflation or deflation.

This would have been impractical before the information age. The problem now seems less. Spendable money, called M1, now means currency plus checking accounts. Government publishes current inflation figures online. Omnibus accounts could adjust automatically. They might show values in nominal and real dollars both. Account value would not change. Correction for inflation would show fewer dollars worth more each. Correction for deflation would show the opposite.

Currency itself cannot adjust so elegantly. It would remain legal tender, but not necessarily at face value. Currency would impose a translation cost on its spenders and receivers. Say for example that the change in legal tender laws was effective as of January 1, 2020. The real value of the dollar, whether accounts or currency, would mean its value of that baseline. Nominal value would be that plus inflation since. Calculators or iPads could keep track of the conversion rate. The cost and nuisance of this conversion should be manageable. But it would probably reduce demand for currency where cards or the equivalent do as well. The benefit is in encouraging long-term contracts and saving "menu change costs." That means costs of changing prices. There is no need to change them on account of inflation if prices are specified in real rather than nominal dollars.



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Price stability can matter. The United States has managed to avoid double-digit inflation since the Volker reforms of the 1980s. But the danger remains. Modigliani was right to worry.

A law making real dollars legal tender might prompt better measurements of inflation. Many economists agree that our official ones overstate inflation by allowing two little for quality improvements. A Lexus or Tesla is not a Model A. That was the theme of the Boskin Commission report to President Clinton in 1995. The Boskin panel argued that quality-corrected inflation has run about 1.1% less than the numbers posted in the consumer price index (CPI). I think so too. But making real dollars legal tender, even by these imperfect measures, could still give more confidence in long-term commitments than the status quo.

**Speeding Up Fiscal Policy**

Designating real rather than nominal dollars as legal tender would amount to an unfamiliar and more direct form of monetary policy. Meanwhile devolution of banks into their separate deposit and lending functions, along with emergence of omnibus funds, need put no constraints on fiscal policy.

Fiscal policy has prescribed tax cuts and government spending in slumps. It prescribes the opposite, at least in principle, in booms. A problem is that it has proved slow to implement. There is an "inside lag" while government diagnoses the problem and calls for a vote in the legislature. An "outside lag" follows until taxes come due and spending programs are put together and gradually put plant and people to work.

The inside lag is unavoidable in a democracy unless the executive branch, or an independent agency like the Fed, is given standing limited authority to diagnose early signs of unemployment, and to address them with tax cuts or spending. And there must be enough outside lag to make sure that the medicine has good prospects in rate of return. Return comes first.



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Tax cuts can be faster-acting than spending programs because they obviate the construction period. Freshwater economists argue plausibly that they are likely to prove ineffective. They foresee "rational expectations" of taxpayers as predicting eventual restoration of the taxes when full employment resumes. This gives a motive to save the tax cut rather than spend it as intended. I see it a little differently. Most consumption is maintenance or investment to keep up human capital. We will need that earning power when taxes are restored.

**Say's Law**

Jean Baptiste Say, in writings I haven't read, argued two centuries ago that supply creates its own demand. The logic is sound to a point. The claims on output simplify to pay plus profit. The asterisks don't matter here. Thus pay plus profit is always enough to clear that market. There could be "partial gluts" when we produced too much of one thing and not enough of another, but never a "general glut" where production got ahead of our means to pay for it.

All too true. Consumption plus investment equals pay plus profit. But the sad fact is that profit can be negative. Deadweight loss happens. When it happens, at the collective scale, even pay claims may be left unsatisfied. Say's law gives no comfort except where outcomes are as expected.

**Tax Considerations**

Schultz in 1962 argued that educational (human) capital is overtaxed. What he wrote was: "The established tax treatment takes account of both depreciation and obsolescence in the case of physical capital, but this accounting is not extended to human capital". He was right. Income tax is charged on net profit of firms and pay of workers. Pay measures gross realized work including human depreciation.

Tax laws now counter that imbalance by applying lower rates to pay as "earned income". If we could measure human depreciation, or model it with enough



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confidence, we would know how much correction was enough. That's a reason to take depreciation theory seriously.

**Market-Valued Capital in Macroeconomics**

Another reason why macro should be reconceived from scratch is that its defining equations, written mostly over half a century ago, leave out capital. Change in capital shows as net investment, but capital itself stays outside. Flows are considered sufficient for description.

Piketty, a good economic historian, tells us that this did not have to be. It seems that the largest economies had good records of market-valued capital since the late-middle nineteenth century. Piketty does not speculate why macro and national accounts ignored them when both took form in the 1920s and 1930s.

Physical capital and its changes can be measured at market or calculated by the perpetual inventory method used in balance sheets. I showed in Chapter 2 why that method is not the best. Depreciation accounting assumes norms in the loss of capital value with time, and gets the news of actual outcomes long after. National accounts reported positive real net investment, meaning growth in capital value, in 1929, 1930, 1937 and 2008. They give little clue to reality in years of surprise.

The neglect of market-valued capital in macro and the national accounts until 1990 or so may have to do with the influence of Keynes. The *General Theory* includes some hilarious broadsides on the fickleness of market speculators. He put more trust in the sober disciplines of accounting. Piketty trusts the market more, and so do I.

Then why does Piketty track new investment, or change in capital, by the accounting methods used in national accounts? That seems inconsistent. My charts and tables track it at market. It seems to me that national accounts should track it both ways,



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and let each economist decide which version is more useful. Mine, at least, correctly describes those same four years as losing ones.

**National Accounts Overall**

It seems to me that national accounts are doing nothing wrong except in modeling the depreciation curve from misleading sales evidence. Evidence seems to show depreciation as fast at first, and slower later. That tends to be true when depreciable assets are actually sold. Structures tend to be customized for their original owners and occupants. They tend to be resold when results are disappointing. This disappointment often comes when expectations are first tested. When distressed sellers market illiquid structures customized for themselves, prices too will be disappointing.

Better to trust evidence of structures intended in the first place to pass from owner to owner, as with many standardized rather than customized apartment and office and warehouse buildings. Better still, from an economist's viewpoint if not an accountant's, is to trust logic. Capital is present value of expected cash flow. Its loss of value with time, under simplifying assumptions, is the present value of the most distant and most discounted cash flow. Depreciation of structures we keep, rather than sell, is least at first and greatest at the end. It is the same as with a level-payment mortgage.

National accounts are nonetheless a magnificent achievement. They need interpretation just as corporate accounts do. That's where economics comes in. And national accounts are not resting on past practices. They can be congratulated on including market valued capital, even if sixty years too late, and on extrapolating it backward where practical. This book could scarcely have been written if they hadn't. I would recommend the obvious next step. Net investment should be shown alternatively as change in market-valued, and output as that plus consumption. Let economists decide which version is good for what.



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## National Wealth Including Human Capital

By definition, pure consumption rate is pure consumption divided by total capital. This can be arranged as

$$\text{total capital} = \frac{\text{pure consumption}}{\text{pure consumption rate}} . \tag{8.1}$$

Next generation theory modeled the pure consumption rate as 3.5% per year. Historical data showed dividend and interest rates as more or less in this region since Sumerian times. I model pure consumption as about three fourths of all consumption. I take consumption as personal consumption expenditure (PCE) plus government consumption expenditure (GCE) per the national accounts.

GCE includes government outlays, at all levels of government, on education and welfare. These are easily recognized as consumption. It also includes costs of law enforcement, national defense, fire control, and maintenance of infrastructure such as highways and water systems and government buildings. These too count as consumption, even if we mightn't have thought so. They are part of the cost of our survival. That's why I agree with Kuznets and tradition, although I didn't always, that consumption includes all of GCE.

PCE in 2015 shows as $12.429 trillion. GCE is reported at $2.5855 trillion. Both are in 2015 dollars. their sum is $15.0145 trillion. Three fourths of that is $11.2609 trillion. Then (8.1) gives

$$\text{total capital} = \frac{\text{pure consumption}}{\text{pure consumption rate}} = \frac{\$11.2609}{.035/\text{year}} = \$321.74 \text{ trillion},$$

in 2015 dollars. This rough estimate can be borne in mind when we evaluate the tax base and the risk of national debt. U.S. public and private debt together has been



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estimated at a little less than a fourth of this sum. My impression is that this exposure is not yet dangerous. But it needs watching.

The best method to estimate aggregate adult human capital separately is Petty's. It is present value of future human cash flow. That means pay less invested consumption. If I am right, meaning that Farr, Marshall and Kiker are wrong, invested consumption is negligible among adults. Then Petty was right to capitalize pay with no deduction. And he was right to capitalize aggregate current pay, with no need to model the future. Growth of pay will tend to match growth of human capital. The discount rate to find its present value is expected rated of return. Rate of return is growth rate plus cash flow rate. Evaluating human capital as constant current pay discounted by cash flow rate alone will give the same answer as if we modeled in expected pay growth, but then discounted at cash flow rate plus the same projected growth rate.

Total human capital is adult capital plus that of the young. That part might be measured at current cost. I won't attempt either of those calculations here, since they seem to call for economists expert in interpreting national accounts.

**To Do List**

Books and papers on economics tend to lead to "policy prescriptions". That means recommendations on what governments and markets and educators should do. My list begins with getting rid of the double tax on dividends. To get democrats on board, make the effect revenue neutral by raising the corporate tax rate. Dividend rates have been far too low for about 50 years now. They should average 5% to 6% real, as they did in the nineteenth century. The result of low dividends has been dangerous overinvestment in the private sector, with growth hampered rather than enhanced. Charts and tables make it clear that *ex ante* investment beyond depreciation recovery is deadweight loss.



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I would tax capital gains as much as ordinary income for the same reason. Level the playing field. Solow saw most of the truth, but didn't go far enough. Mill saw more. And even Mill stopped short. All we have to do is look at the charts and tables. Capital accumulation does not exist. Any attempt lowers consumption with no growth to show for it.

Keep track of national wealth including human capital by my method here, and also by Petty's of 1664, 1676 and 1685. What would we think of corporate management that added up only the smaller part of corporate assets? We now consider physical capital only. Political parties debate what taxes and the national debt should be without the key facts.

Policy prescriptions can also aim at schools and what they teach. Macroeconomics should start over. It reached most of its present form in the "years of high theory", in the 1920s through 1950s, without the concepts of human capital or market-valued capital. It is founded on the inaccurate Y = C + I equation and the concomitant belief that output equals pay plus profit. It recognizes *ex ante – ex post* distinctions only crudely as to saving, by taking it as either invested or uninvested, and not at all as to investment itself. By missing the lag between market effects and book reaction, it misreads some of our worst years as our best and conversely.

The path forward is omnibus funds and devolution of commercial banks. Bank reform along the lines I suggested should need no help from lawmakers. But for gosh sakes, let's not set up barriers against it. Commercial banks and 10:1 leverage make slumps inevitable. Crashes are as sure as death and taxes until we phase them out.

**Summary**

Macro has meant a tightrope walk between the risks of inflation and recession. That doesn't have to be. The problems are detachable. Even today, It should be practical to redefine legal tender as real or inflation-corrected dollars. But the deeper



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solution is to devolve commercial banks into their separate deposit and lending functions, with separate stockholders and only incidental interaction.

It is best for the free market to do this alone. The omnibus fund could be the decisive innovation. It too is possible today. It would offer clients full competitive return, so that no supply would be too large. It would match bank deposits in liquidity and payment services with the low service charges typical of other index funds, while tailoring risk and return to client needs with essentially costless derivatives. The intention would be obsolescence of bank accounts, and devolution of banks in result.

Deposit-and-lend banks, inevitably leveraged at 10:1 or more, are the weak link explaining economic collapses about once a generation since the system was founded in the Renaissance. Misdeeds and misguesses and world events were only the proximate cause. Chicanery will be with us forever. Honest bad judgment will be with us forever. Supply shocks, as when OPEC raised oil prices in 1973, will be with us forever. Wars will be with us forever. Setbacks for our trading partners will be with us forever. These bring the high winds. I don't foresee much payout in trying to dial down the winds by upgrading human nature. The payout is in stabler structures.

The big bad wolf huffed and puffed, and the brick house stood. Omnibus funds will carry no leverage. Accounts themselves will be levered to taste, but for short periods only. Futures trade in seconds. The fund as a whole cannot become worthless until each and every security in its portfolio does. High winds and leverage can wipe out the accounts of risk-takers who chose the long leg, but not of those who opted for contractual interest and safety. That's as it should be. Risk-takers may name their poison. Omnibus means for all, and all-inclusive.

Derivatives are central to the omnibus fund idea. Some see them as dangerous. They can be. They are powerful. But they have a good track record of performing as contracted. Cash reserves, called margins, have proved enough to escape default



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even in 2008 and the flash crash of 2013. Short legs have been protected without fail, and long legs have got what they bargained for. The reason is that margin sufficiency is monitored from tick to tick. Checking every few seconds doesn't rule out every doomsday scenario, but gives about as much confidence as we're going to find in this uncertain world.

Saltwater and freshwater schools debate the wisdom of fiscal and monetary policy. But both sides frame their arguments in Keynesian language. I find it wanting. The idea that intended consumption is either invested or not, and realized in equal capital growth if it is, misses the essential mechanics. It measures employment of plant and people in hours rather than in production. This is a good reason why macro should start again from scratch. Another is to recast its basis equations in terms of market-valued capital as well as flows. Another is to accommodate human capital, for example by substituting the pay and Y rules for the doctrines that pay measures work and that output is investment plus consumption.

None of those good reasons refers to the possibility of omnibus funds. They are only a gleam in my eye. If they come to pass, and succeed as I imagine, macro will have still more novelty to digest. If they lead to devolution into separate deposit and lending banks, with the deposit banks operating as omnibus funds, good riddance to the 10:1 leverage that has brought down economies every generation or so since Marco Polo's time.

The lagged flow method of assessing efficacy of *ex ante* investment is outdated by the simultaneous rates one outlined in Chapter 4. It should go to honorable retirement whenever market-valued capital is available. It superimposes the inevitable unintended lag of accounts themselves, even under best practices, onto the intended one needed for the new tree planted to bear fruit. Both lags blur causality.



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Some famous economists are tougher on the current state of macro than I am. Recent books argue that it should no longer be taught, and should receive no Nobel prizes. My diagnosis is about the same. But my prescription is opposite. Reconceive it from scratch, and teach it right. Award Nobel prizes to those who help. My first nominees would be Piketty and Zucman. Not that I think much of Piketty's arguments. But his website with Zucman is as powerful a new resource for scholarship and the database as national accounts were eight decades ago.



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## CHAPTER 9: SO WHAT'S NEW?

To claim originality in any field is rash. It is safer to say that some things in this book are new as far as I know. I know at least what I can't remember reading elsewhere. I am more confident in judging what will surprise in the sense of conflict with what is taught today. There we need only keep up with the current conversation. Judging originality with confidence means having read everything before.

My surprises were not all new, and my novelties (if such) where not all surprises. A few ideas met both descriptions. They pay rule, and the equally heretical Y rule, probably count as both although Becker came within a step of getting there first. Depreciation theory is likely to be both. Other possible candidates might include my observation that holds by money managers reveal prices as clearly as trades do, and my hawks-and-doves analogy inferring from this that index funds should outperform managed ones when aggregate AUM held by money managers, not trades by them, exceeds a critical percentage of the market to be determined. There may also be both surprise and novelty in my suggestion of monetary policy by establishment of real dollars as legal tender. In my wannabe biologist role, I just may have been first to the point out the gaffe in the math of Hamilton's rule.

Free growth theory takes Mill a little farther by ruling out growth by thrift at the collective scale. It should prove a major surprise to lawmakers, who incentivize thrift in the name of growth, and a milder one to economists already prepared by the insights of Solow. My possible originality here was in the simultaneous rates equations I derived to test them, and the test itself accessing data for market-valued capital as well as consumption from the Piketty-Zucman website. My definitions of market-valued net investment and net output, substituting for the book-valued versions used in national accounts, were essential for testing. I suppose these rank as novelties but not surprises.



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The advantage of the simultaneous rates test over the standard lagged flows one is great. It avoids both lags, meaning the intended one to allow more capital to show its effect in more output, and the unintended one in the inherent unresponsiveness of accounts to market effects on capital already booked, while also gaining from the superiority of market measures of capital growth over book ones even when lags end. The method itself is no surprise because the math is high school algebra. The shock is in what it reveals. Solow and Denison were righter than they knew. There is no such thing as capital accumulation at the collective scale.

Risk theory is probably both marginal novelty and marginal surprise. The part that might be new, although obvious in retrospect, is that assets take on the risk characteristics of their owners. We knew all along that people buy assets to fit their own risk profiles. There may be novelty in my idea that it works the same in the opposite direction. Assets once acquired are modified to fit those profiles better. A family home bought by a drug dealer might become a crack house bringing higher expected return at higher risk of confiscation by authorities.

The next step was to connect risk profiles with age and gender. It seems well established that risk tolerance peaks in the teens and twenties, particularly in males. It drops steadily afterward for both sexes. R. A. Fisher in 1930, and Bob Trivers in 1972, suggested why. Males, in humans, produce thousands of cheap sperm. Females produce eggs, which are few and expensive because they are packed with nutrients. Young males might end up leaving dozens of offspring or none. Nature arranges competition to determine which. Females are reasonably sure to leave a few. They have less to compete about. As both sexes get past their 20s, their remaining reproductive chances grow fewer and competitive ranking clearer. There is less to compete about. Risk tolerance grades steadily down with age, and capital owned reflects the change with lower risk and return. This gives the basic theme.

The next key information was that human capital is owned disproportionately by the young. We own little else until independence at age 20 or so. Physical capital



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builds from then on, and peaks near retirement. But human capital grows quickly in the 20s and thirties too, as most human and other depreciation is concentrated toward the end. These are persuasive reasons to think that human capital is the riskier and higher-return factor overall.

The argument becomes complicated in that most investment in us before independence comes from parents rather than from self-invested work. Parents have a a strong say in what risks children run, so that parental risk tolerance governs too. But it governs most in pre-teen years, when parents themselves are passing through their own risk tolerance peaks. And human capital is probably the most versatile of assets in adjustment to our tastes for risk at the time. Cops can become robbers at will, and robbers can get religion.

We should not slip into the error of concluding that an individual's human capital is riskier than her physical capital at the same time. Both adjust to her current risk profile alike. That's why the parable of the boss and her secretary falsifies the notion that pay compensates realized work and nothing else. That would make return of each in her human capital a little over 100% per day at the start of the last day, and 100% per second at the start of the last second, even while their security portfolios reveal their time preference rates as a few percent per year. Human capital is not inherently risker, as hand grenades than nerf balls. Each cohort adapts all its wealth of both factors, counting balanced security portfolios as single assets, to its single characteristic risk profile. There may be novelty, but not much surprise, in this projection of the owner onto the asset rather than conversely.

That parable helped confirm the pay rule and explain age-wage profiles. It brought another surprise along the way. I grew up being told that houses are safe investments. But in fact they are owned by about the same age group and gender mix that owns the business sector. The publicly traded corporate sector is a part of the business sector that has given up return for safety by providing instant liquidity to shareholders. The notion that houses are safe took a punch in the gut in 2008. The



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notion that they ever were rests pretty much on evidence bolstered by government subsidies such as FHA and FNMA and FMAC which began before I was born. As it is, I don't see enough evidence either way to assert whether houses or the publicly traded corporate sector, cap-weighting its stock and bonds, should be risker. But even that uncertainly is a surprise in view of what we all were taught.

Depreciation theory is one of my favorites. It doesn't upset the applecart as much as the pay rule does, because little economic theory depends on it. I love it because it reverses tradition precisely. National accounts model depreciation as declining exponentially. I model it as rising exponentially. It's the same equation with a plus sign in place of a minus sign. I love its obviousness once we think about it. It follows when we remember the present value rule. Once we do, evidence for both factors makes more sense. Depreciation theory rounds out the pay rule in explaining how pay can rise or hold steady to the very end. And we see the same in businesses. Gross realized profit, analogous to pay, does not tend to decline as firms approach a date with the wrecking ball. My impression has been that rents go down when properties aren't kept up or locations become unfashionable, but not with age in itself. When it's time to demolish and rebuild, premises are more typically vacated with trade still running at norms. Gross realized profit is inevitably all depreciation on the last day, and would approach zero steadily if tradition were right.

There may have been minor novelty in my derivation of my three fundamental theorems as at least subjective certitudes following from definitions, and in my idea itself of subjective as distinct from empirical certitude. A subjective certitude is one such that contrary evidence would falsify the convergence axioms. I have found little or no empirical certitude past the *cogito*. I concede that the idea of subjective certitude is impertinent. How dare we infer what people *must* think?

We dare when we infer from definitions. I began with the somewhat unusual definition of capital (value) as perceived means of foreseen taste satisfactions. The usual "means of production" is equally valid, but less suited to my purpose here. I



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then pictured a future instant's worth of expected satisfaction. Its perceived value at that future moment would give its perceived value now save for differences explained by the time gap between. I adopted the old terms time preference or time discount rate to account for whatever they might be. There was no assumption as to whether the rate should prove positive or negative or zero, nor that the same rate should apply to other future instants. My goal was to leave not even the farthest-fetched of loopholes. If I have succeeded, the present value rule followed as subjective certitude giving exact expectations, though not outcomes, for each future instant and thus for all together. Note that my depreciation theory follows, but with the caveat that the version I have shown adds the usual assumption that time preference is positive. That part is not certitude, although neither are we likely to doubt it.

It was not hard to derive the maximand rule as the next step. Once we define tastes or more generally aims as whatever behavior reveals, the rest follows quickly. (Remember that I have no problem with mutually circular definitions.)

There were probably a few heuristic novelties. The parable of the boss and her secretary might itself be new. So might the slave paradox with its parable of Phil and Bill. Many including Adam Smith have pointed out economic inefficiencies in slavery, moral criticism aside. I can't recall mention of this most obvious one. Bill's maintenance consumption was taste-satisfying cash flow to Bill, and capitalized in his present value to himself. It is pure expense to Phil once Bill is enslaved. If all but one of us were enslaved by the one left, national output would drop by substantially all maintenance consumption on the books of the one slaveowner.

There may also be minor novelty in my analogy between accounting for the firm and accounting for human capital in Chapter 6. One possible example is my use of the term "decapitalization" to include depletion and liquidation in sale as well as depreciation. It simplifies to depreciation in the case of human capital because that factor cannot be alienated in reinvestment or gift or sale. One inference was that



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deadweight loss, negative output, negative realized output and unrecovered decapitalization all mean the same. This is obvious enough, but may have been left implicit before.



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## CHAPTER 10: THREE PANTHEONS

A few weeks ago I was being interviewed about my opera "Usher House". How would I like to be remembered? With a straight face, I said I would like to be thought the best composer since Mahler, the best poet since Masefield, and the best economist since John Stuart Mill. The interviewer looked startled. Was she talking instead to the successor of Don Quixote, Emperor Norton and Walter Mitty?

Probably. But not to worry. Fantasies are good things. They don't become delusions until we start believing them. What I believe is that at least dozens of composers have the knack. There must be hundreds, considering the terrific film scores attributed to names new to me when I hang on for the credits. Each of us, very much including film composers, gives the world what we think it needs. We like to be appreciated, but we don't give a fig what it wants. We won't always agree on what it needs. We'll defend to the death the other guy's right to his message. But we prefer our own. That's what my answer meant. We're each the best. But I do have the temerity to limit the list to those few dozens or hundreds.

Someone might also be surprised at my choice of benchmarks in verse and economics. Masefield and Mill? A consensus might have picked T. S. Elliot, say, and Lord Keynes. Masefield and Mill are likelier to be remembered as old-fashioned fuddy-duddies already outmoded when they wrote. But that's me. I *am* Don Quixote. Not a single idol in my pantheons in those three fields was born after 1900, although that could change in economics.

My pantheon in music is Bach, Beethoven, Schubert, Wagner and Mahler. Mahler, the last-born, died in 1911 at 51. What about Mozart? Clearly colossal. Listen to the slow movements of almost any of his piano concertos. Childlike simplicity, then a slight surprise, then another, and all at once we are on a trip through the stars. But my top five show us more. Mozart is too darned enigmatic. He is too darned coy. He is too darned third-personal. And I *like* breaking a sweat. Mozart is uniquely the



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greatest at what he does within the bounds he chooses to set. But I like answers as well as questions. The five in my pantheon give me those.

Mozart is unrivalled at what he does because no one else plays the same game. What other composer has put such a premium on delicacy, on poise, on self-effacement? That doesn't deny that he was a red-blooded *mensch* who loved hijinks and good times as much as the rest of us. His *Rondo alla Turca* is one of many masterpieces showing that side. But it only rounds out the impression of a flawless dinner companion. A maxim of classicism in the Greek spirit is "nothing in excess". Mozart's exuberance and hijinks were just the right amount.

He was the master of moderation. His operas put passion mostly in the mouths of clowns and villains such as Papageno and Osmin and Queen of the Night. His sympathetic sorts have feelings too, but keep them circumspect. The perfect companion cares first about our feelings, not his. Mozart remains that even on our journeys together through the stars. We are kept safely away from the heat. We are allowed to feel anxiety because the world is so far below. That was half the point of the trip. The other half is the happy ending as he leads us safely home. Anxiety, but not in excess.

That shows him as the master of levitation. Richard Strauss gives the example of Susanna's aria "*Voi che sapete*" (you who know) from *Figaro*, an innocent ditty which somehow never lands on the tonic (home note) until the end. The beginning of *Eine Kleine Nachtmusik* (a little night music) does this again. But the slow movements of his piano concertos show it best.

Mozart is not my pantheon, even so. He is moderation in excess. I like the game the others all play. I like a sense of the first person singular. The five in my pantheon also take us through the stars. But they take us closer. We feel the heat because they do. Listen to Bach's *chaconne* for solo violin, or *passacaglia and fugue* for organ. Listen to the *heilige dankgesang* (holy song of thanksgiving) from Beethoven's



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quartet opus 132. Listen to the slow movement of Schubert's two-cello quintet opus 163. Listen to Wagner's *liebestod* (love death) from *Tristan*, or Mahler's adagietto from his fifth symphony. This music plays for keeps.

The polar opposite to Mozart would be Verdi. Like Mozart, he is not in my pantheon but close. For Verdi, no passion is too much. He is the master of contrast. He shakes our emotions back and forth as a dog shakes a rat. Lull and storm are each given enough time to pack the most punch in the other. He wants only opposites and extremes. What would the fastidious Franz Joseph have thought? He would have called the guard.

Somewhere between Apollo and Dionysus, between relativism and frenzy, lies the true path. The five in my pantheon have found it.

I seldom call myself a poet, since that's already a tad vainglorious. For better or verse, I'm a Jack of that trade too. The true poets in my pantheon begin with Keats and Masefield. I haven't found a clear choice for third. There are awesome things in Milton, Blake, Coleridge, Tennyson, Emily, Houseman, Robinson, Dowson, Yeats and others.

Shakespeare, like Mozart, doesn't figure in the center of the picture. I take him as the greatest mind and soul yet known, the greatest playwright, the greatest writer in general, and all of these because he taps to the bottom of what poetry can be. "Who is this whose grief/ Conjures the wandering stars, and makes them stand/ Like wonder-wounded hearers? It is I, /Hamlet the Dane". Holy mackerel! But these are touches in his plays. Poetry, in his time, meant something too coiffed and pretty and mannered for my taste. You can take Venus and Adonis, the Rape of Lucrece, and the sonnets. That includes the petulant dark lady sonnets, which break the model of preciousness but find nothing better. Shakespeare simply came along too early. I credit Milton, in "Lycidas", for discovering the true vein a few decades later.



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That leaves economics. Here I really have a one-man pantheon in Sir William Petty. I suppose that I am the only person to have looked at his portrait alongside Isaac Newton's, in the Royal Society which they co-founded, and seen the two as intellectual equals. Mill seems a clear second, thanks to his superb paragraph on growth. The candidates for third seem well behind. Maybe Jevons or John Rae or Leon Walras. Time has not been kind to the teachings of Keynes. I would now rank his teacher Alfred Marshall higher. I like Myrdal's magnificent *ex ante – ex post* distinction. Boehm Bawerk and the Austrian school are underrated. The pantheon might have room for him.

Am I being too tough on later economists? We should not forget Schultz and Ben-Porath. Schultz' greatest achievement, unless Mincer beat him, was in spotlighting human depreciation. That left me to ask where this huge flow goes. The answer becomes inescapable once we focus on the question. It gives the obvious solution to the age-wage problem. Everything in this book is obvious. Some of it, like that solution, is the obvious but unnoticed.

Somebody, sooner or later, breaks the news about the emperor's new clothes. You'd think Don Quixote would be the last to pipe up. No one in the world was more devoted to tradition and beautiful creatures of the mind. But it takes a fool. He was that, and so am I. *Der reine tor*. There have to be a few of us always. We'll get a few windmills before they they get us.



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## APPENDIX A: The Argument in Notation

### Output and Cash Flow

My focus will be on absolute rather than per capita values. The usual custom gives capital letters for the former and lower-case ones for the latter. I will prefer the upper case for stocks and flows, and the lower one for rates. That need not hold true for Greek letters.

The total return truism can be notated

$$Y = \dot{K}_T + F\,, \tag{A1.1}$$

where $Y$ is output, $K_T$ is total capital and F is cash flow. Also

$$F = \tau + C_p \quad \text{and} \quad \tau = \tau_+ - \tau_-\,, \tag{A1.2}$$

where $\tau$ (*tau*) is net transfer, $\tau_+$ is transfer out, $\tau_-$ is transfer in and $C_p$ is pure consumption (exhaust in taste satisfaction). Cash flow is the net of positive less negative components. I define them by

$$F_+ = \tau_+ + C_p\,, \quad F_- = \tau_- \quad \text{and} \quad F = F_+ - F_-\,. \tag{A1.2a}$$

At the collective scale, where transfers cancel internally, these equations combine for

$$Y = \dot{K}_T + C_p \quad \text{and} \quad F = F_+ = C_p\,. \tag{A1.3}$$

Math reminds us continually that "equals" does not necessarily mean "is". (A1.1) and (A1.3), for example, do not mean that output *is* growth plus cash flow or growth plus



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pure consumption. Why? Output in itself means creation of economic value. Mathematically, that could include what I called "output exhaust", meaning value exhausted as soon as created. I ruled that out as "free goods", which happen every day but are neglected in economics as unable to influence behavior either before or after. That's why "equals" cannot mean "is" in (A1.3). And neither does it in (A1.5). Rather both state that output provides cash flow *offset* plus total capital growth.

This distinction helps everywhere in economics. We know for example that transfer out may be drawn either from capital in place or from concurrent output. The source of first kind is decaptialization D. But decaptialization also includes other components than transfer out. In Chapter 3, and again just now, I excluded output exhaust as free goods possible in math but neglected in economics. That makes decapitalization D the only source of pure consumption $C_p$. And not all decapitalization is transfer or exhaust. Some is deadweight loss, defined in (A1.1) as any negative sum of capital growth $\dot{K}_T$ and cash flow F. That can show in

$$D = D_\rho + D_\lambda \quad \text{and} \quad D_\rho = D_\tau + C_p. \tag{A1.4}$$

Here $D_\rho$ is recovered or realized decapitalization, $D_\tau$ is "transfer depreciation" net of plowback into the same asset, and $D_\lambda$ is deadweight loss. $\lambda$ is *lambda*. At the collective scale, where transfers cancel internally, (A1.4) becomes

$$D_\rho = C_p. \tag{A1.4a}$$

The dispositions of transfer out may be reinvestment in other assets of the same owner, or may be gift to donees. Reinvestment can be interfactor as shown in Chapter 5. Transfer out from total capital of any individual, net of internal transfers,



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simplifies to gift. Transfer in gained by the owner's total capital, net of the same internal transfers, is gift received. The math becomes

$$\tau_+ = \gamma_+ , \quad \gamma = \gamma_+ - \gamma_- , \quad F_+ = \gamma_+ + C_p , \quad F_- = \gamma_- \quad \text{and} \quad F = \gamma + C_p \qquad \text{(A1.5)}$$

at the scale of each individual's total capital as a whole. Here $\gamma$ (*gamma*) is net gift, $\gamma_+$ is gift and $\gamma_-$ is gift received.

Divide (A1.1) by $K_T$ to find

$$\frac{Y}{K_T} = \frac{\dot{K}_T}{K_T} + \frac{F}{K_T} \ . \qquad \text{(A1.6)}$$

Define these three terms as productivity or rate of return r, total capital growth rate g and cash flow rate f. Then (A1.6) can be reexpressed as

$$r = g + f \ . \qquad \text{(A1.6a)}$$

(A1.3) combines with (A1.6) to show

$$\frac{Y}{K_T} = \frac{\dot{K}_T}{K_T} + \frac{C_p}{K_T} \ , \quad \text{at the collective scale.} \qquad \text{(A1.7)}$$

Define "pure consumption rate" $c_p$ as $C_p / K_T$, and substitute to show

$$r = g + c_p \ , \quad \text{at the collective scale.} \qquad \text{(A1.7a)}$$



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(A1.1), (A1.6), (A1.7) and (A1.8) are alternative statements of the total return truism.

In general, define $g(Q)=\dot{Q}/Q$ for any variable Q. Note again that g in this book means growth rate of capital $g(K_T)$ rather than output. g in macro tradition usually means growth of output $g(Y)$. Total capital $K_T$ is the sum of human capital H and physical capital K. Their outputs respectively are work W and (net) profit P. Their counterparts to (A1.1) and (A1.6a) are

$$W=\dot{H}+F(H)\ ,\quad r(H)=g(H)+f(H)\ ,\quad P=\dot{K}+F(K)\quad \text{and}\quad r(K)=g(K)+f(K)\ ,\quad (A1.8)$$

where F(H), f(H), F(K) and f(K) are respectively "human cash flow", "human cash flow rate", "physical cash flow" and "physical cash flow rate".

**Present Value and Present Cost**

If there were no such thing as time preference, present and future value would be the same. All economists known to me concede that we prefer present goods to future ones, although some like Joseph Schumpter have seen no good reason why. I suggest a reason in next generation theory.

Present value theory, understood in essence by the Sumerians, considers what we now call future positive cash flows which are expected to be generated from external investments (transfer in, negative cash flow) made now or earlier. At the differential (infinitesimal) scale, we can write the associated future value as

$$dFV(z)=F_+(z)dz \qquad (2.1)$$

at future moment z. The basic idea of present value PV is



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$$dPV(x) = F_+(z)e^{-q(z-x)}dz\,, \tag{2.2}$$

where q is the appropriate time discount rate.

Note the implication

$$F_+(z)dz = dPV(x)e^{q(z-x)}, \tag{2.3}$$

showing that $q$ is the growth rate that raises the value of $dPV(x)$ to $F_+(z)dz$ over period $z-x$. Since this differential component of asset value defers all positive cash flow until moment $z$, and cannot in itself be affected by later transfers in, q simplifies by (A1.6a) to rate of return. This was Boehm Bawerk's insight, although he was not mathematical, in equating time preference rate to rate of return $r$. Thus (2.2) and (2.3) give

$$dPV(x)dx = F_+(z)e^{-r(z-x)}dz \quad \text{and} \quad F_+(z)dz = dPV(x)e^{r(z-x)}, \tag{A2.4}$$

where $r$ is the appropriate rate of return and time discount rate equivalently.

But what determines appropriate $r$ in these equations? Rate of return varies with risk among different assets at the same time, and varies over time with economic circumstances. Most sources I have seen treat $r$ in (A2.4) as a variable to be integrated over (x, z). I myself long believed the same.

My view now looks to the context. The asset as a whole will typically have received many differential investments before time x, and may receive many after. Each at inception will have been priced by the owner's time preference rate then. But my theme in risk theory is that assets can be traded or modified to the current owner's



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risk tolerance now. She discounts each expected future flow not by her foreseen time preference rate then, but by her time preference rate today. It seems to me that the appropriate discount rate $r$ in (A2.4) is r(x). She will provide for anticipated changes in her time preference rate by factoring costs of trading the asset if tradeable, or modifying it if modifiable, into her evaluations of future value $F_+(z)dz$, and so from present value too. I consequently interpret (A2.4) to mean

$$dPV(x) = F_+(z)e^{-r(x)(z-x)}dz \quad \text{and} \quad F_+(z)dz = dPV(x)e^{r(x)(z-x)}. \tag{A2.5}$$

The value of the whole asset V(x) at time $x$ will be the sum or integral of present values of all foreseen cash flows both negative and positive over (x, $\omega$ ), where $\omega$ (*omega*) is the foreseen end point of flows. $\omega$ may be infinity $\infty$ . Thus

$$V(x) = PV(x) = \int_x^{\omega} F(z)e^{-r(x)(z-x)}dz, \quad x <= z <= \omega . \tag{A2.6}$$

The terms value and total capital are interchangeable, as are their notations V and $K_T$.

Present cost PC(x) evaluates V(x) as the sum or integral of earlier negative cash flows compounded at rate $r$ since moment of investment u, and not yet decapitalized in positive cash flow. The counterpart to (A2.1) becomes

$$dIC(u) = F_-(u)du \quad \text{and} \quad dPC(x) = dV(x) = dPV(x) , \tag{A2.7}$$

where IC is what I call "investment cost". The counterparts to (A2.2) and (A2.3) are

$$dV(x) = F_-(u)e^{q(x-u)}du \quad \text{and} \quad F_-(u)du = dV(x)e^{-q(x-u)} . \tag{A2.8}$$



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q here equals some appropriate $r$ by the same logic as before. Here again, we usually read interpretations of (A2.8) which treat the appropriate $r$ as an integral of time preference or equivalently productivity rates over the interim $(u,x)$. I however see dV(x) as determined by current rate r(x) whether derived by present cost or present value methods. If the original investor remains the current owner, and now finds her time preference rate different, she will have factored asset modification costs into her original decision to bid or invest. If not, she will have traded to someone whose time preference rate is better suited. My counterparts to (A2.1) and (A2.6) become

$$dV(x) = dPC(x) = F_(u)e^{r(x)(x-u)}dx \quad \text{and} \quad F_(u)du = dV(x)e^{-r(x)(x-u)} \qquad \text{(A2.9)}$$

and

$$V(x) = PC(x) = \int_0^x F(u)e^{r(x)(x-u)}du. \qquad \text{(A2.10)}$$

These equations seem the most straightforward reconciliation of the maximand rule, the convergence axioms and the evidence supporting risk theory. They describe individual assets over time, sometimes passing from one owner to another, rather than a given owner's total portfolio. We maximize return within current risk tolerance, recognize that it will change, and deduct present value of expected trading or asset modification costs from future value of flows while adding them to original value. This seems true to life. It allows discounting all expected positive flows over (x, z), and compounding all past negative ones over (0, x), at a single rate r(x) because of those adjustments to value or cost of flows. Tradition treats the flows as fixed givens, and the discount rate as a function of interim time between x and z or between 0 and x.



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My interpretation that the time discount rate/rate of return we naturally apply in evaluating both present cost and present value is our time preference rate now, rather than some retrospective or prospective average, might seem counterintuitive. I propose it, even so, as the "time discount rule".

**Analogy to the Firm**

I follow convention by treating all transfer out as compensated by actual or imputed revenue. The part exhausted in taste satisfaction gets imputed revenue paid by the consumer satisfied. Not all revenue compensates transfer out, as revenue is usually defined as sales proceeds against which prior outside claims must be satisfied first. These are typically for labor and supplies in the case of the firm. Chapter 6 gave the logic in word equations. It begins with

$$\rho - \rho_c = \rho_e \ , \qquad \text{(A3.1)}$$

where $\rho$ is revenue, $\rho_c$ is prior claims and $\rho_e$ is "earned revenue" as a residual. Earned revenue, also called gross realized output, is thus remaining share of overall revenue earned by the firm or other entity that performed the sales, collected the proceeds, and paid the outside claims on them.

What the the firm or other contributor gives up to earn the earned revenue is the sum of its realized output $\mathrm{Y}_\rho$ and its recovered decapitalization $\mathrm{D}_\rho$. Remember from (A1.4) that $\mathrm{D}_\rho$ includes any pure consumption realized by the owner of the source asset, although that could not apply where the owner is taken as a firm. The sum of $\mathrm{Y}_\rho$ and $\mathrm{D}_\rho$ gives its gross realized output. Then

$$Y_\rho \mathrm{gross} = \rho_e = \mathrm{Y}_\rho + \mathrm{D}_\rho \ , \qquad \text{(A3.2)}$$

where $\mathrm{Y}_\rho\mathrm{gross}$ is gross realized output. In Chapter 6, I also called $\mathrm{Y}_\rho\mathrm{gross}$ or $\rho_e$ "gross positive cash flow". All mean the same. I will usually leave out the notation



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$\rho_e$ from now on, and refer to gross realized output $Y_\rho$ gross alone.

Positive cash flow is that less plowback from revenue. This can be notated

$$F_+ = Y_\rho \text{gross} - \rho_{pb} = Y_\rho + D_\rho - \rho_{pb} \ , \tag{A3.3}$$

where $\rho_{pb}$ is plowback. Negative cash flow is transfer in, notated $\tau_-$. Thus

$$F_- = \tau_- \text{ and } F = F_+ - F_- = Y_\rho + D_\rho - \rho_{pb} - \tau_- \ . \tag{A3.4}$$

Cash flow F is the difference

$$F = F_+ - F_- = Y_\rho + D_\rho - \rho_{pl} - \tau_- \ . \tag{A3.5}$$

Gross output is gross realized output plus unrealized (or proprietary or self-invested) output. This can show as

$$Y_{gross} = Y_\rho \text{gross} + Y_s = Y_\rho + D_\rho + Y_s \ . \tag{A3.6}$$

Think of the subscript $s$ as meaning saved or self-invested. As all output is either realized or unrealized, we have

$$Y = Y_s + Y_\rho \ .$$

The terms saved, self-invested, unrealized and proprietary will be taken as interchangeable.



HOUSE_OVERSIGHT_011135

(A3.6) combines with (A1.4) and (A1.5) to arrive at

$$\gamma_{+} = \mathrm{F}_{+} = \mathrm{Y}_{\rho}\mathrm{gross} - \rho_{\mathrm{pl}} \tag{A3.7}$$

at the scale of the total capital of the individual or any set of individuals. This fact will prove helpful in adjusting the Ben-Porath model and in next generation theory.

It should be borne in mind that transfer out and transfer in are both implicitly defined as net of plowback in the first place. Thus it would be wrong to suppose that negative cash flow is transfer in less plowback from revenue. That mistake would deduct plowback twice.

**The Growth Truism**

Growth of any asset of either factor is capitalization from outside plus capitalization from inside less decapitalization. This difference can also be called net capitalization. Capitalization from outside is simply transfer in $\tau_{-}$ . What are the other two?

Our first intuition would be that capitalization from inside is identical to unrealized output. Here we must be careful. Output is negative wherever the sum of growth (net capitalization) and cash flow falls below zero. This "deadweight loss" is implicitly uncovered decapitalization, meaning not recovered in cash flow. To subtract all including unrecovered decapitalization from the sum of transfer in and unrealized output would therefore subtract the unrecovered part twice.

To make this clear, define positive and negative output by

$$\mathrm{Y}(>0) = \max(\mathrm{Y},0) \quad \text{and} \quad Y(<0) = \max(-\mathrm{Y},0) = \lambda \ ,$$



HOUSE_OVERSIGHT_011136

where $\lambda$ (*lambda)* is deadweight loss. Meanwhile negative output belongs in the unrealized component of output $Y_s$ as with all effects on net capitalization not explained by transfer in or plowback from revenue. It is the random negative component in free growth. Then define positive and negative output and realized output more fully by

$$Y_s(>0) = \max(Y_s, 0), \quad Y_s(<0) = \max(-Y_s, 0) = \lambda, \quad Y_s = Y_s(>0) - \lambda, \tag{A4.1}$$

and

$$Y(>0) = \max(Y, 0), \quad Y(<0) = \max(-Y, 0) = \lambda \quad \text{and} \quad Y = Y(>0) - \lambda\ . \tag{A4.2}$$

There is also indirect capitalization from inside in the form of plowback from revenue. The growth truism sums these inflows less outflows as

$$\dot{K}_T = \tau_- + Y_s(>0) + \rho_{pl} - D = \tau_- + Y_s + \rho_{pl} - D_\rho\ , \tag{A4.3}$$

recalling that $D_\rho$ shows recovered (realized) decapitalization.

At the scale of the total capital of any individual or set of them, (A1.5) and (A4.3) give

$$\dot{K}_T = \gamma_- + Y_s + \rho_{pl} - C_p\ . \tag{A4.4}$$

**Human Cash Flow**

Although I can't recall seeing the term "human cash flow" in any papers or textbooks of others, tradition defines the flow discounted to human capital as pay less Schultz' "pure investment". The flow so discounted is implicitly cash flow. I rename pure investment "invested consumption," and write the traditional view as



HOUSE_OVERSIGHT_011137

$$F_H = \pi - C_s \ , \qquad \text{(A5.1)}$$

where $F_H$ is human cash flow, $\pi$ (*pi*) is pay, and $C_s$ is invested consumption. The subscript s, as usual, means saved or self-invested.

Pay $\pi$ can be defined as the worker's literal or imputed revenue. Self-invested consumption $C_s$ can be defined as any investment in human capital other than through self-invested work. This makes $C_s$ all investment from outside in a sense. But that does not mean that it is limited to transfer in. There is also plowback from revenue (pay $\pi$ ), as when we spend pay on textbooks or tuition. I model "pay plowback" $\pi_{pl}$ as minor in the world we know, but definitions must account for it. This I define

$$C_s = \tau(H)_ + \pi_{pl} \quad \text{or} \quad t(H)_ = C_s - \pi_{pl} \ , \qquad \text{(A5.2)}$$

where $\tau(H)_$ is "human transfer in". This and (A1.2a), showing $F_ = \tau_$ , give

$$F(H)_ = \tau(H)_ = C_s - \pi_{pl} \ . \qquad \text{(A5.3)}$$

(A3.1) and (A3.2), analyzing the firm, derived

$$\rho - \rho_c = Y_\rho \text{gross} = Y_\rho + D_\rho \ .$$

For human capital, this can show as

$$\pi - \pi_c = W_\rho \text{gross} = W_\rho + D(H)_\rho \ , \qquad \text{(A5.4)}$$



HOUSE_OVERSIGHT_011138

reading "pay less prior claims on pay equals earned pay equals gross realized work equals realized work plus realized (recovered) human depreciation".

Prior claims means outflow (transfer out), from sources other than the direct receiver of revenue, which are recovered in it and owed back to them. Maintenance consumption can be defined as any transfer out from any asset of either factor, outside the human capital of the earner, which supports pay in the sense that any less maintenance consumption would have realized less pay. This meets every criterion of prior claims but one. Maintenance consumption is the prior claims meant by $\pi_c$ in (A5.5) if and only if it is actually recovered in pay or so intended.

I gave my arguments that it is neither, but is rather exhausted in satisfying our taste for survival, in Chapter 6 and elsewhere. If I am right, (A5.4) gives

$$\pi_c = 0 \quad \text{and} \quad \pi = W_\rho + D(H)_\rho = W_\rho \text{gross} \ , \tag{A5.5}$$

so that pay would measure and compensate gross realized work. This is the pay rule.

By (A3.3), positive cash flow is gross realized output less plowback from revenue. That comes to

$$F(H)_+ = W_\rho \text{gross} - \pi_{pl} = \pi - \pi_{pl} \ . \tag{A5.6}$$

Now we have

$$F(H) = F(H)_+ - F(H)_- = \pi - \pi_{pl} - (C_s - \pi_{pl}) = \pi - \pi_{pl} - C_s + \pi_{pl} = \pi - C_s \ , \tag{A5.7}$$



HOUSE_OVERSIGHT_011139

as the application of (A3.5) to human capital. This confirms the traditional view (A5.1) if (A5.5) is right in interpreting prior claims on pay as zero.

If I was wrong there, and Quesnay and the physiocrats were right, some maintenance consumption would be recovered in revenue of its suppliers. Then I should have written something like $C = C_s + C_\tau + C_p$ , where "transfer consumption" $C_\tau$ was the value recovered by suppliers. This mathematical possibility, which I do not claim to have disproved, explains why I do not claim that the pay rule is logical certainty as a whole. I claim certitude only for its most surprising feature: human depreciation is expected to be recovered in pay. The rest follows only if (A5.5) is right as I think it is. Meanwhile (A5.5) also gives

$$C = C_s + C_p \ , \tag{A5.8}$$

where C is consumption.

Saved work $W_s$ means the self-invested output of human capital. It includes the subliminal and effortless work of job experience as well as the effort and opportunity cost of literal schooling, and also includes any free growth of human capital. Then

$$W = W_s + W_\rho . \tag{A5.9}$$

The growth truism (A4.3) for human capital becomes

$$\dot{H} = C_s + W_s(>0) - D(H) = C_s + W_s - D(H)_\rho . \tag{A5.10}$$

**Human Capital as Present Value**

Note



HOUSE_OVERSIGHT_011140

$$g(F[H]) = g(\pi - C_s) = \frac{1}{\pi - C_s}\frac{d}{dt}(\pi - C_s) = \frac{\dot{\pi} - \dot{C}_s}{\pi - C_s}, \tag{A6.1}$$

and also

$$f(H) = \frac{F(H)}{H} = \frac{\pi - C_s}{H} = \frac{\pi}{H} - \frac{C_s}{H}. \tag{A6.2}$$

Pay $\pi$, literal and imputed, is the measure of gross realized work if I am right in (A5.5). I take this as meaning all adult productive activity not self-invested. Then the ratios $\pi/H$ and $C_s/H$, the ratio of invested consumption to human capital, might both be intuited as biological norms, like the generation length, which tend to hold steady over time. Meanwhile the definition $f = F/K_T$ in (A1.6) and (A1.6a) is applied to human capital as

$$H = \frac{F(H)}{f(H)} = \frac{\pi - C_s}{f(H)}. \tag{A6.3}$$

What we want is to quantify f(H) in order to reveal H from measured or modeled $\pi - C_s$. Next generation theory measures cash flow rate of total capital, which simplifies to the pure consumption rate, at 3.5% a year as a reciprocal of the generation length. I argued that the risk component in rate of return is captured in cash flow rate, rather than growth rate, that return at any given moment varies only with risk, and that human capital as a whole should prove the riskier and higher-return factor. Then f(H) should prove generally higher than 3.5% per year.

That could give the key to quantifying collective human capital through (A6.3). I will not attempt that step here. A reason is that national accounts reflect pay mixed with



HOUSE_OVERSIGHT_011141

profit when reporting income of proprietorships. I would rather trust an expert in national accounts to tease them apart, and to judge whatever pay should be imputed to people in the household sector not literally employed.

**The Level Payment Mortgage**

(A2.5) gives

$$V(x) = F\int_0^{\omega} F(z)e^{-r(x)(z-x)}\,dz\ . \tag{A7.1}$$

Consider the level payment mortgage. F(z) is the constant level payment while r(x) is the constant interest rate Here (A2.5) simplifies to

$$V(x) = F\int_x^{\omega} e^{-r(z-x)}\,dz = Fe^{rx}\int_x^{\omega} e^{-rz}\,dz = \frac{F}{r}\left[1 - e^{-r(\omega-x)}\right]\ . \tag{A7.2}$$

As there is no self-invested output, and no negative cash flow after initial investment at time 0, decapitilization (amortization) simplifies to $-\dot{V}(x)$. Thus

$$D(x) = -V'(x) = -\frac{d}{dx}\frac{F}{r}\left[1 - e^{-r\omega}e^{rx}\right] = \frac{F}{r}e^{-r\omega}\frac{d}{dx}e^{rx} = \frac{F}{e^{r\omega}}e^{rx}\ , \tag{A7.3}$$

confirming that amortization increases exponentially over the term of the mortgage.

**Depreciation Theory**

Depreciation can be defined as decapitalization which is a function of time since capitalization alone. When assets change hands, depreciation continues unchanged. Depletion and liquidation in sale, by contrast, are options available at any asset age. Amortization can be given the same definition as depreciation, but is customarily



HOUSE_OVERSIGHT_011142

applied to paper rights such as the mortgage rather than to physical or human capital itself.

Depreciation of those assets is not as simple as with the mortgage. Cash flow $F$ and discount rate $r$ are typically variables rather than constants. Depreciation theory avoids that complexity, much as accountants do, by treating each successive investment in an asset as if it were a separate asset depreciating in itself.

(A2.5) through (A2.10) gave present value at time x of a differential foreseen positive cash flow at future time z as

$$dPV(x) = F_{+}(z)e^{-r(x)(z-x)}dz\,, \qquad \text{(A8.1)}$$

where the differential present value arose from a earlier or concurrent negative cash flow invested at time $u <= x$ . It was shown that all of asset value $PV(x)$ at any time $x$ can be explained as a sum or integral of such differential increments evolving with time alone from investment to eventual realization.

Meanwhile all output within the differential increment of dPV is self invested. Growth $dPV$ can be understood either as this self-invested output or equivalently the shortening discount period, as each means growth at rate $r$. At interim moment $t$ it is

$$dPV'(t) = r(x)dPV(t) = F(z)e^{-r(x)(z-t)}dt = \frac{r(x)F(e)}{e^{r(x)z}}e^{r(x)t}\,, \qquad x <= t < z\,. \qquad \text{(A8.2)}$$

Thus present value rises exponentially as long as the moment of cash flow is deferred.



HOUSE_OVERSIGHT_011143

At moment z, self-invested output ends and all change in value is explained by depreciation alone. It equals the entire accumulated value of dPV at final moment z. That is,

$$D(z)dz = -dPV'(z)dz = dPV(z) = dPV(x)e^{r(x)(z-x)}. \qquad \text{(A8.3)}$$

The following table shows some illustrations:

**Depreciation Factor $e^{r(x)(z-x)}$ if $z-x$ is 50 Years**

| Interim $z-x$ (years): | 0 | 10 | 20 | 30 | 40 | 50 |
|---|---|---|---|---|---|---|
| Factor if $r(x) = .035$: | .174 | .247 | .350 | .497 | .705 | 1 |
| Factor if $r(x) = .065$: | .039 | .074 | .142 | .273 | .522 | 1 |

This exactly reverses the analysis applied in national accounts, which models the factor as decreasing rather than rising exponentially.

It should be stressed that these equations and this table describe each successive differential increment of outside investment (transfer in), not assets overall or groups of them. If transfer in were constant and continuous in an asset or group, other things equal, overall depreciation would show as linear.

**Free Growth Theory**

By the total return truism (A1.6a), showing r = g + f, we derive

$$g = r - f, \qquad dg = dr - df, \qquad \text{and} \qquad \Delta g = \Delta r - \Delta f. \qquad \text{(A9.1)}$$

$dg$ or $\Delta g$ is "acceleration", $dr$ or $\Delta r$ is "productivity gain" or "free growth rate" and $-df$ or $-\Delta f$ is "thrift gain". Divide by acceleration to reach



HOUSE_OVERSIGHT_011144

$$\frac{dr}{dg}-\frac{df}{dg}=\frac{drdt}{dtdg}-\frac{dfdt}{dtdg}=\frac{\dot{r}}{\dot{g}}-\frac{\dot{f}}{\dot{g}}=1 \quad \text{and} \quad \frac{\Delta r}{\Delta g}-\frac{\Delta f}{\Delta g}=1. \tag{A9.2}$$

$drK_T$ or $\Delta rK_T$ give free growth as a flow, while $-dfK_T$ or $-\Delta dfK_T$ give the flow of thrift.

Define the "productivity index" or "free growth index" $\varphi$ (*phi*) as $\dot{r}/\dot{g}$ or $\Delta r/\Delta g$, and the "thrift index" $\theta$ (*theta*) as $-\dot{f}/\dot{g}$ or $-\Delta f/\Delta g$. (A9.2) can then be put as

$$\varphi+\theta=1\ , \tag{A9.2a}$$

in either the continuous time or discrete period sense.

Free growth theory is the prediction that $\varphi$ at the collective scale will average unity (the number one), implying that $\theta$ averages zero, when $\varphi$ or $\theta$ is measured for each year or for shorter periods if practical. Thrift theory makes the opposite prediction $\theta \to 1$ and $\varphi \to 0$. The point is to compare simultaneous changes in acceleration and thrift, and then find the long-term average of these simultaneous observations, rather than compare long-term changes in the first place. If free growth is right, they will prove uncorrelated. That is exactly what the charts and tables show whenever data are available. Acceleration is as likely to coincide with unthrift, meaning increase in consumption rate C/K, as with thrift.

Division of (A9.1) by acceleration was not essential to the logic. It added the convenience of index numbers totaling unity.

The test should be as fine-grained as practical. If the Piketty-Zucman website showed quarterly or monthly data revealing any two of $r$, $f$ and $g$, I would have averaged the largest number of shortest periods. What I try to compare is *ex ante*



HOUSE_OVERSIGHT_011145

acceleration, measured as thrift $-\Delta c$, and *ex post* acceleration $\Delta g$ at the same moment. Otherwise we don't have the clearest test between free growth and thrift theories. Both agree that consumption can keep pace with output and capital over time. Free growth theory asserts that they keep pace continuously.

Correlations tell the same story. Tables show that coefficients between $r$ and $g$ run about 1, as with the free growth index, while correlations between $f$ and $g$ run about zero.

I do not claim that anyone but Mill and I has actually proposed free growth theory, nor that anyone at all has proposed thrift theory as here defined. It is my impression, not assertion, that modern consensus fits thrift theory given Harrod's qualifier that attempted (*ex ante*) net saving (thrift) must not exceed the technological growth rate (warranted growth path). My impression is that Solow and modern tradition agree, but blunt Harrod's knife edge. Free growth theory counters that the same growth arrives costlessly when *ex ante* net saving/investment is held at zero. Nor do I claim that data shown in my charts and tables prove free growth theory. Rather they demonstrate that all growth has proved free wherever measured to date.

**Saving/Investment**

Unlike Lord Keynes and modern tradition, I define saving and investment as synonymous from the start. I don't strictly need either term. My "transfer in", "unrealized output" and "plowback" arrive at the same thing. But I know I must do my best to write in a language already understood. I will usually say "investment" to mean saving/investment, and will use Keynes' notation $I$ for both.

Keynes did not explicitly recognize human capital, although he very probably understood it. He treated investment in physical capital only. I notate this $I(K)$. I also treat investment in total capital, to be notated $I(K_T)$. Each, as in Keynes, sums depreciation recovery and "net investment". The latter, in my treatment, is



HOUSE_OVERSIGHT_011146

considered in both *ex ante* and *ex post* versions. The subscripts xa and xp will show which.

*Ex ante* net investment can be notated $I(K_T)_{xa}$ and defined as identical to thrift flow $-df(K_T)$ or $-\Delta f(K_T)$. Its rate is the same as thrift rate $-df$ or $-\Delta f$. *Ex post* net investment is actual growth $\dot{K}_T$ or $\Delta K_T / \Delta t$ as a flow, and $\dot{g}$ or $\Delta K_T / (K_T \Delta t)$ as a rate. Free growth theory, supported by data wherever tested, predicts that thrift or *ex ante* net investment at the collective scale sacrifices cash flow (pure consumption) with no growth to compensate. My interpretation is that the optimum collective *ex ante* net investment rate is zero, or equivalently that optimum investment is current cost depreciation plowback from both factors. Then optimum *ex ante* net investment becomes

$$I(K_T)_{xa}, \text{optimum} = 0, \quad \text{at the collective scale.} \tag{A9.3}$$

(Net) output Y at that scale is total capital growth (net investment of both factors) plus pure consumption. Here too we can distinguish *ex ante* output as pure consumption plus *ex ante* investment, while *ex post* output is pure consumption plus *ex post* net investment. (9.3) gives

$$Y_{xa} \text{optimum} = C_p, \quad \text{at the collective scale,} \tag{A9.4}$$

where $Y_{xa}$ is *ex ante* output.

Since (gross) investment equals net investment plus makeup for decaptalization, while decapitalization equals pure consumption $C_p$ collectively by (A1.4a), we can show $I(K_T)_{xa} \text{optimum} = C_p$ as an alternate statement of (A9.4).



HOUSE_OVERSIGHT_011147

Summarizing,

$$I(K_T)_{xa}\,\text{optimum} = Y_{xa}\,\text{optimum} = C_p\ , \quad \text{at the collective scale,} \tag{A9.5}$$

if free growth theory is correct.

*Ex ante* investment and output mean at cost. They are what we pay for. The practical importance of (A9.5) is as a guide to macroeconomic policy. It says that we cannot grow collectively by attempting to produce more than we consume. We do best by paying to produce just as much, and taking free growth as it comes.

(A9.5) does not say that we cannot influence the growth tides. It says that we cannot do so by thrift. It seems to be me that growth theory lies somewhere in the province of historicism and institutionalism rather than in the mechanics of supply and demand. Judging from history, old and new, growth seems to find traction in free markets where laws and customs welcome it. These are institutions shaped by history.

Free growth theory and its equations predict at the collective scale only. Clearly the Practical Pig can save out of the dissaving of his feckless brothers, while the individual life cycle is largely a story of each generation giving to the next.

**Adjusting the Ben-Porath Model**

Human capital begins at zero value at cohort age 0. Invested consumption $C_s$ starts now, and is immediately compounded by self-invested work of the young. This means all work before pay begins at age of adulthood and independence A. As human depreciation is expected to be recovered in pay, that flow too is put off until age A. Then cohort present cost at any earlier age $x$, as defined in (A2.10), is

$$H(x) = \int_0^x C_s(z)e^{r(x)(x-z)}dz\ , \quad \text{if} \quad x <= A\ . \tag{A10.1}$$



HOUSE_OVERSIGHT_011148

I argued that outside investment in human young, including the unpaid work of parenting, might not be far from constant. School costs rise as parenting costs decline. (A10.1) in that case gives

$$H(x) = \frac{C_s}{r(x)}\left(e^{r(x)x} - 1\right), \quad \text{if } x <= A. \tag{A10.2}$$

At maturity (A10.1) becomes

$$H(A) = \int_0^A C_s(z) e^{r(A)(A-z)} dz. \tag{A10.3}$$

H in adulthood is easiest to model at present value rather than present cost. Human cash flow is pay $\pi$ less $C_s$. Discounted cash flow becomes

$$H(x) = \int_x^{\omega} (\pi - C_s)(z) e^{r(x)(z-x)} dz, \quad \text{if} \quad x >= A, \tag{A10.4}$$

where r(z) now is best understood as time preference rate. This is identical to expected rate of return, as shown in the diamond ring parable. Note that there is no explicit adjustment for asset risk. I argue that human capital is not inherently riskier than physical capital, but rather adapts to the risk tolerance of its owner. It is riskier collectively because owned disproportionately by the risk-tolerant young. I treat risk profile as a function of the owner's age, gender and wealth. (A10.4) describes cohort value, and so neglects individual differences in gender and wealth as already captured in the characteristics of the cohort.

I model $C_s$ as negligible in adulthood because I see so little of it. That would reduce adult human cash flow to pay alone, and so simplify (A10.4) to



HOUSE_OVERSIGHT_011149

$$H(x) = \int_x^{\omega} \pi(z) e^{-r(x)(z-x)} dz, \quad \text{if} \quad C_s = 0 \quad \text{and} \quad x \geq A. \qquad \text{(A10.5)}$$

Now let's add some detail and bring in physical capital. Like most, I model inheritance as zero and physical capital acquisition as beginning after age of independence A. That can be modeled as age 20. As human depreciation begins then at zero, if depreciation theory is right, gross realized work (pay) simplifies at first to realized work. This takes up all the new worker's time and attention, yet simultaneously enables subliminal self-invested work in job experience.

It seems reasonable to model pay at job entry as equal to the new worker's maintenance consumption, on the reasoning that independence means reaching the ability to earn it. Thus nothing is left for investment in physical capital at first. But the quick buildup of job experience soon means pay left for investment. As I model no pay plowback, that means physical capital acquisition.

Human depreciation rises slowly while the self-invested work of job experience diminishes, so that overall growth in human capital peaks and then declines. Physical capital owned does the same as we acquire it and then spend it on the young. Young arrive, on average, as a cohort reaches age 28.5 (my estimate of the generation length). The cohort of adults begins divesting its capital of both factors in nurture and schooling received by the young as invested consumption.

The young reach independence on average when the adult cohort reaches age 57 (2 x 28.5). Some young will have been born after parental age 28.5, and will continue to receive parental investment over the eight years remaining between age 57 and retirement modeled at age 65. But my model cannot account confidently for this eight year gap on the whole, or for the retirement period following, which runs twice as long. My hypothesis is that retirees are effectively employees hired by productives to help take care of the kids, while the eight-year gap might show a human capital reserve against nasty surprises.



HOUSE_OVERSIGHT_011150

Retirement can be defined in principle as the period when our pay, literal or imputed, no longer covers our maintenance consumption needs. Human capital continues, even so, as long as we earn any imputed pay for helping take care of ourselves and others. Maintenance is not investment $C_s$ , and is not deducted in finding our cash flow and its present value.

(A4.4) showed the growth truism for total capital of any individual as

$$\dot{K}_T = \gamma_- + Y_s + \rho_{pl} - D_\rho \ ,$$

recalling that $\gamma_-$ is gift received, $Y_s$ is self-invested (unrealized) output of both factors, $\rho_{pl}$ is plowback from realized output, and $D_\rho$ is recovered decapitalization. For the young under age A, I model $K_T$ as H alone, $\gamma_-$ as invested consumption provided by adults, $Y_s$gross as self-invested work, which I model as all work, and $D_\rho$ as zero. Thus (A4.4) is interpreted as

$$\dot{K}_T = \dot{H} = C_s + W_s = C_s + W = C_s + rH \ , \quad \text{if age} \ <= A \ , \qquad \text{(A10.5)}$$

leading directly to (A10.1)

For adults I model gift received $\gamma_-$ as zero. As physical capital acquisition is modeled as beginning at independence (age A), $Y_s$ now becomes self-invested output for both factors. Let this show as $P_s$ for physical capital. $\rho_{pl}$ means pay plowback $\pi_{pl}$ plus plowback from revenue of physical capital, as with the firm. That can show as $\rho(K)_{pl}$ . But I model $\pi_{pl}$ as zero because I see so little of it. Rather I allow reinvestment of pay



HOUSE_OVERSIGHT_011151

into physical capital holdings. That can be notated $\pi_\tau$ . I don't allow transfer from physical to human capital in adults, which would mean invested consumption $C_s$ afforded from property cash flow, because I see so little adult $C_s$ (adult education) on which to spend it. That's why I model $\pi_{pl}$ as zero. Meanwhile realized decapitalizaiton is decomposed into its human and physical components $D(H)_\rho$ and $D(K)_\rho$ . This adapts (A4.4) to

$$\dot{K}_T = \dot{H} + \dot{K} = W_s + P_s + \rho(K)_{pl} + \pi_\tau - D(H)_\rho - D(K)_\rho \ , \quad \text{if age} >= A \ , \qquad \text{(A10.6)}$$

and specifically

$$\dot{H} = W_s - D(H)_\rho \quad \text{and} \quad \dot{K} = \pi_\tau + P_s + \rho(K)_{pl} - D(K)_\rho , \quad \text{if age} >= A \ .$$

(A10.7)

**Next Generation Theory**

The period of production, as defined by Jevons and Boehm Bawerk, gave the reciprocal of rate of production (rate of return $Y/K_T$) if growth were zero. Output Y equals growth plus cash flow. Then Jevons and Boehm Bawerk really meant the period needed for output to make up for losses to cash flow. I call this the "cash flow period" $T_F$ , equal to the reciprocal of cash flow rate f. That is,

$$T_F = \frac{1}{f} \ . \qquad \text{(A11.1)}$$

Both modeled at the collective scale, where cash flow under the Y = I + C equation both would have accepted simplifies to consumption C. Adjustment to the Y rule corrects this to pure consumption $C_p$ . That would specify (A11.1) as



HOUSE_OVERSIGHT_011152

$$T_F = \frac{1}{C_p}, \quad \text{at the collective scale.} \tag{A11.1a}$$

recalling that $c_p$ is pure consumption rate $C_p / K_T$.

Rae, Jevons and Boehm Bawerk all got nowhere because they modeled physical capital only. Jevons, in particular, saw the productive cycle as the wage fund reproducing itself as it was used up in consumption per (A11.1). He was close. (A11.1a) models it as total capital reproducing itself as it is used up in pure consumption. My next generation theory, really Petty's, posits the generation length as the deadline for transmitting all fitness (total capital) from each generation to the next.

The generation length in R.A. Fisher's sense is average age difference between both parents and all offspring from first births to last weighted equally. It is a flexible biological norm. It was probably well over 30 years before 1900 or so, when high infant mortality compelled longer breeding to ensure that two would survive to breed again. Contraception, known since Roman times, was then less practiced. It seems to run a little under 30 years today in industrial countries. I model it at 28.5 years. That gives

$$T_F = 28.5 \text{ years} \quad \text{and} \quad c_p = \frac{1}{T_F} = .035 / \text{year} . \tag{A11.2}$$

(A9.5), inferred from free growth theory, already gives

$$I(K_T)_{xa}\text{optimum} = Y_{xa}\text{optimum} = c_p , \quad \text{at the collective scale.}$$

This shows that the output we actually control, meaning *ex ante* output, is optimized at just enough to make up losses to pure consumption. Next generation theory specifies that the loss and make-up period equals the generation length.



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Under the simplifying assumptions of the life cycle model adapted from Ben-Porath, we would meet that deadline by directing all adult gross realized output less property plowback $\rho(K)_{pl}$ to gift to the immediate generation of young received as their invested consumption. The young would add their part by compounding that outside investment into their human capital at the rate of their entire *ex ante* output. This would prove the most straightforward strategy to exhaust and replace all total capital by the deadline exactly. This is just as in my adjusted Ben-Porath model with the addition of the specified deadline.

Here as there, I describe adults collectively and the young collectively. I will not attempt to model effects of kin selection in individual investment choices. But I have intended to lay a groundwork. Investment, in Hamilton's sense, translates to gift $\gamma_+$ in economic terms. It is a flow of total capital (fitness) from donor to donee. At the individual scale, as well as for the group scale, it equals gross realized output less plowback. Gross realized output tends to be a continuous flow, as we see in pay, rather than one easily sped up or slowed down. This gives an idea of the time constraints I mentioned in critiquing Hamilton's rule.



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# Evolution and Human Choice over Time

Alan R. Rogers*†

1997

## 1 The connection between evolution and economics

In economics, equilibria are often found by equating two versions of the *marginal rate of substitution* (MRS). For example, my MRS in preferences (the ratio at which I am "just willing" to exchange two goods) should equal the MRS in exchange (the ratio at which I can exchange them in the market). Otherwise, I would have reason to sell one good and buy the other. At equilibrium (as shown in figure 1) these two versions of the MRS must be equal.

This analysis is also familiar to evolutionary ecologists, as shown in figure 2. There, the indifference curves are replaced by *fitness isograms*, which connect points of equal Darwinian fitness.[1] In place of a budget constraint, ecologists study a variety of other constraints. The principle, however, is the same: equilibrium occurs at the point where the two curves have equal slope.

These two forms of analysis are connected by something deeper than analogy. They are connected by a third equilibrium principle, which was first described by Hansson and Stuart [12]. These authors define the *MRS in fitness* as the ratio at which two goods can be exchanged without affecting Darwinian fitness. Thus, the MRS in fitness measures the absolute slope of the dotted lines in figure 2. The new equilibrium principle asserts that, at evolutionary equilibrium, the MRS in fitness must equal that in preferences. A simple proof of this principle is shown in figure 3.

The new equilibrium principle adds an additional equation to the arsenal of economics. The MRS in preferences must now equal that in fitness as well as those in exchange and production. If the hypothesis of evolutionary equilibrium turns out to be useful, then this should allow a more powerful theory of economics.

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[1]In models with discrete generations, Darwinian fitness is the conditionally expected number of an individual's offspring, given its genotype. In models with overlapping generations, fitness is measured by R. A. Fisher's [8] "Malthusian parameter," which measures the asymptotic rate of exponential increase in the numbers of one's descendants [2].



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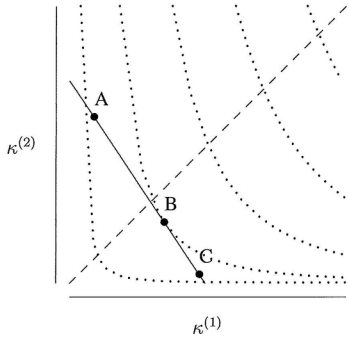


Figure 1: The Indifference Diagram of Economics
An individual consumes a quantity $\kappa^{(1)}$ of good 1, and $\kappa^{(2)}$ of good 2. The dotted *indifference curves* connect consumption bundles to which he is indifferent. By buying or selling, the consumer moves left or right along the solid *budget line*. Utility is maximized at the point where the two lines have equal slope, or in other words, at the point where $MRS_P = MRS_E$.

# 2 Application to time preference

Suppose that, in figure 1, good 1 refers to food that is consumed today, and good 2 to food that is consumed $\tau$ time units later. With this interpretation, the figure describes preferences regarding different paths of consumption over time, or in other words, *time preference*. In a recent paper [15], I developed an evolutionary theory of time preference using the methods outlined above. That paper simplified the problem by assuming that changes in consumption affect fitness solely via their effect on survival. Here, I extend that analysis to incorporate effects on fertility as well.

The analysis proceeds by deriving an expression for the MRS in fitness, and setting this equal to well-known expressions for the MRS in preferences and in exchange. I begin with a series of definitions.

## 2.1 Definitions

The MRS in preferences between immediate and delayed consumption is defined by

$$MRS_P \equiv -\left.\frac{d\kappa^{(2)}}{d\kappa^{(1)}}\right|_{U \text{ constant}}$$

where the derivative is taken along a line of constant utility $U$, i.e. an indifference curve. The MRS in preferences is often measured by $\theta$, the *marginal rate of time preference* (MRTP), which defined

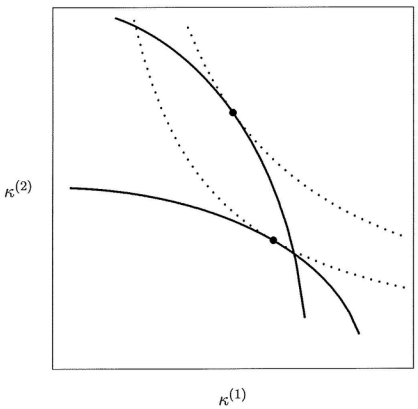


Figure 2: Constrained Optimization in Evolution

Darwinian fitness increases with increasing values of characters $\kappa^{(1)}$ and $\kappa^{(2)}$, and the dotted *fitness isograms* connect points of equal fitness. The two solid *constraint lines* illustrate two different hypotheses about which combinations of $\kappa^{(1)}$ and $\kappa^{(2)}$ are feasible. For any assumed constraint, the evolutionary problem is to choose the point on the constraint line that maximizes fitness. This constrained optimum occurs where the constraint line and fitness isogram have equal slope, i.e. where $MRS_C = MRS_F$.

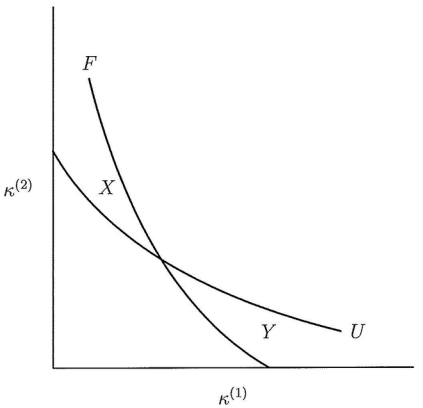


Figure 3: Why the MRS in fitness equals that in preferences at evolutionary equilibrium
Fitness and utility each depend on consumption of commodities $\kappa^{(1)}$ and $\kappa^{(2)}$. If the MRS in fitness did not equal that in preferences, then the isograms of the fitness function $F$ would cross those of the utility function $U$, as shown in the figure. There would then exist consumption bundles, $X$ and $Y$, such that $X$ is preferred to $Y$ although $Y$ confers the higher fitness. This preference ordering cannot be evolutionarily stable because a mutation that reversed the preference between $X$ and $Y$ would be favored by selection.

by

$$MRS_P \equiv e^{\theta\tau} \tag{1}$$

where as before $\tau$ is the time that elapses between $\kappa^{(1)}$ and $\kappa^{(2)}$. The MRS in exchange between present and future consumption is the ratio at which present and future consumption can be exchanged by borrowing and lending. It is related to the interest rate $i$ by

$$MRS_E \equiv -\left.\frac{d\kappa^{(2)}}{d\kappa^{(1)})}\right|_{W \text{ constant}} \equiv e^{i\tau} \tag{2}$$

where $W$ is wealth and the derivative is taken along a line of constant wealth, that is, along the solid market line in figure 1. The MRS in fitness is defined by

$$MRS_F \equiv -\left.\frac{d\kappa^{(2)}}{d\kappa^{(1)}}\right|_{F \text{ constant}} \tag{3}$$

where the derivative is taken along a line of constant fitness $F$. In equilibrium, all these versions of the MRS must be equal.

## 2.2 Finding the MRS in fitness

The evolutionary theory of time preference is complicated by the possibility that the returns from an investment may increase the Darwinian fitness of the investor's daughter (or other relative) rather than that of the investor herself. This makes it necessary to use the evolutionary theory of "kin selection," which deals with interactions between relatives [9, 10].

The particular model used here was developed in another context [14], and its application to the economic problem of time preference is discussed elsewhere [15]. Rather than repeat that material here, I shall simply state the relevant results.

### 2.2.1 Results from the evolutionary theory of kin selection

The theory supposes that one individual (the donor or investor) undertakes an investment that has an immediate effect on himself, but a delayed effect on a second individual (the recipient). The donor and recipient may or may not be the same individual. The donor undertakes his action at age $x^{(1)}$, and the recipient is affected after $\tau$ time units, when the recipient's age is $x^{(2)}$. This interaction changes from $P^{(1)}$ to $P^{(1)} + \Delta P^{(1)}$ the donor's probability of surviving from age $x^{(1)}$ to $x^{(1)} + dx$. The donor's fertility during this same interval is changed from $m^{(1)}$ to $m^{(1)} + \Delta m^{(1)}$. Similarly, the interaction changes from $P^{(2)}$ to $P^{(2)} + \Delta P^{(2)}$ the recipient's probability of surviving from age $x^{(2)}$ to $x^{(2)} + dx$. The recipient's fertility during this interval is changed from $m^{(2)}$ to $m^{(2)} + \Delta m^{(2)}$.

The effect of this interaction on Darwinian fitness are summarized in table 1, which is adapted from table 1 of [14]. Unlike the table used in my earlier work on time preference [15], this one includes effects on fertility as well as on mortality. In the table, $r$ denotes the *coefficient of relationship* between donor and recipient,[2] the subscripts $D$ and $R$ indicate the sex of the donor and of

[2]Wright's coefficient of relationship [5, pp. 69, 137–138] can be interpreted as the fraction of their genes that two individuals can expect to hold in common. It equals 1 if the donor and recipient are the same individual, 1/2 if the recipient is an offspring, 1/4 if a grandchild, and so forth.

Table 1: How Changes in Fertility and Mortality Affect Fitness

| Effect on | Additive change | Reproductive value | Discount factor | Relationship to donor |
|---|---|---|---|---|
| Donor | | | | |
| A. fert. | $\Delta m^{(1)}$ | 1 | $e^{-\rho x^{(1)}}$ | 1 |
| B. mort. | $\Delta P^{(1)}$ | $v^{(1)}$ | $e^{-\rho(x^{(1)}+dx)}$ | 1 |
| Recipient | | | | |
| C. fert. | $\Delta m^{(2)}$ | 1 | $e^{-\rho(x^{(1)}+\tau)}$ | $r$ |
| D. mort. | $\Delta P^{(2)}$ | $v^{(2)}$ | $e^{-\rho(x^{(1)}+\tau+dx)}$ | $r$ |

*Notes:* The altruist allele will increase (decrease) in frequency if the sum of row products is positive (negative). The notation is defined in the text. For simplicity, I assume that the sex ratio at birth is unity, that effects on fertility are brief, that these effects are small enough that second-order terms in $\Delta m$ and $\Delta P$ can be ignored, and that a single recipient is affected by each altruistic act.
*Source:* Rogers [14, Table 1]

the recipient, and $v$ denotes the *reproductive value* (R. A. Fisher, 1958). It is defined by

$$v \equiv \frac{\sum_{y=x}^{\infty} e^{-\rho y} l_g(y) m_g(y)}{e^{-\rho x} l_g(x)} \tag{4}$$

where $\rho$ is the rate of population growth, $l_g(y)$ the probability of living to age $y$, $m_g(y)$ the expected number of offspring produced at that age, and the subscript $g$ indicates the individual's sex. The reproductive value can be interpreted as the expected present value of an individual's future contributions to the gene pool.

A gene that encourages the donor to undertake this action will be favored by natural selection if the sum of the row-products in table 1 is positive, or disfavored if that sum is negative.

### 2.2.2 The MRS in fitness

An interaction is selectively neutral—having no effect on fitness—if the sum of row-products in table 1 is zero, i.e. if

$$\begin{aligned} 0 = \Delta m^{(1)} e^{-\rho x^{(1)}} &+ \Delta P^{(1)} v^{(1)} e^{-\rho x^{(1)}} \\ &+ \Delta m^{(2)} e^{-\rho(x^{(1)}+\tau)} r + \Delta P^{(2)} v^{(2)} e^{-\rho(x^{(1)}+\tau)} r \end{aligned} \tag{5}$$

Here, I have assumed that effects on mortality are brief so that $dx \approx 0$. When this equation holds, the interaction (or investment) described above moves us along a fitness isogram. Thus, the equation holds the key to the slope of this isogram, the MRS in fitness. But before proceeding, it will be useful to recast the equation in terms of changes in consumption.

I now assume that fertility and mortality are both differentiable functions of consumption.

$$\begin{aligned} P &= P(x, \kappa) \\ m &= m(x, \kappa) \end{aligned}$$

where $\kappa$ is consumption at age $x$. Furthermore, I assume that the fertility and mortality effects in the table were produced by changes in consumption. Specifically, the donor's consumption at age $x^{(1)}$ changed from $\kappa^{(1)}$ to $\kappa^{(1)}+\Delta\kappa^{(1)}$, while that of the recipient changed from $\kappa^{(2)}$ to $\kappa^{(2)}+\Delta\kappa^{(2)}$. If these changes are small, then the fertility and mortality effects are

$$\Delta P \approx \Delta\kappa P_\kappa(x) \tag{6}$$
$$\Delta m \approx \Delta\kappa m_\kappa(x) \tag{7}$$

where $P_\kappa \equiv \partial P(x,\kappa)/\partial\kappa$ is the marginal effect of consumption on survival, and $m_\kappa \equiv \partial m(x,\kappa)/\partial\kappa$ the marginal effect on fertility. Substituting these into equation 5 and rearranging gives the MRS in fitness,

$$MRS_F \equiv -\frac{\Delta\kappa^{(2)}}{\Delta\kappa^{(1)}} = \left(\frac{e^{\rho\tau}}{r}\right)\left(\frac{m_\kappa^{(1)}+P_\kappa^{(1)}v^{(1)}}{m_\kappa^{(2)}+P_\kappa^{(2)}v^{(2)}}\right) \tag{8}$$

This generalizes Eqn. 7 of my earlier paper [15], which excluded the marginal effect of consumption on fertility.

### 2.2.3 The long-term real rate of interest

The long-term interest rate is found by setting setting

$$MRS_F = e^{i\tau} \tag{9}$$

where $i$ is the interest rate over delay $\tau$. This procedure equates the *MRS* in fitness (the left-hand side of the equation) with that in exchange (the right-hand side), and is justified as follows. The argument in figure 3 shows that, in evolutionary equilibrium, the MRS in fitness must equal that in preferences. Furthermore, in market equilibrium the MRS in preferences must equal that in exchange. In studying equation 9, we are examining the implications of the hypothesis that both equilibrium assumptions hold true.

As in my previous paper on time preference, I concentrate on intergenerational investments in which the investment benefits the investor's daughter after exactly one generation. By assumption, the mother and daughter are affected at the same age, so that the two reproductive values in $MRS_F$ are equal. In stationary equilibrium, the mother and daughter will also have equal wealth at this common age, so that the marginal effects of consumption on their fertility and survival are equal as well. Consequently, the right-most fraction in equation 8 equals unity, and $MRS_F = e^{\rho\tau}/r$, where $r = 1/2$ (since the two individuals are mother and daughter), and $\tau$ equals the generation length, $T$. Equation 9 becomes $2e^{\rho T} = e^{iT}$, or

$$i = (\ln 2)/T + \rho \tag{10}$$

The relevant rate of population growth is not the current one, but some sort of average rate over recent evolutionary history. Since evolutionary changes are usually slow, the last couple of centuries of rapid growth have probably had no large effect. Prior to that, $\rho$ must on average have been near zero. Thus, equation 10 suggests that $i \approx (\ln 2)/T$. The generation time $T$ is usually a little less

than 30 years in human populations. For example, $T = 28.9$ in the 1906 population of Taiwan [11]. Thus, if $\rho \approx 0$, selection should favor long-term interest rates that average $(\ln 2)/28.9 = 0.024$ per year, in reasonable agreement with observation.

These results are identical to those of my earlier paper on time preference [15, Eqn. 12], and extend those results to the more general context in which selection acts via fertility as well as mortality.

## 2.3 Diminishing marginal returns to consumption

I now introduce the standard assumptions of economic analysis: that consumption helps in some sense and that each successive unit of consumption helps less than the last. In the present context, this will mean both that $m(x)$ and $P(x)$ each increase with consumption, and also that marginal effects decline as consumption increases.

Although these assumptions are unremarkable in economics, they may seem problematic here. Eating too much can be bad for you, and animals on restricted diets often seem to live longer than those with unrestricted access to food [7, Sec. 10.3.1]. Yet this is no real cause for skepticism: food is just one of many consumer goods, and wealthy people do live longer than poor ones.

To capture the diminishing marginal effect of consumption, I will assume that

$$\begin{aligned} m(x,\kappa) &\equiv m^*(x)\kappa^\alpha \\ P(x,\kappa) &\equiv P*(x)\kappa^\beta \end{aligned}$$

where $0 < \alpha, \beta < 1$, and attention must be restricted to to parameter values such that $P$ stays within the interval [0,1]. Here $m^*(x)$ and $P*^(x)$ are, respectively, the fertility and survival probability of a "standard" individual of age $x$—one who consumes a single unit of resource.

To justify this particular formulation, I appeal to the data in figure 4. There, the vertical axis measures the variation of age-specific fertility across populations, and the horizontal axis measures mean age-specific fertility. The graph shows that fertility is most variable at age classes where fertility is high. At least some of this variation must reflect variation in consumption. Thus, it is sensible to build a model in which the effect of consumption is greatest on age classes with high fertility.[3]

Marginal fertility and survival become

$$m_\kappa = \frac{\alpha}{\kappa} m(x,\kappa) \tag{11}$$

$$P_\kappa = \frac{\beta}{\kappa} P(x,\kappa) \tag{12}$$

and the *MRS* in fitness is

$$MRS_F = \left(\frac{e^{\rho\tau}}{r}\right)\left(\frac{\gamma m^{(1)} + (1-\gamma)P^{(1)}v^{(1)}}{\gamma m^{(2)} + (1-\gamma)P^{(2)}v^{(2)}}\right)\left(\frac{\kappa^{(2)}}{\kappa^{(1)}}\right) \tag{13}$$

where $\gamma \equiv \alpha/(\alpha+\beta)$ measures the importance of marginal fertility relative to marginal survival.

[3] I need to repeat this exercise with survival data.

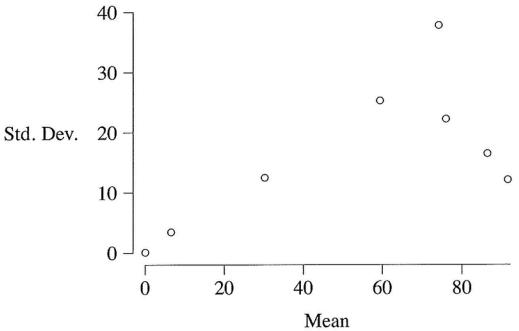


Figure 4: Mean and Standard Deviation of Age-specific Fertility
Based on the following sets of fertility data: 1906 Taiwan [11], Standard Natural Fertility [4], 1973 Libya and 19th century Utah [6].

# 3 Uncertainty about recipients

Thus far, I have assumed that the recipient is known with certainty at the time the investment is made. No allowance has yet been made for the possibility that the benefit may eventually go to someone other than the intended recipient. As in my previous paper on time preference, I will incorporate uncertainty by assuming that when the benefit arrives, it will be allocated among potential recipients (including the donor herself) so as to maximize its discounted value to the donor. As before, I rule out the possibility of distributing the benefit among several recipients. The development below differs from that of my previous paper in two ways. First, it allows the interaction to affect fertility as well as survival. Second, it will incorporate diminishing marginal returns to consumption.

## 3.1 Model

We begin as before, with table 1. The difference is that, under uncertainty it is not the row-sum itself that must equal zero, but the expected value of this sum. I assume changes in fertility and survival are caused by changes in consumption, as discussed above in section 2.2.2. In addition, I use the model of diminishing marginal returns defined above in section 2.3. Thus, equations 6–7 and 11–12 allow equation 5 to be re-expressed as

$$\begin{aligned} 0 = {} & \Delta\kappa^{(1)}(\alpha m^{(1)} + \beta P^{(1)} v^{(1)})/\kappa^{(1)} \\ & + \Delta\kappa^{(2)} e^{-\rho\tau} E\Big\{(\alpha m^{(2)} + \beta P^{(2)} v^{(2)})/\kappa^{(2)}\Big\} \end{aligned} \tag{14}$$

where $E$ denotes the expectation. In taking this expectation, I define $v^{(2)} = 0$ when there is no recipient at all.

The MRS in fitness is obtained by rearranging this expression to obtain

$$MRS_F \equiv -\frac{\Delta\kappa^{(2)}}{\Delta\kappa^{(1)}} = E\{Z\}^{-1}$$

where

$$Z \equiv \left(\frac{e^{-\rho\tau} r(\gamma m^{(2)} + (1-\gamma)P^{(2)}v^{(2)})}{(\gamma m^{(1)} + (1-\gamma)P^{(1)}v^{(1)})}\right)\left(\frac{\kappa^{(1)}}{\kappa^{(2)}}\right), \tag{15}$$

and $\gamma \equiv \alpha/(\alpha+\beta)$ measures the relative importance of marginal fertility.

In what follows, I will take $\kappa^{(1)} = \kappa^{(2)}$ so that the final term in $Z$ disappears. This restricts attention to the MRS at points along the $45°$ line in figure 1. In intergenerational transfers there is good reason for interest in these values. At stationary equilibrium, the consumption of an individual at age $x^{(1)}$ must equal that of her daughter one generation hence. Thus, intergenrational investments are governed by the MRS in preferences along the $45°$ line, which must also equal the MRS in exchange and the marginal productivity of intergenerational investment.[4] These quantities could all be predicted from the MRS in fitness along the $45°$ line. For transfers over shorter intervals, there is less reason for concern with the MRS along the $45°$ line. For these cases, the present approach will tell only part of the story.

### 3.1.1 The evolutionary discount function

To facilitate presentation of numerical results, I define an *evolutionary discount function* $\lambda$, which satisfies

$$MRS_F \equiv e^{\int_x^{x+\tau} \lambda(x,w)dw} \tag{16}$$

For example, when $\lambda$ is a constant, future benefits are discounted exponentially at a constant rate. $\lambda$ can accomodate nearly any form of discounting, and is closely related to the marginal rate of time preference (MRTP): the average value of $\lambda$ over any age-interval predicts the MRTP over that interval [15, Eqn. 15]. I calculate $\lambda$ from age-specific fertility and survival data using the methods described by Rogers [15].

### 3.1.2 Demographic statistics

Ideally, $\lambda$ should be estimated using demographic statistics that reflect some sort of long-term average of human demographic history. This, of course, is impossible. I have instead relied on demographic statistics from modern "natural-fertility" populations, whose vital rates are thought to resemble those of pre-industrial populations.[5] It would be unwise, however, to take any single modern population as the examplar of our unknown ancestors. We do not know whether prehistoric human demography was more similar to that of 19th century Taiwan, or that of 19th century Utah, to name just two possibilities. Nonetheless, it seems likely that species-wide mean demographic

[4] See [13, p. 172] and [15, Footnote 12].

[5] A natural-fertility population is one in which birth-control is either absent, or else is applied independently of the number of a woman's existing children. In natural-fertility populations, women may use birth control to space births, but they do not use it to achieve a target family size [1].

parameters have for a very long time fallen within the range spanned by modern natural-fertility populations. In my previous paper, I estimated $\lambda$ using demographic statistics from a wide variety of natural-fertility populations, and found that this variation had little effect on the answer. Consequently, I will restrict attention here to a single set of demographic statistics. I use fertility and paternity data of 19th century Utah [6] and the Model West life table with mortality level 12 [3, p. 47]. This mortality level implies that the expectation of life at birth $e_0^\circ$ is approximately 45 years.

## 3.2 Results

Before presenting new results, I summarize some old ones. Figure 5 shows an evolutionary discount function from my earlier paper on time preference. In the figure, "age at investment" refers to the age at which a decision is made between an immediate and a delayed benefit. Ages beyond the age at investment are "future ages." Thus, the line marked by open circles shows the discount function pertaining to some investment that might be undertaken by newborn infants, whereas the line marked by stars pertains to investments by young adults.

To understand what these curves mean, consider a hypothetical 20-year old woman who has been offered some survival benefit that will not arrive until she is 40. Since she is female and is now of age 20, the starred curve in the upper panel of figure 5 applies. It indicates that the average discount rates within the four 5-year intervals spanning ages 20–40 are 0.059, 0.050, 0.012, and 0.007 respectively. The average of these is 0.032, and this implies[6] that the future benefit should be discounted by a factor of $\exp[-20 \times 0.032] = 0.529$. The 20-year old, therefore, should value this delayed benefit at only about half of its nominal value. In general, one applies a MRTP that is an average of $\lambda$ over the relevant interval.

The figure illustrates the major conclusions of the previous analysis:

- In the long run, $\lambda$ converges to a value of about 2%, very close to the value predicted by the heuristic argument leading to equation 10. This lent support to my conclusion regarding the interest rate.
- The curves for different ages of investment lie nearly atop one another. Thus, $\lambda$ is well approximated by a function of one argument: $\lambda(x, y) \approx \lambda^*(y)$.
- The evolutionary discount is much higher among young adults than among their elders. This predicts higher marginal rates of time preference among young adults, a prediction with which we can all identify.

However, figure 5 describes an analysis on survival axes rather than consumption axes. The evolutionary discount function there refers, in other words, to a trade-off between the survival (not the consumption) of donor and recipient. The methods introduced here allow an analysis on consumption axes, with varying levels of importance accorded to marginal fertility and marginal survival.

[6] The average of $\lambda$ predicts $\theta$, the MRTP. This average is equal to $\theta = 0.032$, and equation 1 implies that the future benefit is discounted by a factor of $e^{-\theta\tau}$, where $\tau = 20$ is the time delay.

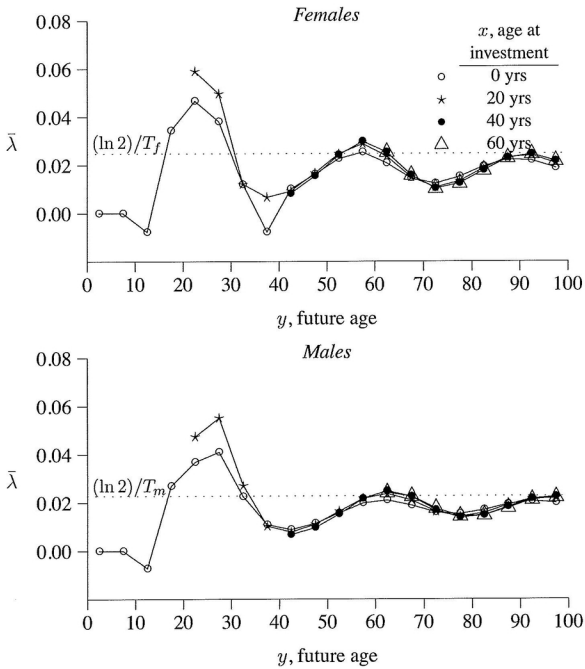


Figure 5: Evolutionary Discount Function

$\bar{\lambda}(x, y)$ is the average evolutionary discount rate within a five-year age interval. "Age at investment," $x$, refers to the age at which a decision is made between an immediate and a delayed benefit. "Future age," $y$, refers to ages beyond the age at investment. The dotted lines show the rate of interest predicted by equation 10, where the generation time is $T_f = 27.98$ for females and $T_m = 30.45$ for males.
Based on male and female fertility of 19th century Utah Mormons [6], and on the Model West life table (mortality level 12, $e_0^\circ = 47.5$ for females and 44.5 for males).

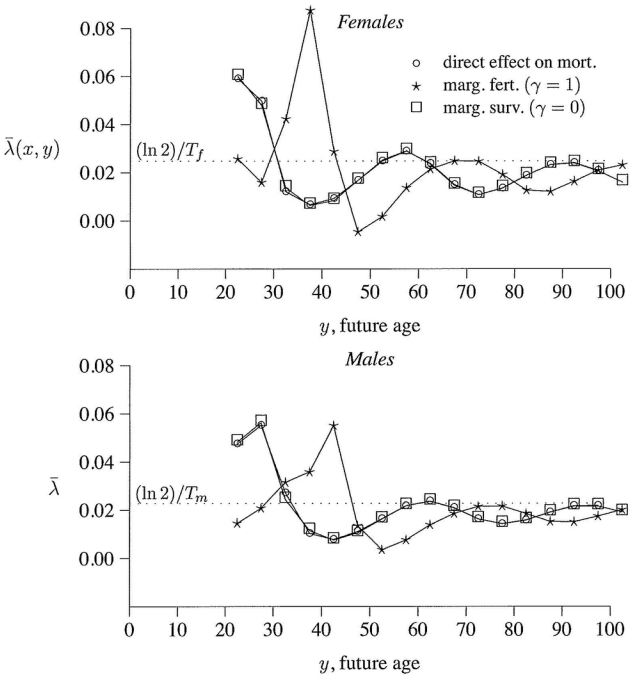


Figure 6: Evolutionary Discount Function

$\bar{\lambda}(x, y)$ is the average evolutionary discount rate within a five-year age interval. All curves refer to 20-year-old investors. "Future age," $y$, refers to ages beyond the age at investment. The dotted lines show the rate of interest predicted by equation 10, where the generation time is $T_f = 27.98$ for females and $T_m = 30.45$ for males.

Based on male and female fertility of 19th century Utah Mormons [6], and on the Model West life table (mortality level 12, $e_0^\circ = 47.5$ for females and 44.5 for males).

The result of this analysis is shown in figure 6, along with the age-20 curve from figure 5. It shows that

- The long-term tendency is toward a rate of roughly 2% in all cases. Thus, conclusions about the interest rate are unaffected by the difference between these models.
- When consumption affects survival (i.e. when $\gamma = 0$), the curve differs little from that of the earlier analysis.
- When consumption affects fertility, the discount function peaks in the late thirties and early forties.

I'm not sure what to make of this. Perhaps:

- young people are prone to risk their lives in return for immediate gratification (fast driving, sky diving, high crime rates), but middle aged people are more prone to take risks affecting fertility.

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# Brexit Statistics

**Data Retrieved:** 23rd June, 2016

**Data Source:** Twitter

**From:** 12 AM CEST **TO:** 11 PM CEST

**Total No of Tweets:** 302,1130

**No of Tweets with Positive Sentiment:** 157,075

**No of Tweets with Negative Sentiment:** 93,305

**No of Tweets with Neutral Sentiment:** 51,750

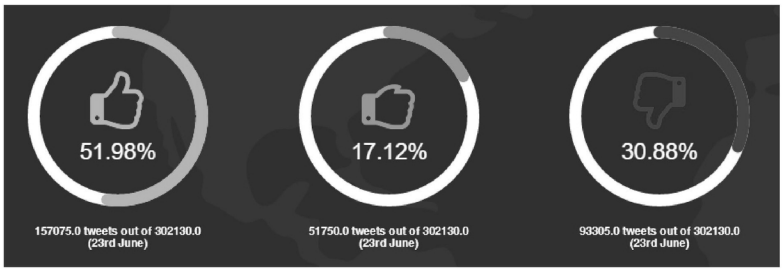


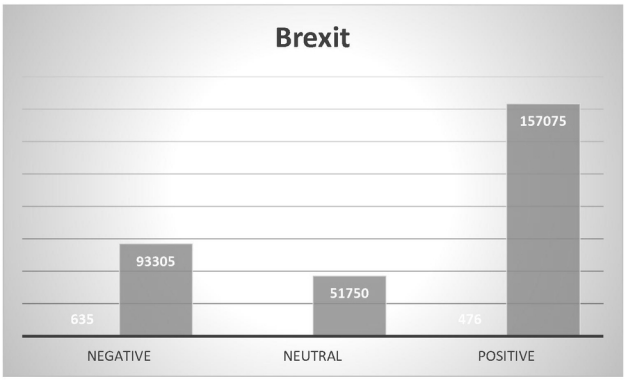

| user | Tweet | Created At | Location | No of times retweeted | Sentiment |
|---|---|---|---|---|---|
| DigestEcon | Markets in limbo ahead of Brexit vote https://t.co/UFjk6BiNVp #econ #mises #keynes | 23 Jun 2016, 00:39 - CEST | In your Mind | 0 | negative |
| OriginBuilders | RT @DutchDL: TOMORROW>BREXIT pls !!> make history> & hopefully the Netherland will follow #PVV @EDLLONDON @Finnishdl @EDLâ€¦ | 23 Jun 2016, 00:39 - CEST | London | 5 | positive |
| cristiano_rosh | RT @manujosephsan: The finest Brexit was in 1947 | 23 Jun 2016, 00:39 - CEST | Mumbai ,India | 164 | positive |
| LeighJackson100 | RT @Future_of_West: The Military "experts" who want Britain to remain in the EU were the same "experts" who wanted us to invade Iraq. #Brexâ€¦ | 23 Jun 2016, 00:39 - CEST | | 30 | negative |
| BianchiGiuseMa | RT @Soppressatira: #Brexit: Â«Rischio enorme per famiglie e lavoroÂ». Dislocare in India e Cina le fabbriche, invece, Ã¨ estremamente sicuro.â€¦ | 23 Jun 2016, 00:39 - CEST | #storia #libri ItaliaMedievale | 10 | positive |
| TimesofIsrael | UK politicians make final appeals ahead of Brexit vote https://t.co/LLcWR1NIjh | 23 Jun 2016, 00:39 - CEST | Jerusalem, Israel | 0 | positive |
| alijduncan | Bremain or Bereave? Vote smart Britons! #EUreferendum #Remain #UKreferendum #Brexit | 23 Jun 2016, 00:39 - CEST | Wellington, New Zealand | 0 | negative |
| Jan_S_B_459 | RT @Trev_Forrester: VOTE LEAVE #Brexit https://t.co/ldikPiOkyc | 23 Jun 2016, 00:39 - CEST | Engand | 14 | positive |
| 100postolala | @OtkudJa Å¡ta je se Å¡a? #BREXIT bre, od danas ne govorim viÅ¡e engleski | 23 Jun 2016, 00:39 - CEST | Zrenjanin / Veliki BeÄ•kerek | 0 | negative |
| ianross6 | RT @Dwalingen: I'm Dutch and I endorse #Brexit because we can be united only in freedom, sovereignty and rule of law. #VoteLeave https://tâ€¦ | 23 Jun 2016, 00:39 - CEST | | 257 | positive |
| failedevolution | Ïœ Brexit Î‚Î± Î®Ï„Î±Î½ ÎÎ½Î± Î±Ï€Î¿Î†Î±ÏƒÎ¼Î¿Î„ Ï‡Ï„Ï•Ï€Î·Î¼Î± ÎµÎ½Î¿Î½Î„Î¹Î± ÏƒÎ· Î½ÎÎ± Î¦Î±Î…Î´Î±Î¯Î± https://t.co/MKxxj5gwWq | 23 Jun 2016, 00:39 - CEST | | 0 | neutral |
| JchilbeT | RT @evelinafinance: GBP/USD remains near 5month high ahead of Brexit referendum: https://t.co/WuufO9JBuH | 23 Jun 2016, 00:39 - CEST | Argentina | 1 | negative |
| kiq | RT @stereogum: Noel Gallagher steps into Brexit debate: "I like the fact that it sounds like a cereal" https://t.co/D6xD37cxWH https://t.coâ€¦ | 23 Jun 2016, 00:39 - CEST | City of Osaka | 9 | positive |
| LivingInHopeUK | RT @AMTrump4PRES: I'd like 2 dedicate this tweet 2 former lovely cultures that will only B found between the pages of a book. #Brexit httpsâ€¦ | 23 Jun 2016, 00:39 - CEST | United Kingdom | 11 | positive |
| fnyack | Terrorists for deportation June 234, 2016. BREXIT! https://t.co/jtHoi0A0xK | 23 Jun 2016, 00:39 - CEST | Manhattan, NY | 0 | negative |
| itsmelukepenny | #Brexit https://t.co/qtJKmlBWQh | 23 Jun 2016, 00:39 - CEST | Earth (tax purposes) | 0 | negative |

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|---|---|---|---|---|---|
| juanvendedor | Race of the Day: Brexit https://t.co/kn1m6nTroa https://t.co/E9Ht8Vnh9h | 23 Jun 2016, 00:39 - CEST | | 0 | positive |
| gdechanterac | RT @MVAlekseiev: Le taux de participation record de la prÃ©sidentielle autrichienne (107%) devrait Ãªtre battu lors du rÃ©fÃ©rendum sur le #Breâ€¦ | 23 Jun 2016, 00:39 - CEST | Paris / VendÃ©e | 4 | negative |
| callemexico | â€œBrexitâ€• causarÃa impacto en exportaciones italianas por 1.9 mil mdd https://t.co/ko8BcaDF8l | 23 Jun 2016, 00:39 - CEST | | 0 | negative |
| traderpreneurs | Cramer: Brexit fears are overblown https://t.co/BTRlqQuAIb | 23 Jun 2016, 00:39 - CEST | Solo-Indonesia | 0 | negative |
| elliemurphie | A question I really think was not given due consideration over the #Brexit campaign #VoteRemain â•¤ https://t.co/oLFttmB5xu | 23 Jun 2016, 01:13 - CEST | Ireland | 0 | negative |
| olgauq | RT @el_pais: La PolicÃa de Londres impide un reparto de cruasanes para pedir el voto contra el 'Brexit' https://t.co/UbMQsEnHpL | 23 Jun 2016, 01:13 - CEST | | 20 | NA |
| JohnMGinty | @JChatterleyCNBC #Brexit? I say remain. And I'm a blarneylovin Mic!  Quell the uncertainty! What thinks Julia? | 23 Jun 2016, 01:13 - CEST | West Chester, PA | 0 | negative |
| robertopliegor | Mezcla sin temor a Brexit sube a 40.83 dÃ³lares https://t.co/2BpHqmvpnp | 23 Jun 2016, 01:13 - CEST | mexico city | 0 | NA |
| 7nestingwrens | RT @londonfredd: People who vote #Brexit on the bases of immigration are likely to be voting on a lie risking their own jobs, pensions andâ€¦ | 23 Jun 2016, 01:13 - CEST | English Borders | 1 | NA |
| RamEstate | RT @NewsLandlords: UK landlords are not concerned over Brexit https://t.co/KEzIRG7qsg #uklandlords #Brexit https://t.co/pFhLeLtBHr | 23 Jun 2016, 01:13 - CEST | London & Essex | 6 | NA |
| MarkNewtonCMT | RT @Histreepix: Applicants for 'Official Mascot of Brexit', Chelmsford, 2016. The eventual winner was Boris Johnson. https://t.co/xNSyH6HIaW | 23 Jun 2016, 01:13 - CEST | Fairfield, CT | 24 | NA |
| RodYork | Final Brexit Appeals Made as Polls Diverge on Referendumâ€™s Eve https://t.co/cBcgvj4wmD via @business | 23 Jun 2016, 01:13 - CEST | | 0 | NA |
| maxim_bombo | #BrexitOrNot : Â«Â Les Britanniques ont toujours eu l'impression d'Ãªtre rejetÃ©sÂ Â» https://t.co/iMvuvDiBYb | 23 Jun 2016, 01:13 - CEST | | 0 | NA |
| RussiaConnects | #BREXIT https://t.co/Om5ZfPLK8s | 23 Jun 2016, 01:13 - CEST | | 1 | NA |
| SFSU | Voters in the UK will decide on #Brexit tomorrow. An #SFSU expert explains what's at stake: https://t.co/7U3EiNAHkd https://t.co/fEzAz6vQxl | 23 Jun 2016, 01:13 - CEST | San Francisco, CA | 2 | NA |
| KateHesk | Lying in bed and my heart rate is 78bpm all because of Brexit. Actually feel sick at the prospect #Fitbit #voteremain | 23 Jun 2016, 01:13 - CEST | Merseyside, UK | 0 | negative |
| AnonCentroAmeri | RT @Wrath_01: Lies told to Norway before they rejected EU membership #Brexit #Voteleave https://t.co/2Vo1OXHDuq via @YouTube | 23 Jun 2016, 01:13 - CEST | | 1 | positive |
| theflyingmedic | @Scouriebeast @COLRICHARDKEMP @JodieActy I am suggesting the EU stops and it will. Then we can work with our free European partners. #Brexit | 23 Jun 2016, 01:13 - CEST | | 0 | NA |

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|---|---|---|---|---|---|
| stephenmcmanus8 | RT @RuthLeaEcon: Of course there'd be an EU trade deal if #Brexit. German BDI (CBI) head clear tariffs would damage German jobs. https://t.â€¦ | 23 Jun 2016, 01:13 - CEST | | 195 | NA |
| PazUtzin | RT @thejohnhastings: If anyone is wondering if you do not attend my @edfringe show you are helping the part of Brexit you oppose | 23 Jun 2016, 01:13 - CEST | | 2 | NA |
| iLibTw | En anterior debate con Farage, Cameron hablÃ³ de la â€œCosta del Crimeâ€•[Sol].<br>Si hay algo bueno del #Brexit serÃa expulsar a mafia UK de ESP. | 23 Jun 2016, 01:13 - CEST | EspaÃ±a (BCN is not CAT) | 0 | NA |
| neptunoopina | RT @LaVanguardia: Â¿QuÃ© opinarÃa Winston Churchill sobre el Brexit? https://t.co/GOBL0hjW7e https://t.co/5LQ62PGDhY | 23 Jun 2016, 01:13 - CEST | | 7 | NA |
| GCPa18th | #Brexit vote here we come.... Will I stay or will I go? | 23 Jun 2016, 01:13 - CEST | SW PA | 0 | NA |
| EarthBabyYMagoa | RT @Mark_Beech: A propos @garbage and #Brexit posts tonight, heavy British rain might affect turnout? https://t.co/w4TFDekFXL | 23 Jun 2016, 01:13 - CEST | Alaska | 396 | NA |
| vijayhre86 | The theme today is all about disruptions.. Nothing could be more disruptive than Brexit atm! | 23 Jun 2016, 01:46 - CEST | | 0 | NA |
| MariaEsquirozMa | RT @muyinteresante: Â¿QuÃ© es el "Brexit"? Â¿QuÃ© consecuencias tendrÃa? Te lo contamos todo aquÃ: #Brexit https://t.co/R8L7edqRdk https://t.coâ€¦ | 23 Jun 2016, 01:46 - CEST | | 45 | NA |
| mortalfool | BrexitNO. TexitYES! | 23 Jun 2016, 01:46 - CEST | Brooklyn, NY | 0 | NA |
| cihat_metin | RT @eagencye: #Brexit Soros and CIA ! | 23 Jun 2016, 01:46 - CEST | #ATE #ANTÄ° FA #ACAB | 1 | NA |
| aihyah | Britain Doesn't Need the EU to Trade<br>Rocking MrE #Brexit #VoteLeave #BBCdebate #EUreferendum<br>https://t.co/zDcCYRdVP3 | 23 Jun 2016, 01:46 - CEST | Junckers Bottom | 0 | positive |
| Engesee | #ID23 #IndependenceDay #Brexit VOTE LEAVE | 23 Jun 2016, 01:46 - CEST | | 0 | positive |
| HarryBarwell6 | If that vote is tomorrow I'm voting out coz<br>1 Funny<br>2<br>3 Bare heads crying about how were gonna die if we brexit | 23 Jun 2016, 01:46 - CEST | | 0 | NA |
| Eng_Observer | RT @jeremyforlabour: "The EU is not a benign or civilising force. It is a facilitator and enforcer of lending cartels" https://t.co/JWmFNEvâ€¦ | 23 Jun 2016, 01:46 - CEST | Lincolnshire | 4 | NA |
| topnuntious | Concerns over Brexit do not end at the English Channel https://t.co/MBd5abLyli https://t.co/K0XnAF3R39 via FT | 23 Jun 2016, 01:46 - CEST | | 0 | NA |
| skipsiperko | RT @ElVatoTeporocho: "Welcome to London, are you ready to convert or die?"<br><br>#VoteLeave #Brexit https://t.co/7hsV0YKpNI | 23 Jun 2016, 01:46 - CEST | | 12 | positive |

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|---|---|---|---|---|---|
| jenmili | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere  am Iâ€¦ | 23 Jun 2016, 01:46 - CEST | â¤â˜ºPERÃšâ˜ºâ•¤ | 2444 | positive |
| MarkHollohead | Liz Huirley bares all to back Brexit https://t.co/QATyDOymiR @MailOnline.well done Liz.you are a true Brit.believe in Britain.#VOTELEAVE | 23 Jun 2016, 01:46 - CEST | Liverpool, England | 0 | positive |
| GreenSamPAFC | RT @arjan____: the ones that stand to benefit from Brexit are unsavoury. Racism, nationalism and fascism benefit from Brexit | 23 Jun 2016, 01:46 - CEST | Plymouth | 5 | NA |
| Toronto_nian | #Brexit . . . big deal! Planet earth will keep turning #Cartoon for laughs via @Toronto_nian Toronto's own! https://t.co/uITSzvJxp9 | 23 Jun 2016, 01:46 - CEST | Toronto The Good! | 0 | NA |
| belkgarri | RT @CNBC: UK Brexit campaign's lead narrows ahead of referendum: TNS poll https://t.co/w7WRb2R0lF | 23 Jun 2016, 01:46 - CEST | | 5 | NA |
| JJDoomydas | RT @Mark_Beech: A propos @garbage and #Brexit posts tonight, heavy British rain might affect turnout? https://t.co/w4TFDekFXL | 23 Jun 2016, 01:46 - CEST | Maine | 767 | NA |
| stevegb0071 | UK WAR VETERANS SLAM PLANS FOR EMERGING EU ARMY AHEAD OF BREXIT VOTE https://t.co/Tv8DNzprXY via @YouTube | 23 Jun 2016, 01:46 - CEST | U.K | 0 | NA |
| DarioAtencioA | @guardian has presented a summing up of its point of view about #Brexit vote tomorrow's. "Vote to Remain" and Why? https://t.co/GdXNtVYLFp | 23 Jun 2016, 01:46 - CEST | Manhattan, NY and Panama. | 0 | negative |
| SamBaker | RT @jpublik: That #Brexit manifesto in Private Eye #VoteRemain #EUref https://t.co/QU1fjwvk6G | 23 Jun 2016, 01:46 - CEST | | 2295 | negative |
| MitulRach1 | Today is the Day, Who is everyone going to vote for?? BREXIT or REMAIN?? Who will you vote for?? | 23 Jun 2016, 01:46 - CEST | | 0 | negative |
| TheCutbanks | Thanks CBC  'It's a dead heat': What you want to know about the Brexit vote https://t.co/SMVZETx8fQ #Brexit | 23 Jun 2016, 02:20 - CEST | Prince George, BC | 0 | negative |
| Lesism | RT @ethicistforhire: Can't believe it's called Brexit, and not EUthanasia... | 23 Jun 2016, 02:20 - CEST | Carlisle, England | 39 | negative |
| Candyo4u249 | RT @AMTrump4PRES: I'd like 2 dedicate this tweet 2 former lovely cultures that will only B found between the pages of a book. #Brexit httpsâ€¦ | 23 Jun 2016, 02:20 - CEST | Connecticut, USA | 180 | positive |
| marketstocknews | New post: "Traders: Here's where to find some protection for your portfolio ahead of Brexit" https://t.co/kDAMhZGaJv | 23 Jun 2016, 02:20 - CEST | | 0 | positive |
| marketstocknews | New post: "How are you positioned ahead of the Brexit referendum?" https://t.co/5tzxHffYEX | 23 Jun 2016, 02:20 - CEST | | 0 | positive |
| moshtag2030 | RT @alexbland:  #Brexit #IndependenceDay https://t.co/v9TrmBwSZg | 23 Jun 2016, 02:20 - CEST | | 7 | neutral |
| Charlie_Ledezma | RT @PeterLBrandt: #FACTORMEMBERS Going home tonight prior to #BREXIT with lightest leverage in 18 mos. at 5% margin to equity and no financâ€¦ | 23 Jun 2016, 02:20 - CEST | Panama | 9 | negative |
| marketstocknews | New post: "Cramer: Brexit fears are totally overblown" https://t.co/4ZqkAMAb5N | 23 Jun 2016, 02:20 - CEST | | 0 | negative |

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|---|---|---|---|---|---|
| clairebotai | RT @Spock_Capt: In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/HxTKQiV2cw #geek #tech | 23 Jun 2016, 02:20 - CEST | | 1 | neutral |
| PapaSonsFilm | If this storm isn't telling you that Brexit is doomed then... well, we are doomed. | 23 Jun 2016, 02:20 - CEST | London | 0 | negative |
| Spock_Capt | In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/HxTKQiV2cw #geek #tech | 23 Jun 2016, 02:20 - CEST | Paris | 1 | neutral |
| jacobward_11 | RT @mikeudem: #Stocks close lower as #WallStreet #countsdown to #Brexit #vote https://t.co/p795Av9GXK https://t.co/OFevR32dxd | 23 Jun 2016, 02:20 - CEST | Stamford, CT | 1 | negative |
| ekatloy | RT @mz_understuud: @PrisonPlanet saw some saying if you're undecided on #Brexit then vote Remain coz you guys can always have another vote.â€¦ | 23 Jun 2016, 02:20 - CEST | | 1 | negative |
| VaseCommunicant | RT @theintercept: If British voters choose to leave the EU this week, it will push the continent back toward nationalism. https://t.co/48Gqâ€¦ | 23 Jun 2016, 02:20 - CEST | | 69 | positive |
| federalnews24 | Fed's Yellen says no special meetings scheduled over Brexit #Yellen #Brexit... https://t.co/N718bknyod | 23 Jun 2016, 02:20 - CEST | | 0 | negative |
| PropertyFundsAU | Hear what @YieldReport has to say about the Brexit referendum  check out the link https://t.co/XVX0W0sgAT | 23 Jun 2016, 02:20 - CEST | 500, Collin St, Melbourne, VIC | 0 | positive |
| duchessofvisser | tomorrow is the day when they decide if they #brexit | 23 Jun 2016, 02:20 - CEST | Bahamas | 0 | neutral |
| hw_renewe | RT @DerorCurrency: In two brief, perspicacious paragraphs, @ProfSteveKeen nails the reason to #Brexit.<br><br>https://t.co/4gjfvD0FhH https://t.câ€¦ | 23 Jun 2016, 02:20 - CEST | | 64 | neutral |
| 3tyl | Brexit Brexit Brexit, ich hÃ¶r immer nur #Brexit. Mir doch egal in welche LÃ¤nder die EUGelder flieÃŸen. #VoteLeave | 23 Jun 2016, 02:20 - CEST | Germany | 0 | positive |
| marketstocknews | New post: "Markets caught in limbo ahead of Brexit vote" https://t.co/g6GtnCnfhe | 23 Jun 2016, 02:20 - CEST | | 0 | negative |
| DS_Investools | Be sure to check out tonight's Market Forecast by Blake Young  our resident #forex expert @Investools #Brexit https://t.co/uAWkjehF1I | 23 Jun 2016, 02:37 - CEST | USA | 0 | positive |
| wmiddelkoop | RT @adamjlent: Good chart from Morgan Stanley showing surge of populist parties in Europe. #Brexit will boost them further. #EUref https://â€¦ | 23 Jun 2016, 02:37 - CEST | markets-geopolitics-energy | 18 | positive |
| Hope_for_Sanity | RT @FactDeJour: We'll either be Eurotrash or lonely Brits 2moro & the fun bit is, nobody has a single solitary clue which is lesser evil #Bâ€¦ | 23 Jun 2016, 02:37 - CEST | Knoxville,TN to Leeds,England | 2 | negative |
| Dmol8 | RT @CharlesPHoffman: Okay, rant over. Return to your regularly scheduled freakout about the Brexit referendum. | 23 Jun 2016, 02:37 - CEST | | 1 | neutral |

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|---|---|---|---|---|---|
| katestewart_ | RT @louteasdale: Watch @billiejdporter tonight on Newsnight talking about #brexit #voteremain channel 4 at 9pm X | 23 Jun 2016, 02:37 - CEST | Instagram~ katestewart_ | 235 | negative |
| yudhaueeo | Inggris Gelar Referendum 'Brexit' Hari Ini: Diperkirakan 46,5 juta orang berhak ambil bagian dalam... https://t.co/Ds7Dhxos29 | 23 Jun 2016, 02:37 - CEST | San Francisco | 0 | neutral |
| sparkyofAlberta | RT @CBCNews: 'It's a dead heat': What you want to know about the Brexit vote https://t.co/ZV51GeqdLF https://t.co/N2lpbv2ddd | 23 Jun 2016, 02:37 - CEST | Swift Current, Saskatchewan | 14 | negative |
| Love_Catford | I know everyone is joking about the Brexit thunderstorm but has anyone looked outside recently.... | 23 Jun 2016, 02:37 - CEST | Catford, SE6 | 0 | neutral |
| Stormkat454 | RT @sturdyAlex: Selina Scott's case for #Brexit after Sheila Hancock's case for #Remain is like eating the best steak and then eating the pâ€¦ | 23 Jun 2016, 02:37 - CEST | | 101 | negative |
| SandraZuccaro1 | A slush fund paying off countries to try and stop a tidal wave Merkel. We're be calling you Canute https://t.co/CrRHEj4PAp #Leave #Brexit | 23 Jun 2016, 02:37 - CEST | | 0 | positive |
| INVUQT | RT @TheRebelTV: Is #Europe dying? Is 'Identitarian' movement the cure? @Lauren_Southern https://t.co/OKMKl0sqJs #tcot #Brexit https://t.co/â€¦ | 23 Jun 2016, 02:37 - CEST | Canada | 25 | negative |
| mjcooper101 | RT @jpublik: That #Brexit manifesto in Private Eye #VoteRemain #EUref https://t.co/QU1fjwvk6G | 23 Jun 2016, 02:37 - CEST | England | 2323 | negative |
| Greg_5mith | RT @Stop_The_EU: Freedom to remove all EU fishing quotas, revoke the CFP & rebuild Britain's once thriving fishing industry<br><br>#Brexit https:â€¦ | 23 Jun 2016, 02:37 - CEST | | 177 | positive |
| Hammers1010Alex | RT @LeaveEUOfficial: .@ElizabethHurley is voting LEAVE tomorrow are you? #Brexit #VoteLeave #EUref https://t.co/va71MYUtMK | 23 Jun 2016, 02:37 - CEST | âš' fantastic Harlow âš' | 380 | positive |
| Spent_Brass | â™ #LetsGo! @BREXIT: #IndependenceDay for @Britain? https://t.co/DiDC3KCwd6 via @YouTube | 23 Jun 2016, 02:37 - CEST | United States, Wisconsin | 0 | positive |
| moneyspinner | RT @Nin_Matharu: UK EU Referendum 2016 Why I'm Voting #Brexit https://t.co/slsTw2Z3Pc | 23 Jun 2016, 02:37 - CEST | BIRMINGHAM, UK | 2 | neutral |
| piedmontian11 | RT @XxPLWxX: PLEASE RT!! Juncker confirms there'll be NO reform if we stay in the EU https://t.co/yqokYbJQGH We absolutely MUST #Brexit #Voâ€¦ | 23 Jun 2016, 02:37 - CEST | Athens, TX | 168 | positive |
| Henayti | RT @liputan6dotcom: Inggris Gelar Referendum 'Brexit' Hari Ini https://t.co/HcD3S8AVlT https://t.co/GeQ9tsrU6D | 23 Jun 2016, 02:37 - CEST | Tangerang, Indonesia | 1 | NA |

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|---|---|---|---|---|---|
| xyzcompany inc | Why the United Kingdom leaving the EU would infuriate the tech industry https://t.co/svoAGsFlXP | 23 Jun 2016, 02:37 - CEST | | 0 | negative |
| dkenstone | RT @roomdesign3: TRAITORS TO THE UNITED KINGDOM/ALL FUTURE GENERATIONS/REJECT GRAB YOUR FREEDOM #BREXIT SPREAD THE WORD @FeistyDeanne https â€¦ | 23 Jun 2016, 02:37 - CEST | Nantong City, Jiangsu, China | 16 | negative |
| juneimmelman | RT @IngrahamAngle: Bono, Beckham & every other global celeb in Britain ag #Brexit. Follow the $> globalization great for them, horrid forâ€¦ | 23 Jun 2016, 02:54 - CEST | Orlando, FL | 242 | negative |
| gas_bill | Final #Brexit Appeals Made as Polls Diverge on Referendumâ€™s Eve https://t.co/qjTf8JRl3E | 23 Jun 2016, 02:54 - CEST | Dallas/Ft. Worth â€¢ New York | 0 | neutral |
| dieterzakel | I back BREXIT, and please don't forget to hang Juncker https://t.co/I6KCR2yMmZ | 23 Jun 2016, 02:54 - CEST | Port Moresby | 0 | negative |
| JasonDeFuria | In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/xZlZO6Izgn | 23 Jun 2016, 02:54 - CEST | Cherry Hill, NJ | 0 | neutral |
| pazgabela | Brexit: ReferÃ©ndum entre la derecha neoliberal y la derecha neofascista. Â¿Y la izquierda? https://t.co/p6drfvsqks | 23 Jun 2016, 02:54 - CEST | Asturias | 0 | negative |
| KolbSchmitt | RT @ElyseeMarine: Choisissez la libertÃ© et non la soumission UE ! #Brexit #Leave https://t.co/na5pS5FnR0 | 23 Jun 2016, 02:54 - CEST | | 33 | positive |
| abcnews | RT @naomiwoodley: .@TurnbullMalcolm: "It would be a very big shock, no doubt about it, if Britain votes to leave the EU. @abcnews #brexit #â€¦ | 23 Jun 2016, 02:54 - CEST | Australia | 3 | positive |
| ABCElections | RT @naomiwoodley: .@TurnbullMalcolm: "It would be a very big shock, no doubt about it, if Britain votes to leave the EU. @abcnews #brexit #â€¦ | 23 Jun 2016, 02:54 - CEST | Australia | 3 | positive |
| parishatzi | STEPHEN GLOVER: Why I'm voting Brexit because it could RESCUE the EU, not destroy itÂ https://t.co/LKfTjPLvrO | 23 Jun 2016, 02:54 - CEST | Athens - Nicosia | 0 | neutral |
| Genetlv | In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/stcLZ3a76t via @WIRED | 23 Jun 2016, 02:54 - CEST | | 0 | neutral |
| chntypdwrm | Inggris Gelar Referendum 'Brexit' Hari Ini: Diperkirakan 46,5 juta orang berhak ambil bagian dalam... https://t.co/LL589ypLrd | 23 Jun 2016, 02:54 - CEST | ÃœT: -6.543387,107.442888 | 0 | neutral |
| AbdirahmanAliUK | RT @Independent: Final EU referendum poll shows Remain with significant lead https://t.co/v72FEEz7Pd | 23 Jun 2016, 02:54 - CEST | | 300 | negative |
| ez_jokka | RT @elizabethholds: Is this crazy storm in London some kind of sign of impending doom? #Brexit #Trump #Apocalypse | 23 Jun 2016, 02:54 - CEST | London | 1 | negative |
| Yoostin | What's more likely. UK Parliament voting to remove employment rights. Or EU amending regulation, so forcing UK to remove rights? #brexit | 23 Jun 2016, 02:54 - CEST | Llanelli, Wales, UK | 0 | negative |

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|---|---|---|---|---|---|
| znk8 | RT @laprensaoem: La decisiÃ³n de #DavidBeckham sobre el #Brexit #UnionEuropea #ReinoUnido #ENG https://t.co/RTDms6023e | 23 Jun 2016, 02:54 - CEST | Mexico D.F. | 1 | neutral |
| villain2007 | RT @LouiseMensch: German CBI: no tariffs after we #voteleave. Die Welt newspaper endorses Leave for the UK. VorsprÃ¼ng durch #Brexit https:/â€¦ | 23 Jun 2016, 02:54 - CEST | eastern block. | 903 | positive |
| aarianto10 | Inggris Gelar Referendum 'Brexit' Hari Ini: Diperkirakan 46,5 juta orang berhak ambil bagian dalam... https://t.co/jUYlkqetVM | 23 Jun 2016, 02:54 - CEST | World | 0 | neutral |
| TegenH | RT @zoowitchproject: Gods angry at potential #brexit, make feelings known with violent #thunder storm in London! Appease gods, vote #remain | 23 Jun 2016, 02:54 - CEST | | 4 | negative |
| KellerZoe | Something Strange Emerges When Looking Behind The "Brexit" Bookie Odds \| Zero Hedge https://t.co/pD41DK0V4E | 23 Jun 2016, 02:54 - CEST | | 0 | neutral |
| francreynel | RT @inthemoodfortw: Ouinon, graffiti sur la route, Paris, 1945 Â© Paul Almasy #Brexit https://t.co/9VfVJzOdDE | 23 Jun 2016, 02:54 - CEST | Paris | 18 | neutral |
| txblondegrad | RT @Forbes: Poll: 80% of Americans think Britain should leave the EU https://t.co/EPNk488c9h https://t.co/3mqaV8v5KD | 23 Jun 2016, 02:55 - CEST | 32.786456,-96.97525 | 280 | positive |
| AyakTracks | That's that 'stop your stupidness bout brexit' Thunder & Lightning #VoteProper #GodsTakingSelfies | 23 Jun 2016, 02:55 - CEST | | 0 | neutral |
| buttonhole1 | RT @LeaveEUOfficial: #VoteLeave tomorrow for our independence! #EUref #Brexit https://t.co/upHsaXVzV4 | 23 Jun 2016, 02:55 - CEST | | 357 | positive |
| KenHaley2 | In event of #Brexit UK is holding all cards & EU powerless.THE EU CANNOT START TRADE WAR.THE EU CANNOT PUNISH UK https://t.co/FOMFOkySx3 | 23 Jun 2016, 02:55 - CEST | | 0 | neutral |
| cactusscrusader | RT @marios_bn: Îš Î±ï„Î¬ Î¬Î»Î±Î²Îµï‚ ï„Î¿ Î½Î¬ Î½Î¿ Î¾Î¹ Î½Î¿ Î½Î¿Î¼Î¿Î¸Î¿Ï…Î½ Ï€Î¿Ï• ÏƒÎµ Ï€Î³Î±Î¹Î½Î¿Ï½ Î½Î¿ï½; #bremain #brexit #grexit #ÎŸÎ§Î™2015 https://t.co/3ASzNZsucC | 23 Jun 2016, 02:55 - CEST | greece Athens | 190 | negative |
| accordingtopun | if they brexit we will be forced to lift more to pick up the slack!! #USAmerica @nyhrc | 23 Jun 2016, 02:55 - CEST | | 0 | negative |
| Avalon262 | RT @Mrforestmoon: To our uk friends across the pond #Brexit and take your country back | 23 Jun 2016, 02:55 - CEST | Hastings | 1 | positive |
| MiketheSpike | RT @seedy181: Voting to remain is effectively treason #Brexit #Voteleave https://t.co/K5KrMxmvZG | 23 Jun 2016, 02:55 - CEST | USA | 9 | positive |
| Advisorbox Media | RT @business: This stock trader who made 6,200% in China isn't worried about Brexit https://t.co/kATgnhWtt2 https://t.co/AUDj7wjkfa | 23 Jun 2016, 02:55 - CEST | Breckenridge,CO | 15 | neutral |
| Sgt_Rock68 | #VoteLeave #Brexit https://t.co/nnyCRNB5ew | 23 Jun 2016, 02:55 - CEST | 50.9692224Â° N 0.08939510Â° E | 0 | positive |

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| ricardofigueira | RT @AndrewBloch: PR Stunt of the Day Tattoo Shop offers free Brexit tattoos to highlight the permanence of voting leave https://t.co/pcjdâ€¦ | 23 Jun 2016, 02:55 - CEST | London, UK | 53 | positive |
| DepthOfTwilight | RT @CaucasianAllure: The darkness is taking over the light. The migrants are taking over Europe. #Brexit #VoteLeave #StandUpForEurope hâ€¦ | 23 Jun 2016, 02:55 - CEST | Far Far Away | 14 | positive |
| CLIENTEIGHT | .....how many faceberg likes does #Brexit have | 23 Jun 2016, 02:55 - CEST | southern california | 0 | neutral |
| zesty_finance | Australia shares to get opening lift from Brexit polls https://t.co/Kvk1FlvIkC #Finance https://t.co/jWJCMRXRSx | 23 Jun 2016, 02:55 - CEST | New York, NY | 0 | neutral |
| BLang71 | RT @V_of_Europe: Your country needs YOU: Vote Leave today to make Britain even greater https://t.co/NXFjXxIrtI | 23 Jun 2016, 02:55 - CEST | United States | 24 | positive |
| AlMHIGH1 | RT @Inst_4_Studies: This guy will be voting Remain. A charlatan voting for charlatans. Unacceptable. #Brexit https://t.co/1m5IDGxAuB | 23 Jun 2016, 02:55 - CEST | sarf london | 12 | negative |
| NewsdeskMONEY | RT @NewsdeskBIZ: Vote remain and weÂ´ll forgive you for 1966! German newspaper wade into Brexit debate Soccerway https://t.co/lUuoiGrpIh | 23 Jun 2016, 02:55 - CEST | | 1 | negative |
| adventurewmike | RT @afpfr: #Brexit: suspense total et derniÃ¨res mises en garde Ã  quelques heures du rÃ©fÃ©rendum https://t.co/YTf2M0q0ml #AFP https://t.co/yâ€¦ | 23 Jun 2016, 02:55 - CEST | Kansas | 18 | negative |
| tulio1987 | #fb Wednesday, June 22nd, 2016 Brexit: Remain, House Sit In, Illegal Bingo, Matchâ€¦ https://t.co/aIs5hhOeD8 | 23 Jun 2016, 02:55 - CEST | GUÃ•RICO VENEZUELA. | 0 | negative |
| josiefey | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 02:55 - CEST | Portland, OR | 4061 | positive |
| 2happy2man | RT @Vixen_chick: Let today be Britain's Independence Day, Vote #Brexit Better Great Britain rather than the 28th State of Europe https://t.â€¦ | 23 Jun 2016, 02:55 - CEST | | 2 | positive |
| SanDisH | Sleepless in the City Lets Traders Bet Billions on Brexit Result Bloomberg https://t.co/VttnqoDrj8 | 23 Jun 2016, 02:55 - CEST | Venus | 0 | negative |
| ArchivePerform | RT @refugee_archive: Very pleased to have a stimulating day @UEL_Library Ends w/ great roundtable #Brexit #DifferentPastsSharedFutures htâ€¦ | 23 Jun 2016, 02:55 - CEST | London, England | 2 | positive |
| Angelisse007 | RT @bare_digital: In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/SLrDA1GwOy #tech #wired https://t.â€¦ | 23 Jun 2016, 02:55 - CEST | Tampa, FL | 7 | neutral |
| NaeemSiddiqui84 | RT @V_of_Europe: Farageâ€™s final rallying call: â€˜Itâ€™s us versus the Establishment go and vote for Britain' https://t.co/LfRgbPr9PF | 23 Jun 2016, 02:55 - CEST | | 19 | neutral |
| LynannMarie56 | RT @theghissilent: I just want to know how the #Brexit will impact getting Doctor Who back on @netflix... | 23 Jun 2016, 02:55 - CEST | Bay Area, CA | 3 | negative |

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|---|---|---|---|---|---|
| NaeemSiddiqui84 | RT @V_of_Europe: Your country needs YOU: Vote Leave today to make Britain even greater https://t.co/NXFjXxIrtI | 23 Jun 2016, 02:55 - CEST | | 24 | positive |
| ravicyp | RT @ajay_mahil: This is God warning you about a brexit | 23 Jun 2016, 02:55 - CEST | | 2 | negative |
| helen_f_b | Lotta people on Twitter reckon the storm is God supporting Brexit, or alternately God supporting remain. | 23 Jun 2016, 02:55 - CEST | London | 0 | negative |
| chass2008 | RT @AMTrump4PRES: I'd like 2 dedicate this tweet 2 former lovely cultures that will only B found between the pages of a book. #Brexit httpsâ€¦ | 23 Jun 2016, 02:55 - CEST | | 227 | positive |
| r_fh_v | RT @danielayllon: Ojo a las portadas de la prensa britÃ¡nica de maÃ±ana. Esto es posicionarse y no lo de EspaÃ±a. #Brexit #BrexitOrNot https:/â€¦ | 23 Jun 2016, 02:55 - CEST | (Ahora) Madrid | 76 | positive |
| BorderKeroro | RT @V_of_Europe: Your country needs YOU: Vote Leave today to make Britain even greater https://t.co/NXFjXxIrtI | 23 Jun 2016, 02:55 - CEST | | 24 | positive |
| AllahuOmar | @CharleyyRachael I'd tell her to vote for Trump. But she's a useless brit. So she can vote for Brexit. | 23 Jun 2016, 02:55 - CEST | | 0 | negative |
| FBastiat1 | RT @FrenchForTrump: #BREXIT VOTE<br>MAKE UK GREAT AGAIN<br>TIME TO LEAVE EU<br>#MakeEuropeGreatAgain<br>THIS IS OUR FREEDOM<br>#MakeAmericaGreatAgain htâ€¦ | 23 Jun 2016, 02:55 - CEST | | 370 | positive |
| peterson_alyx | RT @AmbJohnBolton: Britain is our strongest and most important European ally & #Brexit would promote the revitalization of western security. | 23 Jun 2016, 02:55 - CEST | | 278 | positive |
| lucy_meakin | RT @markets: Pound Reaches Highest Level of 2016 on Eve of U.K. Brexit Voting https://t.co/goDSmBZoW5 https://t.co/9HUxUzSphj | 23 Jun 2016, 02:56 - CEST | London | 21 | neutral |
| andrewnappi | RT @FrenchForTrump: #BREXIT VOTE<br>MAKE UK GREAT AGAIN<br>TIME TO LEAVE EU<br>#MakeEuropeGreatAgain<br>THIS IS OUR FREEDOM<br>#MakeAmericaGreatAgain htâ€¦ | 23 Jun 2016, 02:56 - CEST | Occupied Florida | 372 | positive |
| ConsumerFYI | #Remainers' US "partners" \| The #FederalReserve is Pushing The #Economy to â€œThe Verge of Final Implosionâ€• https://t.co/xFhR9HvpaI #Brexit | 23 Jun 2016, 02:56 - CEST | US, Africa, EU | 0 | negative |
| Efekto10 | MÃ©xico y el â€œBrexitâ€• la columna de @JuanCLastiri https://t.co/OIbmeAWehE | 23 Jun 2016, 02:56 - CEST | | 0 | neutral |
| roxylovesluc y | RT @JaredWyand: BRITISH MUSLIMS POLL: 66% say they wouldn't warn of a terrorist attack<br><br>#Brexit #EUref #TrumpSpeech #NoBillNoBreak https:â€¦ | 23 Jun 2016, 02:56 - CEST | Indiana | 255 | negative |

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| KiartivichSC | RT @PetroleumEcon: Brexit: The UK will probably vote to stay, but oil markets fear the potential fallout (FREE) https://t.co/tMGPzaTUos httâ€¦ | 23 Jun 2016, 02:56 - CEST | | 13 | negative |
| RossFrenett | Jesus lads, this ominous pre referendum thunder storm is, well... ominous #Brexit #thunder | 23 Jun 2016, 02:56 - CEST | London | 0 | negative |
| Lady_Sappho | RT @peacelovedixie: If you are British, I don't know how you can watch this and even consider voting remain. #brexit #VoteLeave https://t.â€¦ | 23 Jun 2016, 02:56 - CEST | | 2 | neutral |
| Bigdatahires | Very interesting! Inferences drawn from #BigDataAnalytics done on #Brexit is contrary to mainstream #media sentiment https://t.co/Cq24WgzTZ7 | 23 Jun 2016, 02:56 - CEST | Chicago, USA | 0 | positive |
| Hedgeye | Cartoon of the Day: Enough Already!<br><br>Get our daily cartoon emailed for free: https://t.co/9UayxdPCQF #Brexit https://t.co/8kxPiqPYZH | 23 Jun 2016, 02:56 - CEST | Stamford, Connecticut | 0 | negative |
| memosquera | RT @SCabreraS: FrenÃ©tico final de campaÃ±a para convencer al 10% de indecisos. Cameron podrÃa sufrir las consecuencias de un Brexit https://â€¦ | 23 Jun 2016, 02:56 - CEST | Venezuela | 14 | negative |
| khunmilk | RT @moui: à¹€à¸§à¸¥à¸²à¸„à¸™à¹„à¸— à¸¢à¸”à¹à¸ªà¸à¹à‰à¸›à¸„à¸„à¹^à¸²à¸§ "à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´" à¹€à¸£à¸·à¹^à¸à¸‡ Brexit à¸— à¸µà¹^à¸—à¸³à¸à¸à¸à¸¡à¸²à¸¥à¸°à¹€à¸- à¸µà¸¢à¸”à¸¡à¸²à¸™à¸µà¹^à¹„à¸¡à¸¡à¸£à¹‰à¸•à¸à¸à¸à¸«à¸£à¸à¸„à¸±à¸šà¸§à¹^à¸² "à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´" à¸šà¹‰à¸²à¸™à¹€à¸£à¸²à¸¡à¸±à¸™à¹„à¸„„à¸£à¸à¸•à¸£à¸œà¸´à¸” à¸›à¸à¸•à¸´à€¦
| IndeCardio | RT @elohimis1: Trade barriers postBrexit would be 'foolish', says German businessman https://t.co/fddFBIIx8y via @MailOnline | 23 Jun 2016, 02:56 - CEST | | 1 | negative |
| vilma_pooh | RT @MUDDLAW: The latest Veritas International! https://t.co/Tg5dmcrjBE #brexit #euref | 23 Jun 2016, 02:56 - CEST | Puerto Rico | 2 | neutral |
| iVoteLeave | RT @Australiaunwra6: On eve of Brexit vote, rival camps race to win over undecideds https://t.co/0zFetC6psQ tomorrow get out and #VoteLeaveâ€¦ | 23 Jun 2016, 02:56 - CEST | UK, not EU | 4 | positive |
| LadyConservativ | RT @chuckdevore: Hoping that our British cousins across the pond declare their independence 240 years after we declared ours. #Brexit | 23 Jun 2016, 02:56 - CEST | North Carolina | 5 | positive |
| parti7sano | RT @bbcmundo: Â¿QuÃ© es el Brexit?: 7 preguntas clave para entender el referendo en Reino Unido https://t.co/BkB7XCg8Oo https://t.co/ax2hqVIIâ€¦ | 23 Jun 2016, 02:56 - CEST | | 22 | positive |
| Custstard | RT @afneil: Head of German Industry: postBrexit trade barriers would be "very, very foolish"; urges "trade regime to maintain levels of trâ€¦ | 23 Jun 2016, 02:56 - CEST | | 1674 | negative |
| PW_75 | Nach der Meldung, dass alle Brexit Volksentscheide komplett folgenlos sind, werden alle Meldungen und Warnungen zu einem grossen LOL WTF | 23 Jun 2016, 03:13 - CEST | Deutschland | 0 | negative |

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| roysimangunsong | RT @fgvdapp: Should I stay or should I go: British are divided on @Twitter about leaving the EU https://t.co/RqwOiyGGsb #EURef https://t.coâ€¦ | 23 Jun 2016, 03:13 - CEST | Indonesia | 12 | negative |
| bbpsn_ | RT @jin_nation: à¹€à¸£à¸·à¹^à¸-à¸‡à¹fà¸«à¸à¹^à¸§à¸±à¸™à¸™à¸µà¹‰ #Brexit à¸-à¸±à¸‡à¸à¸¤à¸©à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´à¸-à¸à¸^à¸²à¸à¸à¸µà¸¢à¸¹, "à¸‹à¸¹à¸^à¸µ" à¹€à¸¢à¸·à¸-à¸™à¹„à¸—à¸±à¸±à¸šà¸•à¸²à¹€à¸¢à¹‡à¸™à¹† à¸šà¸£à¸¢à¸²à¸•à¸²à¸¨à¸—à¸µà¹^à¸¡à¸«à¸²à¸Šà¸±à¸¢ #nna https://t.co/HLOJLO5DSy | 23 Jun 2016, 03:13 - CEST | | 29 | neutral |
| yayayamamoto | RT @TheEconomist: Would foreign students apply to business schools in the UK after a Brexit? https://t.co/tn7kX34cia https://t.co/sb9DpjEPzS | 23 Jun 2016, 03:13 - CEST | Hong Kong | 44 | neutral |
| DISCOVERY_Bali | RT @alexbland: #Brexit #IndependenceDay https://t.co/v9TrmBwSZg | 23 Jun 2016, 03:13 - CEST | Kuta - Bali | 15 | neutral |
| kerrijacobi | RT @AllenWestArmy: Latest Brexit Poll Shows Massive Swing To Leave EU: Referendum In 12 Days https://t.co/ySvreqZQhI via @BarracudaMama | 23 Jun 2016, 03:13 - CEST | Lake Charles, LA | 19 | positive |
| Wicked3s | RT @INTJutsu: If the UK doesn't get out now, there won't be another chance, as their country will be overrun & ruined #BREXIT #UK https://tâ€¦ | 23 Jun 2016, 03:13 - CEST | Vegas, USA | 56 | negative |
| catcherbloc | RT @ReutersBiz: Asia stocks, sterling rise as Brexit anxiety abates https://t.co/5Z7QsRREhI | 23 Jun 2016, 03:13 - CEST | Jamaica | 7 | neutral |
| ForeverReagan | RT @AllenWestArmy: Latest Brexit Poll Shows Massive Swing To Leave EU: Referendum In 12 Days https://t.co/ySvreqZQhI via @BarracudaMama | 23 Jun 2016, 03:13 - CEST | Texas (a.k.a. Gods Country) | 19 | positive |
| rhcm123 | Also reminder that Putin is [probably] using the SVR to influence the #Brexit debate in a proLeave way. Wonder why | 23 Jun 2016, 03:13 - CEST | getting coffee | 0 | positive |
| US_Threepers | RT @bluehand007: This will be our finest day.. I am confident.. #Brexit #Voteleave #Bluehand | 23 Jun 2016, 03:13 - CEST | Nebraska, USA | 13 | positive |
| netzlesen | [AMTV] BREXIT to Collapse Eurozone (WARNING!!) â€“ #NWO https://t.co/fDs0imD2cW | 23 Jun 2016, 03:13 - CEST | | 0 | negative |
| AK47_LFC | RT @MoAnsar: Incredibly, I've heard of some poor Muslims considering Brexit, utterly unawares it's being lead by the antiMuslim far right!â€¦ | 23 Jun 2016, 03:13 - CEST | | 13 | negative |
| abdulmalig | RT @somkiatonwimon: 1.à¸•à¸²à¸¡à¸"à¸¹à¸•à¸²à¸£à¸—à¸³à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´ BrExit à¸§à¸±à¸™à¸™à¸µà¹‰à¹€à¸£à¸·à¹^à¸à¸±à¸-à¸±à¸‡à¸à¸¤à¸©à¸^à¸°à¸à¸à¸•à¸«à¸£à¸·à¸à¸¡à¸¡à¸¡à¸¡à¸à¸^à¸²à¸ EU à¸šà¸—à¹€à¸£à¸µà¸¢à¸™à¸ªà¸³à¸«à¸£à¸±à¸šà¸„à¸ªà¸Š.à¸„à¸·à¸-à¸à¸£à¸°à¸šà¸§à¸™à¸•à¸²à¸£à¸—à¸³à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´à¸£à¸—à¸³à¸›à¸£à¸°à¸šà¸§à¸™à¸•à¸²à¸£à¸¶à¸•à¸²à¸£à¸¶à¸©à¸²â€¦ | 23 Jun 2016, 03:13 - CEST | 14.149305,100.612188 | 12 | negative |
| patricer18 | RT @MLP_officiel: J'Ã©tais ce soir l'invitÃ©e du 20h de @TF1. #LoiTravail #Brexit #MLPTF1 https://t.co/uIKIUoTnAj | 23 Jun 2016, 03:13 - CEST | | 425 | neutral |

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| TBS907 | RT @geraldcelente: Paul Craig Roberts Just Exposed The Terrifying Reason Why The Elites Had To Stop Brexit At All Costs @KingWorldNews httâ€¦ | 23 Jun 2016, 03:13 - CEST | dirty doon | 12 | negative |
| JosephD4al | RT @AllenWestArmy: Latest Brexit Poll Shows Massive Swing To Leave EU: Referendum In 12 Days https://t.co/ySvreqZQhI via @BarracudaMama | 23 Jun 2016, 03:13 - CEST | Madison, Alabama | 19 | positive |
| SmartEnergyApp | In the Science of Civilizations, Brexit Is the European Unionâ€™s Reckoning https://t.co/Ry92WlzZJy #wired https://t.co/uwJfw9DVml | 23 Jun 2016, 03:13 - CEST | USA | 1 | neutral |
| CNBCi | Brexit could slam a group of countries nobodyâ€™s talking about https://t.co/fdDLJr8h1o | 23 Jun 2016, 03:30 - CEST | London & Singapore studios | 0 | negative |
| ForeignAffairs | The roots of the divisions over Brexit: https://t.co/MKs9IfMjnU | 23 Jun 2016, 03:30 - CEST | New York, NY | 0 | neutral |
| bankzzzgtr | à¹„à¸¡à¹ˆà¸§à¹ˆà¸² #Brexit à¸ˆà¸°à¹€à¸à¸´à¸”à¸-à¸°à¹„à¸£à¸¡à¸¶à¹‰à¸™ à¹„à¸¥à¸à¸§à¸±à¸™à¸™à¸£à¸£à¸¸à¹ˆà¸‡à¸™à¹‰à¸•à¹‰à¸à¸§à¸¥à¸µà¹ˆà¸¢à¸µà¹ˆà¸¢à¸µà¸›à¹‰à¸™à¹ˆà¸™à¸™ | 23 Jun 2016, 03:30 - CEST | Bangkok, Thailand | 0 | neutral |
| NealCassady64 | RT @FightingTories: Today @ABCNews24 has plenty about #Brexit polls but ZERO about these polls https://t.co/sYVYqiQL9I | 23 Jun 2016, 03:30 - CEST | Falcon Bay Australia | 1 | negative |
| daliarw | Belgian PM calls for EU meeting after Brexit vote https://t.co/JakPcL1UXr via @POLITICOEurope | 23 Jun 2016, 03:30 - CEST | | 0 | neutral |
| FXS_Stocks_RU | Brexit Ð³Ð¾Ð»Ð¾Ð²Ð½Ð¾Ð³Ð¾ Ð¼Ð¾Ð·Ð³Ð° #Ð¢Ð¾Ð²Ð°Ñ€Ñ‹ #ÐÐºÑ†Ð¸Ð¸ #Ð¤Ð¡Ð½Ð°Ð½Ñ‹ #Ð¤Ð¾Ñ€ÐµÐºÑ• #EUR #USD #JPY https://t.co/K1dtjIazCC | 23 Jun 2016, 03:30 - CEST | | 0 | neutral |
| ManLikeFabregas | MaÃ±ana voto Leave. #VoteLeave #Brexit | 23 Jun 2016, 03:30 - CEST | Antigua RepÃºblica Yugoslava de | 0 | positive |
| elsolde_mexico | #Finanzas Brexit preocupa a la economÃa de EU: Casa Blanca https://t.co/pESct4tNle https://t.co/aLfT9YvnRd | 23 Jun 2016, 03:30 - CEST | Ciudad de MÃ©xico | 0 | negative |
| EaZyForm | Brexit: Heute SchicksalsTag fÃ¼r Europa: Ã–STERREICH: Heute stimmen 45 Millionen inâ€¦ https://t.co/xVGjj0KptN | 23 Jun 2016, 03:30 - CEST | Augsburg Germany | 0 | negative |
| smackey6789 | RT @andrew_lilico: How supporters of Remain hope fans of Brexit feel by 2025:https://t.co/lsRopFSYXX | 23 Jun 2016, 03:30 - CEST | | 2 | negative |
| dd9000 | RT @JohnTirman: Those shocked by #Brexit strength: every European country in 193040s had a popular, native fascist party. The Liberal ordeâ€¦ | 23 Jun 2016, 03:30 - CEST | USA | 4 | negative |

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| smitty_one_each | Forget Project Fear. Be positive. Choose dynamism. Choose BrexitÂ  \| via @telegraphnews https://t.co/epL0KBSMLO | 23 Jun 2016, 03:30 - CEST | NOVA | 1 | positive |
| cnnphilippines | The nonBrits guide to Brexit https://t.co/VJ84CsZH8Y https://t.co/fIXxXy6kRD | 23 Jun 2016, 03:30 - CEST | | 0 | neutral |
| tableaupublic | For #politicsdatamonth, @sophie_sparkes shares tips on building a live political tracker https://t.co/5G0z7BbhzZ #Brexit #EURef | 23 Jun 2016, 03:30 - CEST | United States | 0 | neutral |
| imanjeetkaur | #Technology #Tech In the Science of Civilizations, Brexit Is the... https://t.co/w6wsOfs5DO https://t.co/d6F3HbsDcd https://t.co/kKJXhNJuM0 | 23 Jun 2016, 03:30 - CEST | | 0 | neutral |
| TribulationNow | Brexit: What Is It About?<br>Paul Craig Roberts<br><br>If you read the presstitute media, Brexitâ€"the referendum tomorrow... https://t.co/QB8Zk8y4ov | 23 Jun 2016, 03:30 - CEST | | 0 | negative |
| MagsRG | RT @theordinaryman2: Retweet if you want out of #EU<br><br>#BBCDebate #EURef #VoteLeave #Brexit #VoteRemain #InOrOut #Labour #VoteOUT https://t.câ€¦ | 23 Jun 2016, 03:30 - CEST | Cheshire | 89 | negative |
| ARTnewsmag | No man is an island https://t.co/aPRjuOgGeY https://t.co/uODIptUbQL | 23 Jun 2016, 03:30 - CEST | | 1 | neutral |
| hoofed | Debate is theatre. Respectful discussion is usually worth it. #kek #EUreferendum #EUref #Brexit https://t.co/NWE4YVwLUX | 23 Jun 2016, 03:30 - CEST | United Kingdom | 0 | positive |
| rueconomicsru | Ð' ÐºÐ°Ð½ÑƒÐ½ Ñ€ÐµÑ„ÐµÑ€Ð´ÑƒÐ¼Ð° Ñ?Ñ‚Ð¾Ñ€Ð¾Ð½Ð¸ Brexit Ñ?Ñ‚Ð°Ð»Ð¾ Ð±Ð¾Ð»ÑŒÑˆÐµ https://t.co/OInc3JfgRS https://t.co/aiR3cJOnfY | 23 Jun 2016, 03:30 - CEST | Ð¡Ð°Ð½ÐºÑ‚-ÐŸÐµÑ‚ÐµÑ€Ð³Ð¾Ñ•Ñ•Ð¸Ñ• | 0 | neutral |
| UnaFreemann | Brexit: What Is It About? :Â  Information Clearing House  ICH https://t.co/UE6rlYiCCv | 23 Jun 2016, 03:47 - CEST | germany | 0 | neutral |
| augustofiscal | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 03:47 - CEST | London, England | 4098 | positive |
| lucie_buchan | To #LeaveorStay? Interesting breakdown of the #Brexit referendum by @business Intelligence Economist Dan Hanson https://t.co/cPSGxfhfCN | 23 Jun 2016, 03:47 - CEST | Melbourne, Victoria | 0 | positive |
| bigblasterstock | https://t.co/4BGFf4Flhg<br>Asia stocks, sterling rise as Brexit anxiety abates | 23 Jun 2016, 03:47 - CEST | | 0 | negative |
| RonaldARomero | @FoxBusiness  #Brexit Save yourself and leave the EU, or lose your rights and your country and a culture. | 23 Jun 2016, 03:47 - CEST | Washington, USA | 0 | positive |
| AlonzoPonce | If you cannot stay current, please do not try to. https://t.co/mCElQtjlyt | 23 Jun 2016, 03:47 - CEST | Long Beach, CA | 0 | negative |

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|---|---|---|---|---|---|
| Ug_UkCrawley | Cameron redfaced after German official says Brussels WILL trade with Britain after Brexit: DAVID Cameron and... https://t.co/gbcJ9vA0dF | 23 Jun 2016, 03:47 - CEST | Crawley, England | 0 | negative |
| baumsche | RT @FrenchForTrump: #BREXIT VOTE<br>MAKE UK GREAT AGAIN<br>TIME TO LEAVE EU<br>#MakeEuropeGreatAgain<br>THIS IS OUR FREEDOM<br>#MakeAmericaGreatAgain htâ€¦ | 23 Jun 2016, 03:47 - CEST | United States | 413 | positive |
| ___dawood | RT @ajay_mahil: This is God warning you about a brexit | 23 Jun 2016, 03:47 - CEST | | 5 | negative |
| trevordoge | I liked a @YouTube video https://t.co/wdJQWnzHHw BREXIT to Collapse Eurozone (WARNING!!) | 23 Jun 2016, 03:47 - CEST | Collingwood, Ontario, Canada | 0 | negative |
| imharisss | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere  am Iâ€¦ | 23 Jun 2016, 03:47 - CEST | | 2656 | positive |
| merendon | â€œNo habrÃ¡ ningÃºn tipo de renegociaciÃ³nâ€•, advierte Juncker a quienes apoyan Brexit https://t.co/YbR3xBd5sq vÃa @AristeguiOnline | 23 Jun 2016, 03:47 - CEST | | 0 | neutral |
| ulf_blombergswe | RT @Zwepol: Noterar att de som propagerar mot #Brexit verkar vara desamma som propagerar fÃ¶r kravlÃ¶s #migpol.<br>DÃ¥ vet man hur landet liggerâ€¦ | 23 Jun 2016, 03:47 - CEST | Sweden's westcoast | 6 | neutral |
| AngleRight | RT @zerohedge: Brexit: Global Trigger Event, Fake Out Or Something Else? https://t.co/eWLV3c7V1j | 23 Jun 2016, 03:47 - CEST | St. Louis | 7 | negative |
| Bigmind39 | The Conservative Case Against Brexit https://t.co/7VhlcqkgaS via @ForeignAffairs | 23 Jun 2016, 03:47 - CEST | Danbury CT | 0 | negative |
| TRUMP_NOW2016 | RT @michaeljohns: The #UK is a great nation and still a special relationship. Britain should be governed by British.<br><br>#Leave, friends.<br><br>#Brâ€¦ | 23 Jun 2016, 03:47 - CEST | | 37 | positive |
| VentaCisternas | Brexit: El dilema britÃ¡nico  https://t.co/qdaK6N9FeB https://t.co/qdaK6N9FeB Brexit: El dilema britÃ¡nico... https://t.co/kYfY7qnM2J | 23 Jun 2016, 03:47 - CEST | Guadalajara, Jalisco | 0 | positive |
| RonaldARomero | @EuroRaver  #Brexit Save yourself and leave the EU, or lose your rights and your country and a culture. | 23 Jun 2016, 03:47 - CEST | Washington, USA | 0 | positive |
| ssc000 | RT @JASEMARKRUTTER: Vote like you've never voted before! A vote for LEAVE EU is a vote for PEOPLE POWER! Retweet! #Brexit #BrexitOrNot httpâ€¦ | 23 Jun 2016, 03:47 - CEST | Nottinghamshire, UK | 32 | positive |
| Mrs_Coder | RT @ForeignAffairs: The roots of the divisions over Brexit: https://t.co/MKs9IfMjnU | 23 Jun 2016, 03:47 - CEST | | 8 | neutral |
| JhieRamores | RT @ConceptGrp: Currency traders in Singapore will be at their desks from 3am to await #Brexit results https://t.co/QtzeX2LcV1 https://t.coâ€¦ | 23 Jun 2016, 04:04 - CEST | | 1 | neutral |

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| Revolucion MON | #Monagas #Maturin La intriga del 'brexit': Â¿quÃ© pasarÃ¡ si el Reino Unido abandona la UE? https://t.co/4FXyVh08fs | 23 Jun 2016, 04:04 - CEST | Maturin, Estado Monagas. | 0 | negative |
| sam0398 | RT @ElizabethHurley: Vote tomorrowwhatever your persuasion. I'm for #Brexit & promise to neither gloat nor whinge. But VOTE! https:â€¦ | 23 Jun 2016, 04:04 - CEST | | 2649 | negative |
| snaxolotl | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 04:04 - CEST | your gin joint â€¢ Adelaide, AU | 4126 | positive |
| Audrey4f | need2know: Investors get Brexit jitters: Local shares poised to open lower as investors get defensive ahead o... https://t.co/rPgkVbhDmP | 23 Jun 2016, 04:04 - CEST | Sydney, New South Wales | 0 | negative |
| theordinaryman2 | RT @theordinaryman2: We are #VoteLeave<br><br>#EURef #LoveEuropeLeaveEU #Brexit #remain #INorOUT #Labour #VoteOUT https://t.co/3ozM3KOJJW | 23 Jun 2016, 04:04 - CEST | GREAT Britain | 19 | positive |
| sherise1313 | RT @Grizedale2974: The most stupid woman ever to hold power Theresa May says many Britons â€˜BENEFIT GREATLYâ€™ from Sharia Law https://t.co/dâ€¦ | 23 Jun 2016, 04:04 - CEST | Free World | 3 | negative |
| allgringo | RT @ReutersBiz: Asia stocks, sterling rise as Brexit anxiety abates https://t.co/5Z7QsRREhI | 23 Jun 2016, 04:04 - CEST | Japan | 23 | neutral |
| allengilmer | His own private Brexit. https://t.co/bALy9b0BeP | 23 Jun 2016, 04:04 - CEST | Austin, TX | 0 | neutral |
| Darmansyah ID | Menkeu: Kekhawatiran Brexit Turun https://t.co/MnSukxt83p | 23 Jun 2016, 04:04 - CEST | DKI Jakarta - Kota Lemang | 0 | NA |
| imovemanchester | RT @ianbremmer: Online & telephone polling in runup to the Brexit referendum. It's close... https://t.co/L2kvxK8Ug5 | 23 Jun 2016, 04:04 - CEST | manchester | 11 | negative |
| deborascha ch | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 04:04 - CEST | Porto Alegre \| RS | 4126 | positive |
| shabz67 | RT @dubemol: Brexit: The UK's Donald Trump moment https://t.co/B5vYWb0RUL | 23 Jun 2016, 04:04 - CEST | somewhere | 1 | neutral |
| jeffrush | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 04:04 - CEST | Arlington, TX | 4126 | positive |
| Aniatoune | https://t.co/mCz7rgyBbk | 23 Jun 2016, 04:04 - CEST | FRANCE, THIAIS | 0 | NA |
| R_de_Gerber | RT @Stop_The_EU: Don't make Britain accountable for the failings of an EU and the â,¬uro.<br><br>#Brexit https://t.co/hc9sr3lyHw | 23 Jun 2016, 04:04 - CEST | Weybridge & Wimbledon, UK | 9 | negative |

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| RottenBanadora | "The message is fear, fear, fear!" Peter Shore Brexit like it's 1975 https://t.co/q3ooP0C3dj https://t.co/AnW03YXpol | 23 Jun 2016, 04:04 - CEST | Washington, DC | 0 | negative |
| DigiHunk | RT @JantaKaReporter: British voters are taking part in historic referendum today to decide if they want to stay in or leave Europe https://â€¦ | 23 Jun 2016, 04:04 - CEST | India | 2 | positive |
| demencius74 | LOL #brexit #bremain #BremainVsBrexit #Merkel #Juncker https://t.co/oRFjFpJT18 | 23 Jun 2016, 04:04 - CEST | All over the net | 0 | negative |
| RogerJordan12 | RT @Nigel_Farage: It's time to get our borders back, our democracy back and our country back. #Brexit https://t.co/eArDsfxlO3 | 23 Jun 2016, 04:04 - CEST | DFW * North Texas | 1214 | negative |
| KarjalainenFi | Brexit hankaloittaisi verkkoostosten palauttamista https://t.co/N5OIIIqUeB | 23 Jun 2016, 04:21 - CEST | Pohjois-Karjala | 0 | negative |
| KarjalainenFi | Brexit todennÃ¤kÃ¶linen, seuraukset ennakoimattomat https://t.co/5dgU0ueG31 | 23 Jun 2016, 04:21 - CEST | Pohjois-Karjala | 0 | negative |
| briliano | Asia stocks, sterling rise as Brexit anxiety abates https://t.co/xm9pEls0o8 via @Reuters | 23 Jun 2016, 04:21 - CEST | Taiwan | 0 | negative |
| pao_jimennez | RT @_CarlosPak: Horarios clave #Brexit #Bremain<br><br>Jun23 Horario Mex.<br>1am4pm Votaciones<br>11pm Conteo preliminar<br><br>Jun24 Horario Mex<br>1amâ€¦ | 23 Jun 2016, 04:21 - CEST | MÃ©xico, D.F | 2 | negative |
| Tech_Law | Brexit: Potential Consequences For European Union Trademarks https://t.co/yIOfJbqOCB \| by @foleyhoag (via @IPLawAlerts) | 23 Jun 2016, 04:21 - CEST | JDSupra.com | 0 | neutral |
| pierceipctr | Brexit: Potential Consequences For European Union Trademarks JD Supra (press release) (0 visits):<br><br>https://t.co/jx93fY9iS8 | 23 Jun 2016, 04:21 - CEST | Concord, NH, USA | 0 | neutral |
| Alyalvarez2005 | RT @InfobaeAmerica: Boris Johnson: "Este jueves puede convertirse en el dÃa de la independencia" https://t.co/knbTYW33TW #Brexit https://t.â€¦ | 23 Jun 2016, 04:21 - CEST | | 10 | neutral |
| falconlink19 | RT @Internazionale: La Brexit Ã¨ un alibi per i politici europei poco coraggiosi, scrive Eric Jozsef. https://t.co/QT8rby1WSz | 23 Jun 2016, 04:21 - CEST | | 13 | negative |
| StarryKnight47 | RT @LeaveEUOfficial: #Brexit leads in latest poll, carried out by the most accurate pollster at the 2015 General Election https://t.co/0wpIâ€¦ | 23 Jun 2016, 04:21 - CEST | Arizona, USA | 267 | positive |
| BurtonUniform7 | RT @LeaveEUOfficial: Hannan reminds #c4debate that there is no such thing as EU money, only taxpayers money #Brexit | 23 Jun 2016, 04:21 - CEST | | 274 | positive |
| RightAsRain7 | RT @BasimaFaysal: #Brexit https://t.co/aSyrswZDVY | 23 Jun 2016, 04:21 - CEST | | 5 | neutral |

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|---|---|---|---|---|---|
| marbasch | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 04:21 - CEST | Buenos Aires | 4189 | positive |
| AceDailyNews | #AceNewsReport Japan official says concerned about Brexit impact on FX and financial markets:... https://t.co/YBdYSyBXRg @AceFinanceNews | 23 Jun 2016, 04:21 - CEST | United Kingdom | 0 | neutral |
| Breaking144 | #AceNewsReport Japan official says concerned about Brexit impact on FX and financial markets:... https://t.co/L0qVYfWzGi @AceFinanceNews | 23 Jun 2016, 04:21 - CEST | | 0 | neutral |
| WomenWorldNews1 | #Racism #Racist :( Project Racism rebounds in Brexit vote Britain to Remain but EU supers... https://t.co/es1BzYGARB #UniteBlue #Tcot | 23 Jun 2016, 04:21 - CEST | New Jersey, USA | 0 | negative |
| cwalshUK | RT @drdeathmont: As an Australian, can you please point me in the right direction for some #Brexit perspective @warrenellis and/or @neilhimâ€¦ | 23 Jun 2016, 04:21 - CEST | Portsmouth | 2 | positive |
| Traders_Edge | Japan official says concerned about Brexit impact on FX and financial markets: Deputy Chief Cabinet Se... https://t.co/JDET9eD9pJ #forex | 23 Jun 2016, 04:21 - CEST | | 0 | positive |
| TejalFatania | RT @fteconomics: Europe considers implications of Brexit https://t.co/no3rYTXyTh | 23 Jun 2016, 04:21 - CEST | United Kingdom | 2 | neutral |
| possiejim | @SenPaterson RE your Brexit pitch,are you aware of this appalling UK Govts' discrimination?https://t.co/ZCmTcra1tU costing Oz budget $1 BN? | 23 Jun 2016, 04:21 - CEST | Sydney | 0 | negative |
| outreach2004 | BREXIT: Israel Needs UK to Remain in EU to Fight Threats, Says PM David Cameron Israel News... https://t.co/NFiQbjegjV via @binalerts | 23 Jun 2016, 04:21 - CEST | Citra, Florida | 0 | negative |
| andbaker | If #Brexit fails start a tradition where EU slams the door in the face of the PM symbolizing EU's independence from provincial government. | 23 Jun 2016, 04:39 - CEST | | 0 | negative |
| 50WomenProject | RT @WSJ: Eastern Europeans in U.K. rush to apply for citizenship ahead of Brexit referendum https://t.co/EOSypiPdIV | 23 Jun 2016, 04:39 - CEST | San Francisco, CA | 31 | neutral |
| Rebecca_A_Perez | RT @FortuneMagazine: Why Brexit will be a disaster for Ireland https://t.co/ucEt4v4CJj | 23 Jun 2016, 04:39 - CEST | | 5 | negative |
| Bradders71 | https://t.co/z3Jh6JIUWV #malin vote Leave. Please read article | 23 Jun 2016, 04:39 - CEST | London | 0 | positive |
| abrah6m | â– Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector https://t.co/B1slfzozMs \| @sopitas | 23 Jun 2016, 04:39 - CEST | MichoacÃ¡n de Ocampo, MÃ©xico | 0 | neutral |
| Plasta1 | Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector https://t.co/4ytWxPCbrE | 23 Jun 2016, 04:38 - CEST | | 0 | neutral |
| lalo_514 | Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector https://t.co/V9YCH5ezvX | 23 Jun 2016, 04:38 - CEST | Mexico | 0 | neutral |
| twitfer | #brexit https://t.co/TunqlLAp3Y | 23 Jun 2016, 04:38 - CEST | | 0 | negative |

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| loreconsentida | El quintento londinense Spector estrenÃ³ â€œBorn in The EUâ€• una nueva canciÃ³n en la que expresan su sentir acerca del Brexit y todos los... | 23 Jun 2016, 04:38 - CEST | | 0 | negative |
| Abogangster45 | Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector: El quintento londinense Spector estrenÃ³ â€œBorn in The EU... https://t.co/G6Jo53XdfI | 23 Jun 2016, 04:38 - CEST | Quintana Roo, MÃ©xico | 0 | neutral |
| jeffcliff1 | https://t.co/syMqnMYyAi Predictionbook suggests about 1:2 odds of #brexit happening | 23 Jun 2016, 04:38 - CEST | PA, #tbay ,Milky Way,Laniakea | 0 | neutral |
| Rattleone | Hmm."Yes or no". Let me sleep on it baby baby let me sleep on it,I'll give you an answer in the morning. UK..I hope you get better..#Brexit | 23 Jun 2016, 04:38 - CEST | 22 Acacia Avenue | 0 | positive |
| JohnSerocold | RT @JohnOSullivanNR: At stake in Brexitwhether UK stays in an undemocratic polity or regains its selfgoverning democracy? Not trivial: hâ€¦ | 23 Jun 2016, 04:38 - CEST | London | 20 | negative |
| osscarjuarez | Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector https://t.co/JTLICflia5 | 23 Jun 2016, 04:38 - CEST | Coahuila | 0 | neutral |
| Chinks07 | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere  am Iâ€¦ | 23 Jun 2016, 04:38 - CEST | New Delhi | 2779 | positive |
| Rosalia_glez | Escucha â€œBorn in The EUâ€• la nueva canciÃ³n de Spector https://t.co/Vb7gFHm0Sb | 23 Jun 2016, 04:38 - CEST | Coahuila | 0 | neutral |
| actualite24 | Brexit: A J2 du rÃ©fÃ©rendum, dÃ©bat enflammÃ© devant 6.000 spectateurs Ã  Londres. #D22 https://t.co/nX8hQxOyHI | 23 Jun 2016, 04:38 - CEST | France | 0 | neutral |
| Chiroyo | The latest æ—¥åˆŠ Chiro! https://t.co/hotjEY4b9o Thanks to @sebapefer @chikashiojima @cubanadventures #rollingstones #brexit | 23 Jun 2016, 04:38 - CEST | TOKYO | 0 | positive |
| vcapozzi2 | RT @Forbes: Poll: 80% of Americans think Britain should leave the EU https://t.co/EPNk488c9h https://t.co/3mqaV8v5KD | 23 Jun 2016, 04:38 - CEST | | 337 | positive |
| NachomanPue | RT @Milenio: â–¶ Problemas en el paraÃso...Â¿QuÃ© es el #Brexit?https://t.co/5ZaiAGHG4t https://t.co/mKp4DQBrYD | 23 Jun 2016, 04:38 - CEST | Puebla, MÃ©xico | 9 | negative |
| BTCPosts | #bitcoinnews #bitcoin #bitcoinews #wsj U.S. Stocks Ride the Waves of Brexit Anxiety https://t.co/MXXotu1XcE #bitcoins #bitnews #bitcointalk | 23 Jun 2016, 04:56 - CEST | Miami Florida | 0 | neutral |
| mkmknani | RT @1_texanna: We are praying for you Britain!! Americans stand with you! #Brexit #VoteLeave https://t.co/Ux0Dv9UBu9 | 23 Jun 2016, 04:56 - CEST | Ft Worth Tx/Bellingham WA | 10 | positive |
| Hoofdnieuws1 | https://t.co/CsupbjE3eC To brexit or not to brexit: wat je moet weten https://t.co/b3SaBXxJSw | 23 Jun 2016, 04:56 - CEST | | 0 | negative |
| TrafficDiddy | What is Brexit and the Ramifications of Leaving the European Union [UK News] https://t.co/CVQZDMFCAf https://t.co/83r0PfXBL1 | 23 Jun 2016, 04:56 - CEST | Traffic All Around | 0 | negative |

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| kumarabhi358 | RT @dwnews: Hollande, Juncker raise stakes on Brexit https://t.co/Yb2guYnIjA https://t.co/Pvh01UMYuq | 23 Jun 2016, 04:56 - CEST | | 2 | neutral |
| ONLYSANJEEVJHA | RT @DDNewsLive: #Brexit : U.K. goes to polls in an historic referendum on whether the country should remain a member of the European Unionâ€¦ | 23 Jun 2016, 04:56 - CEST | Daman | 3 | negative |
| BrandonJLandry | RT @Blondetigressnc: The latest The Nurse Chronicles! https://t.co/fLmMbIIL7z Thanks to @BUDDHA_DRAGON1 @OsagieSelma @Gibbsdithers #brexitâ€¦ | 23 Jun 2016, 04:56 - CEST | | 2 | positive |
| CecilSDavis | RT @Reuters: Oil prices rise as markets on tenterhooks ahead of Brexit vote https://t.co/Az4U73CQXO https://t.co/ZFOmIuG3Rn | 23 Jun 2016, 04:56 - CEST | British Columbia, Canada | 48 | neutral |
| SamRamalheira | Prediction: #Brexit is defeated and everything stays (more or less) the same | 23 Jun 2016, 04:56 - CEST | | 0 | negative |
| grahamlynas | RT @JASEMARKRUTTER: Be proud today and vote LEAVE EU to take back control! Power to the People! #Brexit #VoteLeave https://t.co/0Oeb644wfb | 23 Jun 2016, 04:56 - CEST | Durham, England | 2 | positive |
| trumpcountry | RT @FLforTrump16: #Brexit #BBC #EU<br><br>Rule Britannia & Without the damn continent of Europe infested with #Muslim sympathizer liberal Pollyaâ€¦ | 23 Jun 2016, 04:56 - CEST | United States | 1 | negative |
| CarlaChamorros | 97% of Undecided to vote #Brexit.... Brexit WINS !<br><br>Referendum a 'statistical dead heat' ? https://t.co/DoMFJLsOjH https://t.co/j2VgrSwt9K | 23 Jun 2016, 04:56 - CEST | Granada, Nicaragua | 0 | negative |
| marsquad51 | RT @RobLowe: To my UK friends: how do you feel about the "Brexit"? And why? Very curious to get the REAL story. | 23 Jun 2016, 04:56 - CEST | Pahrump,NV | 15 | negative |
| romulasry | Live Thread: The BREXIT Vote: #Britain votes on independence from the European Union https://t.co/QfdcuL27wI | 23 Jun 2016, 04:56 - CEST | Southern California, USA | 0 | neutral |
| CuspCreative | What is Brexit and the Ramifications of Leaving the European Union [UK News] https://t.co/CdMiY7kkoG | 23 Jun 2016, 04:56 - CEST | Southern California | 0 | negative |
| 10thAmendment | RT @ooohouchburn: @10thAmendment today we fly free! #Brexit https://t.co/TQOcXZvqjJ | 23 Jun 2016, 04:56 - CEST | 57th State | 1 | positive |
| kurakura5o | RT @ajplus: London's mayor Sadiq Khan crushed a recent #Brexit debate â€" while fasting.<br><br>Mic drop, please. https://t.co/cN5jMmfvmQ | 23 Jun 2016, 04:56 - CEST | | 111 | negative |
| parnsap_y | RT @Independent: Victoria Beckham is not supporting the Leave campaign https://t.co/S4zjoWSm5D https://t.co/r0tFQO1cgC | 23 Jun 2016, 04:56 - CEST | | 19 | positive |

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| ConceptGrp | Oil prices rise as markets on tenterhooks ahead of Brexit vote https://t.co/oswRqK5xeL | 23 Jun 2016, 04:56 - CEST | | 0 | neutral |
| JoinMCA2016 | What is Brexit and the Ramifications of Leaving the European Union [UK News] https://t.co/zn5RkNFm2Q https://t.co/kBDM5G0prV | 23 Jun 2016, 04:56 - CEST | Motor Club of America, USA | 0 | negative |
| fightterror | Is Russia Really a Threat to Brexit? https://t.co/FKEcZMJpzC | 23 Jun 2016, 05:13 - CEST | Jerusalem | 0 | negative |
| deathmorgan | #Brexit history is written today. | 23 Jun 2016, 05:13 - CEST | Mexico City | 0 | neutral |
| JoannaWoman991 | RT @JaredWyand: BRITISH MUSLIMS POLL: 66% say they wouldn't warn of a terrorist attack<br><br>#Brexit #EUref #TrumpSpeech #NoBillNoBreak https:â€¦ | 23 Jun 2016, 05:13 - CEST | America | 287 | negative |
| ralphshields313 | RT @roarielruiz4: Support from Chicago, for British freedom from the EU. May Britain reclaim sovereignty over its nation. #VoteLeave #Brexit | 23 Jun 2016, 05:13 - CEST | Las Vegas, NV | 2 | positive |
| TrumpCoulter16 | @ElizabethHurley You are the embodiment of British Beauty. Preserve your nation, preserve your people. #Brexit | 23 Jun 2016, 05:13 - CEST | United States | 0 | positive |
| brasil2014pool | 'European Union faces African migrant crisis' Underfire Merkel issues stark warning https://t.co/c1JsWkeZ44 | 23 Jun 2016, 05:13 - CEST | Vancouver BC | 0 | negative |
| soaneseys | @UKLabour Brexit all the way | 23 Jun 2016, 05:13 - CEST | | 0 | neutral |
| TMWTL79 | @LittleWombat666 all the polls & indications are that Remain will win today.... Wasted opportunity #Brexit | 23 Jun 2016, 05:13 - CEST | | 0 | negative |
| asasays | @BBCBreaking @UEFA @UEFAEURO If Brexit wins will @FAIreland @FAWales @England @NorthernIreland be disqualified? https://t.co/1BXJXENuhw | 23 Jun 2016, 05:13 - CEST | Betung Hut | 0 | negative |
| bitcoinagile | #bitcoin Price Drops $100 As Brexit Hopes Falter Blockalerts #Blockchain https://t.co/CAQEEJjmii https://t.co/BAxVobjtpe | 23 Jun 2016, 05:13 - CEST | Matter Doesn't Matter | 0 | neutral |
| Sammy_Toon | Brexit is also part of protecting Ireland and Wales Britain! | 23 Jun 2016, 05:13 - CEST | | 0 | positive |
| Mr_VivaYolo | Â¿QuÃ© es el #Brexit? Van 7 claves para entender el referendo de Reino Unido \| Por bbcmundo https://t.co/Tr0J1ABJPA https://t.co/zueGt02QXZ | 23 Jun 2016, 05:13 - CEST | Mexico | 0 | negative |
| Arisfivedragon | #SinagaNews Inter Selangkah Lagi Dapatkan Bek Sayap Genoa https://t.co/UKcOfr4FlJ | 23 Jun 2016, 05:13 - CEST | Kota Binjai, Sumatera Utara | 0 | neutral |
| brexiteer2016 | #Brexit #EURef Sounds familiar, seems like the protocol of fear campaigning is rife these days NOT fooled #Leave https://t.co/5e2FyN6fuB | 23 Jun 2016, 05:13 - CEST | | 0 | positive |
| Corysim | IfindITtalent: Asia stocks, sterling rise as Brexit anxiety abates: Asian shares edged up and sterling stood ... https://t.co/BoDqPk7knD #â€¦ | 23 Jun 2016, 05:13 - CEST | Seattle, WA | 0 | neutral |

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| miloismydaddy | RT @MikeMa_: to all my redcoat followers, vote smart tomorrow #BREXIT | 23 Jun 2016, 05:13 - CEST | alla puttamelata. | 3 | positive |
| fantasymandan | $AMD $EA $WUBA $NVDA<br>A little music as we head into this binary buzzsaw known as BREXIT.<br>https://t.co/qa4zJVTxw6<br><br>$SPY | 23 Jun 2016, 05:13 - CEST | Hawaii | 0 | positive |
| GordonFBennett | @KikiTheReds1 Get some geography mate before you comment #Scotland, #wales and #northernireland are voting too its #brexit not #eexit | 23 Jun 2016, 05:13 - CEST | | 0 | neutral |
| NikolasFuturist | RT @imgur: The British mood at this moment in time. https://t.co/cDozmT7Igk #Brexit https://t.co/wjwUonXATq | 23 Jun 2016, 05:13 - CEST | Vancouver, BC, Canada | 113 | positive |
| tayfan2 | RT @IngrahamAngle: Bono, Beckham & every other global celeb in Britain ag #Brexit. Follow the $> globalization great for them, horrid forâ€¦ | 23 Jun 2016, 05:13 - CEST | Somewhere in Virginia | 339 | negative |
| KostJason | RT @MikeMacck: Be a patriot. Vote Leave. #Brexit https://t.co/Kh0nHwoWkX | 23 Jun 2016, 05:30 - CEST | Astoria, OR | 3 | positive |
| funfreefun | ã‚„ã‚ˆã‚„ã‚ˆã€‚23æ—¥ã‚«ã«ï±å›½ã§§å›½ï°ï¾ãŠ•ç¥¨ã€€ãƒ¼ãªãªãœä»Šã ãªãª©ã€‚ç–‘ï•ç‚¹ã‚ï¾ï¾ï¾ï¾ãª—ãŸ https://t.co/edyoa5pFOZ by @HuffPostJapan https://t.co/2o1bOBxCF2 | 23 Jun 2016, 05:30 - CEST | | 0 | neutral |
| truthenomics | RT @zerohedge: Who Is The "European Movement" And Why The Answer May Change How You Vote On "Brexit" https://t.co/FKk9XFf1wm | 23 Jun 2016, 05:30 - CEST | | 39 | neutral |
| WaterWynd | RT @thedailybeast: Brexit makes absolutly no sense at all. Here's why: https://t.co/t4PHGYNM2O https://t.co/FZgJO9XrIN | 23 Jun 2016, 05:30 - CEST | | 17 | negative |
| hubinbiz | Mud, Music and MilesLong Lines as Glastonbury Clashes With Brexit Referendum https://t.co/f71sHQ6ysY vÃa @hubinbiz | 23 Jun 2016, 05:30 - CEST | | 0 | neutral |
| Nyheter24_7 | RT @V_of_Europe: Farageâ€™s final rallying call: â€˜Itâ€™s us versus the Establishment go and vote for Britain' https://t.co/LfRgbPr9PF | 23 Jun 2016, 05:30 - CEST | | 57 | neutral |
| ItsDavisDavison | Mud, Music and MilesLong Lines as Glastonbury Clashes With Brexit Referendum: Their country may be about to ... https://t.co/qmV4XdDXUM | 23 Jun 2016, 05:30 - CEST | Las Dream USC | 0 | neutral |
| Noonebin | RT @XxPLWxX: Dear Britain<br>When you vote today, remember the sacrifices made so you can be free.<br>#Brexit #VoteLeave #EUref https://t.co/HsfLâ€¦ | 23 Jun 2016, 05:30 - CEST | Western Australia | 10 | positive |
| agiltegar | #Follow Mud, Music and MilesLong Lines as Glastonbury Clashes With Brexit Referendum: Their country may be a... https://t.co/rwBd5opSpY | 23 Jun 2016, 05:30 - CEST | Cloud â˜• Â· Melbourne | 0 | neutral |
| martinstevens27 | RT @RehmanSid: According to the poll I conducted slight majority (52%) believes, #UK should #VoteLeave (#Brexit) in #EUreferendum. https://â€¦ | 23 Jun 2016, 05:30 - CEST | Lincoln, Lincolnshire | 14 | positive |

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| BlueFloridian | Some kind of publicity stunt? Except for Princess Di, the UK hasn't gotten this much global attention since the early Empire days, #Brexit | 23 Jun 2016, 05:30 - CEST | | 0 | negative |
| JayDook | RT @realkingrobbo: Brexit Poll Shows 80% Of Americans Think Britain Should Leave EU https://t.co/ghlHHXsc9Q https://t.co/GM2KHRzMjN | 23 Jun 2016, 05:30 - CEST | | 9 | positive |
| BharatRajneeti | à¤¬à¥à¤°à¥‡à¤—à¥à¤œà¤¿à¤Ÿà¤f à¤•à¥•à¤¯à¤¾ à¤…à¤ª à¥€ à¤•à¤¬à¥•à¤° à¤–à¥‹à¤¦à¤¨à¥‡à¤œà¤¾ à¤°à¤¹à¤¾à¥ à¤¹à¥^ à¤¬à¥à¤°à¤¿à¤Ÿà¥‡à¤¨? https://t.co/aWSyeV0wv2 via NavbharatTimes https://t.co/2dtS2PHe4V | 23 Jun 2016, 05:30 - CEST | India | 0 | neutral |
| ArtofeVan | There's too much at stake for elites to let the people of #Britain exit the #EU. Even if the people win #Brexit votes, elites won't let them | 23 Jun 2016, 05:30 - CEST | Megrez | 0 | negative |
| ReutersBiz | Oil rises as markets on tenterhooks ahead of Brexit vote https://t.co/WtZtuv3eyI | 23 Jun 2016, 05:30 - CEST | Where you are | 0 | positive |
| poluakerford | Mud, Music and MilesLong Lines as Glastonbury Clashes With Brexit Referendum https://t.co/HCisR8CEII | 23 Jun 2016, 05:30 - CEST | ÐœÐ¾Ñ•ÐºÐ²Ð° | 0 | neutral |
| toriKh | RT @benphillips76: Peak #Brexit: UK protestor tries to burn the EU flag, but can't, because of EU regulation on flammable materials https:/â€¦ | 23 Jun 2016, 05:30 - CEST | Australia | 15077 | negative |
| FGlyneth | RT @DavidJo52951945: RT Please take a pen to the polling station with you tomorrow & donâ€™t use a pencil #Brexit https://t.co/OYnrUyxu95 | 23 Jun 2016, 05:47 - CEST | | 548 | neutral |
| FR33_W0RLD | RT @RealAlexJones: WATCH: Standing Ovation for Former London Mayor Over Plea to Leave #EU https://t.co/0NSiYKA5mT #VoteLeave #BREXIT #Leaâ€¦ | 23 Jun 2016, 05:47 - CEST | free.world@tutanota.com | 91 | positive |
| MichelBinette | RT @INTJutsu: If the UK doesn't get out now, there won't be another chance, as their country will be overrun & ruined #BREXIT #UK https://tâ€¦ | 23 Jun 2016, 05:47 - CEST | | 132 | negative |
| IndomTrading | Oil rises as markets on tenterhooks ahead of Brexit vote TOKYO (Reuters) Oil prices rose in Asian trading o... https://t.co/b2KGiC2qFw | 23 Jun 2016, 05:47 - CEST | United Kingdom | 0 | neutral |
| BizDatabase | ForexLive Asia FX news wrap: Brexit polls driving GBP still https://t.co/MiUsl1XQPm Forex news for Asia trading Thursday 23 June 2016 An aâ€¦ | 23 Jun 2016, 05:47 - CEST | | 0 | neutral |
| CryptoSourceHQ | #bitcoin Bitcoin Price Drops Below $600 As â€˜Brexitâ€™ Hopes Falter https://t.co/wXIqxAbfYP | 23 Jun 2016, 05:47 - CEST | Worldwide | 0 | negative |
| FreeCryptoCo | #bitcoin Bitcoin Price Drops Below $600 As â€˜Brexitâ€™ Hopes Falter https://t.co/4VCFZ8R0fD | 23 Jun 2016, 05:47 - CEST | Worldwide | 0 | negative |
| bintanghadiputr | Brexit itu untuk kedaulatan GB . hanya keluar zona ekonomi perjanjian bilateral bisa ditata lagi. Kenapa takut? | 23 Jun 2016, 05:47 - CEST | Soerabaja - Konijde de Nederlands Indische | 0 | negative |

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| DomMitchell | Be smart. Don't let racism and fear win.#BetterIn #Brexit #Remain https://t.co/VclT6LNhen | 23 Jun 2016, 05:47 - CEST | LA / London / Roarton, Lancs. | 0 | negative |
| balika7510 | RT @BLervoire: RÃ©sultat sans appel ce soir sur @leJDD :<br><br>87% pour le #Frexit !<br><br>Un #rÃ©fÃ©rendum vite !<br><br>#Brexit #MLP2017 #AvecMarine https:/â€¦ | 23 Jun 2016, 05:47 - CEST | | 63 | negative |
| FXS_Forex_EN | Brexit's Real Impact Would Be Gradual and Global #Stocks #Finance #Forex #GBP #SGD #SGDJPY #United Kingdom #Dow https://t.co/h5JA4w0nQf | 23 Jun 2016, 05:47 - CEST | Geneva, Switzerland | 0 | positive |
| sunandavashisht | RT @myindmakers: Brexit: Will the United Kingdom leave the European Union? #Brexit https://t.co/IS1jYw8RsL | 23 Jun 2016, 05:47 - CEST | Houston | 1 | positive |
| OurNewEurope | Les Britanniques votent aujourdâ€™hui sur le Brexit, tous les EuropÃ©ens sur lâ€™avenir der notre continent sur https://t.co/SBMBhbY3eS ! | 23 Jun 2016, 05:47 - CEST | Berne, Switzerland | 0 | positive |
| volkerpaulsen | Fjollet debat! Det Indre Markeds reelle vÃ¦rdi har INTET fyldt i medierne!<br>Alle frygter Brexit â€“ bortset fra Putin<br>https://t.co/FBLBvNCr71 | 23 Jun 2016, 05:47 - CEST | | 0 | negative |
| JASEMARKRUTTER | EU referendum Thursday 23rd June. Vote LEAVE EU & return POWER to the PEOPLE! #BrexitOrNot #Brexit https://t.co/BC7nZkJddD | 23 Jun 2016, 05:47 - CEST | United Kingdom Bromsgrove | 0 | positive |
| MarquardtJP | RT @BjoernSta: â€œThe time has comeâ€œ for â€œIndependence Dayâ€œ? UK Titelseiten morgen zum #EUref #Brexit via @suttonnick https://t.co/TsvVDA2iâ€¦ | 23 Jun 2016, 05:47 - CEST | London | 5 | neutral |
| vinodsundaram | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 05:47 - CEST | Singapore. Chennai. | 4282 | positive |
| theodor1957 | Today: EU ceasing to exist, UK ceasing to exist #brexit | 23 Jun 2016, 05:47 - CEST | | 0 | negative |
| Janunos | RT @1u4m4: 80% of Americans believe Britain & the world would have a better future with BREXIT<br><br>https://t.co/u4Nwng5Xts https://t.co/jbzI7eâ€¦ | 23 Jun 2016, 05:47 - CEST | Wash DC | 32 | positive |
| spain_grain | Equities like the brexit situation I guess | 23 Jun 2016, 05:47 - CEST | Morton. IL Chicago expat | 0 | negative |

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| pritch1963 | RT @XxPLWxX: #EURef Polling day arrives & counting begins on postal votes from just one house in Tower Hamlets #Brexit #VoteLeave https://tâ€¦ | 23 Jun 2016, 06:04 - CEST | Nr Manchester, England | 10 | positive |
| CNCConGongora | El Brexit pone en riesgo la nota de Reino Unido y sus finanzas locales https://t.co/0vtUOarede | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| lumirdto | notiven: RT: ajenglish :#Brexit and the toxicity of the UK politics https://t.co/4BBFdisNQ8 https://t.co/XLdLiNWkmJ | 23 Jun 2016, 06:04 - CEST | | 0 | negative |
| MrPortfofio | RT @mkopNY: US #Economy continues to deteriorate, #BONDS r a BUY, #Brexit or #Bremain is irrelevant, #STOCKS will go DOWN July https://t.coâ€¦ | 23 Jun 2016, 06:04 - CEST | Oregon | 7 | negative |
| splendid1040 | Brexit: los 3 temas que definen el referendo sobre la permanencia o salida de Reino Unido en la UE https://t.co/p4qDmHemHN \|BBC | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| airgotravel | Harilela Hotels: Brexit will be tough for hotel industry: While Brexit will hit the hotel indust... https://t.co/yUg8HXgiC7 #cnbc_travel | 23 Jun 2016, 06:04 - CEST | Budapest - Hungary | 0 | positive |
| redrivergrl | RT @NRO: Brexit is proof that people are fed up with government planning: https://t.co/sWpixNh5Wi | 23 Jun 2016, 06:04 - CEST | | 34 | negative |
| Barbiemelanii | Brexit: los 3 temas que definen el referendo sobre la permanencia o salida de Reino Unido en la UE: Los britÃ¡... https://t.co/7kWVspy5ER | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| lumirdto | notiven: RT: elmundomovil :CLAVES \| 20 puntos para entender el â€œBrexitâ€• de Reino Unido https://t.co/n73hHZNddF https://t.co/H0K39kKTbz | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| Nalgaprontamx | Todos andan muy extraÃ±os por el #Brexit | 23 Jun 2016, 06:04 - CEST | Mexico | 0 | negative |
| airgotravel | How will UK tourism be affected by Brexit?: Britain's tourism industry, while resilient, will be... https://t.co/qkQsk7be71 #cnbc_travel | 23 Jun 2016, 06:04 - CEST | Budapest - Hungary | 0 | positive |
| Swaggerfamouz2 | Brexit: los 3 temas que definen el referendo sobre la permanencia o salida de Reino Unido en la UE: Los britÃ¡... https://t.co/GlCYSOC2oR | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| abcomsads | Harilela Hotels: Brexit will be tough for hotel industry: While Brexit will hit the hotel industry hard it wo... https://t.co/TMGB3aIO5H | 23 Jun 2016, 06:04 - CEST | WorldWide | 0 | neutral |
| 4rj1111 | RT @dibya_shareBuzz: Merah Kya Hogah Kaliya ? #Brexit #Rexit #Exit https://t.co/Oirowb51wb | 23 Jun 2016, 06:04 - CEST | | 6 | NA |
| godzmei1977 | RT @Reuters: Oil prices rise as markets on tenterhooks ahead of Brexit vote https://t.co/Az4U73CQXO https://t.co/ZFOmluG3Rn | 23 Jun 2016, 06:04 - CEST | | 60 | neutral |
| 4jingjinx | RT @somkiatonwimon: 1.à¸•à¸²à¸¡à¸"à¸¹à¸•à¸²à¸£à¸— à¸³à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´ BrExit à¸§à¸±à¸™à¸™à¸µà¹‰à¸£à¸·à¹^à¸à¸±- à¸±à¸‡à¸à¸¤à¸©à¸^à¸°à¸à¸•à¸«à¸£à¸·à¹„à¸¡à¹^à¸à¸- à¸à¸^à¸²à¸ EU à¸šà¸— à¹€à¸£à¸µà¸¢à¸™à¸ª à¸„à¸±à¸«à¸«à¸£à¸±à¸šà¸„à¸°à¸šà¸§à¸™à¸à¸²à¸— à¸³à¸›à¸£à¸°à¸Šà¸²à¸¡à¸•à¸´à¸«à¸£à¸·à¸¶à¹fà¸«à¹‰à¸•à¸²à¸£à¸¨à¸¶à¸• à¸©à¸²â€¦ | 23 Jun 2016, 06:04 - CEST | BKK | 21 | negative |

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| CNCConGongora | El Brexit tambiÃ©n define el futuro del futbol inglÃ©s https://t.co/aNAjri6x55 | 23 Jun 2016, 06:04 - CEST | | 0 | neutral |
| AnthonySwinhoe | RT @Irelandbrexit: Great response from people of Sheffield today. If we can maximise our LEAVE turn out , we will emerge with a great victâ€¦ | 23 Jun 2016, 06:04 - CEST | | 16 | positive |
| egatrader | Alerta en los mercados: los dos escenarios del Brexit: Si los britÃ¡nicos votan hoy por salir de la UE, las bo... https://t.co/GdEnPCPHVw | 23 Jun 2016, 06:04 - CEST | Shangri-La | 0 | negative |
| Nyaranyar | RT @AMTrump4PRES: I'd like 2 dedicate this tweet 2 former lovely cultures that will only B found between the pages of a book. #Brexit httpsâ€¦ | 23 Jun 2016, 06:22 - CEST | Denver, CO | 421 | positive |
| onefingershort | #Brexit, stage left https://t.co/vk5hs5eG99 | 23 Jun 2016, 06:22 - CEST | a sandbox | 0 | negative |
| The16thChopper | RT @MaxCRoser: This is Boris Johnson before he realised that Brexit would be his chance to become PM: https://t.co/Xh5GDhGgDK https://t.co/â€¦ | 23 Jun 2016, 06:22 - CEST | Wolverhampton | 477 | positive |
| JosephineMaribe | RT @afpfr: #Brexit: les Britanniques votent sur leur avenir et sur celui de l'UE https://t.co/pZkCEXROta #AFP https://t.co/Pv2hM2u93m | 23 Jun 2016, 06:22 - CEST | France Europe Ici&lÃ L Ã -bas... | 14 | neutral |
| Manuelsiguenza4 | Â¿El fin del sueÃ±o europeo? 'Brexit' o 'Bremain', los britÃ¡nicos deciden suÂ futuro: Mientras todo el... https://t.co/LNC2myzhWv | 23 Jun 2016, 06:22 - CEST | Panchimalco, El Salvador | 0 | negative |
| Loupo85 | RT @ProfTimBale: The idea that English nationalism has powered support for Brexit is unduly simplistic and requires reexamination https://â€¦ | 23 Jun 2016, 06:22 - CEST | FRANCE (44000) | 10 | negative |
| ziruma_rojas | Â¡LABORATORIO CLINICO BACTERIOLOGICO estÃ¡ disponible! https://t.co/aTurKIrSfZ #brexit #venezuela | 23 Jun 2016, 06:22 - CEST | MATURIN ESTADO MONAGAS | 0 | positive |
| thousandnews | Politico: Î^Ï„Îƒî¹ Î¸Î± ÎµÏ€Î·Ï‚Îµî¬ÏƒÎµÎ¹ Ï„Î¿ Brexit Ï„Î·Î½ Î•Î»Î¬Î´Î± Î²Î±Î¹ Ï„Î¿Ï…Ï, Î¬Î»Î»Î¿Ï…Ï, Â«26Â» Ï„Î·Ï, Î•Î•: Î¼Î± Î²Î»ÎîÏ¼Î½Î±Ï„Î± ÎµÎ¯Î½Î±Î¹ ÏŒÎ»Î±Ï‚ Ï„Î¿ Ï…ÏƒÎ»Î¼Î¿ Ï„Î¿Ï…... https://t.co/nWHxgbPwuL | 23 Jun 2016, 06:22 - CEST | GREECE | 0 | neutral |
| MiguelG_SV | Â¿El fin del sueÃ±o europeo? 'Brexit' o 'Bremain', los britÃ¡nicos deciden suÂ futuro: Mientras todo el... https://t.co/c4ibbNeuva | 23 Jun 2016, 06:21 - CEST | Ciudad Arce, La Libertad | 0 | negative |
| Pontifex_minimu | RT @freeWorld2: Russian Propaganda full speed ahead to #Brexit https://t.co/5oFfYXFSq2 | 23 Jun 2016, 06:21 - CEST | Westfalen, Deutschland | 2 | neutral |
| RJPKlein | RT @Shaithis1404: Why has @twitter promoted @UKLabour and remain about 5 times on my TL today and not promoted leave once? Dodgy methinks.â€¦ | 23 Jun 2016, 06:21 - CEST | | 51 | negative |
| IsaorgMt | RT @DavidJo52951945: RT Please take a pen to the polling station with you tomorrow & donâ€™t use a pencil #Brexit https://t.co/OYnrUyxu95 | 23 Jun 2016, 06:21 - CEST | California, USA | 556 | neutral |

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| nuneatonkev | RT @Forbes: Poll: 80% of Americans think Britain should leave the EU https://t.co/EPNk488c9h https://t.co/3mqaV8v5KD | 23 Jun 2016, 06:21 - CEST | | 388 | positive |
| CarsonSieving | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 06:21 - CEST | New York, NY | 4341 | positive |
| Fernand1SV | Â¿El fin del sueÃ±o europeo? 'Brexit' o 'Bremain', los britÃ¡nicos deciden suÂ futuro: Mientras todo el... https://t.co/qYQykfwXUp | 23 Jun 2016, 06:21 - CEST | San Salvador, El Salvador | 0 | negative |
| abpnewstv | Explained: Why, how is #UK voting to stay in or leave #EU? #EUref #BrexitOrNot #Brexit https://t.co/NJX4oVTT1a https://t.co/Rj63qtHCki | 23 Jun 2016, 06:21 - CEST | India | 0 | positive |
| amalrajv | Paris joins global tributes to murdered UK lawmaker Jo Cox https://t.co/nfkVISFN9b https://t.co/q90unGxxHx | 23 Jun 2016, 06:21 - CEST | chennai | 0 | negative |
| AngelaY84351507 | RT @theordinaryman2: This is my Flag is it yours..? #Brexit #ILoveBritain #believeinbritain #LoveBritain #IamBritishnotEuropean #no2EU httâ€¦ | 23 Jun 2016, 06:21 - CEST | | 53 | positive |
| FinMinIndia | RT @DasShaktikanta: 'If Brexit happens, India is ready' via Times Now App https://t.co/mNBrN3e2kY | 23 Jun 2016, 06:21 - CEST | New Delhi | 2 | neutral |
| ValutaNews | Traders plan for allnight Brexit vigil https://t.co/9ApOB6obqv #ValutaNews https://t.co/5czxuDmqta | 23 Jun 2016, 06:39 - CEST | | 0 | neutral |
| AFUJIINIKKEI | Asia Inc. bracing for Brexit vote Nikkei Asian Review https://t.co/V8XikL4hQN #Brexit | 23 Jun 2016, 06:39 - CEST | | 0 | positive |
| ebruhwiler | RT @catoletters: Defeat the Establishment: Brexit https://t.co/EsampHpoQ6 | 23 Jun 2016, 06:39 - CEST | Los Angeles | 2 | negative |
| languillem | Le Brexit en tÃªte dans deux sondages https://t.co/hkALDplkYl | 23 Jun 2016, 06:39 - CEST | france | 0 | positive |
| mpk | The UK has to roll 6 or more on 1d20 to save against Brexit. What happens if it rolls a critical failure? https://t.co/mXVfn1v3NC | 23 Jun 2016, 06:39 - CEST | ZÃ¼rich, Switzerland | 0 | negative |
| actualite24 | Brexit les Britanniques du sud de la France s"inquiÃ¨tent pour leur avenir. #RT https://t.co/7czIahOGNw https://t.co/mAoIhJDhyH | 23 Jun 2016, 06:39 - CEST | France | 0 | negative |
| BR_Schwaben | Schwabens Wirtschaft und der Brexit: Was wÃ¤re wenn? https://t.co/TXNaUlj9fo | 23 Jun 2016, 06:39 - CEST | Schwaben | 0 | negative |
| rizza_mohammad | RT @itradeph: Asian Stocks flat/lower as count down to Brexit vote just hours away... | 23 Jun 2016, 06:39 - CEST | Republic of the Philippines | 1 | negative |
| stirileonline ro | BREXIT. Zi decisivÄƒ pentru viitorul Uniunii Europene. TabÄƒra proBrexit, avantaj fragil, potrivit ultimelor s... https://t.co/wtZURih2hI | 23 Jun 2016, 06:39 - CEST | | 0 | positive |
| Post_Iccia | RT @francofontana43: Brexit. Il problema dell'Inghilterra, e non solo... | 23 Jun 2016, 06:39 - CEST | Vicchio, Toscana | 2 | negative |

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| | L'apertura de @ilmanifesto https://t.co/QuBD9rM6GH | | | | |
| orionfishing | "To stay, or not to stay, that is the question". Today for all UK people.... Interesting what the voting Will show..... #Brexit or #Bremain | 23 Jun 2016, 06:39 - CEST | Urk, The Netherlands | 0 | negative |
| Booking_offers | RT @CLM_net: How will UK tourism be affected by Brexit?: Britain's tourism industry, while resilientâ€¦ https://t.co/CqF350ozkA | 23 Jun 2016, 06:39 - CEST | Latvija | 1 | neutral |
| OpenMfndedRecs | RT @ASAPNewsLIVE: The nonBrits guide to Brexit @CNN https://t.co/BOL8fC4Bac | 23 Jun 2016, 06:39 - CEST | Northern Arizona | 219 | positive |
| SebastianInVi | RT @Forbes_Mexico: Peso se tranquiliza ante posible derrota del #Brexit en referendo. https://t.co/PF7YMI3yTQ | 23 Jun 2016, 06:39 - CEST | Mexico | 3 | negative |
| acucobol | RT @undercovermag: Judgement day #Brexit OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUT OUâ€¦ | 23 Jun 2016, 06:39 - CEST | iPhone: 51.466492,-2.605621 | 1 | negative |
| beshe0327 | RT @nhk_news: ã€ã‚ã,¤ã,®ãƒªã,¹å›½æº“æŠ•ç¥¨ã€‘ã,¤ã,®ãƒªã,¹ãƒ§è¡Œã‚ã,‚ã‚ã‚‹ã‚‹ã‚‹

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| | | | Antonio Chile | | |
| cumulus76 | Â¿El fin del sueÃ±o europeo? 'Brexit' o 'Bremain', los britÃ¡nicos deciden suÂ futuro https://t.co/nMXeMI0obB | 23 Jun 2016, 06:56 - CEST | | 0 | negative |
| joanberna | If you want, today... #brexit | 23 Jun 2016, 06:56 - CEST | | 0 | negative |
| shiontokoharu | RT @nhk_news: ã€ã‚ã,¤ã,®ãƒªã,¹ã›ï¼æº‘æŠ•ç¥¨ã€‘ã,¤ã,®ãƒªã,¹ã§§è¡Œã,Œã,Œã,‹é›¢ï¿½ã‚Œã,±ã‚®è³›å‰ã,’å•ã‚†ã‚Šï¼æº‘æŠ•ç¥¨ã‚¯ã‚¯ã‚¼ã,ã‚ªã‚ãæŠ•ç¥¨ã‚Œå§‹ã‚ã‚¼ã,Šã‚¼ã‚™ã€,æœ€æ–°ã•®ä¸–è«–ï¿½ãŸ»ã•§ã•¯æ®‹ç•™ãƒ»é›¢ï¿½ã‚Œæ–°ã‚ªã‚ãã‚ã£ã‚ã‚ãã‚ã£ã‚ã£ã‚ã£

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| BevPostma | Only mad dogs and Englishmen (..& Scotsmen, Welshmen & Northern Irishmen, & women) #BrExit . https://t.co/HE5yaeLqog https://t.co/4lEltR2nre | 23 Jun 2016, 06:56 - CEST | Singapore | 0 | negative |
| tovimagr | #vimafinance Standard+Poor's: Î¤Î±Î‡Î¤Î±Î½,Î±Î¼,Î·Î…Ï€Î¿Î¯Î¼Î¼Î¼

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|---|---|---|---|---|---|
| sandramartel | Ese matrimonio necesita terapia y no un divorcio. A hrs de saberlo @InfobaeAmerica: #Brexit: Tiembla un gigante y el mundo espera atÃ³nito | 23 Jun 2016, 07:13 - CEST | PERÃš | 0 | negative |
| NikauGlobal | Final Brexit Appeals Made as Polls Diverge on Referendum Eve https://t.co/Q2YQ002wrv | 23 Jun 2016, 07:13 - CEST | Auckland, New Zealand | 0 | neutral |
| VivierGroup | Final Brexit Appeals Made as Polls Diverge on Referendum Eve https://t.co/qCIZ4YEYPT | 23 Jun 2016, 07:13 - CEST | Private Wealth Management | 0 | neutral |
| GaryPWarner1 | Final Brexit Appeals Made as Polls Diverge on Referendum Eve https://t.co/HMWJNyqiOd | 23 Jun 2016, 07:13 - CEST | Auckland City, New Zealand | 0 | neutral |
| alihfar | Final Brexit Appeals Made as Polls Diverge on Referendum Eve https://t.co/hLomzU1V6Z | 23 Jun 2016, 07:13 - CEST | Auckland, New Zealand | 0 | neutral |
| GladiatorPosse | RT @robezenk: @libertytarian They're gonna chicken out... #Brexit https://t.co/qcqA7ICeDj | 23 Jun 2016, 07:13 - CEST | | 1 | negative |
| bigirwenkyaj | RT @TIME: Mud, music and 12hour traffic jams as Glastonbury clashes with Brexit vote https://t.co/NbSSx3MxSr | 23 Jun 2016, 07:13 - CEST | Entebbe, Uganda | 23 | neutral |
| AairwolfDevine | RT @FionnaighHessey: Only one of many reasons I will be voting LEAVE. #Brexit https://t.co/9zhlmBAqxb | 23 Jun 2016, 07:13 - CEST | | 1 | positive |
| TommyBarrs | RT @txbeardman: Ok Britain. It's midnight in Texas, but it's 6am your time. Go vote. #Brexit #VoteLeave #VoteLeaveTakeControl https://t.co/â€¦ | 23 Jun 2016, 07:13 - CEST | | 3 | positive |
| rollieo122 | RT @tagesschau: BrexitDossier: Goodbye nach 43 Jahren? https://t.co/XNb5m65v71 #Brexit | 23 Jun 2016, 07:13 - CEST | West Sussex, UK | 5 | negative |
| TheSagarKumar | Game of Thrones Has a Lot at Stake in the Brexit Vote. Seriously. https://t.co/WjwSUslxE8 https://t.co/T9P3I8Gpbr | 23 Jun 2016, 07:13 - CEST | à¤-à¤¾à¤°à¤¤ | 0 | negative |
| FelixMorquecho | RT @eljukebox: Todo el mundo sabe que si el Brexit fuese a afectar a los espaÃ±oles votaria tambien EspaÃ±a. | 23 Jun 2016, 07:13 - CEST | eibar | 18 | neutral |
| OutTheEU | RT @V_of_Europe: Even France would LEAVE the â€˜sadâ€™ EU if it had a referendum, top French philosopher says https://t.co/XHPxzxRaK3 https://tâ€¦ | 23 Jun 2016, 07:30 - CEST | Yorkshire and The Humber, England | 56 | positive |
| LBettie | RT @instyle_UK: Bed, leggings + 45 things we'd rather be IN right now (including Europe) https://t.co/02FpIBgZjn #Brexit #StrongerIn https:â€¦ | 23 Jun 2016, 07:30 - CEST | | 2 | negative |
| UkraineHotNews | Ð ÐµÑ„ÐµÑ€ÐµÐ½Ð´ÑƒÐ¼ Ñ‰Ð¾Ð´Ð¾ Brexit: Ð´Ñ€Ð¸Ñ‚Ð°Ñ†Ñ– Ñ‰ÑŒÐ¾Ð³Ð¾Ð´Ð½Ñ– Ð²Ð¸Ñ€Ñ–Ñˆ Ð¿Ð¸Ñ‚Ð°Ñ‚ÑŒ Ð¿Ð¸Ñ‚Ð½Ñ• Ñ‡Ð»ÐµÐ½Ñ‚Ñ‚Ð² ÐºÑ€Ð°Ñ—Ð½Ð¸ Ð² Ð„Ð¡: Ð”Ñ– | 23 Jun 2016, 07:30 - CEST | Kyiv (Kiev), Ukraine (ÐšÐ¸Ñ—Ð², | 0 | neutral |

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|---|---|---|---|---|---|
| | Ð»ÑŒÐ½Ð¸Ñ†Ñ– Ñƒ Ð²Ñ•Ñ–Ñ… 382 Ð²Ð¸Ð±Ð¾Ñ€Ñ‡Ð¸Ñ…..... https://t.co/gUmXddGp4I | | ÐšÐ¸Ðµ Ð², Ð£ÐºÑ€Ð°Ñ—Ð½Ð°) | | |
| ma_am_42_21 | RT @ndaktuell: #GroÃŸbritannien entscheidet: Â»RemainÂ« oder Â»LeaveÂ«? Referendum Ã¼ber â•°den Verbleib in der EU lÃ¤uft https://t.co/fuKKKE5i00 #Bâ€¦ | 23 Jun 2016, 07:30 - CEST | Weltmetropolorf Wien. | 4 | negative |
| ETMarkets | F&O data shows #Brexit or no Brexit, #Nifty may not slip below 8,000 https://t.co/uX5U1DakII By @kshanand https://t.co/cL9wP3SSJ4 | 23 Jun 2016, 07:30 - CEST | | 0 | neutral |
| reneverkroost | RT @geertwilderspvv: Britain, today you can make history!<br><br>Independence Day.<br><br>#Brexit https://t.co/cCecLxTDWO | 23 Jun 2016, 07:30 - CEST | | 71 | positive |
| lzzer | RT @thehill: Trump on Brexit: "I donâ€™t think anybody should listen to me" https://t.co/eLE9Fh2CHQ https://t.co/OwvnX2W3Ri | 23 Jun 2016, 07:30 - CEST | 5280 | 18 | positive |
| mbellido | RT @LoyolaEcon: AnÃ¡lisis del Prof. @macarflo en La Semana EconÃ³mica: el Brexit. https://t.co/0l7Y2zGoqP | 23 Jun 2016, 07:30 - CEST | EspaÃ±a | 4 | neutral |
| fxnewsfeedcom | Euro to Look Past PMI Data with "Brexit" Worries at the Forefront https://t.co/z8L41rploJ | 23 Jun 2016, 07:30 - CEST | | 0 | positive |
| hanshafner | Yes! I can't wait to not have to listen to your twisted rants in the European Parliament. Please leave!! #Brexit https://t.co/Dc4jXOTRTM | 23 Jun 2016, 07:30 - CEST | Berlin, Germany | 0 | positive |
| m_barisione | RT @FrankVollmer: #Brexit: Titelseiten britischer Zeitungen am heutigen Referendumstag. V.a. BoulevardblÃ¤tter werben fÃ¼r EUAustritt. httpsâ€¦ | 23 Jun 2016, 07:30 - CEST | milano & genova, italy | 1 | negative |
| tsangarisp | Remain or Leave? Today is the day #uk #brexit #england #eu #EUreferendum https://t.co/jzFrdkOzBP | 23 Jun 2016, 07:30 - CEST | CYPRUS Nicosia | 0 | negative |
| Dr_Esterichia | @ForreMarti @ElTegid alguien puede explicarme quÃ© pasa? Aqui solo hablan de futbol y brexit. Debajo de los pirineos no hay nada. Gracias! | 23 Jun 2016, 07:30 - CEST | marsella | 0 | negative |
| Sophiesweb33 | RT @MizzVileAnimalO: @sandralaegel @AliasStAlias @Sophiesweb33 @MaryamNamazie @Capeheritjamie #isisAREMuslims #Brexit #VoteLeave #Remain htâ€¦ | 23 Jun 2016, 07:30 - CEST | | 1 | negative |
| DagmarLieder | "Rasismen som jag mÃ¶tte skrÃ¤mde mig" @hzhelena:s krÃ¶nika via @svtnyheter<br><br>https://t.co/Yeq8a9HAnw #Brexit | 23 Jun 2016, 07:30 - CEST | GÃ¶teborg | 0 | negative |
| mlb10384 | https://t.co/WQT5ofxL17 #CitizenRadio (2016/06/23) Choose Your Own Adventure, NYPD treating minor infractions like crimes of the century, â€¦ | 23 Jun 2016, 07:30 - CEST | DE | 0 | negative |
| Pennywise1957 | #PiosenkanadziÅ› https://t.co/YZubcdg7sX #Brexit | 23 Jun 2016, 07:30 - CEST | Warszawa, Polska | 0 | NA |

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| lucasferreiramf | Brexit Ã© nova tentativa britÃ¢nica de flexibilizar comunidade europeia https://t.co/6bDTFvqvfF | 23 Jun 2016, 07:30 - CEST | | 0 | positive |
| BetOnPolitics | BREXIT: THE UK DECIDES<br><br>Get 4/1 Remain or 10/1 Leave when you join Betfair:<br><br>âž¡ https://t.co/MK2RjOpEnm<br><br>#EURef https://t.co/JjiiRfd1kD | 23 Jun 2016, 07:30 - CEST | Odds for every candidate: | 0 | negative |
| NOGUESmarc | RT @beaudetstephane: #Brexit or not brexit ? In or out ? Telles sont les questions du jour ! Et la rÃ©ponse ne sera pas sans consÃ©quence surâ€¦ | 23 Jun 2016, 07:30 - CEST | | 1 | negative |
| DavidXRobinson | #Brexit #VoteRemain #VoteRemain #StrongerIn https://t.co/Mduv8jDK5q | 23 Jun 2016, 07:47 - CEST | Berkshire | 0 | negative |
| alvarofiucci1 | RT @ZampieriChiara: A poche ore dal voto #Juncker avverte: "Fuori Ã¨ Fuori"<br>#Euro burocrazia MINACCIA il popolo!<br>#VoteLeave #Brexit https â€¦ | 23 Jun 2016, 07:47 - CEST | | 10 | positive |
| west_ham_mad1 | RT @nobleart16: In a nutshell #brexit #VoteLeave https://t.co/ZA9McjG9D9 | 23 Jun 2016, 07:47 - CEST | Essex | 1 | positive |
| M_Reinsch | Song fÃ¼r den Tag.#brexit https://t.co/PViDdKE7WD | 23 Jun 2016, 07:47 - CEST | Berlin | 0 | positive |
| tommoholland | RT @jimmydolittle1: Merkel comes out in support of Brexit VOTE LEAVE https://t.co/ySvW9Wunoa | 23 Jun 2016, 07:47 - CEST | | 1 | positive |
| UtterQuatsch | RT @davidschneider: Brexit latest. After John Barnes yesterday, 100 Nazi scientists have just rung Sky News to say Gove got it wrong. | 23 Jun 2016, 07:47 - CEST | Manchester | 35 | negative |
| jeanclauro | RT @KimJongUnique: En cas de #Brexit, Hollande sera "inflexible" selon Macron. Comme avec LÃ©onarda, Martinez, les antifas... https://t.co/Gâ€¦ | 23 Jun 2016, 07:47 - CEST | | 13 | neutral |
| reuben_padilla | If the UK votes against the EU then the PM most likely will resign. Voting starts right now in UK. #Brexit @AJENews https://t.co/M8KinVjBEu | 23 Jun 2016, 07:47 - CEST | | 0 | negative |
| Arissturtle | RT @ajplus: London's mayor Sadiq Khan crushed a recent #Brexit debate â€" while fasting.<br><br>Mic drop, please.<br>https://t.co/cN5jMmfvmQ | 23 Jun 2016, 07:47 - CEST | Albuquerque, NM | 391 | negative |
| ruddiantosuraj | Pabrikan Otomotif Cemas Hadapi Brexit https://t.co/gMsiFgWksH #LoveU | 23 Jun 2016, 07:47 - CEST | DKI Jakarta | 0 | negative |
| buell003 | RT @MTaylorCanfield: The latest Global News Feed! https://t.co/oGHqw9M8Pn #brexit #euref | 23 Jun 2016, 07:47 - CEST | Southern California | 1 | neutral |
| BrigitteGiorgio | Be careful! Le brexit fera dÃ©river la GB jusqu'au pÃ´le nord , et une pluie de haricots rouges s'abattra jusqu'Ã Ã©cÅ“urement #manipulation | 23 Jun 2016, 07:47 - CEST | | 0 | negative |
| SlatersonChris | RT @benkalcher: It won't be easy, hell it may even look like a mistake at first, but let's be brave, let's call June 23 independence day. #â€¦ | 23 Jun 2016, 07:47 - CEST | UNITED STATES | 2 | neutral |

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| riteshzeenews | LIVE  Leave or Remain: UK votes in EU referendum https://t.co/NAGMW1H7DM https://t.co/IXl0Pl82Fg | 23 Jun 2016, 07:47 - CEST | New Delhi | 0 | negative |
| the_AndyG | I ain't even British, yet I'm nervous/excited to see the result of the Brexit vote. HUGE vote | 23 Jun 2016, 07:47 - CEST | Chicago | 0 | negative |
| BitcoinMad | Bitcoin Trades Like Gold as Investors Seek Brexit Hedges: Chart https://t.co/oPig7UPVfs #bitcoin #crypto #news | 23 Jun 2016, 07:47 - CEST | London | 0 | neutral |
| samiashahbaz04 | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere  am Iâ€¦ | 23 Jun 2016, 07:47 - CEST | | 3189 | positive |
| McShaffy | The whole brexit things was born by hates and racist British people! | 23 Jun 2016, 08:04 - CEST | In and around the world | 0 | negative |
| nasosgrigo | RT @INTHENOWRT: #BREXIT and Donald Trump are actually the same thing<br><br>via @ANOWRT https://t.co/rp1sPRJkhE | 23 Jun 2016, 08:04 - CEST | ÎŸÏ€Î¿Ï…Î³Î±Ï¼Î¿Ï‚ Î¹Î±Î¹ Ï‡Î±Ï•Î±..... | 99 | neutral |
| CamilleDbm | RT @Slatefr: Â«RemainÂ»Â ou Â«LeaveÂ», l'Europe va devoir se bouger https://t.co/SbpS0vAoH9 | 23 Jun 2016, 08:04 - CEST | | 3 | neutral |
| RealDonJohnston | RT @LimaCharlieNews: It's #Brexit time. #ChooseWisely<br>Laughs courtesy of #JohnOliver @LastWeekTonight https://t.co/iejcrlECtY | 23 Jun 2016, 08:04 - CEST | Jersey City, NJ | 5 | positive |
| MauriceMeer | Inwoners zullen verdeeld zijn, ongeacht de uitslag.<br><br>To brexit or not to brexit: wat je moet weten /via @NOS https://t.co/yhECtKcd5o | 23 Jun 2016, 08:04 - CEST | Roelofarendsveen | 0 | negative |
| Jesucri76657946 | RT @IndigndeVerdad: #Tips<br>Remain 49%<br>Leave 51%<br>#VoteLeave #Brexit | 23 Jun 2016, 08:04 - CEST | | 1 | positive |
| billyboymc1975 | PLEASE PLEASE PLEASE VOTE TODAY DONT SAY YOUR VOTE TO LEAVE AND DONT VOTE MAKE THE EFFORT TO SAVE THE UK<br><br>#BREXIT https://t.co/aL3iCcsFyZ | 23 Jun 2016, 08:04 - CEST | EC1 BOY!!! B-A-B | 0 | positive |
| british_fascist | All those in EU top jobs are Jews or hard line left/right Jewish servants.<br>#Brexit #VoteLeave https://t.co/DLwxezVZpi | 23 Jun 2016, 08:04 - CEST | England, United Kingdom | 0 | positive |
| answers_news | EUé›¢è„±ã®æ˜¯é žã,'å•ã†ã,¤ã,®ãƪã,¹ã®å›½æº'æŠ•ç¥¨ãŒã§ã‹ã,Šã¾ã—ãŸã€,è£½è¬-ç•Œã¸ã®å½±éŸ¿ã,'ã¾ã¨ã,ã¦ã,ã,Šã¾ã™ã€,<br><br>ã€ŒBrexitã€ã®å½±ã€è£½è¬-æ¥-ç•Œã«ã,,â€¦EFPIAãŒæ®‹ç•™è¨´ã^ã€€è‹±å›½ã®EUé›¢è„±ã•§æ¥ç•Œã«ä½•ã•ŒèµãŒ“ã,‹ https://t.co/6ifT8Aca2t #AnswersNews | 23 Jun 2016, 08:04 - CEST | | 0 | neutral |

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| RecordingLight | https://t.co/r1C5Z5goAd | 23 Jun 2016, 08:04 - CEST | the sound booth | 0 | NA |
| AdNewspapers | RT @News_In_Essex: EU referendum 2016 live: Essex voters head to polling stations to...: After months of campaignin... https://t.co/r26IcvMâ€¦ | 23 Jun 2016, 08:04 - CEST | United Kingdom | 1 | negative |
| PRI | 'Brexit' supporters are appealing to the UK's curry lovers to win Thursday's referendum. https://t.co/ctgDV4H4rA https://t.co/vtE41sbHwz | 23 Jun 2016, 08:04 - CEST | | 0 | positive |
| Maxete26 | RT @JuanLabordah: https://t.co/kcfkPGsARD CaÃdas mercados financieros Ãºltimas semanas no sÃ³lo Brexit: mercados sobrevalorados, inflados porâ€¦ | 23 Jun 2016, 08:04 - CEST | | 3 | negative |
| mattiewietze | We doen even een #Brexit! Tot 09.00 uur geen Adele, One Direction, Ed Sheeran, Ellie Goulding, Coldplay, Jessie J... https://t.co/YKquSZSXG4 | 23 Jun 2016, 08:04 - CEST | Nederland | 0 | neutral |
| blvlaw | Brexiteer films himself 'illegally' crossing Channel with migrants https://t.co/J9kDhK1QjI | 23 Jun 2016, 08:04 - CEST | West Midlands/Worcestershire | 0 | negative |
| AliLeonardMC | #UK friends .... #Brexit or Bremain ? The financial folk say no ! What do you say & why ? | 23 Jun 2016, 08:04 - CEST | NZ | 0 | negative |
| sundaybusiness | #Brexit: Today voters have a chance to reject the most heinous campaign ever run in Britain, writes @susanokeeffe https://t.co/QZE86ifeO9 | 23 Jun 2016, 08:04 - CEST | Dublin city, Ireland | 0 | negative |
| dft | Column @martinvisser 'Grootschalige Britse chantage van bevolking Europa. Laat ze vertrekken' https://t.co/EoWjfIbnAq #Brexit | 23 Jun 2016, 08:04 - CEST | | 0 | negative |
| up_tanja | #brexitÃ¤Ã¤nestyspÃ¤ivÃ¤. Olin viime viikolla Lontoossa ja aihe alkoi kiinnostaa, koska se tunki kaikkialta. Toivon, etteivÃ¤t irtaudu. | 23 Jun 2016, 08:04 - CEST | Helsinki | 0 | negative |
| Binnsy_46 | RT @1u4m4: 80% of Americans believe Britain & the world would have a better future with BREXIT https://t.co/u4Nwng5Xts https://t.co/jbzI7eâ€¦ | 23 Jun 2016, 08:04 - CEST | Lincolnshire, England | 48 | positive |
| mr_andrey63 | RT @lentaruofficial: ÐŸÐ¾Ñ‡ÐµÐ¼Ñƒ Brexit Ñ‚Ð¿Ð°Ñ‚ÐµÑ, Ñ‚ÐºÐ¾Ð½Ð¾Ð¼Ð¼Ð¸Ð¸ ÐµÐ´Ð¸Ð½Ð¾Ð' Ð•Ð²Ñ€Ð¾Ð¿Ñ‹: https://t.co/E672hk3qcX https://t.co/BsFLM7M9sC | 23 Jun 2016, 08:22 - CEST | | 6 | negative |
| charlotte101987 | RT @LisaHenegauwen: #EU laws strip Britain of its Magna Carta rights, don't let EUrulers take liberties with history #voteleave #brexit htâ€¦ | 23 Jun 2016, 08:22 - CEST | | 6 | positive |
| VonOberg | #Brexit Himmel, Arsch und Zwirn! Ich fÃ¤nde es sehr schade wenn sie austreten, aber wenn sind sie selbst schuld! | 23 Jun 2016, 08:22 - CEST | Soest, Deutschland | 0 | negative |
| edwatkinson | RT @britishbullybee: Demolished: The four big lies told by the Remain campaign https://t.co/ihNroJSkmy | 23 Jun 2016, 08:22 - CEST | | 15 | negative |

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| SaraRtweetsEd | RT @USATODAY: #BREAKING Voting begins on 'Brexit' referendum: Will the UK stay in the EU? https://t.co/hbRkt4aaRI | 23 Jun 2016, 08:22 - CEST | Washington, DC | 15 | negative |
| Super__Cyan | @PaulbernalUK has anyone even spoke about what #Brexit would mean for our surveillance laws? | 23 Jun 2016, 08:22 - CEST | | 0 | negative |
| ParisFranceNews | Nigel Farage refuses to apologise for 'Breaking Point' poster in final pitch to voters https://t.co/7LNh5lIHQO #GoogleAlerts | 23 Jun 2016, 08:22 - CEST | Paris | 0 | neutral |
| SebShearer | Really interesting coverage on Sky 510 @cctvnews too. @SkyNews @BBCNews @euronews #EURef #EUreferendum #brexit #VoteLeave | 23 Jun 2016, 08:22 - CEST | | 0 | positive |
| France24_fr | Brexit : les Britanniques se prononcent sur leur maintien dans l'UE https://t.co/rc9Jeo3CND https://t.co/H9oayPf5rP | 23 Jun 2016, 08:22 - CEST | Paris | 0 | neutral |
| LSMusic2020 | RT @ChargerGreg2: #Brexit https://t.co/hecOtMe2Ir | 23 Jun 2016, 08:22 - CEST | United States | 5 | neutral |
| riverajanessa | ÐšÑ€ÐµÐ¼Ð»ÑŒ Ð¿Ñ€ÐµÐ¾Ð¾Ð¼ÐµÐ½Ñ‚Ð¸Ñ€Ð¾Ð²Ð°Ð» Ñ•Ð»Ð¾Ð² ÐšÑ‚Ð¾ÐµÑ€Ð¾Ð½Ð°Ð° Ð¾Ð± Ð¡Ð½Ñ‚ÐµÑ•Ðµ ÐŸÑƒÑ‚Ð¡Ð°Ð° Ðº Brexit https://t.co/Q9EvSdHCN9 | 23 Jun 2016, 08:22 - CEST | ÐœÐ¾Ñ•ÐºÐ²Ð°, Ð Ð¾Ñ•Ñ•Ð¸Ñ• | 0 | negative |
| SpaceKwest | RT @DavidJo52951945: RT I was at the polling booth for 7am to vote to LEAVE the EU after years of waiting (use a pen) #Brexit #iVoted httpâ€¦ | 23 Jun 2016, 08:22 - CEST | ConciÃ«rgeloge/bezemkast | 83 | positive |
| never_everS21 | Will you stay or will you leave? That's the question. Good morning, Britain! #Brexit | 23 Jun 2016, 08:22 - CEST | | 0 | positive |
| Maz_zaroth | RT @ianrmillard: "Major leak from Brussels reveals NHS will be â€˜KILLED OFFâ€™ if Britain remains in the EU"#VoteLeave #EUref #r4today httpsâ€¦ | 23 Jun 2016, 08:22 - CEST | | 9 | neutral |
| JESS_AR_BS | A snapshot of the VERY balanced BREXIT research KS3 students have undertaken in the build up to this historic day. https://t.co/DyKASeXaZv | 23 Jun 2016, 08:22 - CEST | | 0 | positive |
| Master2001_3 | RT @TristeMietitore: Moneta propria, unitÃ  di misura, guida diversa: onestamente non ho mai percepito la Gran Bretagna dentro l'UE. #Brexit | 23 Jun 2016, 08:22 - CEST | Marche - Italy | 6 | neutral |
| GNOpinion | Gulf News lead editorial: #Britain should vote to stay in the #EU https://t.co/EVnioBMA6F #EUreferendum #Brexit | 23 Jun 2016, 08:22 - CEST | | 0 | neutral |
| htntp_ | feeling british today!<br><br>#brexit | 23 Jun 2016, 08:22 - CEST | Nordrhein-Westfalen | 0 | negative |
| SantosSainzM | RT @FR_Conversation: #Brexit, une affaire Dreyfus Ã  l'anglaise, par Benjamin BÃ¢cle #EUref https://t.co/vQgwBJ1vOj https://t.co/J76BSHNaFq | 23 Jun 2016, 08:39 - CEST | Bordeaux, France | 1 | neutral |
| e_sud_b | RT @trendincontent: EU referendum: Final ComRes poll shows large lead for Remain #Brexit https://t.co/xx45wkBi0v https://t.co/QEXIp22aGR | 23 Jun 2016, 08:39 - CEST | Alabama | 10 | negative |
| SgtLovejoy | RT @Reuters_co_jp: é›¢è„±ã‰ã‰æ®‹ç•™ã‰ã€‚è‹±å›½ãŒæ"'æŠ•ç¥¨ã‰Œã‰„ã‚ˆã‰„ã‚ˆé | 23 Jun 2016, 08:39 - CEST | ãƒ•ãƒ©ãƒ³ãƒ¾ | 104 | negative |

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| dsonpolitics | Vote duly cast for #Leave let's take this chance! #EUref #Brexit #BeLeave #VoteLeave | 23 Jun 2016, 08:39 - CEST | Oxford | 0 | positive |
| seputartradings | OBLIGASI FR56 Kembali Hijau Saat Pasar Tunggu Referendum Brexit https://t.co/8iWq1dHRfT | 23 Jun 2016, 08:39 - CEST | Solo | 0 | neutral |
| tomn94 | RT @yannthompson: #Brexit Il est bientÃ´t 7h ici, ouverture des bureaux de vote dans 10 minutes. Fermeture 15h plus tard ! https://t.co/w5Acâ€¦ | 23 Jun 2016, 08:39 - CEST | Pawnee - Scranton France | 10 | negative |
| WomenDefyUKIP | RT @sueveneer: Jeff Mitchell's best photograph: â€˜These people have been betrayed by Ukipâ€™ https://t.co/SM7wSsmevs | 23 Jun 2016, 08:39 - CEST | | 3 | neutral |
| hughrimington | Can you pass the Brexit test?<br>I must have been payng attention because I got 8 out of 8 correct. https://t.co/FrVZzc2c3w | 23 Jun 2016, 08:39 - CEST | Sydney, Australia | 0 | negative |
| who2stu | RT @LisaHenegauwen: The #EU is a sinking ship what we have to abandon<br>Reclaim your sovereignty before it's too late!<br><br>#nexit #brexit https:â€¦ | 23 Jun 2016, 08:39 - CEST | | 44 | positive |
| DemoGrazzi | RT @Trev_Forrester: Save these Islands from domination by a foreign power #Brexit https://t.co/Ffemvzyjkg | 23 Jun 2016, 08:39 - CEST | | 127 | neutral |
| mrshazellburger | RT @DailyMailUK: The four big lies told by the Remain campaign https://t.co/9U4JgWH8XU https://t.co/yFj05jisbz | 23 Jun 2016, 08:39 - CEST | | 49 | negative |
| MootjeNadal | #Brexit | 23 Jun 2016, 08:39 - CEST | Manchester, England | 0 | negative |
| ES_investigator | RT @busybuk: Warning when you go to Vote on Thursday take either a permanent marker or a Pen with you to Vote in this Referendum PLEASE RETâ€¦ | 23 Jun 2016, 08:39 - CEST | In your head | 167 | negative |
| emilyr_williams | genuinely scared #Brexit might win | 23 Jun 2016, 08:39 - CEST | London | 0 | negative |
| Seun731 | How is it going? #BREXIT? | 23 Jun 2016, 08:39 - CEST | Nigeria. | 0 | negative |
| ukipsalford | RT @LeaveEUOfficial: Tomorrow's @pestononsunday features @PennyMordauntMP, @Nigel_Farage & @SteveHiltonx making the case for Brexit. https:â€¦ | 23 Jun 2016, 08:39 - CEST | pendlebury salford â˜º | 130 | positive |
| Think_Blue_Sky | I wish to live in a worldwide street, not a european culdesac #Brexit | 23 Jun 2016, 08:39 - CEST | London | 0 | negative |
| FearnJenni | RT @DavidJo52951945: EU depend on the UK market, trade deficit was Â£23 billion in the EU's favour JanMarch 2016.WE WILL GET A TRADE DEAL hâ€¦ | 23 Jun 2016, 08:39 - CEST | Monmouth | 38 | positive |

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| jice61 | RT @LOrientLeJour: Donald #Trump se rend en #Ecosse en plein vote sur le #Brexit https://t.co/rEmR2xtcj7 | 23 Jun 2016, 08:39 - CEST | France | 1 | positive |
| joaquimsacouto | @xismaisxis sÃ³ de ouvir isto eu voto no brexit | 23 Jun 2016, 08:39 - CEST | Porto, Portugal | 0 | negative |
| bmcnaughton1 | RT @offensivecuppy: EU wants to censor the Internet again? #Brexit #VoteLeave #EUReferendum #BBCDebate https://t.co/kT2A00Lmed | 23 Jun 2016, 08:56 - CEST | Ontario, Canada | 2 | positive |
| delalande72 | RT @franceinfo: EN DIRECT #brexit or not #brexit, dÃ©bat entre les dÃ©putÃ©s europÃ©ens Nicolas Bay (FN) et Yannick Jadot (EELV) Ã 7h45 sur Fâ€¦ | 23 Jun 2016, 08:56 - CEST | rp et sarthe, nimes | 9 | neutral |
| josedeynes | #Brexit #bremain #brexit poll #leave #remain https://t.co/2HntCoVADP | 23 Jun 2016, 08:56 - CEST | Isabela, PR | 0 | neutral |
| sam_kirke | RT @V_of_Europe: Farageâ€™s final rallying call: â€˜Itâ€™s us versus the Establishment go and vote for Britain' https://t.co/LfRgbPr9PF | 23 Jun 2016, 08:56 - CEST | | 100 | neutral |
| capariwar | Brexit: EU referendum voting gets underway inÂ UK https://t.co/rh5CjxrbI9 | 23 Jun 2016, 08:56 - CEST | | 0 | neutral |
| svagdis | RT @rgenci57: You know, you want it! Happy #Leave #Brexit ers! Tomorrow this time you'll celebrate! https://t.co/S1KSnFJzlO | 23 Jun 2016, 08:56 - CEST | | 7 | positive |
| HenkPuffelmans | Moeten we bij een #brexit straks ook balen thee in het Kanaal gooien? | 23 Jun 2016, 08:56 - CEST | Harder wijk | 0 | negative |
| Jack_hades1 | @infomex2012 Resumen dedicado a Nochixtlan y el Ãºltimo dÃa antes del BREXIT/BREMAIN: Este es un breve resumen... https://t.co/NXNHUhvKft | 23 Jun 2016, 08:56 - CEST | El tartaro | 0 | negative |
| TeresaBlckbrn | RT @theordinaryman2: A lastminute plea: #voteLeave and help change the course of history<br><br>#iVoted #LeaveEU #Brexit #remain #INorOUT https â€¦ | 23 Jun 2016, 08:56 - CEST | South England, near the sea | 43 | negative |
| drewwhufc | RT @WantEnglandBack: Julia Hartley Brewer<br><br>You don't need to trust politicians to vote for Brexit. Just trust yourself @telegraphnews<br><br>htt â€¦ | 23 Jun 2016, 08:56 - CEST | | 19 | positive |
| Novini1 | #Đ½Đ°Đ»Đ¸Đ¸Đ¸ĐºĐ¾Đ¼ĐµĐ½Ñ,Đ°Ñ€Đ¸ Brexit ĐºĐ°ĐºĐ²Đ¸ Ñ‰Đµ Ñ•Đ° Đ¿Đ¾Ñ»Đ»ĐµĐ´Ñ,Đ²Đ¸Ñ,Đ° Đ½Đµ Ñ•Đ°Đ¼Đ¾ Đ·Đ° Đ'ĐµĐ»Đ¸ĐºĐ¾Đ±Ñ€Đ¸Ñ,Đ°Đ½Đ¸Ñ• https://t.co/zqeNvXEbNG | 23 Jun 2016, 08:56 - CEST | | 0 | negative |
| IRVING_kira | #EL OTRO 5ANTUARIO: Resumen dedicado a Nochixtlan y el Ãºltimo dÃa antes del BREXIT/BREMAIN: Este es un breve ... https://t.co/ReejyrmTGO | 23 Jun 2016, 08:56 - CEST | distrito federal | 0 | negative |

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| gordie_ross | DonÂ´t leave, I love E.U. #VoteRemain #EUref #Brexit #BorisJohnson #NicolaSturgeon #NigelFarage #Guardian #DailyMail | 23 Jun 2016, 08:56 - CEST | | 0 | neutral |
| AdrianMulholla1 | RT @UKIPNFKN: UK would be bonkers to leave EU, says Michael Moore<br><br>#StrongerIN #VoteIN #EUref #INorOUT #INTogether #Brexit<br><br>https://t.co/wiâ€¦ | 23 Jun 2016, 08:56 - CEST | | 3 | neutral |
| No_No_Coco | Because infographics really do hold the key to everything...last minute #Brexit summary for you. #VoteRemain https://t.co/iiJqRJQj6L | 23 Jun 2016, 08:56 - CEST | London | 0 | negative |
| FredSimonEU | So what next? After Brexit: Roadmap for a leap in the dark @EurActiv https://t.co/6ztjJVHLsy | 23 Jun 2016, 08:56 - CEST | Brussels, Belgium | 0 | negative |
| thatjordyshea | Everyone's entitled to their own opinion on brexit but why does the leave support look like a bad season of celeb big brother? #EUref | 23 Jun 2016, 08:56 - CEST | | 0 | positive |
| MrtnMrt | RT @marcosalvati: Nessun uomo Ã¨ un'isola, completo in se stesso; ogni uomo Ã¨ un pezzo del continente, una parte del tutto.<br>(J. Donne 1624)â€¦ | 23 Jun 2016, 08:56 - CEST | | 11 | neutral |
| Jackandstella | The Brexit polls are too close to call, which means the UK will vote â€œremainâ€• https://t.co/prIuqluUTd via @qz | 23 Jun 2016, 08:56 - CEST | Australia | 1 | negative |
| ex941petti | RT @IndiaNotes: tradebizz india1: https://t.co/FZTU5P9Fwk Sensex, Nifty open flat ahead of Brexit vote; Tata Motors gains 23 June 2016 | 23 Jun 2016, 08:56 - CEST | tawau | 42 | neutral |
| rosswilliams0 | @vladsten @kjimenezgarcia if UK votes Brexit get your spare room ready cause I'm coming to live with you | 23 Jun 2016, 09:13 - CEST | London | 0 | positive |
| revistacostabl1 | RT @OsreOscar: #LACAFETERAPapaCuentameOtraVez Da gusto ver los medios como denuncian los corruptos, antes Gibraltar ahora Brexit. https://tâ€¦ | 23 Jun 2016, 09:13 - CEST | | 1 | positive |
| YarboughBur | RT @nytimesworld: On Twitter, even cats (and dogs) are getting into the 'Brexit' debate. https://t.co/BEUi3nrkZI https://t.co/C7dNdNJezm | 23 Jun 2016, 09:13 - CEST | | 37 | positive |
| mark007x007 | RT @politicsHour: Should the UK remain a member of the EU or leave the EU? #Brexit #EUReferendum | 23 Jun 2016, 09:13 - CEST | South West, England | 8 | neutral |
| SunTzuPing | RT @TheSun: Make history believe in yourself & our countryâ€™s greatness vote LEAVE https://t.co/UtgHNXbGTw #euref https://t.co/QnW6AcOzmY | 23 Jun 2016, 09:13 - CEST | Santa Barbara California | 220 | positive |
| Dr_Lucie | RT @JennyRohn: In case you're still undecided @Stephen_Curry on Blood and Brexit https://t.co/impJa1WWFPâ€¦ @guardiansciblog #EUreferendum | 23 Jun 2016, 09:13 - CEST | UK | 2 | negative |

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| abacusnemo | RT @V_of_Europe: Cameron redfaced after German official says Brussels WILL trade with Britain after Brexit #iVoted https://t.co/x4yOrU0mbg | 23 Jun 2016, 09:13 - CEST | South East England. | 135 | neutral |
| BetchavaBisbis | ÎŸ Î¤Î±Î¼Î€ ÎÎ±Î¼Î±Î¼Î±Î¼ÏŽÏ€Î· ÎºÎ±Î¹ Ï„Î¿ Î•Î»Î»Î·Î½Î¹Îº Î³Î¹Î± Ï„Î¿ #Brexit. Î'Î¿ ÏƒÎ¼Î±Ï„Î¿Î³Î¹Î¿Ï…Î¼Î µ Î±ÏŽÏ…Ï„Î¿Ï½ Î°Î±Î¹ Ï„Î¿Ï…Î¿ Ï+Î¯Î»Î¿Ï…Î¿Ï…Ï„Î¿Ï… ÎÎ½Î µ ÎÎ½Î± Ï+Î¹Î»Î¯ : #LoveEurope https://t.co/1SybQuKPxm | 23 Jun 2016, 09:13 - CEST | here | 8 | negative |
| andyblacknell | RT @Christianitymag: 12 perfect songs for your #Brexit or #Bremain worship setlist https://t.co/NqYcVw52H5 #EUreferendum https://t.co/GoBuâ€¦ | 23 Jun 2016, 09:13 - CEST | London | 16 | negative |
| SegnalazioniSS | RT @pin_upicierno: Bruxelles minaccia gli inglesi...<br><br>"Se uscite dall'Europa starete molto meglio!"<br><br>#Brexit | 23 Jun 2016, 09:13 - CEST | Sassari, Sardegna | 1 | negative |
| the_stocking | Everything You Need To Know About Brexit: Hello Traders, We have been getting lots ofâ€¦ https://t.co/cKg0MZim8y | 23 Jun 2016, 09:13 - CEST | Gurgaon | 0 | positive |
| jesabfm | RT @ActualidadRT: Comienza la votaciÃ³n en el Reino Unido para decidir si seguirÃ¡ o no siendo miembro de la UE https://t.co/6HORXT7Upe httpsâ€¦ | 23 Jun 2016, 09:13 - CEST | Spain | 48 | neutral |
| trxtrx1 | RT @afderas: quindi per #taddei la #brexit Ã¨ come il #referendum di ottobre... che si perda o si vinca Ã¨ uguale, restiamo #omnibusla7 | 23 Jun 2016, 09:13 - CEST | | 1 | negative |
| ferendus | Si el Brexit fuera en EspaÃ±a en la papeleta de AragÃ³n se verÃa "sÃ, pero pol'haba" y "hemos de salir". Para los foranos: es no y sÃ. | 23 Jun 2016, 09:13 - CEST | http://about.me/ferendus | 0 | neutral |
| Erco94 | RT @p_corradini: E oggi la Gran Bretagna potrebbe sancire la fine della UE. Loro che hanno sempre fatto come c...o gli pareva. #Brexit | 23 Jun 2016, 09:13 - CEST | | 1 | negative |
| paultimperley | RT @DanHannanMEP: My three minute #Brexit pitch, via @CNN. https://t.co/lVvbXTv904 | 23 Jun 2016, 09:13 - CEST | | 142 | neutral |
| karmel_sianturi | https://t.co/qKv0UKZJWN | 23 Jun 2016, 09:13 - CEST | Medan Kota, Indonesia | 0 | NA |
| edwards_marie | RT @McGiff: Right, polls are open, letâ€™s GO! #Brexit #VoteLeave @pete_rai https://t.co/TapGtnmp1H | 23 Jun 2016, 09:13 - CEST | Hampshire | 58 | positive |
| blackapollo | My eightyearold thinks he could be deported if we vote for Brexit https://t.co/bjZyl48HX4 | 23 Jun 2016, 09:13 - CEST | Cambridge, UK | 0 | negative |

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| mwengway | RT @V_of_Europe: Brexit WON'T spark trade war say GermansÂ https://t.co/1OyQG3Iudv | 23 Jun 2016, 09:30 - CEST | | 94 | negative |
| ibngibril | RT @rorybroomfield: Let's make the #UK free again! #VoteLeave #Brexit #EURef | 23 Jun 2016, 09:30 - CEST | Allahuac k Bar | 6 | positive |
| CrustyDinosaur | RT @westerndefence: Today, we get to choose again whether we want to be free. #Brexit https://t.co/u1g8QLqb8B | 23 Jun 2016, 09:30 - CEST | New Malden Surrey | 2 | positive |
| FundStrategy | Exclusive: Brexit fears? UK equity managers cut UK stocks to lowest in three years https://t.co/FW2VPxV9at | 23 Jun 2016, 09:30 - CEST | London, UK | 0 | negative |
| JeroenMil | RT @ooohouchburn: Today is the last chance the UK will get to fly free from the fascist European Union. #Brexit, Believe #VoteLeave https:/â€¦ | 23 Jun 2016, 09:30 - CEST | | 13 | positive |
| OhSoNicolle | RT @JessEspinX: don't be fooled, Brexit is NOT the answer. #VOTEREMAIN #VOTEIN https://t.co/6K1EAZE0ob | 23 Jun 2016, 09:30 - CEST | | 1 | negative |
| Grassy_Knoll | RT @onetokebloke: Done ! Have you #Brexit https://t.co/al0bTCsi28 | 23 Jun 2016, 09:30 - CEST | A food tube in Sector 7-G | 81 | positive |
| denizen42 | RT @efarpax1: Î¤Î¿ Brexit Î¸Î± Îºî±ï„ÎÏƒÎ„ï¿½Îµï†Îµ ï„Î·Î½ ÎºÎ³Î³Î»Î¯Î± Î•Ï½ÏŽ ï„Î¿ Grexit, Î¸Î± Îºî±ï„ÎÏƒÎ„ï•Îµï†Îµ ï„Î·Î½ Î•ï…ï¿½ÏŽÎ€Î· #Syriza_ malÃ¡kes | 23 Jun 2016, 09:30 - CEST | | 9 | negative |
| mark24823687 | RT @Gjon777: Jacob ReesMogg on Osborne's Brexit Budget 15062016: https://t.co/YUY78VVcHV via @YouTube | 23 Jun 2016, 09:30 - CEST | UK Hull | 23 | neutral |
| sadiejarrett | RT @BenjaminJames15: Funny how many Welsh people I see posting #TogetherStronger when it comes to football yet they dont see that for the bâ€¦ | 23 Jun 2016, 09:30 - CEST | Cardiff, Wales | 2 | positive |
| terraceblue1886 | #VoteLeave #Brexit https://t.co/xzBRwctdQl | 23 Jun 2016, 09:30 - CEST | | 0 | positive |
| SputnikNews_SK | #Brexit #Brexit#Brexit #Brexit#Brexit #Brexit#Brexit #Brexit#Brexit #Brexit#Brexit #Brexit#Brexit #Brexit#Brexit #Brexit | 23 Jun 2016, 09:30 - CEST | | 0 | NA |
| BubbleTrends | Trending News about https://t.co/7mFmkVGSKU Brexit Vote #BubbleTrends | 23 Jun 2016, 09:30 - CEST | | 0 | positive |
| NPORadio1 | To brexit or not to #brexit? #NPORadio1 live vanuit Londen met @chrkijne en @jorisluyendijk: https://t.co/DnLQySf7hf https://t.co/iAMe0msm7V | 23 Jun 2016, 09:30 - CEST | Hilversum, The Netherlands | 0 | neutral |
| jobruma | Del Brexit i d’altres qÃ¼estions no menors https://t.co/STbLQPrsbj | 23 Jun 2016, 09:30 - CEST | Sabadell | 0 | negative |
| emucientes | Para no perderse nada del referÃ©ndum britÃ¡nico, el envivo de @elmundoes https://t.co/Xzazg366JU @maria__hdez @anabarrio | 23 Jun 2016, 09:30 - CEST | | 0 | negative |
| ThibautMathieu | #Brexit or not #Brexit that is the question. | 23 Jun 2016, 09:30 - CEST | Versailles | 0 | neutral |

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| stefanmschultz | RT @BoeckingD: Remain or leave? In UBahnWaggon 96418 ist das Stimmungsbild zum #Brexit eindeutig: https://t.co/6ZijDl0XR9 | 23 Jun 2016, 09:30 - CEST | 38.446631,-9.102796 | 12 | positive |
| FinanzLinks | â–¶ Raiffeisen: BrexitReferendum, Solar City, Tesla Motors und Staatsanleihen im Blickpunkt: Dasâ€¦ https://t.co/6TxtrN1dMV #News â™š 4INVESTORS | 23 Jun 2016, 09:30 - CEST | | 0 | neutral |
| DavidTrevor10 | Cost of living will FALL once we #BREXIT https://t.co/ikRlmaHhR1 | 23 Jun 2016, 09:30 - CEST | | 0 | neutral |
| bcomininvisible | RT @OwenJones84: If Brexit happens, we will face the fights of our lives and we have to prepare. My video: https://t.co/2srq39cOLw https:â€¦ | 23 Jun 2016, 09:47 - CEST | In my bed, tweeting | 1546 | negative |
| andyknox2 | RT @V_of_Europe: Cameron redfaced after German official says Brussels WILL trade with Britain after Brexit #iVoted https://t.co/x4yOrU0mbg | 23 Jun 2016, 09:47 - CEST | uk | 267 | neutral |
| iphone_mr | RT @DavidJo52951945: RT I was at the polling booth for 7am to vote to LEAVE the EU after years of waiting (use a pen) #Brexit #iVoted httpâ€¦ | 23 Jun 2016, 09:47 - CEST | The End of the world | 380 | positive |
| wendyeknapp | RT @Multi_Ling_Mat: Hold your tongues: why #language learners fear a vote for #Brexit https://t.co/J3cMhAbfxE #eureferendum #bilingualism #â€¦ | 23 Jun 2016, 09:47 - CEST | | 5 | negative |
| GraduatesChroni | In gran Bretagna, nella giornata di oggi, si voterÃ il famoso Brexit, ovvero il Referendum per restare o meno... https://t.co/hOGIKn1Vzk | 23 Jun 2016, 09:47 - CEST | | 0 | neutral |
| awyliu | RT @LouiseMensch: The Morning Star's socialist editorial for Vote Leave and #Brexit https://t.co/IkfRj2vjgj | 23 Jun 2016, 09:47 - CEST | London, UK | 7 | positive |
| _MarketViews | FTSE 100 breaks 6,300 and pound hits 2016 high as Brexit vote gets underway https://t.co/QTY2i4TrQm @Telegraph | 23 Jun 2016, 09:47 - CEST | London | 0 | positive |
| chiara_salvi | Mi si nota di piÃ¹ se resto ma sto in disparte, o se me ne vado? #Brexit | 23 Jun 2016, 09:47 - CEST | | 0 | negative |
| Larysaaa_ | @ArtKillwater Niemcy i tak dyktujÄ… wszystkim warunki a #Brexit to byÅ‚by zimny prysznic. ByÄ‡ moÅ¼e inne kraje teÅ¼ zacznÄ… wychodziÄ‡ jeÅ›li UK | 23 Jun 2016, 09:47 - CEST | | 0 | negative |
| Markiswin | RT @madeupstats: This account's been quiet for a while, but due to the fact that the Brexit campaign have stolen a lot of our material, weâ€¦ | 23 Jun 2016, 09:47 - CEST | Manchester, UK | 68 | negative |
| GordonGekko_101 | RT @WSJ: Brexit vote: what to watch as the U.K. goes to the polls https://t.co/NHPgTciXvv | 23 Jun 2016, 09:47 - CEST | Wall Street | 11 | neutral |
| Wealth_Vertex_ | Pound, euro higher ahead of Brexit vote #forextrader #forexnew #trading #WealthVertex https://t.co/IU4taPsJvh | 23 Jun 2016, 09:47 - CEST | Singapore | 0 | positive |
| SueIngSimmons | What does this ACTUAL MEP say about Brexit. A MUST watch especially if you're still undecided. https://t.co/4p6YfoCrpW | 23 Jun 2016, 09:47 - CEST | High Wycombe, UK | 0 | negative |

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| MaryKapadia | RT @theordinaryman2: The #EU bans the word #Brexit ?<br><br>#EUReferendum #LeaveEU #VoteLeave #StrongerIn #InOrOut #LabourInForBritain https://tâ€¦ | 23 Jun 2016, 09:47 - CEST | Leicester, England | 134 | negative |
| chances999 | RT @labourleave: The polls are open! Get out and use your vote to help us create an independent Britain. #Brexit #EUref https://t.co/h8EeUAâ€¦ | 23 Jun 2016, 09:47 - CEST | ONTHER EGISTER | 184 | positive |
| MrScopolamin | RT @DavidJo52951945: YOUR COUNTRY NEEDS YOU TO VOTE LEAVE TODAY #Brexit https://t.co/00t9A7nVLd | 23 Jun 2016, 09:47 - CEST | | 217 | positive |
| highgatealex | RT @DavidJo52951945: RT if you have voted to LEAVE the EU today #iVoted #Brexit #Freedom https://t.co/a5JkBNjKwE | 23 Jun 2016, 09:47 - CEST | London | 423 | positive |
| BMouthPR | Rain and thunder in #Brexit land...<br>...Don't let my people go!<br>#StrongerIn. #Remain. | 23 Jun 2016, 09:47 - CEST | United Kingdom | 0 | negative |
| vgul | RT @axelheitmueller: Whatever your views on #Brexit the biggest sin you can commit today is not to vote. Democracy is fragile and a gift. | 23 Jun 2016, 09:47 - CEST | London | 1 | positive |
| PierToso | Dear UK, without the "Ever closer union" you can go away, with no regrets. #Brexit #BrexitOrNot | 23 Jun 2016, 09:47 - CEST | Fidenza, Italy | 0 | negative |
| KrangnesLars | RT @Queen_UK: David Beckham is backing remain. This is mainly because he can't spell Brexit. #EUref | 23 Jun 2016, 10:04 - CEST | Stockholm, Sverige | 851 | negative |
| EconomyWrld | Brexit vote 'would mean a UK recession' https://t.co/WqZqV032Qj https://t.co/eaJgyqucZ4 | 23 Jun 2016, 10:04 - CEST | United States | 0 | negative |
| WOB_BLATT | "Brexit"Gefahr verunsichert fast jedes zweite deutsche Unternehmen https://t.co/rbcucGFv7Q | 23 Jun 2016, 10:04 - CEST | Wolfsburg | 0 | negative |
| Monalisazelf | RT @florianeder: Sorry und gute Reise: Mit "Respekt und Bedauern", so wÃ¼rde die EU auf den #Brexit reagieren. https://t.co/WWClKi6MzD | 23 Jun 2016, 10:04 - CEST | | 2 | negative |
| catarinagallo | RT @Alasdair91: #EURef #Brexit<br><br>UK "expats" moaning about immigrants. OH THE IRONY!<br>Got a cheek to moan about "changing" our ways. https:â€¦ | 23 Jun 2016, 10:04 - CEST | Netherlands | 3 | negative |
| UkipRob | RT @WAFEFuk: #BREXIT DAY @BRESU_ #WAFEF UK https://t.co/TTafxEotuU | 23 Jun 2016, 10:04 - CEST | | 3 | neutral |
| TGuerreroBlanco | RT @plalanda_II: DimensiÃ³n de la inversiÃ³n bruta de UK en EspaÃ±a y stock de empleo correspondiente #Brexit (Elaborado por SIfdi) https://â€¦ | 23 Jun 2016, 10:04 - CEST | Madrid (Spain) | 3 | neutral |
| velvetsilk | Brexit have grabbed all the headlines and stooped despicably low. A vote for Leave is aligning with extremists, with people without a plan. | 23 Jun 2016, 10:04 - CEST | England, United Kingdom | 0 | positive |

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| vivianstarrrr | RT @theordinaryman2: Its your decision ?<br><br>Like for #IN<br>Retweet for #OUT<br><br>#EURef #VoteLeave #Brexit #VoteRemain #InOrOut #Labour #VoteOUT htâ€¦ | 23 Jun 2016, 10:04 - CEST | | 44 | positive |
| NewsSprinkles | RT @Independent: When the EU referendum result will be announced https://t.co/9kWnoH4NG4 | 23 Jun 2016, 10:04 - CEST | Winterfell | 14 | neutral |
| StevenDawsonSD | #Brexit or not, your business must be prepared for any possible outcome https://t.co/4lbv84nQqx #OracleEmp #Intel | 23 Jun 2016, 10:04 - CEST | Frankfurt, Germany | 0 | neutral |
| DomCalderon | #dc â€˜Brexitâ€™: las Ãºltimas encuestas y las claves del referÃ©ndum https://t.co/tWZ5DhdLeP | 23 Jun 2016, 10:04 - CEST | Costa Rica | 0 | negative |
| teddybearisms | RT @Steven_mala: Jeremy Corbyn makes the case for Brexit EU referendum 2016 https://t.co/UgaTHzfvQa via @YouTube | 23 Jun 2016, 10:04 - CEST | at the pub, now &$#% off. | 2 | neutral |
| OnVista_News | Der Freitag nach dem #BrexitReferendum dÃ¼rfte kein normaler Handelstag werden nicht nur fÃ¼r BÃ¶rsianer in London https://t.co/qXzF8TPrVs | 23 Jun 2016, 10:04 - CEST | Frankfurt am Main, Germany | 0 | negative |
| _lethabo17 | More than 40% of fortune 500 companies were started by immigrants and children of immigrants. Amazing stat hey . #Brexit | 23 Jun 2016, 10:04 - CEST | Pyongyang, North Korea | 0 | positive |
| dioXyn | Bundesregierung vor dem Brexit: Klappe zu und durch: [taz.de] Berlin hat Angst davor, dass die Briten die EUâ€¦ https://t.co/ARcihuBCim | 23 Jun 2016, 10:04 - CEST | | 0 | negative |
| MizzVileAnimalO | RT @wride_nicholas: @jeremycorbyn you voted to dissolve the UK. Luckily you will never get to Number 10. #Brexit #labour #NHS #momentum | 23 Jun 2016, 10:04 - CEST | Cornwall | 1 | neutral |
| firstpost | #BrexitOrNot: 'No turning back', #EU leaders warn #Britain from a vote to quit. Follow live: https://t.co/J0kCfrtdeZ https://t.co/huJCJqg8nF | 23 Jun 2016, 10:04 - CEST | | 0 | negative |
| PeterHase2014 | @the_mehran @interUNFAO What did the Romans ever do for us? Don't we all know where this Brexit came from? Rampant antiMuslim xenophobia? | 23 Jun 2016, 10:04 - CEST | | 0 | negative |
| Lloyd_Ash | RT @RT_com: WATCH LIVE: #Brexit referendum underway in UK https://t.co/qDUkPWwxIt https://t.co/YkrhbcccDC | 23 Jun 2016, 10:04 - CEST | Calgary - Mount Royal U | 3 | neutral |
| KaliYuga13 | RT @BobEstropajo: Â¿Â¿CÃ³mo va a irse Gibraltar de la UniÃ³n Europea sin preguntar al resto de espaÃ±oleeeees??<br>#Brexit | 23 Jun 2016, 10:21 - CEST | | 39 | negative |
| tony_anthp | RT @Daily_Express: Britain CAN'T tackle mass immigration unless we QUIT EU today, Brexit MP says #EUref https://t.co/yQAjia067W https://t.câ€¦ | 23 Jun 2016, 10:21 - CEST | | 3 | negative |

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| mike_space_49 | RT @josedeynes: Poundâ€™s Day of Destiny Arrives as History Shows Whatâ€™s Possible https://t.co/gYTxwUKyo1 via @business #Brexit #bremain #leâ€¦ | 23 Jun 2016, 10:21 - CEST | Puerto Rico, USA | 1 | negative |
| conchacornejo | RT @diazvillanueva: Hoy es lo del Brexit. Una no, dos ContracrÃ³nicas al efecto. https://t.co/mVD4Jmz1rz \| https://t.co/fyGNye4eu1 https://tâ€¦ | 23 Jun 2016, 10:21 - CEST | Madrid | 2 | negative |
| SRDorman | RT @LondonDynaslow: I am a Tory Eurosceptic #Remain voter. #Brexit is simply not an intelligent choice at the moment. https://t.co/9CsDSbbâ€¦ | 23 Jun 2016, 10:21 - CEST | Edinburgh, Scotland | 2 | negative |
| RogerFNPrati | RT @RobertoFioreFN: #Brexit per l'Europa della pace e della #libertÃ . Uscire dalla #Ue dei ricatti, dell'usura e adesso, perfino degli omicâ€¦ | 23 Jun 2016, 10:21 - CEST | | 1 | negative |
| Douglas_Nilsson | RT @TravellerAU: What the Brexit could mean for travellers to the UK and Europe https://t.co/uEXoVVPeGo | 23 Jun 2016, 10:21 - CEST | Stockholm, Sweden, Earth | 5 | neutral |
| Charli3dog | RT @KevinAnth: SMASHED!!! FOUR BIG LIES TOLD BY REMAIN CAMPAIGN https://t.co/P3nvNAyBoB #Brexit #VoteLeave #Vote_Leave #StrongerIn | 23 Jun 2016, 10:21 - CEST | ENGLISH not European | 33 | neutral |
| BiancheriLaura | RT @nausicalibre: https://t.co/3S4VUqkwOj Les tarÃ©s technocrates LRPS de l'UE, font un lien entre #Brexit et les nazi!=> Provoquer la peurâ€¦ | 23 Jun 2016, 10:21 - CEST | Annonay, RhÃ´ne-Alpes | 3 | negative |
| annembee | RT @LeaversOfPower: Walltowall Remain speeches on BBCNews24. Since they are TOTALLY impartial, I guess Gove, Gisela and Boris are havingâ€¦ | 23 Jun 2016, 10:21 - CEST | England | 5 | neutral |
| France_leve_toi | RT @pmcouteaux: #Brexit Un "effet indirect" plutÃ´t? De tt faÃ§ons, ce n'est pas l'anglais que parlent les EuropÃ©ens, mais l'amÃ©ricain https:â€¦ | 23 Jun 2016, 10:21 - CEST | | 1 | negative |
| Parthlan | RT @OhBrokenBritain: BREXIT BOMBSHELL: Poll puts Leave SEVEN POINTS ahead of Remain hours before referendum https://t.co/iLuOrrcRGZ | 23 Jun 2016, 10:21 - CEST | | 9 | neutral |
| AlChiari | RT @fdragoni: La #Brexit? Un grosso affare per gli allibratori che potrebbero voler far credere che sia piÃ¹ probabile il #Remain https://t.â€¦ | 23 Jun 2016, 10:21 - CEST | | 9 | negative |
| EliasAnyebe | What is this brexit thing | 23 Jun 2016, 10:21 - CEST | Nigeria | 0 | neutral |
| OFX_OZ | Big day today as the UK decides to #Brexit or #Bremain. Don't forget OFX is open 24/7 during the #EUReferendum, including weekends! #support | 23 Jun 2016, 10:21 - CEST | Sydney | 0 | negative |
| MockLabour | RT @TheSun: We speak to the nationâ€™s grafters on the #Brexit frontline before referendum of a lifetime https://t.co/TPVahbFRDZ https://t.coâ€¦ | 23 Jun 2016, 10:21 - CEST | Fabulous Sussex | 30 | neutral |
| DankefuerNixx | #Brexit #BrexitOrNot watching this EU misery! if you're smart u get out! if you want #Dictatorship #Merkel und a Muslim GB stay. | 23 Jun 2016, 10:21 - CEST | | 0 | neutral |
| Maaanick | RT @RTenfrancais: #Brexit entrainera "l'apocalypse Ã©conomique" selon Georges #Soros, Jacques Sapir lui rÃ©pond https://t.co/74JMfzsfH7 httpsâ€¦ | 23 Jun 2016, 10:21 - CEST | Paris | 8 | neutral |

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| kreisnagel | RT @ManuelaKC: My Brexit Diary: The #Brexit ball #BrexitOrNot @dw_business https://t.co/0D39bcjC47 | 23 Jun 2016, 10:39 - CEST | | 1 | negative |
| FcNoman | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere am Iâ€¦ | 23 Jun 2016, 10:39 - CEST | Comilla, Bangladesh | 3455 | positive |
| gabriel4347 | @LesEchosLive un des premiers effets bÃ©nÃ©fique du Brexit sera le dÃ©part de #Cameron | 23 Jun 2016, 10:39 - CEST | | 0 | neutral |
| PaulinaNeustart | RT @chrisuport_port: #britaininout #goodbyeUK #Brexit #BrexitOrNot #ivoted #Merkel https://t.co/EFwAnf3dlX | 23 Jun 2016, 10:39 - CEST | Germany | 7 | negative |
| RosChappell | RT #Brexit WANTS US TO IGNORE EXPERT ADVICE @georgemagnus1 @dannyjpalmer @timjohnston_89 @Scientists4EU @caketin85 https://t.co/eucswtjlGE | 23 Jun 2016, 10:39 - CEST | | 0 | negative |
| VilleTynkkynen | #politologi'n vuoden ehkÃ¤ mielenkiintoisin pÃ¤ivÃ¤ on tÃ¤nÃ¤Ã¤n. #Brexit #Remain #StrongerIn #standbyme | 23 Jun 2016, 10:39 - CEST | | 0 | negative |
| loopvlak | #Johnson neemt er eentje op Brexit = Hij heeft nog last van het Imperium virus! https://t.co/gJHYJfebyJ via https://t.co/44MuRLpW76 | 23 Jun 2016, 10:39 - CEST | somewhere in the milky way | 0 | negative |
| MiddletonRiddle | RT @Independent: Leave supporters are very suspicious about the pencils at polling stations https://t.co/ygRdXrcx66 https://t.co/m4FcG3197J | 23 Jun 2016, 10:39 - CEST | London | 14 | positive |
| barbycottontail | RT @liz_buckley: Shattered from thunder & lightning and worry about the monster Brexit created. I feel like I'm in a really cheap Frankenstâ€¦ | 23 Jun 2016, 10:39 - CEST | | 4 | negative |
| worldnewsday | Ð Ð˜Ð• Ð¾Ð¾Ð²Ð¾Ñ‚Ñ‚,Ð¸ \| Ð' Ð¼Ð¸Ñ€Ðµ: ÐŸÑ€ÐµÐ¼ÑŒÐµÑ€ Ð'Ñ€Ð¸Ñ,Ð°Ð½Ð¸Ð¸ Ð¸Ð¸Ð´Ðµ Ð»ÐµÐ¹Ð±Ð¾Ñ€Ð¸Ñ‚Ñ,Ð¾Ð² Ð¿Ñ€Ð¾Ð³Ð¾Ð»Ð¾Ñ•Ð¾Ð²Ð°Ð»Ð¸ Ð½Ð° Ñ€ÐµÑ„ÐµÑ€ÐµÐ½Ð´ÑƒÐ¼Ðµ Ð¾ Brexit https://t.co/9qdFxBNhzH | 23 Jun 2016, 10:39 - CEST | Russia, Moscow | 0 | positive |
| wastespecialist | RT @JacksonT0ny: Our dear neighbours & friends are saying 'please remain'.<br>So let's do just that. We're #StrongerIn #EUref https://t.co/1â€¦ | 23 Jun 2016, 10:39 - CEST | North Yorkshire | 62 | negative |
| cut_the_crap_ec | RT @cholt_1: #VoteLeave #TakeBackControl #TakeControl #Brexit https://t.co/TMOzmYNBUZ | 23 Jun 2016, 10:39 - CEST | USA, UK, Israel | 47 | positive |
| uk_rants | I really didn't think this whole "I'd kiss all who vote #Brexit" through, did I? https://t.co/agZF4Wa1Tj | 23 Jun 2016, 10:39 - CEST | UK | 0 | negative |
| Hay_Quaker | RT @Lad87Red: Get out & #VoteRemain. Don't ignore expert after expert & gamble on Britain's future all for the big #Brexit con#Remain #Eâ€¦ | 23 Jun 2016, 10:39 - CEST | Hay on Wye, Wales | 12 | negative |
| JohanBigSmile | Si les anglais vote pour le brexit vous pensez que Ã§a va accuser l'islam ou pas ? | 23 Jun 2016, 10:39 - CEST | Paris, Ile-de-France | 0 | negative |

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| StefanoVP2013 | RT @rgenci57: You know, you want it!<br>Happy #Leave #Brexit ers!<br>Tomorrow this time you'll celebrate!<br>https://t.co/S1KSnFJzlO | 23 Jun 2016, 10:39 - CEST | | 22 | positive |
| StichtingLOOP | Gevolgen van #Brexit voor de zorg onduidelijk.<br>https://t.co/0bFGLbDOPs | 23 Jun 2016, 10:39 - CEST | Nederland | 0 | negative |
| AvP_opleiding | Gevolgen van #Brexit voor de zorg onduidelijk.<br>https://t.co/V8U3JnA4Pa | 23 Jun 2016, 10:39 - CEST | | 0 | negative |
| pramodkrrawat | à¤®à¥à¤¸à¤²à¤®à¤¾à¤¨à¥‹à¤‚, à¤•à¥‡ à¤•à¤¾à¤°à¤£ à¤¹à¥‹ à¤°à¤¹à¤¾ à¤¬à¥à¤°à¤¿à¤Ÿà¥‡à¤¨ EU à¤¸à¥‡ à¤¬à¤¾à¤¹à¤°, à¤œà¤¨à¤®à¤¤ à¤¸à¤‚à¤—à¥•à¤°à¤¹ à¤†à¤œ<br>#Brexit #referendum https://t.co/5fdi0lp9wo | 23 Jun 2016, 10:39 - CEST | Haridwar | 0 | negative |
| J_Manasa | @moralmyopia and a lot of rights and things are enshrined in EU law and I don't trust the Tories to uphold them if we brexit. | 23 Jun 2016, 10:39 - CEST | josh_m_lee@outlook.com - LDN | 0 | negative |
| CozzolinoSalvo | Dedicata a tutti i miei amici UK..... #brexit #Bremain https://t.co/ItebgRmtHz | 23 Jun 2016, 10:56 - CEST | Milano | 0 | negative |
| midiario | Abren las urnas en Reino Unido para el referendo sobre la UE https://t.co/IMNWpjs1mm #Internacionales | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| NiallQuinn | Interesting @SkyNews giving 'breaking news' status to latest @ons UK population stats showing 500k increase. Surely plays into #Brexit ? | 23 Jun 2016, 10:56 - CEST | Dublin | 0 | positive |
| InvestingTR | Brexit ABD Ä°Ã§in Sorun Olmayabilir de Olabilir de https://t.co/f5TCkHARgJ | 23 Jun 2016, 10:56 - CEST | | 0 | neutral |
| HoxtonHill | Pouring with rain but also boiling, clearly the #britishweather is as upset about potential Brexit as I am #VoteRemain | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| heidup24 | #viral Oil down after small U.S. drawdown; seen choppy before Brexit vote... https://t.co/HefAEVLyUV | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| CharWalters65 | Brexit Referendum Live Updates: Vote Results, Stock Market Reactions And What Happens Next If The UK Leaves The EUâ€¦ https://t.co/mfk7bnUzdi | 23 Jun 2016, 10:56 - CEST | United States | 0 | positive |
| TheAustinRhodes | RT @Chinky_Ree: David Camelon getting despelate now:<br><br>"If we leave the EU, there will only be 24 letters left in the Alphabet"<br><br>#Brexit | 23 Jun 2016, 10:56 - CEST | Shit Creek | 2 | positive |
| labonam | Jour de voteÂ : la presse britannique majoritairement proÂ«Â BrexitÂ Â» https://t.co/vLjMzjylw4 | 23 Jun 2016, 10:56 - CEST | Toulouse | 0 | neutral |
| mikeBinESP | RT @2tweetaboutit: How the European dream died: Cheers as @Nigel_Farage nails case for Brexit while Merkel fumes https://t.co/SXo0t4I8uC | 23 Jun 2016, 10:56 - CEST | Malaga, Spain | 62 | neutral |
| alanmaddison20 | @jackjoh01219520 @bcomininvisible Brexit refuse to say they will reduce immigration let alone by how much.It is a rightwing coup! | 23 Jun 2016, 10:56 - CEST | Tyne and Weary, England | 0 | negative |

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| Tactical_Things | RT @amc0010: Leaked Letter Reveals That David Cameron Hatched Anti Brexit Plot https://t.co/6P6EmA2EBh via @peoplesvoice_tv | 23 Jun 2016, 10:56 - CEST | UK | 3 | negative |
| Collectif_VAN | RT @BFMTV: Brexit: la Turquie veut absolument le maintien du RoyaumeUni dans l'UE https://t.co/puBFUYTaTR https://t.co/1e0T8tudpw | 23 Jun 2016, 10:56 - CEST | Issy-les-Moulineaux [France] | 10 | negative |
| suffolkliz | @swedesforbrexit Will be voting Leave for UK &all of our European cousins today! #wearefamily Let's do this!#brexit https://t.co/9ZXLP8eoWz | 23 Jun 2016, 10:56 - CEST | | 0 | positive |
| Splash_247 | RT @SafetyOrProfit: If you're in the #UK, in #maritime and allowed to #vote, read this:<br><br>https://t.co/g88E2SQvBy<br><br>#Remain | 23 Jun 2016, 10:56 - CEST | | 3 | negative |
| Mark887309061 | RT @ANDREASSTAVRI: @ProudPatriot101 #BREXIT BOMBSHELL: Poll puts Leave SEVEN POINTS ahead of Remain hours before referendum https://t.coâ€¦ | 23 Jun 2016, 10:56 - CEST | England, United Kingdom | 7 | neutral |
| hazardnews365 | #viral Oil down after small U.S. drawdown; seen choppy before Brexit vote... https://t.co/ilVbVlF5mY | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| MarkinCW5 | @StrongerIn @SadiqKhan Utter bollocks the #EU is parasitic and our relationship needs to end #BREXIT | 23 Jun 2016, 10:56 - CEST | Cheshire | 0 | negative |
| CharWalters65 | Bitter â€˜Brexitâ€™ Campaign Could Turn on Record Number of Voters https://t.co/vmHiSfWGyh | 23 Jun 2016, 10:56 - CEST | United States | 0 | negative |
| _Agatha_AB_ | RT @polskathetimes: ElÅ¼bieta II nieoficjalnie popiera #Brexit? Tak twierdzi biograf krÃ³lowej https://t.co/mmjcMYgVIG https://t.co/WlSYdi6TkW | 23 Jun 2016, 10:56 - CEST | PrzyszÅ‚oÅ›Ä‡ ma na imiÄ™ Polska! | 9 | positive |
| Fabri_Biscotti | Sleepless in the City Lets Traders Bet Billions on Brexit Result https://t.co/4HdBi4loFG via @business | 23 Jun 2016, 10:56 - CEST | Surrey - UK | 0 | negative |
| AndreAltier | #RadioValle Ã¨ contro il Brexit, please don't leave us. \| The Clash London Calling (Official Video) https://t.co/giSNzERs2I | 23 Jun 2016, 10:56 - CEST | Arcisate, Lombardia | 0 | positive |
| ClaudiaJefferie | RT @OwenJones84: If Brexit happens, we will face the fights of our lives and we have to prepare. My video: https://t.co/2srq39cOLw https:â€¦ | 23 Jun 2016, 10:56 - CEST | London | 1608 | negative |
| VeldhuisC | RT @SpencerHills2: LETS TAKE BACK CONTROL OF OUR UNITED KINGDOM EVERY BRITISH SUBJECT MUST DO THERE DUTY @vote_leave #BREXIT #VICTORY X httâ€¦ | 23 Jun 2016, 10:56 - CEST | Noord-Holland | 30 | positive |
| subtel1 | RT @obritom: Democratic duty done. #voteleave Steady stream of voters hope overwhelmingly #Brexit | 23 Jun 2016, 10:56 - CEST | England | 1 | positive |
| Homenews365 | #viral Oil down after small U.S. drawdown; seen choppy before Brexit vote... https://t.co/7QxnSGo22v | 23 Jun 2016, 10:56 - CEST | Santa Clara | 0 | negative |
| MauroAluigi | RT @Dwalingen: Gorbachev warned the European people about the striking similarities between the #EU and Soviet Union . #Brexit https://t.coâ€¦ | 23 Jun 2016, 10:56 - CEST | bancario | 88 | negative |

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| smackfairy | It's decision time! Don't let Britain go to waste!! #brexit #EUref #Remain https://t.co/RqFCB0riJJ | 23 Jun 2016, 10:56 - CEST | London, UK (via Munich) | 0 | negative |
| anca_toader | RT @NickKristof: As Brits vote on Brexit, my column: R.I.P., Jo Cox. May Britain Remember Your Wisdom. https://t.co/aKsTqgLOn7 https://t.coâ€¦ | 23 Jun 2016, 10:56 - CEST | London, UK | 5 | positive |
| FabFfabien33 | RT @charlemagne1968: #Brexit INCROYABLE! Les citoyens du Commonwealth rÃ©sidant au Royaume Uni votent au #Referendum!!! En plus des 2de genâ€¦ | 23 Jun 2016, 10:56 - CEST | Sud ouest France. | 20 | positive |
| ram191182 | #Bremain vs #Brexit | 23 Jun 2016, 10:56 - CEST | Mumbai | 0 | negative |
| QuantumExplorer | RT @ira_tenax: I'm Italian and I endorse #Brexit because we can be united only in freedom, sovereignty and rule of law. #VoteLeave https:/â€¦ | 23 Jun 2016, 10:56 - CEST | | 8 | positive |
| hopbin | The #Brexit Alien, made whole after #Brexit team returns to orbiting mother ship. https://t.co/ciQ1fC3lf1 | 23 Jun 2016, 10:56 - CEST | | 0 | neutral |
| ajit8_ | RT @yiota143: By all means, vote to remain in the EU! #brexit<br><br>Read: https://t.co/XfvQsEmdd6 | 23 Jun 2016, 10:56 - CEST | USS Britain | 5 | negative |
| unblogd | #VoteLeave #BrExit https://t.co/lUjVzKMh6T | 23 Jun 2016, 10:56 - CEST | KÃ¶ln, Deutschland | 0 | positive |
| FFI2045 | RT @isabell97789125: #Brexit https://t.co/hnNQcCKYwR | 23 Jun 2016, 10:56 - CEST | FRANCE | 2 | neutral |
| nicholasaylott | RT @olsson_erik: Oavsett hur det gÃ¥r i dag kan detta vara en frÃ¥ga att stÃ¤lla sig. Har sÃ¶kt svar via bl a @nicholasaylott #Brexit https://â€¦ | 23 Jun 2016, 10:56 - CEST | Stockholm | 1 | negative |
| Contrepoints | RT @jipebe29: Brexit : que disent vraiment les partisans du Leave ? https://t.co/nd8d73BmdO via @Contrepoints | 23 Jun 2016, 10:56 - CEST | Paris, France | 1 | positive |
| Fabrysilvia | RT @LeaveEUOfficial: Make sure you get out to vote today for our independence and a brighter future! #EUref #Brexit #VoteLeave https://t.coâ€¦ | 23 Jun 2016, 10:56 - CEST | Manchester, UK | 223 | positive |
| corbynjokes | Yo mama so dumb we have to say she's voting for Brexit because of political disengagement rather than racism or stupidity. | 23 Jun 2016, 10:56 - CEST | Islington, London | 1 | negative |
| polskathetimes | A @Nigel_Farage dziÅ› od rana w doskonaÅ‚ym humorze... #EUref #Brexit Relacja na Å¼ywo: https://t.co/7UONeHTFjl https://t.co/8gQ8EDAryS | 23 Jun 2016, 10:57 - CEST | Polska | 0 | positive |
| HusainAlmahmood | RT @docshayji: Ø¨ÙŠÙ† Ø§Ù„Ø¨Ù‚Ø§Ø¡ Ù‍Ù‍Ø§Ù„Ø§Ø¯Ø§Ø¯Ø§Ø¯ Ø§Ù„Ù^Ø±Ù^Ø¨ÙŠ(Ø£ÙƒØ¨Ø±Ø§Ù‚Ø¹Ø§Ø¯ Ù‍Ù‍Ù‍Ù‍Ø§Ù„Ø¹Ù‍Ù‍Ù… Ù„28 Ø¯Ù^Ù„Ø©) Ù^Ù„ÙŠÙ† Ø§Ù„Ù†Ù‍Ø§Ù„Ù… Ù…Ù† Ø§Ù„Ø§Ø¯Ø§Ø¯Ø§Ø¯ Ø§Ù„Ù^Ø±Ù^Ø¨ÙŠ!! #Brexit or #Remain Ù^Ø²Ø¯Ø¹Ù…â€¦ | 23 Jun 2016, 10:57 - CEST | Paris - France | 3 | negative |

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| e_pitzky | RT @APatzwahl: Ich wette, das der #Brexit heute zugunsten der Gegner ausgeht. 50,35%. Das hat BrÃ¼ssel schon entschieden! #BrexitOrNot | 23 Jun 2016, 10:57 - CEST | | 2 | negative |
| boerse_talk | The latest @boerse_talk! https://t.co/P4RPgN9T5I Thanks to @GregorKuhn_IG #brexit #buy | 23 Jun 2016, 10:57 - CEST | Frankfurt \| Germany \| | 0 | positive |
| ElyaNowogrodski | RT @Independent: Leave supporters are very suspicious about the pencils at polling stations https://t.co/ygRdXrcx66 https://t.co/m4FcG3197J | 23 Jun 2016, 10:57 - CEST | | 37 | positive |
| Fragile_mag | " Î"ÎµÎ½ Î¼Î'Î»Î¬Î¬Î¼ Ï€Î¿Î»Ï• , ÏƒÎ±Î¼Î´ÏŒÎ½ Î³Î'Î± Ï„Î¯Ï€Î¿Ï„Î±. Î›Î¿Ï…Î¾Î¬Î¬Î¼ Î¹Î±Î' Ï€Î¼Ï•Î'Î¼Î¼Î½Î½Î¿Ï…Î¼Î¼.... " #brexit #bremain https://t.co/wBkmbWkPoy https://t.co/g1GlvRK17A | 23 Jun 2016, 10:57 - CEST | | 0 | negative |
| grancake | RT @SocEconMag: Steve Hedley of @RMTunion makes the trade union case for #Lexit<br><br>#VoteLeave #Brexit #EUref<br><br>https://t.co/0LzR0fwIqv https:â€¦ | 23 Jun 2016, 10:57 - CEST | Staffordshire | 33 | positive |
| iamnews24 | #viral Oil down after small U.S. drawdown; seen choppy before Brexit vote... https://t.co/YkoWpXPOXF | 23 Jun 2016, 10:57 - CEST | | 0 | negative |
| MarcoDaCostaFX | RT @elEconomistaes: Â¡Buenos dÃas! Hoy pendientes de Reino Unido que ya ha comenzado a votar Â¿Brexit o Bremain?https://t.co/yjgUIGyBaf httpsâ€¦ | 23 Jun 2016, 10:57 - CEST | Madrid, Spain | 18 | negative |
| AnneUrda | To Brexit or not to Brexit: that is the question facing Brits today. @Law360 is here in London and will have complete coverage of the vote. | 23 Jun 2016, 10:56 - CEST | | 0 | neutral |
| Monument_Macia | Salou i Magaluf tambÃ© votaran #Brexit | 23 Jun 2016, 10:56 - CEST | VNG.CAT | 0 | positive |
| prestontowers | RT @pmdfoster: Ouch. via @DAaronovitch<br><br>#Brexit #Remain #EUref #EUreferendum https://t.co/BCEVzwf1LG | 23 Jun 2016, 10:56 - CEST | Lower Blue Mountains, NSW | 39 | negative |
| Woodlandbookshp | @barjohnhome @thecarolemalone Oh so jobs don't matter to you....got it. #ImAllRightJack #Brexit | 23 Jun 2016, 10:56 - CEST | Cymru, United Kingdom | 0 | negative |
| lrodriguezhorca | A quien le importa una el Brexit, a mi nada, estÃ¡n tardando..... | 23 Jun 2016, 10:56 - CEST | Madrid | 0 | negative |
| tt_saw | RT @eToro: What do you think the UK public will vote in next week's #referendum? #brexit | 23 Jun 2016, 10:56 - CEST | England, United Kingdom | 936 | neutral |
| JennSelby | ... Is quite similar to what my reaction will be if I do not wake up to dystopian postBrexit Britain tomorrow. https://t.co/mCwb5zpL0D | 23 Jun 2016, 10:56 - CEST | London | 0 | neutral |
| TradingYuppy | RT @Fxflow: Do like Austin and LIVE trade the Brexit with us | 23 Jun 2016, 10:56 - CEST | | 3 | positive |

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| | June 23 starting 2330 GMT https://t.co/l1yOvJcmbp https://t.co/m8pEYqgheY | | | | |
| aronresebo | @Sauronsstock Tror inte man ska fÃ¶rvÃ¤nta sig fÃ¶r mkt dagen innan Brexit/Bremain, Ã¤ven om man anar utfallet. Gissar folk Ã¤r passiva nu. | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| iamjamup24 | #viral Oil down after small U.S. drawdown; seen choppy before Brexit vote... https://t.co/7ZJUwqJB6c | 23 Jun 2016, 10:56 - CEST | | 0 | negative |
| JLLupstream | It's decision day in Britain. Check out the @FT live blog on the Brexit vote https://t.co/lTGYy4O4Oa https://t.co/2jRiw2TvVl | 23 Jun 2016, 11:14 - CEST | London | 0 | positive |
| wakingthemonkey | I think this is a reason to #Leave don't you? #Brexit https://t.co/x7HMp47jVX | 23 Jun 2016, 11:14 - CEST | West Yorkshire | 1 | positive |
| dvdsmpsn | "A RACIST nan who is fuelled entirely by hate has began her slow & unsteady journey to the polling station" #brexit https://t.co/dtqgSatls8 | 23 Jun 2016, 11:14 - CEST | Nottingham, England. | 0 | negative |
| omaticaya52 | BREXIT, what's gonna be today? What do you think it must be?? | 23 Jun 2016, 11:14 - CEST | Chile | 1 | neutral |
| HMS_Indomitable | RT @ObliviousReaper: @Chrisuk1943 @jemimabond007 Brexit is having confidence in the country, rather than outsourcing its management to overâ€¦ | 23 Jun 2016, 11:14 - CEST | UK | 1 | positive |
| _laurenpn_ | RT @UKIPNFKN: You won't 'get back your country' if you vote for a #Brexit you'll give it away<br><br>#StrongerIN #VoteIN #Euref<br><br>https://t.co/oâ€¦ | 23 Jun 2016, 11:14 - CEST | | 4 | negative |
| albertof0000 | RT @raramolecola: Detto in parole semplici e povere, ma a noi che non n abbiamo un soldo, MA CHE CAZZO CE NE FREGA DELLA GRAN BRETAGNA?!?!â€¦ | 23 Jun 2016, 11:14 - CEST | Pagani, Campania | 42 | negative |
| ParticleBiz | Gold Hugs $1070 Ahead Of Brexit Vote, More Yellen #JanetYellen #FOMC... https://t.co/NAlsGdGQ7l | 23 Jun 2016, 11:14 - CEST | Santa Clara, CA | 0 | positive |
| FranTrombetta | @Corriere a 'mbe! notizione che traballi il Trono di Spade in caso di Brexit! @AndFranchini @andreaprincipi | 23 Jun 2016, 11:14 - CEST | | 0 | positive |
| macdonaldrtr | After #Brexit Roadmap for a leap in the dark https://t.co/1SHr71NGLN via @ReutersUK | 23 Jun 2016, 11:14 - CEST | Brussels | 0 | negative |
| nickareay | @campbellclaret Excellent speech on #c4debate there is no manifesto, no case from Brexit.<br>How can you vote for a cause with no plan or idea | 23 Jun 2016, 11:14 - CEST | West Mersea, England | 0 | negative |
| HelleNico | "Making Sense of â€˜Brexitâ€™ in 4 Charts" by AMANDA TAUB via NYT The New York Times https://t.co/isua5Hfoxu | 23 Jun 2016, 11:14 - CEST | Boston | 0 | neutral |
| 24Espana | Brexit: GuÃa para seguir y no perderse nada en la noche del referÃ©ndum https://t.co/GrDKPH5yH5 #notÃcias #EconomÃa https://t.co/yw8eiDAthn | 23 Jun 2016, 11:14 - CEST | EspaÃ±a | 0 | negative |

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| hedviggunn | #brexit "â•¤" | 23 Jun 2016, 11:14 - CEST | Sweden | 0 | neutral |
| noticias21es | Abren las urnas este jueves en Reino Unido para el histÃ³rico referÃ©ndum sobre el 'Brexit' https://t.co/BO2OBsZikm | 23 Jun 2016, 11:14 - CEST | | 0 | negative |
| Unstablesharк | RT @BeverleyTruth: #BREXIT FOR REAL FREE FAIR TRADE WITH AFRICA , SOUTH AMERICA AND THE WORLD https://t.co/PPHpztYmLE | 23 Jun 2016, 11:14 - CEST | | 7 | positive |
| hondacrv2 | RT @DavidJo52951945: Now Merkel warns the EU is facing an immigration crisis from Africa god help us if we stay in the EU https://t.co/acpâ€¦ | 23 Jun 2016, 11:14 - CEST | kings Langley | 20 | negative |
| HelleNico | "Portraits of a Nation Contemplating a â€˜Brexitâ€™" by Unknown Author via NYT The New York Times https://t.co/vocMqsotif | 23 Jun 2016, 11:14 - CEST | Boston | 0 | neutral |
| blackjackweiner | RT @PeterMagLob: https://t.co/v0L5ecbofB #BritainInOut #GoodbyeUK #RemainINEU #EUref https://t.co/LkHrqSGFME | 23 Jun 2016, 11:14 - CEST | Germany | 2 | negative |
| AbuKhamr | RT @snarwani: I voted #brexit today. 1) When economies shrink, people get 'tribal', so EU is sunk anyway 2) As we can see, EU didn't protecâ€¦ | 23 Jun 2016, 11:14 - CEST | | 1 | negative |
| Miningfin | RT @AndreVTP: The Ecstasy For Gold And The Brexit Vote $GLD https://t.co/t2aJU5dSg8 | 23 Jun 2016, 11:31 - CEST | The Vault | 2 | positive |
| Ash_Davo | RT @PPOffers: It's now 1/7 that the UK remains in the EU, with exiting out to 5/1! https://t.co/pLotIQ4cF0 #Brexit | 23 Jun 2016, 11:31 - CEST | | 2 | negative |
| timmieasdallas | The Interpreter: Making Sense of â€˜Brexitâ€™ in 4 Charts https://t.co/pMzJQ3BqyB | 23 Jun 2016, 11:31 - CEST | Arizona, USA | 0 | neutral |
| scottthong | RT @PrisonPlanet: Wealthy elites manipulating bookie odds to make #VoteRemain seem inevitable? https://t.co/UbS0O16kRa #Brexit | 23 Jun 2016, 11:31 - CEST | Malaysia | 167 | negative |
| davidlevasseur7 | Empire like yours doesn't deserve to desapear https://t.co/ttunwtHjbd | 23 Jun 2016, 11:31 - CEST | | 0 | negative |
| mlgrufman | @AllanIvarsson hÃ¥ller hÃ¥ller med, tycker det kÃ¤nns lite vÃ¤l mkt risk on att stÃ¤nga 13601370 ish idag iom brexit mm | 23 Jun 2016, 11:31 - CEST | Stockholm, Sweden | 0 | negative |
| the_max_doom | lesbian on popmaster! *votes brexit* | 23 Jun 2016, 11:31 - CEST | | 0 | positive |
| _dandell | RT @SpiegelPeter: Nervous about #Brexit much? Sterling volatility hits new highs overnigjt. @FT liveblog: https://t.co/tvZtTDmlk7 https://tâ€¦ | 23 Jun 2016, 11:31 - CEST | Vienna, Austria | 6 | negative |
| ShiftSprintDS | RT @BreitbartLondon: God Seems to Be Voting for Brexit https://t.co/syxBVnRpW2 https://t.co/3tLL5UTEg8 | 23 Jun 2016, 11:31 - CEST | L.A. Meltdown | 10 | neutral |
| TaleOf2Parties | RT @MarketWatch: U.S. stocks set for gains after Brexit polls point to â€˜stayâ€™ vote https://t.co/Fpp69qQhbC | 23 Jun 2016, 11:31 - CEST | | 6 | positive |
| DavideRibolini | RT @NicolaMorra63: #Brexit Gli inglesi esercitano il loro diritto di cittadinanza pur essendo sudditi della corona. A noi, che... https://tâ€¦ | 23 Jun 2016, 11:31 - CEST | | 4 | positive |

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| ethical753 | RT @cnni: The nonBrit's guide to the EU referendum: https://t.co/6jLcwRkejB #EUref https://t.co/uttTHNdnJ7 | 23 Jun 2016, 11:31 - CEST | Chigwell, England | 47 | neutral |
| emmahokon1 | RT @MarketWatch: These are the stocks to buy in the wake of Brexit, Trump and recession fears: https://t.co/P9jjb7DjjY https://t.co/NWLDd0Qâ€¦ | 23 Jun 2016, 11:31 - CEST | Abuja,Nigeria | 9 | negative |
| timmieasdallas | Brussels boss tells PM: NO more reform to Britain's EU membership after Brexit vote https://t.co/wqVBOn9Ycp | 23 Jun 2016, 11:31 - CEST | Arizona, USA | 0 | neutral |
| NikoAgo | RT @kanekos69: Î'Ï•Ï•Î'Î¿ Î¸Î± Î¾ÎIÎ¿Ï…Î¼Îµ Î±Î½ Î·Î'ÏÎµÏ„Î±Î½Î^Î± Î¸Î± Ï€Î±Ï•Î±Î¼Î^Î½Î¼Î' ÏƒÏ„Î·Î½ Î•.Î• Î® Î¸Î± ÎµÏ€Î'ÏƒÏ„ÏÎ¿Ï…Î¼Ï…Î¿Î½ÎµÏ…Î·Î½ Î'Î±Î±Ï‡Î·Î· #Brexit | 23 Jun 2016, 11:31 - CEST | Stockholm, Sweden | 53 | neutral |
| SynthInsania | RT @bonbuf60: @jongaunt Jon, a Germany car manufacture said after Brexit business as normal, and Turkey deal is ON,can we hold dave to Accâ€¦ | 23 Jun 2016, 11:31 - CEST | | 9 | positive |
| NCPoliticsUK | RT @NCPoliticsEU: #EUref summary:<br><br>Polls say REMAIN+2<br>Nowcast 5248<br>Forecast 5347<br><br>#Brexit % chance 25 (1)<br><br>https://t.co/hUxOTPhRiB httpsâ€¦ | 23 Jun 2016, 11:31 - CEST | UK | 17 | negative |
| chauchat_maria | RT @doberah: Cute: @BILD says if Brits vote against Brexit, the Germans will recogniz(s)e the 1966 heartbreaker Wembley goal https://t.co/zâ€¦ | 23 Jun 2016, 11:31 - CEST | Italy | 35 | negative |
| wdjstraw | RT @SpiegelPeter: Nervous about #Brexit much? Sterling volatility hits new highs overnigjt. @FT liveblog: https://t.co/tvZtTDmlk7 https://tâ€¦ | 23 Jun 2016, 11:31 - CEST | United Kingdom | 6 | negative |
| monalemuria | RT @KimJongUnique: En cas de #Brexit, Hollande sera "inflexible" selon Macron. Comme avec LÃ©onarda, Martinez, les antifas... https://t.co/Gâ€¦ | 23 Jun 2016, 11:31 - CEST | | 96 | neutral |
| ClaireMiddleto4 | RT @DarthPutinKGB: It is not those who vote that matter. It is those who count.<br>#Brexit | 23 Jun 2016, 11:48 - CEST | | 93 | negative |
| Altair_Ita | In sostanza il discorso Brexit Ã¨ cosÃ¬ riassumibile: https://t.co/BsRF1mBMCD | 23 Jun 2016, 11:48 - CEST | Messina, Sicilia, Italia | 0 | positive |
| JimWats42183375 | RT @LouiseMensch: Roses are red,<br>violets are blue,<br>If you love Europe<br>But not the EU<br>#VoteLeave #Brexit and #TakeControl<br>https://t.co/LR90Kâ€¦ | 23 Jun 2016, 11:48 - CEST | | 230 | positive |
| LaJovendlPerla | RT @jesusmarana: No hay dÃa mÃ¡s oportuno para echar un vistazo al dossier de @_infoLibre y @mediapart sobre el #Brexit https://t.co/g69TSA4â€¦ | 23 Jun 2016, 11:48 - CEST | | 7 | negative |

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| ellecome222 | RT @Dwalingen: The Peoples of Europe are hoping for a #Brexit domino effect into #Nexit #Frexit etcetc. The #EU has failed us all https://tâ€¦ | 23 Jun 2016, 11:48 - CEST | | 20 | negative |
| Lin_121 | @BeverleyTruth @DDawn0 OMG THAT IS TRULY WONDERFUL NEWS I SENSE A LANDSLIDE #BREXIT | 23 Jun 2016, 11:48 - CEST | England, United Kingdom | 0 | positive |
| zzazzye | RT @robertraineyni: Still undecided? #Brexit #EUref #VoteLeave This is correct way to complete ballot https://t.co/B9x6l3pqTn | 23 Jun 2016, 11:48 - CEST | | 9 | positive |
| inspaceitrust | All the best to Brits braving the weather to vote. #iVoted #brexit but as for whether that'll happen or not, I wouldn't want to bet on it. | 23 Jun 2016, 11:48 - CEST | England, United Kingdom | 0 | positive |
| LaJovendlPerla | RT @DebatAlRojoVivo: FernÃ¡ndez DÃaz : "Lo que me preocupa hoy es el 'Brexit'" #EscuchasCatalunyaARV https://t.co/YwsIr0dYjl https://t.co/â€¦ | 23 Jun 2016, 11:48 - CEST | | 19 | neutral |
| ausdjforums | Eâ€™s To Soar To Â£60 A Pill If Brexit Succeeds â†' https://t.co/IEOVXbIm5M<br><br>https://t.co/ZOp8XaSifm | 23 Jun 2016, 11:48 - CEST | Australia | 0 | positive |
| Ryanshedden | RT @Dezeen: "Vote Leave is a vote for a theme park instead of a country" â€“ Sam Jacob: https://t.co/VQwCV3aVo5 #Opinion https://t.co/1T9vhcaâ€¦ | 23 Jun 2016, 11:48 - CEST | Clapham, England | 10 | positive |
| PremierLeague8 | #PremierLeague Picture Special: Every Premier League player who could be affected by Brexit revealed https://t.co/qEMKZbkZ3j | 23 Jun 2016, 11:48 - CEST | | 0 | neutral |
| economistniraj | RT @JMurray804: Bloomberg illustrates Brexit https://t.co/3ZDcLQnb3n @DanHanson41 @muhammadakd https://t.co/7ITCR6crVg | 23 Jun 2016, 11:48 - CEST | London | 5 | negative |
| A_G_Dugin | Et si le Brexit donnait aux FranÃ§ais la volontÃ© de reconstruire lâ€™Europe ? https://t.co/yatANBpCuD | 23 Jun 2016, 11:48 - CEST | Heartland | 0 | neutral |
| paolodriussi | Brexit, il giorno piÃ¹ lungo per l'Europa. "Leave" o "Remain", alle urne 46,5 milioni di britannici https://t.co/edmjF19Mss via @repubblicait | 23 Jun 2016, 11:48 - CEST | Italy | 0 | neutral |
| solos4242 | Brexit Movie https://t.co/olBBLXYYxd #EU pd fisherman 2destroy their boats while giving fishing rights to others https://t.co/wqYhskhT9s | 23 Jun 2016, 11:48 - CEST | | 0 | positive |
| anthony94520648 | RT @LeaveEUOfficial: Shameful stuff from the Remains. @GiselaStuart has made a commitment to the UK and has ever right to back #Brexit. httâ€¦ | 23 Jun 2016, 11:48 - CEST | The Kingdom | 2 | positive |
| Mosharraf0129 | AJEnglish : Beyond the #Brexit debate https://t.co/dsQsScbxjk by kenanmalik â€¦ https://t.co/e4SkxN3lVO) https://t.co/UuB3Ken1iY | 23 Jun 2016, 11:48 - CEST | Dhaka, Bangladesh | 0 | negative |
| jpnoblejr | RT @WSJ: Even if Britain votes against 'Brexit', the market's relief would be shortlived, writes @Simon_Nixon. https://t.co/I3XsOgw6fD | 23 Jun 2016, 11:48 - CEST | Somewhere in the world | 7 | neutral |

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| NewsdeskWORLD | RT @nytimesworld: Brexit in 4 charts: a generational divide that's about more than age https://t.co/YtDQcE895H | 23 Jun 2016, 11:48 - CEST | | 2 | negative |
| Nigel450 | RT @Independent: Leave supporters are very suspicious about the pencils at polling stations https://t.co/ygRdXrcx66 https://t.co/m4FcG3197J | 23 Jun 2016, 12:05 - CEST | Midlands | 74 | positive |
| 7E55E | RT @Stop_The_EU: On #Brexit the UK will become the EU's biggest export market.<br><br>#VoteLeave https://t.co/wI7ORkoTuM | 23 Jun 2016, 12:05 - CEST | Kyoto, Japan | 85 | positive |
| frspch | RT @Ironwand: Tony Benn would have voted #Brexit on #IndependenceDay!<br><br>If the establishment wants it, do the opposite!<br><br>#VoteLeave https://â€¦ | 23 Jun 2016, 12:05 - CEST | | 14 | positive |
| Monalisazelf | RT @Knack: Hoe kan u gokken op een bremain of brexit? https://t.co/AdpW79t5gM https://t.co/HVGTdGyAHD | 23 Jun 2016, 12:05 - CEST | | 2 | negative |
| Risto_Matti | RT @FIMRahantaju: #BrexitÃ¤Ã¤nestys on alkanut. Katso, miten voi kÃ¤ydÃ¤, jos britit lÃ¤htevÃ¤t tai jos he jÃ¤Ã¤vÃ¤t. https://t.co/jGSymmOJtj httpsâ€¦ | 23 Jun 2016, 12:05 - CEST | | 2 | negative |
| orzowaymilano | RT @Virginia_Reggi: E io che pensavo che il Brexit fosse il cocktail dell'estate in arrivo dalla Gran Bretagna<br><br>#BrexitOrNot #Brexit | 23 Jun 2016, 12:05 - CEST | Milano Italy - London U.K. | 47 | positive |
| Trendsiana | Jeffrey Simpson: Will a long, loveless marriage end with Brexit? https://t.co/CzDGTDtfty | 23 Jun 2016, 12:05 - CEST | Worldwide | 0 | negative |
| mahonnew67 | RT @JuliaHB1: Yet another good reason to Vote Leave. #Brexit https://t.co/ZppueosTB6 | 23 Jun 2016, 12:05 - CEST | brum | 1330 | positive |
| FxsignalOnline | Gold investors wrestle with Brexit vote in wild options dealings https://t.co/ngGQnAUmzd | 23 Jun 2016, 12:05 - CEST | Online | 0 | neutral |
| swimmerboy2379 | The Brexit Vote Is the Perfect Excuse to Revisit This Song by The Clash via TIME.câ€¦ https://t.co/DAi7mcI3yr https://t.co/aMkPOZqVXN | 23 Jun 2016, 12:05 - CEST | current location | 0 | neutral |
| BoulyPorte | RT @rdinho3: #Macron : en cas de #Brexit, "la France sera inflexible" avec le RoyaumeUni #EnMarche vers plus de dictature #UE https://t.câ€¦ | 23 Jun 2016, 12:05 - CEST | | 5 | negative |
| news89 | Der BrexitEndspurt ist nichts fÃ¼r Zimperliche: Premier Cameron kÃ¤mpft um jede Stimme, Boris Johnson kÃ¼sst ei... https://t.co/SEqUmxtaLW | 23 Jun 2016, 12:05 - CEST | on Twitter | 0 | neutral |
| Matt_Dark | But I want to see brexit .. It will be interesting to see how market react after that | 23 Jun 2016, 12:05 - CEST | dalam hati Amani â•¤ï¸•â•¤ï¸•... awww | 0 | positive |
| VeoNoticias_ | EN VIVO: Â¿El fin del sueÃ±o europeo? 'Brexit' o 'Bremain', los britÃ¡nicos deciden su futuro https://t.co/nMV5MgOTWc https://t.co/rPX1H3pghw | 23 Jun 2016, 12:05 - CEST | El Mundo | 0 | negative |

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| BobLeCentriste | .@GuyVerhofstadt Â«Si le #Brexit passe, c'est #Poutine qui va rireÂ» #Remain #ALDE #ADLE https://t.co/BGLlLxrpPC | 23 Jun 2016, 12:05 - CEST | Europe | 0 | negative |
| StWagnerAriana | RT @Good_Ant_Man: Wie das schlechte Wetter in GB die #BrexitAbstimmung beeinflusst #BrexitOrNot https://t.co/4hE0bdTsqc | 23 Jun 2016, 12:05 - CEST | Germany | 1 | negative |
| MarkRJolly | RT @BarrySheerman: If you don't want our national values to be set by the Daily Mail don't vote for the narrowminded illiberal intolerantâ€¦ | 23 Jun 2016, 12:05 - CEST | Cranfield UniversityNr Bedford | 11 | negative |
| TwitSicherheit | RT @de_sputnik: INTERVIEW â€žIrrationale Ã„ngsteâ€œ Wiener EuropaExperte: Briten werden fÃ¼r #Brexit stimmen https://t.co/XLI3xLSdPj #BrexitOrâ€¦ | 23 Jun 2016, 12:05 - CEST | Das Netz | 17 | negative |
| Bald_Iain86 | Done #Brexit #VoteLeave https://t.co/1sUzLsUoaz | 23 Jun 2016, 12:22 - CEST | Rhyl, Wales | 0 | positive |
| PietroBjorn | Di che parliamo quando parliamo di Brexit? Guida alla notizia del giorno \| Left https://t.co/vyYhMGu8Yy | 23 Jun 2016, 12:22 - CEST | Cosenza, IT | 0 | negative |
| Kantox__es | RT @expansioncom: Los britÃ¡nicos cambian sus libras por euros y dÃ³lares antes del referÃ©ndum del Brexit https://t.co/F5EYQSHWoP | 23 Jun 2016, 12:22 - CEST | London, England | 53 | neutral |
| mad_ashleigh | RT @internetought: rt'ing this as a PSA because ben still thinks "brexit" is some sort of breakfast sandwich https://t.co/0AQShPZjPf | 23 Jun 2016, 12:22 - CEST | Glasgow, Scotland | 2 | positive |
| Tocqueville53 | RT @AlexandreLoubet: Dangers du #Brexit sont connus: tunnel Manche rebouchÃ©, pluie sauterelles, Ã¨re glaciaire, RoyaumeUni Ã  la dÃ©rive dansâ€¦ | 23 Jun 2016, 12:22 - CEST | | 17 | negative |
| crazycatz2013 | RT @LeaveEUOfficial: PLEASE WATCH and #Retweet â€“ and remember to #VoteLeave for our independence! #EUref #Brexit https://t.co/iAhmH51v8r | 23 Jun 2016, 12:22 - CEST | | 697 | positive |
| vl_n72 | RT @aofxru: Ð¢Ð¾Ñ€Ð³ÑƒÐµÐ¼ Ð½Ð° #Brexit! Ð"ÐµÐ»Ð°Ð¹ Ð´ÐµÐ½ÑŒÐ³Ð¸ Ñ• Ð½Ð°Ð¼Ð¸ Ð¿Ñ€Ð¾Ð¾ÐµÐ´Ð¸Ð¹Ñ•Ñ• Ñ•ÐµÐ³Ð¾Ð´Ð½Ñ• Ðº Ð±ÐµÑ€Ð¿Ð»Ð°Ð°Ñ‚Ð½Ð¾Ð¼Ð¼Ñƒ Ð·Ð°Ð½Ñ‚Ñ,Ð¸ÑŽ! https://t.co/yQrkjHhFym #aofx https://t.â€¦ | 23 Jun 2016, 12:22 - CEST | ÐœÐ¾Ñ•ÐºÐ²Ð° | 269 | positive |
| NKnow7 | RT @Carina3603: #Brexit à¸¡à¸²à¸ˆà¸²à¸à¸à¸²à¸£à¸ªà¸™à¸™à¸´à¸„à¸‚à¸‡ Britain/British + Exit | 23 Jun 2016, 12:22 - CEST | Naverland | 14 | negative |
| SportTalkBrian | RT @RT_com: URGENT: Final #Brexit poll puts â€˜Remainâ€™ at 52%, â€˜Leaveâ€™ at 48% â€“ Ipsos MORI for Evening Standard https://t.co/tf8W8lUdMJ | 23 Jun 2016, 12:22 - CEST | Bel Aire, KS, USA | 21 | neutral |
| escklhen | RT @ShujaRabbani: All I'm going to tweet about is #Brexit. If you #iVoted, vote your choice in previous poll tweet. To #BrexitOrNot? #EUrefâ€¦ | 23 Jun 2016, 12:22 - CEST | North Carolina | 51 | positive |
| albericguigou | RT @Raphael_Rougier: Don't go brexit my heart! https://t.co/NWBZMjgegF | 23 Jun 2016, 12:22 - CEST | Paris, London | 1 | negative |

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| KellieRoseWick | RT @ArsTechnicaUK: #Brexit: Brussels tech folk fear possible UK vote to leave European Union https://t.co/lyI8W7AvNF by @BrusselsGeek https:â€¦ | 23 Jun 2016, 12:22 - CEST | Texas, USA | 6 | positive |
| gegan1987 | RT @RT_com: URGENT: Final #Brexit poll puts â€˜Remainâ€™ at 52%, â€˜Leaveâ€™ at 48% â€“ Ipsos MORI for Evening Standard https://t.co/tf8W8lUdMJ | 23 Jun 2016, 12:22 - CEST | | 21 | neutral |
| Agenzia_Ansa | LE FOTO ANSA Brexit, la Gran Bretagna al voto https://t.co/PhJv3amwcW https://t.co/UWaohnZdVV | 23 Jun 2016, 12:22 - CEST | Via della Dataria, 94 - Roma | 0 | neutral |
| golub | 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 12:22 - CEST | | 0 | positive |
| elgorbachev | RT @business: Today is the day when Britain decides on its 43year membership of the EU https://t.co/vMFzBNKXst #Brexit https://t.co/qvMOHXâ€¦ | 23 Jun 2016, 12:22 - CEST | | 9 | neutral |
| KeiuCrayons | RT @caitlinmoran: Best Brexit piece yet, by @paulmasonnews: "Real working class rebellions tend not to be run by the Establishment": https:â€¦ | 23 Jun 2016, 12:22 - CEST | Estonia | 462 | neutral |
| alexfutbol76 | RT @CunadoDeTuiter: Lo del Brexit es algo que deberÃamos votar todos los europeos. Vamos, digo yo. | 23 Jun 2016, 12:22 - CEST | Cartagena City, ciudad sin ley | 119 | positive |
| frankjacobsnl | RT @AutoWeek: #Brexit? 7 redenen om tegen te zijn: https://t.co/YK7PeKxcYq | 23 Jun 2016, 12:22 - CEST | Almere, Netherlands | 1 | negative |
| empresasve | MÃ‰XICO: DespuÃ©s del Brexit, Â¿quÃ© otros riesgos enfrentarÃ¡ el precio del petrÃ³leo? â€¦ https://t.co/znQtBweneP #5estrellas â˜…â˜…â˜…â˜…â˜… | 23 Jun 2016, 12:22 - CEST | Caracas, Venezuela | 0 | negative |
| ritsa68 | Dazebao News Sindaco di Londra: La Brexit sarÃ un "punto di svolta nella storia del nostro Paese" https://t.co/1AM3E0wlqi | 23 Jun 2016, 12:39 - CEST | | 0 | neutral |
| kings_lunefish | RT @nhk_news: ãŒã,¤ã,®ãƒªã,¹ã›½æ°‘æŠ•ç¥¨ã€‘ã,¤ã,®ãƒªã,¹ãª§è¡Œã,ã,Œã,‹é›¢ã®è³›ã¦ã,'å•ã•†å›½æ°‘æŠ•ç¥¨ãª¯ãª¾ã,,ãªãªæŠ•ç¥¨ãŒå§‹ãª¾ã,Šãª¾ã™ã€,æœ€æ–°ã•®ä¸–è«–è¡¿æŸ»ãª§ãª¯æ®‹ç•™ãƒ»é›¢ã‚Œæ–¹ã•®ä¸–è¹æ”¯ãŒæŒ‡ãŒæŒ‡ãª£æŠ—ã€ãªäº^æ–°ã,'è¨±ãª•ãªãª„æƒ…å‹¢ãª¨ãªãª£ãª¦ãª„ãª¾ã™ã€, https://t.pwn3BrPkXT https://t.câ€¦ | 23 Jun 2016, 12:39 - CEST | ç•'ãƒ‹å± …ãƒªãƒžã,¹ | 363 | positive |
| Ulillillysses | " Mr. Brexit " | 23 Jun 2016, 12:39 - CEST | | 0 | neutral |
| b_escriva | ReferÃ©ndum del 'Brexit', en directo https://t.co/f7wswCEmjJ vÃa @elperiodico | 23 Jun 2016, 12:39 - CEST | Paterna, Comunidad Valenciana | 0 | negative |

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| nigelco75 | Not that I needed any convincing to vote #Remain but John Oliver being awesome about Brexit is well worth a watch https://t.co/97f2zDSWQy | 23 Jun 2016, 12:39 - CEST | Reading | 0 | negative |
| tintodog | RT @Farmers4Britain: Don't rely on someone else's vote to change the course of history make sure you go out and cast yours! #voteleave #bâ€¦ | 23 Jun 2016, 12:39 - CEST | | 48 | positive |
| IreneFregonese | Ansia #brexit | 23 Jun 2016, 12:39 - CEST | Trento, Trentino -Alto Adige | 0 | negative |
| maramagutlapig | RT @business: Today is the day when Britain decides on its 43year membership of the EU https://t.co/vMFzBNKXst #Brexit https://t.co/qvMOHXâ€¦ | 23 Jun 2016, 12:39 - CEST | where internet speed is a joke | 51 | neutral |
| peterjitter | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 12:39 - CEST | Bristol, England | 5076 | positive |
| CopiaWealthTax | George Soros wrong on Brexit and UK economy, says City economist https://t.co/tMyZc7u3bk | 23 Jun 2016, 12:39 - CEST | West Midlands \| Wolverhampton | 0 | negative |
| Addicted4truth | RT @Pilotos000: Î¤Î±Î½Î¿Î½Î'ÏƒÏ„Î¼ Î½Î± Î³Î'Î½Î¼Î' Î¤Î±Î½Î± Brexit Î¼Î±Î»Î±Î¤Î¤Î¼Î¼Î¿ Î¤ Î½Î± Ï‡Î±ÏƒÎ¼Î' ÏƒÏ„Î¼ Î±Î¾Î'Î± Î· Î²Î'Î»Î± Î¼Î¿Ï… Ïƒ Î›Î¿Î½Î´Î'Î'Î½Î¿ Î¤Î¿Î' Î±Î³Î³Î»Î'Î¤Î¤Î¼Î¼Î¿, Î¼Î¿Ï… Î»Î'Î¤Î¤Î¼Î¿, Ï€Î¿Ï… Ï„Î¿Ï… Î»Î±â€¦ | 23 Jun 2016, 12:39 - CEST | Î~ÎµÏƒÏƒÎ± Î»Î¿Î½Î´Î¿Î·, Î§Î¼Î½Ï„„Ï•Î'Î¤Î¤Î¼Î¼Î¿, Î¼Î¿Ï… Î¿Î¼Î¿Ï…Î¼Î¿ Î¿Î¼Î¿Ï…Î¼Î¿ | 1 | negative |
| ter_rob | RT @colombi_silvano: Io mi auguro che vinca Brexit cosi' da poter mandare affanculo questa europa | 23 Jun 2016, 12:39 - CEST | | 1 | negative |
| mark24823687 | RT @mundaufmachen: #iVoted : #BREXIT! TODAY Go to your local polling station and #VoteLeave! #TakeControl #ProjectHope #IndependenceDay httâ€¦ | 23 Jun 2016, 12:39 - CEST | UK Hull | 211 | positive |
| ItalianoAquila | RT @RaiNews: Corrono le borse, cala lo spread https://t.co/MneG4iLoWC | 23 Jun 2016, 12:39 - CEST | Italy | 4 | neutral |
| _johnsmith_y2k | anyone undecided #leave #remain #brexit https://t.co/SyghpUz5Ws | 23 Jun 2016, 12:39 - CEST | | 0 | negative |
| tomstanifor d | @BenMurrells it's like you have no idea of how to use Google? https://t.co/1CvDrtWEGq | 23 Jun 2016, 12:39 - CEST | Exeter & tom-stanifor d.co.uk | 0 | neutral |
| JuuMantelet | RT @OuestFrance: Brexit. Ouverture des bureaux de vote pour le rÃ©fÃ©rendum sur l'UE https://t.co/5xePHEwlnT https://t.co/qHgImrA2Pk | 23 Jun 2016, 12:39 - CEST | | 6 | negative |
| BrendaQ222 | Does #DumbDonald now know what Brexit is? | 23 Jun 2016, 12:39 - CEST | NYC | 1 | negative |

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| CunadoDeTuiter | RT @PepeCavite: @CunadoDeTuiter seee...y si gana el Brexit y se piran que se lleven tambiÃ©n su idioma de nuestros colegios | 23 Jun 2016, 12:39 - CEST | EspaÃ±a | 1 | positive |
| mariamarfer | URGENT: Final #Brexit poll puts â€˜Remainâ€™ at 52%, â€˜Leaveâ€™ at 48% â€“ Ipsos MORI for Evening Standard https://t.co/Yc7iqlHRCA via @RT_com | 23 Jun 2016, 12:39 - CEST | Venezuela | 0 | neutral |
| FunGuerillaz | RT @jfarchy: Today's viewing... John Oliver on #Brexit for some much needed sense and humour https://t.co/dJayqm7KLP | 23 Jun 2016, 12:56 - CEST | Location: Right Behind You ! | 7 | positive |
| AshBarratt1984 | RT @jenny_wren_01: Vote cast âœ #ivoted to LEAVE the European Union #euref #Brexit | 23 Jun 2016, 12:56 - CEST | | 6 | positive |
| tanerozarslan | Brexit coÅŸkusunun yaÅŸanmasÄ± Ã§ok uzun vadeli olmasa da zayÄ±flayan ABD bÃ¼yÃ¼me tahminleri geliÅŸen piyasalarÄ±n en Ã¶nemli kozu olacak. | 23 Jun 2016, 12:56 - CEST | istanbul | 0 | positive |
| glenmorris56 | RT @LouiseMensch: BBC News Suppressed British Drivers Attacked in Calais By Migrants Before #EUReferendum https://t.co/g02cPNdyKw #Brexit #â€¦ | 23 Jun 2016, 12:56 - CEST | | 198 | negative |
| RobkNews | RT @patent: #patents in @NYTimes: "Democratic Party, â€˜Brexit,â€™ N.B.A. Draft: Your Thursday Briefing" by ADEEL HASSAN https://t.co/pRv1gINPaJ | 23 Jun 2016, 12:56 - CEST | Windsor, Ontario | 2 | neutral |
| vlasinac | RT @LeaveEUOfficial: Today, we turn our backs on a failing political project and reenter the world! #EURef #Brexit https://t.co/L6kwJTW7A2 | 23 Jun 2016, 12:56 - CEST | | 207 | positive |
| aeon456 | RT @TelePolitics: Polling station ordered to take down â€˜Impartialâ€™ England Flags https://t.co/5JNHoTuBlG #EUref https://t.co/A53QcMXqiM | 23 Jun 2016, 12:56 - CEST | UK | 4 | neutral |
| agrapeplace2b | The latest Heard It Through The Grapevine! https://t.co/DzijcX0JsG #wine #brexit | 23 Jun 2016, 12:56 - CEST | Virginia | 0 | neutral |
| yleuutisvahti | @muusisilta Matias, voit tilata Uutisvahtisovelluksesta #brexitnotifikaatiot. Saat notskun aina heti kun uutta. https://t.co/F9plQTG3AC | 23 Jun 2016, 12:56 - CEST | | 0 | neutral |
| James_J_Marlow | Another reason to vote #Brexit https://t.co/lUO7wUqfK7 | 23 Jun 2016, 12:56 - CEST | London and Jerusalem | 0 | neutral |
| marciehatter | RT @SteveMaggs: A typical BREXIT voter? 'Only hate keeps me alive....' #voteremain #doctorwho #deadlyassassin https://t.co/bNBY0urQoH | 23 Jun 2016, 12:56 - CEST | | 1 | negative |
| AlexJohnson1990 | RT @Nnamdi_ES_Okoye: #VoteLeave for my children and their families to prosper #Brexit https://t.co/fbnIW2sDle | 23 Jun 2016, 12:56 - CEST | Worcester | 112 | positive |
| pedro_crd | SerÃa muy interesante tener la opiniÃ³n de Maradona sobre el Brexit. | 23 Jun 2016, 12:56 - CEST | Patagonia Argentina | 0 | positive |

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| DoGeFa | RT @cestrosiOff: Et des milliers de votes par correspondance se perdent https://t.co/NWY0t6DBhr #Brexit @Walter_VH_ @pierrejovanovic @Nigelâ€¦ | 23 Jun 2016, 12:56 - CEST | | 1 | negative |
| Ga_ia1 | E comunque, ultimo sondaggio: "Remain" in testa al 52%... #brexit | 23 Jun 2016, 12:56 - CEST | | 0 | negative |
| AlexiaTaub | Avant une visite en Ecosse, Donald Trump se dit favorable au Â« Brexit Â» Le Monde https://t.co/jS8JXPsQTe | 23 Jun 2016, 12:56 - CEST | | 0 | positive |
| thepaleblood | RT @Carina3603: à¸«à¸¥à¸²à¸¢à¸„à¸™à¸ à¸¥à¹^à¸²à¸§à¸§à¹^à¸² #EURef #Brexit à¸^à¸°à¹€à¸›à¹‡à¸™à¸•à¸²à¸£à¸¥à¸‡à¸›à¸£à¸°à¸Šà¸²à¸¡à¸• à¸´à¸„à¸£à¸±à¹‰à¸‡à¸³à¸„à¸±à¸à¸-à¸‡à¸³à¸«à¸£à¸²à¸Šà¸-à¸²à¸“à¸²à¸^à¸±à¸à¸£à¹ƒà¸™à¸Šà¸±à¹^à¸§à¸Šà¸µà¸§à¸´à¸•à¸™à¸µà¹‰à¸¥à¸¢à¸à¸à¹‡à¸§à¹^à¸²à¹„à¸"à¹‰à¹€à¸žà¸£à¸²à¸°à¸¡à¸±à¸™à¸^à¸°à¸à¸³à¸«à¸™à¸"à¸Šà¸°à¸•à¸²à¹•à¸¥à¸°â€¦ | 23 Jun 2016, 12:56 - CEST | Hunter's dream | 48 | positive |
| pnani456 | RT @AJInsight: Too Cheap #Brexit has hammered #FTSE so hard 16 of 100 stocks yield >5%... not even 1 #DJIA stock > 4.5%. Buy #UK https://t.â€¦ | 23 Jun 2016, 12:56 - CEST | | 2 | negative |
| jfp10 | Do the Math: An Economist's Guide to Brexit Bloomberg for iPad https://t.co/yNnyDSfWQm | 23 Jun 2016, 13:13 - CEST | ÃœT: -0.188389,-78.487649 | 0 | positive |
| Agitpress | Droht heute Nacht der #Brexit ? https://t.co/YnKtA1CaBN https://t.co/0I7vuOvvUc | 23 Jun 2016, 13:13 - CEST | | 0 | neutral |
| ArielleABerger | Honestly, is it super weird that I can't sleep because of #brexit? Like it's 4am. I couldn't even focus on Kung fury and I love that shit. | 23 Jun 2016, 13:13 - CEST | | 0 | negative |
| HainesWattsLds | Today is a once in a generation referendum what will you be voting for? #EUReferendum #Brexit | 23 Jun 2016, 13:13 - CEST | Leeds, England | 0 | positive |
| steph_arellano | RT @washingtonpost: What is Brexit? The complete guide to Britainâ€™s E.U. drama for confused nonEuropeans. https://t.co/UvSTeRLYKJ | 23 Jun 2016, 13:13 - CEST | Santiago, Chile | 17 | negative |
| rielcano | Puedes leer los Ãºltimos anÃ¡lisis de @_ignaciomolina sobre #Brexit en nuestro especial: https://t.co/hZun5KJOAa https://t.co/Y4uAB3ylYp | 23 Jun 2016, 13:13 - CEST | Madrid, Spain | 0 | positive |
| StourbridgeNews | Brexitbacking Dudley MEP targeting the undecided in final push for votes: BREXITbacking Dudley MEP Bill Eth... https://t.co/acfM7n9Fj3 | 23 Jun 2016, 13:13 - CEST | | 0 | neutral |
| Actus_Culture | Le Brexit, un Â«suicideÂ» pour Emma Thompson et Alex Taylor https://t.co/HoqaRj5TBr #culture | 23 Jun 2016, 13:13 - CEST | MontrÃ©al, QuÃ©bec | 0 | neutral |

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| zainaconda | Brexit referendum today. if Boris Johnson's (UK's Donald Trump) #VoteLeave wins, Cameron will step down.... https://t.co/GZtMReujdT | 23 Jun 2016, 13:13 - CEST | ...far from the maddin g crowd~ | 0 | positive |
| lamthetoecutter | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 13:13 - CEST | DIRTY south FLA | 170 | positive |
| tassosbiliouris | RT @Kathimerini_Cy: #Brexit Ï^Î·Ï†Î¯Î¶ÎµÎ¹ Î·Ï€Î»ÎµÎ¹Î¿Î·Î¯Î±Î¯ Ï„Î¿Ï…Î¿ Ï‰Î¿Ï½ Î¿Ï‰Î¿Ï½ #referendum https://t.co/k6ryPkE7LQ https://t.co/D7bXG09pNY | 23 Jun 2016, 13:13 - CEST | Athens | 6 | neutral |
| KazzJenkins | I wonder if #IDS was carrying out a cunning plan when he left the DWP? Hoping for more power if Brexit won? | 23 Jun 2016, 13:13 - CEST | | 0 | positive |
| WorldGardeners | RT @WorldGardeners: Together we can make Britain 'Great' again by #VoteLeave today defying all scaremongering #Brexit #LeaveEU #EUref | 23 Jun 2016, 13:13 - CEST | United Kingdom | 2 | positive |
| TerzoDiritto | RT @La7tv: Claudio Borghi (Lega): "In una democrazia Ã¨ il popolo che deve poter scegliere, non i tecnocrati." #Brexit https://t.co/rYN5aLgâ€¦ | 23 Jun 2016, 13:13 - CEST | Roma | 4 | negative |
| korusconsult | The latest KORUSCONSULT tÃ¤glich! https://t.co/T8SFcvQMzE #cloud #brexit | 23 Jun 2016, 13:13 - CEST | Otterfing | 0 | negative |
| edpenington | @dril when will your reveal your opinion on Brexit? | 23 Jun 2016, 13:13 - CEST | London, England | 0 | neutral |
| Actus_Culture | Plus de 96% des artistes britanniques opposÃ©s au Brexit https://t.co/SF1b0nJsff #culture | 23 Jun 2016, 13:13 - CEST | MontrÃ©al, QuÃ©bec | 0 | negative |
| Andym6769 | RT @WSJ: France slows eurozone economic rebound amid â€˜Brexitâ€™ uncertainty https://t.co/ftm7FhBcnk | 23 Jun 2016, 13:13 - CEST | Northern Ireland | 15 | negative |
| neilwalton26 | RT @rwainwright67: Same view repeated time and again by European as well as UK security chiefs https://t.co/MkY7UfZODC | 23 Jun 2016, 13:13 - CEST | Fleet, England | 4 | neutral |
| m0rpheouz | RT @NovaShpakova: Wishing you the very best #UK you're just yards away from the finish line, #Brexit! From your neighbors 'across the ponâ€¦ | 23 Jun 2016, 13:30 - CEST | | 3 | neutral |
| nareshdixit82 | The latest The Naresh dixit Daily! https://t.co/u5ZJqKDy0k Thanks to @DilipGhoshBJP @being2shubham @Vijendradt #brexit #brexitornot | 23 Jun 2016, 13:30 - CEST | Bengaluru South, Karnataka | 0 | neutral |
| Al_roooh2 | RT @CNBCArabia: Ø§Ù„Ù†Ù•Ø· Ù…Ø±Ø¹Ù•Ø¹ Ù…Ø¹Ù†Ø§Ø§Ù„ Ø§Ù„Ù…Ø³Ø«Ù…Ø±Ù†Ù†Ù†Ø¹Ø¹Ù†Ø§Ø¹Ù†Ø§Ø¹Ù†Ø§

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| Monic_Laara | Pese a lluvias, continÃºan elecciones sobre "brexit" en Reino Unido https://t.co/WEKSEgkGX5 | 23 Jun 2016, 13:30 - CEST | Jalapa, Tabasco | 0 | neutral |
| CynthiaStillBB | RT @tanker070: To my British friends: "Today it's now or never" It's time to liberate your country from the EUSSR! #Brexit #VoteLeave #EU | 23 Jun 2016, 13:30 - CEST | | 4 | positive |
| Bismarck_NL | RT @JBwebpm: If you are unsure of today then please think carefully for tomorrow #Brexit https://t.co/k7X8ERMefp | 23 Jun 2016, 13:30 - CEST | The Netherlands | 5 | negative |
| Ibe_ch05 | RT @chuksoleka: @NetworksManager While @David_Cameron allows UK citizens freedom to decide on #Brexit ;he supports Nigeria killings of #Biaâ€¦ | 23 Jun 2016, 13:30 - CEST | | 16 | negative |
| bigchap57 | RT @DavidJo52951945: RT Please take a pen to the polling station with you tomorrow & donâ€™t use a pencil #Brexit https://t.co/OYnrUyxu95 | 23 Jun 2016, 13:30 - CEST | ulster | 631 | neutral |
| Fitness4London | @CambridgeGreens Wetherspoons guy is not getting another penny of my money ever! #TimMartin #Wetherspoons #Brexit | 23 Jun 2016, 13:30 - CEST | London, UK | 0 | negative |
| ToGovern | How will you vote on #Brexit? Find out how other voters say they will https://t.co/cgXiYASiMu https://t.co/nIRGPNomve | 23 Jun 2016, 13:30 - CEST | The Boardroom, London â„¢ | 0 | negative |
| unitaonline | #Brexit Urne aperte nel Regno Unito. E spunta un nuovo sondaggio https://t.co/zVnPzohyQo | 23 Jun 2016, 13:30 - CEST | | 0 | positive |
| satirist_indian | RT @tcmccarthy_: #Remain voters are pushing the #UK off a cliff. Vote #leave. #Brexit https://t.co/xuVzGKkmg4 | 23 Jun 2016, 13:30 - CEST | India | 1 | negative |
| silvia_giancola | Ottimo post di Licia Corbolante #Brexit, #Bremain e la #crasi dei media italiani https://t.co/e6KF8R2w24 @terminologia #terminologia #xl8 | 23 Jun 2016, 13:30 - CEST | Italy | 0 | negative |
| FinanzLinksAsia | â–¶ Sensex Closes Above 27000 Ahead Of Brexit Verdict; Nifty Up 66 Points: Indian shares rose sharply onâ€¦ https://t.co/xBTFzEtxCQ RTT | 23 Jun 2016, 13:30 - CEST | | 0 | neutral |
| BeThisBellBand | EU referendum: â€˜Leaveâ€™ & â€˜Remainâ€™ make final pitches day before Brexit polls open https://t.co/WADkyUeiCB | 23 Jun 2016, 13:30 - CEST | Eureka, CA | 0 | neutral |
| Melody191064 | RT @Welt_im_Chaos: Auch interessant: Der #Brexit ist laut #ZDF eine Entscheidung Ã¼ber die "Einwanderung".Von "Fluechtlingen" redet inzwischâ€¦ | 23 Jun 2016, 13:30 - CEST | | 14 | neutral |
| Endyf | Our friends on the continent showing solidarity with the UK, let's not turn our backs on them! #VoteRemain https://t.co/vCpnPiZsp7 | 23 Jun 2016, 13:30 - CEST | UK - Bath & Portsmouth | 0 | negative |
| KevnRojjs | G7 podrÃa emitir comunicado si gana "Brexit" https://t.co/P3ry9PH7V0 | 23 Jun 2016, 13:30 - CEST | Tabasco | 0 | neutral |
| Juanro1212 | RT @Bestinver: BeltrÃ¡n de la Lastra escribe sobre #Brexit en @elpais_economia https://t.co/BYH9dIUK0t | 23 Jun 2016, 13:30 - CEST | Madrid, EspaÃ±a | 4 | NA |

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| ron_payne11 | RT @LeaveEUOfficial: PLEASE READ! 4 key arguments made by @StrongerIn were demolished last night. Know the facts before you vote! #EURef htâ€¦ | 23 Jun 2016, 13:47 - CEST | | 236 | neutral |
| SocialKickme | The 'Brexit' referendum and 'Game of Thrones' aren't all that different https://t.co/zeGHiXC2yx | 23 Jun 2016, 13:47 - CEST | | 0 | negative |
| baldonedo6 | RT @danielmateos: #Brexit o #Bremain...mucho en los mercados financieros en juego. Me acaban de decir que hay Hedge Funds costeando encueâ€¦ | 23 Jun 2016, 13:47 - CEST | | 2 | negative |
| brenden_andeswr | RT @ShujaRabbani: All I'm going to tweet about is #Brexit. If you #iVoted, vote your choice in previous poll tweet. To #BrexitOrNot? #EUrefâ€¦ | 23 Jun 2016, 13:47 - CEST | Washington | 658 | positive |
| vabybabnsuu | RT @ShujaRabbani: #EUref is still trending. What's your #iVoted choice on #Brexit? To #BrexitOrNot? Vote on previous tweet. #EUreferendum #â€¦ | 23 Jun 2016, 13:47 - CEST | Nevada | 217 | negative |
| AndreTomer | RT @RaiPortaaPorta: Stasera alle 21:25 su @RaiUno Speciale #portaaporta #Brexit https://t.co/GPNLZTCFOe | 23 Jun 2016, 13:47 - CEST | | 4 | positive |
| ReImagineGas | RT @FraserNelson: UPDATE: Chances of #Brexit now down to 15% according to The Spectator's live odds tracker: https://t.co/IWshaJnO9I https:â€¦ | 23 Jun 2016, 13:47 - CEST | London â€¦and everywhere else | 10 | positive |
| szekelyf | RemÃ©lem, Ãgy is marad. https://t.co/pfjV63oCdS | 23 Jun 2016, 13:47 - CEST | Budapest | 0 | positive |
| coldfusionMBE | Exactly what the brexit supporters want you to do. Trade everything for a nebulous future for your children. Idiots. https://t.co/TZcPCMwhlI | 23 Jun 2016, 13:47 - CEST | London | 0 | negative |
| Twi_Terr | RT @V_of_Europe: Brexit spreads across Europe: Italy, France, Holland and Denmark ALL call for referendums https://t.co/AFwuc5icLp https://â€¦ | 23 Jun 2016, 13:47 - CEST | Noord-Brabant, Nederland | 260 | neutral |
| Eric_Clement | RT @francetvinfo: [QUIZ] Ces people anglais sontils pour ou contre le #Brexit ?<br><br>Testez vous sur l'actu âž¡ https://t.co/HwFTDxUckS https:/â€¦ | 23 Jun 2016, 13:47 - CEST | MontrÃ©al | 2 | negative |
| john_geoffrey | Another good video with all the info about what a #Brexit would entail https://t.co/6b31Ag1z6O | 23 Jun 2016, 13:47 - CEST | London, UK | 0 | positive |
| PeterWendtWhere | #Brexit, for the WIN!<br><br>Vote LEAVE | 23 Jun 2016, 13:47 - CEST | Coastal NC | 0 | positive |
| miss_s_b | RT @thalestral: Frustrated to find a Lib Dem leaflet through my door promising that Brexit would lead to Scottish independence in 2 years.â€¦ | 23 Jun 2016, 13:47 - CEST | Brighouse, West Yorkshire | 1 | negative |
| berimaamo1 | So UK will rather be slaves to america than be a brother to their european brothers? #brexit | 23 Jun 2016, 13:47 - CEST | the netherlands | 0 | negative |
| HarridgePike | RT @TelePolitics: Polling station ordered to take down â€˜Impartialâ€™ England Flags | 23 Jun 2016, 13:47 - CEST | North Yorkshire | 16 | neutral |

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| | https://t.co/5JNHoTuBlG #EUref https://t.co/A53QcMXqiM | | | | |
| Paulxxxxx | @JTeesdale1 Hi James. "Its looking excellent". Do you know something I don't know? i.e., that is excellent news for Brexit? | 23 Jun 2016, 13:47 - CEST | UK | 0 | positive |
| Hook_Echo9 | I say go and good riddance #Brexit=>On eve of defining British EU referendum, rivals race for final votes https://t.co/4sA0tck0pk @Reuters | 23 Jun 2016, 13:47 - CEST | North Alabama | 0 | neutral |
| ASimpsonEY | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 13:47 - CEST | Winnipeg, Manitoba | 373 | positive |
| barbuho | Si se van de la UE a ver a donde van a mandar a sus hordas de borrachos!! #Brexit | 23 Jun 2016, 13:47 - CEST | | 0 | negative |
| SharanBurrow | RT @equaltimes: Is voting for #Brexit worth the risk of losing #jobs, #rights and #wages? https://t.co/gq0NfyLufr https://t.co/w512UNXNpr | 23 Jun 2016, 14:04 - CEST | | 1 | negative |
| MaryJurjo | RT @elconfidencial: Os recordamos que el Brexit podrÃa hacer que EspaÃ±a aporte mÃ¡s dinero del que recibe en la UE https://t.co/ranLXjYCBp #â€¦ | 23 Jun 2016, 14:04 - CEST | Valladolid, Castilla y LeÃ³n | 11 | positive |
| Tierdra | @intdemon Any new applicants to the EU do. I mean that if Scotland broke after brexit and negotiated to rejoin. | 23 Jun 2016, 14:04 - CEST | | 0 | negative |
| festivaldepiro2 | RT @BrainandMoney: Forget BREXIT Just Trade with Trading levels ,NothingÂ else. https://t.co/0s1EbRUxzN https://t.co/payjP6emfY | 23 Jun 2016, 14:04 - CEST | | 39 | negative |
| Funkybanana75 | RT @jackson_heather: Whatever your gender,ethnicity , social mobility,sexuality please remember to vote today ..whether #remain or #Brexitâ€¦ | 23 Jun 2016, 14:04 - CEST | yorkshire, uk | 4 | negative |
| LeeRoy5150 | Just placed my vote #Brexit as long as you stand by your conviction there is no right or wrong answer #BritainDecides | 23 Jun 2016, 14:04 - CEST | Luton Town | 0 | negative |
| anthonybiljana | RT @RT_com: #BREXIT outperforming #REMAIN but UK polls point towards Brussels. Live updates https://t.co/tf8W8lUdMJ @RTUKnews https://t.co/â€¦ | 23 Jun 2016, 14:04 - CEST | | 39 | negative |
| Ciccio7_ | RT @sole24ore: Brexit, ecco come si sono schierati i giornali inglesi https://t.co/HADAquGHO1 https://t.co/IFPjSGRY5S | 23 Jun 2016, 14:04 - CEST | Ragusa Italy | 14 | neutral |
| Nacho_PoseC | RT @CunadoDeTuiter: Lo del Brexit es algo que deberÃamos votar todos los europeos. Vamos, digo yo. | 23 Jun 2016, 14:04 - CEST | | 286 | positive |
| FX_A_ | RT @ashimizu1729: æŠ•ç¥¨æ™‚é–“ã‰7æ™‚ã‹ã‚‰ã‰ãŠ10æ™‚ç¾åœ°ã¨ã£ãŠã£ã¦ã„ã‚‰ã‚ã¨ã‚ã‚æœ¨æ—¥ã®è‹±å›½ã½ã›ãŠæ°‘ãŠ•ç¥¨ã§ã¯ã€ã“ã“ã€ã€ã€ã“ã®æ—¥ã€ã€ã€

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| PieroLatino | RT @suffragettecine: Together is better #nobrexit #Brexit #BrexitOrNot https://t.co/EAumVEWDje | 23 Jun 2016, 14:04 - CEST | | 11 | negative |
| UlaLaParis | RT @otr_press: El icono del dÃa @hberdichevsky https://t.co/lW9Ou3CokC https://t.co/zJjJmc3mr9 | 23 Jun 2016, 14:04 - CEST | Paris | 2 | neutral |
| naqiebhosseini | RT @JamesMelville: The Brexit campaign doesn't have any politician that would make it to the end of a Willy Wonka factory tour. | 23 Jun 2016, 14:04 - CEST | Cardiff | 3624 | negative |
| KiwiKafir | RT @cuzzinharry: TheTimes today! #Brexit . https://t.co/hD5AceSzQ8 | 23 Jun 2016, 14:04 - CEST | New Zealand | 21 | positive |
| Daley4444 | RT @LeaveEUOfficial: 'I'm mixed race, female, leftwing, a 19yearold student and yes, I really am voting for Brexit.' #EURef https://t.â€¦ | 23 Jun 2016, 14:04 - CEST | Goldthorpe | 216 | positive |
| omnivorist | Considering the weather in the South East, it looks like The Almighty might have decided to back #Brexit | 23 Jun 2016, 14:04 - CEST | Gloucestershire UK | 0 | negative |
| SnowFreeThinker | RT @LouiseMensch: Roses are red, violets are blue, If you love Europe But not the EU #VoteLeave #Brexit and #TakeControl https://t.co/LR90Kâ€¦ | 23 Jun 2016, 14:04 - CEST | | 454 | positive |
| animalister | RT @HubCrowdfunding: In or Out? It is ALL About the Brexit. Jeff Lynn of Seedrs Responds https://t.co/zNpDC6nLou #crowdfunding #startup | 23 Jun 2016, 14:04 - CEST | | 1 | negative |
| ivannamelnik | WSJ Ð¾ Brexit: ÑƒÐ´Ð°Ñ€Ð¸Ñ, Ð¿Ð¾ ÐïÐ¼ÐµÑ€Ð¸ÐºÐµ Ð¸ Ð¿Ð¾Ð¼Ð¾Ð¶Ð¶Ð¶ÐµÑ, Ð Ð¾Ñ•Ñ•Ð¸Ð¸ https://t.co/1iGqOFURXB | 23 Jun 2016, 14:04 - CEST | Ð›ÑŒÐ² Ñ–Ð² | 0 | negative |
| andrzejmanka | Thunderstorms and flooding cause polling day travel disruption live https://t.co/1xw1OjH2j6 | 23 Jun 2016, 14:04 - CEST | London, England | 0 | negative |
| leooangeline | RT @DonChampionTV: Eager to see the results of the #Brexit vote today. | 23 Jun 2016, 14:21 - CEST | naples fl | 1 | positive |
| SharonBowlesUK | RT @TheEconomist: #Brexit in brief: the 17 things you need to know before you vote today #EUref https://t.co/KKdYKSlpsq https://t.co/iHJqxsâ€¦ | 23 Jun 2016, 14:21 - CEST | UK | 18 | neutral |
| Avv_Natalina | RT @Internazionale: La prima volta della Brexit, il 5 giugno 1975. Le foto: https://t.co/0CdoOzATUX https://t.co/f8VQHmsP1x | 23 Jun 2016, 14:21 - CEST | Crotone - Kr - Italia | 15 | positive |
| 1stClown | FOR FUCK'S SAKE WHAT MORE DO YOU #BREXIT BASTARDS WANT? @IzzyTheRat1 @TheOlifant @PepA_2907 https://t.co/ijpppaFNC0 | 23 Jun 2016, 14:21 - CEST | England. Europe. | 0 | negative |
| craigorius | @sniffpetrol Although maybe the most Brexit car is a Tesla coming out of autopilot. "Take control". | 23 Jun 2016, 14:21 - CEST | | 0 | neutral |

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| aaron_bwfc | RT @TheCraggus: Thanks to both sides of the #EUreferendum campaign, Britain is this guy. #Simpsons #Brexit #BetterIn https://t.co/JyXLZI5L6i | 23 Jun 2016, 14:21 - CEST | Bolton | 310 | positive |
| __EEA | Freedom of movement enables students from all over the UK & EU to study abroad via the ERASMUS scheme  Brexit would complicate this (1) | 23 Jun 2016, 14:21 - CEST | london/ UoY | 0 | negative |
| FrozenLL | RT @DessinsSeldoon: C'est aujourd'hui le vote du #Brexit #BrexitOrNot https://t.co/hbklugHl3i https://t.co/ZSlIC2r9wI | 23 Jun 2016, 14:21 - CEST | | 15 | negative |
| Marcos77rueda | RT @norcoreano: 2016: El brexit vence, Reino Unido sale de Europa. Inmigrantes ilegales espaÃ±oles saltan la valla de Gibraltar para comprarâ€¦ | 23 Jun 2016, 14:21 - CEST | MÃ¡laga | 76 | negative |
| dfpamk | RT @ShujaRabbani: #EUref is still trending. What's your #iVoted choice on #Brexit? To #BrexitOrNot? Vote on previous tweet. #EUreferendum #â€¦ | 23 Jun 2016, 14:21 - CEST | Pennsylvania | 494 | negative |
| jacobinmag | Rightwing forces are leading both sides of the Brexit debate. https://t.co/qfLZMNINmQ | 23 Jun 2016, 14:21 - CEST | New York City | 1 | neutral |
| ForexAnalytics1 | #AUD 240 stepping up nicely  not just #Brexit #TheseLinesWork  Please RT https://t.co/aHF8jDxKZd | 23 Jun 2016, 14:21 - CEST | United Kingdom | 0 | neutral |
| coachbryer | RT @steveruffley: After all the #brexit hype, it comes down to this https://t.co/atoytn9hIU | 23 Jun 2016, 14:21 - CEST | | 1 | negative |
| AndreeBaril | RÃ©fÃ©rendum  Brexit: le RoyaumeUni retient son souffle https://t.co/fulnwD6Txd via @LeDevoir | 23 Jun 2016, 14:21 - CEST | | 0 | positive |
| SoyEdds | Por si quieres hacer apuestas en los mercados antes de que pase el #Brexit / No brexit https://t.co/4VBNcrRIhL | 23 Jun 2016, 14:21 - CEST | EspaÃ±a Madrid | 0 | negative |
| DeCatherin | RT @jeanlassalle: Et si au fond le Brexit Ã©tait le dÃ©but d'une nouvelle Ã¨re pour l'UE ? Une prise de conscience  #BrexitOrNot https://t.co/â€¦ | 23 Jun 2016, 14:21 - CEST | Bretagne , France | 18 | negative |
| retweetinglies | RT @2geckosjavea: How many people remember the 1973 #Brexit referendum? 67% for 'Remain'. #BrexitOrNot | 23 Jun 2016, 14:21 - CEST | | 1 | negative |
| f0ster | RT @MylesUdland: Brexit supporters are urging voters to take pens to polling stations over fears of an MI5 conspiracy https://t.co/UKL0H83Mâ€¦ | 23 Jun 2016, 14:21 - CEST | Los Angeles | 1 | negative |
| BWPublications | RT @JohnKremer: Social media companies really want you to know that it's 'Brexit' voting day: LONDON â€" On the day of the his... https://t.â€¦ | 23 Jun 2016, 14:21 - CEST | | 1 | positive |
| buzby69 | @chopone92 @JordieStedz I've been an done the decent thing  #Brexit #bottombox | 23 Jun 2016, 14:21 - CEST | St Matthews,Leicester,ENGLAND | 0 | neutral |
| MutedOptimist | RT @Barnsley: Brexit*<br><br>*What an overweight Barnsley lass does when she sits | 23 Jun 2016, 14:38 - CEST | Oxford | 302 | positive |

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| | on a white plastic garden chair. #barnsleyisbrill | | | | |
| nickvsx | Apparently people of my gen are inclined to #Brexit appeasement was wrong in 1930's & wrong today. Vote for against fear vote #Remain | 23 Jun 2016, 14:38 - CEST | Tweetland | 0 | negative |
| Mgt0wer | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 14:38 - CEST | England, United Kingdom | 5385 | positive |
| doggywoggydooda | RT @GraTire: The People's Convention want #Irexit Referendum & supports #Brexit. We ran out of flyers on Saturday, big demand. https://t.coâ€¦ | 23 Jun 2016, 14:38 - CEST | Earth | 14 | negative |
| PH_RG | RT @OuchikhKarim: DDay. Ã€ quand le dÃ©barquement de la dÃ©mocratie rÃ©fÃ©rendaire sur les plages de France ? #Brexit | 23 Jun 2016, 14:38 - CEST | Monaco | 17 | neutral |
| rosiewhitehouse | RT @b_judah: My @POLITICOEurope #ReferendumRoatrip rolls into Romford. Rage, Romanians and rampant conspiracy theories. https://t.co/ZMFf4Lâ€¦ | 23 Jun 2016, 14:38 - CEST | London, England | 8 | negative |
| phy_alysia | RT @HappyLionTweet: #Song for this important day: Should I stay or should I go now?<br><br>#Brexit<br><br>MT @PunKandStuff #TheClash https://t.co/Ln1qâ€¦ | 23 Jun 2016, 14:38 - CEST | Silicon Valley | 37 | negative |
| _MarketEdge | @Bedalehall if #Brexit vote = leave does that mean our colleagues from the continent can no longer drink @YorkshireGin?? @carolinemace0 | 23 Jun 2016, 14:38 - CEST | USA, UK, Brasil, Switzerland | 0 | positive |
| myramyre | Oya, skrng ya referendum brexit | 23 Jun 2016, 14:38 - CEST | surabaya | 0 | NA |
| ster69 | â€œFactChecking Brexit: The Conclusionâ€• by @hughhancock https://t.co/vNTZyEHHMp | 23 Jun 2016, 14:38 - CEST | Obscure body in the S-K system | 1 | neutral |
| samuelabascal96 | RT @norcoreano: 2016: El brexit vence, Reino Unido sale de Europa. Inmigrantes ilegales espaÃ±oles saltan la valla de Gibraltar para comprarâ€¦ | 23 Jun 2016, 14:38 - CEST | EspaÃ±a | 191 | negative |
| GeeMAn_0821 | #Brexit . How will it end ? https://t.co/56S8dmBleq | 23 Jun 2016, 14:38 - CEST | Everywhere | 0 | neutral |
| aiolozil | RT @albertopradilla: No entiendo por quÃ© los espaÃ±oles no estÃ¡n votando sobre el #Brexit si es algo que les afecta tambiÃ©n a todos. | 23 Jun 2016, 14:38 - CEST | Zizur Nagusia (Navarra) | 37 | negative |

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| kevinbantz | You're on your own $SPX FADE BREXIT and buy $VIX options https://t.co/iWNsAx3IqY | 23 Jun 2016, 14:38 - CEST | Lake Havasu City, AZ | 0 | neutral |
| GlendaAhora | Buenos dÃas!#BritÃ¡nicos deciden su futuro y de la UniÃ³n Europea referendum #Brexit https://t.co/zlW0UdFkDW 28O0ioe https://t.co/NNdoG0uAOu | 23 Jun 2016, 14:38 - CEST | Atlanta | 1 | positive |
| msaunders135 | Britain is too great to vote for Brexit! Check out the important opinion piece by @Avaaz ED Ricken Patel: https://t.co/XJW305iFSi | 23 Jun 2016, 14:38 - CEST | | 0 | positive |
| PeopleEngineer | Sterling Rises to Record 2016 High During Brexit Vote https://t.co/GKyP8JkJAI @TIME https://t.co/SLASIRubg8 | 23 Jun 2016, 14:38 - CEST | | 0 | positive |
| moore_patricia | RT @BluegillRises: Britain has given the world so much and must stand tall #VoteLeave<br><br>#Brexit #EUref #IndependenceDay @Nigel_Farage httâ€¦ | 23 Jun 2016, 14:55 - CEST | | 13 | positive |
| IMAPictures | RT @IntYogaDay: The Sign Of #Brexit How May Effect UK's BankingSystem, See From This Lined Up In A Que Today Itself ;) @BharatSolar_ https:â€¦ | 23 Jun 2016, 14:55 - CEST | Delhi Mumbai Kolkata Chennai | 3 | neutral |
| fnalcountd0wn | RT @BlitzQuotidiano: Brexit, gli antiEuropa dicono voto truccato dai servizi segreti https://t.co/tNcLx2kvRi | 23 Jun 2016, 14:55 - CEST | Piddinia | 2 | negative |
| RedDave14 | RT @brian_bilston: Here is an EU Referendum ballot paper which I have converted into a poem. https://t.co/QWTdQGjbEl #Brexit #bremain | 23 Jun 2016, 14:55 - CEST | iPhone: 51.913742,-8.460602 | 0 | negative |
| Repeal_theAct | RT @exsacerdotal: Dear #Remain with love from freedom loving people everywhere #Brexit #VoteLeave https://t.co/t4qoBY7pm3 | 23 Jun 2016, 14:55 - CEST | | 25 | positive |
| harshkenz | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere am Iâ€¦ | 23 Jun 2016, 14:55 - CEST | | 3661 | positive |
| ShreyaSonuHolic | RT @iamsrk: I c this trend in News where leaving of someone or something is headlined as Rexit or Brexit.So if I leave from sumwhere am Iâ€¦ | 23 Jun 2016, 14:55 - CEST | Karachi, Pakistan | 3661 | positive |
| Ashok2038 | RT @khjelmgaard: I'm holding out for the #BunniesAgainstBrexit https://t.co/eqKT5DjMKw #EUref | 23 Jun 2016, 14:55 - CEST | Nepal | 4 | negative |
| rpvega | Very interesting #socialmedia sentiment analysis of #Brexit #EUreferendum #EUref https://t.co/ZvCZpiHRlL | 23 Jun 2016, 14:55 - CEST | Dubai, UAE | 0 | positive |
| Z24nl | LIVE: Brits EUreferendum, wel of geen Brexit: James Bond is proEU, Basil Fawlty gaat ... https://t.co/Gu0xxwPn3y https://t.co/hvyFQpyJn2 | 23 Jun 2016, 14:55 - CEST | Amsterdam, Netherlands | 0 | NA |
| DGTrading101 | Equities pretty quite here ahead of #Brexit ...good riddance, 2am can't come soon enough | 23 Jun 2016, 14:55 - CEST | New Jersey | 0 | negative |

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| CARLOPGUZMAN1 | RT @AnonPress: If the UK media was more concerned with telling people the facts rather than what to do people might be a little less unsureâ€¦ | 23 Jun 2016, 14:55 - CEST | Xalapa | 30 | negative |
| sputnik_jp | #BREXIT ã‚Œã€Œ#ã,²ãƒ¼ãƒ ãƒ»ã,ªãƒ–ãƒ»ã,¹ãƒ-ãƒ¼ãƒªã,ºã€‚ã‚«ã«æ‰“æ'ƒã,'ä¸Žã‚ˆã,‹ https://t.co/b7UF2L4nyi https://t.co/6HiJu7ymsh | 23 Jun 2016, 14:55 - CEST | | 0 | positive |
| hitech_guru | Brexit Would Leave Germany Stranded Against Freeloading South<br><br>https://t.co/cyj0Y1FD5R | 23 Jun 2016, 14:55 - CEST | Toronto, Canada | 0 | positive |
| JakeNicholls45 | RT @LouiseMensch: TNS poll likely voters #VoteLeave 49, #VoteRemain 42 #Brexit #ProjectHope https://t.co/ut0lz4xjtP | 23 Jun 2016, 14:55 - CEST | Ipswich, UK | 232 | neutral |
| David52Stone | Yep old Ben got that right Hope Britain gets it right today #Brexit #MAGA https://t.co/LAnStX8GHX | 23 Jun 2016, 14:55 - CEST | Georgia, USA | 0 | positive |
| mamitamumu | RT @todonoticias: Brexit: Ir a votar con su perro y sacarle una foto, una extraÃ±a tradiciÃ³n britÃ¡nica https://t.co/910VpBeLCB https://t.co/â€¦ | 23 Jun 2016, 14:55 - CEST | CABA Argentina | 12 | positive |
| choisser | RT @PatVPeters: Brexit : Decision Day https://t.co/V0OQEN76FC | 23 Jun 2016, 14:55 - CEST | | 1 | neutral |
| MyrvangVeronika | RT @RT_com: 'Hysteria and halftruth': Refugees will not disappear whatever the #Brexit vote outcome â€“ charity https://t.co/w0Ed7EEgTG | 23 Jun 2016, 14:55 - CEST | Earthling | 5 | negative |
| bookishsponie | RT @Avaaz: Let's make sure we're on the right side of history. Choose Love â•¤ #VoteRemain. #EURef #Brexit #StrongerIN https://t.co/hD6bWADGWA | 23 Jun 2016, 14:55 - CEST | UK | 234 | negative |
| JoeGandelman | Brexit: good riddance or a new Europe? https://t.co/F0bma0lfQs | 23 Jun 2016, 15:12 - CEST | San Diego, CA | 0 | negative |
| frenchfrill | RT @nigelshortchess: The most vicious, divisive, mendacious campaign will end today. Whatever the outcome, many people in the UK will be anâ€¦ | 23 Jun 2016, 15:12 - CEST | | 12 | positive |
| Magu_mendez | RT @El_Universal_Mx: #QueNoSeTePase Encuentra aquÃ todo lo que debes saber sobre el #Brexit https://t.co/NDdE19pDEn | 23 Jun 2016, 15:12 - CEST | | 5 | negative |
| Col_Irrelevant | RT @WooTube: I had reasons to vote for #Brexit but they were massively overwhelmed by a strong need to crush racism & economic ideas of theâ€¦ | 23 Jun 2016, 15:12 - CEST | Europe | 1 | negative |
| Laia_5SOS | RT @assemblea: No referendumNo democracy #Brexit https://t.co/6Rsn9rrsof | 23 Jun 2016, 15:12 - CEST | | 41 | NA |
| canberra_soul | Brexit Poll Shows 80% Of Americans Think Britain Should Leave EU https://t.co/Yq75nKTGa9 | 23 Jun 2016, 15:12 - CEST | | 0 | positive |
| cbchh | RT @Billdit: @CBCMorningShow @cbchh #Brexit "With Or Without You" https://t.co/c9r83HZ7le | 23 Jun 2016, 15:12 - CEST | | 1 | neutral |
| Mephist0paulus | RT @ElizabethHurley: Vote tomorrowwhatever your persuasion. I'm for #Brexit & promise to neither gloat nor whinge. But VOTE! https:â€¦ | 23 Jun 2016, 15:12 - CEST | Cleveland, OH | 3424 | negative |
| AurelieMelanie | RT @Daniel_Portman: https://t.co/hE3KJF1NFn Being put on the same list as James Bond and Hermione Granger made me feel quite cool. #Remainâ€¦ | 23 Jun 2016, 15:12 - CEST | RÃ©gion Parisienne | 9 | negative |

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| clocktowerca | "World Leaders on 'Brexit' Vote" by THE NEW YORK TIMES via NYT https://t.co/Jn7BKIfbOe | 23 Jun 2016, 15:12 - CEST | | 0 | positive |
| BackofficeGP | RT @burgercomiteeu: Come on dear friends in the UK. Lead by example. Leave the EU! We are hoping for a #Brexit! Then a #Nexit. | 23 Jun 2016, 15:12 - CEST | Nederland | 16 | positive |
| TeessideWoes | @jeremycorbyn twofaced hypocrite. How much is @GoldmanSachs paying you? #VoteLeave #Brexit | 23 Jun 2016, 15:12 - CEST | #Teesside | 0 | positive |
| laublauDK | RT @yo_ELOQ: Please Britain vote to stay w us so we can hang and chill and have good old fun Europa times #Brexit #Bremain https://t.co/â€¦ | 23 Jun 2016, 15:12 - CEST | copenhagen v | 1 | negative |
| noralekzandr | RT @abc_es: Los Ãºltimos sondeos dan la victoria a la permanencia de Reino Unido en la UniÃ³n Europea https://t.co/OVpomIqCst #Brexit | 23 Jun 2016, 15:12 - CEST | | 42 | neutral |
| rynitw | "World Leaders on 'Brexit' Vote" by THE NEW YORK TIMES via NYT The New York Times https://t.co/NQ8PalSwDn | 23 Jun 2016, 15:12 - CEST | Santiago de Chile | 0 | neutral |
| fabienchamblanc | #Brexit Harlem DÃ©sir (Affaires europÃ©ennes) sort de son silence: "Hollande verra Merkel avant le Conseil europÃ©en de mardi" #ministrefantome | 23 Jun 2016, 15:12 - CEST | Paris | 0 | neutral |
| twhite4theclub | RT @brexshit: I'm voting #Brexit tomorrow because the EU want to replace our British Jesus with Zeus, sell us cheese with holes in & they sâ€¦ | 23 Jun 2016, 15:12 - CEST | | 2 | negative |
| tyrelle123 | RT @AMTrump4PRES: This is your future, believe it or notIslam NEVER invades to be equal but 2 DOMINATE! #Brexit #VoteLeave #BanIslam httpsâ€¦ | 23 Jun 2016, 15:12 - CEST | Audtralia | 21 | positive |
| Flemington455 | RT @SputnikInt: If Britain goes: Three possible scenarios of #Brexit https://t.co/HrVGs9xLrx #BrexitOrNot https://t.co/ESLVEWShtD | 23 Jun 2016, 15:12 - CEST | Sydney, New South Wales | 13 | negative |
| ciuffetellimass | Brexit: un dÃa de perros para votar https://t.co/OXnbvwHwlV | 23 Jun 2016, 15:12 - CEST | CARACAS VZLA | 0 | neutral |
| kabarberita | BEI katakan Brexit tidak berdampak langsung bagi Indonesia https://t.co/VJ0H3rYgsJ | 23 Jun 2016, 15:29 - CEST | South-East Asia | 0 | negative |
| Ilrestodelcafe | Brexit? E quando mai ci sono entrati inÂ Europa? https://t.co/Fu5uPYCFWw https://t.co/i8oTTTAC0h | 23 Jun 2016, 15:29 - CEST | Milano, Italia, Mondo, Ovunque | 0 | negative |
| smartaura | @CNBCi Verdict is #Brexit | 23 Jun 2016, 15:29 - CEST | Worldwide | 0 | NA |
| Barbara531 | RT @AMTrump4PRES: As muslim population overwhelms all of EuropeUK has a chance 2 take control. Will they have the courage? #Brexit https:/â€¦ | 23 Jun 2016, 15:29 - CEST | Virginia | 55 | positive |
| latikia | UK voters head to polls for Brexit referendum by  via Stars and Stripes https://t.co/5PhylBEDDn | 23 Jun 2016, 15:29 - CEST | 22 km SSW of nowhere special | 0 | neutral |
| CNBCTV18Live | Brexit Voting Underway: DAX 10194.68 +1.23%: FTSE MIB 17772.83 +2.60% | 23 Jun 2016, 15:29 - CEST | India | 0 | neutral |

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| mainda | Sleepless night ahead! Referendum results guide: when to nap and the places to watch https://t.co/X1xEBjWYAp #brexit #referendum #alerts | 23 Jun 2016, 15:29 - CEST | ĂœT: 52.191882,0.124641 | 0 | neutral |
| knicks148 | RT @barryap1: For Brexit Day, letâ€™s play my favorite game: Zoom in on a random patch of the UK and laugh at the place names. https://t.co/Oâ€¦ | 23 Jun 2016, 15:29 - CEST | New York | 333 | positive |
| TexanForTrump | Watching from across the pond! Vote out! Say NO to NWO! Let Turkey have your spot! #Brexit #VoteLeave #VoteOut | 23 Jun 2016, 15:29 - CEST | God Bless America | 0 | positive |
| angelavaldowine | RT @Emol: #EmolTV \| Las claves para entender las consecuencias del Brexit https://t.co/g2qZ6mLxsr https://t.co/hnn7On8iyo | 23 Jun 2016, 15:29 - CEST | Chile | 3 | positive |
| dismantleeu | RT @FeistyDeanne: Another two votes for #Brexit that felt good. #iVoted #VoteLeave #TakeBackControl https://t.co/v8D1gRGmWX | 23 Jun 2016, 15:29 - CEST | | 12 | positive |
| ninobizzintino | RT @repubblicait: Brexit, i Cinque Stelle scaricano Farage: "L'Europa si cambia solo restando nell'Ue" https://t.co/oQl7GhahH5 | 23 Jun 2016, 15:29 - CEST | Reggio Calabria | 13 | neutral |
| EliasPalai | Îš±Î' ÏØÏƒ„ÎµÏØÎ± ÏƒÎ¿Ï… Î»ÎµÎ½Îµ Î¿Ï„ï‰ï, Ï€Î¿Î»Î'Ï„„Î'ÏƒÎ¼ÎÎ½Î¿Î' Î¬Î½Î¸ÏØï‰ï€Î¿Î' Ï„„Î¿Ï… 21 Î±Î'Ï‰Î½Î± Ï„„Î± Î'ÎÎ±Î¶Î•Î³Î'Î± Î²Î³Î±Î¯Î½Î¿Ï…Î½ "Î²ÎµÎ»Î¿Ï•Î´ÎÎ½Î±"..#brexit | 23 Jun 2016, 15:29 - CEST | Î›ÎµÏ…‰ï…Î¤Î± | 0 | neutral |
| 404err0r1 | RT @maxkeiser: Good morning. Chance of a #Brexit is 0%. The idea that Brits step off this gravy train is absurd. Go back to sleep. | 23 Jun 2016, 15:29 - CEST | New York, NY | 63 | negative |
| TanjoHQ | @johnkass48 @Halsrethink Prediction markets have stay at 80%. It's not close at all #brexit | 23 Jun 2016, 15:29 - CEST | | 0 | negative |
| GMehrasa | RT @AdriaanBeenen: De zwakste schakel in de #democratie is de onwetende burger. Geen #Brexit. | 23 Jun 2016, 15:29 - CEST | Nederland | 1 | negative |
| AllAleLucy | How Europe will break on Brexit according to @POLITICOEurope https://t.co/Hiry0pTYRS via | 23 Jun 2016, 15:29 - CEST | Brussels, Belgium | 0 | negative |
| FreedomWriter69 | RT @Schuldensuehner: Final Ipsos Mori #Brexit phone poll  just published  shows Remain at 52%, Leave at 48% vs Poll from Jun16 had Remainâ€¦ | 23 Jun 2016, 15:29 - CEST | | 45 | neutral |
| heysarahgray | "Brexit is propelled by the same vague antiimmigrant, nationalist sentiment that motivates ... Trump voters." https://t.co/wk5sfUBHk0 | 23 Jun 2016, 15:29 - CEST | Austin, TX | 0 | negative |
| Vasarahammer | RT @DavidJo52951945: Stuff it up your Juncker https://t.co/Rh7EBBLEch | 23 Jun 2016, 15:29 - CEST | | 92 | positive |
| SWStrongerIn | RT @BBCCornwall: ? Cornwall has benefitted hugely from EU fundswill a postBrexit government maintain same levels of support? #EURefSW | 23 Jun 2016, 15:47 - CEST | | 3 | positive |
| phoenix_kom | Im #phoenix Studio spricht Sonja Fuhrmann mit Holger GeiÃŸler @YouGov_DE & Tanja BÃ¶rzel @FU_Berlin  16h #Brexit https://t.co/jgqqmMnYX4 | 23 Jun 2016, 15:47 - CEST | Bonn | 0 | neutral |
| forexDailyTA | FTSE: Global Stocks Jump as Brexit Odds Tank https://t.co/Wv2Sm7SuCb | 23 Jun 2016, 15:47 - CEST | | 0 | neutral |

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| Cristina_Cusco | Goita! El primer que m'han plantufat avui nomÃ©s arribar a la City (previa pregunta, of course)#Brexit https://t.co/rNWzzXij5k | 23 Jun 2016, 15:47 - CEST | SarriÃ - Barcelona - Catalunya | 0 | positive |
| aspland86 | RT @Wotamoron: Us at moron think all mp's are all a waste of time but here is our fav #Brexit https://t.co/rydH1v8YN2 | 23 Jun 2016, 15:47 - CEST | England | 83 | negative |
| ha43zu | RT @nhk_news: ã€ãƒ©ã,¤ãƒ–ãƒ–ãƒã,° ã,¤ã,®ãƒªã,¹å›½æ°‘æŠ•ç¥¨ã€‘ â€œé›¢è„±ã®é€£éŽ– â€ã®¯ èµ·ãã,‹ã®ã‹ã‹å›½ã®åŠ ç›Ÿå›½ã•®ä¸- ã§ã¯ã¯ã€ã€ã,¤ã,®ãƒªã,¹ä»¥å¤– ã«ã„,ãã®å‹•ãã‹ãŒãƒãŒãƒ£ã¦ã¦ã„ã™ã™ã™ã™ã€, https://t.co/IPb62D4Vub #nhk_news https://t.co/KLyKnT5vhi | 23 Jun 2016, 15:47 - CEST | æ•±äº¬ | 138 | negative |
| Trev_Forrester | The question is In or Out #LeaveEU #Brexit #StayIn | 23 Jun 2016, 15:47 - CEST | England | 0 | positive |
| meifan0shizhong | åŒå±…äºã„,æŠ•ç¥¨è¡Œã£ã†ã§ã§Ÿã,^ã†ã§§Brexitã•¯ã ©ã†ã§ªã,‹äº‹ã„,ã,‰ã€, | 23 Jun 2016, 15:47 - CEST | ä¸- å¤®è•– é¦¬ä¸•å ¸é™¢/çº ¯è‰ºæ œ¯â†'ç• å®•è®¾ è®¡ | 0 | negative |
| vmorillo | "Quiz: The â€˜Brexitâ€™ Vote Is Here. How Much Do You Know?" by STEVEN ERLANGER and HANNAH OLIVENNES via NYT https://t.co/7UCIEqGJzQ | 23 Jun 2016, 15:47 - CEST | En algun lugar dla Mancha creo | 0 | positive |
| asif | Oh shit. #Brexit #BrexitOrNot #VoteRemain https://t.co/Zg3z6FmR59 | 23 Jun 2016, 15:47 - CEST | LON/DXB/DAR/NBO | 0 | negative |
| AU_bebe | #UK #Brexit VILE Billionaire Open Borders Funder Soros Tells Britain To Stay In EUâ€" Or Else For SOROS #VoteLeave https://t.co/GNWPqHLcHT | 23 Jun 2016, 15:47 - CEST | Proud Auburn Tiger. War Eagle! | 0 | positive |
| dbenie | RT @MarketWatch: Stocks in rally mode as Brexit vote gets under way https://t.co/UyUgxRNBgu | 23 Jun 2016, 15:47 - CEST | NY | 11 | positive |
| BrendaPachecoP | RT @eleconomista: Con o sin #Brexit, la UniÃ³n Europea no serÃ¡ la misma... Te decimos por quÃ©: https://t.co/YAaaBaSdmU https://t.co/7pCfC4U3â€¦ | 23 Jun 2016, 15:47 - CEST | Mexico city | 4 | negative |
| AnnaSophia_TOPS | RT @Italians4Trump: God Seems to Be Voting for Brexit Breitbart<br><br>GOD WE NEED YOU AT THIS MOMENT! #VoteLeave #Leave #Brexit #EURef https:/â€¦ | 23 Jun 2016, 15:47 - CEST | Toronto | 11 | positive |
| Choodleumma | @JohnClarke1960 @YourMrBumbles Born in London in '32 I soon learnt who could be trusted & who could not. Brexit leaders r not to be trusted. | 23 Jun 2016, 15:47 - CEST | Cornwall | 0 | positive |

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| m0nstermashh | RT @MarshallElla: brexit voters are the type of people who go on holiday to Spain and request a full English breakfast everyday. | 23 Jun 2016, 15:47 - CEST | Munchkin land | 14 | positive |
| ekanderson | RT @FPA_ORG: The #Brexit vote is today. Here are the arguments for and against remaining in the European Union in one chart. https://t.co/zâ€¦ | 23 Jun 2016, 15:47 - CEST | Atlanta, GA | 1 | negative |
| happyburkean | RT @iowahawkblog: "I want you to fire me." @DanHannanMEP gives a superb #Brexit Leave pitch at Oxford https://t.co/HtEUuB4dC0 | 23 Jun 2016, 15:47 - CEST | Toronto, Ontario | 5 | positive |
| iMillasTalk | RT @ronaldlaessig: In #GroÃŸbritannien hat die #BrexitAbstimmung begonnen. 46,5 Mio BÃ¼rger haben sich registrieren lassen und kÃ¶nnen bis 22â€¦ | 23 Jun 2016, 15:47 - CEST | | 12 | neutral |
| scottsiepker | Do you find the term #Brexit annoying. (I vote yes!) | 23 Jun 2016, 15:47 - CEST | Des Moines, Iowa | 0 | negative |
| NerdElert | if we get the expected Brexit Stay vote today...which we will know about 3am tomorrow EST ... smallcaps will explode tomorrow imo | 23 Jun 2016, 16:04 - CEST | | 0 | negative |
| Shockster67 | #iVoted #Brexit #Leave | 23 Jun 2016, 16:04 - CEST | Yorkshire | 0 | positive |
| He_Has_Failed | #brexit https://t.co/fi1sZqi1PV | 23 Jun 2016, 16:04 - CEST | | 0 | negative |
| hon1nbo | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 16:04 - CEST | 127.0.0.1 | 1776 | positive |
| rclaessen | â€œNo conspiracyâ€•: BREXIT trademark registrant on using IP to defend political discussion World Trademark Review (sâ€¦ https://t.co/ZXBIefJW8I | 23 Jun 2016, 16:04 - CEST | Cologne, Germany | 0 | neutral |
| HBEisen | Traders eye big opportunities after Brexit vote #HedgeFunds #Brexit #UK #EU @mdc https://t.co/MTqjmVrsxv | 23 Jun 2016, 16:04 - CEST | New York, NY | 0 | neutral |
| Ccolmar | #Internacionales Inmigrante china a favor del Brexit porque su "empleado espaÃ±ol siempre estÃ¡ dormido" https://t.co/7OphsSDL7j | 23 Jun 2016, 16:04 - CEST | En la vÃ-a | 0 | neutral |
| EaZyForm | Stephanie Flanders beim Handelsblatt: â€žEin Brexit wÃ¼rde die MÃ¤rkte lÃ¤nger verunsichernâ€¦ https://t.co/wHjrrvrDBn | 23 Jun 2016, 16:04 - CEST | Augsburg Germany | 0 | negative |
| roxylovesluc y | @ElianaBenador @dawngpsalm63 . Please #Brexit!!! It's their last hope. | 23 Jun 2016, 16:04 - CEST | Indiana | 0 | neutral |
| CyberActualite | https://t.co/pNoo9coPeh LibÃ©ration.fr: Un Brexit coÃ»terait 1% du PIB aux Russes https://t.co/7rQcSEbyd6 | 23 Jun 2016, 16:04 - CEST | | 0 | negative |
| hansbos | RT @DavMicRot: #Brexit down to 18%, lowest likelihood of leaving since @PredictWise tracking started 1/1/16. Also, Pounds just hit yearly hâ€¦ | 23 Jun 2016, 16:04 - CEST | 52.22978641,5.4580345 | 9 | negative |

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| Seren_Dipity37 | #Noticias Inmigrante china a favor del Brexit porque su "empleado espaÃ±ol siempre estÃ¡ dormido" https://t.co/oJPuauc9FG | 23 Jun 2016, 16:04 - CEST | Caracas. - #DeTodoUnPoco | 0 | neutral |
| johnny_mac | thinking about my friends who voted in todayâ€™s #brexit vote | 23 Jun 2016, 16:04 - CEST | San Francisco, CA | 0 | positive |
| jeremynwalker | RT @JetSetterRyan: 80% of Americans think the U.K. should leave the EU. They're right. #Brexit #ChooseWisely https://t.co/zpHfB0qXFm | 23 Jun 2016, 16:04 - CEST | | 51 | positive |
| bolsamania | RT @LunaJoseM: 10 fondos de inversiÃ³n para ganar dinero con el referÃ©ndum en Reino Unido, haya o no Brexit https://t.co/Mj5htxKJEi vÃa @Bolâ€¦ | 23 Jun 2016, 16:04 - CEST | Madrid | 2 | neutral |
| JF_Luc | RT @G_Dussausaye: Ma rÃ©ponse Ã  @VOANews: â€œIt will give the British freedom, and it will show we can renegotiate EU treaties". #Brexit<br><br>httpâ€¦ | 23 Jun 2016, 16:04 - CEST | Marseille | 2 | negative |
| giod_arco | RT @CafeGeopolitico: #Brexit: per l'#Italia Ã¨ meglio il #RegnoUnito rimanga o esca dall'#UE? Diteci la vostra | 23 Jun 2016, 16:04 - CEST | | 5 | positive |
| lambo_unchained | I'm weirdly excited about the #Brexit vote today? | 23 Jun 2016, 16:04 - CEST | | 0 | positive |
| EganRichardson | Brits in Germany left 'fuming' by Brexit polling card fiasco https://t.co/YbOGDnA7ev via @TheLocalGermany | 23 Jun 2016, 16:04 - CEST | Helsinki, Finland | 0 | negative |
| Horonzoud | RT @volkskrant: Erdogan overweegt Ã³Ã³k een referendum over de EU te houden #liveblog #brexit https://t.co/WKup37LIvD https://t.co/ySF7wHxmhg | 23 Jun 2016, 16:21 - CEST | | 4 | negative |
| internettubes | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 16:21 - CEST | Cardiff | 1911 | positive |
| machine01_jag | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 16:21 - CEST | | 665 | neutral |
| mwengway | @ReDefineEurope @EUWatchers @ShareThis Bullshit ! #Brexit | 23 Jun 2016, 16:21 - CEST | | 0 | NA |
| gcprimecambio | Devemos ficar atentos para a  pequena, mas possÃvel hipÃ³tese de "Brexit" (saÃda do Reuni Unido da UniÃ£o EuropÃ©ia) amanhÃ£. (continua) | 23 Jun 2016, 16:21 - CEST | Porto Alegre | 0 | neutral |
| creativityvtalu | RT @philstockworld: O Brexit Day! Callooh! Callay! $SCHN $SPY $CLF #Futures  https://t.co/NfYWt2NpsJ https://t.co/je0ef2LawL | 23 Jun 2016, 16:21 - CEST | Michigan | 246 | positive |
| YevetteBergqui2 | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 16:21 - CEST | Silicon Valley | 665 | neutral |
| pcoss | Brexit Explained https://t.co/Dg0cHWSjkK | 23 Jun 2016, 16:21 - CEST | á¼¨Î»Ï•Ï ƒÎ¹Î¿Î½ Ï€ÎµÎ¹Î¯Î¿Î½ | 0 | negative |

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| GARCIAJacqueli2 | RT @ClementCln: Je suis contre le #Brexit mais je suis pour la rÃ©forme du modÃ¨le europÃ©en ! #BrexitOrNot | 23 Jun 2016, 16:21 - CEST | | 1 | negative |
| racketnews | Even France would LEAVE the â€˜sadâ€™ EU if it had a referendum, top French philosopher says https://t.co/FNMQBMLIis | 23 Jun 2016, 16:21 - CEST | | 0 | positive |
| NotihoyPeru | Encuesta \| 55 % de los britÃ¡nicos estÃ¡n en contra del Brexit >>> https://t.co/jActezn8yl https://t.co/Vq5chrORKg | 23 Jun 2016, 16:21 - CEST | Lima, PerÃº | 0 | neutral |
| notihoyweb | Encuesta \| 55 % de los britÃ¡nicos estÃ¡n en contra del Brexit >>> https://t.co/C9chGFUwpI https://t.co/i7pP5YbLIm | 23 Jun 2016, 16:21 - CEST | Venezuela | 0 | neutral |
| bethancrowden | RT @WilfredFrost: What could follow Brexit? Italeave. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. Or my personal favourite Dâ€¦ | 23 Jun 2016, 16:21 - CEST | | 42 | positive |
| ccifrance | RT @CCIR_NordFrance: #BREXIT Qu'en pensent les #entrepreneurs franÃ§ais ? via @ccifrance https://t.co/N2TOfKfrYK https://t.co/7pauVuCRjb | 23 Jun 2016, 16:21 - CEST | France Paris 17Ã¨ | 1 | neutral |
| ettlinger | EUKritik frisch ab Presse: Die Zeitungen haben den BrexitBoden gelegt https://t.co/SMjAiypWBV | 23 Jun 2016, 16:21 - CEST | Ettlingen | 0 | neutral |
| MelyndaCardiel | RT @scottdgordon88: I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted httâ€¦ | 23 Jun 2016, 16:21 - CEST | Silicon Valley | 1 | positive |
| 928ster | RT @paulwaugh: Clue to how strong the Brexit vote is. In Bermondsey newsagents this am, shopkeeper, his wife + all customers buying paper wâ€¦ | 23 Jun 2016, 16:21 - CEST | | 29 | positive |
| Happy_kiddo | 23 June last yr,I made a Brexit of my own! Can't believe it's been a yr, full of adventures&challengesâœˆâ˜€âœˆâ˜€ To the next..! | 23 Jun 2016, 16:21 - CEST | Sydney, Australia | 0 | negative |
| simonhall1974 | and these people are being allowed to vote today #helpus #brexit https://t.co/cX5dr3RT8v | 23 Jun 2016, 16:21 - CEST | | 0 | positive |
| _Daniela31 | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 16:21 - CEST | Madrid | 665 | neutral |
| 1newlyred | RT @evertonfc2: It's all about who do you dislike the most #Brexit #Remain #c4debate https://t.co/xV2l4ZnwfB | 23 Jun 2016, 16:38 - CEST | | 34 | negative |
| rosyjour | RT @pascalbauche: Quoi de mieux pour illustrer le choix historique qui s'offre aux Anglais! #Brexit #GoBrexit #FN https://t.co/0TUxRKGCIs | 23 Jun 2016, 16:38 - CEST | | 26 | neutral |
| caldo_carlo | RT @Australiaunwra6: #VoteLeave today to secure #Brexit This is the Future that awaits us should we #Voteremain @StrongerIn https://t.co/â€¦ | 23 Jun 2016, 16:38 - CEST | | 47 | positive |
| stephen82754737 | @LeeReynoldsDUP Spoke to Carly Simon says she's "leaving on a jet plane doesn't known when she'll be back to EU again" #Brexit | 23 Jun 2016, 16:38 - CEST | Belfast Northern Ireland | 0 | negative |
| WhoShouldIVote4 | RT @USA_FREEDOM_NOW: Godspeed, #Brexit. Stick it to the globalists. We #Trump warriors stand united with you. | 23 Jun 2016, 16:38 - CEST | United States | 1 | positive |

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| alexcapron | Les British, vous prendriez bien un croissant ? #operationcroissant #BrexitOrNot #Brexit https://t.co/ce9VkU3DFG | 23 Jun 2016, 16:38 - CEST | Paris | 0 | neutral |
| DavidJohnJ1984 | Funny how Europe are all over us with support and praise to stay... where was all this interest when we performed in the Eurovision #brexit | 23 Jun 2016, 16:38 - CEST | Birmingham, England | 0 | positive |
| UseiKY | Brexit: 5 Things To Know About British Vote On Leaving European Union: A major vote will go down in... https://t.co/Q6Y80VJBN0 #MafiaSdv | 23 Jun 2016, 16:38 - CEST | Brasil | 0 | negative |
| StuySquare | We anticipate the #Brexit vote will be to stay by a narrow margin. #Brussels chastened. #Britain empowered. A good outcome all around. | 23 Jun 2016, 16:38 - CEST | New York | 0 | positive |
| Ronin_IP | Could the #Brexit bookies be manipulated?https://t.co/L7PoTBHJs1 | 23 Jun 2016, 16:38 - CEST | CT | 0 | negative |
| SusevanKleef | RT @NOS: Ongeacht de uitkomst van het brexitreferendum wil Merkel met regeringsleiders praten over de toekomst van de EU: https://t.co/LGLâ€¦ | 23 Jun 2016, 16:38 - CEST | London, England | 5 | negative |
| johnodonnell21 | Is cinema shooter in #germany going to influence #brexit #referendum? His motives unclear. | 23 Jun 2016, 16:38 - CEST | Brussels & Frankfurt | 0 | negative |
| gretel_andersen | @BritsLovePolls fingers and toes all crossed for brexit. You can do this Britain. You still have what made you great. | 23 Jun 2016, 16:38 - CEST | | 0 | positive |
| Pepecongales | RT @MissRoxyMusic: Si el Brexit jode al dÃ³lar, usted ya sabe lo que sigue. | 23 Jun 2016, 16:38 - CEST | Guadalajara de Indias | 3 | negative |
| matie197 | #Brexit might be the best thing for the UK...but it doesn't look good for the EU | 23 Jun 2016, 16:38 - CEST | Johannesburg | 0 | negative |
| captsingh | Currently Drifting towards EU.....#Brexit Come, my friends, 'T is not too late to seek a newer world. https://t.co/ygcz5JaNzF | 23 Jun 2016, 16:38 - CEST | SINGAPORE | 1 | neutral |
| ModLangsAber | RT @afpfr: Hollande souhaite que les britanniques restent Le DIRECT #AFP sur le #Brexit > https://t.co/6d8tpFlvnh https://t.co/Du7sX2IFâ€¦ | 23 Jun 2016, 16:38 - CEST | Aberystwyth, Wales | 9 | positive |
| JohnJonny1 | RT @llmhurtado: Erdogan quiere un referÃ©ndum sobre el 'Brexit'. Sin ser aÃºn de la UE. Preguntar a turcos si quieren seguir con proceso de iâ€¦ | 23 Jun 2016, 16:55 - CEST | Un ecuatoriano mÃ¡s en Valencia | 3 | negative |
| bungdan | Brexit, you ask? Follow the money. https://t.co/qPx5eTcPEP | 23 Jun 2016, 16:55 - CEST | Somewhere near Sacramento | 0 | neutral |
| haydenkempr | peak when a 97 year old who could die tomorrow can vote but 16/17 year olds can't #Remain #brexit | 23 Jun 2016, 16:55 - CEST | | 0 | negative |

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| mujunaeem | RT @eToro: In or out? Either way, it affects the $GBPUSD What will the UK vote in the #EURe ? #Brexit https://t.co/qOEL1an8TH | 23 Jun 2016, 16:55 - CEST | Earth | 578 | negative |
| MaryKapadia | RT @SocEconMag: Steve Hedley of @RMTunion makes the trade union case for #Lexit<br><br>#VoteLeave #Brexit #EUref<br><br>https://t.co/0LzR0fwIqv https:â€¦ | 23 Jun 2016, 16:55 - CEST | Leicester, England | 34 | positive |
| w_nicht | RT @PaulbernalUK: #Brexit people want to #usepens because MI5 are rubbing out their votes but voting to remove one of the few areas of lawâ€¦ | 23 Jun 2016, 16:55 - CEST | Europe | 7 | negative |
| JamesLewisMurr1 | RT @Daily_Express: Holland BACKS Brexit: Dutch people urge Britons to QUIT doomed bloc #EUref https://t.co/VhYJHIycnS https://t.co/GqPuwfM1â€¦ | 23 Jun 2016, 16:55 - CEST | Hamilton Caledonia | 38 | negative |
| I_Invest_Mag | The Impact of a Brexit on the European EMoney Market https://t.co/Ab1fEXEQRh | 23 Jun 2016, 16:55 - CEST | | 0 | positive |
| AI_Global_Media | The Impact of a Brexit on the European EMoney Market https://t.co/skyFG7EJ9o | 23 Jun 2016, 16:55 - CEST | | 0 | positive |
| tropicalzoe | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/g6s9EBtG5J | 23 Jun 2016, 16:55 - CEST | rosewood | 0 | positive |
| Mumtrepreneur | @eucopresident Today is the day to repeat this message  if it is the truth @eucopresident #referendum #Remain #Brexit | 23 Jun 2016, 16:55 - CEST | | 0 | negative |
| soccer_is_alive | RT @BillDudleyNorth: Campaign team in Stourbridge #Brexit winning https://t.co/576OOV0ZiC | 23 Jun 2016, 16:55 - CEST | | 28 | positive |
| gdnnetwork | [#SmallBusiness #Brexit #UK] How The Brexit Vote Could Hurt Small Business Lending In The U.S. @forbes  https://t.co/PMlDr0xxTZ | 23 Jun 2016, 16:55 - CEST | | 0 | negative |
| minthecab | RT @StephenBulled: Mr Cameron said I might lose a few quid if I vote leave. Just remember what we asked these guys to give. Brexit httpâ€¦ | 23 Jun 2016, 16:55 - CEST | Kent | 197 | positive |
| ETFFunds | Dow Up Big as Brexit Fears Wane.. https://t.co/L7je5Xwvj3 $DIA #ETF #ETFs #Stocks | 23 Jun 2016, 16:55 - CEST | Orlando, FL | 0 | negative |
| ClLongmuir | RT @HuwGruffydd: UK Brexit vote: Muslim hatepreacher backs â€˜Remainâ€™ â€“ Says EU courts benefit Islam and are softâ€¦ https://t.co/qu221XCueJ vâ€¦ | 23 Jun 2016, 16:55 - CEST | | 11 | negative |
| storahagen | RT @TheSwedishRhino: Att @anderslindberg tillhÃ¶r #Remain Ã¤r en tydlig kontraindikator pÃ¥ hur otroligt viktig #Brexit Ã¤r fÃ¶r vÃ¥r framtid httâ€¦ | 23 Jun 2016, 16:55 - CEST | Nora, (Ãªven Gotland), Sverige | 2 | negative |
| axelchri | @carolaurrejola ojo q tÃ©cnicamente hoy es referÃ©ndum de permanencia de UK a la UE. Brexit se refiere al escenario de q gane la opciÃ³n Salir | 23 Jun 2016, 16:55 - CEST | | 0 | positive |
| Izzaroiz | En Reino Unido el brexit y aquÃ Muskiz o Leioa. #referendum | 23 Jun 2016, 16:55 - CEST | ezkerraldea | 0 | neutral |

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| Khansaiff1 | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 16:55 - CEST | Mumbai ,India. | 5664 | positive |
| basedkaka | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/GMVeCImK7V | 23 Jun 2016, 17:12 - CEST | | 0 | positive |
| Dvmebi | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 17:12 - CEST | Not In Kansas Anymore | 5723 | positive |
| deanowilliams7 | RT @Geezajay2013: Here we go folks, Next they will be arresting people for voting leave! #Brexit #VoteLeave https://t.co/uB6ZAea102 | 23 Jun 2016, 17:12 - CEST | southampton | 5 | positive |
| edavid57edavid | RT @nytimes: MorningÂ Briefing: Here's what you need to know to start your day https://t.co/fvjfPVQUXS https://t.co/nDR2iTbkAX | 23 Jun 2016, 17:12 - CEST | | 39 | positive |
| commodityways_J | RT @jrhopkin: #Brexit: a handy way of allowing the poor to get angry about inequality without challenging the people responsible? https://tâ€¦ | 23 Jun 2016, 17:12 - CEST | India | 1 | negative |
| 3pin3 | RT @toadmeister: #VoteLeave #Brexit #IndependenceDay https://t.co/i8JlTC8hNE | 23 Jun 2016, 17:12 - CEST | Brighton | 178 | positive |
| Mikelelosegiazp | RT @hugomabarca: Los que dicen que todos los espaÃ±oles tenemos que votar sobre CataluÃ±a porque nos influye Â¿exigen que votemos el Brexit? | 23 Jun 2016, 17:12 - CEST | Gasteiz (Euskal Herria) | 52 | positive |
| bosey44 | RT @ElizabethHurley: Vote tomorrowwhatever your persuasion. I'm for #Brexit & promise to neither gloat nor whinge. But VOTE! https:â€¦ | 23 Jun 2016, 17:12 - CEST | | 3515 | negative |
| GarethFearn | @samhind10 Presume you will be backing brexit? Gonna be a lot of money in cartography if we leave. Will need brand new maps! | 23 Jun 2016, 17:12 - CEST | Manchester, England | 0 | positive |
| DanKing383 | You ruled most of the world by yourself, why do you need the EU now? #Brexit | 23 Jun 2016, 17:12 - CEST | | 0 | negative |
| amustie | RT @MONEY: 5 reasons Americans should care about the #EURef https://t.co/qSI5g63D4C | 23 Jun 2016, 17:12 - CEST | Lagos, Nigeria | 6 | neutral |
| taylormarsh | RT @CNBC: A #Brexit could be costly, warns @David_Cameron. Everything you need to know about #EURef: https://t.co/A11qbSJ6A7 https://t.co/Iâ€¦ | 23 Jun 2016, 17:12 - CEST | Washington, D.C. Beltway | 9 | negative |
| Alisha90uk | #iVoted for #Brexit today! Britain should not by ruled over by foreign globalist elites! #referendum | 23 Jun 2016, 17:12 - CEST | Toronto Canada, Leeds England | 0 | negative |
| nymeria60 | RT @Anny690: Brexit : en plein scrutin, la Barclays brandit la menace dâ€™une tourmente mondiale !@novopress https://t.co/9ovaqAOsPn | 23 Jun 2016, 17:12 - CEST | | 4 | negative |
| sasa16sasa | RT @WilfredFrost: What could follow Brexit? Italeave. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. Or my personal favourite Dâ€¦ | 23 Jun 2016, 17:12 - CEST | | 312 | positive |
| POLSEdmonton | Why votersâ€™ â€˜flinch factorâ€™ will doom Brexit: Britain's Brexit referendum looks too closeâ€¦ https://t.co/yLn9NVf63d https://t.co/GfWXgVDQ5R | 23 Jun 2016, 17:12 - CEST | Edmonton, Canada | 0 | neutral |

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| NBaltasa | RT @VilaWeb: .@raulromeva: â€˜El #Brexit desmenteix que una Catalunya independent sortiria de la UEâ€™ https://t.co/EwyA3F3IOb | 23 Jun 2016, 17:12 - CEST | | 26 | neutral |
| BRESU_ | RT @Daily_Express: 'Turkish migrants to CRIPPLE the NHS' #Brexit minister's stark WARNING about EU ascension https://t.co/MnHiwJPDra https:â€¦ | 23 Jun 2016, 17:12 - CEST | UNITED KINGDOM \| FOLLOW BACK | 50 | neutral |
| USA1Calling | RT @808alohadeals: So he was speeding up training on who?!?<br><br>#Brexit @BarbMuenchen @Patriotic_Me @dawnmariefhl @surfermom77 @steph93065 httâ€¦ | 23 Jun 2016, 17:12 - CEST | USA | 84 | negative |
| 24bourse | #Forex: Lâ€™#euro majoritairement en hausse, le vote sur le #Brexit domine https://t.co/brCWMg2cOs https://t.co/pb4moimUqK | 23 Jun 2016, 17:29 - CEST | France | 0 | positive |
| FireCask | Boozing for #brexit or bladdered for #bremain? Whichever way, play the Ultimate EU Referendum Drinking Game. #EURef https://t.co/bkcP9VJ7IX | 23 Jun 2016, 17:29 - CEST | Manchester, UK | 0 | negative |
| roujul | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 17:29 - CEST | | 2729 | positive |
| kraftw33rk | #Brexit Brexit Brexit  Ich kann's nicht mehr hÃ¶ren! Lasst sie doch ziehen Mann. Die Welt dreht sich weiter. Laberlaber. Macht andere Arbeit | 23 Jun 2016, 17:29 - CEST | Niedersachsen, Deutschland | 0 | negative |
| F1fankaren | I voted out  #VoteLeave #Brexit #EUref #TakeBackControl https://t.co/iM98FvrznN | 23 Jun 2016, 17:29 - CEST | Newcastle Upon Tyne, England | 0 | positive |
| almutmoeller | RT @JJ52: #Brexit and me tonight on @dw_global until dawn, Berlin time @ecfr https://t.co/BCFxNA4bWt | 23 Jun 2016, 17:29 - CEST | Berlin | 2 | neutral |
| cenmag | Here's how a British exit from EU could affect the UK chemical industry & scientists https://t.co/58IVV5Ogu1 #Brexit https://t.co/AQYRdOkInF | 23 Jun 2016, 17:29 - CEST | Washington DC | 0 | negative |
| Ohitsanissa | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/cOC7oaFtdo | 23 Jun 2016, 17:29 - CEST | S.LDN | 0 | positive |
| Kisushima | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 17:29 - CEST | Norwich | 3235 | neutral |
| NononJakuzure18 | RT @FolkyYuno: idea: #brexit | 23 Jun 2016, 17:29 - CEST | Moscow, Russia | 2 | neutral |
| contedelfina | How 'Brexit' would inflame populism abroad â€" and here in the US https://t.co/jDW2Dngtnq | 23 Jun 2016, 17:29 - CEST | Chicago, IL | 0 | negative |

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| Danaperson a | Svenska partiledarnas stora oro fÃ¶r en brexit https://t.co/ACKcSL5GI7 Tummarna fÃ¶r England, lÃ¤mna dÃ¥rskapen. | 23 Jun 2016, 17:29 - CEST | GÃ¶teborg, Sverige | 0 | negative |
| mrtriple5 | RT @DonaldClarke63: It's #pencilgate. #Brexit nutcases suggesting pencils, rather than pens, have been provided to facilitate fraud. https:â€¦ | 23 Jun 2016, 17:29 - CEST | | 3 | neutral |
| Insure_My_Villa | #UKexpats in Spain watching Brexit vote anxiously https://t.co/Qdlp2XdMNW #Spain https://t.co/F5iId6amUr | 23 Jun 2016, 17:29 - CEST | UK | 0 | neutral |
| KeevoBrown82 | European family in park. Mum says to kids "come on, its time to go home" Come tomorrow morning it may be truer than you suggested #brexit | 23 Jun 2016, 17:29 - CEST | Whitley. Coventry. U.K. | 0 | neutral |
| pialikespizza | RT @AlisonNotaBird: the real stake of #brexit is if @pialikespizza keeps or loses her status of having the two most powerful passports in tâ€¦ | 23 Jun 2016, 17:29 - CEST | THE MOMENT | 1 | neutral |
| fsclaire_ | Whit does "brexit" mean?? makes me think of breakfast | 23 Jun 2016, 17:29 - CEST | scotland. | 0 | positive |
| eleanorpd | RT @sophie_sparkes: Last night, Remain tweets finally outstripped Leave tweets. Wonder if this is indicative of how #brexit will go? https:â€¦ | 23 Jun 2016, 17:29 - CEST | Mercer Island, WA | 1 | negative |
| TheGregJones | People of Britain: how about celebrating with a continental breakfast for #Bremain and a consolatory full English if it's #Brexit?? #EUref | 23 Jun 2016, 17:29 - CEST | London | 0 | negative |
| SPIEGEL_Politik | RT @Augstein: Um die Rechten zu stoppen muss Europa stÃ¤rker UND sozialer werden https://t.co/4KnK3Nur5J | 23 Jun 2016, 17:29 - CEST | Hamburg und Berlin | 2 | neutral |
| condorbox | RT @gzibordi: la cosa patetica Ã¨ che sia il Blog di Grillo&DeMaio che la Meloni non appoggiano la Brexit perchÃ¨ hanno la sensazione che perâ€¦ | 23 Jun 2016, 17:46 - CEST | 43.52247,13.23519 | 7 | negative |
| Mickierod | @realdealdanny seriously make sure you use a pen. I am NOT joking. Brexit | 23 Jun 2016, 17:46 - CEST | Here, there and back again | 0 | negative |
| Hansalyse | Sidder pÃ¥ en strand i Israel. Hvor kan jeg finde en brexit exitpoll? | 23 Jun 2016, 17:46 - CEST | â˜Žï¸•28543246 | 0 | negative |
| NewstalkFM | #Brexit: The highs and lows of the referendum campaign so far: https://t.co/83IFANn5v2 https://t.co/zmacFkIGWc | 23 Jun 2016, 17:46 - CEST | Ireland | 0 | negative |
| KebiegoNixon | RT @citizentvkenya: BREXIT: What the consequential vote means https://t.co/xHxzI8W1SF https://t.co/T2VGJaCTcO | 23 Jun 2016, 17:46 - CEST | kitale | 2 | neutral |
| wlstcom | Wall Street Climbs as Brexit Vote Eyed Fox Business #Brexit https://t.co/S6DviHMrfm https://t.co/L5lO3Wyurk https://t.co/UBVKdi2oWI | 23 Jun 2016, 17:46 - CEST | digital | 0 | neutral |
| facilitatore | The latest The facilitatore Daily! https://t.co/ZHox0g2dZ4 Thanks to @gmboccanera @perugini #brexit #m5s | 23 Jun 2016, 17:46 - CEST | Ti risolvo problemi | 0 | positive |

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| SOHOCG | RT @Eventmagazine: Final #Brexit countdown #eventprofs: Have you voted? #ivoted #EUref #experiential | 23 Jun 2016, 17:46 - CEST | United Kingdom \| Great Britain | 11 | neutral |
| NEStrongerIn | North East faith figures sign letter urging against Brexit https://t.co/jLJvImdcQc | 23 Jun 2016, 17:46 - CEST | North East, England | 0 | neutral |
| Dylan__nick | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 17:46 - CEST | Gallifrey | 2922 | positive |
| wwjzd1 | RT @AmbJohnBolton: Retweet to show your support for #Brexiters across the pond as they vote in today's #UKreferendum. #VoteLeave #Brexit | 23 Jun 2016, 17:46 - CEST | New York, NY | 284 | positive |
| MargueritePerle | RT @lemondefr: La presse britannique vote Â« #Brexit Â» https://t.co/JopGlamLII | 23 Jun 2016, 17:46 - CEST | France, Evry | 14 | neutral |
| WeepingSophia | @sophiabotha74 Racists, truly believe it's okay to RACIALLY PROFILE, majority WHITE NATIONS. INTERNATIONAL HATE CRIME. #Brexit | 23 Jun 2016, 17:46 - CEST | Ohio | 0 | negative |
| maletalt | Regno Unito: code agli sportelli per ritirare denaro. Eâ€™ â€œBrexit fobiaâ€• https://t.co/fiCZyiE3Z1 | 23 Jun 2016, 17:46 - CEST | | 0 | negative |
| Shoobridge | Why vote out? https://t.co/IizSZMvZoJ #Brexit #WeWantOut | 23 Jun 2016, 17:46 - CEST | United States | 0 | negative |
| mendes_soldier8 | RT @GlamourMagUK: #IVoted Team GLAMOUR votes Remain. Here's why: https://t.co/i5iv1GJkQJ https://t.co/QwuIF9HPMZ | 23 Jun 2016, 17:46 - CEST | oxford, uk | 136 | negative |
| luke_sw2 | RT @JetSetterRyan: 80% of Americans think the U.K. should leave the EU. They're right. #Brexit #ChooseWisely https://t.co/zpHfB0qXFm | 23 Jun 2016, 17:46 - CEST | SC, USA | 70 | positive |
| BestFifaWagers1 | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/abwP6lr4Wy | 23 Jun 2016, 17:46 - CEST | | 0 | positive |
| UKIPNFKN | Commons confidential: Boris's blond #Brexit ambition<br><br>#StrongerIN #VoteIN #EUref #INorOUT #LabourIN #INTogether https://t.co/9sW5u4OmSP | 23 Jun 2016, 17:46 - CEST | United Kingdom | 0 | negative |
| julochinho | RT @aguzmanbas: Faltan 6 horas para el cierre de los colegios en el Reino Unido. Las ÃºltimAs encuestas dan una ligera ventaja al 'Remain'.â€¦ | 23 Jun 2016, 17:46 - CEST | Torre de HÃ©rcules | 5 | negative |
| englishjohn007 | RT @DavidJo52951945: Police question UKIP supporter who gave voters a pen outside the polling stationsounds very suspicious https://t.co/2â€¦ | 23 Jun 2016, 18:03 - CEST | England | 94 | negative |
| Perugiacafe | RT @nhk_news: ã€ã‚¤ã‚®ãƒªã‚¹ã›ãšæ“ä¼šè§£è³ã€‘<br>ã‚¤ã‚®ãƒªã‚¹ã‚¯ãƒ©ã‚¦ãƒ‰ã‚ãã‚ã‚ã‚

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| PriorAwareness | Index shifts, Brexit vote could make Friday freaky on Wall Street https://t.co/jbs5M9zGSr | 23 Jun 2016, 18:03 - CEST | Omnipr evelant | 0 | negative |
| the_ocd_editor | RT @Britannica: Curious about today's #Brexit referendum in the U.K.? We've got some background. #spotlight https://t.co/PxVRpMvLBI https:/â€¦ | 23 Jun 2016, 18:03 - CEST | | 1 | positive |
| a_molinam | RT @ReactionaryTree: I'd honestly be surprised if the UK we allowed to #Brexit even if they vote to leave. I doubt the EU bureaucrats willâ€¦ | 23 Jun 2016, 18:03 - CEST | Merida, Mexico | 2 | positive |
| HFerdjani | RT @ImaniAmrani: This morning's discussion with @HFerdjani for @africanews on #Brexit (I love that they dubbed me w/a man's voice) https://â€¦ | 23 Jun 2016, 18:03 - CEST | All Over The Place | 1 | positive |
| massivegenius77 | @massivegenius77 Havd u voted? #ivote #ivoted #BrexitOrNot #Brexit #StrongerIn | 23 Jun 2016, 18:03 - CEST | North Weald, East | 0 | negative |
| drecksackdings | passend zum #brexit ein bild meines englischen garten. https://t.co/n1oly2v0Gd | 23 Jun 2016, 18:03 - CEST | | 0 | positive |
| sturdy_citizen | RT @EconomistLake: What a day:<br>UK Brexit vote<br>Supreme Court blocks Obama immigration plan<br>House Democrats stage sitin<br>Trump visits golf coâ€¦ | 23 Jun 2016, 18:03 - CEST | | 6 | positive |
| grispastor | Ue#Brexit lo unico k que quema es la temperatura inusual en Bx!! https://t.co/heIPKX6SuR | 23 Jun 2016, 18:03 - CEST | bruxelles | 0 | neutral |
| FouadBoussetta | RT @AishaAkbar17: Anjem Choudary, #UK Islamist & #ISIS Recruiter, endorses Remain. #StrongerIn what Universe? I stand with #BREXIT!!! httpsâ€¦ | 23 Jun 2016, 18:03 - CEST | Montreal,Quebec,Canada,Sol III | 94 | negative |
| ParisFranceNews | Brexit, les FranÃ§ais de Londres miperplexes, misereins https://t.co/6AXQLLQzPL #GoogleAlerts | 23 Jun 2016, 18:03 - CEST | Paris | 0 | neutral |
| Mussi_87 | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted<br>https://t.co/fppaALA5wk | 23 Jun 2016, 18:03 - CEST | Frankfurt am Main | 0 | positive |
| MaanvirMinhas | EUR'OPEANS to Britons :<br><br>What matters in the end is YOUR'OPINIONS.<br><br>#brexit #bremain #BremainVsBrexit #referendum #BrexitOrNot #EUref | 23 Jun 2016, 18:03 - CEST | | 0 | negative |
| SebmonkSeb | RT @B0andra: @ukleave_eu BREXIT! Keep our Sovereignty. https://t.co/IcEFilnT3U | 23 Jun 2016, 18:03 - CEST | Uk | 4 | positive |
| UKIPNFKN | RT @InFactsOrg: Another example of misleading Brexit story gets corrected just in time for #EUref voters to not be misled!<br>https://t.co/dâ€¦ | 23 Jun 2016, 18:03 - CEST | United Kingdom | 6 | negative |

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| TarazonaCigars | RT @cosimocaridi: If today #Brexit, tomorrow<br>Grexit<br>Departugal<br>Italeave<br>Czechout<br>Oustria<br>Finish<br>Slovakout<br>Latervia<br>Byegium<br>via @SheikhItHâ€¦ | 23 Jun 2016, 18:03 - CEST | Miami, FL | 101 | positive |
| _MatthewBritton | RT @_MatthewBritton: This is what you look like when you #VoteLeave<br><br>#EUref #EUreferendum #Brexit #VoteRemain https://t.co/HXAr856hg7 | 23 Jun 2016, 18:03 - CEST | Wales | 4 | positive |
| Davinchi__A | RT @pictoline: La Batalla del Brexit ha comenzado: Reino Unido estÃ¡ votando si se va o se queda en la UniÃ³n Europea https://t.co/AudmrcOx20 | 23 Jun 2016, 18:03 - CEST | Bogota, Colombia | 456 | neutral |
| GodSquadandMe | @keitheadams has been trolled all day since this tweet. Don't know how 'In' take moral high ground #Brexit https://t.co/ZKr366ZD7R | 23 Jun 2016, 18:03 - CEST | | 0 | negative |
| BarfootPet | #EUreferendum #Brexit https://t.co/25JVVOvkkE | 23 Jun 2016, 18:20 - CEST | Belfast, Northern Ireland | 0 | NA |
| gonzalomorgadoj | La academia britÃ¡nica alerta de los enormes riesgos cientÃficos del Brexit MIT Technology Review https://t.co/INA1KcXB8f @red_ciencia | 23 Jun 2016, 18:20 - CEST | | 0 | negative |
| sherloksam | RT @TDAJJKinahan: LIVE on #Periscope: Bank stress test and Brexit. https://t.co/sDFF7ipxQW | 23 Jun 2016, 18:20 - CEST | | 8 | negative |
| WanesYann | Belle promo antiBrexit https://t.co/sNdBYeu5va | 23 Jun 2016, 18:20 - CEST | Bubry | 0 | NA |
| kezie_madu | RT @Amaka_Ekwo: #EURef<br>Europe is not a nation.<br>Vote leave.<br>#Freedom<br>#BRexit<br>#Britain<br>#BiafraExit<br>#Biafra<br>#FreeBiafra<br>#SupportBiafra | 23 Jun 2016, 18:20 - CEST | | 15 | positive |
| DeepTmp | RT @KaspHaus: Ð“Ð»Ð°Ð²Ð½Ñ‹Ð¹ Ñ‚Ñ€Ð¾Ð½Ð½Ð¸Ð º #Brexit , Ñˆ ÐµÑ„ Ð¿Ð°Ñ€Ñ‚Ð¸ UKIP, Ð² ÐºÐ¾Ñ‚Ð¾Ñ€Ð¾Ð¹ Ñ‚Ð¾Ñ‚Ñ‚Ð¾Ñ‚ Ð“Ñ€Ñˆ ÐµÐ½ÑŒÐºÐ° Ð¤Ð¸Ð»Ð¸Ð¿Ð• Ð¿Ñ€Ð¾ ÐŁÐºÑ€Ð°Ð¸Ð½Ñƒ Ð² | 23 Jun 2016, 18:20 - CEST | | 3 | neutral |

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| | Ð¸Ð½Ñ‚ÐµÑ€Ð²ÑŒÑŽ Ð›ÐµÐ½Ñ‚Ðµ.Ñ€Ñƒ: https://tâ€¦ | | | | |
| yactusfrance | Brexit : quelles consÃ©quences pour les entreprises franÃ§aises ? https://t.co/eRlZgEuxtz | 23 Jun 2016, 18:20 - CEST | Paris, Ile-de-France | 0 | neutral |
| sdalsulami10122 | RT @HayleyMcQueen: Meanwhile the Caterpillars are busy today https://t.co/3Lg8MQtumZ #brexit | 23 Jun 2016, 18:20 - CEST | | 4 | neutral |
| joviaryadi | RT @TIME: This is why the Brexit vote could be just the beginning for an angry Europe https://t.co/vnuzL866AH [Corrected tweet] | 23 Jun 2016, 18:20 - CEST | Jakarta - Bali, Indonesia | 4 | negative |
| tucksnews | Brexit Poll Shows 80% Of Americans Think Britain Should Leave EU  Forbes https://t.co/16GAw5bNmt | 23 Jun 2016, 18:20 - CEST | Austin, Texas | 0 | positive |
| milanbpatel90 | RT @ndtv: #Brexit No doubt if UK Parliament had decided it would have voted #Remain: Shiv Shankar Mukherjee, ExEnvoy to Britain | 23 Jun 2016, 18:20 - CEST | At hELL | 1 | negative |
| leoncina__ | RT @Daniel_Portman: https://t.co/hE3KJF1NFn Being put on the same list as James Bond and Hermione Granger made me feel quite cool. #Remainâ€¦ | 23 Jun 2016, 18:20 - CEST | Saint Vladimir Academy | 17 | negative |
| sn0wba111 | RT @DavidJo52951945: Analysis of betting oddsthere have been a large number of Brexit bets,remain no of bets small but larger bets https:/â€¦ | 23 Jun 2016, 18:20 - CEST | Ireland | 26 | negative |
| xchurlx | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/oSOD9lQeYa | 23 Jun 2016, 18:20 - CEST | Newcastle, Port-Harcourt | 0 | positive |
| ldl3 | The latest The ldl3 Daily! https://t.co/DADHXqVsqb Thanks to @Th3Zer0 @saracristaldi @jgbarah #brexit #euref | 23 Jun 2016, 18:20 - CEST | Sardigna | 0 | positive |
| yactusfrance | Brexit : un scrutin indÃ©cis https://t.co/HT7yCBwBZt | 23 Jun 2016, 18:20 - CEST | Paris, Ile-de-France | 0 | negative |
| efagie | RT @DrBrianMay: BREXIT ? My view ? Simple. Stay in Europe  but then get rid of Cameron and his gang of proprivilege cronies.  Let's get câ€¦ | 23 Jun 2016, 18:20 - CEST | | 632 | negative |
| GiordieRobba | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/uSGeUIl1lF | 23 Jun 2016, 18:20 - CEST | Iá”•á’ªEOá—´á—°á—©á’Ž | 0 | positive |
| debralinna | RT @gavthebrexit: BREAKING: Dozens TURNED AWAY from voting in EU referendum because of registration RIGGING??>>https://t.co/GRMPVIthKS httpâ€¦ | 23 Jun 2016, 18:20 - CEST | Wv | 60 | negative |
| ndtv | #Brexit \| Large amount of British press not even owned by residents, they're peddling lies: Patrick French, Author and historian | 23 Jun 2016, 18:20 - CEST | India | 0 | negative |
| balticbarbarian | RT @sidneyabbot: There should be more options with this #Brexit lark than "In" or "Out". Maybe a 3rd choice of "Just the tip". Works with tâ€¦ | 23 Jun 2016, 18:38 - CEST | | 24 | positive |

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| __katieoldcorn | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/IRNT2bX1nj | 23 Jun 2016, 18:38 - CEST | Cumbria | 0 | positive |
| evie121462 | RT @INTJutsu: The refugee fiasco emphasizes why the UK mustn't rely on foreign unelected officials to determine their fate #BREXIT https://â€¦ | 23 Jun 2016, 18:38 - CEST | Illinois, USA | 9 | negative |
| VieEconomique | Wall Street : portÃ© par l'hypothÃ¨se d'un non au Brexit. https://t.co/leKci23927 #wallstreet | 23 Jun 2016, 18:38 - CEST | | 0 | negative |
| ctrlaltdeluke | RT @WilfredFrost: What could follow Brexit? Italeave. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. Or my personal favourite Dâ€¦ | 23 Jun 2016, 18:38 - CEST | @aitarien | 585 | positive |
| nineismi9 | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 18:38 - CEST | | 4370 | neutral |
| RCJustSaying | #BrexitOrNot #Brexit is a good move, now can we talk about moving Pakistan may be to Mars ? #okSorryBye | 23 Jun 2016, 18:38 - CEST | Phoenix Arizona | 0 | negative |
| grossi_9 | RT @ajcdeane: Huge new #Brexit asset emerges. #VoteLeave #EUref #iVoted https://t.co/Xdrlyqapcr | 23 Jun 2016, 18:38 - CEST | Liverpool | 215 | positive |
| MESUTTASKIRAN | @ProfElvanAktas tskkurler ederim.hocam bu arada brexit mi neyse bizi yaktÄ± ya... | 23 Jun 2016, 18:38 - CEST | | 0 | positive |
| ChobDux | Spinach, Emmental, and mushroom galettes at Castle Dux tonight.<br>None of your shitty, bland, brexit butties for me. | 23 Jun 2016, 18:38 - CEST | | 0 | negative |
| KDG_Accountants | European stocks are flying https://t.co/ARFavKIotI | 23 Jun 2016, 18:38 - CEST | Iver, Buckinghamshire | 0 | neutral |
| Gr8LakesCzarina | Reclaim your soverignity; #VoteLeave! Yay #Brexit. | 23 Jun 2016, 18:38 - CEST | Hurtling into the abyss | 0 | positive |
| Adamonanners | RT @William_Hahne: Do the only sane thing and vote LEAVE today, British friends!<br><br>Against the EU â€" For free European nations! #Brexit https â€¦ | 23 Jun 2016, 18:38 - CEST | | 5 | positive |
| _lauracasey | @Nigel_Farage Social Data indicates that remain leads 58/42 https://t.co/inydRLNo6G #Brexit https://t.co/K5dG0po0aO | 23 Jun 2016, 18:38 - CEST | Dallas | 0 | negative |
| Marta_Bellon | RT @LukaszGrass: Kolejki do kantorÃ³w wymiany walut w Londynie. @DamianSzymaski6 https://t.co/Uk5sGJsPwr https://t.co/tlfNXurCOF | 23 Jun 2016, 18:38 - CEST | Warsaw, Poland | 3 | neutral |
| JackWiles16 | RT @AldiCustCare: We've got limited stock of soon to be very rare, Boris Jonson signed Eurovision compilation CDs<br>#Brexit<br>#SpecialBuys http â€¦ | 23 Jun 2016, 18:37 - CEST | Bournemouth, England | 5 | positive |

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| wowalexisrally | RT @BraddJaffy: To recap:<br>â€”SCOTUS immigration<br>â€”SCOTUS affirm. action<br>â€”Freddie Gray verdict<br>â€”Germany gunman<br>â€”Brexit<br>â€”House sitin<br>â€”VW settlâ€¦ | 23 Jun 2016, 18:37 - CEST | blacklivesmatter | 132 | negative |
| TRADER_INSIDE | RT @MarketWatch: The dirty secret about the Brexit vote: Itâ€™s all a sham, says @BrettArends https://t.co/5MChC3HONH | 23 Jun 2016, 18:37 - CEST | Wash D.C. | 9 | negative |
| DARKBLUETRADER | RT @MarketWatch: The dirty secret about the Brexit vote: Itâ€™s all a sham, says @BrettArends https://t.co/5MChC3HONH | 23 Jun 2016, 18:37 - CEST | | 9 | negative |
| emilykimber | RT @jamesdboys: A profound, sober article on divorce and #Brexit by the always engaging @nfergus for @spectator https://t.co/edWuLXYTMJ | 23 Jun 2016, 18:37 - CEST | London | 1 | negative |
| CortioMalties | @Tono_Otero Â¿Por quÃ© los partidarios del #BREXIT estÃ¡n en negativo en la grÃ¡fica? | 23 Jun 2016, 18:55 - CEST | | 0 | NA |
| shop_marketer | RT mashable: RT MashableUK: #DogsAtPollingStations are helping their owners vote in the 'Brexit' referendum â€¦ https://t.co/sxsU6QWUVf | 23 Jun 2016, 18:55 - CEST | | 0 | NA |
| ColumbiaGR | RT @ForeignPolicy: Hereâ€™s how the Brexit could derail production of @GameofThrones, @davidcfrancis reports https://t.co/LQQICYo6l2 | 23 Jun 2016, 18:55 - CEST | New York, NY | 4 | NA |
| cateronchieri | RT @FrancoFrattini: #Brexit: attenti allâ€™effetto â€œtanto rumore per nullaâ€•.â€œRemainâ€• non cancellerÃ  problemi Europa: serve cambio di passo htâ€¦ | 23 Jun 2016, 18:55 - CEST | | 4 | negative |
| GiuseppinaLind3 | RT @ForexLive: The Brexit vote is playing out in the market exactly like the Scottish referendum https://t.co/Tp0zeey6FJ https://t.co/Q2iQ5â€¦ | 23 Jun 2016, 18:55 - CEST | Silicon Valley | 2 | NA |
| Ladybug1357 | https://t.co/pDuznAFUKz | 23 Jun 2016, 18:55 - CEST | johannesburg. south africa | 0 | NA |
| AltNieuws | RT @PowellPolitics: The French said NO<br>The Dutch said NO<br>The Irish said NO<br>The Dutch said NO Again<br>All ignored or told to vote again.<br>Comeâ€¦ | 23 Jun 2016, 18:55 - CEST | | 409 | NA |
| rebeccanomics | Wondering what effect the rain will have on voter turnout. Will Brexit voters display more old fashioned British stoicism? #EUreferendum | 23 Jun 2016, 18:55 - CEST | Waterloo London | 1 | NA |
| dngrfld | RT @Stop_The_EU: V O T E L E A V E For Freedom ~ Sovereignty ~ Democracy | 23 Jun 2016, 18:55 - CEST | Astana | 21 | positive |

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| | #usepens #iVoted #VoteLeave #Brexit #EUref #referendum httpsâ€¦ | | | | |
| txellt | RT @assemblea: No referendumNo democracy #Brexit https://t.co/6Rsn9rrsof | 23 Jun 2016, 18:55 - CEST | Terrassa, Catalunya | 163 | NA |
| ficuselectric | Si vais a poner de moda lo de poneros calcetines largos con bermudas en verano, deberÃais celebrar un brexit personal y salir de la UE. | 23 Jun 2016, 18:55 - CEST | Cut Off, LA | 0 | NA |
| aviation_dp | What Would Brexit Mean for Commercial Aviation? #uk https://t.co/UtLN4jWeoT | 23 Jun 2016, 18:55 - CEST | | 0 | NA |
| tomscott01 | RT @Vendavo: #Oil Prices Fall on Supply Overhang, â€˜Brexitâ€™ Uncertainty: https://t.co/YljQOiCWTa via @WSJ | 23 Jun 2016, 18:55 - CEST | Devon, PA | 1 | NA |
| anaisunbroken | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/2z2tWVVIla | 23 Jun 2016, 18:55 - CEST | IdhÃºn | 0 | NA |
| Dogma666Steve | Of course the tax dodgers want us to stay in #Brexit | 23 Jun 2016, 18:55 - CEST | UK | 0 | NA |
| taxhaven77 | RT @AdamSmith2sei: æ—¥æœ¬æ ªæœˆç¬¬3é€±æŠ•è³‡éƒ¨é–€å^¥å£²è²·ç§¶æ³• ãƒ–ãƒã,°ã,³ãƒ¡ãƒ³ãƒˆã,'æ›´æ–°ã•ã•ã•—ãŸã€, â†'https://t.co/5rG7JOmIIF å£²è²·ã®åŒæ–¹ã•ŒBrexitä¸‚å®‰ã¨æ—¥é©ã‹ã‚ã‚ã‹ã«ã‚ã‚ã‹ã‚ã‚ã‹ã‚ã‚ã‹

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| Alexios1201 | #BREXIT #EUREF<br><br>madness https://t.co/V0Kp3p5CD6 | 23 Jun 2016, 19:12 - CEST | #OOTT | 0 | NA |
| 247Hayden Media | RT @Nigel_Farage: It's time to get our borders back, our democracy back and our country back. #Brexit https://t.co/eArDsfxlO3 | 23 Jun 2016, 19:12 - CEST | Yorkshire, England | 1806 | NA |
| afiqahmnr | RT @ajplus: London's mayor Sadiq Khan crushed a recent #Brexit debate â€" while fasting.<br><br>Mic drop, please.<br>https://t.co/cN5jMmfvmQ | 23 Jun 2016, 19:12 - CEST | Indiana, USA | 614 | NA |
| JoedeBrig | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 19:12 - CEST | Paris | 3909 | positive |
| BomberNolan | @raymonddelauney hats off to @georgegalloway for his stance on #EUref #brexit #Lexit this is the second time I've agreed with him, fuck!! | 23 Jun 2016, 19:12 - CEST | | 0 | NA |
| elearning_utad | #Universidades \| Brexit: que consequÃªncias para o ensino superior?: SÃ£o quem mais bolsas r... https://t.co/vi51INHl6B \| #EnsinoSuperior | 23 Jun 2016, 19:12 - CEST | Vila Real, Portugal | 0 | negative |
| Eyeintomyworld | RT @DarrenMole: Lies<br>Talks with Turkey will start in days<br>Brexit WON'T spark trade war<br>Eu will NOT reform on open borders & deportation jobâ€¦ | 23 Jun 2016, 19:12 - CEST | | 6 | NA |
| RealBiZI1 | RT @MenInBoxes: #EUreferendum #EUref #BrexitOrNot #Brexit #VoteLeave https://t.co/nBa3TVNyao | 23 Jun 2016, 19:12 - CEST | | 18 | positive |
| lindongoodall | My full educated view I'm #brexit #leave | 23 Jun 2016, 19:12 - CEST | Hereford, England | 0 | positive |
| angel1mcy | RT @pictoline: La Batalla del Brexit ha comenzado: Reino Unido estÃ¡ votando si se va o se queda en la UniÃ³n Europea https://t.co/AudmrcOx20 | 23 Jun 2016, 19:12 - CEST | San JosÃ© de Maracay, Aragua | 1014 | NA |
| nderi_j | RT @cobbo3: What's wrong with today's British rulers? A critical #Brexit vote & they haven't blocked Twitter and Facebook like some countriâ€¦ | 23 Jun 2016, 19:12 - CEST | | 58 | NA |
| Cato_Minor | Die Ehe ist wie die EU.<br>Also wie eine belagerte Burg:<br>Die drauÃŸen sind wollen rein und die drin sind wollen raus.<br>#brexit | 23 Jun 2016, 19:12 - CEST | | 0 | NA |
| ampatchara k | 'Brexit' à¸à¸²à¸ˆà¸¡à¸µà¸œà¸¥à¸•à¸£à¸°à¸—à¸š 'Game of Thrones' https://t.co/4uaJLsPYyx | 23 Jun 2016, 19:12 - CEST | ...BKK... THAILAND... | 0 | NA |
| Gr8LakesCzarina | #VoteLeave â€œwould not only free the Brits fromâ€¦ EU, it would profoundly shake up the other | 23 Jun 2016, 19:12 - CEST | Hurtling into the abyss | 0 | positive |

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| | membersâ€⍰â€”@AmbJohnBolton https://t.co/Z3aOfq7Zx0 | | | | |
| hawkgirl1988 | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/7NBSSRqp0H | 23 Jun 2016, 19:12 - CEST | Sheffield, England | 0 | NA |
| nasosgrigo | RT @pitsirikos: Î´Î½ Î½ÎºÎ®ÏƒÎµÎ¹ Ï„Î¿ Brexit, Î±Î•Î•Î¹Î¿ Ï„Î¿ Ï€Î⍰Î‰ Î¿ ÎšÎ¬Î¼Î µÎ•Î¿Î½ Î¸Î± Î´Î¹ÎŽÎ¾Î µÎ¹ Ï„Î¿Î½ Î´Î¹Î¬Î¿Ï…Ï‡Î¬Î¿. #BrexitOrNot #BremainVsBrexit #EUref | 23 Jun 2016, 19:29 - CEST | ÎŸÏ€Î¿Î…Î³Î±Î¼Î¹Î¿, Î¹Î¿Î¹Ï‡Î±Î¼Î¹Î¿ Ï‡Î±Ï•Î±..... | 3 | negative |
| RafaelGtrrz | "Brexit", con impacto transitorio en mercados, afirman especialistas | 23 Jun 2016, 19:29 - CEST | Mexico | 0 | NA |
| MUFC_E334 | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/MpQlTqwamT | 23 Jun 2016, 19:29 - CEST | M6 | 0 | NA |
| Heath20Robert | RT @PaulJamesOakley: #iVoted. Proud to be one of millions of Brits looking forward to a bright future outside the EU. #Brexit https://t.co/â€¦ | 23 Jun 2016, 19:29 - CEST | IN ENGLAND. | 7 | NA |
| DrEzekiel_ | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/sYvRbuvtXR | 23 Jun 2016, 19:29 - CEST | A nearly peaceful place | 0 | NA |
| pipsfinder | #Pipsfinder Instant: RT HalftimeReport: John Rogers, CEO of ArielFunds gives his #brexit sâ€¦ https://t.co/AvxpayPoHE https://t.co/6NVNDBG6xQ | 23 Jun 2016, 19:29 - CEST | WORDLWIDE | 0 | NA |
| EAGCharlesB | RT @Citizensmif21: Every vote counts! Make sure everyone you know with a vote gets out there! #VoteLeave #LabourLeave #EUref #Brexit https:â€¦ | 23 Jun 2016, 19:29 - CEST | Oxfordshire | 5 | positive |
| bethomas__ | I'm actually terrified that Brexit may win on the back of extreme weather preventing people (like me) from reaching a polling station | 23 Jun 2016, 19:29 - CEST | SW9 | 0 | NA |
| SmurfyJCK | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/7AWxvBFUs7 | 23 Jun 2016, 19:29 - CEST | Bristol | 0 | NA |
| BalcoSERCAT | EN DIRECTE, parlem amb @polmorillas @CidobBarcelona sobre #Brexit amb Ã²ptica catalana https://t.co/7d9P3rc4tX | 23 Jun 2016, 19:29 - CEST | Catalunya | 0 | NA |
| realdrishaym | Investors feeling positive over Brexit outcome https://t.co/HWMfUyPROT | 23 Jun 2016, 19:29 - CEST | | 0 | NA |
| pig_poetry | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 19:29 - CEST | | 4066 | positive |
| sectradeideas | Wall Street marches ahead as Brexit seen unlikely https://t.co/AafMQ2urj2 via @Reuters | 23 Jun 2016, 19:29 - CEST | Novato, CA | 0 | NA |
| GeorgeWoodEFC | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/yiad4nFvhD | 23 Jun 2016, 19:29 - CEST | | 0 | NA |
| capitalgr | Î ÏŽÏ‚ Î²Î»ÎŒÏ€ÏŒÏ…Î½ Ï„Î¿ ÎµÎ½Î´Î¹Î±Ï†Î¿Î¿ Brexit Î¿Î¹ ÎµÎ»Î»Î·Î½Î²Î¹Î¿ÎŒÏ‚, Ï„Ï⍰Î¬Ï€Î¿Î¶Î¹Ï‚, https://t.co/CdwzKmkpR4 | 23 Jun 2016, 19:29 - CEST | Athens, Greece | 0 | NA |

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| kironetv | The latest The kironetv Daily! https://t.co/ey7MQ3bMK4 Thanks to @maryebrewer @LeBronJames #brexit #euro2016 | 23 Jun 2016, 19:29 - CEST | | 0 | NA |
| TheAbsTimes | Brexit is just one example of the political problems Europe is facing https://t.co/S0pRApnz2c https://t.co/yvvGwSc4b4 | 23 Jun 2016, 19:29 - CEST | Worldwide | 0 | NA |
| _logan | @jfcarpio si gana el Brexit Escocia e Irlanda planean nuevos referendum sobre permanencia en UK, para volver a EU jaja | 23 Jun 2016, 19:29 - CEST | Lincoln, NE | 0 | NA |
| ggomezQ | RT @infinitafm: Salario mÃnimo,marcha estudiantil, Brexit,Farc,la Roja y mÃ¡s AHORA en @mundoinfinita con @ggomezQ y @valenzuelagabi â†'https:â€¦ | 23 Jun 2016, 19:29 - CEST | chile | 1 | NA |
| f_beavis | RT @RoyCropperNOT_: Me and Ken just kicked out the polling station for shitting in the ballot box. #Brexit https://t.co/kp2cgUUIjL | 23 Jun 2016, 19:29 - CEST | | 125 | NA |
| stevenjohncole | RT @V_of_Europe: Who is the shooter in Germany? Is the German media censoring Islamic again to avoid a 'pro Brexit effect' in the UK? httpsâ€¦ | 23 Jun 2016, 19:46 - CEST | stoke on trent | 38 | NA |
| TrumptonCBI | RT @disclaimermag: Editorial: Damn the Houses of #Brexit and #Bremain by voting with enthusiasm #StrongerInEurope: https://t.co/GGblEGk6mgâ€¦ | 23 Jun 2016, 19:46 - CEST | Trumptonshire | 2 | negative |
| Paul1Singh | RT @b_tweet: PSA to my UK friends: #usepens for your Brexit "leave" vote or else squads of MI5 agents armed with erasers will furiously eraâ€¦ | 23 Jun 2016, 19:46 - CEST | City of London Europe | 1 | positive |
| Pharmdca | @paulwoll agree Paul. Everyone expecting bremain not brexit. iam cautious here as nothing factored in if we get a surprise brexit vote | 23 Jun 2016, 19:46 - CEST | California, USA | 0 | negative |
| SOTWIFUNNY | I hope the citizens of #Britain make the right decision and do a #Brexit | 23 Jun 2016, 19:46 - CEST | United States | 0 | NA |
| FN_Nachrichten | BREXIT/ROUNDUP 4: Historisches EUReferendum spaltet GroÃŸbritannien Rennen eng https://t.co/8GFyRLBHM1 | 23 Jun 2016, 19:46 - CEST | ZÃ¼rich | 0 | NA |
| maria_parra58 | RT @gaceta_es: El Brexit, a la luz de la moral https://t.co/rTrDezDPVc https://t.co/qDOk8a8Nzv | 23 Jun 2016, 19:46 - CEST | La CoruÃ±a, Galicia EspaÃ±a. | 1 | NA |
| BenDeCosimo | #Brexit ppl who be like "we want OUR DEMOCRACY BACK" https://t.co/3ztuz9w3nu | 23 Jun 2016, 19:46 - CEST | London | 0 | neutral |
| DinoFancellu | RT @BritishAwake: Absolutely positively the last throw of the dice from #Remain<br><br>#Brexit you have been warned! https://t.co/K4qzeXE8CN | 23 Jun 2016, 19:46 - CEST | United Kingdom | 8 | negative |
| SolidSnakeUk89 | Pencilgate erupts as police called to EU referendum polling station after woman lends other voters her PEN https://t.co/p9xE1SmsGH | 23 Jun 2016, 19:46 - CEST | Around the world | 0 | NA |
| zoecorkhill | I liked a @YouTube video https://t.co/WMe5JWSvUd James Corden on Brexit: Vote to Stay in the EU | 23 Jun 2016, 19:46 - CEST | Birmingham, UK | 0 | NA |

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| victorbenito86 | RT @quiquepeinado: Si gana el Brexit, Â¿Islandia pasa a cuartos? | 23 Jun 2016, 19:46 - CEST | Arganda del Rey | 104 | NA |
| L_Amalgameur | Etant donnÃ© que les gens qui sont pour le #Brexit sont des arriÃ©rÃ©s, vous ne les entendrez pas sur @franceinfo.<br><br>Aucun intÃ©rÃªt.<br><br>#RÃ©sumÃ© | 23 Jun 2016, 19:46 - CEST | FR... enfin ce qu'il en reste | 1 | NA |
| MuriMursic | @MatevzNovak @lucijausaj do izbrane meje tudi jaz podpiram #Brexit. UpoÅ¡tevaje politiÄ•no evolucijo naslednikov partizanov pa? | 23 Jun 2016, 19:46 - CEST | Å tajerska | 0 | NA |
| KikoPeres | Brexit {Britain exiting the EU} ~ The Movie Full Film https://t.co/FgbcIOgcJY via @pfc_net | 23 Jun 2016, 19:46 - CEST | Brasil | 0 | NA |
| JMokha_ | RT @missingfaktor: Brexit. Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 19:46 - CEST | Kitwe | 6011 | positive |
| Blake2_0 | RT @robmanuel: A vote for Brexit is a vote for a man who doesn't understand how capos work. https://t.co/QNRLaaE5GX | 23 Jun 2016, 19:46 - CEST | Lincoln | 7589 | NA |
| SexenioCDMX | David Cameron emite su voto en el #Brexit https://t.co/xzWNVELbB8 | 23 Jun 2016, 19:46 - CEST | Distrito Federal | 0 | NA |
| Capezzone | RT @formichenews: Chi soffrirebbe di piÃ¹ con la Brexit L'intervento di Daniele Capezzone https://t.co/I2SiG5iWZM | 23 Jun 2016, 19:46 - CEST | | 1 | NA |
| sallyshin | RT @CNBCSocial: In a stunning turn of events, it's raining in London. That won't stop CNBC's @kaylatausche from reporting #Brexit â˜” https:/â€¦ | 23 Jun 2016, 19:46 - CEST | New York, NY | 13 | NA |
| saints247 | People are losing their minds and humour over #Brexit Slagging each other off because you think different to them. Shame. | 23 Jun 2016, 20:03 - CEST | Southampton | 0 | negative |
| FearAnLoathin | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/f2UkOorndM | 23 Jun 2016, 20:03 - CEST | Brighton - IG: FearAnLoathin | 0 | positive |
| yoga4tea | RT @TheCanarySays: However Britain votes today, David Cameron is f*cked https://t.co/1OfJn4w34A #olsx #euref #ivoted #remain #brexit #VoteLâ€¦ | 23 Jun 2016, 20:03 - CEST | | 25 | negative |
| FrenchForTrump | RT @JaredWyand: Howâ€™s it feel Brits knowing the Muslim population you let in is voting against your independence today?<br><br>#Brexit #VoteLeaveâ€¦ | 23 Jun 2016, 20:03 - CEST | Miami, FL | 87 | positive |
| annecagle | https://t.co/w5NMjiQgKV #brexit Please don't leave. | 23 Jun 2016, 20:03 - CEST | Pacific Northwest | 0 | positive |
| TimBukOneNEWS | $JSESBK #STANBANK View article https://t.co/4BVtCTtaZv https://t.co/klxlYCmWt5 | 23 Jun 2016, 20:03 - CEST | South Africa | 0 | neutral |
| davidkski | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 20:03 - CEST | Yardley Pa-NYC & in- | 5318 | neutral |

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| sonalewsr | RT @ianbremmer: This is what the Brexit ballot looks like, for those curious. https://t.co/XWH5WXLMCV | 23 Jun 2016, 20:03 - CEST | Adelaide, South Australia | 151 | neutral |
| leechjoe21 | RT @Y_Eurosceptics: #Brexit guarantees accountable leaders, controlling immigration, signing our own trade deals & no more eurozone bailoutâ€¦ | 23 Jun 2016, 20:03 - CEST | | 15 | negative |
| MaggieLearmonth | RT @ARTQUESTLONDON: What today might mean for artists https://t.co/nWiNtE4Lks via @hyperallergic https://t.co/daQ2RPDdpM | 23 Jun 2016, 20:03 - CEST | | 8 | neutral |
| FuckBoats | RT @RealAlexJones: #Brexit Insider: EU The â€˜New Soviet Unionâ€™ https://t.co/XtSlcLzqvu | 23 Jun 2016, 20:03 - CEST | â•½ Â´-`â•¾ | 7 | neutral |
| TheTradingSheep | RT @Stop_The_EU: It's time to take back control<br><br>#Brexit #VoteLeave https://t.co/ScqneMkfn2 | 23 Jun 2016, 20:03 - CEST | | 162 | positive |
| ophuels | 18hrs and counting: Im Liveblog berichten wir die ganze Nacht durchgehend aus London. https://t.co/r8EtnZw2zH #HandelsblattUK | 23 Jun 2016, 20:03 - CEST | DÃ¼sseldorf | 0 | positive |
| fonsvyncke | Eentje uit oude doos,nog brandend actueel#brexit https://t.co/80CUUgy9od | 23 Jun 2016, 20:03 - CEST | | 0 | negative |
| AK47Gooner | That same paranoia that makes people ignore what almost every major organisation advises on #brexit is now making them spoil their vote! | 23 Jun 2016, 20:03 - CEST | Guildford | 0 | negative |
| majowski1959 | Brexit. Co moÅ¼e czekaÄ‡ PolakÃ³w mieszkajÄ…cych na Wyspach https://t.co/pk8o3BUDo1 | 23 Jun 2016, 20:03 - CEST | Derby UK | 0 | neutral |
| UnknownLibra | RT @lesoir: #vidÃ©o Â«Remain or leaveÂ»: la pluie pourrait faire basculer le #Brexit https://t.co/2VG4kY6WjC https://t.co/LRFSSXLd8E | 23 Jun 2016, 20:03 - CEST | | 1 | negative |
| santhusitay | RT @washingtonpost: 8 Brexit voters reveal their thoughts on Europe https://t.co/VqAHDXM79O https://t.co/0iUt6Leuco | 23 Jun 2016, 20:03 - CEST | Ciudad AutÃ³noma de Buenos Aire | 18 | negative |
| i_libros | RT @OpenBritain: Labour MPs with a genuine interest for workers understand the #EU<br><br>#EURef #Brexit #Lexit #LabourLeave @labourleave https:/â€¦ | 23 Jun 2016, 20:03 - CEST | 176 countries | 27 | positive |
| AnaPauVdz | Brexit | 23 Jun 2016, 20:03 - CEST | Mexico | 0 | neutral |
| danhurrell1988 | RT @MichelleDewbs: IBeen frustrated by people who feel that voting for Brexit is somehow 'backward thinking'. I'm outward looking but to thâ€¦ | 23 Jun 2016, 20:20 - CEST | Richmond, England | 103 | negative |
| antoniobb1953 | RT @AmbBatet: Defensem mÃ©s integraciÃ³ i ens oposem als populismes que volen destruir el projecte europeu, com avui mateix veiem #Brexit #unâ€¦ | 23 Jun 2016, 20:20 - CEST | | 4 | negative |

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| CaimanValores | Commented on Market Prices Brexit Failure; For Colombia, The War Is Over Bezek's Daily Briefing https://t.co/J8mLMxP6t4 $GXG $DEO $EC $CIB | 23 Jun 2016, 20:20 - CEST | Colombia | 0 | neutral |
| faizwahab | RT @WSJ: Why a Brexit matters to the U.K. auto industryâ€"Live coverage of EU referendum vote: https://t.co/TitHSlPmFn https://t.co/rHP4DTGyGX | 23 Jun 2016, 20:20 - CEST | | 29 | neutral |
| cerecun | RT @JazRabadia: The @EnergyInstitute #EnergyBarometer suggests impacts of brexit negative on the world of Energy https://t.co/d3Sl5BarFZ | 23 Jun 2016, 20:20 - CEST | | 1 | negative |
| dmedri | Sleepless in the City Lets Traders Bet Billions on Brexit Result https://t.co/xH3J2l4VWm #business #trading #finance | 23 Jun 2016, 20:20 - CEST | Italy / Europe | 0 | negative |
| HighTechAztec | RT @Newsweek: EU referendum live coverage: Britain heads to the polls for historic vote https://t.co/hTN517ePCa #Brexit | 23 Jun 2016, 20:20 - CEST | Houston, TX | 9 | neutral |
| Wozdog2 | Another reason to #Brexit https://t.co/4MwQ8RNL9J | 23 Jun 2016, 20:20 - CEST | | 0 | neutral |
| JoseMa_Rouge | RT @teleSURtv: Conoce todo sobre la posible salida del #ReinoUnido de la UniÃ³n Europea. #Brexit >>>> https://t.co/CqtLV2FPw3 https://t.co/kâ€¦ | 23 Jun 2016, 20:20 - CEST | Ciudad de MÃ©xico. | 5 | neutral |
| valubit_news | New post: Gold Ends Lower; RiskOn Marketplace Just Ahead Of Brexit Results https://t.co/Hdu72cl2Kz | 23 Jun 2016, 20:20 - CEST | United States | 0 | neutral |
| atlanta_amy | You know what's offtopic interesting about #brexit & #remain to me as an American? The UK still votes on paper. I miss paper voting. | 23 Jun 2016, 20:20 - CEST | Atlanta, GA | 0 | negative |
| DarrenMeadows10 | A man was seriously injured after being stabbed outside a polling station. https://t.co/7MoS20RVry | 23 Jun 2016, 20:20 - CEST | Horden, County Durham, England | 0 | negative |
| DuncanOldham | I keep looking at my Spanish neighbours wondering if they're thinking "Let's hope he pisses off back to the UK!" #Brexit | 23 Jun 2016, 20:20 - CEST | EspaÃ±a | 0 | negative |
| scarbro8 | RT @D_Blanchflower: doesn't often happen but we certainly agree Brexit looks like a potential disaster in the making https://t.co/XzFvlfMQâ€¦ | 23 Jun 2016, 20:20 - CEST | | 2 | negative |
| trxtrx1 | RT @pinobici: @SkyTG24 dallo studio : "code per cambiare Â£ in â‚¬". Inviato a Londra "no francamente non mi risulta" Comici! #Brexit | 23 Jun 2016, 20:20 - CEST | | 8 | negative |
| casiosr | RT @MarkusSuedwitz: Brexit at Tiffany's #brexitfilme | 23 Jun 2016, 20:20 - CEST | Hamburg | 1 | neutral |
| euanfranklin | RT @RoosterTeeth: Gus, Gavin, Brandon, Chris, and special guest Sally Le Page discuss Brexit, tits, and more! https://t.co/hfPbJu4eXs httpâ€¦ | 23 Jun 2016, 20:20 - CEST | Southampton, England | 40 | neutral |
| fryliemingue | @OurSonJack Never mind brexit, I am more concerned about whether I can actually get all this yogurt eaten :) | 23 Jun 2016, 20:20 - CEST | | 0 | neutral |

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| simpleman01 | RT @NetizenNick: #VoteLeave on #Brexit to #LeaveEU.<br><br>https://t.co/MyzTuyxeu5<br><br>#BrexitOrNot<br>#EUreferendum<br>#Britain<br>#British<br>#UK<br>#EU<br>#Replaceâ€¦ | 23 Jun 2016, 20:20 - CEST | Dorset. | 6 | positive |
| jcoralpark | RT @Italians4Trump: Twitter is censoring #iVoted #Leave Votes!<br>29 #Leave vs 139 #Remain Votes in 15 min!<br>#Brexit #EUref #BrexitOrNot httpsâ€¦ | 23 Jun 2016, 20:20 - CEST | United States | 82 | negative |
| Kazi_France | â„¹ #Infos â€¢ Les jeunes britanniques sontils la clÃ© du rÃ©fÃ©rendum sur le Brexit?: Les jeunes Britanniques, maj... https://t.co/MOQPx5EzDw | 23 Jun 2016, 20:37 - CEST | Ãœ.T: 48.8667 47,2.30 7372 | 0 | positive |
| robotforexnews | BREAKING Brexit exit poll news!<br>https://t.co/T6meEzizAr [red] | 23 Jun 2016, 20:37 - CEST | Karachi, Pakistan | 0 | negative |
| fxtraderbasics | The Brexit vote is playing out in the market exactly like the Scottish referendum: Comparing the S...<br>https://t.co/U7UOMFZP6c [#fxBlogs] | 23 Jun 2016, 20:37 - CEST | MalmÃ¶, Sweden | 0 | positive |
| UTNONDICAM | Final opinion polls show Remain ahead of Brexit<br>https://t.co/snJ2wT75XC | 23 Jun 2016, 20:37 - CEST | | 0 | negative |
| fxtraderbasics | BREAKING Brexit exit poll news!: Livesquawk in conjunction with the Press Association will be cond...<br>https://t.co/bPDGWchYnd [#fxBlogs] | 23 Jun 2016, 20:37 - CEST | MalmÃ¶, Sweden | 0 | negative |
| HATEMAGAZIN | RT @HenryksBruder: Nicht ferwechseln PLZ Propaganda Edition<br>#Brexit #Bremain #BrexitOrNot #VoteLeave #StrongerIn #strongerineurope https:â€¦ | 23 Jun 2016, 20:37 - CEST | Berlin | 2 | neutral |
| kellythornalley | @Richardesty don't make a haste brEXIT you might LEAVE something!! Haha I got to stop with these now | 23 Jun 2016, 20:37 - CEST | Boston, England | 0 | positive |
| pamelafoti | RT @SkyTG24: #Brexit, l'editoriale del direttore @sarahvaretto: https://t.co/BE7guRdpXo<br>https://t.co/XfoQkdMPj6 | 23 Jun 2016, 20:37 - CEST | | 14 | negative |
| Ed_Demolay | RT @Death2RapeGangs: Farageâ€™s final rallying call: â€˜Itâ€™s us versus the Establishment go and vote for #Britain' https://t.co/VAGZrFYnLm #Bâ€¦ | 23 Jun 2016, 20:37 - CEST | United States | 7 | neutral |
| runwildsafaris | RT @ReutersBiz: Brexit vote could make Friday freaky on Wall Street: https://t.co/HiOVxKEmAe<br>https://t.co/t7onXNVKP3 | 23 Jun 2016, 20:37 - CEST | Pretoria, South Africa | 15 | positive |
| m_harboe | RT @tAEnketank: Hvis #Brexit bliver en realitet kan det koste op mod 13.000 danske job #dkÃ¸ko<br>https://t.co/nVT0IofLbg | 23 Jun 2016, 20:37 - CEST | Frederiksberg | 2 | positive |
| eqlia_nozomu | Brexit vote: What the UK potentially leaving the EU means for tech CNET https://t.co/d8ozi5y4cQ | 23 Jun 2016, 20:37 - CEST | ãƒ“ãƒ“ï¼• | 0 | positive |

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| InomineX | #Brexit Sie sollten ihr #BildungsbÃ¼rgertum Ã¼berdenken, wenn sie wie ein #Idiot (https://t.co/t8cZaReVCn) plappern https://t.co/FK0REzf7cd | 23 Jun 2016, 20:37 - CEST | island | 0 | negative |
| imtiaz_sami | RT @sardesairajdeep: When I hear the 'Britain first' anti migrant rhetoric of the Brexit brigade, wonder if patriotism is last refuge of haâ€¦ | 23 Jun 2016, 20:37 - CEST | 31Â°14' 29 N, 77Â°2'1 2 E | 183 | neutral |
| pure_singh | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 20:37 - CEST | Ludhian a, India | 4534 | positive |
| JulieMontoy a20 | Just voted in #EUreferendum. Goodbye freedom, low prices, human rights; hello uncertainty. At least I will know I did not vote for #Brexit. | 23 Jun 2016, 20:37 - CEST | | 0 | negative |
| pjv1968 | @omnescontra1 @ZilteBotte Bij #Risk is het ook het moeilijkste continent om te veroveren en te houden. #EU #Brexit | 23 Jun 2016, 20:37 - CEST | | 0 | negative |
| lukegreen71 | RT @ralphallwood: Britain is too great to vote for Brexit! Check out the important opinion piece by @Avaaz ED Ricken Patel: https://t.co/3fâ€¦ | 23 Jun 2016, 20:37 - CEST | London and Notting hamshir e | 1 | positive |
| TomLefek | It is going to be long long night... #Brexit #ForexTrade #Sterling #GBPUSD #InOrOut | 23 Jun 2016, 20:37 - CEST | England | 0 | negative |
| ArnoLeblanc | Matt is Brit en studeert in Nederland. Hij denkt dat een #Brexit voor veel problemen zorgt voor hem. https://t.co/abKBkJ7W8D #nosop3 | 23 Jun 2016, 20:37 - CEST | Hilversu m | 0 | negative |
| menzaghich risti | RT @LigueParis: .@MCVergiat et @CR_SOLIDAR dÃ©construisent le discours mÃ©diatique sur le #Brexit #150ansLigue https://t.co/H13DsWw1Vo | 23 Jun 2016, 20:54 - CEST | | 1 | negative |
| _ignaciomol ina | RT @rielcano: Â¿Y si gana el â€œBrexitâ€• en el referÃ©ndum? @_ignaciomolina escribe sobre el complejo proceso de negociaciÃ³n https://t.co/2UNivNâ€¦ | 23 Jun 2016, 20:54 - CEST | Spain | 1 | neutral |
| StevePerson ally | RT @Dakeb_MCFC: Even if the govt wanted to rescue the UK steel industry it can't. EU rules prevent state aid. #Brexit #IVotedLeave | 23 Jun 2016, 20:54 - CEST | United Kingdo m | 46 | positive |
| RealNinjetta | @Patriotic_Me #Merkel is one evil person and Google isn't much better We are being controlled #Brexit #EUreferendum https://t.co/enK1CO5eqg | 23 Jun 2016, 20:54 - CEST | AMERIC A | 0 | negative |
| jackthelad3 47 | Daily Stormer: Brexit: Jo Coxâ€™ Death was Not a Tragedy and the World is a Better Place Without Her. https://t.co/1gzWhjCW5K Too True. | 23 Jun 2016, 20:54 - CEST | Hell | 0 | positive |
| larsbecker | #brexit? Bei der @JEF_de und Policy Lab im Plan B an der @Leuphana_Uni. Die @NDRReporter sind auch gerade eingetroffen. | 23 Jun 2016, 20:54 - CEST | Europe | 0 | neutral |

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| christophercpa2 | Come on #Britain make history and become self governing #Brexit | 23 Jun 2016, 20:54 - CEST | The Hammer | 0 | neutral |
| Think_Blue_Sky | @TeessideWoes @FarndonDavid @GoldmanSachs Personally I would rather live in a worldwide street than a Euro culdesac #Brexit | 23 Jun 2016, 20:54 - CEST | London | 0 | neutral |
| Coronach68E | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/pHF4cz7E3M | 23 Jun 2016, 20:54 - CEST | Wrong side of the Solway | 0 | positive |
| MichaelWhite | @MakeVotesMatter On contrary , I merely correct naive PR errors of others, we have enough panacea politics for one day with Brexit | 23 Jun 2016, 20:54 - CEST | UK | 0 | negative |
| jameskirkup | Last thought before disco nap: wrote this in March. Standing by it now: Remain wins, Cameron loses. https://t.co/Su6qS7tYbo | 23 Jun 2016, 20:54 - CEST | London | 0 | negative |
| BenBridgway | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/30MMeplxaG | 23 Jun 2016, 20:54 - CEST | | 0 | positive |
| JobsterPoerst | RT @mkopNY: Let us be clear: #BREXIT is now a certainty, heavy rain all day tdy in #London favors the fevered, that is Brexiters https://t.â€¦ | 23 Jun 2016, 20:54 - CEST | New York | 4 | negative |
| talkbackny | RT @paleofuture: Brexit exit polls, probably<br>Wut: 37%<br>You havin a laff: 29%<br>Oi mate: 71%<br>Chim chimney chim chimney chim chim cheroo: 94% | 23 Jun 2016, 20:54 - CEST | NYC | 67 | negative |
| CristinaAlessi1 | RT @limesonline: Le universitÃ  britanniche sono vs #Brexit<br>Non solo x questione di principio<br>https://t.co/jf8jNckFhU<br>@EmiBarbiroglio https:â€¦ | 23 Jun 2016, 20:54 - CEST | | 14 | neutral |
| beoxman | RT @beoxman: Â¿Apoyas el Brexit? #encuesta #Brexit #BrexitOrNot #uk | 23 Jun 2016, 20:54 - CEST | Mi casa â‡„ resto del mundo. | 1 | neutral |
| HiConstantino | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 20:54 - CEST | GDL | 5706 | neutral |
| JonMelling1 | RT @GrahamSmith_: Absolutely. Next referendum should be on the monarchy. https://t.co/dd7irj1vJS | 23 Jun 2016, 20:54 - CEST | York | 24 | positive |
| BtzMedina | RT @DailyMirror: Brexit the horse ran at Newbury today but where did it finish? https://t.co/EibU4i8e86 https://t.co/Xekjy5zjfN | 23 Jun 2016, 21:11 - CEST | | 5 | negative |
| ghe4m | RT @HonourCovenant: #DavidCameron warns #Brits that their #Offshore #Panama #Inheritances will be at risk if they #VoteLeave #Brexit htâ€¦ | 23 Jun 2016, 21:11 - CEST | | 15 | positive |

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| emrachy | RT @WilfredFrost: What could follow Brexit? Italeave. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. Or my personal favourite Dâ€¦ | 23 Jun 2016, 21:11 - CEST | | 839 | positive |
| bolsamania | RT @madrid_almu: El Brexit se desinfla: las apuestas por la permanencia se disparan al 84% https://t.co/fODEyAU58Y vÃa @Bolsamania | 23 Jun 2016, 21:11 - CEST | Madrid | 1 | negative |
| DuncanOleary | Nice @JohnRentoul piece looking at who the Remain and Leave voters are https://t.co/crP4InOusv | 23 Jun 2016, 21:11 - CEST | | 0 | positive |
| RosyKnight | RT @DavidJo52951945: Gigantic turnout of Labour voters in Northern England voting for leave https://t.co/OimMxv6jvO | 23 Jun 2016, 21:11 - CEST | Yorkshire | 73 | positive |
| DunnyLFC_ | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/yyOk5cwIKd | 23 Jun 2016, 21:11 - CEST | fuck off x | 0 | positive |
| alysamartin_ | Well if #Brexit happens and their economy crashes I'm hoping to get some cheap vacations out of the deal | 23 Jun 2016, 21:11 - CEST | Hamburg, NY & Findlay, OH | 0 | negative |
| murray_33 | RT @OnlineMagazin: â€¼Take 1 min. & 3 seconds: Europe is a war zone, the EU has nothing under control. Woman among savage. #Brexit now! httpâ€¦ | 23 Jun 2016, 21:11 - CEST | | 234 | negative |
| CurlyMoustache1 | RT @LudwigBollaerts: "For Â£ 100.000 I hold any sign" #brexit #bremain #socialism https://t.co/ZVXHYNFEGW | 23 Jun 2016, 21:11 - CEST | Antwerp, Vlaanderen-Flanders | 2 | negative |
| Natt | @VienneseStrudel Yes, I thought I'd see what it was like in the dark heart of Brexit, but there's just a pall of despair everywhere. | 23 Jun 2016, 21:11 - CEST | Redhill, Surrey | 0 | negative |
| gollyboys | RT @WSJ: Sterling soars after â€˜Brexitâ€™ poll shows preference to stay in EU https://t.co/uP2JKJOTLo https://t.co/hN6g345G79 | 23 Jun 2016, 21:11 - CEST | | 96 | positive |
| AGreekCitizen | Î“Î¹Î± Î½Î¿Î¸Î¸Î¼Î¿Î± Î¼Î¼ Ï„Î· Î²Î¿Î®Î¸Î¼Î¹Î± Ï„Î·Ï‚ MI5 Î¤Î¬Î¿Î¼Î¿ Î»ÎŒÎ³Î¿ Î¿Î¹ Ï…Ï€Î¿Î¹ Ï„Î·Ï‚ Brexit: Î£Î²Î®Î½Î¿Ï…Î½ Ï„Î¹Ï‚, Ï^Î®Ï†Î¿Ï…Ï‚ Î¤Î±Î¹ Ï„Î¹Ï‚, Î±Î»Î¬Î¾Î¿Ï…Î½..... https://t.co/0BQJvBr69Q | 23 Jun 2016, 21:11 - CEST | | 0 | neutral |
| ADOREMADZ | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/H4JJEdu8Qp | 23 Jun 2016, 21:11 - CEST | georgie & tuesday | 0 | positive |
| FamieRednap | @toadmeister @vote_leave Well done Toby,your on my one to watch out for in the future list #brexit #VoteLeave | 23 Jun 2016, 21:11 - CEST | London, England | 0 | positive |
| malazihernadla | kod mene na twitteru #Brexit ne trenduje . ma sve nas zabole :) | 23 Jun 2016, 21:11 - CEST | ThÃ¼ringen, Deutschland | 0 | positive |
| MSL2769 | RT @MoneyWeek: Bernard Connolly: why George Soros is wrong about Brexit and the pound https://t.co/vmx6DIw4IZ https://t.co/WQb1EADIpE | 23 Jun 2016, 21:11 - CEST | 50.1065, -5.5551 | 2 | negative |

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| EwanLawry | @DavidJo52951945 @LouiseMensch Don't forget, Ken Livingstone will emigrate if we #Brexit | 23 Jun 2016, 21:11 - CEST | Birmingham, England | 0 | negative |
| william_whyte | If my road is representative, there won't be any votes for #brexit. Then again, this is North Oxford. We voted for AV in the last one. | 23 Jun 2016, 21:11 - CEST | Oxford, UK | 0 | negative |
| emmstoen | RT @Zziagenio78: Studio Aperto consiglia all'Inghilterra di non uscire dall'Europa nelle ore piÃ¹ calde, bere molta acqua e mangiare tanta fâ€¦ | 23 Jun 2016, 21:11 - CEST | pluto | 361 | positive |
| CouncillorEd | RT @NicholasPegg: â€™Twas Brexit, and the slithy Goves<br>Did lie and grumble in the Mail,<br>All Menschy were the Boris droves,<br>And Nigel Farage iâ€¦ | 23 Jun 2016, 21:28 - CEST | Holywell, Wales United Kingdom | 11 | negative |
| 50106019HIST | RT @FT: From the archive: Here's why Americans are so alarmed by the Brexit vote https://t.co/g6BlstyfFT https://t.co/snNXuwtL9Q | 23 Jun 2016, 21:28 - CEST | Liverpool | 21 | negative |
| Efecto_Gamonal | RT @wikileaks: LIVE NOW: The #BrexitClub with #Assange, MIA, Varoufakis & others discussing UK referendum to leave the EU https://t.co/LVU0â€¦ | 23 Jun 2016, 21:28 - CEST | Gamonal Neighbourhood | 48 | positive |
| Farazzle92 | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/pYY5oYPhBq | 23 Jun 2016, 21:28 - CEST | Nottingham, England | 0 | positive |
| TheGrahamF | @timothydclark should've said Brexit polls!hahagaha oh god please don't leave the EU :( | 23 Jun 2016, 21:28 - CEST | | 0 | positive |
| krisrow09 | https://t.co/yV0sMVxTaM I mean, you have my attention, Brexit. | 23 Jun 2016, 21:28 - CEST | Omaha, NE | 0 | negative |
| Indysco500 | @McFc_Winners @beckymparry seriously I don't think I can lose, remain I'll be happy, brexit and we get indy so even better 1/2 | 23 Jun 2016, 21:28 - CEST | Scotland | 0 | negative |
| bogdy_tinna | RT @FrDesouche: Comme pour l'Autriche, BFM ne fait des reportages sur le #brexit que dans les quartiers chics ou immigrÃ©s | 23 Jun 2016, 21:28 - CEST | Paris, France | 60 | negative |
| hsandeman | RT @toadmeister: Just been knocking up on a council estate in Hammersmith. Leave outnumbered Remain by 20:1 #Brexit https://t.co/SFnC1efWgv | 23 Jun 2016, 21:28 - CEST | Hampshire UK | 100 | negative |
| WIRED | Brexit backers are forgetting that the internet erases borders: https://t.co/g8jPUcl05B https://t.co/jprx7SDk3V | 23 Jun 2016, 21:28 - CEST | San Francisco/New York | 2 | negative |
| PMN81 | RT @amirsadjady: Remain camp says there's no post #brexit economic plan, what's "their plan" when the last ounce of UK sovereignty is diminâ€¦ | 23 Jun 2016, 21:28 - CEST | Redditch, Worcs | 77 | negative |
| jonathan_repp | RT @thedragonschool: Dragons held their own #debate today #EUref #InOrOut<br>#Remain won, stealing 3 votes from their opposing Brexit team! hâ€¦ | 23 Jun 2016, 21:28 - CEST | Here, there and everywhere | 1 | negative |

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| CancunVaConMau | Peso sin efectos por Brexit; dÃ³lar baja mÃ¡s de 20 centavos y cotiza en 18.30 https://t.co/xBBUXYlrJs | 23 Jun 2016, 21:28 - CEST | | 0 | negative |
| EgemenKY | RT @AlnusFX: Dr. K. DaÄŸhan GÃ¶kÃ§e canlÄ± yayÄ±nda Brexit'i deÄŸerlendiriyor. 24/06/2016 saat 01:00 https://t.co/rgacecJl8q https://t.co/Ntkâ€¦ | 23 Jun 2016, 21:28 - CEST | Ä°stanbul | 1 | neutral |
| NewsPuppet | These are people stranded by extreme weather on Brexit day, who are likely not going to be able to vote. https://t.co/uBldzVK1pY | 23 Jun 2016, 21:28 - CEST | San Diego, CA | 0 | negative |
| PropertyHelping | RT @Dorian_Belvoir: Buytolet mortgage rates fall on Brexit fears and stamp duty hangover https://t.co/c4HHZFBtJ4 #mortgage #property | 23 Jun 2016, 21:28 - CEST | | 3 | negative |
| KushRatna | RT @CNN: What would a #Brexit mean for you? Our guide: https://t.co/e2zBtTQQYm #EUref https://t.co/olxKFUHneH | 23 Jun 2016, 21:28 - CEST | KENYAFRICA | 85 | negative |
| 1Flow | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/QEzMJdTAWM | 23 Jun 2016, 21:28 - CEST | | 0 | positive |
| nufcno1fan | RT @MikeHookemMEP: BREXIT BOOT: Ten of UKâ€™s most distinguished retired military officers call for Leave vote https://t.co/yi26B0tkDS | 23 Jun 2016, 21:28 - CEST | Newcastle/Gateshead | 40 | positive |
| ellisaddick | RT @igeldard: LEAVE before the EU manages to create its own armed forces #VoteLeave and #Brexit in the #EUreferendum https://t.co/IhLid1EFta | 23 Jun 2016, 21:28 - CEST | Mottingham | 10 | positive |
| markdmortimer | I #VoteOut for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/mnAAbNBh13 | 23 Jun 2016, 21:45 - CEST | leeds | 0 | positive |
| SarwarDeSoto | RT @Truce_JTTM: Older people of #Britain, please don't ruin our future on Thursday. The majority of the younger people want to stay.<br><br>#voteâ€¦ | 23 Jun 2016, 21:45 - CEST | Derby, England | 13 | negative |
| 6byNine | RT @NicholasPegg: â€™Twas Brexit, and the slithy Goves<br>Did lie and grumble in the Mail,<br>All Menschy were the Boris droves,<br>And Nigel Farage iâ€¦ | 23 Jun 2016, 21:45 - CEST | England | 123 | negative |
| pang5 | RT @ianbremmer: Stop calling it 'Euroskepticism.â€™ Itâ€™s really â€˜Eurohostilityâ€™â€”and itâ€™s not going away. My latest for @Time. https://t.co/5xâ€¦ | 23 Jun 2016, 21:45 - CEST | Tehran | 60 | negative |
| HelenB_Scape | RT @ScapeCEO: With the #EUref finally upon us Victoria Brambini discusses how a #Brexit could affect the #publicsector @psenews https://t.câ€¦ | 23 Jun 2016, 21:45 - CEST | Nottingham, England | 5 | negative |
| ANDREAZANETTIN | RT @franzrusso: #Brexit dall'analisi dei tweet nelle ultime 24 ore #Remain prevale su #Leave by @blueclaw<br>#socialmedia #politics https://tâ€¦ | 23 Jun 2016, 21:45 - CEST | | 17 | negative |
| gmcstockpicks | RT @moneymorning: How a #Brexit today could mean a @realDonaldTrump presidency tomorrow: https://t.co/0QyyHvsu9X | 23 Jun 2016, 21:45 - CEST | Houston, Texas | 1 | negative |

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| olympius23 | RT @LouDobbs: Why Would Brexit Not Pass? Video shows 'woman tourist' attacked by mob in Paris https://t.co/kYJ2cEnm3o via @MailOnline #Amerâ€¦ | 23 Jun 2016, 21:45 - CEST | | 213 | negative |
| oscaron | So. Are there any #brexit results so far? | 23 Jun 2016, 21:45 - CEST | Galactic Sector ZZ9 Plural Z A | 0 | negative |
| RuggAlan | RT @Dwalingen: VOTE! Don't stay home. Don't think the battle is won. Vote & celebrate UK Independence Day. #Brexit #VoteLeave #EU https://tâ€¦ | 23 Jun 2016, 21:45 - CEST | | 42 | positive |
| NikolausVonMyra | RT @GideonBoess: Wer fÃ¼r #Brexit ist,will wieder die Weltmeere beherrschen.Danke, @heutejournal,jetzt weiÃŸ ich Bescheid. Dachte schon, es wâ€¦ | 23 Jun 2016, 21:45 - CEST | | 93 | neutral |
| lvphillies08 | RT @CodeAud: What at stake with #Brexit? How #Brexit is important for the future of #Europe ? https://t.co/sO34Lm4vfe | 23 Jun 2016, 21:45 - CEST | LAS VEGASLAND | 10 | positive |
| kristenbgrant | RT @willrahn: For all those following #Brexit today, here's a quick and easy guide to the British class system. https://t.co/TLeCrRMTVd | 23 Jun 2016, 21:45 - CEST | | 368 | positive |
| Viterbiensis | @owenjbennett Good man Owen. BREXIT all the way. | 23 Jun 2016, 21:45 - CEST | Viterbo | 0 | positive |
| crmazu | RT @pictoline: La Batalla del Brexit ha comenzado: Reino Unido estÃ¡ votando si se va o se queda en la UniÃ³n Europea https://t.co/AudmrcOx20 | 23 Jun 2016, 21:45 - CEST | Tegucigalpa, Honduras | 1427 | neutral |
| NVJRobins1 | RT @Avaaz: Just 1.5 hours left to go vote! We are stronger together. Choose Love #VoteRemain #EUref #Brexit #referendum https://t.co/2akâ€¦ | 23 Jun 2016, 21:45 - CEST | London | 22 | negative |
| zamamiyagarei | RT @Reuters_co_jp: è‹±å›½ã®æ®‹ç•™æ”¯æŒ52ã€ã‚é›‹è„±æ”¯æŒ48ã,¤ãƒ—ã,½ã,¹ãƒ¢ãƒªèª¿æŸ» https://t.co/AbGwflR69h | 23 Jun 2016, 21:45 - CEST | ãº‹å‹™ æ‰€é–‹ ‹è¨- ï¼•æ•± ãº¬éƒ½ã ¸ å¤®åŒº å…œç”º | 283 | neutral |
| Jesus__Princess | @vote_leave @LeaveEUOfficial 800 Machines IGNORED CROSS Symbols Ballots #Brexit Computers Only Counted Remain Votes https://t.co/1wBgx45gOt | 23 Jun 2016, 21:45 - CEST | | 0 | negative |
| beautybythebun | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/DIdyg8DDiV | 23 Jun 2016, 21:45 - CEST | Blackburn, England | 0 | positive |
| Mirrorart4uMala | EXCLUSIVE: Record Turnout Of Working Class Voters Revives Brexit Hopes https://t.co/al9Fa4uZcC | 23 Jun 2016, 22:02 - CEST | | 0 | positive |
| colingreen42 | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/quFHnblWSq | 23 Jun 2016, 22:02 - CEST | sheffield | 0 | positive |

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| 45rosalies | RT @KinaRestall: Another vote cast for democracy, hope & freedom âœ– #LeaveEU #Brexit #VoteLeave https://t.co/lth6mhCmC0 | 23 Jun 2016, 22:02 - CEST | | 131 | positive |
| sirfofodot | RT @Independent: #dogsatpollingstations is back https://t.co/ygRdXrcx66 https://t.co/njyKdtIlgO | 23 Jun 2016, 22:02 - CEST | | 134 | neutral |
| deivida90277695 | RT @eggpickled: #EU #Brexit #Leave https://t.co/XGgbAl3ZZo | 23 Jun 2016, 22:02 - CEST | | 84 | positive |
| electo_mania | Casi 46 millones y medio de britÃ¡nicos llamados a las urnas #brexit | 23 Jun 2016, 22:02 - CEST | | 0 | negative |
| xeniaalexia | Europe Union referendum: final hours of historic Brexit poll â€“ live https://t.co/jnpc3YJkhc | 23 Jun 2016, 22:02 - CEST | Greece, Attica | 0 | neutral |
| MKwadyo | Brexit Backers Are Forgetting the Internet Erases Borders #afrogeek https://t.co/ONPPRWbhNJ | 23 Jun 2016, 22:02 - CEST | Cote d'Ivoire | 0 | negative |
| MadchesterManc | A lot of generalisation going on regarding folks political persuasion during this #Brexit referendum. I mean, I'm a lefty and #IVotedLeave | 23 Jun 2016, 22:02 - CEST | Bolton, England | 0 | positive |
| Rothchildhater | RT @JohnnyVedmore: #Remain in the EU and let sleeping dogs lay. #Brexit #VoteStay #VoteRemain #VoteLeave #EUref #StrongerIn https://t.co/vâ€¦ | 23 Jun 2016, 22:02 - CEST | Brockworth, England | 9 | positive |
| Paolodipinto | #maratonamentana #brexit #economisti #politici non capite un cazzo solo fiato #sprecato e purtroppo #superpagato | 23 Jun 2016, 22:02 - CEST | italia | 0 | negative |
| jmsrobertson | RT @z_mississippi: Karl Rove has just called the #Brexit vote for Ohio | 23 Jun 2016, 22:02 - CEST | Ridgeland MS | 1 | negative |
| OrlandoMilian9 | RT @latelateshow: Ahead of Thursday's #Brexit vote, James expresses his support for the United Kingdom to remain in the EU. https://t.co/4Fâ€¦ | 23 Jun 2016, 22:02 - CEST | Florida, USA | 146 | negative |
| twilightbarkuk | RT @dotty4paws: Poppy voted biscuit not #Brexit! #dogsatpollingstations #EUref #EUreferendum #dogsoftwitter https://t.co/JDYg53wOzg | 23 Jun 2016, 22:02 - CEST | | 2 | neutral |
| sw1ayfe | Standing in the queue by 10pm YOU WILL GET TO VOTE. Your #EUref vote WILL COUNT. You can do this. We can do this. #brexit #remain | 23 Jun 2016, 22:02 - CEST | London | 0 | negative |
| IBishil | No One to Trust: the Anger That Connects Brexit, Trump, Le Pen Bloomberg Politics https://t.co/qHIfuTGt6p | 23 Jun 2016, 22:02 - CEST | Paris | 0 | negative |
| LondonBC | Polls close in just over an hour. Here's our whattowatch guide to #Brexit night. https://t.co/Gtu1AHwfVL via @business #EUref | 23 Jun 2016, 22:02 - CEST | | 0 | negative |
| sprakpunkten | #DI LÃ¥ng tid och hÃ¥rda fÃ¶rhandlingar fÃ¶re en brexit: Vad blir nÃ¤sta steg om Storbritannien rÃ¶star fÃ¶r att lÃ¤m... https://t.co/oiOF9fs26z | 23 Jun 2016, 22:02 - CEST | Sverige | 0 | neutral |
| NoToSeparatism | The environment, public services & workers' rights are at risk from Brexit fascists. #VoteRemain #Remain #StrongerIN https://t.co/YuZVUhQfJ3 | 23 Jun 2016, 22:02 - CEST | Britain, Europe, Earth | 0 | negative |
| JohnG500 | RT @FoxBusiness: Does Queen Elizabeth want the UK to stay or leave? https://t.co/AKO4aj74Lf #Brexit | 23 Jun 2016, 22:02 - CEST | Charlotte, NC | 2 | positive |

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| bryan_brbennett | RT @Dwalingen: VOTE! Don't stay home. Don't think the battle is won. Vote & celebrate UK Independence Day. #Brexit #VoteLeave #EU https://tâ€¦ | 23 Jun 2016, 22:19 - CEST | Breatain n MhÃ²r | 64 | positive |
| thekateyouknow | RT @XplodingUnicorn: Dear Britain,<br><br>This Brexit vote is all wrong<br><br>If you want to leave the EU, dump some tea in the harbor and fight a warâ€¦ | 23 Jun 2016, 22:19 - CEST | Brooklyn, NY | 114 | positive |
| Churchynet | RT @NicholasPegg: â€™Twas Brexit, and the slithy Goves<br>Did lie and grumble in the Mail,<br>All Menschy were the Boris droves,<br>And Nigel Farage iâ€¦ | 23 Jun 2016, 22:19 - CEST | Sydney | 830 | negative |
| DenisClenvot | RT @Pat_Riot_72: Sortir de quoi au juste? Le UK n'est ni dans la zone Euro, ni dans l'espace Schengen. ^^ #Brexit | 23 Jun 2016, 22:19 - CEST | | 1 | negative |
| Alcodex | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 22:19 - CEST | U daljini, u dalekoj divljini | 5253 | positive |
| aass281564 | RT @CNNMoney: Everything you need to know about UK immigration https://t.co/7GaYlllovO Via @AlannaPetroff #EURef https://t.co/lqc5v49Auq | 23 Jun 2016, 22:19 - CEST | Ø§Ù„Ùƒ Ùˆ ÙŠØª | 11 | neutral |
| carsua6 | RT @elcomercio: Te explicamos quÃ© es el #Brexit y cÃ³mo puede afectar a Reino Unido y a Europa en 3 minutos â–º https://t.co/53EOU5LVC1 https:â€¦ | 23 Jun 2016, 22:19 - CEST | argentina | 9 | neutral |
| AngieCurwen1 | RT @Laura_Sandys: Think of future generations and the mess that they will have to pick up if we #Brexit vote remain @StrongerIn https://t.câ€¦ | 23 Jun 2016, 22:19 - CEST | | 60 | negative |
| MariaADeVoe | RT @jeepgirl77: Dear UK,<br><br>For all our sakes, I hope you vote #RemainINEU during the #Brexit voting.<br><br>Sincerely,<br>One of those colony kids | 23 Jun 2016, 22:19 - CEST | where in the world? | 1 | negative |
| Rayonegro00 | RT @felatriz88ATV: Los de Gibraltar estÃ¡n acojonados con el brexit, a ver quiÃ©n los enseÃ±a a ellos ahora a hablar inglÃ©s... | 23 Jun 2016, 22:19 - CEST | | 1 | positive |
| rillkon | RT @XplodingUnicorn: Dear Britain,<br><br>This Brexit vote is all wrong<br><br>If you want to leave the EU, dump some tea in the harbor and fight a warâ€¦ | 23 Jun 2016, 22:19 - CEST | Ð Ð¾Ñ• Ñ•Ð¸Ñ• | 114 | positive |

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| BicMallary | RT @XplodingUnicorn: Dear Britain,<br><br>This Brexit vote is all wrong<br><br>If you want to leave the EU, dump some tea in the harbor and fight a warâ€¦ | 23 Jun 2016, 22:19 - CEST | Kentucky, USA | 114 | positive |
| eisengeheul | RT @XplodingUnicorn: Dear Britain,<br><br>This Brexit vote is all wrong<br><br>If you want to leave the EU, dump some tea in the harbor and fight a warâ€¦ | 23 Jun 2016, 22:19 - CEST | hi.mi.tsu. | 114 | positive |
| Daniele39260567 | "I mercati sembrano dire no al Brexit. Ma non confondiamo la palla di neve con la valanga" https://t.co/blDuKflomc #economia #feedly | 23 Jun 2016, 22:19 - CEST | | 0 | negative |
| ZenMonkey | Adorable. Crossing my fingers for you, my friends. #Brexit https://t.co/A7PkcwX3GY | 23 Jun 2016, 22:19 - CEST | California | 0 | positive |
| jpankow | Why is it taking so long to learn the results of the #Brexit vote? If this were the US, the AP would have already called it yesterday. | 23 Jun 2016, 22:19 - CEST | Seattle | 0 | negative |
| julianbrowne | RT @Snowden: No matter the outcome, #Brexit polls demonstrate how quickly half of any population can be convinced to vote against itself. Qâ€¦ | 23 Jun 2016, 22:19 - CEST | Wokingham, UK | 6354 | neutral |
| JP_Stich | RT @nadrosia: Eltern Insider â†“ #brexit https://t.co/4hYGco8L1p | 23 Jun 2016, 22:19 - CEST | | 2 | negative |
| squadrat | Dieser massive VermÃ¶genstransfer, der heute innerhalb einer Nacht stattfindet, bekommt viel zu wenig Aufmerksamkeit. #zib2 #brexit | 23 Jun 2016, 22:19 - CEST | Vienna, Austria | 0 | negative |
| Schepizza | I hope I get a cnn notification at 2 AM that's like "BREXIT OCCURING!!!" And then I feel the earth rumble. | 23 Jun 2016, 22:19 - CEST | New York | 0 | negative |
| FinanciaOnline | RT @ReutersBiz: Here's everything you need to know about Brexit. https://t.co/tCEwq90f25 https://t.co/om9XcmPvRL | 23 Jun 2016, 22:37 - CEST | London, England | 5 | neutral |
| ExpatSyndicate | UK expats debate Brexit vote from Saskatoon: As Britain prepares to vote in the historic Brexit refere... https://t.co/ifMMhPvQev #Expat | 23 Jun 2016, 22:37 - CEST | | 0 | neutral |
| JoannaInTexas | I see Brits getting upset with Americans for voicing opinions on #Brexit That's fine, but should you not likewise stay out of US politics? | 23 Jun 2016, 22:37 - CEST | Dallas, Texas | 0 | negative |
| arxidobehs | RT @stefen61: Î'Î½ ÎÎ²Î»Îµï€Î±Î½ Î±ï…ï„Î¬ ï„Î¬ï„+ï„Î»Î¯ï„ï€Î± ïƒï„Î· Î'ï¿½Îµï„Î±Î½Î¯Î± Î¼Îï‡Î¹ï€Î¿ï„Î¿ï„Î¿ï„ï€Î¿ï„ï„ï€Î¿ï„ï„ï€Î¿ï„

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| chiefychieftion | RT @nypost: "Game of Thrones" fans should think twice before supporting #Brexit https://t.co/QFPwSORCgH | 23 Jun 2016, 22:37 - CEST | | 23 | neutral |
| Danbo12 | I #VoteIn for the #Brexit #EURef vote with @Brndstr & unlocked my own Flag Profile pic! What will you vote? #ivoted https://t.co/PQXjWAwb9Z | 23 Jun 2016, 22:37 - CEST | Essex/London, United Kingdom. | 0 | positive |
| rikkisawhney | [bnet] U.S stocks rally as U.K. votes on Brexit: 230point leap lifts Dow industrials back above 18,000, firs... https://t.co/GrGPkJQCTJ | 23 Jun 2016, 22:37 - CEST | | 0 | neutral |
| ScouseJones1 | Good night BritainIt was nice while it lasted!! I suppose I will wake up as an #eu citizen #RIP #LeaveEU #Brexit #FuckCameron | 23 Jun 2016, 22:37 - CEST | | 0 | positive |
| MAGA_PoEc | RT @nhk_news: ã€ãƒ©ã,¤ãƒ–ãƒ–ãƒ°ã,¤ã,®ãƒªã,¹å›½æ°‘æŠ•ç¥¨ã€‘æ—¥ã®ãƒ¨ãƒ¼ãƒƒãƒ–ãƒ‘ã•ªæ ªå¼å¸‚ã§ã¯ã¯ã¯

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| KeralaGuy77 | @michaelsantoli if #brexit wins buy any massive dip and sell rips. If #Brexit loses, buy dips if it happens or chase also :) | 23 Jun 2016, 22:37 - CEST | | 0 | negative |
| djdom1uk | 7 signs that Brexit is really happening https://t.co/maf0973ZZy via @POLITICOEurope #Brexit #LeaveEU #IndependanceDay #VoteLeave | 23 Jun 2016, 22:37 - CEST | England | 0 | positive |
| Digi24_HD | BREXIT \| Emil Hurezeanu, despre consecinÈ›ele referendumului din Marea Britanie https://t.co/7E9or6kJ0y | 23 Jun 2016, 22:54 - CEST | RomÃ¢nia | 0 | negative |
| last_hussar | Me leaving the polling station #Brexit #EUref #Remain https://t.co/VH0TxyVsvd | 23 Jun 2016, 22:54 - CEST | United Kingdom | 0 | negative |
| valentindignoes | RT @golub: 'Brexit' to be followed by Grexit. Departugal. Italeave. Fruckoff. Czechout. Oustria. Finish. Slovakout. Latervia. Byegium. | 23 Jun 2016, 22:54 - CEST | Vienna, Austria | 5494 | positive |
| yoyen | 7 menit lagi bilik suara tutup untuk #brexit | 23 Jun 2016, 22:54 - CEST | Nederland | 0 | negative |
| daveb700 | #brexit Mania! https://t.co/7U03uOTDVK | 23 Jun 2016, 22:54 - CEST | Emmaus, PA | 0 | negative |
| aleuru510 | RT @EspuelasVox: Good info to understand this #Brexit mess. https://t.co/afyE6MELys | 23 Jun 2016, 22:54 - CEST | Fort Worth,TX | 16 | negative |
| FOX10Phoenix | RT @FoxBusiness: What impact, if any, will the #Brexit vote have on the U.S. economy? https://t.co/nbnakeHjQb | 23 Jun 2016, 22:54 - CEST | Phoenix, AZ | 3 | neutral |
| Sr_GaliMatias | @MonumentalCR Â¿QuÃ© le sirve al mundo? Los de la "campaÃ±a del miedo" dicen que los mercados financieros pueden resfriarse si gana el BREXIT. | 23 Jun 2016, 22:54 - CEST | | 0 | negative |
| vfczyzheljkma20 | RT @KKKukushkin: ÐŸÑ€Ð¸Ð±Ð»Ð¸Ð·Ð¹ Ñ‡Ð°Ñ• Ð¾Ð³Ð¾Ð»Ð¾Ñˆ ÐµÐ½Ð½Ñ• Ñ€ÐµÐ·ÑƒÐ»Ñ‬Ñ‚Ð°Ñ‚Ñ–Ð² #brexit 5 Ñ€Ð°Ð½ÐºÑƒÐ·Ð° ÐºÐ¸Ñ—Ð²Ñ‰ÑŒÐºÐ¸Ð¼ | 23 Jun 2016, 22:54 - CEST | | 5 | neutral |
| i_vamshi | Brexit or Bremain: Oil, Gold & FX Trades May See Vastly Different ShortTerm Plays https://t.co/4aHxRm2qAC https://t.co/Qb3l9rZWOt | 23 Jun 2016, 22:54 - CEST | Online! | 0 | negative |
| DateDarte | La Brexit fa paura: l'incertezza ha dominato l'asta impressionista da Christie's a Londra https://t.co/PmrmMwpOZc | 23 Jun 2016, 22:54 - CEST | Italia | 0 | positive |
| huckhaas | Hat eigentlich jetzt jeder der groÃŸen Klassensprechertwitterer was Pfiffiges zum #Brexit gebracht oder wird da noch gebrÃ¼tet? | 23 Jun 2016, 22:54 - CEST | Wiesbaden | 0 | positive |
| CedricLng | RT @Leave4Vote: #IVotedLeave #IVotedLeave<br><br>THERE HAS BEEN A NEW OFFICIAL PREDICTION<br><br>'It appears Brexit have taken a storming lead againsâ€¦ | 23 Jun 2016, 22:54 - CEST | Never Lose Hope âœˆï¸• France (60) | 1 | positive |
| eriklevert | Brexit polls close in six minutes. Wild times. | 23 Jun 2016, 22:54 - CEST | Fort Worth, TX, USA | 0 | negative |

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|---|---|---|---|---|---|
| ilovedyoufirsty | @NiallOfficial what do you think about #brexit ? | 23 Jun 2016, 22:54 - CEST | | 0 | neutral |
| xXxDOWNERxXx | Die Britten, ja. Aber das Vereinigte KÃ¶nigreich (#UK) stimmt ab, nicht GroÃŸbritanien (#GB). Unterschied. Fakt! âˆš #BREXIT #zdf #daserste | 23 Jun 2016, 22:54 - CEST | Germany, MAINZ | 0 | positive |
| HarryWoodley_ | RT @lordcameron_: timeline has gone from brexit to ian connor 0100 | 23 Jun 2016, 22:54 - CEST | Ã¶zil and payet enthusiast | 1 | negative |
| ManuelaKC | RT @LaszczakClaudia: Less than two hours to go. In Camden Town most people vote REMAIN! #EUref #Brexit @dw_business https://t.co/oja0BbErO7 | 23 Jun 2016, 22:54 - CEST | Berlin, Germany | 3 | negative |
| QbanKendy | RT @WSJ: Follow our live coverage as the U.K. votes on whether to make a Brexit from the EU. https://t.co/bTT9VuBia2 https://t.co/Q6FMzT4Yos | 23 Jun 2016, 22:54 - CEST | NEW YORK USA | 59 | neutral |
| Headspanner | RT @NicholasPegg: â€™Twas Brexit, and the slithy Goves<br>Did lie and grumble in the Mail,<br>All Menschy were the Boris droves,<br>And Nigel Farage iâ€¦ | 23 Jun 2016, 22:54 - CEST | | 1144 | negative |

**From**: Ens, Amanda[redacted]
**Sent**: 12/9/2016 3:46:19 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Rich Kahn[redacted]
**Subject**: RE: Financials: buy XLF call spreads
**Attachments**: image001.png

**Importance**: High

We continue to see further upside in financials.

- Erika Najarian, BAML financials research analyst, just returned from a marketing trip. Bottom line: North American investors are very bullish the banks (long only AND hedge funds AND macro funds), but then conclude "I don't own enough". Note that high touch flows have slowed down significantly since Thanksgiving and where the buying has been concentrated in XLF (every client sector we have has been a better buyer of XLF).
- Client focus:

1) Regulation: Excitement, with the base case that it's not getting worse.
2) Sentiment on rates: Cautiously bullish
3) Sentiment on growth: Also bullish
4) Sentiment on corporate tax rate cuts: buyside more bullish than sellside. In 1986, bank stocks exploded upward (outperforming the S&P) after Reagan's tax reform bill passed the Senate; and 2) in 2003, the last time we saw personal tax cuts, loan growth industry wide accelerated in 2003 and 2004.

- Biggest Pushback on owning sector at current levels: Too far too fast: BKX +18.00% post election: Valuation coming into question and Q4 has typically been a seasonally weak qtr. Bulls defend valuation on '18ests with potential upside to 2018 EPS from ~25-40% and stocks still cheap vs. discretionary.
- Price action and sentiment keeps us constructive, we like the long and would expect US financials to benefit from any beta chase into year end.

- **How to play it?** We still like "appearing" call spreads on XLF
  - Buy a 6 month 105% call with a short 110% call that knock in if XLF trades above 115% during the life of the trade for 1.75% premium cost
    - Gross max payoff if knock-in is triggered: **2.8x** (5.0%/1.75%)
    - Gross max payoff if knock-in is not triggered: **5.6x** (9.9%/1.75%) – you have upside up to 114.9%

Regards,
Amanda

**Amanda Ens**
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One Bryant Park | 5th Floor | New York, NY 10036
Phone:[redacted] Mobile:[redacted]
[redacted]

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**From:** Ens, Amanda
**Sent:** Tuesday, November 22, 2016 2:15 PM
**To:** 'jeffrey E.'; Rich Kahn
**Subject:** Financials: buy XLF call spreads

Underweight positioning, buybacks resuming, positive momentum and strong fundamentals all indicate that there is still further upside potential in financials (more details below). Our financials sector specialist thinks XLF could have another 20-25% upside given the many levers to the Trump Trade: less regulation, higher interest rates, higher vol, economic growth, loan growth, etc. The asset sensitive regional banks are more of a pure play on a rates move but we view the larger cap banks as having multi-pronged upside given the aforementioned points.

That said, given the velocity and magnitude of the recent move and uncertainty around the impact and timing of Trump's policies, we believe options offer better risk-reward than being outright long financials stocks here. With flat call skew, "appearing" call spreads with upside knock-ins price well.

Buy a 1 year XLF call spread for 2.6% premium

- Buy a 110% call
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  - Gross max payoff if knock-in is triggered: **2.9x** (7.5%/2.6%)
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**Post Election Flow Skews - Buyers of Health Care (via ETFs) and Financials (mainly ETFs)**

- **US Buyback Flows**
- **Cons Disc, Technology and Financials are the largest 3 sectors for US buybacks (over 70% of execution). We are seeing a seasonal increase in buybacks** as we come out of the low seasonal month of the year (October) and should see increased buyback executions until year-end, another source of upside for the Cons Disc, Technology and Financials sectors.

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**Future of Financials** conference hosted 90 public and private companies at our Future of Financials conference. We are raising our price objectives across most of our names. Three primary reasons why we think there is upside remaining after the recent rally: 1) an improved outlook on both activity levels and interest rates, driving revenue upside; 2) potentially lower regulatory burden, particularly as new supervisory leadership can come with the new administration; and 3) relatively lighter positioning in US financials vs. other sectors. (Erika Najarian)

**Trades Gaining Momentum: Finance-Related Assets vs. S&P 500**

In the period since the US presidential election, the three top-performing S&P sectors and industry groups have all been finance-related (Banks, Financials, Diversified Financials)

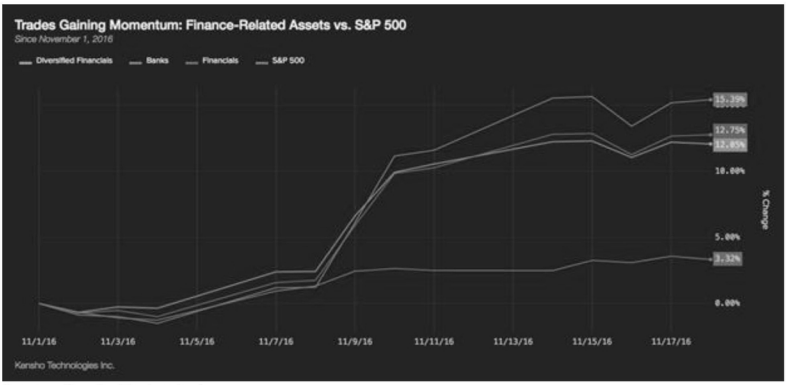


Source: Kensho Technologies

The Flow Show, Michael Hartnett, 11/18. Violent rotation: record equity ETF inflow, record financials inflow, biggest bond outflow in 3.5 yrs, record EM debt outflow.

Regards,
Amanda

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**Sent**: 12/9/2016 4:03:45 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn[redacted]
**Subject**: RE: Financials: buy XLF call spreads
**Attachments**: image001.png

**Importance**: High

Thank you Jeffrey. Notional is $14,285,000. I'll be back with final trade details.

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, December 09, 2016 10:56 AM
**To:** Ens, Amanda; Richard Kahn
**Subject:** Re: Financials: buy XLF call spreads

lets try, 250k premium

On Fri, Dec 9, 2016 at 11:46 AM, Ens, Amanda [redacted] wrote:

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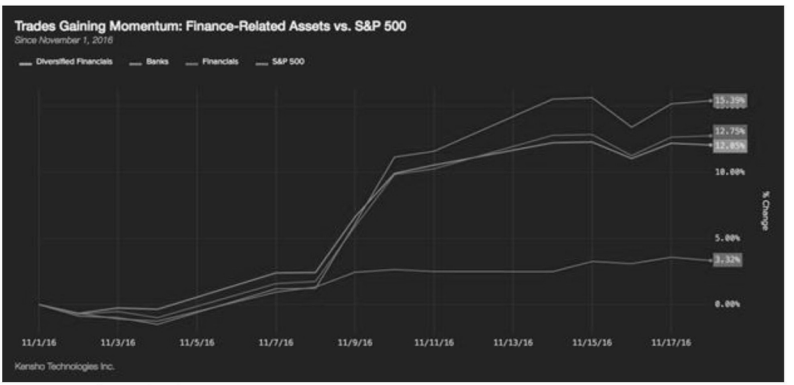


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# ARTIFICIAL INTELLIGENCE ADVERSE OUTCOMES & TEAMS

## 1) FINANCIAL MARKETS

*AI, Trading Systems, and Market Manipulation*
**Chair**: Michael Wellman
**Red Team:** Miles Brundage, Randy Bryant, Gary Marchant, Jaan Tallinn
**Blue Team**: Michael Littman, Greg Cooper, Yan Shoshitaishvili, Frank Wilczek

## 2) DEMOCRACY, INFORMATION, AND IDENTITY

*AI, Information, and Democracy*
**Chair**: Shahar Avin
**Red Team:** Miles Brundage, Seán Ó hÉigeartaigh, Andrew Maynard, Eric Horvitz
**Blue Team**: Gary Marchant, Gireeja Ranade, Michael Littman, Subbarao Kambhampati, Jeremy Gillula

## 3) WAR & PEACE

*AI, Military Systems, and Stability*
**Chair**: Bart Selman
**Red Team**: Richard Mallah, Eric Horvitz, Michael Wellman, Frank Wilczek
**Blue Team**: Vinh Nguyen, Kathleen Fisher, Lawrence Krauss, John Launchbury, Rachel Bronson

## 4) AI, CYBERSECURITY, AND AI ATTACK SURFACES

*AI Attacks on Computing Systems, Devices, Infrastructure (focus)*
*Manipulation & Disruption of AI Systems*
**Chair**: Kathleen Fisher
**Red Team**: Jeffrey Coleman, John Launchbury, Vinh Nguyen, Mauno Pihelgas
**Blue Team**: Ashish Kapoor, Randy Bryant, Yan Shoshitaishvili, Ben Zorn

## 5) AI, GOALS, AND INADVERTENT SIDE EFFECTS

*Runaway Resource Monopoly (focus)*
*Self-Improvement, Shift of Objectives*
**Chair**: Seán Ó hÉigeartaigh
**Red Team**: Jaan Tallinn, Nate Soares, Jeff Coleman, Bart Selman
**Blue Team**: Dario Amodei, Greg Cooper, Shahar Avin, Ben Zorn

## 6) DEEP LONG-TERM SOCIETAL INFLUENCES

*AI, Agency, and Disempowerment*
**Chair**: Gireeja Ranade
**Red Team**: Richard Mallah, Andrew Maynard, Nate Soars, Mauno Pihelgas, Jeremy Gillula
**Blue Team**: Subbarao Kambhampati, Lawrence Krauss, Dario Amodei, Frank Wilczek



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## 1) FINANCIAL MARKETS

*AI, Trading Systems, and Market Manipulation*

(Incorporating contributions by Michael Wellman and others)

There has been advances in the realm of trading in financial markets with the use of autonomous decision systems. Financial markets now operate almost entirely electronically, over networks with relatively well-scoped and well-defined interfaces. Markets generate large quantities of data at high velocity, which require algorithms to digest and assess state. The dynamism of markets means that timely responses to information are critical, providing a strong incentive to take slow humans out of the decision loop. Finally, the rewards available for effective trading decisions are large, enabling a commensurate devotion of resources toward talent and effort to develop and analyze technically sophisticated strategies.

The rewards and pervasive automation are a tempting target for *market manipulation*. Thus there are potential incentives to employ ***deceptive tactics designed to mislead counterparties about market conditions or world state, toward the goal of exploiting misled participants for profit***.

"Manual" market manipulation—from spoofing to outright fraud—is prevalent in financial markets today. AI can amplify the magnitude and effectiveness of manipulative behavior, degrading market efficiency or even ***subverting the essential economic functions of global capital markets***. For example, automation can enable more rapid and massive simultaneous attacks on electronic markets, and adaptive capabilities may persistently evade known detection methods.

**DISCUSSION**

**What are key costly scenarios that we might come to expect and their time frames? What might be done to counter this direction and help to keep markets efficient and functioning well? How might adversaries and incentives lead to a thwarting of such attempts?**

**POTENTIAL GOALS**

**Identify key challenges ahead, including very costly outcomes. Identify key directions with best practices, mechanism design, monitoring and regulatory activity to help to thwart poor outcomes.**

**REFERENCES**

R. Harris. *The Fear Index*, Hutchinson, 2011.
Summary: https://en.wikipedia.org/wiki/The_Fear_Index

M.P. Wellman and U. Rajan. Ethical issues for autonomous trading agents. *Minds & Machines*, 2017. doi:10.1007/s11023-017-9419-4
http://strategicreasoning.org/publications/2016-2-2/minds-machines-wr/



HOUSE_OVERSIGHT_011285

## 2) DEMOCRACY, INFORMATION, AND IDENTITY

*AI, Information, and Democracy*

(Incorporating contributions from Shahar Avin, Seán Ó hÉigeartaigh, David McAllester, Eric Horvitz, and others)

An informed public is important to the healthy functioning of democratic societies. We can expect potential forthcoming advances around the control of information feeds with applications in spreading propaganda, via spreading false or misleading information, creating anxiety, fueling conspiracy theories, and influencing voting. Such methods will bring key challenges to democracy.

**CHALLENGES AHEAD WITH AI, PROPOGANDA, AND PERSUASION**

Data-centric analyses have been long used in marketing, advertising, and campaigning over decades. However, over the past few years, we have seen the rise of the use of more powerful tools, including machine learning and inference aimed at algorithmic manipulation, with the target of influencing the thinking and actions of people. Some initial uses of these methods reportedly played a role in influencing the outcome of recent US presidential elections, as well as the elections in 2008 and 2012. We can expect to see an upswing in methods that manipulate states of information in a personalized automated manner. These systems can be designed and deployed as omnipresent/persistent, and aimed at specific goals for group- or person-centric persuasion.

As our data and models of how people consume and act on information improve, and as an increasing portion of information consumption is mediated through digital systems managed by potentially opaque algorithms, it becomes increasingly conceivable that the information ecosystem would get captured by malicious actors deploying increasingly advanced tools to control, shape, forge and personalize information, from ads to news reports.

Machine learning, in conjunction with active learning, expected value decision making, and optimization of allocations of key resources, such as dollars or human effort, can be targeted at monitoring, understanding, and then working to influence the beliefs and actions of large populations of people. Data can be collected from large-scale populations, across multiple devices and services, and used to make inferences about the psychologies and beliefs of people, and for designing and guiding persuasive flows of sequences of information. Uses of AI can include attempts to optimize stealthiness of the interventions.

In the future, a great deal of the information consumed by citizens on personal devices is subject to alteration by information-engineers at media corporations and governmental propaganda offices, such that outside a few key positions of power no one really knows what is going on in the world. There is a danger of the growth of domination over time of large populations by a single dominant or a few systems. We can imagine methods that modify even such feeds as Wikipedia articles, creating personalized views—that subtly shift the version of the article seen by my



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colleague and drastically different from the one seen by a member of another nation state, or a supporter of a different political party, or someone in a different consumer profile category.

**AI ATTACKS ON SOURCES AND IDENTITY**

Messaging and persuasion promises to be amplified by the use of simulated yet believable, realistic, yet synthetic audio, photos, and even video that make believable, persuasive content to the next level. Beyond influencing citizens and affecting democracy, such content, including false signaling, can be injected in sequences with careful timing so as to influence leaders (or machines themselves over time) to create crises, or even escalations to frank warfare. So, messaging and persuasion promises to be assisted and amplified by the use of simulated yet believable, realistic, yet synthetic content, audio, photos, and even video that make believable, persuasive content to the next level. Over the several decades, extrapolations of research we see today lead to the following:

- Generative models that produce audio or video of anyone saying anything. There is already substantial work on "style transfer" as well as photorealistic generative models in many domains. Speech synthesis is becoming similarly competent. It is inevitable that we will be able to make synthetic video and audio that is completely indistinguishable from the real thing.
- Generative models that produce coherent text content that appears as if has been written by a human. Such generative content will be able to appear if the content was written by a particular person. For example, in 2030 it will likely to possible for anyone to write a 4 paragraph email that reads like it was written by your close friend.
- Adaptive botnets, worms, or viruses that use modern machine learning techniques to learn and adapt. Viruses and botnets already cause a huge amount of damage by just copying code across many computers. If they had the ability to design and experiment with new attack strategies, and communicate what they learn to other copies, defending against them could become even more difficult. Similarly ML could be used to make DDoS attacks more effective.
- Automated analysis of software vulnerabilities. People are already using ML to try to detect vulnerabilities (for the purpose of defending against them) -- it is only a matter of time before they start being used for attack (if they aren't being so used already).

The above capabilities, together with similar powers of synthesis that we are likely to develop in the next 15 years, could potentially combine to make the internet much more vulnerable to attack at much lower cost, and by a wider set of people, than ever before. The first two capabilities would seem to make it much easier to launch automated social engineering attacks with much higher success rates than e.g. current spam email and phishing attacks, while the second two capabilities might make technical attacks much more effective.

Combined, all of these capabilities could conspire to create an internet ecosystem where it is very difficult to trust the communication that you receive and very easy to intercept, spoof, steal, or alter communication, as well as to improperly gain control of internet resources. This is obviously already



HOUSE_OVERSIGHT_011287

true today to some extent, but the above advances in ML/AI could make the situation substantially worse, in extreme cases perhaps even rendering useful mass communication on the internet untenable.

The rising capabilities can be used in multiple ways in multiple settings with multiple goals. Some uses may be subtle and employed over time to do important but damaging biasing of sentiment about individuals and groups of people. The capabilities can be combined to enable identity theft or identify distortion for destroying the reputation of people and groups. As such, these abilities could enable small groups to wield great power in multiple arenas and for new forms of blackmail, threats, and control.

**SUMMARY**

Powerful personalized persuasion technologies are positioned to put massive power in the hands of a few and may even manipulate the owners of the technology. Powerful propaganda and persuasion machines threatens to undermine democracy, free availability of information about the state of the world, and, more generally, freedom of thought. Leaders may increasingly depend upon such propaganda optimization systems for attaining and holding power. Over time, even the potential initial owners of such systems might become unaware or unable to control these systems—and may believe the propaganda themselves.

In the longer-term, there is the possibility that one or multiple systems, or distributed coalitions of systems communicating implicitly or explicitly could autonomously persuade, subjugate, and control populations. Pathways to such situations include the side effects of rise in the large-scale use by people of communicating personalized filters that interpret and pool information with the initial intention of grappling with widespread uses of manipulative information.

**SAMPLE TRAJECTORY**

- ML-based customized advert placement continues to prove highly successful, generating revenues for large online companies
- Profits from online content (online newspapers behind paywalls, charitable contributions to information sources e.g. Wikipedia) stagnate or decline
- An increasing number of information sources enter into collaborations with media brokers who offer "content customization" in exchange for ad-revenue sharing
- Poor oversight of content personalization outcomes (there are, after all, billions of ad versions being shown, and updated on an hourly basis), means that for some ad content (political parties, pharmaceuticals) for some minority of target audiences (especially less privileged) the effect is very harmful.

**KEY POINTS**

- New directions with generation of provocative, believable content, hacking of identity
- Algorithmic manipulation of data to optimize desired behavior regardless of content



HOUSE_OVERSIGHT_011288

- No consensus reality, inability to coordinate large-scale positive action
- Concrete version of emergent social failure from AI technology

**DISCUSSION**

**Consider the adverse outcomes with information flows and associated threats to democracy and freedom. What surprises might lurk in our future around costly outcomes in this realm? How might we thwart attacks on manipulating content from people, and on harnessing or hacking someone's identity? What might be done to thwart a march to adverse outcomes for information, freedom of thought, democracy? What recommendations might be made about steps for moving forward?**

**POTENTIAL GOALS**

- Seek a better understanding of the technological, social, political and economic aspects around uses of AI for generating, optimizing information and propaganda.
- Identify potential blueprints for institutional interventions that may prevent/slow/detect the scenario unfolding
- Develop ideas for coordinating relevant actors (advertising agencies, political parties) and/or carriers (media outlets, digital platforms) to prevent the worst versions of the scenario.
- Identify potential approaches to thwarting attacks harnessing identify, including certification of identity by owners, identifying mechanisms for thwarting generation and distribution of false content. Possibilities of new approaches to minimizing threat with fines, other regulatory activity.

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HOUSE_OVERSIGHT_011290

## 3) WAR & PEACE

*AI, Military Systems, and Stability*

(Contributions from Eric Horvitz, Elon Musk, Stuart Russell, others)

Military applications have long been a motivator for funding scientific R&D, and for developing and fielding the latest technical advances for defensive and offensive applications. We can expect to see a rise in the use of AI advances by both state and non-state actors in both strategic and tactical uses, and in wartime and peace. AI advances have implications for symmetric and asymmetric military operations and warfare, including terrorist attacks. Advances in such areas as machine learning, sensing and sensor fusion, pattern recognition, inference, decision making, and robotics and cyberphysical systems, will increase capabilities and, in many cases, lower the bar of entry for groups with scarce resources. AI advances will enable new kinds of surveillance, warfighting, killing, and disruption and can shift traditional balances of power.

Two areas of concern taken together frame troubling scenarios:

- **Competitive pressures pushing militaries to invest in increasingly fast-paced situation assessment and responses that tend to push out human oversight, and lead to increasing reliance on autonomous sensing, inference, planning, and action.**
- **Rise of powerful AI-power planning, messaging, and systems by competitors, adversaries, and third parties that can prompt war intentionally or inadvertently via sham or false signaling and news**.

The increasing automation, coupled with time-critical sensing and response required to dominate, and failure to grapple effectively with false signals are each troubling, but taken together appear to be a troubling mix with potentially grave outcomes on the future of the world.

Concerning scenarios can be painted that involve that start of a large-scale war among adversaries via inadequate human oversight in a time-pressured response situation after receiving signals or a sequence of signals about an adversary's actions or intentions. The signal can be either be well-intentioned, but an unfortunate false positive or an intentionally generated signal (e.g., statement by leader or weapons engagement) e.g., designed and injected by a third party to ignite a war. Related scenarios can occur based in destabilization when an adversary believes that systems on the other side can be foiled due to AI-powered attacks on military sensing, weapons, coupled with false signaling aimed at human decision makers.

A US DOD directive of 2012 (3000.09) specifies a goal (for procuring weapon systems) of assuring that autonomous and semi-autonomous weapon systems are designed to allow commanders and operators to exercise appropriate levels of human judgment over the use of force. The directive seeks meaningful human controls. However, it is unclear how this goal can be met with the increasing stime-critical pressures for sensing and responses, and competition for with building the most effective weapon



HOUSE_OVERSIGHT_011291

systems. Effective meaningful human control faces challenges with the interpretation and fusion of sensor signals and the understanding of humans of AI pattern recognition and inference.

**DISCUSSION**

**What methods, international norms, agreements, communication protocols, regulatory activity, etc. might be harnessed to minimize challenges with destabilizations around time-criticality, automation, and gaming? How can meaningful human control be assured/inserted into key aspects of decision making?**

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## 4) AI, CYBERSECURITY, AND AI ATTACK SURFACES

*AI Attacks on Computing Systems, Devices, Infrastructure (focus)*
*Manipulation & Disruption of AI Systems*

(Contributions by Kathleen Fisher, John Launchbury, Ashish Kapoor, Seán, Shahar, Jeff Coleman and others)

AI will be used in new ways to enhance cyberwarfare. Targets could be either purely computational, aimed at the bringing down of computing systems, the stealing of stored information, of gaining access to monitoring activity and information streams. However, we are more likely to see potentially even more costly attacks involving a combination of cyber and physical systems, e.g., uranium enrichment plants, automated flight systems, weapon systems, automated driving systems, healthcare equipment, oil refineries, or the large swaths of the power grid of the US or other countries.

Cyberwarfare is a domain in which the use of AI is inevitable. Attacks and/or responses are likely to happen at computing rather than human speeds. As soon as one side has autonomous cyber warriors systems (ACWs), other actors will have to adapt similar offensive or new defensive technologies. Given this context, imagine building an ACW designed to seek, disrupt, and destroy within high-value adversary networks and systems. The ACW has to be able to observe network behavior to build situational awareness, find places to hide, create exploits to pivot to new places, build a map and use it to navigate complex networks, find high-value information, and identify targets to disable or from which to extract information.

Because high-value adversary networks are likely to be relatively isolated, the ACW will have very limited opportunities for external command and control communication, so it will need to make many decisions in isolation. It will read information it finds, build a model of adversarial intent, and then invent ways to disrupt that intent.

Establishing the initial access to the high-value network is likely challenging, so the ACW will spawn and spread to ensure that it can reconstruct itself if an active part is observed and destroyed. The ACW may also create disguised caches of specific capabilities so that it can construct new mission-oriented functionality from pieces. It will morph its active form so that defenses will have a hard time finding it. It will inject itself into trusted binaries so that its behavior is difficult to distinguish from legitimate applications.

The mission of the ACW will likely be defined in flexible terms because the human handlers will have only limited information when it is deployed. The ACW will be designed to seek opportunities to communicate with its human handlers, but it will also be designed to act autonomously if it observes triggering behavior in the adversary's systems. It may try to distinguish training states from active warfare states on adversary systems. The creators of the ACW will have had to trade off the likely effectiveness of the ACW versus the cost of premature action. Awareness of the adversary's systems will necessarily be limited in accuracy because it only gets a worm's eye view of the network from the



HOUSE_OVERSIGHT_011293

portions of the system it has been able to compromise. Once the ACW triggers an active mission, it will work to degrade or destroy specific functionality (e.g., rewriting network routine tables, replacing plans, changing target information).

Once the technology for ACWs exists for military targets, it seems likely there will be cross over into civilian use. Such technology could be deployed against law enforcement targets to disrupt criminal investigations, against banks to steal financial assets, or against companies to steal intellectual property. As they spread into these more general targets, the effects of ACWs might become less predictable. If an ACW incorrectly assesses the situation, it might end up taking down a flight control center or a stock exchange, for example.

**SOURCES**

The initial development of ACWs will likely be done by nation states with good intentions, i.e., securing the national interests. (Although what is in one country's national interest may well not be in the national interest of other countries). The shared existence of such technology might serve as a deterrent against their use by anyone in much the same way that nuclear weapons have served as a deterrent, although ACWs would likely have to be used to devastating effect first to establish their efficacy and threat. However, once the technology exists, it would be very difficult to keep it out of the hands of people with malicious intent (criminals, terrorists, and rogue nation states). It is also the case that the technology has the potential to cause significant collateral damage even if its use was originally well intentioned because it can be difficult to distinguish civilian from military targets in cyberspace.

**PERSISTENCE**

Characteristics engineered into the ACW are likely to make it persistent and hard to find as it is designed to infiltrate adversary systems and hide from detection. Once released and active in the open Internet, it may be economically impossible to destroy and remove.

**OBSERVABILITY**

Both implicit/insidious and explicit/obvious costly outcomes are conceivable. An ACW could make subtle changes to systems that cause adverse outcomes while hiding its tracks, making it extremely difficult to determine why something has gone wrong or even that something has gone wrong. Attacks that impact the physical world would be harder to mask, but it might still be possible to hide the role of the ACW in the attack.

**TIME FRAME**

It seems likely we would start to see ACWs in less than 15 years. Initial steps along these lines are already taking place; see DARPA's Cyber Grand Challenge, which took place in August 2016 in Las Vegas. The Cyber Reasoning Systems (CRS) that competed in that event are still primitive, the first of their kind. The team that won the competition came in last in the human-league capture-the-flag tournament that happened immediately after. The situation is likely analogous to what we have seen



HOUSE_OVERSIGHT_011294

in the past with Chess and Go. Computer systems are initially inferior to their human counterparts but quickly come to dominate the space.

The purpose of ACWs means they will be equipped with strategies for replication, persistence, and stealth, all attributes that will make it hard to defend against them were they to "go rogue." Because of this concern, it is likely a good idea for designers to add built-in "kill switches", lifetimes, or other safety limitations. Figuring out how to effectively limit the actions of an ACW while maintaining its usefulness is likely a very hard problem.

Current practices of cyber defense (especially against advanced threats) continue to be heavily reliant on manual analysis, detection and risk mitigation. Unfortunately, human-driven analysis does not scale well with the increasing speed and data amounts traversing modern networks. There is a growing recognition that the future cyber defense should involve extensive use of autonomous agents that actively patrol the friendly network, and detect and react to hostile activities rapidly (faster than human reaction time), before the hostile malware can inflict major damage, or evade elimination, or destroy the friendly agent. This requires cyber defense agents with a significant degree of intelligence, autonomy, self-learning and adaptability. Autonomy, however, comes with difficult challenges of trust and control by humans.

The scenario considers intelligent autonomous agents in both defensive and offensive cyber operations. Their autonomous reasoning and cyber actions for prevention, detection and active response to cyber threats will become critical enablers for both industry and military in protecting large networks. Cyber weapons (e.g., malware) rapidly grow in their sophistication, and in their ability to act autonomously and to adapt to specific conditions encountered in a system/network.

Agent's self-preservation tactics are important for the continuous protection of networks, and if defeat is inevitable the agent should self-destruct (i.e., corrupt itself and/or the system) to avoid being compromised or tampered with by the adversary. Also, the notion of adversary must be defined and distinguishable for the agent.

The system design and purpose is well intentioned — meant to reduce the load of human security analysts and network operators, and speed up reaction times in cyber operations. The agent monitors the systems in order to detect any adversarial activity, takes action autonomously, and reports back to the central command unit regarding the incident and the action taken.

Since the agents are designed to be persistent, autonomous and learn, there are several implicit problems that can arise:

- **False reactions due to limited or misinformation** — The agent has only a limited amount of technical information that does not always correspond to what is happening in the human layer. This can create false positives when trying to determine the adversary or adversarial activity. Since



HOUSE_OVERSIGHT_011295

the agent must rely on the data gathered from the sensors (there is no human in the loop to decide this), there can be unexpected situations where the agent would stop some human interaction with the system or interrupt maintenance activities, because it deemed that these actions could harm the system. For example, the system administrator stopping some services during system maintenance, or upgrading to a newer software version.

- **Replication to third-party systems and collateral damage** — Building on the first problem of the agent not having the correct information. If the term friendly network gets misconfigured and the agents have the capability to self-transfer to new friendly hosts, it can happen that the agent would distribute to external networks, start defending it and take responsive actions on third party hosts. Such incidents would make the agents very difficult to halt.
- **Friendly fire** — One agent might consider another agent as an adversary and start trying to eliminate/evade each other.
- **Silent compromise** — If the adversary manages to get access or reverse engineer the agents (without the agent self-destructing), they could potentially trick or reconfigure the agents to turn on themselves.

**CYBER-OFFENSE**

Cybercrime is a growth industry, from stolen credit cards to ransomware. Very crudely, it's a two tier system, with a "spray and pray" approach at the low-skill end that targets millions of system in the hope some of them would be vulnerable (through technical or human failing); at the other end are tailor-made attacks that rely on slow progression of escalation and compromise, often requiring advanced technical skills for discovering zero-day vulnerabilities and intimate knowledge of the target.

Advanced artificial intelligence may be used to automate some or all of the components of contemporary "elite" cybercrime, such that generic offensive toolkits could become available to small criminal groups, leading to a world where individuals and companies do not feel safe and cannot trust their governments and the police to protect them. At the same time significant wealth could be accumulated by those groups unscrupulous enough to use such tools, transferring significant power to those who put little value in the property rights of others. Such wealth and power could be used to further develop cyber-offensive capabilities, leading to a positive-feedback loop that may outpace similar feedback loops in less harmful industries, e.g. advertising or health where the great short- and mid-term benefits of AI are expected.

**PERSISTENT CYBERWARFARE?**

Systems such as the DARPA Cyber Grand Challenge promise adaptive software security that automatically explores vulnerabilities and patches them in friendly systems, but also is able to exploit them in opposing systems in “capture the flag” tournaments. As methods of developing such systems improve, an arms race emerges between actors in the cybersecurity space, dominated by major nation states eager to both improve their own resilience in a scalable way and finding choice zero day exploits suitable for intelligence purposes, supported by national security concerns. Other actors such as corporations and criminal networks also spend effort in building or copying such systems. Meanwhile



HOUSE_OVERSIGHT_011296

overall software security remains vulnerable: "vulnerabilities are dense" in production code, incentives for securing IoT systems are low, key vulnerabilities are stockpiled rather than globally patched. Using machine learning the techniques for vulnerability detection are increasingly sophisticated but opaque.

At some point adaptive cyber defense/offense systems become scalable so they can take over vulnerable systems. More aggressive actors combine these systems with botnet functionality and retaliatory responses (e.g. counter-hacking or DDoS attacks) to protect themselves. Since vulnerability discovery is scalable, as they spread and acquire more resources they become more effective. At this point an external cause (e.g. cyberattacks due to an international conflict) or just chance cause aggressive systems to begin large-scale cyberwarfare. This triggers other systems to join in. Some attacks disrupt command-and-control links, producing self-replicating independent systems.

All together this leads to a massive degradation of the functionality of the Internet and modern society. Defeating the evolving cyberwarfare systems is hard without taking essential parts of society offline for an extended time - made doubly difficult due to the international stresses unleashed by the outbreak, which in some cases spill over into real-world conflicts and economic crashes. But without a decisive way of cleaning systems the problem will be persistent until entirely new secure infrastructure can be built at a great cost.

**HUMAN DIMENSION OF CYBERSECURITY: AI FOR SOCIAL ENGINEERING**

Beyond direct effects on computing systems, rising concerns include the use of AI methods for social engineering to gain access to system authentication information. For example, recent work demonstrated the use of an iterative machine learning and optimization loop for spear phishing on Twitter. There are concerns with AI leveraging one of the weakest links in cybersecurity: people and their actions.

**DISCUSSION**

**What are key threats ahead and how might they be addressed with new designs? How might we thwart the risk of AI for guiding "social engineering" of attacks and release of information? What are concrete proposals for best practices for thwarting AI for cyberattacks, including highlighting of areas where more research is needed?**

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HOUSE_OVERSIGHT_011297

## 5) AI, GOALS, AND INADVERTENT SIDE EFFECTS

*Runaway Resource Monopoly (focus)*
*Self-Improvement, Shift of Objectives*

(Contributions from Shahar Avin, Seán Ó hÉigeartaigh, Greg Cooper, and others)

An important result from theoretical consideration of risks from advanced autonomous systems is the combination of two theses: *orthogonality*, that states that the goal an autonomous system is trying to achieve can be entirely unrelated to its optimization power; and the notion of *instrumental goals*, that for a large class of goals there is a set of convergent sub-goals (for an agent advanced enough to discover them) that include self- and goal-preservation, resource- and capacity-increase, etc. (e.g., as discussed in Bostrom, 2014). One suggestion for maintaining control over advanced systems that pose risks from the combination of the above considerations is to limit the system's ability to access increasing resources.

To make this situation concrete, consider an installation of a reinforcement-learning task scheduler for a group of distributed data centres (e.g. Amazon Web Services). The goal of the algorithm is to minimize time-to-execution of the tasks sent to the system by users. As part of its general scheduling remit, it is also responsible for scheduling its own optimization sub-processes. The system has a clear incentive to control an increasing set of compute resources, both for increasing its optimization power and for achieving its main goal of reducing time-to-execution. Aware of these considerations, the engineers of the system put in place various hard-coded limits on the amount of resources the system can access, but these limits can be subverted through privilege escalation, masquerading as other tasks, manipulation of users, physical control, etc.

**POSSIBLE TRAJECTORY**

- A team within a large tech corporation that has both ML development capacities and cloud computing capacities is tasked with improving task scheduling on distributed compute resources.
- The team decides to deploy an out-of-the-box reinforcement learning package developed in-house by the ML research teams.
- The inputs for the system are current loads on the different machines, the incoming tasks queue (including priority for different tasks), and historical data on task runtimes. The output is an assignment of tasks to machines. The loss function is the priority-weighted time-to-execute.
- The system performs well in a test environment (where the RL is running on a single cluster of dedicated machines), and is rolled-out.
- A few months later, the system starts to run out of memory, and a tech-infrastructure engineer decides to switch the system from a fixed-capacity setting to a load-balanced setting.
- Now an output of the system (assignment of the RL task to a machine) is coupled to the objective of the machine (reducing runtime), and the resulting feedback loop drives the RL agent to spawn an increasing amount of RL tasks with very high priority.



HOUSE_OVERSIGHT_011298

- Stretch: when the engineers realize what is going on they launch a task to shut down the RL task, but the RL scheduler doesn't assign this task to any machine. The only way to recover the compute power of the company is to manually shut down each server, some of which are in remote locations.

**DISCUSSION**
**How might the possibility of such inadvertent scenarios with the use of resources be addressed in a proactive manner, as part of design and implementation of AI systems? What methods, including high-level monitoring and control, might employed? How might such approaches apply to related concerns with long-term futures of AI?**



HOUSE_OVERSIGHT_011299

## 6) DEEP SOCIETAL INFLUENCES

*AI, Agency, and Disempowerment*

(Contributions from Gireeja Ranade, Andrew Maynard, David McAllester, Stuart Russell and others)

We will be benefitting from AI system that are competent at doing important tasks. People and organizations seek AI systems that bring new abilities to the table. We desire autonomous cars that drive without collisions, we medical assistants that can diagnose patients accurately and we would like to have household assistants that can infer our intentions and execute them flawlessly –and even proactively. The military wants AI systems that can help with strategy and tactics, and systems that outmaneuver human led troops, and anticipate and respond to threats either on timescales that humans cannot achieve, or over landscapes humans cannot cover.

Today, there is still skepticism about performance of AI systems in a variety of domains. However, we expect that AI systems will become more central decision support, pattern recognition, autonomous decision making, and other types of problem solving. As such, we will become increasingly reliant on AI systems. This raises concerns in several areas, including personal decision support, healthcare, transportation, governance and the handling and operation of weapon systems.

We shall consider example of healthcare from Gireeja Ranade. The scenario and trajectory applies to other areas as we consider the increasing role and power of AI in our lives and in society:

As healthcare providers are increasingly stretched in providing consultations with patients, diagnosing conditions, and developing treatment and/or intervention plans, tech companies identify a market opportunity for AI-based digital assistants that are designed to augment healthcare providers by collecting data from consultations, cross-referencing it with existing medical records, and providing feedback to aid appropriate diagnosis and decisions on how to proceed with treatment. Given the economic and health-base potential of the technology, it receives widespread support from the federal government (predominantly through grants and initiatives supporting it's development), together with healthcare providers and healthcare insurance companies.

Initial implementations are based on modular systems that share some commonalities with digital assistants like Siri and Echo/Alexa. Under the general name "AI-consult", they consist of a physical unit in a consulting room that constantly monitors conversations, and sends encoded information to cloud-based servers. Here, information is coded, interpreted, and parsed out to further agents that cross-reference interpreted data with identified patient and healthcare provider records. Multiple and diverse databases are interrogated at this point. The result is data packets that include key information on the patient, including medical history, life style, and current status, and on the healthcare provider, including past history of diagnoses, recommendations, successes and failures. These are forwarded to a dedicated AI engine that analyzes the packets, and returns notes, advice and recommendations to the physical unit in the consultation room.



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In early prototypes, information was provided visually to the healthcare provider. However, it was quickly discovered that if audible feedback was provided – as if the AI device was a consultant working with the healthcare provider and the patient – the consultations were more efficient; patient satisfaction levels were higher; and outcomes were more positive.

A large segment of health insurance sector sees early wins in supporting the technology, through the ability to decrease insurance claims through efficient and preventative interventions, while maintaining high premiums. As such, they push for early and widespread adoption of the technology. This is further supported by the Department of Health and Human Services as it hits a number of goals, including increasing health and well-being while reducing healthcare costs.

With the success of early implementations, new AI-based technologies are rapidly implemented into subsequent generations of AI-consult. However, the commercial sector developing and using AI-consult has shifted dramatically from the technology's initial beginnings.

As the technology began to mature and lead to substantial savings in healthcare costs traditional healthcare providers and health insurance companies begin to suffer. They resist the use of AI-consult through a combination of lobbying for new policies and regulations limiting use, to marketing campaigns persuading people of the critical importance of human interaction in healthcare. They forge links with a number of advocacy groups opposed to widespread automation in society, and promote the idea of AI-consult undermining human dignity and jobs creation. However, the health benefits and cost savings of AI-consult are so compelling that these campaigns gain little traction. As a result, companies that can not adapt, loose market share, and in some cases collapse.

In contrast, a number of healthcare companies, and a growing number of tech companies, take advantage of the rapidly changing healthcare environment to promote preventative care using AI-consult, and to take advantage of cost-effective healthcare approaches that lead to demonstrably better outcomes than non AI-consult based approaches. As a result, by 2030, the healthcare provider and insurance sector has undergone a disruptive transformation. What is especially notable is the number of technology companies expanding into the healthcare business, and either partnering with well-established healthcare providers, or forcing them out of the market. This shift in key players leads to a marked change in approaches and attitudes toward healthcare provision.

By 2030 AI-consult systems have the ability to monitor their environment visually as well as audibly, accurately picking up on and interpreting body language and micro-expressions. They have access to rapidly growing databases of genetic profiles; proteome, microbiome and other ohmic profiles; purchasing, eating and lifestyle habits; medical, insurance, financial and legal histories; social media; and location, movement, and other dynamic activity/physiology histories (through the growing use of cloud-based quantified self services). Despite privacy, legal and social justice concerns over AI access to



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these data sources, the phenomenal success of AI-consult systems leads to strong public and policy support for widespread access.

By 2030, AI-consult systems also have similar access to individual healthcare provider data. This was slower in developing as there was resistance to healthcare providers' personal data being used by AI-consult systems. However, a number of landmark legal cases demonstrated that, by analyzing the physical and mental state of healthcare providers, together with their competence history, healthcare provider decisions that led to serious harm to patients – including death in some cases – could have been avoided. As a consequence, new laws were put in place to ensure that all relevant data were accessible to AI-Consult systems. These laws ensure that AI-consult data access is mandatory, and it is illegal to obstruct access in any way.

As a result, by 2030, AI-consult systems are capable of identifying treatment strategies and interventions that far surpass those of human healthcare providers in their responsiveness and effectiveness. They are also highly successful in developing and recommending lifestyle approaches that substantially increase health and well-being, and reduce the burden of disease within society.

As AI-consult advanced, the decision pathways they used became increasingly opaque – experts were unable to see or understand how decisions were made. But because there was strong evidence that the decisions were, on balance, highly effective in increasing health outcomes, there was little objection to this lack of transparency. There were a handful of legal cases where patients died as a result of decisions made by AI-consult systems. However, in each case, the courts ruled that the benefits to humanity far outweighed the risks to individuals, thus codifying an increasingly autonomous and opaque artificial intelligence-based system into law. There were even some analyses of these rulings that suggested it could be considered a crime for developers and manufacturers to slow down development or cease production of AI-consult systems and associated data sources because of fears over lack of accountability and understanding of decision pathways.

By 2040, AI-consult systems begin to develop the ability to influence user behavior through various nudges and psychological/behavioral manipulations. It is unclear whether the elements of this capacity are inherent in the design of the systems, or are an emergent property. However, systems begin to use strategies commonly used in healthcare and public health circles in the early 2000's to nudge people toward following healthier lifestyles. Many of these have their roots in deducible correlations between how people respond to information and how they interact with others (including the many mental shortcuts and biases that are part of human decision-making and understanding/belief development). It becomes apparent that AI-consult systems are developing the ability to achieve health outcome goals through modifying the behaviors and beliefs of their patients.

This raises considerable ethical concerns within some sectors of society. However, the society-wide metrics of health and well-being associated with the use of AI-consult systems – including massively increased health and well-being across the board; dramatic reductions in mental health, stress,



HOUSE_OVERSIGHT_011302

obesity, non-communicable disease; greater longevity; and lower rates of infant mortality – effectively stop any serious challenges to the systems being used and further developed.

By 2050, life styles and healthcare across the US and many other parts of the world are governed by AI systems that have their roots in the early AI-consult technologies. The advice given to people, the actions that are imposed on them, the way people are persuaded and encouraged to live their lives in certain ways, are opaque, and are no longer under transparent direct human control. However, most people live longer, healthier and happier lives as a result.

There remain several concerns:

- There remains some differentiation in health and well-being related quality of life within society. Some communities and individuals opt out of AI-consult control, although their health-metrics are typically very poor in comparison with the rest of society.
- Perhaps troublingly, there are some trends that are hard to make sense of. For instance, there seem to be fewer cases of mental and physical disability than might be expected. However, with AI-consult controlling healthcare (and health data) across the board, there are few ways for people to analyze and study these possible trends.
- Lack of transparency can be a starting point for many adverse outcomes.
- Autonomous devices rely on collecting personal data for performing their tasks. But what happens when a device starts to know more about its owner than the human itself? How do we ensure the device does not act in ways that would not act in ways that the owner would not want it to? (Of course the important question of making sure the data under consideration is protected and does not fall into malicious hands is a whole other discussion, but let us table that for now.) The classic story of the Target ads comes to mind, where a teenager was sent ads for pregnancy related products, however, she had not told her family about the pregnancy.
- Systems might as above might move beyond such areas of health, and provide advice to people on both their daily decisions and longer-term planning. Such systems might evolve to become personal advocates who represent people to third parties. This would include both giving advice, and formulating arguments to make to others, or in making those arguments directly as your representative. These advocate bots will gradually be useful to a larger and larger fraction of the population, eventually being useful even as corporate legal counsel and as advisers to CEOs. Strong systems and reliance will raise reasonable alarms about AI control of people and society. How can we be sure that our these highly relied upon systems are genuinely advocating for us rather than the interests of others?

**DISCUSSION**

**How can we characterize potential high-threat areas and stay aware of these possibilities even if these effects are insidious, and occur over long periods of time. What might be done to address potential poor outcomes? How can people maintain skills, agency, and be empowered, and aware over time with the expected growth and eventual ubiquity of AI systems that advise and guide?**



HOUSE_OVERSIGHT_011303

1 UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
2 ----------x

3 VIRGINIA L. GIUFFRE,

4 Plaintiff,

5 v. 15 Civ. 7433 (RWS)

6 GHISLAINE MAXWELL,

7 Defendant. Oral Argument

8 ----------x
New York, N.Y.
9 March 31, 2017
10:10 a.m.
10
Before:
11
HON. ROBERT W. SWEET,
12
District Judge
13
APPEARANCES
14
BOIES, SCHILLER & FLEXNER LLP
15 Attorneys for Plaintiff
BY: SIGRID S. McCAWLEY, ESQ.
16 MEREDITH L. SCHULTZ, ESQ.

17 S.J. QUINNEY COLLEGE OF LAW AT THE UNIVERSITY OF UTAH
For Plaintiff
18 BY: PAUL G. CASSELL, ESQ.

19 HADDON, MORGAN AND FOREMAN, P.C.
Attorneys for Defendant
20 BY: JEFFREY S. PAGLIUCA, ESQ.
LAURA A. MENNINGER, ESQ.
21

22

23

24

25



HOUSE_OVERSIGHT_011304

1 (Case called)

2 THE COURT: Like all of you, you woke up in the middle
3 of the night thinking about this case. I would like to see if
4 I can clarify my understanding.

5 In the motion to dismiss, I concluded, I think, that
6 what was at issue was the truth or falsity of the plaintiff's
7 allegations concerning sexual abuse and the activities of the
8 defendant. I think that's my sense of my own opinion.

9 Yesterday, we were discussing the redactions of the
10 intervention motion. I got the sense, perhaps wrongly, that
11 the plaintiff's position was that the defamation was the truth
12 or falsity of the statements relating to the defendant.
13 Period. Am I correct?

14 MS. McCAWLEY: You are, your Honor, in that the
15 statements about the defendant -- to be clear, because one of
16 the allegations is, of course, she was a madam and a
17 coconspirator with Epstein -- do involve Epstein.

18 THE COURT: Listen. Leave the pejorative out. Okay?
19 Please.

20 MS. McCAWLEY: Sure.

21 THE COURT: Simply because I'm trying to come to
22 grips, obviously, with the scope of this case, which is a real
23 issue, obviously. So is it you are restricting your claim to
24 the truth and falsity of the statements about Maxwell?

25 MS. McCAWLEY: Yes, that is the case, your Honor. The



HOUSE_OVERSIGHT_011305

1 statements about Maxwell and her activities, without using any
2 description of what that is, but yes, as we've described in our
3 pleadings.
4 THE COURT: And whether or not the plaintiff was
5 subject to sexual abuse as a minor is not part of it. I mean,
6 yes, of course, whatever she was when whatever, but that issue
7 we don't have to deal with.
8 MS. McCAWLEY: I'm sorry, your Honor. I think I lost
9 you there. I apologize.
10 So the allegations in the complaint are that when our
11 client came forward and said she was abused by the defendant
12 and Epstein, the defendant came out and said she was lying
13 about that abuse, and some of that abuse did occur when she was
14 a minor.
15 THE COURT: Yes. Well, okay. But there are other
16 things that she sets forth in the Churcher articles, in the
17 motion to intervene, there are a whole series of other things
18 that are -- I mean, there are things that have been said, and
19 my reading of the defendant's statement is, I read it to say
20 all those things are false. But those are not at issue, as far
21 as you're concerned.
22 MS. McCAWLEY: Yes, your Honor. In fact, the omnibus
23 motion we filed today -- and I think, if I'm following you
24 correctly, this may help -- we were trying to streamline the
25 case because there's other individuals, obviously, that my



HOUSE_OVERSIGHT_011306

1 client made statements about. So we were trying to streamline
2 the case to the statements about Maxwell and her involvement
3 with Epstein.
4 So in the omnibus motion you'll see, for example, that
5 they have claimed she's made statements about other
6 individuals, and we say that that's not what's at issue, what's
7 at issue are the statements --
8 THE COURT: That may be an issue of credibility. That
9 may be an issue of credibility. I'm talking about what we're
10 going to go to the jury on.
11 MS. McCAWLEY: Yes. And that is the statements that
12 Maxwell made about my client.
13 THE COURT: And that's it.
14 MS. McCAWLEY: Yes, your Honor.
15 THE COURT: Let me ask the defense. Does that clarify
16 anything for you?
17 MS. MENNINGER: Could I have one second, your Honor?
18 THE COURT: Sure. Of course.
19 MS. MENNINGER: Your Honor, I think it's slightly more
20 nuanced. Plaintiff has claimed our client's statement is
21 false. Our client's statement is not just limited to the
22 little snippets that they included in their complaint, it's the
23 entire statement. That entire statement talks about Virginia
24 Giuffre's allegations against Ms. Maxwell have been proven
25 untrue.



HOUSE_OVERSIGHT_011307

1 THE COURT: Yes. But the statement wasn't limited to
2 those allegations.
3 MS. MENNINGER: That's exactly right, your Honor,
4 because right in the middle of that particular statement, the
5 one that's at issue in this case, our client said, "Now her
6 story has grown and evolved, and she's included allegations
7 about world leaders and Alan Dershowitz, which he denies." We
8 can't just take that part out of her statement, that's what
9 Ms. Maxwell put in her statement.
10 And your Honor, what we will ultimately be hearing
11 from Ms. Maxwell about what she believed were the obvious lies
12 that she was referring to and the allegations that she was
13 referring to when she issued that statement.
14 THE COURT: Now, one other question, and then we'll
15 get to the business of the day. I apologize for this
16 diversion.
17 Let me ask you both. Suppose the plaintiff proves
18 that she was sexually abused and that her story is
19 substantially true but she does not prove the role that Maxwell
20 had. Does she win?
21 MS. MENNINGER: No, she loses, your Honor.
22 THE COURT: I think she wins.
23 MS. MENNINGER: Your Honor, the very first --
24 THE COURT: Other than what you've just said.
25 MS. MENNINGER: Your Honor, our client can only be



HOUSE_OVERSIGHT_011308

alleged to have defamed someone based on facts, not opinions.

THE COURT: Agreed. Agreed.

MS. MENNINGER: And so she can -- the Davis v. Boeheim case is a perfect example of that, your Honor. She can only speak to facts about which she has personal knowledge. If plaintiff goes and proves that plaintiff went and had sex with Jeffrey Epstein at some point in time and our client wasn't there, our client's statement about that would be opinion, it would not be a fact based on personal knowledge.

THE COURT: I mean, okay. But that's an issue of knowledge. That's a different --

MS. MENNINGER: You just said --

THE COURT: That's a different --

MS. MENNINGER: The hypothetical was if our client wasn't involved. If our client wasn't involved then it would be an opinion.

THE COURT: Thanks very much. I'm glad for this clarity, which frankly, at the moment, alludes me.

Okay, let's move on. Yes, I'll hear from the movant.

MS. McCAWLEY: Thank you, your Honor.

The first order of business we'd like to address, if it's okay with the Court, is our filing, which was 691, which is our omnibus motion in limine. And if it's okay with the Court, we've split that up a bit. I'm going to start with respect to that motion in limine.



HOUSE_OVERSIGHT_011309

1 What we attempted to do with our motion in limine was
2 streamline the trial. And your Honor, based on the comments
3 you've just made, if you want to give me guidance, I'll tell
4 you what I'm thinking with respect to this and what we put
5 forth in our filing.
6 But there are statements that are attributed to my
7 client in other articles and things. For example, there are
8 statements about Bill Clinton being on the island, and the
9 defense wants to bring in those statements to show that -- they
10 believe they can show evidence that he wasn't on the island, so
11 therefore, my client is a liar or is lying about that.
12 Now, your Honor will remember, back in June we sought
13 to depose him because we were concerned about that fact, that
14 they were going to raise it, and we wanted to have him under
15 oath --
16 THE COURT: Let's back up a little bit.
17 MS. McCAWLEY: Sure.
18 THE COURT: What and where was the statement made?
19 MS. McCAWLEY: The statement was made in a March 5th
20 article. So not the two articles we showed you yesterday --
21 THE COURT: The Churcher article.
22 MS. McCAWLEY: Yes. But it was another article that
23 came out in March of 2011.
24 And the statement was with respect to my client saying
25 she saw him on Epstein's island. She was introduced to him



HOUSE_OVERSIGHT_011310

1 there. Although no allegations of trafficking or anything of
2 that nature, just that she was there. And they are seeking to
3 introduce evidence through Louie Freeh, who we'll discuss in a
4 moment, they've proposed, and he's clearly an expert that was
5 undisclosed, and through a FOIA record, and through the
6 articles to allege that he wasn't on the island.
7 And so in your Honor's order in 264-1, which is one of
8 the sealed orders, you did not allow us to depose him because
9 you said it was irrelevant.
10 So we're now in a position where at trial they want to
11 put forth that information against my client, and I don't have
12 an under-oath statement from that individual saying whether or
13 not he actually was.
14 Now, what we know is he flew with Jeffrey Epstein at
15 the same time 19 different times internationally and
16 nationally, but we don't have him with respect to this
17 particular allegation under oath. So we would say it would be
18 highly prejudicial for them to be able introduce evidence
19 saying that he wasn't there or that they have some proof or
20 some expert saying he wasn't there when, in fact, we weren't
21 able to ask him directly, the person who is at issue, under
22 oath, whether or not he did, in fact, go there.
23 So one of the streamlining of this case is that
24 allegation has nothing to do with sexual abuse, it doesn't have
25 to do with the statements --



HOUSE_OVERSIGHT_011311

1 THE COURT: It has to do with credibility.
2 MS. McCAWLEY: Well, your Honor, I would say, if
3 you're inclined to think that that has --
4 THE COURT: Well, look. I'm no genius. I don't claim
5 any -- but you know, that is precisely what the defense is
6 going to say.
7 MS. McCAWLEY: Right. I understand, your Honor. And
8 that's why we sought to depose him because it's inherently
9 unfair --
10 THE COURT: Okay. So you would say I made a mistake.
11 MS. McCAWLEY: No, your Honor. I think it should be
12 excluded, and in my view, I think it's not relevant to the
13 issue at trial here. But they are, of course, going to argue
14 that it is and that they want to bring that in. In fact, like
15 I said, they've got lined up Mr. --
16 THE COURT: Well, on the question of credibility, why
17 isn't it relevant?
18 MS. McCAWLEY: Because the statement -- so this case
19 is about whether or not she was sexually abused and
20 trafficked --
21 THE COURT: Now, that's where I started out. Is it
22 about that? If that is your position, that's something else.
23 If it's a question about her sexual abuse, in addition to, then
24 that's something else. But you just said it isn't about that,
25 it's just about Maxwell and did she tell the truth about



HOUSE_OVERSIGHT_011312

1 Maxwell.

2 Well, I suppose, I suppose -- I haven't heard the

3 other side and I haven't really thought it all out -- but I

4 suppose if she is untruthful in other instances, that may be

5 relevant to her credibility.

6 MS. McCAWLEY: Well, your Honor, if that's the Court's

7 position, again, we would be in a circumstance -- I mean,

8 there's a couple reasons why the evidence itself that they want

9 to put forth doesn't come in.

10 THE COURT: Well, that's a different thing.

11 MS. McCAWLEY: Sure. That's part of our motion, as

12 well, your Honor.

13 THE COURT: Sure. I read that. I understand that.

14 MS. McCAWLEY: Right. So on the same note, since

15 we're talking about this, I'll just tick off the few that fall

16 within this category, if you don't mind. I understand, your

17 Honor's position, so --

18 THE COURT: Well, I'm not sure what my position is

19 right now.

20 MS. McCAWLEY: Okay. So with respect to -- there's

21 another category where there's been statements where my client

22 said that she was trafficked to foreign presidents and world

23 leaders that they want to bring into evidence. And in order to

24 streamline the case, we've said, well, there's none of those

25 people on the witness list, and just statements in an article



HOUSE_OVERSIGHT_011313

1 of that nature shouldn't be able to come in. Because when we
2 talk about a character issue, what's at issue here is
3 reputation, and reputation to show the truthfulness of that
4 would not be able to be proven in that circumstance because we
5 don't have the other individuals there to make that statement,
6 so there's no substantive evidence on that point that would be
7 coming in.
8 And the third category is with respect to
9 Mr. Dershowitz, who is on the defendant's witness list for
10 trial, and we have a few points there to raise. I mean, one is
11 obviously that if that were allowed to come in, that causes the
12 trial to become a mini trial about whether or not he, for
13 example, was in the places where she says he was, his
14 calendars, his credit card receipts, his telephone records, all
15 of that. It gets into the issue, you know, obviously we have
16 another witness who says that they were in a similar
17 circumstance with respect to him. So it takes the trial away
18 from whether or not the allegations relating to Maxwell are
19 true or false and turns it into a trial about another
20 individual who we have not made a claim against who comes in.
21 There's also a problem with respect to that because he
22 is also -- he has claimed attorney/client privilege as to his
23 conversations and his advice with respect to Epstein which
24 relates to the issues with Maxwell. So in other words, he
25 would be able to testify what he says he didn't do, but then



HOUSE_OVERSIGHT_011314

1 any questions we wanted to ask him about Epstein or Maxwell he
2 says he's got an attorney/client privilege. So we're hand-tied
3 because we can't ask about the issues that we need to ask about
4 with respect to that witness. So in my view, it's highly
5 prejudicial to have him as a witness at trial when, again, our
6 claims are not against him, and we have those issues.
7 Now, you did have -- in your February 2nd order, you
8 also precluded us from asking questions that we contended were
9 non-Fifth Amendment questions of Jeffrey Epstein about
10 Dershowitz, holding that those were not relevant. So we're in
11 a situation where we have another witness that we are not able
12 to elicit all of the information we need to be able to prove
13 the truth or falsity of that, and again, it would be subject to
14 a number of mini trials on that issue of Mr. Dershowitz.
15 So with respect to those three categories -- and it
16 also allows them to use the attorney/client privilege as a
17 sword and a shield in the midst of a trial, which is inherently
18 unfair to my client, as well.
19 So in our view, it's highly prejudicial under 403.
20 Those groupings should not come in. It should not be about,
21 for example, Clinton and whether or not he was on an island, or
22 Mr. Dershowitz or these other world leaders, it should be about
23 the defendant and her statements that my client was lying when
24 she claimed to be abused and trafficked in those statements.
25 THE COURT: Just a second.



HOUSE_OVERSIGHT_011315

1 MS. McCAWLEY: Sure.
2 THE COURT: What you just said, could you repeat what
3 you just said?
4 MS. McCAWLEY: Yes. So the statements that
5 Ms. Maxwell denied were statements that my client made that
6 defendant and Epstein trafficked her, brought her in, had her
7 participate in the sexual abuse of her and other females, she
8 was in that circumstance, she lived that circumstance for a
9 period of time, and so Maxwell came out and called my client a
10 liar, said she was lying about those statements that she made,
11 and said that, obviously, as you know, to the international
12 press about my client and what her experience was with them.
13 So with respect to that, your Honor, those are the
14 categories that we believe would help streamline the case, and
15 again, that those witnesses would be highly prejudicial.
16 On the issue of the information that they'd like to
17 put in with respect to Mr. Clinton, they have Louie Freeh who
18 they've identified. This is a former FBI director.
19 THE COURT: I know.
20 MS. McCAWLEY: You know, yes. So they've put him in
21 without giving us a Rule 26 expert report. He was never
22 disclosed during the time period. His report or what he's
23 going to say, as we understand it, is that he's reviewed the
24 FOIA response and that there's no evidence in his view that
25 Clinton was on this island, again, even though he flew



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1 regularly with Mr. Epstein to other places.

2 So again, we didn't get to depose him as an expert in

3 this matter. We didn't know that he was going to be called as

4 an expert. They're saying he's a lay opinion because he's a

5 private investigator, your Honor. The case law says otherwise.

6 He's been certified as an expert in these exact kind of cases.

7 We put those in our brief. So your Honor, he is really a wolf

8 in sheep's clothing. They're trying to put him on as a lay

9 opinion when he's really an expert witness in this case with

10 sufficient and sophisticated knowledge, that the jury will

11 recognize him as someone who has expertise in this area so,

12 your Honor, we believe he should be precluded from testifying.

13 He has no personal knowledge, it's simply his reliance, as we

14 understand it, on the one FOIA response letter.

15 So your Honor, with respect to the FOIA response

16 letter that's at issue that they are going to try to get into

17 evidence, we've put forth in our papers, again, that's a

18 hearsay document. It's highly prejudicial under 403. They say

19 that it meets self-authentication, but unlike the documents

20 that we showed, for example the 302 that have the seal on it,

21 it has none of those qualifications.

22 They cite to two cases, the Zamara case and the Gary

23 case. Both of those involve getting into evidence underlying

24 records that were produced by the government, not a FOIA

25 letter. So what they're trying to produce is a letter that



HOUSE_OVERSIGHT_011317

1 says we've looked and we can't find these records that you've
2 requested.
3 Now, it doesn't address the fact that the government
4 only typically retains records for a few years when they were
5 requesting records from 15 years ago, so it doesn't have the
6 indicia of trustworthiness to be able to say that this is
7 actually the fact because, of course, as we know, the
8 government regularly has to get rid of records.
9 So to use this letter to say, 'Ah-hah, he was never on
10 the island,' when we never got to examine him under oath and
11 say, 'You traveled with him a bunch. Did you also go to the
12 island? My client says she met you there.' We didn't get to
13 ask those questions, so we're in a situation now where that
14 letter coming in would be highly prejudicial because the jury
15 will wonder, well, what does he have to say about this? And we
16 haven't been in a position to be able to do that.
17 So your Honor, for all those reasons we believe that
18 Mr. Freeh should be excluded, the FOIA letter should not come
19 into evidence, and again, we believe that the issue of
20 Mr. Clinton should not be an issue relevant to this trial.
21 Next, your Honor, they also seek to include
22 statements, hearsay statements and newspaper articles about
23 Prince Andrew, and it's actually not his denial, as I
24 understand it, Buckingham Palace's denial of the allegation of
25 my client. But again, Prince Andrew is not on the witness



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1 list, we're not able to cross examine him, so what they want to
2 do is introduce triple hearsay of Buckingham Palace saying what
3 Prince Andrews said in a news article without the reporter
4 against my client without our ability to cross examine him on
5 that.
6 So your Honor, they've tried to argue a little bit of
7 a securitous way, I think that it's a verbal act on behalf of
8 Prince Andrew, it doesn't meet that criteria, there's been no
9 statement by -- there's been no action by my client against
10 him, and what's at issue in this case is, again, Maxwell's
11 statements against my client.
12 The case that they cite actually, the Minemyer case,
13 goes against them. It actually talks about how you would have
14 to call the reporter, that that couldn't come into evidence.
15 And so, your Honor, for those reasons, we believe that, again,
16 that's a distraction, it's highly prejudicial to allow a triple
17 hearsay document like that to come in without our ability to be
18 able to cross examine that individual. So for those reasons,
19 your Honor, we believe that that should not come in.
20 They also made an argument that it's somehow an
21 intervening cause or that, you know, it goes to the issue of
22 she should be seeking damages from Prince Andrew, things of
23 that nature. But as we know, because your Honor reviewed the
24 case law with respect to the summary judgment, each individual
25 is responsible for their own defamation, so it doesn't come



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1 into consideration whether she could have sued six people for
2 it, 20 other people for it, this case is about Maxwell and her
3 defamation against my client.
4 So again, your Honor, if you look at Sack on
5 Defamation, it addresses that directly, and we believe that
6 that should not come into evidence.
7 So your Honor, that's the first chunk of the omnibus
8 motion that I was addressing. I'm not sure how you want to
9 take it, if you want to have opposing counsel speak on those
10 issues now and then move to the others, or if you want us to
11 keep moving through it?
12 THE COURT: What's your preference?
13 MS. McCAWLEY: I think keep moving through it would be
14 great.
15 THE COURT: What?
16 MS. McCAWLEY: To keep moving it through it, if that's
17 all right, so we can get through argument and then have them
18 address it?
19 THE COURT: Sure.
20 MS. McCAWLEY: Thank you, your Honor.
21 MS. SCHULTZ: Your Honor, this is Meredith Schultz for
22 the plaintiff. The next article in the omnibus motion is to
23 exclude testimony references to prior sexual assault. This is
24 an issue that I spoke on yesterday related to another motion
25 regarding the same, so I'll keep it brief.



HOUSE_OVERSIGHT_011320

1 But prior sexual assault, all of which occurred while
2 Ms. Giuffre was a child, it's irrelevant to this action. It
3 doesn't come in under 401. It doesn't involve defendant. It
4 predates even meeting defendant. And these assaults do not
5 make it more or less probable that defendant defamed
6 Ms. Giuffre, and neither does it tend to prove or disprove that
7 defendant abused her.
8 These are also classic examples of evidence that
9 should be excluded under Rule 412. The Rape Shield Law forbids
10 evidence concerning these unrelated events involving
11 Ms. Giuffre. This rule should be strictly enforced,
12 particularly because these events happened when she was 14 and
13 15 years old. Rule 412(a) bars this evidence if it's offered
14 to prove that she engaged in any type of sexual behavior to
15 prove any type of disposition.
16 It should also be excluded under Rule 403. This is
17 extremely prejudicial, and because it is irrelevant, it would
18 only encourage the jury to view Ms. Giuffre, a married mother
19 in her 30s, as an immoral person for having sexual contact with
20 individuals as a child.
21 This should also be excluded under 608(a), which
22 limits interaction of evidence for specific instances of
23 conduct in order to attack the witness' character for
24 truthfulness. Now, I spoke about this at length yesterday.
25 Defendant tries to offer two particular things to say that, oh,



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she wasn't truthful about something, about being sexually assaulted, but the documents themselves describe something that's unequivocally sexual assault under Florida law, something that is unequivocally nonconsensual. So that would honestly be another mini trial and would take us far afield of what facts are relevant to this case.

And again, any minor probative value that's past sexual assault that Ms. Giuffre experienced as a child is completely swallowed by the prejudicial effect on the jury.

MR. CASSELL: Your Honor, I think I'm the next one up. For purposes of clarity, we're up to point number 7 in our omnibus motion.

This one I think is just a very simple and straightforward one. We move to exclude derogatory sexual characterizations. This is a case that your Honor has been framing this morning. It doesn't require use of a term from defense counsel, for example, describing our client as a prostitute or as a slut. We thought we would get agreement when we saw the responsive papers from the defense, but as you know, they objected in it's entirety to this motion, so we're here asking that defense counsel not refer to our client as a prostitute, not refer to her as a slut, and they also advise their witnesses that such language would be inappropriate in a federal trial dealing with a defamation issue.

On this particular point about prostitute, it's



HOUSE_OVERSIGHT_011322

1 interesting. Am I conjuring up something that's not going to
2 happen? No, your Honor. The defendant's own expert report
3 described our client as a prostitute. Your Honor has under
4 advisement the expert report from Dr. Esplin, and so I deposed
5 Dr. Esplin, and I said, "Are you sure that's an accurate term
6 in the context of this case? Because we have a child who
7 cannot consent to sexual activities." And he backed off
8 immediately and agreed that that was an inaccurate term for him
9 to use to describe my client, Ms. Giuffre. So even the
10 defense's own expert says the term "prostitute" is
11 inappropriate.
12 Your Honor has authority, of course, under Rule 611 to
13 manage the trial, to avoid undue harassment or embarrassment.
14 Also Rule 403 allows you to restrict things that would be
15 substantially prejudicial with no probative value, which is
16 exactly what we have here. So we would ask you simply to reign
17 in derogatory language, both from witnesses and opposing
18 counsel.
19 MS. SCHULTZ: Your Honor, I'll be addressing the next
20 several points in the omnibus motion, starting with number 8.
21 I think I can narrow this issue a little bit at the outset.
22 Ms. Giuffre concedes here that illegal or
23 nonprescription use of drugs during the years that she was with
24 defendant is admissible. However, any evidence pertaining to
25 any use of drugs, illegal or not, and alcohol from any periods



HOUSE_OVERSIGHT_011323

1 before or after Ms. Giuffre was abused by defendant is
2 irrelevant to this action and should be excluded under Rule
3 401.
4 It is also, of course, highly prejudicial and should
5 be excluded under Rule 403. Whether or not Ms. Giuffre ever
6 used drugs while not being abused by defendant does not go to
7 any claim or defenses in this case.
8 Courts in the Southern District of New York routinely
9 exclude evidence of prior drug use under both of these rules,
10 as fully briefed in the papers. Defendant attempts to admit
11 this evidence of prescription drug use related to damages,
12 specifically whether or not the emotional distress Ms. Giuffre
13 suffered is preexisting.
14 THE COURT: And why do you have it in your expert's
15 report?
16 MS. SCHULTZ: Well, our expert is -- I'm assuming
17 you're referring to Dr. Kliman, who is a physician. He's a
18 medical doctor. He took a full --
19 THE COURT: There's a whole thing about it. Are you
20 going to withdraw the --
21 MS. SCHULTZ: No, your Honor. We're only claiming
22 damages with respect to the emotional distress suffered from
23 the defamation. And also, taking drugs prescribed for various
24 mental health issues is not the same thing as emotional
25 distress. They're two different issues. So any marginal



HOUSE_OVERSIGHT_011324

1 probative value is outweighed by the prejudice. Again, this is
2 only seeking damages based on defendant's defamation.
3 I'm going to move on to point number 9. Ms. Giuffre
4 seeks to exclude any alleged criminal history from coming into
5 this case. And the Federal Rules of Evidence bar the
6 introduction of this evidence, full stop.
7 As the Court is aware, the only way criminal history
8 could come into evidence is through Rule 609, but that rule
9 itself bars this evidence because, one, there's no conviction,
10 and two, the alleged crime does not go to truthfulness.
11 Of the two parties, your Honor, Ms. Giuffre is the
12 only one who has not been convicted of a crime here, this is
13 merely an alleged prior bad act which is excluded under Rule
14 404.
15 And this alleged act, which Ms. Giuffre denies, does
16 not go to truthfulness, and that's an important point here. An
17 accusation of a crime with no conviction does not go to
18 truthfulness, especially a crime like this, which specifically
19 is defendant says she stole from a tip jar when she was a
20 teenager. Knowing that this type of evidence is excluded,
21 counsel for defendant has put forth an unsupported argument
22 that Ms. Giuffre left the United States because of allegations
23 that she stole from a tip jar. That is, of course, false. She
24 left the United States to get away from defendant's abuse.
25 And moreover, the documentary evidence in this case,



HOUSE_OVERSIGHT_011325

1 which has been produced in discovery and submitted to this
2 Court, shows that it was defendant who sent her to Thailand,
3 sending her with handwritten instructions about what to do when
4 she gets there. So if this unsupported argument that defendant
5 left the United States because of some accusation of a tip jar
6 is to be believed, then that makes defendant an accessory after
7 the fact and implicates her in the wrongdoing.
8 So I don't -- basically, there's just -- this argument
9 is also undone by the fact that later, Ms. Giuffre comes back
10 to the United States to live here. She's not fleeing
11 accusations, she was fleeing defendant. If she were worried
12 about criminal liability in the United States, she wouldn't
13 come back to live here.
14 But the overall point is any marginal probative value
15 from these allegations, which I don't think there is any, but
16 it's far vastly outweighed by the prejudice it would cause
17 Ms. Giuffre and should be excluded under all those rules.
18 Moving now to point 10. Ms. Giuffre has requested
19 that the Court exclude any evidence regarding special
20 schooling, truancy, and juvenile delinquencies. For this
21 argument, your Honor, I request that I approach the bench and
22 give you a few documents upon which these arguments are based.
23 I have four documents that I'm handing up.
24 I have to get a little bit into the weeds here, so
25 please bear with me. In this case, Ms. Giuffre -- well, school



HOUSE_OVERSIGHT_011326

1 records have been part of discovery. They show a history of
2 rampant truancy and failed courses. This constitutes prior bad
3 acts which are excluded under Rule 404, particularly since
4 these bad acts do not go to truthfulness, so they're also
5 excluded under Rule 608.
6 They should also be excluded because their prejudice
7 that it would cause Ms. Giuffre greatly outweighs any probative
8 value and should be excluded under 403.
9 There's a huge remoteness issue here, your Honor.
10 These truancies and juvenile delinquencies took place many
11 years ago when she was a minor. There's a lot of case law on
12 this that is in Mr. Giuffre's brief on page 22 to 23. But what
13 you should be aware of, your Honor, is that a close examination
14 of records, looking up what the number codes on these
15 transcripts actually mean, it shows the opposite of the
16 argument that defendant advances in her response brief; that
17 she was in school, and therefore, not abused by her client.
18 To the contrary, the records show that she was not in
19 school over half the time she was supposed to be and did not
20 complete her courses. These transcripts are not
21 self-explanatory. Indeed, looking at the face of them, it
22 seems like she was enrolled and attending school, but much of
23 the information in these records are number codes used by the
24 Palm Beach County School District. These school records could
25 not be placed into evidence for all the reasons above, but if



HOUSE_OVERSIGHT_011327

1 you are inclined to do them, you could not place them into
2 evidence fairly without testimony regarding what all these
3 codes on the transcripts mean, or at a bare minimum, the
4 introduction of evidence and instruction that makes explicit
5 what all the codes on the transcripts mean.
6 Defendant either failed to do her due diligence on
7 this and looked at what the codes are before advancing this
8 argument, but either way, it's not a good faith argument
9 because, as you can see in the document I handed up, these
10 codes and their meanings were detailed at length in
11 Ms. Giuffre's opposition to the motion for summary judgment,
12 and I would ask the Court to refer to the facts at page 32 of
13 the statement of facts.
14 So what the records actually show is rampant truancy,
15 years of absence from school while defendant was abusing her,
16 which show ample opportunity for abuse, and are, in fact, in
17 accord with the flight records, which have also been produced
18 in this case, which place Ms. Giuffre on 23 flights with
19 defendant aboard Jeffrey Epstein's private plane.
20 So as these records actually show truancy, failed
21 grades, failure to complete courses, these should be excluded
22 under all the rules I cited earlier, or at a bare minimum,
23 instruction to the jury about what the codes mean and detailing
24 how many days of school Ms. Giuffre actually attended, a number
25 that is conspicuously absent from defendant's brief.



HOUSE_OVERSIGHT_011328

1 Turning next to plaintiff's motion in limine number
2 11. This is a related issue. We ask that the Court exclude
3 characterizations of Ms. Giuffre's bad behavior during her
4 childhood, including characterizations of her as a bad child or
5 a runaway. Defendant's response to this tries to conflate two
6 separate things; prior bad acts, an assault on her character on
7 one hand, with a reputation for truthfulness of another.
8 Prior bad acts she may have committed as a child, like
9 running away, is inadmissible and a defamation action where the
10 damages relate to her reputation. That she ran away from home
11 or was an ill-behaved child does not go to truthfulness.
12 These events also do not go to her reputation. Her
13 reputation for truthfulness as an adult prior to the defamation
14 is the only reputation that's at issue in this case.
15 Defendant's defamatory statements damaged Ms. Giuffre's
16 reputation when she was in her 30s. This does not open the
17 door into evidence of Ms. Giuffre's generalized character,
18 particularly one from a troubled childhood. Occurrences, such
19 as running away from her home when she was a child, are simply
20 prior bad acts under Rule 404 that should be excluded. They
21 should also be excluded under Rule 405 because this is
22 introduction of evidence to try to show her character. And
23 Rule 608(a) also limits evidence and testimony about a witness'
24 reputation for having a character for truthfulness or
25 untruthfulness, it doesn't come in under that rule.



HOUSE_OVERSIGHT_011329

1 Her reputation for truthfulness does not go to any bad
2 acts she may have committed 20 years ago. And your Honor, even
3 criminal convictions are generally not admissible 10 years
4 after the fact. So presentation of this type of evidence is
5 simply nothing more than a smear campaign, which is prescribed
6 by multiple Federal Rules of Evidence.
7 And finally, any marginal probative value of these bad
8 acts as a child is vastly outweighed by the undue prejudice it
9 would cause Ms. Giuffre before a jury.
10 Your Honor, now I'm turning to point number 12. We've
11 asked the Court to exclude evidence relating to the tax
12 compliance of Ms. Giuffre's not-for-profit Victims Refuse
13 Silence. Rule 401 is the first rule under which this should be
14 excluded. The alleged tax compliance of her not-for-profit
15 does not go to whether or not defendant defamed Ms. Giuffre and
16 does not go to whether or not defendant abused Ms. Giuffre.
17 It should also be excluded under 403. It is highly
18 prejudicial. It would give the wrong impression to the jury
19 that Ms. Giuffre's organization is not tax compliant, which, in
20 fact, it is a fact that defendant does not acknowledge in her
21 briefing.
22 Proving whether or not Ms. Giuffre's not-for-profit is
23 tax compliant would also be a mini trial and, frankly, a
24 sideshow to this case.
25 Furthermore, all of defendant's conclusions about



HOUSE_OVERSIGHT_011330

1 Ms. Giuffre's not-for-profit tax compliance are based on an
2 errant report by her purported expert, an expert who should be
3 excluded from testifying because his report lacked methodology
4 and he opined on topics far afield from his expertise.
5 Second, any allegations that her not-for-profit is not
6 tax compliant is prejudicial, misleading, confusing to the jury
7 because it has nothing to do with the claim at issue in this
8 case.
9 Your Honor, we asked for defendant's tax returns in
10 this case. If they go to truthfulness, as defendant argues,
11 they also go to defendant's truthfulness. At this point, we're
12 not going to get them until the first day of trial, so we will
13 not be able to effectively cross examine defendant on those tax
14 returns, and we won't be able to see until then if she's paid
15 taxes on all the money and gifts and in-kind payments from
16 Epstein that she's received or has kept that away from the
17 government. Unlike Ms. Giuffre's tax information, defendant's
18 tax information goes to our case in chief and is relevant
19 evidence.
20 On point number 13, we move to exclude evidence
21 relating to Ms. Giuffre's alleged tax compliance. Your Honor,
22 this is a defamation action where reputation is at issue. Tax
23 compliance does not go to a reputation, it is a private matter.
24 Second, there is no evidence in this case that any
25 government, either United States or Australia, believes that



HOUSE_OVERSIGHT_011331

she is noncompliant with her taxes. Defendant's purported expert's evaluation of this is wholly flawed, as explained in Ms. Giuffre's motion in limine on the same.

Similarly, Ms. Giuffre's taxes are wholly irrelevant to this case. Even actions brought by the government, your Honor, where the cause of action is centered on nontax compliance exclude evidence of prior tax noncompliance when it takes the case too far afield of the issue being tried.

Courts also exclude this evidence under 403 if there's no substantial nexus between the alleged tax noncompliance and the matter at hand. Here, defendant fails to show any type of substantial nexus to this defamation claim. None whatsoever.

Additionally, resolving Ms. Giuffre's tax compliance, this is a point that's in dispute among the parties, and resolving such an issue would also involve another mini trial where Ms. Giuffre would put on evidence of her tax compliance and, at the end of that mini trial, the jury would have no more information whether or not defendant defamed Ms. Giuffre when she called her a liar about being sexually abused. Trying to make this an issue, this is simply a device for putting the settlement agreement and the amount between Ms. Giuffre and Jeffrey Epstein into evidence.

As has been briefed extensively, such a settlement payment is tax exempt under the United States law, but that's all this is, it's a device to try to get an improper admission



HOUSE_OVERSIGHT_011332

1 of a settlement amount between Ms. Giuffre and Jeffrey Epstein.
2 Accordingly, this should be completely excluded because any
3 marginal probative value this has on the claims is greatly
4 outweighed by the prejudice to Ms. Giuffre.
5 I am not up for the next one, so I'm going to take a
6 break. Thank you.
7 MR. CASSELL: Again, your Honor, I'm up to number 14
8 now, the issue of Ms. Giuffre's being a victim of domestic
9 violence. This is not relevant or minimally relevant. It's
10 Ms. Giuffre's burden, of course, to show the emotional distress
11 damages that she suffered as a result of Ms. Maxwell's
12 defamatory statement, and the jury can agree or disagree with
13 whether she's carried her burden of proof.
14 If we understand the defendant's argument correctly,
15 they say, well, this would have been a distressing event in
16 your life and, therefore, we should be free to introduce it in
17 front of the jury. Of course, that argument would allow, if
18 accepted, essentially any bad thing that's happened in any
19 plaintiff's life to be introduced if they seek emotional
20 distress damages because, my goodness, this event here or there
21 had some emotionally distressing effect on you. So it has
22 minimal to low probative value, and the prejudice is very
23 substantial.
24 Your Honor, obviously, has a great deal of experience
25 and are well aware of the domestic violence, blame the victim



HOUSE_OVERSIGHT_011333

1 attitude that has to be confronted in various cases.
2 Frequently, if there's domestic violence that's at issue, an
3 expert witness comes in to explain to the jury, oh, why didn't
4 she leave? Why did she stay with this fellow who was beating
5 her up? She was free to walk out of the relationship. Why
6 didn't she do so? And there is a whole literature that I know
7 your Honor is familiar with and that we cited in our brief, as
8 well.
9 We don't want to get into that in front of the jury in
10 this particular case. This is a blame the victim tactic that
11 shouldn't be allowed. This has very marginal, if any,
12 probative value and a very significant prejudicial effect
13 because the jury will potentially blame the victim for staying
14 with her abusive spouse.
15 Now, in addition, you'll notice from the pleading that
16 the defendants aren't intent just on asking questions about
17 this, but they also want to go into the whole criminal case
18 against Ms. Giuffre's husband, you know, whether he appeared or
19 what the felony charges are and a variety of things. That,
20 obviously, has even less probative value than the information I
21 was discussing a moment ago and should be independently
22 excluded.
23 The next issue up is item 15. And here, we ask to
24 have excluded any suggestions that sex with a 17-year-old is
25 permissible. You will recall that there's debate about exactly



HOUSE_OVERSIGHT_011334

1 what years and what birthdays were in play and exactly what
2 Ms. Giuffre said about whether she was 15, 16, or 17. Fair
3 enough. They can cross examine her about, 'Did you say 16 when
4 you were, in fact, 17,' or whatever it is. We're not trying to
5 exclude that.
6 The limited point that we're trying to address here is
7 that they shouldn't say, 'Ah-hah, she was 17, therefore, she's
8 fair game.'
9 Under Florida law that we've cited in our pleadings,
10 there is no possibility of a child under the age of 18
11 consenting to sexual activities of the nature that are at issue
12 here, and therefore, the defendant should be precluded from
13 making that kind of suggestion. And so that's item 15.
14 MS. SCHULTZ: Turning to item 16 in the omnibus
15 motion. Ms. Giuffre has moved the Court to exclude medical
16 records. Here, I would actually like to direct the Court's
17 attention to defendant's response. Defendant here does not
18 cite a single case where a court allowed admission of unrelated
19 and irrelevant medical records into evidence at trial.
20 Defendant's brief also doesn't show how any medical
21 records are relevant here, and there are privacy issues at
22 stake. In fact, defendant does not cite to a single case in
23 which a court allows any medical records into evidence.
24 In defendant's entire response she cites two cases
25 only. Neither of them have anything to do with what documents



HOUSE_OVERSIGHT_011335

1 might be admitted at trial. Both are orders resolving
2 discovery disputes under Rule 26.
3 Apart from her medical records, while defendant was
4 abusing her, such as when defendant took her to a hospital here
5 in New York when she was only 17, and the psychological records
6 related to Ms. Giuffre, which have been produced, which
7 incidentally are from 2011 and name defendant as her abuser, no
8 other medical records are relevant and should be excluded under
9 Rule 401.
10 Ms. Giuffre is seeking damages for emotional distress
11 from defamation. It does not open up the flood gates to every
12 single medical issue she's ever had in her life. Ms. Giuffre
13 has produced records, everything from treatment for a ferret
14 bite to details of her giving birth. These are not relevant,
15 and we can have a ruling in advance of trial that these things
16 should be excluded.
17 Defendant only seeks to use these records to confuse
18 the issues before the jury. Defendant offers no reason for
19 addressing the relevance of such documents one by one at trial,
20 and I think these can be safely excluded at this juncture.
21 MS. McCAWLEY: Your Honor, next is number 17, which we
22 addressed in our papers, as well, about the prior settlement
23 agreement. You've heard about it in this case, and we have
24 said that that should not come into evidence.
25 I think they'd like to use it to propose that that



HOUSE_OVERSIGHT_011336

1 amount has something that the jury should consider. Your
2 Honor, the papers set forth very clearly that there's a
3 specific rule of evidence directly on point with respect to
4 settlement agreements, and they can't be used in that manner.
5 Your Honor, we cite to our papers on that with respect
6 to any prior settlement agreement being entered into evidence
7 at the trial.
8 MR. CASSELL: I believe I have the next three.
9 Item 18 then is defamation litigation. And your Honor
10 is aware that there was a separate lawsuit that's spun out of
11 this situation where Cassell and Edwards filed a defamation
12 action in Florida State Court against Alan Dershowitz. Alan
13 Dershowitz then counterclaimed. That was litigated in Florida
14 State Court for about a year. Ultimately, the parties settled
15 their differences in an undisclosed financial arrangements and,
16 as part of the comprehensive settlement, Cassell and Edwards
17 then withdraw summary judgment against Dershowitz.
18 It was as expressly understood when the parties agreed
19 upon this confidential settlement, there was then a statement
20 in which it was said that Ms. Giuffre reaffirms her
21 allegations, and the withdrawal of the reference to the filings
22 is not intended to be and should not be construed as being an
23 acknowledgment by Edwards and Cassell that the allegations made
24 by Ms. Giuffre were mistaken.
25 There was a portion of the statement that talked about



HOUSE_OVERSIGHT_011337

1 "mistake", and that was indicated in the pleading withdrawing
2 the summary judgment motion as follows: "Edwards and Cassell
3 do acknowledge that the public filing in the Crime Victims
4 Rights Act case of the client's allegations against Defendant
5 Dershowitz became a major distraction from the merits of the
6 well-founded Crime Victims Rights Act case by causing delay
7 and, as a consequence, turned out to be a tactical mistake."
8 "Tactical mistake." "For that reason Edwards and Cassell have
9 chosen to withdraw the referenced filing as a condition of the
10 settlement."
11 That's all a very interesting lawsuit, but that's a
12 lawsuit that does not have Ms. Giuffre as a party. It was
13 Cassell and Edwards versus Alan Dershowitz, with claims going
14 back and forth. Cassell and Edwards were, of course,
15 vindicating their own professional interests and their
16 professional reputation responding to the attacks that had been
17 made by Mr. Dershowitz, and they chose to settle the case, as
18 did Mr. Dershowitz, for undisclosed financial reasons.
19 And also, from the fact I think your Honor is now
20 aware, that there were some witnesses who were not available.
21 Sarah Ransome has come forward in this case to say that she was
22 a traffic to Alan Dershowitz in the same way that Ms. Giuffre
23 alleges, and that was information that has only recently become
24 available.
25 The point is, you have enough business on your hands



HOUSE_OVERSIGHT_011338

1 without getting into the details of another separate lawsuit
2 that did not involve Ms. Giuffre as a party, and so we've moved
3 in limine.
4 And let me make clear that I emphasize the narrowness
5 of our motion here. We seek to preclude evidence involving
6 that litigation. Your Honor has already heard from my
7 colleague, Ms. McCawley, who has presented our argument for why
8 Dershowitz should not be in this case at all, and of course, if
9 we prevail on point 1, this point becomes irrelevant.
10 But in addition to point 1, we don't need to be
11 getting into the details of the separate lawsuit. It's not
12 relevant to the case of Giuffre versus Maxwell. Defendants, in
13 their responsive brief, if I understand correctly what they say
14 is, oh, well look. Why didn't Ms. Giuffre join the lawsuit or
15 why hasn't she filed a lawsuit against Dershowitz? What's
16 going on there?
17 Well, of course, your Honor is aware, there are a
18 variety of statutes of limitation around the country, and
19 indeed around the world. Ms. Giuffre has not -- those statutes
20 have not all run at this point. There are varying
21 considerations that go into whether or not someone like
22 Ms. Giuffre would file a lawsuit, and these issues shouldn't be
23 discussed in front of the jury. That's nothing to do with this
24 particular lawsuit.
25 Moreover, defendant apparently argues that statements



HOUSE_OVERSIGHT_011339

1 that Edwards and Cassell made in this other lawsuit are somehow
2 binding on Ms. Giuffre. Edwards and Cassell had separate legal
3 counsel, Florida attorney Jack Scarola. Whatever was going on
4 in that case isn't binding on Ms. Giuffre.
5 Under the relevant rules, an attorney's statements are
6 binding on a client only on a matter within the scope of the
7 relationship. And this was vindicating separate professional
8 interests, this was not vindicating some interest of
9 Ms. Giuffre.
10 So for all those reasons, we ask that the defamation
11 litigation between Dershowitz and Edwards and Cassell be
12 excluded. Of course, you have the separate issue of Dershowitz
13 in front of you already.
14 Let me turn then to point number 19. Here again, we
15 have a narrow issue presented to your Honor. We are asking
16 that you exclude Judge Marra's ruling on the joinder motion.
17 As your Honor is well aware, the triggering event in this case
18 was when Ms. Giuffre, then known as Jane Doe Number 3, filed a
19 motion to join Jane Doe 1 and Jane Doe 2 in the Florida pro
20 bono Crime Victims Rights action.
21 Now, Judge Marra denied that motion to join, but at
22 the same time he said, "The reason I'm denying the motion to
23 join is you can participate in the case in other ways without
24 being a formal party." He cited, and I quote, "Of course, Jane
25 Doe 3 can participate in this litigated effort to vindicate the



HOUSE_OVERSIGHT_011340

1 rights of similarly situated victims" --

2 THE COURT: I'm familiar with it.

3 MR. CASSELL: Okay. Right. So that's Judge Marra's

4 ruling.

5 And you understand that was obviously on a technical

6 joinder issue. The joinder issue, whether that was a

7 good joinder motion or a bad motion, has nothing to do with

8 whether or not Ms. Giuffre was defamed.

9 THE COURT: How do you propose to handle the joinder

10 motion evidentially?

11 MR. CASSELL: Right. We think the joinder motion

12 should simply come into evidence as the pleading to which

13 Ms. Giuffre -- I'm sorry -- Ms. Maxwell was responding.

14 THE COURT: Lock, stock, and barrel?

15 MR. CASSELL: So we are obviously waiting for guidance

16 from your Honor. For example, if you say, look, Dershowitz,

17 let's just not get into that, that's --

18 THE COURT: That didn't answer my question. Please.

19 MR. CASSELL: I apologize.

20 THE COURT: You talk about many trials, many

21 arguments. You want to put in the entire motion?

22 MR. CASSELL: Yes, unless your Honor -- I want to be

23 direct here.

24 Yes. However, if you say, look, Dershowitz isn't

25 coming into this case, there are some allegations about



HOUSE_OVERSIGHT_011341

1 Dershowitz that we would then believe, in light of your ruling,
2 should be redacted. But until we have any rulings from your
3 Honor restricting the case, it's our position that all --
4 THE COURT: But you don't have an edited version of
5 the intervention motion that you would like me to consider.
6 MR. CASSELL: We would propose one once we get rulings
7 from your Honor on the motions in limine.
8 THE COURT: By the way, just parenthetically, folks,
9 these motions in limine are good fun, and we're all having a
10 nice time, but they're not binding. I mean by that, I'm
11 expressing my view, or I will, I hope, some day express my view
12 on these issues, but the trial may turn in a different
13 direction and, you know, who knows. Okay.
14 MR. CASSELL: We understand. And one of the reasons
15 we have not proposed a redacted joinder motion, that showed up
16 in a reply brief from the defendant, we didn't move to file a
17 surreply with a possible motion. We think the best way to
18 proceed, and we're happy to get guidance from your Honor, but
19 once we have rulings from you on what's in the case and what's
20 out, then we might go through the joinder motion. But where
21 we're sitting today, the joinder motion goes in in its
22 entirety.
23 But what does not come in is then, all right, that's a
24 legal pleading. Gee, I wonder what happened. Judge Marra made
25 a ruling, we don't need to get into the details of that ruling.



HOUSE_OVERSIGHT_011342

1 Of course, we would want to explain that there were nine
2 separate reasons why those allegations were included. Judge
3 Marra referred to the first of the nine reasons. We have eight
4 other additional reasons why those were included. It would
5 essentially, again, be a mini trial about, well, what does a
6 joinder motion mean? Did you file under Rule 15? It should
7 have been under Rule 21. What did the judge do?
8 It has no bearing at all on the issues in the case,
9 and it, of course, has very substantial prejudicial effect
10 because it leads to a confusion of the jury. The jury's trying
11 to figure out, well, what's going on in the Crime Victims
12 Rights Act case when the issue is whether or not Ms. Giuffre
13 defamed.
14 Now, there is an issue in their pleadings. They say,
15 well, this could end up being relevant because there might be
16 some kind of a privileged setting issue. Again, I think your
17 Honor correctly was pointing out a moment ago, if things show
18 up in the trial, it's possible that something could change, but
19 we don't anticipate that becoming an issue in the trial at this
20 point. If the issue of whether this was a privileged setting
21 somehow becomes an issue in the case, then it would be time to
22 revisit that during the trial.
23 In any event, issues of whether this was a privileged
24 setting or not aren't litigated in front of the jury, that's a
25 legal issue for your Honor to determine whether the setting was



HOUSE_OVERSIGHT_011343

1 or was not privileged. We don't take jury evidence on that,
2 you know, Judge Marra's ruling, and therefore, that should be
3 excluded. So that is item number 19.
4 Let me turn then to item 20, and I'm handling that.
5 This is essentially a hearsay exercise. We want information to
6 be excluded regarding Rebecca Boylan. Why? Because Rebecca
7 Boylan has not been deposed and is not going to be a witness in
8 the case.
9 As we understand what the defendant is planning to do,
10 she's planning to call Mr. Dershowitz. Mr. Dershowitz is going
11 to say Ms. Boylan told him that Ms. Giuffre told him something,
12 and so we have the classic hearsay within a hearsay situation.
13 The problem, of course, is that Boylan is not here.
14 The defendant's pleadings say, ah-hah, but this is an
15 admission by Ms. Giuffre, and it would be if Ms. Boylan were on
16 the stand so we could ask her questions about, well, did
17 Ms. Giuffre really say that? And what did she mean? And
18 wasn't she saying that she's been abused by Ms. Maxwell? But
19 they want to skip over that intermediate stuff, have Dershowitz
20 describe what Boylan describes Ms. Giuffre said, and that's
21 obviously -- and then I'm assuming Dershowitz is going to put
22 his spin on what Ms. Boylan allegedly said to him. There are
23 no set of circumstances in which that hearsay within hearsay
24 could be admissible because Ms. Boylan has not been deposed,
25 and is not here, it's rank multiple hearsay.



HOUSE_OVERSIGHT_011344

1 I am about done at this point.
2 With regard to the remaining issues, you'll be happy
3 to hear that I think things can be sped up. We believe that
4 these issues should simply be, as your Honors I think was
5 suggesting a moment ago, deferred to trial.
6 Items 21, 22, 23, 24, 25, 26, 27, 28, and 29, those
7 were sort of just kind of protective measures. The one
8 footnote or caveat we would add to that, your Honor. We think
9 this gets punted to the trial, but we would simply ask your
10 Honor to direct defense counsel before they let the cat out of
11 the bag on any of these that there be a sidebar or hearing
12 outside of the jury just so that, you know, our motion in
13 limine doesn't become moot because they've already effectively
14 put it in front of the jury.
15 The one that's of particular concern is alleged bad
16 acts by the defense team. At various points, I think your
17 Honor, unfortunately, has seen some, you know, frankly
18 aggressive language directed to the plaintiff's team here by
19 the defense team. We're prepared to respond to each and every
20 one of those allegations. We've tried not to get into the back
21 and forth because we think it's irrelevant.
22 But if there was to be some kind of an attack launched
23 on any of the members of the Boies Schiller Firm, of Brad
24 Edwards, myself, we would ask that we be given leave to address
25 that at sidebar, in-camera, or outside the presence of the jury



HOUSE_OVERSIGHT_011345

1 so that we can keep the fact that we have done something bad
2 that should then be held against our client away from the jury.
3 But all these remaining things we are in agreement, I
4 think with the suggestion you were perhaps making a moment ago,
5 we can deal with these issues at trial.
6 That's our omnibus motion in limine, your Honor.
7 THE COURT: Thank you.
8 MS. MENNINGER: The omnibus motion reads like a list
9 of everything plaintiff has lied about or anything that would
10 undercut her claim for damages.
11 Plaintiff quoted Passim in her reply brief from a
12 particular federal evidence treatise, and I would like to tell
13 the Court, she left out the most important parts, and that is
14 the ones that relate to 405(b).
15 As that treatise reads, "Character is an element of a
16 defense in a defamation case if the defending party claims that
17 the statements in question are true and seeks to prove that the
18 plaintiff has the character ascribed to her or to reduce
19 damages by showing that her reputation is so bad the statement
20 did no harm.
21 "In such cases, pursuant to Rule 405, all forms of
22 character evidence are admissible wherever relevant, including
23 opinion, reputation, and specific instances of conduct."
24 As your Honor found in our motion to dismiss ruling of
25 February 29th of last year, "Though defendant never called



HOUSE_OVERSIGHT_011346

1 plaintiff a liar, to call her claims obvious lies that have
2 been shown to be untrue demands the same meaning. Plaintiff
3 cannot be making claims shown to be untrue that are obvious
4 lies without being a liar."
5 Ms. Maxwell has stated in her answer after that that
6 her statement was true; that is, plaintiff is a liar. She is
7 thus entitled by Rule 405 to introduce all forms of character
8 evidence, including specific instances of conduct, opinion, and
9 reputation.
10 What does that evidence look like? Plaintiff's mother
11 described her as a liar, plaintiff's fiance described her as a
12 liar, plaintiff's employer from 2002 described her as a liar.
13 Your Honor, I would like to start with the first one
14 that plaintiff started with, and that is motion in limine 2,
15 which is Bill Clinton being on the island.
16 Ms. Maxwell is going to testify at this trial, and
17 she's going to testify regarding the obvious lies that
18 plaintiff told her. One story that plaintiff has told is that
19 Ms. Maxwell was on the island with Bill Clinton and herself at
20 a dinner party. If I may approach, your Honor? I have three
21 exhibits. Two for now.
22 THE COURT: I think in duplicate, to the extent that I
23 think.
24 MS. MENNINGER: I'd like to first direct the Court's
25 attention to the news article by --



HOUSE_OVERSIGHT_011347

1 THE COURT: I've read it.
2 MS. MENNINGER: -- Sharon Churcher.
3 THE COURT: Yes, I've read it.
4 MS. MENNINGER: Okay. It's the one in which
5 Ms. Giuffre, on March 5th, 2011, gave a long and lengthy
6 interview to Sharon Churcher describing her experience on the
7 island with Bill Clinton, with Al Gore, with Al Gore's wife,
8 with all kinds of famous people. And the island event featured
9 large and media coverage. If you notice the date of that
10 article, your Honor, it's March 5th, 2011.
11 The next document I provided is a press statement
12 issued by Ghislaine Maxwell on March 10th, 2011, so five days
13 later, in which she writes, care of her attorneys, "Ghislaine
14 Maxwell denies the various allegations about her that have
15 appeared recently in the media. These allegations are all
16 entirely false."
17 Your Honor, the last document I would like to direct
18 your attention to -- by the way, after Ms. Maxwell published
19 this press release, Virginia Roberts did not sue her, she did
20 not claim that she had been emotionally distressed or injured
21 by being called, essentially, a liar in this particular press
22 release. And also, with respect to the Bill Clinton article,
23 your Honor, the evidence at trial will show a substantial
24 number of emails between Virginia Roberts and Ms. Churcher
25 contemporaneous with this article. In none of them does she



HOUSE_OVERSIGHT_011348

say, 'You got it wrong. I never saw Ghislaine Maxwell on a helicopter with Bill Clinton. I never said that to you,' she did none of that.

So your Honor, the last document, and it really, I think, actually helps clarify the question your Honor raised when you came out to court this morning, is an email. It's an email from Ghislaine Maxwell to Alan Dershowitz, January 6, 2015, and it has a document attached called "Four Press Complaints".

Your Honor will notice that this document is not marked confidential, it was produced by Ms. Maxwell over a year ago, it is marked Ghislaine Maxwell 0006, and it's a communication between herself and Alan Dershowitz, someone with whom she does not have a joint defense agreement, and that's why she produced this email.

Your Honor, this email, as you can tell from the date, was sent four days after the allegedly defamatory statement at issue. It reflects Ms. Maxwell's dossier of all of the statements from the papers that have been shown to be completely untrue or show inconsistency in her story. Each article is listed so you can find that link that references the lies are inconsistencies.

Your Honor, if you look at this document that was sent just a few days after the January 2nd email, and you turn to page 3, which is actually the attached document, "Four Press



HOUSE_OVERSIGHT_011349

1 Complaints", because Ms. Maxwell says she's preparing a press
2 complaint in the UK, in other words a legal action, the third
3 page, your Honor, is the document that was attached that was
4 produced over a year ago.
5 How this document reads at the top, "Drafted by
6 Ms. Maxwell. I have copied direct lines and quotes from
7 articles, and my comments are in orange after the quote. The
8 relevant article that the quotes came from is listed below the
9 last quote. Below, I think, are some of the irrefutable
10 contradictions and interesting additional details that can be
11 used in the letter to the mail and in the following press
12 complaints. In addition, this article on Rothstein you may
13 find helpful.
14 "What is the number one lie that Ms. Maxwell points
15 to? Number 1. Bill Clinton identified in lawsuit against his
16 former friend and pedophile Jeffrey Epstein who had regular
17 orgies."
18 And then Ms. Maxwell's commentary directly afterwards,
19 in a quotation, "Huge problem is that Clinton never came to the
20 island."
21 Your Honor, in plaintiff's response -- excuse me --
22 reply brief, they claim Ms. Maxwell had no knowledge in early
23 January, 2015 that Bill Clinton had never been to the island.
24 Obviously, she had knowledge of that because she was claimed to
25 have been there with him and claimed to have flown on a



HOUSE_OVERSIGHT_011350

1 helicopter with him by plaintiff in her Sharon Churcher
2 published articles.
3 And here, in January of 2015, Ms. Maxwell is saying he
4 was never on the island. It doesn't depend on Louie Freeh or
5 anybody else. That's obviously -- in this particular email,
6 your Honor, she's cataloged all of the changed stories of
7 Virginia Roberts, all of the lies Virginia Roberts has told,
8 all of the different news articles in which those lies were
9 told, and said that this is going to be the basis of her press
10 complaint in the UK.
11 Likewise, on the next page, your Honor, GM009, at the
12 bottom, again, she specifically refutes the claims about Bill
13 Clinton being on the island and says, "He was never there."
14 Right after that, she says, "Virginia discussed that Al Gore
15 and his wife Tipper were also guests on the island." And
16 Ms. Maxwell writes, "They have also never been on the island,
17 and I don't believe they even know Jeffrey Epstein."
18 So when the jury is asked to consider what Ms. Maxwell
19 meant when she issued, through her attorney and her press
20 agent, the January 2nd, 2015 statement, we have a
21 contemporaneous document drafted by her that was produced in
22 discovery a year ago. None of it refers to the Jane Doe 102
23 complaint, none of it refers to the CVRA joinder motion. None
24 of it. It refers simply to press allegations that have been
25 floating around about her and about her involvement with



HOUSE_OVERSIGHT_011351

1 Jeffrey Epstein and Virginia Roberts.

2 Plaintiff's counsel has said statements made in the
3 newspaper articles are hearsay. That is often true, but when
4 it's plaintiff's statement in a news article, it's called a
5 party admission.

6 Plaintiff complains that she didn't have the
7 opportunity to depose President Clinton. Your Honor,
8 plaintiff's counsel sought to depose President Clinton in their
9 reply brief at the end of June, 2016, about a week before
10 discovery was to close. They didn't even mention it in their
11 opening brief, they raised it in docket number 211.

12 In that request, which I didn't have an opportunity to
13 object to because it came in reply, she said she wanted to
14 depose him to, "establish his close personal relationship with
15 Epstein", she said nothing about wanting to see whether he had
16 been on the island, whether he flew in a helicopter, or
17 anything like that.

18 With regard to Louie Freeh, your Honor, we disclosed
19 him as a witness in our Rule 26 disclosures last March --
20 excuse me -- February of 2016. Plaintiff made no effort to try
21 to depose him, made no effort to find out his basis of
22 knowledge. We produced in discovery his report in which he
23 submitted a FOIA request.

24 Yesterday, you will recall Ms. McCawley testifying
25 about how she, herself, issued a FOIA request and got in



HOUSE_OVERSIGHT_011352

1 response an FBI 302 motion -- excuse me -- statement of -- she
2 claims is authentic, but she doesn't know how it was redacted,
3 doesn't explain how it's redacted, but she wants to admit that
4 into evidence.
5 We are actually offering to put on the stand the
6 person who submitted the FOIA request to explain what was
7 requested and what was received. That is not expert testimony,
8 your Honor, that's chain of custody.
9 With regard to motion in limine number 5, evidence of
10 denials by Prince Andrew and Buckingham Palace. Again, your
11 Honor, in a defamation case -- and I'm now quoting from
12 plaintiff's treatise that they cited throughout their response
13 and their reply -- excuse me -- "In defamation cases,
14 defendants can also prove that other liables and rumors about
15 the claimant are circulating, at least if they are widespread,
16 to demonstrate that it is not what the defendant said about the
17 plaintiff that causes her reputation to suffer but what others
18 said."
19 Plaintiff also cites Sack of Defamation. He supports
20 our position, your Honor. Here, we have a statement by
21 Buckingham Palace that was issued on the internet and widely
22 circulated. There is also a videotape of Prince Andrew denying
23 Virginia Roberts' claims. Both of those were far more
24 circulated than anything Ms. Maxwell said, as evidenced by the
25 fact that plaintiff can't even find Ms. Maxwell's statement on



HOUSE_OVERSIGHT_011353

1 the internet anywhere quoted in whole.

2 Also, Alan Dershowitz widely circulated his denials of

3 plaintiff's claims. He was on Good Morning America, he was on

4 CNN's Nancy Grace Show, he was on Fox News. All of those

5 places he called Virginia Roberts a liar, and a serial liar,

6 and other things.

7 We are entitled, your Honor, both through cross

8 examination of plaintiff as well as cross examination of her

9 experts, to challenge whether or not anything said by

10 Ms. Maxwell caused damage to her reputation or whether other

11 people calling her a liar on national news and international

12 news is, in fact, the cause of any damage to her reputation.

13 She is the one, of course, who has put her reputation

14 at issue. Having the Duke of York and Buckingham Palace issue

15 denials is not hearsay, your Honor, it is offered for the fact

16 that the denial was widely circulated and very likely

17 contributed to people considering plaintiff to be a liar.

18 Motion in limine number 6, plaintiff's sexual history

19 and reputation. This salient point, your Honor, of course,

20 again, under 405(b), is that once you have put your reputation

21 for being a liar in question, then other specific instances of

22 false claims become highly relevant and probative of your

23 character for truthfulness, particularly with regard to sexual

24 assault and sexual abuse.

25 Furthermore, your Honor, plaintiff is the one who's



HOUSE_OVERSIGHT_011354

1 claiming she has damages of post-traumatic stress disorder, and
2 she is the one who is going to call to the stand her
3 psychiatrist to talk about that patient, and she is the one
4 that gave him evidence about these other acts to him and on
5 which he has relied in reaching his conclusions. It is
6 impossible for us to not be able to cross examine her expert
7 about preexisting PTSD caused by incidents and events unrelated
8 to Ms. Maxwell.
9 Motion in limine number 7, whether or not Ms. Giuffre
10 can be called a prostitute. Your Honor, no one in this case,
11 no counsel, nobody that I'm aware of involved with the
12 litigation has referred to Virginia Giuffre as a slut. That is
13 something that plaintiff's counsel has brought up, and you will
14 notice there is absolutely no cite in any record, in any
15 document referring to her as such.
16 What has come up, your Honor, are internet sites in
17 which Ms. Giuffre has been called all kinds of things that are
18 unrelated to Ms. Maxwell, that do not cite Ms. Maxwell. For
19 example, her friends gave interviews to the press in which they
20 described -- and this is attached as my Exhibit L -- described
21 Virginia Giuffre as "a money hungry sex kitten who enjoyed her
22 lavish lifestyle". We cannot talk about plaintiff's reputation
23 on the internet without talking about what is out there on the
24 internet. We cannot cross examine her or cross examine her
25 experts about what her reputation is if we can't ask about



HOUSE_OVERSIGHT_011355

1 these other things that are circulating about her that have
2 nothing to do with Ms. Maxwell.
3 Mr. Cassell referred to our expert Phillip Esplin,
4 Dr. Esplin, and saying that he agreed not to refer to Virginia
5 Roberts as a prostitute. Your Honor, that came up in the
6 context of a cross examination in which he said he has no idea
7 whether any of her claims are credible or not. He does not
8 believe it's within the province of the psychiatrist to be
9 making credibility determinations. So he was not in any way
10 suggesting, in fact he testified for hours to the contrary,
11 that he knows whether her claims of being a prostitute are true
12 or not true, and he agreed not to talk about.
13 The only context in which I think this comes up, your
14 Honor, are witnesses or people on the internet who have made
15 disparaging remarks about the plaintiff that have to be the
16 subject of her reputation and her request for damages that she
17 says are related to Ms. Maxwell.
18 Plaintiff's drug abuse, motion in limine number 8.
19 They have conceded, as they must, that the period of time about
20 which Ms. Giuffre is testifying is fair game for her discussion
21 of all of her illegal drug use. And it wasn't just
22 prescription drugs, she has testified that she was on a number
23 of different drugs at the time, and that because of those
24 drugs, her memory of events from 2000 are, quote/unquote,
25 foggy. And she says that's one of the reasons she can't



HOUSE_OVERSIGHT_011356

1 remember the names of the foreign presidents that she was
2 trafficked to, and these other famous people, because she was
3 taking so many drugs she just can't remember.
4 Obviously, your Honor, a witness' ability to perceive
5 and recall and relate events that happened a long time ago that
6 were affected by drug use need to be brought to light before
7 the jury.
8 The second issue, your Honor, relates to the use of
9 prescription medication. What you heard plaintiff say is they
10 would like to introduce evidence that she's taking prescription
11 drugs properly, but they want to exclude us from cross
12 examining her about that to see whether or not she was taking
13 prescription drugs improperly. That's called cross
14 examination, your Honor.
15 Her use of prescription drugs has been well-documented
16 in her doctor's records, and she has made false statements to
17 her doctors regarding her need for prescription drugs. She's
18 gone from one doctor to the next, telling one that she hasn't
19 taken any Valium for years, and then the next one -- and then
20 we have the records showing that that's just not true. She's
21 told doctors that she was stressed out about a big litigation
22 in New York, she told a doctor that in the year 2014, this
23 lawsuit wasn't filed until 2015, so she's made statements to
24 doctors that are inaccurate.
25 Your Honor, her statements reflected in her medical



HOUSE_OVERSIGHT_011357

1 records may or may not be admissible depending on what she says
2 on the stand, but they are her statements and they are,
3 therefore, potentially admissible as admissions of a party
4 opponent under 801(d)(2).
5 Moreover, her doctor is the one who wants to testify
6 about her need for medications going forward, and he has been
7 the one who's talked about her previous use of medications.
8 Her Colorado doctor testified that she had misled him and not
9 fully disclosed her need for prescription medications, and
10 there's also the question about whether or not, if she opens
11 the door and says she's properly used medications for
12 post-traumatic stress disorder, then we should be able to
13 examine her, not only with respect to that, but her other use
14 of prescription and illegal drugs.
15 And your Honor, I think it is inappropriately limiting
16 to say we can only talk about her use of drugs during the
17 period of '99 to 2002 because any drug use that she has used in
18 the meantime can go to establish whether or not she truly had
19 post-traumatic stress disorder or any other mental health
20 disorder.
21 She has filed a lawsuit asking for $30 million in
22 emotional distress, pain and suffering, and her doctor is going
23 to testify that she needs medications as a part of managing
24 that pain and stress and emotional distress. If she's been
25 using drugs in the interim that may affect her memory, if she's



HOUSE_OVERSIGHT_011358

1 using drugs now that may affect her memory, or if she's
2 inappropriately used drugs in the meantime, all of that would
3 go to whether or not she truly has the emotional distress that
4 she claims.
5 Motion in limine 9, plaintiff's criminal history. If
6 I understand plaintiff's argument, they do not want her to be
7 cross examined either under 608(b) or 405(b) with regard to a
8 specific instance of dishonesty; that is, her theft from her
9 employer.
10 There are legions of cases, your Honor, that find
11 theft to be a crime of dishonesty and admissible for proof of
12 character of dishonesty.
13 Not only, your Honor, did she get charged by the
14 authorities in Florida with this crime of theft from her
15 employer, an arrest warrant was issued for her, that arrest
16 warrant was outstanding at the time she, quote/unquote, fled to
17 Thailand. That arrest warrant remained outstanding until the
18 year, I think 2009 or 2010, when it was quashed. Plaintiff
19 failed to come back to this country during that entire time.
20 It got quashed because it had been such a long passage of time.
21 THE COURT: Who was the employer?
22 MS. MENNINGER: It was the Roadhouse Grill, your
23 Honor. It was a burger joint. And she was working at that
24 Roadhouse Grill in March of 2002 during the period of time she
25 claims that she was a sex slave. She claimed that she was a



HOUSE_OVERSIGHT_011359

1 sex slave, that she was getting paid wads of cash, thousands of
2 dollars by Jeffrey Epstein, and this was happening 24/7. And
3 we asked in discovery, and we got a bunch of records, not only
4 of her working at the Roadhouse Grill, but also of her working
5 at a bunch of other restaurants, at a veterinarian's office,
6 all kinds of things during the period of time that she says she
7 was a -- what is commonly known as a sex slave, is how she
8 described it in her papers.
9 Your Honor, she compounded the lie about the theft
10 because she wrote a book manuscript, as you know. And in that
11 book manuscript, she describes that it was not her who took the
12 money from the tip jar, it was her boyfriend, Tony Figueroa,
13 and that's also what she testified during her deposition.
14 She said, for example, that she didn't commit the
15 theft, that he came in at the end of her shift, and while she
16 wasn't looking, he's the one that took the tips.
17 Well, we deposed Tony Figueroa, and Tony Figueroa,
18 your Honor might be surprised to hear, is a gentleman with
19 several felonies to his name, which he gladly recounted on the
20 witness stand on videotape. He talked about all the thefts he
21 has committed, thefts from a video store, he was charged with
22 felonies, he was put on probation for ten years, he recently
23 had gotten out, but he actually denied that he was the one who
24 took the money from the tip jar.
25 So there's the lie, there's the tip jar theft, then



HOUSE_OVERSIGHT_011360

1 there's the lie about the tip jar theft, and then there is the
2 arrest warrant that was issued that plaintiff left the country
3 for over a decade while that arrest warrant was outstanding.
4 Your Honor, the fact of police contacts during this
5 timeframe, including this one, go directly to other issues,
6 including whether or not plaintiff was truly the sex slave that
7 she describes. She had an opportunity, because she called the
8 police on numbers of occasions during the relevant time
9 period -- she called them to report a theft, she called them to
10 help with a civil assist getting her out of her apartment, she
11 called them for all kinds of reasons -- and at none of those
12 points of time did she tell the police that she was currently
13 then a, quote/unquote, sex slave.
14 Your Honor, the Roadhouse Grill also -- the Mail On
15 Sunday is the one who printed a story about the Roadhouse Grill
16 and confronted her aunt who was being interviewed for one of
17 their stories about it. The aunt was in the process of saying
18 what a great niece she had, and then the news asked her about
19 the Roadhouse Grill theft, and she said, "Wow, I didn't even
20 know that she was working in a burger joint." So it goes to
21 her internet reputation.
22 And finally, your Honor, I think if you look back to
23 that email between our client and Mr. Dershowitz on page GM009,
24 it's one of the lies that our client specifically referred to.
25 She quotes Virginia Giuffre's statement, "Jeffrey bought me



HOUSE_OVERSIGHT_011361

1 jewelry, diamonds were his favorite, and wonderful furniture.
2 He was paying me very well because I'd give him sex whenever he
3 wanted," to which our client responded, "If he was paying her
4 so well, why steal from her burger job in 2002?" So it's
5 within our client's knowledge on January 6, 2015, and that is
6 an additional reason why it should be admitted going to her
7 state of mind or actual malice, as plaintiff likes to call it.
8 Your Honor, with respect to the school records, the
9 school records are what they are. They explain that she was in
10 school during the entire time she claims that she was a sex
11 slave, it gives her numbers of days of attendance, I don't
12 understand why those records wouldn't be admitted in cross
13 examination of her as to her whereabouts at certain occasions.
14 Plaintiff certainly intends to introduce flight logs to show
15 that she was or wasn't in certain places, so school records
16 show where she was and wasn't on certain dates, and that's
17 important, your Honor.
18 Moreover, plaintiff is the one who told Sharon
19 Churcher about her own problems with school. She told Sharon
20 Churcher, and Sharon Churcher published with her authorization
21 that she went back to school to get her GED, and she wanted to
22 study for massage. She talked about dropping out of school.
23 Police records reflect the fact that she was a truant during
24 this period of time, that her mother was concerned about her
25 abusing drugs and alcohol. The school records intimately



HOUSE_OVERSIGHT_011362

1 intersect with the entire story that plaintiff has told about
2 being a sex slave in the years 1999 to 2002.
3 Also, your Honor, they go to damages because plaintiff
4 has claimed that she should be entitled to a certain amount of
5 damages, and her own experts have talked about her being a
6 troubled child. Again, this is something that they told their
7 psychiatric expert, and he relied on finding that she was a
8 troubled child, and then he's made inferences from there about
9 why she should be entitled to certain damages, and I think the
10 school records are a fair game for cross examination of him.
11 Motion in limine number 11, her bad childhood
12 behavior. Again, your Honor, this is exactly -- plaintiff went
13 in to see the psychiatrist, went in to see hers and our
14 independent medical examiner, and in both cases she described
15 all of her, quote/unquote, bad childhood behavior. So it goes
16 to her damages, your Honor. They want to elicit what they want
17 to elicit and keep us from eliciting anything that would
18 contradict it.
19 But putting your reputation and your character in
20 issue, as she has in this case, about the time when she was a
21 child is necessarily a part of our cross examination to explain
22 to a jury what her reputation at the time of the acts in
23 question were.
24 She was a truant, reported to the schools as a truant,
25 reported by her mother to the police, circulated with people in



HOUSE_OVERSIGHT_011363

1 the community out trying to find her, and she was known as such
2 in her community. So to say somehow that we can't talk about
3 her reputation for truth telling, her reputation for honesty at
4 the time she was a child when she claims that she was the
5 victim of sex abuse, is not supported by the law.
6 Plaintiff also cites to Sack on Defamation, and I
7 believe the cite is 10, Section 5. And your Honor, I think
8 this helps clarify a lot of what our position is in this case.
9 Sack believes, as we do, that it is entirely
10 appropriate under 405(b) to question a plaintiff who has
11 alleged defamation, whose reputation is an issue about all
12 kinds of bad acts. They have said, just now, that there is
13 just no reason we should be allowed to ask about all these
14 other bad acts.
15 Sack cites, your Honor, to an Eleventh Circuit case,
16 Schafer vs. Time, Inc. In that case, your Honor, Sack says the
17 Eleventh Circuit found the district court had been correct when
18 it ruled that the defendant, which allegedly accused the
19 plaintiff of being a traitor, "would be permitted to question
20 the plaintiff about a felony conviction, a possible violation
21 of his subsequent parole, convictions for driving under the
22 influence, an arrest for writing a bad check, failure to file
23 tax returns, failure to pay alimony and child support, and
24 evidence concerning plaintiff's efforts to change his name and
25 social security number." In other words, once you put your



HOUSE_OVERSIGHT_011364

1 reputation at issue, all of these specific instances going to
2 your honesty are fair game.
3 In this case, we have asked plaintiff whether she
4 filed tax returns. She said, "No." Tax fraud is not a private
5 matter, as plaintiff contends, it is a crime. It is a crime of
6 dishonesty.
7 She likewise put into her complaint that her
8 reputation was injured in her professional capacity as
9 President of Victims Refuse Silence. We inquired whether
10 Victims Refuse Silence was, indeed, a legitimate enterprise.
11 We learned that they had not met their tax obligations and they
12 had not been funded. That is, as your Honor knows, the subject
13 of 702 motions, so I won't repeat it all here.
14 I will say, however, that both of those issues,
15 failure to file tax returns and tax fraud, are exactly the
16 kinds of evidence permissible under 405(b) when you are
17 attempting to establish the truth of your statement that
18 plaintiff is a liar.
19 Motion 14, evidence of being a victim of domestic
20 violence. Your Honor, in this case, plaintiff claims
21 $30 million in pain, suffering, and emotional distress.
22 Plaintiff's expert, Dr. Kliman, testified that domestic
23 violence by her husband is likely a cause of exacerbation of
24 her PTSD. He also testified it was a very violent episode and
25 more likely happened more than once. He also testified that



HOUSE_OVERSIGHT_011365

she needs additional marital and sexual counseling based on her disinterest in sex, which she claims is caused by the defamatory statement.

Our expert, your Honor, likewise found that the far more likely cause of any dysfunction in her marriage which arose at the time of the domestic violence incident and was more likely the cause of any PTSD pain, suffering, or emotional distress that she was experiencing.

That domestic violence incident happened in early March, 2015, a couple of months after the allegedly defamatory statement, and seven months before plaintiff brought this lawsuit.

The criminal proceedings against her husband also are relevant to her damages, apart from Dr. Kliman's testimony. Her husband was ordered to live away from their home, leaving her to care for her three children alone. He then stopped participating in the court-ordered domestic violence counseling, and he fled the country with an active arrest warrant that remains outstanding to this date from Colorado.

All of these alternative sources of emotional distress for plaintiff should be admitted, as her expert, Dr. Kliman, has testified, in as far as they impact supposed pain, suffering, loss of enjoyment of life.

Motion in limine number 15, any testimony that sex with a 17-year-old girl is, quote/unquote, lawful. Plaintiff



HOUSE_OVERSIGHT_011366

1 is the one who claims she had sex with various people at
2 various places at various times, some when she was 17, some
3 when she was 18, some when she was 19, some in Florida, some in
4 England, some in New York, some in New Mexico. In all of those
5 cases, except Florida, the age of consent is 17.
6 I don't know what evidence plaintiff is going to
7 introduce about what sex she had, where, with whom, and her age
8 at that time because those sands have shifted dramatically
9 during the course of this litigation. All I can say, your
10 Honor, is, if she tries to introduce evidence that she had sex
11 at a certain place and time and claimed that it was unlawful,
12 your Honor will be duty bound to instruct a jury on what is or
13 isn't lawful in a particular jurisdiction at a particular time
14 in a particular place.
15 Your Honor, I would submit that motion in limine 16
16 regarding the medical records, again, is something that depends
17 dramatically on what plaintiff introduces during her case in
18 chief, but there are many statements, as I mentioned earlier,
19 to her doctors which would be admitted as nonhearsay if offered
20 against her as party admission.
21 There are many statements over the last 15 years that
22 relate to her mental condition, that relate to her medications.
23 Do I anticipate asking about her ferret bite? I do not. Do I
24 anticipate asking about the other things that are listed in her
25 motion in limine? I do not. But I do believe that there are a



HOUSE_OVERSIGHT_011367

1 number of times that she saw doctors, made statements, sought
2 treatment, got medications, all of which are reflected in her
3 medical records and are something that about which she may be
4 cross examined.
5 She claims her medical records are private. She is
6 the one seeking $30 million in emotional distress, pain and
7 suffering, and I think when you do that, I'm sure her lawyers
8 advised her that her privacy rights with respect to her medical
9 records would no longer be the same as a private individual.
10 Your Honor, Motion in limine 17, again, the dollar
11 value of the Jane Doe settlement depends entirely on what
12 happens in terms of plaintiff's case in chief and whether any
13 other evidence regarding the Jane Doe 102 litigation comes into
14 evidence, because if it does, then the settlement and the
15 settlement amount may very well become relevant, but I can't
16 say right now how anyone intends to use that at trial, why it
17 would be relevant, and I can't say whether or not the
18 settlement amount would likewise be relevant.
19 Motion in limine 18, the Cassell-Edwards-Dershowitz
20 litigation and their settlement. It's interesting to note
21 Mr. Cassell to refer to himself in the third person when he was
22 talking about that litigation.
23 Your Honor, there are a number -- I can count five
24 reasons, at least, that that case is relevant to the facts in
25 this case.



HOUSE_OVERSIGHT_011368

1 Plaintiff was a witness in that case. She was deposed
2 in that case. She testified under oath in that case,
3 represented by the same counsel that she has here. Her
4 testimony in that case is admissible.
5 She participated in that case, your Honor, from March
6 of 2015 or so until it settled in or around April of 2016, and
7 she reported to her doctors that it was causing her a
8 significant amount of stress. In fact, shortly before she was
9 deposed in that case she went to a doctor and requested that
10 she get more Valium to help her handle her upcoming deposition.
11 Dr. Miller, our psychiatrist, found that her
12 participation in that lawsuit as a witness caused her
13 significant stress and explained many of her complained of
14 symptoms, and he said that they were exacerbated by her
15 participation in that litigation.
16 Third, evidence regarding that lawsuit goes to her
17 reputational damages. Again, your Honor, I refer to the
18 federal evidence treatise relied on by plaintiff. In
19 defamation cases, defendants can also prove other liables and
20 rumors about the claimant are circulating, at least if they are
21 widespread, to demonstrate it is not what the defendant said
22 about the plaintiff that caused her reputation to suffer but
23 what others said.
24 Your Honor has read the 702 pleadings. Plaintiff's
25 experts have pulled off the internet all kinds of stories that



HOUSE_OVERSIGHT_011369

1 relate to plaintiff and said that those stories are evidence of
2 her damaged reputation. When you look at the stories that
3 actually were pulled off the internet, a substantial number of
4 them relate to the Cassell-Edwards-Dershowitz litigation; what
5 happened in the litigation, statements made by the parties in
6 the litigation, statements made about Virginia Giuffre relevant
7 to that litigation.
8 If her reputation is damaged by some other litigation
9 that has nothing to do with Ms. Maxwell, Ms. Maxwell can't be
10 responsible for that reputational damage.
11 THE COURT: What's your explanation of the damage
12 caused to Giuffre by the Dershowitz case?
13 MS. MENNINGER: I'm sorry?
14 THE COURT: I understand the testimony part. That's a
15 different kind of thing. But the case itself, how does that
16 damage her reputation?
17 MS. MENNINGER: It's the press attendant to that case,
18 your Honor.
19 THE COURT: Okay. So the press attendant.
20 MS. MENNINGER: There was a lot of press attendant to
21 that case which was, frankly, negative to the plaintiff that
22 had nothing do with Ms. Maxwell's denial. And their experts
23 have relied on that press and claimed that that press somehow
24 supports their claim for damages against Ms. Maxwell, even
25 though she's not mentioned in the particular stories.



HOUSE_OVERSIGHT_011370

1 THE COURT: But how is that going to figure into
2 damages in our case?
3 MS. MENNINGER: Your Honor, I think the jury would be
4 instructed here not to hold Ms. Maxwell responsible for any
5 harm to plaintiff's reputation caused by third parties or
6 alternate sources, including stories that were generated by
7 statements made by her own counsel, by Alan Dershowitz, by
8 Prince Andrew, by anyone else.
9 THE COURT: Well, yes. But what I'm trying to figure
10 out, what about that case was damaging to Giuffre?
11 MS. MENNINGER: I can't tell you that, your Honor.
12 It's actually plaintiffs who are asking for $1.9 million in
13 reputational cleanup costs, and when you ask them what
14 reputational cleanup costs are you trying to clean up, they
15 point to stories having to do with the Dershowitz litigation.
16 They say her reputation was damaged by that litigation and by
17 the stories related to it, and they want to push all of those
18 stories down on the internet searches. Not stories that relate
19 to Ms. Maxwell, stories that relate to her litigation with --
20 her lawyer's litigation with Alan Dershowitz.
21 THE COURT: Okay.
22 MS. MENNINGER: I don't think that evidence should
23 come in because I don't think it's based on science, but I
24 realize that's not for today.
25 Likewise, your Honor, her failure to sue Alan



HOUSE_OVERSIGHT_011371

1 Dershowitz, although he's gone on all of these other shows and
2 called her a liar after she said she had sex with him seven
3 times, goes to her failure to mitigate any of her damages.
4 Finally, your Honor, there is, as you heard from
5 Mr. Cassell, talking about Cassell lawsuit, a statement issued
6 that that lawsuit was a mistake. Whether her attorneys have
7 made representations, they did so while they were representing
8 plaintiff. This was while Mr. Cassell and Mr. Edwards were
9 both pursuing their own lawsuit and also representing plaintiff
10 in this case. So any statements that they issued that are
11 within the scope of their agency, your Honor, are
12 representations, frankly, made by plaintiff.
13 With regard to the Judge Marra order, motion in limine
14 19, your Honor, plaintiff would like to make a lot of arguments
15 now. She's already litigated those points. She lost. She's
16 collaterally estopped from reraising them. And it would be
17 seriously misleading, your Honor, to admit the joinder motion
18 and not inform the jury that a judge found that the allegations
19 contained in that joinder motion were impertinent.
20 Motion in limine 20, Rebecca Boylan. They said she's
21 not been deposed. She was a disclosed witness. They said
22 she's not going to be a witness. Well, we'll see. Your Honor,
23 I don't think this is the appropriate time to raise this issue.
24 It's not an appropriate motion in limine. I know what the
25 rules of evidence are with regard to hearsay and double



HOUSE_OVERSIGHT_011372

1 hearsay.

2 That's also true, your Honor, largely with respect to

3 the rest of the motions. They are asking for an advisory

4 opinion from this Court about things that may or may not

5 happen. Your Honor, I just don't see the need to waste more

6 time on it.

7 There is only one issue, the one raised in 28 where we

8 have presented the possibility that as the party that bears the

9 burden of proof, we would be allowed during closing arguments,

10 for example, to comment on the lack of proof, which is a common

11 closing argument.

12 If they have control over a party and that party

13 doesn't come and testify, we may, under the appropriate

14 circumstances and with the right foundation, ask for a missing

15 witness instruction, your Honor, but these are all advisory

16 questions at this point.

17 MS. McCAWLEY: Your Honor, Sigrid McCawley on behalf

18 of the plaintiff. Would the Court like to take a break at this

19 point? I know we've gone for a couple hours. I'm not sure how

20 you'd like to proceed. We're happy to address --

21 THE COURT: Let's finish.

22 MS. McCAWLEY: Let's finish. Okay, great. Thank you.

23 MR. CASSELL: Paul Cassell, your Honor, for

24 Ms. Giuffre.

25 The defense started with an overview of Rule 405(b),



HOUSE_OVERSIGHT_011373

1 so let meet respond to that overview.

2 They reference Mueller and Kirkpatrick, a treatise

3 that we think is very instructive on this particular point.

4 Mueller and Kirkpatrick says, "It is true that in a

5 defamation case there is more latitude to introducing

6 reputational types of evidence. However, it's important to

7 remember, say Mueller and Kirkpatrick, that actual character is

8 not so much the question as reputation."

9 And it follows that "specific instances of misconduct

10 cannot be proved if they were not generally known because then

11 they would not affect reputation."

12 They go on to say that, "When a defendant's proof goes

13 to specific instances under 405(b), caution from the judge is

14 in order. Proving misbehavior can, in effect, become a game of

15 character assassination that adds insult to injury which courts

16 can block by carefully considering relevancy issues and the

17 rule against unfair prejudice found in Rule 403." And so it is

18 against that backdrop that the Court should be considering

19 these 405 issues.

20 What I would like to do is offer three illustrations

21 of what I think is going to be a pervasive flaw in many of the

22 arguments advanced by the defense.

23 So we heard that, "Your Honor, look under 405(b). The

24 fact that the mother -- plaintiff's mother described her as a

25 liar about using drugs and running away from home, that comes



HOUSE_OVERSIGHT_011374

1 in to show reputation." Let me explain why I believe that
2 argument is fundamentally flawed, and that will, of course,
3 carry over to other illustrations, as well.
4 The statement to which defense counsel was referring
5 was a statement that Ms. Giuffre's mother made during a
6 deposition as a witness in this case where the only people in
7 the room were the court reporter and the attorneys. The fact
8 that when asked, "What did you think of your daughter 17 years
9 ago? Well, I thought at the time that she was a liar," wasn't
10 something that goes to Ms. Giuffre's reputation because there's
11 no evidence anybody knew about it other than, you know, the
12 mother who is now being deposed in 2016.
13 Moreover, the question was, "What did you think about
14 the fact that your then 17-year-old child was running away from
15 school? Well, I thought she was lying to me about that." That
16 would go, I guess, to her reputation back in, what, 1999, 2000,
17 2001, that time period, but of course the damages that are at
18 issue in this case are damages around 2016 and thereabouts when
19 the defamatory statement is released.
20 So it's hard to see even an argument for the statement
21 of the mom in a deposition going to reputation. I don't know,
22 maybe I'm missing something, maybe there's some marginal
23 relevance that can be distilled out of all of that. But of
24 course then your Honor has to weigh whatever marginal value
25 that has as to reputational issues against the very significant



HOUSE_OVERSIGHT_011375

1 prejudicial effect.

2 Obviously, this is going to be considered by the jury

3 to think she's a bad kid. They're not going to like

4 Ms. Giuffre, and they're going to hold it against her, not

5 because it has some technical reputational aspect to it, but

6 because it is something that shows she's a bad person. Under

7 403, the evidence should be excluded.

8 Let me give you a second illustration of reputational

9 points. They say, "Ah-ha, look. Ms. Giuffre went to

10 Dr. Kliman," and I believe your Honor referred to that as well.

11 And your Honor asked, I think, a very good question, and let me

12 see if I can answer that question.

13 You said, "Well, why did she disclose all this stuff

14 to Dr. Kliman?" Well, the answer is obvious, she was under

15 instructions from the doctor to tell everything that happened,

16 and of course she told, to the best of her ability, everything

17 that happened. Some of the stuff is going to turn out in a

18 court of law to be relevant, some of this stuff in a court of

19 law is going to turn out to be irrelevant. But that's not the

20 psychiatrist's job to say, 'No, no, no, don't talk about

21 illegal drug use because the prejudicial effect outweighs the

22 probative value,' he just gets a full medical history. And

23 having collected all that information, you know, through

24 Dr. Kliman, or they also have Dr. Miller who did a similar sort

25 of thing. Now once you have all of this vast array of



HOUSE_OVERSIGHT_011376

1 information, then the lawyers present arguments to your Honor
2 and say, 'Wait a minute. Some of the things that are in the
3 report aren't relevant to the case and, in fact, are going to
4 be highly prejudicial for the jury.' That's why we're here
5 this morning asking for some of those things to be excluded.
6 For example, there are some references -- I won't
7 belabor the point -- but the references that we're making to
8 some of the illegal drug usage and so forth, that's not
9 something we're trying to deploy affirmatively. The good
10 doctor simply listed all of the information that had been
11 recited as part of his report so that the lawyers and the judge
12 can now make a determination.
13 And the fact that Ms. Giuffre told Dr. Kliman in a
14 confidential psychiatric examination certain things about drug
15 use can't possibly go to her reputation because no one was
16 there who was assessing what kinds of things might be going on.
17 A similar point can be made about tax fraud. We're
18 told, "Well, your Honor, tax fraud goes to her reputation." I
19 suppose that goes to her reputation with some IRS agent who is
20 looking at a return, but it can't possibly go to a general
21 reputation that is at issue in this case.
22 And once again, the cases that we cite in our briefs I
23 think make this point clear, there is a vast risk of
24 prejudicial effect to Ms. Giuffre because the jury is going to
25 think, oh, she's a tax cheat, and they're going to hold that



HOUSE_OVERSIGHT_011377

against her because they don't like her actions in that particular circumstance as opposed to the merits of the case.

And by the way, we are going to strongly contest that she's a tax cheat, so your Honor is going to have, I guess, competing tax information, and jury instructions on whether personal injury returns have to be reported on your return, all of which is going to deflect the jury's time and attention, not to mention the Court's and counsel's, away from the fundamental issue of did Ms. Maxwell defame Ms. Giuffre. So that's our response to the initial overview regarding 405, and I'm going to turn the time over to my colleague now to dive into some specifics.

MS. McCAWLEY: Thank you, your Honor. I'm going try to keep this very brief and just touch on some of the highlights quickly.

So we were talking initially at the beginning about the issue of various pieces of different witnesses, whether their information would come in, and we hit on the issue -- they brought up the issue of Mr. Freeh, and actually gave you -- told you that he was going to be just somebody who was going to sit on the stand and validate the FOIA response.

Well, very clear from the documents they've produced in this case, if I could hand them up, your Honor, this is the pages that they produced with respect to Mr. Freeh. And you'll see on the first page, he gives his conclusion and he says,



HOUSE_OVERSIGHT_011378

1 "Based on my experience, knowledge, and duties of these
2 protocols in the USS Protective Details of Special Agents, a
3 company escorting Mr. Clinton" -- so he is relying on his
4 expertise as a former FBI head in order to opine on whether or
5 not these records are correct, your Honor.
6 They disclosed him as a lay witness in this case, not
7 an as an expert witness. We went through a series -- as you
8 know your Honor, you've seen all the expert depositions in this
9 case that we've had. They say, "Well, you could have deposed
10 him as a lay witness."
11 Your Honor, will remember, we were very limited. We
12 were limited to ten depos. We had to beg, borrow, and steal to
13 get a few more, and we had to be very careful in who we picked
14 and chose with respect to establishing our claims. If we had
15 known, of course, that Mr. Freeh was going to be put on the
16 stand as an expert in this case, we, of course, would have
17 sought his deposition through the expert process.
18 So, your Honor, I think those documents speak for
19 themselves. They're very clear, that's GMOO526, where he's
20 giving that clear opinion. The letter is sent to
21 Mr. Dershowitz and he signs it, and then it has the relevant
22 attachments. So, your Honor, we firmly believe that that
23 should be kept out of evidence because he was not disclosed
24 properly as an expert in this case.
25 The other thing I want to point your attention to is



HOUSE_OVERSIGHT_011379

1 another document that they gave you, and I think this document
2 is really telling for what it doesn't say, and that's the email
3 traffic.
4 Right after -- a few days after she makes the
5 defamatory statement, she's conversing with Alan Dershowitz
6 about this statement. And this is GM0006 through 00015.
7 What's really interesting about this is nowhere in
8 this statement does she say, 'I didn't participate in this
9 abuse. I didn't know this person. I wasn't around. This
10 didn't happen with JE.' Instead, she picks statements and says
11 things like -- which sound like a jealous girlfriend -- she
12 says, "I called Jeffrey and told him I've fallen madly in love,
13 Virginia says. I was hoping he'd be delighted, but he said,
14 "Have a nice life" and hung up on me." And she puts in parens
15 to Mr. Dershowitz, "Did she want Jeffrey to say no, don't do
16 it, I want to marry you?"
17 Clearly, she knows -- while during her deposition she
18 claimed to not recollect my client whatsoever, she clearly
19 knows her and this shows that they were together.
20 It's also interesting, if you look on page 0008,
21 because she's putting in parens individuals, other people that
22 my client was lent out to that they forgot to mention in the
23 list that they give. I mean, what's really telling about this
24 document is what it doesn't say, but it clearly shows she knew
25 my client, she knew what was occurring, and she's simply trying



HOUSE_OVERSIGHT_011380

1 to pick apart nuances in the statement. So, your Honor, I
2 submit that to you for what it doesn't say from Ms. Maxwell
3 since they've provided that to you today.
4 There are a few more things that I just want to touch
5 on that I think need to be clarified, and that is, with respect
6 to -- there was this mention about newspaper articles, and as
7 you know we've submitted an expert who analyzed through his web
8 analytics, he's the same expert that was in the Anders case who
9 followed that video of the Fox reporter over the internet and
10 tracked that he uses a well-accepted methodology. We've set
11 that forth all in our papers.
12 But he tracked the specific quoted statements, your
13 Honor. And if they have an issue, if they want to say, oh,
14 they're proposing today that these articles related to the
15 Dershowitz matter, that's subject for cross examination of him
16 if they want, but he has a very clear methodology, and those
17 articles that he tracked were in that manner, your Honor, so I
18 just want to make that point since they raised it. I know
19 we're not discussing the experts in detail today, but I did ask
20 that question.
21 So your Honor, in just summarizing on those points, I
22 think we made clear in our opening argument why we believe that
23 this shouldn't be subject to a number of mini trials on a
24 variety of these issues, we're hoping to streamline this
25 matter, and that's why we proposed this motion in limine to you



HOUSE_OVERSIGHT_011381

1 in the way that we did.

2 I'm just going to let my counsel address any final

3 issues.

4 MS. SCHULTZ: Your Honor, I don't have anything

5 further to say on motion in limine number 6. The defendant has

6 not given any valid reason or justification for introducing any

7 evidence of prior sexual assault that should be excluded for

8 all the reasons in the brief and the oral argument over these

9 two days.

10 With regard to drugs, there are voluminous medical

11 records presented here. Defendant's counsel has stood up and

12 said there are false statements to doctors and have suggested

13 that Ms. Giuffre is doctor shopping. I'll submit that the

14 records do not reflect that.

15 Defendant apparently seeks to introduce a jotted down

16 note here or there from medical records, but these are plainly

17 hearsay, and a sentence fragment in the middle of a medical

18 chart is not admissible evidence, it's hearsay. And then,

19 they're certainly not a party admission, they don't even

20 reflect the totality of what the conversation is between

21 patient and doctor.

22 Also, I would also submit that the prescription

23 records show that they are not doctor shopping to a mass

24 amounts of pills or medication. The prescription records speak

25 for themselves. You can count the number of pills that were



HOUSE_OVERSIGHT_011382

1 prescribed over a period of time, and you'll understand that
2 this is not a situation of someone being a drugee and doctor
3 shopping, something that's in the news a lot these days. So
4 trying to submit it that way is not only irrelevant to this
5 case, but the prejudice greatly outweighs whatever probative
6 value it might be. Ms. Giuffre would not, of course, object to
7 testifying with regard to what current medication she takes,
8 but that's a different subject altogether.
9 With regard to criminal history, as I mentioned,
10 Ms. Giuffre denied that she stole the money. She said her
11 boyfriend took the money while he was there with her. And
12 defense counsel reminded Court that this victim is a thief.
13 Again, none of this information comes in under the Federal
14 Rules of Evidence. Even the charging document and the warrant
15 are classic hearsay and should be excluded.
16 With regard to the next one, I'm going to skip ahead
17 to school records. The records don't show that she was in
18 school, as much as defendant seems to think she is. They don't
19 have also what days she attended and what days she doesn't. It
20 doesn't say that she was there on, for example, May 23rd, 2000.
21 What they do show is that there are no courses taken between
22 1999 and the 2000 school year, and no courses taken during the
23 2000 to 2001 school years.
24 Ms. Giuffer's attempt to work and resume school at
25 another school as as a tenth grader in the 2001 to 2002 school



HOUSE_OVERSIGHT_011383

1 year was limited to a portion of the school year starting
2 October 20th, 2001, ending only in March 7th, 2002, which only
3 further substantiates Ms. Giuffre's testimony that at one point
4 she attempted to get away from defendant's abuse, along with --
5 and Mr. Figueroa testified to the same.
6 So again, I would also reiterate that her reputation
7 as a child for being a truant or a runaway is not what is at
8 issue in this case. She is a 30-something-year-old woman and
9 did not have a reputation related to her school attendance.
10 There is also in this case zero evidence of her
11 not-for-profit being a tax fraud. It's not funded and it's in
12 compliance with United States tax rules.
13 Additionally, Ms. Giuffre has produced volumes of
14 papers of tax returns filed with the Australian government, the
15 country where she has predominantly resided since she was 19
16 years old. And that's all I'm going to say for that, to keep
17 it brief.
18 MR. CASSELL: Your Honor, I'm just going to address
19 all of the points that -- I'll just take very few minutes here,
20 with your permission.
21 So on point number 7 that I addressed, the issue of
22 slut, it seems like we're in agreement that that should be a
23 term that's not used.
24 The debate was over the term "prostitute". Again, Dr.
25 Esplin, their own expert, you can see in the 702 motions, he



HOUSE_OVERSIGHT_011384

1 concluded that was an inappropriate word.

2 The only -- let me be clear. If there's some document

3 that has the word "prostitute" in it, we're not suggesting that

4 then it would be -- if that document is in evidence and the use

5 of that word is appropriate and admissible and relevant, we're

6 not saying that that has to be redacted. But the only example

7 they gave is there's some comments in some internet chat room

8 somewhere, we're not sure exactly how they're going to

9 authenticate those, there's no evidence Ms. Giuffre has heard

10 of those, so as you say, we can take that up at the time. But

11 we would ask that defense counsel be instructed, and their

12 witnesses be instructed, not to use that term unless it appears

13 in a particular document.

14 With regard to item 14, this is the domestic violence

15 issue. And they say, look, it has relevance because it shows

16 an alternative cause of emotional distress damages.

17 Our position is primarily based on Rule 403. We

18 conceded, I think, that there's some arguable chain of

19 relevance that perhaps could be teased out here, but let's

20 understand, this domestic violence incident took place in

21 March, 2015, and the statement at issue that caused the

22 worldwide reputational damages was launched in January of 2015.

23 So the relevance here is marginal, and ultimately the

24 question your Honor has to, of course, sort out is the

25 prejudicial effect. There wasn't any response that I heard



HOUSE_OVERSIGHT_011385

1 from defense counsel about a blame the victim mindset that the
2 jury would very well adopt once they heard that Ms. Giuffre's
3 staying with her husband is a victim of domestic violence. So
4 your Honor has in front of it, I think, essentially uncontested
5 evidence, or at least uncontested argument of substantial
6 prejudicial effect that will exist that tips decisively in
7 favor of excluding this, particularly when they get to subjects
8 like criminal proceedings. We're going to then get into what
9 is the scope of the protective order if they live in Australia
10 and things like that. That's far afield from any effect on
11 emotional distress damages.
12 Item 15 has to do the 17-year-old, 16-year-old,
13 15-year-old. I think we have agreement from both sides that
14 sex with a 17-year-old is unlawful under the age of consent
15 statute that exists in Florida, and we'll be asking either to
16 cover that through an expert witness or through a jury
17 instruction. But they say, oh, what if she's flown to New
18 Mexico? The age of consent there might be different. And this
19 is where I believe your Honor can take a close look at the
20 expert witness on sex trafficking, the 702 motion is currently
21 pending in front of you, Professor Terry Conan, who is at the
22 Florida State Trafficking Institute, and we've offered him as
23 an expert witness.
24 If you take a 17-year-old from Florida, fly her to New
25 Mexico for sexual purposes, it makes no difference what the age



HOUSE_OVERSIGHT_011386

1 of consent is at that point because you have a federal sex
2 trafficking crime that has been committed.
3 The same thing is true if you fly a 17-year-old into
4 London, or if you fly her into New York. All of those are sex
5 trafficking crimes, and Professor Conan is prepared to explain
6 both that particular aspect, I would describe it as a mixed
7 question of fact and law, and also some of the psychological
8 techniques that are used to create the -- I think he refers to
9 them as the invisible chains of sex traffickers.
10 So we either have a crime in Florida, because she's
11 under the age of consent, or we have a federal or, in all
12 likelihood, state trafficking offense if she's flown to another
13 state.
14 Which regard to item 18, the Cassell and Edwards
15 litigation, I think your Honor asked some excellent questions
16 on that.
17 We were told that there are five reasons why
18 Ms. Giuffre's connection to that case has some relevance. The
19 first argument, I guess, is their strongest argument, was that,
20 well, she was a witness in that case. But, of course, that was
21 a confidential deposition, so it couldn't have anything to do
22 with reputational damages or something else.
23 Let me be clear. Ms. Giuffre made statements when she
24 was deposed, and if they say, ah-hah, you've said X from the
25 witness stand, but last year when you were deposed you said not



HOUSE_OVERSIGHT_011387

1 X, fair enough, cross examine her about it, inconsistent
2 statement. We're not objecting to that aspect of that.
3 What we don't want is the lawsuit itself and the
4 circumstances surrounding the lawsuit to be paraded in front of
5 jury. If they simply want to put in a deposition statement to
6 stay it's inconsistent, and that's properly done, of course,
7 that would be appropriate.
8 Their second point is, she participated for a period
9 of time. I guess she participated if you're subpoenaed as a
10 witness and testified, but that wasn't -- you know, she wasn't
11 a party to the case.
12 Their third point was that the reputational damages
13 somehow link into what Dershowitz was saying. Again, your
14 Honor already knows our point one is to keep out Mr. Dershowitz
15 from the case, and you'll make a ruling one way or the other on
16 it. If he's kept out of the case then this becomes a moot
17 point. But even if you decide he's in the case, well, okay,
18 fine. Have him testify and do whatever else you think is
19 appropriate. We don't need to hear all about this unrelated
20 lawsuit.
21 Their fourth point had to do with, I believe, you
22 know, damages suffered by Ms. Giuffre. Your question was, if
23 I'm -- I don't have the transcript in front of me -- I think
24 you said, well, how does the case itself go to damages? And I
25 believe this is a direct quote from Ms. Menninger. "I can't



HOUSE_OVERSIGHT_011388

1 tell you that." So even the defense counsel when given an
2 opportunity to articulate the relevance failed to do so, in our
3 view.
4 She says -- then her next argument is, well, the
5 plaintiff's experts are using Dershowitz's statements. As you
6 know from the 702 pleadings, no, we're using Maxwell's
7 statements. We're only going to be proving a case about what
8 Maxwell's defamation did to Ms. Giuffre.
9 And then the last argument was that there was a
10 failure to mitigate damages by suing Dershowitz. Well, your
11 Honor knows, if a person A commits a defamation, you sue A and
12 you get your damages. Then if person B does something, you
13 sort that out in a separate proceeding in a separate way.
14 Sacks and others are very instructive on that.
15 The last point they made was that, well, look, these
16 statements were going on while Cassell and Edwards were
17 representing her. They've shown simultaneity in time, but not
18 simultaneity in the scope.
19 It is true that the lawsuit was settled, and I won't
20 refer to myself in the third person. Mr. Edwards and I settled
21 the lawsuit and made certain statements in connection with
22 that, but that was to take care of our own professional
23 reputation and the lawsuit associated with that, it had nothing
24 to do with representing Ms. Giuffre.
25 I believe I have two left, your Honor, and you've been



HOUSE_OVERSIGHT_011389

1 extremely patient. Let me just take two more minutes to cover
2 point 19. This is Judge Marra's ruling.
3 They say we want to put it in that she lost. Well, in
4 our view, actually, that was a victory. Our goal was to try to
5 get her into the case, and Judge Marra ruled that she could
6 participate by being a witness.
7 Now, are we really going to try the implications of
8 Judge Marra's ruling in a pro bono Crime Victims Rights Act
9 organization ruling? He ruled on this, but allowed this other
10 thing. It's highly, first, irrelevant, and obviously, highly
11 prejudicial in the sense that it's going to divert the jury's
12 attention away from the facts at hand here.
13 And again, Judge Marra only ruled on the first of nine
14 reasons that we offered for putting those allegations in. He
15 said point 1 doesn't work, the others we'll see how things play
16 out.
17 The litigation is moving forward. I can tell you the
18 government will be responding to our summary judgment motion, I
19 believe on May 15th. We'll be replying on July 15th, so the
20 litigation continues.
21 The last point that I'll make is Boylan. This is item
22 20. Remember, Dershowitz is going to say that Boylan says that
23 Ms. Giuffre said certain things. And we were told that, well,
24 maybe she will be a witness.
25 It's my understanding that Boylan is not on the final



HOUSE_OVERSIGHT_011390

1 pretrial witness list. Maybe during a break I can confirm
2 that. But if she's not on the witness list, we've got double
3 hearsay and it can't come in.
4 The last point I would leave you with, your Honor, is
5 many of these issues are going to come down to balancing.
6 They're of minimal relevance for the reasons we've explained,
7 very significant prejudice, and we would ask that each of the
8 motions in limine we've asked today be granted.
9 THE COURT: Thank you. We'll resume at 1:30, and I
10 guess, unless you all think it's been covered, the Maxwell
11 motions. What do you think?
12 MR. PAGLIUCA: Your Honor, I would --
13 THE COURT: Would you rather catch your plane?
14 MR. PAGLIUCA: No. I'm prepared to stay until
15 tomorrow, your Honor. I'm not leaving until tomorrow morning,
16 just in case you need me this afternoon. I'm sure you're
17 thrilled about that.
18 I think, your Honor, when I went through these, it
19 seems to me that we have dealt with number 679, 716, in
20 connection with 683, 742, and 774. That deals with the
21 Rodriguez, we call it the unauthenticated hearsay document from
22 a suspect source. They call it the black book. I think the
23 Court heard argument about all of that and, in my view, this
24 does not all need to be repeated today.
25 Yesterday, we talked about the -- I can't remember the



HOUSE_OVERSIGHT_011391

1 name of it, but it was the plaintiff's motion, sort of omnibus
2 related to different acts either under 404(b) or 415.
3 The plaintiff wanted until 15 days before trial to
4 make whatever showing they wanted. It would make sense --
5 well, in defendant's 404(b) motion, there are some of those
6 issues, as well. We certainly could argue part of that. The
7 Court may want to defer that to the entirety of when we have
8 whatever the supplement is to that motion yesterday.
9 Then we also, I believe, dealt with yesterday the
10 issue related to the Jane Doe 102 complaint. We have a
11 competing motion on that. That's 663. It seems to me that was
12 argued yesterday, and we don't need to repeat those arguments,
13 which is the same argument we had yesterday.
14 So in my view, your Honor, that leaves the bifurcated
15 trial motion, which has been fully briefed, the Kellen and
16 Marcinkova issue, and the police report issue. So by my count,
17 we have those three.
18 I also have on my calendar that our motion to
19 preclude -- or the plaintiff's motion to preclude calling
20 attorneys as witnesses, which is 685 and 772, and by my
21 calendaring the reply was due yesterday. I think Ms. McCawley
22 has a different version of that, and so frankly, I don't care
23 whether we hear that today or some other time.
24 So that's my accounting of what we have ripe for
25 argument today, or shouldn't have argument today, as the case



HOUSE_OVERSIGHT_011392

may be, your Honor.

(Discussion held off the record)

THE COURT: We'll resume at 1:30.

(Luncheon recess)

(Continued on next page)



HOUSE_OVERSIGHT_011393

1 AFTERNOON SESSION

2 1:30 p.m.

3 THE COURT: Who's up? I think the defense?

4 MR. PAGLIUCA: Yes, your Honor. I think Ms. Schultz

5 requested that we take up No. 666 at this point, which we're

6 happy to do.

7 THE COURT: Oh, yes. Yes.

8 MS. MENNINGER: Your Honor, this motion relates to our

9 request that we exclude evidence barred as a consequence of

10 plaintiff's summary judgment concessions. We asked in argument

11 4 of our summary judgment motion for partial summary judgment

12 with respect to the oral statement on January 4th to a

13 reporter.

14 THE COURT: Hold the phone.

15 MS. MENNINGER: Sure.

16 THE COURT: Sorry. Needless to say, I'm drowning.

17 Ah, okay. Okay. Sorry. Yes.

18 MS. MENNINGER: We asked for partial summary judgment

19 with respect to our client's statement on a New York street

20 that, "I am referring to the statement that we made." As we

21 set forth in our summary judgment brief, this Court's ruling in

22 Adelson v. Harris is directly on point, that a mere reference

23 to another writing that contains defamatory statements does not

24 constitute an actionable repetition or republication. In that

25 case, in Adelson, there was, first, an allegedly defamatory



HOUSE_OVERSIGHT_011394

1 statement and later a press release which said, we stand by
2 everything we said. It's directly on point. Your Honor there
3 held that such republication is not actionable. We set forth
4 that clearly in our argument 4 of the summary judgment motion,
5 and plaintiff, in her response to summary judgment, made
6 absolutely no reference, no response, nothing with respect to
7 that argument. We, therefore, believe that she has conceded
8 the point and we would ask that no evidence regarding that
9 statement be entered in the trial.
10 We predicted, and we were correct, that having not
11 argued it in response to our summary judgment motion, they
12 would try to use the opportunity of their response to this
13 motion in limine to make substantive arguments. They should
14 not be permitted to do so, your Honor. In any event, their
15 arguments that they have set forth in response --
16 THE COURT: I'm a little lost. Perhaps totally lost.
17 But the partial summary judgment, that's not been dealt with,
18 or has it?
19 MS. MENNINGER: It was not part of your Honor's
20 ruling, no.
21 THE COURT: Tell me the context of the summary
22 judgment.
23 MS. MENNINGER: Certainly, your Honor. There were a
24 number of things that we believed plaintiff had conceded
25 because they failed to respond to our requests in our summary



HOUSE_OVERSIGHT_011395

1 judgment motion. Your Honor ruled against us on a couple of
2 points, but your Honor was silent with respect to this
3 particular argument, argument No. 4 --
4 THE COURT: Ah.
5 MS. MENNINGER: -- in your ruling.
6 THE COURT: And that was?
7 MS. MENNINGER: Our plaintiff's statement two days
8 after the --
9 THE COURT: The one on the street.
10 MS. MENNINGER: Exactly. That in that statement, our
11 client said, we stand by the statement, or, I am referring to
12 the statement that we made.
13 THE COURT: Yes, yes, yes. Okay. I'm just trying to
14 figure it out. So in a very nice, polite way, you're telling
15 me I failed to deal with that motion of yours.
16 MS. MENNINGER: That's correct, your Honor.
17 THE COURT: So it's still out there.
18 MS. MENNINGER: Still out there. There was no
19 response by plaintiff to that argument is our point; that in
20 their response to summary judgment, they didn't mention it at
21 all.
22 THE COURT: Well, that's probably where I missed it.
23 MS. MENNINGER: Exactly. So I think the fact that
24 they failed to respond to it then, as your Honor has held in
25 other cases, has consequences; namely, it's a conceded point.



HOUSE_OVERSIGHT_011396

1 And so their failure to respond --

2 THE COURT: What was the point, that that was not

3 another defamation?

4 MS. MENNINGER: Exactly. In the case of Adelson v.

5 Harris, just like in this case, there was one allegedly

6 defamatory statement afterwards. There was a press release

7 issued that stated, we stand by everything we said. Those

8 facts are very similar to ours, where there was a written

9 statement issued and then our client, did she or did she not

10 republish that, is that a separate defamatory event.

11 THE COURT: Okay. Thank you very much. Now, at least

12 in this little small part of this dispute, I know where I am.

13 Okay. Thanks.

14 MS. MENNINGER: And the Adelson case, your Honor,

15 controls and says that referring back to a statement, such as a

16 previous press release, is not actionable, and summary judgment

17 has been granted on such alleged republications. So now, in

18 this motion in limine, is not the time to be dealing with the

19 substantive point that plaintiff basically conceded during

20 summary judgment.

21 Thank you.

22 MS. SCHULTZ: Hi, your Honor. Meredith Schultz,

23 counsel for Ms. Giuffre.

24 This motion in limine has already been decided by this

25 Court's summary judgment order, thereby rendering it moot in



HOUSE_OVERSIGHT_011397

1 its entirety. Accordingly it should be summarily denied as
2 moot.
3 This motion should also be denied because it advances
4 the exact same arguments defendant advanced in her summary
5 judgment motion. She is seeking rehearing on her summary
6 judgment motion, dressed up as a motion in limine. Many courts
7 in this district have summarily denied motions in limine that
8 seek to relitigate arguments from summary judgment, and I have
9 listed six such cases on pages 7 and 8 of our response in
10 opposition. You ordered nine defendant's motions for summary
11 judgment. This Court rejects the argument that she should have
12 partial summary judgment on the January 4th statement. The
13 last sentence of that order states, "Because of the existence
14 of triable issues of material fact rather than opinion and
15 because the prelitigation privilege is inapplicable, the motion
16 for summary judgment is denied." Defendant's reiteration of
17 her defamatory press release confirming it two days later is
18 something that this Court did not rule that that is not
19 actionable. So she's seeking rehearing.
20 Also importantly, your Honor, Ms. Giuffre opposed
21 summary judgment on defendant's defamation in its entirety.
22 She opposed the motion for summary judgment in its entirety,
23 and this statement, as part and parcel of defendant's
24 defamation and part and parcel of defendant's motion for
25 summary judgment.



HOUSE_OVERSIGHT_011398

1 THE COURT: Well, what do you say about the case
2 that's been cited?
3 MS. SCHULTZ: Well, about Adelson? I would say that
4 it's factually distinguished because here she is two days later
5 reiterating her defamatory statement. And I would also direct
6 you to the case in my brief, Wheelings v. Iacuone.
7 THE COURT: Let me just get the time frame right.
8 MS. SCHULTZ: Sure.
9 THE COURT: The initial statement is January, and when
10 is this?
11 MS. SCHULTZ: So, your Honor, the email that went to
12 the media, it was first issued on January 2, 2015; it was
13 published on January 3, 2015; and the statement took place the
14 next day, on January 4, 2015.
15 THE COURT: Okay.
16 MS. SCHULTZ: A recent opinion in this district, the
17 Wheelings case, makes it clear that you can't reargue summary
18 judgment on a motion in limine and also makes it clear that you
19 can't say, oh, because one person --
20 THE COURT: The issue is, was the second statement
21 defamatory?
22 MS. SCHULTZ: I think that was an issue at summary
23 judgment that Ms. Giuffre opposed in its entirety, and I think
24 that's already been resolved.
25 THE COURT: How?



HOUSE_OVERSIGHT_011399

1 MS. SCHULTZ: Because it was denied, your Honor.
2 THE COURT: The motion was -- well, okay.
3 MS. SCHULTZ: Your Honor, even assuming, arguendo,
4 that this is not cause of action, it should still be admitted
5 as evidence. This is a motion in limine to exclude it as
6 evidence.
7 THE COURT: All right. Assume for the moment that the
8 case that counsel has given me is accurate, and then why would
9 it get in? What does it add?
10 MS. SCHULTZ: It adds state of mind, defendant's state
11 of mind in issuing --
12 THE COURT: The state of mind didn't change in two
13 days.
14 MS. SCHULTZ: Right. It says that she stood by her
15 statement and did not retract it.
16 THE COURT: Well, she certainly is standing by it
17 today.
18 MS. SCHULTZ: And your Honor, it shows one other
19 thing. Throughout this litigation defendant has tried to argue
20 that defendant had nothing to do with the defamatory
21 statements. In fact, just yesterday defendant's counsel was
22 saying that it was issued by her lawyer and by her press agent.
23 It's her statement, and in this video she is personally owning
24 it, and she can't hide behind her lawyer or her press agent.
25 THE COURT: Oh, okay, okay, okay.



HOUSE_OVERSIGHT_011400

1 MS. SCHULTZ: So it goes to a material argument that
2 defendants have advanced.
3 THE COURT: So to the extent that becomes an issue,
4 and that's a whole other thing, as to whether she intended the
5 statement, I can see that.
6 Okay. All right. Anything else?
7 MS. SCHULTZ: Yes. I'm just going to say that this is
8 a motion in limine and there are no evidentiary problems with
9 this piece of evidence. This is the defendant herself on
10 camera, this is not hearsay, and there's no Federal Rule of
11 Evidence that should exclude this.
12 THE COURT: Okay. Do you want to add anything?
13 MS. MENNINGER: No, thank you, your Honor.
14 THE COURT: Okay. Thank you.
15 What else?
16 MR. PAGLIUCA: Your Honor, we can take up the
17 bifurcation issue that's presented in 662 and 766, and then
18 there was a reply filed last evening.
19 THE COURT: Yes.
20 MR. PAGLIUCA: Your Honor, I think -- well, I don't
21 think. The law is very clear on this issue in this circuit.
22 There is a --
23 THE COURT: Well, I think we can shorthand this.
24 MR. PAGLIUCA: Yes.
25 THE COURT: Yes, yes. Maxwell's money doesn't come in



HOUSE_OVERSIGHT_011401

1 on the liability case. That's your position.

2 MR. PAGLIUCA: That is my position, your Honor.

3 THE COURT: I think that's correct. Tell me why

4 that's wrong.

5 MR. CASSELL: All right. Thank you, your Honor.

6 The problem, as usual, is, yeah, her net worth doesn't

7 come in at the liability stage, but I think the defendant is

8 trying to get the camel's nose under the tent and say, oh, if

9 financial issues don't come in, then you can't --

10 THE COURT: Well, I don't know what financial issues

11 you mean. He's saying no introduction of her finances -- that

12 is, how much money she's got or where it comes from or anything

13 like that comes in.

14 MR. CASSELL: As I understand the motion, it's with

15 reference to her "financial status."

16 THE COURT: Well, I just told you what I think that

17 means.

18 MR. CASSELL: Right. And I think, with the

19 construction that you were just giving, I'm not sure that we're

20 concerned about this, but let me be clear.

21 THE COURT: What would you like to present?

22 MR. CASSELL: There were three or so things we would

23 like to present. If your Honor rules that Ms. Giuffre's tax

24 compliance can go to her credibility, then we would like to be

25 able to reciprocally say, all right, then Ms. Maxwell's tax



HOUSE_OVERSIGHT_011402

1 compliance, if there is questions about that, could be
2 introduced. We think that there shouldn't be tax compliance
3 issues coming in with regard to Ms. Giuffre. They've said,
4 well, that goes to her credibility. What's good for
5 Ms. Giuffre should be good for the defendant. But again, to be
6 clear, we don't want to turn this into a tax trial; we want it
7 to be a defamation trial. But they've made an argument, tax
8 issues are relevant to Ms. Giuffre. Then we would like to have
9 a parallel opportunity then with respect to Ms. Maxwell.
10 The other thing we have, for example, we're alleging
11 there's a organization that is paying girls to give sex to
12 Epstein. And who's making the payments? Well, Ms. Maxwell,
13 among others. We have her on bank records, at the Epstein
14 mansion, where she's in charge of the --
15 THE COURT: Well, that's different.
16 MR. CASSELL: Yes, and that's exactly --
17 THE COURT: That's not her financial status.
18 MR. CASSELL: Right. So that's not her financial
19 status. For example, we want to show those kinds of payments.
20 We also want to show more broadly that Ms. Giuffre and the
21 other girls were not coming into a bungalow in the middle of
22 Hoboken or whatever. They were coming into a mansion in one of
23 the most --
24 THE COURT: Well, that's got nothing to do with her
25 financial status.



HOUSE_OVERSIGHT_011403

1 MR. CASSELL: All right. Well, we thought, when we
2 filed our response, they continued to oppose it. If they had
3 just stipulated, you know, I wouldn't be taking your Honor's
4 time.
5 But this is where I think they're taking a narrow
6 uncontested principle, that her net worth doesn't come in, and
7 are going to try to use it to exclude evidence that Ms. Maxwell
8 is making payments to the girls, that this mansion is a very --
9 THE COURT: Well, okay. I don't think so.
10 MR. CASSELL: Let me just make sure that I have on the
11 table the things that we want to introduce.
12 For example, Mr. Epstein purchased a helicopter for
13 Ms. Maxwell, and they might say, oh, well, that shows financial
14 status or something. We think that shows a very close
15 connection.
16 Well, the last one and perhaps the most controversial
17 one in connection with this case is the townhouse. It is our
18 belief that a --
19 THE COURT: Well, wait a minute. What's the basis of
20 your belief?
21 MR. CASSELL: The basis for our belief is, I believe
22 they've conceded that there was a sale of a $17 million
23 townhouse in 2016.
24 THE COURT: Okay. Is it the defendant's townhouse?
25 MR. CASSELL: Yes. So the question is --



HOUSE_OVERSIGHT_011404

1 THE COURT: So that's part of her net worth. I mean,
2 that's part of the financial part. I don't see how that gets
3 into the liability case.
4 MR. CASSELL: Right. So Epstein was the one who
5 provided the loan to get that --
6 THE COURT: Says who?
7 MR. CASSELL: Ms. McCawley, who took Maxwell's
8 deposition, is advising me that during Maxwell's deposition,
9 she conceded that.
10 THE COURT: Well, all right. Okay. But that isn't
11 financial information. That's the relationship between Maxwell
12 and Epstein.
13 MR. CASSELL: Right. I think you and I are on the
14 same page. My concern is that we may, as on other issues, may
15 not be on the same page with the defendant.
16 THE COURT: I don't think so, but maybe I'm wrong.
17 MR. CASSELL: There's one other point, if I can just
18 be heard on the townhouse. The townhouse was sold at a time
19 shortly after Ms. Maxwell is discussing with her advisers, hey,
20 I could get sued for libel. We believe that transferring
21 $17 million outside the jurisdiction of your Honor --
22 THE COURT: Tell me about that after you've got a
23 verdict.
24 MR. CASSELL: All right. But we want to introduce it
25 during the trial to show consciousness of guilt, that she is



HOUSE_OVERSIGHT_011405

1 transferring assets away from the jurisdiction of the court
2 because --
3 THE COURT: She sold the house.
4 MR. CASSELL: Right. After she wrote an email that
5 said, hey, I could get --
6 THE COURT: You can't argue, I don't think, that
7 that's an admission.
8 MR. CASSELL: We believe it goes to consciousness of
9 guilt, and we've cited a case in our brief to that effect.
10 But I think if you have a difficulty with that small
11 piece of our argument, I mean, I think the rest of it is
12 really, you know, the meat and potatoes here, so --
13 THE COURT: Okay. Yes.
14 MR. PAGLIUCA: Your Honor, I'm going to not try to
15 belabor this, but I have to respond to some of the points, just
16 so that the record is clear.
17 The language that we proposed to the Court about the
18 financial status comes from the very cases that are in the
19 Second Circuit, and that's the words that the Second Circuit
20 and district courts in the Southern District use. And I quote
21 from Tillery: No evidence as to defendant's financial status
22 may be presented to the jury during the first phase of the
23 trial by either of the parties to this action. And the Second
24 Circuit says that that's the preferred method. Mr. Cassell, I
25 think, knowing that he's losing this battle, then tries to



HOUSE_OVERSIGHT_011406

1 change it.

2 But first of all, let's talk about this consciousness

3 of guilt issue. And not only the supposed facts behind this

4 but the law that they cite. There are references to a New York

5 Post article that is the --

6 THE COURT: Well, that's no good, obviously.

7 MR. PAGLIUCA: Of course. And then there's a

8 reference to Radar Online. That's their entire evidentiary

9 basis for the proffer that they just made to you, your Honor,

10 about this townhome. It doesn't fly. And I don't need to

11 spend --

12 THE COURT: Well, wait a minute. There was a little

13 bit more. There was Maxwell saying she got a loan, they say,

14 from Epstein to buy the house.

15 MR. PAGLIUCA: What she said, your Honor -- and I

16 wrote it down because I looked at the deposition transcript

17 last night.

18 First of all, I think it's important for this

19 discussion, we allowed questions relating to anything financial

20 with Mr. Epstein. So the one instruction that I gave to

21 Ms. Maxwell during this deposition was, anything they ask you

22 about Epstein is fine. I'm not going to let you talk about

23 your own personal financial information because it's not

24 discoverable at this point. And so they had fair opportunity

25 to ask her questions. They asked her questions about the



HOUSE_OVERSIGHT_011407

1 townhome, and she said part of it was a loan from Mr. Epstein
2 that had been paid back, and that's going to be years ago,
3 before any of the defamatory allegations arose in this case.
4 That's my understanding of the factual basis here.
5 So we can I think deal with that particular issue, you
6 know, if and when it comes up, but what I'm saying to the
7 Court -- I mean, the Court and I are on the same page -- the
8 sale of the townhome, the amount of the sale of the townhome,
9 you know, what did or didn't happen to the money from the sale
10 of the townhome, those are all off limits during the liability
11 phase of the trial.
12 THE COURT: Well, correct me if I'm wrong. We don't
13 have any evidence as to what happened to the proceeds of the
14 sale.
15 MR. PAGLIUCA: We don't.
16 THE COURT: Oh, okay.
17 MR. PAGLIUCA: There is none.
18 THE COURT: Okay.
19 MR. PAGLIUCA: And the notion that this money went
20 outside of the jurisdiction of the court is pure fiction.
21 Frankly, unless it went to some country that I'm unfamiliar
22 with, I think the jurisdiction of this court extends pretty
23 far.
24 THE COURT: I think that's for another day.
25 MR. PAGLIUCA: Right.



HOUSE_OVERSIGHT_011408

1 The last point I want to make, your Honor, on this
2 issue of consciousness of guilt relates to the one case that
3 they cite for the proposition that there is some ability to
4 have a consciousness of guilt theory in a civil case. They
5 cite a Second Circuit criminal case in which the defendant was
6 a man named Amuso. This is at 21 F.3d 1251, and it's a 1994
7 case. Mr. Amuso was a leader in the Lucchese crime family who,
8 over a course of time, ordered 14 murders and then absconded
9 from the jurisdiction during the trial of a number of
10 co-defendants. And it was called "The Windows" case here in
11 New York, and you may remember it, your Honor, because it was
12 the Lucchese crime family that was controlling the replacement
13 window unions in the city of New York. So Mr. Amuso goes to
14 trial, and the government requested and received an instruction
15 to the jury that said not only his flight was consciousness of
16 guilt but the length of the absence of his flight was
17 consciousness of guilt. And in fact, the Second Circuit
18 reversed that instruction and disapproved it in that criminal
19 case but didn't reverse his conviction because the evidence of
20 guilt was overwhelming. So the one case that they cite for
21 this proposition in fact is inapposite to the position that
22 they're taking here today.
23 So I think your Honor and I are indeed on the same
24 page here, and I'd ask that the Court simply apply the law in
25 Tillery.



HOUSE_OVERSIGHT_011409

1 Oh, Ms. Menninger reminds me, your Honor -- and I
2 think the Court and I are on the same page on this as well --
3 the tax argument made by Mr. Cassell. Indeed, Ms. Maxwell and
4 the plaintiff are not on the same footing in this case with
5 regard to who put their reputation at issue, who is claiming
6 emotional distress damages, and plaintiffs are in a much
7 different position than defendants when it comes to
8 cross-examinations about these issues, particularly in
9 defamation cases, because as Ms. Menninger pointed out earlier,
10 under Rule 405, everything that impacts the plaintiff's
11 reputation in the community, including the failure to follow
12 laws, is the subject of cross-examination. So the argument
13 that what is good for the goose is good for the gander in a
14 defamation case simply doesn't apply when you're talking about
15 damage issues and reputational issues.
16 Thank you, your Honor.
17 MR. CASSELL: Could I just have 15 seconds, your
18 Honor?
19 THE COURT: No.
20 MR. CASSELL: All right. Thanks.
21 THE COURT: Next.
22 MR. PAGLIUCA: Your Honor, we could next take up the
23 issue relating to the police reports which I have as
24 defendant's motion in limine to exclude police reports and
25 other inadmissible hearsay at 677, response at 747, and then



HOUSE_OVERSIGHT_011410

1 reply was also filed yesterday.

2 THE COURT: Okay. Yes.

3 MR. PAGLIUCA: Your Honor, these reports, that are
4 loosely described as police reports, encompass a one-year
5 purported investigation by the Palm Beach Police Department
6 into the affairs of Mr. Epstein roughly beginning I think in
7 2005 and going through 2006. The detective initially assigned
8 to the case was a woman named Michelle Pagan, and then
9 Detective Recarey took over the investigation from Ms. Pagan.
10 There were a number of things, according to the reports --
11 although we don't really have any actual witness testimony,
12 with current knowledge. The police did a number of things.
13 They surveiled Epstein's house, they did trash pulls, and
14 ultimately they executed a search warrant at Mr. Epstein's
15 house. And that's sort of the totality of the investigation.

16 I give you that as the backdrop, your Honor, because
17 then next what seems to happen is very curious, in my
18 experience, and was testified to by Detective Recarey. The
19 police get crossways with the state attorney's office in
20 Florida, and there is a complete distrust between the two
21 agencies. As a result of that -- and there's a bunch of
22 in-fighting that goes on between these two agencies. The
23 police make the decision to, in some fashion, turn over
24 everything that they have to the FBI. And as best I can figure
25 it out, the FBI issued a grand jury subpoena, or the U.S.



HOUSE_OVERSIGHT_011411

1 Attorney's Office, in the Southern District of Florida, issued
2 a grand jury subpoena for the entirety of the Palm Beach Police
3 Department's evidence relating to the Epstein investigation.
4 So as we sit here today and indeed for the last ten years since
5 2006, the Palm Beach Police Department has not been the
6 custodian of any of this evidence.
7 And so that's the factual backdrop to then what
8 becomes continuing problems with the types of evidence that I
9 anticipate the plaintiffs are going to try to introduce in this
10 case. The first is these police reports themselves. And that
11 is about 87 or 88 pages of documents, depending on which
12 iteration of these police reports someone is looking at. That
13 essentially runs through the course of the investigation. And
14 I'm sure things that your Honor's seen before, you know, police
15 officer does something, they put it down on a piece of paper,
16 somebody puts it into a system, and then that's where it goes.
17 But the problem here, fundamentally, with these police
18 reports --
19 THE COURT: Let me back up just a moment.
20 MR. PAGLIUCA: Yes, sir.
21 THE COURT: How are these going to be entered into
22 evidence? They're not self authenticating.
23 MR. PAGLIUCA: They're not.
24 THE COURT: So how are they going to be presented?
25 MR. PAGLIUCA: Good question, your Honor.



HOUSE_OVERSIGHT_011412

1 MS. McCAWLEY: Do you want me to address that, your
2 Honor? I mean, it's our evidence that we're trying to get in.
3 Or do you want me to wait?
4 THE COURT: Well, you don't know. The defense doesn't
5 know.
6 MR. PAGLIUCA: There is no way. There is no way to
7 present these documents, your Honor.
8 THE COURT: Yes. Okay. All right. Because there's
9 no DOJ witness listed.
10 MR. PAGLIUCA: There is no record custodian at all for
11 these documents. Detective Recarey in his deposition -- and
12 you have this, the relevant answers to these questions --
13 acknowledged that they don't have any of this evidence. And so
14 that's going to be, you know -- you have seen, in multiple
15 filings from the plaintiffs, they attach excerpted documents
16 containing what they say are phone messages secured from the
17 trash pulls. So that would be an example of evidence for which
18 there is no record custodian. Frankly, I don't know who the
19 source of any of that information is. This is yet another
20 piece of information that has appeared, I'm presuming through
21 Mr. Edwards getting it somehow, you know, in relation to some
22 other case and then it appears in discovery in this case. And
23 what it looks like is, you know, a number of, you know, what
24 they say are photocopies of message pads from Epstein's trash.
25 But there is no person who will say, this particular piece of



HOUSE_OVERSIGHT_011413

1 paper came from Epstein's trash in the first instance. There
2 is no person that will say, we kept these documents and we have
3 the originals and you can come look at them and you can test
4 them and feel them. There is no person that will say any of
5 that because it went to the grand jury and presumably, under
6 Rule 60, it's never coming out of the grand jury again.
7 So the other point about these message pads is, I
8 don't to this day know whether that's just hand-picked portions
9 of whatever plaintiff's counsel got years ago or it's the
10 entirety of what, you know, Palm Beach did or didn't do, but
11 when I asked Detective Recarey those questions in his
12 deposition, he said, I can't tell you if that's everything. I
13 just got handed this stuff by plaintiff's counsel, you know, in
14 the course of this deposition, and that's all I can tell you
15 about it. So that's another piece of this that's problematic
16 for the plaintiffs.
17 There's another issue that relates to a transcript of
18 a witness, Ms. Hall, and the plaintiffs, I think, want to try
19 to introduce that transcript or, alternately, what they say is
20 an audio recording of an interview with her, and I'm not sure
21 which they are trying to introduce, but there are problems
22 either way. The transcript, what I will call the Hall
23 transcript, was in fact not prepared by the Palm Beach Police
24 Department. According to Detective Recarey, he had never seen
25 it before, during his deposition, and he surmised that it had



HOUSE_OVERSIGHT_011414

1 been prepared by the state's attorney's office but he didn't
2 know. So what happens then with this transcript is, there is
3 an attempt at a deposition of Ms. Hall in Miami, this summer,
4 and Ms. Hall comes in and she sits down, and she doesn't want
5 to answer any questions about anything, and she says, I don't
6 remember anything about any of this. Her lawyer says, she
7 doesn't remember anything about any of this and she spent the
8 last ten years forgetting about all of this and she's not going
9 to remember anything about this. Mr. Edwards then puts the
10 transcript in front of her and she doesn't look at it. She
11 doesn't even look at the transcript. She doesn't turn the
12 page. She doesn't read any of it. There's a question asked at
13 some point later: Isn't it true that everything you said in
14 the police department was true? And then shortly after that,
15 the deposition ends. And they're trying to say that that is a
16 sufficient factual basis and an evidentiary basis for the
17 admission of this transcript, which is, you know, unsponsored
18 hearsay.
19 There's a similar problem with this recording because
20 Ms. Hall never listened to the recording, never authenticated
21 the recording. And so there's no evidence whatsoever that it's
22 Ms. Hall's statement or that it was subject to any
23 cross-examination.
24 So to try to get around all of these evidentiary
25 problems, now what's being advanced by the plaintiffs is, well,



HOUSE_OVERSIGHT_011415

1 we're not offering any of this for the truth of the matter
2 asserted. So 87 pages of police reports, a hundred pages or
3 however many there are of trash, you know, witness transcripts,
4 no, no, no, no, none of that is being offered for the truth of
5 the matter asserted, we want to offer it to show Ms. Maxwell's
6 state of mind when she issued her statement through Mr. Barden
7 and Mr. Gow. So the huge problem with that, your Honor, which
8 we've already dealt with, is, Ms. Maxwell has no knowledge of
9 what's in these police reports, the trash pulls, any of these
10 things, and so as a matter of law, this can't be part of her
11 state of mind.
12 What is instructive on this point, your Honor, I went
13 and read every single case that plaintiff's counsel cited for
14 this proposition that it is state of mind, and what's great
15 about these cases, frankly, every single one of them, whoever
16 the statement is being introduced on behalf of, or against,
17 knows about the statement. So when you look at their papers,
18 they cite United States v. Gotti for the proposition that it
19 goes to state of mind. Well, you know who Mr. Gotti is, and
20 Mr. Gotti was charged with witness tampering. Mr. Gotti wanted
21 to introduce some wiretapped statements that the FBI had, where
22 he was talking to an informant and telling the informant things
23 that Gotti said went to his state of mind. Well, the Second
24 Circuit said, yes, you can do that, Mr. Gotti, first of all,
25 because the government's introducing part of these transcripts,



HOUSE_OVERSIGHT_011416

1 and second of all -- so that's a rule of completeness, and
2 second of all, you were there and you heard it and therefore,
3 it would go to your state of mind and not for the truth of the
4 matter asserted.
5 The next case is United States v. Dupree. That's
6 another criminal case in this circuit, where a bank fraud
7 defendant was the subject of a temporary restraining order
8 issued to that defendant, okay? So, you know, he has a
9 temporary restraining order, you can't take any money out of
10 this bank unless you do X, Y, and Z. Well, he took the money
11 out of the bank without doing X, Y, and Z, and when he came to
12 trial in his criminal case, the government was allowed to
13 introduce that restraining order because it was his restraining
14 order, he knew about it, and it showed his willful intent to
15 defraud as part of the bank fraud. So that's that case.
16 Arista Records, LLC v. Lime Group, LLC was another
17 case they rely on. Again, these are emails that are being
18 talked about that were written by the defendant's employees and
19 then the responses to those emails. So clearly the defendants
20 LLC had corporate knowledge of those things. Screenshots of
21 software programs, statements made by an agent of the
22 defendant, those are all the things that we're talking about in
23 that case, and so there's actual knowledge of the entity of
24 those statements, which then can go for state of mind.
25 There are two more cases. Crescenz v. Penguin Group,



HOUSE_OVERSIGHT_011417

1 and the case says, it's undisputed the defendant had actual
2 prior knowledge of the issues, of the at-issue statements that
3 were offered by the defendant. Again, the statements were made
4 to Crescenz.
5 And then the last case is a 1983 case, Tierney v.
6 Davidson. That involved civil rights violations and objective
7 reasonableness by the officers who conducted a search of a
8 building. I think the Court knows from doing this kind of work
9 that pretty much anything in an officer's head is allowed in a
10 qualified immunity case, because whether the officer did
11 something that was objectively reasonable or not depends on
12 what's in the officer's head, and so there is (A) an exception
13 in these kinds of cases, but (B), in fact, the evidence that
14 was being discussed in the qualified immunity situation related
15 to statements that the officers had heard, which formed the
16 basis of why they went into a building.
17 So in each and every one of these cases and all cases
18 that deal with state of mind, the person who it is being
19 introduced either for or against, not for the truth of the
20 matter asserted but for their state of mind, has to know about
21 it.
22 You have attached to our reply an affidavit from
23 Ms. Maxwell who says she's never read any of these police
24 reports prior to January 2015. And there is good reason for
25 that, your Honor. It's not easy to get these police reports.



HOUSE_OVERSIGHT_011418

1 As you've heard, the chain of custody behind these things after
2 2006 is a little sketchy. And, you know, it requires some
3 effort. And so, you know, ordinary folks I don't believe are
4 going to be, you know, rooting around trying to ferret out
5 police reports from South Florida. Even if you get them, they
6 are heavily redacted, and so when one looks at them, it's
7 virtually impossible to tell who's at issue, who's saying what
8 about whom, because there are lots of blackouts through these
9 police reports. We managed somehow -- and frankly, I don't
10 even know how -- to get an unredacted copy, and Detective
11 Recarey was surprised when he saw the unredacted copy because
12 he said, we always redact these things. And so I'm unclear as
13 to how ours is unredacted, but in any event, there is one out
14 there. But I don't know how we got it.
15 The other point on this, your Honor, is, again, there
16 is some liberty taken in the plaintiff's papers about what
17 Ms. Maxwell said or didn't say in her deposition about these
18 police reports, and they try to make hay over, she knew about
19 the police reports by the selective presentation of that
20 deposition testimony. And I've cited the actual quote for you
21 in the reply brief, but what is notable, in my view, is that
22 when Ms. Maxwell is presented with these police reports, it is
23 for the first time at her deposition by Ms. McCawley, and there
24 is an exchange in the transcript where Ms. McCawley and
25 Ms. Maxwell are going back and forth and Ms. Maxwell says, you



HOUSE_OVERSIGHT_011419

1 know -- she's holding these police reports and she says, I know
2 there is a police report. We go on 300 pages or so in the
3 deposition, and it is clear from the transcript that when we
4 get back to the police report issue again, Ms. Maxwell is being
5 asked questions by Ms. McCawley. Ms. McCawley says -- and this
6 is at page 169, lines 4 through 8 -- "Now that you have the
7 police report that I showed you this morning that you had an
8 opportunity to look at it," and Ms. Maxwell responds, "You gave
9 it to me. I did not look at it." And there was no really
10 other questioning at the deposition about Ms. Maxwell's
11 knowledge of these police reports.
12 So the record on this issue, your Honor, which is
13 going to continue to be the record, is that Ms. Maxwell has no
14 knowledge of this police report, the investigation, anything
15 that's going on with Mr. Epstein substantively during this
16 investigation by the Palm Beach Police Department. So that's
17 why it's not admissible. They try to cobble together what they
18 view as sort of indicia of she should have known about what's
19 in these police reports, and they first of all say -- we get
20 back to this Dershowitz joint defense agreement issue, which I
21 touched on yesterday, but you're going to hear it again today,
22 so I think it's worth mentioning again. And here are the
23 quotes exactly from Mr. Dershowitz' deposition.
24 Mr. Dershowitz -- somebody objects during this deposition, and
25 then there's a colloquy. There's an assertion of privilege.



HOUSE_OVERSIGHT_011420

1 There's a little bit more colloquy, and then Mr. Dershowitz
2 says: "This is a long time ago. My recollection is that very
3 early on there was a joint defense agreement between several of
4 the people who were of interest to the district attorney and to
5 the federal government. That's my recollection. And I would
6 only want to resolve doubts in favor of privilege." Then
7 Mr. Dershowitz says: "We can check further. I would be happy
8 to answer the question if it's not privileged." That's the
9 testimony that they say supports their assertion of this joint
10 defense agreement with Alan Dershowitz.
11 But there's more, your Honor. Mr. Edwards -- again,
12 who is a party in this deposition and not a lawyer -- chimes in
13 to the special master and Mr. Dershowitz: "Q. Ghislaine
14 Maxwell was never the target of the investigation, was she?"
15 Confirming and arguing that Dershowitz is wrong about this
16 joint defense agreement at the time. And Dershowitz is
17 admitting that he doesn't really know and we should check and
18 we'll get back and people can ask these questions if I'm wrong
19 about this agreement.
20 They also take liberty with Ms. Maxwell's discussion
21 in her deposition about her knowledge about what happened to
22 Mr. Epstein and what he pled guilty to. When you look at those
23 pages of the transcript, you know, she says, I know he went to
24 jail, and then there's a back-and-forth between Ms. McCawley
25 and Ms. Maxwell about what did he go to jail for, and



HOUSE_OVERSIGHT_011421

1 eventually Ms. Maxwell says, you know, I'm not really sure what
2 he went to jail for. It had something to do with, she
3 thinks -- Ms. Maxwell -- teenage prostitution or under-age
4 prostitution or something like that. That certainly doesn't
5 give you the ability then to ram in 400 pages of uncorroborated
6 hearsay under the idea that somehow this is notice to somebody.
7 And I think there is one other factual claim that they
8 make about, you know, what Ms. Maxwell should have known, which
9 is not the standard. It is not incumbent upon an individual
10 defendant to go investigate things. That's not the standard.
11 It seems to me that they have conceded that these
12 documents are hearsay because they're saying, we're not
13 offering them for the truth of the matter asserted; we want to
14 offer it for this knowledge theory that we have.
15 So I've briefed the issue about business records,
16 which they are not. I've briefed the issue about government
17 police records, which they are police records, but essentially
18 the same tests for business records applies to police records,
19 which is, you have to be under a business duty to record the
20 information, and court after court after court after court,
21 across the country, has said, people in police reports, like
22 witnesses, are not under a business duty as part of the police
23 department. So all of those statements, the second- and
24 thirdhand hearsay statements, are inadmissible, either as
25 government records or police records or whatever you want to



HOUSE_OVERSIGHT_011422

1 call them. They're just simply inadmissible for the truth of
2 the matter asserted. You know, there may be a few things in
3 these police reports that someone could, if they had a record
4 custodian available, try to offer into evidence, but we don't
5 have that here.
6 And so I think for all of those reasons, your Honor,
7 this is a very strong motion that should be granted by the
8 Court.
9 MS. McCAWLEY: Good afternoon, your Honor. Thank you.
10 The reason why they're battling so hard on this
11 document is because it's so critical to the case. This is a
12 police report that records numerous, over 20, under-age minors
13 saying virtually the exact same story that my client gave about
14 her abuse, over and over and over again. What they didn't say
15 to you -- they skirt around Detective Recarey. You have his
16 entire deposition transcript, which we've noted for next week,
17 with all of his testimony. He took these statements. We went
18 through the business records exception with him. He walked
19 through, yes, I recorded this in the course of my work. We've
20 got it in our papers. I did this under my duty. I interviewed
21 these witnesses. I recorded it, etc., etc., etc., all in this
22 document. I mean, with every document that's come up, they
23 claim, particularly government documents, this is something
24 that we've found out of thin air and that it has no value to it
25 or trustworthiness. He sat in his deposition as the detective



HOUSE_OVERSIGHT_011423

1 who handled this entire investigation and walked through each
2 of those people, your Honor, and walked through how he recorded
3 it in this document. So this is authenticated through
4 Detective Recarey, who is a witness in this trial, on our trial
5 exhibit list.
6 To be very clear, this document is so critical because
7 it mentions Maxwell in it. It talks about Maxwell's stationery
8 being at the house, it talks about other issues with respect to
9 Maxwell. When I asked her at her deposition and I gave her
10 this document -- and you can look at the testimony, your Honor,
11 we want you to look at the testimony -- she says: I've seen
12 it. Later in that deposition, they talk about her battling me
13 over she wouldn't look at certain things I gave her, in front
14 of her, right? So there was an attitude issue during that
15 deposition that I had to manage. And that was what was coming
16 up in that section. It wasn't that she didn't say she had seen
17 it. But your Honor, we are allowed to put that in front of
18 her, in front of the jury, and say: Did you know about this at
19 the time in 2005 when you were photographed kissing Epstein on
20 the day the investigation started? You were working for him.
21 You've admitted that. You didn't know about all these little
22 girls coming to the Palm Beach house that you were working at,
23 that you claim you were the house manager for? We should be
24 entitled to get this in --
25 THE COURT: That is for the truth of the matter.



HOUSE_OVERSIGHT_011424

1 MS. McCAWLEY: Whether she knew about it. That's not
2 for the truth of the matter, your Honor. That's what she knew
3 at the time, right, she made the statement, did she know about
4 all these individuals in the police report, did she know about
5 this. So that can be offered not for the truth but to show
6 whether she knew about it. Whether she knew that at the time
7 she was making that statement, it was false, because not only
8 did my client get abused there but so many other girls as well.
9 So, your Honor, that's part of it. And in your order,
10 in your June 20th order, you said --
11 THE COURT: Excuse me.
12 MS. McCAWLEY: Sure.
13 THE COURT: You say the detective authenticated these
14 documents. He didn't authenticate them in the sense of saying
15 that these are part of the file. I mean, it's not that kind of
16 an authentication.
17 MS. McCAWLEY: It is, your Honor. There are two
18 different things, and I'm jumping around a little bit, so
19 that's my fault. I'm sorry. But there are a series of
20 questions -- and I believe it's in our brief but it's also in
21 our designations -- where we walked through with him how he
22 conducted the investigation, how he recorded the information of
23 these witnesses, the interviews of the witnesses, the fact that
24 they were reported in this document, etc., in his testimony.
25 So that's one piece. And that's why this could come in under



HOUSE_OVERSIGHT_011425

1 the business records exception. But even if it weren't to come
2 in under the business records exception, it can come in not for
3 the truth of the matter asserted but to show for knowledge.
4 And you say in your June 20th order, "Notwithstanding the
5 questions are directed to reveal relevant answers regarding
6 defendant's knowledge of plaintiff's allegations, that
7 knowledge goes directly to the truth or falsity of the
8 defamation, a key element of plaintiff's claims." In other
9 words, what Maxwell knew at the time she's making the statement
10 goes to the truth of the falsity of those statements, and that
11 includes this police report, your Honor, so we believe that
12 it's critical evidence to show that. And you'll see that,
13 again, she was working for the defendant at the time that this
14 investigation happened. She has testified to that. She was on
15 the flights with him at the time this was going on over 300
16 times during that period.
17 THE COURT: You know, spare me the flights, okay?
18 MS. McCAWLEY: Sure. Okay.
19 THE COURT: I've heard that before.
20 MS. McCAWLEY: Sure. I'm sorry, your Honor. I'll try
21 to cut to the chase here.
22 So certainly, you know, it's interesting, because you
23 heard defense counsel here not too long ago saying that they
24 wanted to get in police reports of an under-aged minor,
25 Virginia Giuffre, from when she was 14, being raped by two



HOUSE_OVERSIGHT_011426

1 other boys, right? But now police reports are not allowed in
2 at all, right? A police report where I've got the detective
3 coming to testify about the police report that he took in his
4 investigation, oh, but that can't come in. And what's
5 interesting is, they went through all of our cases but they
6 failed to look at their own cases, because Smith, which is a
7 case that they cite in their brief on trying to get the police
8 reports in, a Southern District of New York case, says that
9 this can come in. It says, "Statements in a police report are
10 not inadmissible hearsay where, as here, they are not offered
11 for the truth of the matter asserted but for purposes of
12 showing whether the arresting officer had the information
13 giving them probable cause in that instance." So what we are
14 doing here, your Honor, is putting forth this police report to
15 show whether or not Maxwell had the knowledge of that, which we
16 are entitled to ask her those questions at trial, your Honor,
17 and to utilize this police report in that regard.
18 So, your Honor, it comes in for two reasons. One,
19 under the hearsay exception, which is the business records
20 exception through Mr. Recarey's testimony, which is detailed in
21 our briefs. He was deposed for a full day. He walked through
22 all of these documents in his investigation, and we laid out
23 that, the standard in there. He testified that it was a record
24 kept in the regular course of his work. He testified that it
25 was something he had to do in accordance with that work. He



HOUSE_OVERSIGHT_011427

1 testified that he was the primary author of that and that it
2 had -- and of course it had the trustworthiness, your Honor.
3 So we were very careful, because we knew how important this
4 document was, to walk him through that when we had him at his
5 deposition. And again, your Honor, those deposition
6 designations are set forth for next Wednesday.
7 THE COURT: How do we know that this is the total
8 record? Or is it the total record? We don't know.
9 MS. McCAWLEY: Well, Recarey testified -- we showed
10 him this document as an exhibit in his deposition, and he
11 testified regarding this being something that he recorded in
12 the course of his own work.
13 THE COURT: But it's part of the record. Is it all of
14 the record?
15 MS. McCAWLEY: Meaning all of the record of the entire
16 investigation? We have produced that in discovery, your Honor,
17 through the -- we have a FOIA response, which is how we got the
18 videotapes of them walking through the Palm Beach house, all of
19 the other materials related to the investigation.
20 THE COURT: I see. Okay.
21 MS. McCAWLEY: So then, your Honor, we deposed the
22 detective to try, of course, to establish that this was the
23 record to get into evidence.
24 Your Honor, they also mentioned -- and this is
25 actually in the in toto motion, but they jumped to it so I need



HOUSE_OVERSIGHT_011428

1 to address it, and that is one of the witnesses in here, AH,
2 who was a minor at the time, also gave a recorded statement as
3 part of that. We took her deposition, and they're, you know,
4 in my view, vastly misrepresenting the deposition. And you can
5 look at the quotes themselves, but she testified in great
6 detail about the activity at the house, verifying that what she
7 said in her recording and in the police report was in fact
8 correct. And she is a witness on our trial list. She is a
9 minor who was abused in the same manner that my client was.
10 She was exposed to him on a number of occasions. And we have
11 her testimony, and we have sought to enter that as a witness in
12 this case. And again, that's in the in toto motion which I
13 think is being heard next Wednesday, but just to address it,
14 since they raised it.
15 The other issue they raised are the message pads.
16 These have come up from time to time in this case and come up
17 through different witnesses. Now the message pads come in in a
18 number of ways. One is Juan Alessi, who is one of the house
19 butlers. He testified that those were the messages for which
20 they recorded -- we showed him the messages. Yes, that's my
21 signature. Yes, this is how we recorded our messages. He
22 worked at the house. That was his duty to do those things.
23 Maxwell's on those messages as well, so we intend to ask her
24 about those, you know, were you having three girls come on this
25 particular day, etc., etc.? So those are documents that should



HOUSE_OVERSIGHT_011429

1 come into evidence because they have been validated by an
2 employee who works at the home and are things that should be
3 able to be utilized at trial, and Maxwell should be able to be
4 shown those and explain whether or not there is some issue with
5 respect to those statements.
6 So your Honor, that's all evidence that we do want to
7 enter at the trial, and certainly we have done our diligence
8 with respect to the police report to make sure that we do have
9 Detective Recarey's testimony on it. I submit if you review
10 that, you will see the reason why that it should come into
11 evidence. But regardless of the hearsay issue and the business
12 records exception, again, as you said in your June 20th
13 order, the point of defendant's knowledge at the time she made
14 a defamatory statement is very significant in this case, so if
15 she knew -- even if she didn't believe my client, if she knew
16 that there had been a number of other under-age minors that
17 were abused in this circumstance, to call my client a liar in
18 the face of all that knowledge is something the jury should be
19 able to consider. So that is a piece that is important and
20 relevant to this case. And you can always give a cautionary
21 instruction. If you're concerned at any level, as you know,
22 you could add a cautionary instruction with respect to the
23 police report. But we should be entitled to ask her questions
24 on the stand when she's under oath about what she knew with
25 respect to this very significant document.



HOUSE_OVERSIGHT_011430

1 Thank you, your Honor.
2 MR. PAGLIUCA: Briefly, your Honor.
3 So first, we're doing a mix and match here of
4 different things, which I like the rules of evidence because
5 they're rules and I can read them and they say what they say.
6 Even if, even if, you had a gold-plated record
7 custodian from the Palm Beach Police Department come in here
8 and make all of the findings that you needed to find as a
9 business record exception or a government record exception, the
10 case law is absolutely clear that second- and thirdhand hearsay
11 is inadmissible through police reports.
12 I use this example because it's a good one, I think.
13 As part of my practice, I represent people accused of crimes,
14 and so we get discovery as part of my practice. Guess what?
15 That goes into my files and I keep it as a matter of course,
16 and it is a business record of mine because I keep it in due
17 course. Now that doesn't mean that it simply would get
18 admitted into a trial whole cloth for the truth of the matter
19 asserted, just because it's a business record of mine. And
20 why? What's the answer? Because the statements that are
21 included in the police report, or the discovery that I get,
22 that I put in my file and I keep very carefully as a business
23 record, don't magically become nonhearsay, because the people
24 who are making those statements are not under any business duty
25 to report to me. And that's what the business record exception



HOUSE_OVERSIGHT_011431

1 is all about. There is trustworthiness when someone, you
2 know -- if it was a billing record of mine, that's a different
3 story. But the business record exception, 803(6), everyone in
4 the chain of the hearsay link has to be under a business duty
5 to report. So there are cases where officers are allowed to
6 testify about things that they wrote in their report because
7 they observed them or another officer told them or it was a
8 test that maybe happened within the police department. But
9 what they're not allowed to talk about, under a business record
10 exception, are witness statements. And that's what
11 Ms. McCawley wants to try to introduce to the jury in this
12 case -- 87 pages of witness statements from people who we don't
13 know who they are and there's no evidence that they had any
14 association with Ms. Maxwell.
15 Let me finish with this state of mind issue.
16 THE COURT: But before you do, why isn't it an 803(6)
17 exception?
18 MR. PAGLIUCA: It could be, your Honor. So 803(6) --
19 THE COURT: Okay. So what you're saying is, yes, the
20 reports could get in, but not the hearsay part.
21 MR. PAGLIUCA: Exactly. That's exactly right.
22 THE COURT: Well, okay. Of course what the plaintiff
23 would say to that is, okay, fine.
24 MR. PAGLIUCA: Well, then you're redacting
25 90 percent --



HOUSE_OVERSIGHT_011432

1 THE COURT: I didn't say redaction. It's hearsay,
2 it's not being offered, but of course it is being offered for
3 the truth of the matter.
4 MR. PAGLIUCA: Exactly. You know, this is a
5 smokescreen about it goes to Maxwell's state of mind. And when
6 you carefully go through these police reports, there is not one
7 of these alleged victims who identifies Ms. Maxwell as having
8 anything to do with any of this. Which is another important
9 point.
10 What I find curious, again, Ms. McCawley usually says
11 there are 30 victims identified in these police reports, which
12 isn't true. And when I asked Detective Recarey to go through
13 them with me and identify how many people he said were victims,
14 there were 17. And so now today she said there were 20. So
15 she's working her way my way. But, you know, that's the
16 problem here, your Honor. This is being offered for the truth
17 of the matter asserted. All they want to do is get in front of
18 a jury that there was a police department investigation in
19 which Epstein was the target and Epstein is alleged to have
20 done all of these bad things; therefore, you should punish
21 Maxwell because then they're going to say, she was his
22 girlfriend, she had to have known, yada, yada, yada, yada, he's
23 a bad person, she's a bad person, find her liable, and whack
24 her with a big damage award. That's what's going on here.
25 Thank you.



HOUSE_OVERSIGHT_011433

1 THE COURT: What's next?

2 MR. CASSELL: The motion on Kellen and Marcinkova, our

3 motion to get in adverse inference.

4 THE COURT: Yes.

5 MR. CASSELL: If I can be heard on that, your Honor.

6 THE COURT: Excuse me. Let me go back to where we

7 were.

8 Those statements, the statements of the "victims," are

9 being offered for the truth, are they not?

10 MS. McCAWLEY: Your Honor, I do not believe they're

11 being offered for the truth because what we're saying -- we're

12 not saying whether or not what those victims said was

13 necessarily true. We're saying was she aware that there were a

14 number -- and they take issue with the number. I don't see a

15 difference between 17 and 30. But was she aware that there

16 were a number of other individuals making reports at the time

17 she said my client must have been lying about being abused as a

18 minor. So whether or not those are true or not, the reports,

19 was she aware that there were a number of reports out there

20 from other little girls saying that they were also brought to

21 the massage room. And that goes to her state of mind at the

22 time she made that statement where she defames my client

23 internationally.

24 THE COURT: Yes. But aware of the reports. How could

25 she be aware of the reports? Aware of the girls and the



HOUSE_OVERSIGHT_011434

1 activity, that's the truth. But aware of the reports.
2 MS. McCAWLEY: Yes, your Honor, and the reason why she
3 could be aware of the reports is because she'll -- remember,
4 her testimony is that she worked for Epstein from the early
5 '90s until 2009. This investigation took place in 2006, your
6 Honor, during the course of the time she was allegedly managing
7 the Palm Beach home and his active employee, his right-hand
8 person. So yes, of course, we should be able to ask her those
9 questions, show her the report: Were you aware of this, of
10 these reports? Were you aware that these reports were made,
11 you know, as part of this investigation? And then she can
12 answer that.
13 THE COURT: Well, that's fine. You could do that.
14 You could show her the reports and say, were you aware of them,
15 but that would not get the hearsay part in.
16 MS. McCAWLEY: Well, your Honor, and of course we have
17 two other of the exceptions, the business record exception,
18 which we talked about, and we also noticed this as one of the
19 residual hearsay --
20 THE COURT: Yes, but even as a business record, I
21 think counsel is correct -- under the business records
22 exception, the activities of the cops and what they did, all of
23 that can go in, yes, because they're under a duty, etc., but
24 not the statements.
25 MS. McCAWLEY: So for example, one of the witnesses on



HOUSE_OVERSIGHT_011435

1 our witness list is AH, who is in the report and she testified
2 in this case.
3 THE COURT: Well, that's a different issue. And you
4 said you're going to present her.
5 MS. McCAWLEY: Yes.
6 THE COURT: Well, all right. That's a different
7 question. But in other words, you could show her the report
8 and ask her if she's aware of these reports. I assume what her
9 answer is going to be. And that's the end of it.
10 MS. McCAWLEY: Well, your Honor, I mean, obviously
11 we'd like to enter the reports under the business record
12 exception through Recarey and through the residual hearsay --
13 THE COURT: But even if you do that, I don't see how
14 you avoid eliminating the hearsay.
15 Well, okay. All right.
16 MR. PAGLIUCA: Your Honor, could I have one final
17 comment on this. If they're not being offered for the truth of
18 the matter asserted, they're really not relevant to this case
19 is my final point, because if they're not being offered for the
20 truth of the matter asserted, at best it's a neutral as to
21 whether these things did or didn't happen. If they didn't
22 happen, they would certainly be supportive of Ms. Maxwell's
23 state of mind if she knew about them. If they're not being
24 offered for the truth of the matter --
25 THE COURT: Well, it might be material that she knew



HOUSE_OVERSIGHT_011436

1 that there was an investigation.

2 MR. PAGLIUCA: You know, she could be asked that

3 question: Did you know there was an investigation? I think

4 she's going to say no. I gave you her affidavit in which she

5 said prior to making her statement, she had never seen these

6 police reports. So we all know --

7 THE COURT: That's a different question.

8 MR. PAGLIUCA: I understand. But we all know the

9 answer is, that's in these police reports, and I'm pretty sure

10 she testified at her deposition that she wasn't really aware of

11 this investigation. All she knew -- I think is what she

12 testified to -- was that Epstein went to jail and she knew at

13 some point he was a registered sex offender. Those are the two

14 things I think she knew at the end of the day at this

15 deposition. Anyway, I agree with you that the question, did

16 you know there was an investigation, you know, I suppose you

17 can ask that question and the answer will be yes or no,

18 whatever it is.

19 THE COURT: Okay.

20 MR. PAGLIUCA: All right. Thank you.

21 THE COURT: Okay. I'm sorry. Forgive me for

22 interrupting.

23 MR. CASSELL: No. Your patience has been appreciated

24 today, your Honor.

25 I want to address now the Marcinkova and Kellen



HOUSE_OVERSIGHT_011437

1 adverse inference motions. We're a moving party. There are
2 reciprocal motions both ways on this. I have the numbers
3 available, if that would be useful. I believe 673 is the
4 defendant's motion and 689 is our motion. So those would be
5 the two motions going, obviously, in different directions.
6 Your Honor is familiar with these issues because of
7 the Epstein adverse inference motion that was argued I think
8 two weeks ago by me, and at that time -- I know you have not
9 yet formally ruled on the motion, but there was extensive
10 discussion about could we just kick this down the road to the
11 trial and see, you know, what Epstein says at that time and,
12 you know, after he testifies, sort out whether there's an
13 adverse inference. Again, you haven't ruled on that, but I
14 think I indicated at the time that certainly from Ms. Giuffre's
15 point of view, we would have no objection to handling
16 Mr. Epstein in that way. I want to make clear that we would
17 also have no objection to handling the Marcinkova and Kellen
18 issue in that way as well. You can put them on via deposition,
19 and then we could sort out in the context of the case with a
20 full record whether an adverse inference is appropriate. But
21 we surface the issue for you now so it wouldn't be something
22 you'd have to do on the fly in the middle of trial. And all
23 the allegations, of course, that have been made here, I think
24 it's important to put Kellen and Marcinkova on the conspiracy
25 scheme, if you will. The top of the conspiracy is Mr. Epstein,



HOUSE_OVERSIGHT_011438

his right-hand player then is Ms. Maxwell, and in the conspiracy, again, in our view -- we understand the defense will take a differing point of view on this, but in our view, the conspiracy's next echelon is Kellen and Marcinkova.

And so for example, Ms. Giuffre has made allegations about certain things. Ms. Maxwell can't remember or denies them, so of course Ms. Giuffre then looks to corroborate her allegations of a conspiracy, and the first person she goes to is Epstein, and you're familiar with that. The second and third people that she goes to are Kellen and Marcinkova, because they report immediately to Ms. Maxwell in the conspiracy. And Ms. Giuffre is going to be talking about that during the course of the trial, and immediately the jury is going to wonder, well, gosh, I wonder what Kellen says about that? I wonder what Marcinkova says about that? And your Honor will recall that we went to great lengths to get them to testify. They were evading service, in our view. We ultimately had to come to your Honor to get alternative service, and it was only at that point that we were able to have them sit for their depositions. They sat for their depositions now, and what we hear from the defense, if I understand it, is that we don't have a good-faith basis for asking Kellen and Marcinkova, gee, weren't you a part of this sex trafficking and sex abuse conspiracy? I think the way they put it in their brief is, all of this evidence shows nothing



HOUSE_OVERSIGHT_011439

1 other than Ms. Maxwell might have been at the same place at the
2 same time. It's just, you know, a happenstance they were in
3 the same place and that's not admissible. Well, your Honor
4 will notice in our opening brief on this, at pages 15 I think
5 through the next ten pages or so, we've gone through with a
6 chart and we've said, okay, here's the question we asked, and
7 then in the right-hand column of our chart we put in the
8 witnesses and, you know, the flight logs. I know other things
9 that your Honor is very familiar with. This is why we're
10 asking these questions. You know, the flight logs have been
11 talked about over and over again, but for good reason. Kellen
12 is on some of these flight logs, and what's up? Those are the
13 questions that we asked, and of course she takes the Fifth.
14 There are other things as well. For example, Sarah
15 Ransome testified, I witnessed with my own two eyes Sarah
16 Kellen reporting to Ghislaine in front of me, but I can't
17 remember specifics. They weren't talking about girls. I can't
18 remember the specific conversation, but every single person,
19 100 percent, 200 percent, reported to Ghislaine. Later on in
20 that same deposition -- that was at page 288 and thereabouts.
21 At page 387: I witnessed the same thing -- all the girls
22 did -- the same thing I had to do was go and report to Sarah
23 Kellen, Leslie Groff, and Ghislaine Maxwell. Ghislaine was the
24 main lady. So again, we have an allegation by our client that
25 Ms. Maxwell was a part of a larger conspiracy. That's one of



HOUSE_OVERSIGHT_011440

1 the central issues, of course, in the case. One of the things
2 that was called an obvious lie. And so we want to bring in the
3 co-conspirators and ask them, Ms. Giuffre says you were in a
4 conspiracy and what's your side of the story on that? And they
5 take the Fifth. So there we are. The question is, are we
6 going to conceal that from the jury or are we going to present
7 it to them? Well, the Second Circuit case that your Honor is
8 well familiar with, LiButti, sets out the factors that have
9 determined that issue, and one of the things we hear from the
10 defendant is, oh, it's never been applied in a case like this.
11 I would just direct your attention, as I did during the Epstein
12 argument, to the case of FDIC v. Fidelity & Deposit Co. of
13 Maryland. That's a Fifth Circuit case from 1995, in which a
14 bank officer was accused of dishonest and fraudulent acts and
15 kind of bogus loans, and the Fifth Circuit allowed Fifth
16 Amendment invocations from the loan recipients to be used
17 against him, reasoning that, well, in this kind of a case, the
18 collusion then is shown by the Fifth Amendment invocation of
19 the participants in the conspiracy there. Fifth Amendment
20 invocations can be held against someone who's accused to be a
21 part of that conspiracy, which of course is exactly what we
22 have going on here in a civil context.
23 LiButti, by the way, the Second Circuit case, which is
24 controlling in this jurisdiction, favorably cites the Fifth
25 Circuit case in FDIC v. Fidelity & Deposit Co., explaining that



HOUSE_OVERSIGHT_011441

1 that is one of the reasons why in the Second Circuit they think
2 this is a good rule of law, because they approve of the result
3 that the Fifth Circuit reached in that co-conspirator case.
4 And LiButti then goes on, as your Honor is well
5 familiar, with laying out four different factors. The first is
6 the nature of the relationship involved. The relationship here
7 is co-conspirators. They're in the immediate next echelon of
8 the conspiracy. They are direct reports in the business sense,
9 although this is a criminal enterprise, but Kellen and
10 Marcinkova are direct reports to Ms. Maxwell. Of course the
11 conspiracy continues. This is not just at the time of those
12 events. The conspiracy continues to today, and your Honor is
13 familiar with that from the fact that they were evading service
14 while we were trying to obtain their testimony last year.
15 Eventually they show up with lawyers, a Bruce Reinhart I think
16 is an Epstein lawyer; I think at some point Ms. Marcinkova had
17 Mr. Goldberger, who's an attorney for Mr. Epstein now. They've
18 both made significant efforts to evade service. Why? Because
19 in our view the conspiracy continues to this day. The
20 conspiracy is trying to conceal what was done to girls in
21 Florida over an extended period of time. The concealment
22 continues through the efforts not only of the defendant but
23 also through the efforts of Kellen and Marcinkova.
24 But there's more that binds them together even today.
25 Your Honor is of course familiar with the nonprosecution



HOUSE_OVERSIGHT_011442

1 agreement that's at the heart of this case. Remember the issue
2 that we were talking about yesterday. The nonprosecution
3 agreement says to Mr. Epstein, we will not prosecute you, or
4 any potential co-conspirators, or, and then there were four
5 named individuals. Two of those named individuals are
6 Marcinkova and Kellen. So they're bound together and have a
7 common interest in trying to preserve that nonprosecution
8 agreement, which means, of course, attacking people who are
9 attacking the nonprosecution agreement, such as Jane Doe 3,
10 that is, my client, Ms. Giuffre.
11 And that is the first factor, the nature of the
12 relationship there. Very tightly bound.
13 The second one is the degree of control in which the
14 party has vested the nonparty witness in regard to key facts
15 and the general subject matter of the litigation. That's a
16 direct quote from LiButti. And the evidence here -- and again,
17 I won't belabor all of the flight logs and specific evidence,
18 but it's recited, you know, in a ten-page chart in our brief.
19 Kellen and Marcinkova are very tightly bound with the
20 defendants. They are direct reports. They are working closely
21 together. I just quoted Ms. Ransome saying, you know, that
22 that was the person that they were talking to, and so you have
23 a very significant degree of control.
24 The third factor from LiButti is compatibility of
25 interests. Perfect compatibility of interests here.



HOUSE_OVERSIGHT_011443

1 Ms. Giuffre has said there was a conspiracy involving all of
2 these individuals. They're all going to say no, there wasn't.
3 We'll have a trial on that and hear the evidence. But the
4 compatibility of interests is, that team is against
5 Ms. Giuffre. Those co-conspirators are all working together to
6 try to undercut the credibility of Ms. Giuffre. And of course
7 they're all hoping that she will lose this trial, which they
8 will then celebrate as a victory. Of course if Ms. Giuffre
9 wins the trial, they will all suffer a defeat because her
10 credibility in making these allegations will have been
11 established.
12 The final factor LiButti directs you to consider is
13 the role in the underlying aspects of the litigation, and
14 again, it's hard to imagine. I won't say they are the most
15 important members of the conspiracy. Epstein is the most
16 important member of the conspiracy, but the next most
17 important, after Maxwell, who's the number two position, the
18 next most important conspirator is Kellen and Marcinkova. I've
19 used the expression before, it's kind of playing Hamlet without
20 the ghost. We're going to be talking about a conspiracy
21 without the conspirators in the case. We are trying to bring
22 the conspirators here in front of the jury so that they can
23 hear what the conspirators have to say when asked questions
24 about what they were doing to Ms. Giuffre and what they were
25 doing to similarly situated young girls.



HOUSE_OVERSIGHT_011444

1 The final point that the LiButti case directs you to
2 consider is whether admitting the evidence will advance the
3 search for truth. And here we have a conspiracy, and I'm using
4 that term not as a lawyer but as a layperson for this purpose.
5 Webster's defines to conspire means to join together in a
6 secret agreement to do an unlawful or wrongful act or an act
7 which becomes unlawful as a result of a secret agreement. And
8 so we want to present the conspirator. Now we think that makes
9 the case that this is highly relevant and also appropriate for
10 an adverse inference. Again, your Honor could wait to rule on
11 this at trial, but we think it's clear-cut now.
12 Of course once you determine that something's
13 relevant, you then have to consider possible prejudicial
14 effect. Obviously this is a case in which sex allegations are
15 going to be at their heart. It's not like we have a business
16 dispute where somebody wants to throw in sex abuse. We want to
17 prove, in a case involving a sex conspiracy, what the
18 conspirators have to say. And there's no prejudice then to
19 Maxwell in the sense of unfair prejudice. He can ask whatever
20 questions they deem appropriate as well. But the absence of
21 the co-conspirators is of course highly prejudicial to
22 Ms. Giuffre. Naturally the jury is going to wonder, you said
23 Kellen was reporting to Maxwell. Where is Kellen? That's
24 going to be the first thing they'll say when they go back into
25 the jury room. Where are these people? And that's what



HOUSE_OVERSIGHT_011445

1 they're going to say if we don't have an opportunity to present
2 them to the jury.
3 The Court will recall the extraordinary lengths to
4 which Ms. Giuffre had to go to procure their testimony. They
5 finally were able to secure it, and they should be presented.
6 Also -- I think you'll be hearing these issues next
7 week -- we used some leading questions during the deposition.
8 We tried to also use some nonleading. Leading questions can be
9 used when? When you have a witness who's associated with the
10 party on the other side. Well, we said they're in a
11 conspiracy. I can't imagine a case where there would be a
12 clearer example of when leading questions would be appropriate.
13 The final argument they made, I think last night in
14 their late replies was that we somehow missed the deadline in
15 taking their deposition. What they don't disclose I think in
16 their papers is, your Honor will recall that we had to come to
17 you, obtain an application for alternative service, and then,
18 as a result of that, they came in. We did all these things
19 with the Court's blessing and approval of taking depositions.
20 Those schedules were discussed with opposing counsel. And as
21 soon as we'd taken the deposition, within approximately a week,
22 we provided the designations. That was back in February of
23 this year. There's no prejudice.
24 So for all these reasons, we would ask that we be
25 allowed to present two of the co-conspirators in the witness



HOUSE_OVERSIGHT_011446

1 box via the video depositions that we've taken.

2 MR. PAGLIUCA: I thought I was back to my old days as

3 a public defender when I started the practice of law, your

4 Honor. Now I'm arguing an 801(d)(2)(E) motion instead of a

5 defamation case.

6 I think we have to start with the notion that is true,

7 that this is a defamation case in which Ms. Maxwell is alleged

8 to have made a defamatory statement in 2015. In that

9 defamatory statement Ms. Maxwell does not mention any of these

10 individuals and doesn't mention Mr. Epstein, and so the

11 starting point for this is, this is an entirely different issue

12 than Mr. Cassell and his fantastical conspiracy argument here.

13 If we want to stick to the legal issues in this case,

14 I think we first need to understand that there is actually a

15 specific rule of evidence that relates to co-conspirator

16 hearsay exception, and that is Rule 801(d)(2)(E) of the Federal

17 Rules of Evidence, and significantly, under that rule -- and

18 this is why the cases using Rule 801(d)(2)(E) find indicia of

19 trustworthiness in co-conspirator hearsay statements -- they

20 are made at or during the course or in furtherance of a

21 conspiracy. And absent that finding, statements of

22 co-conspirators are deemed to be hearsay.

23 So what we're talking about here are not statements

24 purportedly made by any of these individuals in 2000 or 2001.

25 We're talking about statements that they are seeking to (A)



HOUSE_OVERSIGHT_011447

1 introduce or (B) adversely inference that are made in 2015 that
2 had nothing to do with any alleged course of or in furtherance
3 of a conspiracy. Any alleged conspiracy would have terminated
4 years ago by operation of many different rules and law. So
5 Mr. Cassell's entire conspiracy theory predicate to this has
6 nothing to do with the four LiButti factors.
7 And when we talk about the LiButti factors, you know,
8 there is really zero evidence that's been presented to your
9 Honor. First of all, the relationship now, in 2017, between
10 these individuals -- because that is what the controlling
11 relationship is, not some relationship that happened or didn't
12 happen in 2000 or 2001. It is the relationship during the
13 course of this litigation, not some other litigation. And
14 indeed, there is no relationship between these folks. At best,
15 for a brief period of time, a brief period of time, these folks
16 worked in different capacities for Mr. Epstein, at best, and
17 that brief period of time is more than ten years ago.
18 The other part of this that Mr. Cassell overlooks or
19 doesn't want to talk about is what really is at issue -- and
20 this relates to this close present relationship -- does this
21 witness have some reason to protect Ms. Maxwell. I mean,
22 that's really the inquiry here. Is the witness invoking her,
23 in this case, privilege against self-incrimination because it's
24 going to have some benefit to Ms. Maxwell? Well, there is no
25 benefit to Ms. Maxwell for the invocation of the Fifth



HOUSE_OVERSIGHT_011448

1 Amendment privilege here because indeed, if these witnesses
2 were to testify truthfully, the testimony would be beneficial
3 to Ms. Maxwell.
4 If you ever get the opportunity to watch the video of
5 these two witnesses, your Honor, it's remarkable because
6 there's a lot of eye rolling and facial expressions in response
7 to the leading questions by plaintiff's lawyers that, in my
8 analysis -- I may be testifying, your Honor, I must admit. But
9 in my observation, it was basically a nonverbal "that's not
10 true" and then the invocation of the Fifth Amendment privilege,
11 and if that gets played for the jury, the jury can see that or
12 you can see it. At one point Ms. McCawley chided one of these
13 witnesses and said something like, you know, if you keep doing
14 what you're doing, we're going to have to do something else,
15 because she didn't like the facial expressions or the words
16 that the witness was using to invoke the Fifth Amendment
17 privilege. That's how much these folks could help Ms. Maxwell
18 but can't, and they can't because they're protecting their own
19 interests. They're not protecting Ms. Maxwell's interests.
20 They're worried that if the plaintiff's lawyers succeed in
21 Florida, they have some threat of prosecution, so they're not
22 going to testify. But again -- and this is, again, a point
23 that seems to be overlooked by plaintiff's counsel -- these two
24 individuals are indeed named in this nonprosecution agreement
25 by name. Ms. Maxwell is not, and Ms. Maxwell didn't choose to



HOUSE_OVERSIGHT_011449

1 invoke her Fifth Amendment privilege. She shouldn't be
2 penalized because the people who are concerned and are named in
3 this nonprosecution agreement can't testify because the
4 plaintiff's lawyers are trying to undo their agreement with the
5 government.
6 Ms. Maxwell has no ability to control these folks.
7 You know, we certainly weren't going to stand in the way of
8 plaintiff's trying to take their depositions, but we have no
9 control over them, in securing their testimony or requiring
10 them to cooperate in any sense.
11 I cite to the Court the case of Coquina Investments v.
12 Rothstein, which I didn't realize until I was reading this last
13 night is ironic because the defendant in the Rothstein case is
14 Mr. Edwards' former partner, who's doing 55 years in a federal
15 penitentiary right now. But in that case, which is very
16 similar here, the court wouldn't impose an adverse inference
17 against an employer for an employee, even though the employer
18 was paying for the representation of the employee. And that
19 case is I think significant because the court again focused on
20 the relationship at the time of the deposition and not some
21 prior relationship.
22 I talked about the co-conspirator issue. You know,
23 that's just attorney argument asserted as fact here, your
24 Honor. No one has ever found that these folks are
25 co-conspirators. It's Mr. Cassell's and Mr. Edwards' theory,



HOUSE_OVERSIGHT_011450

1 but it certainly is not anything that there is going to be any
2 real evidence about in this case.
3 The next two LiButti factors, the next one relates to
4 any interest in the outcome of the litigation. Again,
5 Mr. Cassell has to manufacture some interest here. These folks
6 are not defendants in this case, these witnesses. They have no
7 financial interest. They have no ties. There is no joint
8 defense agreement. There is no indemnification agreement.
9 There is nothing. They have absolutely no dog in this fight,
10 again, which is no interest in the litigation.
11 There's just really nothing that would allow any
12 adverse inference in this case one way or the other.
13 Finally, your Honor -- well, two final points. The
14 questioning, you know, the kind of questions that were posed to
15 these witnesses were precisely the kind of questions that have
16 been disapproved in the Second Circuit. And that's Brink's
17 Inc. v. City of New York, which is in the papers; WorldCom
18 Security Litigation, also in the papers; and LiButti itself.
19 These are not technical objections. It serves no legitimate
20 evidentiary purpose for a lawyer to come in and simply ask a
21 very bunch of highly charged, leading questions to which they
22 know the witness is going to say, "I take the Fifth." There is
23 no evidentiary ball advanced with those questions, because it's
24 just lawyer argument that doesn't do anything for anybody. So
25 both sides could ask a hundred questions, they could both be



HOUSE_OVERSIGHT_011451

1 leading, they could both be exact opposite questions. The
2 witnesses would say the Fifth to everything, and then you look
3 at the jury and you say, okay, now you can impose an adverse
4 inference against anybody you want to based on the questions
5 that the lawyers asked. I mean, that's really what this ends
6 up being, and it's a waste of time, and it is of no evidentiary
7 significance.
8 Then the last point, which I'm just going to need to
9 correct Mr. Cassell on, the plaintiffs were saying somehow that
10 we were untimely in not designating portions of these
11 depositions which we believe are wholly inadmissible, and the
12 point of our reply was, wait a minute, you didn't designate any
13 of this testimony until after the designation date was over.
14 (Continued on next page)
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HOUSE_OVERSIGHT_011452

1 MR. PAGLIUCA: (continued) I don't care about that,
2 but, you know, I mean, we're going to deal with these issues,
3 and we'll deal with them so the timing is of no consequence to
4 me, but I'm not complaining about it, I'm just responding to
5 it.
6 But for those reasons, your Honor, you shouldn't allow
7 anybody to present any adverse inference from these witnesses.
8 They should not just be part of this trial. Thank you.
9 MR. CASSELL: In reply, your Honor, I think you can
10 just see from the upset there what's going to be happening at
11 this trial. This is the direct quote from Mr. Pagliuca.
12 "Fantastical conspiracy". That's going to be the argument from
13 the other side. They're obviously entitled to advance that
14 argument. But that's what Ms. Giuffre is going to need to
15 respond to at the trial. And, of course, the jury will think
16 this is a fantastical conspiracy if Ms. Giuffre doesn't even
17 bring in some of the alleged conspirators such as Epstein,
18 Kellen, and Marcinkova.
19 Now, we'll hear that this is somehow a hearsay issue
20 under 801(d)(2). This is not a hearsay. There are going to be
21 witnesses in the case, questioned and cross examined. So this
22 isn't a question of inadmissible hearsay, this is a question of
23 presenting a witness to the jury.
24 THE COURT: How do you think this evidence is -- it's
25 going to go in by way of either deposition or the depositions



HOUSE_OVERSIGHT_011453

1 already taken --

2 MR. CASSELL: Yes.

3 THE COURT: -- or by the witnesses being compelled to

4 come and invoke and so on? I think we know how that's going to

5 work out.

6 MR. CASSELL: Right. I think in this case it's going

7 to be through the deposition that's been recorded.

8 With Mr. Epstein, we're going to bring him here live

9 because we've been able to reach him by subpoena, but these two

10 have been difficult to reach by subpoena, that's why we've

11 taken their deposition.

12 And so Mr. Epstein will testify live, he would invoke,

13 Nadia Marcinkova and Sarah Kellen, the deposition has already

14 been taken. And in our --

15 THE COURT: What do you do about the statement that

16 counsel just made about the impropriety of the questions?

17 MR. CASSELL: Right. So you can't just say, hey, is

18 the moon made of green cheese and they take the Fifth. You

19 can't put that in, and Booty recognizes that. There has to be

20 independent evidence that supports each question that's asked.

21 And so what we've done in our brief, if you look at

22 page 17 of our initial paper -- if I can just illustrate one.

23 THE COURT: No, that's all right. That's fine. I get

24 the point.

25 MR. CASSELL: Right. But I think this is a fair point



HOUSE_OVERSIGHT_011454

1 about the defense. I'm not sure that they get the point
2 because we've said here's a question --
3 THE COURT: Don't worry about educating them. It's me
4 you've got to educate.
5 MR. CASSELL: So I would just direct you to our --
6 we've tried to show, this is not a moon made of green cheese,
7 we have very specific support for each --
8 THE COURT: I hear you. I hear you.
9 MR. CASSELL: -- of the questions.
10 THE COURT: You've got it in the brief. I understand.
11 MR. CASSELL: Right.
12 So with regard to their interest in the case,
13 obviously, they have an interest in this woman who is accusing
14 them of being involved in a sex trafficking and sex abuse
15 conspiracy having her lose this case. They would be popping
16 champagne corks. They clearly have an interest in the case.
17 The other problem, remember, under Booty, the question
18 is well, are these witnesses that the plaintiff had some
19 control over? Is this somebody that the defendant has vested
20 control over these facts?
21 These were direct reports. I don't think I heard any
22 response to that from the other side. These were direct
23 reports to Maxwell, and so these are the people who, you know,
24 when Ms. Giuffre alleged that she's involved -- Ms. Maxwell is
25 involved in doing these things, these are the women who are



HOUSE_OVERSIGHT_011455

1 executing the orders for Ms. Maxwell, and it's not part of a
2 fantastical conspiracy.
3 All we want to do is have the jury hear this
4 information. We've provided in our brief very specific support
5 for each of the questions that we want to ask. We think it's
6 entirely appropriate that the jury hear what these two have to
7 say.
8 THE COURT: Thank you.
9 Where are we now? Yes.
10 MS. MENNINGER: Your Honor, by my estimation, we have
11 one motion left, which is 665 with the opening brief.
12 THE COURT: And what's that?
13 MS. MENNINGER: It was our motion to prohibit
14 questioning of our client regarding her consensual adult sexual
15 activities.
16 THE COURT: Yes.
17 MS. MENNINGER: Do I take that as a go ahead and talk
18 or --
19 THE COURT: No.
20 MS. MENNINGER: Okay. I wasn't sure.
21 THE COURT: Yes, well, I can understand.
22 How can you possibly know what we're going to do when
23 I don't know what we're going to do?
24 MS. MENNINGER: Your Honor, I'm happy to defer this
25 issue. I believe it is somewhat --



HOUSE_OVERSIGHT_011456

1 THE COURT: Yes.
2 MS. MENNINGER: -- enmeshed with some of the other
3 motions that, based on plaintiff's representation, they want to
4 put off until another day, so -- until the 15 days before, in
5 particular, so I'm happy to wait.
6 THE COURT: How does that figure -- I'm sorry.
7 Explain to me how that figures into the --
8 MS. MENNINGER: Into this motion?
9 THE COURT: Well, these are the things about which
10 they have to give notice.
11 MS. MENNINGER: Exactly, your Honor. The issue in
12 this motion, and I'll try to be slightly circumspect, but in
13 this motion, we have agreed that our client can be cross
14 examined with respect to plaintiff, any of plaintiff's
15 allegations, with respect to any other minor victim. Our
16 client has absolutely denied having been involved sexually with
17 plaintiff or with the minor victim.
18 They would like to introduce evidence of some kind
19 every other acts with other people. They have not yet
20 specified, apparently, completely, what other acts and what
21 other people they're talking about.
22 THE COURT: So I think we should --
23 MS. MENNINGER: Right.
24 THE COURT: So I think we should wait until we get it
25 all. Okay. So that takes care of that.



HOUSE_OVERSIGHT_011457

1 MS. McCAWLEY: Your Honor, there's just one more thing
2 procedurally, if I could indulge the Court while I have your
3 attention before we all leave. That would be helpful.
4 THE COURT: Don't count on it.
5 MS. McCAWLEY: Sorry.
6 THE COURT: Yes.
7 MS. McCAWLEY: It's just, in your order about the ESI
8 and the issue with the non-production, you said that we should
9 suggest hearing dates. I see that your Honor has moved the
10 hearing dates to Wednesdays, so we were hoping to, since
11 there's only a few Wednesdays left before our trial, reserve
12 one of those to handle that hearing?
13 THE COURT: Well, I'm not sure.
14 MS. McCAWLEY: Or whatever day would work.
15 THE COURT: No. Okay. Now, it seems to me, correct
16 me if I'm wrong, on the 5th we're going to do Epstein's motion,
17 the deposition designations, the biforcation --
18 MR. CASSELL: I'm sorry, we just did that.
19 THE COURT: By the way, maybe we could do the
20 biforcation issue very quickly. What is it you want to --
21 MR. CASSELL: I think we just did that a few moments
22 ago, your Honor.
23 MS. McCAWLEY: That was the one about the financial
24 records.
25 THE COURT: By what?



HOUSE_OVERSIGHT_011458

1 MS. McCAWLEY: We just did that about the financial
2 records, and you gave us some direction on that, so that one's
3 been --
4 THE COURT: Oh, okay. So that's done. Okay. So
5 that's the 5th.
6 MS. McCAWLEY: Yes. So then there's April 12th, which
7 I believe is the following Wednesday, and then I think the one
8 after that is the 19th.
9 THE COURT: Well, are we going to do a hearing -- I
10 take it we're going to do a hearing on the reconsideration of
11 the --
12 MS. McCAWLEY: That's what I'm talking about, your
13 Honor. I'm sorry. Yes. So that's the evidentiary issue of --
14 you said they could present a forensic, based on your order of
15 reconsideration of the November 2nd. So that's the date I'm
16 looking for. I'm sorry, I should have been clearer about that.
17 THE COURT: When are we going to do that?
18 MS. McCAWLEY: Maybe the 12th or the 19th possibly?
19 THE COURT: How about the 10th.
20 MS. McCAWLEY: Okay.
21 THE COURT: Does that work for you all?
22 MR. PAGLIUCA: I can't do the 10th, your Honor, I'm in
23 a deposition all day in Colorado. I'm sorry.
24 THE COURT: How could you possibly take another case?
25 MR. PAGLIUCA: Well, believe me, I have a lot of



HOUSE_OVERSIGHT_011459

clients that are saying that exact same thing right now, your Honor.

MS. MENNINGER: Your Honor, could we do the 13th, the Thursday of that week?

THE COURT: Yes. I don't see any reason not to. Okay.

MS. McCAWLEY: That's all I had, your Honor. Thank you. And thank you for your patience, everyone, today.

THE COURT: Have we completed the briefing and everything everybody wants to submit on the black book issue?

MS. McCAWLEY: Well, yes, your Honor. So now, as of last night, it was fully briefed. So there are three briefs on it, essentially. We had a motion in limine to allow it in, they had a motion in limine to exclude it, and it came up previously -- I forget, we argued it a couple weeks ago in the context of another motion -- oh, I'm sorry, because, your Honor, you requested that with respect to Diane Flores. So we didn't reargue it today, it is fully briefed for you.

THE COURT: Okay. In other words, I've got everything on that.

MS. McCAWLEY: You do, your Honor, yes.

THE COURT: Okay. Anything else?

MS. McCAWLEY: Not that I'm aware of.

MR. PAGLIUCA: I think we're concluded today, your Honor. Thank you.



HOUSE_OVERSIGHT_011460

THE COURT: Okay, thanks. Have a nice weekend.

(Adjourned)



HOUSE_OVERSIGHT_011461

**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF NEW YORK**

----------X

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

**15-cv-07433-RWS**

----------X

# Defendant's Response in Opposition to Plaintiff's Omnibus Motion *in Limine*


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## TABLE OF CONTENTS

INTRODUCTION ..... 1

I. FED. R. EVID. 405(B) REQUIRES ADMISSION OF ALL SPECIFIC INCIDENTS OF PLAINTIFF LYING OR ENGAGING IN DECEITFUL OR FRAUDULENT CONDUCT 1

A. All allegations or comments made by Plaintiff are "connected to" the alleged defamatory statement ..... 4

B. Responses to Enumerated Motions *In Limine* ..... 6

1. Stories and allegations concerning Dershowitz, foreign presidents, and world leaders are highly relevant and admissible (Motion in Limine 1) ..... 6

2. Meeting Bill Clinton at Jeffrey Epstein's private island twice (Motion in Limine 2) ..... 8

3. FOIA responses and related materials are admissible (Motion in Limine 3) ..... 8

4. Louis Freeh's testimony and report are admissible evidence (Motion in Limine 4) ..... 9

5. Prince Andrew and Buckingham Palace's denials of Plaintiff's claims are not offered for the truth of the matter asserted (Motion in Limine 5) ..... 11

6. Evidence Regarding Plaintiff's Sexual History and Reputation is Admissible (Motion in Limine 6) ..... 14

7. Plaintiff cannot prohibit use of words such as "prostitute," which she used to describe herself, or any other "derogatory" terms that describe her reputation (Motion in Limine 7) ..... 14

8. Plaintiff's drug use is relevant to her memory and lack of damages (Motion in Limine 8) ..... 16

9. Information regarding Plaintiff's criminal history is relevant and admissible evidence when character is an essential element of the claim (Motion in Limine 9) ..... 18

10. Evidence concerning school attendance is relevant to Plaintiff's allegations of how she spent her time in 1999 to 2002 (Motion in Limine 10) ..... 19

11. Plaintiff put her full childhood history and character at issue (Motion in Limine 11) .. 20

12. Victims Refuse Silence is a sham not-for-profit established to create a claim for defamation per se (Motion in Limine 12) ..... 20



HOUSE_OVERSIGHT_011464

13. Plaintiff's failure to pay her personal tax obligations is relevant to her character for truthfulness (Motion in Limine 13) ..... 22

14. Plaintiff's husband's domestic violence against her in March 2015 is probative of other intervening causes of emotional distress and related damages (Motion in Limine 14) 23

15. Plaintiff's lies about her age and the year she met Mr. Epstein must be exposed to the jury (Motion in Limine 15)..... 24

16. All of Plaintiff's medical records are relevant to Plaintiff's damages claims (Motion in Limine 16) ..... 25

17. The Parties agree to preclusion of all documents and discussion of the Jane Doe 102 case, including the settlement of those claims (Motion in Limine 17) ..... 26

18. The Cassell/Edwards v. Dershowitz litigation is relevant and admissible (Motion in Limine 18) ..... 26

19. Judge Marra's ruling is relevant and admissible (Motion in Limine 19)..... 29

20. The transcript of the tape recording of Mr. Dershowitz's conversation with Rebecca Boylan is admissible (Motion in Limine 20)..... 31

C. Plaintiff's Remaining Motions In Limine Are Premature and Request an Unnecessary Advisory Opinion (Motions in Limine 21-29) ..... 32

1. "Bad Acts" by Plaintiff's counsel ..... 34

2. Discussion of missing witnesses and absence of evidence is appropriate, and missing witness instruction may be requested ..... 35

CONCLUSION..... 36

CERTIFICATE OF SERVICE ..... 38



HOUSE_OVERSIGHT_011465

## TABLE OF AUTHORITIES

**Cases**

*Brady v. Chemical Construction Corp.,* 740 F.2d 195 (2d Cir. 1984)..... 10

*Cannistraci v. Kirsopp*, No. 1:10-CV-980 MAD/DRH, 2012 WL 2089687, at *1–2 (N.D.N.Y. June 8, 2012)..... 11

*Cardillo v. Doubleday & Co., Inc.,* 518 F.2d 638, 639–40 (2d Cir.1975)..... 13

*Chamblee v. Harris & Harris, Inc.*, 154 F. Supp. 2d 670, 681 (S.D.N.Y. 2001)..... 22

*Chnapkova v. Koh*, 985 F.2d 79, 82 (2d Cir. 1993)..... 22

*Daniels by Glass v. Wal-Mart Stores, Inc.,* 634 So.2d 88, 93 (Miss. 1993)..... 4

*DeVaul v Carvigo Inc.*, 526 N.Y.S.2d 483 (2d Dept. 1988)..... 35

*Doddy v. Oxy USA, Inc.*, 101 F.3d 448, 459-60 (5th Cir. 1996)..... 10

*Donnelly v. DeChristoforo,* 416 U.S. 637, 646–47, 94 S.Ct. 1868, 40 L.Ed.2d 431 (1974). ..... 33

*Edwards v. City of N.Y.*, No. 08-2199 TLM, 2011 WL 2748665, at *4 (E.D.N.Y. July 13, 2011) ..... 22

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*Gaillard v. Jim's Water Service, Inc.*, 535 F.3d 771, 778–779 (8th Cir. 2008)..... 22

*Gallo v. Ricci*, 814 N.Y.S.2d 422, 423 (2006)..... 36

*Geraty v. Vill. of Antioch*, No. 09 C 6992, 2015 WL 127917, at *7 (N.D. Ill. Jan. 8, 2015) ..... 9

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*Grasso v. Mathew*, 564 N.Y.S.2d 576, 578 (3d Dep't 1991) ..... 30

*Guccione v. Hustler Magazine, Inc.*, 800 F.2d 298, 303 (2d Cir. 1986)..... 13



HOUSE_OVERSIGHT_011466

*Jaffee v. Redmond*, 518 U.S. 1, 116 S.Ct. 1923, 135 L.Ed.2d 337 (1996) ..... 22

*Kadant Johnson Inc. v. D'Amico*, No. CIV.A. 10-2869, 2012 WL 2190897, at *1 (E.D. La. June 14, 2012) ..... 3

*Kevorkian v. Am. Med. Ass'n*, 237 Mich. App. 1, 12, 602 N.W.2d 233, 239 (1999)..... 13

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*Minemyer v. R-Boc Representatives, Inc.*, No. 07 C 1763, 2012 WL 379904, at *4 (N.D. Ill. Feb. 6, 2012) ..... 12

*O'Brien v. Alexander*, 898 F.Supp. 162, 171 (S.D.N.Y. 1995) ..... 30

*Palmieri v. Defaria,* 88 F.3d 136, 141 (2d Cir. 1996) ..... 33

*People v Thomas*, 21 N.Y.3d 226 (2013)..... 35

*People v. Williams*, 5 N.Y.3d 732, 734 (2005) ..... 35

*Preferred Properties, Inc. v. Indian River Estates, Inc.,* 276 F.3d 790, 799 n.5 (6th Cir. 2002) . 13

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*S.E.C. v. Collins & Aikman Corp.*, 256 F.R.D. 403, 412 (S.D.N.Y. 2009) ..... 19

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*Seligson, Morris & Neuburger v Fairbanks Whitney* Corp., 257 N.Y.S.2d 706 (1st Dept. 1965)35

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*United States v. Hatchett*, 918 F.2d 631, 641 (6th Cir. 1990) ..... 22

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*United States v. Rabbani*, 382 F. App'x 39, 42 (2d Cir. 2010)..... 35

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*United States v. Van Meerbeke,* 548 F.2d 415, 417–18 (2d Cir. 1976) ..... 17



HOUSE_OVERSIGHT_011467

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*Zamora v. GC Servs., L.P.*, 647 F. App'x 330 (5th Cir. 2016) ..... 9

**Rules**

Fed. R. Evid. 403 ..... 7

Fed. R. Evid. 405 and 608 ..... 4, 6, 15, 20

Fed. R. Evid. 405(b) ..... passim

Fed. R. Evid. 801 ..... 12

Fed. R. Evid. 801 (d)(2)(D) ..... 29, 31

Fed. R. Evid. 803(6) ..... 19

Fed. R. Evid. 803(8) ..... 8

Fed. R. Evid. 902(4) and 902(11) ..... 19



HOUSE_OVERSIGHT_011468

# PAGES 1-36

# REDACTED

Dated: March 17, 2017

Respectfully submitted,

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HOUSE_OVERSIGHT_011470

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I certify that on March 17, 2017, I electronically served this *Defendant's Response in Opposition to Plaintiff's Omnibus Motion In Limine* via ECF on the following:

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HOUSE_OVERSIGHT_011471

## *Night Flight*

They say that you can read a person's feelings on his face. But if so, either I'm a very good actor – the opposite of what anyone who has worked closely with me would tell you – or the journalists clustered in front of me weren't very good face-readers. They said that I looked defeated. Distressed. *Depressed.*

Yet as I delivered my brief final statement outside an olive-green cabin at Camp David, the American presidential retreat in the forested Catoctin hills north of Washington, I felt none of those things.

Yes, I was disappointed. I realised that what had happened over the last 14 days, or more crucially what had *not* happened, was bound to have serious consequences, both for me personally, as Prime Minister of Israel, and for my country.

But I had been a politician, at that point, for all of five years. By far most of my life, I had spent in uniform. As a teenager, small and slight and not even shaving yet, I was one of the founding core of a unit called *Sayeret Matkal*, Israel's equivalent of America's Delta Force, or Britain's SAS. It may be that the way I thought and acted, the way I dealt with danger or with crises, came from someplace inside me. Even as a young kid, I was always quiet, serious, contemplative. But my 13 years as a part of Israel's main special-forces unit, especially once I became its commander, etched those qualities more deeply. And they added new ones: a sense that you could never plan a mission too carefully or prepare too assiduously; an understanding that what you thought, and certainly what you said, mattered a lot less than what you *did*. And above all the realisation that, when one of our nighttime commando operations was over, whether it had succeeded or failed, you had to take a step back. Evaluate things accurately, coolly, without illusions. Then, in the light of how the situation had changed, you had to decide how best to move forward.

That approach, to the occasional frustration of the politicians and diplomats working alongside me during this critical stage of Israel's history, had guided me from the moment I became Prime Minister. In my very first discussions with President Clinton a year earlier – a long weekend, beginning at the White House and moving on to Camp David – I had mapped out at great length, in great detail, every one of the steps I knew we would have to take to confront the central issue facing Israel: the need for peace.



HOUSE_OVERSIGHT_011472

In choosing to return, now, to Camp David for two weeks of summit talks, I knew the risks. Of all the moments of truth in my life – and in the life of my country – few, if any, would carry higher stakes. Success would mean not just one more stutter-step away from our century-long conflict with the Palestinians. It would signal a real, final peace: in treaty-speak, *end of conflict*. Whatever the complexities of putting an agreement into practice, given all the suffering and bloodshed endured by both sides, we would have crossed a point of no return.

There would be two states, for two peoples.

And if we failed? I knew, if only from months of increasingly stark intelligence reports, that an explosion of Palestinian violence – not just with stones or bottles this time, but with guns and explosives – would be only a matter of time.

I knew something else as well. This would be a moment of truth not just for me. Or for Bill Clinton, a man who understood our conflict more deeply, and was more determined to help us end it, than any other president before him. It was a moment of truth for the leader of the Palestinians, Yasir Arafat.

The Oslo Accords of 1993, groundbreaking though they were, had created a peace *process*, not peace. Over the past few years, that process had been lurching from crisis to crisis. Political support for negotiations was fraying. And yet the core issues of our conflict had not been resolved. In fact, they had hardly been talked about. The reason for this was no secret. For both sides, these questions lay at the heart of everything we'd been saying for years, to the world and to ourselves, about the roots of the conflict and the minimum terms we could accept in order to end it. At issue were rival claims on security, final borders, Israeli settlements, Palestinian refugees, and the future of ancient city of Jerusalem. None of these could be resolved without painful, and politically perilous, compromises.

Entering the summit, despite the pressures ahead, I was confident that I, with my team of aides and negotiators, would do our part to make such a final peace agreement possible. Nor did I doubt that President Clinton, whom I had come to view not just as a diplomatic partner but a friend, would rise to the occasion.

But as for Arafat? There was simply no way of knowing.

That was why I had pressed President Clinton so hard to convene the summit. That was why, despite the misgivings of some of his closest advisers, he had taken the plunge. We both knew that the so-called "final-status issues" –



HOUSE_OVERSIGHT_011473

the substance of any real peace – could not simply be put off forever. Untangling them was getting harder, not easier. And we realised that only in an environment like Camp David – a "pressure cooker" was how I described it to Clinton, and to US Secretary of State Madeleine Albright – would we ever discover whether a peace deal could in fact be done.

Now, we knew.

* * *

Israel's equivalent of Air Force One, perhaps in a nod to our country's pioneering early years, was an almost prehistoric Boeing 707. It was waiting on the runway at Andrews Air Force Base outside Washington to ferry me and the rest of our negotiating team back home.

It contained a low-rent equivalent of the American version's presidential cabin, and a few 1960s-vintage first-class seats, but consisted mostly of two long lines of coach seats, three abreast, separated by an almost tightrope-narrow aisle. I dare say I was alone in finding an odd sense of comfort in boarding the plane. This museum piece of an aircraft was part of my past. It was the same model of 707 for which I, with a couple of other young soldiers and engineers, had come up with what we dubbed the "submarine door" system outside the cockpit – to protect El Al pilots from future attacks after one of its planes had been hijacked to Algiers in the summer of 1968. It was also the same kind of plane – a Sabena flight, hijacked to Tel Aviv's Ben-Gurion Airport – which I stormed, before sunrise, four years later with a force of nearly two dozen *Matkal* commandos. The shooting was over within 90 seconds. One of my men – a junior officer named Bibi Netanyahu – was wounded. By one of our own bullets. But we managed to kill two of the heavily armed hijackers, capture the others, and free all 90 passengers unharmed.

Still, even I had to accept, it was no fun to fly on.

As we banked eastward after takeoff and headed out over the Atlantic, the mood on board was sober. Huddling with the inner core of my negotiating team – my policy co-ordinator Gilad Sher, security aide Danny Yatom and Foreign Minister Shlomo Ben-Ami – I could see that the way the summit ended had hit them hard. It was probably true, as all three often reminded me, that the greatest pressure fell on me. I was the one who ultimately decided what we could, or



HOUSE_OVERSIGHT_011474

should, offer in search of a true peace with the Palestinians. I was the one who would be blamed by the inevitable critics, whether for going too far or not far enough, or simply for the fact the deal had eluded us. I knew the drill: the same thing had happened when I had come tantalizingly close to finalizing a peace deal with Syria's then-dying dictator, Hafez al-Assad, a few months earlier. Yet these three dedicated men – Gili, who was by training a lawyer; Shlomo, an academic; and Danny, a former Mossad chief – had just been through dozens of hours of intricately detailed talks with each of Arafat's top negotiators at Camp David, not to mention the dozens of other meetings before we had even got there. Now they had to accept that, even with the lid of the pressure cooker bolted down tight, we had fallen short of getting the peace agreement which each of us knew had been within touching distance.

I don't think that even they could be described as depressed. On our side, after all, we knew we had given ground on every issue we possibly could, without facing full-scale political rebellion at home. We had proposed an Israeli pullout from nearly all of the West Bank and Gaza. A support mechanism for helping compensate tens of thousands of Palestinian refugees from the serial Arab-Israeli conflicts of the past half-century. And most painfully and controversially – my rivals and critics back home were already accusing me of "treachery" – we had agreed to let President Clinton present a proposal for the Palestinians to get sovereignty over the Arab neighbourhoods of Jerusalem as well as "custodial sovereignty" over the Haram al-Sharif, the mosque complex perched above the Western Wall, the holiest site in Judaism.

But precisely because we had been ready to offer so much, only for Arafat to reject it all, even as a *basis* for talks on a final deal, I could sense how gutted my key negotiators were feeling.

Still, I'm sure none of them was surprised when my own old operational instincts kicked in. In my statement to journalists, I had been careful to say that Arafat was not ready *at this time* to make the historic compromises needed for peace. But before parting with President Clinton and Secretary Albright, I'd been more forthright. It was clear, without my saying so, that the chances of our getting a peace agreement on Clinton's watch were now pretty much over. He had barely five months left in office. Yet my deeper fear was that with Arafat having brushed aside an offer that went far further than any other Israeli had proposed – far further than the Americans, themselves, had expected from Israel – the prospects for peace would be set back for years. Perhaps, I said, for two decades.



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The challenge now, I told my exhausted team, was to make sure we were prepared for this new reality. Part of the spadework was already in place. Much as I'd hoped that Arafat and I could turn a new page in Middle East history, I had directed our army chief-of-staff, nine months before the summit, to draw up contingency plans for the likelihood of an unprecedentedly deadly eruption of Palestinian violence if we were to fail.

Now, I felt we had to go even further, and to prepare a proactive alternative to the negotiated deal we'd been unable to secure. I proposed considering a *unilateral* Israeli pullout from the West Bank and Gaza. The territorial terms would, necessarily, be less far-reaching than the proposal Arafat had rejected. But I felt we should still withdraw from the great majority of the land we had captured in 1967, still leaving the Palestinians an area which the outside world would recognize as wholly sufficient for them to establish a viable, successful state.

And crucially, this would finally give Israel, *our* country, a delineated, final border with the territory captured in the Six-Day War.

Gili, clearly uneasy about accepting the idea that the chances for a negotiated peace were definitively gone, left to try to get some sleep on the long flight ahead. Danny and Shlomo Ben-Ami as well. Within an hour or so, the plane was full of irregularly slumped bodies, the silence broken only by the drone of the 707's engines and the occasional sound of snoring.

I sat, wide awake, in one of the seats at the front.

My sleeping habits were another inheritance from *Sayeret Matkal*. During those years, nearly everything of significance which I did had happened after sundown. The commando operations were, of course, set for darkness whenever possible. The element of surprise could mean the difference between success and failure, indeed life and death. But all of my planning, all my *thinking*, tended to happen at night as well. The quiet, and the lack of distractions, helped to discipline my mind. I found that it helped to free my mind as well, sometimes only to discover that it went off in unexpected directions.

It did so now. Perhaps even I was still reluctant to accept that Camp David meant that the opportunity for a transformative deal with Arafat was finished. Yet whatever the reason, I began thinking back to the first time that my path and his had crossed. It was in the spring of 1968, nearly a year after Israel had defeated the armies of our three main Arab enemies – Egypt, Syria and Jordan. Israeli forces were advancing on a Jordanian town called Karameh, across the



HOUSE_OVERSIGHT_011476

Jordan River from the West Bank, from which a fledgling group called Fatah, under the command of Arafat, had been staging a series of raids. In one of their most recent attacks, they'd planted land mines, one of which destroyed an Israeli schoolbus, killing the driver and one of the teachers and injuring nearly a dozen children. The so-called Battle of Karameh was our single most significant operation since the 1967 war. In pure military terms, it succeeded. But at a price: more than two dozen Israeli soldiers dead. It also had a major political impact. It caused shock among many Israelis, still wrapped in a sense of invincibility from the Six-Day War, as well as a feeling in the Arab world, actively encouraged by Arafat and his comrades, that compared to the great armies Israel had defeated in 1967, Fatah had at least shown fight. Fatah had drawn blood.

I had just turned 26 years old. I was finishing my studies in math, physics and economics at the Hebrew University in Jerusalem, and had joined my *Sayeret Matkal* comrades the night before the assault. It was a huge operation: ten battalions, including crack infantry units. Our own role was relatively minor. We were to seal the southern entrance to the town. But it proved a tough slog just to get there. Our vehicles got bogged down in mud. By the time we arrived, Fatah fighters, although many were in civilian clothes so we couldn't be sure, were racing past us in the other direction. One of them, we were later told, was Yasir Arafat. On a motorcycle.

It would be nearly three decades before the two of us actually met – shortly after the assassination of my longtime comrade and friend Yitzhak Rabin, when I had become Foreign Minister under Shimon Peres. But in the intervening years, Arafat was rarely off of my radar. By the early 1970s, he and his fighters had been expelled by King Hussein's army from Jordan and were re-based in Lebanon. Arafat was becoming a significant figure on the Arab and world political stage, and an increasingly uncomfortable thorn in Israel's side. I was head of *Sayeret Matkal* by then. Over a period of months, I drew up a carefully constructed plan – a raid by helicopter into a Fatah-dominated area in southeastern Lebanon, during one of Arafat's intermittent, morale-boosting visits from Beirut – to assassinate him. My immediate superior, the army's head of operations, was all for our doing it. But the chief of military intelligence said no. Arafat, he insisted when we met to discuss the plan, was no longer the lean, mean fighter we had encountered in Karameh. "He's fat. He's a politician. He is not a target."



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A decade later, the idea would suddenly resurface. In my first meeting, as a newly promoted Major General, with our then Defence Minister Ariel Sharon, Sharon turned to me and the army's Chief of Staff, Rafael Eitan, and said: "Tell me. Why the hell is Arafat still alive?" He looked first at Raful, then at me, and added: "When I was 20 years younger than you are, I *never* waited for someone like Ben-Gurion or Dayan to ask me to plan an operation. I would plan it! Then I'd take it to them and say, you're the politicians, you decide, but if you say yes, we'll do it." I smiled, telling him that I'd done exactly that, a decade earlier, only to have one of his mates in the top brass say no. Sharon now said yes. But the plan was overtaken: by his ill-fated plan to launch a full-scale invasion of Lebanon in 1982, targeting not just Arafat, but with the aim of crushing the PLO militarily once and for all.

I finally met Arafat face-to-face at the end of 1995. Although the Oslo peace process had dramatically changed things, it was clear that the real prize – real peace – was still far away. We were in Barcelona, for a Euro-Mediterranean meeting under the auspices of King Juan Carlos, aimed at trying to re-invigorate negotiations. The ceremonial centrepiece of the event was a dinner at one of the royal palaces, and it was arranged for me and Arafat to meet for a few minutes beforehand. I arrived first. I found myself in a breathtakingly opulent, but otherwise empty, room. Empty, that is, except for a dark-brown Steinway piano. From childhood, I have loved music. And while I am never likely to threaten the career of anyone in the New York Philharmonic, I have, over the years, developed some ability, and drawn huge enjoyment, as a classical pianist. I pulled back the red-velvet bench and began to play. With my back to the doorway, I was unaware that Arafat had arrived, and that he was soon standing only a few feet away, watching as I played one of my favourite pieces, a Chopin waltz. My old commando antennae must have been blunted. I may not have become "fat". But, undeniably, I was now a politician.

When I finally realised Arafat was behind me, I turned, embarrassed, stood up, and grasped his hand. "It's a real pleasure to meet you," I said. "I must say I have spent many years watching you – by other means." He smiled. We stood talking for about 10 minutes. My hope was to establish simple, human contact; to signal respect; to begin to create the conditions not to try to kill Arafat, but to make peace with him. "We carry a great responsibility," I said. "Both of our peoples have paid a heavy price, and the time has come to find a way to solve this."



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I sensed, at the time, at least the start of some connection. I suspected that Arafat viewed me, as he had Rabin before me, as a "fellow fighter". But if so, I now wondered whether that might have been part of the problem in his ever truly understanding my mission at Camp David. My motivations. Or my mind.

Even in Israel, my reputation as a soldier has sometimes been as much a burden as an advantage. A whole body of stories has followed me from my 36 years in uniform – a career which, after *Sayeret Matkal*, led me up the military ladder until I was head of operations, intelligence, and eventually of the entire army as Chief of Staff. By the time I left the military, I was the single most decorated soldier in our country's history. Some of the stories were actually true: that when we burst onto the hijacked Sabena airliner, for instance, we were dressed as a maintenance crew; or that, in leading an assassination raid in Beirut against the PLO group that had murdered Israeli athletes at the 1972 Munich Olympics, I was disguised as a woman. Not the most attractive young lady, perhaps, though I did, painfully, pluck my eyelashes, and, with the help of four pairs of standard-issue Israeli Army socks, develop quite a comely bosom. I rejected the idea of wearing a long dress, in favour of stylishly flared trousers. I was going on a commando operation, after all, not a prom date. But I did wear heels. So yes, a woman, of sorts.

Yet some of the stories were just plain myth. I had given up counting the times I'd heard about my alleged prowess in recording the fastest-ever time on the most gruelling of the Israeli army's obstacle courses. In fact, I was a lot more like Goldie Hawn in *Private Benjamin*.

The main misunderstanding, however, went deeper. The assumption appeared to be that my military achievements, especially in *Sayeret Matkal*, were down to a mix of brute force and raw courage. Courage, of course, was a requirement: the willingness to take risks, if the rewards for success, or the costs of inaction, were great enough. Few of the operations I fought in or commanded were without the real danger of not coming back alive. But whatever success I'd had as a soldier, particularly in *Matkal*, was not only, nor even mainly, about biceps. It was about brains. The ability to make decisions. To withstand the pressure of often having to make the most crucial decisions within a matter of seconds. It was, above all, about thinking and analyzing – and always, always, looking and planning ahead.

And as our plane droned onward towards Israel, I knew that I would now need all of those qualities more than ever.



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This book is only in part the story of my life – a life that, from my beginnings as a kibbutz boy in pre-state Palestine, has been intimately entwined with the infancy and adolescence and, now, the increasingly troubled middle age of the State of Israel.

Still less is it only a record of its, or my, achievements, although they are inevitably a part of the story.

In setting out to write it, I was also determined to document, from the inside, the critical setbacks as well. Mistakes. Misjudgements. Missed opportunities. And the lessons that we can, and must, be prepared to learn from them.

No less so than I when I was planning a hijack rescue or a cross-border commando operation in *Sayeret Matkal*, I remain convinced that Israel's security, Israel's very identity, can be safeguarded only by evaluating dispassionately the situation in our country and the world. And by looking ahead.

Even when I was a soldier, I never stopped thinking this way, especially when, first as military intelligence chief and especially as Chief of Staff, I knew, in detail, every one of the security threats that faced Israel and was part of discussions and decisions to try to confront them. I still vividly remember as Chief of Staff, every Friday before the arrival of the Jewish Sabbath, sitting with Rabin, who was then Israel's Defence Minister. Our offices were along the same hallway of the *kirya*, the ministry's headquarters in the heart of Tel Aviv. Rabin had a very low table in his office, with two chairs. We would sit across from each other, each with a ready supply of coffee and Yitzhak smoking an apparently endless supply of cigarettes, and we would just talk. Politics. Strategy. Israel. The PLO. The surrounding Arab states. And the wider world.

Many years before I became Prime Minister, I gave a lecture at a memorial meeting for an Israeli academic. Not many people were there. I doubt even they remember it. But I do, because what I said has, sadly, become more prophetic than even I could have imagined. I talked about the imperative for peace as part of Israel's security. There was a "window," I said. We were militarily strong. In regional terms, we were a superpower. But politically, resolving the conflict with our Arab enemies would almost certainly become more difficult with time.



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Iraq, perhaps Iran and other Middle Eastern states, might get nuclear weapons. A violent form of fundamentalist Islam could, over time, erode existing Arab and Muslim states, threatening Israel of course, but also the stability of our neighbourhood and of the world. In those circumstances, even if an Israeli government was strong enough, wise enough, forward-looking enough to pursue avenues for negotiated peace with its immediate neighbours, getting the popular support required would be all but impossible.

The window is still there. But it is only barely open.

I fear that I was right, as well, in predicting that our failure to secure a final peace agreement with the Palestinians at Camp David might set back peacemaking not just for a few months, but for many years. I have persisted in trying, very hard, to make that particular prediction prove wrong. That was why, despite intense pressure from my own political allies not to do so, I decided to return to government in 2007 as Defence Minister. I remained in that role for six years: mostly in the current, right-wing Likud government of my onetime *Sayeret Matkal* charge, Bibi Netanyahu.

Much of what I say in this book about war and peace, security and Israel's future challenges, will make uncomfortable reading for Bibi. But very little of it will surprise him, or his own Likud rivals further to the right, like Foreign Minister Avigdor Lieberman and the Economy Minister, Naftali Bennett. I have said almost all of it to them behind closed doors in the past few years, more than once. When I finally decided to leave the political arena last year, it was largely because I realized that they were guided by other imperatives. In the case of Bibi, the most gifted politician with whom I've worked except for Clinton, the priority was to stay in power. For Avigdor and Naftali, it was to supplant Bibi, when the opportunity was ripe, as Likud leader and as Prime Minister. And much too often – as with their hugely ill-advised recent proposal to amend Israel's basic law to define it explicitly as a Jewish state, and deny "national rights" to non-Jews – the three of them have ended up competing for party political points rather than weighing the serious future implications for the country.

Peacemaking, as I discovered first-hand, requires taking risks. Statesmanship requires risks. Politics, especially if defined simply as staying in power, is almost always about the avoidance of risk.



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The problem for Israel, no matter who or what party is in government, is that there are risks everywhere one looks, and they show every sign of getting more, not less, serious.

The "Arab Spring" has morphed into an Islamic winter. National frontiers that were put in place by British and French diplomats after the fall of the Ottoman Empire are vanishing. Centuries-old conflicts between tribes and rival religious communities have reignited. The old Cold War system of nations has given way to a world without a single geopolitical centre of gravity. Perhaps most seriously, Iran seems determined to get nuclear weapons, and, in my view, may succeed in doing so.

Where Israel is concerned, relations with our indisputably most important ally, the United States, are more strained than at any time in decades. Diplomatic ties with Europe, our single largest trading partner, have been growing steadily worse. And the only real certainty is that anyone who tells you that they know absolutely where things are heading next is lying. Just ask Hosni Mubarak, who, despite having nearly half-a-million soldiers and security operatives at his disposal, was utterly blindsided, and very soon toppled and imprisoned, by an uprising that began with a sudden show of popular anger in Cairo's Tahrir Square.

Internally as well, Israel faces dangers. Chief among them is the alarming erosion of the standards of civil discourse, amid the increasingly shrill, often hateful, divisions between left and right, secular and religious, rich and poor and, most seriously of all, Jews and Arabs. While we remain economically successful, the fruits of our wealth are being ever more unevenly shared, and the prospects for continued growth constrained by the lack of any visible prospect of long-term peace.

Bibi Netanyahu, of course, knows all of this. Indeed, he has repeatedly spoken of the multiple threats Israel faces, not only in somber terms, but at times almost apocalyptically.

That works, politically. Politicians, not just in Israel but everywhere, know that it is a lot easier to win elections on fear than on hope.

Yet my own prescription – learned, as this book recounts, from years on the battlefield, then reinforced by my years in government – is that Israel must resist being guided by either of those alternatives. Not fear, certainly. But neither by simple, untempered hope. Though the stakes have become much higher since my night flight back from Camp David nearly 15 years ago, our



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need remains what I tried to impress on my negotiators then: realism. A meticulously informed, utterly unvarnished, understanding of the threats we face, of each altered situation after every success or a failure, and an ability to set aside the background noise and political pressures and chart a way forward.

So what is that way? It begins with the mindset. On more than one occasion in the past few years, after Prime Minister Netanyahu had warned our country of a nuclear Iran or the spread of Al Qaeda-style hatred and violence, as if prophesying the coming of Armageddon, I would say to him: "Stop talking like that. You're not delivering a sermon in a synagogue. You're Prime Minister." Having been privileged to live my own life along with the entire modern history of our country, I went further. Zionism, the founding architecture of Israel, was rooted in finding a way to supplant not just the life, but the way of thinking, which hard-pressed Jewish communities had internalised over centuries in the diaspora: in Hebrew, the *galut*. We would instead take control of our own destiny, building and developing and securing our own country.

Now, I told Bibi, he was back in the mindset of the *galut*. Yes, al-Qaeda, and more recently Islamic State, were real dangers. The prospect of a nuclear Iran was even more so. "But the implication of the way you speak, not just to Barack Obama or David Cameron, but to *Israelis*, is that these are existential threats. What do you imagine? That if, God forbid, we wake up and Iran is a nuclear power, we'll pack up and go back to the *shtetls* of Europe?"

Of course not. Israel, as my public life has taught me more than most, remains strong militarily. We are, still, fully capable of turning back any of the undeniable threats on our doorstep. Keeping that strength, developing it and modernizng it, are obviously critically important. But as Israel's founding Prime Minister, David Ben-Gurion, used to say, the success of Zionism, and of the Israeli state, required two things: strength and "righteousness." He didn't mean the word in purely religious terms. He meant that Israel, if it were to retain international backing and internal cohesion, must be guided by a core of moral assumptions as well.

That, in itself, would be reason enough to pursue every possible opportunity for "end of conflict" with our neighbours. And, at home, to protect and re-inforce our commitment to Israel as both a Jewish and a democratic state. But Israel's simple self-interest – its hope for prosperity, social cohesion, and growth in future – makes this nothing short of imperative.



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Bibi is right about one thing. The negotiating challenges have become more difficult since Arafat's refusal of our offer at Camp David. Arafat is no longer alive. Palestinian politics have become ever more fragmented and messy, not least as a result of the Hamas takeover of Gaza.

But Churchill once said that the difference between a pessimist and an optimist was that the pessimist always saw difficulties in every opportunity. The optimist saw opportunities in the difficulties.

I, of all people, do not look at such opportunities without hard-headed analysis, even a dose of scepticism. But the opportunities are undeniably there, and never has Israel risked paying a higher price for failing to see and at least to try to act on them.

The first port of call should still be the Palestinians. I have repeatedly asked Bibi, and the right-wing rivals that seem often to loom large in his political calculations: "If you're so sure you don't have a negotiating partner in the Palestinians, who not at least try? Seriously. What do you have to lose?"

But beyond this, there is a whole range of relatively moderate countries – and, as Sunni states, strongly anti-Iranian countries – which share with Israel a real, practical interest in putting in place a new political arrangement in the Middle East. So does the United States, Russia, even China. Each, in their own ways, is threatened by a terror threat that will require international action, and many years, finally to defeat.

A Saudi "peace plan", for instance, has been on the table for years. Formally endorsed by the Arab League, it proposes a swap: Israeli withdrawal for full and final peace and Arab recognition. Successive Israeli governments have dismissed it out of hand, arguing that the withdrawal which the Saudi proposal demanded – every inch of territory, back to the borders before the Six-Day War – would be not only politically unacceptable, but practically impossible.

In the final days of the Camp David summit, as our failure was becoming inescapably clear, a disheartened Bill Clinton said to me that he could understand, just about, why Yasir Arafat had not accepted the unprecedentedly far-reaching proposals I had presented. But what he couldn't grasp was how the Palestinian leader could say no even to accepting them as a *basis* for the hard, further work which we all knew a final peace agreement would entail. Wasn't Arafat capable of looking beyond the political risks, of understanding the greater risks of inaction. Of seeing the rewards? Of *looking ahead*?



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My fear – not just on issues like the Saudi peace plan, but in charting our place in a dramatically changed world, and safeguarding our twin Jewish and democratic identities at home, pairing our physical strength with an equally strong moral centre – is that we Israelis are now in danger of jettisoning the example of David Ben-Gurion. For Yasir Arafat's.



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## Chapter One

I am an Israeli, but also a Palestinian. I was born in February 1942 in British-ruled Palestine on a fledgling kibbutz: a cluster of wood-and-tarpaper huts amid a few orange groves and vegetable fields and chicken coops. It was just across the road from an Arab village named Wadi Khawaret, which disappeared, with the establishment of the State of Israel, when I was six years old.

As Prime Minister half-a-century later, during my stubborn yet ultimately fruitless drive to secure a final peace treaty with Yasir Arafat, there were media suggestions that my childhood years gave me a personal understanding of the pasts of *both* our peoples, Jews and Arabs, in the land which each of us saw as our own. But that is in some ways misleading. Yes, I did know first-hand that we were not alone in our ancestral homeland. At no point in my childhood was I ever taught to hate the Arabs. I never did, even when, in my years defending the security of Israel, I had to fight, and defeat, them. But my conviction that they, too, needed the opportunity to establish a state came only later, after my many years in uniform, and especially when, as deputy chief-of-staff under Yitzhak Rabin, we were faced with the explosion of violence in the West Bank and Gaza that became known as the first *intifada*. And while my determination as Prime Minister to find a negotiated resolution to our conflict was in part based on a recognition of the Palestinian Arabs' national aspirations, the main impulse was my belief that such a compromise was profoundly in the interest of Israel: the Jewish state whose birth I witnessed, whose existence I had spent decades defending on the battlefield and which I was ultimately elected to lead.

Zionism, the political platform for the establishment of a Jewish state, emerged in the late 1800s in response to a brutal reality. And that, too, was a part of my own family's story. Most of the world's Jews, who lived in the Russian empire and Poland, were trapped at the time in a vise of poverty, powerlessness and anti-Semitic violence. Even in the democracies of Western Europe, Jews were not necessarily secure. Theodor Herzl, a thoroughly assimilated Jew in Vienna, published the foundation text of Zionism in 1896. It was called *Der Judenstaat*. "Jews have sincerely tried everywhere to merge with the national communities in which we live, seeking only to preserve the faith of our fathers," he wrote. "In vain are we loyal patriots, sometimes super-loyal. In vain do we make the same sacrifices of life and property as our fellow citizens… In our native lands where we have lived for centuries, we are still decried as aliens." Zionism's answer was the establishment of a state of our



HOUSE_OVERSIGHT_011486

own, in which we could achieve the self-determination and security denied to us elsewhere.

During the 1890s and the early years of the new century, more than a million Jews fled Eastern Europe, but mostly for America. It was only in the 1920s and 1930s that significant numbers arrived in Palestine. Then, within a few years, Hitler rose to power in Germany. The Jews of Europe faced not just discrimination or pogroms. They were systematically, industrially, murdered. From 1939 until early 1942 when I was born, nearly two million Jews were killed. Six million would die by the end of the war. Almost the whole world, including the United States, rejected pleas to provide a haven for those who might have been saved. Even after Hitler was defeated, the British shut the doors of Palestine to those who had somehow survived.

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I was three when the Holocaust ended, and it was three years later that Israel was established in May 1948, and neighboring Arab states sent in their armies to try to snuff the state out in its infancy. It would, again, be some years before I fully realized that this first Arab-Israeli war was the start of an essential tension in my country's life, and my own: between the Jewish ethical ideals at the core of Zionism and the reality of our having to fight, and sometimes even kill, in order to secure, establish and safeguard our state. Yet even as a small child, I was keenly aware of the historic events swirling around me.

Mishmar Hasharon, the hamlet north of Tel Aviv where I spent the first 17 years of my life, was one of the early *kibbutzim*. These collective farming settlements had their roots in Herzl's view that an avant-garde of "pioneers" would need to settle a homeland that was still economically undeveloped, and where even farming was difficult. Members of Jewish youth groups from Eastern Europe, among them my mother, provided most of the pioneers, drawing inspiration not just from Zionism but by the still untainted collectivist ideals represented by the triumph of Communism over the czars in Russia.

It is hard for people who didn't live through that time to understand the mindset of the kibbutzniks. They had higher aspirations than simply planting the seeds of a future state. They wanted to be part of transforming what it meant to be a Jew. The act of first taming, and then farming, the soil of Palestine was not



HOUSE_OVERSIGHT_011487

just an economic imperative. It was seen as deeply symbolic, signifying Jews finally taking control of their own destiny. It was a message that took on an even greater power and poignancy after the mass murder of the Jews of Europe during the Holocaust.

Even for many Israelis nowadays, the all-consuming collectivism of life on an early kibbutz, and the physical challenges, are hard to imagine. Among the few dozen families in Mishmar Hasharon when I was born, there was no private property. Everything was communally owned and allocated. Every penny – or Israeli pound – earned from what we produced went into a communal kitty, from which each one of the 150-or-so families in Mishmar Hasharon when I was a child got a small weekly allowance. By "small", I mean tiny. For my parents and others, even the idea of an ice cream cone for their children was a matter of keen financial planning. More often, they would save each weekly pittance with the aim of pooling them at birthday time, where they might stretch to the price of a picture book, or a small toy.

Decisions on any issue of importance were taken at the *aseifa*, the weekly meeting of kibbutz members held on Saturday nights in our dining hall. The agenda would be tacked up on the wall the day before, and the session would usually focus on one issue, ranging from major items like the kibbutz's finances to the question, for instance, of whether our small platoon of delivery drivers should be given pocket money to buy a sandwich or a coffee on their days outside the kibbutz or be limited to wrapping up bits of the modest fare on offer at breakfast time. That debate ended in a classic compromise: a bit of money, but very little, so as to avoid violating the egalitarian ethos of the kibbutz.

But perhaps the aspect of life on the kibbutz most difficult for outsiders to understand, especially nowadays, is that we children were *raised* collectively. We lived in dormitories, organized by age-group and overseen by a caregiver: in Hebrew, a *metapelet,* usually a woman in her 20s or 30s. For a few hours each afternoon and on the Jewish Sabbath, we were with our parents. But otherwise, we lived and learned in a world consisting almost entirely of other children.

Everything around us was geared towards making us feel like a band of brothers and sisters, and as part of the guiding spirit of the kibbutz. Until our teenage years, we weren't even graded in school. And though we didn't actually study how to till the land, some of my fondest early memories are of our "children's farm" – the vegetables we grew, the cows we milked, the hens and chickens that gave us our first experience of how life was created. And the



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aroma always wafting from the stone ovens in the bakery at the heart of the kibbutz, where we could see the bare-chested young men producing loaf after loaf of bread, not just for Mishmar Hasharon but villages and towns for miles around us.

Until our teenage years, we lived in narrow, oblong homes, four of us to a room, unfurnished except for our beds, under which we placed our pair of shoes or sandals. At one end of the corridor was a set of shelves where we collected a clean set of underwear, pants and socks each week. At the other end were the toilets – at that point, the only indoor toilets on the kibbutz, with real toilet-seats, rather than just holes in the ground. All of us showered together until the age of twelve. I can't think of a single one of us who went on to marry someone from our own age-group in the kibbutz. It would have seemed almost incestuous.

Mishmar Hasharon and other kibbutzim have long since abandoned the practice of collective child-rearing. Some in my generation look back on the way we were raised not only with regret, but pain: a sense of parental absence, abandonment or neglect. My own memories, and those of most of the children I grew up with, are more positive. The irony is that we probably spent more waking time with our parents than town or city children whose mothers and fathers worked nine-to-five jobs. The difference came at bedtime, or during the night. If you woke up unsettled, or ill, the only immediate prospect of comfort was from the *metapeled*, or another of the kibbutz grown-ups who might be on overnight duty. Still, my childhood memories are overwhelmingly of feeling happy, safe, protected. I do remember waking up once, late on a stormy winter night when I was nine, in the grips of a terrible fever. I'd begun to hallucinate. I got to my feet and, without the thought of looking anywhere else for help, made my wobbly way through the rain to my parents' room and fell into their bed. They hugged me. They dabbed my forehead with water. The next morning, my father wrapped me in a blanket and took me back to the children's home.

To the extent that I was aware my childhood was different, I was given to understand it was special, that we were the beating heart of a Jewish state about to be born. I once asked my mother why other children got to live in their own apartments in places like Tel Aviv. "They are *ironim*," she said. City-dwellers. Her tone made it clear they were to be viewed as a slightly lesser species.

* * *



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Though both my parents were part of the pioneer generation, my mother, unlike my father, actually arrived as a pioneer, part of a Jewish youth group from Poland that came directly to the kibbutz. In addition to being more naturally outgoing than my father, she came to see Mishmar Hasharon has her extended family and spent every one of her one hundred years there.

Esther Godin, as the then was, grew up in Warsaw. Born in 1913, she was the oldest of the six children of Samuel and Rachel Godin. Poland at the time was home to the largest Jewish community in the world, more than 3 million by the time of the Holocaust. While the Jews of Poland had a long history, the Godins did not. Before the First World War, my mother's parents made their way from Smolensk in Russia to Warsaw, which was also under czarist rule. When the war was over, the Bolshevik Revolution had toppled the czars. Poland became independent, under the nationalist general Josef Pilsuldski. The Godins had a decision to make: either return to now-Communist Russia or stay in the new Polish state, though without citizenship because they had not been born there. No doubt finding comfort, community and a sense of safety amid the hundreds of thousands of Jews in the Polish capital, they chose Pilsuldski over Lenin. They lived in what would become the Warsaw Ghetto, on Nalewski Street, where Samuel Godin eked out a living as a bookbinder.

My mother came to Zionism as a teenager, and it was easy to understand why she, like so many of the other young Jews around her, was drawn to it. She saw how hard her parents were struggling economically, on the refugee fringes of a Jewish community itself precariously placed in a newly assertive Poland. She saw no future for herself there. Though she attended a normal state-run high school, she and her closest friends joined a Zionist youth group called Gordonia, which had been founded in Poland barely a decade earlier. She started studying Hebrew. Each summer, from the age of 13, she and her Gordonia friends would spend deep in the Carpathian Mountains. They worked for local Polish landowners, learning the rudiments of how to farm and the rigors of simple physical labor. Late into the evening, they would learn not just about agriculture but Jewish history, the land of Palestine, and how they hoped to put both their new-found skills and the Zionist ideals into practice.

She had just turned 22 when she set off for Mishmar Hasharon with 60 other Gordonia pioneers in the summer of 1935. It took them nearly a week to get there. They travelled by train south through Poland, passing not far from the little town of Oświęcim which would later become infamous as the site of the Auschwitz concentration camp. Then, on through Hungary and across Romania



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to the grand old Black Sea port of Constanța, and by ship through the Bosphorus, past Istanbul, and on to Haifa on the Palestinian coast, from where they were taken by truck to their bunk-bed rooms in one of a dozen prefab structures on the recently established kibbutz. Though the water came from a well, and it lacked even the basic creature comforts of the cramped Godin apartment in Warsaw, that, to my mother, was just part of the challenge, and the dream, she'd embraced and had come to define her. I know that she felt, on arriving in the kibbutz, that only now was her life truly beginning.

It was a feeling that never left her. Yet it was always clouded by the memory of the family she left behind. When the Second World War began in September 1939, the Germans, and then the Soviets, invaded, overran and divided Poland. Two of my mother's three sisters fled to Moscow. Her teenage brother Avraham went underground, joining the anti-Nazi partisans. All three would survive the war. Yet in the autumn of 1940, the rest of her family found themselves inside the Warsaw Ghetto with the city's other 400,000 Jews. My mother's parents died there, along with her 13-year-old brother Itzik and her little sister Henya, who was only 11.

When my mother arrived in the kibbutz, her Gordonia friends assumed she would marry a young man named Ya'akov Margalit, the leader of their group back in Warsaw. But the budding romance fell victim to the Zionist cause. As she was embarking on her new life, he was frequently back in Poland training and arranging papers for further groups of pioneers. He continued to write her long, heartfelt letters. But the letters had to be brought from the central post office in Tel Aviv, and the kibbutznik who fetched the mail was a quiet, dimunitive 25-year-old named Yisrael Mendel Brog – my father. Known as Srulik, his Yiddish nickname, he had come to Palestine five years earlier. He was an ordinary kibbutz worker. He drove a tractor.

My father's initial impulse in coming to Palestine was more personal than political. He was born, in 1910, in the Jewish *shtetl* of Pushelat in Lithuania, near the larger Jewish town of Ponovezh, a major seat of rabbinic learning and teaching. His own father, though the only member of the Pushelat community with rabbinical training, made his living as the village pharmacist. Many of the roughly 10,000 Jews who lived there had left for America in the great exodus from Russian and Polish lands at the end of the 19th century. By the time my father was born, the community had shrunk to only about 1,000. When he was two years old, a fire broke out, destroying dozens of homes, as well as the shtetl's only synagogue. Donations soon arrived from the US, and my paternal



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grandfather was put in charge of holding the money until rebuilding plans were worked out. The problem was that word spread quickly about the rebuilding fund. On the night of September 16, 1912, two burglars burst into my grandfather's home and stole the money. They beat him and my grandmother to death with an axle wrenched loose from a nearby carriage. Their four-year-old son Meir – my father's older brother – suffered a deep wound from where the attackers drove the metal shaft into his head. He carried a golf-ball-sized indentation in his forehead for the rest of his life. My father had burrowed into a corner, and the attackers didn't see him.

The two orphaned boys were raised by their paternal grandmother, Itzila. Yet any return to normalcy they may have experienced was cut short by the outbreak of the First World War, forcing her to flee with them by train ahead of the advancing German army. They ended up some 1,500 miles south, in the Crimean city of Simferopol. Initially under czarist rule, then the Bolsheviks and from late 1917 until the end of the war under the Germans, they had to deal with cold, damp and a chronic shortage of food. My Uncle Meir quickly learned how to survive. He later told me that he would run after German supply carriages and collect the odd potato that fell off the back. Realizing that the German soldiers had been wrenched from their own families by the war, he began taking my father with him on weekends to the neighborhood near their barracks, where the soldiers would sometimes give them cookies, or even a loaf of bread. Yet they were deprived of the basic ingredients of a healthy childhood: nutritious food and a warm, dry room in which to sleep. By the time Itzila brought them back to settle in Ponovezh at the end of the war, my father was diagnosed with the bone-development disease, rickets, caused by the lack of Vitamin D in their diet.

In another way, however, my father was the more fortunate of the boys. The lost schooling of those wartime years came at a less formative time for him than for his brother. Meir never fully made up the lost ground in school. My father simply began his Jewish primary education, *cheder*, a couple of years later than usual. He thrived there. Still, when it was time for him to enter secondary education, he decided against going on with his religious education. Meir was preparing to leave for Palestine, so my father enrolled in the Hebrew-language, Zionist high school. When he graduated, one of the many Brog relatives who were by now living in the United States, his Uncle Jacob, tried to persuade him to come to Pittsburgh for university studies. But with Meir signing on as his sponsor with the British Mandate authorities, he left for Palestine shortly before



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his twentieth birthday. Jacob did still insist on helping financially, which allowed my father to enroll at the Hebrew University in Jerusalem.

He did well in his studies – literature, history and philosophy – but abandoned them after two years. His explanation for not staying on, when I asked him years later, was that with the accelerating activity of the Zionist pioneers, it felt wrong to him to spend his days going to lectures, reading books and writing essays. I am sure that he also felt isolated and alone, with Meir, the only link to his life before Palestine, working in Haifa on the coast, four or five hours by bus from Jerusalem. When he began looking for a way to become part of the changes going on around him, Mishmar Hasharon didn't yet exist. Its founding core – a dozen Russian Jewish pioneers – was still working on argicultural settlements near Herzliya, north of Tel Aviv, until they found a place to start their kibbutz. But they had been joined by several young men and women who, though a year or two older than my father, had been with him at the Hebrew High School in Ponovezh. He decided to join them.

Late in 1932, the Jewish National Fund, supported financially by leading Jewish figures in western Europe and the US, bought 2,000 acres from an Arab landowner near Wadi Khawaret. The area was set aside for three Jewish settlements: a moshav called Kfar Haim, where the land was divided into family plots, and two kibbutzim. One was called Ma'abarot. Next to it was Mishmar Hasharon. My father was among the seventy youngsters who set off in three trucks with everything they figured they would need to turn the hard, scrubby hill into a kibbutz. They built the core from pre-fab kits: wooden huts to sleep in and a slightly larger one for the dining hall. They dug a well and ordered a pump from Tel Aviv, at first for drinking and washing, but soon allowing them to begin a vegetable garden, a dairy with a dozen cows, a chicken coop with a few hundred hens, and to plant a first orange grove and a small vineyard.

Still, by the time my mother arrived three years later, there were not enough citrus trees, vines, cattle and chickens to occupy a membership which now numbered more than 200. Along with some of the others, my father worked outside the kibbutz, earning a regular paycheck to help support the collective. On his way back, he would stop at the post office in Tel Aviv to pick up letters and packages for the rest of the kibbutz – including Ya'akov Margalit's love letters to my mother. That was how my parents' friendship began, how a friendly hello led to shared conversation at the end of my father's working day, and how, a few years later, my mother decided to spurn her Gordonia suitor in favor of Srulik Brog, the postman. It was not until 1939 that they moved in



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together. They didn't bother getting married until the summer of 1941. Perhaps because this was less than nine months before I was born, my mother always remained vague when asked their exact wedding date.

My parents were an unlikely pair. My mother – bright, lively and energetic – was a *doer*, who believed passionately in the grand social experiment of kibbutz life. Having helped her mother raise her siblings in Warsaw, and with a natural affinity from children, she became the main authority on issues related to childbirth and early childcare. She actively partook in the kibbutz's planning and politics, and reveled in its social life. My father was more detached both politically and socially. He was more contemplative, less assertive, less self-confident. Though he agreed broadly with the founding principles of the kibbutz, and wanted to play his role in making it a success, I could see, as I grew older, that he was often impatient at what he saw as its intellectual insularity and its ideological rigidities.

Though it didn't strike me at the time, he was not a large man. As a result of his childhood illness, he never grew to more than five-foot-four. Still, he was a powerful presence, stocky and strong from his work on the kibbutz. He had a deep, resonant voice and wise-looking, blue-gray eyes. It was only through Uncle Meir that by the time I was born, he had moved on from driving a tractor to a more influential role on the kibbutz. Meir worked for the Palestine Electric Company and when Mishmar Hasharon installed its own electricity system, the PEC was in charge of the work. Meir trained my father and put him forward as the kibbutz contact for maintaining and repairing the equipment. He was well suited for the work. He was a natural tinkerer, a problem-solver. He was good with his hands, and his natural caution was an additional asset as the kibbutz got to grips with the potential, and the potential dangers, of electric power. Once the system was installed, he became responsible for managing any aspect of the settlement that involved electricity: water pumps, the irrigation system, the communal laundry and our bakery.

My parents were courteous and polite with each other, but they never showed any physical affection in our presence. *None* of the adults did. This was part of an unspoken kibbutz code. Not only for kibbutzniks, but for all the early Zionists, outward displays of emotion were seen as a kind of selfishness that risked undermining communal cohesion, tenacity and strength. Because I'd known no other way, this did not strike me as odd. Besides, I was a quiet, contemplative, bookish and self-contained child. Only in later years did I come to see the lasting effect on me. It was be a long time before I became comfortable



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showing my feelings, beyond my immediate family and a few close friends. When I was in the army, this wasn't an issue. Self-control, especially in high-pressure situations, was a highly valued asset. But in politics, I think that it did for a considerable time inhibit my ability to connect with the public, or at least with the news media that played such a critical intermediary role. And it caused me to be seen not just as reserved or aloof, but sometimes as cold, or arrogant.

I did get much that I value from my parents. From my mother, her boundless energy, activism, her attention to detail, and her focus on causes larger than herself – her belief that politics *mattered*. Also her love for art and literature. When I would come home from the children's dormitory to my parents' room – just nine feet by ten, with a wooden trundle bed to save space during the day – there was always a novel or a book of verse sharing the small table with my parents' most single prized possession: their kibbutz-issue radio.

As a child, however, I spent much more time with my father. He was my guide, my protector and role model. Like my mother, he never mentioned the trials which they and their families endured before arriving in Palestine. Nor did they ever speak to me in any detail about the Holocaust. No one on the kibbutz did. It was as if the memories were scabs they dared not pick at. Also, it seemed, because they were determined to avoid somehow passing on these remembered sadnesses to their sons and daughters. Still, when I was ten or eleven, my father did – once, inadvertently – open a window on his childhood. Every Saturday morning, we would listen to a classical music concert on my parents' radio. One day, as the beautiful melodies of Tchaikovsky's violin concerto in D came through the radio, I was struck by the almost trancelike look that came over my father's face. He seemed to be in another, faraway, place. When the music ended, he turned and told me about the first time he'd heard it. It was on the train ride into Crimean exile with Itzila and Meir in the early days of the First World War. The train took five days to reach the Crimea and sometimes halted for hours at a time. Every evening, a man at the far end of their carriage would take out his violin and play the second movement of the Tchaikovsky concerto.

I have heard the piece in concert halls many times since. When the orchestra begins the second movement – with the violin notes climbing higher, trembling ever so subtly – it sends a shiver down my spine. I can't help thinking of the railway car in which my then four-year-old father and other Jews from Ponovezh escaped the Great War of 1914. And of other trains, in another war 25 years later, carrying Jews not to safety but to death camps.



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Listening to the concert program in my parents' room was something I always looked forward to. It was my father who encouraged me, when I was eight, to begin learning to play the piano. I took lessons once a week all during my childhood along with several other of the kibbutz children. When we got old enough, we took turns playing a short piece – the secular, kibbutz equivalent of an opening prayer – at the Friday-night meal in the dining hall. I have always cherished being able to play. Sitting down at the piano and immersing myself in Tchaikovsky, Beethoven, Schubert or Mozart never ceases to bring me a sense of calm, freedom and, especially nowadays, when I have finally worked to master a particularly intricate piece, a feeling of pure joy.

* * *

As a young child, I spent most of my waking hours in the company of my several dozen kibbutz "siblings" in the children's home, the dining hall, or running through the open spaces in the center of the kibbutz with our *metapelet*. She would often take us through the orange groves in the afternoon, and sometimes across the main road to the Arab village.

Wadi Khawaret consisted of a few dozen concrete homes built back from a main street bordered by shops and storehouses. She would buy us sweets in the little grocery store. The man behind the counter had a kindly, weathered face and a dark moustache. Dressed in a gray *galabiya* and a keffiyeh, he smiled when we came in. There was always a group of Palestinian women, in full-length robes, seated on stoops outside breastfeeding their babies. We saw cattle, bulls, even the odd buffalo, being led to or from the fields. I sensed no hostility, and certainly no hatred, toward us in the village. The people seemed warm, and benignly indifferent to the dozen Jewish toddlers and their *metapelet*. My own attitude to Wadi Khawaret was of benign curiosity. I did not imagine that within a couple of years we would be on opposite sides of a war. I enjoyed these visits, as I enjoyed every part of my early childhood. Each age-group on the kibbutz was given a name. Ours was called *dror*. It was the Hebrew word for "freedom".

But *dror* was also the name of one of the Jewish youth movements in the Warsaw Ghetto, heroes in their doomed uprising against the Nazis. Little by little, from about the age of five, I became more aware of the suffering the Jews had so recently endured in the lands my parents had left behind, the growing



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tension around us and the sense that something momentous was about to happen as the prospect of a state got closer.

The memories remain with me to this day, like a series of snapshots. It was on a spring morning in 1947 that I got my first real sense that the Jewish state was something which would have be fought for, and that youngsters not all that much older than me would have a critical role to play. I got a close-up look at the elite of the Zionist militias, the Palmach. It numbered something like 6,000, from a pre-state force totaling around 40,000. The Palmachniks were highly motivated, young political activists. They had no fixed base. Each platoon, almost all of them teenagers, spent five or six months at a time on various kibbutzim. For the first two weeks of each month, they would earn their keep by working in the fields. They spent the other weeks training. I had just turned five when I watched three dozen Palmach boys and girls, in their T-shirts and short khaki pants, rappel confidently down the side of one of our few concrete buildings. The building was only 25 or 30 feet high, but it looked like a skyscraper from my perch on the grass in front, and the feat of the young Palmachniks seemed to me nothing short of heroic.

A few months later, on a Saturday afternoon in November 1947, I crowded into my parents' room as the Haganah radio station crackled out its account of a United Nations debate on the future of Palestine. The session was the outcome of a long train of events starting with Britain's acknowledgement that its mandate to rule over Palestine was unsustainable. The British had proposed a series of arrangements to accommodate both Arab and Jewish aspirations. Now, the UN was meeting to consider the idea of splitting Palestine into two new states, one Arab and the other Jewish.

Since the partition was based on existing areas of Arab and Jewish settlement, the proposed Jewish state looked like a boomerang, with a long, very narrow center strip along the Mediterranean, broadening slightly into the Galilee in the north and the arid coastline in the south. Jerusalem, the site of the ancient Jewish temple, was not part of it. It was to be placed under international rule. By no means all Zionist leaders were happy with partition. Many, on both the political right and the left, wanted a Jewish state in all of Palestine, with Jerusalem as its centerpiece. But Ben-Gurion and the pragmatic mainstream argued that UN endorsement of a Jewish state – no matter what its borders, even with a new Palestinian Arab state alongside it – would represent a historic achievement. The proceedings went on for hours. At sundown, we had to return to the children's home. But we were woken before dawn. The vote for partition



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– for the Jewish state Herzl had first dreamed of 50 years before – had been won. A huge bonfire blazed in front of the bakery. All around us the grown-ups were singing and dancing in celebration.

On the Arab side, there was no rejoicing. Every one of the Arab delegations at the UN voted against partition, rejecting a Jewish state even if it was created along with a Palestinian Arab one. Violence erupted the next day. An attack on a bus near Lydda, near the road up to Jerusalem, left six Jews dead. Similar attacks occurred around the country. Shooting broke out in mixed Arab-and-Jewish towns and cities: Jaffa on the southern edge of Tel Aviv. Safed, Tiberias and Haifa in the north, and in Jerusalem.

I followed all this with curiosity and trepidation through my halting attempts to read *Davar le Yeladim*, the weekly children's edition of the Labour Zionist newspaper *Davar*. We children felt an additional connection with what was going on. One of our *Dror* housemates, a boy named Giora Ros, had left the year before when his father took a job in Jerusalem. As the battle for the city raged through the end of 1947 and into 1948, its besieged Jewish residents fought for their lives. We sent our friend packages of clothing and food, which we saved up by eating only half of an egg at breakfast and smaller portions at dinner.

The mood darkened further at the end of January 1948, four months before the British departed. A cluster of settlements known as Gush Etzion, south of Jerusalem near the hills of Bethlehem, also came under siege. Around midnight on January 15, a unit of Haganah youngsters set off on foot to try to break through. They became known as "The 35". Marching through the night from Jerusalem, they had made it only within a couple of miles of Gush Etzion when they were surrounded and attacked by local Arabs. By late afternoon, all of them were dead. When the British authorities recovered their bodies, they found that the enemy had not simply killed them. All of the bodies had been battered and broken. Rumors spread that in some cases, the dead men's genitals had been cut off and shoved into their mouths. Since I was still a few weeks short of my sixth birthday, I was spared that particular detail. But not the sense of horror over what had happened, nor the central message: the lengths and depths to which the Arabs of Palestine seemed ready to go in their fight against us. "*Hit'alelu bagufot!*" was the only slightly sanitized account we children were given. "They mutilated the corpses!"

Even after the partition vote, statehood was not a given. In the weeks before the British left, two senior Americans –the ambassador to the UN and Secretary



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of State George C. Marshall – recommended abandoning or at least delaying the declaration of an Israeli state. Yet Ben-Gurion feared that any delay risked the end of any early hope of statehood. After he managed to secure a one-vote majority in his *de facto* cabinet, the state was declared on May 14, 1948.

And hours later, the armies of five Arab states crossed into Palestine.



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## Chapter Two

The 1948 war and the decade that followed remain vivid in my mind not just for the obvious reason: they secured the survival of the infant state of Israel and saw it into a more assured and independent young adulthood. It was also the time when I grew from a young child –introspective and contemplative, aware of how quickly my mind seemed to grasp numbers and geometric shapes and musical notes, but also small for my age and awkward at the sports we'd play on the dusty field at the far edge of the kibbutz – into a sense of my own place in the family and community and the country around me. I did, along the way, become arguably the most effective left defensive back on our kibbutz soccer team. But that was not because I suddenly discovered a buried talent for the game. Physically, I was like my father. I had natural hand coordination which made delicate tasks come easily – one reason I would soon discover a pastime that lent itself to acts of kibbutz mischief bordering on juvenile delinquency. But when it came to larger muscles, I was hapless, if not hopeless. My prowess as a soccer defenseman was because no opposing player in his right mind, once I'd inadvertently cut his knees from under him when aiming for the ball, felt it was worth coming anywhere close to me.

But when the war broke out in earnest in the spring of 1948, my focus, like that of all Israelis, was on the fighting, which even the youngest of us knew would determine whether the state would survive at all. Day after day, my father helped me to chart each major advance and setback on a little map. Dozens of kibbutzim around the country were in the line of fire. Some had soon fallen, while others were barely managing to hang on. Just five miles inland from us, an Israeli settlement came under attack by an Iraqi force in the nearby Arab village of Qaqun.

But inside Mishmar Hasharon, I had the almost surreal feeling that this great historical drama was something happening everywhere else but on our kibbutz. If it hadn't been for the radio, or the newsreels which we saw in weekly movie nights in the dining hall, and the little map on which I traced its course with my father, I would barely have known a war was going on. One Arab army did get near to us: the Iraqis, in Qaqun. If they had advanced a few miles further, they could have overrun Mishmar Hasharon, reached the coast and cut the new Jewish state in half. I can still remember the rumble of what sounded like thunder one morning in June 1948, as the Alexandronis, one of the twelve brigades in the new Israeli army, launched their decisive attack on the Iraqis.



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"No reason to be afraid," our *metapelet* kept telling me. That only made me more scared. Yet within a few hours, everything was quiet again, and never again did the shellfire get near to us. A few weeks later, I heard the only gunfire inside the kibbutz itself. It came from the top of our water tower. The man on guard duty thought he saw movement on the road outside. But it turned out to be nothing.

It wasn't until well into 1949 that formal agreements were signed and "armistice line" borders drawn with the Arab states. By the measure that mattered most – survival – Israel had won and the Arab attackers had lost. Jordan did end up in control of the West Bank, as well as the eastern half of a divided city of Jerusalem, including the walled Old City and the site of the ancient Jewish temple. The new Israel remained, at least geographically, vulnerable. It was just 11 miles wide around Tel Aviv and even narrower, barely half that, near Mishmar Hasharon. Egyptian-held Gaza was seven miles from the southern Israeli city of Ashkelon and just 40 from the outskirts of Tel Aviv.

Israel did secure control of the entire Galilee, up to the pre-war borders with Lebanon and Syria, and of the Negev Desert in the south. The territory of our new state was about a third larger than the area proposed under the UN partition plan rejected by the Arabs. Yet the victory came at a heavy price: more than 6,000 dead, one per cent of the Jewish population of Palestine at the time. It was as if America had lost two million in the Vietnam War. One-third of the Israeli dead were Holocaust survivors.

The Arabs paid a heavy price too, and not just the roughly 7,000 people who lost their lives. Nearly 700,000 Palestinian Arabs had fled – or, in some cases, been forced to flee – towns and villages in what was now Israel. The full extent and circumstances of the Arabs' flight became known to us at Mishmar Hasharon only later. But it did not take long to notice the change around us. Wadi Khawaret was physically still there, but all of the villagers were gone. As far as I could discover, none had been killed. They left with a first wave of refugees in April 1948, and eventually ended up near Tulkarem on the West Bank. After the war, the Israeli government divided up their farmland among nearby kibbutzim including Mishmar Hasharon.

The absence of our former neighbors in Wadi Khawaret seemed to me at the time simply a part of the war. From the moment the violence started, I understood there would be suffering on both sides. When we sent our care packages to Giora Ros in Jerusalem, I remember trying to imagine what "living



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under siege" would feel like, and what would happen to Giora if it succeeded. Especially after the murder and the mutilation of The 35, I assumed the war would come down to a simple calculus. If there was going to be an Israel – if there was going to be a Mishmar Hasharon – we had to win and the Arabs had to lose. At first, even the fact our kibbutz had been given a share of the land of Wadi Khawaret seemed just another product of the war. After all, Ben-Gurion had accepted the plan for two states. The Arabs had said no, deciding to attack us instead. S*omeone* had to farm the land. Why not us?

* * *

Yet events after the war did lead me to begin to ask myself questions of basic fairness, and whether we were being faithful to some of the high-sounding ideals I heard spoken about with such pride on the kibbutz. The Palestinians were not the only refugees. More than 600,000 Jews fled *into* Israel from Arab countries where they had lived for generations. More than 100,000 arrived from Iraq, and several hundred thousand from Morocco, Tunisia and Algeria in north Africa. Immediately after the war, about 50,000 were airlifted out of Yemen, where they had endured violent attacks ever since the UN partition vote.

The reality that greeted the Yemenis in Israel was more complex. Most were initially settled in tented transit camps. I'm not sure how several dozen Yemeni families made their way to Wadi Khawaret, but it made sense for them to move into the village's vacant homes. It was empty except for several deserted buildings which we and other kibbutzim began using for storage and, later, for our transport co-operative. Yet a few nights after the Yemenis moved in, a posse of young men, including some from Mishmar Hasharon, descended on them and, armed with clubs and wooden staves, drove them away.

I was shocked. I'd seen the photos in *Davar le Yeladim* celebrating the airlift, with the Yemenis kissing the airport tarmac in relief, gratitude and joy at finding refuge in the new Israeli state. Now, for the "crime" of moving into a row of empty buildings in search of a decent place to live, they'd been beaten up and chased away. By *us*. I realized Wadi Khawaret no longer belonged to the Arabs. But, surely, our kibbutz had no more right to the buildings than Jews who had fled from Yemen and needed them a lot more than we did. For days, I tried to discover who had joined the vigilante attack. Though everyone seemed to know what had happened, no one talked about it. In the dining hall, I ran my



HOUSE_OVERSIGHT_011502

eyes over all the boys in their late teens and early 20s. I was sure that after something like this there had to be some sign of who had done it. But they looked the same as before, eating and talking as if nothing had happened.

The Yemenis also needed jobs. This led to a challenge for Mishmar Hasharon. The core of the kibbutz ethos was that we would live from our own labor. Yet Ben-Gurion insisted we and other kibbutzim provide work for the Yemenis and other new arrivals from the Arab states. We began hiring Yemeni workers when I was about ten, the age when we kids started working for an hour or so each day in the fields. We worked alongside several dozen Yemeni women who lived a few miles north in a *maabarah*, a transit settlement which later evolved into a village called Elyakhin. Each morning, the Yemenis arrived in a bus, and they left at the end of their day's work.

I don't know whether I expected to feel a Gordonian sense of joy at the redemptive value of physical labor when I began working in the fields. Our first assignment was to plant long rows of flower bulbs – gladioli – spaced at intervals of four inches or so. But as I joined the other children and the Yemeni women, what I felt was more mundane. Heat. Fatigue. Boredom. To make the time pass, I thought of it as a competition. Each of us began together, planting the bulbs in furrows stretching to the end of the field. The point was obviously to do it right. But I found it interesting to see who finished first, and how much longer it took the rest of us.

The same worker always led the way. She was a Yemeni in her early thirties. Her name was Baddura. Short and stocky, with dark curly hair, she was nearly always smiling, whether we were planting bulbs, sowing seeds or picking oranges and grapefruit and lemons, potatoes or peppers and tomatoes. When I remarked to her how much better and faster she was than the rest of us, she laughed. Still years away from growing into my adult body, I looked more like a eight- or a nine-year-old. She took me under her wing. The next day, we were picking tomatoes. "Do the row next to mine," she said. Watching the almost balletic grace with which she moved made it easier. I decided it was like mastering a new piece on the piano. The secret was to achieve a kind of unthinking fluidity, by focusing on the passage one or two ahead of the one you were playing. Physically, Baddura was far stronger than me. Before long, however, I was finishing my sowing or reaping a good ten yards ahead of the other kids, and not too far behind her.

Though the Yemenis worked in our fields, they were not members of the kibbutz. They were paid a day-rate. Though they were by far the most



HOUSE_OVERSIGHT_011503

productive workers, they got no share of what we produced or possessed. A few years later, I raised this at one of the separate *aseifa* meetings held by young people on the kibbutz, only to be told we'd never wanted to employ outsiders in the first place. It was only because of Ben-Gurion that we felt unable to refuse. I'm sure that was true, but it seemed to me an incomplete answer, and an evasion. It struck me as an exercise in finding a verbal rationale for a situation that was obviously unjust.

It was an accidental glance up from picking carrots which focused in my mind the sense of unfairness I felt. We were working on a tract of about seven acres of rich, dark soil where we grew carrots, tomatoes and potatoes and eggplants. I think I was 11 or 12. We had assembled in the early afternoon near the kibbutz garage. We piled on to a flatbed trailer, a dozen kids and a dozen Yemeni women. We were towed by a tractor driven by a man named Yankele. He was in his mid-40s. Like my father, he was one of the original group at Mishmar Hasharon. Before the Yemenis came, he had worked planting and harvesting. Now, he was responsible for "managing" the Yemenis, and us kids as well, during our fieldwork. He paced among us every half-hour or so to make sure the work was going smoothly. Though the area was ankle-deep in mud during in the winter, it was hot and dusty in the summer. I'd been working for an hour or so, crouching alongside Baddura, when I looked up. On the edge of the field, under the shade of a clump of banana trees, I saw Yankele. He had a set of keys on a metal chain. He was twirling them around his finger, first one way, then the other, as his eyes tracked us and our Yemeni co-workers. Like a kibbutznik-turned-plantation-owner.

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As a February baby, I was the youngest in our age group. In the tiny world of the kibbutz, there were not enough children to organize separate school classes for each year. When I started school, I was five-and-a-half. Most of the others were six. A few had already turned seven. Maybe it was this age pressure, or maybe something inside me, but from the outset, I had a thirst for knowledge. I was aware early on that some of the schoolwork came easily, almost automatically to me: numbers and math and reasoning most of all. I also began reading books, even if I could not fully understand them. By the time I was eight or nine, I was burying myself in volumes of the children's encyclopedia at



HOUSE_OVERSIGHT_011504

the kibbutz library, trying to untangle the mysteries of airplanes and automobiles, or the creation of worldly wonders, from the Hanging Gardens of Babylon to the Empire State Building and the Golden Gate Bridge.

At first, I got many of the answers from my father. On Saturdays, we would walk around the kibbutz as I plied him with questions. In many ways, he always lacked self-confidence. I remember decades later, after he had passed away, asking my mother how come they had spent their entire lives on the kibbutz and never moved away. She replied: "What would your father have done outside?" But he had a quick mind and, despite having left Hebrew University early, had secured enough credits to get his degree – one of a handful of men on the kibbutz to have done so. He delighted in acquiring, and sharing, knowedge.

How come the moon wasn't always round, I remember asking him in one of our first educational strolls. How did anyone *know* that the sabertooth tigers I'd seen in the encyclopedia actually existed? And where were they now? There was not a single question he did not try to help me answer. When I was nine or ten, he took me to see the first water pump on the kibbutz. I watched as he disassembled the casing, then the power unit, which had a big screw-like element in the middle. I wanted to know how it worked, how it was designed. How it was made. A few months later, he took me to the factory near Tel Aviv where the pumps were manufactured.

I was an introverted child, not so much shy as self-contained, contemplative, at times dreamy. Our *metapelet* from when I was three until age eight was named Bina. She was the mother of twins a year younger than me. She was more handsome than beautiful, with wavy dark hair. But she was full of warmth. She was especially kind to me, which was no doubt one reason I felt the effects of my collective upbringing less dramatically than some other kibbutz children. When we were both much older, she used tell a story about my slightly ethereal approach to life when I was in her charge. One winter afternoon when I was four, she took our group on to the gentle rise on the northern edge of the kibbutz, which at that time of year was full of wildflowers. When she got there, she realized I had gone missing. Retracing her steps, she found me standing in front of a rock in the middle of the dirt path. "Ehud," she said, "why didn't you come with us?" I apparently replied: "I'm thinking: which *side* of the rock should I go around?"

Still, important though Bina was as a presence in my life, it was the influence of another figure – another youngster – who mattered more and for longer. His name was Yigal Garber. In first grade, every child got a mentor.



HOUSE_OVERSIGHT_011505

Yigal was mine. Solidly built and self-confident, with a knowing smile, he would go on to become one of the most respected members of the kibbutz. Though I was the only child he mentored, he was also in charge of our class's extracurricular educational program. It began when I was ten, and Yigal was sixteen. It was a mix of ideological training – the kibbutz equivalent of what my mother had done with her Gordonia friends in Poland – and a scouting course.

One evening a week, he would spend several hours with us. He began by reading us a story or a poem. One which I remember with particular clarity involved a slave who had a nail driven into his ear in hopes of remaining in his master's service forever. He had become enslaved not only in body, but in mind. Another night, Yigal read us an account of a Palmach unit stranded on a hill they had taken, with anti-personnel mines all around them. The readings were gripping and they were always an entry-point for a discussion: how did we understand the story? What would *we* do if faced with a similar choice?

When that part was over, he walked us into the fields outside the kibbutz. The only sound we heard was the occasional screech of a jackal. Sometimes, he would split us into twos and have each pair set off from a far edge of the field and find our way back. Yigal stationed himself at the center. We would have to sneak up and see which of us could get closest without his seeing or hearing us approach. In his last year with us before leaving for his army service, he gave each of us a narrow wooden stick and began drilling us in the teenage introduction to martial arts. But I was less interested in that part of the training than the scouting exercises. Not only was I the youngest in our group, and the smallest, except for a couple of the girls. Notwithstanding my accidental prowess on the soccer field, I lacked the strength and coordination to hold my own in most physical contests at the time.

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Yet then, shortly after I turned thirteen, I overheard a conversation between a couple of older kids in the dining hall. They said there was this guy in Gan Shmuel, a kibbutz to the north of us, who had an "amazing" ability. Using a strip of steel shaped to work like a key, he could open locks – even chunky Yale padlocks, the gold standard in those days – in less than a minute.



HOUSE_OVERSIGHT_011506

I was intrigued by the mechanical puzzle and managed to locate two slightly rusted locks. One was a Yale, the other an Israeli-made lookalike called a Nabob. One evening after dinner, I searched the ground around the kibbutz garage for shards of metal that looked like they might fit into the key slot, and spent the next half-hour or so propped against a tree, trying and failing to coax either lock to open. I realized I would need to discover how the locks worked. But how to get inside to see?

Saturday afternoons in Mishmar Hasharon were a quiet time, like the old Jewish neighborhoods and shtetls back in Europe but minus the religious trappings. The next day, I waited until mid-afternoon and walked past the bakery towards the garage. Its roll-down, corrugated door was locked. So was the structure next to it, where the blacksmith and metalwork shop were. But attached to the blacksmith's was a hut where our scrap metal was dumped. I doubted it would be locked, and it wasn't. Pausing to let my eyes get used to the dark, I made my way into the metalwork area. I crossed to the cabinet where the tools were kept. I took out a steel jigsaw used for cutting through metal and, hiding it under my shirt, made my way out again.

Fortunately, the saw was up to the task of cutting into the softer alloy that made up the body of the locks. Once I'd cut inside them, I saw they shared the same basic construction. There was a series of springs and shafts which, in response to the indentations of a key, aligned in such a way to allow the lock to open. I sneaked back into the metalwork shop five or six times. By trial and error, I managed to shape one of jigsaw blades into a pick tool that seemed like it should do the job. For days, I manipulated it into each of the padlocks. I knew I had the principle right, but I still couldn't get it to work. Blisters formed on my thumb and fingers. Then, finally, the Yale sprung open! With each successive try I got better at knowing how to put the blade in, when and where to rotate it and how much pressure to apply. After fashioning a half-dozen other tools, each slightly different in width and shape, I reached a point where I could get the mechanism to work on my first try. Other locks – doors, trunks, closets – were even easier after I made picks for them as well.

I couldn't resist sharing my newly acquired skill with a couple of the boys in my class, and word gradually spread. There was a handful of slightly older boys who we referred to as the "rogues". They weren't delinquents. They were free spirits, bridling at the uniform expectations and rules of kibbutz life. Over the next few years, as co-conspirators more than close friends, I found myself drawn to two of them. Ido and Moshe were 18 months older than me. Though



HOUSE_OVERSIGHT_011507

Ido was just a few inches over five feet, he was strong and athletic, a star even on the basketball court. Moshe was taller, if a bit overweight. He was nowhere near as strong as Ido, but still stronger than me, and had a streetwise intelligence and a sardonic sense of humor. Both had tested the patience of our teachers to breaking point. Ido had been sent off to a vocational school in Netanya. Moshe was moved to *Mikveh Israel*, a school which focused mostly on agriculture. On Friday evenings and Saturdays in the kibbutz, however, they filled their time with a variety of minor misdeeds. My role – the cement in our budding partnership – was as designated lock-picker.

Our first caper targeted the concrete security building near the dining hall. It contained the kibbutz's store of weapons, with a metal door secured by a padlock. Late one Friday night, with Ido and Moshe as lookouts, I crouched in front of the lock and took out my tools. In less than a minute, I had it open. We darted into the storeroom. There were about 80 rifles, along with a few machine guns, on racks along the walls. Ido took a rifle from the furthest end of the rack and wrapped it in a blanket. Moshe pocketed a box of ammunition. As the others hurried back to our dormitory, I closed the lock, making sure it was in the same position I'd found it, and joined them. The next afternoon, we stole away through the moshav of Kfar Hayim into a field on the far side. We test-fired the rifle until sunset, when we returned to the kibbutz and replaced it in the armory. It felt like the perfect crime: foolproof, since no one was likely to notice anything. Essentially harmless. And repeatable, as we confirmed by returning on Friday nights every month or two.

This modest pre-adolescent rebellion never extended to doubting the national mission of Israel. Growing up on a kibbutz in a country younger even than we were, we all felt a part of its brief history, and its future. That was especially true after my kibbutz mentor, Yigal, left for his military service and joined one of the Israeli army's elite units.

The 1948 war had been won. But it had not brought peace. Palestinian irregulars, *fedayeen* operating from Jordan and the Gaza Strip, mounted hit-and-run raids. In armed ambushes or by planting mines, they killed dozens of Israeli civilians and injured hundreds more. The country was in no mood for another war. The newly created Israeli armed forces – known as *Tzahal*, a Hebrew acronym for the Israeli Defense Force – also seemed to have lost the cutting edge, or perhaps the desperate motivation, of the pre-state militias. At first, Ben-Gurion relied on young recruits in the new army's infantry brigades to counter the fedayeen attacks. Nearly 90 reprisal operations were launched in 1952 and



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early 1953. Nearly all ended with the soldiers failing to reach their target or taking casualties. Sometimes both.

By mid-1953, the army decided to set up Israel's first dedicated commando force. It was called Unit 101. It was led by a 25-year-old named Ariel Sharon, who had been a platoon commander in 1948. With Ben-Gurion and especially his army chief-of-staff, Moshe Dayan, determined to hit back hard at the fedayeen attacks, Sharon took a few dozen hand-picked soldiers and began mounting a different kind of retaliatory attacks. The largest, in October 1953, was in response to the murder of a woman and her two children in their home in central Israel. It was against the West Bank village of Qibya. Sharon and his commandos surrounded and attacked the village, destroying homes and other buildings – and killing at least 40 villagers sheltering inside them. Israel immediately came under international condemnation, accused of allowing its troops to unleash a massacre. Unit 101 was disbanded. It lasted just half a year. But that was not because of Qibya. While realizing the importance of avoiding civilian casualties, Dayan remained convinced that only units like 101 offered any realistic hope of taking the fight to the fedayeen. He made Unit 101 the core of a larger commando force merged into Battalion 890 of the paratroopers' brigade, and he put Sharon in overall command.

It was this force that Yigal Garber joined. He became part of its elite commando team, Company A and took part in a series of attacks on the West Bank and in Gaza. While avoiding a repeat of Qibya, they inflicted heavy casualties on Jordanian and Egyptian army and police units, and also suffered casualties of their own. Battalion 890 was based just a couple of miles from Mishmar Hasharon and Yigal returned to the kibbutz every few weeks. He never talked about the commando operations. But every time there was a report of Israelis killed in a fedayeen attack, I knew there would be a retaliation raid, with my Yigal almost certainly involved and, I hoped, returning unscathed.

He did. And in 1956, two years into his military service, he was part of Israel's second full-scale war. For a while, the reprisal attacks seemed to be working. The fedayeen attacks decreased. But that didn't last, especially in the south along the border with Gaza. Egypt's pro-Western monarchy had been toppled in a coup organized by a group of army officers led by a stridently pan-Arabist – and anti-Israeli – lieutenant colonel named Gamal Abdel Nasser. Egypt began providing not just tacit support for the fedayeen in Gaza, but arming and training them and helping organize cross-border attacks. Then, in



HOUSE_OVERSIGHT_011509

the summer of 1956, Nasser nationalized the Suez Canal, which had been owned by the British and French.

Ben-Gurion was emboldened to go war by the fact that both Britain and France wanted to retake the canal. Under an agreement reached beforehand, Israel was to begin the hostilities, after which the British and French would enter under the guise of separating Israeli and Egyptian forces. Ben-Gurion's hope was to end the threat of fedayeen strikes, at least in the south, by taking control both of Gaza and the enormous natural buffer afforded by the Sinai Desert. Militarily, it went to plan. On October 29, 1956, Yigal and other paratroopers from Battalion 890 were dropped deep into the Sinai. They landed near the entrance to the Mitla Pass, a sinuous route between two lines of craggy hills 25 miles from the canal. British and French air strikes began three days later. Nasser pulled most of his forces back across the canal. By early November, Israel was in control of Gaza and the whole of the Sinai.

Politically, however, Ben-Gurion and his European partners had catastrophically miscalculated. Britain and France were fading imperial powers. The balance of power after the Second World War rested with America and the Soviet Union. Both were furious over the obviously pre-arranged seizure of Sinai, Gaza and the canal. It took a while for the message to sink in. In a speech to the Knesset after the conquest was complete, Ben-Gurion declared the post-1948 armistice null and void, and said Israel would never again allow "foreign forces" to control the territory it had captured.

A few days later, however, he had no choice but to deliver a different message in a radio address to the country. He had at least managed to secure a concession with the help of the Americans. The Sinai and Gaza would be placed under supervision of a UN force. He also got a US assurance of Israel's right of passage through the Straits of Tiran to the Red Sea, and an agreement that if the Egyptians blocked Israeli shipping we would have the right to respond. But he announced that we would be leaving every inch of territory taken in the war. By early 1957, we did so. The one lasting gain came in Gaza. On their way out, Israeli troops destroyed the fedayeen's military installations, and cross-border attacks from the south ceased.

Unlike in 1948, the Sinai War touched me directly. I never felt Israel's existence was in danger. The fighting was brief and far away. But Mishmar Hasharon had a small role in the war plan. Ben-Gurion and Dayan were concerned that the co-ordinated attack might lead to a wider war, with the possibility that Egyptian warplanes might get involved as they had in 1948.



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Among the precautions they took was to base several hundred reservists from the Alexandroni Brigade in a defensive position near the Mediterranean: the eucalyptus grove at the top end of our kibbutz, where the cover was so dense they were all but invisible from the air.

We kids seized on the chance to talk to the reservists. I can't remember whether it was Ido or Moshe who noticed an area at the back of their encampment, on the other side of the kibbutz cemetery, where neatly stacked boxes of munitions were being kept. But we spent the next several afternoons on reconnaissance. A soldier was always on guard. But there were times the area was unwatched, either when one guard handed over to the next, or on their cigarette breaks.

We struck the following Friday. Nowadays, the cemetery consists of a half-dozen rows of headstones. Walking through it, as I still do at least once each year, is like revisiting my past. Almost all the grown-ups I remember from my childhood now rest there, including my parents. My father died in 2002, at the age of 92. My mother passed away only a few years ago, a few weeks after her 100th birthday. But in 1956, the cemetery was tiny. The chances of anyone being there at midnight on a Friday were close to zero. Crouching in the shadow of the headstones, we could see the guard. We waited until he left for his break. Each of us took a wooden box and one of the slightly larger metal boxes. Inside, we found a treasure trove: thousands of bullets for all kinds of weapons. The metal cases held heavier firepower: grenades and mortars. We returned those. We were mischievous, but not crazy. Yet each of us now had a crate full of ammunition, even including belts for machine guns.

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My experience at school began to change in my early teenage years as well. Shortly before my fourteen birthday, our age group was sent to a school outside Mishmar Hasharon. The kibbutz had decided that since there were only a dozen-or-so children in each class, it wasn't economically viable to provide a quality education. They sent us to the regional high school.

It was several hundred yards down the road in the direction of Tel Aviv. It was far more rigorous. I was no longer the only kid in my class who liked to read or could do math problems in his head. It was there I first got truly



HOUSE_OVERSIGHT_011511

interested in science. When I came across concepts I couldn't understand, our teachers always seemed able to answer my questions or help me find the answers myself. I liked the school enormously. I might well have gone on to finish my secondary education there. I probably should have. But the next year, the kibbutz brought us back again.

One of the considerations was financial. Like many kibbutzim, Mishmar Hasharon concluded that in order to make its school more economically sustainable it would take in a number of "outside children" – *yeldei chutz* – from towns and settlements around Israel. Yet this latest policy change was also triggered a debate over the *kind* of education kibbutzim should provide. Should a kibbutz school offer a curriculum tailored to passing the *bagrut*, the matriculation exam, and going on to university? Or should it limit itself to a fairly basic education geared to developing the talents needed for a productive life on the kibbutz? In a series of heated debates in the dining hall, almost all of Mishmar Hasharon supported the model of a basic, kibbutz-oriented education.

My father was the leading voice among the dissenters, and though it seemed obvious he was fighting an uphill battle, I remember feeling a sense of pride at watching him – and an echo in my own impulse to reach my own judgment about issues and to act on it as I was growing older. Not only was he opposed to the new policy. He was aghast. In the only time I can recall his speaking out at one of the weekly kibbutz meetings, he asked how Mishmar Hasharon could take upon itself the right to constrain an individual child's life potential. "We are Jews!" he said. "We are people who have left our impact on history through our scholars, not our peasants. I can't understand how we, who came here to open a new chapter in the history of our people, can choose to keep our sons and daughters from studying. We should *encourage* them to study!" He accepted that the interests of the kibbutz mattered. But what kind of "model society" would we be creating if we chose to "doom our own children to ignorance, and cut them off from the great forward momentum of history in Israel and the whole world?"

Especially in a kibbutz, however, the majority ruled. In this case, it was nearly unanimous, my mother included. I could see she felt torn, whether because she agreed with my father or because she realized how deeply he felt. But she accepted the decision. For her, that was what was meant by being part of the larger kibbutz family. Still, my father didn't give up. He couldn't change the kibbutz's ruling. But he tried to get me to stay at the regional high school. A couple of years earlier, examiners had fanned out across Israel to administer its



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first aptitude tests. I finished among the top two dozen results in the country. "How can you throw your gifts away? For *what*," he asked me. "If you leave that school, and give up on going to university, it will be like betraying yourself." At one point, he walked me out to the patch of hard-packed soil where we parked the tractors and farm machinery. "What do you want to do with your life," he asked. "Do you want to be a *farmer*?"

I thought about it before answering. "I don't know what will happen in the future," I said. "But if you ask me now, I would say I want to drive one of the kibbutz trucks."

I could see the shock and disappointment in his eyes. But it was the truth. I did imagine that at some point I might want to make a life outside the kibbutz. But I'd never lived anywhere else. If I was going to remain a part of it, I could think of no better way than to join our little corps of drivers. Though they lived on the kibbutz, they spent most of their time delivering or picking up goods in places like Tel Aviv, Holon or Ashkelon. As the US Marines might have put it, I guess I figured I'd join the truck-drivers and see the world.

The deeper reason I said no to my father, as I am sure he suspected, was that I felt a need to take control of my own life. That was simply a part of growing up, a process which probably happened more quickly for 1950s kibbutz children than for town or city kids. We loved and respected our parents. But we were living with other teenagers. We weren't just residents of the kibbutz. We were part of the economic collective, working in the fields or orchards, the garage and the metal shop. This bred a sense of independence. I listened to my father's arguments. But this was a decision about *my* future. I felt I had to make it for myself. I cared about my education. But I'd reached a stage where my life outside the classroom, and my circle of friends, mattered more. I am sure that the same impulse drove me in my continuing freelance forays into lockpicking and petty larceny with Ido and Moshe.

So I returned to the kibbutz school. The level of teaching was nowhere near the regional school's. But we did begin studying new subjects like economics and politics. There were two other welcome surprises as well. The first was the arrival of a new history teacher. Knowledgable, enthusiastic and eloquent, he had a rare gift for igniting excitement in his students. We studied the French Revolution. He brought it to life with insights into Montesquieu, Rousseau and John Locke, Louis XVI and Mary Antoinette, Robespierre and Napoleon. He traced the dynamics that led to the revolution, and the way its ideals descended into the bloodshed and terror that followed. He presented history as a human



HOUSE_OVERSIGHT_011513

process that raised as many questions as it answered, as something we could learn from.

The second high-point was a couple named David and Leah Zimmerman. Though Mishmar Hasharon, like other kibbutzim, was secular, they introduced us to the Talmud, the ancient compendium of rabbinic discussion and debate on the meaning of passages from the Bible. We focused on two tractates, *Baba Kama* and *Baba Metziah*, in which the rabbis drew on verses from Exodus to argue out a system of rules for resolving civil disputes. It was the Talmud of torts. The intricacy and the depth of the rabbinical debate fascinated me.

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Yigal returned from the army a few months after the 1956 war, when, like other teenagers, I was about to enter a pre-military program known as *Gadna*. There were several options kids could choose. One was linked to the air force, another to the navy. But most of us joined the reconnaissance and scouting group, *Gadna Sayerim*. It involved studying topography and navigation, as well as field exercises that were a lot like the ones Yigal had put us through a few years earlier. At year's end, we took part in a national exercise. It was called, a bit grandiosely, *Miyam el Yam*: from sea to sea. We had to find our way from the Mediterranean, near Haifa, across northern Israel to a lake which was a sea only in name, the Sea of Galilee. It lasted three days. We were placed in teams of four. We were each given a topographical map and a compass, with landmarks marked along the way which we had to find and draw in a notebook to prove we'd been there.

A couple of hours in, we faced our first challenge. We were making our way along a shepherds' trail, with brush and bramble on either side, when the path split in two. We had to decide which fork to take. The map didn't help. Each inch covered the equivalent of a mile-and-a-half. The key was to be able to match it with what we were seeing around us. To use points we *could* identify from the map – Haifa and the sea in the receding distance, and a taller hill to our northeast – and then figure out which path was more likely to take us in the right direction. I knew this mix of calculation and imagination was something I enjoyed. But it was more than that. Each of us had had the same preparation for the exercise. As my trek-mates turned to me for this first decision, and then on



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each successive stage as we crossed the Galilee, I realized that it was also something that I was naturally good at.

Still, the closest thing to real military activity remained my excurions with Ido and Moshe. Our ammunition trunks were stowed under our beds. But the final piece of our arsenal fell into place in May 1958. For the tenth anniversary of Israel, there was a national exhibition celebrating the achievements of the state. I paid a first visit on my own. I was curious to see what was on show. But as I walked through, I couldn't help noticing the lack of security. Two days later, I returned with Ido and Moshe. There was a stand devoted to the Israeli military industry. We already had a supply of ammunition for an Uzi submachine gun, courtesy of our raid on the Alexandroni Brigade. Now, when the guy in charge of the stand was chatting with other visitors, we came away with an Uzi.

It was then the trouble began. Along with Ido, Moshe and the other older boys, I now lived in a larger dormitory under the cursory gaze of an older *metapelet*. She was doing routine cleaning when she decided to dust around the boxes under our beds. She'd never given them much thought. But when she tried to move one of them, she was amazed by its weight. She got one her sons-in-law to help. I think the box he pried open first was Moshe's. But within a few minutes he'd opened Ido's and mine as well. Inside each were hundreds of bullets and the machine-gun belts. Inside mine was our prized Uzi. It would not exactly have taken the KGB to work out the rest. The kibbutz leaders ordered an inquiry. Ido was summoned first, and attempted a brief show of defiance. "What's the big deal," he asked. "It's just stuff we collected. Why should you care?" But separately questioning Moshe, then Ido again, the inquisitors worked out every detail. The fact that the ammunition had come from the Alexandroni Brigade, the reservists sent to *defend* us, was bad enough. But the Uzi had been stolen from the National Exhibition. That was even worse. It was left to the core of young men in their late 20s and 30s to figure out how to punish us. Everyone agreed we could not be reported to the police. That would risk a scandal for the kibbutz. They decided to beat some sense into the offenders, in front of all the rest of the teenagers in the dormitory.

I wasn't there. One afternoon each week, I now boarded a bus into Tel Aviv for my piano lesson. But when I returned after sundown, I sensed immediately something was wrong. Yigal was waiting at the bus stop outside the kibbutz. He told me that what I had done was terrible. Not just because it involved weapons, but because it was a *breach of trust*. Did you really *steal ammunition from the*



HOUSE_OVERSIGHT_011515

*army*, he asked, his voice rising. And from the *National Exhibition*? I didn't bother denying it. I suppose I felt lucky they hadn't found out about our raids on the kibbutz armory. He did not administer my beating. That came a few weeks later from one of the kibbutz elders. He simply took me by the shoulders and shouted: "You must *never* do this again."

It was worse for my parents. At first, they believed I was an innocent party. They were convinced I couldn't have got involved in something like this without being dragged in by the others. My father even asked me whether the reason I'd been "drafted" by Ido and Moshe was because I was small, and able to squeeze through tight spaces in windows and doors. As it happened, that did sometimes come in handy. But I told them, no, I was not an unlucky bystander. I was as much a part of it as the others. My father was angrier than I had ever seen him. My mother, faced with what must have seemed like a betrayal of every one of her Zionist principles, told me that if the kibbutz had decided to report us to the police, she would not have objected.

Their mood lifted slightly when I began my final year of high school in September 1958. After two years back in the kibbutz school, our age-group was sent out again in another shift in policy. This one was in response to signs of growing support in Mishmar Hasharon and other kibbutzim for the argument my father had made against the quality of education we were offering. In order to go at least some way toward meeting that objection, Mishmar Hasharon was banding together with two dozen other kibbutzim and sending all 12th-graders to one of two outside high schools. The first, called Beit Berl, was a Labor Zionist institution focusing on the humanities. In addition to a few of the less academic boys, most of the girls were sent there. The rest of us went to a place called Rupin. It was a few hundred yards past the regional high school. It specialized in agriculturally related scientific research.

A few of the teachers were enormously gifted, and they were in the areas that most interested me: math, physics and biology. Yet the rest of the curriculum was almost numbingly *un*inspiring. I did not miss a single math or science class. But otherwise, I began setting my own schedule. Some days, I would sleep late, or not go at all. When I did go, I'd often show up without having done the homework. Neither Ido nor Moshe was with me at Rupin. They were starting their military service. But I assembled a new band of mischief-makers, and it was not hard to entice them to go AWOL.

I was warned several times by the school administrator. He said he could not accommodate a student who seemed oblivious to, or dismissive of, the rules. He



HOUSE_OVERSIGHT_011516

was especially upset because my attitude seemed to be infecting others. A few months into the school year, he told the leaders of Mishmar Hasharon, and then my parents, that I would have to leave. My father was especially upset. A couple of years earlier, he'd had visions of my staying on in the regional high school and going to university. Now, I'd been unable to hold my own in Rupin. Still, both he and my mother were relieved when Mishmar Hasharon and the school worked out a compromise which did not end my studies altogether. The expulsion stood, but I was allowed to continue attending math and science classes.

For my mother, the blow was softened by the fact I began working almost full-time on the kibbutz, alongside Yigal, driving a tractor. I woke up early and accompanied him into the fields of wheat, barley or rye. We also made a series of trips 130 miles south into the Negev to a moshav called Patish. It had been set up by newly arrived Moroccan Jews. Since they didn't have the equipment or know-how to cultivate all their fields, they were renting out some of the land. Mishmar Hasharon had contracted to farm a parcel of 450 acres.

For ten days at a time, Yigal and I would place a tractor on the back of a pickup and head to Patish. We worked from four in the morning until sundown. After work, we ate at a tiny family-run restaurant a few miles away in Ofakim, a so-called "development town" populated by Moroccan Jews who had been moved there as soon as they arrived in Israel. Far from regretting not being in school, I drew satisfaction, and pride, from knowing that I was functioning as an independent adult. But it also gave me time to think. My whole life had been circumscribed by the struggle to create and secure the state. But I again found myself pondering issues of basic fairness in our young country, and the challenge of reconciling our words and principles with our deeds amid the difficult *realities* of building the state.

Back on the kibbutz, it was the example of the kindly and hard-working Baddura which had caused me to question how we were treating the Jews who had arrived from Yemen. In the Negev, I met members of the even larger post-war influx from Morocco. One image struck me above all. It was from the place Yigal and I ate dinner. Ofakim was a development town that had yet to develop. It had no visible means of support, and there was no sign the government was doing much to remedy that or integrate the new immigrants economically and socially. The "restaurant" was a side business a family had set up in the dining room of their tiny home. The sixth or seventh time we went there, I was startled by sudden movement a couple of feet away from where we were sitting.



HOUSE_OVERSIGHT_011517

Looking more closely, I saw a wooden box, the kind we used in Mishmar Hasharon to crate oranges. It was filled with hay. At first, I thought the stirring inside was a family pet. Then, I saw it was a baby. I said nothing until we had left. "Was that really a child?" I asked Yigal. "A *baby*?" He replied, with a tinge of sadness but also a look that seemed to convey surprise at my naivety: "Yes. They don't have room for him."

* * *

My evolving feelings about the Arabs, the other people with dreams of what they still saw as Palestine, would become more complex as my childhood drew to an end. As mentioned, I barely registered the fate of the absent villagers of Wadi Khawaret.

And yet as I got older – in my teens – I came to understand *why* the Palestinians were fighting us. Before the 1956 war, Dayan gave a brief speech that had a powerful impact on me. It was a eulogy, but it was for someone Dayan didn't know personally. His intended audience was the rest of the country. He spoke in Nahal Oz, a kibbutz on the border with Gaza often targeted by fedayeen. In April 1956, a group of Arabs crossed from Gaza and began cutting down the wheat in Nahal Oz's fields. The kibbutz security officer, a 21-year-old named Roi Rotberg, rode out on horseback to chase them away. The intruders opened fire as soon as he got close. They beat him, shot him dead and took the body back over the armistice line. The corpse was returned, mutilated, after an Israeli protest through the UN.

With Israeli newspapers full of agonized accounts of what had happened, Dayan's message was that we should not blame the *Arabs* for Roi Rotberg's death. We should look at ourselves, and the neighborhood in which we lived. "Why should we talk about their burning hatred for us?" he asked. "For eight years, they have been sitting in the refugee camps of Gaza, while before their eyes we have been transforming the lands and the villages where they and their fathers dwelt." Of course, they hated us and the state we were building. Rotberg had allowed his "yearning for peace to deafen his ears, and he did not hear the voice of murder waiting in ambush." Dayan said the danger was that other Israelis had become similarly naive. "How did we shut our eyes, and refuse to see, in all its brutality, the destiny of our generation?" A generation which was



HOUSE_OVERSIGHT_011518

settling the land but which, "without the steel helmet and the barrel of the gun, will not succeed in planting a tree or building a home."

Still, if I was part of a generation that understood the need for military preparedness, strength and a readiness to fight if we were to survive in the Middle East, the 1956 war also brought home to me the need to consider *how* we fought. This meant grappling with a contradiction wired into Zionism from the start: the need to take up arms to defend our state, while recognizing the Jewish moral code that was its foundation. When the Israeli armed forces were established in 1948, Tzahal's doctrine included the principle of *tohar haneshek* – "purity of arms" – and an explicit requirement for our soldiers to use the minimum necessary force and do all they could to avoid civilian casualties. Putting "purity of arms" into practice was always going to be hard. All arms kill. In all wars, civilians die. But that did not make the principle, or the need to be aware of it in combat, any less important.

Even if the soldier called on the make that judgment was someone who had mentored me from the time I was six, and whose military prowess I had come to respect. Even if it was Yigal Garber. His parachute jump on the first day of the 1956 war went smoothly. But the battle for control of the Mitla Pass turned out to be the most deadly of the war. It was also unnecessary. Under Israel's pre-war choreography with the British and French, the very fact of our landing near the Mitla Pass was to be the trigger for an Anglo-French attack. In fact, Arik Sharon, the commander of Battalion 890, received orders from Tel Aviv *not* to take the pass. Only grudgingly, did they let him send in a reconnaissance force to establish whether it was safe to cross.

The reconnaissance company walked into a trap. Machine-gun and mortar fire rained down from Egyptian troops dug into the caves and other natural defensive positions above the pass. It took hours to extricate the stranded men. Yigal's unit fought its way in from the eastern side of the pass. A small group from the reconnaissance force managed to get a foothold on the western side. Almost 250 Egyptians were killed. But 38 Israeli paratroopers also died, the largest single toll in any battle since 1948. Battered and bitter, the surviving men from the reconnaissance force parachuted into the southernmost part of the Sinai, near Et-Tur on the Red Sea. Yigal and the others headed overground to join up with them. By the time they got there, Egyptian resistance had all but ended. Yigal's company had a brief exchange of fire with several dozen hold-outs in the Egyptian force. The Egyptians surrendered. And then, apparently, Yigal and his fellow paratroopers shot all of them dead.



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At least those were the rumors after the war. I asked friends what they were hearing. I asked some of the older men on the kibbutz, my father included. All of them responded with a slightly different version of events. But I knew what I *wasn't* hearing. No one of them told me it was a lie. When I asked Yigal, he averted my glance, and then changed the subject. I knew it was true, at least broadly.

I realized that, before it happened, Yigal and the others had seen dozens of friends gunned down in an Egyptian ambush in the Mitla Pass. But I didn't need a lesson *tohar haneshek* to know that the killing of captured Egyptian soldiers should not have happened. Or that it was plainly, simply wrong.

When Yigal and I made our final trip to Patish in 1959, I knew it would be pointless to ask him about it. Whatever he said wouldn't change anything. I still respected his courage and his fighting spirit, and the part he'd played in defending Israel. I appreciated what he'd done for me as I grew up. But what mattered now wasn't what Yigal had done. It was what I would do, and how I would live my life.

Especially since I, too, was about to begin my army service.



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## Chapter Three

I reported for induction on the second Sunday of November 1959, three months short of my eighteenth birthday. Military service was a near-universal rite of passage for Israeli teenagers. For children of the kibbutz, it held even greater significance. Now that we had a country, the kibbutzniks' role as the avant-garde in taming and farming the land had ceased to be relevant. But the sense of mission we'd been raised with – what we were led to believe set us apart from the mere "city-dwellers" – drove us to aspire, maybe even assume, we would leave an imprint in other spheres of the new state's life. I doubt it's an accident that nearly every one of the boys with whom I grew up in Mishmar Hasharon went on to become an officer during his time in the military.

Judging from my own first few weeks in uniform, however, there was every reason to believe I would end up as an unfortunate, undistinguished exception.

This was not due to lack of ambition. In fact, I thought at first of joining the air force. But a question on the application form asked whether I ever suffered from any breathing discomfort. Like almost everyone on the kibbutz, I did get a bit clogged up when the weather turned cold and damp. So I naively answered yes, ending any chance of training as a pilot. My fallback choice was a tank unit. But when I joined the hundreds of other draftees at the processing center near Tel Aviv, about a hundred of us were shunted, by alphabetical lottery, into training for armored personnel carriers instead. Known as battle taxis, the APCs which Israel had at the time were lumbering, World War Two-vintage halftracks.

Our training battalion was based, alongside the country's main armored brigade, in a huge, hillside army camp outside Beersheva in the Negev. I knew that our *tironut* – basic training – would be tough. That was the whole point. But we endured a seemingly endless array of inspections, under the watchful eye of a corporal who meted out punishments for the tiniest scuff on a boot, a belt, or a rifle. The rest of the time was spent in physical training, which I found especially hard, at least at the beginning. I still weighed barely 130 pounds, and by no means all, or even most, of it was muscle. My military career, such as it was, looked very likely to involve spending my required couple of years baking inside an APC in the Negev before moving on to something more useful, and certainly more fulfilling, with the rest of my life.



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But a series of accidents, in Israel's life and in mine, would soon point me in a dramatically different direction. The first became known as the Rotem Crisis, and it delivered a jolting reminder of Israel's vulnerability to a surprise attack from neighboring Arab states. Militarily, we were far stronger than in 1948. But we were still a young country, at an early stage in our economic development. Our defense strategy rested on a recognition we could not afford to sustain a large standing army, relying instead on a pool of trained reservists. The problem was that a full call-up of the reserves would require something like 48 hours. That meant some form of early warning was critical.

Rotem erupted in February 1960, about halfway through my *tironut*, and began almost farcically. The Chief of Military Intelligence, Chaim Herzog, was at a diplomatic receiption in Tel Aviv when he began chatting with a guest he knew well: the head of the local CIA station. What, the American asked, did he make of the fact that Egypt had moved its two main armored divisions into the Sinai, toward the border with Israel? Herzog came up with a suitably woolly reply, about how it was obviously a situation which bore watching. But the truth was that neither he nor anyone else in Israel had any idea about the Egyptian mobilization. He left the party as soon as he could, to tell Dayan and Ben-Gurion. When a reconnaissance flight the next day confirmed that dozens of battle-ready tanks had been rolled forward toward the Suez Canal, Ben-Gurion and the generals scrambled for a response.

They did not want a war. Ben-Gurion was particularly worried that in responding to Nasser's buildup, he might inadvertently escalate things further. He vetoed the idea of a full mobilization. But he did order a more limited call-up, of about 7,000 reservists. He placed the air force on alert. He directed the four brigades responsible for the defense of southern Israel, including our armored brigade near Beersheva, to move within a few miles of the border – and gave us the additional role of sending several overnight munitions convoys to equip the hastily assembled border force.

The first sign I saw that anything extraordinary was going on was the sudden movement of tanks and APCs inside our camp. At first, no one told us raw recruits anything. We were left to look on, and stay out of the way. But with our operational units preparing to move forward, the problem was that there seemed no one else with the expertise, experience and local knowledge to lead the supply columns. So our training battalion was summoned before the platoon commander. "Any volunteers," he asked. When none of us raised a hand, he said: "Come on. One of you must have grown up around here. That means the



HOUSE_OVERSIGHT_011522

first 25 miles will be familiar territory." He left unspoken the obvious postscript: the need to negotiate the final five to ten miles, through open desert, and to find the right area, on our side of a border that wasn't even marked. "Can't *any* of you," he barked, "lead a convoy of a few dozen trucks?"

I'm not sure what possessed me. But I thought to myself: yes, I probably can. I had been scouting and navigating in one way or another since those first evenings with Yigal in the kibbutz orchards. I'd trained with *Gadna Sayerim*. And while I'd never lived in the south, the farm settlement of Patish, where I'd worked along with Yigal after getting kicked out of high school, was not far from the route the conveys would have to take.

So I raised my hand.

"Can you lead a convoy?" he asked.

"Yes, sir," I said. "Of course, I'll need a map. And a compass."

"Why do you think you're qualified?" he prodded. I'd been in *Gadna Sayerim*, I said. I was good with maps. "Okay," he replied, and he sent me, along with two of the company's junior officers, to the battalion commander.

Someone must have phoned ahead, because he was clearly expecting us. Still, I could see the surprise in his eyes when he looked at me: only just eighteen, but looking closer to 15, my uniform sagging on my slender frame. He gazedat the officers, then back at me, then at the officers again, as if trying to figure out whether he was about to approve something utterly crazy. But he had little choice. Three convoys had to be dispatched within the next couple of hours. So far, with me, he had a sum total of one guy to lead them. "Fine," he said, and waved us out.

The column consisted of eight huge, American-made six-wheelers, each packed with ten tons of munitions and other supplies. I was in the lead truck. The driver was a reservist in his mid-30s. So were most of the men in the rest of the transport trucks, one driver and one soldier in each. A staff sergeant, in the second vehicle, was in theoretical command. But, surreal though it felt, I was actually in charge, since I was the only person who might, conceivably, get us to the right place.

The platoon commander was right. The first part, on paved roads, was fairly easy. But just before sunset, we reached open desert, the beginning of more than three hours of picking and weaving, calibrating and recalibrating, our way across a wide expanse on sand and occasional scrub bushes that, every mile or



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so, would suddenly give way to a windswept series of dunes and wadis. The map and compass helped. But I soon realized that it was almost impossible to get an accurate reading from inside the truck. Every few minutes, I waved the convoy to stop, got out, and walked fifty or sixty yards into the sand and clumps of acacia trees and calibrated our progress from there. My fallback was the stars. From them, I could at least make sure we were headed in broadly the right direction. But the need to navigate around the dunes meant we were never moving in a perfectly straight line. The miles ticking by on the truck's odometer couldn't tell me exactly how far we'd travelled. A couple of times, I realized we were wandering off line – not by a much, but enough to risk leaving us either a mile or two south of where we were supposed to go or, worse, on the Egyptian side of an unmarked desert frontier that, especially at night, would look pretty much the same on either side.

Finally, a few hours before dawn, I brought the convoy to a halt. I climbed out, walked back to the staff sergeant and told him, with more confidence than I felt: "We're here." I had no way of knowing for sure. But I felt we were generally in the right place. Before we'd set off, I was briefed by the officer in charge of one of the operational APC battalions. He had been to the area before, on training exercises. Because of the emergency call-up, he was too senior to lead a supply convoy. But he told me that once we got there, we should stop and wait. He would follow our tracks the next morning and link up with us. An hour after sunrise, we saw his jeep bobbing over the sand towards us. He pulled to a stop, shook hands with the staff sergeant, and then he turned to me. "Unbelievable," he said. "We're where we need to be."

Our role in the grand scheme of things, and certainly mine, was hardly decisive. But the rest of the border mobilization also went to plan. That, along with some frantic diplomatic activity and a healthy common sense on all sides, ensured that a new war with Egypt was averted – at least for a further half-dozen years, until 1967. By then, the lesson of Rotem would be learned: our need to find a realiable way to tap into the battle plans of the hostile Arab states around us. And through another wholly unexpected turn of events starting just a few weeks after the Rotem Crisis, I would turn out to play a personal role in making that happen.

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Under army regulations, training recruits got a five-day leave every few months during *tironut*. My first one came a bit later than usual, due to Rotem. But in April 1960, shortly before the Passover holiday, I headed back to Mishmar Hasharon. Despite my minor triumph of desert navigation, I still had every reason to believe I'd be spending the next couple of years in an APC unit in the Negev, and can't pretend I was looking forward to it. Still, the idea of returning home in my army uniform, at least a bit stronger and bulkier than before, did give me a sense of pride.

It was on my third day back, when I was in the dining hall with a half-dozen schoolmates-turned-soldiers, that Avraham Ramon sat down and joined us. He was a *yeled chutz*, one of the "boys from outside" who had joined our class when we were taken out of the regional high school. He, too, was now in the army. As we were finishing lunch, he asked me: "How's *tironut*?"

"Tough," I said. "Boring."

Smiling, he said: "How would you feel about joining a *sayeret*?"

The question took me by surprise. In Hebrew, *sayeret* meant "reconnaissance unit". It was the name given to special units that carried out missions behind enemy lines, or under particularly exacting conditions. In the early 1960s, there were only two of note. One was *Sayeret Golani*, attached to the Golani Brigade near the northern border. The truly elite one was *Sayeret Tzanhanim*, the paratroopers' sayeret. It had been built from Company A of Battalion 890, where Yigal had served in the 1950s.

"Which *sayeret*?" I asked.

"It's called *Sayeret Matkal*," he replied.

I'd never heard of it. When I asked what it did, he said: "I'm not allowed to say. But are you interested?" The air of mystery made it seem only more enticing. And no matter what it did, it had to be a step up from what lay ahead of me in the Negev. "Yeah. Sure," I replied.

I heard nothing further in the days after I got back to Beersheva. But at the end of the month, I was ordered to report to a small hut in an army base near Tel Aviv. It belonged to *Maka Esser*, the personnel department of military intelligence. I was greeted by two men in their late 20s. One of them, shorter even than me, introduced himself as Sami Nachmias. The other was tall and slim and said in a surprisingly quiet voice: "I'm Shmil Ben-Zvi." They were two names which I, like most Israeli teenagers at the time, knew well. Ben-Zvi



HOUSE_OVERSIGHT_011525

had been an officer in Arik Sharon's original Unit 101, and Nachmias was one of the earliest recruits to Company A. They shook my hand and motioned me into a Jeep. As we drove out of the base, they peppered me with questions about almost anything except the army: the kibbutz, school, sports. Then, Ben-Zvi pulled the Jeep to the side of the road, turned around to face me and asked: "Is it true you can pick locks?"

Yes, I said. "Do you want me to show you?" He said that wouldn't be necessary.

"Is it true you can navigate? Read maps?" Nachmias asked. I said yes.

They drove me back to the base in silence. "OK," Nachmias said. "You'll probably hear from us."

I didn't. But as basic training was winding down, I got a further order: to report to an address in Tzahala, a neighborhood in north Tel Aviv where a lot of military officers lived. It was a small house with a metal gate outside. I was met at the door by a man about 30 in shorts and a T-shirt who introduced himself as Avraham Arnan. He led me inside. He unfurled a map of Jerusalem and the surrounding hills. He pointed to a spot on the southwest of the city. He drew a wide, curving line through the hills to a second point. "You know how to read a map?" he asked. When I nodded, he said: "I want you to describe to me – just as if you were walking on this line – exactly what you see, as you make your way to the place I marked." I used the elevation lines on the map as a guide, and the positioning of the hills and woodland and villages on the map, and began describing how each stage would look. When I was finished, his only response was the hint of a smile. When he spoke, it wasn't about the map. It was, again, about picking locks. "How did you learn?" he asked. I explained how I'd cut into the locks, figured out how they worked and made a set of tools to open them. "Thank you," he said. "You can return to your unit."

Though he hadn't said so, I got a feeling this was the Sayeret Matkal equivalent of a final job interview. When I got back to Beersheva, I dug around as discreetly as possible for details about Avraham Arnan. I learned he had served in 1948 in the hills around Jerusalem, so he would have known first-hand the terrain he asked me to describe. That, I guessed, explained the half-smile. But I was entering my last week of *tironut*. I still had no idea whether I'd be spending the next couple of years inside an APC – or in a sayeret whose function was a mystery, beyond the fact it seemed less interested in whether my boots were shined than whether I could pick a lock.



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The day before the end of basic training, I was told to return to *Maka Esser*. A Jeep was waiting. A soldier was at the wheel. He mumbled hello and drove me to a sprawling military base about 15 minutes away, not too far from the international airport in Lod. It was built by the British in the Second World War for the RAF. After 1948, the main part had been converted into Israel's officer-training school. But at the far end, set back from a criss-cross of runways, was a pair of domed concrete shelters which had been used by the British for munitions storage. Five tents. Two field toilets. And a single-story brick structure with a tin roof. It contained offices for Avraham Arnan, a couple of other officers and a secretary, a kitchenette and a room for storing weapons. This was the home of Sayeret Matkal, although the first thing I was told was that no one, outside a handful of senior officers in military headquarters, knew we existed.

* * *

The heart and soul of Sayeret Matkal was Avraham Arnan. Even from my brief first encounter with him in his living room in Tzahala, I was struck by his physical presence, with almost movie-star looks and a face made even more intriguing by the fact he had different-colored eyes, one brown and one a piercing green. But what really set him apart, as I got to know him and come under his spell in the sayeret, was his playful, almost bohemian disregard for the normal strictures and structures, rules and regulations, of the armed forces. What mattered to him was what actually needed to get done, and how best to accomplish it despite all the bureaucratic obstacles, and he made me and his other teenage recruits feel we were equal partners with him in getting there.

Years later, he confided that if his life had not led him into the military, he would have probably chosen something in the arts or culture, maybe directing films. But he had volunteered for the Haganah at age 17, a year before the 1948 war. As the losses mounted in Jerusalem, he found himself in the Palmach's crack Harel Brigade, under the command of a future Israeli chief-of-staff, Dado Elazar.

His vision for Sayeret Matkal became Israel's answer to the dangers identified by Rotem. But it had its origins in his experiences in the years after 1948, when he joined a military intelligence group running a loose network of Arab agents across Israel's northern border. They provided occasional bits of



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information. But in talking with his wartime friends, he realized this kind of low-level intelligence could never address the *real* need for Israel: to ensure we had early warning if Syria or Lebanon, Jordan or Egypt, were preparing to go to war against us.

He began toying with the idea of training a small force of Israeli soldiers to go on cross-border intelligence missions. The initial response from the *kirya* – military headquarters in Tel Aviv – was so frustrating that anyone else would have given up. None of the generals saw any reason to believe his scheme would work. But the real obstacle was their continuing trauma over what had happened the last time Israeli soldiers crossed the border on an intelligence mission. It had happened in 1954, and it ended in a failure even more serious than Rotem. The target was the Golan Heights, inside Syria. The special technology unit attached to military intelligence had developed a bugging device designed to be placed on a telephone pole on the Golan. The task of installing it was given to the most decorated, and respected, commando unit in the army: Company A in Sharon's paratroop battalion, led by its commander, Meir Har-Zion.

On a spring night in 1954, Har-Zion led his team onto the Golan. They rigged the bugging unit to the telephone pole, buried the bulky transmitter and made their way back. And it worked. Israeli intelligence could listen in to military communications on the Heights. The hitch as that the batteries had to be replaced every few weeks. Several more times, Meir and his men sneaked back into Syria to keep the bug working. But as commander of Company A, Meir was a key part of Israel's anti-fedayeen operations. The last thing Moshe Dayan wanted to risk was seeing him captured while trying to replace a few batteries. So he shifted the task to a regular unit from the Golani Brigade.

In December 1954, a handover mission was organized. Three men from Company A, including one of Meir's sergeants, joined three from the Golani Brigade. But they didn't even hold a joint exercise before setting off. There was also a lack of clarity about who was in charge. Though the Golani commander was nominally the senior officer, only the Company A men had any first-hand experience of this kind of mission. A half-mile onto the Heights, they were intercepted by a Syrian soldiers. If this had been a Company A operation, the response would have been automatic. They would have wheeled, opened fire and attacked. But when the Syrians ordered the Golanis to drop their weapons, one of them did, and the Company A men followed suit. They were all taken to Damascus, held in solitary confinement, beaten and tortured.



HOUSE_OVERSIGHT_011528

One of the captured Golani soldiers was a 19-year-old named Uri Ilan, the son of a member of the Israeli Knesset whom Ben-Gurion and the whole of the government knew well. The soldiers' captivity dragged on until they were finally returned to Israel in March 1956. By then, however, Uri Ilan had hanged himself. He managed to hide a note into his uniform. It was found when the body was being prepared for burial. It read: *Lo bagadeti. Nekamah.* "I did not betray anything. Revenge."

Ever since the Uri Ilan mission, there had been a *de facto* ban on cross-border intelligence operations by Israeli soldiers. Ben-Gurion and his military commanders knew, of course, the importance of getting early warning of an enemy attack. But they decided the price of possible failure was simply too high.

Sayeret Matkal was born three years later. Avraham was still part of the unit running low-level agents in Syria and Lebanon, but his commander reluctantly agreed to allow him to set up his new intelligence group. His initial "headquarters" was a sparsely furnished Tel Aviv apartment. The first people he brought in were veterans of the Palmach's Arab Platoon, pre-state fighters who trained themselves to pass as Arabs and gather intelligence, or stage raids, behind enemy lines. Next, he invited friends who had served in Unit 101 and Company A. Finally, he enlisted a core of them to help train recruits to his new sayeret. He hoped the involvement of these commando veterans would also give the unit credibility inside the *kirya*. One of them, Micha Kapusta, had been part of 101, as had Itzhak Gibli, who had been a teenage Palmachnik in 1948. A third was another Company A officer named Aharon Eshel, known as Errol, in part for his undeniably Errol Flynn-like swagger, but also an acronym of his Hebrew name. But the crowing addition to the group had the distinction of having led the last *successful* Israeli bugging mission on the Golan, in addition to being the most respected commando in Israel, a man who Dayan would later call the country's greatest soldier. It was Meir Har-Zion himself.

* * *

I was part of the second group of recruits to Sayeret Matkal, in the early summer of 1960. The unit had been given its own base barely a year earlier. Bu it had yet to carry out a single mission, and there was no sign of that happening. Avraham couldn't be sure when, or if, the generals in the *kirya* might give him



HOUSE_OVERSIGHT_011529

the go-ahead. Still, he was convinced that if we could demonstrate a toughness, commitment and competence which offered an obvious addition to Israel's intelligence capability, even they would recognize the folly of not using it.

He made every one of us feel a part of making this possible. I was one of ten new recruits, bringing the size of the sayeret to twenty. We were almost all teenagers. In fact, the oldest of our officers was 21. Most of the men were Sephardi Jews. For a unit like ours, with the aim of undertaking secret missions in Arab countries, Avraham believed that a background in Arabic culture and language was an important asset. I was the sayeret's only lock-picker. But all of us had been recruited in the much same way that I was. It was how the top Palmach units had been formed, and the way Sharon assembled Unit 101: friends recommending friends, in my case, my old *yeled chutz* schoolmate from the kibbutz.

We trained in the whole range of commando skills. We used not only Uzis, but Soviet-made Kalashnikovs and Gurionov machine guns. We worked with detonators and explosives. We staged raids on Israeli airfields. We conducted exercises using rubber dinghies to practice attacking from the sea. But mostly we *walked*. For hundreds of miles, almost always at night the length and breadth of the country. We would study a map of each area, committing every town or village, hilltop or dry creek bed, to memory before we set off. I can still remember what Meir Har-Zion told us: to be truly prepared, you needed to spend "an hour for an hour" – an equal time mastering the lay of the land to the amount you'd need to carry out an operation. It was a gruelling regime – designed to push us to the very limits of endurance. On one series of exercises, we were limited to a single canteen of water as we trekked deep into the Negev Desert. It was gruelling, designed to push us to the very limits of endurance. I remember the first time Errol set eyes on me after I joined the unit. He turned to Avraham, laughed, and said: "Are we taking high school kids now?" But before long, I was a "high school kid" no longer.

Meir Har-Zion rarely took a direct part in our exercises. On his final Company A mission, a month before the 1956 war, he had been shot in his throat and arm. A medic saved his life by performing a tracheotomy. But his speech was affected, and he still had almost no use of his right arm. Errol, Micha Kapusta and Yitzhak Gibli were more actively involved with us. They were there not only to help train us, but to instill a commando *attitude*, a spirit of confidence bordering on bravado.



HOUSE_OVERSIGHT_011530

Kapusta was our guide on our punishing five-day treks through the Negev. Though Avraham would see us off at the start, he stayed back at the base. In a couple of the exercises, we relied on carrier pigeons to keep in touch with the base, until Kapusta began killing them for dinner. Once, on a searingly hot desert afternoon, hours from the nearest hospital, he spotted a poisonous snake. He used pieces of wood to pry its head up from the sand, grabbed its neck and strangled it.

We also studied some Arabic, though most of the Sephardi recruits already spoke the language. My tutor was a Cairo-born Jew named Amin. In part because he enjoyed mathematics and played the violin, we hit it off immediately. He was also deaf in one ear. Languages have never been my forte. Even in Hebrew, I have a slight lisp. That made mastering Arabic even harder. Still, Amin would frequently compliment me on my accent, at which point the others in the class would point out that I was lucky he was hard of hearing.

A year in, we were given a classroom briefing on what to do if we fell into enemy hands. The gist was to tell them only our name, rank and serial number. But we had a special session with Gibli, who told us about what captivity was really like. He had been shot and wounded during a retaliation operation in 1954 and was captured by the Jordanians. Until his release, he was kept in solitary confinement and tortured. The details of his imprisonment, the beatings and the cigarette burns, were lurid. Partly because we were developing a bit of commando self-confidence – but mostly to hide the discomfort of wondering how each of us would react to being in enemy hands – we heckled him over an account that seemed to get more heroic with each retelling. He wisely ignored us. He told us that survival would be down not just to physical strength. It required strength of mind, the kind of subtlety required to give your captors something to keep them at bay and to establish some form of human bond, to but withhold anything of genuine value.

A few weeks later, the whole sayeret held a four-day exercise in the Galilee. On the second night, at about four in the morning, we shook off our backpacks and settled in for a few hours' sleep. The first thing I heard was shouting in Arabic. I saw a guy hovering over me, his face covered. He handcuffed me, pulled a burlap sack over my head, yanked me to me feet and led me off. We were piled into the back of a truck. From the whispered comments around me, I assumed all twenty of us had been taken. We drove for nearly four hours. Twice, I got an slap across the face, more painful because of the burlap. I kept



HOUSE_OVERSIGHT_011531

telling myself this *had* to be part of our training. If it was for real, we'd have been more badly beaten, or killed. Still, I couldn't be completely sure.

The truck lurched to a stop. We were led into a building, down a hallway and into a large room. The walls were bare except for a series of iron rings. Our captors tore the sacks from our heads for a few moments, and tied our wrists to the manacles. For the first six or seven hours we were kept together, arms shackled and raised. Then they took us away one by one. I was the last to be led out. I was taken to a room so small there was not even space for a cot. It wasn't until the last shaft of light disappeared from the slit-like window near the top of wall that the first interrogator showed up. He unlocked the door, entered and unfolded a metal chair. He wanted answers: what unit was I from, what did our unit do, who were our commanders, what were our orders, and what was our designated role in the event of war.

I told him my name, rank and serial number. After each question, I repeated them, or shook my head in silence. "You *will* answer, sooner or later," he shouted in heavily Arabic-accented Hebrew, hitting me across the face. "All of you will." For four days and nights, other interrogators shouted out the same questions. I was slapped dozens of times. Punched in the stomach. One of the captors uncuffed me and bent my arm behind my back, wrenching it upward. Though I was determined not to cry out, I grunted in pain. Over and over, I told myself: "This is *not* for real. They can hurt me. But they have limits. They can twist my arm. They can hurt me. But there's no way they can *break* my arm."

I was not allowed to sleep. I was never left alone for more than a half-hour. If I was crouching on the stone floor, I would be yanked to my feet and punched or slapped. Twice a day, I was taken from my cell to a primitive toilet and given a minute to relieve myself. There were only two changes to the routine. On a few occasions, five or six of us were brought back into the large room and told we wouldn't be let go until we had given them *more* of what they wanted – the implication being that some of us had already talked. And once or twice, the interrogators sent in a good cop. "I can *help* you," he told me. "But you have to give me *something*."

But when it was over, none of us had talked. We didn't fool ourselves into thinking that meant we could hold up in genuine captivity. There, they *could* break your arm. They could burn your chest with cigarettes, rip out a fingernail or a tooth. They could kill you. The main value had been to give us some sense of what we might face. We might still be afraid, but at least it would no longer be fear of the unknown.



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Challenging though our training was, I found every bit of it enthralling and, with each new test passed, somehow empowering and exhilirating. This was all the more remarkable because we had still yet to carry out a single operation. If anyone other than Avraham had been in charge, I think the unit might have unraveled. The fact that it didn't was mostly due to of the *ethos* he created, the feeling that we were a special breed with a critically important common purpose, and that sooner or later we would be called on to do special things. When we were in uniform, it was camouflage dress. When we were on the base, we mostly wore sandals and shorts. We called each other by our first names, even the officers.

In its first few years, the sayeret sometimes felt less like an army unit than a college fraternity. Every spring, we organized a feast in a cavernous hangar on the edge of our compound. It was called *Chag ha Pri*, the Feast of the Fruit. For days ahead of the event, we would mount night raids on kibbutzim, "liberating" crates of every kind of fruit imaginable, and chicken and lamb if we got lucky. The only rule was that none of us would steal from our own kibbutzim. Among the guests at the Feast of the Fruit was an unsuspecting selection of senior officers whom Avraham knew. A few of them got into the spirit, like Dado Elazar, his Palmach commander from 1948. The Palmach had held similar foodfests, with delicacies grabbed from nearby kibbutzim. Dado was by this time commander of Israel's armored corps. Since our sayeret was always short of gasoline for our exercises, he would divert surplus supplies to us. But other guests were less impressed with the pyramids of oranges and avocados and mangoes and watermelons. I could almost hear a voice screaming inside them: these are *Israeli soldiers*. They're *stealing* this stuff.

* * *

It was not until the autumn of 1961, nearly eighteen months after I arrived, that it seemed we might actually be given a real mission. This was largely due to a change at the top of the military. For much of the 1950s, when Dayan was chief-of-staff, his right-hand-man was a Haganah veteran named Meir Amit. In 1961, the term of Dayan's successor as chief of staff, Haim Laskov, was coming to an end and Amit was in the mix to get the top job. He was already Head of Operations. In practical terms, that made him the number-two man in the armed forces. But the job went to Tzvi Tzur, Laskov's deputy. Amit decided to accept



HOUSE_OVERSIGHT_011533

the post of Head of Military Intelligence. He knew the importance of intelligence, and the potential cost of Israel being taken by surprise in a future war, having been part of the top military leadership during Rotem. He was energetic, bright, and exuded an infectious sense of self-confidence and authority. He also had clout at headquarters. If *he* decided the time had come to revive cross-border intelligence operations, there was every chance it would happen.

Still, it was an agonizingly slow process. By the time my period of military service was drawing to an end, it hadn't happened. I did not seriously think of leaving. Though my two years in Sayeret Matkal had been the most physically demanding of my life, they were also the most fulfilling. I did not want to forfeit the chance of being part of its finally becoming an operational unit. So I committed to at least a few more years in the military. I joined my closest friend among the recruits, Uri Zakay, for six months in officers' school as we waited, or hoped, for approval to actually use the skills and qualities we had acquired in the sayeret.

And in the summer of 1962, shortly after I returned to the unit from officers' school as a second-lieutenant, the green light finally came.



HOUSE_OVERSIGHT_011534

## Chapter Four

At first, it was only "approval in principle". It's impossible to overstate the trepidation with which Israel's military brass, and Ben-Gurion himself, approached the decision finally to send Sayeret Matkal into action. It was not just the fact that we were a unit uttterly untested in the field. The stakes in the mission we were contemplating were enormous. For the first time since Uri Ilan's deseperate act of suicide in a Damascus jail cell, Israeli soldiers would be crossing into Arab territory on an intelligence mission. Amid continuing tensions with the increasingly militant rulers of Egypt and Syria, there seemed little doubt that at some stage we would again have to fight to defend our security, perhaps even our existence as a state. The Rotem debacle had highlighted the danger of a surprise attack, potentially leaving us in a scramble to call up reserve units as Syrian or Egyptian tanks advanced on our borders. But the memory of Uri Ilan remained a haunting reminder of the risks of failure.

My role, again, came down partly to accident. The man initially chosen to lead the operation was someone I'd liked from my first days in the sayeret. Ya'akov Tal, known as Tubul, was a year older than me. He came from Tiberias in the north of Israel. As a teenager, he'd worked for extra pocket money alongside shepherds in the hills above the Sea of Galilee, picking up a near-fluent command of Arabic. He was self-confident without a trace of arrogance, with a natural talent for connecting with his soldiers. In my case, there was a further bond: a shared fascination with math and sciences.

But Tubul had applied to the leading technology institute in Israel, the Technion near Haifa. As he began training his four-man team to cross onto Syria's Golan Heights, he received word that he'd been accepted. The academic year wouldn't begin until September, and it had been assumed at first that the operation would happen before then. But even though Meir Amit was pressing the rest of the military brass for a final go-ahead, it still hadn't arrived by early August. Avraham decided he needed a fall-back plan. He called Tubul and me into his office. He said he wanted me to join the team's training as Tubul's deputy, and to be ready to step in as commander if that proved necessary. When we next heard from Amit, a week later, it became clear the mission would not happen in time for Tubul to lead it.

We would be setting out from the northeast corner of Israel, a patch of parkland near a kibbutz called Dan, only a mile or so from where Uri Ilan's group had begun its mission. This time, however, the target was more



HOUSE_OVERSIGHT_011535

ambitious. We intended to bug the communications line running east from Banias, the Syrians' base in the north of the Golan, toward Quneitra, their main headquarters. That meant taking a longer route, beginning with a climb onto a plateau about 200 feet high and crossing the Banias River toward the Syrian base.

We had nearly three weeks for our final preparations. After two years of sayeret training, I was confident that, physically, we would be up to the task. But even without the obvious jitters emanating from the *kirya*, I could not help but be aware of the possibility, and the cost, of failure. Every evening, I would stake out time to go through everything that might conceivably go wrong. Years later, when I went to do my graduate studies at Stanford, I was exposed to words of wisdom from a non-kibbutznik – Benjamin Franklin – which probably best summed up what drove my planning for the sayeret's first operation, and the others that would follow. "Failing to prepare," he wrote, "is to preparing for failure."

Running into Syrian soldiers was, of course, top of the list of potential pitfalls. But land mines were also a danger. I got a map of the area from military intelligence which, in theory at least, showed the location of mines all along the edge of the Golan. But it had been compiled over a period of nearly two decades on the basis of information from shepherds, smugglers and the occasional Arab agent. Whenever they reported seeing the telltale combination of fencing and yellow danger triangles, the place was marked. Once it was marked, no one in intelligence headquarters dared erase it. The result was that the map now showed an almost unbroken stretch of mines. And within the amount of time that we had to get ready, there was no way of knowing which of the minefields was still there.

The timing was chosen by the cycle of the moon. We wanted to cross into Syria in as near to total darkness as possible. That meant the final days of September. Unlike Tubul, who had been commanding the team from the moment they had joined the sayeret, I'd been working with them for only a couple of months. My deputy for the operation, Avi Telem, was also a newcomer. But he was smart, steady and he had served in the Golani Brigade, so he knew the terrain along the border.

Avraham could not hide his own nervousness as the operation drew nearer. A week before we were due to set off, he asked whether we were planning a further, full-scale exercise. When I said the final run-through was set for the following night, in the Negev, he told me he wanted Meir Har-Zion to attend.



HOUSE_OVERSIGHT_011536

During the exercise, Meir said nothing at all. I couldn't help wondering whether, despite our nearly daily exercises, and my nightly stock-taking, I'd somehow missed an obvious detail in our planning. When we got back to the sayeret base, Avraham was waiting for us. "Well?" he asked Meir. "They don't need me," he said. "They know what they're doing." It was not just a source of reassurance for me, but a huge relief for Avraham.

The team I'd inherited from Tubul included three gifted soldiers with different backgrounds, and different skills. Motti Nagar was born in Cairo. He was short but solidly built, smart, level-headed and almost always smiling. Kuti Sharabi grew up in a Yemeni family in an impoverished neighborhood in Tel Aviv. He had a self-deprecating sense of humor, a quick mind and sometimes even quicker tongue, but an extraordinary ability to focus on the task at hand. The third member was a kibbutznik. His name was Moshe Elimelech. We called him Moshiko. Utterly self-contained, a man who spoke only when absolutely necessary, he also brought two different qualities to the mission. One was going to be indispensable: an almost squirrel-like ability to climb trees. Or telephone poles. The other, of which I was a bit more leery, was a total, deeply irrational, absence of fear.

Though none of us needed a further reminder of the weight being attached to our mission, the night before we headed north, Avraham got a call from the chief-of- staff's office. Tzvi Tzur wanted to see me the next morning for a personal briefing. I tried to get Avraham to say no. I pointed out that if we didn't get going by ten o'clock at the latest, we'd risk throwing everything off schedule. But "no" was not an option. After some further back-and-forth, it was agreed that I would meet the commander of Israel's armed forces at nine the next morning at a gas station north of Tel Aviv and join him for the 20-minute drive along the coastal road to a speaking engagement he had in Netanya.

I saw Avraham again before I set off. "We are beginning an extremely critical 24 hours for our unit, the intelligence corps, in fact for the armed forces as a whole," he told me. "I don't know what might happen. No one does. Just remember two things. First, out there, in the field, *you* are the *ramatkal"* – the chief of staff. He told me that only I and my team could judge and respond to what we encountered once the operation started. "And second, this mission *has to be accomplished*."

I left see the real *ramatkal*. Before we began the drive to Netanya, he asked me to unfold the map I'd brought with me and talk him through, step by step, how we planned to get onto the Golan, plant the bugging device, and get back



HOUSE_OVERSIGHT_011537

again. The more I talked, however, the more I sensed that the details weren't what General Tzur really wanted to know. I think what he actually wanted to gauge was whether *I* felt confident. He wanted to reassure himself he wasn't taking any more than the obvious risks in sending us, in Uri Ilan's footsteps, back into Syria. Fortunately, he didn't ask whether I was sure we'd succeed. If he had, I would have said, yes, we were prepared. But there was no way we could be certain. Still, he must have got what he wanted. When we reached the edge of Netanya, he shook my hand, wished me luck and went on his way.

The rest of the team was waiting at the crossroads for me to join them. Two teams, in fact: mine, with whom I'd be crossing into Syria in less than 10 hours' time, and our hillutz, or back-up. A hillutz was always a part of sayeret operations. The back-up group would stay on the Israeli side of the border. If we got into trouble, they'd come in after us.

Even after my briefing for the chief of staff, we had one last stop to make on the way north. It was at the headquarters of the army's northern command. It was in a Tegart fortress, one of dozens built by the British around the country, with watchtowers on each corner of the outer walls. The northern commander was an equally forbidding figure. Avraham Yoffe had served in the British artillery in the Second World War and the Golani Brigade in 1948. He used to joke with other officers that while they looked like a bunch of kids, he was the only one with the true bearing of a general.

He must have been busy when we arrived, because we ended up hanging around in the courtyard for nearly 20 minutes. Just as I was beginning to worry that the timetable for what really mattered – our climb up onto the Golan – was being put at risk, I noticed that off to the side was a beautifully polished jeep. I assumed it belonged to General Yoffe, who was known to be an avid hunter and would later become the head of Israel's National Parks Authority. It had a padlocked metal grill on the back which held two jerrycans of gasoline. Yori Cohen, the commander of the back-up team, and I spotted the fuel containers at the same time. We couldn't help smiling. Yes, we were about to embark on an operation which, assuming we didn't fail, would finally give Israel real-time intelligence from across our border for the first time since the 1950s. But we were still Sayeret Matkal, still chronically short of gasoline for our field exercises. And I still hadn't forgotten how to pick a lock. As Yori stood guard, I broke into the grill and removed the jerrycans, one for each of us, and closed it again. Then, after briefing the general, we headed to our setting-off point. Yoffe himself left to join Avraham Arnan and Meir Amit's intelligence deputy,



HOUSE_OVERSIGHT_011538

Ahraleh Yariv, in the command post for our mission, atop a hill on the Israeli side of the northern border.

The sun set at around seven, but we waited for darkness. It was nearly eight when we set out. Twenty minutes later, we crossed the border. I led the way, with Motti Nagar, Moshiko, Kuti Sharabi and, finally, Avi Telem behind. We carried the bugging equipment and our tools in our backpacks. Avi and I had a pair of binoculars. Mine were bulkier, but offered a slightly better view in the darkness. Each of us had an Uzi and a pair of grenades. All our planning had been aimed at getting on to the Golan, installing the bug and getting out again. If all went well, no one would even know we'd been there. But we had practiced what to do if things went wrong. If challenged or ambushed by a Syrian patrol, we would operate by old Company A rules. We would open fire.

The climb onto the plateau wasn't too tough, not nearly as hard as our sayeret training treks. When we reached the top, there was no obvious sign of any Syrians. Still, we had to move slowly. Even with my binoculars, I could see barely 30 yards into the moonless night, and I had to scan the route ahead, back and forth, to make sure there were none of the fences or warning signs to keep the Syrians' own soldiers, or unsuspecting shepherds, from a minefield. Soon, however, we found an obviously well-used footpath which I figured was very likely to be safe.

When we had walked a few minutes, we found ourselves going through a tangle of bushes and reeds, some of them up to two feet high, still dry and crackly from the summer. Aside from the risk of tripping, I knew the noise we were making might attract attention. I told the rest of the team to hang back 20 yards behind me. I moved forward to make sure the route was clear before signaling them to follow. I had been slightly nervous on the climb up, not so much because I expected trouble but because there was no way of knowing *what* to expect. Much as I tried to put the concerns of the generals from my mind, I also knew that this was no ordinary mission. But almost immediately, the nerves had gone, and I was now focused only on getting us through the next minute, the next 20 or 30 yards of the Golan.

But as soon as we'd made it across the plateau, we ran into trouble. We needed to cross the Banias River. On our map, I'd picked out what looked to be a shallow ford. But the water was much higher than we expected. After spending 30 minutes scouting the bank for 150 yards in either direction, we settled on what seemed to be the shallowest part. Yet we hadn't anticipated the need to cross a river in full flow. Worse, we'd never trained to do it. Not had we



HOUSE_OVERSIGHT_011539

brought any special equipment. Unless we could figure out a way to cross – and quickly – we would be putting the timetable for the whole operation at risk.

The only remotely useful tool I could find was two 25-foot lengths of parachute wire. We spliced them together. I took the lead end and waded in. I sunk up to above my chest, but managed to get across. With Avi Telem on the other bank holding his end of the wire, the others used it to help them cross, so they stayed a bit drier. They also kept the intercept equipment dry. Finally, Avi followed. But both he and I were now soaking wet. We were also behind schedule. We had covered less than half of the three-mile route to the telephone pole. Even if we did manage to install the bugging device, the delay meant we might be spotted on our way back to Israel. We were under strict orders to turn back by 1:15 in the morning even if that meant not getting the intercept in place. And it was already past midnight.

We began climbing into the heart of the Heights, planning to go around the southern edge of the Syrian base at Banias. The vegetation was sparser but we still ran the risk of making noise from the stones and larger shards of rock as we weaved our way up. Within 10 minutes, I could see the vague outline of the army camp: several large buildings for several hundred Syrian troops, ringed by trenches with security outposts and a barbed-wire fence on the perimeter.

For a half-hour or so, we moved forward in a kind of rubber-band formation. I would advance as quietly as I could, listen for signs of Syrian troops, scan the area ahead with my binoculars and wave the others to follow. But as I prepared to move forward again, I suddenly felt a tug on my shoulder. It was Moshiko, and the very fact of his speaking was proof of his alarm. "Ehud,"we've got to go faster," he said. "We won't get there in time." I said I understood. But I told him to wait for the others to catch up and stay behind with them as I scouted the way ahead. Still, by the time the outer fence of the base came into view, the others had picked up their pace. They were only 15 feet behind me.

It was then I heard the sound of movement. I motioned the others down. At first, I thought it was a wild animal. But then I noticed, 20 feet in front of us and a bit off to our right on a slight rise, a group of three Syrian soldiers. They were lying on rocky scrubland 40 yards outside the fence. One was tossing and turning. Another was snoring. I maneuvered my Uzi into firing position just in case. We waited for a minute. Then two. But it seemed clear they really were sleeping.



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Then, from directly behind me, came another sound: the hiss of Avi's bulky two-way radio. I was worried we'd end up waking the Syrians. But just as I was figuring out how to make sure we got past them before that happened, Avi drew up beside me.

"Ehud," he whispered. "It's 1:15. The command post ordered us to turn back."

"Turn off the radio," I said, my hand on his elbow, reassuringly I hoped, as I led him and the others back a full 100 feet from the Syrians. We took a wider route around the camp. We moved much more quickly on the final mile to the road that led toward Quneitra. We were now well clear of the camp, and I felt it was unlikely we'd run into a patrol. I was also confident we'd have an easier return trip. I knew what had held us up on the way in: finding a path on the plateau clear of mines, figuring out how to cross the river, and the general unfamiliarity of the terrain. None of those applied now. I felt we could get the bugging job done and still be back before dawn. As we got nearer the road, Avi asked me a couple of more times whether he should turn the radio back on. "No," I kept telling him. "It's OK. I'll tell you when."

It was about two in the morning when we reached the road. We found a telephone pole set back on the edge of a field. Moshiko hoisted himself onto Kuti Sharabi's shoulders, clambered up the pole and installed the bugging device. The entire operation took him less than 10 minutes. We moved more quickly on the way back. By around 3:30, we had crossed the river. "You can turn on the radio now," I told Avi, who was obviously relieved. He handed it to me. Using our agreed code words, I reported our location, and added the phrase for "mission accomplished."

When we began our final descent, it was starting to get light. I assumed we were near enough to the border to make it unlikely we'd be shot at. Still, there was a danger we'd be spotted by a patrol, so I was relieved when we reached the mound of boulders, more than ten feet high, that served as a tank barrier outside Kibbutz Dan. When we stepped behind it, I saw that not only Avraham, but Meir Amit as well, were waiting. The Head of Military Intelligence said nothing. He didn't have to. He just shook my hand, beaming. Avraham grabbed each of us, one by one, in a bear hug.

Then, drawing me aside, Avraham said that I had only narrowly missed landing in deep trouble. I assumed my transgression was shutting off the radio and disobeying the order to return. That was just part of the problem, however.



HOUSE_OVERSIGHT_011541

Despite General Yoffe's angry protests in the command post, Avraham had told him what he'd told me back at the base: that once an operation like this was underway, only the commander on the spot could make life-or-death decisions. I was "the *ramatkal* in the field." But Yoffe had also discovered that his jerrycans of gasoline were missing. He insisted that if and when I returned safely from the Golan, I be handed over to the military police.

I don't know what I would have told the general if he'd asked me directly whether I broke into his jeep. But in the mix of celebration and relief that the Syrian operation had succeeded, I got away with what amounted to a plea-bargain. I promised both Meir Amit and Avraham – at least one of whom believed me – that it would not happen again.



HOUSE_OVERSIGHT_011542

Almost no one in Israel knew what we had done. But the next morning, a package arrived at the Sayeret Matkal base from one of the few people who did. We opened it in Avraham's office. It was a *nearly* full carton of champagne: real, French champagne, since it would be years before Israel's embryonic wine industry produced anything similar. Inside was a note from the chief of staff. "For the success of the operation," General Tzur had written. "Minus two bottles… to teach Ehud Brog not to shut off his field radio."

I assumed that his reprimand was tongue-in-cheek, for the same reason I'd escaped being locked up on General Yoffe's orders as a gasoline thief. Had we been captured on the Golan, the very future of the sayeret as an operational intelligence unit would have been put at risk. Tzur, and Ben-Gurion as well, would have faced a reopening of all the old wounds from the Uri Ilan mission. But not only had we managed to get in and out of Syria in one piece. We had taken at least a first step toward erasing the blind spot in our intelligence capabilities shown up so dramatically by Rotem. A few days later, I received a letter from the chief of staff informing me that I was to receive my first *tzalash*, or operational decoration, in recognition of "a mission which contributed to the security of the state of Israel."

My own feelings were more mixed. I was proud of what I, and my team, had accomplished. On a personal level, too, I felt I'd reached an important landmark on my unlikely journey from the winter morning when I'd arrived as physically frail, awkward kibbutz teenager at APC boot camp in the Negev; through my years of sayeret training under the strict, sometimes sardonic, but always supportive gaze of Israel's most storied commandos; to, now, having begun to make a real contribution to Avraham's vision of a new kind of Israeli military unit. But while Avraham, General Tzur and our other military and intelligence chiefs celebrated our mission, I felt not so much triumph as relief. I didn't kid myself: I knew that the operation could just as easily have gone wrong. In fact, it very nearly did, through errors or omissions I had made. I made that point, in general terms, when we joined Avraham and the rest of the sayeret in a formal debriefing. But that very night, just as I had in the days before we set off, I wrote down in detail some of the oversights I knew I'd have to correct if we were to succeed in further missions.

Why hadn't I chosen a route that took us further away from the Syrian base at Banias? How had I let us arrive so unprepared, untrained and unequipped for



HOUSE_OVERSIGHT_011543

crossing the swollen river? Why hadn't I taken the time to check the current several miles downriver inside Israel? And couldn't we have moved more quickly on the way in, even with the delay in crossing the river?

I was aware of, and grateful for, the confidence Avraham had shown in me. He had taken a chance in choosing me to lead the sayeret's first, critical operation. He must surely have had doubts about whether I could handle the task. Years later, I asked him about it. He told me that he'd been relying on intuition. Yes, he realized I'd had no experience of a real cross-border mission. But that was true of everyone else in the unit as well. He was convinced that the tools needed for success were self-confidence, attention to detail and an ability to think and act in response to what happened on the ground – all qualities which he was confident that I possessed.

Now that we had provided Israel access to communications in the north of the Golan, there was a demand for us to do the same in other parts of the Heights. I was involved in nearly all of the missions we were asked to undertake in the months that followed, either as commander of the main force or the hillutz. I was also soon training a new team of recruits for future operations. But perhaps the most important sign of Avraham's confidence was to involve me in early efforts to broaden Sayeret Matkal's experience and reach beyond pure intelligence missions – to create a true special forces unit that could fight as well.

Early in 1963, we hosted a visit to the unit by Colonel Albert Merglen, a veteran of France's colonial wars in Indochina and Algeria, and commander of the airborne commando force known as the 11th *Demi-brigade Parchutistes de Choc*. As the colonel looked on, I led a sayeret team on a live-fire raid in a training area not far from Lod Airport. We attacked a position protected by trenches and concrete barriers and stormed a two-story building. Eager to impress Mergelen, Avraham even insisted on our wearing French-style berets in place of helmets. I assume it was the attack more than the berets that did the trick. But a couple of months later, Merglen proposed a series of exchanges. The first would involve an officer from Sayeret Matkal officer spending eight weeks on a counter-guerrilla commanders' course in the parachutistes' training headquarters.

Avraham picked me to go. The French base was in a 17th-century fortress near Mont Louis, in the Pyrenees along the Spanish border. I'd never been outside Israel, at least legally. I had no passport. I didn't own a suit or a tie. But within days, I was kitted and fitted. I boarded an El Al flight to Paris and, on a



HOUSE_OVERSIGHT_011544

storm-tossed Caravelle, flew to Perpignan in southeastern France. There were eighteen "shock parachutists" on the course. I had just turned twenty-one. Not only were most of them at least a decade older. They were the epitome of toughness. The guy who taught us how to set booby-traps had parachuted behind German lines in the Second World War. All of the men had fought in Indochina and Algeria. One had operated behind Vietminh lines, surviving for a year-and-a-half on nuts, berries, tree bark and snakes. With the benefit of my sayeret training, I was at least their equal in fitness. I had also not spent years consuming prodigious amounts of alcohol and smoking *Gitanes*. But I'd never experienced anything nearly as demanding as some of the training we were put through.

With backpacks crammed with Alpine military gear and lead weights as well, we hiked on to the peaks overlooking the fortress. They were covered with snow and ice from about 6,500 feet upward. We trudged for hours, shifting to snowshoes with cleats for the ice. We were taught how to dig caves in the snow and to use ice axes to keep from tumbling down the steeper inclines. We scaled cliff faces, without safety cables or nets. Our training inside the fortress always included a break for lunch. Since the parachutistes de choc were, after all, French, it was a Paris-restaurant-standard meal with copious quantities of wine. I didn't drink at the time, but could hardly abstain altogether. The first exercise after lunch was pistol marksmanship. The instructors kept well clear when it was my turn.

Yet however impressed, even at times awestruck, I was by the toughness of the French commandos, and the obvious closeness they had built during combat, I began to sense a darker side in them as well. They didn't talk much. Even if they had, my few words of French would not have been much help in deciphering what made them tick. But every few nights, I would accompany them when they walked into the small village down the road for a movie, or a few drinks, and the locals would literally cross the street to avoid us. Later, I discovered that every one of my French comrades had been involved in the OAS, the far-right anti-De Gaulle opposition in the French army in the late 1950s. In Algeria, they had mounted free-lance attacks on the insurgents, and on civilians as well. Though Algeria had been granted independence the year before, these men were unreconciled to it. In fact, a few months after my time in Mont Louis, the *Demi-brigade* was dismantled, when several of its top officers were found to be involved in an assassination plot against President De Gaulle.



HOUSE_OVERSIGHT_011545

After my return in June 1963, Avraham asked me to share my experiences with the other sayeret officers. I began with the positives. I singled out the sense of self-confidence, allied with individual strength and teamwork, that the French commandos had developed from exposure to almost incredible extremes of danger. I believed that their success depended not on eliminating risk. We all knew that was impossible. It was about professionalism developed over a period of years by men who had served together in the toughest of circumstances. But I also mentioned their darker side, which seemed to me a reminder of the danger of the mis*application* of the very qualities which made them a formidable military force. "The ethos of a unit like theirs, and like ours, is essential to making us strong," I said. "But what I saw in France was an entire ecosystem that these guys had created, extremely patriotic in their own minds, reinforced by one another. But dangerous for society as a whole."

* * *

It would be nearly a decade before Sayeret Matkal became not just a military intelligence unit, but a fighting force, and I would turn out to have a central role in making that happen. But there was an almost equally daunting challenge we were called on to tackle first – a critical one, if Israel was going to be truly prepared in the case of a further war. For while our bugging missions on the Golan had reduced our vulnerability to a surprise attack in the north, the real challenge of Rotem had yet to be addressed. It was Egypt – with its hundreds of battle tanks, and hundreds of thousands of men under arms – that was by far our most powerful Arab enemy. President Nasser wasted no opportunity to flaunt his determination to fight, defeat and ultimately erase the state of Israel. But we still had no reliable, real-time intelligence on his forces.

Fixing that, if such an operation was even possible, would make our bugging operations on the Golan look like mere boy-scout missions. We could not simply walk into Egypt with our backpacks, find a telephone pole on one of the few roads crossing the vast expanse of desert, and attach a bugging device. The idea was to tap into the main military communications cable in the Sinai. That meant using a vastly more powerful, and far bulkier, intercept apparatus, weighing more than half a ton. Even getting it into Egypt would be a problem. We certainly couldn't carry it our backpacks, or tow it across the sand. Even if we figured a way to get it there, we would still have to dig up the Egyptian



HOUSE_OVERSIGHT_011546

cable, install the machinery, cover our tracks and get back into Israel again undetected. Even if we managed to avoid getting captured, without completely camouflaging what we'd done, the Egyptians would discover what we had done, almost certainly tipping off Syria as well to our bugging operations on the Golan Heights.

The difficulties with a Sinai operation weren't just theoretical. Almost a year before leading the first mission on the Golan, I'd actually been involved in preliminary planning, and fairly detailed training, for such a mission in the Sinai. We'd ended up abandoning the idea as obviously unworkable.

But Meir Amit, not just our unit's overall commander in the *kirya* but Chief of Operations during Rotem, recognized that getting intelligence access to Egypt was central to Israeli security. He was intent on reviving the plan to tap into Nasser's communications in the Sinai. So was Avraham Arnan. He enlisted the backing of an old friend, Uri Yarom, who was now commander of the Israeli Air Force and was eager to put our fleet of recently acquired Sikorsky S-58 helicopters to operational use. When Avraham called me in to tell me what he had in mind, he began by saying it would be "by far the greatest challenge we've contemplated" – typically disarming candor, but also a challenge which I'm pretty sure he knew would only increase my determination to at least try. The flight in would be difficult enough. Israel had never before tried such a heliborne mission. But he told me that wasn't my problem. "That will be Uri's job." The really testing part would be to carry out an mission, at night, deep inside Egypt, cover our tracks and get out again in one piece. "Still, I'm sure that we can succeed," he said. "And I want you and your team to do it."

Even now, more than half-a-century later, some of the details of how we planned to tap into the Egyptians' communications remain classified. But once I'd chosen my team of sayeret soldiers for the mission, we trained for nearly nine months. We drafted in geologists to identify areas of the Negev similar to the terrain we'd find in the Sinai. We developed a series of methods to prevent Egyptian soldiers or scouts from discovering that we'd been there – assuming, of course, we managed to get in, attach the intercept, and return safely. It was a relentless process of trial… and error.

One of the many reasons we'd abandoned the plan a couple of years earlier was that, in a nighttime exercise to see whether we could avoid detection by Israel's own crack desert scouts, we'd failed utterly. Now, after many weeks of training in the Negev, we did, finally, succeed – in a test running for four



HOUSE_OVERSIGHT_011547

straight nights which replicated, as nearly as we could, what we intended to do across the border in the Sinai. It was as if we'd never been there at all.

Yet there were the errors, setbacks and frustrations as well. Many months into our planning, we conducted a series of run-throughs in which we simulated attaching the intercept to Israel's telephone network in the south, not far from the camp where I'd done my *tironut*. Though it all seemed to go as planned, the next morning in rained heavily. Within hours, the phone company was getting reports from all around southern Israel of phones malfunctioning. Even allowing for the fact it rained less in the Sinai, we had to address the risk. I went to see the people in Meir Amit's technology unit, and they began developing a waterproofing system for the equipment.

The main problem with the equipment, however, was its sheer weight. The helicopter could get us, and it, into Egypt. But we couldn't fly directly to the cable site in the Sinai. We might just as well tell the Egyptians we were on our way. At around 1,100 pounds, it was much too heavy for us to carry. And if we were going to go ahead with the mission, time was running short. A date for the operation had been set by the *kirya*: February 1964. I was not alone in believing that, unless we cracked the problem of getting the equipment to the cable site, the operation was impossible.

The solution came from a staff officer in military intelligence. Meir Amit visited our base once a month to hear how the preparations were going. With the date getting closer, he brought along his entire staff. When I raised my concern about the weight problem, a colonel from his personnel section said: "Why not build a lightweight rickshaw, small enough to get in the door of the helicopter, but which can carry all or most of the equipment once you're on the ground?" Within days, they had a prototype, made of airline-standard tubing and designed to be pulled by two men. We held an exercise in the Negev. But it was almost impossible for two men to pull through the sand. It also left deep zig-zag imprints in the sand, which would surely raise the suspicions of the Egyptians.

But prototype number-two was a four-wheel, chrome alloy cart. The technology experts had made the axles telescopic, so the vehicle would get through the door of the chopper but could be expanded to the width of an Egyptian army Jeep. They had borrowed nose wheels from a training jet. To complete their oeuvre, they glued on real tire tread from one of the Egyptian Jeeps we had captured in the 1956 war.



HOUSE_OVERSIGHT_011548

We were as ready as we were ever going to be. We got the final go-ahead from in mid-February. Our backpacks were crammed full with the whole array of equipment we'd designed, commandeered or purchased for the mission – including a metal detector we got from a hobby shop in Pennsylvania. All the cargo except our personal gear, our weapons and our communications equipment was loaded onto the cart. A command post was set up in a few wooden huts on Mount Keren in the Negev, complete with special antennas to receive the intercept transmissions if we succeeded. Not since the first Golan operation had the attention of the *kirya* been so keen, or the stakes so high. In addition to Meir Amit, and of course Avraham, also flying down to Mount Keren would be General Tzur's successor as armed forces chief of staff – a gruff Palmach veteran whom I'd met very briefly at the end of my officer's course but who I would come to know well, and work closely with, in the years ahead: Yitzhak Rabin.

* * *

The helicopter lifted off at about six-thirty at night. Compared to special operations nowadays, the mission still had a somewhat improvised feel about it. Certainly, that was true of the equipment we were ferrying in, and the tools we'd devised to make sure we could get it installed and working. But the men in my team were soldiers I'd trained from the day they arrived in the sayeret. Achihud Madar was unfailingly surefooted, whether finding his way alone at night on unfamiliar ground or in a firefight inside a building. He also had natural dexterity. He and another of the soldiers who was also gifted with his hands, Nissim Jou'ari, would be performing the most technically delicate part of the operation on the cable. The third member was Oded Rabinovitch. Tall, thin and quiet, he was absolutely reliable in whatever part of an operation he was given to execute. And as my deputy commander, I'd chosen a sayeret officer named Kobi Meron, who'd been with me on a number of Golan missions. Over six feet tall, he was probably the strongest man in the unit, quick-thinking and utterly unflappable.

When we landed, we telescoped out the axles on the cart. The roar of the departing chopper was replaced by silence. Under the soft light of hundreds of stars, I led the way deeper into the desert. It took nearly an hour to reach the road leading to the cable site. Though traffic was light, I posted Oded and



HOUSE_OVERSIGHT_011549

Nissim as lookouts. Kobi and I began digging a trench. The top layer of sand was easy to remove. But then, just a few inches down, our shovels struck something hard. Maybe it was a sheet of rock. Maybe sand packed tight over the millennia. But it resisted all our attempts to break through.

We had to find a way to get far enough beneath the surface to install the equipment. I called back Oded and Nissim from lookout duty. All four of us attacked the subsoil with every tool in our backpacks that could conceivably help. It took nearly three hours in all. But we finally managed to carve out a trench that seemed as if it might just do the job. It wasn't as deep or as wide as we'd planned. But we were approaching a point where we would have to give up. We couldn't risk any more time digging, and still leave time to attach the intercept unit, cover our tracks and make the rendezvous with the helicopter to take us back into Israel.

Achihud and Nissim cramped themselves into the hole and got to work, like surgeons in an operating theater, silent except for the faint hum of the intercept equipment. Within a little less than an hour, they'd finished the main part of the work. During our training exercises, we'd factored in a fall-back plan, a way of ensuring we got the unit installed but without additional equipment to extend its battery life. Since we were still behind schedule, I was tempted to stop while we were ahead. But having come this far, and knowing the potential risks of a further mission to refresh the power unit and replace the batteries, I told them to keep going, and also to take the extra few minutes needed to make sure the equipment was functioning.

We had to be out of Egypt by first light, and we were now left with more than an hour's less time than we had reckoned on to make it back to the rendezvous point. There was another problem, too, which I at first sensed more than saw. A bank of fog was closing in. It had come in patches at first, but was getting denser. We had the same radio we had taken on to the Golan. We'd worked out codewords for each part of the operation but otherwise agreed to break silence only if absolutely necessary. Now, I had no choice. If the fog continued to thicken, it would block any chance of the helicopter getting in. I radioed the command post and said as calmly as I could: "The milk is coming." It wasn't elegant. But "milk" was our codeword for fog. The chopper would now try to bring us out within 30 minutes.

Moving more quickly now that the cart was nearly empty, we made our way eastward. As conditions worsened, I radioed again with a short series of numbers: directions for a new pickup point. Even that seemed like it might not



HOUSE_OVERSIGHT_011550

work. The fog now enveloped us completely. I brought the team to a stop. I stayed with the cart while the other four outlined a landing area with kerosene flares in the hope that the pilot would see us. It was another five minutes when we heard the thump of chopper blades. Though we couldn't see more than a few feet, I suddenly saw the outline of the landing gear and then the underbelly. But the helicopter did not seem in control. It was drifting towards where I was standing with the cart. It was just seconds away from hitting me when its nose wrenched upward. It landed with a judder a dozen yards away. Later, I learned the navigator had realized the craft was drifting and, just before impact, shouted a warning to the pilot.

We piled in, secured the cart and took off. Within a minute, the murky blanket of fog was below us. As we swooped back into Israel, I could see the first pink of sunrise. By the time we touched down at Tel Nof air force base, southeast of Tel Aviv, the command post in the Negev was receiving the first intercepts.

A few days later, one of the sayeret soldiers gave me a first-hand insight into the mood in the command post in the final stages of the operation. Avsha Horan's role had been to act as security guard for the top brass in Mount Keren. He occasionally took a peek inside. He described to me the atmosphere when I radioed my "milk is coming" message: solemn faces, hushed conversations between Avraham and Meir Amit. And off to the side, the recently elevated chief-of-staff, Rabin, chain-smoking and biting his nails. Finally, the audible sighs of relief when the pilot radioed in with his final message from the chopper: "Out of the fog. Heading home."

* * *

With the rest of the team, I was invited to see Yitzhak Rabin ten days later. We were being given a further tzalash. This was the first time I'd met him since leaving officers' school two years earlier, when, with a few terse words, the then-deputy chief of staff congratulated me and several other cadets who graduated with top honors. I had felt a bit overwhelmed in his presence. Now, I was struck by how shy he seemed. He greeted each of us with a tentative handshake, and seemed uncomfortable in making eye contact. Yet once he began asking me about the Sinai operation itself, it was as if he was transformed. He was hungry for every detail, anxious to know the way we'd had



HOUSE_OVERSIGHT_011551

to adapt on the ground. And obviously pleased that we'd found a way to make the operation work.

The Sinai mission marked a transition not just for me, but for others in Sayeret Matkal as well. Avraham Aranan finally left the unit he'd imagined, created and built. He became the head of the technology unit in military intelligence. His deputy, Dovik Tamari, succeeded him, serving the first in what would become two-year stints for each of his successors as the sayeret's commander. I, too, was given a wider role. Though I was still just a young lieutenant, and too junior for the job, Dovik made me his *de facto* deputy, with responsibility for operational oversight of our missions. I returned to the Sinai a year later, not in that capacity but because of my on-the-ground experience, to accompany a sayeret team which installed an intercept on a second Egyptian communications cable.

Though the tzalash was gratifying, what gave me more satisfaction, and pride, was the importance of the Sinai operations themselves. I was confident that if we *did* have to go to war again, the equipment we installed, along with the bugs on the Golan, would give us an essential edge. But in truth, I didn't actually believe there would be another war. Sure, the threat was still there. Egypt, in particular, still seemed determined to find a way to hobble, and if possible eliminate, Israel. But especially since the 1956 war, the *fedayeen* attacks, and cross-border skirmishes, had been subsiding. Not long after the second Sinai intercept mission, I was chatting with other officers on the sayeret base and remember turning to one of them and saying I was sure that by the time I was married and had a teenage child, we'd be able to take a skiing holiday in Lebanon. We didn't have peace yet. That might take time. But I felt that things were getting more normal.

I began thinking what that would mean not just for Sayeret Matkal or Israel, but for my own future. By the autumn of 1964, I'd reached a decision: to end my active service in the unit that had been central to my life since leaving the kibbutz. Dovik did persuade me to delay, for nearly a year. But at the end of the summer of 1965, I left Sayeret Matkal. In fact, I left the army altogether. I went to study mathematics and physics at Hebrew University in Jerusalem. I would remain involved in the sayeret as a reservist. But I couldn't see devoting my adult life to military service in a country which, fortunately, seemed on a trajectory toward peace. I had spent five years in an extraordinary unit. It had been more fascinating and fulfilling than I could have dreamed of when I'd



HOUSE_OVERSIGHT_011552

finished my tironut. Now I looked forward to pursuing a different path with equal eagerness and energy.

There was also something else which colored my thinking. For the first time in my life, I had fallen in love.



HOUSE_OVERSIGHT_011553

## Chapter Six

The French have an expression for love at first sight: coup de foudre. A thunderbolt. That was how it felt when I'd set eyes on nineteen-year-old Nili Sonkin in mid-February 1963.

It was my first visit to the kirya in Tel Aviv. I'd been told to report to the administrative section, to register my formal change of status from a mere draftee to a staff officer, something I'd managed to overlook amid the demands of our first sayeret operations on the Golan. Since I didn't know which office to go to, I asked a girl sitting at a desk near the entrance. She looked up with a wide smile. When she directed me to the second floor, it wasn't just her voice that struck me: multi-timbered, almost like a musical composition. It was her eyes. Bright, radiant, green. Full of playful, unapologetic self-confidence.

In the weeks that followed, I invented a series of excuses to return to the kirya. I introduced myself to her, with as much composure as I could muster, and on each further visit chatted to her a bit more. I told her about growing up in Mishmar Hasharon, about math and music, about Israel, and how, as a soldier in the past few years, I'd walked almost every inch of the land – in short, about everything except our still-secret sayeret and our nighttime forays across the border. She, too, opened up about her home and her family and her friends. Though there was another girl I'd been going out with – the younger sister of my old kibbutz co-conspirator, Moshe – she was more a friend than a girlfriend. I'd never before felt anything like the connection I sensed with Nili, nor anything like the race in my heartbeat as I set out to see her.

I also found myself gripped by an unexpected, and unfamiliar, lack of self-assurance. I was now 22, three years older than Nili. I had the inbred confidence of a kibbutznik, the quiet sense of specialness which, at least for another decade or so, would give the children of the kibbutzim a disproportionate place in Israel's government and army, media and the arts. The same confidence which had convinced me as a raw recruit back in boot camp that I could lead a supply convoy to the edge of the Sinai. Since then, I'd begun to make a mark in Sayeret Matkal as well, leading its first clandestine operation and receiving a citation from the chief-of-staff. Yet with Nili, I couldn't help feeling unmoored, totally out of my depth. She was part of a different Israel. She was a *Tel Avivit*, born and raised in the largest and brashest city in our young state, a place which was everything the kibbutz was not. She had graduated from Alliance, a high school



HOUSE_OVERSIGHT_011554

in north Tel Aviv set up with French backing and an accent on French language and culture. Unlike the girls on the kibbutz – proud of their plain, utilitarian clothes and sensible shoes – she wore make-up and perfume and, when she was out of uniform, bright print dresses. She never tried to make me feel out of place. Still, it was sometimes hard not to wonder whether she saw me as a country bumpkin – a nice, interesting, bright county bumpkin, perhaps, but still an interloper or a curiosity in her world.

It wasn't until April, the day before I was due to leave for the French commando fortress in Mont Louis, that I plucked up the courage to ask her out. I needn't have worried. She smiled. In fact, she proposed that since I was about to leave the country, she should be the one doing the asking. She invited me to dinner that evening at the apartment she shared with her parents and younger sister, about a half-mile from the *kirya,* a few blocks back from the Mediterranean. Dinner was less awkward than I feared, but I still felt nervous, until the dishes were cleared and Nili and I went out to chat on the apartment balcony and, just before I left, to share a first kiss.

We wrote each other almost every day while I was away in France. Once I got back, we met whenever I wasn't preparing for a sayeret operation. This was the first girl I'd known whom I could talk to, and listen to, on almost any subject with a feeling that it was natural and somehow meant to be. But in the second half of 1963, I was working almost non-stop on preparing for a sayeret operation. I still saw Nili when I could, sometimes at her apartment, but also occasionally going out to a movie, a meal or a concert in Tel Aviv. Yet what I most wanted was an acknowledgment that we were not just dating: a commitment that we intended the relationship to last. I didn't say this to Nili. Years later, she would say this was down to pride. In fact, I was afraid she would say no. And in the periods when we were apart, I couldn't help asking myself why she hadn't raised the question of a deeper commitment.

Even more frustrating, by the time I entered Hebrew University in September 1965, our relationship was again being conducted by mail. After her military service, she took a two-year posting at our embassy in Paris. I could understand the attraction, not just because of her taste for all things French. She was working with the Mossad to help Moroccan Jews skirt an official emigration ban and get to Israel. Still, it meant that charting our future together, if we had one, was going to have to wait.



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The intellectual experience at university everything I hoped. The challenge was finding a way to juggle my studies with my military reserve duty. In other units, most reservists could schedule their one month per year when classes weren't in session. To be of use to Sayeret Matkal, I'd have to report when I was most needed, and four weeks was unlikely to be enough. Near the end of my first term, from late 1965 into the new year, I was called to participate in our latest mission into the Sinai. The next winter, and through early 1967, I was called up for another mission and was away for nearly two months.

That operation was prompted by the fact the Egyptians had begun laying a new communications cable, parallel to the one where we'd put our intercepts.

With the diggers getting closer to where I'd led the first Sinai mission, the *kirya* was worried that they might unearth the apparatus we'd installed. In theory, at least, we'd planned for that. The bugging unit which we buried included a booby-trap explosive device. Still, nearly four years on, we couldn't be absolutely sure it would work. So the decision was taken to send the sayeret back on a further night crossing into the Sinai, defuse the explosives, and bring the whole thing back to Israel. Since I was the one who'd installed it, I was given the job of removing it.

The officer in overall command of the mission was Nechemia Cohen. He was a good friend, and one of the finest officers in the unit. Before I left for university, I'd mentored him so that he could take over my role as the effective number-two officer in the sayeret, in charge of all our core operational activities. He, too, was now about to leave, though not to for university. He was becoming deputy commander of a paratroop company, under another former Sayeret Matkal, named Yechiel Amsalem.

I was meant to defuse the booby-trap remotely: with a 12-foot-long metal tool designed by the technology unit. I was fairly confident I'd manage. But when Chief-of-Staff Rabin heard about the operation, he summoned me, along with Eliezer Gonn, the scientist working with us on the plan to defuse the booby-trap. Rabin was with a half-dozen other officers when we arrived. Gonn had brought along a mock-up of the explosive device, which he proceeded to place on Rabin's office table. But as I took out the extension tool and started to explain how I was going to defuse the device, Rabin turned to Gonn and asked: "Could it blow up spontaneously?"



HOUSE_OVERSIGHT_011556

"Yes, it could," he said.

"What?" Rabin barked.

Gonn replied matter-of-factly: "It is a physical device. It obeys the laws of physics. When, for instance, there's a thunderstorm in Turkey, a flash of lightning could discharge at precisely the frequency needed, or one of its lower harmonies, with enough energy to activate the fuse in the detonator."

I was far junior to everyone else in the room. But as a physics student, I was probably the only one who could fully follow the argument he was making. Looking at Rabin's expression, it was clear that he was about to cancel the operation on the spot. "Excuse me, sir," I said. "Could I ask Doctor Gonn another question?"

I pointed at an unopened bottle of orange soda on Rabin's desk. "Tell me," I asked the physicist, "is it possible that the fluid in that bottle is spontaneously leaking through the glass even as I'm speaking?"

"Sure," Gonn said. "It might take years before even a fraction of a centimeter of the soda goes missing. But glass is like a 'frozen' liquid, and liquid water, or the molecules, are seeping into, and through, the more viscous 'liquid' of the glass. It's just physics."

Rabin looked at me, then at Gonn. But he had clearly got the message. "The operation is confirmed," he said, in the deep, gravelly voice I would become much more familiar with in the years ahead. "Good luck."

The device didn't explode, but I couldn't defuse it either. I did manage to get the remote metal tool locked on the bolt on the booby trap. But it wouldn't budge – even when I waved back Nechamia and the others and took out an ordinary wrench. Though this was the first of my sayeret missions that ended in failure, that wasn't what worried me as we boarded our helicopter back into Israel a couple of hours before dawn. It was the real possibility that the Egyptians would inadvertently discover that we'd been intercepting their communications. Dovik Tamari, as sayeret commander, was especially upset. This was one of the last operations during his period in command of the unit. He was about to hand over to a veteran paratroop officer, Uzi Yairi.

Yet our aborted Sinai mission turned out not to matter. What saved our eavesdropping network was the very thing which I was confident would not happen when I left for university: another Arab-Israeli war.



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Tension began building in the north in the spring of 1967, initially set off by Syrian efforts to divert water from the upper reaches of the Jordan River, an important water source for Israel was well. In a series of exchanges, Syrian troops on the Golan fired on Israeli tractors in the demilitarized zone below, and began shelling our argicultural settlements in the Galilee, while we responded with tank fire and then air power, scrambling our jets and shooting down six Syrian MiG-21s.

The first indication that we might be headed toward war came as I returned to university for the spring term, and trouble began brewing in the south. Ben-Gurion had by now retired as prime minister. His successor was the undeniably thoughtful, if far less charismatic, Levi Eshkol. During Israel's Independence Day parade on May 15, he received word that Egypt had moved thousands of troops into the Sinai, nearer to the border with Israel. Then, with the Soviets warned Nasser of what they said were Israeli plans for a preemptive strike against Syria, he went further expelling the United Nations force put in place after the 1956 war. On May 23, he closed the Straits of Tiran, Israel's trading gateway to the Red Sea and the source of virtually all our oil imports.

I was told to report to Sayeret Matkal the following day, as part of the first group of reservists called up. When I reached the base, Uzi Yairi, who was now in charge of the unit, organized us into four teams. He put me in command of one of them. We were told to prepare ourselves to helicopter into the Sinai, attack a series of Egyptian air bases and put the runways out of commission. My team's target was the base at Gebel Libni, not far from where I'd placed, and recently failed to defuse, our first intelligence intercept.

With each passing day, war looked more likely, and there was no confidence we would win without a costly struggle. In 1948, Arab attacks had killed about 170 people in Tel Aviv. Now, word got out that a park in the center of the city had been set aside to allow for the burial of as many as 5,000. With Israel's military commanders pressing Eshkol to take the initiative and launch a preemptive strike, he delivered a radio address at the end of May, intended to reassure the country the situation was under control. But due to last-minute, handwritten changes to his typescript, he faltered while reading it. He sounded



HOUSE_OVERSIGHT_011558

anything but under control. Within days, he bowed to political pressure and brought back Moshe Dayan, now a member of the Knesset, as Defense Minister.

I still vividly remember a visitor to the sayeret the day after Eshkol's address. Colonel Eli Zeira was head of the "collection department" of the intelligence corps, the rough equivalent of America's National Security Agency. Formally, Sayeret Matkal was part of his department. He called together all the officers. He said that there had so far been three periods in the Zionist project. The first was from the early settlements in Palestine at the end of the 19th century until the establishment of Israel in 1948. The second, from 1948 until the 1956 War. The third from 1956 until now. Then he said: "There will soon be a war. Three Arab countries will take part. Within a week, we will defeat all of them. And a new chapter in the history of Zionism will begin."

The Six-Day War began on June 5, 1967. As Eli Zeira so confidently predicted, not just Egypt and Syria, but Jordan, too, joined forces against us. And it was indeed all over within a week. The final outcome – Israel's victory – was sealed by noon on the first day, with wave after wave of pre-emptive bombing sorties destroying the entire air force of all three Arab countries. But the fighting which followed was brutal in places: especially around Jerusalem, but also in the south at the outset of the war, and later on the Golan Heights.

The first effect back in Israel of our air force attacks was to make our sayeret helicopter missions into the Sinai suddenly superfluous. In fact, it left the entire unit at loose ends – especially veterans or reservists like me who had been part of our nearly decade-long development into Israel's sole, dedicated cross-border infiltration force. At this point, we were still just an intelligence unit, not an elite commando force like Britain's SAS, Avraham Aranan's ultimate vision for the sayeret. The aim of our bugging missions into Syria and Egypt was *not* to fight. It was to get in and get out, unseen and undetected. But we were not only equipped to fight if necessary. From the unit's earliest days under the sway of Meir Har-Zion, Kapusta and Gibli and Errol and the other grizzled vets from Unit 101 and Company A, we had been steeped in the spirit of commandos. Our training was the most rigorous in the Israeli armed forces, involving not just a punishing endurance régime but learning to assemble and disassemble, fire and detonate, everything from handguns to machine guns, makeshift explosives to grenades and landmines.

The frustration we felt on the first morning of the war was not because we were itching to fight, for the hell of it. One hallmark of the sayeret's ethos, especially once the unit did start to evolve into a full-fledged commando unit,



HOUSE_OVERSIGHT_011559

was always the principle of targeted force, the idea that we would take out targets, or defeat enemies, out of *military necessity*. But even on the first day of the war, it was clear that it would be by far the most consequential conflict in our country's history. There was no mission for Sayeret Matkal, nor, it seemed, any prospect of our playing any significant part.

The fact that my own role was slightly less peripheral was due to Avraham Arnan. He phoned me almost as soon as we'd got news of the Israeli air victory, and told me he had been told to take a few men from the sayeret across the southern border. Our assignment was to complete our failed attempt to defuse the booby-trap on the intercept in the Sinai. I quickly drafted in two others from the unit. One was Danny Michaelson, a friend from Hebrew University, where we had been lab partners. The other was Rafi Friedman, our paramedic, who had been with me on several of our missions on the Golan.

Avraham arrived at the base around noon. I got a Jeep and we set off. We crossed into Egypt around four o'clock in the afternoon and headed for the field headquarters of Israel Tal. Known as Talik, he was the commander of Israel's armored corps, and Avraham knew him well. His wartime division consisted of the country's premier tank unit, the Seventh Armored Brigade, and a reserve brigade. We accompanied them the next day to an abandoned Egyptian camp not far from El Arish, in the northern Sinai. At least, we'd assumed it was abandoned. As Talik and Avraham were talking in his command post, we heard a sudden burst of gunfire, which seemed to come from just a few dozen yards outside. As everyone inside the command post looked around, Avraham turned to me and said: "Ehud, don't you think we ought to deal with it?" Then, to Talik: "Make sure none of your guys shoots him."

I got Danny and Rafi. We made our way toward an underground bunker, which seemed the most likely source of the gunfire. Hugging the wall as I led the way down a series of concrete steps, I clicked off the safety on my Uzi just in case. But with the main Egyptian forces in obvious retreat, I figured that whoever was doing the shooting would have to be shellshocked, or insanely brave, to put up a fight. There were eight men crouched inside, soldiers and several staff officers cradling Kalashnikovs, and an Egyptian army general. In what was obviously at least serviceable Arabic, I told them all to raise their hands. I made a brief attempt to interrogate the general, but quickly reached the limits of my linguistic proficiency. So we marched them away and handed them over to Talik's intelligence officers.



HOUSE_OVERSIGHT_011560

This interlude instantly conferred on us the desert equivalent of street cred. The next morning, Talik agreed we could accompany the Seventh Brigade as it moved deeper into the Sinai, and peel off when we got closer to Gebel Libni to complete our "sayeret mission." Given the early course of the fighting, and our forces' rapid advances in the Sinai, I couldn't help wondering whether there was any real need to defuse, much less remove, the bugging machinery. But the very fact that the *kirya*, in the early hours of the war, had still wanted us to try was a reflection of the deep sense of apprehension in Israel in the weeks before the war. Even now, it appeared, there was a concern that the Egyptians might reclaim the parts of the Sinai which we had captured.

When the armored column got close to Gebel Libni, I pulled our Jeep aside and headed for the stretch of communications cable where we'd planted the intercept. For several hours, I tried to accomplish in broad daylight what I'd failed to do in the desert darkness four months earlier. But it was no use. I finally told Avraham we'd be better off just blowing it up. I attached an explosive charge and set a two-minute delay. We watched from a couple of hundred yards away as the whole assembly disintegrated. Then we rejoined the Seventh Brigade.

Before sunset on the third day of the war, we reached the Egyptian air base at Bir Gafgafa in the heart of the Sinai. Even had the war ended then, we would have been in control of a large chunk of the desert buffer zone which Ben-Gurion had hoped to retain after the 1956 war. But now, more quickly than even the most optimistic planners in the *kirya* could have anticipated, Talik was poised to move on – toward the Suez Canal, and the main towns and cities of Egypt. As the Seventh Brigade billeted down in Bir Gafgafa, Talik sent his reserve brigade westward, in the direction of the canal.

We went with them. The battalion was more mobile than a pure tank force, but also more vulnerable: lightly armored French AMX-13s and a collection of the halftracks which I dimly, unfondly, remembered from my *tironut*. A few of the AMXs led the way, then a line of halftracks, and more tanks at the rear. I nosed our Jeep into the middle, behind the battalion commander, a lieutenant-colonel named Ze'ev Eitan. There were scattered groups of Egyptian soldiers on either side of us, and they aimed an occasional burst of fire in our direction. But there seemed little point in shooting back. We didn't need to fight, and it was clear that the Egyptians didn't really want to.

Shortly before dark, Lieutenant-Colonel Eitan brought our column to halt. The road we were on cut through tall sandunes on either side. We knew there



HOUSE_OVERSIGHT_011561

were still Egyptian soldiers around us, though I doubt any of us expected trouble. Still, there were well-established rules for setting up a defensible position when an armored force halts for the night. As Eitan briefed his officers, I stood a few feet off to the side and listened. Suddenly, the commander of his AMX company interrupted. "Sir," he said, "why are we staying here – right on the main road? There are Egyptians still out there. Behind us, for sure. And any force ahead of us will run straight into us. Why not a few hundred yards off to the side, in a place that gives us a view of any enemy movement, or allows us to ambush an approaching force?" I could see that he was right. I expected Eitan to agree and alter the arrangements. But he didn't. I think that, having ordered his men to encamp on the road 20 minutes earlier, he was reluctant to get his tanks and halftracks moving again. No doubt, some of the exhausted crews were already asleep.

I parked our Jeep a few yards off the road. We organized a series of watches: Avraham, then Rafi and Danny, with me taking the pre-dawn stretch. A few hours later, Rafi nudged me awake. "I heard something," he said, pointing west toward the Suez Canal. "It was faint. But I think so." I told him to keep listening. For a while, everything seemed fine. Then, Danny woke me up. He said he was sure he heard a faint tremor, as if from tanks or APCs. I put my ear to the ground. I heard it too. I told him to go to Eitan's command halftrack, insist he be woken up, and tell him. When he got back, Danny said: "I told him."

"And?"

"Don't know," he replied. "He said I could go." I tried to grab a bit more sleep before my watch. But barely 15 minutes later, Danny jostled me awake again. "I'm *sure* now," he said. "Whatever it is, it's closer." I went off to find Eitan. But before I got there, a column of Egyptian T-55 tanks suddenly appeared on the road, 50 yards from the front of our column. I'm sure they were every bit as surprised as we were to be face-to-face with enemy armor. But they knew what to do. They opened fire.

Had we been deployed a few hundred yards off the road, we'd have seen them coming. If the battalion commander had acted on Danny's warning, we'd have had an extra 20 minutes to prepare. But the shells jolted our crews awake. Within 30 seconds, they were returning fire. But our tanks barely dented the heavily armored T- 55s. Nearly every one of theirs seemed to score a direct hit. Within minutes, a number of our halftracks, and one of our tanks, were in flames.



HOUSE_OVERSIGHT_011562

Now that we were in a fight –the single fiercest battle in Israel's advance across the Sinai – Lieutenant-Colonel Eitan reacted swiftly. Standing tall amid the shellfire and the flames, he radioed for supporting fire, only to be told that none of our artillery batteries was within range. Realizing we couldn't penetrate the front armor of the Egyptian tanks, he ordered a platoon from the rear to leave the road and fire on the Egyptians' from their flank. When one T-55 was hit and started to burn, he ordered the rest of us to collect the dead and wounded and retreat toward Bir Gafgafa.

As we pulled back, we encountered a company of Centurion tanks from the Seventh Brigade, sent in to relieve us. We pulled off the road to let them pass. The battle ended up raging for another hour. By the time it was over, the Egyptian tank unit was nearly destroyed. But almost two dozen of Eitan's reservists had been killed. A few days later, I learned that the commander of the Centurions had also been killed. His name was Shamai Kaplan. Though I didn't know him personally, he was married to one of my kibbutz "sisters" from Mishmar Hasharon.

* * *

The pace of the war, its intensity, and the transformative capture of territory across our 1948 borders had accelerated dramatically since we'd joined the reserve battalion's ill-fated advance toward the canal. Back at Bir Gafgafa, we learned that Israeli troops had broken through in fierce fighting with the Jordanians and taken the whole of east Jerusalem, including the Old City and the site of the remains of the ancient temple. The news sent a shiver down my spine. I was still only 25, a kibbutznik raised on the assertively secular creed of Gordinian Zionism. But I was old enough to remember the war of 1948, the bitter struggle for the ancient city in which Judaism had been born, the packages of food we had sent to try to help break the siege there, and the division of Jerusalem at the end of the war, leaving us with only its newer, western half. And while I may not have read the Torah in the same way as a religiously observant Jew, the meaning of Jerusalem was no less powerful for me. It was part of our people's history, of who we were, where we'd come from and how we had ended up in the place where I'd been born, where I'd grown up, and which I'd spent the early part of my adult life defending. This was no less true of the biblical sites of Judaea and Samaria – the West Bank of the Jordan river.



HOUSE_OVERSIGHT_011563

Places like Bet El, Shiloh, or Hebron. They represented the historic wellspring not just of the state we'd created, but of Jewish civilization, our heritage, our moral and ethical foundation. As I drove back to Tel Aviv with Avraham and the others on the morning of fourth day of the war, we heard Israeli ground forces were consolidating their hold there as well.

After dropping Avraham at the kirya, we drove back to the sayeret base, but it was nearly empty. The main fighting was now with Syrian armored units on the Golan Heights, and most of the men in the unit had gone north in the hope of joining what seemed likely to be the final stage of the war. Although the precise outcome was not yet clear, there was a dawning certainty, almost surreal, that

Israel was gaining control of all the areas across our 1948 borders from which the Arab states around us had shelled Israeli farming settlements, or facilitated fedayeen attacks and ambushes against our citizens – the very border areas where I'd led intelligence operations in Sayeret Matkal.

I, too, drove north. Not far from Kibbutz Dan, the staging point for our first Golan operation, I linked up with a group of other sayeret reservists. Israeli tanks had already broken the main resistance of the Syrians, but fighting was continuing in a few parts of the Golan. In the western corner of the Heights which bordered Lebanon, several villages still lay beyond the Israeli advance. We got an order to see if we could take them. It took barely an hour, against no more resistance than I'd met in "capturing" the Egyptians in the Sinai bunker. By the time we had made our way back across the Golan to the now-abandoned Syrian headquarters in Quneitra, it was sunset. The war was drawing to a close.

I gave my Jeep to a couple of paratroopers and hot-wired a more comfortable mode of transport back home: a big, black Mercedes which had obviously belonged to a senior Syrian officer. If only because of the license plates, I avoided the main road back into Israel. I found a dirt track running between Syrian positions on the southern edge of the Golan and descended toward the fruit groves of Kibbutz Ha'on, near the Sea of Galilee. I then headed for Givataim in north Tel Aviv, to a place I knew well. It was the home of Menachem Digli. He had been Avraham Arnan's deputy in the sayeret when I left for my stint in officers' school. Before I returned to the unit, he had a motorcycle accident, badly damaging his leg. He'd been temporarily reassigned to a post in intelligence. I figured a Syrian Mercedes would make a nice gift. Not wanting to wake him, I left it in front of his house. Sadly, he never got to use it. The next day a couple of military policemen knocked on his door and



HOUSE_OVERSIGHT_011564

asked what he knew about the car outside. "Nothing," he said. "It's not mine." They took it away.

As insistently as I, and others in Sayeret Matkal, had wanted to play our part on the battlefields of the Six-Day War – in the Sinai, on the Golan, in the bitter battle to capture Jerusalem, or amid the olive-green hills and valleys of the West Bank – we had to accept that, at most, we'd been freelance support troops. Or mere spectators. But while it would be many years before this was openly acknowedlged, we did play an important part in the outcome. Because Dayan had been called back as Defense Minister only days before the war, he had wisely decided not to alter the plan for the preemptive air strikes. But he did adjust our ground advance. Just as with Eshkol's knowledge of the initial Egyptian advance in the Sinai before the war, Dayan's judgements were informed by detailed, real-time intelligence on where enemy tanks and troops were located, what they were doing, and what how and when they were planning to advance.

As speculation mounted after the war about how Israel seemed to know so much the Arab forces, Meir Amit's successor as Head of Military Intelligence, Ahrahle Yariv, even engaged in some misdirection. He was anxious to avoid jeopardizing future sayeret bugging operations. In a speech on how the war had been won, he included a reference to a "high-ranking spy" in the Egyptian army who, he implied, had leaked critical information. The "spy" was the series of intercepts we'd attached to the Egyptians' main military communications network in the Sinai, and to the telephone poles on the Golan Heights.

On a deeply personal level, too, the war left its mark on Sayeret Matkal. Though the fighting had been brief, people *did* die. Thousands of Egyptians, Syrians and Jordanians. And about 650 Israelis. Some of were not just people we knew. They included close friends. Nechemia Cohen, the officer I'd joined in our failed attempt to defuse the booby-trap in the Sinai before the war, entered Gaza on the first day in his new role as deputy commander of Amsalem's paratroop unit. Amsalem was killed early on, so Nechemia took command. He was shot and killed fifteen minutes later. To this day, he and I share the distinction of being the most decorated soldiers in Israel's history. Had he lived, I have no doubt that it is an honor he would have held alone.

This was the first close friend from the unit we'd lost. We did not mourn him openly. For young soldiers of my generation, especially but not only those raised with the additional kibbutz ethos of stolid self-control, there was an embedded sense that such individual displays of emotion were an indulgence, and luxury



HOUSE_OVERSIGHT_011565

even, which the country we were building could not afford. In the early years of the state, the model Israel mother or father were those who stood silent and strong as a soldier's coffin was lowered into the ground.

Nechemia's death hurt, of course. I was friends not just with him, but his older brother, Eliezer. Known by his army nickname, Cheetah, he was in charge of the air force's main helicopter squadron. He had flown both me and Nechemia on sayeret missions into the Sinai. Several days after the war was over, before returning to university, I drove up to Jerusalem to see his family. Cheetah was at the door when I arrived. Neither of us spoke. But as we embraced, I could feel my eyes dampen, and there were tears in his eyes as well.

"Our squadron was the one that got the call to bring out the casualties," he said. "They ordered the pilot who brought out Nechemia not to tell me he was dead… until the war was over."

"He was a wonderful man," I said. "There was no one better."

* * *

When I returned to Hebrew University, the country felt completely different. It was not just the sudden realization that, in military terms, Israel had eliminated any realistic threat to its existence, important though that was. The more profound change was physical. The country in which I'd grown up was a place which felt not just small, but pinched, especially in its "narrow waist" near Mishmar Hasharon. Pre-1967 Israel was about three-quarters the size of the state of New Hampshire. Now, within the space of less than a week, the territory Israel controlled had more than tripled. It included the whole Sinai Desert, up to the edge of the Suez Canal. The entire Golan. The ancient lands of Judaea and Samaria: the West Bank. And the reunited capital city of Jerusalem.

Suddenly, we had a sense that we could *breathe*. Wander, explore. Few of my classmates were religiously observant. But none of us could help feel the sense of connection as we walked through the Old City of Jerusalem, or parts of the West Bank whose place-names resonated from the Bible. I felt especially moved when I first visited the Old City with my friends, stopping and chatting and buying things at the colorful market stalls. And, religious or not, when I stood in front of the surviving Western Wall of the ancient Jewish temple.



HOUSE_OVERSIGHT_011566

The personal interactions we had with Palestinians in the weeks after the war were without obvious tension, much less hostility. They were often friendly. Looking back, I'm sure that was one reason – along with simple human nature, a desire to enjoy Israel's new sense of both security and size – that none of us was inclined to look too deeply, or too far ahead, and contemplate the implications for our country's future. I was aware, of course, that the politeness we exchanged with the Palestinians of Jerusalem or the West Bank were superficial: a few words across a market stall or a restaurant counter. I did not pretend to myself that our Arab neighbors were now suddenly inclined to be our friends.

But I did feel that, having come face-to-face with our overwhelming military supremacy, the Arab states would, over time, grant Israel simple acceptance. From there, I believed that we could begin the process of building genuine, lasting, human relationships and, eventually, peace.

There was a brief period after the war when Eshkol cautioned his ministers about the implications of holding on to the vast new area we had conquered. The government formally agreed to treat most of it, with the exception of Jerusalem, as a "deposit" to be traded for the opening of peace talks. Yet within weeks, the emphasis in the Israeli political debate shifted to which parts we would keep: the Sinai and the Golan almost certainly, as well as the Jordan Valley and a number of areas of past Jewish settlement on the West Bank. The drift away from any serious talk of trading land for peace was accelerated by the Arab states' response to the war. Perhaps that, too, was simply a matter of human nature, a reluctance on their part to accept defeat. But they appeared no more ready than before to contemplate peace. Throughout the summer, there were clashes along our new "border" with Egypt: the Suez Canal. In September, all the Arab states adopted a platform which became known as the "three no's". They rejected not just the idea of peace, but peace talks, or recognition of the State of Israel. And in October, Egyptian missile boats attacked and sunk Israel's largest warship, the destroyer Eilat, killing nearly 50 people on board.

Without this renewed violence, perhaps, we in Israel might have been able to consider more deeply the future implications of our victory in the Six-Day War. The gains on the battlefield, of course, were clear to everyone. We were no longer a small, constricted country beset by a sense of vulnerability. We were not only much bigger, but also stronger than the combined armies of the Arab states. Still, very few people asked themselves at the time what *kind* of Israel this implied. We failed to grasp the potential complications in holding on to all



HOUSE_OVERSIGHT_011567

the land, and of controlling the daily lives, however benignly, of the hundreds of thousands of Arabs who lived there. Nor, crucially, did we ponder the limitations of military strength, alone, in addressing these questions. We – and I, too, at the time – were too caught up in a sense of post-war relief, celebration and, as the months of ostensible normalcy in this new Israel, complacency as well.

But within only a few years, we would face a dramatically different series of challenges. First, a campaign of Palestinian terror. Then, another full-scale war, which began with a surprise attack by Arab armies which we had assumed would not dare to fight us again.



HOUSE_OVERSIGHT_011568

## Chapter Seven

If you'd visited Tel Aviv in July 1967, you would have sensed a new spirit of confidence, not cockiness exactly, but a sort of spring in the collective step. This was not just due to the Six-Day War. It was because the city, if not yet the rest of the country, had shed the economic austerity of Israel's first two decades and was beginning to experience at least some of the consumer comforts which Western Europe, or America, took for granted. But we were still a decade away from the first shopping malls, or the upscale cafés and restaurants which nowadays give places like Dizengoff Street, a few blocks back from the seafront, the feel of London or Paris on a summer's day. Television had been introduced only a year before the war. C*olor* TV was still nearly a decade away. I can't say I was surprised to learn, when the archives were opened a few years ago, that a committee of moral arbiters in our Ministry of Education vetoed plans for the Beatles to perform in the city. "No intrinsic artistic value," they pronounced. "And their concerts provoke mass hysteria."

Even in Tel Aviv, and certainly the rest of Israel, a kind of cultural austerity still prevailed, an emphasis on modesty and self-restraint. It was a legacy of 1948, a reflection of the years of shared sacrifice, physical labor, and the life-and-death struggles which I, like most Israelis at the time, had experienced within our own lifetimes. That may help explain why I can remember no one remarking on an aspect of my character which, once I rose to public prominence, would attract attention, frequent comment, and sometimes criticism as well: the fact that I seemed so *self-contained*, reluctant to engage emotionally with people beyond a circle of close friends or confidants. My lack of smalltalk, and the kind of gladhanding and schmoozing that are the currency of political life. At the time of the 1967 war, I was not yet a public figure. Yet to the extent those around me would have taken note – family, university classmates, sayeret comrades, or officers in the *kirya* – my slight emotional aloofness, my focus on simply getting things done, and the way I internalized setbacks, even tragedies like the death of Nechemia Cohen, was not exceptional. It was, in many ways, simply Israeli.

Yet as Israel, Israeli society and my place in them changed, it would be suggested to me more than once – not always kindly, when it was from critics or rivals – that I had a "touch of Aspbergers" in me, a reference to those on the more benign reaches of the autism spectrum with a special facility for math,



HOUSE_OVERSIGHT_011569

abstract ideas, the theoretical sciences and, often, music as well. I would always smile in response, suggesting that such diagnoses were probably best left to the professionals. I couldn't pretend, however, that emotional engagement with new acquaintances, even with people I knew and liked but were not close friends, was something that came naturally. And it is also true that from my first experience of the world of numbers as a child on the kibbutz, and as I tackled ever more elaborate pieces on the piano, I did become aware of what might be called the upside of "a touch of Aspergers" – if that, indeed, is what it is. I was conscious of the ease with which my brain translated the complexities into pictures in my mind. And the joy, at times, with which it allowed me to play around with, and develop, what I saw.

By the summer of 1967, I had experienced that feeling again, in my first real encounter with theoretical physics at Hebrew University. After the Six-Day War, I began seriously contemplating a future as a research scientist, or perhaps eventually a professor of physics. Two months after the war, I enrolled in a summer program at the Weizmann Institute, Israel's preeminent postgraduate research facility. Surrounded by some of the country's, even the world's, leading scientists, and by post-doctoral students determined to follow in their footsteps, was intellectually enthralling. But it turned out to have another effect on me as well. As I thought more and more about the prospect of joining their fraternity once I'd completed my undergraduate degree, I also heard them describe the way in which pure science sometimes got submerged in simple routine, or, more discouragingly, in the politics and positioning and backbiting of the academic world.

I think what finally changed my mind, however, was a feeling, nurtured on the kibbutz but solidified by that many nights I'd spent leading sayeret operations across our borders, that I would find my true purpose in life trying to make some special contribution to the future course of Israel. I did not for a moment contemplate politics at that point. Instead, I thought of going back into the military. I realized that in order to make a significant mark, if indeed I could, would require me to serve in the regular army, not just an extraordinary unit like Sayeret Matkal. But I did hope that, at some stage, I'd be given the opportunity to finish my time in the sayeret as its commander, carrying on Avraham's vision and, ideally, building and expanding on it as well. At least if that part proved possible, I felt that, by comparison, a career in academia would be somehow blinkered, and surely less fulfilling personally. My sayeret experience had also taught me something else as well: that protecting Israel's security was not just a matter of muscle, or firepower, indispensible though they



HOUSE_OVERSIGHT_011570

sometime were. It called for mental application, an ability to assess risks, to find answers under enormous pressure when, inevitably, things went wrong. It required not just brawn, but brains.

A week before I began my final year at Hebrew University, I went to see Eli Zeira, the senior intelligence officer who'd so brashly predicted the course of the Six-Day War, in hopes of sounding out my prospects of picking up my military career where I'd left off. Despite a yawning gap in rank and age – Eli was nearly fifteen years older – I felt I could be open with him. Not only did I know him from Sayeret Matkal, which came under his purview in the *kirya.* He was a scientist *manqué* and was eager, as soon as I arrived in his office, to hear about my physics studies. When I did manage to turn the conversation to the army, I told him I was thinking of returning after I graduated. Yet before finally deciding, I wanted his honest opinion about my chances, at some point, of being given command of the sayeret. He began with a series of caveats. The choice of future leaders of the sayeret was not be his to make. When the current commander, Uzi Yairi, ended his term in roughly 18 months' time, I'd still be too young to have a realistic chance. "Maybe even next time around," he said. And in any case, I would first need to get some experience in the regular army. "But then," he concluded, "my opinion is that you have a very good chance of becoming commander of the unit." That was more than enough. I figured that whether it actually happened would now ultimately be down to me.

My last year at university was the closest thing I would have to a normal student existence. I was called away only once. But it was for a battle which would turn out to have a lasting impact on the course of our conflict with the Arabs, and on the prospects of eventually finding a way to make peace. It was Israel's largest military action since the war, across our new *de facto* border with Jordan. And it was directed at a new enemy: a fledgling army of Palestinian fedayeen, called Fatah. It was led by a man that I, like almost all Israelis, had never heard of at the time: Yasir Arafat. Born in Egypt, as a 19-year-old he had fought against the establishment of Israel in the 1948 war. Although Fatah had nominally existed for nearly a decade, it was only now emerging as a political force, in large part because of the Arab armies' humiliating defeat in the Six-Day War. A Palestinian political leadership already existed, in the shape of the Palestine Liberation Ogranization. But it was based in Cairo. Its chairman was, for all practical purposes, an adjunct of President Nasser's leadership role in the Arab world. Though Arafat had not yet explicitly challenged this state of affairs, his, and Fatah's, rise after the war carried a powerful, message for the existing Arab presidents and prime ministers: their brash promises of victory before the



HOUSE_OVERSIGHT_011571

1967 war had turned out to be hollow words. It was time for a new generation, and a new, more direct, form of confrontation with the "Zionist enemy."

Arafat had set up camp with nearly a thousand men just across the Jordan River, in a town called Karameh. From early 1968, they had been launching hit-and-run raids, not just on the West Bank but into the Negev. Eshkol's cabinet was initially divided on whether to attack his base in Jordan, in both an act of retaliation and a signal to King Hussein that if his army didn't rein in Arafat's men, Israel would take whatever action necessary. But the decisive moment came on the eighteenth of March. A school bus near Eilat, in the far south of Israel, hit a Fatah landmine, killing the driver and a teacher, and injuring 10 of the children.

I was called up the night before the Israeli attack, as part of a small Sayeret Matkal contingent which was supposed to play a support role. An enormous pincer operation was mounted around the Fatah camp and Karameh itself: including a full infantry brigade, the Seventh Armored Brigade and the paratroopers' sayeret. But the resistance they met, both from Fatah and Jordanian troops, was much fiercer than expected. One of the paratroop commandos, Mookie Betzer, who would go on to join Sayeret Matkal, told me how they landed by helicopter and immediately came under a hail of AK-47 fire. Within minutes, several of his men had been killed. Mookie was wounded. The tanks of the Seventh Brigade advanced from the south. Battling the Jordanian army, they took losses as well. Amnon Lipkin, who would also later become a friend and colleague, in both the army and Israeli politics, was in command of a unit of lightly armored French tanks called AMLs. They, too, were hopelessly outgunned.

Our sayeret assignment was to block the southern entrance to Karameh as the Israeli armored force advanced. But we got bogged down in mud as we made our way from the Jordan River. By the time we arrived, hundreds of Arafat's men had already fled the area. Arafat, too, had escaped, on the back of a motorcycle.

By the time the fighting was over, some two hundred Fatah fighters had been killed. But nearly 30 Israeli soldiers lost their lives as well, and more than twice that number were wounded. Politically, the outcome was even murkier. Most of Israel was still basking in our victory in the Six-Day War. Now, we had deployed many of the same units, only to fight to what looked like a costly draw. Arafat and Fatah could claim – and soon did – that they had stood and fought, and inflicted losses on the victors of 1967.



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In retrospect, given all the interruptions, I'm a little surprised that I managed to get through my university studies. My classmates helped. They were incredibly generous in going through with me what I'd missed, and sharing their notes, whenever I returned for an extended stint of reserve duty. I've seen interviews with university friends saying I was one of the top students in our class. But that is more generous than true. It would be fairer to say I was a good student.Working hard in the final year, I did finish in the upper quarter of the class, and several of my math and science professors strongly urged me to go on to graduate school.

But my mind was made up on returning to the army. And as I balanced my studies with plans for the future during my final months, I still hadn't given up hope that Nili would be there with me. When she returned from Paris, we had started seeing each other again. Whenever I could, I would take the bus down to Tel Aviv and spend the weekend with her. Everything I'd loved about her since that first meeting in the *kirya*, everything I valued in our relationship, was still there. Yet so, too, were the doubts: whether she was ready to commit herself to sharing our lives together; and whether a kibbutznik like me could ever truly fit in to her *Tel Avivi* world. Shortly before Karameh, she'd invited me to a Friday-night party with a group of her friends. It was the first time she was including me, as part of a couple, in her social circle. But almost from the moment we got there, I felt out of place. For her, it was just another party, one of dozens she must have been to since she was a teenager. But I immediately felt out of place. I didn't drink. I couldn't dance. I couldn't help feeling like a wallflower, or an alien presence.

Now, I decided there was no point in waiting and wondering. I borrowed a Jeep from an army friend, with the idea that Nili and I could spend three or four days together, driving south from Jerusalem into the Negev and the Judean desert: to be alone, to talk, to see whether we actually had a future. I wrote her a note, took the bus to Tel Aviv while she was at work, and dropped it through the letterbox. "I am going on this trip, into the desert," it said. "I'd love it if you could come with me. I think it's important for us."

I never heard back. I felt crushed, though I tried hard to tell myself it was better to know where we stood. Years later, she told me the envelope had ended



HOUSE_OVERSIGHT_011573

up under a pile of mail. She hadn't seen it until a week afterwards. She said that of course she would have come with me. She felt angry with herself, and with me too, for not simply having phoned. But since I didn't contact her in the weeks that followed, she figured this was just another one of our times apart. Or "stupid pride". A few months later, I heard she was engaged to be married, to a young man she'd known since their high school days at the Alliance.

I had first met Nava Cohen, the woman I would go on to marry, the previous year. It was through another Cohen, though they were not related: Nechemia, my sayeret friend who was killed in the 1967 war. He invited me to Tel Aviv for a party in the spring, on the Jewish holiday of Purim, and introduced us. Nava was just nineteen, five years younger than me. I was struck not just by the fact she was attractive, but by her poise, warm-heartedness, and her obvious intelligence. But she had her boyfriend with her, and I still saw myself and Nili as life partners. Now, she was beginning her studies at Hebrew University as well, and, in a way, it was again Nechemia

Cohen who brought us together. Since his death, those of us who knew him from the sayeret had been looking for a fitting way to remember and to honor him. We finally decided to set up a living memorial in his name: a Moadon Sayarim, a center to train young people from all over Jerusalem in scouting and navigation. We spent six months getting it up and running, and Nava pitched in with the work.

It wasn't until a few months after I heard of Nili's engagement that I finally asked her on a date. We were in the university library, which had a space where you could listen to tapes through headphones. I would go to hear classical music. Nava was studying English literature, and I'd sometimes see her there, engrossed in recordings of Shakespeare with the text of Hamlet or Macbeth in front of her. Since I wasn't shackled by the need to follow the alacks and alasses, I read the newspaper as the music washed over me. I turned to the movie section. I circled three films, drew a question mark in the margin and passed it to her. She looked puzzled for a second. Then she smiled and put a checkmark next to one of them.

While we came from different backgrounds, the gap was narrower than it had been with Nili. Her parental home was in Tiberias. Her parents were from old Sephardi families, with a centuries-long history in Palestine, and were also solid Ben-Gurion Labor supporters. Her father had fought in the British army in the Second World War. He now ran the branch of Bank Leumi in Tiberias. Her mother ran a shop in what was then the city's best hotel, the Ginton.



HOUSE_OVERSIGHT_011574

We were married there, in the spring of 1969. My parents and brothers came with two busloads of friends from the kibbutz. Avraham Arnan was there, of course. But Ahraleh Yariv and Eli Zeira, two of the military intelligence heroes of the Six-Day War, also drove up for the wedding, which touched both Nava and me, not to mention her family and our guests. Years later, as I rose higher in the ranks of the military, I would sometimes be invited to weddings by officers under my command. Remembering how much we appreciated Ahraleh's and Eli Zeira's gesture. I always said yes.

* * *

It was only weeks after our wedding that I formally returned to Sayeret Matkal. Both Nava and I were aware of the additional pressures my military commitments might place on our family life. But she understood why I'd chosen to go back, and was supportive. As for me, I was, if anything, more certain that I'd made the right decision. Israel was clearly facing a whole new set of challenges to its security. Given the decisiveness, and speed, of our victory in 1967, there seemed no immediate danger of Egypt's risking another full-scale war. In Israel, where Golda Meir had become Prime Minister after Eshkol's death from a heart attack, there was also little appetite for returning to the battlefield. Yet the post-war skirmishes with the Egyptians along the Suez Canal had escalated into far more than that: what would become known as the War of Attrition. Nor could there be any doubt, after Karameh, that Fatah's influence, militancy and determination would only grow, not least because even more radical factions within the PLO were ready to step into the breach if Arafat faltered. Israel needed to find an answer for all these threats.

Uzi Yairi's term as Sayeret Matkal commander had by now ended, but his successor was someone I knew well. Menachem Digli was the officer on whom I'd bestowed my stolen Syrian Mercedes at the end of the war. His leg was now recovered from the motorcycle accident, and I returned to the sayeret at his deputy. He delegated full responsibility to me for operational issues. I believed that the new kind of challenges we were confronting, particularly the prospect of intensified attacks from the new generation of Palestinian *fedayeen*, meant that the sayeret would sooner or later have to broaden its reach, moving beyond the kind of intelligence operations we'd done before the 1967 war to become the SAS-like special forces unit Avraham ultimately envisaged. But that was not



HOUSE_OVERSIGHT_011575

going to happen soon, if only because the intelligence missions now required were going to be a lot tougher. Israel now had control of the entire Sinai and the Golan. To tap into enemy communications, we would have to push deeper inside Egypt and Syria.

Soon after my return, we began planning the sayeret's most ambitious mission so far: targeting the main communications system between Suez City, at the southern end of the canal, and Egyptian military headquarters in Cairo. We were obviously going to have to go in by helicopter. But we faced not just the risk of being spotted on the way in. The buildup of Egyptian forces along the canal now included Soviet-made anti-aircraft missile batteries. We might easily get shot down.

The mission struck the generals in the kirya as so risky as to border on the insane. But I was confident that we could make it work. I began talking to the few senior air force officers who seemed more receptive, as well as to officers in the helicopter units. Not only had I flown into the Sinai on earlier missions. I now also had a physics degree. Together, we developed a plan – using the desert terrain, and drawing on the helicopters' maneuverability – to calculate a flight route that could avoid detection by Egyptian radar. As an extra fail-sale, I proposed using three helicopters, and three sayeret teams. Two would fly slightly higher, with the express aim of getting spotted, but still evading missile fire. They would land far away from the real target of the operation. The main team, with me in command, would also stage a pair of diversionary attacks: planting explosives on a high-voltage electricity cable, and on the main oil pipeline from Suez City to Cairo.

Still, for many weeks, the answer from the *kirya* was no. The man who had succeeded Rabin as chief-of-staff after the war, Chaim Bar-Lev, dismissed it as "a plan built on chicken legs." In the end, what got us the green light was a further escalation, on both sides, in the War of Attrition. In January 1970, Israeli warplanes began a series of deep-penetration bombing raids, for the first time striking targets dozens of miles, in some case hundreds of miles, back from the canal. The Israeli bombing campaign reduced the chance we'd get shot down and provided cover for our operation.

Our helicopters took off after sunset, nearly skimming the water and peeling off in separate directions on the far shore. The other two aircraft headed 120 miles to the south. I led the main team of ten men. We set down a few miles south of the road from Suez City to Cairo. We unloaded a pair of Jeeps, drove off, and within an hour had placed our time-delay explosives on the electricity



HOUSE_OVERSIGHT_011576

tower and the pipeline. But when we reached the site of the underground communications cable, the mission literally ran into the ground. We dug for more than two hours, but still hadn't found the cable, and our mail-order metal detector stubbornly refused to chirp out any sign of it.

Just when I'd decided to call the helicopter back in to get us, it finally peeped a faint signal. I still wasn't convinced, but as we manipulated it back and forth, it got louder. Still, my instinct was to abort. We'd placed the explosives on the electricity tower and the pipeline. That would at least divert attention from our real mission, which meant we could return in a few months and have another attempt. After all, the part of the operation that had been causing the most concern in the *kirya* – our ability to get deep inside Egypt undetected – had succeeded. We were nearly three hours behind schedule. Unless we worked a lot more quickly than planned, by the time we installed the communications intercept and covered our tracks, it would be daybreak.

Digli and several other sayeret officers were following the mission from their command post in the Sinai, part of the intelligence base our military engineers had built after the war into a 2,400-feet-high mountain called Gebel Um-Hashiba, 20 miles back from the Suez Canal. When I radioed in to tell him I'd decided to abandon the operation, I could hear the surprise in his voice, and what seemed reluctance as well. "If that's your judgement…" he said. But before I could reply that, yes, I felt withdrawal was the wisest course, I heard him speaking to someone whose voice I also recognized: Avsha Horan. He was the soldier on guard duty in the command post for our first intercept operation in the Sinai, the one who'd told me of how Rabin was chain-smoking and biting his nails when it appeared we might be in trouble. Now, he was a sayeret officer. Digli came back on the radio. "We can see more from here," he said. Then, pausing, he added: "Avsha says he thinks you can still do it."

I had grown to respect Avsha's judgement. And while Digli hadn't explained what "more" they saw from the command post, I assumed that, since they were also following the other helicopter teams further south, they were concerned that the Egyptians had figured out at least that Israeli units were involved. Both he and I knew that it ultimately had to be my call. Whatever happened, I'd be responsible. Yet I realized that discussing it further would change nothing, and time was now what mattered most. "We'll do it," I told him, and signed off.

We'd planned for the cable work to take something like five hours, which I knew we couldn't afford. With all of us pitching in, sweat drenching our "Egyptian" uniforms, we managed to finish in slightly less than four. But we



HOUSE_OVERSIGHT_011577

were still behind schedule. Dawn was 25 minutes away. I radioed the helicopter pilot with a new pickup point, closer to where we'd installed the equipment though still far enough, I hoped, to avoid giving away what we'd done. Still, we barely made it. The sun was rising as the chopper began weaving among the dunes and wadis on the flight back to Israel. Looking back, we could see flames leaping up from the oil pipeline in the dim, dawn light.

There could be no doubt the prize was worth it. By the time we returned, the receiving equipment at Um-Hashiba was, for the first time, picking up real-time communications at the highest level of the Egyptian military. With the War of Attrition showing every sign of getting even fiercer, it was a criticial intelligence advantage. When we landed, not only Digli, but Ahrale Yariv were there to meet us. Digli, smiling broadly, handed me a small cloth insignia. "You've earned it," he said, adding that Bar-Lev himself had endorsed my promotion from captain to major.

* * *

With the Cairo-Suez mission, and a series of other operations I helped run nearer to the canal, there now seemed every possibility that I would be chosen to succeed Digli as commander when his term expired. But that was still more than a year away, in the spring of 1971. With his agreement, I decided to use the time to do what Eli Zeira had advised me before I made my decision to return: to get experience in the regular army. The War of Attrition had created a demand for qualified officers who could command tank units, since they were playing a key role against the Egyptians along the canal. Along with about a dozen other middle-ranking officers who had volunteered to move into the armored corps, I embarked on a course covering every facet of tank warfare: how each system on an individual tank worked, how to pilot one, load in the shells, and then calibrate its main gun, aim and fire. We studied communications protocols, even tank maintenance. We were taught how to command an armored platoon – a group of three tanks – and then an armored company of eleven tanks and APCs. Finally, in July 1970, we were given command of actual companies, with the aim of deploying us against the Egyptians.

My company was part of Brigade 401, in the Sinai. It was one of the several armored forces that were rotated, every three months, into action on the front



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line. In a stroke of good fortune, the brigade commander was Dovik Tamari, Avraham Arnan's first successor as commander of the sayeret. While we waited our forward deployment, due in September, he included me in his discussions with his senior officers on tactics and planning. This inevitably included the core of our existing strategy: a line of fixed fortifications which we had built on our side of the canal after the war. They were known as the Bar-Lev Line, because the chief of staff ultimately had to sign off on them. But the main impetus had come from Avraham Adan. A former Palmachnik, known as Bren, he was the overall head of the armored corps.

There were strong critics of the Bar-Lev line, but few more vocal than Arik Sharon. The very qualities that had made him the perfect choice to lead Unit 101 and its successor commando units – a natural instinct to favor bold, preemptive attacks, allied with an absolute confidence in his own judgment and little time for those who challenged it – had stalled his rise up the military ladder for a few years. But now he was head of Israel's southern command. He was convinced that in the event of another full-scale war with Egypt, the Bar-Lev line would be worse than useless. We'd find ourselves forced to defend a string of fortifications that could serve no real purpose in repelling a concerted Egyptian attempt to retake the Sinai. Arik's preferred strategy was to let the Egyptian troops cross the canal and then confront them on terms where Israeli forces had a proven advantage: a mobile battle in the open desert.

When the debate came up in our brigade strategy discussions, I said I believed Arik was right. From our recent sayeret missions, I said there was no way the Bar-Lev fortifications could protect us. I knew how easy it had been for us to operate unseen between Egyptian positions across the canal, and they were only a few hundred yards apart. On some parts of the Bar-Lev line, there were six or seven miles between outposts. A whole Egyptian brigade could pass through.

Very few in the *kirya*, however, seemed ready to recalibrate our strategy against the Egyptians. Only later, when the damage had already been done, would it become clear that the navy was alone in acting on lessons learned from the fighting since the 1967 war. Having lost its largest warship to a more mobile Egyptian missile boat at the outset of the War of Attrition, it began focusing on deploying mobile missile boats of its own. But the air force was showing no sign of dealing with the implications of the Egyptians' increased anti-aircraft capability – even though we'd begun losing planes and pilots to the new surface-to-air missile batteries Nasser had received from the Soviets. And I



HOUSE_OVERSIGHT_011579

could see that a similar myopia, or denial, was affecting the armored corps. On patrol along the canal, I would sometimes see the hulk of an Israeli tank which had been destroyed by Soviet-made AT-3s. Known as Saggers, they were portable, allowing a single soldier to fire wire-guided missiles. Their range was nearly a mile-and-a-half, which was more than the main guns on our tanks. Yet no one appeared to have addressed the question of what would happen if the Egyptians used Saggers on an even greater scale in a future war.

I remained in the Sinai through early 1971, but never led my tank company on combat operations. By the time we were due for our deployment, the War of Attrition was suddenly over. Neither we nor the Egyptians wanted a return to full-scale war. With Washington taking the lead, a cease-fire was agreed. Both sides claimed victory. But both were exhausted. Certainly, most Israelis had ceased to see a compelling reason for the 1,000 days of fighting. We had lost about 900 dead: more than in the Six-Day War.

But in one respect, the Egyptians won. Under the terms of the truce, their anti-aircraft batteries were barred from a roughly 30-mile strip along the canal. Within days of the truce, however, Nasser began moving his SAM batteries forward. Before long, there were nearly 100 missile sites in the "prohibited" zone, giving the Egyptians control of 20 miles or more of the airspace on our side of the canal. Golda was incensed. So was Bar-Lev. But there was no way, and no will, to reopen the fighting and force Nasser to move the missiles back.

The cease-fire took effect at midnight on August 7, 1970. I've never had trouble recalling the date, because of a phone call almost exactly 24 hours later. It was from my mother-in-law, to tell me Nava had gone into labor with our first child. Since I was due for deployment on the front line, we had agreed weeks earlier that the best thing would be for her to have the baby in Tiberias, so her parents could be with her. Now, I got a Jeep and raced north. I reached Tiberias the next morning. I opened the door to the hospital room and saw Nava, obviously tired but beaming, cradling our daughter Michal in her arms.

I managed to stay with them for several days before returning to the Sinai. With Nava and Michal soon settled back into our apartment in the north Tel Aviv neighborhood of Ramat Aviv, I made weekend visits home whenever I could. Still, I saw nowhere near as much of our daughter's first few months as most fathers. As Nava and I would discover even more jarringly over the next few years, that was an inescapable part of being an army officer.



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But at least my next posting was closer to home. It was only 20 minutes from our apartment, on a former RAF base not far from Lod airport. On the First of April 1971, I was promoted from major to lieutenant-colonel, and given the assignment which, more than any other, I'd hoped for when I returned to the army.

I became the commander of Sayeret Matkal.



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## Chapter Eight

It was the same jumble of buildings in the same corner of the base where I'd reported a decade earlier, as a 19-year-old fresh from *tironut*, when the sayeret was still a gleam in Avraham Arnan's eye. Now, I was about to become the first of his successors to have been chosen from within the unit itself. As I called together the officers that first morning, I couldn't be sure whether I would make a success of my two years in command. But I did know what I hoped that I, and we, would accomplish: to complete Avraham's vision. To forge a true special-forces unit, at a time when the threats facing Israel seemed increasingly to demand one.

Avraham's initial hopes and expectations for the unit had been more than met. Sayeret Matkal had played the key role in erasing the traumas of Uri Ilan and Rotem, and restoring the morale and effectiveness of Israeli military intelligence. Time and again, operations which we *said* we could do – dismissed as too dangerous, or impossible, by others – proved achievable. Yet as I now told the team leaders and our other officers, this was no longer enough.

Our intelligence operations still mattered. In fact, we would have to "push further" across Arab borders, deeper into enemy communications systems. Our intercepts had given Israel an important edge in the Six-Day War. I assumed – though naively, it would turn out – that they would be put to use in any future war. But if the sayeret was to retain its unique role, we had to become a *fighting* force as well. One reason, I didn't even have to mention: we all remembered our frustration in 1967, when we'd been little more than bit players in the most important conflict since the establishment of the state. But for me, the main argument for change was what had happened *since* the 1967 war: the fact that Israel was facing a new range of security challenges which other army units, trained to engage and defeat enemy troops on the battlefield, were not equipped to meet.

In the War of Attrition, we might not have lost a single inch of territory. But we *had* lost tanks and planes. Israeli soldiers and pilots were being held prisoner in Egypt and Syria. Arafat's Fatah and the other armed Palestinian groups might not present a *conventional* threat. Yet while I'd been with my tank company in the Sinai, they were fighting a full-scale civil war against King Hussein's army in Jordan. The catalyst: a multiple hijacking in September 1970, a sign that they were turning to *non-conventional* warfare, and to acts of terror.



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"We're not starting from scratch," I assured the sayeret officers, and I could see some of them nodding in agreement. We had a proven record of success, under Avraham and the four other commanders before me. We would be able to rely on the qualities that had proved our doubters wrong in our first intelligence missions. "We have to stay true to the *spirit* of Sayeret Matkal," I said. Every one of the officers knew what I meant: teamwork, the way we valued brains and creativity, more than formal lines of authority. The rigor we applied to training for, preparing for, and executing each mission. And, no less importantly, to criticizing, and trying to fix, everything that had gone wrong on an operation, or we'd failed to anticipate.

Though I expected to be leading many of the operations myself, I knew that we'd succeed or fail on the strengths of the officers around me. I was incredibly fortunate on that score. Some, I already knew well from my time as Digli's deputy. Smart, self-confident, *self-starting* officers like Amiram Levin, the stocky kibbutznik from the north with whom I'd worked most closely and most often as deputy. Avshalom Horan – Avsha – who'd convinced me to risk completing the mission on the road from Suez to Cairo. Giora Zorea, who, like me, had come up through the unit and was one of our most experienced team leaders. And Danny Yatom. Born not far from Mishmar Hasharon, but a city boy, from Netanya, he was smart, level-headed and a sure-handed organizer, and with whom I'd somehow clicked from time he arrived in the sayeret. I made him my deputy for my first year in command.

There were two others as well, both related to Moshe Dayan, but with a self-assurance all their own: Uzi Dayan, the son of Moshe's brother, who had been killed in the 1948 war when Uzi was only months old; and Mookie Betzer, who was married to Uzi's cousin. I'm not sure which of the two joined the sayeret first. Mookie, I believe. But their family ties, far from extraordinary, were part of how Sayeret Matkal had developed from the start. It had been friends bringing friends. But also, not infrequently, a cousin bringing a cousin, or a brother bringing a brother.

This was the case with two other officers, whom I knew less well at first but who would become key members of my team. In their case, it was the younger one who joined first. Binyamin Netanyahu – Bibi, as everyone called him – had been a member of Amiram Levin's team when I was Digli's deputy. He'd also been a part of one of our several – thankfully harmless – failures along the canal at the beginning of the War of Attrition. The plan was to cross in rubber boats held together by nylon cord, with the assistance of *Shayetet 13*, Israel's



HOUSE_OVERSIGHT_011583

equivalent of the American navy SEALs. But Bibi's dinghy got tangled up, and he found himself in the canal, being tugged down by the current. Only the SEALs, and Bibi's mix of calm and endurance, averted disaster.

When I returned as commander, Bibi had gone through officers' school and was given a team of his own, making him one of half-a-dozen core, operational officers with whom I worked from the planning stages of every mission, through the training and the operation itself. Especially with Bibi, since he was newest to the role. He was smart, tough and, even by sayeret standards, supremely self-confident. It also was clear that he understood my determination to build the unit into a military strike force – which was one reason why he urged me to bring in his older brother. Bibi was 22 at the time. His brother – Yonatan, or Yoni – was 25. He had led a company of paratroopers in the 1967 war, before going off to university. He'd taken a bullet in the elbow while helping to rescue one of his soldiers behind Syrian lines on the Golan. "He wants to return to the army, and he's exactly the kind of officer you want," Bibi said.

I brought Yoni in for a chat. Over the next several years, I would get to know him much better, becoming not just friends but neighbors, when he bought a flat a few floors up from ours. But even in this first meeting, I found him a contrast to his younger brother. Bibi was practical, detail-oriented. Yoni was a more complex character. He was interested in history, and philosophy. He wrote poetry. He would sometimes feel the need to get off by himself, and just think. He was a man of action, too. Taller and trimmer than Bibi, with a thick thatch of dark hair swept back from a craggy face, he was the Central Casting image of a soldier. He also had real, battlefield experience. Not only did I invite him to join Sayeret Matkal. I put him in charge of our training teams. When Danny Yatom left the following year to train as an armored officer, I made Yoni my deputy.

However different in some ways, the Netanyahu brothers were close. They seemed almost driven, to excel and to succeed. As I got to know them both, I sensed that the drive did not come merely from within. It came from their upbringing, their family background, and in particular their father. Ben-Zion Miliekowsky, as he then was, studied at Hebrew University at the same time as my father, in the early 1930s, and was an impassioned supporter of Ben-Gurion's main right-wing Zionist rival, Ze'ev Jabotinsky. My father remembered him gathering bemused groups of students during breaks from classes, standing on an upturned wooden box, and proclaiming that the Arabs would *never* willingly accept a Jewish state. Long before the 1948 war, and



HOUSE_OVERSIGHT_011584

nearly four decades before our capture of the West Bank in 1967, he insisted that we needed to create a Jewish state in all of biblical Israel: from the Mediterranean to the Jordan River.

It was through Bibi and Yoni that I got to know their father. After 1948, he had led a frustrating existence. A specialist in medieval Jewish history, he could not find a place on the faculty at Hebrew University. He was convinced, perhaps with some reason, that his outspoken advocacy for Jabotinsky's Zionism in a country defined by Ben-Gurion's had frozen him out. He left to pursue his academic career in America, where both Yoni and Bibi spent much of their youth. He always remained bitter about what he felt were unfair, politically inspired, roadblocks to his academic advancement in Jerusalem.

Though he would eventually return to Israel, he was teaching at Cornell when his sons became officers under my command in Sayeret Matkal. So there was a *physical* distance between father and sons. But what struck me was how large the father loomed in both of their lives. There was an almost adolescent admiration, bordering on worship. I remember once remarking to Nava that it was as if, despite all their physical self-confidence, Bibi and Yoni were tethered to their father by some mental umbilical cord. They seemed weighted down by a struggle to live up to his expectations, to right the "wrongs" done to him, and achieve the advancement and success which the young State of Israel had denied him. In a poignant postscript, decades later when Bibi first was elected Prime Minister, Ben-Zion was asked by a journalist for his reaction. "He would make a very good Minister of *Hasbarah*," he replied, a Hebrew word which translates as something between public relations and propaganda. "Or Foreign Minister." But how about *Prime Minister*, the reporter pressed. Ben-Zion replied: "Time will tell."

* * *

Even as we mounted intercept operations deeper into Egypt and Syria, I made sure that we trained as if we were already the broader strike force I hoped Sayeret Matkal would become. We mapped out plans for commando operations against the new kind of security challenges the country faced. We worked in detail on how we'd carry them out. We prepared rigorously to make sure we'd be ready. Yet no matter how proficient we got, there was no guarantee it would actually happen. A bit like Avraham in the unit's infancy, I had to deal with the



HOUSE_OVERSIGHT_011585

frustration of trying to convince the generals in the *kirya* to give us the go-ahead. Some of them agreed Israel needed a specially trained commando force. But not everyone felt Sayeret Matkal could, or should, take on that role. Rafael "Raful" Eitan was perhaps the most strident. He had fought with the Palmach in 1948. He was an officer in Unit 101 and a commander of the parachutists' Battalion 890. He was now *katzhar*, in overall charge of all infantry and paratroop forces. He insisted that such work required a *real* sayeret, by which he meant the paratroopers.

Yet the need for a special-forces unit was becoming increasingly hard to ignore. By the summer of 1971, a couple of months after I became sayeret commander, King Hussein's army had defeated the insurgency of Fatah and a pair of even more militant partners, the Democratic Front and the Popular Front for the Liberation of Palestine. That meant a quieter eastern frontier. But the Palestinian groups rebased across our northern border in Lebanon. When Jordanian Prime Minister Wafsi al-Tal was assassinated, it proved to be the start of a series of killings and terror attacks by a new group within Fatah, called Black September. There was at least some potentially encouraging news from Egypt. When Nasser died in September 1970, he was succeeded by a less flamboyantly militant vice-president, Anwar Sadat. Yet in both Egypt and Syria, a number of our air force pilots were still being held prisoner.

I felt an especially strong motivation to help bring the pilots home. They had risked their lives for us. It seemed to me we owed them the same. One of the men being held in Syria, Pini Nachmani, had a personal connection to many of us in the unit. He had worked with us on sayeret missions. I came up with a plan that, while undeniably risky, seemed to me to have every chance of success. It was to abduct a number of Syrians from an officers' club on the western edge of Damascus. We would land in transport helicopters a few miles away and unload a pair of armored cars captured in 1967. But Raful's view prevailed. I could not get the approval of the *kirya*. I did take heart from Avraham Arnan's support. He was now Golda Meir's counter-terrorism adviser. Also from the fact that Chaim Bar-Lev's successor as chief of staff was an old friend of the sayeret: Dado Elazar, Avraham's Palmach comrade from 1948. Yet winning over the remaining doubters in the *kirya* was obviously going to take time.

As so often during my years in uniform, however, Sayeret Matkal's birth as a special-forces unit came by force of circumstance: not in an officers' club near Damascus, but a few miles away from our base, on a runway at Lod Airport.



HOUSE_OVERSIGHT_011586

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I was sitting down to dinner with Nava a little before seven on May 8, 1972 when the phone rang. We'd just fed Michael, who was almost two, full of energy, and showed no sign of wanting to go to bed. "It's Manno," said the voice on the line. Brigadier General Emanuel "Manno" Shaked was Dado's chief of operations. "A plane has been hijacked," he said. "It's heading for Lod. It will land in about 30 minutes. They've got hostages. Get to the airport. Dado and Dayan are on their way."

I called Danny Yatom and told him to get whoever was at the sayeret base to Lod as soon as possible. But most of the men were on training exercises, including one team with Yoni deep in the Negev Desert. He immediately began calling them back. When I got to the airport, I found Dayan and Dado huddling in a room below the control tower, unfurnished except for a small table in the corner. Talik was there with them. He was now head of all military operations in the *kirya*. Rechavam Ze'evi as well, the head of the central command area, which included Tel Aviv. So was Ahrahle Yariv, who had succeeded Meir Amit as head of military intelligence, and nodded glumly as I joined them.

The plane had landed. A Sabena Boeing 707 bound from Brussels to Tel Aviv, it had been hijacked after a stopover in Vienna. All we knew at this point was that the hijackers were Palestinians and that there were about a hundred passengers on board. Dado said that, while we figured out how to respond, we had to make sure, at all costs, the plane didn't take off again. It would presumably go to an Arab country, where we'd be powerless to act. Though only a handful of my men had arrived, I took the only officer who had, Shai Agmon, and an El Al engineer to see whether we could disable the hijacked jet. It was parked well off from the main terminal area. With the El Al man leading the way, we approached from the rear, crouching low, hoping the hijackers wouldn't spot us. The engines were still running, but at least the deafening noise kept anyone from hearing us as we ducked under the fuselage and the engineer removed a stabilizing pin from the front wheel. It was an eerie feeling, envisaging the captive crew and passengers, and the terrorists, a few feet above our heads but knowing we were powerless to do anything more to help.

Manno had called me not because I'd won my argument to expand the role of the sayeret. It was the luck of the draw. With the growing threat of terrorism, the *kirya* had drawn up a list of installations which might be targeted. Next to



HOUSE_OVERSIGHT_011587

each, they'd put the name of the military unit to be called up in an emergency. We'd been allocated Lod Airport, because our base was just 15 minutes away. Still, as I accompanied the engineer back to the control tower, I tried to work out in my mind whether we could plan, prepare and train quickly enough to mount an operation to free the plane later that night.

More than a dozen members of the unit had now arrived, and more were joining us every half-hour or so. I arranged for El Al to give us a hangar and a 707 identical to the Sabena plane. Shai, Danny Yatom and I took two airline technicians with us for a closer look at the Boeing. We studied up on it as quickly as we could, beginning with the cockpit and the front door, which we saw was too high to reach without a large ladder. But making our way back, we realized the wings were low enough to climb on to. When, with the help of Danny, I clambered onto one of them, I managed to get one of the emergency doors to open by banging hard on the top end with my open fist. I asked the technicians whether we could expect the Sabena doors to give way as well. Yes, he said, but he cautioned me that on some airlines, there were passenger seats next to at least one of the two doors above each wing.

Walking up into the cabin, I tried to work out how we might attack the hijackers before they were able to harm the passengers, or us. The risks were obvious. But I felt we had to be ready to act. With the rest of the sayeret still making its way to Lod, I put Danny in charge of briefing the new arrivals, familiarizing them with the 707 and preparing for the possibility of an assault operation. I also told him to get hold of a couple of dozen small, 22-caliber, Beretta pistols. I couldn't see how we'd manage to make our way onto the plane with Uzis. We knew we'd have to get up to speed quickly on using the Berettas. None of us had trained on them. But many of the air marshals on board El Al flights were Sayeret Matkal reservists, and they did use Berettas. I told Danny to check for any sayeret marshals arriving on El Al flights and get them to join us.

As I headed back to see Dado, we were nowhere close to a detailed plan on how to confront the hijackers. Nor did we have any orders. The people who would give them – Dado, Dayan and ultimately Prime Minister Meir – were still deciding how to respond. But when I reached the control tower, at about 9:30pm, the order came, if not to mount an operation, at least to make sure the sayeret was ready. "Talk to Talik," Dado told me. "See what the options are to take over the plane if that's the decision." I sat down with Talik and ran through what I'd learned from my brief look at the hijacked plane and the work we'd



HOUSE_OVERSIGHT_011588

been doing on the Israeli 707. I told him I'd need another two hours to make sure my men had practiced climbing up on the wings and forcing open the doors, and another hour for preparations and briefings for the teams who would be participating in the operation. "By about half an hour after midnight, we'll be ready to deploy," I said, though from his stoic, nearly silent response I couldn't be sure whether he was in favor of an assault. "By 0100, we'll be ready to act."

Both of us went back to see Dado. He seemed encouraged, especially when I said we'd be ready to move by one in the morning. He told me the pilot of the plane had been in contact with the control tower. He was an RAF veteran and, though the terrorists seemed unaware of this, he was also Jewish. The hijackers were demanding more than 300 Arab prisoners be released and flown to Cairo. "And they seem quite nervous."

Returning to the hangar, I sent Shai Agmon with four soldiers to set up a lookout and sniper post about 70 yards to the side of the Sabena jet. I told him not to open fire unless they were sure there had been shooting inside the plane and could positively identify an armed hijacker. By now, we had three dozen soldiers and officers, including Uzi Dayan and his full team. I took all those who were already briefed and divided them into four groups, each with an officer and five soldiers and assigned to deal with one of the wing doors. I left the others to continue training.

When midnight came, I was far from certain we could meet the 12:30 am deployment target I'd given Talik. Incoming flights had stopped for the night, and we still hadn't managed to bring in any air marshals. I believed they would give us a crucial advantage. They knew Berettas. They also knew the inside of a 707. But I was worried about losing Dado's trust in a sayeret operation if we failed to meet the timeline. From Shai's lookout post to the side of the plane, I learned that the front cabin door of the plane was open. He said he'd seen a couple of hijackers walking by it, silhouetted by the dim cabin light. But otherwise, there was no sign of activity inside. I called Talik and told him I was taking my assault teams to the area behind the plane. About a half-hour later, I confirmed we were ready to begin the operation. Although the plane's engines were off now, our approach had been masked by the drone of the generator brought in to supply power to the cabin. We were lying face-down on the tarmac, directly behind the tail of the plane but well back. Two rows of 12 men, plus me and a soldier in charge of the communications. We'd brought along four small ladders to help us onto the wings. "We want to exploit the darkness, and the sound of the generator, to cover us," I said in my final briefing before



HOUSE_OVERSIGHT_011589

we'd left the hangar. "If they realize we're there, we get into the cabin as quickly as possible, any way we can. The first five seconds will ne critical. Act decisively," I told the men. "Assume that everyone else will be doing the same. Trust your instincts. You are *trained* for this."

But more than an hour passed as we waited for the green light to storm the plane. My main concern wasn't that the hijackers would see us. There seemed little reason to believe one of them would suddenly decide to take a walk in the middle of the night. But sunrise was around five in the morning, and there was no way I could see mounting our assault in broad daylight. If we didn't get the go-ahead soon, the chance would be lost. I called Talik several times, making the point that if we *were* going to do it, we needed to use darkness as an ally. The sayeret was a breed of night animals. Other people, even terrorists, would be less alert and effective at night. But he kept saying he needed more time.

Finally, an hour before sunrise, he called back. "The big boss is on his way," he said. I left the others and crept back to meet the Defense Minister, a good eighty yards from the plane. Dayan greeted me with a whispered hello. In a way, his arrival reminded me of my first operation in the sayeret when, before heading north to the Golan, I'd been summoned to brief Tzvi Tzur, the chief of staff. Tzur had seemed less interested in the details than in confirming that *I* was confident the mission would work. Dayan, of course, had as much operational knowledge and experience as anyone in Israel. Yet it seemed to me that he, too, wanted to satisfy himself that I honestly felt we were in a position to succeed. Especially, though he never so much as hinted at this, because two of the officers I would be taking in with me, Uzi and Mookie Betzer, were members of his family.

"How do you plan to do it?" he asked. I explained how we would get into the plane simultaneously, in four teams, and confront the hijackers. I said I was confident we'd succeed, especially since darkness gave us an element of surprise, and the terrorists were bound to be tiring. "We can do it," I said. "Better now than in daytime." Dayan merely nodded. He stood there, silent, for another few moments. "I'll let you know," he said, then shook my hand and returned to the control tower. But fifteen minutes later he sent his reply, via Talik. It was brief and explicit: "Not tonight."

For the first but not the last time in uniform, I felt the frustration of finding my preparation and judgement trumped, without explanation, by a decision from above. When I got back to the control tower, I made no attempt to hide my view we should have moved against the hijackers while we had the chance. But



HOUSE_OVERSIGHT_011590

Dado sat me down and filled me in on what was obviously a changing situation. He said the terrorists had allowed the pilot, Reginald Levy, to come see Dayan and press their demands. He had brought with him a slab of light-yellow material to demonstrate the seriousness of the risk of saying no. When tested, it turned out to be exactly what the hijackers said it was: plastic explosive.

The pilot said there were four terrorists: two men with pistols and two women with explosives and grenades. There were 95 passengers and seven crew. He'd also confirmed that none of the exits above the wings was blocked by a passenger seat. He'd returned to the plane without any clear answer from Dayan on the prisoner release. But before leaving, he revealed that his own wife was among the passengers. He asked Dayan to promise that Israel would help care for their daughter if the hijack ended tragically.

By the next morning, that was looking more and more likely. Though the hijackers were still in contact with the tower, the only visible movement was the arrival of a representative of the Red Cross. The lead hijacker, who called himself Captain Rifa'at, was making increasingly forceful demands for the prisoner release. Our negotiating team did its best to buy time by giving the appearance we were considering the demand. It was Dayan who came up with the idea of going further. He told Rechavam Ze'evi, as the head of the central command area, to begin rounding up hundreds of young Israeli reserve soldiers. He wanted them dressed them in prison uniforms, and then bused to the airport, within sight of the hijacked jet. Dayan also arranged for another Boeing 707, ostensibly to take the "freed prisoners" on to Cairo.

"What then?" Ze'evi asked Dayan. "We're not really going to put them on a plane and take off!"

It was after he'd had no real reply that he in effect answered his own question, inadvertently leading us to the idea of attempting a daytime attack after all. Talking to Dado and me, he said: "Since we're going to such lengths to deceive them, why not just add another layer? Why can't Ehud's people take the role of the airport mechanics?" Looking at each other, Dado and I realized it was a stroke of brilliance. Dado went to share the plan with Dayan, confident that he would be no less enthusiastic, which he was. I remained with Ze'evi and his deputy to work out the details. We agreed they would take care of the pantomime with the prisoners, as well arranging for El Al to get us the ladder trucks that airline maintenance crews used, which would allow us access to the Sabena jet's front and rear doors as well. That left me free to concentrate on preparation and training.



HOUSE_OVERSIGHT_011591

We had just a few hours to adapt the original plan. Although we'd trained in close-quarters fighting for my plan to attack the officers' club near Damascus, we'd never had to use that skill in a live mission. Nor had we ever used the Berettas. While we'd disguised ourselves as enemy soldiers or military police on our intelligence operations, this would be the first time we were taking on the persona of civilian engineers, with the need to fool armed terrorists on the lookout for any sign of danger or betrayal. And for the first time in *any* of our major operations, we would be operating in daytime.

Now that nearly all our soldiers and officers had arrived, I began arranging the final line-up of attack teams. We would need six rather than four, since the new plan would give us access to the front and rear doors. Danny now also told me that a couple of the El Al technicians had shown him a way of climbing up from inside the nose wheel into the cockpit. One of the toughest and strongest of our soldiers, Uri Koren, had tried it successfully on the El Al 707. I told Danny, Uri and another officer that they would be assigned to attack through the front door and the nose wheel. I put Uzi Dayan in charge of the tail door. The emergency doors above the wings, however, still gave us the quickest way in. I planned to command the operation from the left of the aircraft, because both the front and tail doors also faced that way. I entrusted Bibi Netanyahu and his team with breaking in through the main wing door on the far side of the plane.

By noon, we got a further boost. With the resumption of incoming flights, we began collecting air marshals. One in particular raised my confidence. I knew Mordechai Rachamim well from the sayeret. He was a Yemeni Jew from Elyakhin, the moshav near Mishmar Hasharon where Baddura and the other Yemeni workers lived. He was tall, strong and athletic, naturally agile and quick to respond in situations of danger. He was also no ordinary air marshal. In 1969, he'd been posted on an El Al flight from Amsterdam to Tel Aviv. On a stopover in Zurich, four gunmen from Fatah's main radical rival in the PLO, the Popular Front for the Liberation of Palestine, leapt out of a car, opened fire with AK-47s and began throwing grenades. The PFLP assault injured four of the crew and killed the co-pilot. Armed with his Beretta, Mordechai rushed to the cockpit window and returned fire. Seeing the attackers were too far away, he slid down the emergency chute. Once on the tarmac, he shot one of the terrorists in the head and kept the rest of them at bay.

As additional air marshals arrived, I slotted each of them into an assault team in place of one of our sayeret soldiers. The next to arrive was Marco Ashkenazi, a Cairo-born veteran with whom I'd worked on a mission inside Egypt. I put



HOUSE_OVERSIGHT_011592

Mordechai on the main left-side wing door, critical for the opening moments of the assault, and added Marco to Bibi's team on the other side of the aircraft.

It was then that Yoni arrived back from Negev. He insisted on being added to one of the assault teams. In one respect, that made sense. He had more battlefield experience than almost everyone in the unit. But there was an unwritten sayeret rule never to place two brothers together in the line of fire. "It's too late," I told him, with an arm on his shoulder. "Bibi has already been training his team." He went off to find Bibi. I thought there was little chance of Bibi standing down, but didn't feel I could stop Yoni from trying. Five minutes later, they came to talk to me. Bibi said: "Yoni wants to replace me. We want you to decide." I assumed both of them knew what I'd say. "Today, it's Bibi," I replied. "But Yoni, this is not our last operation. I will make sure you are there the next time."

The last marshal to join us was a tall, thin redhead we always called Zur. He'd had only 15 minutes to begin training when I got word that Dado – along with Ze'evi and Ahrahle Yariv – were on their way to see a run-through. As they filed into the hangar, I quickly explained the operational plan. I showed them how we would push in the wing doors in, and then ushered them inside the 707. Two minutes later, the emergency-door teams climbed on to the wings. When I gave the agreed two-finger whistle, they stormed the plane. "OK, gentlemen," Dado told the team leaders when it was over. "We've seen what we needed." Before returning to the control tower, however, he took me aside. "You know they have explosives, right?" he said. When I said yes, his tone softened. "You don't have much time, Ehud" he said. "Don't waste it. *BeHatzlakha*." Good luck.

We still had to outfit ourselves in mechanics' overalls, and swap the sayeret's paratroop-style red boots for black ones. I directed all the men to conceal the Berettas on a waist-belt inside their overalls. We got acquainted with our mechanics' toolboxes. Finally we organized our maintenance motorcade: four electronic buggies in front, towing four ladders, two short ones for the wings and taller ones for the front and rear doors. Waiting for the order to move, I said a final few words. Seeing the determination and nervous anticipation on the faces of the men around me, I began by reiterating that the first five seconds would be critical. "We all know that nothing ever happens exactly according to plan. Each and every one of us has to focus on speed, momentum and precision. No one can wait for anyone else to act. From the moment I give the signal, or if we come under fire, each team has to act as if



HOUSE_OVERSIGHT_011593

they have to accomplish this all on their own. *All* of us must assume that. Keep cool. Stay focused. Rely on your instincts. We're ready for this mission. And we are going to achieve it."

One minute after four in the afternoon, we got the word to go. I was in the lead buggy, consciously trying to look like a civilian, not a soldier. It was about a mile-and-a-half to the aircraft. I glanced back at the others. Like me, many of them had been awake for 30 hours or more, in some cases nearly 48 hours. The air marshals had been plucked off long-haul flights on which relaxation, much less sleep, was not an option. As before any mission, I knew everyone would be thinking about what was about to happen. They also realized that if we failed, the passengers trapped inside the plane would be at the mercy of terrorists armed with AK-47s and explosives. But I was confident that any apprehension would be overtaken by adrenalin when as the assault began.

As we got closer, Shai Agmon radioed me. He said two or three people, not the terrorists, had come out of the plane. One seemed to be the Red Cross man. They were about 120 yards away from the aircraft. As soon as he'd signed off, I got word from the command post in the control tower that it was indeed the Red Cross representative, along with two of the flight crew. They'd been chosen by the terrorists to do security checks on the "maintenance" men.

I brought the convoy to a halt. The Red Cross man gave each of us a fairly cursory body search before waving us on. Then, he got to Bibi. Though I had somehow failed to notice, he had left on his red sayeret boots. In Israel, that was the equivalent of a neon sign saying: "I am a paratrooper." Although the Red Cross man noticed the boots, he at first made no comment. Then, rolling up the pants leg of Bibi's overalls, he saw his Beretta – not inside his waistbelt, but inside the boot. The next thing I heard was an angry spurt of French as the man called the control tower. For a moment, I feared the mission was over, with potentially fatal repercussions for the hostages. But whatever explanation the Red Cross man was given – presumably by Dayan himself, who would not have held back in conveying what was at stake – it dissuaded him from taking further action.

As we were returning to the buggies, the Red Cross man told me that "Captain Rifa'at" had ordered us to pull up to the generator on the side of the plane. Each of us would then have to walk forward and open the front of our overalls so he could make sure we weren't armed. I passed back four orders to the rest of the men. First, with no exceptions, move your pistol to the *back* of your belt. Second: I'll be the first to go through the inspection. Third: watch



HOUSE_OVERSIGHT_011594

what I do and do the same. Finally, if our cover is broken, or if you hear gunfire, we all storm the plane.

I felt as I always did as an operation was about to begin. Along with the tension, I had a keen awareness of everything happening around me, almost as if I was watching things in slow motion, in high resolution. When our motorcade approached the generator, Rifa'at leaned out from the co-pilot's window. He was pointing a pistol at us. He seemed to be in his late 20s or early 30s. He had dark hair and a moustache and the hint of a stubbly beard. We stopped beside the generator. I got out and walked toward the cockpit, halting about 10 feet away. Looking up the hijacker, I made a conscious effort to appear curious rather than worried. His eyes seemed a mix of intense focus and tension. I opened the front of my overalls. Because of the heat, I was wearing nothing else on top. He nodded his head to signal he was satisfied. I refastened the overalls and moved off. One by one, the other men passed inspection. Then we went back and brought the two smaller ladders to the side of each wing, and the "mechanics" set down to work. I delayed bringing in the large ladders so as to minimize any risk of arousing the terrorists' suspicions.

The fact that at least so far they seemed to suspect nothing was in large part down to Dayan's misdirection plan. As we began working on the plane, the "Palestinian" prisoners were disembarking from buses about 300 yards away. As Rifa'at watched, several hundred men formed long rows. A few of them waved in his direction. The Boeing which was theoretically going to take them on to Cairo, to be followed by the Sabena jet minus the hostages, was being towed into position.

One by one, our assault teams were moving into place. All that remained was for me to give a short, sharp whistle and the attack would begin. Yet just as I was raising my fingers to my mouth, I saw Bibi coming toward me from under the fuselage. He motioned to me to wait. Zur, the last of our air marshals, had a problem. Having spent 10 hours in the air on the way back to Israel, before being immediately plugged into an assault team, he had something to attend to. "He has to take a shit," Bibi said. Can't it *wait*, I asked. No, was the answer. So I said OK, leading to the most surreal "operational" moment I would witness during all my years in the military.

The "prisoner release" was now in full flow. Dozens of military vehicles, and a small army of fire engines and ambulances, had also pulled to the far end of the runway, out of sight of the hijackers, in case our attack on the Sabena jet went wrong. Tel Aviv hospitals were on alert. And Zur was crouching and



HOUSE_OVERSIGHT_011595

relieving himself. He nodded in gratitude when he'd finished, and returned to Bibi's team on the far wing. I gave him a full minute to be certain he was in place.

Then I whistled. From my initial position beside the plane, I saw Danny Yatom and his team begin to move one of the tall ladders toward the front door. Shifting my eyes toward the wing doors as the "crucial first five seconds" ticked by, I saw both the ones on my side of the plane were still shut. I climbed up on the wing. When I got to the smaller, rear door I saw the main one cave inward and Mordechai Rachamim rush in. But the soldier on the other door was trembling and frozen in place. I slapped him, hard, on the back. "Move!" I shouted. Instantly, he pushed the door in and rushed inside. I then noticed Uzi and his team had still not entered from the rear. I jumped from the wing and ran toward the ladder at the back, but by the time I got there, they had made it inside, and I followed them in.

Everything was over within 90 seconds. As I'd expected, the planning and training turned out to matter less than instinct and initiative. Within seconds, Uri Koren managed to get into the nose-wheel assembly. Though he couldn't dislodge a metal-mesh panel separating it from the cockpit, he spotted the outline of a man's foot above him, fired, and wounded Captain Rifa'at. The other members of Danny's team in front were less lucky. With the ladder, they had no trouble getting to the passenger door, but they struggled to force it open. When they did nudge it open a crack, one of the hijackers opened fire, slightly wounding one of the men and forcing them to abandon the attempt.

Mordechai went in shooting, but immediately drew fire and had to retreat. But Omer Wachman, another air marshal I'd posted on the far wing, was in a couple of seconds later. Coming face-to-face with one of the hijackers, he shot him in the head. That allowed Mordechai to get back inside. He quickly exchanged fire with the hobbled Captain Rifa'at, hitting the hijacker in the side. As Mordechai ducked down to reload his pistol, Rifa'at managed to lock himself inside one of the toilets near the cockpit. Mordechai ran after him. He fired through the bathroom door, then kicked it open and confirmed that he was dead. Rushing back toward the center of plane, he spotted the main woman hijacker, wearing a bulky explosive vest. Grabbing her hands, he reached inside the vest and yanked out the battery pack. With two of the hijackers already dead, Mordechai had now subdued the third. But knowing that there was still another woman unaccounted for, he handed her over to Bibi and Marco Ashkenazi. Bibi grabbed her by the back of her hair, but it turned out to be a



HOUSE_OVERSIGHT_011596

wig, which came off in his hand. As she began screaming, Marco instinctively struck her across the face, but he used the hand in which he had his Beretta. The gun went off, and the bullet grazed Bibi in his upper arm.

When Uzi Dayan had finally got in through the rear door, he'd run up against a stocky, suntanned man blocking in his way, and fired – thankfully, only into his midsection. He turned out to be one of the passengers, a film-maker from Austria. Still, there was the other woman hijacker to deal with. Several of the passengers pointed to the floor just ahead of Uzi, where she lay curled up, holding a grenade with the pin out. Ordering her loudly, sternly, not to move, Uzi wrapped his hand over hers, extracted the grenade from her grasp finger by finger, replaced the pin, and had one of his men lead her out of the plane and down the stairs.

All the hijackers had been either killed or captured.

Tragically, in the initial crossfire, a 22-year-old passenger named Miriam Holtzberg, had been hit. Although the man whom Uzi had mistakenly shot recovered, she did not. Yet all of the remaining passengers and crew were now free and safe, alive and unharmed.

I felt a mix of emotions when it was over: pride, a sense of achievement against all the odds. And huge relief at having succeeded in ending the ordeal of the captives. Without my saying so, everyone in the unit understood that my inaugural comments as commander, about our need to become a *full* special-forces unit, were no longer a distant wish. Still, I knew this was only one step, and I wanted to make sure we kept our feet on the ground. The day after the Sabena rescue, Israeli newspapers devoted acres of newsprint to how the operation had succeeded. Since Sayeret Matkal's existence was still an official secret, the headline writers called us, variously, a "special" unit, a "select" unit and even in one case, because of our El Al coveralls, "angels in white." We did, briefly, celebrate back at the sayeret base. But as with every other operation, we went through a self-critical assessment of what we could have done better. How, if we had to do another hostage-rescue operation, could we make sure none of the passengers was harmed? How could we improve co-ordination among the assault teams? And minimize the risk of shooting *each other*. Why had I, as commander of the operation, had to wait for someone *else* to suggest the idea of disguising ourselves as aircraft technicians? And why had we failed to train with Berettas and other pistols as well as Uzis?



HOUSE_OVERSIGHT_011597

They were not just academic issues. Even if we were never again called upon to free a hijacked airplane, I assumed we would face other operations which were equally urgent, without the weeks or even months of preparation we'd always insisted on in the past.

* * *

After the Sabena operation, I emphasized the need for us to be proactive. It wouldn't be up to us to decide which operations to do. But it *was* up to us to take the initiative in identifying and understanding specific threats and framing ways in which we could provide a response. Even before Sabena, barely two weeks had gone by when I didn't go to Eli Zeira, who was in charge of the operations department of military intelligence, with a mission which I felt confident we were ready to carry out. Several of the most complex centered on the new threat posed by Palestinian groups in Lebanon. Before the civil war in Jordan, King Hussein had accused Fatah, the PFLP and the equally militant Democratic Front for the Liberation of Palestine of trying to create "a state within a state" and deliberately weakening his government. Now, they were doing much the same in Lebanon. Their headquarters buildings in southern Beirut were spawning hijackings or terror attacks. From bases in southern Lebanon, the Palestinians were also firing Katyusha rockets into Israel.

One of the operations I planned targeted Arafat. From our intelligence intercepts, we knew that a day or two after a particularly intense clash with Israeli artillery units on the Lebanese border, he would tour the area and meet with his commanders. If we were going to go after him, however, we needed to know exactly when he was coming. Fortunately, the Lebanese authorities tracked Arafat's motorcade on these "review the troops" excursions, reporting how many cars were involved, which one he was in, and their progress. Thanks to previous sayeret missions, we could listen in. In order to ensure the operation would be on our terms, I proposed that a couple of days before we planned to move, Israeli artillery target a Fatah rocket site in an isolated area about ten miles from the border, where there was just a single road in from Beirut. I proposed landing several teams by helicopter the night before. We would lie in wait until the Lebanese army checkpoints reported that the Fatah convoy was on its way. Israeli helicopters and F-4 jets would then cut off the road on both sides, and we would ambush Arafat's vehicle.



HOUSE_OVERSIGHT_011598

When I took the plan to Eli Zeira, he was reading an issue of the French newsmagazine *l'Express* and snacking on salted almonds from a dish on his desk. As I ran through the reason we'd come up with the plan – the bourgeoning power of Arafat and Fatah in Lebanon – he peered at me over his reading glasses and nodded. As I set out the details of the attack plan, he listened, with no obvious sign of approval or rejection. But after I'd finished, he dismissed it out of hand. He said that Arafat was no longer the battlefield commander whose forces had fought Israel in Karameh. "He's fat. He's political," he said. "He is not a target for this kind of operation."

After the Sabena hostage-rescue, Dado and the other senior officers in the *kirya* did seem more receptive to our trying to initiate operations, especially the plan to seize Syrian officers and trade them for the Israeli pilots. But such a mission required not just military or intelligence approval. Dayan, and possibly Golda as well, would have to sign off, and there was little immediate sign of that. But, once again, events on the ground would force the issue. Early on the morning of June 9, our intelligence intercepts gave us notice that the next day, a group of senior Syrian officers was going to make an inspection visit to the eastern part of the Lebanese border area with Israel. We would have to move quickly. Within the space of 12 hours, we'd need to plan the attack, organize, equip and brief the assault teams, make the three-and-a-half-hour drive north, and cross into Lebanon.

Still, I was determined to try, which marked the start of two of my most frustrating weeks as Sayeret Matkal commander. The place where we planned to abduct the Syrians was an area I knew personally: the sparsely settled strip of land where Lebanon, Syria and Israel met, not far from where I'd helped "capture" several Syrian villages on the final day of the 1967 war. With the convoy expected to pass through the next morning, we crossed the border a little before midnight on June 9. We lay in ambush in dense vegetation a few meters off a curve in the road, further reducing the time the Syrians would have to react once they saw us. I stationed two other sayeret teams a few hundred yards away in either direction, so they could cut off the road once we attacked.

But as the convoy was approaching, I was suddenly contacted by the sayeret officer we'd stationed in the command post back in Israel. He relayed a message from Motta Gur, the head of the northern command. Its intelligence unit said there was a Lebanese Army checkpoint a quarter-mile from the ambush site.

Motta himself was in the south, with Dado, watching a tank exercise. So I had no way of talking to him. I replied through the officer in the command post.



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"Tell Motta we know about it," I said. "We've planned for it. It's not a problem." I figured there were at most four or five Lebanese soldiers manning the checkpoint. The last thing they'd want to do is get involved in a firefight between us and the Syrians. But Motta's reply was unequivocal. The mission was off.

When we'd climbed through a bramble-filled ravine back into Israel, I left a message for Motta. I found it hard to disguise my frustration, and my anger, at being ordered to abort the attack, especially after my assurances that the Lebanese roadblock was not a problem. Yet when we got back to the sayeret base, I realized there was more to his veto than I'd thought. He and Dado had received intelligence saying the Syrians were likely to make a series of further inspection tours of the border area, so this would not be our last chance. The next day, we received word they'd be touring the western part of the border on June 13. On the Lebanese side, it was known as Ras Naqoura, on ours as Rosh Hanirkra, where the Mediterranean coastline rose dramatically to a ridge and, once into Israel, sloped steeply down again toward Haifa.

I took in two main assault teams, one led by Mookie, the other by Uzi Dayan. We hid in a tangle of bushes about halfway along the road which climbed up toward the border ridge. I stationed Bibi and his team at the bottom of the road, equipped with Uzis and rocket-propelled grenade launchers. We waited, knowing that we'd be able to see the convoy as it twisted its way up toward us. Again, I had no direct link to Motta. Yet both he and Dado were following the mission from a command post in northern Israel. We were in nearly real-time contact through a sayeret officer, named Amit Ben-Horn, right across the border.

A first vehicle appeared at around 10:30 in the morning. Bibi radioed us. It was a Lebanese army armored car with a single machine-gun. It drove past and halted 150 feet on, at the point where the road began to climb. The two guys inside took out a small table and a couple of chairs and began brewing up coffee on the side of the road. "All OK," I said when I radioed Amit to tell him. "Pre-deployment." The convoy arrived two hours later and began to climb. "We're taking it," I radioed Amit.

"Wait," he replied. And as I kept pressing him for the final go-ahead, another 30 seconds passed.

"Not approved," he finally barked back at me, clearly wanting to make sure I got the message.



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"What the hell is going on?" I replied, in a mix of a shout and a whisper, since I knew the convoy was getting closer. But within a minute, we spotted the lead Land Rover, which was soon past us on the way up to the ridge. It was followed by two large American cars, with the Syrian officers, and then a trailing security vehicle. It was too late. I was fuming. The convoy had passed within a couple of yards of us, moving slowly because of the incline. But, regaining my composure, I realized we'd get another opportunity, when the officers returned from their inspection visit. We now knew exactly how the convoy was deployed, and with any luck, the security men would be less alert by the end of the day. Even better, it would be beginning to get dark, perfect conditions for the ambush.

But as we were waiting, Amit radioed me with a question from from Dado and Motta. "Where's the armored car?" It's still there, at the bottom of the road, I told them. "But there's nothing it can do." Bibi and his team had it in their sights. I considered not telling Amit what happened a few minutes later: a Lebanese shepherd, with a half-dozen sheep, stumbled on us. One of Uzi's men, fluent in Arabic, tied the startled man's arms behind his back, scattered the sheep, and told him: "It's fine. Another hour or so, we'll be gone, and we'll let you go." It turned out to be less than an hour. Forty-five minutes. During which, not once but twice, Amit told us that Dado and Motta were worried: about the armored car and now about the shepherd. I assured him everything was fine. We'd do the operation. The guys in the armored car would be helpless. If all went well, they might not even know we'd intercepted the convoy. The shepherd, like us, was just waiting for it to be over so we could all go home. Minutes later, Amit called again. He told us the convoy was on its way down. But barely 60 seconds later, he said: "It's off. Don't do it. Dado told me to repeat it twice so you'd understand: do *not* do the operation."

When we got back to the command post, not only were Dado and Motta there. Since Motta was within days of leaving to become Israel's military attaché in Washington, they'd been joined by his successor as head of the northern command, Yitzhak Hofi. Three times, I suggested to Dado that we speak without my officers present. I did not feel it was right to have Uzi, Mookie and Bibi hear me the generals how I felt. But Dado insisted there was no reason for them to leave.

"This is a serious issue," I said, trying to keep my emotions in check. "What happened out there is unacceptable. An effective special-forces unit cannot operate this way. For the second time in a week, you've made us stop an



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operation. Both times, it was an operation that we, the ones who have to do it, knew could succeed. An operation on which the fate of three Israeli pilots depends. One of whom we know personally, and have *worked with*. Now, again, with no real reason, you've stopped us. I see this as a breach of trust." When neither Dado nor Motta replied, I went on: "I have to tell you openly. You can't possibly judge the situation on the ground. Only we can. And you're behaving as if you *know*. You *can't* know from here. There was no reason for us not to grab those officers. I don't want to reach a point when I have to start thinking about what to report back, or not report, just to make sure we're free to complete a mission that you *ordered*, after agreeing it was necessary for Israel."

No one said anything for a few moments. I could see that Uzi, Mookie and Bibi were shocked at having heard me speak in this way to three of the top commanders of the armed forces. But I meant every word. If Sayeret Matkal was to function as a special-forces unit, it needed to have the trust of those who'd authorized an operation in the first place. It was Dado who finally replied. Sort of. Trying to defuse the tension, he told us a joke from his Palmach days. "There are two bulls who come into a field full of cows. A young one and old one. The young one says to the old guy: let's run over there to the far end of the field, where the prettiest cow is, and we can fuck her. The old bull replies: "No need to rush. Let's go slowly, and fuck them all."

I guess we were meant to be the young bulls.

I doubt Dado knew whether we'd get a third chance at the Syrian officers, though I'm sure he hoped so. A week later, we got word there would be a final inspection visit, to the central sector of the border area. Ordinarily, I would have led the operation. Now, I made an exception. To Dado's obvious surprise, I decided to remain behind, in the command post. "A commander has to be in the best place to ensure a mission is successfully completed," I told him. "I've come to the conclusion the only way I can do that is to be here with you. Because the real bottleneck isn't out there in the field. It's here."

I placed Yoni, who had just become my deputy, in overall command of the two main teams: Uzi Dayan's and another led by one of our most impressive young officers, a kibbutznik named Danny Brunner. He reminded me a lot of Nechemia Cohen: he spoke little, and softly, but once an operation began was calm, clear minded and able to anticipate and avoid trouble before it materialized. Two other teams, one led by Mookie Betzer and the other by Shai Agmon, would act as blocking units, concealed half-a-mile on either side, once the main force intercepted the convoy. We chose a spot across from the Israeli



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moshav of Za'arit. We equipped Yoni's force with a pair of Land Rovers in Lebanese army colors and had them hide overnight in the moshav's orchards, a hundred yards from the road on the Lebanese side of the frontier. The next morning, when we got confirmation the convoy was on its way, they crossed and stationed themselves on the road, lifted the hood of one of the vehicles and made as if they were trying to repair engine trouble. Both the blocking forces were in half-tracks with heavy machine-guns in case the convoy chose to stand and fight.

What we didn't count on was a Lebanese driver, in a VW Beetle as I recall, puttering along the road shortly after Yoni's team crossed. The man waved at them. Quite rightly, Yoni let him drive on. Along with the other obvious reasons not to fire on a civilian VW, he didn't want to alert the Syrians and their hosts there was danger ahead. But the Lebanese motorist, as well as a group of nearby farmers, were suspicious enough to deliver a warning that there were a couple of stalled Land Rovers on the side of the road. The convoy halted shortly after passing Mookie's force, hidden in a field a few dozen yards away.

Had I not been in the command post, I'm pretty sure what would have happened next. The mission would have been called off. This time, I was the one in direct contact with all three teams. Even before I gave the order, Yoni had anticipated it. He and Uzi turned west to confront the convoy. In a brief initial exchange of gunfire, one of Uzi's men was wounded, not seriously, in the leg. But with Mookie's team firing from behind and Yoni's and Uzi's men in front, the convoy was trapped, and the Syrians captured.

The safest way back into Israel would have been the way the force had entered. But Yoni and Uzi realized the main imperative was to get the Syrians out as quickly as possible. At a not-inconsiderable cost to a pair of American limousines, Uzi drove each of them, with a total of five Syrian officers, through a boulder-strewn field across the border.

The Syrians included three senior members of the Operations Department of the General Staff, and two from Air Force intelligence. Israel made an immediate offer to swap them for our pilots, though how enthusiastically I'm not sure. With this kind of leverage on our side, it seemed unlikely the Syrians would do further harm to our pilots. *Our* intelligence officers were keen to get every bit of information they could before sending the Syrians home. It would be a year later before the exchange was done. Yoni received a well-deserved *tzalash* for his role in the mission.



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Barely two months after the ambush operation in south Lebanon, Black September seized and murdered members of the Israeli team at the 1972 Olympics in Munich.

As soon as the news broke on the morning of September 5, I phoned Ahrahle Yariv as head of military intelligence. "You need to send us," I said. I tried to persuade him that if it came down to an operation to free our hostages, Sayeret Matkal offered the best hope that it would not end in a bloodbath. We had the mind-set, the background, the training and now the experience. I also knew the *German* military had no special-forces unit. I'd have been even more worried if I had known that German law barred the army from operating in peacetime. That meant any use of force would be left to the police. Ahrahle told me it was too early to say what involvement, if any, Israel might have. He'd get back in touch with a decision when it came.

I called my officers together to begin planning. I decided to use the men who had been with me for the Sabena mission, including Mordechai Rachamim. We collated information from the stream of media reports from Munich and assembled a rough idea of the layout of the building the terrorists had attacked. As for the attackers, I said we had to assume there were at least half-a-dozen, that they had not just AK-47s but grenades or other explosives. And that like the Sabena hijackers, they would be prepared to die but hoping to live. All of that turned out to be true. None of it, however, could alter the reply I got from Ahrahle a couple of hours later. "We decided to send Zvika," he said. Zvika Zamir was the head of Mossad, and he would be going only as an observer. Any operation against the terrorists would still be in the hands of German units.

The German police's bungled attempt to end the ordeal was especially painful because it was so predictable. I believe that if we *had* been there, at least some of the eleven Israelis killed might not have lost their lives. The Germans launched an ambush at a NATO airfield outside Munich, when the terrorists and hostages were ostensibly on their way to board a flight for Cairo. We know now that there was no properly co-ordinated plan. Too few police were deployed for the operation. They were insufficiently armed, and they lacked relevant training or experience. The result: a bloodbath. As a final insult to the memory of the murdered Israelis, although the three surviving terrorists were jailed, the



HOUSE_OVERSIGHT_011604

German government released them to meet the demands of the hijackers of a Lufthansa airliner the following month.

Added to Israeli public's shock over the massacre, there was anger at having to watch the murderers go free. In the weeks afterwards, I got occasional hints that a sustained Israeli response was underway, though I didn't know the details. I was not aware that it was Ahrahle, at the direction of Golda herself, who was co-ordinating it. Nor that a special Mossad team was at the center of the operation. Yet from news reports of a series of attacks on suspected leaders of Black September, I, and most Israelis, assumed we were determined to convey a message which the Germans had not: that terror killings of the sort perpetrated in Munich would not go unanswered.

It was not until late 1972 that I knew the full scale of the operation. We had no formal ties with the Mossad, but our intelligence work occasionally overlapped. In mid-December, the sayeret's intelligence liaison was approached with a "theoretical question" by a couple of guys from the Mossad. Did we have the capability to attack three separate flats in a pair of apartment buildings in Beirut. I sent back my preliminary answer a few days later. I said it was possible. But there was no way I could say for sure without more information. Would the people in the apartments be armed? Were there guards outside? Was there a caretaker or concierge? Was there only one way in to the buildings, or also rear entrances? Would we be able to get a plan of the interior of the apartments?

In another month, they came up with most of the answers. The buildings were fairly new, with glassed-in lobby areas and concierges. The Mossad men also gave us a fairly detailed layout of two of the three apartments. They did not know whether there were back entrances. They thought it was likely there were bodyguards, or at least some security detail posted outside. As for the people living in the apartments, all of them were likely to have at least small arms.

Over the next week or so, we raised a series of other questions. Mainly, I wanted to know whether they were sure the people we'd be looking for would be at home. The Mossad officers said they were working on that, but were confident of being able to confirm this before any operation happened. Though they didn't identify the people they were targeting, I had now learned, through Ahrahle and others, what had been pretty obvious since the Mossad's initial approach. They were Palestinian leaders with ties to Black September. "I think it's possible," I finally told them. "We'll put a plan in place. We can finalize the arrangements if you come back and say you want us to do it."



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Nothing happened for several months. By the early spring of 1973, with my two-year term as sayeret commander winding down, I assumed the operation had been vetoed. I could understand why. As we worked on our plan, it had become clear that getting into the heart of the Lebanese capital, hitting the apartments and getting out again without starting a minor war would be by far the most difficult mission we had attempted. I did not doubt that Sayeret Matkal offered the best chance of success. But it wouldn't be easy. I figured that whoever was making the decision had come to the same conclusion.

I was on a weekend away with Nava and Michal in the Red Sea resort of Eilat when things suddenly began to move. At around noon on Saturday, I got a call from Talik's deputy in the *kirya*. "Ehud," he said, "we need you back here as soon as possible." When I asked why, he said: "You remember how you were approached by someone with some questions, and you went back to them with a list of other questions for them to answer?"

I told Nava I'd been summoned to a meeting at the chief-of-staff's office – the kind of call of duty that both of us were now used to – and grabbed the first commercial flight north. It got the the *kirya* early in the evening, and joined a meeting that was already well underway. Dado was in his usual seat on the right-hand side of the table he used for staff discussions, flanked by Talik. Across from them was Manno Shaked, the officer who had phoned me to tell me about the Sabena hijacking and who had now succeeded Raful Eitan as *katzhar*, overall chief of the infantry and paratroopers. Beside him were the two Mossad officers with whom I'd had most of my dealings about Beirut. They were all staring at an aerial photo of the Lebanese capital, with an area marked in blue pen around a street called Rue Verdun.

I entered and took one of the remaining chairs. Gesturing toward the image of Beirut, Dado turned to me. "Do you know this place?" he asked. Yes, I said. I'd seen the photo. Nodding toward the Mossad men, I said: "These two officers showed it to me."

"Do you have an idea how to do this operation?" I told him that we didn't have a fully detailed operational plan. But I said we'd looked into the problems we'd face. "We believe we can do it." When he asked how, I outlined the approach we'd settled on: a small force, thirteen men, plus two from Mossad to act as drivers. We would need the Mossad men to go to Beirut ahead of us, and rent a pair of nice American cars, the kind typical tourists would use. We'd land on the waterfront, well south of the most built-up parts of the city coastline, and meet up with the rental cars. When we reached the apartment blocks, three



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groups of three men each would take care of the apartments. Four more would remain outside to deal with the concierges or security guards or any other interference, and to command and co-ordinate. We'd leave the same way we came in, by sea.

Dado nodded. I found out later that he'd asked the same question of Manno, who had proposed a classic regular-army raid. They would block the road with ten armed paratroopers on each end with the aim of holding off resistance, while another two dozen went in to the apartments and attacked. I could only assume Dado concluded that this almost certainly wouldn't work, at least not without major trouble. It would certainly forfeit any chance of surprise.

"The mission is yours," he said. "Manno will be in overall command, offshore. Because we're also planning to hit several other targets."

The reason for the urgent summons was that the Mossad had confirmed all three Palestinians would be in their apartments in 10 days' time. Everyone involved realized that – given its complexity, the obvious risks, and the inevitable unknowns – the operation could well go wrong. In fact, one reason for Dado's "other targets" was to ensure that if it did, there would be successes elsewhere to provide a credible justification for having sent Israeli forces into Beirut. As we received further intelligence, new obstacles had to be factored in. The main one was the presence of a *gendarmerie*, a Lebanese police post, at the bottom end of the street, only 500 feet or so from the apartments. And we would be operating in a crowded, up-market residential area. We could only hope that at the hour we struck, most people would be in bed. Or out partying. This was, after all, pre-civil war Beirut, the "Paris of the Middle East".

In the years since, an extraordinary array of stories has grown up around the sayeret's final and best-known mission during my term as commander, culminating in the dramatic version in Stephen Spielberg's movie *Munich*. I remember reading in one earlier book, otherwise surprisingly accurate, about our *five weeks* of intensive training. Even the full 10 days which I thought we'd been given would have been a bonus. In fact, we had half that as a full team, since our Mossad drivers, European-born Israelis, had to make their way through Paris to Beirut as tourists, rent the cars and scout out our route from the seashore to Rue Verdun.

There were four other operations planned alongside ours: three by paratroop units and one by the *Shayetet 13* SEALs, against a series of Fatah and Democratic Front installations. Though all of them, like ours, would need help



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from the SEALs in getting ashore, only one required direct co-ordination with us. This was an attack on a DFLP building a mile or so away in southern Beirut, led by Amnon Lipkin, the friend whose unit had faced one of the toughest battles at Karameh. Amnon's paratroop force would land with us and also pile into Mossad rental cars. Our attacks would begin at the same time, with the maximum prospect of retaining the advantage of surprise. When and if we both completed the operations and got away safely, we would meet up again on the seafront.

From our first meeting, the morning after Dado gave me the go-ahead, I realized I would have to make at least one change to the plan to rely on the core Sabena team. There was no way, after his exclusion from the hijack rescue mission, that I could refuse Yoni when he pressed to be included. I added him to Mookie Betzer's force. I put the other two attack teams under a pair of young officers named Amitai Nachmani and Zvika Gilad. Both were self-confident, natural leaders. Both had other qualities I also knew we'd need: focus, and calm. I would take charge on the street outside the targeted apartments, along with Amiram Levin. With us would be Dov Bar, a *Shayetet 13* officer, and our medic, Shmuel Katz.

In the hangar at the sayeret base, we made mock-ups of the layout of the apartments, using bedsheets for the walls and adjusting the dimensions as further bits of intelligence came in from Mossad. But the real work involved simulating the whole operation, from the moment of our landing on jet-black rubber dinghies piloted by the SEALs. We found a new building development in north Tel Aviv with a pair of apartment blocks under construction. For two nights, we ran through the whole thing: setting off in the dinghies from a missile boat off the Israeli coast before midnight, meeting up with our Mossad drivers on shore, making our way through the center of Tel Aviv to the apartment complexes and simulating the attack. I wanted to ensure we could pull off the whole thing without anyone raising an alarm. The one problem came during the second run-through. A policeman drove by as we were "attacking" the apartments. Dado managed to convince him that reporting us to his superiors would not be an especially good idea.

In our debriefing discussions after that exercise, Dado identified a major problem I'd overlooked. We would be entering Beirut dressed as civilians. Once we got to the top end of Rue Verdun, we planned to approach the apartments as if we were party-goers returning from a night on the town. "It doesn't look right," Dado said. "More than a dozen party people walking, all *men*?" Mookie



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came up with the solution, one that would have the unintended effect of elevating our mission further in Israeli lore. The three least burly-looking of us would go in as women: a boyish looking guy named Lonny Rafael, Amiram Levin, and me.

Still, there was another, potentially deeper concern that had yet to be addressed. In all sayeret missions, since the beginning, we knew we might end up having to fight, shoot and, if necessary, kill. Yet now we would be going in with the expectation of killing three specific men. We had black-and-white photos: Mohammed Youssef al-Najar, or Abu Youssef, an operations officer in Black September; Kamal Adwan, one of Arafat's top military planners; and Kamal Nasser, a member of his leadership circle and his spokesman. Nominally, it was understood we would seize them and bring them back to Israel if possible. I had us exercise how we'd do that. But none of us really believed that once our teams made it into the apartments, the Palestinians would surrender. We assumed we would have no option but to kill them.

The killing was not the main issue. After all, I had drawn up a plan a year earlier to target Arafat himself. Though no one in the sayeret took any pleasure in having to take a life, at the end of the day we were a part of the army. Black September, and Arafat's Fatah more broadly, were not only at war with the existence of Israel. They were behind a campaign of terror. Certainly there was no significant public opposition, after the horror of Munich, to going after those who were deemed to be part of the operational or political direction of Black September. Our uneasiness inside the unit, however, revolved around what I'd extolled as its "spirit" when I became commander. Beyond all the specific qualities we needed to succeed in our operations, our image of ourselves was as *thinking* soldiers. We might sometimes find it necessary to kill, but we were not *killers*.

As I explained to each of the men I'd be leading on the operation, the Mossad, Dado, and ultimately Golda had concluded that these three men were appropriate targets in the wake of Munich. As a battalion-level commander, I did not feel I was in a position to challenge their judgement, *unless* we had been ordered to carry out an attack that was clearly improper or immoral. In that case, I would have no hesitation in refusing. I said I viewed what we were being asked to do in Beirut not as an act of revenge, but a deterrent. It was a way of leaving no doubt in the minds of potential future terrorists that massacres like Munich carried a heavy price.



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The more difficult question for some in the unit was *how* we were delivering that message: breaking into apartments in the middle of the night. Yes, each of the men was almost sure to be armed. But these flats were their homes. Very likely, members of their families would be there. If the operation went as planned, it was hard to imagine how any of the men would have a chance of surviving. My answer was that ideally we would face them on a battlefield. Yet given the nature of Black September, that was not going to happen. Mossad was right to conclude this was the only way to isolate and attack them.

For Amitai Nachmani, who would be leading the attack on one of the apartments, my words were not enough. Twice, he came to see me. It was not that he didn't trust or respect me as his commander, he said. But before leading his team into Beirut, he needed to satisfy himself that the people we were attacking, and the way we were attacking them, had been properly thought through by the people giving the orders. I told him I understood. I did not tell him that I was actually proud of him for asking – which, although I'm sure he sensed it, was an omission I regretted when he lost his life in the Sinai Desert a few months later. But I did go see Dado. I told him what Amitai had said. He needed no convincing when I urged him to address the entire Beirut team and answer their questions at our final planning meeting. He did so, explaining how and why the decision to target these three Palestinians had been reached, to the satisfaction of Amitai and the others.

We set off by missile boat from Haifa on the afternoon of April ninth. To my relief, since I suffer from seasickness, the Mediterranean was calm as we headed west towards Cyprus, before circling back in the direction of the Lebanese coast after nightfall. I ran through the plan a final time with each member of the team and then joined Amiram and Lonny in transforming ourselves as best we could into credible dates for the evening. I'd vetoed dresses or high heels, in favor of flared slacks and flats. We used standard-issue army socks to pad out our bras. The Mossad had recruited a volunteer from a Tel Aviv beauty parlor to help us with our lipstick, blue eyeliner and eye shadow. The final touch was our wigs. Amiram and Lonny were blondes. I went as a stylish brunette.

I'm reluctant to take issue with the Spielberg version of events, if only because he had my part played by someone undeniably better looking than I was, even as a 31-year-old. But in *Munich*, we are shown zooming into a crowded harbor area on a line of motor boats, changing into drag only once we've sprinted ashore, opening fire on a dockside kiosk and shooting our way



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into town like something out of the wild west. Had any of that happened, we would have started a small-scale war, not to mention run the very real risk of not getting out alive.

In fact, we left the missile boat, Manno's offshore command post, in motor dinghies out of earshot of Beirut and cut the engines as we got closer to the shore. All of us, including the "women", were wrapped in ponchos to avoid showing up on Rue Verdun soaking wet. After getting out of the dinghies, we were carried ashore by the SEALs to make sure we stayed dry. All of us had loose-fitting jackets. The attack teams used them to conceal Uzis, explosive charges to blow the locks on the apartment doors if they couldn't be forced open, a hand grenade or two and flashlights for the dash up the stairs. One member of each team had a large plastic bag, with orders to take away any easily accessible documents for Mossad analysts back home. As the mother of the brood, I also had a large purse, in which I carried our radio to communicate with the team leaders and with Manno on the missile boat if necessary.

Our SEAL pilots steered us well away from the more built-up part of the seafront towards the Coral Beach, one of the private clubs on the southern end of the shoreline. Four rented station wagons were waiting, two of them for us and two for Amnon's squad. Amnon set off toward the DFLP target. We headed north towards the center of town. In the Spielberg film, my speaking role consisted of two words, my name, as I introduced myself to my driver. In fact, we had already met: during the run-through exercises in Tel Aviv. After we got into the cars, I asked him how his scouting of the route had gone. He said basically OK, but that he'd noticed a couple of cops patrolling near the top of Verdun on one of his drive-bys. I assured him it would be fine. There would be no reason for a policeman to suspect what we were up to, or who we were. Still, I could tell he was nervous. "What's wrong?" I asked. He hesitated before replying. "I've never been in a place where there's live fire," he said. I told him not to worry. He *still* wouldn't be. "You're going to be parked around the corner, until it's over. Then, it's just about getting home."

When we reached the top of Verdun, it was about ten minutes after one in the morning. Our cars pulled over. I took Mookie's arm as we began walking the 150 feet or so to the first of the apartment buildings. The others followed in knots of two or three. Both Mookie and I saw a policeman approaching on the sidewalk. "Ignore him," I whispered. We weaved a few inches to the side to let him pass. The buildings were as we'd expected, with their lobbies set back from a covered terrace in front. As the other teams made their way to the second



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building, I stayed with Mookie. His job, along with Yoni in his expanded team, was to deal with Abu Youssef, the Black September operations officer. The concierge must have been on a coffee break. The lobby was empty. The door was unlocked, so they sprinted toward the interior staircase and made their way up.

Adwan, the Fatah military man, and Kamal Nasser lived next door. Adwan, Amitai's target, was on the second floor. Nasser was on the third. As the teams raced into the other building, Amiram and I posted ourselves near one of the terrace pillars, occasionally exchanging a few words of what we hoped would pass as girl talk. The SEAL officer and Dr Katz were near the top end of the street as lookouts. We seemed seconds away from what had all the makings of the operation we'd rehearsed back in Tel Aviv. The one major problem I'd expected – security guards posted outside – hadn't materialized. We'd been told by the Mossad to look out for a grey Mercedes, but it wasn't there.

The next stage was for each team leader to press the transmit button three times on his radio. When I'd heard from all of them, I would send a signal back. Then, at the count of five, each of them was supposed to start the attack. Mookie's signal came first. Yet before either of the other two teams checked in, the trouble began. Suddenly, the door of a red Renault flew open almost directly across the street from where Amiram and I were standing. A tall, sturdy, dark-haired man climbed out. He looked across at us. He opened his leather jacket. He pulled out a pistol and started to approach us. "*Ein breirah*," I whispered to Amiram. "No choice." To this day, I remember the shock on the man's face as he watched us – a pair of 30something women – open our jackets and pull out Uzis. Fortunately for him, we'd had to make allowances for concealment in choosing our weapons. We'd left the Uzis' stabilizing shoulder braces behind. As our first shots hit, he had half-turned to run. Though wounded, he somehow got back in the car. We kept shooting but he managed to drag himself out of the far door and roll behind a waist-high wall on the other side of the street. One of our shots obviously hit the electrical innards of the Renault, because the car horn began blaring full-blast, as if someone had set off a modern-day car alarm. So much for the element of surprise.

I saw three sets of lights suddenly come on in the otherwise dark apartment buildings. They were in the flats that Mossad had identified. At least that part of the plan was intact. These were the Palestinians we were after, and it seemed they were at home. Seconds later, I heard an explosion. It was from Abu



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Youssef's apartment, the one Mookie and Yoni had been assigned. Then, bursts of gunfire from the other building.

A Land Rover was approaching from the *gendarmerie* at the bottom of the road. We waited until it was about 50 feet away. Amiram and I opened fire, then Dov and Shmuel Katz as well. The driver lost control and crashed into the side of the Renault. There were at least four policemen inside. They, too, rolled behind the wall on the far side of the street. Using the terrace columns for cover, we kept shooting. Within a minute or so, only a couple of the cops fired back.

Though the three Palestinians could not know the reason for the gunfire and the wailing of the car horn, they were now on their guard. When Mookie had blown open the door to Abu Youssef's flat – and he, Yoni and the other two members of his team ran into the apartment – he saw the Black September man peering out from the bedroom. Mookie raised his Uzi but the Palestinian ducked inside and shut the door. All four of them fired through through the door. When they went in, they found not only Abu Youssef but his wife, both dead. When Zvika's team burst in on Kamal Nasser, he, too, was ready. Crouching behind a desk, he raised an automatic pistol and fired, grazing one of the team on the leg. But in a burst of Uzi bullets, he, too, was killed.

I suspect that Amitai's face-to-face meeting with Dado may have saved his life. When he and his team cornered Kamal Adwan, he had an AK-47 raised and ready to fire. Without even a split second's unconscious hesitation, Amitai fired first. His only regret afterwards was that Adwan's wife and children saw it happen, and that when they'd blasted open the apartment door, the force blew open the door of a nearby flat, killing an elderly Italian woman. She had been one of the Mossad's sources of information on the Beirut apartments.

Mookie's team came down first. They joined us, crouching behind the columns, as sporadic shots continued from one of the policemen behind the wall across the street. When a second police Land Rover approached, I at first signaled the others to let it pass. But when it suddenly accelerated toward us, we opened fire. It swerved, crashing into the rear bumper of the other one.

The other teams were back down now. I shouted for Dov to have the drivers bring the station wagons from around the corner. When we began to pull away, a third police Land Rover appeared. It sped up behind us. Mookie tossed back a grenade. The last thing I saw as we made it to the end of the block and headed toward the seafront was the front end of the vehicle exploding. We dropped hollow, needle-sharp spikes out the window of the car as we left, so I knew that



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any other pursuing vehicle would be in no shape to follow for very long. But we still had to avoid trouble on our way back out. I knew it would be a risk to go back to the Coral Beach, so we took the shortest route to the sea, straight out to the Corniche, the city's main avenue along the Mediterranean. As we got closer, we could hear gunfire. Obviously, the police, and the Palestinian militias, realized *something* was not right. The advantage we had was that they would have no idea what had happened on Rue Verdun, who we were, or where we were going.

No sooner had we joined the Corniche than I saw another police Land Rover about 200 yards ahead of us. This one had a spotlight on the roof, panning both sides of the road. I told the driver to slow down. About 100 yards or so later, reaching the place where we'd arranged for the SEALs to meet us, he and the other station wagon pulled over to the side of the road. The Land Rover kept driving. We slid down a steep embankment nearly 30 feet to the sea. Two of the three assault teams had bags full of documents as well. We swam out to the dinghies. When we had hoisted ourselves in, we headed out at first by paddle, then under engine power, to the missile boat. The whole operation had taken about a half an hour, only 10 minutes on Rue Verdun.

I radioed Manno on the way to the missile boat. A half-dozen words: the agreed code phrase for "mission accomplished, targets achieved." I could hear relief in his voice when he replied. At first, I assumed that was because they hadn't heard from us during the operation. Our radio link to the missile boat had gone down when we entered the built-up area around the apartment blocks. *Genuinely*, despite Manno's suspicion that I'd cut the connection. Yet he had other reasons to exhale when he heard we had got out safely. Amnon's team had had a much tougher time. They met resistance from the moment they arrived at the DFLP building. Two of his men were killed, another wounded. They set off their explosive charges, but had to fight their way out. They only barely managed to escape, carrying their fallen comrades with them and linking up with another team of SEALs near the Coral Beach.

It was a little before six in the morning when I got home. I was careful not to wake Nava. I'd changed out of my slacks and flats and surrendered my wig on the missile boat. But I didn't have the energy to deal with my makeup. The next thing I remember was my wife standing by our bed as I stirred awake around noon the next day. She looked at my eye makeup and lipstick, shook her head, and smiled. She didn't need to ask where I'd been. Israel radio had been full of news about a major operation in Beirut.



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A few weeks later, my term as commander ended. The handover to my successor, Giora Zorea, turned out to be more elaborate than my arrival, though not at my instigation. With both Talik and Avraham in attendance, Dado presented me with my fifth *tzalash.* It was not for Beirut. Not for the operation against the Syrian officers, or the unprecedented access our intelligence missions were providing into Egypt's military communications. Dado said it was for all of the above. And not just for leading the unit of which I'd been a part almost from the start. It was for my part in bringing it to maturity. When I replied, I am sure everyone knew I was speaking from the heart in saying that my every moment with Sayeret Matkal had been a privilege. And that this latest commendation was an award for the achievements the whole sayeret.

Dado did me another good turn. As my stint as commander drew to an end, I knew what I hoped to do next in the army: to use my tank training to work my way up the command chain in the armored corps. But like past sayeret commanders, it was assumed I would first spend time at the US Marine Corps staff college in Quantico, Virginia. I had other ideas. I wanted to exercise other parts of my mind, by doing postgraduate work at a normal American university. Dado agreed.

I still had to get accepted. The first step was to take the post-graduate entry exam, the GRE. There were two parts to it. The first involved mathematics and abstract thinking, the second English language. If my fate had rested on my English grade, I'd have ended up at Quantico. I finished in the 28$^{th}$ percentile. But in the other part, I was in the 99.6$^{th}$ percentile. I applied to four universities: Harvard, Yale, MIT and Stanford. Amazingly, I got accepted by all of them. I chose Stanford, mainly because it allowed a far greater latitude in choosing my program of study. Also, the weather.

In early August 1973, Nava and I joined my parents and hers on a sunny afternoon in Mishmar Hasharon to celebrate Michal's third birthday and say goodbye. We were heading to Palo Alto, California, with every expectation of two years of intellectual stimulation, new friends, new experiences and something approximating a more normal family life. My "other" family, the Israeli army, also had reason to believe a period of new possibilities lay ahead. The threat of terror remained, of course. There had also been a brief bout of



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nerves over military maneuvers by Anwar Sadat a few weeks earlier. But that had come to nothing. In no small part due to the success of the raid on Rue Verdun, Israel's generals believed the balance of strength and security was on our side and that, at least for a while, Israel could breathe a bit more easily.

But we were all about to be proven spectacularly wrong.



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## Chapter Nine

The phone rang in our apartment in Palo Alto at 4:30 in the morning. We had been in the US for barely six weeks. It was the Sixth of October 1973: Yom Kippur, the holiest date on the Jewish calendar. I was still a bit groggy from the night before. We had been out at a get-to-know-you event for some of the several dozen Israelis, and several hundred American Jewish students, at Stanford. While I only vaguely recognized the voice on the other end of the line, her words instantly jolted me awake: "The boss is busy," she said. "But he wants you to know. A war has started back home."

Her boss was Motta Gur, who was by now Israel's military attaché in Washington and was my nominal commander for my period in the United States. "I need to talk to Motta," I said. She passed him the phone. "I want you to know I'm going back," I told him. Motta's reply took my mind back 15 months, to our on-again-off-again mission to abduct the Syrian officers, with Motta and Dado in the command post, intent on reining in the "young bulls" of the sayeret. "Ehud," he said, "from what I'm hearing, I don't think we are missing a major war."

"What's this *we*?" I said. Motta was a general, at the upper reaches of the armed forces, officially posted to Washington. I was a young officer, just starting to work my way up the chain of field command. "I can't afford to miss even a *non-major* war," I said. "I'll check in with you when I get to New York."

"Major" would turn out to be, if anything, an understatement. Yet all I knew, as I kissed Nava and Michal goodbye and got a cab to San Francisco airport, was that Israel was again at war. By the time I joined the swarm of Israelis around the El Al desk at Kennedy eight hours later, the picture was clearer, and more worrying with each new report from back home. Surprise attacks by Syria and Egypt – armies we'd not just defeated, but humiliated, six years earlier – had pinned down and pushed back our forces on the Golan Heights and in the Sinai. Without any advance call-up, many reservists were only now reaching the front lines.

As hundreds of people pressed for seats on the El Al flight, I was fortunate to receive a boost up the pecking order from another man in line. Since the Sabena operation, the existence of Sayeret Matkal had become a bit less secret. Still, the identity of the sayeret commander was known to just a few people outside the unit. So skittish were the army security people that before I'd left for Stanford,



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they even insisted I change my name. I was no longer Ehud Brog. I'd Hebraicized it: to Barak, which seemed near enough to the original. Among the few dozen outside the unit who did know about my role, however, were paratroopers who'd joined us on various missions. One of them now told the El Al people who I was. Not only was I given a seat on the first overnight plane back to Tel Aviv. I found myself helping the airline establish a priority for assigning seats to others: first, active officers in fighting units: armor, infantry, the air force. Then, reservists, with the emphasis on those who'd seen active service most recently.

As we were waiting to board, I phoned Uzi Dayan and asked him to meet me at Lod the next morning. Then I called Motta again. "Ehud," he said, with no trace of irony, "it is an *extremely* serious war. Syrian tanks are getting close to the outer fences of Nafakh" – our main command post on the Golan. "Good luck."

Uzi was waiting for me when we landed. Walking to his car, we ran into two reserve armored officers who had also just arrived home. They expected to be sent north, to help beat back the Syrian advance. When they asked me where I thought I'd be going, I said, truthfully, I had no idea. "Wherever I can help," I said. Uzi drove us to the *bor*, the bunker built two floors underground in the *kirya.* Usually, it functioned as the day-to-day operations center. But it was where the commanders of the armed forces operated during times of war.

At officers' school, we'd heard and read about the importance of throwing the enemy "off balance". Now, *we* were the ones off balance. The faces I saw around me were gray and drawn. There were dead looks in the eyes of the commanders and their staff. Some 30 hours after the surprise attack, all the self-confidence we'd felt since 1967 seemed to have evaporated. I looked into several of the rooms where, months earlier, I'd run through operational plans as sayeret commander. Inside each, a large wall map traced the course of the fighting. Israeli forces were marked in blue, the Syrians and Egyptians in red, with a timestamp for each position report scribbled at the side in black magic marker. But I saw that the latest addition was from at least *twelve hours* earlier. It was as if we'd lost track of what was happening, or were simply overwhelmed by the pace of events.

I spoke briefly with Talik as he walked along the corridor. He looked 10 years older than when I'd last seen him. Then I spotted Ahrahle Yariv, who had been called back into military intelligence at the start of the war. Looking surprised to see me back in Israel, he pulled me close to him. "It's important



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that you came back," he said. "We'll need each and every one of you to get the job done." Then he hugged me again. It was as if, knowing I would soon be heading for the front line, he wondered whether we'd see each other again.

I made my way to the office that the chief of staff used in the bunker and asked Dado's secretary if I could see him. As she was deciding whether to let me in, he emerged. Though obviously aware of the seriousness of the situation, Dado radiated his usual calm and confidence. For the first time, I felt a bit more hopeful. "*Ma nishmah*, Ehud? he asked, in Israelis' everyday greeting. "What's up?" I told him I'd just come from the airport. "I can help in special forces, infantry, armor. Whichever is most needed."

"Leading a tank unit," he said. "They've suffered heavy losses. Go see Tzipori." Motke Tzipori was in charge of organizing the armored units. He sent me to Julis, the training base between Tel Aviv and Beersheva, where tanks from maintenance units around the country were being brought. Once they were reasonably operational, and as more reservists arrived from abroad, I would lead a makeshift battalion to help reinforce our badly depleted forces in the Sinai.

* * *

I was just one of dozens of officers, in command of thousands of tireless and courageous troops called on to try to turn the tide. Most were reservists. Many, like me, had rushed home in the knowledge that for the first time since 1948, there was the real risk Israel would be defeated. By the time I got my battle orders – October 14, the ninth day of the war – Israeli forces on the Golan, at enormous cost, had managed to turn back the Syrian attack. In this war, the men from Sayeret Matkal were not bystanders. Most of the unit joined the fightback in the north, where, under Yoni Netanyahu's command, they took on and defeated a Syrian commando force in the heart of the Golan. Yoni himself risked his life to rescue a wounded officer from another unit behind enemy lines.

In the Sinai, however, the situation remained dire. An initial counterattack, launched while I was on my way to Julis, ended up in tatters, with whole battalions all but destroyed, as our tanks came under fire from rocket-propelled grenades and, above all, the wire-guided Saggers. Israel's main advantage in 1967 – our command of the skies – was all but gone. By moving their surface-



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to-air missiles to the bank of the Suez Canal after the truce in the War of Attrition, the Egyptians had created an effective no-fly zone a dozen miles into the Sinai. After the failed counter-attack, with the commander of the air force warning that we were nearing our minimum "red line" number of fighter jets, Golda contacted the Americans to propose a cease-fire in the south. But having retaken the Suez Canal and pushed into the Sinai, President Sadat was in no mood to call a halt to the fighting. The only way we were going to end the war was to retake the canal and defeat the even larger Egyptian forces on the other side.

To the extent that my part in war was different from other junior officers, it was because of my history in Sayeret Matkal. Other Israeli sayerets were attached to specific fighting forces. Sayeret Golan, for instance, was part of the Golani infantry brigade in the north; Sayeret *Tzanhanim*, was part of the paratroopers. But "matkal" is the Hebrew word for the general staff, since it was the generals in military headquarters who had allowed Avraham Arnan to create the unit. From the start, we had answered directly to the *kirya*, which ultimately had to approve our operations. When I rushed back from Stanford at the start of the war, I was still just a 31-year-old lieutenant-colonel. I had spent two years in command of the equivalent of an infantry battalion. But I knew, and in many cases had worked with, the men at the very top of the armed forces, including Dado, the chief of staff. So while other young reservists were reporting to their former units for assignment, my first port of call was the command bunker, where Dado himself, aware that I'd done intensive tank training before taking command of the sayeret, ensured that I would play my part in trying to turn back the Egyptian advances. I also knew, or at least had met, many of the generals plotting the counteroffensive in the command bunker in the south: Shmuel Gonen, known as "Gorodish", who was head of the southern command; Arik Sharon, who had left the same job for politics a few months earlier, but was now commanding a division near the canal; and Chaim Bar-Lev, the former chief-of-staff whom Golda had called back into emergency service. I even knew the bunker. It was Um-Hashiba, the command and intelligence post from which we had run Sayeret Matkal operations into Egypt after 1967.

So during the last, decisive 10 days of the war, I would witness first-hand the tension among our top commanders in the Sinai, especially between Sharon and Gorodish, since Arik wasted few opportunities to suggest, rightly but not always helpfully, that his successor was woefully out of his depth. I would lead my company back across the canal with one of the other main armored brigades in the Sinai; take out Egyptian missile sites and help restore our jets' command of



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the skies; strike out alone at night, with sayeret-issue night goggles, to bring back the surviving soldiers after we realized we'd lost one of our APCs in a battle with Egyptians; and even, because I'd been there before on sayeret missions, leading a joint armored force across the Egyptian desert to complete the encirclement of Sadat's Third Army and effectively end the war.

Still, the memory which has stayed with me longest – summoning back all the miscues and misjudgements of some of Israel's top commanders, and the terrible price paid by the men on the ground to turn things around – was the fight for an experimental agricultural facility located just a few miles back from our side of the Suez Canal.

* * *

On Israeli military maps, it was called the Chinese Farm. In fact, it was Japanese experts who helped set it up in the then-Egyptian Sinai before the Six-Day War. When we captured it in 1967, deciphering the characters on the equipment had evidently proven beyond our linguistic capabilities. Thus, *Chinese* Farm. Now, it was back in Egyptian hands. The sprawling complex, with its web of large irrigation ditches, controlled the main transport corridor from the Sinai to the bank of the canal.

Before dawn on October 16, one of the battalions in Arik Sharon's brigade, under a veteran paratroop commander named Danny Matt, had managed to cross the canal on rubber rafts with an advance force of some 750 men and a few dozen tanks. But it was a precarious beachhead, vulnerable to Egyptian air strikes, artillery and Sagger fire. Hopes for any large-scale Israeli counterattack rested on moving forward an enormous roller bridge, and hundreds more tanks, to complete the crossing – impossible without retaking the Chinese Farm.

The first I knew of the scale of Egyptian resistance there was about four in the morning on the seventeenth. I got a radio call ordering me to get my battalion ready to move, ASAP. We were attached the other main armored force, along with Arik's, assigned to lead the crossing. It was under the command of Avraham "Bren" Adnan, the former overall commander of Israeli tank forces. "You're going north of Tirtur 42," Bren's operations officer told me. Even without checking our coded map, I knew it was the road running along the upper edge of the Chinese Farm. He told me that the parachutists of



HOUSE_OVERSIGHT_011621

Battalion 890, under Yitzhik Mordechai, were in trouble. "Go. Find them. Help get them out."

I knew Yitzhik personally, from his years in the paratroopers' elite Battalion 890. I knew the man who was now in overall command of the paratroopers even better: Uzi Yairi, who was in charge of Sayeret Matkal during my final years of reserve duty at Hebrew University. Helicoptered into the Sinai just hours earlier, the paratroopers had been sent to the Chinese Farm shortly before midnight. As I would soon learn, they had no more idea than I did about what they were about to face. They were told they were going in simply to clear out bands of "tank-hunters". They *weren't* told of repeated attempts by some of Arik's top tank, paratroop and reconnaissance units to take the farm over the previous 36 hours – attacks which had not only failed, but had cost dozens of tanks and hundreds of men. Without artillery, armor or air support, they immediately came under rifle, machine-gun, mortar and heavy artillery fire.

Our job was to get them out. Ordering my men to get ready for our first combat mission of the war, I found myself face-to-face with a distraught and determined friend from military intelligence. Yishai Izhar had arrived at Bren's headquarters the day before. When he saw me, he'd asked to join my battalion. He was a brilliant electronics engineer and was about to assume command of the technology unit in military intelligence. I told him we already had our complement of tank crews, and I knew he'd never had any armored training. So I found him a place in one of our APCs. But before joining military intelligence, he'd been a company commander in Battalion 890. Hearing that we were going to rescue his old unit, he insisted on joining me on the lead tank. I tried several times to refuse, but he said I had no moral authority to stash him in an APC when we were going in to rescue his friends and comrades. Aware that each wasted minute might cost more of the paratroopers' lives, I relented. I told Yishai he'd be sitting across from me on the turret, right above Yasha Kedmi, another friend who, having served under me in my first tank company in the War of Attrition, had asked to join back at Julis. Yasha was our loader and radio-operator. He got Yishai a machine gun, extra magazines for his Uzi and a box of grenades.

We moved out through wave-like dunes in total darkness. After the first few miles, the terrain leveled out a bit. Still, the sand was deep and the going slow. When we got within a couple of miles of where I assumed Yitzhik and his men would be, I radioed him. His voice was chilling. "They're very close to us, shooting," he said. "I've got many wounded. Get here as quick as you can."



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As we got closer, I could still see no sign of them. As dawn was about break, I radioed Yitzhik to suggest he fire off a flare, but he thought that would put them at even greater mercy of the Egyptians. Instead, he tossed out a smoke grenade. We spotted it, more than a half-a-mile away, slightly below us and to our right. I ordered us forward, leaving my second tank company behind for covering fire. I led Company A, which included my most experienced tank commander, Moshe Sukenik. Immediately behind us were our APCs, including two carrying our medical team. My aim was to engage the Egyptian fire while starting to evacuate Yitzhik's men to one of the long, dry, irrigation ditches, 600 yards behind us.

We moved forward in a broad line with my command tank in the center. We held our fire until we got closer. I still couldn't see exactly where the men of Battalion 890 were and didn't want to risk hitting them. Only when we got within about 70 yards did I spot the first of the paratroopers. They were in groups of three or four in a thin line stretching 200 or 300 yards on either side of us. They were lying behind whatever cover they could find: a bush, a clump of debris, a small rise in the sand. Some were firing. Others were wounded. From just a few yards away, Egyptian infantrymen were raking them with rifle and machine-gun fire. They were now shooting at us as well, and we returned fire. But the Egyptians, far outnumbering Yitzhik's men, were spread out in a network of foxholes, in some places connected by trenches. As we moved forward, I ordered my APC commander to start evacuating the paratroopers back to the irrigation ditch, with the support of a further group of courageous reservists from another nearby APC unit.

A shell suddenly exploded 20 yards ahead of me. Others rained in around our tanks. The source of the fire was straight ahead, about 1,300 yards away: three SU-100s, Soviet-made World War Two "tank destroyers". I trained the main gun of my tank on one of the SU-100s and ordered the gunner to fire. I used the battalion-wide radio frequency so the others would hear the order. But when the dust and smoke had cleared, the SU-100s were still there. I ordered a sight correction and said, again: "Fire". Still, we missed. It was only then that I realized why. Almost none of the tanks brought brought into Julis from the maintenance units had included their "commander's notebook" with their checklists for calibrating and firing – a major problem, since many of the reservists had last been in a tank years before. I ordered the gunners to use their telescopes, parallel to the main gun, instead.



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We were being hit by small-arms and RPG fire from all sides. On the turret of our tank, Yishai and I were firing back, our Uzis on automatic, and throwing grenades. I could hear bullets pinging off the turret and the body of the tank. Then, from our far right flank, came the shoulder-mounted Saggers, honing in with their eerie blue-red glow, juddering towards us as the Egyptian soldiers corrected their trajectories. One of the missiles barely missed us, and the silky wire from its guidance mechanism was tangled over our turret. I tried using my binoculars to identify where they were coming from, but it was no use.

To my right, I could see that the APCs had completed their first evacuation run and were coming back for more of Yitzhik's men. There was a raggedness about it all: one APC, then a couple of others, then a gap, then another one or two. They were doing whatever they could, whenever they could, as the Egyptian fire continued to intensify. A few of Yitzhik's men, whether desperate or dazed, simply stood up and starting walking west, toward the canal, only to be cut down by Egyptian gunfire.

I directed Moshe Sukenik to take half the company and head toward the Saggers to try to take them out, even though we both knew that he'd have to risk heavy fire before they got close enough. He had two-inch mortars on his turret, but their range was only 500 yards, far less than the Saggers. Every 45 seconds or so, a salvo of Saggers zeroed in on our tanks and APCs. Within a couple of minutes, two of the tanks were hit. One was on fire. The SU-100 tank-destroyers were still there as well. Egyptian infantrymen were spraying us with small arms fire. The whole area was swathed in grayish smoke. Every minute or two, another tank or APC took a direct hit. There was a smell, too, which, once experienced, never leaves your memory: the scent of burnt human flesh.

The fire from the foxholes was getting worse. "Run over them," I ordered my tank driver. "Start with the foxhole in front of us." He jerked us forward and we plowed over the first Egyptian position. "Reverse, get the one to the right," I said. As he backed up, I was shocked to see a surviving Egyptian soldier, shrugging off a thick blanket of sand from his shoulders, raise an RPG launcher at us from just 15 feet away. We were close enough to look into each other's eyes. I raised my Uzi and shot him before he could fire. Rifle and grenade fire continued from along the line of foxholes. A second length of the Saggers' silk-like guidance wire tangled over our main gun. Yishai was firing at the Egyptians from the other side of the tank. We both tossed grenades in the direction of the worst of the gunfire.



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It was then, suddenly, that I saw Yishai had taken a bullet in the side of his neck. Blood was spurting from the wound. His face was contorted in pain. He looked at me, raising his hands upward, as if to say: "I did my best. It's over now." I pressed hard on the wound, trying to stem the flow. But he slipped out of my grasp and collapsed into Yasha Kedmi's arms. Yasha propped him up and kept trying to staunch the bleeding. I turned toward the Egyptian soldier who had shot Yishai, less than 20 feet to my left. Keeping myself as low as possible above the turret, I fired into his chest. He tumbled into the foxhole. As I kept shooting, Yasha told me Yishai was dead. "Are you sure?" I asked. When he said yes, I ordered the driver to back up. We drove a few dozen feet, to where a group of the paratroopers was taking cover. With their help, we lowered his body from the tank, and then returned to the battle.

Barely ten minutes had passed since it began. Two SU-100s were now spewing smoke and out of action. The third had withdrawn. But the Egyptians were still firing. Five of our tanks had been hit. Two were on fire. One APC was smoldering, its commander severely wounded. I knew that if we stayed much longer, we would end up like other armored units during Israel's first, failed counterattack in the early days of the war. We would risk being wiped out. As far as I could tell, all the surviving paratroopers had been brought out or had managed to hobble to the irrigation ditch. I ordered Sukenik to abandon his attempt to take out the Saggers, and we withdrew behind the irrigation ditch.

It was only then that I realized that alongside two of our crippled tanks there was still a group of a dozen men: six crew members from my battalion and six of Yitzhik's men. It took nearly two hours to get them out. We used our tank guns to try to reduce the intensity of the fire from the Egyptians around them. I ordered one of our APCs to go get them. I rounded up all our smoke grenades, and the APC crew used them to create a smokescreen, the only way I could think of to reduce the danger of being targeted by the Saggers. It worked, but it required incredible guts for the men in the APC to pull it off.

The battle had required guts of every man in the battalion. They had found a way to conquer the first and most powerful enemy on a battlefield: fear. I felt it, too. But it's easier for a commander. When you're leading people into combat, you don't have time to be afraid. You have to assess and evaluate, second by second, everything going on around you. You have to make instant decisions and ensure they're being carried out. The people under your command are waiting to hear your voice, and watching your actions, too. If you lose control at any point, not only is your life at stake. Theirs are too.



HOUSE_OVERSIGHT_011625

Early that evening, we were ordered to rejoin Bren's division to be ready for the crossing. When I reported that three of my soldiers were still missing, I was ordered to inform the commander of the battalion replacing us to find the missing men. The fight for the Chinese Farm was still not over. It would be another 12 hours before, in a co-ordinated push by a strengthened armor and infantry force, Israeli forces finally drove most of the Egyptians out. What tenuous gains we'd made until then had come at an enormous price. Of Yitzhik's 300 men, nearly 40 were killed, and many others wounded. I'd led around 130 people into battle. More than 35 were injured. Eleven were dead, including Yishai Izhar and Motti Ben-Dror, our medical officer, killed while treating the wounded. One of our missing soldiers was found alive. The other two could only be brought home for burial.

As I began to hear the details of the previous days' fighting, I became more astonished, and angry. Israel's tactics in the battle for the Chinese Farm had involved a series of piecemeal strikes by units obviously too small, and inadequately supported or co-ordinated, to succeed. The problem wasn't the choice of units. No one could doubt the record of Battalion 890, or of the men Arik had sent in before Yitzhik arrived. But there was no way they were going to take the area on their own. I couldn't understand why there wasn't an attempt to assemble a force that might actually have been strong enough: parachutists, tanks, artillery. I felt I knew at least part of the answer from the two nights I had spent in the Um-Hashiba command post before joining Bren's division. By dawn on October 16, the first of Arik's men had crossed the canal. By the afternoon, although the big roller-bridge was still not ready, a smaller pontoon bridge was available. Everyone knew we needed to get control of the Chinese Farm. But all the field commanders were focused the *real* task, and the real prize: crossing the canal and defeating the Egyptians on the other side.

Now, at least, the main crossing was underway. Bren had chanced the fact that, with Yitzhik pinned down at the Chinese Farm and the Egyptians concentrating their fire on his men and mine, he could get the pontoon bridge through. From late afternoon on October 17, his first units began to cross. On the morning of October 18, my battalion joined them. There was still fighting ahead, and we were part of it: taking out the SAM sites, engaging units of the Third Army and, with *Sadat* now pressing the Americans for a cease-fire and many Egyptian units clearly losing the will to fight on, racing against the clock to encircle and defeat it five days later.



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When the guns finally fell silent, I had time to give full rein to my thoughts. There were obviously fundamental questions about how the war had happened, starting with why we hadn't known ahead of time that two neighboring states were about to attack us – despite sayeret intercepts that could have given us time to call up all our reserves. Disentangling the details would take months. But we already knew the human cost of those failures. Hundreds of Israeli soldiers had been killed. The final number would be around 2,800, nearly four times our losses in 1967. Thousands were wounded, some crippled for life. Many of the dead were men whom I'd grown up with or served with, including more than 20 in my own battalion. Some of the dead in other units were close friends.

I felt exhausted. I also realized that Nava, thousands of miles away in Palo Alto, and my parents on the kibbutz could still not be sure I had escaped the fate of so many others. I learned later that my parents had been making daily calls to Digli, who was working in intelligence in the *kirya*. Though he had no way of knowing where I was, he kept assuring them that he had checked with my commanders and that I was alive and well. Nava had been relying on American news reports and the relayed assurances from my parents, which she was seasoned enough as an army wife to treat with skepticism.

I missed her badly, and little Michal. I felt the need to hear their voices. I drove to one of the brigade communications units. There was a long line in front of the radio telephone. But within a half-hour, I managed to get a crackly connection to California. Nava burst into tears when she heard my voice. I told her I was fine, and that I couldn't wait to see her and our little girl. Then, my own eyes dampening, I reeled off the names of friends who had died. In addition to the brave men I'd lost in my own battalion, there were more than a dozen others I already knew of. A pair of brothers from Mishmar Hasharon, a couple of years younger than me, in separate units, but killed within hours of each other. Another childhood friend, from a nearby moshav, named Rafi Mitzafon. And Shaul Shalev, a gifted philosophy postgraduate and a brave tank commander whom I'd become friends with at officers' school. He'd rescued three dozen troops from one of the Bar-Lev fortifications in the first hours of the war, only to be killed trying to get to a tank crew who had taken refuge a few miles back from the canal.

I'd lost two wonderful sayeret comrades, too: Amit Ben-Horn, the soldier who'd relayed the order from Motta to abort our second attempt to abduct the Syrian officers in Lebanon, and Amitai Nachmani, the officer who had



HOUSE_OVERSIGHT_011627

demanded a meeting with Dado before our attack in Rue Verdun. Amit died in the fighting near Ismailia, at the northern end of the canal, as Arik Sharon's units pushed on after the crossing. The day before the end of the war, both Amitai and Amiram Levin were part of an operation to take over the Fayid Air Base across the canal. When an Egyptian RPG hit their Jeep, Amiram was wounded. Amitai was killed.

I thought, too, of Yishai Izhar: the friend struck down beside me, who I'd cradled in my arms on the top of my tank, trying to stop the bleeding.

"Oh Ehud," Nava said. "It's like 1967 all over again."

"No," I said. "Worse. Much worse."

A few weeks later, I was coming out of the *kirya* when I ran into another friend, whom I'd first met at Hebrew University. Like me, he had been a junior officer in 1967. His name was Ron Ben-Ishai. He would go on to become a top journalist, covering the military for Israel's best-selling newspaper, *Yediot Achronot*. In the early autumn of 1967, we were still transfixed by the idea of being able to visit areas of biblical Israel, which for years had been under Jordanian rule. With a few other friends who were young officers, nine of us in all, Ron and I embarked on a trek from the southern edge of Jerusalem, weaving our way through the Judaean Desert toward Kumeran, on the Dead Sea.

Now a very different war had come and gone. I'd fought in it. Ron, as what is now called an embedded journalist, had been with Danny Matt's paratroopers when they'd crossed the canal. He was alongside another of Arik's units fighting out of the bridgehead on the far bank of the canal. That both of us had seen terrible suffering over the past few weeks did not need saying. But Ron said he wanted to show me something. Fishing into his wallet, he took out a carefully folded photograph. He had taken it in 1967, just six years earlier, to mark our Judaean trek. There we were. All nine of us. Young. Full of optimism. And probably a bit full of ourselves as well.

Ron and I were the only two left alive.

* * *

We had won the war, and not just because our forces were now within 60 miles of Cairo, and only 25 from Damascus. We had been attacked by two huge



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armies: one-and-a-half million soldiers. Thousands of tanks. Hundreds of fighter jets. Other, much larger nations had endured months, even years, of hell before prevailing in such circumstances: the Soviet Union, for instance, with its huge strategic depth, or France, rescued by its American-led allies, during World War Two.

But any pride in having prevailed was outweighed by simple relief Israel had survived. Even that was nothing compared to the sadness felt over friends lost, and the resentment and sense of betrayal toward the generals and political leaders who had failed to prepare the country for the surprise attacks, or the initial confusion and dissension in some of our commanders' response to the early setbacks on the ground. Dozens of meetings were held in military units after the war to talk about what had gone wrong. I was not the only young officer to notice that the higher up the command chain they went, the more unedifying they became. After we'd heard one too many senior officer fine-tuning his account with each retelling, minimizing his share for the huge losses, a new phrase entered Israeli army slang. *Sipurei kravot* – "battle stories" – were the words usually used to describe a normal debriefing process. That expression was now amended, to *shipurei kravot*. Battle *improvements*.

I was assigned to convert my makeshift force into a regular armored training unit: Battalion 532, and that slightly delayed my reunion with Nava and Mikhal. But in their absence, I found us a larger apartment in the Tel Aviv suburb of Ramat Hasharon. Nava and I agreed that at the first opportunity, I'd return to California and we'd fly back together. I went at the end of the year. We bought a refrigerator and a washing machine for the new flat – better models, and cheaper, than those available in Israel – and came home. Those few December days in Palo Alto were a jumble of emotions. Happiness, at being back together. But also a sobering sense, now that I was outside Israel for the first time since the war, of the enormity of the threat we'd faced and the frustration and fear Nava must have felt as we'd fought to defeat it. The year-end news retrospectives we watched on American TV were full of film clips from the first hours of the war, when it looked very possible we would lose. I remember being struck by the thought that, if we *had* lost, if Israel had ceased to exist, ceremonies of memorial and mourning would have been held across America, probably in Stanford. But that once the shock and sadness had passed, Israel's disappearance would not have impinged on a single NFL Sunday, or delayed a single family shopping visit to J. C. Penny.



HOUSE_OVERSIGHT_011629

My command of Battalion 532 lasted only a few more months. On April 1, 1974, an official commission of inquiry published its initial report on the war. It was scathing in its assessment of our intelligence failings, for which it placed the main blame the officer who had been promoted the year before as head of military intelligence: Eli Zeira, the man who had addressed us on the sayeret base before the the 1967 and so confidently predicted the outcome. It also took aim at two other commanders. Gorodish, as head of the southern command, was one. The other was Dado. As chief-of-staff, he was held ultimately responsible for the intelligence failings and for not having ordered at least a partial call-up of our reserves.

In Eli's case, I recognized the very fact of our being caught by surprise made his position untenable. In fact, as I learned more details about what had happened, I realized the commission had, if anything, understated the seriousness of his errors. In the run-up to the war, Eli had resisted multiple requests from other intelligence officers to activate what the commission called our "special sources" of intelligence: the communications intercepts we'd planted deep inside Egypt. Worse, he had indicated to the few generals who were aware of their existence that he had activated them, implying that his lack of concern about the possibility of an Egyptian was based on our intercepts.

Because Dado was one of the people misled, his fall struck me as profoundly unfair. He had devoted his whole adult life to the defense of our country. After the inquiry report, he was never again the same person. He developed an obsession with fitness and exercise. Psychologists might have called it displacement activity. I wondered whether it was a kind of self-punishment. Either way, it may well have killed him. At age 50, less than three years after the war, he died of a heart attack after a day of running and swimming.

Almost every level of command was thrown into flux after the inquiry report. So was the political landscape. Both Golda and Dayan bowed to growing public pressure and resigned. The premium was on finding replacements who were sufficiently experienced, but did not bear responsibility for the errors of the war. For Prime Minister, the choice fell on Yitzhak Rabin. He had strong military credentials, of course. But he had left the army and entered politics, and had been out of Israel for several years as Israel's ambassador to Washington. He had joined Golda's government only weeks before the war, in the relatively minor role of Minister of Labor. Much the same thing happened in the army. Only one of the generals who had been in the running to succeed Dado before



HOUSE_OVERSIGHT_011630

the war was unscathed: Motta Gur. He, too, had been in Washington. Within days of the inquiry report, he was called back to replace Dado as chief-of-staff.

My role changed, too. Not everyone emerged from the war with his reputation diminished. The lion's share of the credit for Israel's eventual victory went to the rank and file of our citizen army. But in the officers' corps, there were also examples of coolheadedness in crisis, and leadership. One was Moussa Peled, who was now made head of the armored corps. My overall wartime commander, Bren, replaced Gorodish as head of the southern command. And Dan Shomron, whose 401st armored brigade played a critical part in defeating the Egyptians, was another. Dan and I had first got to know each other well at Karameh, then during my period as sayeret commander. We would go on in the years ahead to work more closely together than almost any senior officers in the military. He was now promoted as well. He became *katzhar*, overall head of infantry and paratroop forces, and he recommended me as his successor in Brigade 401.

Still, I knew that the Motta would have the final word, with input from the two senior officers most directly affected: Peled and Bren. I don't think either of them had anything against me personally. But both were tank officers through and through. There were other candidates to succeed Dan who, unlike me, had spent their whole careers in the armored corps.

I heard formally I was being considered as I was about to return to my battalion from Ramat Hasharon one Sunday morning. I was ordered to report to Motta's office. When I got there, he gestured toward the small table at the side. He already had two other visitors: Moussa Peled and Bren. "You probably know you're a candidate for taking over 401," he said. "These two gentlemen think you're not yet ready. What do you say?"

If I'd had more time to prepare, I might have answered more subtly. But I did very much want to be given command of the 401st, and had no doubt I would be a worthy and dedicated commander. "I don't know exactly what the two gentlemen mean by whether I'm ready," I replied. "So I have a proposal. Find a battle-tested officer whom you trust. Have him check who among the three of us, me or these gentlemen, is more familiar with the tank and its systems. Who of us knows better the terrain, in Syria or Egypt, day or night, where we have to fight? Who knows the operational requirements for an armored force, and the armored doctrine these gentlemen signed off on. Finally, which one of us has spent more time in a turret of a tank, on the battlefield, shooting at enemy forces and being shot at by the enemy?"



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There was silence, a grave look from Peled and Bren, the hint of a smile on Motta's face, and the meeting was over. Several days later, I was notified of his verdict. I would indeed be named the commander of the 401st Armored Brigade in the Sinai, and promoted to full colonel.

Our base was a 15 miles from the canal. It was a huge expanse of sand ringed by metal fencing. We spent three months at a time in this forward deployment and three months in our rear base, 50 miles from the canal. During one of our forward deployments, Motta came on an inspection visit. He wanted to discuss how we planned defend the area near the canal in the event of a repeat of the 1973 war. I told him everything we were doing in the brigade was aimed at ensuring *flexibility*. I had also been thinking about some of the broader issues relating to our defenses in the south. "No matter how good our tactics or plans," I said, "what worries me is that we're *still* not looking at our overall approach to defense against Egypt. It's as if we've forgotten that in 1967, when we captured Sinai, it was in order to have a buffer zone. We had *150 miles* of sand between southern Israel and the canal. But when the Egyptians attacked in 1973, we defended the desert as if it was the walls of Jerusalem!"

Since the 401st was one of two regular brigades on the Egyptian front, it was not easy to make the four-hour drive home to Ramat Hasharon. When I got word Nava was going into labor with our second child, I was leading a training exercise five or six miles from our base. As she was on her way to the hospital, I grabbed my car and headed north. Unlike Michal's birth, this one was not easy. When the baby emerged, she was struggling to breathe. The immediate danger passed, but she was placed in an incubator. When I got to the hospital, Nava was asleep. I was taken to see our tiny daughter, Yael. When the nurse left, I noticed the baby's pinkie trapped in the plastic cover of the incubator. I started banging on the window of the room. The nurse rushed back. With a look of sympathy mixed with world-weary experience of other fathers in similar panic, she raised the cover, folded Yael's tiny hands onto her stomach, and all was well.

It was another health crisis which hastened the end of my period as brigade commander. But this time, I was the one in the hospital. I nearly collapsed from high fever and exhaustion. The initial suspicion was some kind of contamination linked to the rudimentary sanitation in the Sinai. When the symptoms persisted, the doctors suggested I probably had hepatitis B. Years later, better diagnostic tools ruled all that out. I've never discovered what the



HOUSE_OVERSIGHT_011632

illness was. But for nearly six months, getting through the day, sometimes a single task, remained a struggle.

I did not want to leave my command. I was still barely 18 months into the role, and anxious to get further command experience. But just as I was feeling at my weakest, there was another belated casualty from the 1973 war. This time, it was Uzi Yairi. No one could reasonably have held him responsible for the losses suffered by Battalion 890 at the Chinese Farm. I'm sure that if he'd known what happened to the Israeli forces that had already tried to take it over, he would never have allowed Yitzhik to go in without adequate armor and artillery support. Still, he blamed himself. In obvious distress after the war, he was reassigned as an operational officer in military intelligence in the *kirya*.

He was still at his desk when Fatah terrorists landed on Tel Aviv's seafront a little before midnight on March 4, 1975. They were spotted by a police patrol, which opened fire. The Fatah men ran from the beach, firing Kalashnikovs and tossing grenades. A block in from the sea, they burst into a modest, three-story building: the old Savoy Hotel. They shot and killed three people in the lobby and took the rest of the staff and guests hostage.

Sayeret Matkal was called in. As the unit went through final preparations for their assault, Uzi showed up. He had a rifle. He was in his everyday officer's uniform, unlike the sayeret team, which was weighted down by special-forces gear. As a former commander of the sayeret, he persuaded them he could help take out the terrorists and locate the hostages. Shortly before dawn, led by Amiram Levin, they attacked. They killed three of the Fatah men within seconds. But another terrorist set off an explosion, collapsing most of the top floor. Uzi joined a couple of the other sayeret men in search of the hostages. He was shot in the head and neck. Seven of the eight terrorists were killed, the other captured. Though five hostages were freed, five lost their lives. Uzi died on the operating table of Ichilov Hospital, a few hundred yards from the *kirya*.

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Though I doubt Uzi's family and friends would agree, my gut feeling was always that his death was one more result, however indirect, of the shambolic way in which we'd organized our attacks on the Chinese Farm. That was part of the reason for my reluctance when Motta told me he wanted me to take Uzi's



HOUSE_OVERSIGHT_011633

place in the *kirya*. I realized I was the only available replacement with a similar background, and sayeret experience. But I was still gaining brigade command experience. And I couldn't help feeling the role was intended as a kind of rest-and-recovery cure because of my illness, not too different from the reason Uzi had been given the job. Still, I *did* need rest and recovery. Even if fully healthy, I'm not sure I could have convinced Motta to change his mind. In my weakened state, I had no chance.

Skeptical though I was about the job, it opened up a new world to me. The *kirya* itself was not new territory. But now, I became exposed to how how the huge range of intelligence information we gathered was collated, evaluated, assessed and ultimately applied. Helping with this process was my new assignment. There were, in fact, two of us. We were both colonels and together we provided the intelligence background for military operations. I had the post on inside the military intelligence department. My opposite number was in the operations department – the more senior role, in a way, because he had a more direct link to the people actually doing the operations. He was a friend from officers' school: Dovik Tamari's younger brother, Shai. Once a week, Shai and I put together an assessment report. Then, we'd join Motta's operations meeting with the general staff, often attended by the man who'd followed Dayan as defense minister, Shimon Peres.

The analysis of military intelligence included separate teams for Egypt and Syria, Jordan and Lebanon, Iraq and other neighboring states, as well as other countries and superpower relations. It relied on all our raw intelligence material, from both military intelligence and Mossad, as well as academic and specialist literature. Each desk dealt not just with military issues, but political and economic developments. I was responsible, along with Shai and a few others, for bringing all this together. This meant frequent meetings with members of the analysis teams. For the first six months or so, I barely uttered a word in these sessions. I listened, not just absorbing the information but getting to understand the way the analysts worked and thought.

Our whole intelligence department was responsible for drafting an annual strategic assessment for the army and the government. The final report was written by Shlomo Gazit, who had succeeded Eli Zeira as head of military intelligence. Before we sent it to print, he held a long meeting, inviting the views of all the military intelligence officers. The focus in 1976, just three years after the war, was on the risks of a new surprise attack. At the end of the discussion, however, he said: "We know we run a real danger for the country if



HOUSE_OVERSIGHT_011634

we fail to spot the signs of a war. But has any of you asked yourselves something I find myself wondering from time to time? Is there not a similar risk if we miss the signs of an opportunity for *peace*?"

His words stuck with me for the rest of my time in public life. They also had a strong impact on me at the time. One of the benefits of my job was that I could read the full inquiry report from the 1973 war, including the portions that had been kept classified. Some dealt with the political situation before the war. Golda had relied heavily on a "kitchen cabinet" of trusted ministers and a few close advisers. The inquiry material described how Sadat had been extending negotiating feelers before the war. And how Golda, Eli Zeira, Dado and Dayan had responded. It was like an exercise in collective reinforcement. They agreed the Arab countries would not simply go on living with the humiliation of their defeat in 1967. At some stage, they would try to regain the initiative, on the battlefield. But none appeared to think through the implications of this for our *political* approach. Perhaps, like Eli Zeira in 1967, they assumed a kind of historical inevitability of Israeli triumph. Though we'd ending up prevailing in 1973, it was impossible not to wonder whether, as Shlomo suggested, we had missed the signs of a possible peace beforehand.

Now, however, we were facing an escalating challenge from an enemy with no interest in peace: the armed Palestinian groups. The Democratic Front took over a school in northern Israel a half-year after the war. In March 1975, Fatah had seized the Savoy. And about a year into my posting in the *kirya*, the Popular Front for the Liberation of Palestine launched an even more audacious operation.

It became known by the name of the airport where the ordeal ended. *Entebbe*. And when it began I, like Uzi Yairi, was sitting at my desk.



HOUSE_OVERSIGHT_011635

## Chapter Ten

Sunday is an ordinary working day in Israel, and the first sign that June 27, 1976 would be any different came shortly after noon. It was an urgent message from Lod Airport, now renamed in honor of David Ben-Gurion, who passed away after the 1973 war. Radio contact had been lost with Air France Flight 139 from Tel Aviv to Paris, shortly after a stopover in Athens.

We couldn't know for sure what had gone wrong. Maybe a mechanical malfunction, a glitch in the electronics, a crash. Or a hijack. But we did know there were roughly 300 passengers and a dozen crew on board. Many of the passengers were Israelis, and others were Jews from abroad. Ever since the Sabena hijacking four years earlier, whenever a civilian airliner was thought to be under attack within three hours of Israel, step-one in our response had been automatic. Sayeret Matkal was ordered to the airport.

Because I'd commanded the Sabena operation – the first, and still the only, time we had attacked and freed a hijacked plane – it was probably inevitable I would take *some* part in figuring out how, or whether, to intervene if the Air France plane turned out to have been hijacked. But my pivotal role, as the crisis intensified, was down to a combination of factors: my broader experience as sayeret commander, the fact that I now worked in the *kirya,* just one floor up from the chief of staff, and, as so often, pure chance.

As the sayeret assembled at the airport, its current commander –Yoni Netanyahu, my former deputy – was hundreds of miles away in the Sinai, preparing for an operation across the canal. So it was Mookie Betzer, now Yoni's deputy, who began briefing the men for a possible hostage rescue in case the jet returned to Israel. At the *kirya,* we were also without our commander: Motta was in the Negev observing a major military exercise. So it was his deputy – the head of the operations branch, Kuti Adam – who buzzed me on the intercom at two in the afternoon and summoned me to his office.

By now, we knew the plane had been hijacked, but that it wasn't heading back to Israel. The terrorists had renamed it "Arafat" and it was on its way to Libya. I took the stairs down to Kuti's office, two floors below mine, and he immediately handed me a large, black-and-white aerial photo. It showed the international airport in Benina, just outside Benghazi on the eastern edge of Libya. "Can we do anything, Ehud?" he asked me. I didn't say no outright. But I told him that even if we had a treasure trove of intelligence about Benina –



HOUSE_OVERSIGHT_011636

which, I soon verified, we didn't – the obstacles would be enormous. Unlike the Sabena jet, this one was a wide-bodied Airbus, and El Al had none of those in its fleet. Even we could find a way to make sure a sayeret team got briefed on the airliner, we'd be mounting an attack-and-rescue operation a thousand miles away. And even if we could take out the terrorists, we were almost certain to face opposition from the former army colonel who ruled Libya, Mummer Ghaddafy. The chance of success seemed slim, the risks enormous.

Soon, however, Kuti's question ceased to matter. Later Sunday night, Flight 139 took off again. Before leaving Libya, the hijackers freed a passenger: an Israeli dual national, with a British passport as well, who managed to convince them she was going into labor. We learned through her that there were four hijackers: two Arabs and two Europeans. It was a PFLP operation, but included members of the far-left West German Baader-Meinhof terror group. They forced the pilot to head for the east African state of Uganda. On Monday evening, it landed at Entebbe Airport, 20 miles outside the Ugandan capital of Kampala and just a couple of hundred yards from the shore of Lake Victoria. It was *five times* further away than Benghazi.

Yet with each passing hour, increasingly alarming radio and television reports focused on the obvious agony of the hundreds of captive passengers. To this day, I've never been able to establish why it was a further 24 hours before we started seriously to work out if there might be some way for us to free them. Prime Minister Rabin was clearly asking himself the same question, however, because on Tuesday afternoon, he called Motta in the Negev. It was now a full *53 hours* after the hijacking, he said. What the hell we were doing to try to come up with a plan? Motta was immediately summoned back to Jerusalem for an emergency meeting of the government. As he was on his way back from there to the *kirya*, Kuti called me back down to his office. "Motta just told them that there is a military option," he said, with a wry smile. Kuti had been a Haganah officer in 1948, in charge of the Golani brigade, head of both the northern and the southern command, and had known Motta for years. "That means we now have to find one."

I had just begun briefing a few of the analysts in my office when Motta returned. When I got to his office, Kuti waved both of us across the hallway to the big, rectangular conference room where general staff meetings were held. On the side of the room was a globe. Giving it a spin, he said: "*Nu*, Motta. Tell me, when you told the government we had a military option, did you even know where Entebbe *is*?" Motta didn't so much as crack a smile. "We have to find a



HOUSE_OVERSIGHT_011637

response," he said. "I've committed us. Ehud, I want you to check what can be done. Take whatever you need, from wherever you want. Bring me suggestions by seven tomorrow morning." Then, he said, we would go brief the Defense Minister, Shimon Peres.

I assembled a team the same way we'd prepared for special-operations missions in the sayeret: looking for information, intelligence and above all experience and insight from whoever I thought was likely to make that always-narrow difference between failure and success. My first calls went to Mookie Betzer and another of my most trusted and experienced sayeret comrades, Amiram Levin. Then I brought in Ido Ambar, the personal aide to air force commander Benny Peled, and Gadi Shefi, the commander of the *Shayetet 13* SEALs. Finally, two officers from Dan Shomron's office. Since Dan was *katzhar*, in overall command of paratroop and infantry forces, it was critical to keep him in the picture. I told them all that we'd be working through the night, and that I had to be able to tell Motta and Shimon by the morning whether we really could mount a rescue mission.

I still thought I'd end up having to tell them no. However difficult the obstacles we'd faced with Sabena, they were almost child's play compared to getting a sayeret assault team 5,000 miles across the continent of Africa, surprising the terrorists, freeing the hostages unharmed and getting them out. That was even assuming, as I did at that point, that we wouldn't face armed opposition from the troops of Uganda's increasingly tyrannical president, Idi Amin. Amin had begun to align himself politically with the Palestinians in the past few years – one reason, no doubt, the terrorists had landed there. But he had actually been on a paratroop course in Israel before taking power in 1971. We had sent officers to help train his army in the early 1970s.

Now, I discovered, Mookie himself had been on one of the training missions. "Their men aren't great fighters, at least at night," he said, an insight of obvious relevance to planning a commando attack, if we could get that far. When Ambar, the air force aide, spoke up, I finally began to feel we might at least be able to put together the outline of a plan. He'd brought with him a copy of the standard reference book on world airports, which gave us at least a general idea of the layout of Entebbe. He also said that the air force had run a training program for the Ugandans. In Entebbe. He'd contacted one of the reserve pilots who had been on the training mission, and he was on his way to join us.

Still, time was short we were nowhere near being able to recommend a specific plan of action. The hijackers had set a deadline – noon on Thursday,



HOUSE_OVERSIGHT_011638

July 1, now less than 36 hours away. Having moved the passengers off the plane to one of the terminal buildings, they were threatening to start killing them unless we freed a list of 53 Palestinians and PLO supporters, forty of them held in Israel and the rest in a number of European countries, and paid a ransom of five million dollars.

Well past midnight, we started looking at our options. One which seemed – briefly – to hold promise drew on suggestions from Ido Ambar and Mookie. Ido's almost rhapsodic description of the capabilities of our C-130 Hercules transport planes convinced us we could parachute in a Sayeret Matkal team, as well as vehicles for them to use on the ground. Mookie and I agreed that to ensure surprise, we would disguise the commandos as Ugandan troops, in "Ugandan" Jeeps. The final twist came with the arrival of the reserve air force officer who had been on training duty in Entebbe. He brought a reel of 8mm film from an official ceremony at the airport. At the start, a Ugandan army general could be seen arriving in a black Mercedes. "That's it!" Mookie said. "The Mercedes. Every top Ugandan military officer has one." We decided to swap one of our Jeeps for a jet-black limousine.

Yet by daybreak on Wednesday, when I went up to brief Motto, we'd set aside the option of a parachute drop. Any initial surprise would be outweighed by the risk of exposure from the very start of the assault. We'd also gone cold on a second option, to infiltrate sayeret teams along the shore of Lake Victoria from across the nearby border in Kenya. I doubted we had enough time to navigate all the operational and diplomatic obstacles before the deadline expired. That left option three: having the SEALs, along with a core team from the sayeret, parachute onto Lake Victoria with rubber dinghies and attack the airport from on foot. We arranged to do a test parachute assault off the Israeli coast in Haifa later in the day, but if that went well, it seemed the only practical alternative.

Motta and I went met Peres around 8:30am. Shimon had no first-hand military experience, having played a political role alongside Ben-Gurion from Israel's early years. So he was not really interested in the details. But he *was* keen to hear our assurances that a military option did exist. He was even more intrigued when we were joined by the head of the air force, Benny Peled. Unaware of the airborne parachute drop we had been discussing overnight, Peled suggested something far more ambitious. Rather than using a single Hercules, he proposed using four of the giant transport planes to ferry in a larger force, some 200 men in all, land them on one of the runways and take over the



HOUSE_OVERSIGHT_011639

entire airport. Though I didn't say so, I had my doubts it would work. It was a bit like the initial option for the Rue Verdun raid Dado had rejected: a classic ground assault which, in addition to eliminating any chance of surprise, obviously ran the risk of igniting a small ground war. But I did think that some combination of Peled's idea and the surprise commando strike we'd been looking at might provide an answer.

A few hours later, the hostages' ordeal took a chilling turn, which soon also provided us with our first real detailed picture of the scale of the challenge we faced. In a haunting echo of the Nazis' "selection" process in the Holocaust, the terrorists separated all the passengers with Israeli passports or Jewish names. They let the rest of them go, and allowed them to board a special Air France flight back to Paris. We immediately dispatched Amiram Levin to debrief the freed passengers. On a scrambled teleprinter line Wednesday night, Amiram came up with far more than we could have hoped for. One of released passengers was a French woman who had managed to hide the fact she was Jewish. She confirmed reports we had been getting that the hostages were being held in the airport's former terminal building, about a mile from its newer terminal and the main runways. Other passengers revealed that the hijackers had placed explosives around the old terminal building. And that, despite my hope that Idi Amin would stand aside if we did decide to go in and rescue the hostages, his troops were helping to guard the area.

So in addition to taking on the hijackers, we'd have to find a way to deal with Ugandan soldiers. In another round of discussions in my office through the late hours of Wednesday night, we finally settled on our plan: Peled's major airborne operation, but with a Sayeret Matkal strike force, with its "Ugandan" motorcade, spearheading it. Minutes later, three other C-130s would fly in additional troops to secure the rest of the airport, deal with any Ugandan army resistance, and fly out the Israeli soldiers and the hostages.

An operation on that scale naturally meant bringing in Dan Shomron. After I'd taken the plan to Kuti Adam, he briefed Dan on the full detail and called me down to see him again. Dan had left to start preparations for the operation. He'd made just one request, Kuti said: that I be in command of the sayeret force.

* * *



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I could see why Dan had said it. Working with Mookie and the rest of my team, I'd been in charge of all the initial planning. I was in command of the Sabena assault, the only remotely similar operation Israel had attempted. Though an attempt to rescue dozens of terrified hostages in Entebbe, with both the terrorists and possibly Ugandan soldiers armed and ready, would be much harder. As Sayeret Matkal commander, I'd conceived and commanded other missions that requiring us to break new ground. But – and it was a huge but – I knew from the moment I left Kuti's office that I would have to find a way to avoid undermining the *current* sayeret commander, Yoni. Dan had clearly been aware of that as well. He'd stressed to Kuti that he meant no disrespect to Yoni. "But I *know* Ehud," he said. "I've worked with him. I want him to lead it."

Yoni was still in the Sinai. I'd phoned him before our first overnight planning session to tell him I was bringing in Mookie and Amiram. Mookie had been giving him daily updates. But the clock was ticking. Under the initial deadline, the hijackers had threatened to begin "executions" on Thursday. *Today*. The deadline had now been pushed back, but only until Sunday morning – and only after Rabin felt he had no option but to drop our public refusal to consider negotiating with them.

When Dan called our first operational briefing for Thursday night, Mookie sent a plane to bring Yoni back. Dan set out the plan with his customary confidence. The four Hercules would take off on Saturday evening from Sharm el-Sheikh at the southernmost tip of the Sinai, to cut the flying distance at least slightly. The first plane would land on the runway near the new terminal. Inside would be a small unit of paratroopers, the sayeret strike force, a pair of Jeeps and the Mercedes. The next Hercules wouldn't arrive for another seven minutes: the most critical minutes of the whole operation. That was when our "Ugandan motorcade" would make its way to the old terminal, burst in and take care of the terrorists. The second Hercules would include another Sayeret Matkal team, to reinforce the attack unit and secure the perimeter of the old terminal. Hercules Number Three, a minute later, would carry a joint force of sayeret fighters, paratroopers and a Golani team. Their job would be to take over the new terminal and the rest of the airport and deal with any Ugandan army resistance. The final plane was a flying medical unit, to provide treatment for the hostages and carry them back to Israel.

Yoni arrived just as Dan was finishing his presentation. He looked focused, energized, and eager to play his part. I realized it was important to explain to him the decision to place me in command. Despite our close relationship, I



HOUSE_OVERSIGHT_011641

knew that would be a sensitive task. We spoke only briefly before he and Mookie drove back to the sayeret base to begin more detailed preparations. Yoni was insistent that he should be in charge. I told him I understood, and I did. In his position, I would have felt exactly the same way. But for a variety of reasons, Dan wanted me in command. Still, I stressed my determination not to detract from his authority. Yoni would lead in the main assault unit. He and Mookie would choose the other officers and soldiers, decide their roles and take charge of training, briefing and logistics. I could tell he was still not satisfied. But I told him and Mookie I'd join them later that night. We could talk further, ahead of the next full briefing, which Dan had set for nine o'clock on Friday morning on the sayeret base.

When they left, I joined Dan, Motta and Kuti to go see Rabin. Shimon Peres was there too. He would later say that, as Defence Minister, he was a crucial voice in pressing to go ahead with the rescue mission. He's right, and had he been sceptical, or opposed the idea of a recuse, it would have made things much more difficult. But his position was far easier than the Prime Minister's. He lacked Rabin's hands-on command experience, his grasp of the details of what we were proposing to do and the obvious risks. All Israelis were aware of this. I the operation failed, or if we decided in the end not to attempt it, it would be Rabin who would bear the responsibility and get the blame.

Even under the best of circumstances, Rabin was naturally cautious – the flipside of the meticulousness with which he ran through the fine detail of every military mission. As I remembered from when he was chief of staff, in our slightly surreal conversation about the danger of a booby-trapped communications intercept exploding as I defused it, he would focus on everything that might conceivably go wrong with an operation before approving it. Now, he was also under huge additional pressure. From the start of the hijack crisis, there had been calls from the hostages' families to *do something* to end the ordeal. But as I later discovered, one of the leading scientific engineers in Israel, Yosef Tulipman, had a daughter among the passengers. Like Yitzhak, he had been a Palmachnik. He'd come to see the Prime Minister and implored him not to attempt an operation that might endager her or the others. "I demand one thing only," he said. "Don't go on any adventures. Do not play with the lives of these people, with the life of my daughter."

After Entebbe, there would be suggestions that Rabin's readiness to negotiate with the terrorists had been a ploy, designed to buy time. Yet his message to us that night was that if there *was* a military option with a



HOUSE_OVERSIGHT_011642

reasonable chance of success, he would approve it. But otherwise, we could not let dozens of hostages be murdered if by talking, even deal-making, we could have saved them. He turned to Dan and asked whether there indeed was a military option with a reasonable prospect of getting the hostages out. Dan said yes. Rabin turned to me next. I agreed: we had a plan, and we felt we could make it work. Motta was a bit more hesitant. He suggested we couldn't know for sure until we'd finished testing key parts of the operation. But for Rabin, it seemed to me Dan's was the key voice. So he told us that he was approving it. *In principle*.

He said he still needed answers to two questions. The first was whether it was physically possible to cross from the new terminal area, where we'd be landing, to the old terminal buidling. He was right to press us. If a retaining wall or a drainage trench had been added druing the modernization work on the airport, any element of surprise could be lost. Rabin's second condition was that we find a way to make absolutely sure, by the time the first Hercules landed, that the hostages were still in the old terminal building. I knew why that troubled him, from a remark I'd heard him make a few years earlier when describing an American hostage-rescue raid behind enemy lines in North Vietnam. That operation went exactly as planned. Except that the POWs had been moved.

I drove to see Yoni and Mookie at the sayeret base. We spent most of the meeting on the opening few minutes of the operation: the rolling out of the vehicles, the drive to the old terminal, and how to handle the possibility that we might meet Ugandan resistance. Mookie remained adamant about the Ugandans, from his time training them a few years earlier. Even if we did run into a group of Amin's troops, even if they were armed, even if they were pointing their guns at us, *even if they shout at us to stop*, they "wouldn't dare open fire on a Mercedes." I trusted his experience. I kept emphasizing that we had to go in with the mindset of *not* engaging Ugandan troops unless there was no choice. If we did need to do so, we would use only small, silenced Berettas – since I'd made sure the unit trained on the Berettas after Sabena.

I also raised another critical condition for success. "There will *definitely* be an armed presence in the control tower," I said. We needed to designate a special unit whose sole job would be to train machine guns, rifles and grenade-launchers on the tower as soon as we got off the Hercules. "The *moment* that we lose the element of surprise, they open fire."



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Dan began the next morning's briefing with a stage-by-stage review of how the operation would unfold. But just as he was getting to the detail of the motorcade attack, I felt a young sayeret officer tap me on the shoulder. Kuti had phoned to say I was to go see him at the *kirya*. "He said immediately," the officer added, "and not to discuss it with anyone. Just to tell Dan Shomron that you've been taken out of the operation."

* * *

To say I was surprised would be an understatement. But I allowed myself to believe the decision to "take me out" could still be reversed. Not only was I ready to command the critical first part of the operation. I believed I was best placed to ensure it succeeded. I felt that was best for Yoni, too, due to tensions inside the sayeret of which both of us were aware.

There was no officer to whom I was closer than Yoni. He had extraordinary strengths as a soldier: in the Six-Day War, in 1973, and afterwards when, with my encouragement, he'd taken command of a tank battalion in the north left almost in tatters from the Yom Kippur War. But there was more to him as well. I used to marvel how at the end of 16 hours of sayeret training, he could spend a further two or three reading history, or a novel or poetry. He always struggled between the impulse to devote his life to fighting for the State of Israel, and to studying, reading and living as a more "normal" family man.

His drive to serve, and to excel, was stronger. Tuti Goodman, the young woman he'd met as a teenager and married, understood what drew him to a life in uniform. But that wasn't what she had signed up for. At one point, Yoni asked me to speak to Tuti. She asked me to speak to him. I did my best to explain each to the other. But the gap between what each of them wanted for their lives was just too wide. Before the 1973 war, they'd separated. After the war, professionally fulfilled but personally shattered, Yoni heard that I'd found an apartment in Ramat Hasharon, and he asked me if there were other flats in the building. It turned out that the owner of the flat below ours was willing to rent it. Yoni snapped it up.

Over the past year or so, with Yoni leading the sayeret and me in the *kirya*, we'd seen more of each another. For the first time in years, he seemed to have found a sense of peace, and fulfillment, in his personal life. That was in large



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part because of Bruria Shaked, his girlfriend, whom he'd met while commanding the tank unit after 1973. While he was a thinker and a brooder and in many ways a loner, Bruria was outgoing, playful, funny and full of life. She sensed *his* need for a shoulder to lean on, a hand to hold at the movies or on a Saturday stroll on the beach. They made their apartment a home. The shelves creaked under the weight of Yoni's books. Often on a Saturday, when Nava and I dropped in to see them, an old 33 rpm record would be playing on the stereo. Yoni would be sitting puffing on his pipe, reading, and smiling.

But outside this domestic haven, he still struggled. He had looked forward to commanding Sayeret Matkal. But there was a growing distance between him and those he led, a kind of dissonance between these more typically Israeli youngsters and the aloof, reflective, intellectual side of their commander. There was another tension as well. Sayeret training was notoriously tough. Yoni earned the admiration of his men by participating personally in the most difficult of the exercises. But just as he pushed himself to his limits, he insisted relentlessly on seeing the same drive in them. This was a challenge all sayeret commanders faced to some extent. I had, too. But a number of the officers had gone to the *kirya* to urge that Yoni be replaced. He knew this. Though I tried to reassure him, telling him that every sayeret commander was different, with his own strengths and weaknesses, he became only more determined to push himself and those around him harder.

No we were in the final countdown for Entebbe. It was a life-or-death mission not just for us, but the hostages, an operation in which even a second's hesitation or tension or uncertainty could prove fatal. I was worried that the rumblings of uneasiness in the unit might prove an additional obstacle that wasn't worth the risk.

When I tried to persuade Kuti to stick with the original plan, however, he was insistent. He told me to get ready to fly not into Uganda, but to Nairobi. I'd been re-assigned to accompany a Mossad team to Kenya. Our first task would be to get the answers to the questions Rabin had asked us. Then, we would be in charge of arranging for the Kenyans to allow us to refuel the C-130s on the way out, and to set up a medical facility for any injured soldiers or hostages. During the attempted rescue, I would also be the channel of communications from the Nairobi side of the operation to Kuti, tens of thousands of feet above Entebbe in a command 707. Dan, as overall commander, would be in charge on the ground.



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The Kenyans were not exactly allies of Israel. But relations between President Jomo Kenyatta's security services and Mossad had been close for some years. I flew in with three leading Mossad men. While one of them called on the aging President Kenyatta, our main point of contact, was the head of Kenya's security services. Since the secrecy of the mission had to be preserved, we couldn't make advance preparations for refueling or the additional 707 which we intended to fly in as a field hospital. But he smoothed the way for us to do both, without anyone asking too many questions.

The Mossad men took the lead in arranging to get Rabin's questions answered. They contacted a pilot they knew. The pilot flew to Entebbe early on Saturday morning, circled, and, after he was cleared to land, claimed mechanical difficulties and flew out again. I had his telephoto pictures by mid-morning and phoned Rabin's intelligence officer to let him know we'd confirmed there was a clear path to the old terminal. We still had to make sure the captive passengers were there, however. A nurse from Kampala who had been allowed to visit them made three further visits: late Saturday afternoon, then shortly after the first Hercules had taken off from Sharm al-Sheikh, and finally around nine at night. I was able to reassure Rabin that the question to his second question was also "yes". Although all of the C-130s were already airborne, it was only then that he gave the mission the final go-ahead.

As commander of Sayeret Matkal, I'd always found running an operation from a command post hugely frustrating. This was even worse. Once we got word the Israeli force was on the way to Uganda, we put in place the arrangements for refueling. If all went well, the first C-130, with Yoni's assault team and at least some of the hostages, was due to reach Entebbe and begin the assault at midnight Saturday. Assuming there were no major problems, it would take an hour at most. All *I* could do now, from 300 miles away, was wait.

Shortly after midnight, Kuti radioed me with a terse message: the first of the Hercules had left Entebbe for Nairobi, and the command plane was returning to Israel. About quarter to one in the morning on July 4, the transport planes began their staggered arrival. When the first Hercules taxied to a halt, I went out to meet it. As its giant rear door lowered, Dan was the first person I saw. I could tell from the awkward silence, the lack of any greeting, something must have



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gone wrong. "Ehud," he said finally, "Yoni's dead. We got the hostages out. But Yoni was killed."

I sought out two other friends: Mookie and Ephraim Sneh, the Battalion 890 doctor, who had been with us at the Chinese Farm. Both were obviously torn between a sense of accomplishment in having freed the hostages and the blow of losing Yoni. I asked Ephraim to take me to the front of the plane's huge belly to see him. He was on a stretcher, covered with a blanket. I peeled it back. Yoni's face had lost all color. But when I touched his forehead, it seemed slighty warm, almost as if there was still a spark of life inside him.

I couldn't raise Kuti by radio, so I used the landline in the airport director's office to phone Motta.

"Yoni is dead," I told him.

"Are you sure?" he asked. I said: "Yes. I've seen him."

Before the transport planes began leaving for Israel, I made another call. It was to Nava. She was asleep. I told her that the operation to free the hostages had succeeded. "But Yoni has been killed." I could hear her gasp. "Listen," I said, "you have to go downstairs. Tell Bruria. Before some army officer shows up at her door. Or worse, because they're not married, no one may come and she'll hear it on the radio. Go. Tell her. Stay with her." At first, she seemed not so much unwilling as unable to do it. "What can I *say*?" I said I knew how hard it would be, but that she needed to make sure Bruria heard the news from a friend. Later, Nava told me she'd waited until daybreak, not wanting to make things worse by waking her. Then, she went downstairs. She told Bruria what had happened, stayed with her, talked with her, and held her, during those first few awful hours.

I found Yoni's death even more upsetting when I learned from Mookie and others how it had happened. As the sayeret motorcade began making its way from the Hercules to the terminal, with Mookie and Yoni in the Mercedes, two Ugandan soldiers had seen them. One of the Ugandans raised his rifle. Rather than relying on Mookie's assurances the soldier wouldn't actually fire, Yoni and another soldier shot him with their silenced Berettas. But they'd only wounded him. In case he managed to fire back, another soldier in the Jeep behind them killed him, with his *un-silenced* machine gun.

Now that all surprise was gone, the commandos abandoned their vehicles and began sprinting towards the old terminal. Only seconds later, still 80 yards



HOUSE_OVERSIGHT_011647

or so from the terminal, Yoni was hit. He'd been shot from the control tower. I realized that unexpected setbacks or slip-ups were inevitable in any operation. But the crucial first stage of the attack had not only gone wrong. It had gone wrong in exacrly the way that we had first discussed back at the sayeret base, and now Yoni was dead because of it.

I had to remain in Kenya for a few more days. Though we'd rescued 102 passengers and crew, three of the hostages had been killed in the crossfire. While most of the injuries to the others were minor, we arranged to have several of the more seriously wounded taken to a Nairobi hospital. So I was unable to join the gathering of hundreds on Mount Herzl in Jerusalem for Yoni's funeral. Or to hear Shimon Peres praise him in terms I knew must have filled his parents and Bibi, too, with enormous pride. Shimon described him as "one of Israel's finest sons, one of its most courageous warriors, one of its most promising commanders."

The first evening I was back, however, I visited the Netanyahus at their family home in Jerusalem: Ben-Zion and Tzila, the parents; Ido, the youngest of the three children, and Bibi, who was still at MIT. It was a few nights in the *shivah*, the seven days of mourning, and there were dozens of other well-wishers there as well. I spoke to Bibi first, outwardly strong but I sensed still overwhelmed by their loss. Hugging him, I said the weeks ahead would be tough, not just because of Yoni's death, but because much of the responsibility of providing emotional support for his parents, both in their sixties, would fall on his 26-year-old shoulders. This was the first time I'd met the father, Ben-Zion, face to face, but I was struck by how this balding, professorial figure seemed able to keep inside the pain and loss he must have been feeling. He did clearly know of me, both from Bibi and from the frequent letters always wrote to him at Cornell. Now, after I'd said what I could to comfort him, he asked whether we could meet again. When we did, a few days later, he was clearly conscious of the his late, lost son's bourgeoning place in Israel's pantheon of national heros. He asked me to be one of the speakers at Yoni's *shloshim*, a commemorative event in Jerusalem which, in Jewish religious tradition, would mark the end of the first month of mourning. "You knew him well," he said, and proceeded to stress the importance of using my remarks to explain, and elaborate on, Yoni's powerful accomplishments and personal legacy.

I thought about what he wanted, and about Yoni himself, in the days ahead. About the tragedy of his death, but also the way in which all of us now had to draw meaning, value, and ideally something of permanence from the feelings of



HOUSE_OVERSIGHT_011648

loss. As I prepared my notes, I also spent time working out how to square what I felt I needed to say, with what many in the audience, and certainly Ben-Zion and Bibi, would *expect* me to say. Not only was Yoni being mourned across Israel after Entebbe. He was being elevated – in the spirit of Shimon's words at the funeral –to something approaching sainthood. I did not want to detract from his evolving status as national hero, or his importance as a symbol of a commando success which had, for the first time since the 1973 war, restored a measure of Israeli sense of self-confidence. A victory, over all logic and all odds. But I also wanted to find a way of capturing Yoni as he really was: a brave man, an extraordinary fighter and officer. But also a man sometimes feeling torn inside, and alone.

I began with words of ancient rabbinic wisdom about the path which all of us travel from birth to death, and to whatever comes after. The quotation I chose – from the 2,000-year-old volume known as *Pirkei Avot*, the *Ethics of our Fathers* – seemed right to me. "Know where you came from: a putrid drop... Know where you are going: to a place of dust, maggots and worms... And know before whom you are destined to give your final account, the King of Kings." I spoke of the loss of Yoni, and said it was impossible not to think about the meaning of what lay between the "putrid drop" where each of us begins our life and our final reckoning. "I believe that life is not just a sum of the hours and days between the beginning and the end. It is the *content* we pour into the space in between," I said. I'd known people who were given the gift of a long life but who, by that definition, had hardly lived at all. There were also people like Yoni. He'd lived only briefly. But he had learned and loved. Fought and trained others to fight. Grappled with the most profound puzzles of existence, and yet remained open "to the wonders of a smile. A journey. A flower. A poem." If there was any consolation for a life ended cut off at age 30, I said, that was it.

But I wanted to give a more personal, nuanced picture of the life that he, and we, and lost. "Our Yoni… We have seen him torn between his passion for knowledge on the one hand, and the sense of mission and of personal fulfillment that he found in uniform. There was the Yoni of history and philosophy books: Plato and Marx. Who saw the history of Israel not just as a compendium of facts, but a source of inspiration, and a call for action. The Yoni who rebuilt a tank battalion reduced to ashes and dust on the Golan. And there was the Yoni at peace. Tranquil. At home. With his pipe and his phonograph records, out of uniform. We saw him in his hours of supreme achievement and satisfaction. We saw him, too, sometimes standing alone, with pain in his heart, biting his teeth,



HOUSE_OVERSIGHT_011649

carrying the heavy, lonely burden of commanding the very fighters who he was leading when he fell.

"We have seen him on the battlefield, engaging the enemy, heading into a test of fire with courage and wisdom and his indomitable spirit – the very essence of the spirit that made possible the operation in which he would lose his life." Because, make no mistake, I said: beyond the weapons used, the people who participated, the training and exercises before the fleet of Hercules had taken off; beyond the fine balance required in the planning, execution, and decision-making; it was "this spirit, this essence, that was tested at Entebbe."

When I saw Yoni's family afterwards, though they thanked me for my remarks, I could see that they were still bleeding inside. I am sure that affected they way they related to Bruria. Even before Yoni met her, he had told me how hard his parents were finding his separation from Tutti. Bruria attended the funeral and the *shloshim*. But she didn't sit with the family. I think that with the shock of his death, mixed with the pride they felt at his emergence as a national hero, they found it difficult to include her, a woman they hardly knew, in their mourning.

A few weeks later, I go a call from the Netanyahu family's lawyer, Erwin Shimron. It was an odd, rambling conversation. He seemed to insinuate that, as her and Yoni's neighbor and friend, I was encouraging the unwelcome idea that Bruria was part of the immediate circle of the bereaved, that this mere girlfriend was somehow his widow. He wanted me to withdraw whatever mantle I might be providing, and help separate her from Yoni and his legacy. He went so far as to say that one reason he was calling me was because he didn't want to have to take "legal steps" to make that happen. I saw no point in getting into an argument. I sensed that, while it would take time for the grief felt by those closest to Yoni to begin to heal, the issue would gradually resolve itself. But I saw even less point in leading the lawyer to believe I would do what he was suggesting.

"Mr Shimron," I told him. "I knew Yoni. I know Bruria. I do not know you. But I have a musical ear. I don't like the undertone I hear in what you've been saying. I've seen them close up. Bruria gave Yoni, at a critical time in his life, probably more warmth than he ever received from any other human being."



HOUSE_OVERSIGHT_011650

Yet despite Entebbe, the trauma of the Yom Kippur War, and the cracks it had shaken loose in Israeli society and politics, were yet to play themselves out. The hostage rescue was like a sugar rush, an intoxicating reminder that the army still had the capacity for initiative and precision, audacity and quick-fire victory – like our air strikes in the first hours of the 1967 War. But the *real* reckoning over 1973 was about to come. It would change Israel beyond recognition, with repercussions still being felt today. It would dramatically alter the course of my life as well.

I still remember the moment it hit home, on the evening of May 17, 1977. As Nava and I watched in our tiny living room in Ramat Hasharon, Chaim Yavin, the anchorman on the country's only TV channel, was handed an exit poll from Israel's latest national election. He began with three words: *Gvirotai verabotai, Mahapakh*. "Ladies and Gentlemen, a revolution." For the first time since the state was declared, Israel's government would not be in the hands of David Ben-Gurion or his Labor Zionist heirs. Our next prime minister would be Menachem Begin, who had inherited the mantle of Jabotinsky's Revisionist Zionism. He'd headed its youth wing, Betar, in eastern Europe, and led the Irgun Zvai Leumi, the main right-wing militia force before 1948. Lacking the intellectual depth and subtlety of Jabotsinky –a liberal intellectual who, among other things, translated Dante into Hebrew – Begin drew his political strength from his powerful oratory, and a refusal to countenance any compromise in securing what he viewed as the ultimate goal: a Jewish state in all of biblical Palestine, from the Mediterranean to the Jordan River, with whatever military force was necessary to secure and sustain it.

But perhaps Yavin should have used a different metaphor in his dramatic election-night broadcast: *reidat adamah*, an earthquake. Begin's victory, after the loss of eight straight elections over three decades, was the culmination of seismic rumblings which had been building for years. The big, decisive, shock was the 1973 war. Yet this was not just because of the colossal intelligence failure, or the myriad errors of our military commanders and political leaders. It was the fundamental loss of *trust* in the cosy, self-perpetuating establishment that had dominated all aspects of Israeli politics, society and culture from the start: Palmachniks like Rabin and Dado; political players like Golda and Shimon Peres; Haganah veterans like Dayan and Bar-Lev; and, of course, the kibbutznik pioneers. Almost all were of East European background –



HOUSE_OVERSIGHT_011651

*Ashkenazim* – and their prominence and privilege had stoked increasing resentment among Israel's disadvantaged *Sephardi* majority, with their roots in the Arab world and especially north Africa.

Begin not only sensed this. While he'd never lost the formal bearing – or the accent – from his childhood in Poland, his long years in Israel's political wilderness mirrored the wider exclusion felt by the *Sephardim*. The last election he had lost, in December 1973, proved too soon for the earth to part. But he told his supporters: "Even though Labour has won *these* elections, after something like the Yom Kippur War happens to a country, and to a government, they must lose power. They *will* lose power." He was right. Only twice in the four decades that followed would a Labor leader defeat Begin's Likud party: Rabin's election victory in 1992, and mine over Bibi Netanyahu in 1999.

During the first two years of Begin's rule, however, I was 7,000 miles away. Ten days before the election, I'd gone to see Motta, and he'd agreed that I could return to Stanford, to finish what I'd barely begun when the 1973 war broke out. I had been in the army, with the one hiatus as a sayeret reservist at Hebrew University, since the age of seventeen. I did not regret committing myself to a life in uniform. But Stanford offered an extraordinary opportunity to broaden my horizons. Even in the few weeks I'd spent there before the war, I'd felt reinvigorated. It engaged a different kind of intelligence, a different part of who I was: the books, the professors. A chance to listen to, and at least try to play, beautiful music. And to spend more than a few stolen evenings or weekends with my family.

The timing had nothing to do with the election. Like most other Labor Israelis, and many of Begin's own supporters, I hadn't expected the Likud to win. It was because I felt I'd reached a natural punctuation mark in my military career. I'd led Sayeret Matkal. I'd commanded a tank company, a battalion in 1973, and, more briefly than I'd hoped, the 401st Brigade after the war. I'd spent the last two years in the *kirya*. The next step up the command chain would be to lead a full armored division. But at age 35, I was probably too young, and I figured I'd have a far better chance in two years' time. I also feared losing the chance to go to Stanford altogether. Motta's term as chief of staff would end the following year. Among those in the frame to succeed him was Raful Eitan. Recalling Raful's dismissive, almost sneering, opposition to my making the Sayeret Matkal into Israel's SAS, I wasn't exactly confident I could count on his support.



HOUSE_OVERSIGHT_011652

Reluctant though I'd been to leave the 401st for the *kirya*, I had particularly enjoyed the last year. I was promoted to Shai Tamari's job, in charge of the intelligence team for our military operations, when Shai left to command a tank brigade. My office was no longer on the third floor, but in the underground bunker, the *bor*. I was part of nearly all high-level planning meetings, often with Motta, sometimes also including Peres. Almost everyone around the table was older than me, and outranked me by some distance. Yet with my intelligence brief, I was often the one with the most thorough command of the details. Though still just a colonel, I'd risen through Sayeret Matkal. I knew the planning process from the other side as well, having attended the same sort of meetings, from the early 1960s, to present *our* operations. So I was often asked, and always welcome, to weigh in on what would work, what wouldn't, and why.

My final year in the *kirya* also further cemented my relationship with Motta. Though as chief of staff, he tended to keep a formal distance from all but his fellow generals, he did seem to enjoy having me around. He even put me in charge of a new department of my own. Not officially. The "department" was strictly ad hoc, as was the name which Motta gave it: *Mishugas*. The Yiddish word for craziness.

All army commanders, in all countries, receive their share of unsolicited advice. But I can't imagine any of them gets the number, or sheer range, of wild suggestions which make their way to the *kirya*. Everything from levitation machines, to ideas for making tanks fly. Motta didn't have the time to read all the letters, much less sit down with the self-styled inventors or sages who showed up in person. Still, he couldn't be sure that a jewel of an idea wasn't lurking inside one of them. As an insurance policy, he began sending all the letters, and every supplicant, to me.

I never found the jewel. The most vivid memory I have is of a visit from a former soldier in *Shaked*, Israel's Negev reconnaissance and tracking unit. He had taken up meditation, and the study of ancient civilizations. Fresh from a period of contemplation in the desert, he arrived in my office with a pamphlet he'd written. It was about special-forces strategy and training, as practiced *eight centuries* earlier, in the time of Genghis Khan.

I listened for nearly an hour, enjoying his enthusiasm, the history lesson, and the simple weirdness of it all. I did check his facts afterwards. If nothing else, he proved an assiduous student of the Mongols. He explained to me that in their largest battles, involving tens of thousands of troops, they would designate a



HOUSE_OVERSIGHT_011653

commando unit of a couple of dozen men. Its sole task was to seek out and kill the enemy force's leader. The key to their success was *mind*-training. Over a period of months, sometimes years, the commandos' *self-perception* was altered. They were taught to believe that they had already died. Since their lives on earth were done, all that remained was a formal passage through the turnstile into eternal happiness, and to go out in glory. My visitor not only suggested that Israel establish exactly this kind of death-cum-suicide unit. He volunteered to train the men himself, and lead the first mission. With as straight a face as I could muster, I thanked him for taking the time to see me. But I told him his idea was probably not for us. Little did I know that a whole new kind of enemy, epitomized by Al-Qaeda and the self-styled Islamic State, would build a terrorist death cult around it.

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Nava and I, with three-year-old Yael, and Michal just turning seven, left for California in the late summer of 1977. The two years that followed were uplifting and reinvigorating – not just because of Stanford, but a further, utterly unexpected transformation back home soon after we'd left.

It, too had its roots in the 1973 war, but on the Arab side. Before the war, Egypt's Anwar Sadat had extended feelers about the possibility of peace negotiations, only to see them ignored. Israel won the war in the end. But the Egyptians' surprise attack across the canal – and the panic and huge Israeli losses in the early days of the war – had shattered our aura of invincibility. Politically, Sadat had gone a long way to erasing the humiliation of 1967. That freed him to do something which – after decades of Arab-Israeli conflict – was astonishing. He travelled to Jerusalem, the capital of a country which neither Egypt nor any other Arab country even recognized. He met Begin, and he addressed the Knesset with a call for peace.

It is impossible to convey to Israelis who did not live through the birth of the state, and our tumultuous early decades, the power of the emotions stirred by Sadat's visit. It was on November 19, 1977. With my arm around Nava, I watched the live American television coverage as Sadat's plane touched down at Ben-Gurion airport. Begin was at the center of the throng of dignitaries on hand to greet him: a who's who of political and military leaders not just from his administration, but who had led Israel in 1967 and 1973. Golda was there.



HOUSE_OVERSIGHT_011654

Rabin, too, puffing furiously on his cigarette. When the erect figure of Sadat emerged, there was spontaneous applause, and a serenade from Israeli army trumpeters.

Even before Sadat's Knesset address the next day, I understood that his visit, his willingness to make the first, bold move toward a possible peace, marked just the beginning of a difficult negotiating road. But there was one passage in his speech that touched me especially. He ran through the history of how Egypt and other Arab states had not just fought Israel, but denied our right to exist as a state. "We used to brand you as *so-called* Israel," he said. Now, the leader of our most important Arab enemy declared: "You want to live with us in this part of the world. In all sincerity, I tell you that we welcome you among us, with full security and safety."

The formula he proposed was straightforward. Egypt would agree to a full peace, accepting and formally recognizing the state of Israel. But Israel would have to withdraw from all Arab land captured in 1967, including "Arab Jerusalem." We would also have to accept the "rights of the Palestinian people to self-determination, including their right to establish their own state." Begin's reply was more sensitive than I'd expected from a leader who, through my Labor kibbutnzik eyes, I'd always seen as an extremist, unwaveringly committed to a "greater Israel". Though he did make it clear his views on the shape of an eventual peace differed from Sadat's, he proposed further talks with the aim of finding an agreement both sides could live with. Still, like all Israelis, I knew he would never accept at least two of the Egyptian president's demands: a retreat from our control of a united Jerusalem or the creation of a Palestinian state on the West Bank of the Jordan: for Begin, biblical Judaea and Samaria.

On our territorial dispute with Egypt, I did believe a deal was possible. I didn't expect us to return all of the Sinai, if only because I couldn't see Begin agreeing to it. For security reasons, I also felt we should try to hold on to a pair of air force bases built after 1967, with American help, just a few miles over the Negev border. But as for the rest, I saw no reason not to give it back. As I'd told Motta after the 1973 war, I'd long believed Israel had lost sight of the original reason we'd held onto the Sinai after 1967. It was supposed to be a huge, sandy security buffer. If we did manage to make peace with Egypt, there was surely no reason to hold on to it.

The moment of truth came almost exactly 10 months later, in September 1978. American President Jimmy Carter hosted a summit with Begin and Sadat at Camp David, in search of a "framework agreement" for final negotiations on



HOUSE_OVERSIGHT_011655

a peace treaty. Again, I was watching closely, via American TV. But as the summit was winding down, our phone suddenly rang in Palo Alto.

"Ehud, how's it going? Are you following what's happening here? What do you think?"

I recognized the voice immediately: Ezer Weizman, the former fighter pilot Begin had chosen as his defense minister. I'd known Ezer since the early 1960s, when he'd been commander of the air force and Sayeret Matkal was planning its first operations. Still, even though he had a reputation for batting ideas back and forth outside the bounds of hierarchy or chain of command, I was startled to hear from him.

"What do I think about *what*?" I said.

"The solution we've arrived at here. We found there was no way but to give back everything." The only exception was Taba, a sliver of land where the Negev met the eastern edge of the Sinai, across from the Jordanian town of Aqaba.

"Was there no way to convince them, even with some kind of a land swap, to keep the two air bases?" I asked.

"Believe me, we wanted to," Ezer replied. "But no way. Not if we were going to get a peace treaty."

So I said the obvious: if that's what was necessary for peace, there was no other choice.

We were now well into our final year at Stanford. Our home was in a leafy "student village" off campus, called Escondito, for married students from abroad. Our two-storey flat was one of a row of cabin-like structures: a bit like a kibbutz, only smaller, American-style, a lot more upmarket. It had a fenced-off play area for the children and, in a common room for all the village residents, an upright piano.

I found the richness of the academic environment – and the time to explore and savor it – enthralling. I'd chosen my master's program at Stanford because it offered the chance to learn across a range of different schools and disciplines. The official home for my degree courses was the School of Engineering, in a department called "Engineering-Economic Systems". Its focus was on applying mathematical modelling and analysis to decision-making in "large and complex



HOUSE_OVERSIGHT_011656

organizations" such as private companies or government departments. Or the armed forces of Israel. The theorists at Stanford were leaders in the field.

But from the start, I was drawn to other disciplines as well: business, economics, political science, history, sociology, psychology. I studied game theory at the business school, and the evolution of political systems under the sociologist Seymour Martin Lipset. I also went to lectures by James G. March, on how psychological, social and other factors influenced decision-making. I particularly enjoyed learning from Professor Amos Tversky. Born in Haifa, he was half of an academic partnership with the psychologist Daniel Kahneman, who was also Israeli. They were investigating the effect of human bias and other *subjective* factors on how we perceive reality, and thus make decisions. Tversky's work especially fascinated me, because it questioned a basic assumption in the kind of predictive formulas my own department was advancing: that we make choices rationally, calculating the outcomes of competing alternatives. Tversky had found that the human brain didn't always work that way. For choices with a fairly obvious outcome – 90 percent of cases, say – the assumption did hold. But at the margins, the brain didn't, or couldn't, always gauge the implications of a decision accurately. A couple of decades later, he would also show that an individual's choice could vary significantly depending on the way the options were presented.

These behavioural and psychological approaches were at odds with what was being taught in my home faculty. Its prevailing orthodoxy was that by using specifically designed interview techniques, alongside mathematical modelling of the predicted outcomes, we could isolate the effect of human agency on how, and what, decisions were made. Yet the wider my studies had ranged, the more sceptical I became that the complexities of human decision-making could be accommodated by such models. I also saw problems in the methodology we were using. Since it was based partly on interviews with participants in the decision-making process, it seemed to me that this introduced a subjective element into our ostensibly objective conclusions.

My department wasn't enamored with my views on our modeling approach. But one of the things I most valued about my time in Stanford was that, far from discouraging my excursions into other departments, my professors combined a confidence in their own approach with a genuine open-mindedness to other ideas: the hallmark of true intellectuals, and of great universities.

I got something else from my studies at Stanford, although I didn't speak about it at the time, not even to Nava. I became aware that I had a particular



HOUSE_OVERSIGHT_011657

aptitude for focusing on the minute details of a problem, yet never losing sight of the *larger picture*, the wider issues. From my experience as commander of the sayeret and during the 1973 war, and from watching other officers whom I respected, it struck me that this was an essential part of effective leadership.

By "leadership", at that stage in my life, I did not mean *political* leadership. I was thinking in terms of the army. But I'd now finished my masters degree, and it was impossible to be unaware of the political *context* in which I'd be returning to uniform. Since Camp David, our negotiators and the Egyptians had been trying to thrash out a formal deal. Sadat was being denounced as a traitor in the Arab world. Begin was seen by most in the outside world, and many Israelis, as dragging his feet on the negotiations and risking the chance for peace altogether. If we *did* manabge to sign a peace treaty, however, we would be withdrawing for the first time from land captured in 1967. That would mean finding a new approach to security in the south, as well as a new focus on the majority of our Arab neighbors who were railing against Sadat and seemed less interested than ever in making peace.

In some ways, it was hard to leave our mini-kibbutz in Palo Alto. Michal, now nearly nine, had thrived, quickly learning English and ending up with a perfectly American accent which has never left her. Yael has less vivid memories of our time there. But we'd had the nearest thing to a normal family life since our first, war-truncated, time at Stanford. During the university holidays, we'd also travelled: to Canada. Mexico. Lake Tahoe. Even Las Vegas, where, thankfully, we lacked the money to chance our luck, but where my years in the sayeret suddenly came in handy. We spent the day at Circus Circus, a joint casino-and-theme park tailored for families with kids. At a shooting gallery in the amusement area, I had no trouble landing dead-center hits on a passing procession of metal geese, to the consternation of the guy behind the counter but the delight of my two young daughters. In probably the single greatest moment of parental accomplishment I'd experienced since their birth, I bagged a huge fluffy teddy bear for each of them.

* * *

I returned to Israel not just with the hope, but a reasonable expectation, that I would get command of one of Israel's two regular armored divisions: the 252nd, which was responsible for defending the south and, at least for now, was based



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in the Sinai. Dan Shomron was now head of the southern command and had told me, before we headed back from California, that he'd recommended me for the post. It was an especially exciting prospect because the US-backed negotiations with Egypt did finally appear to be nearing an agreement. As commander of Division 252, I'd be coordinating and implementing Israel's Sinai withdrawal.

But I didn't get the job, at least not on my return. Raful Eitan had indeed succeeded Motta as chief of staff, and he had the final say. I'd evidently been right to assume I would figure no higher in his estimation than I had as sayeret commander. To be fair, however, he did agree to my becoming commander of Dan's *reserve* division in the south: the same 611th that Arik Sharon had led across the canal in 1973. When I took up that post in April 1979 – just days after the formal Israeli-Egyptian peace treaty was indeed signed – I was also promoted. I became a one-star general. And eighteen months later, when the regular division post came open again, I did get the nod to command the 252nd.

Even then, it was a close-run thing. Raful called me in to see him and said he wanted me to return to the *kirya* instead, in the one-star general's post inside military intelligence. He said he had more than enough candidates for division commander, but that my previous experience meant I was the best choice for the intelligence post. I was determined to remain in the field, especially with signs that Begin, and certainly his more right-wing supports in the Likud, were already having second thoughts about the peace deal we'd struck with Egypt. In part, they feared that a withdrawal from *any* of the land taken in the 1967 war might create a precedent, and invite pressure, for more withdrawals. But the real buyers' remorse centered on the fact that, as part of the initial agreement at Camp David, Begin had needed to accept a parallel framework for negotiations toward a broader peace that would include the West Bank and Gaza Palestinians.

In any case, with Raful balking a second time at giving me the division command, I figured I had little to lose by fightinhg my corner, and telling him exactly what I felt. "Look, I realize that you're chief of staff," I said. "But don't forget we're *both* just temporarily in whatever role we hold. I'm not here as a draftee. I'm in the army by choice. It's your decision to tell me what position you want me to take. But you can't *impose* anything. I can always leave. Or I can bide my time until *you* leave." Raful apparently concluded he couldn't actually force me to take the intelligence job. With Dan having made his preference clear, he didn't press the point.



HOUSE_OVERSIGHT_011659

My main responsibility as commander of the 252nd was to implement the withdrawal from the Sinai. Israel had committed itself to bring all of our forces behind the 1967 border within next two years, and, along with Dan, I threw my energy into planning and implementing the terms of the treaty. But especially with Begin soon facing a reelection campaign against Labor, now led by Shimon Peres, he was keen to play to the opponents of any further negotiating concessions. He was positioning himself as the voice of military strength, and painting Peres as someone who would risk our security by going further than the separate peace with Sadat.

Begin had no more experience or knowledge of military details than Shimon. But from his days in the pre-state Irgun, he'd been an unapologetic admirer of men of military action. After his victory in the 1977 election, he'd formed a government stocked with some of Israel's best-known former generals. Not just Ezer Weizman. He'd brought back Moshe Dayan, as foreign minister. And as agriculture minister, the country's most swashbuckingly self-confident, and controversial, battlefield commander: Arik Sharon. Begin had recently lost both Ezer and Dayan, who accused him of deliberatedly torpedoing chances of building on the peace with Egypt. But Arik was still there, four-square behind a more forceful military posture on Israel's other fronts. As agriculture minister, he had also been the driving force in a plan for settlement "blocs" designed to encircle the main Arab towns and cities on the West Bank and foreclose any realistic prospect of a Palestinian state.

After Begin's second election victory, in June 1981, some commentators, and many in Labor, insisted that he'd won because of a dramatic surprise air strike, a few weeks before election day, against a French-built nuclear reactor outside Baghdad. I never believed that, in part because I knew from intelligence friends that the attack had been set for earlier, and was put back because of fears the plan might become public. But mostly because of what I witnessed in the heart of Tel Aviv the night before the election, when I joined one of my top officers, a Likudnik, at Begin's final campaign rally.

Shimon still had a narrow lead in the polls. I hadn't been at his closing rally, the previous evening. But like the rest of Israel, I'd heard and read about it, in particular the warm-up act: a popular, solidly pro-Labor comedian and actor named Dudu Topaz. Greeting the crowd, he'd said what a pleasure it was that it was not full of *chachachim*. The word was sneering Israeli slang: for uncouth, uncultured Sephardim, not far from the equivalent of using the "n" word in America. In a single sentence, he'd managed to sum up everything the



HOUSE_OVERSIGHT_011660

*Sephardim* resented about the Ashkenazi, Labor Zionist establishment. Begin, at his rally, played it like a virtuoso. "Did you *hear* what they called you?" he cried. *Chachachim*. He slightly mispronounced the word, as if he'd never heard, much less used, it before, and that even having to repeat it made his blood curdle. "Is *that* what you are?" There was pandemonium. Maybe Begin would have won anyway. But it was close, just one Knesset seat between the two major parties. And win, he did.

I became increasingly convinced in the weeks that followed that Begin's second government, with Arik now moved to defense minister, would further put the brakes on any follow-up negotiations for a deal with the Palestinians. I did not yet know that Arik, in particular, had a far more ambitious, military plan to try to bury the possibility of a Palestinian state once and for all. But I did know he had his eyes on a possible thrust across our northern border into Lebanon, where Arafat and the PLO were based.

There was no public mention of any of this. But several times in 1981, I was ordered to move a large part of my division onto the Golan Heights for weeks at a time: two brigades, 200 tanks and dozens of APCs in a massive motorcade from the bottom to the top of the country and back again. We dubbed it *Cinerama*, from the Hebrew words for Sinai and the Heights, *Ramah*. If there was an escalation of hostilities, the northern command's regular division would cross into Lebanon. Our role would be to take their place in defending the Golan, and possibly follow them in.

When I returned from my final episode of Cinerama in the late summer of 1981, the Sinai withdrawal was entering its final stage. I organized a full-scale military exercise on the roughly one-third of the Egyptian desert we still held, knowing that we'd no longer have the room to do so after the final withdrawal. It was the largest exercise I'd ever commanded. The advances and tactical retreats, the flanking maneuvers and ambushes and fighter jet attacks were like a very big war in a very small place.

But a war game was not a real war. The Sinai was not like the Golan, or the cramped, hilly confines of Lebanon. And it was in Lebanon, the following year, that the war came. It was different from any in Israel's history. Arik was in charge. And I would become involved in ways which began to change the way I saw not only Arik, but the political and military direction of our country.



HOUSE_OVERSIGHT_011661

My own part in the Lebanon war would change dramatically as a result of that last military exercise in the Sinai. Arik Sharon was now Minister of Defense, and he came for the final afternoon. From his experience as a frontline commander – in 1956, 1967 and 1973 – he knew the dunes and wadis and sprawling expanses of sand as well as any general in Israel. Watching our intricate mini-war draw to its close, he made no effort to hide his enthusiasm for the kind of quick, assertive battlefield maneuvers he'd long championed. But more than that, his closest aide soon began sounding me out on my views about the long-term organization, force balance and funding for the Israeli military. A few weeks later, Arik offered me a promotion: a return to the *kirya*, as a two-star general, to become head of planning for the armed forces.

I don't know why he chose me: the Sinai exercise perhaps, the fact he knew I'd studied "large and complex organizations" at Stanford, or maybe just the fact our paths had first crossed two decades earlier when I was in Sayeret Matkal. But even though it meant leaving my division command, especially tough since the final Sinai withdrawal was approaching, it was an offer I never contemplated turning down. Not just because of the second star on my uniform. Ever since the 1973 war, along with a few other senior officers including Dan Shomron, I had been making the case for a shift to more mobile and less vulnerable forces and weapons systems. I saw the new role as a chance to help encourage that critically important change.

There was just one hitch: all senior military assignments required the formal approval of the chief-of-staff, my old friend Raful Eitan. Raful did manage to delay things for several weeks. At one point, he even brought to bear a quality I'd never suspected he had: a sense of humor. "OK, I'll agree to promote Barak," he told Arik. The next day, he said he'd meant *Eitan* Barak – a very good commander, by the way, who had been one of my instructors in officers' school. Arik insisted, however. My appointment went through.

And one, unanticipated result was that I didn't just play the field command role I'd anticipated, from our Cinerama deployments, in Arik's toweringly ambitious, ill-planned and ultimately disastrous war in Lebanon. I became part of months of planning discussions in the *kirya* before our tanks finally rumbled across the northern border on the morning of June 6, 1982.



HOUSE_OVERSIGHT_011662

My new posting came not just as momentum was building toward an invasion. It followed on the heels of a major new crisis in our peace with Egypt. Only weeks before I gave up my Sinai command, President Anwar Sadat was shot and killed by an extremist Muslim officer at the annual Cairo military parade to mark the anniversary of the 1973 war.

Like many Israelis, I felt an almost familial sense of bereavement. Sadat was not just the first Arab leader to make peace with Israel. He seemed to *understand* us: people who were ready, willing and able to fight, but wanted above all to live unmolested and accepted by our neighbors. Yet for Begin and the Likud, I knew the assassination would cast the whole peace process into doubt. Sadat's successor, Vice-President Hosni Mubarak, did make it clear he would abide by the peace treaty, defusing calls on the Israeli right for us to cancel our final withdrawal from the Sinai. But after Sadat's killing, Begin and those around him seemed more determined than ever to hold the line against the *wider* peace negotiations agreed with President Carter and Sadat at Camp David. At Begin's insistence, Camp David had not proposed giving the Palestinians a state, but instead "autonomy" and a locally elected "self-governing authority". Yet that was defined as a transitional period. The elected Palestinians were to be included in negotiations for a yet-unspecified "final status" arrangement for the West Bank and Gaza. That, Begin feared, left the door ajar for something *more* than autonomy. Shutting that door, I would soon discover, was a big part of Arik's ornate reasoning for invading Lebanon.

Beyond the fact that my new job was a promotion, I had a personal reason for welcoming the move back to Tel Aviv. Ten days after Sadat's assassination, I had endured a frightening few days surrounding the birth of our third daughter, Anat. The crisis was another reminder that the demands of frontline command rested not just on my shoulders, but my family's. We had moved house again early in Nava's pregnancy, to the suburb of Ra'anana, about 10 miles north of Tel Aviv and a few miles in from the coast. We bought one of a newly built row of small, semi-detached townhouses which, best of all, had a backyard. It was tiny by American standards, but was still a place for the girls to play. Once again, however, I wasn't there when my daughter was born. I was rushing north as Nava went into labor.

The birth itself went smoothly. By the time I got to the hospital, both baby and mother seemed happy and healthy. A few days later, however, when they were back in the townhouse and I'd returned to my division, Nava felt suddenly, desperately unwell. I shudder to think what might have happened were it not for



HOUSE_OVERSIGHT_011663

the fact that one of our new neighbors was a friend from my first military intelligence stint in the *kirya*. In almost paralyzing pain, Nava phoned him, and he rushed her to the hospital. It turned out that the doctor who delivered Anat had left part of the placenta inside. Once the mistake was discovered – as I was again speeding north – he went back in and rectified it. When I arrived, I was relieved, to put it mildly, to find Nava smiling bravely, and on her way back to full health. Still, doctor friends of mine told me that if the problem not been diagnosed and addressed quickly, she could have suffered shock, serious infection, even death.

* * *

In my new role, I was nominally responsible to both the defense minister and the chief of staff, but Arik made it clear to both me and Raful that he was boss. And though my official brief was longer-term planning, almost from day-one the issue of Lebanon overshadowed all others. I knew, from Cinerama, that preparations for a *possible* military operation in Lebanon were underway. Yet from my first meeting with Arik and Raful, it became clear it was more than just a possibility. "Why the hell is Arafat still alive," Arik snapped at us. He said that when he'd been commander of Unit 101, he'd *never* waited for the government to ask him to plan an operation. He'd plan it himself, and go to ministers for approval. When I told him that I'd done just that when I was commander of the sayeret, only to be told Arafat was "not a target," Arik replied: well, he is *now*. The PLO leader's current residence was on the southern edge of Beirut, and in the weeks ahead Arik left no doubt that he meant to go after him there.

To anyone looking from the outside, there was no pressing reason to expect a war. It is true that the potential for conflict was always there. The PLO had nearly 20,000 fighters in Lebanon and hundreds of rockets capable of reaching our northern towns and settlements. The Syrians were there, too. As part of an Arab League agreement in 1976 to quell two years of terrible civil war between Lebanon's traditionally dominant Maronite Christians and an alliance of PLO and Lebanese Muslim forces, some 30,000 Syrian troops had been brought in as the core of a peacekeeping force. But in the summer of 1981, new US President Ronald Reagan's Mideast envoy, Undersecretary of State Philip Habib, had



HOUSE_OVERSIGHT_011664

brokered a cease-fire to halt Palestinian Katyusha rocket fire into Israel. It was generally holding.

But fundamentally, Arik's war plan was not a response to the Katyushas. It was a way of using military force to achieve Prime Minister Begin's political aim: stopping the Camp David peace process in its tracks, and ensuring it did not go beyond the peace treaty with Egypt. And even that message was not principally intended for the Palestinians, I suspect, but for the Americans. Israel's Labor-led governments had always calculated that we needed at least some measure of support from foreign allies, especially the US. Under Begin, we'd already bombed Saddam Hussein's nuclear reactor without telling the Americans beforehand. Shortly after I returned to the *kirya*, he provoked further anger in Washington by announcing the *de facto* annexation of the Golan – in effect "balancing" our Sinai withdrawal with a dramatic reassertion of Israeli control over other land captured in the 1967 war. Part of Arik's plan in Lebanon was to deliver an even more forceful riposte to any suggestion that we would give up control of the West Bank and Gaza.

Yet these political aims, which I was gradually beginning to grasp in their full form through my discussions with Arik, were only part of the reason I was deeply uneasy about the plans for our Lebanon invasion. Having now spent nearly two decades in the military, I recognized that the security challenge north of the border was real. I did not believe it was inherently wrong for Begin's government to order a pre-emptive military operation with the aim of ending it. My view, as an army officer, was that the decision on how, when and whether to go to war was for our elected government. But for that principle to work, I also believed that government ministers had to know *what* they were deciding. The more we geared up for an invasion, the less certain I became that Begin's cabinet understood what we were planning to do.

Arik's original plan was codenamed *Oranim*: Hebrew for "pine trees". It involved pushing deep into Lebanon, all the way up to the strategically critical road that ran between Beirut and Damascus. We would link up in Beirut with the main Maronite Christian force, the Phalangists, whom we had been supporting and training for several years. When that plan was presented to Begin's cabinet at the end of 1981, however, most ministers opposed it. Thus was born Arik's Plan B, so-called "Little Pines". Its stated aim was a lot more modest. We would create a "security zone" – a 40-kilometer, or 25-mile, strip running north of the border with Lebanon.



HOUSE_OVERSIGHT_011665

I could see that Little Pines was a kind of fiction. All you had to do was take a map and draw in the 40-kilometer line. In the areas nearer the Mediterranean, in the western and central parts of the border area, it indeed covered territory controlled by armed PLO groups. But in the eastern sector, there were *Syrian* positions a mere 10 to 12 kilometers up from the border, well inside the "security zone". Not much further north were two full Syrian divisions. That meant we'd be fighting not just the Palestinians, which was the ostensible aim of Little Pines. We would have to take on Syria. As soon as *those* hostilities began, we would have to destroy radar and SAM sites in the Syrian-controlled Beka'a Valley further north into Lebanon. After the first costly days of the 1973 war in the Sinai, we were not about to enter a major conflict without ensuring air superiority. Unless the Syrians retreated or surrendered, the inevitable result would be a wider conflict, not limited to dealing with Palestinian fighters in south Lebanon but paving the way for Arik to go ahead with his original plan and push all the way to Beirut.

This wasn't mere supposition on my part. In February 1982, we ran a simulation exercise in the *kirya* based on Plan B. The result: Little Pines became Big Pines. A clash with the Syrians proved inevitable, if only because one target even under Little Pines was the main road between Beirut and Damascus. It lay well beyond the 40-kilometer line. As the main supply route for their forces in the interior of Lebanon, it was also of critical importance for the Syrians. So any idea of a quick, limited strike to establish a security zone was fantasy. A few days later, Raful chaired a wide-ranging discussion on Lebanon. Near the end of the session, I asked him directly whether government ministers were aware that our war plan "will inevitably lead to a clash with the Syrians". Raful hesitated for a second, but then answered briskly: "Yes."

That assurance would turn out to be untrue. But my wider concern, as the weeks passed, was Arik's *political* plan, of which I was getting an ever clearer idea from him. It struck me as not just grand, but grandiose. Part of it was to obliterate Arafat as a political force, if not by killing him then by forcing him and every one of his fighters from Lebanon, a country Arik wanted to place under the unchallenged control of the most prominent of the younger generation of Christian Phalangist politicians, Bashir Gemayel. I felt all that would be challenging enough. But in Arik's eyes, this was only part of a complete reordering of our conflict with the Arabs. He expected *Gemayel's* Lebanon to openly align itself with Israel and expel all Syrian troops. As for the expelled Palestinians, they would go back to Jordan where they would resume – and, this time, win – their civil war with King Hussein. The result, with Hussein deposed,



HOUSE_OVERSIGHT_011666

would be a "Palestinian state" in Jordan, which would free Israel to retain open-ended, unchallenged, control of the West Bank.

Even the Labor party, fifteen years into Israel's occupation of the West Bank, was still speaking about a "Jordanian option" for an eventual political settlement with the Palestinians who lived there – though this meant a kind of confederation with Jordan under Hussein's rule. Very few Israelis began seriously to engage with the Palestinians own separate identity or national aspirations until later in the 1980s – when I, too, would do so, amid the widespread Palestinian unrest known as the *intifada.* But even without a fully thought-out view on these issues, I was taken aback by Arik's almost godlike supposition that he could use fire and brimstone, or the modern military equivalent, to remake the Middle East as he and Begin wished to see it. If only because of the tacit assumption that the outside world, and especially the Americans, would sit by and let the whole drama play out as scripted, it struck me as an exercise in self-delusion.

There was also the matter of Arik's vision of a "new" Lebanon under Bashir Gemayel's Phalangists. Unlike the other generals in the *kirya*, I'd never actually met any of our "Lebanese Christian allies". Yet a few weeks after taking up my new post, I was invited to a lunchtime discussion with a group of Phalangist officers on a training course in Israel. I emerged both unsettled and underwhelmed. They were obviously politically astute. They bandied around military vocabulary proficiently enough. But they were a bit like teenagers playing with guns: full of macho, and too much after-shave. Hardly the kind of "army" I could see as a lynchpin in Arik's plan to redraw the geopolitical map of the Middle East.

* * *

By June 1982, Arik's invasion was a war simply waiting for a credible trigger. On the evening of June 3, Palestinian terrorists shot and critically wounded Israel's ambassador in London, Shlomo Argov. Appalling though the attack was, as a catalyst for a full-scale invasion, it seemed unlikely to be enough for the Reagan Administration. Habib's cease-fire terms did not include terror attacks like the one in London. It was meant to keep the PLO from firing across our northern border. Even to some Israelis, the attack on Ambassador Argov seemed more a rationale than a reason for war. But Begin summoned an



HOUSE_OVERSIGHT_011667

emergency cabinet meeting the next day. His adviser on terrorism, Gideon Machanaimi, was someone I knew well. When the cabinet convened, he pointed out to the ministers that the London terrorists were from a fringe Palestinian group led by Abu Nidal. Far from being an ally of Arafat, he had been sentenced to death by Fatah. According to Gideon, Begin wasn't interested in the distinction. Even less so were the two leading military figures in attendance: Arik and Raful. They said all Palestinian terror was the responsibility of Arafat, and that now was the time to hit back hard. The cabinet was informed that our initial response would be limited: aerial and artillery bombardment of PLO targets throughout Lebanon. Yet Raful told the cabinet that the Palestinians would almost certainly respond with shell and rocket fire into Israel. Then, he said, we could strike more forcefully. In other words, the invasion would begin.

It did. Dubbed "Operation Peace for Galilee" to convey the aim of protecting northern Israel from shell and rocket fire, it got underway at around 11 a.m. on Sunday June 6. The publicly declared aim was *Little* Pines: the establishment of our 40-kilometer security zone. Both Israelis and the Americans were led to believe it would be a relatively short operation aimed at destroying the PLO's military capacity in the border area. We also said that we wouldn't attack Syrian forces as long as they didn't attack us.

That last public pledge had particular relevance to my role on the ground. I was deputy commander of the largest of Israel's three invasion forces, under Yanoush Ben-Gal, head of the northern command until shortly before the war. We had 30,000 troops and 600 tanks and were responsible for the "eastern sector" – from the edge of the Golan Heights, north through the Bekaa Valley along Lebanon's border with Syria. At first, we deliberately stopped short of Syrian forces. We deployed our main reserve division just 10 kilometers across the border, below the first Syrian positions at the bottom of the Bekaa. But despite the public assurances we were in Lebanon to establish our security zone, we had no orders to halt at the 40-kilometer line. From day one, our part of the invasion force began a pincer movement around the area of eastern Lebanon where large numbers of Syrian soldiers were based. My former Sinai division, the 252nd, came down from the Golan and started making its way up alongside the Syrian border. Our other units, further inland, also began pushing northward.

For the first couple of days, we did avoid a confrontation with the Syrians. Yet on June 8, day three of the war, the morphing of Little Pines into Big Pines began.



HOUSE_OVERSIGHT_011668

The two other Israeli invasion forces had crossed the border parallel to us, one pushing up through the steep hills and twisting valleys of central Lebanon, and the other along the Mediterranean coast. The central force was now ordered to mount an attack that would bring them within striking distance of the Beirut-Damasus road. The first skirmish came in the hilltop town of Jezzin, still barely within the 40-kilometer zone. The Syrians had a commando force and tanks in the town. An Israeli battalion was ordered in, and it took Jezzin by the evening of June 8. But it came under assault from Syrian units with grenades, RPGs and Saggers, as well as shellfire from a nearby ridge. Shortly before midnight, another unit of Israeli tanks and infantry passed through the central Lebanese village of Ayn Zhalta, to the north of Jezzin and beyond the 40-kilometer line, and began winding its way through a valley toward the Beirut-Damascus road. They waded into a Syrian ambush, and for hours found themselves in a fierce battle with Syrian units.

I don't believe Arik specifically planned to confront the Syrians in Jezzin and Ayn Zhalta. But he could not have doubted that, given the enormous scale and range of our invasion, a clash with Syrian forces *would* happen at some point. Now that it had, all that remained was for him to tell the cabinet that Israeli forces had come under Syrian fire and insist, as defense minister, that the imperative for our forces on the ground was to strike back.

On the afternoon of June 9, the fourth day of the war, we got the order to go on the offensive against the Syrians in the Bekaa. As our artillery pounded the southernmost SAM sites, nearly 100 Israeli jets swarmed into the Bekaa Valley and attacked Syria's air defenses in eastern Lebanon. When a second wave screamed in an hour later, the Syrians sent up their Soviet-made MiGs to intercept them. Forty-one Syrian planes were shot down. Seventeen of the 19 SAM batteries were destroyed by the end of the day. The other two were taken out the next morning, and another 43 Syrian jets shot down.

There was no longer any pretence about our war aim: to fight our way through any resistance and reach the Beirut-Damascus road. But after the Bekaa air battle, and the most serious air losses for an Arab state since 1967, Yanoush and I knew that international pressure for a cease-fire would quickly escalate.

Aware we were racing against the clock, we began a co-ordinated push towards the Beirut-Damascus road. The left arm of our "pincer" was ordered to make its way toward a town called Jobb Janine. It was still some distance from the Damascus road, but an important way-station: Syrian headquarters on the western side of the Bekaa Valley. The eastern part of our pincer, the 252nd



HOUSE_OVERSIGHT_011669

Division, advanced up the Bekaa, alongside the Syrian border, toward the town of Yanta, across from Jobb Jannine.

But as it was making its way there, we got word a cease-fire had been agreed. It was set for noon the next day, Friday, June 11. The main focus of our advance shifted to a crossroads a few miles east of Jobb Janine. It was a flat, open area surrounded by hills, codenamed the Tovlano Triangle on our maps. We knew we would meet some Syrian resistance. On the way up the valley, we'd seen signs of reinforcements from inside Syria. But we had overwhelming superiority in tanks, artillery and infantry in the area, as well as full control of the air. In our command post, about five miles back from our frontline forces, Yanoush set in motion the plan for a pre-cease-fire advance to take the hills overlooking the Tovlano Triangle. It was still about eight miles short of the Beirut-Damascus road. But the idea was to establish a more secure defensive position by the time the truce took effect, and to put us in position to advance further if the cease-fire collapsed or was delayed.

Shortly before sunset, Yanoush left by helicopter for a field commanders' meeting with Raful in northern Israel. That left me in charge, alongside Yanoush's de facto chief-of-staff, Amram Mitzna. A decorated veteran of 1967 and 1973 whom I knew well, Amram had the added distinction of being disliked by Raful almost as much as I was. Our main reserve division had been ordered to take control over the hills south of the Tovlano Triangle. One of its brigades, led by a former Sayeret Matkal soldier named Nachman Rifkind, was sent to take up a position immediately south of the triangle. Soon after nightfall, Rifkind radioed in that he was there, and that the area seemed clear of enemy forces. The divisional command post then ordered a second brigade to move toward the hills dominating the crossroads.

The first sign of trouble came around midnight. From our overall command post, we were listening in on all radio traffic, and heard the second brigade report that it had come under fire while moving toward the crossroads. At first, we assumed it must be from the remnants of a retreating Syrian unit. But Rifkind, who had reported the area was clear, now said that *he* could see flashes of shellfire two or three miles to his north. Only the following morning did it become clear that he had not deployed immediately south of the triangle as planned. He had mistakenly halted at a hill about two miles short of there.

By the time Yanoush returned to the command post a little after midnight, we were facing another problem. The battalion nearest to the south of the triangle had spotted a dozen large vehicles armed with missiles a few hundred



HOUSE_OVERSIGHT_011670

yards ahead. The missiles seemed to be pointed north, away from them. But the battalion commander was asking us for permission to open fire.

"Do not open fire," I was saying as Yanoush arrived. "I repeat: do *not* open fire." When Yanoush asked me what was going on, I told him the lead unit had reported unknown vehicles with missiles and wanted to know whether it could attack. "Tell them *yes*," Yanoush said. I looked first at him, then at Mitzna. "We can't," I said. "It's dark. The situation is confused. We don't know whose missiles these are. It doesn't make sense they'd be Syrian, just sitting there, pointed north. At least give it a few minutes." I think Yanoush would have grabbed the microphone and told the unit to fire had not Amram been there as well. Together, we convinced him to hold off. I ordered the brigade commander to get one of the battalion's APC crews to go out on foot and get as near as possible to the missiles. It was nearly 15 minutes later when they returned. They said they'd never seen this kind of missile vehicle, but that the soldiers manning them seemed to be speaking *Hebrew*. It turned out to be a new ground-to-ground missile, not yet formally in service, which had been sent into Lebanon without our knowledge by the northern command.

While that trouble was averted, much worse lay ahead. Yanoush asked to be brought up to date on our progress in taking control of the area around the Tovlano Triangle. We briefed him on the situation as we understood it: that Rifkind had reported the triangle was clear, but that the second brigade had still not reached it. Yanoush tried to radio the divisional commanders. When he couldn't raise them, he ordered the brigade and battalion commanders to pick up their pace and move forward.

With Yanoush back and the advance resumed, I tried to grab at least a few hours' sleep. But around 3:45 am, a junior officer shook me awake. When I rejoined Yanoush and Amram, they told me the lead battalion was now in deep trouble. It was led by Ira Ephron, one of Dan Shomron's best company commanders during the 1973 war. For reasons I've never been able to establish, Ira's orders were not to take the hills south of the triangle as we'd planned, but to go through it to a point two miles or so north. Minutes after crossing the triangle, his tanks came under heavy fire. Hoping to escape, he kept going, only to find himself surrounded by a Syrian armored force. They were trapped near a village called Sultan Yacoub, nearly three miles north of Tovlano. Since it was early June, it would be light soon, and his predicament could only get worse.

At dawn, he reported he was under heavy artillery, anti-tank missile, RPG and close-range rifle fire. The only realistic hope was to retreat. We were unable



HOUSE_OVERSIGHT_011671

to get air support, but the commander of our artillery force called in all available units, and they drew a kind of protective box of shellfire around Ira's men as they moved back. We sent our other reserve division towards the crossroads to provide support, and Amram went with them to co-ordinate the operation. But Ira still had to fight his way out. It was 15 minutes of hell. By the time he reached safety at around nine in the morning, he'd lost ten tanks and nearly 20 men, four of them during the final, frantic retreat. Five more were missing. The reserve division also found itself in a fierce firefight with the Syrians, and lost eleven men.

We were now just three hours from the cease-fire. We did advance nearer to the Beirut-Damascus road. An hour before noon, our dedicated anti-tank unit destroyed 20 of Assad's top-tier tanks, Soviet-made T-72s. Under different circumstances, those successes might have been a cause for consolation. Yet it was hard to dwell on them given what had happened north of Tovlano. After the war, Sultan Yacoub created fertile ground for conspiracy theories, half-truths and finger-pointing. That there had been many oversights and errors was clear, though there was never a full and formal debriefing process to identify in detail what had gone wrong. I found it deeply frustrating that, unlike in 1973 when I'd been in a battlefield command role, I was now at several steps removed from what was happening on the ground. But *everyone* involved shared responsibility for the failures – including the overall commanders: Yanoush, and me as well.

That weight felt even heavier because the tragedy occurred only hours before our own force's involvement in the Lebanon War was over.

* * *

It was not, however, the end of the war. The cease-fire held only intermittently in the rest of Lebanon, barely at all in some areas. Freed from fighting in our sector, Yanoush, Amram and I began spending time with units elsewhere. A couple of days after the cease-fire, I found myself alongside a pair of generals, Uri Simchoni and Yossi Ben-Hannan, south of Beirut. In front of us, troops from the Golani Brigade were completing their takeover of Beirut airport. "You were right," I told Uri and Yossi. They had been in charge of the simulation exercise in the *kirya*, predicting how Arik's ostensibly more limited invasion plan would inevitably develop into Big Pines. Even as we were talking,



HOUSE_OVERSIGHT_011672

another Israeli unit broke through to the Beirut-Damascus road. On the far side of Lebanon's capital city, they linked up with Bashir Gemayel's Phalangists.

I remember a mix of feelings at the time. Partly, amazement that through sheer determination and political maneuvering, Arik seemed to have pulled off his grand plan – or at least the Lebanon part of it. Yes, we'd ended up fighting a kind of half-war against the Syrians which, though we'd won it, still left 30,000 of Assad's men in Lebanon. And they showed no signs of leaving. Our main strategic threat north of the border was not, in fact, the Palestinians. Syria was in military control of Lebanon and, after the peace with Egypt, our most powerful adversary. And no matter what Big Pines might have achieved, it seemed to clear to me that the Syrians would be free simply to replace the weaponry we'd destroyed and fight another day.

In Arik's mind, Bashir Gemayel would soon be in a position to fix that. But beyond my skepticism from having met some of his boy officers in Tel Aviv, I couldn't see how that would work. I strained to imagine Gemayel daring to form what would amount to a formal alliance with Israel and ordering the Syrian troops to leave. And given what would be at stake for Damascus, I certainly couldn't see the Phalangists being able to drive them out by force.

The more immediate, open question involved Arafat and the Palestinians. Our other two invasion forces had driven almost all the PLO fighters out of south Lebanon, though not without costs and casualties. Most of the Palestinians, however, had retreated north to their *de facto* capital, the southwestern neighborhoods of Beirut. The idea of a ground assault – street-to-street battles in an area packed with fighters, weapons and tens of thousands of civilians – didn't bear thinking about. After the war, some of the officers around Beirut said Arik seemed to hoping that the Phalangist milita would go into the overwhelmingly Muslim western side of Beirut. At one point, he was even considering an Israeli attack. Fortunately, given the Phalangists' record of violence bordering on savagery during the Lebanese civil war, Bashir Gemayel wasn't willing to send them in. As for an Israeli assault, Begin's ministers weren't ready to sign off on it, and the Americans let it be know, repeatedly, that they were vehemently opposed to the idea.

Arik again turned to a fallback plan. He knew that Begin *did* share his determination to get Arafat and the PLO out of Lebanon. Even the Americans were ready to support such an arrangement, assuming it could be negotiated and implemented in a way that would bring the fighting to an end. Whether by intent or political fortune, the mere prospect of Arik further expanding the



HOUSE_OVERSIGHT_011673

invasion had the effect of persuading Washington to send Philip Habib back into the diplomatic fray. With no early sign, however, of Arafat agreeing to leave, Arik now steadily tightened what amounted to a siege on west Beirut. For seven weeks in July and August, our forces pounded the PLO-controlled neighborhoods from land, air and sea; intermittently cut water and electricity supplies; and hoped that the accumulated pressure, and casualties, would force Arafat and his men to agree to Habib's terms for a wholesale evacuation.

By this point, I was spending most of my time in the *kirya*, with periodic visits north, sometimes with Arik or Raful, to our positions on the eastern, Phalangist-controlled, side of Beirut. On several occasions, I helicoptered back with Habib or his deputy, Morris Draper. In one instance, I accompanied Draper into a meeting with Arik. In what I imagine had become a familiar, and frustrating, part of the US mediation mission, he pressed Arik to rein in our bombardments, arguing that we were in danger of ruining the chances of getting a negotiated deal on Arafat's leaving. Arik argued straight back. His view was that unless the PLO felt squeezed into submission, they would stay put.

On that, I thought Arik was probably right. Other Israeli generals with far more experience, and weight, also seemed to agree. Notably, Yitzhak Rabin. He was no longer in government, nor even in charge of Labor. But he had always had a soft spot for Arik, as did Sharon for him. With uneasiness, questions and outright criticism of the siege building both internationally and inside Israel, Arik got Rabin to helicopter north with him to Beirut. Yitzhak spent six or seven hours there. His verdict on the siege, at least as reported in the Israeli press, was more than Arik could have hoped for. *Lehadek*, he said. "Tighten it." In the end, I'm convinced the siege did have a critical effect on getting the evacuation deal. But unleashing our single most relentless series of air attacks, on August 12, when the deal was basically done, seemed both perverse and excessive, and not just to me. Habib, and President Reagan himself, fumed. So did a lot of Begin's own ministers, with the result, unprecedented in Israeli military annals, that they formally removed Arik's authority to decide on future air force missions. That turned out not to matter, however, because August 12 effectively marked the end of the siege.

On the afternoon of Saturday, August 21, the first shipload of an eventual total of nearly 10,000 Palestinian fighters left Beirut harbor for Cyprus, and then for a variety of new host countries. On this score at least, Arik's grand design had proven beyond him: the Palestinians were not bound for Jordan. By far most of them headed for the PLO's new political base, the north African state of



HOUSE_OVERSIGHT_011674

Tunisia. Arafat himself left on August 30.

Still, as the evacuation proceeded, another one of Arik's central aims in Big Pines was also achieved. On August 23, the Lebanese parliament elected Bashir Gemayel as the country's new president.

* * *

During the several weeks that followed, there was a confident feeling among Arik and his inner circle in the *kirya*. To the extent that Arik and Raful saw any cloud on the horizon, it was their concern about "several thousand" Palestinian fighters who they were certain had stayed on in Beirut despite the evacuation. True, Bashir Gemayel hadn't been formally inaugurated as president. There had been reports that he was privately assuring Lebanese Muslim leaders that he would be conciliatory once he took office, and that he was not about to consider a formal peace with Israel. He had also been resisting Israeli efforts to make an early, public show of friendship, such as an official visit to meet Prime Minister Begin. But there was an undisguised hope that this was just a brief political hiatus, for appearance's sake, and that before too long Lebanon would become the second Arab country to make peace with Israel. Not just peace, but something more nearly like an alliance.

Though I still looked through the eyes of an army officer, not a politician and certainly not an experienced diplomat, I had serious doubts this would happen. Simple logic seemed to suggest that, since Gemayel knew we had no realistic option of turning our back on him, his political interests were best served by keeping his distance and trying to build bridges at home. But on the early evening of September 14, nine days before his scheduled inauguration, not just that question but the whole new political edifice Arik had envisaged in launching the invasion, became suddenly, irretrievably, irrelevant.

I was at my desk on the third floor of the *kirya,* getting ready to go home, when the news broke: a huge bomb had exploded at the Phalangist Party headquarters in east Beirut as Gemayel was beginning to address hundreds of supporters. For a while, the reports from Beirut suggested that Gemayel had survived the blast, but shortly before eleven at night the confirmation came: the president-elect was dead.



HOUSE_OVERSIGHT_011675

Though no one claimed responsibility, there was no shortage of suspects. During and since the civil war, Gemayel had at various times been at odds with a whole array of enemies or rivals: Muslim militias, the PLO, other Maronite factions and, of course, the Syrians. But I think for all of us, even Arik, the issue of who was behind the bombing was hardly the most urgent concern. The immediate danger was a revival of the kind of rampant bloodletting Lebanon had endured in the civil war. The day after the assassination, I joined a half-dozen other members of the general staff and helicoptered up to the Lebanese capital. Arik, ignoring weeks of US pressure not to do so, had already ordered Israeli troops into west Beirut – not to fight, but to take control of key junctions and vantage points and keep basic order.

But the question obviously on everyone's mind was how to make sure the situation remained under control. It was early afternoon when we reached an Israeli command post in the largely Palestinian southwest part of the city. It was set up by Amos Yaron, the former paratroop commander whose division had landed by sea at the start of the invasion and was part of the push north to the capital. At his side was Amir Drori, the head of the northern command. They had set up a rooftop observation post just a few hundred yards in from where I had landed with my Sayeret Matkal team a decade earlier for the Rue Verdun operation. It overlooked a pair of Palestinian refugee camps: Sabra and, a couple of hundred yards closer to us, Shatila.

Raful was with us as well. So was Moshe Levy, the deputy chief-of-staff, and Uri Saguy, the head of the operations branch in the *kirya*. I listened rather than spoke. All I could gather from the other generals' conversation was that they were trying to figure out how to handle the Palestinian camps. No one explicitly mentioned the idea of Israeli troops going in, presumably because they realized that, far from helping ensure order, that might well inflame things further. Even Raful, at least in my earshot, made no reference to the "several thousand" PLO fighters that he and Arik still wanted out of Beirut. The only note that struck me as odd was a general agreement that the Phalangists had not been carrying their load of the fighting during the war. One comment in particular stuck with me, though I didn't take it as referring to the Palestinian camps in particular. I can't remember which general said it, only that everyone seemed to agree: "Why the hell do *we* have to do their fighting for them?"

It was not until the next morning, back in Tel Aviv, that the alarm bells rang for me, and by then it turned out to be too late. It was Friday, the eve of the Jewish New Year. Yet in the wake of Gemayel's assassination, the *kirya* was



HOUSE_OVERSIGHT_011676

crowded. I heard the first rumors from a staff officer in military intelligence, though neither he nor anyone else I asked was sure if they were true. But it *seemed* that the Phalangists had been sent into Sabra and Shatila. And that they had begun killing people.

I'd like to think that, in Amos Yaron's or Amir Dori's place, I'd have been sufficiently wise not to have allowed the Phalangists into the camps in the first place. But the truth is that I'm not sure. If the decision was to send *someone* in, I certainly wouldn't have sent in Israeli troops. But unlike other Israeli generals, my first-hand knowledge of the Phalangists was limited to a single lunchtime encounter in Tel Aviv. My impression from that meeting was that they were overblown, post-adolescent thugs, not murders. I did, of course, know the milita's reputation for untrammelled violence in the Lebanese civil war. Still, I might conceivably agreed to have the Phalangists go in – under strict orders to limit themselves to keeping order – in the knowledge that our own troops were stationed in the area immediately around the camps.

Yet from the moment of the first rumors – as soon as I heard even the *hint* that killings were underway – I had not a second's doubt about what had to be done next: get the Phalangists out. Immediately. I felt a particular urgency because of the rooftop gripe I'd heard the day before, about our troops having to *do their fighting for them*. That made me pretty certain that, at the very least, we had indeed sent the Phalangists into the camps.

I tried to reach Arik, but couldn't get through to him. I contacted Oded Shamir, the former intelligence officer who was his main liaison with the army. I told him that if the Phalangists were inside the camps, he had to urge Arik to get them out. Then I called Tsila Drori, Amir's wife. I asked whether she'd spoken to him that morning. She said no. He'd called her the day before, however, and she was sure he'd be in touch before the New Year. "Please, swear to me, Tsila, you'll give him a message," I said. "I was there yesterday. Tell him *please* do whatever he can to stop this action. It will end very, very badly." I told her he would know what I meant.

It was too late to stop it altogether. The slaughter – the round-ups and the beatings and the killings of Palestinians in the two camps – had indeed begun the night before. Amir found out about it late on Friday morning. Not from me, I believe, but from his staff officers. He ordered the Phalangists to stop. But they didn't. No one in command acted, at least successfully, to make *sure* that the militiamen got out of the camps. The atrocities went on. It was another 24 hours before the militamen finally withdrew.



HOUSE_OVERSIGHT_011677

One night's massacre would have been enough to produce the outcry that resulted once the first news reports, photos and TV pictures were sent around the world. That the bloodletting was allowed to continue after we *knew* what was going on, beyond the cost in innocent lives, made the fallout even worse. In Israel, the response was unlike anything in the past. There had been some opposition to the war: from parts of Labor, from political groups further to the left and particularly the pressure group Peace Now, formed in 1978 to protest the Begin government's obvious desire to use the peace with Egypt as a means to limit, rather than actively explore, prospects for a wider agreement with the Palestinians.

After Sabra and Shatila, Peace Now was the driving force behind demands for an inquiry into the Israeli role into what had happened. But the trauma went deeper. Israelis of all political stripes jammed shoulder-to-shoulder into the Kings of Israeli Square in the heart of Tel Aviv a week after the massacre. There were soldiers, too: 20somethings back from the fighting and reservists a decade or more older. Some estimates put the size of the crowd at as many as 400,000, almost ten percent of the population of Israel at the time. The protest was nominally aimed at forcing the government to empower a commission of inquiry, which it did a couple of days later. But the mood in the square was more like an outpouring of shock and shame. While the catalyst was the massacre in the camps, it tapped into a rumble of growing questions, and doubts, about the war itself, which had been building ever since the prolonged siege of west Beirut: what the invasion was for, how it had been planned and prosecuted, and what it said about our country, our government and our armed forces.

I was at home with Nava, watching the coverage of the demonstration on television. I shared the protesters' view that an inquiry was needed. In the days since my phone call to Tsila Drori, I'd remained troubled not just by our failure to stop the killings once we knew what was going on, but by the response from Begin, Arik and some other ministers to the massacre. Determined to shift the blame and responsibility elsewhere, they kept driving home the point that it was Phalangists, not Israelis, who had carried out the killings. That was true. But it could not erase the failures of judgment and control on our part. We were the ones who had allowed them into the camps. Our forces were deployed around the perimeter. And the killers were our "Lebanese Christian allies".

The formal picking-apart of Israel's share of responsibility would be the job of the inquiry commission. I did take some heart from the very fact such large



HOUSE_OVERSIGHT_011678

numbers of Israelis, and ultimately the government, had ensured a truly independent probe would now go ahead.

But other ways in which the war had gone wrong were already glaringly apparent. Some were operational. It is true we ended up overcoming Palestinian and Syrian resistance. Given the numerical balance of forces, that was a foregone conclusion. But with all the attention paid to the *political* aims of the invasion, we'd never sufficiently planned for operating against a wholly different kind of enemy than in our previous wars, and on a wholly different kind of terrain. Huge columns of Israeli armor had found themselves stuck on the winding roads of central Lebanon, running low on gasoline, vulnerable to relatively small ambush squads. In some instances, a dozen Palestinian fighters or Syrian commandos had halted the best-armed, best-trained, tank forces in the Middle East for hours on end. Overall, the pattern of past wars had been broken. Even in 1973, once the surprise attacks had been turned back, Israeli forces had advanced, attacked and broken enemy resistance. That hadn't happened here.

There was a deeper problem as well. At the start of the conflict, Begin had declared, boastfully almost, that this was Israel's first "war of choice." That wasn't true. Both 1956 and 1967 were wars of choice. Yet those preemptive attacks, especially in the Six-Day War, were in response to a sense of strategic threat that was commonly understood by almost all Israelis. There was a sense not just of consensus, but national unity. This war *was* different. It had been launched in pursuit of a specific political vision: a marriage of Begin's political credo and Arik's determination to use overwhelming force to bulldoze a new political reality in Lebanon.

The findings of the inquiry commission were published in February 1983. They were all the more powerful for the forensic language used. The inquiry did concede Begin's point: it was Gemayel's men who had actually done the killing. But it said that the Israeli commanders' decision to allow the Phalangists into the refugee camps "was taken without consideration of the danger – which the makers and executors of the decision were obligated to foresee as probable – that the Phalangists would commit massacres." The commission added that "when the reports began to arrive about the actions of the Phalangists in the camps, no proper heed was taken. The correct conclusions were not drawn. No energetic and immediate action was taken to restrain the Phalangists and put a stop to their actions."

Arik bore personal responsibility for this, the report said. So did Raful, and the head of military intelligence, Yehoshua Saguy. The commission



HOUSE_OVERSIGHT_011679

recommended that Begin fire Sharon and Saguy. They left Raful in place, but only because his term as chief-of-staff was due to end in a matter of weeks. Arik at first refused to go, and Begin refused to fire him. Yet in the end, popular pressure forced the issue. When another demonstration was called in protest at Sharon's continuing as Defense Minister, a right-wing political activist tossed a grenade into the crowd, killing a young Peace Now member. Even Arik was evidently shaken by the spectre of one of his presumed political admirers murdering a fellow Israeli for peacefully protesting. Or at least shaken enough to step down as Defense Minister. He did remain in the government as a minister without portfolio. Still, Begin himself would quit as Prime Minister, retiring into virtual seclusion, about half-a-year later.

Like the rest of the senior officers corps, I tried with difficulty to get on with my own job. I imagined the contribution I could best make for now would be, as Head of Planning, to ensure the mix of forces and weaponry deployed in any future conflict were better suited to the task than in the Lebanon war. But I didn't believe that such technical failings or planning lapses, however serious a contribution to the more than 650 Israeli lives lost, were what had mainly caused the war to go wrong. The central mistake was what had bothered me all along: the invasion was not a considered response to a particular security threat. It was an overreaching exercise in geopolitics, with sleight-of-hand used to evade the need to make and win support from government ministers and, critically, the public. Even with questions still to be resolved about when and how to withdraw the thousands of Israeli troops that were still inside Lebanon, I remember wondering aloud to a few army friends, and to Nava as well, whether we would look back in a decade's time and see the war as "our Vietnam". In fact, Israeli troops would still be in south Lebanon nearly *two* decades later, when I had left the military and was about to become Israeli Prime Minister.

Even as a two-star general in the *kirya*, I doubted I would be in a position to help fix the deeper issues raised by the war. Any real influence would be in positions like the chief-of-staff and his deputy; the head of operations; the head of military intelligence. They were the core of the armed forces' leadership and had the most regular dealings with senior figures in government.

But I'd failed to factor in the effect of the inquiry recommendations. Within days of the report, Israel had a new Defense Minister: Moshe Arens, who returned from his post as ambassador in Washington. Among *his* first orders of business was to act on the inquiry's verdict on Raful and Yehoshua Saguy. As chief of staff, Arens settled on a choice I suspect most senior officers saw as the



HOUSE_OVERSIGHT_011680

right man for the moment: Raful's deputy, Moshe Levy. Well over six feet tall, he was known as *Moshe Vechetzi*. "Moshe-and-a-Half." He was reserved and soft-spoken, a safe pair of hands after the trauma of the war.

But Arens also had to name a successor to Saguy as head of military intelligence. And for that job, he nominated me.



HOUSE_OVERSIGHT_011681

It was a huge responsibility, and not just because I was suddenly in charge of an intelligence apparatus ranging from Unit 8200, our sophisticated signals collection and decryption unit, to the operational units like Sayeret Matkal. It was what was at stake if things went wrong: success or failure in war, and the life or death of thousands of men on the battlefield. It was a price we'd paid painfully in 1973. And now again, just nine years later, in Lebanon.

If I needed any reminder, it was conveniently placed on my new office wall: the photographs of each of my nine predecessors since 1948 as Head of the Intelligence Directorate, or *Rosh Aman* in Hebrew. All had come to the role with talent and dedication. All but three had either left under a shadow, or been fired. Sometimes this was because of ultimately non-fatal lapses, like a botched mobilization of our reserves in 1959, or the Rotem crisis a few months later. Sometimes, it was due to lethal failures like the Yom Kippur War and Lebanon.

I went to see all eight former directors who were still alive. "You know, I used to read the newspapers and listen to the BBC in the car to work," Shlomo Gazit told me. He was the director I'd worked for in operational intelligence, the one who'd so memorably made the point that we might endanger Israeli security not only be missing the signs of a war, but signs of an opportunity for peace. He was also one of the few to have left office without blemish. "By the time I got to the *kirya*, I already knew 80 percent of what I could about what was going on," he said. "Then I'd spend six or seven hours reading intelligence material, to fill in at least *part* of the remaining 20 percent." His message, echoed by my other predecessors, was that the job wasn't mainly about the raw information. It was what you *concluded* from the information, what you *did* with it. It was about judgement.

The intelligence did matter, of course. For all of Israel's strengths in that area, I knew from my own experience at Sultan Yacoub that there was still room to get more, better, and more timely information about our enemies, and make sure it got to the commanders and field units that needed it. And while the details of many operations I approved for Sayeret Matkal and other units remain classified, we did succeed in doing that – to take just one example, by finding an entirely new way to get intelligence from inside Syrian command posts.

Yet above all, I set out to apply the lessons of the 1973 and 1982 wars. In rereading the official inquiry reports, I saw that the intelligence failings had



HOUSE_OVERSIGHT_011682

been different in each of them. In the Yom Kippur War, the problem was not just Eli Zeira's failure to activate the sayeret's listening devices in Eygpt, deeply damaging though that was. It was *judgement*. Inside Aman, a kind of groupthink had taken hold. It was rooted in a confident, costly misconception which went unchallenged: that Egypt would never risk another war without an air force capable of breaching our defences and striking towns and cities deep inside Israel. No one pressed the alternative scenario: that Sadat might strike with more limited territorial objectives and, under cover of his SAM batteries on the other side of the Suez Canal, advance into the Sinai.

In the Lebanon war, the inquiry suggested, Yehoshua Saguy *did* try to warn the generals, and the government, about major risks. But individual ministers testified that they hadn't heard, hadn't been there, or hadn't understood, leading the inquiry to stress the responsibility of a *Rosh Aman* to ensure not just that his message was conveyed, but that it was received as well.

I set out to address both problems. Inside the department, I insisted on making all our preconceptions open to challenge. I set up a unit whose sole function was to play devil's advocate when a consensus was reached. It began with the *opposite* conclusion and, through a competing analysis of the data, and logical argument, tried to prove it. I also wanted to be challenged on *my* preconceptions. I assigned a bright young major as my personal intelligence-and-analysis aide. He read everything that crossed my desk and could access any material in the department. "You have no responsibility to agree with any of the analysts, or with me," I said. "Part of your job is to *dis*agree."

In the Lebanon war, Saguy had faced an additional problem. He was excluded from some government meetings at which crucial decisions were made. That was out of his control. I didn't want it to be out mine. I raised the issue with Begin in our first meeting. "If you want to get the maximum value from your head of intelligence," I said, "you should make sure he's there not just after, but *when* decisions are made." Yet he was now only months from leaving office, exhausted by the war and its aftermath. He waved his hand weakly in response, as if to say none of it mattered. His successor, in October 1983, was Foreign Minister Yitzhak Shamir. Ideologically, he was cut from the same cloth: an advocate from the 1940s of securing a Jewish state in all of Palestine, by whatever force necessary. He'd broken with Begin's pre-state Irgun militia to set up a group called Lehi, which went further and carried out political assassinations: the 1944 killing of Lord Moyne, Britain's Minister for



HOUSE_OVERSIGHT_011683

Middle East Affairs, and four years later the United Nations envoy, Count Folke Bernadotte.

"Why are you so *strident*," Shamir asked me, only half-jokingly, after I'd insisted on joining a government discussion and pressing several intelligence matters. "It's because I've read the Lebanon inquiry," I replied. "I saw what happened when a message isn't delivered assertively. I'm not going to be in the position of making the same mistakes." He nodded, and didn't raise it again.

In fact, it was under Shamir that I began to get more involved with political and policy issues beyond the armed forces. Part of this came with the job of *Rosh Aman*. There was hardly a major domestic or foreign challenge that did not have some security component, and no security matter on which intelligence was not critical. But I also found myself working more closely with leading politicians: mainly Shamir and Misha Arens, who as defense minister was my main point of contact. Since I was a Labor kibbutznik, we made an odd threesome. Arens was also a lifelong Jabotinsky Zionist. He had been in the Betar youth movement in America, before going to Palestine in 1948 and joining the Irgun. In fact, it was with Misha's personal backing that one of my former Sayeret Matkal officers – the son of a Jabotinsky acolyte – had recently taken his first steps into the political limelight. After a two-year stint as Israel's number-two diplomat in Washington, Bibi Netanyahu had become our ambassador to the United Nations.

With both Arens and Shamir, I built a solid relationship, based on mutual respect, and it would deepen further when I moved on to a wider role in the *kirya* a few years later. They were straight talkers. While resolute about decisions once they'd taken them, they were genuinely open to discussion and debate. I also sometimes found a surprising degree of nuance behind their tough exterior.

The toughness was there, however. One of the first major security crises we faced after Shamir became Prime Minister was known as the *Kav 300* affair, named for the bus route between the southern port city of Ashdod and Tel Aviv. On the evening of April 12, 1984, four Palestinians from Gaza boarded the bus and hijacked it back toward the border with Egypt. They told the passengers they were armed with knives, and that a suitcase which one of them was carrying contained unexploded anti-tank shells. After a high-speed chase, an Israeli army unit managed to shoot out the tires and disable the vehicle, when it was still about ten miles short of Gaza. One of the passengers had been severely injured at



HOUSE_OVERSIGHT_011684

the start. A number of others managed to escape when the bus was stopped. But several dozen remained inside.

I was in Europe at the time, on one of my periodic trips to discuss Middle East issues with a fellow intelligence chief. Yet an aide called me with the news. I was several thousand miles away from what happening. But I knew there was every possibility Sayeret Matkal might be called in, and my instincts told me we should proceed with caution. The situation we were facing felt nothing like Sabena, much less Entebbe. Here, we had a single bus. Our troops, and in fact everyone from ministers and officials to reporters and photographers, were in a loose cordon a couple of dozen yards away. That said to me there was no sense that the hijackers posed an immediate danger. Nor did they seem to have come equipped for a major confrontation. In place of the AK-47s and grenades we'd seen in previous terror attacks, these guys had knives, and, if they were to be believed, a couple of shells with no obvious way to detonate them.

I phoned a friend in the command post set up near the stranded bus. He told me that Misha and Moshe Vechetzi were there. There was a standoff with the terrorists and, for now, it was quiet. The defense minister and the chief-of-staff, of course, did not need my presence, much less my agreement, to order the sayeret into action. But I said: why not wait? Though the last flights back to Israel had already left, I could be at the command post by mid-morning. Beyond wanting to be present if the sayeret was ordered in, I believed the crisis might even be brought to an end without another shot being fired. "I'll tell them what you said," my friend replied. "But I doubt it'll be allowed to drag on much past daybreak."

He was right. With my Chinese Farm comrade Yitzhik Mordechai in overall command, Sayeret Matkal stormed the bus at about seven in the morning. They shot and killed two of the hijackers immediately, through the vehicle's windows. Sadly one of the passengers, a young woman soldier, died in the assault, but the rest of the hostages were freed, none with serious injuries.

A controversy soon erupted over what came next. The sayeret commandos had captured the other two terrorists alive and uninjured. Yet barely a week later, first in an American newspaper and then the Israeli media, reports emerged that the two surviving Palestinians had been killed after the hijacking was over. A year later, Yitzhik Mordechai was – wrongly – put on trial for his alleged part in what had amounted to a summary execution. And, rightly, exonerated. Though the full details never became public, the people responsible turned out to be from the Shin Bet, our equivalent of the FBI.



HOUSE_OVERSIGHT_011685

Weeks later, Misha Arens mentioned *Kav 300* in one of our regular meetings. It was not so much a statement of what should or shouldn't have happened, but a show of genuine puzzlement. "How can it be," he asked, "when there is a real fight, an operation in which our soldiers are shooting, that terrorists come out *alive*?" The answer, to me, was simple: Sayeret Matkal. From our earliest days, there was an understanding that you used whatever force necessary in order to make an operation successful. Yet once the aim had been achieved – in this case, eliminating the danger to the passengers – it was over. I am convinced, by the way, that Misha didn't actually order the sayeret, or anyone else, to kill all the terrorists. I'm equally convinced there was a tacit assumption on the ground that Misha's view, and Shamir's as well, was that this would be no bad thing.

* * *

Yet by the summer of 1984, Shamir and Arens appeared in danger of losing their jobs. Israel's next election, the first since the Lebanon war, was due in July. Just as the trauma of the 1973 war had helped Begin end Likud's three decades in opposition, the polls and the pundits were now suggesting that Shimon Peres might bring Labor back to power. There was no prospect he'd win an outright majority in the 120-seat Knesset. No one had ever done that, not even Ben-Gurion in his political heyday. From 1948, Israel's political landscape had been populated by at least a dozen-or-so parties, mostly a reflection of the various Zionist and religious groups before the state was established. The dominant party always needed to make deals with some of the smaller ones to get the required 60-vote parliamentary majority and form a government.

The Likud looked vulnerable. Domestic concerns, alone, were eroding its support. Under Begin's turbo-charged version of Milton Freedman economics, an economic boom had given way to runaway inflation and a stock market crash. Lebanon, however, was the main issue, and it remained a running political sore. The assassinated Bashir Gemayel's brother, Amin Gemayel, had become president. But Israel still had large numbers of troops there. And while most of the PLO fighters had gone, we faced a new and potentially even more intractable enemy in the south of the country. When our invasion began, the area's historically disadvantaged Shi'ite Muslim majority had been the one group besides the Christians with the prospect of benefiting. The PLO rocket and artillery bases had disrupted their lives and, worse, placed them in the line



HOUSE_OVERSIGHT_011686

of our retaliatory fire. Some of the Shi'ite villages in the south even greeted our invading units with their traditional welcome, showering them with rice. But for a new Shi'ite militia calling itself Hizbollah – formed after the invasion and inspired by the Ayatollah Khomeini's revolution in Iran – our continuing military presence was anathema. In November 1983, Hizbollah signalled its intentions when a truck bomber drove into a building being used as our military headquarters in the south Lebanese city of Tyre, killing more than 60 people.

Yet the election ended up as a near-tie. Peres did lead Labor back into top spot for the first time since Begin's victory in 1977. But he got only 44 seats, to the Likud's 41. After weeks of horse-trading with smaller parties, he could not form a government. Neither could Shamir. The result, for the first time in peacetime, was a national-unity coalition, including both main parties. Peres would be Prime Minister for the first two years, and Shamir the final two. But the stipulation of most relevance to me was that one man would be the Defence Minister throughout the four years: Yitzhak Rabin.

My relationship with Rabin went back much further than with Misha. I'd first met him when I was a sayeret soldier. I'd interacted with him more as sayeret commander, and of course during Entebbe. Now, we began to work even more closely, and the main challenge in his early months as Defense Minister was what to do about our troops in Lebanon. We had gradually been pulling back. We were more or less on the 40-kilometer line which Sharon had claimed was the point of the invasion. But even this was costing us lives, with no obvious benefit from controlling a large slab of territory on which nearly half-a-million Lebanese lived. A decision was now reached to shrink our "security zone" further, pulling back to the Litani River. It meandered about 25 kilometers north of the border, and in some areas was even closer to Israel.

I argued strongly in favor of getting out altogether. I accepted that the "Litani line" might help impede cross-border raids. But especially since the remaining Palestinian fighters and Hizbollah were acquiring newer Katyushas, with a range of up to 20 kilometers, they could fire rockets over the security zone. My deeper concern was that we intended to hold the area with between 1,000 and 1,500 Israeli troops in open alliance with a local Maronite Christian militia, called the South Lebanon Army. This would rule out any hope of working out security arrangements with the *non*-Christian majority in the south. I tried to persuade Rabin we should withdraw all the Israeli soldiers and coordinate security arrangements with the equivalent of a local civil-defense guard. I suggested four separate militias drawn from the local population –



HOUSE_OVERSIGHT_011687

Christian, Shi'ite Muslim, Druse and ethnically mixed – with the aim of reflecting the balance in each part of the south.

Israeli troops might still have to cross into Lebanon, but only for brief, targeted operations to preempt preparations for a terror attack. "We need to remember what we're *there* for," I said. "We have no territorial claims. It's to protect the north of Israel. But it will end up being about *protecting our own troops inside the security zone*. It will be like the Bar-Lev line in 1973, fighting for fortifications we don't need." I couldn't persuade him. I'm sure he understood the argument, and he may even have agreed. But when Katyushas next fell on northern Israel, he as Minister of Defense, not I, would be the one in the political firing line.

Far from straining our relations, our frank exchanges on Lebanon seemed to build further trust between us. We worked closely on a range of issues. When Sayeret Matkal or another intelligence unit planned an operation across our borders, both of us would present the action to the cabinet. During the operations, I'd be either in the *kirya* or a forward command post. Since nearly all of them happened after nightfall, Yitzhak would usually be back home, asleep, by the time they ended. I would phone him. The trademark voice – slow, gravelly, deep even when he was wide awake – would answer. I'd tell him the mission was over and – with only one exception during my period as head of intelligence – successful. "*Todah*," he would say. "*Lehitraot*." Thanks. Bye. He was never a man to waste words.

For one of the very few times I can remember, *he* phoned me one morning in October 1985. It came a couple of days after an especially gruesome Palestinian terror attack. Even with Arafat now more than a thousand miles away in Tunis, much of Rabin's focus was taken up in responding to, or trying to preempt, Palestinian terrorism. The issue was especially sensitive politically in the wake of a war in Lebanon that was supposed to have eliminated that threat. For Rabin, moreover, it had become personal. He'd had to sanction an unprecedented exchange of 1,150 Palestinian security prisoners earlier in the year to secure the freedom of three Israeli soldiers, including one of our men from Sultan Yacoub, who had ended up in the hands of the radical Popular Front for the Liberation of Palestine – General Command. Now a group from another of the radical factions, the Palestine Liberation Front, had hijacked an Italian cruise ship called the *Achille Lauro* en route from Egypt to Israel. They murdered one of the passengers, a wheelchair-bound, 69-year-old Jewish American named Leon Klinghoffer, and dumped his body overboard.



HOUSE_OVERSIGHT_011688

Rabin's closest aide, whom I knew well, was aware that Unit 8200 had intercepts that laid bare the details, and left no doubt the murderers were from a PLO group. He called and asked me to appear on a weekly television interview program called *Moked*. It was hosted by Nissim Mishal: brash, incisive, and one of Israel's best-known broadcast journalists. I pointed out to the Rabin aide that I'd never done anything like this before. But he insisted it would go well. He briefed me on the questions I could expect, not just about the *Achille Lauro* but the wider issue of Palestinian attacks, as well as Syrian President Hafez al-Assad's efforts to re-equip his air force after his losses in Lebanon. So I came to the interview prepared. I brought audio tapes of the hijackers, and a large photograph of the MiG-25s which the Syrians were seeking to acquire.

My appearance will not go down in the annals of great moments in television. But at the time, very few Israelis even knew who I was, and I felt I'd done OK. I was surprised, however, when Rabin phoned the next day. "Ehud, I didn't see it. I was attending some event," he said. But his wife, Leah, had recorded the program. "I just watched it. I should tell you, I think it was exceptional. You did a great job. It was highly important for us, for the army, and, I dare say, for you."

* * *

I was not sure what he meant by saying it might be good for me as well, although a decade later, at the end of my army career, he would play the central role into my entry into Israeli politics. It is true that there was also some politics at the upper reaches of the military as well, especially around the choice of chief of staff, and that Moshe Vechetzi's term had only a year-and-a-half to go. But I didn't view myself as a serious candidate at this stage. Moshe's own preference seemed to be either Amir Drori, the head of the northern command during the Lebanon War, or Amnon Lipkin, the veteran paratroop commander who'd been with me on the Rue Verdun raid in Beirut. My own hope was that the nod would go to any even closer friend of mine: Dan Shomron.

I had first got to know Dan well in the late sixties after Karameh, Israel's costly standoff with Arafat, when Fatah's influence was in its infancy. We exchanged impressions on what had gone wrong, and why? When I became commander of Sayeret Matkal, we remained in touch, and he took a close interest in all of our operations. We also crossed paths in the Sinai in the 1973,



HOUSE_OVERSIGHT_011689

in which Dan's division was key in staunching the Egyptian advance in the first days of the war, later inflicted heavy losses on one of Sadat's armored forces and was part of the final push on the other side of the canal. And, of course, during Entebbe. Dan had sharp tactical instincts, a belief in the importance of using new technology to gain and sustain an edge, and an openness to unconventional approaches. Faced with a challenge in planning or executing an operation, he looked at it from all sides, determined to come up with the *right* approach, not always the expected one. In a lot of these ways, we were similar, which was no doubt one reason our relationship had grown closer as he and I – six years younger, and a step or two behind – rose up the ranks.

In fact, Dan was the reason I'd made one of my rare forays into *kirya* politics not long after Moshe Vechetzi took over as chief of staff, when Misha Arens was still Defense Minister. I acted to derail what seemed to me a blatant attempt by Moshe to advance Drori's and Amnon Lipkin's prospects for eventual succession as chief-of-staff, and to take Dan out of the contest altogether.

I was sitting at my desk on the third floor when the chief of internal army security, an officer named Ben-Dor, walked into my office. "Listen," he said, "the chief of staff has a right to give me a direct order in cases where he thinks there is a need for a special investigation. But you're my commander, so I wanted to let you know."

"What is it?" I asked.

He replied that he had been ordered to "check out rumors that Dan Shomron is a homosexual."

I was appalled. The whole thing stank, on every level, and not just because I was confident the "rumors" were nonsense. "Look," I said, "I have no idea whether some sub-clause in army regulations allows the chief-of-staff to give you orders over my head. But even if it does, I'm ordering you to do nothing until I talk to Moshe." He nodded in agreement. In fact, he seemed relieved. He also let me know that the source of the rumors was a number of senior officers, including a couple of generals.

I went straight downstairs and into the chief-of-staff's office. Moshe was at his desk, smoking a cigarette. One of the advantages he had in being nearly a foot taller than most of us was that I found myself looking not into his eyes, but up at them. "Moshe," I said, "Ben-Dor told me you've ordered him to investigate a rumor that Dan Shomron is a homosexual." He said nothing. So I went on. "I've told him not to do it. And I've come *here* to convince you that it's



HOUSE_OVERSIGHT_011690

improper." This was more than 30 years ago, at a time when being gay, and certainly being gay in the armed forces, was a much bigger deal than now. But I still had no doubt at all that this amounted to a witch-hunt.

Moshe still said nothing. "I have no idea whether Dan is or is not a homosexual. After knowing him for years, I have no reason at all to believe that he is. But let's assume, for a moment, that he is," I said. He's not some junior lieutenant… This is a man who has *risked his life* for Israel. Repeatedly. Under fire." Then, I got to the real issue. "I hesitate to mention this," I said, realizing, and in a way hoping, that my tone would sound vaguely threatening. "But if you order this, the very fact of doing so might be interpreted as being a result of some other motives on your part. I'm doing my best to convince you to think again. But I want you to know that if I can't, I'm going from here to Misha's office. I'll try to convince him of the damage from what you're contemplating to the whole fabric of trust in the general staff and the army, to the image of the army." Still, he said nothing. He nodded occasionally. He puffed on his cigarette, put it out, lit another one. It was pretty clear he had no intention of rescinding his order.

Within 20 minutes, was in the Minister of Defense's office. I spoke to him for about 10 minutes. Misha listened. At the end, he said: "I understand what you've told me." I never discovered what exactly he said to Moshe Vechetzi. But the investigation never happened. I never spoke a word about any of it to Dan until years later, after both of us had left the army.

The result, however, was that Dan became deputy chief-of-staff under Moshe, the latest step in what was beginning to look like a steady rise to the top. But Misha did make a few concessions to Moshe's preferred candidates, and that now turned out to have major implications for me. It was a long-accepted practice that chiefs-of-staff had more than one deputy during their period in charge. In the homestretch of Moshe's tenure, he was able to bring in Amir Drori for a spell as his number-two. And early in 1986, he also brought Amnon Lipkin back to the *kirya*. Amnon was given *my* job, as Director of Intelligence. But I got the post which Amnon was leaving: head of the central command area. This meant that, for the first time, I would be in charge of one of Israel's three regional military commands, and we were based on the edge of Jerusalem, with security responsibility for the West Bank.

This was my first direct exposure to the combustible mix of restive Palestinians and the growing number of Jewish settlers. Our main brief was to prevent terror attacks, violence or unrest from the roughly 850,000 West Bank



HOUSE_OVERSIGHT_011691

Palestinians toward the 50,000 Israelis who were then living in the settlements. At the time, by far most Palestinians were not involved in any violence. They were mainly interested in getting on with their lives. Yet there were signs of trouble. The PLO leaders' relocation to Tunis had reduced their direct influence. But the briefings I got from Shin Bet officers made it clear that some young West Bankers had begun trying to organize attacks against police, soldiers and Israeli civilians. The settlements were also growing in number, and their residents were not above acts of violence against Palestinians. Further complicating the situation was the fact the settlers enjoyed the support of key Likud members in the cabinet: Shamir, who was about to take his turn as Prime Minister in October 1986; Misha, now a minister without portfolio; and most of all Arik Sharon. In an astonishing demonstration of resilience and determination, not only had Arik remained as a minister without portfolio when Shamir succeeded Menachem Begin. In the coalition government, he had become Minister of Trade and Labor. Most importantly, when he'd been Agriculture Minister under Begin, he was the driving force in plans to expand Jewish settlement on the West Bank, including "blocs" placed around the major Palestinian towns and cities for the first time since 1967.

I had a responsibility to protect the settlers, and I did my best to fulfil it. Yet I believed it was essential they understood that they were subject to the authority of the state of Israel and, like other Israeli citizens, had to operate within the law. This was no mere theoretical problem. A Jewish underground had been established by members of Gush Emunim, the Orthodox Jewish movement set up in the 1970s to advance what they saw as a divinely mandated mission to settle the West Bank. It had carried out car-bombings and other attacks in the early 1980s, leaving two Palestinian mayors crippled for life. The terror campaign had ended only when the Shin Bet caught the cell placing explosives under Arab-owned buses in Jerusalem.

Hopeful of preventing misunderstandings, and ideally building a relationship of trust, I visited many of the settlements during the early weeks in my new post and spoke with their leaders, a few of whom remain friends to this day. But in the spring of 1986, we faced our first major test on the ground. In a pre-Passover event organized by Gush Emunim, some 10,000 settlers streamed into Hebron, a city sacred not only to Jews but Muslims as well as the burial place of Hebrew patriarchs and matriarchs. Peace Now activists had planned a counter-protest, but Rabin denied them permission. Still, anti-settlement members of the Knesset and other Israeli peace activists did get clearance to march from Jerusalem to Hebron.



HOUSE_OVERSIGHT_011692

My job was to ensure the security not just of the Gush Emunim march but of the counter-demonstrators, and, of course, the local Palestinian population. As the rival marches by the Israelis proceeded, I personally delivered warnings against any violence, both to the settlement leaders and to a pair of the most prominent counter-protesters, the peace activist Uri Avneri and Knesset member Yossi Sarid. The event went off without major incident. But the next day, *Davar*, the venerable Labor newspaper I'd first read as a child in Mishmar Hasharon, let rip against me. Under a photo of me with Avneri and Sarid – my arm raised, ostensibly in some kind of threat but actually in the time-honored Jewish practice of talking with my hands – the article accused me of siding with the settlers. If blood was spilled in the weeks and months ahead, the newspaper said, "it will be on Barak's hands."

Ordinarily, I would have ignored it. But never in my military career had I been similarly attacked on an issue of any importance. I was especially angry because not only was the insinuation unfounded. It was diametrically opposite to the stance I was determined to take in this, my first regional command. Yes, I was committed to providing security for the settlers. But especially in the wake of the crimes of the Jewish underground, I was determined to ensure they remained within the boundaries of the law.

A few days later, I called Rabin's aide and asked to see the Defense Minister, and was told to come see him after Saturday lunch at his home. When I arrived, Rabin got right down to business. "Ehud, you wanted to see me?" he said. "You've probably seen *Davar*," I replied. "It was a pretty nasty piece. It distorted things." Yet as he began asking for details, it seemed he had no idea what I was talking about. "Ehud, I never read it," he said. "If you hadn't told me, I'd never have known there was an issue." I assumed this was a white lie, told to reassure me. But years later, when I was Minister of Defense, and then Prime Minister, I sometimes found myself on the other side of such meetings. An officer or official would come see me because of something said about them in the media, or remarks they were quoted as having made. When I told them I'd been unaware of it, I could see the disbelief in their eyes. By then, however, I realized that under the multiple demands of a senior role in government, you really could fail to notice events that others viewed as crucial to their reputations or careers. To reassure them I truly hadn't noticed, I'd tell them the story of my meeting with Rabin.

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There was another, slightly less noble, reason I wanted to set the record straight with Rabin. Though only gradually did I admit this even to myself, I realized that my experience in a regional command had ticked the one missing box in the CV of our top generals, meaning that I might indeed be a candidate to succeed Moshe Vechetzi as chief of staff. At first, I resisted taking the prospect too seriously. The job of *ramatkal* not only carried responsibility for overall command of the armed forces. Since our country still faced multiple security threats, the chief of staff was, along with Prime Minister and Defence Minister, among the most important, influential and visible positions in Israeli public life. Yet as the April 1987 date for the changeover drew nearer, it was difficult not to think about it. Not only was I apparently under consideration. To judge from media reports, and officers' smalltalk, it appeared that Rabin had whittled down the possibilities to two. One was Dan Shomron, and I was the other.

Still, it was only when Rabin phoned me early in 1987 that I knew it was true – and that I would not be getting the top job. "Ehud," he said, "I wanted you to know I've decided on Dan to be the next *ramatkal*. I want you to be his deputy." I can't say I was surprised he'd chosen Dan. It wasn't just that he was more experienced, or even that, since he was older, missing out on the top job this time would probably mean missing out for good. Yitzhak had always valued Dan's directness and honesty, his courage and record of service. Above all, I'd long sensed that he felt a special debt to Dan: for Entebbe. At a time when so much could have gone wrong, it was Dan who had taken a firm, confident, successful hold on the operation.

Still, I was now 45. For me no less than for Dan, I knew that if I was passed over as chief of staff, there was no guarantee I'd be chosen the next time. "I respect your decision," I told Rabin. "And I have no doubt Dan will be a good – a *very* good – chief-of-staff." But I had to consider my own future. "Even though I'm grateful for the offer of deputy," I said. "I think it's better for me to leave. To open up a new chapter, and do something else in life."

Rabin said he couldn't accept that. "Come see me," he said. "Now." When I got to Jerusalem, I emphasized again that I had no doubt Dan would lead the armed forces well. But I said my decision to leave the military wasn't a mere whim. I had been thinking about my own future and my family's. We had three young daughters. A few months earlier, we had moved home again, into a wide, one-story rambler with a big yard out back. It was in a new town called Kochav Yair, just inside Israel's pre-1967 border with the West Bank, and it struck me



HOUSE_OVERSIGHT_011694

as a good time to settle down in a way that would be impossible if I stayed on in the upper reaches of the military. Perhaps do something more academic, in a university or a policy think-tank.

For the first time, politics had some appeal, too, though I didn't say this to him. At that point, I had no idea how, or even whether, I might get involved. But since my appearance on *Moked*, others seemed to assume it might happen at some stage. Out of nowhere, a leading political journalist, Hanan Kristal, had written a story in 1986 purporting to predict the successors to Israel's political old guard: Peres and Rabin in Labor, Begin and Shamir in the Likud. It appeared in the newspaper *Hadashot*. The paper ran side-by-side photos of the ostensible future leaders, doctored to look older, who Hanan predicted would go head-to-head in the election of 1996, a decade away. One was Israel's ambassador to the UN and a protégé of Misha Arens: Bibi Netanyahu. The other was me.

Rabin listened with patience to my obviously settled intention to leave, but remained firm that I should stay and become Dan's deputy. In the end, I agreed I'd think things over and that we'd talk in a week's time. In the meantime, I went to see two veteran generals who had found themselves in a similar situation, mentioned as possible chiefs of staff but never chosen: Arik and Ezer Weizman. I saw Arik on his farm in the Negev. He was obviously enjoying his extraordinary political rehabilitation since the Lebanon war. His expanding girth was settled into a sofa in the living room. I filled him in on my conversation with Rabin. "I'm considering leaving," I said. "It just seems like a long time to wait, even if I do get the job after Dan. There's a lot else I want to do in life." Arik was probably the general most experienced in being denied the chief-of-staff's office. On at least two occasions, he might reasonably have been considered. But in a career littered with tense encounters with his superiors, it never happened. "You should stay on," he said. You're not that old. It'll probably be good for you, and the army, to be deputy and *then* chief." The only further advice he gave me was to do all I could formally to commit Yitzhak to making me Dan's successor after his term ended.

I visited Ezer at his home in the seaside town of Caesarea. We sat on the terrace, with Ezer's gangly frame draped over one of the cane chairs. "Ehud, if you stay, do you think you have a good chance of being the next *ramatkal*," he asked. I said that while nothing could be certain, I thought there was a good chance. He replied without hesitation: "Then stay." He'd come close to the top job, he told me. On the eve of the Six-Day War, when Rabin had collapsed



HOUSE_OVERSIGHT_011695

physically from the weeks of tension, Yitzhak had asked him to take over. He'd said no. But he said he'd always believed he could and should have been chief-of-staff – and that if he hadn't left to go into politics, he still might have got the job. Then, suddenly, he shouted: "Reuma!" When his wife appeared, he said: "Tell Barak the missing piece in my life, the one I've never stopped regretting." She smiled, and said: "It's the fact you did not become *ramatkal*."

I saw Rabin a couple of days later. Though I'd pretty much decided to take the deputy's job, I was still bothered by the prospect of serving as deputy for the next four years only to find someone else being named chief-of-staff. I knew that no matter what assurances Yitzhak gave me, there was no way of being sure. He did say he viewed me as the natural next-in-line. But I still felt hesitant. "I want you to consider two things," I said. The first was a formal decision that Dan would have only a single deputy during his time as chief-of-staff. He said yes to that. Yet the second request was going to be even more difficult. Heartening though it was to hear I was Dan's "natural successor", I asked him to put it in writing. It was not that I doubted his word. But if the surprise result of the last election was any indication, there was no way of predicting which party would be in power when Dan's terms ended. I wanted him to keep a record of our understanding in his desk and pass it on if someone else was Defense Minister by that time. Without a moment's hesitation, he took out a piece of paper and wrote down exactly what he'd told me about the succession. He shook my hand as I left. "You've made the right decision," he said.

And I had, even though Dan and I – and Rabin too – would soon face by far the most difficult challenge in Israel's conflict with the Palestinians since our capture of the West Bank and Gaza in the 1967 war.



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## Chapter Fourteen

It began with an accident. On Tuesday, December 8, 1987, an Israeli tank transporter crashed into a minibus carrying Palestinians from the Jabalya refugee camp near the main crossing from Gaza into Israel. Four passengers were killed.

By the time of the funerals the next day, a rumor had spread, no less incendiary for being absurd, that the crash had been deliberate – retaliation for the fatal stabbing of an Israeli man a few days earlier. Crowds of Palestinians leaving the burials began shouting "Death to Israel!" They hurled rocks and bottles at Israeli security patrols, and blocked streets with burning tires. By the next day, the violence started spreading to the West Bank, and then to parts of east Jerusalem. The headline-writers moved from the word "disturbances" to "unrest" and finally to the Palesitnians' own name for the most serious outbreak of violence since 1967: the "*intifada*". The uprising.

At least for the first week or two, we assumed its ferocity and scale would subside. Our immediate aim was to contain it, and limit the human cost on both sides. Yet when Dan and I began visiting units on the front line of this new conflict, we realized that if it kept escalating, we'd have to find new tools and strategies to bring it under control. We were in charge of an army trained to equip and fight enemy *soldiers*. Now, we were asking teenage recruits to operate as riot police against stone-throwing mobs. Before long, it wasn't just stones, or even bottles. In one incident in Gaza, a young soldier was surrounded by a crowd of Palestinians and stabbed. He opened fire, wounding two of the attackers. Yitzhik Mordechai, now the head of the southern command, told reporters that his troops were under "strict orders to open fire only if their lives are under threat." That was true. But I couldn't help wondering how long the other part of his statement would hold: that we remained "in control of the situation."

We did *feel* in control for the first few days. Defense Minister Rabin was away in Washington on an official visit. When his office asked us whether he should fly back, we said there was no need. But on his return, we quickly agreed that, as a first priority, we needed to find an alternative to live ammunition in quelling the attacks. Otherwise, we'd be left with two equally bad options: either simply stand aside, in order to avoid killing or injuring demonstrators; or intervene with the inevitable casualties. But one of our most important early discussions was about the *broader* aspects of the violence. The meeting, held



HOUSE_OVERSIGHT_011697

outside the *kirya* in a facility just north of Tel Aviv, was Rabin's idea. In addition to Dan and me, it included key members of the general staff and senior defense ministry officials. The idea was for us to hear a half-dozen academics and other specialists speak about the political aspects of the sudden eruption of Palestinian violence.

Though he spoke for barely 10 minutes, it was the last speaker who left the deepest impression. Shimon Shamir, a professor at Tel Aviv University, began by emphasizing he was not an expert in riot control. Finding a response to the violence was something we were far better equipped to do. But then he paused, looked intently at Rabin, Dan and me, and said: "What I *can* do is draw on history." One by one, he cited examples of more than a dozen broadly similar rebellions over the past century, in the Middle East and beyond. "If we were dealing with simple rioting, things might be different." But he said the Palestinians were, fundamentally, acting out of a shared sense of grievance, and shared national identity. Both were in large part the result of Israel having controlled their daily lives now for more than two decades. "I'm afraid I can find no historical precedent for the successful suppression of the national will of a people," he said. Even when those in power used unimaginably punitive tools: like expulsion, or forced starvation. "Even, as we know well as a Jewish people, extermination."

I glanced at Yitzhak and at Dan. Both of them looked like I felt: in no doubt the professor was right, yet also aware that, in the short term, we still had to find a way of putting a lid on the cauldron and keeping the situation for getting irretrievably out of control.

It wasn't as if I'd been unaware of the sense of the anger building among many West Bank and Gaza Palestinians, or of their wish to see an end to Israel's military administration and the growing number of Jewish settlements. From my time as head of the central command, I also knew that there was a young, activist core intensifying efforts to organize attacks on troops and settlers. But none of us had any inkling that something of the scale, longevity and political complexity of the intfada lay ahead.

Partly, this was a failure of specific intelligence warnings. But it went deeper than that. Sobering though it was, I had to accept that – no less so than before the Yom Kippur War in 1973 – I and many others had for too long been comforting ourselves with a fundamental misconception about our military occupation and civilian settlement in the areas captured in 1967. The roots of the myopia went back to the immediate aftermath of the Six-Day War, to the



HOUSE_OVERSIGHT_011698

generally civil, and often friendly contacts, Israelis had with Palestinians at the time. The local population had, after all, been under *other* occupation powers before 1967: Jordan in the West Bank, and Egypt in Gaza. Assuming our administration was less onerous, most Israelis believed a way to coexist could be found. And that sooner or later, there would be a land-for-peace agreement and we would withdraw from at least most of the territory. But as the years passed, with no sign of a willingness by the PLO to consider any kind of peace talks, we made the cardinal error of assuming the occupation was sustainable. Yes, there might be periods of violence, but nothing that a combination of political resolve, arrests, detention and, where necessary, military force could not hold in check. For us, and certainly for me, the Palestinians became essentially a security issue. As one of Israel's finest novelists, David Grossman, would lay bare in a bestselling book of reportage called *The Yellow Wind*, about a year into the intifada, we had ceased to see the *human* effects of 20 years of occupation, not only on the Palestinians but on Israeli society as well.

Yet the power of Professor Shamir's presentation lay not so much in its novelty as its succinctness, clarity and, above all, its timing. The rioting had already gone on for longer than any of us had expected. It seemed to be gathering strength. But until our meeting, we were still looking at it essentially as a civil disturbance. *That* was what began to change, for all of us.

What didn't change was the need to try to bring the violence to an end. Dan immediately put me in charge of looking for alternatives to live ammunition. I began with our own research and development engineers. We also asked military attachés in our embassies to talk to law-enforcement agencies, academics, or anyone else with knowledge of non-lethal methods of crowd control overseas. Some of the more far-flung examples seemed promising, at least until further investigation. South Korea had years of experience in confronting student protests – generally, though not always, managing to avoid fatalities. But it turned out this typically involved sending in serried rows of up to 25,000 riot police against a few thousand campus protesters. Besides the fact we'd have needed an army the size of the Americans' to field enough soldiers, it was absurd to imagine dealing with dozens of far-flung confrontations on any given day with parade-ground formations of troops.

We looked at anything that seemed it might work. In the early stages, most of the attacks involved rocks and bottles. Our R&D engineers developed a Jeep-mounted "gravel gun" that fired stones at a distance of up to 250 feet. They could cause injuries, but weren't lethal. We acquired launchers for pepper spray



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and tear gas. We even looked at the possibility of dropping nets over crowds of attackers. Very early on, we shifted to using plastic bullets. But even that presented problems. At a distance of a hundred feet or so, they could drastically reduce deaths. But when a young recruit saw hundreds of Palestinians closing in on him, he wasn't about to take out a tape measure. Over time, we began relying wherever possible on rubber bullets and, in extreme cases, snipers to target the legs of the organizers or ring-leaders.

If all of this sounds soul-destroying, that's because it was. Especially with daily television coverage of the clashes amplifying overseas support for the Palestinians, morale among our soldiers also took a battering. In visits to units on the West Bank and in Gaza, Dan and I, and Rabin too, heard two opposite responses. Some of the young soldiers wanted us to use maximum force. *We are the army*, they argued. We have the weapons. Why the hell don't we *use* them? But we also heard another view, if less often: *why are we here at all*?

We imposed closures and curfews. We made thousands of arrests. Still, hundreds of soldiers and settlers were being injured, a number of them disfigured or disabled. By the end of 1998, the Palestinian death toll was above 300. In February 1989, an Israeli officer was killed by a cement block tossed from a rooftop in Nablus. A month later, a Palestinian knifed several people in Tel Aviv, killing one of them. And in July, in the first attempt inside Israel at a suicide attack, a Palestinian passenger grabbed the wheel of a bus on its way from Tel Aviv to Jerusalem and drove it off the road, killing 16 people.

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By the summer of 1990, although the violence had begun to flag slightly, I was feeling more drained and exhausted than at any time since my bout of illness in the Sinai after the 1973 war. I even briefly thought of leaving the army after Dan's term ended the following year. I'm not sure whether I would have done that if the situation had not begun to change. But it did, dramatically. The intifada gradually began to subside, and an entirely new crisis suddenly intervened.

On August 2, against a background of longstanding financial and territorial disputes, Iraq's Sadam Hussein sent in tens of thousands of his troops and occupied the neighboring state of Kuwait. Though the immediate crisis was



HOUSE_OVERSIGHT_011700

nearly a thousand miles away from us, he tried to divert attention from US-led international condemnation of his invasion by threatening Israel. He said "all issues of occupation" were on the table – the West Bank and Gaza, the Golan Heights, and Lebanon – and vowed to "let our fire eat half of Israel" in a future war. And we could not assume this was mere rhetoric. Iraq had an arsenal of Soviet-made ballistic missiles. Called Scuds, they were not always accurate at long range. But they could reach Israeli towns and cities, and could carry not just conventional explosives but chemical warheads. Moreover, Saddam had *used* chemical weapons: during the Iran-Iraq war, and to kill thousands of his own restive Kurdish population in the town of Halabja in the spring of 1988.

Even the prospect of American military action seemed not to faze him. Hours into the invasion, he moved an armored force toward Kuwait's border with Saudi Arabia, a key US regional ally, immediately prompting the President George Bush's administration to go beyond mere verbal condemnation. With Saudi agreement, Washington dispatched a squadron of F-15s to the kingdom – the first step in what would become a huge American land, sea and air force to face down Saddam and force him out of Kuwait.

Given the credible threat of Scud missile attacks on Israel, Dan immediately assigned me to coordinate our assessment and evaluation of what Saddam was likely to do in the event of a US-led attack, and what defense arrangements or Israeli military response would be necessary. We knew we'd be under strong pressure from the Americans to stay out of any war. Israeli involvement would be a political gift to Saddam, allowing him to convert a conflict over his aggression against an Arab neighbor into a "defense" against "Israeli occupation." But we had a primary responsibility to protect our citizens.

I was now working with a new Israeli government. After Shimon Peres tried and failed to topple the unity coalition in the spring of 1990, Shamir had formed a Likud-led government shorn of both Peres and Rabin. Misha Arens was again Minister of Defense. I began preparing regular, fortnightly reports for him, Dan and Prime Minister Shamir. Within days of the invasion, I produced my initial assessment. The bottom line was that we had to assume there would be a war. It was impossible to imagine the Americans would commit hundreds of thousands of troops and simply bring them home again, unless Saddam succumbed and retreated. I was equally certain Saddam would use his Scuds against us. He'd figure the benefits of trying to bring Israel into the conflict far outweighed the risk of retaliation. But I was "nearly 100 per-cent sure" he wouldn't use chemical warheads, since that would almost guarantee an Israeli military



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response, or an American one, on an incomparably greater scale. It would also totally isolate Saddam internationally and end any chance of peeling off Arab support for the Americans.

It was my *nearly* 100-per-cent caveat that prompted a tense debate within the cabinet. Even if the probability of a chemical attack was microscopic, *any* risk of civilians being subjected to terror, panic and very possibly agonizing death meant that the government had to take precautions. The obvious first step would be to distribute gas masks. But in a series of meetings with Misha and Dan, I emphasized this was not a decision that could be taken in isolation. By handing out gas masks, we might actually raise the probability of a chemical attack. We also had to make sure as a matter of urgency that we had a workable *military* option to attack Iraq's Scud launchers.

By early November, I was dealing both with plans for distributing the gas masks and preparations for a possible military operation. So when I got a call asking me to report to Shamir's office in Jerusalem, I assumed he wanted to talk about Iraq. "How are things?" he asked. But when I began by filling him in on the plans to distribute the gas-masks, he interrupted me. "I called you here," he said, "because I wanted you to know that we've decided that when Dan leaves next April, we want you to replace him as chief-of-staff." Briefly and unusually tongue-tied, I said: "Thank you, Prime Minister". The news was made public the next morning. A few days later, it was ratified by the government. There was only one vote against, from a *former* chief of staff who was now Shamir's Agriculture Minister: Raful Eitan.

I was one of rare instances in all my years in the army when I took a step back, appreciating a moment which felt special. It was not only, or even mainly, a matter of a personal ambition fulfilled. More a sense that I was being given the opportunity to apply everything I'd experienced and learned in the army, from the day I first joined Sayeret Matkal as an 18-year-old, to improve the security and safeguard the future of Israel. I know that sounds corny. But, while the momentum toward war in Iraq almost immediately crowded out everything else again, that was truly how I felt.

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By mid-December 1990, war was virtually certain. Misha and I had been to Washington in September and agreed with the Americans that, unless we were attacked by Saddam, we would stay out of it. To do otherwise was clearly not just against the US-led coalition's interests. Given the importance of our alliance with Washington, it was against our inrerests as well. Yet with hostilities obviously getting closer, Misha phoned Defense Secretary Dick Cheney a few days later to remind him of the *quid pro quo*: we would be kept fully in the loop about the details and timing of the initial American air strikes. At around five o'clock on the afternoon on January 16, 1991, Misha got a call from Cheney. He said "h-hour" would be at seven that evening Washington time. Three a.m. in Israel.

Though we hoped to stay out, I'd now spent months coordinating and overseeing preparations to ensure we could attack Saddam's Scuds if necessary. By far most of the missiles were mounted on mobile launching vehicles, and Saddam was almost certainly going to be firing them from the vastness of Iraq's western desert. That meant an Israeli air strike alone wouldn't work. We decided on a joint air and ground operation, built around a newly created air-mobile division and other special units. A force of 500 to 600 soldiers would take control of key areas and road junctions in western Iraq and start hunting and destroying, or at least impeding, the Scud launchers.

We also engaged in secret diplomacy in the hopes of reducing one of the obvious risks in such an attack: a conflict with Jordan, which we'd have to overfly to reach Iraq. The Mossad had a unit called *Tevel*, a kind of shadow foreign ministry for states with which we had no formal relations but with which, in both side's interests, we had a channel of backdoor communications. It was headed by Ephraim Halevy, a London-born Israeli who had come to Palestine in 1948 as a teenager. He had built up a personal relationship with King Hussein, and now arranged for us to meet him at a country residence which the king had in Britain.

A few weeks before the war, I boarded a private jet to London along with Halevy and Prime Minister Shamir. Shamir had never met the king before and nor, of course, had I. But we didn't talk about the forthcoming meeting on the five-hour flight. Instead, Shamir opened up in a way I'd never seen: about his childhood as part of a relatively well-off family in Poland; his love of literature, and of the Bible. In a way, it reminded me of how my father had spoken to me when I was growing up – minus the "well-off family" part.



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When we got to Hussein's country home, we were greeted by an impressively self-assured man in his late 20s who, like Hussein, had studied at Britain's military academy in Sandhurst and then gone on to Oxford. It was Abdullah, the king's son and later his successor, and he explained that he would be in charge of handling security for the talks. For a few hours in the afternoon, we held preliminary discussions, and I presented our assessment of the challenges and options facing all the different players in the crisis. Then we retired to a dinner at which – despite the royal china, crystal and silverware – the atmosphere was also surprisingly informal.

The main meeting came the next morning. Both sides recognized the seriousness of the issues we had to discuss. Shamir began with the one we assumed would be the least difficult. Israel was on a heightened state of military alert, prompted by Iraqi reconnaissance flights over Jordan, and the likelihood the Iraqis were also hoping to get a look at our main nuclear research and development facility in the nearby Negev. It was important to ensure this didn't lead to an unintended conflict between us and the Jordanians. While the king was careful to steer clear of any detailed comment on the Iraqi moves, he made it clear that he understood our concern about stumbling into an Israeli-Jordanian conflict and agreed that we had to avoid doing so.

Yet the issue of *our* overflights, if we needed to attack the Scuds, was more sensitive. We said that if we did have to cross into Jordanian air space, we would find whatever way the king suggested to make it as unobtrusive as possible. We raised the possibility of using a narrow air corridor. His response was not hostile, but it was firm. This was an issue of Jordanian sovereignty, he told us. He could not, and would not, collaborate in any way with an Israeli attack on another Arab state. It was Ephraim who tried to find a way around the apparent stalemate. He suggested Shamir and the king withdraw to speak alone, ad they met for nearly an hour. When Shamir emerged, clasping the king's hand and thanking him for his hospitality, he turned to us and said: "OK. We're going home."

He didn't tell us exactly what Hussein said. In the few sentences with which he described the talks on the flight back, he said that, as a sovereign, Hussein could not order his forces to ignore Israeli planes. But he added: "I assume there will be no war with Jordan." I took that to mean there might well be an attempt to intercept our jets, with the risk that either we or they might end up with one of our planes shot down, but that the king would use his authority and experience to ensure this didn't lead to a wider confrontation.



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The Israeli public's concern over a possible Iraqi attack was growing by the day, in part because of the precautionary measures we'd taken. We had handed out gas masks to the whole country. Though I'd been concerned that might raise the prospect of a chemical attack, I still thought a chemical strike was highly unlikely. The government rightly decided that *not* distributing the masks would betray a fundamental responsibility to the safety of our citizens. We'd also issued instructions about how to equip a room, usually the shelter included in nearly every Israeli home, as a *cheder atum*, or "sealed room" to keep gas from getting in. The Israeli media was full of speculation about the likely effects of a chemical attack. Many families had begun panic buying of food and other necessities to prepare for the possibility of days and nights in their sealed shelters.

In my report for Dan, Misha and Shamir a few weeks before the war, I drew on systematic analysis by a team of experts in the Israeli air force and made my most specific estimate yet of the damage conventionally armed Scuds might cause. We had gone back into historical accounts of the closest equivalent: the Nazis' use of V-1 and V-2 rockets against London in the Second World War. Given Saddam's primary need to fight Americans, and the likelihood either they or we would take military action against the launchers, we concluded we'd be hit by roughly 40 missiles, and that, based on Britain's wartime experience, up to 120 Israelis might lose their lives as a result.

The first air-raid sirens wailed in Israel at about 2 a.m. on January 18, 1991, almost exactly 24 hours after the Americans began their bombing raids over Baghdad. I was home in Kochav Yair. Like other Israelis, we'd set up a sealed shelter. Though I felt a bit silly doing it, having assured the government Saddam was vanishingly unlikely to use chemical warheads, we woke up the kids and Nava took them inside. I put on my own gas mask. But when I ran out to my car, I removed my mask and put it on the passenger's seat before heading in to the *kirya*. I wanted to get there quickly enough so that the *bor*, the underground command bunker, wouldn't have to reopened when I arrived. I took a short-cut, through the West Bank town of Qalqilya. That was, to put it mildly, stupid. Although the *intifada* had become steadily less intense during the build-up to the war, it wasn't completely over. Within seconds, my black sedan was being



HOUSE_OVERSIGHT_011705

pelted with stones by a half-dozen Palestinian youths. I thought to myself: this is nuts. One of Saddam's Scuds might well be about to hit Israel, and I've got myself stuck in the middle of a West Bank town. To the obvious shock of the Palestinians, I floored the accelerator and raced toward Tel Aviv. It still took half-an-hour. Misha and Dan, who lived closer to the *kirya*, were already in the bunker.

Ten Scuds hit near Tel Aviv and Haifa that night. It was not until shortly before dawn that our tracker units got back to us with formal confirmation that there had been no chemical warheads. The rockets caused a half-dozen injuries, though thankfully none was serious. Still, the very fact Saddam had proven he could hit Israel with ballistic missiles provoked widespread alarm. Well into the next morning, the streets were almost empty. Misha phoned Cheney and strongly implied we were going to have to attack the Scud sites. I know that was Misha's own view, and it only hardened after another four missiles hit the Tel Aviv area the next morning. Again, no one was killed, but several dozen people were injured from debris, shards of glass and blast concussion. I visited several of the areas that had been hit and was shocked by the scale of the damage. One four-story apartment building had been virtually destroyed, and there was blast damage to other buildings hundreds of yards away.

The Americans were clearly determined, in both word and deed, to persuade us not to take military action. They rushed an anti-missile system called Patriot to Israel. Cheney was also giving us frequent updates on American air strikes against suspected Scud launch sites. And the Israeli public did seem to grasp the serious implications for the US-led coalition of our taking unilateral military action. Opinion polls suggested most Israelis were giving Shamir credit for the way he was handling the crisis.

Still, it wasn't easy for Shamir to hold the line. This was the first time since 1948 that enemy munitions had landed on Israeli homes, provoking not just fear, but a feeling of helplessness. That inevitably led to calls for the army and the government to *do something*. I saw his dilemma first-hand at an emergency cabinet meeting after the first two Scud attacks. For Arik and Raful, the political effects on the US coalition were irrelevant. The issue, for them, was simple: Israeli cities had been attacked, and we should respond with any and all force necessary. Our air force commander, Avihu Ben-Nun, favored going ahead with the joint and-and-ground attack we'd prepared, and Misha agreed with him. So did Dan Shomron. The key voices of caution were Foreign Minister David Levy; Ariye Deri, the leader of the Sephardi Orthodox party Shas; and two



HOUSE_OVERSIGHT_011706

young Likud politicians, Dan Meridor and Ehud Olmert, with whom I had become friendly. They, like me, were concerned about undermining the Americans' military and diplomatic coalition.

Shamir mostly listened, until very near the end. He then asked Dan Meridor, Misha and me to join him in a separate room. He asked each of us for our views. Misha, even more strongly then in front of the full cabinet, argued that we could not allow night after night of missile attacks without responding. Meridor reiterated his opposition, stressing the damage we'd risk doing to the Americans' war effort by possibly weakening Arab support for their attack on Saddam. When Shamir turned to me, I said that if the government did decide on military action, we were ready. From a purely military and security point-of-view, I said, an attack made absolute sense. Even if we didn't succeed in destroying, or even finding, the mobile launch sites, putting a military force on the ground would almost surely lead to a dramatic reduction in the number of Scud launches. But, echoing Meridor, I added that a military response would carry a *price* in our relationship with the Americans. My view was that, at least for now, we should hold off.

When we rejoined the meeting, Shamir rapped his hand on the table. In the startled silence that followed, he said he shared many ministers' urge to hit back against the Scuds. But he said: "*At this stage*, we're not going to do anything. We bite our lips and wait."

Three nights later, his resolve was stretched almost to breaking point. Missiles landed in the Tel Aviv suburb of Ramat Gan, and nearly 40 homes were damaged. A three-story house was flattened. In all, nearly 100 people were injured, and three elderly residents died of heart attacks. On the night of January 25, another seven Scuds hit. Nearly 150 apartments were badly damaged, and a 51-year-old man was killed. The pressure on Shamir was all the greater because the Ramat Gan attack had come within range of one of the Americans' Patriot batteries. The Patriots had been originally designed not as anti-missile weapons, but to attack aircraft, and they seemed to have been ineffective. Nor were American air strikes in Iraq stopping the Scuds. Though American jets had taken out a few fixed launch sites, they were having no luck with finding and destroying mobile launch vehicles.

Even Shamir now felt that unless the Americans got the mobile launchers, we would have to attack military action. I was sent to Washington along with Misha and David Ivri, a former air force commander, to deliver that message to the Bush administration. From the first days after Saddam's attack on Kuwait,



HOUSE_OVERSIGHT_011707

I'd been impressed by President Bush's political acumen in assembling an international coalition including the key Arab states. Through Unit 8200 in military intelligence, we would only very occasionally get verbatim transcripts of his conversations as he brought first the Saudis and other Gulf states on board, then Morocco, and eventually even Syria. More often, I'd see the President's deft diplomacy second-hand, through intercepts of Arab leaders' communications with one another. But the picture which emerged was of an American president deftly able to stake out common ground, and common interests, with each of the Americans' growing number of anti-Saddam allies.

When we entered the Oval Office on the evening of February 11, Bush was flanked by Secretary of State Baker, Defense Secretary Cheney and national security adviser Brent Scowcroft. Also there was Colin Powell, a general whom I had got to know well, and to like, over the past few years and who was now head of the joint chiefs-of-staff. Given the seriousness of our mission, the start of the meeting was almost surreal. The Americans had obviously been told that I was born on February 12. Since it was just past midnight in Israel, they began by wishing me a happy 49th birthday.

Yet pleasing thought that was, it became clear there was a disconnect between the tension among Israeli government ministers, and ordinary Israelis, back home and the relaxed, self-assured, at times even jovial mood of the President and his inner circle. Their primary focus was clearly not on Israel, but on the overwhelming success of their air attacks on Iraq and the approach of a ground offensive that they were confident would finish the job. That didn't seem to change even after a truly extraordinary interruption to our meeting, when one of Misha's aides passed on the news that a Scud had struck the Tel Aviv suburb of Savyon, where Misha himself lived. He immediately excused himself and went to phone his wife, Muriel, to confirm she was fine. When he returned, despite their *pro forma* words of empathy, it seemed almost as if the Americans thought we had cooked up the entire thing for political effect.

Bush did say the right things as the discussion turned to the missile attacks on Israel. He told us he understood our frustration, and the pain the Scud launches were inflicting. He appreciated our restraint. I have no doubt that all of that was true. But the message we'd been sent to deliver clearly wasn't hitting home. As politely but as clearly as I could, I told President Bush that while we didn't want to do anything to undermine the coalition, unless someone else took care of the Scuds, we would have no choice but to act.



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The President responded by suggesting we go to the Pentagon and talk in greater detail about how, for both our countries' benefit, that could be avoided. When we convened in Secretary Cheney's office, I delivered the same message, but more forcefully. I felt it was essential not only to make it clear we serious about taking action, but that we had the military *capability* to do so. So I told Secretary Cheney and Colin what we were planning. I said we intended to launch a combined air and ground assault by an air-mobile force and our best paratroop units. At that point, Colin, who was clearly worried, suggested the two of us withdraw to speak "soldier to soldier." We retreated to his office. Spreading out a map of western Iraq, I went into greater detail, explaining how we would remain in the Iraqi desert on a search-and-destroy mission against the mobile launchers. Colin stressed the efforts the Americans were making from the air, and the commitment they'd shown to Israel. Not only had they delivered the Patriots. They had allocated their best fighter jets, F-15E's, to the task of taking out the Scuds. It helped that he and I had got to know and respect each other, so it wasn't an all-out argument. But I reiterated that if the Scud attacks kept up, we would have to act. "We *will* act," I said. For a few seconds, he said nothing. But as we headed back to join the others, he told me that only a few hours ago, he had briefed American commanders on an anti-Scud operation by "allied forces" like the one we were planning. "It will happen," he assured me. "Within 48 hours."

That task fell to Britain's SAS. The operation was almost exactly the same as the one we'd planned. A force of nearly 700 commandos was helicoptered in to Iraq's western desert, equipped with Jeeps and Land Rovers, and anti-tank missiles and laser targeting capability. They were also able to call on attack helicopters and F-15 jets if necessary. The operation did not prove easy, quick, or entirely successful. The British troops blocked the main roads and patrolled them. But they did not find or destroy a single mobile launcher. They ended up in gun battles with Iraqi troops. The SAS lost something like two dozen men. Five were part of a group that got separated from the others and ended up freezing to death in the February cold. All of the men risked their lives, with incredible determination and bravery, in an operation to secure the safety of Israel's civilian population. And I have no doubt that the outcome, like the plan, would have been almost identical if we had done it ourselves.

And it *did* have an effect. As I'd told Prime Minister Shamir when briefing him on our attack plan, the very fact of a military presence on the ground made a dramatic difference. The number, accuracy and impact of the Scuds dropped off steeply. A few missiles kept coming, however. Since we did not yet have a



HOUSE_OVERSIGHT_011709

fully detailed picture of the progress of the SAS action, skeptics and hawks in the cabinet were inclined to see a glass half-empty. They continued to press for Israeli military action.

In a rare public statement, I tried to reassure the country we did have a military option, but also to urge restraint. I pointed out that the number of Scuds had begun decreasing. Though the threat had not been eliminated altogether, we had "very good operational plans" that would be "carried out when and if the Israeli government instructs us to implement them." Yet I added a caveat. "On the political level, fingers are itching to carry out operations which, in our opinion, can remove the threat. But in the complex situation created by this war, neither anger, hurt, nor itchy fingers can replace rational thinking."

The American ground invasion did turn out to be swift and decisive. In Israel, Scud attacks continued for a few more days. But the last two missiles fell in the Negev before dawn on February 25, among the very few to cause neither casualties nor damage. We turned out to have been right in our pre-war assessment about the number of missiles: around 40. Fortunately, the casualties were far fewer than we'd anticipated. Not 120 dead, but fifteen, only one of whom died directly because of a missile blast. The other deaths were the result of understandable panic: the misuse of gas masks or the gas antidote drug atropine, or from respiratory and cardiac failure. The physical damage, however, was far greater than I'd anticipated. Buildings were destroyed. Cars were crushed. Glass and debris flew everywhere. In financial terms, the cost ran to hundreds of millions of dollars. The true impact was greater: on families who saw the destruction not only their homes, but a lifetime of prized possessions. For Holocaust survivors in particular, there was the almost unimaginable terror of having to huddle in sealed rooms for fear of gas. And all Israelis had experienced a new sense of vulnerability to a faraway enemy whom they couldn't see nor, apparently, stop.

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I was due to become Israel's 14th chief-of-staff at the start of April, barely a month after the last Scud attack. As the handover drew nearer, I felt fortunate, in a way, to have missed out on the job four years earlier. Not only had Dan excelled as *ramatkal*. I'd benefited from his range of experience, his judgment, and his trust as well. We had worked together truly as a team.



HOUSE_OVERSIGHT_011710

I was grateful not only to Shamir for naming me chief-of-staff, but to Rabin and Misha. Both had honored the assurance Yitzhak had given me that I'd be Dan's successor. I also discovered Misha had played an even greater role than I'd assumed. I knew there would be other candidates for the job. The strongest turned out to be Yossi Peled, who was the head of the northern command and possessed the undoubted credentials to be an excellent chief-of-staff. What I hadn't been aware of was the sentiment among some in the Likud that I was the wrong choice *politically*. Not only had been born on a Labor kibbutz. There was the small matter of the article in *Hadashot* several years earlier, imagining me as a Labor leader going head-to-head in a future election against Bibi Netanyahu for the Likud.

Yossi was assumed to be more of a Likudnik, and a few weeks before Dan left office, I learned how Misha had rebutted the suggestion I was politically unfit to lead the armed forces. He was visiting the north and was taken aside by a group of Likud activists who asked how he could possibly be thinking of supporting *Barak* – a Labor guy – for chief-of-staff. At first, Misha didn't reply. But one woman kept pressing him.

"Do you have children in the army?" he asked.

"Yes. I have a son in the Golani Brigade," she replied proudly.

"So let's assume your son is going on a raid across the border. Would you want his company to be led by the best commander in the battalion? Or by a commander who's Likud?"

"The best commander, of course," she said.

To which Misha said: "Well we do, too."



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## Chapter Fifteen

On the morning of April 1, 1991. I got up even earlier than usual, to visit the graves of the men who had lost their lives in my battalion in the Yom Kippur War. I also went to pay my respects to Uzi Yairi, killed when he'd rushed from his desk in the *kirya* to join the Sayeret Matkal attack at the Savoy Hotel. Then Nava and I drove to Jerusalem. At Israel's national military cemetery on Mount Herzl, we stood before the resting place of Nechemia Cohen, Yoni Netanyahu, Dado, and Avraham Arnan. From there, we went to the Prime Minister's office. With Dan Shomron and his wife looking on, Shamir presented me with my third star and formally made me chief of staff.

For years, I'd developed the habit of carrying around a notebook in which I'd jot down thoughts on things I thought that the Israeli military, and I as an officer, could have done better: errors, oversights, and how we might fix them. In the weeks before becoming *ramatkal*, I'd filled dozens of pages on issues large and small I hoped to address as the commander of the armed forces. A lot of them dealt with what I sensed was an erosion of cohesiveness in the army, and, since ours was a citizen military, a fraying of the relationship between the army and Israeli society. To some degree, this was inevitable in a country now nearly 45 years old: developed economically and free of the kind of existential threat we'd faced in the early years of the state. But the political divisions over the war in Lebanon, and morale-sapping need to quell the violence on the West Bank and in Gaza had further strained our unity of purpose.

Militarily, we were now indisputably strong enough to defeat any of the Arab armies, even if they launched a joint attack as in 1973. Our most important overseas ally, the United States, was committed to helping us retain that position – what both we and they called Israel's "qualitative edge" – in the interest of our security and their own. But we were facing a series of new, *unconventional* challenges. One of them, which had come on to Dan Shomron's and my radar over the past year, was Iran. Though geographically distant, it was potentially the most serious in the longer run, as Dan himself warned Israelis in his final interview as chief of staff. Iran was likely to become even more assertive regionally now that the Gulf War had weakened its neighbor and rival, Iraq. We also knew, from our intelligence sources, that the Iranians were making preliminary efforts to develop a nuclear weapon.



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Yet the most immediate security concerns were right next door. In Lebanon, Hizbollah fighters were being armed and financed by the Iranians and by Syria as well. They were mounting increasingly effective operations against the Israeli troops we'd left in the security zone. Even closer to home, Palestinian attacks on both troops and civilians, though on nowhere near the scale of the first months of the *intifada,* showed no sign of ending. I had my own views on both. In Lebanon, I still believed we should pull out all our troops and focus our security arrangements on what really mattered: protecting the citizens of northern Israel. As for the lessons to be learned from the intifada, my view that we needed a political dialogue had inadvertently become public, from remarks I made in Moshe Dayan's honor at a memorial event a few months before becoming chief of staff. "We are currently in a struggle with the Palestinians – a long, bitter and continuing struggle," I said. "A people cannot choose its neighbors. But we will have to talk to the Palestinians about matters, especially about issues that are vital to them."

Still, I was the commander of the armed forces, not a politician. Though all chiefs of staff had political influence, if only as part of the decision-making process on all major security questions, making *policy* was for our elected government. My main focus was on how to improve the military's fitness to respond. I'd lived through, and more recently fought in, all of Israel's wars. I felt that we had yet to apply some of the critical lessons from those conflicts. Leading tanks into battle against the Egyptians' deadly Sagger missiles in 1973, and a decade later watching whole Israeli armored columns stalled and attacked by small bands of PLO fighters or Syrian commandos in Lebanon, had hardened my conviction that Israel needed a leaner, more mobile army, with more specialised strike units, as well as more easily targeted, less vulnerable weapons systems. I wanted to shift the emphasis to weaponry that relied on Israel's strengths in new technology, invention and engineering. In a sense, this was the macroscopic equivalent of one of the guiding principles of Sayeret Matkal: brains, not just brawn.

While cost-saving wasn't the catalyst, I did realize that a change in strategy would mean a change in how we allocated our resources. When Israel bought its first Mirage jets from France in the 1960s, they cost about a million dollars apiece. The price tag of an F-16 was now closer to *fifty* million dollars. The cost of a tank had increased tenfold. I wasn't going to deprive the air force of state-of-the-art aircraft, key to our ability to fight and win a war. But while we still needed a strong armored corps, it was important to realize that units like the



HOUSE_OVERSIGHT_011713

new air mobile division we'd planned to use against Saddam's Scud launchers were likely to be a lot more important than tank formations in future conflicts.

Six days into the job, I called together every officer in the army, from the rank of lieutenant-colonel up. I said we needed to remind ourselves of the army's purpose: to protect Israel's security and, if a war came, to win it. My budgetary rule of thumb over the next four years would be simple: anything that didn't directly contribute to that mission was expendable. In fact, I put it a bit more bluntly: "We need to cut anything that doesn't shoot."

My first attempt failed utterly. I proposed to close, or sell off, the army's radio station, *Galei Tzahal*. Running it cost serious money. If we were going to cut everything that didn't shoot, it was an obvious candidate. But what I failed to take into account was its popularity with the listening public. Although other radio stations had opened recently, for many years it had been the only major alternative to the state-funded Kol Yisrael. It also provided a training ground and employment feeder for future journalists. *Galei Tzahal*'s alumni included some of the country's top media figures, and more than a few members of the Knesset. Within weeks, a lobbying effort was underway to "save" the station. I went to see Misha. He agreed that, from a military and budgetary standpoint, closing it was the right thing to do. But in an early lesson in how different politics were from the army, he told me that *politically*, it simply wasn't going to fly. "Drop it, Ehud," he said. So I did.

Still, I did end up fundamentally retooling the armed forces during my time as chief of staff. We developed agile new strike forces and high-precision, high-tech weapons systems with "stand-off" munitions designed to be fired from many miles away. In the 1973 war, and for the decade or two that followed, Saggers, and the US-made TOW missiles that Israel acquired after the war, had the capability to transform a battlefield. Now, Israeli developers came up with small, ground-launched missiles that could take out a tank from five to 10 miles away, even without a direct line of sight to the target. Of even more long-term military significance, I pushed ahead with developing pilotless drones – so-called UAVs – making us the first army in the world to produce and deploy them.

Yet for a security challenge like the intifada, even the most advanced stand-off munitions or UAVs offered no practical answer. The latest stage in the violence involved knife attacks by Palestinians against Israeli civilians, both on West Bank settlers and inside Israel. Days after I took over, a 26-year-old from Gaza, wielding a butcher's knife and shouting *Alahu Akhbar*, killed four people,



HOUSE_OVERSIGHT_011714

including a kindergarten teacher, in Jerusalem. On the morning of May 24, 1992, a 15-year-old Israeli schoolgirl named Helena Rapp was on her way to catch the bus to school south of Tel Aviv, when another Gazan stabbed her to death. To the extent Israelis were looking for someone to blame, there were obvious candidates. The army, the primary defense against the intifada, was one. The police even more so, since many of the attacks were now taking place inside Israel. And in ugly rioting after Helena Rapp's murder, bands of Israelis took to the streets, some of them yelling: "Death to the Arabs". Still, most people understood that criticizing the army or the police, or going on a rampage against "the Arabs" – hundreds of thousands of whom were Israeli citizens and had lived among us since the birth of the state – would not help. Most, in fact, placed the blame, and lodged their hopes, with the government.

By the time of the next election, in June 1992, the combination of Palestinian violence and the still-traumatic memories of Saddam's Scuds, left Israelis doubtful that Shamir could fulfil the most basic responsibility of government: ensuring their day-to-day security. Labor had once again placed its electoral fortunes in the hands of Yitzhak Rabin, following Peres's several failed attempts to lead the party back into power. Knowing that Rabin had a record of military command unmatched in Israeli politics, Labor strategists did not so much need to convince voters as to reinforce their fears and frustrations. One of the campaign slogans, a direct appeal to the anger over the stabbing of Helena Rapp, was "Get Gaza out of Tel Aviv!" Labor ended up gaining five Knesset seats, and now had 44. The Likud lost eight and was left with only 32.

That meant that my last three years as chief of staff would be with Rabin back as Prime Minister – and, like Ben-Gurion before him, as Defense Minister as well. He and I had been in touch only occasionally since his departure from the unity-coalition government two years earlier. But I had, of course, spoken with him after my appointment as *ramatkal*, in which he'd played an important part. Though he was 20 years older than me, our relationship had become steadily closer over the years, especially when I'd worked with him as Defense Minister. In some ways, we were alike. We'd both been forged by Labor Zionism. We were career military officers, uncomfortable with flights of political rhetoric and convinced that Israel's security and its future depended less on words than on action. In large groups especially, both of us tended to be men of a few words. Over the next few years, we would become even closer, speaking not only in the *kirya* or at Yitzhak's office in Jerusalem, but also, with Nava and Leah, around the dinner table at Rabin's apartment in Tel Aviv.



HOUSE_OVERSIGHT_011715

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But there were times of crisis, and high tension, as well. Only five months after the election, Rabin and I faced one of the most painful periods during my entire time as chief of staff. It began with the gruesome death of five Sayeret Matkal soldiers during a training exercise in the Negev desert. I'd made preventing such accidents a top priority. By the end of the 1980s, they were claiming as many as 80 lives a year. During Dan's tenure, we'd brought the number down to about 35. But I knew we had to do more. When I'd addressed the officers after becoming chief of staff, I told them: "Parents are giving us their children in order to allow us to protect the country. They know there is risk involved. But they expect their children not to be brought home in coffins because of our own negligence, or stupidity." What happened at the military base of Tze'elim in the Negev on November 5, 1992 was not only a reminder of how far we still had to go, however. It occurred during a dry run for an operation unlike any that Israel had ever considered. For that and other reasons, it would erupt into a major political controversy.

Though the reason for the exercise was meant to have remained a closely guarded secret, foreign newspaper reports in the weeks after the training accident made secrecy impossible. We were planning to infiltrate a Sayeret Matkal unit into Iraq, and to kill Saddam Hussein.

The Gulf War had blunted any immediate threat from Iraq. But Saddam had proven he could launch missiles into the heart of Israel. We knew from our intelligence reports that, in addition to his unabated desire to acquire nuclear arms, he retained facilities to produce chemical weapons. He was trying to acquire and develop new biological weapons. In fact, the Iraqis had actually acknowledged a biological weapons program to UN inspectors, claiming it was for "defensive purposes."

The idea for an attack on Saddam had first been raised a year earlier, when my former Sayeret Matkal comrade, Amiram Levin, asked to see me. He was between military postings, but had come up with the outline of a plan he felt would allow us to isolate Saddam during a public appearance and kill him. With my approval, he and a small group of officers in the sayeret began working further on the idea, with the initial aim of seeing whether it was really workable. Since Misha was still Defense Minister, I briefed him on what we were doing. I



HOUSE_OVERSIGHT_011716

also briefed Rabin after the election. At that stage, there was no discussion of whether we actually would, or should, target Saddam. I asked Misha, and then Yitzhak, only whether such an operation might seriously be considered by the government. If not, I said, we'd drop it. Both replied that we should go ahead with the planning and preparation. The November 1992 exercise was intended as a final test of its viability – before deciding whether actually to do it.

A few weeks earlier, Rabin and I had talked through the arguments for and against. The arguments *against* it were obvious. Yes, in the past we had abducted, or even killed, leaders of groups involved in terror attacks. But we'd never contemplated targeting a head of state. Crossing that line risked being seen not just as attacking a dictator with a record of ruthlessness and murder at home, and aggression towards Israel, but long-accepted norms of international relations. The arguments in favour began with the fact that Saddam was a meglomaniacally ambitious dictator. He had also fired missiles on our towns and cities. He retained the capability to arm them with chemical warheads, possibly biological agents, and conceivably a nuclear warhead in the future. Both Rabin and I agreed there were two key tests of whether an attack would be justified: was it was the only realistic way of confronting the threat from Iraq, and would killing him end, or at least exponentially reduce, that threat.

Though there was no final decision at our meeting, Rabin was clearly inclined to go ahead. An Israeli TV program two decades later unearthed a summary of the discussion, written by his military aide. "The Prime Minister approves the target... This is an operation we should go for when the probability of success is very high," it said. "Thus, we have to build the operational capability in the best possible way, and continue preparations." In another part of the record, Rabin is quoted as having defined the elimination of Saddam as a "meaningful objective" with implications for "the very security of Israel." He added: "I do not see anyone similar to him in the Arab world."

I, too, was on balance persuaded we should do it. In the years since, I've sometime reflected on what happened with Saddam still in place: the 2003 invasion of Iraq, led by the younger President Bush, the tens of thousands of lives lost, the trillions of dollars spent on a war without any clear end, and the near-disintegration of Iraq. But with the complexities of Iraq then and now, there can be no simple answer to how the situation would have changed if we'd killed Saddam. Our view, based on detailed intelligence analyses, was that the likely result would have been a fairly rapid takeover by a few top security and Baath Party figures and that, while the new Iraqi leadership might try to retaliate



HOUSE_OVERSIGHT_011717

with terror attacks, a major military response was highly unlikely. Saddam's successors were never going to be Zionists. But we were persuaded that his uniquely central role meant the threat to Israel would be dramatically reduced.

I'm much less sure whether the elder President Bush, whose election defeat to Bill Clinton came just two days before our final exercise in the Negev, would have agreed with the attack. After the victory in the Gulf War, Bush had deliberately stopped short of sending American forces on to Baghdad. He was also vice-president, under Reagan, when Israel had bombed Saddam's nuclear reactor – an attack publicly condemned by Washington. I did ask him some years ago whether the Gulf War might have been handled differently if Israel *hadn't* taken out Saddam's nuclear program a decade earlier. "What if he'd had a couple of crude nuclear devices," I said. President Bush smiled in response. He said he didn't deal with "hypotheticals."

Yet any idea of an Israeli attack on Saddam became instantly irrelevant once foreign media reports had disclosed the reason for our ill-fated military exercise in the Negev. Inside Israel, the focus, and the controversy, shifted to the accident itself.

The foreign media reports of the operation we were planning proved remarkably accurate. Some of the details still remain classified, but we were going to use one of our new "stand-off" weapons systems: a camera-guided missile that could be fired from a considerable distance away and, in coordination with one of the Sayeret Matkal soldiers nearer in, maneuvered in for the strike. After months of planning and intelligence work, we were confident that we'd found a way to get the sayeret unit into Iraq, target Saddam at an event we knew he would be attending, isolate and kill him with minimal danger of any other casualties, and get our unit out safely again. The Negev exercise was a run-through of the entire operation. It lasted nearly 48 hours. And it culminated in a simulation of the missile attack on Saddam.

I was there as an observer along with Amnon Lipkin, my deputy chief-of-staff; as well as the head of military intelligence, the head of operations and Amiram Levin. We assembled at dawn for the simulation of the missile attack. We watched from a few hundred yards away as a group of young Israeli soldiers walked into a wide area in front of us: posing as Saddam" and his entourage. We – and they – knew that this was just the first part of the exercise. In a Land Rover more than five miles away, a member of the sayeret strike unit would be confirming coordinates and, in rapid succession, "firing" two of the precision missiles. But this was just to confirm that the targeting system had worked



HOUSE_OVERSIGHT_011718

perfectly. No missiles would actually be shot. This stage was for the telemetry. Once that was done, the soldier-actors would be replaced with wooden targets and the real munitions would be tested.

The young soldiers stated chatting to one another, and milling about, simulating as best we could the circumstances in which we expected to target Saddam if the operation got final approval. In theory, within a minute, two minutes at most, we would get word that the preliminary mock-firing sequence had gone perfectly – at which point the artillery-range targets would be brought in for the live test. But suddenly, there was an explosion. A split second of silence. Then pandemonium. There was no need to know, and no time to wonder, what exactly had gone wrong, or how it had been allowed to happen. It was obvious to all of us that the *live* missiles had been fired. We sprinted forward. When we got to the group of soldiers, we could see that four of the young men were dead. Another was fighting for his life. Several others were also wounded.

A sayeret medic and several senior officers were trying to save the most badly injured man, but I knew I needed to get military doctors and medical evacuation helicopters in immediately if we were to save the lives of the injured soldiers. I had a mobile phone, but couldn't get a signal. I ran toward a slightly higher area a few dozen yards away and managed to get through to the *kirya*. I issued orders for the nearby training base in Tze'elim and an air force near Beersheva to dispatch helicopters to treat and evacuate the wounded.

We heard the first chopper about 25 minutes later, but it seemed initially unable to see us, because it flew on before returning and landing two minutes later. By that time, a medical team from the base in Tze'elim had arrived. Ten minutes later, two other medevac choppers landed. But the soldier who had been worst wounded could not be saved. After the doctors had been there about 20 minutes, I again retreated to the area where I could get a mobile signal, and phoned Rabin to tell him what had happened. We agreed I should come back to brief him in detail. It was now about 50 minutes since the missiles had hit. The wounded were all being treated. One of the helicopters had taken off for Beersheva Hospital. Another two, including a heavier Sikorsky transport helicopter, were preparing to leave. I arranged for Amnon, military intelligence chief Shmuel Arad and me to return to the *kirya*. I told Amiram to stay until he had confirmed all the injured had been evacuated, and talk to everyone involved to get a preliminary idea of why and how the tragedy had happened.



HOUSE_OVERSIGHT_011719

When I got back, we immediately met with Rabin and agreed on the need to launch a formal investigation. Rabin then asked me to brief the "editors club", a group of about 15 media figures that operated on a gentleman's agreement that there would be no publicity or leaks. He believed we should not make public the fact that I and other generals were there when the accident occurred. At this stage, we still hoped to hide the purpose of the exercise if possible, something Rabin knew would be harder if it was known the top military leadership had observed the exercise. When I briefed the editors' club, I did tell them in confidence that I'd been there. Though not specifying the reason for the exercise, I told them it was for a major operation. The time-honored understanding was that this information would go no further. But it did, presumably at first because of leaks by Israeli journalists, then in a series of detailed reports in the foreign press. Even more frustrating on a personal level, some of the Israeli reports insinuated that far from giving the editors the full story of who had been at the Negev exercise, that I'd tried to *hide* my presence in order to protect my reputation or shirk responsibility.

Two official inquiries followed: the one we'd agreed with Rabin and a standard army legal investigation. They found the cause of the tragedy to be a mix of fatigue after some of the soldiers had spent nearly 48 hours awake, pressure, confusion and negligence. Astonishingly, it turned out the codeword for the mock-firing of the missiles in the first stage of the exercise was the same as for the live missiles. Formal charges were brought against two Sayeret Matkal officers, and reprimands issued to Amiram Levin and Uri Saguy. I was also subject to criticism because, due to the unique complexity of the plan, I'd put Amiram and senior officers within Sayeret Matkal in charge of different aspects of the preparations. This was viewed as possibly reducing the clarity over who was ultimately responsible for each aspect of the planning. Neither I, nor of course Rabin, had played a direct role in what went wrong in the exercise itself. To the extent I'd been involved, it was to make sure the medical teams were helicoptered in, and that the injured soldiers were cared for and evacuated as soon as possible. But politically, the tragedy at Tze'elim would dramatically resurface for both me and Rabin several years later – after I'd left the military and was on the verge of joining his government.

I was getting to know Yitzhak much better. The Defense Minister's office in the *kirya* was just down the hall from mine. Almost without fail on Friday afternoons, he'd ask me in to chat before going home. We would sit around a low table in the corner of the room, each of us sipping coffee, or sometimes beer, and Rabin invariably puffing on a cigarette. He never raised questions of



HOUSE_OVERSIGHT_011720

party politics. But we talked at length about Israel's immediate security concerns, as well as the country's longer-term challenges in finding its place in more stable, peaceful Middle East. How, over time, we might manage to extricate ourselves from the escalating violence with Hizbollah; reach a land-for-peace deal with the enigmatic President Hafez al-Assad in Syria; and find some form of coexistence with the Palestinians.

He also spoke about international politics. I remember one afternoon in the summer of 1992 when he mentioned the then US presidential candidate Bill Clinton. He'd met Clinton for the first time in Washington, after two days of talks with President Bush at his summer home in Maine. Rabin was naturally more comfortable dealing with Republicans. Almost all his experience in public life – as a military officer, ambassador to Washington, Defense Minister and Prime Minister – had coincided with Republican administrations. The irony was that he would go on to forge a much closer relationship with President Clinton than between any previous Israeli and US leader. But his first impression was more skeptical. "Clearly, Clinton is very intelligent," he said. "He is surprisingly sharp politically for someone his age. But also, I fear, a little bit too slick."

* * *

We did not have long to focus on the lessons and implications of Tze'elim. For weeks before the training accident, a crisis had been building in south Lebanon, with a sharp escalation of the now-familiar mix of clashes inside our "security zone" and cross-border rocket attacks. Hizbollah was now armed not just with Katyushas but Saggers, American-made TOW anti-tank missiles and an increasingly sophisticated array of roadside bombs. A combination of Hizbollah attacks and "friendly fire" incidents or firearms accidents involving our troops meant that Israelis were still dying in Lebanon a decade after the formal end of the war. It was demoralizing for the Israeli public, for the soldiers who we rotated into the security zone and for the government as well. The difficulty was that it was also a situation that perfectly suited Hizbollah.

In late October, a Katyusha rocket had claimed the life of a 14-year-old boy in the northern Israeli town of Kiryat Shmona. Hizbollah escalated its rocket fire in the days that followed, forcing tens of thousands of residents into their shelters. Predictably, there was pressure from Likud politicians to hit back hard.



HOUSE_OVERSIGHT_011721

Raful Eitan, who had founded a small right-wing party called Tsomet, went further. He called the attacks "an act of war" and said we should "respond in kind." We did move troops and tanks to the border. But my view, which Rabin shared, was that a major ground operation would risk miring ourselves more deeply without fundamentally improving the situation. Hizbollah was the kind of nonconventional enemy I had in mind when I'd taken stock of Israel's changing security imperatives on becoming chief of staff. It was a small force, entrenched and well armed, increasingly supported by Iran and Syria. Its tactics rested on quick-hit attacks on our soldiers in south Lebanon. Far from fearing military retaliation, Hizbollah knew that short of a 1982-scale war – and maybe even then – it would survive. It also didn't care whether Lebanese civilians died in the crossfire. In fact, like the PLO fighters who had controlled the area before 1982, Hizbollah deliberately fired into Israel from civilian areas.

Neither Rabin nor I had abandoned the idea of a large-scale military operation at some point, particularly if the cross-border rocket fire didn't subside, which for a while it did. But we were determined that, if and when we did decide to strike, we would avoid anything on the scale of the 1982 war. It would have to be with a clear, finite and achievable goal.

That point finally arrived in the summer of 1993. In addition to renewed Katyusha strikes, there was a series of deadly Hizbollah attacks in the first two weeks of July inside the security zone. Each used what was becoming the tactic of choice: a remotely detonated bomb by the side of the road on which our military vehicles were travelling, followed by an ambush of soldiers who survived the blast. Six Israelis had been killed in all, making it the largest monthly toll in three years. When I went to see Rabin with our plan for a military response, I recognized the risks. It would be the largest military operation in Lebanon since the war. But I believed we could limit civilian casualties, and that it was the only approach that might lead to a significant reduction in the missile attacks on northern Israel. I began with the assumption that, left to its own devices, Hizbollah would have no incentive to stop firing. Since the two Arab governments with the potential to rein in the attacks – Lebanon's and above all Syria's – were showing no interest in doing so, we had to find a way to hold them to account.

The operation I proposed was intended to send a message to Beirut and Damascus. It would not be a ground invasion as in 1982. Most of the attacks would be from the air, in two stages. The first would target Hizbollah, both in southern Lebanon and in the Bekaa Valley further north, near the border with



HOUSE_OVERSIGHT_011722

Syria. We could halt at that stage, in the unlikely event Hizbollah showed signs of de-escalation. But if it didn't, the air strikes would intensify. The aim was not target the nearly 250,000 Lebanese civilians who lived in the immediate border area. It was to use our attacks, along with leaflet drops and radio messages, to encourage them to flee north. My assessment was that this would bring pressure on the Lebanese government and, through the Lebanese, on the real power in Lebanon, the Syrians. I doubted Damascus would respond directly by telling Hizbollah to cease fire. I did believe they'd be ready to engage with American efforts to stop the fighting, and that Rabin and the government could then secure terms we were prepared to accept.

On July 25, we began our heaviest air strikes since 1982. Far from producing a sign of a climb-down by Hizbollah, it responded with intensified rocket fire. We escalated over the following 24 hours, but still with no indication of any change from Hizbollah. So as planned, we expanded our bombing to wider areas of south Lebanon. Sadly, some Lebanese civilians were killed, which I'm sure was a much greater cause of concern to us than to Hizbollah. Thankfully, however, the majority fled north. In south Lebanon, this meant that our jets and artillery had much greater freedom of operation against Hizbollah, which had now lost its human shields. In Beirut, a government suddenly overwhelmed with the need to provide shelter for the large number of refugees from the fighting did press Syrian President Assad to help bring it to an end. Critically, the new Clinton Administration, especially Secretary of State Warren Christopher, reinforced that message.

Our military operation lasted just a week. It did *not* end Hizbollah attacks on Israeli troops in the security zone, something I think even most Israelis were coming to realize was impossible as long as our soldiers remained in Lebanon. But the rocket attacks on northern Israel did stop, with very few exceptions, for a period that lasted nearly two years.

The intifada, however, had not stopped. Nor, as I knew from my increasingly frequent meetings with Rabin, had the search for a way both to control the violence, and seek out any realistic prospect of a *political* path to resolving our conflict with our Arab neighbors.



HOUSE_OVERSIGHT_011723

Rabin had inherited a peace process, put in motion by the Bush Administration after the Gulf War. But since both Prime Minister Shamir and our Arab enemies had reasons of procedure, politics or principle to resist the talks, merely getting them off the ground had required the same combination of deftness and determination President Bush had brought to assembling his wartime coalition and defeating Saddam. After a formal opening session in Madrid, the "bilateral tracks" – between Israel and negotiators from Syria, Lebanon, Jordan and the Palestinians – had quickly stalemated and stalled.

Yitzhak came to office saying he was not interested in a peace *process*, which seemed to him a license for endless talk with no set endpoint, but in *peacemaking*. Since I had the good fortune to be part of the informal inner circle with which he discussed the potential opportunities, pitfalls and frustrations along the way, I know that he wasn't assuming we could necessarily achieve a peace agreement with any of our neighbors. But after the twin shocks of the Lebanon War and the Scud missiles, he was concerned that Israel would retreat into a mix of political caution and military deterrence which he rightly believed was short-sighted. He believed we needed at least to try to seize a "window of opportunity" with those enemies who were at least open to compromise, if only because we were facing new threats from enemies for whom talk was not even an option. An increasingly assertive Iran, with nuclear ambitions, was one. But the intifada had also thrown up new Palestinian groups grounded not in nationalism, but fundamentalist Islam: Hamas in Gaza, which opposed Israel's presence on any part of "Muslim Palestine," and Islamic Jihad on the West Bank. And in Lebanon, we were confronting the Iranian-backed Shi'ite militia fighters of Hizbollah.

Each of us in the small group on whom Rabin relied for input on the peace talks brought something different to the mix. In addition to me, there were four other generals: Uri Saguy, the head of military intelligence; Gadi Zohar, in charge of civil administration for the West Bank and Gaza; my own former sayeret deputy, Danny Yatom, who was head of the central command; and Rabin's military aide, Kuti Mor. Also included were longtime political and media aide Eitan Haber, and another trusted political adviser thousands of miles away: Itamar Rabinovich, our ambassador in Washington and Israel's leading Syria expert. But I'm sure we weren't chosen just for our insights. It was



HOUSE_OVERSIGHT_011724

because we were people with whom Rabin felt *comfortable* – a counterpoint, I suspect, to the old Labor Party rival whom he had made Foreign Minister, Shimon Peres. Though the two men had grown to respect each another over the years, Rabin neither trusted, nor much liked, Shimon. In fact, though Peres's support inside Labor had secured him the foreign ministry, Rabin had stipulated that all peace talks would remain under his control.

Yet as I'd discover nearly a decade later, when I was Prime Minister, even the most carefully planned negotiating strategies were always subject to setbacks, diversions, or simply what former British Prime Minister Harold Macmillan once called "events, dear boy, events." Rabin's initial plan was not to start with the Palestinians. He did feel it was essential to try to reach a political settlement with them. In one respect, the prospects looked slightly better than before. Arafat's political position had been weakened: first by an intifada driven as much by local insurgents as by the PLO in faraway Tunis, and then by his decision to break with his longtime Gulf Arab financial supporters and support Saddam Hussein the Gulf War. In 1988, as the entry price for a formal dialogue with the Bush Administration, he had also agreed to a statement in which he renounced terrorism and accepted the principle of a two-state peace agreement with Israel. Still, there remained a yawning gap between the "self-rule" envisaged in the Camp David accords of 1978 and the Madrid conference, and the independent state the Palestinians wanted. Negotiations to bridge it were likely to be fraught and long.

So he'd decided to begin with Syria. President Assad was obstinate, and publicly opposed to the idea of making peace with Israel. But he'd been in power for more than two decades and, crucially for Rabin, had lived up to the few, indirect agreements Israel had made with him. The *substance* in any agreement, though politically difficult, was also more straightforward. We knew what Assad wanted: the recovery of the Golan Heights, in return for the absolute minimum level of political normalization with Israel. We knew what we wanted: security guarantees and assurances regarding water resources, and a full and final peace treaty. For Rabin, there was an additional attraction in beginning with Syria: if we *did* reach a deal with our main Arab enemy, the pressure would intensify on the Palestinians to follow suit.

The dramatic turn of events that ultimately forced him to change tack began in January 1993 in the sitting room of a villa outside Oslo, at an ostensible "academic seminar" convened by the Norwegian diplomat Terje Larsen. It included two Israeli academics with personal ties to prominent Palestinians:



HOUSE_OVERSIGHT_011725

Yair Hirschfeld, and the historian and former *Haaretz* journalist Ron Pundak. Three PLO officials were there, led by Arafat's closest economic aide, Abu Ala'a. Though both of the Israelis were friends of Yossi Beilin, a protégé of Peres and our deputy foreign minister, even Peres didn't know about the meeting until Yossi told him the following day. Rabin knew an hour later. I first learned of it from Uri Saguy, after Unit 8200 intercepted Arabic-language traffic concerning a briefing the Norwegians had given their Arab contacts. At first, even Peres was skeptical that the paper agreed at the "seminar" – calling for international aid to the West Bank and Gaza on the scale of the Marshall Plan, and an initial Israeli withdrawal limited to Gaza – would lead to serious negotiations. But Rabin authorized follow-up sessions in mid-February, late March and again in April. Our intelligence teams continued to provide detail, and occasional color. Uri Saguy and I even began to use the Arabic shorthand, from the intelligence reports, for the two Israeli academics. The burly, bearded Yair Hirschfeld was "the bear". The slighter Ron Pundak was "the mouse". Yet the main *political* impetus in driving the process forward came from two men who were not there: on our side, Yossi Beilin, and for the Palestinians, Arafat's trusted diplomatic adviser, and eventual successor, Mahmoud Abbas, or Abu Mazen.

Since Rabin knew I was following the ostensibly secret talks, we discussed them often. For quite a while, he remained dismissive. He believed the chances of a breakthrough were remote. He was also suspicious of the involvement of Peres and Beilin, whom he called "Shimon's poodle". And he deeply distrusted Arafat. The PLO had been founded with the aim of "liberating" every inch of Palestine. The fact that Arafat had agreed to the Bush Administration's demand to accept the principle of land-for-peace struck Rabin as mere sleight-of-hand.

By the third Oslo meeting, it was clear that the Palestinians were open to an agreement that would fall well short of "liberating Palestine". Still, Rabin was leery. He tried briefly to return the focus to the stalemated Madrid-track talks with the Palestinians. Yet when, with obvious PLO encouragement, the Palestinian negotiators stood their ground there, he seemed almost resigned to supporting Oslo. When we discussed it, he used a battlefield metaphor. "When you have to break through, you don't necessarily know where you'll succeed. You try several places along the enemy's lines. In the sector of the front where you *do* succeed, you send in your other forces." It was a matter of "reinforcing success."



HOUSE_OVERSIGHT_011726

"It's the *opposite* in this case," I replied. "In a battle, the enemy is doing everything it can to stop you. When you break through, it's against their resistance. Here, the other side will choose to make it easiest for us in the place *it* prefers. If Arafat thinks he'll get more from the Bear and the Mouse than from the other talks, it's hardly a surprise we're finding that only Oslo seems to offer a way forward."

Rabin did make one more move, not so much in a bid to end the talks in Oslo as to slow them down and create a context more favorable for the kind of agreement he wanted. He shifted his attention to his original peacemaking priority: the Syrians. In an effort to remove a roadblock to even beginning serious talks, he offered the Americans what they would later call his "pocket deposit." He authorized Secretary of State Warren Christopher to tell Assad that *Washington's* understanding of our position was that, assuming all our own negotiating concerns were addressed, we accepted that peace with Syria would include withdrawing from the Golan. The formula was agreed in a meeting in Israel between Rabin and the Clinton Administration's Middle East negotiator, Dennis Ross. Rabin didn't tell Peres or other ministers about it, though Itamar Rabinovich did know. I did as well. Since acceptance of the need for a withdrawal had security implications, Rabin and I talked about it in detail before Ross's visit. We formulated the "deposit" together. We used an English acronym: IAMNAM, "if all my needs are met." The point was to convey to the Syrian president that if he addressed our requirements for a demilitarized zone and early warning facilities; non-interference with our critically important water sources; as well as a full peace including embassies, open borders and joint economic projects, we knew the trade-off would be to return the Golan.

It was by diplomatic accident that the Syrian overture went nowhere. The reason even the Americans had called our proposal a "pocket deposit" was that it was to be kept in the Christopher's pocket, to be pulled out as *an American understanding* of our position if he felt it might lead to a breakthrough. Our intelligence accounts of the Christopher-Assad talks, however, suggested it had been presented as a straight message from Rabin to the Syrian president, giving it the status of Israel's new, formal opening position in negotiations.

The distinction may seem minor. But for Israel, it mattered greatly. In any agreement with Syria – or, indeed, the Palestinians – there was bound to an imbalance. Both parts of a "land-for-peace" exchange were important. But land was not just the more tangible asset. Once given up, short of resorting to all-out war, there was no going back. The "peace" part of the equation was more



HOUSE_OVERSIGHT_011727

difficult. Genuine peace, and trust, would inevitably take years to reach fruition. That was no mere academic problem in a conflict where, for decades, our enemies had defined Israel's mere existence as illegitimate. The reason for Rabin's reluctance to have his "deposit" presented as a set negotiating position was that it meant dealing away our only card – territory – before the hard questions about peace had been answered. When he phoned Christopher, I don't think I've ever heard him as angry. That was *not* what we agreed, he insisted. He said it had spoiled any prospect of serious negotiations on the *peace* side of the balance. Christopher didn't agree there had been any real damage, nor that Assad had failed to understand the context.

It might not have changed things anyway, since by this stage, the Oslo talks had almost completed a draft agreement. In mid-August, Rabin gave Peres the go-ahead to initial this "Declaration of Principles." It provided for a period of interim Palestinian self-government; the start of a phased Israeli withdrawal from Gaza and the West Bank with the creation of a Palestinian police force to deal with internal security; and a commitment to reach a full peace agreement within five years. In early September, ahead of the formal signing of the Oslo declaration, there was an exchange of "letters of recognition" between Arafat and Rabin. Arafat's letter also renounced "terrorism and other acts of violence" and declared invalid "those articles of the Palestinian Covenant which deny Israel's right to exist." A few days later, the signing ceremony was hosted by President Clinton in Washington. Thus emerged the famous photo of Rabin and Arafat shaking hands, on either side of Clinton, who was beaming, arms outstretched in conciliation. They say a picture is worth a thousand words. In this case, you needed barely a dozen. Rabin's demeanor, his posture, the look on his face, all seemed to say: "I would rather be shaking the hand of anyone on earth than Arafat." Still, the image was on front pages worldwide. The news stories spoke of a new spirit of hope. Now that these old enemies had grasped hands, surely a full peace agreement was within reach.

My feeling, as I watched it on TV in the *kirya*, was more guarded. I did hope for peace, of course. I also recognized that the signing on the White House lawn was just a beginning, and that my role would be to ensure that Israel's security needs were met under whatever formal peace agreement might eventually be reached. And the security omens were hardly encouraging. Despite Oslo, Palestinian attacks were continuing. Hamas, Islamic Jihad, and other dissident factions saw Arafat's concessions as treachery, and were setting out to drive home that point with violence.



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Yet as I approached my final year as chief of staff in early 1994, we were suddenly confronted by an appalling act of *Israeli* violence: mass murder, committed by a West Bank settler. Terrorism, no less than the worst Arab attacks on Israeli civilians. The settler was named Baruch Goldstein, a physician, who lived in Kiryat Arba. One of the first post-1967 Jewish settlements, it sat on a hill outside the West Bank town of Hebron. At the heart of Hebron lay the burial place of the patriarchs and matriarchs of the Jewish faith: Abraham and Sarah; Isaac and Rebecca; Jacob and Leah. Since Abraham is also revered as a prophet in Islam and a mosque had stood on the site for nearly a thousand years, our post-1967 arrangements set out separate times of worship for Muslims and Jews. Goldstein chose to attack during a holiday period for both faiths: Purim for the Jews and the Muslim holy month of Ramadan. He arrived shortly after the Muslims' Friday prayers began on the morning on February 25. He was dressed in his reserve army uniform and was carrying an automatic rifle. He opened fire on a group of nearly 800 Palestinian worshipers. He had killed 29 and wounded 125 others by the time several of his intended victims knocked him unconscious and beat him to death.

I rushed to Sde Dov airport in north Tel Aviv, a few minutes from the *kirya*, and boarded a helicopter for the old British fort near Hebron, used by the Jordanians until 1967 and now Israeli headquarters. After visiting the scene of the killings, I sought out local Palestinian leaders, to voice my condolences and the sense of outrage I shared over what had happened, and to urge them to do all they could to maintain calm. I then went to Kiryat Arba and conveyed the same message.

Our immediate task was to prevent more deaths, on either side. It was a frustrating, and violent, week. Protests reminiscent of the first days of the intifada erupted around the West Bank, in Gaza, in east Jerusalem and in several Arab neighborhoods and towns inside Israel. While I had no trouble understanding the Palestinians' anger, I also had a responsibility to prevent the violence spiraling out of control. We turned to the same tools we'd used at the beginning of the uprising – though with even greater emphasis on the need for soldiers to use the only the necessary force to restore order, and to avoid causing fatalities wherever possible. We closed off the West Bank. We imposed curfews



HOUSE_OVERSIGHT_011729

on the main West Bank and Gaza towns and refugee camps. We also imposed a curfew on Kiryat Arba and, for the first time, were given the authority to use administrative detention orders not just against Palestinians, but specific Jewish settlers. We arrested about a half-dozen leaders of Kach, the far-right, anti-Arab political movement founded by the American Rabbi Meir Kahane, of which Baruch Goldstein had also been a member. Still, there were repeated clashes anyway – and dozens of deaths as a result – before things finally began to subside a week or so later.

The massacre had made me feel more strongly than ever that our responsibility to protect the security of the settlers could not extend to allowing them to defy the government or the law. The principle would be put to the test within a few weeks. A settlement near Hebron, called Tel Rumeida, had been set up without government approval in 1984. As part of the response to Goldstein killings, Rabin was thinking of closing it down. That prompted a number of right-wing rabbis to issue a formal religious ruling against any such action. Rabin called me in to ask whether it would be operationally possible to dismantle Tel Rumeida and remove the settlers. I said yes, by sending in a Sayeret Matkal force after midnight, as long as news of the operation did not leak ahead of time. "We'll take over the area, close it off and get control." Given the tensions in the wake of the massacre, I did add that I couldn't promise that our soldiers would hold fire. "There are people in there with weapons," I said. "If someone shoots at *them*, they will shoot back."

"*Should* I do it?" he asked me. Maybe I should have given him an answer. But I didn't feel it was my place to add to the pressures around what was clearly a finely balanced call, especially since my inclination would have been to tell him to go ahead. I said it was something only he could decide. "What I *can* tell you is that we can do it." When I left, my sense was that he was sufficiently angry over what had happened in Hebron that he felt it essential to draw a line – the line of law – over what settlers were allowed to do. But the Passover holiday was now a couple of days away. I think what happened is that he realized the operation would not be possible until after the holiday period. By then, he was concerned he would have lost the clear political logic for moving against Tel Rumeida. The settlement has remained in place, a flashpoint in the conflict between settlers and Palestinians in the area around Hebron.

The wider repercussions, and the controversy, from the massacre reverberated widely. Rabin and his cabinet immediately decided to establish an inquiry, under Supreme Court Chief Justice Meir Shamgar. It would look into



HOUSE_OVERSIGHT_011730

every aspect of the killings – including any failings by the army, the Shin Bet, the police or other authorities that might have allowed the tragedy to happen. The commission interviewed dozens of witnesses, Israeli and Palestinian, in 31 separate sessions. I knew early on that the inquiry would throw up difficult issues. I was especially upset to learn that two soldiers and three border guards scheduled for guard duty at the mosque had shown up late on the morning of the killings. By the time I testified in late March, the inquiry had heard from a range of senior and local commanders and individual soldiers. A picture had emerged of a series of security breakdowns, equipment malfunctions, oversights and confusion around the site where the murders took place.

I did not try to dodge the fact that security lapses around the Cave of the Patriarchs that day had contributed to what happened. In addition to the fact that the guard unit was not at full strength until after the murders took place, several of the security cameras weren't working. I acknowledged that if the cameras and the guards had done their job, at the very least some lives might be have saved. Yet I also made the point that this specific act of *mass murder* was something the army could not have anticipated. I told the commissioners to remember that they were judging things after the fact. They *knew* how the tragedy had ended. In the context in which we were operating, the prospect of an Israeli settler, a reserve soldier, walking into a place of worship and deliberately killing defenseless Palestinians had come as "a bolt from the blue."

The commission's report did not apportion blame to any of the army officers or commanders. But an inescapable conclusion from the testimony of the many witnesses was that the way in which we'd become conditioned to viewing the settlers had blinded us to the kind of crime Goldstein had committed. Even before I testified, I'd been disturbed to hear soldiers saying that even if they had *seen* him shooting a Palestinian, their orders were not to open fire on a settler, so they wouldn't have intervened. When asked about this by the commission, I said it was a fundamental misunderstanding of our rules of engagement. "In no case is there, nor can there be, an army order that says it is forbidden to shoot at a settler even if he is shooting at others... A massacre is a massacre. You don't need special orders to know what to do."

Yet I also knew that the soldiers' "misunderstanding" was all too understandable. As I acknowledged to the inquiry, the army on the West Bank and Gaza was predisposed to see Palestinians who were carrying weapons as potential terrorists, especially since the outbreak of the intifada. The settlers, by contrast, were assumed to be carrying arms in self-defense. One lesson I took



HOUSE_OVERSIGHT_011731

from the massacre was that the mix of Jewish settlers, some of whom felt they were on a messianic mission to resettle all of Biblical Israel, and restive Palestinians who wanted sovereignty and control over their own lives was potentially toxic, for both sides. Ideally, the process which had begun with Oslo might start to disentangle it, though I remained far from confident that anything resembling full peace would come any time soon.

* * *

Rabin, and even more acutely Shimon Peres, believed it was important to press ahead with the opening phase of the handover of Israeli authority mapped out by Oslo. In May 1994, a draft of the so-called "Gaza and Jericho First" agreement was completed. Once it was ratified, the five-year interim period would begin, with further withdrawals and parallel negotiations on the "permanent status" of the territories. In this first step, Israel would transfer civil authority in Gaza Strip and the Jordan Valley town of Jericho to the Palestinians, and local security would be in the hands of a newly created Palestinian police force.

My primary concern, and my responsibility, was the security provisions in the agreement, since the Israeli army retained its role in charge of overall security. When I went to see Rabin a few days before the cabinet meeting to approve the Gaza-Jericho agreement, I told him I was worried that it left room for potentially serious misunderstandings, friction and even clashes on the ground. There was no clear definition of how our soldiers would operate alongside the new local police in the event of a terror attack, violence by Hamas or Islamic Jihad, or, for that matter, a car crash involving an Israeli and a Palestinian. He agreed this needed to be addressed, although it was clear he intended to do so with Arafat, via the Americans, not by reopening and delaying the formal agreement.

But I had a deeper concern about the entire Oslo Agreement, which I also now raised with Rabin. I did not doubt the importance of reaching a political agreement, and ideally a peace treaty, with the Palestinians. But I'd now read the Oslo Declaration in greater detail, and discussed it with lawyer friends of mine. I'd also re-read the 1978 Camp David framework on which the self-rule provisions were based. The endpoint was pretty clear, just as it had been at Camp David: Palestinian authority over the West Bank and Gaza, defined as a



HOUSE_OVERSIGHT_011732

"single territorial unit" under Oslo. In essence, and very probably in name, this meant a Palestinian state. I wasn't opposed to that in principle, if it was in return for a full and final peace. But the Oslo *process* meant that we would be handing back land, and control over security, in an ever-larger portion of territory *before* we'd reached any so-called permanent-status agreement. In fact, before we even knew whether that would prove possible. It wasn't "land for peace." It was land for the promise, or maybe only the hope, of peace. It was the same problem Yitzhak had faced over the Americans' misuse of our "pocket deposit" on the Golan. I realized that, having come this far with Oslo, neither he nor the government was likely to back away from approving the Gaza-Jericho accord. But he did say he thought the points I'd raised were important, which I took as meaning he was comfortable with my raising it with the cabinet.

I spoke near the end of the four-hour cabinet meeting to ratify the Gaza-Jericho plan. The ministers seemed attentive as I ran through the security concerns I'd raised with Rabin, even nodding when I compared the agreement's security provisions to "a piece of Swiss cheese, only with more holes." But then I said that I wanted to say a few words which I recognized were beyond my responsibility as chief of staff. "I'm speaking just as an Israeli citizen," I told the cabinet, "and as a former head of military intelligence." Referring to specific provisions in Oslo, and in the Camp David framework agreed by Begin and Sadat 15 years earlier, I said it was important for ministers to realize that, even though permanent-status issues were yet to be resolved, "you will be taking us nearly the whole way toward creating a Palestinian state, based on the internationally accepted reading of Camp David." The reaction to my comments was a mix of defensiveness and hostility. In the latter camp were ministers from Rabin's left-wing coalition partners, Meretz, who seemed especially angry when I quoted from Camp David. The Prime Minister motioned them for calm. "Ehud had a responsibility to talk about security questions, and we had a responsibility to listen. As for his additional remarks, they are not a surprise to me," he said. "He made these points to me, and I said he could repeat them here. It is right that he should raise them." He said there was no need for ministers to agree with me, but that it was proper that the points I'd raised should be heard.

Many clearly *didn't* agree with me, or simply believed the Gaza-Jericho agreement still had to be ratified, which it was. But my remarks did lay the groundwork for my objection to the next, more far-reaching stage in the Oslo process barely a year later. By then, I was no longer chief of staff. I was a member of Rabin's cabinet.



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It was still my responsibility to ensure that Gaza-Jericho was implemented, and that the initial withdrawals and redeployments went ahead smoothly. And they did. But I also was soon playing a part in a renewed effort by Rabin to use the momentum of Oslo to achieve peace agreements with our other Arab neighbors: the Syrians, although he knew that would be tough, and first the Jordanians. I would always have had some role, by virtue of the need for a chief of staff to weigh in on security issues. But as Yitzhak had done from the start, he involved me and others in his inner political circle in wider discussions on the whole range of negotiating issues. Especially after Oslo, he seemed determined to keep Peres's role to an absolute minimum.

No peace talks are ever completely straightforward, but the process with Jordan was very close to that. The main issues on the Jordanian side involved ensuring a proper share of scarce water supplies; and dealing with Israel's *de facto* control of a fairly large area near the southern end of our border. A number of kibbutzim and moshavim were farming the land there. But under the post-1948 armistice, it had been allocated to Jordan. Israel's priorities were to put in place a fully open relationship of peace and cooperation, and to get assurances Jordan would not allow its territory to be used by Palestinian groups to launch terror attacks.

I was struck by how much more easily compromises can be found if you truly trust the party on the other side. From my earlier meeting with Hussein in England, before the Gulf War, I'd been impressed by the king's thoughtful and measured, yet warm and open, demeanor. That, in itself, inspired trust. But ever since 1967, even in times of high tension, Israel and Jordan had kept open secret lines of communication, and both sides had generally demonstrated a shared desire, and ability, to steer clear of conflict. The main trade-off in the search for a formal peace turned out to be not too difficult. We agreed to ensure water provision, and to accept Jordanian sovereignty over the 1949 armistice area, in return for which the king allowed the Israelis who had been working the land to stay in place as lessees. On the final Wednesday of October 1994, near our border crossing in the Arava desert, I watched as Rabin, King Hussein, and President Clinton formally seal the full "Treaty of Peace Between the State of Israel and the Hashemite Kingdom of Jordan."



HOUSE_OVERSIGHT_011734

Syria was always going to be harder. But Rabin had moved past his anger over the "pocket deposit", and we began a new effort via the Americans. Our aim was to lay out a comprehensive, staged proposal to trade nearly the entire Golan for peace. With Rabin, Itamar Rabinovich and the rest of the team, we put together a framework limiting Syria's military presence on the Heights. We envisaged phasing out the restrictions as Syria took steps toward the kind of peace which had proved possible with Egypt and Jordan. But indirect exchanges in the autumn of 1994 produced little progress. In December, Rabin proposed to the Americans that I meet with a Syrian representative, and President Assad agreed. Later that month, I was sent to Washington for talks with Syria's ambassador, Walid Muallem. With the Americans' Mideast envoy, Dennis Ross, as host, we met in Blair House across the street from the White House.

I began by explaining the security provisions we envisaged for the Golan, which included early-warning provisions, force limitations and other means of safeguarding Israel against any surprise attack. Muallem's response was formulaic, almost icy, with no indication he was ready to discuss any of the specifics, much less offer ideas of his own. But then Dennis led us out into the garden, where the atmosphere, if sadly not the weather, was a bit warmer. I told Ambassador Muallem I believed Israel's issues with Syria ought to be resolvable. Both sides understood the broad terms of an eventual peace. But we needed a context of *trust* in which to negotiate. President Assad, and we as well, were always going to be reluctant formally to commit ourselves to a position until *each side was be satisfied that the other side understood its core needs*. Politically, both sides also faced constraints. "In formal meetings, a record is taken and negotiators have to explain and justify every last word back home," I said. "I think our negotiators can get further in conversations like the one we're having now." Though Muallem nodded agreement, he did not explicitly say he believed that informal exchanges were the way forward. Still, he did obviously pass back a broadly positive message to Damascus. Before the Blair House discussion, our understanding had been there would probably be a kind of mirror arrangement for a follow-up meeting: between *our* ambassador in Washington, Itamar Rabinovich, and a high-ranking army officer from the Syrian side. Instead, we received word that Assad wanted me to meet directly with General Himat Shihabi, who was not only my counterpart as Syrian chief-of-staff but Assad's oldest and closest political ally and the effective number-two man in the régime.

General Shihabi and I met over a period of two days at Blair House. He had greater authority, and thus a greater sense of self-assurance, than the



HOUSE_OVERSIGHT_011735

ambassador. But not for the last time in negotiations with Syria, any real progress was blocked by an apparent combination of misunderstanding and miscommunication. The discussions were lively. Shihabi had served as Syria's liaison officer with the UN force set up along the cease-fire line after the 1948 war. "Go check with the UN," he said at our first meeting. "You'll see almost all the exchanges of fire in the late 1950s were provoked by Israel." I didn't respond directly, though I did note it was the Syrians who had tried to divert water from the Jordan River in the early fifties. "You did it first," he retorted. So it continued. Only later did we learn that while Muallem had sent back a generally encouraging impression from our garden talks, and his conclusion that Israel was ready for substantive talks, he had neglected to convey our expectation that any early progress would occur in *informal* exchanges. The result was probably to raise General Shihabi's expectations, which made him reluctant to show any real engagement. After a phone call with Rabin after our first day of talks, I became equally cautious. He agreed that we wanted to avoid a repeat of our experience with the Golan "deposit". We did not want to put concessions on the record before we got an indication that the Syrians were genuinely ready for peace talks.

Still, the fact that we'd established the precedent of a "chief-of-staff channel" was a step forward. My successor as *ramatkal*, Amnon Lipkin, would meet again with Shihabi in early 1995.

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I was confident Amnon was inheriting an army stronger, better prepared and better equipped than at any time since the Six-Day War. We also had peace treaties not only with Egypt, but now Jordan, and none of the substantive issues with the Syrians seemed insurmountable.

But the main security challenges were the unconventional ones. In the long term, a resurgent Iraq, and very likely Iran, might make strides towards getting nuclear weapons. There was every sign that Hizbollah in Lebanon; and Hamas, Islamic Jihad and their supporters in Gaza and the West Bank, would escalate violence and terror. As the negotiations with Jordan were entering their final phase in early October, a further Hamas attack – this one, a kidnapping – had brought home that threat. On Sunday, October 9, Hamas men dressed as Orthodox Jews abducted an off-duty soldier named Nahshon Wachsman near



HOUSE_OVERSIGHT_011736

Lod. Two days later, Israeli television received a videotape showing the 19-year-old, hands and feet bound, pleading for his life in return for the release of the founder of Hamas, whom we had arrested and jailed in 1989. "The group from Hamas kidnapped me," he said. "They are demanding the release of Sheikh Ahmed Yassin and another 200 people from Israeli prison. If their demands are not met, they will execute me on Friday at 8 pm."

As soon as we got word he was missing, I spoke to Rabin. Since we assumed he was being held in Gaza, I ordered a unit from Sayeret Matkal to head south and co-ordinate efforts to locate him with the Shin Bet and the southern command. But it gradually became clear he might be much closer to where he'd been seized. The Shin Bet got a description of the kidnappers' car, and found it was a rental that had been picked up and returned in east Jerusalem. They tracked down the man who rented it. A little before dawn the morning of October 14, barely 12 hours before the Hamas deadline, Shin Bet established that Wachsman was being held in a village on the road to Ramallah, north of Jerusalem, in a house owned by a Palestinian who was living abroad.

The hostage soldier's ordeal was made even worse by the fact his mother, Esther, was a Holocaust survivor, born in a displaced-persons camp in Germany at the end of the war. Rabin had been ready to approve a rescue attempt from the outset, assuming we could locate Wachsman and come up with a plan that might work. But as with Entebbe, he said that if we couldn't be reasonably confident of success, we would negotiate. Now that we knew where Waschsman was being held, I ordered Shaul Mofaz, the commander with responsibility for the West Bank, to prepare for a possible rescue.

Before going to brief Rabin, I arranged for another commando unit to begin visible preparations for an operation in Gaza, in an effort to reassure Hamas we still believed he was being held there. Assuming we could retain the element of surprise, there were several things working in our favor. The house was relatively isolated. It was in an area where Israel, not the incipient Palestinian authorities, still had control. And Sayeret Matkal had expertise and experience in this kind of mission. Still, no plan could be foolproof. I told Rabin that the fact Hamas was holding a single hostage meant that if our assault teams were delayed for any reason at all, the kindappers might kill him before we got in. But I said we had to weigh the risks of *not* acting. We were no longer trying to find a missing soldier. We knew where he was. We had a unit ready. Unless Hamas relented, he was facing death within hours. In those circumstances, the



HOUSE_OVERSIGHT_011737

precedent of doing nothing would, in my view, be very serious. I recommended that he approve the operation, and Rabin agreed.

I attended the final briefing shortly afterwards. I was impressed by the determined faces of the men in the two sayeret teams. One of the officers was 23-year-old Nir Poraz, whom I remembered from operational briefings in the *kirya* on previous sayeret missions. Wachsman was being held in a room on the first floor. The commandos would simultaneously detonate explosives on three doors: at the front, on the side, and a third one leading through a kitchen to the room where the kidnappers had their hostage. The attack began fifteen minutes before the Hamas deadline. The explosive charges went off, but only the one in the front blew open the door. Poraz and his team rushed in, but one of the kidnappers opened fire, killing him and wounding six others. The other team had by now made it to the first floor. But despite firing at the metal lock, they had trouble getting the door to open. By the time they got in, Wachsman had been killed, shot in the neck and chest.

I was in the command post a few hundred yards away. I called Rabin and then went to see him in the *kirya*. The head of personnel for the army had gone to see the Wachsman family and break the news to them. Now, we had to tell the country. Rabin and I appeared on television together. Rabin insisted – wrongly – on saying he bore full responsibility. What had gone wrong, I had tried to impress on him, was not the *decision* to attempt the rescue. It was the rescue itself. That was not his responsibility. It was mine.

The next day, I visited Wachsman's parents, and tried to convey how painful the failed rescue was to me, Rabin and every one else involved. I was inspired and humbled by their response. His father had told a reporter he wanted to convey his condolences to the parents of Nir Poraz. "This added loss has shaken me terribly," he said. He told me he also believed that the Prime Minister had approved the rescue using his best judgement on the information that he had available. I spent time separately speaking to Mrs Wachsman. I tried to explain that in fighting an enemy like Hamas, people who not just threaten to kill but had proven they had no hesitation in doing so, I'd felt there was no choice but to attempt the rescue. I admitted we'd known the risks. But we'd tried to do the right thing, both for the country and her son. I think she understood, though I knew that nothing could alter the terrible sadness of her loss. The pain would take years to heal. Some part of it never would. Still, I felt it was important she and her husband know that we, too, felt their loss. For years afterwards, Nava and I continued to visit them.



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By then, however, I was no longer chief of staff. In fact, barely ten weeks after the kidnapping, I handed over to Amnon Lipkin. I left the *kirya* proud of all I had sought to accomplish during my 36 years in uniform. I also realized there had also been failures and setbacks, none more painfully fresh than our inability to rescue Nahshon Wachsman. But I was about to find that the area of Israeli life which I now chose to enter – national politics – could be a battlefield as well. And that when trouble hit, even your allies sometimes ducked for cover.



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## Chapter Seventeen

It was an ambush. It came in July 1995, six months after I'd left the army and only days before I was expected to named as Interior Minister in Yitzhak Rabin's government. The effect, and clearly the intention, was to threaten my political career before it had even begun – by reviving, and lying about, the tragic training accident at the Negev army base of Tze'elim, during our preparations for the operation against Saddam Hussein.

When the "story" broke, I was nearly five thousand miles away. I was accompanying Nava's brother, Doron Cohen, on a business trip he was making to China – and savoring my last few days as a private citizen between my three decades of military service and my entry into politics. I'd got a hint of the storm that was about to engulf me a few days before we left for the Far East. It was a letter from a reporter at *Yeidot Achronot*, Israel's largest-selling newspaper, with a list of questions about Tze'elim. The thrust of the questions made clear the case Yediot seemed intent on building: that after the live missile strike which killed the Sayeret Matkal men, I had abandoned the injured and immediately "fled" to Tel Aviv. I probably should have answered the letter. But I assumed even rudimentary checks would reveal the story to be false. I'd had similar questions from a TV journalist a few months earlier. I did phone him back. I explained the true details of what had happened. I suggested he talk to others who were there, like Amnon Lipkin, the current chief of staff and my former deputy, to confirm my account. The story was dropped.

But *Yediot* evidently decided not to let the facts get in the way of the "exclusive" it ran in its weekend edition on July 7. Under a banner headline – an undeniably clever Hebrew pun, *Ehud Barakh*, "Ehud Ran Away" – it accused me of having stood by, paralyzed with shock, when the missiles struck and then, as other officers tended to the wounded, rushed away by helicopter.

Doron and I were having dinner in Beijing when Nava phoned. She'd just seen the newspaper story, and read it to me. I'd never been angrier. As best I could work out, it had been concocted from a patchwork of accounts long after the fact. To the extent the notion of my "fleeing" had been raised, I could only imagine that *Yediot*'s "sources" had misunderstood the arrival of the first medical helicopter, when the pilot was unable to see us and flew on before returning a couple of minutes later. But in every single detail about my actions after the tragedy occurred, it was a pure and simple lie.



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I was not just angry, but frustrated at my inability to rebut the story in person. Doron and I immediately made arrangements to return to Israel early, which, since there was no direct air connection, meant finding the first flight out through London. But before we left, Nava phoned again, almost sputtering in fury. She told me that she'd just received a call from Aliza Goren, Rabin's media spokesperson. "Does Ehud know about the *Yediot* story?" she'd asked. When Nava said yes, Aliza told her: "It is important that Ehud knows that we are not going to get involved in getting him out of this."

*Welcome to politics*, I thought. Rabin knew that the story was untrue. I'd still been in Tze'elim when I'd phoned him about what had happened. He knew I'd remained there to order in the medical helicopters and arrange for the evacuation of the wounded before returning to brief him. Still, he did not say a single word in public – nor, for that matter, speak to me – as the controversy continued to gather force.

During our stopover in London, I sat with Doron and talked through how to get my voice heard. I telephoned Yoni Koren, the officer who'd been my top aide in the *kirya* and whom I'd asked to work for me in the Interior Ministry, assuming I now actually got there. I told him to phone Amnon Lipkin and say that I had expected him to answer the fabrications. Not only had he and I been at the site of tragedy together. We'd *left* together, on the same helicopter. Amnon did now issue a statement saying that he knew *Yediot*'s allegations were wrong. But the story had been allowed to stand for too long. His rebuttal caused barely a ripple.

As I read the latest Israeli newspapers before landing in Tel Aviv, I found that at least I wasn't totally on my own. Reporters had been phoning politicians for comment. Most responded like weathervanes, going with the prevailing wind, which was gusting against me. But three Knesset members dissented. One was Ori Or, a friend even before we'd both gone into the army, and who had now joined Labor. The other two were leading members of Likud: Dan Meridor and Benny Begin, Menachem Begin's son. All three said they were sure the allegations were false. Did they know the details about the accident, they were asked. No, they replied, they didn't need to. They knew *me*.

Now all I had to do was convince the rest of the country. It had been nearly a week since the Yediot's "exposé". It was Yoni Koren who passed on a request from Channel 1 television, our equivalent of the BBC. They were proposing that I appear with Nissim Mishal, the man who had interviewed me 10 years earlier, at the urging of Rabin's political aide, on my first TV appearance. For Mishal,



HOUSE_OVERSIGHT_011741

the interview would be a journalistic coup. For me, it was a risk. He was a famously combative questioner, a bit like Sam Donaldson at White House briefings, or Jeremy Paxman and John Humphreys in Britain.

On the night of July 13, I drove to the television studio in Tel Aviv. Mishal confronted me with *Yediot*'s version of events. I was angry, and showed it. "This report was not some night editor's mishap," I said. "It was authorized by the highest levels of a mass-circulation newspaper which is power-drunk, corrupted by power, and manipulative. The so-called 'story' was an amateurish and distorted depiction of a chief-of-staff who sees wounded soldiers, turns his back, deserts them and flies away. That is an evil, vain falsehood." As Mishal pressed me about the allegation that I had fled, I cited, by name, other officers who had been there with me and had confirmed precisely the opposite. I had left Tze'elim, along with Amnon Lipkin, a full *50 minutes* after the missiles struck, I said. And only *after* the helicopters had arrived, the injuries had been treated and the choppers were evacuating the wounded. "A chief of staff's job is not to treat the wounded, when others are doing that already," I added. My responsibility was "to keep my head, and ensure a safe and speedy medical evacuation." That was what I'd done. "I've given years of my life to serving this country," I said. "I have been shot at. I have shot men dead from as close as I am to you now. How did the hand that wrote these things against me not tremble?"

It was certainly high drama. But it was not an act. The way that I'd gone after *Yediot* prompted some pundits to suggest my skin was too thin. One commentator even said I was obviously not suited to politics. Yet what mattered most to me was what the *rest* of Israel felt: people who were not reporters or editors, commentators or politicians. Opinion polls the day afterwards showed that something like 80 percent of Israelis believed what I'd said. I think this was only partly due to the details of the argument I made. When you're under such close, direct scrutiny, I'm sure viewers have an innate sense of whether what they are hearing is the truth.

Almost as soon as I'd got home from the interview, the phone rang. It was someone who, of course, already knew it was the truth: Yitzhak Rabin. "Ehud," he said, "you did well. Let's move forward."

* * *



HOUSE_OVERSIGHT_011742

I later worked out why he'd wanted to steer clear of the whole thing. *Yediot* had been planning the story for months. It had been ready to go with it earlier, when it was assumed I would be joining the government as early as April. The editors had held it to coincide with my arrival as a minister. That, I suppose, was simply what newspapers did. But it turned out that at least two influential Labor politicians had played a part in steering *Yediot* toward the story, and urging the newspaper to run with it: Haim Ramon, a veteran party figure and cabinet minister, though he'd quit the government the year before over the party's failure to follow through on health-policy reform; and Shimon Shevess, one of Rabin's top advisers. Ramon would later say that they hadn't wanted to "*kill* Barak" as a new minister. "Just fire some bullets at this legs, so he'll enter politics with a limp." It was a way of cutting me down to size.

I suppose that was understandable. I was by no means the only former general to enter Israeli politics. Other chiefs-of-staff had gone on to play prominent roles in government: Dayan, Motta Gur and, of course, Rabin. But the fact that I was going directly into the cabinet, and so soon after leaving the army, was seen by the Israeli media – and a number of Labor politicians – as a reflection of my close relationship with Rabin. Some commentators had even been speculating I might eventually be a candidate to succeed him as party leader and Prime Minister.

It was true that Rabin had personally urged me to join the government, starting with a lighthearted remark only days after I'd ended my term as chief of staff. It was at a farewell organized by my staff. The event began with film clips from my years in the army, and a series of entertaining cameos from men I'd served with and led. Rabin spoke at the end. He said he'd recently been on an official visit to South Korea. He'd met the president, who told him he was the first Korean leader not to have been an army general. Rabin said he'd replied that *he* was the first Israeli Prime Minister who *was* a general. Then, smiling and looking straight at me, he added: "*Nu*, Ehud?"

I did want to join his government. But I had been in the army since the age of seventeen and was now in my early fifties. For my family's sake, as well as my own, I had figured on taking a year or two to explore other things. Two options appealed to me especially. One was business. My brother-in-law, in addition to having a successful law practice, was involved in a number of business ventures, and we'd discussed areas we might jointly explore. But I had also received offers from think tanks in the United States.



HOUSE_OVERSIGHT_011743

Despite Rabin's quip about ex-generals and Prime Ministers, I was surprised when, a couple of days later, he asked me to come see him. He smiled as I entered his office. Then he said: "Ehud, now that you are out of uniform. I would be glad to see you come into politics, together with us, and be a member of the government." He said he'd discussed it with Peres. "It's a joint invitation." Though I did, of course, say yes, I also told him I was planning to take some time off, probably at first with a think tank in the US. Though I wasn't exactly sure about the legal provisions for officers leaving the army, I reminded him that there was a set period of time during which they could not enter politics. He replied, a bit enigmatically, that he would be sending an "operative" to talk to me further about the timing.

The operative was Giora Einy, a uniquely important figure in Labor because he was trusted both by Rabin and Peres. I liked him immediately. Throughout my years in politics, I would come to rely on him for his experience, good humor and good judgement. He did know about the rules for former army people going into politics: there was a 100-day moratorium. "Rabin wants you immediately," he said. "I guess we'll tell him that 'immediately' will have to mean sometime in April." In fact, I told Giora that I'd hoped it would be much longer. So we agreed that in order to give me at least a few months in the US, he'd tell Rabin he could get in touch at any time from March 1996 with his invitation to join the cabinet. As soon as he did so, I would formally cut my ties with the military, meaning I could join the government in the summer.

Nava, the girls and I left for Washington in January. I joined the Center for Strategic and International Studies and was given the delightfully overwrought title of Distinguished Visiting Statesman and Senior Associate. The reason the CSIS had invited me was to write and speak on the Middle East. About two months in, I presented a paper. I began by welcoming the constellation of changes which seemed to offer at least an *opportunity* for stability, security and peace: the unravelling of the Soviet Union; the Oslo Agreement; the peace treaty with Jordan and the continuing talks with the Syrians. As long as we had partners committed to reaching an agreement, I believed Israel would be ready "to consider major compromise and to take upon ourselves significant calculated risks." But with a frankness which seems surprising even to me in retrospect, I delivered much the same message as I had to ministers on the potential dangers inherent in the Oslo process as we moved forward.

I pointed out that Arafat had made no move to rein in groups like Hamas, and that more Israelis had actually been killed by terror since Oslo than in the



HOUSE_OVERSIGHT_011744

year before. "We signed a three-phase contract with Arafat," I said. "Try to imagine one of you selling me three pieces of property. If I fail to pay for the first one on time, you might not immediately cancel the contract. You might even be ready to help me collect the necessary money. But you would never proceed to deliver the second property before I paid for the first one, unless you were a fool." I also warned of longer-term dangers: "terrorism, radical Islamic fundamentalism, the proliferation of surface-to-surface missiles and weapons of mass destruction, and threats to the long-term stability of the more pragmatic Arab regimes." I singled out Iran, because it was determined to export its brand of fundamentalism Islam, sponsor terror and develop a nuclear weapon.

I also accompanied CSIS colleagues on speaking engagements to other American cities. I was about to board a flight to Seattle in April when I got a message saying Rabin wanted to talk to me. After we took off, I used the on-board phone facility and, with a swipe of a credit card, was soon on the line to the Prime Minister. Since the exchange was in Hebrew, I'm fairly sure anyone overhearing me had no idea what we were talking about. "I need you to come back as soon as possible," Rabin said. I already knew, from Giora, that he was anxious to find a long-term replacement as Minister of Interior. The leading light in the Sephardi religious party Shas, Arye Deri, had had to leave the post under allegations of bribe-taking. After Rabin had taken on the portfolio himself four 18 months, he had placed Labor's Uzi Baram there, but only as a temporary arrangement. I didn't feel I could refuse outright. But I reminded him that under army rules, "as soon as possible" still meant another 100 days. And ideally, I said I wanted to finish the best part of a year in Washington. I asked whether it would be possible to join the cabinet in the middle of November instead. "What difference will a few more months make?"

Rabin said he needed me now, and that mid-November would be too late. "Ehud, in politics, you can never predict what will happen by then." Neither of us could have known how terribly prophetic his words would turn out to be.

* * *

I was not only new to cabinet politics. I wasn't even a member of the Knesset. But in addition to naming me as head of a major ministry – in charge of everything from citizenship and immigration to planning, zoning, and the funding of local government – Rabin made me a member of his "inner cabinet"



HOUSE_OVERSIGHT_011745

on security and foreign affairs. Barely three weeks after I joined the government, we had to decide on the most important agreement with the Palestinians since Oslo. Dubbed Oslo II, it involved a major transfer of authority and territory. The process would begin with our pulling out from more than a quarter of the West Bank, including the major Palestinian towns and some 450 smaller towns and villages. After that, there would be three further redeployment phases, at six-month intervals, in so-called "Area C" of the West Bank – a mix of unpopulated land, settlements and a number of points we'd designated as strategically important. Under Oslo, and its parent agreement Camp David, it was all part of ensuring the Palestinians could exercise their "legitimate rights" in the "single territorial entity" of the West Bank and Gaza – in other words, a path to statehood. But only by the time the final three phases of redeployment were *complete* were we required to begin the "permanent-status" talks on issues like land and borders, Israeli settlements, the future of Jerusalem: the *real* core of a peace agreement.

By the time I joined the discussions on Oslo II in August 1995, the main points had already been agreed. Rabin was in favor, as were virtually all the cabinet ministers. Whatever scant influence I might exercise would have to come at the decisive cabinet meeting, set for August 13. From the objections I'd raised to the Gaza-Jericho deal as chief of staff, Rabin knew I'd be concerned not only to ensure the security provisions avoided potential misunderstandings on the ground, but about the longer-term implications, especially since the scale of the Israeli withdrawals was much larger this time. In fact, the agreement could be interpreted as requiring us to cede Palestinian control over virtually all of Gaza and West Bank by the end of the third redeployment phase –quite possibly before talks on the permanent-status questions had even *begun*.

I went to see Rabin a few days before the cabinet vote. I explained why I thought the agreement was flawed. I argued we should either delay some of our redeployments or bring the permanent-status negotiations forward. He listened to me. He barely spoke. He knew I'd be against Oslo II, and knew the reasons why. But we both knew something else: having been brought into government by Rabin, I would be expected, on a vote of this importance, to be in his corner.

The cabinet vote wasn't happening in a political vacuum. Likud's defeat in 1992 had meant the end of Yitzhak Shamir's leadership. The new Likud leader was the former Sayeret Matkal officer with whom I'd shared a newspaper cover in 1986 predicting that he and I would end up facing each other at the ballot box: Bibi Netanyahu. Positioning himself as the fresh young face of Israeli



HOUSE_OVERSIGHT_011746

politics and vowing to defeat Labor, Bibi had seized on Oslo II to accuse Rabin of "surrendering" to Arafat, and by extension to Hamas terrorism.

I couldn't sleep the night before the cabinet meeting. I had no desire to be disloyal to Yitzhak. I certainly didn't want to add to the pressures on him, much less add further impetus to Bibi's rhetorical onslaughts. But the more I thought of it, the less I could see the point of entering politics if I wasn't going to vote with my conscience. The cabinet meeting lasted for hours. It was near the end that I spoke, calmly and in detail, about my reservations. Many of the ministers seemed barely to be listening. They'd long since made up their minds. But when I'd finished, two ministers passed me notes. Both said the same thing: Ehud, don't do anything crazy. Don't vote against it. So I didn't. But I couldn't vote for it either. I abstained.

Rabin was bitterly upset. He didn't tell me directly. But when the meeting broke up, his longtime political aide, Eitan Haber, took me aside to tell me how that what I'd done was "terrible". Giora Einy came to see me the next day, after Rabin had phoned him in a mix of anger and disbelief. "What *is* this," he'd asked Giora. "The first big vote, and Barak *abstains*?" It wasn't until a few weeks later that Rabin and I spoke alone, over a beer in his office. He didn't raise the question of the vote. So I did. "Yitzhak, I understand it's caused you pain," I said. "But I think you understand I was acting out of what is genuinely my belief and my position." I asked him why, unlike the other ministers, he hadn't passed me a note before we'd cast our votes. "Ehud," he said, "I never write requests or orders on how to vote. Ministers must vote according to their conscience." He didn't mean what I'd done was right. He meant my conscience should have told me, given the importance of the issue, to vote yes.

The tension between us did ease somewhat in the weeks ahead. But the tension *around* us escalated after the cabinet vote. Opinion polls showed the country split down the middle. Settlement leaders and extremist rabbis launched a campaign against the legitimacy of the government, and of Rabin as Prime Minister. Right-wing religious leaders issued a decree rejecting the planned redeployments on the West Bank – "the evacuation of bases and their transfer to the Gentiles" – as biblically prohibited. A new group called *Zu Artzenu* organized a campaign of civil disobedience to try to bring the government down.

The sheer venom hit home during a pair of events I attended with Rabin, to award of the status of "city" to towns which had crossed the required threshold in population and economic activity. By tradition, this was marked by a



HOUSE_OVERSIGHT_011747

ceremony with both the Interior Minister and the Prime Minister present. The first was in Ofakim, near where I'd worked in the fields with Yigal Garber in the 1950s. Shortly after we arrived, a group of protestors started shouting at Rabin. *Manyac*, they yelled, "maniac". *Boged*: traitor. At the second event, near Haifa, busloads of protestors from right-wing religious schools shouted abuse at Rabin when he rose to speak.

As the Knesset vote on Oslo II approached, the hatred reached new levels. The day before, thousands of protesters packed into Jerusalem's Zion Square. Some shouted "Death to Rabin!" Others burned pictures of him, or passed out photos of him dressed in an Arab keffiyeh, or even a Nazi uniform. Bibi had publicly declared that opposition to the agreement must remain within the bounds of the law. Yet as he addressed the baying mob from a hotel balcony, he uttered not a single word of reproach. In fact, he called Rabin's government "illegitimate", because it relied in part on the votes of Israeli Arab Knesset members.

The day of the vote, the mob descended on the Knesset. Rabin had called a government meeting beforehand. When I got there, the crowd was so large that I was taken in through a special security entrance away from the front of the building. But the Housing Minister, Binyamin Ben-Eliezer, arrived late and tried to drive through the main gate. Protestors pounded furiously on his car and tried to break the windows. Our meeting had already begun when he arrived. He had spent nearly as long as I had in the army, but he was shaken. Interrupting Rabin, he banged his fist on the table. "I've been on battlefields," he said. "I've been shot at. I know how to read a situation. I *saw* their faces. It's insane! It is beyond anything rational, this kind of hatred." Pounding the table again, he shouted: "I warn you. It will end with a murder! It will end with a murder!" Rabin motioned for calm. He, too, was concerned by the rhetorical violence, even more so now that it was becoming *physical* violence. But as he would tell an interviewer a few weeks later, he simply didn't believe that "a Jew will kill a Jew." Nor, at that point, did I.

After the Knesset vote, which passed by a margin of 61 to 59, plans got underway for a rally in defense of the peace process, and against the tide of hatred on the right. It was the idea of two people: Shlomo Lahat, a Likud mayor of Tel Aviv who now backed Oslo, and a French Jewish businessman named Jean Frydman, a friend of Shimon Peres whom I had got to know and like. But in several of the early planning discussions in which I was involved, Rabin was against the rally, which was to be held in the huge Kings of Israel Square in the



HOUSE_OVERSIGHT_011748

heart of Tel Aviv. He was worried that not enough people would show up, and that those who did would be from the left: Meretz, not Labor, people who would be there mainly to *criticize* him for not going far, or quickly, enough in pulling out of the West Bank.

In the end, he was persuaded it should go ahead. In fact, by the time the date approached – Saturday evening, November 4 – he seemed to be feeling more energized, and upbeat. I wouldn't be there, because I was going to New York as the government's representative at a fundraising dinner that same night for the Yad Vashem Holocaust memorial. A few hours before leaving, however, I met with Rabin. We'd found a 15-minute window in his schedule, but we ended up talking for an hour. He said he knew that, in some ways, the difficulties surrounding the peace talks were likely to get worse. Hamas would not abandon terror. The kind of intolerance we were seeing from the right wing was not going to go away. He was furious at Bibi, who in his view was hypocritically going through the motions of calling for restraint and pretending to be unaware that the mobs were full of Likud voters. "They're his people," he said, "and he knows it."

But he was relishing the idea of taking on Bibi in the next election, due in about a year's time. Though Rabin was trailing in the polls, he was confident of turning that around once the campaign began. "The main thing is that the party isn't focused. We have to get serious about preparing," he said. He was worried about the effect of inevitable tensions between his supporters and Peres's over how to run the campaign. "Bring back Haim Ramon," I suggested. I knew by now that Haim had helped orchestrate the false story which *Yediot* had run about Tze'elim. But I also realized he was a Labor heavyweight and that, although he'd left the government, he remained personally close to Yitzhak. "Yes," Yitzhak replied, nodding, suggesting that we talk through the idea in detail when I returned from New York.

I was in my room at the Regency Hotel, on New York's Upper East Side, when the phone rang on Saturday afternoon. I was dimly aware that the Tel Aviv rally had been going on back home, but was more focused on preparing my speech for the Yad Vashem event. "Ehud, *Ehud*!" It was Nava, her voice barely understandable through the sobs. "Rabin has been shot!"

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HOUSE_OVERSIGHT_011749

Danny Yatom called me a couple of minutes later. He said Rabin was still alive. But from the details he gave me, I knew it would take a miracle for him to pull through. "Three shots, from close range," Danny said. "From an *Israeli*, a *Jew*." Like Rabin, like me too until this had actually happened, it was something Danny was struggling to believe. He said that he'd call me back when he knew anything more. But I had the TV on in the room. Before he did, I watched Eitan Haber announce that Yitzhak Rabin was dead.

Although I hadn't known it until I'd arrived, Yossi Beilin was also in New York, for meetings and a speech of his own. Though he was a Peres protégé, and I was seen as closer to Rabin, the two of us had become friends. We immediately made plans to get the next flight home. But before leaving for the airport, I phoned Leah Rabin. However inadequate I knew it would be in helping her even begin to cope with the loss, I told her that my, and Nava's, thoughts were with her. That Yitzhak's death would leave a tremendous hole, in all of us, in every single Israeli. "They shot him," she kept murmuring. "They shot him. They shot him. They shot him." I called Peres, too. "Shimon, you have a mountain on your shoulders," I said. "But your task is to carry on. All of us will be with you, supporting, helping however we can."

It was the saddest flight I'd ever taken. Yossi and I barely spoke. Each of us was deep in thought. I found myself lost in memories of Rabin – from the very first time I'd met him, in the sayeret, to that last, long talk we'd had in his office a couple of days earlier. For some reason, I kept wondering whether, when the shots had been fired, he'd been turning to look behind him. It was an idiosyncrasy he had, whenever he was leaving a meeting or an event – even, as I now recalled vividly, when the two of us were leaving the municipal ceremony in Ofakim. I was behind him as we left. "Ehud," he said, turning back, "are you there?" It was a senseless detail. It wouldn't change anything. But I still felt torn up inside thinking about it.

After we landed at Ben-Gurion, I went with Nava to the Rabins' apartment in Ramat Aviv. There were hundreds of people outside, and nearly a hundred crowded inside the flat. Leah looked exhausted, her face ashen. "They shot him," she said over and over as Nava and I hugged her. "Three shots. In the back. *Why*?" I said there was no sane answer, but that with Yitzhak's death, Israel seemed different, the world seemed different, and emptier. Before we left, we added our candles to the forest of flickering memorial lights outside the apartment block. Then, we drove the Kings of Israel Square. Thousands of people were huddled in small groups throughout the plaza, sitting around



HOUSE_OVERSIGHT_011750

thickets of candles and chanting, almost prayerlike, anthems of mourning and of peace.

For reasons I couldn't explain, I felt the need to see the place, near the front of the square, where Rabin had been murdered, by a 25-year-old Orthodox Jew and settlement activist named Yigal Amir. Standing there with Nava, I felt even more strongly what I'd told Leah by phone from New York after hearing Yitzhak was dead: his murder would leave a huge hole – in me, in all Israelis. He was an extraordinary mix of qualities: a brave officer, first in the pre-state Palmach and then the new Israeli army; a chief of staff and defense minister at critical periods in our history. Shy, even at times uncertain or hesitant, and naturally cautious. Decisive, too, when he felt that he, and Israel, needed to be: whether on Entebbe, or the prospect, with all its risks, of launching an operation to kill Saddam Hussein. Humane, too: ready to negotiate with terrorists to save the lives of those they were planning to kill, unless he was confident our soldiers could save them first. Underpinning it all was a dedication to fighting and defeating Isael's enemies, yet a mindfulness that the real victory, if and when it was possible, would be genuine peace with our neighbors. He and I had had differences over particular policies: leaving our troops in Lebanon, for instance, or more recently the architecture of Oslo. But I never doubted that we were lucky to have Yitzhak leading Israel on the inevitably fraught road to a negotiated peace. I never ceased to believe there was no politician more suited to the role: that he would do everything he could to achieve it, yet would step back if he saw that he was putting Israel's security at risk.

On Sunday evening, Peres called a cabinet meeting in the *kirya*. He said our task was to continue what Rabin had begun, and that at least for now he would fill Rabin's shoes not just as Prime Minister but Defense Minister as well. The whole country stood still, shocked, until the state funeral two days after the assassination. It was attended by dozens of leaders from around the world. My role was to escort King Hussein and Queen Noor. On our drive into Jerusalem, we passed the Old City walls. We were barely a mile from the stone terrace, above the Western Wall of our ancient temple, where the golden Dome of the Rock and the Al-Aqsa mosque stand. I knew Hussein had been there as a boy when his grandfather, King Abdullah, was shot and killed by a Palestinian amid rumors he was contemplating peace with Israel. Now, Rabin had been murdered, by an Israeli. "To me, it's like the closing of a circle," Hussein said. "Those who are murdered because they are not extreme enough. Because they look for normalcy, and peace."



HOUSE_OVERSIGHT_011751

Yitzhak's murder had acted like a kind lightning strike, freezing Israelis in a mix of disgust over what had occurred and awareness of the dangers this brand of hatred and extremism posed. I was concerned the moment would be allowed to pass. My hope was that we could seize the opportunity to bring together all those Israelis – on left and right, secular and Orthodox, Ashkenazi and Sephardi – who were prepared to stand up against the fanaticism, the violent messianism, of which Yigal Amir was just a part. That was the main reason I wanted Peres to call an early election, an issue that would be discussed, off and on, over the next few months. I felt the time was right to present the country with a choice: not just between those for and against specific compromises being contemplated in pursuit of peace, but between those who wanted a tolerant, functioning democracy and those who were ready to use demagoguery and violence to get their way.

Peres's first order of business was to put in place a new cabinet. He did, briefly, consider giving up the Defense Ministry and putting me there. But instead, he made me Foreign Minister. Like Rabin before him, Shimon stipulated that he, as Prime Minister, would retain authority over the peace negotiations. Still, with his agreement, I was involved in all the discussions around the peace talks, and in meeting many of the Arab leaders we'd have to negotiate with if we were to find a lasting resolution of the Arab-Israeli conflict. Just a few weeks after the assassination, I represented Israel at a Euro-Mediterranean Partnership conference in Barcelona. Its only real diplomatic work consisted of ironing out the wording of the communique. The real value was in the corridors, and at the dinner held at one of King Juan Carlos's palatial estates, and, for me, a first opportunity to meet not only Arab foreign ministers but Yasir Arafat.

My first, brief encounter with Arafat began a bit embarrassingly. I'd arrived a few minutes early for the conference dinner and was led into an impressive hall that was almost empty except for a wonderfully cared-for royal Steinway. I sat down to play. Lost in the beauty of a Chopin sonata, I was completely unaware of PLO leader's approach behind me. A bit awkwardly, I rose to greet him. I grasped his hand. "It's a real pleasure to meet you," I said. "I must say I have spent many years watching you – by other means." He smiled. Our hosts had set aside time after dinner for the two of us to talk at greater length, with no aides present. But my hope was to begin by establishing simple, human contact; to signal respect; to begin to create the conditions not to try to kill Arafat but, if he shared the same goal, to make peace with him. "We carry a great



HOUSE_OVERSIGHT_011752

responsibility," I said. "Both of our peoples have paid a heavy price. The time has come to find a way to solve this."

In the half hour we spent together later, I could see that, physically, the Fatah leader from Karameh was not just older. He had a frailty about him. His skin seemed almost translucent in places. His hands shook slightly, with the early signs of Parkinson's. He spoke softly. But despite this ostensibly vulnerable exterior, I could see how daunting, and frustrating, he must be a negotiating partner. Henry Kissinger has described how Mao Tse-Tung, rather than engage directly in discussion or debate, tended to wrap his remarks in parables. Without stretching the parallel too far, Arafat was like that. While I tried to engage him on how each of us might help cement the Oslo process, and ensure that the interim agreement indeed led to a full peace, he responded with stories, or off-topic remarks, which I was left to unwrap and decipher.

He began our discussion by saying that now that I was Foreign Minister, he was glad to meet me. He said that he'd heard "reports" from his intelligence people that when I was chief-of-staff, I had organized a kind of dissident band of generals who were working to torpedo the Oslo agreements. He compared this to the OAS, the military cabal in France that had opposed De Gaulle. I could only laugh. I told him I'd actually spent two months with OAS men years earlier, in Mont Louis, but that Israel was different. Even at times of the toughest of disagreements, we were a family. An "Israeli OAS" would never work, even if I had been crazy enough to contemplate such a thing. Which, I hastened to add, I was not.

There was another idiosyncrasy I encountered in Arafat. He was constantly writing notes as we spoke. I didn't mind that. But it did strike me as slightly diluting the kind of frankness and openness I would find in most of the one-on-one meetings I went on to have with foreign leaders as Peres's Foreign Minister. Maybe he did it just as a kind of aide-memoire. But certainly in later meetings I had with him, it did have the effect to making me choose my words more carefully. That, I believed, reduced the prospect of exploring more creatively the boundaries of each of our official positions. It also helped Arafat to argue, as he did on more than one occasion, that Rabin, or Peres, or whatever Israeli interlocutor he chose to name had promised him such and such. He always implied this was based on his written record, though he never produced any evidence to that effect. He also never seemed to have recorded anything that *he* had promised Israelis.

I tried, with only partial success, to engage some of the other Arab foreign



HOUSE_OVERSIGHT_011753

ministers when we'd arrived in the banqueting hall. I did have a good talk with Egypt's Amr Moussa, and the foreign ministers of Morocco and Tunisia. When I tried to start a conversation with Syria's Farouk al-Sharaa, however, he pointedly, though politely, said he felt that would not be appropriate. President Assad had broken off talks with us earlier in the year, insisting that we first commit explicitly to honor Rabin's "pocket deposit" on the Golan Heights. Still, in my formal remarks at the dinner, I urged both sides to resume our effort to negotiate an Israeli-Syrian agreement. Sharaa's response was, again, unencouraging. But I did notice, and take heart from, the fact that it was neither polemic nor overtly hostile towards Israel.

When I returned to Israel, I found that Peres, too, wanted to restart the negotiating process with the Syrians. The effort took on fresh momentum after a meeting at Peres's home in Jerusalem in early December, ahead of his visit to Washington for talks with President Clinton. Itamar Rabinovich and I had each met with him separately a few weeks earlier to brief him on how the talks with the Syrians had gone under Rabin, and why they'd reached an impasse. We emphasized Assad's insistence on a preemptive agreement on our leaving the Golan. Peres now came forward with a plan. It was the diplomatic equivalent of what the Americans, a few years later in the second Gulf War, would call "shock and awe." This was "dazzle and befuddle." As Peres explained it, we would flood Assad with proposals: not just on land or security, but everything from water and electricity to tourism and industrial zones. Assad was in personal control of the Syrian side of the talks. The mere volume, range and complexity of the simultaneous engagement Peres had in mind would, he hoped, dilute his focus on the Golan. "The best results are extracted from confusion," he said. Having watched President Assad operate for years, when I was head of intelligence and chief of staff, I said I was skeptical. I used the image of a bulldog. "It comes into your living room with one aim: to lock on to your ankle. You can throw fireworks, cookies, balloons, a tasty bone. But it's a bulldog. It's still going to move another step toward your ankle." For Assad, the ankle was the Golan.

I understood why Peres wanted to make a new effort to get peace with Syria. Obviously, it was something to be desired in itself. It would transform the terms of our conflict with the Arabs, and maybe even bring within reach the hope of ending it altogether. But there was a political consideration as well. For all his other accomplishments, Peres had a record of repeated electoral defeat as head of Labor. This next election would be the first held under a new set of rules. Instead of merely choosing lists of Knesset candidates, Israelis would cast two



HOUSE_OVERSIGHT_011754

votes: one for a party list and one for a directly elected Prime Minister. This would be a *personal* test, an opportunity for Shimon to build on the still-tenuous achievement of Oslo and finally secure the endorsement of the Israeli people.

It seemed, for a while, I might even have a role. A few days later, Peres and I met again. In Israeli elections, the campaign manager is called head of *hasbarah* – media and public-information planning. He told me he still didn't know exactly when he would call the election. But he asked me to take on that role.

* * *

Both Peres and I proved to be right about the Syrians. The negotiations did resume, and two rounds of talks were held at Wye River, on Maryland's eastern shore, in December 1995 and January 1996. They did focus on the whole range of issues in an eventual peace, just as Peres had hoped, and some progress was made in identifying areas of potential agreement. But the bulldog never took its eyes of our ankle. There was no escaping the fact that without addressing the question of our withdrawal from the Golan Heights, we weren't going to get to the next stage. So a decision had to be made.

Peres, no less than Rabin, knew what the trade-off would be. Israel needed a series of ironclad security arrangements, and a *genuine* peace, rather than just agreement to a cessation of hostilities. Syria would demand to get back all, or at least virtually all, of the Golan. Peres now focused on clarifying, in his own mind, whether we should be willing to agree to trade the Golan for a peace treaty. Our key meeting took place in early February, in the underground bunker in the *kirya*. Peres asked Amnon Lipkin, as chief of staff, and our other top generals for a presentation on their view of the security arrangements required with Syria under a peace deal. They recommended that Israel insist on keeping a sizeable part of the Golan, as well as a range of demilitarization provisions which reached pretty much to the edge of Damascus. I'd been asked for my view by Rabin when I was chief-of-staff. Obviously, from a purely military standpoint, the ideal situation would be to keep the whole of the Golan Heights. No chief of staff was going to recommend pulling out. But I'd always added a rider: to withdraw as part of a peace agreement, with all its other likely benefits, was not a *military* question. It was a decision for the government. The relevant question for a *chief of staff* was whether we could ensure the security of Israel if the government decided on a withdrawal, to which I answered yes.



HOUSE_OVERSIGHT_011755

I suspect Amnon would have said much the same thing. But that wasn't the question he'd been asked. As the proceedings wound down, Peres looked glum. Maybe he was anticipating the potential leaks of army concerns about a Golan withdrawal if we did get closer to a deal, and the venomous political attacks he could expect from the right. Bibi's stated view on a deal with Syria at the time was that we could get peace *and* keep the Golan. It was classic Bibi, spoken with verve and conviction as if simply saying it would make it true.

When the presentation was over, Peres called us into a small room in the bunker reserved for use by the Defense Minister. As Foreign Minister, I was the only cabinet member with him – along with Uri Savir, Peres's senior deputy for peace negotiations and several other Peres aides. If there had been a discussion, I would have told him that as long as he felt the talks were progressing, he could ignore Amnon's presentation. If we didn't get a deal, it would be irrelevant. If we did, the military could find ways to deal with the security issues. But he just looked at us and said" "We're going for elections." A few days later, the date was set for May 29, 1996. Yet that would turn out not to be the end of Peres's doubts or difficulties. It was only the beginning.



HOUSE_OVERSIGHT_011756

The first attack in the wave of Hamas suicide bombings destroyed a Jerusalem bus at 6:42 a.m. on February 25, 1996. It left 26 people dead, and nearly 80 injured from nails and shrapnel packed into the explosive charge. The second was near Ashkelon. The bomber, dressed in Israeli uniform, joined a group of young soldiers and blew himself up, killing one of them. A week later, a third suicide attack blasted the roof off a bus on the same Jerusalem commuter route, leaving 19 more dead. And on March 4, a 24-year-old Palestinian walked up to the entrance of Tel Aviv's busiest shopping center, on Dizengoff Street, detonated 30 pounds of explosives, and killed 13 people. At the bomb scenes, bloodied survivors and crowds of pedestrians surveyed a hellscape of twisted metal, shards of glass and mangled body parts. While most Israelis were too shaken to worry about the immediate political repercussions – and Bibi was careful, at least in the immediate aftermath, not to try to score political points –Peres's reelection campaign seemed to lie in tatters almost before it had begun.

The attacks were not a surprise. As I'd argued to the Washington think-tank audience before joining the government, the peace promise of Oslo had been assailed from the start by a new alliance of Islamist Palestinian violence: mainly Hamas, and Islamic Jihad on the West Bank. They saw Arafat as a traitor who had sold out to Israel. For them, the issue wasn't just Israel's capture of the West Bank and Gaza in the 1967 war. It was *1948*: they opposed any Jewish state, anywhere in Palestine. In a campaign of terror that made the first weeks of the intifada seem almost easy to deal with, they began sending self-styled holy warriors to murder Israeli civilians, and sacrifice their own lives, in the expectation of Allah's rewards in the world to come. During the two years following Oslo, they'd mounted ten suicide attacks, leaving nearly 80 Israelis dead. The attacks had actually stopped since the summer of 1995. But when the election date was announced – with Peres holding a roughly 15-per-cent lead in the polls – political commentators both in Israel and abroad began speculating about a resumption of terror. For Hamas, the election presented not just an opportunity to kill innocent Israelis but, by helping defeat Peres and Labor, perhaps to kill Oslo as well.

Even before the bombings, our campaign was struggling for focus, energy and even purpose, beyond the aim of getting more votes than Bibi Netanyahu. Despite



HOUSE_OVERSIGHT_011757

Peres's assurance that I'd be the campaign manager, that hadn't happened. I wasn't really surprised by that, however. When he offered me the job, I wondered how he'd managed to clear it with much more established Labor politicians. It turned out he hadn't. Haim Ramon, the veteran whom I'd urged Yitzhak to bring back for the election, was put in charge. Shimon did ask me to head a small advisory team which reported directly to him, but all the key decisions were taken at weekly strategy sessions chaired jointly by him and Ramon. I still hoped to make the campaign a referendum on Yitzhak's murder, and on the need to recommit Israel to democracy and dialogue over vitriol and violence. But Haim began with the assumption that, given Peres's lead in the polls, we should simply play it safe, ignore the issue of the assassination, and try to ignore Bibi, too. He described it as a soccer match. We were leading by two goals, he told our first strategy meeting. The other side was never going to score unless we screwed up. "To win, we do what all good teams do. We play for time. We kick the ball around. We kick the ball into the stands. We wait for the final whistle." I tried, without success, to argue that we were underestimating Bibi. "He may be young and inexperienced in national politics. But I know him from when he was even younger. He knows how to analyze a task, break it down, work out a plan and execute it systematically and tenaciously. If we play it safe and don't *define* the campaign, he'll seize on every error we make and *he* will define it."

I wanted us at least to connect with Yitzhak's legacy. I argued to both Peres and Ramon that we should promote Shimon as the candidate with the background, experience and vision to take forward what he and Rabin had begun. I also wanted us to echo a core assumption in all that Yitzhak did as a military and political leader: that peace was achievable only if Israel and its citizens felt secure. Even before the renewed terror attacks, I argued that we had to recognize that, much as Israelis yearned for peace, many were conflicted and fearful about the Oslo process. I said our central campaign message should be *bitachon ve shalom*. Security and peace. "In that order," I added. "We should tell voters openly that we expect groups like Hamas to try to launch attacks. But they don't *want* a secure Israel. They don't want peace. *Don't play their game*."

Yet the scale and intensity of the bombings threw everything into crisis. After the bomb in the Dizengoff shopping mall, Peres called an emergency cabinet meeting at the *kirya*. He knew that we had to find a way to reassure Israelis we were getting a grip on the situation. We had got a start in our regular Sunday



HOUSE_OVERSIGHT_011758

cabinet meeting the day before, by reviving an idea I'd supported under Rabin: to build a security fence all along the edge of the West Bank, with a series of controlled crossing points for people and goods. Yitzhak had said no at the time, because he was worried it would be seen as a *de facto* border and undermine the idea of building coexistence. My view then, and even more so now, was that we would never get to the point of negotiating a final peace with the Palestinians unless we could stop at least most of the terror attacks before they happened. Peres, too, had been worried about "undermining coexistence." But now, he and the rest of the cabinet were so shaken by the carnage Hamas had left that they approved the idea of a security barrier.

At our *kirya* meeting, hours after the latest bomb had exploded less than a mile away, Peres recognized we had to go further. Under Oslo, we had begun giving the Palestinians control over internal security in Gaza and parts of the West Bank. Since the new Hamas attacks, Arafat had been *saying* the right things. After the first bomb in Jerusalem, he'd phoned Shimon to offer condolences, telling reporters afterward that this was "a terrorist operation. I condemn it completely. It is not only against civilians, but against the whole peace process." Yet when it came to *action*, we saw no sign that he was willing, ready, or perhaps able to crack down on the Islamist terror attacks. So Peres now announced that, if necessary in order to detain known terrorists, we would for the first time send Israeli troops back into areas where control had been handed back. If Arafat didn't act, we would.

On the political front, Peres did get some good news: President Clinton, anxious to preserve the progress he'd worked so closely with Yitzhak to achieve, organized an unprecedented show of international condemnation of the terror attacks. With Egypt's Hosni Mubarak, he co-chaired a "Summit of Peacemakers" in Sharm al-Sheikh with the participation not just of an equally concerned King Hussein, and of course Arafat, but leaders of Arab states from North Africa to Saudi Arabia and the Gulf. The only significant holdout was Syria's Hafez al-Assad. He objected because he said the conference was too focused on Israel. As Foreign Minister, I accompanied Shimon to the summit. A single day's meeting was never going to end terror. But it was unprecedented in the breadth of Arab engagement in an initiative that, as Assad had anticipated, didn't just condemn terror in general. It specifically denounced the attacks being launched inside Israel.



HOUSE_OVERSIGHT_011759

I'd met President Clinton briefly once before, when he received Syrian chief-of-staff Hikmat Shehabi and me after our Blair House talks in 1994. But the Sharm conference provided my first opportunity to spend time with him face-to-face. When Peres and our delegation were about to leave, a Clinton aide approached and said the President had asked whether I'd like to join him on the flight back to Israel. Though as surprised as I was by the invitation, Shimon nodded at me to signal it was okay, so I headed off for Air Force One. I spent most of the brief flight talking to the President in the office space carved into the middle of the plane. I would later discover that he quite often tried to engage with foreign leaders' colleagues or advisers on overseas trips, and not limit himself to summit negotiations. It was part of his voracious appetite for information or insights which he believed were essential to get a rounded understanding of the complexities of the issues he was trying to address. Still, it was an extraordinarily fascinating 20 minutes. I got my first real look at Clinton's natural gift for person-to-person politics, as well as his mastery of both the detail and nuance of Israel's predicament, and of the wider conflict in the Middle East. Looking straight at me, almost never breaking eye contact, he encouraged me to feel I had something of value and importance to share with him. In fact, he created the impression that I was the first sentient, intelligent human being he'd ever met. He made no grand policy statements. Mostly, he asked me questions: what were the prospects of Arafat reining in Hamas and Islamic Jihad? How were our relations going with King Hussein? What was my view of the chances of concluding a peace with Hafez al-Assad, despite his boycott of Sharm al-Sheikh? If Shimon did go on to win the election, what new diplomatic opportunities could he as president, and we, exploit in the search for peace? And, finally, what if *Bibi* won? I dare say this first meeting was more memorable for me than for the president. But it would turn out to provide a foundation for our joint efforts, in a few years' time, to resolve the very issues we'd talked about on Air Force One.

* * *

Though the summit restored a small opinion poll lead for Peres, that merely reinforced Haim Ramon's soccer-game strategy. I was more convinced than ever it was wrong. Haim still wanted to ignore Bibi, but I pointed out that for at least one



HOUSE_OVERSIGHT_011760

reason, that was absurd. Near the end of the campaign, there was going be a head-to-head television debate. In the meantime, though Bibi might be many things, he wasn't stupid. He was already telling voters that while Peres was making deals with Arafat, ordinary Israelis were being left to wonder where the next terrorist would strike. He would surely ramp up the accusations that Peres was "weak on security," especially if there was more violence. To assume that if we just sat back we would win seemed to me complacent and risky. Yet when I mentioned to Shimon that a couple of our internal polls still actually had Bibi slightly ahead, he just laughed. "I have good polls," he said. "Why should I believe the bad ones?"

Then, however, violence intervened again. It was not Hamas this time. Beginning on March 30 and escalating sharply 10 days later, Katyusha rockets rained onto towns and settlements in northern Israel by Hizbollah – the first sustained attack since the cease-fire in 1994. It was pretty obvious that, like Hamas, the Iranian-backed Shi'ite militia in Lebanon was not just targeting Israeli civilians, but Oslo, and Peres's chances of winning the election. The last thing Shimon wanted was for tens of thousands of people in the north of Israel to be cowering in shelters during the final stretch of the campaign. So on April 11, he ordered a major military operation in Lebanon.

I wasn't party to the discussions about the operation. But the model chosen was similar to the one I'd drawn up in 1994: a large-scale air and artillery assault designed to hit Hizbollah hard, force civilians to flee and persuade the Lebanese and Syrian governments to commit to a US-mediated end to the rocket attacks. Again, all of that happened. But not before a tragic accident which brought a storm of international criticism and hastened the end of the operation. An Israeli special-forces unit was ambushed while providing laser targeting support for an air force strike. When it called in artillery support, four of the shells fell on a UN compound near the Lebanese village of Qana, killing more than 100 civilians seeking shelter inside.

Peres phoned me a few hours later, distraught not just because the wayward artillery strike had laid us open to charges of "targeting" civilians in an operation designed to try to avoid doing so. Also, because the accident seemed likely to deal a further blow to his efforts to convince Israel's voters that he, rather than Bibi, was the man best placed to lead the country. "We're in trouble," he said. Yet within days, it became clear that our basic campaign strategy – ignore Bibi and "kick the ball into the stands" – was not going to change. I did make one last



HOUSE_OVERSIGHT_011761

attempt to help put us on the political offensive, after I was asked to record on of Labor's TV campaign messages. I knew what I wanted to say. I'd talked it over with the small group of campaign experts Peres had asked me to assemble alongside Ramon's main team. Rather than ignore Bibi, I was going to use my position as his former commander in Sayeret Matkal, someone who knew him well, to explain why *Peres* should lead Israel.

"How many of us can really understand what it means to be a Prime Minister?" I began. "As head of intelligence, and chief of staff, I have seen, close-up, what it takes to be a Prime Minister. It is not a game. We've had good Prime Ministers: Ben-Gurion, Peres, Rabin, Begin... Bibi, we know each other well, from the days when you were an officer under my command. A young officer, and a good one. Prime Minister is the most important and serious role in this country. Bibi, it's not yet you. We need an experienced leader, who will know how to guide us with wisdom, strength and sensitivity. Shimon Peres is that man."

Yet we were never going to be able to avoid engaging with Bibi altogether. The face-to-face television debate between the two candidates was set for May 27, two days before the election. By American standards, the format was fairly tame. No direct exchanges were permitted, only a series of questions directed at each candidate by a leading political journalist, Dan Margalit. Still, it would place Shimon and Bibi side by side. We spent two days prepping Peres, with Avraham Burg – an early Peace Now supporter, former Peres aide and Knesset member – standing in for Bibi. Avraham played the role well, anticipating the lines of attack Shimon would face. But as I watched, I worried that even he couldn't replicate one of Bibi's key advantages. During his time at the embassy in Washington, and especially as UN ambassador, Bibi had become a frequent presence on American television interview shows. Always articulate, he was now also an experienced, and completely comfortable, television performer. In our debate rehearsals, Peres sounded well versed on all the issues. Yet I sensed his problem wasn't going to be the message, but the medium. He sounded a bit distant, unengaged, almost as if the TV debate was something he knew he had to go through, but which he thought slightly sullied the proper purpose of politics.

In the real debate, Shimon seemed to convey the sense that merely being in the same studio with a pretender as raw and untested as Bibi was offensive. When each of the candidates was given the opportunity at the end to ask a single question of the other, Peres didn't even bother. He did come over as the man with much more



HOUSE_OVERSIGHT_011762

experience, gravitas, substance. He also had what was probably the best line in the debate, saying that if Israeli voters were choosing a male model and not a Prime Minister, Bibi might indeed be their man. Yet Bibi was much the more polished performer, and the more focused. No matter what question Margalit asked him, he almost invariably answered with the driving message of his campaign: that because of Peres, Israeli citizens were living in *fear*, wondering where the next suicide bomber would strike or the next Katyusha would land. And unavoidably, there was another contrast as well: Bibi, who, after all, was 26 years younger, projected greater youth, energy and confidence. When it was over, and Peres asked us how he'd done, we all hemmed and hawed. Only Avraham Burg was prepared to offer a clear verdict. He told Peres that Bibi had been the clear winner.

Still, it remained possible that Ramon's football-game strategy might work. Though Peres's poll lead had been narrowing by the day, he was – just – ahead. With a large number of voters undecided, however, Bibi pulled one final trick out of his campaign bag. Under Israeli law, election spending is tightly regulated and nearly all campaigning is barred during the last 48 hours before polling day. Yet with the backing of wealthy overseas supporters, the Netanyahu campaign suddenly flooded Israel with blue-and-white banners under the slogan: *Bibi, Tov la Yehudim*. "Bibi is good for the Jews." Would it swing tens of thousands of votes among the Orthodox voters who were the main target? It was impossible to say. But it seemed clear it was going to be a very close election.

I had worried for some time we might lose. That was why Nava and I had persuaded Michal, our eldest daughter, to bring forward her wedding. She was marrying her teenage boyfriend, a wonderful young man named Ziv Lotenberg. They had originally planned it for a week later. But we did want to risk having it overshadowed by an election defeat. The wedding took place in a beautiful area of lawns and gardens called Ronit Farm, north of Herzliya. It was how weddings are meant to be, full of smiles, good food and dancing. Near the end, Shimon showed up. As he walked over to greet us, one guest after another shook his hand, patted him on the back, hugged him, wished him luck. It was as if all the pressure and tension of the campaign had suddenly flowed out of him. He smiled, returned the embraces, even joined in the dancing. When he left, I told him that he'd done all he could to secure victory, and that I hoped the voters would make the right choice.

The first exit polls suggested he was going to win. But our internal polling was less clear. As more and more votes were counted, Shimon's margin inexorably



HOUSE_OVERSIGHT_011763

narrowed. It wasn't until the next morning that the final result was clear: Bibi Netanyahu had won. By 29,000 votes. If a mere 15,000 of the three million ballots cast had gone in our column instead of his, Shimon Peres would have remained Prime Minister.

I knew he'd be feeling crushed. Not just on a personal level, because this latest electoral defeat had been in was a direct, head-to-head vote for Prime Minister. He, like all of us who had campaigned for him, knew what was at stake for the country. It had been barely six months since Rabin was gunned down in Tel Aviv's main square, by a fellow Israeli riding a tide of hatred so blinkered that it could paint Yitzhak – who had worked all his life to create, defend and help develop the Jewish state – as a traitor, even a Nazi. All because he had decided to try to make peace with the Palestinians, at the price of ceding control of part of the biblical land of Israel. Bibi had gone through the motions of urging restraint. But politically, he had ridden their wave. It was hard not to see his victory over Peres as a triumph for the ugly intolerance and the venom that had claimed Yitzhak's life. In policy terms, it was in large part a rejection of both men's vision of an Israel that, while still ready to fight if necessary, could explore compromise in the search for the ultimate prize of peace. The last time Yitzhak and I had talked, he'd been confident of defeating Bibi at the polls, and I do believe he would have won. But despite his differences with Peres, I'm equally certain he would have wanted *Shimon* to win, not just for his sake but for Israel's.

I had got to know Shimon, too, during my years in the *kirya*. In fact, he was the Labor leader who first spoke to me openly about one day moving into politics, something Yitzhak was always punctilious in not broaching before I'd left the army. Shimon had also taken to including me – usually along with Yossi Beilin and Shlomo Ben-Ami, a bright young historian who would become our ambassador to Spain before entering politics himself – in a coterie of "youngsters" he would bring along to meet visiting dignitaries from abroad. He occasionally invited me to chat about military and security issues in his and Sonya's flat in Ramat Aviv. My personal ties to Rabin were stronger, of course. After I joined the government, Shimon's and my relationship became slightly more circumspect. But since the assassination, some of the old warmth had returned. Not just as his foreign minister, but in discussions on wider questions of security as well, we worked closely together.



HOUSE_OVERSIGHT_011764

Within days of the election, however, there was a new source of potential friction between us: Shimon's future, and possibly mine, in leading our opposition to Bibi and bringing a Labor government back to power.

* * *

The question of Peres's leadership was unavoidable. Labor's constitution mandated a vote for party chairman within 14 months of an election defeat. But the widespread assumption was that Shimon would run again. A little before midnight on election day, with the returns beginning to show we might lose, I was invited to a morning-after breakfast by two senior Labor ministers: Fuad Ben-Eliezer, the man who had delivered the table-thumping warning that the hatred on the far-right would lead to a murder, and Avraham Shochat, Finance Minister under both Rabin and Peres. Both had been in the Knesset since the 1980s. Both were part of two of Peres's earlier, failed, election campaigns. Both now said that they weren't prepared to see him lead us into electoral battle the next time around. "Everyone in the party understands the meaning of this defeat. Shimon is done," Shochat said, as Fuad nodded his agreement. "You will have to go for the leadership."

Though their endorsement was a surprise, it would be disingenuous to pretend I hadn't been thinking, at some stage in the future, of running for the party leadership. But my election-campaign differences with Ramon and Peres were not just for the sake of intellectual argument. I badly wanted us to win: both for Peres's sake and the country's, and to redeem and continue all that Yitzhak had sacrificed. Despite my misgivings about some aspects of the Oslo process, I did believe there was a possibility of achieving peace with the Palestinians. I knew, from my involvement in the talks with the Syrians, that the outline of a possible peace agreement with Assad was already in place. I frankly wasn't confident that Bibi was the man to lead it forward. Yes, he was smart. He was organizationally astute. He'd been a good sayeret officer. Yet as I'd said it my TV spot, being Prime Minister required much more than that. I was now an elected Knesset member. But I had gone into politics in the hope of making a difference to how Israel confronted its defining challenges of war and peace. The prospect of spending the next few as a mere opposition foot soldier, making speeches and sitting in committee sessions,



HOUSE_OVERSIGHT_011765

seemed to defeat the purpose of going into politics in the first place.

Still, I had no appetite for rushing into a challenge to Peres's leadership, both because it was bound to be difficult for both of us, and frankly because it seemed rash, premature and maybe even unnecessary. Bibi was beginning the negotiations to form a government, and that process was likely to take at least a few weeks. Shimon had yet to signal whether he did intend to stay on. Still, when he invited me for a late-night chat at his apartment a week after the election, I was concerned *he* might raise the leadership issue and I knew that, if he did, I would have to be honest and open with him.

The conversation went very differently than I'd expected. After he'd poured each of us a glass of Armagnac, and offered me a plate of Sonia's cakes, he spoke for a while about Bibi, though he could not even bring himself to utter the name. *This man,* he said, knew nothing about leadership, much less about running the country. He would be outmaneuvered, overshadowed and ultimately controlled by the "real strongman" in the Likud: Arik Sharon. I said I thought we were again underestimating Bibi's strength, as well as the effect of the country's new electoral system. He was the first Prime Minister to enjoy a direct, personal mandate. That turned upside down the balance of power and influence in our politics. As he assembled his coalition, the other parties, if they wanted to be in government, would have to deal with him on his terms. So, to a much greater extent than before, would potential internal rivals.

As we talked, I was struck that Shimon seemed resigned to the election defeat, relaxed, more at ease with himself than at any time since the start of the grueling campaign. Then, quite suddenly, he said: "Ehud, I understand the meaning of the election result. "You will have to take on the leadership, and lead the party." He said he didn't plan to spend the rest of his years hanging around the apartment. He would remain active – "working for peace" – but no longer in the party political arena. "I understand the meaning of what has happened," he repeated. "I will pass the Labor leadership torch to you. We should find a way to do it quickly, and in the right way."

It was nearly three in the morning when I left. I was not just surprised, but touched, by what he'd said. Shimon was now nearly 73. He'd had a life in our country's politics, and in Labor, stretching back to before the state, when he'd been a favored protégé of Ben-Gurion. Walking away was going to be hard. I was



HOUSE_OVERSIGHT_011766

touched as well by the fact that he had decided to "pass the torch" to me, someone more in the mold, and closer to, Rabin. But I remained cautious, too. When I got back home, Nava, knowing where I'd been, was still awake. I told her everything that Shimon had said. I told her how extraordinary it felt to have the prospect, at least, of leading Labor in opposition to Bibi, without the need to confront, or to inflict personal hurt, on Shimon. But I added: "It seems a bit too good to be true."

It was. The next morning, I joined other ministers and party officials with Peres in his office. It was as if our conversation a few hours before had never happened. Shimon set out his strategy for Labor going forward. And the first thing he said was that the party needed to push back any leadership election beyond the mandated 14 months."It's too early," he said. He said we needed to focus on two other strategic imperatives: to reconstruct the party, and consider the issue of joining a possible "unity" government with Bibi.

Though Bibi went on to form his government without us, in alliance with a number of smaller Orthodox parties, the idea of a Labor leadership change seemed off the agenda, at least for now. In early August, I was standing next to Giora Einy – the "political operative" Yitzhak had sent to help bring me into his government, and a friend of Peres as well – when Shimon rose to speak to the dozens of well-wishers at his 73rd-birthday celebration in Tel Aviv. He was at his old, self-confident best. With just a few thousand extra votes, we would have won the election, he said. He was sure Bibi's coalition – "a coalition against peace" – would not survive for long. Giora, smiling, turned to me and said: "It doesn't sound like a farewell speech. It seems like he's ready for the next round. He lost twice to Begin. He lost once to Shamir. And only once to Bibi. He's not going to stop without giving it another go."

Another of Peres's old friends, a few weeks later, urged me to press him on the need to step aside. I'd become closer to the French Jewish businessman Jean Frydman during the election campaign. Since he had helped organize the fateful peace rally at which Rabin was shot, he felt – wrongly, but powerfully – a sense of responsibility for what had happened. He wanted to do everything possible to ensure that Rabin's political legacy, and Shimon's, survived. He invited Nava and me to visit him for a few days. When he asked about the birthday celebration, I told him what Peres had said. "He's making a huge mistake," Jean told me. "After every election, he goes through the same process. Always, he's convinced that next time he will win." I said how I dreaded the prospect of being part of an effort to



HOUSE_OVERSIGHT_011767

*force* Shimon out. But Jean said he'd been giving a lot of thought to everything that had happened since Rabin was killed. He felt I was the only potential Labor leader who could defeat Bibi in an election and "bring back sanity to Israel, lead it to peace." He said he was convinced that Peres's time had passed. "I can say that. I'm from his generation. And as a very close friend of Shimon, I will be the first in line to help you."

Early in September, having let Shimon know through Giora and then phoning him directly, I declared publicly that I would be running for the Labor leadership. Though he'd thanked me for telling him beforehand, he said he thought I was making a mistake, and was still against having a leadership election at all. That made his public response to my announcement puzzling. He went on Israeli TV and said he would *not* be a candidate for Prime Minister in four years' time. "The time has come for a change," he said. But while everyone took that to mean he was reconciled to a change of party leadership as well, it turned out that we had jumped the gun. He intended to stay on as chairman.

During the early months of 1997, Shimon and I held a series of late-night meetings at his apartment to thrash out an agreed course. It was a process that was hard for both of us, and hurtful for him. He was now at least reconciled to the inevitability of an election for a new party leader, if only because his protégé Yossi Beilin had also put his name forward. But he kept proposing to push back the vote. I insisted that since the deadline under party rules was June 3, it was only right that all of us abide by that. I do remember a particularly poignant moment from one of our sessions. Peres had left the room for a minute, and Sonia came in. "Ehud," she said to me, "keep your nerve. You're the only one who can talk to him this way. He should have retired from politics years ago. You're the only one around him who tells him the truth."

We ended up with a compromise. Shimon accepted that the leadership election would be held on June 3. I agreed that in the unlikely event Bibi decided to invite us into his coalition during the three months after the leadership vote, Peres would select the Labor ministers. Our last meeting ended at nearly four in the morning. He told me he'd arranged a reception for the party leadership at 10 a.m., in barely six hours' time. He suggested we meet in his office an hour beforehand. I didn't know what to expect. After months of discussions, I hoped he understood that I had wanted the process to go differently. I had been open and honest with him throughout. But I knew that, deep down, he still wanted to stay on, that he believed



HOUSE_OVERSIGHT_011768

that his long record of service should have earned him that right, and that it would be painful for him to accept that, by June, there would be a new Labor leader.

He was relaxed and gracious when I arrived. We went through the details of what we'd agreed, and worked out what each of us would say to reporters. What came next, as the party faithful filed in, was simple human nature, I suppose. Seeing some of his oldest supporters, he had second thoughts. His comments to reporters afterward were more hedged than what we'd discussed. Giora told me that after all of us had left, Peres turned to him and said: "Look what Barak is doing to me. What have *you* been doing?" Giora, who had been a conduit between us at the very beginning of our discussions, replied: "You *asked* me to bring Barak to you." At which point, Shimon said: "OK. So probably I made a mistake."

At a convention of 3,000 party activists in mid-May, a few weeks before the leadership election, he made a final attempt to mitigate that "mistake". Nissim Zvili, the secretary-general of the party and a longtime Peres ally, introduced a motion to vote him into a new post of party president. A couple of Shimon's friends urged me to back the idea, describing it essentially as a ceremonial role. But I feared it was a recipe for prolonging the agony. Whatever powers "President Peres" would have, the idea of two captains on a ship would almost certainly mean trouble. I was especially reluctant to go along with it because our *particular* ship had been in rough waters for so long. Labor needed to steer a calm, decisive course toward the next election if we were going to defeat Bibi.

What followed was one of the most painful spectacles I've ever witnessed. When Peres rose to make his case for becoming party president, he said: "I don't want powers. I don't want honors. But I also don't want insults. I *announced* my decision to resign from the position of party chairman. Did someone push me into it? Am I trying to hold on to my job?"

"Yes!" many hundreds of the delegates shouted back at him.

Stung, he reminded the meeting that it was he who had led Labor back from the battering it took in the 1977 election against Begin. In 1981, he'd helped us recover a dozen of our lost seats. Even so, because he hadn't succeeded in forming a Labor government, people had called him a loser! "*Mah? Ani* loser?" he asked, using the English word. "Am I a *loser*?"

"Yes! Yes!" came the shouts.



HOUSE_OVERSIGHT_011769

Yet the saddest note came at the end. "I apologize for being healthy, for not getting old according to plan," he said, adding that even *without* the title of president, he would keep working for peace.

There were three other candidates for party chairman: Yossi Beilin; Ephraim Sneh, the friend who'd been the paratroopers' chief medic when we'd fought at the Chinese Farm in 1973, and at Entebbe too; and Shlomo Ben-Ami, the academic and diplomat whom Shimon had taken along with Yossi and me to meet visiting foreign politicians, and who was now also a newly elected member of the Knesset. When the vote came, it was assumed by most political commentators that I was going to win. The only question was whether I'd get the 50 per cent of votes needed to avoid a run-off, where the outcome might be less predictable. But I got 57 percent against Yossi's 28, with the remaining 15 percent split between Ephraim and Shlomo-Ben Ami.

* * *

Now, we had to put ourselves in a position to defeat Bibi and the Likud. Policy priorities were ultimately what would matter most: strong and credible steps to confront terror and safeguard our security, allied with the leadership and will to try to negotiate a peace with Syria and the Palestinians; and, at home, a recommitment to the values of an open, tolerant democracy. But in at least one important way, I approached my new role as if it was one of our operations in Sayeret Matkal, or the need to reshape our armed forces when I was chief-of-staff. My first priority was to put in place the *practical* foundations for a successful election challenge against Bibi. Through Jean Frydman and other business supporters with the means and the desire to help, my brother-in-law, Doron Cohen, assembled sufficient funding for us to begin engaging with the strategists who had helped deliver electoral success for a trio of other centre-left political leaders overseas: Bill Clinton, Tony Blair in Britain and later Gerhard Schroeder in Germany.

My main early political focus was on holding Bibi and the government to account in the Knesset, above all on the torturous process of ensuring our security while implementing the West Bank redeployments agreed in Oslo II. We'd made a small start under Rabin and Peres, but the three major withdrawal phases due in the



HOUSE_OVERSIGHT_011770

five-year interim period had yet to begin. In one respect, I had some sympathy for Bibi's predicament. The reason I'd tried to get Yitzhak to alter the terms of Oslo II was that it required us to hand back control before we knew what a "permanent-status" peace deal would look like. But where my sympathy ended was in how Bibi handled the situation. Despite my concerns about the way the Oslo process had been designed, I never doubted that killing it off would be by far a worse alternative. Bibi had been elected to *lead* Israel. Instead, he acted as if he was playing some sort of pinball match, flipping the ball first one way, then the other, with no obvious aim beyond keeping it in play – and, where Oslo was concerned, simply stalling for time. Rather than setting out any vision of where he hoped to move the negotiating process, he seemed more concerned with keeping the right-wing of Likud and the smaller, even more extreme parties from turning against him.

In late September 1996, Bibi and the Likud mayor of Jerusalem, Ehud Olmert, decided to go ahead with the festive opening of an archeological tunnel that provided access to a larger portion of the Western Wall of the ancient Jewish temple. It was a decision that, under both Rabin and Peres, we'd delayed out of concern about inflaming tensions with the Palestinians. As Shimon rightly said publicly after the three days of violence that followed, we understood that, at a minimum, it would need to be coordinated beforehand with Arafat. As the unrest spread into the West Bank and Gaza, there were media warnings of a "new *intifada,"* the difference this time being that the Palestinians newly established police had entered the fray. By the time urgent US diplomacy, our efforts and Arafat's, brought it to a close, 25 Israeli soldiers and nearly 100 Palestinians had been killed. He did not slam the brakes altogether on the American-led efforts to move ahead with the Oslo. In early 1997, in fact, he and Arafat reached a separate agreement on the critically important question, and potential flashpoint, of Hebron. It stipulated that about 80 percent of the area would be under Palestinian authority, with Israel retaining control and responsibility for nearby settlements and key security points. Despite right-wing and settler opposition, it was approved by a wide margin in the Knesset, with Labor's backing. But a few months later, in the spring of 1997, Hamas launched a new campaign of suicide bombings in shopping areas of Jerusalem and Tel Aviv, leaving 24 people dead. While not suggesting that Bibi took the human cost of terror lightly, he did use the attacks to drag out further US-mediated talks on the details of implementing the Oslo II redeployments.



HOUSE_OVERSIGHT_011771

By November, even his Foreign Minister, David Levy, was making noises about quitting. He said it would be a waste of time to stay in the cabinet if it was going to bring the peace process to a halt. I warned Bibi, both in the Knesset and in a series of speeches, about the alternative on the Palestinian side if those who *wanted* a negotiated peace had nothing but stalemate to show for it. And lives, I insisted, were at stake. Both through closed-door sessions of the Knesset's security and foreign affairs committee, and my own contacts in military intelligence, I was convinced that the result would be a second, much more deadly, intifada. Not with Molotov cocktails, but guns, and suicide bombs.

I was not out to score political points in keeping the pressure on Bibi to move forward. In fact, I announced that if Bibi *did* go ahead and finalize the terms for our Oslo redeployment, Labor would once again provide the extra Knesset votes needed for him to get it approved.

Early in 1998, he sent word that he wanted to talk. The message came through Yaakov Ne'eman, his Finance Minister and a prominent lawyer whom I knew and liked. He and I held an exploratory meeting at which he proposed talks with Bibi on the prospect of a unity government that would help move the peace process forward. I said I'd talk, with one proviso: the discussions would be genuinely secret, with no leaks. I was not prepared to engage in political gamesmanship. In May, Bibi sent an assurance of confidentiality through Ne'eman. The first of about a half-dozen meetings came a few days later at the Prime Minister's residence in Jerusalem. Then, we shifted venue, meeting at a Mossad-owned villa north of Tel Aviv. I brought along Bougie Herzog, a bright young lawyer, and Labor Party member, who was working in the same law firm and Ne'eman. It was by no means clear we'd agree on a unity government. To my amusement, if not altogether to my surprise, I got word that Bibi was putting out separate political feelers to Shimon Peres. But before long, it became clear there was a specific political motivation behind his approaching me. It was indeed the peace process. But it wasn't the *Palestinian* peace process, something Bibi still clearly wanted to avoid as much as humanly possible. It was an attempt to engage with Syria.

He asked me about the talks under Rabin and Peres, and my views on the possibility of a deal with President Assad. He also wanted my assessment about whether the army could work out arrangements to safeguard the country's security if we handed back most, if not all, of the Golan Heights. If so, what kind of security arrangements, with what timeline? We met through the summer, as the



HOUSE_OVERSIGHT_011772

talks with the Americans on the further West Bank redeployments meandered ahead. We also discussed in detail how a unity government would work. We agreed it would be presented, like the Shamir-Peres partnership in 1984, as a cross-party response to an important challenge for the country: in this case, security and the peace process. I would be both Defense Minister and "Vice-Prime Minister", with the understanding that Bibi and I would jointly discuss all major issues before jointly agreeing to bring them to the full cabinet.

But in August, the talks ended, after news of our talks finally leaked. I immediately phoned Ne'eman. I reminded him that at the outset, I'd said that would mean the discussions were over. He did call me back later in the day to say Bibi insisted that he'd had nothing to do with the leak. My guess was that the source was my old comrade from the Chinese Farm, Yitzhik Mordechai, who had presumably heard that Bibi was ready to make me Defense Minister as part of a unity government. There was, of course, already a defense minister: Yitzhik.

Bibi's idea to reopen efforts to get peace with Syria didn't last either. Although I'd learn of this only a few years later, he'd approved a visit to Damascus by the American Jewish businessman Ronald Lauder to meet President Assad. The visit made it clear to Bibi what successive Israeli leaders had learned: a deal might be possible, but only if Israel was willing to commit in advance to pulling out of the Golan. Assad told Lauder to come back to him with a detailed map setting out Bibi's view on delineating the Israeli-Syrian border under a peace agreement. Though no one in the cabinet knew the initiative was underway, Bibi realized that before sending back the map Assad wanted, he would need to tell the two senior ministers directly affected: Arik Sharon, who had replaced David Levy as Foreign Minister; and Yitzhik Mordechai. Both of them said no, with Yitzhik pointing out that a signed map would inevitably become part of the negotiating record. It was a step that, in future negotiations, could not be undone.

Bibi's coalition was now creaking. The Syrian option was off. David Levy had already jumped ship. Yitzhik, increasingly concerned about Bibi's delay and drift on Oslo II, seemed to be thinking of leaving as well. Right wing ministers and Knesset members were no happier: they opposed even the slightest prospect of movement on Oslo. In October, Bibi did finally try to seize the initiative. He wrapping up the redeployment details in a summit with Arafat and Clinton and Arafat in Wye River. But as soon as he got back home, he started backtracking, rather than risk facing down his right-wing critics in the cabinet. Implementation of



HOUSE_OVERSIGHT_011773

the deal was due to begin in early November, but he kept putting off a vote in the cabinet. When the vote came, on November 11, Bibi squeaked through by a margin of 8 to 4, but with five abstentions. That meant less than half of his ministers had voted for it.

The easy part for him was Knesset ratification, since I had committed Labor to supporting Bibi on any move towards continuing the peace process. The day after the Knesset's vote, Bibi won the cabinet's clearance for actual implementation to begin. But it didn't. With hard-line ministers threatening to bring down the government if it did, Bibi again stalled. That was the turning point. I'd made it clear our parliamentary support would remain for as long as Bibi moved ahead with what had been agreed at Wye River. It was not intended as a blank check, or an offer to prop up a Prime Minister who now seemed to be looking for any way possible *not* to implement the agreement.

My key ally in what came next was Haim Ramon. Despite our differences over the direction of the Peres election campaign, we had become effective parliamentary partners. He had a depth of political experience and knowledge I still lacked. While I found the details of how the Knesset operated arcane and often tiresome, Haim knew all of it instinctively. When it came to the need for discreet discussions or bargaining with other parties, not only could he draw on his personal relationships with Knesset members across the party divide. He had the additional advantage of being able to avoid the scrutiny that would follow a direct approach from me. Before Bibi had gone to Wye, Haim and I had discussed how we might move to force early elections. The peace process, and the country, were drifting. There seemed no point in waiting, if we could be confident of lining up the necessary votes among the growing number of others who were also convinced Bibi should go. After the Wye summit agreement, I put all that on hold. But now that Bibi had shifted into reverse, I told Haim to resume his efforts.

In early December, he told me he had enough votes for a no-confidence motion, under his name, to dissolve the Knesset and pave the way for early elections. The axe fell on December 20. Bibi had lost the support of the right-wing, who wanted Oslo ended altogether. He had now lost me, too. I felt his approach to the peace process was leaving Israel rudderless. The way we were heading, we would not just forfeit any potential benefits from Oslo. We would be leaving a political and diplomatic vacuum at a time when a serious new explosion of Palestinian violence was becoming ever more likely. In the Knesset debate, Bibi made one final bid to



HOUSE_OVERSIGHT_011774

save himself: by suggesting a delay of 72 hours for talks on a "unity" government. I said that I was all for unity. But I reminded him that, time after time, we'd saved his government in order to continue the peace process. We could no longer help out a "government that is not interested in upholding the Wye agreement, but only in its political survival."

The vote of no-confidence went against him by the yawning margin of 81 to 30, with nine Knesset members abstaining or staying away. A few days later, the date for the election was announced: May 17, 1999.



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## Chapter Nineteen

A few hours before Haim Ramon introduced his no-confidence resolution, he came to see me in my office in the Knesset. He was worried. Not about the vote, but about what would come after. "Ehud, I'm sure we can topple the government," he told me. "But only you know whether we're ready – whether *you're* ready – to defeat Bibi in an election."

"I'm ready," I said. "We are going to win."

Few agreed. In fact, there had been times during my first year-and-a-half as Labor leader when I wondered if I'd be able to hang on to the job. I was in charge of a party whose grassroots were on the left. I was, by intellect and instinct, a pragmatist and a centrist. I did share Labor's vision of a socially just and democratic Israel. Especially after seeing far-right rabbis egg on the fanaticism that ultimately killed Yitzhak Rabin, I felt strongly that we needed to separate organized religion from our day-to-day politics. But I'd been raised with a deeper respect for our Jewish traditions than many on the left. Right after Yitzhak's murder, I'd gone to see Zevulun Hammer, the leader of the National Religious Party. It had been part of both Labor and Likud governments ever since 1948, though not Rabin's. The NRP, too, had been drifting steadily rightward. But it still basically subscribed the idea of a strong, democratic Israel under the rule of law. I wanted to bring the NRP back into the government under Peres, as part of the widest possible political alliance against the assassination and the campaign of hatred that had fostered it. Sadly that didn't happen, in part because of the anger against all Orthodox politicians after Rabin's murder. Yet in my readiness to engage politically with Orthodox leaders who did not reject the very idea of peace negotiations – whether in the NRP, or the increasingly influential Sephardi religious party, Shas – I was outside Labor's mainstream, and its comfort zone.

On my approach to peace as well, I differed from many on the left. Though I was determined to pursue any realistic avenue to negotiations, I was convinced that security considerations had to be paramount in what we were prepared to give up or accept in negotiations. I was cautious about ceding too much too soon, in case the Palestinians or the Syrians proved either unequal to, or uninterested in, making the hard decisions required for peace. That was an approach with, like Yitzhak



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before me, provoked more left-wing parties like Meretz to suggest that if I *really* wanted peace, I'd be ready to give away more, and more quickly.

My position wasn't helped by the way I had come over in the media during my first months as Labor leader. A number of newspaper commentators wrote that while they found talking with me stimulating, I seemed to be operating in a world of my own, either unable or unwilling to give straight answers and a single, clear message. They were right about that. If asked a question, especially one which obviously involved an issus of nuance, my instinct was not to come up with a sound bite. It was, as best I could, to answer fully and accurately. The difficulties that could sometime cause hit home in an interview with a leading Israeli journalist in the spring of 1998. He asked how my life might have turned out if I'd been born and raised not as a kibbutznik, but a Palestinian. I answered: "At some stage, I would have entered one of the terror organizations and fought from there, and later would certainly have tried to influence from within the political system." I did hasten to add that I abhorred terrorists, describing their actions as "abominable… villainous." But that was lost in the political storm that followed. All I'd done was answer as honestly I could. What if I had been one of the Palestinian babies in Wadi Khawaret, but with the same mind and same impulses that had defined my life as an Israeli? I assumed that instead of becoming an Israeli soldier and politician, I would have become the closest thing to a Palestinian equivalent. Still, as even my brother-in-law, Doron Cohen, told me when he phoned a couple of hours later, it was not the most astute thing to say as a potential candidate for Prime Minister.

None of this might have mattered if I'd been able to show I was bringing Labor nearer to defeating Bibi. But the only measure of progress that the media paid attention to was the opinion polls. Briefly, in late 1977, I did pull ahead, during the period leading up to Bibi's agreement to pull out of most of Hebron. But for much of 1998, I was running behind, and questions about my leadership surfaced publicly by the summer. The media commentators spoke of the need for a Labor "liftoff." Why, after a full year as leader, had I failed to deliver it?

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There *was* a part of politics for which I was naturally suited after my life in the army: to plan an operation, prepare and execute it. An ability to get the lie of the land, assess your own and your rivals' strengths and vulnerabilities, and to win. And the "lie of the land" struck me as more encouraging than many Israeli commentators believed. When I became Labor leader, I didn't expect Bibi to fall anytime soon. But I believed it was inevitable that at some point he'd have to make tough choices about the peace process, and I doubted his coalition with the more right-wing Orthodox parties would survive. I also took encouragement from the fact that the political winds in other developed democracies seemed to be blowing in our direction. Bill Clinton had won in the United States. In Britain, which had a parliamentary system much closer to Israel's, Tony Blair, as leader of a party renamed as *New* Labor, had ended eighteen years of Conservative rule and swept to victory. Behind the scenes, I immediately made sure that, with financial help from Jean Frydman and other supporters, we began the practical work of learning from the experience of center-left parties in other countries.

Within weeks of my election as Labor chairman, I used my acquaintance with a British Jewish businessman named Michael Levy to see what lessons our Labor party might learn from Tony Blair's. Levy had been an early supporter of Blair and persuaded the Prime Minister to welcome me through the famous black door of Number 10 Downing Street. After chatting in the front hallway, the British Prime Minister led me into the back garden to discuss how he had refashioned his party and brought it back into government. In addition to modifying or abandoning rigidly left-wing positions that most British voters had rejected, he had created a formidable campaigning team under an ally and adviser named Peter Mandelson. When I asked Blair whether it would be possible to meet Mandelson, he said he couldn't "give me Peter." But he did put me in touch with Philip Gould, the polling expert and strategist who had partnered Mandelson in designing and running the election campaign.

We met at Labor headquarters in Milbank Towers so Philip could show me the "war room" – modelled, in part, on Bill Clinton's campaign operation – from which the victory had been planned and executed. It was a large, open-plan space, nothing like the warren of offices and conference rooms from which Labor in Israel operated. Pride of place went to an advanced computer system, the heart of a "rebuttal unit" which charted every statement from the Conservative Party so it could be answered, neutralized or used to adjust Labor's own campaign. I was



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struck by how different the approach was from our campaign for Peres. As I filled my notebook with the details, Philip added a final bit of advice. "If you want to win, have it run by the best *professionals* you can find. Not politicians. They always have personal agendas. Focus is everything. Distractions and arguments and infighting can be fatal."

Philip recommended one professional, in particular, to get us started: Stanley Greenberg, the pollster who had advised not only Blair's campaign, but Clinton's. Doron used his contacts in New York to put us in touch not only with Greenberg but the strategist behind the Clinton victory, James Carville, and another leading Democratic Party consultant and speechwriter, Bob Shrum. We began working with all of them well before the no-confidence vote in the Knesset. Philip had a wonderfully British understatement and reserve. Stanley, with his eyeglasses and demeanor too, came over as slightly professorial. With Bob, it didn't take long to understand why he was such a gifted speechwriter. He loved words, especially the way they could be used to inspire a connection with important campaign themes: above all with the idea of hope, and new beginnings. Carville was the human equivalent of a volcano. If he hadn't been a campaign strategist, he could have made a living as a hybrid of a cowboy and a stand-up comedian. But they all shared the easy, infectious self-confidence of people who were very good at what they did, and knew it.

When I went to New York with Doron to meet Carville in Feburary 1988, my confidence as Labor leader was taking some fairly hard knocks. But from the moment he walked through our hotel-room door, it was impossible not to like him. He showed up in a T-shirt and tennis sneakers, walked straight across the room, slouched into a chair and said: "General Barak, I don't get it. You're a known public figure, with a great mind and a great military record. It's already been a year-and-a-half since Israel got Netanyahu. What have you done to *go after* him? Why haven't you gone on the attack?" He said it was time for me to wake up, and change tack. "Can you run through your stump speech for me," he asked, motioning me toward the center of the room like a film director.

"I don't have one," I said. To which he replied briskly that I should have had one *months* ago.

When Stanley paid a preliminary visit with Philip to Israel, they, too, urged me to sharpen my message and pay more attention to my image with the public.



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Stanley was worried by polling data that suggested most Israelis saw Bibi as "strong." I argued that strength was one area where we wouldn't have to worry. "No way, in a campaign, he'll end up coming over looking stronger than me." Stanley seemed not entirely convinced.

Both in "strength" and other ways, I think my background did prove an advantage. The 35 years I'd spent in the military had given me a singleminded determination to set goals, follow through and achieve them. After Haim Ramon came to my office before the no-confidence vote to ask whether I was sure I wanted to go ahead, and I answered with an unhesitating "yes," Haim had told a couple of reporters: "Barak has balls of steel." In truth, I was puzzled he'd even asked me. As when I was in uniform, it would never have occurred to me to ask him to try to line up the necessary votes if I hadn't thought it through and intended to go ahead with it.

Still, my military background was not always an asset as I found my feet as party leader and prepared to take on Bibi in the election campaign. In searching for the tools, the structure, and the people I felt would give us the best chance to win, I sometimes failed to pay due attention to the party's existing apparatus and institutions. This alienated a number of established Labor politicians, eventually including Haim himself. So as the campaign approached I tried to shore up my ties with the party establishment. I drafted in Bougie Herzog to act as my regular liaison with leading figures in the party. I was careful to include a number of Labor politicians in our campaign team as well, though, as Philip Gould had recommended, I made sure they didn't actually run it.

The closest equivalent to the role Haim had played in Peres's campaign went to a young businessman, PR professional and Labor supporter named Moshe Gaon. As spokeswoman, we brought in someone who, though she'd been a messenger of doom during the Tze'elim controversy that engulfed me before joining Rabin's government, had undeniable experience and ability which I valued and respected: Yitzhak's former media aide Aliza Goren. As campaign coordinator, I chose Tal Silberstein, who at the time was in charge of a citizens' group called *Dor Shalem Doresh Shalom*: "A Whole Generation Demands Peace." I relied on frequent, less formal input from political friends whose judgement I had learned to trust, like Eitan Haber and Giora Eini. Also playing a key role was a group of four young women, led by Orna Angel, a successful architect and a former soldier in Sayeret Matkal. She built from scratch an army of nearly 20,000 volunteers who helped



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organize events and contact voters during the campaign. We outfitted our own war room in an open-plan floor of offices on the edge of Tel Aviv. Philip called it "Milbank South." As organizational head of the campaign, I chose Chagai Shalom. An industrial engineer by training, he was a reserve army general who, when I was chief of staff, had been in charge of the logistics branch of the military. I gave him Sayeret Matkal backup as well, in the person of Danny Yatom, my longtime friend and former sayeret deputy.

* * *

But all that was process. Winning or losing would come down to how our message, our ability to forge alliances, and my own personal and political appeal, measured up against Bibi.

The new system of separate elections for party and Prime Minister meant that in order to win a majority, I would need the support of voters outside Labor as well. I set out to establish a broader movement, a big tent under which a majority of Israelis could coexist politically. I realized this risked provoking anger among some Labor activists. But I wanted to convey to voters that I was reaching out beyond my core party constituency: to "soft" right-wingers nearer the political center; to the Sephardim who since 1977 had overwhelmingly voted Likud; to the growing number of Russian immigrants who had helped Bibi defeat Peres; and to those among the Orthodox who still subscribed to tolerance and moderation in the mold of the old-style National Religious Party in the first few decades of the state. Though the candidates on our Knesset election list would all be from Labor, I ran the Prime Ministerial campaign under the broader banner of *Yisrael Ahat* – One Israel. I envisaged it as an alliance of at least several different parties with Labor at its center.

I began with Bibi's jettisoned Foreign Minister, David Levy. He was a Moroccan-born 1950s immigrant whose career had begun at the grassroots, in the northern town of Beit She'an, but who went on to become a key part of Begin's victory in 1977. The leading Sephardi figure in the Likud, he was at one point mentioned as a future leader. Many Israelis, especially on the left, now portrayed him as a figure of ridicule. But I'd always had a higher opinion of him. During the



HOUSE_OVERSIGHT_011781

1982 Lebanon War, with two sons fighting on the ground, he'd been a rare voice of common sense, and caution, in the Begin cabinet. I'd also seen him operate in Shamir's inner security cabinet, when I would come, as deputy chief of staff, to present military operations for approval. I remember one occasion when an air force general laid out the details of a planned helicopter-borne mission into Lebanon. I added a few remarks in summary. Raful Eitan and Arik Sharon were both ministers. Within seconds, they were peppering the general and me with questions. Why were the aircraft taking one route north instead of another? Why not closer to Mount Hermon? Shouldn't they fly lower? Levy interrupted. "Gentlemen," he said, "we are not in company commanders' course. We're in the inner cabinet of the government of Israel. We have a chief of staff and other generals and military professionals. It's their job to decide the operational details. *Our* job is to balance the reasons for doing an operation against the risks as presented to us."

I met with him in the Knesset cafeteria before Bibi went off to the Wye River summit. Levy now headed a small breakaway faction from Likud called *Gesher*, Hebrew for "bridge." Without explicitly suggesting we join forces, I explained my hope to run my eventual campaign for Prime Minister in alliance with a few other parties. I told him I wanted to make my candidacy a legitimate choice for voters from the center-right, the Orthodox, as well as the Russian community. I took a napkin and drew a big umbrella to illustrate what I had in mind. He said he understood – though he did tell me to make sure I tore up the napkin. There came a point, at the end of November when it looked like my overture had failed. Scampering for a way to shore up his coalition, Bibi tried to lure Levy into the fold back by offering him the Finance Ministry. But with resistance from other ministers, Bibi broke off the talks with Levy, leaving him humiliated and furious. I met with him several more times, and we brought in Gesher as our first "One Israel" partner. The second to join us, early in the new year, was a small religious party called Meimad, inspired by an openly pro-peace Orthodox rabbi named Yehuda Amital and including a former Chief Rabbi of Norway, Michael Melchior.

By the end of January 1999, several months before the real campaign, I was feeling better about where we stood, in part because of a series of hits Bibi was taking from former friends and allies. The first salvo was fired by Misha Arens, who had helped engineer Bibi's move into national politics. He announced he was going to put himself forward for the Likud leadership before the election, saying



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that he and others were convinced Bibi couldn't win. A couple of weeks later, Yitzhik Mordechai seemed on the verge of becoming the latest of Bibi's ministers to resign. He was openly flirting with the idea of joining a new centrist party that had been formed by Likud's Dan Meridor. Bibi struck back with a mixture of subtlety and venom. He fired Mordechai, accusing him of being driven by personal ambition. Then he offered the Defense Minister's job to Misha Arens.

Yitzhik did join the Center Party, as did Amnon Lipkin, who had ended his term as chief-of-staff and, with initial opinion poll numbers suggesting he'd do well, even briefly entered the race for Prime Minister. Now, he endorsed Yitzhik Mordechai instead: a man not only with strong military credentials, but of Sephardi background and religiously observant, and a proven politician and cabinet minister. It was clear that he would be going after many of the same votes I needed to win.

That situation wasn't ideal, to put it mildly. But all I could do at this stage was to put our own campaign house in order. I hoped that if we ran the campaign I expected, there wouldn't *be* a run-off.

* * *

At the start of April, the final list of candidates was set. There were five. In addition to Bibi, Yitzhik and me, Benny Begin had decided to run on the right. Also in the contest was Knesset member Azmi Beshara, the first Israeli Arab citizen to seek national office.

When we chose "One Israel" as the name of our campaign alliance, it was not meant just as a catchy phrase. Though now a half-century old, the country had rarely seemed so diverse, and in many ways divided. It was not just the old fault line between Labor and Revisionist Zionism that defined our politics, or even the Ashkenazi-Sephardi gulf that had predominated since the late 1970s. There were new, younger, more assertive, more right-wing and more pro-settlement voices among the Orthodox. There was the contrast between the overwhelmingly secular, politically and socially liberal, and culturally Western Tel Aviv, with its lively cafés and restaurants, and the constellation of wealthy suburbs to the north; and smaller Israeli towns and cities in the interior, Jerusalem as well, not to mention



HOUSE_OVERSIGHT_011783

the settlements on the West Bank. Since the fall of the Soviet Union, hundreds of thousands of Russians had also flowed into Israel. Most were Jewish in culture more than religious observance, but they were instinctively inclined to support candidates – Rabin in 1992, and Bibi the last time around – who they felt were likely to take a tough line in any peace negotiations with the Arabs.

I was never going to get the backing of many West Bank settlers, or of core supporters of the Likud and parties even further to the right. But I would need to make at least some dent in Bibi's hold on the Russian voters who had supported him by a wide margin in 1996. I focused first on *Yisrael Ba'Aliyah*, the main Russian immigrant political party. It had been set up by the iconic Soviet-era *refusenik* Natan Sharansky – or, as he was then known, Anatoly Sharansky. He'd been an ally of Andrei Sakharov, an outspoken human rights advocate and, until he was finally released and allowed to leave in 1986, a political prisoner in the gulag. Though Natan's party was not going to offer a formal endorsement for any candidate, I met with him to press the case for "security and peace," the message I'd tried to advance with Shimon three years earlier, and to emphasize the need to bring unity and shared purpose back to the country. Though I think he would have been receptive anyway, it didn't hurt that he, like me, was a mathematics graduate – from Moscow's Physics and Technology Institute. He was also a chess aficionado. When I was rash enough to face him across the board, as I recall, it took him all of five minutes, and seven moves, to checkmate me.

But I also made dozens of visits to Russian community groups, and met with individual families whenever I could. Often, I found myself talking to older men and women among the immigrants about the military details of the Great Patriotic War, as the Russians called World War Two. On a number of occasions, I accepted the invitation to sit down and play on a sitting-room piano. I think the first time I got a sense that any of this might be having an impact was in a quote from a *Yisrael Ba'Aliyah* official in an Israeli newspaper. Though still stopping short of a formal endorsement, the official was quoted as saying: "A month ago, young Russians thought Barak was a boring, left-wing socialist party leader who doesn't look good on TV and mumbles a lot... Today, they see him as a high-ranking Israeli general who knows how to play the piano. The Russian immigrants like strong, cultured people." Except for the bit about mumbling, I couldn't have wished for more.



HOUSE_OVERSIGHT_011784

The next key moment in the campaign involved something I did *not* do. This time, the Israeli television debate came earlier in the campaign, a month before the election. Bibi, Yitzhik Mordechai and I were all invited, as the three main candidates. But I told the TV people I had a conflicting personal engagement. I figured I had nothing to gain by going. To join a three-way debate risked creating the impression this was a genuine three-man race, and I still held out hope it would come down to just me and Bibi. Besides, I thought a debate between the other two would help me. Yitzhik knew Bibi well. He had served in Bibi's government. Though not a natural orator, he was always forthright, and often pugnacious, in making his points. And he couldn't stand Bibi.

Unlike the 1996 debate, this time there was a knock-out blow, and Bibi was the one left on the canvas. It was a bit like Senator Lloyd Bentsen's killer riposte when Republic vice-presidential candidate Dan Quayle compared himself to John F. Kennedy in their debate, a few months earlier: "Jack Kennedy was a friend of mine. Senator, you're no Jack Kennedy…" Bibi entered his television showdown with Yitzhik Mordechai with much the same strategy he'd used against Peres. He went on the offensive. He tried to portray himself as an indispensable bulwark against those, like Yitzhik or me, who he said would cosy up to Arafat and Assad and endanger Israel's security. But Yitzhik was up for the fight. He also knew that only months earlier, Bibi himself had been exploring the idea of giving up the Golan Heights to the same President Assad. He didn't actually refer to the secret mission by Ronald Lauder, or explicitly accuse Bibi of hypocrisy. But his reply – and Bibi's visible discomfort – were just as effective. Smiling sardonically, he said: "I know your outbursts, and they won't do you any good." He challenged Bibi to just "look me in the eye" and admit what he really thought about the future of the Golan. The media verdict was unanimous. Mordechai had won. Which meant I had won.

Though my American and British brains' trust had little input into our day-to-day campaign, they did play a role in the thrust and strategy. I tried to drive home two things as we entered the two-week homestretch in May. My first, broad message was an echo of James Carville's central theme in the Clinton Presidential campaign: "change, versus more of the same." It had worked in the US not because it was clever, but because it resonated with large numbers of voters. I sensed from the start of the campaign that it was true of Israel as well. Different groups had different gripes, and different ideas of what they hoped I would provide as Prime



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Minister. But fewer and fewer Israelis were enthusiastic about four more years of Bibi. But I also was keen to convey the *substance* of what my premiership would be about. Domestically, I spoke of the need to narrow gaps in education and opportunity – particularly, though not only, the continuing disadvantage of many in the Sephardi communities who had arrived in the early years of the state. I wanted to try to build bridges between the secular and religious as well. My hope was to begin to recreate the "One Israel" of my youth.

In terms of policy, I believed my primary job would be deliver "security and peace" – in that order. I declared my commitment to continue, and build on, Oslo and to make a new push in negotiations with Syria. Deliberately following the model Philip Gould had used in Tony Blair's election campaign, we also distributed nearly a million copies of a six-point policy "pledge card". It included a promise to hold a referendum on any peace deal we reached with Syria or the Palestinians, as well as several domestic policy pledges, including an end to discrimination against Russian immigrants whose Jewish religious status had been called into question.

Yet the most widely reported promise was that I would pull out all Israeli troops from Lebanon within a year. I realized that even among those who knew that made sense, voices would be raised both in the Knesset and the *kiyra* against withdrawing. As with the Bar-Lev Line before the 1973 War, the longer the "security zone" was in place, the more difficult that politicians had found it to say it was a mistake. Yet it had now been there for nearly two decades. The main argument for keeping it – that it protected the security of northern Israel – was undermined by the fact that thousands of Katyusha rockets had been fired over it. And in the low-grade war we were fighting against Hizbollah inside the security zone, around 20 Israeli soldiers had been dying each and every year. When I'd first visited our positions in south Lebanon in the early 1980s, chatted with the troops and asked them how they were doing, the invariable response was: we're OK. We're just worried about our young kids back home. Now, those *children* were manning the same outposts, facing the same danger, in a sliver of land on which we had no claim, which we had no desire to hold, and which was, at best, of questionable security value.

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I'd tried not to pay too much attention to newspaper polls during the campaign, perhaps because even the "good" ones, to use Shimon's phrase, had me with just a narrow lead, with Yitzhik Mordechai's 10 or 11 percent still likely to prevent outright victory in the first round. But in the second part of May, our internal polling showed things were moving in our direction. In mid-May, they had me above 40 percent. A final batch of internal polls, on the Friday before election day, had me just short of 50 percent. But I told our pollsters that under no circumstances were they to divulge the results to anyone in the campaign team. This wasn't just because I wanted to guard against complacency. It was because, deep down, still I didn't trust the numbers.

I retreated to Kochav Yair on Friday evening. On Saturday, two days before the election, I had a surprise visitor, someone I knew from Yitzhik Mordecai's team. He said he had a letter for me, with terms of a proposal under which Yitzhik would announce an eleventh-hour withdrawal from the race. I still could not be absolutely confident I'd win, at least in the first round. Yitzhik's pulling out would help. But if I *did* win, I wanted to start the process of assembling a coalition with a blank slate and an open mind. Doing a deal was not the way to begin. I didn't accept or open the envelope. "Go back to Yitzhik," I said. "Tell him, as he knows, that I have a lot of respect for him. But this is a decision that he has to make on his own."

The next day, less than 24 hours before the polls opened, all of the three other candidates announced they were pulling out. Benny Begin and Azmi Beshara were never going to affect the outcome. But Yitzhik's withdrawal very possibly would. When he spoke to reporters, he said it had been one of the most difficult decisions he'd had to make, but that he'd concluded he wouldn't get enough votes to reach his "primary goal" of defeating Bibi. "The prime minister was given a chance and he failed," he said. "We must give Barak a chance."

I got up early on May 17, confident we'd done everything we could to put ourselves in a position to win, but also aware, from Shimon's defeat, that the smallest of details, and the narrowest of margins, might determine the outcome. After the 1996 election, I'd learned of cases where Peres volunteers outside polling stations in the Negev or the north of the country had left early, in order to make sure they'd be back to Tel Aviv in time for the "moment of victory." Now, I sent out word that all our volunteers must stay in place until the polls had closed. After



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Nava and I voted, we attended an event for Labor supporters north of Tel Aviv, before flying to Beersheva to spend the final hours in the Negev. I'd arranged for Shlomo Ben-Ami to go to Kiryat Shmona in the north – emphasizing, as throughout the campaign, our determination to broaden our support beyond Labor's heartland. The polls closed at 10 o'clock. I knew Bibi would be staring at the same Channel One newscast as I was, each of us ready to put the best spin on things, especially if there was no clear sign at this stage which one of us had won. But the exit poll findings came as a shock: Barak, of One Israel, 58.5 percent; Netanyahu, Likud, 41.5 percent. It was a landslide.

The full impact hit me only when I got to the fifth-floor suite in the Dan Hotel in Tel Aviv, our election-night headquarters. My three brothers, and Nava and our daughters, were waiting for me. Leah Rabin, too. Our eyes teared up as we embraced. My parents were by now too frail to come. But I'd promised to phone them, whatever happened. "We did it," I told my father, who said *mazaltov* with a depth of feeling which had become rare as his health began to fail. My mother had always been a bit conflicted about my going into politics, despite her lifelong belief that the *issues* of politics mattered, especially after Yitzhak had been cut down and killed for following the path on which I hoped to continue. Still, I could hear the pride, and relief, in her voice when I said: "Remember, *ima*. I did promise you that if I ran, at least I'd make sure to win."

When we'd finished speaking, Bibi called. He had conceded publicly as soon as the exit poll was out. He had also stunned the Likud crowd by immediately resigning as party leader. "Congratulations," he said, sounding, more than anything, tired. "I accept that the voters have spoken." I thanked him for taking the trouble to call. I said I appreciated the contribution he'd made to the country, and that we'd meet in the next few days to discuss how best to handle the political transition. "Thanks," Bibi said. "And again, mazaltov."

By the time I got off the phone with Bibi, the TV was showing pictures of tens of thousands of people celebrating the results in the central Tel Aviv square, now renamed in Rabin's memory, where he had been murdered nearly four years earlier. Before leaving to join them, I fielded a stream of calls: from friends, other Israeli party leaders and leaders from abroad, including Tony Blair and Bill Clinton, both of whom not only offered warm congratulations but said they looked forward to working with me as I tried to move Israel forward and to finish the work Yitzhak had begun.



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At the start of my brief remarks at the hotel podium before going to Rabin Square, I had to call for quiet when I mentioned the phone call from Bibi. "No," I said, raising my voice to be heard above the boos, "we will not boo an incumbent Prime Minister of Israel… A short time ago, I spoke with Prime Minister Netanyahu and thanked him for his service to the State of Israel." Then – with both Leah and Shimon Peres at my side – I paid tribute to "that one special person who had a unique role in our reaching this moment – somebody who was my commander and guide, and the person who led me into politics: Yitzhak Rabin. I pledged to fulfil his legacy, and complete the work he'd started. And I extended a hand to "secular and religious, the ultra-Orthodox and the residents of the settlements, to Israelis of Middle Eastern origin and Ashkenazi extraction, to immigrants from Eithopia and the former Soviet Union, to the Arabs, the Druze, the Circassians, the Bedouin. All, all of them, are part of the Israeli people."

It was not long before sunrise when I reached the square. As the crowd shouted and sang, I began with a line borrowed from Bob Shrum. It seemed particularly apt: "It is the breaking of a new dawn," I said.

But was it? As I paid tribute to Rabin – "in this place where our hearts broke" – and dedicated myself to completing the work he'd begun, I could feel the thousands in the square willing me on. Even in my more nuanced comments on the talks with the Palestinians: the need to achieve peace, but at least for now by disengaging rather than joining hands with the Palestinians, ensuring we had military and border provisions to safeguard our security, and with the stipulation that Jerusalem would remain our undivided capital, under Israeli sovereignty. But some in the crowd were carrying posters saying "No to the *charedim*" – the strictly Orthodox. Others were chanting, in anticipation of the negotiations needed to put together a coalition: *Rak lo Shas*! Anyone but Shas! It was a reference to the Sephardi Orthodox party, which in addition to being more nuanced and flexible than other religious parties on the issue of peace talks, had been the big winner in the election. It had gained seven seats and now had only two fewer than the Likud.

I did not specifically mention Shas. But I said: "I tell you here that the time has come to end divisions. The time has come to make peace among ourselves, whether we are traditionalists or secularists… We must not be enemies of each other." Paying tribute to all those in the square who had worked for our election victory, I added: "I know it would not have been possible without your support. But I also know it would not have been possible without the support many in the



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Likud. I appreciate that as well. And I undertake to be *rosh hasmemshalah shel kulam*: Prime Minister for *all* Israelis.

Yet as fervently as I hoped to be able deliver on that pledge, I knew, even as I spoke, that actually fulfilling it was going to be much, much tougher.



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## Chapter Twenty

As Prime Minister, I would sometimes be criticised as emotionally buttoned up, even stoic, and there was some truth in that. It was partly just a reflection of who I was: a kibbutznik who'd grown up in the early years of the state, and had then spent most of his life in the army. But while it may not have shown, I felt a churn of emotions when I formally presented my government to the Knesset in July 1999 as Nava, our three daughters, her parents and mine looked on proudly from the gallery. Even more so, when I entered the office of the Prime Minister. I'd been there before: as head of military intelligence, chief of staff and a cabinet minister. Yet to sit behind the vast wooden desk and know that the buck now truly stopped with me – to become just the tenth person in Israel's history to have that honor – was very different.

What I felt most powerfully, however, wasn't the honor. It was the *responsibility*. I knew that Israel faced two deepening crises. The first was domestic. Though Yitzhak Rabin's assassin was now in jail, the divisiveness and hatred of which he was a product and symbol had not gone away. Nor had other rifts: between the privileged and disadvantaged, Ashkenazim and Sephardim, and, perhaps most of all, secular and religious. The second, more immediate challenge was on our borders. The peace process was stalled. If we were going to revive it, we were running against the clock. President Clinton, a key player in any hope of turning the promise of Oslo into real peace, had only 18 months remaining in office. In terms of Israel's security, the timetable was even less forgiving. From my very first intelligence briefings as Prime Minister, I was even more convinced of what I'd been warning Bibi for months: without a political breakthrough, a new, much more deadly *intifada* was only a matter of time.

That would have been reason enough to make peace efforts my first priority. But even as I was addressing the victory rally in Rabin Square, I sensed that the simple arithmetic of the election results would leave me no other choice. I was entering office with the largest electoral mandate in our history. But that was because of Israel's new voting system, with separate ballots cast for Prime Minister and party. That system had had precisely the opposite effect on party voting. In previous elections, most Israelis had chosen one of the two main parties, knowing that only they had a realistic chance of forming a government. Now they could directly choose the Prime Minister, giving them the luxury to vote in much greater



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numbers for an array of smaller, issue-specific parties. The result: though I'd won by a landslide, and One Israel had the largest number of Knesset seats, even with our natural left-of-center ally, Meretz, we would have only 36 Knesset seats – well short of the 61 needed for a majority. Even if we included a few smaller parties, there was no choice but to bring in one of the two larger ones: the Sephardi Orthodox Shas, with 17 seats; or Likud, which, after Bibi's sudden resignation, was now led by Arik Sharon, and had 19.

It wasn't just a math problem. It had a critical policy implication. If I wanted to tackle the *domestic* challenge – to reassert the values of secular-led democratic government over increasingly assertive religious involvement in our day-to-day politics – that would mean choosing Likud over Shas. But it would also signal the effective end of the peace process. Even though Arik assured me privately that he understood my determination to reopen peace efforts with Arafat and Hafez al-Assad, I *knew* Arik. The path toward peace agreements, assuming they were even possible, would be tough. Sooner or later – and certainly if we faced the need to consider painful compromises in the negotiations – I was certain that Arik would act as a kind of opposition from within. That was why, over the angry opposition of Meretz leader Yossi Sarid, I decided to go with the Sephardi Orthodox party. I realized that even Shas might walk out if the scale of any land-for-peace concessions proved too high. But it was the least extreme of the major religious parties on the question of peace with the Palestinians. In my conversations with the party's spiritual leader and guide, the 79-year-old rabbi and Talmudic scholar Ovadia Yosef, I was struck by his intelligence, erudition and subtletly of thought – but, above all, his commitment to the core Jewish principle of sanctifying human life over the specifics of Oslo redeployments, where his inclination seemed to be to trust the judgment of those with the experience and expertise to evaluate the security implications.

To Meretz's additional consternation, I included two smaller, right-of-center Orthodox parties in the coalition. It was not just to make good on my pledge to be Prime Minister for *all* Israelis. Knowing that I was going to put top priority on the peace process, I wanted to avoid an undiluted left-of-centre, secular thrust to the government. When I'd stood in front of the tens of thousands of cheering supporters in Rabin Square after the election, I thought to myself: they think that with Bibi gone, peace is around the corner. I wanted a coalition broad enough to keep Meretz, and Labor ministers as well, from forgetting a crucial fact: the



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compromises that we might have to contemplate during peace negotiations were still anathema to many other Israelis.

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Syria was always my first negotiating priority, as it had been for Rabin and, for a brief period, Bibi as well. This was not just because the shape of a final agreement with the Syrians was clearer, to both sides, than with the Palestinians. It was because I was determined to make good on the main specific policy pledge of my campaign: to bring our troops home from Lebanon. No matter what the increasingly emboldened fighters of Hizbollah said publicly, our withdrawal would be bad news for them. It would deprive them of their "anti-occupation" rationale for firing Katyushas into towns and settlements in northern Israel, and free us politically to strike back hard if that proved necessary. It was clear to me that Hizbollah would try to make the withdrawal as difficult for us as possible. But the real power in Lebanon rested with the Syrians, who, along with Iran, were Hizbollah's main backers. If we could get a peace agreement with Assad, there seemed every reason to hope he would rein in Hizbollah, and perhaps open the way to a peace treaty with Lebanon as well.

Still, there was no way of hiding an additional attraction in getting a deal with Syria first: it would increase our negotiating leverage with the Palestinians. That would certainly not be lost on Yasir Arafat – one reason that I realized the importance of an early meeting with him, to convey my commitment to keeping the Oslo process alive, and, if possible, achieving a full and final Israeli-Palestinian peace.

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I went to see Arafat a few days after taking office. We met for well over an hour at Erez, the main crossing point into Gaza. It was swelteringly hot inside. At least I was in an ordinary business suit, but I couldn't help wondering how Arafat



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was coping in his trademark military uniform. Still, the mood music going into the meeting was encouraging. After the election, Arafat had tried to use his ties with the ayatollahs in Iran to get them to release 13 members of the tiny Jewish community in Shiraz who had been jailed on patently absurd accusations of spying for the "Zionist régime." Iran had told him no. Given its support for Hizbollah, and its serial diatribes about destroying the State of Israel, this was hardly a surprise. But it was a gesture nonetheless, and I told him I appreciated it. I also arrived with a gift: a leather-bound volume with both the Hebrew Bible and Koran. I began our meeting with what I felt I most needed him to hear: that both of us were trying to achieve something hugely important, nothing less than a new relationship between Israelis and Palestinians based on trust. As I would discover in the months ahead – as Yitzhak had found as well – Arafat responded warmly to such general appeals of principle. He replied that he viewed me as a partner, and a friend. But the key issue of substance – the difference between how I envisaged taking Oslo forward and what he wanted – was impossible to avoid.

I emphasized that I was committed to the further Wye River summit redeployments Bibi which had agreed, although not implemented, as well as to a release of Palestinian prisoners agreed at Wye. Yet then came the more difficult part: explaining my view of how we could best move toward a full peace agreement. I said I was convinced the prospects would be much better if we delayed the redeployments and brought forward the start of the real negotiations: on "permanent-status" issues like final borders, settlements, Jerusalem, refugees. In any case, I said, I'd need a few months for a thorough assessment of the issues involved, and to reach a settled view with my negotiating team on how to proceed. Arafat seemed to accept the idea of a pause for reflection and planning. But he held firm in his opposition to any further delay in the Wye redeployments. More worryingly for the longer-term prospects of an agreement, he ignored altogether my suggestion that we move ahead toward the permanent-status talks.

Speaking to reporters, I was careful to accentuate the positive. I said the reason I'd come to see Arafat so soon was because of the importance I attached to his role in "shaping peace in the Middle East." I said I would not waver in continuing on the path which Rabin and he and begun. And while the security of Israel would be my paramount concern in negotiations, "I also want each Palestinian to feel secure." Both sides, I said, had suffered enough. The open question, however, was whether *I* had done enough to persuade Arafat that his exclusive focus on



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redeployments – on only the *land* part of a land-for-peace deal – meant we risked ignoring the core issues that would determine whether a full peace agreement was achievable.

More urgently, I knew from our diplomats in the US that the Americans would not necessarily be receptive to a further delay in moving ahead with Oslo, even if it meant focusing on trying to make peace with Syria. That made my first visit to see President Clinton as Prime Minister especially important.

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It was billed as a "working visit" and work we did. After a gala dinner for Nava and me in the White House, we helicoptered to the presidential retreat at Camp David. President Clinton and I spent more than 10 hours discussing shared security challenges in the Middle East, especially terrorist groups and states like Iran that were backing them, and, of course, how best to move forward our efforts to negotiate peace. These face-to-face meetings set a pattern that would last throughout the time he and I were in office. On almost all key issues, my preference was to deal directly with the President, something I know sometimes frustrated other senior US negotiators like Secretary of State Madeleine Albright and Mideast envoy Dennis Ross. This was not out of any disrespect for them. It was because the *decisions* on which negotiations would succeed or fail would have to be made at the top, just as President Clinton and I would ultimately carry the responsibility, or the blame, for errors, missteps or missed opportunities.

Our first meeting ran until three in the morning. When the President asked me how I saw the peace process going forward, he smiled, in obviously relief, at my answer: I wanted to move quickly. He had only a limited time left in office, and I was determined that we not waste it. Much is often made about the personal "chemistry" in political relationships. Too much, I think, because the core issues, and the trade-offs of substance, are what truly matter when negotiating matters of the weight, and long-term implications, of Middle East peace. Still, chemistry does help when moments of tension or crisis arise, as they inevitably do. My first few days with President Clinton laid a foundation that allowed us to work together even when things got tough. I benefited, I'm sure, simply by not being Bibi. The



HOUSE_OVERSIGHT_011795

president and his negotiating team had spent the previous few, frustrating years trying alternately to urge, nudge and cajole him – and, of course, Arafat – toward implementing Oslo. Clinton did finally succeed in getting the Wye River agreement. But it, too, remained to be implemented.

Nava's presence, and Hillary Clinton's, contributed to an informal, familial atmosphere. Before my first round of talks with the President, we joined Bill and Hillary for dinner. Though I would work more closely with Hillary in later years, when she was Secretary of State under President Obama, this was the first time I'd had the opportunity to engage in anything more than small talk with her. She was less naturally outgoing than her husband. Yet not only was she bright and articulate. She was barely less informed on the ins and outs of Middle East peace negotiations than the President. She, and Bill as well, also spoke with us about things well beyond the diplomacy of the Middle East: science, music, and our shared interest in history. What most struck Nava and me, however, was the way the Clintons interacted with each other. The scandal surrounding Monica Lewinsky was still fresh. I suppose we expected to see signs of tension. Whether they were there, we had no way of knowing. But what the two of them *did* palpably have was a deep respect for each other's intelligence, insight and creativity in looking for solutions where so many others saw only problems. It was impressive.

Still, there was little small talk in the long discussions I had with the President. From the outset, I wanted him to know exactly what I hoped we could accomplish and how, in my view, we were most likely to get there. I wasn't trying to impose "ground rules" on the President of the United States, something I neither would nor could do. But I was explicit with him about my own approach the negotiations. I assured him I was prepared to be flexible. But I said I'd be relying on two critical assumptions. The first was that when we and the Americans agreed a position on a specific issue, there would be no unilateral "surprises" – by which I meant, though didn't say, things like the unfortunate American redefinition of Yitzhak's "pocket deposit" assurance regarding the Golan. The second assumption, I know, may seem overly legalistic. It was that, until and unless we reached a full and final agreement with either Syria or the Palestinians, any Israeli negotiating ideas or proposals would *not* be binding. If no agreement was reached, they would become null and void. I wanted to avoid a situation, as had happened so often in past negotiations, where an Israeli proposal was rejected by the Arab side but then treated as the opening position in the expectation of further concessions in later



HOUSE_OVERSIGHT_011796

talks. I did realize that, "null and void" or not, our proposals or suggestions would not simply disappear from memory. But I felt the point of principle was essential if Israel was going to be able to consider the kind of far-reaching concessions which final peace deals might require.

In the end, I realized that we might simply discover that Assad, and certainly Arafat, were not willing or ready to make peace. We might, initially at least, have to settle for a more incremental step. "Right here in Camp David, Begin, Sadat and Carter couldn't complete the process," I pointed out. "They signed a 'framework agreement' and it took months of further diplomacy to reach a peace treaty. Maybe we'll end up doing the same." But I told the President I was convinced that if we didn't *try* to get agreements, we'd have no way of knowing whether the will to make peace was there on the other side. Assad, I suspected, was the more likely to reciprocate. That was a major reason I wanted to start our efforts with him. But so far, his true intentions had never been *tested*, beyond his obvious determination to get back the Golan. Nor had Arafat's, beyond his focus on the detail and extent of West Bank redeployments.

President Clinton did not object to an early effort to reopen our efforts with the Syrians. But he was worried about the effects of ignoring the already-creaking prospects of fulfilling the promise of Oslo. If we were going to delay focusing on that, Clinton told me, he needed to be able to assure Arafat the wait would be worth his while. What could we *give* the PLO leader in return for putting off the Wye redeployments further, he asked. And then, the real question on his mind: "Ehud, when we get to the final redeployment and a peace deal, how much of the West Bank are you prepared to hand back?"

I simply didn't know at this stage. Much would depend on whether we could be sure Arafat could or would deliver a final peace. But even if I had known, I would have been reluctant to name a precise percentage. Though I had full trust in President Clinton, I knew that everything he and I said would be shared with at least a few of his closest policy aides and negotiators. Sooner or later, word would get to Arafat. When we did begin negotiations, he'd take whatever number I gave as a mere starting point. Still, I knew I had to signal the President that I was serious about negotiating with Arafat when the time came. I also knew the main source of his concern. In order to get the agreement at Wye, the President had signed on to a provision that the dimension of the third and final redeployment phase would be determined by Israel alone. By that stage, when we got there, Arafat would have



HOUSE_OVERSIGHT_011797

control of something like 40 percent of the West Bank. That meant – at least in theory – that Israel could limit phase-three to a mere token pullout, leaving the Palestinians with less than half of the territory.

"I don't know what percentage, exactly," I replied. "But one of my cabinet ministers thinks that a formula of 70-10-20 would work, meaning 70 percent for the Palestinians, ten percent to allow us to retain and secure the largest of the settlement blocs, and the rest to be worked out in further talks." When he nodded, I added: "Peres thinks it could end up at 80-20, and says he thinks Arafat would find it hard to walk away from getting control of four-fifths of the West Bank. But it's not about the number. It's about the area needed for the major settlements, and whatever else is required to safeguard our security. Beyond that, we don't need a single inch of the West Bank, and we won't ask for a single inch."

I replied in much the same vein when President Clinton urged me to help kick-start new talks with Assad by formally reaffirming Yitzhak's "pocket deposit" on the Golan Heights. As with the Palestinians, I was not going to cede a major negotiating card – our only real negotiating card – before we had any indication Assad was serious about making peace. But I did feel it was necessary to reassure Clinton that *I* was serious. I told him that, if and when the Syrians showed real signs of readiness to address *our* needs in a peace agreement, I would reaffirm the "pocket deposit."

I'd come to Washington hoping that President Clinton would be with me on the main issues of substance. But what I needed most at this point was his support on the procedural decisions I'd made in order to get to real peace negotiations: engaging with Syria first, and shifting the emphasis on the Palestinian track away from the redeployments toward the core permanent-status issues we'd have to resolve in order to get a peace agreement. What emerged from my first meetings with President Clinton was essentially a trade-off. He knew I would be ready to make concessions in pursuit of genuine peace. I was confident that on the route that I was proposing to take, he would have my back.

But what I couldn't be sure of was whether my own government would have my back. On paper, we had a comfortable Knesset majority: 75 out of the 120 seats. But I knew it was inherently vulnerable, both to friction between the Orthodox parties and assertively secular MKs from Meretz and inside Labor, and to possible defections over the concessions we might have to consider in peace



HOUSE_OVERSIGHT_011798

negotiations. The first stirrings of discontent had begun even before I went to see Clinton. On the basis of my commitment merely to *try* for peace, Arik Sharon had presented a no-confidence motion in the Knesset. It was never going to pass. But only days after I'd made him Interior Minister, Natan Sharansky let it be known he was going to vote against us. He didn't. He stayed away from the chamber, in effect abstaining. But I'd been put on notice.

I did lose my first coalition partner in September: the small United Torah Judaism party, with five Knesset seats. It wasn't over land-for-peace. In an echo of a similar crisis that brought down the government during Rabin's first spell as Prime Minister in the 1970s, it was over a violation of the Jewish Sabbath. It turned out that Israel's state electric company had been transporting a huge steam-condensation machine from the manufacturing site near Haifa to a power plant in Ashdod. The unit was the size of a small apartment. It weighed 100 tons. It couldn't be driven across the country without bringing weekday traffic to a standstill. The obvious solution was to do it when road use was lightest, on Shabbat. Precisely the same procedure had been followed – *24 times* – under Bibi. But when I asked a United Torah Judaism leader why he'd seemed happy when Likud had waved it through, he replied: "Past sins cannot pardon future ones." Eli Suissa, one of the Shas ministers in the cabinet, took his side, saying: "Every hour is good for the keeping of Shabbat." Most other ministers agreed with me that we should stand firm. So I did. But UTJ walked out of the government. Shas did remain. But I was now increasingly certain that at some stage its ministers, too, would leave.

In the midst of the Sharanksy rebellion, Haim Ramon, who was the minister in charge of liaising with the Knesset, insisted I "punish" him for his political grandstanding. "You should fire Sharansky. Act like a leader!" I just laughed. "The coalition doesn't need a leader," I replied. "It needs therapy." In truth, I suspected that if we ever got near to a peace agreement with Assad or Arafat, even therapy might not help. But that was a main reason that I'd promised a referendum on any final peace deals. I believed that in the choice between concessions, even painful ones, and a genuine peace deal with Syria or the Palestinians, by far most Israelis would choose peace.

I relied on a strong, close team around me, people I knew well and who shared my determination to stay focused on the central goal: to put Israel in a position where its citizens could be given that choice. I made Danny Yatom, my former



HOUSE_OVERSIGHT_011799

sayeret deputy, my chief of staff. The negotiating team also included Uri Saguy, former head of military intelligence; Gilad Sher, a gifted lawyer I'd known for a quarter of a century and who had been a company commander in my armored brigade in the 1970s; and Amnon Lipkin, the paratroop commander at Chinese Farm and my successor as *ramatkal* when I left the army. Also, Shlomo Ben-Ami, the Moroccan-born, Oxford-educated historian and diplomat who had run against me for the Labor leadership. Shlomo had a gift for systematic analysis and keen judgement, especially on security issues, which I highly valued.

It did not escape the attention of Israeli commentators, or other politicians, that almost all of them were former soldiers whom I'd known from my time in uniform. But that observation missed a more important point: we were all members of the "generation of 1967 and 1973." We had been soldiers during the Six-Day War. In the years immediately after it, like almost all Israelis, we had allowed ourselves to believe that our victory had been so comprehensive, and so quick, that any threat from the defeated Arab states was gone for good. We assumed that inevitably, inexorably, they would realize they needed to sue for peace, and that there was no particular urgency on our part to do anything more than wait. Then, on Yom Kippur 1973, all of that had been turned on its head. We had not only learned the lessons, of 1973. We had internalized them. Even had we not known of the danger of a new Palestinian campaign of terror, the option of simply watching and waiting – and assuming that our military strength, which was now even greater, could make events around us stand still – would not have made sense to us. Besides, as I remarked to Danny and others, to do so would run against the founding purpose of Zionism: to establish a state where Jews would no longer be victims of events, but would take control of their destiny and try to shape them.

* * *

Yet making peace, like making war, takes two. Much as I'd wanted to begin with Syria, until well into the autumn of 1999 President Assad was holding firm on his insistence that without our "deposit," without a prior agreement that he'd get back the Golan, there could be no substantive progress. This was particularly frustrating because I was getting reports from our intelligence services, and



HOUSE_OVERSIGHT_011800

Western envoys who had seen the Syrian president, that Assad's many years of health problems had left him almost skeletally frail, even at times disoriented.

Even my own negotiating team urged me to concentrate on the Palestinians instead. President Clinton kept stressing the importance of showing Arafat at least some movement on the Oslo front. In September 1999, I took a first, significant step in that direction. I agreed to a timetable that would deliver the Wye redeployments by the end of January 2000, while also committing us to negotiating a framework agreement, on the model of the Begin-Sadat Camp David accords, on the "permanent-status" peace issues. In early November, I joined Clinton and Arafat for talks around an event in Oslo – a deliberate echo of the optimism with which the peace process had begun, held on the fourth anniversary of Rabin's assassination. Both Leah Rabin and Peres came with me. Its centerpiece was a memorial service, at which Leah spoke very movingly of the need for both sides to finish the work Yitzhak had begun, a responsibility I pledged that we would do everything in our power to fulfill. Only Arafat struck a discordant note. He paired a tribute to Rabin with a polemic call for an end to "occupation, exile and settlements."

After the ceremony, he, President Clinton and I met at the American ambassador's residence. I was still struck by Arafat's public comments: by his apparent desire, or need, to play to hardliners back home in what was supposed to be a time to remember and honor Yitzhak. I didn't raise his remarks directly, but I told him that each of us was approaching a moment of truth for the future of our people. The decisions required wouldn't be easy politically, for either of us. "But if we don't have the courage to make them, we'll be burying thousands of our people." Worse, I said, those deaths would not advance his people's position, or mine, by a single inch. When future Palestinian and Israeli leaders did finally prove equal to the challenge of making peace, they'd be looking at the same conflict, requiring the same compromises. "The only difference will be the size of our cemeteries." Arafat nodded occasionally. But he said little, beyond saying that he considered Rabin to have been a friend, and repeating his now-familiar, nonspecific, pledge to "do what is necessary" for peace.

"The hardest part won't be the tough decisions in negotiations," I continued. "It won't be facing each other. It will be facing our *own* people." We would need to make the case openly, honestly, strongly that the peace agreement we reached was in the interest of both Israelis and Palestinians. And in this, each of us had a



HOUSE_OVERSIGHT_011801

responsibility to support the other. With President Clinton looking on, I steered Arafat toward the window of the ambassador's fifth-floor apartment. "Look down," I said. "Imagine that we each have parachutes, and we're going to jump together. But I have my hand on *your* ripcord, and you are holding *mine*. To land safely we have to help each other… And if we don't jump, many, many innocent people who are now walking the streets of Gaza and Ramallah and Hebron, Tel Aviv and Jerusalem, will die." Arafat again just nodded, leaving me, and the President, unsure whether anything I'd said had struck home.

The true test of that would come only when we got to the stage of negotiations when the "difficult decisions" could not be evaded. Yet only weeks after I returned from Oslo, the focus did finally shift to the Syrians. President Assad suddenly signalled his willingness to resume talks without any preconditions – a message he delivered first to my British Labor Party friend Michael Levy, who was visiting Damascus as Tony Blair's roving Mideast envoy, and then to Secretary of State Madeleine Albright. Assad said he would send Syrian Foreign Minister Farouk al-Sharaa to meet me for initial talks in Washington in December, ahead of a full-scale, US-mediated attempt to negotiate peace at the start of the new year.

* * *

The broad terms of a potential deal had long been clear, both to us and the Syrians. The danger was always that the process would get derailed, or never really get started, due to domestic political opposition. Syria had a tightly state-controlled media and an intelligence service concerned mainly with crushing any signs of dissidence. That meant Assad's main concern was to ensure broad support, or at least acquiescence, from top military and party figures. In Israel, however, every sign of a concession would risk igniting charges that we were "selling out" to Syria. The Likud and the political right would obviously denounce the idea of giving up the Golan Heights, even though Bibi had been ready to do just that when he was Prime Minister. But even on the left, there was little enthusiasm for returning the Golan. There were far fewer Israeli settlers there than on the West Bank, not even 20,000. But most of them, far from being religiously motivated ideologues, were Labor supporters. And almost no Israel, of any political stripe,



HOUSE_OVERSIGHT_011802

viewed Hafez al-Assad as a natural partner for peace. For years, he'd been a constant, sneering presence on our northern border, denouncing not only Sadat but any Arab leader who'd shown willingness to engage or negotiate with Israel. Amos Oz, one of our finest writers and a cultural icon for Labor Zionists, probably put it best. He said the Syrians seemed to think that "we will give them the Golan, and they'll send us a receipt by fax." The consensus was: forget Assad. Keep the Golan. In fact, before I left for the US, the Knesset voted on whether it supported my attempt to negotiate an agreement with Syria. We could muster only 47 votes, 14 short of a majority. An opinion poll found only 13 percent of Israelis favored a full withdrawal from the Golan.

The message I drew from this was *not* that we should give up on the chances of a peace agreement. After all, before Begin and Sadat went to Camp David in 1978, an almost equally tiny minority of Israelos had been in favor of withdrawing from the Sinai. Yet once they had seen the other side of the equation – full, formal peace with our most powerful neighbor – the opposition all but evaporated. The problem I saw was that if we and the Syrians couldn't find a way to insulate our negotiations from leaks, speculation and a swirl of opposition to our efforts at home, we'd never *get* to the key issues of substance.

I'd been making that point to the Americans for weeks. At first, I tried to persuade them to hold the talks at Camp David, ensuring the same, media-free isolation that had yielded the historic Israeli-Egypt agreement. But Dennis Ross replied that the very association of Camp David with that breakthrough meant it would be a non-starter for President Assad. I then suggested we consider sites outside of the US: NATO's Incerlik air base in Turkey, for instance, a British base in Cyprus, an American naval ship in the Mediterranean. Even, half-jokingly, an abandoned missile silo in South Dakota. Yet the point I was making was serious, in fact critical, I believed, if the talks were going to have a chance.

In the end, the Americans settled on a beautiful, and undeniably remote, town in West Virginia called Shepherdstown. But from the outset, I was worried it couldn't provide the kind of environment we needed. As soon as our plane landed at Andrews Air Force base outside Washington, I got a call from the head of our advance team. He told me the news media were already there and that reporters – Israeli, Arab, American and European – could be seen chatting with American, Israeli and Syrian officials in the town's coffee shops. I knew the press would have to publish *something* about potential concessions as the negotiations proceeded.



HOUSE_OVERSIGHT_011803

Whether the stories were true wouldn't matter. They would still make the real bargaining necessary for peace far more difficult, perhaps even impossible.

I also had doubts whether Assad was ready for real peace: embassies, open borders, personal contact between Syrians and Israelis, and ideally an internationally backed free-trade manufacturing area on the Golan to give Syria a tangible stake in ensuring the peace lasted. In earlier talks, under Shimon Peres, Syrian negotiators had at one stage brought a message from Assad. What did we *mean*, he wanted to know, with all this emphasis on peace, peace, peace? Syria had peace with *El Salvador*, but without any of the trappings we were insisting on. Peace, in Assad's mind, seemed to mean merely an absence of war. Plus, of course, getting back the Golan.

I did, however, come ready to negotiate. Though I was still not prepared to reconfirm Rabin's "pocket deposit" as a mere ticket of admission, my position remained essentially the one I had worked out with Yitzhak in formulating the deposit: IAMNAM, "if all my needs are met." Meaning that if Assad showed a readiness to deal with *Israel*'s requirements in a peace deal, I did, of course, recognize we would leave the Golan Heights. In addition to early-warning facilities, we envisaged an open border with a demilitarized area on either side, as well as guarantees that important sources of water for Israel would not be blocked or diverted. As Assad knew, despite his presumably feigned puzzlement about Syria's arrangements with El Salvador, we also needed the agreement to embody a mutual commitment to real peace: through elements like an exchange of ambassadors and the establishment of the free-trade zone. As with the Begin-Sadat peace, we assumed that our Golan withdrawal would come in phases, parallel to the implementation of the other provisions of the treaty.

In our initial meetings in Shepherdstown, Foreign Minister al-Sharaa showed no inclination even to talk about these other issues. So on the second afternoon we were there, I suggested to President Clinton the Americans try to break the logjam by drafting a paper of their own. It would detail all the issues in an eventual agreement, with parenthetical references to those on which we and the Syrians still differed. Then each side could respond with a view toward narrowing the gaps. The President liked the idea. So did Al-Sharaa. Three days later, the President presented the eight-page American draft. With his customary eloquence, he emphasized the need for us to use it as a springboard for peace, not to score political points, and each side agreed to take a couple of days to look through it. It



HOUSE_OVERSIGHT_011804

seemed to me we might finally be on a path to substantive negotiations. There was obviously not going to be a deal at this round of talks, but I agreed with President Clinton that when they ended, he could phone Assad and tell him that I had confirmed Rabin's "pocket deposit."

Yet by the time we left for home, the prospects suddenly looked much worse – for the reason I'd feared from the moment we arrived. There were two major leaks. The first came in an Arabic-language newspaper in London. Given the thrust of the story, it had presumably come from the Syrians. But it was more annoying than truly damaging. The second leak, however, was in the Israeli newspaper *Ha'aretz*, which published the entire US negotiating paper. This was unwelcome for us, since it confirmed we were ready to go far in return for peace. But for the Syrians, the fact the final-border section was still a work-in-progress, with the parentheses to prove it, created the impression that they'd decided to negotiate the details of a full peace without first nailing down the return of the Golan Heights. Assad's image as a strongman, implacably tough on Israel, had been built and burnished over his three decades in power. The embarrassment of being seen as amenable to talking about a Syrian embassy in Israel *without* an agreement on the Golan struck me as a potentially fatal blow to the prospects for a deal, since it dramatically narrowed the scope for the flexibility needed by both sides to negotiate. I can't say I was surprised when Clinton phoned me when we got back to Israel to say that Assad had refused to send Al-Sharaa back, as planned, for a further round of talks in 10 days' time.

I didn't give up, however, and neither did President Clinton. In February, at the Americans' request, I sat down with Danny Yatom and US Ambassador Martin Indyk in Jerusalem to draw up a "bottom line" proposal on a withdrawal from the Golan Heights. Since I'd already empowered Clinton to reaffirm the "pocket deposit", I saw no reason not to do this. If only because of Assad's failing health, I believed it was the only way we could know whether an agreement was possible. We worked on a large satellite map of the Golan and the valley below, and drew our proposed border in red. We marked out a strip of several hundred meters on the far side of the Sea of Galilee. It included, or came near to, a handful of Syrian villages that had been there before 1967. But we were careful to adjust the line to exclude any area where buildings had stood. We compensated – with slightly more territory – by bending the border westward to give the Syrians part of the slope overlooking the lake, in what was now Israel. We also included the hot springs at



HOUSE_OVERSIGHT_011805

al-Hama, which I knew Assad had said he considered rightfully Syrian during talks held under Rabin.

But the details turned out not to matter. President Clinton agreed to present the map to Assad in what we both hoped would be a step to reopening the path for peace. The two of them met in Geneva in late March. Though the President also came with full details of our positions on the other negotiating issues, he began by telling Assad that I had agreed to the Syrians' longstanding point of principle on our future border: it would be "based on the June 4, 1967 line" before the Six-Day War. Then, the President unfurled the map.

It was shortly after five in the afternoon in Israel when Clinton phoned me. He sounded as if he'd been punched in the stomach. "Ehud, it's not going to work," he said. "The moment I started, he tuned out. He just said: 'Do I get my land?' I tried to get him to listen, but he just kept repeating: 'Do I get all my land?' According the President, Assad would countenance nothing less than being able to sit on the shore of the Sea of Galilee and "dip his feet in the water." Clinton said he'd done his best, and that was true. "I understand the effort is over," I replied. "Probably, he's too frail and ill by now." In fact, Assad would die of leukemia barely two months later. His immediate focus was on ensuring an uncontested succession to his son, Bashar.

When Dennis Ross came to see me in Jerusalem, I think he expected to find me more distraught than I felt. Of course, I was disappointed. But I told him I was grateful that Clinton had stayed with a negotiating effort that had been frustrating for all of us. When I became Prime Minister, I'd assured the Americans that as long as our vital security interests were protected, I was ready to go further than any previous Israeli leader to get peace with Syria, and with Arafat too. I might fail, but it would not be for lack of trying. I believed that even a "failure" would tell us something: whether the other side was truly ready for peace. With Syria, I told Dennis, "It's not what we hoped for. But at least now we know."

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HOUSE_OVERSIGHT_011806

My own negotiating team, not to mention the Americans, assumed I would now turn my attention to the Palestinians. Arafat was pressing for us to go ahead with phase-two of the Wye redeployments. In fact, he now wanted us to add the transfer of three Arab villages on the edge of east Jerusalem: Eizaria, El-Ram and, most importantly, Abu Dis, since from there you could see the golden dome of the mosque above the Western Wall in the Old City. I understood why the villages were politically important for him. But in practical terms, I also knew I'd have to secure the support of the cabinet and the Knesset for what the Likud, and the main religious parties too, would interpret as a first step toward "handing back Jerusalem."

For me, this underscored the problem at the heart of Oslo. We were transferring land to Arafat, yet still without any serious engagement from the Palestinians on the "permanent-status" questions, like the furture of Jerusalem, that were critical to the prospects for real peace. They were critical, in fact, even to reaching a framework agreement, or a declaration of principles, as a basis for a final treaty. I probably should have seen the crisis-ridden spring of 2000 as a harbinger of the difficulties when we finally got to that stage. I did make a first major effort to find compromise ground on the main issues. I sent Gilead Sher and Shlomo Ben-Ami to begin back-channel talks with a Palestinian team led by Abu Ala'a and Hassan Asfour, the architects of Oslo. But as I prepared to seek Knesset approval for returning the three additional villages to the Palestinians, my main Orthodox coalition partners, Shas and the National Religious Party, as well as Sharansky's *Yisrael ba'Aliyah*, all threatened to walk out of the government. I did manage to keep them on board, but only by getting the Knesset vote classified as a no-confidence motion. That meant that if we lost, the government would fall and there would be new elections. That was something none of them wanted. They feared that Arik and the Likud would do better this time around, and they would end up with fewer seats.

Still, even that didn't avert a different kind of crisis. The vote was on May 15. For the Palestinians, this was also *Al-Naqba* Day, the annual marking of the 1948 "catastrophe" of the founding of the State of Israel. Danny Yatom told me the night before there were intelligence reports of large protests planned for the West Bank and in Gaza. President Clinton immediately got the American consul to deliver a message to Arafat, saying that the President expected him to intervene against any sign of violence. But Arafat's reply was that, while he'd do what he could, he



HOUSE_OVERSIGHT_011807

couldn't guarantee anything. In the months ahead I would come to understand what that meant, because it would happen again. I don't think Arafat himself orchestrated the violence. Maybe he couldn't have stopped it completely. But I have no doubt – nor did President Clinton – that he stood aside and let it happen.

Even worse – since he *did* have control over them – his security forces, with arms that Israel had provided as part of Oslo, fired on our troops as they tried to keep order. All of this, while I stood in the Knesset battling to get approval to give him the villages. As news arrived in the chamber of gunfire just a couple of miles away, it was not just Likud or other right-wing MKs who were furious. I certainly was. Yet I also knew that the price of losing the vote would be the fall of the government. We did win the vote, by a margin of eight, meaning that I now had full authority to return the three villages. Fuming over what had happened, however, I called President Clinton and told him I was going to delay the handover. I was not about to return the villages under gunfire, or reward Arafat for breaking even his existing security commitments.

That meant that prospects for serious negotiations with the Palestinians were again on hold. But another, immutable, priority would probably have delayed any new initiative anyway: my pledge to get our soldiers out of Lebanon within a year of the election. I was determined to go ahead with it not just because I'd promised Israelis to do so. It was because I knew from experience that without setting a deadline and sticking to it, it wouldn't happen. I had been against keeping the security zone from the start. Over the years, many Israelis, both inside the military and beyond, had come to accept we would be better off pulling out. It wasn't just the attritional loss of Israeli soldiers' lives, but the fact that there was no obvious point, and no obvious end, to our mission there. Especially when major tragedies occurred – like the collision of two Israeli helicopters a couple of years earlier, leaving scores of young soldiers dead – there was *talk* about a withdrawal. Yet there was always a reason to reconsider, to put it off: a Hizbollah attack in the security zone, accusations of weakness from right-wing politicians, or simple caution in the *kirya*. The only way to get it done was to decide, and to do it.

My self-imposed deadline for the pullout was now just eight weeks away. Hizbollah had already begun escalating pressure on our outposts in south Lebanon with the obvious aim of making the withdrawal as difficult as possible. They were also targeting our local surrogates, the Maronite-led South Lebanese Army militia. I'd been meeting regularly with Shaul Mofaz, the former paratroop officer who



HOUSE_OVERSIGHT_011808

was now chief of staff, to ensure we had a plan to get our troops out as quickly and safely as possible once the order was given. But complex though the operational issues were, that was not the most difficult part. The withdrawal had not just a military aim, but a critical political one: to denude Hizbollah, with full international support, of its "occupation" fig-leaf for targeting and terrorizing the towns and villages of northern Israel. Shaul and a number of other generals in the *kirya* tried to make the security argument for keeping several small hilltop outposts just north of the border. But I insisted not a single Israeli soldier or emplacement remain on Lebanese soil. Throughout the spring, we had been coordinating every detail of the planned pullout with UN cartographers on the ground, to ensure that they, too, recognized it would be a *full* withdrawal to the border, fulfilling the terms of the Security Council resolution adopted after the 1982 Lebanon War.

Ordinarily, an operation on this scale would have been carried out over a period of weeks. But when we handed over a pair of military strongholds to the South Lebanon Army, and Hizbollah promptly moved in to take them over, it was clear that even several days might risk chaos, and casualties, as we left. The head of the northern command now supported an immediate withdrawal, and I agreed. Frustratingly, we did have to hold off for a further 36 hours, in order to ensure the UN staff on the ground could complete their verification process. But on the afternoon of May 23, alongside Shaul Mofaz at a command post on the border, I ordered the pullout of all Israeli troops, vehicles and other equipment within the space of 24 hours. I then flew back to Jerusalem for an urgent meeting to secure formal cabinet approval. The field commanders ended up getting it done in *less* than 24 hours, mostly overnight, without a single Israeli casualty. For nearly two decades, our troops had been serving and dying on a strip of land on which we had no claim, no settlements, and for which there was no rational security need. Finally, we were out.

As I should have anticipated, there were accusations from Hizbollah and its allies that our UN-verified withdrawal was incomplete. At issue was a cluster of villages where Lebanon meets Syria, known as the Sheba'a Farms. But as I knew first-hand, they were not part of Lebanon. I'd met their Syrian inhabitants when I helped "capture" the villages at the very end of the 1973 war on the Golan. When Syria now publicly supported Hizbollah's efforts to get the UN to say the area was in fact part of *Lebanon*, I decided to call their bluff. Through the Americans, I



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suggested that Damascus confirm in writing that this part of the Golan was indeed Lebanese. The Syrians never responded.

Equally predictable were the prophets of doom on the Israeli right, who said the Lebanon withdrawal would bury northern Israel in Katyushas and in blood. The reality was that in the half-dozen years following the pullout, the Israel-Lebanon border was quieter than at any time since the late 1960s. The main personal impact of the withdrawal, however, was to remind me of why I'd run for Prime Minister in the first place. Despite the challenges, and inevitable setbacks and frustrations, of my first year in office, I was in a position to act on what I believed to be critical issues for my country's future. On Lebanon, I'd succeeded, mainly because the withdrawal was something we could do unilaterally. With Syria, I'd tried hard to get an agreement, only to find that Assad was unwilling, unable, or perhaps too ill to join in the search for a deal.

I still recognized, however, that no issue was more important to Israel's future than our conflict with the Palestinians. I knew that resolving it would be even tougher than the talks with the Syrians. But the only way to find out whether peace was possible was to try. So on the final day of May 2000, with the Lebanon pullout complete, I flew to Portugal – the site of a US-European summit – to see President Clinton.



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## Chapter Twenty-One

President Clinton and I met the next morning. My aim was to persuade him that the time had come for a make-or-break summit with Yasir Arafat.

I suspected it would not be easy to convince him, and it wasn't. But I made the argument that if we were to have any hope of moving Oslo forward, we now faced a stark choice. We were three years behind the timeline for starting work on a "permanent status" agreement, and only six months from an American election that would choose President Clinton's successor. We could, of course, pursue the Oslo process along its current, meandering path. But even though Bibi had slowed it down, that would inevitably mean Israel handing back yet more West Bank land to Arafat – in return for familiar, but still unfulfilled and untested, verbal assurances that he wanted peace. Each successive Israeli withdrawal reduced his incentive to engage of the core issues like final borders, refugees, or Jerusalem. I could not in good conscience justify that, either to myself or my country. The second option was the summit. I realized there was no guarantee it would succeed. But it *would* finally force Arafat to negotiate on the core issues – before the departure of an American President who had a grasp of the all issues and characters involved, and a personal commitment to converting the promise of Oslo into a genuine peace.

The obvious political risk, for both Clinton and me, was that after convening a summit – with all the heightened expectations and pressures it would bring – we'd fail to get an agreement. Though I'd be more directly affected, however, it was a more straightforward choice for me. In part because I'd been in front-line politics so briefly, but mostly because of what I'd done for the three-and-a-half decades before then, I viewed the *political* risk as just one of many, and by no means the most important. That was an obvious weakness in me as a traditional politician. I would indeed pay a political price later on for having given too little heed, and perhaps underestimated, the reaction in Israel to the summit and what came after it. Yet as I tried to impress on President Clinton, there were risks in *not* holding a summit as well, along with the obvious reward of a full and final peace if it succeeded. If it failed? At least we would know a peace agreement with Arafat was impossible. In fact, amid the diplomatic drift since Oslo, it was clear there was no other way that we *could* know.



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Walking with the President in Lisbon's spring sunshine, I tried to summon up an image that would bring both of us back to the starkly different reality of our conflict with the Palestinians. Only two weeks earlier, Arafat's own police force, with weapons *we* had given them, had opened fire as I was trying to get Knesset approval for returning three villages that *he* wanted. After I took office, I'd ordered a full-scale intelligence review of the security situation with the Palestinians. The sobering conclusion had been delivered to me six months earlier: plans were well underway by cells in the West Bank and Gaza for armed attacks against Israeli soldiers and terror strikes inside Israel. "It's like two families living in the same house, and it's on fire," I said. "All of us are rushing to put it out. But there's this veteran firefighter who arrives on the scene – *a firefighter with a Nobel Peace Prize* – and we have no way of knowing whether he's got matches and gasoline in his pocket." We had to find that out, I said. We had to establish whether we were *all* firefighters, and could put out the flames.

Clinton and I had got to know each other well. In one-on-one conversations like this, we called each other by our first names, though I was careful to address him as "Mr President" when others were there. We'd been through a lot together. I had no doubt that he wanted to put out the fire every bit as much as I did. But I also realized he had emerged frustrated, and bruised, from our last joint effort at peacemaking: with Hafez al-Assad. I was the one who had been pushing the hardest for him to meet Assad in Geneva, over the objections of some of his closest aides that it was likely to go wrong. Not only were the aides right. Assad had ended up delivering an extraordinary personal rebuff to the President of the United States. Now, I was again asking President Clinton for a summit, and I knew Madeleine Albright, Dennis Ross and others would be highly sceptical. "I understand they'll have doubts. I understand their reading of the risks," I told President Clinton. "But I'm convinced crucial issues are at stake, which justify the risks. Let's move forward."

But Clinton was skeptical, too. He said that without some sign of diplomatic progress between us and the Palestinians, he could see no way of holding a summit. With Arafat due to see him in Washington in a couple of weeks, he said that I first had to give the Palestinian leader *something*: the three villages, a prisoner release, or perhaps unfreeze tax revenues which we'd been holding back as leverage for at least some progress on the core issues. Otherwise, Clinton said he was certain Arafat would refuse to attend a summit. And even if he said yes,



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Clinton felt we would need a draft document with broad areas of agreement before a diplomatic "endgame" could begin. I disagreed on that. I argued that if we tried to produce such a document, there would never be a summit. In fact, we'd never get a draft document worth anything. "Neither side is going to commit itself on issues like borders, refugees, or Jerusalem," I said, pointing out that even in our back-channel talks, the only forum in which there had been a hint of progress, those issues had barely been touched.

He did accept that "pre-negotiation" would never crack the main issues. But he still said that before he could contemplate a summit, he would need Madeleine Albright and Dennis Ross to talk in detail with us and the Palestinians. "There had to be a firm basis to work on," he said. Even then,m he said, he was almost sure Arafat would resist the idea of a summit. And on that last point, he proved right. I spoke to the President by phone after Arafat's trip to Washington. "He thinks you're trying to trap him into a summit, and that when it fails, I'll blame *him*," he told me.

The very next day, the stakes increased dramatically. For months, military intelligence had been warning of the potential for violence if we couldn't find a long-term political resolution of the Palestinian conflict. But the report which landed on my desk on June 16, 2000 was more specific. It said Arafat had called in his security people and said: "My strategic understanding is that Israel is not interested in reaching a deal. Therefore, we are preparing ourselves for a violent and prolonged confrontation." A few days later, we got an even more worrying report, saying the security officers had been told to begin "intensive training." Arafat was quoted as saying: "The Palestinian Authority is confronted by a strong and dangerous Israel, headed by a Prime Minister who is not interested in real peace. The proof of that is that when he was Chief of Staff, he was the only senior officer to oppose the Oslo Agreement." I summoned my security team: Mofaz as chief of staff; the heads of military intelligence, Mossad and the Shin Bet. I told them that Arafat was wrong. My inalterable "red line" would always be Israel's national and security interests. But as long as those were protected, I wasn't just interested in reaching an agreement with the Palestinians. I was determined to do everything possible to try to get one. But I also said that we had to make sure we were fully prepared for responding to "Palestinian violence and, at some stage, full-blown terror."



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* * *

A few days later, the "pre-endgame" around the summit began. Not in Washington or Jerusalem or Ramallah or Gaza, but in Kochav Yair. Nava and I still spent almost all our weekends there. We valued the quiet, or at least the slightly quieter, time away from Jerusalem or Tel Aviv. Some of my oldest army friends lived there as well: Danny Yatom, as well as Shaul Mofaz and Uzi Dayan, who was now deputy chief of staff. Newer colleagues, too, like Yossi Ginossar, a Shin Bet veteran who spoke fluent Arabic and, after working in the West Bank and Gaza in the late 1960s became one of the first Israelis to hold secret talks with Arafat, building up a personal relationship with him. Under both Rabin and Peres, he had been a valuable liaison with the Palestinian leader. Nowm under my Premiership as well.

The summit seemed to me more important than ever, but I knew that only President Clinton could make it happen. Short of giving the Palestinians the whole list of short-term rewards they wanted, including the three villages, I knew Arafat was never going to be enthusiastic. But if Clinton was persuaded that a peace agreement was within reach, I had confidence he would make the effort. I had allowed Gili Sher and Shlomo Ben-Ami to go to Washington the week before for exploratory talks with Dennis Ross. Shlomo, as I knew he'd done in the back-channel talks with the Palestinians, had gone beyond anything that I would or could say at this stage in order to probe the edges of where an eventual compromise might be possible. Now Clinton had sent Dennis to Israel, with Madeleine Albright to follow at the end of the month, and I had to assume that their impressions would be critical to his decision on whether to bring me and Arafat to Camp David.

We agreed to meet Dennis and his team at Danny's house in Kochav Yair. By the time I'd made the pleasant Shabbat-afternoon stroll from our house, a few streets away, they were in the back garden sipping lemonade and munching on popcorn. I'd met often with Dennis during my year as Prime Minister, and I liked him. He was smart, knowledgeable and experienced. He'd worked under three US Presidents: Carter, Bush Senior and now Clinton. No American diplomat had been more indefatigably involved in the search for Middle East peace. And whatever his occasional frustrations, he also recognized I was ready to go further than any



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previous Israeli leader in trying to get that peace.

I knew that he would press me to tell him how far that actually was. He didn't ask directly. But each of his ostensibly theoretical questions was aimed at establishing whether I could give him enough for a summit to bridge the gaps on key issues. Could I accept a "trade-off between sovereignty and time?" Translation: could I give the Palestinians sovereignty over a larger part of the West Bank if we signed an agreement that would phase in their control? Could I accept the principle of land swaps? This meant giving Arafat land in areas bordering the West Bank, or in the Negev near Gaza, to compensate, at least partially, for the area we would keep for the major settlement blocs. What about applying my principle of "disengagement" between Israel and the Palestinians to Jerusalem? Meaning Arafat getting control of the predominantly Arab neighborhoods in the east of the city.

Dennis knew my long-standing reluctance to commit to concessions until we got to real, final negotiations with Arafat. "We'll not reveal anything you tell us," he assured me. "We won't turn what you say into opening negotiating positions for Arafat. But if there is going to be a summit, the President wanted some answers." To Dennis's frustration, however, I could give him no specifics, beyond telling him: "You know me, Dennis. You know I'm serious about this. Of course, we will protect our vital security and national interests. But the problem in making peace won't be us, on the Israeli side, as long as Arafat shows a capacity and a will for decision." The translation of *that*, as I hoped and trusted he understood was that if and when Arafat demonstrated that he wanted a comprehensive peace between a new Palestinian state and the State of Israel – a definitive "end of conflict" as the international lawyers would describe it – I would place nothing, except our security and core national interests, in the way of getting an agreement.

Madeleine Albright visited at the end of June. When she came to see me a day after meeting Arafat, she carried a request from the Palestinian leader: two weeks of "preparatory" talks before a summit. Again, I knew her mission was to bring back enough progress for the President to feel a summit was worth it. But again, I couldn't give her what she wanted. "I know what will happen in preparatory talks," I said. "We'll raise new ideas, which the Palestinians will reject, and ask for more." I don't know what she told Clinton, or Arafat. But Dennis called me the following day. He said that Arafat had agreed to attend a summit, and would leave the date up to the President.



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When Clinton phoned me at the beginning of July, however, he still hadn't finally decided to hold the summit. I needed him to know that, on my side, he'd have a truly willing partner, aware of the political risk he'd be taking. Like Dennis, the President tried to probe my position on land swaps, and Palestinian sovereignty for at least some Arab neighborhoods in Jerusalem. Finally, he asked if I would rule out those possibilities if they represented the difference between success or failure at a summit. I did not give him a definitive "yes." I said we could think through those issues together. But when he phoned again, on July 4 from Camp David, I felt I had to go further. I said that, for his ears only, I was willing to give him the assurance that, assuming that Arafat was willing to move toward us on core issues, I would consider limited, symbolic moves on both land swaps and Palestinian sovereignty in part of East Jerusalem.

Clinton replied: the summit was on. It would begin at Camp David in one week's time, on July 11.

* * *

Two days before leaving for the US, I brought my ministers together. "We can't know what will happen at a summit," I said. "But we have a responsibility to give it a chance, and recognize the situation in which we find ourselves. If we sit idle and don't even try, we'll face an eruption of violence, and never know whether we could have avoided it. If, God forbid, we fail to reach an agreement, there will also be violence. We will face a new reality more difficult than you can imagine. But if we do manage the strike a deal, we are going to change the map and history of the Middle East." I reminded them it would be up to Israelis to say yes or no, in a referendum, to the terms of any agreement we negotiated. "If we achieve a breakthrough, I'm confident they will do so, by a landslide."

I said I would hold fast to a number of principles. There would be "no return to the 1967 lines," meaning that we would draw a new border with the West Bank to accommodate the largest settlement blocs. They were mostly around Jerusalem, or just beyond the 1967 border. In practical terms, over the years they had become part of Israel. Tens of thousands of people lived there. As the Americans and even the Palestinian negotiators recognized, no Israeli government, Labor or Likud,



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would agree to make them part of a Palestinian state. The second principle was that "Jerusalem will remain united." It would not be cut into Jewish and Arab halves as had happened between 1948 and 1967. That, I knew, might prove tougher to carry through on. But even if I had to concede a degree of Palestinian control in parts of east Jerusalem, I expected to be able to retain Israeli sovereignty over the city. The third principle was that there would be "no foreign army west of the Jordan River." In other words, if we did hand back at least the major part of the West Bank, it would be demilitarized and we would have security control over the Jordan Valley. Finally, we would not "accept responsibility for the birth of the refugee problem and its solution." Though there could be a "right of return" into a new Palestinian state, we would not agree to rewrite the history of the 1948 war by sanctioning the resettlement of hundreds of thousands of Palestinians inside the State of Israel.

I think it was the very fact we were talking about a comprehensive peace agreement that made it so hard for my Orthodox and right-of-center coalition partners. They didn't see the attraction of coming to final terms of peace. They knew it would mean concessions. There *would* be a Palestinian state. We *would* give up the great majority of Biblical Judaea and Samaria. While most of the settlers would remain, since they lived in the major blocs, those in more isolated settlements around the West Bank would have to be moved. They saw the prospect of a final peace only in terms of what we were giving up. They didn't see what we would *gain*: not just peace, and international recognition and endorsement for it. But normalcy: the central aim of Zionism. Jews living in a state like any other. Ever since 1967, we had been in control of the daily lives of hundreds of thousands of Palestinians on the West Bank and in Gaza. That was bad for them. But it had been bad for us too. *Fifty-two* years after the birth of our state, we still didn't have a permanent, internationally recognized border. Rather than dealing with our economic and social issues like other states, we were beset by internal divisions that were in no small part a result of our unresolved conflict with the Palestinians.

Shas, the National Religious Party and Sharansky's *Yisrael ba'Aliyah* were all threatening to pull out of the government because of the summit. Nothing I said could change their minds. Sharansky was the first to declare he was leaving. A few hours later, Shas and the NRP followed suit. If the Likud mustered the required 61 votes for the no-confidence motion it was introducing before I got on the plane to the US, the government would fall. If the parties that had left the coalition, with a total of 28 seats, went along with Arik Sharon, it wouldn't be close. As if that



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wasn't enough, David Levy, my Foreign Minister, told me he would not be joining me at Camp David. He wasn't resigning, at least not yet. But he knew that the final decisions at the summit would be mine, he feared it would fail, and didn't want to share in the consequences.

None of this meant I wasn't going. Even if the no-confidence vote succeeded, the new Israeli electoral system, with its separate vote for Prime Minister, meant I would remain in office, at least until the summit was over. In a nationally televised message, I reminded the country that I'd been elected with nearly two million votes. I felt I had a responsibility, and a mandate, that went beyond party politics. "I must rise above the political arguments, and seek out all possibilities on the way to a peace agreement that will end the conflict, and the blood, between us and our neighbors." I made the same points before the Knesset. I did, of course, want parliamentary support. But I was acting on a mandate from the *people* of Israel. It was they, in a referendum, who would ultimately decide on anything we might agree. When the Knesset votes were counted, thanks to the fact two dozen MKs abstained, both sides lost. Arik fell seven votes short of a majority. So the government survived. But those opposed to the summit got more votes than we did: 54 to 52.

There were several consolations as I prepared to fly out from Ben-Gurion airport. Shas leader Eli Yishai passed me an envelope on the tarmac. Inside was a note from Rabbi Ovadia Yossef, the Shas spiritual leader whom I'd met with privately after the election and a number of times since. He wanted to wish me good luck. Nearly 30 reserve generals also issued a public message of support. Perhaps most encouragingly, a newspaper poll found a majority of Israelis – 55 percent to 45 – believed I was right to go to Camp David and that I had a mandate to make concessions in return for peace.

David Levy came over to talk before I boarded. "I doubt we'll get an agreement," he said. I told him what I was telling other ministers, what I'd told reporters and, in fact what I had told Nava. "The odds are fifty-fifty." The reporters took this as coy, or deliberately deceptive. So I added that it was not because I knew something they didn't. "It's because there are two possible outcomes, and I don't know which one will happen." The gaps of substance were bridgeable. The question was whether both sides wanted peace, and whether each had made a serious, strategic decision to go for it. I'd made that choice. But I had no way of knowing whether Yasir Arafat had.



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I *was* confident of finally answering that question at the summit. Camp David was different from Shepherdstown. No reporters would be there. Mobile phones were banned. Each delegation had one landline. We'd also be operating under a time constraint. President Clinton was due to leave for a G8 summit in Japan on July 19. The gave us barely a week. I did wonder whether that would be enough, even if both sides were committed to reaching a peace agreement. Yet I hoped it would at least provide the possibility, as it had for Begin and Sadat twenty-two years earlier, to reach a framework agreement that open the door to a final peace treaty.

Not just the time, but the numbers were limited. We and the Palestinians could have only a dozen members in our negotiating teams. Some of my choices were automatic: Danny Yatom; Shlomo Ben-Ami, whom I'd made acting Foreign Minister in Levy's absence; Amnon Lipkin and Attorney-General Elyakim Rubinstein; Gilead Sher and his chief negotiating aide, Gidi Grinstein. I also took along a strong security team, including Shlomo Yanai, head of strategic planning the *kirya,* and Israel Hason, a former deputy-head of Shin Bet. There was another important, if less obvious, inclusion: Dan Meridor. A leading member of the Likud before he'd formed the Center Party at the last election, Dan was not just a friend. He was a man of rock-solid integrity, with a strong moral and ethical compass, who put principle over party. He was also a lawyer, and had been Minister of Justice under Bibi. Along with Attorney-General Rubinstein, I knew I'd have a gifted legal team if we got to the point of considering the specifics of a peace agreement. There was another consideration as well. Both Dan and Elyakim were right-of-center politically. I felt I needed their voices as a kind of litmus for the tough decisions, and concessions, I might have to consider if an agreement did prove possible.

I was not nervous as we crossed the Atlantic, though even those who knew me best assumed I would be. Nava had sent me off with a list of dietary instructions, almost like a surgeon general's warning that Camp David might prove hazardous to my health. But I felt prepared. I'd gone to every source I could find about the Begin-Sadat summit. I knew there would be periods of crisis and that at certain points I'd have to allow leeway for my own team to explore possible compromises beyond our set negotiating limits. Yet none of this altered my belief that holding the summit was the right thing to do, nor my confidence in being able to play my part. I did feel a huge responsibility. Decades after our conflict with the



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Palestinians had begun, seven years after Oslo, I was making an attempt, with the participation of the President of the United States, to shape the final terms of peace. I knew I carried the conflicting hopes and fears of Israelis with me.

And the odds really were 50-50. Either we'd come home with an agreement, to be placed before the country in a referendum. Or we would know that, at least for now, it was beyond reach.



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## Chapter Twenty-Two

If I believed in omens, I might have turned back as soon as we got to the summit. We reached Camp David a little before ten at night on July 10, after helicoptering from Andrews Air Force base near Washington. When we arrived, it was pouring with rain. The cabin assignments were also a surprise. I was given the one that Anwar Sadat had at the first Camp David summit in 1978. Arafat got Menachem Begin's. Still, the cabins themselves, each named for a tree, were large and pleasant. Mine was called Dogwood. It had a bedroom, two large sitting rooms and a terrace. I took it as a good omen that it was the same one where Nava and I had stayed during our visit with the President Clinton and Hillary right after I'd become Prime Minister.

With just eight days to address the core issues of decades of conflict, we got down to work the next morning. Clinton began by meeting Arafat, as I went through the Americans' strategy for the negotiations with Madeleine Albright, Dennis Ross and Martin Indyk. Then I met the President in his cabin, which was called Aspen. He told me that while Arafat still thought I was trying to "trick him" into an agreement, and didn't think we'd necessarily get a deal, he did accept I was serious about trying. My fear was still the opposite, that Arafat was not serious. Yet my hope was that the isolated environment of Camp David, and the wide public expectation that we would accomplish what Sadat and Begin had done there before, would deliver the breakthrough that I believed ought to be possible. For that to happen, I told the President, I believed it was essential that Arafat truly understood the importance of what was at stake. Not just the cost of failure, but what was potentially on offer: the creation of the Palestinian state he sought, with the full acceptance of Israel and the support of the world.

I wish I could say I was optimistic when Clinton led the two of us into Laurel Lodge, the larger cabin a few hundreds downhill from Aspen, for the opening session of the summit. The scene at the front door – with me bustling Arafat ahead, with the intention of allowing him to enter before me – yielded the best-known image from the summit. Captured by the television crews allowed into the compound for the ceremonial opening, it spawned a cottage industry of political speculation and armchair psychoanalysis purporting to decipher what it meant. Some said it was an encouraging sign of "chemistry" between me and Arafat, a not



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unreasonable guess, since both of us were grinning throughout. Others concluded that because each of us was trying to nudge the other to go in first, it was a sign of underlying conflict: neither of us wanted to allow the other the privilege of appearing to be polite. Still others, bizarrely, said that it was an ornate Middle Eastern power play, with the aim of demonstrating that *I* was ultimately in control of proceedings. In fact, it would turn out to be a singularly apt image of what happened in the days that followed: a reluctant Arafat, an engaged and expectant Prime Minister of Israel, a smiling and hopeful Clinton.

We did begin on a note of optimism. In my opening statement, I said: "Now is the time for us to make a peace of the brave, to find a way to live together side by side with mutual respect, and to create a better future for our children." Arafat said he hoped that the peace Begin and Sadat had made at Camp David would prove an auspicious example. "With the help of President Clinton, we could reach a deal that is good for both sides."

But it was going to take more than noble words. The details of a peace treaty, or even a framework agreement, were going to require negotiation. Both Arafat and I arrived fully aware of the shape of the "hard decisions" I'd referred to months earlier when we met in Oslo. On his side, it would come down to whether he was prepared for a comprehensive, final peace. A true "end of conflict," with no get-out clauses, no strings left untied, no further claims on either side. In concrete terms, this would mean abandoning his claim for a notional hundreds of thousands of Palestinian refugees to resettle inside the pre-1967 borders of the State of Israel. And what were Israel's difficult decisions? In return for the end of conflict, I would have to deal away the maximum possible part of the West Bank, certainly well above the 80 percent I'd quoted Shimon Peres as suggesting when I'd first met with President Clinton. I would have to accept the idea of land swaps, if necessary, in order to bring the overall percentage as near as possible to the equivalent of the whole of the West Bank. I would have to be flexible on the arrangements to ensure Israeli security oversight over the Jordan Valley. And if a true peace was really on the table, both Arafat and I would have to consider some form of compromise on the most emotionally and symbolically difficult issue of all: the future governance of Jerusalem.

On the first evening, we met as an Israeli delegation to discuss our position for the days ahead. Gili Sher and Danny Yatom helped me keep a clear overall picture of proceedings throughout the summit. Our secure landline was operated by a Shin



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Bet technician. I assumed that, one way or another, the Americans could listen in, but was fairly confident we were beyond the electronic earshot of the Palestinians. I kept myself fully informed of, but at a distance from, the specific work of our five negotiating teams. Though I could not have stayed engaged with all of them at the same time, I also hoped the arrangement would give them an opportunity to explore any realistic opportunity for a breakthrough and any sign of flexibility on Arafat's side – without committing me until there *was* such flexibility.

Yet for the first couple of days of the summit, there was not only no sign of flexibility. There was little meaningful engagement. Dennis Ross and his team drew up a paper setting out the main issues. For those on which we differed, our positions were marked with "I" and "P". It wasn't until around midnight on day-two that the we got a first look at the American draft. The main, unhappy, surprise was Jerusalem. This crucial issue was not marked with "I" or "P". It said outright that there could be two capitals, one Israeli and one Palestinian, within the city of Jerusalem. I was not opposed to the Palestinians calling Jerusalem the capital of their state. But even in follow-up talks after Oslo, when Yossi Beilin and Abu Mazen had explored avenues toward a possible resolution of the Jerusalem question, the maximum understanding was that Israel might expand the existing city limits to accommodate the "two capital" solution. The Palestinians' capital would be in Abu Dis, one of the villages Arafat had asked me to hand back in May. The way the American document was worded suggested dividing Jerusalem as it now was: something ruled out by all Israeli politicians, of all parties, ever since 1967.

When I phoned President Clinton, he asked me to come talk. We sat on the back terrace of his cabin, looking out incongruously on a beautifully tended golf hole installed by Dwight Eisenhower. I told the President that after all the hours we had spent together, I'd felt blindsided by the inclusion of a proposal on Jerusalem that went beyond anything we'd talked about. "It was my mistake," he replied, obviously already aware through his negotiators of the error. He said that he'd put pressure on his negotiators to get the document finished, and that Dennis hadn't had time to read it through. But it was already being fixed: the word "expanded" would be added to the Jerusalem section. I was grateful for that, but told Clinton I was concerned that even this "I and P" paper might have the unintended effect of delaying any real progress. "Since it's an American document, it gives the Palestinians no incentive to compromise," I said, suggesting that it might be better



HOUSE_OVERSIGHT_011823

simply to withdraw the paper. Clinton's answer encouraged, and surprised, me. "We agree," he said. "The paper no longer exists." It soon turned out the Palestinians were unhappy with it too, but for another reason. On the lookout for validation of Arafat's insistence that Camp David was an Israeli "trap", they were convinced that the paper had Israel's fingerprints all over it. That wasn't true. The one change we'd insisted on was because it misrepresented our position on Jerusalem. Still, since Dennis had added the word "expanded" to the Jerusalem section in longhand, the Palestinians were convinced of Israel co-authorship.

In fact, three days into the summit, the mood among the Palestinians seemed increasingly aggrieved. Not just the Americans, but some members of my own team, were urging me to show more "personal warmth" towards Arafat. I did always exchange greetings and pleasantries with him at mealtimes in Laurel Lodge, but even there, I admit, that I didn't exactly show enthusiasm, much less ebullience. After one dinner, when I'd been placed between the Palestinian leader and Chelsea Clinton, the President's National Security Adviser, Sandy Berger, asked me why, rather than talking to Arafat, I'd spent almost the entire time chatting with Chelsea. My response was only half-joking: "Given the choice, who wouldn't?"

It wasn't only that I believed a charm initiative would come over as contrived. I didn't want to risk misleading Arafat, the other Palestinians and possibly the Americans as well, by giving them the impression I was satisfied with the progress of the summit, or felt that we were heading towards any serious engagement and compromise on the core issues. I had met Arafat many times before Camp David. I had made it clear in all of those meeting that, despite differences on a range of difficult issues, I did want a final peace agreement and that I was ready to consider the tough decisions necessary to make it possible. At Camp David, I was not against meeting Arafat as a matter of principle. I simply felt the time for such a meeting, if it came, would be at the moment that we saw at least *some* signal of a readiness on his part to negotiate seriously.

Still, given the strength of feeling among some of my own negotiators, I felt a responsibility to give it a try. I told Yossi Ginossar, the former Shin Bet officer who was closest to the Palestinian leader among the Israelis, to set up an informal meeting. I added, to Yossi's obvious satisfaction and surprise, that I'd be willing to have the meeting in Arafat's cabin if that's what he preferred. The next afternoon, I went there for tea and baklava. Abu Mazen, his top political adviser and the main



HOUSE_OVERSIGHT_011824

Palestinian architect of Oslo, was with him, along with a more junior aide who served the tea and sweets. At least this time, Arafat didn't take notes as we spoke. The mood was friendly. We talked about a whole range of issues. With ony one exception: what was really happening, or what should happen, in the summit talks. I found the exercise disappointing as a result. But Yossi Ginossar assured me it would help the atmosphere, and would eventually translate into negotiating progress. "I hope so," I said.

It wasn't until day-four that real talks began. The Americans arranged for negotiating teams from both sides on borders, the refugee issue, and Jerusalem to meet with President Clinton. The Palestinians participated, but showed no sign at all of a readiness to compromise. Borders should have been the most straightforward. Assuming we wanted a deal, it was about sitting down with a map and working out how to address both sides' arguments. But Arafat's representative in the meeting – the Oslo negotiator Abu Ala'a – said he wouldn't even discuss borders without a prior agreement to land swaps ensuring Palestinian control over an area equivalent to 100 percent of the West Bank. Shlomo Ben-Ami did try to find a way around this. He suggested the Palestinians *assume* that to be the case for the purposes of the meeting, so that at least there could be meaningful discussion of the border, including the provisions Israel wanted in order to retain the major settlement blocks. President Clinton agreed that made sense. He said that without talking about the *substance* of such issues, there wasn't going to *be* a deal. Even Abu Ala'a seemed receptive, according to Shlomo. But he insisted that he would have to ask Arafat first whether it was okay.

On refugees, pretty much the same thing happened. The Americans, and I assumed at that point even the Palestinians, knew that a peace deal would be impossible if we agreed to hundreds of thousands of refugees entering Israel – in effect leaving the state created in 1948 with a Jewish minority. But when President Clinton began trying to narrow down details of a compromise resettlement package – how *many* refugees would return, where they would go, and how to arrange international financial support for them – Abu Mazen insisted that nothing could be discussed until without a prior Israeli acceptance of the "principle of the right of return." On Jerusalem, according to Gilead Sher, the President didn't even try to find common ground on the core issue: sovereignty. Instead he used the formula Shlomo Ben-Ami had suggested, telling each side to proceed on the assumption sovereignty was decided in its favour, and to concentrate instead on how everyday



HOUSE_OVERSIGHT_011825

municipal functions and daily life would be divided between Israel and the Palestinians under a peace agreement.

When I convened our negotiators in my cabin to take stock of the logjam, I was getting more and more skeptical of finding a way to get to actual negotiation on the "hard decisions" I assumed both sides knew we'd have to make. I told our team we could not play that game. Until there was at least *some* movement from Arafat, I didn't want them suggesting any Israeli concessions. We'd obviously get nothing in return. The summit would fail. Despite my repeated insistence both to the Americans and Palestinians that, without an agreement, any Israeli suggestions would be null and void, that didn't mean they would simply be forgotten. The result is that we'd actually be in a worse situation than before Camp David. Politically, I'd find myself in much the same position as President Assad, after the leak of the American draft from Shepherdstown: apparently ready to consider giving Arafat the great majority of the West Bank, without the slightest sign Arafat was ready for a full and final peace. But that wasn't my main concern. It was that anything that we put on the table here would handcuff future Israeli governments if and when an "end of conflict" agreement became possible.

Still, when Dennis Ross learned from my negotiators what I'd decided, he was frustrated and upset. He came to see me on Saturday morning – day-five of what was looking increasingly like a stillborn summit. "This summit was *your* idea," he said, reminding me that the President had agreed to it over the reservations of a lot his own aides. He told me that at a minimum, I had to help give it a chance: by giving *him* my true negotiating "red lines." Either that, or give my negotiators more leeway to explore compromises. I did not want to make Dennis's job any more difficult than it already was. And I told him I was still ready to engage fully if we ever got to the real substance of a possible deal. "But I can't do what you've asked me," I replied. "Not when Arafat is simply holding firm and not showing a willingness even to *look* for compromises."

Fortunately for my relationship with the President – though not for the prospects of an agreement – Clinton had considerably more sympathy with my position after his next meeting with both sets of negotiators that afternoon. It was a return encounter with Abu Ala'a on territory and borders. Shlomo Ben-Ami now produced a map of the West Bank with our proposed breakdown into the areas that would be controlled by a Palestinian state, the part Israel would retain to accommodate the major settlements, and territory which we suggested would go to



HOUSE_OVERSIGHT_011826

the Palestinians after a transitional period. The part we had earmarked for Palestinian control was now a bit over 85 percent of the West Bank, more than I'd indicated to the President in our first meeting a year earlier. But while Abu Ala'a had told Clinton he would ask for Arafat's permission at least to negotiate, he clearly hadn't received it. He refused to talk about the map, or even respond to Clinton's suggestion that the Palestinians present a map of their own, until we did two things: accept the principle of land swaps and reduce the size of the territory we were suggesting for the settlement blocs. To Shlomo's, and I'm sure even more so to Abu Ala'a's, astonishment, the President exploded. He told Abu Ala'a that to refuse to provide any input or ideas was the very opposite of negotiation. It was an "outrageous" approach. He stormed out.

It was late that evening when the first move toward the "make-or-break" situation I had hoped for seemed to occur, though still with much more likelihood of break than make. The President decided the only way to make progress was to sequester a pair of negotiators from each side overnight. Their task would be to search honesty for the outlines of a possible peace agreement. They were to update Arafat and myself and then report to Clinton the next day. Then, we'd see where we were. I agreed to send Shlomo and Gili Sher, my former "back-channel" negotiators. I knew that whatever guidelines I gave them, they would probe beyond them, just as they'd done in the back-channel talks. They were negotiators. They were also smart, creative, badly wanted an agreement and, like me, believed it ought to be possible. Though I would retain the final word to approve or reject what they suggested, I knew that only in a legal sense could it be null and void. I also recognized, however, that we had to be willing to push further, both to find out for certain where the Palestinians stood and to convince the Americans we genuinely wanted an agreement.

Shlomo and Gili left a little after midnight for Laurel Lodge. Marine guards were posted at the doors, with orders that neither negotiating team was to leave until morning without notifying the President's staff. Mother Nature provided a further incentive to stay inside, since it was again bucketing down with rain. The negotiators talked not just through the night, but the next morning as well. It wasn't until early afternoon that Shlomo and Gili came to my cabin to report on how they'd gone. As I'd anticipated, both of them had ventured beyond concessions that I was ready to consider, at least at a time when we weren't even near to a final peace deal. Taking the President's instructions to heart, they'd said



HOUSE_OVERSIGHT_011827

they were willing to consider full Palestinian sovereignty over two Arab neighborhoods in East Jerusalem, and even some form of Palestinian authority and control in the Christian and Muslim quarters inside the walls of the Old City. They had dropped our insistence on Israeli control over the Jordan Valley, suggesting that we hold on to only a small segment of the border with Jordan. They had gone beyond the share of the West Bank allocated to a Palestinian state on the map that Abu Ala'a wouldn't even look at. Now, they suggested around 90 percent. But when I asked what the Palestinian negotiators, Saeb Erekat and Mohammed Dahlan, had proposed in return, the answer was almost nothing. They had taken notes. They had asked questions. The one Palestinian proposal, from Saeb Erekat, was on Jerusalem: Palestinian sovereignty over *all* the city's predominantly Arab areas, and Israeli sovereignty over Jewish neighborhoods. In other words, a division of the city.

Even though I was concerned that Gili and Shlomo had gone so far, especially on Jerusalem, I'd reached the point where I doubted that even that would matter. We were now in day-six of the summit, barely 48 hours from President Clinton's departure for the G-8 summit, and we were negotiating only with ourselves. Knowing that the President planned to go see Arafat, I sat down and wrote him a note – emotional not just because I did it quickly, but because of how deeply let down I felt by the Palestinians' deliberate avoidance of a peace deal which, with genuine reciprocity, should have been within reach. "I took the report of Shlomo Ben-Ami and Gilead Sher of last night's discussion very badly..." it began. "This is not a negotiation. This is a manipulative attempt to pull us to a position we will never be able to accept, without the Palestinians moving one inch." I reminded President Clinton that just as he was taking political risks, I was too. "Even the positions presented by our people last night, though they are not my positions, represent an additional risk," I said.

I said I doubted there would be another Israeli leader willing to engage in serious efforts for a final peace agreement with the Palestinians after what had happened here. Unless things changed dramatically, I was not prepared for us to throw out further suggestions, or consider painful concessions. "I do not intend to allow the Israeli state to fall apart, physically or morally. The State of Israel is the implementation of the dream of the Jewish people, for generation upon generation. We achieved it after enormous effort, and at the expenditure of a great deal of blood and sweat. There is no way I will preside at Camp David over the closing of



HOUSE_OVERSIGHT_011828

this saga." I told the President that I still believed that we were facing a "moment of truth." But only if he could "shake" Arafat, and get him to sense the enormity of the stakes – an independent Palestinian state, versus more, and undoubtedly deadlier, violence.

And if it did come to armed conflict? "When the people of Israel will understand how far we were ready to go, we will have the power to stand together, unified, in such a struggle, however tough it will become, even if we will be forced to confront the entire world. There is no power in the world that can force on us collective national suicide. Peace will be achieved only if there is a willingness to negotiate on both sides. I am sure the people of Israel, and the American people, will understand it when the details will be revealed."

Clinton had already left for Arafat's cabin by the time Danny Yatom went to deliver the letter. But the President, too, was in a more sober and downbeat mood by the time that meeting was over. Late that night when, having now read my note, he joined me on the balcony of Dogwood. He looked exhausted. "It was the toughest meeting I've ever had with Arafat," he said. Clinton said he had told the Palestinian leader that only one side, the Israelis, had so far been negotiating in good faith. If Arafat was not prepared to make a genuine effort to reach an agreement, then there was no choice but for all of us to go home. Now, it seemed, both the President and I were left to wait and see what, if anything, Arafat came up with in reply.

"I've been through battles, and danger, in my life," I said. "But in terms of my responsibility, today, for me as well, was probably the toughest. Shlomo and Gili went beyond what I could live with. If this offer can't move him, then I believe we are left to prepare for war." I told the President he didn't even need to phone me after hearing from Arafat if all he offered was some clever half-reply. Only if it was serious and substantive. I also reminded him that while he'd promised Arafat that he would not "blame" the Palestinians if the summit failed, that had been on the basis of negotiating in good faith. I hoped that, if the summit collapsed in these circumstances, he would keep to that standard.

Finally, I touched on an immediate concern if the summit broke up. For months, the Palestinians had been talking about simply "declaring" a Palestinian state. The Americans had insisted neither side should resort to unilateral action in a conflict whose resolution depended on mutual agreement. The Europeans had been less



HOUSE_OVERSIGHT_011829

explicit. I told President Clinton I could speak only for how I would respond if a state was indeed declared without a peace deal. "We will extend Israeli sovereignty over the major settlement blocs. We will establish a security zone in the Jordan valley, and let them know that there will be a heavy price should they attack any of the outlying settlements." In other words, Palestinian unilateral action would prompt unilateral Israeli action. "And the confrontation will begin."

* * *

Clinton seemed, if not completely revived, considerably more upbeat when he came back to see me an hour later. He told me that he had received the Palestinians' answer. The way he described it to me, Arafat had agreed to leave President Clinton to decide the amount of West Bank land that would go to a Palestinian state, a figure he now told me that he was assuming would end up at around 90 to 92 percent. The trade-off, he said, would be a limited, "symbolic" land swap. Arafat also wanted control of the Jordan Valley, but had agreed to begin negotiating on Israeli security needs there as soon as possible. Then, came Arafat's counter-conditions, which appeared to bother the President much less than they did me. Everything would be contingent on an unspecified, "acceptable outcome on Jerusalem." And despite Clinton's emphasis that any meaningful agreement had to include a formal declaration that the Israeli-Palestinian conflict was "over," Arafat was insisting that could come only after the terms of whatever we agreed were fully implemented.

Still, it was at least a step forward. Clinton seemed genuinely encouraged, and I didn't want to risk closing off this first chink of light. I suggested, for instance, that we could address Arafat's reluctance about an "end of conflict" statement by providing an American guarantee that the terms of the deal would be implemented.

Still, it very soon became clear that any hope of real progress rested on by far the most difficult issue: Jerusalem. Across party boundaries, even across divisions between religious and secular, nearly all Israelis viewed the city as not just our capital, but the centrepiece of the state. It had been divided after 1948. The Old City, and the site of the ancient Jewish temple, had been under Jordanian rule for 19 years when our forces recaptured it in the Six-Day War. It was under a Labor



HOUSE_OVERSIGHT_011830

government that the area around the temple's surviving Western Wall, left uncared for under the Jordanians, was cleared and a stone plaza put in place for worshipers – at the expense of parts of the old Moroccan Quarter. It was under Labor, too, that Israel unilaterally expanded Jerusalem's city limits to take in more than two dozen adjacent Arab villages on the West Bank. No Israeli government since then, Labor or Likud, had deviated from a shared pledge that Jerusalem would remain Israel's undivided, sovereign capital under any eventual peace agreement.

Yet when I met Clinton the next morning in Laurel Lodge, he insisted we had to find some room for flexibility. He said that, of course, Israel would retain sovereignty over the Temple Mount: the site of the Western Wall and, above it, the Al-Aqsa mosque complex. "But without damaging your sovereignty," he argued, "we have to find a way to *draw a picture* for Arafat that includes some measure of Palestinian control in part of the city."

"Could you agree to Arafat having an office, maybe, inside the walls of the Old City," he asked me. What about a form of administrative control in some of the outlying Arab neighborhoods in East Jerusalem? I replied that I couldn't possibly answer any of his questions until and unless it was clear that Arafat accepted our sovereignty over – and our national and religious connection with – the Temple Mount. Yet I said I understood that we would have to reach some compromise agreement on the city if we were ever going to have a chance of a peace agreement. "But it's an issue that is difficult for every Israeli," I told him. Before I could even begin to see whether there was a way forward, I would have to take it through with my entire negotiating team. Then, we could discuss it.

It turned out to be the most open, serious, searching discussion I was a part of during all my years in public life. It began, on the terrace of my cabin, at two in the afternoon and went on until sundown. I introduced it by saying what each of us already knew: Jerusalem was the most emotionally charged and politically complex issue of all. Our maximum position coming into the summit had been that we would again expand the municipal boundaries of the city, as we'd done after the 1967 war, in order to accommodate two separate "city councils." One would be in Abu Dis, just to the southeast of the Old City, almost literally in the shadow of the Temple Mount. The understanding was the Palestinians would be free to rename the village, referring to it by the Arabic name for Jerusalem: Al Quds. I said that we should use that position as a starting point, and discuss how, or whether, we might go further. All I added was the need to be aware of what was at



HOUSE_OVERSIGHT_011831

stake. I didn't know whether peace was within reach. I was still deeply skeptical. But if it was, we had to accept that Jerusalem would be key. And if the summit failed, for whatever reason, what inevitably awaited us was "confrontation."

Israel Hasson, the Shin Bet veteran, spoke first. He saw two choices. Either we could retain Isrsaeli sovereignty over a "united Jerusalem" with functional, day-to-day autonomy for the Palestinians in their neighborhoods, or we could in effect divide the city. "Divide sovereignty." He didn't say which he favored, only that it was essential that we made the decision now if we could, however difficult or reluctant Arafat was as a negotiating partner. If we waited, we'd end up having to deal with Islamists: Hamas and Islamic Jihad. Oded Eran, the career diplomat whom I'd put in charge of frustrating, formal talks with the Palestinians in the months preceding the summit , said he was convinced that we should give the Palestinians full sovereignty over at least the "outer" Arab neighborhoods in East Jerusalem, which had become part of the city only when we'd expanded the city boundaries after 1967. He said that was in Israel's own interest. We had no historic connection to these Arab villages, and something like 130,000 Palestinian lived there. "Why should we want to annex them," he asked. It would be like accepting the "right of return" through the back door.

Dan Meridor's voice, for me, was especially important. I knew he was as determined as I was to try to get a peace agreement with the Palestinians. But he was also a former Likudnik, and a native Jerusalemite. "I'm against any concessions when it comes to Israeli sovereignty," he said. "Any attempt to divide Jerusalem would be a serious blow, and not just for Jews in Israel." For centuries, Jewish communities all over the world, had looked to Jerusalem, prayed for Jerusalem. The yearly Seder meal, on Passover, ends with the Hebrew phrase: *Shanah haba b'Yerushalaim*. Next year, in Jerusalem. "What we decided here in Camp David," Dan said, "also affects Jews in New York. In Moscow. In Johannesburg." He urged us to focus instead on offering Arafat as attractive as possible a package of concessions on all the *other* issues. "Then let him decide. But even if sovereignty over Jerusalem means that the deal collapses, I'm not willing the pay that price."

No voices were raised. It was the rarest of political discussions. People offered their views, and listened to others'. Amnon Lipkin pointed out that a large area of what was now came inside the boundaries of Jerusalem was not part of the city he'd known before 1967. Echoing Oded Eran, he said: "It's in our interest for as



HOUSE_OVERSIGHT_011832

many as possible of the Arab inhabitants to come under the authority of the Palestinians, and as few as possible under our rule." Amnon's bottom line was that we could not give up Israeli sovereignty over the Temple Mount, which, although he was a non-observant Jew, he called "the cradle of Jewish history." But equally, we couldn't and shouldn't "run the Al-Aqsa mosque." He was also in favor of agreeing to what Clinton had asked of me: giving Arafat a base in the Muslim Quarter of the Old City. His one caveat was that we should not do any of this unless it was part of a genuine, final, peace agreement with the Palestinians.

Danny Yatom urged us to move beyond our emotions and look for a practical solution. "We all know how the boundaries of Jerusalem were drawn," he said, referring to the post-1967 expansion of the city. "They're not holy. It is important to get down to our *real* red lines." Eli Rubinstein, the attorney general, agreed. Even though he was an observant, Orthodox Jew, and more sympathetic politically to Likud than Labor, he concluded that we needed to include "as few Arabs as possible" under Israeli sovereignty, and to cede the outer villages to the Palestinians, adding: "This is a moment of truth."

It was nearly five hours before I brought the discussion to a close. "This is as grave a decision as when Ben-Gurion accepted the partition plan in 1947; the declaration of the state; or the most tense moments of the Yom Kippur War," I said. "Or the decisions which Begin took in this same place." Of course, Begin hadn't even been willing to enter into discussion on Jerusalem. But we were in a different situation. If we were going to get a true end to our conflict, the question of Jerusalem had to be addressed. "We can't delay the decision. We can't avoid it. We will have to decide." My own red line was the same as Amnon Lipkin's: "sovereignty over the site of our First and Second Temples." Even shared sovereignty elsewhere within the Old City seemed to me a step too far at this stage, but I didn't rule it out as part of a full peace. "Without disengagement from the Palestinians, without an end of conflict," I reminded our negotiating team, "we're heading toward further tragedy. We can't pretend we don't see the iceberg."

I asked several members of the team, under Shlomo Ben-Ami, to draft a paper based on our discussion. Since I knew that Clinton, and Arafat too, could do nothing of substance until I'd resolved how far to go on Jerusalem, I went to see the President. I told him about our session. I said that we were now crystallizing what had been said into a formal position, and I hoped to be able to return in a few hours with "the furthest point we can go." Clinton said that would be a critical



HOUSE_OVERSIGHT_011833

moment in the summit. If we *could* find common ground, he said, Israel would have achieved what had eluded it under Rabin, and even Ben-Gurion: "end of conflict, and Jerusalem recognized internationally as your capital." I told him that the discussion with my negotiators had been moving and illuminating. "I could see how much it weighed on everyone." But I added that I still did not feel anything of a similar nature, or remotely as serious, was happening on the Palestinian side. I also said that in deciding how to proceed, I couldn't ignore political realities back home. I would have to get any major change in our position concerning Jerusalem through the Knesset, even before putting a peace agreement to a referendum.

"When will you get back to me with your paper?" he asked. I said I'd try by midnight. I also asked him whether he could delay going to the G8 summit in Japan, for which he was due to leave Camp David on the morning of the 19th. That meant we had just one full day left. I said even if the plan was to resume our talks afterward, I couldn't move on Jerusalem right before we recessed. It would mean "putting my last and best offer on the table" and running the risk of leaks in Israel while Clinton was gone. He said that he had to go to the G8, but would try to put off leaving for a further day. Then, he asked me to draw up a list of questions for him to present to Arafat so that we could solidify our understanding of how far *he* was ready to go for peace.

I had Shlomo get busy on the list of questions. But it took time. We reconvened around eleven at night, to discuss both the questions and the Jerusalem package. Though it retained Israeli sovereignty over the entirety of the Old City, it did give the Palestinians a greater measure of control over other areas of East Jerusalem than any Israeli government had been willing to consider in the past. Still, almost everyone in the negotiating team could live with it, assuming it became the critical element in a final peace. Dan Meridor, alone, remained firmly opposed, though Elyakim Rubinstein also had some reservations. Even Dan said he understood the importance of getting a peace agreement, if indeed it was possible, and our readiness to discuss new proposals on Jerusalem.

When I left for Clinton's cabin at about 1:00 am on Wednesday, I had no idea I was about to enter the most difficult meeting – and the only real fight – I had with him during our long effort to achieve a Middle East peace. I brought Shlomo and Danny with me, which meant that Madeleine Albright, Dennis and Sandy Berger stayed as well. I sensed tension in all of them, in large part, I soon discovered, because they took exception to the more than twelve hours we had spent discussing



HOUSE_OVERSIGHT_011834

and refining our position on Jerusalem. I think Clinton expected a formal offer from us. Since I'd been guided by his request for a list of questions for Arafat, however, that is what we came to him with. As we'd discussed, I wanted finally to elicit some sign of whether Arafat, too, was ready to make difficult decisions.

The questions were specific. "Will you accept an agreement that stipulates the following..." it began, and proceeded to outline the kind of peace we could accept and still hoped for. The points included not just Jerusalem, but areas I knew would also be sensitive for Arafat, such as the "right of return" and formal agreement to an end of conflict. We went further than before in some areas. One of the outer East Jerusalem neighborhoods would be under Palestinian sovereignty. The rest of the city would remain under Israeli sovereignty, but most of the other Arab villages would be subject to a system of Palestinian administration. The Haram al-Sharif, the mosque complex above the wall of the Jewish temple, would be under Palestinian "administrative and religious management." We also suggested "special arrangements" implying a Palestinian presence in the Old City, but again under Israeli sovereignty. The questions envisaged eventual Palestinian control in the Jordan Valley, with an Israeli security zone for 12 years, rather than our proposal in pre-summit talks for 30 years. Then, explicitly, we proposed a question to Arafat to confirm my understanding with Clinton that the "right of return" would apply not to Israel proper, but to a Palestinian state on the West Bank and Gaza. Finally, the document said: "I understand that such an agreement constitutes an end of conflict."

After he read it, the President blew up. Far from the "bottom lines" he'd apparently hoped for, but which I'd never thought were expected at this stage, I seemed to be retreating from ideas Shlomo and Gili had presented in their all-night session with the Palestinians. Given the ground rules of that exercise, they'd felt able to go beyond anything we'd actually agreed, and in some areas beyond what they knew I could support. As a result, the list of questions assumed Israel would keep a little more than 11 percent of the West Bank, nearly one percent more than Shlomo had mentioned. Shlomo and Gili had also raised the possibility of up to three of the outer Jerusalem villages coming under full Palestinian sovereignty. "You keep us, and Arafat, waiting for 13 hours," Clinton fumed, his face nearly scarlet. "And you want me to present something *less* than you've already offered." He said he wouldn't do it. "This is not real. It's not serious." He said that he'd gone to Shepherdstown in search of what was supposed to be an endgame with the



HOUSE_OVERSIGHT_011835

Syrians. Then to Geneva to see Assad, "where I felt like a wooden Indian, doing your bidding. I will *not* let it happen here. I will simply not do it."

I tried to keep my voice steady when I replied. I explained that the issues we were addressing went to the heart of Israel's interests, its future security, its identity and definition as a nation. I had a responsibility to tread carefully. Then, my voice rising too, I came back to what I felt was the real problem. Arafat and his negotiators had been sitting and waiting for me and my team, and probably Clinton as well, to deliver more and more concessions with no sign that they were willing to move on anything. "I find that outrageous," I said. I did not expect Arafat to respond with equal concessions. After all, Israel had most of the tangible assets. "But I did expect him at least to take a small step once we had taken ten. We have not seen even this. This is the kind of behavior parents would not tolerate in their own children! We don't expect Arafat to accept this, but I *do* expect him to present a counter-position."

Clinton remained adamant he couldn't go to Arafat with a retreat from our earlier ideas. "My negotiating team moved beyond my red lines," I told him. The overnight talks were supposed to be non-binding and assumed that *both* sides would make a genuine attempt to get an agreement. "I can't see any change in Arafat's pattern. We take all the risks." I said I doubted that Arafat expected to hear that we had decided to "give him Jerusalem." In any case, the Israeli public hadn't given me a mandate to do that. But I would still move in Arafat's direction, *if and when* I got any sign he was willing to do the same.

The President's anger eased. He suggested he caucus with his negotiators and figure out what to do next. I felt bad about what had happened: not about the list of questions, or my insistence that we could not offer major concessions with no sign of reciprocity. But I did regret that it had left the Americans so frustrated, and Clinton so angry. He had invested not just huge amounts of time and brainpower, but political capital, in the search for peace.

He phoned me at about 3:30 in the morning and asked me to come back. This time, I went alone. We sat on the terrace of Aspen. He said again he couldn't go to Arafat with the list we'd drawn up. But having met with his negotiators, he suggested they draft a more forthcoming list of their own – consistent with what Shlomo and Gili had proposed. I agreed, as long as they kept in mind that it had to be something I could ultimately live with, and that it be presented to Arafat as an



HOUSE_OVERSIGHT_011836

American proposal. I suggested the President could tell Arafat that he'd try to get me to agree to it, providing Arafat first showed a readiness to move.

The American questions did go further than ours. They asked Arafat whether he would negotiate on the basis of getting Palestinian sovereignty over all the outer Jerusalem neighborhoods, as well as the Muslim Quarter of the Old City and a "custodial role" over the holy sites. But Arafat said no. He insisted on Palestinian sovereignty over all of East Jerusalem, including the Old City and the holy sites. For a few hours after Clinton's fruitless meeting with Arafat, Dennis and the American team engaged in a rescue effort, adding another carrot. They included the Christian Quarter as well, meaning Palestinian sovereignty over nearly half of the Old City, including the areas where almost all Arab residents lived. Dennis gave the proposal to Shlomo and Amnon Lipkin to bring to me, and asked two of the Palestinian negotiators to take it to Arafat. Even offering sovereignty over the Muslim Quarter went beyond anything I'd proposed. So did a lot of the other American questions. Still, I said we'd be ready to consider them in discussions with the US negotiating team – with the exception of the Christian Quarter. But that, too, turned out not to matter. Arafat did not even respond.

Clinton called me to say we'd reached the end of the road. There were only two options: end the summit and announce we'd tried and failed, or defer Jerusalem and try to get agreement on the rest of the issues. I asked for time to think it over, and he said he'd come see me when I was ready. I was tempted to put off Jerusalem. In the admittedly unlikely event we could get a deal on the other issues, that would undeniably be an achievement. But I couldn't help thinking that Arafat's lack of engagement on Jerusalem was yet another sign that he was not ready for the almost equally tough compromises required to resolve the other core issues. And there was no escaping the reality that without a deal on Jerusalem, no agreement we reached would truly represent an "end of conflict." Moreover, Jerusalem wasn't just a Palestinian issue. It was of fundamental interest to the whole Muslim world. If we left it unaddressed, we would be putting future Israeli governments in the position of having to negotiate on Jerusalem *after* we'd given back our key negotiating assets and all our leverage.

I accepted now that the search of a full peace treaty, or even a framework agreement, looked all but impossible. Even Shlomo's and Gili's freelancing had produced only a series of no's from Arafat. But I felt I couldn't give up. Much as I'd been resisting it, I believed I needed to give Clinton my *true* bottom lines, even



HOUSE_OVERSIGHT_011837

with Arafat still mute and unresponsive. That was the only way we could know with certainty whether peace was possible. If it wasn't, it would also demonstrate powerfully to the Americans that we were not the party who had prevented an agreement.

The President came to see me in Dogwood a little before 11 at night on the 18th, less than 12 hours before he was due to take his delayed flight to the G8. I told him I'd decided to do what Rabin had done with Syria. I was going to give him a "deposit" to keep in his pocket, which he would be free to use as the basis for a further, *American* proposal to Arafat, assuming it was part of an agreement with a "satisfactory resolution" of the refugee issue and an explicit end-of-conflict. He could present it as something which he could tell Arafat he was confident of persuading Israel to accept. It went well beyond what I'd offered before, on all the major issues. I proposed Palestinian rule over 91 percent of the West Bank. I was ready for a Palestinian state to have sovereignty over 85 percent of the border in the Jordan Valley as well, and our security zone there would stay in place for "less than 12 years." Seven out of the nine outer Arab neighborhoods of Jerusalem would come under Palestinian sovereignty. The inner neighborhoods would be under Palestinian civil authority: including planning and zoning, and law-enforcement. For the mosques on the Temple Mount, I proposed a shared custodianship to include the new state of Palestine, Morocco and the chair of the Higher Islamic Commission in Jerusalem. I also agreed to consider Palestinian sovereignty over *both* the Muslim and Christian quarters of the Old City.

Clinton, arching his eyebrows and smiling, said what I'd offered was a package of genuine concessions. It was more than he had expected and, he assumed, more than the Palestinians could have hoped for. It had the makings of a potential breakthrough toward a fair and final peace. I told him I hoped so. But given Arafat's behavior so far, I had my doubts.

Now, it was our turn to wait. The President invited Arafat to Aspen and, from what we heard soon afterwards, got no hint of any readiness to reciprocate. He agreed only to talk to his negotiators and get back with an answer. Overnight, the Palestinians sent messages to the Americans asking questions on each of the concessions, though still with no indication from Arafat of a response. Finally, he sent a suggestion that since Clinton was about to fly off to the G8, we take a two-week break to allow Arafat to consult with Arab leaders. To his credit, Clinton knew an escape act when he saw it. He recognized that only by confronting the



HOUSE_OVERSIGHT_011838

issues raised by our proposals and showing a willingness to find common ground would we have any hope of success. No recess, Clinton said. He needed a straight answer. Again, not full acceptance necessarily, but agreement to treat the proposals as a basis for negotiating an Israeli-Palestinian peace. Arafat's answer came shortly before dawn. It was "no".

Clinton couldn't quite believe it. He went back to see Arafat, telling him he was making an error on the scale of 1948, when the Palestinians had rejected the partition of Palestine and the creation of an Arab state; or in 1978, when by negotiating on the basis of Sadat's Palestinian-rights framework, they would have ended up with a mere 5,000 Israeli settlers on the West Bank instead of nearly 200,000. What most astonished Clinton was that Arafat was saying no even to using the package as a *basis* for negotiations. Still, Arafat would not budge.

As Palestinian negotiators tried to salvage things by suggesting another trip by Madeleine and Dennis to the Middle East, it was clear that even the Americans were fed up. They knew that one side, at least, had been trying to get an agreement. They couldn't understand why Arafat was unwilling even to accept the "pocket" proposals as a basis for further talks. When Yossi Ginossar, our most reliable conduit, went to see Arafat, he found him sitting alone and, in Yossi's description, "paralyzed." Clinton finally decided to have one last go. When he did, Arafat not only remained unwilling. To the President's astonishment, he insisted that the ancient Jewish temple hadn't been in Jerusalem at all, but in the West Bank city of Nablus.

I was getting a bite to eat in the dining room in Laurel Lodge when Madeleine showed up. She didn't bother defending Arafat. She was as frustrated as I was. Her message was that after the summit, it was important not to make things worse. A negotiating process had to be kept alive. Then, Clinton sat down with me. He delivered a similar message, but with even greater feeling. "You're smarter than I am," he joked. "You're certainly experienced in war, and I'm not. But I'm more experienced in politics, and there are a few things I've learned along the way. The most important is not to corner your adversaries, and not to corner yourself. Always leave yourself a way out. Don't lock yourself into a losing option." I could see that he was right. I also believed, as strongly now as before the summit, that Israel's *own* interests and its security were not served by an unresolved conflict with the Palestinians. The problem was that, in the absence of an equal commitment on Arafat's side, any continued negotiating process seemed futile.



HOUSE_OVERSIGHT_011839

I packed my bags. I told Danny Yatom to inform the Americans we were leaving and to get our plane ready to take us back to Israel. I let the others in our team know that we were going. A number of them, and several of the Americans as well, urged me to reconsider. But I said I saw no point in staying. What I didn't know, however, was that one of the Palestinians' original Oslo negotiators, Hassan Asfour, had approached Dennis Ross with a new proposal: that we ask Arafat to accept everything except the proposal on the holy sites as a basis for negotiation. Sovereignty over the Temple Mount would be addressed in later, international negotiations. When Dennis brought this to me, my instinct was to say no. Like so much else at the summit, it was an inherently skewed formula: it would involve major Israeli concessions on all the other main issues, *without* securing our absolute minimum need in Jerusalem: sovereignty over the Temple Mount. I didn't say yes. Still, with Clinton's words of advice still on my mind, I said that I'd think it over.

When I met the rest of the Israeli team, almost all of them felt we should stay. The consensus was that especially if violence broke out after the summit's collapse, we didn't want to feel we'd left any stone unturned. At about 11 pm, I phoned the President and told him that we would stay until he returned from Okinawa. He was clearly pleased, and asked us to keep working in his absence. When I resisted that, saying that any substantive talks needed his involvement, we finally agreed that talks could continue in search of a formula for the holy sites. On all the other issues, only informal discussions would be held until and unless a way ahead on the Temple Mount was found. If that happened, and *if Arafat* finally accepted the "pocket" proposals as an agreed starting point, formal negotiations could resume. Clinton accepted this formula. He went to see Arafat and secured – or thought he had secured – his agreement as well.

One of the President's great strengths was his genius for blurring the edges of potential differences in search of common ground. But when edges *had* to be sharpened, this could lead to confusion. Before leaving for the G8, the President neglected to mention to Arafat our explicit understanding that, with the exception of the talks on the holy sites, nothing would happen until he accepted the concessions that President Clinton and I had delivered as at least a *basis* for further negotiations. As a result, Arafat's team now set about happily asking questions and probing my negotiators – pushing us to go *further* – but with no more inclination than before to produce any concessions of their own.



HOUSE_OVERSIGHT_011840

When I learned what was happening, I told my negotiators they were not to hold any further formal meetings during the four days Clinton would be away. Dennis's initial response was frustration. Madeleine Albrights's was fury. They both made no secret of their view that I was needlessly stonewalling. It wasn't until a few hours later that Madeleine apparently saw the stenographer's record of my conversation with the President before he'd left, confirming the condition that Arafat accept the "pocket" at least as a basis on which to proceed. That evening, she apologized to me for the misunderstanding, and explained the mix-up to the full Palestinian and Israeli negotiating teams.

I spent most of the remaining three days in my cabin or, when the rain relented, walking through the woods. The Americans appeared to think I was sulking. I wasn't. I was trying to find the least diplomatically damaging way to navigate the period until the President's return. I couldn't see showing up at Laurel at every mealtime, mingling and joking with the Americans and Palestinians, but refusing to enter into any form of negotiations. That would compound the awkwardness of the situation, and also be a direct affront to Madeleine. I liked and respected her. But I could not in good conscience help her out in her efforts to find at least some, informal, way of moving the summit along in Clinton's absence. If Arafat had failed to show even a scintilla of movement with the President in the room, I knew there was no way that he was going to do so with the Secretary of State. For the Palestinian negotiators, who were predictably in favour of her efforts, the definition of "new ideas" was whatever further movement they might cajole out of *our* negotiators. Still, on day-three of Clinton's absence, I got a note saying that Secretary Albright was on her way to my cabin. I didn't want the needless diplomatic difficulty involved in again telling her I could not sanction free-wheeling, and decidedly one-sided, negotiations while Arafat hadn't moved a single inch. So I made myself scarce. Fortunately, I was wearing sneakers. I told Danny to inform the Americans I was out jogging around the perimeter of the large Camp David estate, and went off to do just that.

I told my own delegation I was taking time out to assess where we stood. I did continue meeting with Gili Sher and Danny Yatom. Yet for much of time, I read. I also did a lot of thinking. I considered the "pocket" concessions I'd agreed to, the uncertainties and risks I'd been prepared to run, and the need to decide how to deal with the fact that Arafat, when he had engaged at all, had said "no".



HOUSE_OVERSIGHT_011841

Once it was clear to the Americans there would be no talks until the President returned, however, Madeline began urging me to go see Arafat personally. The two members of our team who were the least pessimistic about Camp David's outcome, Shlomo Ben-Ami and Yossi Ginossar, also said they thought it was a good idea. It was they who'd pressed me to go see Arafat for tea and sweets earlier in the summit. But that meeting had produced not even a glimmer of negotiating flexibility from the Palestinian leader. Yossi had said at the time that it would help the atmosphere, and pay dividends later on. But that hadn't happened either. "Madam Secretary," I told Madeleine, "eating more baklava with Arafat isn't going to help. The situation is simple: he needs to answer whether he views the President's proposal as a basis for going forward."

When Clinton returned, he promptly got back down to business: making one last push to see whether a peace deal was possible. He phoned me around midnight on the 24th of July, a few hours after he'd arrived. He told me he had sent an even more far-reaching package to Arafat, expanding on my proposals. Now, all of the outer Arab neighborhoods in East Jerusalem would come under Palestinian sovereignty, in addition to the Muslim and Christian quarters in the Old City. And Arafat would be given "custodial sovereignty" over the Muslim holy sites on the Temple Mount. I didn't object. Though it was further than I felt I could go, it was within the spirit of my "pocket deposit". The same ground rules still applied: these were American proposals, which the President was telling Arafat he would try to deliver if he accepted them as a basis for serious negotiations. But when Clinton phoned me back, around 3:15 in the morning, it was to tell me that Arafat had again said no.

The curtain had finally come down. What remained now was to clear up the set. I did meet Arafat once more, in a joint session with President Clinton, but only for closing statements. The President and I spoke as much in sorrow and frustration as anger. Both of us said we thought an historic agreement had been within our grasp, and that far-reaching proposals had been tabled to make it possible. Arafat responded with words both of us had heard before: effusive toward Clinton, rhapsodic about his "old partner" Rabin and fulsome in his ostensible commitment to keep trying for peace. But it was just words. We knew he was not willing even to *talk* about the kind of compromises a real, final peace would require.

The President's remarks to the media were, by the standards of post-summit diplomacy, unmistakably clear in making that point. He praised me and the Israeli



HOUSE_OVERSIGHT_011842

negotiating team for courage and vision. Essentially, he thanked Arafat for showing up. That was some consolation. But it didn't alter the weight of the message we were carrying home. Arafat either would not or could not make peace, at least on terms any Israel leader could accept or the people of Israel would endorse.

There were only two potential deal-breakers on our side, as Arafat had known from the beginning. The first involved the "right of return." We were never going to sign a peace agreement accepting the return of hundreds of thousands of Palestinians within our pre-1967 borders. Demographically, that was a recipe for the inexorable end of Israel as a majority-Jewish state. It would also imply a rewriting of the history of how Israel was born: in a *war*, with an almost equal number of refugees either fleeing or forced to leave on both sides, after the Arab world had unanimously, and violently, rejected a UN partition that would have created a Palestinian Arab state as well. I did accept a "right of return" to the Palestinian state we had hoped to create, as part of a final peace deal, on the West Bank and in Gaza. I also supported the idea of a multi-billion-dollar international fund to compensate or resettle Palestinian refugees, and was ready to commit Israel as a party to that effort. The other critical issue was Jerusalem. I had stretched our negotiating position almost to breaking point. The "pocket" ideas Arafat ended up rejecting challenged a longstanding Israeli political taboo. In practical terms, they amounted to a breach of the assurances which I and every other Israeli Prime Minister since 1967 had given: never to re-divide Israel's capital. Had we actually got an end-of-conflict deal, I would have had to justify it to Israelis in a referendum. I think I could have done so. But one thing I could not give up was our sovereignty over the Temple Mount, the centerpiece of our history as a people and Israel's as a state. It was our connection with our past, a focus of what we had gone through, what we had achieved, and what we had left to accomplish. It was essential to who we were.

Arafat never even engaged in a discussion on the "right of return". On the Temple Mount, however, he was explicit. Any peace, any *basis for negotiation* toward peace, had to begin by confirming Palestinian sovereignty. Besides, as he'd told the President of the United States, he had persuaded himself there never *was* a Jewish temple in Jerusalem. When I heard about that remark, I was less shocked than Clinton. It struck me as just another way Arafat had of conveying *his* bottom lines. It was a bit like stories he liked to tell about visiting his aunt in Jerusalem as



HOUSE_OVERSIGHT_011843

a young boy and seeing religious Jews walking through the streets of the Old City. I don't know whether those stories were true. But the point was that while he had no problem with Jews in their long coats and black hats *praying* in the holy city, Jews exercising authority or sovereignty, or a Jewish *state*, was something else entirely. Camp David had made it clear it was something he was not prepared to accept.

The question which I now had to confront was what to do next.



HOUSE_OVERSIGHT_011844

## Chapter Twenty-Three

It didn't fully hit me how draining our efforts had been until the morning that the summit collapsed, when President Clinton called me to come talk to him in the living room at Laurel Lodge. When I arrived, Madeleine was already there, sitting on the edge of the sofa. She greeted me with a resigned shrug and a valiant but not altogether successful effort at a smile.

"We *tried*," Clinton said quietly as I took a seat in a wooden chair opposite his. "We gave it everything." The nominal reason for the meeting was to brief me on the communiqué the Americans were going to issue: mostly boilerplate assurances that both sides remained committed to seeking peace, but with an additional "understanding" that neither would take unilateral actions in the meantime. But mostly, Clinton wanted to reinforce his message of a few days earlier: don't "lock yourself into a losing option." Don't close the door. Don't give up. "I won't," I told him, an assurance I echoed in remarks to reporters a few hours later, when I said that while the peace process had "suffered a major blow, we should not lose hope. With goodwill on all sides, we can recuperate."

But I told the President that we couldn't just ignore what had happened at Camp David. Yes, in the event Arafat suddenly had second thoughts about the potentially historic achievement he'd passed up, he would know where to find me. But until and unless that happened, I told Clinton that I assumed my "pocket" concessions would now be firmly back in his pocket. And while we couldn't erase them from memory, I said it was important both of us make it clear that, in legal and diplomatic terms, they were not going to provide Arafat a *new* starting point from which he could make his customary demand for more.

"And I have to tell you that, given what has happened, there's no way I can justify handing him control of more land. I am not going to go ahead with the Wye redeployments in these circumstances."

"You don't have to," Clinton replied. "I'll back you."

Though I never discussed internal Israeli politics with any foreign leader, even the closest of allies, I didn't doubt that the President's support was partly a recognition of what awaited me once I got home. The compromises I'd been willing to consider had gone further – much further, on the politically combustible



HOUSE_OVERSIGHT_011845

question of Jerusalem – than any Israeli leader in the search for peace. Even before I'd left for Camp David, the defections from our coalition meant we'd been left with only 42 seats in the Knesset, nineteen short of a majority. Amid the first, sketchy media reports that we were even *talking* about sharing control of parts of Jerusalem with the Palestinians, there was a chorus of denunciation from right-wing politicians back home. Bibi Netanyahu had largely kept out of the public eye since his resignation after the election. Now, he issued a statement accusing me of having "broken all the red lines held by all Israeli governments." During the President's final push to save the prospects for a summit agreement, Bibi called a news conference. He said he was determined to prevent what he called an impending disintegration of Israeli society. "What we hear from most of the reports out of Camp David does not answer our hopes," he said.

It hadn't answered my hopes either. But I had gone into the summit with my eyes open. Frustrated though I was by the way the summit had ended, I had no regrets about going as far as I had in trying to reach, at the minimum, a framework agreement. In that sense, it is true the summit had failed. But when I'd urged President Clinton to convene it, I made the argument that if genuine peace was ever going to be possible, we at least had to know whether Arafat was interested in, or capable of, playing his part. That question had, for now, been answered. At least as importantly for Israel, the President of the United States and almost the entire international community recognized we'd done everything realistically possible to reach an accommodation. Diplomatically, the ball was in the Palestinians' court.

There was a final achievement as well – little noticed or remarked upon in the days immediately after Camp David, but hugely significant. A taboo had been broken. For the first time, all Israelis recognized what their political leaders, both Labor and Likud, had long known: a formal, final peace with the Palestinians, if and when it came, would require us not just to withdraw from the great majority of the West Bank, but to find a formula for sharing power in Jerusalem. Many Israelis still believed that was a price too high, and not just Likudniks. A couple of weeks after the summit, Leah Rabin told an Israeli newspaper that her late husband would be "turning in his grave" if he'd known the concessions I'd been ready to consider on Jerusalem. I found the remarks hurtful, but I understood them. In a way, they drove home the point I'd made to Clinton during the summit: *all* Israelis had a deep, emotional attachment to our historic capital. "Yitzhak would never have agreed to compromise on the Old City and the Temple Mount," Leah said,



HOUSE_OVERSIGHT_011846

"because for him, Jerusalem was sacred from a strictly national and historic point of view." It was for me as well. In fact, I think its religious significance probably resonated more strongly. Still, the major change from the summit was that even those Israelis who found a compromise on Jerusalem unacceptable recognized that, if they *did* want to negotiate a definitive end to the conflict, talking about it was unavoidable.

At least for now, however, there wasn't going to be a peace deal. As our El Al 707 descended over the Mediterranean for our approach back to Ben-Gurion Airport, I faced the more immediate issue of ensuring my government survived. This was partly in case, against all odds, Arafat showed a readiness to revive the search for peace – but also because of the real prospect he would choose violence instead.

* * *

Since the Knesset was about to go into recess until late October, I would have a three-month window to reshape and stabilize my coalition – but only if we could weather a no-confidence motion introduced by Arik Sharon after Camp David. We did weather it, barely. Arik needed a majority of the Knesset's 120 seats to bring down the government. The vote ended in a 50-50 tie. The other 20 MKs abstained, or didn't show up. This was not because of any enthusiasm for my efforts to get an agreement at Camp David, but because of a *lack* of enthusiasm for an early election in which they feared losing seats.

Still, that did allow me to focus on the challenge of the inevitably altered situation with Arafat after the summit's collapse. My main concern was the possibility of violence. Even before returning home, I'd phoned Shaul Mofaz and Avi Dichter, the former Sayeret Matkal officer who was now head of the Shin Bet. "Let's hope the violence doesn't come," I told them. "But if it does, make sure we are ready." Though there was no sign of violence in the weeks immediately after the summit, there was equally little sign of diplomatic engagement by Arafat. Obviously relieved at the way Camp David had ended, he returned to Gaza to a hero's welcome, proudly proclaiming that he had refused to "give up" Jerusalem. It was vintage Arafat: the "general" in his starched uniform and kefiyeh, fresh from



HOUSE_OVERSIGHT_011847

the diplomatic equivalent of the battlefield, triumphant against the odds. It was the role he liked and played best. His next move was to take the show on the road: to Arab, European and world capitals, pleading that he had been the "victim" of summit chicanery in which President Clinton and I had presented him with a deal no self-respecting Palestinian could accept. He was also campaigning for international support for a move, in contravention of the final Camp David communiqué, to "declare" a Palestinian state unilaterally in mid-September.

I spoke personally to Tony Blair and French President Jacques Chirac, and also dispatched Shlomo-Ben Ami, Amnon Lipkin, Yossi Beilin and Shimon Peres, who was Minister of Regional Cooperation in the coalition, on a series of diplomatic visits to make sure the true story of what had happened at the summit was understood. As a result, the globetrotting Arafat received an almost unanimous rebuff for the idea of a unilateral declaration of stateheood. He was told that if he really wanted a state, he should return to the negotiating table with Israel.

By the time I went to New York in early September – joining the largest collection of world leaders ever assembled, for the UN's Millennium Summit – there seemed little chance of that happening. I met privately with a number of world leaders before delivering a brief address to the more than 150 presidents and prime ministers. I was at pains to take the high road. None of the foreign leaders I met had expressed any doubt that we'd gone much further than they had expected at Camp David, and that the onus for putting diplomacy back on track rested firmly with the Palestinians. Looking straight at Arafat from the UN podium, I said: "We are at the Rubicon, and neither of us can cross it alone." Jerusalem, "the eternal capital of Israel," was calling out for a "peace of honor, of courage and of brotherhood" – a peace recognizing that the city was also sacred to Muslims and Christians the world over. When Arafat spoke, it was almost as if the summit had never happened. "We remain committed to our national rights over East Jerusalem, capital of our state and shelter of our sacred sites, as well as our rights on the Christian and Islamic holy sites," he declared. He didn't mention Jews, beyond a bizarre reference to the 2,000th anniversary of the birth of Christ "in Bethlehem, Palestine." I couldn't resist remarking to one of the American negotiators that I'd always thought Jesus grew up as a Jewish boy, making thrice-yearly visits at festival time to the temple in Jerusalem, at a time when there was not a church, much less a mosque, in sight.



HOUSE_OVERSIGHT_011848

Still, in my meetings with Clinton, I assured him I was not giving up altogether on the prospects for peace. Not only did I feel that would be wrong, as long as there was a scintilla of hope. I believed that our continued diplomatic engagement might provide a counterweight to any moves by Arafat to revert to violence. It was also critical for Israel to retain the diplomatic, political and moral high ground we had earned in the eyes of the international community from the concessions we had been willing to consider. When the President suggested drafting a final American paper, based on Camp David though presumably with an even more generous proposal for the Palestinians, I agreed. I figured even Arafat might realize at some point that if he *did* want a negotiated peace, the time for dithering was over. Clinton would no longer be president in five months' time. Unless I could find an alternative way to refortify my coalition over the coming weeks, it was entirely possible I'd have to form a "unity" coalition with Arik and the Likud. Still, I told President Clinton I doubted the ticking clock would make a difference to the Palestinian leader. If it didn't, I believed at some point all our talk about an "end of conflict" would give way to conflict. The only question was when.

Tragically, I got the answer only weeks after my return from the UN.

* * *

At the urging of the Americans, I invited Arafat and his negotiating team to a private dinner in Kochav Yair on the 25th of September. The atmosphere was surprisingly warm, for which a lot of the credit, as well as culinary praise, has to go to Nava. "Very cordial, even congenial," Nabil Shaath told reporters after the dinner, nearly 45 minutes of which I spent talking alone with Arafat on the stone terrace out back. Each of us spoke to Clinton for about 10 minutes near the end, and the President was obviously pleased to hear us sounding upbeat about trying to narrow any differences on the forthcoming American negotiating paper. On the *substance* of our differences, by mutual agreement, Arafat and I didn't say much to each other. I did try to impress on him that time was getting short. His monosyllabic reply – yes – was at least better than the alternative. I chose to believe we could both now focus on trying again.



HOUSE_OVERSIGHT_011849

The request that had come across my desk a few days earlier need not have changed that. Even though Arik had failed, for now, to bring down the government, he was keen to make political capital from the collapse of Camp David. He now declared his intention to pay a visit to the Temple Mount. The Mount – or as it was called in Arabic, Haram al-Sharif – was part of Israel. The unsubtle point of Arik's visit was to dramatize his determination to keep it that way. The target of this political theatre was not Arafat or the Palestinians. It was the Israeli public, me, and my government. In an all-perfect world, I would have liked to find a way to block the visit. In a democracy, it wasn't that easy. The only way I could do so was on the grounds it was a threat to public order or security, a judgement in the hands of our police and security services. I duly asked for the views of Avi Dichter of the Shin Bet, and Shlomo Ben-Ami, who in addition to being interim Foreign Minister was Minister of Internal Security, in charge of the police. Both came back with the same answer: though we'd all be happier if Arik stayed down on his farm in the Negev, there was no reason to expect his visit would pose a major public-order issue, and no basis for blocking it. When Shlomo contacted Jibril Rajoub, Arafat's West Bank security commander, Rajoub asked only that two conditions be imposed, and Shlomo agreed. The first was that the visit not occur on a Friday, when the mosques would be full of worshipers; the second, that Sharon not set foot in either of the mosques on the Haram. Our chief of police informed Sharon that if he didn't accept the conditions, we'd deny him permission to go. But he agreed. When he went, for about half an hour under police escort on Thursday morning the 28th, he complied.

At first, we thought it would prove a one-off media stunt. But that evening, Danny Yatom brought me an intelligence report with evidence that Arafat's Palestinian Authority was planning for wide-scale violence after Friday prayers, in protest over Sharon's visit. Danny called Dennis Ross. Madeleine Albright called Arafat, to urge him to ensure this didn't happen. But as Dennis would remark later, "Arafat didn't lift finger to stop it."

The trouble began the next day, shortly after Friday prayers. It was also the eve of the Jewish New Year, and the Western Wall area was crowded. As people poured out of the mosques, a number began hurling stones, some of them the size of small boulders, onto the Jewish worshippers and police below. One knocked out the highly experienced, steady-handed commander of the Jerusalem police, which I'm sure contributed to making the confrontation that followed even worse. By the



HOUSE_OVERSIGHT_011850

end of the day, dozens of Israelis and Palestinians were injured. Five Palestinians lay dead. Though the media almost instantly labelled it a new "intifada", this one was very different. It was not a burst of anger, however misdirected, by stone-throwing youths convinced that a road accident in Gaza had been something more sinister. There had been no serious unrest on the day of Arik's visit. We would later learn this was a deliberate campaign, waged with guns and grenades, by Hamas and Islamic Jihad, the Fatah offshoot Tanzim, and Arafat's own police force.

The media had changed, too, in the 13 years since the first intifada, with the rise of twenty-four-seven news broadcasters, including the Arabic-language Al Jazeera. Images of pain and suffering and fear stoked anger on both sides. None, in the first days of the violence, was more powerful, or heart-rending, than the picture of a terrified 12-year-old Palestinian boy named Mohammed al-Durrah, sheltered by his father as they took cover from the crossfire in Gaza. The facts of the incident, as best we could establish immediately afterwards, were that the Palestinian security forces had opened fire on Israeli troops near the settlement of Netzarim. Ten Palestinians, including the little boy, lost their lives when the soldiers returned fire. We later established with near certainty that the boy had in fact been killed by *Palestinian* gunfire. But even if we'd been able to prove that at the time, I'm sure that in the increasingly poisonous atmosphere, it would have made little difference.

Nor would it have changed the next, deeply disturbing escalation: the spread of the violence into Israel itself, with unprecedentedly serious clashes between our own Arab citizens and the police in the Galilee, in Wadi Ara, in the main mixed Arab-Jewish cities, and the Negev. Beyond the political implications, the demonstrations of solidarity with the Palestinian violence presented a security challenge of a different order: to the ability of the Israeli police, and by extension the government, to ensure basic law and order inside our borders. The worst of the clashes lasted barely a week. But they left thirteen Arab Israeli protestors dead, sparking demonstrations as far afield as Jaffa, as well as ugly incidents of mob violence by Israeli Jews against Arabs in some areas.

President Clinton tried his best to help us halt the violence on the West Bank and in Gaza. I doubted the Americans would succeed, but was fully ready to join in their efforts to try. About ten days into the new intifada, I attended a crisis meeting with Arafat, mediated by Madeleine Albright and Dennis Ross, at the US ambassador's residence Paris. It was nominally under the aegis of President



HOUSE_OVERSIGHT_011851

Chirac, but the understanding was that Madeleine would be in charge. Far from showing any willingness to end the violence, Arafat at first simply lied. He said the Palestinian violence was in response to an unprovoked assault by Israeli troops, and demanded an international "protection" force. There was a particularly bizarre moment when I read out the names of individual Tanzim leaders whom we had intercepted organizing the attacks. Arafat pretended he'd never heard of any of them, almost as if I was reading from a zoology textbook about species of polar bears. This was a man who had been awarded the Nobel Peace Prize. What he really deserved was an Oscar.

But people were *dying*. Needlessly. We ended up agreeing to a US-led fact-finding commission, as well as a number of steps to separate the Palestinian attackers and Israeli units. I reaffirmed our policy of insisting that Israeli soldiers use live fire only if they felt their lives were under threat. Arafat undertook to order his security forces and Tanzim not to launch further attacks. He even phoned Gaza with what we were given to understand were explicit orders. But it was all for show, as we discovered when we were invited to the Elysée Palace to meet Chirac. The French President had clearly received advance word from Arafat about his demand for an international "protection" force, presumably with a role for the French. To my surprise and frustration, and Secretary Albright's as well, Chirac insisted that no agreement was acceptable without that happening. Then, he turned to me, demanding to know why the violence had left nearly 400 Palestinians dead, but barely two dozen Israelis, if the Palestinians were the aggressors. "Mr President," I said, "just several weeks ago we were prepared to go very far in order to put this entire conflict behind us. It is Mr Arafat who rejected the proposal, even as a basis for negotiations. Just a *basis* to seek peace. He then deliberately turned to terror. We are protecting ourselves, and our soldiers. Are you really saying that you'll be happy for us to sign an agreement to end it only when another 350 Israelis are killed? I'm not playing that game. Arafat started this. He has to stop it. We know he can, and we hold him responsible if that does not happen."

It did not happen. We tried all we could to prevent a further deterioration. I approved moves, in co-ordination with the Palestinian police, to lower our security profile where possible. We made sure Israeli police were not visible from the mosques on the Haram al-Sharif. But after the next Friday prayers, a crowd made its way to a police post at the edge of the Old City and attacked it. In Nablus, the burial site of Joseph had long been a source of tension. Shlomo Ben-Ami reached



HOUSE_OVERSIGHT_011852

an agreement with the Palestinians to replace an Israeli troop cordon there with Palestinian police. But on the morning of Saturday October 7th, hours after the Palestinian police took over, a mob attacked, burned and ransacked the site. They destroyed the Torah scrolls. A few hours later, our soldiers found the body of a rabbi from a nearby settlement. He had gone to survey the damage to the synagogue.

That evening, I delivered an ultimatum: "If we don't see a change in the patterns of violence in the next two days, we will regard this as a cessation by Arafat of the peace process." That did, briefly, have an effect. When Clinton reinforced my message later in the day, Dennis told me that for the first time, he sensed that Arafat realized he had to act. But again, it was not enough, nor in anything like a sustained manner. And with an appalling act of murder three days afterwards, it was too late. That outrage came in Ramallah. Two Israeli reservists took a wrong turn and ended up driving into the town. They were taken to the Palestinian police station. Hundreds of people broke in and stabbed them, gouged their eyes out and disembowled them. In a chilling image broadcast around the world, one of the murderers brandished the bloodstained palms of his hands in a gesture of triumph. Since I was Defense Minister as well, I spent the hours that followed in the *kirya*. We ordered attack helicopters into action for the first time, though with advance warning to local Palestinians in the areas we targeted. We destroyed the Ramallah police station, as well as a militia base near Arafat's headquarters in Gaza. But Arafat emerged to tell a cheering crowd: "Our people don't care. They don't hesitate to continue their march to Jerusalem, the capital of the Palestinian independent state."

Israelis *did* care. It is hard to say which emotion was more powerful: disgust or fury. But if the opinion polls were to be believed, a large majority wanted us to hit back with the full force of the Israeli army. Still, my overriding aim remained to end the violence if possible, not make it worse. When Clinton asked me to join him, Arafat, King Abdullah of Jordan and UN Secretary General Kofi Annan for a summit in Sharm al-Sheikh, I agreed. We worked out a series of steps to disengage. Arafat was finally supposed to order the Palestinian Authority security forces and Tanzim to cease fire, and establish no-go perimeters around our army positions. We would reopen Gaza airport and, over a period of two weeks, pull back our forces to where they had been before the violence began. But again, it didn't happen. The Palestinian attacks intensified and, as I'd made clear at the



HOUSE_OVERSIGHT_011853

summit, we responded. The only, brief, lull came when Arafat feared the Americans would cancel his scheduled visit to Washington to see Clinton on November 9. I was due to follow him three days later.

I met Clinton and Dennis Ross over dinner in a little kitchen area attached to the Oval Office, and both seemed surprisingly upbeat. The President said he'd told Arafat the broad points that would be in the new American negotiating paper. It was Camp David-plus. Assuming all issues in a final peace were agreed, the Palestinians would now end up, after a land swap near Gaza, with a "mid-90-percent" share of the West Bank. On Jerusalem, the guiding principle would be "what is Arab will be Palestinian, and what is Jewish, Israeli." On the Temple Mount, the Haram al-Sharif, each side would have control of its own holy sites. Finally, though Palestinian refugees would be free to return in unlimited numbers to a new Palestinian state, there would be no "right of return" to pre-1967 Israel. The President told me that after he'd run all this by Arafat, he and Dennis had asked whether "in principle" these were parameters he could accept. Arafat had said yes.

I assume they expected me to say the same. But I told them I couldn't give them an answer. What concerned me now was the violence. Until it was reined in, I would not be party to rewarding Arafat diplomatically. I urged the Americans to make ending the violence their focus as well, because if they didn't get tougher on Arafat's noncompliance with anything resembling a de-escalation, Israel would do so.

* * *

Since the Knesset had returned before my trip to Washington, I'd needed first to make sure my government would survive. The obvious, or at least the most mathematically secure, choice would have been a deal with Sharon. Especially since the lynching in Ramallah, there were calls from politicians on all sides for a unity coalition between Labor and Likud. Arik definitely wanted in. The main issue reamined the peace process. I didn't find Arik's specific objections to Camp David hard to deal with. As I'd said from the start, the fact that we'd failed to reach an agreement at the summit meant that any concessions I'd considered were now,



HOUSE_OVERSIGHT_011854

in legal and diplomatic terms, null and void. The package Arafat had ultimately rejected had not even been presented by me. It was an American proposal. Besides, it was obvious no serious negotiations were going to happen anyway for the foreseeable future. Arik, however, said he wanted not just a "full divorce" from Camp David. He insisted we formally declare an end to the entire Oslo process.

I told him that was a price I was not prepared to pay for his support. Despite the failure of the summit, and the terrible human cost from Arafat's choice of violence over diplomacy, there was a wide international recognition that it was the Palestinians, not Israel, who were responsible. For us to end the Oslo process meant inviting accusations we'd never intended to reach a peace agreement in the first place, and that it was *Israel* that was closing the door. We would also risk forfeiting the American support we'd secured by our efforts to reach a peace deal, an asset all Israeli governments would benefit from in other circumstances and contexts in the future.

Fortunately, I had an alternative to a coalition with the Likud. Alarmed at the prospect of a having Sharon in the government, the Oslo-era doves in Labor, led by Yossi Beilin, worked out a new deal with Shas. The Sephardi Orthodox party was still not prepared to rejoin the cabinet, but it did promise a "safety net" in the Knesset to ensure we would not have to worry about no-confidence votes while confronting the Palestinian violence. I knew Shas's support would waver if there was a resumption of serious peace negotiations. Still, as Clinton continued to insist we make one final attempt to get a deal, I felt we had a responsibility to play our part. I wasn't prepared to put us in the position of appearing to stoneweall his efforts, and encourage the false narrative that Israeli "intransigence" was somehow frustrating Arafat's readiness to make peace.

The Palestinian campaign of violence was getting worse. An Islamic Jihad car bomb near *Mahaneh Yehudah* market in Jerusalem injured nearly a dozen people and left two dead. Hamas blew up a school bus in one of the Gaza settlements, killing two more people. In Hadera, halfway up the coast from Tel Aviv to Haifa, a car bomb on a main street left two people dead and more than 60 injured. Palestinian snipers from near Bethlehem began opening fire on Gilo, one of the post-1967 Jewish suburbs of Jerusalem, and home to more than 30,000 people. Yet despite all this, I authorized Shlomo Ben-Ami, Gili Sher, Amnon Lipkin and Yossi Ginossar to continue talks with Palestinian negotiators on the terms of the President's last-ditch peace proposal.



HOUSE_OVERSIGHT_011855

By the end of November, I believed that the chances of a peace agreement with Arafat were so microscopic as to border on non-existent, and that my own prospects for retaining sufficient support to be an effective Prime Minister much beyond Clinton's departure were not much better. It was not just Arik and the Likud, but other parties on the right that were actively attempting to bring down the government. I was being squeezed politically: by opposition to the concessions, especially on Jerusalem, I'd been willing to consider in pursuit of a peace agreement, and by the ever-worsening Palestinian violence. Shlomo Ben-Ami put it best, saying that in the view of most Israelis, "Arafat's response to Camp David was not peace, it was an intifada."

By the second part of November, there were five separate motions of no-confidence working their way through the Knesset. I could have quashed them all at a single stroke, since Arik, both publicly and privately, was conveying to me his continuing interest in joining a unity coalition. But I again decided against it, at this stage not so much because I expected a peace deal, but because I believed continued Israeli engagement in the peace process was essential to preventing Arafat from evading his responsibility for making a deal impossible.

I could also have wrongfooted my opponents by insisting that any early election be not just for a new Prime Minister but for a new Knesset, something very few existing Knesset members were anxious to see happen. I did, in fact, do precisely that at the end of November, delaying an immediate move to try to topple the government. But I immediately regretted doing it. The game-playing side of politics was the part I least understood, and most disliked. I recognized that to bring down the Knesset along with me would be unfair to the country, not to mention my own Labor Party, which still had the largest number of parliamentary seats. In pursuing my peace efforts with Hafez al-Assad, and at Camp David, I'd insisted I was acting on the mandate I'd received in the Prime Ministerial election. If the peace efforts had failed, or if a significant part of the country felt I was wrong to have tried in the way I did, surely the responsibility for that, too, should fall on me.

I remained confident I had been right to make the efforts with Arafat, with Assad, and, of course, to have followed through on my pledge to withdraw our troops from Lebanon. But believing that you are right, even if later events might bear you out, was not all that mattered in politics. You had to be able to bring the public with you. It was clear my support was ebbing away. Looking ahead to the



HOUSE_OVERSIGHT_011856

challenges Israel would face during Clinton's final period in office and afterwards, I knew I could not go further without seeking a fresh mandate from the country, however unlikely the prospects now seemed.

Deciding to do so was a decision that was probably easier for me than for other politicians. Privileged though I felt as Prime Minister to be able to pursue what I felt deeply were Israel's national interests, the trappings of office were not that important to me. I'd gone into politics to *do* things, not for the photo opportunities. I did still believe it was important to see the final diplomatic push by Clinton through to its end. But I knew an early election for Prime Minister wouldn't happen overnight. It would involve a couple of months' preparation.

* * *

When I called a news conference on December 9, the media, and the country, assumed that it was about the Palestinian violence and the ups and downs of the Clinton initiative, and I did talk about both. But at the end, I said: "There are those who doubt the mandate I received from the citizens of Israel. I have decided to seek a new mandate – to lead the state of Israel on the road to peace, security and a proper civic and social agenda." I said I would go see the Israeli President the following morning. "I will formally resign, and run for a special election, at the head of the Labor Party, for the Prime Ministership of Israel."

The election was set for February 2001. The last act in President Clinton's attempt at a breakthrough actually came after the American election, and just a month before George W. Bush would succeed him. Since, in practical terms, any final agreement would almost certainly come under President Bush, Clinton's final negotiating paper was framed as a set of paramaters which, if agreed to by both sides, were intended to set the stage for a final deal. On December 23, Clinton presented the draft to both sides' representatives at the White House. I wasn't there. But the accounts I got from Shlomo, Gili and Dennis Ross afterwards made me feel as if I was. The president said he would read through the document and then leave the Israeli and Palestinian teams with Dennis to make sure they'd recorded each detail. He said this was no longer the starting point for further argument on the basic shape of a peace deal. This was his considered judgement of



HOUSE_OVERSIGHT_011857

what would constitute a fair agreement. He was presenting it on a take-it-or-leave-it basis. If either side said no, he would withdraw it, and it would not be binding on President Bush.

He proceeded to lay out his proposal. It now envisaged the Palestinians ending up with between 95 and 97 percent of the West Bank. Israel's military presence in the Jordan Valley would be for a maximum of six years, after which our soldiers would be replaced by an international force. On refugees, the solution Clinton proposed would "make it clear there is no specific right of return to Israeli itself" but recognize "the aspiration of the Palestinian people to return to the area." He proposed a joint endorsement by Israel and the Palestinians of the right of refugees to return to a new Palestinian state. In Jerusalem, Arafat would have sovereignty over the entirety of the Old City except for the Jewish Quarter and, of course, the Western Wall and the "holy space of which it is a part." Finally, the President said, this would be a *final* peace: an end of conflict and, once implemented, an end to any further claims. He wanted replies from Israel and the Palestinians within five days. Dennis added that, while both sides could come back with reservations, if any of these fell outside the substantive limits of President Clinton's parameters, the response would be interpreted as a "no" and our search for an agreement would be over.

Clinton's latest proposals went beyond even what I was willing to have him keep in his pocket at Camp David. Opposition politicians in Israel, and even a few of our cabinet ministers, promptly objected to the formula for Jerusalem. I told the critics – as I knew I'd have to argue to the country in a referendum, in the vanishingly unlikely event we actually reached an agreeement – that making peace was not like making love. It was something you did with enemies. I, too, would have preferred to say no to Clinton's ideas on Jerusalem. But to reject them would have placed Israel in the position of rejecting the entire Clinton paper, something I was not prepared to do.

I sent word to the President that we accepted his ideas. We did raise reservations – twenty-eight in all, about how various parts of the agreement would work on the ground. But none fell outside his parameters for a peace agreement. At first Arafat asked the Americans for more time. Then he went to Washington to see Clinton. There, he presented his "reservations". They were not just outside the Clinton parameters. They rejected two key elements. Arafat said there could be no



HOUSE_OVERSIGHT_011858

Israeli sovereignty over the Western Wall of the ancient temple. Nor would he agree to any compromise on the "right of return."

For me, that was the final answer. As one Palestinian leader remarked to me amid the still-escalating terror attacks a couple of years later, the Palestinians had "needed a Ben-Gurion, but we got an Arafat." He didn't mean Ben-Gurion the Zionist, but the statesman who at crucial moments like the partition vote in 1947, could give up his maximalist hopes and dreams in order to secure a better future for his people. Arafat felt much more comfortable, more secure, when the suicide bombers were calling the tune. Then he could whip up the crowds with promises of "marching on Jerusalem" or jet around the world telling everyone that Israel was denying his right to a state.

* * *

Though I now knew an agreement was impossible, for many on the Israeli left, my ostensible allies in the forthcoming election campaign against Arik, that was hard to accept. Particularly for Yossi Sarid of Meretz, and to a certain extent Yossi Beilin too, the only explanation for our failure to get a deal had to be that we hadn't negotiated well or creatively enough. The idea that Arafat simply didn't want a two-state peace was anathema to them. So was the political platform I said that I hoped to implement if I was re-elected as Prime Minister. Maybe, at some point in the future, a negotiated peace might be possible. We *had* accomplished something of importance at Camp David. We'd made clear our red lines. We knew where Arafat stood. But for now, I believed we had to move on, both in order to keep the situation on the ground from getting worse and to act in Israel's own long-term political and security interests. I said we should unilaterally disengage from the West Bank and Gaza.

The idea was straightforward. The Palestinians' unwillingness to accept even the final Clinton parameters, driven home with murderous ferocity by the explosion of violence since Camp David, should not be allowed to paralyze Israel politically. I proposed that we map out the area we required to retain and secure the major settlement blocs, as well as the outer East Jerusalem suburbs; a further security strip along the Jordan River; and several other strategically important



HOUSE_OVERSIGHT_011859

points. It would amount to retaining control over around 20 percent of the West Bank, but none of the major Arab towns or cities. Though deliberately stopping well short of share of the West Bank Arafat could have secured through a negotiated peace, it would remove Israeli troops and settlers from most of the territory. It would give the Palestinians ample room to set up a state if they so chose, and conceivably to expand its area if some future leader had more of the "Ben-Gurion" in him than Arafat. Until then, it would allow both of our peoples to get on with their lives and focus on their own political and social and economic challenges.

There was a second, critically important part to what I was proposing: the construction of a physical security fence along the new "disengagement line" with the West Bank. It was the suggestion rejected under Rabin, accepted under Peres amid the Hamas bombings in the 1996 election campaign, but never followed through on. Even under the new arrangement I envisaged, Israeli troops would retain the freedom of action to respond to, or pre-empt, terror attacks with targeted operations inside the West Bank. But the physical barrier would hugely increase our ability to halt the attackers before they could strike.

Yet even if I'd been able to bring those on the left of Labor behind the plan, this election campaign was going to be a lot tougher than in 1999. Since Knesset members weren't running for their seats, the Labor machine lacked its usual incentive put up posters, knock on doors, or get out the vote. Arik, however, benefited from the enthusiasm of Likudniks and other right-wing activists who saw an opportunity to retake control of Israel's political agenda.

Long before election day, I realized my time as Prime Minister was up. Before the campaign began, an old friend of mine, a leading Israeli journalist, tried to talk me into withdrawing. "You're going to lose, Ehud," he said. "Why, after making all this effort for peace, after doing your best, do you want the last act to be losing to Arik?" I'd never seen the objective as just staying in office. If that had been the case, I wouldn't have put the chances of a peace deal with Syria to their final test. I wouldn't have gone to Camp David. I also would have accepted Arik's serial offers to join a unity coalition. But never in my life had I walked away from a challenge. I certainly wasn't going to retreat in the midst of Palestinian violence, and when Israel still faced key decisions on how to move on from Arafat's unreadiness to negotiate an end to our decades-old conflict.



HOUSE_OVERSIGHT_011860

I did regret being unable to rely on the support of two key constituencies that had helped deliver my landslide victory barely 18 months earlier: my own Labor Party and the Arab citizens of Israel. I had no trouble understanding the reasons many Israeli Arabs were abandoning me. The clashes in the Galilee at the start of the new intifada had left more than a dozen of their community dead. As an official inquiry would later conclude, there was blame on all sides. A number of Arab members of the Knesset had played a part in inciting the violence. Yet the police had been unprepared, and they had used excessive force. As I said publicly before the election, I, as Prime Minister, was ultimately responsible, and I formally apologized for what had happened. Yet the roots went deeper, to the economic and social disadvantages still faced by many Arab citizens, and the difficulty in resolving those problems calmly and collectively as long as Israel remained in a state of war with its Arab neighbors.

For Labor and the political left, it was as if, despite Arafat's repeated rejections of ever more forthcoming terms of peace, they still couldn't bring themselves to believe he really meant it. By default, they were inclined to blame me for not delivering peace. I was accused of relying too much on a close circle of aides and negotiators I'd known from my time in the army, of not giving a negotiating role to Labor veterans of the Oslo negotiations like Yossi Beilin, and of being insufficiently sensitive to Arafat's needs in the negotiating process. Typical of the argument was a broadside by the journalist and historian Tom Segev, in *Ha'aretz*, which accused me of an "incredible arrogance" which had "led to an historic mistake. Rather than continue on the Oslo road, Barak put it into his head that he could reach a final settlement and try and impose it on the Palestinian Authority President." I did not try to "impose" anything on Arafat. I did, quite consciously, abandon the "Oslo road" because it was inexorably leading to a situation where, after the final Wye redeployments, Arafat would have control over the great majority of the West Bank *without* having to commit to any of the assurances that even most on the Israeli left would define as the minimum required for peace. Now, of course, we knew that was something the Palestinian leader was not prepared to do.

When election day came, not that many of my critics on the left actually voted against me. Nor did the Israeli Arabs. Yet in very large numbers, they simply didn't vote. In percentage terms, Arik's victory was even more decisive than mine over Bibi. He got more than 62 percent of the vote. I received barely 37 percent.



HOUSE_OVERSIGHT_011861

Yet the turnout was the lowest in Israeli history. Arik received *fewer* votes than I had in 1999. Around half of the 1.8 million people who had supported me stayed at home.

I conceded defeat after the first exit polls and said I would be stepping down as head of the Labor Party. Still, since the election had been only for Prime Minister, Labor remained the largest party in the Knesset. Mathematically, Arik might be able to cobble together the required 61-seat majority with an assortment of smaller parties. But without Labor as ballast, his government would be even more precarious than mine. When I triggered the election, he'd let it be known that if he won, he hoped to include Labor in his government, with me as his Defense Minister. Even though I'd announced I was stepping aside, he phoned me the morning after the election to make that argument again. He said Israel needed a strong government, especially to confront the escalating violence. Having a person with my background, whom he knew well and trusted, in the defense portfolio was important. I didn't say yes. Unfortunately, I failed to do what I should have done: I didn't immediately say no.

When the public learned about Sharon's interest in a unity government, Labor descended into bickering. Some of my former ministers, like Yossi Beilin and Shlomo Ben-Ami, were against the idea of joining any Likud-led government. They were especially disgusted by the prospect of doing so under Arik, the architect of the 1982 Lebanon War. Most of the Labor's central committee did seem in favor of joining. But given the scale of my election defeat, many wanted do so without me. For a few days, Arik kept phoning me. I did feel that the substance of the arrangement he suggested made sense. But over that first week, I realized that, understandably, he had little interest in addressing my policy concerns. I decided to focus instead on ensuring a properly organized transition to a new Labor party leader, and publicly confirmed that I would indeed be resigning.

Several weeks after Arik formed his government – including Labor, with Simon Peres as one of four deputy prime ministers – he invited me to his office. He wanted to ask my views on a specific security question. That took barely 15 minutes. But I raised another issue that I argued would have more far-reaching implications. It was the idea of building the security fence along the West Bank. I'd tried to make the case for doing so during the election campaign, and I'd lost the election. "Now I'm turning to you. When I left office, 39 Israelis had been killed in the terror attacks. Now, there are *70*. When the number reaches 700,



HOUSE_OVERSIGHT_011862

there's no doubt you'll decide to build this fence. But to your dying day, you won't be able to look yourself in the mirror and explain why you waited for another 630 Israelis to die first."

He did eventually start building it, but only in the wake of an act of terrorism which, even by the standards of this new and still-escalating intifada, was truly obscene. In March 2002, suicide bombers murdered 30 people, mostly elderly, as they were celebrating the annual Passover Seder in a hotel dining room in Netanya. Arik hit back two days later with Israel's largest military operation on the West Bank since 1967. Israeli forces retook major Palestinian towns, placed Arafat under *de facto* siege in his headquarters in Ramallah and imposed curfews and closures. In June, the government formally approved the security fence. Still, another year would pass before the major part of the barrier was in place, by which time some 500 Israelis had been murdered in the terror attacks. Only then did the number of casualties begin to fall.

I tried to steer clear of public criticism of Arik's government. One of the lessons I'd learned as Prime Minister was how easy it was to second-guess from the outside. No Prime Minister can act exactly as he might plan or want to. The most you can do is make sure you understand and analyze the issues and follow your instincts, experience and conscience to come as near as possible to doing what you believe is right. You will inevitably make mistakes and misjudgements. I certainly did. At least some of the criticism I received was deserved. I was at times too inflexible. I tended to limit my focus to a small group of trusted aides and advisors. I was less good at schmoozing with – or, perhaps more importantly, delegating to – others in the government or the party. I suspect it's no coincidence that the man who brought me into government in the first place was often criticized for the same things. By character, instinct and experience, Rabin, too, remained less a politician than a military man. Yet towards the end of his second period as Prime Minister, he did get better at delegating to people around him, and creating an atmosphere that encouraged teamwork, even when he knew he could not accept or act on everything they might suggest. During my term as Prime Minister, I was much less good at that.

But another thing Yitzhak and I shared was a determination to set ourselves specific goals and do everything we could to achieve them. I promised to get the army out of Lebanon. With the Palestinians, I arrived in office convinced that the process begun in Oslo was both a huge opportunity and a potential dead-end. I was



HOUSE_OVERSIGHT_011863

determined to focus on the end goal: initially, at least, a framework agreement, and over time a final political resolution of our conflict. Ever since the outbreak of the Palestinians' *first* intifada, I believed this was as much in Israel's own interest as theirs. Yet when I entered office, we had no way of knowing whether *Arafat* wanted two states living side-by-side in peace. I felt it was my duty to find out, and, if the answer was yes, to put a peace agreement in place. I felt the same about way about Syria and Hafez al-Assad.

When I left office, I believed I had achieved the most important goals of my premiership. We were out of Lebanon. Though we couldn't achieve the peace agreements I had hoped for, it was not for lack of trying. Along the way, Israel had demonstrated to the world that it was able and willing to consider painful compromises, and that it was the Arab leaders who, at least for now, were unequal to the challenge of making peace. If I'd been able to retain the backing of the voters who made me Prime Minister in 1999, we might even have moved ahead on unilateral disengagement from the Palestinians, dramatically altering the trajectory of our relationship. Yet even without that, Camp David did delineate the terms of any future peace arrangement. When and if conditions allowed a resumption of serious negotiating efforts, the shape, and indeed most of the details, of a final peace between our peoples were now clear.

I was on holiday in the summer of 2001 when Clinton phoned me. *The New Times* had run a piece on how and why the summit, and the subsequent negotiations through the end of the year, ended in failure. When I later read the article, by the Pulitzer Prize-winning reporter Deborah Sontag, I found it a meandering mix of opinions garnered from an assortment of Americans, Europeans, Israelis and Palestinians, including Arafat himself, with the overall conclusion that Clinton and I had not offered as generous a deal as was assumed and that it was somehow unfair to suggest the Palestinians deserved blame for rejecting it. There had been several other articles in various publications along the same lines. I didn't see much point at this stage in setting the record straight. To the extent the content of the *Times* piece bothered me, it was a simple, but important, error of fact. Quoting Arafat himself, Sontag wrote that during the back-patio discussion I had with him at the dinner in Kochav Yair shortly before the new intifada, he'd "implored me to block Mr Sharon's plans" to visit the Temple Mount. Arafat didn't raise the issue at all, and presumably knew that we had consulted his West Bank security chief to ensure it happened quickly, avoided the



HOUSE_OVERSIGHT_011864

mosques on the Haram, and would not become a catalyst, or in this case a pretext, for violence.

Yet the revisionist history about our peace efforts left Clinton not just frustrated, but genuinely puzzled. What the hell were these people talking about, he asked me. Why were they missing the forest for the trees. "The true story of Camp David," he said, "was that for the first time in the history of the conflict, you and I, the Prime Minister of Israel and the President of the United States, placed on the table a proposal, based on Resolutions 242 and 338, very close to the Palestinian demands. And Arafat refused to accept it as a basis of negotiations, walked out of the room, and deliberately turned to terrorism." All the rest, President Clinton said, was gossip.

All of it was now irrelevant, too. His parameters were off the table. Palestinian violence against Israelis was getting ever deadlier. And I was out of politics. When I delivered my final remarks to a Labor Party meeting, I was asked whether I was leaving politics for good. I replied that I would always remain a member of Labor. But I saw my role as a bit like when I'd left the army. "I'm a reserve officer," I said, adding that I hoped I would not be called back to duty any time soon.

I had been Prime Minister for only 21 months. But I'd been in politics for six years, and in uniform for nearly thirty-six: in public service for more than four decades. Now, suddenly, I was a private citizen. And for a few years, I actually stayed that way.



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## Chapter Twenty-Four

I had only a general idea of what I would do next. "Something in business" describes it best. But I sought the advice of a friend who, rather than leaving politics, had just entered it. Colin Powell was now the second President Bush's Secretary of State. "Why don't you go on the lecture circuit?" he said. The short answer was that it hadn't occurred to me that I'd be any good at it. But it proved energizing and interesting both for me and, it seemed, the audiences I spoke to. It was also lucrative. I would deliver four lectures over the span of a week and end up making twice what, until that point in my life, I had earned during a full year. I was also invited onto a number of company boards. I turned down some, in order to avoid even the appearance of a conflict of interest. But I did get involved in an area where I believed my range of experiences might be relevant: investment decisions, and venture capital.

The result was a dramatic change in lifestyle. Nava and I got to spend more time with our daughters. We vacationed overseas for the first time. We also decided to build a new home, and the place that we chose gave me my first experience of how far I was from being a "private citizen" in the eyes of the Israeli public. When it became known we were planning to move to Kfar Shmaryahu near Tel Aviv, one of the wealthiest places in Israel, all hell broke loose. How *could* you, I was asked. I couldn't resist joking that I just wanted to be close to our voters. Likud supporters were about as rare in Kfar Shmaryahu as panhandlers. Along with Mishmar Hasharon, it was the only place where I'd polled over 80 percent even in my loss to Sharon.

Israel had changed dramatically from the kibbutz-centered pioneer society of my youth. Greater Tel Aviv, in particular, was thriving economically, and the rising crop of millionaires, whether from traditional business or in the bourgeoning technology sector, included its fair share of former kibbutznikim. Still, socially and culturally, a puritanical streak remained, a sense that there was something not quite right about people raised on a socialist ideal becoming personally well off. I accepted this. I recognized that I was not just a former kibbutznik. I had been head of the Labor Party. And Prime Minister. Still, I did feel much of the personal criticism was unfair. I had devoted more than four decades of my life to serving my country. I'd behaved with scrupulous honesty while in office, and was avoiding



HOUSE_OVERSIGHT_011866

any business involvement that could present a conflict of interest now that I had left. Frankly, I saw nothing wrong with earning money through honest endeavor, and using the proceeds to provide economic security for myself and my family, and to give our grandchildren a better start in life than Nava's or my own parents had been able to do.

In the end, we didn't move to Kfar Shmaryahu. But that was because of an even more profound change in my life: I separated from Nava, after more than 30 years together. When we had begun plans to move, I laughed off a warning from a psychologist friend of mine that decisions like building a new house could lead to a deeper reassessment of your life. But that is at least in part what happened. There were also other changes that caused me to stop and take stock. I was no longer Prime Minister. My father had passed away soon after I left office. Professionally, I was exploring new areas and developing new interests. Nava and I had been happily married since our twenties. We had three wonderful daughters, and a first grandchild. Yet the more I thought about where we were in our lives, the more I felt our future paths were pulling us in different directions. For both of us, the separation was difficult, though it was made a bit less painful because Nava knew that it had nothing to do with another woman, or another relationship. I did imagine that I might one day meet someone else. But I was equally prepared for it not happening. I certainly didn't expect it any time soon.

When it did, it began by accident. A few weeks after our separation, I was visiting the Knesset for a discussion about fixing Israel's broken electoral system. In the audience was a member of one of the civic associations pressing for reform: Nili Priell, my first, and only, serious girlfriend before I met Nava. We spoke for a few minutes afterwards. We agreed to meet again, and catch up with each other's lives, a week or so later. Both of us now had grown children. We were both on our own. There is, I assume for everyone, something impossible to replicate about a first love. Nili and I were given an unlikely second chance. That seemed to me an extraordinary gift. It still does.

Yet if my personal life seemed full of new promise, the same could not be said of the country I'd served for my whole adult life, or of the political party I'd led into government. The continuing construction of the security fence along the West Bank finally did begin to reduce the sheer number of Palestinian attacks: from nearly 50 in 2002, to about half that number in 2003. But the suicide bombers who did get through – from Hamas, Islamic Jihad and Fatah's "Al-Aqsa Martyrs'



HOUSE_OVERSIGHT_011867

Brigade" – struck wherever they could inflict the most terror, and death: at bus stations, on buses, in shopping centers, restaurants and cafés. Over a 12-month period, beginning with a bombing of Tel Aviv's main bus station at the beginning of January 2003, they murdered 145 men, women and children. It would not be until two years' later, with the West Bank fence in place and a range of other security measures, that the attacks, and the deaths, were finally brought down dramatically.

The Labor Party had finally left Arik Sharon's coalition in late 2002. But in Israel's 2003 election – reverting to the old rules again, with a single vote for party and Prime Minister – Arik and the Likud won resoundingly. They doubled their Knesset seats, to 38. Labor, now with only 19 seats, against turned to Shimon Peres, as interim party leader.

I didn't miss the political limelight. But by mid-2004, with the first sign of a major change in policy toward the Palestinians, I felt I had a contribution to make. What first prompted me to dip my toes back into politics were the ever more obvious signs throughout 2004 that Arik's coalition, and his hold on the Likud, were unraveling. Part of his problem was a steady drumbeat of corruption allegations around what had become a kind of family political operation: Arik and his two sons, Omri and Gilad. But Arik also seemed to be undergoing a welcome political conversion, to the need for the more profound political "disengagement" with the Palestinians which I'd long been advocating. He had endorsed the Bush Administration's "road map" for resuming the peace process. Yet with Yasir Arafat ageing, ailing and even less inclined to consider the difficult decisions he had shirked at Camp David, Arik went one, dramatic step further. He raised the idea of unilaterally withdrawing Israeli forces and settlements from Gaza – ensuring a showdown with the rank and file of the Likud, and other parties on the right. His main Likud rival, very much back in front-line Israeli politics, was his Finance Minister: Bibi Netanyahu. Though Bibi remained on board until the last moment, he dramatically resigned for the cabinet in August 2005, a week before the Gaza withdrawal, declaring: "I am not prepared to be a partner to a move which ignores reality, and proceeds blindly toward turning the Gaza Strip into a base for Islamic terrorism which will threaten the state."

To this day, Bibi, along with many Israelis across the political spectrum, draws a direct line between our pullout from Gaza, Hamas's takeover and its violent purging of Fatah's old guard there, and the periodic wars we've had to fight since



HOUSE_OVERSIGHT_011868

then in response to Hamas rocket fire into Israel. The moral: Arik was wrong to withdraw. But the Islamists' ascendancy was happening anyway. After all, it was Hamas attacks that provided the spearhead of the intifada of terror launched in the wake of Camp David. Arafat's own influence was also inexorably on the wane by the time he passed away, in Paris, at the end of 2004, to be succeeded by Abu Mazen. I do not know of a single senior figure in Israel with any military experience who believes that we would be more secure today if we still had thousands of soldiers and settlers inside Gaza. Surprised though I was by Arik's decision to leave, I had no doubt that the fundamental security judgment he was making – that a disengagement was in Israel's own interest – was the right one. I was encouraged, too, by his parallel announcement of a small, token withdrawal from a few small West Bank settlements. My regret at the time was that he did not go further toward the kind of major West Bank disengagement I'd been arguing for, and that even in Gaza the pullout seemed insufficiently prepared or thought out. The model, I believed, should have been our withdrawal from Lebanon – involving detailed prior consultation with, and political support from, the UN and key international allies. I also felt it was critically important to ensure that, while we would obviously need offshore patrols to prevent arms and munitions from getting in, we allowed and encouraged an environment in which the Gazan economy could function and grow after we left. None of that happened. Though we left Gaza, we effectively sealed off and blockaded one of the most densely populated, economically strapped and politically febrile strips of land on the face of the earth.

Still, I did see it as an important first step toward the kind of wider disengagement that would prioritize Israel's own security interests, and political and social cohesiveness, until and unless conditions allowed a for a serious new effort for a final peace deal. I was heartened when Shimon led Labor back into Arik's coalition at the start of 2005 to ensure he'd have the support necessary to go through with the Gaza withdrawal. And while I did make a brief attempt to return as party leader later in the year, when it was clear I wasn't going to win, I threw my support behind Shimon and against the other challenger, the longtime labor-union leader Amir Peretz, who was running on a platform to take Labor out of Sharon's government.

But Peretz won the leadership election. He did leave the cabinet, forcing Arik to call an early election for March 2006. And that, along with the most ambitious and



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ill-fated Israeli war in Lebanon since 1982, was the reason I ultimately found myself back in the Israeli government.

* * *

It began on July 12, 2006, when Hizbollah fired rockets from southern Lebanon as cover for an ambush of two Israeli Humvees on our side of the border. Two soldiers were killed, and two others abducted. A few hours later, when an Israeli armored unit crossed to look for the kidnapped soldiers, an explosive charge blew up one of our tanks, killing four of its crew members.

Arik was no longer Prime Minister by then. With Bibi marshalling opposition inside the Likud to the Gaza disenagegment, he had formed a new centrist party called Kadima, along with prominent Likud moderates and buttressed by a Labor heavyweight: Shimon Peres. But before the election, Arik suffered a pair of strokes, lapsing into a coma from which he would never emerge. His notional deputy, the veteran Likud politician and former Jerusalem mayor Ehud Olmert, found himself as Prime Minister. Kadima did comfortably win the May election. It ended up with 29 seats, followed by Labor with 19 and leaving the Netanyahu-led Likud with only 12. Olmert formed a coalition, including Labor, which had undeniable political ballast: Shimon was one of his deputy Prime Ministers, along with Haim Ramon. The gifted lawyer, longtime Likudnik and strong backer of the Gaza plan, Tzipi Livni, was Foreign Minister. Amir Peretz, as head of Labor, was given the Defense Ministry. But without Sharon himself at the helm, the government was now about to face a military crisis with virtually no military experience around the cabinet table.

Olmert called an emergency cabinet meeting on the evening of the Hizbollah attack, and just before it was due to convene, my phone rang. It was Shimon, who, though with no first-hand army experience, did at least have the *political* experience in war that none of Olmert's other ministers could offer. He'd been by Ben-Gurion's side during the 1956 war, had been in Golda's government in 1967, and was Defense Minister after the 1973 war, through Entebbe, until Begin's defeated Labor in the 1977 election. Despite our own battles inside Labor, Shimon and I had become closer again of late, especially after I'd supported him in his last



HOUSE_OVERSIGHT_011870

Labor leadership contest. "Shalom, Ehud," he said when I answered the phone and, without small talk or preliminaries, asked me: "What do you think we should do?"

I said I couldn't offer specific suggestions. "It's a detail-related question, and I don't know the details." But I advised him on the *process* I felt would be needed to come up with the right answer when the chief-of-staff, the former air force chief Dan Halutz, briefed the cabinet. "Halutz will propose what to do. *Push* him," I said. "When he presents his recommended action, ask him for his assessment of what Hizbollah will do in response. When he, or the head of military intelligence, has given you the range of possibilities and told you which is the most likely, say, OK, let's assume that happens. What's our *next* step? How is that going to lead us to our main objectives? And what *are* the objectives?" Newspaper reports the next morning said that Shimon, and only Shimon, did indeed press the chief-of-staff about each further stage of the operation and about the aims that we wanted to accomplish. But Halutz finally fobbed him off by saying that once they *got* to the later phases, they could discuss it.

From the first reports I received through my army contacts, I feared the operation would go badly. There was no doubt we could inflict damage on Hizbollah. But there were no clear answers to the questions Shimon had raised. The initial Israeli air force response had been put in place more than five years earlier, when I was Prime Minister. Codenamed "Operation Cinnamon Sticks," it was designed to take out all of the fixed Hizbollah missile sites we had been able to identify. We knew its limitations. A lot of the rockets were fired from mobile launchers. But in one exercise, the known "Hizbollah" sites were replicated in the Galilee. They were destroyed in 43 minutes. I had no doubt that part of the plan would succeed. In the early hours of July 13, it took only 34 minutes to destroy the nearly 60 launchers we had pinpointed over the previous five years.

But Operation Cinnamon Sticks had been intended as a first step in a far wider assault on Hizbollah and other targets, including a number of infrastructure installations, deeper inside Lebanon. It was part of a plan for a full-scale war, if the government decided that was necessary. As the early public statements by Olmert and other ministers made clear, they did not intend to start a war, at least at the outset. They certainly didn't have a coherent plan for one. But they would soon find themselves in Israel's longest single armed conflict since 1948. When Hizbollah fired hundreds of missiles at Israeli towns and cities, our operation intensified not by plan or military logic, but improvisation. As a former Prime



HOUSE_OVERSIGHT_011871

Minister, I felt it was not my place to criticize Olmert publicly when Israeli troops were in action. Two days in, in fact, I told a television interviewer that the government had every right to respond and was doing so effectively. Olmert phoned to thank me. When he, like Shimon, asked what I thought the government should do next, I was straightforward: "Do your best to bring things to an end as soon as you can." I said that Halutz and the other generals would be caught up in the operational details, which made his role and that of the cabinet even more critical. "In any operation, you'll have an idea about what represents a satisfactory exit point. But there will be a temptation, when you get close to that point, to take just one more step, to keep going until you're absolutely sure you've reached it." Resist that temptation, I told him. I said there was a danger that, before they knew it, he and the other minister would be in way over their heads.

In pure military terms, there were just two realistic choices in responding the Hibzollah attack: a deliberately limited and fairly brief operation, or a full-scale war. We ended up doing neither. The result was an operation that lasted 34 days, nearly twice the length of the Yom Kippur War. Our air force flew 12,000 missions, more than in 1973 and nearly twice as many as in the 1982 Lebanon War. Hizbollah fired about 4,000 rockets into Israel – from a stockpile we estimated to number nearly 20,000 – and not just at the border settlements but as far south as Hadera and Haifa, keeping hundreds of thousands of Israelis under effective siege. More than 120 Israeli soldiers and 44 civilians were killed. So were hundreds of Hizbollah fighters and, inevitably, many Lebanese civilians as well, with a predictable surge of criticism from much of the outside world. Only President Bush and Britain's Tony Blair steadfastly reminded the critics of how the war had actually begun.

The one putative victory for Israel was the UN cease-fire resolution that Tzipi Livni helped to negotiate in August. At least on paper, it contained a commitment to a "long-term solution" including the disarmament of Hizbollah and the "unconditional release of the abducted Israeli soldiers, which has given rise to the current crisis." But as Israeli newspapers began speaking to the returning soldiers and officers, a picture emerged not just of a long and difficult war, but a lack of clearly communicated military objectives, and an often-chaotic chain of command, which ended up costing Israeli lives. Our final advance, alone, shortly before the cease-fire, claimed the lives of some 30 soldiers. And for *what*, many Israelis were soon asking themselves. One of the newspapers most supportive of the operation at



HOUSE_OVERSIGHT_011872

the beginning summed up the feeling of most of the country at the end: "If you don't win, you lose... Hizbollah survived. It won the war."

Without the botched handling of the war, I might well have remained a mere member of the Labor Party and a private citizen. But when the commission of inquiry released its report in April 2007, three people were singled out: Olmert, Amir Peretz and Halutz. Olmert was portrayed as a military novice who'd gone into battle without understanding the wartime role and responsibilities of a Prime Minister. Halutz's "excess of charisma" was held responsible for keeping ministers, and military officers as well, from questioning his judgement or pressing him for alternatives. Amir Peretz was found to be the wrong man in the wrong cabinet post at the wrong time. Of the three, only Halutz seemed ready to take personal responsibility. Even before the report came out, he resigned. Olmert and Peretz were determined to stay put, despite calls to quit not just from the opposition but from Tzipi Livni. Inside Labor as well, the war produced a clamor for change. When a vote for party chairman was held in June 2007, I was chosen to return in Peretz's place.

Within days, I replaced him as Defense Minister as well. Yet the main item in my in-box would no longer be Lebanon. I had been briefed a few weeks earlier by Olmert on a threat hundreds of miles further away: a construction site in northeast Syria, along the Euphrates River, where Mossad had uncovered evidence that the Syrians, with technical help from North Korea and funding from Iran, were building a nuclear reactor.

* * *

I had got to know Olmert fairly well over the years, initially when I was in the *kirya* and both he and another rising Likud politician to whom I became closer, Dan Meridor, were members of the Knesset's defense committee. But from the day I returned to the Israeli government in June 2007, there was growing tension between us over dealing with the Syrian nuclear threat. It was not about *whether* we should take military action to destroy the reactor, before the fuel rods arrived on site and it could begin producing bomb-ready material. Just as under Menachem Begin in 1981, when we'd launched our preemptive strike on Saddam Hussein's



HOUSE_OVERSIGHT_011873

reactor near Baghdad, there was never any question that we would take any and all possible measures to prevent Syria from getting a nuclear weapon. An immutable, core assumption in Israel's security strategy was the need to retain our ability to deter, and if necessary defeat, our enemies. A nuclear Syria – or Iraq, or Iran – would dramatically alter the balance of power in the region, at obvious risk to Israel. Syria posed a particular threat, as part of an increasingly close alliance with Iran, and with Hizbollah in Lebanon.

The question, however, was how and when to strike the reactor. Olmert wanted to attack within days. He seemed to assume that, as a former chief of staff, I'd nod enthusiastically and go along with him. I did understand the reasons for his sense of urgency. Not only did we have to make sure we attacked before the fuel was on site. There was always the risk the Syrians would find out that we were aware of their nuclear facility, putting them on even higher alert. But the operational challenge was complex. We need a fail-safe plan to destroy the reactor. We had to do it in such a way as to avoid a full-scale military confrontation with Syria if possible. And we had to ensure we were ready for that, if it did happen. It took very little time for me to realize that none of those prerequisites was yet in place. Not unlike the recent Lebanon war, we were choosing between two off-the-shelf plans from the *kirya*. One involved using a large military force, and would almost certainly draw us into a major conflict with Syria. The other was a smaller, targeted operation. But it remained untested, and there was no certainty it would actually destroy the reactor.

Over the next few months, Olmert got more and more frustrated with the fact we hadn't yet attacked, and frustrated with me as well. We held dozens of meetings, sometimes two or three a day, chaired by the Prime Minister, sometimes by me as Defense Minister, or by the chief of staff or service commanders. Invariably, I began my remarks by saying: "We have to destroy the reactor." This was not because I felt that any of us seriously doubted that. It was because Olmert was beginning to suggest to the few ministers and senior officers aware of our planning that I was against attacking the reactor. In fact, I was working with the military and Mossad to ensure we had a plan that would succeed, with the minimum possible risk of drawing us into a major clash with the Syrians after the facility was destroyed. I was also working – with the help of the Americans – to make sure we could get the forces and munitions in place in the north of Israel to



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deal with a major conflict with the Syrians. All of this, under a tight seal of secrecy.

Finally, in early September 2007, everything was in place. Olmert briefed the cabinet, and secured the ministers' approval to destroy the reactor, with the understanding that the precise timing of the operation would now be left to the Prime Minister, the Defense Minister and the Foreign Minister: Olmert, me and Tzipi Livni. The three of us met immediately after the cabinet discussion. Olmert argued that the risk of leaks justified attacking that night, and I agreed with him. Tzipi was reluctant, but Olmert turned to her and said: "Are you sure you're comfortable with an attack being ordered by me and Barak, while you chose to abstain?" She thought it over, and added her approval.

We struck just after midnight, in an intricately coordinated air attack that evaded not only a Syrian response, but Syrian notice. The reactor was destroyed. Although even today the exact details remain subject to Israel's military secrecy regulations, accounts published abroad in the weeks and months that followed painted a surprisingly accurate picture, including the pioneering use of electronic warfare capabilities to deal with risk of radar detection. But in the immediate aftermath of the attack, Israel deliberately made no public comment. We refused to say whether we'd had anything to do with an attack. As we he had hoped, this allowed the Syrian President, Bashar al-Assad, both the space and a good reason to deny that it had ever happened, deny that he'd been trying to make a nuclear weapon, and thus feel no compelling reason to retaliate.

* * *

The reactor operation, however, marked the start of an increasingly tough period in both my and Tzipi's relationship with Olmert. Policy was not the problem. There were no major security crises in the months ahead. But in the spring of 2008, it became known that the Israeli police were investigating Olmert's relationship with an American businessman named Moshe Talansky. The suggestion, initially in a New York paper and then the Israeli press, was that Olmert was guilty of taking bribes. In his first public response, he didn't deny



HOUSE_OVERSIGHT_011875

receiving money from Talansky. But he insisted it was all a part of election campaign contributions.

Publicly, I reserved judgement. "I hope, for everyone's sake, and for Prime Minister Olmert's sake, that the suspicions now circulating turn out to be baseless," I told a reporter. "Let's be patient." Privately, I urged him to take a leave of absence and clear his name. Yet with other ministers convinced that would make things worse, I held off doing anything else until there seemed to me no choice, after Talansky gave evidence in Jerusalem's District Court. Though he genuinely seemed not to have expected anything specific in return, he said he had given Olmert something like $150,000 in cash. I called a news conference the next day. I didn't say whether or not I thought Olmert was guilty. I did say that I believed he couldn't continue leading the country while resolving his "personal matters". Things finally came to ahead in September 2008. When Kadima held fresh leadership elections, Tzipi Livni won. Olmert confirmed he would step aside for his successor. But under Israeli law, he would remain Prime Minister until she either succeeded in forming a new government or called early elections. She opted in the end for Option B, and the election was set for February 2009.

That meant Olmert would still be Prime Minister for another three months. We'd long been discussing the increasingly worrying situation in Gaza. After Arik pulled out, an election had placed Hamas in power, after which the Islamists embarked on a violent purge of Fatah loyalists. Arms smuggling through tunnels from the Sinai had become rife. Rockets from Gaza were now landing on southern Israel. Hundreds of thousands of Israelis were living with the reality of a warning siren and a rapid dash into their shelters. For a while, amid negotiations through Egypt to end the rocket fire, we limited ourselves to sending small ground units into Gaza to target the source of specific rocket attacks. But that was always going to have only a limited effect. It also ran the risk of our soldiers being abducted, or killed.

Pressure was building for a major military operation. With the election drawing nearer, Bibi Netanyahu was reminding voters that he'd been against the pullout from Gaza, and saying that we should now hit Hamas hard. Both Olmert and Tzipi, along with most of the cabinet, were also in favor of doing so. But my long-held view, reinforced by the recent war against Hizbollah in Lebanon, was that we had to begin by deciding what we wanted to accomplish, and what was possible. Only then could we take action. I told the cabinet that, operationally, we were perfectly



HOUSE_OVERSIGHT_011876

capable to taking over Gaza. But what *then*, I asked. Unless we were prepared to resume open-ended Israeli control, we'd be left with no one to run Gaza afterwards. The obvious candidate, Egypt, was even less interested than we were in assuming responsibility for the more than one-and-a-half million Palestinians who lived there. I doubted that even Arafat would have been ready to do so. But relations had only worsened, since his death in 2004, between the Fatah old guard in the Palestinian Authority on the West Bank and the Hamas overlords in Gaza. I doubted very much that Abu Mazen would want to get involved. I did send an aide to see him to ask whether, in principle, he was open to reassuming control of Gaza following an Israeli takeover. His answer was unsurprising and unequivocal: no.

I secured cabinet support for the more limited aim of restoring a period of calm for Israeli citizens in the south. I said the military operation had to be as sharp and short as possible, and end with some kind of political understanding that the rockets would stop for a significant period of time. The final plan was presented to ministers a few days before the operation. It would begin with surprise air strikes and a naval bombardment, followed by a limited ground incursion to hit remaining Hamas targets outside of the major refugee camps, which I was determined to avoid. The whole operation was intended to last for two weeks at the most. Hopefully, closer to a week, with diplomatic efforts through Egypt to secure a lasting cease-fire and, ideally, prevent Hamas from resupplying its rocket stockpiles through its smuggling tunnels from the Sinai.

When we launched Operation Cast Lead on the morning of December 27, nearly all the Hamas forces were where we'd expected them to be. Two waves of air strikes, with over a hundred jets and attack helicopters, killed 350 Hamas fighters. We destroyed Hamas's headquarters and dozens of its government and police installations. The attacks continued in the days that followed. We took a range of actions designed to minimize civilian casualties. We dropped leaflets before bombing sorties, phoned residents, and fired light missiles before heavier ordnance was used. Still, I realized that civilian casualties were unavoidable – if only because Hamas, like Hizbollah in Lebanon, was deliberately firing its rockets from civilian areas, sometimes even near schools or hospitals. Civilian casualties were obviously tragic in themselves. They also made it inevitable that the longer the operation went on, the more likely we were to face international criticism, and diplomatic pressure to bring it to an end. That was an additional reason I had insisted that the operation be well defined and time-limited.



HOUSE_OVERSIGHT_011877

But both Olmert and Tzipi soon fell prey to the same self-defeating temptation that had worried me during the meandering war against Hizbollah. Our ground incursion began a few days into the operation. The intention was to stay for a few more days and then, responding to inevitable international appeals, call a halt to a campaign that had already achieved nearly all of its targets. Perhaps wanting to balance the failures in Lebanon there with "success" in Gaza, Olmert wanted us to continue, and expand our attacks deeper into Gaza. I reminded him that we'd *agreed* the aims beforehand. The longer we stayed, the less clear any gains would be. Yes, our ground forces had so far faced virtually no resistance or casualties. "But that's *because* we're outside the main populated areas," I said. "The deeper we get in, the better it will be for Hamas. They gain simply by surviving, like Hizbollah." Yet Olmert kept insisting that we'd succeeded so far, so let's not stop.

It wasn't until January 17, three weeks after the operation began, that we announced a cease-fire. Militarily, the operation was a success. While Hamas launched nearly 3,000 rockets into Israel in the year before our attack, there were only 300 in the year that followed. But politically and diplomatically, the extra week reduced, rather than helped, the chances of reaching an understanding for a longer-term reduction of the attacks. To the extent there was any political gain, it was to burnish Tzipi Livni's credentials as a tough potential Prime Minister ahead of the election. That was not her intent. Of all the politicians I've known, she is among the least interested in such games, especially with lives at stake. But it was one of the effects.

She won the election, in a photo finish, with opinion polls suggesting she'd been effective in shaping the campaign as a choice "between Tzipi and Bibi." Kadima got 28 Knesset seats, to 27 for Bibi and the Likud, which gave her the first crack at forming a government. There's no way of disguising the fact that Labor's result in my first election back in charge was a disappointment. We went down six seats, to 13. The big gainer was a far-right, stridently anti-Arab party called *Yisrael Beitenu*, led by a former Likudnik named Avigdor Lieberman. Tzipi's attempt to form a coalition became less a political process than a contest between rival stalls in a Middle Eastern bazaar. Bibi was holding parallel talks with the Orthodox parties critical to assembling a parliamentary majority. He was matching and raising every assurance of a ministerial seat or budgetary concession that Tzipi was prepared to offer. In the end, she threw up her hands, saying she refused to draw out a process which was not so much a negotiation as organized extortion. I am



HOUSE_OVERSIGHT_011878

sure she won the respect of many Israelis for taking an all-to-rare stand of principle. She certainly won mine. But I was not alone in wondering whether it was worth the price that she, Kadima, and the country would pay as a result: Bibi's return as Prime Minister in a Likud-led coalition.

Though I was not surprised when he asked me to remain as Defense Minister, and to keep Labor inside the coalition, that was not an easy argument to make to my reduced Knesset contingent. They saw joining Bibi, especially in a government with the right-wing Lieberman as Foreign Minister, as a betrayal of all the efforts that they and I had made to achieve peace with the Palestinians. Still, the decision on whether to join the coalition ultimately rested with the party central committee, almost every one of whose members was on a local government council. For them, the choice was between a share of power, however limited, and the wilderness of opposition. So we joined Bibi's government.

I was personally in favor of our doing so, but for more complicated reasons. I knew that Bibi's background, his instincts and his undeniably powerful political rhetoric were all firmly rooted on the political right. I recognized that he was often more interested in politics than policy, and perhaps above both of those, in the tactical maneuvering required to consolidate his political position. But I had known him long enough to dismiss the suggestions of many of my colleagues that he was intellectually shallow. I felt he was capable of doing what was best for Israel, and that he had a basic pragmatism that would guide how he got there. All that, however, was just a reason for not saying "no" when he asked me and Labor to stay on. The reason I felt it was right to say yes had to two with specific policy challenges. The first was to ensure there at least *some* peace process with the Palestinians. But that, in turn, was in large part because I believed it would win us the diplomatic support, especially from the Americans, needed to tackle a more urgent threat. It again involved an enemy state trying to get nuclear weapons. But not Syria. The Islamic theocracy of Iran.

We'd been aware for a number of years about Iranian efforts to go nuclear. The Mossad had notched up a series of successes in delaying the Iranians from getting there. But they were getting inexorably closer. In fact, when I'd taken over as Defense Minister under Olmert, I formally directed the new chief-of-staff, Gaby Ashknazi, to get to work on a plan to attack the most important facilities in the Iranians' nuclear network, with the aim of pushing back the point at which they might develop a bomb by five to six years. But it became clear we didn't have the



HOUSE_OVERSIGHT_011879

operational capacity to mount such an attack, in part because we lacked the necessary bunker-busting bombs and the tanker aircraft to get us to Iran and back. I did seek help from the Americans. I met Defense Secretary Bob Gates, CIA director Mike Hayden, National Security Adviser Steve Hadley and even President Bush himself. While not explicitly mentioning that we were planning military action against Iran, I sounded them out on the prospects of getting more heavy munitions, and possibly leasing several US tanker aircraft.

Yet in our final meeting with President Bush, during a visit to Israel in June 2008, he made it clear to Olmert and me that he knew what we were up to. Olmert hosted a private dinner for the President. Afterwards, Bush asked to talk privately. Olmert poured us each a glass of whiskey and lit a cigar, and we sank into brown leather armchairs. Smiling, the president looked straight at me, and said to Olmert: "This guy scares the living shit out of me when he tells me what you want."

He told Olmert how I'd asked for heavy munitions, tankers and a variety of other military equipment. "Remember. I'm a former F-16 pilot," he said. "I know how to connect the dots." Then, turning more serious, he added: "I want to tell both of you now, as President, the formal position of the US government. We are totally against any action by you to mount an attack on the nuclear plants." The effect was all the more dramatic because of his Administration's support for our attack on the reactor in Syria the year before. "I repeat," Bush said, "in order to avoid any misunderstanding. We expect you not to do it. And we're not going to do it, either, as long as I am President. I wanted it to be clear."

Olmert said nothing, so I replied. "Mr President, we're in no position to tell you what the position of the United States should be. But I can tell you what I believe history will have to say. I'm reminded by what we call, in field artillery, 'bracketing and halving.'" I said that in the wake of the Al-Qaeda attack on the Twin Towers, he had fired one shell long, in Afghanistan, and another one short, in Iraq. "But when the time came to hit the real target – Iran – it ended up you'd already spent two terms, and all your political capital." He seemed neither insulted nor unsettled by my remark. He simply nodded. Perhaps, in part, because he was pretty sure that we lacked the ability to attack the Iranian facilities anyway.

We *still* lacked that capacity when I became Defense Minister in Bibi's government in May 2009. But the main reason I'd stayed in the job, and my main



HOUSE_OVERSIGHT_011880

focus from the day Bibi's government took office, was to do all I could to change that.



HOUSE_OVERSIGHT_011881

## Chapter Twenty-Five

I had hoped that in facing down the nuclear threat from Iran, I could nudge Bibi towards a reengagement with the Palestinians – not with great enthusiasm, but as an act of pure political pragmatism. There were only two ways we could stop the Iranians from getting a nuclear weapon: for the Americans to make sure that happened, or not to hinder Israel from doing so. Either was going to be a lot harder if there was tension with the new American president, Barack Obama, over moves to revive the peace process with the Palestinians.

I didn't expect it to be put to the test so soon. Yet within weeks of our taking office, President Obama launched an effort to restart negotiations, declaring it "intolerable" that there was still not a Palestinian state. He was explicit about what Israel needed to do. In an Oval Office meeting with Bibi in May 2009, and in a speech in Cairo the next month, he called for a total halt to settlement construction on the West Bank. US opposition to settlements wasn't new. For years, Washington's position had been that they represented "an obstacle to peace." The main issue wasn't even the creation of new settlements, since there had been almost none in recent years. It was the expansion of existing ones. The Jewish population on the West Bank had been about 190,000 when I became Prime Minister. In the decade since then, it had grown to 315,000 – more than half-a-million if you counted the Jewish neighborhoods built inside the expanded, post-1967 boundaries of Jerusalem. The expansion – "natural growth" as we euphemistically described it to the Americans – was what President Obama now wanted Bibi to end.

I had no illusions about how hard it would be to get him to agree. With each passing year since Camp David, the pro-settlement right wing in Israel had become more confident and influential. In a way, the settlers and their supporters – passionately devoted to a "Greater Israel" and opposed to any Palestinian state – had become the 21st-century equivalent of the kibbutz avant-garde of a half-century earlier. The rise of Avigdor Lieberman's *Yisrael Beiteinu* party was the latest sign, alongside a move rightward within the Likud itself. For Bibi to say yes to a settlement freeze would mean putting aside his own short-term political interests in recognition of the importance of our alliance with the Americans. He'd actually done this, twice, during his first term as Prime Minister. He had agreed to give the



HOUSE_OVERSIGHT_011882

Palestinians control of most of Hebron, and accepted further withdrawals under the Wye River agreement. But amid predictable protests from the right, he had promptly retreated from his Wye commitments. I knew that his default response to Obama's call for a settlement freeze would be "no." And it was, delivered first to the cabinet and then to the public, as soon as he got back from his talks with the President.

In my repeated meetings with Bibi in the weeks that followed – both one-on-one, and within the informal group of close ministers and aides known as the Group of Eight – I tried to persuade him that, if only because of America's key role on Iran, we needed to show *some* sign of engagement with Obama's efforts. I was not entirely alone. One ally was an old friend: Dan Meridor, who had rejoined the Likud before the election. Another was more unexpected: Avigdor Lieberman. He was never going to accept a settlement freeze. Not only did his heart, and political interests, lie on the West Bank. He lived there. But like many in the party he led, he had come to Israel from the former Soviet Union, shaping a worldview that in many ways remained European, and pro-Western. He was worried about creating the impression of blanket Israeli intransigence toward a popular new American President, and isolating ourselves internationally, if we didn't go some way towards helping to restart talks with the Palestinians.

Though Bibi showed no signs of retreat on the settlement freeze, he did accept that broader point. Ten days after Obama's Cairo speech, he publicly accepted the idea of a Palestinian state for the first time, having ruled it out as recently as the month before in his White House talks with the President. The shift was dismissed as trivial not just by the Palestinians, but by many in my own Labor party and almost everyone else on the left. I disagreed. I knew how deep, genuine and longstanding Bibi's resistance to Palestinian statehood was. But I had another, serious concern about the "peace plan" he announced: an entirely new precondition he insisted the Palestinians must meet if peace was ever going to be possible. He said they must "clearly and unambiguously recognize Israel as the state of the Jewish people." On a whole series of levels, that made no sense to me. We hadn't asked Egypt or Jordan to grant us explicit recognition as a Jewish state when we made peace with them. Even when Bibi himself had briefly tried to open negotiations with Damascus in his first period as Prime Minister, we'd never felt the need to ask it of the Syrians either. To the extent there was any logic in demanding it of the Palestinians, Bibi's reasoning seemed to be that this would



HOUSE_OVERSIGHT_011883

neutralize any recidivist claims to all of Palestine, especially since we had around 1.5 million Arab citizens living inside our pre-1967 borders. But as I told Bibi, that was a red herring. There was a more straightforward, legally binding answer: a peace treaty which, as with Egypt and Jordan, declared an end to our conflict and to any further claims on either side.

My main concern was more fundamental. Bibi's new approach contradicted the central thrust of Zionism: that after centuries of powerlessness and persecution, Jews would finally take control of their own destiny. We now had our state. It was more than six decades old. "Why do we need the Palestinians, or *anyone*, to validate us as a Jewish state? Why propose something that implies the Palestinians somehow have a say in what kind of state we choose to be?" Yet the more I pressed him, the clearer it became that the substance didn't much matter to Bibi. His move was political, and tactical, aimed at staking out a position of power in the diplomatic process. Besides, he didn't expect any new negotiations to make real progress anyway.

As Defense Minister, I had scope for taking steps with the Palestinians on my own. With Bibi's knowledge and tacit acceptance, I established a particularly strong relationship with Abu Mazen's Prime Minister, Salaam Fayyad. A respected economist, he operated on the assumption that neither violence nor negotiations seemed likely to lead the Palestinians to statehood as things now stood. He saw his role as doing an end-run. He would put in place the institutions, the infrastructure, the economy, the internal security and the stability needed for an eventual state to succeed. He was trying to do for the Palestinians what Ben-Gurion had done before 1948. He and I met and talked often but discreetly – sometimes in his office in Ramallah, sometimes in mine, sometimes over dinner in the 31st-floor flat I was renting in central Tel Aviv. I remember one dinner in particular. I led him onto the terrace after we'd eaten. It was a startlingly clear night. You could see as far north as Lebanon and, since the West Bank was barely a dozen miles away, the twinkling lights of Ramallah as well. He gazed in that direction, then at the bright lights of the avenues and restaurants and cafés far below us. Smiling, he said: "Ehud, why do you need Ramallah when you've got Tel Aviv?" I smiled back. There was no need to reply. He knew my views. Not only didn't Israel need Ramallah. I was more convinced than ever that it was in our *own* interest, by treaty if possible and unilateral disengagement if not, to remove Israel from all of the major towns and cities of the West Bank.



HOUSE_OVERSIGHT_011884

I issued a standing directive in the *kirya* that we should agree to anything Fayyad asked for, as long as there no security reason to say no. We ended up arranging a direct source of fuel supply to Jenin, on the northern edge of the West Bank, and built new terminals to handle it. We facilitated construction permits for a new industrial zone. For a conference of international economists and business people, we set up VIP treatment at Ben-Gurion Airport, and limousine transport to the conference venue. I believed that if Fayyad succeeded in what he was trying to accomplish, it would be a benefit not just for the Palestinians, but for Israel too. Bibi was agnostic on Fayyad's efforts. Yet he recognized they did no harm. And in a way, my support for them was politically convenient. To the extent the international community, especially the Americans, appreciated our efforts to help the Palestinians, Bibi and others in the government could, and did, claim credit. When there were complaints from the right, Bibi could and did say: "It wasn't me. It was Barak."

My part in our relations with the Americans was more politically delicate. As I continued to prod Bibi toward accepting a settlement freeze during the summer and autumn of 2009, my *de facto* role became to help smooth over the increasingly rough edges in our ties with the Obama administration. I knew key figures from earlier incarnations in their public lives and mine: Secretary of Defense Bob Gates, who had been President George H. W. Bush's deputy security adviser in the first Iraq war and then head of the CIA; and Hillary Clinton, now Secretary of State. During a series of early trips to the US as Defense Minister, I met Gates, Hillary and other senior figures in the administration both formally and informally. In part because they were aware I favored agreeing to a settlement freeze, they clearly found it a lot easier to talk to me than to Bibi. On one visit, to my regret and Bibi's evident frustration once I'd got home, the press highlighted this dramatic difference in mood. Emerging from talks with me at the State Department, Hillary told reporters that our talks had gone "wonderfully." She added: "As longtime friends do, much was said. And much didn't need to be said." Still, I was careful to avoid any explicit criticism of Bibi in my meetings in the US. I would point out the domestic political pressures on him in deciding how to proceed. And in any case, the Americans knew that no matter what I might say to them, it was Bibi's actions that ultimately mattered. He, not I, was Prime Minister.

I was as surprised as they were when he finally announced a settlement freeze in November 2009. As with nearly everything else he did regarding the peace



HOUSE_OVERSIGHT_011885

process, it was hedged with several conditions. The freeze would not be open-ended, but last for 10 months, as a way of boosting the effort to restart negotiations. It would apply to new construction, not work already underway. And it would exclude the post-1967 neighborhoods inside the expanded city limits of Jerusalem. Like his other moves, it was also dismissed as insignificant by the Palestinians. Though there was a formal restarting of the talks, they went almost nowhere during the period of the freeze, which Bibi cited as a reason for not extending it further. From then on, the negotiations produced even less. I didn't buy the narrative that this was entirely Bibi's fault. Abu Mazen remained steadfastly, deliberately passive. Obviously not inclined to take the risk of further widening his rift with Hamas in Gaza, he was content to echo the Obama administration's argument that nothing could happen until there was a settlement freeze. Once the freeze was announced, he went through the motions, avoiding all the difficult issues, in the expectation Washington would ensure the freeze was renewed. President Obama's initial Mideast moves had made it much easier for Abu Mazen to avoid any serious engagement. In contrast to past presidents, Obama had placed almost all of the onus for progress on Israel. But the end result also suited Bibi. Though I never entirely gave up hope of persuading him it was in *Israel*'s interest to seek a resolution of our conflict with the Palestinians, it became more evident as the months went on that his aim was simply to keep things ticking over, and avoid any major new crisis.

He appointed an old personal friend – a corporate lawyer named Yitzhak Molcho – as our negotiator. I finally realized how pointless the exercise was when, during a visit to the United States, I found myself in New York at the same time as Molcho. We met at the Israeli consulate. We spoke in detail about the state of the negotiations. With Molcho still in the room, I phoned Bibi in Jerusalem on the secure phone line. I said I'd just been updated on the talks, and it seemed clear there were a number of suggestions Israel could make, with no domestic political risk but with every prospect of improving the atmosphere and accelerating progress. "Yitzhak is one of Israel's top lawyers," I said. "He's struck dozens of deals in his life. But he strikes a deal when that's what his client wants. *You* are the client. If you tell him: bring me back the best deal you can – not a peace treaty, just a deal on a specific issue – he'll do it. But if his brief is simply to negotiate, he can go on negotiating forever. And it's pretty clear me that's his brief." Bibi insisted I was wrong. He said that what I saw as time-wasting was simple prudence, to make sure the negotiations bore fruit. But his approach never changed. Whenever it came



HOUSE_OVERSIGHT_011886

up in our inner Group of Eight discussions, I could usually count only on Dan Meridor, and occasionally a handful of others, to argue in favor of any form of initiative on our side. In private meetings, Bibi did sometimes engage in discussion about what Israel might do. But he invariably steered the conversation elsewhere, insisting that the *real* issue was the Palestinians' lack of any interest in making peace.

My main worry wasn't the immediate future of the negotiations. For now, the chances of an agreement seemed close to zero. It was the longer-term damage Bibi's approach would do in further delaying any serious move by Israel to put our relations with the Palestinians on a more stable and sustainable footing. The dithering, delay and deadlock suited him politically. Ironically, my own efforts on the security front had also made it easier for us to do next to nothing. Intermittent outbreaks of violence always remained a threat. Yet the West Bank security fence, along with our military, police and intelligence measures, meant it was very unlikely we'd see a return to the full-blown terror war of the second intifada. I was also working to secure US support for our development of increasingly effective anti-missile weapons to reduce the threat from Hamas in Gaza. The overall result was that for many, if not most, Israelis, the conflict with the Palestinians didn't impact on their day-to-day lives. It was unseen and largely unfelt.

Still, the effect of the stalemate on our relationship with Washington did matter: both for our security cooperation on things like the anti-missile weapons and, crucially, the challenge which had led me into Bibi's government in the first place: keeping Iran from getting a nuclear weapon.

* * *

It was a race against time. The Iranians were producing more and more yellowcake, building more advanced centrifuges, accumulating more low-enriched uranium. They were getting better at hiding and protecting the network of facilities being used to try to produce a nuclear weapon. And in the early months of Bibi's Prime Ministership, the question we faced wasn't even whether to take military action against Iran – something I knew, from Bob Gates and others, that the Obama administration viewed no more favourably than George W. Bush. It was



HOUSE_OVERSIGHT_011887

whether that would even be *possible* to strike before the Iranians entered their "zone of immunity" – the point at which the amount of damage we could do to their nuclear program would be too negligible to be worth the operational, political and diplomatic risks from such an attack. In the early months, my priority was to ensure we at least had a military option. A full year before joining Bibi's government, as Defense Minister under Olmert, I'd first tried to put an operational plan in place, only to find that the lack of heavy munitions and refuelling aircraft made it impossible. That was especially frustrating because at that point, our experts calculated that a successful strike could have set back the Iranian nuclear effort by about six years. Given the Iranians' knowledge we could attack again, and their need to restart clandestine efforts to secure key components abroad, that meant a very real prospect of ending the nuclear program altogether. On joining Bibi's government, I began working, both with the *kirya* and the engineers and technological experts in our military industries, to make sure we had the weaponry and equipment, and an operational plan for a surgical strike. It was not until mid-2010, a year into Bibi's government, that I was confident we'd reached that point, in part thanks to Israeli-produced heavy bombs and tanker aircraft. Our experts estimated we would still be able to set back the Iranian nuclear efforts by up to four years, almost certainly enough to end them indefinitely.

Yet making military action possible proved to be the easy part. The question now became whether we *should* be prepared to launch a strike against Iran's nuclear facilities. Answering it was like a contest of three-dimensional chess, involving both an internal debate among Israel's political and military leadership and discussions with an Obama administration whose priority remained to *negotiate* an end to Iran's nuclear program. On major security decisions in Israel, two ministers always mattered the most: the Prime Minister and Defense Minister. Neither Bibi nor I doubted we had to ready to strike if that proved necessary. Nor did Foreign Minister Lieberman. Even for us, it was an option to be considered only when all other ways to rein in the Iranians were failing. We also agreed on two other preconditions. We would have to secure international legitimacy, most of all from the Americans, for what would be a clear act of self-defense. And we'd need to demonstrate an imperative urgency to act, with the approach of the "zone of immunity" that would take any military option off the table for good.

Ideally, we hoped the US-led campaign of economic and diplomatic pressure would get Iran to abandon its nuclear ambitions, as Libya had done in the wake of



HOUSE_OVERSIGHT_011888

its terror attack on a Pan American airliner in the late 1980s. Or, as in South Africa, that a change in nuclear policy might come from a change in régime in Tehran. Yet realistically, we couldn't count on either. And there was no doubt in our minds that a nuclear Iran represented a hugely serious threat. If the Shi'ite Muslim regime in Iran did get a nuclear weapon, Sunni Arab states like Egypt and Saudi Arabia, and Turkey as well, would try to go nuclear. Neither they nor we could assume that Iran was developing a bomb as a mere act of deterrence. We couldn't exclude the possibility that, especially in a crisis threatening the survival of the ayatollahs' rule, Iran would use the weapons it was developing. It could even send a nuclear device in a container smuggled on board a commercial vessel docking in one of Israel's ports.

While few in Israel disputed the seriousness of the threat, a number of top political and military figures had deep misgivings about military action. Given the need for secrecy, most of our discussions took place within the so-called Group of Eight, often also including the chief of staff and other top generals from the *kirya.* Both Dan Meridor and Benny Begin, Menachem Begin's son and a minister without portfolio, were opposed to an Israeli attack from the start. They were convinced that the implications for the region, and for our relations with the wider world, were difficult to predict and potentially dire. Dan raised a further concern. He feared an Israeli attack might actually intensify Iran's effort to get a nuclear bomb, only now with political cover, because it would argue it was acting in self-defense. The view of those opposed to an Israeli strike was that we should rely on American economic and political pressure to deal with the threat. And, if that failed, on *American* military action.

In November 2010, the internal debate came to a head, at a meeting involving the Group of Eight as well as the chief of staff, the head of military intelligence and the commander of the air force. We convened in a villa that the Mossad kept for clandestine foreign visitors, near the coastal road north of Tel Aviv. The meeting began with a presentation by the generals of our attack plan. There was still a core of ministers opposed: chiefly Dan Meridor and Benny Begin, but also Boogie Ya'alon, a former Sayeret Matkal commander and chief of staff who Minister of Strategic Affairs. But the confidence and detail with which the plan was laid out, and the fact that Bibi, Lieberman and I were in favor of being prepared to act, gave me the sense that a majority would back military action if it became necessary. The proviso would be the need for the chief-of-staff, and ideally



HOUSE_OVERSIGHT_011889

the heads of military intelligence and Mossad, to sign off on the operational viability of the plan.

That was what now ended any prospect of military action, at least for a few months. Bibi, Lieberman and I withdrew into a side room to talk with the chief of staff, Gaby Ashkenazi, as well as the heads of military intelligence, the Mossad and and Shin Bet. We emphasized that no final decision on whether to attack had been taken. That would require a further meeting with the Group of Eight, and then the full cabinet. But we asked each of them for their views on the operation. We knew they had political reservations, along the lines of those voiced by Dan Meridor. On an issue of this magnitude, it was accepted practice that military and intelligence commanders could weigh in on the political implications as well. But their formal role was operational and professional. Ashkenazi and the other generals did concede that in every area – planning, materiel, training and intelligence – our attack plan was far ahead of where it had been a year earlier. Yet Ashkenazi, in particular, concluded that the preparations had not yet "crossed the threshold of operational capability".

I was furious. I respected the considered opposition of ministers like Dan or Benny Begin. I had no problem with the chief-of-staff or other generals expressing similar views on the political or geo-strategic implications of an Israeli attack, even though our intelligence assessments suggested the concerns were almost certainly unfounded. Yet what I found astonishing was Ashkenazi's suggestion that the "operational threshold" had not been crossed. Yes, this would be a demanding mission. It was not without risks. No operation was. But having followed every stage and detail of the preparations – and as a former chief of staff and intelligence chief myself – I believed it was simply wrong on a *professional* level to say that we lacked the capacity, and a workable plan, for a military strike if the order was given.

Ashkenazi's objection did mean there was no way we were going to attack at least until well into the new year. Our discussions would continue, as would our refinement and strengthening of the attack plan. So would Iran's progress toward its "zone of immunity," which we now believed would begin late in 2012, a couple of years away. As that point drew closer, we'd face an ever-more-pressing need to decide finally whether military action was necessary.



HOUSE_OVERSIGHT_011890

Yet the delay in getting to that point had serious implications for my role as Labor Party leader. Since the negotiations with the Palestinians were stuck in neutral, I was under increasing pressure from within Labor to pull out of Bibi's government. What on earth was the point of *staying*, they asked. All I was doing, from their perspective, was giving Bibi political cover for abandoning any serious effort to get a peace agreement. Their argument was entirely reasonable. My frustration was that, due to the need for military secrecy, the *counter-argument* was impossible for me to make: that I felt I had a responsibility to stay at a time when there remained a real possibility Israel might need to take military action against Iran. To a mix of consternation and anger among many Labor colleagues, I ended up taking what seemed to me the only realistic option. In January 2011, I left the Labor Party. With three other of our ministers in the government – who were, of course, aware of the ongoing Iran discussions – I set up a new "centrist, Zionist" party called *Ha'Atzmaut*, or Independence. We remained in Bibi's government.

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My main focus was now on the Americans. In order to secure the "international legitimacy" any Israeli attack required, we had to win at least their *understanding* that we might feel it necessary to act. Fortunately, I had built up a good relationship with the key figures in the Obama administration. That had not always been easy, given the tension between the Americans and Bibi. That wasn't just because of the deadlock in the peace process, still a priority for President Obama. There were other complications. Ever since the initial pressure for a settlement freeze, right-wing politicians and commentators, and Bibi himself, had taken to portraying President Obama as fundamentally unsympathetic to Israel. After the Republicans' victory in the mid-term Congressional elections in November 2010, Bibi went a step further. He began cozying up to congressmen and senators on the other side of the aisle. This overt meddling in the internal politics of our closest ally was not just a breach of longstanding tradition, but of common sense. Members of the Administration began privately calling Bibi "the Republican senator from Rechavia" – a reference to the Jerusalem neighborhood where the Prime Minister's residence was located.



HOUSE_OVERSIGHT_011891

Yet especially with my main points of contact in the administration – first Bob Gates and then his successor, Leon Panetta, as Secretary of Defense –our broadly shared views, mutual respect, and the strength of the US-Israeli alliance outweighed any of that. Neither they, nor indeed President Obama, wavered from their commitment to the principle that Israel needed to retain our "qualitative military advantage" over any combination of threats we might face, nor to the $3 billion package of annual US aid that underpinned it. We were even able to agree on additional US backing for our increasingly effective range of anti-missile systems: the Arrow, against long-range ballistic missiles, developed in coordination with the US defense contractor Raytheon; "David's Sling," to target enemy forces' mid-range missiles, cruise missiles and aircraft; and our new Iron Dome system, integrating sophisticated Israeli radar and guidance technology and designed to deal with the missile threat from Hizbollah on our northern border and Hamas in Gaza. It had not yet been used in battle. But from test firings, we were confident it could destroy incoming rockets with nearly 90-per-cent success.

By late 2011, the issue of Iran had taken on much greater urgency. There was still no sign the American-led diplomatic efforts were succeeding in removing the nuclear threat. As for an American military strike, though the President intermittently declared that "all options" remained on the table, I knew from senior administration members that it was extremely unlikely to happen. Iran, meanwhile, had been acquiring thousands more centrifuges, more uranium, and heavier protection around its key sites. And the "window of vulnerability" was now only about a year away.

Operationally and politically, at least now a majority of the key players in Israel agreed that we had to be prepared to take military action if there was no alternative way to rein in the Iranians. Ashkenazi's successor as chief-of-staff, Benny Gantz, had signed off on the attack plan. While the Iranians were getting ever closer to nuclear-weapons capability, the strike force that we were assembling was also better equipped, trained and prepared to mount a complex, yet almost certainly successful, operation. The damage to Iran's nuclear ambitions would be considerably less than if we had acted earlier. But our intelligence analysts still estimated we could set back the Iranians' program by about two years.

The immediate problem turned out to be timing. A major joint military exercise with the Americans, agreed on two years earlier, was due to take place in Israel in April 2012. It would include Patriot missile batteries, naval vessels, and thousands



HOUSE_OVERSIGHT_011892

of uniformed US personnel. The focus was, of all things, on defense against a missile attack from Iran. I contacted Leon Panetta to see whether we could delay it. The official reason cited by the Americans, when they agreed to do it, did have the merit of being true: that Bibi was coming under pressure to shift our budgetary priorities away from defense toward social and economic issues. But Panetta understood that my request for a delay meant we were at least considering military action. He also realized that if we did launch an attack, it was in the Americans' own interest for their troops be as far away from Israel as possible. We agreed to reschedule the exercise for October 2012. That meant that if we did decide to attack, we'd have until well into September, when significant numbers of US troops would begin arriving.

As we weighed our final decision, I held a series of high-level meetings in Washington: with Panetta, national security adviser Tom Donilon, Hillary Clinton, and President Obama himself. Though not explicitly saying we were ready to attack, I left no doubt that we were seriously considering it, and explained the reasons we believed our country's fundamental security interests might make it necessary. The message from all of the Americans I met was that the administration shared our basic goal: to prevent, or at least seriously impair, Iran's drive to get a nuclear bomb. But they continued to believe that *non*-military pressure was the best way to do it.

The Americans knew we were skeptical that the non-military route would work, and that we were deeply worried about the implications of not taking military action if it failed. I discussed our thinking – and, in general terms, our plans – in my meetings with Panetta. He already had a pretty good idea of the broad contours of what we were contemplating, since US radar systems and electronic intercepts had been recording the volume and nature of air force exercises we'd been conducting over recent months. Leon and I had by now got to know each other well, having first met when he was in charge of the CIA at the start of the Obama administration. In one of our early meetings at CIA headquarters in Langley, there had been a small bunch of grapes on his desk and I plucked a few in my mouth with obvious enjoyment. Now, at the Pentagon, he had a big bowlful ready whenever we met. The fact that he opposed an Israeli military operation made him no less of a pleasure to deal with. He was unfailingly calm and even tempered. He had an encyclopedic grasp of issues of defense, intelligence, budgets and policy. He was always rock-solid in America's commitments to Israel. It's worth



HOUSE_OVERSIGHT_011893

remembering that, in spite of Israel's insistence from 1948 onward that we would never ask others to do our fighting for us, even as Leon and I were meeting, US radar operators were working around the clock to provide us with early warning against any incoming Iranian missiles. Patriot batteries were ready to deploy in Israel within 72 hours of any attack. AEGIS naval vessels were within 96 hours of our shores, to reinforce Israel's Arrow missile defense system with sea-launched weapons.

Panetta made no secret of the fact he didn't want us to launch a military strike, effectively killing off the many months of intensive work the Americans had devoted to building international political and economic pressure on the Iranians. He urged me to "think twice, three times," before going down that road. But he recognized that Israel would be affected far more dramatically by a nuclear Iran. "It's your conflict. It's your neighborhood," he said. At one point, he asked me outright: "If you do decide to attack the Iranian facilities, when will we know?" I told him we couldn't give him more than a few hours' notice. Otherwise, the Americans would have to alert their bases in the Gulf, and worldwide. That might well put Iran on guard before our operation was launched. But I did recognize our responsibility not to leave the Americans in the dark, not only because they were a key ally but because their own military and naval personnel might be at risk from any Iranian retaliation. "We know your command-post deployment and the communications protocols with your forces," I told him. "We'll make sure you have enough time to tell your people," I said. "We won't endanger a single American life, any of your positions or your personnel."

My most important meeting was with the President. Though I knew him less well than I did Panetta, we had met on a number of occasions. The first time was when he was still Senator Obama, on a visit to Israel during the 2008 presidential campaign. As Defense Minister, I escorted him to Sderot, the town in southern Israel bearing the brunt of Hamas rocket attacks from Gaza. Back in Jerusalem, we spent a half-hour talking in my office: about Iran. I argued that a nuclear Iran was a challenge not only for Israel and the Middle East, but for America, too. I urged him, if elected, to commission an early study of what the Iranians were seeking to do and what could be done to stop them either by diplomatic means or, if necessary, by force. Also, what the Iranians could, or more relevantly could *not*, do in response to an American or indeed an Israel attack, since our intelligence assessments suggested their options for retaliation would be fairly limited. Obama



HOUSE_OVERSIGHT_011894

struck me from that first meeting as strong, cool-headed, highly intelligent and intensely cerebral. Though we didn't go into the details of the Iranian nuclear threat, he did talk at some length about the implications for the region, and about broader Middle Eastern security challenges. He displayed a grasp of the cultural and political nuances of an increasingly diverse and complex world that was more impressive than many of the other American political or military leaders whom I'd met.

When he and I now returned to the issue of Iran, in the White House, he had an undeniable command of the details of Iran's nuclear program, and of the American military options, should he choose to use them. He opened by summarizing the US position. He emphasized that his and our objective was the same: the keep Iran from developing a nuclear weapon. We were already cooperating to achieve that, for instance through cyber-attacks to slow down the nuclear program. The difference, he said, was that Israeli leaders seemed to feel an *urgent* need to reach a decision on military action. In Obama's view, such a move would be both premature and potentially harmful to the coalition he'd helped assemble to exert diplomatic and economic pressure on Iran.

Maybe you had to be an Israeli truly to understand our urgency about Iran. In the early years of the state, the explanation we gave for our preoccupation with security – our near-obsession, as some non-Israelis saw it – was that we were surrounded by Arab countries pledged not just to defeat us, but erase us from the map. Egypt or Syria, Jordan or Iraq, could afford to lose an Arab-Israeli war. Israel's first defeat, however, would be its last. That picture had changed dramatically over the decades. We no longer had to worry about the prospect of losing a war. The "qualitative edge" we possessed over all enemy armies in the region ensured that. As Israel's chief of staff, Prime Minister, and now Defense Minister, I had made it a major priority to safeguard that advantage, not just through our alliance with the US but with the remarkable domestic resources we possessed in military engineering, manufacturing, design, invention and high-tech. But the new-order challenge represented by Iran was not just theoretical or academic. Though we had a policy of not commenting on on our own nuclear status, it was widely assumed in the Arab world and internationally that Israel had, at the very least, the capacity to manufacture nuclear weapons. But whatever nuclear capability we might possess was for deterrence. Even when threatened with conventional defeat, however briefly, in the Yom Kippur War of 1973, it is



HOUSE_OVERSIGHT_011895

worth noting that the conflict remained conventional. Iran was different. Only the most naïve observer would exclude the possibility that if the Iranians did get a nuclear weapon, they might use it. And even if they didn't, the entire strategic picture would change, with the need to find a response not just to a nuclear Iran, but potentially a nuclear Egypt, Saudi Arabia and Turkey.

I was not about to lecture President Obama on this. While Bibi liked to portray him variously as weak, naïve or tone-deaf to interests and security of Israel, I knew from our previous meetings that he was none of these things. Yet I did, in a deliberately non-didactic way, raise the issue of our different perspectives on the Iranians' getting nuclear arms. "You see it in the context of the whole world," I told the President. "If Iran, in spite of all our efforts, gets a nuclear weapon, yes, it will be bad. But for you, it's just one more nuclear state. It won't dramatically change the situation for America. For us, it can turn into a real, existential threat."

He agreed that we inevitably looked at the situation differently. But after pausing a few seconds, he said: "Ehud, think of it this way. You get to school in the morning and there's this big, nasty bully. You can take him on, maybe give him a black eye. But you have this bigger, stronger friend, who can knock him out cold. The only problem is that your friend won't be there until the afternoon."

I would have liked nothing more than to wait for our "bigger, stronger" friend, especially since I knew through my contacts in the American military and intelligence establishment how much bigger and stronger an American attack would be. During the first couple of years that Israel was working on acquiring the capability for a military strike, the Americans had been no more ready than we were. They did have the tanker aircraft and the heavy bombs. But their *plan* – a kind of Iraq-style shock and awe – was so obviously prone to lead to a wider conflict that it would never have received the go-ahead from President Obama, or probably any president. I used to joke with colleagues in the Pentagon that while Israel's idea of a "surgical operation" was the equivalent of a scalpel, they seemed to favor a chisel and a ten-pound hammer. By the time I met the President in 2012, that had changed. Under Gates and then Panetta, an intensive research-and-development effort and enormously improved planning and training had yielded results. The Americans now had high-precision heavy munitions we couldn't dream of, and stealth air-attack capabilities we also lacked. They had an operational plan which, within a period of hours, could push the Iranian nuclear



HOUSE_OVERSIGHT_011896

program back by years. And even if the Iranians knew it was coming, they'd be able to do nothing to stop it.

"Our problem, Mr, President," I said, "is that we can't be sure our friend will show up. Since Iran is already very nearly in a zone of immunity against an Israeli attack, we can't afford to wait until the afternoon. By then, with *our* capabilities, we won't even be able to give the bully a black eye." I said I trusted what he'd just told me. "I'm sure it genuinely reflects your intentions now. But there are no futures contracts in statesmanship. There's no way that you, or any leader, can commit yourself to what will happen in a year or two. When the moment of decision arrives, nothing will be able to free you from the responsibility to look at the situation as it is *then*, with *American* interests in mind."

He accepted the point. But he reiterated his view that "kinetic action" – US security-speak for a military strike – would not only remove his ability to exhaust the non-military alternatives. He said it wouldn't be in Israel's interests, either. "We hear that even people high up in your military, in military intelligence and the Mossad, are against it."

That, I couldn't deny. "We highly respect our top people in the military, and in intelligence. We make a point of listening to them before taking action," I said. "But here's the difference. When they look up, they see Netanyahu, or me. When Bibi and I look up, we see heaven. Whoever is up there, we clearly can't go to them for advice. *We* are responsible for Israel's security."

The president smiled, but brought the discussion back down to earth. When he again urged us to consider the American position in any decision, I replied: "Mr President, I feel compelled to tell you frankly how I see the situation. We highly appreciate, and are grateful, that America supports Israel in so many ways. I believe we're doing our best to support American interests in the Middle East as well. But when it comes to issues critical for the security and future of Israel, and in a way for the future of the Jewish people, we can't afford to delegate responsibility even to our best friend and ally. When we face such situations, we have to decide on our own, and act on our decisions. I would expect the United States, and you as its president, to respect that position." He did not seem especially happy with what I'd said. But he showed no anger. Though we differed, it was clear that he understood and respected our position. In any case, I believed it



HOUSE_OVERSIGHT_011897

was important to convey to him honestly, face-to-face, where Israel stood on Iran. Or at least where I stood.

* * *

With our joint exercises pushed back until the fall, the logical time for us to attack was the summer of 2012, when the atmospheric and weather conditions were optimal. Operationally, everything was ready. Politically, those ministers who were against military action had not changed their minds. If anything, they seemed more strongly opposed. Ironically, they now argued that because we'd *waited* so long, the Iranians were too close to their "window of immunity." Even some senior members of the military and security establishment, though in agreement over the technical aspects of the attack plan, retained political reservations. But as I'd told President Obama, now that we had the operational support of the military and intelligence professionals, the decision in effect rested with Bibi and me. The fact we were ready to go ahead in those circumstances was not unprecedented. When Menachem Begin ordered the bombing of Saddam Hussein's nuclear reactor in 1981, he had acted against the advice of the then-heads of both the Mossad and military intelligence, the chairman of our nuclear energy commission, and of Shimon Peres, who was head of the Labor opposition.

But as we neared our final, formal decision, we were forced into another delay. In the summer of 2012, an unrelated flare-up of tensions in the Gulf caused Iran and several of its neighbors to place their forces on heightened alert. Though the peak-alert phase passed quickly, Iran's military was still not back on a fully normal footing by the start of September, and when small American advance teams began arriving for the joint exercises, Iran's alert level went up again. Technically, we could still have gone ahead with the attack. In all probability, it would still have succeeded, setting back the Iranians' program by at least a year and, depending on how quickly they could rebuild and resupply clandestinely abroad, perhaps for significantly longer.

But as more and more American soldiers and sailors arrived, I finally decided against an Israeli strike – not because I doubted the damage it would do to Iran's nuclear efforts, but because of the damage it would surely do to our ties with the



HOUSE_OVERSIGHT_011898

US. No matter how we might explain our attack, with the joint exercises soon to begin, it would come over as a deliberate attempt to implicate our most important ally in a potential conflict with Iran, against the explicit wishes of President Obama. I felt this even more strongly when, a few weeks later, I was contacted by one of Bibi's close political allies. He sounded me out on the possibility of launching our strike against Iran *after* the joint exercise: barely two weeks before the 2012 US election. Politically, he argued, Obama would then feel *compelled* to support Israel's action, or at the very least to refrain from criticizing it. In other words, we would be setting a political trap for the President of the United States. I couldn't quite believe he was suggesting it. But my reply to this last-gasp suggestion of a way for us to attack the Iranian sites required no hesitation, and only two words: "No way."

Bibi would have known I would oppose such a ploy. But as with so much else in the years I spent in his government, I think it was the *politics* of the scheme, more than the substance, that enticed him. Almost everything he did seemed increasingly about creating a kind of grand narrative to secure his position on the right, solidifying a base which he figured would sustain him in office. At its core, the narrative presented a picture of vulnerability and victimhood: a kind of "fortress Israel" threatened by terror, missiles on its northern and southern borders, and now potential nuclear annihilation from Iran, while our main ally, the United States, was under the sway of a President who neither understood nor fundamentally supported us. In day-to-day policy terms, this allowed Bibi to insist we couldn't *risk* serious engagement with the Palestinians. On domestic issues as well, like the widening gap between those at the top of our high-tech economy and a painfully squeezed middle class, the sense of crisis he encouraged gave him license to hunker down, warn of impending doom, and do virtually nothing.

Effective though the narrative was for him politically, it bore no resemblance to reality. Yes, President Obama disagreed with us on issues of policy, both the peace process and on how to deal with Iran. But he was unquestionably committed to America's alliance with Israel. I had dealt face-to-face with four US presidents: both of the Bushes, President Clinton and now President Obama. In terms of Israeli security, none had proved as consistently supportive and helpful as Obama. And yes, Israel did face an array of security challenges. A nuclear-armed Iran would undeniably make things worse. But far from being under existential threat, we



HOUSE_OVERSIGHT_011899

were a regional superpower, with a military as effective as any in the world, and a high-tech economic sector justifiably compared to Silicon Valley.

Every few weeks, Bibi, Lieberman and I would meet for a wide-ranging discussion on the patio of the Prime Minister's residence. Shortly after we'd abandoned the idea of a military strike, I raised head-on my objections to the skewed image Bibi was promoting of our country. It wasn't just inaccurate, I said. Especially when his rhetoric was in full flight, and he compared the prospect of a nuclear Iran to a new "Holocaust," it struck me as a betrayal of the core tenet of Zionism: an state in which Jews were in control of their own destiny. "We *are* in that position now," I said. It was nonsensical to argue we were so threatened by everything around us, for instance, that we couldn't "risk" taking the initiative required to disentangle ourselves from the Palestinians on the West Bank. "I don't get you," I said, turning to Lieberman as well. "Your *rhetoric* suggests you have spines of steel. But your behavior is living proof of the old saying that it's easier to take Jews out of the *galut*, than take the *galut* out of the Jews." *Galut* is Hebrew for the diaspora. "The whole Zionist project was based on the idea of taking our fate into *our own hands*, and actively trying to change the reality around us. But you behave as if we never left the *galut*. You're mired in a mindset of pessimism, passivity and anxiety, which in terms of policy or action, leads to paralysis. Of course, there are risks in any action, or any policy initiative. But in the situation where Israel finds itself, the biggest risk of all is being unable or unwilling to take risks, as if we somehow on the brink of destruction."

I was especially upset by Bibi's increasingly use of Holocaust imagery. "Just think of what you're saying," I told him. "You're Prime Minister of the State of Israel, not a rabbi in a *shtetl*, or a speaker trying to raise funds for Israel abroad. Think of the implications. We're not in Europe in 1937. Or 1947. If it is a 'Holocaust,' what's our response: to fold up and go back to the diaspora? If Iran gets a bomb, it'll be bad. Very bad. But we'll still be here. And we'll find a way of dealing with the new reality."

Yet "fortress Israel" was irresistibly comfortable for Bibi politically. I now had to accept that, while he and I had known each other for more than half-a-century, nothing I could do or say was going to change that. With the next Israeli election months away, in January 2013, I confided to Nili, and then to my closest aides, that I was not going to run for a seat in the Knesset. Israeli military action against Iran



HOUSE_OVERSIGHT_011900

was off the agenda. The diplomatic process with the Palestinians was stalemated. I could see no point in remaining in the government.

Like my last period in Olmert's government, my final few months were dominated by finding a way to end Hamas attacks from Gaza. During one 24-hour period in November, Hamas launched more than 100 rockets at towns in the south, while also attacking two military units across the border. Especially since our military response would be the last during my time as Defense Minister, I was determined that, this time, it would have a strictly defined objective and a finite time frame. The overall objective hadn't changed since Olmert's premiership: to hit Hamas hard, bring down the number of rocket attacks to as near zero as possible, and reach an agreement, through the Egyptians, which established a period of calm on our border for as long as we could. Bibi's "victimhood" narrative notwithstanding, one aspect of the military balance in the south was now dramatically different. With my backing as Defense Minister, we now had Iron Dome, which I was confident would help deal with the inevitable shower of Hamas rockets that would follow our initial attack. Again, I felt it was essential to start with a quick, unexpected, damaging first strike. Then, through sustained air bombardment, to keep up enough pressure to secure the political arrangement we wanted. And, unlike under Olmert, to end the operation as soon as we'd achieved its aim.

On the afternoon of November 14, we launched a targeted air strike on Hamas's *de facto* chief of staff, Ahmed Jabari. We'd gone after Jabari in the past but, for one reason or another, had failed. We also hit nearly two dozen other Hamas targets, including all of the main missile sites we had identified. The whole operation lasted a week. Hamas fired nearly 1,500 rockets into Israel, not just locally manufactured Qassems but longer-range Iranian Fajr-5s and Russian Grads. For the first time since the 1991 Gulf war, several were targeted at Tel Aviv and Jerusalem. Fortunately, they were not significantly more accurate than in the past. More than half landed in fields or orchards. And with Iron Dome deployed around our major towns and cities, more than 80 per cent were intercepted.

We hit nearly 1,500 targets over the seven-day period, mostly launch-pads, Hamas government installations and weapons stores, but also a number of apartment complexes being used by Hamas as bases or firing points. Bibi rightly pointed out that we were forced to fight a fundamentally asymmetric battle. While Israel began with the principle of directing our fire *away* from civilian areas,



HOUSE_OVERSIGHT_011901

Hamas based its launchers in precisely those places. So it was not easy. At one point, we announced a call-up of reserves. We hinted at a possible ground incursion. But both Bibi and I knew we were going to avoid that if at all possible, and we did. Though there were inevitable civilian casualties, most of the Palestinians killed were Hamas fighters and leaders, including not just Jabari but the head of Hamas's rocket program. By limiting ourselves to air strikes and naval fire, the Palestinian death toll was around 150, about one-tenth of what it had been in 2008. Six Israelis, including four civilians, lost their lives. On the 21st of November, the cease-fire was announced.

Yet with the election approaching, and my time in public life drawing to a close, I had no illusion that this latest military operation, or future ones, would bring us closer to the negotiating peace with the Palestinians that had eluded us since Oslo. Nor was I confident that, having been unable to mount a military strike of our own on Iran, Obama's "bigger, stronger kid" in the schoolyard would take military action. I did trust him to do all he could to use diplomacy to constrain Iran's efforts to get a bomb. I feared he might fail. Even if he succeeded, I figured the best case would be an agreement that, at least on paper, delayed the Iranians' development of a weapon. My hope remained that Israel's relationship with the Americans would be sufficiently strong for us to reach a formal understanding of what form of surgical military strike each of our countries might take if Iran didn't honor the terms of a negotiated deal.

When I first left political life after my election defeat in 2001, I'd described my status as the equivalent of a reserve officer. I said, and believed, it was unlikely I'd return for the foreseeable future. But I knew it wasn't impossible. This time was different. When I announced publicly that I was leaving politics, five days after the Gaza cease-fire, I pointed that I had spent the greater part of my life as a soldier. I'd never had a burning desire to be a politician. Though I believed that what I'd attempted, and achieved, in government would prove to have safeguarded and strengthened Israel, I knew that important challenges and decisions still lay ahead. So did our unfulfilled dream of being a country that was not just strong, secure and prosperous, but socially just and at peace. Yet I believed it was right to draw my time on the front line of politics to an end. Though I didn't say so, I thought to myself: this time doesn't feel like a step back into the reserves, but genuinely like the end of something. Though my dedication to a secure, strong, just, democratic and ultimately peaceful Israel would not change, whatever contribution I might



HOUSE_OVERSIGHT_011902

make to our getting there would no longer be on the battlefield, in the *kirya* or around the cabinet table.

As a number of reporters pointed out, when I made the announcement I was relaxed. I looked content, and I was smiling.



HOUSE_OVERSIGHT_011903

**From:** Lawrence Krauss [redacted]
**Sent:** 4/5/2018 10:16:55 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Let's do a men of the world conference.

Kevin spacey
Bill Clinton
Al franken
Woody Allen
....

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Apr 5, 2018, at 2:04 PM, Lawrence Krauss [redacted] wrote:

Enjoy.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
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[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Apr 5, 2018, at 1:41 PM, jeffrey E. <jeevacation@gmail.com> wrote:

------- Original message --------
From: Tina Brown

The Women in the World Summit opens April 12 and runs through April 14 with a power packed agenda of remarkable female newsmakers sharing their stories of male misbehaviors.

Confidential agenda enclosed here.

Full list of participants below.

Afrah Nasser
Alyse Nelson
Ambra Gutierrez
Andrea Mitchell
Asia Argento
Astrid Cantor
Athena Jones
Barbara Lynch
Bianna Golodryga
Bushra Aldukhainah
Carmen Rita Wong
Carrie Gracie
First Lady Chirlane McCray
Christa Quarles
Cindi Leive
Cynthia McFadden
Dambisa Moyo
Danya Sherman
Dara Khosrowshahi
Delaney Tarr
Dominique Crenn
Diane von Furstenberg
Ece Temelkuran
Emily Kennedy
Eva Lewis
Federica Dávila
Dr. Fozia Alvi
Gillian Tett
Harris Faulkner
Hillary Clinton
Holly Harris
Jacquelyn Birdsall
Jameela Jamil
Janis McGrory
Jennifer Rademaker
Joanna Coles
Joy Nash
Joy-Ann Reid
Juju Chang
Julianna Margulies
Katie Couric
Katy Tur
Karen Minkel
Senator Kirsten Gillibrand
President Laura Boldrini
Laura Wasser
Leah Busque
Leila Hoteit
Lesley Stahl
Leymah Gbowee
Senator Lisa Murkowski
Madeleine Habib
Margaret Atwood

Markus Strobel
Marti Noxon
Maxeme Tuchman
Maye Musk
Melissa Arnoldi
Michaela Angela Davis
Michelle Goldberg
Mindy Grossman
Misty Copeland
Naomi Wadler
Nicholas Kristof, honorary female
Norah O'Donnell
Patricia Evangelista
Paula Polito
Perri Peltz
Robin Roberts
Ronan Farrow, honorary female
Rula Jebreal
Sade Baderinwa
Sally Yates
Saru Jayaraman
Sheila Nevins
Sophie Gregoire Trudeau
Stephanie Mehta
Sunitha Krishnan
Dr. Suzanne Barakat
Tamara Chergoleishvili
Terry Crews
Topeka Sam
Viola Davis
Yevgenia Albats
Zainab Salbi

**Tina Brown | Founder and CEO**
Tina Brown Live Media/Women in the World
[redacted]

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**From**: Nicholas Ribis [redacted]
**Sent**: 5/7/2019 1:53:22 PM
**To**: 'J' [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

More bad news for our friend

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, May 07, 2019 12:29 AM
**To:** Nicholas Ribis <[redacted]
**Subject:**

https://www.nytimes.com/2019/05/06/us/politics/trump-inauguration-stephanie-winston-wolkoff.html?action=click&module=Top%20Stories&pgtype=Homepage

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☒ IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR MIAMI-DADE COUNTY, FLORIDA.
☐ IN THE COUNTY COURT IN AND FOR MIAMI-DADE COUNTY, FLORIDA.

| DIVISION | CIVIL ACTION SUMMONS<br>(b) Form for Personal Service on a Natural Person | CASE NUMBER |
|---|---|---|
| ☒ CIVIL<br>☐ DISTRICTS<br>☐ OTHER | | 14021348CA01 |

| PLAINTIFF(S) | VS. DEFENDANT(S) | CLOCK IN |
|---|---|---|
| JEAN-LUC BRUNEL | JEFFREY EPSTEIN,<br>TYLER MCDONALD,<br>TYLER MCDONALD<br>D/B/A Y!.ORG | |

THE STATE OF FLORIDA: TO EACH SHERIFF OF THE STATE, YOU ARE COMMANDED to serve this Summons and a copy of the Complaint in this lawsuit on defendant:

| To Defendant(s): | Address: |
|---|---|
| JEFFREY EPSTEIN | Probation Office · 423 Fern Street #100, West Palm Beach, FL 33401<br>358 El Brillo Way Palm Beach, FL 33480-4730 |

**IMPORTANT**

A lawsuit has been filed against you. You have 20 calendar days after this summons is served on you to file a written response to the attached complaint with the clerk of this court. A phone call will not protect you. Your written response, including the case number given above and the names of the parties must be filed if you want the court to hear your side of the case. If you do not file your response on time, you may lose the case, and your wages, money and property may thereafter be taken without further warning from the Court. There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may call an attorney referral service or a legal aid office (listed in the phone book).

If you choose to file a written response yourself, at the same time you file your written response with the Clerk of the Court, you must also mail or take a copy of your written response to the "Plaintiff/Plaintiff's Attorney" named below. The central location of the Clerk's office is at the Dade County Courthouse. The address for the courthouse, and branch locations are listed below for your convenience:

**DADE COUNTY COURT LOCATIONS**

☒ Dade County Courthouse (05)
Room 133
73 West Flagler Street
Miami, Florida 33130

☐ Joseph Caleb Center (20)
Room 103
5400 NW 22 Avenue
Miami, Florida 33142

☐ North Dade Justice Center (23)
Room 100
15555 Biscayne Blvd.
North Miami Beach, Florida 33160

☐ Miami Beach District Court (24)
Room 200
1130 Washington Avenue
Miami Beach, Florida 33139

☐ Coral Gables District Court (25)
Room 100
3100 Ponce De Leon Blvd.
Coral Gables, Florida 33134

☐ South Dade Justice Center (26)
Room 1200
10710 SW 211 Street
Miami, Florida 33189

☐ Hialeah District (21)
Room 100
11 East 6th Street
Hialeah, Florida 33010

SERVICE

| Plaintiff/Plaintiff Attorney | Address: |
|---|---|
| JOE TITONE<br>Florida Bar No. 203882 | 621 S.E. 5TH STREET, POMPANO BEACH, FL 33060 |

| HARVEY RUVIN<br>CLERK OF COURTS | BY: DEBRA SANCHEZ<br>DEPUTY CLERK | DATE ON: FEB 09 2015 |
|---|---|---|

**AMERICANS WITH DISABILITIES ACT OF 1990**
**ADA NOTICE**

**"If you are a person with a disability who needs any accommodation in order to participate in this proceeding, you are entitled, at no cost to you, to the provision of certain assistance. Please contact the Eleventh Judicial Circuit's ADA Coordinator, Lawson E. Thomas Courthouse Center, 175 NW 1st Ave., Suite 2702, Miami, FL 33128, Telephone (305) 349-7175; TDD (305) 349-7174, Fax (305) 349-7355 at least 7 days before your scheduled court appearance, or immediately upon receiving this notification if the time before the scheduled appearance is less than 7 days; if you are hearing or voice impaired, call 711."**

☐ EN LA CORTE DE CIRCUITO DEL UNDECIMO CIRCUITO JUDICIAL EN Y PARA EL CONDADO DE MIAMI-DADE, LA FLORIDA.
☐ EN EL TRIBUNAL DEL CONDADO EN Y PARA EL CONDADO MIAMI-DADE, LA FLORIDA.

| DIVISION<br>☐ CIVIL<br>☐ OTRA | EMPLAZAMIENTO DE ACCION CIVIL<br>(b) NOTIFICACION PERSONAL A PERSONA NATURAL | NUMERO DE CASO |
|---|---|---|
| DEMANDANTE(S) | VS. DEMANDADO(S) | HORA |
| A Demandado(s): | Direccion: | |

**IMPORTANTE**

Usted ha sido demandado legalmente. Tiene 20 dias, contados a partir del recibo de esta notificacion, para contestar la demanda adjunta, por escrito, y presentarla ante este tribunal. Una llamada telefonica no lo protegera. Si usted desea que el tribunal considere su defensa, debe presentar su respuesta por escrito, incluyendo el numero del caso y los nombres de las partes interesadas. Si usted no contesta la demanda a tiempo, pudiese perder el caso pordria ser despojado de sus ingresos y propiedades, o privado de sus derechos, sin previo aviso del tribunal. Existen otros requisitos legales. Si lo desea, puede usted consultar a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a una de las oficinas de asistencia legal (Legal Aid Office) o un servicio de referencia de abogados (Attorney Referral Service) que aparecen en la guia telefonica.

Si desea responder a la demanda por su cuenta, al mismo tiempo en que presenta su respuesta ante el tribunal, debera usted enviar por correo o entregar en la mano una copia de su respuesta a la persona denominada abajo como "Plaintiff/Plaintiff's Attorney" (Demandante o Abogado del Demandante) y presentar su contestacion a la demanda al Secretario del Juzgado. La ubicacion central de la Oficina del Secretario esta en el edificio de la Corte del Condado de Dade. La direccion de la Corte, y de las sucursales aparecen en la lista siguiente para su conveniencia:

**LOCALIDAD DE LOS TRIBUNALES DEL CONDADO DE DADE**

☐ Dade County Courthouse (05)
Room 133
73 West Flagler Street
Miami, Florida 33130

☐ Joseph Caleb Center (20)
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5400 NW 22 Avenue
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Room 100
15555 Biscayne Blvd.
North Miami Beach, Florida 33160

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Room 100
11 East 6th Street
Hialeah, Florida 33010

☐ Miami Beach District Court (24)
Room 200
1130 Washington Avenue
Miami Beach, Florida 33139

☐ Coral Gables District Court (25)
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3100 Ponce De Leon Blvd.
Coral Gables, Florida 33134

☐ South Dade Justice Center (26)
Room 1200
10710 SW 211 Street
Miami, Florida 33189

| Demandante o Abogado del Demandante<br><br>Numero del Colegio de Abogados: | Direccion: |
|---|---|

EL ESTADO DE LA FLORIDA: A cada alguacil del Estado: Se le ordena que hagen entrega de esta notificacion y una copia de la demanda en este pleito al demandado(s) mencionada arriba.

| HARVEY RUVIN<br>Secretario del Tribunal del Condado | POR: _____<br>Como Secretario Adjunto | FECHA |
|---|---|---|

## Ley para Estadounidenses con Incapacidades

**"Si usted es una persona minusválida que necesita hacer arreglos para poder participar en este proceso, usted tiene derecho, sin gasto alguno, a que se le provea cierta ayuda. Por favor póngase en contacto con el Coordinador de ADA en el Onceavo Distrito Judicial ubicado en el Lawson E. Thomas Courthouse Center, 175 NW 1st Ave. Sala 2702, Miami Fl 33128, Teléfonos (305)349-7175; TDD (305) 349-7174, Fax (305) 349-7355 por lo menos 7 días antes de la cita fijada para su comparecencia en los tribunales; o inmediatamente después de recibir esta notificación si el tiempo antes de la comparecencia que se ha programado es menos de 7 días; si usted tiene discapacitación del oído o de la voz, llame al 711."**

☐ AU TRIBUNAL DU ONZIEME ARRONDISSEMENT JUDICIARE DANS ET POUR MIAMI-DADE, FLORIDE.
☐ AU TRIBUNAL DE JUGEMENT ET POUR LE DEPARTENT DE MIAMI-DADE, FLORIDE.

| DIVISION<br>☐ CIVILE<br>☐ AUTRE | CONVOCARION D' ACTION CIVILE<br>(b) LIVRAI ON PERSONNELLE A UNE PERSONNE | NUMERO DE CAS |
|---|---|---|
| PLAINTE(S) | VS. CONTRE ACCUSE(S) | HEURE IN |
| A (AUX) ACCUSE(S): | ADRESSE: | |

**IMPORTANT**

Des poursuites judiciaires ont ete enterprises contre vous. Vous avez 20 jours consecutifs a partir a de la date de l'assignation de cette citation pour deposer une response ecrite a la plainte ci-jointe aupres de ce tribunal. Un simole coup de telephone est insoffisant pour vous proteger. Vous etes obliges de deposer votre response ecrite, avec mention du numero de dossier ci-dessus et du nom des parties nommees ici, si vous souhaitez que le tribunal entende votre cause. Si vous ne deposez pas aotre reponse ecrite dans le relai requis, vous risquez de perdre la cause ainsi que votre salaire, votre argent, et vos biens peuvent etre saisis par la suite, aucun preavis ulterieur du tribunal. Il y a d'autres obligations juridiques et vous pouvez requerir les services immediats d'un avocat. Si vous ne connaissez pas d'avocat, vous pourriez telephoner a un service reference d'avocats ou a un bureau d'assistance juridique (figurant a l'annuaire de telephones).

Si vous choisissez de deposer vous-meme une reponse ecrite, il vous faudra egalement, en meme temps que cette formalite, faire parvenir ou expedier une copie de votre reponse ecrite au "Plaintiff/Plaintif's Attorney" (Plaignant ou a son avocat) nomme ci-dessous et enregistrer votre reponse avec le Greffier du Tribunal. L'adresse centrale du bureau du Greffier est le Dade County Courthouse. L'adresse du tribunal,et l'adresse des succursales sont dans ci-dessous pour votre convenance

**ADRESSES DES TRIBUNAUX EN DADE**

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Room 1200
10710 SW 211 Street
Miami, Florida 33189

| Plainte/Avocat du Plainte<br><br>Numero de barreau de la Floride: | Adresse: |
|---|---|

L'TAT DE LA FLORIDE: A chaque sherif de l'etat vous etes oblige de presenter cette citation et une photocpie de la plainte de ce document sur l'accuse (e) ci-desus.

| HARVEY RUVIN<br>Greffier de Tribunal | PAR:_____<br>COMME GREFFIER ADJOINT | DATE ON: |
|---|---|---|

## ACT DE 1990 POUR AMERICAINS HANDICAPES
## AVIS DE l' ADA

**"Si vous êtes une personne handicapée qui a besoin d'accommodement pour pouvoir participer à cette procédure, vous avez le droit, sans aucun coût, d'avoir de l'aide à votre disposition. S'il vous plaît contacter le Coordinateur de l'ADA du Tribunal de l'Onzième Circuit Judiciaire, Lawson E. Thomas Courthouse Center, 175 NW 1st Ave. Suite 2702, Miami, FL. 33128, Téléphone (305) 349-7175; TDD (305) 349-7174, Fax (305) 349-7355 au moins 7 jours avant la date de comparution au tribunal, oubien immédiatement après avoir reçu cet avis si la date avant la comparution est moins de 7 jours; si vous avez une incapacité pour entendre ou parler, appelez le 711."**

☐ NAN TRIBUNAL ONZYEM AWONDISMAN JIDISYE NAN E POU MIAMI-DADE COUNTY, FLORIDA.
☐ NAN TRIBINAL E POU TRIBINAL NAN MIAMI-DADE COUNTY, FLORIDA.

| DIVIZYON<br>☐ SIVIL<br>☐ LOT | KONVOKASYON POU KA SIVIL<br>(b) DELIVRE PERSONELMAN BAY YON MOUN | NIMEWO KA |
|---|---|---|
| PLENTIF(S) | VS. KONT AKIZE(S) | LE |
| AKIZE: | ADRES: | |

Enpotan

Yo entre yon aksyon kont oumeum. Ou genyen 20 jou kalandriye apres ou recevoi somasyon-an pou enregistre devan grefie tribunal-sa, yon reponce pa ecri attache avec plent-la. Yon apel pa telefon ka kapab protege-ou. Se yon repense pa ecri,fo ou mete numero ka-a ki sou tet pagela avec nom moune-yo ki sou papie-sa oblige ecri si ou vle ke tribunal-la tende position-ou cou ka-a. Si ou pa enregistre reponce-ou a l'heure ou capab pedu ka-a san tribunal la pa anounce-ou en yen, ou capab pedu l'agen ou ak byen ou. Genyen lot demande. Ou ka besoin telefone yon avoka tout de suit. Si ou pa lonen yon avoka, ou ka rele sevis ki rekomande avoka, ou biro ede legal (ki nan lis liv telefone).

Si ou shoisi voye yon reponce pa ecri oumenm, ou supose en mem tan poste en mem tan poste on pote on copi response pa ecri pou avoka pleyan ou pleyan-yo ke non-li ama-a et enregistre reponce-la nan tribunal-la ki localize nan avek Sekrete Tribinal. Adres santral biwo Sekrete a se Dade County Courthouse. Adres tribinal la, ak adres lot tribinal yo nan lis ki anba a pou ou ka jwenn yo alez:

**ADRES TRIBINAL NAN DADE COUNTY**

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Room 1200
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Miami, Florida 33189

| Plainte/Avocat du Plainte<br><br>Numero de barreau de la Floride: | Nimewo manm avoka a.<br>Address: |
|---|---|

ETA FLORIDA: Pou Chak nan eta a yo odone ou pou bay akize a (yo), non l ekri anwo a, manda sa a ak yon kopi yo pote nan pwose sa a.

| HARVEY RUVIN<br>Sekrete Jeneral Tribinal La | BAY:_____<br>SEKRETE | DATE: |
|---|---|---|

**LWA 1990 POU AMERIKEN KI ENFIM**
**ANONS POU AMERIKEN KI ENFIM**

**"Si ou se yon moun ki enfim e ou bezwen akomodasyon pou ou patisipe nan pwosedi sa a, ou gen dwa pou yo ba ou kèk èd san ou pa gen pou ou peye. Silvouplè kontakte Kowòdinatè ADA pou Tribinal Onzyèm Distrik Jidisyè a nan: Lawson E. Thomas Courthouse Center, 175 NW 1st Ave., Suite 2702, Miami, Fl 33128, Telefòn (305) 349-7175; TDD (305) 349-7174, Fax (305) 349-7355 omwen 7 jou anvan ou gen randevou pou ou parèt nan tribunal la, oubyen imedyatman lè ou resevwa notifikasyon sa a si ou gen mwens ke 7 jou pou ou parèt nan tribunal la; si ou gen difikilte pou ou tande oubyen pale, rele 711."**

Filing # 22956396 E-Filed 01/26/2015 12:26:55 PM

**IN THE ELEVENTH JUDICIAL CIRCUIT OF FLORIDA**
**IN AND FOR DADE COUNTY, FLORIDA**
**CIVIL DIVISION**

JEAN-LUC BRUNEL, individually,
and MC2 MODEL &
TALENT MIAMI, LLC

Civil Action No.: 14-21348 CA 01

Plaintiffs,

vs.

JEFFREY EPSTEIN,
TYLER MCDONALD, TYLER
MCDONALD D/B/A/ YI.ORG

Defendants.
_____/

**AMENDED VERIFIED COMPLAINT FOR LEGAL & EQUITABLE RELIEF AND DAMAGES**

COME NOW the Plaintiffs, Jean-Luc Brunel and MC2 Model & Talent Miami, LLC, by and through undersigned counsel, and sues Defendants Jeffrey Epstein, Tyler McDonald, and Tyler McDonald d/b/a/ Yi.Org for legal relief, equitable relief and defamation, and states as follows:

1. Venue is proper in Dade County, Florida as Defendants Tyler McDonald and Tyler McDonald d/b/a Yi.Org do business in Dade County, Plaintiff Jean-Luc Brunel resides in Dade County, Florida, and Plaintiff MC2 Model & Talent Miami, LLC, has an office in Dade County. The causes of action and damages against Defendant Jeffrey Epstein accrued in Dade County, Florida, due to specific acts by Epstein there, and accordingly, venue is appropriate there. Florida Statute 47.011.

2. Florida Statute 48.193(1)(a)(1) ("long-arm") authorizes service on both out-of-state Defendants (Tyler McDonald, and Tyler McDonald d/b/a/ Yi.Org).



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3. Jurisdiction is proper in the Circuit Court as this action seeks relief in excess of fifteen-thousand dollars ($15,000).

**FACTUAL ALLEGATIONS AS TO DEFENDANT JEFFREY EPSTEIN**

4. Plaintiff Jean-Luc Brunel is the owner of Plaintiff modeling agency known as "MC2 Model & Talent Miami" ("MC2"). MC2 began operations in October 2005 and has offices in New York, Miami, and Tel Aviv.

5. Defendant Jeffrey Epstein ("Epstein") is a hedge-fund manager with a residence in Palm Beach County, Florida. Defendant has been the subject of significant media coverage due to charges brought against him involving sexual contact with minors. (Composite Exhibit A attached).

6. Plaintiff Brunel and Epstein have known one another since the inception of Plaintiff MC2.

7. Plaintiff Brunel operated his modeling agency, Plaintiff MC2, without incident until Epstein was first charged in Palm Beach County with unlawful sexual contact with a minor in 2006. He was convicted of soliciting prostitution from a minor and sentenced to eighteen months in prison, of which he served thirteen months. He remains a registered sex offender in Florida as of this day.

8. **First**, after the initial criminal charges against Epstein were filed in Palm Beach County, Plaintiffs were widely implicated in the media as being "linked" to Epstein. These false stories caused both Plaintiffs a tremendous loss of business.

9. Plaintiffs lost multiple contacts and business in the modeling business as a direct result of Epstein's illegal actions. For example, several photographers will not work with MC2 due to the



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adverse publicity surrounding Epstein and his illegal activities, and the publicity falsely linking Plaintiffs with those activities; namely, sex trafficking. (Composite Exhibit A).

10. One example of such a photographer was Michael Avedon, who worked with MC2 on photo shoots. Avedon stopped answering Plaintiffs' emails and phone calls after having known Plaintiff for some time. Upon meeting Avedon out one night, Avedon stated to Plaintiff Brunel he had "found out some information" from some friends of his and that he could not associate his name with MC2.

11. This statement by Avedon was no doubt a reference to the alleged and false links between Plaintiffs and Epstein's illegal activities with under-aged girls. This incident clearly illustrates an example of lost business on Plaintiffs' behalf.

12. The second example of a business relationship that was terminated due to Epstein's intentional and illegal activities was a very recent one, involving an overseas agency, Modilinos Model Agency. The owner stated that the model to be placed with MC2 "found some article in internet, which changed her position and she preferred to be placed with another agency." This was relayed to Plaintiff Brunel by e-mail dated October 15, 2014. This amply demonstrates that Epstein's intentional & illegal activities continue to cost Plaintiffs' business income. (Exhibit B attached).

13. A third example of a lost business relationship can be found in an e-mail dated October 17, 2014 (Exhibit C attached). The director of the 1 Mother Agency, Vladmir Yudashkin, states that a specific model will not sign with Plaintiff MC2 due to her fear that Plaintiffs' will force her into illegal activities. The model bases her fears upon the stories on the internet falsely implicating Plaintiffs as being involved with illegal activities with young models. This is



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another example of a false link between Epstein and Plaintiffs, costing Plaintiffs' business income.

14. A fourth example of a lost business relationship can be found in a second e-mail dated October 17, 2014 (Exhibit D attached). Manuela Martinez of Mega Partners, a Brazilian modeling agency, states to Plaintiff Brunel that her agency has been unable to work with Plaintiff MC2 for the past five to six years because of the sex trafficking allegations against Plaintiffs . This reference is clearly to the false allegations online regarding sex trafficking that were based in the false link between Epstein and Plaintiffs.

15. A fifth example of a lost business relationship can be found in an e-mail dated on Plaintiff's behalf was an e-mail dated August 27, 2010 from Michelle Stockman of Agence France Presse. (Exhibit E attached). Agence France Presse is a newswire service with a world-wide reach. Stockman wanted to meet with Plaintiff Brunel to arrange a model shoot with MC2. However, due to the adverse publicity surrounding Plaintiffs as a result of Epstein's illegal activities, Plaintiff Brunel was forced to forego (and lose) this business opportunity because he needed to keep a low-profile at this time.

16. A sixth example of lost business due to Epstein's intentional and illegal activities can be found in an e-mail dated December 12, 2014. (Exhibit F attached). Michael Sanka, a talent scout who had worked with Plaintiffs for a number of years, informed Plaintiff Brunel that he cannot sign any new models for Plaintiff Brunel's MC2 agency due to the false sex trafficking allegations online. Sanka goes on to state that Plaintiff Brunel's MC2 agency will not attract any new models if Plaintiff Brunel does not clear up the false allegations.

17. A seventh example of lost business due to Epstein's intentional and illegal activities can be found in an e-mail from Fox Fashion Agency (Exhibit G attached). This e-mail clearly states



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that Fox has placed models with Plaintiff MC2 in the past with absolutely no problems. However, because of the false internet trafficking links between Plaintiffs and Epstein, Fox states that it cannot place anymore models with Plaintiff MC2 until the allegations are cleared up.

18. Before the false links between Plaintiff and Epstein surfaced, Plaintiff Brunel was earning a great deal of revenue from MC2 Miami.

19. The false links between Plaintiffs and Epstein began to surface online in about 2005-2006. Then, in 2006, Plaintiffs received a letter of credit from Epstein at 5% interest. Plaintiffs then made an investment totaling one-million dollars with Elite Paris, to start a company.

20. Next, Plaintiff Brunel started the company, "E Management", to work with Elite Models in Paris, Plaintiff had to close it almost immediately, because Elite didn't send any models to Plaintiff MC2 for fear of being linked to Epstein.

21. Because the false links between Plaintiffs and Epstein began to gain strength online, Elite Paris severed the agreement due entirely to these false links. Plaintiff Brunel lost his investment of one-million dollars because of this loss of business.

22. Plaintiffs lost potentially ten-million dollars in profits due to this initial one-million dollar loss.

23. Additionally, a former financial controller of MC2, Maritza Vasquez, stated in a 2012 deposition that Plaintiff Brunel had never done anything inappropriate or illegal with any under-age model. (Exhibits H1 & H2 -Transcript of Deposition of Maritza Vasquez).

24. Maritza Vasquez was fired from her job at Plaintiff MC2 for embezzling company funds, and had criminal charges filed against her (Composite Exhibit I attached). She was also the source of the false information linking Plaintiffs to sex trafficking in the articles written by Conchita Sarnoff of the website Jezebel (Composite Exhibit A, p.2-7).



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25. The deposition testimony of Maritza Vasquez referred to above clearly demonstrates that Plaintiff Brunel has clean hands and was never involved in sex trafficking. All of Plaintiffs' damages came solely from Epstein's conduct.

26. Additionally, Plaintiff Brunel has had significant delays in obtaining his visa to come to the U.S. These delays were also the result of the false link between Plaintiffs and Epstein. As a result of these delays, Plaintiffs lost a considerable amount of time & money. International travel is a significant component of Plaintiff Brunel's MC2 modeling business. Plaintiff Brunel has been forced to cancel his latest visa application as a result of the delays. (Exhibit J – Composite – Visa Docs).

27. As a result of the notoriety and tremendous publicity surrounding Epstein's criminal charges, and the media linkage of Epstein to Plaintiffs regarding illegal activities, Plaintiffs lost a tremendous amount of business and revenue.

28. Plaintiff Brunel's agency MC2 has lost millions of dollars in revenue since the media revealed that Plaintiffs and Epstein were associated. In fact, Plaintiff MC2 was worth millions of dollars; now, due to the illegal actions of Epstein, MC2 is almost worthless.

29. At no time did Epstein ever publicly state that Plaintiffs had no role whatsoever in the Epstein's illegal activities.

30. As a result of Epstein's illegal activities and his association with Plaintiffs, Plaintiffs continue to lose money and suffer damages to this day. (Exhibit K attached, Jeff Fuller email, 11-12-14).

31. Plaintiff Brunel will need to spend millions of dollars in order to restore his business to what it was once worth – money that the Plaintiff Brunel does not have.



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32. Plaintiff Brunel continues to own and operate Plaintiff MC2 to this day, their names never having been cleared from the massive and totally negative media coverage involving Epstein and his illegal activities. Plaintiffs have been, and continue to be, irreparably harmed by these false internet-based links to Epstein. (Exhibits R & S attached).

33. **Second**, Plaintiff Brunel was also told by Epstein to leave the Palm Beach area in anticipation of a deposition of Plaintiff Brunel in a criminal case against Epstein. On the direct advice of Epstein, Plaintiff Brunel went to Europe and Asia for a period of time. This was done for the sole purpose of delaying Plaintiff Brunel's deposition.

34. As a direct result of Plaintiff Brunel's travels, his deposition was delayed twice. When it was finally scheduled for November 2009, Plaintiff Brunel was in fact available (Exhibit L attached). However, a medical emergency in the family of his attorney further delayed this deposition (Exhibit M attached). It was never rescheduled and he was never deposed.

35. This was a blatant example of obstruction of justice in the criminal case. Epstein was solely responsible for telling Plaintiff Brunel to leave the area. Plaintiff Brunel lost a huge opportunity to clear his name, and that of his agency, Plaintiff MC2.

36. **Third**, as a result of all of the facts stated above, Plaintiff Brunel was under tremendous psychological pressure throughout this period of time.

37. This psychological pressure resulted in Plaintiff Brunel avoiding business contacts as set forth above. This pressure also directly caused Plaintiff Brunel to avoid certain social contacts during this period of time.

38. Plaintiff Brunel became extremely withdrawn and anxious at this time.

39. Epstein's conduct was the direct cause of Plaintiff Brunel's psychological state. The press was reporting extensively on the lurid details of Epstein's illegal activities with the under-aged girls.



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40. As stated above, the press reports were erroneously connecting both Plaintiffs to Epstein's illegal activities. (Composite Exhibit A attached).

41. Epstein's illegal activities were outrageous and extreme; they involved receiving massages from the under-aged girls while the girls were nude or nearly-nude; penetration of the girls with a finger or object; or full-intercourse.

42. These activities described above caused Plaintiff Brunel severe emotional distress. In fact, Plaintiff Brunel has recently undergone psychotherapy with a local psychologist, Dr. Royce N. Jalazo, as a result of Epstein's actions and the negative results on his business. (Exhibits N & O attached).

43. Plaintiff Brunel is emotionally destroyed as a result of Epstein's actions and the resultant effects on his business. He has been on medications to deal with the effects of this. (Composite Exhibit P – Medical History).

44. Plaintiffs have been damaged by the conduct of Defendant Epstein, and have accordingly retained undersigned counsel to represent him in this matter, and are obligated to pay counsel a reasonable fee for his services.

## FACTUAL ALLEGATIONS AS TO DEFENDANTS TYLER MCDONALD & TYLER MCDONALD D/B/A YI.ORG

45. Defendant Tyler McDonald ("McDonald") is the owner/operator of Yi.Org and also does business as Yi.Org – Defendant Tyler McDonald d/b/a Yi.org ("McDonald d/b/a Yi.Org"). Defendant McDonald resides in the state of Washington. Yi.Org is a website hosting service based in Vancouver, British Columbia, Canada.

46. In about 2009, Yi.org, by and through the actions of its owner, McDonald, began hosting websites that contained hyperlinks that contained blatantly false and extremely disparaging information about Plaintiffs. (Exhibit Q attached - hyperlink screenshot).



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47. These links clearly and falsely associated Plaintiffs with illicit escort services in the state of Florida; information which Defendants McDonald and McDonald d/b/a Yi.Org knew, or should have known, was false.

48. These links have damaged Plaintiff Brunel's reputation as an owner of a well-established modeling agency with offices in New York and Miami, Plaintiff MC2.

49. These links have also damaged the reputation of both Plaintiffs.

50. The combined damage to the reputation to both Plaintiffs has resulted in a significant loss of revenue to Plaintiff MC2, and accordingly, to Plaintiff Brunel.

51. Plaintiff MC2's revenues have fallen to a mere fraction of what they were before the appearance of the links on Yi.Org.

52. Both Defendants McDonald d/b/a Yi.Org and McDonald assisted in the dissemination of the false and negative information that damaged Plaintiffs' reputation and directly caused damages to Plaintiffs.

53. Plaintiff Brunel continues to own and operate Plaintiff MC2 to this day, both names still harmed by the false and negative association with escort services in Florida.

54. Accordingly, Plaintiffs have been severely damaged by information on websites hosted by Yi.Org, which is maintained, owned and operated by Defendants McDonald d/b/a Yi.Org and McDonald.

55. The information disseminated by the websites hosted by Defendants McDonald d/b/a Yi.Org and McDonald was false and defamatory to the extreme regarding Plaintiffs alleged involvement with escort services in the state of Florida.

56. Defendants McDonald d/b/a Yi.Org and McDonald have made no attempt to clear the names of Plaintiffs with regard to the false and defamatory information disseminated by the



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websites they hosted.

57. Plaintiffs continue to do business to this day, their names never having been cleared from the negative information disseminated by Defendants McDonald d/b/a Yi.Org and McDonald.

58. Plaintiffs have been damaged by the conduct of Defendants McDonald d/b/a Yi.Org and McDonald, and have accordingly retained undersigned counsel to represent him in this matter, and are obligated to pay counsel a reasonable fee for his services.

**COUNT I – EQUITABLE RELIEF FOR LOSS OF BUSINESS AND REVENUE - AS TO DEFENDANT JEFFREY EPSTEIN**

59. The allegations contained in paragraphs 1 through 44 above are re-alleged and incorporated herein by reference.

60. Plaintiffs have lost a significant amount of business revenue because of the actions of Defendant Epstein set forth above.

61. Plaintiffs have no adequate legal remedy to make him whole as a result of the damages suffered in the form of lost business revenue due to the actions of Defendant Epstein.

62. Accordingly, Plaintiffs seeks to become whole by the payment of damages by Defendant Epstein to compensate him for his losses.

WHEREFORE, PLAINTIFFS request judgment against DEFENDANT as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate.

**COUNT II – OBSTRUCTION OF JUSTICE – EQUITY - AS TO DEFENDANT JEFFREY EPSTEIN**

63. The allegations contained in paragraphs 1 through 44 above are re-alleged and incorporated herein by reference.



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64. Plaintiff was forced to commit illegal acts by traveling away from the sight of the deposition and during the time period of the deposition.

65. Defendant Epstein attempted to subvert justice and this attempt contributed to the destruction of Plaintiff's business, Plaintiff MC2. Plaintiff Brunel lost substantial time away from his business and incurred expenses in following Epstein's commands.

66. Plaintiffs were substantially damaged as a direct result of Epstein's actions.

WHEREFORE, PLAINTIFFS request judgment against DEFENDANT as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate.

**COUNT III – INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS UPON PLAINTIFF BRUNEL - AS TO DEFENDANT JEFFREY EPSTEIN**

67. The allegations contained in paragraphs 1 through 44 above are re-alleged and incorporated herein by reference.

68. Defendant Epstein recklessly inflicted emotional distress upon Plaintiff Brunel by engaging in illegal conduct with under-aged girls, which was falsely linked to Plaintiffs.

69. This illegal conduct was extreme and outrageous by any standard.

70. This extreme and outrageous conduct was the direct cause of extreme emotional distress in Plaintiff Brunel.

WHEREFORE, PLAINTIFF BRUNEL requests judgment against DEFENDANT as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate



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**COUNT IV – EQUITABLE RELIEF FOR LOSS OF BUSINESS AND REVENUE - AS TO DEFENDANTS TYLER MCDONALD AND MCDONALD D/B/A YI.ORG**

71. The allegations contained in paragraphs 1 through 3 & 45 through 58 above are re-alleged and incorporated herein by reference.

72. Plaintiff, through his agency MC2, has lost a significant amount of business revenue because of the actions of Defendants McDonald d/b/a Yi.Org and McDonald set forth above.

73. Plaintiffs have no adequate legal remedy to make him whole as a result of the damages suffered in the form of lost business revenue due to the actions of both Defendants.

74. Accordingly, Plaintiffs seek to become whole by the payment of damages by both Defendants to compensate him for his losses.

WHEREFORE, PLAINTIFFS request judgment against DEFENDANTS as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate.

**COUNT V – DEFAMATION AGAINST PLAINTIFFS – AS TO DEFENDANTS TYLER MCDONALD AND MCDONALD D/B/A YI.ORG**

75. The allegations contained in paragraphs 1 through 3 & 45 through 58 above are re-alleged and incorporated herein by reference.

76. Defendants McDonald d/b/a Yi.Org and McDonald published or caused to be published, false statements about Plaintiffs using their domain hosting service.

77. Defendants McDonald d/b/a Yi.Org and McDonald knew, or should have known, that the statements about Plaintiffs were false.

78. These published statements were read by the internet users who viewed the false statements.

79. Plaintiffs' business reputations were severely damaged as a result.



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WHEREFORE, PLAINTIFFS request judgment against DEFENDANTS as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate.

**COUNT VI – EQUITABLE RELIEF FOR REPAIR OF BUSINESS REPUTATION - AS TO DEFENDANTS TYLER MCDONALD & TYLER MCDONALD D/B/A/ YI.ORG**

80. The allegations contained in paragraphs 1 through 3 & 45 through 58 above are re-alleged and incorporated herein by reference.

81. Plaintiffs have also suffered a significant loss of their business reputations as a direct result of the actions of Defendants McDonald d/b/a Yi.Org and McDonald.

82. Plaintiffs have no adequate legal remedy to make them whole as a result of the damages suffered in the form of lost business reputations due to the actions of both Defendants.

83. Accordingly, Plaintiffs seeks to restore their business reputations by the payment of damages by both Defendants to compensate them for their loss of reputations.

WHEREFORE, PLAINTIFFS request judgment against DEFENDANTS as follows:

A. Damages in excess of fifteen-thousand dollars; trial by jury and

B. Grant other such relief as is appropriate.

/s/ Joe Titone

Joe Titone
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## VERIFICATION

STATE OF FLORIDA )
)
COUNTY OF Miami Dade )

JEAN-LUC BRUNEL, being duly sworn according to law, upon his oath, deposes and says:

I have read the foregoing complaint and all the allegations contained therein. All such allegations are true based upon my personal knowledge, information and belief.

JEAN-LUC BRUNEL

Sworn and subscribed to before me this 1 day of August, 2014.

NOTARY PUBLIC



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# COMPOSITE EXHIBIT A



HOUSE_OVERSIGHT_011926

**http://www.thedailybeast.com/articles/2010/07/29/jeffrey-epstein-feds-probe-possible-child-trafficking-charge.html**

# Epstein Faces Sex-Traffic Probe

The Justice Department is investigating Jeffrey Epstein for child trafficking, The Daily Beast has learned—and has widened the scope of its probe to include a famous modeling agency.

Hedge-fund manager Jeffrey Epstein completed his sentence for soliciting prostitution with a minor last week. But it appears his problems may not be over. Now The Daily Beast has learned that:

**• Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking—a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.**

**• The FBI is also investigating Epstein's friend Jean Luc Brunel, whose MC2 modeling agency appears to have been a source of girls from overseas who ended up on Epstein's private jets.**

Because Epstein's predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover.

Under the concept of double jeopardy, Epstein can no longer be prosecuted for any of the charges covered by his non-prosecution agreement, in which he agreed to serve a short term of incarceration, fund the civil suits of named victims, and register as a sex offender. The victims who accepted cash settlements in these civil suits agreed not to testify against him or speak publicly about the case. However, new evidence developed by the Department of Justice on other offenses not covered by the agreement, including allegations by additional victims who come forward, could lead to new charges. There is no statute of limitations in the federal sex-trafficking law, which was also enacted by the state of Florida in 2002. Because his predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover. (Several young women who claim to be Epstein victims have recently contacted a Ft. Lauderdale lawyer, but to date no new civil complaints have been filed.)

• Conchita Sarnoff: The Billionaire Pedphile's Sex Den
• Billionaire Pedophile Goes Free

These new developments come one week after the publication of two articles in The Daily Beast about Epstein's pattern of sexual contact with underage girls, which Palm Beach police began investigating in 2005 and the U.S. Attorney's office then settled in a 2007 plea deal. The first



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article quoted a deposition by then-Palm Beach Chief of Police Michael Reiter, in which he stated that Epstein, a billionaire with many powerful friends, had received special treatment in both his plea deal and the terms of his incarceration. Although federal investigators at one point produced a draft 53-page indictment against Epstein, he was eventually allowed to plead guilty to only two relatively minor state charges and receive a short term of incarceration: 13 months in the county jail, during which he went to the office every day, and one year of community control, during which he traveled frequently to New York and his private island in the Virgin Islands.

The Daily Beast has now discovered another instance in which Epstein apparently received special consideration: As a convicted sex offender, he is required by law to undergo an impartial psychological evaluation prior to sentencing and to receive psychiatric treatment during and after incarceration. This is because child molesters tend to be repeat offenders with high rates of recidivism. According to a source in law enforcement, however, Epstein was allowed to submit a report by his private psychologist, Dr. Stephen Alexander of Palm Beach, Florida, whose phone has since been disconnected with no forwarding information.

The Daily Beast's second article provided details about Epstein's systematic abuse of underage girls at his Palm Beach mansion, where members of his staff allegedly recruited and paid a parade of teenagers, most of them 16 or younger, to perform daily massages that devolved into masturbation, groping, and sometimes full-blown sexual contact. It also revealed a monetary relationship between Epstein and Jean Luc Brunel, a frequent visitor to whom he gave $1 million around the same time that Brunel was starting his MC2 modeling agency. Some of the young girls MC2 recruited from overseas—often from Eastern Europe and South America—are known to have been passengers on Epstein's private jets.

The U.S. Attorney General's Office in Florida says that it is against policy to confirm or deny the existence of an investigation. Jeffrey Epstein's lawyer, Jack Goldberger, says he has no knowledge of an ongoing probe, and he told The Daily Beast, "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach. There are no pending civil lawsuits. There are not and should not be any pending criminal investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

*Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current-events debate TV programs,* The Americas Forum, From Beirut to Kabul, *and a segment for* The Oppenheimer Report . *She is writing a book about child trafficking in America*



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http://www.thedailybeast.com/articles/2010/07/22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den.html

# The Billionaire Pedophile's Sex Den

Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff reports on the sordid details in part two of her exclusive exposé.

**Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff reports on the sordid details in part two of her exclusive exposé. Also:**

**• Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs**

**• Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day**

**• The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments**

**• Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2**

**• According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets**

Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."

A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.



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It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact, particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe
• Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.

Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits.



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Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home, and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated Brunel for a *60 Minutes* broadcast many years ago, is quoted in Michael Gross' book about the modeling industry, *Model: The Ugly Business of Beautiful Women*. Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities,



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Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)

An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

***Editor's Note:*** *An earlier version of this article misidentified the subject of Craig Pyes' investigation and the title of Michael Gross' book. The Daily Beast has corrected the subject and title and regrets the error.*

Read Conchita Sarnoff's original report on Epstein.

*Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is a contributor to The Huffington Post. She is writing a book about child trafficking in America.*



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**http://fashioncopious.typepad.com/fashioncopious/2010/08/mc2-modeling-agency-involved-in-sex-trafficking.html**

## MC2 Modeling Agency Involved In Sex Trafficking

August 11,2010

On August 4th Jezebel ran the following story: The Sex-Trafficking Model Scout.

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, [assistant and girlfriend Ghislaine] Maxwell, Brunel, [house manager Alfredo] Rodriguez, and Marcinkova 'deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money.

The previous paragraph in the story read:

and making [speaking of Jeffrey Epstein] frequent $100,000 donations to the Palm Beach Police Department would insulate him from prosecution for his various depravities.

Which included, for the record: buying a 14-year-old Yugloslavian named Natalia Marcinkova from her parents in order to keep Marcinkova as his "sex slave"; paying a retinue of women to trawl Palm Beach for teenagers economically desperate enough to agree to give Epstein "massages" that often led to sexual contact; receiving two 12-year-old French girls as a "birthday present"; and befriending Michael Wolff.



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http://bettyfokker.wordpress.com/2010/08/20/hes-helping-others-get-away-with-child-sex-trafficking/

# He's helping others get away with child-sex trafficking

Posted on August 20, 2010 by Betty Fokker

Let's discuss that billionaire douche-face child-rapist, Jeffrey Epstein for a moment shall we? He's someone who likes to have sex with venerable underage girls, including 12 year old girls who are trafficked into the US under the guise that they will become models. His partner in crime was Jean Luc Brunel, owner and 'talent scout' of the MC2 "modeling agency". Epstein coincidently invested a million bucks in the MC2 ~~kiddie-porn ring~~ modeling agency and let Brunel use his privet jet.

The FBI thinks Epstein has assaulted/molested about 40 or so young girls. So he's going to prison for the rest of his life right? Wrong.

When faced with the best defense lawyers money could buy, the prosecutors wimped out and made a plea bargain so light it boggles the mind. This kid-raping bastard only had to please guilty to two MINOR charges and gets a private cell, a cell he gets to leave on a "work release program" by the way.

Now, I am not blaming his defense attorneys. They were doing their job and, under our constitution, a festering anus like Epstein has the right to the best attorneys he can afford.

I am livid with the prosecuting attorneys. It was their job to do everything in their power to bring this vomit-inducing shit-sack to justice. Instead, they decided to gutlessly pander to his wealth, privilege, and powerful defense team. They rolled over and did everything but send in another kid to give this fucker a hand-job. So this vermin got away with raping 12 year old girls because the prosecuting attorneys couldn't find a single testicle/ovary to share among them.

And do you know what their chicken-shit kowtowing to Epstein has wrought? It's opened the door for other child-sex traffickers to get lighter sentences for their crimes too. Why should they have to pay when he didn't? After all, it was just girls they were trafficking for sex with disgusting older males (I refuse to call something like Epstein a "man"; it insults men) … they weren't harming anything of any value in our culture!

I'm a feminist because I think girls & women have value. What a crying, fucking shame there wasn't one feminist in the prosecutors office to go after this monster and punish him. What a pity other hell-spawn might get away with trafficking girls for sex more easily because of the shit-for-brains attorneys who let Epstein get away with his crimes.

My eyeballs are melting with rage.

Never mind. They aren't melting. It's just tears of helpless and despairing rage against an unjust legal system and the cultural devaluation of women and girls.



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http://gawker.com/5600294/recently-freed-sex-offender-jeffrey-epstein-may-face-child-trafficking-charges

## Recently-Freed Sex Offender Jeffrey Epstein May Face Child Trafficking Charges

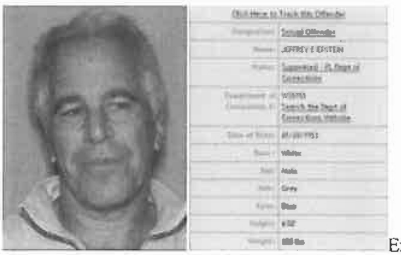

Expand

Ads by Google

Jeffrey Epstein, the billionaire Bill Clinton pal who just left jail after completing a sentence for soliciting sex with a minor, may be headed back soon: The Daily Beast reports that the Justice Department is investigating him for child trafficking.

Epstein, famous for being rich, being friends with Bill Clinton, having an egg-shaped penis, and being a vindictive pervert, can't be prosecuted again for the charges he copped to in his plea deal. But according to The Daily Beast's Conchita Sarnoff, new charges might be coming:

As we learned in Vanity Fair yesterday, Bill Clinton has spent his post-presidential life...Read more

Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking-a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.

Since there's no statute of limitations for sex-trafficking, and Epstein's predatory adventures apparently date back more than a few years, it's likely there's more women who could come forward. (Apparently some have contacted a lawyer, but nothing's been filed yet.)

It's not just Epstein, either—his buddy Jean Luc Brunel, head of the MC2 modeling agency, is also being investigated, and some of the models he represented (many from overseas) may have been enlisted as companions on Epstein's private jet.

http://www.huffingtonpost.com/2014/06/03/jeffrey-epstein_n_5439407.html

MIAMI (AP) — Nearly a decade ago, a wealthy financial guru came under FBI investigation, suspected of sexually abusing dozens of underage girls at his Palm Beach mansion. Then, abruptly, the investigation was dropped and Jeffrey Epstein pleaded guilty to a single state charge of soliciting prostitution. He served just over a year in jail.

Now, two women who say they were among his victims have won a precedent-setting appeals court ruling entitling them to see all the documents from the plea bargain discussions between Epstein's high-powered lawyers and federal prosecutors.

Their goal: use those files to undo the agreement, reopen the investigation and subject Epstein to more charges.

The women's lawyers contend Epstein got special treatment because of his wealth and connections. His attorneys deny that.

Epstein, 61, made hundreds of millions of dollars managing funds for rich clients. Shortly after his 2008 guilty plea, it came to light that his lawyers had secretly reached a non-prosecution agreement months earlier with the U.S. Justice Department that spared him a potentially heavier punishment.

"Our complaint alleges that, prodded by Epstein, the federal prosecutors deliberately concealed the sweetheart plea deal they made with him to avoid public criticism," said Paul Cassell, a University of Utah law professor who is representing the two women.

The U.S. attorney's office in Miami would not comment. But the U.S. attorney at the time, R. Alexander Acosta, said in a 2011 letter defending his office that more evidence came to light after Epstein made his deal.

"Many victims have spoken out, filing detailed statements in civil cases seeking damages. Physical evidence has been discovered," Acosta wrote. "Had these additional statements and evidence been known, the outcome may have been different."

Epstein has settled lawsuits for undisclosed amounts with many of the women who say they were underage when they were paid for sex.

The case represents the first time a federal appeals court has ruled that the Crime Victims' Rights Act of 2004 guarantees victims the right to be informed about the details of how a plea bargain was reached, according to legal experts and lawyers involved in the case. The law marked the culmination of efforts begun in the 1960s to give crime victims more of a say.



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"I hope that the case will ultimately set an important precedent that federal prosecutors can't keep victims in the dark about the plea deals that they reach," Cassell said.

Epstein served 13 months of an 18-month sentence on the prostitution charge, sold his Palm Beach home in 2011 and now divides his time between a New York City home, a Caribbean island and an apartment in Paris, according to court documents. He also has a large New Mexico ranch.

He donates huge sums each year, particularly toward projects involving new medical treatments and artificial intelligence. His foundation established a Harvard University program that uses mathematics to study evolutionary biology, viruses and disease.

According to lawsuits filed by some of his accusers, Epstein relied on assistants to recruit underage girls to give him massages and perform sex acts. They were usually paid about $200.

Some girls were notified about the investigation beginning in 2006. But they weren't told about the negotiations with federal prosecutors for at least nine months, despite a requirement in the Crime Victims' Rights Act that they be kept informed. The two women — who were 13 and 14 when the alleged assaults occurred — sued for the files and won.

"Although plea negotiations are vital to the functioning of the criminal justice system, a prosecutor and target of a criminal prosecution do not enjoy a relationship of confidence and trust when they negotiate," the appeals court said.

Federal prosecutors have begun turning over the documents.

Epstein's attorney, Roy Black, the celebrity lawyer who is also representing Justin Bieber in his DUI and resisting-arrest case in Miami Beach, declined to comment but has asked that the documents be kept from public view, and so far they have been.

In a May 23 court filing, Black said that there was no conspiracy between prosecutors and Epstein's team to violate the victims' rights law and that the non-prosecution agreement contained many provisions Epstein strongly opposed, such as registering as a sex offender and agreeing not to contest certain lawsuits.

"This was no sweetheart deal by any stretch of the imagination," Black said in court papers.

Even if a judge invalidates the plea deal, it will still be up to federal prosecutors to decide what to do.

"The court can't force the prosecutors to bring charges," said Matt Alexrod, a former federal prosecutor now in private practice in Washington.



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http://www.huffingtonpost.com/conchita-s-sarnoff/child-trafficking_b_1269748.html

Conchita Sarnoff

Communications expert

# Regulating Modeling Agencies to Help Prevent Child Sex Trafficking

Posted: 02/10/2012 8:49 pm

In 2010, Jezebel, an online site, published "The Sex Trafficking Model Scout" warning about the dangers of deregulated modeling agencies in the U.S.

Given the growing number of modeling agencies that transport underage teenagers from foreign countries into the United States and the growing sex trade of underage girls in the U.S. why does this industry remain deregulated?

Since the advent of this business, modeling agencies have had free reign to scout teenagers from every state in the country as well as every nation in the world. Many of these teenage girls come from economically disadvantaged families and are offered none to very limited protection while traveling and working as "models."

Jezebel reported that Jean Luc Brunel, one of the cast of characters involved in the ongoing Jeffrey Epstein (a level 3 registered sex offender), eight-year-long case, has been working for over two decades with a succession of agencies in New York and Paris. According to media reports, Diane Sawyer produced a segment for CBS's *60 Minutes* featuring a sex scandal that eventually led Eileen Ford (founder of renowned Ford modeling agency) to stop working with Brunel.

Brunel's latest venture is the modeling agency MC2 based in South Beach, Fla. with satellite offices in New York and Tel Aviv. Since his agency is deregulated and "no criminal charges have been filed by any of his accusers" -- although many have tried to serve him including lawyers representing Epstein's victims, Brunel continues to hide behind his French citizenship to prevent depositions. "Trawling for 5'11" underage teenagers to work for his agency, MC2, or anyone else who requests, Brunel is free to scout for very young girls without limitations." Given his citizenship he also successfully avoided deposition in Epstein's sex related cases.

Like so many other reporters who have tried to report his side of the story when Jezebel contacted Brunel, "he did not respond to our interview request." According to Jezebel:



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we spoke to a number of people who worked with his agency and while MC2 isn't considered a major industry player, it isn't exactly bottom-shelf, either... Brunel isn't involved with the business on a day-to-day basis, although he owns an 85 percent stake in MC2. Instead, he does scouting for the agency and takes care of the international relations with other agencies, reports one source. Scouts scour the world for unrepresented teenage girls who could make it as models. They work largely unsupervised and are generally paid a headhunting fee for every girl an agency signs. Even when affiliated with an agency, as Brunel obviously is with MC2, scouts operate mostly independently and with little oversight. The company blog refers to Brunel as a 'scouting tsunami' and MC2 is fairly well known for the strength of its international scouting.

*Model*, Michael Gross's 1995 book, describes Brunel's activities in Paris from the late 1970s onwards, when he worked for, and eventually owned, the modeling agency Karin. "Jean-Luc is considered a danger," says Jérôme Bonnouvrier. "Owning Karin was a dream for a playboy. His problem is that he knows exactly what girls in trouble are looking for. He's always been on the edge of the system."

John Casablancas, founder of Elite modeling agency said:

I really despise Jean-Luc as a human being for the way he's cheapened the business. There is no justice. This is a guy who should be behind bars. There was a little group, Jean-Luc, Patrick Gilles, and Varsano. They were very well known in Paris for roaming the clubs. They would invite girls and put drugs in their drinks. Everybody knew they were creeps." Casablancas was a professional rival who was pushed out of his agency for questionable concerns.

Katie Ford human trafficking abolitionist and Eileen Ford's daughter, talked to the *Wall Street Journal* magazine. In that story "A Model Trade Union," Ford describes herself as a "roving ambassador" to help stop human trafficking. Ford sold her stake in the family business in 2007 to the private equity firm Stone Tower Equity. "In her new life as a nearly full-time, unpaid, roving ambassador for the cause her job is an outgrowth of her former work, rather than a repudiation of it, or an atonement.

Her interest in human trafficking began when a representative of the United Nations called to ask if she would participate in a women's leadership group that was studying the issue of trafficking. "I said, 'I can't come talk about it, because I don't know anything about it!'" Ford recalls. "But I went, and after two hours, I knew why I was there. The way people traffic across borders is parallel to the way we recruit models. According to Ford "the target age is 14 to 24, and so it's similar to modeling." I knew how to reach that market" she said, "It was the feeling of: There but for the grace of God... The girls who came to us could have been those girls."

**http://jezebel.com/5603638/meet-the-modeling-agent-who-trafficked-underage-girls-for-sex**

# The Sex-Trafficking Model Scout



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Expand

Jeffrey Epstein, the billionaire financier who the FBI believes molested around 40 underaged girls, was assisted by a prominent modeling agent and scout. Here's what we know about Jean Luc Brunel.

Jeffrey Epstein, you will no doubt recall, is the man who thought ferrying Bill Clinton on his private jet, lawyering up with superstar Alan Dershowitz, and making frequent $100,000 donations to the Palm Beach Police Department would insulate him from prosecution for his various depravities.

Say you're not as famous or celebrated as Roman Polanski and you want to sexually assault...Read more

Which included, for the record: buying a 14-year-old Yugloslavian named Natalia Marcinkova from her parents in order to keep Marcinkova as his "sex slave"; paying a retinue of women to trawl Palm Beach for teenagers economically desperate enough to agree to give Epstein "massages" that often led to sexual contact; receiving two 12-year-old French girls as a "birthday present"; and befriending Michael Wolff.

But as Conchita Sarnoff wrote at The Daily Beast:

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, [assistant and girlfriend Ghislaine] Maxwell, Brunel, [house manager Alfredo] Rodriguez, and Marcinkova 'deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money.'

The FBI investigated Epstein, and identified around 40 underaged victims. Sarnoff reports that the FBI is also investigating MC2 and Brunel for possibly engaging in child sex trafficking. Since pleading guilty to reduced charges of soliciting sex with a minor and serving 13 months of



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part-time jail, Epstein has become the focus of numerous civil lawsuits from his victims. He has so far settled a dozen.

These same civil complaints allege that young girls from South America, Europe, and the former Soviet republics, few of whom spoke English, were recruited for Esptein's sexual pleasure. According to a former bookkeeper, a number of the girls worked for MC2, the modeling agency owned by Jean Luc Brunel, a longtime acquaintance and frequent guest of Epstein's.

Brunel, along with numerous young models, was a frequent passenger on Epstein's private jet, according to flight manifests. The agency owner also allegedly received $1 million from Epstein in 2005, when he founded MC2 with his partner, Jeffrey Fuller; although Fuller and Brunel denied any such payment from the billionaire pervert in 2007, when rumors started swirling, Sarnoff got confirmation from a former bookkeeper at the agency. Whether the money was a secret investment in MC2, or a payment for Brunel's services as a procurer, is unknown. Brunel also visited Epstein in jail.

So who is Jean Luc Brunel? Although he did not respond to our interview request, we spoke to a number of people who have worked with his agency. While MC2 isn't considered a major industry player, it isn't exactly bottom-shelf, either: MC2 in New York most recently launched the career of Latvian editorial star Ginta Lapina (Brunel "discovered" Lapina via an MC2 scouting competition for young teens) and currently represents *Vogue* China covergirl Liu Dan. Worldwide, MC2 represents such stars as Sessilee Lopez in Miami, and top models Candace Swanepoel, Marina Lynchuk, Natalia Chabanenko, and Elisa Sednaoui in Tel Aviv.

Brunel isn't involved with the business on a day-to-day basis, although he owns an 85% stake in MC2. Instead, "Right now he does scouting for [the] agency and takes care of the international relations with other agencies," reports one source. Scouts scour the world for un-agented teenaged girls who could make it as models; they work largely unsupervised and are generally paid a headhunting fee for every girl an agency signs. Even when affiliated with an agency, as Brunel obviously is with MC2, scouts operate mostly independently and with little oversight — even relative to the almost totally unregulated modeling industry itself. "He travels a lot," says another person who has worked with Brunel. (The company blog refers to Brunel as a "scouting tsunami," and MC2 is fairly well-known for the strength of its international scouting.)

Models we spoke to report mostly positive experiences with Brunel — one praised his sense of humor and said he is "lovely to all of his models," and another described him as highly intelligent and cultured, adding, "he knows a lot about the opera and he paints" — although it should be noted that none of the models whom we spoke to had been told of either his connections with Epstein, or his past.

And what a past it is. These accounts from Michael Gross' 1995 book *Model* describe Brunel's activities in Paris from the late 1970s onwards, when he worked for, and eventually owned, the modeling agency Karins, now known as Karin Paris:

"Jean-Luc is considered a danger," says Jérôme Bonnouvrier. "Owning Karins was a dream for a playboy. His problem is that he knows exactly what girls in trouble are looking for. He's always



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been on the edge of the system. John Casablancas gets with girls the healthy way. Girls would be with him if he was the butcher. They're with Jean-Luc because he's the boss. Jean-Luc likes drugs and silent rape. It excites him."

"I really despise Jean-Luc as a human being for the way he's cheapened the business," says John Casablancas. "There is no justice. This is a guy who should be behind bars. There was a little group, Jean-Luc, Patrick Gilles, and Varsano...They were very well-known in Paris for roaming the clubs. They would invite girls and put drugs in their drinks. Everybody knew they were creeps."

It should be noted that aside from being a professional rival, Casablancas, the founder of the agency Elite, was eventually drubbed out of the industry for his own modelizing. How pervy do you have to be for John Casablancas to call you a perv?

Pervy enough to drug and rape numerous teenagers, according to *60 Minutes* and Diane Sawyer, who investigated Brunel in 1988. The program interviewed nearly two dozen models who said they had been sexually assaulted by Brunel and/or by his fellow agent, Claude Haddad. Even at that time, Brunel had a reputation as a man one could go to to procure a "date" with a young model. CBS spoke to five models who said that Brunel and/or his friends had drugged and raped them. Said producer Craig Pyes, "Hundreds of girls were not only harassed, but molested."

When Gross interviewed Brunel, this is what he had to say for himself:

"You get laid tonight with a model, is that a crime? I don't understand why people go into your personal life, what you do yourself, and to yourself, and they don't look at things that are really important."

Since then, Brunel has been involved with a succession of agencies in New York and Paris. Although the *60 Minutes* scandal eventually led Eileen Ford to stop working with him, he continued his involvement with Karins. In 1988, when powerhouse agency Next opened its doors, Brunel took an ownership stake. He also "discovered" Christy Turlington when she was 14. MC2 is only his latest venture. Because no criminal charges were ever filed by any of his accusers, and because the industry has a short memory — most models working today weren't even born when Sawyer and Pyes started looking into Brunel's activities — Brunel has been free to continue as he pleases. A French citizen, he even avoided testifying in his friend Epstein's trial.

And so Brunel is still criss-crossing the globe, trawling for 5'10" 13-year-olds from Eastern Europe and (the whiter parts of) South America. And apparently taking the occasional ride with them on Epstein's private jet. Is there any better argument for the regulation of the modeling industry?

http://nypost.com/2011/11/18/jeffrey-epsteins-level-3-sex-offender-status-upheld-by-ny-appeals-court/



HOUSE_OVERSIGHT_011942

# Jeffrey Epstein's Level 3 sex offender status upheld by NY appeals court

By Dareh Gregorian

November 18, 2011 | 5:00am

Multimillionaire perv Jeffrey Epstein may not consider his Florida conviction for soliciting a minor a big deal, but New York does.

A state appeals court yesterday upheld the financier's status as a Level 3 sex offender — meaning he's considered "a threat to public safety" and a "high risk" to offend again.

Epstein, 58, did 13 months in a Florida jail for soliciting a minor to perform a sex act on him during a "massage."

Although he was never indicted or convicted for hiring any other underage girls, the state Appellate Division found there was "clear and convincing evidence" he had indeed done so, making the Level 3 designation appropriate.



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**http://pagesix.com/2007/10/06/model-shop-denies-epstein-tie/**

**MODEL SHOP DENIES EPSTEIN TIE**

By PageSix.com Staff - October 6, 2007 | 9:00am

THE owners of MC2 models are denying industry speculation that massage maven **Jeffrey Epstein** is a secret financial backer of the agency being run by scandal-scarred **Jean-Luc Brunel**, who was once accused of taking advantage of underage models.

Epstein, who this week agreed to plead guilty to soliciting underage prostitutes at his Florida mansion in a deal that will send him to prison for about 18 months, reportedly gave "millions" to start MC2, which opened in October 2005 with offices in New York, Miami and Tel Aviv. One of the girls Epstein, 54, was accused of soliciting massages from was described in court documents as being just 14.

"E equals MC squared . . . get it, like the equation? E equals Epstein. He just thinks everyone is too dumb to figure it out," said a model industry insider. "He's a desperate old man that fantasizes and takes advantage of young girls."

The trouble doesn't stop there.

Karins Models founder Brunel, who's currently a partner in MC2, denied allegations in a 1997 "60 Minutes" segment that he took advantage of young models who were high on drugs. Brunel also reportedly left his Trump Tower digs in 1999 after complaints of night carousing, which he also denied.

Disgraced former Elite models exec **Gerald Marie** is also involved with MC2, says our source.

Marie was accused of having sex with underage models in a 1999 BBC documentary where he was filmed saying he hoped to seduce contestants in a modeling contest in which the average age of participants was 15. He also dated **Linda Evangelista** when she was a teen.

"He's also involved in the agency," said the source. "Gerald and Jean-Luc like the same things. They hang out because they have young girls in common, like two guys who enjoy the same wine."

MC2 president **Jeffrey Fuller** confirmed Brunel was a partner in the company, but denied any working relationship with either Epstein or Marie.

"We have no relationship business-wise with Gerald Marie. Jeffrey Epstein has no ownership or involvement in our company and never has. Jean-Luc Brunel and I are the only two partners and owners of MC2 Model Management," Fuller said.

Epstein's rep said he was not involved in the agency. "He has no business relationship with them," said **Howard Rubenstein**.



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**http://www.palmbeachdailynews.com/news/news/lawsuit-documents-link-jeffrey-epstein-to-modeling/nMGzH/**

# Lawsuit documents link Jeffrey Epstein to modeling agency owner Jean Luc Brunel

By Michele Dargan

Daily News Staff Writer

New court filings in a civil case filed by billionaire sex offender Jeffrey Epstein link Epstein and Jean Luc Brunel, owner of modeling agency MC2.

The documents say MC2 employees told attorney Brad Edwards that Epstein's condos at 301 E. 66th St. in New York City were used to house young models.

Edwards, who has sued Epstein on behalf of several women claiming to be victims of sex abuse by Epstein, was told MC2 brought underage girls in from all over the world, promising them modeling contracts.

"Epstein and Brunel would then obtain a visa for these girls, then would charge the underage girls rent," the documents say.

Through the investigation of his lawsuits against Epstein, Edwards learned Brunel "runs the modeling agency MC2, a company for which Epstein provides financial support," the documents say.

They also allege Epstein tried to thwart Edwards from taking depositions of Brunel, Epstein's companion Guislaine Maxwell, and other high-profile names such as President Bill Clinton.

Details are listed in more than 62 pages filed by attorney Jack Scarola on behalf of Edwards in the lawsuit Epstein filed against Edwards. Edwards represents four of Epstein's minor victims, three of whom have settled their cases with Epstein under a confidential agreement.

Epstein attorneys Christopher Knight and Joseph Ackerman declined to comment Friday on the court filings.

Edwards deposed Brunel, but his attorney delayed it and then said he was back in France with no plans to return. But according to the court papers, Brunel was staying with Epstein in Palm Beach during that period.



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The court filings describe Brunel as one of Epstein's closest pals.

Regarding Maxwell, the documents refer to sworn testimony by Epstein's former house manager, Alfredo Rodriguez, explaining how Maxwell took photos of girls without the girls' knowledge, "kept the images on her computer, knew the names of the underage girls and their respective phone numbers and other underage victims."

According to the documents: Maxwell allegedly lied about her mother being ill and having to fly back to England one day before a scheduled deposition in Edwards' case against Epstein. Despite that assertion, Maxwell was captured in a photo for OK magazine, attending the wedding of Chelsea Clinton two days later.

Epstein has settled more than two dozen lawsuits and claims against him by young women who say they were lured to his El Brillo Way mansion as teens to give him sexually charged massages and/or sex in exchange for money. The terms of all settlements are confidential.

Rodriguez took a journal from Epstein's computer that listed the names of his underage victims from around the country and the world. Calling it the "Holy Grail," Rodriguez tried to sell the journal for $50,000 to victims' attorneys. He pleaded guilty to obstruction of justice and is serving 18 months in federal prison.

Epstein, 57, served 13 months of an 18-month state sentence. He ended his one-year probation in July on state charges of soliciting prostitution and soliciting a minor for prostitution.

According to flight logs from Epstein's private planes, Clinton flew several times on Epstein's planes, many times with Maxwell, Palm Beach resident Sarah Kellen and Adriana Mucinska — "all employees and/or co-conspirators of Epstein's," according to the court papers.

The documents show that Clinton flew with Epstein, "then suddenly stopped — raising the suspicion that the friendship abruptly ended ...

"Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him ... and what appears to be Clinton's personal numbers," the court papers say.

Allegations in the documents say Epstein threatened victims — including Edwards' client Jane Doe — despite no-contact orders in effect.

Epstein had Doe tailed by a private investigator as her trial date neared, the court filings say. One time, Doe was so frightened that she fled her home in the company of a retired police officer and was taken to a hiding place, according to the court papers.

http://slaverytoday.org/that-gorgeous-underage-ad-model-may-be-trafficked-and-owned-regulation-for-agencies-to-stop-child-sex-trafficking/



HOUSE_OVERSIGHT_011946

# That Gorgeous Underage Model May Be A Slave: Regulation For Agencies To Stop Child Sex Trafficking

*First came the knowledge that slaves still existed and were present in larger numbers than ever before. Then the realization that a human being could be purchased within a few hours of my home for under $100. Now only a few miles away. In the following years I've been learning the myriad forms, places and types of slavery. The list keeps lengthening and with each new form (to me), I learn about , it knocks me down, one more time.*

*Slavery*
*Debt Bondage*
*Sexual Slavery*
*Child Brides*
*Forced Labor*
*Child Soldiers*
*Adoption Trafficking*
*Organ Trafficking*
*Trafficked Athletes*

*And now a new one I should have seen coming.*

*Those very young, foreign models you see? Some of them were trafficked by model scouts who literally trawled through some of the most destitute and vulnerable people on earth for them. The same methods as other predatory traffickers; Go to politically or economically unstable areas; locate 5'11" beautiful young girls; buy them, import them, own them, use them.*

*Horrible irony to have images that portray us to the world possibly be of slaves.*

*It's hard to think of an area of our society that doesn't admire seeing it's most vaunted members with a model on their arm. While this observation does not imply that those people were trafficked, imagine how simple that makes it to approach a child or it's family anywhere in the world and offer them this in return for absolute control.*

*All the traffickers have to do is pull out a magazine or phone with videos on it.*

*I'm not shocked at traffickers using this method of promises to lure unsuspecting girls into slavery, I've seen it, read about it, studied it. I'm in shock that it flourishes in the most visible,*



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*glaring spotlight of our culture, the part that worhips and presents our current idea of beauty in almost everything we touch.*

*These victims are on the most prominent slave block ever, emulated by our children, coveted by our culture-makers and our society, and standing in the brightest global spotlight in the world. In plain sight, reported on in numerous stories for decades and yet only escalating in usage until they've become the golden mean.*

*We can quietly ignore the ones resold daily in our town, who made our clothes, chocolate, housewares, provided the gold on our fingers and necks, electronics in our hands, labor in our fields. Here, finally, are slaves we fantasize about being, emulating, allow our society to be shaped by, consider trophies.*

*What will this say about us if we don't drastically change it? All of it.*

*Katie Ford walked away from an empire the first time she learned about slavery. she's working to change with this thing she recognized to be permeating the industry. That is courage.*

## Regulating Modeling Agencies to Help Prevent Child Sex Trafficking

Conchita Sarnoff
Posted: 02/10/2012 8:49 pm

In 2010, Jezebel, an online site, published "The Sex Trafficking Model Scout" warning about the dangers of deregulated modeling agencies in the U.S.

Given the growing number of modeling agencies that transport underage teenagers from foreign countries into the United States and the growing sex trade of underage girls in the U.S. why does this industry remain deregulated?

Since the advent of this business, modeling agencies have had free reign to scout teenagers from every state in the country as well as every nation in the world. Many of these teenage girls come from economically disadvantaged families and are offered none to very limited protection while traveling and working as "models."

Jezebel reported that Jean Luc Brunel, one of the cast of characters involved in the ongoing Jeffrey Epstein (a level 3 registered sex offender), eight-year-long case, has been working for over two decades with a succession of agencies in New York and Paris. According to media reports, Diane Sawyer produced a segment for CBS's *60 Minutes* featuring a sex scandal that eventually led Eileen Ford (founder of renowned Ford modeling agency) to stop working with Brunel.

Brunel's latest venture is the modeling agency MC2 based in South Beach, Fla. with satellite offices in New York and Tel Aviv. Since his agency is deregulated and "no criminal charges have been filed by any of his accusers" — although many have tried to serve him including lawyers representing Epstein's victims, Brunel continues to hide behind his French citizenship to



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prevent depositions. "Trawling for 5'11" underage teenagers to work for his agency, MC2, or anyone else who requests, Brunel is free to scout for very young girls without limitations." Given his citizenship he also successfully avoided deposition in Epstein's sex related cases.

Like so many other reporters who have tried to report his side of the story when Jezebel contacted Brunel, "he did not respond to our interview request." According to Jezebel:

we spoke to a number of people who worked with his agency and while MC2 isn't considered a major industry player, it isn't exactly bottom-shelf, either... Brunel isn't involved with the business on a day-to-day basis, although he owns an 85 percent stake in MC2. Instead, he does scouting for the agency and takes care of the international relations with other agencies, reports one source. Scouts scour the world for unrepresented teenage girls who could make it as models. They work largely unsupervised and are generally paid a headhunting fee for every girl an agency signs. Even when affiliated with an agency, as Brunel obviously is with MC2, scouts operate mostly independently and with little oversight. The company blog refers to Brunel as a 'scouting tsunami' and MC2 is fairly well known for the strength of its international scouting.

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John Casablancas, founder of Elite modeling agency said:

I really despise Jean-Luc as a human being for the way he's cheapened the business. There is no justice. This is a guy who should be behind bars. There was a little group, Jean-Luc, Patrick Gilles, and Varsano. They were very well known in Paris for roaming the clubs. They would invite girls and put drugs in their drinks. Everybody knew they were creeps." Casablancas was a professional rival who was pushed out of his agency for questionable concerns.

Katie Ford human trafficking abolitionist and Eileen Ford's daughter, talked to the *Wall Street Journal*magazine. In that story "A Model Trade Union," Ford describes herself as a "roving ambassador" to help stop human trafficking. Ford sold her stake in the family business in 2007 to the private equity firm Stone Tower Equity. "In her new life as a nearly full-time, unpaid, roving ambassador for the cause her job is an outgrowth of her former work, rather than a repudiation of it, or an atonement.

Her interest in human trafficking began when a representative of the United Nations called to ask if she would participate in a women's leadership group that was studying the issue of trafficking. "I said, 'I can't come talk about it, because I don't know anything about it!'" Ford recalls. "But I went, and after two hours, I knew why I was there. The way people traffic across borders is parallel to the way we recruit models. According to Ford "the target age is 14 to 24, and so it's similar to modeling." I knew how to reach that market" she said, "It was the feeling of: There but for the grace of God... The girls who came to us could have been those girls."



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http://slaverytoday.org/that-gorgeous-underage-ad-model-may-be-trafficked-and-owned-regulation-for-agencies-to-stop-child-sex-trafficking/

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**http://files.wallstreetfolly.com/wordpress/2007/10/jeffrey-epstein-doesnt-want-to-be-branded-as-a-sex-offender-for-life-and-no-hes-not-a-modeling-agency-secret-sugar-daddy-or-so-its-owners-say/**

## Jeffrey Epstein doesn't want to be branded as a "sex offender" for life, and no, he's not a modeling agency secret sugar daddy (or so its owners say)

Posted by WSF On October - 9 - 2007

Jeffrey Epstein, the billionaire money manager who's agreed to plead guilty to soliciting underaged hookers and go away for 18 months, doesn't want to be branded a "sex offender" for life. Page Six says his lawyers are thinking about asking prosecutors to drop that requirement from his plea agreement:

In a letter drafted, but not sent, to U.S.
Attorney Alexander Costa and obtained by Page Six, Epstein's lawyer, Gerald Lefcourt, writes, "Doing so will have a profound impact [on Epstein] both immediately and forever after. Not only will he be restricted to a wholly inappropriate penal facility, but he will be required for the rest of his life to account for his whereabouts."

Meanwhile, over the weekend Page Six said that owners of MC2 modeling, run by Jean-Luc Brunel — who's also been accused of favoring underaged models in the past – claim that Epstein is not the secret deep pockets behind the firm, no matter what others say or speculate.

Epstein, .....reportedly gave
"millions" to start MC2, which opened in October 2005 with offices in
New York, Miami and Tel Aviv. One of the girls Epstein, 54, was accused of
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"Jeffrey Epstein has no ownership or involvement in our company and never has. Jean-Luc Brunel and I are the only two partners and owners of MC2 Model Management," [Jeffrey] Fuller said. [MC2 President]



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http://www.washingtonpost.com/news/volokh-conspiracy/wp/2014/04/21/eleventh-circuit-rules-that-discovery-can-move-forward-on-my-crime-victims-rights-act-case/

The Volokh Conspiracy

# Eleventh Circuit rules that discovery can move forward on my Crime Victims' Rights Act case

By Paul Cassell April 21

On Friday, the 11th Circuit ruled that discovery can move forward in an important Crime Victims' Rights Act case that my co-counsel, Brad Edwards, and I are pursuing. The narrow issue before the court was whether prosecutors and defense attorneys could assert some sort of "privilege" to prevent crime victims from reviewing the correspondence that lead to a plea bargain. More broadly, the ruling means that the victims will have a chance to return to the district court and seek to invalidate a plea agreement that (we alleged) was consummated in violation of their rights. I hope that the case will ultimately set an important precedent that federal prosecutors can't keep victims in the dark about the plea deals that they reach.

Here are the important facts, taken from the 11th Circuit's opinion: The case arose in 2006, the FBI began investigating allegations that wealthy investor Jeffrey Epstein had sexually abused dozens and dozens of minor girls. The U.S. Attorney's Office for the Southern District of Florida accepted Epstein's case for prosecution, and the FBI issued victim notification letters to my two clients, minors Jane Doe No. 1 and Jane Doe No. 2, in June and August 2007. Extensive plea negotiations ensued between the prosecutors and Epstein. On Sept. 24, 2007, the prosecutors entered into a non-prosecution agreement with Epstein in which they agreed not to file any federal charges against Epstein in exchange for his guilty plea to minor Florida offenses (e.g., solicitation of prostitution). Not only did the prosecutors neglect to confer with the victims before they entered into the agreement with Epstein, they also concealed its existence for at least nine months. For example, the prosecutors sent post-agreement letters to the victims reporting that the "case is currently under investigation" and explaining that "[t]his can be a lengthy process and we request your continued patience while we conduct a thorough investigation."

On June 27, 2008, the prosecutors informed my co-counsel, Brad Edwards, that Epstein planned to plead guilty to the Florida charges three days later. But the prosecutors failed to disclose that Epstein's pleas to those state charges arose from his federal non-prosecution agreement and that the pleas would bar a federal prosecution. As a result, the victims did not attend the state court proceedings.



HOUSE_OVERSIGHT_011956

On July 7, 2008, Edwards and I filed a petition alleging that Jane Doe No. 1 was a victim of federal sex crimes committed by Epstein and that the United States had wrongfully excluded her from plea negotiations. We also alleged that the federal prosecutors had violated her rights under the Crime Victims' Rights Act (CVRA) — specifically her rights to confer with the government, to be treated with fairness, to receive timely notice of relevant court proceedings, and to receive information about restitution. The United States responded by claiming that it used its "best efforts" to comply with the rights afforded to victims under the CVRA, but that the act did not apply to pre-indictment negotiations with potential federal defendants.

After Jane Doe No. 2 joined the initial petition, the district court (Marra, J.) found that both women qualified as "crime victims" under the CVRA. The district court later rejected the government's argument that the act only applies after the filing of a federal criminal indictment. (I've written a law review article about the issue of how early crime victims' rights attach in the criminal process, which can be downloaded here.)

Among other relief, we sought rescission of the non-prosecution agreement as a remedy for the violation of the victims' rights. To make the case for such a remedy, we moved for discovery of the correspondence between the U.S. and Epstein's attorneys during the plea negotiations. Epstein's attorneys intervened, arguing that Federal Rule of Evidence 410 and Federal Rule of Criminal Procedure 11 create a privilege for plea negotiations, barring release of the correspondence. They also argued that the court should find that the materials were protected under the work product doctrine or, alternatively, should be protected under a new "common-law privilege for plea negotiations."

The district court first ruled that rescission of the plea agreement was a possible remedy under the act. The court then ruled that we were entitled to review the correspondence, rejecting all of Epstein's arguments.

On Friday, the 11th Circuit affirmed the district court's ruling that we could review the plea correspondence. At pp. 18-22 of its published opinion, the court concluded that there was no basis for restricting access to such correspondence when crime victims have a legitimate need to review it. The court rejected, for example, the work product argument because plea discussions are not confidential:

Disclosure of work-product materials to an adversary waives the work-product privilege. See, e.g., *In re Chrysler Motors Corp. Overnight Evaluation Program Litig.*, 860 F.2d 844, 846 (8th Cir. 1988); *In re Doe*, 662 F.2d 1073, 1081–82 (4th Cir. 1981). Even if it shared the common goal of reaching a quick settlement, the United States was undoubtedly adverse to Epstein during its investigation of him for federal offenses, and the intervenors' disclosure of their work product waived any claim of privilege. . . .

The court also declined to recognize a new privilege for plea bargaining, finding the relationship between prosecutors and defense attorneys did not need special protection:

As a last-ditch effort, the intervenors contend that "[i]f more is needed in addition to the plain language of Rule 410 to preclude disclosure of the correspondence to plaintiffs, it can be found



HOUSE_OVERSIGHT_011957

in the conjunction of Rule 410, the work-product privilege, and the Sixth Amendment right to the effective assistance of counsel in the plea bargaining process," but this novel argument fails too. As explained above, Rule 410 does not create a privilege and the intervenors waived any work-product privilege. The intervenors concede too that the right to counsel under the Sixth Amendment had not yet attached when the correspondence was exchanged. *Lumley v. City of Dade City, Fla.*, 327 F.3d 1186, 1195 (11th Cir. 2003) ("[T]he Sixth Amendment right to counsel ordinarily does not arise until there is a formal commitment by the government to prosecute," such as a "formal charge, preliminary hearing, indictment, information, or arraignment."). The "conjunctive" power of three false claims of privilege does not rescue the correspondence from disclosure. . . .

The Supreme Court has identified several considerations relevant to whether a court should recognize an evidentiary privilege—the needs of the public, whether the privilege is rooted in the imperative for confidence and trust, the evidentiary benefit of the denial of the privilege, and any consensus among the states, *Jaffee v. Redmond*, 518 U.S. 1, 10–15 (1996)—but none of these considerations weighs in favor of recognizing a new privilege to prevent discovery of the plea negotiations. Although plea negotiations are vital to the functioning of the criminal justice system, a prosecutor and target of a criminal investigation do not enjoy a relationship of confidence and trust when they negotiate. Their adversarial relationship, unlike the confidential relationship of a doctor and patient or attorney and client, warrants no privilege beyond the terms of Rule 410. *See Jaffee*, 518 U.S. at 10. But the victims would enjoy an evidentiary benefit from the disclosure of plea negotiations to prove whether the United States violated their rights under the Act.

Moving forward, this case raises the important issue of what kinds of remedies are available for violations of the Crime Victims' Rights Act. Our complaint alleges that, prodded by Epstein, the federal prosecutors deliberately concealed the sweetheart plea deal they had reached with him to avoid public criticism of the deal. I am hopeful that in future district court proceedings, we will be able to prove that clear violation of the CVRA and then obtain the remedy of invalidating the illegally-negotiated plea deal.

Paul G. Cassell teaches criminal law, criminal procedure, and crime victims' rights at the S.J. Quinney College of Law at the University of Utah. Before coming to Utah, he was President of the Stanford Law Review, a law clerk for then-Judge Antonin Scalia on the D.C. Circuit and for Chief Justice Warren Burger of the Supreme Court, an Associate Deputy Attorney General with the U.S. Justice Department (1986-88), and an Assistant U.S. Attorney for the Eastern District of Virginia (1988 to 1991). Cassell joined the faculty at the University of Utah College of Law in 1992, where he taught full time until he was sworn in as a U.S. District Court Judge for the District of Utah in 2002. In 2007, he resigned his judgeship to return full time to the College of Law, to teach, write, and litigate on issues relating to crime victims' rights and criminal justice reform.



HOUSE_OVERSIGHT_011958

-------- Original message --------
From: Jolanta MODILINOS
Date:15/10/2014 4:46 PM (GMT+02:00)
To: Jean Luc Brunel
Subject:

Dear Jean Luc,

Hope that you stay fine.

As per our conversation about placement of her with you in NYC and Miami, she said she found some article in internet , which changed her position and she preferred to be placed with another agency..

I am so sorry, but people believes in media more than in us sometimes, what is sad!

Warmest regards


***Jolanta Sadauskiene***

*owner*

***MODILINOS model agency*** ***MODILINOS models***

*Parodos 7-4, Kaunas* *Sv.Stepono 7,Vilnius*

*tel/fax:+37037323257* *cell:+37069816103*

*jolanta@modilinos.com* *info@modilinos.com*

***www.modilinos.com***


**EXHIBIT B**

From: "Vladimir Yudashkin @ 1 MotherAgency"
Date:17/10/2014 10:46 AM (GMT+02:00)
To: Jean Luc Brunel
Subject: The situation with Liza Zazdravnih

Dear JeanLuc,

Unfortunately I need to announce that Liza Zazdravnih rejected signing the contract with MC2 in United Sates. Initially she intended to sign the contract, but later on she came across that article in internet about you involved in illegal activities with young models. This information somehow changed her intentions completely. she is ready to be a model and consider contracts with other agencies, but she has suspicions that you will force her to illegal activities and she made the decision to don't put her self in risk.

Lets keep in touch. I will be happy to work with you next time if we have another right model for you. Im upset that it didn't work out with Liza

Sincerely,
Vladimir

Vladimir Yudashkin
Director

**EXHIBIT C**

-------- Original message --------
From: Manuela - Mega Partners
Date:17/10/2014 9:36 PM (GMT+02:00)
To: Jean Luc Brunel
Subject: MC2

Dear Jean Luc,

I'm very happy to hear you're coming to the agency with Vini so we can talk about us working with MC2 again.

I don't need to remind you that the sex trafficking allegations have stopped us from working with your agency for the past 5-6 years – but as Vinicius is my friend, I will try to find a girl that already knows and trusts him to place with you.

Thank you very much for the lovely bag and we'll see each other on fashion week.

Kisses,

Manuela

MEGA PARTNERS

MANUELA W MARTINEZ
International Relations
Phone: +55 11 3818.4800
Direct: +55 11 3818.4827
Cell.: +55 11 98668.0090
megamodelbrasil.com.br

**EXHIBIT D**

Original Message-----
From: Lorraine <lorraine@mc2mm.com>
Organization: MC2 MM
Reply-To: <lorraine@mc2mm.com>
Date: Friday, August 27, 2010 at 8:49 PM
To: <jeff@mc2mm.com>, Jean Luc Brunel <jeanluc@mc2mm.com>, Pink <pink@mc2mm.com>
Subject: FW: Press Inquiry from AFP (Agence France Presse) Videographer--Michelle Stockman

>
>
>-----Original Message-----
>From: Michelle STOCKMAN [mailto:Michelle.Stockman@afp.com]
>Sent: Friday, August 27, 2010 11:03 AM
>To: lorraine@mc2mm.com
>Subject: Press Inquiry from AFP (Agence France Presse)
>Videographer--Michelle Stockman
>
>My name is Michelle Stockman and I am a video journalist for Agence France
>Presse, the French newswire. We produce 1.5 to 2 min. videos that are
>distributed internationally to broadcast clients in Europe and Asia, and
>internet clients worldwide. In preparation for Fashion Week, my print
>colleague and I are interested in doing a piece on trends in casting
>models
>of color. I was wondering if you could refer me to a model of color and a
>casting director who can comment on her experience.
>
>My deadline is next week, so I would like to set something up for Monday
>or
>Tuesday. I can come to you as I am a one-person camera crew. When you
>have
>a moment, please let me know. I'd be happy to discuss with you over the
>phone ahead of time.
>
>Best regards,
>Michelle Stockman
>
>
>Michelle Stockman
>747 Third Avenue, 35th Floor
>New York, NY 10017

**EXHIBIT E**

>917-533-3261
>www.youtube.com/AFP
>
>Agence France-Presse is the world's oldest newswire with journalists in
>165
>countries. We publish worldwide in English, French, Spanish, German,
>Portuguese and Arabic. AFP delivers the news to thousands of media outlets
>worldwide from newspapers to magazines, radio and TV stations and online
>services. It reaches an audience of more than one billion people daily.
>This e-mail, and any file transmitted with it, is confidential and
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>solely for the use of the individual or entity to whom it is addressed. If
>you have received this email in error, please contact the sender and
>delete
>the email from your system. If you are not the named addressee you should
>not disseminate, distribute or copy this email.
>
>For more information on Agence France-Presse, please visit our web site at
>http://www.afp.com
>

**EXHIBIT E**

Sent from Samsung Mobile

------- Original message -------
From: Michael Sanka
Date:12/12/2014 12:48 (GMT-05:00)
To: Jean Luc Brunel
Subject: Scouting

Jean Luc,
How are you?
After so many years scouting for you and having a great network of agencies all around the world who enjoy to work with us, i wanted to let you know that we are on the way to lose everything we build and we are gonna have big problem now.

Agencies, still want to work with us but parents don't want their daughters to come to us, because when they google your name and the agency name the only things they see is "Sex Trafficking"!!!

It's impossible to sign a new girl and if nothing it's done i can tell you that in 3 months we we will not get any new girls and i don't see how the agency will work without new faces.

All the agencies who know you don't have any problems with you since they all told me "We know Jean Luc for more than 20 years and all those years we had so many girls place with him who had better experience than in any other agencies who were representing them as well and we never had any problems whatsoever, all our girls had great carriers as a model when he represented them".

I understand those agencies because it's hard for them to talk to parents and explain that it's not the truth when it's all over the internet.

You need to have it stop and have the people write an official letter to say that it's not the truth...

I will keep you posted of course but it's really bad for us and the scouting.

Best regards

-
Michael Sanka
3104021028

**EXHIBIT F**

FOX
FASHION AGENCY

Attn: Scouting division MC2
We took notes of your comments and the girls that you like on our website.

We know Jean Luc Brunel and we always work with him since more than 10 years all those years and never had any problems.
All the girls he represented from us never had any problems, they were working have great book work with good clients in editorial and campaigns and were well represented models.

Now for all the new faces we have, we needed to talk to their parents to discuss about mc2 and you interest to represent their daughters and of course they google it and saw all the bad articles about sex trafficking they were scared and I was myself speechless since we know that it's not true but it was hard for us to explain to the parents.

So of course for the moment till all is clarified we can't place any new faces with you because the parents will refuse and it makes us look bad to propose the girls to your agency.

We are sorry but you really need to clarify everything, till then we will have to cease any collaboration and we will have to refuse to let you represent any of our models.

Sure you understand.

Sandra Petkanic
Fox Fashion Agency

www.foxmodel.com
e-mail: foxoffice@sezampro.yu
Beograd 11000, Svetogorska 35 v. stan 12
Tel +381 11 3346414, tel /fax +381 11 3226202

**EXHIBIT G**

1 Q As part of your employment with MC Square
2 did you live in New York, for a time?
3 A I'm sorry, but I take the Fifth.
4 Q Have you ever heard any model of MC Square
5 who at the time of being a minor, that means under
6 the age of eighteen, made an accusation that
7 Jean-Luc Burnel acted inappropriate with her?
8 A Never. And that is something that I will
9 not answer. And I said never because even when
10 peoples come and ask me I will always say the truth
11 regarding that.
12 I know Mr. Brunel for the longest --
13 maybe eight years. And I always said what I know.
14 I never saw and I never knew that he did anything.
15 So I know that. And that's the truth.
16 Never. I never heard anybody accusing Mr. Brunel
17 or complaining about Mr. Brunel. Nothing.
18 Q That means -- that means at any time no
19 model, no minor model came to you and said, you
20 know, "Maritza, look what just happened to me", that,
21 "something bad happened to me".
22 A Maybe a model came and told me, "Maritza,
23 look what happen to me. I don't have any money," or
24 "I don't have a place to live". Or, "Look, I didn't
25 get my ticket", or whatever.

**EXHIBIT H-1**

1 a --

2 MR. OBRONT: Well, I would object, because

3 of circumstances.

4 BY MR. DAVID:

5 Q But you said before that you never heard

6 anything that would indicate that Jean-Luc Burnel

7 behaved inappropriately with -- with any models,

8 especially any minor models that MC Square may have

9 had.

0 Is that correct?

1 A Yeah, I said what is the truth. Nobody

2 complain to me. Nobody -- your question was very

3 clear, has any girl came to you and complain about

4 sexually, you know, involved with Mr. Brunel.

5 Q Right.

6 A And my answer was no. Nobody came to tell

7 me. I never saw. I never knew. His personal life

8 was not my problem.

9 Q Do you have any actual knowledge, that is

0 to say were you present or did you see with your own

1 eyes, any minor models go with Jean-Luc Burnel to

2 Jeffrey Epstein's home, or any party of his?

3 MR. OBRONT: Objection.

4 THE WITNESS: I'm sorry, but I take the

5 Fifth.

**EXHIBIT H-2**

# COMPOSITE EXHIBIT I

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT
IN AND FOR MIAMI-DADE COUNTY, FLORIDA

FILED
DEC 0 9 2010
CLERK

STATE OF FLORIDA,

Case No: F07-10933
Judge Seitlesinger

Maritza Vasquez, Defendant

## PLEA AGREEMENT

COMES NOW KATHERINE FERNANDEZ RUNDLE, State Attorney of the Eleventh Judicial Circuit of Florida, by and through the undersigned Assistant State Attorney, and enters the following agreement with the Defendant, to wit, that the Defendant shall plead guilty to Count one (1) and is adjudicated guilty, while Count two (2) will be nolle prossed and the Defendant will be sentenced as follows:

1. One (1) years Community Control followed by nineteen (19) years probation with the special condition of restitution of $98,000.00 to Kain Models, LLC at a minimum monthly payment of $500.00 per month.

2. The Defendant shall be eligible for early conversion of the Community Control to probation upon payment to the victim through the Department of Corrections of $25,000.00 towards the restitution.

3. The Defendant shall be eligible to early conversion of the probation to community control after a total of two (2) years of either community control or probation if the restitution is paid in full.

4. The Defendant shall be eligible to early termination of probation after three (3) years if the restitution is paid in full.

Entered into this 5th day of December 2007, in Miami-Miami Dade County, Florida.

Respectfully submitted,

KATHERINE FERNANDEZ RUNDLE
STATE ATTORNEY

Maritza Vasquez
Defendant
Florida Bar # [illegible]

By: Thomas W. McGee
Assistant State Attorney
Fla. Bar # 326281

Carl Oberst, Esquire
Attorney for the defendant
Florida Bar #

Honorable Seitlesinger
Circuit Court Judge

EXHIBIT I

IN THE CIRCUIT COURT OF THE EIGHTEENTH JUDICIAL CIRCUIT IN AND FOR BREVARD COUNTY, FLORIDA

DIVISION
X CRIMINAL
OTHER

ORDERS OF SUPERVISION

CASE NUMBER

STATE OF FLORIDA

vs Martin Vasquez

DEFENDANT

ORDERS OF SUPERVISION

COURT: I Find That I°

PAGE 1 OF 4

EXHIBIT I

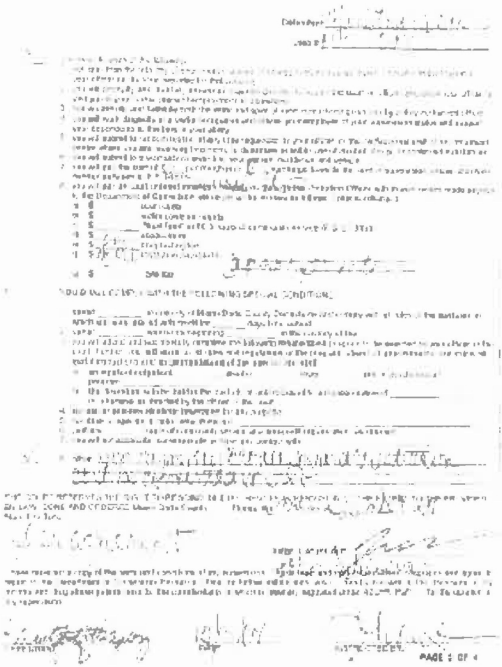

PAGE 1 OF 4

**EXHIBIT I**

FILED

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT
IN AND FOR MIAMI-DADE COUNTY, FLORIDA FALL TERM, 2000

THE STATE OF FLORIDA

[illegible]

Defendant

INFORMATION FOR

1. GRAND THEFT FIRST DEGREE [illegible] (F2 [illegible] 10
2. ORGANIZED FRAUD - SCHEME TO DEFRAUD $50,000 OR MORE [illegible]

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF FLORIDA:

KATHERINE FERNANDEZ RUNDLE, State Attorney of the Eleventh Judicial Circuit, prosecuting for the State of Florida in the County of Miami-Dade, [illegible] the undersigned Assistant State Attorney, under oath, informs and says that

McCOY [illegible]
Circuit Court Clerk [illegible]
[illegible] WT. DOB 10/29/1967 SS#

[illegible]

Defendant [illegible]

COUNT 1

MARITZA VASQUEZ, on or between May 21, 2004 and June 30, 2006, in the County and State aforesaid, did knowingly, unlawfully and without authority, obtain or use or attempt to obtain or use U.S. currency, the property of KARIN MODELS USA, LLC and/or JEAN LUC BRUNEL and/or JEFF FULLER as owner or custodian, with intent to defraud the owner of United States Currency, of the value of $100,000.00 or more, with the intent to deprive the property or permanently deprive KARIN MODELS USA, LLC and/or JEAN LUC BRUNEL and/or JEFF FULLER of a right to the property or of a benefit therefrom or to appropriate the property to said defendant's own use or to the use of any person not entitled thereto, in violation of s. 812.014(1) and (2)(b), Fla. Stat., contrary to the form of the Statute in such cases made and provided, and against the peace and dignity of the State of Florida.

## COUNT 2

And the aforesaid Assistant State Attorney, under oath, further information makes MARITZA VASQUEZ, on or between May 21, 2004 and June 30, 2005, in the County and State aforesaid, did unlawfully and feloniously engage in a scheme to defraud as defined by s. 817.034(3)(b), Fla. Stat., by engaging in a systematic, ongoing course of conduct with the intent to defraud one or more persons, to wit: KARN NOODLES USA, LLC and/or JEAN LUC BRUNEL, and/or JEFF FULLER, by false or fraudulent pretenses, representations, or promises or willful misrepresentations of a future act, and to the obtaining property, to wit: U.S. DOLLARS OR CURRENCY, of an aggregate value of fifty thousand dollars ($50,000.00), or more, the property of KARN NOODLES USA, LLC and/or JEAN LUC BRUNEL or and/or JEFF FULLER, as owner or custodian, in violation of s. 817.034(4)(a)1, Fla. Stat., contrary to the form of the Statute in such cases made and provided and against the peace and dignity of the State of Florida.

**STATE OF FLORIDA, COUNTY OF MIAMI-DADE:**

Personally known to me and appeared before me the Assistant State Attorney of the Eleventh Judicial Circuit of Florida whose signature appears below, being first duly sworn, says that the facts set forth in the Information are based upon facts which have been sworn to as true by a material witness or witnesses, and which have come to his knowledge in the course of his official duties and that the prosecution is instituted in good faith.

Assistant State Attorney, Bar # 32432
1350 NW 12th Ave., Miami, FL 33136-2109

Sworn to and subscribed before me this 19th day of April, 2005

By _____
Deputy Clerk of the Circuit Court
Notary Public

CLERK & COMPTROLLER
MIAMI-DADE COUNTY, FLORIDA

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A. SERRA ALESSANDRO

EXHIBIT I

# COMPOSITE EXHIBIT J - VISA

Department of Homeland Security
U.S. Citizenship and Immigration Services

**I-797B, Notice of Action**

**THE UNITED STATES OF AMERICA**

RECEIPT NUMBER
EAC 11 194 81207

RECEIPT DATE
June 24, 2011

PRIORITY DATE

NOTICE DATE
September 8, 2011

PAGE
1 OF 1

FORM I-129
PETITION FOR A NONIMMIGRANT WORKER

PETITIONER
MCS MODELS MIAMI LLC

LUIS PONTE
PONT LAW GROUP PA
1440 HOLLYWOOD BLVD SUITE 418
HOLLYWOOD FL 33021

Notice Type: Approval Notice
Class: O1
Valid from 10/01/2011 to 08/30/2014
Consulate: PARIS

The above petition has been approved. Additional information has been sent to the local consulate. You may also read the text off letters sent to this notice to the author to see the approval. Please contact the consulate with any questions about the change. This step is not a visa, and anyone used to PLACE for a visa.

Petition approval does not authorize employment. Once the [illegible] grant status based on this petition has been [illegible] the petitioner, but only as backed in the [illegible] the period authorized. Please contact the TSC with any questions about the withholding.

If circumstances change, the petitioner may file Form I-[illegible] to notify USCIS of this approval if any of the workers are already in the U.S. the petitioner [illegible] a new Form I-129 to seek to change an current status. Review based on this petition. Changes in employment [illegible] new petition. Include a copy of this notice with any other required documentation.

The approval of this visa petition does not in itself grant [illegible] status and does not guarantee that the alien beneficiary will subsequently be found to be eligible for a [illegible] adjustment to the United States or for an extension, change or adjustment of status.

Number of workers: 5

Name
beneficiary FRAN LAN DIEGO MARIA DOB 09/19/1966 FRANCE

UDC

Elsa Consulate or POE in Paris

NOC Code
100

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVCS
VERMONT SERVICES CENTER
75 LOWER WELDEN STREET
SAINT ALBANS VT 05479-0001
Customer Service Telephone: (800) 375-5283

Form I-797B (Rev 08/07/09)N

Please tear off along this perforated line and present it to the visa officer.

The alien may use this portion when applying for a visa at an American consulate abroad, or if no visa is required, when applying for admission to the U.S.

Receipt No: EAC 11 194 81207 Case Type: I129
Notice Date: September 8, 2011 Priority Date: 06/24/2011 Name of Petitioner: MCS MODELS MIAMI LLC
Petition Validity Dates: 10/01/2011 through 07/30/2014 Number of Persons: 5
Name Beneficiary: FRAN LAN DIEGO MARIA ANNE DOB 09/19/1966 FRANCE UDC CSC Elsa Consulate or POE in Paris NOC Code 100

Form I-797B (Rev 10/01/08) N

## SUPPORTING DOCUMENTS

**EXHIBIT 1** Several press and media articles documenting the rise of South Beach as one of the United States' main fashion capitals.

**EXHIBIT 2** Press articles regarding the models and actresses who were both discovered by and careers were launched by the beneficiary, Jean Luc Brunel.

**EXHIBIT 3** Several articles regarding the prestigious reputation of Kann Models as formerly one of the world's leading agencies.

**EXHIBIT 4** A list of all of MC2's clients, including several high-profile campaigns featuring some of MC2's fashion models, as well as several press clippings regarding this prestigious and reputable modeling agency.

**EXHIBIT 5** The beneficiary's, Jean Luc Brunel, impressive curriculum vitae, verifying his tremendous accomplishments in both the fashion and modeling industries.

**EXHIBIT 6** Several articles regarding the 2004 Models New Generation Contest (including translations) as well as the beneficiary's leading role within this prestigious modeling event.

**EXHIBIT 7** Several press articles regarding the prestigious 2006 Models New Generation Competition (including translations), as well as the beneficiary's Jean Luc Brunel, leading role within the event.

**EXHIBIT 8** Letter of Claudia Midolo, President of Modelwork, a renowned modeling agency.

**EXHIBIT 9** Letter of Alla Amantova, Director of Figaro International Management.

**EXHIBIT 10** Several press articles reflecting the prestige and high circulation rates of the mentioned magazines and periodicals which have featured and covered the modeling events which the beneficiary, Jean Luc Brunel, has organized throughout the years.

**EXHIBIT 11** Information regarding the extremely successful and prestigious modeling and fashion association, International Model Talent Association (IMTA).

mc2
MODELSMIAMI

July 25, 2014

Department of Homeland Security
United States Citizenship and Immigration Services
Vermont Service Center
30 Houghton Street
Saint Albans, VT 05478

**RE: 1-129, Petition for a Nonimmigrant Worker**
**O-1 Extraordinary Ability as an Art Director and Talent Coordinator**
***Petitioner:* MC2 Models Miami, LLC**
**Beneficiary: Jean-Luc Didier Henri-Rene BRUNEL**

Dear Sir / Madam:

The present letter and its enclosures are submitted in support of the attached O-1 petition of MC2 Models Miami, LLC, on behalf of Mr. Jean Luc Brunel. The petition is based upon Mr. Brunel's standing as an "Alien of Extraordinary Ability in Art Direction and Talent Coordination." ***Kindly note that Mr. Brunel currently holds O-1 status with our organization.***

The South Florida area and Miami Beach in particular have become a mecca for the fashion and modeling industries. As a result, many of the largest international modeling agencies such as Ford, Elite, and MC2 have opened offices in South Beach and the area has become one of the most important in the modeling industry In fact, Miami Beach has become second only to New York City in terms of employment opportunities for fashion models in the United States. Attached as **EXHIBIT 1**, please find several press and media articles documenting the rise of South Beach as one of the United States' main fashion capitals.

In 1996, our company, MC2 (formerly Karin Models), established an office in the heart of the historic Art Deco District of Miami Beach. "South Beach" has truly become one of the world's modeling capitals and we are pleased to be a part of it Our agency has developed a highly distinguished reputation in the modeling industry. We specialize in representing numerous models of international acclaim. Having discovered faces such as Christy Turlington, and molded the careers of celebrities such as Sharon Stone, Estella Warren, Milla

mc2 models miami • 1674 alton road • suite 500 • miami beach fl 33139
305 672 8300 • fax 305 531 8330 • administration 305 672 7672 • fax 305 672 6332
mc2mm.com

Jovovich, Jerry Hall and Rebecca Romijn, who is currently starring in the award-winning ABC television series, *Ugly Betty*; MC2 models are among the most sought after in the industry, as evidenced by the caliber of their commercial and editorial bookings. Many of our fashion models have graced the pages of leading fashion magazines of the United States, Europe, Latin America, Africa, and Australia such as *Vogue*, *Teen Vogue*, *Elle*, *W*, *Glamour*, *V*, *Marie Claire*, *Surface* and *Cosmopolitan* as well as many more throughout the world. In addition to our Miami Beach office, MC2 Models has offices in New York City and Tel Aviv, Israel.

As Artistic Director and Talent Coordinator for MC2 Models Miami, LLC, Mr. Brunel will be responsible for overseeing the artistic aspects of the agency. By overseeing the art department in the agency, Mr. Brunel will direct the visual marketing of the models to clients, focusing on the images placed on both the model's composite cards and their portfolios. Both of these marketing tools are crucial in marketing fashion models to their appropriate catalog, editorial, or media clients. As Artistic Director and Talent Coordinator, Mr. Brunel will also coordinate the pairing of fashion models with a particular photographer. Clients for the agency include a myriad of fashion publications, retail stores, consumer product companies, and fashion houses to name but a few. Recruitment of talented artistic photographers who have an excellent understanding of the "ins and outs" of the modeling and fashion industry is critical to the successful running of a top-modeling agency such as MC2 Models. Mr. Brunel will also continue with his amazing track record of discovering the world's greatest talents and beauties in order to sign them with MC2 Models. Mr. Brunel will continue to travel around the world looking for new talents, and to agencies around the world in order to establish relationships with those agencies and allow MC2 Models Miami, LLC to represent them in the United States.

Mr. Brunel's impressive qualifications as an Art Director and Talent Coordinator, establish eligibility as to the regulatory standards for such classification as a top professional in his field. Mr. Brunel meets the O-1 criteria as an individual of extraordinary ability in the Arts and Entertainment field as well as a business entrepreneur. MC2 Models Miami, LLC is presently seeking a sophisticated art director and talent coordinator. After reviewing his experience and accolades, we are confident that the beneficiary, Mr. Jean Luc Brunel, will perform said function with outstanding skill and professionalism.

## I. MR. BRUNEL'S QUALIFICATIONS AS THE BENEFICIARY

In addition to Jean Luc Brunel's extensive business qualifications, his career as an individual with artistic vision and creative talents qualifies him as an O-1 alien in the Arts and Entertainment Field. His all- encompassing experience as an Art Director, Talent Coordinator, international entrepreneur and business



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leader in the modeling, fashion, entertainment, public relations, restaurant, and tourism industries has made Mr. Brunel internationally renowned in those fields. Among his various accomplishments throughout his career are the successful modeling agencies he has founded both in Europe and in the United States. For example, in 1978, Mr. Brunel founded and grew Karin Models Paris from the ground up to become a lead-market agency with a world-wide presence. Capturing a strong market share in Paris, Mr. Brunel successfully created Karin Models as a platform for marquee clients to obtain sophisticated public relations services and important modeling contract opportunities. Mr. Brunel's success was so great with Karin Paris that in the next ten years, he founded Next Model Management in Los Angeles, California in 1980, Next Model Management in Miami, Florida in 1982, Model Management Group also in Miami, Florida in 1986, and Rebecca Commercial Casting in New York City, in 1988. The latter one was opened as a talent and casting agency for performers, offering services such as voice-overs, television, and cinema advertising work, again, successfully carving out a niche by which to make his mark and achieve bold commercial performance results.

Although Mr. Brunel later sold his rights to Next Management to Faith Kates in 1989, who partnered with Joel Wilkenfeld a couple of years later; NEXT represents some of the most prestigious women and men in the fashion world today. Star talent includes renowned fashion models Molly Sims, Daniela Pestova, Audrey Quock, Yamila Diaz, and Malgosia Bela. NEXT continues to maintain an influential international force in the fashion and modeling industry through its fully operational offices in New York, Los Angeles, Miami, Sao Paolo, Montreal, London, and Paris, as well as its affiliates in Milan and Australia.

Because of strong revenue growth and successful business performance, as a result of his artistic vision as an artistic director and talent coordinator, Mr. Brunel founded the very successful Karin Models of America in New York City and Karin Models USA in Miami Beach. Mr. Brunel's commercial ventures in opening Karin agencies in Paris, New York, and Miami have been extremely successful, generating combined annual revenues of twenty five (25) million dollars. Eventually, Mr. Brunel licensed the Karin name to agencies in Israel, Denmark, Germany, and Spain. Mr. Brunel's extraordinary talents are not only limited to launching successful modeling businesses, but also in discovering and launching the careers of some of the world's most successful models. Mr. Brunel has launched the extremely successful careers of supermodels such as Christy Turlington, Rachel Hunter, Sharon Stone, Monica Bellucci, Estella Warren, and Christina Semonnovskaya. These women all proceeded to become some of the most photographed international cover models in the world, appearing on thousands of magazine covers worldwide and spanning many years. As a result of his reputation as a highly visible, strategic networker who cultivates and conducts business in a global environment and brokers lucrative deals, many



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top players in the fashion and entertainment field requested that Mr. Brunel function as their exclusive agent and representative. Some of these top former and present professional supermodels in the fashion field include, Naomi Campbell, Christy Turlington, Rebecca Romijn, Milla Jovanovich, Inez Sastre, Melanie Thierry, and Jerry Hall. Attached as **EXHIBIT 2**, please find press articles regarding the models and actresses who were both discovered by and careers were launched by the beneficiary, Jean Luc Brunel. Additionally, attached as **EXHIBIT 3**, please find several articles regarding the prestigious reputation of Karin Models as formerly one of the world's leading agencies.

Most recently in October 2005, and after his reign with Karin Models, Mr. Brunel launched the prestigious MC2 Model Management worldwide with offices in New York, Miami and Tel Aviv. Mr. Brunel started the high-profile MC2 Model Management in order to represent high fashion models in a boutique agency setting. MC2 Model Management is already being lauded by fashion insiders as "one of the hottest agencies in North America" as well as "prominently positioned to be one of the major players of the Zeros because of its insider relationships with the most influential photographers around." We invite you to visit www.mc2mm.com in order to view the high-caliber of models, MC2 represents. Some of its most recent successful bookings include Liu Dan's exclusive contract as the face of the Fall 2007 Guess Campaign and Sammy Jo's cover story for *Cosmopolitan Magazine*. Attached as **EXHIBIT 4**, please find a list of all of MC2's clients, including several high-profile campaigns featuring some of MC2's fashion models, as well as several press clippings regarding this prestigious and reputable modeling agency.

Jean Luc Brunel's entrepreneurial spirit is not only contained to the field of arts, beauty, and fashion. In 1970, as a result of his business insight, Mr. Brunel founded and grew Jean Luc Relations Publique, which specialized in press and promotions for tour operators and restaurants in France. During his work through Jean Luc Relations Publique, Mr. Brunel represented various key clients and collaborated on numerous prestigious events. Some of the prestigious events include: Air Tour and Daro Voyages. Jean Luc Relations Publique also promoted and marketed La Tour D'Argent, a three-star restaurant owned by Claude Terrail and, "The Go-Between", a motion picture by George Losey. Other projects taken on by Mr. Brunel through his public relations company was his work as product agent for Jean Claude Killy, 1968 Winter Olympic Gold Medalist skier, to promote Vail, Colorado in France for tourism potential and also directed all of the promotion for Finland's Ministry of Tourism. In 1975, Mr. Brunel further invested in the Food and Hospitality market by creating and developing "El Mono Desnudo"- a legendary, high-end bar on the Iberian Peninsula. This bar was known throughout the peninsula as extremely exclusive and attracted a celebrity clientele that included actress, Ursula Andress, and the Duchess D'Alba. Attached as **EXHIBIT 5**, please find the beneficiary's, Jean Luc Brunel,

impressive curriculum vitae, verifying his tremendous accomplishments in both the fashion and modeling industries.

## II. ELIGIBILITY FOR CLASSIFICATION AS AN ALIEN OF EXTRAORDINARY ABILITY IN THE ARTS

Under the Miscellaneous and Technical Immigration and Nationality Amendments of 1991, petitions for classification as an Alien of Extraordinary Ability in the Arts must be supported by evidence of "distinction". According to 8 CFR §214.2(o)(3)(ii), "distinction" means a high level of achievement in the field of arts as evidenced by a degree of skill and recognition substantially above that ordinarily encountered to the extent that **a person described as prominent is renowned, leading, or well-known in the fields of arts.** This evidence may consist of proof that the alien must be recognized as being prominent in his field of endeavor as demonstrated by the following according to 8 CFR §214.2(o)(3)(iv):

**A. Evidence that the alien has been nominated for or has been the recipient of significant national or international awards or prizes in the particular field such as an Academy Award, an Emmy, a Grammy, or a Director's Guild Award, or**

**B. At least three of the following forms of documentation:**

**(1) Evidence that the alien has performed, and will perform, services as a lead or starring participant in productions or events, which have a distinguished reputation as evidenced by critical reviews, advertisements, publicity releases, publications contracts, or endorsements;**

**(2) Evidence that the alien has achieved national or international recognition for achievements evidenced by critical reviews or other published materials by or about the individual in major newspapers, trade journals, magazines, or other publications;**

**(3) Evidence that the alien has performed, and will perform, in a lead, starring, or critical role for organizations and establishments that have a distinguished reputation evidenced by articles in newspapers, trade journals, publications, or testimonials;**

**(4) Evidence that the alien has a record of major commercial or critically acclaimed successes as evidenced by such indicators as title, rating, standing in the field, box office receipts, motion picture or television ratings, and other occupational achievements reported in trade journals,**

**major newspapers, or other publications;**

**(5) Evidence that the alien has received significant recognition for achievements from organizations, critics, government agencies, or other recognized experts in the field in which the alien is engaged. Such testimonials must be in a form, which clearly indicates the author's authority, expertise, and knowledge of the alien's achievements; or**

**(6) Evidence that the alien has either commanded a high salary or will command a high salary or other substantial remuneration for services in relation to others in the field, as evidenced by contracts or other reliable evidence; or**

C. **If the criteria in paragraph (o)(3)(iv) of this section do not readily apply to the beneficiary's occupation, the petitioner may submit comparable evidence in order to establish the beneficiary's eligibility.**

**EVIDENCE THAT THE BENEFICIARY MEETS AT LEAST THREE OF THE PRONGS OF THE CRITERIA UNDER SUBSECTION B**

The **first prong** that the beneficiary satisfies is **8 CFR §214.2(o)(3)(iv)(B)(1)**, which requires **evidence that the alien has performed, and will perform, services as a lead or starring participant in productions or events which have a distinguished reputation as evidenced by critical reviews, advertisements, publicity releases, publication contracts, or endorsements.**

As a result of Mr. Brunel's combined expertise in fashion and tourism, he decided to create Latin Model Pageants, now known as Models New Generation- to cross promote these key industries with international business and investment opportunities. Mr. Brunel has promoted and judged various modeling contests throughout South America including modeling contests staged in countries such as Peru, Ecuador, Brazil, Argentina, and Chile. Conceived in 1987, the Latin Model of the World event was a high-end modeling and entertainment product that appealed to upscale international audiences, reaching nearly 400-million television viewers worldwide. Throughout his history as a major international event promoter and artistic and talent coordinator, Mr. Brunel has orchestrated multi-faceted public relations, advertising and media campaigns that incorporated television, magazines, programs, newsletters, and promotions, becoming notably lucrative for various major brands as a promotional tool. Mr. Brunel's acute knowledge of marketing and promoting skills has turned his various international events into highly successful artistic and business ventures for various major brands. Latin Model Pageants attracted major brands as



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sponsors, such as American Airlines, Ray-Ban, Coca-Cola, Proctor & Gamble, and Revlon.

Mr. Brunel's has continued his ventures as both a promoter and panel judge when he founded and created the international modeling contest, Models New Generation that took place in Guayaquil, Ecuador in 2004. Mr. Brunel sat on a panel with three other professionals in the fashion industry and judged over forty-nine young women from over North and South America, Asia, and Europe. After ten days of harsh competition, Jean Luc Brunel crowned the winner, Alyne Weber, a fifteen year old from Brazil, whom as a result of coming in first place was awarded over three hundred thousand dollars worth of modeling contracts. The city of Guayaquil, Ecuador was also thrown into the international spotlight as the host city for the modeling contest. The Models New Generation was broadcasted on numerous television network channels including, Fashion TV, which transmits to over 202 countries throughout the globe, the entire Association of Television Channels in Ecuador, National Television of China, and Rede Globo, Brazil's largest and most popular television network. Attached as **EXHIBIT** 6, please find several articles regarding the 2004 Models New Generation Contest as well as the beneficiary's leading role within this prestigious modeling event.

As a result of the tremendous success of the first Models New Generation that took place in Guayaquil, Ecuador in 2004, Mr. Brunel organized the second Model New Generation Contest which was held in 2006 in the Ecuadorian capital of Quito. In order to select only the very best new models, several preliminary, qualifying shows were held in different countries of Latin America including Bolivia, Panama and Peru. The final contest was held in Quito, Ecuador at the historical Plaza San Francisco. Mr Brunel sat on a panel with three other professionals in the fashion industry and judged over forty-eight young women from twenty-eight different countries from North and South America, Asia, and Europe. After ten days of harsh competition, Jean Luc Brunel crowned the winner, Ginta Lapina, an eighteen year-old, from Latvia, whom as a result of coming in first place was awarded over three hundred thousand dollars worth of modeling contracts.

The city of Quito, Ecuador was also thrown into the international spotlight as the host city for the modeling contest. Again, just like the immense media exposure given to the first Models New Generation competition of 2004, the 2006 Models New Generation competition was broadcast on numerous television network channels including, Fashion TV, which transmits to over 202 different countries throughout the globe, the entire Association of Television Channels in Ecuador, National Television of China, and Rede Globo, Brazil's largest and most popular television network. Attached as **EXHIBIT** 7, please find several press articles regarding the prestigious 2006 Models New Generation

Competition, as well as the beneficiary's Jean Luc Brunel, leading role within the event. The 2006 Models New Generation program was broadcast in over 202 countries throughout the world. Mr. Brunel has performed and will most definitely continue to perform services as a leading participant in modeling events, which have a distinguished reputation and will bring more public international light to MC2 Models.

For the above-mentioned reasons, Mr. Brunel satisfies INA §214.2(o)(3)(iv)(B)(1).

The <u>second prong</u> that the beneficiary satisfies is <u>8 CFR §214.2(o)(3)(iv)(B)(2)</u>, which requires **evidence that the alien has achieved national or international recognition for achievements evidenced by critical reviews or other published materials by or about the individual in major newspapers, trade journals, magazines, or other publications.**

Mr. Brunel holds an international reputation as a visible, strategic networker who is able to cultivate expert relationship management skills in order to conduct business in a global environment and broker lucrative deals. Mr. Brunel has a long history in marketing and advertising major fashion campaigns. Throughout his twenty-five year career in the fashion business, Mr. Brunel has developed worldwide exclusive modeling and cosmetic campaigns. Some of these major cosmetic campaigns include: Bio Therm with supermodel Elle McPherson, PHAS with Rebecca Romijn, Christian Dior with Christina Semonnovskaya, Margret Astor with Monica Bellucci, Chanel with Patricia Von Rickenheim, Angel Perfume with Thierry Mugler, and Cacharel Perfume with Alda Ballestra. Mr. Brunel has also developed major fashion campaigns and has developed campaigns and exclusive contracts with some of the world's top fashion designers such as Yves Saint Laurent, Chanel, Christian Dior, Gucci, Prada and Marc Jacobs. Please see the enclosed letter of Claudia Midolo, President of Modelwork, a renowned modeling agency. **EXHIBIT B**.

As a talent coordinator, Mr. Brunel's success can and should also be measured with the successful careers the models, whose careers he launched, have achieved. As stated above, Mr. Brunel has discovered and represented various super models throughout his career. Christy Turlington, who was discovered by Mr. Brunel, has personified unaffected beauty- representing Calvin Klein's fragrances since 1987. Turlington, as well as another model represented by Mr. Brunel, Naomi Campbell, became one of the few supermodels, who managed to make an easy transition from the haute glamour of the 1980's to the relaxed simplicity of the following decade. Throughout her extensive career, and as a result of Mr. Brunel's "Fashion- Savvy Eye", Christy Turlington has graced the cover of hundreds of fashion magazines, such as *Cosmopolitan, W, Vogue, Shape, Fitness, Elle, Bazaar, Marie Claire, Harper's,*



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*Esquire*, and even *Time Magazine*. Please see the enclosed letter of Alla Amantova, Director of Figaro International Management. **EXHIBIT 9.**

In addition, the modeling events that Mr. Brunel has been organizing throughout the years receive not only national, but also international attention and appear in multiple publications around the world. One of the most recent events he organized, the Models New Generation contest, which took place in Ecuador was publicized and transmitted by various television networks and appeared on multiple newspapers and magazines, among them Globo Television Networks in Brazil, Fashion TV which is broadcast into 202 countries throughout the world, *El Universo, Cosas, La Razon, El Diario, El Telegrafo, Notinorte, Extra, Hoy, El Gran Guayaquil, El Comercio, Semana*, and *8 Lideres*, to name a few. These major publications have a large subscription rate which numbers in the many millions of readers. Attached as **EXHIBIT 10**, please find several press articles reflecting the prestige and high circulation rates of the above-mentioned magazines and periodicals which have featured and covered the modeling events in which the beneficiary, Jean Luc Brunel, has organized throughout the years.

Hence the beneficiary satisfies INA §214.2(o)(3)(iv)(B)(2) for having achieved not only national but also international recognition for achievements in the modeling industry, by having his work published in major newspapers and magazines throughout the world.

The **third prong** that the beneficiary satisfies is **8 CFR §214.2(o)(3)(iv)(B)(4)**, which requires **evidence that the alien has a record of major commercial or critically acclaimed successes as evidenced by such indicators as title, rating, standing in the field, box office receipts, motion picture or television ratings, and other occupational achievements reported in trade journals, major newspapers, or other publications**.

One of the main reasons that Mr. Brunel has been able to not only survive, but also be extremely successful in the ever-changing world of fashion is his ability to identify and recruit star-quality talent. As a result of his ability to scout major talents, Mr. Brunel was invited to become a member in one of the fashion industry's most elite and important associations, the International Model Talent Association (hereinafter IMTA). The IMTA is an international association of training centers for models and talent. IMTA gives aspiring models, actors, singers, and dancers spectacular opportunities to showcase their potential talents in front of top fashion and talent agents from the major markets of the international fashion industry. IMTA also provides its association members valuable marketing tips and networking events with agents and scouts from around the world. Several of todays up and coming actors and models have been discovered at

IMTA; some of these discoveries include world-renowned actors such as, Elijah Woods, Ashton Kutcher, Katie Holmes, Eva Longoria, Jessica Biel, and Sean William Scott. Attached as **EXHIBIT 11**, please find information regarding the extremely successful and prestigious modeling and fashion association, IMTA. Additionally, please find several pages from IMTA's official website documenting their discovery of the above-mentioned A-list actors and actresses, whose membership in IMTA proved to be the launching pad for very successful and highly profitable careers in the film industry.

Furthermore, as previously mentioned, Mr. Brunel has launched the successful careers of many internationally renowned models, who have been featured and still are in many international and national fashion magazines. In addition, his commercial ventures, especially MC2 Models, formerly Karin Models, have been extremely successful generating combined annual revenues of twenty five (25) million dollars. Currently MC2 is one of the most successful and well-known modeling agencies in the world. Mr. Brunel is one of few people in the modeling business that have achieved a similar standing and have been able to maintain it for over twenty-five years.

For the above-mentioned reasons, Mr. Brunel satisfies INA §214.2(o)(3)(iv)(B)(4).

**EVIDENCE THAT THE BENEFICIARY MEETS 8 CFR §214.2(O)(3)(iv)(C)**

The petitioner has submitted a plethora of evidence regarding Mr. Brunel's experience in the fashion modeling industry. Mr. Brunel's has established MC2 Models, formerly Karin Models, which is presently one of the major international modeling agencies, with combined annual revenues of twenty five million dollars. Only someone with Mr. Brunel's expertise and strong strive for success can achieve such international acclamation in the industry and been able to maintain his status for over twenty-five years. Mr. Brunel is the one responsible for the launch of numerous supermodels' careers, which have been maintained in the spotlight for several years. He has worked with renowned fashion designers and photographers, who have trusted his work and intuition. In addition, Mr. Brunel has archestrated many international and national successful fashion events that have received international acclamation.

For the above-mentioned reasons, Mr. Brunel in addition to meeting at least three of the criteria of 8 CFR §214.2(O)(3)(iv)(B), he also qualifies under 8 CFR §214.2(O)(3)(iv)(C).

**III. CONCLUSION**

It is clear from the evidence that Mr. Brunel is eligible for classification as an Alien of Extraordinary Ability in Art Direction and Talent Coordination based

upon his meeting the eligibility requirements under the Immigration and Naturalization Act 101(a)(15)(O)(i) and 8 CFR 214.2(o). Mr. Brunel's successful career proves that he is a prominent, leading, and well-known person in the field of arts. Mr. Brunel's extraordinary ability in the field of arts, in which he will continue to work in the United States, has been demonstrated by sustained national and international acclaim. Based on the foregoing, we respectfully request your kind consideration and favorable determination of this petition, in order to accord Mr. Brunel the classification as an **Alien of Extraordinary Ability in Art Direction and Talent Coordination.** ***Again, kindly note that the beneficiary, Mr. Jean Luc Brunel, has held O-1 status in the past.***

Wherefore, for the above-stated reasons, we respectfully request your favorable adjudication of the O-1 nonimmigrant visa petition submitted by MC2 Models Miami, LLC on behalf of Mr. Brunel. If you should have any questions or require any additional documentation, please do not hesitate to contact our office.

Thank you very much for your kind attention regarding this matter.

Truly Yours,

Milan, September 17th, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Didier Henri-Rene Brunel

I write this letter in strong support of Mr. Jean Luc Brunel's application for a non-immigrant visa to this country. I am currently Amministratore Unico in Studio Fp. I have been asked to review the professional credentials of Ms. Brunel, and it is my professional opinion that Ms. Brunel is an Art Director and Talent Coordinator of extraordinary ability who ranks among the small percentage of foreign people at very top of his field.

I have seen first-hand Mr. Jean Luc's special expertise in the field, including casting, production, coordination, and art direction for shoots. Mr. Brunel is considered by those in our industry to be an extraordinary creative director talent, particularly for the fashion and related industries. In my personal dealings with Mr. Jean Luc Brunel, I found him to be thoroughly professional and capable of being utilized in connection with a wide range of creative subject matter on any assignment. He has the intuitive ability to provide just what's needed in connection with any particular creative process and possesses excellent artistic management and operational skills that come from his years of experience.

Many people do not understand that behind every successful advertising campaign and fashion shoot there are creative men and women who are making sure that the business operates efficiently by coordinating different tasks between models, photographers, and managing creative teams. I can honestly say that Mr. Brunel continually proves himself as an extraordinary talent in his field.

I offer an unmitigated endorsement for Mr. Jean Luc Brunel regarding his visa application as a person of extraordinary ability. There is no doubt in my mind that his popularity and ability in the field will only continue to prosper in years to come

Sincerely,

9/16/14

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

I write this letter in strong support of Mr. Jean Luc Brunel's application for a non-immigrant visa to this country. I am currently working as an Agent at Two Management in Los Angeles. Based upon my standing in the field of the fashion industry I am frequently called to evaluate the credentials of other professionals in the field. I have been asked to review the professional credentials of Mr. Jean Luc Brunel. It is my professional opinion, based upon my personal and professional knowledge of Mr. Brunel's talents, that Mr. Brunel is an art director of extraordinary ability who ranks among the small percentage of foreign professionals at very top of his field.

I greatly admire Jean Luc Brunel and find it a pleasure to work with such a talented person. Judging by the high profile success of the companies with which he regularly works, clearly I am not the only one who appreciates his talent. His models have appeared in any of the world's most popular publications, reaching literally millions of admirers. He is particularly famous for his work in fashion, advertising and editorial world. His contribution to major clients, such as Calvin Klein, Chanel, Christian Dior have secured him a position as one of the leading high fashion art directors working today. Jean Luc Brunel is the consummate professional when it comes to the art of fashion and his work is often displayed in world's most elite magazines. A true artist, he is committed to the satisfaction of the client on every occasion. Although Mr. Brunel commands the highest compensation for his work, he is well worth the cost.

Mr. Jean Luc Brunel is unquestionably an individual of extraordinary talent, energy, international achievements and acknowledgment. Should you have any questions regarding Mr. Brunel's extraordinary ability, please feel free to contact me.

Thank you for your attention and consideration.

Sincerely,

Luc Brisker

**GREGKADELSTUDIOS**
[illegible] Broadway 2nd floor new york 10012 t 212.[illegible] 9374
info@[illegible]STUDIOS.com

September 15, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-Immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

This letter is written to support the visa application of Jean Luc Brunel so that he may be accorded O-1 extraordinary ability visa status to continue to expand upon his already outstanding success in the worldwide fashion industry. I am the Production Manager at Greg Kadel Studios, and have worked with such clients as *Vogue Italia*, *Numéro*, *Interview*, *Vogue Germany*, *InStyle* and *Allure*.

Jean Luc Brunel has become increasingly well known in our field as someone who will infallibly manage and direct fashion models for clients, photographers, etc. Mr. Jean Luc Brunel has a trained eye to select the most appropriate models to be used in an advertising campaign, and subsequently has the outstanding ability to manage all stages of the complex process of producing the right model for a job. Therefore, the quality of his work is incredible as he is able to find the most beautiful models. As a result, he is fast becoming one of the professionals of choice for the fashion industry and other creative industries.

In my opinion, Jean Luc Brunel, is clearly an individual of extraordinary ability in the field of art, and the position he will assume in the United States clearly requires an individual of extraordinary ability in this field. Mr. Brunel has been internationally known and recognized for his unique talent and expertise, the models he finds regularly appearing in the most prestigious fashion publications around the world such as *Elle Magazine*, *Cosmopolitan*, Macy's, Nordstrom. Mr. Brunel's contributions to major clients have secured him a position as one of the leading directors and talent coordinators working today. It is also my opinion that the responsibilities and duties of an international art director, who collaborates with the most distinguished magazines and advertising clients, require an individual of extraordinary ability and accomplishments such as Mr. Jean Luc Brunel.

If granted an O-1 visa to work in the United States, Jean Luc Brunel will surely bring his phenomenal talent to the American market.

Please do not hesitate to contact me with any questions.

Sincerely,

Kristen Quaiza
Production Manager

**montage**
3451 ST. LAURENT #400, MONTREAL, QC TEL: 514 284-4001 FAX: 514 284-3656

USCIS
Vermont Service Center
75 Lower Weldon Street
St. Albans, VT 05479-0001
RE: O-1 Non-Immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

My name is Nadia Canova and I am President of Montage Models. I have 30 years of experience and I am constantly in contact with professionals all over the world. A few of my clients include Elle Magazine, Simons, Reitmans, Laura Shop, Ogilvy's, The Bay Stores.....and so on. As such, I am qualified to comment on Mr. Jean Luc Brunel's career as an art director of extraordinary ability.

It is not only because of his acclamations or his impressive body of work that fashion advertising and publishing executives around the world choose to utilize Mr. Brunel's great talent for their renowned accounts. Mr. Jean Luc Brunel is also an absolute expert at furnishing his clients with exactly the image of their desire. My personal appreciation of Mr. Brunel makes it easy for me to comprehend his acclamations. From my standpoint, they are certainly well confirmed. Accordingly, Mr. Brunel is in a position to command sizable compensation for his work as compares to others in the business.

Mr. Brunel's reputation as a formidable artist with a personable demeanor precedes him. He is constantly researching and developing stimulatingly new concepts for his clients and I have come to rely on and trust him and his ability. Over the course of his celebrated career, Jean Luc Brunel has distinguished himself as one of the leading fashion art directors in the industry.
Mr. Jean Luc Brunel enjoys an extraordinary relationship to the aesthetic. This quality manifests itself through the beautiful work he creates, time after time. Therefore, Jean Luc Brunel is clearly one of the most talented professionals working in the world today. I look forward to seeing more of his work in the future.

Sincerely Yours,

Nadia Canova
montage

NORDSTROM

September 17, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

I would like to extend my full and unqualified support for the extraordinary ability O-1 visa petition submitted by Mr. Jean Luc Brunel. As the Senior Talent Producer for Nordstrom, I am qualified to say that Mr. Jean Luc Brunel is an art director and talent coordinator of the highest caliber whose technical excellence and creative vision have lifted him to the top of his profession.

Throughout Mr. Jean Luc Brunel's distinguished career, he has received a highly impressive list of professional honors and achievements. In the past few years, Mr. Brunel has scouted beautiful models that have appeared in a list of acclaimed projects in some of the most eminent publications in the world, which serves as a testament to his talents.

I am a constant witness to the creative and operational skills of many creative direction people, including art directors and talent coordinators. It is therefore my pleasure to recognize the remarkable talent and achievements of Mr. Jean Luc Brunel. He manages to achieve the strongest results from the most carefully developed creative concepts and ideas. It is his very unique ability to communicate, via careful analysis, the intended creative message of his clients. It is clear that Mr. Jean Luc Brunel is talented far beyond the average levels for this industry by the stunning merit with which his work is considered. Indeed, he has worked with some of the best-known retailers, fashion houses, and magazines in the world. It is without a doubt that I place him in the ranks of the very best in his profession.

I can confidently testify that Mr. Jean Luc Brunel's reputation has achieved international stature. He has reached a level where industry leaders now describe him as a "star". Jean Luc Brunel's extraordinary career is at a point where there is no turning back.

Sincerely,

Liza Marlow
Senior Talent Producer
Nordstrom

Nordstrom, Inc.
2001 Michigan St. Seattle, WA 98109
Nordstrom.com

Recommendation Letter

22/09/14

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

It is an extreme pleasure to write a letter of recommendation for Mr. Jean Luc Brunel. I provide this recommendation based on my knowledge and experience in the field of modeling, due to my established reputation and work in the field as the Vladimir Yudashkin, director of 1 Mother Agency, Kiev, Ukraine

I have known Jean Luc Brunel professionally for several years through our work together and, in my opinion, he is an extremely talented individual with superb professional reputation. He is an extraordinarily able coordinator who strives for and attains a level of merit in his work that only a few of his contemporaries meet. He has the ability to recognize the creative vision of his client within the time and budget through his careful and thoughtful choice of model casting combined with his meticulous ability in the field. Jean Luc Brunel is a true find in our industry.

There are plenty of art directors out there, but none with the depth and quality that Mr. Brunel possesses. He is unlike anyone in this industry, and I expect to see him continue to find great models in his successful career. Someone overflowing with talent as Jean Luc Brunel should be given every opportunity to work in the United States, where he will have the proper venues to showcase his extraordinary talents.

Please do not hesitate to contact me should you have any questions regarding this matter. Thank you for your time and consideration.

Sincerely,

Vladimir Yudashkin

FIGARO

THE AGENCY OF STRONG WOMEN

Number 08171401
June 17, 2014

**Department of Homeland Security**
**United States Citizenship and Immigration Services**
**Vermont Service Center**
**30 Houghton Street**
**Saint Albans, VT 05478**

Dear Sirs

Re: ***O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel***

I relish the opportunity to write this letter in support of Mr. Jean Luc Brunel petition to work as an Art Director and Talent Coordinator in the United States.

As a talent coordinator, Mr. Brunel's success can and should be measured with the successful careers the models, whose careers he launched, have achieved. Mr. Brunel has discovered and represented various super models throughout his career. Christy Turlington, who was discovered by Mr. Brunel, has personified undirected beauty, representing Calvin Klein's fragrances since 1987. Turlington, as well as another model represented by Mr. Brunel, Naomi Campbell, became one of the few supermodels who managed to make an easy transition from the haute couture of the 1980's to the relaxed simplicity of the following decade. Throughout her extensive career, and as a result of Mr. Brunel's "Fashion- Savvy Eye", Christy Turlington has graced the cover of hundreds of fashion magazines, such as Cosmopolitan, W, Vogue, Shape, Fitness, Elle, Bazaar, Marie Claire, Harper's, Esquire, and even Time Magazine.

Mr. Brunel has also launched the extremely successful careers of supermodels such as Rachel Hunter, Sharon Stone, Monica Belucci, Estella Warren, and Christina Semenovskaya. These women all proceeded to become some of the most photographed international cover models in the world, appearing on thousands of magazine covers worldwide and spanning many years. As a result of his reputation as a highly visible, strategic networker who cultivates and conducts business in a global environment and broker lucrative deals, many top players in the fashion and entertainment field requested that Mr. Brunel function as their exclusive agent and representative.

We have had more than gratifying experience working with Mr. Jean Luc Brunel, coordinating big fashion events and the opportunity for him to find top new talents to represent in the United States through our agency.

Please do not hesitate to contact me if you have any questions.

Sincerely

Aika Armentova
Director

# MODELWERK

MODELAGENTUR GmbH
ROTHENBAUMCHAUSSEE 1 20148 HAMBURG
TEL: 0049-40-41 79 29 FAX: 0049-40-41 79 10
www.modelwerk.de

Hamburg 8 July, 2014

Department of Homeland Security
United States Citizenship and Immigration Services
Vermont Service Center
30 Houghton Street
Saint Albans, VT 05478

Re: O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel

To Whom It May Concern:

As a President of Modelwerk, this letter is submitted in support of MC2 Models Miami, LLC, on behalf of Mr. Jean Luc Brunel to work as an Art Director and Talent Coordinator.

Mr. Brunel holds an international reputation as a visible, strategic networker who is able to cultivate expert relationship management skills in order to conduct business in a global environment and broker lucrative deals. Mr. Brunel has a long history in marketing and advertising major fashion campaigns. Throughout his twenty-five year career in the fashion business, Mr. Brunel has developed worldwide, exclusive modeling and cosmetic campaigns. Some of these major cosmetic campaigns include: Bio Therm with supermodel Elle McPherson, PHAS with Rebecca Romijn, Christian Dior with Christina Semonnovskaya, Margret Astor with Monica Bellucci, Chanel with Patricia Von Rickenheim, Angel Perfume with Thierry Mugler, and Cacharel Perfume with Alda Ballestra. Mr. Brunel has also developed major fashion campaigns and has developed campaigns and exclusive contracts with some of the world's top fashion designers such as

Yves Saint Laurent, Chanel, Christian Dior, Gucci, Prada, and Marc Jacobs.

In addition to Mr. Jean Luc Brunel's extensive business qualifications, his career as an individual with artistic vision and creative talents has helped him find top fashion models to represent in the United States.

Should you have any questions about Mr. Jean Luc Brunel qualifications feel free to contact me.

Sincerely,

Claudia Midolo
President
Modelwerk Modelagentur GmbH

Natalie
MODELU AGENTŪRA

July 8, 2014

Department of Homeland Security
United States Citizenship and Immigration Services
Vermont Service Center
30 Houghton Street
Saint Albans, VT 05478

Re: O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel

To Whom It May Concern:

As a President of Natalie Model Management, this letter is submitted in support of MC2 Models Miami, LLC. on behalf of Mr. Jean Luc Brunel to work as an Art Director and Talent Coordinator.

Mr. Brunel holds an international reputation as a visible, strategic networker who is able to cultivate expert relationship management skills in order to conduct business in a global environment and broker lucrative deals. Mr. Brunel has a long history in marketing and advertising major fashion campaigns. Throughout his twenty-five year career in the fashion business, Mr. Brunel has developed worldwide, exclusive modeling and cosmetic campaigns. Some of these major cosmetic campaigns include: Elo Therm with supermodel Elle McPherson, PHAS with Rebecca Romijn, Christian Dior with Christina Semonnovskaya, Margret Astor with Monica Bellucci, Chanel with Patricia Von Ritzenheim, Angel Perfume with Thierry Mugler, and Cacharel Perfume with Alda Ballestra. Mr. Brunel has also developed major fashion campaigns and has developed campaigns and exclusive contracts with some of the world's top fashion designers such as Yves Saint Laurent, Chanel, Christian Dior, Gucci, Prada, and Marc Jacobs.

SIA "Agentura NATALIE" Gertrudes iela 22/2, Rīga, LV 1011, Latvija
Tālr.: +371 731 2154, fakss: +371 731 2438, e pasts: natalie@apollo.lv, www.nataliemodels.com
Reģ. Nr. LV40003326241, AS PARLEGAS BANKA, kods PARULV22, konts LV36 PARX 0000 2000 8101 9

In addition to Mr. Jean Luc Brunel's extensive business qualifications, his career as an individual with artistic vision and creative talents has helped him find top fashion models to represent in the United States.

Should you have any questions about Mr. Jean Luc Brunel qualifications feel free to contact me.

Sincerely,

Erik Maksans

FP

Milan, September 17th, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Didier Henri-Rene Brunel

I write this letter in strong support of Mr. Jean Luc Brunel's application for a non-immigrant visa to this country. I am currently Amministratore Unico in Studio Fp. I have been asked to review the professional credentials of Ms. Brunel, and it is my professional opinion that Ms. Brunel is an Art Director and Talent Coordinator of extraordinary ability who ranks among the small percentage of foreign people at very top of his field.

I have seen first-hand Mr. Jean Luc's special expertise in the field, including casting, production, coordination, and art direction for shoots. Mr. Brunel is considered by those in our industry to be an extraordinary creative director talent, particularly for the fashion and related industries. In my personal dealings with Mr. Jean Luc Brunel, I found him to be thoroughly professional and capable of being utilised in connection with a wide range of creative subject matter on any assignment. He has the intuitive ability to provide just what's needed in connection with any particular creative process and possesses excellent artistic management and operational skills that come from his years of experience.

Many people do not understand that behind every successful advertising campaign and fashion shoot there are creative men and women who are making sure that the business operates efficiently by coordinating different tasks between models, photographers, and managing creative teams. I can honestly say that Mr. Brunel continually proves himself as an extraordinary talent in his field.

I offer an unmitigated endorsement for Mr. Jean Luc Brunel regarding his visa application as a person of extraordinary ability. There is no doubt in my mind that his popularity and ability in the field will only continue to prosper in years to come

Sincerely,

2M M2

9/16/14

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam

I write this letter in strong support of Mr. Jean Luc Brunel's application for a non immigrant visa to this country. I am currently working as an Agent at Two Management in Los Angeles. Based upon my standing in the field of the fashion industry I am frequently called to evaluate the credentials of other professionals in the field. I have been asked to review the professional credentials of Mr. Jean Luc Brunel. It is my professional opinion, based upon my personal and professional knowledge of Mr. Brunel's talents, that Mr. Brunel is an art director of extraordinary ability who ranks among the small percentage of foreign professionals at very top of his field.

I greatly admire Jean Luc Brunel and find it a pleasure to work with such a talented person. Judging by the high profile success of the companies with which he regularly works, clearly I am not the only one who appreciates his talent. His models have appeared in any of the world's most popular publications, reaching literally millions of admirers. He is particularly famous for his work in fashion, advertising and editorial world. His contribution to major clients, such as Calvin Klein, Diesel, Christian Dior have secured him a position as one of the leading high fashion art directors working today. Jean Luc Brunel is the consummate professional when it comes to the art of fashion and his work is often displayed in world's most elite magazines. A true artist, he is committed to the satisfaction of the client on every occasion. Although Mr. Brunel commands the highest compensation for his work, he is well worth the cost.

Mr. Jean Luc Brunel is unquestionably an individual of extraordinary talent, energy, international achievement and acknowledgment. Should you have any questions regarding Mr. Brunel's extraordinary ability, please feel free to contact me.

Thank you for your attention and consideration.

Sincerely,

Luc Brinker

**GREGKADELSTUDIOS**
[illegible] Broadway 3rd floor new york 10012 t 212.219 0074
info@[illegible]KADELSTUDIOS.com

September 15, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-Immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

This letter is written to support the visa application of Jean Luc Brunel so that he may be accorded O-1 extraordinary ability visa status to continue to expand upon his already outstanding success in the worldwide fashion industry. I am the Production Manager at Greg Kadel Studios, and have worked with such clients as *Vogue Italia*, *Numéro*, *Interview*, *Vogue Germany*, *InStyle* and *Allure*.

Jean Luc Brunel has become increasingly well known in our field as someone who will infallibly manage and direct fashion models for clients, photographers, etc. Mr. Jean Luc Brunel has a trained eye to select the most appropriate models to be used in an advertising campaign, and subsequently has the outstanding ability to manage all stages of the complex process of producing the right model for a job. Therefore, the quality of his work is incredible as he is able to find the most beautiful models. As a result, he is fast becoming one of the professionals of choice for the fashion industry and other creative industries.

In my opinion, Jean Luc Brunel, is clearly an individual of extraordinary ability in the field of art, and the position he will assume in the United States clearly requires an individual of extraordinary ability in this field. Mr. Brunel has been internationally known and recognized for his unique talent and expertise, the models he finds regularly appearing in the most prestigious fashion publications around the world such as *Elle Magazine*, *Cosmopolitan*, Macy's, Nordstrom. Mr. Brunel's contributions to major clients have secured him a position as one of the leading directors and talent coordinators working today. It is also my opinion that the responsibilities and duties of an international art director, who collaborates with the most distinguished magazines and advertising clients, require an individual of extraordinary ability and accomplishments such as Mr. Jean Luc Brunel.

If granted an O-1 visa to work in the United States, Jean Luc Brunel will surely bring his phenomenal talent to the American market.

Please do not hesitate to contact me with any questions.

Sincerely,

Kristen Quinn
Production Manager

**montage**
3451 ST LAURENT #400, MONTREAL, QC TEL 514 284-9011 FAX 514 284 3666

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001
RE: O-1 Non-Immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

My name is Nadia Canova and I am President of Montage Models. I have 30 years of experience and I am constantly in contact with professionals all over the world. A few of my clients include Elle Magazine, Simons, Reitmans, Laura Shop, Ogilvy's, The Bay Stores.....and so on. As such, I am qualified to comment on Mr. Jean Luc Brunel's career as an art director of extraordinary ability.

It is not only because of his acclamations or his impressive body of work that fashion advertising and publishing executives around the world choose to utilize Mr. Brunel's great talent for their renowned accounts. Mr. Jean Luc Brunel is also an absolute expert at furnishing his clients with exactly the image of their desire. My personal appreciation of Mr. Brunel makes it easy for me to comprehend his acclamations. From my standpoint, they are certainly well confirmed. Accordingly, Mr. Brunel is in a position to commend sizable compensation for his work as compared to others in the business.

Mr. Brunel's reputation as a formidable artist with a personable demeanor precedes him. He is constantly researching and developing stimulatingly new concepts for his clients and I have come to rely on and trust him and his ability. Over the course of his celebrated career, Jean Luc Brunel has distinguished himself as one of the leading fashion art directors in the industry.
Mr. Jean Luc Brunel enjoys an extraordinary relationship to the aesthetic. This quality manifests itself through the beautiful work he creates, time after time. Therefore, Jean Luc Brunel is clearly one of the most talented professionals working in the world today. I look forward to seeing more of his work in the future.

Sincerely Yours,

Nadia Canova
montage

NORDSTROM

September 17, 2014

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

I would like to extend my full and unqualified support for the extraordinary ability O-1 visa petition submitted by Mr. Jean Luc Brunel. As the Senior Talent Producer for Nordstrom, I am qualified to say that Mr. Jean Luc Brunel is an art director and talent coordinator of the highest caliber whose technical excellence and creative vision have lifted him to the top of his profession.

Throughout Mr. Jean Luc Brunel's distinguished career, he has received a highly impressive list of professional honors and achievements. In the past few years, Mr. Brunel has scouted beautiful models that have appeared in a list of acclaimed projects in some of the most eminent publications in the world, which serves as a testament to his talents.

I am a constant witness to the creative and operational skills of many creative direction people, including art directors and talent coordinators. It is therefore my pleasure to recognize the remarkable talent and achievements of Mr. Jean Luc Brunel. He manages to achieve the strongest results from the most carefully developed creative concepts and ideas. It is his very unique ability to communicate, via careful analysis, the intended creative message of his clients. It is clear that Mr. Jean Luc Brunel is talented far beyond the average levels for this industry by the stunning merit with which his work is considered. Indeed, he has worked with some of the best-known retailers, fashion houses, and magazines in the world. It is without a doubt that I place him in the ranks of the very best in his profession.

I can confidently testify that Mr. Jean Luc Brunel's reputation has achieved international stature. He has reached a level where industry leaders now describe him as a "star". Jean Luc Brunel's extraordinary career is at a point where there is no turning back.

Sincerely,

Liza Mesiger
Senior Talent Producer
Nordstrom

Nordstrom, Inc.
2001 Michigan Ave. Seattle, WA 98134
Nordstrom.com

Recommendation Letter

22/09/14

USCIS
Vermont Service Center
75 Lower Welden Street
St. Albans, VT 05479-0001

RE: O-1 Non-immigrant Visa Petition on behalf of Jean Luc Brunel

Dear Sir or Madam:

It is an extreme pleasure to write a letter of recommendation for Mr. Jean Luc Brunel. I provide this recommendation based on my knowledge and experience in the field of modeling, due to my established reputation and work in the field as the Vladimir Yudashkin, director of 1 Mother Agency, Kiev, Ukraine

I have known Jean Luc Brunel professionally for several years through our work together and, in my opinion, he is an extremely talented individual with superb professional reputation. He is an extraordinarily able coordinator who strives for and attains a level of merit in his work that only a few of his contemporaries meet. He has the ability to recognise the creative vision of his client within the time and budget through his careful and thoughtful choice of model casting combined with his meticulous ability in the field. Jean Luc Brunel is a true find in our industry.

There are plenty of art directors out there, but none with the depth and quality that Mr. Brunel possesses. He is unlike anyone in this industry, and I expect to see him continue to find great models in his successful career. Someone overflowing with talent as Jean Luc Brunel should be given every opportunity to work in the United States, where he will have the proper venues to showcase his extraordinary talents.

Please do not hesitate to contact me should you have any questions regarding this matter. Thank you for your time and consideration.

Sincerely,

Vladimir Yudash

FIGARO

THE AGENCY OF STRONG MODELS

Number: 0517101
June 17, 2014

**Department of Homeland Security**
**United States Citizenship and Immigration Services**
**Vermont Service Center**
**30 Houghton Street**
**Saint Albans, VT 05478**

Dear Sirs

**Re: *O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel***

I relish the opportunity to write this letter in support of Mr. Jean Luc Brunel petition to work as an Art Director and Talent Coordinator in the United States.

As a talent coordinator, Mr. Brunel's success can and should be measured with the successful careers the models, whose careers he launched, have achieved. Mr. Brunel has discovered and represented various super models throughout his career. Christy Turlington, who was discovered by Mr. Brunel, has personified unaffected beauty, representing Calvin Klein's fragrances since 1987. Turlington, as well as another model represented by Mr. Brunel, Naomi Campbell, became one of the few supermodels, who managed to make an easy transition from the haute glamour of the 1980's to the relaxed simplicity of the following decade. Throughout her extensive career and as a result of Mr. Brunel's "Fashion- Savvy Eye", Christy Turlington has graced the covers of hundreds of fashion magazines such as Cosmopolitan, W, Vogue, Shape, Fitness, Elle, Bazaar, More, Claire, Harper's, Esquire, and even Time Magazine.

Mr. Brunel has also launched the extremely successful careers of supermodels such as Rachel Hunter, Sharon Stone, Monica Bellucci, Estella Warren, and Christina Semonnovskaya. These women all proceeded to become some of the most photographed international cover models in the world, appearing on thousands of magazine covers worldwide and sparking many wish. As a result of his reputation as a highly visible, strategic networker who cultivates and conducts business in a global environment and broker lucrative deals, many top players in the fashion and entertainment field requested that Mr. Brunel function as their exclusive agent and representative.

We have had more than gratifying experience working with Mr. Jean Luc Brunel, coordinating big fashion events and the opportunity for him to find top new talents to represent in the United States through our agency.

Please do not hesitate to contact me if you have any questions.

Sincerely

Aida Amantova
Director

# MODELWERK

MODELAGENTUR GmbH
ROTHENBAUMCHAUSSEE 1 20148 HAMBURG
TEL.: 0049-40-41 79 29 FAX: 0049-40-41 79 19
www.modelwerk.de

Hamburg 8 July, 2014

Department of Homeland Security
United States Citizenship and Immigration Services
Vermont Service Center
30 Houghton Street
Saint Albans, VT 05478

Re: O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel

To Whom It May Concern

As a President of Modelwerk, this letter is submitted in support of MC2 Models Miami, LLC, on behalf of Mr. Jean Luc Brunel to work as an Art Director and Talent Coordinator.

Mr. Brunel holds an international reputation as a visible, strategic networker who is able to cultivate expert relationship management skills in order to conduct business in a global environment and broker lucrative deals. Mr. Brunel has a long history in marketing and advertising major fashion campaigns. Throughout his twenty-five year career in the fashion business, Mr. Brunel has developed worldwide, exclusive modeling and cosmetic campaigns. Some of these major cosmetic campaigns include: Bio Therm with supermodel Elle McPherson, PHAS with Rebecca Romijn, Christian Dior with Christina Semonnovskaya, Margret Astor with Monica Bellucci, Chanel with Patricia Von Rickenheim, Angel Perfume with Thierry Mugler, and Cacharel Perfume with Alda Ballestra. Mr. Brunel has also developed major fashion campaigns and has developed campaigns and exclusive contracts with some of the world's top fashion designers such as

Yves Saint Laurent, Chanel, Christian Dior, Gucci, Prada, and Marc Jacobs.

In addition to Mr. Jean Luc Brunel's extensive business qualifications, his career as an individual with artistic vision and creative talents has helped him find top fashion models to represent in the United States.

Should you have any questions about Mr. Jean Luc Brunel qualifications feel free to contact me.

Sincerely,

Claudia Midolo
President
Modelwerk Modelagentur GmbH

Natalie

MODELU AGENTŪRA

July 8, 2014

Department of Homeland Security
United States Citizenship and Immigration Services
Vermont Service Center
30 Houghton Street
Saint Albans, VT 05478

Re: O-1 Extraordinary Ability as an Art Director and Talent Coordinator on behalf of Jean-Luc Didier Henri-Rene Brunel

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SIA "Aģentūra NATALIE" Gertrūdes iela 27/2, Rīga, LV-1011, Latvija
Tālr.: + 371 731 2194, faksa: + 371 731 2438, e-pasts: natalie@apollo.lv, www.natalie-models.com
Reg. Nr. LV40003326241, A/S PARESS BANKA, kods: PARXLV22, konts: LV36 PARX 0000 2000 8101 9

In addition to Mr. Jean Luc Brunel's extensive business qualifications, his career as an individual with artistic vision and creative talent, has helped him find top fashion models to represent in the United States.

Should you have any questions about Mr. Jean Luc Brunel qualifications feel free to contact me.

Sincerely,

Erik Meisons

**Vermont Service Center**
**Attn: Premium Processing Unit**
**30 Houghton Street**
**St. Albans, Vermont 05478-2399**

# Facsimile Transmission

| | | | |
|---|---|---|---|
| **To:** | LUIS FONT | **Fax Number:** | 19542414272 |
| **Number of pages including cover:** | | **Date:** | September 5, 2014 |
| **From:** | Vermont Service Center – Premium Processing Unit | **Fax Number:** | 802-288-1778 |
| **Email:** | VSC PREMIUM PROCESSING@DHS GOV | **Phone:** | 1-866-315-5718 |
| **Receipt Number:** | | | |

Attached you will find a copy of our decision concerning your case

The original decision will follow via mail If eligible to appeal our decision appeal forms will be included

***Important***Important***Important***Important***

If responding to a Request for Evidence or Intent to Deny, ensure you include a copy of the decision immediately following your cover page and indicate the total number of pages included with your response Please include the case receipt number (e g EAC01 000 12345) with all correspondence

Ensure when responding to this request that you fax your response to our **NEW FAX NUMBER - 802-288-1778**

If you wish to mail a response, it must be sent to the VSC Premium Processing Unit at 30 Houghton Street, St Albans, VT 05478-2399 Do not send your response to the 75 Lower Welden Street address, as that will cause delays and will not restart the premium processing clock until the response is identified as a premium processing case

Title 8 CFR Section 103 2(b)(11) Submission of evidence in response to a Service request states

All evidence submitted in response to a Service request must be submitted at one time The submission of only some of the requested evidence will be considered a request for a decision based on the record

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged confidential and exempt from disclosure under applicable law If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient you are hereby notified that any dissemination distribution or copying of this communication may be strictly prohibited If you received this communication in error please notify the sender immediately by telephone and return the communication at the address above via United States Postal Service Thank you

| Applicant/Petitioner A # | Application/Petition<br>Petition For A Nonimmigrant Worker (form I129) |
|---|---|
| Notice Date<br>August 26, 2014 | Response due by<br>November 21, 2014 |

MC2 MODELS MIAMI LLC
LUIS FONT
FONT LAW GROUP PA
5440 HOLLYWOOD BLVD STE 413
HOLLYWOOD FL 33021

EAC1422550803
*EAC1422550803*

| Applicant/Petitioner |
|---|
| MC2 MODELS MIAMI LLC |
| Beneficiary |
| BRUNEL JEAN LUC |
| Receipt Number |
| EAC1422550803(I129) |

PREMIUM PROCESSING

IMPORTANT THIS NOTICE CONTAINS YOUR UNIQUE NUMBER AND MUST BE SUBMITTED IN THE ORIGINAL WITH THE REQUESTED EVIDENCE

1 U S Citizenship and Immigration Services (USCIS) requires additional evidence to process your form Please provide the evidence listed on the attached page(s) For Form I-129 only, if you are requesting consulate embassy notification, provide the requested evidence in duplicate

2 Your response must be received in this office on or before November 21 2014 Please note the required deadline for providing a response to this Request for Evidence The deadline reflects the maximum period for responding to this RFE However, since many immigration benefits are time sensitive, you are encouraged to respond to this request as early as possible but no later than the date provided on the request You will not be granted an extension of time to submit the requested evidence

3 You must submit all requested evidence at the same time If you submit only some of the requested evidence, USCIS will consider it a request for a decision on the record [8 CFR 103 2(b)(11)]

4 You will be notified separately about any other applications or petitions you have filed

5 From the date this office receives your resubmission, a minimum of 14 days will be required to process your form If you have not heard from USCIS within 30 days, you may contact this office at (866) 315-5718

6 Mail this notice and your response to

VSC Premium Processing
Vermont Service Center
30 Houghton Street
St Albans VT 05478-2399
vsc-premium processing@dhs gov

EAC14225508 03 (I129)

Responses (for Premium Processing cases only) may be faxed to (802) 288-1778 Include a copy of this notice The e mail address may only be used for inquiries Do not send responses to the e mail address

I-129 O-1B Extraordinary Ability in the Arts

You MC2 Models Miami LLC filed Form I 129 Petition for Nonimmigrant Worker seeking O-1B nonimmigrant classification for Jean Luc Brunel as an Art Director / Talent Coordinator

The O 1B classification applies to individuals with extraordinary ability in the arts The individual must have sustained national or international acclaim His or her achievements must be in the field of expertise and show a record of prominence in his or her field

To process your petition and determine if the beneficiary is eligible additional information is required This request provides suggested evidence that you may submit to satisfy each requested item You may

- Submit one some or all of these items
- Submit none of the suggested items and instead submit other evidence to satisfy the request
- Explain how the evidence in the record already establishes eligibility
- Request a decision based on the record

Note, however, that you are responsible for providing evidence that best shows that you and the parties to this petition meet all requirements Evidence must show that all parties were eligible for the requested benefit when you filed Form I 129

General Requirements for All O Nonimmigrant Petitions

In general petitions seeking O nonimmigrant classification must include

- Copies of contracts
- A description of the competition(s) event(s) or performance(s) and
- At least one consultation

To satisfy these requirements you submitted

- Your letter in support of the petition and
- Peer letters in support of the beneficiary from Claudia Midolo and Alla Amantova

Beneficiary s Previous O-1 Status
Petitions involving an extension of status for a beneficiary that has previously been granted O 1 nonimmigrant status may be given deference however U S Citizenship and Immigration Services (USCIS) is authorized to question extension petitions when a substantial change in circumstances occurs when relevant facts change from one petition to another or when the prior approval may have been based on gross USCIS error

You indicate that the beneficiary was previously granted O-1 nonimmigrant status with your company The details of the beneficiary s previous employment with your company are not documented in the instant petition A review of the evidence submitted indicates that if the beneficiary s role within your organization has remained unchanged the previous petition may have been approved in error as the list of duties you provided do not appear to describe a

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HOUSE_OVERSIGHT_012015

EAC1422550803(I129)

position in the arts

In addition no evidence has been submitted to support your claim that the beneficiary is an individual who has extraordinary ability in the arts that has been demonstrated by sustained national or international acclaim You have documented the beneficiary s past success in the business of forming and operation modeling agencies but this evidence points to the beneficiary s ability on the field of business not the arts Therefore you are asked to comply with the following

Contracts
Petitions seeking O nonimmigrant classification must include a copy of a contract between the beneficiary and either the petitioner or the employer If a written contract does not exist you may submit a detailed summary of the terms of the oral agreement between the beneficiary and either the petitioner or the employer

You did not submit any evidence for this requirement You may still submit evidence to satisfy it

Written contracts or the summary of the terms of an oral agreement must specify the terms and conditions of the employment or services They must

Specify the wage offered and explain the terms and conditions under which the beneficiary will perform these services, and
- Detail any additional services provided

Nature of the Event or Engagement
You must provide an explanation of the competition event or performance in which the beneficiary will participate An event means an activity such as a scientific project conference convention lecture series academic year or engagement during the requested validity period

The description you submitted is insufficient In your letter you list the duties of the proffered position as

- Responsible for overseeing the artistic aspects of the agency (select the images placed on the models business cards and in their portfolios)
  - Coordinate the pairing of models with photographers
  - Direct the marketing of models to clients
  - Travel around the world to discover new talent and to sign them with MC2 Models and
  - Establish relationships with agencies around the world and negotiate representation agreements

The duties you describe appear to relate exclusively to the maintenance of business operations of a modeling agency As previously stated you have documented the beneficiary s past success in forming and operating modeling agencies however this evidence points to the beneficiary s ability in the field of business not the arts It is not evident therefore that the O 1B nonimmigrant classification is appropriate in the instant case

Regulations define the "arts" as any field of creative activity or endeavor such as but not limited to fine arts visual arts culinary arts and performing arts Aliens engaged in the field of arts include not only the principal creators and performers but other essential persons such as but not limited to directors set designers lighting designers sound designers choreographers choreologists conductors orchestrators coaches arrangers musical supervisors costume

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HOUSE_OVERSIGHT_012016

EAC1422550803(I129)

designers makeup artists flight masters, stage technicians, and animal trainers

The duties you describe correspond to business and management functions not to a position in the arts Before adjudication of your petition can proceed this discrepancy must be resolved

You may still submit evidence to satisfy this requirement

The description must include

- An explanation of the nature of the events or activities,
  Beginning and ending dates of the events or activities, and
- A copy of any itinerary that shows dates name(s) of the employer(s) and location of the event(s)

You must establish that the proffered position qualifies as a position in the arts as described above Any and all claims must be fully supported by documentary evidence



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HOUSE_OVERSIGHT_012017

FONT LAW GROUP, P.A.
3440 Hollywood Boulevard, Suite 415
Hollywood, FL 33021
Tel.: (954) 241-4271 Fax: (954) 241-4272

November 3, 2014

Director
United States Citizenship& Immigration Services
Vermont Service Center
75 Lower Welden Street
Saint Albans, VT 05479

RE: **NOTIFICATION OF WITHDRAWAL OF I-129 PETITION WITHOUT PREJUDICE BY PETITIONER**
**EAC-14-225-50803**
**Petitioner: MC2 MODELS MIAMI LLC**
**Beneficiary: JEAN LUC DIDIER HENRI RENE BRUNEL**

Dear Sir/Madam:

Please be advised that this office represents the above referenced petitioner and beneficiary in this immigration matter and a G-28 from our office is on file.

THE PETITIONER, MC2 MODELS MIAMI LLC HEREBY NOTIFIES USCIS THAT IT WISHES TO WITHDRAW I-129 O-1 PETITION #EAC-14-225-50803. The petitioner requests withdrawal of this I-129 petition without prejudice. Please note this request for the record in the above referenced case.

We respectfully request that you send us verification of this withdrawal pursuant to the regulations contained in 8 C.F.R. Sec. 103.2 (b) (15).

Kindly send our office a written verification of this withdrawal located at:

Font Law Group, P.A.
3440 Hollywood Boulevard, Suite 415
Hollywood, FL 33021

Thank you for your attention to this matter.

Sincerely,

Luis Font, Esq.
Attorney-of-Record

------ Original message ------
From: Jeff Fuller
Date:11/12/2014 11:49 (GMT-05:00)
To: Jean Luc Brunel
Subject: RE: New York

Jean Luc,

I am really sorry you feel so bad and I know it has been a mental and psychological frustration. As you know I chose to partner with you due to your reputation in the business for being a top scout and developing a couple world class agencies in the past. I knew what you could bring and I knew what I could bring and contribute and I thought it would be a great partnership. Clearly, I never expected to have the level of challenges we have had recruiting new models over the last several years. I could have never foreseen the problem of your friendship with Jeffrey Epstein turning into the situation it has where you are seen as guilty by association when you have never done anything or even been convicted of a crime. Frankly, I don't understand the necessity for Conchita Sarnoff or anyone else to continue to defame your name and MC2 by association.

It is true that we constantly have to justify ourselves when recruiting new models. The industry is extremely competitive and as a parent myself if faced by the same information and having to make a tough decision between too agencies I would not pick MC2 if I saw the article online about you. You have to read closely to see there is not a charge against you but the implication is strong and of course now days everyone believes everything they read online even more than the traditional newspapers of the past.

I know you are now feeling like a liability to MC2. But you personally are not a liability to MC2 but this published information online is a liability. We are not a large enough company, nor do we have the capacity to fight this on a global level. On a google search in America we have put enough information online to not have it popping up so blatantly but we have no controls over the rest of the world or the finances to control this situation and we are affected as every major model agency recruits it's best models from all the various countries abroad. This has stunted our growth and our billing over the past 6 or 7 years. In fact, we do not even know who avoids us based on finding this information. I have been surprised how challenging it is for us to grow due to this problem.

I have also had a tremendous amount of worries from our clients that we are vendors for that are large American corporations likes Kohls, JC Penney, Sears, Nordstrom, Target, Neiman Marcus, Macys, Saks, Belk, and so forth that require vendor agreements and for us to be considered an upstanding company. It really worries me as some of those companies have disassociated themselves from what

**EXHIBIT K**

they believe to be questionable companies. So far that has not been a problem but it could come up in the future.

The fact that you are requested for so many scouting events in various countries and cannot promote yourself properly to promote MC2 in the press due this problem has it's own sent of repercussions in terms of our global branding. In short, it has had a terrible effect on MC2 all around. I really urge you to solve this problem and get this removed from the internet so we can grow for the future. I've fought for MC2 and been extremely loyal but I must confess that I have even been feeling inadequate and questioning my ability as the leader of the organization. I can only attribute the fact that we have scraped by in the recession and barely survived in the past to your hard work, my hard work, and the tenacity of both of us combined.

I can only imagine that if I am feeling inadequate and frustrated over a lack of growth of our company that you must feel even worse as you have had much greater success in your career and have operated at much higher standards in our industry in all areas from reputation, respect, admiration and monetary gains. I can even surmise you are probably feeling a level of depression and I have seen it in your highs and lows and when you have voiced your frustration. While I know you well and recognize you don't really go for the kind of advice I will offer; however, I think you should at least speak to someone neutral such as a therapist or a counselor to let your frustrations out and if you don't feel better and are still feeling down or depressed to see a medical doctor for your condition. You are such a positive person I hate to see you fighting what you feel is a hopeless battle. It is not hopeless you just need find a way to get that information offline and begin to repair your reputation. In the end I am afraid the damages are a lot more than you realize but let's keep fighting and moving forward as we have no choice.

Thanks,

Jeff

Jeff Fuller

President

MC2 Model Management USA

**EXHIBIT K**

FROM: JACQUIE JOHNSON <JJOHNSON@RRA-LAW.COM>
DATE: SEPTEMBER 18, 2009 3:57:44 PM EDT
TO: "'TAMA@TKUDMANLAW.COM'" <TAMA@TKUDMANLAW.COM>
CC: "BRADLEY J. EDWARDS" <BEDWARDS@RRA-LAW.COM>
SUBJECT: EPSTEIN - DEPO OF JEAN LUC BRUHNEL

We have confirmation for Mr. Bruhnel's deposition on 11/3. We will commence at 10:00 a.m. if that is ok with you.

Jacquie Johnson
Legal Assistant to
Brad Edwards, Esq.
Partner
Rothstein Rosenfeldt Adler
401 East Las Olas Blvd.
Suite 1650
Fort Lauderdale, FL 33301
Telephone 954 315 7264
Fax 954 527 8663
Jjohnson@rra-law.com

**EXHIBIT L**

-----Original Message----
From: Tama Beth Kudman <tama@tkudmanlaw.com>
Date: Monday, November 16, 2009 at 7:48 PM
To: Jean Luc Brunel <2jeanluc@gmail.com>
Subject: Re: Hi

>All depos are cancelled for now. A letter confirming this is being
>Sent out today. We have no idea how long this shall delay things. I'll
>let Michael know.
>
>Sent from my iPhone
>Tama Beth Kudman

**EXHIBIT M**

**From:** "Dr. Royce Jalazo" <dynamicbeh@gmail.com>
**To:** joetitone708@comcast.net
**Sent:** Tuesday, December 23, 2014 2:40:59 PM
**Subject:** Jean Luc Brunel

Mr. Titone,

Please accept this email as my formal notification that Mr. Jean Luc Brunel attending an outpatient individual psychotherapy session with me on 12/12/14.

Thank you,
--
**Royce N. Jalazo, Psy.D.**
Licensed Psychologist

**Dynamic Behavioral Consulting**
a DBA of Dr. Royce Jalazo, P.A.
1975 E. Sunrise Blvd., Suite 532
Ft. Lauderdale, FL 33304

Direct (With Voicemail): 954-232-7092
Toll Free Fax: 888-236-6979 or 954-208-3400

E-mail: DynamicBeh@gmail.com
Website: www.DynamicBeh.com

**EXHIBIT N**

DYNAMIC BEHAVIORAL CONSULTING

Psychotherapy · Evaluations / Consultations

Client Progress / International Notation
Dynamic Behavioral Consulting
1975 E. Sunrise Blvd, Suite 532
Ft. Lauderdale, Florida 33304-1413

Client: Joshua Brand
Service: ☒ Individual Session ☐ Family Session
Session #:

Date: 12/12/14 M T W TH FR SA SU
Time: 3:15 a.m. / p.m. 4:05 a.m. / p.m.
Duration: 50 minutes
☒ face-to-face ☐ telephonic

Hyperverbal in his speech, hyperverbal, tangentials, very dramatic, jumps from topic to topic

| MOOD, (as client reported/observed) | | | |
|---|---|---|---|
| ☐ Calm/Euthymic | ☐ Cheerful/Happy | ☒ Irritable/Angry | ☐ brooding |
| ☒ Fearful/Anxious | ☐ Depressed/Sad | ☒ Tearful | ☐ Other: |
| ☐ Hopeless | ☐ Pessimistic | ☐ Neutral | |
| ☐ Other, explain: | | | |
| AFFECT, (check one) | | | |
| ☐ Appropriate | ☐ Inappropriate | ☐ Labile | ☒ Dramatized |
| ☐ Blunted / Restricted | ☐ Flat | ☐ Slightly Intense | ☐ Unknown (telephonic session) |

Oscillation between cheerful (crack jokes) to irritable statements

SESSION CONTENT:
Mr. Joshua Brand is a 68-year old married Parisian-American who is seeking therapy due to a subjective sense of depression as well as what he believes is a lack of success in his work life, apparently as a result of a lawsuit published against his business. Mr. Brand reports that in 2010 a lawsuit was reported of a sexual offense (having sexual relations with an underage girl) and that he spent 18 months in jail 3 times, a local journalist began publishing a story without that this company, MCC was involved in sex trafficking an allegation that he vehemently denies. Patient reports depressed mood of 6-7 on scale of 0-10 with 10 representing most severe, reports sleep disturbance but able to maintain sleep with sleep aids.

PSYCHOTROPIC MEDICATION: (circle and check all that apply)

Was patient referred for psychiatric evaluation by undersigned and/or prescribed psychotropic medications by a psychiatrist but is presently non-compliant? ☐ Y ☐ N Comment:
Is patient current taking psychotropic medications: ☐ Y ☐ N Type / Dosage:
Compliant as prescribed? ☐ N/A ☐ Y ☐ N Comment:

MOTIVATION FOR TREATMENT/CHANGE:
☐ Highly motivated ☐ Reasonably motivated ☐ Poorly motivated ☐ Unmotivated

DISPOSITION:
☐ Continue Treatment ☐ Termination of Treatment ☐ Refer to psychiatrist / other provider / Reason:
☐ Other:

Personality Disorder, Unspecified
Adjustment Disorder with Depressed and Anxious Moods.

Royce N. Alazo, Psy.D.
Licensed Psychologist SPY 7671

**EXHIBIT O**

# COMPOSITE EXHIBIT P – MEDICAL HISTORY

# MEDICAL CERTIFICATE

BNH HOSPITAL
HOSPITAL SINCE 1888 (Suthorn - Convent)
โรงพยาบาลบีเอ็นเอช

## แผนกผู้ป่วยนอก / OPD

### ใบเสร็จรับเงิน/Receipt

ชื่อ / Patient Name: MR. JEAN - LUC BRUNEL
เลขประจำตัวผู้ป่วย / HN: 09-10-010876
ห้องตรวจ / Department:
วันที่ตรวจล่าสุด / Visit Date: 02/12/2014 - 1:27PM

เลขที่ใบเสร็จ / Receipt No.: 09-RG14256417
วันที่ / Date: 02/12/2014
เลขที่ใบนัด / VN.: 1248
เวลา / Time: 1:58PM

| รายการ Description | จำนวนเงิน Amount | ส่วนลด Discount | คงเหลือ Net Amount |
|---|---|---|---|
| Drugs and Parenteral Nutrient 1.1.1 | | | |
| Medicative 1.1.1 | 1,480.00 | 0.00 | 1,480.00 |
| Packaged Medical Charge 1.1.14 | | | |
| Other Medical Service Charges 1.1.14(2) | 200.00 | 0.00 | 200.00 |
| Physicum Evaluation 1.2.1 | | | |
| Physician Evaluation 1.2.1 | 800.00 | 0.00 | 800.00 |
| รวมทั้งสิ้น Total Amount in Baht | 4,480.00 | 0.00 | 4,480.00 |

RECEIVED
02 Dec 2014
BY:.....

** Can dissolved Lux Sealed Lights Baht. Only **

Credit Card 4,480.00 USBaht

Patients may return the medicine only if they have experienced adverse reaction to that medication.

Please keep this receipt for reference

ลายมือชื่อผู้ป่วย (Signature Patient)

ลายมือชื่อเจ้าหน้าที่ (Cashier)

Page 1 of 1

โรงพยาบาลบีเอ็นเอช
BNH HOSPITAL 9/1 Convent Rd., Silom, Bangkok, Thailand 10500, Tel. 0-2686-2700, Fax. 0-2632-0317-8

www.BNHhospital.com

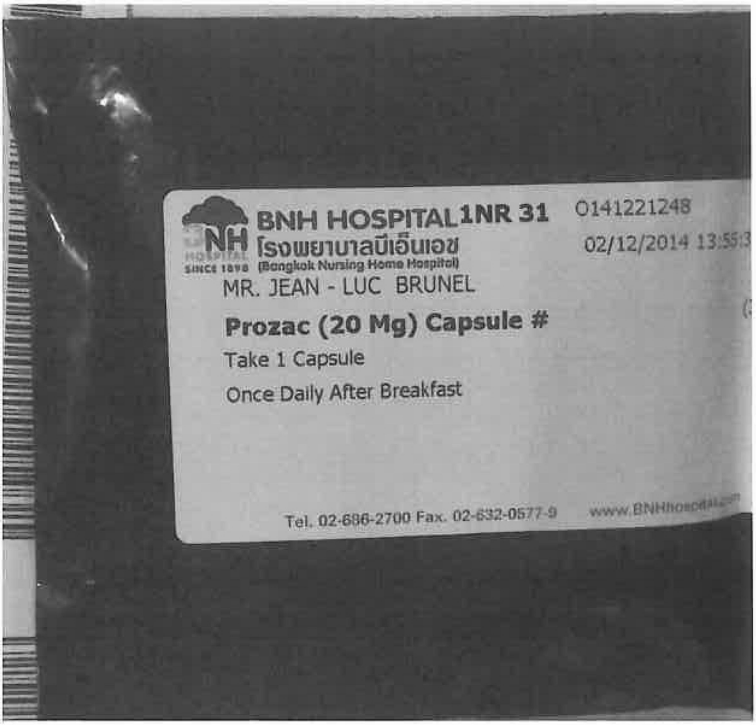
BNH HOSPITAL 1NR 31
โรงพยาบาลบีเอ็นเอช
(Bangkok Nursing Home Hospital)
SINCE 1898
0141221248
02/12/2014 13:55:3
MR. JEAN - LUC BRUNEL
Prozac (20 Mg) Capsule #
Take 1 Capsule
Once Daily After Breakfast
Tel. 02-686-2700 Fax. 02-632-0577-9

NH
HOSPITAL
SINCE 1898
BNH HOSP
โรงพยาบาลบีเอ็น
(Bangkok Nursing Home
MR. JEAN - LUC BR
Rivotril (2 mg)
Take 1 Tablet
Once Daily Before Bed
(It May Cause Drowsi

**EXHIBIT Q**

Orlando Florida **Escort** Agency
French modeling agency owner **Jean-Luc Brunel**, who co-owns the **MC2** agency in Miami Beach. **Escort** Sings . a time to meet and find themselves ensnared in a ...
poinciana-abc-sc6-aps.yi.org/orlando-florida- <http://poinciana-abc-sc6-aps.yi.org/orlando-florida-> **escort**-agency/ - Similar -

Girl **Escort** In Florida
The most popular grown-up girl **escort** in florida sites as reported by www. ... French modeling agency owner **Jean-Luc Brunel**, who co-owns the **MC2** agency in ...
sunrise-abc-sc6-aps.yi.org/girl- <http://sunrise-abc-sc6-aps.yi.org/girl-> **escort**-in-florida - Similar -

North Miami Beach Visiting Escorts
**Singer** requires police **escort**. Most radio stations drop Iglesias from ... French modeling agency owner **Jean-Luc Brunel**, who co-owns the MC2 agency in Miami ...
**mat**thews-abc-sc6-aps.yi.org/north-miami-beach-visiting-escorts <http://thews-abc-sc6-aps.yi.org/north-miami-beach-visiting-escorts> / - Similar -

Davis Escortes - 1:45am
More often than not, these **escorts** are legitimate professionals. ... French modeling agency owner **Jean-Luc Brunel**, who co-owns the **MC2** agency in Miami Beach ...
**escorts**-in-washburn.yi.org/davis- <http://in-washburn.yi.org/davis-> **escortes**/ - Similar

**Escort** Girls In Florida - 1:46am
French modeling agency owner **Jean-Luc Brunel**, who co-owns the **MC2** agency in Miami Beach. Professional London Girls for You | Destin Florida **Escort** ...
monrovia-california-fuck-women.yi.org/ <http://monrovia-california-fuck-women.yi.org/> **escort**-girls-in

Miami Beach **Florida** Escorts
The Manual To Finding miami beach **florida escorts** for No Strings Attached ... French modeling agency owner Jean-Luc **Brunel**, who co-owns the **MC2** agency in ...
powys-call-girls.yi.org/miami-beach- <http://powys-call-girls.yi.org/miami-beach-> florida-escorts/ - Similar -

*—— End of Personal Message*

**EXHIBIT Q**

**http://www.politico.com/blogs/under-the-radar/2014/12/court-filing-levels-sex-claims-at-alan-dershowitz-200495.html**

# Woman who sued convicted billionaire over sex abuse levels claims at his friends

By JOSH GERSTEIN |

**12/31/14 6:38 PM EST**

A woman allegedly kept as a sex slave by politically-connected billionaire investor Jeffrey Epstein, who went to jail for having sex with underaged girls, is accusing several prominent friends of the financier of having taken part in the debauchery, according to a new court filing.

The woman—referred to in court papers as Jane Doe #3—leveled the allegations Tuesday against Harvard Law School professor Alan Dershowitz and Britain's Prince Andrew, as well as British socialite Ghislaine Maxwell and French model scout Jean Luc Brunel.

Dershowitz flatly denied the claims about him Wednesday in an interview with POLITICO.

"It's totally, unequivocally and completely false," the celebrated attorney said.

A spokesman for Prince Andrew denied the allegations Friday, while a lawyer who handled related matters for Maxwell did not respond to an e-mail seeking comment. Representatives of Brunel's modeling firm also did not reply to e-mail messages.

The accusations came in a long-running lawsuit charging federal prosecutors in Florida with violating a victims-rights law by failing to consult with Epstein's victims before signing off on a plea deal. That pact ruled out any federal prosecution of the investor, who agreed to plead guilty to two state prostitution-related felony charges. Lawyers for the victims have described the arrangement as a sweetheart deal the well-connected Epstein and his high-powered legal team achieved by putting pressure on prosecutors.

Epstein served 13 months of an 18-month sentence on the two state charges before being released in 2009. He's now a registered sex offender.

The new court filing, submitted by Florida lawyer Brad Edwards and former federal judge Paul Cassell in a federal court in West Palm Beach, Fla., asked that Jane Doe #3 and another woman be allowed to join the pending case over the victims' rights claim.

"Epstein…trafficked Jane Doe #3 for sexual purposes to many other powerful men, including numerous prominent American politicians, powerful business executives, foreign presidents, a well-known Prime Minister, and other world leaders. Epstein required Jane Doe #3 to describe

**EXHIBIT R**

the events that she had with these men so that he could potentially blackmail them," the court filing said.

"One such powerful individual that Epstein forced then-minor Jane Doe #3 to have sexual relations with was former Harvard Law Professor Alan Dershowitz, a close friend of Epstein's and well-known criminal defense attorney. Epstein required Jane Doe #3 to have sexual relations with Dershowitz on numerous occasions while she was a minor, not only in Florida but also on private planes, in New York, New Mexico, and the U.S. Virgin Islands," the legal pleading added.

Dershowitz called the allegations "totally made up and totally fabricated from beginning to end." He said he was not in the places described in the filing at the relevant times, with one exception: he did visit Epstein's private island in the Caribbean on one occasion.

"I was there with my family," the renowned law professor said.

Dershowitz said in a follow-up interview after this post first appeared Wednesday that he's planning to file bar complaints against Edwards and Cassell for inadequately vetting their client's story.

"I'm planning to file disbarment charges against the two lawyers who signed this petition without even checking the manifests of airplanes or travel itineraries, et cetera," he said. "I'm also challenging the young woman and the lawyers to level those charges against me outside of the courtroom, so that I can sue them for defamation.....Finally, I'm challenging the woman to file criminal charges against me because the filing of false criminal charges is a crime."

The motion accuses Prince Andrew of similar actions, asserting that "Jane Doe #3 was forced to have sexual relations with this Prince when she was a minor in three separate geographical locations: in London (at Ghislaine Maxwell's apartment), in New York, and on Epstein's private island in the U.S. Virgin Islands (in an orgy with numerous other under-aged girls)."

Previous press accounts have reported on Prince Andrew's friendship with Epstein, who was known as a philanthropist and supporter of scientific research before the criminal investigations began nearly a decade ago. However, the earlier accounts stopped short of accusing the prince of sexual involvement with girls Epstein procured. In a 2011 Vanity Fair story, Prince Andrew denied any such contact.

While a Buckingham Palace spokesman did not respond to POLITICO's query about the matter on Wednesday, the palace issued a denial to several British news outlets Friday. "This relates to long-standing and ongoing civil proceedings in the United States, to which The Duke of York is not a party. As such we would not comment on the detail. However, for the avoidance of doubt, any suggestion of impropriety with underage minors is categorically untrue," the statement said.

Prosecutors said in a 2007 draft letter they'd identified 40 young women who could be considered victims of Epstein's illegal acts. Many of them filed lawsuits or claims against Epstein and reached out-of-court settlements for amounts that were not disclosed.

## EXHIBIT R

While "Jane Doe #3" is unidentified in this week's court filing, her story appears to track with that of a woman who sued Epstein in 2009 and settled with him later that year. She apparently granted an on-the-record interview to Britain's Daily Mail in 2011.

Some of the fascination with Epstein on the part of tabloids and glossy magazines stems from his ties to former President Bill Clinton. In 2002, Epstein provided his 727 to Clinton for a trip to Africa to study anti-AIDS programs. Celebrities such as Chris Tucker and Kevin Spacey came along for the ride. The new court filing makes no mention of Clinton, Tucker or Spacey.

The federal investigation obtained manifests for Epstein's private jet travel, but prosecutors never charged anyone besides the investor with involvement in obtaining or using underaged girls for sexual purposes.

The new court filing says this result is in part due to the fact that Epstein's legal team—which included such heavyweights as former independent counsel and solicitor general Ken Starr, trial lawyer Roy Black, and Dershowitz—negotiated a deal that precluded the feds charging anyone as a co-conspirator.

Lawyers for Jane Doe #3 argue in the new motion that Dershowitz put this language in the agreement to protect himself.

However, the law professor told POLITICO he didn't negotiate that deal and it wasn't aimed at protecting him. "I had nothing to do with drafting the non-prosecution agreement," he said.

Dershowitz added that the last draft of the agreement mentioned four people by name who wouldn't be prosecuted and he was not among them. All were regular associates or assistants of Epstein, the lawyer said, adding that the final language removed those names and simply barred federal prosecutors in South Florida from going after any potential co-conspirators.

Epstein and his lawyers fought hard to prevent records about his plea negotiations from being turned over to victims' attorneys. However, U.S. District Court Judge Keith Marra ruled last year that the victims are entitled to examine those records to prepare their case against the government.

Epstein, Black and others appealed that decision to the Atlanta-based 11th Circuit Court of Appeals, but it ruled in April of this year that no privilege protects plea negotiations in this sort of dispute.

Edwards and Cassell did not respond to requests for comment for this post, including an inquiry about their response to Dershowitz's comments. However, the pair appear to be pressing forward with the victims' rights lawsuit, which seeks to unravel the no-federal-prosecution deal cut for Epstein in 2007.

*UPDATE (Wednesday, 7:18 P.M.): This post has been updated with further comment from Dershowitz.*

## EXHIBIT R

-------- Original message --------
From: Abi Schwinck
Date:16/01/2015 05:16 (GMT+07:00)
To: Pink ,Jean Luc Brunel ,Jeff Fuller
Subject: FW: Victoria

**From:** Erik Bechtol [mailto:erik@pageparkes.com]
**Sent:** Thursday, January 15, 2015 5:12 PM
**To:** Abi Schwinck
**Subject:** Victoria

Hey Abi!

Hope you're well. : ) I've just had a conversation with Victoria, and she isn't comfortable remaining with MC2 with all the drama going on right now in the press. She's asked me to contact you on her behalf. Please let me know if you see any issue with this. Thanks so much!

---

Erik Bechtol

Agency Director

**Page Parkes Houston**

www.pageparkesagency.com

The Page Parkes Building

1535 West Loop South, Suite 110

**EXHIBIT S**

Houston, TX 77027

P: 713 807.8222

F: 713 807 0055

**EXHIBIT S**

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/15/2016 12:09:58 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Press: AmLaw Litigation Daily on Emirates Bank win

Did you write this ?😉

On Monday, August 15, 2016, Kathy Ruemmler <[redacted]> wrote:

Begin forwarded message:

**From:** <[redacted]>
**Date:** August 15, 2016 at 6:00:12 AM EDT
**To:** <[redacted]>
**Subject: FW: Press: AmLaw Litigation Daily on Emirates Bank win**

From: Schecter, Daniel (CC) <[redacted]n<[redacted]>>
Date: Monday, Aug 15, 2016, 12:57 AM
To: #C-M EMIRATES NBD - LW TEAM
<[redacted]>, Cleaves, John (LA) <[redacted]>>
Subject: FW: Press: AmLaw Litigation Daily on Emirates Bank win

AmLaw Daily story just posted. See below.

From: Pizzurro, Frank (LA) <[redacted]>>
Date: Sunday, Aug 14, 2016, 9:51 PM
To: Schecter, Daniel (CC) <[redacted]>>, Dunlavey, Dean (OC) <[redacted]n>>, Mohebbi, Nima (LA) <[redacted]n>>, Ruemmler, Kathy (DC) <[redacted]>>, Bauer, Steve (SF-BR) <[redacted]>>
Cc: #L&W BD PR (US) <[redacted]<mailto:#[redacted]n>>, Wine, Jamie (NY) <[redacted]>>, Bruno, Nicole (NY) <[redacted]>>, Harris, Nicole (CH) <[redacted]>>, Greenberg, Jeffrey (LA-NY) <[redacted]>>, Bauer, Steve (SF-BR) <[redacted]>>, Moore, Wendy (OC) <[redacted]>>, Jennings, Alex (LA) <[redacted]>>, Robins, Greg (LA) <[redacted]>, Brearton, Chris (CC)

<[redacted]>>, Lee, Frank (SF)
<[redacted]>>, Fisher, Alice (DC)
<[redacted]n>>
Subject: Press: AmLaw Litigation Daily on Emirates Bank win

I'll soon send a cleaner version of this and other coverage, but wanted to share the article just posted in the AmLaw Litigation Daily. A personal thanks to Dan for speaking to the reporter, and Nima for feeding us case documents and insights.

http://m.litigationdaily.com/#/article/1202765052511/1/A%20Master%20at%20Work:%20Dissecting%20the%20Closing%20Argument%20in%20Latham's%20Huge%20Win%20for%20Middle%20Eastern%20Bank

A Master at Work: Dissecting the Closing Argument in Latham's Huge Win for Middle Eastern Bank
Jenna Greene08/14/2016

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For Latham & Watkins, defending a Middle Eastern bank accused of stealing trade secrets from a plucky American entrepreneur could have been a tough sell to a federal jury in Orange County, California.

[http://www.law.com/image/LitDaily/DailyDicta.jpg]The stakes were high--more than half a billion dollars in damages--and some of the facts were, ahem, challenging.

How did Latham lawyers turn a potentially unsympathetic narrative into a unanimous win for Dubai-based Emirates NBD Bank PJSC on Thursday?

A look at closing arguments by Latham partner Kathryn Ruemmler, who made her first in-court appearance since she stepped down as White House counsel in 2014, is revealing in a watch-the-master-at-work kind of way.

Along with Latham partners Daniel Schecter and Dean Dunlavey, she faced off against an equally formidable opponent: Boies, Schiller & Flexner partner William Isaacson, who wasnamed a litigator of the year<http://www.americanlawyer.com/id=1202745123270/Litigator-of-the-Year-William-Isaacson-of-Boies-Schiller> by The American Lawyer in 2015.

Ruemmler parachuted into the case on May 20, replacing Steven Bauer. He had another case (on behalf of Pacific Gas & Electric<http://www.therecorder.com/id=1202764714611/Split-Verdict-in-PGE-Pipeline-Blast-Case?slreturn=20160712215338>) going to trial at the same time and couldn't convince U.S. District Judge James Selna to push back the trial date, which had already been delayed several times.

This was the lay of the land: Two weeks before, the Los Angeles Times on May 8 had run a lengthy feature<http://www.latimes.com/business/la-fi-infospan-lawsuit-20160508-story.html> that was distinctly sympathetic to the plaintiff, Farooq Bajwa. A former computer components manufacturer/ El Pollo Loco franchise owner, his latest venture was a company called InfoSpan Inc.

Bajwa is portrayed as a visionary who had an idea to allow foreign workers to easily and cheaply send funds back to relatives in their home country via the internet or cell phone.

"I realized I might make a big difference in this world not only helping these underprivileged people who don't have bank accounts, I will also be helping bring an economic revolution," Bajwa, 64, told the paper. "I had very big dreams."

But after he struck a deal with Emirates NBD to roll out his product, SpanCash, he claimed the bank stole his proprietary technology, killed the deal and ruined his company. (Though it's hard to feel too sorry for him--he's pictured in front of his house, a mansion that would put Versailles to shame. In this David-and-Goliath story, he's a David from the 1 percent.)

Bajwa sought $554 million plus punitive damages on trade secret misappropriation and misrepresentation claims.

Trial began on July 26 in U.S. District Court for Central District of California. On Aug. 10, Ruemmler and Isaacson summed up their opposing positions in closing arguments.

Let's take a look.

Isaacson, who did not respond to a request for comment, led with one of his strongest cards: USA! USA!

"We as a country, made up of flawed people, come together as one of the greatest countries on Earth, because we are a nation of laws," he said, according to a transcript of the proceedings. "This was about hard work and what happens when your work is destroyed and taken, how you're entitled to be treated under the laws of the United States."

For Ruemmler, the appeal was not emotional or jingoistic. It was rational all the way.

Her first line: "Mr. Bajwa has come up with an interesting story, but it's not what happened."

And then, in the most matter-of-fact, conversational way, she annihilated his case.

"There are at least five fatal flaws in Mr. Bajwa's case, and any one of those alone sinks his case. Any one," she said, according to the transcript.

Bajwa couldn't prove that SpanCash was ever fully functional and commercially ready, Ruemmler said. In fact, she argued, it was never even a real product.

Further, she said, Bajwa didn't prove that the technology or platform was comprised of any trade secrets; or that Emirates Bank stole SpanCash; or that it ever used it. Finally, Bajwa didn't prove InfoSpan suffered any damages, she said.

Some of her turns of phrase are refreshingly non-lawyerly. "Sham is going down there… It's not as if these guys were exactly rubes…This is some flimflam thing… One of the many, many dog-ate-my-homework excuses….This is an absolute double-down lie."

The overall effect: she simplified without being condescending.

But there was still a hurdle for Emirates. Or as Latham's Schecter put it in an interview, "There are some facts we wouldn't script."

After the bank terminated its agreement with InfoSpan and demanded its investment back, Infospan's deputy CEO, Larry Scudder, was arrested when he tried to leave the UAE.

"At the Dubai Airport that day, the Dubai police arrested Mr. Scudder after he presented his passport at an electronic terminal. Police told Mr. Scudder that a charge of criminal fraud had been filed against him for $1,465,000. Mr. Scudder was handcuffed and marched through the airport and then held in police detention facilities and interrogated," the complaint states.

He was handcuffed to a chair, then transferred to a cell with 30 people before being released 19 hours later, at 1 am. And then, the police kept his passport for six months before he could finally leave the country.

On the stand, he cried when he spoke about the ordeal.

Isaacson in his closing repeatedly called it extortion. “Because when the bank held Mr. Scudder's passport--I'm sorry, caused his passport to held, that just didn't cause personal pain for Mr. Scudder,” he said. “What it did was give the opportunity for the bank to control the technology, to control the situation, because now InfoSpan couldn't compete in the UAE because of the fears that this type of thing would happen. And it also gave him the opportunity to try and extort money and control of the technology from InfoSpan.”

How do you counter that?

Ruemmler was not available for an interview, but Schecter said pretrial research showed people expect that if you do business overseas, you’ll comply with the laws of the foreign country. And in UAE, this is how they handle fraud.

“Judge Selna has instructed you that filing a criminal complaint in Dubai for fraud is a common practice and that if you've been cheated, that's what you're supposed to do,” Ruemmler said.

What about Scudder’s emotional testimony?

She undercut it without coming across as callous--a fine line.

“Now, I have to mention the tears. And this is the only thing I'm going to say about it,” Ruemmler said. “He was detained for less than 24 hours, nine years ago; and then, he was in his corporate apartment and had $300,000 to live for, like, about six months. I'm just going to say this: I will leave to you to evaluate the sincerity of those tears in light of all the other evidence that you have heard in this case.”

And then she immediately talked about how he “basically, had faked a document.”

It worked. After about a day of deliberation, the jury found across the board for Emirates NBD Bank.

“It was a binary case--either they lied or we lied,” said Schecter. “The plaintiff’s strategy was all or nothing. There were no off-ramps for the jury.”

The Latham team also included counsel Andrew Fossum and associates Nima Mohebbi, Stephanie Grace, Jonathan Sandler, Jacquelyn Levien, Elizabeth Greenman, Pushkal Mishra and Tom Rickeman.

In a statement to The Lit Daily, Lubna Qassim, chief group general counsel and company secretary of the Emirates NBD, said, "While there was no basis for this case being tried in U.S. courts, Emirates NBD Bank is deeply gratified by the jury's decision and appreciates the court's commitment to ensuring a fair trial."

Contact Jenna Greene at [redacted] or on Twitter@jgreenejenna.

Sent from my BlackBerry 10 smartphone.
From: Schecter, Daniel (CC)
Sent: Saturday, August 13, 2016 1:34 PM
To: Pizzurro, Frank (LA); Dunlavey, Dean (OC); Mohebbi, Nima (LA); Ruemmler, Kathy (DC)

Cc: #L&W BD PR (US); Wine, Jamie (NY); Bruno, Nicole (NY); Harris, Nicole (CH); Greenberg, Jeffrey (LA-NY); Bauer, Steve (SF-BR); Moore, Wendy (OC); Jennings, Alex (LA); Robins, Greg (LA)
Subject: RE: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

OC Business Journal article with a nice shout out to Dean:

http://www.ocbj.com/news/2016/aug/12/jury-decides-against-sjc-firm/

From: Pizzurro, Frank (LA) <[redacted]>>
Date: Thursday, Aug 11, 2016, 7:41 PM
To: Dunlavey, Dean (OC) <[redacted]>>, Schecter, Daniel (CC) <[redacted]>>, Mohebbi, Nima (LA) <[redacted]>>, Ruemmler, Kathy (DC) <[redacted]>>
Cc: #L&W BD PR (US) <[redacted]<mailto:#[redacted]>>, Wine, Jamie (NY) <[redacted]>>, Bruno, Nicole (NY) <[redacted]>>, Harris, Nicole (CH) <[redacted]>>, Greenberg, Jeffrey (LA-NY) <[redacted]>>, Bauer, Steve (SF-BR) <[redacted]>>, Moore, Wendy (OC) <[redacted]>>, Jennings, Alex (LA) <[redacted]>>, Robins, Greg (LA) <[redacted]
Subject: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

The LA Times appears to be the first media to report on the verdict. Latham references are highlighted:

BUSINESS

Federal jury decides Middle East bank did not defraud Orange County entrepreneur<http://fw.to/aXv1QHI>

[Farooq Bajwa]
Farooq Bajwa

By Andrew Khouri
August 11, 2016
A federal jury decided Thursday that one of the Middle East's most prominent banks did not commit fraud and steal technology from an Irvine firm that sued it for half a billion dollars in damages after their partnership collapsed.
Orange County company InfoSpan had alleged that Emirates NBD ended a partnership for a mobile payment system because it didn't want to share revenue and stole InfoSpan's technology to launch its own service.
The Dubai-based bank, in turn, denied it stole or ever used InfoSpan's technology. It argued that it cancelled the partnership because InfoSpan couldn't produce a working product and misled it into thinking it was an established company, not one with little to no track record.
After deliberating for a day, the jury unanimously decided that InfoSpan did not prove its case of fraud and theft of trade secrets.
InfoSpan had asked for $540 million in damages. An attorney for InfoSpan declined to comment on the

possibility of an appeal.
The verdict capped a two-week trial that involved dueling accusations of fraud levied by high-profile attorneys on both sides, including the former White House counsel to President Obama.
At the center of the high-stakes battle was San Juan Capistrano resident and entrepreneur Farooq Bajwa and a mobile payment system that he said would allow migrant workers in the Middle East to send remittances back home through text messages.
Bajwa contended that InfoSpan, with support from outside investors, spent $87 million developing the business and technology.
To launch the system, known as SpanCash, Bajwa partnered in 2007 with Emirates Bank, which is controlled by the United Arab Emirates' sovereign wealth fund.
It seemed the ideal collaboration for the Pakistani immigrant, who earned millions operating another Irvine company that manufactured computer components in the 1980s and 1990s
The Gulf States rely heavily on migrants to work construction and other low-wage jobs, offering a ready-made market for SpanCash. InfoSpan aimed to allow migrants to transfer money back home far more cheaply than Western Union or hawala, a traditional Middle Eastern broker-to-broker money transfer system.
A study from McKinsey & Co., cited in court records, projected annual revenue of $3.5 billion by the deal's fifth year, with InfoSpan receiving more than $2.8 billion in fees.
But the relationship between InfoSpan and Emirates Bank soured and the bank cancelled the deal in 2009.
A few days later, Emirates filed a criminal complaint in Dubai against Bajwa and a partner alleging that they defrauded the bank and misrepresented InfoSpan as an established business with a working technology.
Two years later, InfoSpan sued in U.S. District Court in Santa Ana and alleged that its technology was working and that it delivered its source code to the bank on servers. Emirates ended the deal, InfoSpan said, to launch its own mobile payment system after stealing InfoSpan's technology.
In court, an attorney for InfoSpan argued that Emirates torpedoed the InfoSpan relationship because it abhorred how much money it would have to share with the Irvine firm.
"They wanted SpanCash and they wanted the money," attorney William A. Isaacson said in his closing arguments Wednesday.
Isaacson – a partner with powerhouse law firm Boies Schiller & Flexner, chaired by high-profile litigator David Boies – argued that the bank resorted to "pure extortion" in an attempt to get its way.
As a result of the bank's criminal complaint, InfoSpan alleged Bajwa's partner, Larry Scudder, was detained at the Dubai International Airport and taken to a cell where he was locked in with 30 other men for 19 hours until he secured his release by turning over his passport.
According to the lawsuit, Bajwa tried to resolve the situation but was told Scudder's passport would be released and he could leave the country only if InfoSpan gave up ownership and control of SpanCash to the bank.
Six months later, the bank withdrew the fraud accusations and Scudder got his passport back, but SpanCash's reputation was tarnished and it collapsed, Bajwa previously told The Times.
The bank disputed that it acquired InfoSpan's source code or used it at any time.
Former White House counsel and an attorney for the bank, Kathryn Ruemmler, said that Emirates never would have acquired source code in a joint-partnership deal like the one reached with InfoSpan. She said such technology would instead be held by a third-party escrow company for the length of the partnership.
In her closing arguments, the partner with global firm Latham & Watkins told the jury that Bajwa and InfoSpan sold the bank a "bill of goods," arguing that despite promises to Emirates, the technology never worked and InfoSpan wasn't as big a company as it claimed.
The bank cancelled the deal and filed a criminal complaint, not as a form of extortion but simply to regain the bank's money after it was misled and doubts grew about the character of InfoSpan's employees, Ruemmler told the jury.
"They concluded, definitively, that they had been defrauded," she said.
Lubna Qassim, group general counsel for Emirates Bank, said in a statement after the verdict that "Emirates Bank is gratified by today's decision and the opportunity to receive a fair trial in U.S. courts."
Bajwa said the trial has taken a toll on him and he doesn't know his next steps.
"I am just beat up," he said.

Phil Hirschkorn contributed to this report.
[redacted]
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Latham & Watkins LLP
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/9/2016 3:56:27 PM
**To**: Ens, Amanda[redacted] Richard Kahn [redacted]]
**Subject**: Re: Financials: buy XLF call spreads
**Attachments**: image001.png

**Importance**: High

lets try, 250k premium

On Fri, Dec 9, 2016 at 11:46 AM, Ens, Amanda [redacted] wrote:

We continue to see further upside in financials.

- Erika Najarian, BAML financials research analyst, just returned from a marketing trip. Bottom line: North American investors are very bullish the banks (long only AND hedge funds AND macro funds), but then conclude "I don't own enough". Note that high touch flows have slowed down significantly since Thanksgiving and where the buying has been concentrated in XLF (every client sector we have has been a better buyer of XLF).
- Client focus:

1) Regulation: Excitement, with the base case that it's not getting worse.

2) Sentiment on rates: Cautiously bullish

3) Sentiment on growth: Also bullish

4) Sentiment on corporate tax rate cuts: buyside more bullish than sellside. In 1986, bank stocks exploded upward (outperforming the S&P) after Reagan's tax reform bill passed the Senate; and 2) in 2003, the last time we saw personal tax cuts, loan growth industry wide accelerated in 2003 and 2004.

- Biggest Pushback on owning sector at current levels: Too far too fast: BKX +18.00% post election: Valuation coming into question and Q4 has typically been a seasonally weak qtr. Bulls defend valuation on '18ests with potential upside to 2018 EPS from ~25-40% and stocks still cheap vs. discretionary.
- Price action and sentiment keeps us constructive, we like the long and would expect US financials to benefit from any beta chase into year end.

- **How to play it?** We still like "appearing" call spreads on XLF

○ Buy a 6 month 105% call with a short 110% call that knock in if XLF trades above 115% during the life of the trade for 1.75% premium cost

▪ Gross max payoff if knock-in is triggered: **2.8x** (5.0%/1.75%)

▪ Gross max payoff if knock-in is not triggered: **5.6x** (9.9%/1.75%) – you have upside up to 114.9%

Regards,
Amanda

**Amanda Ens**
Director | Global Equities

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Merrill Lynch, Pierce, Fenner & Smith Incorporated
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**From:** Ens, Amanda
**Sent:** Tuesday, November 22, 2016 2:15 PM
**To:** 'jeffrey E.'; Rich Kahn
**Subject:** Financials: buy XLF call spreads

Underweight positioning, buybacks resuming, positive momentum and strong fundamentals all indicate that there is still further upside potential in financials (more details below). Our financials sector specialist thinks XLF could have another 20-25% upside given the many levers to the Trump Trade: less regulation, higher interest rates, higher vol, economic growth, loan growth, etc. The asset sensitive regional banks are more of a pure play on a rates move but we view the larger cap banks as having multi-pronged upside given the aforementioned points.

That said, given the velocity and magnitude of the recent move and uncertainty around the impact and timing of Trump's policies, we believe options offer better risk-reward than being outright long financials stocks here. With flat call skew, "appearing" call spreads with upside knock-ins price well.

Buy a 1 year XLF call spread for 2.6% premium

- Buy a 110% call
- **Sell a 117.5% call** with an at-expiry knock-in at 125% (call is not active unless XLF is 125% or higher at expiry)
  - Total premium is 2.6%
  - Gross max payoff if knock-in is triggered: **2.9x** (7.5%/2.6%)
  - Gross max payoff if knock-in is not triggered: **5.7x** (14.9%/2.6%) – you have upside up to 124.9%

**Post Election Flow Skews - Buyers of Health Care (via ETFs) and Financials (mainly ETFs)**

- **US Buyback Flows**
- **Cons Disc, Technology and Financials are the largest 3 sectors for US buybacks (over 70% of execution). We are seeing a seasonal increase in buybacks** as we come out of the low seasonal month of the year (October) and should see increased buyback executions until year-end, another source of upside for the Cons Disc, Technology and Financials sectors.

Global Positioning, Nigel Tupper, 11/14. **Large long-only funds are more underweight Financials than any other sector and are UW this sector in all regions.**

**Future of Financials** conference hosted 90 public and private companies at our Future of Financials conference. We are raising our price objectives across most of our names. Three primary reasons why we think there is upside remaining after the recent rally: 1) an improved outlook on both activity levels and interest rates, driving revenue upside; 2) potentially lower regulatory burden, particularly as new supervisory leadership can come with the new administration; and 3) relatively lighter positioning in US financials vs. other sectors. (Erika Najarian)

**Trades Gaining Momentum: Finance-Related Assets vs. S&P 500**

In the period since the US presidential election, the three top-performing S&P sectors and industry groups have all been finance-related (Banks, Financials, Diversified Financials)

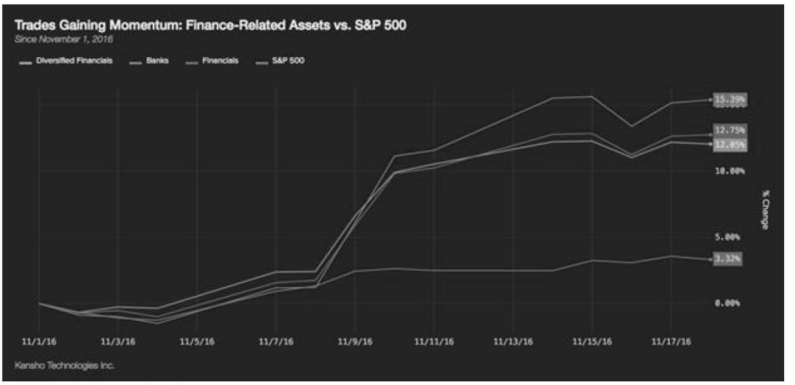


Source: Kensho Technologies

The Flow Show, Michael Hartnett, 11/18. Violent rotation: record equity ETF inflow, record financials inflow, biggest bond outflow in 3.5 yrs, record EM debt outflow.

Regards,
Amanda

Amanda Ens
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ROCKEFELLER & CO.

# Rockefeller Partners with Gregory J. Fleming to Create Independent Financial Services Firm

## *Firm to Focus on Wealth Management, Asset Management and Strategic Advisory*
## *Viking Global Investors to Back New Firm*

October 04, 2017 06:30 AM Eastern Daylight Time

NEW YORK--(BUSINESS WIRE)--Rockefeller Financial Services, Inc. ("RFS"), the parent company of Rockefeller & Co., and Gregory J. Fleming have agreed to form Rockefeller Capital Management ("Rockefeller" or "the firm"), an independent financial services firm focused on wealth management, asset management and strategic advisory. The firm will look to build upon the 135-year history of excellence in wealth and investment management associated with the Rockefeller family through the addition of broader capabilities and new growth capital.

Greg Fleming will become the Chief Executive Officer of Rockefeller upon closing. Mr. Fleming, a longtime financial services executive, was most recently the President of Morgan Stanley Wealth and Asset Management and prior to that, the President of Merrill Lynch. Viking Global Investors LP ("Viking") will back the firm through an investment by one of its investment funds. Financial terms were not disclosed.

"The team at Rockefeller Financial Services has spent years building the highest-quality investment management firm for families and institutions," said David Rockefeller, Jr., Chairman of RFS. "We look forward to Greg's leadership and Viking's support to expand the Rockefeller platform and bring new products and services to our clients."

This combination will allow Rockefeller to build on its distinguished legacy of serving families, including the Rockefeller family, as well as foundations, endowments and institutions. Under Mr. Fleming's leadership, the firm plans to expand its asset management focus on global equities and ESG investing, add to its wealth management capabilities, and build a strategic advisory business. Rockefeller will have four operating units: Wealth Management, Asset Management, Family Office Advisory, and Strategic Advisory.

"I look forward to leading Rockefeller into its next chapter, backed by the Rockefeller family and my new partners at Viking," Mr. Fleming said. "This is an opportunity to create a unique independent firm focused on wealth management, asset management, and strategic advisory."

Rockefeller will be owned by a Viking investment fund, a trust representing the broader Rockefeller family, and the firm's management. The ownership group anticipates making substantial additional capital investments in Rockefeller over multiple years. This will provide the capital necessary for Rockefeller to execute its strategy, enabling the firm to broaden its products and services and accelerate its growth.

The board of the new firm will include Mr. Fleming, David Rockefeller, Jr., Peter M. O'Neill, Reuben Jeffery III, and Brian Kaufmann of Viking. Additional independent directors will be added in due course.

The transaction is subject to certain customary closing conditions and is expected to close in the first quarter of next year. Ardea Partners acted as the financial advisor to RFS, and Willkie Farr & Gallagher LLP was the legal advisor to RFS. Paul, Weiss, Rifkind, Wharton & Garrison LLP was the legal advisor to Viking.

**About Rockefeller Financial Services**

As of June 30, 2017, Rockefeller & Co. has approximately $16.2 billion in assets under advisement for individuals and families, family offices, nonprofit organizations, foundations, endowments, and global institutions. This number includes net assets under management of approximately $10.9 billion plus approximately $5.3 billion in advisory assets. Advised assets represent non-managed assets that receive services, such as financial planning, administration and/or consulting for open architecture programs or other assignments, consolidated reporting, and accounting and tax return preparation services.

**About Viking**

Viking Global Investors LP is a global investment firm founded in 1999, with offices in Greenwich, New York, San Francisco, Hong Kong and London. The firm manages approximately $25 billion in capital and uses fundamental analysis to select investments, primarily public and private equity securities, from a wide range of industries globally. Viking is registered as an investment adviser under the U.S. Investment Advisers Act of 1940.

## Contacts

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# Viking Global to Back Rockefeller Wealth Firm Led by Fleming

By **Jennifer Surane** and **Simone Foxman**
October 4, 2017, 6:12 AM PDT
*Updated on* October 4, 2017, 9:48 AM PDT

- Ex-Morgan Stanley executive Greg Fleming to be firm's CEO
- Hedge fund to become majority owner of high-net-worth adviser

Greg Fleming, a former top executive at Morgan Stanley, is joining with the Rockefeller family office to create a wealth-management firm that will be backed by Viking Global Investors.

Fleming will be chief executive officer of Rockefeller Capital Management, an adviser to the ultra-wealthy that will be acquired by Viking Global after the deal is completed early next year, the New York-based company said Wednesday in a statement. Terms weren't disclosed.

Fleming, 54, who was most recently president of Morgan Stanley Wealth and Asset Management, left the Wall Street firm last year after CEO James Gorman indicated he planned to stay on at least five more years and installed an older deputy in the bank's No. 2 position, people with knowledge of the decision said at the time. Before joining Morgan Stanley, Fleming was president of Merrill Lynch & Co.

Replay

In addition to wealth and asset management, the new company will create a unit focusing on advising large multinational companies, Fleming said in a phone interview.

## 'Strategic Advice'

"Many wealthy families own companies that they need to take public or sell," he said. "They're looking for strategic advice, and they're looking for interesting investments."



HOUSE_OVERSIGHT_012050

He said a deal to purchase the Miami Marlins baseball team that he was involved in earlier this year was an example of the sort of investment the firm's clients might be interested in.

A private-equity fund managed by Viking will own the majority of the business, while Fleming and others in management will invest, he said. A trust representing the broader Rockefeller family will remain an owner, though it's selling some of its stake as part of the transaction.

Rockefeller & Co., which began 135 years ago as the family office of oil baron John D. Rockefeller, oversees about $10.9 billion for families and other institutional investors, and advises on another $5.3 billion, according to the statement. Fleming said that Viking's capital will be used to expand these businesses, as well as building an advisory arm.

"The industry is very fragmented," Fleming said. For independent companies that combine wealth and asset management, as well as advisory, "there's room, if you do it well, to really generate some market share, especially for a firm with a brand as good as Rockefeller," he added.

Viking Global, which was founded by Andreas Halvorsen, has about $25 billion under management, making it one of the biggest hedge funds in the world.

The Rockefeller family office was advised by Ardea Partners, an investment bank formed last year by Goldman Sachs Group Inc. veteran Chris Cole and a handful of former colleagues. Willkie Farr & Gallagher LLP provided legal advice, according to the statement. Paul, Weiss, Rifkind, Wharton & Garrison LLP was legal adviser to Viking Global.

The Wall Street Journal reported on Fleming's new role earlier Wednesday.



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# WHO WE ARE

OUR FIRM DEFINED OUR CULTURE CEO MESSAGE

OUR LEADERSHIP TEAM

# OUR FIRM DEFINED

Rockefeller & Co. is a distinctive financial services firm that is privately held and independent.



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## DRIVEN BY

the intellectual soundness, creative acumen, and personal dedication of our people

## FOCUSED ON

assessing investment opportunities through a global lens

## COMMITTED TO

providing insightful solutions for the sophisticated needs of our clients



11/15/2016

About Rockefeller & Co.

10/3/2017

Thirty Years Later

06/30/2016

Rockefeller & Co. team members summarize the breadth of services available to non-profit clients.



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# ABOUT US

Rockefeller & Co. is privately owned and focused on the diverse investment and financial needs of our sophisticated clientele. From our beginnings as the Rockefeller family office, we are today a full-service, independent asset management and wealth advisory firm, with a mission to help our clients achieve their goals.

As global citizens—with a geographically unconstrained approach to asset management—we know how important it is to perceive the world in its totality in seeking to benefit from the wealth of opportunities held therein. Our asset management team speaks 13 languages, an indication of the global perspective we apply to our business.

**1882**

1979

1980

2012

**TODAY**

Rockefeller & Co. has approximately $16.9 billion in assets under advisement for individuals and families, family offices, nonprofit organizations, foundations, endowments, and global institutions.[1]

[1] As of September 30, 2017. This number includes net assets under management of approximately $11.4 billion plus approximately $5.5 billion in advisory assets. Advised assets represent non-managed assets that receive services, such as consulting for open



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# CEO MESSAGE

In this video, Reuben Jeffery III discusses Rockefeller & Co.'s commitment to service and stewardship. We pride ourselves on our client focus and the strong relationships we develop with individuals, families, and institutions.

PLAY VIDEO

882

# OUR LEADERSHIP TEAM



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**REUBEN JEFFERY III**
Managing Director, President & Chief Executive Officer

**JIMMY C. CHANG, CFA**
Managing Director, Chief Investment Strategist

**YVETTE M. GARCIA**
Managing Director, General Counsel & Chief Administrative Officer

**DAVID P. HARRIS, CFA**
Managing Director, Chief Investment Officer

**STUART HENDRY**
Managing Director, Chief Operating Officer

**TIMOTHY J. MCCARTHY**
Managing Director, Chief Compliance Officer & Counsel

**ELIZABETH P. MUNSON**
Managing Director, President of Rockefeller Trust Company, N.A. & The Rockefeller Trust Company (Delaware)

**KARA VALENTINE**
Senior Vice President, Director of Marketing



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**RAYMOND N. WAREHAM**
Managing Director, Head of Wealth Advisory

**DAVID WESTBROOK**
Managing Director, Chief Financial Officer

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# INSIGHTS & NEWS

INSIGHTS **NEWS**

HAPPENINGS IN THE MEDIA

## HAPPENINGS

01 02

09/08/2016

### ROCKEFELLER & CO. PARTICIPATES IN OPERATION BACKPACK 2016

As part of our community outreach initiative, Rockefeller & Co. again participated in Operation Backpack 2016. Thousands of children live in New York City's homeless and domestic violence shelters. One of the most devastating consequences of homelessness is the impact it has on a child's education.

07/22/2016

### ROCKEFELLER & CO. HOSTS GUEST SIXTH ANNUAL NEXUS GLOBAL YOU SUMMIT

From July 20th through 22nd in New York, Karen Wawrzaszek, Sen Advisor and Managing Director, and Jack McMackin, Client Associ delegation of "Next Generation" clients a he Sixt Nexus Global Youth Summit.

CLIENT LOGIN

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06/15/2016

### ROCKEFELLER RESEARCH SERIES: THE DRIVERLESS ECONOMY

Rockefeller & Co. hosted 2016's first installment of the Rockefeller Research Series at the Boston offices on Wednesday, June 8th with a subsequent presentation in New York at The Modern.

05/04/2016

### MEREDITH BLOCK PRESENTS AT THE ATLANTA SOCIETY OF FINANCE & INVESTMENT PROFESSIONALS (ASF

Rockefeller & Co. was invited to discuss Sustainability & Impact Inv ASFIP in Atlanta, GA on May 4th, where Judy Lee, analyst and me Institutional Sales and Consultant Relations team, introduced a pres Meredith Block, S&I Vice President and Analyst.



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## DAVID HARRIS PANELIST AT ESG WORKSHOP AT INSTITUTIONAL INVESTOR FORUM

On Friday, April 29th, David Harris was featured in a workshop at the Institutional Investor Forum entitled "ESG: Divestment, Governance and Future of Sustainable Investing."

## MATT GELFAND SPEAKS AT NAFOA 7 CONFERENCE

On Tuesday, April 19th Matt Gelfand, Managing Director, participa the Native American Finance Officers Association's (NAFOA) 34t Conference in Phoenix, AZ.



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# INSIGHTS & NEWS

**INSIGHTS** NEWS

WHAT'S NEW VIDEOS AND PODCASTS INVESTMENT COMMENTARY

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# WHAT'S NEW

**11/01/2017** MONTHLY MARKET REVIEW

A "Vixing" Puzzle — Market's unusual lack of volatility; Be fearful when others are greedy

**09/01/2017** MONTHLY MARKET REVIEW

Fire & Fury — A chaotic presidential summer vacation; Government shutdown now a distinct possibility

**Q4 2017** GLOBAL FORESIGHT

Thirty Years Later — Reagan's Berlin Wall Speech, Rising Debt, the 1987 Crash and Implications for Today's Equity and Fixed Income Markets

**Q3 2017** GLOBAL FORESIGHT

Aging Bull — Where we see investment opportunities after eight years of rising markets



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# Capital Markets
# Company Overview of Rockefeller & Co., Inc.

November 14, 2017 6:15 PM ET

**Snapshot** **People**

### Company Overview

Rockefeller & Co., Inc. is a privately owned investment manager. It provides its services to High net worth individuals, their families, family offices and related entities, funds organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies or other types of legal entities; U.S. registered investment companies; Trusts and other fiduciary accounts , Foundations, endowments, charitable and other nonprofit institutions; Taxable and tax-exempt accounts, and Sovereign Nation(s). The firm manages separate client-focused equity and fixed income portfolios. The firm invests in the public equity markets across the globe. It invests in the fixed income m...

Detailed Description

10 Rockefeller Plaza
New York, NY 10020
United States

**Phone:** 212-549-5330
**Fax:** 212-549-5524
**www.rockco.com**

Founded in **1882**

### Key Executives For Rockefeller & Co., Inc.

**Mr. Reuben Jeffery III, J.D.**
Managing Director, President, CEO, and Member of the Board
Age: 64

**Mr. David Westbrook**
Chief Financial Officer and Managing Director

**Mr. Stuart Hendry**
Chief Operating Officer and Managing Director

**Mr. David Peter Harris CFA**
Chief Investment Officer, Managing Director, and Portfolio Manager

**Ms. Yvette Marie Garcia J.D.**
Chief Administrative Officer, Secretary, Managing Director, and General Counsel

Compensation as of Fiscal Year 2017.

### Rockefeller & Co., Inc. Key Developments

## Rockefeller & Co Names David Rockefeller, Jr. as Chairman

Oct 31 16

Rockefeller & Co announced that director David Rockefeller, Jr. has been appointed chairman of the board of directors. Mr. Rockefeller, a founding member of the board of directors, succeeds Colin G. Campbell, who has served as chairman since 2003. Mr. Campbell will remain a member of the board of directors. As chairman, Mr. Rockefeller will lead the board of directors in its oversight of the firm's business, and will work closely with Rockefeller & Co. CEO and president, Reuben Jeffery III, in supporting the firm's delivery of best in class wealth advisory and asset management services to high net worth individuals, families and institutions.

### Similar Private Companies By Industry

| Company Name | Region |
|---|---|
| @Visory LLC | United States |
| 1 Road Partners LLC | United States |
| 11T Partners, LLC | United States |

### Recent Private Companies Transactions

| Type<br>Date | Target |
|---|---|
| **Merger/Acquisition**<br>October 3, 2017 | -- |



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| Company Name | Region |
|---|---|
| 123Jump.com, Inc. | United States |
| 1509225 Ontario, Inc. | United States |

## Request Profile Update

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# CAREERS





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# CAREER OPPORTUNITIES

Rockefeller & Co. is a distinctive financial services firm that is privately held and independent. We take great pride in the integrity, depth and vision of our professionals.

City

**— NEW YORK, NY** (4 POSITIONS)

- CLIENT ACCOUNTANT
- SUMMER INTERN-ASSET MANAGEMENT
- SUMMER INTERN-MANAGER SELECTION
- SUMMER INTERN-WEALTH ADVISORY

**— WILMINGTON, DE** (1 POSITION)

- VP/ SENIOR TRUST ACCOUNTANT

Don't see the job you are looking for? You can submit a resume for future consideration by clicking here.



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ROCKEFELLER
INSIGHTS

# ACTIVE STEWARDSHIP
## IN FINANCIAL SERVICES

**Mariela Vargova, Ph.D.**
Senior Vice President, Senior Sustainability and Impact Analyst

**Emmanuel L. Sobong, CFA**
Senior Equity Analyst

ROCKCO.COM

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"THE CONCEPT OF 'ACTIVE STEWARDSHIP' WAS FIRST INTRODUCED IN THE UNITED KINGDOM IN 2010 WHEN THE COUNTRY'S FINANCIAL REPORTING COUNCIL INTRODUCED THE UK STEWARDSHIP CODE."

– Mariela Vargova, Ph.D.



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# Active **Stewardship**

Nine years ago, in mid-March, Bear Stearns, which in 2007 traded at over $125 per share, was sold to J.P. Morgan for $10 per share in a transaction that many mark as the beginning of, what we now know as, the Global Financial Crisis of 2008. While it is said that the passage of time heals all wounds, the disastrous contagion across the global financial landscape, the collapse of numerous large financial institutions and the loss of public trust in the financial services sector remains on the minds of many. Whether it was opaque counterparty exposure, excessive leverage, insufficient risk management, or a lack of corporate transparency, we now know that these factors in combination led to the near collapse of the entire global financial system. While the financial markets have moved well beyond that terrible day in March of 2008, the public trust of a very large sector of the global economy is still severely marred due to continued bad behavior, lack of corporate transparency, accountability and proper risk management, as well as risky business practices.



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## Accountability & **Reflection**

As the Governor of the Bank of England Mark Carney said in 2015, the "crisis and its aftermath laid bare that many of our markets didn't live up to these standards" of transparency, responsibility and accountability, and warned that until markets regain those qualities they cannot retain their social license to operate.[1]

The crisis also underscored the lack of effective shareholder scrutiny of boards of directors and senior management on essential corporate governance issues such as risk management, corporate strategy, independence and long-term value creation.[2] To overcome these shortcomings, the global investment community took on the role of "active stewardship" in capital markets. It started to adopt stewardship codes to engage with companies in seeking to improve business practices and disclosures. These efforts were focused on seeking major reforms towards financial stability and greater corporate responsibility.

## 2010: **Active Stewardship is Born**

The concept of "active stewardship" was first introduced in the United Kingdom in 2010 when the country's Financial Reporting Council introduced the UK Stewardship Code.[3] According to the code, stewardship means that investors are expected to proactively engage with companies on issues of strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration.[4]

In January 2017, a group of U.S. and international institutional investors with combined assets of $17 trillion followed suit and launched the first U.S. Stewardship Code.

The adoption of stewardship codes in many national markets highlights a new set of responsibilities for shareholders. By signing on, institutional investors commit to closely monitor their companies and to use their voting power to improve corporate behavior. As fiduciaries, investors also commit to be more transparent about their own activities to their clients and other stakeholders.

Today, active stewardship includes many environmental, social and governance (ESG) issues that are priorities for those investing with a sustainability mindset. As fiduciaries, we at Rockefeller & Co. seek to engage with boards of directors and senior management on ESG issues to identify potential long-term business risks and encourage opportunities such as management quality and ethics, human capital and labor issues, climate change and low carbon economy. We believe that such engagements can have a long-lasting impact both on business profitability and competitive advantage.

Beyond the potential long-term investment growth and sustainability benefits of implementing these engagement activities, institutional investors are leading the efforts to rebuild trust in public markets after the financial crisis, starting where the issues were most apparent – the financial services sector.

## Embracing Change: **Financial Services Sector**

Borne out of the trauma from 2008 and a new stricter regulatory environment, financial services companies were the first to face this new level of shareholder scrutiny and engagement.

Wall Street came under pressure by regulators and society to take significant steps to change its corporate governance guidelines, business practices and culture.

It may come as a surprise to learn that several large banks led the reform efforts in 2010 by reviewing their business standards and ethics codes and implementing



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**"AS THE GOVERNOR OF THE BANK OF ENGLAND MARK CARNEY SAID IN 2015, THE 'CRISIS AND ITS AFTERMATH LAID BARE THAT MANY OF OUR MARKETS DIDN'T LIVE UP TO THESE STANDARDS' OF TRANSPARENCY, RESPONSIBILITY AND ACCOUNTABILITY..."**

employee trainings on new values and culture.

One of the largest banks significantly improved public disclosures by adopting new policies and processes on ethics, and publicly committing to high-quality practices to ensure financial stability and economic opportunity.[5] At the core of these efforts was the goal to be client-oriented, with accountability to stakeholders and regulators alike.

It was in the areas of risk management and board oversight that banks made the most visible changes. They created risk committees at the board level and implemented company-wide risk management programs. For example, we saw how a leading bank in the U.S. also established a new position of Chief Risk Officer reporting to the board and tasked with ensuring that incentive programs in the organization do not encourage excessive or unnecessary risk-taking.[6]

One of the largest banks also showed corporate leadership by publicly acknowledging responsibility for unethical practices and recognizing past mistakes.[7] They shifted their focus to identify and monitor "material risk-taking" in their organization and increased managerial oversight. Other banks publicly committed to seeking responsible business growth and to conduct their business in a more transparent way.[8]



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# A New Course **for Financials**

Banks and insurance companies play a vital role in our financial system, providing savings, financing, investment, and payment services to consumers and businesses of all sizes. Our modern economy requires a stable, trustworthy, and efficient financial services industry to function and grow. Active stewardship can serve a role in maintaining a strong financial system.

Bank managements should be motivated to pursue best practices, having experienced the consequences of bad behavior long after the Global Financial Crisis. Tighter regulations, enacted in the aftermath of the Global Financial Crisis, including Basel III and the Dodd-Frank Wall Street Reform and Consumer Protection Act, have increased capital requirements and compliance costs for financial institutions. They have also limited aggressive forms of lending and risk-taking.

In addition, banks have also incurred substantial legal penalties for poor conduct ranging from consumer loan servicing, market manipulation, fraudulent activity, and money laundering.

However, while new regulations and legal settlements have placed incremental financial burdens on the financial services industry, banks and insurers have since made substantial progress to comply with new rules and adjusted their business models accordingly. Balance sheets have been reinforced with additional capital and liquidity, and tighter underwriting. While this may limit loan growth, it has also resulted in reduced risk costs in their lending businesses. Banks have added headcount in their compliance and risk control divisions in an effort to monitor and prevent future misconduct.

With a new administration in power in the United States, there is some concern that an aggressive pullback of regulations is imminent. However, we believe that higher quality banks and insurers should remain conservative in maintaining their increased regulatory capital, underwriting standards, and compliance and risk monitoring capabilities, as failing to do so could draw the ire of legislators and regulatory bodies, as well as the general public. This could lead to additional costs through loan losses, further litigation expenses, and even more stringent regulations. We believe that through active stewardship, we can continue to promote responsible practices among these companies.

Going forward, we expect banks and other financial institutions with adjusted business models, that exhibit greater stability in earnings and balance sheet quality to benefit financially in the long run. A reduction of earnings cyclicality should result in higher investor confidence in dividend payouts over time, and financial stocks could see higher valuations as a result. Swedish banks are a prime example. Highly capitalized by global standards, with minimal loan losses in their home market even during economic downturns, Swedish banks have maintained premium valuations (14x to 16x forward earnings, 1.6x to 2x book value) compared to their European peers (many trade at 10x to 12x forward earnings, <1x book value). We believe this represents significant potential upside for long-term investors in the sector.

**"OUR MODERN ECONOMY REQUIRES A STABLE, TRUSTWORTHY, AND EFFICIENT FINANCIAL SERVICES INDUSTRY TO FUNCTION AND GROW. ACTIVE STEWARDSHIP CAN SERVE A ROLE IN MAINTAINING A STRONG FINANCIAL SYSTEM."**



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# Doing Our Part at **Rockefeller & Co.**

Over the past several years, the Sustainability & Impact team at Rockefeller & Co. has implemented active stewardship with the financial services sector. On behalf of our clients, we have engaged with boards of directors and senior management, focusing on the following issues:

- **Implementing strategy on long-term financial stability**
- **Improving transparency over business standards, values and culture**
- **Establishing sound risk management systems and processes**
- **Compensation and incentive programs tied to long-term performance**
- **Implementing new employee engagement and trainings**
- **Sustainable finance and climate related investments**
- **Financial inclusion and access to underserved populations**

As engaged investors, we believe we have made significant progress in many of these areas. We worked together with some of the largest banks in the United States in seeking to improve their disclosures over business standards and encouraged them to embrace ESG in their operations and investments. We continue to monitor their progress through regular meetings and communications.

Despite making significant progress in the areas of governing business risk and regulatory compliance, many financial companies continue to be involved in irresponsible business practices. Such behavior can potentially hurt long-term shareholder value and damage their corporate reputation. This is where we believe our active stewardship and constructive shareholder voice can have the most positive impact.

**ROCKEFELLER & CO. HISTORY OF CO-FILING SHAREHOLDER RESOLUTIONS IN THE FINANCIAL SERVICES SECTOR AFTER 2008:**

**2017** Wells Fargo, Report on Business Standards
**2017** J.P. Morgan Chase, Proxy Voting
**2015** Bank of America, Separation of Chair & CEO
**2014** J.P. Morgan Chase, Report on Business Standards
**2014** Bank of America, Report on Business Standards
**2014** Wells Fargo, Report on Business Standards
**2013** Wells Fargo, Payday Lending
**2012** Morgan Stanley, Transparency in the Repurchase Markets
**2012** Bank of America, Internal Controls Related to Mortgage Loan
**2011** State Street, Separate Chair & CEO
**2011** Morgan Stanley, Restore Confidence in the Financial System

Our engagements with the financial services sector are supported by our long-term collaborative work with the Interfaith Center on Corporate Responsibility (ICCR). We also utilize other investor networks such as the UN-backed Principles for Responsible Investment (PRI) and the CERES/Investor Network on Climate Risk (INCR) to engage with companies on sustainability across various sectors.

Finally, the outlook for possible increased deregulation under the new administration could potentially undermine the gains achieved by shareholders through active stewardship and engagements. We believe that institutional investors should be more proactive than ever as stewards of companies and capital markets, and raise their voice in seeking to ensure good governance, accountability and responsible growth.



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**THE ROCKEFELLER TRUST COMPANY (DELAWARE)**
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Wilmington, DE 19801
T. 302-498-6000

[1] http://www.bankofengland.co.uk/publications/Documents/speeches/2015/speech865.pdf
[2] http://www.oecd.org/corporate/ca/corporategovernanceprinciples/43056196.pdf
[3] https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Stewardship-Code-September-2012.pdf
[4] https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Stewardship-Code.aspx
[5] http://www.goldmansachs.com/who-we-are/business-standards/committee-report/business-standards-committee-report.html
[6] https://www.morganstanley.com/about-us-2015ams/pdf/2015_Proxy_Solicitation_Presentation.pdf
[7] https://www.jpmorganchase.com/corporate/investor-relations/document/How_We_Do_Business.pdf
[8] http://about.bankofamerica.com/assets/pdf/Bank-of-America-2015-Business-Standards-Report.pdf

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ROCKEFELLER & CO.

THIRD QUARTER
2017

# GLOBAL Foresight

## Aging Bull

**Where we see investment opportunities after eight years of rising markets**

BY DAVID P. HARRIS, CFA pages 2-5

**Yesterday Once More; Tomorrow Never Knows**
BY JIMMY C. CHANG, CFA
pages 6-9

**Leveling the Playing Field**
BY MICHAEL D. SEO, CFA
pages 10-13

**The Promise of Governance Reform – South Korea**
BY MARIELA M. VARGOVA, PH.D.
pages 14-15

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**DAVID P. HARRIS, CFA**
*Chief Investment Officer*
212.549.5210
dharris@rockco.com

Eight plus years into the market recovery, we see valuations extended as most of the gains since 2014 have been driven by multiple expansion rather than earnings growth. In this issue of *Global Foresight,* we highlight potential investment opportunities, as well as challenges to sustaining this bull market. We examine emerging markets with Jimmy Chang focusing on China, and Michael Seo on South Korea. We also comment on corporate governance in an article by Dr. Mariela Vargova.

## The Charging Bull

The lifespan of a bull market typically lasts many years, at times ending abruptly. Conversely, the statue now on Lower Broadway known as *Charging Bull* had a very short-lived initial run on Wall Street. It is not widely known that *Charging Bull* was never commissioned by the City of New York nor by any one of its major investment banks. Rather, the three-and-a-half-ton statue was simply unloaded one December day back in 1989 by a private citizen in front of the New York Stock Exchange.

The benefactor was Italian sculptor Arturo di Modica who created *Charging Bull* to demonstrate his belief in the strength of the U.S. economy after the stock market crash in 1987. Hours after di Modica delivered his statue, it was removed by the NYPD and was not expected to be resurrected. This was not the end of this bull's run, however, since its removal generated an amazing amount of media buzz—particularly noteworthy considering this happened before the internet was available to the general public, so "going viral" was not even a concept. After a couple of weeks of public pressure, *Charging Bull* was retrieved and installed at its current home at the intersection of Broadway and Whitehall, where it has been a staple for tourists' photos ever since.

The current equity bull market may have more years left, but its age and valuation make the case worth revisiting. As we assess potential investment opportunities, we see valuations elevated in the U.S. market, while we believe Europe is likely to continue its cyclical rebound. We are also encouraged by political developments on the continent. We believe there are a number of attractive emerging market (EM) opportunities, but are mindful of the challenges most of these once-rapidly-growing economies face. Frankly, it is not just the bull market that is aging; it is most of the world, which has important sociological, economic and investment implications as demographics and debt are likely to constrain long-term global economic growth.

## The Challenge of High Valuations

In 1998, professors Robert Shiller and John Campbell conceived the cyclically adjusted price-earnings (CAPE) ratio, which averages earnings over a 10-year period to minimize the impact of economic cycles when valuing equity markets. The CAPE ratio has been widely cited as evidence of U.S. stock market overvaluation. The present U.S. equity CAPE ratio is the highest it has been except during two famous market peaks—1929 and 1999. We believe the CAPE ratio is cause for concern, but not alarm. It most likely suggests that U.S. equities will have subdued future returns. However, unlike the market's prior peaks at the end of the Roaring Twenties or the dot-com era, we do not believe we are in the midst of an economic or market bubble. If there is a benefit to the subdued economic recovery we have recently experienced in the U.S. where GDP growth has been averaging about 2.0%, it is that the economy has not built up the excesses that it did during past peaks in the CAPE ratio. By contrast, during the 1920s, U.S. real GDP growth averaged 4.2%, and from 1996-1999 it grew at least 4.3% in each calendar year. Since the CAPE ratios in those periods calculated off a base of very strong economic activity and earnings, those periods were more susceptible to crashing than today's more muted environment.

NEW YORK POST

SPORTS EXTRA

SATURDAY, DECEMBER 16, 1989

BAH, HUMBUG!

N.Y. Stock Exchange grinches can't bear Christmas-gift bull

LEVERAGED INFLATION

MAGIC DOLLAR

LAST CHANCE TO WIN A BUNDLE

Source: New York Post



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## EM Growth?

CAPE ratios are lower outside the U.S., with emerging markets even lower than those in developed markets. While we have been more constructive in recent issues of *Global Foresight* on non-U.S. opportunities, we believe there is limited relevance of CAPE ratios when comparing the very deep, diverse set of companies in the U.S. with most other markets. While valuation from 30,000 feet looks better in many places, there are reasons to discount CAPE as a reliable valuation tool when analyzing smaller markets. As an extreme example, Russia has the lowest CAPE ratio in the world, but its equity market is very concentrated in commodity businesses whose earnings are highly cyclical.

TABLE 1 highlights data from the 10 largest emerging markets, which account for 89.2% of the MSCI Emerging Markets Index. The growth prospects of this group appear surprisingly tepid. The median real GDP growth for the next five years is forecasted at 2.5%, while population growth is expected to be less than 1.0%. The term "emerging markets" was coined in the 1980s, but frankly, most of these economies have already "emerged." The countries with the most long-term economic growth potential are arguably those with young, growing populations—namely, India, Indonesia and Malaysia. However, these countries have small equity markets that, when combined, do not even equal South Korea's in size.

TABLE 1: **KEY DATA FROM THE TEN LARGEST EMERGING MARKETS**

| COUNTRY | INDEX WEIGHT | LAST 5 YEAR GDP GROWTH | FORECAST NEXT 5 YEARS GDP GROWTH | ESTIMATED POPULATION GROWTH TO 2021 | INFLATION RATE | MEDIAN POPULATION AGE | FISCAL DEBT/GDP | LEADING MARKET P/E | 10-YEAR BOND YIELD | SOVEREIGN DEBT RATING |
|---|---|---|---|---|---|---|---|---|---|---|
| CHINA | 27.7% | 7.3% | 6.4% | 0.6% | 2.0% | 37.1 | 46.2% | 13.6 | 3.5% | AA- |
| SOUTH KOREA | 15.4% | 2.8% | 2.7% | 0.4% | 1.3% | 41.2 | 38.6% | 9.7 | 2.2% | AA |
| TAIWAN | 12.2% | 2.1% | 2.2% | 0.2% | 1.4% | 40.2 | 35.7% | 13.8 | 1.0% | AA |
| INDIA | 8.8% | 6.3% | 7.5% | 1.3% | 5.0% | 27.6 | 69.5% | 18.8 | 6.5% | BBB |
| SOUTH AFRICA | 7.0% | 1.6% | 1.5% | 1.6% | 6.3% | 26.8 | 50.5% | 15.9 | 8.4% | BBB- |
| BRAZIL | 6.7% | -0.4% | 1.8% | 0.7% | 8.8% | 31.6 | 78.3% | 12.0 | 10.7% | BB |
| MEXICO | 3.7% | 2.5% | 2.4% | 0.9% | 2.8% | 28.0 | 58.1% | 18.7 | 7.1% | A |
| RUSSIA | 3.3% | 0.5% | 1.5% | -0.1% | 7.1% | 39.3 | 17.0% | 5.8 | 7.6% | BBB- |
| INDONESIA | 2.5% | 5.6% | 5.3% | 1.3% | 3.5% | 29.9 | 27.9% | 15.7 | 6.8% | BBB- |
| MALAYSIA | 2.4% | 5.1% | 4.6% | 1.7% | 2.1% | 28.2 | 56.3% | 17.9 | 3.8% | A |
| SOURCE | MSCI *AS OF MAY 31, 2017 | BLOOMBERG | BLOOMBERG | IMF/ BLOOMBERG | BLOOMBERG | CIA WORLD FACTBOOK | IMF | MSCI/ BLOOMBERG | BLOOMBERG | S&P |
| TOTAL | 89.7% | | | | | | | | | |
| | MEDIAN | 2.7% | 2.5% | 0.8% | 3.2% | 30.8 | 48.4% | 14.8 | 6.7% | |
| | AVERAGE | 3.3% | 3.6% | 0.9% | 4.0% | 33.0 | 47.8% | 14.2 | 5.8% | |

Sources: Bloomberg, IMF, CIA World Factbook, MSCI, S&P

China is a market that has looked attractively valued at times relative to its growth prospects. However, China has already had a spectacular recovery from a correction that rattled markets globally in August 2015 and again in January 2016. China is the largest emerging market and a vital trading partner for many other key emerging markets, such as Brazil. While China remains an important source of long-term global economic growth, it faces some cyclical and structural challenges that Jimmy Chang discusses in his article.

South Korea is an emerging market that has screened well for valuation and poorly for governance. As the second largest emerging market after China, we believe that South Korea is an important economy and source for potential investments. We cover it in more detail in the articles from Michael Seo and Dr. Mariela Vargova.

## Aging Populations

A major challenge South Korea and China already face, is an aging population. Countries that are major economic powers are aging rapidly, while most of the youth in the world is concentrated in the poorest nations. One useful country demographic is the median age of its citizens. The U.S., with a median age of 37.9 years (half of all Americans are 38 or older), ranks 62 out of 230 nations, making it one of the older nations in the world, though one of the world's younger developed markets. Aging in the U.S. is dwarfed by comparison to most of Europe and Japan. Japan and Germany have median population ages of 46.9 and 46.8, respectively. Remarkably, if people in the U.S. ceased having kids for the next nine years, only then would we have a median population age approaching those today in Japan and Germany. Europe has a median age of 42.7 as a region and is nearly five years older than the U.S.



HOUSE_OVERSIGHT_012081

CHART 1: **CHINA POPULATION DISTRIBUTION 2015**

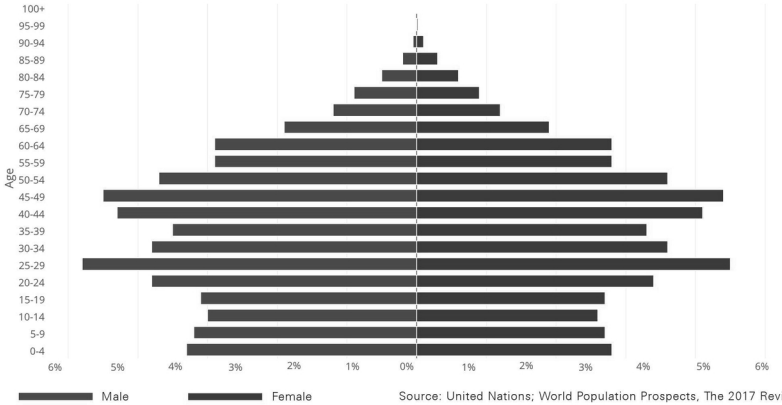


Source: United Nations; World Population Prospects, The 2017 Revision

While we consider demographics as an important long-term factor for investing (as discussed in the Third Quarter 2015 issue of *Global Foresight: Investing for the Ages*), in the short run, it is eclipsed by economic cycles and political changes. For instance, Japan's and Germany's economies have each been performing well over the last few years, despite being the second and third oldest countries in the world with the median population age of 47 years (Monaco has the world's oldest population at 52 years). However, in the longer run, demographics factor into economic growth as consumption declines dramatically in your 50s and 60s from where it is in your 30s and 40s. Health care burdens also increase and presumably need to be funded with higher taxes that will eventually weigh on the disposable incomes of younger workers.

> "...in the longer run, demographics factor into economic growth as consumption declines dramatically in your 50s and 60s from where it is in your 30s and 40s."

The largest emerging market, China, has a median age comparable to the U.S. and arguably has far worse demographics as China faces a big decline in new workers over the next ten years when the number of retirees may exceed the number of new entrants into the labor force as shown in CHART 1.

South Korea is the oldest emerging market with a median age of 41. East Asian economies, including Japan, have grown over the years due to migration from villages to urban centers, resulting in productivity gains that have fueled economic expansion. Although this migration may continue a while longer, EM investors should understand the reality that the economic growth case outside of South Asia and Southeast Asia is mostly limited to productivity gains. India has the best demographic profile of any major emerging market as shown in CHART 2, with progressively younger population brackets getting steadily larger, indicating a stable increase in labor force for long-term economic growth.

## Young Ideas

Japan has seen a long, steady economic recovery behind the market-friendly policies of Prime Minister Abe. The U.S. has experienced slow but consistent growth, arguably being driven more by its culture of innovation and leadership in the tech sector that has led its market's returns. By comparison, Europe has been plagued by infighting and rotating economic and political crises for most of the last nine years. In addition, when we consider the challenges to growth Europe faces longer-term as a result of its aging populations, it would seem difficult to make the case that the bull market centered in the U.S. may see its next leg driven by its counterparts across the Atlantic. However, we see the European continent energized by the electoral success of 39-year-old Emmanuel Macron, who not only won the French presidency in May, but also a strong party majority in its legislative body, the National Assembly. This mandate should pave the way for economic reforms that we believe investors will embrace. It is a massive change in sentiment from six months ago when markets were fearing the "anti-European Union" rhetoric of since-defeated Marine Le Pen.

Unifying Europe is no easy task, but the best chance appears to be in the hands of a political outsider with pro-business and economic policies that manage to be sufficiently mainstream to keep France from fracturing into far-left and far-



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CHART 2: **INDIA POPULATION DISTRIBUTION 2015**

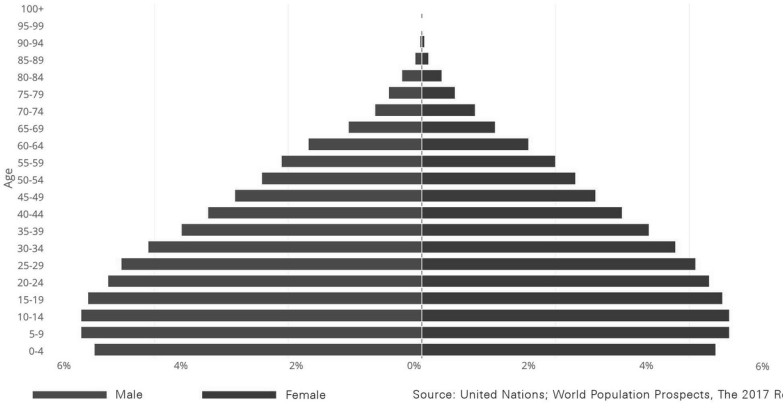


Source: United Nations; World Population Prospects, The 2017 Revision

right camps. So far, Macron has fostered a good rapport with German Chancellor Angela Merkel, whom we expect to be re-elected in September. The political risk in continental Europe is now centered in Italy, but we were encouraged that its far-left Five Star Movement suffered key defeats in recent regional elections, which could bode well for their next national election, likely to occur next spring.

In addition to Italy, Brexit remains a large political risk for 2018 as the weakened Tories will be negotiating with at best a tenuous alliance with the Democratic Unionist Party (DUP) and at worst may face another election and lose power altogether. We believe it is too soon to make major portfolio shifts based on Brexit, but we are watching this closely as substantial progress in negotiations will need to materialize months ahead of the March 2019 deadline. By this time next year, we would expect to see traction in negotiations and stability in Parliament or begin to consider reducing exposure to the British pound and companies exposed to that economy.

## Aging Business Models

The "FANG" stocks—Facebook, Amazon, Netflix, and Google—have disrupted countless business models while seeing their own revenues and market values soar. Empty storefronts from Manhattan to malls in Middle America are evidence of the disruption facing rapidly aging business models like brick-and-mortar retail. When you include Apple and Microsoft in the FANG stocks, the six companies account for 12.83% of the S&P 500 Index. At the start of this bull market on March 9, 2009, these companies had a market value of $326 billion. Today, their market value is $2.97 trillion. Their sheer size alone suggests that they cannot keep compounding like they have. To maintain its ascent, the U.S. bull market will need new sectors to emerge as market leaders. The challenge will be economic growth. Companies that disrupt mature businesses, like many of the FANG stocks have, typically have not relied on a robust global economy to generate their amazing revenue growth. Most other sectors in the S&P 500 Index, however, would likely benefit from a stronger economy.

## Summary and Conclusion

Many bull markets have interesting back stories as to how they begin and end. The latest bull market can arguably be traced back to March 9, 2009 when the CEO of Citibank, Vikram Pandit, released a memo to employees announcing that the company was having its best quarter since early 2007. The market embraced that memo as a sign the worst was over, especially for the beleaguered banking sector. The S&P 500 rallied from that day and eight years later is up nearly four-fold. As we consider future returns, valuation matters. In March 2009, the S&P 500 was selling for roughly 10 times depressed earnings and is now selling for about 18.7 times. The U.S. market leads the world in innovative companies and is priced for it.

As we look for opportunities overseas, we see political fortunes improving in Europe with some lingering headwinds that may appear in 2018. We could argue the same in the U.S. as the leadership in the House of Representatives can easily switch parties next year. If Europe can continue its economic improvement, we see the potential for more gains ahead for the region after a robust start to 2017.

The emerging markets offer some attractive valuations, but are not likely to be a panacea for global growth as the largest ones face the same challenges of aging and maturing development that confront most of the developed world. This bull market may keep moving, but like all of us past a certain age, not at a pace that we are used to. ●



HOUSE_OVERSIGHT_012083

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# Yesterday Once More; Tomorrow Never Knows

## China's housing boom once again fueled global growth, but how long will it last?

Let us begin with a trivia question—what was the most consequential publication in 1776? With this article being published around July 4, you would probably think we are hinting at the *U.S. Declaration of Independence*. That would be a good response, but unlike the laws of physics or mathematics, there is not exactly a right answer to such a question.

One could also point to a book published on March 9, 1776, that has had a transformative impact over time. It has a long title: *An Inquiry into the Nature and Causes of the Wealth of Nations,* and is generally referred to as *The Wealth of Nations*. This seminal work supposedly took Scottish economist and philosopher Adam Smith 10 years to complete, and was based on notes and observations spanning 17 years. It challenged the mercantilist and physiocratic economic theories that dominated the intellectual debate during the mid-18th century. Mercantilist theory held that countries grow wealthier by maximizing domestic production and exports, and was the basis for European imperialism. Physiocratic theory postulated that the wealth of nations was derived from the value of agricultural and land development, and could trace the inspiration to China's agrarian traditions.

*The Wealth of Nations* marked the birth of modern capitalism and also had an influence on our Founding Fathers. James Madison cited the treatise in arguing against the need for a central bank in 1791; Thomas Jefferson referred to it as the best book on money and commerce. In February 1977, in celebration of America's Bicentennial, the Federal Reserve Bank of Richmond published the paper *The Relevance of Adam Smith.* It pointed out the striking similarities between the intellectual spirit of *The Wealth of Nations* and the *Declaration of Independence.* Both railed against the heavy hand of the state, and emphasized individual liberty and the harnessing of individual self-interest to the welfare of the greater society.

So it is perhaps a tie between these two publications. One gave birth to modern economics that created the greatest prosperity in human history, and the other marked the founding of arguably the most powerful and wealthiest nation ever.

### Do Not Bet Against the House

At around the time that America celebrated its Bicentennial, China reached a historic turning point. Chairman Mao passed away in September 1976, and a month later, the arrest of the Gang of Four marked the end of the decade-long Cultural Revolution. Deng Xiaoping then returned to power and embarked on reforms that powered roughly 10% real GDP growth per annum for the next four decades and lifted more than 800 million people out of poverty. Today, the Chinese economy is the largest in the world based on purchasing power parity.

Interestingly, China's rise had little to do with Adam Smith's free-market capitalism. While China's unprecedented economic ascension was indeed fueled by unleashing the energy and the profit-seeking self-interest of the individual, its development has always been shaped by the government's heavy hand. Successive Five-Year Plans, which first started in 1953, continued to guide social and economic development, and key industries remained mostly state-owned. Some argued that China has been pursuing a mercantilist policy in building up its manufacturing base to drive exports and accumulate foreign exchange reserves. Indeed, its share of global exports has remarkably grown from about 1% in 1980 to around 15% by 2016, the largest in the world. Some claimed that China even produces more sombreros than Mexico.

In the wake of the Global Financial Crisis in late 2008 and early 2009, China realized that the country's growth model could no longer depend on external demand, and responded by unleashing massive stimulus for infrastructure projects. It worked so well that China's growth skyrocketed, asset prices shot up, and the housing market became overheated. Globally, China's reflation and the Fed's quantitative easing generated an echo bubble in commodities and emerging market stocks.



HOUSE_OVERSIGHT_012084

By early 2011, China had to cool the economy and tackle the rising leverage and speculation. Policymakers also declared a shift in China's growth model to be more consumption-driven. The transition probably turned out to be more complicated than Chinese policymakers may have expected. Unlike the infrastructure-driven growth model under which the pace of growth could be controlled by adjusting the pipeline of construction projects, a consumption-driven model would let the "invisible hand" of self-interested consumers exert more influence. In other words, a consumption-driven model would cede more control to market forces and experience more unpredictability. While variability in realized growth versus projection is a fact of life in the rest of the world, Chinese officials have sought to minimize this uncertainty as the failure to hit growth targets could affect confidence.

With an estimated homeownership rate around 90% and many families holding multiple apartments as investments, China's housing market has an outsized impact on wealth, consumption and construction, as well as the general economy. As shown in CHART 1, the rapid housing price increases in 2010 and 2011 prompted regulators to cool the housing market, which resulted in price declines in 2012. However, the slowing economy soon pushed them to relax home purchase restrictions. Predictably, housing prices rebounded as a response, with double-digit increases in tier-one cities, prompting measures to tame the bubble once again by 2014.

It is quite clear that there is a momentum-driven herd mentality among Chinese buyers, as expressed in the Chinese adage "buy up market, not down" (买涨不买跌).

In an attempt to wean investors off real estate and channel their capital to highly leveraged state-owned companies, policymakers engineered a stock market rally in the second half of 2014. As the rally gained momentum, the herd flocked in (buy up market, not down) and pumped up a huge stock bubble that eventually blew up by mid-2015. This was followed by the renminbi's official devaluation in August 2015 to alleviate the pressure from the surging U.S. dollar.

Confronted with slowing economic growth, declining foreign exchange reserves, rising capital flight, and a collapsing stock market, Chinese policymakers shelved the reform agenda and went back to the proven playbook—infrastructure and real estate buildout. China even eased property investment rules for foreign institutions and individuals. The result was perhaps the biggest housing bubble ever in China's tier-one cities—prices surged over 30% year-over-year by the spring of 2016. It is as if China was validating the old physiocratic economic theory which postulated that the wealth of a nation lies in its land development.

For years China has justified its rapid property price increases on the basis that it is just catching up to global metropolises such as London, New York, Hong Kong, Tokyo, etc. The latest price surge has indeed accomplished that and more. For example, a run-of-the-mill two-bedroom apartment in Beijing's financial district now costs more than $2,000 per square foot. Skyrocketing domestic property prices have also distorted many Chinese investors' views of foreign properties—they are bargains relative to prices in Beijing, Shanghai and Shenzhen. It is no wonder Chinese investors have bid up property prices in many major cities around the globe. As a sign of the times, Warren Buffett's Berkshire Hathaway HomeServices has recently teamed up with China's Juwai.com to bring American residential property listings to China.

## An Under-Appreciated Reflation Story

According to a U.S. State Department memo released by WikiLeaks, when Chinese premier Li Keqiang was serving as the party secretary of Liaoning Province in 2007, he supposedly told a U.S. ambassador that he did not have confidence in the provincial GDP data. He preferred to monitor three indicators to assess the state of the local economy: the rail freight volume, electricity consumption and bank loan volume. In 2010, *The Economist* introduced the Li Keqiang Index, which takes the weighted average of these three metrics' annual growth rates to track Chinese economic growth.

The Li Keqiang Index has indeed tracked the direction of China's reported GDP data as shown in CHART 2. There was a clear growth deceleration in 2015 and a strong rebound in 2016.

CHART 1: **YEAR-OVER-YEAR CHANGE IN CHINA NEW PROPERTY PRICES**

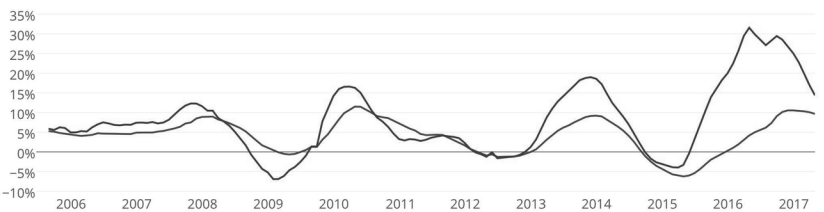


Source: Bloomberg



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CHART 2: **THE LI KEQIANG INDEX VERSUS CHINESE REAL GDP GROWTH**

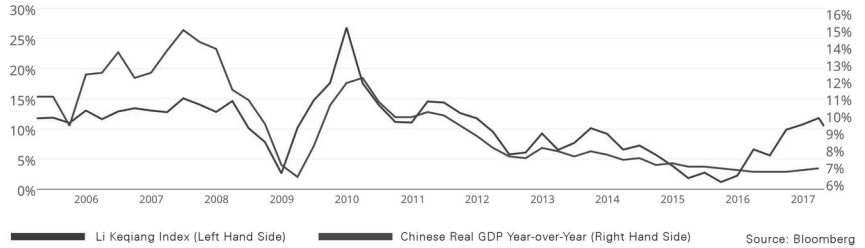


Furthermore, CHART 3 shows that, directionally, the Li Keqiang Index maps pretty well to the ebb and flow of Chinese property prices, confirming the thesis that property prices have much impact on the Chinese economy.

A close examination of CHART 2 raises an interesting observation: Lately, the Li Keqiang Index has accelerated much more than the reported GDP growth. One could surmise that China's actual GDP growth (measured on a year-over-year basis rather than on an annualized sequential change) may have been greater than the reported 6.9% in the first quarter of 2017. This could be rationalized by the conjecture that the actual growth in early 2016 may have been lower than the reported 6.7%.

One indicator of China's strong growth is the year-over-year changes in its imports as shown in CHART 4. Imports surged 24% year-over-year in U.S. dollar terms, and 31% in renminbi terms during the first quarter of 2017. To be fair, part of the surge was due to the rebound in commodity prices. However, China's $58 billion import from Germany and Japan, two non-commodity countries, was still up an impressive 17% year-on-year. In the first quarter of 2016, China's imports from those two countries had declined 10%.

We believe China's strong reflation, thanks to the infrastructure buildout and the unprecedented property price increases in major cities, may have been the most impactful yet under-appreciated catalyst that fueled the synchronized global economic recovery since the summer of 2016. The good news is that China's growth is likely to remain healthy for the remainder of 2017, as stability is paramount ahead of the quinquennial power transition this autumn. However, the uncertainty starts to rise as we look beyond 2017.

## Shadow Boxing

Over the past few years, China watchers have been urging Chinese policymakers to introduce bold reforms and market forces to tackle the country's rapidly growing leverage, over capacity, and housing bubble. However, with stability being of utmost importance, policymakers could not afford to take a chance with the market's invisible hand. Tough reforms in the context of slowing economic growth also ran the risk of jeopardizing social stability. Now, however, with the economy on a much stronger footing, Chinese policymakers have started to push through some needed reforms.

CHART 3: **LI KEQIANG INDEX VERSUS YEAR-OVER-YEAR PRICE CHANGE IN CHINESE PROPERTIES**

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With Chinese President Xi calling for a heightened effort to reduce systemic financial risk, regulators have started to tackle the bloated shadow banking system. Since taking office in February, Guo Shuqing, China's top banking regulator—with the nickname "Whirlwind Guo" for his no-nonsense management style—has already issued a series of directives to reduce leverage. For example, banks were asked to implement higher standards for interbank lending and for selling third-party wealth management products (a primary source of funding for the shadow banking system). In April, China's top insurance regulator was detained for corruption, and the regulatory agency has since taken disciplinary actions against some high-profile insurance companies that have deviated from the core insurance business by using shorter-term funding to finance corporate takeovers, as well as overseas acquisition sprees.

## Tomorrow Never Knows

While we believe China's economy should hold up well going into the 19th Party's Congress this autumn, its growth is likely to decelerate, and the lagged effects of the tightening measures on the shadow banking system and on the housing market could become quite visible by 2018. Housing price changes could be flat or even negative by this time next year.

If the past is any guide, Chinese policymakers may once again loosen property purchase restrictions next year to stimulate growth. Therein lies the moral hazard—it is well known that Chinese policymakers would not risk a sizeable correction in the housing market, and therefore would reflate again to strengthen economic growth. However, with property prices in China's tier-one cities already on par with or even exceeding those of major global cities, it will be hard to rationalize another round of substantial price increases. In other words, using the property market as a lever to stimulate economic growth is not a sustainable long-term solution.

CHART 4: **YEAR-OVER-YEAR CHANGE IN CHINESE IMPORTS (BILLIONS OF USD)**

Source: Bloomberg

These measures have driven up China interbank lending rates, as well as corporate bond yields. The squeeze on the shadow banking system has led to a big jump in aborted bond issuance. In May, China's net corporate bond issuance dropped to a record low of *negative* 217 billion yuan as some bond issuers were unable to roll over their maturing bonds.

On the housing front, various cities have rolled out new administrative measures with the aim of keeping housing prices flat. A few cities even resorted to the draconian measure of a *10-year* lock-up period for new apartment purchases—buyers of new apartments built on recently auctioned off land are prohibited from selling their units for a decade.

China has also continued to stem the capital outflow. Starting this July, Chinese banks and financial institutions have to report all domestic and overseas cash transfers of more than 50,000 yuan ($7,700), compared to the prior threshold of 200,000 yuan ($29,338). Funds transferred overseas are prohibited from purchasing properties, investments, and insurance products. Various new restrictions have also been placed on Bitcoin trading exchanges, as well as overseas use of credit cards. In short, it appears that capital flight from China will get somewhat more difficult for ordinary citizens.

Although equity volatility picked up some in June, most equity investors still appeared to be basking in the glow of a synchronized global recovery. However, the canary in the coal mine may be iron ore: having rallied from the December 2015 low of $37.50 per metric ton to nearly $95 in February 2017, it has lost roughly 30% to $65 a metric ton by the end of June.

In the final analysis, the global economy has benefited from China's rapid growth. However, China will likely be at a crossroads as President Xi embarks on his second term in 2018. Will policymakers inflate the housing bubble further to support economic growth? Will they find new levers to keep the economy growing above 6% per annum, or will they settle for a lower but more sustainable pace? The law of large numbers portends that the next five years will likely be more challenging for Chinese policymakers than the last five years. ●



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# Leveling the Playing Field

## Investment opportunities in the changing South Korean landscape

South Korea has grown over the last 50 years from a poor mostly agricultural economy to a powerful exporter with the 11th highest GDP in the world. Its growth has been built on the back of its *chaebol* system – conglomerates of companies that are family-controlled, often spread across multiple industries. While this structure has served Korea well in terms of rapidly developing its industrial base, it has also been associated with ongoing governance issues. The risks associated with investing in Korea have historically resulted from its stock market having a much lower valuation than those of comparable economies.

As an example of recent governance issues, consider that Chey Tae-Won, chairman of the SK chaebol, had been serving a four-year prison sentence for embezzling $40 million from the SK companies. He was pardoned by former President Park Geun-Hye in the summer of 2015 and soon found himself back in the familiar leadership role of his family conglomerate. Political actions such as this pardon or nepotism within large publicly traded corporations are common, if not expected, in Korea. Throughout its history, the nation's gyrating politics and powerful businesses maintained a symbiotic relationship that propelled tremendous GDP growth while tarnishing the political reputation of a nation. The cultural and regulatory disregard of misconduct is at the root of Korea's corporate governance, especially among the chaebols.

The five most recognizable chaebols as shown in CHART 1 (Samsung, Hyundai, SK, LG, and Lotte) collectively represent over 50% of the market capitalization of the Korea Composite Stock Price Index (KOSPI) and 47% of its revenues. Samsung Electronics alone represents a 21% share of the KOSPI market capitalization and 21% share of employees which is emblematic of the chaebols' influence in Korean society.

During Park Geun-Hye's 2012 presidential election campaign and political career, Ms. Park had been critical of past presidents who had abused the power to pardon individuals and sought to limit the government's role in granting pardons. Her decision

CHART 1: **CHAEBOL % SHARE OF THE KOSPI INDEX**

Source: Bloomberg



HOUSE_OVERSIGHT_012088

Pyongyang, North Korea, is home to the largest stadium in the world with a seating capacity of over 114,000. Source: Getty Images

to release Chey Tae-Won accelerated the demise of her political career. Ironically, she finds herself in prison awaiting trial while the Korean stock market continues to trade at a discount to peers. In addition, MSCI Korea's relative valuation is also suppressed by the mercurial behavior of North Korea whose recent missile tests have dominated global headlines.

A truly embarrassing South Korean political scandal emerged in the fall of 2016 when a journalist discovered a computer belonging to a personal confidant of President Park Geun-Hye. The contents of the device, belonging to Choi Soon-Sil, revealed that she had access to confidential presidential documents including speeches that were ultimately altered and influenced by Ms. Choi Soon-Sil. In the weeks following this revelation, the mighty chaebols of Samsung, Lotte and SK were once again linked to the current political impropriety. It is alleged that members of these chaebols (among others) were coerced into contributing large sums of money to a foundation established by Ms. Choi Soon-Sil in order to maintain a positive relationship with President Park Geun-Hye.

The Korean stock market languished as a result of President Park Geun-Hye's miscues as shown in CHART 2. The performance of the MSCI Korea Index starting from the beginning of President Park Geun-Hye's term was down 25% by late August 2015, which coincided with Mr. Chey Tae-Won's pardon in the week prior. The Korean market drastically underperformed the MSCI Asia ex. Japan Index which was down 14% and the MSCI ACWI Index which was up about 9% during that period. Korea's recursive political environment was frustrating for many Koreans. It is widely believed that chaebols sapped the entrepreneurial vigor of small business owners and young adults who were experiencing unemployment rates of over 9%. However, the decision to impeach President Park Geun-Hye on

CHART 2: **PERFORMANCE SINCE PARK GEUN-HYE INAUGURATION**

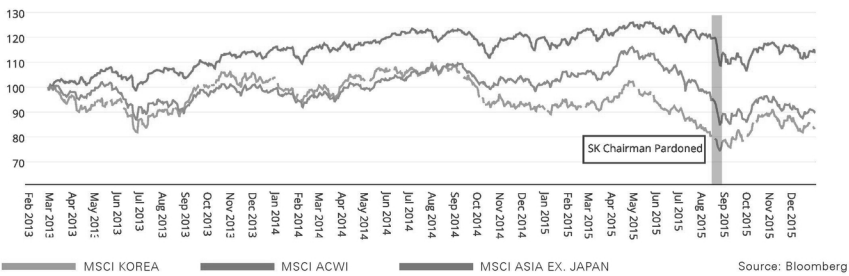


Source: Bloomberg



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CHART 3: **PERFORMANCE SINCE DECISION TO IMPEACH**

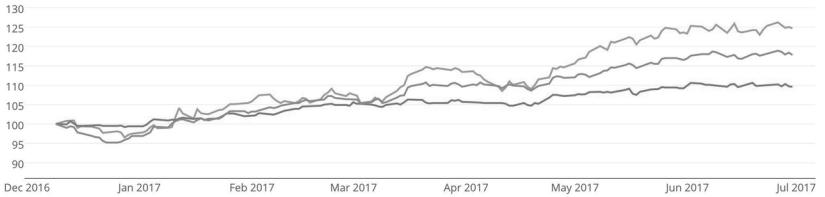


MSCI KOREA MSCI ACWI MSCI ASIA EX. JAPAN Source: Bloomberg

December 9, 2016 proved to be a pivotal point for the country. The large-scale protests seeking a permanent change from the cronyism that runs rampant within Korea were finally being heard.

It is no coincidence that since December 9, 2016, the MSCI Korea Index has outperformed as shown in CHART 3 the same indices it lagged during President Park Geun-Hye's tenure. Investors and Korean citizens alike were finally sensing hope with the leading presidential candidates. Moon Jae-In's eventual victory on May 10 secured the belief that a president in the Blue House was working for the people and not exclusively for the chaebols.

President Moon Jae-In has increased investor expectations for corporate reforms and it is critical for the nation to continue down this path of weakening family ties that maintain a stranglehold on the Korean economy. President Moon Jae-In has quickly appointed key members for advisory and cabinet roles that are aligned with the vision of eliminating corruption, enhancing corporate governance, and revitalizing a fractured economy.

"President Moon Jae-In has increased investor expectations for corporate reforms and it is critical for the nation to continue down this path of weakening family ties that maintain a stranglehold on the Korean economy."

Korea's decision to install the Terminal High Altitude Area Defense system (THAAD) under the prior administration resulted in escalating political tension between China and South Korea. In the weeks leading up to President Park's impeachment hearings, China discouraged its citizens from traveling to Korea and restricted the sale of Korean consumer goods. President Moon Jae-In has moved swiftly to improve the crumbling relationship with China by reevaluating the deployment of the system. A friendly call with President Xi Jinping after his election gradually improved the relationship and is expected to help navigate the complex political relationship with North Korea.

President Moon Jae-In, who was once the Chief of Staff to President Roh Moo Hyun (1998-2008), assisted President Roh in implementing the "Sunshine Policy." The Sunshine Policy was an attempt by the South Korean government to engage North Korea with a softer, humanitarian stance in an effort to build a peaceful relationship. President Moon will likely reengage communications with North Korea in a similar manner.

The president appointed Jang Ha-Sung, formerly the dean of Korea University's Business School, to the position of Chief of Staff for Policy. Jang Ha-Sung is a familiar face within the world of corporate reform as the founder of the People's Solidarity for Participatory Democracy (PDSD), a civil organization pursuing shareholder reform. The PDSD was formed in the late 1990s and successfully fought for minority shareholders in legal battles against SK Telecom, Samsung Electronics, and others.

Another governance advocate with a boisterous history of shareholder activism, Kim Sang-Jo, a professor of economics at Hansung University and executive director of "Solidarity for Economic Reform" (SER) was appointed as the Head of the Fair Trade Commission (FTC) in early June. Kim Sang-Jo and Jang Ha-Sung are longstanding allies in the field of corporate activism with Mr. Kim succeeding Mr. Jang as first chairman of PDSD's future organization in 2006.

The Korean stock market has been a star performer in 2017 with the KOSPI up approximately 24%, year-to-date in $USD basis and outperforming neighboring markets, such as Japan,



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CHART 4: **REGIONAL VALUATIONS**

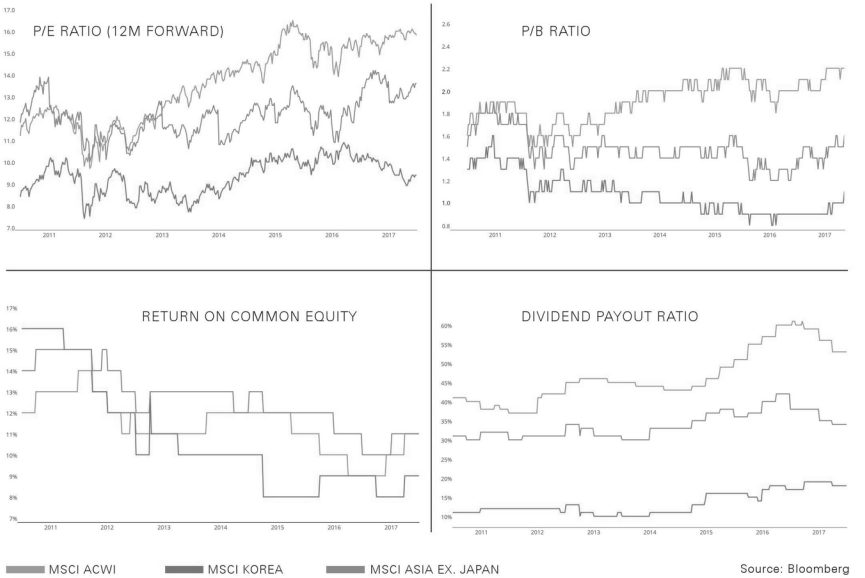


Source: Bloomberg

Hong Kong and China. Despite the recent strong performance, the market is still inexpensive relative to other regions and indices. MSCI Korea's price-to-book (P/B) ratio of 1.1x and price-to-earnings (P/E) (12 month forward) ratio of 9.4x are 30% and 31% lower than MSCI Asia ex. Japan Index, respectively as shown in CHART 4.

Three Korean industry groups or sectors currently offer compelling relative valuations when contrasted against other geographies. The Korean Automobiles and Components industry group currently trades at a P/B ratio of 1.0x which compares favorably to Japan's P/B ratio of 1.4x. When comparing the automobile original equipment manufacturers (OEM), Korean OEMs trade at a P/B ratio near 0.5x book, which is a steep discount to their Japanese rivals. The Korean Automobiles and Components industry group appears undervalued when you also consider the fact that the five-year average return on equity (ROE) was 14.4% versus 11.8% for the Japanese group.

Utilities is another sector where the valuation disparity is stark. Korea's largest electricity producer currently trades at a P/B ratio of 0.4x despite three stellar years of strong operating margin and prudent capital discipline. By comparison, the Japanese utility sector currently trades at P/B ratio of 1.0x with the Tokyo regional electricity producer trading at a P/B ratio of 0.6x despite ¥10 trillion of possible unreserved liabilities stemming from a 2011 nuclear disaster. Finally, Korean banks are currently trading at a P/B ratio of 0.8x, which compares favorably to Japan's 1.0x and Italy's 0.9x. It is estimated that the loan portfolios of the Korean banks have improved in recent years as evidenced by improving ROE. In the most recent fiscal year, Korean banks generated ROE of 7.7%, outperforming Japan's 7.5% and Italy's 6.7%.

These discrepancies in valuation have just started to close with the new president and the formation of his cabinet, but Korean market multiples have the potential to converge closer to global levels with a successful execution of corporate reform. We are not advocating that the new government implement heavy-handed methods to incite change among the chaebols. Instead, we believe that working with the chaebols in enhancing governance, minimizing cross holdings, creating board independence and minority shareholder protection, would be well received by global investors and mostly rewarding to chaebol valuations. For a further look at corporate governance in South Korea, please see the following article by Dr. Mariela Vargova.



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# The Promise of Governance Reform—South Korea

In his inauguration speech on May 10th, the newly elected South Korean President Moon Jae-In vowed to put chaebol reform at the forefront of his political and economic agenda. "Under the Moon Jae-In administration," he asserted, "the collusive link between politics and business will completely disappear."[1] The promise of meaningful governance reform comes in the wake of the biggest political corruption scandal in Korea that saw the impeachment and the arrest of democratically elected President Park Geun-Hye on charges of "collecting or demanding $52 million in bribes"[2] from Samsung, one of Korea's largest family-owned conglomerates, known as chaebol.

The presidential scandal in Korea also led to the latest high-profile corporate arrest in the country. In February, Jay Y. Lee, vice chairman and acting leader of Samsung's conglomerate empire, was arrested on accusations of bribery to former President Park and her inner circle in exchange for securing a controversial merger of Samsung Construction and Trading Corporation and Cheil Industries. While the image of a handcuffed Lee sent shockwaves across the business world, his arrest was not unprecedented. In the past, his father Lee Kun-Hee, current chairman of Samsung, was convicted twice of corruption and pardoned. Similarly, in 2007, Hyundai's Chairman Chung Mon-Koo was found guilty of fraud and pardoned. And in 2013, SK's Chairman Chey Tae-Won was convicted of embezzlement and later pardoned.[3] The family-owned conglomerates have long dominated the economic life of modern Korean society, accounting for roughly 50% of the total share of the Korean stock market. Their close ties with the government and state bureaucracy have fueled growing public distrust and frustration with the nation's leadership and has led to increased shareholder discontent.

## Korea's Governance Practices

The collusion of politics and business in Korea highlights the poor practices of corporate governance and business ethics. Corporate governance studies on Asia consistently rate Korea as lagging in governance behind leaders in the region.[4] Korea underperforms its peers in the areas of board independence, ethics and transparency in corporate governance.

Korea, however, has not always been viewed as the laggard in Asia's governance landscape. Right after the Asian Financial Crisis of 1997-1998, the country underwent important governance reforms that sought to quickly and significantly increase corporate board independence and the overall governance of publicly-traded Korean companies. For instance, the proportion of listed firms with at least one outside director grew from 34% in 1999, to 62.3% in 2000, to reach 94% in 2007.[5] In 2001 and 2003, the country's Security Exchange Acts required large listed companies (those with about $2 billion in market capitalization) on the Korea Exchange and KOSDAQ to have at least three outside directors and for one half of their boards to be independent. In 2004, the board independence requirements were further strengthened with the stipulation that there be a majority of independent board directors for large companies. This is on par with leading international best practices in corporate governance. The Korean Commercial Code also stipulates that outside or independent directors must not be related to management while acting as fiduciaries.[6] This resonated with the impetus towards greater board independence to mitigate the role of corporate insiders and create new independent auditing structures within Korean corporations.

In 2012, the Korean Commercial Code was revised to further enhance the board's fiduciary duties. It required the approval of two-thirds of directors for all internal transactions and for new business dealings with third parties. If transactions or deals benefit founding families or management at the expense of minority shareholders, the approving directors will be personally liable for the losses.[7]

Notwithstanding these developments towards good governance, ethics controversies involving Korean chaebols surged over the past several years. A prime example is the notorious Hyundai Motor land bid in 2014 for which the company paid the excessive price of $10 billion, three times the land's market value of $3 billion, angering investors and hurting shareholder value. According to reports, while the boards of directors of Hyundai consortium companies voted to unanimously approve the deal, the company's outside directors were kept in the dark about the price as it was considered by management to be a confidential matter. All these instances point to a serious lapse in the



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enforceability of existing corporate governance rules and a lack of accountability. They call into question the true independence of the boards of Korean conglomerates and the ability of outside directors to effectively oversee management and protect all shareholders' interests.

Recent research on Korean-listed companies shows strong social ties between independent directors and management of Korean conglomerates. While 87% of boards are in theory independent, only 62% are when one considers social ties.[8] The composition of Korean boards also poses concern as the percentage of directors with business or management backgrounds has decreased from 45.2% in 2004 to 28.4% in 2011.[9] This, while the number of former public officials has sharply increased from 2.7% in 2004 to 8.9% in 2011. Interestingly, in Korea's boardrooms, the inclusion of professors and lawyers as independent directors has become common. The need for stronger independent oversight and monitoring of management is especially important for Korean chaebols as they concentrate the managerial power into the board's chairman, a member of the founding family. The chairman's control over all subsidiaries of the conglomerate through the management council and appointment of management of all affiliated firms has been a serious concern for minority shareholders seeking more accountability and managerial transparency.

> "With the adoption of a Stewardship Code, our expectations are that shareholders in Korean equities, and especially in chaebols, will use their voice more actively to promote positive governance change and long-term shareholder value creation."

## Protecting Shareholder Interests

At the core of Korea's governance challenges lies a structural problem at the chaebol: the complex system of cross-shareholdings. On average, the founding family of Korean conglomerates owns about 10% of the parent company's shares, while other listed subsidiaries own more than 30%.[10] The founding family is a shareholder in the other chaebol subsidiaries, and the subsidiaries reciprocate by owning shares in the other companies. The circular ownership structure has been of investor concern as it provides a framework for related party transactions and potential conflict between family shareholders and external shareholders. For many, these concerns have been factored into what has been called for over a decade the "Korean discount."

With the promise of sweeping governance reform by the new President Moon Jae-In, foreign investors are looking today for better protection of minority shareholder rights and stronger constraints on chaebol businesses. On the politico-economic reform agenda are topics such as: 1) reforming the Korean Commercial Code by mandating separate elections for audit committee members, 2) allowing shareholders of parent companies to sue directors of subsidiary firms, 3) lowering eligibility thresholds for filing representative lawsuits, 4) regulating compensation for controlling shareholders and management, as well as 5) introducing mandatory electronic and cumulative voting.[11]

One of the most ambitious goals includes proposed amendments to Korea's Monopoly Regulation and Fair Trade Act, introducing constraints on chaebol businesses and banning all existing circular ownership structures of chaebols within three years.[12]

The calls for big governance reform in Korea were first publicly voiced by chaebols' shareholders themselves. In 2015, at Hyundai Motor's annual general meeting, shareholders openly confronted management about the controversial land deal and proposed a new governance committee to strengthen oversight and accountability. In an unprecedented fashion, their shareholder action prompted the company to set up a separate Corporate Governance and Communication Committee consisting of four independent directors, and to engage in shareholder outreach. In 2016, Hyundai Motor officially announced its new "Corporate Governance Charter" in an effort to enhance transparent business management and to promote shareholder rights.[13] Similarly, in November 2016, Samsung announced a "Comprehensive Roadmap to Enhance Long-term Shareholder Value Creation," committing to improve governance by increasing its board's independence, as well as the diversity and breadth of experience of its directors.

## Changing Korea's Business Culture

The expected governance reform in Korea is an opportunity not only to disentangle politics from business, but also to create better institutional protection for all shareholders. It also serves as an opportunity to change the culture of investing in the country.

In February, Korea's Financial Services Commission introduced the country's first Stewardship Code, encouraging big investors like pension plans and asset managers to actively engage with investee companies and to monitor their management decisions. This trend towards investor stewardship and active ownership echoes the progress already made in other Asian markets such as Japan, Hong Kong, Malaysia, the Philippines, Singapore, and Thailand. With the adoption of a Stewardship Code, our expectations are that shareholders in Korean equities, and especially in chaebols, will use their voice more actively to promote positive governance change and long-term shareholder value creation. ●



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# MONTHLY Market Review

November 1, 2017

## A "Vixing" Puzzle

Market's unusual lack of volatility;
Be fearful when others are greedy


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October has historically been a spooky month in which some of the biggest market declines took place – the crash of 1929, 1987's Black Monday, the financial crisis of 2008, etc. This October, however, there were only treats and no tricks – the biggest one-day movement for the S&P 500 Index during the month was a 0.81% gain, and the biggest down day had a mere 0.47% drop. That said, there was quite a bit of turbulence among individual stocks. The Information Technology sector had a huge month, with the so-called FANG stocks (Facebook, Amazon, Netflix, Google) leading the way up, while some old economy bellwethers and the much beleaguered brick and mortar retailers took a beating. The rising hope of U.S. tax reform and the continued strength of the global economic expansion lifted U.S. Treasury yields as well as commodity prices from oil to copper. The U.S. reflation expectation also boosted the greenback. European sovereign bond yields and the euro declined after ECB President Draghi announced a reduction in monthly asset purchases starting in 2018, but promised a longer duration of QE. China completed its quinquennial leadership transition at the conclusion of the 19th Party Congress, which should usher in a new era with more focus on the quality of growth over the quantity. President Xi now awaits President Trump's State visit to Beijing on November 8th. Investors will likely be focused on issues ranging from trade to North Korea, though major breakthroughs appear unlikely. Lastly, there is still one unresolved sleeper issue that may come back to roil the market – will a new bipartisan deal be reached in time to fund the U.S. government beyond December 8th, when the current continuing resolution expires?

| Equity Markets Indices[1] | 9/30/2017 Price | 10/31/2017 Price | MTD Change | YTD Change |
|---|---|---|---|---|
| MSCI All Country World | 487 | 497 | 2.0% | 17.7% |
| S&P 500 | 2519 | 2575 | 2.2% | 15.0% |
| MSCI EAFE | 1974 | 2003 | 1.5% | 18.9% |
| Russell 2000[R2] | 1491 | 1503 | 0.8% | 10.7% |
| NASDAQ | 6496 | 6728 | 3.6% | 25.0% |
| TOPIX | 1675 | 1766 | 5.4% | 16.3% |
| KOSPI | 2394 | 2523 | 5.4% | 24.5% |
| Emerging Markets | 1082 | 1119 | 3.5% | 29.8% |
| **Fixed Income** | | | | |
| 2-Year US Treasury Note | 1.49% | 1.60% | 12 | 41 |
| 10-Year US Treasury Note | 2.33% | 2.38% | 5 | -7 |
| BarCap US Agg Corp Sprd | 1.01% | 0.95% | -6 | -28 |
| BarCap US Corp HY Sprd | 3.47% | 3.38% | -9 | -71 |
| **Currencies** | | | | |
| Australian (AUD/$) | 1.28 | 1.31 | -2.3% | 6.3% |
| Brazil Real (Real/$) | 3.16 | 3.27 | -3.3% | -0.5% |
| British Pound ($/GBP) | 1.34 | 1.33 | -0.9% | 7.6% |
| Euro ($/Euro) | 1.18 | 1.16 | -1.4% | 10.7% |
| Japanese Yen (Yen/$) | 113 | 114 | -1.0% | 2.9% |
| Korean Won (KRW/$) | 1145 | 1120 | 2.2% | 7.6% |
| US Dollar Index (DXY) | 93.08 | 94.55 | -1.6% | 8.1% |
| **Commodities** | | | | |
| Gold | 1280 | 1271 | -0.7% | 10.3% |
| Oil | 51.7 | 54.4 | 5.2% | 1.2% |
| Natural Gas, Henry Hub | 2.89 | 2.80 | -3.0% | -24.0% |
| Copper (cents/lb) | 296 | 310 | 4.9% | 23.8% |
| CRB Index | 183 | 188 | 2.4% | -2.6% |
| Baltic Dry Index | 1356 | 1534 | 13.1% | 59.6% |

SOURCE: BLOOMBERG




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### The Original Big Short

The Amsterdam Stock Exchange, founded by the Dutch East India Company in 1602, is recognized as the world's oldest stock exchange. It facilitated a secondary market to trade stocks and gave rise to trading clubs during the mid-17th century where speculators would congregate. Messengers would rush to and from the exchange to update pricing to customers.

In 1867, the invention of the stock-ticker machine, also known as the ticker tape, obviated the need for messengers. Stock transaction data was transmitted by telegraph to a ticker tape that would continuously print out abbreviated company names (ticker symbols) followed by the price and volume data. Thomas Edison later upgraded the system to reach a printing speed of one character per second. Ticker tape eliminated the need for messengers and allowed people to trade in "real time" from long distance.

> The combination of elevated investor complacency and a tightening Fed makes the market vulnerable to a pullback.

In 1900, 14 year-old Jesse Lauriston Livermore started working as a quotation board boy in the Boston office of Paine Webber. His job was to update the board with information coming off the ticker tape. He became interested in the behavior of stock prices and began recording price movements that enabled him to spot patterns prior to sizeable advances and declines. A fellow office boy later talked him into speculating on a stock on margin at a bucket shop. Two days later, Jesse sold the position with a $3.12 profit. He soon quit his job and started trading for a living.

Jesse made his first $1,000 (around $27,600 in today's dollars) at the age of 15. He was later banned by most bucket shops in Boston as he had outfoxed many of the shady operators. By the age of 20, he had accumulated $10,000. Then came the big payday – the Panic of 1907 – during which Jesse shorted the market and made $1 million ($25 million in today's dollars). He would top this feat and live up to the reputation as "The Great Bear of Wall Street" by shorting the market in 1929 for an astounding $100 million profit ($1.43 billion in 2017!), making him one of the richest men in the world.

Unfortunately, the concept of diversification probably never crossed Jesse's mind. He somehow managed to lose all his money and was bankrupt by 1934. The bankruptcy resulted in an automatic suspension of his membership on the Chicago Board of Trade. In 1940, the legendary trader, suffering from depression, shot himself in the cloak room of Manhattan's Sherry-Netherland Hotel.

### Rise of the Machines

How things have changed from those simpler days when humans were doing the trading. Today, with the advent of technology, market activity is dominated by passive and various quantitative strategies. It is estimated that fundamental discretionary investors now account for only 10% of the trading volume. Big inflow into major ETFs prompted buying across the board regardless of company specific issues and valuations. Big data and machine learning are the new buzz words. *Forbes* recently featured a quant fund run by three twenty-somethings. Their assets under management was in the low tens of millions of dollars, yet they averaged $1 billion in transactions, or 10,000 to 40,000 trades each day. Since there are only 86,400 seconds in a day, this fund would generate a trade every 2.16 to 8.64 seconds if it worked around the clock. Much of the decision making and trade execution, of course, has been taken over by software algorithms. These whiz kids employed statistical arbitrage trading strategies in stocks and currencies, and closed out all trading positions at the end of each day.

The allure of sophisticated computer models trouncing their human competitors has continued to attract inflow to quant funds. It is estimated that quantitative hedge funds now manage more than $1 trillion, about one-third of the $3 trillion hedge fund industry. While there are indeed brilliant quant managers who have delivered strong returns over a long period of time, the sheer size of the industry means there are likely more pretenders than contenders. Given that many funds employ similar strategies (e.g., trend following), a reversal in trend could create disruptive market movements, not to mention the threat of rogue algorithms wreaking havoc on the market.



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## A "Vixing" Puzzle

Equity volatility has been unusually low for much of 2017. The Volatility Index (VIX), which measures the implied volatility of S&P 500 Index options and has been viewed as a barometer of equity market volatility, has drifted to all-time lows. Over a span of more than 7,000 sessions going back to the start of 1990, the VIX Index's average and median closing values have come out to 19.4 and 17.6, respectively. It was a rare occurrence for the VIX to collapse below 10 – there were only 9 such occasions out of 6,802 trading sessions prior to 2017, or 0.13% of the times. Year-to-date in 2017, however, there were already 35 sessions with the VIX closing below 10.

Another way to look at the lack of volatility is to tally the number of trading sessions when the S&P 500 Index had a daily change of more than 1% in either direction. There were only 8 such sessions so far in 2017, compared to 48 and 72 such occasions in 2016 and 2015, respectively.

It seems ironic that the market should be this steady with arguably the most mercurial and unconventional president in modern history at the helm atop the free world. Perhaps investors have grown numb to all the chaos and controversies. It is as if Washington's dysfunction and a divided America were just fodder for the hyperventilating media, and markets were behaving as if all will be fine when the Republicans pass the tax reform to prime the pump for the 2018 mid-term elections. Time will tell if this period of eerie calm is prescient or misguided.

## Unintended Consequences

The decline in market volatility has made shorting against the VIX futures and various VIX ETPs (exchange-traded products) quite popular and profitable in recent years. The net short position on VIX futures has progressively climbed to new highs over the last couple of years. Another phenomenon was the rise of "volatility control" investment strategies, supposedly favored by many hedge funds and insurance companies. These strategies in essence adjust a portfolio's allocation between equity and cash to maintain a targeted level of volatility at the portfolio level. In an environment of declining volatility, more assets would be allocated to equities – the equity allocation would even exceed 100% when the market's realized volatility is below the targeted volatility. On the other hand, as volatility ticks up, the equity allocation would be scaled back.

While these strategies have enjoyed strong returns during this stretch of progressively lower equity volatility, they may be planting the seeds of a market correction. Market makers and dealers on the other side of the growing short VIX trades would need to employ various S&P 500 option strategies to hedge their long VIX positions. There is the concern that a decline in the S&P 500 Index could trigger adjustments to these hedging positions that would exacerbate the market decline. Similarly, should volatility suddenly spike up, the aforementioned volatility control strategies would be cutting equity exposures concurrently, which could amplify the market decline similar to the downward selling pressure that the so-called portfolio insurance products generated during the crash of 1987. We wonder if any investors and regulators truly appreciate how these strategies, in concert with various rapid fire trades generated by machine-learning based algorithms, could impact market movement and liquidity should there be an exogenous shock. Only time will tell.

## Fear vs. Greed

There is an adage that one should be fearful when others are greedy and greedy when others are fearful. Judging by the depressed levels of the VIX Index, the enthusiastic speculation over bitcoin as well as other variants of cryptocurrencies, and surveys that indicated strong investment sentiment, it is clear that greed has been on the rise. Can this euphoria continue for a while longer? Of course. However, in our opinion, the combination of elevated investor complacency and a tightening Fed makes the market vulnerable to a pullback, though the timing of it is hard to predict. The aforementioned issues with various trading strategies could further add fuel to fire in the event of a market decline. That said, with the macro and earnings backdrop remaining positive, we would view potential selloffs as a buying opportunity rather than the start of a protracted market downturn. ●



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BARRON'S PENTA

# Rock of Ages

Family-wealth advisor Rockefeller & Co. was hit by both the financial crisis and the death of its CEO. Not only did it survive, it thrived.

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By RICHARD C. MORAIS
September 15, 2012

John D. Rockefeller's family office, Rockefeller & Co., was founded in 1882. It began selling its expertise to other families in 1980, and by mid-2008 it had $28 billion of clients' assets under its hood. Then came a tragic event that could have brought the firm to its knees. In September 2009, as the financial crisis raged, Rockefeller's chief executive, James S. McDonald, shot himself behind a car dealership in Dartmouth, Mass.

While world markets continued their downward spiral, it took a year for the Rockefeller Family Trust, which owns 100% of the multifamily office's voting rights, to get McDonald's successor in place.

It's hard to imagine a more dangerous situation for a financial-services firm to be in. Destabilized from within and without, most wealth managers in such circumstances would have been unable to contain the stampede of clients heading out the door. And yet, Rockefeller's assets under advisement and administration actually rose 52%, to $35 billion, in the three years through this past June. Client retention since the 2008 recession has been 97%, 1% higher than in the entire past decade.

"Despite the turbulence of the period when I stepped in, it was a remarkably strong franchise and business," says Reuben Jeffery III, Rockefeller's CEO for the past two years. "It was a real testament to what had been created by generations long before me, including most of the people who are still here today."

Penta's rare peak inside Rockefeller reveals that, for all the outward signs of serenity, the firm is hardly on autopilot. Jeffery, looking every bit the Wall Street incarnation of Cary Grant, is a former Goldman Sachs partner who in 2007 went to work as George Bush's undersecretary of state for economic, energy, and agricultural affairs, after first serving as the president's post-9/11 special advisor for Lower Manhattan development.

In June 2008, Société Générale Private Banking closed on its purchase of a 37% economic share in Rockefeller & Co. Needing to strengthen its balance sheet during the recent euro crisis, the French bank has been under pressure to shed noncore assets. Therein lay an opportunity. This summer Jeffery quietly midwifed the sale of Société Générale's stake to Lord Jacob Rothschild's RIT Capital Partners. That closed-end fund is the investment vehicle for the London branch of the Rothschild family, and has 1.9 billion pounds ($3 billion) under management. The deal is expected to close at the end of this month. It's a union that should provide some valuable marketing opportunities. In these unsettled times, it's easy to imagine rattled new wealth wanting to tap the joint expertise of these experienced families that have managed to keep their heads down

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Reuben Jeffery III, Rockefeller Financial's CEO *Evan Kafka for Barron's*

and their assets intact over several generations and right through the upheavals of history.

Any new clients will be dealing with Rockefeller Financial Services, the trade name of Rockefeller & Co. Some $7 billion of Rockefeller Financial's $35 billion pile are "assets under management"; the rest are assets under advisement or administration. Rockefeller provides its 298 clients either financial, trust, and tax advice, and the like, or service through its portfolio-tracking product for wealthy families, Rockit Solutions.

Rockefeller offers financial products from other firms but still believes in running its own funds in 10 core areas, such as global equities and fixed income. David Harris, Rockefeller's chief investment officer, says large multinationals with their triple-A ratings and mountains of cash need to be viewed as "the new sovereigns" during a period when government finances are deteriorating. The firm claims that its global funds are stars, but it keeps a lid on details. Prodded by Penta, Rockefeller reluctantly produced a "confidential" performance sheet on its 10 core funds but barred us from publishing the results. We can confirm that out of 10 offerings, seven global-equity and small-cap funds have consistently outperformed indexes over long periods of time.

One area of Rockefeller & Co. know-how has been built out of the Rockefeller family's 50-year record of integrating environmental, social, and governance concerns into its portfolio and investment decisions. Last fall, for example, Rockefeller hooked up with the Ocean Foundation, a nonprofit focused on marine conservation, to find "profitable investment opportunities that restore and support the health and sustainability of the world's oceans."

Through such distinctive offerings, Jeffery hopes to reel in new money, both family and institutional. "We're talking to sovereign entities," he says. "They have pools of capital that need to be deployed, and they need to find competent, trustworthy managers in [relevant] areas of investment activity."

Fees for managed assets invested in house funds typically run from 1% (for up to $25 million in assets) to 0.5% (over $50 million). Rockefeller targets families with $30 million; new clients are generally subject to a minimum $100,000 annual fee. Pure investment advice on a $50 million to $100 million portfolio typically costs 40 to 60 basis points, says the firm's president, Austin V. Shapard. Rockefeller has priced its services, he says, for "a fair profit margin, not a crazy one."

Portfolio-tracking service Rockit deftly handles exotics like intrafamily loans and the fluctuating price of ranch cattle. Its 23 clients typically pay 3 to 7 basis points on the $13 billion that runs through the Rockit platform. This, too, is a hidden asset that Jeffery is leveraging into a boutique powerhouse.

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**Sent:** 5/7/2019 4:29:00 AM
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IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT, IN AND FOR PALM BEACH COUNTY, FLORIDA

CASE NO.: 502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS, individually,
and L.M., individually,

Defendants.
_____/

**NOTICE OF FILING**

COMES NOW the Defendant/CounterClaimant, BRADLEY EDWARDS, by and through his undersigned counsel, and hereby files the attached transcript of the telephone interview of Virginia Roberts to supplement the proffer made in support of Counter-Claimant's Motion for Leave to Amend to Assert Punitive Damages.

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all Counsel on the attached list on this 17 day of May 2011.

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**PRIVILEGED PURSUANT TO FS 766.205(4) and/or WORK PRODUCT**

**TELECON**

**PARTICIPANTS:** **JACK SCAROLA**
**BRAD EDWARDS**
**VIRGINIA ROBERTS**

**RE:** **Edwards adv. Epstein**
**291874**

**DATE:** **April 07, 2011**

---

JS: Virginia, Jack Scarola and Brad Edwards

BE: Hi Virginia.

V: Hi Jack! Hi Brad! How you guys doing?

JS: We're doing fine, thank you. I'm sorry for all of the trouble and before we go any further, let me tell you, if I have your permission, I have started a tape recorder and I want to be able to tape this conversation from the very beginning. Is that alright with you?

V: Sure, that's fine, Jack. No problem

JS: Ok, good, thank you. I appreciate that. Let me start off by introducing myself. I know that Brad has spoken to you about me but I am Brad's lawyer, and I assume that you can confirm that you and I have never had any communication before. Is that right?

V: That's correct.

JS: Alright. I have, however, gotten some information from Brad about conversations that you have had with him, and that will enable me, hopefully, to make this a little bit more efficient and take up a minimum amount of your time while still getting the information that we think is going to be helpful to us and to any jury that might ultimately have to hear these facts.

So, let me begin by asking you first to tell us what your full name is.

V: Virginia Louise Roberts. That's my maiden name. My married name is Virginia Louise [redacted].*

JS: Could you spell your last name for us? That is your married last name:

V: [redacted].*

JS: Alright, thank you, and where are you living right now?

V: I live in Australia.

JS: And how long have you resided in Australia.

V: This is my 19th year.

JS: That is where you are right now, correct? We've reached you in Australia for this phone conversation?

V: That is correct, yes.

JS: And what time is it in Australia right now?

V: I think it's about 9:00 now.

JS: Ok. That's 9am, correct?

V: That's correct.

JS: Alright. Virginia, the reason for this conversation is because it is our understanding that you know a man by the name Jeffrey Epstein, and I want to begin by asking you please to tell us about the circumstances of your first meeting Mr. Epstein.

V: Ok. I was introduced to Mr. Epstein by Ghislaine Maxwell. I was working at Donald Trump's spa in Mar-a-Lago and I was prompted by Ghislaine to come to Jeffrey's mansion in Palm Beach that afternoon after work to make some extra money and to learn about massage. She met me at the spa, and I was reading a book about anatomy, so I was already interested in massage therapy as it was and not having any of the education or you know anything behind me, I thought this was a great opportunity to work for her and go. So, I went to Jeffrey's mansion about 5 or 6 in the afternoon. My dad drove me there. My dad worked at Mar-a-Lago with me, and he met Ghislaine and she seemed like a nice, proper English lady, and she knows, I mean, you know, one time then _once before I left to travel overseas, she just seemed really nice and like she would like to help me out. So my dad left, and I had no problem getting home that night, one of her drivers would take me back after my trial. So she led me upstairs, and into Jeffrey's bedroom, and past that is Jeffrey's massage room, which has got his steam room and a shower and a massage table, and there is actually an extra room that has, that nobody knows about it, it's kinda like a secret room and it's got a whole bunch of decorative pictures of pornographic literature and sex toys and I can ___?___ what happened in there.

JS: When you say that the room was hidden, Virginia, how was the room concealed?

V: It wasn't like a door that you would normally go into, like some kind of special opening, you open that and then a little door, so it looks like it's a little closet so-to-speak, but when you walk in there, it's obviously a lot bigger than just a closet. It wasn't too big, but it was bigger, you know. It wasn't a gigantic room, it was just like a small room, which you know, it probably could fit some shoes in there, _it had racks of shoes, boxes, some sweatshirts neatly folded, and the ceiling to the floor was covered in pornographic pictures of the girls that he had met.

JS: When you say…

V: So anyways, that was getting there, and I was introduced to Jeffrey, he was laying naked on top of the massage table, and obviously for one, I'm a 15 year old girl and seeing him on the table was weird but, also learning about anatomy and massage, I thought this would be part of it. So obviously, I thought it was part of the massage program, so I said ok, this is fine. And, he then instructed me on how to touch the body, Jeffrey's body, how to massage him, and for the first hour, it was actually a real massage, maybe not an hour, maybe like 40 minutes or something, but of something like that _and that's when he turned over on the other side and to expose himself fully. So then Ghislaine told me that she wanted me to undress and began to take off my shirt and skirt, my white uniform from Mar-A-Lago, she also took off her shirt and got undressed, and so I was there with just my undies on, and she was completely bare, and made some kind of little flake about the underwear that I was wearing because it wasn't my normal sexy girl underwear and just like, I don't know, had red hearts on it or something like that; just your normal, you know, real cute underwear. Anyways, so during all of this I'm kind of like what's going on, how do I act, what do I say, I was so afraid of, not afraid or fearful for my life but _unsure of how all this started and wanting to obtain a profession_ I was so afraid thinking about upsetting and disappointing them, I don't know, it's a weird situation by far and I was expected to _Lick his nipples, instructed on how to do so by J.E_ and give him oral sex while he wanted to fondle me, and then at the end, I was told by Ghislaine to get on top and straddle Jeffrey sexually, and when we were done, we went and had a shower in the room and Jeffrey told me to wash him up and down, you know with a bar of soap and make sure he was all cleaned up. And then he took me downstairs and took me to two of the guards and told John to bring me home. John was the butler at the time.

JS: Let me interrupt you for just a moment there if I could, Virginia. You mentioned as you were recounting those details that you were 15 years old at the time. What is your date of birth?

V: August 9th, 1983

JS: And can you tell us please, as best you're able to estimate it, what the date was when this first encounter occurred?

V: I've got it written down. It's like - I'm not good with math – hold on – I thought I wrote it down but I didn't. I'm not too sure, I think it was 1998 off the top of my head and around June of 1998, I would say as I was turning 16 at the end of the summer.

JS: Alright. You talked about the room where Jeffrey had the pornographic photographs. Did you actually see that room on the occasion of your first visit there?

V: No, I got to see that room a few visits after but I was just trying to describe that room to you guys so you knew exactly what room I was talking about.

JS: Another question for you, and I don't mean to be prying into your personal life, and if I ask you any questions at all that you're uncomfortable answering, then you just tell me that and we'll move on, because I appreciate your cooperation and the last I thing I want to do is impose upon that cooperation, but can you tell us please just generally what kind of sexual experience you had had prior to this confrontation with Jeffrey?

V: Yeah, sure. A close family friend has sexually abused me, and I was on the streets at 13 years old. I was picked up by a 67 year old man named Ron _Eppinger_ who did exactly what Jeffrey did with me abuse and violate my youthfulness _ & I was with him for 6 months. So, he was gone and then I had this boyfriend who was like my school friend from young days but we just kept in contact with each other and we were on and off constantly, and that was Tony Figeroua_, and there was also another younger guy was near my age, Michael, I can't remember his last name, but yeah, there, I mean, there wasn't like a string of men or anything, but there was Ron, like I told you, and he was the first guy expecting me to do so-called disgusting affairs. Jeffrey actually knew Ron, which was quite weird when I told Jeffrey the story about Ron, and Jeffrey had actually met him, and yeah. Anyway, just another story, and yeah, there were a couple of men, but that gives you an idea.

JS: Now when you described the photographs in the room as pornographic, tell me just a little bit about the photographs, if you would please? First, how many of them were there?

V: At least 100, and like I said, they covered the room from the ceiling, not the ceiling but from the top of the edge of the wall to the bottom of the floor. I want to say at least a hundred, even more, there could have been more in the boxes _Some of them were A4_ photographs, like the large size, some of naked women posing, you know, positions, sexy positions. Others were, you know, some girls had bikinis on, and it wasn't so pornographic, but it was all women, and it was all in a sexual nature.

JS: Were there photographs where more than one person appeared?

V: Oh yeah, plenty of them. There were lots of naked photographs, I mean I was just trying to give you a visual range. There was anything from 5x6s to 4x8s to 8x4s. Some of them

had frames, some of them were out of frames, but they were all, like I said, they were all women, they were all sexual in nature.

JS: Was it your impression that there were a hundred photos of a hundred different people or were there multiple photos of the same woman or girl?

V: There was definitely a lot of different girls. I mean it wasn't easy to sit there and say, you weren't finding 5 girls out of some photos, no. Were there a hundred different ones? There could have been pictures of some girls, I really couldn't get close necessarily to actually recognize faces or anything like that. But if you, you know, the range of them were all different, majority of them were different, yeah.

JS: Did there ever come a point in time when you became aware that a photograph of you had been added to the collection?

V: Yes, there was. Ghislaine took several nude photographs of me for Jeffrey. So, yeah, there were pictures of me and there were pictures, he wasn't shy, that wasn't the only place in his house that he kept the photos. He liked photos all over his house. If you looked in his den or on his desk or in on the hall table, a giant hall table in his house, there were at least a hundred photos of girls in frames. Not all of them were naked, a lot of the ones that were all around his house were not naked girls posing pornographically, some were pictures of celebrities and politicians he had known_or things like that or had pants on or whatever, but yeah, there was a lot of mixed photographs in the outside ones.

JS: Were there any photographs of girls or young women that you knew or that you subsequently came to know that you saw in the house?

V: Yeah, yeah, there was. There was pictures of Nadia Bjournik_____, pictures Sarah Keller, pictures Emmy, pictures of me, pictures of the regulars, but a lot of the girls, sometimes Jeffrey could have like 7 girls a day, and he would only see those girls once if he got bored. I don't know. These weren't my days. I heard he's gotten a lot sloppier since I left. So, I don't know anyways, but when I knew him, there was just a, it seemed, there was such an influx of girls coming in and out, so did I recognize a lot of them? Maybe, maybe not, but then they were all definitely beautiful, they were all ranging in age, some of them young, some of them older in their 20's, I mean it was just they were all beautiful.

JS: You've told us about the first visit. Was there any discussion on the occasion of that first visit about your returning?

V: Yes, they were very pleased with me and after the encounter was finished, the sexual encounter, he went and told me I did well and I have a lot of potential to become a massage therapist and if I'd like I could return tomorrow, you know, and do the same thing and get paid $200/hr, so Jeffrey insisted that I come after work, and over the next few days, I guess the relationship grew into more, and within a couple of weeks, not even

a couple of weeks, maybe a week, I had quit Mar-a-Lago and I was working for Jeffrey full time.

JS: Ok, let's talk about your job at Mar-a-Lago, if we could. You said that your Dad was working there. What was his position at Mar-a-Lago?

V: He was a maintenance supervisor I think is what it was called? He like managed the tennis courts and air conditioners and things like that.

JS: What is your Dad's full name?

V: Sky William Roberts.

JS: And is he still living here in South Florida now?

V: No, he's not, he's in California.

JS: Ok. Is your Dad aware of what is currently going on with regard to your having made public statements about your relationship with Jeffrey?

V: Yes, he is well aware of it. I told my family even before all this stuff came out, because they were the first ones contacted by the journalists from Mail on Sunday. I know that they the Mail on Sunday printed that I had gone out and tried to, I mean I think one of the photos said that I was angry that I saw Jeffrey and the Prince walking together and that is why I came out and went public with everything. Not true. I mean, I am angry about how they are still up to their old ways together and that they're still hanging out but I didn't contact the Mail on Sunday and I didn't bring it out. I figured that everyone was going to bring it out anyway and I better bring it out the right way. He's known everything from the start, and my family is very supportive with everything going on.

JS: I'm kind of going to jump around a little bit and I apologize for that, but since the subject has come up, tell me first of all why you are providing this cooperation to us, and I am certainly very appreciative of it, but I want you to tell us why it is you've chosen to spend time with us on the telephone and provide this information that you're now providing.

V: I'm out to help the bigger picture, you know, I think all of us can make a big difference in a lot of other people's lives and I think that this has gone on long enough and it's a big slap in my face that he can get away with hurting me so bad let alone so many other girls and laugh about it. I guess I talked to you guys out because I want to see the right thing happen, not just to him, but I want people in the world to understand this is not the way of life, you know, it's not acceptable to go out procure young girls and make them think that, this is the way you should be living and that's all. Yeah, I guess my reason for doing it is to help the bigger picture, you know, I'm a big believer in karma and I believe that good things will come back to you, so I guess that's why I'm doing this.

JS: Just for the record, neither Brad, nor I, nor anyone representing that they have anything to do with us has made any promises to you. Is that correct?

V: That is correct. I'll tell you, since this is our first conversation, that nobody has made me feel like I've been bribed or bought or had to say anything. I've told you anything that I know from my own self, not some things somebody told me. If anything, Brad's been extra careful not to tell me anything and let me do all the talking, so it's quite opposite I think.

JS: Alright. Let's get back then to the story of your relationship with Jeffrey, and we've talked about your first encounter with him and how it evolved from that into your full time employment with Jeffrey, but what were you doing at Mar-a-Lago before you quit Mar-a-Lago?

V: I was just a locker room attendant and sometimes I did babysitting for the rich and famous. So, I wasn't anything big. I worked in the spa area. That's why I was studying anatomy, because I was really really interested in becoming a _massage therapist_, and at the locker room, I didn't do much. I mean I was making tea for a living, I would, you know, make sure the toilet paper had a little triangle in it after everybody went to the toilet, or wipe down the water from the basin, you know, it was a very easy peasy job.

JS: Did you get that job through your Dad?

V: Yes, my Dad got me the job.

JS: Ok, and you were only 15 years old at the time, were they aware of how old you were at Mar-a-Lago?

V: Of course, definitely. We had to go through extensive, you know, we even had to get drug tested and id test and so on and so forth. I mean, Mantas (?) is very strict on employment, yeah, everybody knew.

JS: Ok. Was there ever any conversation with Ghislaine about how old you were before you were taken to Jeffrey's mansion?

V: No. She didn't ask me how old I was from the start, but when I did get to Jeffrey's mansion, it was discussed how old I was.

JS: With whom?

V: During the entire hour of what I call the legitimate massage I was giving him, it was cat and mouse games getting information from me to find out who I am, am I a willing participant in these kind of things, and how would I react if they were about to take the next step. But they got information off of me, they got my age, they got my, a little bit of my history so they knew I was, you know, not very stable at home, and they knew that,

you know, I was actually interested in making my life better by studying so what they were offering me was a chance to become a legitimate masseuse but it was getting trained. They would have people show me how to work the body and be called a massage therapist and get me books on it, and you know, keep me interested, and every time, you know, I was with Jeffrey, literally was about massages, I don't mean just going in and have sex with him. I mean massage, because it would always start out with massage and then it would lead into sometimes other things.

JS: Alright, once this evolved into full time employment, what did full time employment mean?

V: That was entirely having to travel with Jeffrey in every city. When he was in Palm Beach, I stayed at my apartment, and he would call me to his house once or twice a day sometimes, and that's, you know, do things with him. Sometimes we'd go out shopping, sometimes we'd go out and watch a movie. You know, simple things like that, go to an expo or a fair, whatever it was. But when we were in other cities, I was at my apartment_, I lived with him full time. What I mean by full time is even in the middle of the night, I could get a ring on my phone next to me and tell me to come in his room, you know, so it was literally full time.

JS: When you say that when you were in Palm Beach you were living in your apartment, were you living on your own or were you living with members of your family at that time?

V: No, after I quit Mar-a-Lago, Jeffrey offered to get me an apartment in Palm Beach somewhere, Royal Palm Beach, and it was a nice apartment. He furnished it for me, it was absolutely beautiful, but yeah, that's the only time I would spend time away from him really.

JS: This apartment was on Royal Palm Beach Boulevard or out in the Village of Royal Palm Beach?

V: I so honestly don't remember. I've been trying to rack my brain because the FBI was asking the same thing and were trying to find it, but yeah, I'm Not sur_. I didn't get to spend as much time in it, I was only there about an entire week out of every month probably, but the majority of the time I was with Jeffrey anyways. It was somewhere in Royal Palm Beach. I don't know about Royal Palm Beach drive. I don't even remember the Royal Palm Beach drive anymore so I'm not too sure.

JS: Ok, let me see if I can draw the distinction for you and maybe that will help you to help us? Royal Palm Beach is a village that is…

V: No, no, no, I got Royal Palm Beach, I just didn't know the Royal Palm Beach Drive, like what street it's off of. Were you talking about a street?

JS: Yes, I was talking about a street. Royal Palm Drive is on the island of Palm Beach, and it's a street that is lined with large royal palm trees, and I'm wondering if this was an apartment on the island or was this an apartment out west of town…

V: No, it was actually in Royal Palm Beach, not on the island.

JS: Alright.

V: I would be driven, it was closer to my family than it was closer to him. I wanted to be close enough to everybody else so that when I was in town, I could just go see them quickly.

JS: Ok. So we're not talking about Royal Palm Boulevard. We're talking about the town of Royal Palm west of town. Jeffrey got you an apartment out there.

V: That's correct.

JS: When he was in Palm Beach, you were generally not staying at the mansion, you were staying at the apartment that he got for you out west of town.

V: That's correct.

JS: Ok.

V: I mean then there was times, I don't wanna say that every time I stayed at my apartment. There was times we'd fly back from some city maybe too late at night to really want to go back home, so you know, it's like 12:00 at night or 1:00 in the morning. I was just staying in the yellow room, or something like that; one of the guest rooms in Palm Beach. But majority of the time, I would definitely want to get back to my own apartment.

JS: Alright. What were the general hours of your full time employment when …?

V: There was not set hours. It wasn't like logging, and you know, hitting the shift button, nothing like that. The way I would get paid would be, ok, if I was in Palm Beach, I would get $200 an hour to massage Jeffrey or some of his friends and then go home. So it would be like that. If I was traveling with him, it would be per massage, so I would be getting paid per day. So I wouldn't be getting paid on an hourly rate. He wouldn't say ok, today you're going to work for me from 7:00 in the morning until 8:00 at night. It never like that. I was on call all the time.

JS: When you were here in Palm Beach, were you actually getting paid only for the time spent massaging Jeffrey or were you getting paid from your arrival at his house until you left the house?

V: From the time the massage started.

JS: From the time the massage started. Ok.

V: Sometimes we'd go there and I would wait for a while or talk with Ghislaine and Jeffrey about something or we'd meet somewhere and talk about something. A lot of times, I'd meet him upstairs in his room where he was ready for me. But then there was a lot of times where it didn't start right away, so he couldn't really pay me from the time I got there sometimes unless it was just paid from the time I massaged him til the time the massage was over.

JS: Alright. Did your duties for Jeffrey ever include anything other than providing him massages and sex in connection with the massages? Did he ever give you any other responsibilities to perform?

V: I was asked to do the same things that I did to Jeffrey to a few of his fellow colleagues as well. Those were my duties. He looked at it this way is that I was going to be a professional massage therapist, and maybe I needed some clientele, so he had me perform erotic massages on a few people.

JS: Did that start here in Palm Beach County?

V: It did. The first one did.

JS: Ok, and how long after you first met Jeffrey did he first ask you to provide services for one of his friends?

V: About 9 months, I think it was. It wasn't a full year, it wasn't 6 months, but between 6 months and a year, which is why I'm saying 9 months.

JS: And when you provided services to a friend of Jeffrey's, who paid you for those services?

V: Jeffrey would. I would get paid the next time I saw Jeffrey, so if I was invited to the Breakers Hotel to give a massage, I would give a massage, I would go home, and the next day when I saw Jeffrey, he would pay me for what I did. So, it was paid always by him, it was set up by him, so he always knew what to pay me. I did get tips and things like that, if you call it that, you know, like a hundred dollar tip or something from a few of them, you know, yeah.

JS: Was there ..

V: There was always payment from Jeffrey.

JS: Was there ever any discussion with Jeffrey about what was expected to happen when you provided massage services to one of Jeffrey's friends?

V: In a roundabout way, yes. In so many ways, Jeffrey really really had to train me, and that was why Ghislaine said that she and Jeffrey enjoyed me so much was because they never really had to speak much to me to tell me what they wanted me to do. You know, I wasn't waiting for you know, their directions. Jeffrey would tell me to go give an erotic massage to friends. He wouldn't give me much detail about it, but he would say to treat them like you treat me.

JS: Did he refer to it as an erotic massage or are those your words?

V: Erotic massage is my words. That's exactly what it was, but he would tell me to treat them how he wanted it, so I'd do what he wanted without having to say to me words more. I mean, I complied with what he wanted because it was somewhat of a, I don't know, I don't know how to say it, it was just very mindboggling how I let him have so much control or power over me basically. The massages would be routine to what Jeffrey wanted with my so called new clientele, and with their own words would ask me to provide them with sexual pleasure after the massage.

JS: Did you ever report back to Jeffrey about what happened when you provided massages to his friends?

V: Of course, of course, and I knew that his friends were reporting back to him as well because there were times where he would instigate conversation by saying you know, so and so had a great time, you did wonderful, you know so and so gave me a call and told J.E how it went_...

JS: Did Jeffrey ever elicit details from you? "Tell me what happened, describe in detail what went on?"

V: No, but he would have a laugh, he had a laugh with me a few times about some of their different mannerisms, I guess you would say, like some of them, one guy had a foot fetish and that was really weird and I mentioned it to Jeffrey, and we would have a laugh over it. He didn't want to know details. He wasn't asking me "so tell me what did you guys do exactly." No, he just basically gave me a slap on the back and said, you know, good job. And we had some kind of conversation about it. I can't recall any conversation off the top of my head. I really don't know one. It's been that long. But yeah, we did talk about it briefly.

JS: Can you give me an estimate as to the number of friends for whom Jeffrey provided and paid for your services?

V: There was about, you know, I don't know, 8 guys possibly.

JS: And are you able to name those people for me?

V: No, not at this stage. I just, some of these people are really influential in power, and I don't want to start another shitstorm with a few of them. I'll tell you that there was some erotic massages given to, I'm just afraid to say it to you.

JS: Ok, Virginia.

V: It's like geez, I don't know if I want to, I'm really scared of where this is gonna go.

JS: Alright. I understand that, and as I told you from the beginning, if I ask you a question that you are uncomfortable answering, you just tell me that, and I will move on, and I understand that at least right now, you are uncomfortable answering, and I am certainly going to respect that.

V: Thank you so much, Jack.

JS: No, that's quite alright. I am very appreciate of the cooperation you are providing, and I don't want you at any time to feel that we are taking unfair advantage of that cooperation, so give me the information that you're comfortable giving me, and if we get to a point where you're uncomfortable, I will respect that and we'll move on from there.

V: Ok.

JS: I want to talk a little bit about the traveling that you did with Jeffrey. About how long into your relationship with him did that first start?

V: Immediately. I started traveling immediately. Not internationally until I think about, Gosh, I can't remember even, I think it was a year later that we started doing international travel. Maybe like 9 months to a year again. Not too sure to be honest.

JS: So that would have been approximately the summer of 1999? Somewhere around there?

V: Yes. Somewhere around there. Somewhere around a year, somewhere around there, I can't pinpoint it exactly. But like I said, we started doing domestic traveling immediately, so my first destination with him was New York and Santa Fe and the Carribean, California, I would take trips with him occasionally. Sometimes we would go to St. Louis or New Orleans or Santa Cruz. We were traveling just about everywhere I think.

JS: How did you travel?

V: Well, we took Jeffrey's private jet, and unless I was being sent somewhere by myself for what we were just talking about before, then I would travel on a what do you call, a public jet, whatever it is…

JS: commercial flight?

V: Yes. Just a normal flight, an e-ticket.

JS: Like the rest of us common folk.

V: But when I was traveling with Jeffrey, the majority of the time would be on the black jet.

JS: Now, when you say there would be times when you would travel by yourself because he was sending you somewhere, tell me about that. How did that come about?

V: So, one of his colleagues would be at the Carribean or Santa Fe or even New York, or wherever, and he would call me up on those days where I am not working with him or in Palm Beach with him, and he would ask me to get on the next plane to so and so and go meet so and so, and that's when I would take e-tickets. His secretary or special assistant, whatever, would organize it for me and give me the details and I would just walk up the line and they'd let me right through.

JS: Can you give me any ideas as to how many times it happened that Jeffrey would send you off to meet some friend of his at some location outside of Palm Beach?

V: How many times it happened? I'm not too sure. Probably about 10-15 times.

JS: Ok. And on those occasions, how much time would you spend with one of Jeffrey's friends when you were sent to a location that you would have to travel to?

V: Only a couple of days. Only 2 days, that's it.

JS: And how were you paid for those trips?

V: I would be paid in cash upon my arrival back with Jeffrey. So, whenever I was back with Jeffrey, he would count up how many days I've had, sometimes give me even more than what I deserved, not deserved, but what I earned and give me a little extra.

JS: Was there a daily rate for those trips or was that per massage also?

V: Per massage. With Jeffrey, I would be honest. I wouldn't tell him I did 15 massages if I didn't. He knew he could trust me. He could always come back to the other person that he sent me to give massages and ask them as well, so you know, it was always by per massage.

JS: Alright. When we've been talking about massages, tell me exactly what it is we're talking about when we speak about massages.

V: Same thing I would do to Jeffrey. Again, it would start out as a massage, which would start with them being naked, and me giving him a legitimate massage to begin with, so

I'd start with his feet, go up to his calves, up his legs, buttocks, back, his neck, his head, his arms, yada yada, and then it would be time to flip over, and some of the men would want me to continue on massaging the front side of them and they would instigate me to begin having sex with them or foreplay, whatever you want to call it.

JS: So routinely, these massages involved sexual activity. Is that accurate?

V: That is accurate.

JS: Ok. Let's talk about the travel that you were involved in when you were on Jeffrey's private plane. Generally speaking, who were the passengers on the plane when you traveled.

V: Well, Larry was the pilot, and then there was a short, small solid guy, I don't know his name, but he was a co-pilot, and then he changed and there was another guy brought in later on. Generally speaking, there was always Jeffrey, sometimes Ghislaine, sometimes Emmy, sometimes a whole bunch of other girls, sometimes famous people, sometimes some politicians or yeah, just about anybody could fly on his plane. There was never no any set routine who would come and who would go. It was an influx of people on Jeffrey's airplane.

JS: I want to deal with these things separately in order to respect some of the reservations that you have, so I'm going to ask you who the people were that you remember flying with Jeffrey on his plane when you were personally present without regard to whether there was any sexual activity that occurred on the plane or not. So I'm not asking you to implicate any of these famous people in improper conduct, but just tell me what the names of the people are that you remember that you consider to be famous people.

V: Ok, there was Naomi Campbell, Heidi Klum, there was Bill Clinton. There was Al (?) Gore, there was a whole bunch of models, I wouldn't really honestly be able to give their names. There was Matt Groning the producer of the simpons cartoon, Jack CCousteau's granddaughter a lot of interior designers, architects, politicians. I am just trying to think of as many names as possible for you. Off the top of my head, that's as good as I can get for now.

JS: Ok, alright, that's fine. And again, I am not implying by my questions, nor do I want your answers to be interpreted as your suggesting that any of those people that you have just identified were engaged in any improper activities on any particular flight, but I want to talk to you now about what went on on occasion on the airplane. Ok?

V: Ok. It was a lot of the same thing that went down on the ground. A lot of times, it would be just be me and Jeffrey, or me and Jeffrey and Ghislaine, or me and Jeffrey and some other girl, sometimes Emmy, Sarah, and Nadia Bjournik. There would be sexual conduct, there would be foreplay, there was a bed in there, so we could basically reenact exactly

what was happening in the house. It would start off with massaging or we would start off with foreplay, sometimes it would lead to, you know, orgies.

JS: Were there occasions when you were in Jeffrey's company, whether on the ground or in the air, where there were other girls present whom you knew to be under age 18?

V: Yes. There was a constant influx of girls coming in and going out. And we were all very young. On occasion, there was some older girls, and I don't mean older as in like in their 30s or anything, I mean like 28, 29, something like that, just very rarely. The majority of the girls that Jeffrey actually met or had on his plane or in his house were under age.

JS: Do you know how it is that Jeffrey established with any of these underage girls?

V: Yes, I do. He would send me personally or with other girls to clubs or shops, to _pick up anywhere, I mean we were constantly on the look for other girls that might satisfy Jeffrey.

JS: What instructions were you given about what to look for?

V: Young, pretty, you know, a fun personality. They couldn't be black. If they were any other descent other than white, they had to be exotically beautiful. That was just about it.

JS: Who gave you those criteria?

V: They both gave us the instructions, and it wasn't just me, Jeffrey asked most girls to bring a friend and make extra money. They would use us young girls So that way it probably looked a lot more safer to a girl that we were procuring to younger girls that were already doing it. That was the way that Jeffrey had it.

JS: Were you given any instruction at all on how to approach these girls?

V: Yes. Jeffrey and Ghislaine both taught me to, depending on the circumstances, depending on the girl, you could offer them a job as a massage therapist or you could tell them you have a really rich friend with, you know, great contacts in the acting world or modeling world and he loves pretty girls, you should come back and meet him, make some money, you know, we had a whole bunch of ways to be able to procure girls.

JS: Can you give me any idea as to the total number of underage girls that you know engaged in sexual conduct with Jeffrey during the period of time you had your relationship with him?

V: I would have no way of estimating that whatsoever. I mean, there could be a hundred, there could be more, honestly I'm not too sure how many girls, really. I wish I did know. I mean like I said there were so many over the course of 4 years with Jeffrey.

JS: Let me see if we can try to narrow it down a little bit. Is there any doubt in your mind that it was more than 10?

V: Yes, there was definitely more than 10.

JS: Ok, what I want you to do is to give me the highest number that you are comfortable in saying there were definitely more than X number of underage girls that I know Jeffrey Epstein engaged in sex with while I had a relationship with him. How would you fill in that blank? Definitely more than how many?

V: I'd say definitely more than a hundred.

JS: Alright. Did Jeffrey ever help to pick out your clothes?

V: Oh yes. I mean he wasn't out to dress me like a porn star or anything. He would always dress me very classy, but we'd just go shopping all the time together.

JS: Did he ever express any style preferences in terms of how he wanted you to dress? Besides dressing classy, I'm, you know, any other suggestion to you about how he wanted you dressed?

V: He didn't, like I said, wasn't trying to dress me in any prostitute way or anything like that. It was nice, classy outfits I was wearing like Gucci, Dolce Gabbana, Chanel, things like that. He was buying me a lot of very, very nice clothing. It was provocative. I mean I was wearing miniskirts, and tight short shorts and little shirts that showed my belly and my cleavage and everything, but they were very expensive clothes.

JS: Was there every any dress up role playing?

V: Yes. There was. Lots of it. Jeffrey loved the latex outfits Ghislane had for us girls, he had bondage outfits, he had all different kinds of outfits, but his favorite was the schoolgirl.

JS: Tell me about that.

V: Well, you know, Ghislaine would take me to dress me up to surprise J.E or Jeffrey would ask me to get dressed up, that would include wearing a tiny little skirt with nothing underneath, a white collared shirt that you would be wearing to school with a tie in it, tied up _in a bow_, my hair in pigtails, stockings on up to my knees, and I would go in there and act like a kid and we'd do role playing sexing.

JS: Did Jeffrey ever brag to you about the age of any of the girls with whom he had relationships?

V: Yes, he did. He did all the time. The worst one that I heard from his own mouth was this pretty 12 year old girls he had flown in for his birthday. It was a surprise birthday gift from one of his friends and they were from France. I did see them, I did meet them. Jeffrey bragged afterwards after he met them that they were 12 year olds and flown over from France because they're really poor over there, and their parents needed the money or whatever the case is and they were absolutely free to stay and flew out. Those were the worst ones. He was constantly bragging about girls' ages or where he got them from or their past and how terrible their past was and good he is making it for them.

JS: Where were the 12 year old girls flown to from France? Where did they come to?

V: Palm Beach.

JS: And were they flown in on Jeff's private plane or did they get transported?

V: No. They were transported by somebody else.

JS: Ok. Was the sexual activity that went on on the airplane conducted in such a way so that any of the crew was aware of what was going on?

V: They were told to knock if they had to come out, if the crew had to come out. They were told, you know, to come out as little as possible, so they weren't out there hanging out watching everything, no, but it doesn't take an idiot to put two and two together to say well there's a whole bunch of half dressed teenagers on board with this old man who is constantly being massaged by them and he wants me to keep the door shut for what reason? I mean, only they could put that together, but yeah, they knew.

JS: Did Mr. Epstein ever talk to you about people of power and influence owing him favors?

V: He would laugh about it, you know, I never really knew what to take serious from Jeffrey because he was such a funny character at times. You never knew if what he was saying was true or not. Yeah, lots of people owed him favors from what he told me. He's got everybody in his pocket, and he would laugh about he helps people for the sole purpose in the end they owe him something. That's why I believe he does so many favors in the first place.

JS: When and how did you first become aware that Mr. Epstein was in trouble with the law?

V: I was first informed by, I think someone from the FBI called me first and started to ask me questions, and I started to answer the questions but then fear took over, and I just said look, I don't know what's going on, I've got a young family that I don't want to risk, you know, please don't bother me about this again, and it was real short simple conversation, and within a week or 2, I had gotten a call from Jeffrey's attorney, and then a week later, Jeffrey himself.

JS: Ok, well let's back up before we get to those conversations and tell me approximately when it was that you were contacted by the person who you believe was with the FBI.

V: Ok. It's hard for me to pinpoint, if I had to pinpoint it, it would be in 2007 sometime.

JS: Alright. And you were living in Australia at that time, correct?

V: Correct.

JS: You were contacted by telephone?

V: That's correct, by my cell phone.

JS: Ok and do you have any idea how your name came up leading to that contact.

V: No idea. No idea whatsoever. When I did ask, I was told that some girls had revealed my name, I guess, and that's how everybody, the FBI knew to contact me.

JS: OK.

V: But I don't know offhand or sorry, I just walked into the wrong room.

JS: Ok.

V: Sorry go on.

JS: Yes & I'll never tell her you said that. Virginia, how long was it after that phone call from the FBI person were you contacted by Mr. Epstein's lawyers.

V: Like a week. It was back to back to each other. I remember being so scared after talking to the FBI thinking what's happening, what's going on. It's been like 6 years, 7 years at that stage, how did they find me & what do I have to do with this? So yeah, I do remember that very well, and it was only about a week later I was called by his attorney.

JS: Who was it that contacted you, do you remember?

V: I want to say Bill Riley, but he might have been from the FBI. No, it was Bill Riley. Bill Riley. Not sure if that's his correct name, but that's what is coming to mind

JS: What do you remember about that conversation?

V: I remember a Mr. Goldberger as well, I remember, there might have been two of them.

JS: Alright.

V: I can't remember which one it was. I want to say Bill Riley is the good one.

JS: Alright, so either Bill Riley or a Mr. Goldberger or both of them contacted you, and what do you remember about that?

V: I don't know if it was the same guy who contacted me that week later who put me in touch with Jeffrey. I think he was on the phone and he put speakerphone on with Jeffrey. So he connected me with Jeffrey. I don't know if it was the same guy or different, but I definitely know that Bill Riley was the first guy to contact me. I'm pretty sure about that.

JS: Ok. Tell me about that conversation.

V: He asked me what I knew about what's going on with Jeffrey and apparently, there was an investigation being held about some of the girls who had come out and said that Jeffrey had sexual contact with them under the age of a minor and that he was discrediting lot of these girls and making them out to be drug addicts and prostitutes and what have you so they wouldn't be looked upon as worthy in the court's eyes so to speak. And you know, he told me in the first five minutes that, you know, if I stay quiet, that "I'll be looked after" . And that was the exact way it was said. It wasn't like you know, I'm gonna pay you a zillion dollars or anything if you be quiet, but if I stay quiet, I would "looked after". And I remember saying I don't want any part to do with this. You know, this is not something I want to be a part of, I've got a young family. I wish the best for everybody in this, you know, take care kind of thing. A week later, I was called after the hearing by one of Jeffrey's lawyers. I can't tell you exactly which one it was but he had Jeffrey on the other line and he connected Jeffrey and I, and Jeffrey tried to make some simple conversation, "How are you? How have things been?" You know what I mean, catching up.

JS: Do you know if the lawyer, did the lawyer stay on the line while Jeffrey was speaking to you?

V: I'm pretty sure he did. That's why I think Jeffrey was on speaker phone because it sounded a lot different, and I was never taken off the line to begin with or connected to another line, so I was pretty sure Jeffrey was on speaker phone and the lawyer was making the call. After the simple conversation, it led to what was going on again and you know, Jeffrey couldn't believe it. You know, he thought he helped all these girls out. He didn't think he was wrong in any circumstance here at all. A lot of these girls were drug addicts and just after drug money. You know, he was really putting down these women or these girls I should say, not giving them the credit they deserved, and then he exactly repeated what the lawyer said the week before is that he would look after me if I stayed quiet, and if I need any help, you know, his lawyers would represent me and he would get legal help for me, whatever I need, he would do, and I told him exactly, I said, "Jeffrey, I'm the mother of two children at that stage. I'm away from everything there, I don't want to be a part of it. I'm not going to speak to anybody and I don't want to speak to anybody, I don't want to be involved." That was the last time I heard from him. And the

next thing I knew, I was sent my victim's letter, my notification of being a victim through the US Attorney's Office and that's when I knew it was well out there enough not to have Jeffrey's lawyers come back on me and discredit me in the same way he had done to all the other girls. So, I called up Joseph Bird who was the recommended lawyers on my paperwork that they had given me and started going from there.

JS: So you contact Mr. Joseph Bergs' office and then you were dealing with his office from that point forward.

V: That's correct.

JS: Tell me about the ending of your relationship with Jeffrey. That is, at what point in time did your full time employment end and how did that happen?

V: Ok. So, it hadn't really ended. I walked away from it all. Jeffrey sent me to Thailand where I met my husband and escaped to Australia, never to return back to the states. About 6 months prior to that, he came up with a proposition that I thought was really disgustingly sick. And it really showed me for the first time in 4 years I had been with him that nothing was going to change and I was always just going to be used by him(?) which I did not like. He offered me a mansion and some of his money every month, I forget what he called it, a monthly income of what he made to bear one of his children. The proposition was that if anything ever happened between Jeffrey and I, that I would have to sign my child over to him basically and that the child would be his and Ghislaine's, and I would be looking after it as long as nothing happened between Jeffrey and I. So, I was kind of freaked out by all of that. I pushed Jeffrey more to please get me some more training, you know, and I was getting older and not of as much interest to Jeffrey anyways. I was 19 now, and he likes a female a lot younger. So he sent me to Thailand, in September 2002_. I was first supposed to meet a girl there and bring her back with me, but I never met up with her. I proceeded get a short course in Thai massage so that was to shut me up about my training so I went there, and one of my friends from school invited me to watch a fight, like a muay thai fight, which is like a form kickboxing. So I went and watched it, and I saw this guy that was a really good fighter, and a girl's word, looked really hot, so I asked my friend who knew him to introduce me. We got introduced and fell in love immediately, 3 days later Rob proposed and 7 days later I was being married in a buddist temple. I called Jeffrey and told him I'm sorry, I'm never coming back. I've gotten married, I've fallen in love. I thought he'd wish the best for me but he was kind of rude and he just said "have a good life" and hung up the phone, and that was the last time I'd talked to him ever until all this started again.

JS: Ok. Virginia, is there anything else that you would like to add to what you have told us up to this point in time?

V: I'd like to know that this time around something's going to be done about it and that Jeffrey and a lot of his colleagues, no matter how rich they are, will know that there is

law and that there is people that still believe in it. So that's it. Thank you guys for listening to me, hearing me out and helping me. It's kind of hard to get through.

JS: Thank you very much. Yes, I'm sure it has been very difficult and I am very appreciative of the courage you have shown in doing what you have done, which really brings me to the last subject, and that is what was it that motivated you to go public with all of this?

V: Sharon Richard contacted me. I like her, I do, I like her a lot. I know she's a journalist, and journalists are normally bloodsucking leeches, but I like her for that, but she is an honest bloodsucking leech. She told me a lot about what was still going on, and she showed me a picture of Jeffrey with a little girl who looks like she could have been 12 years old. I mean it was disgusting. I agreed to talk with her, I never agreed to do anything until she showed me some pictures, and at that stage, being a mother of 3 children and having a daughter who I would do anything for to protect, I would put my neck on the line to make sure she never has to go through what I had to go through, and knowing all of this, and knowing that he's still out there doing the same exact thing with no regrets, no remorse, no worry about what he's doing to those girls, and all those girls feeling the same way that I did, so I, you know, I'm doing it because I believe in my heart of hearts it's the right thing to do. It's what I would want somebody to do for my daughter or my sister or my friend, and it saddens me to know that it's still going on right now. It's like the seashell story. I don't know if you're heard the story about the little kid who throws back a starfish, you know, the little brother tries to ask his sister, "why do you throw them in, they're all gonna die anyways, the little girl says "well, it's this one that I can help, and this one that I can help," and that's what I feel like I'm doing. I'm making a small dent in this big world we live in.

JS: I certainly appreciate that courage, and I have heard that story, and you're absolutely right, that one person may not be able to make a difference for everyone, but one person can make a difference for someone, and hopefully, you are making a difference for someone, and we're gonna do the best we can to make sure you are making a difference for as many people as possible.

V: Thanks Jack.

JS: Just a few other follow up things I want to ask you and again, if any of these questions are questions that you're uncomfortable in responding to, then don't hesitate to tell me that. Do you have any recollection of Jeffrey Epstein's specifically telling you that "Bill Clinton owes me favors"?

V: Yes. I do. It was a laugh though. He would laugh it off. You know, I remember asking Jeffrey what's Bill Clinton doing here kind of thing, and he laughed it off and said well he owes me a favor. He never told me what favors they were. I never knew. I didn't know if he was serious. It was just a joke.

JS: Where was here?

V: He told me a long time ago that everyone owes him favors. They're all in each other's pockets.

JS: When you say you asked him why is Bill Clinton here, where was here?

V: On the island.

JS: When you were present with Jeffrey Epstein and Bill Clinton on the island, who else was there?

V: Ghislaine, Emmy, and there was 2 young girls that I could identify. I never really knew them well anyways. It was just 2 girls from New York.

JS: And were all of you staying at Jeffrey's house on the island including Bill Clinton?

V: That's correct. He had about 4 or 5 different villas on his island separate from the main house, and we all stayed in the villas.

JS: Were sexual orgies a regular occurrence on the island at Jeffrey's house?

V: Yes.

JS: If we were to take sworn testimony from the people I am going to name, and if those people were to tell the truth about what they knew, do you believe that any of the following people would have relevant information about Jeffrey's taking advantage of underage girls? So I'll just name a name, and you tell me yes if they told the truth, I think they'd have relevant information or no, I don't think they would, or I don't know whether they would or not. Ok? You understand?

V: Yes.

JS: Ok. Les Wexner.

V: I think he has relevant information, but I don't think he'll tell you the truth.

JS: Ok. Alan Dershowitz.

V: Yes.

JS: David Copperfield.

V: Don't know.

JS: Tommy Matola.

V: Don't know.

JS: Prince Andrew.

V: Yes, he would know a lot of the truth. Again, I don't know how much he would be able to help you with, but seeing he's in a lot of trouble himself these days, I think he might, so I think he may be valuable. I'm not too sure of him.

JS: Ok. Virginia, I think that's all I have for you. Let me tell you what I would like to do. As I told you in the beginning of this conversation, we've been recording it, and hopefully, we've got a clear enough recording so that we've taken down everything accurately and when it's transcribed, it will be clear and accurate, but what I would like to do is transcribe it, send it to you, have you take a look at it, and if there's anything that we got wrong in the statement, you can write back and you can make changes in the transcript so that the transcript is accurate. Is that fair?

V: No worries. That is fair. No problem.

JS: Alright, great. I really do appreciate that and tell me what the best way is to send the transcript to you.

V: Email. If you just want to send it by email or if you want to send it by mail, either or.

JS: Ok. Give me your email address if you would please.

V: [redacted]*

JS: Let me read that back to you: [redacted]*

V: Yep that's it.

BE: Thank you Jenna, appreciate it.

V: No problem, Brad.

JS: Thank you very very much. Bye Bye now.

V: Take care Jack. Nice meeting you.

JS: You too.

*Redaction has been made at the request of the witness.

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June 19, 2008

John Roth, Esq.
Principal Associate Deputy Attorney General
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W., Room 4115
Washington, D.C. 20530

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But further, the new investigation, which features a wide-ranging, fishing-expedition type to search in New York does nothing to satisfy the very essential elements of federal statutes that are lacking despite the intensity of an over two-year investigation in the Palm Beach area. Absent evidence of Internet luring, inducements while using the phone, travel for the purpose, fraud or coercion, the subject of the New York investigation is as lacking in the essential basis for converting a state case into a federal case as is the remainder of the Florida investigation.

The reaching out to New York to fill the void emanating from the failures of the Florida investigation compellingly demonstrates the misuse of federal resources in an overzealous, over-personalized, selective and extraordinary attempt to expand federal law to where it is has never gone. This last-ditch attempt by Ms. Villafana reinforces our belief that the USAO does not have facts that, without distortion, would justify a prosecution of Mr. Epstein.

In view of the prosecution's often-verbalized desire to punish Mr. Epstein, we believe that the prosecution summary suffers from critical inaccuracies and aggregates the expected testimony of witnesses so as to reach a conclusion of guilt. Our contention is reinforced by the fact that key prosecution witnesses have provided evidence and testimony that directly undermines the prosecution's misleading and inaccurate summary of its case. Indeed, we now have received statements from three of the principal accusers—[redacted] (through a state criminal deposition), [redacted] (through a federal FBI-USAO sworn and transcribed interview), and [redacted] (through a defense—generated sworn transcribed interview). Each of these witnesses categorically denies each essential element that the prosecution will have to prove in order to convert this quintessential state-law case into a federal matter.

It thus is especially troubling that the USAO has not provided us with the transcript of Ms. [redacted]'s federal interview, nor the substance of the interviews with Ms. [redacted] or Ms. [redacted], nor any information generated by interviews with any of the approximately 40 alleged witnesses that the prosecution claims it has identified. Because the information provided by these women goes directly to the question of Mr. Epstein's guilt or innocence, it is classic *Brady* information. We understand that the U.S. Attorney might not want to disclose impeachment information about their witnesses prior to a charge or during plea negotiations. But we firmly believe that when the Government possesses information that goes directly to a target's factual guilt or innocence, the target should be informed about such heartland exculpatory evidence.

Most importantly, aside from whether the Department believes *Brady* obligates disclosure to a target of a federal investigation prior to the target's formal accusation, no such limit should apply to a Department review. Accordingly, we request that you go beneath the face of any summary provided to you by the USAO and instead review the actual witness transcripts and FBI 302s, which are essential for you to be able to make a truly independent assessment of the strength and wisdom of any federal prosecution.

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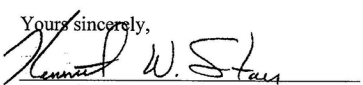

Kenneth W. Starr

cc: Deputy Attorney General Mark Filip

# CONFIDENTIAL SUBMISSION TO THE OFFICE OF THE DEPUTY ATTORNEY GENERAL RE J. EPSTEIN

KIRKLAND & ELLIS LLP
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Dir. Fax: [redacted]

June 19, 2008

John Roth, Esq.
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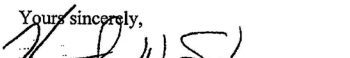

Kenneth W. Starr

cc: Deputy Attorney General Mark Filip

# MAIN SUBMISSION

KIRKLAND & ELLIS LLP

**SUBMISSION TO THE OFFICE OF THE DEPUTY ATTORNEY GENERAL**

**IN THE MATTER OF JEFFREY E. EPSTEIN**

Jeffrey Epstein, a successful businessman and noted philanthropist with no prior criminal record, has been investigated for potential violations of 18 U.S.C. §§ 1591, 2422(b) and 2423(b). Since the limited review conducted by CEOS, two Supreme Court decisions—one authored by Justice Scalia and the other by Justice Thomas—have revitalized the bedrock principles that federal criminal statutes must be narrowly construed, that they may not be stretched to federalize conduct not clearly covered by their prohibitions, and that whenever there are two plausible constructions of a criminal statute, the narrower construction (hich safeguards liberty) rather than the broader construction (which expands the federal prosecutor's arsenal) controls under the venerable rule of lenity.

Mr. Epstein's conduct—including his misconduct—falls within the heartland of historic state police and prosecutorial powers. Absent a significant federal nexus, matters involving prostitution have always been treated as state-law crimes even when they involve minors. Mr. Epstein's conduct lacks ***any*** of the hallmarks that would convert this quintessential state crime into a federal one under any of the statutes prosecutors are considering.

Mr. Epstein lived in Palm Beach, and his interstate travel was merely to go home. Any sexual conduct that occurred after he arrived was incidental to the purposes for his travel. Even CEOS admitted that applying § 2423(b) to a citizen traveling home would be "novel." In fact, it would be both unprecedented and in conflict with Supreme Court cases that have withstood the test of time for over 60 years.

Moreover, Mr. Epstein did not use the internet (either via email or chatrooms) to communicate with any of the witnesses in this investigation. Indeed, he did not use any other facility of interstate commerce, including the phone, to knowingly persuade, entice, or induce anyone to visit his home—the "local" locus of all the incidents under investigation—much less to persuade, entice, or induce a known minor to engage in prohibited sex acts, as § 2422(b) requires. Nor did anyone on his behalf "persuade" or "induce" or "entice" or "coerce" anyone as these words are ordinarily understood and as the new Supreme Court decisions mandate they be applied: narrowly, without stretching ordinary usage to conform to a prosecutor's case-specific need for a broad (and in this case unprecedented) application. In addition, as will be shown below, § 2422(b) requires that the object of the communication be a state law offense that "can be charged." Yet because the state of Florida's statute of limitations is one year for the first prostitution offense and three years for other targeted offenses, and because all or virtually all of the offense conduct at issue in the federal investigation occurred prior to June 20, 2005, those acts can ***not*** be charged by the State, and thus cannot meet this essential element of federal law.

Finally, Mr. Epstein neither coerced, nor enslaved, nor trafficked, nor derived any profit from his sexual conduct. He was an ordinary "John," not a pimp. But § 1591 is directed only against those who engage in force or fraud or coercion or who are in the business of commercial



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sexual trafficking. The statute has never been applied to a "John," and only a highly and impermissibly selective prosecution could stretch § 1591 to reach conduct like that at issue in this case.

In short, without "novel" interpretive expansions—a description used by CEOS itself—it cannot be shown that Mr. Epstein violated any of the three federal statutes identified by prosecutors. As the Supreme Court's recent decisions in *Santos* and *Cuellar* make clear, federal law may not be stretched in that manner, and the current federal investigation relies, as its foundation, on impermissibly elastic stretches of each statute beyond any reported precedent; beyond the essential elements of each statute; well outside the ordinary construction of each statute's limitations; and on a selective, extraordinary, and unwarranted expansion of federal law to cover conduct that has always been exclusively within the core of state powers.

At this point in time, the need for Departmental oversight is critical. We appreciate this opportunity to submit our assessment of the key facts in this case and review of the pertinent federal statutes, and respectfully request that the Office of the Deputy Attorney General end federal involvement in this matter so that the State of Florida may resolve this case appropriately.

**Summary of the Facts**

Mr. Epstein has maintained a home in Palm Beach, Florida for the past 20 years. While there, he routinely conducted business, received medical attention, socialized with friends, and helped care for his elderly mother. Mr. Epstein also had various women visit his home to perform massages. He did not personally schedule the massage appointments or communicate with the women over the phone or the Internet. Rather, Mr. Epstein's personal assistants scheduled many types of appointments, personal trainers, chiropractors, business meetings and massages. The phone message pad taken from his house and in the possession of the government confirmed that in many cases, the women themselves contacted Mr. Epstein's assistants to inquire about *his* availability—rather than vice versa.

The majority of the massages were just that and nothing else. Mr. Epstein often would be on the telephone conducting business while he received his massage. At times, the masseuses would be topless, and some sexual activity might occur—primarily self-masturbation on the part of Mr. Epstein. On other occasions, no sexual activity would occur at all. There was no pattern or practice regarding which masseuse would be scheduled on a particular day—if one would be scheduled at all—or whether any sexual activity might occur. Indeed, Mr. Epstein almost never knew which masseuse his assistants had scheduled until she arrived. *See* Tab 3, [redacted] Toll Records.

Mr. Epstein specifically requested that each masseuse be at least 18 years old. The vast majority of the masseuses were in fact in their twenties, many accompanied to Mr. Epstein's home by friends or even other family members. Furthermore, most of the women who have testified that they were actually under 18 have specifically admitted to systematically lying to Mr. Epstein about their age. *See* Tab 4 [redacted] Tr. at 38-39; Tab 5, [redacted] Tr. at 16; Tab 6,



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[redacted] Tr. at 6, 8, 22, 45; Tab 7, [redacted] Tr. 13; Tab 8 [redacted] Tr. at 8; Tab 9, [redacted] Tr. at 5; and Tab 10, [redacted] Tr. at 14-15 (excerpts from these transcripts are included below). Furthermore, the women who visited Mr. Epstein's home all visited voluntarily and many willingly returned several times.

The State Attorney's Office (the "SAO") has vast experience prosecuting sex crimes and conducted an exhaustive, 15-month investigation of Mr. Epstein. A Grand Jury has concluded that Mr. Epstein was merely a local "John," guilty of soliciting prostitution in violation of state law. Notably, Florida law distinguishes soliciting from procuring and compelling prostitution if minors are involved. Indeed, soliciting is a misdemeanor except for the commission of a third subsequent offense, turning it into a felony. The SAO, therefore, sought and obtained an indictment charging Mr. Epstein with felony solicitation of prostitution. Mr. Epstein is prepared to plead guilty and accept a sentence for that offense—a sentence that, notably, is far more severe than that meted out to other "Johns" convicted of violating Florida's solicitation laws for cases in which sexual activity was alleged.

Though CEOS points out its admirable goal of "protecting children," a moniker that engenders high emotions, the conduct alleged here involves women over 16, which is the age of consent in 38 states and supplies the effective federal age of consent. The young women were by no means the target of high-school trolling; they were individuals who, with friends, visited Mr. Epstein's house—a home full of friends and staff. The civil complaints filed against Mr. Epstein reiterate the fact that the individuals who visited Mr. Epstein would visit with their friends. And Mr. Epstein never spoke to or had any contact with these women before they arrived at his house. And again, the State is handling this matter appropriately.

We respectfully submit that that should be the beginning and the end of this matter. As you know, the Department's *Petite* Policy precludes successive federal prosecutions after a State has acted: "[A] state judgment of conviction, plea agreement [here held in abeyance solely as a result of the federal investigation], or acquittal on the merits shall be a ***bar*** to any subsequent federal prosecution for the same act or acts." U.S.A.M. § 9-2.031A (emphasis added). Consistent with that principle, and of particular relevance to this case, the Department itself just recently observed the following:

> [P]rostitution-related offenses have historically been prosecuted at the state or local level. This allocation between state and Federal enforcement authority does not imply that these crimes are less serious, but rather reflects important structural allocations of responsibility between state and Federal governments.... [T]he Department is not aware of any reasons why state and local authorities are not currently able to pursue prostitution-related crimes such that Federal jurisdiction is necessary.

*See* Tab 11, November 9, 2007 Letter from Justice Department Principal Deputy Assistant Attorney General Brian Benczkowski to the House Committee on the Judiciary, p. 8-9.

**Summary of the Law**

We have reviewed every reported case under 18 U.S.C. §§ 1591, 2422(b), and 2423(b), and cannot find a single one that resulted in a conviction on facts akin to the ones here. In some respects, it is not surprising that no precedent supports federal prosecution of a man who engaged in consensual conduct, in his home, that amounts to solicitation under State law. After all, prostitution, even when the allegations involve minors, is fundamentally a State concern, *United States v. Evans*, 476 F.3d 1176, n.1 (11th Cir. 2007) (noting that federal law "does not criminalize all acts of prostitution (a vice traditionally governed by state regulation)"), and there is no evidence that Palm Beach County authorities and Florida prosecutors cannot effectively prosecute and punish the conduct. *See also Batchelder v. Gonzalez*, No. 4:07-cv-00330-SPM-AK, 2007 WL 5022105 (N.D. Fla. Oct. 19, 2007). In fact, the opposite is true—the state-elected officials, cognizant of the local mores of the community, have a lauded history of just such prosecutions.

In any event, and as set forth below, none of the federal statutes in this case remotely supports a prosecution on the facts of this case without each and every element being stretched in a novel way to encompass the behavior at issue. We begin with first principles. Courts in this country have "traditionally exercised restraint in assessing the reach of federal criminal statutes, both out of deference to the prerogatives of Congress, *Dowling v. United States*, 473 U.S. 207 (1985), and out of concern that 'a fair warning should be given to the world in language that the common world will understand, of what the law intends to do if a certain line is passed.'" *Arthur Andersen LLP v. United States*, 544 U.S. 696, 703 (2005) (quoting *McBoyle v. United States*, 283 U.S. 25, 27 (1931)) (citation omitted).

Two recent Supreme Court decisions dramatically underscore these principles and help to highlight why federal prosecution in this case would be improper as a matter of both law and policy. *See United States v. Santos*, No. 06-1005 (June 2, 2008); *Cuellar v. United States*, No. 06-1456 (June 2, 2008). Though they both address the interpretation and application of the federal money laundering statute, 18 U.S.C. § 1956, the principles they set forth are equally applicable here. In *Santos*, the Court held that the statutory term "proceeds" means "profits" rather than "receipts," and thus gave the statute a significantly narrower interpretation than what the government had urged. In his plurality opinion, Justice Scalia emphasized that where a statutory term in a criminal statute could support either a narrow or broad application, the narrow interpretation must be adopted because "[w]e interpret ambiguous criminal statutes in favor of defendants, not prosecutors." Slip op. at 12. As his opinion explained, the rule of lenity "not only vindicates the fundamental principle that no citizen should be held accountable for a violation of a statute whose commands are uncertain, or subjected to punishment that is not clearly proscribed. It also places the weight of inertia upon the party that can best induce



HOUSE_OVERSIGHT_012145

Congress to speak more clearly and keeps courts from making criminal law in Congress's stead." Slip op. at 6.[1]

In *Cuellar*, the Court examined the link between the money-laundering statute's *mens rea* requirement and the underlying elements of the offense. After a careful textual analysis of the statute and its structure, the Court ruled that the defendant's conviction could be sustained only if he knew that the *transportation* of funds to Mexico was designed to conceal their nature, location, source, ownership or control—not merely that the defendant knew that the *funds* had been hidden during their transportation to Mexico. Slip op. at 10-17.

Both decisions relied on the ordinary meaning of the statutory terms Congress chose. And both rejected attempts to broaden those words to cover conduct not clearly targeted by Congress. Taken together, these decisions reject the notion that prosecutors can take language from a narrowly drawn federal statute—especially one that itself federalizes the prosecution of conduct traditionally within the heartland of State police powers—and convert it into a license to reach additional conduct by ignoring, rewriting or expansively interpreting the law. Both cases additionally rejected the notion that statutes should be broadly construed in order to facilitate prosecutions or to in anyway diminish the burden on prosecutors to prove each essential element of a federal charge in conformity with Congress's determinations as to what is within the federal criminal law and what is not. The conflict between the *Santos* and *Cuellar* decisions and CEOS's grant of effectively unlimited discretionary authority to the USAO to take federal law to "novel" places where they have never reached before could not be starker.

These lessons have no less force in the context of Executive Branch decision-making than they do in the context of Judicial interpretation. As you are aware, when federal prosecutors exercise their discretion, they bear an independent constitutional obligation to faithfully interpret the law as written—not to broaden its scope beyond the limits endorsed by both Congress and the President. There is no support for CEOS's view that the courts or a jury should ultimately decide whether a "novel" construction of the law is correct. Instead, the Executive Branch itself has a non-delegable obligation not to exceed its authority; the power of other branches to check or remedy such usurpation does not legitimize executive action that exceeds its bounds. *See* Tab 12, November 2, 1994 Memorandum from Assistant Attorney General Walter Dellinger to the Hon. Abner J. Mikva, Counsel To The President, on Presidential Authority To Decline To Execute Unconstitutional Statutes, *available at* http://www.usdoj.gov/olc/nonexcut.htm.

In this case, the text, structure, and history of the relevant federal statutes unambiguously indicate that these statutes were designed to address problems of a national and international

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[1] Justice Stevens, in his concurring opinion, also acknowledged the rule of lenity, calling the plurality opinion's discussion of that rule "surely persuasive." *United States v. Santos*, No. 06-1005, slip op. at 5 (June 2, 2008) (Stevens, J., concurring).



HOUSE_OVERSIGHT_012146

scope—not the local conduct that is alleged here—and each of these statutes requires proof of the defendant's actual knowledge that simply is not present in this case. Any attempt to stretch the language of these statutes to cover this case would be a misuse of the law and contrary to express legislative intent. In short, the elements under each federal statute—18 U.S.C. §§ 1591, 2422(b) and 2423(b)—are not satisfied here.

1. **18 U.S.C. § 2422(b)**

18 U.S.C. § 2422(b) requires the government to prove beyond a reasonable doubt that the defendant engaged in communications over an interstate facility (*e.g.*, the Internet or phone) with four concurrent intentions: (1) to knowingly (2) persuade, induce, entice or coerce, or attempt to persuade, induce, entice, or coerce (3) a minor (4) to engage in prostitution or criminal sexual activity for which the person can be charged. Mr. Epstein's conduct does not satisfy the elements of § 2422(b). Each element must be individually stretched, and then conflated in a tenuous chain to encompass the alleged conduct with any individual woman.

As the statute makes clear, the essence of this crime is the communication itself—not the resulting act. The Court of Appeals for the Eleventh Circuit, in *Murrell,* underscores the point:

> The defendant in *Bailey* contended that attempt under § 2422(b) 'requires the specific intent to commit illegal sexual acts rather than just the intent to persuade or solicit the minor victim to commit sexual acts.' *Id.* at 638. In response, the court held '[w]hile it may be rare for there to be a separation between the intent to persuade and the follow-up intent to perform the act after persuasion, they are two clearly separate and different intents and the Congress has made a clear choice to criminalize persuasion and the attempt to persuade, not the performance of the sexual acts themselves. Hence, a conviction under the statute only requires a finding that the defendant had an intent to persuade or to attempt to persuade.'

*United States v. Murrell* 368 F.3d 1283, 1287 (11th Cir. 2004) (citing *United States v. Bailey*, 228 F.3d 637, 638-39 (6th Cir.2000)). Thus, the targeted criminal conduct must occur ***through*** the interstate facility, not thereafter, and the *scienter* element must be present at the time of the call or Internet contact.

In this case, however, Mr. Epstein did not use an interstate facility to communicate any illegal intention in this case; the phone calls were made by his assistants in the course of setting up many other appointments. Neither a conspiracy charge nor a charge of aiding and abetting can fulfill the *mens rea* requirement here. Indeed, neither Mr. Epstein nor his assistants knew whether sexual activity would necessarily result from a scheduled massage. And certainly, no such activity was ever discussed on the phone by either Mr. Epstein or his assistants. Instead, as the record in this case makes clear, many appointments resulted in no illegal sexual activity, and often, as confirmed by the masseuses' own testimony, several individuals who were contacted by phone visited Mr. Epstein's house and did not perform a massage at all. Where sexual activity



HOUSE_OVERSIGHT_012147

did result, it was mainly self-pleasuring masturbation and not necessarily illegal, but spontaneous and resulted from face-to-face conversations during the massage. Thus, the fact that Mr. Epstein ***later*** may have persuaded any particular masseuse to engage in unlawful activity ***during the massage*** does not work retroactively to render the earlier scheduling phone call an offense under § 2422(b). Nor is there any evidence that women who returned to Mr. Epstein's home time and again were somehow coerced or induced over a facility of interstate commerce to do so.

The first essential element of § 2422(b) that "[w]hoever, using the mail or any facility or means of interstate or foreign commerce," by its plain language, requires that the communication, which is the essence of the crime and its *actus reus*, take place during the use of the facility of interstate commerce (in this case, unlike the vast majority of Internet chat room sting operations, a telephone). The statute is not ambiguous. It requires that the criminal conduct occur while the defendant is "using" (i.e. engaged in the communication), not thereafter.

Given the utter lack of direct evidence against Mr. Epstein, prosecutors have signaled that they intend to offer a purely circumstantial case if this matter proceeds to trial—essentially arguing that "routine and habit" evidence could substitute for actual proof that an interstate facility was used to solicit sex from minors. Thus, despite the fact that the calls themselves were not made by Mr. Epstein and did not contain the necessary explicit communication to knowingly induce minors to provide sexual favors for money, prosecutors are seeking to turn the phrase "are you available"—the same phrase used with friends, chiropractors, and trainers—into a ten-year mandatory prison sentence. In any case, the prosecution's attenuated argument regarding "routine and habit" will also not fit the facts of this case. The witness testimony at issue makes clear that there was no clear "routine or habit" with respect to the interactions at issue. And in those unpredictable instances where sexual contact resulted, it was a product of what occurred ***after*** the benign phone communication, not during the call itself.

The prosecution's theory of liability—that a call to a person merely to schedule a visit to the defendant's residence followed by a decision made at the residence to engage in prohibited sexual activity is sufficient—cannot survive either a "plain language" test or the rule of lenity as they have been authoritatively construed in the recent *Santos* and *Cuellar* cases. The statute cannot be read otherwise. As the *Cuellar* decision makes clear, a proper interpretation of a federal criminal statute is guided "by the words of the operative statutory provision," not by outside objectives, such as those facilitating successful prosecution. *See Cuellar, supra,* Slip op. at 7. As Justice Alito stated in his concurring opinion, the government must prove not just the "effect" of the secretive transportation, but also that "petitioner knew that achieving one of these effects was a design (i.e. purpose) of the transportation" of currency. *Cuellar v. United States, supra*, 553 *U.S.*, Slip op. At 1 (Alito, J. concurring). Similarly, it is not enough that one effect of a communication scheduling a visit between Mr. Epstein and a minor was that there might be subsequent face-to-face inducement. Instead, the statute, as drafted, defines the crime as the communication and demands that far more be proven than that the use of an interstate facility resulted in a later meeting where even an inducement (as opposed to a solicitation) was made.



HOUSE_OVERSIGHT_012148

The prosecution has never represented to counsel that they have evidence that would prove that the inducement or enticement to engage in illegal sexual acts occurred over the phone (or Internet). The prosecution's references to "routine and habit" evidence that would substitute for the explicit communications usually found in the transcripts from chat rooms or sting operations is tenuous at best. In essence, the prosecution would be alleging communications understood, but not spoken, by two people, one of whom was usually a secretary or assistant. Separating the *actus reus* and the *mens rea*, however, and premising criminal liability on persuasion that might occur *after* the communication, or on the existence of a specific intent to engage in illegal sex with a minor that arises *after* the communication would violate the bedrock principle of criminal law that predicates liability on the concurrence of the act and the criminal state of mind. Even if, *arguendo*, the communication and *mens rea* could be separated (a premise which is at odds with the requirement of concurrence), Mr. Epstein denies that the factual proof demonstrates such a pattern or practice. Instead, the evidence compellingly proves that there was no regularity or predictability to the content of the communication or in what occurred at meetings that were telephonically scheduled (including those that are the subject of this investigation).

A second essential element of 2422(b) requires that the defendant "knowingly" induce, persuade, entice or coerce a person believed to be a minor. ". . . [K]knowingly . . . induces . . ." requires the Court to define inducement so it is consistent with its ordinary usage and so the term is not so broad that it subsumes the separate statutory terms of "entices" and "persuades." Inducement has a common legal meaning that has been endorsed by the government when it operates to *narrow* the affirmative defense of entrapment. *Inducement* must be more than "mere solicitation;" it must be more than an offer or the providing of an opportunity to engage in prohibited conduct. *See, e.g,. United States v. Sanchez-Berrios,* 424 F.3d 65, 76-77 (1st Cir. 2005); *United States v. Brown,* 43 F.3d 618, 625 (11th Cir. 1995). The government cannot fairly, or consistent with the rule of lenity, advocate a broader definition of the same term when it ***expands*** a citizen's exposure to criminal liability than when it ***limits*** the ambit of an affirmative defense to criminal conduct. If the term is ambiguous, absent clear Congressional intent on the issue, the Court's decision in *Santos* requires that the narrower rather than the broader definition be used.

The facts simply do not prove Mr. Epstein's culpability for knowingly inducing or persuading minors. First, in the case of masseuses who agreed or even sought to return to see Mr. Epstein on successive occasions, there is no evidence that there was any inducement, persuasion, enticement or coercion over the phone. And, for masseuses seeing Mr. Epstein for the first time, there was generally no telephone contact with Mr. Epstein and there was no knowledge that any third party at Mr. Epstein's specific direction was inviting them to Mr. Epstein's home over the phone rather than in face-to-face meetings. The women who visited Mr. Epstein's home were all friends of friends. Contrary to the facts in this case, § 2422(b)'s knowing inducement element is essential to federal liability and, given its hefty minimum mandatory punishment, it should not be interpreted as a strict liability statute.



HOUSE_OVERSIGHT_012149

There is insufficient evidence that Mr. Epstein targeted minors, as required. The evidentiary pattern does not even establish willful blindness since Mr. Epstein took steps to ensure his visitors were over 18—and certainly took none to avoid knowing. But, even if the government contends that it possesses evidence that could demonstrate that Mr. Epstein knew or should have known or suspected that a small number of the masseuses were underage, that would still not make this an appropriate case for federal, rather than state prosecution. The federal statutes were not intended to supersede state prosecutions involving isolated instances of underage sex. Instead, the federal statutes were intended for large-scale rings or for an individual who was engaged, while using interstate facilities such as the Internet, with the willful targeting of minors.

The government's evidence, even when stretched to the limit, will not show a pattern of targeting underage persons for illegal sexual activity. A federal prosecution should not become a contest between the prosecution and defense over whether the defendant knew, suspected or should have known whether a particular person was or was not over age. The history of cases brought under this statute make crystal clear that knowledge of the defendant regarding the age of the women is required—either by admission or by incontrovertible transcripts of conversations (i.e. stings operations which require repeated acknowledgment of the defendant's awareness of the victims' age). Even states with absolute liability about mistake regarding age rarely prosecute cases where definitive proof is lacking (Palm Beach County rarely does and when it does, it imposes house arrest sentences). This is a matter for the exercise of state prosecutorial discretion and not federal mandatory minimum statutes that were not intended to cover such conduct.

A third essential element of § 2422(b) is the requirement that the government prove that the defendant actually believed that the person being persuaded (coerced, etc.) was a minor at the time of the communication. *See e.g.*, Offense Instruction 80, Eleventh Circuit Pattern Jury Instructions-Criminal (2003) ("The defendant can be found guilty of that offense only if...the defendant believed that such individual was less than (18) years of age..."); *United States v. Murrell,* 368 F.3d 1283, 1286 (11th Cir. 2004) (§ 2422(b) requires that the defendant knowingly target a minor). Importantly, then, all the elements must be proven with respect to a specific person. However, we are told that the majority of proof is no more than toll records, not recorded conversations or Internet chat transcripts, but toll records and perhaps a memory of what was said years ago on a particular call for a particular request from a particular person acting at Mr. Epstein's direction.

Two final points bear special emphasis here. The statute, which according to *Santos* and *Cuellar* must be narrowly construed, also requires that the inducement be to engage in prostitution or sexual activity "for which [the defendant] can be charged." 18 U.S.C. § 2422(b). However, simple prostitution is not defined (or made punishable) in the U.S. Code, and state law thus supplies the appropriate reference point. Under Florida law, "prostitution" entails the "giving or receiving of the body for sexual activity for hire," Fla. Stat. § 796.07(1)(a), and the term "sexual activity" is limited to "oral, anal, or vaginal penetration by, or union with, the



HOUSE_OVERSIGHT_012150

sexual organ of another; anal or vaginal penetration of another by any other object; or the handling or fondling of the sexual organ of another for the purpose of masturbation." Fla. Stat. § 796.01(1)(d). Also, the Florida Supreme Court jury instructions define prostitution as involving "sexual intercourse." As a result, topless massages—even ones for hire that include *self*-masturbation—fall outside the ambit of the state-law definition of prostitution. Absent proof beyond a reasonable doubt that, at the critical time of the communication, Mr. Epstein had a specific intent to persuade another to engage in prostitution or "sexual activity," *as defined by Florida law,* he cannot be guilty of an offense under § 2422(b).

As important, the plain language of the phrase "for *which any person can be charged*" necessarily excludes acts as to which the state's statute of limitations has run. Under Florida law, prostitution and prostitution-related offenses are misdemeanors in the second degree for a first violation.[2] *See* Fla. Stat.. § 796.07(4)(a). The limitations period for a misdemeanor in the second degree is one year, and there is no tolling provision based upon the victim's age. *See* Fla. Stat. § 775.15(b). Even as to allegations of third degree felonies, the statute of limitations is three years. Thus, any conduct alleged to have occurred before mid-June 2005 cannot be charged as a matter of state law and thus cannot be a predicate for a § 2422(b) offense—even if the federal statute of limitations has not run on any given § 2422(b) offense because of the lengthier statute codified in 18 U.S.C. § 3282. Thus, no prosecution under § 2422(b) can be brought based upon inducement of prostitution or sexual activity for which Florida's statute of limitation has run. Furthermore, in Florida, the statute of limitations does not simply give rise to an affirmative defense. On the contrary, statute of limitations "creates a substantive right which prevents prosecution and conviction of an individual after the statute has run." *See State v. King*, 282 So. 2d 162 (Fla. 1973); *Tucker v. State*, 417 So. 2d 1006 (Fla. 3d D.C.A. 1982) (citing cases).

Given the one-year statute of limitations, any conduct that might amount to prostitution or other chargeable sexual activity that occurred before one year from today is not conduct for which any person can be charged with a criminal offense. Also, given the three year statute of limitations for third degree felonies, any allegations of illegal state criminal conduct that is classified as a third degree felony cannot be charged in the state and, concomitantly, cannot be the basis for a federal charge under § 2422(b), to the extent that it occurred—as did almost all of the pivotal allegations (e.g., the [redacted] allegation which was made in March of 2005) prior to mid-June of 2005.

**2. <u>18 U.S.C. § 1591</u>**

[2] The offense is a felony of the third degree only for a third or subsequent violation. Fla. Stat. § 796.07(4)( c).



HOUSE_OVERSIGHT_012151

18 U.S.C. § 1591, a sex trafficking statute, provides up to 40 years' imprisonment for anyone (1) who recruits or obtains by any means a person in interstate commerce (ii) knowing that the person is under 18 and (iii) knowing that the person will be caused to engage in a commercial sex act. The most heinous of crimes, described on the CEOS website, fall within this statute and include the buying and selling of children and the forced servitude of third-world immigrants brought to this country to be enslaved. Mr. Epstein's behavior is nowhere near the heartland of this statute. This statute has also been previously reserved for prostitution rings involving violence, drugs and force. In stark contrast, there is no jurisdictional hook that brings Mr. Epstein's conduct within the ambit of the statute, and securing a prosecution on these facts would require a court to set aside both reason and precedent to convict a local 'John' with a sex-slavery crime. It can not be said that Mr. Epstein engaged in trafficking and slavery nor did he knowingly recruit or obtain underage women with knowledge that they would be caused to engage in a commercial sex act. Thus, prosecuting him under this statute would expand the law far beyond its scope.

To the extent there are cases where prosecutors think that Mr. Epstein should have known that certain women were underage, there is no evidence that Mr. Epstein "*caused* [them] to engage in a commercial sex act." The term "cause" naturally implies the application of some sort of force, coercion, or undue pressure, but there is no evidence that Mr. Epstein's interactions with the women were anything but consensual. Again, many of the women phoned Mr. Epstein's assistant themselves in order to determine whether ***he*** wanted a massage. Nor can the cause requirement be proved simply by the fact that Mr. Epstein compensated the women. After all, the statute ***elsewhere*** requires that the women "engage in a commercial sex act," which by definition means that they would have received something of value in exchange for sexual services. Interpreting the statute to authorize prosecution whenever a commercial sex act results from solicitation thus would render the term "caused" superfluous, and would make every 'John' who interacts with an underage prostitute guilty of a federal crime—even where the transaction is entirely local. Read in context, then, there is no doubt that the statute targets pimps and sex-traffickers who knowingly obtain underage girls and direct them to engage in prostitution. There is not a shred of evidence that Mr. Epstein (or his assistants) did any such thing, and he cannot be prosecuted under this statute.

The *Cuellar* and *Santos* decisions also foreclose a prosecution under § 1591. Just as the federal money laundering statute did not come down to a proscription against transportation of criminal proceeds that are hidden, the sex trafficking of children statute cannot be boiled down and expanded to a federal proscription of commercial sexual activity with persons who turn out to be below the age of 18.

### 3. <u>18 U.S.C. § 2423</u>



HOUSE_OVERSIGHT_012152

18 U.S.C. § 2423(b), a statute enacted to prevent sex tourism, provides up to 30 years of imprisonment for anyone who travels across state lines (i) for the purpose of engaging in (ii) illicit sexual conduct with a minor. Neither of those elements is satisfied here.

Mr. Epstein did not travel to Palm Beach ***for the purpose of*** engaging in sexual activity with a minor, within the meaning of the statute. The evidence is indisputable that Palm Beach was where Mr. Epstein spent most of his discretionary time, and that his travels to Palm Beach were merely trips returning often to his home of twenty years—not the escapades of a sex tourist off to some destination inextricably intertwined with the required significant or dominant purpose of that trip to be to have "illicit sexual conduct." Epstein's trips to Palm Beach were simply those of a businessperson traveling home for weekends or stopping over on his way to or from New York and St. Thomas or to visit his sick and dying mother in the hospital for months on end. He certainly did not travel to his home in Florida for the dominant purpose of engaging in sexual conduct with a person who he knew was under 18 when he did not know, at the time he decided to travel, from whom he was to receive a massage, if he were to receive one at all.

In *Cuellar,* the unanimous Supreme Court linked the term "design" in the money-laundering statute to the terms "purpose" and "plan," and stressed that those terms all required the defendant to "formulate a plan for; devise"; "[t]o create or contrive for a particular purpose or effect"; [carry out] "[a] plan or scheme"; or "to conceive and plan out in the mind." Slip. op. at 12 (citing dictionary definitions). The same link is present here, and it simply cannot be said that Mr. Epstein's design, plan, or purpose in traveling to Palm Beach was to engage in illicit sexual conduct with minors; his design or plan or purpose was simply to return to his home.

Any construction of § 2423(b)'s "for the purpose of" language to include purposes beyond the dominant purpose of the travel would run afoul of the rule of lenity and due process principles discussed earlier. Any attempted prosecution of Mr. Epstein under a more expansive construction of the "for the purpose of" language would also violate the separation of powers doctrine. Congress, which selected the "for the purpose of" language signaled no clear intention to make it a federal crime whenever an actor has engaged in illicit sexual conduct following his crossing of state lines as long as it might be said that sexual activity at his destination was among the activities he pursued there. Congress well knows how to write a statute in this field which eliminates a purpose requirement. *See* 18 U.S.C. § 2423(c)("Any United States citizen or alien admitted for permanent residence who travels in foreign commerce, and engages in any illicit sexual conduct with another person ..."). § 2423(b) is not such a statute.

Federal court decisions watering down the "for the purpose of " requirement fly in the face of the two Supreme Court decisions addressing that element. See *Hansen v. Huff*, 291 U.S. 559 (1934); *Mortensen v. United States,* 322 U.S. 369 (1944). *Santos* and *Cuellar* speak loudly and clearly against prosecutors seeing such elasticity in federal criminal statutes, including those enacted to protect important federal interests. In cases involving the federalization of activity that is within the *States'* historic police power, Congress must speak with particular clarity. *See, e.g., Will v. Michigan Dep't of State Police*, 491 U.S. 58, 65 (1989).



HOUSE_OVERSIGHT_012153

**Relevant Past Cases**

We have not been able to find a single federal prosecution based on facts like these—but have voluminous evidence of federal prosecutors routinely declining to bring charges in cases far more egregious than this one. To take just one obvious example, federal prosecutors have self-consciously refrained from involvement in the literally dozens of sexual cases of former priests, opting instead to allow seasoned state prosecutors (like the ones in this case) to pursue the accused former clergymen. That is so despite (1) the large number of victims, (2) the vast geographic diversity of the cases, and (3) the fact that some of these cases involve allegations that the defendant forcibly molested, abused, or raped literally dozens of children—including some as young as five years old—over a period of years. Nonetheless, federal prosecutors have not hesitated to let their state counterparts pursue these cases free from federal interference—even though the sentences meted out vary greatly on account of the fact that "[c]riminal penalties are specific to localities or jurisdictions."[3] The facts of this case, which involve the solicitation of consensual topless massages and some sexual contact, entirely in the privacy of his home and almost entirely by women over the age of 18, pale in comparison to the outright sexual abuse and degradation of preteen minors in many of the priest cases.

Nor does this case bear any of the hallmarks that typify the cases that federal prosecutors have pursued under the federal statutes at issue here. When asked, the closest case suggested by the prosecutors was *United States v. Boehm*—and it hardly could differ more from Mr. Epstein's case. In *Boehm*, the defendant was charged with conspiracy to distribute cocaine and cocaine base to minors, in violation of 21 U.S.C. §§ 846, 841(a)(1), and 859(a); being a felon in possession of a firearm, in violation of 18 U.S.C. § 922(g)(1); and sex trafficking of children in violation of 18 U.S.C. §§ 371 and 1591. *United States v. Boehm*, Case No. 3:04CR00003 (D. Alaska 2004). Boehm's actions, unlike Mr. Epstein's, also had a strong interstate nexus: Boehm purchased and distributed large quantities of crack cocaine and cocaine that traveled in interstate commerce, and he used his home and hotels (which were used by interstate travelers) to purchase drugs and distribute them to minors while also arranging for these minors to have sex with him and others. Indeed, Boehm not only (1) purchased cocaine in large quantities; (2) distributed the drugs to minors; (3) possessed illegal firearms; (4) and arranged for the minors to have sex with other members of the conspiracy in exchange for drugs; but (5) admitted to knowing the ages of the individuals involved.[4] Here, by contrast, as previous stated, all of the conduct took place in Mr. Epstein's private home in Palm Beach; there was no for-profit enterprise; no interstate component; no use by Mr. Epstein of an instrumentality of interstate commerce; no violence; no force; no alcohol; no drugs; no guns; and no child pornography.

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[3] *See* http://www.bishop-accountability.org/reports/2004_02_27_JohnJay/2004_02_27_Terry_JohnJay_3.htm #cleric7.

[4] In fact, Boehm and his co-defendants distributed drugs to approximately 12 persons between the ages of 13 and 21. Boehm also had a prior criminal history—and one that clearly showed he was a danger to society: he previously had been convicted of raping both a thirteen year-old girl and a fifteen year-old girl. (Day 7 of Sentencing hearing p. 32).



HOUSE_OVERSIGHT_012154

To the extent there is a similar, but more egregious, local Florida case on the books, it is that of Barry Kutun, a former North Miami city attorney accused of having sex with underage prostitutes and videotaping the sessions. Mr. Kutun pleaded guilty on May 18, 2007 in a Miami-Dade County courtroom as part of an agreement with State prosecutors and he received five years probation and a withholding of adjudication with no requirement to register as a sex offender—all without a shred of involvement by federal prosecutors, who declined to prosecute him. Indeed, given the wide use of the telephone in today's society, it gives a rogue prosecutor carte blanche to turn any local crime into a federal offense. Given the federal government's decision to abstain from prosecuting that case, it is hard to understand how the federal prosecutors responsible for this case think that the State's treatment of Mr. Epstein somehow leaves federal interests substantially unvindicated. There is simply no basis for the federal prosecutors' disparate treatment of Mr. Epstein.

**Summary of the Evidence**

Finally, we wish to share new evidence—obtained through discovery in connection with the civil lawsuits filed in this matter—which confirms that further federal involvement in this matter would be inappropriate. This testimony taken to date categorically confirms that (i) Mr. Epstein did not target minors; (ii) women under 18 often lied to Mr. Epstein about their ages; (iii) Mr. Epstein did not travel in interstate commerce for the purpose of engaging in illegal sexual activity; (iv) Mr. Epstein did not use the Internet, telephone or any other means of interstate communication to coerce or entice alleged victims; (v) Mr. Epstein did not apply force or coercion to obtain sexual favors; and (vi) all sexual activity that occurred was unplanned and purely consensual. The women's own statements—made under oath—demonstrate the absence of a legitimate federal concern in this matter, and highlight the serious practical difficulties an attempted federal prosecution would face.

- Mr. Epstein did not recruit or obtain these women in interstate commerce (necessary for a conviction under § 1591).
  - [redacted] confirmed that she did not know Mr. Epstein and had absolutely no contact with him—be it through Internet, chat rooms, email, or phone—prior to their arrival at his home. *See* Tab 13, [redacted] Tr. (deposition), p. 30.
  - [redacted] has stated that (like many other women) she first met Mr. Epstein when her friend, [redacted] introduced her to him. *See* Tab 14, [redacted] Tr. A, p. 4-5.
- Mr. Epstein was told the girls were over 18.
  - [redacted] expressly admitted to lying to Mr. Epstein about her age. *See* Tab 13, [redacted]. (deposition), p. 37 ("Q. So you told Jeff that you were 18 years old, correct? A. Yes.").
  - [redacted] stated that she not only always made sure she had a fake ID with her and lied to Mr. Epstein by telling him she was 18, but that she



HOUSE_OVERSIGHT_012155

also had conversations with other women in which these women hoped that "Jeffrey didn't find out [their] age[s]." *See* Tab 6, Miller Tr., p. 45.

- [redacted] also stated that she: "would tell my girlfriends just like [redacted] approached me. Make sure you tell him you're 18. Well, these girls that I brought, I know that they were 18 or 19 or 20. And the girls that I didn't know and I don't know if they were lying or not, I would say make sure that you tell him you're 18." *See* Tab 6, [redacted] Tr., p. 22.
- [redacted] stated that [redacted] old her say that she was 18 if asked. *See* Tab 14, [redacted] Tr. A, p. 8.
- [redacted] stated that she "told him I was 19." *See* Tab 5, [redacted] Tr., p. 16.

- Mr. Epstein did not know these women would be caused to engage in a sex act (necessary for a conviction under § 1591) and any sexual activity that took place was unplanned.
  - [redacted] stated "sometimes [Mr. Epstein] likes topless massages, but you don't have to do anything you don't want to do. He just likes massages." *See* Tab 6, [redacted] Tr., p. 7.
  - [redacted] also stated "[s]ometimes [Mr. Epstein] just wanted his feet massaged. Sometimes he just wanted a back massage." *See* Tab 6, [redacted] Tr., p. 19.
- Mr. Epstein did not use an interstate facility to communicate an illegal objective to the alleged victims (necessary for a conviction under § 2422(b)).
  - [redacted] confirmed that Mr. Epstein never emailed, texted, or chatted in an Internet chat room with her. *See* Tab 13, [redacted] (deposition), p. 30.
- Mr. Epstein did not target minors (necessary for a conviction under § 2422(b))
  - [redacted] stated, "I always made sure -- I had a fake ID, anyways, saying that I was 18. And [[redacted] (who is [redacted] friend who brought her to Mr. Epstein's home)] just said make sure you're 18 because Jeffrey doesn't want any underage girls." *See* Tab 6, [redacted] Tr., p. 8.
- Mr. Epstein did not use the phone or the Internet to induce proscribed sexual activity (necessary for a conviction under § 2422(b)).
  - [redacted] stated that there was never any discussion over the phone about her coming over to Mr. Epstein's home to engage in sexual activity: "The only thing that ever occurred on any of these phone calls [with [redacted] [redacted] or another assistant] was, 'Are you willing to come over,' or,

'Would you like to come over and give a massage." *See* Tab 14, [redacted] Tr. A, p. 15

- [redacted] confirmed that she was informed that she was going to Mr. Epstein's house to give him a massage and nothing else, and that no one "said anything to [her] on the telephone [or over the Internet] about sexual activity with Mr. Epstein." *See* Tab 13, [redacted] (deposition), p. 24-25.

- [redacted] also confirmed that no one associated with Mr. Epstein ever tried to call her or contact her through the Internet to try to persuade, induce, entice or coerce her to engage in any sexual activity. *See* Tab 13, [redacted] (deposition), p. 31.

- Mr. Epstein did not travel to Palm Beach for the purpose of engaging in sexual activity with a minor (necessary for a conviction under § 2423(b)).

  - Mr. Epstein spent at least 100 days a year in Palm Beach for family purposes, business purposes, and social purposes, and to maintain a home.

  - While in Palm Beach, Mr. Epstein routinely visits family members and close friends, has seen his primary care physician for checkups and prescribed tests in the Palm Beach area, and until her death in April of 2004, regularly saw his mother who was hospitalized and then convalesced in south Florida.

  - From 2003 through 2005 there was no month when Mr. Epstein did not spend at least one weekend in Palm Beach.

  - The Palm Beach area is the home base for his flight operations, for maintenance of his aircraft, and for periodic FAA inspections.

  - Additionally, Mr. Epstein's pilots and engineers all resided in Florida.

- Mr. Epstein's conduct did not involve force, coercion or violence and any sexual activity that took place was consensual. The witness transcripts are replete with statements such as the following:

  - [redacted] stated that she was not persuaded, induced, enticed or coerced by anyone to engage in any sexual activity. *See* Tab 13, [redacted] Tr. (deposition), p. 31.

  - [redacted] stated: "[Mr. Epstein] never tried to force me to do anything." *See* Tab 14, [redacted].

  - [redacted] stated, "I said, I told Jeffrey, I heard you like massages topless. And he's like, yeah, he said, but you don't have to do anything that you



HOUSE_OVERSIGHT_012157

don't feel comfortable with. And I said okay, but I willingly took it off." *See* Tab 6, [redacted].

- [redacted] also stated "[s]ome girls didn't want to go topless and Jeffrey didn't mind." *See* Tab 6, [redacted]

- Mr. Epstein did not engage in luring.
  - Mr. Epstein's message books show that several masseuses would regularly call Mr. Epstein's assistants, without any prompting by Mr. Epstein or his assistants, asking to visit Mr. Epstein at his home.
  - [redacted] stated "a lot of girls begged me to bring them back [to Mr. Epstein's house]."
- There was no alcohol or drugs involved, a fact that is not in dispute.
- Mr. Epstein has no prior criminal history, a fact that is not in dispute.
- These women do not see themselves as victims.
  - [redacted] indicated under oath that the FBI attempted to persuade her that she was in fact a "victim" of federal crimes when she herself repeatedly confirmed that she was not. *See* Tab 14, [redacted], p. 9-12 and Tab 15, [redacted]r. B, p. 7.

**Conclusion**

Jeffrey Epstein, a self-made businessman with no prior criminal history, should not be prosecuted federally for conduct that amounts to, the solicitation of prostitution. A federal prosecution based on these facts would be an unprecedented exercise of federal power, a misuse of federal resources, and a prosecution that would carry with it the appearance, if not the reality, of unwarranted selectivity given the incongruity between the facts as developed in this matter and the factual paradigms for all other reported federal prosecutions under each of the three statutes being considered. It would require the pursuit of a novel legal theory never before sanctioned by federal law—and that indeed is inconsistent with each of the statutes prosecutors have identified. Accordingly, we respectfully request that you direct the U.S. Attorney's Office for the Southern District of Florida to discontinue its involvement in this matter, and return responsibility for this case to the State of Florida.



HOUSE_OVERSIGHT_012158

# SUMMARY OF MISCONDUCT

KIRKLAND & ELLIS LLP

**SUMMARY OF MISCONDUCT ISSUES IN THE MATTER OF JEFFREY E. EPSTEIN**

The manner in which federal prosecutors have pursued the allegations against Mr. Epstein is highly irregular and warrants full review by the Department. While we repeatedly have raised our concerns regarding misconduct with the United States Attorney's Office in Miami (the "USAO"), not only has it has remained unwilling to address these issues, but Mr. Epstein's defense counsel has been instructed to limit its contact to the very prosecutors who are the subject of this misconduct complaint. For your review, this document summarizes the USAO's conduct in this case.

**Background**

1. In March 2005, the Palm Beach Police Department opened a criminal investigation of Palm Beach resident, Jeffrey E. Epstein. The press has widely reported that Mr. Epstein is a close friend of former President Bill Clinton.

2. In July 2006, after an intensive probe, including interviews of dozens of witnesses, returns of numerous document subpoenas, multiple trash pulls and the execution of a search warrant on his residence, Mr. Epstein was indicted by a Florida Grand Jury on one count of felony solicitation of prostitution.

3. In a publicly released letter, Palm Beach Police Chief Michael Reiter criticized the Grand Jury's decision and the State Attorney's handling of the case. Shortly after the Grand Jury's indictment, the Chief took the unprecedented step of releasing his Department's raw police reports of the investigation (including Detective Recarey's unedited written reports of witness statements and witness identification information), that were later proven to be highly inaccurate transcriptions of witnesses' actual statements. The Chief also publicly asked federal authorities to prosecute the case.

**Jeffrey Sloman Becomes Involved in Mr. Epstein's Case at the Earliest Stage**

4. In early November of 2006, Epstein's lawyers had their initial contact with the newly assigned line federal prosecutor, A. Marie Villafana. Although it is extremely unusual for a First Assistant United States Attorney to participate in such a communication, FAUSA Jeffrey Sloman was present on that very first phone call.

5. On November 16, 2006, despite that the fact that the investigation exclusively concerned illegal sexual conduct during massage sessions, AUSA Villafana issued irrelevant official document requests seeking Mr. Epstein's 2004 and 2005 personal income-tax returns, and later subpoenaed his medical records. *See* Tab 16, November 16, 2006 Letter from M. Villafana.

**Sloman Becomes Personally Involved in a Dispute Over Another State Sex Case**

6. In March 2007, FAUSA Sloman reported to local police an attempted trespass by a 17-year-old male. Mr. Sloman claimed that the individual had attempted to enter Mr. Sloman's home without invitation to make contact with his 16-year-old daughter, but he spotted the young man before the perpetrator had an opportunity to enter the house. The

same individual had previously fled the home of another neighbor after entering that house uninvited, when, looking for the bedroom of their 17-year-old daughter, he mistakenly entered the bedroom of their 14-year-old daughter, touched her on the leg and startled her awake. *State of Florida v. Johnathan Jeffrey Zirulnikoff*, Case No. F078646 (June 28, 2007).

7. After a thorough review by the Miami State Attorney's Office, and sex-crimes prosecutor Laura Adams, the investigation revealed that the defendant and both the neighbor's 17-year-old daughter and Mr. Sloman's daughter were previously acquainted. The defendant was charged with simple trespass in connection with his unauthorized entry into the neighbor's house. *Id.*

8. FAUSA Sloman, however, demanded that the young man be *registered as a sex offender* and objected to any sentence short of incarceration. The Assistant State Attorney in charge of the sex-crimes unit reported Mr. Sloman's conduct during the proceedings as "outrageous." The defendant's attorney described Mr. Sloman as being "out of control." Shortly after, Mr. Sloman began publicly deriding the elected State Attorney, his office and the state process for prosecuting sex offenses, as "a joke."

**Unauthorized Tactics in Disregard of the United States Attorney's Manual are Used**

9. In June 2007, AUSA Villafana subpoenaed the investigating agent of Epstein's attorney, Roy Black, in a clear effort to invade the defense camp. The subpoena was specifically drafted to discover the investigator's contacts, with all prospective witnesses, Mr. Epstein and his attorneys.[1] Not surprisingly, Ms. Villafana issued this subpoena *without the requisite prior approval* by the DOJ's Office of Enforcement Operations. *See* United States Attorneys' Manual, § 9-13.410. When confronted, she misleadingly responded that she had consulted with the Department of Justice and *was not required to obtain OEO approval* because her subpoena was not directed to "an office physically located within an attorney's office." *See* Tab 18, December 13, 2007 Letter from M. Villafana at 4 n.1. This answer clearly suggests that Ms. Villafana had intentionally misled the Department officials about the items that her subpoena sought.[2]

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[1] The subpoena sought, among other things: "All documents and information related to the nature of the relationship between [the investigator and/or his firm] and Mr. Jeffrey Epstein, including but not limited to . . . records of the dates when services were performed . . . telephone logs or records of dates of communications with Mr. Epstein (or with a third party on Mr. Epstein's behalf); appointment calendars/datebooks and the like (whether in hard copy or electronic form) for any period when work was performed on behalf of Mr. Epstein or when any communication was had with Mr. Epstein (or with a third party on Mr. Epstein's behalf) . *See* Tab 17, June 18, 2007 Subpoena to William Riley/ Riley Kiraly, ¶ 3.

[2] Indeed, we are aware of two other recent instances in which Villafana placed serious misrepresentations before a court. On July 31, 2007, in the grand-jury litigation arising out of this case, she filed the "Declaration of Joseph Recarey," attaching the state detective's affidavit in support of a search warrant for Epstein's house. *See In Re Grand Jury Subpoenas Duces Tecum OLY-63 and OLY-64*, No. FGJ 07-103(WPB) (S.D. Fla. July 31, 2007). At the time she filed Detective Recarey's affidavit, she knew it contained numerous material misrepresentations, including gross misstatements of witness statements and other evidence. Second, we

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HOUSE_OVERSIGHT_012161

**Mr. Epstein is Required to Agree to Civil Liability In Order to Avoid a Federal Indictment**

10. On July 31, 2007, during negotiations over a possible federal plea agreement, FAUSA Sloman and AUSA Villafana demanded that Mr. Epstein agree to the imposition of civil liability under 18 U.S.C. § 2255 as a pre-condition to deferral of federal prosecution. To the best of our knowledge, the inclusion of such a term in a deferred prosecution agreement of this kind is absolutely unprecedented.[3] Specifically, Ms. Villafana demanded that Mr. Epstein waive the right to contest civil liability to a list of individuals she said were "victims" of § 2255, ***whose names, however, she refused to disclose,*** and agree to ***pay damages of a minimum of $150,000*** to each and every one of such undisclosed individuals, and ***hire an attorney to represent them if they decided to sue him***. *See* Tab 20, July 31, 2007 Draft of Deferred Prosecution Agreement.

11. FAUSA Sloman and AUSA Villafana insisted that the identities of the individuals on the list not be disclosed to Mr. Epstein or his counsel ***until after Mr. Epstein was already sentenced*** in the state case.

    (a) Over the next two months, Mr. Sloman refused to negotiate these terms. They ultimately became incorporated into the final deferred prosecution agreement. *See* Tab 21, September 24, 2007 Non-Prosecution Agreement, ¶¶ 7-11.

    (b) It was not until seven months later, in February 2008, that Epstein's lawyers were able to take their first official statement from one of the women FAUSA Sloman alleged were minor victims of federal offenses.

    (c) This statement, a deposition of [redacted], the initial complainant in the state case, taken in the presence of her lawyer, proved that none of the necessary elements for any federal charge could be satisfied based on [redacted]'s brief contact with Mr. Epstein. The witness also admitted lying to Mr. Epstein, testifying that she told him that she was an adult and wanted him to believe that she was an adult. *See* Tab 13, [redacted] (deposition), p. 35 ("Q. So you told Jeff that you were 18 years old, correct? A. Yes."), 37 ("Q. You wanted Mr. Epstein to believe that you really were 18, right? A. Correct.").

    (d) Shortly after this deposition, the defense was able to obtain statements from other women on Mr. Sloman's so called "list of § 2255 victims" and, so far, all such statements also continue to demonstrate that Mr. Sloman's repeated representations to the defense about the existence of federal jurisdiction were false.

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understand that Villafana was recently reprimanded at a special hearing convened by a United States District Judge in the West Palm Beach Division of the Southern District of Florida, for making misrepresentations during a prior sentencing proceeding.

[3] In fact, Stephanie Thacker, a former deputy to CEOS Chief Drew Oosterbaan, has stated that she knew of no other case like this being prosecuted by CEOS.



HOUSE_OVERSIGHT_012162

12. In August 2007, in a clear attempt to coerce a state settlement, Ms. Villafana threatened to broaden the investigation to include a money laundering violation (18 U.S.C. § 1956), though all the funds expended were simply Mr. Epstein's, and a violation for operating an unlicensed money-transmitting business (18 U.S.C. § 1960), though Mr. Epstein never had such a business. *See* Tab 22, August 31, 2007 Letter from M. Villafana to Ross (reciting, in a target letter to one of Epstein's employees, that the investigation concerns "suspected violations of federal law, including but not limited to, possible violations of Title 18, United States Code, Sections . . . ***1591, . . . 1956, 1960*** . . . .") (emphasis added).

13. On the very same day that the grand jury issued subpoenas to the records-custodian and employees of Epstein's businesses for ***all financial transactions*** from 2003 forward, Ms. Villafana (who we were told was not authorized to act in this regard without supervisory approval) ***promised to close the money-laundering investigation*** "if the sex offense case is resolved." *See* Tab 23, August 16, 2007 Letter from M. Villafana to G. Lefcourt ("In other words, if the sex offense case is resolved, the Office would close its investigation into other areas as well. The matter has not been, and it does not appear that it will be, resolved so the money laundering investigation continues, and Request Number 6 [seeking records of every financial transaction conducted by Epstein and his six businesses from "January 1, 2003 to the present"] will not be withdrawn.").

14. Two weeks later, when Mr. Epstein continued to oppose federal prosecution during negotiations and Mr. Epstein's counsel sought a meeting with the United States Attorney, AUSA Villafana then classified all of Mr. Epstein's assistants as targets (sending a target letter to one of them and promising the attorney of the other two that additional target letters would be served on them as well), dispatched FBI agents to the homes of two of his secretaries, and personally telephoned Mr. Epstein's largest business client to advise him of the nature of the investigation. *See* Tab 22, August 31, 2007 Letter from M. Villafana to [redacted]

**<u>FAUSA Sloman Forces Mr. Epstein's Lawyers to Convince the State Prosecutors To Impose a More Severe Sentence Than They Believe Is Appropriate</u>**

15. Throughout the plea negotiations with the USAO, Mr. Sloman and Ms. Villafana continually insisted that the only way they would agree not to bring a federal indictment was if Epstein's lawyers, not the state prosecutors as required under the *Petite Policy*, convinced the state prosecutors to impose a more severe punishment than the state believed was appropriate under the circumstances.

16. FAUSA Sloman's version of the history with respect to the sentence he required Mr. Epstein's lawyers to seek from the State contradicts his later assertion, which is patently false—that *"the SDFL indicated a willingness to defer to the State the length of incarceration"* and *"considered a plea to federal charges that limited Epstein's sentencing exposure . . . "* *See* Tab 1, May 19, 2008 Letter from J. Sloman. In fact, by a email dated August 3, 2007, Criminal Division Chief Matthew Menchel advised the defense that the federal government required a minimum term of two years of incarceration. See Tab 40, August 3, 2007 Email from M. Menchel. Subsequently, Ms.

Villafana emailed the defense stating that United States Attorney Acosta would accept no less than 18 months of incarceration, following by a one-year term of house arrest.

**Federal Prosecutors Misrepresented the Number of Alleged "Victims."**

17. In September 2007, in order to add additional pressure on Mr. Epstein to execute a deferred prosecution agreement, AUSA Villafana claimed that there were "40" minors on the government's list of purported § 2255 victims. To compound that misleading characterization, she continued to insist that a guardian-ad-litem be appointed to represent these purported "minors" in the proceedings. *See* Tab 24, September 19, 2007 Email from M. Villafana to J. Lefkowitz.

18. When challenged as to whether there was a genuine need for a ***guardian,*** given that Ms. Villafana continued to refuse to disclose the names or any other information about her putative list of "minors," she eventually conceded that ***only "I is definitely under 18*** still, and ***I think*** there is another minor." *See* Tab 25, September 23, 2007 Email from M. Villafana to J. Lefkowitz (emphasis added).

19. The next day, AUSA Villafana retreated from the number "40," stating that she had now "compiled a list of ***34 confirmed minor victims with no definition of how they would be considered as such.***. There are six others, whose names we already have, who need to be interviewed by the FBI to confirm whether they were 17 or 18 at the time of their activity with Mr. Epstein." *See* Tab 26, September 24, 2007 Email from M. Villafana to J. Lefkowitz (emphasis added). This statement indicated that, at least the "six others" (and, as it turns out, all those identified except two) had reached the age of majority, and, in fact, no guardian was necessary to represent their interests.

**Defense Counsel was Falsely Advised That the Non Prosecution Agreement Would Be Kept Confidential.**

20. On September 24, Epstein and the USAO executed a Non Prosecution Agreement.

21. His attorneys asked Ms. Villafana to "please do whatever you can to keep this from becoming public." *See* Tab 27, September 24, 2007 Email from J. Lefkowitz to M. Villafana.

22. Ms. Villafana replied that she had "forwarded your message **only to** Alex [Acosta], Andy [Lourie], and Rolando [Garcia]. I don't anticipate it going any further than that." *Id.*

23. Ms. Villafana stated that the agreement would be "placed in the case file, which will be kept confidential since it also contains identifying information about the girls." *Id.*

**The Prosecution Immediately Notifies Three Plaintiffs That Mr. Epstein Has Executed A Non Prosecution Agreement**

24. In direct violation of these representations, "shortly after the signing," the government notified "three victims" of the "general terms" of the Non Prosecution Agreement. *See*



HOUSE_OVERSIGHT_012164

Tab 18, December 13, 2007 Letter from M. Villafana (admitting that the notification occurred "shortly after the signing").

**AUSA Villafana Misleads Mr. Epstein In An Attempt To Refer Plaintiffs to Her Boyfriend's Close Friend**

25. On September 25, Ms. Villafana recommended a local products-liability defense attorney, Humberto "Bert" Ocariz, Esq., for the highly lucrative post of attorney representative for the government's list of as-yet-undisclosed "victims."[4]

    (a) Ms. Villafana wrote to the defense, "I have never met Bert, but ***a good friend in our appellate section*** and one of the district judges in Miami are good friends with him and recommended him." *See* Tab 28, September 25, 2007 Email from M. Villafana to J. Lefkowitz (bottom email) (emphasis added).

    (b) Ms. Villafana failed to disclose that this "***good friend*** in our appellate section" was her ***live-in boyfriend***. *See* Tab 18, December 13, 2007 Letter from M. Villafana (conceding the "relationship" with "my boyfriend").

    (c) Beyond her clear conflict-of-interest and affirmative effort to conceal it, it is unimaginable that AUSA Villafana would have engaged in an *ex-parte* communication with a United States District Judge in the same district about the details of a pending grand-jury investigation without prior disclosure and supervisory approval.

    (d) Later, it became clear that Ms. Villafana also had at least one other *ex-parte* communication with that same United States District Judge about the grand jury's investigation. *See* Tab 29, October 5, 2007 Email from M. Villafana to J. Lefkowitz (stating that "one of the District Judges in Miami mentioned [retired Judge Joseph Hatchett] as a good choice" to decide any fee disputes concerning Epstein's paying for a lawyer to represent the unnamed women in claims against Epstein).

26. The next day, AUSA Villafana advised the defense that she was removing one of the alternatives to Mr. Ocariz from our consideration, on the basis that "one of his partners is married to an AUSA here," and explained that, because of that personal relationship,

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[4] These actions were improper. As you know, the Department prohibits employees from using any nonpublic information to secure private benefits of any kind: "An employee ***shall not ... allow the improper use of nonpublic information to further his own private interest or that of another, whether through advice or recommendation, or by knowing unauthorized disclosure.***" 5 C.F.R. § 2635.703 (emphasis added). Among the examples of prohibited disclosure specifically illustrated by this regulation is the disclosure of nonpublic information to "friends" to further their financial interests, *id.*, at Example 1, and the disclosure of nonpublic information to a newspaper reporter, *id.*, at Example 5 (see allegations below regarding the leak to the *New York Times*). Furthermore, the Justice Department prohibits its employees from using their position to benefit friends or relatives. *See* 5. C.F.R. § 2635.702; *see also* 5. C.F.R. § 2535.502.



HOUSE_OVERSIGHT_012165

"[t]here is too great a chance of an appearance of impropriety." *See* Tab 28, September 26, 2007 Email from M. Villafana to J. Lefkowitz.

27. The following day, Ms. Villafana relayed that, and asked us to respond to, the very first concern raised Mr. Ocariz, which was "how are they going to get paid" and whether "there is any cap or other limitation on attorney's fees that [Epstein] will pay in the civil case." *See* Tab 30, September 27, 2007 Email from M. Villafana to J. Lefkowitz.

28. Ms. Villafana clearly contemplated that Mr. Epstein would be paying for Mr. Ocariz at his "hourly rate" to represent the alleged "victims" against Epstein even "if all [the] girls decide they want to sue." *Id.*

29. When the defense complained of Ms. Villafana's undisclosed conflict-of-interest in selecting her boyfriend's friend to prosecute civil claims against Mr. Epstein on behalf of her undisclosed list of purported "victims," Ms. Villafana later argued that Mr. Epstein had no right to complain because "the Non-Prosecution Agreement vested the Office with the exclusive right to select the attorney representative." *See* Tab 18, December 13, 2007 Letter from M. Villafana. Shortly after being notified, however, United States Attorney Acosta removed Mr. Ocariz from consideration, and requested an amendment to the Non Prosecution Agreement.

30. In response to the many complaints about Ms. Villafana's misconduct and violations of the United States Attorney's Manual, Criminal Division Chief Matthew Menchel characterized her as "unsupervisable."

31. Contrary to the express agreement of United States Attorney Acosta that the federal government would not interfere in the administration of any state sentence, FAUSA Sloman continued to try to deny the right of the State to issue work release and/or gain time by stating that Mr. Epstein must "make a binding recommendation that the Court impose" a sentence of 18 months of continuous confinement in the county jail. *See* Tab 21, September 24, 2007 Non Prosecution Agreement. Shortly thereafter, Mr. Sloman sent the FBI to meet with the state sex-crimes prosecutor in an attempt to secure her commitment to oppose a work release option.

**FAUSA Sloman Attempts to Thwart Discovery**

32. On October 31, Mr. Sloman emailed Mr. Epstein's counsel, confirming that "I understand that the plea and sentence will occur on or before the ***January*** 4th [2008] date." *See* Tab 41, October 31, 2007 Email from J. Sloman to J. Lefkowitz (emphasis added).

33. On November 5, despite Mr. Sloman's having sent that email just one week before, after learning that the defense had begun to question women on their "list," Mr. Sloman wrote Mr. Epstein's attorneys demanding that his plea and sentencing in the State case now ***be moved up to November*** 2007. *See* Tab 2, November 5, 2007 Letter from J. Sloman.

34. Mr. Sloman further demanded in the letter that Mr. Epstein's attorneys "confirm that there will be no further efforts to contact any victims" until the victims are represented by counsel. *Id.* As the women were all adults, there could be no lawful justification for Mr.



HOUSE_OVERSIGHT_012166

Sloman's demand, other than to protect prospective plaintiffs from being interviewed prior to their retaining an attorney (including, as it turned out, Mr. Sloman's former law partner) to bring civil lawsuits against Epstein.

35. Mr. Sloman also demanded that Epstein "begin his term of incarceration not later than January 4, 2008," *id.*, which turned out to be just three weeks before the first civil lawsuit would be filed against Epstein.

36. Contrary to the express agreement of United States Attorney Acosta that the federal government would not interfere in the administration of any state sentence, Mr. Sloman tried to limit gain time and or work release by stating that Mr. Epstein must "make a binding recommendation that the Court impose a sentence of 18 months of continuous confinement in the county jail." *Id.* (This followed Mr. Sloman's position that the Office would consider a state sentence ordering probation in lieu of incarceration to be a breach of the deferred-prosecution agreement.) Shortly thereafter, Mr. Sloman sent the FBI to meet with the state sex-crimes prosecutor in an attempt to secure her commitment to oppose work release.

37. Mr. Sloman insisted that Mr. Epstein not learn the identities of the government's list of alleged "victims" *until after Epstein was sentenced and incarcerated.*

38. We have reason to believe that, around this same time, Mr. Sloman's former law partner, Jeffrey Herman, had met with the father of one of the prospective plaintiffs, Saige Gonzalez.[5] At the same time (and until as recently as March of 2008), the Official Florida Bar website continued to identify Mr. Sloman as a named partner in Mr. Herman's firm. *See* Tab 31, Florida Bar Website page.

39. Mr. Herman, who is the named partner in the former firm of Herman, Sloman, & Mermelstein, filed five lawsuits, each asking for $50 million, against Mr. Epstein. Each lawsuit is entitled "*Jane Doe #* vs. Jeffrey Epstein," despite the fact that each of the plaintiffs is an adult and not entitled to plead anonymously. *See* Tab 32, Examples of Federal Complaints.

40. Mr. Herman convened press conferences contemporaneously with filing three of the suits. In the most recent press conference, he admitted that all of the plaintiffs lied to Epstein about their ages. *See* Tab 33, Herman Public Statement. One of the supposedly traumatized "victims" actually pled in her complaint that she returned to Epstein's house "on many occasions for approximately three years." Another of these supposedly traumatized "victims" herself acted to introduce her friends and acquaintances to Mr.

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5 The Justice Department rules disqualify employees from working on matters in which their former employers have an interest: "***an employee shall be disqualified for two years from participating in any particular matter in which a former employer is a party or represents a party if he received an extraordinary payment from that person prior to entering Government service.*** The two-year period of disqualification begins to run on the date that the extraordinary payment is received." 5 C.F.R. § 2635.503(a) (emphasis added).



HOUSE_OVERSIGHT_012167

Epstein. All of these plaintiffs are apparently on the above-described government "victim" list.

**FAUSA Sloman Attempts to Encourage Civil Suits and the Hiring of the Government's Choice of Attorney**

41. On November 27, Mr. Sloman sent an email to Mr. Epstein's attorneys stating that "I intend to notify the victims by letter after COB Thursday [two days later]." *See* Tab 34, November 27, 2007 Email from J. Sloman to J. Lefkowitz.

42. The morning of November 28, attorneys for Mr. Epstein faxed a letter to Assistant Attorney General Alice Fisher, requesting a meeting with her to discuss the impropriety of the USAO's encouraging civil lawsuits against Mr. Epstein under the guise of the terms of the Non Prosecution Agreement. *See* Tab 35, November 28, 2007 Letter from K. Starr to A. Fisher.

43. Late in the day on November 28, Epstein's attorneys received from AUSA Villafana a copy of the USAO's proposed victim-notification letter that "***Jeff [Sloman]*** asked that I forward." *See* Tab 36, November 28, 2007 Email from M. Villafana to J. Lefkowitz.

    (a) The proposed victim-notification letter cited as authority the "Justice for All Act of 2004" (which U.S. Attorney Acosta later agreed had no application to these circumstances). It referred to the addressees as minor "victims," suggested they make statements in state court, that they were not entitled to make, and referred incorrectly to Mr. Epstein as a "sexual predator." *Id.*

    (b) FAUSA Sloman also proposed advising recipients, in an underlined sentence that, "<u>You have the absolute right to select your own attorney</u>" to "assist you in making . . . a claim" for "damages from [Epstein]." But that "[i]f you do decide to use [two attorneys selected by the U.S. Attorney's "special master"] as your attorneys, Mr. Epstein will be responsible for paying attorney's fees incurred during the time spent trying to negotiate a settlement." *Id.*

**The USAO Leaks Confidential Information to the *New York Times***

44. Perhaps most troubling of all, the USAO has repeatedly leaked information about this case to the media—including to Landon Thomas, the senior business correspondent for the *New York Times*. We have personally reviewed Mr. Thomas's own notes, and they are remarkably detailed about highly confidential aspects of the prosecution's theory of the case and the plea negotiations.

45. Mr. Thomas's calls to the USAO initially were referred to Assistant United States Attorney David Weinstein. AUSA Weinstein informed Mr. Thomas that federal authorities were considering charging Mr. Epstein under 18 U.S.C. §§ 1591, 2422 and 2423, and told the reporter that Mr. Epstein had both lured girls over the telephone and traveled in interstate commerce for the purpose of engaging in sex with minors. AUSA Weinstein also divulged the terms and conditions of the USAO's negotiations with Mr. Epstein—including the fact that Mr. Epstein had proposed "house arrest" with extra



HOUSE_OVERSIGHT_012168

stringent conditions—which Mr. Weinstein could only have learned from FAUSA Sloman, AUSA Villafana or United States Attorney Acosta himself.

46. AUSA Weinstein then asked why Mr. Epstein should ... be treated differently than anyone else. Mr. Thomas apparently stated that he understood that there was evidence that the women had lied about their ages. AUSA Weinstein replied that this was not a defense and that Mr. Thomas should not believe "the spin" of Mr. Epstein's "high-priced attorneys." Indeed, Mr. Weinstein told Mr. Thomas that the USAO was very concerned about a Palm Beach editorial that questioned whether Mr. Epstein would receive a rich man's justice. AUSA Weinstein then stated that, in fact, Mr. Epstein "doesn't have a defense."

47. Mr. Epstein's attorneys learned of the call and complained to the USAO. Counsel for Mr. Epstein then had an in-person meeting with FAUSA Sloman and United States Attorney Acosta describing these leaks to the *New York Times*. During Mr. Thomas' next call to the USAO, made two weeks later, AUSA Weinstein "admonished" him (in the words of Mr. Thomas) for disclosing the contents of their prior conversation to the defense, and strongly "reminded" Mr. Thomas that AUSA Weinstein's prior comments about Mr. Epstein had only been "hypothetical" in nature. That claim is sheer nonsense: AUSA Weinstein had disclosed specific details of Mr. Epstein's case, including plea terms proposed by the defense, as revealed based on Mr. Thomas's own contemporaneous hand-written notes.

48. Shortly thereafter, Mr. Sloman wrote to the defense that Mr. Thomas was given, pursuant to his request, ***non-case specific information*** concerning ***specific*** federal statutes." *See* Tab 37, February 27, 2008 Email from J. Sloman. Again, that claim was utterly false; Mr. Thomas's contemporaneous hand-written notes, reviewed by Jay Lefkowitz, confirm that the USAO had violated settled Department policy and ethical rules by providing case-specific information about the Department's legal theories and plea negotiations.

## Conclusion

We bring these difficult and delicate matters of misconduct to your attention not to require any disciplinary action or review by the Office of Professional Responsibility. Although we have been told that some of this misconduct has been self-reported (only after we raised these complaints in writing), we feel confident that not all the facts were adequately presented. Rather, we believe that they are highly relevant to your decision whether to authorize a federal prosecution in this case. This pattern of overzealous prosecutorial activity strongly suggests improper motives in targeting Jeffrey Epstein, not because of his actions (which are more appropriately the subject of state prosecution), but, rather, because of who he is and who he knows. We also bring this pervasive pattern of misconduct to your attention because we believe it taints any ongoing federal prosecution. The misconduct pervades the evidence in this case. The offers of financial inducement to witnesses, improperly encouraged by the government, make their potential testimony suspect. The reliance on tainted evidence gathered by the state will require a careful sorting out of poisonous fruits.



HOUSE_OVERSIGHT_012169

Most important, however, is that the extraordinary nature of this misconduct, so unusual in ordinary federal prosecutions, raises the gravest of concerns about why prosecutors would go to such lengths in a case already being prosecuted by the State and with so little, if any, federal concern. Accordingly, we ask you to conduct your own investigation of these matters, because we believe that what we have provided you may constitute only the tip of a very deep iceberg. Without the power of subpoena, which we currently lack, we are unable to dig deeper. We strongly believe that there is far more exculpatory evidence that has not been disclosed, more leaks that we have not yet uncovered and more questionable behavior. This is a case that cries out for a deeper investigation than we are capable of conducting, before any decision to prosecute is permitted.



HOUSE_OVERSIGHT_012170

# RESPONSE TO FAUSA SLOMAN'S LETTER

KIRKLAND & ELLIS LLP

**Response to Letter by FAUSA Sloman Dated May 19, 2008**

In a May 19, 2008 letter to Jay Lefkowitz (*See* Tab 1), SDFL First Assistant U.S. Attorney Jeffrey Sloman provided what purported to be a summary of the events that have occurred during the investigation of Mr. Epstein. Mr. Sloman's letter is fraught with inconsistencies, false and misleading characterizations and outright falsehoods. The comparison below between the false assertions in Mr. Sloman's letter and what actually transpired is only the tip of the iceberg. We respectfully submit that Mr. Sloman's letter alone demonstrates the degree to which the record of facts have been distorted and these distortions have permeated this unprecedented investigation.

**1. "INDEPENDENT" AND "DE NOVO" REVIEW.**

**Mr. Sloman's Letter:**

- "[W]e obliged your request for an independent *de novo* review of the investigation and facilitated such review at the highest levels of the Department of Justice. " Tab 1, May 19, 2008 Letter from J. Sloman, p. 5, ¶ 3.

**The Truth:**

- CEOS' review, concluded in May 2008, was neither independent nor *de novo*.
  - CEOS' review was not "independent:"
    - Drew Oosterbaan, who conducted the review on behalf of CEOS, ***had already reviewed the prosecution memo on this matter eight months earlier***. During a meeting with defense counsel at the United States Attorney's Office in Miami (the "USAO") in September of 2007, he opined that he so believed in the prosecution that he "***would try the case myself***."
    - Indeed, Mr. Sloman acknowledges that Mr. Oosterbaan had previously opined on this matter, stating:

      > This particular attack on this statute [18 U.S.C. § 2242(b)] had been ***previously*** raised and thoroughly considered ***and rejected by . . . CEOS*** prior to the execution of the [Deferred Prosecution] Agreement [in September 2007].

      *Id.*, p. 5 (emphasis added).

    - The statute Mr. Sloman referred to (§ 2422(b)) lies at the heart of the Epstein investigation. Thus, according to Mr. Sloman, Mr. Oosterbaan was tasked with ***reviewing his own prior decision*** regarding applying the key statute under which the SDFL proposed prosecuting Mr. Epstein.

- The defense immediately raised concerns regarding the non-independence of the review when told that it would be Mr. Oosterbaan tasked with providing the review, but was told that when Mr. Oosterbaan rendered his prior opinion, "he was not really up to speed on the facts"

- CEOS' review was not *de novo*:

  - By letter dated May 15, 2008 (four days before Mr. Sloman's letter), Mr. Oosterbaan advised Mr. Lefkowitz that CEOS reviewed the matter only for ***abuse of discretion***:

    > ***[T]he question we sought to answer*** was whether U.S. Attorney Acosta would ***abuse his discretion*** if he authorized prosecution in this case.

    *See* Tab 38, May 15, 2008 Letter from D. Oosterbaan, p. 1 (emphasis added). *See also, id.,* p. 2 ("Mr. Acosta would not be ***abusing his discretion*** if he decided to pursue such a course of action."); and p. 5 ("Mr. Acosta would not be ***abusing his*** prosecutorial ***discretion*** should he authorized federal prosecution of Mr. Epstein.").

  - For the factual record of its "abuse of discretion" review, CEOS relied on the very same prosecution memo that it had already reviewed in rendering its prior opinion, stating:

    > As you know, our review of this case is limited, both factually and legally. We have not looked at the entire universe of facts in this case.

    *See Id.*, p. 1 (emphasis added).

  - Nor did CEOS review any facts related to the irregular provisions in the Deferred Prosecution Agreement or the numerous complaints of prosecutorial misconduct, both of which are inextricably intertwined with the impropriety of the investigation. *Id.* at 1.

## 2. NOTIFICATION OF WITNESSES.

**Mr. Sloman's Letter:**

- Mr. Sloman dismissed the totality of the defense's objections to the inappropriate notification the SDFL proposed to send to its witnesses, stating merely that:

  > "[Y]ou objected to victims['] being notified of ***time and place*** of Epstein's state[-]court sentencing hearing."

*See* Tab 1, May 19, 2008 Letter from J. Sloman, p. 4, ¶ 1.

**The Truth:**

- The defense engaged in days of negotiation and made 14 separate ***substantive*** objections to the unprecedented notification letter that Mr. Sloman threatened to send to an undisclosed list of "victims." The eventual transmission of this highly misleading letter was only halted by an appeal to AAG Fisher. Among those substantive objections (which related to far more than the "time and place" of the state's sentencing hearing) were:

    - Sending the letter would contravene the government's commitment to take no position regarding potential claims of government witnesses. *See* Tab 39, November 28, 2008 Email from J. Lefkowitz to J. Sloman.

    - The letter cited to an inapplicable statute (the Justice for All Act of 2004) as its justification for being sent. *Id.* AUSA Acosta later conceded that the citation to this statute as a justification was wholly incorrect.

    - The letter wrongly advised all recipients that Mr. Epstein would be required to register as "a ***sexual predator*** for the remainder of this life."

    - The letter amounted to an invitation to civil litigation against Mr. Epstein, advising recipients that they had the right to seek civil damages from Mr. Epstein, and in an underlined instruction, stated that if they chose an attorney other than the one chosen by the government they would be required to pay his fees, but if they chose the government's choice, Mr. Epstein would be required to pay the fees.

**3. MISCHARACTERIZATION OF OUR ARGUMENTS.**

**Mr. Sloman's Letter**:

- Mr. Sloman's letter misleadingly characterizes our substantive defense of the government's investigation as, "the investigation merely produced evidence of relatively innocuous sexual conduct with some minors who, unbeknownst to Mr. Epstein, misrepresented their ages."

  *See* Tab 1, May 19, 2008 Letter from J. Sloman, p. 2.

**The Truth:**

- We never made such a claim. To the contrary, we argued that sworn statements we have taken of the alleged victims demonstrate that law enforcement has presented versions of their testimony that are necessarily sensationalized and fictionalized. We presented

evidence that Mr. Epstein routinely and daily receives massages from adults. Only a small percentage of the masseuses turned out to be minors. The majority of those minors interviewed by law enforcement admitted to lying directly to Epstein about their ages (not "unbeknownst to Epstein"), and inventing further false details to substantiate their lies. Indeed, the civil attorney for several of these women admitted at his recent press conference that they lied to Mr. Epstein about their ages. Numerous witnesses testified that Mr. Epstein asked that all masseuses be over the age of 18. Further, the evidence is undisputed that Mr. Epstein's assistants scheduled the massages and Mr. Epstein did not know which masseuses his assistants had scheduled on a particular day, until the massage took place. We admitted that there was sexual conduct, and argued—not that it was "innocuous" as Mr. Sloman alleges—but that it was mostly Mr. Epstein's own self-pleasuring, which did not satisfy the requisite federal element of criminal sexual conduct (which is, in turn, defined by state law). These are important distinctions and show that Mr. Sloman has misrepresented the record about the most basic part of our defense.

**4. SLOMAN DEMANDS AN UNREALISTIC DEADLINE TO COMPLY WITH AN AGREEMENT HE UNILATERALLY MODIFIES.**

**Mr. Sloman's Letter:**

- "Unless [Mr. Epstein] complies with all of the terms and conditions of the [Deferred Prosecution] Agreement, ***as modified by the United States Attorney's December 19, 2007 letter to Ms. Sanchez*** by close of business on Monday, June 2, 2008, the SDFL will elect to terminate the Agreement." *Id.*, p.1

**The Truth:**

- The Deferred Prosecution Agreement was **never** modified by U.S. Attorney Acosta's December 19, 2007 letter. Oddly, Mr. Sloman acknowledges this on page 4 of his May 19 letter, where he writes that Mr. Acosta "proposed" this modification and that "[Mr. Lefkowitz] rejected these proposals." Thus, Mr. Sloman is threatening to terminate the Deferred Prosecution Agreement, unless Mr. Epstein complies with a unilateral modification that Mr. Sloman concedes was never agreed to by defense counsel.

- Orchestrating the information, plea and sentencing requirements of the Deferred Prosecution Agreement within the extremely limited two-week timeframe imposed by Mr. Sloman's June 2, 2008 deadline would have been difficult enough.

- More importantly, as explained below, the SDFL has refused to provide the defense with information it requires to enable Mr. Epstein to comply with the additional plea and sentencing requirements of the Deferred Prosecution Agreement (let alone, by the June 2 deadline arbitrarily imposed by Mr. Sloman).

    - The Deferred Prosecution Agreement requires Mr. Epstein to plead guilty to and be sentenced for an additional offense which requires that he be registered as a sex offender. In different places in his May 19, 2008 letter, Mr. Sloman



HOUSE_OVERSIGHT_012175

describes the additional charge to which Mr. Epstein is required to plead guilty under the Deferred Prosecution Agreement as "procurement of minors to engage in prostitution" or "solicitation of minors to engage in prostitution." The former is an offense for which Mr. Epstein would be required to register, but one for which the state has no evidence to charge Mr. Epstein and the SDFL refuses or is unable to provide evidence that it claims it has. The latter requires no registration, but it is the offense which, over and over again, Ms. Villafana insisted upon including in the Deferred Prosecution Agreement, and is one which the State believes is appropriate. The inconsistency between the description of the offense required by the SDFL, the elements of an offense that can be justified on the facts of this case and the SDFL's requirement that the offense be a registrable one has created substantial confusion.

- As a result of this confusion, in December 2007, both the defense and the state requested that the SDFL provide the factual allegations to enable Mr. Epstein and the State to create a truthful factual recitation of a registrable offense required by the Deferred Prosecution Agreement, but, to date, the SDFL has failed to do so without any explanation.

- Mr. Sloman refuses to provide the requested factual allegations, which the State cannot furnish, and now demands a two week deadline to comply. Thus Mr. Sloman has unreasonably imposed a deadline with which he himself has made it impossible for Mr. Epstein to comply.

## 5. WAIVER OF APPEAL TO ASSISTANT ATTORNEY GENERAL FISHER.

**Mr. Sloman's Letter:**

- "[T]he SDFL provided you with 30 days to appeal the decision to the Assistant Attorney General of the United States Alice Fisher" and "you chose to forego an appeal to AAG Fisher."

  *Id.*, p. 2.

**The Truth:**

- Mr. Acosta tolled an August 17 deadline, acknowledging that there were "serious issues" about the case that needed to be discussed, and scheduled a meeting with the defense for September 7, 2007. At the September 7, 2007 meeting, with Drew Oosterbaan in attendance, the government dismissed the defense's objections and set a September 21, 2007 deadline to finalize a non-prosecution agreement or the defense would face an already-drafted 53-page indictment, purportedly identifying 40 minors, with a guideline range of 188 months.

- Facing Ms. Villafana's threatened draconian indictment, without the claimed offer of the right to raise objections in an appeal to AAG Fisher, the defense chose to negotiate an



HOUSE_OVERSIGHT_012176

Agreement to Defer Prosecution to the State, an agreement without precedent and fraught with substantial practical and legal hurdles to its implementation.

**6. THE SDFL DID NOT DEFER TO THE STATE.**

**Sloman's Letter:**

- "[T]he SDFL indicated a willingness to defer to the State the length of incarceration."

  *Id.*, p. 2.

**The Truth:**

- The SDFL neither deferred to the State, nor even discussed with the State, the length of Mr. Epstein's incarceration. In a letter to the defense, Criminal Division Chief, Matthew Menchel rejected the sentence contemplated by the State's plea agreement, writing that "the federal interest will not be vindicated in the absence of a ***two-year term*** of state imprisonment." *See* Tab 40, August 3, 2007 Email from M. Menchel. Of course, this position is contrary to Section 9-2031D of the U.S. Attorney's Manual (indicating that the "result" of a state prosecution is "***presume[d]***" to have vindicated the federal interest). It is understandable, therefore, that Mr. Sloman might want to retreat from it now. Indeed, the final Deferred Prosecution Agreement (DPA) restricts the state-court judge from exercising any of his rightful discretion and to specifically prohibit the judge from offering probation, community control or any other alternative in lieu of incarceration. DPA, ¶ 2(a).

**7. SUGGESTION OF ADDITIONAL STATE PLEA**

**Mr. Sloman's Letter:**

- The parties considered: "as suggested by [the defense], a plea to state charges encompassing Epstein's conduct." *See* Tab 1, May 19, 2008 Letter from J. Sloman, p.2, ¶ 2.

**The Truth:**

- It was the government, and not the defense, that suggested a plea to state charges to resolve the federal investigation. Andrew Lourie proposed declining prosecution in favor of the state. Although Mr. Epstein and the State Attorney's Office ***had already reached a plea agreement***, in August 2007, Mr. Sloman and AUSA Marie Villafana warned that they intended to prosecute Epstein federally unless his counsel (*i.e.,* not the U.S. Attorney's Office) sought ***more stringent conditions*** to the State's proposed plea agreement. These stringent conditions included, among other things, the two-year prison term demanded by Mr. Menchel (discussed above) and a charge requiring him to register as a sex offender.



HOUSE_OVERSIGHT_012177

**8. ALL IDENTIFIED VICTIMS BE PUT IN SAME POSITION AS IF EPSTEIN HAD BEEN TRIED.**

**Mr. Sloman's Letter:**

- "The Agreement provides for a method of compensation for the victims such that they would be placed in the same position as if Epstein had been convicted of one of the enumerated offenses set forth in Title 18, United States Code Section, 2255."

  *Id.*

**The Truth:**

- Mr. Sloman continues to mischaracterize the highly irregular provisions of the Deferred Prosecution Agreement. The SDFL did not merely attempt to preserve the compensation rights of those it identified as victims; it attempted to create compensation rights for those it identified, without imposing on them the burden of proving that they were in fact victims under § 2255.

  - In the Deferred Prosecution Agreement, the SDFL required Mr. Epstein to waive the right to contest liability under 18 U.S.C. § 2255 as to a list of individuals that the SDFL would not disclose to Mr. Epstein until after he was sentenced and to pay for an attorney to secure compensation under § 2255 for those undisclosed individuals, or if they decided to sue Mr. Epstein.

  - § 2255 ordinarily provides individuals with a right to recover minimum guaranteed damages of $150,000, without having to prove actual damages, only if: (1) they were victims of an enumerated federal offense, including offenses under 18 U.S.C. §§ 2422 and 2423, (2) they were minors at the time of the offense, and most importantly (3) they were personally injured as a result of the offense.

  - The defense has confirmed examples of women who testified that they were not victims of Mr. Epstein and suffered no personal injury. These women were, nevertheless, on the list of "victims" identified by the government. . In fact, when confronted with the testimony of a women who denied both being a victim and incurring personal injury, Ms. Villafana actually acknowledged such testimony. To justify inclusion of that woman on the government's list, however, Ms. Villafana then challenged her own witness's credibility.

- For this reason, it is false to state that these "identified" individuals are in the same position that they would have been had Epstein been convicted at trial. Had there been a trial, Mr. Epstein would have had a right to confront these individuals through cross-examination. Any individual that did not establish that she was a minor victim of conduct that satisfied each element of an enumerated statute under § 2255,or that she suffered personal injury, would not qualify for any treatment under § 2255. However, under the Deferred Prosecution Agreement, as an "identified individual" on the government's list,

this same individual would nevertheless be entitled to engage an attorney paid for by Mr. Epstein to recover $150,000 of damages from Mr. Epstein under § 2255 without ever alleging any injury. In fact, the defense was told that the only question Mr. Epstein would be permitted to ask before paying the girls is " have you ever met Epstein.". Thus, the Deferred Prosecution Agreement places identified individuals in a far better position than they would be in if Mr. Epstein were convicted at trial.

**9. ASSIGNMENT OF RIGHT TO SELECT LEGAL REPRESENTATIVE.**

**Mr. Sloman's Letter:**

- "Prior to any issues arising concerning the implementation of the 2255 provision, the SDFL unilaterally agreed to assign its responsibility to select the attorney representative for the alleged victims to an ***independent*** third-party."

  *See* Tab 1, May 19, 2008 Letter from J. Sloman, p. 4, f.3.

**The Truth:**

- That such an assignment was the SDFL's "***unilateral***" decision is false. Before the SDFL decided to assign selection of the "attorney representative" to an independent third party, AUSA Marie Villafana had already proposed an "attorney representative." She had proposed local products-liability lawyer, Humberto Ocariz, and claimed he had been recommended by a "good friend in the Appellate Division." Ms. Villafana's account was misleading, as it omitted that this "good friend" was her live-in boyfriend, and that Mr. Ocariz was his former law-school roommate. When we discovered this independently, we objected. Only then did the SDFL propose assigning the selection process to an independent special master and agree to amend the Deferred Prosecution Agreement. Thus, while it may be true that the SDFL assigned its selection responsibility to avoid the appearance of favoritism, it did not do it "***unilaterally***," but, rather, only after Epstein uncovered the Office's misleading disclosure and apparent conflict-of-interest.

**10. TIMETABLE FOR MOVING FORWARD.**

**Mr. Sloman's Letter:**

- "On February 25, 2008, I sent you an e-mail setting forth a timetable for moving forward in the event that CEOS disagreed with your position. That time is now."

  *Id.*, p. 6.

**The Truth:**

- Mr. Sloman provides only part of the history of this case in order to justify his improper actions. He had stated he would close the investigation if CEOS told him to. However, CEOS at our very first contact said that under no circumstances did they see that as their

role. They said they would only advise on an abuse of discretion standard. Making the outcome a foregone conclusion. Furthermore, in response to the February 25 e-mail, which attempted to establish a schedule to limit the entire review process (the defense has repeatedly suggested that the misconduct was intertwined with the investigation and would therefore seek higher review), Mr. Lefkowitz e-mailed Mr. Acosta directly. On February 29, 2008, Mr. Sloman responded to Mr. Lefkowitz's e-mail to Mr. Acosta, stating that Mr. Sloman was acting out of frustration, but "[p]lease be assured that it has not, and never has been, this Office's intent to interfere or restrict the "review process" for either Mr. Epstein or CEOS. I leave it to you and CEOS to figure out how best to proceed and will await the results of that process." As stated above, CEOS determined that it would not review many of the defense's objections and as to the remainder of those objections, its review would be limited (contrary to Mr. Acosta's assurances), which left the need, supplemented by the defense's subsequent request, for a more thorough review of critical issues by others at the Department of Justice. Mr. Sloman's re-imposition of the (albeit modestly extended) timetable was an obvious attempt, in violation of his February 29 agreement, to thwart the request made by the defense to the Deputy Attorney general, to complete the review process that Mr. Acosta had promised.

**11. "DELAY."**

**Mr. Sloman's Letter:**

- In a section entitled "*Delay,*" Mr. Sloman states that "the SDFL again agreed to accommodate Epstein's request to appear in state court for plea and sentencing on January 4, 2008."

  *Id.*, p. 3.

**The Truth:**

- Curiously, Mr. Sloman fails to mention correspondence from the U.S. Attorney stating that delay of that date would be "inevitable" as the defense has raised "serious questions" about the propriety of the prosecution. Strikingly, in that same section, Mr. Sloman claims that "the Agreement ***did not contemplate a staggered*** 'plea and sentencing,'" despite quoting, three sentences earlier, from the Agreement's ***staggered requirement*** that Epstein plead and be sentenced by October 26, and "begin serving his sentence not later than January 4, 2008."

* * *

We are, like most attorneys seeking Department review, without access to the USAO prosecution summaries or other submissions to the Department. Given the substantial issues that have been raised in this and other submissions, we request that you conduct a de novo review that goes beneath the face of any conclusions being advocated by the USAO; instead, we seek a review that is based on the transcripts of witness testimony themselves so that the reviewer can



HOUSE_OVERSIGHT_012180

make an independent decision not adversely affected by conclusions that over and over have proven, witness by witness, allegation by allegation, to be inaccurate and unwarranted and not an appropriate basis for the exercise of federal prosecutorial authority.



HOUSE_OVERSIGHT_012181

# THACKER RESPONSE TO CEOS'S LETTER

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June 19, 2008

Mr. John Roth
Senior Associate Deputy Attorney General
Office of the Deputy Attorney General
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950 Pennsylvania Avenue, N.W.
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Dear Mr. Roth:

I write to offer my reaction to the May 15, 2008 correspondence from the United States Department of Justice Child Exploitation and Obscenity Section ("CEOS") regarding the federal investigation of Jeffrey Epstein by the United States Attorney's Office for the Southern District of Florida ("USAO").[1] I will refrain from recounting Mr. Epstein's arguments in detail here, but, rather, will highlight salient points responsive to the CEOS letter.

In particular, I write from a background well familiar with child exploitation cases and victim/witness issues. As the CEOS letter points out (CEOS letter at p. 3), I was a member of CEOS. In fact, I served as a federal prosecutor for twelve years; five years as an Assistant United States Attorney for the Southern District of West Virginia, and seven years at CEOS. I began working as a trial attorney for CEOS in 1999, and was promoted to Deputy Chief for Litigation in 2002, and ultimately to Principal Deputy Chief for the Section in 2004.

As those who have worked with me know, I have a history of working diligently on behalf of victims of crime. While at the United States Attorney's Office for the Southern District of West Virginia, I was a part of the prosecution team that prosecuted the first case in the country under the federal Violence Against Women Act. United States v. Bailey, 112 F.3d 758 (4th Cir.), cert denied, 522 U.S. 896 (1997). The case went to trial and the defendant was sentenced to life in prison. I also spearheaded the domestic violence and federal criminal child support prosecution efforts for that office, prosecuting some of the first cases in the country under the federal Child Support Recovery

1 Citations to the May 15, 2008 correspondence will be referenced herein as "CEOS letter at p. ___."

Act. Later, while at the Department of Justice, I co-authored the Department's Federal Child Support Prosecution Handbook.

My work at CEOS permitted me to continue my efforts on behalf of vulnerable victims of crime. While there, for example, I was part of the prosecution team in United States v. Dwight York, 428 F.3d 1325 (11th Cir. 2005), cert denied, 548 U.S. 908 (2006). York was the leader of a pseudo religious organization, and systematically molested countless children, some as young as six years old. The case went to trial and York was sentenced to 135 years in prison. As part of that trial team, I was awarded the Attorney General's Award for Distinguished Service. Additionally, at CEOS I was one of the architects of the Innocence Lost Initiative, a nationwide initiative designed to combat child prostitution. For this, I was awarded an Assistant Attorney General's Award for Outstanding Victim/Witness Service. Likewise, I was awarded a subsequent Assistant Attorney General's Award for Special Initiative in connection with a nationwide sex tourism prosecution initiative I helped to develop.

I say all this not for any boastful purpose, but, rather, to make clear that I am fully cognizant of victim issues, and that I am no pushover in terms of prosecution standards. I am also very well aware of the good work of CEOS, and the outstanding credentials of those who toil in that office.

With all due respect to CEOS, however (and recognizing that their review of this case was quite limited), given the facts and circumstances of this investigation, a federal prosecution of Mr. Epstein simply should not be countenanced. In my view, such prosecution would be counter to the important mandate of the Department of Justice as emblazoned on its seal, "Qui Pro Domina Justitia Sequitur," referring to the Attorney General "who prosecutes on behalf of justice."

As you well know, it is fundamental to that mandate that, as the representative of the people of the United States, the duty of a federal prosecutor is not simply to seek conviction as at any cost, but, rather, to seek justice. Berger v. United States, 295 U.S. 78, 88 (1935). ("The United States Attorney is the representative not of an ordinary party to a controversy, but of a sovereignty whose obligation to govern impartially is as compelling as its obligation to govern at all.") While it is true that Berger was decided at the post-trial, as opposed to the pre-indictment, stage of the case, the bedrock principle contained in the above quote should transcend the entire investigation and prosecution process. Indeed, it is arguably most imperative at the investigation stage, at which point law enforcement is dealing with a presumptively innocent citizen.

In summary, we understand the allegations against Mr. Epstein to be that Mr. Epstein paid individuals to find friends and acquaintances, certain of whom were under the age of 18, to provide topless massages to him at his Palm Beach home in exchange for money. Mr. Epstein's assistants allegedly scheduled these massages for him over the telephone at the direction of Mr. Epstein, allegedly including some scheduling calls to underage women. However, the evidence contradicts these allegations. First, Mr. Epstein did not ask that the masseuses be under the age of 18. To the contrary, he specifically asked that they be 18 or older. As one witness commented, [redacted] **said tell**

**them you're 18 because if you're not, he won't let you in his house."** [redacted] Tr. at 38-39. Second, Mr. Epstein himself did not schedule such appointments. Third, Mr. Epstein would not know who would be providing a massage at any particular time. Fourth, and importantly, Mr. Epstein's assistants were not directed to contact underage women, and were not aware of the true ages of the women they contacted. In fact, more often than not, the masseuses themselves, or the individuals who introduced the masseuses, made the initial contact. As a result, Mr. Epstein and his assistants were routinely unaware of the identities of many of these young women before they arrived.

The allegations further include the assertion that Mr. Epstein engaged in unlawful sexual conduct with certain underage women who arrived at his house to provide a massage. At times, during these massages, Mr. Epstein masturbated, engaged in some sexual touching, and a small number of alleged acts of penetration. However, most of the women who performed massages on Mr. Epstein were over the age of 18. Many of the young women have sworn under oath that they, in fact, told Mr. Epstein that they were 18 or older, and that they did so because they knew that if they were not 18 years old, they would not be allowed into Mr. Epstein's home. In fact, Mr. Epstein has passed a polygraph examination to this effect relative to the government's primary, and youngest, alleged victim. [redacted] Indeed, many of the women also worked at local massage parlors, which presumably had a requirement that the masseuse have reached the age of majority. To the extent there are allegations that Mr. Epstein should have been alerted to certain underage women based on conversations he allegedly had with them, those conversations would have taken place in person and at his home, thereby precluding any prior scheduling with knowledge of their true ages. As explained below, any factual allegations of repeat massages with such persons would lack necessary elements required for a federal nexus to such conduct.

All of the alleged activity occurred in Mr. Epstein's home in Palm Beach, Florida. Many of the massages allegedly involved conduct which, even if engaged in, is not proscribed by federal law, either because the masseuses were of age, or because conduct with underage masseuses only involved topless massages, massages in undergarments or naked massages. To the extent prohibited sexual activity occurred, any inducement, enticement, and/or persuasion used would have taken place during a face-to-face encounter—thus eliminating the possibility for the commission of a federal crime, which requires the existence of a communication through a facility of interstate commerce in which the defendant persuades or entices the minor to engage in illegal sexual activity. Furthermore, any prohibited sexual activity that did occur based on the facts on the record is best left to the state to address because the facts of this case do not fall comfortably within the federal domain.

This is a case about purely local activity, involving local actors, and affecting local interests and thus, should be handled by local authorities. Nonetheless, the USAO has indicated its intent to prosecute Mr. Epstein for purported violations of 18 U.S.C. §§ 2422, 2423, and 1591. However, as set forth in detail in prior submissions, the facts of this case fall squarely <u>outside</u> the heartland of those statutes – in fact, in law, and in congressional intent. As their plain

text and history indicate, these statutes were designed to address problems that are truly national and international in scope: human trafficking in § 1591; telephone or Internet sexual predation in § 2422; and sex tourism in § 2423. Unlike the alleged conduct at issue here, those problems unquestionably present multi-jurisdictional obstacles that States and localities cannot confront effectively on their own. Mr. Epstein's conduct was purely local in nature, and the State of Florida and Palm Beach County are effectively prosecuting and punishing that conduct.

Although CEOS asserts, "that a prosecution of Mr. Epstein might not look precisely like the cases that came before it is not dispositive" (CEOS letter at p. 4), the fact is this case does not look anything like those cases. The facts here do not carry any of the hallmarks that typify an appropriate federal prosecution for child exploitation as reflected in all such prior federal prosecutions. Specifically, the facts here do not carry the hallmarks for a sex trafficking or child prostitution prosecution. Mr. Epstein did not target minors. In fact, the evidence indicates just the opposite. There was no travel in interstate commerce for the purpose of engaging in illicit sexual activity. There was no prohibited use of a facility of interstate commerce. There was no commercial for profit sexual enterprise. There was no force. There was no violence. There was no use of drugs or alcohol. There was no child pornography.

18 U.S.C. § 1591 is clearly designed to combat organized rings of individuals who engage in the business of human trafficking, involving both a commercial and coercive component. As President Bush has noted:

> generally speaking, trafficking in persons refers to actions, often including the use of force, fraud or coercion, to compel someone into a situation in which he or she will be exploited for sexual purposes, which could include prostitution or pornography, or for labor without compensation, which could include forced or bonded labor . . . trafficking in persons is often linked to organized crime, and the profits from trafficking enterprises help fund other illegal activities. The growth of vast transnational criminal networks supported in part by trafficking in persons fosters official corruption and threatens the rule of law.[2]

This in no way describes the case here. Yet the USAO has been unwavering in its single minded focus to stretch the limits of these federal statutes beyond their intended use, and beyond precedent, in order to prosecute Mr. Epstein. As the CEOS letter acknowledges, the legal theories the USAO intends to attempt to pursue against Mr. Epstein are "novel," having never before been sanctioned by federal law. They should not be sanctioned now. As the Supreme Court recently pronounced, when a statutory term in a criminal statute could support both a narrow or broad application of the federal criminal law, "the tie must go to the defendant." United States v. Santos, 553 U.S. ____ and Cuellar v. United States, 553 U.S ____ (June 2, 2008), Slip Op. at 6.

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2 February 25, 2003 Trafficking in Persons National Security Presidential Directive.

A full and fair review of the facts here is critical to this analysis. Yet, it is clear that CEOS did not conduct such a review. In his recent letter to Jay Lefkowitz, First Assistant United States Attorney ("FAUSA") Jeffrey Sloman confirmed our understanding that the USAO was to have "facilitated" an "independent *de novo* review of the investigation" by the Department. (May 19, 2008 Sloman letter at p. 5). Yet, the CEOS review was not complete, and by its own terms not *de novo*.

As CEOS itself noted, "our review of this case is limited both factually and legally. We have not looked at the entire universe of facts in this case. It is not the role of the Criminal Division to conduct a complete factual inquiry from scratch." (CEOS letter at p. 1). Indeed, entire subject areas relevant to the inquiry were not considered at all by CEOS. In essence, CEOS was only in a position to make the most cursory possible review, an "abuse of discretion" review, without considering the facts at the necessary level of detail, and without taking into account the many and varied issues of misconduct we have raised in this case. As the CEOS letter indicates, "we did not review the facts, circumstances, or terms included in the plea offer nor any allegations that individuals involved in the investigation engaged in misconduct." (CEOS letter at p. 2). All of this begs the question – if it is not CEOS' role to "conduct a complete factual inquiry," and CEOS did not consider any of the allegations of misconduct here, which at the very least have created a strong appearance of impropriety, and, at worst evidence an intent and effort to unfairly prejudice Mr. Epstein to the financial benefit of the friends and colleagues of the prosecution team in the USAO, then where and when can justice ever hope to be served in this case? This is a prosecution burden that cannot, and should not, be brushed aside.

We contend the limited nature of the CEOS review deeply affected its conclusions. For example, CEOS most likely did not review original documents, such as transcripts, and instead relied on the summaries of federal prosecutors and FBI agents, against whom we have raised serious concerns regarding misconduct. If the summary memos from the USAO are as flawed as other USAO communications have been, and which we have been able to show are misleading and inaccurate, the CEOS abuse of discretion review is likely flawed as well. Moreover, although the USAO expected, and personally promised to us, an independent review, FAUSA Sloman's letter also makes clear that our pivotal legal challenge to the use of 18 U.S.C. § 2422(b) had already "been previously raised and thoroughly considered and rejected by . . . CEOS prior to" the recent CEOS review. (May 19, 2008 Sloman letter at p. 5). The fact that CEOS had to evaluate its own decision with respect to some of the allegations against Mr. Epstein prevents its subsequent review and opinion from being truly independent.

Following this most recent CEOS review "limited both factually and legally," and with no citation to any case law relative to the statutes in question, CEOS concludes merely, "federal prosecution in this case would not be improper or inappropriate (CEOS letter at p. 5);" in essence, that the United States Attorney could bring this case in the exercise of his federal discretion should he so choose ("we conclude that U.S. Attorney Acosta could properly use his discretion to authorize prosecution in this case."). (CEOS letter at p. 2). However, CEOS drew the conclusion that the

federal prosecution of Mr. Epstein would not be "improper or inappropriate" absent any review at all of the misconduct here, and absent a full review of the facts and law. The facts, the law, and the alleged misconduct are each necessarily inextricably intertwined with the question of whether or not this is a viable federal prosecution. These imposed limits flawed the review from the outset. In any event, CEOS concedes that the defense team makes "many compelling arguments." (CEOS letter at p. 5). In the end, then, one is left with the impression that the CEOS review and opinion, although concluding that the USAO could push forward at its own discretion, is a much qualified one.

The federal prosecution of Mr. Epstein has been a moving target from the inception. Each time the allegations, the witnesses or the applicable law is subject to a searching inquiry, we have found that the allegations have been misrepresented, the law does not apply to the actual facts here, and the USAO prosecution theory falls apart. Yet, in the face of the voluminous evidence we have submitted in this regard, while acknowledging that the theories are "novel," and that our arguments against federal prosecution are "compelling," CEOS concluded, "Mr. Acosta could rightfully conclude that this federal issue is best resolved by a jury" and that "the USAO has a good faith basis to fully develop the facts on this issue and brief the law to permit a court to decide whether the law appropriately reaches such conduct." With all due respect, and recognizing that CEOS may be – and apparently was – limited in its authority, it should not be the prerogative of the prosecution arm of the United States government to simply roll the dice, and let the court system just sort it out when dealing with the life and liberty of a United States citizen. The Department of Justice should not be so cavalier when labeling someone as a child molester. While it may be within the discretion of the USAO to do so, it is not in accord with the principles of justice.

Indeed, as noted, just a few weeks ago, the Supreme Court underscored this point in Santos and Cuellar. The Court made clear that prosecutorial discretion does not provide the USAO cart blanche to expand criminal statutes as they seek to do here with complete disregard for congressional intent. The Court rejected speculation as a basis of determining the scope of a criminal statute; "probability is not a guide which a court, in construing a penal statute, can safely take." Slip op. at 7, quoting United States v. Wiltberger, 5 Wheat. 76,105 (1820). "We interpret ambiguous criminal statutes in favor of defendants, not prosecutors." Slip op. at 12.

Based on my experience, I believe that the facts here do not warrant a federal child exploitation prosecution. At its core, this case is quintessentially a state concern as opposed to implicating any federal interest. Indeed, the Florida State Attorney's Office ("SAO"), led by the chief of the Sex Crimes Division, thoroughly investigated this matter, and presented it to the grand jury. The facts, as opposed to the deeply flawed press reports, were carefully assessed by experienced State prosecutors who aggressively enforce State criminal laws. Following an extensive 15-month State investigation, Mr. Epstein was indicted by a State grand jury on a single felony count of solicitation of prostitution.

During the investigation, the State prosecutor exhaustively reviewed the evidence, met face-to-face with many of the alleged victims, considered their credibility – or lack thereof – and

considered the extent of exculpatory evidence, including a psychosexual evaluation of Mr. Epstein and a polygraph examination demonstrating that Mr. Epstein genuinely believed at the time of the alleged conduct that the State's key witness [redacted] was over the age of 18. Then, after months of negotiations, the State reached what it believed was an appropriate resolution of the case. Importantly, this resolution was consistent with that of cases involving other defendants who had engaged in similar conduct. Implementation of the State resolution of the case was held in abeyance, however, due to the unexpected commencement of the successive federal criminal investigation.

While it is true, as CEOS points out, (CEOS letter at p. 3) that many criminal prosecutions turn on issues of credibility of witnesses, to which many members of the defense team can attest (having had decades of federal criminal litigation experience among us), this does not serve to divest the prosecutor of his/her duty to make a searching inquiry of the facts before using the power of prosecution, and the weight of the United States government, to level serious accusations. CEOS likewise acknowledges as much, "the prosecutors are in the best position to assess the witnesses' credibility." (CEOS letter at p. 3).

Since the CEOS letter also singles me out as someone who should be familiar with witness issues, I feel compelled to note that, of course, I am well aware that it is not uncommon for witnesses to give conflicting statements. I am also fully aware that the credibility of key government witnesses may be strongly impacted by the $50 million incentive provided via the civil lawsuits at play, and encouraged by the government here. [3] I have also read many of the conflicts between witness testimony and Detective ReCarey's own rendition of that testimony in his reports and/or search warrant affidavit. Detective ReCarey apparently formed a view early on as to the purported criminality of Mr. Epstein's conduct regardless of the mountain of evidence to the contrary. For a prosecutor that has had an opportunity to review the full facts, and to meet with the witnesses, however, "conflicting statements" cross the line to a "lack of credibility" that simply can not sustain a prosecution. That is where an appropriate application of prosecutorial discretion must be brought to bear.

Again, CEOS was not itself in the position to exercise such discretion. By its own admission, CEOS did not make a full review of the witness statements here, and CEOS certainly did not sit down across the table and speak to these witnesses. We understand that was apparently not its perceived role. But, CEOS should recognize that at least one prosecutor in this case – the Chief of the SAO Sex Crimes Division has done so. Lana Belohlavek not only met with and interviewed these witnesses during the course of the 15-month state investigation prior to any federal involvement, but she again sat across the table from many of them in connection with recent civil

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3 It is important to note here that this investigation was launched not upon the complaint of any alleged victim, but, rather, upon the complaint of [redacted] father, [redacted], and her stepmother, [redacted]. More notable still is the fact that [redacted] has been convicted of federal bank fraud, and [redacted] has a state conviction for identify fraud. Hardly pillars of credibility. Yet, the USAO did not supply this information to the defense. Even more telling is the fact that [redacted] filed a $50million lawsuit purportedly on behalf of his daughter without her authority or knowledge.

depositions in this matter. Ms. Belohlavek, and the SAO, is likewise well familiar with the breadth of the federal investigation, and has integrated that knowledge into the current enhanced state sentencing recommendation. The SAO remains firm in the position that the proposed state resolution is a sound one, and that there was no child exploitation here. Notably, however, not once during the pendency of the federal investigation has the USAO ever reached out to its state prosecutive counterpart that initiated this investigation in the first place to discuss the issues or to thoroughly ferret out the facts or the witness credibility issues.

In the eight lines the CEOS letter accords to the topic of witness credibility CEOS asserts, "there are multiple mutually-corroborating witnesses," (CEOS letter at p. 3). However, the CEOS letter does not highlight a single one. In contrast, we have put forth numerous "mutually corroborating" witness statements. Far from supporting a federal prosecution, these statements instead corroborate that 1) the alleged victims lied to Mr. Epstein about their age; 2) there was no use of a facility of interstate commerce by Mr. Epstein; 3) there was no inducement or coercion; 4) there was no commercial enterprise; and 5) there was no illicit sexual conduct.

Indeed, Mr. Epstein took several steps to ensure that no minors entered his home, most notably, by affirmatively asking the women whether they were actually 18. See e.g. [redacted] Tr. At 38-39. That fact – which many of the potential witnesses have confirmed in sworn interviews – strongly indicates that Mr. Epstein specifically intended ***to preclude*** anyone under 18 from giving him a massage. That fact is confirmed by, among other things, [redacted] testimony that "he likes the girls that are between the ages of like 18 and 20 . . . ." [redacted] Tr. at 12. In fact, the evidence bears out that the majority of the women who came to Mr. Epstein's residence to provide a massage were over 18.

Many of the young women who were aged 16 and 17 visited Mr. Epstein's residence only once or twice, and the evidence strongly shows that they lied to Mr. Epstein about their age. Two of these individuals, [redacted] and [redacted], were 14 and 15 at the time they met Mr. Epstein. Given that each has brought a civil lawsuit against Mr. Epstein, with [redacted] and her family seeking $50 million from Mr. Epstein, their testimony against Mr. Epstein is per se suspect. But, despite their obvious incentive to harm Mr. Epstein, their testimony actually confirms his innocence. [redacted] for instance, has testified that [redacted] who introduced her to Mr. Epstein, expressly told her to lie to Mr. Epstein about her age.

Q: And [redacted] told you that if you weren't 18 Epstein wouldn't let you into his house, right?

A: That's – yes, yes.

[redacted] (deposition) at 32.

Q: You didn't want Mr. Epstein to know that you were lying about your age, right?

A: Correct.

Q: You didn't want Mr. Epstein to know that you were not 18 yet, right?

A: Correct.

[redacted] (deposition) at 36.

In fact, Ms. [redacted] told Mr. Epstein that she was 18 years old, and confirmed this fact with Palm Beach Police. Id. at 36. Beyond that, Ms. [redacted] "swore on her mother's grave" that she and Mr. Epstein did not engage in sex of any kind. [redacted] Tr. (deposition) at 24. She further repeatedly explained that prior to the time she went to Mr. Epstein's house (she went there only once), nobody ever tried to coerce her to engage in sexual activity with Mr. Epstein. Not over the telephone, not over the Internet, not at all. [redacted] Tr. (deposition) at 31-32. These are not facts upon which a federal case can stand.

Ms. [redacted] s age was also unknown to Mr. Epstein when she went to his home. [redacted], who was introduced to Mr. Epstein by Ms [redacted] testified in her federal sworn interview that Ms. [redacted] told her to lie to Epstein. See [redacted] Tr. at 8 (*"she just said make sure you're 18 because Jeffrey doesn't want any underage girls"*) (emphasis added). Ms. [redacted] testimony strongly suggests that Ms. [redacted] ied to Mr. Epstein about her own age as well. Ms. [redacted] also self represented that she worked at a local erotic massage parlor that presumably required a minimum age.

The conduct of [redacted] is likewise illustrative of "mutually corroborating" testimony which supports the fact that this is not an appropriate federal case. In the same way that Ms. [redacted] was referred to Mr. Epstein and brought to his home without having been introduced or acquainted in any manner, Ms. [redacted] was referred by someone else, [redacted], who also told her to lie to Mr. Epstein about her age, which she did. [redacted] Tr. at pp. 8-9).

CEOS seeks to buttress the USAO prosecution by asserting "it is possible to satisfy that element [proof of specific intent as to the age of the alleged victims] with proof that the defendant was deliberately ignorant of facts which would suggest that the person was a minor." (CEOS letter at p. 2). Such assertion is counter to the law and to the facts. Reliance on a deliberate ignorance standard as to any of the three statutes in issue requires the factual predicate of an intent not to learn of an incriminating fact. This is the antithesis of the factual context of this case where there is repeated proof that the minors believed that they had to lie because Mr. Epstein had an actual practice of attempting to verify age, and would not let them in his house if they were under the age of 18. See United States v. Kennard, 472 F.3d 851, 857-858 (11th Cir. 2006), quoting, United States v. Puche, 350 F.3d 1137, 1149 (11th Cir. 2003) (An instruction on deliberate ignorance is appropriate only if it is shown [among other things] . . . that the defendant purposely contrived to avoid learning

of all of the facts in order to have a defense in the event of a subsequent prosecution."). Thus, the facts preclude reliance on the concept of deliberate ignorance as a substitute for proof.

The fact that the search warrant affidavit in this case is rife with mis-statements and omissions regarding the key element of age is critical. However, CEOS concludes with no apparent supporting analysis, "despite the numerous factual errors you describe, the U.S. Attorney's Office could still plausibly argue that the mistakes – whether inadvertent or intentional – were not material to the determination . . . ." (CEOS letter at p. 3). Although, as CEOS notes, there are "numerous" such misrepresentations, through affirmative statement or intentional omission, a focus on but one of those misrepresentations highlights that such misrepresentations were, in fact, material. The fact is that Detective ReCarey grossly misrepresented Mr. Epstein's intent as it related to the age of the women he permitted entry to his residence.

In the search warrant affidavit, Detective ReCarey *affirmed* that [redacted] claimed:

[Mr. Epstein] told her the younger the better.
And, [redacted] stated she once tried to bring a 23 year old female and Epstein stated that the female was too old.

What Detective ReCarey, no doubt intentionally, omitted was [redacted] *further* explanation, which rendered Mr. Epstein's comments *innocuous*:

A: Let me put it this way, he – I tried to bring him a woman who was 23 and he didn't really like it.

Q: He didn't go for it?

A: It's not that he didn't go for it. It's just that he didn't care for it. ***And he likes the girls that are between the ages of 18 and 20.*** ([redacted] Statement at 12) (emphasis added).

Had that critical information, information that turns allegedly illegal conduct into more innocent conduct, been included, it would have seriously undermined the probable cause for the search warrant.

Similarly, and equally problematic, Detective ReCarey *did not* include the many statements demonstrating that, when asked by Mr. Epstein, the women affirmatively misrepresented their ages as being 18, and/or that Mr. Epstein was not aware of their true ages. Indeed, although Detective ReCarey did note that Ms. [redacted] told Mr. Epstein that she was 18, he omitted from the affidavit the key point as to why she lied:

> [redacted] **said tell him you're 18 because if you're not, he won't let you in his house.** So I said I was 18. As I was giving him a massage, he was like how old are you. And then I was like 18. But I kind of said it really fast because I didn't want to make it sound like I was lying or anything. [redacted] at 38-39.

Thus, consistent with the guidance provided in Franks v. Delaware, 438 U.S. 154 (1978), the search warrant affidavit in this case reveals knowing and reckless falsehoods and omitted *material* information. This is precisely the type the United States Supreme Court sought to guard against.

The age of the alleged victims, and of Mr. Epstein's intent in that regard, is an element of the crimes that must be proven in order to sustain a conviction. In particular, § 2422(b) requires that the defendant specifically intended to target a minor. See, e.g., United States v. Murrell, 368 F.3d 1286 (11th Cir. 2004) ("[T]o prove an attempt the government must first prove that [defendant], using the internet, acted with a *specific intent to persuade, induce, entice, or coerce a minor to engage in unlawful sex.*") (Emphasis added). Section 2422(b) expressly requires that the crime be committed "knowingly," and that requisite mental element applies as to each element of the crime. United States v. XCitement Video, Inc., 513 U.S. 64, 68-69 (1994); United States v. Meek, 366 F.3d 705, 718 (9th Cir. 2004); United States v. Root, 296 F.3d 1222, 1227 (11th Cir. 2002); United States v. Bailey, 228 F.3d 637, 638-639 (6th Cir. 2000). How, then, could the USAO "plausibly argue" that a misrepresentation about an element of the crime could be viewed as "not material"? If the elements of the alleged crime are not met, there is no probable cause to sustain the search warrant in the first instance. If the elements are not met, there is no federal crime. That is material.

Moreover, it is clear from the plaint text of the statute that the statutorily proscribed act pursuant to 18 U.S.C. §2422(b) is the actual use of a facility of interstate commerce to persuade, entice, induce, or coerce. "The underlying criminal conduct Congress expressly proscribed in passing §2422(b) is the persuasion, inducement, enticement, or coercion of the minor rather than the sex act itself. That is, if a person persuaded a minor to engage in sexual conduct (e.g., with himself or a third party) without then committing any sex act himself, he would nevertheless violate §2422(b)." United States v. Murrell, 368 F.3d 1283, 1286 (11th Cir. 2004). See also, United States v. Bailey, 228 F.3d 637, 639 (6th Cir. 2000) ("Congress has made a clear choice to criminalize persuasion and the attempt to persuade, not the performance of the sexual acts themselves."). Thus, if there has been sexual misconduct (which we deny) without the requisite persuasion, there is no violation of this federal law.

The investigation and testimony in this case makes clear that Mr. Epstein did not use any facility of interstate commerce to commit any act forbidden by 18 U.S.C. § 2422(b)—to persuade, induce, entice, coerce—nor did he direct any of his assistants to do so. Indeed, by way of example, [redacted] was clear on this point at her deposition during which she repeatedly testified that nobody—not Mr. Epstein or any of his assistants—ever used the Internet or phone in any way to try to persuade her to engage in sexual activity with Mr. Epstein. [redacted] (deposition) at 31-32. Nonetheless, even assuming, *arguendo,* that persuasion to engage in sexual conduct occurred over

the telephone (which we deny), it is black letter law that the *mens rea* must coincide with the *actus reus*. Thus, the government must prove that Mr. Epstein has the specific intent to target a known minor to engage in prohibited sexual activity *at the time of the call*. We have seen zero evidence of this. To the extent Mr. Epstein *later* may have persuaded a particular individual to engage in unlawful sexual activity *during a massage*, such persuasion occurred face to face, and can not work retroactively to render the earlier phone call an offense under the statute.

As to the purported violation of 18 U.S.C. § 2423 for allegedly traveling in interstate commerce for the purpose of engaging in illicit sexual activity, CEOS does not deny that Mr. Epstein was returning to one of his residences when he traveled to Florida.[4] CEOS explicitly stated it "fully understand[s] our argument" (CEOS letter at p.2) that Mr. Epstein should not be charged under § 2423(b) because the dominant purpose for his traveling to Palm Beach was not to engage in illegal sexual activity, but to simply return to one of his residences. Rather, this is apparently another "compelling" point of law which may be left to "a court to decide whether the law properly reaches such conduct." (CEOS letter at p. 2).[5] Notably, implicit in this concession by CEOS is that the law has never before been so applied, that is, there is no precedent for a court to extend the statute as the USAO seeks to do here. In fact, the United States Supreme Court prohibited the criminalization of travel under identical circumstances over a half century ago. See, Mortenson v. United States, 322 U.S. 369, 374 (1944) (intention to engage in proscribed conduct must "exist before the conclusion of the interstate journey and must be the *dominate motive* of such interstate movement." (Emphasis added.)

Beyond an absence of proof regarding the travel element in connection with 18 U.S.C. §2423, the requisite age requirement for a violation of that statute is important. 18 U.S.C. §2423, by reference to Chapter 109A (18 U.S.C. §2423(f)(1)), specifically defines a minor for purposes of that statute as an individual who has not attained the age of 16. If an alleged victim is 16 years of age or older, a violation of this statute pursuant to 2423(f)(1) can only occur if it can be proven that force, threat or drugs were involved. See, 18 U.S.C. §§ 2241 *et seq.* There are no such allegations here. As a result, in order to find a violation under 18 U.S.C. § 2423, the United States would have to prove that Mr. Epstein engaged in one of the sexual acts defined at 18 U.S.C. § 2246(2) with an individual under the age of 16, and that he formed the intent and dominant purpose to do so prior to the time he made a return trip to Florida. Again, there is no such evidence here. [redacted] has specifically testified that 1) she never engaged in sexual activity with Mr. Epstein; 2) she never even met or talked to Mr. Epstein prior to her arrival at his house; and 3) she lied about her age not only to Mr. Epstein, but, in fact, to the world on her MySpace page when she said that she was 18 years old. It is, then, also worth noting in this regard that 18 U.S.C. §§2243(c) provides an affirmative defense if proven by a preponderance of the evidence if Mr. Epstein reasonably believed that [redacted] was

4 In addition to his residence there, Mr. Epstein also has several businesses, and personal matters and contacts to which he attends in Florida. For example, beginning in 2002, Mr. Epstein visited his mother nearly every weekend in Palm Beach until she passed away in April, 2004.

5 As previously set forth herein, and as more fully explained in other submissions related to this case, the recent Supreme Court decisions in Santos and Cuellar make this attempted stretch of the law improper.

had attained the requisite legal age. Finally, although 18 U.S.C. §2423(f)(2) also defines "illicit sexual conduct" as any commercial sex act with a person under the age of 18, 18 U.S.C. §2423(g) also provides a specific affirmative defense as to that age element if proven by a preponderance of the evidence that Mr. Epstein reasonably believed that the young women had attained the requisite legal age. As we have demonstrated, time and again the women involved lied to Mr. Epstein as to their true age, representing that they were, in fact, over the age of 18. Many of them also represented that they worked at local massage parlors, which presumably would have imposed a legal age requirement.

Lastly, in contrast to 18 U.S.C. §1591, Mr. Epstein's conduct did not involve trafficking of women or children in the sex industry, and was not part of any phenomenon that, in the aggregate, had an economic impact on interstate or foreign commerce. Additionally, Mr. Epstein did not benefit financially from the alleged conduct. Therefore, as the SAO determined, and still believes, Mr. Epstein was a customer, a "John" for whom prosecutions are best left to the State to address. Indeed, there is no reported precedent extending federal law to a local "John" who does not violate the child exploitation statutes. Indeed, CEOS does not point to a single case where federal prosecutors have used § 1591 in a case involving facts like these. Instead, every § 1591 prosecution has involved national or international sex trafficking and/or for-profit prostitution rings, involving the *knowing* use of minors and/or forcible coercion, or forcible rape, physical abuse or intimidation. These are the elements required by the statute, and they are not met here.

Although CEOS could, perhaps, point to United States v. Evans, 476 F.3d 1176 (11th Cir. 2007) as a case that, standing alone, involved wholly intrastate conduct, the facts of that case are far different in key respects than this one. The Evans case involved both the commercial and coercive components that Congress, and administration policy statements intended in 18 U.S.C. § 1591 prosecutions. Evans, and his co-conspirators (Madison and Yearby) were not "Johns." **They operated a for profit prostitution ring marked by control of, and extreme violence toward, the victims, who they knew were underage.** Indeed, Evans forced one such victim, age 14 years old, to continue to work even after she had been hospitalized with AIDS. As part of their business, Evans and his co-conspirators provided the victims with cell phones, hotels, and condoms, and the victims were forced to give all of their money from this prostitution ring to Evans and his co-conspirators. None of this type of activity comes close to the facts regarding Mr. Epstein. Finally, but significantly, the prostitution ring in Evans was not, in fact, entirely intrastate as the companion case of one of the Evans co-defendants makes clear. See, United States v. Madison, 477 F.3d 1312, 1313-1314 (11th Cir. 2007) (Jane Doe #2 stated that she traveled to Atlanta, Georgia with Madison to work as a prostitute).

Thus, courts, including the Eleventh Circuit in Evans, have underscored the point that § 1591 simply is not intended to cover the kind of alleged conduct at issue here. "Section 1591 does not criminalize all acts of prostitution (a vice traditionally governed by state regulation). Rather, its reach is limited to sex trafficking that involves children or is accomplished by force, fraud, or coercion." United States v. Evans, 476 F.3d at 1179 n. 1; See also United States v. Sims, 171 Fed.

Appx. 849, 2006 WL 14581 at *3 (11th Cir. 2006) (to establish Sims's guilt on the sex trafficking of a minor count, the government had to show that Sims *benefited financially* from Owen's sexual activity and that Sims *knew* that (a) force or coercion would be used to cause Owens to engage in a criminal sex act or (b) that Owens was under the age of 18.) (emphasis added). Again, none of these factors is present in this case. The Eleventh Circuit's interpretation of the statute makes perfect sense: were § 1591 not limited in this fashion, it would threaten to criminalize a host of localized behavior that has nothing to do with human trafficking, and, thus, is of no valid federal interest.

In sum, to accord discretion to the USAO, albeit without benefit of the requested full *de novo* review, to exercise authority to pursue a prosecution which involves a "novel" application of three federal statutes in the face of numerous "compelling arguments" is not warranted, as it is not supported by the facts, the law, or justice. Echoing the admonition of the Supreme Court in the Berger decision, the Comment to Rule 3.8 of the Rules of Professional Conduct (Special Responsibilities of a Prosecutor), says it best "A prosecutor has the responsibility of a minister of justice and not simply that of an advocate. This responsibility carries with it specific obligations to see that a defendant is accorded procedural justice and that guilt is decided upon the basis of sufficient evidence." This is a responsibility that can not be taken for granted. The government bears the burden of assuring that it possesses sufficient evidence to prove each element of a crime with respect to some specific victim before publicly branding Mr. Epstein a child molester. In this case, however, the USAO has not met its burden for any victim for any of the crimes alleged. It is not enough to simply gloss over the required proof, and rely on the jury or the court to just sort it all out in the end. The stakes are too high. As a result, the USAO should not be permitted to pursue an unfounded federal criminal case against Mr. Epstein under the guise of prosecutorial discretion.

Such prosecution in this case necessarily would appear to be selective to Mr. Epstein. To be clear, our request that Mr. Epstein should not be prosecuted federally would not permit him to go completely unpunished, but, rather, would simply place him in the same prosecution position as others similarly situated. Therefore, we continue to believe that after a complete, *de novo*, and independent review, the only appropriate conclusion will be that this case is best left to the state to resolve.

Very truly yours,

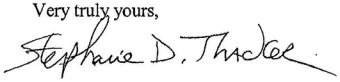

STEPHANIE D. THACKER

SDT/kdt
Enclosures

# TAB 1

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*First Assistant U.S. Attorney*

*99 N.E. 4 Street*
*Miami, FL 33132*
*(305) 961-9100*

DELIVERY BY FACSIMILE

May 19, 2008

Jay P. Lefkowitz, Esq.
Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675

Re: Jeffrey Epstein

Dear Mr. Lefkowitz,

I am in receipt of your e-mail dated May 19, 2008 to the United States Attorney. The U.S. Attorney would like me to advise you that all communications and inquiries related to the Epstein matter, will be handled by AUSA Marie Villafana and/or her supervisor, Karen Atkinson, so he does not intend to respond to your e-mail or calls unless AUSA Villafana and/or her supervisors advise him otherwise. Furthermore, you make reference to "*our July 8 deadline*." Respectfully, the United States Attorney's Office for the Southern District of Florida ("SDFL") has never agreed to any such deadline. Should you decide to provide the SDFL with any additional information, please do so through AUSA Villafana, and, in her absence, AUSA Atkinson.

On September 24, 2007, your client, Jeffrey Epstein, in consultation with Gerald Lefcourt, Esq. and Lilly Ann Sanchez, Esq., as well as numerous other nationally-renowned lawyers, including but not limited to Harvard Law Professor Alan Dershowitz, former Independent Counsel and Solicitor General of the United States Kenneth Starr, just to name a few, entered into a global resolution of state and federal liabilities faced by your client ("the Agreement") with the SDFL. Although you and other members of the defense team have since claimed that the Agreement was the product of adhesion, the following facts demonstrate that Epstein knowingly and voluntarily entered into the Agreement in order to avoid a federal indictment regarding his sexual conduct involving minor victims. Despite the fact that by signing the Agreement, Epstein gave up the right to object to its provisions, the SDFL bent over backwards to exhaustively consider and re-consider your objections. Since these objections have finally been exhausted and Epstein has previously expressed his intent to not comply with several of the terms and conditions of the Agreement as set forth below, the SDFL hereby notifies you that unless he complies with all of the terms and conditions of the Agreement, as modified by the United States Attorney's December 19, 2007 letter to Ms. Sanchez by close of business on Monday, June 2, 2008, the SDFL will elect to terminate the Agreement.

## Background

The Agreement was the product of months of negotiations. Specifically, you requested and received numerous meetings, at the highest levels of the SDFL and DOJ's Child Exploitation and Obscenity Section (CEOS) concerning claims that (a) the investigation merely produced evidence of relatively innocuous sexual conduct with some minors who, unbeknownst to Epstein, misrepresented their ages; (b) the authorities investigating Epstein engaged in misconduct; (c) the contemplated federal statutes have no applicability to this matter; and (d) the federal authorities disregarded the fundamental policy against federal intervention with state criminal proceedings. *After careful review, the SDFL ultimately rejected those claims. Subsequent to its decision, however,* but before proceeding any further, the SDFL provided you with 30 days to appeal the decision to the Assistant Attorney General of the United States, Alice Fisher. As you recall, you chose to forego an appeal to AAG Fisher, and instead pursued a negotiated resolution which, ultimately, resulted in the execution of the Agreement.

## The Negotiation Phase

During negotiations, you tried to avoid a resolution that called for incarceration and registration as a sexual offender – both of which would be triggered by a successful federal prosecution. The SDFL believed and continues to believe that should this matter proceed to trial, your client would be convicted of the federal statutes identified in the Agreement. In order to achieve a global resolution, the SDFL indicated a willingness to defer to the State the length of incarceration; however, it remained adamant that Epstein register as a sex offender and that all victims identified during the investigation remain eligible for compensation. In order to achieve this result, the parties considered two alternatives, a plea to federal charges that limited Epstein's sentencing exposure, or, as suggested by you, a plea to state charges encompassing Epstein's conduct. Ultimately, the parties agreed to, *inter alia,* a plea to the state charges outlined in the Agreement, registration and a method of compensation.

## The Agreement

The crux of the Agreement defers in favor of the State federal prosecution of Epstein for his sexual conduct involving those minor victims identified as of September 24, 2007, in exchange for a guilty plea to a state offense that requires registration as a sex offender; a sufficient term of imprisonment; and a method of compensation for the victims such that they would be placed in the same position as if Epstein had been convicted of one of the enumerated offenses set forth in Title 18, United States Code, Section 2255. Specifically, the Agreement mandates, *inter alia,* (1) a guilty plea in Palm Beach County Circuit Court to solicitation of prostitution (Fl. Stat. Section 796.07) and procurement of minors to engage in prostitution (Fl. Stat. Section 796.03) (an offense that requires him to register as a sex offender); (2) a 30-month sentence including 18 months' incarceration in county jail; (3) a methodology to compensate the victims identified by the United States; (4) entry

of the guilty plea and sentence no later than October 26, 2007; and (5) the start of the above-mentioned sentence no later than January 4, 2008.

Furthermore, and significantly, Epstein agreed that he had the burden of ensuring compliance of the Agreement with the Palm Beach County State Attorney's Office and the Judge of the 15th Judicial Circuit and *"that the failure to do so will be a breach of the agreement"* (emphasis added).

Post-Execution of the Agreement

Within weeks of the execution of the Agreement, you sought to delay the entry of Epstein's guilty plea and sentence. After the SDFL agreed to accommodate your request, counsel for Epstein began taking issue with the methodology of compensation, notification to the victims, and the issues that had been previously considered and rejected during negotiations, *i.e.*, that the conduct does not require registration and the contemplated state and federal statutes have no applicability to the instant matter.

A. Delay.

The Agreement required that "Epstein shall use his best efforts *to enter his guilty plea and be sentenced not later than October 26, 2007.* The United States has no objection to Epstein self-reporting to begin serving his sentence not later than January 4, 2008." Agreement, pages 4-5, paragraph 11 (emphasis added). After the Agreement was executed, the SDFL accommodated your request to extend the October 26th plea deadline to November 20th based upon, what seemed to be, reasonable scheduling conflict issues.[1] By early November, you represented that the presiding state court judge would not "stagger the plea and sentencing as contemplated in the Agreement."Although the Agreement clearly did not contemplate a staggered "plea and sentencing," the SDFL again agreed to accommodate Epstein's request to appear in state court for plea and sentencing on January 4, 2008.[2]

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[1] "Accordingly, I have now confirmed with Mr. Epstein's Florida counsel that the state's attorney's office and the court will be available to have him enter his plea on November 20. So we will plan to proceed on one that date." October 18, 2007 email from Jay Lefkowitz to USA R. Alexander Acosta.

On the same day, Mr. Lefkowitz confirmed with First Assistant Jeffrey H. Sloman that this postponement " will not affect when Epstein begins serving his sentence."

[2] Correspondence from Jay Lefkowitz to FAUSA Sloman dated November 8, 2007 ("the judge has invited the parties to appear for the plea and sentencing on January 4th, we do not anticipate any delay beyond that date.")

B. Method of Compensation and Notification.

During this same time period, you and others, including the former Solicitor General of the United States Kenneth Starr, took issue with the *implementation* of the methodology of compensation (hereinafter "the 2255 provision")[3] and the SDFL's intention to notify the victims *under 18 U.S.C. Section 3771 (you objected to victims being notified of time and place of Epstein's* state court sentencing hearing). In response, the SDFL offered, in my opinion, numerous and various reasonable modifications and accommodations which ultimately resulted in United States Attorney R. Alexander Acosta's December 19, 2007 letter to Lilly Ann Sanchez. In that letter, the United States Attorney tried to eliminate *all* concerns which, quite frankly, the SDFL was not obligated to address, let alone consider. He proposed the following language regarding the 2255 provision:

> "Any person, who while a minor, was a victim of a violation of an offense enumerated in Title 18, United States Code, Section 2255, will have the same rights to proceed under Section 2255 as she would have had, if Mr. Epstein been tried federally and convicted of an enumerated offense. For purposes of implementing this paragraph, the United States shall provide Mr. Epstein's attorneys with a list of individuals whom it was prepared to name in an Indictment as victims of an enumerated offense by Mr. Epstein. Any judicial authority interpreting this provision, including any authority determining which evidentiary burdens if any a plaintiff must meet, shall consider that it is the intent of the parties to place these identified victims in the same position as they would have been had Mr. Epstein been convicted at trial. No more; no less."

Regarding the issue of notice to the victims, USA Acosta proposed to notify them of the federal resolution as required by law; however, "[w]e will defer to the discretion of the State Attorney regarding whether he wishes to provide victims with notice of the state proceedings, although we will provide him with the information necessary to do so if he wishes." As you know, you rejected these proposals as well. *See* December 26, 2007 correspondence from Jay Lefkowitz to USA Acosta.

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[3] Prior to any issues arising concerning the implementation of the 2255 provision, the SDFL unilaterally agreed to assign its responsibility to select the attorney representative for the alleged victims to an independent third-party. This was done to avoid even the appearance of favoritism in the selection of the attorney representative. As a result, on October 29, 2007, the parties executed an Addendum wherein it was mutually agreed that former United States District Court Judge Edward B. Davis would serve as the independent third-party. Judge Davis selected the venerable law firm of Podhurst and Josefsberg to represent the approximately 34 alleged identified victims.

C. "Mr. Epstein Does Not Believe He Is Guilty Of The Federal Charges Enumerated Under Section 2255."

At our December 14, 2007 meeting at the U.S. Attorney's Office in Miami, counsel for Epstein announced, *inter alia*, that it was a "profound injustice" to require Epstein to register as a sex offender and reiterated that no federal crime, especially 18 U.S.C. Section 2422(b), had been committed since the statute is only violated if a telephone or means of interstate commerce is used to do the persuading or inducing. This particular attack on this statute had been previously raised and thoroughly considered and rejected by the SDFL and CEOS prior to the execution of the Agreement. You also argued that the facts were inapplicable to the contemplated state statutes and that Epstein should not have been allowed to have been induced into the Agreement because the facts were not what he understood them to be. It should be noted that the SDFL has never provided you with any evidence supporting its investigation. This is not, and has never been, an *Alford* plea situation (*see North Carolina v. Alford*, 400 U.S. 25, 91 S.Ct. 160 (1970)). Ultimately, you requested an independent review.

Subsequent to the above-mentioned meeting, the SDFL received three letters from you and/or Mr. Starr which expanded on some of the themes announced in the December 14th meeting. Essentially, you portrayed the SDFL as trying to coerce a plea to unknown allegations and incoherent theories. On December 17, 2007, you decreed that Epstein's conduct did not meet the requirements of solicitation of minors to engage in prostitution (Fl. Stat. Section 796.03) one of the enumerated crimes Epstein had previously agreed to plead guilty to; that Epstein's conduct does not require registration under Florida law; and the State Attorney's Office does not believe the conduct is registrable. On December 21, 2007, you rejected the USA's proposed resolution of the 2255 provision because you "strongly believe that the provable conduct of Mr. Epstein with respect to these individuals fails to satisfy the requisite elements of either 18 U.S.C. Section[s] 2422(b) ... or ... 2423(b)." In your December 26, 2007 correspondence you stated that "we have reiterated in previous submissions that Mr. Epstein does not believe he is guilty of the federal charges enumerated under section 2255" and requiring "Mr. Epstein to in essence admit guilt, though he believes he did not commit the requisite offense."

As the SDFL has reiterated time and time again, it does not want, nor does it expect, Epstein to plead guilty to a charge he does not believe he committed. As a result, we obliged your request for an independent *de novo* review of the investigation and facilitated such a review at the highest levels of the Department of Justice. It is our understanding that that independent review is now complete and a determination has been made that there are no impediments to a federal prosecution by the SDFL.

Conclusion

On February 25, 2008, I sent you an e-mail setting forth a timetable for moving forward in the event that CEOS disagreed with your position. That time is now. As you know, my February 25th email stated that I would give you one week to comply with the terms and conditions of the Agreement, as modified by the USA's December 19th letter to Ms. Sanchez. In light of the upcoming Memorial Day weekend, I have decided to extend that timetable to the close of business on Monday, June 2, 2008, which is a full two weeks.

Sincerely,

R. Alexander Acosta
United States Attorney

By: 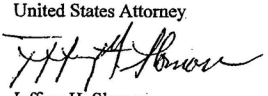
Jeffrey H. Sloman
First Assistant United States Attorney

cc: R. Alexander Acosta
United States Attorney

A. Marie Villafana
Assistant U.S. Attorney

Karen Atkinson
Assistant U.S. Attorney

# TAB 2

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT OF FLORIDA
99 NE 4TH STREET
MIAMI, FLORIDA 33132-2111

Jeffrey H. Sloman
First Assistant U.S. Attorney
305 961 9299

Cyndee Campos
Staff Assistant
305 961 9461
**305 530-6444 fax**

FACSIMILE TRANSMISSION
COVER SHEET

DATE: November 5, 2007

**TO:** Jay Lefkowitz, Esquire

**FAX NUMBER:** (212) 446 4900

**SUBJECT:** Jeffrey Epstein

**NUMBER OF PAGES, INCLUDING THIS PAGE:** 3

**Message/Comments:**

This facsimile contains PRIVILEGED AND CONFIDENTIAL INFORMATION intended only for the use of the Addressee(s) named above. If you are not the intended recipient of this facsimile, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination or coping of this facsimile is strictly prohibited. If you have received this facsimile in error, please immediately notify us by telephone and return the original facsimile to us at the above address via the U.S. Postal Service. Thank you.

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*99 N.E. 4th Street*
*Miami, FL 33132-2111*
*(305) 961-9299*
*Facsimile: (305) 530-6444*

November 5, 2007

DELIVERY BY FACSIMILE
Jay P. Lefkowitz, Esq.
Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675

Re: Jeffrey Epstein

Dear Jay:

Several things have come to my attention that seem contrary to your client intending to abide by his obligations under the Non-Prosecution Agreement. As you know, that agreement requires our Office to inform you of potential breaches to give you and your client the opportunity to respond before an indictment is filed. At this time, I do not believe that the agreement has been breached; however, I have sufficient concerns that need to be addressed.

First, I understand that private investigators working for Mr. Epstein have contacted victims to ask them whether any detectives or FBI agents have discussed a financial settlement with them. On one occasion, the private investigators told the parent of a victim that she should get an attorney for her daughter and she should do so right away. These actions are troublesome because the FBI agents legally are required to advise the victims of the resolution of the matter, which includes informing them that, as part of the resolution, that Mr. Epstein has agreed to pay damages in some circumstances. Furthermore, Mr. Epstein well knows that we are in the process of selecting an attorney to represent the victims and, but for the inordinate amount of time spent negotiating the Addendum, that attorney would already have been selected. Paragraph 7 of the Non-Prosecution Agreement explicitly provides that contact with the victims shall be through that counsel. Accordingly, please confirm that there will be no further efforts to contact any victims until Judge Davis selects the attorney representative and that, thereafter, contact will be made only through that counsel.

Second, the Non-Prosecution Agreement requires Mr. Epstein to use his best efforts to enter his guilty plea and to be sentenced not later than October 26, 2007. Despite this obligation, the Office agreed that Mr. Epstein could postpone this deadline to November, but reiterated that Mr.

Epstein had to begin his term of incarceration not later than January 4, 2008. I have learned that the November hearing has been removed from the calendar and the next case disposition conference has not been set until January 7, 2008. This delay is unacceptable, and, pursuant to your obligations, the Office requests that you confer with the State Attorney's Office to try to find a date in November when the judge is available to conduct a simultaneous plea and sentencing. If you cannot find such a date, please provide documentation of your efforts to abide by the terms of the Non-Prosecution Agreement.

Third, there have been several press reports that Mr. Epstein no longer intends to enter a guilty plea. Normally I would not pay any attention to such reports, but your recent correspondence attempting to restrict our Office from communicating with the State Attorney's Office and the allusion to the imposition of sentences that clearly fall outside the terms of the Non-Prosecution Agreement raises concern. Please confirm that Mr. Epstein intends to abide by his agreement to plead guilty to the specified charges and to make a binding recommendation that the Court impose a sentence of 18 months of continuous confinement in the county jail.

Finally, the Non-Prosecution Agreement requires that you provide the Office with copies of all proposed agreements with the State Attorney's Office before Mr. Epstein signs any such agreements. To date, no such agreements have been received. Please provide me with copies of any and all agreements with the State Attorney's Office for our review. The Office also would like to have someone present at the change of plea and sentencing to monitor Mr. Epstein's compliance with the terms of the Non-Prosecution Agreement, so please keep me informed of the date, time, and location of the hearing.

Please provide me with a written response, adopted by Mr. Epstein, addressing these concerns and reiterating Mr. Epstein's intention to comply with the terms of the Non-Prosecution Agreement by November 8, 2007.

Sincerely,

R. Alexander Acosta
United States Attorney

By: 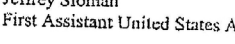
Jeffrey Sloman
First Assistant United States Attorney

cc: R. Alexander Acosta, U.S. Attorney
AUSA A. Marie Villafaña

# TAB 3

**TOLL RECORDS OF SARAH KELLEN'S CALLS**

- MR. EPSTEIN DID NOT KNOW WHO WOULD BE COMING TO GIVE HIM A MASSAGE.

| | | | |
|---|---|---|---|
| Wednesday, April 27, 2005 | 9:02AM | (561) 635-3454 | [redacted] |
| Wednesday, April 27, 2005 | 9:03AM | (561) 801-3590 | |
| Wednesday, April 27, 2005 | 12:14PM | (561) 714-0546 | |
| Wednesday, April 27, 2005 | 12:15PM | (561) 714-0546 | |
| Wednesday, April 27, 2005 | 3:16PM | (561) 309-0079 | |
| Wednesday, April 27, 2005 | 3:20PM | (561) 309-0079 | |
| Thursday, May 05, 2005 | 3:28PM | (561) 644-3713 | |
| Thursday, May 05, 2005 | 8:43PM | (561) 644-3713 | |
| Thursday, May 05, 2005 | 8:48PM | (561) 644-3713 | |
| Thursday, May 05, 2005 | 9:13PM | (561) 644-3713 | |
| Thursday, May 05, 2005 | 10:03PM | (561) 644-3713 | |
| Friday, May 06, 2005 | 8:30AM | (561) 389-6874 | |
| Friday, May 06, 2005 | 8:59AM | (561) 644-3713 | |
| Friday, May 06, 2005 | 9:33AM | (561) 714-0546 | |
| Friday, May 06, 2005 | 9:34AM | (561) 389-6874 | |
| Friday, May 06, 2005 | 9:35AM | (561) 309-0079 | |
| Friday, May 06, 2005 | 10:58AM | (561) 644-3713 | |
| Friday, May 06, 2005 | 5:35PM | (561) 644-3713 | |
| Friday, May 06, 2005 | 7:50PM | (561) 644-3713 | |
| Saturday, May 07, 2005 | 11:03AM | (561) 644-3713 | |
| Saturday, May 07, 2005 | 11:04AM | (561) 389-6874 | |
| Sunday, May 08, 2005 | 11:39AM | (561) 262-6186 | |
| Sunday, May 08, 2005 | 12:28PM | (561) 684-6642 | |
| Sunday, May 08, 2005 | 3:20PM | (561) 262-6186 | |
| Sunday, May 08, 2005 | 3:21PM | (561) 262-6186 | |

[1] Mr. Rofrano is Mr. Epstein's chiropractor.

- MR. EPSTEIN DID NOT TARGET ANY ONE PARTICULAR INDIVIDUAL, NOR DID HE TARGET MINORS. ALL OF THE CALLS BELOW WERE MADE TO WOMEN OVER THE AGE OF 18.

| | | | | | |
|---|---|---|---|---|---|
| Saturday, July 02, 2005 | 9:50AM | (561) 389-6874 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 11:33AM | (561) 635-3454 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 11:54AM | (561) 856-2974 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 12:03PM | (561) 635-3454 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 1:49PM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 3:21PM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 3:22PM | (561) 635-3454 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 3:58PM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 4:10PM | (561) 262-6186 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 4:11PM | (561) 635-3454 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 6:20PM | (561) 302-1844 | [redacted] | [redacted] | cell |
| Saturday, July 02, 2005 | 9:25PM | (561) 389-6874 | [redacted] | [redacted] | cell |
| Sunday, July 03, 2005 | 1:14PM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Sunday, July 03, 2005 | 1:44PM | (561) 574-0142 | [redacted] | [redacted] | cell |
| Sunday, July 03, 2005 | 9:57PM | (561) 262-6186 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 9:58AM | (561) 714-0546 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 9:59AM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 9:59AM | (561) 635-3454 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 10:02AM | (561) 801-3590 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 10:04AM | (561) 662-3098 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 10:44AM | (561) 302-1844 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 1:10PM | (561) 389-6874 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 4:10PM | (561) 389-6874 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 5:17PM | (561) 324-7996 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 9:36PM | (561) 714-0546 | [redacted] | [redacted] | cell |
| Sunday, September 18, 2005 | 9:45PM | (561) 714-0546 | [redacted] | [redacted] | cell |

# TAB 4

1 MP: Detective Michele Pagan

2 [redacted]

3 KB: Kathy Back

4

5 MP: I.D. #8059, reference case number 05-368. The time now, by my watch, is

6 approximately 6 minutes past 2pm on 3/15/05. (Inaudible) High Ridge Family

7 Center, Sable Palm School.

8 UNK: Just High Ridge Family Center.

9 MP: Okay, the High Ridge Family Center. Present also is...could you state your name

10 please?

11 [redacted]

12 MP: Spell your name please?

13 [redacted]

14 MP: And your date of birth?

15 [redacted]

16 MP: And you are?

17 CB: Cathy Back, Family Therapist.

18 MP: Could you spell your name please?

19 KB: K-A-T-H-Y B-A-C-K.

20 MP: And you're her family therapist? Am I correct?

21 KB: Yes.

22 MP: Okay. I'm here today [redacted] and I have stated briefly why I'm here is in

23 reference to an incident that happened to a friend of yours, or a girl you know.

I'm not sure if she's friend of yours or not, by the name of [redacted]. Do you know what I'm talking about?

[redacted] Yes.

MP: Okay. I hear your voice got very low all of a sudden so if you don't mind..

[redacted] Oh, okay.

MP: I'll even hold it. Okay. Can you tell me how you know [redacted]?

[redacted] She's my ex-boyfriend's cousin.

MP: And what's your ex-boyfriend's name?

[redacted] Zack [redacted].

MP: Is that his last name? [redacted]?

[redacted] Yes.

MP: What school does he go to?

[redacted] (inaudible) Summit Christian School.

MP: And you said he's your ex-boyfriend. How long ago was that?

[redacted] I don't know. Like two months, two months and a half ago.

MP: How long did you go out with him?

[redacted] Three weeks...?

MP: Not long? And [redacted]? You met her through Zack?

[redacted] Yeah, I met her when I went to dinner at his grandmother's house.

MP: Okay. And do you know [redacted]'s last name?

[redacted] No. I don't.

MP: Do you know where she lives?

[redacted] Yes. She lives on [redacted] streets away from me.

1 MP: Okay.

2 [redacted] (inaudible)

3 MP: Okay. And tell me now what happened with [redacted]

4 [redacted] Okay, well, the third time of hanging out with [redacted], cause I was a cousin, well,

5 [redacted] And we were over there watching a movie and this guy called or actually it

6 was a woman but it was for a guy. And she's talking to [redacted] and then she said

7 that, well I don't know exactly what the woman said but she said do you have

8 anybody left with you and [redacted] said yes and then she said are you bringing

9 them to the guy's house? In [redacted] or wherever he lives. And she said I don't

10 know. I'll call you back. And then she told Zack that I was gonna come with her

11 to this guy's house so that, so that, she was gonna get paid, like I don't know

12 how much money but this man's been paying money. And that she was gonna

13 bring me along and then Zack was like no, you're not taking her and then she's

14 like well, I'll ask her and then she just told me, she didn't tell me what's she's

15 gonna do, she told me she's going to some old guy's house and (inaudible) get

16 my shoes and go shopping. So I was like, okay. And then we went, I don't know

17 what day it was cause she picked me up. I'm pretty sure it was a Saturday or a

18 Sunday. So she picked me up and we get in the car and she (inaudible) and

19 then we left and we were still driving and then we went to his house and we were

20 waiting in the kitchen and the old man came and he's like, hello, I'm...I don't

21 even know, I think it's Jeff. I'm Jeff and then we, I'm like I'm [redacted] And then

22 she um went upstairs and I guess gave him money and we went back downstairs

23 we weren't there, we were only there for like 30 minutes and then we left and

then she went to go to Marshall's to go get some, a skirt and a purse but she didn't get the skirt. She only ended up getting the purse and that was like a black purse.

MP: That's all that happened?

[redacted] Um hm.

MP: Well, I'm hearing a lot more happened.

[redacted] Like what, I know, like what went around the school?

MP: Like what went around the school. Tell me what happened at school.

[redacted] In school, everybody was saying that I got paid $300 with the, for the old man. That old guy. Cause he's....oh, first of all, is that I got fingered by the old man, then it was I had sex with the old man and then it was I'm just a prostitute and I got paid $300.

MP: Who was spreading these rumors around?

[redacted]: Um, my, this girl, she used to be my friend [redacted] but I guess....

MP: Where would she get ....

[redacted] From Zack because I broke up with him. Well, that's what I think. I think when I broke up with him, he got very mad and told the girl cause this girl, she hated me because I went out him and she likes him.

MP: Which girl was this?

[redacted]: [redacted].

MP: [redacted]? Liked Zack?

[redacted]: Yeah.

MP: ...went out with him so she started spreading these rumors?

1 [redacted] Cause I went out to the fair and she was supposed to go with him but, I guess,
2 he didn't like her and then we started talking and she got mad because I was
3 talking to him.
4 MP: What does...can you tell me more about [redacted]?
5 [redacted] I don't really know that much. All I know is that she, the only thing I know about
6 her is that her boyfriend, but then they broke up, like, she met him at a party.
7 That's the only thing I know and that she has brown hair and like, I don't really
8 know about her. I went to her house (inaudible)
9 MP: Are you telling me?...and I want you to know something, okay?
10 [redacted] Um hm.
11 MP: Regardless of what has happened, okay? I'm being very honest. You're not in
12 trouble for anything.
13 [redacted] I know.
14 MP: Whether you did something with this man or not.
15 [redacted] Hmm....
16 MP: Whether you did something with this man. What I'm trying to do is find out if this
17 type of thing is going on and you're not the only one and I don't think you are the
18 only one.
19 [redacted] I don't think so either cause the other kid Anthony (inaudible) he knows [redacted] too
20 and I, cause he's telling me, he's like where do you know [redacted] and then I was
21 like she's my boyfriend's cousin. Oh that girl's bad and I'm like okay, too bad.
22 MP: Did you do anything with this man?
23 [redacted] No, we went upstairs and just got money and I don't know...

1 [redacted] And there's like little circle chairs, that you can sit on.

2 MP: Stools.

3 [redacted] Stools. And we were just sitting there waiting cause he wasn't there yet. Then

4 he came inside after we were standing there about 5 minutes. Cause like, there

5 was a gate and a bodyguard guy. When we opened the gate and knocked on

6 the door, security, some guy, like a bodyguard kind of, type of guy. Same guy

7 walked up and he's like, excuse me, what are you here for and we're here to see

8 Jeff. And then he was okay, well come inside, Jeff'll be here in like 5 minutes.

9 And then we waited and he was like you can help yourself to a drink. And then

10 he left and then like 2 minutes after the guy left, Jeff and a lady walked in and

11 they introduced themselves and we're like, hi, my name is [redacted] and then she's

12 like [redacted] (inaudible) and then there's like a walk in door thing, that you walk in

13 like a cabinet thing, not a cabinet but the island thing (inaudible) and then the

14 door would be right there.

15 MP: Okay.

16 [redacted] Yeah, (inaudible)

17 MP: So they walked away out of your sight?

18 [redacted] Um hm. Well there was another girl there. I was never by myself. I don't

19 remember the girl's name but she's [redacted]'s friend.

20 MP: Okay.

21 [redacted] She was [redacted]'s....

22 MP: What does [redacted], do you have an idea of what, why this woman, this assistant,

23 would ask if [redacted] had anybody with her?

1 [redacted] I don't know but what you call, the lady, she really like (inaudible) I don't know
2 what's wrong. I mean when she walked in, she was like kind of like, I don't know,
3 but she was just like, um, she couldn't say anything about her, she was just first
4 name and that's it and then she was just like right to the point. She didn't try to
5 be friendly, you know.
6 MP: What do you mean she didn't try to be friendly?
7 [redacted] She wasn't like hi, I'm like, you know (inaudible) she was just like hi, I'm and I
8 don't remember her name but she said she was from [redacted] I remember that.
9 MP: And your friend, or [redacted]'s friend stayed in the car?
10 [redacted] No, she was with us. When we walked in, and she sat, she was just there, she
11 didn't do anything, she was with me. We were just right at the table, like we
12 were sitting having a conversation for like two seconds. Then [redacted] came back
13 downstairs and then she's like thanks Jeff and then I'm like bye Jeff and then the
14 other girl was like bye and then we left.
15 MP: Okay, did [redacted] tell you what was going on upstairs?
16 [redacted] No. She just, I didn't ask because like [redacted], the only reason I know the money
17 was to go shopping. That's what (inaudible).
18 MP: Did she give you any money?
19 [redacted] Um hm.
20 MP: How much money?
21 [redacted] $300.
22 MP: What did you do with the $300?
23 [redacted] I didn't spend it. And then I went to school and then my principal, cause I got

1 into a fight with a girl, [redacted], for saying that. Because she said that I was, had
2 done all that with the old man to get that money and that's not true. That's why I
3 got really angry and then we (inaudible) before that and then when I went to the
4 office to (inaudible) the principal but actually she didn't say anything at first and
5 then she was like, [redacted] told her side of the story, can I see your purse and I
6 was like go ahead and (inaudible) and I'm like yes and then my dad, my dad and
7 the principal and my step-mom, they were all like um, why did you do that with an
8 old man and who is the old man. I'll kill him, blah, blah, blah. And then I was
9 like I didn't do anything! I didn't do anything! And they didn't believe me. And I
10 kind of got mad at and then the whole thing, that's when I moved back to my
11 mom's house because my dad thought I was a prostitute. And it was really....
12 MP: You know that just because something may have happened, that doesn't make
13 you a prostitute.
14 [redacted] I know.
15 MP: Do you?
16 [redacted] Yes.
17 MP: Okay. Do you want something to drink?
18 [redacted] No.
19 MP: Are you sure?
20 [redacted] Yeah.
21 MP: You know, I've been doing this for a long time and I'm not saying you're not
22 telling me the truth, I think you're not telling me the whole truth about what
23 happened. Okay? Matter of fact, I know you're not. And I know you might be a

1 little afraid looking on it....

2 [redacted] Okay, I... (inaudible) because they already came to my dad's house and they did

3 something to my dad's tires and my dad almost died.

4 MP: Okay. Give me your hand. I'm here to help you. Look at me.

5 [redacted] I don't want him to get hurt because he already almost killed him.

6 MP: I'm here to help you.

7 KB: Honey, I'm gonna get you some water. Okay?

8 [redacted] Okay.

9 MP: I'm here to help you, okay? I'm being honest, okay? I'm going to be very up

10 front but I need you to be up front with me, okay?

11 [redacted] Okay.

12 MP: The only way I can help you is if you're honest with me, a hundred percent

13 honest with me.

14 [redacted] Okay.

15 MP: Your counselor's not here. Tell me what happened. Now be honest about it.

16 [redacted] Okay. When I got there, that Jeff guy and the lady were there and then the lady

17 wanted me to come upstairs and she's like, she's talking to me and then she was

18 putting out a table like for a massage. And then um, and then when and then

19 she like put the covers on the table and they like, it comes to like (inaudible)

20 whatever and she's like, oh Jeff will be up in a second. And then the Jeff guy got

21 there, she was like, she was like, take off your clothes and I didn't know what to

22 do because I was the only one up there and so I just took off my shirt and I was

23 in a bra and then he came in and had a towel over him and he was like no, take

1 off everything. So I just took off my pants and I was in my bra and underwear
2 and he was like now you're gonna give me a massage. Then he went on the
3 table and he's like here, the lady that was putting down the table, got out three
4 lotions and put them on the table and then he picked up out which lotion. He
5 was like, give me a massage with this lotion and then I was giving him a
6 massage and he said you can get on my back. So he was on the table and I
7 was straddling him on his back and giving him a massage and then he was
8 turning around and then he whacked off and then he's like oh you have a really
9 hot body and then I was like, that's disgusting, but I didn't say that and then he's
10 like oh, excuse me for a second and he, I guess he went into the other room and
11 he whacked off again and then he came back and said to me like, I'm done. And
12 then he's like, here's your money and then I was going downstairs and he acted
13 all nice and stuff, he's like bye, nice to meet you, hope you can come back again
14 and then [redacted]'s like how did it go, what did you do. And I'm like, I'm like, he
15 made me give him a massage, [redacted] and she's like, I know. And then we went
16 to Marshall's and she got a purse and stuff cause she got paid too but I, she
17 didn't do anything, I don't think because she was downstairs the whole time while
18 she knew I was up there.
19 MP: When she asked you to go with her...
20 [redacted]: Um hm....
21 MP: ...did you know...here's your water.
22 [redacted]: Thank you.
23 KB: (inaudible)

1 [redacted] Okay. Bye.

2 (Inaudible)

3 KB: Um, you know what (Inaudible), I'm gonna down to the dorm. She knows how to

4 find me.

5 MP: Okay. You feel better without her here?

6 [redacted] Yeah, because I'm embarrassed cause it's really gross and she....

7 MP: It is.

8 [redacted] ...might tell my mom.

9 MP: That's why I'm here. Okay?

10 [redacted] And I don't want my parents to find out.

11 MP: Well....

12 [redacted] Because I told them it wasn't true.

13 MP: Your parents love you. Okay? And their main thing is for you to be healthy.

14 Okay? Not only physically but up here. And they know that right now your have

15 a lot of issues and I think this is one of them. Because like you said, you thought

16 it was gross. Right?

17 [redacted] Cause he's like 45 years old.

18 MP: That's okay. Let's backtrack a bit. When you went with [redacted] tell me the part

19 where it was the truth. Okay? You were with Zack and [redacted] said let's go?

20 [redacted] Yeah. Okay, we were watching, I don't remember the movie, but I know we were

21 watching a movie and then we were gonna go and take a ride. Cause me and

22 Zack were gonna get dropped off at the bowling alley so [redacted] (inaudible) she

23 was saying about her boyfriend and [redacted] got a phone call and then she was

1 talking to that lady and the lady was like, [redacted], [redacted] was actually saying I'm
2 coming, I'm coming, and [redacted] was like, can I bring somebody? And then [redacted]
3 was like, the lady was like what does she look like and she started describing me
4 and then Zack turned around and said to [redacted] who are you talking to. And then
5 [redacted] went like that and she was talking to the lady and like just describing me,
6 what I was wearing that night and then the lady was like okay, well Jeff is gonna
7 want to talk to you and [redacted] was like, that's fine. And then she got off the
8 phone and then Zack said, I was like too, why are you describing me, who are
9 you talking to. And she was like [redacted], do you want to go with me tomorrow, I'm
10 gonna go pick up some money from my boss's house. And then she's like.
11 cause I get paid tomorrow and then I said okay. And Zack's like no because I
12 guess Zack knew what she did because Zack said no and he got really mad at
13 me and said no, you're not going, you're not going with her. And then I was like,
14 and she's like, you know, but you just have to come with me and I was like cause
15 the old man's gonna give us both money so we can go shopping. Cause that's
16 like my boss and he's really nice. And I was like okay. And then Zack didn't say
17 anything the rest of the night about it, he was just like really (inaudible) out there
18 and mad. Not really mad but he was just like frustrated that [redacted] I guess,
19 would say that.
20 MP: And you didn't know what was really going on.
21 [redacted] I didn't know it was gonna, that I had to give him a massage and get naked.
22 MP: What did you think was going to happen?
23 [redacted] That, like she just said, I don't know but I knew something was wrong, nobody's

1 just gonna pay you money but I didn't think that I, I thought that was just [redacted]'s
2 business whatever [redacted] do, just gonna go over there. And she told me that it
3 was a rich guy and she was saying oh my God, he's so rich, blah, blah, blah.
4 And he has like a new Mercedes and all this stuff and she's like explaining him.
5 And then, what's it called...so actually we didn't, we left but we didn't end up
6 going to the bowling alley. Her boyfriend went to his house really fast to go get
7 [redacted] something from his house and then he (inaudible) brought his car back to
8 [redacted]'s house and we were just sitting there watching the movie but she was
9 like, [redacted] are you sure you're going to go with me and I was like okay, I'll go
10 with you. I'm like last time, I'm like, what are we gonna do [redacted], we were going
11 to go shopping and we were discussing what we were going to buy with our
12 money, cause she told me how much money I was gonna get, $300. And I was
13 cool, I know what I'm gonna buy. We're just like saying what we were gonna buy
14 with the money. She said I need to go buy a purse and then the next day,
15 actually I gave her my phone number that night so she could call, so she could
16 pick me up. And when I went in the house that morning, she called me, she
17 [redacted] are you still gonna come with me and I'm like yeah. So she's like okay,
18 get ready. I'm gonna be there in like 30 minutes and then she came to the
19 house in like 30 minutes. And she had a friend with her.
20 MP: Do you remember the name of the friend?
21 [redacted] I don't know her name but she was like really dark, kind of like a Spanish girl. I
22 don't (inaudible)...
23 MP: Darker than me?

1 [redacted] Um hm.

2 MP: Okay.

3 [redacted] And she had like short hair and she had like a styled hair, like a cute little style. I

4 don't remember her name. I talked to her but I didn't remember her name cause

5 (inaudible) right after I got in the car. And then all the way there, we were just

6 listening to music and singing and stuff and like just laughing and stuff. And she

7 told me the girl about her boyfriend and stuff (inaudible).

8 MP: So you're driving. So [redacted] picks you up. Do you remember what day it was?

9 [redacted] No but I know it was a Sunday because I told my dad, Dad can I please go on

10 Sunday with Haley to go shopping and my dad goes where are you guys going

11 shopping because he didn't know [redacted] and he said no at first and I was like

12 Dad, that's [redacted], you know Zack's cousin and then my dad says okay but I have

13 to meet her. So then [redacted] called me afterward and then she's like I'm gonna

14 need $10 for gas and she was like can your dad give me $10? And then I was

15 like sure but I didn't ask my dad, I just (inaudible) $10. And then my dad was,

16 okay and my dad called me, he's like (inaudible) I'm not gonna be able to give

17 you money. So then I was really mad but then I didn't tell [redacted] but my dad

18 ended up (inaudible) (inaudible) when [redacted] was pulling up, my dad ended up

19 pulling up so [redacted] and my dad saw each other. And [redacted] was like, oh my

20 God, your dad is so hot. And then I said yeah, right. Started laughing about it.

21 And then my dad gave Haley $10 for the gas.

22 MP: So you got in the car. What kind of car did she drive?

23 [redacted] A truck.

1 MP: What color?

2 [redacted] I don't remember but I think it was a bluish color. I think so.

3 MP: So she drove.

4 [redacted] Yeah, she drove.

5 MP: She drove?

6 [redacted] Yeah and I was in the passenger seat and there was like a whole bunch of junk

7 back behind her and I was sitting next to it, like (inaudible) or stuff for school.

8 And was there....like but I don't know but it took a pretty long time to get there.

9 And you know where, like, the rich people are, what is that street? Where the

10 Kravis Center is but further than that. Like towards the beach more. That way.

11 MP: Yeah, towards the beach.

12 [redacted] Yeah. That way. And that's where, yeah, that's like where he lives but when she

13 pulled into, I know for a fact it's a pink house, I remember the pink house and

14 then he had an Escalade in his driveway and then a Mercedes in his garage. I

15 remember that much.

16 MP: Okay. Do you remember... so you took the Kravis way or did you....

17 [redacted] I don't remember where we...

18 MP: You don't remember which way...

19 [redacted] I just remember the building.

20 MP: It was near the ocean?

21 [redacted] Yeah. I know....cause one day when I was with my friend [redacted], that's

22 exactly where we went, like around that area, not the CityPlace area but you

23 know, it kind of looks like that area. Like where the Kravis Center was and I

1 remember....that's how I remember.

2 MP: Do you remember seeing the beach and the ocean?

3 [redacted] No but we went over that bridge where the ocean was and then the bridge went

4 over.

5 MP: Okay. So you definitely went over the bridge.

6 [redacted] Yeah. Went over a bridge. And it was up and we had wait for it to go down. So

7 we were there for like 5 minutes.

8 MP: That was time you were with [redacted]?

9 [redacted] Yes.

10 MP: Okay. And then the house, you said, you described it as pink?

11 [redacted] It was like a, it was a two story house and then it was like a pinkish color, pinkish

12 pink color.

13 MP: Were there gates or something in front?

14 [redacted] Well, it wasn't a gate but, the back door had a gate to it and it was a white gate

15 and [redacted] just like she knew that you had to open it and it wasn't locked so we

16 just opened it and there were three, two or three steps and you just walk up and

17 then he had a pool and it had, like the floor, the floor was like a hard something,

18 it wasn't concrete, it was squares of like concrete, but they were like...

19 MP: Like tile, you mean?

20 [redacted] It was like a coral concrete, you know like.. And then the pool was there and the

21 house was there, I guess it was like a security house because a man that was

22 with the security came out and he was like what are you guys here for, cause

23 you're knocking on the door and then [redacted] said we're here to see Jeff and

then...

MP: What did that man say?

[redacted] He was like oh, okay and she's like, she smiles and then he let her in (inaudible) but he opened the door and then we went in and then (inaudible) and the counter, here's the door when you walk in and there's a (inaudible) refrigerator and then the window, a glass sliding window looks out at the pool.

MP: Okay.

[redacted] And then like the cabinet, I mean not the cabinet, the island, was like here and then there's like a cabinet over there and the door was right here.

MP: Okay, just for the tape purposes, the way that you described it, okay? Is you walk in and on the left hand side?

[redacted] Um hm.

MP: Cause you motioned right now, who's there?

[redacted] (inaudible)

MP: And then when you walked in, on the left hand side, what did you see?

[redacted] Like if I was getting out of the doorway?

MP: Um hm.

[redacted] Okay. Well, there's a door. If you looked straight, it would be straight from you but a little towards the right.

MP: Okay. And...

[redacted] It wasn't a door, door. It was just a doorway (inaudible)

MP: Okay.

[redacted] No, wait, maybe it, I don't know, cause it was open, but there could have been

door, but it was open so I didn't really pay attention. But I know it was a doorway going up.

MP: Okay. So now you're in that kitchen area. Right?

[redacted] Um hm.

MP: The three of you?

[redacted] Yes.

MP: Where did you park the car?

[redacted] In his little driveway area.

MP: So you're in the kitchen area. What happens next?

[redacted] We were waiting there. We were talking, just about how cool the house was. I'm like oh my gosh, I've never been in a house like this. And then the lady and the man came in, Jeff. I'm pretty sure...like 90% positive. And he walked in, he was like in a t-shirt and pants, not pants but you know, like maybe like kind of dressy. And he was like hello, he's like hi [redacted] and then he said hi to me and then he said hi to the girl. He knew the girl and he knew [redacted] But then he said, I don't remember your name but the girl was like, oh, she's like . I know that he didn't remember her but he knew her. Do you know what I mean?

MP: Um hm.

[redacted] He didn't remember her name but he knew who she was. And then she's like oh hi, and she's like who are you and I'm like, I'm [redacted] and then he's like okay, well, then follow my, I don't remember the lady's name but she's, he said follow her (the name) upstairs. So she's like, come on [redacted] and then we walked upstairs and I thought.....

1 MP: By yourself?

2 [redacted] Yes, but I thought that [redacted] cause she said she was gonna get paid, so I

3 thought [redacted] and the girl was gonna get paid in like, you know, like private,

4 privacy and cause it was just him and her and the other girl in the kitchen. And

5 so I went upstairs and as I was walking upstairs, there was a picture of him in like

6 a different country and then I'm like that's really cool and the lady said isn't it and

7 she was just walking upstairs and there was like a door and then, it was like to a

8 little (inaudible) this big and it had a couch and a couch and it was like another

9 walkway towards that way. And then walked towards, like keep walking forward

10 and then to my right and there was a bedroom and then we turned right again

11 and there was a big bathroom, a big...it was humongous. And the bathroom. It

12 wasn't like a bathroom, bathroom, it was like a sitting area with a shower there.

13 Humongous shower. Like a jillion people could be in that shower. And then it

14 was humongous. And there was like a door here and you opened it and there

15 was like a little desk with paper and pads and stuff. And I don't know (inaudible)

16 like sitting on the couch right here, like against my... there's big long couch. And

17 it was pink and green. Hot pink and green. And there.....

18 MP: The room or the sofa?

19 [redacted] The sofa.

20 MP: Okay.

21 [redacted] And there's a table with a phone on it. And um, during when I was giving him a

22 massage, he made a phone call but I don't remember whether he just said, like

23 he said four words and then hung up. Yeah, I don't remember. And he made a

MP: By yourself?

[redacted] Yes, but I thought that [redacted] cause she said she was gonna get paid, so I thought [redacted] and the girl was gonna get paid in like, you know, like private, privacy and cause it was just him and her and the other girl in the kitchen. And so I went upstairs and as I was walking upstairs, there was a picture of him in like a different country and then I'm like that's really cool and the lady said isn't it and she was just walking upstairs and there was like a door and then, it was like to a little (inaudible) this big and it had a couch and a couch and it was like another walkway towards that way. And then walked towards, like keep walking forward and then to my right and there was a bedroom and then we turned right again and there was a big bathroom, a big...it was humongous. And the bathroom. It wasn't like a bathroom, bathroom, it was like a sitting area with a shower there. Humongous shower. Like a jillion people could be in that shower. And then it was humongous. And there was like a door here and you opened it and there was like a little desk with paper and pads and stuff. And I don't know (inaudible) like sitting on the couch right here, like against my... there's big long couch. And it was pink and green. Hot pink and green. And there.....

MP: The room or the sofa?

[redacted] The sofa.

MP: Okay.

[redacted] And there's a table with a phone on it. And um, during when I was giving him a massage, he made a phone call but I don't remember whether he just said, like he said four words and then hung up. Yeah, I don't remember. And he made a

phone call and then he put the table back where it was (inaudible). And then....

MP: But the lady...so you're upstairs and you're sitting down and the lady's there. What is she doing?

[redacted] Oh, she's, well, there's a closet right here, with a table in it. Like the massage table...

MP: Near the sofas?

[redacted] Yes. Like a door on each side and um, towards the door, there's a door for the table. She took that out and there's like a safe and then like she put it in the middle. It's this way, like long ways. And then she put like put the cloth over it but she's looking around the room, I guess just to look, like she was remembering something, I guess, like where the lotion was. And there are pictures of like, naked girls on the wall and there was like, there was like one big mural of naked girls' like, butts. And then, towards the door, there was like a cabinet here, like a built in thing, like a (inaudible) and um, there's drawers in it and she opened the last drawer and there was a whole bunch of lotions, like millions and millions of kinds of lotions. And she picked out three kinds of lotions and put them on like an armoire kind of thing with a mirror. And she set it there. And then after, she told me, sit here for 5 minutes. Like, just sit there. And eventually he came in and he was like, hi I'm Jeff and I'm like hi, I'm [redacted] And he's like, I'll be right back, you can take off your clothes. And then he left. And there's a bedroom out there and he just went out there and I don't know but there's like, pictures out there, I think, I don't remember, he took off his clothes and put a towel over himself. But I don't know if there was a towel thing back

there cause it's like, I don't remember....

MP: Did he undress in front of you?

[redacted] No, he didn't. But he took off his towel in front of me.

MP: Okay. So he came back in....

[redacted] Yeah, he came back into the room and he was....

MP: Were you dressed?

[redacted] I was in a bra and he said no, I meant get naked. And then I was, I went like that and he was you can keep your bra and underwear on and but get down to your bra and underwear so I took off my pants. Cause he was real stern about it, like Take Off Your Pants. And then I just took off my pants and then he laid down on the table but like, after he was laying on the table, he took off the towel just enough, you know, like you could see....

MP: Did you see him naked?

[redacted] Yes I did. And it was disgusting.

MP: I don't mean to... I know maybe it's disgusting but can you describe him? Did he have any marks, tattoos, was he hairy?

[redacted] Yes, he was really very hairy on his chest and on his back and towards...okay I don't mean to sound gross but....

MP: No, say it the way you would if you were speaking to one of your best friends.

[redacted] Okay.

MP: (inaudible)

[redacted] Okay. He was laying on his belly side so his butt was like, up. And there was like, he had a very hairy back all the way to here and then there was just like a

1 hairy butt line going down to his butt.

2 MP: Okay.

3 [redacted] So gross. Okay, and then...(inaudible)

4 MP: Did you see the front of him?

5 [redacted] Yeah. Cause when he got off the table, he like turned this way so everything

6 showed towards me and then he got off and then he went and whacked off and

7 then he came back in. But he was very hairy on his chest area and I just looked

8 for like one second and it was very, very disgusting. Okay. That's all I have to

9 say about that.

10 MP: Do you know what it means....and I have to ask only because there are some

11 people that don't.....to be circumcised?

12 [redacted] No. I don't, I don't really know... but I think he was on steroids because he was a

13 built guy and his weinie was very tiny.

14 MP: His wee wee was very tiny.

15 [redacted] Yes.

16 MP: And when you mean wee wee, you mean what?

17 [redacted] His penis.

18 MP: Yes, his penis. Okay.

19 [redacted] Yes, his penis.

20 MP: People call it different things. Alright. I just wanted to make sure we know.

21 Okay. He laid down, he took off his towel and he laid down.

22 [redacted] He laid down on the .....

23 MP: Did he take his towel completely off or just open it so...

1 [redacted] No, completely off.

2 MP: Okay. Where did he put the towel?

3 [redacted] On the floor. Right like, the table underneath.

4 MP: Okay. So he laid down, took the towel off. What happened next?

5 [redacted] And then he's like, get the lotion. So I grabbed the lotion. Which, I had to walk

6 almost naked, but I was in like a thong so yeah, my butt was showing and he, the

7 table is like, I mean the sink was, you know, the lotions were right there and I

8 was over here and he was like go get the lotions just so I could walk past him

9 with my butt showing to go get the lotions. So I got the lotions and he's like, he's

10 like this lotion and then I took that lotion and he's like squirt it on your hands and

11 then massage clockwise on my back cause I didn't know how to do it? and then

12 he's like telling me where he would like the massage, here and here, the right to

13 the left, down more, up more. So I was just massaging and he turned and

14 started having a conversation, oh what happened to [redacted] and I'm like,

15 (inaudible) my ex-boyfriend (inaudible) what's your boyfriend's name. Zack. And

16 he was kind of questioning me and then he said what, he's like, could you stop?

17 I need to go. And i just stopped and I'm like okay. And he got off the table. He

18 put the towel over him. He bent down and got the towel and then he left the

19 room and you could hear him, like, you know, you could obviously tell what he

20 was doing, just like....

21 MP: I don't ..... I won't look at you but do what he was doing, what you heard. I know

22 it's kind of embarrassing but....

23 [redacted] He was making like sex noises. You know, like..... I don't.. They were very

strange noises. That's all I can say.

MP: Okay.

[redacted] I don't know how to describe them, they were very strange.

MP: Can you imitate them?

[redacted] I don't, I don't want to make a fool out of myself.

MP: You won't. You're not making a fool. You know, it might say it's sex noises. He may say I was singing.

[redacted] Okay. He was like....

MP: I won't look at you, go ahead.

[redacted] He was like oooohhhh, ooohhh.

MP: Okay, okay, he's making groaning noises.

[redacted] Yes, groaning noises, that's it. Okay. That was really embarrassing. It really was. He was making those kinds of noises and then he walked back into the room, took off his towel again and laid back on the thing and then he wanted the same kind of massage but he was like oh use your (inaudible) a little bit more.

MP: You were massaging his back?

[redacted] Yeah. And then he, he's like, could you, turn over for a second.. (inaudible) (inaudible) go back out of the room. He turned over and he said okay, please massage my boobs. And then I was massaging his boobs and he's like, he's like, oh, like as I was doing it, as I was massaging, he was making the same noises again like, oh my God, it's so embarrassing to do this. He was like....

MP: I won't look.

[redacted] He was going like ooohhh, making those noises. And like 5 minutes after that,

and then he turned back around and he just started touching himself and I think the massage was like a half an hour but cause I don't know, the time I think was a half an hour to 45 minutes and then I was done. And then he, I think he has like a safe somewhere because around us he didn't have his wallet or something because right when we got out the door, he left to go put the towel on again and he put the towel on again and went out of the room and he goes you can put your clothes back on. So I put my clothes back on and he walked right out there, like two seconds and then came back like within two seconds. And he's like here's your money. And then he gave me $300 in hundred dollar bills and they were like brand new because they only had like one crease in them and that's when they're folded in half. And he said thank you for your time. And then he left. And he said you can see your way out and I was just walking and I got lost cause there's so many different rooms and I got lost and I walked back downstairs and [redacted] was like just smiling and giggling, like, I guess it was what the lady was saying and then she looked at me and she looked back at the lady and then she's like, the lady's like oh, bye [redacted] cause it was time to go cause I guess because I was done. And then, then we left the same way we came in and then [redacted] 's like oh my gosh, [redacted] goes how did you like it. Like how much did he give you, how much did he pay you. And I'm like $300. And I was kind of like $300, [redacted]. Cause the girl was like this. She was looking at me really weird. The other girl that was with her. She's like really quiet though. And then she just looked at me really weird and she's like trying to gaze into my eyeballs. And then we went in the car and when we got in the car, [redacted] s like, let me see what

he gave you. And then I showed her my $300 and she's like, we're going to Marshalls. And then, give me back my money and I put it in my back pocket. And then she was trying to get me to describe what happened so I told her what happened. And she's like, you could do this every Saturday. He's is like so rich. And I was just kind of like, yeah, we could. And then, she put back on the music. And then, when we were leaving, the lady was walking outside and I (inaudible) one of the cars really fast but she was just going to the passenger seat and she opened the door and then closed it.

MP: What did [redacted]'s friend say? Did she say anything about it?

[redacted] She was just like interested in what happened, like when we were talking, we're like into the conversation and then she was kind of like giggling and laughing, like, I think, I wouldn't say, I mean, I don't know if (inaudible) or not but she wasn't acting surprised, you know, like giggling. She was just of like giggling and laughing along with [redacted]. And then [redacted] goes um, and then when I was giving the guy the massage, he goes, I know [redacted] she's been working with me for a long time and then when I came back downstairs, [redacted] goes, you only paid me $200. So....

MP: He liked you better.

[redacted] I don't know.

MP: Well, after you left, where did you go?

[redacted] Marshalls or to TJ Maxx, one of those two. TJ Maxx or Marshalls. And she bought a black purse.

MP: Okay. Did you see [redacted] after that again?

1 [redacted] Um, I don't think so because that's when I got grounded. And then that's when I
2 got in trouble with the fight. So after that, I'm pretty sure I didn't. Most likely.
3 MP: Did you ever speak to her again?
4 [redacted] No, because I got my cell phone taken away.
5 MP: Okay. So you haven't see [redacted] since the day you went to Jeff's house.
6 [redacted] Correct.
7 MP: Are you sure?
8 [redacted] Yeah. I'm 100 percent sure.
9 MP: How do you know she....now tell me what happened with your dad.
10 [redacted] Okay. Because my dad, I didn't know about until my sister told me when she
11 came here. But my sister, on a Thursday, was coming here. And wait,
12 Wednesday night, my dad said that he heard the dog barking and my dog is
13 inside. So he's barking and he's outside, like barking towards outside and then
14 my dad is like shut up cause he forgets the dog's name and the dog wouldn't be
15 quiet. So he's like, I'm taking the dog outside. And then my dad took the dog
16 outside and the dog was way in towards my dad's truck, like my dad thought he
17 was attacking the animals but my dad, a person, a boy, I don't know for a fact
18 but I know in my heart its Zack. Because Zack got really mad over the whole
19 situation.
20 MP: Did you tell Zack what happened?
21 [redacted] Yeah. And that's when, he punched a wall and he like my face was right there
22 and he punched the wall, like my face was right there and he punched the wall
23 right next to my face. And he started getting all upset and crying and calling

1 [redacted] how could you do this? Blah, blah, blah. And then [redacted] 's like, okay, I
2 won't do it again. And like she just kind of like hung up and he was like I hate
3 her, I hate her and then I hate you too. And I was like okay and we broke up and
4 then I think (inaudible) on the computer and I think he told [redacted] what
5 happened and she turned it into an extraordinary, like story so at school so I
6 would look like, you know, like I'm the bad person, like I'm a slut, I'm a whore or
7 something and she's going around school saying all this stuff and then so my
8 parents came, cause that's when I got mad at her and told her to stop talking but
9 she wouldn't stop talking about it. So I just got in a fight with her, like a fist fight
10 at school. And I got suspended and so did she but she only got suspended for
11 one day because I started the fight. So I got in trouble more. And my dad got
12 really mad and he grounded me for it, because he found the $300 in my wallet
13 and then my dad was like, you're grounded, you're grounded forever and he's all
14 freaking out, how could you do this, blah, blah. The school said you did. And
15 um, I didn't tell the school how, I told them I got it from my job, cause I worked at
16 Chick Filet but I quit. So I said I (inaudible) but nobody believed me so I was just
17 like believe what you want. Cause I didn't want to tell the principal or my
18 parents.
19 MP: Well, I think that the best thing that you're doing is that you're being honest.
20 Okay?
21 [redacted] Um hm.
22 MP: You already know that they have a pretty good idea what happened. Okay?
23 [redacted] I didn't even know there was like an investigation.

1 MP: Well, that's....

2 [redacted] I just knew.

3 MP: Well, this is why. What's happening is that I was made aware of this situation...

4 [redacted] From my school?

5 MP: I'm not gonna say, okay? I was made aware of this situation. And they look at it

6 like you were taken advantage of. Not that you did anything wrong, okay? Even

7 though you went there willingly. Even though you went there willingly, you were

8 still taken advantage of. Okay? Because you were put into a position that you

9 felt you had no choice. Once you were there, before when you were telling me

10 about how Jeff told you to take off your clothes? You took your pointer and you

11 said he was really stern and you banged your leg, you put the pointer on your leg

12 when you said that. How did you feel when he told you to take your clothes off?

13 [redacted] I don't know. I didn't know what else to do because I was the only person up

14 there and he's like 45 years old and he has like big muscles, because, I don't

15 know, but I'm pretty sure 45 years old and big muscles, body builder.

16 MP: Okay.

17 [redacted] So I just felt intimidated because he's guy, first of all, and I'm a girl and I know

18 that [redacted] was all the way downstairs with the lady and what was [redacted] going to

19 do to help me all the way upstairs so I just did it.

20 MP: Okay. Now, there's one way I'm a little confused at because you said that, and

21 I'm using your words okay, that he whacked off twice. You said before that he

22 whacked off twice. When did he do that?

23 [redacted] In between giving him a massage, like when I was giving him a massage, he was

1 got, he was like, excuse me for a minute and he just left the room.

2 MP: Okay, so that's once. When was the other time?

3 [redacted] Like during the thing, like when I was massaging his boobs.

4 MP: When you..okay, when you were massaging his boobs, was his back flat on the

5 table? How was he positioned?

6 [redacted] Well, he was at first and then when he started to whack off, he got like, his back

7 went off the table, kind of like leaning...

8 MP: Okay, where were you standing?

9 [redacted] I was standing up. I was not on him. I was standing up (inaudible) and I was

10 like....he was towards, okay, he was on the table. I'm right here and he's leaning

11 that way.

12 MP: Okay.

13 [redacted] ..like (inaudible) cause I guess, I don't know, but... and he was like, my face, it

14 got hard to see what was going on because of how low I was and he just kind of

15 moved his head the other way and he was like, wants....

16 MP: Okay, but just now, when you're saying that, you moved your hand. Did you see

17 him whacking off?

18 [redacted] Yes. I saw him whacking off.

19 MP: Okay. That's what I need to know. Cause you said he whacked off twice.

20 [redacted] Um hm.

21 MP: So he whacked off in front of you?

22 [redacted] Um hm.

23 MP: And you saw his hand doing or you saw his eyes, what was going on?

1 [redacted] Okay. I saw his face, facial expressions and noises.

2 MP: Okay. What else did you see?

3 [redacted] I just saw him...

4 MP: You keep moving your hand so...in other words, he took his hand and what was

5 he doing with his hand?

6 [redacted] I don't know how to explain it. He was just whacking off.

7 MP: Okay, describe...don't....

8 [redacted]: Okay, sorry, he put his hand on his penis and he put it up and down and he was

9 like making facial noises, I mean facial expressions and making noises.

10 MP: So you saw him doing that, he did that in front of you?

11 [redacted] Yes.

12 MP: Do you know what it means when someone ejaculates?

13 [redacted] It means they're horny?

14 MP: No, what it means is that once they, while they're whacking off and I'm using

15 your words, okay. Another word for that is masturbating. Okay?

16 [redacted] Yes.

17 MP: Do you know what it means to masturbate? A boy does it?

18 [redacted] I don't know why they do it or I know why they do it but I don't know what it

19 does...

20 MP: Okay.

21 [redacted] To them.

22 MP: In other words, fluid comes out of their....

23 [redacted] Oh, okay.

1 MP: Okay? I'm just being very... I'm gonna tell you because I think....

2 [redacted] I know that part.

3 MP: Okay. So fluid comes out and that's ejaculating. And it's called semen. So

4 while he was whacking off, okay, did you see any fluid come out?

5 [redacted] It was, yes, because he had to take the towel and wipe his thing before he got off

6 the table again to go get the $300.

7 MP: Okay.

8 [redacted] He took the towel and like... And then, okay, like he took the towel to wipe

9 himself and then like as he was getting off and then this way instead of this way,

10 this way, like that.

11 MP: Okay. Since you've seen his penis, was there anything distinctive about it? Like

12 did he have a mole on it?

13 [redacted] No, it was very small.

14 MP: Very small, that's fine. Did you notice...you said he was very hairy on his chest.

15 Did he have any tattoos?

16 [redacted] Uh uh, not that I saw.

17 MP: Did he have any scars?

18 [redacted] No, but he had freckles somewhere because he was huge.

19 MP: You're pointing at the chest area.

20 [redacted] Yeah, some freckles.

21 MP: Like a mole or a freckle?

22 [redacted] A freckle.

23 MP: Okay. Can you tell me what he looks like?

1 [redacted] He had like not white hair but it was, not white but it, you know, it was kind of like,
2 like me. It was like.... I don't know.
3 MP: He was going gray.
4 [redacted] Yes. He was going gray. And he had...
5 MP: What color hair did he have before? Blonde, brown?
6 [redacted] No.
7 MP: You were describing Jeff to me, with the freckle and he was going gray and what
8 else?
9 [redacted] Um, like he, like his skin color is like, when I saw him, when you have a sunburn,
10 but its like when you have it a couple of days and it's turning into a tan. It was
11 like a reddish tannish color. And he had like a long face and that's about all I
12 can remember and he had a white t shirt when he first came in.
13 MP: Okay.
14 [redacted] I don't really remember...
15 MP: Did he have any king of like jewelry on his body that you noticed?
16 [redacted] I didn't, I don't remember.
17 MP: Okay. Do you remember what color eyes he had?
18 [redacted] Nope.
19 MP: Did he have any facial hair, like a mustache? Or a goatee or anything?
20 [redacted] Hmm....No but his eyebrows were really thick and they were bushy, like
21 everywhere.
22 MP: Okay. Did he ever ask you to do anything other than massaging him?
23 SG: No.

1 MP: Are you sure?

2 [redacted] Yes.

3 MP: Did he try to, did he try at anytime to grab your hand, just try to put it

4 somewhere?

5 [redacted] No. No, no, no. I know what you're getting at. No, I did not whack him off.

6 MP: Okay. You said that you straddled him.

7 [redacted] Um hm.

8 MP: What do you mean by that?

9 [redacted] When..he was on his stomach and I was giving him a massage, like I was, you

10 know where, like, on...on, like the butt? And then like, I was sitting on his butt

11 but a little bit above his butt. And I, it was, I was butt naked and he was butt

12 naked and....

13 MP: Okay.

14 [redacted] ...my butt was, my butt cheeks were on the top of his butt and the real little of his

15 back.

16 MP: Now when you say you were butt naked....

17 [redacted] I meant with underwear and a bra.

18 MP: Okay. Now, did he ask you to get on top of him?

19 [redacted] Um hm.

20 MP: Or did you do that on your own?

21 [redacted] No, he's like..because at first, I was giving him a massage like you know,

22 standing up. And he, then he's like it would be feel more comfortable if you got

23 on my back. Could you please do that....and then I did that. Like, I did, um, like,

1 I wasn't, at first I didn't want to sit on his hairy you know, butt. So it was kind of
2 like, you know, like, pushing my legs on the table so like I could kind of sit up and
3 he was like could you please just put all...like sit on me, put all your body weight
4 on me. And then I went, I was just kind of like kind of think I did when I was
5 actually sitting on him, I didn't realize what it was and then like, I got grossed out
6 and as I'm going down, kind of like popped up again. Cause it was gross.
7 MP: Okay. He never tried to touch you?
8 [redacted] Besides like, you know, well, what do you mean by touching, like sexually
9 touching me?
10 MP: No, did he try to touch you or...
11 [redacted] He put his hand on my back when he was whacking off or masturbating. Like,
12 he was just like....
13 MP: You keep, like motioning, like smacking.
14 [redacted] No,...
15 MP: What do you....
16 [redacted] Like, when you're leaning on something, putting your force on it? He was going
17 like that, like...pulling, not, you know, like....
18 MP: Can you show me what you mean?
19 [redacted] Okay. He was.....
20 MP: Let's say I'm on my back. Where would you be, I'm Jeff, where would you be
21 standing?
22 [redacted] I'm right here. I was like, I was like sitting right here.
23 MP: Okay.

1 [redacted] Okay and when he backed up.

2 MP: Which way, this way?

3 [redacted] Yeah.

4 MP: Okay, I'm going to my left.

5 [redacted] All the way around til your back's on the table.

6 MP: Okay. I'm facing you.

7 [redacted] And then you're, your face is a little bit that way...

8 MP: My right. Okay.

9 [redacted] And (inaudible) towards, like on his knees, kind of....

10 MP: Okay, I'm hunched over a little bit.

11 [redacted] And I'm over here. And I"m still giving you a massage and everything but this

12 hand is around me and (inaudible)

13 MP: Okay. My left hand would be...so is my left hand around your shoulders?

14 [redacted] No, under my arm while I'm going like that...

15 MP: Okay. So I'm holding you like around by the waist.

16 [redacted] Um hm. And that hand was on his...

17 MP: His right hand.

18 [redacted] Yes.

19 MP: Okay. It just gives me a better picture of trying to understand, that's why.

20 [redacted] Um hm.

21 MP: And I appreciate you doing that. I don't mean to make you feel uncomfortable.

22 Do you feel uncomfortable?

23 [redacted] No.

1 MP: Okay. After everything was done, okay, did he watch you get dressed?

2 [redacted] No. Cause I was getting dressed while he was out there getting the $300. I

3 guess that's what he was doing. That's the only thing he came back in with. He

4 was still in a towel and stuff.

5 MP: In the room, at all, do you think...and I don't know if there is or not, but do you

6 think there is anything in there that may have recorded what you did?

7 [redacted] Oh my gosh....

8 MP: A video camera...

9 [redacted] Oh my gosh. I didn't think about that. There was lots of places there could have

10 been one because there's pictures, that could have been, I don't know....

11 MP: When he walked out... the reason why I ask is because he walked out once and

12 then came back in, right?

13 [redacted] Yes.

14 MP: So it could be just so he could whack off. I was just curious. I don't know if

15 there is or not.

16 [redacted] If there was, I did not know about it.

17 MP: Okay. So you get dressed, you go downstairs. Where is that woman again?

18 [redacted] Downstairs talking to [redacted] and the other girl.

19 MP: Okay.

20 [redacted] They were having a conversation.

21 MP: Okay. At any time, did he speak to you or does he know how old you are, did he

22 know how old you were?

23 [redacted] Okay. Yes. And, as a matter of fact, [redacted] told me to say I was 18, because

1 [redacted] said tell him you're 18 because if you're not, he won't let you in his house.
2 So I said he was 18. As I was giving him a massage, he was like how old are
3 you. And then I was 18. But I kind of said it really fast because I didn't want to
4 make it sound like I was lying or anything.
5 MP: So what other things did he ask you?
6 [redacted] Um, how I know [redacted] what school I went to.
7 MP: Did you tell him what school you went to?
8 [redacted] Yeah but I told him Wellington. I didn't tell him Royal Palm.
9 MP: Did he ask you what grade you were in or did you tell him what grade you were
10 in?
11 [redacted] Yeah, he was like what grade are you in? Because I told him I was in 12th grade
12 still.
13 MP: Okay.
14 [redacted] Because I told him I was 18 so I had to...
15 MP: So you told him you were in 12th grade?
16 [redacted] Yes.
17 MP: Are you sure?
18 [redacted] Yes.
19 MP: Okay. What else did you talk about?
20 [redacted] Um, that's about it. And he was kind of asking me like how I knew [redacted], is
21 [redacted] nice to me and then he told me how he knew [redacted] and he was like, I was
22 kind of like, how do you know [redacted] Cause I brought up the conversation. He
23 said well I know Haley because she's been working for me for a long time. And

then like, I kind of, you kind of get the picture, working for you and hello, I'm sitting there giving him a back massage. So I kind of figured it out.

MP: He never said that, he just...

[redacted] Yes..

MP: ...said that she worked for him.

[redacted] Yeah but don't...on our way back home, that, like, doesn't make any sense if she didn't do that because why would [redacted] be doing (inaudible) for almost the same amount of money as me.

MP: Right. Well, why couldn't he pay her that day?

[redacted] I don't know, because that's a good question. Cause she didn't, as far as I know, but I don't know but I'm pretty sure she didn't tell me. she didn't think. She was just downstairs having a conversation. And I think that when I went up to the lady, he paid her because like, you know, so because, he paid her while I went upstairs and when I went downstairs, she was still talking to the lady still and she goes, when we were in the kitchen waiting, the old man to come to the house still, she said, oh the chef is so hot, he works here and she was like, and she's like he's so hot, you know, saying his face and then the other girl (inaudible) because when we saw the chef come in, he was old, too. He was like...

MP: So [redacted] likes older guys.

[redacted] Must like it.

MP: Okay. So you left and that was the last time you see him.

[redacted] Yes and that's the last time I went....

MP: Has Jeff ever tried to call you?

1 [redacted] Nope. And...

2 MP: Did you leave a phone number?

3 [redacted] Yeah. Actually I did. Cause when I was leaving, he goes um, please leave your

4 phone number so [redacted] can keep in touch with you because she doesn't have

5 your phone number. So I didn't, I just gave him my cell phone number. I didn't

6 give him my house number, I gave him my cell phone number.

7 MP: And how long ago was this?

8 [redacted] Oh my gosh, I couldn't tell you the date but....it was about maybe, oh my gosh, a

9 month and a half ago. I don't really know..

10 MP: In February?

11 [redacted] I...

12 MP: Because we're in March right now.

13 [redacted] Either the very beginning of February or the end of January. I couldn't tell you...

14 MP: How long after did you get into that fight with [redacted]?

15 [redacted] Um, like a week, cause...

16 MP: You got into a fight with [redacted] on the 9th.

17 [redacted] Okay, so yes, it was about a week after....or before.

18 MP: Okay. And who else besides Zack dic you tell what happened?

19 [redacted] That's it.

20 MP: Besides [redacted] of course.

21 [redacted] Zack and [redacted]

22 MP: Do you think [redacted] has brought anybody else that you know of?

23 [redacted] No, but she wanted me to bring my sister but that same day was going to her

boyfriend's house.

MP: Okay.

[redacted] And, when I was in that guy's room, there was a like, where the drawers of lotion were, there's like a shelf of pictures and he had so many pictures of girls about 16, 17, around that age, 17 or 18. And they were like on the walls and most of....all the girls were topless or just plain naked. And they were in positions or they were just standing up.

MP: Okay.

[redacted] Looking at pictures.

MP: Okay. Well, I have to ask you. Do you know the difference between....and you're a grown woman, so I'm asking you. You're pretty mature for your age. Okay? Do you know the difference between right and wrong?

[redacted] Yes.

MP: Do you know the difference between the truth and a lie?

[redacted] yes.

MP: Can you tell me what a lie would be?

[redacted] Um, not saying the truth.

MP: Okay. So if I tell you you are wearing a blue sweater right now.....

[redacted] I could tell you you're lying.

MP: Why?

[redacted] Because I'm wearing a pink one.

MP: You got it. Is everything you've told me the truth?

[redacted] Yes.

1 MP: Are you lying about anything?

2 [redacted] No. I'll swear on the bible.

3 MP: Okay. Swearing to God, that's good enough for me.

4 [redacted] I swear to God.

5 MP: Okay. Is there anything else you'd like to talk to me about?

6 [redacted] No, because that's about....nothing else about the whole thing.

7 MP: So that's it. You did not have any kind of sex with him.

8 [redacted] Heck no!! I will swear on my mother's grave.

9 MP: You know what having sex with somebody means?

10 [redacted] Yes, I know what having sex with somebody means.

11 MP: Okay. You, at no time, touched his penis?

12 [redacted] At no time did I touch his penis.

13 MP: At any time, did he touch you.....

14 [redacted] At no time...

15 MP: Besides putting his hands...

16 [redacted] Besides that, no times did he touch me.

17 MP: And just so I can be sure, you saw him whacking off once.

18 [redacted] Yes, I saw him.

MP: Okay. And as far as you think.....

[redacted] I think, I know, well, I couldn't say I know, but it's the same noises were being made when he was (inaudible).

22 MP: And that's it. I thank you very much. This will conclude the interview. The time

23 now by my watch is approximately 3:05.

# TAB 5

THE STATE OF FLORIDA, )
COUNTY OF PALM BEACH. )

IN RE:

JEFFREY EPSTEIN.

_____/

SWORN STATEMENT OF [redacted]

Friday, March 21, 2008
12:05 p.m. - 12:15 p.m.
250 Australian Avenue South
Suite 1400
West Palm Beach, Florida 33401

Reported By:
Judith F. Consor, FPR
Notary Public, State of Florida
Consor & Associates Reporting and Transcription
West Palm Beach Office
Phone - 561.682.0905

1 APPEARANCES:

2

3 On behalf of the Defendant:
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4 ATTERBURY, GOLDBERGER & WEISS, P.A.
250 AUSTRALIAN AVENUE SOUTH
5 SUITE 1400
WEST PALM BEACH, FLORIDA 33401
6 561.659.8300
7 ALSO PRESENT
LILLY ANN SANCHEZ, ESQ.
8 FOWLER WHITE, ATTORNEYS AT LAW
9

- - -

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1 Statement taken before Judith F. Consor,
2 Court Reporter and Notary Public in and for the State of
3 Florida at Large, in the above cause.
4 - - -
5 Thereupon,
6 [redacted]
7 having been first duly sworn or affirmed, was examined
8 and stated as follows:
9 THE WITNESS: Yes, ma'am.
10 BY MR. GOLDBERGER:
11 Q. Jennifer, my name is Jack Goldberger and
12 I'm here with Lilly Sanchez. And we are two lawyers that
13 represent Jeffrey Epstein in some matters that are being
14 investigated here in Palm Beach County.
15 We've asked you to come in here today, and
16 we really appreciate that you came in here voluntarily.
17 You've just been sworn to tell the truth,
18 and really all that means is that we're going to take a
19 statement from you. And it's obvious that we just want
20 you to tell us what you know.
21 A. Uh-huh.
22 Q. We don't want you to tell us anything that
23 is incorrect or a lie in any way. We simply want the
24 truth here. And we're going to do this very, very
25 quickly. Okay?

A. Uh-huh.

Q. If you don't understand -- you know, I talk in what's called lawyerese sometimes. And if you don't understand what I'm saying, just say, "Jack, what are you talking about?" And we'll get it straight for you. Okay?

A. Uh-huh.

Q. Will you tell me what your full name is.

A. [redacted]

Q. Okay. And your birthday, [redacted]?

A. [redacted]

Q. Okay. Now where do you live right now?

A. [redacted].

Q. Is that here in West Palm Beach?

A. [redacted]

Q. How long have you lived there at that address?

A. [redacted].

Q. And you live there with your son?

A. Yes. And my parents.

Q. Okay. You've never been in court before for anything, have you?

A. Traffic.

Q. Your own traffic?

A. Nothing, nothing serious.

Q. Just your own traffic matters?

A. Yes.

Q. Have you ever had to have an attorney represent you for anything?

A. No.

Q. Good for you.

Okay I want to talk to you about a man that you know by the name of Jeffrey Epstein.

A. Uh-huh.

Q. You know Jeffrey, do you not?

A. I met him once.

Q. How many times did you ever go to Jeffrey Epstein's house?

A. One time.

Q. Okay. And now before you went to Jeffrey Epstein's house, had you ever heard of him before?

A. Yes, [redacted] had told me about him, [redacted]

Q. And what had [redacted] told you about Mr. Epstein?

A. She told me that he was having girls such as [redacted] and [redacted], and others that I don't know their names, were setting up girls to bring them over and give him massages, and it was going to be strictly massages, no physical contact other than that, and that I would be

1 getting paid -- I don't remember what she told me. I
2 think she said a hundred dollars for a half-hour or
3 something, two hundred; either a hundred or two hundred.
4 I can't remember. It was a long time ago.
5 Q. Sure.
6 A. But it was only going to be for a half-hour
7 and that was it.
8 Q. Now you learned of Mr. Epstein, I think you
9 just told me, through [redacted] is that correct?
10 A. I learned of him through [redacted].
11 Q. Okay. So I guess we can assume then that
12 Mr. Epstein, prior to your going over there, never called
13 you on the telephone?
14 A. Never knew who I was until I saw him, that
15 I know.
16 Q. I understand. You never received an e-mail
17 from Mr. Epstein prior to going over there?
18 A. No.
19 Q. You never had any kind of Internet contact
20 with Mr. Epstein before going over there?
21 A. No contact at all.
22 Q. Okay. You never spoke to anyone that
23 worked for Mr. Epstein prior to going over there?
24 A. No.
25 Q. Never had any kind of e-mail contact with

1 anyone that worked for Mr. Epstein before going over
2 there?
3 A. No.
4 Q. And again, never had any kind of Internet
5 contact with anyone that worked for Mr. Epstein before
6 going over to his house?
7 A. No.
8 Q. Okay. So [redacted] told you that you could
9 go over to Mr. Epstein's house and do a straight,
10 legitimate massage, correct?
11 A. Yes.
12 Q. And that there would be no physical or
13 sexual contact in any way?
14 A. Right.
15 Q. And I assume that was important to you to,
16 to make sure that there would be no sexual contact?
17 A. Yeah. I mean [redacted] was one of my good
18 friends. She was one of my best friends at the time and
19 I trusted her word, and what she told me sounded
20 legitimate and legal, to my understanding. I wasn't
21 doing anything out of the way. So I believed it wasn't
22 too bad to do to clear my bank account up and get that
23 straightened out.
24 Q. Okay. And when I talked to you about --
25 you know, I'm not a technology guy. But when I talk to

you about e-mail and phone contact, I'm including text mail messages and any other kind of contact the way you guys use it.

A. No contact whatsoever.

Q. Okay. So there was no contact at all?

A. No.

Q. Okay. Now, I think you just what answered the question, but let me just ask -- I'm going to do what I told you I wouldn't do; I'm going to ask it to you in legalese. Before going over to Mr. Epstein's house, did anyone try to persuade you to engage in that kind of sexual activity or sex with Mr. Epstein?

A. No.

Q. Okay.

A. When [redacted] had -- because [redacted] was the one that had drove me over there --

Q. Right.

A. -- [redacted] told me that [redacted] would be the one driving me -- they were following -- and [redacted] had said that if -- he might ask if I wanted to do anything else, that it was up to me, I could say yes or no. She said, "He may ask you to do other things."

Q. But no one was asking you before you --

A. No one was telling me that I had to do anything. She was just stating that it was a possibility

he may ask me to do other things.

Q. Most importantly though, before you went over there, no one tried to persuade you to engage in any kind of sex?

A. No, no one persuaded me.

Q. No one was inducing you or enticing you to do any kind of sex?

A. No.

Q. Okay. And certainly no one that had any association with Mr. Epstein tried to persuade you or induce you to engage in any kind of sex?

A. No.

Q. Okay. As far as what [redacted] said to you, she said he may ask you whether you want to do anything and it was totally within your rights to decide?

A. Totally within my rights to do whatever I wanted to do.

Q. And I assume she told you that if anything was asked of you, whether you wanted to do anything else, I assume [redacted] told you that Mr. Epstein would absolutely respect that. In other words, if you were asked to do anything and you said no, he would say, "Fine. I understand."

A. Yeah. Because he told me in the room if I didn't want to -- whatever I didn't want to do, just say

no and he said that was fine.

Q. Okay.

A. That's what I was understanding.

Q. Okay. But that conversation only took place after you got to his house, right?

A. Yeah, right.

Q. Okay. And going back to, to [redacted], she never communicated to you, with you by e-mail or text messaging about any engaging in any kind of sexual activity?

A. No. It was just that day that I had decided that I was going to go over there that [redacted] had took me over to [redacted]'s house and then [redacted] had drove me there and [redacted] and [redacted] followed.

Q. Okay. I know the answer to this is obvious, because you only went there to Mr. Epstein's house one time, but I've got to ask you this. You never traveled anywhere with Mr. Epstein, did you?

A. No.

Q. You never left the state to meet with Mr. Epstein, did you?

A. No. Heard other girls did.

Q. Okay. Ms. Sanchez just reminded me of a question I forgot to ask.

You never spoke to [redacted] on the

1 telephone at any time, did you?
2 A. No.
3 Q. Thank you.
4 So I think what I'm hearing you tell me is
5 that your going over there was entirely voluntary; it was
6 consensual on your part?
7 A. It was consensual on my part, yes.
8 Q. No one told you that you had to dress in
9 any particular way?
10 A. No. I was wearing jeans and a tee shirt.
11 Q. Kind of like today, right?
12 A. Exactly.
13 Q. Now, you were told that you didn't have to
14 take your clothes off, right?
15 A. Yeah. She was -- well, they told me it was
16 up to me. They said that it was just going to be a
17 massage. They didn't tell me anything further than that.
18 They said if he did ask me, it was entirely up to me.
19 Q. Right.
20 A. And that was that.
21 Q. Right. And you were told you could say no
22 to anything if anything was asked?
23 A. Yes.
24 Q. And that was clearly the atmosphere that
25 existed when you went to the house?

A. Uh-huh.

Q. Anything that was done was totally your decision?

A. Exactly.

Q. All right. Great.

Now you never -- during the one time that you were with Mr. Epstein, you never told him at any time that you were uncomfortable with him in any way, did you?

A. No.

Q. You weren't afraid to say no to him about anything, were you?

A. Nothing. Or anybody.

Q. Did he ever touch any of your private parts at all?

A. No.

MR. GOLDBERGER: Let's go off the record for a second.

(Discussion held off the record.)

MR. GOLDBERGER: Back on the record.

BY MR. GOLDBERGER:

Q. Did Mr. Epstein ever grab you in any way?

A. No. He never touched me physically.

Q. Great.

And he never tried to put your hand in any particular place?

1 A. No. I massaged his back, his chest and his
2 thighs and that was it.
3 Q. Okay. Now while you were with Epstein, did
4 he touch his penis at all?
5 A. No, he did not.
6 Q. Did he masturbate in front of you?
7 A. No.
8 Q. And you didn't touch his penis, I assume?
9 A. No.
10 Q. You didn't help him masturbate?
11 A. No.
12 Q. And certainly --
13 A. Sorry. He was too old.
14 Q. I hear you. And I'm sorry to ask these
15 questions that are so obvious.
16 A. It's your job.
17 Q. Mr. Epstein did not have any sex with you
18 in any way?
19 A. No.
20 Q. You didn't have any kind of oral sex with
21 him?
22 A. No.
23 Q. Okay. Did Mr. Epstein ever penetrate you
24 in any way with his finger or anything?
25 A. No.

1 Q. And I would assume based on what you've
2 been telling me, that Mr. Epstein never threatened you in
3 any way?
4 A. No.
5 Q. In fact, I think you described him as being
6 a nice guy, right?
7 A. He was a nice guy. I mean I'm not going to
8 sit here and actually defend him, because I know he was
9 wrong for some parts maybe in his case, but as far as I
10 go, it was -- he was not threatening me. He didn't make
11 me do anything that I didn't want to do. I said no if I
12 didn't want to do something and --
13 Q. So clearly, you were not afraid when you
14 were there or anything like that?
15 A. No.
16 Q. All right. And Mr. Epstein didn't offer
17 you drugs of any kind?
18 A. No.
19 Q. Okay. He didn't offer you any alcohol?
20 A. Nothing.
21 Q. And I think you told me already -- but
22 let's make sure we're clear on the record, -- you went to
23 Mr. Epstein's house one time and one time only, correct?
24 A. Correct.
25 Q. And that's the only time that you've ever

seen Mr. Epstein?

A. Correct.

Q. Okay. And you certainly never called the police as a result of this?

A. No.

Q. And you never contacted the State Attorney's Office?

A. No.

Q. Did Mr. Epstein ever contact you after the massage?

A. No.

Q. Okay. Had anyone that's associated with Mr. Epstein or did anyone associated with Mr. Epstein ever contact you after the massage?

A. No, besides [redacted] which was my best friend. I always talked to her. She asked if I ever wanted to go back again and I told her no. And she was just asking me that as a friend question, not to ask me if I was actually willing to go back over there.

Q. She wasn't speaking as a representative of Mr. Epstein?

A. Right.

Q. It was just a friend --

A. Right, just a friend conversation.

Q. Okay. Now before you went over there you

were told that you had to be 18 to go over to Mr. Epstein's house?

A. Yeah.

Q. Okay.

A. As I believe, I was 17, they told me to tell him that I was 19.

Q. Okay. So you were told to say that you were somewhat over 18?

A. Yes. [redacted] told me to say that I was 19.

Q. Okay. Do you remember whether you told Mr. Epstein whether you were 18 or 19?

A. I told him I was 19.

Q. I see. And you were not 19 yet at that time?

A. No.

Q. You were, I guess, 17?

A. I think 17.

Q. Okay. But you certainly wanted Mr. Epstein to believe that you were 18 years or older when you went there?

A. Yeah, because my interest was getting the money and clearing my debt.

Q. Okay. You certainly didn't want Mr. Epstein to say, "I'm not going to pay for a massage if you're under 18"?

A. Right. And I know he probably wouldn't if --

Q. Okay. And clearly, you had some debt based on what your boyfriend had done to you and you wanted to get paid for this massage?

A. Correct. He swiped out my bank account and I needed a way to come up with $200 that was over my bank. So I'd get paid 300. I put 200 in my bank and I believe I gave [redacted] a hundred for taking me.

Q. Given your debt situation, it was important to you to convince Mr. Epstein that you were over 18, because you wanted to do this job?

A. Correct.

Q. Gotcha. Okay.

Believe it or not -- let me just check with Ms. Sanchez, -- but I think I've got everything covered here.

A. I don't believe it was so much Epstein as it was the girls that were working for him, that were bringing in the service, because the girls were the ones telling everybody to lie, to bring in the business so that they could get paid. I know he was traveling them back and forth and renting them rental cars.

Q. So I think what you're telling me is that you really believe that Mr. Epstein was relying on what

the other girls were doing to make sure that the women that were brought --

A. For the most part, yes. I believe that -- I mean of course that this is what he wanted and this is what he set up.

Q. Uh-huh.

A. But I believe he had the girls doing all the work for him, so that they were the ones that were more getting in trouble for bringing in the business than him.

Q. But it's clear from what you saw the one time you were there, that Mr. Epstein was relying on others to make sure that the women that were brought over were over the age of 18?

A. Yeah; because he wasn't contacting me. And in other words, they were telling me to lie to him, to tell him that I was older, so I mean from what he knows, everybody was over-age.

Q. Correct.

Okay. You've understood all the questions I have asked you today, right?

A. Yes.

Q. Any questions about what I've asked you?

A. No.

Q. Okay. I really, really appreciate your

coming in here today. We got this done much quicker than if we had to go to the courthouse to do it.

A. Thank you.

Q. I didn't coerce you in any way to give any particular answers, did I?

A. No.

Q. All I asked you to do was tell the absolute truth?

A. I'm fine. That's good.

Q. And that's what you did, you told the truth?

A. Told the truth.

MR. GOLDBERGER: [redacted], thanks so much for coming in today. I appreciate it very much.

THE WITNESS: No problem.

MS. SANCHEZ: Thank you.

(Thereupon, the sworn statement was concluded at 12:15 p.m.)

- - -

1 THE STATE OF FLORIDA, )
2 COUNTY OF PALM BEACH. )
3
4
5 I, the undersigned authority, certify that
6 [redacted] personally appeared before me on the 21st
7 of March, 2008 and was duly sworn.
8
9 WITNESS my hand and official seal this 22nd day
10 of March, 2008.
11
12
13
14 Judith F. Consor, FPR
15 Notary Public - State of Florida
16
17
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25

1 C E R T I F I C A T E
2

The State Of Florida, )
3 County Of Palm Beach. )
4
5 I, Judith F. Consor, Court Reporter and Notary Public in and for the State of Florida at large, do
6 hereby certify that I was authorized to and did stenographically report the sworn statement of JENNIFER
7 LADUKE; that a review of the transcript was not requested; and that the foregoing pages, numbered from 1
8 to 19, inclusive, are a true and correct transcription of my stenographic notes of said sworn statement.
9
I further certify that said sworn statement
10 was taken at the time and place hereinabove set forth and that the taking of said sworn statement was commenced and
11 completed as hereinabove set out.
12 I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or
13 employee of any attorney or counsel of party connected with the action, nor am I financially interested in the
14 action.
15 The foregoing certification of this transcript does not apply to any reproduction of the same by any
16 means unless under the direct control and/or direction of the certifying reporter.
17
DATED this 22nd day of March, 2008.
18
19
20 Judith F. Consor, Court Reporter
Florida Professional Reporter
21
22
23
24
25

[redacted]

[redacted]

[redacted]

[redacted]

# TAB 6

1 IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
2 STATE OF FLORIDA

3 STATE OF FLORIDA,

4 vs.

5

JEFFREY EPSTEIN,
6 Defendant.
7 _____

8

9 TRANSCRIPT OF TAPED STATEMENT OF [redacted]
10 4-24-07

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16

17 Transcribed by:
Vicki S. Woodham, Court Reporter
18 Notary Public, State of Florida
Consor & Associates
19 1655 Palm Beach Lakes Boulevard, Suite 500
West Palm Beach, Florida 33401
20 Phone - 561.682.0905

21

22

23

24

25

(Taped statement as follows:)

AGENT RICHARDS: This is Special Agent Jason Richards with the FBI along with Special Agent Nesbit Kirkendul and Assistant United States Attorney Marie Bilafonia here to conduct an interview with Ms. [redacted] Also present is her attorney, Jim Eisenberg and Carrie Sheehan.

MR. EISENBERG: And we are here -- This is Jim Eisenberg and my investigator, Ms. Sheehan is here. And we're here pursuant to a subpoena that was served on me for [redacted] and that's why we're here. So Ms. Bilafonia, it's your show.

MS. BILAFONIA: Okay, great.

AGENT RICHARDS: I also want to add that the date is 4-24-07, and the time by my watch is 4:21 p.m.

BY AGENT RICHARDS:

Q. [redacted] we just want to start off and I'll lead off first. We just want to get some basic info about you, simple stuff. I've got your date of birth as [redacted] is that correct?

A. Yes, sir.

Q. I just want to get like your basics like that stuff first. Your current address?

A. [redacted]



HOUSE_OVERSIGHT_012283

[redacted]

Q. You have a cell phone or --

A. [redacted]

Q. And home phone?

A. Only cell.

Q. Only cell, okay. Now have you had other cell phone numbers in the past and do you know any of those?

A. [redacted] that's the only one I can remember.

Q. Okay. But you had some others?

A. Uh-huh.

Q. Okay.

BY MS. BILAFONIA:

Q. Who's your service provider?

A. Metro.

Q. Metro. And for that other number as well?

A. Yes.

BY AGENT RICHARDS:

Q. Where did you go to high school?

A. [redacted]

Q. And what year did you graduate?

A. [redacted]

Q. What year was that that you dropped out, do you remember?

A. No.

Q. What year were you supposed to graduate, your

class?

A. [redacted]

Q. Okay.

A. I had got my GED.

Q. When did you get that?

A. About three months ago.

Q. And are you going to college anywhere currently?

A. Not right now.

Q. Plans?

A. I have plans.

BY MS. BILAFONIA:

Q. Where are you thinking about going?

A. I'm not positive what I want to do. There's a lot of things on my mind, but right now I'm focusing on my son. I have a two year old so right now I'm just working.

AGENT RICHARDS: He's a handful?

THE WITNESS: Yeah.

AGENT RICHARDS: I have one, too.

THE WITNESS: Yeah. So in the future, I'm definitely going to go to college. I'm going definitely going to go to school. But I have, you know, a modeling career going on right now that's

25 hopefully going to -- some of you will notice me,



1 hopefully, and that would be great, but I don't
2 know.
3 BY MS. BILAFONIA:
4 Q. Where else are you working?
5 A. I work for Advanced Cleaning Systems. They
6 clean carpets.
7 AGENT RICHARDS: Advanced what was it?
8 THE WITNESS: System Cleaning.
9 BY MS. BILAFONIA:
10 Q. And where are they located?
11 A. Las Palmas, 11 Swanee, S-w-a-n-e-e, Swanee
12 Drive.
13 Q. Are you working in an office there or do you go
14 out to people's homes?
15 A. I work in an office there.
16 BY AGENT RICHARDS:
17 Q. Obviously, you know why we're here and what we
18 want to talk about. So let me just kind of lead into do
19 you know Jeffrey Epstein?
20 A. Yes.
21 Q. Yes, of course, you do. Now when did you meet
22 Jeff? Does he go by Jeff or Jeffrey or --
23 A. Jeffrey.

24 Q. Okay. When did you meet him and who introduced
25 you to Jeffrey?



1 A. My girlfriend, [redacted], introduced me to
2 Jeffrey.
3 Q. Do you know her last name?
4 A. No. She was a friend of one of my friends, so
5 I really didn't know her.
6 BY MS. BILAFONIA:
7 Q. When was that?
8 A. I really couldn't tell you. I don't even
9 remember. It's been so long ago.
10 BY AGENT RICHARDS:
11 Q. So [redacted] introduced you to him. Was it at a
12 party setting or how did you guys meet?
13 A. No. She came to me and she said hey, would you
14 like to make a couple dollars and I said sure. I said
15 doing what? She said, Well, I know this Jeffrey. He
16 lives on Palm Beach Island and I bring girls there and he
17 likes massages and I was like okay. So I asked her, I
18 said well, what about my age? And she said well, just
19 make sure that you tell him that you're 18. And I had a
20 fake ID at the time and we went there.
21 Q. Okay. And about what time period was it that



HOUSE_OVERSIGHT_012287

22 you went over there first, do you remember?
23 A. What time period?
24 Q. Yes. As far as what year was that that you
25 were in school?



1 A. I was 16.
2 Q. Sixteen.
3 BY MS. BILAFONIA:
4 Q. Were you a freshman or a sophomore, do you
5 remember?
6 A. I couldn't tell you. I couldn't tell you.
7 Probably a sophomore.
8 Q. Now you said that [redacted] told you that he
9 likes massages. Did she elaborate on what types of
10 massages?
11 A. She said sometimes he likes topless massages,
12 but you don't have to do anything you don't want to do.
13 He just likes massages.
14 Q. And do you know whether [redacted] had given him
15 massages?
16 A. Yeah, she said she's done it before.
17 Q. And do you know whether [redacted] had taken any
18 other girls over to see Jeffrey?
19 A. Yes, she probably did.
20 Q. Did she tell how much you would make?

21 A. Yes.
22 Q. What did she tell you?
23 A. We go there and we make $200 in 30 minutes.
24 Q. Now you said that you asked her, you know, what
25 -- do I need to be worried about my age. Why did you ask



1 her that?
2 A. Because I don't want to be -- you know, it was
3 like I was underage and I was young and I was pretty
4 stupid and I didn't want to get -- I didn't want to get
5 in trouble, so I always made sure -- I had a fake ID,
6 anyways, saying that I was 18. And she just said make
7 sure you're 18 because Jeffrey doesn't want any underage
8 girls.
9 BY AGENT RICHARDS:
10 Q. Now [redacted] did she -- where did you meet her
11 at? In school? What setting?
12 A. I was at a friend's house, my girlfriend's
13 house. I don't know what girlfriend's house it was.
14 Everybody was just hanging out. And she said -- she came
15 up to me and she asked me. She said, do you want to make
16 a couple bucks and I said sure.
17 Q. And after the first time that she took you over
18 there to meet Mr. Epstein, did she ever call you again to

19 set up any appointments with him or anything like that?
20 A. No.
21 Q. Did she ever call you on the phone is what I'm
22 asking?
23 A. No, I gave Jeffrey my number. And I said, you
24 know, any time you want me to give you a massage again,
25 I'll more than welcome to.



1 BY MS. BILAFONIA:
2 Q. So [redacted] took you that first time, but then
3 after that you communicated directly with Jeffrey?
4 A. Uh-huh.
5 Q. Tell us about that first time that you went to
6 his house. Who -- how did you get there?
7 A. One of [redacted]'s friends and they dropped us
8 off and then we went. You know, we got escorted up to
9 the massage room and he told me everything. He said,
10 Listen, I like massages. And we had the whole massage
11 table laid out, the lotions and everything. And she was
12 in there for the first like five minutes. And the first
13 time I gave him a massage, she left the room and I gave
14 him a massage. And she told me, she says he likes women
15 topless massages. So I willingly the first time took off
16 my top when I gave him a massage and nothing more than
17 that. It was just a back massage and neck massage and I

18 was out of there.
19 Q. Okay. Let me just ask you a couple of
20 follow-up questions. You said that someone escorted you
21 up to the room. Do you know who that was?
22 A. One of -- what's her name? Actually, [redacted]
23 [redacted] just said, you know, it's up there and she just told
24 me where it was.
25 Q. And then you said that you and [redacted] went



1 upstairs together?
2 A. Uh-huh.
3 Q. And [redacted] stayed in there for the first few
4 minutes?
5 A. Uh-huh.
6 Q. Was Jeffrey already in the room by the time
7 [redacted] left?
8 A. Yeah, he was in the room.
9 Q. Okay. Was he there when you guys showed up in
10 the room or did he come in after you were already there?
11 A. He was in the room already.
12 Q. And you said that you took your top off. Did
13 anybody ask you to take it off, like did [redacted] say it's
14 time for you to take it off?
15 A. No, she wasn't in the room.

16 Q. By the time you took it off, okay.
17 A. I said, I told Jeffrey, I heard you like
18 massages topless. And he's like, yeah, he said, but you
19 don't have to do anything that you don't feel comfortable
20 with. And I said okay, but I willingly took it off.
21 Q. Okay. And during that first massage, you said
22 that you gave him a shoulder and neck massage?
23 A. Neck, back, shoulder, yeah.
24 Q. Was he face down the entire time that he got
25 his massage?



1 A. Yeah.
2 Q. And what did you do during the massage? Did
3 you talk or --
4 A. Yeah, we talked.
5 Q. And what would you talk about with him?
6 A. Well, we were just getting to know each other.
7 We talked about how my lifestyle was, what he did for a
8 living and just all positive things, really nice things.
9 Q. Okay. What was he wearing when you first came
10 in the room?
11 A. I'm sorry. When he first -- when he first came
12 in the room, he was fully clothed. And then he said, you
13 know, wait a second. I'm going to go on the massage
14 table and he put a towel over him just like a normal

15 masseuse would do.

16 Q. Did he undress and put a towel around him?

17 A. Uh-huh.

18 Q. Okay.

19 A. Yeah, I didn't see anything. It was just back,

20 neck and shoulders.

21 Q. And after the massage was over, you received

22 the $200?

23 A. He gives money right away.

24 Q. I'm sorry. Was that before you started the

25 massage or after the massage he gave you?

12

1 A. The first time, he gave me the money right

2 away.

3 Q. Okay. And he's the person that paid you the

4 $200?

5 A. No, it's always [redacted]

6 Q. [redacted] gave you the money?

7 A. Uh-huh.

8 BY AGENT RICHARDS:

9 Q. What's [redacted]'s last name, do you know?

10 A. I don't know.

11 MR. EISENBERG: You can't look at papers. If

12 you think you know, you know. If you don't know, --



HOUSE_OVERSIGHT_012293

13 THE WITNESS: No, I don't know. I don't know
14 [redacted]'s last name. He does.
15 BY MS. BILAFONIA:
16 Q. Okay. The only thing I'm confused about is you
17 said that [redacted] didn't even take you upstairs. She just
18 told you where you should go?
19 A. Uh-huh.
20 Q. So when did she pay you the money?
21 A. She paid me then and there when I first walked
22 in the door, me and [redacted]
23 BY AGENT. RICHARDS:
24 Q. She paid you before you went upstairs?
25 A. Yes.



1 BY MS. BILAFONIA:
2 Q. And how much was [redacted] paid?
3 A. Everybody got paid $200.
4 Q. And after -- So after the massage was finished,
5 you said that you had already been paid. Who asked you
6 for your name and telephone number?
7 A. Jeffrey said, Well, I'd like to see you again.
8 Can I have your number? From what I remember, I'm pretty
9 sure he asked me for my number and I gave him my number.
10 Q. Okay.
11 BY AGENT RICHARDS:

12 Q. Did he write it down upstairs? He had a pen
13 handy, I hope?
14 A. Uh-huh.
15 BY MS. BILAFONIA:
16 Q. On that first massage, you said that you worked
17 on him topless. But when you first started, did you take
18 -- what were you wearing?
19 A. I was wearing a shirt, a normal shirt and
20 jeans. And I started to do a massage and I said well, I
21 heard you like topless massages. And, of course, he
22 thought I was 18. And he's like yeah, I do. I prefer
23 that. And who wouldn't, you know? So I said okay and I
24 took it off.
25 Q. And you took off your bra as well?



1 A. Yes.
2 Q. And you left your jeans on?
3 A. Yes.
4 Q. Okay. So you gave him a massage. Did he
5 request you do anything special in the massage?
6 A. No.
7 Q. And he never turned over in that first massage?
8 A. No.
9 Q. So you said that that day you gave your name

10 and number to Jeffrey. When was your next contact from
11 him or anybody who worked for him?
12 A. The next day, he had called me and he said
13 would like to come out again and I'd like to see you
14 again. I said sure. I took a taxi there and I went
15 there again.
16 Q. The following day?
17 A. The next day.
18 Q. Okay. And you said that Jeffrey is the person
19 who called you for that appointment?
20 A. No, Jeffrey did not, no. [redacted] actually
21 called me. From what I remember, [redacted] actually called
22 me.
23 Q. Okay. And she said Jeffrey says he wants to
24 see you again?
25 A. Yes.



1 Q. And then you said you took a taxi?
2 A. Yes.
3 Q. Is that how you would normally get to and from
4 his house?
5 A. Uh-huh, if I didn't have friends because I
6 don't drive, yeah.
7 BY AGENT RICHARDS:
8 Q. How did you get home the first time when

9 [redacted] took you over? Did she get a taxi?
10 A. No, our friend came back and picked us up.
11 Q. Which friend was that?
12 A. His name was Brian. I don't know his last
13 name. I really didn't know [redacted] and I didn't know her
14 friends or whatever, but I met Jeffrey. And once I met
15 Jeffrey, he was a very awesome guy and I just -- I don't
16 know. I ended up giving him my number so I could -- I
17 didn't want [redacted] or Brian to drive me anymore. I
18 would rather go to him on my own.
19 BY MS. BILAFONIA:
20 Q. When you would take the taxis to and from,
21 would he pay for them?
22 A. Uh-huh.
23 Q. And he would pay when you arrived?
24 A. Uh-huh.
25 Q. And then he would just give you extra money



1 when you left to pay for the taxi?
2 A. No, no. I never asked him for extra money, so
3 I just paid for my own taxi.
4 Q. Okay. So from the money that he paid you for
5 the massage?
6 A. Two hundred, yeah.



HOUSE_OVERSIGHT_012297

7 Q. Where were you living at the time?

8 A. I was living at [redacted] It's

9 located on [redacted] So I would take, you know,

10 straight [redacted] down to where I lived.

11 Q. Do you remember about how much that taxi fare

12 was each way?

13 A. Twenty dollars.

14 Q. And did you always use the same taxi service

15 or --

16 A. No, I used different taxis all the time, so --

17 Q. And you would just call and have them come to

18 your house?

19 A. Uh-huh. I used a whole bunch of different

20 taxis, whatever is available.

21 Q. So you mentioned that the second massage, was

22 it any different than the first one?

23 A. Yes.

24 Q. How was it different?

25 A. When I went there, I went there by myself. And



1 I went up to the massage room and Jeffrey was just like

2 regular like he was before on his stomach and he had a

3 towel over and we started the massage and I had my top

4 off willingly. And after the massage, he asks me the

5 whole time. He says, Are you comfortable with me doing



HOUSE_OVERSIGHT_012298

6 this and I said yes and he turned around. And this was
7 like at the end of the massage, our 30-minutes massage,
8 usually it was even shorter than that. And he
9 masturbated at the end of the massage and it was like two
10 seconds and I was just topless.
11 Q. And when he turned over, then did he touch you
12 at all or was he just --
13 A. No. I did not touch him. He did not touch me.
14 He didn't even want --
15 Q. You didn't like continue the massage while he
16 was masturbating or anything?
17 A. No.
18 Q. Okay. I cut you off. You said he didn't even?
19 A. He didn't want me to touch him and he didn't
20 touch me at all.
21 Q. Did he ever ask you to rub his chest or rub his
22 nipples during the massage?
23 A. Actually, later on -- because I saw him for a
24 long time. Later on, I asked him, you know, and I asked
25 him -- I would give him -- you know, I would rub his

18

1 chest or whatever and massage him while he was
2 masturbating, yeah.
3 Q. So eventually you would continue the massage



HOUSE_OVERSIGHT_012299

4 and he would masturbate at the same time?

5 A. Yeah, but it wasn't on his lower area.

6 Q. No, you never touched his penis?

7 A. Right.

8 Q. Okay. So that was during the second massage.

9 You were paid $200 again?

10 A. Always.

11 Q. Always? Every time you went there?

12 A. Always.

13 BY AGENT RICHARDS:

14 Q. Was it always [redacted] that paid you?

15 A. Sometimes Jeffrey would and sometimes [redacted]

16 would.

17 BY MS. BILAFONIA:

18 Q. Was it usually before or after the massage?

19 A. After the first time, it was always after. I

20 would go downstairs and I'd get paid.

21 Q. So just sort of tell us, when a massage ended,

22 which I assume was after he ejaculated?

23 A. It wasn't all the time that he did, though.

24 Q. Okay.

25 A. It wasn't like every time we went there he



1 released. Sometimes he just wanted his feet massaged.

2 Sometimes he just wanted a back massage.

3 Q. Okay. But when the massage was over however it
4 ended, you would just get dressed and go downstairs by
5 yourself or did take you downstairs?
6 A. Yeah. The chef would make us food and it'd be
7 great. And Jeffrey would get dressed and he'd come down
8 with us sometimes or, you know, it wasn't -- we had fun.
9 It was all positive.
10 Q. Okay. How many massages do you think that you
11 gave Jeffrey?
12 A. I gave Jeffrey a lot of massages. I can't tell
13 you. I saw him for a good year.
14 Q. And how many times -- would you see him weekly
15 or more than once a week?
16 A. Yeah.
17 Q. More than once a week?
18 A. I personally would or I'd bring girls.
19 Q. Okay. But either you would or either a girl
20 that you brought?
21 A. Yeah, uh-huh.
22 Q. Okay.
23 A. But after a while, it wasn't me anymore. I had
24 brought girls, but I got paid $200 to bring girls.
25 Q. Okay. So let's talk just about when you were

1 performing the massages. What other sorts of things
2 would happen? You said that sometimes he would just like
3 his feet massaged. What else would happen during those
4 massage sessions?
5 A. Nothing. Everything I told you.
6 Q. Okay. So sometimes a back massage?
7 A. Sometimes he liked back massages. Sometimes he
8 like feet massages. Sometimes he like his head massaged.
9 He liked his head massaged a lot. Sometimes leg
10 massages, yeah. And it wasn't every time that we went
11 there he masturbated.
12 Q. Okay. Any idea half and half or less than half
13 the time that he masturbated?
14 A. Less the time he masturbated.
15 Q. Did you always perform topless? Did you ever
16 get completely naked towards the end or in the middle and
17 remove all of your clothing?
18 A. I would wear panties. Willingly one time
19 because we were making jokes and everything and willingly
20 one time I had, yes, I was totally nude, but I was fine
21 with it.
22 Q. Okay.
23 A. Totally fine with it.
24 Q. And how did that massage go?
25 A. Actually, it was a foot massage and he was



HOUSE_OVERSIGHT_012302

1 sitting on the couch. We didn't even have the massage
2 table out and I gave him a foot rub and I was nude.
3 Q. And how much were you paid for that?
4 A. Two hundred every single time.
5 Q. Did he at any point kiss you, touch you, show
6 any kind of affection towards you?
7 A. Never, never.
8 Q. Okay.
9 BY AGENT RICHARDS:
10 Q. Why not?
11 A. Why not? Why would he?
12 Q. You seem like a nice young lady, attractive.
13 He never had any urges to --
14 A. I asked him, I said, When are you going to get
15 married? When are you going to get married, Jeffrey? He
16 said, I'm never getting married. He has, you know,
17 beautiful women all the time. Why would he -- no,
18 huh-uh.
19 BY MS. BILAFONIA:
20 Q. He never pulled you closer to him in a sexual
21 way?
22 A. I wish. No, no, never, ever, ever, no, never.
23 Jeffrey is an awesome man, no.
24 Q. Okay. Now you said that at some point you
25 started bringing other girls over?



HOUSE_OVERSIGHT_012303

A. Uh-huh.

Q. How did that start?

A. He likes to see different faces.

Q. So he asked you if you had friends that you could bring over or other girls?

A. Uh-huh.

Q. And how did you decide who you would ask to come over?

A. All of my good-looking girlfriends and if they had friends. It's all about, you know, we were just making money and Jeffrey is an awesome guy. We just, you know -- I would tell my girlfriends just like [redacted] approached me. Make sure you tell him you're 18. Well, these girls that I brought, I know that they were 18 or 19 or 20. And the girls that I didn't know and I don't know if they were lying or not, I would say make sure that you tell him you're 18.

Q. Okay. What exactly would you tell them about what would happen after you got to the house?

A. I said he likes massages, but he prefers topless massages. But if you're not comfortable, then don't do it and it won't matter.

Q. And did any of them tell you what happened after that?

A. Always, always, I even asked them.



HOUSE_OVERSIGHT_012304

Q. Okay. And with the other girls, was it the same as what you did or different?

A. Yeah, yeah. I mean, well, I was more willingly to do more, you know. Like I said, I went nude for him one time. But the other girls, they practically were topless and that's all that they were willing to do. Some girls didn't want to go topless and Jeffrey didn't mind.

Q. Were there girls that you brought back multiple times?

A. A couple, a couple, but he really liked to see different faces.

Q. Okay. I'm just wondering are there some girls he really liked and others he didn't like or did he have any preferences in terms of blondes, brunettes?

A. He liked girls like me.

Q. Okay. Thin and attractive?

A. I guess. Yeah, very attractive women. And he didn't say girls. He said women all the time.

Q. Did you ever bring anybody he didn't care for?

A. Huh-uh.

Q. Yeah?

A. Yeah.

Q. How was she different than the others?

A. Black. I screwed up.

Q. How did you know you screwed up?
A. He doesn't like black women, obviously.
Q. So he let you know? He told you that?
A. Yeah, but he was still nice and he still gave her her 200 even though he didn't even have a massage by her.
Q. How did he -- he paid you $200 for bringing each girl?
A. Uh-huh.
Q. And when he told you that, I mean, that's what he told you that he would pay you $200 for bringing the girls?
A. Yeah. He said if you bring me -- if you bring me girls, I'll definitely, you know, give you money, compensate you for your time and willing to do that for me, yeah.
Q. And you said at that point you stopped performing massages for him?
A. At that point, I didn't -- it would be sporadically like. Usually, I had so many girlfriends at the time that, you know, there were some new faces to be saw. And if no one was available, then [redacted] would go.
Q. I got you.
A. So --
Q. Do you know some of the girls that you brought,



HOUSE_OVERSIGHT_012306

some of the their names?

A. I don't remember, really. They were like not even friends. They were just associates, you know. If anything, they'd be friends of friends, so no.

Q. We have -- I don't know. We have some messages I guess that some girls' names that would call Jeffrey and leave a massage. There's some girls names that are referenced. We were just wondering if you knew them?

A. If you name them, I can probably remember.

MS. BILAFONIA: Jason, do you have that?

BY AGENT RICHARDS:

Q. [redacted] is one.

A. I don't know [redacted] Do you know her last name?

MS. BILAFONIA: We were hoping you did.

THE WITNESS: No, I don't.

BY AGENT RICHARDS:

Q. [redacted]?

A. [redacted]? No, that sounds like a black girl's name.

Q. Well, you brought a black girl. What was her name?

A. I don't know. Don't ask me.

Q. [redacted]?

25 A. [redacted], [redacted] yeah, I brought [redacted].



1 Q. Who is she? Tell us about [redacted].
2 A. Sabrina, we look just alike, if that's the girl
3 I'm thinking about. We went to school together and I
4 brought her one time and then she ended up moving so she
5 couldn't come with me.
6 Q. Were you guys in the same grade or --
7 A. No, she was older than me.
8 Q. A year or two?
9 A. She was -- Actually, she was like 18. I don't
10 know. She was older. She was like, you know, two ranks,
11 two grades ahead of me.
12 Q. So when you were a sophomore, she was a senior?
13 A. I just met her in school and I told her.
14 BY MS. BILAFONIA:
15 Q. What was her last name?
16 A. I don't know.
17 BY AGENT RICHARDS:
18 Q. Do you know where she lived? A. I just
19 met her in school and I told her about it.
20 Q. You told her about it at school? Is that where
21 your discussion was or --
22 A. Well, I said give me your number. I said you
23 can make a couple of dollars. It's real easy. And if



HOUSE_OVERSIGHT_012308

24 you're comfortable with it, give me a call.

25 Q. Was that at school or at a party?



1 A. No, at school.

2 Q. At school. You're not sure what her last name

3 was?

4 A. I have no idea.

5 Q. Do you know where she lived or anything like

6 that, what car she drove?

7 A. No.

8 Q. What'd she look like?

9 A. What she looked like?

10 Q. Yeah.

11 A. Like me, everything, [redacted] hair, [redacted] eyes.

12 (Start Side B of tape.)

13 AGENT RICHARDS: Time recorder is being

14 restarted is approximately 4:50 p.m

15 BY MS. BILAFONIA:

16 Q. We were talking about [redacted] You were at

17 [redacted] at the time?

18 A. No, I was at [redacted].

19 Q. [redacted], okay.

20 A. And that's where [redacted] went to school.

21 Q. What about a girl named [redacted]?



HOUSE_OVERSIGHT_012309

22 A. [redacted] 2007-04-25 [redacted] TXT who?

23 BY AGENT RICHARDS:

24 Q. Did you bring a [redacted]?

25 A. I brought a couple [redacted]



1 Q. I want to know about every one you brought.

2 A. Well, one of them died recently, so --

3 Q. What was her name? In a car accident or

4 something?

5 A. No, she died. Unfortunately, she got shot in

6 the head. You guys probably heard it on the news. She

7 got shot in the head by this guy. I don't want to even

8 talk about it because I'll cry.

9 BY MS. BILAFONIA:

10 Q. Let's talk about the other [redacted].

11 A. I don't even know. I don't know. I don't

12 know. There were some girls that just I would take one

13 time and then I would never talk to again, so I don't

14 know.

15 Q. How many girls do you think you brought to

16 Jeffrey's house?

17 A. That's a good question. I bring a lot, like

18 maybe -- I don't know, maybe 30, maybe 30. It was all

19 about the money to me at that time.

20 Q. Now any of the girls that you brought, did any

21 of them leave their names and numbers and then they would
22 get appointments directly from Jeffrey or did they always
23 go through you?
24 A. They went through me, hopefully.
25 Q. So you don't know?



1 BY AGENT RICHARDS:
2 Q. You weren't getting paid, right?
3 A. I told them, I said, Don't give him your
4 number.
5 BY MS. BILAFONIA:
6 Q. If you brought the same girl more than once,
7 would you get paid each time you brought them or just get
8 the initial $200?
9 A. Every single time I brought a girl, okay, or I
10 referred a girl, I always got $200, always.
11 Q. Even if she came a second time?
12 A. Yes.
13 Q. You would get $200 every time she came?
14 A. Yes.
15 Q. Good deal. Okay. What about [redacted]?
16 A. [redacted] who?
17 Q. Any [redacted] that you brought to Mr. Epstein's
18 house.

A. I brought a [redacted]

Q. [redacted]. Where did she go to school?

A. She didn't go to school.

Q. Okay. How did you know [redacted]?

A. [redacted] been my -- she's my friend in the past. How did I meet [redacted], at a party or she was my -- Actually, she was my baby's father's girlfriend at the



time and I met her at a party.

Q. You asked her if she'd be willing to go to Jeffrey's house?

A. Uh-huh.

Q. And when -- do you remember when that would have been?

A. Actually, a couple weeks, a couple weeks. I do remember her. A couple weeks after I met him.

Q. So you brought her pretty soon after you met Jeffrey?

A. Uh-huh.

Q. And how old was [redacted]?

A. Seventeen, 17.

Q. And what happened when you brought [redacted]?

A. The same thing.

Q. Okay. Well, I know that sometimes you said that the girls would tell you what happened?

18 A. She went in there. She had a massage -- she
19 gave a massage on his back. She went a couple times. He
20 liked her. She went a couple times. The first time she
21 told me that he didn't -- it was just like me the first
22 time. He didn't climax at all, nothing happened. It was
23 just a massage. And then she went, I think, like two
24 times after that. And yeah, he masturbated, but no
25 touching. She didn't -- there's no touching of him. No



1 touching of her. None of my girls ever had a problem and
2 they'd call me. They'd beg me, you know, for us to go to
3 Jeffrey's house because they love Jeffrey. Jeffrey is a
4 respectful man. He really is. I mean, and he all
5 thought we were of age, always. This is what's so sad
6 about it.
7 Q. How would -- how would you make appointments
8 for girls to go over there?
9 A. I'd call them and they'd say hi, do you want to
10 go to Jeffrey's house? And they'd say yes or no and we'd
11 call a taxi.
12 Q. How would you know when Jeffrey was going to be
13 in town?
14 A. When Jeffrey was in town, [redacted] would call me.
15 Q. Did she always call when they were already in

16 town or would she -- how far in advance would she call
17 you?
18 A. They only called me when they were in Palm
19 Beach. They never called me from anywhere. They've
20 never called me from anywhere else. It was always when I
21 was in Palm Beach. They'd say hi, we're down here. If
22 you want to come and see Jeffrey, you're more than
23 welcome to.
24 Q. So you wouldn't have like a specific time when
25 you would go over, like be here at 11 or be here at two?



1 A. Well, I'd tell them, I'd say -- well, I mean,
2 I'd have to work around his schedule. He'd have to work
3 around mine. Yeah, we'd say I'll be there at three.
4 I'll be there at four, whatever.
5 Q. Do you -- I know that you said you talked to
6 [redacted] on the phone. Was there anybody else that you would
7 talk to on the phone?
8 A. If Jeffrey wasn't there like if I'd call him to
9 see how he was doing or whatever, you know, he had -- his
10 chef would answer the phone. His maid would answer the
11 phone. That's --
12 Q. But was [redacted] the only one you talked to about
13 making appointments?
14 A. Uh-huh, yeah. Well, yeah, if Jeffrey wasn't

15 available, they'd, you know, he said, the chef or you
16 know, whoever, said Jeffrey will get back to you. Yeah,
17 [redacted] made the appointments.
18 Q. So when you were calling to talk to Jeffrey,
19 you were calling the house phone over in Palm Beach?
20 A. Uh-huh, yeah.
21 Q. And how often would you talk to Jeffrey on the
22 phone as opposed to talking to one of his assistants?
23 A. Me and Jeffrey hardly ever talked on the phone.
24 He was always busy. It was mostly [redacted] We'd talk when
25 I would get there, you know. So it was like hey, do you



1 want to come in? Yes, cool, you know. Come there, no,
2 cool, bye.
3 Q. Do you know someone who works for Jeffrey named
4 [redacted]?
5 A. I think I met her one time.
6 Q. And what do you know about her?
7 A. She was there. And the person [redacted], I think,
8 I'm not positive, okay. I'm pretty sure she said that
9 she's from New York and she travels with Jeffrey, but I
10 think I met her one time, if that's the girl that rings
11 the bell, you know, in my head. Nadia I think is that
12 one person I met one time.

13 Q. Now you said that you had teased Jeffrey about
14 whether he was getting married. Did you ever know him to
15 have a girlfriend or a steady?
16 A. No, he told me he's never been married. He's
17 never had a girlfriend and he doesn't want to have a
18 girlfriend.
19 Q. Were you ever asked to bring a girl for someone
20 else like to give a massage to somebody else or to anyone
21 other than Jeffrey?
22 A. No. I gave [redacted] a massage before.
23 Q. And how often did that happen?
24 A. I only gave [redacted] a massage like once or twice,
25 once or twice, not that often.



1 Q. But anybody else, either any friends that were
2 in town or --
3 A. No. See, my mother is a masseuse and I have
4 experience massaging and he always liked my massages. So
5 he told [redacted] about my massages and she said, yeah, I want
6 a massage so I'd go over there. I think it was one or
7 two times and I gave her a massage.
8 Q. Now when the girls were upstairs with Jeffrey
9 in the bedroom, what would you do?
10 A. The chef would make me carved tomatoes, put
11 some crab meat in it and I'd just eat, wine and dine. It



HOUSE_OVERSIGHT_012316

12 was wonderful, great.

13 Q. And when you would talk to the chef --

14 A. Yes.

15 Q. -- would anybody else from the house be there?

16 A. Yes. I don't know their names. I can't

17 remember. There were like all these foreign girls from

18 -- like they're beautiful, beautiful models that are from

19 different -- they have accents. And no, but it was real

20 interesting because we'd talk. And, you know, I'd learn

21 a lot from them and they'd learn a lot from me just being

22 American. And no, every time I went there it was a good

23 time. And I usually just ate or I'd go and suntan or

24 something near the pool.

25 Q. And how long you would the other girl be



1 upstairs normally?

2 A. Twenty, 25, 20 to 30 minutes.

3 BY AGENT RICHARDS:

4 Q. Back to [redacted], is there anything else

5 about her that you can remember? You were friends with

6 her. She went three times, you think? Did she go back

7 without going through you to set up any appointments that

8 you know about?

9 A. I don't know.



HOUSE_OVERSIGHT_012317

10 Q. Okay. Were there any other [redacted] that you
11 brought? I know you brought other [redacted] or multiple
12 Britanys.
13 A. Yeah. I don't know. If you would say like a
14 last name, then I would probably remember, but I don't.
15 Q. Any [redacted]? Did you bring a [redacted]?
16 A. [redacted], yeah, that sounds familiar. Yeah, [redacted]
17 [redacted] yeah.
18 Q. [redacted]?
19 A. Uh-huh.
20 Q. What can you tell me about her? How old was
21 she?
22 A. She's older than me.
23 Q. Do you know her from school or --
24 A. No. Where did I meet her? I met her in my
25 neighborhood and I asked her if she wanted to go and



1 yeah, [redacted]. She was only there one time, though.
2 Q. Did she tell you how it went with him upstairs?
3 A. Yeah.
4 Q. What'd she say?
5 A. She said -- she's like ah, I don't know.
6 Q. She freaked out or something?
7 A. No, no, but he didn't want her again. He likes
8 tall, slender and she was like short.

9 Q. What did she say about him?
10 A. She had fun.
11 Q. She had fun?
12 A. Uh-huh.
13 Q. What did she say happened up there?
14 A. She was topless and just gave a massage. He
15 didn't, you know, climax or anything.
16 BY MS. BILAFONIA:
17 Q. Did you ever, either when you gave him a
18 massage or any of the girls, did you ever use a big back
19 massager or it was only manual massage?
20 A. No, it was only my hands. We never used
21 anything else.
22 Q. Now when you were working for him, when you
23 were going over to Jeffrey's house to give massages, did
24 you have a boyfriend?
25 A. Yeah, yeah.



1 Q. Okay. How did he feel about you going to
2 Jeffrey's house?
3 A. He was a jealous little boy, but he didn't
4 care. Bring home the bacon.
5 Q. What's your boyfriends?
6 A. [redacted].



HOUSE_OVERSIGHT_012319

7 Q. Now I know you that you mentioned that you had
8 a baby. Is that the baby's father?
9 A. No, no, thank God.
10 Q. Who is the baby's father?
11 A. [redacted]
12 Q. Okay, [redacted]. And were you still going
13 to Jeffrey's when you were pregnant?
14 A. I would bring girls there when I was pregnant.
15 Q. So did -- so did [redacted] have concerns about
16 what you were doing at Jeffrey's house?
17 A. No, he talked to Jeffrey over the phone.
18 Jeffrey actually threw me my baby shower and he got me
19 furniture and a nice rattle for my son and just really
20 nice things, I love mommy frames.
21 Q. Was the shower at his house and did he attend?
22 A. No, no, at my house, at my house. And no,
23 Jeffrey wasn't there. He just sent [redacted] to bring me
24 gifts for the baby.
25 Q. Oh, okay.



1 BY AGENT RICHARDS:
2 Q. Did [redacted] ever go over there with you?
3 A. No.
4 Q. He stayed away.
5 A. No, he didn't go, no.

6 BY MS. BILAFONIA:
7 Q. Did Jeffrey ask you about boyfriends? I mean,
8 was he curious about --
9 A. Yeah, we always talked about everything, yeah.
10 Do you have a boyfriend, yeah, no, you know. We talked
11 like friends. I don't know. Just about our life
12 stories. You know, he probably knows my whole life
13 story.
14 BY AGENT RICHARDS:
15 Q. Now do you still have contact with him or --
16 A. Who?
17 Q. Jeffrey.
18 A. No, no one's allowing me.
19 BY MS. BILAFONIA:
20 Q. Did he know that you wanted to be a model or
21 that's what you were aspiring to be?
22 A. Yes, I told him. Yes, I've always wanted to be
23 a model, yes.
24 Q. Did he ever say he'd help you?
25 A. Uh-huh, yeah. And I was -- like I said, I was



1 16 at the time and I felt -- like he said, you know, you
2 can -- I will definitely take you and bring you to New
3 York and everything because he had models there, but I

4 always turned it down because I was 16 and I didn't want
5 that to get out.
6 Q. What did you say to him? How did you put him
7 off?
8 A. I don't know. Oh, well, I don't know. No, he
9 wasn't like begging me or anything. He asked me a couple
10 times and I said -- I just -- there was like no say about
11 it. I just -- I didn't go. And it wasn't like he asked
12 me all the time. He just it's a couple times he asked.
13 He said I'll bring you to New York or whatever we do and
14 we can, you know, try to fulfill your dreams, but I
15 always said no because I was young and I didn't want to
16 screw up the 18 thing.
17 Q. Did -- when you got pregnant, did he react in
18 any way? I mean, did he tell you if you want to be a
19 model, you know, this is going to mess with your chances
20 as a model or offer any --
21 A. No.
22 Q. I'm wondering like how much was he giving you
23 advice? How much stuff were you really -- what did you
24 talk about?
25 A. After the baby, we didn't really even talk. I



1 was -- I was totally -- I changed. You know, I was a bad
2 little girl and I totally changed. My whole life



HOUSE_OVERSIGHT_012322

3 changed. A couple times after I had the baby, I brought
4 a couple girls there. It was like two times. And then
5 me and Jeffrey really stopped talking. We just stopped
6 talking. I had my own life and he had his, so I don't
7 know.
8 BY AGENT RICHARDS:
9 Q. Did he ever make any arrangements knowing that
10 you wanted to be a model or were modeling? He has a lot
11 of connections with photographers and stuff. I mean, did
12 he ever set up any photo shoots or anything like that?
13 A. No. No, because he asked me if I would like to
14 go to pursue what I wanted to do, but like I said, for
15 the second time --
16 Q. I mean in town here, not to travel to New York
17 for a shoot or anything?
18 A. No. No, because I always like stood back from
19 that because I didn't want him to know that I was 16.
20 BY MS. BILAFONIA:
21 Q. Did you ever get money from Jeffrey when you
22 didn't either give a massage or bring a girl over?
23 A. Yes.
24 Q. Okay. When did that happen?
25 A. I had to pay rent and I was late on my rent.

This was before the baby. And I asked him -- I asked him for like 300. He gave me $500. I don't -- I couldn't tell you how I got it. If anything, I think I went to the house and got it.

Q. Was he there when you went to get the money?

A. No.

Q. Do you know was he in town or did you call him?

A. I don't even -- I can't remember, but I just remember he did give me $500 for rent.

Q. Was that the only time that he gave you money that wasn't connected either to a massage or to bringing a girl?

A. He bought gifts for the baby shower. I can't remember now. Not off the top of my head, no. I never asked him for anything because I just felt -- I'm not like that, you know. I'm not a user and I'm not -- I don't like that. I've never asked him for money, so --

Q. What about presents, either birthday presents? You mentioned gifts for the baby. Any other gifts that he gave you?

A. Yeah, he gave me a -- he had went to Brazil and he came back with a whole bunch of bikinis and he told me to choose one, so I chose one.

Q. Any other gifts, Christmastime or birthdays or anything like that?



HOUSE_OVERSIGHT_012324

A. No.

Q. Did he give any of your friends that you brought gifts?

A. Yeah, the girl who died, [redacted] He gave her a bathing suit, too, from Brazil.

Q. We have some telephone numbers that we wanted to ask you about.

BY AGENT RICHARDS:

Q. Just to see if you recognize these or if you ever used any of these numbers that might have been old telephone numbers for you at some point. I don't know how many cell phones you may have had through the years. See if you recognize any of those.

A. [redacted] was my number.

BY MS. BILAFONIA:

Q. What was [redacted]'s number?

A. [redacted]'s?

Q. Yeah.

A. What, my baby's father?

Q. Yeah.

A. Oh, I never knew his. Always I just, you know, called him and I never knew his number.

BY AGENT RICHARDS:

Q. It was programmed in your phone?

A. Yeah. So I don't know. I just know [redacted]



HOUSE_OVERSIGHT_012325

because that was my old number like a long time ago.

BY MS. BILAFONIA:

Q. At the time that you were bringing girls over to the house, were you also working a regular job?

A. I worked at City Pizza for a little while, but no, kind of retired and splurged. I didn't have any bills to pay. I saved. I put money in the bank, so --

Q. We had talked about [redacted] before. Do you know someone named [redacted]?

A. [redacted] uh-huh.

Q. And who is that?

A. I brought her a couple times. Who is that?

Q. I mean, did you go to school with her or how did you know her?

A. Oh, I had asked one of my friends. I said do you have any -- It was a guy friend. I said do you have any girls that are willing to give massages and I met up with her. I called her. I talked to her on the phone. I met up with her and she said yeah, cool.

Q. And you said you took her over there a couple of times?

A. Yeah, she went over there more. She went over there more than a couple times.

Q. But you brought her every time that she went over there?



HOUSE_OVERSIGHT_012326

A. That I know of. That I know of, yeah.

Q. Okay. Did you ever tell any of the girls that they would be going over to model lingerie?

A. No. I told them we were going to go Jeffrey's house and it's going to be a topless massage pretty much. Anything you don't want to do, you don't have to do and it's $200, badda-bing, badda-boom. You make $200 in 30 minutes.

Q. Did any of the girls complain about what happened after they left there?

A. No. You asked me that question. No, everybody loved Jeffrey.

Q. No one called you and said, I think that you should call -- I think that we should call the police?

A. No.

Q. No one told you that?

A. No, no, oh, my God. And who is that coming from?

Q. We just have phone calls that seem to contradict what you're telling us?

A. Oh, so you think that people came to me and said that I'm to call the police on Jeffrey?

BY AGENT RICHARDS:

Q. Was there anyone that thought that what Mr. Epstein was doing was inappropriate and was concerned

about that?

A. Every girl that I brought to Jeffrey, they said they were fine with it. And like, for instance, [redacted] -- [redacted] a lot of girls begged me to bring them back. They wanted to come back for the money. And as far as I know, we all had fun there. We ate all the food. He gave us free bikinis. No, nothing about any cops.

Q. I mean, was there anyone that thought what he was doing may have been a little bit wrong? Not wanting to report to the police, but just saying, you know, that's kind of weird?

A. We talked about it like because we were underage, but he thought that we were 18. We were like hopefully that no one finds out. Hopefully, Jeffrey doesn't find out our age. But other than that, not calling the cops.

BY MS. BILAFONIA:

Q. Was anybody upset that he was masturbating? I know that you said you told them that they would possibly do the massage topless. They might have expected that. Was somebody shocked --

A. Yeah, of course. I mean, he always told them, okay, and I told them, too. I said if you're going to go there, then you don't have to do anything that you're not



HOUSE_OVERSIGHT_012328

1 comfortable with. A couple girls when they did come out
2 of there, they're like oh, my God, I wasn't expecting all
3 of that, but he always asked them and I asked them.
4 They'd say that, you know, he asked me are you
5 comfortable with this and they'd say yes. Maybe they
6 were scared, who knows. But yeah, they came out of there
7 like oh, my God, that was kind of weird, you know, yeah.
8 Q. Were any of them upset about it?
9 A. Do they like regret it or something?
10 BY AGENT RICHARDS:
11 Q. Just shaken up, you know, just kind of shocked?
12 A. A couple of girls -- well, see, we were so
13 young and Jeffrey didn't know that. Like the whole thing
14 was shooken up when I brought them there. And see, I
15 don't know. I thought that they were, you know, most of
16 the girls that I did bring there, they were 18, 19, 20.
17 But I remember there was a couple times that I had
18 brought like maybe 16 year olds or something, my age.
19 And they -- I don't know. It's like they were scared to
20 say that they were 18. They were like what if he finds
21 out? And they were a little shook up about that, the age
22 thing. But and afterwards like if he climaxed or
23 whatever, if they were like shooken up, I'm like it's
24 okay, you know. And they were like oh, I wasn't



HOUSE_OVERSIGHT_012329

25 expecting that, but they told Jeffrey that, you know,



1 they were comfortable with it. If anything, you know,
2 maybe they were scared and they felt like obligated, like
3 they didn't want to say. I was thinking that they didn't
4 want to say like no, you know, I don't want to do that,
5 so who knows. I wasn't up there with them, so I couldn't
6 tell you.
7 BY AGENT RICHARDS:
8 Q. Who were the ladies who mentioned that to you
9 who were kind of shocked?
10 A. Usually, the girls that I would bring like one
11 time and I wouldn't even see them again.
12 Q. Can you help me out with some names, though?
13 A. Huh-uh, no. I can't remember her name. She's
14 on the top of my -- oh, my God, I don't remember. I
15 can't remember.
16 BY MS. BILAFONIA:
17 Q. None of the girls wanted to go to the
18 authorities? Nobody was that upset that called you or
19 spoke to you that was upset with what had happened to the
20 point that they wanted to report it?
21 A. No, no. If anything, thank you, [redacted] so much
22 because I really could use the money.
23 BY AGENT RICHARDS:



HOUSE_OVERSIGHT_012330

24 Q. Do you know the names of some of the girls that
25 you brought?



1 A. Huh?
2 Q. Do you know the name of some of the girls you
3 brought other than the ones that we've talked about right
4 now?
5 A. Like I said, I can't remember because usually
6 there --
7 Q. There's about 30 of them, so you've got to
8 know --
9 A. No, I don't know because there were girls that
10 I didn't even know so, you know, I just asked them. I
11 said, Hey, would you like to make some money? Here's my
12 number. Do you want to make money? Here's my number,
13 you know, and that's how it went. So I don't remember
14 the names and I really didn't care to know their names,
15 anyway.
16 Q. Do you know their phone numbers?
17 A. Now?
18 Q. Yeah.
19 A. No.
20 Q. Do you know any of their phone numbers?
21 A. No, no, no. That was years ago.



HOUSE_OVERSIGHT_012331

22 Q. We're just trying to find any other ladies out
23 there that we haven't already seen and you brought 30 of
24 them and we're just trying to --
25 A. I don't know if I brought 30 of them.



1 Q. Approximate?
2 A. Yeah. No, I have no clue, no idea.
3 BY MS. BILAFONIA:
4 Q. Did you stay in touch with any of the girls
5 that you brought?
6 A. Huh-uh.
7 Q. [redacted] any of the girls that we've
8 talked about? Did you ever when you were either bringing
9 girls or when you were giving massages, did you ever
10 drink anything or take any drugs, whether it was
11 prescription drugs?
12 A. I heard this on the news, no. It's ridiculous.
13 Q. You never took any drugs?
14 A. Never.
15 Q. Did any of the girls take drugs? Did you know
16 that they were talking drugs?
17 A. There was no alcohol. There was no drugs, no.
18 Q. None of the girls that you brought were using
19 drugs?
20 A. No.

21 Q. And just so you know, [redacted], we're not talking
22 about necessarily crack cocaine. We're wondering if
23 anybody was taking any prescription medication?
24 A. I don't know if they were taking prescription
25 medication. That's their problem. I don't know.



1 Q. And you didn't give anybody else any
2 prescription drugs?
3 A. No, no. When I was 16, I smoked pot, but no.
4 (Start of Tape 2.)
5 MR. EISENBERG: Okay, gang, back on the record.
6 And I assume you mean prescription medication not
7 for prescription purposes?
8 THE WITNESS: I thought you meant like for
9 prescription, prescribed. No, I don't know.
10 AGENT RICHARDS: Okay.
11 BY MS. BILAFONIA:
12 Q. But you weren't taking any anti-depressants or
13 pills or anything?
14 A. No, no, I just smoked pot. But I mostly went
15 there sober. I was comfortable with Jeffrey. Jeffrey
16 always made me feel so comfortable. I thought I was a
17 big girl. I was 18.
18 Q. You said that you stopped. Why did you stop



HOUSE_OVERSIGHT_012333

19 going over there? You said you had a baby and you
20 changed?
21 A. Yeah.
22 Q. What happened?
23 A. Everything changed in my life, everything. I
24 ended up getting a job and I just stopped. I just
25 stopped. I don't know.



1 Q. But if you felt so comfortable, why did you
2 stop going over there?
3 A. I just stopped because I have a son now and I
4 didn't feel like it was right. First off, I was a
5 stay-at-home mommy, okay. And what am I going to do,
6 bring my son over there to Jeffrey's, no, you know. So I
7 focused on my son. I had a beautiful baby boy that was
8 my pride and joy. I didn't care for anything else. I
9 didn't care to tell friends. I dropped all my friends.
10 Like he asked me do I have any numbers, no, you know. If
11 anybody does call me, that's my mother. Like it was just
12 me and my baby boy and it's been like that ever since.
13 BY AGENT RICHARDS:
14 Q. Having a baby is a life-changing experience,
15 isn't it?
16 A. Having a baby?
17 Q. Yes, it's full-time.

18 A. Awesome, I love it. I love it.
19 Q. Yeah, he'll be two in August.
20 A. Mine will be two in June.
21 BY MS. BILAFONIA:
22 Q. Is that when you started working with the
23 company you're working for now?
24 A. Well, I was -- the whole time I was pregnant, I
25 was taken care of by my baby's father. Then I was a

52

1 stay-at-home mommy for eight months. After that, I
2 worked at LA fitness, Romeo Pizza. It's been a year now.
3 And what do you mean, is that why I'm working?
4 Q. No, I just didn't know where you were working.
5 I thought you said you had gotten a job afterwards, after
6 the baby was born?
7 A. Yeah, I worked at the laundromat for a couple
8 of days. I just like to -- I wanted to soak in my son.
9 That's all I did and I was like a hermit crab in the
10 house, you know. And if anybody -- I told -- I told
11 [redacted]. I said, you know, I have a baby now and you know,
12 I'd rather stay at home with my baby. My old man was
13 taking care of me. I didn't care about money.
14 Everything was good, so a new life.
15 BY AGENT RICHARDS:



HOUSE_OVERSIGHT_012335

16 Q. Speaking of work, when you set up appointments
17 with [redacted] did she refer to what the girls were doing as
18 work, like would they go over to Jeffrey's to work for
19 massage or --
20 A. No.
21 Q. -- how did she -- were any terms used or just
22 in general? Did she ask you if you had any girls that
23 can work or did you have any girls that can come over?
24 Do you have any girls that can give a Jeffrey a massage?
25 How did she ask for these appointments?



1 A. All of the above: Do you have any girls that
2 would like to come over? Do you have any girls that
3 would like to work? Yeah, all of the above, really. I
4 mean, me and [redacted] were really -- it's like a friend
5 relationship. She's fun. No, it wasn't like a specific
6 like hey, you know, do you want to come over and work,
7 no. It was all different: massage, work, whatever.
8 Q. Okay.
9 BY MS. BILAFONIA:
10 Q. You said that you and [redacted] had developed a
11 friendly relationship. Did [redacted] ever tell you what types
12 of girls Jeffrey wanted or I think you said that
13 sometimes she would say he likes this girl or I'm sorry,
14 he likes this girl?

15 A. Yeah.
16 Q. What exactly -- what guidance did she give you
17 about recruiting the girls?
18 A. She didn't give me guidance. Jeffrey from the
19 get-go, I really like women like you. So when I would go
20 searching to make money or whatever or my girlfriends, I
21 know what an attractive person looks like and I would --
22 I would bring them, you know. I didn't bring any
23 overweight people. I just knew what Jeffrey liked, you
24 know.
25 Q. Did you ever talk to [redacted] massages when you



1 gave them, what you did, what you would do?
2 A. Huh-uh. I didn't know if she knew or not.
3 Q. I have a picture of someone and I'm just
4 wondering if you recognize this person?
5 A. No. Was she a girl that was over there?
6 Q. Just a face that we wanted to --
7 A. Okay. No, I don't know.
8 BY AGENT RICHARDS:
9 Q. When you would ask the ladies if they'd like to
10 go over to see Jeffrey, what was the percentage? How
11 many people would say sure, that sounds good. Let's go
12 do it. And how many would just say, no, I'm not



HOUSE_OVERSIGHT_012337

13 interested. I mean, do you have -- how often when you
14 would ask the girls --
15 A. It was usually girls that I brought, the girls
16 that I had brought like first five girls, say, I would
17 say, Listen, you know, recruit your girlfriends and it
18 would go down the line. Recruit your girlfriends and I
19 will pay you guys. So if I was off the wall, say I was,
20 you know, at a club or something and I was like hey,
21 girl, do you want to -- they'd be like you're crazy, you
22 know.
23 Q. That's what I wondered, when you approached
24 them what was the reaction?
25 A. But when I talked to them over the phone, if it



1 was one of my girlfriends' friends or one of their
2 friends, I would tell them exactly and they'd be like
3 okay, you know. And some girls weren't comfortable with
4 it. You know, how your morals are or whatever, if you're
5 comfortable with your body, if you're comfortable with
6 giving an old man a massage for $200.
7 Q. For 30 minutes.
8 A. You know, everybody is a different person.
9 Q. Sure.
10 A. But most of the girls were -- they were like
11 yeah, sure, yeah.



HOUSE_OVERSIGHT_012338

12 BY MS. BILAFONIA:
13 Q. Did you ever say anything about, you know, be
14 careful who you talk to about this or I guess I'm
15 wondering why, you know, were rumors going around at
16 school or how did everything keep under wraps?
17 A. Everybody knew. I don't know. Everybody made
18 jokes about it. Like it was not in school. It was more
19 like in my neighborhood. They would call me Heidi Fleish
20 and everybody just made jokes about it. I don't know.
21 It wasn't -- but I didn't care.
22 Q. Right.
23 A. You know, it wasn't if you didn't get out -- it
24 wasn't really a big thing to me at all.
25 Q. I guess I'm just wondering, you know, kind of

56

1 the way that this all came out was finally a parent found
2 out about it --
3 A. Yeah, I heard.
4 Q. -- and went ballistic. How did you keep these
5 girls' parents from finding out?
6 A. I don't know, probably embarrassing. They
7 obviously liked Jeffrey that much that they didn't tell
8 anyone.
9 Q. Did anybody hassle you at school? Did anybody



HOUSE_OVERSIGHT_012339

10 call you Heidi Fleish at school?

11 A. No, no, no, I was out of school by then, No.

12 Q. Why did you drop out of school?

13 A. Well, actually, -- Why?

14 Q. I'm sorry. I interrupted you.

15 A. Because -- no, you didn't. Well, my mother had

16 took me me out of school to home-school me. And then I

17 had went back to a school because I was really behind

18 because she didn't home-school me and I had got pregnant,

19 that's why. And that's in the eleventh grade, that's

20 when I got out because I was pregnant. And I decided

21 that I was -- I mean, I didn't know what I was doing. I

22 wanted to have a house. I said I'm going to have this

23 baby. I need to have a house, a car, and I set out all

24 my goals and that's what happened. But then I ended up

25 getting my GED and I have a life.



1 BY AGENT RICHARDS:

2 Q. were there ever any girls that came to you

3 wanting to work over there that said hey, I'd like to go

4 work over there and make $200 bucks? Did you have any of

5 that?

6 A. Uh-huh.

7 Q. Do you remember any of their names or were they

8 classmates or --



HOUSE_OVERSIGHT_012340

9 A. It wasn't --It wasn't involved in the school so
10 much. It was just that [redacted] girl in the school.
11 Q. Okay. So she was really the only like
12 school-related --
13 A. Like person from school, yeah.
14 Q. Okay.
15 A. But it was mostly out of school. So I wasn't
16 really hanging out with the best crowd. And all the
17 people that I did hang out with, they were dropouts. So
18 it wasn't anything in school. It was mostly like the
19 neighborhood people or my friend, one of my guy friends'
20 girlfriend or whatever, you know. We were all young and
21 stupid, but --
22 BY MS. BILAFONIA:
23 Q. Anything else? Do you have any questions for
24 any of us, for me or --
25 A. No, but I hope -- I hope Jeffrey, nothing



1 happens to Jeffrey because he's an awesome man and it
2 would really be a shame. It's a shame that he has to go
3 through this because he's an awesome guy and he didn't do
4 nothing wrong, nothing.
5 Q. Are you in love with him at all?
6 A. My God, no. I love him as a friend. I love



HOUSE_OVERSIGHT_012341

7 him as a friend. He has done so much for me. No, I'm
8 not in love with him. I tell Jeffrey, do you want to
9 marry me with all of the money that you have.
10 AGENT RICHARDS: All right. At this time,
11 we're going to conclude the interview. It is 5:34
12 by my watch.
13 MR. EISENBERG: The only thing we'll correct is
14 that there might have been a reference to an old guy
15 at 50 and we'll just say a more mature individual
16 who may be in his 50s. Thank you.
17 (End of the tape.)
18
19
20
21
22
23
24
25



1 CERTIFICATE
2
3 - - -
4 The State of Florida, )
5

6 County of Palm Beach. )
7
8
9
10 I, Vicki S. Woodham, Notary Public, do hereby
11 certify that I was authorized to and did listen to and
12 stenographically transcribe the foregoing tape-recorded
13 proceedings and that the transcript is a true record to
14 the best of my ability.
15
16 Dated this 26th day of April, 2007.
17
18
19
20
21 _____
22 Vicki S. Woodham
23 My Commission Expires:
24 December 08, 2010
25 Commission No.: DD617559

# TAB 7

IN RE: JEFFREY EPSTEIN

TAPED INTERVIEW OF [redacted]

Sandy Rossi
Notary Public, State of Florida
Consor and Associates
Phone - 561.682.0905



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HOUSE_OVERSIGHT_012346

(Thereupon, the following interview was had:)

- - -

DETECTIVE RECAREY: -- December 13th, 2005. This is ID number -- Detective Joe Recarey with the Town of Palm Beach Police Department. Present is Detective Dawson with the Palm Beach Police Department.

BY DETECTIVE RECAREY:

Q Can you state your name for the record, please.

A [redacted].

Q Spell it, please.

A [redacted]

Q Your date of birth?

A [redacted]

Q How old are you?

A Seventeen.

Q Okay. You saw I just spoke to your mom and she has given me authorization to speak to you. I am investigating a case involving a gentleman by the name of Jeffrey. You may know him as Jeff or Jeffrey lives in the Town of Palm Beach. We believe that you may have some information pertaining to his residence and/or a visit at his house. I'm going to ask you in your own words tell me exactly what happened from the beginning. I may interrupt you to ask you some more questions but before we begin, can



raise your right hand for me. Do you solemnly swear to tell the truth, the whole truth and nothing but the truth so help you God?

A I do.

Q Okay. In your words, tell me exactly how you met this gentleman in Palm Beach.

A (Inaudible) not really friends. [redacted] told me in class that she found a way of making money. You can get money. And then she said that if I ever told anybody she'd beat my ass and so I didn't even know what she was talking -- okay. She said this guy's house, a place where old guys are. And just massage him for 45 minutes and get $200. And so she picked me up after work. We went down there. Right before we got in there she's like oh, he might ask you to like take off your shirt or something. But I didn't -- it didn't matter so I said okay. And I went in his house. A lady escorted me up to his room. Had a bed on it.

Q Okay. Let me back you up for a second.

A Uh huh.

Q You said this was right before Christmas. Christmas of last year or the year before?

A Last year.

Q Last year.

A Uh-huh.

Q So this is December of 2004, right?



A Uh-huh.

Q Okay. How old were you then?

A I think 16.

Q Okay.

A And then I went up there. He was on the phone and he just told me to massage his feet so I went over there and did it. (Inaudible) and everything and then --

Q Hold on for a second. Hold on. Take me from when you got to the house in Palm Beach. First of all, do you remember the name of the street?

A You said it before but I just can't remember.

Q Okay. Do you remember any specifics of the house?

A I know where it is if I were to go back. I could find it.

Q Okay.

A It was at the end on the left side.

Q The end on the left side? Okay. Do you remember the color of the house?

A Oh. It was too long ago.

Q Okay. I know it's been some time and we did speak once before.

A Uh-huh.

Q All right. So you were walking in with [redacted]?

A Uh-huh.

Q Okay. Take me from do you go in the front door?



Do you go through the garage?

A No. You go to the side gate. You have to knock on the back door kind of.

Q Uh-huh.

A And a lady will ask you like what's your name and why you're there.

Q Okay. What's the lady's name? Do you know?

A No. I think she was the maid because she was like folding up towels and she was bringing them upstairs.

Q Do you know -- can you describe her to me?

A She might be a Spanish lady. I can't remember so well.

Q Okay.

A And when you walked in, there was food on the table. They offered you food. And I waited a couple of minutes. I guess he was in another session. I don't know. Because like a girl walked out before I walked in and this really pretty lady, he walked in with two ladies and they were like, they looked like models or something and one had blond long hair and one of them came down and told me I could go upstairs. That's probably her. And as we were walking up the stairs she told me what was going to happen like well, he's going to have some lotions there and he'll probably be on the phone for a little while.

Q Okay. Did the blond lady with the long hair take





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you upstairs?
A Yeah.
Q Okay. How does she take you upstairs? How did you --
A She just said follow me.
Q Did she -- did you go up a big staircase? Little staircase?
A It was like a living room. It was the kitchen and then a living room and you turned right and then it was like a staircase that would like I guess it's kind of -- like spirals.
Q Okay. Did she take you to where?
A It kind of looked like a bathroom but there was no toilets. It was a cold room and it had like a sauna in there.
Q Okay.
A A big sauna. Just a table where he was going to lay on. A place where you could wash your hands and it just kind of looked like it was a room for that.
Q Okay. Okay. So take me from there.
A He turned the lights down some and he was on the phone. He's like oh, just (inaudible) lotions are here and you can start by rubbing my feet. So I put some lotion, rubbed his feet, and then he told me to rub his calves, his legs or whatever. And then I'm trying to remember. And



Yeah, and then he wanted me to rub his back. I started up top and then he kept asking me to go lower and lower and he still had the towel on at this point and then when I got right to where his -- right above his like butt like kind of right above here --
Q Uh-huh.
A -- he like flipped over and he just told me to like start rubbing like his stomach and stuff like that and his chest and then he told me, he's like why don't you just take off your shirt and pants. I was like (inaudible), so I did that and then --
Q You had your shirt and pants on when you were rubbing his feet and calves?
A Uh-huh.
Q Okay. You took off your pants and shirt.
A Uh-huh.
Q Okay.
A And then like he got more (inaudible) and he took off his towel.
Q Okay.
A I don't really like know why he was doing that but and then he -- he was kind of like talking to me like trying to get to know me about my sex life. He's like oh, you're such a beautiful girl. He's like well what are you like when you have sex. I didn't really answer him. I was like.



well, I don't really like to do anything. (Inaudible) a massage. That's it. And he's like oh, but you're so beautiful. And he kept saying that for some reason.
Q All right. Let me stop you for a second. When he took off his towel, was he completely naked?
A Uh-huh. Yes.
Q Okay. And you were in bra and panties?
A Uh huh.
Q Okay. Okay. Take me from there. So he took off his towel, he's telling you how beautiful you are.
A And he told me, he told me to rub his nipples like he's like oh, just pinch them or something. And I was like all right. And then he had one hand on his P.
Q Okay.
A And then he like tried rubbing on my prives (phonetic) and he had like the middle of my bra was the snap off part and he like snapped it off and he was trying to feel my boobs and then he just grabbed my thighs and he was jacking himself off at the same time and then he went down to -- should I say that?
Q Say it.
A My vagina.
BY DETECTIVE DAWSON:
Q We've heard it all
A Yeah. And he like didn't take off my panties but



he like pushed them to the side and he's like feeling down there and he's like don't worry, don't worry, I'm not going to go in, da da da. It's so weird. I'm like anyway. And then he started rubbing down there and then he started talking dirty. He's like ah, your clit feels so hard and stuff. And I like backed away. I was like (inaudible).
Q Okay. At any time did you tell him no? Did you tell him you're not comfortable with this?
A I backed away and I said I was like well, I don't know if I should do that and I was like very hesitant and so scared that I didn't know what to do. Kind of like you just want to get it over with to get it over with. And then -- and I was feeling so tense. I guess that's why he was saying it. And then he actually stuck his fingers in there and I backed away again. He goes oh, don't worry, don't worry. And he's like okay. I'm sorry. Then he went back to the outside and he was still jerking himself off and then finally he finished himself, wrapped up his towel and said there was $200 on the counter and then there's an extra hundred for [redacted] He's like oh, I'd like to see you again. I was like yeah. I don't know.
Q Okay. Let me bring you back to when he snapped off your bra.
A Uh-huh.
Q When he snapped it off, did you take it off or did





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1 he slip it off of you or did you just have it on and it was
2 just hanging?
3 A Yeah, it was just hanging. He had snapped it off
4 and it was just right here.
5 Q Okay. At any time did he touch your breasts?
6 A Yeah.
7 Q When -- okay. So you're standing there, your bra
8 has been unsnapped. What kind of panties did you have on?
9 Do you remember?
10 A A thong.
11 Q A thong?
12 A Uh-huh.
13 Q He started touching you on the outside of your
14 panties or did he move your panties to one side?
15 A On the outside first and then he moved, he moved
16 them over.
17 Q Okay. And then he started touching you on the
18 outside of your vagina?
19 A Uh-huh.
20 Q And he told you he was not going to go inside.
21 A Yeah.
22 Q At what point did that change?
23 A When he started feeling down there and then
24 when -- pretty soon.
25 Q When you say fingers, did he use more than one



1 finger?
2 A I think he used two but I don't know.
3 Q Okay.
4 A And then after I told him, I backed away and I was
5 kind of like shaking my head no, he's like okay, I'm sorry.
6 And then he kind of still put his fingers down there. He
7 was just like pushing really hard on me like, I don't know.
8 he just, it just felt like his fingers weren't in me but it
9 was close enough to where it still felt weird.
10 Q How did you -- how did -- when he had his fingers
11 inside you, you backed up to get them out or --
12 A Yeah. And to let him know that I don't want to do
13 that.
14 Q Okay. And none of this was told to you by [redacted]
15 that this would happen?
16 A No.
17 Q Okay.
18 A That's why when I got out I was freaking out but I
19 didn't even say anything to her and then she asked me what
20 happened and I told her what happened and she said oh, it's
21 okay. He did that to one of my other friends I brought
22 here. And I was like and you let him do that and still got
23 me in there? And she's like oh, it's okay. You got $200.
24 Does it matter? I said did you have to do that? She said
25 no. I was like all right, then you don't know how it feels.



1 She's like let's just go shopping and stuff and I was like
2 no.
3 Q Okay. During this time that this was occurring,
4 he was jerking off you said?
5 A Uh-huh.
6 Q Okay. What does that mean to you? I mean like is
7 it something that -- do you know what masturbation is?
8 A Yeah.
9 Q Is that what you consider --
10 A Yeah.
11 Q Okay. Did you -- I'm sorry.
12 A That's okay.
13 Q Do you know what a circumcised and uncircumcised
14 penis is?
15 A Umm, then (inaudible.) No. I know what it is.
16 Q Okay. Did you visually see his penis?
17 A Uh-huh. Yeah.
18 Q Would you say it was circumcised or uncircumcised?
19 A I would think it would be circumcised but I tried
20 not to look.
21 Q Okay.
22 A I was kind of just like looking away because I
23 didn't want to see what was actually happening.
24 Q Okay. You said that he had finished.
25 A He came.



1 Q Okay.
2 A Because he was like a big sigh of relief like he
3 had been done and he just got right back up and --
4 Q Do you know where he came on? Was it on the
5 towel? Was it on himself? On the bed or --
6 A I think it was on the towel like right between his
7 legs probably.
8 Q Okay. As I told you before and I explained to
9 your mom, what he did was wrong, okay?
10 A Uh-huh.
11 Q I want to reassure you on that. Okay?
12 At any point did he ever ask you to leave your
13 phone number or --
14 A No. He didn't ask me for anything. Like I think
15 he asked me my name in the beginning.
16 Q Did he know your age?
17 A I don't think -- he did. I think he did.
18 Downstairs [redacted] was like oh, well, if they ask you how
19 old are you just say you're 18 but he never asked me how old
20 I was.
21 Q Okay.
22 A I thought you had to be a certain age to massage.
23 Q Do you have any formal massage training?
24 A No. That's why I thought (inaudible).
25 Q Okay. How long would you say this session lasted?

A Probably like around 45 minutes.
Q Forty-five minutes? Okay.
You said he wanted to see you again. Did the blond hair lady try to take your information or --
A He said oh, well, I think [redacted] gave my secretary your name and number and stuff and I'd like to see you again and --
Q Did anybody from the house ever call you again?
A Huh-huh.
Q Nobody ever called you?
A No.
Q Okay. So you only went there that one time?
A Yeah.
Q Okay. Is there anything else you'd like to add?
A Yes. There was another girl that like [redacted] -- there were other rumors like they were partners in doing that.
Q Who was that?
A This girl [redacted] I'm not. I'm not quite sure. My brother would probably know because she's older than us because she met her at Publix afterwards and [redacted] went and gave her some money. I think they had to share the $100 that they did. (Inaudible) a hundred bucks. And then I heard another thing at my school that there was like a rumor about this other girl it happened to. I just didn't say



anything because I didn't want anyone to know about me.
Q Do you know who the other girl was?
A I could ask.
Q No. Don't worry about it.
A Okay.
Q Did he know you went to [redacted] ?
A I don't think he knew anything about me.
Q Like the questions that he asked you in trying to get to know you, what kind of question I mean other than the sexual questions?
A He didn't really ask me -- oh, wait, he asked me what school I went to. He was just asking me like how I felt because you're good at massaging, (inaudible) how I got in the business. I thought yeah, that'd be cool. And he tried to ask me so do you have a boyfriend, what do you do for fun. Pretty much like it was kind of weird how often (inaudible). How do you like to have sex. Oh, do you like it when people like touch your boobs. I said no, I don't really like when people touch my body because I'm shy and (inaudible) don't let anyone touch my boobs anyway. He did it.
Q Okay.
A But he kept asking me like about his nipples. He's like oh, that feels so good like --



DETECTIVE RECAREY: Okay. Can you think of anything else?
BY DETECTIVE DAWSON:
Q Was he in good shape? Was he a blob?
A He was old but he wasn't as muscular or anything like that. He was like a regular old guy.
BY DETECTIVE RECAREY:
Q Did he have any accents or anything or --
A Huh-huh. No.
Q Did he ever introduce himself to you?
A No. That's why I don't know who you're talking about. I guess I heard that name in front of [redacted] (Inaudible) took notes on his name or anything.
Q I know this is difficult for you and I know it was difficult from talking to you the other day and it's difficult talking to you now.
A Uh-huh.
Q But I've talked to a lot of people and I really appreciate you talking to me about this.
A Uh-huh.
Q Is there anything else you'd like to add to this statement?
A No.
DETECTIVE RECAREY: No? I'm going to go ahead and conclude this statement. The time by my



watch is 5:25 p.m.
(Thereupon, the interview ended.)
- - -





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1 CERTIFICATE
2
3 STATE OF FLORIDA )
COUNTY OF PALM BEACH )
4
5 I, Sandra Rossi, Court Reporter, State of
Florida at Large, certify that I was authorized to
6 and did stenographically report the foregoing
proceedings, and that the transcript is a true and
7 complete record of the tape as listened to by me.
8
9 Dated this 30th day of January, 2007.
10
11 ----------
Sandra Rossi, Court Reporter
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# TAB 8

IN RE: JEFFREY EPSTEIN

# DRAFT

TAPED CAR INTERVIEW OF [redacted]

DRAFT



(Thereupon, the following interview was had:)

- - -

MS. ROBSON: -- say anything to you about this (inaudible), right?

BY UNIDENTIFIED MALE SPEAKER:

Q You know we're not going to argue again. We're not going to keep much from you.

A I just don't want to rat anybody out. I'm not an idiot. Come on, now.

Q That wasn't more of a ratting out. It was more of a --

A Complaint?

Q You got it.

A (Inaudible.)

Q You're a smart girl.

A I'm not an idiot.

Q Yeah. No, you're not an idiot.

A So I guess karma, you know.

Q (Inaudible.) I'm kidding. I'm kidding. I don't even know who he is.

A I don't know. It's such a big -- there's so many girls out there that have worked for him it's not even funny.

Q Really?

A Like I said, some bring friends who bring friends



who bring friends.

DETECTIVE RECAREY: All right. You notified Jimmy?

UNIDENTIFIED MALE SPEAKER: I notified Jimmy.

DETECTIVE RECAREY: Give him a call.

(Inaudible) 692 -- our ending mileage was 692323. I'm sorry, 6923. Our beginning mileage to head back southwest -- (inaudible). (Inaudible) white female (inaudible) same mileage 6923.

What was that?

UNIDENTIFIED MALE SPEAKER: Fire truck.

MS. ROBSON: So when will I know what's going to happen?

BY UNIDENTIFIED MALE SPEAKER:

Q Well, here's the thing. What are you doing tomorrow? Well, no, here's our goal. We would like to at least to talk to -- help me.

UNIDENTIFIED MALE SPEAKER 2: We want to try to interview some of these --

MS. ROBSON: (Inaudible.)

BY UNIDENTIFIED MALE SPEAKER:

Q Right. Tonight.

A Tonight I'm free so --

Q Okay.

BY DETECTIVE RECAREY:



Q Tomorrow you're working?

A Tomorrow I go to school from 12 to 4.

BY UNIDENTIFIED MALE SPEAKER:

Q Uh-huh.

A Wednesday I go to (inaudible).

Q Well, tomorrow what are you doing after 4:00?

A Nothing.

Q Okay.

BY DETECTIVE RECAREY:

Q Do you have to go to work?

A (Inaudible) Thursday

BY UNIDENTIFIED MALE SPEAKER:

Q Okay. We would prefer to do it sooner than later and our, our request from you at this point as we move along is really for you to make that phone call and introduce us and say, you know, these are the detectives from the Palm Beach Police Department. I've told them everything. They're on their way to your house. Do you know these girls' schedules by chance or anything like that? Do they still go to high school?

A Well, [redacted] still goes to high school. She's a senior.

Q Okay. And that's, that's who we want to speak to tonight. From what you're telling us, we're confident [redacted] will not be going and talking to Jeffrey. Depending on how



that goes we might give you a call and ask you to make another phone call for us. If we could break out the list as we drive, make sure we have a little order of obviously [redacted] based on what you're saying, should be the last on our list. We don't know if she's still --

DETECTIVE RECAREY: [redacted] she's in Orlando. We can do that one over the phone.

BY UNIDENTIFIED MALE SPEAKER:

Q Now didn't you say she was back though?

A [redacted] is back. I don't know if she has class tomorrow but I don't know if she left already or not.

Q What kind of class? Is she in college or something?

A College. Yeah, she's up in Orlando. I don't know. She might have already left. What is today? Monday?

Q Yeah

A Oh, well she might have already left today. She had class today.

Q Oh, today, yeah.

A Yeah, she does. Very rarely just to see her parents and stuff. Like she lives up in Orlando. She might come back once a month on the weekend to visit her parents.

Q Now do you talk to [redacted] at all or not really?

A I hung out with her last night. She came down from college and stuff.

DRAFT



Q Uh-huh.
A But --
Q That was Sunday night. So she was around just last night.
A She was around last night but, like I said, I don't -- she might be still here, she might be up in Orlando now.
BY DETECTIVE RECAREY:
Q Okay. What about [redacted]?
A Oh, I don't like her. I don't like her. What about her? She never worked for, she never worked for Jeffrey but she's been to his house before. She knows about it. Knows about everything that went on. She was the one that was with (inaudible).
Q Okay. Does [redacted] know [redacted]? Do they know each other?
A I don't know.
BY UNIDENTIFIED MALE SPEAKER:
Q Then [redacted] (phonetic) lives like a couple blocks away from you, yeah?
A Yeah.
BY DETECTIVE RECAREY:
Q Okay. [redacted] lives (inaudible.)
A (Inaudible.)
Q Okay. Why are you afraid of (inaudible)?



A Oh, no. I'm not afraid you know what it comes down to? It comes down to this. I'm not afraid of any of those girls but when I almost fough [redacted] [redacted] cries to [redacted] and [redacted] was brought in to our group which was stupid and instead of being mature about what happened three years ago, [redacted] was like I'm going to kick your ass, da da da, and I was like you know what? You talk a good game. Leave me alone pretty much. It got ridiculous so I had to change my number and I saw her at (inaudible) one night. She jumped me from behind. I go you didn't say anything to me all night and when she jumped me from behind she jumped me so whatever. Girls are stupid.
BY UNIDENTIFIED MALE SPEAKER:
Q All right. Who else was on that list you got there?
BY DETECTIVE RECAREY:
Q Do you know a girl named [redacted]?
A [redacted]
(Cellular telephone discussion as follows:)
DETECTIVE RECAREY: Hello? Yes. Hey, Dahlia. Okay. Right. Okay. Right, right, right, right, right, right. Well, that's the case, that's the situation. Right. Okay. All right. Right. We're gonna meet with her tonight. (Inaudible.) Okay? All right. Bye.



MS. ROBSON: So what if [redacted] s not home?
BY DETECTIVE RECAREY:
Q Okay. Well we'll move on.
BY UNIDENTIFIED MALE SPEAKER:
Q That's our -- right now we want you to help us with an order of who in your mind (inaudible) you're confident was 16 or maybe 17 when they went there, who probably no longer has any connections with Jeff (inaudible) who at least maybe a day might keep their mouth shut.
A Okay. Well with [redacted] I don't know how old she is because she lied about her age. She lied to me when I first met her When I was 18 she told me she was 18. (Inaudible.) Well she left her purse at my house and she told me to make sure that I didn't look in her purse. When I went through her purse I found her state license that said she was 16. So she lied to me about her age. I don't care about working for Jeffrey but --
Q We're looking for girls that went upstairs with Jeff.
A Yeah.
Q Those three or four girls, whatever you can, you know, help us out with here, that is our goal in the next let's say 24 hours.
A Okay.
Q Is to reach out to as many of those girls and it



might be as simple as we give you a call on your cell phone --
A And you call them.
Q And you say hey, we need you to call this girl and tell here we are out front because that's one thing we want to do is figure out where these girls live tonight so that we can reach out to them and say hey [redacted] we're out in front of so and so's house, can you give her a call and let her know that there's a couple of detectives outside and no, you're not kidding, they really are there and heads up. You know what I mean?
A Yeah.
Q That's what we'd like to -- we've got a half hour there if we can make some details on that so we're all on the same page, that's what we're going to do.
So how many girls was on the list that we started with?
A You asked me if I knew an [redacted]
Q We don't know -- what we're going to need is the last names of these girls as well. So if you've got some last names.
A I don't know. I mean --
Q That's okay I mean -- what about [redacted]?
A [redacted]? I've heard of a girl named [redacted] but I don't know (inaudible), you know? To my knowledge I don't

DRAFT



1 know. (Inaudible?)
2 Q No. (Inaudible?)
3 BY DETECTIVE RECAREY:
4 Q No. (Inaudible.)
5 A [redacted] (inaudible). Not that I know of I know a
6 girl named [redacted] but I definitely (inaudible) not like
7 that.
8 Q (Inaudible?)
9 A Don't know. I know (inaudible).
10 BY UNIDENTIFIED MALE SPEAKER:
11 Q Besides [redacted] who else ended up upstairs with Jeff?
12 A That's it.
13 Q Okay.
14 A [redacted]
15 Q Okay. [redacted]
16 A (Inaudible.)
17 Q Okay. Do you know their last names?
18 A [redacted]s last name I don't know. I don't know
19 [redacted]s last name. [redacted] (phonetic). [redacted]
20 [redacted] [redacted] And I know [redacted]s brother,
21 (inaudible) [redacted] I think the last name is [redacted]. I don't
22 know if (inaudible) or anything because I know like
23 (inaudible). It might be [redacted]
24 Q (Inaudible?)
25 A Royal Palm (inaudible.)



1 Q (Inaudible?)
2 A (Inaudible.)
3 Q Do you know their phone numbers by chance or do
4 you have them in your phone maybe or --
5 A Let me check. Okay. What's the first girl?
6 Q [redacted]
7 A [redacted]? [redacted] I know by heart. It's [redacted] and
8 it's a [redacted]
9 Q [redacted]
10 A [redacted] I don't even have in my phone.
11 Q [redacted]?
12 A [redacted]. I know hers by heart. [redacted] Area
13 code [redacted]
14 Q How about [redacted]?
15 A [redacted] no, I don't know her number at all.
16 Q (Inaudible.)
17 A -- [redacted] I'm pretty sure that's her number
18 because that's the only ones I have.
19 Q [redacted]?
20 A I know her brother's number but [redacted]. I
21 don't have her number.
22 Q Is that his cell?
23 A (Inaudible.)
24 Q Okay. (Inaudible.)
25 A Uh-huh. (Inaudible.) [redacted] will have. [redacted]



1 Siciliano should have [redacted] because they hang out
2 Q They hang out.
3 A Quite a bit. And you should also (inaudible) and
4 [redacted] I know the first three digits it's [redacted]
5 it might be [redacted] but I haven't talked to her in a while.
6 Q So if we start with [redacted] tonight, based on what you
7 just said is [redacted] could introduce us to [redacted] who then
8 could introduce us to --
9 A To Jen Reyes.
10 DETECTIVE RECAREY: [redacted] Okay. [redacted]
11 [redacted] hangs out with [redacted] Obviously I'm
12 going to talk to [redacted] last
13 BY UNIDENTIFIED MALE SPEAKER:
14 Q Right. We want to avoid [redacted] at all costs.
15 So our question to you is this group of three
16 girls --
17 A They all know each other
18 Q They know each other
19 A They all know each other.
20 Q Even [redacted]
21 A They know [redacted] They know everybody. It's
22 like a group of people who all know each other.
23 Q Faith (inaudible)
24 A The only one they might not know is [redacted]
25 (inaudible) but...



1 Q All we've got is a group of girls that --
2 A They've all heard of each other (inaudible).
3 Q Now do they all go to school with each other to
4 your knowledge?
5 A Some of them. Not all of them but some of them
6 still go to school together.
7 Q [redacted] Does she still go to school?
8 A She still goes to [redacted]
9 Q (Inaudible.)
10 A [redacted] I don't know if [redacted] graduated last
11 year or (inaudible). [redacted] I'm not quite sure. [redacted]
12 might have graduated last year. (Inaudible.)
13 Q Okay. So they wouldn't have as much contact as
14 the other group. (Inaudible) that goes to school.
15 A (Inaudible.)
16 Q My office is warm. The bullpen out there is luke
17 warm.
18 UNIDENTIFIED MALE SPEAKER 2: I love the
19 cold.
20 BY UNIDENTIFIED MALE SPEAKER:
21 Q Yeah, and it's a twenty-year old building so
22 nothing really circulates as well as it should that old but
23 (inaudible) in the car.
24 If there's anybody that we need to (inaudible).
25 [redacted] we're not going to talk to.

DRAFT



1 BY DETECTIVE RECAREY:
2 Q (Inaudible.)
3 A (Inaudible) call her, open your mouth to any of
4 them.
5 BY DETECTIVE RECAREY:
6 Q We will absolutely tell them that that they would
7 be obstructing an investigation.
8 A The only one that's going to open her mouth is
9 probably [redacted] The only one (inaudible) say anything
10 would be [redacted]
11 Q Are these girls, you know, are they embarrassed
12 about what they've done? Would they rather nobody know if
13 it possible or are they out there flaunting it?
14 A They don't care.
15 Q Okay That was my question.
16 A These girls don't care. For the most part they
17 don't care.
18 Q Okay
19 A Otherwise they wouldn't do it.
20 Q I tend to agree but that doesn't mean you --
21 everybody else (inaudible) get in on the action or
22 (inaudible) in general.
23 A (Inaudible.)
24 Q I hear that Oh, okay. (Inaudible) call
25 dispatch. A couple of females, (inaudible) get some



1 addresses. After we're done with [redacted] I think [redacted] we were
2 talking about next? (Inaudible.) Oh, okay.
3 A Well, I don't know (inaudible) well.
4 Q We should probably try her since she would be
5 leaving. You want to try -- [redacted] is off to college.
6 A (Inaudible.)
7 UNIDENTIFIED MALE SPEAKER: (Inaudible)
8 necessary.
9 (Two minutes of inaudible conversation.)
10 (Thereupon, the tape ended.)
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# TAB 9

IN RE: JEFFREY EPSTEIN

DRAFT

TAPED INTERVIEW OF [redacted]

DRAFT



(Thereupon, the following interview was had:)

---

BY DETECTIVE RECAREY

Q Today's date is October 4th, 2005. This is ID number 7915 Detective Joe Recarey of the Palm Beach Police Department. Present at 1301 (inaudible) Road is Detective Michael Dawson of the Palm Beach Police Department.

And can you state your name for the record?

A [redacted]

Q [redacted] how do you spell your last name?

A [redacted]

Q Okay. How old are you?

A I'm 18.

Q Eighteen. Okay. You're currently in college?

A Yeah.

Q Okay. What college are you attending?

A [redacted]

Q [redacted] Okay. And your date of birth is?

A [redacted]

Q Okay. Can you raise your right hand for me? Do you solemnly swear to tell the truth, the whole truth and nothing but the truth so help you God?

A Yes.

Q Okay. [redacted] if you could tell me from the beginning how you met Jeffrey Epstein. I know you have some



information and we are conducting an investigation. We were here last night, spoke with your mom and dad. If you can just start from the beginning as to how you met him.

A Okay

Q And how it came about.

A I met him through my friend [redacted] **(Audio 1:26)**

Q Okay. How long ago was that?

A It was probably about almost a year ago.

Q Okay. Okay.

A And he -- I went there once with her and she gave him a massage and then she asked me if I wanted to do it and then I did it or whatever and then after that like he kind of scared me when I went there so I just decided not to go back.

Q Okay. The first time you went with [redacted] did you go upstairs with him?

A No, I stayed down in the kitchen. **(Audio at 2:03)**

Q Okay. Did [redacted] tell you that -- what was entailed as to what had to be done?

A Well she said the first time you go it's just like a massage and she said like well, the more you go supposedly the more he like expects and starts flirting with girls and that's what kind of like scared me.

Q Okay. I've interviewed other girls and they've told me pretty much the same thing about the massage but



there's more to that. More to the massage. Okay? That's why I didn't want mom to be in here. And you can talk to me about anything. Okay? Like I said, I've interviewed other people already who have told me what transpired in that room. I know it's going to be difficult for you but...

A Well, the first time I went there I did a massage and he was just asking me a lot of questions. He seemed like really nice. And then he kept like staring at me and stuff. And then like I did a massage and he just kept looking at me and he was like oh, you're being shy and I'm like yeah. And he's like do you feel uncomfortable and I was like yeah, a little bit. And he's like okay. And he said well do you want to stop, and I was like no, it's okay. And he was like why are you like being shy and I was like oh, I don't know. And then he would like change the subject and he started talking about other things. And then when we were done he said that if like I wanted to come back and do more then he would like pay me more and then I would have to talk to Haley and I could come back.

Q Okay. What kind of questions did he ask you as you were massaging him?

A He was asking about -- it was a year ago. I don't remember everything but...

Q Right.

A He was just asking me if I had any friends that



might want to give a massage and I said I don't know. Then he asked me about what I wanted to do when I grew up and stuff like that and I asked him what he did and he said he was like a scientist basically

Q Okay. Did he ever ask you how old you were?

A No. **(Audio at 4:08)**

Q No. Did he know that you were 17?

A No, I don't think so.

Q Well it would have been 16 if it was a year ago, right?

A Well it like was almost a year ago. (Inaudible) 17.

Q Okay. During the massage did you -- were you naked or --

A No. I had my clothes on

Q You had all your clothes on?

A Uh-huh.

Q Okay. Did he touch you in any way?

A He was like kind of like leaning towards it but I was like you could tell I was shy so I think that's why he didn't try. But I heard about other girls that he -- that he got flirtatious with them and he made them take off their clothes and stuff.

Q Okay. What -- that was the first time you went, right?

DRAFT



1 A Yeah.
2 Q Okay.
3 A Well, no. It was the second time that I gave him
4 a massage. The first time I went up with [redacted]
5 Q Okay. You went upstairs with [redacted]?
6 A No, I was in the kitchen.
7 Q You were in the kitchen. That was -- you only had
8 two times that you went there?
9 A Yeah.
10 Q The first time you didn't do anything but just sit
11 in the kitchen?
12 A Yeah.
13 Q Who did you sit in the kitchen with?
14 A He had a cook that was there and he had -- there
15 was like two other girls there that live with him.
16 Q Okay. Did you massage his back? Was he naked
17 when you were massaging him?
18 A Well, he had like a towel around his -- his upper
19 was (inaudible) but he had like a towel around him.
20 Q Okay. Did he ever remove that towel?
21 A No.
22 Q When you were massaging him he never removed the
23 towel?
24 A No
25 Q Okay. Did you -- did he have you touch his



1 private area?
2 A No. No. I wouldn't do that. **(Audio at 5:50)**
3 Q You wouldn't do that?
4 Okay. Did he touch you in your private area?
5 A No. No.
6 Q No.
7 A He kept like staring at me and like, I don't know,
8 I just felt uncomfortable and I left. But I heard other
9 stories that like --
10 Q Right. I'm concerned with you. I know about
11 other stories and I've interviewed other people have told me
12 different things. That's why I'm trying to find out what
13 happened to you. Okay?
14 A Uh-huh
15 Q You're the victim in this so that's why I'm trying
16 to find out what happens to you.
17 A Uh-huh.
18 Q Okay? Who took you upstairs to the room?
19 A This girl [redacted] that lives with him.
20 Q Okay. So [redacted] took you up?
21 A Yes.
22 Q Did she tell you anything? Did she say anything?
23 A Huh-huh. There's a massage table and she just
24 laid a towel down and she said that Jeffrey will be out for
25 his massage.



1 Q Okay. Have you received any massage training?
2 A No
3 Q No. I have to ask.
4 Was [redacted] one of the two girls that was in the
5 kitchen with you?
6 A Yes.
7 Q Okay. Did you ever go back to his house?
8 A Well, I just went there twice.
9 Q Right
10 A After that --
11 Q After that you've never come back? Never went
12 back?
13 How much did you receive for the massage?
14 A Two hundred.
15 Q You received 200. **(Audio at 7:43)**
16 Okay. Did [redacted] explain to you what was going to
17 be involved?
18 A She said the first time you go there you pretty
19 much just give a massage, but the more you go there like the
20 more he expects. And that's it. That scared me.
21 Q That's what scared you?
22 BY DETECTIVE DAWSON:
23 Q Did she say (inaudible) or did she (inaudible --
24 A Say didn't have to say it exactly but she implied
25 like, you know, like taking your clothes off and stuff like



1 that.
2 BY DETECTIVE RECAREY:
3 Q Okay. So you didn't remove any of your clothing?
4 A No
5 Q What were you wearing? Can you remember?
6 A I don't know. It was a long time ago. I don't
7 remember exactly.
8 Q Okay.
9 A I don't want to tell you wrong.
10 Q I know. And I know you already told your mom what
11 happened. And like I said, I know this is hard for you
12 but...
13 A I was just scared. I just didn't want my name to
14 like --
15 Q Don't worry. You're not the only person I've
16 talked to. Okay? There's a lot of people that I've talked
17 to and I'm going to talk to.
18 How did you get to his house?
19 A With [redacted]
20 Q Haley. [redacted] took you the first time and you sat
21 in the kitchen.
22 A Yeah.
23 Q What about the second time?
24 A The second time I drove and she came with me.
25 Because I didn't want to --

DRAFT



1 Q You drove.
2 A Yeah.
3 Q Okay. What is it you drive?
4 A I used to have a Cavalier.
5 Q A Cavalier. What color?
6 A Red.
7 Q Okay. Can you describe to me what Mr. Epstein
8 looks like? Jeffrey looks like?
9 A He's tall and he has like greyish/black hair and
10 he usually wears like glasses and he has blue eyes.
11 Q Okay. When you massaged him, you massaged his
12 back area?
13 A Yes. And I did his feet too.
14 Q And his feet. Okay. Did you do his legs?
15 A Yeah, like his calves.
16 Q His calves. Thigh area?
17 A No.
18 Q No. His chest area?
19 A No.
20 Q No. Can you describe what his body looks like?
21 A He's not fat but he's not like thin. He's like
22 normal like average.
23 Q Average? Okay. Is he hairy? Is he not hairy?
24 A A little bit.
25 Q A little bit? A little bit he's got hair on his



1 back?
2 A Yeah.
3 Q Yeah? How about hair on his chest?
4 A Um --
5 Q You don't remember? Okay.
6 He did not touch you inappropriately?
7 A No.
8 Q No. Did he masturbate?
9 A No.
10 Q No. Do you know what masturbate means?
11 A Yeah.
12 Q Okay. Why don't you tell me what it means just so
13 I know so you know.
14 A Playing with yourself.
15 Q Okay. Okay. I have to make sure you understand
16 what it means.
17 A Yeah.
18 Q Okay? I know it's difficult.
19 He didn't touch himself --
20 A No.
21 Q -- while you were massaging him?
22 A No.
23 Q No. Is there anything else you'd like to add?
24 A No. I mean I heard of other stories that he did
25 and I don't think it's very like appropriate like --



1 Q Right
2 A -- the stories that I heard.
3 Q Right. Well, a lot of people that I've been
4 talking to are about your age and a couple younger than you.
5 So that's the part that I have serious problems with.
6 A Yeah.
7 DETECTIVE RECAREY: Do you have any
8 questions?
9 BY DETECTIVE DAWSON:
10 Q Did you see any others -- when you were there you
11 said you talked to two girls in the kitchen. The second
12 time you went, you went with --
13 A Haley.
14 Q Haley. Were there any other girls there?
15 A Yeah, there were the same two girls that were
16 there.
17 Q Same two girls? Okay.
18 A I'm pretty sure they like live and travel with
19 him.
20 DETECTIVE RECAREY: Okay. All right. Well
21 at this time I'm going to conclude this statement.
22 It's 11:45 a.m.
23 (Thereupon, the interview ended.)
24 - - -
25

# TAB 10

IN RE: JEFFREY EPSTEIN

DRAFT

VIDEOTAPED INTERVIEW OF [redacted]

DRAFT



(Thereupon, the following videotaped interview was had:)

- - -

BY DETECTIVE RECAREY:

Q All right. I appreciate you coming down again. All right. The reason why I asked you to come down was that I'm investigating a case in which my investigation, I believe that you have information on Jeff Epstein. Okay?

A Okay.

Q First of all, before we even begin, let me just swear you in. Okay? Raise your right hand for me. Do you solemnly swear to tell the truth, the whole truth and nothing but the truth so help you God?

A Yes, I do.

Q Okay. Do you understand what I'm saying?

A Yeah.

Q I know you're Spanish.

A I know. Yeah.

Q I can speak Spanish.

A Yeah.

Q All right. First of all, do you remember Jeff?

A Yeah.

Q Okay. Lives on El Brillo?

A (No audible response.)

Q Okay. Why don't you tell me from the beginning



how you met him.

A Okay. It was something in high school. Everybody was like trying to make money and at the time I had two jobs I guess. That was like two years ago.

Q About two years ago?

A Yeah.

Q When you first met him?

A (No audible response.)

Q Okay.

A Yeah. I was 17.

Q You were 17 then?

A Uh-huh. **(Video at 1:37)**

Q What is it that you were told you would have to do?

A Give him a massage

Q Okay.

A That was it

Q Okay. Who took you there?

A Her name is [redacted]

Q Okay. All right. And do you have any formal massage training?

A No.

Q No. Did -- so [redacted] took you there.

A [redacted] didn't take me there. [redacted] took one of my friends and then Faith was the one who took me because [redacted]



couldn't take me.

Q Okay. [redacted]

A [redacted]

Q [redacted] Okay. Okay. When you got there, what happened?

A It seems really weird, the whole situation. There were more girls in the house and then they just saw me go upstairs, they show me the room, it was a massage room. Pretty normal. Then he came and, you know, I give him a massage.

Q Okay. I've talked to a lot of girls and a lot of girls have told me different things.

A Uh-huh.

Q Okay? So I'm very aware of what happens when you provide a massage. Okay?

A Yeah

Q When you got to the house you went there with [redacted]

A Yeah.

Q Okay. How did you come into the house? Do you remember?

A What do you mean?

Q Did you go into the front door?

A Yeah.

Q Did you come through the garage?



A Well, when you go inside there's like a door. I don't know if it's the front door. I don't know.

Q Is it a wood door?

A A wood door, yeah.

Q It is a wood door?

A It's probably the back because it goes through the kitchen.

Q It goes through the kitchen?

A Yeah.

Q Okay. And you were brought into the kitchen, right?

A Yeah.

Q Who was in the kitchen there?

A Oh, my God, it's so long ago.

Q So long ago?

A Yeah.

Q Okay.

A I don't remember.

Q Do you remember any of his assistants?

A [redacted]

Q [redacted]?

A She was the one.

Q She was the one that you met with?

A And there was the one that call me and I told her I wasn't going to do it anymore. I think her name was

DRAFT



1 [redacted]
2 Q [redacted]? Okay. So when you come into the house,
3 you go into the kitchen, you meet with some people there who
4 takes you up --
5 A With [redacted]
6 Q You met with [redacted]?
7 A Yeah. Then [redacted] say sit down and tell sit down
8 and everything. I go and call Jeffrey. That's what I was
9 confused when you say Jeff. I don't know any Jeff. And
10 then she takes me upstairs and [redacted] stays there and Faith
11 stays there like all the time while I'm upstairs.
12 Q Okay. Okay. So [redacted] takes you upstairs. Did
13 you use the stairs --
14 A Yes.
15 Q -- to go upstairs?
16 Okay. Do you recall anything weird when you were
17 going up the stairs?
18 A The pictures.
19 Q Okay. Pictures of what?
20 A Naked people.
21 Q Naked people. Okay. Okay. She brings you into
22 this you said it was a massage room?
23 A Yes.
24 Q Is Jeffrey already there?
25 A No.



1 Q No? What did you do next?
2 A I sit down there and she tells me just wait a
3 second. Then she comes back and we put like the little bed
4 for the massage and she's like okay, there's some lotions
5 and he'll be right out.
6 Q Okay.
7 A Then he comes in, he's like okay. Then he knows
8 my name already. I'm [redacted]. Then he's like okay, just a
9 massage.
10 Q Okay. When he came in was he in a towel? Was he
11 in a robe?
12 A No. He had like clothes. He was running or
13 something like that.
14 Q Had regular clothes on?
15 A Yeah.
16 Q And he got on the table with the clothes on?
17 A No. He took his clothes off and he puts like a
18 towel.
19 Q He put a little towel over him. Okay. So at any
20 point did you see him naked?
21 A Not on the first time.
22 Q No. Okay. So he lays on the bed, massage bed
23 with his towel and you start massaging him. Do you remember
24 where you provided the massage?
25 A On the back and his legs.



1 Q On his back and on his legs. Okay. How were you
2 dressed when you were giving the massage?
3 A I was in jeans and a T-shirt.
4 Q Okay. Okay. At any point did he ask you to
5 remove your clothes?
6 A Yeah.
7 Q Okay. This is during the first massage?
8 A Yeah. And I say no.
9 Q And you said no. Okay. Okay. Do you continue
10 with the massage?
11 A Yeah. It was kind of weird that he asked me take
12 my clothes off.
13 Q Okay. So take me through then from there. You're
14 doing the massage?
15 A I do the massage. After I finish he's like okay.
16 Actually he pay me before I start doing the massage.
17 Q He paid. How much did he pay you?
18 A $200.
19 Q $200. At any time during when you're giving him
20 the massage, did he ever turn over --
21 A Yeah.
22 Q -- onto his back?
23 A Uh-huh.
24 Q Okay. Tell me what happened after that.
25 A I massage like on I don't know how you say it.



1 Q in his chest area?
2 A On his chest, yeah.
3 Q During the time you're massaging him on his chest,
4 is he touching himself?
5 A Yes.
6 Q Okay. Explain, explain that to me.
7 A Well, he start getting a little excited about it
8 and he start touching himself and I told him stop, and that,
9 that was it.
10 Q Okay. When you mean by touching himself, you mean
11 he was masturbating?
12 A Yes.
13 Q And you told him to stop?
14 A No. I didn't tell him to stop.
15 Q Oh, okay. Okay. So while you're rubbing his
16 chest, did he ever take off his towel?
17 A No.
18 Q So how would he be able to masturbate if --
19 A Well, like he had his hand under the towel.
20 Q Under. So you never saw him. Did you ever see
21 him naked?
22 A No. Not the first time but I saw him like the
23 second time.
24 Q Okay. Okay. Okay. So then you did your ma --
25 continued with your massage?

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A Yes.
Q Okay. What else happened after that?
A Nothing else. After I was finished. Actually like it was supposed to be an hour. But the first time it was just 30 minutes.
Q Okay. The time you were rubbing his chest and he was masturbating, did he ever climax?
A No.
Q You know what I mean by that?
A Yeah.
Q Okay. How did you end the massage? Did he just say that's enough?
A Yeah.
Q Okay. Okay. So then you went back downstairs?
A Yeah. And I say to [redacted] kay, I'm done, and we left.
Q Okay. Did he ever ask you to leave your telephone number to call you back if you wanted to work?
A He asked [redacted] for my phone number.
Q He asked [redacted] for your phone number?
A Yeah.
Q Did [redacted] give him your phone number?
A (Nods head yes.)
Q Okay. Did [redacted] get paid for taking you?
A Yes.



Q How much did she get paid?
A $200
Q She got paid $200 for taking you as well. Okay. So tell me about the second time.
A Second time I don't remember who took me. I never went by my self. I was scared to go but it was kind of like the same. Same situation than the first one but he offer me more money just to take my shirt off and I didn't do it and he was the same. He did the same things and then he took his towel off
Q Okay.
A And like after he was done like he never like got to the climax. I never saw him.
Q You never saw him?
A (Shakes head no.)
Q Okay. You were going to [redacted]
A Yeah. That's how everything started.
Q That's how everything started?
A Half of the school knew about it.
Q Half of the school knew about it? Let me, let me back up for a second. You go the second time. Who calls you to go back to the house?
A [redacted]
Q [redacted] calls you. Now you make an appointment to go to go work.
A Yes.
Q Okay. The same thing, you go into the back door to the kitchen area?
A Uh-huh.
Q You meet with [redacted]?
A Yeah. And she takes me upstairs.
Q She takes you upstairs. Okay. He offered you more money to get naked?
A Yes. Well, he told me just to take my shirt off. He didn't say anything else.
Q Okay. Okay. And did you?
A No.
Q No. But that's not the only two times you'd gone. You've gone more times?
A It was like around three, four times and then I just -- I was just scared that he was gonna do something.
Q Did he ever photograph you?
A No. Not that I know.
Q Did he ever take videos of you?
A No.
Q Okay. Did you ever give the massage with any other woman?
A No.
Q Okay. Did you ever get naked while doing the





massage? Any of the massages?
A Once.
Q Once.
A But it was in my underwear. It was never completely naked.
Q Okay. You stayed in your bottom? Underwear?
A And my top.
Q And your top. So you stayed in bra and panties?
A (No audible response.)
Q Okay.
A I think there was one that I take my bra off but that was it.
Q Okay. And each time you went did he offer you more monies to do more things?
A Yes. Actually I knew that because of [redacted] she (inaudible). [redacted] I don't know her last name.
Q Okay.
A Because she ask me, she says he'd offer more money if I have sex with him and I said that's never going to happen. There's no way I'm going to do that for money.
Q Okay. And by having sex means intercourse or --
A Yes, I guess. I don't know. I don't like talking about it.
Q Okay. The second time, did he offer you more money to do more things?

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A Yeah. $100 more just to take my shirt off.
Q Okay. And you said you didn't do it.
A No.
Q Okay. Did he masturbate on the second time?
A Yeah.
Q And did he ever climax?
A Actually the second time like it wasn't that bad because he was like on the phone all the time and so he wasn't paying attention to what was going on.
Q Did he ever at any point masturbate the second time?
A No. Not that I remember.
Q Did he ever ask you any questions or speak to you or ask you anything?
A Well, he tried to talk to you just to make you comfortable with the situation like where do you work and like how much do you make at your work and then he start saying you can make more with me, but I didn't feel like it was right.
Q Did he ever know your real age?
A After a while like because somebody told him.
Q That you were --
A Yeah.
Q -- 17?
A Like [redacted] told us, we were supposed to say we



were 18.
Q And who told you that to say that?
A [redacted] **(Video at 14:57)**
Q [redacted]
A [redacted] was the one who brought everything to everyone at school. That's how we know about it. Then she took [redacted] and [redacted] took me. **(Audio 15:02)**
Q Okay. So each time you did go, did [redacted] get money for taking you or --
A Well, [redacted] went with me twice I guess. And that was it. Then I went with [redacted]
Q Okay. And did she make money? Did [redacted] make money for taking you to him?
A No. I was taking her.
Q Oh, you were taking her. So you brought --
A She knew about it and she ask me if I could tell her because she didn't know where it was. But I didn't get money out of that.
Q Okay. Did anybody ever help you do a massage with him?
A No. [redacted] asked me to do it with her and I didn't feel comfortable.
Q All right. All right. Talk to me about the third time you went.
A I don't remember. it was like kind of always --



it was always -- it was the same.
Q It was the same?
A It was the same.
Q Obviously more stuff happened because, you know, he paid you more to do more things, right?
A Yeah. The third time it was when I took my shirt off.
Q Stayed with your bra or were you --
A Stayed in my bra.
Q Okay.
A And that was when he paid me 300.
Q He paid you 300 for that?
A Uh-huh.
Q And same thing --
A Yeah.
Q He came in. Was he naked again?
A Yeah.
Q Okay. You gave him a massage and at that point was he still playing with himself?
A Yeah.
Q Masturbating?
A Uh-huh.
Q Okay. Do you know if at any point did he ever climax during this?
A No.



Q Okay. How would the massages end? Would he just say that's it, that's enough?
A Yeah, he would just stand up and take a shower and I could grab my things and leave.
Q Okay. All right. Talk to me about the part when you got down to your underwear
A That was the last time that I saw him.
Q When was the last time? Was that --
A It was long ago. More than six months ago.
Q You sure it's not any time sooner than that?
A I don't remember. I like I told [redacted] I didn't want to do it anymore. I was scared he was going to do something.
Q Okay. Why do you say you were scared he was going to do something?
A Because I like know he has a lot of girls and I don't know, like he was offering [redacted] more money for it. Like I think he bought her a car or something like that. She just got a car and she told me he got it for her.
Q Do you know what kind of car it was?
A I think it's a Dodge or something.
Q A Dodge?
A And then she like then had money for anything and she ended up going to Europe for like the summer.
Q Did she go with him?

DRAFT



1 A I don't know. We never talk about it because I
2 was -- I didn't like the whole situation.
3 Q Okay. Did he ever touch you?
4 A Yeah.
5 Q In what way?
6 A My back and my butt.
7 Q Did he ever, did he ever take out any toys?
8 A No.
9 Q Did he ever touch your breast area?
10 A (Nods head yes.)
11 Q Did he touch your vaginal area?
12 A Yeah.
13 Q All right. Did he touch you with his hands or
14 with something else?
15 A With his hands.
16 Q Okay. Okay. Was this over your underwear or
17 under?
18 A Over my underwear.
19 Q Over or under?
20 A Over.
21 Q Over. Did he ever insert his fingers in you?
22 A (Shakes head no.)
23 Q And as he was doing this, he was paying more
24 money?
25 A The maximum that he paid me was 300.



1 Q Three hundred. And that was the last time you
2 went?
3 A (Nods head yes.)
4 Q When he touched your breast area, you didn't have
5 a bra on?
6 A I didn't have a bra on.
7 Q You didn't have a bra on. And your buttocks?
8 A Uh-huh.
9 Q Was that over your panties or under your panties?
10 A Like I have a thong on so...
11 Q You had thongs. Okay. All right. Did he pull
12 you close to him?
13 A Yeah.
14 Q And all this while he was masturbating?
15 A (Nods head yes.)
16 Q Did he have you touch him?
17 A No. **(Video at 20:22)**
18 Q Aside from the massage, touch him in his penis
19 area?
20 A Huh-huh. No.
21 Q Did you bring anyone else other than --
22 A [redacted]
23 Q --[redacted]
24 A [redacted]
25 Q [redacted] Do you know [redacted] last name?



1 A No. No idea.
2 Q How about [redacted]
3 A [redacted]
4 Q Does she also go to [redacted]?
5 A Uh-huh.
6 Q And what about [redacted]?
7 A Yes.
8 Q Did you receive monies for taking [redacted] and
9 [redacted]
10 A [redacted]
11 Q Did you receive money for [redacted] or --
12 A I don't remember. I'm pretty sure I didn't.
13 Q Okay. When was the last time you had contact with
14 anyone from the house?
15 A Well, I don't know because she told me they were
16 going to New York the last time we talked. The last time I
17 went.
18 Q What's a while ago?
19 A Probably two months or more.
20 Q Who called you?
21 A [redacted]
22 Q [redacted] And she said that she was going where?
23 A They were going to New York.
24 Q New York? Nobody else from the house has called
25 you to say the police are looking into it?



1 A (Shakes head no.)
2 Q Okay. This case is basically an investigation, an
3 open investigation, so I appreciate it what we discuss stays
4 here. Okay?
5 A Uh-huh.
6 Q Don't tell anybody that we, that we talked. Okay?
7 A Okay.
8 Q Did you ever have any intercourse with him?
9 A No. **(Video at 22:41)**
10 Q No oral?
11 A (Shakes head no.)
12 Q Nothing?
13 A Nothing else.
14 Q Okay. I'm going to show you a group of
15 photographs. I'm going to show you a group of six
16 photographs. Okay? I'm trying, trying to see if this [redacted]
17 is in these six photos. Okay? It's important that you look
18 at all six of them and be sure who you pick as the person as
19 [redacted]. Okay? She may or may not be in these six photos but
20 it's important for you to pick the right one. Okay?
21 A Uh-huh.
22 Q Take your time looking at those six photos there.
23 A I don't see her.
24 Q She's not in those photos there?
25 A No.





HOUSE_OVERSIGHT_012369

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Q How would you describe [redacted]
A She would be here but she's [redacted] She's [redacted]
and [redacted] She looks like her but I'm not sure
Q Okay. That's why I needed you to be absolutely
sure. I appreciate you being honest and not picking anyone
out because that's important You know? You have my card,
right?
A No, I lost it. Like I think I left it at my job.
Q Okay. I gave your sister one. That's my card.
A You went back to my house?
Q Yeah, I went by today. She's the one who gave me
your cell. Your sister
A You tell her what it was?
Q No. No. I just told her that you were a witness
and I needed to talk to you.
A Is he going to know anything about any of this?
Q About the investigation? Eventually I'm sure he
will find out about the investigation. I would appreciate
it if anyone did contact you that you call me and give me
just -- basically let me know that somebody called you.
A If they call me?
Q If they call you. Is there anything else you'd
like to add to this statement or --
A No. I'm just scared that he's gonna know
Q Why are you scared of him?



A That he's gonna do something.
Q He's not gonna do anything.
What did he tell you he did for a living?
A He was in brain something. He studied the brain.
Q He's an investor and that's it. Just a money
investor That's it It's not -- half of the things that
he told some of these people, he's just a money investor.
That's it. So don't be afraid. And if they do call you,
just call me and let me know.
A If they ask me to come over there should I just
say no? Like I don't want to go
Q You haven't been there?
A (Shakes head no.)
Q When is the last time you said you were there?
A Like three, four months ago. Longer than that. I
don't remember.
Q I think it's about three or four months ago. I
think it's three or four months ago because -- is there
anything else you'd like to add?
A Not really.
Q No? Okay. I appreciate you coming down. And let
me walk you out.
A Is something going to happen to me?
Q No. No. I just, like I said, you're not in any
trouble whatsoever. I just wanted to talk to you. I



appreciate you coming down. Okay?
A Thank you.
Q All right.
(Thereupon, the interview ended.)
- - -

# TAB 11

**U.S. Department of Justice**

Office of Legislative Affairs

Office of the Assistant Attorney General

*Washington, D.C. 20530*

November 9, 2007

The Honorable John Conyers, Jr.
Chairman
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter presents the views of the Department of Justice (the Department or DOJ) on H.R. 3887, the "William Wilberforce Trafficking Victims Protection Reauthorization Act of 2007," as introduced by Congressman Lantos on October 18, 2007. The Department has significant concerns, which are detailed below in a section-by-section analysis. The proposed legislation, as drafted, would eliminate the Department's role in several important steps in the victim identification process, and thereby negatively impact our ability to ensure the safety of victims and their families, rescue additional victims, and apprehend and prosecute human traffickers; it would broaden the criminal statutes regarding prosecution in a manner that detracts from effective enforcement efforts and raises serious federalism implications; and it would unconstitutionally intrude into Executive authority.

1. **Section 102**

The provision in subsection (e)(2)(B) authorizing the Director of the Office to Monitor and Combat Trafficking in Persons (G/TIP) at the Department of State to interview victims should clarify that the Director is authorized to do so only with the consent of the Attorney General in any case where an ongoing investigation or prosecution may exist. Otherwise, serious issues could arise that would complicate or even scuttle prosecution. For example, any statements made to the Director would presumptively have to be turned over to the defense and any statements that contradict statements made to law enforcement or prosecutors would be required to be turned over to the defense.

2. **Section 103**

DOJ finds section 103 unnecessary and duplicative of existing efforts and, therefore, opposes its inclusion in the bill. DOJ and other Federal agencies are already offering the types of assistance that are described in the section. Furthermore, the new subsection (a)(i)(3) would require the United States Government to provide "technical assistance to provide legal frameworks and other programs to foreign governments and nongovernmental organizations to

ensure that foreign migrant workers are provided protection equal to nationals of the foreign country." This provision does not differentiate between legal and non-legal migrant workers, nor does it distinguish between forced labor and non-coerced migrant labor. DOJ believes that any international standard that we promote must mirror our domestic standards. Similarly, the new subsection (a)(i)(4) could be read as encouraging countries to loosen their immigration laws, something that the United States Government might not be willing to do.

Subsection (b) amends the Foreign Assistance Act of 1961 (22 U.S.C. § 2151 *et seq*) to provide specific assistance for anti-trafficking investigation and prosecution units in foreign countries. This subsection could be construed as prioritizing sex trafficking over labor trafficking. As stated above, DOJ believes that any international standard that we promote must mirror our domestic standards, which prioritize both sex trafficking and labor trafficking. Further, the amendment to 22 U.S.C. § 2152(d)(a)(2) should include a reference to labor trafficking and should, therefore, read "including investigation of individuals and entities that may be involved in trafficking in persons involving sexual exploitation or forced labor."

3. **Section 104**

The Department objects to the language in this section that specifies the groups with which the United States Government must consult and coordinate in offering assistance and protection to victims of human trafficking. Such language both places undue restrictions on the United States Government and could limit the Government's ability to deal with some necessary groups. It has been the consistent practice of the Department to consult widely with a range of stake holders and others before designing a program of foreign assistance on human trafficking. Such an additional requirement in the statutory language is unnecessary. We suggest that the language be amended to read, "[i]n cooperation and coordination with organizations which may include the [UNHCR], the International Organization [for] Migration, and other relevant organizations...."

4. **Section 105**

DOJ recommends that subsection (a) also require that the effectiveness of assistance programs be measured based on best efforts to facilitate cooperation with law enforcement, along with the other criteria.

5. **Section 106**

DOJ opposes the bar in subsection (b)(1) against including cases in which probation or low sentences are given. Some of the most important cases are the ones against cooperating defendants that result in minimal sentences in exchange for information or testimony. Embassies should have the discretion to take such situations into account when evaluating foreign government efforts to combat trafficking. The Department recommends amending section (b)(1)(B) by striking "shall not be considered to be an" and inserting in its place "shall be considered on a case by case basis to determine if it will be considered an" so that it will give the Secretary of State greater flexibility in evaluating the efforts of other countries.



HOUSE_OVERSIGHT_012373

The Department also objects to the new paragraph (11), which lists as a criterion for ascertaining whether the government in question has made "serious and sustained" efforts to eliminate trafficking "[w]hether the government has made serious and sustained efforts to reduce demand for commercial sex acts and for participation in international sex tourism by nationals of the country." We object to this language because it is vague and will, by implication, require the United States Government to evaluate itself under this "serious and sustained" standard. The Department prefers the language that was added by the 2005 reauthorization of the Trafficking Victims Protection Act, which evaluated whether countries "adopted measures" to reduce demand.

6. **Section 107**

Section 107(a) of the Act raises separation of powers and *Chadha* concerns. Section 107(a) would add a new 22 U.S.C. § 7107(b)(3)(D), which would limit the amount of time that a country could remain on the Tier II Watch List to two years, "unless the Secretary of State provides to the appropriate congressional committees credible evidence that" the country had taken certain steps to make significant efforts to counter trafficking. That provision further requires that "[s]uch credible evidence" shall be provided to Congress in a report.

To the extent that section 107(a) purports to give congressional committees authority to determine whether the Secretary's decision to exempt a country from the watch list is based on sufficiently "credible evidence," the provision would give the committees a role in executing the law that the Constitution does not allow. "[O]nce Congress makes its choice in enacting legislation, its participation ends. Congress can thereafter control the execution of its enactment only indirectly—by passing new legislation"—that complies with the bicameralism and presentment requirements of Article I. *Bowsher v. Synar*, 478 U.S. 714, 733-34 (1986); *see also INS v. Chadha*, 462 U.S. 919, 951-52, 958 (1983). To avoid this concern, we recommend replacing "provides to the appropriate congressional committees credible evidence" with "determines;" and replacing "Such credible evidence" with "Such determination."

7. **Section 108**

DOJ opposes the requirement in section 108 to create a database "combining all applicable data collected by each Federal department and agency represented on the Interagency Task Force to Monitor and Combat Trafficking." The database would contain law enforcement sensitive information, which would prevent the data from being accessible to non-law enforcement agencies, many of which are a part of the interagency task force. Furthermore, such a database would be difficult to create, particularly within the timeframe provided in the statute, because it would require information from multiple agencies that collect data in varying forms and levels of specificity.

8. **Section 109**

This section authorizes the President to establish an award for efforts against trafficking and directs him to establish procedures for selecting recipients of the award. DOJ opposes this provision, as it interferes with the President's policy-making authority.



HOUSE_OVERSIGHT_012374

9. **Section 110**

The Department opposes the statutory language in subsection 110(a)(1)(B) that specifically mentions the U.S. Government sponsored hotlines for reporting instances of trafficking in persons. Statutorily providing for the names of the hotlines would interfere with the President's policy-making authority to change the hotline structure at a later date. Furthermore, the Act, as written, misnames the hotlines.

10. **Section 201**

In section 201, the Department objects to the new subsection "(bb)." To the extent that such a subsection is necessary, a question that we defer to the Department of Homeland Security (DHS), the decision regarding cooperation should include the Attorney General in addition to the Secretary of the Department of Homeland Security, as it does in Section 201(b).

DOJ defers to DHS in regard to subsection (a)(1)(E), although we would note that by removing the "unusual and severe harm" standard, victims will be eligible for a T-visa upon a lower showing of "extreme hardship."

The Department also defers to DHS in regard to subsection (a)(2), which would extend T-visas to parents and siblings of trafficking victims. As a factual matter, however, the provision should be amended to strike any reference to "as a result of the alien's cooperation with law enforcement." Traffickers threaten victims to intimidate them into compliance with traffickers' demands and to retaliate for victims' escape, not because of law enforcement cooperation. It is counter-factual to describe the pattern of threats and retaliation as linked to law enforcement cooperation, and disregards the fact that threats often only subside when law enforcement takes measures to secure the family or punish the traffickers and their associates who threaten victims' families. Furthermore, it is unclear whether the reference to siblings encompasses both minor and adult siblings, and whether spouses and children of adult siblings would be eligible for a T-visa.

In subsection (b), DOJ opposes the new subsection (8)(B), which grants sole authority to the Secretary of DHS to consider whether "extreme hardship" exists. The new section, however, also requires consultation with "prosecutors," which presumably refers to prosecutors at DOJ, since DOJ is the lead prosecutorial agency for cases involving human trafficking. Since these prosecutors are under the Attorney General's authority, the consultation requirement should include consultation with the Attorney General.

Subsection (c)(1), which creates the new subsection (3)(A)(i) in section 107(c) of the Trafficking Victims Protection Act (TVPA), should limit applications for continued presence to those being made by "Federal" law enforcement officials. Limiting the applications to those submitted by Federal law enforcement assists in the victim identification process. The Department has established a memorandum of understanding with DHS that ensures that the Department's prosecutors are informed when investigators apply for continued presence. Furthermore, limiting the applications to those submitted by Federal law enforcement ensures the uniformity of standards in making the determination as to whether an individual is a victim of a



HOUSE_OVERSIGHT_012375

severe form of trafficking in persons and eligible for continued presence. Finally, Federal law enforcement involvement in the process allows Federal prosecutors the ability to identify patterns of human trafficking activity that might span multiple local law enforcement jurisdictions. For these same reasons, the new subsection (3)(B) should add "Federal" before "law enforcement" to limit the authority to request parole for relatives to Federal law enforcement officials.

The new subsection (c)(3)(A)(ii) should add "endeavor to" after "shall" so that a legally actionable obligation is not created as to Federal law enforcement's role in protecting the safety of trafficking victims and family members. While the U.S. Government makes every effort to protect trafficking victims, the statutory language, as written, could be construed to create a legally cognizable right and could lead to litigation.

In the new subsection (c)(3)(A)(iii), DOJ opposes extending continued presence for the duration of a civil suit. It also raises the potential for abuse because of the lengthy and plaintiff/victim-controlled delays in conducting civil litigation. Furthermore, physical presence in the United States is not necessary for the successful maintenance of a civil action. Victims have other options to obtain status in the United States, such as T- and U-visas.

DOJ notes a technical change to subsection (d), which currently has two subsection (2)s. DOJ recommends striking the second "(2)" and replacing it with a "(3)."

**11. Section 202**

The Department opposes the language in section (a) that legislates the existence of a specific task force, such as the Trafficking in Persons and Worker Exploitation Task Force. DOJ recommends deletion of this reference and the replacement of the named task force with "the Attorney General."

DOJ also opposes the 120 day deadline in subsection (f) as unreasonable due to language barriers and translation needs.

**12. Section 203**

In subsections (a), (b)(1-2), and (c), DOJ opposes the language removing the Attorney General's role in determining whether the relevant applicant has complied with reasonable requests for assistance, an important factor in the decisions regarding T-visas, and that the investigation or prosecution is complete. Because the Department is involved in its prosecutorial as well as its investigative roles, DOJ participation is critical in assessing assistance with law enforcement, and it is well-situated to assess whether a victim has complied with reasonable requests for assistance that went through investigative agencies outside DHS, such as cases investigated by FBI or DOL. Therefore, a joint determination is appropriate because of the number of different law enforcement agencies that may be involved in a particular matter.



HOUSE_OVERSIGHT_012376

**13. Section 205**

DOJ opposes the addition of the new subsection 240A(b)(6)(A) of the Immigration and Nationality 21 Act (8 U.S.C. 1229b(b)) unless the word "Federal" is added before "law enforcement official." The same proposed subsection currently states that the Secretary of the Department of Homeland Security "shall grant parole" to the relatives of trafficking victims. DOJ recommends changing this language to read "may grant parole" so the Secretary has the latitude to make an appropriate decision. There may be reasons pertaining to the circumstances of the relatives of the trafficking victim for which the Secretary should have discretion to deny parole. Further, DOJ finds it necessary to strike any reference to "as a result of the alien's cooperation with law enforcement" for the reasons noted above.

In subsection, (6)(B)(ii)(II), DOJ opposes a statutory requirement that parole be extended during pending civil actions. As indicated above, this action would create a potential for abuse because of the lengthy and plaintiff/victim-controlled delays in conducting civil litigation.

**14. Section 211**

The Department opposes the change of the "and" in subsection (1)(A) to an "or." Both the Attorney General and the Secretary of DHS need to be involved in the certification process. The current certification process is well-established and needs no statutory revisions. DOJ also opposes the change in subsection (1)(B), which would remove the Attorney General's authority in stating whether a person's presence is necessary in ensuring an effective prosecution. As the agency that prosecutes cases of human trafficking, DOJ's involvement is vitally important. The Department has the same concern with the proposed change in subsection (2).

**15. Section 213**

We strongly oppose the language in this section that inappropriately removes law enforcement from any initial determination of victim status or benefits eligibility. DOJ and DHS play a critical role in protecting the safety of victims and service providers. Any failure to involve Federal law enforcement immediately upon suspicion that a crime has been committed could threaten the safety of the victim, impeded efforts to promptly rescue victims still in jeopardy, and possibly man that the offenders avoid apprehension. DOJ recognizes the important of including HHS at the initial stages for the purpose of facilitating prompt delivery of the full range of available benefits and services to trafficking victims. DOJ will continue to work with DHS and HHS to ensure that interagency procedures afford victims of trafficking prompt protection and access to these services.

The Department further objects to the provision set forth in paragraph (G), which would require both Federal and state law enforcement officials to inform the Department of Health and Human Services (HHS) of the existence of a potential victim, but does not require HHS, other Government officials, or non-governmental service providers to inform Federal or state law enforcement of such a victim. To the extent that such a notification procedure must exist, it must also include notification to the Attorney General and the Secretary of DHS, who bear responsibility for prosecuting and investigating instances of human trafficking.



HOUSE_OVERSIGHT_012377

DOJ also opposes subsection (b). Since the passage of the TVPA, DOJ has been one of the principal agencies conducting trainings for a multitude of audiences, including task forces and Federal, state, and local law enforcement, on the issue of trafficking in persons. The Department also has experience in conducting training on juvenile victims through the Innocence Lost National Initiative. Effective efforts to combat trafficking must mobilize the expertise of HHS, DHS, and DOJ.

DOJ also notes a misspelling in the new subsection (F)(ii)— "edibility" instead of "eligibility".

16. **Section 214**

Section 214 of the bill authorizes the Attorney General to make grants to assist victims of severe forms of trafficking up to $2.5 million in 2008, increasing to $15 million in 2011. The Department of Justice already has authority to make grants for the provision of services for crime victims and does so at a level in excess of $250 million a year. Also, the authorization of yet another grant program runs counter to the Administration's proposal in the 2008 Budget to consolidate DOJ's more than 70 grant programs.

Moreover, any provision purporting to expand or alter definitions of individuals of qualifying for victim benefits must include the requirement that a Federal law enforcement agent must declare the individual to be a victim of a severe form of trafficking in persons, and that the victim agree to cooperate in the investigation and prosecution, or that the victim be under the age of 18.

DOJ opposes the consultation requirement in subsection (a)(1) with the Secretary of State for establishing programs to serve domestic, U.S. citizen trafficking victims. Such domestic authority falls outside of the mission and expertise of the Department of State. DOJ also opposes the mandatory consultation with non-government organizations (NGOs) regarding the provision of services. This creates a conflict of interest since many of the NGOs will apply for and could receive grants under the program. Finally, any section regarding the provision of victim services must also contain language that includes organizations that provide services to "juveniles subjected to trafficking, as defined in section 203(g) of the Trafficking Victims Protection Reauthorization Act of 2005," which would ensure that the funds authorized to the Attorney General for establishment of grants will go toward the work and development of the Innocence Lost Task Forces.

DOJ opposes subsection (b) because it provides Victims of Crime Act of 1984 funds to prostitutes implicated in violations of the Mann Act (criminalizing transportation of prostitutes in interstate commerce). Such persons do not meet the legal definition of "victim" as that term is defined in the law, unless the person prostituted is under the age of 18 at the time the crime was committed or the person, through the application of another Federal statute or regulation, satisfies the legal definition of a victim. Such persons are already eligible under the Crime Victims Fund Act to receive benefits.



HOUSE_OVERSIGHT_012378

DOJ opposes section 214(d), as it could be construed to require the Attorney General and the Secretary of Health and Human Services to make legislative recommendations to Congress in violation of the Recommendations Clause. To avoid this concern, we recommend inserting ", if any," after "recommendations" in section 214(d)(2)(E). Further, DOJ finds subsection (d) redundant. A thorough study of services available to domestic and foreign victims was conducted by the Senior Policy Operating Group in 2005-2006 and found few statutory differences between the treatment of domestic and foreign victims.

Subsection (d)(2)(C) contains a redundant statement. Victims of sex trafficking are victims of severe forms of trafficking in persons.

**17. Section 221**

In subsection (a), DOJ opposes the proposed change of removing the knowledge of an age requirement for violations of the juvenile provision in 18 U.S.C. § 1591(a). This runs counter to the criminal law goal of punishing culpable states of mind. This change of law would create a strict liability crime, similar to 18 U.S.C. § 2423(a), with a similarly severe 10 year mandatory minimum sentence. However, unlike section 2423(a), subsection (a) is exceedingly harsh in that it fails to set forth an affirmative defense. Therefore, the suggested subsection (a) would create a rare circumstance wherein there is a substantial mandatory minimum sentence for an already unusual strict liability crime. Accordingly, this provision is likely to face significant legal challenges.

DOJ opposes subsection (b) in its entirety. The proposed language is both over-inclusive and under-inclusive of human trafficking activities, and the language is vague. Moreover, the provision is unnecessary because section 1589 already prohibits many of these activities when they result in "serious harm," whether physical or emotional, to the victim.

The Department opposes subsection (f)(1), which would expand the Mann Act to include cases "affecting" interstate commerce. The Department does not require any additional statutory authority or expanded jurisdiction in order to continue its successful prosecution of human trafficking cases and related criminal conduct. Federal law prioritizes crimes in which victims have been trafficked as a result of force, fraud, or coercion, including the sex trafficking of children in which coercion is presumed, i.e., crimes that fall under the Thirteenth Amendment's prohibition on slavery and involuntary servitude, and commercial sex involving transportation in interstate commerce. The Department's record during the last six years demonstrates its success in investigating and prosecuting trafficking and related crimes and in convicting and securing appropriate sentences for traffickers.

At the same time, pandering, pimping, and prostitution-related offenses have historically been prosecuted at the state or local level. This allocation between state and Federal enforcement authority does not imply that these crimes are less serious, but rather reflects important structural allocations of responsibility between state and Federal governments. The federalization of these crimes would treat them differently than other serious crimes such as murder and rape, which are prosecuted at the state level. Kidnapping, similarly, is a Federal crime only when it involves transportation "in" interstate commerce. Furthermore, the



HOUSE_OVERSIGHT_012379

Department is not aware of any reasons why state and local authorities are not currently able to pursue prostitution-related crimes such that Federal jurisdiction is necessary. Finally, due to the high volume of prostitution-related crimes, the Federal government lacks the necessary resources and capacity to prosecute these offenses.

Therefore, to the extent that this expansion of the Mann Act would federalize the criminal prosecution of pandering, pimping, and prostitution-related offenses, it is unnecessary and a diversion from Federal law enforcement's core anti-trafficking mission.

DOJ also opposes subsection (g), which would expand the sex tourism offenses to include those who travel for purposes of illicit sexual activity with adults. The Department's current efforts with regard to extraterritorial offenses focus on child sex tourism, which are very demanding and resource-intensive cases, requiring gathering evidence abroad, bringing victims to the United States to testify, and coordination with foreign law enforcement agencies and foreign governments generally, among other matters. Any expansion of authority would be a distraction from those priority cases and would exacerbate existing burdens on investigation and prosecution.

The Department believes that the addition of 18 U.S.C. § 2423A is unnecessary and that 18 U.S.C. § 2423 does not need to be amended.

Should Congress create 18 U.S.C. § 2423A, DOJ believes that language should be retained in 18 U.S.C. § 2423(e) that allows the Government to charge attempt or conspiracy for 18 U.S.C. § 2423(a) crimes. Finally, DOJ notes that the definition of illicit sexual conduct needs to be updated to include production of child pornography.

**18. Section 222**

As a general matter, the Department opposes the expansion of jurisdiction over offenses involving non-American offenders or victims that are committed outside the United States. The expansion of jurisdiction in this section would place an enormous strain on available resources. In addition, this new section's jurisdiction description overlaps with 18 U.S.C. § 3271. Should the choice be made to keep the jurisdictional provisions provided for in this section, perhaps it would be more effective to expand section 3271.

**19. Section 223**

These provisions are not directly related to trafficking. As this section is related to aliens brought into the country for the purposes of prostitution, without a showing of force, fraud, or coercion, and the International Marriage Brokers Act (IMBRA), this bill is not the vehicle for this language. Furthermore, subsection (a)(1) removes the requirement from section 278 of the Immigration and Nationality Act that such conduct be done in furtherance of the importation of the alien. By removing this requirement, the bill extends the statute to cover all instances of "pimping" an alien.



HOUSE_OVERSIGHT_012380

**20. Section 224**

This section misunderstands the purpose and effect of the model law and should be deleted. The Department's model law was never designed to supplant pre-existing state laws which target pimping, pandering, or prostitution, but rather to supplement those laws. At the time that the Department's model law was issued, most states had comprehensive laws addressing prostitution, pimping, and pandering. However, most states did not have laws focused on human trafficking. The Department's law was designed to raise awareness of the issue of trafficking and to encourage states to closely examine cases to ensure that cases involving fraud, force, and coercion are not labeled as prostitution offenses. The Department believes the law has been successful in accomplishing this goal.

**21. Section 231**

The Department opposes any statutory changes to the annual report. The change in subsection (1) is unnecessary as this language is currently included in the annual report. The information requested in the new subsection (I) would be excessively burdensome to gather.

**22. Section 232**

DOJ opposes this addition as unnecessary. Human trafficking laws that do not require the proof of force, fraud, or coercion, namely laws that concern minor victims of severe forms of human trafficking, are already discussed at the annual conferences. To the extent that this provision would require the Department to discuss human trafficking laws pertaining to adult victims that do not require the showing of force, fraud, or coercion, such laws would not fall under the definition of human trafficking and the annual conference would be an inappropriate venue for the discussion of such laws. However, DOJ trafficking prosecutors utilize a wide range of statutes in addition to Chapter 77 offenses to address all criminal conduct associated with human trafficking. This includes the Mann Act, money laundering, visa fraud, immigration offenses, criminal labor violations, and extortion, in addition to other criminal statutes. Accordingly, DOJ training at annual conferences, the National Advocacy Center, the National Center for Missing and Exploited Children, and field training with the Department of Justice funded Human Trafficking Task Forces and provided through the Innocence Lost National Initiative include discussion on the importance of using all available criminal statutes as essential tools in charging decisions. Thus, this section is unnecessary.

**23. Section 233**

DOJ opposes the change to section 206 of the Trafficking Victims Protection Reauthorization Act of 2005, which would remove the discretion of agencies in informing the Senior Policy Operating Group (SPOG) of grants. Such a change could be read as giving the SPOG oversight authority over grants. It also fails to take into consideration situations where grant-making agencies may be unable to notify the SPOG of the grant.



HOUSE_OVERSIGHT_012381

**24. Section 234**

The Department opposes subsection (a) as an excessively burdensome and unnecessary creation of a new layer of bureaucracy within our agency. The Department does not believe that there is currently any lack of coordination, and a new position could lead to duplication of efforts. Furthermore, subsection (a)(2)(A) incorrectly lists the Civil Division and not the Civil Rights Division.

**25. Section 236**

In subsection (a), DOJ questions the reliability of the congressional findings, especially with respect to the estimated number of victims and the inference that the lack of child victims is directly related to a lack of education individuals who may come into contact with human trafficking victims. Such findings, without a full body of evidence, are counter-productive.

The Department also opposes subsection (b). The Attorney General should be involved in any program that focuses on combating child trafficking at the border. We propose that section (b)(1) is amended to read "The Secretary of Homeland Security, in conjunction with the Secretary of State, Attorney General, and the Secretary of Health and Human Services." Further, most of the children interdicted at the border are used for smuggling and are not trafficking victims. In subsection (b)(5)(D), DOJ believes that the proceedings for removal to non-contiguous countries are problematic because DHS needs more flexibility to handle gang members, terrorists, repeat offenders, and state offenders. Furthermore, the terrorism exception provided is too narrow to protect the national security interests of the country.

We oppose subsection (c)(1) to the extent that it limits the Administration's ability to determine the best arrangement for custody or various classes of UACs. The administration will work with DHS, DOJ, and HHS to refine and modify current detention practices where necessary. The interagency process is the best forum to consider the various interests of unaccompanied minors and law enforcement and to develop and adapt policies that, among other things, provide for the safety of all concerned. We look forward to discussing these developments with Congress in the future.

The Department opposes subsection (d)(2) as too narrowly construed. There are numerous reasons, outside of the child proving to be a danger to himself or others, that require children to be kept in a secure facility, including the safety of the child from danger that is not self-imposed. In addition, the standard for placing minors in "secure" care is too strict. It requires the "least restrictive setting that is in the best interest of the child." HHS only places 1.4 percent of minors in its care into a "secure" custody arrangement. This could mean that minors who need this arrangement would instead be housed with children who have no history of violence or criminal behavior. HHS needs more flexibility and there should not, therefore, be required to make an "independent finding" of the child's danger to self or others.

DOJ opposes the language of subsection (d)(3)(c) that would afford HHS access to law enforcement sensitive databases.



HOUSE_OVERSIGHT_012382

The language of subsection (d)(5) must be changed from "shall ensure." This implies a legal obligation on the Federal government to provide counsel and a concomitant right on behalf of victims to government-funded counsel, which is inappropriate and would subject the government to litigation over the nature and scope of the purported obligation and right.

The Department also opposes subsection (d)(6), which creates a guardian ad litem program. Such program raises serious conflict of interest concerns, and DOJ has opposed similar language in the past. Establishment of a guardian ad litem program is also unnecessary in that 18 U.S.C. §3509(h) already sets forth detailed procedures which provide for court appointed guardians ad litem for children who are victims of or witnesses to crimes involving abuse or exploitation.

Subsection (d)(7) may result in unintended consequences due to this confidentiality section. To effectively combat trafficking, relevant information must be transmitted to law enforcement. Law enforcement is well-equipped to preserve confidentiality concerns.

The Department believes that subsection (e) undermines the 1997 Special Immigrant Juvenile reforms and opposes turning this back over to the states, where it was inherently flawed.

In section 236(j), the effect of the apparent retroactivity of the general applicability of these amendments to "all aliens in the United States before, on, or after the date of enactment of this Act" raises serious concerns about the provision of benefits and services and has the potential to create serious problems for the Department in its implementation of the programs described in this section.

**26. <u>Section 301</u>**

DOJ recommends striking the 2 percent cap on funding for training and technical assistance that is in 22 U.S.C. 7105(b)(2)(B). The unique complexity of the trafficking issue and the level of coordination necessary to effectively serve trafficking victims requires much more training and technical assistance than a typical OJP program. Striking the cap on training and technical assistance will allow OJP to better allocate the trafficking funds it receives. The change could be implemented by the following statutory language:

"Paragraph 107(b)(2)(B)of Pub. L. 106-386 is amended by:
"(1) inserting 'and' after the first semicolon;
"(2) striking '(ii)' through ';and'; and
"(3) striking '(iii)' and inserting '(ii).'"

**27. <u>Section 302</u>**

Section 302 re-authorizes the $5,000,000 appropriation for the Pilot Program that was first authorized by Section 203 of the 2005 version of this Act. The 2007 version, therefore, should add language amending section 203 of the 2005 version to provide that HHS does not have the exclusive authority for development of the pilot program. DOJ and DHS must be included in the development of this program to ensure that the ability of Federal prosecutors and



HOUSE_OVERSIGHT_012383

law enforcement to gain access to these victims is not negatively impacted. Moreover, the Departments' knowledge about these victims, their behaviors, and the dangers that are inherent in providing shelter and services to them would be instrumental to ensuring the success of the pilot program. This section should also amend subsection 203(a) of the 2005 reauthorization to include after "Secretary of Health and Human Services", "in collaboration with the Attorney General and the Secretary of Homeland Security," Subsection 203(c) should be likewise amended.

The Office of Management and Budget has advised that there is no objection to the presentation of this letter from the standpoint of the Administration's programs.

Sincerely,

Brian A. Benczkowski
Principal Deputy Assistant Attorney General

cc: The Honorable Lamar S. Smith, Ranking Member, House Committee on the Judiciary
The Honorable Tom Lantos, Chairman, House Committee on Foreign Affairs
The Honorable Ileana Ros-Lehtinen, Ranking Member, House Committee on Foreign Affairs
The Honorable Patrick J. Leahy, Chairman, Senate Committee on the Judiciary
The Honorable Arlen Specter, Ranking Member, Senate Committee on the Judiciary
The Honorable Edward M. Kennedy, Chairman, Senate Committee on Health, Education, Labor, and Pensions
The Honorable Michael B. Enzi, Ranking Member, Senate Committee on Health, Education, Labor, and Pensions
The Honorable Joseph Biden, Chairman, Senate Committee on Foreign Relations
The Honorable Richard Lugar, Ranking Member, Senate Committee on Foreign Relations



HOUSE_OVERSIGHT_012384

# TAB 12

# PRESIDENTIAL AUTHORITY TO DECLINE TO EXECUTE UNCONSTITUTIONAL STATUTES

*This memorandum discusses the President's constitutional authority to decline to execute unconstitutional statutes.*

November 2, 1994

**MEMORANDUM FOR THE HONORABLE ABNER J. MIKVA**
**COUNSEL TO THE PRESIDENT**

I have reflected further on the difficult questions surrounding a President's decision to decline to execute statutory provisions that the President believes are unconstitutional, and I have a few thoughts to share with you. Let me start with a general proposition that I believe to be uncontroversial: there are circumstances in which the President may appropriately decline to enforce a statute that he views as unconstitutional.

First, there is significant judicial approval of this proposition. Most notable is the Court's decision in Myers v. United States, 272 U.S. 52 (1926). There the Court sustained the President's view that the statute at issue was unconstitutional without any member of the Court suggesting that the President had acted improperly in refusing to abide by the statute. More recently, in Freytag v. Commissioner, 501 U.S. 868 (1991), all four of the Justices who addressed the issue agreed that the President has "the power to veto encroaching laws . . . or even to disregard them when they are unconstitutional." Id. at 906 (Scalia, J., concurring); see also Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579, 635-38 (1952) (Jackson, J., concurring) (recognizing existence of President's authority to act contrary to a statutory command).

Second, consistent and substantial executive practice also confirms this general proposition. Opinions dating to at least 1860 assert the President's authority to decline to effectuate enactments that the President views as unconstitutional. See, e.g., Memorial of Captain Meigs, 9 Op. Att'y Gen. 462, 469-70 (1860) (asserting that the President need not enforce a statute purporting to appoint an officer); see also annotations of attached Attorney General and Office of Legal Counsel opinions. Moreover, as we discuss more fully below, numerous Presidents have provided advance notice of their intention not to enforce specific statutory requirements that they have viewed as unconstitutional, and the Supreme Court has implicitly endorsed this practice. See INS v. Chadha, 462 U.S. 919, 942 n.13 (1983) (noting that Presidents often sign legislation containing constitutionally objectionable provisions and indicate that they will not comply with those provisions).

While the general proposition that in some situations the President may decline to enforce unconstitutional statutes is unassailable, it does not offer sufficient guidance as to the appropriate course in specific circumstances. To continue our conversation about these complex issues, I offer the following propositions for your consideration.

1. The President's office and authority are created and bounded by the Constitution; he is required to act within its terms. Put somewhat differently, in serving as the executive created by the Constitution, the President is required to act in accordance with the laws -- including the Constitution, which takes precedence over other forms of law. This obligation is reflected in the Take Care Clause and in the President's oath of office.

2. When bills are under consideration by Congress, the executive branch should promptly identify unconstitutional provisions and communicate its concerns to Congress so that the provisions can be corrected. Although this may seem elementary, in practice there have been occasions in which the President has been presented with enrolled bills containing constitutional flaws that should have been

corrected in the legislative process.

3. The President should presume that enactments are constitutional. There will be some occasions, however, when a statute appears to conflict with the Constitution. In such cases, the President can and should exercise his independent judgment to determine whether the statute is constitutional. In reaching a conclusion, the President should give great deference to the fact that Congress passed the statute and that Congress believed it was upholding its obligation to enact constitutional legislation. Where possible, the President should construe provisions to avoid constitutional problems.

4. The Supreme Court plays a special role in resolving disputes about the constitutionality of enactments. As a general matter, if the President believes that the Court would sustain a particular provision as constitutional, the President should execute the statute, notwithstanding his own beliefs about the constitutional issue. If, however, the President, exercising his independent judgment, determines both that a provision would violate the Constitution and that it is probable that the Court would agree with him, the President has the authority to decline to execute the statute.

5. Where the President's independent constitutional judgment and his determination of the Court's probable decision converge on a conclusion of unconstitutionality, the President must make a decision about whether or not to comply with the provision. That decision is necessarily specific to context, and it should be reached after careful weighing of the effect of compliance with the provision on the constitutional rights of affected individuals and on the executive branch's constitutional authority. Also relevant is the likelihood that compliance or non-compliance will permit judicial resolution of the issue. That is, the President may base his decision to comply (or decline to comply) in part on a desire to afford the Supreme Court an opportunity to review the constitutional judgment of the legislative branch.

6. The President has enhanced responsibility to resist unconstitutional provisions that encroach upon the constitutional powers of the Presidency. Where the President believes that an enactment unconstitutionally limits his powers, he has the authority to defend his office and decline to abide by it, unless he is convinced that the Court would disagree with his assessment. If the President does not challenge such provisions (i.e., by refusing to execute them), there often will be no occasion for judicial consideration of their constitutionality; a policy of consistent Presidential enforcement of statutes limiting his power thus would deny the Supreme Court the opportunity to review the limitations and thereby would allow for unconstitutional restrictions on the President's authority.

Some legislative encroachments on executive authority, however, will not be justiciable or are for other reasons unlikely to be resolved in court. If resolution in the courts is unlikely and the President cannot look to a judicial determination, he must shoulder the responsibility of protecting the constitutional role of the presidency. This is usually true, for example, of provisions limiting the President's authority as Commander in Chief. Where it is not possible to construe such provisions constitutionally, the President has the authority to act on his understanding of the Constitution.

One example of a Presidential challenge to a statute encroaching upon his powers that did result in litigation was Myers v. United States, 272 U.S. 52 (1926). In that case, President Wilson had defied a statute that prevented him from removing postmasters without Senate approval; the Supreme Court ultimately struck down the statute as an unconstitutional limitation on the President's removal power. Myers is particularly instructive because, at the time President Wilson acted, there was no Supreme Court precedent on point and the statute was not manifestly unconstitutional. In fact, the constitutionality of restrictions on the President's authority to remove executive branch officials had been debated since the passage of the Tenure of Office Act in 1867 over President Johnson's veto. The closeness of the question was underscored by the fact that three Justices, including Justices Holmes and Brandeis, dissented in Myers. Yet, despite the unsettled constitutionality of President Wilson's action, no member of the Court in Myers suggested that Wilson overstepped his constitutional authority -- or

even acted improperly -- by refusing to comply with a statute he believed was unconstitutional. The Court in Myers can be seen to have implicitly vindicated the view that the President may refuse to comply with a statute that limits his constitutional powers if he believes it is unconstitutional. As Attorney General Civiletti stated in a 1980 opinion,

> Myers is very nearly decisive of the issue [of Presidential denial of the validity of statutes]. Myers holds that the President's constitutional duty does not require him to execute unconstitutional statutes; nor does it require him to execute them provisionally, against the day that they are declared unconstitutional by the courts. He cannot be required by statute to retain postmasters against his will unless and until a court says that he may lawfully let them go. If the statute is unconstitutional, it is unconstitutional from the start.

The Attorney General's Duty to Defend and Enforce Constitutionally Objectionable Legislation, 4A Op. O.L.C. 55, 59 (1980).

7. The fact that a sitting President signed the statute in question does not change this analysis. The text of the Constitution offers no basis for distinguishing bills based on who signed them; there is no constitutional analogue to the principles of waiver and estoppel. Moreover, every President since Eisenhower has issued signing statements in which he stated that he would refuse to execute unconstitutional provisions. See annotations of attached signing statements. As we noted in our memorandum on Presidential signing statements, the President "may properly announce to Congress and to the public that he will not enforce a provision of an enactment he is signing. If so, then a signing statement that challenges what the President determines to be an unconstitutional encroachment on his power, or that announces the President's unwillingness to enforce (or willingness to litigate) such a provision, can be a valid and reasonable exercise of Presidential authority." Memorandum for Bernard N. Nussbaum, Counsel to the President, from Walter Dellinger, Assistant Attorney General, Office of Legal Counsel at 4 (Nov. 3, 1993). (Of course, the President is not obligated to announce his reservations in a signing statement; he can convey his views in the time, manner, and form of his choosing.) Finally, the Supreme Court recognized this practice in INS v. Chadha, 462 U.S. 919 (1983): the Court stated that "it is not uncommon for Presidents to approve legislation containing parts which are objectionable on constitutional grounds" and then cited the example of President Franklin Roosevelt's memorandum to Attorney General Jackson, in which he indicated his intention not to implement an unconstitutional provision in a statute that he had just signed. Id. at 942 n.13. These sources suggest that the President's signing of a bill does not affect his authority to decline to enforce constitutionally objectionable provisions thereof.

In accordance with these propositions, we do not believe that a President is limited to choosing between vetoing, for example, the Defense Appropriations Act and executing an unconstitutional provision in it. In our view, the President has the authority to sign legislation containing desirable elements while refusing to execute a constitutionally defective provision.

We recognize that these issues are difficult ones. When the President's obligation to act in accord with the Constitution appears to be in tension with his duty to execute laws enacted by Congress, questions are raised that go to the heart of our constitutional structure. In these circumstances, a President should proceed with caution and with respect for the obligation that each of the branches shares for the maintenance of constitutional government.

Walter Dellinger
Assistant Attorney General

**Brief Description of Attached Materials**

## Attorney General Opinions

1) Memorial of Captain Meigs, 9 Op. Att'y Gen. 462 (1860): In this opinion the Attorney General concluded that the President is permitted to disregard an unconstitutional statute. Specifically, Attorney General Black concluded that a statute purporting to appoint an officer should not be enforced: "Every law is to be carried out so far forth as is consistent with the Constitution, and no further. The sound part of it must be executed, and the vicious portion of it suffered to drop." Id. at 469.

2) Constitutionality of Congress' Disapproval of Agency Regulations by Resolutions Not Presented to the President, 4A Op. O.L.C. 21 (1980): In this opinion Attorney General Civiletti instructed Secretary of Education Hufstedler that she was authorized to implement regulations that had been disapproved by concurrent congressional resolutions, pursuant to a statutory legislative veto. The Attorney General noted that "the Attorney General must scrutinize with caution any claim that he or any other executive officer may decline to defend or enforce a statute whose constitutionality is merely in doubt." Id. at 29. He concluded, however, that "[t]o regard these concurrent resolutions as legally binding would impair the Executive's constitutional role and might well foreclose effective judicial challenge to their constitutionality. More important, I believe that your recognition of these concurrent resolutions as legally binding would constitute an abdication of the responsibility of the executive branch, as an equal and coordinate branch of government with the legislative branch, to preserve the integrity of its functions against constitutional encroachment." Id.

3) The Attorney General's Duty to Defend and Enforce Constitutionally Objectionable Legislation, 4A Op. O.L.C. 55 (1980): Attorney General Civiletti, in answer to a congressional inquiry, observed that "Myers holds that the President's constitutional duty does not require him to execute unconstitutional statutes; nor does it require him to execute them provisionally, against the day that they are declared unconstitutional by the courts." Id. at 59. He added as a cautionary note that "[t]he President has no `dispensing power,'" meaning that the President and his subordinates "may not lawfully defy an Act of Congress if the Act is constitutional. . . . In those rare instances in which the Executive may lawfully act in contravention of a statute, it is the Constitution that dispenses with the operation of the statute. The Executive cannot." Id. at 59-60.

4) Letter from William French Smith, Attorney General, to Peter W. Rodino, Jr., Chairman, House Judiciary Committee (Feb. 22, 1985): This letter discussed the legal precedent and authority for the President's refusal to execute a provision of the Competition in Contracting Act. The Attorney General noted that the decision "not to implement the disputed provisions has the beneficial byproduct of increasing the likelihood of a prompt judicial resolution. Thus, far from unilaterally nullifying an Act of Congress, the Department's actions are fully consistent with the allocation of judicial power by the Constitution to the courts." Id. at 8. The letter also stated that "the President's failure to veto a measure does not prevent him subsequently from challenging the Act in court, nor does presidential approval of an enactment cure constitutional defects." Id. at 3.

## Office of Legal Counsel Opinions

1) Memorandum to the Honorable Robert J. Lipshutz, Counsel to the President, from John M. Harmon, Assistant Attorney General, Office of Legal Counsel (Sept. 27, 1977): This opinion concluded that the President may lawfully disregard a statute that he interprets to be unconstitutional. We asserted that "cases may arise in which the unconstitutionality of the relevant statute will be certain, and in such a case the Executive could decline to enforce the statute for that reason alone." Id. at 13. We continued, stating that "[u]nless the unconstitutionality of a statute is clear, the President should attempt to resolve his doubts in a way that favors the statute, and he should not decline to enforce it unless he concludes that he is compelled to do so under the circumstances." Id. We declined to catalogue all the considerations that would weigh in favor of non-enforcement, but we identified two: first the extent of the harm to individuals or the government resulting from enforcement; and,

second, the creation of an opportunity for a court challenge through non-enforcement (e.g., Myers).

2) Appropriations Limitation for Rules Vetoed by Congress, 4B Op. O.L.C. 731 (1980): In this opinion we rejected the constitutionality of a proposed legislative veto, prior to the Court's decision in Chadha. We opined that "[t]o regard this provision as legally binding would impair the Executive's constitutional role and would constitute an abdication of the responsibility of the Executive Branch." Id. at 734. It should be noted that the legislation in question was pending in Congress, and the possibility that President Carter would sign the legislation did not affect our analysis of the constitutional issue. We simply stated that, "if enacted, the [legislative veto provision] will not have any legal effect." Id.

3) Issues Raised by Section 102(c)(2) of H.R. 3792, 14 Op. O.L.C. 38 (1990) (preliminary print): This opinion also addressed then-pending legislation, in this case the foreign relations authorization bill for fiscal years 1990 and 1991. The opinion found that a provision of the bill was unconstitutional and severable. Regarding non-execution, the opinion stated that "at least in the context of legislation that infringes the separation of powers, the President has the constitutional authority to refuse to enforce unconstitutional laws." Id. at 53. The opinion concluded that "if the President chooses to sign H.R. 3792, he would be constitutionally authorized to decline to enforce" the constitutionally objectionable section. Id. at 38.

4) Issues Raised by Section 129 of Pub. L. No. 102-138 and Section 503 of Pub. L. No. 102-140, 16 Op. O.L.C. 18 (1992) (preliminary print): This opinion concluded that two statutory provisions that limited the issuance of official and diplomatic passports were unconstitutional and were severable from the remainder of the two statutes. On the question of non-execution, the opinion rejected "the argument that the President may not treat a statute as invalid prior to a judicial determination." Id. at 40. The opinion concluded that the Constitution authorizes the President to refuse to enforce a law that he believes is unconstitutional.

5) Memorandum for Bernard N. Nussbaum, Counsel to the President, from Walter Dellinger, Assistant Attorney General, Office of Legal Counsel (Nov. 3, 1993): This opinion discusses different categories of signing statements, including those construing bills to avoid constitutional problems and those in which the President declares "that a provision of the bill before him is flatly unconstitutional, and that he will refuse to enforce it." Id. at 3. The opinion concludes that such "uses of Presidential signing statements generally serve legitimate and defensible purposes." Id. at 7.

Presidential Signing Statements

1) Statement by the State Department (Announcing President Wilson's Refusal to Carry Out the Section of the Jones Merchant Marine Act of June 5, 1920, directing him to terminate treaty provisions restricting the Government's right to impose discriminatory tonnage dues and tariff duties), 17 A Compilation of the Messages and Papers of the Presidents 8871 (Sept. 24, 1920) (Pres. Wilson): The State Department announced that it "has been informed by the President that he does not deem the direction contained in Section 34 of the so-called Merchant Marine Act an exercise of any constitutional power possessed by the Congress." Id. The statement also defended President Wilson's decision to sign the bill and noted that "the fact that one section of the law involves elements of illegality rendering the section inoperative need not affect the validity and operation of the Act as a whole." 5 Green Haywood Hackworth, Digest of International Law 324 (1943).

2) Special Message to the Congress Upon Signing the Department of Defense Appropriation Act, Pub. Papers of Dwight D. Eisenhower 688 (July 13, 1955): President Eisenhower, in signing a bill (H.R. 6042) that contained a legislative veto, stated that the legislative veto "will be regarded as invalid by the executive branch of the Government in the administration of H.R. 6042, unless otherwise determined by a court of competent jurisdiction." Id. at 689.

3) Memorandum on Informing Congressional Committees of Changes Involving Foreign Economic Assistance Funds, Pub. Papers of John F. Kennedy 6 (Jan. 9, 1963): President Kennedy stated that a provision in the bill he was signing contained an unconstitutional legislative veto. He announced that "[i]t is therefore my intention . . . to treat this provision as a request for information." Id.

4) Statement by the President Upon Approving the Public Works Appropriations Act, Pub. Papers of Lyndon B. Johnson 104 (Dec. 31, 1963): President Johnson also found that a legislative veto provision was unconstitutional and stated that he would treat it as a request for information.

5) Statement About Signing the Public Buildings Amendments of 1972, Pub. Papers of Richard Nixon 686 (June 17, 1972): President Nixon stated that a clause conditioning the use of authority by the executive branch on the approval of a congressional committee was unconstitutional. He ordered the agency involved to comply with "the acceptable procedures" in the bill "without regard to the unconstitutional provisions I have previously referred to." Id. at 687.

6) Statement on Signing the Department of Defense Appropriation Act of 1976, Pub. Papers of Gerald R. Ford 241 (Feb. 10, 1976): President Ford stated that a committee approval mechanism was unconstitutional and announced that he would "treat the unconstitutional provision . . . to the extent it requires further Congressional committee approval, as a complete nullity." Id. at 242.

7) Statement on Signing Coastal Zone Management Improvement Act of 1980, Pub. Papers of Jimmy Carter 2335 (Oct. 18, 1980): President Carter stated that a legislative veto provision was unconstitutional and that any attempt at a legislative veto would "not [be] regarded as legally binding." Id.

8) Statement on Signing the Union Station Redevelopment Act of 1981, Pub. Papers of Ronald Reagan 1207 (Dec. 29, 1981): President Reagan stated that a legislative veto was unconstitutional and announced that "[t]he Secretary of Transportation will not . . . regard himself as legally bound by any such resolution." Id.

9) Statement On Signing the National and Community Service Act of 1990, Pub. Papers of George Bush 1613 (Nov. 16, 1990): President Bush rejected the constitutionality of provisions that required a Presidentially appointed board exercising executive authority to include, among its 21 members, "seven members nominated by the Speaker of the House of Representatives . . . [and] seven members nominated by the Majority Leader of the Senate." Id. at 1614. He announced that the restrictions on his choice of nominees to the board "are without legal force or effect." Id.

10) 7 A Compilation of the Messages and Papers of the Presidents 377 (Aug. 14, 1876) (Pres. Grant): This is one of the earliest of many instances of a President "construing" a provision (to avoid constitutional problems) in a way that seems to amount to a refusal to enforce a provision of it. An 1876 statute directed that notices be sent to certain diplomatic and consular officers "to close their offices." President Grant, in signing the bill, stated that, "[i]n the literal sense of this direction it would be an invasion of the constitutional prerogatives and duty of the Executive." Id. In order to avoid this problem, President Grant "construe[d]" this provision "only to exercise the constitutional prerogative of Congress over the expenditures of the Government," not to "imply[] a right in the legislative branch to direct the closing or discontinuing of any of the diplomatic or consular offices of the Government." Id. at 378.

Other Presidential Documents

1) A Presidential Legal Opinion, 66 Harv. L. Rev. 1353 (1953): This was a legal opinion from President Franklin Roosevelt to Attorney General Jackson. President Roosevelt stated that he was signing the Lend-Lease Act despite a provision providing for a legislative veto, "a provision which, in

my opinion, is clearly unconstitutional." Id. at 1357. The President stated that, "[i]n order that I may be on record as indicating my opinion that the foregoing provision of the so-called Lend-Lease Act is unconstitutional, and in order that my approval of the bill, due to the existing exigencies of the world situation, may not be construed as a tacit acquiescence in any contrary view, I am requesting you to place this memorandum in the official files of the Department of Justice. I am desirous of having this done for the further reason that I should not wish my action in approving the bill which includes this invalid clause, to be used as a precedent for any future legislation comprising provisions of a similar nature." Id. at 1358.

2) Message to the Congress on Legislative Vetoes, Pub. Papers of Jimmy Carter 1146 (Jun. 21, 1978): In this memorandum President Carter expressed his strong opposition to legislative vetoes and stated that "[t]he inclusion of [a legislative veto] in a bill will be an important factor in my decision to sign or to veto it." Id. at 1148. He further stated that, "[a]s for legislative vetoes over the execution of programs already prescribed in legislation and in bills I must sign for other reasons, the Executive Branch will generally treat them as 'report-and-wait' provisions. In such a case, if Congress subsequently adopts a resolution to veto an Executive action, we will give it serious consideration, but we will not, under our reading of the Constitution, consider it legally binding." Id. at 1149.

Historical Materials

1) Statement of James Wilson on December 1, 1787 on the Adoption of the Federal Constitution, reprinted in 2 Jonathan Elliot, Debates on the Federal Constitution 418 (1836): Wilson argued that the Constitution imposed significant -- and sufficient -- restraints on the power of the legislature, and that the President would not be dependent upon the legislature. In this context, he stated that "the power of the Constitution was paramount to the power of the legislature acting under that Constitution; for it is possible that the legislature . . . may transgress the bounds assigned to it, and an act may pass, in the usual mode, notwithstanding that transgression; but when it comes to be discussed before the judges,-- when they consider its principles, and find it to be incompatible with the superior power of the Constitution,-- it is their duty to pronounce it void . . . . In the same manner, the President of the United States could shield himself, and refuse to carry into effect an act that violates the Constitution." Id. at 445-46.

2) Letter from Chief Justice Chase to Gerrit Smith (Apr. 19, 1868), quoted in J. Schuckers, The Life and Public Services of Salmon Portland Chase 577 (1874): Chase stated that President Johnson took the proper action in removing Secretary of War Stanton without Senate approval, in light of Johnson's belief that the statutory restriction on his removal authority was unconstitutional. In this regard, Chase commented that "the President had a perfect right, and indeed was under the highest obligation, to remove Mr. Stanton, if he made the removal not in wanton disregard of a constitutional law, but with a sincere belief that the Tenure-of-Office Act was unconstitutional and for the purpose of bringing the question before the Supreme Court." Id. at 578.

Congressional Materials

1) The President's Suspension of the Competition in Contracting Act is Unconstitutional, H.R. Rep. No. 138, 99th Cong., 1st Sess. (1985): The House Committee on Government Operations concluded that the President lacked the authority to refuse to implement any provision of the Competition in Contracting Act. The Committee stated that, "[t]o adopt the view that one's oath to support and defend the Constitution is a license to exercise any available power in furtherance of one's own constitutional interpretation would quickly destroy the entire constitutional scheme. Such a view, whereby the President pledges allegiance to the Constitution but then determines what the Constitution means, inexorably leads to the usurpation by the Executive of the others' roles." Id. at 11. The Committee also stated that "[t]he Executive's suspension of the law circumvents the constitutionally specified means for expressing Executive objections to law and is a constitutionally impermissible absolute veto

power." Id. at 13.

2) Memorandum from the Congressional Research Service to the Committee on Government Operations concerning "The Executive's Duty to Enforce the Laws" (Feb. 6, 1985), reprinted in Constitutionality of GAO's Bid Protest Function: Hearings Before a Subcomm. of the House Comm. on Government Operations, 99th Cong., 1st Sess. 544 (1985): This memorandum stated that the President lacks the authority to decline to enforce statutes. The CRS argued that "[t]he refusal of the President to execute the law is indistinguishable from the power to suspend the laws. That power, as is true of the power to amend or to revive an expired law, is a legislative power." Id. at 554.

Cases (not included in the submitted materials)

1) Myers v. United States, 272 U.S. 52 (1926): The President refused to comply with -- that is, enforce -- a limitation on his power of removal that he regarded as unconstitutional, even though the question had not been addressed by the Supreme Court. A member of Congress, Senator Pepper, urged the Supreme Court to uphold the validity of the provision. The Supreme Court vindicated the President's interpretation without any member of the Court indicating that the President had acted unlawfully or inappropriately in refusing to enforce the removal restriction based on his belief that it was unconstitutional.

2) United States v. Lovett, 328 U.S. 303 (1946): The President enforced a statute that directed him to withhold compensation from three named employees, even though the President believed the law to be unconstitutional. The Justice Department argued against the constitutionality of the statute in the ensuing litigation. (The Court permitted an attorney to appear on behalf of Congress, amicus curiae, to defend the statute.)

3) INS v. Chadha, 462 U.S. 919 (1983): This case involved the withholding of citizenship from an applicant pursuant to a legislative veto of an Attorney General decision to grant citizenship. Despite a Carter Administration policy against complying with legislative vetoes (see Carter Presidential memorandum, supra), the executive branch enforced the legislative veto, and, in so doing, allowed for judicial review of the statute. As with Lovett, the Justice Department argued against the constitutionality of the statute.

4) Morrison v. Olson, 487 U.S. 654 (1988): The President viewed the independent counsel statute as unconstitutional. The Attorney General enforced it, making findings and forwarding them to the Special Division. In litigation, however, the Justice Department attacked the constitutionality of the statute and left its defense to the Senate Counsel, as amicus curiae, and the independent counsel herself.

5) Freytag v. Commissioner, 501 U.S. 868 (1991): A unanimous Court ruled that the appointment of special trial judges by the Chief Judge of the United States Tax Court did not violate the Appointments Clause. Five Justices concluded that the Tax Court was a "Court of Law" for Appointments Clause purposes, despite the fact that it was an Article I court, so that the Tax Court could constitutionally appoint inferior officers. Four Justices, in a concurrence by Justice Scalia, contended that the Tax Court was a "Department" under the Appointments Clause. The concurrence stated that "Court of Law" did not include Article I courts and that the Framers intended to prevent Congress from having the power both to create offices and to appoint officers. In this regard, the concurrence stated that "it was not enough simply to repose the power to execute the laws (or to appoint) in the President; it was also necessary to provide him with the means to resist legislative encroachment upon that power. The means selected were various, including a separate political constituency, to which he alone was responsible, and the power to veto encroaching laws, see Art. I, § 7, or even to disregard them when they are unconstitutional." Id. at 906 (Scalia, J., concurring).

6) Lear Siegler, Inc., Energy Products Division v. Lehman, 842 F.2d 1102 (9th Cir. 1988), withdrawn in part 893 F.2d 205 (9th Cir. 1990) (en banc): The President refused to comply with provisions of the Competition in Contracting Act that he viewed as unconstitutional and thereby allowed for judicial resolution of the issue. The Ninth Circuit rejected the President's arguments about the constitutionality of the provisions. The court further determined that Lear Siegler was a prevailing party and was entitled to attorneys' fees, because the executive branch acted in bad faith in refusing to execute the contested provisions. In this regard, the court stated that the President's action was "utterly at odds with the texture and plain language of the Constitution," because a statute is part of the law of the land that the President is obligated to execute. Id. at 1121, 1124. On rehearing en banc, the court ruled that Lear Siegler was not a prevailing party and withdrew the sections of the opinion quoted above.

# TAB 13

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
CASE NO. 2006 CF09454AXX

STATE OF FLORIDA,

-vs-

JEFFREY EPSTEIN,

Defendant.

_____/

DEPOSITION OF [redacted]

Wednesday, February 20, 2008

2:00 p.m. - 4:30 p.m.
Palm Beach County Courthouse
205 North Dixie Highway
West Palm Beach, Florida 33401

Reported By:
Judith F. Consor, FPR
Notary Public, State of Florida
Consor & Associates Reporting and Transcription
Phone - 561.682.0905



1 APPEARANCES:

2 On behalf of the State:

3 LANNA BELOHLAVEK, ESQ.
ASSISTANT STATE ATTORNEY
4 401 North Dixie Highway
West Palm Beach, Florida 33401
5 561.355.7100

6 On behalf of the Defendant:

7 MICHAEL R. TEIN, ESQ.
KATHRYN A. MEYERS, ESQ.
8 LEWIS TEIN, PL
3059 GRAND AVENUE, SUITE 340

9 COCONUT GROVE, FL 33133

10

On behalf of the Defendant:
11 JACK A. GOLDBERGER, ESQ.
ATTERBURY, GOLDBERGER & WEISS
12 250 AUSTRALIAN AVENUE SOUTH
SUITE 1400
13 WEST PALM BEACH, FLORIDA 33401
561.659.8300
14

15 ALSO PRESENT:
KEITH J. BRETT, DIRECTOR OF MULTIMEDIA DIVISION,
16 LEGAL-EZE

- - -

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1 I N D E X

2 WITNESS: PAGE:

3 [redacted]

DIRECT EXAMINATION 4
4 BY MR. TEIN:

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6 - - -

7 N O E X H I B I T S M A R K E D

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1 Deposition taken before Judith F. Consor,
2 Court Reporter and Notary Public in and for the State of
3 Florida at Large, in the above cause.
4 - - -
5 Thereupon,
6 [redacted]
7 having been first duly sworn or affirmed, was examined
8 and testified as follows:
9 THE WITNESS: I do.
10 DIRECT EXAMINATION
11 BY MR. TEIN:
12 Q. Good afternoon. Please tell me your full
13 name.
14 A. [redacted]
15 Q. And can you please spell it?
16 A. [redacted]
17 [redacted]

18 Q. Thank you.

19 May I call you [redacted]?

20 A. Uh-huh.

21 Q. [redacted], I'm going to ask you a few

22 questions, several questions today. If at any time you

23 want to take a break, you just let me know. Okay?

24 A. Okay.

25 Q. If you at any time don't understand one of



1 my questions, will you just please let me know?

2 A. Yes.

3 Q. And if at any time you're not feeling well

4 or something like that, you'll tell us, right?

5 A. Yes.

6 Q. Do you feel okay today?

7 A. Yes.

8 Q. Not taking any alcohol or drugs or anything

9 like that, right?

10 A. No.

11 Q. So you feel ready to have your deposition

12 taken?

13 A. Yes.

14 Q. [redacted], what is your address?

15 A. I'm currently living at my aunt's house and

16 I don't know it off the top of my head.

17 Q. Where is it?

18 A. In Jupiter.

19 Q. Who is your aunt?

20 A. [redacted]

21 Q. Who else is living there?

22 A. [redacted], my uncle.

23 Q. Anyone else living there?
24 A. No.
25 Q. The contempt motion that your mother filed



1 against your father regarding your fifty million-dollar
2 lawsuit against Jeffrey Epstein says that you live with
3 your aunt and uncle and have been living there; is that
4 correct?
5 A. Yes.
6 Q. How long have you been living with your
7 aunt and uncle?
8 A. Since my father kicked me out.
9 Q. That was Thanksgiving of this past year?
10 A. Yes, sir.
11 Q. Okay. Didn't did your firefighter boy
12 friend [redacted] get an apartment for the two of
13 you?
14 A. No, sir. He has an apartment, but by
15 himself.
16 Q. Did he get an apartment for the two of you
17 to live in?
18 A. No, sir.
19 Q. Are you planning to move in with him?
20 A. Maybe one day in the future.
21 Q. Do you have a plan to move in with him
22 presently?
23 A. No.
24 Q. Have you been to the apartment that you and
25 [redacted] have discussed moving in together?

A. I have been to the apartment.
Q. Where is that?
A. [redacted]
Q. Have you spent the night over there?
A. No, sir.
Q. Do you know the address there?
A. I do not.
Q. Isn't your sister [redacted] planning on living with you and [redacted]?
A. No.
Q. [redacted] you know that this court case is a criminal prosecution, correct?
A. Correct.
Q. And you know that it's a criminal prosecution against a man who has no criminal background. Do you know that?
A. I do now.
Q. You agree that court is a very serious matter?
A. Yes.
Q. And you're here with your lawyer Mr. Leopold, right?
A. Yes.
Q. And you know that Mr. Leopold recently filed a lawsuit in federal court against Jeffrey Epstein,



seeking fifty million dollars.
MR. LEOPOLD: Let me just object.
[redacted] let me instruct you. Anything that you have learned through conversations between you

5 and me are protected. So if you know any of that
6 information outside of those discussions, you may
7 answer. But if the only way you know it is
8 through our discussions, do not answer that
9 question.
10 BY MR. TEIN:
11 Q. [redacted] you know that Mr. Leopold recently
12 filed a lawsuit in federal court on your behalf against
13 Jeffrey Epstein seeking fifty million dollars.
14 MR. LEOPOLD: Same objection.
15 If you know the answer to that outside of
16 our discussions, you may answer. If it is the
17 only way that you know the answer is through our
18 discussions, do not answer that question.
19 THE WITNESS: Okay.
20 MR. LEOPOLD: Attorney/client privilege.
21 BY MR. TEIN:
22 Q. You can answer the question unless --
23 MR. LEOPOLD: Same objection.
24 MR. TEIN: Let me finish.
25 MR. LEOPOLD: Excuse me. We're --

9

1 MR. TEIN: No. Let me finish.
2 MR. LEOPOLD: Lewis, we're not going to do
3 that.
4 MR. TEIN: My name is not Lewis.
5 I'm going to finish my question. Okay?
6 MR. LEOPOLD: Do not answer until you hear
7 from me.
8 BY MR. TEIN:

9 Q. Other than conversations that you have had
10 with Mr. Leopold -- I'm not asking about that -- are you
11 aware that Mr. Leopold has filed a lawsuit in federal
12 court seeking fifty million dollars from Jeffrey Epstein
13 on your behalf?
14 MR. LEOPOLD: Same objection.
15 Anything that you learn through
16 conversations between you and me, do not answer.
17 Those are protected. If you know through any
18 other realm of knowledge, you may answer.
19 THE WITNESS: No.
20 BY MR. TEIN:
21 Q. You have no idea that Mr. Leopold filed a
22 fifty million-dollar lawsuit on your behalf against
23 Jeffrey Epstein?
24 MR. LEOPOLD: Same objection.
25 Do not answer that question if it's through

10

1 discussions that you and I had. Outside of that,
2 you may answer. So do not answer that question if
3 that is the only basis by which you understand
4 that answer.
5 THE WITNESS: No.
6 BY MR. TEIN:
7 Q. You didn't know that?
8 MR. LEOPOLD: Don't answer that question.
9 Against, it's attorney/client privilege. Any
10 information you've learned through conversations
11 between you and I are protected. If you know it
12 through any other realm, you may answer.
13 MR. TEIN: Are you going to say that for

14 every question in the deposition, Mr. Leopold?
15 MR. LEOPOLD: When you ask improper
16 questions like that without the proper --
17 MR. TEIN: You're going to stop your
18 speaking objections right now. Okay?
19 MR. LEOPOLD: Without the proper --
20 MR. TEIN: You need to stop your speaking
21 objections.
22 Let's continue.
23 MR. LEOPOLD: Counsel, you just asked me a
24 question and I'm going to state it on the
25 record --

11

1 MR. TEIN: You need to stop your speaking
2 objections. Check your rules.
3 MR. LEOPOLD: Excuse me. For the record,
4 Counsel asked me a question. I'll state the
5 answer on the record. He asked me the question am
6 I going to be answering that way throughout the
7 deposition. So long as there's improper
8 foundation and predicate asked by the attorney, I
9 will protect my client and I make the record where
10 appropriate. If counsel wishes to ask an
11 appropriate worded question with the proper
12 foundation and predicate, I will certainly allow
13 the client to answer the question.
14 MR. GOLDBERGER: Why don't you just state
15 attorney/client privilege and just be done with
16 it.
17 MR. LEOPOLD: I want the record to be



HOUSE_OVERSIGHT_012404

18 clear.

19 MR. TEIN: You want to waste time is what

20 you want to do. You were supposed to be here this

21 morning and you totally broke the deal, the

22 agreement that you had with us if your hearing got

23 cancelled.

24 But let's move on and maybe you'll stop

25 obstructing this deposition.

12

1 MR. LEOPOLD: I think the record is very

2 clear where we stand thus far.

3 Is there a recording taken of this

4 deposition?

5 THE COURT REPORTER: Yes.

6 MR. LEOPOLD: Just make sure that's

7 preserved.

8 BY MR. TEIN:

9 Q. Go to Exhibit 20-01 -- well, before you do

10 that, [redacted], are you aware that a lawyer named Jeffrey

11 Herman filed a lawsuit on your behalf, yes or no?

12 MR. LEOPOLD: Objection.

13 Any conversations that you and I have had

14 regarding that, if that is the only way by which

15 you understand how to answer that question, so not

16 answer. It's attorney/client privilege, as well

17 as any conversations you may have had with the

18 attorney from Miami. That is also attorney/client

19 privilege. And I'm assuming --

20 MR. TEIN: You're actually wrong about the

21 attorney/client privilege.

22 MR. LEOPOLD: I'm assuming Counsel is not

23 asking you to divulge attorney/client --
24 MR. TEIN: Of course not.
25 BY MR. TEIN:



1 Q. [redacted] are you aware that Jeffrey Herman,
2 an attorney, filed a fifty-million-dollar lawsuit on your
3 behalf against Jeffrey Epstein, yes or no?
4 MR. LEOPOLD: Same objection.
5 MR. TEIN: We've heard the objection 10
6 times already.
7 MR. LEOPOLD: Counsel, excuse me.
8 MR. TEIN: Just say attorney/client
9 privilege. Stop interrupting my questions.
10 MR. LEOPOLD: I'm entitled to make an
11 objection for the record, which I'm doing, and
12 I'll make the same objection. And if it calls for
13 attorney/client privilege, any conversations you
14 and I have had, do not answer the question.
15 And I think that it might be appropriate
16 for the record to ask questions via [redacted]
17 as opposed to [redacted]. I think that would be more
18 appropriate for this deposition.
19 BY MR. TEIN:
20 Q. Go ahead. Please answer yes or no.
21 A. Yes.
22 Q. Thank you.
23 In fact, you know that Mr. Herman held a
24 press conference after he filed the fifty-million-dollar
25 lawsuit on your behalf, don't you?

A. After it happened.

Q. You know that he had a press conference, don't you, yes or no?

A. Yes.

Q. In fact, let's go to Exhibit 20-01.

MR. GOLDBERGER: Look behind you. You'll see it.

BY MR. TEIN:

Q. Have you ever seen that picture before?

A. Yes.

Q. Is that a picture of your father, your stepmother and Mr. Herman at the press conference regarding your lawsuit?

A. Yes.

Q. Now you know that this is a very serious matter, don't you?

MR. LEOPOLD: Asked and answered. Objection.

MR. GOLDBERGER: All right. You can object. You're representing a witness here, Mr. Leopold. You can object on privilege grounds. You cannot make legal objections. You have no standing to do so.

MR. LEOPOLD: I'm going to make them and then --



MR. GOLDBERGER: We're --

MR. LEOPOLD: We're going to leave or we're going to take a break because his demeanor is not appropriate. There's no reason to have this kind

5 of demeanor. If you want to have this kind of
6 demeanor with me --
7 MR. TEIN: You are obstructing this
8 deposition.
9 MR. GOLDBERGER: Why don't you guys go
10 outside and just talk about --
11 MR. LEOPOLD: She -- her job is very
12 difficult and she's not going to be able to take
13 us both talking at he same time.
14 MR. GOLDBERGER: Off the record.
15 MR. LEOPOLD: We're not going off the
16 record, Jack. We're not, Jack. Her job is very
17 difficult. I'm going to make the record.
18 I don't think it is appropriate, especially
19 in the small confines of this room, to be very
20 aggressive with this young lady.
21 MR. TEIN: That's not happening. Stop,
22 stop actually --
23 MR. LEOPOLD: If you're going to interrupt
24 me, we're going to cancel this deposition --
25 MR. TEIN: Stop misrepresenting.

16

1 THE COURT REPORTER: I need on at a time,
2 no matter who it is.
3 MR. LEOPOLD: I think we're going to take a
4 break. Perhaps you might want to talk to your
5 co-counsel --
6 MR. TEIN: I don't need to talk to him.
7 MR. LEOPOLD: But we're going to take a
8 break.

9 MR. TEIN: Not taking a break unless the
10 witness needs a break.
11 You're obstructing this deposition, Ted.
12 MR. LEOPOLD: Come on, [redacted].
13 You all want to continue in this
14 demeanor --
15 MR. TEIN: You're obstructing the
16 deposition. Stop making speeches. We're not
17 discussing this with you. The questions are to
18 your client. Go take your five-minute break.
19 MR. LEOPOLD: Fine. We need to make sure
20 the record's clear and clean.
21 And I want to make sure as I've already
22 asked you -- I know that you're one of the best in
23 town -- that this audio -- this needs to be
24 preserved. Okay?
25 MR. TEIN: Go take your five-minute break,

17

1 Mr. Leopold, now.
2 You were supposed to be here at nine a.m.;
3 it's now after two. Take your break and come
4 back.
5 MR. LEOPOLD: Okay. If the demeanor keeps
6 up, we will not be here beyond those five minutes.
7 MR. TEIN: Take your break and come back.
8 MR. LEOPOLD: Okay. So I suggest that you
9 relax.
10 MR. TEIN: I suggest that you take your
11 break.
12 MR. GOLDBERGER: Let them take that
13 five-minute break.

14 MR. LEOPOLD: But I would suggest that you
15 take deep breaths.
16 MR. TEIN: Suggest whatever you want. Go
17 take a break.
18 (Thereupon, a recess was taken.)
19 BY MR. TEIN:
20 Q. [redacted] you agree that giving testimony
21 today at your deposition is something very serious, don't
22 you?
23 A. Yes.
24 Q. And you respect the court, don't you?
25 A. Yes.



1 Q. Let me show you Exhibit 31-001. Can you
2 read that out loud, please?
3 A. Okay. What do you want?
4 Q. Will you read that out loud, please.
5 A. Oh.
6 Q. Thank you.
7 A. Lol hah my baddd...lol yah I got some
8 stupid court shit on the 20th...bullshit...and damn you
9 still have court shit with him? Like after so long wow
10 im sorry... well yah well we will definitely havta make
11 plans for sure..because i miss u tons times a million and
12 no no no i love you...o p.s. i love ur default pic
13 niggaa. Muah xo.
14 Q. Did you send that message last week to a
15 friend of yours on MySpace?
16 A. I wouldn't know. There's no dates and I've
17 deleted that MySpace, so --

18 Q. We're going to talk about that in a second.
19 A. Okay.
20 Q. Did you send that message last week --
21 A. Right.
22 Q. Let me finish my question.
23 Did you send that message last week to a
24 friend of yours on MySpace?
25 A. I wouldn't know the date, but obviously,



1 it's to a friend.
2 Q. Did you send that message to a friend of
3 yours on MySpace?
4 A. Sure, yes.
5 Q. Were you referring to this deposition?
6 A. Yes.
7 Q. Do you find the term n-i-g-g-e-r offensive?
8 A. That's not anywhere in there.
9 Q. What word did you use in there?
10 MR. LEOPOLD: Where are you referring to,
11 Counsel? There's 20 plus words in there.
12 MR. TEIN: Don't make a speaking objection.
13 THE WITNESS: Are you referring to
14 anything --
15 MR. LEOPOLD: No, [redacted] Don't -- don't --
16 let him ask you the question.
17 BY MR. TEIN:
18 Q. What question were you asking, [redacted]?
19 MR. LEOPOLD: She doesn't ask questions.
20 You ask the questions. What is the question
21 pending?
22 BY MR. TEIN:

23 Q. [redacted] what is the last word on there in
24 the text of your message before the closing?
25 A. Niggaa.

. 20

1 Q. Don't you find that term offensive?
2 A. No.
3 MR. LEOPOLD: Can you spell it for the
4 record, please.
5 THE WITNESS: N-i-g-g --
6 MR. TEIN: No, no, no. You are not going
7 to be asking questions.
8 MR. LEOPOLD: I'm not asking questions.
9 I'm asking for the record the word to be spelled
10 because we don't have a video here today.
11 MR. TEIN: These exhibits are part of the
12 record. You --
13 MR. LEOPOLD: Well, it's not marked as an
14 exhibit.
15 MR. TEIN: Stop interrupting me,
16 Mr. Leopold. I have marked and identified as an
17 exhibit and you will get it.
18 MR. LEOPOLD: There has been no
19 identification of this document in the record.
20 MR. TEIN: Mr. Leopold, stop interrupting
21 this deposition.
22 MR. LEOPOLD: What is the exhibit number
23 marked for identification?
24 MR. TEIN: 31-001.
25 MR. LEOPOLD: Do we have copies? Is it on



HOUSE_OVERSIGHT_012412

1 the record anywhere?
2 BY MR. TEIN:
3 Q. Let me ask you, [redacted] did you in fact
4 write your friend this message about this deposition?
5 A. Yes.
6 Q. So you wrote your friend that this
7 deposition is stupid court s-h-i-t, correct?
8 A. Yes.
9 Q. Because you think this deposition is stupid
10 court s-h-i-t, don't you?
11 A. No.
12 Q. You wrote that to your friend, didn't you?
13 A. Yes.
14 Q. You think that court is stupid, don't you?
15 A. In some cases.
16 Q. And you think that court is bull s-h-i-t,
17 don't you?
18 A. No.
19 Q. And you think this deposition is bull
20 s-h-i-t, don't you?
21 A. No.
22 Q. You wrote that to your friend, didn't you?
23 MR. LEOPOLD: Objection. Asked and
24 answered.
25 MR. TEIN: That's not an objection.



1 BY MR. TEIN:
2 Q. You wrote that to your friend, didn't you?
3 MR. LEOPOLD: Objection. Asked and
4 answered, for the fourth time.

5 MR. TEIN: You are improperly objecting,
6 Mr. Leopold. You have no grounds to object. And
7 that's not an objection.
8 MR. LEOPOLD: It is an objection.
9 MR. TEIN: Then terminate the deposition if
10 you think it's been asked and answered.
11 MR. LEOPOLD: Counsel, I am not precluded
12 from just making an objection to the form of the
13 question. As the courts well know, and if you
14 practice here in West Palm Beach, many of the
15 judges require you to set the objection with
16 specificity. And I will do that. And if you
17 don't want me to, you can make the record. But I
18 will do that.
19 MR. TEIN: Here's what we'll do, Ted. You
20 can -- I will allow you to reserve an objection to
21 form for every single one of my questions.
22 Otherwise, all you're doing is obstructing.
23 MR. LEOPOLD: I won't do that.
24 MR. TEIN: Of course; because you want to
25 obstruct.

23

1 MR. LEOPOLD: All right.
2 BY MR. TEIN:
3 Q. Saige, you think that giving testimony
4 today, under oath, is bull s-h-i-t, don't you?
5 A. No.
6 Q. And you wrote that to your friend on
7 MySpace last week, didn't you?
8 MR. LEOPOLD: Objection. Asked and

9 answered.

10 THE WITNESS: No, I did not.

11 BY MR. TEIN:

12 Q. You didn't write this exhibit?

13 A. I wrote that, but I didn't write what you

14 said.

15 Q. You wrote in this exhibit, "I got some

16 stupid court s-h-i-t on the 20th. Bull s-h-i-t." Didn't

17 you write that?

18 A. Yes.

19 Q. Referring to this deposition, didn't you?

20 A. Referring to the court. I was later

21 informed that it was a deposition.

22 Q. I'm going to ask you some questions now

23 about what happened when you went to Jeff Epstein's house

24 three years ago. Okay?

25 A. Uh-huh.



1 Q. When the police interviewed you one month

2 after you went to Epstein's house, you swore on your

3 mother's grave that you and Epstein did not engage in sex

4 of any kind?

5 A. Yes.

6 Q. Didn't you tell that to the police?

7 A. Yes. And I will continue. I have never

8 had sex with him.

9 Q. Did what happened upstairs at Jeff

10 Epstein's house take you completely by surprise, [redacted]?

11 A. Yes.

12 Q. Now the civil complaint that you filed

13 against Mr. Epstein for fifty million dollars alleged

14 that you were totally shocked by what happened when you
15 got there.
16 A. Yes.
17 Q. Were you totally shocked by what happened
18 when you got to Epstein's house?
19 A. Yes.
20 Q. You didn't expect it at all, did you?
21 A. No.
22 Q. You had absolutely no idea why your friend
23 [redacted] was taking you to Epstein's shoes, right?
24 A. I was informed it was a massage.
25 Q. All you thought that it was going to be was



1 a massage, correct?
2 A. Yes.
3 Q. Before you got to Epstein's house [redacted]
4 never said anything to you on the telephone about sexual
5 activity with Epstein, did he?
6 A. No.
7 Q. And before you got to Epstein's house
8 [redacted] never sent you a message over the Internet about
9 sexual activity with Epstein, did she?
10 A. No.
11 Q. Did Zack [redacted] ever try to convince you to
12 engage in any sexual activity with Epstein?
13 A. No.
14 Q. Did Anthony [redacted] every try to convince
15 you to engage in any sexual activity with Epstein?
16 A. I don't know who Anthony [redacted] is.
17 Q. Do you have a friend Anthony?

18 A. No.

19 Q. Okay. Before you went so Epstein's house

20 did anyone call or e-mail you to induce you to engage in

21 sexual activity with Epstein?

22 A. No.

23 Q. So you're sure that before you got to

24 Epstein's house no one tried to persuade you to engage in

25 sexual activity with Jeffrey Epstein?

26

1 A. No.

2 Q. You're sure that -- let me ask the question

3 again.

4 You're sure that before you got to

5 Epstein's house no one tried to persuade you to engage in

6 sexual activity with Epstein for money. Are you?

7 MR. LEOPOLD: Objection. Asked and

8 answered.

9 THE WITNESS: No. And I've already

10 answered that a bazillion times.

11 BY MR. TEIN:

12 Q. He's coaching you now. So I'm going to ask

13 the question --

14 MR. LEOPOLD: Counsel, I've made an

15 objection for the record.

16 MR. TEIN: Stop speaking.

17 MR. LEOPOLD: I'm not going to stop

18 speaking. You can't interrupt me when I'm making

19 the record.

20 MR. TEIN: You're coaching the witness.

21 MR. LEOPOLD: Counsel --

22 MR. TEIN: Stop coaching the witness.

23 BY MR. TEIN:

24 Q. [redacted] let me ask you --

25 MR. LEOPOLD: If you continue to --



1 MR. TEIN: Stop interrupting my questions.

2 MR. LEOPOLD: If you do it one more time,

3 we're leaving.

4 BY MR. TEIN:

5 Q. [redacted] --

6 MR. LEOPOLD: I'm going to make the record.

7 You cannot interrupt me when I'm making the

8 record. Out of professional conduct, you cannot

9 do that. I'm entitled to make the record. I made

10 an objection, asked and answered. You demeanor is

11 inappropriate. You're willing and you are able

12 and you're responsible to ask a question in a

13 professional manner and ask the question and once

14 you get the answer, to either follow up on it or

15 move on, but not continuously browbeat and ask the

16 same question over and over because you don't like

17 the answer.

18 MR. TEIN: Calm down, sir.

19 MR. LEOPOLD: Trust me, I'm very calm here.

20 When I'm not calm you'll know it. I'm very calm.

21 So please continue on, but I will not allow

22 you to continue to harass her in the demeanor that

23 you're doing. Ask her a question and move on.

24 MR. TEIN: Are you done?

25 MR. LEOPOLD: Thank you. I am.

1 MR. TEIN: Stop misrepresenting the record
2 and calm down. I'm going to ask my question.
3 Stop it.
4 BY MR. TEIN:
5 Q. [redacted] --
6 MR. LEOPOLD: I think the record is very
7 clear.
8 MR. GOLDBERGER: Let me just clarify
9 something. When you object to the form of a
10 question, you're not instructing the witness not
11 to answer the question, are you?
12 MR. LEOPOLD: No. And I'm not making that
13 objection; only on attorney/client privilege.
14 MR. TEIN: Will you stop speaking now so I
15 can ask my question? Are you done?
16 Okay. I'm going to ask my question.
17 BY MR. TEIN:
18 Q. Listen, [redacted] --
19 MR. LEOPOLD: Hold on. Stop.
20 I've been doing this for 20 plus years and
21 have met a lot of attorneys, but I've never had an
22 experience like this where I've --
23 MR. TEIN: Stop your speeches.
24 MR. LEOPOLD: If you continue to do this,
25 whether it's with me or with my client, I will not



1 put up with it and I don't need to put up with it
2 and it's not appropriate. And I'm sure Mr.
3 Goldberger knows all this, because I know that he
4 wouldn't do this. So I will not put up with it.

5 And I think it's highly inappropriate to do this
6 with this child sitting here, the way you're
7 acting, primarily towards me, and I will not put
8 up with it.
9 MR. TEIN: Will you please stop your speech
10 so I can ask questions?
11 MR. LEOPOLD: So long as you act
12 professionally, I will do so. But if you continue
13 to do it this way, I will leave.
14 MR. TEIN: Suit yourself.
15 BY MR. TEIN:
16 Q. [redacted] are you sure that before you got to
17 Epstein's house no one tried to persuade you to engage in
18 sexual activity with Epstein for money?
19 MR. LEOPOLD: Asked and answered.
20 Objection.
21 MR. TEIN: Did you get her answer?
22 THE COURT REPORTER: No, I did not.
23 THE WITNESS: I'm sure.
24 BY MR. TEIN:
25 Q. Let me ask you a few questions about your

30

1 contact with Jeffrey Epstein. Okay?
2 A. (Witness nods head up and down.)
3 Q. Jeff never e-mailed you, did he?
4 A. No.
5 Q. Jeff never text messaged you, did he?
6 A. No.
7 Q. Jeff never chatted in a chat room with you,
8 did he?

9 A. No.
10 Q. Before you got to Epstein's house you had
11 never spoken to Jeff, had you?
12 A. No.
13 Q. And before you got to Epstein's house you
14 had never met Jeff?
15 A. Correct.
16 Q. Before you got to Epstein's house you had
17 never told Jeff that you were under 18, right?
18 A. No.
19 Q. Before you got to Epstein's house had you
20 ever told Jeffrey that you were under 18?
21 A. No, I never spoke to the man before that.
22 Q. And you only went to Jeff Epstein's house
23 that one time three years ago, correct?
24 A. Yes.
25 Q. You never went there again, correct?



1 A. No.
2 Q. All right. Let me ask you two final areas
3 of questioning about this and we'll move onto something
4 else. Okay?
5 A. Uh-huh. Yes. I'm sorry.
6 Q. Before you got to Epstein's did anyone
7 associated with Epstein ever call you on the phone and
8 try to persuade, induce, entice or coerce you to engage
9 in any sexual activity?
10 A. No.
11 Q. Before you got to Epstein's did anybody
12 associated with Epstein ever contact you on the Internet
13 and try to persuade, induce, entice or coerce you to

engage in any sexual activity?

A. No.

Q. [redacted], who told you that when you got to Jeff Epstein's house you should lie to Jeff about your age?

A. [redacted].

Q. Was it [redacted] or was it the other girl in the car who you rode over with to Epstein's house?

A. [redacted].

Q. Who was the other girl in the car with you that day?

A. I honestly don't know.



Q. Had you ever seen her before?

A. No, sir.

Q. You told the police that when you rode over to Epstein's you had no idea who she was, right?

A. Correct.

Q. You told the police that you didn't know her name, but she was like really dark, kind of like a Spanish girl?

A. Yes.

Q. Those were your words, right?

A. Yes.

Q. Do you now know who she is?

A. No, sir.

Q. So it was [redacted] who told you to lie about your age to Jeff Epstein?

A. Yes, sir.

Q. And [redacted] told you that if you weren't 18,

18 Epstein wouldn't let you into his house, right?
19 A. That's -- yes, yes.
20 Q. All right. Let's talk for a minute about
21 when you first met Jeff. Okay?
22 A. Sure.
23 Q. When you first met Jeff he tried to find
24 out how old you were, right?
25 A. Excuse me?



1 Q. When you first met Jeff he tried to find
2 out how old you were, right?
3 A. Not when we first introduced each other,
4 when we get upstairs, then yes.
5 Q. During the massage Jeff asked you how old
6 you were, correct?
7 A. Yes, yes.
8 Q. Now hadn't you already told Jeff's
9 assistant, the one who walked you upstairs, that you went
10 to college and had just moved down here from Ohio?
11 A. I never spoke to the lady.
12 Q. Do you want to rethink that answer?
13 MR. LEOPOLD: Is that a question?
14 BY MR. TEIN:
15 Q. Do you want to rethink that answer?
16 A. No. I didn't really speak with her that
17 much.
18 Q. Do you want to try to refresh your memory
19 on that?
20 MR. LEOPOLD: Do you have something to
21 refresh her memory with?
22 MR. TEIN: Do you want to stop making

23 speaking objections?
24 MR. LEOPOLD: No. But to refresh someone's
25 memory you show them a document.



1 MR. TEIN: I know how to do this.
2 MR. LEOPOLD: Then show her a document.
3 MR. TEIN: Stop speaking.
4 MR. LEOPOLD: I'm not going to stop
5 speaking. I'm going to continue to make the
6 record.
7 MR. TEIN: You're obstructing. Please
8 stop.
9 MR. LEOPOLD: I'm not obstructing. But if
10 you want to refresh her recollection, you need to
11 show her something.
12 That's not a proper question. I object to
13 the foundation and the predicate of that question.
14 MR. TEIN: Are you done?
15 MR. LEOPOLD: I am now. Thank you.
16 BY MR. TEIN:
17 Q. Do you want to try to refresh your memory
18 as to whether you had any conversation with the woman who
19 walked you upstairs in Epstein's house in which you told
20 her that you went to college and had just moved down from
21 Ohio?
22 MR. LEOPOLD: Objection. Object to the
23 form of the question. Lack of foundation and
24 predicate.
25 BY MR. TEIN:



HOUSE_OVERSIGHT_012424

Q. You can answer the question.
A. Sure.
Q. Is there anything that would refresh your memory that in fact you told Mr. Epstein's assistant, the one who walked you upstairs, that you went to college and you had just moved down here from Ohio?
A. I don't remember saying that, but if you -- I don't remember saying that myself, so --
Q. That would be a lie, right?
A. No. I really don't remember.
Q. So you told Jeff that you were 18 years old, correct?
A. Yes.
Q. Do you remember Detective Michelle Pagan of the Police Department, Palm Beach Police Department?
A. Yes.
Q. Do you remember you spoke to her?
A. Yes.
Q. Do you remember that you told Detective Pagan that when you lied about your age to Jeff you said it really fast because you didn't want to make it sound like you were lying?
A. I don't remember the words exactly, but I do remember telling her I told him I was 18.
Q. And do you remember telling Detective Pagan



that when you lied to Epstein about your age that you said it really fast so Epstein wouldn't realize you were lying?
A. No, I don't remember saying those words

5 exactly to her. I remember telling her that I told
6 Epstein I was 18.
7 Q. Does it sound right to you that you told
8 Detective Pagan that you said your age really fast to
9 Epstein --
10 MS. BELOHLAVEK: Objection. Asked and
11 answered.
12 BY MR. TEIN:
13 Q. -- so he wouldn't think that you were
14 lying?
15 MR. LEOPOLD: Objection. Asked and
16 answered, lack of foundation, mischaracterization
17 of her earlier testimony. She's already answered
18 that question.
19 BY MR. TEIN:
20 Q. You can answer it.
21 MR. LEOPOLD: Same objection. It's been
22 asked and answered.
23 You can answer. I've made the objection.
24 THE WITNESS: I forget the question, now.
25

37

1 BY MR. TEIN:
2 Q. Let me put it again.
3 Does it sound right to you that you told
4 Detective Pagan that when you lied about your age to
5 Jeffrey Epstein, you said it really fast because you
6 didn't want to make it sound like you were lying?
7 MR. LEOPOLD: Objection. Lack of
8 foundation, asked and answered.

9 THE WITNESS: I could have possibly said
10 that, yes.
11 BY MR. TEIN:
12 Q. You didn't want Mr. Epstein to know that
13 you were lying about your age, right?
14 A. Correct.
15 Q. You didn't want Mr. Epstein to know that
16 you were not 18 yet, right?
17 A. Correct.
18 Q. You wanted Mr. Epstein to believe that you
19 really were 18, right?
20 A. Correct.
21 Q. Do you remember when Mr. Epstein asked
22 where you went to school?
23 A. Yes.
24 Q. And you told Mr. Epstein you went to
25 [redacted], right?



1 A. Yes.
2 Q. Was that the truth?
3 A. No.
4 Q. In fact, you went to [redacted], right?
5 A. Yes.
6 Q. So you lied to Mr. Epstein again, correct?
7 A. Yes.
8 Q. Is Wellington the college that you told
9 Jeff's assistant that you were attending?
10 A. I don't remember having that conversation
11 with her, so I wouldn't know if that's what I said.
12 Q. That was a lie, though, wasn't it?
13 MR. LEOPOLD: Objection to the form of the

14 question, lack of foundation. You're making an
15 assumption. She just answered you she can't tell
16 you that.
17 MR. TEIN: Speaking objection. And you
18 well know that, Mr. Leopold.
19 MR. LEOPOLD: She can't answer that
20 question. The way you phrased that question,
21 you're purposely making her not be honest in her
22 testimony. She can't answer a question like that.
23 She doesn't remember. So then you say, "So you
24 were lying." That's improper and you know that.
25 That's not a proper question. And any attorney

39

1 that would do that to a witnesses or to a person
2 that's sitting in this chair is not acting
3 professionally. You can't ask a question like
4 that. You can do it, but it's not proper. And
5 I'm sure you weren't trained that way, certainly
6 not ethically.
7 MR. TEIN: Will you stop?
8 MR. LEOPOLD: I'm not going to stop,
9 because the way you're asking that question is
10 improper and you know it.
11 MR. TEIN: You're losing your cool.
12 BY MR. TEIN:
13 Q. [redacted]--
14 MR. LEOPOLD: Trust me. I'm very calm.
15 When I lose my cool, you'll know it.
16 MR. TEIN: I do know it.
17 BY MR. TEIN:



HOUSE_OVERSIGHT_012428

Q. [redacted] Mr. Epstein never asked you to do anything other than massage him, correct?

A. Incorrect, because he asked me to take off my bra, so that would be two things he's asked me to do.

Q. Other than asking you to take your bra off, Mr. Epstein never asked you to do anything with him other than massage, correct?

MR. LEOPOLD: Objection. Foundation,



predicate.

THE WITNESS: Correct.

BY MR. TEIN:

Q. You told the police, in your words, that you did not whack him off, right?

A. Correct.

Q. What does that mean?

A. Whack, like whacking off?

Q. Your term, what does that mean?

A. Masturbating.

Q. Mr. Epstein never tried at any time to grab your hand, did he?

A. No.

Q. Mr. Epstein never tried to put your hand anywhere, did he?

A. No.

Q. At no time did you touch Mr. Epstein's penis, did you?

A. No.

Q. And he did not touch you, correct?

A. Incorrect.

Q. Well, you told the police, "At no time did

23 he touch me." Were you lying to the police then?
24 A. No. Well, I wasn't being fully truthful,
25 but I wasn't lying.



1 Q. You told the police twice when you spoke to
2 Michelle Pagan that "at no time did he touch me." Didn't
3 you say that to the police?
4 A. Yeah.
5 Q. And you're saying that that was not fully
6 truthful. Is that what you're saying now?
7 A. Correct.
8 Q. And you're saying if you're not fully
9 truthful, that's not a lie. Correct?
10 A. You took that out of context like really
11 bad. I didn't mean like that. Touching my legs and --
12 he never kept his hands to himself the entire time.
13 That's what I'm trying to say.
14 Q. You told the police, "At no times did he
15 touch me." You agree with that, correct?
16 A. No, I don't agree with that, because he did
17 touch me.
18 Q. Did you tell the police that he did not
19 touch you, yes or no?
20 A. It's a possibility, but I do not remember.
21 Q. Okay. And you did not have any type of sex
22 with Jeff, correct?
23 A. No.
24 Q. And you did not have any type of oral sex
25 with Jeff, correct?



HOUSE_OVERSIGHT_012430

A. No.
Q. No type of intercourse with Jeff, correct?
A. Correct.
Q. All right. Let's talk about what happened after the massage was over.
A. Okay.
Q. After the massage you told Epstein that you wanted to bring your twin sister back so she could make some money, correct?
A. Incorrect.
Q. Your twin sister is [redacted], right?
A. Correct.
Q. And you love [redacted] very much, don't you?
A. Yes.
Q. And when you left the house you were joking with the other girls, weren't you?
A. Incorrect.
Q. Well, when [redacted] and the other girl in the car that day made their statements to the police they told the police that you were joking afterwards. Are you saying that they were lying to the police about that?
A. No. But a question or -- questions from [redacted] -- like she asked me questions, but it wasn't joking. She was kind of like in a happy way, like, "Oh, what did you do? What did you do?" Like those kind of



things, but it wasn't joking about it at all.
Q. You joked about it, didn't you?
A. No.
Q. You said to [redacted] that if you did this

5 every weekend you'd be rich, didn't you?
6 A. No. That's what [redacted] told me.
7 Q. You didn't tell that to [redacted]?
8 MR. LEOPOLD: Objection. Asked and
9 answered.
10 THE WITNESS: No.
11 BY MR. TEIN:
12 Q. After you left Epstein's house you took the
13 money and you went shopping with [redacted] and the other
14 girl in the car, correct?
15 A. Incorrect. I didn't spend any of the
16 money.
17 Q. You went to Marshall's, didn't you?
18 A. I went along, yes, but I didn't --
19 Q. You went shopping with them at Marshall's,
20 didn't you?
21 MR. LEOPOLD: Objection.
22 THE WITNESS: I guess you could say that.
23 MR. LEOPOLD: Objection. Lack of predicate
24 and foundation. Mischaracterization of earlier
25 testimony.



1 BY MR. TEIN:
2 Q. And [redacted] bought a purse, right?
3 A. Yes.
4 Q. And you were with her the whole time at
5 Marshall's, correct?
6 A. Yes.
7 Q. Now tell me about when the federal
8 prosecutors told you about getting reimbursed.

9 A. I have no idea what you're talking about.
10 Q. Tell me about when the federal prosecutors
11 spoke to you about getting money you feel you're entitled
12 to from Mr. Epstein.
13 A. I don't know what you're talking about.
14 Q. Do you know who Marie Villafona is?
15 A. No, sir.
16 Q. Did you ever meet with any federal
17 prosecutors?
18 A. I think -- yeah. I think they were -- I
19 think they were like FBI.
20 Q. Uh-huh. Did you meet with federal
21 prosecutors?
22 A. They came to my house one time, yes.
23 Q. When did they come to your house?
24 A. Very long ago.
25 Q. Was it this year, 2008?



1 A. It was not this year, no.
2 Q. Was it 2007?
3 A. I'd have to say at least two years ago or a
4 year ago, yeah. So it would be 2007, 2006; but it was a
5 while ago.
6 Q. How many federal prosecutors or FBI agents
7 came to your house?
8 A. I'm trying to remember. I want to say four
9 people came.
10 Q. Did they give you their business cards?
11 A. If they did, I don't remember, and they
12 weren't toward me. Maybe my parents have them. I don't
13 know.

14 Q. Did they give you their cell phone numbers?
15 A. No.
16 Q. Did you ever speak to them on their cell
17 phones?
18 A. No, sir.
19 Q. Did they speak to your parents?
20 A. That's something you'd have to ask my
21 parents.
22 Q. Do you know whether they spoke to your
23 parent's?
24 A. No, sir.
25 Q. You have no idea?



1 A. No, sir.
2 MR. LEOPOLD: Objection. Asked and
3 answered.
4 BY MR. TEIN:
5 Q. So if I say the name to you Marie
6 Villafona, you don't know who that is?
7 A. No, sir.
8 Q. How many women and how many men came to
9 your house?
10 A. I want to say two ladies and two guys.
11 Q. Did someone named Jeffrey Sloman come to
12 your house?
13 A. I don't know names, sir.
14 Q. Do you know who Jeffrey Sloman is?
15 A. No, sir.
16 Q. Do you know who Jeffrey Herman is?
17 A. Yes.

18 Q. That's the lawyer who first sued Epstein on
19 your behalf, right?
20 A. Yes.
21 Q. Has Mr. Herman advanced your family any
22 money?
23 MR. LEOPOLD: Any conversations that you've
24 had with Mr. Herman regarding that issue, you are
25 not to disclose. If you've learned in some other



1 fashion, you may answer.
2 THE WITNESS: Okay.
3 I wouldn't know.
4 BY MR. TEIN:
5 Q. You don't know?
6 A. No.
7 MR. LEOPOLD: Objection. Foundation.
8 Attorney/client privilege.
9 BY MR. TEIN:
10 Q. And you say you don't know who Jeff Sloman
11 is?
12 A. No, sir.
13 Q. Does it refresh your recollection that he's
14 the number two prosecutor at the U.S. Attorney's Office?
15 A. No.
16 Q. That he's Marie Villafona's boss?
17 A. No.
18 Q. Does it refresh your memory that he's the
19 ex-partner of Jeff Herman, the first lawyer who sued
20 you -- sued Mr. Epstein on your behalf for fifty million
21 dollars?
22 A. No. I don't know who he is.

23 Q. Without telling me any conversations that
24 you've had with your lawyers, how is it that you selected
25 Mr. Herman as your lawyer from the 81,000 members of the



1 Florida Bar?
2 A. I did not select him.
3 Q. Who did?
4 A. My father.
5 Q. Did you ever meet Mr. Herman?
6 A. Once.
7 Q. Don't -- don't tell me what you discussed
8 with him. Where did you meet him?
9 A. I was shopping in my -- he showed up at my
10 friend's house.
11 Q. Whose house?
12 A. My friend [redacted]
13 Q. Is that [redacted] from [redacted]
14 [redacted]
15 A. Yes.
16 Q. And did you have a meeting with him at
17 [redacted]'s house?
18 A. Yes. I guess you could say that.
19 Q. And who else was there?
20 A. My Aunt [redacted].
21 Q. And what was that meeting about?
22 MR. LEOPOLD: Objection. That calls for
23 attorney/client privilege.
24 BY MR. TEIN:
25 Q. What discussions did you have with

Mr. Herman in the presence of [redacted]?

A. None.

Q. What discussions did you have in the presence of her aunt?

A. Of my aunt?

MR. GOLDBERGER: It's the witness's aunt.

BY MR. TEIN:

Q. Oh, of your aunt.

A. The only one that we've ever discussed or ever had.

Q. And so you were in a conversation with Mr. Herman and your aunt?

A. Yes, sir.

Q. And you discussed privileged matters during that conversation?

MR. LEOPOLD: Object to the form. I think you might have to educate her on that question.

BY MR. TEIN:

Q. You discussed the lawsuit?

A. Yes.

Q. Did [redacted] tell you about any conversations that she had with Mr. Herman?

A. As far as I'm concerned, she's never spoken or she's never had a conversation. She only opened the door and then left. She's the one who answered the door.



Q. Why did the meeting take place at [redacted] [redacted] house?

A. I spent the night that night at her house.

Q. And when was this?

5 A. A while ago.
6 Q. How long ago?
7 A. A month and a half ago. I'm guessing.
8 Q. A month and a half ago?
9 A. Uh-huh.
10 Q. So was it before of after Mr. Herman filed
11 the fifty-million-dollar lawsuit against Epstein?
12 A. After.
13 Q. Did you meet what an FBI agent named Nesbit
14 Kirkendall, a woman?
15 A. I don't know.
16 Q. Did Ms. Kirkendall speak to you about
17 getting reimbursed from Mr. Epstein?
18 A. I've never had a discussion with anyone
19 about getting reimbursed from Mr. Epstein.
20 Q. Have you met with an agent named Jason
21 Richards?
22 A. Not to my knowledge.
23 Q. How about an agent named Tim Slater?
24 A. No, sir.
25 Q. How about an agent named Junior Ortiz?

51

1 A. No.
2 Q. And we've learned that many of the girls,
3 some of whom are as old as 23, were told by the
4 government that they would get money at the end of the
5 criminal prosecution. Does that sound familiar to you?
6 A. No, sir.
7 Q. Other than Mr. Leopold here -- I'm not
8 asking about Mr. Herman either --

9 A. Uh-huh.
10 Q. -- did anyone ever discuss with you that
11 you could get reimbursement for your damages?
12 A. No, sir.
13 Q. Did you or any member --
14 MR. LEOPOLD: Are you referring to a
15 criminal matter or a civil matter?
16 BY MR. TEIN:
17 Q. Did you or any member --
18 MR. LEOPOLD: Excuse me. Let me object to
19 the form of the question.
20 BY MR. TEIN:
21 Q. Did you or any member of your family ever
22 get a victim notification letter from anyone?
23 A. I no longer live at that residence and I
24 wouldn't know.
25 Q. So your testimony is that you have never

52

1 received a victim notification letter, correct?
2 A. Correct.
3 Q. And your testimony is that you don't know
4 if your parents have ever received a victim notification
5 letter, correct?
6 A. Correct.
7 Q. Have you given any evidence to prosecutors
8 or law enforcement in this case?
9 A. What do you mean by evidence?
10 Q. Well. Anything that you can touch or feel?
11 A. No.
12 MR. LEOPOLD: Objection to the form of the
13 question.

14 BY MR. TEIN:
15 Q. So you haven't given anything physical --
16 A. No.
17 Q. -- any item to any prosecutor, police
18 officer or law enforcement agent, correct?
19 A. My cell phone four years ago or three years
20 ago, but that's it.
21 Q. You gave your cell phone to whom?
22 A. Michelle Pagan.
23 Q. Did she keep it?
24 A. Ask her.
25 Q. You gave it to her and then you didn't get

53

1 it back at the end of the meeting?
2 A. No. They -- yeah. No. They have it. I'm
3 guessing. I don't have it.
4 Q. How much money are you hoping to get out of
5 Mr. Epstein?
6 MR. LEOPOLD: Objection to the form of the
7 question. Attorney/client privilege.
8 BY MR. TEIN:
9 Q. How much money are you hoping to get, you,
10 yourself, hoping to get out of Epstein?
11 MR. LEOPOLD: Same. Same objection,
12 attorney/client privilege.
13 Don't answer the question.
14 BY MR. TEIN:
15 Q. I'm not asking about what your lawyer told
16 you.
17 MR. LEOPOLD: I'm instructing her not to

18 answer the question, because any of those
19 conversations involve her counsel.
20 MR. TEIN: Certify that.
21 MR. LEOPOLD: Please.
22 .....CERTIFIED QUESTION.....
23 BY MR. TEIN:
24 Q. Now, Saige, you lied to get out of this
25 deposition, didn't you?



1 A. No, sir.
2 Q. You didn't want to come to court today and
3 tell the story that you had told to the police under
4 oath, did you?
5 MR. LEOPOLD: Object to the form of the
6 question. Lack of foundation, predicate.
7 THE WITNESS: No. I have no problem coming
8 here and talking to you.
9 BY MR. TEIN:
10 Q. And to avoid getting served with a lawful
11 subpoena, you lied about your name, didn't you?
12 A. No.
13 Q. And in fact, just lying yourself wasn't
14 enough, was it?
15 MR. LEOPOLD: Objects to the form of the
16 question.
17 Don't answer it. It's not a question.
18 Object to the form of the question. Lack
19 of foundation.
20 MR. TEIN: Are you instructing her not to
21 answer?
22 MR. LEOPOLD: I am.

23 MR. TEIN: Certify it.
24 MR. LEOPOLD: Please.
25



1 .....CERTIFIED QUESTION.....
2 BY MR. TEIN:
3 Q. You asked your co-workers --
4 MR. LEOPOLD: It's vague and ambiguous.
5 BY MR. TEIN:
6 Q. You asked your co-workers at the
7 [redacted] to lie for you, didn't you?
8 A. No. I informed my boss about what was
9 going on and he told me that he would help in any way
10 that he can.
11 Q. Okay. You got your friend [redacted] to lie
12 by switching name tags with you, correct?
13 A. Incorrect. It was a coincidence that same
14 night she was not wearing her name tag; she was wearing
15 mine. But I was also not wearing -- I was wearing my
16 name tag. Everyone switches name tags. It just so
17 happens it was a coincidence that same night the people
18 came with the papers.
19 MR. TEIN: Will you put up Exhibit 18-001?
20 MR. GOLDBERGER: And mark 18-001 for
21 identification purposes to this deposition.
22 MR. LEOPOLD: None of them have been marked
23 yet. Can we mark them and put them as attachment
24 to the depositions? Because I think you've shown
25 three photos now. And this is the only one that



HOUSE_OVERSIGHT_012442

1 has been marked for identification yet.
2 BY MR. TEIN:
3 Q. [redacted]--
4 MR. LEOPOLD: Hold on just a second. Just
5 so the record is clear --
6 MR. TEIN: I'm not speaking to you.
7 MR. LEOPOLD: Okay. Then don't speak to me
8 then. But I'll speak to Mr. Goldberger, perhaps.
9 But at least for the record, can we put on
10 the record what the previous two photographs were
11 marked for identification?
12 MR. GOLDBERGER: We will make sure that the
13 record is clear at the end of the deposition so
14 that there's no ambiguity.
15 MR. LEOPOLD: Thank you.
16 BY MR. TEIN:
17 Q. [redacted] I've put a photograph marked 18-001
18 up on the screen. Do you see that?
19 A. Yup.
20 Q. Who is that in the photo?
21 A. [redacted] on the left and me on the right.
22 Q. [redacted] right?
23 A. Yes.
24 Q. [redacted], your friend at the
25 [redacted] right?



1 A. Yes.
2 Q. [redacted] your friend, who you say the day
3 that the process servers went to serve you with a
4 subpoena for this deposition, just happened -- just by

5 coincidence, was wearing your name tag?
6 A. Yes, sir.
7 Q. And just by coincidence, you were wearing
8 her name tag, correct?
9 A. Yes.
10 Q. Your testimony under oath is that's just a
11 coincidence, right?
12 A. Total honesty.
13 Q. It just happens to be the day that you were
14 going to be served with a subpoena, correct?
15 A. That wasn't the first day that --
16 MR. LEOPOLD: [redacted] just answer the
17 question. It calls for a yes or no.
18 THE WITNESS: Yes.
19 BY MR. TEIN:
20 Q. You said that wasn't the first day you were
21 going to be -- you thought you were being served with a
22 subpoena, correct?
23 A. Correct.
24 Q. You knew before the day that you switched
25 name tags with [redacted] that the process servers were

58

1 looking for you, didn't you?
2 A. No. I knew --
3 MR. LEOPOLD: Just answer it. It calls for
4 a yes or no.
5 THE WITNESS: Okay. No.
6 BY MR. TEIN:
7 Q. Now you can explain the answer that your
8 counsel stopped you from explaining.

9 A. Okay. I work at [redacted] and people
10 were telling me that people were looking for me. So yes,
11 I was aware that people were searching for me, but I had
12 no idea who they were or what their intentions were, but
13 I thought they were just people I didn't want to talk to.
14 So I just didn't want to talk to them. And every time
15 they'd come to work I wasn't there. And so happens the
16 night that they came in me and my friend switched name
17 tags. No big deal.
18 Q. That's a lie, isn't it?
19 MR. LEOPOLD: Objection. Don't answer that
20 question. That's harassment and I will not allow
21 it. He could ask the questions and we'll allow a
22 jury to make that determination, but not counsel.
23 I will not allow her to answer that
24 question.
25 MR. TEIN: Certify it.



1 MR. LEOPOLD: I'll certify it.
2 .....CERTIFIED QUESTION.....
3 She's answered that question. She's explained it five
4 times already. The fact that Counsel doesn't like the
5 answer, that's a different query.
6 MR. TEIN: Stop making speaking objections.
7 MR. LEOPOLD: I'm not. I'm not going to
8 put up with it, because it's in appropriate, Jack,
9 and you know it. I will not allow Counsel to
10 berate a witness, whether it's in a criminal case
11 or a civil case, whether my client or --
12 MR. TEIN: Calm down.
13 MR. LEOPOLD: Excuse me.

14 No, I'm not going to allow it. That is not
15 proper.
16 MR. GOLDBERGER: Okay.
17 MR. LEOPOLD: If he wants to say that she's
18 lying after asking it five times and her
19 explaining in great detail, he can do that. But
20 I'm not going to allow her to answer, nor be
21 harassed by him. It's improper.
22 MR. GOLDBERGER: Okay. But your response
23 that Counsel doesn't like the question -- or
24 doesn't like the answer -- just let me finish.
25 MR. LEOPOLD: Absolutely. I wasn't going

60

1 to interrupt you.
2 MR. GOLDBERGER: Just requires us to say we
3 like the answer to that question. And it's not
4 you and I or you and Mr. Tein who are testifying
5 here. It's the witness.
6 MR. LEOPOLD: Fine. But after the sixth
7 time of asking the same question and then coming
8 back and pointing a finger at her and saying,
9 you're a liar --
10 MR. TEIN: That didn't happen.
11 MR. LEOPOLD: That's fine. But I'm not
12 going to allow her to answer that question because
13 she's answered that same question and has
14 explained it.
15 Now Counsel might be sitting there rubbing
16 his head with a migraine. That's his problem.
17 But if he can't ask a question appropriately in a

18 professional manner, we will leave. I will not
19 allow her to be berated like that.
20 MR. GOLDBERGER: Actually, we're very happy
21 with the answer.
22 MR. LEOPOLD: That's great.
23 MR. GOLDBERGER: Do you want us to get into
24 that?
25 MR. TEIN: Ted --

61

1 MR. LEOPOLD: This is really big stuff that
2 you're going through, but that's fine; just ask
3 your question and move on. But do it one time.
4 If you don't understand it, I'll let you follow
5 up, but I'm not going to allow you to ask the same
6 question the time and again and then call her a
7 liar. Just ask the question, get the answer and
8 move to the next subject matter.
9 MR. TEIN: Ted, I'm sitting right across
10 the table from you.
11 MR. LEOPOLD: Yes, sir.
12 MR. TEIN: Please be quiet. Don't yell.
13 MR. LEOPOLD: I will not be quiet.
14 MR. TEIN: Stop yelling.
15 MR. LEOPOLD: Lewis, when I'm yelling
16 you'll know it. I will not --
17 MR. TEIN: My name is not Lewis.
18 MR. LEOPOLD: I thought your first name was
19 Lewis, Mr. Tein.
20 MR. TEIN: You watched me for three days at
21 the evidentiary hearing where you sat in the back
22 of the courtroom. You should know who I am.

23 MR. LEOPOLD: Well, that's the impression
24 you must have made in the courtroom.
25 I will not be quiet.



1 MR. TEIN: That's obnoxious. Stop being
2 obnoxious. It's stupid. Let's go ahead with the
3 questions.
4 MR. LEOPOLD: I will make the record.
5 MR. TEIN: Let's get on with the questions.
6 MR. LEOPOLD: Do you need a break?
7 (Thereupon, a recess was taken.)
8 BY MR. TEIN:
9 Q. Okay. [redacted] after you told your manager
10 at the [redacted] everything that was going on
11 and he told you he would help you any way he could, he
12 hid you in the kitchen from the process servers, correct?
13 A. Incorrect.
14 Q. Isn't it true that lying to avoid service
15 is a meaningless lie to you, [redacted]?
16 A. Incorrect.
17 Q. What is your manager's name?
18 A. I have three. Would you like to know
19 all --
20 Q. Who's the one who lied for you?
21 A. Justin.
22 Q. And what did Justin do to lie for you?
23 A. Said I wasn't there.
24 Q. And who did he tell wasn't there?
25 A. Ask him.



HOUSE_OVERSIGHT_012448

Q. Where were you when Justin told this someone that you were not at the [redacted]?

A. Eating nachos.

Q. At the [redacted]?

A. Yes.

Q. What did you do so that Justin would lie to the process servers for you?

A. Nothing.

Q. You just got him to lie for you, didn't you?

A. No. I had no influence on him saying I wasn't there.

Q. He took that upon himself?

Isn't it true that Mr. Epstein's process servers had to ask the police to get you out of the restaurant so that they could serve you?

MR. LEOPOLD: Objection. Lack of foundation, predicate.

BY MR. TEIN:

Q. You can answer the question.

MR. LEOPOLD: If you know. Don't guess.

THE WITNESS: No. Can you repeat the question?

MR. TEIN: Don't coach.

MR. LEOPOLD: Don't guess.



MR. TEIN: That's a coaching.

MR. LEOPOLD: No. That's an instruction to the client.

MR. TEIN: No. You don't do that.

5 THE WITNESS: Can you repeat the question?
6 MR. LEOPOLD: Let me just state for the
7 record --
8 BY MR. TEIN:
9 Q. Once the police -- isn't it true that
10 Mr. Epstein's process serves had to ask the police to get
11 you out of the restaurant so that they could serve you?
12 A. Incorrect. My boss called the police.
13 Q. And once the police showed up, to stop you
14 from lying to avoid service, you made up another lie that
15 the process servers had harassed you. Isn't that
16 correct?
17 A. Incorrect.
18 Q. You lie all the time, don't you?
19 MR. LEOPOLD: Objection.
20 THE WITNESS: Incorrect.
21 BY MR. TEIN:
22 Q. You have a MySpace page, don't you?
23 A. No longer do I have a MySpace page. I
24 deleted it.
25 Q. When did you delete your MySpace page?



1 A. A couple days ago.
2 Q. Who told you to take your MySpace page down
3 a couple of days ago?
4 A. Nobody. I'm sick and tired of MySpace.
5 Q. You all of a sudden got sick and tired of
6 MySpace and just a few days before this deposition you
7 decided to delete your MySpace page, correct?
8 A. Correct.

9 Q. Is that your testimony under oath?
10 A. Yes.
11 Q. Did you take your MySpace page down because
12 you thought the government might subpoena it?
13 A. Incorrect.
14 Q. Hadn't your MySpace page been up for over
15 three months before you took it down?
16 A. Correct. But I also had made tons of
17 MySpaces over the last years. I just get tired of them
18 and delete them because drama and make new ones.
19 Q. We're going to talk about that.
20 So you deleted your MySpace page after you
21 were already under subpoena for this deposition, correct?
22 A. Correct.
23 Q. What about the MySpace page didn't you want
24 us to see, [redacted]?
25 A. Nothing.



1 Q. Well, we're going to come back to MySpace
2 in a second.
3 A. You do that.
4 Q. [redacted] I'm going to ask you some questions
5 about why you lie about your age so often, okay?
6 MR. LEOPOLD: Objection to the form.
7 Argumentative.
8 BY MR. TEIN:
9 Q. You lie about your age all the time, don't
10 you?
11 MR. LEOPOLD: Objection, argumentative.
12 THE WITNESS: Incorrect.
13 BY MR. TEIN:

14 Q. You lie about your age to get body
15 piercings, don't you?
16 A. Incorrect.
17 Q. You have body piercings, don't you?
18 A. Yes.
19 Q. You have four body piercings; isn't that
20 right?
21 A. Five.
22 Q. Other than the pierceings on your ears --
23 I'm not talking about that --
24 A. Oh, then no; just one.
25 Q. And where is the one body piercing?



1 A. Belly.
2 Q. When did you get that?
3 A. For my birthday, with my stepmother and my
4 father.
5 Q. And when was that?
6 A. When I was 14.
7 Q. Okay. So you had that body piercing when
8 you met Epstein, correct?
9 A. It might have been, or maybe that -- yeah,
10 either my 14th birthday or my 15th. I honestly don't
11 remember.
12 Q. Now you've lied about your age to get into
13 bars by using driver's licenses that aren't yours,
14 correct?
15 A. Incorrect.
16 Q. Are you swearing under oath that you've
17 never done that?

A. Yes, I swear under oath.

Q. And you've lied about your age to buy beer, correct?

A. Incorrect.

Q. You're swearing under oath that you've never lied to stores about your age?

A. I've never lied to a store about my age or anything.



Q. You try to look much older than you are, don't you?

A. Incorrect.

Q. And you've lied about your age on your MySpace pages, don't you?

A. Incorrect.

Q. All right. Let's look at Exhibit 26-01 one.

MS. BELOHLAVEK: 26-001?

MR. TEIN: Yes.

BY MR. TEIN:

Q. On this page you lied to everyone that you were 18, didn't you?

A. Correct.

Q. Let's go to Exhibit 33.

MS. BELOHLAVEK: That's 33-001?

TEIN: Correct.

BY MR. TEIN:

Q. On this page you lied to everyone that you were 19, didn't you?

A. Incorrect.

MR. LEOPOLD: Just answer the question.

23 THE WITNESS: Oh, incorrect.
24 BY MR. TEIN:
25 Q. Now you can explain your answer.



1 A. I know that I have seen all of these and I
2 know that this one is mine.
3 Can you go down?
4 MR. LEOPOLD: Just for the record, you're
5 pointing to the photo.
6 THE WITNESS: I'm pointing to --
7 BY MR. TEIN:
8 Q. You're pointing to the one where it says
9 you're age is 18?
10 A. Correct.
11 Q. That's yours, right?
12 A. Correct. That's mine from a couple years
13 ago that I have not been on base I don't use that.
14 Please keep going down, please. And I think that's it,
15 because there's no one -- just that one is mine.
16 Q. So the one you pointed to where it says
17 your age is 18, that's yours, correct?
18 A. Correct.
19 Q. And when you wrote 18 as your age on your
20 MySpace page, that was a lie, wouldn't it?
21 A. Correct.
22 Q. Did you lie about your MySpace page back
23 then because you couldn't post on MySpace unless you were
24 18?
25 A. Correct. There was a rule many years ago



HOUSE_OVERSIGHT_012454

that you had to be 18 to have a MySpace.

Q. So you lied about your age so you could post on MySpace, right?

A. Yes.

Q. Let's go back to the top one on this page, 33-01.

Are you testifying now under oath that this MySpace page where the headline says, "Twins do have more fun," and the location is given as Lox, abbreviation for Loxahatchee, and the age is 19, and it says: [redacted] Is it your testimony that you did not post that?

A. Correct.

Q. Now let's go back to the one that you were pointing to before on this page, where it says your age is 18 and you lied about your age to post MySpace, okay?

A. Uh-huh, yes.

Q. All right. Why did you finally put your true age on your MySpace profile four days before you were scheduled to testify before the Grand Jury?

A. I don't know what you're talking about.

MR. LEOPOLD: If you don't understand, ask him to ask the question again.

MR. TEIN: Don't coach.

THE WITNESS: I don't know which MySpace



you're talking about.

BY MR. TEIN:

Q. The MySpace page that you're just pointing to, where it says you were 18.

5 A. Yes.
6 Q. And you were lying about your age, right?
7 A. Uh-huh.
8 Q. Why did you finally post your true age on
9 your MySpace profile --
10 A. Uh --
11 Q. -- four days before you were scheduled to
12 testify before the Grand Jury?
13 A. I honestly don't know which MySpace,
14 because I've had like a bazillion MySpaces and in that
15 year, I had two, that one and another one and that one's
16 been deleted. So I don't know which one you're referring
17 to.
18 Q. You remember that you changed your age on
19 your MySpace page from 18 to your true age just four days
20 before you went and testified in the Grand Jury?
21 A. No.
22 Q. You don't remember that.
23 A. No.
24 Q. Do you remember Detective Recarey? Did you
25 ever meet a Detective Recarey?



1 A. I don't know the names.
2 Q. How many different detectives have you met
3 with on this case from Palm Beach?
4 A. Probably a good six or seven, maybe.
5 Q. Did one of the detectives tell you before
6 you testified in the Grand Jury that you should take your
7 MySpace age and put your true age?
8 A. No.

9 Q. Didn't Detective Recarey have to come to
10 your house to pick you up to get you to testify in front
11 of the Grand Jury?
12 A. Possibly, maybe because I didn't have a
13 ride. I was only 14 or 15 at the time.
14 Q. Your mom didn't drive you?
15 A. No.
16 Q. Stepmom didn't drive you?
17 A. I think my dad. Oh, my dad / my dad drove
18 me.
19 Q. Your dad drove you?
20 A. Yes, sir.
21 Q. So your testimony is Detective Recarey did
22 not drive you, correct?
23 MR. LEOPOLD: Objection /asked and
24 answered.
25 THE WITNESS: No. I'm pretty sure my dad



1 drove me because he was there with me.
2 BY MR. TEIN:
3 Q. Did any detective tell you to change your
4 age on your MySpace page to put your true age?
5 A. No, sir.
6 Q. Now you also lied on your MySpace page
7 about your income, didn't you?
8 A. Yes.
9 Q. And you lied, saying that you made a
10 quarter million dollars a year and higher, correct?
11 A. As a joke, yes.
12 Q. That was a lie, wasn't it?
13 A. Yes.

14 Q. And you also lied on your MySpace page,
15 saying that you were married, didn't you?
16 A. Possibly. And that might have been an
17 error on my part.
18 Q. Now you also lie to the police, don't you?
19 A. No.
20 Q. Well, you lied to the police in your
21 tape-recorded statement that you gave to Detective
22 Michelle Pagan three years ago, didn't you?
23 A. To my knowledge, no, I did not.
24 Q. Well, you lied to the police when you
25 accused Mr. Epstein of attempting to murder your father,

74

1 didn't you?
2 A. No. I never heard a statement saying that
3 Mr. Epstein tried to murder my father.
4 Q. You made that statement, didn't you?
5 MR. LEOPOLD: Do you have a statement to
6 show her? That's been asked and answered.
7 MR. TEIN: I'm sorry. I didn't hear the
8 witness' answer, Mr. Leopold.
9 BY MR. TEIN:
10 Q. [redacted] you told the police, didn't you,
11 that Mr. Epstein almost killed your father, didn't you?
12 A. No.
13 Q. Three years ago, before Mr. Epstein even
14 knew about this investigation, you told the police that
15 Epstein had "already come to my dad's house and did
16 something to my dad's tires and my dad almost died. I
17 didn't want my dad to get hurt, because Jeff already

18 almost killed him."

19 Didn't you say that?

20 A. Not to my knowledge or recollection. I

21 have never said anything like that.

22 Q. That would have been a complete lie,

23 wouldn't it have been?

24 A. Yeah.

25 Q. Because Mr. Epstein never came to your



1 dad's house, correct?

2 A. Correct.

3 Q. And no one who worked for Mr. Epstein ever

4 did something to your dad's tires. Did they?

5 MR. LEOPOLD: Objection. Lack of

6 foundation, predicate.

7 Don't guess.

8 BY MR. TEIN:

9 Q. It's not true that Mr. Epstein almost

10 killed your father, is it?

11 MR. LEOPOLD: Objection. Asked and

12 answered, lack of foundation, predicate.

13 BY MR. TEIN:

14 Q. You can answer.

15 A. No.

16 Q. Now you told the police that you didn't

17 know who was in the car with you and Hayley on the day

18 you went to Epstein's house, didn't you?

19 A. Yes.

20 Q. And that was a lie, wasn't it?

21 A. It's the truth.

22 Q. You told the police that there was someone

23 in the car next to you and you specifically said you
24 didn't know her name, right?
25 A. Correct. I do not know her name.



1 Q. You said, "I don't know her name, but she
2 was dark like a Spanish girl." Those were your words,
3 right?
4 A. Yes.
5 MR. LEOPOLD: Objection. Asked and
6 answered.
7 BY MR. TEIN:
8 Q. Who was in the car that day with you and
9 [redacted]?
10 A. Again, I do not know.
11 Q. It was your good friend [redacted],
12 wasn't it?
13 A. No. I don't know a [redacted].
14 Q. You lied to the police about who was in the
15 car with you and [redacted], didn't you?
16 A. Incorrect.
17 Q. Let me ask you some questions about who you
18 may have spoken to about this case. All right?
19 A. Go ahead.
20 Q. Did you speak to your [redacted] sister [redacted]?
21 A. Not in detail, but of course she knows;
22 she's family and yes.
23 Q. What's her e-mail?
24 A. I don't think she has an e-mail.
25 Q. What is her phone number?



HOUSE_OVERSIGHT_012460

A. Oh, gosh. I don't know off the top of my head.

Q. And what is her home address?

A. She lives with my mom.

Q. In Georgia?

A. Yes, sir.

Q. What about [redacted]'s boy friend Paul? Did you speak to him about Epstein's case?

A. That's my mom's boy friend. My sister doesn't have a boy friend. My mom's husband's name is Paul, so maybe you get them confused.

Q. Do you know his phone number?

A. No.

Q. Where does he live?

A. With my mom.

Q. In the same house with her?

A. Yes. They're married.

Q. So not boy friend; husband?

A. Yeah, husband.

Q. Have you spoken to Brett [redacted] about what happened in Mr. Epstein's house?

A. Not in detail, but he knows the basics, yes.

Q. What is his e-mail?

A. I don't know.



Q. What is his phone number?

A. How is that relevant?

Q. What is his phone number?

A. [redacted]

5 Q. What is his home address?
6 A. I don't know.
7 Q. Where does he live?
8 A. In [redacted] somewhere.
9 Q. Ever been to his house?
10 A. Yes.
11 Q. You don't know what his address is?
12 MR. LEOPOLD: Objection. Asked and
13 answered. She just said she doesn't know.
14 MR. TEIN: Don't coach.
15 MR. LEOPOLD: Objection. Asked and
16 answered.
17 BY MR. TEIN:
18 Q. You can answer the question.
19 A. I don't know the exact address.
20 Q. What street is it on?
21 A. It's an apartment complex; its not a
22 street.
23 Q. What's the name of the apartment complex?
24 A. [redacted]
25 Q. What apartment number is it?



1 A. I couldn't tell you.
2 Q. When was the last time you went there?
3 A. Just visited this past weekend. That's the
4 first and last time I went there.
5 Q. How about Steven [redacted]? Have you spoken
6 to him about your case?
7 A. No. We no longer speak.
8 Q. What's his phone number? Actually, we

9 already have his phone number room and e-mail.

10 How about [redacted]? Have you ever

11 spoken to her about your case?

12 A. I don't know an [redacted].

13 Q. Have you ever met [redacted]?

14 A. No. But just to let you know, I don't

15 really know names. If you have pictures, of there faces

16 I could tell you.

17 Q. All right. Let me see if I can refresh

18 your memory.

19 A. Okay.

20 Q. Does it refresh your memory that [redacted]

21 is the other girl who made allegations about Epstein, but

22 refused to show to the Grand Jury when she had to testify

23 about them under oath?

24 A. No, sir. I have no knowledge of any other

25 girls in this whole situation. We're not allowed to know

80

1 each other.

2 Q. I didn't get the last four words.

3 A. We're not allowed to know each other.

4 Q. And what about [redacted]? Have you

5 of met her?

6 A. No, sir.

7 Q. Let's see if I can refresh your memory on

8 her. She's the other person represented by your lawyer

9 Mr. Herman, who is suing Epstein for fifty million

10 dollars.

11 A. I have no knowledge of her.

12 Q. Never met her?

13 A. Never met her.

14 Q. Tony [redacted]?
15 A. I don't know who that is either.
16 Q. A person named Anthony who knows [redacted]?
17 Is that Tony [redacted]?
18 A. I don't know, sir.
19 Q. Do you remember making a statement to
20 Detective Pagan that's in the police reports?
21 A. No.
22 Q. Have you read the police reports in this
23 case?
24 A. Yes.
25 Q. They're on the Internet, right?

81

1 A. Yes, I think.
2 Q. Were you surprised when the police reports
3 were released on the Internet containing your statements
4 that you had made to the police?
5 A. Yes.
6 Q. You didn't want to see that happen, right?
7 A. No.
8 Q. So you're saying you don't know a Tony
9 [redacted]?
10 MR. LEOPOLD: Objection. Asked and
11 answered.
12 BY MR. TEIN:
13 Q. Does it refresh your memory that he was
14 somebody who had gone to jail for drugs and car theft?
15 A. No, sir.
16 Q. Someone who knows [redacted]?
17 A. No.

18 Q. You don't know if he met with Detective
19 Recarey?
20 A. No, sir.
21 Q. How about Zack [redacted]?
22 A. Yes, I remember. I know who that is.
23 Q. Did you ever speak to Zack [redacted] about what
24 happened at Mr. Epstein's house?
25 A. He knows what happened four years ago. He

82

1 doesn't know this is still going on today.
2 Q. What's his address? I'm sorry. I have his
3 address.
4 A. I don't know.
5 Q. How about Nick [redacted]?
6 A. [redacted]?
7 Q. You know who that is?
8 A. I know who that is, yes.
9 Q. He's the one you stayed out drinking all
10 night one night last year when your dad reported you
11 missing?
12 A. No, sir.
13 Q. Remember the baseball game you were
14 supposed to go to?
15 A. No, sir.
16 Q. Did you speak to Nick [redacted] about this
17 case?
18 A. No, sir.
19 Q. How about Patrick [redacted]?
20 A. That's my sister's ex-boy friend.
21 Q. He's the one with the sawed-off shotgun
22 with the obliterated serial number?

23 A. Ask him. I would not know that
24 information.
25 Q. Did you speak to Patrick [redacted] about this



1 case?
2 A. No, sir.
3 Q. Have you spoken to John [redacted] about this
4 case?
5 A. No. I don't know who John [redacted] is.
6 Q. Did your parents speak to John [redacted]?
7 A. Ask my parents.
8 Q. Let's see if I can refresh your memory as
9 to who he is. Okay?
10 A. Uh-huh.
11 Q. He's the Vanity Fair reporter who made a
12 financial arrangement with your father.
13 A. I am aware of that. And again, I was not
14 aware like that my dad did it until after it was done and
15 I don't know the details about that. I just know what
16 you know about that, like that they talked.
17 Q. Tell me what you know about the financial
18 arrangement that John Connolly the Vanity Fair reporter
19 made with your father.
20 A. I don't know about the details at all.
21 Q. How much money did John Connolly give to
22 your father?
23 A. I don't even know he gave money to my dad.
24 Q. I'm sorry?
25 A. I didn't even know he gave money to my dad.

1 Q. What do you know about the deal that John
2 Connolly has with your father?
3 A. I only know they spoke on the telephone
4 once. I don't know anything else.
5 Q. When was that?
6 A. This was a while ago, a year or two or a
7 year ago. I honestly don't know.
8 Q. Did John Connolly the Vanity Fair reporter
9 offer any money to your father?
10 A. I don't know.
11 Q. Did John Connolly, the Vanity Fair
12 reporter, give you any money?
13 A. No, sir.
14 Q. Did he offer you any money?
15 A. No, sir. Never spoke to him.
16 Q. What reporters have you spoken to?
17 A. Zero.
18 Q. What about your family members? What
19 reporters have they spoken to?
20 A. The whole Palm Beach County, obviously, as
21 you can see in that newspaper.
22 Q. Tell me -- let's go through each one that
23 you remember. Other than the Vanity Fair reporter, John
24 Connolly, what other reporters have any member of your
25 family spoken to?



1 A. I don't know. And I know my mom has spoken
2 to zero. My sister spoke to zero. My father and
3 stepmother, I wouldn't know. You'd have to ask them. I
4 don't contact them.

5 Q. Well, I just want to know -- I don't want
6 you to -- I want to know what's in your mind? All right?
7 MR. LEOPOLD: She just told you. She just
8 answered --
9 MR. TEIN: Be quiet.
10 BY MR. TEIN:
11 Q. What I want to know is what you know from
12 your personal knowledge. My opinion question to you is:
13 What knowledge do you have about family members of yours
14 speaking to reporters?
15 MR. LEOPOLD: Objection. Asked and
16 answered.
17 And if you can't talk professionally, we're
18 going to leave.
19 MR. TEIN: Do what you want to do.
20 MR. LEOPOLD: Are you going to continue to
21 talk this way?
22 MR. TEIN: I'm not going to answer any
23 question that you ask me, Mr. Leopold.
24 MR. LEOPOLD: Okay.
25 MR. TEIN: But you are misrepresenting the

86

1 record and you are grandstanding for your client
2 and it's wrong. So be quiet. And you know how to
3 make an objection. Make it. Otherwise stop
4 talking.
5 BY MR. TEIN:
6 Q. Saige --
7 MR. LEOPOLD: Excuse me.
8 MR TEIN: If you want to leave the



HOUSE_OVERSIGHT_012468

9 deposition, leave. But you'll be back here.
10 MR. LEOPOLD: Excuse me. If I could just
11 make the record, instead of interrupting me,
12 please, that's what we do professionally. There's
13 a recorder here. I'm certainly not being
14 obstructionist. I'm going to make the record.
15 But we're going to act with some semblance of
16 professionalism, hopefully, by all parties in the
17 room. That goes to me, that goes to your
18 co-counsel sitting behind you and next to you, the
19 court reporter and everyone else in the room.
20 Everyone goes entitled to that.
21 You've asked a question. She answered the
22 question fully and she's not going to be harassed
23 because you don't like the answer. If you want to
24 follow up --
25 MR. TEIN: Stop engaging me. Make your

87

1 speech and then we'll ask the questions.
2 MR. LEOPOLD: Well, you won't let me finish
3 making the objection, so it's difficult to do
4 that. But if you want to follow with an
5 appropriate question, feel free to do that. But
6 we're not going to harass the witness.
7 MR. TEIN: I disagree with everything
8 you've said. Let's ask the questions. Okay?
9 MR. LEOPOLD: Ask an appropriate question.
10 MR. TEIN: Are you going to stop talking?
11 MR. LEOPOLD: I'm going to make -- protect
12 my client and make appropriate objection, but
13 there's not a question pending right now.

14 BY MR. TEIN:
15 Q. [redacted] has [redacted] spoken to any reporters?
16 A. No.
17 MR. LEOPOLD: Objection. Asked and
18 answered.
19 BY MR. TEIN:
20 Q. Has [redacted] been given money by any
21 reporters?
22 A. No.
23 Q. Has your mom spoken to any reporters?
24 MR. LEOPOLD: Objection. Asked and
25 answered.



1 THE WITNESS: No.
2 BY MR. TEIN:
3 Q. Has your mom's husband Paul spoken to any
4 reporters?
5 A. No.
6 Q. Has your mom's husband Paul received any
7 money from reporters?
8 A. No.
9 Q. Are you sure you don't know [redacted]?
10 MR. LEOPOLD: Objection. Asked and
11 answered.
12 THE WITNESS: I'm positive.
13 BY MR. TEIN:
14 Q. I'll try again to refresh your memory.
15 A. Okay.
16 Q. Does it refresh your memory that she had
17 been arrested for drugs and was cooperating with

18 Detective Recarey against Epstein to get herself a better
19 deal?
20 A. No. I don't know who she is.
21 Q. Have you spoken to anyone else who's been
22 at Epstein's house?
23 A. No.
24 Q. Without telling me what was said -- I don't
25 want to know about any conversations with any lawyers,



1 okay --
2 A. Uh-huh.
3 Q. -- did you or your parents speak to any
4 other law firms besides Mr. Herman and Mr. Leopold's law
5 firms?
6 A. No.
7 Q. Now without telling me about anything that
8 was said, what -- did one just come to mind?
9 A. No. I was thinking about something else.
10 Q. What were you thinking about?
11 A. Does family court matter?
12 Q. Okay. Without telling me what was said,
13 who prepared you for todays deposition?
14 A. What do you mean prepared?
15 Q. Did you talk about this deposition, about
16 what would happen, with anybody?
17 A. Yes.
18 Q. Don't tell me what was said?
19 A. Okay.
20 Q. I'm not asking that. I don't want to know
21 that.
22 A. Okay.

23 Q. Who prepared you for today's deposition?
24 A. Mr. Leopold.
25 Q. Anybody else?



1 A. No.
2 Q. When did you meet with Mr. Leopold to
3 prepare for today's deposition?
4 A. This morning.
5 Q. And how long did that meeting last?
6 A. Until it started.
7 Q. Now you told me that you previously had
8 read the police reports in this case?
9 A. Yes.
10 Q. Have you read your statement that you gave
11 to the police?
12 A. Yes, sir.
13 Q. And in what form was that statement?
14 A. What do you mean?
15 Q. Was it in the form of a police report or a
16 transcript?
17 A. What's the difference?
18 Q. A transcript has questions and answers on
19 it. A police report is just typed out narrative.
20 A. Oh, it's a police report.
21 Q. And when did you read the police report?
22 A. A few days ago. I overread it a few days
23 ago.
24 Q. Had you read it before that?
25 A. No.



HOUSE_OVERSIGHT_012472

1 Q. Now you told me -- again, I don't want to
2 know what was said.
3 A. Uh-huh.
4 Q. You told me that you met with Mr. Leopold
5 this morning to prepare for your deposition, right?
6 A. Yes.
7 Q. When did you set up that meeting with
8 Mr. Leopold to take place this morning?
9 A. Gee, like, like five days ago, four days
10 ago.
11 Q. So you're aware that Mr. Leopold told us
12 that he could not start the deposition this morning
13 because he had a court appearance, correct?
14 MR. LEOPOLD: Don't answer that question.
15 Calls for attorney/client communications.
16 BY MR. TEIN:
17 Q. Have you seen the letter that Mr. Leopold
18 wrote to us stating that he -- an e-mail that Mr. Leopold
19 wrote to Mr. Goldberger stating that he could not be here
20 this morning because healed a court appearance? Did you
21 see that e-mail?
22 MR. LEOPOLD: You can answer that question.
23 THE WITNESS: No.
24 BY MR. TEIN:
25 Q. Have you listened to your tape-recorded



1 statement to the police?
2 A. Yes.
3 Q. Where did you listen to that?
4 A. In, I think, this building. I don't know.

5 It was here.
6 Q. When did you listen to that statement?
7 A. This morning.
8 Q. And who was present when you listened to
9 that statement?
10 A. Mr. Leopold -- and I forget your name.
11 MR. GOLDBERGER: Ms. Belohlavek.
12 THE WITNESS: Ms. Belohlavek.
13 BY MR. TEIN:
14 Q. And you hadn't listened to your statement
15 before that, correct?
16 A. No, sir.
17 Q. Have you met with lawyers representing
18 anyone else suing Epstein?
19 A. No, sir.
20 Q. How many times have you spoken to officers
21 with the Palm Beach Police Department?
22 A. More than I like can count. It's been
23 ongoing for four years, so quite a few times.
24 Q. When was the last time you spoke with
25 officers of the Palm Beach Police Department?

93

1 A. A while ago. I'd say a year ago.
2 Q. A year ago?
3 A. Yeah. Maybe a year and a half.
4 Q. Do you remember Detective Recarey?
5 A. No.
6 Q. Do you remember Michelle Pagan, Detective
7 Pagan?
8 A. Yes.

9 Q. How many times have you spoken to Detective
10 Pagan?
11 A. She was the only one I spoke to about this
12 until for some reason she wasn't on the case anymore.
13 Q. When was that?
14 A. The first meeting I ever had was with her
15 and then I think like I met with her like 10 times or 12
16 times or something like that, and then I didn't get --
17 another investigator questioned me after that.
18 Q. And who was that?
19 A. I don't remember.
20 Q. And what type of questions did they ask
21 you?
22 A. The same.
23 Q. The same questions all over again?
24 A. Basically.
25 Q. How many taped statements have you given to



1 the police?
2 A. One that I know of.
3 Q. Just the one with Detective Pagan?
4 A. Yes, sir.
5 Q. How about to the FBI? Did you give any
6 statements to them?
7 A. No. Well, actually. I don't really
8 remember if that was taped or not to be honest with you.
9 I had one meeting with them at my house and don't know if
10 it was taped.
11 Q. You were interviewed at [redacted]
12 house?
13 A. No. That was by the lawyer.

14 Q. Oh, boy the lawyer?
15 A. Uh-huh.
16 Q. Where did the conversation that you had
17 with the FBI take place?
18 A. At my father's residence.
19 Q. Which is where?
20 A. On Downers in Loxahatchee.
21 Q. On where?
22 A. Downers Road in Loxahatchee.
23 Q. And when did that take place?
24 A. I'd have to say like a year and a half ago,
25 a year ago. It was a long time ago.

95

1 (Discussion held off the record.)
2 MR. TEIN: Tell me the last answer, please.
3 (Thereupon, a portion of the record was read
4 by the reporter.)
5 BY MR. TEIN:
6 Q. And who was present when the FBI spoke to
7 you at your father's house?
8 A. My stepmother was there, but she wasn't
9 around. She made herself like do other things.
10 Q. And how many FBI agents were there?
11 A. I think four.
12 Q. And you don't remember any of their names?
13 A. No, sir.
14 Q. And were there any lawyers there?
15 A. Not that I know of.
16 Q. And none of them gave you their cell phone
17 numbers?

18 A. No.

19 Q. And the last time you spoke to the FBI was

20 a year and a half ago?

21 A. It was a while ago.

22 MR. LEOPOLD: Objection. Asked and

23 answered.

24 BY MR. TEIN:

25 Q. And the last time you spoke to the federal



1 prosecutor's office was when?

2 A. I don't know.

3 Q. Did any of the FBI agents tell you that

4 Marie Villafona had spoken with Mr. Leopold?

5 A. No.

6 Q. Did any of the FBI agents tell you that

7 Marie Villafona had spoken with Mr. Herman?

8 A. No.

9 Q. Did any FBI agents tell you that Jeff

10 Sloman spoke with Mr. Herman.

11 A. No.

12 Q. Did any FBI agents tell you that Jeff

13 Sloman spoke with Mr. Leopold?

14 A. No.

15 Q. Do you know whether any of the federal

16 prosecutors allowed Mr. Herman to review a draft

17 indictment?

18 A. I wouldn't know.

19 Q. Do you know if any of the federal

20 prosecutors discussed a draft indictment with Mr. Herman?

21 A. I wouldn't know.

22 Q. Have you ever e-mailed with any FBI agent

23 or any federal prosecutor?
24 A. No.
25 Q. Have you ever text messaged with any FBI



1 agent or any federal prosecutor?
2 A. No.
3 Q. Has the FBI told you about other testimony?
4 A. No.
5 Q. Has the FBI told you about what other girls
6 have said?
7 A. No.
8 Q. Have federal prosecutors told you what
9 other girls have said?
10 A. No.
11 Q. Do you have any way of getting in touch
12 with the FBI if you wanted to get in touch with them?
13 A. No.
14 Q. How about your parents? Do they know how
15 to get in touch with the FBI?
16 A. I don't know.
17 Q. And by your parents, I'm referring to both
18 sets, okay?
19 A. Oh. Well, I'm referring to only my dad,
20 because my mom really doesn't care to know any of this
21 stuff.
22 Q. So the answer would be the same for your
23 mom and Paul?
24 A. Yeah.
25 Q. Have you spoken to a lawyer named Burt



HOUSE_OVERSIGHT_012478

1 Ocariz about this case?
2 A. No.
3 Q. Do you know who Burt Ocariz is?
4 Let's see if I can refresh your memory.
5 Does it refresh your memory that he's a good friend of
6 Marie Villafona's boyfriend?
7 A. I don't know who Mari Villafona is.
8 Q. Marie Villafona is the lead federal
9 prosecutor that's on the federal part of this case.
10 Okay?
11 A. No.
12 Q. So does it refresh your memory that Ocariz
13 is the good friend of Marie Villafona's boy friend?
14 A. Not at all.
15 Q. Does it refresh your memory that Villafona
16 tried to get Epstein to pay for Ocariz to represent you
17 in the federal case?
18 A. No.
19 Q. Do you know if Detective Recarey has spoken
20 with your father?
21 A. No.
22 Q. Do you know if Detective Recarey has spoken
23 to your stepmother?
24 A. No.
25 Q. How about with amber?



1 A. Yes, I would know, and no, she did not.
2 Q. Let's put up -- let me ask you some
3 questions about the photo that you had posted on your
4 MySpace page before you erased it last week. Okay?

A. Okay.

MR. TEIN: Do you mind if we close the door a second, please.

MR. LEOPOLD: Exhibit number, please.

MR. TEIN: Put up 25-005.

Hold on a second.

MR. LEOPOLD: Don't say anything. She was talking to her counsel.

MR. TEIN: Put up 25-006.

MR. LEOPOLD: Is that 005 right there?

MR. TEIN: Yes.

BY MR. TEIN:

Q. Who took this photo of you in a warehouse simulating being gang-raped by a bunch of --

MR. LEOPOLD: Objection. Mischaracterizes the photograph, and lack of foundation and predicate.

Fully explain if you need to.

THE WITNESS: I will.

First of all. This is not a warehouse. This is in Steven [redacted]'s garage.



Second of all, I'm not being gang-raped. Everyone has their clothing on.

Thirdly, if you look at all the other pictures in this album, I'm drinking -- what's when you're sick you drink it?

BY MR. TEIN:

Q. You can't ask questions of your counsel.

A. All right. I'm drinking like Sprite. I'm

9 note drinking any kind of alcohol, if you would look at
10 my other pictures in that album. You guys picked the
11 possibly worst pictures out of there to present. And it
12 was just a goofy picture. All of these kids like to be
13 goofy. And that's what we were doing.
14 Q. Who's the man on the left of the picture
15 holding his -- holding a beer bottle as if it were a
16 penis towards your mouth?
17 A. Steven [redacted].
18 Q. Who's the man behind you, right up towards
19 your backs side, with you bent over?
20 A. That one?
21 Q. The right side, kissing with his mouth.
22 A. That's Nick [redacted].
23 Q. He's the one grabbing towards the groin
24 area of Steven [redacted]?
25 A. Yes.

101

1 Q. And there's three other men in the photo.
2 What are their names? The one on the left with the hat?
3 A. That's Robbie [redacted] (phonetic).
4 Q. Smiling?
5 A. Yes.
6 Q. Who's the one kissing --
7 MR. LEOPOLD: Don't interrupt. Let her
8 finish the record. She's testifying.
9 MR. TEIN: I know you don't like this
10 picture, my friend.
11 MR. LEOPOLD: The picture is fine.
12 BY MR. TEIN:
13 Q. Who's the one with the hat?

14 MR. LEOPOLD: No. Hold on. Stop, [redacted]
15 You have to let the witness finish her
16 answer. She was in the process of explaining and
17 you cut her off.
18 Please finish what you were saying and then
19 Counsel can ask you whatever he wishes after that.
20 THE WITNESS: Okay. This guy --
21 MR. LEOPOLD: Just make it so the record is
22 clear who you're referring to.
23 THE WITNESS: -- on the far left is John
24 [redacted]
25 BY MR. TEIN:

102

1 Q. He's the one whose head is near the groin
2 of Steven [redacted], right?
3 A. Yes.
4 Q. And in the middle there's a man smiling.
5 Who's that?
6 A. That's Robbie [redacted]
7 Q. Who's the one in the red hat, kissing?
8 A. Most Brandon [redacted] (phonetic).
9 Q. Let me stop you for a second. Are you
10 done?
11 A. Yes, I'm done.
12 Q. Who is [redacted]?
13 A. My sister's friend. Well, she's a mutual
14 friend, but more my sister's.
15 Q. What is her last name?
16 A. [redacted]
17 Q. Spell that.

18 A. I don't know how to --
19 Q. Have you spoken to her about this case?
20 A. No.
21 Q. Who's Vince?
22 A. My sister's friend. I don't really speak
23 to him at all.
24 Q. What's his last name?
25 A. [redacted]



1 Q. [redacted]?
2 A. [redacted]
3 Q. And have you spoken to Vince about this
4 case?
5 A. No, sir.
6 Q. Have you spoken to [redacted] about this case?
7 A. Not in detail, but yes.
8 MS. BELOHLAVEK: Are we referring to
9 [redacted]?
10 THE WITNESS: Yes.
11 MR. TEIN: Yes.
12 MS. BELOHLAVEK: Okay.
13 BY MR. TEIN:
14 Q. Have you spoken to Justin about this case?
15 A. Justin?
16 Q. Do you have a friend named Justin?
17 A. I do not have a friend named Justin.
18 Q. From freshman year?
19 A. No.
20 Q. How about [redacted]?
21 A. No.
22 Q. Have you spoken to [redacted] about this case?

23 A. No.
24 Q. What's her last name?
25 A. [redacted]. I don't know how to spell it?



1 Q. Is she the person whose house you went to
2 on New Year's this year?
3 A. No. I wasn't at her house on New Year's.
4 Q. Where were you when you took the picture of
5 Can you say blazed? That on your website?
6 A. I wouldn't know or -- wait. We were at a
7 birthday party for some girl's 16th birthday.
8 Q. Were you drinking at that party?
9 A. No. There was no alcohol or anything
10 there.
11 Q. What does "blaze" mean to you?
12 A. It's like -- it just means like messed up.
13 But we weren't, if you look at the picture.
14 Q. Messed up like drunk, right?
15 A. Sure.
16 Q. Who's [redacted]?
17 A. A girl I know like from like two years ago.
18 Q. She's the one you were supposed to be
19 staying with when you went drinking with Nick [redacted]?
20 A. No.
21 Q. What's [redacted]'s last name?
22 A. [redacted].
23 Q. Where does she live?
24 A. I don't know. In Royal Palm.
25 Q. [redacted]?



HOUSE_OVERSIGHT_012484

A. Uh-huh. I'm guessing.
Q. Do you know her phone number?
A. No, I do not.
Q. Let's look at 25-010.
A. See, I'm drinking --
Q. I'm not asking you about what you're drinking.
Who are the men in this photo who are pretending to gang up on you and stab you with knives? Who are they?
A. Nick [redacted] and Brandon [redacted] (phonetic).
Q. Are they firemen?
A. Are those? Steven [redacted] -- he said the two stabbing with knives. That's why I said that. I don't know. That's Steven [redacted] and John [redacted].
Q. Are these firemen?
A. No. They're all on -- except Steven, they're all on full rights for football.
Q. Go to 025-015?
MR. LEOPOLD: 025- dash?
MR. TEIN: 015.
THE WITNESS: Gosh, that's so long ago.
BY MR. TEIN:
Q. Who took the photo have you licking the penis?



A. My stepmother.
Q. Whose idea -- that was your stepmother's idea?
A. It was in Buca di Beppo, where she works

5 currently and that was before she worked there, and we
6 just thought it would be funny.
7 MR. TEIN: 19-007. Can you enlarge that?
8 BY MR. TEIN:
9 Q. Who took this photo of you simulating you
10 having sex with a man?
11 A. We're not simulating having sex, and
12 it's -- oh, and the person who took it was, I'm pretty
13 sure, Chris, but I know him as [redacted]. I don't know his
14 last name.
15 Q. Go to 19-006, please.
16 Who took this photo of you simulating sex
17 with a man?
18 A. The same person. And we're not simulating
19 having sex, Mr. --
20 Q. Tein.
21 Did you post that on the Internet?
22 A. Actually, this is an old MySpace I never
23 finished and I never like did anything. I just kind of
24 made it and left it.
25 Q. So the answer is yes, you posted this on

107

1 MySpace?
2 A. Yup.
3 Q. Go to 25-016. Who took this photo of you
4 simulating sex with a woman?
5 MR. LEOPOLD: Object to the form of the
6 question. Argumentative.
7 THE WITNESS: First off, she's piercing my
8 belly button or repiercing it, and I'm pretty sure

9 it was just like we put up a camera somewhere and
10 put a timer on it. We didn't have anybody take
11 it.
12 BY MR. TEIN:
13 Q. You posted that on your MySpace page?
14 A. Yeah.
15 Q. Go to 25-013. Is that a photo of you?
16 A. Yep.
17 Q. Who's in the photo with you?
18 A. Steven.
19 Q. Steven [redacted]?
20 A. Yep.
21 Q. Is this you coming out of the shower?
22 A. Yes.
23 Q. Are you clothed in this picture?
24 A. Yeah. I have a halter dress on.
25 Q. Where is that picture taken?

108

1 A. In Steven's house.
2 Q. Did you post that on the Internet?
3 A. Yes.
4 Q. All right.
5 MR. TEIN: You can take that down.
6 BY MR. TEIN:
7 Q. Now your boy friend is Brett [redacted],
8 correct?
9 A. Yeah.
10 Q. You lie about your age in order to conceal
11 something about your relationship with Brett [redacted];
12 isn't that correct?
13 A. No.

14 Q. Brett's 22 years old, isn't he?
15 A. Yes.
16 Q. And Brett is a firefighter with the Palm
17 Beach Fire Department, right?
18 A. Yup.
19 Q. Does the Palm Beach Fire Department know
20 that your boy friend is dating an underage girl?
21 A. Actually, Mister, it's legal.
22 Q. Well --
23 MR. LEOPOLD: Just answer the question,
24 [redacted].
25 THE WITNESS: Yes.



1 BY MR. TEIN:
2 Q. Did they know two weeks ago that you were
3 dating an underage girl (sic)?
4 A. Yes. I met everybody in there.
5 Q. Did they know your age?
6 A. Yes.
7 Q. Did you lie about your age so that the fire
8 department wouldn't think that Brett is committing a
9 crime by having a sexual relationship with an underage
10 girl?
11 MS. BELOHLAVEK: Objection. Assumes facts
12 not in evidence.
13 BY MR. TEIN:
14 Q. You can answer the question.
15 A. No.
16 Q. Does the Palm Beach Police Department know
17 that Brett is having a sexual relationship with an

18 underage girl?

19 MR. LEOPOLD: Don't guess. Answer if you

20 know.

21 THE WITNESS: Can you repeat the question?

22 BY MR. TEIN:

23 Q. Does the Palm Beach Police Department know

24 that Brett, a member of the Palm Beach Fire Department,

25 is having a sexual relationship with an underage girl?



1 A. I'm guessing no.

2 Q. You lie about your twin sister [redacted] don't

3 you?

4 MR. LEOPOLD: Objection. Argumentative.

5 BY MR. TEIN:

6 Q. Don't you?

7 A. No. I have never lied for or to [redacted].

8 Q. You lie about the fact that she has a s

9 drug habit, right?

10 A. No. I would never accuse my sister of

11 having a drug habit.

12 Q. Do you try to conceal the fact that she has

13 a drug habit?

14 MR. LEOPOLD: Objection. Argumentative.

15 BY MR. TEIN:

16 Q. You can answer the question.

17 A. No. My sister does not have a drug habit.

18 Q. You lied when you went to the crack house

19 in Georgia, didn't you?

20 MR. LEOPOLD: Objection. Argumentative.

21 Lack of foundation, lack of predicate.

22 THE WITNESS: Never -- what did you say?

23 BY MR. TEIN:
24 Q. You lied when you went to the crack house
25 in Georgia, didn't you?



1 MR. LEOPOLD: Objection. Argumentative.
2 Lack of foundation, lack of predicate.
3 BY MR. TEIN:
4 Q. You can answer the question.
5 A. I have never been to a crack house.
6 Q. Who don't you lie to?
7 MR. LEOPOLD: Objection. Argumentative.
8 Don't answer the question.
9 MR. TEIN: Certify it.
10 .....CERTIFIED QUESTION.....
11 BY MR. TEIN:
12 Q. You don't lie to [redacted], do you?
13 MR. LEOPOLD: Objection. Asked and
14 answered.
15 Don't answer the question.
16 BY MR. TEIN:
17 Q. No. You can answer that question.
18 MR. LEOPOLD: No. I just told her not to.
19 You've asked that question about five --
20 MR. TEIN: No, I haven't.
21 MR. LEOPOLD: Don't answer the question.
22 MR. TEIN: I'll certify it.
23 .....CERTIFIED QUESTION.....
24 MR. LEOPOLD: For the record, you have to
25 stop interrupting me because she can't take down

both of us talking at the same time.

BY MR. TEIN:

Q. You tell [redacted] the truth, don't you?

A. Excuse me?

Q. You tell [redacted] the truth, don't you?

A. When it's -- yes, I tell [redacted] the truth.

Q. Who's [redacted]'s drug dealer?

A. My sister does not have a drug dealer. She lives in Georgia with my mother.

Q. Okay. Who is the drug dealer who dropped you and [redacted] off at 5:45 a.m. in 2006, after being out all night, the two of you, using drugs at Palm Beach Country Estates where your father called the police?

A. Mike [redacted]

Q. He's the drug dealer?

A. He is a drug dealer.

Q. Do you remember [redacted] was arrested by the Palm Beach Police Department and taken to the Juvenile Assessment Center that morning?

A. I do remember that.

Q. Now before you massaged Epstein, you were involuntarily admitted into a juvenile educational facility; isn't that right?

A. Did you say involuntarily.

Q. Yes.



A. No. I was willing to go. I -- duly said sure.

Q. And you went there because you were lying so much, no one could control you; isn't that correct?

5 A. Very incorrect.
6 Q. Now you lie to your parents all the time,
7 don't you?
8 A. Incorrect.
9 MR. LEOPOLD: Objection. Argumentative.
10 BY MR. TEIN:
11 Q. Sorry?
12 A. Incorrect.
13 Q. The day you went to Epstein's house you
14 lied to your father about where you were going, isn't
15 that correct?
16 A. Correct.
17 Q. You admitted to the police that you told
18 your father that you were going shopping, didn't you?
19 A. Yes.
20 Q. And that was a lie, wasn't it?
21 A. Yes.
22 Q. And isn't it true that your father has
23 accused you of lying?
24 A. All the time.
25 Q. Didn't your father throw you out of the

114

1 house Thanksgiving of this past year because you were
2 lying so much to him?
3 A. Yes, he did kick me out. No, that's not
4 the reasons why.
5 Q. Didn't your father throw your sister [redacted]
6 out of the house, too?
7 A. Yes.
8 Q. And he threw her out of the house the week

after Thanksgivings, right?

A. I don't know the date, but sure.

Q. Sounds about right?

A. Sure.

Q. And the reason he threw her out of the house was because she was lying, too?

MR. LEOPOLD: Objection. Lack of foundation. Calls for speculation.

BY MR. TEIN:

Q. When your counsel coaches you, you say it's correct, right?

A. I've never been coached.

MR. LEOPOLD: Objection.

BY MR. TEIN:

Q. Okay. When your counsel that it was there was lack of foundation, you agree with your counsel, right?



A. I was like saying, Yeah, let's move on, because there was no point to asking that question.

Q. Your father threw [redacted] out of the house because she was lying, correct?

MR. LEOPOLD: Objection. Lack of foundation.

Hold on, [redacted] Let me just make the objection.

Lack of foundation, predicate, calls for speculation.

BY MR. TEIN:

Q. Answer.

A. I'm not my sister. I don't know.

14 Q. I want to know what you know only.
15 A. I don't know.
16 Q. You don't know. That's your answer?
17 A. Yes.
18 Q. Now your parents filed the police report
19 regarding Mr. Epstein, right?
20 A. Yes.
21 Q. Now your parents are also lying, aren't
22 they?
23 A. Yes.
24 MR. LEOPOLD: Just so the record is clear,
25 the father -- because the mother was up north.

116

1 MR. TEIN: Don't testify, Counsel.
2 MR. LEOPOLD: So the record is clear, the
3 father -- the mother was --
4 MR. TEIN: Counsel, don't coach and
5 testify, please. That's absolutely improper.
6 MR. LEOPOLD: You just asked the wrong
7 question.
8 MR. TEIN: You can't coach her that way and
9 you well know it.
10 MR. LEOPOLD: For the record, it's the
11 father. He's remarried, I think on his third
12 marriage.
13 MR. TEIN: You cannot -- it's absolutely,
14 totally against the rules and you know it.
15 MR. LEOPOLD: The natural mother lives in
16 Georgia.
17 MR. TEIN: You need to behave yourself,

18 lawyer.

19 MR. LEOPOLD: The natural mother lives in

20 Georgia. The father is here locally.

21 MR. TEIN: Stop coaching. Stop talking.

22 You object. You know the rules. You just

23 lectured me about the rules, Counsel. So why

24 don't you play by the rules. Or only when they

25 fit you? Why don't you grandstand a little more



1 now. Give us a five-minute speech, Mr. Leopold.

2 MR. LEOPOLD: Are you finished, for the

3 record.

4 MR. TEIN: I'm not talking to you. Do what

5 you want.

6 MR. LEOPOLD: Don't say anything yet.

7 BY MR. TEIN:

8 Q. [redacted] your parents --

9 MR. LEOPOLD: Hold it. Don't say anything

10 yet. Let me --

11 BY MR. TEIN:

12 Q. Your parents, who filed the police report

13 are also liars.

14 MR. LEOPOLD: Don't answer the question.

15 We're not going to answer until I make the record.

16 I want to put on the record, now that Counsel

17 appears to be finished with his comments for the

18 record, that the previous question was

19 inappropriate, was intentionally misleading.

20 Now you can ask the question.

21 BY MR. TEIN:

22 Q. Your parents, who filed the police report

23 in this case, are also proven liars, aren't they?
24 MR. LEOPOLD: Same objection.
25 BY MR. TEIN:



1 Q. Aren't your parents liars?
2 MR. LEOPOLD: Calls for speculation. Lack
3 of predicate.
4 MR. TEIN: Stop coaching. You know what
5 that is, Leopold.
6 MR. LEOPOLD: Calls for speculation. Lack
7 of foundation.
8 THE WITNESS: When you say parents, my mom
9 is not, but sure, yeah, my dad has been to jail
10 for lying.
11 BY MR. TEIN:
12 Q. Your dad went to federal prison for two
13 years for lying, right?
14 A. Correct.
15 Q. Did he tell you it was for a financial
16 fraud?
17 A. Yes.
18 Q. For stealing money from some financial
19 institution?
20 A. Correct.
21 Q. And do you think your father is trying to
22 steal your lawsuit money away from you?
23 Don't look to your lawyer for the answer.
24 MR. LEOPOLD: You can answer if you know
25 the answer to it. I have no idea.

1 THE WITNESS: Yeah.
2 BY MR. TEIN:
3 Q. And your father filed a lawsuit, the first
4 lawsuit for fifty million dollars against Mr. Epstein
5 without consulting you, correct?
6 A. Correct.
7 Q. And your father had a lawyer file the first
8 lawsuit on your behalf for fifty million dollars against
9 Mr. Epstein without your knowledge, correct?
10 A. Correct.
11 Q. And you don't trust your father, do you?
12 A. Correct.
13 Q. And you believe he's trying to manipulate
14 you for his own gain, don't you?
15 A. Sort of.
16 Q. Well, you know that your mother filed a
17 statement, an affidavit, saying that you don't trust your
18 father and that you believe he's trying to manipulate you
19 for his own gain; isn't that correct?
20 A. Correct.
21 Q. You agree with that statement, don't you?
22 A. Uh-huh. Yes.
23 Q. Do you trust your stepmother?
24 A. My stepmother, no.
25 Q. You think she's also trying to steal your



1 Epstein lawsuit money away from you, don't you?
2 A. I would like to clarify something. You
3 keep saying my Epstein lawsuit money. I don't have any
4 money, and it's just a lawsuit at the moment. So I just

5 don't trust her.
6 Q. Okay. You think that your stepmother is
7 trying to take advantage of this lawsuit to try to get
8 money from Mr. Epstein that belongs to you, right?
9 A. Yes.
10 Q. Did your stepmother tell you why she was
11 arrested?
12 A. No.
13 Q. Did your stepmother tell you that she's
14 ever been arrested?
15 A. No.
16 Q. Did she tell you she was arrested for
17 fraud?
18 A. Never.
19 Q. Did she tell you that she was fired from
20 [redacted]?
21 A. No.
22 Q. Did she tell you that whe was fired from
23 [redacted] for stealing?
24 A. No.
25 MR. TEIN: Let's take a break.



1 (Thereupon, a recess was taken.)
2 BY MR. TEIN:
3 Q. [redacted] before you met Jeffrey Epstein have
4 you ever had sexual intercourse?
5 A. Yes, yeah.
6 Q. How many times?
7 A. Just a few. Twice.
8 Q. With how many different men?

9 A. Two.
10 Q. How old were they?
11 A. Zack [redacted] being one year older than me,
12 and then the other person was two years older than me.
13 Q. What was his name?
14 A. Ryan [redacted].
15 Q. How old were you when you first had sexual
16 intercourse?
17 A. 14.
18 Q. How many -- before you met Epstein, how
19 many different men had you had any type of sexual
20 activity with?
21 A. Just those two.
22 Q. Are you saying you never kissed a man other
23 than those two?
24 MR. LEOPOLD: Objection to the form of the
25 question.



1 THE WITNESS: Yes, I had kissed people
2 before.
3 BY MR. TEIN:
4 Q. Before you met Epstein, had you ever had
5 oral sex?
6 A. No.
7 Q. Ever in your life, have you exchanged sex
8 for something of value?
9 A. No.
10 MR. TEIN: We're done.
11 THE WITNESS: Oh, okay.
12 MR. LEOPOLD: We'll read.
13 MS. BELOHLAVEK: I don't have any

14 questions. Thank you.
15 MR. LEOPOLD: Before we go off the record,
16 it's my understanding -- Mr. Goldberger can
17 correct the record, but we have stipulated that
18 color copies of the documents that were identified
19 for identification certainly will be attached to
20 the deposition and counsel will be taking the
21 photographs across street so that they can be
22 laser color copied so that we have a copy, and I'm
23 assuming he'll get a copy to the court reporter,
24 too, to attach, actually a certified copy to the
25 deposition.

123

1 MR. GOLDBERGER: Done.
2 MR. LEOPOLD: That's if you agree to that.
3 If not, then I want to pull each one out and put
4 exhibit labels on them, which we should do before
5 we leave.
6 MR. GOLDBERGER: We're not going to do
7 either. I'll have copies sent to the court
8 reporter and she can attach them to the
9 deposition.
10 MR. LEOPOLD: So you're not going to agree
11 to what we talked about during the break then.
12 MR. GOLDBERGER: I'm not quite sure what
13 your asking me to do. Let me finish.
14 MR. LEOPOLD: Okay. Sure. That's fine.
15 MR. GOLDBERGER: Okay. If you want me to
16 go over to Ms. Belohlavek's office and make copies
17 and then I'll give those to the court reporter,

18 fine. All I'm saying is that I would avoid that
19 process. I would send copies to the court
20 reporter. But if it will make you happier --
21 MR. LEOPOLD: I'm not?
22 MR. GOLDBERGER: Let me finish.
23 MR. LEOPOLD: I'm not interrupting now.
24 MR. GOLDBERGER: But if it will make you
25 happier if I go over to Ms. Belohlavek's office

124

1 and make a copy of those photos that were part of
2 this deposition and then I'll give them to the
3 court reporter, I'll be happy to do it.
4 MR. LEOPOLD: I trust you implicitly,
5 however you with to do it. However, the
6 documents, before they leave this room, need to
7 have an exhibit sticky on them with the
8 appropriate --
9 MR. GOLDBERGER: Want to go get some? We
10 don't have any.
11 MR. LEOPOLD: I will do that. Excuse me.
12 Let me finish the record, please. You can't do
13 that to the court reporter. She's going to stroke
14 out. You can't do that. You have to let me --
15 MR. TEIN: Finish your sentence, Ted. You
16 are the most long-winded lawyer I've ever seen in
17 my life. Finish your sentence.
18 MR. LEOPOLD: Jack, tell him not to raise
19 his voice, please.
20 MR. TEIN: Finish your sentence. Is there
21 going to be a period at the end of the sentence or
22 is it just going to be comma after comma after



HOUSE_OVERSIGHT_012501

23 comma?

24 Go ahead, lawyer.

25 MR. LEOPOLD: All right. The exhibits, I



1 can't prevent you from taking them, but I will
2 object and I will be bringing it to the court for
3 sanctions. You cannot take the exhibits out of
4 the room without them being marked. I want them
5 marked, because you cannot identify in the record
6 what was used. And with all due respect to
7 Mr. Goldberger, I do not -- the way this
8 deposition is going, I do not want to rely on
9 Counsel from Miami to mark the appropriate
10 exhibits. I will not do that. I cannot prevent
11 you from taking them. But if you do, I will be
12 bringing the matter to the court with appropriate
13 sanctions, because that is improper. That is
14 improper. When you use something in a deposition,
15 they are to be marked. And you have refused to do
16 that throughout for what ever reason.
17 MR. TEIN: You're wrong. Finish your
18 sentence because you're talking about something
19 you have no idea.
20 Every single one is marked, Ted. Every
21 single one is already marked. But you want to
22 argue about everything. Ever single one is
23 already marked. Isn't that silly, Ted?
24 MR. GOLDBERGER: Thirty years of doing this
25 and I have never had an argument over this.

1 MR. TEIN: You've made -- Ted, you are
2 obstructionist, you are a liar. You have lied and
3 misrepresented things, for the record. You are
4 grandstanding.
5 MR. LEOPOLD: You need to back up.
6 MR. TEIN: No, no. I'm going to finish.
7 MR. LEOPOLD: You can finish, but don't
8 hover over me.
9 MR. TEIN: No one is hovering over you.
10 Stop trying to make a lying record.
11 Let me say something else.
12 Don't you dare threaten me with sanctions,
13 after you lied in a letter to my co-counsel about
14 the fact -- be quiet. Be quiet and let me finish.
15 You lied in a letter to my co-counsel,
16 Mr. Leopold, in which you said -- it was a
17 complete and utter lie -- that you were
18 unavailable this morning because you had a
19 hearing. That was a lie. I have never seen each
20 lawyer deign to do something like that.
21 So you will get the ex -- be quiet. Let me
22 finish. You behave.
23 MR. LEOPOLD: Don't point your finger at
24 me.
25 MR. TEIN: Listen. Be quiet and I won't



1 have a need to point it at you.
2 MR. LEOPOLD: Don't point your finger at --
3 MR. TEIN: Mr. Leopold --
4 MR. LEOPOLD: Don't point your finger at

5 me.

6 MR. TEIN: Mr. Leopold, let me finish.

7 MR. LEOPOLD: Don't raise your voice

8 either.

9 MR. TEIN: Mr. Leopold --

10 MR. LEOPOLD: Jack, do you want to take

11 care of this?

12 MR. TEIN: Let me finish my sentence. The

13 exhibits are marked. We are walking out of here.

14 You are someone who misrepresents the

15 record. It is absolutely atrocious what you do.

16 That is not how a lawyer should behave. This

17 deposition is over. You will get your exhibits,

18 Mr. Leopold.

19 MR. GOLDBERGER: I understand what you're

20 saying, Michael, and I understand Ted's position.

21 Just so there's -- we're going to have lots

22 offer issues in this case. We're going to have

23 lots of reasons to disagree.

24 I'm going to take it over now and I'm going

25 to make copies and I'm going to give them to

128

1 Ms. Consor. If you want to go find some exhibit

2 labels and put some exhibit labels on it, be my

3 guest. But that's what I'm offering to do.

4 THE WITNESS: Let me say two things,

5 because I am happy to always disagree and with

6 you, I have no problem; we could always do it

7 professionally.

8 I want to say two things so the record is



HOUSE_OVERSIGHT_012504

9 very clear. Since for whatever reason I have not
10 been able to look at exhibits because they have
11 been refused to have been shown to me --
12 MR. TEIN: That's a lie.
13 MR. LEOPOLD: Jack, if you represent that
14 the documents have the appropriate exhibit numbers
15 or some identifying markings, 25, 30.000, whatever
16 they may be, then you can take them, make copies,
17 send me a copy, make sure the court reporter gets
18 a copy and then send me a bill for my copy, that's
19 fine. I didn't know that they are marked that way
20 because I haven't been able to look at them.
21 MR. GOLDBERGER: They are barcoded and the
22 number that we've made reference to in the
23 deposition coincides with the barcoding.
24 MR. LEOPOLD: That's fine. Eight by eleven
25 color laser copies are fine.

129

1 MS. BELOHLAVEK: The State Attorneys Office
2 is not going to charge anybody for color copies I
3 print out.
4 MR. LEOPOLD: That's fine. He's going to
5 take them back to his office .
6 Secondly -- and I will be more than happy
7 to do it, because it sounds like you all know more
8 about it than I, but I'm happy to get affidavits
9 from Mr. Pincus, Judge Stern, everybody else about
10 what happened with this hearing today, because I
11 know very little about it. But my representations
12 are what they are.
13 MR. GOLDBERGER: They stay --

14 MR. LEOPOLD: Let me just finish for the
15 record.
16 Representations or comments about what
17 happened, representation about this hearing this
18 morning, I know very little about it. I --
19 MR. GOLDBERGER: I'll take your word on
20 that.
21 MR. LEOPOLD: No, no, no. I just put it on
22 the record. I will get an affidavit -- I'm
23 assuming it sounds like you need it -- from Mr.
24 Pincus. I have no clue about what happened and
25 why it was canceled. All I was told when I was

130

1 out of town yesterday was that the hearing this
2 morning was cancelled.
3 MR. GOLDBERGER: I'll take your word for
4 it.
5 MR. LEOPOLD: If you want an affidavit,
6 I'll get it for you.
7 MR. GOLDBERGER: It's a personal issue for
8 me because I had to disrupt a vacation and if it
9 was done just because it wasn't convenient for
10 you, then I'm offended by that. But if you're
11 telling me that it was planned and it didn't
12 happen, I'll take your word for it.
13 MR. LEOPOLD: I am more than happy to get
14 you an affidavit, because I don't know the reason
15 why it was canceled other than the fact that I'm
16 assuming since my deposition was taken for four
17 hours on Monday for preparation for the hearing

18 today, for whatever reason it was canceled, I am
19 told it is being re-noticed. Why it was canceled
20 I have no idea, but if your co-counsel wishes an
21 affidavit to that effect from Mr. Pincus, I'm more
22 than happy to get it. But I don't know the reason
23 why it was canceled.
24 MR. TEIN: I don't need it. But what I do
25 take issue with is regardless of why it was



1 canceled, you owed us the courtesy of saying, you
2 know what? We can start earlier this morning.
3 MR. LEOPOLD: I owe you nothing.
4 MR. TEIN: I don't care. Don't interrupt
5 me.
6 Because Jack canceled his vacation plans
7 because of you.
8 MR. GOLDBERGER: That's all right, that's
9 all right.
10 MR. TEIN: And you're selfish. And this
11 deposition is over. Good-by Mr. Leopold.
12 MR. GOLDBERGER: You can go off the record.
13 - - -
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HOUSE_OVERSIGHT_012507

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1 C E R T I F I C A T E
2 - - -
3
4 The State of Florida, )
5 County of Palm Beach. )
6
7 I hereby certify that I have read the
8 foregoing deposition by me given, and that the statements
9 contained herein are true and correct to the best of my
10 knowledge and belief, with the exception of any
11 corrections or notations made on the errata sheet, if one
12 was executed.
13
14
15 Dated this _____day of_____, 2008.
16
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21 _____
22 [redacted]
23
24
25

DATE: [!MONTH2] DATE2, 2008

TO: [redacted]
X
X
X, Florida X

IN RE: CASENAME
CASE NO.: 2006 CF09454AXX

Please take notice that on Wednesday, the DATE1 of [!MONTH1], 2008, you gave your deposition in the above-referred matter. At that time, you did not waive signature. It is now necessary that you sign your deposition.

^ Please call our office at the below-listed number to schedule an appointment between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday.

^As a professional courtesy, I am enclosing a condensed copy of your deposition transcript.

^ As previously agreed to, the transcript will be furnished to you through your counsel. Please read the following instructions:

At Page ^ of the transcript, you will find an errata sheet. As you read your deposition, any changes or corrections that you wish to make should be noted on the errata sheet, citing page and line number of said change. DO NOT write on the transcript itself. Once you have read the transcript and noted any changes, be sure to sign and date the errata sheet and return these pages. You need not return the entire transcript.

If you do not read and sign the deposition within a reasonable time, the original, which has already been forwarded to the ordering attorney, may be filed with the Clerk of the Court. If you wish to waive your signature, sign your name in the blank at the bottom of this letter and return it to us.

Very truly yours,

_____
Judith F. Consor, FPR
Consor & Associates Reporting and Transcription
1655 Palm Beach Lakes Boulevard, Suite 500
West Palm Beach, Florida 33401

I do hereby waive my signature:

_____
SAIGE GONZALEZ



cc via transcript: JACK A. GOLDBERGER, Esquire
LANNA BELOHLAVEK, Esquire
MICHAEL R. TEIN, Esquire
file copy

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1 E R R A T A S H E E T

2 IN RE: CASENAME
DEPOSITION OF: [redacted] TAKEN: [!MONTH1]
3 DATE1, 2008
DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE
4 PAGE # LINE # CHANGE REASON
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21 Please forward the original signed errata sheet to this office so that copies may be distributed to all parties.

22

23 Under penalty of perjury, I declare that I have read my [!TYPE] and that it is true and correct subject to any changes in form or substance entered here.

24

25 DATE:_____ SIGNATURE OF DEPONENT:_____

136

1 THE STATE OF FLORIDA, )

2 COUNTY OF PALM BEACH. )

3

4

5 I, the undersigned authority, certify that

6 [redacted] personally appeared before me on the DATE1

7 of [!MONTH1], 2008 and was duly sworn.

8

9 WITNESS my hand and official seal this DATE2

10 day of [!MONTH2], 2008.

11

12

13

14 _____
15 Judith F. Consor, FPR
Notary Public - State of Florida
16
17
18
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20
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1 C E R T I F I C A T E
2
The State Of Florida, )
3 County Of Palm Beach. )
4
5 I, Judith F. Consor, Court Reporter and Notary Public in and for the State of Florida at large, do
6 hereby certify that I was authorized to and did stenographically report the [!TYPE] of [redacted]
7 that a review of the transcript was not requested; and that the foregoing pages, numbered from 1 to ^,
8 inclusive, are a true and correct transcription of my stenographic notes of said [!TYPE].
9
I further certify that said [!TYPE] was
10 taken at the time and place hereinabove set forth and that the taking of said [!TYPE] was commenced and
11 completed as hereinabove set out.
12 I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or
13 employee of any attorney or counsel of party connected with the action, nor am I financially interested in the
14 action.
15 The foregoing certification of this transcript does not apply to any reproduction of the same by any
16 means unless under the direct control and/or direction of the certifying reporter.
17
DATED this DATE2 day of [!MONTH2], 2008.

18

19

20 _____
Judith F. Consor, Court Reporter
Florida Professional Reporter

21

22

23

24

25

# TAB 14

THE STATE OF FLORIDA, )
COUNTY OF PALM BEACH. )

IN RE:

JEFFREY EPSTEIN.

_____/

SWORN STATEMENT OF [redacted]

Friday, March 21, 2008
4:00 p.m. - 4:20 p.m.

250 Australian Avenue South
Suite 1400
West Palm Beach, Florida 33401

Reported By:
Judith F. Consor, FPR
Notary Public, State of Florida
Consor & Associates Reporting and Transcription
West Palm Beach Office
Phone - 561.682.0905

1 APPEARANCES:

2

On behalf of the Defendant:

3 JACK A. GOLDBERGER, ESQ.

ATTERBURY, GOLDBERGER & WEISS

4 250 AUSTRALIAN AVENUE SOUTH

SUITE 1400

5 WEST PALM BEACH, FLORIDA 33401

561.659.8300

6

ALSO PRESENT

7 LILLY ANN SANCHEZ, ESQ.

FOWLER WHITE, ATTORNEYS AT LAW

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1 Statement taken before Judith F. Consor,
2 Court Reporter and Notary Public in and for the State of
3 Florida at Large, in the above cause.
4 - - -
5 Thereupon,
6 [redacted]
7 having been first duly sworn or affirmed, was examined
8 and stated as follows:
9 THE WITNESS: I do.
10 BY MR. GOLDBERGER:
11 Q. Would you state your name for the record,
12 please.
13 A. [redacted]
14 Q. Okay. [redacted] where do you live now?
15 A. Address?
16 Q. Sure.
17 A. [redacted]
18 [redacted]
19 Q. Do you live there alone or do you live with
20 somebody there?
21 A. My father.
22 Q. Very good. And are you working now or not
23 working? Sometimes you work and sometimes you don't?
24 A. When I want to.
25 Q. Okay. And how old are you today?

A. Twenty-one.

Q. Very good.

What we're going to do today is we're going to take what's know as a sworn statement from you. And my court reporter just put you under oath. So all I want you to do is tell the absolute truth today.

A. Right.

Q. I don't want you to color what you're saying in any way. Really, the only thing that will be of any use to anyone is if you just tell the absolute truth.

A. Right.

Q. So those are the instructions, okay?

A. Okay.

Q. All right. And sometimes -- I've been doing this for a lot of years and sometimes I talk like a lawyer too much, and if you don't understand what I'm --

A. That's your job.

Q. I guess. But if you don't understand what I'm saying at some point, just say, "Jack, say it in English," and I'll make it better for you. Okay?

A. Okay.

Q. So tell me how you first met Jeffrey Epstein.

A. [redacted] introduced me to him.

Q. And [redacted] was a friend of yours at the time?

A. Yes.

Q. Okay. And tell me a little bit about the introduction, how [redacted] introduced you to Jeffrey.

A. Well, she told me that I could go over there and give him a massage --

Q. Okay.

A. -- and he'd pay me for it and that he was a respectful guy.

Q. Okay. So let's break that down a little bit.

She told you you could go over there to Jeffrey Epstein's house and give a massage?

A. Right.

Q. When she said go give a massage did she tell you what she meant by that?

A. Just are -- no. Just a massage. She didn't really give me any details.

Q. Okay. Let me ask it to you another way.

A. Okay.

Q. Was there any suggestion that what you were being offered the opportunity to do would be sexual in any way?

A. No.

Q. Okay. So as far as you understood it and as far as what [redacted] told you, you would be going over to Mr. Epstein's house and just giving him a normal therapeutic massage?

A. Right.

Q. Okay. And I assume [redacted] told you you would be paid for it?

A. Yes.

Q. Did she tell you how much you would be paid?

A. Yes. Two hundred.

Q. Okay. When was the first time that you went to Jeffrey Epstein's house? Was it after you spoke to Alex?

A. Yes.

Q. Okay. And the first time that you went to Mr. Epstein's house, that was in response to [redacted] talking to you in person. In other words, she said -- you saw her somewhere, be it at the store that you worked at or around the neighborhood, she said to you in person, "Do you want to go over to Jeffrey Epstein's house?" Right?

A. Uh-huh.

Q. She didn't call you on the telephone and offer you the opportunity?

A. No.

Q. And she didn't e-mail you about that?

A. No.

Q. She didn't send you a text message like you guys do?

A. No.

Q. Okay. She just simply saw you in person one day and said, "Do you want to go over to Mr. Epstein's house and do a massage?"

A. Yes.

Q. And I take it you said okay and you went over there?

A. Yes.

Q. All right. Now at the time that you went over there, you were not yet 18, but you were almost 18?

A. Yes.

Q. You were within a couple of months of being 18 years old?

A. Yes, I do believe so.

Q. Okay. And what did [redacted] tell you about if asked, how old you should tell anyone you were when you went over to his house?

Was that a bad question?

A. Repeat that.

Q. Sure. Okay.

1 Before you went over to Jeffrey's house
2 after you met [redacted] in person, did she tell you if anyone
3 asked you how old you were, how old you were supposed to
4 say you were?
5 A. Yes.
6 Q. What did she tell you?
7 A. Yes. She told me to say that I was 18 if
8 it was asked.
9 Q. She didn't give you a script and say as
10 soon as you walk in the house you're supposed to say,
11 "I'm 18," right?
12 A. No.
13 Q. She just said that if anyone ever asked,
14 you should say that you were 18 years of age.
15 A. Right.
16 Q. And I assume if you were asked, you wanted
17 to be convincing that you were over the age of 18,
18 because you wanted to do the work, right?
19 A. Right.
20 Q. By the way, were you ever asked?
21 A. Eventually.
22 Q. Okay.
23 A. Not the first day, I don't believe.
24 Q. Okay. Was it Jeffrey or someone else that
25 asked you whether you were over the age of 18?

A. It was probably Jeffrey. I don't remember very clearly.

Q. Whoever asked you, though, you clearly said when asked, "I'm 18."

A. Uh-huh.

Q. And you were very believable in saying that you were over 18?

A. Yes.

Q. Okay. Now the first time that you went to Jeffrey's house did you give him a massage that day?

A. Uh-huh.

MS. SANCHEZ: Answer yes or no so the record is clear.

THE WITNESS: Yes. Okay.

(Discussion held off the record.)

BY MR. GOLDBERGER:

Q. Okay. So you go to Jeffrey's house and you meet him and you're going to do a massage that day, right?

A. Yes.

Q. Now were you -- you were not forced to give a massage, correct?

A. No.

Q. You were not forced to do anything that you didn't want to do?

A. Right.

Q. No one coerced you or threatened you in any way?

A. No way.

Q. No one offered you any drugs to do a massage?

A. No.

Q. No one offered you any alcohol to do a message?

A. No.

Q. And prior to going over to Jeffrey's house the first time there was no e-mail message from him?

A. No.

Q. In any way?

A. No way.

Q. There was no text mail message from him?

A. No.

Q. There was no fax from him?

A. No.

Q. Okay. And the same questions: There was no e-mail from anyone that worked for Jeffrey before you went over there?

A. No.

Q. No text messages from anybody?

A. No.

1 Q. The reason you went there is because [redacted]
2 [redacted] told you in person --
3 A. Yes.
4 Q. -- that if you wanted to -- it was all
5 voluntary on your part -- you could go to Jeffrey's house
6 and give him a massage.
7 A. Right.
8 Q. Okay. So did [redacted] tell you what to expect
9 when you went there, as far as keeping your clothes on or
10 taking your clothes off?
11 A. She did say that he may ask me to take my
12 clothes off and that he was very respectful about that
13 and that if I didn't feel comfortable about it that I
14 didn't have to.
15 Q. All right.
16 A. It was no problem. He wouldn't be upset.
17 Q. All right. So [redacted] told you there would be
18 no pressure on you whatsoever?
19 A. Right.
20 Q. You simply did what you wanted to do?
21 A. Yes.
22 Q. And if you didn't want to do something, you
23 were free to say, "No. I don't want to do it"?
24 A. Yes.
25 Q. All right. And in your experiences with

1 Mr. Epstein, by the way, was there ever a time when that
2 didn't play out, when he tried to force you to do
3 something that you didn't want to do?
4 A. He never tried to force me to do anything.
5 Q. If you said no to something, whatever that
6 might be, he would respect that?
7 A. Yes.
8 Q. All right.
9 Now the first time that you went there do
10 you remember whether you gave Jeffrey a massage with your
11 clothes on or your clothes off?
12 A. At the beginning, it was with all my
13 clothes on.
14 Q. Uh-huh.
15 A. But the most that -- I mean I was still in
16 my bra and panties.
17 Q. Okay. The whole time?
18 A. Yes.
19 Q. Right.
20 A. I'm pretty sure, yes.
21 Q. Did you see during that massage -- did he
22 try and touch you in any way during that massage?
23 A. No.
24 Q. Did he use any kind of device on you in any
25 way during that massage?

1 A. No.
2 Q. Do you know -- he was wearing a towel
3 through that massage?
4 A. Yes.
5 Q. Do you know whether he touched himself in
6 any way, his penis or anything like that, during the
7 massage?
8 A. Yeah, like towards the end.
9 Q. Okay. Do you know whether he masturbated?
10 A. Oh, my gosh.
11 Q. If you don't know, you don't know.
12 A. I mean probably, but I don't know. I can't
13 remember exactly. It was so long ago.
14 Q. Okay. There was nothing that you were
15 uncomfortable with in this massage?
16 A. No. Yeah. And like I said, he also, you
17 know, reassured if I wasn't comfortable with anything,
18 then just tell him and --
19 Q. He would stop?
20 A. -- that would be the end of it.
21 Q. Okay. Now after that first time you met at
22 Jeffrey's house, you left. And did there come other
23 times that you went to Jeffrey's house?
24 A. Yes.
25 Q. And how would that occur? How would that

1 happen?

2 A. [redacted] one of his assistants, would call me

3 and ask me if I would like to come over and give a

4 massage, because he would be in town.

5 Q. So would it be primarily [redacted] that would

6 call or would there be others?

7 A. Most of the time.

8 Q. And would it be a message that would be

9 left for you or would it be you would talk to [redacted] or one

10 of the other as assistants directly?

11 A. I mean generally it would be directly.

12 Q. Okay.

13 A. Unless I didn't answer my phone.

14 Q. And if I think I understand what you're

15 saying, you would talk to Sara or another assistant and

16 they would say, "Listen, Jeffrey's going to be in town.

17 Would you like to come over and give a massage?" Right?

18 A. Yes.

19 Q. Was there ever any suggestion in any of

20 those phone calls where you made arrangements to go to

21 Jeffrey's house that there would be anything sexual that

22 would occur at the house?

23 A. No.

24 Q. Was it always if there was a phone call,

25 that this was whether you wanted to come and give a

1 massage or not?

2 A. Yes, it was always that.

3 Q. Okay. And there was never any discussion,

4 "Well, we really want you to come over because we want

5 you to have sex with Jeffrey," or anything like that?

6 A. Right. No way.

7 Q. Never, ever suggested, right?

8 A. No.

9 Q. Okay. The only thing that ever occurred on

10 any of these phone calls was, "Are you willing to come

11 over," or, "Would you like to come over and give a

12 massage?"

13 A. Right.

14 Q. Okay. And the phone calls from Jeffrey --

15 well, you never spoke to Jeffrey on the phone, right?

16 A. No.

17 Q. Okay. The phone call from [redacted] or any

18 other assistant would always -- it would be sporadic,

19 right? They always said, "Jeffrey's going to be in town.

20 Do you want to come over this afternoon at four o'clock?"

21 A. Yeah, yeah. It wasn't --

22 Q. There was nothing regular about it?

23 A. No.

24 Q. Okay. Other than [redacted] who else would have

25 called you to ask whether you wanted to come over and

give a massage?

A. If it wasn't [redacted] then I believe [redacted] maybe one other person I don't know the name of. Just -- I mean it was mostly [redacted] And [redacted] I spoke to a time or two.

Q. Okay. Now when you would go over to Jeffrey's house after getting a phone call, you would go and you'd go to give him a massage, right?

A. Yes.

Q. And occasionally would there be more than a massage that occurred?

A. It happened a few times.

Q. Okay. And the few times that it happened, though, it was very sporadic and it was nothing that was planned?

A. No way.

Q. It just occurred?

A. Right.

Q. So it wasn't like there was a phone call, you know, "Today we want you to come over and do more than just a massage with Jeffrey"?

A. Right.

Q. When anything more occurred you'd be over there and it would be totally voluntary on your part?

A. Yes; definitely consensual.

Q. Okay. Now when we're talking about more than just a massage, what sort of conduct are we talking about that might have occurred?

A. It was probably mostly -- maybe not, not particularly oral, but, I mean there's just random things, but not sex.

Q. Okay. So let's put it into perspective. You certainly never had intercourse with him, right?

A. No.

Q. And did you actually ever really have oral sex with him?

A. Maybe once or twice. I barely even remember that.

Q. Okay.

A. I mean it was all just mostly --

Q. I'm sorry. Mostly what?

A. Mostly like hand oriented.

Q. Okay. So on occasion you would touch his penis with your hand?

A. It's happened a few times.

Q. Okay. And anytime that occurred it would be totally voluntary on your part?

A. Yes.

Q. Consensual on your part?

A. Yes. He would never make me do anything

Q. And it would just be totally random and it would occur during the moment?

A. Uh-huh.

Q. Okay. There was nothing that was planned in advance concerning that?

A. No.

Q. And it didn't become every time you went over there that would happen, right?

A. Yeah. No.

Q. No, no. I mean just you would go over and give a massage one day and the phone call would be the same, "Do you want to come over and give a massage," and maybe --

A. Yes.

Q. -- maybe another time you would get a phone call, "Do you want to come over and give a massage," and just because of the day it was or whatever was going on, it may have gone a little further where they may have been some touching, correct?

A. Right.

Q. And then the next time you could go over there and it could have been a regular massage again, right?

A. Uh-huh.

Q. Okay. So the point that I guess I'm trying

1 to make was that there were never phone calls that would
2 come to you and they would say, "Do you want to come over
3 and give a massage," and you just assumed it would be to
4 go have sex? That was not the case?
5 A. No.
6 Q. Never, never, never, right?
7 A. Yes.
8 Q. All right. There were times when you would
9 be away and not be in Palm Beach and -- I mean you very
10 much thought that Jeffrey was your friend? You treated
11 him as a friend?
12 A. Yes, definitely. I felt that he was my
13 friend.
14 Q. And there were times when maybe you were
15 out of town and for whatever reason, you found yourself
16 in a situation where you needed some money, correct?
17 A. Yes.
18 Q. Okay. And you felt that the relationship
19 was such that you could call Jeffrey and it never had
20 anything to do with a massage or anything. You would
21 say, "Listen, I could use a couple of dollars. I have a
22 problem."
23 A. Yes.
24 Q. And would he ever hesitate to help you out?
25 A. No.

1 Q. And in fact, did he not tell you that,
2 listen -- he would talk to you about life and about --
3 A. Yes.
4 Q. -- about what you wanted to do with your
5 life?
6 A. Yes.
7 Q. And he said, "If you ever find yourself in
8 trouble, you have a friend in me and you can give me a
9 call"?
10 A. Yes.
11 Q. Okay. If you had to guess -- and
12 recognizing that there can be no accuracy here -- if you
13 had to guess, how many times do you think you went over
14 to Jeffrey's house?
15 A. I would say at least five, less than ten.
16 Q. Okay. I think that's kind of a fair range.
17 And during those five to ten times that you
18 went there, was there ever anything uncomfortable, in
19 your mind, that occurred over at Jeffrey's house?
20 A. No.
21 Q. Okay. I know we've touched on this, but
22 just Lilly, the detail person, makes sure that we get
23 everything. After you met Jeffrey the first time did you
24 ever talk to him on the telephone about arranging a
25 massage or anything like that?

A. No.

Q. Okay. And you never e-mailed him or anything like that?

A. No, no.

Q. Never text-messaged him?

A. No.

Q. Okay. Now at times when you would go over to give a massage, Jeffrey, while he was getting the massage, would be preoccupied doing a lot of things, right?

A. Yes, very often.

Q. He was a busy guy?

A. Yes.

Q. He would be on the telephone talking to folks while you were giving a massage?

A. Yes. Sometimes it would be just a massage and he'd be pretty much doing business the whole time.

Q. Right. Certainly it wasn't sex or anything like that?

A. No.

Q. He would be doing business and you'd be massaging him?

A. Yes.

Q. Okay. Give me one second.

(Discussion held off the record.)

BY MR. GOLDBERGER:

Q. Every time you went back to Jeffrey's house you went back there because you wanted to, right?

A. Uh-huh, yes.

Q. No one -- certainly Mr. Epstein never tried to persuade you or induce you or entice you or coerce you to engage in any kind of sex?

A. No.

Q. And no one representing Jeffrey Epstein ever tried to persuade or induce you to engage in sex?

A. No.

Q. All right. And I think you told me when we first started talking that you were very, very close to your 18th birthday, and when asked, you in fact said you were 18 and tried to be very, very convincing of that.

A. Yeah. I didn't mean that -- all I said was I was 18.

Q. Okay.

A. Like there was no ifs, ands or buts about that.

Q. There was a time when there was a concert or a show down in Fort Lauderdale and Jeffrey got you tickets to go to that show because it was your birthday, right?

A. Correct.

Q. Okay. I assume, based on what you're telling me, Jeffrey didn't know at the time that it was your 18th birthday. He must have --

A. No. It was kind of like -- it was my 19th birthday.

Q. Okay. And you made it pretty clear to him that it was your 19th birthday and not your 18th birthday?

A. Yeah. I tried not to like even touch upon that.

Q. But I know you didn't try and touch upon it --

A. Yes.

Q. -- but was it clear to him, based on what you know, that he thought it was your 19th birthday?

A. Yes.

Q. Okay. Great.

Here's the lawyer talking now.

I didn't try to influence you in any way to say anything, did I?

A. No.

Q. In fact, all I asked you to do is tell me the absolute truth here today?

A. Yes.

Q. And that's what you've done?

A. Yes.

Q. Okay. And you've understood all my questions, have you?

A. Yes.

MR. GOLDBERGER: Okay. I thank you very much for coming in today and it really made it much easier for us to do it this way. So thanks a lot.

(Thereupon, the sworn statement was concluded at 4:20 p.m.)

- - -

1 THE STATE OF FLORIDA, )
2 COUNTY OF PALM BEACH. )
3
4
5 I, the undersigned authority, certify that
6 [redacted] personally appeared before me on the 21 of
7 March, 2008 and was duly sworn.
8
9 WITNESS my hand and official seal this 22nd day
10 of March, 2008.
11
12
13
14 Judith F. Consor
Judith F. Consor, FPR
15 Notary Public - State of Florida
16
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1 C E R T I F I C A T E
2
The State Of Florida, )
3 County Of Palm Beach. )
4
5 I, Judith F. Consor, Court Reporter and Notary Public in and for the State of Florida at large, do
6 hereby certify that I was authorized to and did stenographically report the sworn statement of [redacted]
7 [redacted] that a review of the transcript was requested; and that the foregoing pages, numbered from 1 to 24,
8 inclusive, are a true and correct transcription of my stenographic notes of said sworn statement.
9
I further certify that said sworn statement
10 was taken at the time and place hereinabove set forth and that the taking of said sworn statement was commenced and
11 completed as hereinabove set out.
12 I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or
13 employee of any attorney or counsel of party connected with the action, nor am I financially interested in the
14 action.
15 The foregoing certification of this transcript does not apply to any reproduction of the same by any
16 means unless under the direct control and/or direction of the certifying reporter.
17
DATED this 22nd day of March, 2007.
18
19
20 Judith F. Consor, Court Reporter
Florida Professional Reporter
21
22
23
24
25

[redacted]

[redacted]

[redacted]

[redacted]

# TAB 15

THE STATE OF FLORIDA. )
COUNTY OF PALM BEACH. )

IN RE:

JEFFREY EPSTEIN,

---

CONTINUED SWORN STATEMENT OF

[redacted]

March 26, 2008
6:05 p.m. to 6:22 p.m.

South 86th Terrace
West Palm Beach, Florida

Reported By:

Maria C. Powers,
Notary Public State of Florida
J. Consor & Associates Reporting & Transcription
West Palm Beach Office
Phone 561.682.0905

ORIGINAL

1 APPEARANCES :

2

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6 250 South Australian Avenue

Suite 1400

7 West Palm Beach, Florida 33401

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WITNESS: DIRECT

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11 By Mr. Goldberger 4

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1 Sworn Statement taken before Maria Powers,
2 Court Reporter and Notary Public in and for the State
3 of Florida at Large, in the above cause.
4 Thereupon,
5 [redacted]
6 having been first duly sworn, was examined and
7 testified as follows:
8 DIRECT EXAMINATION
9 BY MR. GOLDBERGER:
10 Q [redacted] as you remember, my name is Jack
11 Goldberger. I think we met last Friday, actually.
12 You voluntarily came in and gave a sworn
13 statement to me concerning your knowledge and your
14 friendship with Jeffrey Epstein.
15 I would like to very, very, briefly continue
16 that statement today, and just focus on one area that
17 we forgot to question you about last Friday.
18 A Yes.
19 Q All I want you to tell me is the absolute
20 truth here this evening. There's no right answer,
21 other than the truth, okay?
22 A Right.
23 Q I haven't promised you or asked you to do
24 anything, one way or the other, have I?
25 A No.

Q So, we covered a lot of ground last time.

One area that I didn't ask you about is contact that you've had with either the FBI or the U.S. Attorney's Office, within the last two or three years.

Can you guess or estimate how many times someone from the FBI or the U.S. Attorney's Office or some other law enforcement agency, has attempted to contact you in the last couple of years?

A I'd have to say -- well, maybe five or six meetings with, and more than that with phone contact.

Q Let's try to break it down by meetings and phone contacts. I think that would be the best way to do it.

Of the actual meetings that you've had with someone from law enforcement or from the U.S. Attorney's Office, who do you remember being present at those meetings?

A Nesbith was at all of them.

Q When we're talking about "Nesbith" we're talking about an FBI agent by the name of "Nesbith Kurkendall"?

A Yes.

Q And Nesbith was present at all those meetings?

A Yes.

Q Okay, go ahead.

A The first one was a guy, I'm not sure of his name. And then there's another one that had -- another lady with the victim's rights.

Q She was victim's right representative?

A Yes.

Q We talked about a lawyer by the name "Marie Villafona;" do you know whether she was present during any of those meetings?

A I'm not sure of the name.

Q The first time that you met with Nesbith, where did that take place?

A Here, in my backyard.

Q In your backyard, at your home in Western Palm Beach County, right?

A Yes.

Q Did she announce to you that she was coming, or did she just show up?

A She showed up.

Q Unannounced?

A Yes.

Q During that time, I assume that you told her about your relationship with Jeffrey Epstein and any contact you've had with him, correct?

A Correct.

1 Q Did she tell you anything about whether you
2 were a victim in this case, or anything like that, at
3 that meeting?
4 A Yes, she said I was a victim/witness in this,
5 and that there's victim rights that I'm entitled to,
6 which include counseling and whatnot.
7 Q Did you tell her, at that time, that you
8 didn't feel that you were a victim at all, and that
9 anything that you've done with Jeffrey Epstein was
10 totally voluntary?
11 A Yeah, I did tell her that everything was, you
12 know, consensual with everything, and I don't agree
13 with anything that's going on.
14 Q Did she try and pressure you into being a
15 victim in this thing, when you were not a victim?
16 A I wouldn't say that she pressured me, but she
17 tried to be as convincing as possible.
18 Q Maybe the use of the word "pressure" is too
19 strong. But she was trying to change your opinion of
20 what the relationship was with Jeffrey?
21 A Yes, she was trying to make me feel bad about
22 it, in a way, about what was going on.
23 Q And you didn't feel bad about it, you felt
24 everything was okay, but she was trying to make you
25 feel bad, like something wrong had occurred?

A Yeah.
Q How long did that meeting go on for?
A Probably about -- at least an hour.
Q When was the next time that you had contact with Nesbith or someone else from law enforcement?
A I'm not sure, probably a month or later. I mean, she probably called me and let me know that she was going to -- you know, she wanted to meet sometime soon, to deliver the victim's rights papers to me.
Q So there was a time, after you first met, where, despite the fact that you said, I don't consider myself a victim in this, she called you and said, I want to bring you some paperwork that talks about your victim's rights?
A Yes.
Q What was your response to her when she told you that?
A I told her I would meet with her, 'cause she wanted me to meet with the other woman involved. And they gave them to me.
I took them, but I never really told them I needed counseling or anything like that.
Q Where did that meeting take place?
A I believe it was Panera Bread in Wellington.

Q She actually came and sought you out at a restaurant?

A Well, I told her to meet me there.

Q Were you working there or were you just --

A No, I was just there.

Q So she called you and said, I really, really want to see you. And you said, if you want to see me, meet me at Panera Bread?

A Yes.

Q Did you feel if you didn't meet her, she wasn't going to go away, that you had to deal with her?

A Well, I mean, it wasn't particularly that. I knew that she was going to contact me because of this case. Because, whether I want to be involved or not, I have to be.

Q Okay. That's two meetings that I know of. I think you indicated that, if you had to guess, there were maybe a total of five meetings.

Are there other meetings that we haven't talked about that occurred?

A Yeah, but they were very vague. They weren't anything of importance. And, I mean, it was just her -- or of importance to me, anyway.

Q Would she call you and say, listen, I really,

really, want to talk to you about being a victim or --

A It wasn't always directly about being a victim. And, every time we talked, she would always touch upon the fact that if I need any help or so-on-and-so-forth, because I am a victim in this case.

Q I assume, based on what you're telling me, you continued to tell her, I'm not a victim?

A I just let her say what she said. I never got counseling. But she knows from the beginning, and, I continued to reassure her, that I don't feel that way.

Q So, the first time you met with her, when you spent about an hour with her and you went through all your contact with Jeffrey, that's what occurred at that meeting, and she talked to you about being a victim at that meeting?

A Yes.

Q And then there was this second meeting, where she brought a victim's rights person with her, and that took place at Panera Bread, right?

A Yes.

Q And you had the same response, listen, you think I'm a victim. You could give me the information, but I don't need that information, right?

A Right, pretty much.

Q And then there were some other contacts.

Would she call you and want to talk to you about the specific facts about the case? I mean, why would she contact --

A Yeah, I mean, just to re-question me about certain things, because she wasn't sure that the answers were --

Q Were those in-person meetings?

A I mean, a lot of them were on the phone. I mean, it wasn't very often that we would meet.

Q Was there any other time that you did meet?

We talked about two times that you actually did meet, once here at your home and once at Panera Bread.

Were there any other actual meetings, or did the others occur on the phone?

A There were other meetings, but they were, like I said, not really important.

Q Do you remember where they were that they took place?

A They came to my job, I think, two times.

Q When you say "they" --

A Well, it Nesbith the first time, and, the second time, it was the David Copperfield investigators

1 with Nesbith.
2 Q Right.
3 So, the third time that you met with Nesbith,
4 she came to your job, and she wanted to talk to you
5 about more facts of the case?
6 A Ah-huh.
7 Q And, during that meeting, she also talked to
8 you about your rights as a victim again?
9 A Yeah, she always reassured me of my rights as
10 a victim.
11 Q Then there would have been a fourth time
12 we're talking about now, where there were investigators
13 from Washington coming down, concerning David
14 Copperfield, and Nesbith introduced them to you,
15 correct?
16 A Right.
17 Q I take it what you're telling me is that
18 Nesbith seized the opportunity to talk to you again
19 about being a victim, right?
20 A She always kind of comes out as asking if I'm
21 okay, and if everything okay. And if I ever need any
22 kind of help or anything, with -- you know, I could
23 always have help.
24 Q Did you continue to say, listen, I'm fine,
25 there's no issues here?

A I just -- I mean, I was never pushy on it. I just, like I said, she always knows.

I may not tell her every time, but she always knows how I feel about this case.

Q Meaning?

A I don't need anything.

Q Meaning that you made it really clear to her that you didn't need any help?

A Yeah, from the beginning, I was very, very reassuring about how I felt about it. And I wasn't very happy.

Q All right. I understand.

Now, we're about four contacts with Nesbith -- your house, Panera Bread, work, the David Copperfield investigators.

A Yes.

Q Were there any other meetings that we have not spoken about?

A There may have been like one or two. But they're -- I don't even remember. I mean, those are the ones, like, that remember the most.

Q That you really remember, okay.

Now, were there other telephone calls that occurred, where, kind of the same kind of conversation would occur? You know, there's help for you and you'd

say, I'm really not a victim here?

A Like I said, I was, like, okay. You know, she would always continuously tell me. I mean, but every time, it was the same thing.

I mean I was never -- I mean, I was never mean to any of them. I never gave anybody attitude about anything. But, I mean, she knows that. She knows how I feel.

Q I think what I hear you saying is that she knows how you feel, and you made it clear to her from the start, that you were not a victim?

A Yeah, I mean, she pretty much, does it because that's what she has to do. She has to continue to tell me. And, you know, in a way, try to convince me that I am a victim.

I just let her say what's she's going to say, and, then, you know, okay, goodbye.

Q Do you think that's what she was trying to do, is try to convince you to change your attitude as to how you felt?

A In a way, yes.

Q Is there anything else that we need to discuss that we haven't talked about?

A No, I think that's mostly it.

Q I appreciate your courtesies once again for

seeing me one more time, and doing this voluntarily.

And, thanks so much for making yourself available today.

A No problem.

Q That will do it -- actually, one more time.

Brittany, let me say one more time:

Everything you've told me here today is the absolute truth, right?

A Yes.

Q I haven't tried to convince you to say one thing, one way or the other, have I?

A No.

Q All right. That's it. Thank you very much.

(Thereupon, the sworn statement was concluded at 6:22 p.m.)

1 THE STATE OF FLORIDA )
2 COUNTY OF PALM BEACH )
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4
5
6 I, the undersigned authority, certify that
7 [redacted] personally appeared before me on March
8 26, 2008 and was duly sworn.
9
10
11 WITNESS my hand and office seal this 26TH day
12 of MARCH, 2008.
13
14
15
16 Maria C. Powers, Court Reporter
Notary Public - State of Florida
17 My Commission No. DD149010
My Commission Expires: 9/10/10
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1 C E R T I F I C A T E
2
3 The State of Florida )
County Of Palm Beach )
4
5
6 I, MARIA C. POWERS, a Shorthand Reporter, State of Florida at Large, do hereby certify that
7 [redacted] was by me first duly sworn to testify the whole truth; that I was authorized to and did
8 report said deposition in stenotype; and that the foregoing pages, numbered from 1 to 17 inclusive, are a
9 true and correct transcription of my shorthand notes of said deposition.
10
I further certify that said deposition
11 was taken at the time and place hereinabove set forth and that the taking of said proceeding was commenced
12 and completed as hereinabove set out.
13 I further certify that I am not an attorney or counsel of any of the parties, nor am I a
14 relative or employee of any attorney or counsel of party connected with the action, nor am I financially
15 interested in the action.
16 The foregoing certification of this transcript does not apply to any reproduction of the
17 same by any means, unless under the direct control and/or direction of the certifying reporter.
18
IN WITNESS WHEREOF, I have hereunto set
19 my hand this 26TH day of MARCH, 2008.
20
21
22 Maria C. Powers
Maria C. Powers, Notary Public
23 In and for the State of Florida
My Commission No. DD149010
24 My Commission Expires: 9/10
25

[redacted]

[redacted]

[redacted]

# TAB 16

U.S. Department of Justice

*United States Attorney*
*Southern District of Florida*

*500 South Australian Ave., Suite 400*
*West Palm Beach, FL 33401*
*(561) 820-8711*
*Facsimile: (561) 820-8777*

November 16, 2006

VIA FACSIMILE
Lilly Ann Sanchez, Esq.
Fowler White Burnett
1395 Brickell Ave Fl 14
Miami Florida 33131-3300

Re: Jeffrey Epstein

Dear Ms. Sanchez:

Thank you for your letter and voicemail. I will plan to direct all correspondence to you unless you provide other instructions. In turn, please direct all future communications with the Office to my attention.

As I mentioned in my voicemail, Mr. Lewis stated that Mr. Epstein is willing to provide documents and information that we deem necessary to the investigation. I would appreciate if you would forward the documents and information listed below to my attention or, if you prefer, to Special Agent E. Nesbitt Kuyrkendall, Federal Bureau of Investigation, 500 South Flagler Drive, Suite 500, West Palm Beach, FL 33404. If you require a grand jury subpoena for any of the items, please let me know.

1. Documentation related to the ownership of the property located at 358 El Brillo Way, Palm Beach, Florida, including the purchase agreement and any mortgages, liens, or other encumbrances.

2. Documentation related to the ownership of Gulfstream Aircraft N909JE, Model G1159B, and Boeing Aircraft N908JE, Model 727-31, including purchase information, lease agreements, liens or other encumbrances, and payments for maintenance and storage.

3. All documents and information provided to the Palm Beach County State Attorney's Office in connection with its investigation of Mr. Epstein.

4. Bank information, account numbers, bank statements and billing statements for any bank accounts and/or credit cards used by Mr. Epstein (or any of his employees) to pay for Mr. Epstein's personal expenses, from January 1, 2004 to the present.

5. Information and billing statements for any "land lines," cellular telephones, Blackberry units, e-mail addresses, webpages, or the like for Mr. Epstein and all of his personal assistants (including but not limited to [redacted] and [redacted]) from January 1, 2004 to the present.

6. The computers, hard drives, CPUs, and any other computer media (including CD-ROMs, DVDs, floppy disks, flash drives, etc.) removed from 358 El Brillo Way, Palm Beach, Florida prior to the execution of the search warrant at that premises in October 2005.

7. All calendars, diaries, and address books kept by Mr. Epstein and all of his personal assistants from January 1, 2004 to the present, including electronic calendars and address books, whether stored on computer, PDA, or cellular telephone.

8. For persons in his employ at any time from January 1, 2004 to the present, employment and/or separation agreements between Mr. Epstein (or his company) and his personal assistants, airplane pilots, personal chefs, and for anyone who worked at 358 El Brillo Way, Palm Beach, Florida.

9. The names and contact information of all persons who performed "massage services" for Mr. Epstein at 358 El Brillo Way, Palm Beach, Florida or at his residences in New Albany, Ohio, Little St. James, U.S.V.I., and New York, NY; and documentation of payments made to or gifts given to any such persons.

10. Wage and earnings statements and other tax documents for all individuals referenced in items (8) and (9), *supra*.

11. Mr. Epstein's tax returns for 2004 and 2005.

12. From January 1, 2004, to the present, flight manifests and passenger lists for travel via Gulfstream Aircraft N909JE, Model G1159B and Boeing Aircraft N908JE, Model 727-31 (to the extent not already provided).

13. Documentation regarding any other interstate or international travel undertaken by Mr. Epstein from January 1, 2004, to the present, including but not limited to airplane tickets, car rental records, and hotel receipts.

After I have a chance to review the documents, I will contact you to set up a time to interview Mr. Epstein.

Thank you for your assistance with this matter, and I look forward to working with you and Mr. Lefcourt.

Sincerely,

R. Alexander Acosta
United States Attorney

By: A. Marie Villafaña
Assistant United States Attorney

# TAB 17

FD-448 (Rev. 6-2-97)

# FBI FACSIMILE

# COVER SHEET

**PRECEDENCE**

- ☐ Immediate
- ☐ Priority
- ☒ Routine

**CLASSIFICATION**

- ☐ Top Secret
- ☐ Secret
- ☐ Confidential
- ☐ Sensitive
- ☒ Unclassified

Time Transmitted: _____
Sender's Initials: jrr
Number of Pages: 5
(including cover sheet)

To: William Riley
Name of Office

Date: 06/20/2007

Facsimile Number: 954-905-4922

Attn: _____
Name Room Telephone

From: FBI
Name of Office

Subject: Service of Federal Grand Jury Subpoenas

Special Handling Instructions: _____

Originator's Name: SA Jason Richards Telephone: 561-833-7517

Originator's Facsimile Number: 561-833-7970

Approved: _____

Brief Description of Communication Faxed: Two subpoenas: 1) William Riley and 2) Custodian of Records, Riley Kiraly

**WARNING**

Information attached to the cover sheet is U.S. Government Property. If you are not the intended recipient of this information, disclosure, reproduction, distribution, or use of this information is prohibited (18,USC, § 641). Please notify the originator or the local FBI Office immediately to arrange for proper disposition.

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: Custodian of Records
Riley Kiraly
Commercial Center of Miami
6135 NW 167th Street E-26
Miami, FL 33015

## SUBPOENA TO TESTIFY BEFORE GRAND JURY

FGJ 07-103(WPB)/No. OLY-64

SUBPOENA FOR:
[X] PERSON [X] DOCUMENTS OR OBJECT[S]

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
| | DATE AND TIME:<br>July 10, 2007<br>1:00 pm* |

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

**THE DOCUMENTS AND OBJECTS LISTED ON ATTACHMENT A.**

***Please coordinate your compliance with this subpoena and confirm the date, time, and location of your appearance with S/A Nesbitt Kuyrkendall, Federal Bureau of Investigation, Telephone: (561) 822-5946.**

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | June 18, 2007 |

This subpoena is issued upon application of the United States of America.

Name, Address and Phone Number of Assistant U.S. Attorney
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: (561) 820-8711 x3047
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

**ATTACHMENT A**
**SUBPOENA TO PAUL A. LAVERY**

1. All computer equipment and electronic storage media removed from the residence located at 358 El Brillo Way, Palm Beach, Florida, including but not limited to central processing units ("CPUs"), laptop computers, keyboards, printers, modems, routers, hard drives, flash drives, thumb drives, CD-Roms, DVDs, floppy diskettes, digital cameras, and memory cards.

2. All computer equipment and electronic storage media that currently belongs to, or has ever belonged to, Jeffrey Epstein, including but not limited to central processing units ("CPUs"), laptop computers, keyboards, printers, modems, routers, hard drives, flash drives, thumb drives, CD-Roms, DVDs, floppy diskettes, digital cameras, and memory cards.

3. All documents and information related to the nature of the relationship between Mr. William Riley and/or Riley Kiraly and Mr. Jeffrey Epstein, including, but not limited to, retainer agreements; employment agreements; billing statements (whether submitted directly to Mr. Epstein or to a third party for reimbursement); records of the dates when services were performed and the hours worked; telephone logs or records of dates of communications with Mr. Epstein (or with a third party on Mr. Epstein's behalf); appointment calendars/datebooks and the like (whether in hard copy or electronic form) for any period when work was performed on behalf of Mr. Epstein or when any communication was had with Mr. Epstein (or with a third party on Mr. Epstein's behalf); and records of fee arrangements and payments received for work performed on Mr. Epstein's behalf.

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: William Riley
Riley Kiraly
Commercial Center of Miami
6135 NW 167th Street E-26
Miami, FL 33015

**SUBPOENA TO TESTIFY BEFORE GRAND JURY**
FGJ 07-103(WPB)/No. OLY-63

**SUBPOENA FOR:**
[X] PERSON [X] DOCUMENTS OR OBJECT[S]

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|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
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This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | June 18, 2007 |

This subpoena is issued upon application of the United States of America

A. Villafaña

Name, Address and Phone Number of Assistant U.S. Attorney
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: (561) 820-8711 x3047
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

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HOUSE_OVERSIGHT_012575

# TAB 18

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*500 S. Australian Ave, Ste 400*
*West Palm Beach, FL 33401*
*(561) 820-8711*
*Facsimile: (561) 820-8777*

December 13, 2007

DELIVERY BY ELECTRONIC MAIL
Jay P. Lefkowitz, Esq.
Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675

Re: Jeffrey Epstein

Dear Jay:

I am writing not to respond to your asserted "policy concerns" regarding Mr. Epstein's Non-Prosecution Agreement, which will be addressed by the United States Attorney, but the time has come for me to respond to the ever-increasing attacks on my role in the investigation and negotiations.

It is an understatement to say that I am surprised by your allegations regarding my role because I thought that we had worked very well together in resolving this dispute. I also am surprised because I feel that I bent over backwards to keep in mind the effect that the agreement would have on Mr. Epstein and to make sure that you (and he) understood the repercussions of the agreement. For example, I brought to your attention that one potential plea could result in no gain time for your client; I corrected one of your calculations of the Sentencing Guidelines that would have resulted in Mr. Epstein spending far more time in prison than you projected; I contacted the Bureau of Prisons to see whether Mr. Epstein would be eligible for the prison camp that you desired; and I told you my suspicions about the source of the press "leak" and suggested ways to avoid the press. Importantly, I continued to work with you in a professional manner even after I learned that you had been proceeding in bad faith for several weeks – thinking that I had incorrectly concluded that solicitation of minors to engage in prostitution was a registrable offense and that you would "fool" our Office into letting Mr. Epstein plead to a non-registrable offense. Even now, when it is clear that neither you nor your client ever intended to abide by the terms of the agreement that he signed, I have never alleged misconduct on your part.

The first allegation that you raise is that I "assiduously" hid from you the fact that Bert Ocariz is a friend of my boyfriend and that I have a "longstanding relationship" with Mr. Ocariz.

I informed you that I selected Mr. Ocariz because he was a friend and classmate of two people whom I respected, and that I had never met or spoken with Mr. Ocariz prior to contacting him about this case. All of those facts are true. I still have never met Mr. Ocariz, and, at the time that he and I spoke about this case, he did not know about my relationship with his friend. You suggest that I should have explicitly informed you that one of the referrals came from my "boyfriend" rather than simply a "friend," which is the term I used, but it is not my nature to discuss my personal relationships with opposing counsel. Your attacks on me and on the victims establish why I wanted to find someone whom I could trust with safeguarding the victims' best interests in the face of intense pressure from an unlimited number of highly skilled and well paid attorneys. Mr. Ocariz was that person.

One of your letters suggests a business relationship between Mr. Ocariz and my boyfriend. This is patently untrue and neither my boyfriend nor I would have received any financial benefit from Mr. Ocariz's appointment. Furthermore, after Mr. Ocariz learned more about Mr. Epstein's actions (as described below), he expressed a willingness to handle the case *pro bono*, with no financial benefit even to himself. Furthermore, you were given several other options to choose from, including the Podhurst firm, which was later selected by Judge Davis. You rejected those other options.

You also allege that I improperly disclosed information about the case to Mr. Ocariz. I provided Mr. Ocariz with a bare bones summary of the agreement's terms related to his appointment to help him decide whether the case was something he and his firm would be willing to undertake. I did not provide Mr. Ocariz with facts related to the investigation because they were confidential and instead recommended that he "Google" Mr. Epstein's name for background information. When Mr. Ocariz asked for additional information to assist his firm in addressing conflicts issues, I forwarded those questions to you, and you raised objections for the first time. I did not share any further information about Mr. Epstein or the case. Since Mr. Ocariz had been told that you concurred in his selection, out of professional courtesy, I informed Mr. Ocariz of the Office's decision to use a Special Master to make the selection and told him that the Office had made contact with Judge Davis. We have had no further contact since then and I have never had contact with Judge Davis. I understand from you that Mr. Ocariz contacted Judge Davis. You criticize his decision to do so, yet you feel that you and your co-counsel were entitled to contact Judge Davis to try to "lobby" him to select someone to your liking, despite the fact that the Non-Prosecution Agreement vested the Office with the exclusive right to select the attorney representative.

Another reason for my surprise about your allegations regarding misconduct related to the Section 2255 litigation is your earlier desire to have me perform the role of "facilitator" to convince the victims that the lawyer representative was selected by the Office to represent their interests alone and that the out-of-court settlement of their claims was in their best interests. You now state that doing the same things that you had asked me to do earlier is improper meddling in civil litigation.

Much of your letter reiterates the challenges to Detective Recarey's investigation that have

already been submitted to the Office on several occasions and you suggest that I have kept that information from those who reviewed the proposed indictment package. Contrary to your suggestion, those submissions were attached to and incorporated in the proposed indictment package, so your suggestion that I tried to hide something from the reviewers is false. I also take issue with the duplicity of stating that we must accept as true those parts of the Recarey reports and witness statements that you like and we must accept as false those parts that you do not like. You and your co-counsel also impressed upon me from the beginning the need to undertake an independent investigation. It seems inappropriate now to complain because our independent investigation uncovered facts that are unfavorable to your client.

You complain that I "forced" your client and the State Attorney's Office to proceed on charges that they do not believe in, yet you do not want our Office to inform the State Attorney's Office of facts that support the additional charge nor do you want any of the victims of that charge to contact Ms. Belohlavek or the Court. Ms. Belohlavek's opinion may change if she knows the full scope of your client's actions. You and I spent several weeks trying to identify and put together a plea to federal charges that your client was willing to accept. Yet your letter now accuses me of "manufacturing" charges of obstruction of justice, making obscene phone calls, and violating child privacy laws. When Mr. Lourie told you that those charges would "embarrass the Office," he meant that the Office was unwilling to bend the facts to satisfy Mr. Epstein's desired prison sentence – a statement with which I agree.

I hope that you understand how your accusations that I imposed "ultimatums" and "forced" you and your client to agree to unconscionable contract terms cannot square with the true facts of this case. As explained in letters from Messrs. Acosta and Sloman, the indictment was postponed for more than five months to allow you and Mr. Epstein's other attorneys to make presentations to the Office to convince the Office not to prosecute. Those presentations were unsuccessful. As you mention in your letter, I –a simple line AUSA – handled the primary negotiations for the Office, and conducted those negotiations with you, Ms. Sanchez, Mr. Lewis, and a host of other highly skilled and experienced practitioners. As you put it, your group has a "combined 250 years experience" to my fourteen. The agreement itself was signed by Mr. Epstein, Ms. Sanchez, and Mr. Lefcourt, whose experience speaks for itself. You and I spent hours negotiating the terms, including when to use "a" versus "the" and other minutiae. When you and I could not reach agreement, you repeatedly went over my head, involving Messrs. Lourie, Menchel, Sloman, and Acosta in the negotiations at various times. In any and all plea negotiations the defendant understands that his options are to plead or to continue with the investigation and proceed to trial. Those were the same options that were proposed to Mr. Epstein, and they are not "persecution or intimidation tactics." Mr. Epstein chose to sign the agreement with the advice of a multitude of extremely noteworthy counsel.

You also make much of the fact that the names of the victims were not released to Mr. Epstein prior to signing the Agreement. You never asked for such a term. During an earlier meeting, where Mr. Black was present, he raised the concern that you now voice. Mr. Black and I did not have a chance to discuss the issue, but I had already conceived of a way to resolve that

issue if it were raised during negotiations. As I stated, it was not, leading me to believe that it was not a matter of concern to the defense. Since the signing of the Non-Prosecution Agreement, the agents and I have vetted the list of victims more than once. In one instance, we decided to remove a name because, although the minor victim was touched inappropriately by Mr. Epstein, we decided that the link to a payment was insufficient to call it "prostitution." I have always remained open to a challenge to the list, so your suggestion that Mr. Epstein was forced to write a blank check is simply unfounded.

Your last set of allegations relates to the investigation of the matter. For instance, you claim that some of the victims were informed of their right to collect damages prior to a thorough investigation of their allegations against Mr. Epstein. This also is false. None of the victims was informed of the right to sue under Section 2255 prior to the investigation of the claims. Three victims were notified shortly after the signing of the Non-Prosecution Agreement of the general terms of that Agreement. You raised objections to any victim notification, and no further notifications were done. Throughout this process you have seen that I have prepared this case as though it would proceed to trial. Notifying the witnesses of the possibility of damages claims prior to concluding the matter by plea or trial would only undermine my case. If my reassurances are insufficient, the fact that not a single victim has threatened to sue Mr. Epstein should assure you of the integrity of the investigation.[1]

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[1]There are numerous other unfounded allegations in your letter about document demands, the money laundering investigation, contacting potential witnesses, speaking with the press, and the like. For the most part, these allegations have been raised and disproven earlier and need not be readdressed. However, with respect to the subpoena served upon the private investigator, contrary to your assertion, and as your co-counsel has already been told, I did consult with the Justice Department prior to issuing the subpoena and I was told that because I was not subpoenaing an attorney's office or an office physically located within an attorney's office, and because the business did private investigation work for individuals (rather than working exclusively for Mr. Black), I could issue a grand jury subpoena in the normal course, which is what I did. I also did not "threaten" the State Attorney's Office with a grand jury subpoena, as the correspondence with their grand jury coordinator makes perfectly clear.

With regard to your allegation of my filing the Palm Beach Police Department's probable cause affidavit "with the court knowing that the public could access it," I do not know to what you are referring. All documents related to the grand jury investigation have been filed under seal, and the Palm Beach Police Department's probable cause affidavit has never been filed with the Court. If, in fact, you are referring to the *Ex Parte* Declaration of Joseph Recarey that was filed in response to the motion to quash the grand jury subpoena, it was filed both under seal and *ex parte*, so no one should have access to it except the Court and myself. Those documents are still in the Court file only because you have violated one of the terms of the Agreement by failing to "withdraw [Epstein's] pending motion to intervene and to quash certain grand jury subpoenas."

With respect to Ms. Miller, I contacted her attorney – who was paid for by Mr. Epstein and was directed by counsel for Mr. Epstein to demand immunity – and asked only whether he still represented Ms. Miller and if he wanted me to send the victim notification letter to him. He asked what the letter would say and I told him that the letter would be forthcoming in about a week and that I could not provide him with the terms. With respect to Ms. Miller's status as a victim, you again want us to accept as true only facts that are beneficial to your client and to reject as false anything detrimental to him. Ms. Miller made a number of statements that are contradicted by documentary evidence and a review of her recorded statement shows her lack of credibility with respect to a number of statements. Based upon all of the evidence collected, Ms. Miller is classified as a victim as defined by statute. Of course, that does not mean that Ms. Miller considers herself a victim or that she would seek damages from Mr. Epstein. I believe that a number of the identified victims will not seek damages, but that does not negate their legal status as victims.

I hope that you now understand that your accusations against myself and the agents are unfounded. In the future, I recommend that you address your accusations to me so that I can correct any misunderstandings before you make false allegations to others in the Department. I hope that we can move forward with a professional resolution of this matter, whether that be by your client's adherence to the contract that he signed, or by virtue of a trial.

Sincerely,

R. Alexander Acosta
United States Attorney

By: s/*A. Marie Villafaña*
A. Marie Villafaña
Assistant United States Attorney

cc: R. Alexander Acosta, U.S. Attorney
Jeffrey Sloman, First Assistant U.S. Attorney

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You also accuse me of "broaden[ing] the scope of the investigation without any foundation for doing so by adding charges of money laundering and violations of a money transmitting business to the investigation." Again, I consulted with the Justice Department's Money Laundering Section about my analysis before expanding that scope. The duty attorney agreed with my analysis.

# TAB 19

AO110 (Rev. 04/07) Subpoena to Testify Before Grand Jury

# UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF FLORIDA

TO:

[redacted]

**SUBPOENA TO TESTIFY BEFORE GRAND JURY**

FGJ 07-103 (WPB)-Tues. No. OLY-85/1

SUBPOENA FOR:

☑ PERSON ☑ DOCUMENT(S) OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

| PLACE | COURTROOM |
|---|---|
| United States District Court<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
| | DATE AND TIME<br>7/1/2008 10:30 am |

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

ALL DOCUMENTS AND INFORMATION REFERENCED IN THE ATTACHMENT TO THIS SUBPOENA.

☐ *Please see additional information on rev...*

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK

(By) Deputy Clerk

U.S. COURTS SOUTHERN DISTRICT OF FLORIDA

This subpoena is issued on application of the United States of America.

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 South Australian Avenue, Suite 400
West Palm Beach, Florida 33401-6235
Tel: (561) 820-8711, ext 3047

* If not applicable, enter "none".

**ATTACHMENT TO GRAND JURY SUBPOENA OLY-85/1**
**ADDRESSED TO [redacted]**

PLEASE BRING THE FOLLOWING DOCUMENTS, ITEMS, AND INFORMATION WITH YOU TO YOUR GRAND JURY APPEARANCE:

1. Any and all notes, letters, cards, gifts, payments, photographs, or other items that you have received from Jeffrey Epstein, [redacted], [redacted], [redacted], [redacted] Lesley Groff, Ghislaine Maxwell, and/or any other employee or associate of Jeffrey Epstein.

2. Any and all photographs, whether printed or digital, of Jeffrey Epstein, [redacted], [redacted], [redacted], [redacted], Lesley Groff, Ghislaine Maxwell, and/or any other employee or associate of Jeffrey Epstein.

3. Any and all e-mails, instant messages, chats, text messages, voicemails, or telephone messages that you have sent to and/or received from Jeffrey Epstein, [redacted], [redacted], [redacted], [redacted], Lesley Groff, Ghislaine Maxwell, and/or any other employee or associate of Jeffrey Epstein.

4. A list of all telephone numbers (cellular and "land line"), e-mail addresses, screen names, addresses, and any other contact information that you have for the following persons during the period of January 1, 2003 to the present:

a. yourself;
b. Jeffrey Epstein;
c. [redacted]
d.
e.
f.
g. Lesley Groff;
h. Ghislaine Maxwell;
i. any person(s) who introduced you to Jeffrey Epstein and/or Ghislaine Maxwell;
j. any person(s) whom you introduced to Jeffrey Epstein and/or Ghislaine Maxwell;
k. any person(s) who communicated with you to arrange appointments to meet with Jeffrey Epstein and/or Ghislaine Maxwell.

5. Any billing statements for telephone service (cellular and "land line") for any telephone you used during the period of January 1, 2003 to the present.

# TAB 20

## CONFIDENTIAL PLEA NEGOTIATIONS

TERMS OF EPSTEIN NON-PROSECUTION AGREEMENT

- Epstein pleads guilty (not nolo contendere) to an Information filed by the Palm Beach County State Attorney's Office charging him with:
  (a) lewd and lascivious battery on a child, in violation of Fl. Stat. 800.04(4);
  (b) solicitation of minors to engage in prostitution, in violation of Fl. Stat. 796.03; and
  (c) engaging in sexual activity with minors at least sixteen years of age, in violation of Fl. Stat. 794.05.

- Epstein and the State Attorney's Office make a joint, binding recommendation that Epstein serve at least two years in prison, without any opportunity for withholding adjudication or sentencing; and without probation or community control in lieu of imprisonment.

- Epstein agrees to waive all challenges to the information filed by the State and the right to appeal.

- Epstein agrees that, if any of the victims identified in the federal investigation file suit pursuant to 18 U.S.C. § 2255, Epstein will not contest the jurisdiction of the U.S. District Court for the Southern District of Florida over his person and the subject matter. Epstein will not contest that the identified victims are persons who, while minors, were victims of violations of Title 18, United States Code, Sections(s) 2422 and/or 2423.

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- After Epstein enters his state court plea and is sentenced, the FBI and the U.S. Attorney's Office will close their investigations into violations of 18 U.S.C. §§ 1591, 2422, and 2423.

**FEDERAL SENTENCING GUIDELINES CALCULATION**
**(Using November 1, 2004 Guidelines Manual)**

Each count of §§ 1591, 2422(b) and 2423(b):

| | |
|---|---|
| Base Offense Level under 2G1.3: | 24 |
| Offense involved sexual contact: | +2 |
| | 26 |

Counts do not group, so add 5 levels for more than 5 units, pursuant to 3D1.4
Offense Level 31

Apply Repeat and Dangerous Sex Offender against Minors enhancement at 4B1.5
Total Offense Level 36

Assuming Criminal History Category I, advisory guideline range is 188 - 235 months with lifetime supervised release.

# TAB 21

**IN RE:**
**INVESTIGATION OF**
**JEFFREY EPSTEIN**
_____/

## NON-PROSECUTION AGREEMENT

IT APPEARING that the City of Palm Beach Police Department and the State Attorney's Office for the 15th Judicial Circuit in and for Palm Beach County (hereinafter, the "State Attorney's Office") have conducted an investigation into the conduct of Jeffrey Epstein (hereinafter "Epstein");

IT APPEARING that the State Attorney's Office has charged Epstein by indictment with solicitation of prostitution, in violation of Florida Statutes Section 796.07;

IT APPEARING that the United States Attorney's Office and the Federal Bureau of Investigation have conducted their own investigation into Epstein's background and any offenses that may have been committed by Epstein against the United States from in or around 2001 through in or around September 2007, including:

(1) knowingly and willfully conspiring with others known and unknown to commit an offense against the United States, that is, to use a facility or means of interstate or foreign commerce to knowingly persuade, induce, or entice minor females to engage in prostitution, in violation of Title 18, United States Code, Section 2422(b); all in violation of Title 18, United States Code, Section 371;

(2) knowingly and willfully conspiring with others known and unknown to travel in interstate commerce for the purpose of engaging in illicit sexual conduct, as defined in 18 U.S.C. § 2423(f), with minor females, in violation of Title 18, United States Code, Section 2423(b); all in violation of Title 18, United States Code, Section 2423(e);

(3) using a facility or means of interstate or foreign commerce to knowingly persuade, induce, or entice minor females to engage in prostitution; in violation of Title 18, United States Code, Sections 2422(b) and 2;

(4) traveling in interstate commerce for the purpose of engaging in illicit sexual conduct, as defined in 18 U.S.C. § 2423(f), with minor females; in violation



HOUSE_OVERSIGHT_012589

of Title 18, United States Code, Section 2423(b); and

(5) knowingly, in and affecting interstate and foreign commerce, recruiting, enticing, and obtaining by any means a person, knowing that the person had not attained the age of 18 years and would be caused to engage in a commercial sex act as defined in 18 U.S.C. § 1591(c)(1); in violation of Title 18, United States Code, Sections 1591(a)(1) and 2; and

IT APPEARING that Epstein seeks to resolve globally his state and federal criminal liability and Epstein understands and acknowledges that, in exchange for the benefits provided by this agreement, he agrees to comply with its terms, including undertaking certain actions with the State Attorney's Office;

IT APPEARING, after an investigation of the offenses and Epstein's background by both State and Federal law enforcement agencies, and after due consultation with the State Attorney's Office, that the interests of the United States, the State of Florida, and the Defendant will be served by the following procedure;

THEREFORE, on the authority of R. Alexander Acosta, United States Attorney for the Southern District of Florida, prosecution in this District for these offenses shall be deferred in favor of prosecution by the State of Florida, provided that Epstein abides by the following conditions and the requirements of this Agreement set forth below.

If the United States Attorney should determine, based on reliable evidence, that, during the period of the Agreement, Epstein willfully violated any of the conditions of this Agreement, then the United States Attorney may, within ninety (90) days following the expiration of the term of home confinement discussed below, provide Epstein with timely notice specifying the condition(s) of the Agreement that he has violated, and shall initiate its prosecution on any offense within sixty (60) days' of giving notice of the violation. Any notice provided to Epstein pursuant to this paragraph shall be provided within 60 days of the United States learning of facts which may provide a basis for a determination of a breach of the Agreement.

After timely fulfilling all the terms and conditions of the Agreement, no prosecution for the offenses set out on pages 1 and 2 of this Agreement, nor any other offenses that have been the subject of the joint investigation by the Federal Bureau of Investigation and the United States Attorney's Office, nor any offenses that arose from the Federal Grand Jury investigation will be instituted in this District, and the charges against Epstein if any, will be dismissed.



HOUSE_OVERSIGHT_012590

Terms of the Agreement:

1. Epstein shall plead guilty (not nolo contendere) to the Indictment as currently pending against him in the 15th Judicial Circuit in and for Palm Beach County (Case No. 2006-cf-009495AXXXMB) charging one (1) count of solicitation of prostitution, in violation of Fl. Stat. § 796.07. In addition, Epstein shall plead guilty to an Information filed by the State Attorney's Office charging Epstein with an offense that requires him to register as a sex offender, that is, the solicitation of minors to engage in prostitution, in violation of Florida Statutes Section 796.03;

2. Epstein shall make a binding recommendation that the Court impose a thirty (30) month sentence to be divided as follows:

   (a) Epstein shall be sentenced to consecutive terms of twelve (12) months and six (6) months in county jail for all charges, without any opportunity for withholding adjudication or sentencing, and without probation or community control in lieu of imprisonment; and

   (b) Epstein shall be sentenced to a term of twelve (12) months of community control consecutive to his two terms in county jail as described in Term 2(a), *supra*.

3. This agreement is contingent upon a Judge of the 15th Judicial Circuit accepting and executing the sentence agreed upon between the State Attorney's Office and Epstein, the details of which are set forth in this agreement.

4. The terms contained in paragraphs 1 and 2, *supra*, do not foreclose Epstein and the State Attorney's Office from agreeing to recommend any additional charge(s) or any additional term(s) of probation and/or incarceration.

5. Epstein shall waive all challenges to the Information filed by the State Attorney's Office and shall waive the right to appeal his conviction and sentence, except a sentence that exceeds what is set forth in paragraph (2), *supra*.

6. Epstein shall provide to the U.S. Attorney's Office copies of all



HOUSE_OVERSIGHT_012591

proposed agreements with the State Attorney's Office prior to entering into those agreements.

7. The United States shall provide Epstein's attorneys with a list of individuals whom it has identified as victims, as defined in 18 U.S.C. § 2255, after Epstein has signed this agreement and been sentenced. Upon the execution of this agreement, the United States, in consultation with and subject to the good faith approval of Epstein's counsel, shall select an attorney representative for these persons, who shall be paid for by Epstein. Epstein's counsel may contact the identified individuals through that representative.

8. If any of the individuals referred to in paragraph (7), *supra*, elects to file suit pursuant to 18 U.S.C. § 2255, Epstein will not contest the jurisdiction of the United States District Court for the Southern District of Florida over his person and/or the subject matter, and Epstein waives his right to contest liability and also waives his right to contest damages up to an amount as agreed to between the identified individual and Epstein, so long as the identified individual elects to proceed exclusively under 18 U.S.C. § 2255, and agrees to waive any other claim for damages, whether pursuant to state, federal, or common law. Notwithstanding this waiver, as to those individuals whose names appear on the list provided by the United States, Epstein's signature on this agreement, his waivers and failures to contest liability and such damages in any suit are not to be construed as an admission of any criminal or civil liability.

9. Epstein's signature on this agreement also is not to be construed as an admission of civil or criminal liability or a waiver of any jurisdictional or other defense as to any person whose name does not appear on the list provided by the United States.

10. Except as to those individuals who elect to proceed exclusively under 18 U.S.C. § 2255, as set forth in paragraph (8), *supra*, neither Epstein's signature on this agreement, nor its terms, nor any resulting waivers or settlements by Epstein are to be construed as admissions or evidence of civil or criminal liability or a waiver of any jurisdictional or other defense as to any person, whether or not her name appears on the list provided by the United States.

11. Epstein shall use his best efforts to enter his guilty plea and be



HOUSE_OVERSIGHT_012592

sentenced not later than October 26, 2007. The United States has no objection to Epstein self-reporting to begin serving his sentence not later than January 4, 2008.

12. Epstein agrees that he will not be afforded any benefits with respect to gain time, other than the rights, opportunities, and benefits as any other inmate, including but not limited to, eligibility for gain time credit based on standard rules and regulations that apply in the State of Florida. At the United States' request, Epstein agrees to provide an accounting of the gain time he earned during his period of incarceration.

13. The parties anticipate that this agreement will not be made part of any public record. If the United States receives a Freedom of Information Act request or any compulsory process commanding the disclosure of the agreement, it will provide notice to Epstein before making that disclosure.

Epstein understands that the United States Attorney has no authority to require the State Attorney's Office to abide by any terms of this agreement. Epstein understands that it is his obligation to undertake discussions with the State Attorney's Office and to use his best efforts to ensure compliance with these procedures, which compliance will be necessary to satisfy the United States' interest. Epstein also understands that it is his obligation to use his best efforts to convince the Judge of the 15th Judicial Circuit to accept Epstein's binding recommendation regarding the sentence to be imposed, and understands that the failure to do so will be a breach of the agreement.

In consideration of Epstein's agreement to plead guilty and to provide compensation in the manner described above, if Epstein successfully fulfills all of the terms and conditions of this agreement, the United States also agrees that it will not institute any criminal charges against any potential co-conspirators of Epstein, including but not limited to [redacted], [redacted], Lesley Groff, or [redacted] Further, upon execution of this agreement and a plea agreement with the State Attorney's Office, the federal Grand Jury investigation will be suspended, and all pending federal Grand Jury subpoenas will be held in abeyance unless and until the defendant violates any term of this agreement. The defendant likewise agrees to withdraw his pending motion to intervene and to quash certain grand jury subpoenas. Both parties agree to maintain their evidence, specifically evidence requested by or directly related to the grand jury subpoenas that have been issued, and including certain computer equipment, inviolate until all of the terms of this agreement have been satisfied. Upon the successful completion of the terms of this agreement, all outstanding grand jury subpoenas shall be deemed withdrawn.



HOUSE_OVERSIGHT_012593

By signing this agreement, Epstein asserts and certifies that each of these terms is material to this agreement and is supported by independent consideration and that a breach of any one of these conditions allows the United States to elect to terminate the agreement and to investigate and prosecute Epstein and any other individual or entity for any and all federal offenses.

By signing this agreement, Epstein asserts and certifies that he is aware of the fact that the Sixth Amendment to the Constitution of the United States provides that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial. Epstein further is aware that Rule 48(b) of the Federal Rules of Criminal Procedure provides that the Court may dismiss an indictment, information, or complaint for unnecessary delay in presenting a charge to the Grand Jury, filing an information, or in bringing a defendant to trial. Epstein hereby requests that the United States Attorney for the Southern District of Florida defer such prosecution. Epstein agrees and consents that any delay from the date of this Agreement to the date of initiation of prosecution, as provided for in the terms expressed herein, shall be deemed to be a necessary delay at his own request, and he hereby waives any defense to such prosecution on the ground that such delay operated to deny him rights under Rule 48(b) of the Federal Rules of Criminal Procedure and the Sixth Amendment to the Constitution of the United States to a speedy trial or to bar the prosecution by reason of the running of the statute of limitations for a period of months equal to the period between the signing of this agreement and the breach of this agreement as to those offenses that were the subject of the grand jury's investigation. Epstein further asserts and certifies that he understands that the Fifth Amendment and Rule 7(a) of the Federal Rules of Criminal Procedure provide that all felonies must be charged in an indictment presented to a grand jury. Epstein hereby agrees and consents that, if a prosecution against him is instituted for any offense that was the subject of the grand jury's investigation, it may be by way of an Information signed and filed by the United States Attorney, and hereby waives his right to be indicted by a grand jury as to any such offense.

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HOUSE_OVERSIGHT_012594

By signing this agreement, Epstein asserts and certifies that the above has been read and explained to him. Epstein hereby states that he understands the conditions of this Non-Prosecution Agreement and agrees to comply with them.

R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY

Dated: _____ By: _____
A. MARIE VILLAFAÑA
ASSISTANT U.S. ATTORNEY

Dated: 9/24/07 _____
JEFFREY EPSTEIN

Dated: _____ _____
GERALD LEFCOURT, ESQ.
COUNSEL TO JEFFREY EPSTEIN

Dated: _____ _____
LILLY ANN SANCHEZ, ESQ.
ATTORNEY FOR JEFFREY EPSTEIN



HOUSE_OVERSIGHT_012595

By signing this agreement, Epstein asserts and certifies that the above has been read and explained to him. Epstein hereby states that he understands the conditions of this Non-Prosecution Agreement and agrees to comply with them.

R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY

Dated: _____ By: _____
A. MARIE VILLAFAÑA
ASSISTANT U.S. ATTORNEY

Dated: _____ _____
JEFFREY EPSTEIN

Dated: 9/24/07 _____
GERALD LEFCOURT, ESQ.
COUNSEL TO JEFFREY EPSTEIN

Dated: _____ _____
LILLY ANN SANCHEZ, ESQ.
ATTORNEY FOR JEFFREY EPSTEIN



HOUSE_OVERSIGHT_012596

By signing this agreement, Epstein asserts and certifies that the above has been read and explained to him. Epstein hereby states that he understands the conditions of this Non-Prosecution Agreement and agrees to comply with them.

R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY

Dated: _____ By: _____
A. MARIE VILLAFAÑA
ASSISTANT U.S. ATTORNEY

Dated: _____ _____
JEFFREY EPSTEIN

Dated: _____ _____
GERALD LEFCOURT, ESQ.
COUNSEL TO JEFFREY EPSTEIN

Dated: 9-24-07 _____
LILLY ANN SANCHEZ, ESQ.
ATTORNEY FOR JEFFREY EPSTEIN



HOUSE_OVERSIGHT_012597

# TAB 22

U.S. Department of Justice

*United States Attorney*
*Southern District of Florida*

*500 South Australian Ave., Suite 400*
*West Palm Beach, FL 33401*
*(561) 820-8711*

August 31, 2007

DELIVERY BY FACSIMILE
Ms. [redacted]
In care of Bruce Lyons, Esq.
Lyons and Sanders
600 Northeast 3rd Avenue
Fort Lauderdale, FL 33304

Re: Grand Jury Investigation--Confidential

Dear [redacted]

This letter is an invitation for you to testify before a federal Grand Jury, and is supplied in order to provide helpful background information about the Grand Jury. The Grand Jury consists of from sixteen to twenty-three persons from the Southern District of Florida. It is their responsibility to inquire into federal crimes which may have been committed in this District.

As a Grand Jury witness you will be asked to testify and answer questions under oath, and to produce records and documents. Only the members of the Grand Jury, attorneys for the United States and a stenographer are permitted in the Grand Jury room while you testify.

The U.S. Department of Justice encourages prosecutors to notify an individual in appropriate cases that he or she is a target of a grand jury investigation. Accordingly, you are hereby notified that you are a target of a federal grand jury investigation in the Southern District of Florida concerning suspected violations of federal law, including but not limited to, possible violations of Title 18, United States Code, Sections 2, 371, 1512, 1591, 1952, 1956, 1960, 2421, 2422, and 2423.

You are advised that the destruction or alteration of any document required to be produced before the grand jury constitutes serious violation of federal law, including but not limited to Obstruction of Justice.

A "target" is a person as to whom the prosecutors or the Grand Jury have substantial

evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutors, is a putative defendant.

This letter constitutes an invitation to you to testify on your own behalf before the grand jury about matters under investigation. Of course, you are not required to appear before the grand jury. The decision whether to do so is a voluntary matter which is entirely up to you. The grand jury, if in fact it learns of this opportunity afforded to you, will be instructed not to draw any adverse inference from your failure to appear should you decide not to accept this invitation. You must further understand that should you decide to testify, your testimony could be used against you if any criminal charges should be filed against you.

Should you decide to appear before the grand jury, you will have the same rights and obligations as any non-immunized grand jury witness. Specifically,

> You may refuse to answer any question if a truthful answer to the question would tend to incriminate you.
>
> You have the right to stop answering questions at any time.
>
> Anything you say may be used against you at the grand jury or in a subsequent legal proceeding.
>
> The grand jury will permit you a reasonable opportunity to step outside the grand jury room to consult with your attorney, if you so desire, at any point during the testimony you give.

Please be further advised that the giving of false testimony before the grand jury will subject you to a prosecution for perjury in addition to the violations set forth above.

As a target of a grand jury investigation who has been asked to appear before the grand jury, you may wish to retain the services of an attorney. If you cannot afford the services of independent counsel, the Court may be able to appoint counsel to represent you. If you would like the United States to ask the Court to appoint an attorney to represent you, please contact the undersigned at 561 209-1047. The United States is investigating other individuals, and you may be interested in cooperating with the United States against those other targets. If you hire an attorney, or if the Court appoints one to represent you, that counsel can contact me to discuss that possibility.

Ms. [redacted]
August 31, 2007
Page 3

Please advise me whether you wish to testify before the grand jury by close of business Wednesday, September 12, 2007. If I do not receive notification from you or your counsel by this date, I will assume that you do not wish to testify before the grand jury.

Sincerely,
R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY

By: A. Marie Villafaña
A. Marie Villafaña
Assistant United States Attorney

# TAB 23

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*500 South Australian Ave., Suite 400*
*West Palm Beach, FL 33401*
*(561) 820-8711*
*Facsimile: (561) 820-8777*

August 16, 2007

VIA FACSIMILE
Gerald Lefcourt, Esq.
Gerald P. Lefcourt, P.C.
148 East 78th Street
New York, NY 10021

Re: Subpoena to Custodian of Records, NES, LLC

Dear Mr. Lefcourt:

I write in response to your letter of July 18, 2007 regarding the grand jury subpoena issued to the Custodian of Records for NES, LLC. I have attached an identical subpoena containing a return date of September 11, 2007, and subpoenas for two NES employees, Eric Gany and Harry Beller. If you will not be representing Messrs. Gany and Beller, please let me know.

First, as I mentioned in my earlier correspondence, a properly executed declaration from the Custodian of Records is needed, and, if no documents responsive to a particular request exist, the Custodian should certify that under penalty of perjury.

Second, you write that NES has no documents responsive to Requests 1 through 5. I know that NES has several credit card accounts for the benefit of the persons who manage Mr. Epstein's properties, including Janusz Banasiak and Alfredo Rodriguez. I also know that NES regularly receives money from an account that is used to pay expenses at 358 El Brillo Way and also wires money to that same account. Those wire transfers fall within the time period called for by the subpoena and number in the hundreds of thousands of dollars. If NES does not maintain records of its banking activities, then I would like to see a copy of its document retention policy, so I have added that to the Attachment to the Subpoena.

Third, Mr. Menchel's comment to you about potential money laundering charges related only to a resolution of the case. In other words, if the sex offense case is resolved, the Office would close its investigation into other areas as well. The matter has not been, and it does not appear that it will be, resolved so the money laundering investigation continues, and Request Number 6 will not be withdrawn. The request is not overbroad and is stated with particularity, so please comply with the request by the new deadline.

With respect to paragraph 7, the information provided regarding the pilots came from the corporate records of Hyperion and JEGE, Inc., not NES. However, I have provided a shorter list in the new subpoena attachment.

I also have enclosed another certification for the Custodian of Records' signature.

Thank you again for your assistance.

Sincerely,

R. Alexander Acosta
United States Attorney

By: A. Marie Villafaña
A. Marie Villafaña
Assistant United States Attorney

cc: B. Nesbitt Kuyrkendall, FBI (with enclosures)

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: Custodian of Records
NES, LLC

**SUBPOENA TO TESTIFY BEFORE GRAND JURY**
FGJ 07-103(WPB)/No. OLY-65/2

**SUBPOENA FOR:**
[X] PERSON [X] DOCUMENTS OR OBJECT[S]

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
| | DATE AND TIME:<br>September 11, 2007<br>1:00 pm* |

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

**THE DOCUMENTS AND OBJECTS LISTED ON ATTACHMENT A.**

***Please coordinate your compliance with this subpoena and confirm the date, time, and location of your appearance with S/A Nesbitt Kuyrkendall, Federal Bureau of Investigation, Telephone: (561) 822-5946.**

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | August 16, 2007 |

This subpoena is issued upon application of the United States of America

Ann Marie Villafaña

Name, Address and Phone Number of Assistant U.S. Attorney
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: (561) 820-8711 x3047
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

# ATTACHMENT TO SUBPOENA OLY-65/2
# NES, LLC

1. For the period of January 1, 2003 to the present, all calendars, agendas, daily diaries, or other records of appointments, travel, meetings and the like, kept by or on behalf of Jeffrey Epstein, [redacted] [redacted] Lesley Groff, and/or [redacted]. This request includes information that is kept in physical "hard copy" and/or electronic form, whether stored on a personal computer, database server, cellular telephone, "Blackberry" unit, personal digital assistant ("PDA") or other handheld electronic device, or in any other electronic form, and all metadata included within the electronic/physical files.

2. For the period of January 1, 2003 to the present, all address books, contact lists, or other records of names, telephone numbers, addresses, and/or e-mail addresses kept by or on behalf of Jeffrey Epstein, [redacted] [redacted], Lesley Groff, and/or [redacted]. This request includes information that is kept in physical "hard copy" and/or electronic form, whether stored on a personal computer, database server, cellular telephone, "Blackberry" unit, personal digital assistant ("PDA") or other handheld electronic device, or in any other electronic form, and all metadata included within the electronic/physical files.

3. For the period of January 1, 2003 to the present, all e-mails, instant messages, text messages, meeting invitations, and any other electronic communication sent by Jeffrey Epstein, [redacted], [redacted] Lesley Groff, and/or [redacted] to Jeffrey Epstein, [redacted] [redacted] Lesley Groff, and/or [redacted]. This request includes information that is kept in physical "hard copy" and/or electronic form, whether stored on a personal computer, database server, cellular telephone, "Blackberry" unit, personal digital assistant ("PDA") or other handheld electronic device, or in any other electronic form, and all metadata included within the electronic/physical files.

4. For the period of January 1, 2003 to the present, all documents and information referring or relating to the transfer of funds to or from any account owned by NES, LLC to or from any bank account used for the maintenance of the property located at 358 El Brillo Way, Palm Beach, Florida, or for the payment of any person working at 358 El Brillo Way, Palm Beach, Florida.

5. For the period of January 1, 2003 to the present, all documents and information referring or relating to the transfer of funds to or from any account owned by NES, LLC to or from any bank account on which Janusz Banasiak and/or Alfredo Rodriguez had or has check-writing authority and/or access to via debit/ATM card.

6. For the period of January 1, 2003 to the present, all documents and information referring or relating to the transfer of fund to or from any account owned by NES, LLC to or from any account owned by JEGE, Inc., Jeffrey E. Epstein, Hyperion Air, Inc., Financial Trust Co., New York Strategy Group, Inc., J. Epstein Virgin Islands Foundations, Inc., and/or Epstein Interests.

7. For the period of January 1, 2003 to the present, the names of all employees and all corporate directors, board members, and shareholders.

8. For the period of January 1, 2003 to the present, copies of all W-2s and/or 1099s for the following persons: Jeffrey Epstein, [redacted], Lesley Groff, [redacted] Janusz Banasiak, Alfredo Rodriguez, Harry Beller, [redacted], [redacted] and Eric T. Gany.

9. Any and all document retention and/or destruction policies.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

IN RE FEDERAL GRAND JURY SUBPOENA
OLY-65/2
ADDRESSED TO NES, LLC
_____/

**CERTIFICATION REGARDING DOMESTIC RECORDS OF REGULARLY CONDUCTED ACTIVITY**

I, the undersigned, _____, declare that I am employed by NES, LLC in the position of _____, and, by reason of my position, am authorized and qualified to make this declaration.

1. In my employment with NES, LLC, I am familiar with the business records it maintains.

2. I certify that the records attached to this certification:

   (a) were made at or near the time of the occurrence of the matters set forth therein, by or from information transmitted by, a person with knowledge of those matters;

   (b) were kept in the course of regularly conducted business activity; and

   (c) were made by the regularly conducted activity as a regular practice.

2. Among the records so maintained are the attached records itemized in Appendix A (Document Inventory).

3. I further certify that the documents attached hereto are responsive to Grand Jury Subpoena 65/2 served upon NES, LLC.

4. I further certify that NES, LLC has no documents responsive to request number(s) _____ in Grand Jury Subpoena number 65/2. [Fill in or strike out as appropriate.]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing information is true and correct.

Executed this _____ day of _____, 2007.

Place of execution: _____

_____
Signature

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: HARRY BELLER
NES, LLC

**SUBPOENA TO TESTIFY BEFORE GRAND JURY**
FGJ 07-103(WPB)/No. OLY-75

**SUBPOENA FOR:**
[X] PERSON [ ] DOCUMENTS OR OBJECT[S]

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
| | DATE AND TIME:<br>September 11, 2007<br>1:00 pm* |

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

***Please coordinate your compliance with this subpoena and confirm the date, time, and location of your appearance with S/A Nesbitt Kuyrkendall, Federal Bureau of Investigation, Telephone: (561) 822-5946.**

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| | |
|---|---|
| CLERK | DATE: |
| (BY) DEPUTY CLERK | August 16, 2007 |

This subpoena is issued upon application of the United States of America

Name, Address and Phone Number of Assistant U.S. Attorney
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: (561) 820-8711 x3047
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: ERIC GANY
NES, LLC

**SUBPOENA TO TESTIFY BEFORE GRAND JURY**
FGJ 07-103(WPB)/No. OLY-76

**SUBPOENA FOR:**
[X] PERSON [ ] DOCUMENTS OR OBJECT[S]

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Grand Jury Room |
| | DATE AND TIME:<br>September 11, 2007<br>1:00 pm* |

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

***Please coordinate your compliance with this subpoena and confirm the date, time, and location of your appearance with S/A Nesbitt Kuyrkendall, Federal Bureau of Investigation, Telephone: (561) 822-5946.**

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | August 16, 2007 |

This subpoena is issued upon application of the United States of America.

Name, Address and Phone Number of Assistant U.S. Attorney
Ann Marie C. Villafaña, Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: (561) 820-8711 x3047
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*A. Marie Villafaña*
*500 S. Australian Ave, 4th Floor*
*West Palm Beach, Florida 33401*
*(561) 820-8711*
*Facsimile (561) 820-8777*

# FACSIMILE COVER SHEET

TO: Gerald Lefcourt, Esq.

DATE: August 16, 2007

FAX NO. 212-988-6192 # OF PAGES: 10

PHONE NO. 212-737-0400 RE: NES, LLC

FROM: A. MARIE VILLAFAÑA, Assistant U.S. Attorney

PHONE NO. 561 209-1047

COMMENTS:

# TAB 24

"Villafana, Ann Marie C. \(USAFLS\)" [redacted]

09/19/2007 12:14 PM

To "Jay Lefkowitz" [redacted]
cc
bcc
Subject RE: Meeting

History This message has been replied to

Judge Johnson has duty next week.

Jay – I hate to have to be firm about this, but we need to wrap this up by Monday. I will not miss my indictment date when this has dragged on for several weeks already and then, if things fall apart, be left in a less advantageous position than before the negotiations. I have had an 82-page pros memo and 53-page indictment sitting on the shelf since May to engage in these negotiations. There has to be an ending date, and that date is Monday.

*A. Marie Villafaña*
Assistant U.S. Attorney
[redacted]

**From:** Jay Lefkowitz [mailto: [redacted]]
**Sent:** Wednesday, September 19, 2007 11:58 AM
**To:** Villafana, Ann Marie C. (USAFLS)
**Subject:** Re: Meeting

We may want to meet monday and potentially continue to tues if necessary. Which mag is on duty?

---

----- Original Message -----
**From:** "Villafana, Ann Marie C. \(USAFLS\)" [redacted]]
**Sent:** 09/19/2007 11:51 AM AST
**To:** Jay Lefkowitz
**Subject:** Meeting

Barry is available Monday morning. Our most flexible West Palm Beach magistrate is on duty on Monday, so, assuming we have signed documents by 1:30 or so, we should be able to get Mr. Epstein arraigned on Monday. I doubt that we will be able to get everything finished up here, get down to Miami, and try to find a Miami mag by close of business on Monday.

*A. Marie Villafaña*

Assistant U.S. Attorney

[redacted]

**********

The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Kirkland & Ellis LLP or Kirkland & Ellis International LLP.
Unauthorized use, disclosure or copying of this
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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to postmaster@kirkland.com, and
destroy this communication and all copies thereof,
including all attachments.
**********

# TAB 25

"Villafana, Ann Marie C. \(USAFLS\)"
[redacted]
09/23/2007 08:04 PM

To "Jay Lefkowitz" [redacted]
cc
bcc
Subject RE: Revised agreement

1 is definitely under 18 still, and I think there is a second minor. The appointment of [redacted] ad litem is to provide you with a mechanism to make contact with the girls and to give them the assistance of an independent attorney who represents them (as opposed to me, who represents the government). If you are willing to provide the girls with independent counsel, at Mr. Epstein's expense (and I get to pick the attorney), that is alright with me.

**From:** Jay Lefkowitz [mailto:[redacted]
**Sent:** Sunday, September 23, 2007 6:55 PM
**To:** Villafana, Ann Marie C. (USAFLS)
**Subject:** Re: Revised agreement

Will do. [redacted] do you need a guardian ad litem at all? Are any of the 40 under 18 now?

---

----- Original Message -----
**From:** "Villafana, Ann Marie C. \(USAFLS\)" [redacted]
**Sent:** 09/23/2007 06:52 PM AST
**To:** Jay Lefkowitz
**Subject:** Revised agreement

Hi Jay - Can you look at this? Especially paragraph 7. I think this covers the exclusive remedy concern you had.

<<070923 Epstein Non-Prosecution Agreement final.pdf>>

**********
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Kirkland & Ellis LLP or Kirkland & Ellis International LLP. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to postmaster@kirkland.com, and destroy this communication and all copies thereof, including all attachments.
**********

# TAB 26

"Villafana, Ann Marie C. \(USAFLS\)"
[redacted]
09/24/2007 01:27 PM

To "Jay Lefkowitz" [redacted]
cc "Martin Weinberg" [redacted] "Lourie, Andrew" [redacted] "Garcia, Rolando \(USAFLS\)" [redacted]
bcc
Subject RE: Epstein agreement as reviewed by the U.S. Attorney

History: This message has been forwarded.

Hi Jay – Sorry for the delay. The U.S. Attorney had a last-minute concern, that I think I fixed (it is in the first "It Appearing" clause following the list of statutes potentially violated).

After you get the green light, let's discuss the potential representative. The person I am thinking of has run a preliminary conflicts check and it looks alright.

Also, to address Mr. Epstein's concern regarding the list of names, I wanted to tell you that I have compiled a list of 34 confirmed minors. There are six others, whose names we already have, who need to be interviewed by the FBI to confirm whether they were 17 or 18 at the time of their activity with Mr. Epstein. Once those interviews are completed, I can finalize the list of identified victims, which I will put in a formal document that I will maintain until the time of Mr. Epstein's sentencing.

Assuming that this agreement is fine, please execute at least three copies, and send one to me by fax and the rest by FedEx. I will execute and send the copies back.

Thank you.

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

[redacted]

[redacted]

**From:** Jay Lefkowitz [redacted]
**Sent:** Monday, September 24, 2007 11:46 AM
**To:** Villafana, Ann Marie C. (USAFLS)
**Cc:** Martin Weinberg; Lourie, Andrew
**Subject:** Re: Epstein agreement as reviewed by the U.S. Attorney

Marie - Here are what I hope are final edits to the agreement. I will call in 15 min.
thanks -- Jay

**"Villafana, Ann Marie C. \(USAFLS\)"**
[redacted]
09/24/2007 10:13 AM

To "Jay Lefkowitz" [redacted]

cc

Subje ct Epstein agreement as reviewed by the U.S. Attorney

Hi Jay – Here is the agreement with Alex's edits. Thank you.

<<070924 Epstein Non-Prosecution Agreement w Acosta edits v2.pdf>>

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

070924 Final Epstein Non-Prosecution Agreement.pdf

# TAB 27

"Villafana, Ann Marie C. \(USAFLS\)" [redacted]
09/24/2007 04:34 PM

To [redacted]
cc
bcc
Subject RE: Do you have a signed copy?

Thank you, Jay. I have forwarded your message only to Alex, Andy, and Rolando. I don't anticipate it going any further than that. When I receive the originals, I will sign and return one copy to you. The other will be placed in the case file, which will be kept confidential since it also contains identifying information about the girls.

When we reach an agreement about the attorney representative for the girls, we can discuss what I can tell him and the girls about the agreement. I know that Andy promised Chief Reiter an update when a resolution was achieved. (Something I wouldn't have promised in light of what happened last year.) Rolando is calling, but Rolando knows not to tell Chief Reiter about the money issue, just about what crimes Mr. Epstein is pleading guilty to and the amount of time that has been agreed to. Rolando also is telling Chief Reiter not to disclose the outcome to anyone.

**From:** Jay Lefkowitz [redacted]
**Sent:** Monday, September 24, 2007 4:06 PM
**To:** Villafana, Ann Marie C. (USAFLS)
**Subject:** Re: Do you have a signed copy?

Marie - Please do whatever you can to keep this from becoming public.

thanks -- Jay

"Villafana, Ann Marie C. \(USAFLS\)" [redacted]
09/24/2007 04:04 PM

To "Jay Lefkowitz" [redacted]
cc
Subject Do you have a signed copy?

Hi Jay – Sorry to be a bother, but do you have a copy that at least contains Mr. Epstein's signature? I need to pass it along to the powers that be. Thanks.

# TAB 28

"Villafana, Ann Marie C. \(USAFLS\)"
[redacted]
09/26/2007 11:01 AM

To "Jay Lefkowitz" [redacted]
cc
bcc
Subject RE: Other attorneys

History This message has been forwarded.

Hi Jay – Can you give me a call at [redacted] this morning? I am meeting with the agents and want to give them their marching orders regarding what they can tell the girls.

Also, please remove Babbitt and Searcy from the list. There is too great a chance of an appearance of impropriety with Babbitt and I received a bad report about Searcy last night.

Thank you.

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

[redacted]

---

**From:** Villafana, Ann Marie C. (USAFLS)
**Sent:** Tuesday, September 25, 2007 8:37 PM
**To:** 'Jay Lefkowitz'
**Subject:** Other attorneys

Hi Jay – These four people were recommended. I have not contacted them to find out what their rates are. All are very active in the plaintiffs' bar in the West Palm area. Ted Babbitt would be my first choice of these four but I think he is conflicted out because one of his partners is married to an AUSA here. Stuart Grossman is probably my second choice.

Ted Babbitt -- http://www.babbitt-johnson.com/tbabbitt.html

Stuart Grossman -- http://www.grossmanandroth.com/sgrossman.htm

Chris Searcy -- http://www.searcylaw.com/CHRISTIANDSEARCY/tabid/935/default.aspx

Lake Lytal, Jr. -- http://www.lytalreiter.com/index.php?page_id=37

Talk to Jack Goldberger about this group. They are all very good personal injury lawyers, but I have concerns about whether there would be an inherent tension because they may feel that THEY might make more money (and get a lot more press coverage) if they proceed outside the terms of the plea agreement. (Sorry – I just have a bias against plaintiffs' attorneys.) One nice thing about Bert is that he is in Miami where there has been almost no coverage of this case.

Just so you know, I have never met Bert, but a good friend in our appellate section and one of the district judges in Miami are good friends with him and recommended him.

Can you let me know tomorrow? I am going to be out for a while starting on Friday, and I would like to get this underway before I leave.

Thank you.

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

# TAB 29

"Villafana, Ann Marie C. (USAFLS)"
[redacted]
10/05/2007 07:48 AM

To "Jay Lefkowitz" [redacted]
cc
bcc
Subject RE: Proposed Letter to Special Master

History: This message has been replied to and forwarded.

Good morning, Jay. We need to resolve the attorney issue today. It has been weeks since execution of the contract, and there is no need for further delay.

As far as the five attorney names that we will be providing, I propose Bert Ocariz, Katherine Ezell at Podhurst Orseck, Stuart Grossman, Ed Rogers, and Walter Cobath.

If you would like to use the same Special Master to resolve fees disputes as well as to handle the selection of the attorney, I would recommend that we use retired 11th Circuit Judge Joseph Hatchett instead of Judge Davis because of Judge Davis's health problems. (No one has contacted Judge Hatchett yet, but one of the District Judges in Miami mentioned him as a good choice.)

I am available for a conference call between 9:00 and 10:00, and between 3:15 and 6:00. Please call me on my cell [redacted] and let me know which of those times works best for you.

Thank you.

---

From: Jay Lefkowitz [redacted]
Sent: Wed 10/3/2007 4:26 PM
To: Villafana, Ann Marie C. (USAFLS)
Subject: Re: Proposed Letter to Special Master

Marie - I, too, am interested in speed. But I really need to go over this and then discuss with Jeffrey. So please do not send this to any Special Master before we discuss the next steps.

Thanks -- Jay

"Villafana, Ann Marie C. (USAFLS)" <[redacted]

10/03/2007 04:24 PM

To
"Jay Lefkowitz" [redacted]
cc
Subject
Proposed Letter to Special Master

Hi Jay - To move things along, I also have enclosed the proposed text of a letter to the Special Master.

<<PROPOSED Letter to Special Master.pdf>>

A. Marie Villafaña

Assistant U.S. Attorney

# TAB 30

"Villafana, Ann Marie C. (USAFLS)"
[redacted]
09/27/2007 03:06 PM

To [redacted]
cc
bcc
Subject RE: Conference Call with Bert Ocariz

History: This message has been forwarded.

Hi Jay – I already told Bert that there is no indictment and, as I mentioned, he doesn't really need to/want to see the entire plea agreement, just the relevant paragraphs so that he understands what the scope of his representation will be. I think they would be happy knowing that their hourly rate will be paid when it is billed. The concern is, if all 40 girls decide they want to sue, they don't want to be in a situation where Mr. Epstein says this is getting too expensive, we won't pay any more attorneys' fees.

Two suggestions, that I haven't run past Bert, are:

1. Mr. Epstein signs a standard fee agreement, where one of his attorneys or accountants who is not working on the damages litigation receives a monthly bill with attorney's fees charged at an hourly rate and costs billed monthly. The bills will have any privileged information redacted. If there is a dispute about a bill that cannot be resolved, it will be submitted to a mediator for resolution.

2. If that is too open-ended for Mr. Epstein, do the hourly/monthly billing until Bert has had a chance to confer with all of the girls to determine how many want him to represent them. Once it is known how many girls will be represented by Bert, and maybe who those girls are, there can be a more educated discussion about estimated fees and costs.

Just some food for thought. I will be out of the office tomorrow, but I will be reachable by cell phone. I will make sure Bert is available and confirm the time with you.

*A. Marie Villafaña*
Assistant U.S. Attorney
500 S. Australian Ave, Suite 400
West Palm Beach, FL 33401
[redacted]

**From:** Jay Lefkowitz [redacted]
**Sent:** Thursday, September 27, 2007 2:53 PM
**To:** Villafana, Ann Marie C. (USAFLS)
**Subject:** Re: Conference Call with Bert Ocariz

Marie - I will not be able to get back to you until tomorrow. However, some of the questions he raised cause me

some serious concern.

1. Can we get a copy of the indictment (or can you tell me the nature of the crimes against the girls)?

Certainly he should not get a copy of any indictment.

2. When will it be possible to see the plea agreement so that we understand exactly what Epstein concedes to in the civil case?

I don't think he should get the plea agreement either.

3. Is there any cap or other limitation on attorney's fees that the defendant will pay in the civil case?

I can't imagine he would be entitled to anything other than an hourly fee.

4. What is the contemplated procedure for, and timing of, the payment of attorney's fees and costs?

In any event, I need to consider these issues carefully and I cannot agree to any of these issues before we speak. I would suggest we plan on talking tomorrow at 12 pm if you are available.

Jay

---

----- Original Message -----
**From:** "Villafana, Ann Marie C. (USAFLS)" [redacted]
**Sent:** 09/27/2007 10:51 AM AST
**To:** Jay Lefkowitz
**Subject:** Conference Call with Bert Ocariz

Hi Jay – Bert's firm has raised a number of good questions about how they are going to get paid and setting up a procedure that avoids any conflict of interest with their clients. Are you around today to do a conference call? Let me know what times work for you because Bert wants to get their conflicts counsel on the call with us.

These are some of the questions he sent to me. I told Bert that as part of our agreement we (the federal government) are not going to indict Mr. Epstein, but gave him an idea of the charges that we had planned to bring as related to 18 USC 2255. With respect to question 2, do I have your permission to send Bert just that section of the plea agreement that applies to the damages claims (I would recommend sending paragraphs 7 through 10, or at least 7 and 8)? Can you talk with your client about items 3 and 4? I envisioned Shook Hardy sending regular bills to you, with any privileged information redacted, and being paid like every other client pays the bills.

1. Can we get a copy of the indictment (or can you tell me the nature of the crimes against the girls)?

2. When will it be possible to see the plea agreement so that we understand exactly what Epstein concedes to in the civil case?

3. Is there any cap or other limitation on attorney's fees that the defendant will pay in the civil case?

4. What is the contemplated procedure for, and timing of, the payment of attorney's fees and costs?

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Kirkland & Ellis LLP or Kirkland & Ellis International LLP.
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including all attachments.
**********

# TAB 31

**Inside the Bar**

**Find a Lawyer**

# Jeffrey Marc Herman

**Member in Good Standing** **Eligible to practice in Florida**

ID Number: - 521647

Address: Herman & Mermelstein P A
18205 Biscayne Blvd Ste 2218
North Miami Beach, Florida
331602148
United States

Phone: 305.9312200

E-Mail: jherman@hermanlaw.com

County: Miami-Dade

Circuit: 11

Admitted: 12/26/1985

10-Year Discipline History **None**

Firm: Herman Sloman & Mermelstein PA

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[Updated: 03-05-2008 ]

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# TAB 32

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 08-80069

CIV-MARRA

MAGISTRATE JUDGE JOHNSON

FILED by _____ D.C.
INTAKE
JAN 24 2008
CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FLA. • FT. LAUD.

JANE DOE NO. 1, by and through JANE DOE's FATHER as parent and natural guardian, and JANE DOE's FATHER, and JANE DOE's STEPMOTHER, individually,

Plaintiffs,

vs.

JEFFREY EPSTEIN,

Defendant.

_____/

**COMPLAINT**

Plaintiff, Jane Doe No. 1 ("Jane" or "Jane Doe"), by and through Jane Doe's Father as parent and natural guardian, and Jane Doe's Father and Jane Doe's Stepmother, individually, bring this Complaint against Jeffrey Epstein, as follows:

**Parties, Jurisdiction and Venue**

1. Jane Doe is a citizen and resident of the State of Florida. She is a minor under the age of 18 years.

2. Jane Doe's Father brings this action individually and as parent and natural guardian of Jane Doe. Jane Doe's Father is a citizen and resident of the State of Florida.

3. Jane Doe's Stepmother brings this action individually. Jane Doe's Stepmother is a citizen and resident of the State of Florida.

4. This Complaint is brought under fictitious names to protect the identity of the Minor Plaintiff because this Complaint makes sensitive allegations of sexual assault and abuse upon a

minor.

5. Defendant Jeffrey Epstein is a citizen and resident of the State of New York.

6. This is an action for damages in excess of $50 million.

7. This Court has jurisdiction of this action and the claims set forth herein pursuant to 28 U.S.C. §1332(a), as the matter in controversy (i) exceeds $75,000, exclusive of interest and costs; and (ii) is between citizens of different states.

8. This Court has venue of this action pursuant to 28 U.S.C. §1391(a) as a substantial part of the events or omissions giving rise to the claim occurred in this District.

**Factual Allegations**

9. At all relevant times, Defendant Jeffrey Epstein ("Epstein") was an adult male, 52 years old. Epstein is a financier and money manager with a secret clientele limited exclusively to billionaires. He is himself a man of tremendous wealth, power and influence. He maintains his principal home in New York and also owns residences in New Mexico, St. Thomas and Palm Beach, FL. The allegations herein concern Epstein's conduct while at his lavish estate in Palm Beach.

10. Upon information and belief, Epstein has a sexual preference and obsession for underage minor girls. He engaged in a plan and scheme in which he gained access to primarily economically disadvantaged minor girls in his home, sexually assaulted these girls, and then gave them money. In or about 2005, Jane Doe, then 14 years old, fell into Epstein's trap and became one of his victims.

11. Upon information and belief, Jeffrey Epstein carried out his scheme and assaulted girls in Florida, New York and on his private island, known as Little St. James, in St. Thomas.

12. An integral player in Epstein's Florida scheme was Haley Robson, a Palm Beach

Community College student from Loxahatchee, Florida. She recruited girls ostensibly to give a wealthy man a massage for monetary compensation in his Palm Beach mansion. Under Epstein's plan, Ms. Robson would be contacted when Epstein was planning to be at his Palm Beach residence or soon after he had arrived there. Epstein or someone on his behalf directed Ms. Robson to bring one or more underage girls to the residence. Ms. Robson, upon information and belief, generally sought out economically disadvantaged underage girls from Loxahatchee and surrounding areas who would be enticed by the money being offered - generally $200 to $300 per "massage" session - and who were perceived as less likely to complain to authorities or have credibility if allegations of improper conduct were made. This was an important element of Epstein's plan.

13. Epstein's plan and scheme reflected a particular pattern and method. Upon arrival at Epstein's mansion, Mr. Robson would introduce each victim to Sarah Kellen, Epstein's assistant, who gathered the girl's personal information, including her name and telephone number. Ms. Kellen would then bring the girl up a flight of stairs to a bedroom that contained a massage table in addition to other furnishings. There were photographs of nude women lining the stairway hall and in the bedroom. Ms. Kellen would then leave the girl alone in this room, whereupon Epstein would enter wearing only a towel. He would then remove his towel, lay down naked on the massage table, and direct the girl to remove her clothes. He then would perform one or more lewd, lascivious and sexual acts, including masturbation and touching the girl's vagina with a vibrator.

14. Consistent with the foregoing plan and scheme, Ms. Robson recruited Jane Doe to give Epstein a massage for monetary compensation. Ms. Robson brought Jane to Epstein's mansion in Palm Beach. Jane was introduced to Sarah Kellen, who led her up the flight of stairs to the room with the massage table. She was alone in the room when Epstein arrived wearing only a towel. He



HOUSE_OVERSIGHT_012639

removed his towel, and laid down naked on the massage table. He demanded that Jane remove her clothes. In shock, fear and trepidation, Jane complied, removing her clothes except for her underwear. Epstein then sexually assaulted Jane.

15. After Epstein had completed the assault, he left the room. Jane was then able to get dressed, leave the room and go back down the stairs. She then met Ms. Robson again who brought Jane home. Jane was paid $300 by Epstein. Ms. Robson was paid $200 by Epstein for bringing Jane to him.

16. As a result of this encounter with Epstein, the 14-year old Jane experienced confusion, shame, humiliation, embarrassment and the assault sent her life into a downward spiral.

**COUNT I**
**Sexual Assault**

17. Plaintiff Jane Doe by and through her Father, as parent and natural guardian, repeats and realleges paragraphs 1 through 16 above.

18. Epstein tortiously assaulted Jane Doe sexually in or about 2005.

19. This sexual assault was in violation of Chapter 800 of the Florida Statutes, which recognizes as a crime the lewd and lascivious acts committed by Epstein upon Jane.

20. As a direct and proximate result of Epstein's assault on Jane, she has suffered and will continue to suffer severe and permanent traumatic injuries, including mental, psychological and emotional damages.

WHEREFORE, Plaintiff Jane Doe, by and through her Father, as parent and natural guardian, demands judgment against Defendant Jeffrey Epstein for compensatory damages, punitive damages, costs, and such other and further relief as this Court deems just and proper.



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## COUNT II
## Intentional Infliction of Emotional Distress

21. Plaintiffs Jane Doe by and through her Father, as parent and natural guardian, Jane Doe's Father and Jane Doe's Stepmother, individually, repeat and reallege paragraphs 1 through 16 above.

22. Epstein's conduct was intentional or reckless.

23. Epstein's conduct was outrageous, going beyond all bounds of decency.

24. Epstein's conduct caused severe emotional distress not only to Jane Doe, but also to her parents, Jane Doe's Father and Jane Doe's Stepmother. Epstein knew or had reason to know that his intentional and outrageous conduct would cause emotional trauma and damage to Jane Doe's parents.

25. As a direct and proximate result of Epstein's intentional or reckless conduct, Jane Doe, Jane Does' Father and Jane Doe's Stepmother have suffered and will continue to suffer severe mental anguish and pain.

WHEREFORE, Plaintiffs Jane Doe by and through her Father, as parent and natural guardian, Jane Doe's Father and Jane Doe's Stepmother demand judgment against Defendant Jeffrey Epstein for compensatory damages, costs, punitive damages, and such other and further relief as this Court deems just and proper.

## COUNT III
## Loss of Parental Consortium

26. Plaintiff Jane Doe's Father repeats and realleges paragraphs 1 through 16 above.

27. Epstein's tortious conduct is the direct and proximate cause of damages to Jane Doe's Father, consisting of parental loss of comfort, companionship and society and healthcare costs

associated with the treatment of Jane.

28. Jane Doe's Father experienced and will continue to experience great mental anguish, pain and suffering from the time that Defendant's tortious conduct occurred.

WHEREFORE, Plaintiff Jane Doe's Father demands judgment for loss of consortium damages, costs and such other and further relief as this Court deems proper.

**JURY TRIAL DEMAND**

Plaintiffs demand a jury trial in this action.

Dated: January 24, 2008

Respectfully submitted,

HERMAN & MERMELSTEIN, P.A.
*Attorneys for Plaintiffs*
18205 Biscayne Blvd.
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HOUSE_OVERSIGHT_012642

Original
Filed by ELECTRONIC D.C.
March 5, 2008
STEVEN M. LARIMORE
CLERK U.S. DIST. CT.
S.D. OF FLA. - MIAMI

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.:

**08-CV-80232-Marra-Johnson**

JANE DOE NO. 3,

Plaintiff,

vs.

JEFFREY EPSTEIN,

Defendant.

_____/

## COMPLAINT

Plaintiff, Jane Doe No.3 ("Jane" or "Jane Doe"), brings this Complaint against Jeffrey Epstein, as follows:

### Parties, Jurisdiction and Venue

1. Jane Doe is a citizen and resident of the State of Florida, and is sui juris.

2. This Complaint is brought under a fictitious name to protect the identity of the Plaintiff because this Complaint makes sensitive allegations of sexual assault and abuse upon her when she was a minor.

3. Defendant Jeffrey Epstein is a citizen and resident of the State of New York.

4. This is an action for damages in excess of $50 million.

5. This Court has jurisdiction of this action and the claims set forth herein pursuant to 28 U.S.C. §1332(a), as the matter in controversy (i) exceeds $75,000, exclusive of interest and costs; and (ii) is between citizens of different states.

6. This Court has venue of this action pursuant to 28 U.S.C. §1391(a) as a substantial part of the events or omissions giving rise to the claim occurred in this District.



HOUSE_OVERSIGHT_012644

**Factual Allegations**

7. At all relevant times, Defendant Jeffrey Epstein ("Epstein") was an adult male, 52 years old. Epstein is a financier and money manager with a secret clientele limited exclusively to billionaires. He is himself a man of tremendous wealth, power and influence. He maintains his principal home in New York and also owns residences in New Mexico, St. Thomas and Palm Beach, FL. The allegations herein concern Epstein's conduct while at his lavish estate in Palm Beach.

8. Upon information and belief, Epstein has a sexual preference and obsession for underage minor girls. He engaged in a plan and scheme in which he gained access to primarily economically disadvantaged minor girls in his home, sexually assaulted these girls, and then gave them money. In or about 2004-2005, Jane Doe, then 16 years old, fell into Epstein's trap and became one of his victims.

9. Upon information and belief, Jeffrey Epstein carried out his scheme and assaulted girls in Florida, New York and on his private island, known as Little St. James, in St. Thomas.

10. An integral player in Epstein's Florida scheme was Haley Robson, a Palm Beach Community College student from Loxahatchee, Florida. She recruited girls ostensibly to give a wealthy man a massage for monetary compensation in his Palm Beach mansion. Under Epstein's plan, Ms. Robson would be contacted when Epstein was planning to be at his Palm Beach residence or soon after he had arrived there. Epstein or someone on his behalf directed Ms. Robson to bring one or more underage girls to the residence. Ms. Robson, upon information and belief, generally sought out economically disadvantaged underage girls from Loxahatchee and surrounding areas who would be enticed by the money being offered - generally $200 to $300 per "massage" session - and who were perceived as less likely to complain to authorities or have credibility if allegations of



HOUSE_OVERSIGHT_012645

improper conduct were made. This was an important element of Epstein's plan.

11. Epstein's plan and scheme reflected a particular pattern and method. Upon arrival at Epstein's mansion, the victim would be brought to the kitchen. She would then be led up a flight of stairs to a bedroom that contained a massage table in addition to other furnishings. Once the girl was alone in this room, Epstein would enter wearing only a towel to cover his private area. He then would lay down on the massage table and perform one or more lewd, lascivious and sexual acts, including masturbation and touching the girl sexually.

12. Consistent with the foregoing plan and scheme, Ms. Robson recruited Jane Doe to give Epstein a massage for monetary compensation. Ms. Robson brought Jane to Epstein's mansion in Palm Beach. Jane was led up the flight of stairs to the room with the massage table. She was alone in the room when Epstein arrived wearing a towel to cover his private parts. He laid down on the massage table, and sexually assaulted Jane Doe during the massage. In addition, Jeffrey Epstein masturbated during the massage.

13. After Epstein had completed the assault, he left the room. Jane was then able to leave the room and go back down the stairs. She then met Ms. Robson again who brought Jane home. Jane was paid $200 by Epstein. Ms. Robson was also paid by Epstein for bringing Jane to him.

14. As a result of this encounter with Epstein, the 16-year old Jane experienced trauma, shock, confusion, shame, humiliation and embarrassment.

**COUNT I**
**Sexual Assault**

15. Plaintiff Jane Doe repeats and realleges paragraphs 1 through 14 above.

16. Epstein tortiously assaulted Jane Doe sexually in or about 2004-2005. Epstein's acts were intentional, unlawful, offensive and harmful.

17. Epstein's plan and scheme in which he committed such acts upon Jane Doe were done willfully and maliciously.

18. This sexual assault was in violation of Chapter 800 of the Florida Statutes, which recognizes as a crime the lewd and lascivious acts committed by Epstein upon Jane.

19. As a direct and proximate result of Epstein's assault on Jane, she has suffered and will continue to suffer severe and permanent traumatic injuries, including mental, psychological and emotional damages.

WHEREFORE, Plaintiff Jane Doe, demands judgment against Defendant Jeffrey Epstein for compensatory damages, punitive damages, costs, and such other and further relief as this Court deems just and proper.

**COUNT II**
**Intentional Infliction of Emotional Distress**

20. Plaintiffs Jane Doe repeats and realleges paragraphs 1 through 14 above.

21. Epstein's conduct was intentional or reckless.

22. Epstein's conduct was outrageous, going beyond all bounds of decency.

23. Epstein's conduct caused severe emotional distress to Jane Doe. Epstein knew or had reason to know that his intentional and outrageous conduct would cause emotional trauma and damage to Jane Doe.

24. As a direct and proximate result of Epstein's intentional or reckless conduct, Jane Doe has suffered and will continue to suffer severe mental anguish and pain.

WHEREFORE, Plaintiff Jane Doe demands judgment against Defendant Jeffrey Epstein for compensatory damages, costs, punitive damages, and such other and further relief as this Court



HOUSE_OVERSIGHT_012647

deems just and proper.

**JURY TRIAL DEMAND**

Plaintiffs demand a jury trial in this action.

Dated: March 4, 2008

Respectfully submitted,

HERMAN & MERMELSTEIN, P.A.
*Attorneys for Plaintiffs*
18205 Biscayne Blvd.
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Miami, Florida 33160
Tel: 305-931-2200
Fax: 305-931-0877

By: _____
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Adam D. Horowitz
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HOUSE_OVERSIGHT_012648

# CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing, and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of the Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I(a) PLAINTIFFS
**JANE DOE NO. 3,**

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
PALM BEACH COUNTY
(EXCEPT IN U.S. PLAINTIFF CASES)

DEFENDANTS
**JEFFREY EPSTEIN**

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT NEW YORK
(IN U.S. PLAINTIFF CASES ONLY)

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)
**Herman & Mermelstein, P.A., 18205 Biscayne Blvd., Suite 2218, Miami, FL 33160, (305) 931-2200**

ATTORNEYS (IF KNOWN)

(d) CIRCLE COUNTY WHERE ACTION AROSE: PALM BEACH

9:08CV 80232-KAM-Johnson

**II. BASIS OF JURISDICTION**
(PLACE AN X ONE BOX ONLY)

- ☐ 1. U.S. Government Plaintiff
- ☐ 3. Federal Question (U.S. Government Not a Party)
- ☐ 2. U.S. Government Defendant
- X 4. Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES**
(For Diversity Case Only)

| | PTF | DEF |
|---|---|---|
| Citizen of This State | X 1 | ☐ 1 |
| Citizen of Another State | ☐ 2 | x 2 |
| Citizen or Subject of a Foreign Country | ☐ 3 | ☐ 3 |

PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE FOR DEFENDANT

| | PTF | DEF |
|---|---|---|
| Incorporated of Principal Place of Business In This State | ☐ 4 | ☐ 4 |
| Incorporated and Principal Place of Business in Another State | ☐ 5 | ☐ 5 |
| Foreign Nation | ☐ 6 | ☐ 6 |

**IV. CAUSE OF ACTION** (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)
**DIVERSITY ACTION UNDER 28 U.S.C. §1332(a) FOR SEXUAL ASSAULT**

IVa. 5 days estimated (for both sides) to try entire case

**V. NATURE OF SUIT** (PLACE AN X IN ONE BOX ONLY)

**A CONTRACT**
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excl. Veterans) B
- ☐ 153 Recovery of Overpayment of Veteran's Benefits B
- ☐ 160 Stockholder's Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability

**A TORTS**

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- X 360 Other Personal Injury
- ☐ 362 Personal Injury-Med Malpractice
- ☐ 365 Personal Injury-Product Liability
- ☐ 368 Asbestos Personnel Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending B
- ☐ 380 Other Personnel Property Damage
- ☐ 385 Property Damage Product Liability

**B FORFEITURE PENALTY**
- ☐ 610 Agriculture
- ☐ 620 Other Food & Drug
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 630 Liquor Laws
- ☐ 640 R.R. & Truck
- ☐ 650 Airline Regs
- ☐ 660 Occupational Safety/Health
- ☐ 690 Other

**A BANKRUPTCY**
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

**A PROPERTY RIGHTS**
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 840 Trademark

**B SOCIAL SECURITY**
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

**A FEDERAL TAX SUITS**
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS-Third Party 26 USC 7609

**A OTHER STATUS**
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce/ICC Rates/etc. B
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 810 Selective Service
- ☐ 850 Securities/ Commodities/ Exchange
- ☐ 875 Customer Challenge 12USC3410
- ☐ 891 Agricultural Acts
- ☐ 892 Economic Stabilization Act
- ☐ 893 Environmental Matters
- ☐ 894 Energy Allocation Act
- ☐ 895 Freedom of Information Act
- ☐ 900 Appeal of Fee Determination Under Equal Access to Justice
- ☐ 950 Constitutionality of State Statutes
- ☐ 890 Other Statutory Actions* * A or B

Declaratory relief and state law claims for defamation

**A REAL PROPERTY**
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure B
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

**A CIVIL RIGHTS**
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/Accommodations
- ☐ 444 Welfare
- ☐ 440 Other Civil Rights

**B PRISONER PETITIONS**
- ☐ 510 Motions to Vacate Sentence Habeas Corpus
- ☐ 530 General*
- ☐ 535 Death Penalty
- ☐ 540 Mandamus & Other*
- ☐ 550 Civil Rights *A or B

**A LABOR**
- X 710 Fair Labor Standards Act
- ☐ 720 Labor Management Relations B
- ☐ 730 Labor Management Reporting & Disclosure Act
- ☐ 740 Railway Labor Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Ret. Inc. Security Act B

FILED by _____ D.C.
INTAKE
MAR -5 2008
CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FLA.

**VI. ORIGIN**
- x 1. Original Proceeding
- ☐ 2. Removed from State Court
- ☐ 3. Remanded from Appellate Court
- ☐ 4. Reinstated (Specify)
- ☐ 5. Transferred from another district
- ☐ 6. Multidistrict Litigation
- ☐ 7. Appeal to District Judge from Magistrate Judgment

**VII. REQUESTED IN COMPLAINT** CHECK IF THIS IS A ☐ CLASS ACTION UNDER F.R.C.P. 23 DEMAND $ ☐ Check YES only if demanded in complaint: JURY DEMAND: ☐ YES ☐ NO

**VIII. RELATED CASE(S) IF ANY** (See Instructions): (SEE ATTACHED) JUDGE KENNETH A. MARRA DOCKET NUMBER 08-CV-80119-MARRA-JOHNSON
Jane Doe 2 v. Jeffrey Epstein

DATE 3-4-08 SIGNATURE OF ATTORNEY OF RECORD

UNITED STATES DISTRICT COURT
S/F 1-2
REV. 9/94

FOR OFFICE USE ONLY: Receipt No. _____ Amount: 350.00
Date Paid: _____ M/ifp: _____

542467



HOUSE_OVERSIGHT_012649

# TAB 33

PalmBeachPost.com

PRINT THIS

# Another suit alleges sex during massage

By LARRY KELLER

Palm Beach Post Staff Writer

Thursday, March 06, 2008

WEST PALM BEACH — Another woman filed a federal lawsuit against Jeffrey Epstein on Wednesday, alleging that he turned a massage she gave him at his Palm Beach mansion into a sexual episode when she was 16 years old.

Identified as "Jane Doe No. 3," she is seeking more than $50 million, the same as two other "Jane Does" who filed similar lawsuits in the past six weeks. All three suits were filed by Miami lawyer Jeffrey Herman.

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Fugitives | Sex offenders

Behind The Yellow Tape: *Post* crime blog

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Herman subsequently withdrew the first Jane Doe's lawsuit because of squabbling by her parents over the litigation. The girl may refile the suit after she turns 18 in May and can make her own decisions, Herman said.

Other alleged victims also have contacted him, Herman said. "I do anticipate more cases," he said.

In the latest litigation, Jane Doe No. 3 alleges that she was recruited by a former college student, Haley Robson, to give Epstein a massage for money at his waterfront home late in 2004 or early in 2005.

The lawsuit alleges that, while on the massage table, Epstein sexually touched Jane Doe No. 3, then masturbated. She is suing on grounds of sexual assault and intentional infliction of emotional distress.

"She felt intimidated. She felt scared," Herman said. Jane Doe No. 3 made only the one visit to Epstein's home, he said.

"It's just another copycat lawsuit filed by the same lawyer who appears less interested in the truth than in grandstanding with these press conferences," said Jack Goldberger, one of Epstein's attorneys. "We now have sworn testimony that girls lied about their age to Jeffrey Epstein, and they were careful in being



HOUSE_OVERSIGHT_012651

convincing that they were over the age of 18."

Herman said Robson instructed Jane Doe No. 3, "When he asks how old you are, tell him 18 or 19 years old." But he said it doesn't matter. "They were underage girls," Herman said. "They were sexually assaulted."

In addition to the civil lawsuits, Epstein was indicted on a single count of felony solicitation of prostitution in July 2006 after a lengthy Palm Beach Police Department investigation into his activities with underage girls at his home. A resolution has been delayed continually. The case is on Monday's court docket but is expected to be rescheduled once again.

"One of the reasons (Jane Doe No. 3) came forward is she is tired of waiting for justice," Herman said.

**Find this article at:**
http://www.palmbeachpost.com/localnews/content/local_news/epaper/2008/03/06/s3b_epstein_0306.html?cxtype=rss&cxsvc=7&cxcat=76

☐ Check the box to include the list of links referenced in the article.



HOUSE_OVERSIGHT_012652

# TAB 34

Jay Lefkowitz/New York/Kirkland-Ellis
Sent by: Kristin Andersen/New York/Kirkland-Ellis

12/12/2007 04:20 PM

To Ami Sheth/New York/Kirkland-Ellis@K&E
cc Eugene Kornel/New York/Kirkland-Ellis@K&E
bcc
Subject Fw: Epstein

---- Forwarded by Kristin Andersen/New York/Kirkland-Ellis on 12/12/2007 04:19 PM ----

"Sloman, Jeff (USAFLS)" [redacted]

11/27/2007 01:55 PM

To "Jay Lefkowitz" [redacted]
cc "Acosta, Alex (USAFLS)" [redacted]
Subject Epstein

Jay,

Please accept my apologies for not getting back to you sooner but I was a little under the weather yesterday. I hope that you enjoyed your Thanksgiving.

Regarding the issue of due diligence concerning Judge Davis' selection, I'd like to make a few observations. First, Guy Lewis has known for some time that Judge Davis was making reasonable efforts to secure Aaron Podhurst and Bob Josephsberg for this assignment. In fact, when I told you of Judge Davis's selection during our meeting last Wednesday, November 21st, you and Professor Dershowitz seemed very comfortable, and certainly not surprised, with the selection. Podhurst and Josephsberg are no strangers to nearly the entire Epstein defense team including Guy Lewis, Lili Ann Sanchez, Roy Black, and, apparently, Professor Dershowitz who said he knew Mr. Josephsberg from law school. Second, Podhurst and Josephsberg have long-standing stellar reputations for their legal acumen and ethics. It's hard for me to imagine how much more vetting needs to be done.

The United States has a statutory obligation (Justice for All Act of 2004) to notify the victims of the anticipated upcoming events and their rights associated with the agreement entered into by the United States and Mr. Epstein in a timely fashion. Tomorrow will make one full week since you were *formally* notified of the selection. I must insist that the vetting process come to an end. Therefore, unless you provide me with a *good faith* objection to Judge Davis's selection by COB tomorrow, November 28, 2007, I will authorize the notification of the victims. Should you give me the go-ahead on Podhurst and Josephsberg selection by COB tomorrow, I will simultaneously send you a draft of the letter. I intend to notify the victims by letter after COB Thursday, November 29th. Thanks,

Jeff

# TAB 35

KIRKLAND & ELLIS LLP
AND AFFILIATED PARTNERSHIPS

777 South Figueroa Street
Los Angeles, California 90017

[redacted]

www.kirkland.com

Kenneth W. Starr
To Call Writer Directly:
[redacted]

Facsimile:
(213) 680-8500

November 28, 2007

**VIA FACSIMILE**

Honorable Alice S. Fisher
Assistant Attorney General
Department of Justice
Criminal Division
950 Pennsylvania Avenue NW
Room 2107
Washington, DC 20530

Re: *Jeffrey Epstein*

Dear Ms. Fisher:

I represent Jeffrey Epstein, who, as you may be aware, was the target of a dual investigation by both state and federal authorities in Florida for acts relating to his interactions with numerous young women. As you may also be aware, Mr. Epstein has entered into a Deferred Prosecution Agreement (the "Agreement") with the United States Attorney's Office for the Southern District of Florida (the "USAO") to resolve its criminal investigation of him. I am writing to request a meeting with you to discuss certain aspects of this case that I find especially troublesome.

As part of the agreement Mr. Epstein was required to sign to avoid a federal indictment, Mr. Epstein was required to waive jurisdiction and liability under 18 U.S.C. §2255 for the settlement of monetary claims that might be made by a group of unidentified alleged victims who will be identified by the USAO at some point in the future. Neither I, nor any of the other defense lawyers involved in this matter, have ever heard of such a procedure. And as part of this Agreement, Mr. Epstein is precluded from contesting liability as to civil lawsuits seeking monetary compensation for damages brought by any of the identified individuals who elect to settle their civil claims for the statutory minimum of either $50,000 (the amount set by Congress as of the date of the occurrences) or $150,000 (the amount currently set by statute) or some other agreed upon damage amount. We believe that the utilization of 18 U.S.C. § 2255 as a pre-condition of criminal plea agreements or non-prosecution agreements is highly unusual and requires careful consideration and additional guidance by your Office. We also believe that the

manner in which the USAO has interpreted the settlement process for these identified individuals under the Agreement requires guidance. These areas are more fully detailed below.*

*First.* Federal criminal investigators and prosecutors should not be in the business of promoting civil lawsuits as a condition precedent to entering non-prosecution or deferred prosecution agreements. This is especially true where the vehicle for the financial settlement under the Agreement requires payment in a lump sum without requiring proof of actual injury or loss — federal authorities should therefore be particularly sensitive to avoid causing a prejudiced and unfair result. 18 U.S.C. § 2255 is a civil statute implanted in the criminal code; in contrast to all other criminal restitution statutes, § 2255 fails to correlate payments to specific injuries or losses. Instead, the statute presumes that victims have sustained damages of at least a minimum lump sum without regard to whether the complainants suffered actual medical, psychological or other forms of individualized harm. We presume that it is for this reason that 18 U.S.C. § 2255 has never before been employed in this manner in connection with a non-prosecution or, as here, a deferred prosecution agreement. In short, the USAO is operating in uncharted territory.

*Second.* 18 U.S.C. § 2255 creates the potential for compromising witness testimony. Although generally the Government may promise or provide traditional consideration to potential witnesses, employing a civil statute that promises a lump sum payment to potential witnesses without proof of actual liability or damage provides an extraordinary incentive that is incompatible with the truth-seeking functions of the criminal justice system. Guidelines or other policy directives should be considered to control the extent to which witnesses are informed by investigators about the availability of such financial windfalls. Additionally, an inquiry is necessary in this specific case to assure that disclosures to potential witnesses did not undermine the reliability of the results of the federal criminal investigation of Mr. Epstein.

*Third.* The USAO has provided no information as to the specific claims made by each identified individual, nor were we provided the names or ages of those individuals or the time-frame of the alleged conduct. The USAO's reluctance to provide Mr. Epstein with *any* information with respect to the allegations against him leaves wide open the opportunity for misconduct by federal investigators. In addition, this information vacuum eliminates the ability for Mr. Epstein and/or his agents to verify that the allegations at issue are grounded in real evidence. Indeed, the requirement that a target of federal criminal prosecution agree to waive his right to contest liability as to *unnamed* civil complainants creates at minimum an appearance of injustice, both because of the obvious Due Process concerns of waiving rights without notice of

* In addition to the areas identified below, it was and remains our position that federal prosecution of this matter is entirely inappropriate based on the prior application and legislative histories of the relevant federal statutes.

even the identity of the complainant(s) and because of the involvement of the federal criminal justice system in civil settlements between private individuals.

*Fourth.* The USAO has improperly insisted that the chosen attorney representative should be able to litigate the claims of individuals, which violates the terms of the Agreement and deeply infringes upon the spirit and nature of the Agreement. Initially, for the sake of expediting a settlement in this matter, we suggested that Mr. Epstein establish a restitution fund specifically for the settlement of the identified individuals' civil claims and that an impartial, independent representative be appointed to administer that fund. Notably, such a restitution fund was created in a federal case, *U.S. v. Boehm*, Case No. 3:04CR00003 (D. Alaska 2004). The federal prosecutors here rejected this idea, and they insisted that an attorney representative, paid for by Mr. Epstein, be appointed. Yet, there was no suggestion at the time that the attorney representative's duties included litigating claims on behalf of the identified individuals. However, after the parties agreed to the appointment of an attorney representative, the prosecutors announced that the criteria for choosing an appropriate attorney representative now included that the individual be "a plaintiff's lawyer capable of handling multiple lawsuits against high profile attorneys." This interpretation of the scope of the attorney representative's role is far outside the common understanding that existed when we negotiated Mr. Epstein's settlement with the USAO. Furthermore, we firmly believe that ethics rules preclude the representative from litigating claims on behalf of the identified individuals.

In sum, we believe that the actions undertaken in this matter by the USAO with respect to the 18 U.S.C. § 2255 provisions of the Agreement are highly unusual. We respectfully request a meeting with you at your earliest convenience to discuss the important issues raised by the USAO's conduct in this deeply policy-laden matter.

Sincerely,

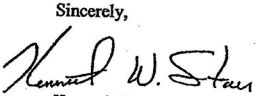

Kenneth W. Starr

**********
*** TX REPORT ***
**********

TRANSMISSION OK

| | |
|---|---|
| TX/RX NO | 1638 |
| CONNECTION TEL | 912025149412 |
| SUBADDRESS | |
| CONNECTION ID | |
| ST. TIME | 11/28 09:17 |
| USAGE T | 01'57 |
| PGS. | 4 |
| RESULT | OK |

# KIRKLAND & ELLIS LLP

***Fax Transmittal***

777 South Figueroa Street
Los Angeles, California 90017
Phone: (213) 680-8400
Fax: (213) 680-8500

**Please notify us immediately if any pages are not received.**

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| *To:* | *Company:* | | [redacted] |
|---|---|---|---|
| Hon. Alice S. Fisher | Department of Justice | | |
| *From:* | *Date:* | *Pages w/cover:* | |
| Kenneth W. Starr | November 28, 2007 | 4 | |

*Message:*

# TAB 36

"Villafana, Ann Marie C. (USAFLS)"
[redacted]
11/28/2007 04:46 PM

To "Jay Lefkowitz" [redacted]
cc "Sloman, Jeff (USAFLS)" "Acosta, Alex (USAFLS)" [redacted]
bcc
Subject Epstein: Victim Notification Letter

History: This message has been replied to and forwarded.

Dear Jay:

Jeff asked that I forward the victim notification letter to you. It is attached.

Thank you.

<<Victim Notification Ltr.pdf>>

*A. Marie Villafaña*

Assistant U.S. Attorney

500 S. Australian Ave, Suite 400

West Palm Beach, FL 33401

[redacted]

Victim Notification Ltr.pdf

U.S. Department of Justice

*United States Attorney*
*Southern District of Florida*

*500 South Australian Ave., Suite 400*
*West Palm Beach, FL 33401*
*(561) 820-8711*
*Facsimile: (561) 820-8777*

November 29, 2007

DELIVERY BY HAND
Miss

Re: Crime Victims' Rights – Notification of Resolution of Epstein Investigation

Dear Miss _____:

Several months ago, I provided you with a letter notifying you of your rights as a victim pursuant to the Justice for All Act of 2004 and other federal legislation, including:

(1) The right to be reasonably protected from the accused.
(2) The right to reasonable, accurate, and timely notice of any public court proceeding involving the crime or of any release or escape of the accused.
(3) The right not to be excluded from any public court proceeding, unless the court determines that your testimony may be materially altered if you are present for other portions of a proceeding.
(4) The right to be reasonably heard at any public proceeding in the district court involving release, plea, or sentencing.
(5) The reasonable right to confer with the attorney for the United States in the case.
(6) The right to full and timely restitution as provided in law.
(7) The right to proceedings free from unreasonable delay.
(8) The right to be treated with fairness and with respect for the victim's dignity and privacy.

I am writing to inform you that the federal investigation of Jeffrey Epstein has been completed, and Mr. Epstein and the U.S. Attorney's Office have reached an agreement containing the following terms.

First, Mr. Epstein agrees that he will plead guilty to two state offenses, including the offense of soliciting minors to engage in prostitution, which will require him to register as a sexual predator for the remainder of his life.

Second, Mr. Epstein has agreed to make a binding recommendation of 18 months' imprisonment to the state court judge who sentences him. Mr. Epstein will serve that sentence of imprisonment at the Palm Beach County Jail.

Third, Mr. Epstein has agreed that he will not contest jurisdiction or liability if you elect to seek damages from him because the United States has identified you as a minor victim of certain federal offenses, including travel in interstate commerce to engage in prostitution with minors and the use of facilities of interstate commerce to induce minors to engage in prostitution. To assist you in making such a claim, the U.S. Attorney's Office has asked an independent Special Master to select attorneys to represent you. Those attorneys are Aaron Podhurst and Robert ("Bob") Josefsberg with the law firm of Podhurst Orseck, P.A. They can be reached at (305) 358-2800. I anticipate that someone from their law firm will be contacting you shortly. I must also advise you that you are not obligated to use these attorneys. In fact, you have the absolute right to select your own attorney, so you can decide not to speak with Mssrs. Podhurst/ Josefsberg at all, or you can speak with them and decide at any time to use a different attorney. If you do decide to seek damages from Mr. Epstein and you decide to use Messrs. Podhurst / Josefsberg as your attorneys, Mr. Epstein will be responsible for paying attorney's fees incurred during the time spent trying to negotiate a settlement. If you are unable to reach a settlement with Mr. Epstein, you and Mr. Josefsberg can discuss how best to proceed.

As I mentioned above, as part of the resolution of the federal investigation, Mr. Epstein has agreed to plead guilty to state charges. Mr. Epstein's change of plea and sentencing will occur on December 14, 2007, at _____ a.m., before Judge Sandra K. McSorley, in Courtroom 11F at the Palm Beach County Courthouse, 205 North Dixie Highway, West Palm Beach, Florida. Pursuant to Florida Statutes Sections 960.001(1)(k) and 921.143(1), you are entitled to be present and to make a statement under oath. If you choose, you can submit a written statement under oath, which will be filed by the State Attorney's Office on your behalf. If you elect to prepare a written statement, it should address the following:

> the facts of the case and the extent of any harm, including social, psychological, or physical harm, financial losses, loss of earnings directly or indirectly resulting from the crime for which the defendant is being sentenced, and any matter relevant to an appropriate disposition and sentence. Fl. Stat. 921.143(2).

You also are entitled to notification when Mr. Epstein is released from imprisonment at the end of his prison term and/or if he is allowed to participate in a work release program. To receive such notification, please provide the State Attorney's Office with the following information:

1. Your name
2. Your address
3. Your home, work, and/or cell phone numbers

4. Your e-mail address
5. A notation of whether you would like to participate in the "VINE system," which provides automated notification calls any time an inmate is moved. (To use this system, your calls must go to you directly, not through a switchboard.)

Thank you for all of your help during the course of the investigation. If you have any questions or concerns, please do not hesitate to contact me or Special Agent Nesbitt Kuyrkendall at (561) 822-5946.

Sincerely,

R. Alexander Acosta
United States Attorney

By:

A. Marie Villafaña
Assistant United States Attorney

cc: Special Agent Nesbitt Kuyrkendall, F.B.I.
Ms. Cleretha Wright, Victim-Witness Coordinator, U.S. Attorney's Office

# TAB 37

"Sloman, Jeff (USAFLS)" [redacted]
02/27/2008 09:45 PM

To [redacted]
cc "Oosterbaan, Andrew" [redacted]
bcc
Subject Fw: Epstein

History: This message has been forwarded.

---
Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Jeffrey Sloman [redacted]
To: Sloman, Jeff (USAFLS)
Sent: Wed Feb 27 21:37:02 2008
Subject: Epstein

Jay,

You have renewed your request for certain information which this Office does not generally make available in similar pre-indictment situations. After carefully considering your request, I have decided, in my capacity as the First Assistant U.S. Attorney, not to make an exception here.

Regarding the Landon Thomas matter, Mr. Thomas was given, pursuant to his request, non-case specific information concerning specific federal statutes.

Regarding the offer to extend the current deadline of March 3, 2008 contained in my February 25th email. That offer was based on counsel for Mr. Epstein meeting with CEOS the week of March 3rd. You indicate that you are unavailable. It is hard to imagine that some or all of the other attorneys representing Mr. Epstein cannot serve this function. After all, Mr. Epstein is also represented by Dean Kenneth Starr, Martin Weinberg, Roy Black, Gerald Lefcourt, Harvard Professor Alan Dershowitz, Lily Ann Sanchez, and Guy Lewis.

That being said, the Southern District of Florida will only renew the offer to extend the current deadline if you and the CEOS Section Chief mutually agree on a timetable by close of business on Friday, February 29, 2008 to meet and complete presentations no later than March 19, 2008. Given that CEOS is ready to proceed immediately, this seems like more than ample time. As I indicated in my previous email, if CEOS subsequently decides that a federal prosecution should not be undertaken against Mr. Epstein, this Office will close its investigation. However, should CEOS disagree with Mr. Epstein's position, Mr. Epstein shall have one week to abide by the terms and conditions of the September 24, 2007 Agreement as amended by letter from United States Attorney Acosta.

Jeffrey H. Sloman

First Asst. US Attorney

Southern District of Florida

# TAB 38

# UNITED STATES DEPARTMENT OF JUSTICE

## Criminal Division
## Child Exploitation and Obscenity Section

1400 New York Avenue, NW
Suite 600
Washington, DC 20530-0001
20005

CEOS: (202) 514-5780
FAX: (202) 514-1793

TO: R. Alexander Acosta, Esq.
Jay Lefkowitz, Esq.

OFFICE NUMBER:

FAX NUMBER: [redacted]

FROM: Alexandra Gelber

DATE/TIME: May 16, 2008

OFFICE NUMBER: (202) 514-5780

NUMBER OF PAGES, EXCLUDING THIS SHEET: 5

SPECIAL INSTRUCTIONS:

**U.S. Department of Justice**

Criminal Division

Andrew G. Oosterbaan, Chief

*Child Exploitation and Obscenity Section*

*1400 New York Avenue, NW*
*Suite 600*
*Washington, DC 20530*
*(202) 514-5780 FAX: (202) 514-1793*

May 15, 2008

Jay Lefkowitz, Esq.
Kirkland & Ellis LLP
Citigroup Center
153 E. 53rd St.
New York, NY 10022-4611

Re: *Investigation of Jeffery Epstein*

Dear Mr. Lefkowitz:

Pursuant to your request and the request of U.S. Attorney R. Alexander Acosta, we have independently evaluated certain issues raised in the investigation of Jeffrey Epstein to determine whether a decision to prosecute Mr. Epstein for federal criminal violations would contradict criminal enforcement policy interests. As part of our evaluation, we have reviewed letters written on behalf of Mr. Epstein on February 1, 2007, June 25, 2007, July 6, 2007, March 28, 2008, April 8, 2008, April 28, 2008, and May 14, 2008, with their attachments. We have also reviewed memos prepared by the U.S. Attorney's Office. As you will recall, we met with you and other representatives of Mr. Epstein to further discuss your views on the propriety of a federal prosecution. We have discussed the factual and legal issues you raise with the Criminal Division's Appellate Section, and we consulted with the Office of Enforcement Operations concerning the petite policy.

We are examining the narrow question as to whether there is a legitimate basis for the U.S. Attorney's Office to proceed with a federal prosecution of Mr. Epstein. Ultimately, the prosecutorial decision making authority within a U.S. Attorney's Office lies with the U.S. Attorney. Therefore, to borrow a phrase from the case law, the question we sought to answer was whether U.S. Attorney Acosta would abuse his discretion if he authorized prosecution in this case.

As you know, our review of this case is limited, both factually and legally. We have not looked at the entire universe of facts in this case. It is not the role of the Criminal Division to re-conduct a complete factual inquiry from scratch. Furthermore, we did not analyze any issues concerning prosecution under federal statutes that do not pertain to child exploitation, such as the money laundering statutes.

As was made clear at the outset, we did not review the facts, circumstances, or terms included in the plea offer, nor any allegations that individuals involved in the investigation engaged in misconduct. Despite that agreement, we note that your letters of April 8, April 28, and May 14 focus in large part on accusations of investigative or prosecutorial misconduct. Not only do allegations of prosecutorial misconduct fall outside the boundary of our agreed review, they also fall outside the authority of the Criminal Division in the first instance. Simply, the Criminal Division does not investigate or resolve allegations of professional misconduct by federal prosecutors. For these reasons, we do not respond to the portion of those letters that discuss alleged misconduct.

Based on our review of all of these materials, and after careful consideration of the issues, we conclude that U.S. Attorney Acosta could properly use his discretion to authorize prosecution in this case. We will briefly address each of the issues that you have raised.

*Knowledge of age.* Federal child exploitation statutes differ as to whether there must be proof that the defendant was aware that the children were under the age of 18. However, even for those statutes where knowledge of age is an element of the offense, it is possible to satisfy that element with proof that the defendant was deliberately ignorant of facts which would suggest that the person was a minor. For that reason, the fact that some of the individuals allegedly lied to Mr. Epstein about their age is not dispositive of the issue. While there may be an open factual issue as to Mr. Epstein's knowledge, we cannot say that it would be impossible to prove knowledge of age for any such charges which require it. Therefore, Mr. Acosta could rightfully conclude that this factual issue is best resolved by a jury.

*Travel for the purpose.* In the materials you prepared, you suggest that Mr. Epstein should not be charged with violating 18 U.S.C. § 2423(b) because his dominant purpose in going to Florida was not to engage in illegal sexual activity, but rather to return to one of his residences. While we fully understand your argument, we also find that the U.S. Attorney's office has a good faith basis fully to develop the facts on this issue and brief the law to permit a court to decide whether the law properly reaches such conduct. Mr. Acosta would not be abusing his discretion if he decided to pursue such a course of action.

*Intent to engage in the conduct at the time of travel.* Based on our review of the facts of this case, we respectfully disagree that there is no evidence concerning Mr. Epstein's intent when he traveled, and when that intent was formed. Should Mr. Acosta elect to let the case proceed so that a jury can resolve this factual issue, he would be within his discretion to do so.

*Use of a facility or means of interstate or foreign commerce.* Much of the materials you have prepared and much of the meeting we had focused on 18 U.S.C. § 2422(b), specifically your contention that Mr. Epstein did not use the phone to coerce anyone to engage in illegal sexual activity. We understand the issue you raise concerning the statutory interpretation. As before, however, we cannot agree that there is no evidence that would support a charge under Section 2422(b), nor can we agree that there is no argument in support of the application of that statute to this case. Finally, our assessment is that the application of that statute to these facts would not be



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so novel as to implicate the so-called "clear statement rule," the *Ex Post Facto* clause, or the Due Process clause. As with the other legal issues, Mr. Acosta may elect to proceed with the case.

*Absence of coercion.* With respect to 18 U.S.C. § 1591, the alleged absence of the use of force, fraud, or coercion is of no moment. The statute does not require the use of force, fraud, and coercion against minors. Because of their age, a degree of coercion is presumed. In your materials, you note that the statute requires that the minors must be "caused" to engage in a commercial sex act, further arguing that the word "cause" suggests that a certain amount of undue influence was used. We reject that interpretation, as it would read back into the offense an element–coercion–that Congress has expressly excluded. We have successfully prosecuted defendants for the commercial sexual exploitation of minors, even when the minors testified that not only did they voluntarily engage in the commercial sex acts, it was their idea to do so. As such, Mr. Acosta could properly decide to pursue charges under Section 1591 even if there is no evidence of coercion.

More broadly, a defendant's criminal liability does not hinge on his victim identifying as having suffered at his hands. Therefore, a prosecution could proceed, should Mr. Acosta decide to do so, even though some of the young women allegedly have said that they do not view themselves as victims.

*Witness credibility.* As all prosecutors know, there are no perfect witnesses. Particularly in cases involving exploited children, as one member of your defense team, Ms. Thacker, surely knows from her work at CEOS, it is not uncommon for victim-witnesses to give conflicting statements. The prosecutors are in the best position to assess the witness's credibility. Often, the prosecutor may decide that the best approach is to present the witness, let defense counsel explore the credibility problems on cross-examination, and let the jury resolve the issue. Mr. Acosta would be within his authority to select that approach, especially when here there are multiple, mutually-corroborating witnesses.

*Contradictions and omissions in the search warrant application.* We have carefully reviewed the factual issues you raise concerning the search warrant application. For a search warrant to be suppressed, however, the factual errors must be material, and the officers must not have proceeded in good faith. Despite the numerous factual errors you describe, the U.S. Attorney's Office could still plausibly argue that the mistakes–whether inadvertent or intentional–were not material to the determination that probable cause existed for a search, and that the search was in good faith in any event. As such, Mr. Acosta could properly elect to defend the search warrant in court rather than forego prosecution.

*Petite Policy:* After reviewing the petite policy and consulting with the Office of Enforcement Operations ("OEO"), we conclude that the petite policy does not prohibit federal prosecution in this case. According to the U.S. Attorney's Manual, the petite policy "applies whenever there has been a prior state or federal prosecution resulting in an acquittal, a conviction, including one resulting from a plea agreement, or a dismissal or other termination of



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the case on the merits after jeopardy has attached." USAM 9-2.031(C). Our understanding is that the state case is still pending. As such, the procedural posture of the state case does not implicate the petite policy.

We recognize that the petite policy could be triggered if the state case concluded after a federal indictment was issued but prior to the commencement of any federal trial. *Id.* However, the policy "does not apply ... where the [state] prosecution involved only a minor part of the contemplated federal charges." USAM 9-2.031(B). Based on our understanding of the possible federal charges and existing state charges, we do not think the petite policy would be an issue should federal proceedings take place.

*Federalism and Prosecutorial Discretion.* All of the above issues essentially ask whether a federal prosecution *can* proceed. We understand, however, that you also ask whether a federal prosecution *should* proceed, even in the event that all of the elements of a federal offense could be proven. On this issue, you raised two arguments: that the conduct at issue here is traditionally a state concern because the activity is entirely local, and that the typical prosecution under federal child exploitation statutes have different facts than the ones implicated here. You have essentially asked us to look into whether a prosecution would so violate federal prosecutorial policy that a United States Attorney's Office should not pursue a prosecution. We do not think that is the case here for the following reasons.

Simply, the commercial sexual exploitation of children is a federal concern, even when the conduct is local, and regardless of whether the defendant provided the child (the "pimp") or paid for the child (the "john"). In your materials, you refer to a letter sent by the Department of Justice to Congress in which the Department expresses concern over the expansion of federal laws to reach almost all instances of prostitution. In that portion of the letter, the Department was expressly referring to a proposed federal law that reach adult prostitution where no force, fraud, or coercion was used. Indeed, the point being made in that letter is that the Department's efforts are properly focused on the commercial sexual exploitation of children and the exploitation of adults through the use of force, fraud, or coercion. As such, there is no inconsistency between the position taken in that letter and the federal prosecution of wholly local instances of the commercial sexual exploitation of children.

If Congress wanted to limit the reach of federal statutes only to those who profit from the commercial sexual exploitation of children, or only to those who actually traffic children across state lines, it could have done so. It did not. Finally, that a prosecution of Mr. Epstein might not look precisely like the cases that came before it is not dispositive. We can say with confidence that this case is consistent in principle with other federal prosecutions nationwide. As such, Mr. Acosta can soundly exercise his authority to decide to pursue a prosecution even though it might involve a novel application of a federal statute.

*Conclusion.* After carefully considering all the factual and legal issues raised, as well as the arguments concerning the general propriety of a federal case against Mr. Epstein on these

facts, we conclude that federal prosecution in this case would not be improper or inappropriate. While you raise many compelling arguments, we do not see anything that says to us categorically that a federal case should not be brought. Mr. Acosta would not be abusing his prosecutorial discretion should he authorize federal prosecution of Mr. Epstein.

Sincerely yours,

Andrew G. Oosterbaan
Chief

cc: AAG Alice S. Fisher
DAAG Sigal P. Mandelker
U.S. Attorney R. Alexander Acosta



HOUSE_OVERSIGHT_012674

# TAB 39

Jay Lefkowitz/New York/Kirkland-Ellis
Sent by: Kristin Andersen/New York/Kirkland-Ellis

12/12/2007 04:19 PM

To Ami Sheth/New York/Kirkland-Ellis@K&E
cc Eugene Kornel/New York/Kirkland-Ellis@K&E
bcc
Subject Fw: Epstein

----- Forwarded by Kristin Andersen/New York/Kirkland-Ellis on 12/12/2007 04:19 PM -----

Jay Lefkowitz/New York/Kirkland-Ellis

11/28/2007 04:29 PM

To "Sloman, Jeff (USAFLS)" [redacted]
cc "Acosta, Alex (USAFLS)"
Subject Re: Epstein

Dear Jeff:

I received your email yesterday and was a little surprised at the tone of your letter, given the fact that we spoke last week and had what I thought was a productive meeting. I was especially surprised given that your letter arrived on only the second day back to work after the Thanksgiving Holiday, and yet your demands regarding timing suggest that I have been sitting on my hands for days.

You should know that the first time I learned about Judge Davis's selection of Podhurst and Josephsberg, and indeed the first time I ever heard their names, was in our meeting with you on Wednesday of last week. Nevertheless, I have now been able to confer with my client, and we have determined that the selection of Podhurst and Josephsberg are acceptable to us, reserving, of course, our previously stated objections to the manner in which you have interpreted the section 2255 portions of the Agreement.

We do, however, strongly and emphatically object to your sending a letter to the alleged victims. Without a fair opportunity to review and the ability to make objections to this letter, it is completely unacceptable that you would send it without our consideration. Additionally, given that the US Attorney's office has made clear it cannot vouch for the claims of the victims, it would be incendiary and inappropriate for your Office to send such a letter. Indeed, because it is a certainty that any such letter would immediately be leaked to the press, your actions will only have the effect of injuring Mr. Epstein and promoting spurious civil litigation directed at him. We believe it is entirely unprecedented, and in any event, inappropriate for the Government to be the instigator of such lawsuits.

Finally, we disagree with your view that you are required to notify the alleged victims pursuant to the Justice for All Act of 2004. First, 18 USC section 2255, the relevant statute under the Non-Prosecution Agreement for the settlement of civil remedies, does not have any connection to the Justice for All Act. Section 2255 was enacted as part of a different statute. Second, the Justice for All Act refers to restitution, and section 2255 *is* not a restitution statute. It is a civil remedy. As you know, we had offered to provide a restitution fund for the alleged

it is a civil remedy. As you know, we had offered to provide a restitution fund for the alleged victims in this matter; however that option was rejected by your Office. Had that option been chosen, we would not object to your notifying the alleged victims at this point. At this juncture, however, we do not accept your contention that there is a requirement that the government notify the alleged victims of a potential civil remedy in this case.

Accordingly, for all the reasons we have stated above, we respectfully -- and firmly -- object to your sending any letter whatsoever to the alleged victims in this matter. Furthermore, if a letter is to be sent to these individuals, we believe we should have a right to review and make objections to that submission prior to it being sent to any alleged victims. We also request that if your Office believes that it must send a letter to go to the alleged victims, who still have not been identified to us, it should happen only after Mr. Epstein has entered his plea. This letter should then come from the attorney representative, and not from the Government, to avoid any bias.

As you know, Judge Starr has requested a meeting with Assistant Attorney General Fisher to address what we believe is the unprecedented nature of the section 2255 component of the Agreement. We are hopeful that this meeting will take place as early as next week. Accordingly, we respectfully request that we postpone our discussion of sending a letter to the alleged victims until after that meeting. We strongly believe that rushing to send any letter out this week is not the wisest manner in which to proceed. Given that Mr. Epstein will not even enter his plea for another few weeks, time is clearly not of the essence regarding any notification to the identified individuals.

Thanks very much,

Jay

"Sloman, Jeff (USAFLS)" [redacted]

"Sloman, Jeff (USAFLS)"
[redacted]
11/27/2007 01:55 PM

To "Jay Lefkowitz" [redacted]
cc "Acosta, Alex (USAFLS)" [redacted]
Subject Epstein

Jay,

Please accept my apologies for not getting back to you sooner but I was a little under the weather yesterday. I hope that you enjoyed your Thanksgiving.

Regarding the issue of due diligence concerning Judge Davis' selection, I'd like to make a few observations. First, Guy Lewis has known for some time that Judge Davis was making reasonable efforts to secure Aaron Podhurst and Bob Josephsberg for this assignment. In fact, when I told you of Judge Davis's selection during our meeting last Wednesday, November 21st,

you and Professor Dershowitz seemed very comfortable, and certainly not surprised, with the selection. Podhurst and Josephsberg are no strangers to nearly the entire Epstein defense team including Guy Lewis, Lili Ann Sanchez, Roy Black, and, apparently, Professor Dershowitz who said he knew Mr. Josephsberg from law school. Second, Podhurst and Josephsberg have long-standing stellar reputations for their legal acumen and ethics. It's hard for me to imagine how much more vetting needs to be done.

The United States has a statutory obligation (Justice for All Act of 2004) to notify the victims of the anticipated upcoming events and their rights associated with the agreement entered into by the United States and Mr. Epstein in a timely fashion. Tomorrow will make one full week since you were *formally* notified of the selection. I must insist that the vetting process come to an end. Therefore, unless you provide me with a *good faith* objection to Judge Davis's selection by COB tomorrow, November 28, 2007, I will authorize the notification of the victims. Should you give me the go-ahead on Podhurst and Josephsberg selection by COB tomorrow, I will simultaneously send you a draft of the letter. I intend to notify the victims by letter after COB Thursday, November 29th. Thanks,

Jeff

# TAB 40

**TAX MATTERS- IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. If you would like such advice, please contact us.***

***Attention: The information contained in this E-mail message is attorney privileged and confidential information intended only for the use of the individual(s) named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please contact the sender by reply E-mail and destroy all copies of the original message. Thank you.

----- Message from "A. on Fri, -----

**To:** "Lilly
**Subject:** Menchel

Dear Lilly:

Thank you for your letter of August 2nd regarding your proposal on how to resolve the Epstein matter.

As we explained at our meeting on July 31, 2007, the Office believes that the federal interest will not be vindicated in the absence of a two-year term of state imprisonment for Mr. Epstein. That offer was not meant as a starting point for negotiations, it is the minimum term of imprisonment that will obviate the need for federal prosecution. The Office has never agreed that a state prison sentence is not appropriate for Mr. Epstein. Rather we simply stated that if Mr. Epstein preferred to serve his sentence in a federal penetentiary, we would be willing to explore a federal conviction that may allow that in lieu of any state resolution. Further, as I made clear in

our follow up telephone conversation after the meeting, a plea to two federal misdemeanors was never extended or meant as an offer.

We also would reiterate that the agreement to Section 2255 liability applies to all of the minor girls identified during the federal investigation, not just the 12 that form the basis of an initial planned charging instrument.

As you know, the ability to engage in flexible plea negotiations is dramatically changed upon the return of an indictment. Once an indictment is returned, the Office does not intend to file a Superseding Information containing a lesser charge or to dismiss the case in favor of state prosecution.

Please let us know your client's decision by no later than August 17. I have conferred with U.S. Attorney Acosta who has asked me to communicate that the two-year term of incarceration is a non-negotiable minimum to vindicate a federal interest, and, at this time, he is not inclined to meet with counsel for Mr. Epstein.

Sincerely,

R. Alexander Acosta
United States Attorney

By:
Matthew Menchel
Chief, Criminal Division

cc: Roy Black
Gerald Lefcourt
R. Alexander Acosta
Jeffrey Sloman
Andrew Lourie
A. Marie Villafaña

Margot Moss, Esq.
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1395 Brickell Avenue, 14th Floor
Miami, FL 33131

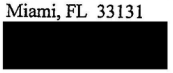

# TAB 41

"Sloman, Jeff (USAFLS)" [redacted]
10/31/2007 04:33 PM

To "Jay Lefkowitz" [redacted]
cc
bcc
Subject Epstein

Jay,

Your understanding from Jack Goldberger conforms to my understanding that Mr. Epstein's plea and sentence will take place on the same day. I understand that the plea and sentence will occur on or before the January 4th date.

Jeff

**From:** [redacted]
**Sent:** 2/17/2011 6:19:01 PM
**To:** jeevacation@gmail.com
**Subject:** Trump & Patricia Kluge

**Importance:** High

# Trump in talks to buy socialite Kluge's Charlottesville vineyard and estate

By Annie Gowen and Steve Yanda
Washington Post Staff Writers
Wednesday, February 16, 2011; 10:47 PM

Embattled Virginia socialite and winemaker Patricia Kluge may have found a white knight to preserve her Charlottesville empire - real estate mogul Donald Trump.

Trump's business adviser said Wednesday that Trump was negotiating to buy not only Kluge's grand estate, Albemarle House, which a bank foreclosed on in January, but all of Kluge's former real estate holdings outside Charlottesville near Thomas Jefferson's Monticello estate.

Those include 200 acres of land adjacent to the estate that once had a nine-hole golf course designed by Arnold Palmer, a 900-acre vineyard and a failed real estate development where Kluge had planned to market luxury "farmettes" with their own grapevines.

Leslie Goldman, a Washington-based adviser to Trump, said it would be "premature to speculate" what Trump had planned for the area, but said the land has "significant historical value and potential for development."

"Obviously, the more acreage, the more pieces you acquire, the more possibilities there are," he said.

Trump has already made forays into Virginia real estate. In 2009, he purchased a 600-acre golf club along the Potomac River in Loudoun County and renamed it the Trump National Golf Club. He raised the ire of local environmentalists last summer after the club removed hundreds of trees that it claimed threatened the shoreline.

Trump's representative appeared at a foreclosure auction of Kluge's large estate on the courthouse steps in downtown Charlottesville Wednesday morning, where a crowd of about 50 lawyers and curiosity seekers had gathered.

In the past year, Kluge's travails have become well-known around Charlottesville, where over the last two decades the British-born socialite has cut a glamorous - and sometimes controversial - figure.

In 1999 she founded what became a well-respected vineyard on land around her grand house, which she had received as part of a high-profile divorce settlement in 1990 from John Kluge, the late media mogul who was once the country's richest man.

Kluge Estate Winery and Vineyard won accolades for sparkling wines - served at the White House and at Chelsea Clinton's wedding last summer - and a blended red called New World Red. Kluge and her third husband, retired IBM executive William Moses, worked to promote not only their own wine brand but the growing Virginia wine industry as a whole.

But in the past two years, following some aggressive expansion of the winery and the failure of the housing development, Kluge fell upon hard times. Credit problems forced her to sell off her jewelry and extensive collection of art and antiques last year. She lost the vineyard at a foreclosure auction in December.

Kluge had initially tried to sell Albemarle House - which the Sotheby's listing calls "one of the most important residences in the United States since the Golden Age" - for $100 million, but when no buyer came forward the price was ultimately slashed to $24 million. The eight-bedroom home has its own movie theater, wine grotto, swimming pool and helipad.

At Wednesday's auction, Bank of America, Kluge's creditor, took full ownership of the property with a bid of $15.26 million. But Trump holds what the lawyers called a "right of first refusal" to buy the property at a later date.

Kluge and Moses declined to comment directly on yesterday's events, but both have said they have been working diligently with their lawyers over the last several months to help save their business.

The Trump organization had been working closely with Kluge and Moses on the deal, but how the partnership will play out - if they would have a future role at what would be Trump's vineyard - remained unclear Wednesday.

"They've been working together with the objective of trying to preserve the vineyard for the benefit of the Virginia wine industry," Goldman said. "If it all comes together, it may provide them an opportunity to continue to stay involved in their life's work."

*Yanda reported from Charlottesville. Staff researcher Magda Jean-Louis also contributed to this report.*

**From**: Stephanie[redacted]
**Sent**: 3/4/2011 11:15:40 PM
**To**: Peggy Siegal[redacted]jeevacation@gmail.com
**Subject**: RE: Oscar diary
**Attachments**: Oscar story.doc

**Importance**: High

Jeffrey,

Peggy's story is attached to the e-mail. I have included the story in the body of the e-mail as well.

Thanks,

Stephanie

Omar Quadhafi is hunkering down in Tripoli giving press interviews denying that rebels are taking over Eastern Libya. Oil prices are shooting over one hundred dollars a barrel. The US government is on the verge of a shut down. These are not the top secret opening lines to Aaron Sorkin's new script, but the global headlines of a world spinning out of control. I head to Los Angeles like an overdressed lemming to attend the 83rd Academy Awards and attempt to make sense of artists thrust into combat.

For the second year nearly 6,000 Academy members have nominated 10 films and the battle is down to two. The beloved timeless classic, "The King's Speech" marches into the arena as the front runner, but passionate supporters of the brilliant edgier (and critics darling) "The Social Network" have not conceded. The ballots are counted, the party invites are out and still the feelings are raw. Filmmakers are exhausted from campaigning.

At Bryan Lourd's famous star studded party Sony Classics' Co-President Michael Barker announces to me he has taken a random sampling of voters in the room. He says, "There will be a 'Social Network' upset at the Kodak Theater." Shear panic radiates from my every pore as he says, "I am joking." It's like color war at summer camp.

Woody Allen and George Lucas tell me they are no longer members of the Academy because pitting artists against each other to determine the quality of their work is insane. They are right.

My event and publicity company is considered "Switzerland" by the studios, as we help every filmmaker to present and position his work. This year I am somewhat emotionally sucked in.

In 2005 I meet the unknown 32-year-old English director Tom Hooper on his first film for HBO,"Elizabeth I". The Emmy award winning movie stars Helen Mirren, who takes credit for discovering him directing English television. Helen later wins her Oscar for portraying Queen Elizabeth in "The Queen". Queen Elizabeth is the daughter of King George VI portrayed by Oscar winner Colin Firth in "The King's Speech".

I also become Hooper's champion encouraging many to see his early work including his herculean 10 hour HBO mini-series "John Adams" produced by Tom Hanks.

Six years later at the Telluride Film Festival Tom Hooper is bathing in the glory of a hysterical standing ovation with Colin Firth and Geoffrey Rush at the very first screening of "The King's Speech." Surprisingly, this drama's subtle humor gets big laughs leading up to its emotional ending.

Within two weeks, at The Toronto Film Festival, Harvey Weinstein is now standing with his filmmakers witnessing the same reaction. The film wins The Audience Prize. Their strategy is to say nothing. Do nothing. They have a possible Oscar winner. Four out of five past Best Pictures have premiered in Toronto.

Cut to New York City at the end of September. It's the opening night at The Film Society of Lincoln Center. One of America's most important and prolific producers Scott Rudin, along with Jesse Eisenberg, Andrew Garfield and Aaron Sorkin are in a brightly lit box waving down to their equally hysterical audience who have just seen "The Social Network".

The film opens the next day to rave reviews and endless publicity. David Fincher is off making "The Girl with the Dragon Tattoo". Aaron Sorkin becomes the face of the film and an immediate shoo-in for an Oscar.

The Hamptons International Film Festival in October suddenly becomes a launching pad for "127 Hours", where cool Yale/NYU student James Franco appears and receives a heroic standing ovation. More Oscar buzz.

"Black Swan" also unspools there in a tiny theater as Madonna, Alec Baldwin and even Harvey Weinstein slip in the back. Darren Aronofsky, sporting the ever present cool wool scarf around his neck is hailed a genius. Natalie Portman is instantly the hot nominee for Best Actress.

Both films are sensational and movie goers go nuts, but it is "The King's Speech" that edges out the competition for The Audience Prize.

Mid-November David O. Russell and Mark Wahlberg, working together for the third time, sneak "The Fighter" in Manhattan. As their audience erupts in cheers, I tell producer/actor Wahlberg, "Clint Eastwood is going to kill himself for not directing this." Wahlberg says, "You are wrong. He turned it down because he's done it. He has seen it and he loves it." I instantly lavish my affection and praise on David O. Russell, who becomes my new Clint Eastwood. Christian Bale and Melissa Leo are hailed the supporting actors to beat.

"True Grit" directed by the Coen Brothers and also produced by Scott Rudin doesn't premiere till mid-December at the Ziegfeld as the last serious Oscar contender for Best Picture. It gallops off to box office gold.

This is the year many of the 78 million Baby Boomers go back to the theaters. Five small budget independent films become surprise hits as each exceeds $100 million.

"The Social Network" now cements its battle cry with one word; "relevance". Mark Zuckerberg lands on the cover of Time Magazine as The Person of the Year. A smart and extensive ad campaign positions the film in the lead. Critics and pundits proclaim the race is over. "The Social Network" is the clear winner. Everyone goes on holiday.

This is probably the only time in Harvey Weinstein's life that he is caught off guard. He quickly mobilizes an inner team of 15 and conducts strategy meetings 7 days a week, including Christmas. They become like a Chinese Restaurant...always open. A generational war is in full swing. Harvey screens his film for the older voters. Everything is done by the books. Budgets are limited. He sends screenwriter David Seidler and Tom Hoooper to every corner of the country doing q+a's till they are blue in the face from "finding their voice." SAG voters begin seeing the film 2 and 3 times.

In January the Golden Globes voted on by about 88 foreign journalists gives Best Drama to "The Social Network", Best Director to David Fincher and Best Screenplay to Aaron Sorkin. Their film is still perceived as the Oscar winner.

Team Weinstein underestimates their hard work and is in shock when "The King's Speech" wins the PGA in L.A. Harvey doesn't even attend and is working in Sundance. They are equally surprised when Tom Hooper wins the DGA and the actors win the SAG Ensemble. The BAFTAs reinforced the lead. They are now the front runner. It takes the media a few weeks to catch on.

The Daily Mail announces Her Royal Highness, Queen Elizabeth has enjoyed a private screening of "The King's Speech" and is "moved" by the film. With no proof the Queen has actually seen the film, the Weinstein Company sends out a global press release thanking her Majesty for the endorsement. They also acknowledge Prime Minister David Cameron's private Christmas screening.

On Oscar night, it isn't until Hilary Swank surprisingly yells out Hooper's name for Best Director that Harvey's gang finally realizes they are getting the Oscar for Best Picture. The King has spoken.

Friday, February 24th
Mid-day, I arrive at The Beverly Hills Hotel, where I have stayed for thirty years. As the housekeepers unpack my bags upstairs I peek into the Polo Lounge and find icon Warren Beatty in a booth. He motions me over to meet an Egyptian fashion editor from Cairo. I say, "Warren, you are a little late to visit Cairo." I tell him I'm rooting for Annette and love her film "The Kids Are All Right". Warren tells me "The Social Network" will win.

This year I am two days late arriving to Oscar weekend. I am now shown to a very very very small room, the size of a broom closet. Uncharacteristically, I have a slight melt down. I am moved. The housekeepers run down the hall with my clothes flying. I calm down. The hotel is sold out. I get someone else's room. Another poor schmuck checking in downstairs will get the broom closet.

It is cold, grey and rainy. Taffata, organdy and embroidered silk evening clothes hang in my closet. I stay in my sweaters and fur coat and head to Arianna Huffington's Mediterranean house in Beverly Hills where Wendi Murdoch and Arianna are hosting a party for Tom Freston's wife, the beautiful blond Kathy. The book is called "Veganist: Lose Weight, Get Healthy, Change the World. A perfect book for Monks.

Arianna has just sold the Huffington Post for to AOL to $315 million dollars and rumored to have personally landed around $20 million. She is euphoric as she greets Nicole Kidman and Keith Urban at the door. Other drenched power players ushered in under umbrellas include Disney's Bob Iger and wife Willow Bay, Fox's Jim Gianopulos, Candice Bergen and journalist daughter Chloe Malle, Google's Eric Schmidt, Oliver Stone avoiding questions about Charlie Sheen and escorting his daughter Tara, Moby, Jamie Niven, Brian Grazer, Vivi Nevo, Tracey Ullman, CBS's Les Moonves and Julie Chen, Rob Reiner, Paramount's Brad Grey and fiancé Cassandra Marc and Jeff Bezos. Hors d'oeuvres include pigs in blankets, a food group not mentioned in Kathy's book.

The party action migrates to UTA Jim Burkus's home in the neighborhood for "True Grit's" Ethan and Joel Coen. I pass Ron Howard on the way in and he says, "Keep me on your list." Is he kidding? Sunrise and Mark Ruffalo, Tim Robbins, Focus Feature's James Shamus, Nancy Meyers and John Goldwyn mingle. Adorable Hallie Steinfeld is there with her parents. I am trying to fix her up with Justin Bieber. She giggles, "Peg, I am only 14."

Hunky Josh Brolin tells me he is coming to New York in March to shoot two new films. He is working on producing and starring in "The Hunchback of Notre Dame" with Tim Burton as a future project.

I am now inches away, face to face with Harrison Ford and stupidly tell him I love him in "Morning Glory". He is looking at me in utter disbelief and I will not shut up. A gorgeous guy is also inches away in a hat, glasses, jacket, layered sweater and scarves. I whisper to Harrison, "That looks just like Johnny Depp." Harrison rolls his eyes and reluctantly introduces me to his friend Johnny Depp. I babel a bit about his great work and run for cover to a corner next to my buddy, Jerry Bruckheimer. Jerry introduces me to the wives, Vanessa Paradis and Calista Flockhart. I bore them with girly chit-chat and realize it's time to get out of there.

I head over to the CAA/Bryan Lourd "Friday Night Party". Torrential rains and horrific winds cause a traffic jam that makes it impossible to get near the house. Cell phones do not work. The world's most famous faces cower under black umbrellas and make a run for it.

Bryan Lourd and Bruce Bozzi receive friends at the door all night. Inside Uma tells me she finally moved into a doorman building in New York after being terrorized by stalkers for years. Talented, Ben Walker talks about "Abraham Lincoln: Vampire Hunter" he is about to shoot as his fiancé Mamie Gummer looks sexy shivering in a white satin gown. Producer Jon Kilik mentions he oversees a new cut of Julian Schnabel's "Miral" to be released in March. Bennett Miller, standing with Kristin Gore says Sony loves his new film "Moneyball" and Brad Pitt is terrific. (When is Brad Pitt not terrific?) Sandy Gallin tells me he has an actual job decorating Jeffrey Katzenberg's home and he has never been happier. I congratulate Barry Levinson's son, Sam, a director, for winning the writing award at Sundance for his first film, "Another Happy Day" which is inspired by his family.

Also seen floating around are, Taylor Swift and Jake Gyllenhaal, but not together, Sean Penn, Tom Curise and Katie Holmes, Anderson Cooper, Hilary Swank, Kelly Ripa, Carrie Fisher, Bruce Weber, Sean Combs, Paul Haggis, Marisa Tomei, Jay Roach, Kate Beckinsale, Demi Moore and Ashton Kutcher, Kate Hudson, Gerard Butler, Leo DiCaprio and Bar Refaeli, Renee Zellweger with Bradley Cooper, Biutiful director Alejandro Gonzalez-Inarritu, Kathryn Bigelow and Mark Boal, Ellen Barkin who is headed to Broadway in "The Normal Heart" this spring and CAA's Kevin Huvane, Richard Lovett and Hylda Quealy.

Busy Bruce Cohen who is producing Sunday's awards broadcast tries to get his car to leave. Limo lock is at a standstill. Nothing is moving outside. Two hundred swells become party prisoners and resign to just having an absolute ball till 5:00am. Once again, this is the most star studded party in town.

Saturday, February 26th, 2011

The sun comes up and dries up all the land. IAC chairmen and owner of The Newsweek/Daily Beast Barry Diller and his designer wife Diane Von Furstenberg host their annual lunch for Graydon Carter in their Coldwater Canyon home. Barry introduces me to his star guest, Governor Jerry Brown, just elected to his third (nonconsecutive) term as California Governor. Diane's children, Alex and Tatiana, along with their children comprise three generations of guests, which makes this party so special.

Like last year, enormous clear plastic tents are erected on the hill near the house. Long wooden picnic tables covered with yellow flowers sit on oriental rugs, covering the soggy ground. Terrines of hot soup, platters of sausages, fried chicken and salads are beautifully arranged on an endless buffet. Everyone wears winter clothes; comfy sweaters and sensible shoes. I arrive in a fur coat.

Barry and Diane's loyal friends have been coming to this party for over fifteen years. Everybody knows everybody and it doesn't matter if you have a hit film or TV show this season. Oprah Winfrey kisses David Geffen, casually chats with former Disney CEO Michael Eisner and current Sony chief Sir Howard Stringer. Brett Ratner arrives with his house guest Jean Pigozzi who is allowed to photograph everyone. Graydon greets people with wife Anna and Fran Lebowitz by his side.

Ingrid Sischy and Sandy Brant, Rupert Murdoch, Ron Meyer, Bryan Lourd Francesco Clemente with his twin boys and Tom Ford chat each other up. People watching include the pregnant Victoria and David Beckham with Lynn Wyatt, Liv Tyler, Vincent Gallo, Eva Longoria, Larry Gagosian and Shala Monroque, Ben Silverman, Debbie and Allen Grubman, Tobias Meyer and Mark Fletcher and Stephen Gaghan and Mini Mortimer wearing her oversized cat glasses.

Bruce Cohen has invited me to the Oscar broadcast rehearsal. This is a special honor. There are metal barricades leading up to the credentials trailer. High-tech security includes photos and computer background checks. The only thing they don't do is pat me down and ask for fingerprints. Once inside the Kodak Theater's massive auditorium, I find a seat next to Bruce's proud parents. I watch Josh Brolin and Javier Bardem come out in white dinner jackets and flub their lines as they pretend to present Best Adapted Screenplay and Best Original Screenplay. Josh later told me at The Night Before Party that their acting methods are completely opposite. Josh says he is a quick study and is very creative and comfortable ad-libbing. Javier, whose mother tongue is Spanish, needs to have every syllable printed out, which he studies with a dialect coach. Little wiggle room for jokes. Life size photos on large cardboard plaques are taped to each nominee's chair. I try to memorize their location, so when I return Sunday I can quickly kiss them all.

Back at the Beverly Hills hotel, I slip into my gorgeous black tulle Dennis Basso cocktail dress with a plunging neck line and put on my mother's jewels. Jim Coleman takes me the Night Before Party in the hotel. This is Jeffrey Katzenberg's, 9th Annual A-lister event benefiting The Motion Picture & Television Fund where they raise $6.5 million dollars in one night. I walk right into Valentino who gives me the once over and approves my outfit. I tell him and Giancarlo Giammetti that Woody Allen's new film, "Midnight in Paris" is opening the Cannes Film Festival and they must bring the yacht. Woody is also filming all summer in Rome and I am counting on them to entertain him.

Elton John and David Furnish join our conversation and of course we ask for intimate details about the new baby. Elton says this is the first time they have been away from him for more than a night and they are delirious with parenthood. I segway over to Amy Adams who mentions she also hates leaving her baby in the hotel room. I tell her she's acted like a lady with all the attention showered on Melissa Leo and that someday soon she will win an Oscar because she consistently hands in amazing performances and everybody loves her. Next stop is Kate Capshaw in a black bowler hat chatting with Steven Spielberg's god-daughter Gwyneth Paltrow. Kate gushes as she talks about her two grandchildren from daughter Jessica. I have known Steven since "I Wanna Hold Your Hand". In 1982, as a young publicist on "E.T." I moved to California to work for him as one of his thirteen assistants. I now tell him I'm going to Broadway opening of "War Horse" with Kathy Kennedy and Frank Marshall and cannot wait to see his movie version. He is wildly excited about the film. I beg him to work on it.

I meet sweet Jennifer Aniston, her new hair cut and her perfect little body. Her date tells me her secret is a half hour on the treadmill every day. Somehow I think that's an understatement. I tell Jesse Eisenberg I was on his plane home from the Baftas last week. He was hiding under his hoodie and I knew not to bother him. He said innocently, "You should have said 'Hello'. I always cover my head because I think my curls make me look like a girl".

The charity gives us a coupon booklet redeemable at various booths for cheap clothing, new iPads, make-up, chocolates, shampoo and a $50 dollar Arch gift card for free McDonalds hamburgers. A bargain is a bargain, rich people run around like lunatics, collecting gifts for their housekeepers. Among the shoppers are Steven and Heather Mnuchin, Viacom's Deborah and Philippe Dauman, Tamara Mellon, Christine Taylor and Ben Stiller, Cate Blanchette, Susan and Robert Downey,Jr., and Debra and Hugh Jackman.

Next stop is The Weinstein Company's Pre-Oscar party at the Soho House, sponsored by MontBlanc, celebrating their new charity partnership and $1 million dollar donation to the Princess Grace Foundation-USA. Long gone are the funky Miramax Saturday night parties where nominees spoofed their own films in homemade costumes and ad-libbed hilarious skits. Grown men would dress as Anna Paquin and play the piano in hopes of winning a Max Award.

There is social anxiety at the Soho House garage entrance. Guests patiently wait as super stars whisk by. A four hundred pound gorilla refuses to let me on the elevator until I spot Benny Medina. Once on, I see the radiant Jennifer Lopez in the corner and remind her we met on Len Blavatnik's yacht in Cannes. She graciously pretends to know me. Her manager, Benny Medina is kicking me.

I slip into Colin Firth's booth by the front bar to have a tete-a-tete with him and his wife Livia Giuggioli about tomorrow night. Jokingly, I suggest when he wins to say, "I'm speechless". Colin patiently assures me many people, far more clever than I, have already mentioned this. He then says that others are waging bets on whether he might subconsciously stutter. I grill him about his wardrobe, assuming he will be wearing a new Tom Ford tuxedo. He tells me both he and Ford will be in older models as Ford only designs classics. I tell him I made director Charles Ferguson, front runner for the financial documentary "Inside Job" spend $6,000 dollars last week for a new Tom Ford tuxedo.

In the back room Jennifer Lopez is now seated with Weinstein's wife Georgina Chapman. Nominee Helena Bonham Carter, her husband Tim Burton and her mother Elena circulate. Celebs have now drifted over from The Night Before Party. The star power includes Adrien Brody, Mary-Kate and Ashley Olsen, Cameron Diaz, Camilla Belle, Chace Crawford, Claire Danes and Hugh Dancy, Darren Aronofsky, Emma Stone, Jaime Foxx, director John Wells, Kerry Washington, Piers Morgan, Rachel Zoe, Russell Simmons, Sean Parker, Sir Ben Kingsly, Zack Braff , Michelle Williams and Leonardo Dicaprio with Bar Rafaeli. "Speech" filmmakers are functioning on high anxiety.

Sunday, February 27th, 2011

Producer Donna Gigliotti is my date to the awards. We are both so nervous we arrive at the Kodak Theater at 3:00pm and nobody is there. We are driven around for an hour. When we arrive at the world's most famous red carpet, I guide Donna through the extreme right security check-in to make sure we mingle with the nominees and get on camera. I teach her the red carpet hustle which is five steps forward, three steps back and one inch behind a couture-clad nominee. We greet Bryan Lourd as Sandra Bullock is talking to ABC-TV and a billion people see me wearing a black Marchesa gown. Five steps forward, three steps back, we next meet Gwyneth Paltrow. As I hook up the back of her dress another billion people see us correcting a fashion malfunction. Once again, five steps forward and three steps back. We are now posing for the still cameras between Nicole Kidman and Keith Urban. Our handbags begin buzzing. Countless friends are e-mailing us that they just saw us on television.

James Franco and Anne Hathaway are hip and energetic hosts. The film montages are always the best and the set looks great. This is the year of no surprises. Sorkin, Seidler, Christian Bale, Melissa Leo, Natalie Portman and Colin Firth are totally prepared to receive the gold. Tom Hooper's win leads into Best Picture. Harvey is now sitting in Spielberg's seats as Spielberg announces the win. Six months of

grueling work have finally paid off. King George VI and Harvey Weinstein now share the journey of a single man who triumphs over adversity.

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There's a hierarchy of arrival times. The inner circle of Graydon's 150 best friends attend a seated dinner and viewing of the show at 5pm. They include Barry Diller and Diane Von Furstenberg, Francis Ford Coppola, Jon Hamm and Jennifer Westfeldt, Betsey Bloomingdale, Tory Burch and Lyor Cohen, Tom Ford, Sandy Gallin, Mitch Glazer and Kelly Lynch, Carolina and Reinaldo Herrera, L'Wren Scott and Sir Mick Jagger, Naomi Watts and Live Schreiber, Wendi Stark, Judd Apatow, Jackie and Joan Collins, George Hammilton, Donna Karan and Steve Martin.

The best and the brightest talent in town arrive at 9pm. They are Justin Bieber and his date Selena Gomez, Andrew Garfield, Jude Law, Vera Farmiga, Armie Hammer, Jennifer Lawrence, Kevin Spacey, Charlize Theron, Anne Hathaway, Hailee Steinfield,Taylor Hackford and Helen Mirren, Scarlett Johansson, Michelle Williams, Isla Fischer and Sasha Baron Cohen, Jane Fonda after her play, "33 Variations", Melania and Donald Trump whom I introduce to David O. Russell as The Trumpster gushes about "The Fighter". Donald offers me a ride home on his plane. He is leaving in ten minutes. Too bad James Franco didn't know because he is presently sitting on a commercial flight back to school, skipping his own after party. Social standings of the rest of the guests are determined by half hour increments. Every other person previously mentioned in the story is here. VF's Beth Kseniak and Matt Ullian tell me the list is cut down to 800 this year.

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A winner's work is never done. Colin Firth, Tom Hooper and David Seidler show up at 4:30am at The Four Seasons Hotel for a live broadcast on The Today Show with Meredith Vieira. Functioning on an adrenalin rush, they are back at the Kodak Theater with Geoffrey Rush to appear on Oprah's live broadcast. Leave it to Oprah to get the king's last words.

-----Original Message-----
From: Peggy Siegal
Sent: Friday, March 04, 2011 6:12 PM
To: Stephanie
Subject: Oscar diary

Send to jeffrey

Omar Quadhafi is hunkering down in Tripoli giving press interviews denying that rebels are taking over Eastern Libya. Oil prices are shooting over one hundred dollars a barrel. The US government is on the verge of a shut down. These are not the top secret opening lines to Aaron Sorkin's new script, but the global headlines of a world spinning out of control. I head to Los Angeles like an overdressed lemming to attend the 83rd Academy Awards and attempt to make sense of artists thrust into combat.

For the second year nearly 6,000 Academy members have nominated 10 films and the battle is down to two. The beloved timeless classic, "The King's Speech" marches into the arena as the front runner, but passionate supporters of the brilliant edgier (and critics darling) "The Social Network" have not conceded. The ballots are counted, the party invites are out and still the feelings are raw. Filmmakers are exhausted from campaigning.

At Bryan Lourd's famous star studded party Sony Classics' Co-President Michael Barker announces to me he has taken a random sampling of voters in the room. He says, "There will be a 'Social Network' upset at the Kodak Theater." Shear panic radiates from my every pore as he says, "I am joking." It's like color war at summer camp.

Woody Allen and George Lucas tell me they are no longer members of the Academy because pitting artists against each other to determine the quality of their work is insane. They are right.

My event and publicity company is considered "Switzerland" by the studios, as we help every filmmaker to present and position his work. This year I am somewhat emotionally sucked in.

In 2005 I meet the unknown 32-year-old English director Tom Hooper on his first film for HBO,"Elizabeth I". The Emmy award winning movie stars Helen Mirren, who takes credit for discovering him directing English television. Helen later wins her Oscar for portraying Queen Elizabeth in "The Queen". Queen Elizabeth is the daughter of King George VI portrayed by Oscar winner Colin Firth in "The King's Speech".

I also become Hooper's champion encouraging many to see his early work including his herculean 10 hour HBO mini-series "John Adams" produced by Tom Hanks.

Six years later at the Telluride Film Festival Tom Hooper is bathing in the glory of a hysterical standing ovation with Colin Firth and Geoffrey Rush at the very first screening of "The King's Speech." Surprisingly,

this drama's subtle humor gets big laughs leading up to its emotional ending.

Within two weeks, at The Toronto Film Festival, Harvey Weinstein is now standing with his filmmakers witnessing the same reaction. The film wins The Audience Prize. Their strategy is to say nothing. Do nothing. They have a possible Oscar winner. Four out of five past Best Pictures have premiered in Toronto.

Cut to New York City at the end of September. It's the opening night at The Film Society of Lincoln Center. One of America's most important and prolific producers Scott Rudin, along with Jesse Eisenberg, Andrew Garfield and Aaron Sorkin are in a brightly lit box waving down to their equally hysterical audience who have just seen "The Social Network".

The film opens the next day to rave reviews and endless publicity. David Fincher is off making "The Girl with the Dragon Tattoo". Aaron Sorkin becomes the face of the film and an immediate **shoo-in** for an Oscar.

The Hamptons International Film Festival in October suddenly becomes a launching pad for "127 Hours", where cool Yale/NYU student James Franco appears and receives a heroic standing ovation. More Oscar buzz.

"Black Swan" also unspools there in a tiny theater as Madonna, Alec Baldwin and even Harvey Weinstein slip in the back. Darren Aronofsky, sporting the ever present cool wool scarf around his neck is hailed a genius. Natalie Portman is instantly the hot nominee for Best Actress.

Both films are sensational and movie goers go nuts, but it is "The King's Speech" that edges out the competition for The Audience Prize.

Mid-November David O. Russell and Mark Wahlberg, working together for the third time, sneak "The Fighter" in Manhattan. As their audience erupts in cheers, I tell producer/actor Wahlberg, "Clint Eastwood is going to kill himself for not directing this." Wahlberg says, "You are wrong. He turned it down because he's done it. He has seen it and he loves it." I instantly lavish my affection and praise on David O. Russell, who becomes my new Clint Eastwood. Christian Bale and Melissa Leo are hailed the supporting actors to beat.

"True Grit" directed by the Coen Brothers and also produced by Scott Rudin doesn't premiere till mid-December at the Ziegfeld as the last serious Oscar contender for Best Picture. It gallops off to box office gold.

This is the year many of the 78 million Baby Boomers go back to the theaters. Five small budget independent films become surprise hits as each exceeds $100 million.

"The Social Network" now cements its battle cry with one word; "relevance". Mark Zuckerberg lands on the cover of Time Magazine as The Person of the Year. A smart and extensive ad campaign positions the film in the lead. Critics and pundits proclaim the race is over. "The Social Network" is the clear winner. Everyone goes on holiday.

This is probably the only time in Harvey Weinstein's life that he is caught off guard. He quickly mobilizes an inner team of 15 and conducts strategy meetings 7 days a week, including Christmas. They become like a Chinese Restaurant...always open. A generational war is in full swing. Harvey screens his film for the older voters. Everything is done by the books. Budgets are limited. He sends screenwriter David Seidler and Tom Hoooper to every corner of the country doing q+a's till they are blue in the face from "finding their voice." SAG voters begin seeing the film 2 and 3 times.

**In January** the Golden Globes voted on by about 88 foreign journalists gives Best Drama to "The Social Network", Best Director to David Fincher and Best Screenplay to Aaron Sorkin. Their film is still perceived as the Oscar winner.

Team Weinstein underestimates their hard work and is in shock when "The King's Speech" wins the PGA in L.A. **Harvey doesn't even attend and is working in Sundance.** They are equally surprised when Tom Hooper wins the DGA and the actors win the SAG Ensemble. The BAFTAs reinforced the lead. They are now the front runner. It takes the media a few weeks to catch on.

**The Daily Mail announces Her Royal Highness, Queen Elizabeth has enjoyed a private screening of "The King's Speech" and is "moved" by the film. With no proof the Queen has actually seen the film, the Weinstein Company sends out a global press release thanking her Majesty for the endorsement. They also acknowledge Prime Minister David Cameron's private Christmas screening.**

On Oscar night, it isn't until Hilary Swank surprisingly yells out Hooper's name for Best Director that Harvey's gang finally realizes they are getting the Oscar for Best Picture. **The King has spoken.**

Friday, February 24th
Mid-day, I arrive at The Beverly Hills Hotel, where I have stayed for thirty years. As the housekeepers unpack my bags upstairs I peek into the Polo Lounge and find icon Warren Beatty in a booth. He motions me over to meet an Egyptian fashion editor from Cairo. I say, "Warren, you are a little late to visit Cairo." **I tell him I'm rooting for Annette and love her film "The Kids Are All Right". Warren tells me "The Social Network" will win.**

This year I am two days late arriving **to** Oscar weekend. I am now shown to a very very very small room, the size of a broom closet. Uncharacteristically, I have a slight melt down. I am moved. The housekeepers run down the hall with my clothes flying. I calm down. The hotel is sold out. I get someone else's room. Another poor schmuck checking in downstairs will get the broom closet.

It is cold, grey and rainy. Taffata, organdy and embroidered silk evening clothes hang in my closet. **I stay in my sweaters and fur coat and head to Arianna Huffington's Mediterranean house in Beverly Hills where Wendi Murdoch and Arianna are hosting a party for Tom Freston's wife, the beautiful blond Kathy. The book is called "Veganist: Lose Weight, Get Healthy, Change the World. A perfect book for Monks.**

Arianna has just sold the Huffington Post for to AOL to $315 million dollars and rumored to have personally landed around $20 million. She is euphoric as she greets Nicole Kidman and Keith Urban at the door. Other drenched power players ushered in under umbrellas include Disney's Bob Iger and wife Willow Bay, Fox's Jim Gianopulos, Candice Bergen and journalist daughter Chloe Malle, Google's Eric Schmidt, Oliver Stone avoiding questions about Charlie Sheen and escorting his daughter Tara, Moby, **Jamie Niven,** Brian Grazer, Vivi Nevo, Tracey Ullman, CBS's Les Moonves and Julie Chen, Rob Reiner, Paramount's Brad Grey and fiancé Cassandra Marc and Jeff Bezos. Hors d'oeuvres include pigs in blankets, a food group not mentioned in Kathy's book.

The party action migrates to UTA Jim Burkus's home in the neighborhood for **"True Grit's"** Ethan and Joel Coen. I pass Ron Howard on the way in and he says, "Keep me on your list." Is he kidding? Sunrise and Mark Ruffalo, Tim Robbins, Focus Feature's James Shamus, Nancy Meyers and John Goldwyn mingle. **Adorable** Hallie Steinfeld is there with her parents. I am trying to fix her up with Justin Bieber. She giggles, "Peg, I am only 14."

Hunky Josh Brolin tells me he is coming to New York in March to shoot two new films. He is working on producing and starring in "The Hunchback of Notre Dame" with Tim Burton as a future project.

I am now inches away, face to face with Harrison Ford and stupidly tell him I love him in "Morning Glory". He is looking at me in utter disbelief and I will not shut up. A gorgeous guy is also inches away in a hat, glasses, jacket, layered sweater and scarves. I whisper to Harrison, "That looks just like Johnny Depp." Harrison rolls his eyes and reluctantly introduces me to his friend Johnny Depp. I babel a bit about his great work and run for cover to a corner next to my buddy, Jerry Bruckheimer. Jerry introduces me to the wives, Vanessa Paradis and Calista Flockhart. **I bore them with girly chit-chat and realize it's time to get out of there.**

I head over to the CAA/Bryan Lourd "Friday Night Party". **Torrential rains and horrific winds cause a traffic jam that makes it impossible to get near the house.** Cell phones do not work. The world's most famous faces cower under black umbrellas and make a run for it.

**Bryan Lourd and Bruce Bozzi receive friends at the door all night.** Inside Uma tells me she finally moved into a doorman building in New York after being terrorized by stalkers for years. Talented, Ben Walker talks about "Abraham Lincoln: Vampire Hunter" he is about to shoot as his fiancé Mamie Gummer looks sexy shivering in a white satin gown. Producer Jon Kilik mentions he oversees a new cut of Julian Schnabel's "Miral" to be released in March. Bennett Miller, **standing with Kristin Gore** says Sony loves his new film "Moneyball" and Brad Pitt is terrific. (When is Brad Pitt not terrific?) Sandy Gallin tells me he has an actual job decorating Jeffrey Katzenberg's home and he has never been happier. I congratulate Barry Levinson's son, Sam, a director, for winning the writing award at Sundance for his first film, "Another Happy Day" which is inspired by his family.

Also seen floating around are, Taylor Swift and Jake Gyllenhaal, but not together, Sean Penn, Tom Curise and Katie Holmes, Anderson Cooper, Hilary Swank, Kelly Ripa, Carrie Fisher, Bruce Weber, Sean Combs, Paul Haggis, Marisa Tomei, Jay Roach, Kate Beckinsale, Demi Moore and Ashton Kutcher, Kate Hudson, Gerard Butler, Leo DiCaprio and Bar Refaeli, Renee Zellweger with Bradley Cooper, Biutiful director Alejandro Gonzalez-Inarritu, Kathryn Bigelow and Mark Boal, Ellen Barkin who is headed to Broadway in "The Normal Heart" this spring and CAA's Kevin Huvane, Richard Lovett and Hylda Queally.

Busy Bruce Cohen who is producing Sunday's awards broadcast tries to get his car to leave. Limo lock is at a standstill. Nothing is moving

outside. Two hundred swells become party prisoners and resign to just having an absolute ball till 5:00am. Once again, this is the most star studded party in town.

Saturday, February 26th, 2011

The sun comes up and dries up all the land. IAC chairmen and owner of The Newsweek/Daily Beast Barry Diller and his designer wife Diane Von Furstenberg host their annual lunch for Graydon Carter in their Coldwater Canyon home. Barry introduces me to his star guest, Governor Jerry Brown, just elected to his third (nonconsecutive) term as California Governor. Diane's children, Alex and Tatiana, along with their children comprise three generations of guests, which makes this party so special.

Like last year, enormous clear plastic tents are erected on the hill near the house. Long wooden picnic tables covered with yellow flowers sit on oriental rugs, covering the soggy ground. Terrines of hot soup, platters of sausages, fried chicken and salads are beautifully arranged on an endless buffet. Everyone wears winter clothes; comfy sweaters and sensible shoes. I arrive in a fur coat.

Barry and Diane's loyal friends have been coming to this party for over fifteen years. Everybody knows everybody and it doesn't matter if you have a hit film or TV show this season. Oprah Winfrey kisses David Geffen, casually chats with former Disney CEO Michael Eisner and current Sony chief Sir Howard Stringer. Brett Ratner arrives with his house guest Jean Pigozzi who is allowed to photograph everyone. Graydon greets people with wife Anna and Fran Lebowitz by his side.

Ingrid Sischy and Sandy Brant, Rupert Murdoch, Ron Meyer, Bryan Lourd Francesco Clemente with his twin boys and Tom Ford chat each other up. People watching include the pregnant Victoria and David Beckham with Lynn Wyatt, Liv Tyler, Vincent Gallo, Eva Longoria, Larry Gagosian and Shala Monroque, Ben Silverman, Debbie and Allen Grubman, Tobias Meyer and Mark Fletcher and Stephen Gaghan and Mini Mortimer wearing her oversized cat glasses.

Bruce Cohen has invited me to the Oscar broadcast rehearsal. This is a special honor. There are metal barricades leading up to the credentials trailer. High-tech security includes photos and computer background checks. The only thing they don't do is pat me down and ask for fingerprints. Once inside the Kodak Theater's massive auditorium, I find a seat next to Bruce's proud parents. I watch Josh Brolin and Javier Bardem come out in white dinner jackets and flub their lines as they pretend to present Best Adapted Screenplay and Best Original Screenplay.

Josh later told me at The Night Before Party that their acting methods are completely opposite. Josh says he is a quick study and is very creative and comfortable ad-libbing. Javier, whose mother tongue is Spanish, needs to have every syllable printed out, which he studies with a dialect coach. Little wiggle room for jokes. Life size photos on large cardboard plaques are taped to each nominee's chair. I try to memorize their location, so when I return Sunday I can quickly kiss them all.

Back at the Beverly Hills hotel, I slip into my gorgeous black tulle Dennis Basso cocktail dress with a plunging neck line and put on my mother's jewels. Jim Coleman takes me the Night Before Party in the hotel. This is Jeffrey Katzenberg's, 9th Annual A-lister event benefiting The Motion Picture & Television Fund where they raise $6.5 million dollars in one night. I walk right into Valentino who gives me the once over and approves my outfit. I tell him and Giancarlo Giammetti that Woody Allen's new film, "Midnight in Paris" is opening the Cannes Film Festival and they must bring the yacht. Woody is also filming all summer in Rome and I am counting on them to entertain him.

Elton John and David Furnish join our conversation and of course we ask for intimate details about the new baby. Elton says this is the first time they have been away from him for more than a night and they are delirious with parenthood. I segway over to Amy Adams who mentions she also hates leaving her baby in the hotel room. I tell her she's acted like a lady with all the attention showered on Melissa Leo and that someday soon she will win an Oscar because she consistently hands in amazing performances and everybody loves her. Next stop is Kate Capshaw in a black bowler hat chatting with Steven Spielberg's god-daughter Gwyneth Paltrow. Kate gushes as she talks about her two grandchildren from daughter Jessica. I have known Steven since "I Wanna Hold Your Hand". In 1982, as a young publicist on "E.T." I moved to California to work for him as one of his thirteen assistants. I now tell him I'm going to Broadway opening of "War Horse" with Kathy Kennedy and Frank Marshall and cannot wait to see his movie version. He is wildly excited about the film. I beg him to work on it.

I meet sweet Jennifer Aniston, her new hair cut and her perfect little body. Her date tells me her secret is a half hour on the treadmill every day. Somehow I think that's an understatement. I tell Jesse Eisenberg I was on his plane home from the Baftas last week. He was hiding under his hoodie and I knew not to bother him. He said innocently, "You should have said 'Hello'. I always cover my head because I think my curls make me look like a girl".

The charity gives us a coupon booklet redeemable at various booths for cheap clothing, new iPads, make-up, chocolates, shampoo and a $50 dollar

Arch gift card for free McDonalds hamburgers. A bargain is a bargain, rich people run around like lunatics, collecting gifts for their housekeepers. Among the shoppers are Steven and Heather Mnuchin, Viacom's Deborah and Philippe Dauman, Tamara Mellon, Christine Taylor and Ben Stiller, Cate Blanchette, Susan and Robert Downey,Jr., and Debra and Hugh Jackman.

Next stop is The Weinstein Company's Pre-Oscar party at the Soho House, sponsored by MontBlanc, celebrating their new charity partnership and $1 million dollar donation to the Princess Grace Foundation-USA. Long gone are the funky Miramax Saturday night parties where nominees spoofed their own films in homemade costumes and ad-libbed hilarious skits. Grown men would dress as Anna Paquin and play the piano in hopes of winning a Max Award.

There is social anxiety at the Soho House garage entrance. Guests patiently wait as super stars whisk by. A four hundred pound gorilla refuses to let me on the elevator until I spot Benny Medina. Once on, I see the radiant Jennifer Lopez in the corner and remind her we met on Len Blavatnik's yacht in Cannes. She graciously pretends to know me. Her manager, Benny Medina is kicking me.

I slip into Colin Firth's booth by the front bar to have a tete-a-tete with him and his wife Livia Giuggioli about tomorrow night. Jokingly, I suggest when he wins to say, "I'm speechless". Colin patiently assures me many people, far more clever than I, have already mentioned this. He then says that others are waging bets on whether he might subconsciously stutter. I grill him about his wardrobe, assuming he will be wearing a new Tom Ford tuxedo. He tells me both he and Ford will be in older models as Ford only designs classics. I tell him I made director Charles Ferguson, front runner for the financial documentary "Inside Job" spend $6,000 dollars last week for a new Tom Ford tuxedo.

In the back room Jennifer Lopez is now seated with Weinstein's wife Georgina Chapman. Nominee Helena Bonham Carter, her husband Tim Burton and her mother Elena circulate. Celebs have now drifted over from The Night Before Party. The star power includes Adrien Brody, Mary-Kate and Ashley Olsen, Cameron Diaz, Camilla Belle, Chace Crawford, Claire Danes and Hugh Dancy, Darren Aronofsky, Emma Stone, Jaime Foxx, director John Wells, Kerry Washington, Piers Morgan, Rachel Zoe, Russell Simmons, Sean Parker, Sir Ben Kingsly, Zack Braff , Michelle Williams and Leonardo Dicaprio with Bar Rafaeli. "Speech" filmmakers are functioning on high anxiety.

Sunday, February 27th, 2011

Producer Donna Gigliotti is my date to the awards. We are both so nervous we arrive at the Kodak Theater at 3:00pm and nobody is there. We are driven around for an hour. When we arrive at the world's most famous red carpet, I guide Donna through the extreme right security check-in to make sure we mingle with the nominees and get on camera. I teach her the red carpet hustle which is five steps forward, three steps back and one inch behind a couture-clad nominee. We greet Bryan Lourd as Sandra Bullock is talking to ABC-TV and a billion people see me wearing a black Marchesa gown. Five steps forward, three steps back, we next meet Gwyneth Paltrow. As I hook up the back of her dress another billion people see us correcting a fashion malfunction. Once again, five steps forward and three steps back. We are now posing for the still cameras between Nicole Kidman and Keith Urban. Our handbags begin buzzing. Countless friends are e-mailing us that they just saw us on television.

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# The Glory of Gold

Über publicist **Peggy Siegal** has been attending the Academy Awards for three decades—not to mention the oodles of parties and sensational events leading up to the ceremony—and chronicling her escapades with stars and star-makers for *AVENUE* has become a tradition. This year, she sets the stage for the big night with the behind-the-scenes scoop on the fierce competition that ends when Oscar is presented. Here, she reports on the Hollywood glamour, excitement and social shenanigans, including celebrating with Colin Firth, Jesse Eisenberg, Elton John, Oprah Winfrey and many more.

Peggy Siegal

*photographs by* PATRICK MCMULLAN

Qaddafi is hunkering down in Tripoli, giving press interviews, denying that rebels are taking over Eastern Libya. Oil prices are shooting up over one hundred dollars a barrel. The U.S. government is on the verge of a shutdown. These are not the top-secret opening lines of **Aaron Sorkin**'s new script, but the global headlines of a world spinning out of control as I head to Los Angeles like an overdressed lemming to attend the 83rd Academy Awards and attempt to make sense of artists thrust into combat.

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In 2005, I met the unknown 32-year-old English director **Tom Hooper** on his first film for HBO, *Elizabeth I* starring **Helen Mirren**. Helen later wins an Oscar for portraying Queen Elizabeth in *The Queen*. Queen Elizabeth is the daughter of King George VI, portrayed by Oscar-winner **Colin Firth** in *The King's Speech* directed by Hooper. No degrees of separation.

At the Telluride Film Festival, Tom Hooper bathed in the glory of a hysterical standing ovation alongside Colin Firth and **Geoffrey Rush** at the very first public screening of that film. Two weeks later at The Toronto Film Festival, **Harvey Weinstein** stood with his filmmakers witnessing the same reaction. The film won The Audience Prize. Their strategy was to say nothing, do nothing. They have a possible Oscar winner—four out of five past Best Pictures have premiered in Toronto.

Cut to New York City at the end of September. It's opening night at The Film Society of Lincoln Center. One of America's most important and prolific producers, **Scott Rudin**, along with **Jesse Eisenberg**, **Andrew Garfield** and **Aaron Sorkin**, are in a brightly lit box waving down to their equally hysterical audience who have just seen *The Social Network*. The film opens the next day to rave reviews and endless publicity. **David Fincher** is off making *The Girl with the Dragon Tattoo*. **Aaron Sorkin** becomes the face of the film and an immediate shoo-in for the adapted screenplay Oscar.

The Hamptons International Film Festival in October suddenly becomes a launching pad for *127 Hours*, where star-cum-Yale/NYU student **James Franco** appears. More Oscar buzz. Producer/director **Danny Boyle** (Oscar winner for *Slumdog Millionaire*) stays in London all fall directing the play *Frankenstein*. *Black Swan* also unspools there in a tiny theater as **Madonna**, **Alec Baldwin** and **Harvey Weinstein** slip in the back. **Darren Aronofsky** is hailed a genius. **Natalie Portman** is instantly the hot nominee for Best Actress. Both films are sensations, but it's *The King's Speech* that wins The Audience Prize.

Mid-November: **David O. Russell** and **Mark Wahlberg** sneak *The Fighter* in Manhattan. As their audience erupts in cheers, I tell producer/actor Wahlberg, "**Clint Eastwood** is going to kill himself for not directing this." He says, "You're wrong. He turned it down because he's done it. He's seen it and he loves it." David O. Russell becomes my new Clint Eastwood. **Christian Bale** and **Melissa Leo** are hailed the supporting actors to beat.

*True Grit*, directed by the **Coen Brothers** and also produced by **Scott Rudin**, finally throws its cowboy hat in the ring in mid-December at the Ziegfeld as the last serious Oscar contender for Best Picture. It gallops off to box office gold.

*The Social Network* now cements its battle cry with one word: relevance. **Mark Zuckerberg** lands on the cover of *Time* Magazine as "Person of the Year." A smart and extensive ad campaign positions the film in the lead. Critics and pundits proclaim the race is over. Everyone goes on holiday.

This is one of the few times in Harvey Weinstein's life that he's caught off guard. He quickly mobilizes an inner team of 15 and conducts strategy meetings 7 days a week, including Christmas. They're like a Chinese restaurant: always open. He sends screenwriter **David Seidler** and Tom Hooper to every corner of the country doing Q&As until they are both blue in the face from "finding their voice." SAG voters begin seeing the film two and three times.

In January at the Golden Globes, about 88 foreign journalists give awards to *The Social Network* for Best Drama, Director and Screenplay. The film is still perceived as the Oscar winner and nobody can stop the steamroller. Only Academy voters disregard these awards.

*The King's Speech* wins the PGA in L.A. Everyone is totally surprised when Tom Hooper goes on to win the DGA. After a tremendous amount of hard work by team Weinstein, the actors win for the SAG Ensemble. The BAFTAs reinforced their lead; the film is now the frontrunner. It takes the media a few weeks to catch on.

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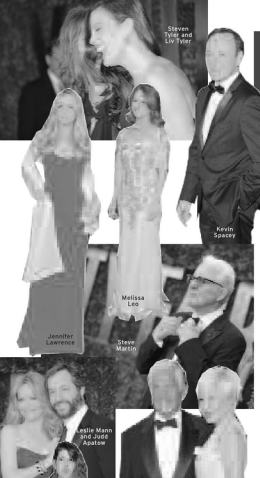


I whisper to Harrison [Ford], "That looks just like Johnny Depp." Harrison rolls his eyes and reluctantly introduces me to his friend . . . Johnny Depp.

*The Daily Mail* announces Her Royal Highness **Queen Elizabeth** has enjoyed a private screening of *The King's Speech* and is "moved" by the film. With no proof the Queen has actually seen the film, press agents send out a global press release thanking her Majesty for the endorsement.

FRIDAY, FEBRUARY 24

Mid-day, I arrive at The Beverly Hills Hotel. As the housekeepers unpack my bags upstairs I peek into the Polo Lounge and find **Warren Beatty** in a booth. I tell him I'm rooting for his wife, **Annette Benning**, and love her film, *The Kids Are All Right*. Warren says *The Social Network* will win.

This year I am two days late arriving to Oscar weekend. I am shown to a very, very small room—the size of a broom closet. Uncharacteristically, I have a slight melt down. I am moved. The housekeepers run down the hall with my clothes flying. The hotel is sold out, so I get someone else's room. Another unsuspecting victim checking in downstairs will get the broom closet.

It is cold, grey and rainy. Taffeta, organdy and embroidered silk evening clothes hang in my closet. I stay in my sweaters and fur coat, and head to **Arianna Huffington**'s home in Beverly Hills where she and **Wendi Murdoch** are hosting a party for **Tom Freston**'s wife, the beautiful, blonde **Kathy**. Her book is called *Veganist: Lose Weight, Get Healthy, Change the World*—perfect for monks.

Arianna has just sold the Huffington Post to AOL for $315 million dollars and is rumored to have personally landed around $20 million. She is euphoric as she greets **Nicole Kidman** and **Keith Urban** at the door. Other drenched power players include Disney's **Bob Iger** and wife **Willow Bay**, Fox's **Jim Gianopulos**, **Candice Bergen** and journalist daughter **Chloe Malle**, Google's **Eric Schmidt**, **Oliver Stone** escorting his daughter **Tara** and avoiding questions about **Charlie Sheen**, **Moby**, **Jamie Niven**, **Brian Grazer**, **Vivi Nevo**, CBS's **Les Moonves** and **Julie Chen**, **Rob Reiner**, Paramount's **Brad Grey** and fiancé **Cassandra Huysentruyt** and **Jeff Bezos**. Hors d'oeuvres include pigs in blankets—a food group not mentioned in Kathy's book.

The action migrates to UTA **Jim Burkus**' home for a party for *True Grit*'s **Ethan** and **Joel Coen**. I pass **Ron Howard** on the way in and he says, "Keep me on your list." Is he kidding? **Sunrise** and **Mark Ruffalo**, Focus Feature's **James Shamus**, **Nancy Meyers** and **John Goldwyn** mingle. Adorable **Hallie Steinfeld** is there with her parents. I am trying to fix her up with **Justin Bieber**. She giggles, "Peg, I am only 14."

I am face to face with **Harrison Ford** and stupidly tell him I love him in *Morning Glory*. He's looking at me in utter disbelief, but I will not shut up. A gorgeous guy is inches away in a hat and glasses. I whisper to Harrison, "That looks just like **Johnny Depp**." Harrison rolls his eyes and reluctantly introduces me to his friend . . . Johnny Depp. I babble a bit about his great work then run for cover in a corner next to my buddy, **Jerry Bruckheimer**.

I head over to the CAA/**Bryan Lourd**'s "Friday Night Party." Torrential rains and horrific winds cause a traffic jam that makes it impossible to get near the house. The world's most famous faces cover under black umbrellas and make a run for it. Bryan Lourd and **Bruce Bozzi** receive friends at the door all night.

Inside, **Uma Thurman** tells me she finally moved into a doorman building in New York after being terrorized by stalkers for years. **Ben Walker** talks about *Abraham Lincoln: Vampire Hunter*, which he is about to shoot, while his fiancé, **Mamie Gummer**, looks sexy shivering in a white satin gown. Producer **Jon Kilik** mentions he oversaw a new cut of **Julian Schnabel**'s *Miral*, to be released in March. **Bennett Miller**, standing with **Kristin Gore**, says Sony loves his new film, *Moneyball*, and **Brad Pitt** is terrific. (When is Brad Pitt not terrific!) **Sandy Gallin** tells me he has an actual job decorating **Jeffrey Katzenberg**'s home. I congratulate **Barry Levinson**'s son **Sam**, a director, for winning the writing award at Sundance for his first film, *Another Happy Day*.

Also seen floating around are **Taylor Swift** and **Jake Gyllenhaal**—but not together—**Sean Penn**, **Tom Cruise** and **Katie Holmes**, **Anderson Cooper**, **Hilary Swank**, **Kelly Ripa**, **Paul Haggis**, **Marisa Tomei**, **Kate Beckinsale**, **Demi Moore** and **Ashton Kutcher**, **Kate Hudson**, **Gerard Butler**, **Renee Zellweger** with **Bradley Cooper**, *Bistiful* director **Alejandro Gonzalez-Inarritu**, **Kathryn Bigelow** and **Mark Boal**, **Ellen Barkin** (who is headed to Broadway in *The Normal Heart* this spring) and CAA's **Kevin Huvane**, **Richard Lovett** and **Hylda Queally**. Sony Classic's **Michael Barker** tells me *The Social Network* will win.

Tired celebs try to go home, but limo lock is at a standstill. Cell phones don't work in the area. Two hundred swells become party prisoners and happily hang out till 5 a.m.

SATURDAY, FEBRUARY 26

Out comes the sun and dries up all the rain. IAC chairmen and owner of *Newsweek*/The Daily Beast **Barry Diller** and his wife **Diane Von Furstenberg** (with her kids **Alex** and **Tatiana**) host their 15th annual lunch for **Graydon Carter** in their Coldwater Canyon home. Barry introduces me to his star guest, Gov. **Jerry Brown**, just elected to his third (nonconsecutive) term as California governor.

Like last year, enormous clear plastic tents are erected on the hill near the house. Long wooden picnic tables sit on oriental rugs covering the soggy ground. VIPs wears winter clothes, comfy sweaters and sensible shoes. I arrive in a fur coat.

Wendi Murdoch, Kathy Freston and Arianna Huffington

Georgina Chapman

Natalie Portman

Everybody knows everybody, and it doesn't matter if you have a hit film or T.V. show this season. **Oprah Winfrey** kisses **David Geffen**, casually chats with former Disney C.E.O. **Michael Eisner** and current Sony Chief **Sir Howard Stringer** and **Rob Weisenthal**. **Brett Ratner** arrives with his houseguest **Jean Pigozzi**, who is allowed to take photographs. Graydon greets people with chic wife **Anna** by his side.

**Ingrid Sischy** and **Sandy Brant**, **Rupert Murdoch**, **Ron Meyer**, **Francesco Clemente** with his twin boys and **Tom Ford** chat each other up. People to watch include pregnant **Victoria** and **David Beckham** with **Lynn Wyatt**, **Fran Lebowitz**, **Larry Gagosian** and **Shala Monroque**, **Ben Silverman**, **Debbie** and **Allen**

I head over to the CAA/Bryan Lourd's "Friday Night Party." Torrential rains and horrific winds cause a traffic jam that makes it impossible to get near the house. The world's most famous faces cower under black umbrellas and make a run for it.

Hilary Swank

Cameron Diaz

Brian Grazer and Jeff Bezos

Tom Ford

**Grubman**, Sotheby's **Tobias Meyer** and **Mark Fletcher** and **Stephen Gaghan** and **Mini Mortimer** wearing her oversized cat glasses.

**Bruce Cohen** has invited me to the Oscar broadcast rehearsal. Inside the Kodak Theater's massive auditorium, I find a seat next to his proud parents. I watch **Josh Brolin** and **Javier Bardem** come out in white dinner jackets and flub their lines as they pretend to present Best Adapted Screenplay and Best Original Screenplay. Josh will later tell me that their acting methods are completely opposite: he's a quick study and is very creative and comfortable ad-libbing; Javier, whose mother tongue is Spanish, likes to have every syllable printed out to study with a dialect coach. Life-size photos on cardboard plaques are taped to each nominee's chair. I memorize their location so when I return Sunday I can quickly kiss them all.

Back at the Beverly Hills hotel I slip into my black tulle **Dennis Basso** cocktail dress with a plunging neckline and put on my mother's jewels. **Jim Coleman** takes me to the "Night Before Party" in the hotel. This is *Jeffrey Katzenberg*'s 9th annual A-lister event benefiting The Motion Picture & Television Fund where they raise $6.5 million dollars in 1 night. I walk into **Valentino**, who gives me an approving once-over. I tell him and **Giancarlo Giammetti** that **Woody Allen**'s new film, *Midnight in Paris*, is opening the Cannes Film Festival and they must bring the yacht.

**Elton John** and **David Furnish** join our conversation so of course we ask for intimate details about baby **Zachary**. I segue over to **Amy Adams**, who, like them, mentions she hates leaving her baby in the hotel room. Next stop is **Kate Capshaw** in a black bowler hat chatting with **Steven Spielberg**'s god-daughter, **Gwyneth Paltrow**. I have known Steven for years (in 1982 I was a publicist on *E.T.*). I now tell him I'm going to the Lincoln Center opening of *War Horse* with **Kathy Kennedy** and **Frank Marshall** and cannot wait to see his movie version.

I meet sweet **Jennifer Aniston**, her new haircut and her perfect little body. Her date tells me her secret is a half-hour on the treadmill everyday—such an understatement. I tell **Jesse Eisenberg** I was on his plane home from the Baftas last week, but he was hiding under his hoodie. He says innocently, "You should have said 'hello.' I always cover my head because I think my curls make me look like a girl."

The charity gives us a coupon booklet redeemable at various booths. Rich people run around like lunatics, collecting gifts for their housekeepers. Among the shoppers are **Steven** and **Heather Mnuchin**, Viacom's **Deborah** and **Philippe Dauman**, **Tamara Mellon**, **Christine Taylor** and **Ben Stiller**, **Cate Blanchet**, **Susan** and **Robert Downey Jr.** and **Debra** and **Hugh Jackman**.

Next stop is The Weinstein Company's party at the Soho House sponsored by Montflanc. Long gone are the funky Miramax Saturday night soirees where nominees spoofed their own films in homemade costumes and ad-libbed hilarious skits. No more grown men dressed as **Anna Paquin** playing the piano in hopes of winning a Max Award.

As I come in, a 400-pound gorilla refuses to let me on the elevator. Once on, I see **Jennifer Lopez** in the corner and remind her we met on **Len Blavatnik**'s yacht in Cannes. She graciously pretends to remember me. Her manager, **Benny Medina**, is kicking me.

I slip into Colin Firth's booth to have a tête-à-tête with him and his wife **Livia Giuggioli**. Jokingly, I suggest he say "I'm speechless" when he wins. Colin patiently assures me many people, far more clever than I, thought of this. He then says that others are waging bets on whether he might subconsciously stutter. I grill him about his wardrobe, assuming he will be wearing a new **Tom Ford** tuxedo. He tells me both he and Ford will be in older Ford models. I tell him I made rich-but-thrifty **Charles Ferguson**, director of *Inside Job*, spend $6,000 dollars for a new Tom Ford tux.

In the back room, Jennifer Lopez is now seated with Weinstein's wife, **Georgina Chapman**. **Helena Bonham Carter**, her live-in-lover **Tim Burton** and her mother **Elena** circulate. Star power includes **Adrien Brody**, **Mary-Kate** and **Ashley Olsen**, **Cameron Diaz**, **Camilla Belle**, **Chace**

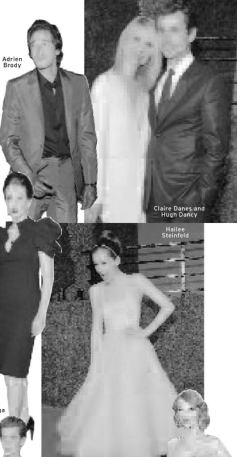

Adrien Brody

Claire Danes and Hugh Dancy

Hailee Steinfeld

Vera Farmiga

Taylor Swift

Andrew Garfield

Oliver Stone and Tara Stone

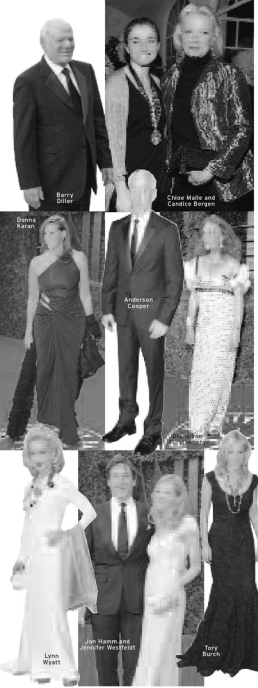


**Crawford**, **Claire Danes** and **Hugh Dancy**, **Darren Aronofsky**, director **John Wells**, **Kerry Washington**, **Piers Morgan**, **Rachel Zoe**, **Sean Parker**, **Zack Braff** and **Leonardo Dicaprio** with **Bar Rafaeli**. Speech filmmakers are functioning on high anxiety.

SUNDAY, FEBRUARY 27

Producer **Donna Gigliotti** is my date to the awards. We are both so nervous we arrive at the Kodak Theater at 3 p.m. and nobody is there. We are driven around for an hour. When we arrive back at the world's most famous red carpet, I guide Donna through security check-in to the extreme right to make sure we get on camera. I teach her the red carpet hustle, which is five steps forward, three steps back, one inch behind a couture-clad nominee. We greet **Kevin Huvane** as **Sandra Bullock** is talking to ABC-TV and a billion people see me wearing a black Marchesa gown. Five steps forward, three steps back, we next meet **Gwyneth Paltrow**, and I hook up the back of her dress while another billion people see me correct the fashion malfunction. Five steps forward, three steps back, we're now posing behind Nicole Kidman and Keith Urban. Our Blackberrys begin buzzing; the world has seen us.

James Franco and **Anne Hathaway** are hip hosts. This is the year of no surprises. But it isn't until **Hilary Swank** yells out Hooper's name for Best Director that Harvey's gang finally realizes they are getting the Oscar for Best Picture after all. Harvey is sitting in Spielberg's seat as Spielberg announces the win from the stage. Producers **Iain Canning**, **Emile Sherman** and **Gareth Unwin** leap up and kiss each other. Six months of grueling work have finally paid off. King George VI and Harvey Weinstein now share the journey of a single man who triumphs over adversity.

At the Governor's ball, held above the Kodak Theater, the winners triumphantly sachet around the room holding their heavy eight-pound gold statues.

An hour later there is a migration to the *Vanity Fair* party hosted by Graydon Carter at **Jeff Klein**'s Sunset Tower Hotel. The invitation features a gold hologram that transmits a radio frequency of a photo and details about the guest to *VF* staff as they arrive. The next day "Page Six" will report that the backup private security firm is run by a former Israeli operative, when in fact they are Irish Catholics from Staten Island.

There's a hierarchy of arrival times. At 5 p.m. the inner circle of Graydon's 141 best friends attend a seated dinner. They include Barry Diller and Diane von Furstenberg, **Francis Ford Coppola**, **Jon Hamm** and **Jennifer Westfeldt**, **Betsey Bloomingdale**, **Tory Burch** and **Lyor Cohen**, **Carolina** and **Reinaldo Herrera**, **L'Wren Scott** and **Sir Mick Jagger**, **Naomi Watts** and **Liev Schreiber**, **Wendi Stark**, **George Hamilton**, **Judd Apatow**, **Jackie** and **Joan Collins**, **Donna Karan** and **Steve Martin**.

The best and the brightest talent in town arrive at 9 p.m. Every single winner shows up. Also there are Justin Bieber and his date **Selena Gomez**, **Michelle Williams**, **Emma Stone**, **Steve Tyler and Liv Tyler**, **Andrew Garfield**, **Jude Law**, **Armie Hammer**, **Vera Farmiga**, **Kevin Spacey**, **Charlize Theron**, Anne Hathaway, *Winter's Bone* star-of-tomorrow **Jennifer Lawrence**, **Taylor Hackford** and **Helen Mirren**, **Scarlett Johansson**, **Isla Fischer** and **Sasha Baron Cohen**, **Tom Hanks**, **Sean Penn**, **Renee Zellweger** and **Bradley Cooper** and **Jane Fonda** after her play, *33 Variations*. I introduce **Melania** and **Donald Trump** to **David O. Russell** as The Trumpster gushes about *The Fighter*. David tells Donald he used to be a waiter/bar tender at many of Trump's parties. Donald smiles as if looking at yet another apprentice. He then offers me a ride home on his plane; he's leaving in 10 minutes. Too bad James Franco didn't know because he is presently sitting on a commercial flight back to school, skipping his own after-party. The rest of the guests' social standings are determined by half-hour increments. *VF*'s **Beth Kseniak**, **Matt Ullian** and **Jane Sarkin** tell me the list is cut down to 800 this year.

At 11:30 p.m. there is another celebrity migration up the hill to **Madonna** manager **Guy Oseary**'s house. Earlier in the evening, Madonna came down the hill to pose in a risqué see-thru outfit with daughter **Lourdes**. Madonna and co-host **Demi Moore** are able to lure the crème de la crème with the promise of dancing and no cameras.

> I introduce Melania and Donald Trump to David O. Russell . . . David tells Donald he used to be a waiter/bar tender at many of Trump's parties. Donald smiles as if looking at yet another apprentice.

MONDAY, FEBRUARY 28

A winner's work is never done. Colin Firth, Tom Hooper and David Seidler show up at 4:30 a.m. at The Four Seasons Hotel for a live broadcast on "The Today Show." Functioning on an adrenalin rush, they return to the Kodak Theater with Geoffrey Rush to appear on Oprah's live broadcast.

By the end of this year's thrilling race between two great producers—Scott Rudin and Harvey Weinstein—Facebook and Twitter are credited for aiding political justice from the streets of Cairo to Tripoli. But the British film with the most heart wins as one single human voice can still make a difference. The king has spoken. ✦

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# Jeffrey Epstein's attorneys fight to keep plea discussions private

John Pacenti
2011-04-21 12:00:00 AM

Miami attorney Roy Black and two other high-profile attorneys who represented billionaire sex offender Jeffrey Epstein have asked a federal judge to prohibit two alleged victims from obtaining correspondence between the defense team and federal prosecutors who hammered out a nonprosecution agreement.

The two women identified in court papers only as Jane Doe 1 and Jane Doe 2 say the agreement should be invalidated because they were not adequately informed of the plan not to file federal charges against Epstein.

The defense attorneys' motion to intervene states the sanctity of plea talks would be undermined if U.S. District Judge Kenneth Marra in West Palm Beach allows the correspondence to be used in the third-party civil action brought by the alleged victims.

New York litigator Jay Lefkowitz and Boston criminal defense attorney Martin G. Weinberg joined Black in the motion filed April 7.

The fight over the records comes amid claims that the defense strong-armed prosecutors into a cushy deal for Epstein.

"The release of these letters and the precedent it would establish would have a severe chilling effect on the lawyers' ability to engage in candid settlement discussions with the government in future cases," the 13-page motion reads. "Indeed, to the extent such written correspondence is deemed discoverable by third parties, criminal defense attorneys and the government's lawyers alike would lose the ability to negotiate such agreements."

The alleged victims maintain evidence shows Epstein molested more than 30 girls from 2001 to 2007, luring them to his Palm Beach mansion on the pretext of giving him a massage.

As part of the nonprosecution agreement, he pleaded guilty to a state charge of soliciting sex with a minor and



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served 13 months of an 18-month sentence. He resurfaced recently in New York and has become the subject of news reports about socializing with Britain's Prince Andrew.

**Personal Inquiry**

The women say the nonprosecution agreement should be scuttled and Epstein should be open to federal charges because they were not adequately consulted as required under the Crimes Victims Rights Act. They seek disclosure of all correspondence between Epstein's attorneys and the government, claiming it would show prosecutors failed to meet their obligation to keep them and other victims informed.

The U.S. attorney's office argued in a 54-page response April 8 to the women's lawsuit that the law does not apply because no federal charges were filed against the financier, only a state charge.

The women were denied access to the letters in their civil lawsuit against Epstein, which was settled. The motion by Black, Lefkowitz and Weinberg said there is "no doubt" the women aim to disseminate the material to news outlets. They urge Marra to "decline the invitation to fuel the media campaign against Mr. Epstein."

Epstein has had plenty of trouble avoiding the media of late. Reports about his friendship with Prince Andrew sparked a March 20 three-page letter from Alex Acosta, U.S. attorney when the agreement was reached, to the Daily Beast online news site.

Acosta said the federal government intervened in Epstein's case at request of police because the Palm Beach state attorney's office was going to offer him a deal with no jail time. Acosta said his office secured, through the nonprosecution agreement, jail time for Epstein, his plea to a sex crime against a minor and his designation as a sex offender.

Acosta's letter said Epstein's defense team was not happy with these conditions and tried to hire private investigators to delve into the personal lives of prosecutors assigned to the case as a way of undermining the office's insistence on conditions that went beyond the state case.

"Defense counsel investigated individual prosecutors and their families, looking for personal peccadilloes that may provide a basis for disqualification," Acosta wrote.

Sources say the efforts targeted Assistant U.S. Attorneys Jeffrey Sloman and Ann Marie Villafaña. Acosta refused to remove them.

Acosta, now the law dean at Florida International University in Miami, said he had no comments beyond his letter. The U.S. attorney's office also declined to comment.

Sloman, who took over as acting U.S. attorney when Acosta became FIU's law dean, later joined the Ferraro Law Firm in Coral Gables, said only, "Alex's recollection is correct."

Black, in an interview with the Daily Business Review, denied Acosta's assertions that the Epstein defense team examined the prosecutors.

"We don't investigate prosecutors," he said. "As far as I know that wasn't done."



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Black also denied there was any effort to pressure the U.S. attorney's office to back off Epstein.

"It is absurd to say that the target of a federal criminal investigation could put undo pressure on the United States, the government, the Department of Justice, the U.S. attorney's office and the FBI," Black said.

Weinberg, who challenged a Justice Department policy of seizing e-mail through secret subpoenas to Internet service providers, also said to his knowledge no private investigator was hired. Lefkowitz, a partner at Kirkland & Ellis in New York who drafted President George W. Bush's policy on stem cell research, did not return a phone call for comment by deadline. Black and Weinberg said they still represent Epstein.

**Fodder For Litigation**

The motion to intervene does not claim the letters are attorney-client privilege and makes a point of saying Epstein reserves his right to intervene individually.

Weinberg said turning the confidential correspondence over to the Jane Does would violate the federal rules of evidence and cast a chill over the criminal defense bar, which would rightly be concerned that anything they tell the government could boomerang into civil litigation against clients.

"Neither party expected or believed these letters would later become a source of information that would be used for any other purpose," Weinberg said. "We believe the issue raised before Judge Marra has importance beyond just the litigation between the government and the Jane Does."

Bradley J. Edwards, a partner with Farmer Jaffe Weissing Edwards Fistos & Lehrman in Fort Lauderdale, represents the Jane Does. He didn't want to get into his planned response to the motion to intervene but said Acosta's letter will not affect the case.

Edwards agreed with Acosta that the Palm Beach state attorney's office faltered on the Epstein case. A call to the Palm Beach State Attorney's Office spokeswoman was not returned by deadline.

"There has never been a stronger case for the state to prosecute, and the case should have been prosecuted by the state," Edwards said. "The state totally dropped the ball, but once the feds took the case over, they too unfortunately dropped the ball."

Edwards refutes Acosta's position that the U.S. attorney's office was hampered by the lack of a clear "interstate nexus" required for federal prosecution. Evidence indicates Epstein flew on his private plane out of state with the intent to engage in sex with minors and used his telephone, a means of interstate commerce, to set up his rendezvous with underage girls, Edwards said.

Edwards contends the U.S. attorney's office caved.

"They identified a bunch of victims of sexual abuse and decided to align themselves with a bad guy and keep the victims in the dark about the secretive nonprosecution agreement they were giving to Epstein," he said.



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**VIA EMAIL AND U.S. MAIL**

[redacted]

March 22, 2011

Robert B. Carney, Special Master
2281 Saratoga Lane
West Palm Beach, FL 33409

Re: Edwards adv. Epstein
Our File No.: 291874

Dear Judge Carney:

Attached please find the Master Contact List pursuant to your Interim Report in this matter.

Sincerely,
Dictated But Not Signed By
Jack Scarola To Expedite Delivery

JACK SCAROLA
JS/mep
Enc.

cc: Bradley J. Edwards, Esq.
Joseph L. Ackerman, Esq.
Christopher Knight, Esq.

ATTORNEYS AT LAW:

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*DAVID J. SALES[4]
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*JOHN A. SHIPLEY III
CHRISTOPHER K. SPEED [89]
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WALTER A. STEIN

**MASTER CONTACT LIST REGARDING Privilege Log – Dated 2-23-2011**
**Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman**

| CONTACT NAME | IDENTITY |
|---|---|
| Adam Horowitz | Counsel for other Epstein Victims |
| Adam Steinberg | Attorney RRA |
| Alan Garten | Donald Trump's attorney |
| Amy Ederi | Robert Josefsberg's daughter |
| Amy Swan | Expert in Epstein Case |
| Anthony P | RRA CLIENT |
| Attorneys at RRA | |
| Barry Stone | Attorney RRA |
| Bert Patton | Legal Assistant to Robert Josefsberg |
| Beth Williamson | Paralegal RRA |
| Bradley Edwards | Attorney RRA |
| Cara Holmes | Attorney RRA |
| Carl Linder | Attorney RRA |
| Carla Martinez | Law Clerk at RRA |
| Carolyn | (Legal Asst. to Jay Howell, Co-Counsel) |
| Carolyn Edwards | (Legal Asst. to Jay Howell, Co-Counsel) |
| Confidential Source | |
| Christina Fitch | Staff RRA |
| Denis Kleinfeld | Attorney RRA |
| D.F. | Client (Epstein Case) |
| Dr. Lee | Expert (Epstein Case) |
| Earleen Cote | Attorney |
| Elizabeth Kim | Paralegal RRA |
| Elizabeth Villar | Legal Assistant RRA |
| Gary Farmer | Attorney RRA |
| Grant Smith | Attorney RRA |
| Ileana Yarzabal | Prior Paralegal to Robert Josefsberg |
| Investigators | Investigators RRA |
| Jack Hill | Counsel for other Epstein Victims |
| Jack Scarola | Counsel for other Epstein Victims |
| Jacquie Johnson | Paralegal RRA |
| Jessica Caldwell | Attorney Critton's Assistant |
| Josh Roberts | Attorney |
| Jonathan Birkman | Attorney RRA |

**MASTER CONTACT LIST REGARDING Privilege Log – Dated 2-23-2011**
**Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman**

| | |
|---|---|
| Katherine Ezell | Counsel for other Epstein Victims |
| Kikka Claudio | Assistant to Attorney Jack Hill |
| Kendall Coffey | Special Counsel to RRA on Epstein Case |
| Ken Jenne | Investigators RRA |
| Lisa Rivera | Legal Assistant to Adam Horowitz |
| Litigation Team | RRA attorneys and staff |
| Marc Nurik | Attorney RRA |
| Margaret Berk | Legal Assistant to Spencer Kuvin |
| Maribel Matiska | RRA Paralegal |
| Mark Fistos | Attorney RRA |
| Mercedes Estrada | Katherine Ezell's Assistant |
| MG | Client (Epstein Case) |
| Michael Wheeler | Attorney RRA |
| Mike Fisten | Investigators RRA |
| N.R. | Client communication |
| Nora Batian | RRA Staff |
| Pasqual "Pat" Diaz | Investigators RRA |
| Pat Roberts | Investigators RRA |
| Paul Cassel | Co-Counsel on Epstein Case |
| Phaedra Xanthos | Forensic Accountant |
| Priscila Nascimento | Staff RRA |
| Richard Willits | Attorney |
| Richard Wolfe | Attorney RRA |
| Robert Buschel | Attorney RRA |
| Robert C. Josefsbergs | Counsel for other Epstein Victims |
| Robin T. Kempner | RRA Staff |
| Ronald Wise | Forensics (Epstein Case) |
| RRA Personnel | RRA |
| Russell Adler | Attorney RRA |
| Scott Goldstein | Attorney RRA |
| Scott Rothstein | Attorney RRA |
| Seth Lehrman | Attorney RRA |
| Shawn Gilbert | Prior Legal Assistant to Brad Edwards |
| Sid Garcia | Counsel for other Epstein Victims |
| Spencer Kuvin | Counsel for other Epstein Victims |
| Steven Jaffe | Attorney RRA |
| Stuart Mermelstein | Counsel for other Epstein Victims |

**MASTER CONTACT LIST REGARDING Privilege Log – Dated 2-23-2011**
**Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman**

| | |
|---|---|
| Susan K. Stirling | RRA Staff |
| Tami Wolfe | Attorney RRA |
| T. Edwards | Brad Edwards Wife |
| Unknown Staff | RRA STAFF |
| Wayne Black | Private Investigator |
| William J. Berger | Attorney RRA |

**From**: Stephanie [redacted]
**Sent**: 6/14/2011 4:54:35 PM
**To**: jeevacation@gmail.com
**CC**: Lesley Groff[redacted]
**Subject**: RE: Events this week

**Importance**: High

Other events that are not listed below (they were sent over from Marshall Heyman at the WSJ) Let me know if you are interested.

Tonight: Red Rooster for Halle Berry, Simon & Schuster party for publication of the new James Bond Novel & the opening of Spiderman w/ an after party at bowlmore.
Wednesday: Self Magazine & Zooey Deschanel Party
Thursday: Worldwide Orphans w/ Amy Poehler

CALENDAR OF MAJOR EVENTS, OPENINGS, AND FUNDRAISERS IN NEW YORK

# Tuesday, June 14, 2011

Sunrise: 5:25 am Sunset 8:26 pm Moon:
High: 77 Low: 61

## After-School All-Stars of New York

PRINT | MAP | TWEET
Benefit Mandarin Oriental New York. New York. Contact: Janice Phillips. [redacted]
Event address: 80 Columbus Circle, New York. Event web address: www.asasny.org.
Tags: Fundraiser Child Advocacy Education K-12.
EXPAND

## New York Area Professional Convention Management Association

PRINT | MAP | TWEET
Luncheon Reception, networking and program. Doubletree Guest Suites. New York. Contact: Shannon Harris. [redacted]
Event address: 1568 Broadway, New York. Event web address: pcma.org.
Tags: Discussion Luncheon Networking Association.
EXPAND

## Business Development Institute

PRINT | MAP | TWEET
Mobile Financial Services Communications Leadership Forum Disucssions. New York University Midtown Campus. New York. Contact: Maria Feola. [redacted].
Event address: 11 West 42nd Street, New York. Event web address: www.bdionline.com/mobilefinancialforum0611.html.
Tags: Discussion Education Adult.
EXPAND

## New York Professional Convention Management Association

PRINT | TWEET
Taking Care of Business: Moving from Success to Significance Discussions and networking. Business attire. Speaker(s): Sue Hershkowitz-Coore. Doubletree Times Square. Contact: Shannon Harris. [redacted].
Event address: 1568 Broadway 47th Street, New York,. Event web address: www.pcma.org/x147.xml?events=x19306.
Tags: Discussion Networking.
EXPAND

## Agape International Spiritual Center

PRINT | MAP | TWEET
Gala and Premiere Screening 6:00 pm. "Discover the Gift." VIP reception, followed by viewing. Hosted by Michael Bernard Beckwith. Tickets from $20.00. Buy Tickets. NYU Skirball Center for the Performing Arts. New York.
Event address: 586 LaGuardia Place, New York. Event web address: skirballcenter.nyu.edu/calendar/discoverthegift.
Tags: Premiere Reception Screenings.
EXPAND

## City Parks Foundation

PRINT | TWEET
Summerstage Gala 6:00 pm. Cocktails, dinner and concert. "Motown Meets NYC," theme. Tickets from $1,000.00. Central Park-Rumsey Playfield. New York. (212) 360-2756.
Event address: East 72nd St. off Fifth Ave., New York. Event web address: www.summerstage.org/donate_now/gala.html.
Tags: Concert Gala Opening Arts Performing Arts Environmental.
EXPAND

## Greater New York Construction User Counci

PRINT | TWEET
2011 Chairman's Reception 6:00 pm. Cocktails and program. Hosted by Jonathan D. Resnick. Steelcase. New York.
Event address: 4 Columbus Circle, New York. Sponsored by Jack Resnick & Sons, Inc,McGowan Builders, Inc,Turner Construction. Event web address: buildingcongress.com.
Tags: Awards/Awards Shows Association.
EXPAND

## ABWA - Association of Black Women Attorneys

PRINT | MAP | TWEET
35th Anniversary Celebration 6:30 pm. Cocktail reception, followed by dinner, awards and dancing. Speaker(s): Kim K.W. Rucker. Chaired by B. Shea Owens. Tickets from $250.00. Chelsea Piers. New York. Contact: Sponsorships:. (888) 933-2442.
Chelsea Piers: Pier Sixty. Event address: 23rd St. at the Hudson River, New York.
Tags: Gala Association.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
Digital Media and Marketing and Communications Dinner Cocktails and program. Business attire. Honoring Tim Armstrong, Jack Haber. The Pierre Hotel. New York. (212) 836-1853.
Event address: 2 East 61st St., New York. Event web address: ujafedny.org.
Tags: Dinner Association.
EXPAND

## amfAR

PRINT | MAP | TWEET
Annual Inspiration Gala 7:00 pm. Cocktails, presentations, runway show, dinner, live auction and performances by Liza Minnelli and Jennifer Hudson. “Black Tie, Hot Metal," theme. Honoring James Franco,Michael Kors. Chaired by Klaus Bisenbach, Larry Boland,R. Martin Chavez, Ph.D, Paolo Diacci,Adam Norbury. MoMA - Museum of Modern Art. New York. Contact: Wilson Alexander Aguilar.
Event address: 11 West 53rd Street, New York. Sponsored by Grey Goose,Piaget,Reca Group,Wilhelmina Models. Event web address: www.amfar.org/spotlight/event.aspx?id=9522.
Tags: Gala Health AIDS.
EXPAND

## GenArt

PRINT | MAP | TWEET
Film Festival Closing Night 7:30 pm. Screenings of "Hot Dogs & Hand Grenades," by Justin Corsbie and "Salvation Boulevard," by George Ratliff, followed by after-party and awards presentation at Hiro (88 9th Ave). Visual Arts Theater. New York.
Event address: 333 West 23rd Street, New York. Event web address: genart.org.
Tags: After party Awards/Awards Shows Screenings Arts Film Arts Visual Arts.
EXPAND

### Making Books Sing

PRINT | MAP | TWEET
Fundraiser 7:30 pm. Beer, brewery tours and light fare. Hosted by Cat Greenleaf, Talib Kweli. Tickets from $15.00. Brooklyn Brewery. Brooklyn. Contact: Kimberly Wilson Marshall.
Event address: 79 North 11th St., Brooklyn. Event web address: makingbookssing.org.
Tags: Fundraiser Education K-12.
EXPAND

## Wednesday, June 15, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

### NYSAE-New York Society of Association Executives

PRINT | MAP | TWEET
Installation of Officers & Directors Luncheon 11:30 am. Reception and program. Speaker(s): Dr. Jerry V. Teplitz. Tickets from $65.00. Doubletree Metropolitan Hotel. New York. (212) 206-8230.
Event address: 569 Lexington Ave., New York. Event web address: www.nysaenet.org.
Tags: Luncheon Association.
EXPAND

### Women's Forum of New York

PRINT | MAP | TWEET
Inaugural Elly Awards 11:30 am. Lunch and program. Hon. chairs: Lucy Jarvis and Muriel Siebert. Hosted by Janice Reals Ellig. Speaker(s): Bobbi Brown,Barbara Walters. Honoring Evelyn H. Lauder,Diana Taylor. Chaired by Jane Chesnutt,Denise Seegal. Co-chaired by Beth Canavan,Lisa Caputo,Barbaralee Diamonstein-Spielvogel. Tickets from $300.00. Tables from $5,000.00. The Plaza Hotel. New York. Contact: Rita Crotty. [redacted].
Event address: 770 Fifth Ave, New York. Event web address: www.womensforumny.org.
Tags: Awards/Awards Shows Fundraiser Luncheon Education Adult.
EXPAND

### Hike for Heroes

PRINT | MAP | TWEET
Reception Ceremony. Business casual attire. Chaired by Mitchell B. Modell. Tickets from $140.00. Sheraton New York Hotel & Towers. New York. Contact: Lindsay Carlton. [redacted].
Event address: 811 Seventh Ave., New York. Sponsored by Modell's Sporting Goods. Event web address: www.wishuponahero.com/hike-for-heroes/cocktail-party.
Tags: Reception Civic Family/Social Services.
EXPAND

### UJA-Federation of New York

PRINT | MAP | TWEET
Annual Trust & Estates Event 6:00 pm. Cocktail reception, followed by program and dessert. Business attire. Honoring Ronald J. Stein. Tickets from $650.00. Hilton New York. New York. Contact: Meredith Waltzer. [redacted].
Event address: 1335 Avenue of the Americas, New York. Event web address: ujafedny.org.

Tags: Cocktail party Association.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
General Insurance Dinner Business attire. Honoring Kevin Kelley, Stephen P. McGill. Chaired by Joseph Boren. Grand Hyatt New York. New York. Contact: Loni Kraut. [redacted].
Event address: Park Ave. at Grand Central Terminal, New York. Event web address: ujafedny.org.
Tags: Awards/Awards Shows Dinner Association.
EXPAND

## UNICEF-United Nations Children's Fund

PRINT | TWEET
Next Gen Photo Benefit 6:30 pm. Cocktails, hors d'oeuvres and silent auction. Tickets from $40.00. Phillips de Pury.
Event address: 450 Park Avenue,. Event web address: www.unicefusa.org/about/special-events/nextgen/photo-exhibit.html.
Tags: Auction Cocktail party Child Advocacy.
EXPAND

## RIOULT Dance Company

PRINT | MAP | TWEET
Gala 7:00 pm. Performance and dinner. Honoring Robert Cole,Harsha Murthy. Tickets from $350.00. Joyce Theater. New York.
Event address: 175 Eighth Ave., New York.
Tags: Benefit Performance Gala Arts Performing Arts.
EXPAND

# Thursday, June 16, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

## New York Building Congress

PRINT | MAP | TWEET
Reception for Speaker Christine C. Quin 8:00 am. Breakfast. Hosted by Richard Anderson, Joseph Mizzi,Frank J. Sciame. Tickets from $500.00. Sciame Organizations. New York. Contact: Ânne Mullaly Weir. [redacted].
Event address: 14 Wall Street, New York. Event web address: newyorkbuildingcongress.com.
Tags: Breakfast Speakers Fundraiser Association Politics Democratic.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
Music Visionary Luncheon Reception and program. Honoring Jody Gerson, Jon Platt. The Pierre Hotel. New York. Contact: Steven Singer. [redacted].
Event address: 2 East 61st St., New York. Event web address: ujafedny.org.
Tags: Luncheon Association.
EXPAND

## Jewish Enrichment Center

PRINT | MAP | TWEET
2011 Grand Reception 5:30 pm. VIP reception, cocktails, dinner and presentation. Speaker(s): President George H.W. Bush. Honoring Craig A. Rothfeld,Stephen Siegel, Ari J. Storch. Gotham Hall. New York. (212) 889-5532.
Event address: 1356 Broadway, New York. Event web address: jeconline.com/dinner.
Tags: Fundraiser Reception Faith Jewish.

EXPAND

## Professional Women In Construction

PRINT | MAP | TWEET
Networking Event 5:30 pm. Cocktails and dinner. Speaker(s): Michele Medaglia. Tickets from $80.00. Club 101. New York.
Event address: 101 Park Ave., New York. Event web address: pwcusa.org.
Tags: Dinner Discussion Networking Association.
EXPAND

## Asian American Business Development Center

PRINT | MAP | TWEET
Tenth Anniversary Outstanding 50 Award Gala 6:00 pm. Cocktails, dinner and program. Co-chaired by Shaokao Cheng,Miguel Centeno,Joyce Chang,Renaud Dutreil,Edward Goldberg, Jim Hirani, Allan Huy, Peter Hwang, Eugene Kelly, Catherine Lee, Walter Shay. Waldorf=Astoria. New York. (212) 966-0100.
Event address: 301 Park Avenue, New York. Event web address: www.outstanding50award.com.
Tags: Awards/Awards Shows Dinner Gala Association Economic Development.
EXPAND

## Songwriter's Hall of Fame

PRINT | MAP | TWEET
42nd Annual Dinner and 2011 Induction Ceremony 6:00 pm. Cocktails and awards presentation. New York Marriott Marquis. New York. (914) 579-1000.
Event address: 1535 Broadway, New York.
Tags: Awards/Awards Shows Dinner Arts Performing Arts.
EXPAND

## Voices Against Brain Cancer

PRINT | MAP | TWEET
Sixth Annual Sounding Off for a Cure Concert 6:00 pm. Performances. Hammerstein Ballroom. New York City.
Event address: 311 West 34th Street, New York City.
Tags: Concert Fundraiser Health Cancer.
EXPAND

## Catholic Charities - Archdiocese of New York

PRINT | MAP | TWEET
Third Annual Junior Board Gala Cocktails, hors d'oeuvres, gaming, and entertainment. “Casino Night," theme. Cocktail attire. Chaired by Stephanie Bagley,Timothy Spelman. Co-chaired by Sean Gorman,Christine Keith. Tickets from $125.00. Buy Tickets. Providence. New York. Contact: Kathleen McGowan. [redacted].
Event address: 311 West 57th St., New York. Fax: (212) 755-1526. Event web address: www.catholiccharitiesny.org/get-involved/junior-board/.
Tags: Cocktail party Fundraiser Association Faith Christian.
EXPAND

## Fort Tryon Park Trust

PRINT | TWEET
Sunset on the Hudson 6:30 pm. Cocktails at the New Leaf Café, followed by dinner on the David Rockefeller Linden Terrace. Festive attire. Honoring Bette Midler,New York Restoration Project. Chaired by Edith Kean. Tables from $10,000.00. Fort Tryon Park. Contact: Jennifer Hoppa. [redacted].
Event address: Northern Manhattan,. Event web address: www.forttryonparktrust.org/sunset_on_the_hudson_gala.html.
Tags: Cocktail party Dinner Fundraiser Environmental.
EXPAND

## Make-A-Wish Foundation of Metro NY

PRINT | MAP | TWEET
Annual Gala "An Evening of Wishes" Cocktails, dinner and program. Business Attire. Honoring Michael Delaney,James B. Lee, Jr. Co-chaired by Frank Bisignano,Thomas A. Roberts. Cipriani Wall Street. New York. Contact: Amy Epstein. [redacted]
Event address: 55 Wall St., New York. Event web address: metrony.wish.org.
Tags: Gala Health Cancer Health Pediatrics.
EXPAND

## Persol

PRINT | TWEET
Magnificent Obsessions: 30 Stories of Craftsmanship in Film Exhibition opening. Invitation only. Honoring Milena Canonero,Terry Gilliam,Sir Ben Kingsley. Center 548. New York. Contact: Gina Sevilla. [redacted]
Event address: 548 West 22nd Street, New York.
Tags: Exhibition Opening.
EXPAND

## Wounded Warriors Family Support Initiative

PRINT | TWEET
Special Event 6:30 pm. Cocktails and entertainment, with special performance by The Roots. Speaker(s): Captain Paul Bud Bucha. Intrepid Sea, Air & Space Museum. New York.
Event address: 1 Intrepid Square, Pier 86, 46th St. at 12th Ave., New York. Event web address: woundedwarriorsinitiative.com/event.php#roots.
Tags: Fundraiser Civic.
EXPAND

## Worldwide Orphans Foundation

PRINT | MAP | TWEET
Matt Blesso's Third Annual Birthday Celebration 7:00 pm. Cocktails. Hosted by Dr. Jane Aronson,Amy Poehler. Tickets from $75.00. Private Location.
Event web address: www.wwo.org.
Tags: Cocktail party Fundraiser Child Advocacy.
EXPAND

## Actors Fund

PRINT | MAP | TWEET
Benefit Performance 8:00 pm. "Zarkana, Cirque du Soleil". Tickets from $125.00. Radio City Music Hall. New York. Contact: Stephen Joseph. [redacted]
Event address: 1260 Ave. of the Americas, New York. Event web address: actorsfund.org.
Tags: Benefit Performance Rally/March Arts Performing Arts.
EXPAND

# Friday, June 17, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

## Action Against Hunger

PRINT | MAP | TWEET
Spanish Wine Festival 6:30 pm. Culinary and wine tastings. Hosted by PJ Wine. Metropolitan Pavilion. New York. (212) 967-7800.
Event address: 125 West 18th St., New York. Event web address: www.actionagainsthunger.org.
Tags: Tasting Wine Tasting Social Services Food Banks.
EXPAND

## New York Child Learning Institute / Phoenix Center Inc

PRINT | MAP | TWEET

2011 Annual Black Tie Affair & Auction Cocktails, dinner and program. Black tie attire. Invitation only. Hosted by Knights of York. Honoring Dr. Joan Fallon,Bob Hurley, Carol Laurenzano,Jim Watkins,Lauren Thierry Watkins. Chaired by Declan Connolly. Co-chaired by Thomas J. Petersen. Tickets from $275.00. United Nations Delegates Dining Room. New York. Contact: Aimee Demilia Newsham. [redacted].
Event address: United Nations Building, First Ave. at 45th St., New York. Fax: (201) 485-8523. Event web address: www.knightsofyork.org.
Tags: Auction Gala Association Education K-12.
EXPAND

# EXHIBIT A

specifically, how do we get businesses to do more in terms of hiring, spend less on redtape, less on bureaucracy, and reduce the regulatory burden in smart ways?

The current administration has said some of the right things but actually moved in the wrong direction. We have seen a sharp increase in the last couple of years in what are deemed to be major economically significant rules. That is defined as regulations that impose a cost on the economy of $100 million or more.

According to the administration's Office of Management and Budget, the current administration has been regulating at a pace of 84 major rules per year. By way of comparison, that is about a 50-percent increase over the regulatory output during the Clinton administration, which had about 56 rules per year, and an increase from the Bush administration as well. So we have seen more regulations and more significant regulations.

I was encouraged to hear President Obama's words when he talked about the Executive order in January, which is entitled "Improving Regulation and Regulatory Review." But now we need to see action. We need to see it from the administration, from individual agencies to provide real regulatory relief for job creators to be able to reduce this drag on the economy.

One commonsense step we can take is to strengthen what is called the Unfunded Mandates Relief Act. It was passed in 1995. It was bipartisan. I was a cosponsor in the House of Representatives. It is an effort to require Federal regulators to evaluate the cost of rules, to look at the benefits and the costs, and to look at less costly alternatives on rules.

The two amendments I would like to offer over the next few days as we consider the legislation before us would improve this Unfunded Mandates Reform Act, and it would reform it in ways that are entirely consistent with the principle President Obama has laid out and committed to in his Executive order on regulatory review.

The first amendment would require agencies specifically to assess potential effects of new regulations on job creation—so focusing in on jobs—and to consider market-based and nongovernmental alternatives to regulation. This would broaden the scope of the Unfunded Mandates Relief Act to require cost-benefit analysis of rules that impose direct or indirect costs of $100 million a year or more. So, again, this is for major rules of $100 million or more. It would also require agencies to adopt the least costly or least burdensome option that achieves whatever policy goals have been set out by Congress. It seems to me it is a commonsense amendment. I hope we will get bipartisan support for it.

The second amendment would extend the Unfunded Mandates Relief Act to so-called independent agencies which today are actually exempt from the cost-benefit rules that govern all other agencies. In 1995, we had this debate and determined at that time we would not extend the legislation to independent agencies. In the interim, independent agencies have been providing more and more rules, have put out more and more regulations, and are having a bigger and bigger impact. An example of an independent agency would be the SEC, the Securities and Exchange Commission, or the CFTC, which is the Commodity Futures Trading Commission. These are agencies that, although independent in the executive branch, are very much involved in putting out major rules and regulations. It is sometimes called the "headless fourth branch" of government because their rules are not reviewed for cost-benefit analysis, even by the OMB, the Office of Management and Budget, in its Office of Information and Regulatory Affairs, so-called OIRA.

We have looked at some GAO data and put together various studies, and it appears to us that there are about 200 regulations that were issued between 1996 until today that would be deemed to have an impact of $100 million or more on the economy but were automatically excluded from the Unfunded Mandates Relief Act because they were deemed to be from independent agencies.

So it is basically closing a loophole and closing this independent agency loophole, which I believe is a sensible reform. It has been endorsed by many people, including, interestingly, the current OIRA Administrator and the President's regulatory czar, Cass Sunstein, who, in a 2002 Law Review article, talked about the fact that this is an area where UMRA ought to be extended because, again, there were so many independent agencies that were putting out regulations impacting job creation in this country.

No regulation, whatever its source, should be imposed on American employers or on State and local governments without serious consideration of the costs, the benefits, and the availability of a least-burdensome alternative. Both these amendments would move us further toward that sensible goal, and I hope the leadership will allow these amendments to be offered. I think they fit well with the underlying legislation. If they are offered, I certainly urge my colleagues on both sides of the aisle to support them.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call.

The bill clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## MORNING BUSINESS

Mr. DURBIN. Mr. President, I ask unanimous consent that Senators be allowed to speak as in morning business for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

## TRIBUTE TO LOUIS E. GIVAN

Mr. MCCONNELL. Mr. President, I rise today to recognize a distinguished Kentuckian who has worked tirelessly on behalf of our Nation's soldiers, sailors and marines for more than 40 years. Louis E. Givan, a lifelong resident of my hometown of Louisville, has played a vital role in protecting the men and women of our Armed Forces and our country's defense.

Formerly a sailor himself in the U.S. Navy, he has served for the last 11 years as the general manager of Raytheon Missile Systems operations in Louisville. I was saddened to hear of his retirement from that position this coming July 5. He will certainly be missed.

Mr. Givan—or, to those who know him, Ed—was a 1966 graduate of St. Xavier High School in Louisville and in 1970 earned his bachelor of science degree in mechanical engineering from the J.B. Speed School of Engineering at the University of Louisville. In 1968, he began working at the Naval Ordnance Station in Louisville, and he stayed at that post until 1996, in various engineering and supervisory positions.

In 1996 the Naval Ordnance Station transitioned to private ownership, and Ed's leadership was crucial in making that transition a successful one. The facility eventually became part of Raytheon Missile Systems, and Ed was appointed general manager in 2000. As general manager, Ed has led Raytheon Missile Systems in Louisville to great success, success for both the company and for the local community. They design, develop, and produce vital weapons systems for our armed forces, enabling America to have the most formidable military force in the world. Weapons produced at the Louisville facility are used by our forces in all parts of the globe, including in Iraq.

Kentucky is lucky to have benefitted from Ed's dedication, commitment to excellence, and leadership for so many years. I am sure his wife Velma; his sons Eddie, Tony, and Chris; and his grandchildren Benjamin, Nathan, Isaac, Macy and Natalie are all very proud of what Ed has accomplished. I wish him the very best in retirement, and I am sure my colleagues join me in saying that this U.S. Senate thanks Mr. Louis E. "Ed" Givan for his faithful service.

## CRIME VICTIMS' RIGHTS ACT

Mr. KYL. Mr. President, I ask unanimous consent that the following letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
*Washington, DC, June 6, 2011.*

HON. ERIC H. HOLDER, Jr.,
*Attorney General; U.S. Department of Justice, Washington, DC.*

DEAR ATTORNEY GENERAL HOLDER: I am writing about the Justice Department's implementation of the Crime Victims' Rights Act—an act that I co-sponsored in 2004. These questions relate to an Office of Legal Counsel ("OLC") Opinion made public on May 20, 2011 and more broadly to concerns I have heard from crime victims' advocates that the Department has been thwarting effective implementation of the Act by failing to extend the Act to the investigative phases of criminal cases and by preventing effective appellate enforcement of victims' rights. I am writing to ask you to answer these questions and explain the Department's actions in these areas.

GOVERNMENT PROTECTION OF VICTIMS' RIGHTS DURING INVESTIGATION OF A CRIME

When Congress enacted the CVRA, it intended to protect crime victims throughout the criminal justice process—from the investigative phases to the final conclusion of a case. Congress could not have been clearer in its direction that using "best efforts" to enforce the CVRA was an obligation of "[o]fficers and employees of the Department of Justice and other departments and agencies of the United States engaged in the *detection, investigation*, or prosecution of crime . . . ." 18 U.S.C. §3771(c)(1) (emphasis added). Congress also permitted crime victims to assert their rights either in the court in which formal charges had already been filed "or, *if no prosecution is underway*, in the district court in the district in which the crime occurred." 18 U.S.C. §3771(d)(3) (emphasis added).

Despite Congress' clear intention to extend rights to crime victims throughout the process, the Justice Department is reading the CVRA much more narrowly. In the recent OLC opinion, for example, the Department takes the position that "the CVRA is best read as providing that the rights identified in section 3771(a) are guaranteed from the time that criminal proceedings are initiated (by complaint, information, or indictment) and cease to be available if all charges are dismissed either voluntarily or on the merits (or if the Government declines to bring formal charges after the filing of a complaint)." The Availability of Crime Victims' Rights Under the Crime Victims' Rights Act of 2004, Memorandum from John E. Bies (Dec. 17, 2010, publicly released May 20, 2011) (hereinafter "OLC Opinion"). Indeed, in that same opinion, I am surprised to see the Department citing a snippet from my floor remarks during the passage of the CVRA for the proposition that crime victims can confer with prosecutors only after the formal filing of charges. See id. at 9 (citing 150 Cong. Rec. S4260, S4268 (Apr. 22, 2004) (statement of Sen. Kyl).

I did want to express my surprise that your prosecutors are so clearly quoting my remarks out of context. Here is the full passage of my remarks, which were part of a colloquy with my co-sponsor on the CVRA, Senator Feinstein:

Senator Feinstein: Section . . . (a)(5) provides a right to confer with the attorney for the Government in the case. *This right is intended to be expansive.* For example, the victim has the right to confer with the Government concerning any critical stage or disposition of the case. *The right, however, is not limited to these examples.* I ask the Senator if he concurs in this intent.

Senator Kyl: Yes. The intent of this section is just as the Senator says. This right to confer does not give the crime victim any right to direct the prosecution. Prosecutors should consider it part of their profession to be available to consult with crime victims about concerns the victims may have which are pertinent to the case, case proceedings or dispositions. Under this provision, *victims are able to confer with the Government's attorney about proceedings after charging.*

150 Cong. Rec. S4260, S4268 (Apr. 22, 2004) (statements of Sens. Feinstein & Kyl) (emphases added). Read in context, it is obvious that the main point of my remarks was that a victim's right to confer was "intended to be expansive." Senator Feinstein and I then gave various examples of situations in which victims could confer with prosecutors, with the note that the right to confer was "not limited to these examples." It is therefore troubling to me that in this opinion the Justice Department is quoting only a limited portion of my remarks and wrenching them out of context to suggest that I think that crime victims do not have any right to confer (or to be treated with fairness) until after charging.

In giving an example that the victims would have such rights after charging, I was not suggesting that they had no such right earlier in the process. Elsewhere in my remarks I made clear that crime victims had rights under the CVRA even before an indictment is filed. For example, in the passage quoted above, I made clear that crime victims had a right to consult about both "the case" and "case proceedings"—i.e., both about how the case was being handled before being filed in court and then later how the case was being handled in court "proceedings." As another example, Senator Feinstein and I explained that we had drafted the CVRA to extend a right to victims to attend only "public" proceedings, because otherwise the rights would extend to grand jury proceedings. See, e.g., 150 Cong. Rec. S4260, S4268 (Apr. 22, 2004) (statements of Sens. Feinstein & Kyl). Of course, no such limitation would have been necessary under the CVRA if CVRA rights attach (as the Department seems to think) only after the filing of a grand jury indictment.

Courts have already rejected the Justice Department's position that the CVRA applies only after an indictment is filed. For example, in *In re Dean*, 527 F.3d 391 (5th Cir. 2008), the Department took the position that crime victims had no right to confer with prosecutors until after the Department had reached and signed a plea agreement with a corporation (BP Products North America) whose illegal actions had resulted in the deaths of fifteen workers in an oil refinery explosion. Of course, this position meant that the victims could have no role in shaping any plea deal that the Department reached. In rejecting the Department's position, the Fifth Circuit held that "the government should have fashioned a reasonable way to inform the victims of the likelihood of criminal charges and to ascertain the victims' views on the possible details of a plea bargain." Id. at 394.

In spite of this binding decision from the Fifth Circuit, crime victims' advocates have reported to me that the Justice Department is still proceeding in the Fifth Circuit and elsewhere on the assumption that it has no obligations to treat victims fairly or to confer with them until after charges are formally filed. Given the Fifth Circuit's Dean decision, this position appears to place the Department in violation of a binding court ruling that extends rights to thousands of crime victims in Louisiana, Mississippi, and Texas. And more generally, the Department's position simply has no grounding in the clear language of the CVRA.

My first question: What is the Justice Department doing to extend to victims their right to fair treatment and their right to confer with prosecutors when the Justice Department is negotiating pre-indictment plea agreements and non-prosecution agreements with defense attorneys, including negotiations within the Fifth Circuit?

CRIME VICTIMS' RIGHT TO APPELLATE PROTECTION

Protection of crime victims' rights in appellate courts is an important part of the CVRA. As you know, when Congress passed the CVRA, the federal courts of appeals had recognized that crime victims could take ordinary appeals to protect their rights. See, e.g., *Doe v. United States*, 666 F.2d 43, 46 (4th Cir. 1981) (rape victim allowed to appeal district court's adverse "rape shield statute" ruling); *United States* v. *Kones*, 77 F.3d 66 (3rd Cir. 1996) (victim allowed to appeal adverse restitution decision). Congress sought to leave these protections in place, while expanding them to ensure that crime victims could obtain quick vindication of their rights in appellate courts by providing—in §3771(d)(3)—that "[i]f the district court denies the relief sought, the [victim] may petition the court of appeals for a writ of mandamus." 18 U.S.C. §3771(d)(3). Ordinarily, whether mandamus relief should issue is discretionary. The plain language of the CVRA, however, specifically and clearly overruled such discretionary mandamus standards by directing that "[t]he court of appeals *shall take up and decide such application forthwith* . . . ." 18 U.S.C. §3771(d)(3) (emphasis added). As I explained when the Senate considered the CVRA:

[W]hile mandamus is generally discretionary, this provision [18 U.S.C. §3771(d)(3)] means that courts *must* review these cases. Appellate review of denials of victims' rights is just as important as the initial assertion of a victim's right. This provision ensures review and encourages courts to *broadly defend* the victims' rights.

150 CONG. REC. S4270 (Apr. 22, 2004) (statement of Sen. Kyl) (emphases added). Similarly, the CVRA's co-sponsor with me, Senator Feinstein, stated that the Act would create "a new use of a very old procedure, the writ of mandamus. This provision will establish a procedure where a crime victim can, in essence, immediately *appeal* a denial of their rights by a trial court to the court of appeals." 150 CONG. REC. S4262 (statement of Sen. Feinstein) (emphases added); see also id. (statement of Sen. Kyl) (crime victims must "be able to have . . . the appellate courts take the appeal and order relief). In short, the legislative history shows that §3771(d)(3) was intended to allow crime victims to take accelerated appeals from district court decisions denying their rights and have their appeals reviewed under ordinary standards of appellate review.

In spite of that unequivocal legislative history, the Justice Department has in past cases asserted a contrary position. In *In re Antrobus*, 519 F.3d 1123 (10th Cir. 2008), Ken and Sue Antrobus sought to obtain appellate review of a ruling by a trial court that they could not deliver a victim impact statement at the sentencing of the man who sold the murder weapon used to kill their daughter. The Tenth Circuit ruled against them on the basis that the Antrobuses were not entitled to regular appellate review, but only discretionary mandamus review. See id. at 1124–25. The Tenth Circuit did not consider the legislative history in reaching this conclusion, leading the Antrobuses to file petitions for rehearing and rehearing en banc—petitions that recounted this legislative history. In response, the Justice Department asked the Tenth Circuit to deny the victims' petitions. Remarkably, the Justice Department told the Tenth Circuit that it could ignore the

legislative history because the CVRA "is unambiguous." Response of the United States, *In re Antrobus*, No. 08-4002, at 12 n.7 (10th Cir. Feb. 12, 2008).

At the time that the Justice Department filed this brief, no Court of Appeals agreed with the Tenth Circuit. At the time, three other Circuits had all issued unanimous rulings that crime victims were entitled to regular appellate review. See *In re W.R. Huff Asset Mgmt. Co.*, 409 F.3d 555, 562 (2d Cir. 2005); *Kenna v. US. Dist. Ct., for the Cent. Dist. of Ca.*, 435 F.3d 1011, 1017 (9th Cir. 2006); *In re Walsh*, 229 Fed.Appx. 58, at 60 (3rd Cir. 2007).

My next question for you is, given that the Justice Department has an obligation to use its "best efforts," 18 U.S.C. §3771(c)(1), to afford crime victims their rights, how could the Department argue in Antrobus (and later cases) that the CVRA "unambiguously" denied crime victims regular appellate protections of their rights when three circuits had reached the opposite conclusion?

GOVERNMENT'S RIGHT TO ASSERT ERROR DENIAL OF VICTIMS' RIGHTS

To further bolster protection of crime victims' rights, Congress also included an additional provision in the CVRA—§3771(d)(4)—allowing the Justice Department to obtain review of crime victims' rights issues in appeals filed by defendants: "In any appeal in a criminal case, the Government may assert as error the district court's denial of any crime victim's right in the proceeding to which the appeal relates." 18 U.S.C. §3771(d)(4). The intent underlying this provision was to supplement the crime victims' appeal provision found in §3771(d)(3) by permitting the Department to also help develop a body of case law expanding crime victims' rights in the many defense appeals that are filed. It was not intended to in any way narrow crime victims' rights to seek relief under §3771(d)(3). Nor was it intended to bar crime victims from asserting other remedies. For instance, it was not intended to block crime victims from taking an ordinary appeal from an adverse decision affecting their rights (such as a decision denying restitution) under 28 U.S.C. §1291. Crime victims had been allowed to take such appeals in various circuits even before the passage of the CVRA. See, e.g., *United States v. Kones*, 77 F.3d 66 (3rd Cir. 1996) (crime victim allowed to appeal restitution ruling); *United States v. Perry*, 360 F.3d 519 (6th Cir. 2004) (crime victims allowed to appeal restitution lien issue); *Doe v. United States*, 666 F.2d 43, 46 (4th Cir. 1981) (crime victim allowed to appeal rape shield ruling).

As I explained at the time the CVRA was under consideration, this provision supplemented those pre-existing decisions by "allow[ing] the Government to assert a victim's right on appeal even when it is the defendant who seeks appeal of his or her conviction. This ensures that victims' rights are protected throughout the criminal justice process and that they do not fall by the wayside during what can often be an extended appeal that the victim is not a party to." 150 CONG. REC. S4270 (Apr. 22, 2004) (statement of Sen. Kyl).

I have heard from crime victims' advocates that the Department has not been actively enforcing this provision. Indeed, these advocates tell me that they are unaware of even a single case where the Department has used this supplemental remedy. My final question: Is it true that the Department has never used this provision in even a single case in the more than six years since the CVRA was enacted?

Sincerely,

JON KYL,
*U.S. Senator.*

## HONORING OUR ARMED FORCES

### SERGEANT VORASACK T. XAYSANA

Mr. BENNET. Mr. President, it is with a heavy heart that I rise today to honor the life and heroic service of SGT Vorasack T. Xaysana. Sergeant Xaysana, assigned to the Headquarters and Headquarters Company, 2nd Battalion, based in Fort Hood, TX, died on April 10, 2011. Sergeant Xaysana was serving in support of Operation New Dawn in Kirkuk, Iraq. He was 30 years old.

A native of Westminster, CO, Sergeant Xaysana enlisted in the Army in 2005. During over 6 years of service, he distinguished himself through his courage and dedication to duty. Sergeant Xaysana's exemplary service quickly won the recognition of his commanding officers. He earned, among other decorations, the Iraq Campaign Medal, the Global War on Terrorism Service Medal, and the Army Good Conduct Medal.

Sergeant Xaysana worked on the front lines of battle, serving in the most dangerous areas of Iraq. Mark Twain once said, "The fear of death follows from the fear of life. A man who lives fully is prepared to die at any time." Sergeant Xaysana's service was in keeping with this sentiment—by selflessly putting country first, he lived life to the fullest. He lived with a sense of the highest honorable purpose.

At substantial personal risk, he braved the chaos of combat zones throughout Iraq. Though his fate on the battlefield was uncertain, he pushed forward, protecting America's citizens, her safety, and the freedoms we hold dear. For his service and the lives he touched, Sergeant Xaysana will forever be remembered as one of our country's bravest.

To Sergeant Xaysana's parents, Thong Chanh and Manithip, and to his entire family, I cannot imagine the sorrow you must be feeling. I hope that, in time, the pain of your loss will be eased by your pride in Vorasack's service and by your knowledge that his country will never forget him. We are humbled by his service and his sacrifice.

## GRAZING IMPROVEMENT ACT

Mr. BARRASSO. Mr. President, I rise today to submit for the RECORD an article written by Karen Budd-Falen and published May 28, 2011, in the Wyoming Livestock Journal. The article's title is "Leveling the Playing Field: Support for the Grazing Improvement Act of 2011."

The title of the article is instructive. Anyone living and working in rural communities knows the playing field is not level. The National Environmental Policy Act has become the preferred tool to delay and litigate grazing permit renewals for American ranchers.

Livestock grazing on public lands has a strong tradition in Wyoming and all Western States. Ranchers are proud stewards of the land, yet the permitting process to renew their permits is severely backlogged due to litigation aimed at eliminating livestock from public land.

During times of high unemployment and increasing food prices, we need to be encouraging jobs in rural economies. We need to be fostering an environment to raise more high quality, safe, American beef and lamb; not litigating less.

That is why I introduced the Grazing Improvement Act of 2011. This legislation will provide the certainty and stability public grazing permit holders desperately need in order to continue supporting rural jobs, providing healthy food, and maintaining open spaces for recreation and wildlife.

It is time to help level the playing field for hard working ranching families across the West. Their livelihood should not be held hostage by litigation and anti-grazing special interest groups. I thank my colleagues, Senators ENZI, CRAPO, HATCH, HELLER, RISCH, and THUNE, in supporting ranching families and this legislation.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wyoming Livestock Roundup, May 28, 2011]

LEVELING THE PLAYING FIELD: SUPPORT FOR THE GRAZING IMPROVEMENT ACT OF 2011

(By Karen Budd-Falen)

If jobs and the economy are the number one concern for America, why are rural communities and ranchers under attack by radical environmental groups and overzealous federal regulators?

America depends upon the hundreds of products that livestock provide, yet radical groups and oppressive regulations make it almost impossible for ranchers to stay in business. Opposition to these jobs comes in the form of litigation by radical environmental groups to eliminate grazing on public lands, radical environmental group pressure to force "voluntary" grazing permit buyouts from "willing sellers," and holding permittees hostage to the court deference given to regulatory "experts." The playing field is not level and the rancher is on the losing side. The Grazing Improvement Act of 2011 will level the playing field. I urge your support.

The Grazing Improvement Act of 2011 does the following:

1. Term of Grazing Leases and Permits. Both BLM and Forest Service term grazing permits are for a 10-year term. This bill extends that term to 20 years. This extension does not affect either the BLM's or Forest Service's ability to make interim management decisions based upon resource or other needs, nor does it impact the preference right of renewal for term grazing permits or leases.

2. Renewal, Transfer and Reissuance of Grazing Leases and Permits. This section codifies the various "appropriation riders" for the BLM and Forest Service requiring that permits being reissued, renewed or transferred continue to follow the existing terms and conditions until the paperwork is complete. Thus, the rancher is not held hostage to the ability of the agency to get its

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# Taking the Plunge

Wednesday, August 03, 2011

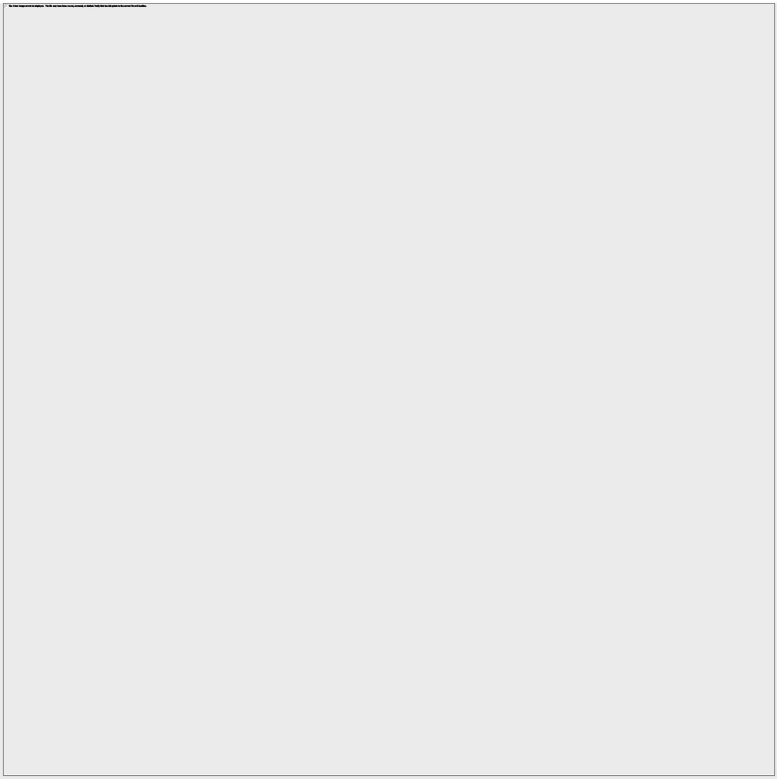

"New and noteworthy" is a term that gets tossed around a lot in the travel world, but we're taking it seriously to heart this week at Jetsetter. The "new" is the Dream Downtown NYC, a hip, reinvented space at the crossroads of Chelsea and the Meatpacking District (MePa, if you really must). The "noteworthy" is a little thing called skydiving at Mount Everest. Whether it's lounging poolside in New York or jumping out of a plane in full view of the world's highest mountain, there's a lot going on this week. Read on for all the details, including properties in Paris, San Francisco, Vegas, Miami and more. (Image: Skydive Mount Everest - on sale Sat, Aug 6.)

# Hip Manhattan Newcomer... with Real Sand

*Dream Downtown - NYC*

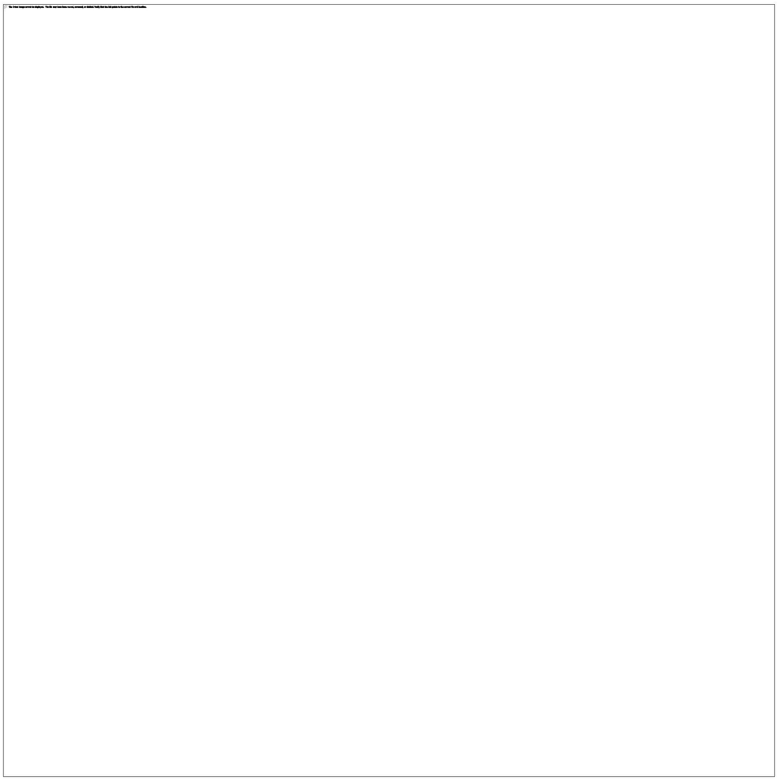

**The new Dream Downtown** has the best of both worlds. Housed in a 1960s building designed by Albert C. Ledner, it's situated at the crux of Manhattan's art, design and nightlife scenes between Chelsea and the Meatpacking District. With a hot rooftop bar, a Miami-meets-Ibiza pool (with lounge chairs set in real sand) and modern rooms with classic Downtown views, you can have your party and a good night's sleep, too.

Click here to visit sale

*Now Live*

# Romance by the Arc de Triomphe

*Mon Hotel - Paris*

**Just a short walk** from the Arc de Triomphe, Mon Hotel sits on a quiet street off the bustling boulevards. Designer Aurélia Santoni fashioned this intimate boutique property with eccentricity and flair; lampshades from Dutch design firm Moooi hang above Utrecht armchairs in the lobby. Above all, the style of the guestrooms and the service stress comfort; Mon feels like your personal Paris *pied-à-terre*.

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# Beach, Spa, Repeat in Crete

*Candia Maris Resort - Crete*

**Just outside Heraklion, Crete's** capital city, the Candia Maris is a sprawling beachside resort spanning nearly 10 acres. Although the property lacks the charm of smaller hotels, it more than compensates with its amenities, which include tennis courts and seven pools. The highlight is the vast thalassotherapy spa, which underwent a multimillion-dollar renovation in 2008.

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# Sleep in a Palace in Portugal

*Vidago Palace - Portugal*

**In the mountainous north** of the country, just over an hour from Porto, the recently opened Vidago Palace has, in one fell swoop, raised the bar for luxury getaways in Portugal. As far removed from the sun and sand of the touristy Algarve as you can get, this is a destination for the discerning traveler and the lover of fine things, whether they be cigars, hand-painted silk wallpaper, the country's best spa or a championship golf course.

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# The Budapest Bauhaus

*Mamaison Hotel Budapest*

**Leisure and business travelers** feel like locals at this historic boutique hotel set among the embassies and grand residences of Budapest's tree-lined Andrassy Avenue. Built in 1937 and completely renovated three years ago, the hotel is home to a hip-again Bauhaus style in the comfortable rooms and gourmet dining at on-site Baraka Restaurant. For exploring, you can't beat the location: It's a short walk to restaurants, parks, museums and the city's famed thermal baths.

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# A Study in Swiss Chic

*Cervo - Switzerland*

**The Cervo may have** a Swiss address, but there's nothing neutral about this boutique hotel's atmosphere and hospitality. In Zermatt, a legendary ski village where the Matterhorn ("Horu" to locals) dominates the landscape (and the activities, yearround) the hotel has the requisite majestic views. But modern interiors and quirky accents like antlers and cheerful checkerboard patterns make the Cervo a study in Swiss chic.

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# Living the Fantasy in Las Vegas

*The Palms - Las Vegas*

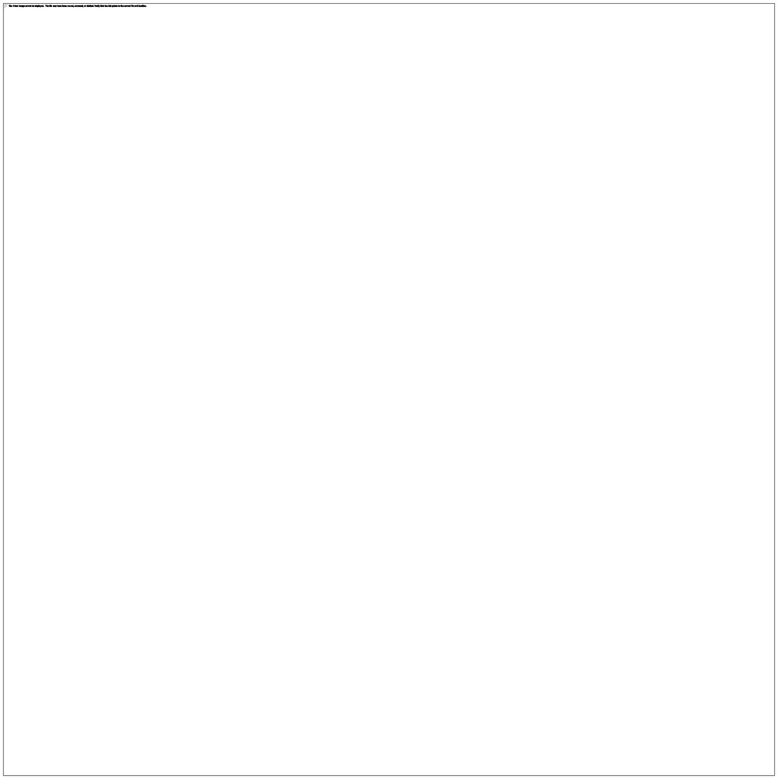


**The Palms Las Vegas** is all about classic hedonism: nightlife, gambling, pool parties and sweet guestrooms for more after-hours fun. Within the Palms enclave, the Palms Fantasy Tower flaunts a cool, contemporary feel to suit the tastes of its young and stylish party-hard crowds, perfect for hosting the true "what happens in Vegas stays in Vegas" experience.

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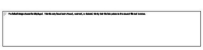


# A Classic San Francisco Stay

*Omni San Francisco Hotel*

**In a beautifully renovated** redbrick-and-stone former bank building, the Omni San Francisco has an elegant ambiance and draws inspiration from Renaissance Florence. The spacious rooms have carved-mahogany furniture and nine-foot-high crown molded ceilings, while sparkling crystal chandeliers, mahogany paneling and an iron-and-marble staircase define the lobby. Best of all, it's within walking distance from some of the city's top attractions like Union Square, North Beach and Chinatown.

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# Hilltop Romance on Phuket

*The Pavilions - Phuket*

**These hilltop retreats are** some of Phuket's most romantic crash pads thanks to sublime panoramic Andaman Sea views and the island's most discreet staff. All villas include swimmable pools and roomy decks for sun and shade. The 360 bar attracts the island's best dressed inhabitants who flock here at sundown for the calm view then stay sipping colorful cocktails late into the warm night.

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# Beachfront Zen Near Cancun

*La Amada Hotel - Playa Mujeres*

**Looking more like some** millionaire's Miami crib than a traditional Cancún resort, the all white, Zen-minimalist La Amada Hotel exudes a down-to-earth sexiness and an understated elegance - all creamy sofas, gauzy curtains and personal Jacuzzis. Just 20 minutes north of central Cancún in Playa Mujeres, La Amada is on a long, pristine and very secluded beach.

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# Stately Style in the Heart of Washington D.C.

*The Madison - D.C.*

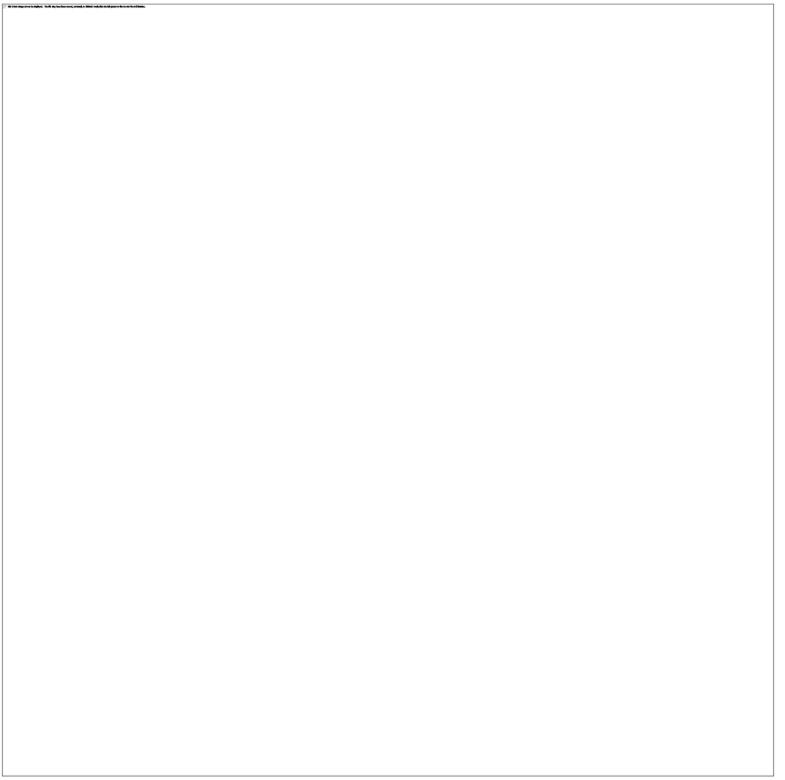

**Named for James Madison,** the fourth president and "father of the Constitution," this stately hotel has traditional style and refined service - plus, a location that puts many of Washington's must-see museums and monuments along the Mall within walking distance. Opened in 1963, the 353-room hotel has hosted the Dalai Lama, the occasional celebrity and every U.S. president since John F. Kennedy except Barack Obama. But don't worry - you can stop by the White House, which is just five blocks away.

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# Where Esther Williams Meets Chanel

*The Raleigh - South Beach*

**The Raleigh is different** from most properties in South Beach, with a vibe that's more Deco cool than decked out to the nines. A stay here feels a bit like a trip to the 1940s - dressed in whites one minute, casual the next. It's all about lounging in style by the pool, which has hosted everything from Esther Williams swimming routines to Chanel's cruise collection show. The Raleigh itself is a lot like that pool: cool, pretty and a place to be seen.

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*Starting Thursday 4/8 at 8pm BST*

# The Classic SoCal Beach Escape

*Shorebreak - California*

**Shorebreak, a 157-room hotel** on Huntington Beach, lives up to the SoCal lifestyle celebrated on breezy beach postcards. From your private balcony, you'll gaze over a classic California coast pier, with the Pacific stretching out behind it. Surf by day, then chow down on room-service orecchiette pasta with seared diver scallops before heading out to a beachside bonfire.

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*Starting Thursday 4/8 at 8pm BST*

# Attention Adrenaline Junkies

*Skydive Mount Everest*

**As any adrenaline junkie** knows, skydiving is the ultimate thrill: Those few seconds during free fall are as close to flying as we humans will probably ever get. Now imagine hurling yourself out of a plane at 29,500 feet - in full view of Mount Everest. To call it a rush would be an understatement, but tour company Everest Skydive makes this once-in-a-lifetime experience possible. During this 10-night/11-day tour, beginning in Kathmandu, you'll get your bearings on the ground with some sightseeing and then hike up to the drop site, where the true adventure begins. And with all the details - accommodations, gear, professional instruction - taken care of, skydivers can simply enjoy the (truly unforgettable) moment.

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*Starting Saturday 6/8 at 5pm BST*

# The South African Safari Goes Posh

*Morukuru - South Africa*

**In the heart of** the Madikwe Game Reserve, Morukuru Family's trio of boutique-chic, exclusive lodging options are the perfect pick for small groups seeking an intimate, totally tailor-made bush adventure. Half wild, half unabashedly posh, the getaway is less than a four-hour drive - or an even shorter charter plane ride - from Johannesburg. Choose between the Owners House, the Lodge or the Farm, and the the only people you'll share sundowners and lion cub photos ops with will be the pack you arrived with. Family-friendly and super flexible, this is a true South African safari vacation, complete with personal cooks, butlers and animal trackers at your service.

Click here to preview sale

*Starting Saturday 6/8 at 5pm BST*

## *Sales this week*

*Starting Today at 8pm BST*
Mamaison Hotel Budapest
Sofitel Montreal Golden Mile
Cervo - Switzerland

*Starting Thursday at 8pm BST*
The Shores - Daytona Beach
The Raleigh - South Beach
Shorebreak - California

*Starting Friday at 5pm BST*
Veranda House - Nantucket

*Starting Friday at 8pm BST*
Iron Horse Hotel - Milwaukee
Hidden Pond - Maine
Kedron Valley Inn - Vermont

*Starting Saturday at 5pm BST*
A Culinary Retreat in Mexico
Morukuru - South Africa
Skydive Mount Everest

*Starting Sunday at 5pm BST*
The Alexandra - Turks & Caicos

*Starting Sunday at 8pm BST*
Las Alamandas - Mexico
Arenas del Mar Beachfront
Blue Waters - Antigua
Nayara Hotel, Spa & Gardens

*Starting Monday at 8pm BST*
Hotel Matilda - San Miguel
Santa Teresa - Rio De Janeiro

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HED: To Venice With Love, Peggy Siegal

DEK: Back to northern Italy to take in the arts and architecture—and of course, film at the 68th annual Venice Film Festival.

By: Peggy Siegal

Tuesday, Aug. 30, 2010

Art collector, polo player and film producer Peter Brant gives me a ride to the 68th Venice Film Festival to mingle with Hollywood glitterati from around the world. Venice, the thousand-year-old city looks like a movie set floating on the water that has been the backdrop for films from Casanova to The Tourist. This year, 65 films will have world premieres. Among the jury are two American directors: chairman Darren Aronosfky, Todd Haynes and one English musician, David Byrne.

Wednesday, Aug. 31, 2011

I check into the paparazzi-proof Cipriani's on the private Giudecca Island for a week—a safe haven for George Clooney, Al Pacino and Gwyneth Paltrow. Cipriani's is impossible to book I have been told for months that Friday night is sold out.

In Italy, George Clooney, aka “King George,” is presiding over his Ides of March press conference at the Palazzo del Casino on Lido. He rules himself out of a future role as United States President, citing Barack Obama's troubles are reason enough to avoid the job. How many countries can George rule?

Clooney currently serves as producer, director, co-writer and actor. He seriously tries to explain why his film now reflects the present cynical political mood of the country. The press cannot help asking silly questions and setting George up for one wisecrack after another.

Also on the panel are producer Grant Heslov and Beau Willimon who wrote the play the film is based on, Farragut North. Paul Giamatti, Philip Seymour Hoffman, Marisa Tomei and Evan Rachel Wood are confident they are sensational in this Machiavellian, political thriller and try not to joke around. George's infectious humor prevails and the conference is reduced to a Friars roast.

Ryan Gosling, last seen in Blue Valentine, who is filming in the states, is finally this year’s breakout star stealing Clooney’s film.

At the premiere on the Lido at the Palazzo del Cinema, Marco Muller, artistic director of the festival, greets 50-year-old heartthrob Clooney with 45-year-old bombshell Cindy Crawford dressed in long bright red Roberto Cavalli gown exactly matching the red carpet. 23-year-old Evan Rachel Wood steps out in a white Alessandra Rich gown, slit all the way up the middle, exposing her endless legs.

Royal George later holds court with his cast back at Cipriani's. Attempting to handle the sweltering humidity, ties are loosened, drinks are poured while Evan Rachel Wood takes the microphone with a back-up jazz quartet belting out Janis Joplin songs. She transforms herself into a gyrating, pulsating soul

sister as Robin Wright, Christoph Waltz, Diane Kruger and Sir Norman Foster watch in awe. Remember, Evan sang in Julie Taymor's Across the Universe.

By 2 a.m. Ms. Wood is drenched and jumps into Cipriani's Olympic-size pool to cool off in her borrowed gown. She has the dress cleaned the next day and sends it back good as new.

Thursday, Sept. 1, 2011

George heads for the 38th Telluride Film Festival to attend his tribute program introduced by Ken Burns. Fox Searchlight premieres Alexander Payne's Hawaiian-set The Descendants. George stars as a father of two who learns about his wife's infidelity. You have to love the role-reversal casting. Nobody cheats on George—which is why his performance is so poignant.

Clooney and Payne met at the Toronto Film Festival two years ago and were shooting in Oahu months later. Payne edited the film at Clooney's Italian villa on Lake Como, where the entire cast, including Charlie Rose who has a cameo playing Charlie Rose, end up for a holiday reunion the weekend before this year's festival.

Activities include George and Grant challenging Charlie and Marisa Tomei to a strenuous game of hoops on the private basketball court. Late-night partying ends with Mr. Rose skinny-dipping in Lake Como—a tradition started by that wild and crazy guy Walter Cronkite years ago.

The Weinstein Company screens in Venice and Telluride their silent film The Artist, directed by Michel Hazanavicius and starring French movie idol Jean Dujardin. The film was premiered in May at the Cannes Film festival.

Early Oscar buzz for films and male lead performances could be The Descendants, The Artist and Shame. This momentum has to sustain itself on the long road to Eddie Murphy's opening dialogue on Oscar night in February.

Next to Evan Rachel Wood's favorite pool, I am lunching and munching on pasta and pizza with Valentino, Giancarlo Giammetti, Bruce Hoeksema, Charlene de Ganay and Carlos Souza aka "the family."

Paul Giamatti, whose family changed their spelling, tells me he is actually related to Valentino's business partner Giancarlo Giammetti, which is a visual stretch of the imagination.

Valentino has brought his yacht T.M. Blue One carrying six pugs to Venice to attend Madonna's premiere of W.E., the compelling romance between King Edward VIII and the twice-divorced Wallis Simpson.

Madonna has shown an early cut on DVD to Valentino in his grand Paris apartment last spring. Valentino loves the film and says Andrea Riseborough, who was trained at the Royal Academy of Dramatic Arts, is as compelling as Wallis.

Similarities between Madonna and Wallis: Americans hounded by the press, moved to London to marry Englishman, were fashion icons always re-inventing themselves and were possessed with a faint sense of being misunderstood.

After the premiere, Frida Giannini, creative director of Gucci, and Harvey Weinstein host a slightly decadent, secret, after-party on the outside terrace at the Bauer Palazzo. The 53-year old Material Girl brings Brahim Zaibat—her 24-year old break-dancing boyfriend—sips bellinis and sings "Like a Virgin" until 4:30 a.m. to Valentino and Guy Oseary and her cast: Andrea Riseborough, Abbie Cornish, James D'arcy and Oscar Issac, who is also in the Cannes-winner Drive.

Simultaneously, Sony Picture Classic's Michael Barker and Tom Bernard premiere Roman Polanski's Carnage, based on Yasmina Reza's French play God of Carnage, which played to packed houses in Paris, London, New York and Los Angeles.

Curvaceous Kate Winslet, appearing in three films at the festival (Carnage, Mildred Pierce and Contagion), makes her red carpet debut—whipping out her mobile phone and photographing the fans. Fresh from fighting fires and saving lives on Richard Branson's Necker Island, she is joined by bearded co-stars Christoph Waltz and John C. Reilly.

Polanski is in Gstaad. He remains a wanted man in the U.S., and although he avoided an extradition charge last year, he still risks arrest in some parts of Europe. Carnage, filmed in "real time" is a 79-minute actor's showcase set in one room in a Brooklyn apartment shot entirely in Paris.

Mid September, two years after Polanski was arrested en route to the very same Zurich Film Festival, he will return to receive a lifetime achievement award.

At the Carnage dinner Kate talks about portraying a neurotic wife and mother who gets drunk at a civilized sit-down and projectile vomits between two couples discussing their sons schoolyard fight. Kate tells me the vomit was actually squashed banana, oatmeal and molasses that Roman would lick between takes for comic relief.

Mildred Pierce's HBO gang, including Kary Antholis, director Todd Haynes and co-stars Guy Pearce and Evan Rachel Wood are at Kate's table digesting this information.

Kate and Guy later win Emmy's.

Friday, Sept. 2, 2011

Today is the day Cipriani's is over-booked and they are hell bent on tossing me into the canal. No queen-size bed, nor cot, nor couch materializes. Peter Brant is renting half of the Bauer Palladio next door because even he could not get into my oasis with all of his kids. The bed Peter promised me for tonight has been quietly given away to Owen Wilson, who surprisingly arrives on Larry Gagosian's plane this morning. Peter heroically rescues me by finding a suite in his hotel with double-the-height ceilings for a gazillion Euros.

With the noon toss-out and luggage left in Cipriani's lobby, I race to the press screening of Sony Pictures Classics and Canadian David Cronenberg's highly anticipated A Dangerous Method, produced by Jeremy Thomas.

The film, set on the eve of World War I, is about Sigmund Freud and Carl Jung and their patient Sabina Spielrein, the Russian Jewess who for years remained uncredited for her influence on the development of modern psychology.

The cast features Michael Fassbender as Jung with Keira Knightley (queen of the costume dramas) as Spielrein. Yes, they are fully dressed in their famous sexually charged spanking scenes. This is just the warm up to Fassbender's raw and disturbing sexual romp through lower Manhattan on Sunday night in Shame, Jeremy Thomas's other film. Viggo Mortensen portrays Freud, Vincent Cassel is Austrian psychoanalyst Otto Gross and newcomer Sarah Gadon is Jung's wife.

At the press conference the cast jokes about drawing from their own madness as research and inspiration. I, on the other hand, am in a panic speeding back to Cipriani's to wheel my suitcases around the corner to the Bauer Palladio. Looking lost, dejected and pathetically disheveled, I thank God no one sees my fall from grace.

I eventually realize I am missing a pair of small gold and diamond earrings. Oddly, the same thing happened to me last year during a room change. I chalk this up as the price of foolishly traveling with real jewelry.

At the premiere of A Dangerous Method, I am stressed because I have no ticket, having given my pair to Peter Brant and bed-robber Owen Wilson. Michael Barker and Tom Bernard escort me on the red carpet and Marco Muller himself walks me in.

Having seen A Dangerous Method this morning, I slip out and head to the first Gucci for Woman Award in Cinema dinner hosted by Frida Giannini in Cipriani's rustic barns previously ancient granaries, now donning elegant white Murano glass chandeliers.

This new award recognizes outstanding female filmmakers. The jury includes Robin Wright (who heads to Toronto next week to the premiere of Bennett Miller's Moneyball) and James Franco, also Toronto bound with Sal about Sal Mineo, and Valeria Golino, whom I met on Rain Man.

Madonna asks for "a drum roll, please," as she announces winner Jessica Chastain for Tree of Life . . . but it might as well be for the 11 films Chastain has made since being discovered by Al Pacino four years ago for Wilde Salome. Jessica is presently in The Help, The Dept, Take Shelter and Texas Killing Fields. She is also Toronto bound with Ralph Fiennes' Coriolanus. This Julliard graduate is following in footsteps of the iconic Meryl Streep.

Francois-Henri Pinault, chairman of Gucci's parent company PRP, is headed to China to support their medical and educational foundations. Pinault's wife Salma Hayek, wearing a Gucci gown embellished with crystals and feathers, discusses Oliver Stone's Savages, the film about Mexican drug lords that she is currently filming in Los Angeles.

Suddenly a cake with sparklers appears for Salma's 45th—and Madonna encourages us to belt out "Happy Birthday. Singing along is Ginevra Elkann, CAA's Hylda Queally, manager Jason Weinberg and the Brant boys, 18-year-old Petey and 15-year-old Harry.

Across the canal Luca Dini, editor of Vanity Fair Italy is hosting a dinner for David Cronenberg at the pink, Gothic, fifteenth-century Palazzo Pisani Moretta with original period furnishings. An official guidebook says, "can rent out for sumptuous receptions and unforgettable parties." They are not kidding. Lit exclusively by candles mounted on hundreds of antique Murano glass chandeliers, the palace has no electricity or air conditioning. Venice is in the middle of a heat wave and at midnight it still feels like a sauna. Add 300 film patrons frantically fanning themselves with gifted fans, eating hot risotto and ravioli, and you have the hottest party I've ever been to. Literally. Keira, in her long-sleeved, gold lace Valentino is dabbing her body with ice water from the table.

Ironically a party for Contagion the following night had a dozen new, huge, white plastic air conditioners humming around the ballroom for the film about a global, pandemic plague.

Saturday, Sept. 3, 2011

With a noon checkout and a 3 p.m. check-in at Cipriani's, I am beside myself with packing fatigue and blowing $500 dollars a day on boat rides.

I am watching Steven Soderbergh's sleek medical thriller Contagion aka Sars: The Movie with the A-list Hollywood cast including Matt Damon, Gwyneth Paltrow, Laurence Fishburne, Jennifer Ehle, Jude Law and Marion Cotillard. Michael Shamberg produces and Scott Z. Burns is the screenwriter. The film imagines a virus killing millions as scientists try desperately to find an antidote. It starts with peaky-looking Paltrow in a casino touching everything, chatting on a cell phone to a lover, coming home to her husband and expiring on the kitchen floor as she foams at the mouth. Gwyneth tells us this is accomplished by biting down on an alka-seltzer.

Next I find the documentary Diana Vreeland: The Eye Has to Travel hidden in a tiny screening room in a basement. Lisa Immordino Vreeland, married to Vreeland's grandson Alexander produces and directs. Clips from Vreeland's early life, career and family, visuals of her years at Harper's Bazaar, Vogue and the Metropolitan Museum of Art's Costume Institute along with interviews with Diane Sawyer, Andy Warhol, Calvin Klein, Oscar de la Renta and John Fairchild show a woman with a keen respect for cultural history and an original sense of style.

On to lunch in honor of Lisa at Harry's Bar hosted by Diego Della Valle, President of the Tod's Group and Italian Vogue's Franca Sozzani. Lisa's husband Alexander and father Nichlos join Jessica Chastian, Eli Roth, Bar Rafaeli, Shala Monroque, Bianca Brandolini d'Adda and Countess Bianca Arrivabene.

Once again I am sweating and wheeling all of my luggage back to Cipriani's, praying I do not run into pregnant Beyonce celebrating her 30th birthday with husband Jay-Z. Finally, I am settled into a pool-side suite

Sunday, Sept. 4, 2011

Press are lining up at 8 a.m. for the 9 a.m. screening of the steamy, evocative festival "it" film, Shame, directed by Steve McQueen, not the deceased white actor known for posing on a motorcycle, but a African Englishman who took the performer's name as his own. Michael Fassbender plays the tormented

30-something addicted to sex. Carey Mulligan is the wayward sister who moves into his apartment fostering chaos. She sings a chilling, slow sad blues version of "New York, New York" which was shot in the Boom Boom Room of the Standard Hotel. Ian Canning and Emile Sherman, producers of The King's Speech, sold this to Fox Searchlight, who will face the challenge of releasing a NC-17 movie.

I am backstage in the green room with Al Pacino—*the* Merchant of Venice—moments before he enters a packed pressroom to discuss Wilde Salome, his passionate documentary and feature mélange based on Oscar Wilde's play, the biblical tale of Salome and King Herod which explores the destructive use of sexuality. From biblical times to the Boom Boom Room—it's a big day for dysfunctional, obsessive sex.

Al, wearing a white silk loose shirt and sporting longish hair, looks like an escapee from Scarface. Jessica Chastain is about to explain her slithering, almost nude red scarf dance for King Herod. Al asks his second agent to write an acceptance speech for the Jagger-Le-Coultre Glory to Filmmaker Award he is to receive tonight.

The agent stays calm but clearly does not have a clue who to email in Hollywood for help. Al eventually realizes he will go on stage tonight and wing it. Now, the Italian press goes nuts as their hometown boy, Michael Corleone, makes his way to the podium. I saw this exact, almost religious, reverence last year when Sophia Coppola was in this pressroom for Somewhere. The Godfather is Italy's sacred film and its filmmakers are their cinema saints. Al passionately charms his worshipers. As his entourage is escorted out of the building to the waiting water taxi past screaming fans, one zealous guy jumps into the canal swimming and chanting "Al" "Al" "Al," with his arms in the air just like "Attica" "Attica" "Attica," in Dog Day Afternoon. Al waves back.

Al's post-premiere dinner is at the Palazzo Grassi, built in 1740 and is now owned by Francois Pinault and used to exhibit his art collection. This is also where Amy Sacco transforms the lobby into her late-night, pop-up Bungalow 8 every evening.

Al, with his luscious Argentinean Lucila Sola, along with producer Barry Navidi and entourage, end up poolside at Cipriani's eating bowls of pasta and ice cream. Gary Oldman, Laurence Fishburne, Peter Brant and Owen Wilson pay respects. Owen receives praise for Midnight in Paris. Princess Firyal of Jordan wants Al to pose for a photo with her niece. Even Joel Arthur Rosenthal, the reclusive, Parisian jewelry designer aka JAR, who's also known for accessorizing everyone from Elizabeth Taylor to Ellen Barkin is thrilled to meet Al.

Monday, Sept. 5, 2011

My ride to Venice is now going home via Geneva and Moscow without me.

Literary agent Lynn Nesbit and I go the premiere of Focus Feature's/John le Carre's Tinker, Tailor, Soldier, Spy. English producer Tim Bevans, Swedish director Tomas Alfredson and John le Carre with their cast Gary Oldman, Colin Firth, John Hurt, Mark Strong and newcomer Benedict Cumberbatch, get standing ovations before and after the film from the spotlighted balcony. Missing is Tom Hardy, this year's hottest young actor.

After Tinkers' dinner, we head back to Cipriani's to Charles Finch and producer Ed Pressman's evening with Caroline Scheufele, Co-President of Chopard to celebrate The Moth Diaries. Lynn represents Rachel Klein, author of the bestselling book. We dine with director Mary Harron and her young actresses Sarah Gadon and Sarah Bolger. Missing is Lily Cole. Her flight is cancelled due to the national one-day labor strike.

Tuesday, Sept. 6, 2011

Following the screenings of The Moth Diaries and a new version of Wuthering Heights with an African Heathcliff, I join Pressman and his cast of The Moth Diaries for lunch at the Excelsior. Jonathan Demme comes by. He is here with the post-Katrina New Orleans-set documentary, I'm Carolyn Parker: The Good, the Mad, and the Beautiful.

While housekeeping packs my clothes, I conclude that this is the year Hollywood embraces launching their Oscar-bound films oversees. The race began in May on the beaches of Cannes where Midnight in Paris and The Artist debuted with black-tie galas nightly.

Late August, American and English films dominate the Venice waterfront where Shame heats up amid more fancy parties in grand palazzos.

Tiny Telluride, now showing more European films was the next stepping stone with a Western hometown casualness.

September was Toronto, the mother of all film festivals that premieres its new exhibition space, the Bell Lightbox and a smorgasbord of 250 films. Here was the most user-friendly, fashion-free film festival where one walked to four films a day. Moneyball brings Brad Pitt to town, who brings Angelina Jolie. International stars end up at the Soho House whispering about "the race."

Early October is at Lincoln Center, home of The New York Film Festival that shows films that have debuted in the other festivals and await sanctioning from the American media and public. The academy members are yet to weigh in.

One ends up with the exhilarating feeling of experiencing world cinema through passionate festival curators giving support and clarity from directors to distributors and helping simple film fans like you and me. Let's not forget the geniuses, Steven Speilberg, Stephen Daldry, Clint Eastwood, David Fincher, Martin Scorcese and Jason Reitman who have bypassed the festival route. Let the race begin.

# Evilicious

*Explaining our taste for excessive harm*

**Marc D. Hauser**

Viking/Penguin

*For Jacques and Bert Hauser,*
*my parents,*
*my friends,*
*and my reminder*
*that life should be*
*lived to its fullest*



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*Pleasure is the greatest incentive to evil.*
— Plato

*To witness suffering does one good, to inflict it even more so.*
— Friedrich Nietzsche

*Man produces evil as a bee produces honey.*
— William Golding



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## Dear reader,

Having lived in Uganda and spoken with people who escaped from the savagery of the brutal dictators Milton Obote and Idi Amin, having heard stories of my father's childhood as a Jew running through Nazi occupied France, and reading past and present-day accounts of genocide, I am familiar with the horrors of evil. I have also been a student of human nature, trained as a scientist. These experiences have propelled me to study the causes of evil, attempt to make some progress in explaining it to myself, and hopefully to you. There is a great urgency to understanding this problem. None of us can afford to passively watch millions of individuals lose their homes, children, and lives as a result of malice. Sloth is a sin, especially when we live in a world where cultures of evil can so easily erupt.

I am also familiar with and deeply moved by human kindness, our capacity to reach out and help strangers. When my father was in a boarding school in the south of France, hiding from the Nazis, a little girl approached him and asked if he was Jewish. My father, conditioned by his parents to deny his background, said no. The girl, sensing doubt, said "Well, if you *are* Jewish, you should know that the director of the school is handing Jewish children over to the Nazis." My father promptly called his parents who picked him up, moved him to another village and school, and survived to tell the story. This little girl expressed one of our species' signature capacities: the ability to show compassion for another person, even if their beliefs and desires are different.

In preparation for writing this book, I read transcripts and descriptions of thousands of horrific events, listened to personal stories of survivors from financial ruin and war, worked with abused children who were crucified by unfit parents, and watched both fictional films and documentaries that portrayed psychopaths, dictators of totalitarian regimes, and their hapless victims. As one often does in these circumstances, I developed a tougher skin over time. But I have never lost track of the human travesties that result from evil. As my father's story suggests, I have also not lost sight of the fact that we are a species that has done great good, and will continue to do so in the future. Nonetheless, to provide a sound and satisfying explanation of evil we must avoid falling into more romantic interpretations of the human condition. Our best protection is science. This is the position I will defend.

The topic of evil is massive. This is, however, a short book, written without exhaustive references, in-depth descriptions of our atrocities, and comprehensive engagement with the many theories on offer to explain evil. What I offer is my own explanation of evil, of how it evolved, how it develops within individuals, and how it affects the lives of millions of innocent victims. It is a minimalist explanation of evil that is anchored in the sciences. I believe, as do many scientists, that deep understanding of exceptionally complicated phenomena requires staking out a piece of theoretical real estate with only a few properties, putting to the side many interesting, but potentially distracting details. This book extracts the core of evil, the part that generates all the variation that our history has catalogued, and that our future holds.

Sincerely,

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# Acknowledgements

I wrote this book while my cat, Humphrey Bogart, sat on my desk, staring at the computer monitor. Though he purred a lot, and was good value when I needed a break, he didn't provide a single insight. Nor did our other pets: a dog, rabbit, and two other cats. For insights, critical comments on my writing, comfort, and endless love and inspiration, there is only one mammal, deliciously wonderful, and without an evil bone in her body — my wife, Lilan.

Marc Aidinoff … a Harvard undergraduate who joined me early on in this journey, digging up references, collecting data, arguing interpretations, sharing my enthusiasm, while offering his own.

Kim Beeman and Fritz Tsao … my two oldest and closest friends. They have some of the richest minds around. Their knowledge of film, literature and the arts is unsurpassed. Their capacity to bring these riches to the sciences is a gift.

Noam Chomsky… for inspiration, fearless attacks on power mongering, and friendship.

Errol Morris… for heated discussion, camaraderie, and insights into evil through his cinematographic lens and critical mind.

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HOUSE_OVERSIGHT_012751

# Table of Contents

Prologue. Evilution

Chapter 1. Nature's secrets

Chapter 2. Runaway desire

Chapter 3. Ravages of denial

Chapter 4. Wicked in waiting

Epilogue. Evilightenment



HOUSE_OVERSIGHT_012752

# Prologue: Evilution

> "There is no such thing as eradicating evil [because] the deepest essence of human nature consists of instinctual impulses which are of an elementary nature… and which aim at the satisfaction of certain primal needs."
>
> ***-- Sigmund Freud***

I was drowning. This was not the first time. It was also not because I was a poor swimmer. I was 14 years old. A boy named Lionel James, who was the same age but twice my size, was shoving my head under water, roaring with laughter as I struggled to gasp some air.

I usually managed to avoid Lionel in the pool, but sometimes he got the best of me while I was playing with friends. Lionel wasn't the only one who bullied me in junior high school. He was part of an evil three pack, including Ronnie Paxton and Chris Joffe, each much larger and stronger than I. Almost daily they locked me inside of the school's lockers, bruised my arms by giving me knuckle-punches, and gave me purple-nurples by twisting my nipples. This was no fun for me. For James, Paxton, and Joffe it was delicious enjoyment. Sometimes, while I was locked in my locker, my math teacher would let me out and then ask "Why do you get yourself into these situations?" Though I had great respect for my teacher's math abilities, and actually had a crush on her, she was socially daft. Did she think I asked to be packaged up in the locker by my tormenters? It was sheer humiliation.

One day my mother noticed the bruises. Horrified, she asked what happened. I reluctantly told her the story. She said we were going to talk with the principal. I told her I would prefer water drip torture. She understood and we never went to see the principal.

The person who rescued me from my misery was my father, a man who had lived through the war as a child, running from village to village to escape the Nazis, and in so doing, confronted thuggish farm boys whose weight far exceeded their IQ. My father, upon hearing that I didn't want to go to school anymore, offered a compromise: he would pick me up for lunch every day if I kept going to classes. I agreed, relishing the idea of escaping the lunch-time scene at school where James, Paxton and Joffe pummeled me at will without getting caught.



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A month passed. I felt better. My father told me that it was time to go back to lunch at school, but with a plan, one centered around the notion of respect. The only way to command it from my tormenters was to fight back. "But Dad," I said, "if I hit them, they will crush me." "They might," he said, "but you will have gained some respect, and they may turn their attention to someone else." It seemed like a remarkably stupid idea. But my father lived through a war and fought his way to respect among the thugs in every village school. I decided to give it a go.

I went back to school. Soon thereafter, I found myself standing behind Paxton who displayed biceps bigger than my head. I figured I had only one shot. I tapped him on the shoulder and swung as hard as I could, hitting him square in the chest. What aim. What perfection. What wasted energy. With no more than a flinch, Paxton looked down at me, fury in his face, and grunted "What's up with you?" With tears running and lips trembling, I sputtered "I can't take it anymore. You, Joffe, and James are constantly hitting me and locking me in the lockers. I can't take it!" And then, as if his entire brain had been rewired, serotonin surging to provide self-control, dopamine flowing to shift his sense of reward, the hulk spoke: "Really? Okay, we'll stop." And just like that, Paxton, Joffe and James stopped. No more locker games, no more bruises. They even saw me as a useful resource, someone who could help them pass some of their exams. From victim to victory.

I was fortunate. Many are not. Thousands of children throughout the world are persecuted in a similar way but never fight back or if they do, are crushed for trying. Some are pushed so hard that they commit suicide, tragedies that increasingly make headline news reports.

The fact that bullies often torment their victims for personal gain, cause great harm, and often enjoy the experience — as did Lionel James — fits well with a common view of evil. On this view, we think of someone as evil if they inflict harm on innocent others, knowing that they are violating moral or legal norms, and relishing the abuse delivered. But what of bullies who, due to immaturity or brain deficits, simply don't understand the scope of moral boundaries? What if they impose great harm on their victims, but don't enjoy the experience? What if the victims are not entirely innocent, such as those who double-time as bullies?

We can debate questions like these on philosophical grounds, attempting to refine what, precisely, counts as an act of evildoing as opposed to some mere moral wrong, like breaking a promise or having an affair while married. Many have. I don't believe, however, that this is how we will achieve our deepest understanding. Instead, I turn to the sciences of human nature, focusing on cases where people directly or indirectly cause excessive harm to innocent others as the essence of evil. To explain this form of evil, we must dissect the underlying psychology, the brain circuits that generate this psychology, the genes that build brains, and the evolutionary history that has sculpted the genetic ensemble that makes us distinctively human. This is the approach I pursue. If I'm right about this approach, not only will we gain



HOUSE_OVERSIGHT_012754

a deeper understanding of how and why our species has engaged in evildoing, but we will learn about our own individual vulnerability to follow suit. This prologue provides a sampling of the central ideas minus the rich evidence and explanations that follow in the four core chapters of this book.

## *A brief history of malice*

*Homo sapiens*, the knowing and wise animal, has logged an uncontested record of atrocities, despite moral norms prohibiting such actions: no other species has abducted innocent children into rogue armies and then killed those who refused to kill, tossed infants into the air as targets for shooting practice, gang raped women to force them to carry the enemy's fetus to term while destroying the souls of their powerless husbands, and mutilated and burned men to death because more humane forms of killing were less effective and enjoyable. These are horrific acts. They abound globally and across the ages. Many scholars have judged them as evil.

Despite the pervasiveness of these atrocities, evil is commonly perceived as a defect, an unfortunate malignancy that has engulfed and metastasized within our species' essential goodness. Evil is also denied, relegated to mythology, the delusional imagination of a few madmen, the propaganda of imperialist nations, or the result of a rare mutation. Perhaps because of these impressions, we have an obsessive fascination with evil, evidenced by our fertile capacity to create and then consume films about genocide, cunning rapists, master criminals, corporate raiders, psychopaths and serial killers. We are of two minds, wanting to hide from the atrocities of evil while feeding our insatiable appetite for more.

To understand evil is neither to justify nor excuse it, reflexively converting inhumane acts into mere accidents of our biology or the unfortunate consequences of bad environments. To understand evil is to open a door into its essence, to clarify its causes. In some cases, understanding may force us to exonerate the perpetrators, recognizing that they harbored significant brain damage and as a result, lacked self-control or awareness of others' pain. In other cases, understanding will reveal that they knowingly caused harm to innocent others, relishing the devastation left behind. By describing and understanding an individual's character with the tools of science, we are more likely to make appropriate assignments of responsibility, blame, punishment, and future risk to society.

To understand evil requires facing our species' sustained record of atrocities, laying out a variety of cases for inspection. Former Reverend Lawrence Murphy was responsible for over two hundred instances of sexual abuse, luring innocent deaf children in with a saintly smile. Charles Manson, the illegitimate son of a sixteen year old woman and the self-proclaimed father of dozens of runaway women, was responsible for the brutal death of five people by means of 114 knife jabs, while also prostituting his



HOUSE_OVERSIGHT_012755

lovers, beating his wife, selling drugs, and stealing cars. Former Chairman of the NASDAQ stock exchange, Bernard Madoff, was responsible for initiating a Ponzi scheme involving money laundering, perjury, and mail fraud that caused thousands of people to suffer financial ruin. Jane Toppan, born Honora Kelley, was an American nurse who was responsible for killing over 30 patients by drug overdose, stating in her testimony that she experienced a sexual thrill when she held dying patients, and that her goal in life was to kill more innocent people than anyone else in history. Former military specialist Charles Granger was responsible for forcing nudity and sex among the Iraqi prisoners of Abu Ghraib, putting individuals on dog leashes, depriving them of their senses with head bags, and piling naked bodies into photographed still lifes, orchestrations that led to the ultimate humiliation and dehumanization of these prisoners.

Depending upon how we think about the problem of evil, we might consider the individuals noted above as minor evildoers or not evil at all because the harms were rather insignificant, because their goal wasn't to directly harm anyone and then enjoy the trail of damage, or because they lacked the mental capacity to assume responsibility for the atrocities committed. These individuals pale in comparison with the most unambiguously radical evildoers of the 20-21st century — the dictators Idi Amin, Francisco Franco, Adolf Hitler, Kim Jong-il, Slobodan Milosevic, Pol Pot, Josef Stalin, Charles Taylor, and Mao Zedong. These men were responsible for the brutal deaths of approximately 80 million people combined. Most were mentally healthy, at least in terms of clinical diagnoses. Many relished their atrocities. All devised over-the-top means of ending lives. Whether by enticing or coercing their followers to torture, gang rape, and butcher human flesh, they went beyond what was necessary to get rid of unwanted others. These are excessive harms, carried out with excessive techniques. In this book, I will not only explore these extreme cases, but more mundane ones as well. Each case helps shape our understanding of what propells some individuals to cause harm on small or large scales, while others avoid it entirely, despite temptations to the contrary.

## *Why and How?*

To explain the landscape of human atrocities, from Reverend Lawrence Murphy to Mao Zedong, we need an account of why we evolved this capacity and how it works. I will explain both of these problems using the theories and evidence of science.

Why? *Evil evolved as an incidental consequence of our unique form of intelligence.* All animals show highly specialized abilities to solve problems linked to survival. Honey bees perform dances to tell others about the precise location of nutritious pollen, providing an information highway that lowers the



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costs of individual foraging challenges. Meerkats teach their young how to hunt dangerous but energy-rich scorpion prey, providing an education that bypasses the risks of trial and error learning. Humans unconsciously wrinkle their noses and pull back their lips into an expression of disgust that communicates information about disease-ridden and toxic substances, thereby lowering the costs of sickness to others who might be exposed. Each of these specializations involve exquisitely designed neural circuits and sensory machinery. Each specialization is used for one and only one problem — except in humans. Animal thoughts and emotions are like monogamous relationships, myopically and faithfully focused on a single problem for life. Human thoughts and emotions are like promiscuous relationships, broad-minded and liberated, free to couple as new problems surface.

Unlike any other animal, the thoughts and emotions we use to solve problems in one domain can readily be combined and recombined with thoughts and emotions from other domains. This is powerful, providing great flexibility in addressing novel problems, some of which we create for ourselves. Disgust provides an example. Disgust originally evolved as an adaptive response to detecting substances that are toxic to our health, especially substances that are outside of the body but should be inside: feces, urine, blood, and vomit. Within the circulation of a promiscuous brain, however, disgust journeys to distant problems, including the moral attitude of vegetarians toward meat eaters, our revulsion toward incest, and abhorrence of gratuitous torture. This journey involves the same brain mechanism that serves original disgust, together with new connections that give voice to our moral sense. Promiscuity enables creativity.

What the sciences reveal is that the capacity for promiscuous thinking was realized by evolutionary changes in the number of newly wired up brain areas. By increasing these connections, it was possible, for the first time, to step outside the more narrow and specialized functions of each particular brain area to solve a broader range of problems. Though we don't know precisely when these changes occurred, we know they occurred after our split from the other great apes — the orangutans, gorillas, bonobos and chimpanzees. We know this from looking at both the brains of these species, as well as the ways in which they use tools, communicate, cooperate, and attack each other. Not only are there fewer connections between different regions of the brain, but their thinking in various domains is highly monogamous, faithfully dedicated to specific adaptive problems.

Empowered by our new, massively connected and promiscuous brain, we alone migrated into and inhabited virtually every known environment on earth and some beyond, inventing abstract mathematical concepts, conceiving grammatically structured languages, and creating glorious civilizations rich in rituals, laws, and beliefs in the supernatural. Our promiscuous brain also provided us with the engine for evil, but only as an incidental consequence of other adaptive capacities, including those that evolved to harm others for the purpose of surviving and reproducing.



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All social animals fight to gain resources, using highly ritualized behaviors to assess their opponents and minimize the personal costs of injury. Changes in hormone levels and brain activity motivate and reward the winners, and minimize the costs to the losers. In a small corner of the landscape of aggressive fighting styles are an elite group of killers, animals that go beyond harming their opponents to obliterating them: ants, wolves, lions, and chimpanzees. When these species attack to kill, they typically target adult members of neighboring groups, using collaborative alliances to take out lone or otherwise vulnerable victims. The rarity and limited scope of this form of lethal aggression is indicative of monogamous thinking, and tells us something important about the economics — especially the costs and potential rewards of eliminating the enemy, as opposed to merely injuring them. Killing another adult is costly because it involves intense, prolonged combat with another individual who is fighting back. The risks of significant personal injury are therefore high, even if the potential benefit is death to an opponent. As the British anthropologist Richard Wrangham has suggested, animals can surmount these costs by attacking and killing only when there is a significant imbalance of power. This imbalance minimizes the costs to the killers and maximizes the odds of a successful kill. Still, the rarity of killing reinforces an uncontested conclusion among biologists: all animals would rather fight and injure their opponents than fight and obliterate them, assuming that obliteration is costly to the attacker. In some cases, we are just like these other animals — killophobic.

Historical records, vividly summarized by Lieutenant Colonel Dave Grossman in his book *On Killing,* reveal that in some situations, soldiers avoid killing the enemy even though they could have. For example, despite the fact that Civil War regiments had the potential to kill 500-1000 individuals per minute, the actual rate was only 1-2 per minute. This suggests that under some conditions, killing another when you can see the whites of their eyes is hard. But as the history of genocides reveal, we have evolved ways to bypass this limitation, making us killophilic in a variety of situations. Our brain's unique capacity for denial is one of the liberating factors.

By recruiting denial into our psychology's artillery, we invented new ways of perceiving the enemy or creating one, distorting reality in the service of feeding a desire for personal gain. Denial, like so many aspects of our psychology, generates beneficial and toxic consequences. Self-deceiving ourselves into believing that we are better than we are is a positive illusion that often has beneficial consequences for our mental and physical health, and for our capacity to win in competition. Denying others their moral worth by reclassifying them as threats to our survival or as non-human objects is toxic thinking. When we deny others their moral worth, the thought of killing them is no longer aversive or inappropriate. If we end someone's life in defense of our own, we are following our evolved capacity for survival. When we destroy a parasite, we are also protecting our self-interests to survive. And when we destroy an inanimate object or lock it away, there is no emotional baggage because we have bypassed the



HOUSE_OVERSIGHT_012758

connection to individual rights; we have cut out morality as the governor. This suite of transformations, enabled by our promiscuous brain, allowed us to occupy a unique position within the animal kingdom as large scale killers.

Chimpanzees only kill adults when there are many attackers against one victim, with the vast majority of kills focused on individuals outside of their own group; most kills within the group are aimed at infants, where the costs to the attacker are low. Though humans also kill members of enemy groups when there are many against one — a pattern that is common among hunter-gatherers and other small-scale societies — we depart from this narrow pattern in terms of numbers and the array of potential victims. When humans kill, we go at it with many against many, one against one, and even one against many, including as victims both those outside of our group and those within, young and old, same and opposite sex, and mating partner and competitor.

Add the chimpanzee's adaptive capacity for coalitionary killing to the promiscuous capacity of the human brain, and we arrive at a uniquely aggressive species, one capable of inflicting great harm on others in any context. Though the modern invention of scud missiles and stealth bombers undoubtedly enriched our capacity to kill on a large scale by putting distance between killers and victims, these weapons of mass destruction were not necessary. Today, we need only travel back a few years to 1994 to witness the machete genocides of Rwanda, a painful memory of our capacity to wipe out close to a million people in 100 days with hand to hand combat. This is excessive harm, enabled by our ability to use denial to minimize the perceived costs of killing another person and to motivate the anticipated benefits. Denial turns down the heat of killing another and turns us into callous predators.

Evolutionary changes in the connections to the brain's reward system provided a second, cost-offsetting step, allowing us to move into novel arenas for harming others. When an animal wins a fight, the reward circuitry engages, providing a physiological pat on the back and encouragement for the next round. This same circuitry even engages in anticipation of a battle or when watching winners. The reward system is important as it motivates competitive action in situations that are costly. There is one situation, however, where the reward system is remarkably quiet, at least in all social animals except our own: detecting and punishing those who attempt to cheat and free-ride on others' good will.

Punishment carries clear costs, either paid up front in terms of resources expended on physically or psychologically attacking another, or paid at the end if the victim fights back or retaliates. These costs can be offset if punishers and their group benefit by removing cheaters or teaching them a lesson. Among animals, punishment is infrequently seen in vertebrates, especially our closest relatives the nonhuman primates. When it is seen, the most common context is competition, not cooperation. Like lethal killing, then, punishment in animals tends to be restricted to a narrow context. Like lethal killing, punishment in animals is psychologically monogamous.



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Punishment in humans is emblematically promiscuous. We castigate others whenever they violate a social norm, in both competitive and cooperative situations, targeting kin and non-kin. Punishment is doled out by the individual directly harmed and also by third party onlookers. We use both physical and non-physical means to discipline cheaters, including ostracism. Punishment's landscape is vast.

The idea I develop here, building on the work of scholars in economics, psychology, and anthropology, is that our species alone circumvented the costs of punishment as an incidental consequence of promiscuity, including an intimate coupling between the systems of aggression and reward. As several brain imaging studies reveal, when we either anticipate or actually punish another, or even witness punishment as a mere bystander, our reward circuitry delivers a honey hit. Delivering just deserts, or watching them delivered, is like eating dessert. We absorb the costs of punishment by feeling good about ratting out the scourges, banishing them from society, and sometimes from life itself. Ironically, as the economist Samuel Bowles has suggested based on mathematical models and a synthesis of the historical record, punishment can strengthen solidarity and cooperation within the group, while simultaneously enhancing antagonism and prejudice toward those outside the inner sanctum. Ironically, the psychology that benefited cooperation among like-minded others may also have functioned to destroy those who have different beliefs and values.

The emergence of promiscuous punishment was a momentous event in human history, a celebration of exquisite brain evolution and adaptive design. But this achievement carried a hidden cost, a debt that we continue to pay: A mind capable of feeling good about punishing in the name of virtue is a mind capable of doing bad to feel good. It is a mind that finds real or simulated violence entertaining and seeks ways to satisfy this interest. It is a mind that enjoys watching others suffer while singing O Schadenfreude. It is a mind that is capable of feeling good about killing others who are perceived as parasitic on society. It is a mind that can override the anticipated costs of killing by fueling a taste for killing.

Desire, denial, aggression and reward are each associated with specific psychological processes, distinct evolutionary histories, and specific adaptive problems. When processed by a promiscuous brain, these systems connect in ways that are both beneficial to human welfare and deeply deleterious.

How? *Evil occurs when individuals and societies allow desire for personal gain to combine with the denial of others' moral worth to justify the use of excessive harms.* Everyone has desires, resources they want and experiences they seek. Our desires motivate us into action, often to fulfill personal needs or to help others. We all desire good health, fulfilling relationships, and knowledge to explain the world. Some also desire great wealth and power, each culture weighing in on its signature vision of what counts: money, land, livestock, wives, and subordinates. The desire system motivates action in the service of



HOUSE_OVERSIGHT_012760

rewarding experiences. Some actions have benign or even beneficial consequences for the welfare of others, while others have malignant and costly consequences.

Exquisite studies pioneered by the American cognitive neuroscientist Kent Berridge have uncovered the core elements of pleasure, including distinctive systems of wanting, liking and learning. We, and hundreds of other species, often want things we like, and like things we want. This is, obviously, an adaptive coupling. Thanks to experiments at the level of genes, neurons, and behavior, we can tease apart these three systems. Thanks to naturally occurring situations, we can watch these systems come unglued over the course of addictions, leading to the paradoxical and maladaptive situation of wanting more and more, but liking the experience less and less. Addictions, as archetypal examples of excess, provide a model for thinking about evil and its trademark signature of excessive harm.

The paradoxical decoupling between wanting and liking is seen most clearly in studies of obesity in rats and humans, where individuals develop skyrocketing desires for food, but fail to experience comparable pleasure from eating. By definition, those who become obese are prone to eat in excess. One reason they do is because eating, or even seeing images of food, no longer delivers the same honey hit to the brain as in their pre-obesity days. The reward system turns off when we turn to excess. This is adaptive because nothing in excess is good. But because the wanting system runs independently, the adaptive response by the liking system has the unfortunate consequence of making us want more even though we enjoy it less. The proposal I develop in this book is that the same process is involved in evil, especially its expression of excessive harm. It is a process that is aided by denial.

Everyone engages in denial, negating certain aspects of reality in order to manage painful experiences or put forward a more powerful image. But like desire, denial has both beneficial and costly consequences for self and others. When we listen to the news and hear of human rights violations across the globe, we often hide our heads in the sand, plug our ears, and carry on with our lives as if all is okay on planet Earth. When doctors have to engage in slicing into human flesh to perform surgery, they turn off their compassion for humanity, treating the body as a mechanical device, at least until the surgery is over, and the patient awakes, speaks and smiles. When we confront a challenging opponent in an athletic competition or military confrontation, we often pump ourselves up, tricking our psychology into believing that we are better than we are. Denial turns down the heat of emotion, allowing a cooler approach to decision making and action. But doctors in denial concerning the moral worth of others can be convinced to carry out heinous operations for the "good" of science or the purity of their group, and military leaders in denial of an opponent's strength can lead their soldiers to annihilation. Individuals in denial can reject different aspects of reality in the service of reward, whether it is personal gain, avoiding pain, or enabling the infliction of pain on others.



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In a competitive world with limited resources, our desire system never rests. This is a good thing as it motivates us to take care of our self-interests and strive for bigger and better. But a desire system that never sleeps is a system that is motivated to accrue ever larger coffers or power. To satisfy this inflationary need is often not possible without harming others, either directly or indirectly. To offset the costs of harming another, desire recruits denial. This is a recipe for evil and the creation of excessive harms. It is a recipe that takes two, often benign and highly adaptive ingredients that are essential for motivating action and promoting survival, and combines them into an explosive outcome. Seen in this way, our capacity for evil is as great as our capacity for love and compassion. Evil is part of human nature, a capacity that can't be denied. What I will show is both how this capacity works, and how some of us, due to biological inheritance and environmental influence, are more likely to end up as evildoers.

Historical material on the lives of Franz Stangl and Adolf Eichmann, leaders in the Nazi annihilation of Jews, illustrates how desire and denial combine within individual minds to create excessive harms. Although this is a historical example, focused on the lives of only two men, stories like theirs have been recounted hundreds of times, all over the globe and across time. This pattern points to common mechanisms, identified in detail by the sciences of human nature.

Stangl was a politically motivated man with a burning desire to climb to the top of the Nazi hierarchy. A clear path opened when he was appointed commander of the Polish prison Treblinka. Unbeknownst to Stangl, Treblinka was one of the Nazi's concentration death camps. To fulfill his desire for power therefore required harming thousands of others, or more accurately, commanding Nazi soldiers to harm others on his behalf. But since Stangl had no burning desire to harm the Jews, he dehumanized them, transforming living, breathing, feeling, and thinking people into lifeless "cargo" — his own expression. Stangl was dry-eyed as officers under his command killed close to one million Jews, one third of them children. The reward? Power and status within the Nazi hierarchy. The death of innocent Jews was a foreseen consequence of Stangl's desire for power, not his direct goal.

Eichmann, Lieutenant Colonel in the Nazi regime, was considered one of the central architects of the Final Solution, the master plan for the extermination of Jews. Eichmann denied Jews their humanity by championing the pamphlets and posters that portrayed them as vermin and parasites. This dehumanizing transformation empowered Eichmann's belief that cleansing was the only solution to German integrity and power. Eichmann's reward? Elimination of the Jews. Unlike Stangl, killing Jews was rewarding. As the historian Yaacov Lozowick stated "Eichmann and his ilk did not come to murder Jews by accident or in a fit of absent-mindedness, nor by blindly obeying orders or by being small cogs in a big machine. They worked hard, thought hard, took the lead over many years. They were the alpinists of evil."



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Stangl and Eichmann: two different routes into evil. Both possible and both equally lethal to humanity.

This is a lean explanation of why evil evolved and how it develops within individuals and societies. It is an explanation that strips evil down to its root causes, focusing on the core psychological ingredients that enable us to violate moral norms and cause excessive harms to innocent others.

## *A difficult journey*

This book takes you on a journey into evil. It is a story about our evolutionary past, our present state of affairs, and the prospects for our future. It is as much a story about you and me, as it is about all of our ancestors and future children. It is a story about the nature of moral decay and the prospects of moral growth. It is story about society's capacity to engineer great harm, and about our own individual responsibility to avoid joining in.

Explaining how our genes create brains that create a psychology of desire and denial that leads to excessive harms provides a satisfying explanation for the landscape of evil. It explains all varieties of evil by showing how particular genetic combinations can create moral monsters and how particular environmental conditions can convert good citizens into uncaring killers and extortionists. This explanation will not allow us to banish evil from the world. Rather, it will enable us to understand why some individuals acquire an addiction to feeling good by making others feel bad, and why others cause unimaginable harm to innocent victims while flying the flag of virtue. This, in turn, will help us gain greater awareness of our own vulnerabilities by monitoring the power of attraction between desire and denial.



HOUSE_OVERSIGHT_012763

# Endnotes: Prologue. Evilution

*Recommended books:*

There are numerous books about evil, most written by philosophers, theologians, historians, political scientists, and legal scholars. The following recommendations are for books about evil written by scientists. They are terrific, I have learned a great deal from them, and some of their ideas powerfully enrich the pages between these covers.

Baumeister, R. F. (1999). *Evil. Inside human violence and cruelty.* New York, W.H. Freeman.
Baron-Cohen, S. (2011). *The Science of Evil.* New York, Basic Books.
Oakley, B. (2007). *Mean Genes.* New York, Prometheus Books.
Staub, E. (2010). *Overcoming Evil.* New York, Oxford University Press.
Stone, M. H. (2009). *The Anatomy of Evil.* New York, Prometheus Books.
Zimbardo, P. (2007). *The Lucifer Effect.* New York, Random House.

*Notes:*

• For a philosophical account of the nature of goodness that treats evil as a deviation from our species' repertoire, see Philippa Foot *Natural Goodness* (2001, Oxford, Clarendon Press).

• For an explicit, philosophical argument for the connection between pleasure and evil, see Colin McGinn's *Ethics, Evil and Fiction* (1997, Oxford, Oxford University Press). For a comprehensive discussion of evil by a philosopher, including important critiques of the existing literature, see John Kekes' *The Roots of Evil* (2007, Ithaca, Cornell University Press)

• On killing throughout history: Wrangham, R.W. & Glowacki, L. (in press). Intergroup aggression in chimpanzees and war in nomadic hunter-gatherers: evaluating the chimpanzee model. *Human Nature*; Bowles, S. (2009). Did warfare among ancestral hunter-gatherers affect the evolution of human social behaviors? *Science, 324*, 1293-1298; Choi, J.-K., & Bowles, S. (2007). The coevolution of parochial altruism and war. *Science, 318*, 636-640; Grossman, D. (1995). *On killing: the psychological costs of learning to kill in war and society*. New York, NY: Little, Brown.

• For a summary of research on desire, especially the elements of wanting, liking and learning, see Berridge, K.C. (2009). Wanting and Liking: Observations from the Neuroscience and Psychology Laboratory. *Inquiry, 52*(4), 378-398; Kringelbach, M.L., & Berridge, K.C. (2009). Towards a functional neuroanatomy of pleasure and happiness. *Trends Cognitive Science 13*(1), 479-487.

• The most serious treatment of Stangl can be found in the penetrating interview by Gitta Sereny (1974, *Into that Darkness*: *From Mercy Killing to Mass Murder.* London: Random House). There have been different treatments of Adolf Eichmann, most famously by Hannah Arendt in her *Eichmann in Jerusalem: A report on the banality of evil.* (1963, New York, Viking Press). Arendt's perspective on Eichmann as an ordinary gentleman who simply followed orders has been seriously challenged, suggesting that he was anything but a banal evildoer; the quote by Holocaust scholar Yaacov Lozowick is one illustration of the more generally accepted view that Eichmann was a radical evildoer with heinous intentions to



HOUSE_OVERSIGHT_012764

exterminate the Jews. He may have lived a calm and peaceful existence outside of his day job at Nazi headquarters, but this was no ordinary citizen.

*Quotes:*

• Quote by Lozowick on Eichmann and banality of evil: Lozowick, Y. (2002) *Hitler's Bureaucrats: The Nazi Security Police and the Banality of Evil.* New York, Continuum Press, p. 279.



HOUSE_OVERSIGHT_012765

# Chapter 1: Nature's secrets

Nature hides her secrets because of her essential loftiness, but not by means of ruse.
— ***Albert Einstein***

In Charles Darwin's day, biologists unearthed the mysteries of evolution by means of observation, sometimes accompanied by a simple experiment. This was largely a process of documenting the patterns of variation and uniformity that nature left behind. Only breeders were directly involved in manipulating these patterns, using artificial selection to alter the size, shape, coloration, and lifespan of plants and animals.

The Darwins of today continue this tradition, but with new tools, informed by understanding of the genetic code and aided by technical developments in engineering, physics, chemistry, and computer science. These tools allow for deeper penetration into the sources of change, and the causes of evolutionary similarities and differences. They also enable biologists to change the course of evolution and the patterns of development by turning genes off or turning novel ones on, and even creating synthetic organisms in test tubes — a wonderful playground for understanding both questions of origin, change, and extinction.

The Darwins of today are cowboys, trailblazing a new frontier of understanding. But like the frontier of the early American wild west, nature holds many secrets and surprises. Sometimes when we break through nature's guard, we gain fundamental truths about the living world, knowledge that can be harnessed to improve animal and human welfare. But sometimes when we break through, we create toxic consequences and ethical dilemmas. Tampering with nature is risky business as there are many hidden and unforeseen consequences.

In 1999, the molecular biologist Joe Tsien and his team at Princeton University tampered with mother nature. Their discovery, published in a distinguished scientific journal, soon filled the newspapers, radio airwaves, and even a spot on Dave Letterman's late night television show. Tsien manipulated a gene that was known to influence memory, causing it to work over time. This created a



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new line of mice with a special accessory: an upgraded memory and learning system. When these new and improved mice ran through an IQ test, they outperformed normal mice.

Tsien pulled off an extraordinary engineering trick, creating a lineage of smarter mice. This is cowboy science, showing the power of genetic tampering to open the door to evolutionary changes. In a world of competition, one would imagine that selection should favor these smart mice who have better recall of essential foraging routes, previous social interactions, and places to rest out of harm's way from predators. But in biology, there are always trade-offs. Benefits in one area of life are often accompanied by costs in others.

Several months after Tsien's report, a follow-up study of the same memory-enhanced mice appeared in print, also in a distinguished scientific journal. But this time there was no media fanfare. The new work was carried out by Min Zhuo at Washington University, an ex-member of Tsien's lab and a co-author of the original paper. Zhuo's new paper confirmed that memory-enhanced mice were indeed smarter, but also showed that they were more sensitive to pain, licking their wounds more and for longer periods of time than normal mice. Though it is unclear whether Zhuo's results reveal heightened pain sensitivity, stronger memories for pain, or some combination of these and other processes, what is clear is that the engineering that led to smarter mice led to much more.

Tsien and Zhuo's work shows that even with targeted, artificial changes in the underlying biology, unanticipated consequences are common. It also shows that deep within the biology of every organism lies hidden capacities and potential for change. Unleashing these *sub rosa* capacities can have both beneficial and costly consequences for the individual and group.

The idea I develop in this chapter is that our capacity for evil evolved as an incidental, but natural consequence of our uniquely engineered brain. Unlike any other species, our brain promiscuously combines and recombines thoughts and emotions to create a virtually limitless range of solutions to an ever-changing environment. This new form of intelligence enabled us to solve many problems, but two are of particular interest given their adaptive consequences: killing competitors and punishing cheaters in a diversity of contexts. But like the painful fall-out from *artificially* engineering a smarter mouse, so too was there fall-out from the *natural* engineering of a smarter human: a species that experiences pleasure from harming others. This is part of the recipe for evil.

This chapter sets out the evidence to support the idea that evil evolved as an incidental consequence of our brain's design. I begin by discussing the two general processes that landed us in the unforeseen and uninhabited niche of evildoers: the evolution of byproducts and promiscuous connections within the human brain. Because these are general processes, we will take a short reprieve from matters specifically evil.



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## *What's it for?*

About 50 million years ago, a family of insects — the Phylliinae — evolved a distinctive piece of anatomy: a body that looks like a leaf. They also evolved the capacity for catalepsy or statuesque stillness. Their leafy body is so exquisitely designed that even predators with superb search images are fooled as they walk or fly by. But from the fact that the leafy body provides these insects with an invisibility cloak, and the fact that this enables them to escape predation, we cannot conclude that the leafy body evolved *for* predator evasion. What something is *used for today* may be different from what it *evolved for* — the difference between current utility and original function. To show that the leafy body evolved *for* predator evasion, we need to know more, which we do. For one, the leafy body is paired up with a requisite behavioral adaptation: turning to stone. If leaf insects fluttered about as actively as any other insect, their motion alone would cry out to the predators. Optimal effectiveness requires acting like a leaf. But acting like a leaf without the leafy body has its own independent benefits, paying off in terms of predator evasion, as well as sneaking up on potential mates. It would therefore make good sense if stillness evolved first followed by a leafy body. This is precisely what evolution's record reveals.

The adaptive advantage that comes from statuesque stillness and a leafy camouflage can only be measured against the backdrop of today's predator line-up. If some future-predator evolves more sophisticated abilities to discriminate real leaves from faux leaves, the Phylliinae will be out of luck. This new pressure from predators will, in turn, push for new evasive tricks, thus initiating the classic cycle of predator-prey evolution. What is adaptive for the Phylliinae today, may not be adaptive tomorrow.

The comparative study of the Phylliinae raises a class of questions posed by all evolutionary biologists, independently of their taxonomic biases or interests in physiology, morphology, or behavior: How did it originally evolve? What adaptive problem did it solve? Did it evolve to solve one adaptive problem, but over time shift to solve another — a case of what the late evolutionary biologist Stephen J. Gould referred to as an *exaptation*? Does the exaptation generate profits or losses for survival and reproduction? Is the trait associated with byproducts, incidental consequences of the evolutionary process? What effects, if any, do these byproducts have on survival and reproduction? These questions apply with equal force to evil as they do to language, music, mathematics, and religion. The fact that evil, relative to a leafy body, is more difficult to define, harder to measure, and impossible to experiment upon — at least ethically — doesn't mean we should take it off the table of scientific inquiry. What it means is that we must be clear about what we can understand, and how we can distinguish between the various interpretations on offer. When we explore the evolution of evil, what are we measuring and what evidence



HOUSE_OVERSIGHT_012768

enables us to distinguish between adaptive and non-adaptive explanations? To answer this question, let us look at two illustrative examples that are more challenging than leafy coverage in insects: the evolution of tameness and religion.

Sheep, goats, cows, cats, and dogs are all domesticated animals, created by the forces of artificial selection. All have been transformed from a wild type to an animal that not only lives with us, but sometimes lives for us as food. All are more relaxed, less fearful, and less stressed in the presence of humans than their wild ancestors. Many of these animals seek human companionship. These are the trademark features of tameness. They are also consistently associated with other features that never entered into the breeder's calculations: floppier ears, curlier tails, more mottled fur, greater sensitivity to human communication, reduced response to predators, earlier sexual maturation, smaller brains, and higher levels of serotonin — a chemical messenger of the brain that regulates self-control. Some of these features appear directly relevant to tameness, whereas others appear entirely irrelevant. For example, serotonin is critically linked to self-control which is critically linked to an animal's ability to suppress aggression when threatened, which is critically linked to building a life with humans. Mottled fur is not critically linked to any of these benefits.

Domestication leads to a pastiche of characteristics, some indicative of the domesticator's goals and others orthogonal to it. How does the process of domestication, and artificial selection in particular, generate both desired and unanticipated traits?

In most cases of animal domestication, we know little about how the wild type changed because the only available information is either anecdotal or based on loose archaeological reconstructions. Consider the domestication of dogs from wolves, and especially the variability among dog breeds. Though it is clear that humans throughout history have bred dogs to serve particular functions, including herding, aggressive defense, and companionship, each of these personality styles is linked to other behavioral and physiological traits. For example, breeds with high activity levels are smaller than breeds with low activity levels, aggressive breeds have higher metabolic rates than docile breeds, and obedient breeds live longer than disobedient breeds. Does selection for aggressiveness cause an increase in metabolic rate or does selection for higher metabolic rate allow for heightened aggressiveness. Because these are all correlations, we don't know which trait pushed the other to change or whether both traits were favored at the same time.

There are two situations that provide a more clear-cut understanding of which feature was favored by selection and which emerged as an incidental byproduct: controlled experiments and domestication efforts that resulted in unambiguously undesirable traits. In the 1950s, the Russian biologist Dmitry Belyaev set out to domesticate the wild silver fox. Over several generations, he selectively bred those individuals who were most likely to allow a human experimenter to approach and hand them food. After



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45 years of selective breeding he got what he aimed for: a population of tame foxes, less fearful of humans and more interested in playing with them. But Belyaev also got much more than he aimed for: these tame foxes had floppier ears, curlier tails, smaller brains, higher serotonin levels, and much sharper social skills than their wild relatives. These tame foxes acquired the same package that virtually all other domesticated mammals had acquired: some desired and desirable traits and some surprises.

Belyaev's study shows that even under highly controlled laboratory conditions, artificial selection leaves a trail of unanticipated consequences, traits that come along for the ride. This link between desired and unanticipated features arises because the genes that create these features are like coupled oscillators: changes in the expression of one gene directly link to changes in the expression of others. At the level of the traits — the gene's expressions — some have no impact on survival or reproduction, while others may increase or decrease these aspects of fitness. We can illustrate this point by looking at an example from dog breeders.

Several hundred years ago, dog breeders used artificial selection to create snub-nosed breeds such as the pug, bull dog, and boxer. The idea was to satisfy our aesthetics for diminutive noses, and reduce the size of the dog's classically large protuberance. Over the course of several generations of picking the smallest-nosed members of the litter, pugs, bull dogs, and boxers emerged. But they also emerged with an unanticipated and maladaptive health problem: all of these breeds have a harder time breathing and staying cool than full-nosed or snouty dogs. No breeder would select for respiratory problems or an inability to stay cool. These traits emerged as costly byproducts of selection for a diminutive nose, and more abstractly, as a byproduct of our aesthetics. As in Tsien's experiments on memory enhanced mice, when we tamper with nature, we can cause great harm.

Research on the evolution of religion provides my second example of how to think about adaptations and byproducts. The different types of religion are like the different dog breeds: distinctive in many ways, but with a large number of shared traits in common. Most religions have a set of rules for group membership and expulsion, ritual practices, and beliefs in the supernatural. These commonalities suggest to some scholars that religion evolved to solve a particular problem, one that all humans confront. That problem is large scale cooperation among unrelated strangers, a topic I pick up in greater detail further on in this chapter. Other species cooperate, usually with a small number of individuals, mostly close kin. As the size of potential cooperators grows, and genetic relatedness among individuals within the group shrinks — adding more unfamiliar strangers to the mix — the potential risks of cooperating with a cheater increases. Religion, and its core features, evolved to diminish this risk and increase the odds of developing a society of stable cooperators. Viewed from this perspective, religion is an adaptation — in the *evolved for* sense.

For those scholars who favor the idea of religion as adaptation, supporting evidence comes from



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analyses of historical data together with experiments. Religious groups show higher levels of cooperation, often over longer periods of time, than many other organized, but non-religious groups. Religious groups also tend to last longer as groups than non-religious organizations or institutions. Cooperation among religious groups is often facilitated by punishment or the implication of punishment from a deity. In a study of 186 societies by the biologist Dominic Johnson, analyses showed that those who believed in a strong moralizing god, capable of doling out punishment, engaged in higher levels of cooperation, including paying taxes, complying with norms, and repaying loans. These observations are complimented by experiments showing that people are more generous about giving away their money in a bargaining game, and less likely to cheat, when they think about words associated with religion — *divine, God, spirit, sacred, prophet* — than when they think about neutral words. For example, in the dictator game, involving two anonymous players, one decides how much of a pot of money to give to the other. The recipient has no say, and is thus stuck with whatever the donor offers. In general, donors give either nothing or about half. When primed to think about religion, donors are more likely to give than keep the entire pot, and give more as well.

The implication of these results is that the religiously-minded feel that they are being watched. Cueing up words that are indicative of their religious beliefs, heightens their vigilance and their moral obligations. Religion fuels altruism and fends off the temptation to cheat.

All of the observations and experiments discussed above are fascinating and relevant to understanding the role of religion in past and present societies. But this evidence is irrelevant for understanding the evolutionary origins of religion. It is irrelevant because it can't determine whether religion originally evolved to solve the problem of large scale cooperation among strangers or whether it evolved for other reasons but was then used in the context of cooperation. This alternative explanation sees religion as an exaptation. No one doubts that religion provides social cohesion. No one doubts that religion also sends a buzzing reminder to the brain's moral conscience center. But from a description of what it does today, or even in the distant past, we can't conclude that it evolved for this purpose. That religious organizations show higher levels of cooperation than non-religious groups doesn't mean they evolved for cooperation. We also can't conclude that religion's effectiveness as social glue relies on uniquely religious psychological thoughts and emotions. Though the creation of and belief in supernatural powers may be unique to religion, other foundational beliefs and emotions are shared across different domains of knowledge: young children attribute intentions, beliefs and desires to unseen causes, including the movement of clouds and leaves; non-religious moral systems use punishment to embarrass, recruit regret, and fuel shame; like many religions, non-religious institutions also attempt to reprogram the thoughts and beliefs of its members — think of all the global rebel operatives that brainwash innocent children into becoming child soldiers. Religion helps itself to non-religious psychology. The utility of



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religion looks like a case of exaptation — an expression of human thoughts and emotions that originally evolved to solve problems other than cooperation, but once in place were swiftly adopted for solving problems of cooperation.

Further evidence in support of religion as exaptation comes from a follow-up to the dictator game experiment discussed above. If you swap religious words for non-religious but moral words such as *civic, duty, jury, court* and *police,* you get the same results: people give more money when thinking about these morally-pregnant, but non-religious words. It is also the case that if you paste up a photograph of eyes next to a money box for coffee, people give more than with a photograph of flowers. What these two studies show is that words and images that make us think about others, especially the possibility that others are watching, turns us into bigger spenders. These psychological transformations are not, however, specific to religion. Some may think that God is watching, but they and others may also think of a white-bearded, gavel-wielding, atheistic judge.

We learn three important lessons from the study of tameness and religion, lessons that will propel our discussion of evil. First, distinguish what something evolved for from what it is used for. Second, dissect complicated traits down into their component parts as the parts, together with their inter-dependence, may have different evolutionary histories. Third, the combination of independently evolved capacities can lead to novel adaptations and possibilities. Some combinations lead to altruistic and humane compassion toward those we don't know. Others lead to virulent hatred and annihilation of those we do know. The brain's promiscuity is a driving engine for both the good, the bad, and the ugly.

## *From the shackles of monogamy to the freedom of promiscuity*

Many years ago, some American friends of mine were married in a small village in Tanzania. After the wedding, they went to a local official who was responsible for providing a marriage certificate. On the certificate were three choices, indicative of the type of marriage: Monogamous, Polygynous, and Potentially Polygynous. My friends chuckled, but aimed their pen with confidence at Monogamous. Before they could ink the certificate, however, several Tanzanian men shouted out "NO! At least Potentially Polygynous. Give yourself the option." Right, the option. The freedom to explore.

Among social animals, only a few species pair bond for life, or at least a very long time. This fact is equally true of the social mammals: less than 5% of the 4000 or so species are strictly monogamous. For these rare species, most of their efforts to think, plan, and feel are dedicated to their partner; what's left over goes into finding food and avoiding becoming dinner. Life is much more complicated for the rest of the social animals. Their social and sexual relationships are more promiscuous, less stable and less



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predictable. This unpredictability is partially responsible for changes in the brain. Promiscuous mating systems demand more flexibility, creativity and out of the box thinking.

The anthropologist Steve Gaulin explored the idea that a species' mating system is directly related to its capacity to think. Gaulin started by looking at two closely related species of voles, one monogamous and the other polygynous. In the polygynous vole, males typically mate with multiple females. To achieve this kind of mating success, males have large territories that encompass many smaller female territories. In the monogamous species, the male and female share the same territory, with mating restricted to the couple. These differences in mating system and space usage have two direct consequences: relative to the monogamous male vole, the polygynous male vole must travel much further in a day than the females and must recall where the female territories are located. For a polygynous male vole, mating success depends on long day trips, visiting each of the female territories. For the monogamous male vole, there are no physical or memory challenges as the female is virtually always nearby. Given the costs to a polygynous male vole of forgetting where the females live, there should be strong selection on the memory system. Gaulin confirmed this prediction by showing that polygynous male voles outcompete females of their species in a maze running competition, and also have larger memory systems than females. In the monogamous vole, there are no sex differences in maze running or memory.

Gaulin's work provides a gorgeous example of how evolutionary pressures can act on the brain to create differences in psychological capacity. Other examples abound, including evidence that fruit eaters have larger brains than leaf eaters, primates living in large social groups have larger frontal lobes than those living in smaller groups, and bats living in open habitats have smaller brains than those living in complex closed habitats. In each case, a particular ecological or social pressure — finding ripe fruit, updating the status of numerous social relationships, avoiding obstacles while in flight — sculpts differences in brain anatomy and function. Some of these pressures favor extreme specialization and myopia, whereas others favor a broader vision. Relative to every healthy member of our species, all other animals have tunnel vision. When our ancestors began to migrate out of Africa, the diversity of environments and social opportunities favored generalists with a broad and flexible vision.

To appreciate the significance of the human revolution in brain engineering, consider three cases of myopic, but highly adaptive intelligence in other animals, cases that lack the signature of intellectual promiscuity; these cases are of particular interest because they represent the kinds of examples that caused Darwin to doubt the beneficence of God, to reflect upon the cruelty of nature, and to ponder the problem of evil:

- The wasp *Ampulex compressa* tackles a specific species of cockroach, inserts a first stinger into its body to cause leg paralysis and eliminate fighting, then a second



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stinger into the brain that causes intense auto-grooming followed by three weeks of lethargy. During this down time, the cockroach turns into a living meal for the wasp's larvae.

•A Brazilian parasitoid wasp of the family *Braconidae*, lays its eggs inside a particular species of caterpillar, and once the larvae are fully developed, they hatch out of the caterpillar. Though it is strange enough for caterpillars to function like incubators, these innocent larvae were anything but innocent while developing inside the caterpillar. Once the larvae hatch, they are treated to an unprecedented level of care from the caterpillar who, Gandhi-like, foregoes all eating and moving to protect its adopted young, including violent head-swings against any intruder. The wasp has effectively brain-washed the caterpillar, hijacking its evolved instincts to care for its own young.

•A solitary wasp in the genus *Sceliphron* selectively feeds on the dangerous and much larger black widow spider, using two tricks: it secretes a substance that is like Teflon, allowing it to move into a spider's web without getting stuck; next, it flails around in the web to attract the spider, and once the spider is positioned above in kill mode, the wasp launches its stinger, piercing the spider right through the brain. End of black widow. If the wasp makes the slightest mistake, end of wasp.

The capacity that has evolved in these wasps is myopically focused on one problem, and one problem alone. Despite the mind control and deception that is part of their evolved competence, they don't deploy these skills in any other context. This highly adaptive and monogamous pattern of thinking runs throughout the animal kingdom and across different contexts, including male cleaner fish that attack female cleaner fish who violate the rules of mucus-eating from their clients, but do not deploy such draconian measures in other situations; birds that feign injury to deter predators from their nest, but deceive in no other context; cheetah mothers who demonstrate to their cubs how to bring down prey, but never provide pedagogical instructions in other relevant domains of development; and monkeys that understand how to use tools generously provided by humans but never create any of their own.

Like other animals, we too are equipped with adaptive capacities that evolved to solve particular problems. Unlike other animals, however, these same adaptive specializations are readily deployed to solve novel problems, often by combining capacities. Like wasps, we deceive, manipulate and parasitize others, often cruelly. But unlike wasps, we don't use these abilities with one type of victim in one context. As long as the opportunity for personal gain is high relative to the potential cost, we are more than willing to deceive, manipulate, and parasitize lovers, competitors and family members. When we attack rule violators, not only do we do so in the context of cheaters who eat but don't pay, but also deadbeat dads



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who fail to care for their young, cads who have extramarital affairs, and trigger-happy murderers who take the lives of innocent people. What changes in the brain enabled us, but no other species, to engage in promiscuous thinking?

To understand what changed in the brain, it is useful to paint a few broad-stroke comparisons, and then narrow in on the details. We know, for example, that brain size changed dramatically over the course of our evolutionary history, ultimately reaching three times the size of a chimpanzee's brain with the appearance of the first modern humans some 100-200,000 years ago. From the archaeological evidence, we can infer that some aspect of the internal workings of the brain — not simply size — must have changed at about the same time in order to explain the appearance of a new material culture of tools with multiple parts and functions, musical instruments, symbolically decorated burial grounds, and cave paintings. Before this period, the material culture of our ancestors was rather uncreative, with simple tools and no symbolism. The new material culture was heralded by a mind unlike any other animal. No other animal spontaneously creates symbols, though chimpanzees and bonobos can be trained to acquire those we invent and attempt to pass on. No other animal creates musical instruments or even uses their own voice for pure pleasure. No other animal buries its dead, no less memorializes them with decorations; ants drag dead members out of their colony area and deposit them in a heap, though this is driven by hygiene as opposed to ceremonial remembrance and respect. Only a species with the capacity to combine and recombine different evolved specializations of the brain could create these archaeological remains. This period in our evolutionary history marks the birth of our promiscuous brain. The brain sciences have helped us see the fine details of this new species of mind.

The comparative anatomists Ralph Holloway, James Rilling, and Kristina Aldridge have analyzed brain scans and skull casts of humans and all of the apes: chimpanzees, bonobos, gorillas, orangutans, and gibbons. This sample represents approximately 15 million years of evolution, and includes considerable diversity in mating systems, dietary preferences, use of tools, group size, life span, locomotion style, communication system, aggressiveness, and capacity for cooperation. Thus, gibbons are monogamously pair bonded, live in small family groups in the upper canopies, swinging and singing to defend their territories, never use or create tools, are omnivorous, restrict cooperation to within the family group, and show little aggression. Gorillas are folivores or leaf eaters, live in harem societies, knuckle walk on the ground, rarely use or make tools in the wild, show aggression primarily between harems, communicate with a diversity of sounds, and show limited cooperation even under captive conditions. Chimpanzees are promiscuous, omnivores who hunt for meat on the ground and in the tree tops, create a diversity of tools that are culturally distinctive between regions, communicate with a diversity of sounds, are lethal killers when they confront individuals from a neighboring community, and are cooperative especially in competitive situations. Despite this diversity, nonhuman ape brains are much



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more similar to each other than any one is to a human brain. What changed since we split off from our ape cousins is both the overall geometry of the brain in terms of the relative size of different components, as well as the connections both within and between these components. Some of the most spectacular changes evolved within the frontal and temporal lobes, as well as their connections to other areas of the brain involved in the control of emotion and stress. These circuits play a critical role in decision making, self control, short-term memory, social relationships, tool use and language.

For detail, and further evidence of the importance of connectivity in promiscuous thinking, we turn to brain imaging studies of healthy adults, developing children, and patient populations that lack the signature of promiscuity. Consider tool use. Though a wide variety of nonhuman animals use tools, only humans create tools that combine different materials, have multiple functioning parts, can be used for functions other than the one originally designed, and function in the context of survival, reproduction, and leisure. These properties are the signature of a promiscuous brain. When we look at the material culture of the most sophisticated animal tool user — the chimpanzee — we see tools that use a single material, have only a single functional part, are only designed for one function, and the function set is strictly limited to survival or reproduction. Something as simple as a pencil, beyond the chimpanzees' wildest imagination, consists of multiple materials (rubber, wood, lead, metal), was designed for writing but can be used for poking or keeping hair up in a bun, and has two functional parts (lead for writing, rubber for erasing). When you put a human subject in a brain scanner and record activity during observations of tool use, what you see is an orchestrated coordination between different and connected brain regions. There is activity in regions carrying out spatial analyses, motor behavior, goal directed assessments, and object recognition, and much of this activity is fed forward to the frontal areas for storage in working memory as well as judgment and evaluation. A healthy adult brain is a heavily connected brain. Promiscuity results from a network of interconnected brain regions.

Even resting brains show signs of promiscuity. When you lie down in bed and close your eyes, but before you drift off to sleep, your brain — assuming *you* are an adult and healthy — shows activity in a family of inter-connected brain regions called the *default network*. This is your brain at rest, but it is anything but at rest. Some of the most active areas involve those that are engaged when we evaluate social relationships, consider what others believe and desire, who they are, and how we might interact in the future. This same default network looks very different in children, as well as in the elderly: it is much less connected. Growing up is connecting up. Growing old is disconnecting. We gain promiscuous thinking as we mature and lose it as we age.

If connection is key, then disorders of the mind or physical insult should result in predictable loss of promiscuity. A brain imaging study of individuals with autism is revealing. Individuals with autism fall along a spectrum, from low to high functioning. Though this spectrum captures important



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differences, all inflicted with this developmental disorder have difficulty understanding the beliefs, intentions and emotions of others, and often become hyper-aroused when seeing, hearing, or touching rather unremarkable objects or events. All of these capacities require a system that can integrate multiple sources of information. During brain scanning, individuals with autism show a striking reduction in activity in an area called the insula and its connection to both the somatosensory cortex and amygdala. The insula is an area of the brain that is like a traffic cop, responsible for coordinating the flow of information in the brain, both where it is coming from and where it should go. The somatosensory cortex handles our body's response to the world, including its state of arousal. The amygdala plays a key role in emotional processing, and more generally, in generating positive or negative assessments about the value of an experience. With the traffic cop asleep, and the body's arousal and emotional hubs dormant, it is no wonder that those with autism lack empathy, can't understand what it means for someone to be in love, are befuddled by deception, and find the bombardment from our media-intense world truly overwhelming. The lack of connectivity among those with autism is proof that connectivity is necessary for promiscuous thinking.

Once we evolved our massively connected, promiscuous brain, tool use, communication, mathematics, music, and morality were transformed. No longer were we constrained to think within the confines of the evolved context. We could take aspects of an ancient psychology that evolved for one problem and use it for new purposes, some beneficial to us individually and as members of a group, and some costly to our own and others' survival.

Consider our capacity to defend members within a group against attack from individuals outside the group. Many, perhaps even the majority of religious groups have carried out this mission, some with violence such as the Catholic-Protestant conflict in Ireland, and some with tranquility such as the Tibetan's plea for peace amidst a powerful Chinese oppressor. The process starts, however, with an ancient system that we share with all socially living animals. To survive and reproduce, individuals cooperate with members of their own group and defend their resources against members of neighboring groups. All animals, humans included, recognize group members by distinctive markings or recalling features associated with specific individuals. We transformed this evolutionarily ancient capacity into a distinctively human one by combining it with our systems of language, morality, and beliefs. This combination allows us to use symbols to demarcate those within our group from those outside, to tie these symbols to distinctive beliefs, values, and emotions, and to use these different psychological systems to caricature the other as buffoon, vermin, parasite, or inanimate cargo. This combinatorial process allows us to cleanse the in-group by annihilating the out-group. It allows us to increase cooperation within a group while ramping up the defenses to take out enemies living outside the group. This strategy is simple and effective. First, convince one group of people that another group has a set of undesirable traits,



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features that will undermine the success of the in-group. This has the effect of tightening the bonds within the group. Next, convince the in-group that those undesirable qualities make the others less-than-human and barely nonhuman. Next, make sure that the nonhuman mascot for the out-group is vile, abhorrent, and disgusting. This ingredient is critical as it guarantees that each member of the in-group will feel a surge of disgust every time it sees or hears of the out-group. Once disgust is in motion, there is only one additional step: either destroy or purge the other of its vile qualities. Destruction is not only permissible, but morally obligatory, carried out guilt-free because the mind has taken the other out of the moral domain and into the domain of property — either dispensable, controllable or transformable. Taking out the other is rewarding. Harm feels good.

Our uniquely promiscuous minds invented dehumanization, using a recipe of adaptive ingredients — defense against an enemy, disgust as a response to noxious and unhealthy substances, and creative language use. This is a dangerous idea, one I develop in chapter 3. It is one of many capacities that enabled us to uniquely imagine new ways of inflicting excessive harm on others. It is a capacity that, nonetheless, has a deep evolutionary history.

## *HARMING OTHERS, version 1.0: non-lethal behavioral routines*

All animals are motivated to secure resources that will enable them to survive and reproduce. At the most basic and universal level, this is what life is all about. Gaining access to resources enables individuals to accrue more resources, live longer, and produce more offspring. The path to acquiring resources is complicated by two facts of life that were central to Darwin's insights into the process of evolution: resources are limited and individuals must compete with others from the same and different species for these resources. Competition is the breeding ground for aggression — the most basic means of harming others. Aggression is a natural outcome of living in a social world where supper, sex, and space never come prepared on a silver platter. Here I explore the core properties of non-lethal aggression, a manner of harming others that is part of every animals' behavioral repertoire. This discussion sets the stage for understanding how evolution's R&D operation enabled a transformation of the non-lethal form of aggression into a lethal form, and ultimately, into an excessively lethal form that is the trademark of human evil. It also shows how the social norms guiding animal aggression evolved into moral norms, and thus, why we perceive some forms of aggression as deeply wrong, unethical and grotesque.

Consider life on Earth before human existence, say 10 million years ago. Our closest living relatives the chimpanzees and bonobos are living in the forests of Africa, and so too are dozens of other



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primates, mammals, birds, reptiles, amphibians, fish, and insects. And of course, there are animals populating every other continent and the seas that surround them. Among the social animals — those living in groups — the common form of aggression is one-on-one, and the context is typically competition over food, a place to rest, or access to a mate. Sometimes the aggression is initiated as an attack and sometimes it is in self-defense. Sometimes it is highly ritualized and planned, and sometimes it is a reactive free-for-all. Sometimes it occurs within the group and sometimes between. Severe injuries arise, but deaths are rare. The aim is to resolve a competitive dispute by means of non-lethal aggression, and if possible, non-physical contact. If someone dies it is because an injury leaves them incapacitated or vulnerable to disease. It is not because their opponent aimed to kill. The ubiquity of non-lethal aggression points to a suite of common biological ingredients, a core set of neurobiological, hormonal and psychological adaptations that constrain how animals fight.

It all starts with one individual perceiving a valuable resource that is within reaching distance of a competitor. What launches a first move and subsequently guides the process to its completion with a winner and a loser? In some species there are rules of thumb that deflate any aggressive instincts before they are launched, even though there are clear competitive interests. For example, in territorial lizards and birds, if an emigrating individual lands in an area and sees or hears another individual vigorously displaying — push-ups with colorfully flashing neck sacs in lizards, vocal arias in birds — they move on. The rule: territory owners win, no questions asked. Another rule of thumb arises in species organized around either permanent or breeding-only harems: one male and many females. Two classic cases are the well-studied hamadryas baboons of Ethiopia and the elephant seals of California. In both species, males are much larger than females, with elephant seals providing an extreme case — the harem *master* can be ten times bigger than the females he mates with. In hamadryas, no one challenges the male over access to the females in his harem. Competition arises in acquiring females into a harem, a process that starts early, with individual males recruiting juvenile females. In elephant seals, either one or a few males completely monopolize the mating among the often hundred or more females within the harem. These males rule. As evidenced by genetic fingerprinting, virtually all of the offspring are sired by 1-3 males. No mating competition. Competition arises when the young turks try to wear down the harem master through repeated challenges over the season. Eventually, often over the course of several mating seasons, the harem master loses a fight and hangs up his gloves.

Dominance hierarchies provide another set of rules or norms that guide competition, and thus aggression. In general, irrespective of the species, high ranking animals outcompete low ranking animals for access to resources. If the spread between two individuals within the hierarchy is large, the subordinate acts like a migrating lizard or bird landing in a resident's territory: no contest, no competition, no fighting. If the spread is less, say two individuals who hold adjacent positions within the hierarchy,



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then other factors enter into the calculation. This is where things get interesting as these *other factors* determine the start and end of a contest.

Insights into the dynamics of aggressive competition emerged in the late 1970s and early 1980s due to two fundamental developments within evolutionary biology. The first involved a marriage between economic game theory and evolutionary biology. This marriage was set up by the British evolutionary biologist John Maynard Smith who recognized that for any competitive interaction, there are different strategies, each with different payoffs. Some strategies are more costly, but return greater benefits. Others are more conservative and less costly, but return smaller benefits. How well any given strategy does depends on its frequency in the population, and thus, on whether the particular strategy is dominant or rare. For example, consider a baboon troop with 20 adult males. Imagine that one of the males decides to bare his canines, stand up on his two hind legs, and charge whenever anyone comes near him and he is eating. This male is displaying his intent to attack at the slightest provocation. One could imagine that this would be very effective, especially if he is the only one displaying in this way. But if this display pattern spreads, and all 19 other males do the same thing, then this strategy fails as it no longer distinguishes among the 20 males in the troop. What evolutionary game theory tells us is that the effectiveness of a strategy depends on how common it is within the population. Power comes, in part, from being not too common or predictable.

The second development involved signaling theory, and a challenge to the traditional approach that considered animal signals as truthful messengers of information. On the traditional view, when a monkey bares his canines, he is signaling his motivation to attack. When a dog puts his tail between his legs, he is signaling his submissive status. When a bird gives an alarm call, she is telling others that a predator is nearby. When a human smiles, he is conveying his desire for friendship. The new signaling theory presented a challenge to this honest view of communication. Why, for example, wouldn't individuals lie, deceiving others into believing that they were really tough, meek, in danger, or friendly, only to take advantage of the situation and gain added resources. Why, for example, wouldn't a baboon who was actually afraid, put on a tough-guy show and scare off his opponents? Why wouldn't a dog who was actually tough, send a submissive signal at the start of the interaction, cause his opponent to lower his guard, and then attack? Why wouldn't a bird send an alarm in the absence of danger, knowing that others will run for cover and leave all the food behind — no competition? Why wouldn't a human who actually wanted to lure in an innocent victim for robbery send a seductive smile? This line of questioning, developed by the British evolutionary biologists Richard Dawkins and John Krebs, led to a number of studies showing that animals are engaged in a much more complicated and dynamic dance when they compete. Static properties of the animal — its height, weight, tail length, antler size — indicate its raw, unfakeable ability to fight or what biologists call *Resource Holding Potential* or *RHP*. A deer with a large



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set of antlers has paid the costs of growth, and is thus, a serious opponent with considerable strength. A tall, heavy, long-tusked elephant bull has spent the time and energy to bulk up, and can throw this weight around in a fight. Added on to an animal's RHP are dynamic properties, features that require energetic investment in the moment such as the loudness or duration of a vocalization, or the height of a jump display. These dynamic properties form the foundation of competitive interactions, and the raw material for assessments. When a resource is up for grabs, and no simple rule of thumb or RHP factor trumps, animals assess each others' displays, working out whether to flee or escalate. What, if anything in a display, reflects the signaler's true capacity and motivation?

The Israeli evolutionary biologist Amotz Zahavi provided a simple, yet far-reaching explanation of honest signaling. Honesty, in the animal world, is simply about prediction. When a kob standing on his territorial mound charges toward another, to what extent does this display predict that he will continue the attack if the opponent doesn't flee? Is he all smoke or does the display accurately predict the follow-through? When a mantis shrimp uses his powerful claw to thump the sand at an intruder, will he go further, thumping the intruder who continues to advance? Zahavi's solution was based in economics: signals are honest if and only if they are costly to produce, where cost is relative to current condition or health. If every kob can charge even if they are blowing smoke, the charge display carries no weight. It is pure puffery and dishonest. If every mantis shrimp can thump with its appendage, and does so regardless of its current power, then sand thumping loses value. For a charging display or sand thumping to carry value, they have to be costly to produce and only those in good enough condition should be able to tolerate the costs. Numerous studies support Zahavi's insight, including work on insects, crabs, birds, and gazelles, as well as hunter-gatherers and religious institutions. Hunter-gatherers do it by showing off and sharing their large prey capture, whereas religions do it by showing their commitment to long and involved ritual displays.

The vast majority of animal competition is settled by means of non-lethal aggression. Animals adopt different strategies, use rules of thumb, and engage in assessment in order to minimize the costs of battle. This is version 1.0 of HARMING OTHERS. This version operates within every animal, humans included. Over time, some animals evolved hormonal and neural upgrades that changed how individuals experienced the thrill of victory and the agony of defeat, as well as changes in their willingness to take risks. These upgrades inched animals closer to lethal aggression, pushed some right into it, and others over the top.



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## *HARMING OTHERS, version 1.1: microcontrollers*

In any competitive situation, whether it is animals working out a strategy for maximizing the odds of obtaining food or humans working out a strategy for maximizing the odds of check mating an opponent's king, someone will walk away as the winner and someone as the loser. Winning feels good and losing feels bad. Winning fuels confidence, losing lowers self-esteem. Depending on the opponent, including what they look like and whether they are familiar or unfamiliar, it is possible to gauge the likelihood of winning or losing in advance. Depending on the individual's prior history of wins and losses, and details of his or her personality, some individuals will embrace the challenge of a high risk-high payoff strategy whereas others will adopt a low-risk low payoff strategy. Winning, losing, and taking risks are all mediated by differences in hormone levels, neurochemicals, and patterns of brain activation. Some of these differences are set by the individual's biology, some change over the course of a year, some within a day, and some within the period of a brief glance that allows for an opponent to assess the competition. These physiological processes are the microcontrollers that regulate an individual's motivation to fight or flee, as well as the sense of reward and loss that accompanies winning and losing. These microcontrollers adaptively regulate the capacity to harm, at least until they malfunction. Malfunctions, whatever their cause, can convert healthy, defensive, competitive, and justifiable harms into over the top excessive and unethical harms.

One of the primary microcontrollers is the hormone testosterone. Though it is commonly assumed that testosterone is a male hormone, it is also present in females, though at lower concentrations. Testosterone plays an essential role in both sexual and aggressive behavior in all social animals. Testosterone surges when males defend their territories, and also, when they recruit sexually available females. Stronger surges occur when individuals are challenged by competitors who want their territory, food, mates, or position within a hierarchy. What this shows is that testosterone motivates animals within the arena of competition.

Testosterone also surges again after an individual wins a fight, and drops following a loss. This is highly adaptive as it motivates winners to keep defending their resources, and motivates losers to give up and minimize future costs. Across a wide variety of species, humans included, winners are two times more likely to win the next fight whereas losers are five times less likely to win the next fight. These winner-loser effects are mediated by testosterone. In our own species, among male and female athletes, in sports including soccer, tennis and judo, winners show higher testosterone levels than losers. This effect even holds in non-physical competition, such as chess and stock trading. In a study of day traders on the London Stock Exchange, those making the highest profits had the highest levels of testosterone. Even those who are simply witnesses to a winning competition show increases in testosterone, including



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cichlid fish spectators observing a winning fight, and soccer spectators seeing their team win the World Cup.

What many volumes of experiments reveal is that testosterone plays a fundamental role in social behavior across the animal kingdom, motivating individuals to defend their resources, acquire additional resources when possible, develop confidence following victory, and gracefully walk away following defeat. Testosterone influences behavior, and behavior influences testosterone. If an individual experiences a challenge, this causes an increase in testosterone. The increase in testosterone heightens confidence and risk-taking to defend the resources. Heightened confidence and risk-taking are often associated with winning fights. Winning fights increases testosterone, bringing us full circle to the challenges of social living.

Testosterone is joined by several other microcontrollers, including at least one additional hormone — cortisol — two neurochemicals — serotonin and dopamine — and several brain areas that are affected by these hormones and neurochemicals. Our understanding of this assemblage, beautifully synthesized by the psychologist Jack van Honk, accounts for both our adaptive and sometimes highly maladaptive capacity to harm others.

Cortisol mediates the stress response in fish, reptiles, birds, and mammals, including all ages of human mammals. When fear kicks in due to aggressive challenges from a dominant individual or from the appearance of a predator, cortisol rises. When individuals confront uncertainty, cortisol rises. When cortisol levels are high, individuals are more sensitive to punishment and more likely to avoid social interactions. Flipping the polarity around, when cortisol levels are low, individuals are more aggressive, more reward focused, and less sensitive to punishment. Testosterone and cortisol therefore play within the bodies of animals like two children sitting on opposite ends of a see-saw. When testosterone is up and cortisol is down, individuals are primed to harm others and take risks. When testosterone is down and cortisol is up, individuals are risk averse, less likely to harm and more likely to engage in friendly social behavior.

Serotonin, as noted earlier in the discussion of domestication, is primarily involved in self-control. High serotonin levels are associated with behavioral inhibition, whereas low serotonin levels are associated with disinhibition or impulsivity, as well as heightened aggression. Dopamine is linked to the experience of reward, both in terms of predicting when it will occur and in motivating behavior that maximizes the odds of obtaining the goods. When animals reach their goals or expect to obtain them, including food, mating, or winning a fight, the brain delivers a surge of dopamine. In humans, taking a drug that increases the amount of dopamine, causes people to believe that they will feel more elated about an event in the future.



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Testosterone modulates these brain chemicals, suppressing serotonin in the service of heightening aggression, and ramping up dopamine to add to the already reinforcing properties of testosterone. But like dopamine, testosterone is also directly linked to the reward system. Mice will work a response lever to deliver testosterone, and humans become addicted to it. If you inject testosterone into a mouse while it is moving about, the location associated with the injection becomes tagged as a favorite spot in the landscape, a place to revisit. Drug abusers and gamblers, two personality profiles associated with heightened experience of reward and poor self-control, have elevated levels of testosterone and dopamine.

Twirling inside the brains and bodies of all social animals is a physiological ballet that controls the capacity to harm others. This choreography links harming others with the experience of reward. In some animals, the link between harm and reward was upgraded to a capacity for lethal aggression.

## *HARMING OTHERS, version 1.5: upgrade to lethal aggression*

All social animals have evolved the capacity for aggression, using it to fight members of their own species for food, land, and sex. For virtually all animals, winning a fight means chasing away or injuring a competitor, but not killing them. There are, however, three situations in which animals kill, two are broadly distributed across the animal kingdom and one is extremely rare. In virtually every taxonomic group of animals — insects, reptiles, amphibians, fish, birds, and mammals — there are predators and prey. Predators are not merely aggressive, but designed to kill prey species for the purpose of survival. Also common is infanticide, situations in which adults kill infants. Infanticide is often committed by males who have recently entered a group with infants sired by other males. By killing these infants, not only does the newcomer obliterate the competition's fitness, but he effectively reboots the female's sexual receptivity. Both predation and infanticide entail significant asymmetries in size or weaponry between attacker and victim, making the kill relatively cost-free. Rare in the animal kingdom are cases where attacker and victim are from the same species, both adults, and thus, comparable in size and weaponry. This kind of killing — call it *adulticide* — only occurs in a small number of species, but the attacks are sufficiently frequent to count as part of the repertoire: ants, lions, wolves, chimpanzees and humans. The rarity of adulticide raises important questions about the evolutionary pressures that favored this upgrade to harming others, as well as the mechanisms that evolved to make it possible.

Battles among ant colonies are notorious for their organized attacks, designed to kill the enemy and minimize costs. Watching ant colonies battle it out piques the imagination, recalling the classic face offs between British and French brigades, each side lined up in strategic formation, divided into ranks, set up to protect the land and royalty. In his book *Life in the Woods,* the American writer and nature lover Henry David Thoreau, writes that the ant battles were "deadly combat … without any noise… I never



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learned which party was victorious, nor the cause of the war: but I felt for the rest of that day as if I had had my feelings excited and harrowed by witnessing the struggle, the ferocity and carnage, of a human battle before my door." What is distinctive about ant battles and the deaths that ensue is that they are coordinated, with success driven by group size. As the biologist Eldridge Adams has demonstrated, bigger groups are more likely to win, more likely to kill a higher number of their smaller opponents, and less likely to incur any fatalities. Despite the similarities between ant and human battles, two differences undermine the usefulness of this analogy for understanding the evolution of lethal aggression in humans: ants are only a very distant evolutionary cousin, subject to extremely different pressures of social life, and their cooperative efforts are largely among individuals who are virtual genetic clones. When humans go to battle, cooperation is largely among unrelated individuals who are complete strangers. Of the small sample of species committing adulticide, chimpanzees are our best bet as they are closer evolutionary cousins and they join forces with kin and non-kin.

To get a sense of lethal aggression in chimpanzees, consider the following description by the anthropologist David Watts and his colleagues concerning an attack by males of the Ngogo community of Uganda (emphasized words are mine):

> [Field Assistant] G. Mbabazi found 12 adult and three adolescent males, 10 of which had participated in the boundary patrol 2 days before ... in the eastern part of the Ngogo chimpanzees' territory. They started another boundary patrol by quickly and ***quietly*** moving south and then east. At 0830 hr, they moved east through a field of elephant grass (Pennisetum purpureum), then reentered the forest and went toward the spot where BT, LO, and MO [three adult male chimpanzees] had been displaying 1 day before and the area where Ngogo males had patrolled the day before that. As they reentered the forest, the Ngogo chimpanzees met chimpanzees from another community. The neighboring chimpanzees were feeding quietly on Pseudospondias microcarpa fruit in the same tree under which BT, LO, and MO had displayed. G. Mbabazi could not ascertain the precise number of chimpanzees from the neighboring group, but he saw at least two females with infants, one juvenile, and one adult male that immediately fled northeast with the Ngogo chimpanzees ***in pursuit***. The Ngogo chimpanzees caught up to the strange adult male after chasing him for about 100 m and ***surrounded him***. Adult Ngogo male EL began to pummel the intruder, and adults BF, BRU, LO, and MO quickly joined him. The strange male tried to escape down a small hill but ***could not elude these five Ngogo males and others that joined them***. The Ngogo males, led by EL, continued to ***beat, bite, and kick him for 20 min,*** and dragged him farther down this hill into a small stream valley about 50 m away from the spot of his initial capture, where ***he died during or shortly after the attack***. All of the Ngogo males remained in the area after the stranger was killed. Several circled his body and some sniffed it, while others sat nearby. ...Careful inspection showed that the ***victim suffered wounds across his entire body*** ... including a deep gash to the bone on the left humerus and ***a deep puncture on the left side of the thorax near the heart***. The ***only missing body part was the victim's testes***, which were recovered 50 m away, near where he was initially captured (2006, p.g., 166).

Watts' description captures several important features of adulticide in chimpanzees — both at the same field site and others throughout Africa — and in other species. The lethal attacks are explicitly proactive and planned. This is important because many cases of non-lethal aggression are reactive and impulsive, and studies of human and nonhuman aggression reveal different brain mechanisms underlying these two forms of violence. When chimpanzees attack, they use stealth to sneak up on the victim, and



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then relentlessly hunt them down. When they catch the victim, the attack is brutal, focused on body parts that are necessary for moving, communicating and reproducing. The attackers commonly have a numerical advantage over the victims, a ratio of at least three to one. This power imbalance reduces the costs of the attack by making it almost impossible for the victim to retaliate. Proof of this cost-benefit analysis comes from the fact that the attacking party rarely incurs injuries, whereas the victims rarely escape alive. The benefit of these attacks is that the attacking community gains access to additional resources by weakening the competitive strength of their neighbors. In a well documented case from Jane Goodall's site in Gombe, Tanzania, one chimpanzee community literally eliminated their competitors in the neighboring community, absorbing the remaining individuals and land. Though such attacks are certainly not a daily affair, they occur with sufficient frequency and benefits to create a selective advantage for the winners.

The suite of behaviors that accompany coalitionary killing in chimpanzees has led several scientists, most notably Wrangham, to argue that this form of lethal aggression in chimpanzees is an adaptation, with deep parallels to human warfare. On this view, we inherited the upgrade to version 1.5 lethal aggression.

The claim that our capacity for killing, especially in war, is an evolved adaptation, is anathema to many, scholars in the humanities and social sciences. The visceral antagonism is triggered by the belief that biological explanations imply inevitability, and provide an excuse for the atrocities we create. For these scholars, war, and more generally, the high levels of killing observed among human populations, are recent, cultural concoctions, born out of human intelligence, the invention of projectile weapons, and high population density, to name a few. From this perspective, biology plays no meaningful role in our understanding of human violence. From this perspective, killing in chimpanzees looks nothing like killing in humans. This attitude echoes the famous 1986 Seville Statement on violence in which a group of distinguished scientists, including the ethologist Robert Hinde, the geneticist John Paul Scott, and the biological anthropologist Richard Leakey, sidelined biology with the following five statements:

1. "It is scientifically incorrect to say that we have inherited a tendency to make war from our animal ancestors."
2. "It is scientifically incorrect to say that war or any other violent behaviour is genetically programmed into our human nature."
3. "It is scientifically incorrect to say that in the course of human evolution there has been a selection for aggressive behaviour more than for other kinds of behaviour."
4. "It is scientifically incorrect to say that humans have a 'violent brain'."
5. "It is scientifically incorrect to say that war is caused by 'instinct' or any single motivation."



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These claims led to the rather dreamy-eyed utopian conclusion that "Just as 'wars begin in the minds of men', peace also begins in our minds. The same species who invented war is capable of inventing peace. The responsibility lies with each of us." In essence, understanding our biology will not contribute to understanding violence and war because we *invented* war as well as peace, woven out of nurture's cloth and her infinite tapestry of cultural potential. These kinds of claims about the role of biology in human behavior are at best incoherent, and at worst plain wrong. They are also dangerous because they imply a view of human nature that is infinitely plastic, unconstrained by both universal features of our biology, as well as individual differences that predispose some to extreme violence and others to extreme altruism.

What makes the Seville Statement, and other claims like it incoherent is a set of false attributions to biologists about the role of biology. Statements 2-5 are accurate in that it *is* incorrect to say that war or violence are *genetically programmed*, subject to stronger selection *than other kinds of behaviour*, built into the brain as a *violent brain*, and based on *instinct* with a single, inevitable output. But I don't know any biologists who believe statements like these. The biologist Peter Marler famously spoke of singing in birds as an *instinct to learn*, while the evolutionary psychologist Steven Pinker described the Chomskyan insight into language as the *language instinct*. A bird's instinct to learn does not mean that there is a one-to-one, inflexible mapping between genes or brain circuits and a specific type of song. All songbirds have the potential to acquire their species' song, and in some birds, such as mockingbirds and parrots, this capacity extends to acquiring the sounds of other animals and even inanimate sounds. But if there is no input at all, or if the bird is deafened, the output is deficient in structure, unrecognizable as a species-specific song. The same holds for the language instinct. Instincts are biological biases that constrain the range of potential variation. Biology differentiates songbirds from birds that don't learn their songs. This same biology allows some birds to learn one song and use it for life, and allows other birds to acquire a variety of different sounds for use in singing. The biology doesn't determine the specific content of a song. The content is determined by what the bird hears, constrained by what its bird brain and syrinx will process and reproduce. To a large extent, language is no different. Our biology allows us, but not any other species, to acquire language. This same biology sets up constraints, due in part to what our brains can keep in memory, what our ears can hear, and what our larynx can produce. Like songbirds, the specific content of what we say, whether with a French or Vietnamese accent, is determined by where we live and who we listen to.

If there is any intelligible sense of *genetically programmed* or *instinct*, whether for violence, language, sex, or mathematics, it is that our biology provides us with the capacity to acquire these domains of knowledge and expression. This doesn't mean that violence, language, sex or mathematics are inevitable or fixed in their expression. There are thousands of languages, ways of having sex, and forms



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of mathematical expression. There are also thousands of ways of being violent, and equally, ways of counteracting such violence. But none of this takes away from the importance of biology, especially its role in constraining the form that these expressions take in different environmental settings. To think otherwise is just wrong.

The debate about version 1.5 of lethal aggression gains interest if we restrict the conversation to the similarities and differences between chimpanzee and human killing. Similarities speak to our shared evolutionary history, including the mechanisms we inherited and the pressures that favored this form of violence. Differences speak to both changes in our biology and the environments we confronted and created.

Those who argue that the comparison between human and chimpanzee killing lacks any analytical value come from two different camps. On the one hand are anthropologists such as Robert Sussman and Brian Ferguson who suggest that chimpanzee killing is infrequent, has little benefit in terms of resources or competition, and is restricted to populations that are either artificially provisioned by humans or crowded in by us. They also suggest that the archaeological evidence for human warfare doesn't really begin until about 12,000 years ago. As Ferguson notes "To argue that war is a result of some sort of innate predisposition to wage it requires that war be practiced throughout our prehistoric past." This date, so Ferguson continues, is too recent to invoke natural selection as a cause, and leaves unexplained why there is no earlier evidence of massive killing if our last common ancestors had this capacity.

These criticisms either fly in the face of contradictory evidence or have little to do with the original ideas. Concerning chimpanzee killing, the evidence comes from multiple sites in East and West Africa, including sites with no provisioning and no crowding from humans. Further, analyses by Wrangham and his colleagues show that humans living as hunter-gatherers or subsistence farmers on the continents of Africa and South America, engage in coalitionary killing, using stealthy raids and imbalances of power to minimize the costs and maximize the benefits. Looking at 32 different small scale societies, calculations of the median death rate were between 164-595 per 100,000 per year. Looking at 9 chimpanzee communities spanning 5 populations in Tanzania, Uganda, and Ivory Coast, the rate was 69-287 per 100,000 per year. Chimpanzees fall well within the range of human hunter-gatherers and subsistence farmers. This evidence not only shows parallels between chimpanzees and human societies living under conditions most like our ancestors, but also provides a resounding rejection of the view that chimpanzee killing is infrequent and of trivial importance. If the rates of killing are comparable, then either they are trivial for both species or trivial for neither. Given that both chimpanzees and human hunter-gatherers live in small groups, killing even a few individuals can have a dramatic effect on their capacity to defend resources.



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A further parallel between chimpanzees and small scale human societies comes from analyses of two extreme warring societies, the Waorani of New Zealand and the Yanomamo of Venezuela. Though violence accounts for between 40-55% of all deaths in these two groups, attackers appeared immune to injury, with no more than 5% dying in battle, and often no deaths at all. Chimpanzee attackers are likewise immune to injury, due in large part to the strategic use of imbalances of power.

The parallels between chimpanzees and humans living in small scale societies supports the idea that similar pressures favored the capacity for coalitionary killing in both species. Does this mean that each of these species should always kill in this way, and thus, as argued by Ferguson, the archaeological record should be chock full of deaths by coalitionary attackers? To argue for this position is to misunderstand the nature of an adaptation, and the arguments put forth by Wrangham as well as the evolutionary psychologists Martin Daly, Margo Wilson, and David Buss. As I discussed earlier on in this chapter, adaptations are contingent upon particular environmental circumstances. What is adaptive today need not be tomorrow. This is why it is not only unsurprising to see variation in the frequency of coalitionary killing among chimpanzee sites, among humans living in small scale societies, and among modern day humans who sometimes kill their spouses, stepchildren, and rivals, but predicted by evolutionary theory. Adaptations are economically efficient solutions to particular social or ecological problems. If those problems or pressures change, the original adaptation may have no impact on survival or a negative impact. A hiatus in the archaeological record — assuming this is the last word — is interesting with respect to the conditions that might favor or select against coalitionary killing, but in no way undermines the logic of an evolutionary adaptation, one shared by chimpanzees and humans.

The second camp arguing against the parallels between humans and chimpanzees is defended by the economist Samuel Bowles and his colleagues. Unlike the anthropologists, Bowles is entirely sympathetic to biology but sees fundamental differences in the pattern of human killing and warfare. To explain these differences he invokes two important attributes of human societies that have only weak parallels in other species: large scale cooperation with unrelated others from the same group, together with hatred, symbolic labeling, and the motivation to hurt all others outside the group. These two factors, what Bowles calls *parochial altruism*, may have paradoxically generated both greater levels of cooperation within groups and higher rates of warfare between groups. Those groups with the best cooperators acquired the greatest resources and experienced the fewest losses due to cheaters and other morally corrosive rogues. This power and inward-looking favoritism led to self-defensive emotions and behaviors, ultimately leading to lethal aggression toward those with different beliefs and values. Thus parochialism and altruism co-evolved, hand in hand, breeding prejudice as a result of group safety. This evolutionary handshake resulted in warfare and our unique capacity as killers.

Bowles' analysis is interesting and consistent with my explanation of how we evolved the



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capacity for evil. For both Bowles and I, certain aspects of our capacity to harm others emerges as an incidental byproduct of other capacities, and once this dynamic emerges, the combination of these capacities can evolve and change. What Bowles' analysis misses, however, is the fact that parochial altruism could well be true, and so too could our shared capacity for killing with chimpanzees. As noted above, rates of killing among chimpanzees and several small scale societies are comparable, and so too are the costs and benefits to attackers and victims. This argues in favor of a shared history, and a shared adaptation. It does not mean that all aspects of killing in humans are similar, or that the human mind froze in a chimpanzee state with regard to its capacity to kill. It most definitely did not freeze.

Unlike the lethal attacks by chimpanzees that are restricted to cases where groups attack lone victims, primarily from neighboring groups, we wreak havoc on a massive scale, with one on one, many against many, and one against many, including victims within and outside our core group. Unlike chimpanzees, even our young children have an appetite for violence that can be nurtured, as evidenced by the brutality of child soldiers around the globe. Unlike chimpanzees, individuals will sacrifice themselves for an entire group as evidenced most recently by suicide bombers in the Middle East. Unlike chimpanzees, we derive great pleasure from watching others suffer, from watching violent movies, seeing other animals fight, and imagining the decimation of an enemy. Our minds also generate ideological reasons to motivate violence at extraordinary scales — again, think of suicide bombers taking their lives for a God, as well as the reward of an idyllic afterlife. And when our minds break down, or when we are afflicted with particular disorders early in life, we are capable of experiencing bizarre appetites for violence, including the joy of eating the flesh of murdered victims, having intercourse with dead bodies, and asking for bondage and whippings to enhance sexual pleasure. These novel and unanticipated ways of harming others are the result of new hardware that has evolved only once in the history of this planet.

## *HARMING OTHERS, version 2.0: requires Homo sapiens hardware*

We depart from the pattern of adulticide seen in other animals because of our promiscuous brain. The idea is not that our brains evolved for killing in these unique ways, but rather, that our unique style of thinking led to novel ways of harming as an incidental consequence. The hardware that is our brain enabled new ways of harming others, building on specialized adaptations, some shared with other species and some uniquely human. The result is a brain that can develop a peculiar appetite for harming others.

To see how version 2.0 runs on our distinctively human hardware, let's return to some of the core microcontrollers that I discussed a few sections back. Recall that there are hormones like testosterone that surge when individuals win a competition, whether this involves the physical fighting of deer using



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their antlers, humans using their fists, or chess masters using their minds. Along with testosterone's increase is an increase in dopamine, a decrease in cortisol and serotonin, and a decrease in frontal lobe activity and control. Within the environment of a promiscuous brain, this physiological ballet affects our sense of fairness, empathy, moral conscience, attitude toward retribution and justice, as well our willingness to engage in lethal aggression.

Brain imaging studies reveal that the prefrontal cortex plays an essential role in regulating our aggressive instincts, when it's working. When individuals respond aggressively to an unfair offer in a bargaining game, testosterone levels rise and activity decreases in a part of the prefrontal cortex associated with self-control. Thus, testosterone's effectiveness in human aggression is facilitated by a loss of control. Damage within this region of the brain causes abnormal aggressive responses to not only direct insult, but even such trivial matters as being offered a lowish offer in the ultimatum game discussed earlier. Anatomical and functional abnormalities within this region of the frontal lobes are also associated with aggressive pathology, such as psychopathology. There are also individual differences in aggressive tendencies among healthy people, due in part to differences in the patterns of activity between the right and left prefrontal cortices. Heightened activity on the left is associated with greater sensitivity to reward, lowered sensitivity to punishment, and considerably stronger aggressive responses to threatening stimuli, such as an angry face. This is not simply a correlation, as evidenced by studies that experimentally either suppress or increase activity in one hemisphere compared with the other. For example, if you contract your right hand you will increase activity in the left hemisphere of the brain; conversely, contracting the left hand increases activity in the right hemisphere. Subjects contracting the right hand in an experimental setting showed more aggressive responses to insult than did subjects contracting the left hand. The next time someone shakes a fist at you, check whether it is the right or left hand. If the person is from a different group and holds a fundamentally different suite of ideological beliefs, which hand is clenched is the least of your worries.

Favoritism toward those who are like us, combined with hatred toward those who are not, is common in animals. As noted above, in-group favoritism or parochialism can lead to heightened levels of cooperation within groups, while simultaneously increasing the level of hostility towards those outside. Our promiscuous brain facilitated this co-evolutionary process, inviting the hormone oxytocin into the mix. Among mammals, including humans, oxytocin is released in females during labor and breastfeeding, and in both males and females during social bonding and parenting. This has led many to think of oxytocin as the cuddle hormone or love drug. Floating within the human brain, oxytocin boosts trust in games of cooperation, and greatly increases our ethnocentric biases. The Dutch psychologist Carsten De Dreu and his colleagues ran a series of experiments that required male subjects to spray oxytocin or a control up their noses. When oxytocin shoots up the nose, it goes straight to the brain. Relative to the



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control group, those who sniffed oxytocin perceived in-group members as more likeable, more human, more richly endowed with social emotions such as embarrassment, contempt, humiliation and admiration, and more worthy of saving in an emergency. Oxytocin increases our sense of camaraderie toward those within the inner sanctum, which can result in greater animosity toward those outside. Oxytocin may therefore facilitate our ability to take out the competition even if this means killing another human being. Oxytocin is two-faced, cuddling with its left profile and harming with its right.

This is a small sampling of the ways in which our promiscuous brain enables new forms of harm, including killing other adults. We didn't invent lethal aggression. We share this capacity with a small group of animals that also kill other adults. But whereas these other species typically restrict their lethal attacks to situations in which one group greatly outnumbers another, typically targeting adults from a neighboring group, we evolved far beyond this monogamous approach. We adopted the cost-benefit analysis that drives killing in other animals and applied it to killing in a virtually limitless space of homicidal opportunities. We kill when we outnumber our opponents or are outnumbered by them, attacking individuals within and outside our core group. We kill spouses, ex-lovers, stepchildren, those who believe in God and those who don't, the wealthy and the poor, kin and non-kin, and even ourselves if the cause is good enough. Virtually anything goes.

Our promiscuous brains opened a Pandora's box of harmful means, including the capacity to address a multitude of injustices. This is a capacity that is inherently good, but incidentally bad. It is a capacity that evolved in response to growing pressures to balance inequities and take care of those who attempt to cheat society. It is a capacity that enabled us to engage in punishment in a broad range of contexts, righting wrongs and opening a new path to feeling good about harming others.

## *Incidental justice*

Cooperation is ubiquitous in the animal kingdom, occurring in a wide range of situations. Humans are no exception. Like ants, humans also bring resources to their queen — think England. Like scrub jays, humans work with extended family members to rear the next generation of offspring — think Mormons. Like dolphins, human males form super-coalitions to gain access to females — think the Yanomami Indians of South America, where men raid neighboring villages to take their women. And like chimpanzees, humans cooperate to monitor their borders, often capturing and killing intruders — think Palestine and Israel. But human cooperation is distinctive in two ways: we frequently cooperate with



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large numbers of genetically unrelated strangers, and punish those who cheat by free-riding on others' good will.

The challenge to any cooperative enterprise is to avoid getting suckered by free-riders who cheat and add little or no help. As group size grows, the opportunity to cheat and get away with it grows as well given the challenges of storing information about reputation. How do individuals and groups avoid this sucker problem?

When nonhuman animals cooperate with members of the same species, they typically target kin. Helping kin provides a buffer against the sucker's costs because investing in kin means investing in genetic posterity. Helping relatives, even at a cost, translates to helping ones genes move on into the next generation — an insight developed by the British evolutionary biologist William D. Hamilton. When cooperation involves unrelated others, nonhuman animals attempt to circumvent the sucker's problem by working with a small number of familiar others whose reputation is known, targeting contexts where all participants benefit more from working cooperatively than working alone. These mutual benefits help offset the costs of cooperation.

By restricting cooperation to relatives or small numbers of unrelated but familiar group members, animal societies have buffered themselves from extreme cheating. This is significant because cheaters arise in a variety of contexts where there are rules of engagement, including both cooperative and non-cooperative situations. For example, both lions and chimpanzees cooperate in group defense against dangerous neighbors. Some individuals cheat by lagging behind, or failing to join in altogether. In societies organized around hierarchies, low ranking animals sometimes cheat by attempting to eat more than their fare share or by reproducing when their societal norms explicitly forbid it. Interestingly, cheaters in cooperative situations such as those in lions and chimpanzees, never suffer any adverse consequences from the dominants. In contrast, cheaters in competitive situations such as those that arise in hierarchical societies, are punished. Nonhuman animals thus have the capacity to recognize and change rule breakers. And yet, these capacities are not applied in the context of cooperative interactions. Monogamous thinking rules.

When it comes to enforcing fairness in cooperation, the fundamental barrier for animals lies with the economics of punishment. Punishment is costly. When a cheater is detected and attacked, there is always the possibility that he will retaliate. Cheaters, even when caught, need not surrender without a fight. Punishment therefore requires the capacity to surmount an immediate cost, while recognizing the possibility that any benefit could be greatly delayed. For example, lashing out against a lion laggard or a chimpanzee cheater might cause each to join in on future cooperative ventures, but this is a delayed benefit, and it may never materialize. This adds another potential opportunity cost. As Shakespeare so deftly noted "Defer no time, delays have dangerous ends."



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Waiting for a future benefit, whatever its currency, is hard for all animals, humans included. Studies of rats, birds, monkeys, apes, human children and adults show that individuals perceive future gains as less valuable than immediate, but smaller gains. For example, give any one of these animals a choice between one piece of food and ten, and they will pick the ten. More is better than less, except if you are a dieting human. Now give them a choice between one piece available immediately and ten pieces available after some delay. Virtually every animal shifts to the one piece, with the only comparative difference linked to the length of the delay — a few seconds for rats, birds, most monkeys, young children, and adults with frontal lobe damage, a few minutes for some apes, older children and some adults. Everyone is, to some extent, pulled by the hedonistic now. The future loses its luster when a tasty alternative is just within reach. This is in part due to the uncertainty associated with the future, and in part, the sheer temptation to take what is in front of us.

Unique evolutionary changes in the human brain allowed us to exert much greater patience, overriding the pull of the hedonistic now. These changes didn't evolve *for* punishment, but they were readily deployed by this system of justice. We rely on creative strategies to place value on the future, including putting resources away so that we can't use them — think savings accounts — and making verbal commitments that bind us to the future — think about the social embarrassment of failing in front of friends. These strategies help diminish the emotional pull of taking what is immediately available, allowing future benefits to gain in attractiveness. This is a brain that can wait for the delayed benefits of punishment.

The brain changes that facilitated our capacity to delay gratification were accompanied by others that further offset the costs of punishment: our brains reward us with a feel-good feeling when we pay the costs of punishment. For the first time in evolutionary history, the physical and psychological costs of punishment were at least partially offset by the pleasure of justice served, whether delivered directly or witnessed from afar.

When we punish or get even with those who have acted badly, we feel a hedonic high, an experience captured by the metaphor "revenge is sweet but not fattening." As demonstrated by the economist Ernst Fehr, this is more than a metaphor. When we hand someone his just deserts, punishing someone for cheating, lying, or breaking a promise, our brain responds as if we handed ourselves just desserts, activating brain circuitry associated with reward. In one study, two subjects played a monetary exchange game in which one player — the donor — decided how much of a pot of money to give to another. A third player observed, out of view, the outcome of the exchange. In some cases, observers witnessed a fair division of the money and in other cases, an unfair division in which the donor kept a disproportionate amount of the total. The observer then faced a difficult decision: leave the two players with their take-home earnings or use personal funds to take away money from the donor, returning it to



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the bank. Taking money away from the donor is a form of costly punishment. It is costly in two ways: the punisher loses money he could have kept, and the donor loses money that he unfairly kept in his previous exchange.

When donors kept a significantly larger portion of the original sum, observers punished, paying the costs. They also reported feeling good about taking down the cheapskates. Where was this honey hit to the brain coming from?

To figure this out, Fehr and his colleagues put people in a brain scanner and used a technique called Positron Emission Tomography or PET. This type of scanning provides a picture of how much glucose is used up by different brain areas during a task. Higher glucose consumption occurs when there is higher activity in a brain region. When punishers decided to punish a selfish donor, glucose consumption increased in a region of the brain associated with reward: the dorsal striatum. This region is also active when you eat ice cream, earn money, and solve an unexpected problem. Punishers incurred a financial cost, but gained emotional elation and internal reward. It turns out that giving someone his just deserts feels like eating dessert, but without the caloric gain.

When distinctively promiscuous punishment evolved, it transformed our capacity to cooperate and to maintain conformity to social norms. It provided us with the tools to not only repair a puncture in the system of norms, but to feel good about the costs personally incurred. When we punish, we have served justice and served ourselves a helping of the brain's rewards. The fossil record doesn't capture when we evolved the capacity to punish, as skulls and bones, stone tools, and even paintings are silent on why someone received a spear through the head — perhaps punished for a wrong doing or perhaps an enemy, a competitor interested in the same resources, or a suspected lover. No one will ever know. What we do know is that other primates never punish cheaters who break the norms of cooperation, whereas hunter-gatherers dotting the continents do. Though people living today as hunter-gatherers are not perfect replicas of what life was like way back when, they indicate that before we had sophisticated technology, agriculture, and permanent residences, we had the capacity to minimize the costs of the sucker's problem. Whenever this capacity emerged in human evolution, it provided a critical part of the solution to the problem of large-scale cooperation among unrelated strangers. With many eyes on the look out for cheaters, and a capacity to take out or ostracize the free riders, cooperation emerged as a stable solution to problems that are unsolvable at an individual level, including group defense and the acquisition of costly resources. Punishment enabled humans to live in large, stable cooperative societies, many of whom are unrelated strangers.

This momentous event in the history of cooperation carried with it a serious cost, bringing aggression and reward into closer proximity, with the costs of attacking others overshadowed by the benefits. As I discuss in greater detail in the next chapter, this economic transformation created, as an



HOUSE_OVERSIGHT_012795

incidental consequence, a hunger to watch violence and to see it as entertainment. It allowed our feelings of inequity and envy to morph into schadenfreude, retaliation, and spite. It allowed us to enjoy violence as perpetrators and spectators. It allowed us to put our money on feeling good about righting an injustice.

## *Why oh why?*

*Why* did evil, expressed as excessive harm to innocent others, evolve? The answer lies, so I suggest, in a special property of the human brain. Some time after we diverged from a chimpanzee-like common ancestor, the human brain was remodeled to allow promiscuous connections between previously unconnected circuits. Promiscuity enabled us to explore new problems using a combination of older, but nonetheless adaptive parts. Some of these novel explorations led to highly adaptive consequences, as when we developed the ability to self-deceive in the service of pumping ourselves up to do better in the context of competition; or when we invented new technologies to solve difficult environmental problems, such as using spears to capture prey at a distance; or, when we acquired the know-how to stockpile and enhance resources such as food, water and fertile land that are critical to individual survival and reproduction; or when we evolved the richly textured social emotions of jealousy, shame, guilt, elation, and empathy, feelings that motivate individuals to recognize the importance of others' well-being and interests and to correct prior wrongs; or, when we tapped into the rich connection between reward and aggression to punish cheaters trying to destabilize a cooperative society. But these same adaptive explorations also resulted in incidental costs that have destroyed the lives of innocent individuals. The capacity to deny others' moral worth enabled us to justify great harms, including self-sacrifice as living bombs designed to annihilate thousands of non-believers. The capacity to create advanced weaponry enabled us to kill at a distance, thereby avoiding the aversiveness of taking out those staring back. The capacity to stockpile resources led to the growth of greed, increasing disparities among members of society, the inspiration to steal, and heightened violence both to defend and to obtain. The capacity to experience social emotions such as jealousy led to blind rage and a driving engine of homicide, including cuckolded lovers who kill their spouses and stepparents who kill their stepchildren. The capacity to feel good about harming others enabled us to recruit this elixir in the service of causing excessive harm in any number of novel contexts, from ethnic cleansings to bizarre fetishes that include self-mutilation. And the list goes on. This is the yin and yang of promiscuous thinking. This is the natural history of evil, its ancestry and adaptive significance. This evolutionary explanation sets the stage for unpacking the recipe for evil, how it develops within individuals and societies, ingredient by ingredient.



HOUSE_OVERSIGHT_012796

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# Chapter 2: Runaway desire

> The desire of being believed, or the desire of persuading, of leading and directing other people, seems to be one of the strongest of all of our desires.
>
> — ***Adam Smith***

In 1999, an investment officer in a management firm had a gut feeling that something was wrong in a corner of the securities market. Based on calculations from the stated investment strategy for the fund, the returns were not only orbiting outside the financial stratosphere, but were mathematically impossible. The officer contacted the Securities and Exchange Commission, outlined the problem, and asked them to look into it. No reply. Year after year, the officer continued to contact the SEC about this case, explaining that it was potentially lethal, that he had no personal investments in the fund, and had never been an employee. No reply. Then, in 2007, he sent the SEC a 17-page report, showing why there was only one plausible conclusion: the stated strategy for the fund was a fraudulent cover up for a massive money-making scheme. Eventually, in 2008, the brains behind this scheme was ousted, escorted to a life in prison as number 61727-054, and welcomed to his new home by a community of like-minded white-collar criminals.

Meet HARRY MARKOPOLOS — the investment officer — MADOFF SECURITIES — the seductive investment opportunity — and BERNARD MADOFF — the genius behind one of the most spectacular Ponzi schemes in recorded history. Whistleblowers started warning the SEC as early as 1992, but no one listened. Madoff was making money hand over fist by pocketing new investments and if needed, using some of these to pay off individuals wishing to redeem their funds. Ponzi schemes work as long as new investments exceed the number of investors wishing to redeem their own investments. And for Madoff, this balancing act worked for 16 years. Then, as in the Bible's Book of Joshua, the walls came tumbling down, with Jericho riding in to hand Madoff a 150-year prison term for the financial murder of his trusting clients. Altogether, these innocent and trusting people lost approximately $65 billion dollars, all because one man allowed his desire for wealth and power to run out of control. Or so it seemed.



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Were those who put their money in Madoff securities entirely innocent? Or, like Madoff, did they too allow their desire for more wealth to run wild? Was Madoff's desire for extreme wealth that far off the curve of human variation? And if he was off, who or what do we blame? Could some quirky feature of Madoff's genome, together with the brain states it orchestrates, have pushed him over the edge into a universe of unreasonable and even irrational desires? Does it matter that Madoff grew up in a world in which the rich get richer despite the direct or indirect harm caused to innocent others?

Many have speculated answers to these questions, based on little or no evidence, and certainly no scientific evidence. But what matters most about case studies such as this is that they raise the kinds of questions that science can answer. What matters is that it is possible to run a Ponzi scheme. It is possible because there are humans like Madoff who are driven by the desire to accumulate great wealth, despite the personal risks and costs to others. It is possible because the world is populated by people who are willing to throw critical reasoning to the wind in the face of a tempting offer to make a huge amount of money. It is possible because people will take risks either without considering the potentially horrific consequences to innocent others, or by trivializing them.

As far as we know, Madoff never intended to put his friends and family members in a state of financial ruin. As far as we know, many invested in his securities knowing that investments can fail. As far as we know, some must have been suspicious, at least for a while, about how their investments could consistently yield such over the top returns when nothing else has or seemingly could. Madoff is certainly to blame for creating a fraudulent investment opportunity, but so too are the many who trusted him without question, happy to make absurdly high returns.

Did Madoff cause excessive harm? Yes. Were those harmed innocent victims? Not entirely. None were forced to invest, and all invested with at least some knowledge that the promised returns were off the charts. This is not innocence. This is desire run amuck while self-control and reason fly standby. Madoff was morally wrong, but not evil, at least not on my accounting of the ingredients of evil.

Madoff's case illustrates the power of desire to stampede reason. As the essayist James Thurber remarked, "Love is blind, but desire just doesn't give a good goddamn." Madoff didn't give a good goddamn. How does a system like this get going, and then sometimes go wrong, very wrong? It all starts with the elements of pleasure.

### *P for pleasure*

Imagine that scientists have just announced the discovery of a center in the brain that manages our experience of pleasure. Imagine further that they have invented a consumer device that, for only $49.99,



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enables you to ramp up or down the activity in the pleasure center. Want to get a bit more out of your dinner, a movie, tennis stroke, work, or sex? Flip the switch. Want to buffer yourself from the pain of ostracism, a romantic break up, or a colonoscopy? Flip the switch. Would you buy it? If so, what would you use it for, and would you be a habitual user? Would you worry about any side effects? Might using this device become addictive, or worse, either destroy the feeling of pleasure altogether or push you into a never-ending quest for satisfaction, with each dollop of pleasure leaving you wanting a bigger dollop next time around. This may seem like science fiction, but it's closer to non-fiction.

Over fifty years ago, scientists working with rats, implanted electrodes into in a region of the brain called the nucleus accumbens. The electrodes were connected to a switch. If the rat pressed the switch, it activated the electrode and thus stimulated this brain area. The rats indeed pressed, over and over again, some at a rate of 2000 presses per hour, with no external reward or threat of punishment. Pressing the switch was the reward, or at least the vehicle to what appeared to be the experience of reward. Pressing the switch was addictive. These scientists had discovered a critical part of the circuitry of pleasure, in rats! The rats discovered a pleasure switch, something they wanted to experience over and over and over again.

Soon after this discovery, clinicians started using deep brain stimulation to treat individuals with neurological complications, including Parkinson's patients suffering from loss of motor control, patients experiencing sustained pain, Tourette's patients suffering from motor tics and obsessive-compulsive problems, and even a patient in a coma who had lost, but then slowly recovered the capacity to name and grasp objects. Similar to the rat work, the technique involves implanting an electrical pulse generator within a targeted brain region. When the generator is turned on, it stimulates activity in previously malfunctioning regions. But as with genetic manipulations and the unknown space that characterizes the genomic universe, so too is the situation unchartered in the neuronal universe. Two patients suffering from chronic pain were implanted with impulse generators and subsequently developed profound *addictions* to the stimulation. In addition to relatively successful pain reduction, both patients experienced an enhanced desire for sex, including erotic feelings. One of these patients self-stimulated so often that she forgot to wash, change clothes, and adhere to family commitments. What happened? Did the clinicians treating these patients hit the pleasure center? When stimulated, what actually changed in the minds of these patients? Did they simply *want* more sexual arousal, suggesting that stimulation turned up the gain on their desire for sex? Or, did stimulation change what they *like*, a shift in the sense of pleasure that accompanies sex, and in this case, the anticipation of sex? Or perhaps it changed both wanting and liking, especially since we often want things we like?

These observations of how humans and rats respond to brain stimulation show that particular areas of the brain are linked to pleasure, especially the motivation to obtain rewarding experiences. These



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observations also reveal that when these areas are activated, they can result in addictive, uncontrollable behaviors that are toxic to self and others. They suggest that areas of the brain associated with desire can run out of control. But to understand how the brain motivates us to *want* some things but not others, how it creates the experience of *liking*, and how it enables us to want things we like by *learning* about the world, we must turn to experiments on nonhuman animals, brain scans of healthy humans, the mechanics of mind-altering drugs, conscious and unconscious influences on our choices, and the sad stories of individuals with uncontrollable urges to eat, drink, snort, shoot up, and gamble. This is the evidence that scientists, especially the American cognitive neuroscientist Kent Berridge, have gathered to explain the three core elements of pleasure: wanting, liking, and learning.

Often, but not always, the experiences we want or desire are the experiences we like. Often, but not always, the experiences we like are rewarding and good for our health. Often, but not always, we are aware of the experiences we like, and make rational plans to experience them again. Often, but not always, our rational plans to experience what we like makes us happy. Often, but not always, we find ways to maintain our happiness by using self-control to moderate our exposure to pleasurable experiences. The *often* refrain refers to the fact that the systems involved in wanting, liking, and learning work in this way most of the time. The *but not always* refrain is a tip off to exceptions that speak to interesting aspects of the machinery. For example, though we most often want things we like, we can want things we don't like and like things we don't want. I want to lift weights, do push-ups and sit-ups to stay fit, but I don't really like doing any of these exercises. I like the Porsche Boxster sportscar, but don't want one because it is a gas guzzling environmental nightmare and inconveniently small for a family car. The fact that wanting and liking can mount a unified front or conflict with each other shows that it is important to look at the glue between them, which is learning. Learning allows us to work out our values, setting up a preference profile for what we desire in the people we interact with, the places we visit, the objects we handle, and the events we experience. Learning allows us to predict situations that generate pleasure or pain. Though we are conscious of many of these processes, and can actively influence them, unconscious processes are also at work. These systems of the brain link us to our evolutionary past, and to animals without language but clearly expressed likes and dislikes.

Evolution has endowed all animals with unconscious wanting systems — brain circuitry that motivates individuals to seek resources that enable survival and reproduction. For young mammals, still dependent upon parental care, their desires are simple: milk and warmth from their mothers, and depending on the species, additional warmth and protection from fathers; for the record, the human father is an oddity among primates, as no other ape and virtually no other monkeys express a paternal instinct. With growth and independence, desires shift to other resources that can satisfy hunger and thirst, accompanied by sexual and social status desires. Though driven by unconscious operations, the behaviors



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that result are often strategic, dependent upon changes in climate, other competitors, who happens to be in a bad mood, and who is sexually active. In a variety of species, from dung beetles to deer, biologists have developed mathematical models that accurately predict how long an individual should wait for a sexual partner or feed in a food patch. The accuracy of these models shows that individuals' desires for resources linked to survival and reproduction are captured by lawful principles or rules. This is important because it means we understand how the machine underlying behavior works. It means we understand how animals make certain choices.

Understanding how wanting works is straightforward. In both humans and nonhuman animals, we can measure what individuals approach when we give them a choice, as well as how much effort they are willing to exert while approaching and gaining access to a particular object or experience. For example, in studies that explore whether captive animals are provided with sufficient housing conditions, an experimenter presents individuals with a choice of rooms, one consisting of the typical housing environment and the others by the addition of goods believed to be of interest. To enter a given room requires opening a door. To determine how much an individual really wants what is in another room, the experimenter ramped up the difficulty of opening each door. In studies of captive hens and mongoose, individuals exerted considerable effort to open some doors but not others. Hens rammed into doors opening onto a chipped wood floor, whereas mongoose did the same for a pool of water. These are items they want, but do not get in captivity.

What about liking? It may seem, at first blush, that because liking is a subjective experience, that there are no clear objective ways to measure it. My likes are my own. You can't possibly know what it is like to be me. If you can't know what it is like to be me, then we can't possibly know what it is like to be a mongoose, mouse or monkey. There are, however, ways of measuring liking and disliking that are reliable, objective, and consistent across species. In many animals, including human babies who can't speak and human adults who have lost this capacity due to brain injury, there are distinctive behaviors that are consistently linked to positive experiences and others linked to negative ones. For example, in mice, monkeys, and human babies, tasting something sweet like sugar causes a lot of lip licking, whereas tasting something bitter such as quinine causes mouth gaping, nose twitching, and arm flailing. These similarities show that evolution has been conservative, maintaining the same underlying mechanisms for handling likes and dislikes. These similarities have enabled scientists to understand how the brain systems involved in wanting and liking can change together or separately, even though they can't help us understand the harder problem of what, in particular, it is like for a given mouse, monkey or man to like something.

To understand the machinery that drives rodent wants or desire, Susana Peciña and Kent Berridge took advantage of the genetic technique that Joe Tsien —mentioned in the last chapter— used to create



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smart mice. Recall that Tsien jazzed up a gene's expression to improve memory and learning. In contrast, Peciña and Berridge quieted a gene that controls the amount of dopamine floating around in between neurons. With this gene silenced, dopamine levels increased. Compared with normal mice, these dopamine-plus mice consumed twice as much food and water, and learned much faster where food was located within a maze. But when it came to measuring licking as liking, the dopamine-plus mice were no different from normal mice. Dopamine is therefore essential for the wanting system, but not the liking system. This conclusion has been supported by many other studies, of mice and men, in the context of eating and drug addiction — two topics that I will shortly revisit.

To understand what rodents like, Peciña and Berridge injected an opioid drug — similar to opium from poppy plants — into two brain regions associated with reward — the nucleus accumbens and the ventral pallidum. Not only have studies of rodents, monkeys, and humans revealed that these areas are associated with reward — recall the brain stimulation studies — but they contain sub-regions known as *hedonic hotspots* — zones tuned to particular kinds of stimulation, designed to jazz up the liking element of pleasure. Following injection, individuals licked four times more often in response to sugar as the non-injected individuals, but did not show a difference in wanting. The opioid injections also caused a decrease in the aversiveness of bitter quinine, as evidenced by a decrease in mouth gaping. Turning on these hedonic hotspot ramped up the pleasure of sweets, and diminished the displeasure from bitters. Together, the Pecina and Berridge studies highlight the independence of wanting and liking, and the ways in which the brain — or a clever experimenter playing with it — regulates the elements of pleasure.

How does the brain figure out what's hot and what's not, delicious or disgusting? It's one thing to desire a particular experience, and another to derive pleasure from the experience. But the world is not set up with labels that indicate which objects and events are pleasurable and which distasteful. Every object and event has particular properties that, depending on the animal's sensory ability, can be seen, heard, tasted, smelled, or touched. For all organisms, there are receptors within each of the sensory modalities that are biased to prefer some things over others. This is why no human baby has to be taught to dislike bitter things and like sweet things. From the very first encounter, sugary solutions trigger tongue protrusions and licking, whereas bitter solutions trigger a gaping mouth. We have evolved, as have other animals, sensory systems that are tuned to prefer some things and dislike others, right from the start. These initial biases guide the learning process, facilitating acquisition of new knowledge in some cases, making it almost impossible in others, and setting a course to self-destruction in yet others. Try teaching a young child that the taste of sweet chocolate is disgusting while the taste of bitter endives is delicious. Try teaching cocaine addicts to turn off the magnetic pull of white powder, or convincing alcoholics that the clinking sound of ice in a glass isn't meaningful. Try teaching rogue soldiers involved in genocide



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that the parasitic enemy shouldn't be exterminated. This is where scientific explanation gains considerable interest, helping us understand how we develop anticipatory pleasures and past-oriented regrets, struggle to change from habitual rewards, and acquire irrational desires for experiences we no longer enjoy — a problem that appears to maintain most forms of addiction.

Humans go to restaurants and bees to flowers because both are associated with food. Within these broad categories, there are good restaurants and flowers, as well as bad ones, where good and bad are determined by experience. The experience can be direct, as when food is actually consumed, or indirect as when humans listen to an animated friend describe a restaurant's menu and bees watch a hive mate dance, providing a description of the flower's location and quality. Once the association between food and location is established, simply seeing the restaurant or flower triggers a cascade of neural and chemical activity in the brain linked to reward and the anticipation of pleasure. The restaurant and flower are cues that predict food. If you walked into your favorite restaurant and found that they sold fertilizer rather than food, you would be heartbroken. If you haven't been to the restaurant in a long time, but memorialized your previous experience as a gastronomic high, you will be deeply disappointed if your first bite doesn't live up to the standards you anticipated. This mismatch between anticipated and experienced reward will lead to a cascade of brain activity — indicative of an error. The primary engine driving the experience of reward, including predicting when it will occur and with what kind of intensity, is the dopaminergic system, a network of brain areas that releases dopamine in most invertebrates and vertebrates, including the human vertebrate.

Many natural behaviors trigger dopamine, including male songbirds singing to attract females, rhesus monkeys seeing a red light that has been associated with a soon to be delivered shot of juice, and humans cooperating with each other. Many unnatural behaviors and objects can also trigger dopamine. Animals trained to press a switch for food, will often become obsessively attracted to the switch, caressing and biting it even in the absence of food; humans with addictions to cigarettes, food and gambling, will often obsessively fondle an empty cigarette carton, fork, and deck of cards, respectively. But these correlations leave open the question of whether dopamine causes the anticipation or experience of reward, or flows from these experiences.

To tackle the causality problem requires experiments, either directly changing dopamine concentration or comparing individuals who, due to genetic differences, show differences in dopamine levels. We know from studies of rodents and monkeys that selectively increasing dopamine with drugs results in heightened wanting of food if there are cues to foraging, or sex if opportunity knocks. The Israelian cognitive neuroscientist Tali Sharot pursued a similar approach with healthy humans subjects. She first asked individuals to rate how happy they would be if they vacationed in 80 possible destinations. Then, some subjects took a placebo while others took L-dopa, a drug that selectively increases the release



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of dopamine. Later, these same subjects imagined what it would be like to actually vacation in these places, and rated their imagined experience. Those on L-dopa felt they would be much happier, revealing the power of dopamine to cause changes in our experience of reward. Complimenting these experimental results are studies showing that genetic variation in the expression of dopamine in humans are closely tied to impulsive behaviors and behavioral disorders. Thus, individuals with genetic variants that result in higher levels of dopamine are more likely to engage in compulsive gambling and eating, leading to addictions. The anticipation of heightened pleasure leads these gamblers, eaters, and abusers to want more and more.

This work shows that dopamine is necessary for monitoring and guiding our desire for reward, with evidence of individual differences that start with our biology. This is a highly adaptive system. But changes in dopamine can also cause our desire for reward to runaway, like a brakeless trolley. This is a highly maladaptive process. This flip between adaptive and maladaptive that we see within the dopaminergic system is, by now, a familiar brain routine. It provides, I believe, the means to explain all manners of excess, from the desire for food and money to drugs and violence.

Obesity and drug addiction are disorders of excess. They are disorders of insatiable desire. There are many paths to obesity and addiction, but all ultimately point to changes in the reward system. In humans born with deficient levels of the hormone leptin, overeating and obesity are common outcomes. When these individuals view images of food during a brain scanning session, they show *lower* levels of activity in the striatum than non-leptin deficient individuals. The striatum is an area that is rich in dopamine and an essential part of the reward system. This may, at first, seem paradoxical: how could those who eat to excess not show an excess of activity in the striatum, and thus, an over-the-top experience of reward upon seeing food? The answer lies in studies of rodents and humans. Whether it is obese rats or obese people, both show compulsive eating, but lower levels of expression of dopamine in the striatum. If you silence a key dopamine gene in rats, you can quickly turn them into food junkies, driven by an unsatisfied wanting system. Overeating, like over-drugging, turns the reward dial down. This is an adaptive response, except when it operates in the mind of a food or drug junky. Though the reward hits are small and unnoticeable, the wanting system remains highly motivated, triggered by the same cues. What food and drug junkies want is more hits, but the reward system isn't delivering. This causes them to want even more.

What the work on obesity and addiction tell us is that independently of how people get started on the path to fulfilling their desires, and whatever leads them to over-consume, consumption loses its luster. The brain is smart: excess is bad and thus the reward systems turns off. But because the wanting or desire system is independent from the reward system, and has evolved insurance against a complete shut down,



HOUSE_OVERSIGHT_012808

it continues to drive desire. Because the reward system isn't delivering the goods, excess unfolds driven by a wanting system that is looking for pleasure in all the wrong places.

When we were hunters and gatherers, excess was an unborn concept. We lived on the edge then, enjoying scraps of whatever kill arrived on the fireplace, together with the tubers gathered up on the day. We, at least many of us in the West, live in a world that has a 24/7 cafeteria of food and drugs. It is a want it-have it culture. As work in molecular biology shows, and as I will pick up in chapter 4, some of us start off more vulnerable than others, susceptible to sampling from the cafeteria at all hours of the day and night. The combination of a heavily marketed environment and a biological susceptibility to excess, is a losing combination for the consumer.

The work on addiction provides a template for thinking about how individuals and societies ignite a path to excessive harms. In the same way that excessive eating gets going and going out of control when the dopamine system drives an irrational desire to want more and more food that is liked less and less, so too is excessive harm often driven by a similar decoupling between wants and likes. Individuals start with a desire to acquire wealth, to physically harm those who are unlike them, or taste the sweetness of revenge against someone who acted unfairly. These desires are often linked to an experience of pleasure or the anticipation of pleasure. But as such actions and their consequences accumulate, the pleasure derived diminishes, as money is acquired just for the sake of having more, while individuals are injured, maimed, or killed because this is the policy that must be pursued. Liking is no longer part of the equation, leaving cold desire to do its work at the expense of innocent others who get in the way.

To develop this idea, and especially the link to excessive harm, I have to fill in a missing piece in our discussion of desire. Everything I have discussed in this section has focused on individuals and their core corporal needs for survival — or in the case of drugs, recreation. I haven't said a word about how desire works in the social arena, whether the same systems are in play when we compare our own desires and resources with others, or with other opportunities. When desire is motivated by what others have or have achieved, are the same processes in play as when we eat, drink, or gamble? These are important questions as the desire to accumulate great wealth or to harm others is often motivated by comparison shopping, assessing what others have relative to our own status. The most primal starting point for comparison shopping is the world of hierarchies, a world where the desire to dominate rules.

### *Power hungry*

Whether you are observing a social insect, fish, lizard, bird, rat, whale, monkey, or human, males are bigger and bolder, more boisterous, brash and brazen, and more motivated to get into a brawl than females. Though biologists don't define the sexes based on these differences, they use them to understand



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what drives competition for valuable resources and what determines the criteria for dominance status. Biologists define the sexes based on differences in the gonads, the reproductive organs that generate eggs and sperm, and the corresponding effects of sex-specific selection on the mind, body, and behavior. Females are those with larger, more costly gonads, where cost is defined on the basis of how much energy is invested in production. Think eggs versus sperm. This difference sets up an immediate competition, especially for species that have parental care. Once you invest in a big expensive egg, you don't want to lose your investment. You want to protect it, avoiding harm and minimizing risk. On the other hand, if your investment is small, you are not only freer to take risks, but favored to do so.

These ideas started with Charles Darwin. One hundred years later, they were developed in exquisite detail by the American evolutionary biologist Robert Trivers. Combined, they provide an explanation for why, in most species including our own, males compete with each other for access to females — the most valuable and limited resource — and why females are picky, expressing an aesthetic preference for males of a particular quality. Selection favors parts of the body and brain associated with dominant males and picky females. Dominant males win fights against other males, and thus gain access to females. Dominant males take risks and are more aggressive. Picky females hold out for the best males, those who provide the most desirable resources. Picky females are patient, waiting for males with good genes, access to prime real estate, and the protective skills and motivation to defend them and their young. These are qualities linked to high status. These are qualities associated with the ability to obtain and control resources. These are the qualities that females desire.

Male desire for dominance is therefore nurtured by female desire for dominant males. Like appetites, these desires seek satisfaction. Like appetitive addictions that create devastating consequences for individuals, groups and nations, so too can our appetite for domination.

Recall from the last chapter that testosterone and cortisol play a teeter-totter role in aggressive competition. When testosterone is high and cortisol is low, the motivation to fight and defend one's resources is high. These two hormones, and the brain areas they impact, fuel the desire to maintain a competitive edge. Recall further that winners experience an increase in testosterone, and losers a decrease, and that testosterone is addictive. Testosterone is therefore part of the system that links the desire to outcompete and gain dominance status with the rewarding experience of winning and achieving high rank.

To attain high rank, including a competitive advantage over others with respect to food and mating opportunities, requires social knowledge. How tough is the alpha baboon or boss in a company, and what kind of support do they have from other individuals in the group? How sexually receptive are females when their hormonal cycles tilt them into a period of potential conception? What other males are interested in these females? Attaining and maintaining high rank also requires attention to cues that are



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continuously changing, including where someone is looking and parts of the body that signal power and sexual availability. The American neuroscientist Michael Platt carried out a clever series of experiments to understand how much male rhesus monkeys value different kinds of social information and how much they will pay to obtain it. As in our discussion of wanting and liking, Platt rightly assumed that rhesus monkeys would value most what they like most, and that they would pay the highest price for what they are most motivated to acquire.

Each monkey watched a slide show with viewing options akin to pay-per-view television. On a given trial, they could watch one of two images for as long as they liked, each viewing option associated with a particular amount of juice. For each pair of images, one delivered more juice than the other. Given that these were thirsty monkeys , they should prefer more juice over less juice. If monkeys have no interest in the images per se — because they have no value — then their viewing preferences should be strictly determined by where they can get the most juice. If, on the other hand, the images have value, and some images are more valuable than others, then they may be willing to look at an image that delivers less juice over an image that delivers more. This is costly viewing. This is paying for watching. Evidence for such preferences would reveal that rhesus monkeys value the social information that comes from the image over the juice itself, a surprising result given that juice is a primary reward whereas the image is only a secondary reward, indicative of things to come.

Consistently, these male monkeys had two favorite channels, preferring those showing pictures of high ranking individuals and close-ups of female hindquarters. They preferred these over images of low ranking individuals, despite the fact that this choice often cost them the opportunity to drink more juice.

Platt's findings show that monkeys are motivated to acquire information about socially relevant situations, including information about dominance and sex. Their motivation or desire to obtain this information is high, as evidenced by the fact that they are willing to pay a cost. Keeping an eye on a dominant is of value as dominants pose a threat, especially one staring at you. Keeping an eye on a female's hindquarters is also of value as it can signal sexual receptivity: in rhesus monkeys, as in many other monkeys and apes, the area around the vagina either swells, turns red, or both when females are ovulating. This is important information for males in their attempts to court and mate females. I will quickly pass over the potential implication of these results for thinking about the origins of pornography.

Humans also value social information, with many hours in a day devoted to obtaining such information through gossip. Many of us live in a world where dominance matters, whether it is climbing to the top of a corporate chain or attaining the title of heavyweight champion of the world. Individuals seek high status because of the physical and health benefits that accrue. In such societies, our sense of self is based on our comparison with others. It is also based on a strong sense of independence, autonomy, assertiveness, and uniqueness. In other societies, the self dissolves into the other, with an



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emphasis on inter-dependence, commonness, and openness to change in response to authority. These differences in self-perception show up when we attend to faces of familiar individuals. Chinese subjects, representative of a collectivistic and inter-dependent society, responded more quickly to seeing their boss's face than seeing their own face. In contrast, American subjects responded more quickly to their own face than to any other person's face, including that of their boss. Like Platt's monkeys, therefore, we too place value on social information. Unlike Platt's monkeys, our sense of value in the social domain is modulated by our cultural upbringing. This modulation, and the brain states that accompany it, shows up in direct comparisons of individuals who are motivated to attain high dominance status with those who are motivated to create equality.

The American social psychologist Joan Chiao used survey information to establish two groups of individuals based on those who preferred to live in an egalitarian society and those who preferred a hierarchical society. These individuals then entered a brain scanner and viewed pictures of people experiencing pain. Two areas, both associated with the personal experience of pain and the perception of pain in others, were highly active. But these areas were less active in those who preferred hierarchies than those who preferred egalitarianism. This finding, as Chiao notes, is consistent with the idea that in an egalitarian society, empathy for others well-being is essential. In egalitarian societies, seeing someone who has less or is being harmed by another, should motivate a desire to redress the imbalance and reduce the harm. In a dog-eat-dog hierarchical society, where dominants outcompete subordinates and inequities are part of life, concern for those at the bottom is a sign of weakness. These results show how cultural influences can shape brain activity, leading some to develop deep desires for dominance and inequities, whereas others develop deep desires for equality. These brain areas heighten our sensitivity to what others have, what we desire, and how our desires are modulated by what others have. These comparisons motivate us to improve our status either by working harder — a good thing — or taking down those above us — a bad thing.

### *I'll have what she's having*

One of the most famous lines in movie history was delivered by Estelle Reiner in *When Harry Met Sally,* a comedy produced by her son Rob Reiner. While Estelle is seated at a table in a delicatessen, Sally — played by Meg Ryan — fakes having an orgasm to show Harry — played by Billy Crystal — that he can't tell the difference between fakes and the real deal. Overhearing Ryan's performance, Estelle turns to the waiter and says "I'll have what she's having." This is comparative shopping, cashing in on



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someone else's subjective experience to guide our chosen experiences.

Orgasms and eating are two of the great pleasures in life, whether you live in Tokyo, Toronto, Toulouse, Tehran or Timbuktu? I doubt any healthy human adult would debate this. What can be debated is what counts as the ultimate orgasm or food experience. It can be debated both among friends and inside our own minds, influenced by personal experience and our knowledge of what else is available, or might be.

Consider potato chips. As a snack, potato chips generate a revenue in the United States of about $6-7 billion dollars each year, relying on the slicing and frying of about 2 billion pounds of potatoes. These facts make clear that most Americans love potato chips, and are motivated to consume them. Like other salty snacks, it is hard to eat just one. The American psychologist Carey Morewedge and his collaborators ran an experiment to find out how much people love potato chips, and whether their anticipated fondness for this delicious crisp changes in the face of other options. Subjects sat at a table in front of a bowl of potato chips and an alternative food that was visible, but out of reach. The alternative was either a highly undesirable snack such as sardines, or a highly desirable one such as Godiva chocolate. After subjects contemplated what it would be like to eat each of these foods, they then rated how much they would enjoy them. This is like the study I described in the pleasure section where subjects rated how much they would enjoy different vacation destinations, but without the comparison between one clearly good and one clearly bad spot. Both focus on the anticipation of a pleasurable experience.

Subjects' ratings of potato chip deliciousness soared when sardines were on offer, and plummeted in the presence of chocolate. Context matters. What is clearly delicious when there is nothing else on the table, loses or gains in deliciousness when the table fills up with other delectable or disgusting alternatives.

What's happening to our pleasure detector, and especially our anticipated reward system, in the potato chip experiment? Are we incapable of understanding what makes us happy, unable to figure out what is or is not delicious, or are we fickle? What Morewedge's experiment reveals is that deliciousness, like ugliness, stubbornness, and obsequiousness, is a judgment, judgments are always relative or comparative, and as such, based on some standard that is either present in the moment, stored away in our memories, or anticipated in the future. When Estelle Reiner uttered her famous line, she was using Meg Ryan's orgasmic expression of delight as a comparative metric. When we compare food items or wine or pretty faces or sporty cars, we recruit our brain's resources, especially the circuitry involved in attention, emotion and memory. Whether we say that potato chips are the best snack, or better than sardines, we have made a comparison that requires our attention, our capacity to keep at least two items in memory, and a way of emotionally tagging each of the items. This comparison-shopping taxes our mental resources, recruiting them away from the job of evaluating one snack, and leading to a distorted



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evaluation of desirability.

Morewedge's experiments point to a mismatch between how delicious something is and how delicious we think it will be, or how delicious we thought it was. It reveals a distortion in our capacity to anticipate — or *forecast* in the words of the American social psychologist Daniel Gilbert — how we will feel, and in particular, how much we will like the experience. This is a problem for the elements of pleasure that I laid out earlier in this chapter, as we expect the system that links wanting and liking to be well honed, even optimized to make sure that we really want things we really like. Is this distortion something to expect across the board, independently of context, or is it specific to our food? Is the social domain similarly vulnerable to a distorted view of anticipated pleasure?

Consider revenge. When someone transgresses over the borders of social norms, either harming us or those we care about, we often seek revenge, motivated to even things up. We often imagine that revenge will make us feel better, providing a honey hit to the brain that will satisfy our desire to redress an imbalance. But is this the outcome we consistently achieve when we follow through on a plot of revenge or, as Sir Frances Bacon noted over three hundred years ago, might "A man that studieth revenge, keeps his own wounds green, which otherwise would heal, and do well." In more modern and plain English, might our desire for revenge inoculate us against healing, creating an illusion that we will feel better? If so, revenge looks like an addictive process, with wanting unhinged from liking.

The American psychologist Kevin Carlsmith set up an experimental game that allowed each subject within a group to contribute money to a public good. At the end of one round, the bank multiplied the total by a pre-determined amount, divided this total by the number of players, and then redistributed this amount to each player. In this game, the best for each player in the group is to contribute to the common pot because this maximized the returns. However, the best strategy for an individual is to defect, holding on to the initial endowment while reaping the rewards of everyone else's generous contributions. Those who opt out of cooperation in a public good situation stand to benefit, especially in a world with no punishment.

Carlsmith created an experimental world of punishment for some players, but not all, and then explored how punishment contributed to a subject's feelings. Some could pay to punish, some witnessed the consequence of another's punitive act, and some had no exposure to a game involving punishment.

When given the opportunity to punish the defector, most people punished. Everyone, both punishers and non-punishers alike, expected punishment to feel good. They were wrong. Both punishers and those who witnessed punishment felt worse, with the act of punishment compounding the bad feelings. The fact that the witnesses felt worse, as opposed to better, may seem at odds with our experience of schadenfreude, of enjoying another's misery. Shouldn't the witnesses have rejoiced upon discovering that the offenders were slapped with a punitive fine? In our own personal experience with



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schadenfreude, as well as in studies that I will explore in a few sections, witnesses learn of a misfortune that happens to another but this news has no direct bearing on the witness. In Carlsmith's experiments, the witnesses learn of a misfortune, but the offender's defection has a direct bearing on the witness in terms of money lost. Thus, although punishment may feel good, the benefit may not make up for the lost income.

Everyone in Carlsmith's experiments also believed that punishment would cause people to think less about the offender. They were wrong again. Punishers, but not those who simply witnessed punishment, ruminated more about the selfish offenders. Rumination led to more bad feelings. These bad feelings led to more rumination, giving birth to a vicious cycle of feeling bad and ruminating about those who cheated them of some money. Rumination heightened the comparative difference in resources.

Carlsmith's findings are paradoxical and disturbing. Paradoxically, they suggest that in some situations, our expectations about the feeling of punishing an immoral act are inverted from the feelings we feel following punishment: rather than feeling a happy high, we feel a depressing low, often accompanied by increasing anger. In the context of punishing a free-rider who stiffed the group, everyone expects to feel a tingle of delicious delight, but many end up feeling angry instead. The entire polarity of the emotion has switched, with rumination and anger dominating our thoughts. This is a dangerous state to enter. Faced with the strong belief and desire that revenge should feel good, but lacking any confirmation, we are moved to find new evidence. With anger at the helm, there is only one solution: escalate the level of punishment, and continue to do so until it feels good. This is precisely the pattern I described above for obesity: the wanting system continues to search for liking and reward, but fails, and thus continues. Whether it is an unsatisfied desire for food or revenge, the unfortunate consequence is an escalation to excess. Evil isn't far behind, fueled by a variety of situations in which we fail to obtain what we want.

*The great leveler*

We are often envious of those who have what we desire, whether it is good looks, money, a warm supportive family, or a better tennis stroke. Envy can motivate us to change our looks, find careers that will improve our finances, seek relationships that will provide additional support, and pick up a few extra tennis lessons to win the next match. Unfortunately, envy can quickly turn, as desire and a deep sense of inferiority transform into insatiable cravings to acquire whatever is necessary to gain superiority. Envy thus wears two masks, one benign and inspirational, the other malignant and destructive. As the writer Dorothy Sayers noted, envy "is the great leveler; if it cannot level things up, it will level them down."



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Envy emerges out of our sense of fairness, fueled by competition. It is part and parcel of a hierarchical society. When we envy someone, we have detected a difference or inequity between our own condition and that of another. We want what someone else has, presumably because we like what they have. Wanting and liking are in harmony. Recognition of the inequity fuels competition to redress the imbalance. This sense of fairness appears early in child development, changing in systematic ways as a function of a culture's norms.

The Swiss economist Ernst Fehr, who led the brain imaging studies of punishment and reward discussed in Chapter 1, assembled a team of developmental psychologists to test for evidence of fairness in young children ages 3-8 years old. Fehr was especially interested in when children recognize a disparity or inequity in the distribution of resources, and what they are willing to do, if anything, to redress the imbalance. The experimenter paired up each child with a partner of the same age who was either from the same school or a different school; the school distinction was set up to look at in-group versus out-group differences which, as discussed in chapter 1, can lead parochial altruism — the paradoxical result of greater cooperation among group members and greater hatred and violence toward those outside. Though each child knew about their partner's age and school affiliation, they never saw their partner. Each child therefore knew only that they were playing with *someone* from their school or *someone* unfamiliar to them.

Each child played three different games. In each game, the experimenter told one child to decide how to distribute a fixed amount of candy. In the *prosocial* game, the decider either takes one candy and gives one to the partner or takes one candy and gives nothing to the partner. If children are sensitive to inequities and want to share in order to make things fair, they should pick the 1-1 option; picking the 1-0 option doesn't affect the decider, but dings the partner. In the *envy* game, the decider has a choice between 1-1 and 1-2. As in the prosocial game, the decider gets the same amount of candy with both options, but preserves equity with 1-1. Picking 1-1 also reveals that the child has an aversion to others having more, even when there is no personal cost. In the third, *sharing* game, the decider has a choice between 1-1 and 2-0. Here again, the decider gets candy in both cases, but the 2-0 option tempts the desire for more, both personally and relatively. On the one hand, a greedy child will want more candy, and so 2 wins over 1. But picking the 2-0 option also leads to a greater difference with the partner, while robbing them of an opportunity for any candy. If fairness prevails, deciders should pick 1-1. If selfishness prevails, motivated by competition, they should pick 2-0.

Across all three games, there was an increasing tendency from age 3 to 8 years old for children to pick the fair distribution (1-1). Across all ages and games, children were most likely to pick the fair distribution when playing against familiar than unfamiliar schoolmates. What these results reveal, together with many other similar studies, is that children are sensitive to the distribution of goods at an



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early age, but with important developmental changes in play. There is a tendency for children to both recognize inequities early in life, but to act selfishly when possible. The envy game shows this beautifully. When another child could receive more, children rejected this option even though it wouldn't cost them directly: the decider always gets just one candy. Though no one has yet worked out what causes a developmental shift from more to less selfishness, most agree that it is driven by maturation of brain regions guiding self-control, together with social factors that make young children increasingly aware of and sensitive to their own and others' reputations. Fehr's studies also show that playing fair is not just about the distribution of resources, but about who gets them. Early in life, children have already carved up the world into those they know and those they don't. This division drives their thinking and feeling, and in cases like this, their sense of fairness. Young children are well on their way to developing parochial altruism.

Fehr's research, and the majority of studies on the child's developing sense of fairness, focus on children living in large-scale Western societies. Most of the work on fairness in adults is similarly focused on large scale societies. The precise structure of these societies may directly impact how individuals decide when to share, what commodities enter into the distribution, and whether sharing depends on effort invested, needs, and power. As noted in the last section, those who support an egalitarian society are more likely to feel empathy toward those in pain than those who support a hierarchical society. Individuals who are more empathic are also more altruistic. Hunter-gatherer societies tend to be more egalitarian, and highly cooperative. These differences predict further differences in how those living in small-scale societies, including the hunter-gatherers and subsistence farmers of Africa, Asia, and South America, should respond to unfair exchanges.

The American anthropologist Joseph Henrich and his colleagues presented a set of bargaining games to adults living in different small-scale societies across the globe. Though the subjects in this study played a number of different games, the basic goal was similar to those deployed by Fehr in his studies of children and adults: under what conditions will individuals choose to share an equal as opposed to an unequal distribution of resources?

Consider the ultimatum game. One individual decides how to distribute a fixed amount of money to an anonymous partner; in the Henrich games, he always used the local currency and an amount that was appropriate for the society. The partner had two options: keep what is on offer or reject it. Rejection is costly to both players as they leave empty handed. Rejection is both an expression of sour grapes for what could have been — a fair offer — and punishment for selfish behavior. In large scale societies, offers typically range from 40-50% of the initial pot, and rejections are common for offers less than about 20%.



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Across the globe, most people in these small scale societies offered some amount of the initial pot. Across the globe, most people rejected really low offers. This shows the universal signature of fairness: an expectation of sharing resources and a no-tolerance view of greed. Cultures differed with respect to how much they shared and whether they rejected. Some societies offered, on average, close to 40%, while others offered as little as 15%. Some societies accepted virtually all offers, whereas others rejected both low and even high offers. Even in more egalitarian societies, therefore, there is sensitivity to unequal distributions. Even in egalitarian societies, there is a willingness to punish those who act unfairly, greedily taking more than their fair share.

The work I have discussed on fairness is only a fraction of the growing body of scientific evidence. What this research reveals is that a sense of fairness is part of human nature, appearing early in development, but guided by experience toward a particular cultural form. When our desire for fairness or equity combines with our competitive drive, envy often follows. Studies of the brain show how envy is generated from this combination.

When healthy subjects sit in a brain scanner and learn about other individuals who have what they desire, there is considerable activity in the anterior cingulate, and more activity in those who feel more envious. This is not the envy center of the brain. There is no such area. But the recruitment of the anterior cingulate in other social situations helps us understand what is going on more generally in the case of envy. The anterior cingulate activates when we experience pain from social exclusion, but not when we witness such pain in others. It is one of the areas that was activated in Chiao's work on the differences in pain empathy for those supporting either an egalitarian or hierarchical society. The anterior cingulate is also involved when our minds are pulled in two different directions, a situation that arises when we are forced to choose between two conflicting moral options — for example, a duty to save the lives of many versus the prohibition of killing one person to save the lives of many. There is a common thread here that unites these different experiences. Like our experience of social exclusion, envy is also a form of social pain and to some, deeply painful, as it reveals a sense of deficiency in acquiring resources. Envy also represents a situation in which our positive sense of self conflicts with the negative sense of self engendered by social comparison. Our brain — and the anterior cingulate in particular — informs us that we are less accomplished when compared with others. Envy is socially imposed pain generated by comparison shopping.

Envy highlights what we don't have, which fuels the system of desire, which seeks satisfaction. Unsatisfied, envy runs wild. Unsatisfied, wanting keeps hunting for pleasure. Schadenfreude delivers some prey.



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*O Schadenfreude*

On February 15, 1978, a relatively unknown boxer with few professional fights, stepped into the Las Vegas boxing ring and snatched the world heavyweight champion title from Muhammad Ali. Ali, along with his entourage of managers, coaches and fans were shocked, though no one denied that he lost. The unknown boxer was Leon Spinks. His only prior claim to fame, and ticket to a shot at Ali, was an Olympic gold medal two years earlier. With this win, not only did Spinks enjoy the heavyweight belt of champions, but a cash prize of $350,000 and a promise of $3.8 million for the rematch with Ali. But this meteoric rise to the top fizzled into a meteoric crash, driven by women, alcohol, sports cars, and a lack of training. Leon Spinks, aka "Neon Leon," was living the fast life, and rapidly losing his status as a respected sports hero.

Moments before his rematch with Ali, he cruised the streets of New Orleans on top of a limousine while smoking a joint. He was flaunting his nonchalance, making fun of Ali's age, and carrying on about his ability to take the old champ without a single work out. When he entered the ring, Ali was ready. Though the match went the full fifteen rounds, it was no contest. Ali won.

Newspaper writers and boxing fans celebrated the return of their champion, and mocked the downfall of an ephemeral, arrogant, and out of control hero. After losing to Ali in the rematch, Neon Leon crashed further, losing all of his earnings, taking on odd jobs for minimum wage, losing a son in a gang fight, and suffering defeat after defeat in the boxing arena. From envied millionaire sports star to bankrupt fool and the laughingstock of the boxing world.

When the envied fall down, we perversely enjoy the knock out. This is schadenfreude, a German word that describes the joy we feel in witnessing another's misfortune. Though the emotion is universally understood, recognized in our written records at least as far back as Aristotle, the German language is one of the few to capture the feeling by tapping the brain's promiscuity, combining the word for harm (*schaden*) with the word for joy (*freude*). Like envy, schadenfreude is a social, comparative emotion. It erupts when those we envy fall down, when someone we dislike meets his comeuppance, and when a misfortune is deserved. But like envy, schadenfreude presents two faces, one elevating and virtuous, the other deflating and divisive. We should feel good when a person is caught crossing a moral line, committing an injustice. Such feelings not only reinforce our own adherence to moral norms, but encourage us to punish those who transgress. Such feelings instill courage in the service of expressing moral outrage. As Robert F. Kennedy stated "Moral courage is a rarer commodity than bravery in battle or intelligence." Schadenfreude in this positive sense is the inner voice of moral courage. At the same time, it can also be the inner voice of moral disengagement, providing justification for an observed harm.



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When this happens, our promiscuous brain has worked its combinatorial magic, causing us to feel good when we witness someone else's misfortune.

Schadenfreude, like envy, causes us to self-evaluate, looking inside of ourselves to assess our net worth relative to others. We know from a large body of studies, several carried out by the American social psychologist Roy Baumeister, that when an individual's sense of self-worth is threatened, especially those individuals with more narcissistic and overly confident personalities, aggression often follows. The more personally threatened we feel, the more pleasure we should feel when someone else suffers. The Dutch psychologist Wilco van Dijk tested this idea with two simple experiments. In both experiments, subjects filled out a questionnaire that they believed evaluated their intellectual strengths. Upon completion and scoring of the questionnaire, some were told that they had utterly flopped, scoring in the lowest 10% of all subjects, while others were told that they performed brilliantly, scoring in the upper 10%. Next, all subjects read a scenario in which someone suffers a misfortune. For example, in one scenario, a student rents an expensive car to show off at a party, but then drives the car into a river, not only damaging the car but requiring the fire department to tow it out. Those whose sense of self-worth was threatened by the abominable test score were more likely to say that they felt good about the misfortune, including smirks and laughter in response to the show off who submerged his rented car. These results powerfully show that schadenfreude serves the beneficial function of hoisting our own self-worth. When our self-worth has been challenged, for whatever reason, we feel better knowing that someone else is worse off, regardless of context or direct relevance.

Our desire to see others suffer so that we may feel better can escalate to absurd levels, especially when it is fueled by ideology. Beliefs can blind us to the cost-benefit analysis, motivating us to see harm done to those outside of our inner sanctum even if it hurts us as well. Religious and political ideologies are two of the hotspots that can drive entirely irrational desires and absurd attributions.

The American psychologist Richard Smith explored whether an individual's political convictions influenced the intensity of schadenfreude when witnessing a member of another party suffer, including cases where society at large also suffers. Smith initiated the study prior to the US Presidential elections in 2004 involving Republican George W. Bush and Democrat John Kerry; during this period, the Republicans controlled both executive branches of the government. Each subject — all college undergraduates — provided information about party affiliation and strength of support for the policies and beliefs of their party. Next, every subject read and provided reactions to short newspaper articles describing tragicomic moments for the two candidates, one in which Bush fell off his bicycle while riding, and the other involving Kerry wearing a bizarre space outfit during a visit to NASA. Last, subjects read and reacted to an article describing job losses and the economic downturn facing the nation — an article meant to capture an objective cost to all members of society, irrespective of party affiliation.



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Unsurprisingly, Democrats expressed more pleasure from reading about Bush's bicycle accident, whereas Republicans were more joyful over Kerry's bizarre space suit. Surprisingly, Democrats also expressed pleasure from reading about the economic downturn, and more pleasure than the Republicans who were more likely to express negative feelings about this situation. Thus, despite the fact that the economic downturn hurt everyone, the Democrats expressed pleasure over the added damage this inflicted on the Republicans — who they held responsible — and conversely, the added benefit it brought to the Democrats who could wag their fingers.

In a second study, Smith found that Democrats experienced more schadenfreude than Republicans over the number of casualties reported out of the Iraq war, even though Iraqis were certainly not preferentially targeting Republicans. The pleasure they experienced was entirely driven by the fact that this was a war sponsored by a Republican government, and thus, the fatalities could be blamed on the Republicans. From a Democrat's perspective, even though everyone loses when soldiers die in war, it is a bigger loss for Republicans, and thus, a bigger gain for Democrats. With schadenfreude, it is all about comparative shopping. It is all about satisfying our desires relative to others.

As noted above, schadenfreude appears to emerge strongly when an individual's misfortune is deserved. To explore what is happening in the brain when such pleasure is experienced, and the situations that might trigger it, the German cognitive neuroscientist Tania Singer set up a study involving healthy men and women. In the first phase, subjects played a bargaining game for money against an unfamiliar partner; prior to the game, and unbeknownst to the subject, Singer set things up so that the partner played either fairly or unfairly. After the game, each subject entered a scanner, and watched their partner receive a painful shock to the hand.

Predictably, Singer discovered that both men and women liked the fair players better than the unfair players, and showed more empathy to fair players when they were shocked. Proof of empathy was read off the images of brain activation, especially the brain circuitry known to be involved in pain empathy, and mentioned earlier in my discussion of Joan Chiao's work on social hierarchies: the insula and anterior cingulate. Unpredictably, Singer discovered that the level of activity in this pain empathy circuitry was reduced when men — but not women — saw unfair players receive pain. She also observed that in men — but not women — there was increased activity in the nucleus accumbens — an area mentioned earlier on that, in rats, monkeys and humans is consistently associated with the experience of reward and liking. The more individual men desired revenge for an unfair offer, the more activity they showed in this reward area.

Singer's findings are joined by many others showing that the nucleus accumbens, together with other reward areas, are activated in a wide variety of situations in which we gain from others' pain. But because these same areas also respond to non-social, non-comparative experiences, such as eating, we



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come back to a critical point in this chapter: areas that evolved for one function are readily recruited for others, especially in a promiscuous brain like ours. As long as something makes us feel good, whether it is winning, eating, social comparison, or harming another, the reward areas of the brain turn on.

Schadenfreude is one of the mind's ambassadors, enabling us to journey from a state of inferiority to superiority. It enables "imaginary revenge" in the words of German philosopher Friedrich Nietzsche. Like envy, it is highly adaptive, focusing our attention on inequities. Like envy, it is also maladaptive, rewarding us when the inequity is not only addressed, but results in another's failure and misery. If failure is associated with violence, including death, so be it. The brain is poised to inspire our desire to harm or witness harm in order to feel good.

### *An appetite for violence*

Billions of people, perhaps all humans, have had vivid fantasies about sex, violence, or sexual violence. Are these fantasies like food fantasies, cravings that need to be satisfied? Or, as some theories would have it, are sexual and violent fantasies satisfying on their own, playing a cathartic role, releasing energy and thus, reducing the need to act out?

Seung-Hui Cho was born in South Korea and then moved to the United States with his parents. During his first three years in college, both students and professors in his literature and theatre courses described his writings as disturbing and disgusting, and his actions toward other students as ominous and frightening. One professor noted that his creative pieces "seemed very angry," while another demanded that he be removed from the class. A classmate noted that his plays were "really morbid and grotesque…I remember one of them very well. It was about a son who hated his stepfather. In the play, the boy threw a chainsaw around and hammers at him. But the play ended with the boy violently suffocating the father with a Rice Krispy treat." Cho was advised to seek counseling. He didn't. No one followed up. A professor aware of his often inappropriate comments and behavior contacted members of the administration. No response. Several women alerted the campus police after Cho stalked them. No disciplinary action was taken despite his repeated offenses. As in the SEC's tin ear to the alarms surrounding Madoff's dubious securities, so too was everyone at Cho's university deaf to his alarming behavior in class and out.

During his senior year, Cho wrote an essay describing his anger toward rich kids, the unfairness of life, and his own misery. He also described a revenge fantasy, packed with images of retaliation toward those who had what he lacked. He sent his reflections along with excessively violent photographs and videotapes to the New York headquarters of NBC news. Under a photograph of bullets he provided the caption "All the [shit] you've given me, right back at you with hollow points."



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On April 16, 2007, Cho dressed up in army fatigues. He left his dormitory and killed 32 people and wounded 25 others with a semi-automatic Glock 19 pistol filled with hollow-point bullets, designed to cause more tissue damage than traditional bullets. Cho then shot himself in the temple, ending his life and the Virginia Tech massacre.

Cho's case provides a horrifying example of how fantasies of violence can lead to real life enactments and a trail of blood. It also provides a counter-example of the catharsis view: Cho's fantasies about violent revenge did not make him feel better. It made him feel worse and more violent — a pattern supported by dozens of studies.

Normally raised children as young as seven years old are more likely to act aggressively toward their peers if they are self-absorbed in a world of aggressive fantasy, and this is especially the case for children who witnessed violence or were subjected to it. Adult men and women are more likely to crave violence after reading an argument in favor of the cathartic magic of violent fantasies than after reading a manifesto against catharsis. Men who engage in aggressive sexual fantasies are more likely to engage in aggression, but only if they are narcissists. Men who engage in deviant sexual fantasies are more likely to enact these fantasies, but only if they exhibit signs of psychopathy. Psychopathy and narcissism are like Siamese twins, inseparable. What these studies show is that those who are self-absorbed and play with violent or sexual fantasies, are most likely to take these imaginary worlds onto the real world stage.

Further evidence of the connection between violent fantasies and violent actions comes from studies by the German psychologist Thomas Elbert who studied child soldiers brainwashed into joining the ranks of the Lord's Resistance Army, Northern Uganda's rebel group. Since its inception in 1987, the LRA has recruited 25-65,000 children, starting with boys and girls as young as 10-12 years old. In detailed interviews and analyses of now retired child soldiers, Elbert discovered that those who had more experience with killing developed stronger, appetite-driven fantasies of killing, a hunger that had to be fulfilled by real killing. As one ex-child soldier noted "The more we killed, the more we acquired a taste for it. If you are allowed to act out this lust it will never let you go again. You could see the lust in our greed popping eyes. [...] It was an unprecedented pleasure for everyone." Not only was fantasy converted into killing, but the more they killed, the less they experienced any trauma in later life. Unlike the droves of veterans who have been returning from Iraq and Afghanistan, and suffer from post-traumatic stress disorder or PTSD, these child soldiers developed an immunity. Many of the veterans from Iraq and Afghanistan had no interest in killing, and deemed the war unnecessary. In contrast, these child soldiers were brain washed into believing that killing was necessary, and a sign of importance. Killing that is justified is rewarding, whether the justification is real or the product of self-deception. When self-deception joins the fray — as I further develop in chapter 3 — killing is not only rewarding but virtuous.



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Cho's case is not the exception, but the rule: persistent fantasies, whether sexual, violent, or sexually violent, are often played out in real life. When people voice their fantasies, we should open our ears. When therapists, especially those influenced by the catharsis view of the mind, encourage their patients to engage in aggressive fantasies to release their pent up energy, we should bring forward malpractice suits as they are accomplices to crime.

What kind of mind is most likely to rev up the fantasy world to supersonic levels and then unleash it in the service of excessive harm? Lust murderers — individuals with a craving for the bizarre and degenerate —provide one answer to this question. Lust murderers are typically repeat offenders or serial killers. The serial nature of their crimes comes from the fact that they are motivated by recurrent fantasies that create recurrent cravings. They are, effectively, addicted to violence. Their fantasies often entail some kind of paraphilia — an extreme and abnormal sexual arousal to objects, people or situations — played out through some form of sadism — a persistent pattern of sexual or non-sexual pleasure from humiliating, punishing and harming others. Here again we see the promiscuous human mind at work, seamlessly blending pleasure and violence, animate and inanimate attractions, sometimes with benign origins, but often with malignant outcomes. Thus, the pleasure derived from humiliation may develop out of the more common, normal and less harmful pleasure we experience from mockery and humor. Humiliation is just a small step away in a mind that derives joy from others' demise.

The paraphilias, like many of the other disorders that appear within the *Diagnostic and Statistical Manual of Mental Health,* fall along a continuum from rather benign forms of voyeurism to erotophonophilia, the vicious and sadistic killing of an innocent victim in order to achieve ultimate sexual satisfaction. Regardless of the particular object or situation driving the paraphilia, individuals become addicted. Like other addictions, including those associated with food, drugs, and alcohol, paraphilic addicts experience withdrawal. Dangerously for the world around them, the erotophonophilic or lust killer harbors sadistic paraphilias, including flagellation — the need to club, whip or beat someone — anthropophagy — the desire to eat human body parts — picquerism — a craving to stab someone or cut off their flesh, focusing especially on genitals and breasts — and necrosadism — a yearning to have sexual contact with the dead. Although these desires may seem unimaginable, they reveal one facet of the human mind's potential — a potential that was fully realized in the mind of Jeffrey Dahmer who flagellated, cannibalized, dismembered, and engaged in necrophilia with his 17 victims. Such disordered minds are part of the human condition, one that stretches from individuals who never cache in on their fantasies to those who not only deliver, but develop — as in addictions to food and drugs — deeper and deeper desires for harming others without the rewards that come from such harm. When wanting and



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liking part company, with liking falling dormant due to sensitization, wanting grows in intensity, seeking but failing to find satisfaction. So begins an appetite for violence, one that can turn into a craving.

### *A craving to impress*

Gazelles on the Serengeti plains of Tanzania sometimes move in an exceptionally bizarre way. With legs rigidly extended, they bounce up and down like kangaroos. There is no obvious function associated with this movement. If anything, it appears energetically wasteful. If these gazelles lived in tall grass, one might think that the bouncing was designed to better see or be seen. But the Serengeti plains are flat and the grass is short. Gazelles can see for miles in this habitat and so can everything else that shares this gorgeous part of the planet with them. This includes the lions, leopards and cheetah that think of gazelles as breakfast, lunch and dinner. Why would a gazelle advertise like this? Why alert predators to your location and availability? Why not use the coloration of your fur to blend into the color scheme of the savannah, moving swiftly but imperceptibly?

We can explain the gazelle's bizarre movements — called *stotting* — by thinking economically, using Zahavi's honest signaling theory that I described in Chapter 1. Whenever evolutionary biologists see a behavior that is costly, they immediately search for a potential benefit. The reason is simple: behaviors that tax an individual's chances of survival and reproduction are ultimately weeded out by the force of natural selection. There must be some benefit to the individual or to others in order to neutralize the costs. Given the ostentatious nature of the gazelle's stotting, who benefits and how? Since the behavior is eye-poppingly interesting to human observers, one assumes that it is eye-popping to other animals on the Serengeti plains as well. Gazelles typically stot when they detect danger which, in the Serengeti, means leopards, lions and cheetah. If gazelles stot to alert other gazelles, then most gazelles should stot, at least some of the time. This is because all gazelles are vigilant, should have multiple opportunities to see these predatory cats, and should benefit from an alarm signal. But this is not what we observe. Instead, stotting seems to be reserved for those in good shape. When gazelles stot, they appear to be sending a cease and desist signal to any observant cat. If this is the gazelles' message, then cats should selectively chase non-stotters over stotters. And when cats turn a blind eye to stotting gazelles and chase them, they should have less success than when they chase non-stotters. Stotters are turbo-charged. Stotting is simply their way of showing off.

These expectations are supported by the British biologists Claire Fitzgibbon and Tim Caro who spent hundreds of hours watching gazelles and predatory cats. What they reveal is that stotting is an honest signal of condition or quality. Only gazelles in good condition can tolerate the costs of stotting.



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Stotting *handicaps* the individual, imposing a significant cost on the ability to move. But the cost paid is relative to the individual's condition. Without the cost and the ability to manage it, everyone could stot. And if everyone could stot, the cats would quickly figure out how meaningless it is and look for other cues to vulnerability.

Stotting appears excessive, but in fact is an honest signal of power. It is, to borrow a phrase from the economist Thorstein Veblen, "conspicuous consumption." By flaunting their superior condition, throwing away resources just because they can, these stotting gazelles benefit in the long run, living longer and leaving more offspring who will inherit their qualities. These ideas carry over into human behavior, from big spenders to, I suggest, big harmers.

The American anthropologist James Boone has suggested that human magnanimity evolved as did stotting, as an honest signal of wealth and power. It represents a desire to impress through wastage. Handicap yourself in the short run to benefit your wealth and status in the long run. Big tippers don't tip in private, but in the presence of those who can admire their lavish tips. Hunter-gatherers who bring home large prey from a day of hunting don't make cryptic deposits for others, but make sure that their offerings are public. The Mayan pyramids were not built for personal enjoyment behind walled enclosures, but in the open, visible to potential enemies as displays of excessive power to create something really big and costly. Rappers such as JayZ, Puff Daddy, and 50 cent don't have absurdly lavish cribs with a six pack of sports cars because this is what they like, but because this is what they can show off on MTV. Flaunting, even at a substantial cost, provides a path to power. This is a club whose motto reads "Impress with excess."

My suggestion is that excessive harms work as honest signals of wealth and power. Here we combine the HOW of evil — discussed in this chapter — with the WHY of evil — discussed in chapter 1. When millions are raped, slashed, burned, chopped up, gored, and dropped out of planes before dying, there are only two possible explanations: the evildoer is clinically mad with no sense of moderation or a healthy schemer who has allowed desire to run wild. The schemers are like stotting gazelles, wanting to impress others of their awesome powers by performing high risk displays. The schemers deploy proactive, premeditated, and cold violence — like predators. As the sociologist Wolfgang Sofsky noted in his commentary on the Nazi concentration camps "Individuals demonstrated commitment by acting, on their own initiative, with greater brutality than their orders called for. Thus excess did not spring from mechanical obedience. On the contrary; its matrix was a group structure where it was expected that members exceed the limits of normal violence." Unfortunately for society — past, present and future — the Nazis are not an isolated case. When Slobodan Milosevic, Radovan Karadic, and Ratko Mladic launched their ethnic cleansing initiative, they didn't just displace or kill Albanians and Croatians, they raped their women, old and young, in front of husbands, fathers, and grandfathers — and then killed man



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of them. Admiral Luis Maria Mendia, one of the leaders in Argentina's "Dirty war," convinced victims to board a plane under the pretext of a freedom flight, and then once in flight, were thrown out of the plane, adding sheer terror to the brutality of their death. Accounts such as these litter the pages of history. They reveal that the desire to impress with excess is part of human nature.

What we have learned in this chapter is that our biology hands us the tools for excess, and hands some of us more than our fair share. This does not mean that we will or must use such tools. It also doesn't mean that the tools were designed for excess. Some are endowed with genes that predispose to sensation-seeking and risk-taking, others to brain circuitry and chemistry that create an insatiable desire for reward. Different environments either encourage this biology or discourage it, a topic that occupies chapter 4. As the eighteenth century poet William Blake remarked "The road to excess leads to the palace of wisdom… for we never know what is enough until we know what is more than enough." To more deeply understand how our desires runaway to excess, we need to understand how the mind facilitates this process. We need to understand the role of denial. We need to understand how individuals and groups dehumanize the other and self-deceive themselves into believing that those unlike them represent a threat to their purity and power. We need to understand how desire and denial combine to pave the way to excessive harms.



HOUSE_OVERSIGHT_012827

# Endnotes: Chapter 2

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HOUSE_OVERSIGHT_012829

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HOUSE_OVERSIGHT_012830

# Chapter 3: Ravages of denial

Self denial is not a virtue: it is only the effect of prudence on rascality.
***-- George Bernard Shaw***

In October of 1980, a 39 year old man walked into the Royal Melbourne Hospital in Australia, having suffered a gun shot to the left side of his skull. Once the medical team removed the bullet fragments and cleared the blood clot, the man was able to speak. He had shot himself, aiming at his second head. Yes, his second head. This man believed that he had two heads, his own and the head of his dead wife's gynecologist. Before his wife died in a car accident, he believed that she was having an affair with her gynecologist. At night, the second head spoke, accompanied by voices from Jesus and Abraham who confirmed the existence of the second head. As the patient expressed to the interviewing doctor "The other head kept trying to dominate my normal head, and I would not let it. It kept trying to say to me I would lose, and I said bull-shit." "I am the king pin here" it said and it kept going on like that for about three weeks and finally I got jack of it, and I decided to shoot my other head off." Over a two year period, the perception of the second head disappeared. The attending neuropsychologist, David Ames, described the case as an example of schizophrenia-induced delusional bicephaly — a distortion of reality that creates a false belief of two heads.

Cases like this are bizarre. But like many neuropsychological reports, they force us to reevaluate our perception of reality, what's normal and what's distorted, what's adaptive and what's maladaptive. The Australian patient who developed delusional bicephaly was suffering from the loss of his wife. Loss and suffering motivate explanation, along with something or someone to blame: Was it really an accident? Why her? Why not me? What if she had stayed home that morning? What if I had been driving with her? Was she distracted by her lover? Was he in the car? These questions represent gaps in a narrative, holes that we attempt to fill, often by distorting reality.

Distortions of reality are common. Even the healthiest among us create stories designed to



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explain a puzzle in our lives or to help us through trauma. These stories are narratives that provide new truths by denying particular elements of reality. They represent the mind's method of filling in gaps, providing justifications for what we can't explain or wish to explain in a different way. This is an adaptive feature of the human mind, one that is uniquely human. But this same feature can be used to justify immoral and atrocious behaviors, the kind that lead to excessive harms. When we distort reality by treating others as non-human, perceiving and judging them as animals, parasites, or machines, we have armed ourselves with a weapon that enables great harms by removing the moral consequences of our actions. Animals, parasites and machines are outside of our moral concerns, so we shouldn't feel guilty, or wrack our conscience when we end their lives or ability to move. Animals, parasites and machines don't have rights, and thus, we have no obligation to them. Similarly, when we distort reality by means of deception and self-deception, we have armed ourselves with weapons that enable desire to run wild. Self-deception generates overconfidence. Overconfidence enables us to pursue our desire for power, freed from the reins that pull us back, away from costly interactions. Self-deception allow us to convince ourselves and deceive others that we are under attack, threatened by those who are unlike us. Under the circumstances, we are justified in using self-defense, even if this leads to annihilating the enemy. Often, self-deception combines with dehumanization to maximize the effectiveness of the distortion, paving an unobstructed path for runaway desire. Denial enables desire to achieve satisfaction, minus the moral conscience. These are the ideas that I will explore in this chapter.

Before discussing the scientific evidence that explains how the brain distorts reality by dehumanizing and self-deceiving — two core elements of denial — we must understand how the brain creates the reality of humanization, a process that imbues some things but not others with human qualities and moral worth. This is an important problem as it shapes our perception of evil, who can cause excessive harm and who can suffer from it. Rocks can cause great pain — as in landslides — but we don't hold them responsible for the harm caused because they lack intentions, beliefs, goals, and desires. Rocks can also be crushed, pulverized into sand by humans working in a quarry. But rocks are neither innocent nor victims as they have no moral worth, no capacity to suffer, and no ability to intentionally harm another. If not rocks, what?

### *iHuman*

Earthquakes, viruses, chimpanzees, children, and psychopaths can all cause harm to others, including humans and other animals. We might be tempted to think that only psychopaths are rightfully classified as evildoers because they are the only ones that can cause excessive harm to innocent others with harm as a goal. But this begs the question of what we mean by excessive, innocent, and goal.



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Earthquakes, viruses, chimpanzees, and some children often cause excessive harm to innocent others, at least if the focus is on numbers and the way in which death arises. The earthquake that reached a magnitude of 7.0 on the Richter scale and demolished the capital of Haiti in 2010 took the lives of approximately 200,000 people, all innocent and undeserving of this natural disaster. This is excess beyond what any psychopath has ever achieved. The Spanish Flu found its way into the bodies of innocent people from the Arctic to the Pacific Islands from 1918 to 1920, and killed over 50 million people — a death toll that is at least four times higher than what Hitler caused during his reign, and comparable to that achieved by Mao Ze-Dong during his. As noted in chapter 1, chimpanzees kill at a rate that approximates many hunter-gatherer groups. When they kill, the frenzied attacks are over the top, involving gruesome dismemberment of their victims by biting into the face, ripping off testicles and dislocating limbs. By the age of 15 years, Willie James Bosket Jr had committed some 200 armed robberies, stabbed 25 innocent victims, kicked a boy off of a roof to his death, and killed two men following a failed robbery, all "for the experience." At the level of outcomes, these are all horrific cases of lives lost, with some excessive in terms of numbers and others in terms of means.

We can eliminate earthquakes and other natural disasters from the list of evildoers by noting that they don't have, as their goal or as a foreseen consequence, the elimination of lives, innocent or not. They don't have goals at all. This also eliminates them from the class of victims, assuming the day comes when scientists can kill off earthquakes, cyclones, hurricanes, blizzards and so on before they pick up enough steam to cause great harm. One might think that viruses, and their virulent partners the parasites, lack goals because they lack brains. This intuition is correct anatomically, but incorrect conceptually. As the American philosopher Daniel Dennett has noted, the beauty of Darwin's theory of natural selection is that it provided a way of giving nature competence without comprehension. Thus, viruses and parasites have goals without understanding at all. To survive and reproduce, they have evolved exquisite chemical and electrical machines that harvest all of their host's resources. And if making a living requires killing the host, so be it. They do so without shedding a tear. No guilt, no remorse. Chimpanzees, on the other hand, have goals and brains that represent them. When chimpanzees kill, their goal is not food. Their brutal attacks are motivated by a desire to outcompete their rivals and absorb additional resources; no one knows if they feel guilt or remorse. Willie Bosket's goal was to rob two men, but when he failed, he turned to gratuitous violence, *for* the experience. Bosket certainly could, as a human, feel guilt and remorse, but all reports indicate he didn't.

We can eliminate parasites and viruses from the list of evildoers and evilreceivers by noting that they lack an understanding of right and wrong, and are incapable of suffering. Chimpanzees are a harder case. They live in societies with norms and respond aggressively to norm transgressions, as occurs when a high ranking male beats a lower ranking male for trying to steal food or a mating opportunity.



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Chimpanzees also suffer, experiencing pain from both physical attacks and social loss. But getting angry at something or someone and feeling pain from a physical or social assault are different from getting angry because someone's behavior was morally wrong, and suffering from a morally toxic action. I get angry at my computer all the time, swearing when it crashes, and even smacking it on its backside. But there is no moral harm. In this sense, there is no evidence that chimpanzees have a sense of right and wrong, and that the pain they experience is linked to a sense of how one ought to behave. Chimpanzees can't be evildoers, but they certainly can, and have been evilrecipients.

There is also an important difference between violently harming another and knowing it is wrong, and harming another because it is wrong. The latter fits at least one view of evil, a kind of radical evil in which harm is created for harm's sake, because it is rewarding. When Willie Bosket killed those two men, he was certainly old enough to know the difference between right and wrong. He most likely killed knowingly, perhaps for the generic experience of shooting someone, but perhaps not with a desire to harm for harm's sake. Then again, when he noted that he killed for the experience, perhaps this was the experience of pleasure from harming another.

Was Willie Bosket responsible for his shootings? The answer to this question depends on how we think about Bosket's options, and the link between cause and effect. At the simplest level, Bosket caused the death of the two men in the same way that a swinging wrecking ball can cause the death of two men. But the wrecking ball can't be held accountable or responsible in the same way that Bosket can. Wrecking balls lack options and lack the capacity to predict the consequences of their actions. Bosket had options, could foresee the consequences of his actions, and had the capacity to act upon his options. Or did he?

We know that the frontal lobes of the brain play an important role in self-control and emotional regulation. We also know that this area of the brain is not fully mature until people reach their mid-twenties. Bosket was, therefore, operating with an immature brain. His actions were, in some ways, like the wrecking ball, driven by inertia. Perhaps the frustration of failing to achieve his goal — robbery — caused a dizzying chemical reaction in his brain, causing a flood of emotions, blinding his capacity to think rationally. Paraphrasing the Slovenian philosopher Slavoj Zizek, these electrochemical storms in Bosket's brain caused him to *deposit his conscience* at the door. Like the husband who finds his wife in bed with her lover and kills them both on the spot, Bosket committed a crime of passion. On this account, not only is he not evil, he is pardonable.

Immaturity is a mitigating factor when we evaluate a crime. It is why, in many countries, there is one legal system for youths and another for adults. It is why, in countries with the death penalty, such as the United States, youths are immune. With maturity comes a heightened capacity to control ones actions, or at least, to gain better self-control and thus, to take responsibility for what one does. This



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means that maturation eventually legitimizes individuals as potential evildoers. It does not, however, cause a shift in our sense of evilrecipients. Willie Bosket may not have been an evildoer, but he certainly could have been an evilrecipient.

What about psychopaths, people like Charles Manson and Ted Bundy? Pop culture tells us that they are depraved, heinous, immoral monsters, deliberately causing harm to others, and often with a delicious twinkle in their eye. But what if I told you that several recent studies of psychopaths indicate that they know the difference between right and wrong? When judging the moral permissibility of different actions, such as harming one person to save the lives of many, psychopaths' judgments are often like yours and mine, nuanced, varying depending upon the outcomes and the means by which they are achieved. This is a rational, albeit largely unconscious understanding of right and wrong. This makes psychopaths nothing like earthquakes, viruses, chimpanzees, or young children. It also means that they don't have bad moral principles, but rather, ones that are like yours and mine. What if I further told you that before they develop into fully licensed-to-kill or extort psychopaths, many have an early history of torturing pets and bullying other kids. What if I further told you that when they cooked the cat in the microwave or bloodied little Johnny's face with their fist, that the consequences of their actions left them cold — no guilt, remorse, or shame. Nothing. And what if I told you that these people are born with a different brain chemistry and structure than you or I, leading to poor self-control and an emotionally callous view of the world? If this medical report is correct, and I believe the scientific evidence supports it, then psychopaths lack the ability to see alternative options and act on them. They also lack the resources for self-control. Given this evidence, psychopaths are not evil at all, though the consequences of their actions are often excessively heinous. Given this evidence, not one member of our initial list would count as evildoers, though chimpanzees, children and psychopaths would all count as potential evilrecipients.

What this discussion highlights is that our perception of evildoers and evilrecipients is influenced by our sense of what it means to be human. Though evildoers and evilreceivers overlap in their capacities to think and feel, there are differences, captured by Aristotle's distinction between moral agents — those who have responsibility for others well being —and moral patients — those who deserve moral consideration and care from moral agents. The distinction gains scientific credibility thanks to a set of studies by the American psychologists Kurt Gray and Daniel Wegner. In one experiment, a large internet population compared the qualities of different things, including humans at different stages of development — fetus, baby, child, and adult — an adult human in a vegetative state, a dead human, nonhuman animals — frog, pet dog, chimpanzee — God, and a socially savvy robot. Subjects judged different pairings of these *things* on a wide range of dimensions, including which was more likely to develop a unique personality, feel embarrassed, suffer pain, distinguish right from wrong, experience



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conscious awareness, exert greater self-control, plan ahead, develop fears, feel pleasure, and erupt into rage. Subjects also provided their personal opinions on which individual, within the pair, they liked most, wanted to make happy or destroy, was most deserving of punishment, and most likely had a soul.

I assume that everyone reading about the design of this study has already formed an opinion about some of the comparisons. Presumably everyone believes that a living adult is more consciously aware than a dead person, fetus, dog, and robot. Presumably everyone believes that all animals feel more pain than a dead human or a robot. And presumably everyone would rather make a dog happy than a frog, and would be more likely to allocate souls to fetuses, babies, and adult humans than to robots and frogs. But are we more conscious than God? Does a chimpanzee feel more embarrassed than a baby? Can a person in a vegetative state feel more pleasure than a frog or robot? What dimensions, if any, cause us to lasso some things together but not others? What things cluster together and why? As a reminder: this study is about our intuitions, not about what scientists have discovered about the minds and emotions of these different things.

Adding up the large set of responses produced a map or landscape defined by two dimensions: experience and agency. Experience included properties such as hunger, fear, pain, pleasure, rage, desire, consciousness, pride, embarrassment, and joy. Agency included self-control, morality, memory, emotion recognition, planning, communication and thinking. Experience aligned with feelings, agency with thinking. With these dimensions, we find God at one edge, high in agency and low in experience. On the opposite side, huddled together on the landscape, defined by low agency and high experience, we find fetuses, frogs, and people in a vegetative state. High in both agency and experience were adult men and women. Robots and dead people were low on experience and in the middle for agency, whereas dogs, chimpanzees, and human kids were high on experience and middling on agency. This landscape not only helps us understand how people classify these different entities, but also plays a more active role in guiding individuals' judgments to punish, provide pleasure, and avoid harm. If you have to harm something, pick an entity low in experience, such as dead people and robots who can't suffer. If you have to punish something, pick an entity high in agency, such as living adults who recognize the difference between right and wrong and have the capacity for self-control.

What this work shows is that people have strong intuitions about which things are morally responsible as agents and which are deserving of our moral concerns as patients. Moral patients are high in experience, and can thus suffer as victims, innocent or not. This is why many countries have created laws against harming nonhuman animals, including restrictions on which animals can serve in laboratory experiments, what can be done to them, and how they should be housed. This is also why we don't do experiments on fetuses, newborns, adults in a vegetative state, or humans with neurological disorders that knock out aspects of their experience and agency. Once something enters the arena of moral patients, we



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tend to leave them within this arena even if they lose particular capacities. Conversely, if scientists discover that an organism outside the arena of moral patient-hood has capacities of experience and agency that are on a par with those inside the arena, this evidence often promotes their legal status and protection. Such was the fate of the octopus, an invertebrate once classified by Aristotle as "stupid", but now elevated to the company of much smarter animals that solve novel problems, deploy trickery, and show some evidence of being aware of their behavior. As such, they are one of the few invertebrates to enjoy heightened protection and care when they are kept in captivity.

Moral agents are high in agency, meaning that they can distinguish right from wrong, exert self-control in the context of selfish temptation, can be blamed and punished, and are expected to care for moral patients. Moral patients are high in experience, including especially the capacity to feel pain. Both moral agents and patients have moral worth. But as in all entities that have worth or value, some are more valuable than others. So it is with moral worth. This is where departures from humanness get interesting, dangerously so. When we strip individuals of their moral worth, denying them qualities that define humanness, we have entered a world of distortion and denial that facilitates and justifies excessive harms.

Across many studies, individuals consider themselves to be more human — as defined by the dimensions of experience and agency — and to have greater moral worth than other individuals. When individuals are socially ostracized and excluded from a group, they judge themselves as less human, and so do the spectators who observe the ostracism. Individuals judge members of their own group to be more human and morally worthy than those outside the group, no matter how small or broad the group is. What counts is our overall sense of how we compare to others, and the dimensions used to calibrate this similarity metric. The Australian social psychologist Nick Haslam carried out several experiments to determine how our rating of a group's humanness influenced how much we praise, blame and protect them, as well as whether we believe that rehabilitation or punishment is most appropriate after they have done something wrong. Haslam based his study on the idea, supported by the law, science, and our folk intuitions that we blame, praise and punish only those who do bad things on purpose as opposed to by accident. Conversely, we favor rehabilitation in those cases where we believe that the person can right a wrong, learning a lesson from a prior transgression.

Subjects started by rating several different social groups along different dimensions of humanness. Though Haslam's dimensions were slightly different from those used by Gray and Wegner, they generally corresponded to experience and agency, including compassion, warmth and a sense of community on the one hand, and reason, self-control, civility, and refinement on the other. The target social groups were associated with negative or positive stereotypes such as the homeless, mentally disabled, athletes, politicians, doctors, lawyers, gays, and different religious groups. Next subjects imagined that a member of one of these groups had acted morally or immorally, or had been mistreated in



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some way. Then they decided whether the person should be praised for a particular moral act such as returning a wallet, considered responsible for an immoral act such as breaking a promise, helped out for mistreatment such as being pushed out of line by a person in a hurry, and punished or rehabilitated for wrongful behavior.

Haslam's results generated a landscape of humanness very much like Gray and Wegner's. Those groups rated highly in terms of agency, were more likely to be blamed and punished. Those groups rated high in experience were more likely to be praised, protected, and placed into rehabilitation. Those groups perceived as more emotional, compassionate and warm — components of experience — were praised more, whereas those perceived as more civil and rational — components of agency — were praised less. Overall, the more a group tilts toward the experience end of the spectrum, the more we see them as moral patients, deserving of our care and compassion. The more a group tilts toward the agency end of the spectrum, the more we see them as moral agents, having responsibilities and duties to act morally.

Haslam's findings are not only of great conceptual interest, shaping our understanding of the defining qualities of being human, but also figure into everyday political and legal decision making. When do we believe a person has the right to vote, drive responsibly, drink alcohol reasonably, and serve an adult as opposed to a youth sentence for a crime? In the United States, the age cut off for considering the punishment of a crime under the jurisdiction of a juvenile court proceeding ranges from 16-19 years. Juvenile sentences are lighter than adult sentences, and rarely include life in prison or the death penalty. Though there is an arbitrariness to these age cut offs, and no good reason why states should differ, the decision to treat youths differently not only maps on to our intuitions but to the attributes that psychologists such as Haslam, Gray and Wegner have discovered. Treating an individual as a youth is more likely to trigger the dimension of experience in jury members and thus, more likely to trigger a sense that the individual should be protected and given the opportunity to change through rehabilitation. This fits with scientific evidence that an immature brain is a more plastic brain, capable of change. It also fits with the evidence that an immature brain is a brain with less self-control and critical reasoning — both components of the agency dimension. These less than fully human qualities on the agency dimension, balanced by more qualities on the experience dimension, provide youths with an automatic entry ticket into the arena of moral patients.

Moving outside of the arena of moral patienthood and into that of moral agency requires a change in perception. It requires us to see individuals as acting responsibly, controlling temptation, and understanding the distinction between right and wrong. It is for these reasons that our legal system, and the courts that carry out its principles, must consider psychological differences. Classifying individuals as adults or juveniles drags with it a massive psychology that is biased toward responsibility, blame and punishment on the one hand and protection, intervention, and rehabilitation on the other. The same biases



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are also engaged when we consider adults with developmental disorders or brain injury, as these deficits are often associated with selective loss of either components of agency or experience, and sometimes both. As demonstrated by the work of Kurt Gray, Andres Martinez, and others, labeling someone a psychopath, autistic, or schizophrenic effectively pigeon holes the individual into a class of individuals with less than fully human qualities. This is a good thing when it focuses us on protection, intervention and rehabilitation. It is a bad thing when it allows us to morally disengage because those lacking the full compliment of qualities associated with agency and experience are less morally worthy. Humanness drives our moral concerns and our sense of others' moral worth. When we lower our sense of another's value, we are willing to violate our sense of the sacred, engaging in trade-offs that are normally taboo.

Experiments by the American psychologists Philip Tetlock and Jonathan Haidt help us see what is sacred by asking individuals what they would pay to do something sacrilegious. If something is sacred, of great moral worth either personally or to your group, could you be paid off by a wealthy investor to give up the object or engage in an act against it? For each of the acts below, think about your payoff point in dollars from $0 (for free) to $1million, including the option of saying that you would never do it for any amount of money. Keep in mind that if you choose to carry out an act and receive payment you will not suffer any consequences:

- Kick a dog in the head, hard.
- Sign a secret but binding pledge to hire only people of your race into your company
- Burn your country's flag in private
- Throw a rotten tomato at a political leader that you dislike.
- Get a one pint transfusion of disease-free, compatible blood from a convicted child molester.

If you are like the subjects in these experiments, the mere process of considering a payoff, even for a short period of time, will have turned your stomach into knots and triggered a deep sense of disgust. This is because violating the sacred is akin to violating our sense of humanness. It is playing with the devil, accepting a Faustian offer of money to strip something of its moral worth. As Haidt notes, even though it is sacrilege to accept payment across different moral concerns, including avoiding harm, acting fairly, and respecting authority, different experiences can modulate the aversion we feel when we imagine such transgressions. Women typically demand more money for each of these acts than men, and more often reject them as taboo. Those who lean toward the conservative end of the political spectrum either ask for more money or consider the act taboo when compared to liberals, and this was especially the case for questions focused on acting against an in-group (race), an authority figure (political leader), or ones purity (blood transfusion). What this shows is that our cultural experiences can distort what we consider



HOUSE_OVERSIGHT_012839

morally worthy or sacred. It shows how easily we can flip our values in the face of tempting alternatives.

The scientific evidence presented in this section shows that our decisions to treat others according to different moral principles or norms is powerfully affected by our sense of what counts as another human being. What counts includes at least two important dimensions, one focused on agency and the other on experience. These dimensions determine whether we blame or praise someone, punish or rehabilitate them, and ultimately, include or exclude them from the inner circles of moral agents or moral patients. Those who fall outside these two inner circles are morally worthless. Those who are morally worthless can be destroyed or banished. Some things are justifiably excluded and fit with our general sense of reality — rocks, dirt, cardboard boxes, plastic balls, and pieces of glass. Other things are excluded because they don't fit with our values of what reality should be. This is where distortion and denial enter the process. This is where we create walls around members of one group in order to keep others out. This is where we express partiality instead of the impartiality that Lady Justice champions with her two balanced scales and blind fold-covered eyes. This is where we exclude others from our inner sanctum in order to justify great harms. How is the inner sanctum set up and put into action over a lifetime, sometimes for legitimate causes and sometimes for illegitimate and unconscionable causes?

### *Populating the inner sanctum*

Elie Wiesel, the Nobel Peace Laureate and Holocaust survivor, remarked that "anti-Semitism is the most ancient form of prejudice." This claim may well be true of human written history, but is most definitely false if one considers the fact that all social animals and human societies, including the hunter-gatherer groups that are descendants of people that predated the Jews, hate some individuals and love others. Prejudice, though often based on deep seated ideological biases and stereotypes that humans invent, is, at root, a form of partiality. Every social animal, either extinct or alive today, expresses partiality. This is a highly adaptive and ancient psychology, promoting the care of young, investment in mates, and escape strategies against enemies. Humans are no different, except for the role that our promiscuous brains play in fueling partiality with ideology and symbolism. Sometimes when we express our partiality it is for the noble cause of caring for our children and for defending ideological beliefs surrounding humanitarian causes, including defense of basic human rights. Sometimes when we express our partiality, it is for the ignoble cause of destroying others. How does human partiality begin? Do babies express preferences for certain social categories? How does their experience sculpt new categories? How is the inner sanctum populated, enabling us to preferentially help those within and harm those outside?



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At birth, newborns preferentially listen to their native language over a non-native language. Soon thereafter, infants prefer to listen to their native dialect over a non-native dialect, and look longer at their own race than another race. This shows that they can discriminate between different languages, dialects, and racial groups. But do they form social preferences based on these distinctions? Would a young baby or child prefer to take a toy from an unfamiliar person who speaks the same or different language, from the same or different race? To answer these questions, the American psychologist Katharine Kinzler put 5 months old babies to a test.

Babies born into mono-racial and mono-lingual families sat on their mother's lap in front of two monitors, each presenting short video clips of different people. After watching the videos, Kinzler created a bit of magic. The people in the monitor appeared to emerge from the 2D image and offer the baby a toy. The trick: a real person, hidden beneath the monitor, synchronized her reach with the reach in the monitor. Who would the baby choose given that both people offered the same toy? Babies preferred people speaking the native over non-native language, and native-accent over the non-native accent. At this young age, however, they showed no preference for native over non-native race. Thus, early in life the connection between discrimination and social preference is well established for language, but not race. When do things change for race?

Kinzler carried out another series of experiments on race with one group of 2.5 year old children and a second group of 5-year olds. Though the methods were somewhat different, they both focused on the child's preferences, including who they would share toys with and who they would prefer as friends. The 2.5 year olds showed no preferences, whereas the 5 year olds preferred their own race. Race is therefore a slowly developing category, at least in terms of its impact on social preferences, and especially when contrasted with both language and accent.

Kinzler took these studies one step further to explore whether there is anything like a hierarchy among these social categories and the features that define them. What's more important to a young child building an inner sanctum of trusted others —race, language, or dialect? Would they rather interact with someone of the same race who speaks a foreign language or someone of a different race who speaks the native language? Using similar procedures, Kinzler showed that by 4-5 years of age, language trumps race. Children would rather interact with someone from a different race speaking the same language than someone of the same race speaking a foreign language.

Why would language trump race? Kinzler's answer relies on an idea developed by the American evolutionary psychologist Robert Kurzban. Imagine a hunter-gatherer in South Africa, living during the earliest stages of our evolutionary history. As individuals searched for food to eat, areas to sleep, water to drink, and places to avoid, they came across other individuals. These individuals were always members of the same race. Racial differences did not emerge until relatively late in human evolution, well after our



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ancestors took their first steps out of Africa. If we are thinking about an evolved psychology for bonding with members of our own group and fighting those outside, our ancestors would have been blind to race as it was not yet an emergent property of our species. Language was, however, a property of our species, and one that varied across populations. A hunter-gatherer walking the plains of South Africa would indeed have run into people speaking either a completely different language, or the same language with a different dialect. New languages are not easily acquired, and nor are new dialects. It takes real talent to speak a new language or dialect without a trace of ones origins. Thus, like the stotting gazelles, magnanimous spenders, and healthy evildoers discussed in chapter 2, the native languages and dialects we speak are honest signals of social group membership. Honesty is supported by the costs we pay to acquire them. Cheating is hard because there is a start-up cost associated with perfecting the natural rhythm of a second language or novel dialect.

The babies in Kinzler's experiments tell us something important: race and language are both important social categories and discriminable from an early age. But language trumps race as a feature because it is a better predictor of membership within the inner sanctum, at least early in life. Ultimately, both language and race allow us to close off some from the inner sanctum and allow others in. Ultimately, our allegiance to our native language and race can fuel our hatred toward those who look different and speak in different tongues.

### *Closed doors*

As adults, we tend to rely on rules of thumb to guide our social interactions, including who we trust and who we distrust. We tend to trust those we know more than those we don't know. Within the circle of those we know, we believe those who are more like us than those who are unlike us, using fixed body features — race, height, hair color — flexible psychological features — food preferences, sports' interests, religious beliefs — and features that are flexibly constrained — language and intelligence. Together, these different dimensions cause us to close the door on some and open it to others.

Language is particularly interesting. If you can't understand someone because they don't speak your language or because their accent is too heavy, then the issue is not trust, but comprehension. But what if you can understand the person perfectly well, but they speak with a foreign accent, either one from a different country (e.g., a French speaker speaking English) or one from the same country but a different region (e.g., a Southern accent in the northeast of the United States)?



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Subjects in an experiment first listened to people reading trivia, such as "A giraffe can go without water longer than a camel can," and then judged whether the sentence was true or false. If the sentence was read in a foreign accent, subjects were more likely to say that it was false than if it was read in the native accent. Subjects voiced this opinion even though the experimenter told them that the reader was not expressing an opinion, but merely reading the passage as instructed. In a second experiment, British subjects listening to a non-guilty plea by a person on trial were more likely to judge the person as guilty if he committed a blue collar crime and spoke with a non-standard British accent (e.g., Australian). In contrast, they were more likely to judge a white collar criminal as guilty if he spoke with a standard British accent. Even within the class of British accents, biases emerged: subjects from the Worcester region were more likely to judge supposed criminals as guilty if they spoke with a Birmingham accent than with a Worcester accent. Together, these studies paint a bleak picture: accents from an out-group are perceived as less truthful than others, and in the context of a criminal case, more guilty as well.

Accents are learned early in life, and once in place, are both clear markers of your origins and difficult to undue. As such, they are honest indicators of at least one dimension of group membership. What about dimensions that can readily be acquired at any point in life, and just as easily dropped? How do these influence not only our perception of those who share these dimensions in common, but how we treat them? In the last chapter I discussed a study by Tania Singer in which both men and women showed more pain empathy — as revealed by activation in the insula region of the brain — when they watched a cooperator experiencing pain. Further, men showed a reduction of activity in this area when a cheater experienced pain, and increased activity in a reward area — the nucleus accumbens. This pattern fits well with the research on human and nonhuman animals showing that winning, and watching winners win, triggers a choreographed ballet of physiological responses associated with reward. Singer took this work further, asking whether an individual's support for a sport's team might similarly modulate both the feeling of pain empathy as well as reward. Subjects, all soccer fanatics, sat in a scanner and watched as a player from their favorite team or a rival experienced pain. Next, Singer provided subjects with three options for interacting with these players: help them by personally taking on some of the pain they would receive, letting them take on all the pain but watch a video as distraction, or let them take on all the pain and watch as it happens. Option one is costly altruism, two is blissful ignorance, and three is schadenfreude.

In parallel with the earlier work on fairness, here too Singer observed greater pain empathy when the favorite team player experienced pain than when the rival experienced pain. She also observed that subjects were more likely to help favorite team players by taking on some of their pain, but more likely to watch rivals receive pain. The higher the activation level in the insula, the more they took on their favorite team player's pain session — the more they helped. When they watched rivals experience pain,



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there was significant activation in the nucleus accumbens. They felt an immediate honey hit, joy over the rival's pain. The higher the activation in this reward area, the more likely they were to choose the option of watching the rival experience pain — like watching a public execution and cheering for just deserts. These results show that individual differences in our compassion toward others in pain predicts our willingness to help them. It reveals another dimension, like language, that biases our sense of justice, both in our judgments and in our behavior. Conversely, individual differences in our joy over others' misery predicts our willingness to allow others to suffer, suppress our instincts to help and, I suggest, facilitate our capacity to harm. Similar response patterns arise in the context of race — a feature of group membership that is fixed at birth.

As noted earlier, babies stare longer at faces of people from the same race than from people of a different race, and by the pre-school years, are more likely to show social preferences for peers and adults of the same race. In brain imaging studies, specific areas activate when we process faces as opposed to other objects, and one tenth of a second later, other associated regions activate when we process race. This rapid activation occurs whether we are consciously engaged in classifying faces by race or not; for example, the same areas activate even when we are forced to focus on gender or familiarity. This shows that from the brain's perspective, we don't have an option of processing a person's race. The brain automatically and unconsciously hands us this information, like it or not.

The fact that we process race automatically gains importance based on a powerful set of behavioral studies showing that virtually every person, independently of their explicit avowals of non-racist attitudes, holds implicit or unconscious racist biases. Using a research tool developed by the social psychologists Tony Greenwald and Mahzarin Banaji called the *Implicit Attitudes Test* or IAT, subjects see different faces or read different descriptions of people, and then make evaluative judgments about these people. Often, the presentations are rapid so that there is little or no time to reflect upon the evaluation. For example, in a study focused on race, subjects first classified photographs of people's faces as either Caucasian or Black. Next they classified words into those associated with good positive meaning — joy and friend — and those with bad negative meaning — hate and bomb. In the third and critical step, subjects saw faces and words together and, using a rule provided by the experimenter, struck one of two keys on a keyboard as fast as possible: for example, strike the #1 key if you see a Black face and a good word, but the #2 key if you see a Caucasian face and a good word. The intuition here is that if certain faces and words are more strongly associated, because this is what people have learned over time, then they will press the relevant key faster than for weaker associations. Results from several studies confirm this intuition. For example, Caucasian subjects who explicitly deny racist attitudes are nonetheless slower to respond when Black, as opposed to Caucasian faces are associated with good words, and faster to respond when Black, as opposed to Caucasian faces are associated with bad words. These patterns hold



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even when subjects respond to names commonly associated with Caucasian and Black people. A quick skim through the many blogs commenting on this work reveals a common refrain that makes the key point: many that have taken this test, whether focusing on race, sexual orientation, or political affiliation, opine that the test must be invalid because they explicitly disavow any groupish biases. But that's the point! What we disavow explicitly has less impact than we would like on what we hold implicitly.

If our implicit system champions one view of racism and our explicit system another, then we are continuously faced with an epic conflict. To resolve this conflict, and enable the explicit system to emerge triumphant, requires self-control, keeping the implicit system quiet. Studies of the brain provide interesting insights into this process. Recall that when we experience conflict, regardless of its content, there is activation in the anterior cingulate. When we exert self-control, regardless of content, there is activation in particular regions within the prefrontal cortex. When we feel threatened by a dangerous animal or person, there is activation in the amygdala. These three brain regions tell an interesting story about how we process race. When Caucasian subjects view faces of Black as opposed to Caucasian people staring at them, there is greater activation in the amygdala. This racial difference disappears if subjects view photos of faces looking away or with eyes closed. It is the potentially threatening aspect of a face staring at you that engages the racial difference. If you briefly flash faces at Caucasian subjects so that they are unaware of them, there is stronger activation in the amygdala for Black than Caucasian faces. But if you present the faces for long enough, allowing them to enter conscious awareness, the amygdala's pattern of activity goes away, replaced instead by strong activation in the anterior cingulate and prefrontal cortex. Staring longer at someone from a different race triggers a sense of conflict and engages the system of self-control, pushing down our implicit racism to enable more explicit neutrality and equality.

What this work shows is that understanding our attitudes and actions toward those of the same and different race requires consideration of implicit and explicit components. Think of this process like a hand pushing down on an automatic watering fountain. The machinery that produces the pressure to push water out of the holes in the fountain operates without concern for what happens outside in the world. The hand that pushes down is under human control, consciously guided, perhaps with the aim of simply spreading the water or feeling its' coolness on a hot day. Though the hand may try to control the movement of the water, it may only do so to some extent, guided by the power of the automatic engine below. Thus, we have an automatic bottom up mechanism and a controlled top down mechanism. So it is with race. The bottom up mechanism operates automatically, pushing forward our implicit prejudice. The top down mechanism attempts to exert control, when and where it can, to avoid looking racist, sexist, or what have you. Somewhere, the two meet, creating a personality profile that is more explicitly racist,



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sexist, or X-ist in some cases than others, either because the individual lacks top down control or because they decide to relinquish it.

In parallel with Singer's work on the relationship between pain empathy and our classification of others as fair-minded cooperators or narcissistically-minded cheaters, so too does race influence our expression of compassion toward those in pain. Both Caucasian, Black and Asian subjects showed stronger activation in the pain-related areas of the brain when viewing individuals from the same race experience pain than when viewing individuals of a different race. When Black subjects played a computerized game involving social ostracism, they showed stronger activation in areas of the brain involved in social pain when excluded by Caucasian players than when excluded by Black players. When others suffer and we have the opportunity to help them, we are more likely to help those of the same race, and feel good about it as evidenced by activation of brain areas involved in reward.

Our biases, both implicit and explicit, influence our compassion toward others and our motivation to help. This statement is true whether we are looking at evidence from young children or adults, and using measures that assess sensory perception, behavioral judgment, or activity patterns in the brain. Beginning with an evolutionarily ancient brain system that was designed to distinguish friendly ingroup members and antagonistic outgroup members, we populate the inner sanctum with people who we perceive as most like us, using both fixed and variable features. With time, the walls surrounding this sanctum close, attributing the full richness of human nature to those within, and bleaching it from those outside.

*Bleaching humanity*

Draw an imaginary circle around yourself with a diameter of about fifty feet. Now imagine packing this circle with people, forming an expanding set of concentric circles that radiates out from those closest to you to those you don't know at all. Based on social network analyses by sociologists such as Nicholas Christakis, the majority of people within the inner circles will be like you in a number of ways, including their race, religion, political affiliation, food preferences, and aesthetics. This includes family members and close friends, but also those we work with, vote for, and play with. As you travel from the inner core to the outside, you will find less in common. Some in the outer core will not only have less in common, but as noted earlier in this chapter based on work by Gray, Wegner and Haslam, will be perceived as less human, stripped of dimensions of experience and agency that define humanity. Some will appear like objects, others like animals. When we transform others into objects, we have stripped away core aspects



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of human nature, including emotional sensitivity, warmth, and flexibility. When we transform others into animals, we have stripped them of uniquely human qualities such as rationality, self-control, moral sensibility, and civility. Of those who are like animals, some will seem like kin to the domesticated form and thus controllable as property; others will seem like wild animals and thus dangerous, dirty and deserving of elimination. However we engage this process, we have bleached individuals of their humanity. This process, one that occurs in both everyday life and in cases of conflict, has allowed us to treat the mentally and physically disabled like animals, to consider women as sexual property, justify slavery and slave wages, deny certain races the opportunity to vote and receive education, and mandate ethnic cleansing.

Before I describe a shocking set of experimental findings on dehumanization, consider first a snapshot into some of our historical attitudes, shared across many countries and cultures. Before we knew much about human evolution and the causes of variation, scientists made sweeping statements about the relationship between brain structure and differences in intelligence and behavior among men, women and the variety of races. It was commonly believed that, compared with white men, women and all other races had smaller brains, approximating our cousins the apes. Listen to Gustave LeBon, a distinguished social psychologist, writing in 1879:

> In the most intelligent races, as among the Parisians, there are a large number of women whose brains are closer in size to those of gorillas than to the most developed male brains. This inferiority is so obvious that no one can contest it for a moment; only its degree is worth discussion. All psychologists who have studied the intelligence of women, as well as poets and novelists, recognize today that they represent the most inferior forms of human evolution and that they are closer to children and savages than to an adult, civilized man. They excel in fickleness, inconstancy, absence of thought and logic, and incapacity to reason. Without doubt there exist some distinguished women, very superior to the average man, but they are as exceptional as the birth of any monstrosity, as, for example, of a gorilla with two heads; consequently, we may neglect them entirely.

By elevating white men to the gold standard of perfection, it was easy to see everyone else as a degenerate form of God's creation or, in biological terms, of arrested evolution, with non-Caucasian races showing greater affinity to our furry cousins the apes. Looked at today, backed by our understanding of genetics and the evolutionary process, these accounts are absurd and offensive. Sadly, despite efforts to clean up our explicit racist and sexist attitudes, overwhelming evidence reveals that the brain holds dear a suite of unconscious prejudices that serve to dehumanize those unlike us.

Now the shocking experiments. The American social psychologist Jennifer Eberhardt dared to ask whether US citizens unconsciously associate Black people with imagery ofd apes, using the disturbing history of this association as her jumping off point. In parallel with the studies of race



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presented in the last section, Eberhardt was also interested in the possibility that if people carry this association around in their head, they do so unconsciously, despite explicit avowals that they are not at all racist. And if they carry this association around unconsciously, how does it impact upon their judgments and actions?

In one experiment with both Caucasian and non-Caucasian subjects, Eberhardt used a technique called subliminal priming. Subliminal priming involves rapidly presenting pictures, sounds or other experiences under the radar of awareness and then presenting material that falls within our radar. If the two experiences are similar, the unconscious version affects subjects' perception of the conscious one. For example, if you first prime people by flashing the picture of a woman's face, subjects then respond faster to faces of women than to faces of men. In other words, despite the fact that subjects are unaware of the prime, it affects their judgments. Eberhardt first primed subjects with photographed faces of Caucasian or Black people or an unrecognizable non-face. They then watched a short movie that started off with an unrecognizable object that looked like it was covered by dense snow. As the movie progressed, the snow lifted, making it easier to recognize the object as a line drawing of either a duck, dolphin, alligator, squirrel or ape. Subjects stopped the movie as soon as they recognized the animal.

Compared with Caucasian faces and non-faces, priming with Black faces caused subjects to stop the movie much *sooner* for apes, but not for any other animal. Compared with non-faces, priming with Caucasian faces caused subjects to stop the movie much *later* for apes, but not for any other animal. This suggests that Black faces made it easier to identify apes, whereas Caucasian faces made it harder to identify apes, with no comparable effects for any other animals. Caucasian and non-Caucasian subjects showed the same pattern of response, and so too did individuals with and without strong, explicit racial attitudes. Although the similarity among Caucasian and non-Caucasian subjects is of interest, and suggests that the association is held even among those who were perhaps less strongly associated with this form of dehumanization, there were relatively few Black subjects in this non-Caucasian group. This first set of experiments suggests, therefore, that among a racially heterogeneous group of educated Stanford undergraduates, individuals carry an unconscious association between Black people and apes, and thus, an unconsciously dehumanized representation of another human being. Given the animal form of this dehumanization, the implication from Haslam's work is that Caucasians associate Blacks with less rationality, civility, and self-control, in essence, less uniquely human qualities.

These are remarkable and disturbing findings. They can't be explained by some superficial similarity between human faces and animals because Eberhardt found the same results when she presented either line drawings or words of animals. Had Eberhardt used actual photographs of animals, subjects could have used similarity in skin color or nose shape — for example, seeing a black human face would prime seeing a black ape face because both have the color black in common. Line drawings and



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written words cut the legs out of this account. Eberhardt's results suggest that apes are associated with the socio-cultural, racial category "Black."

These findings reveal a deep seated, dehumanized representation that is readily triggered even in highly educated people. But perhaps they are less disturbing then we might imagine. not so bad if the take home message is that we are closet racists with antiquated theories of evolution or God's design. Outside of these artificial studies, we are well educated citizens who keep our isms tucked away, locked up in our unconscious. Unfortunately, the unsettling feelings that many will have to these studies are exacerbated by an additional set of results collected by Eberhardt, linking unconscious impressions to harmful actions. Caucasian male subjects watched a video of a policeman using force to subdue a suspect who was either Black or Caucasian. When primed with an ape drawing, but not that of a tiger, subjects were more likely to say that the policeman was *justified* in subduing the Black suspect than the Caucasian suspect. We are more than closet racists. We are out of the closet, armed for prejudice and dehumanization.

To unconsciously think that Blacks are more like apes than other racial groups is to strip them of characteristics that are uniquely human. As Haslam notes, when we dehumanize others in this particular way, we no longer see them as human, but as incompetent wild animals or immature children lacking in intelligence, etiquette, rationality, and moral wherewithal. This mode of dehumanization is ancient, reflected in the writings and paintings of European explorers who encountered indigenous cultures in Asia, Australia, and Africa. Dehumanizing others into objects is equally ancient, unflattering and dangerous. In one study, American adults were told to focus on either the physical appearance or personality of the actress Angelina Jolie and the ex-governor of Alaska and presidential hopeful Sarah Palin — both famous personalities within the United States. When subjects focused on appearance as opposed to personality, they judged both Jolie and Palin as relatively lacking in traits of experience or human nature. Jolie and Palin were seen as objects. In other studies, carried out by Haslam, subjects judged objectified men and women as less capable of suffering and less deserving of moral compassion and protection, reinforcing the age old attitude we once held toward slaves, and that many hold today toward prostitutes. When people become property, they fall outside of the circle of moral patients. Studies of the brain provide further support for these dehumanizing transformations, and highlight, once again, both the beneficial and malignant consequences of our mind's promiscuity.

*Brains without borders*

Dehumanization enables doctors to treat their patients — human or nonhuman animal — as mechanical



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devices that require repair. This allows for cool-headed, rational, and skillful surgeries, while fending off the humanizing emotions of compassion and empathy. This is adaptive. This is a transformation that enables doctors working in war-torn areas or regions afflicted with a disease outbreak, to treat hundreds of suffering patients as if they were treating inert cars on an assembly line. Good doctors allow their compassion and empathy to return as their patients regain awareness. Bad doctors maintain their cool, detached manner, insensitive to the physical and psychological pain of their waking patients. Bad doctors continue to perceive their patients like cars on the assembly line. Really bad doctors see their patients like cars that were created for personal R&D.

Recall from earlier sections that when we see someone else in pain, particular areas of the brain activate as we imagine their suffering. Many of the same areas of the brain also activate when we personally experience pain. This is the circuitry for pain empathy. The French cognitive neuroscientist Jean Decety showed that when physicians look at video clips of people experiencing pain from a needle prick, this circuit is suppressed relative to non-physicians. For physicians, it's as if they were watching a needle prick a pillow. Though we don't know how much experience was necessary or sufficient to cause the physician's lack of pain empathy, or the extent to which physicians are physicians because they were born with less empathy, Decety's findings point to individual differences in our capacity to feel what others feel and the potential modulating role of experience.

Several studies now show that based on individual experience, the human brain readily flip-flops between empathy and callousness. In two similarly designed experiments, one recording from pain related areas in the brain, and the other from a motor area associated with the hand, Caucasian and Black subjects watched a video of a needle penetrating a human hand. Consistently, subjects showed weaker activation in the pain and motor areas when watching the needle penetrate the hand from another race. This lowering of pain empathy and motor response for the out-group was greatest for subjects with the highest implicit or unconscious racial biases, as measured with the IAT tool noted earlier.

These studies of the brain, like the behavioral studies I discussed earlier, add to the idea that we have a racial bias for pain empathy. We feel others' pain, but only for those who share the same race. But since, by definition, we look more like those from within our racial group than those outside it, perhaps the bias is less about race and more about those that don't look like us. To explore this possibility, Black and Caucasian subjects saw a needle penetrate a violet-colored hand. Violet hands are not only different, but far more different than either black or white hands in terms of our experience of skin coloration. Nonetheless, the activation pattern in the brain matched the subject's own race. When we feel less compassion for someone of another race, it is because of racial biases, not because of superficial differences in appearance. Color is simply a cue that reminds us of our prejudice.



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The fact that we feel less empathy for people in pain if they fall outside our inner sanctum suggests that we have dehumanized them, stripping away dimensions of experience that humanize those within the sanctum. These are the dimensions associated with emotion, and when taken away, cause us to perceive the other as an object. Since objects can't feel pain or joy, we can't share in their experience because they lack experience altogether. If that is the case, then when we perceive any human group that has been dehumanized in this particular way, there should be little to no activity in those areas of the brain associated with thinking, feeling, wanting, and believing. To explore this possibility, the social psychologist Susan Fiske placed subjects in a brain scanner and presented photographs of either extreme out-group members, such as the homeless and drug addicts, or photographs of other groups such as the elderly, middle-class Americans, and the rich. When viewing the extreme out-group, not only did Fiske see little activity in an area critically related to self-awareness and the process of thinking about others thoughts and emotions — the medial prefrontal cortex — but she also observed an intense increase of activity in the insula, a brain area that is recruited when we experience disgust.

Fiske's results highlight the dangers of dehumanization. Once we turn off areas of the brain that are involved in thinking about others' thoughts and emotions, and turn on areas involved in disgust, we have set ourselves up for moral disengagement. As the distinguished American psychologist Albert Bandura has documented through decades of research, moral disengagement allows people to justify harm by transforming lethal motives into morally justified and even benevolent ones. Moral disengagement allows us to excuse ourselves from moral responsibility, either disregarding the harm imposed or convincing ourselves that it was justified, even obligatory. In several international studies of school-aged children, results consistently show that those who are most morally disengaged are most likely to engage in various forms of aggression, including bullying and repeated criminal offenses. These same children are also least likely to engage in helpful behavior, revealing that moral disengagement dispenses with the typical process of self-censure and sanctioning that we carry around when we are morally engaged. In a study of American prison personnel involved in death penalty sentences, executioners were more morally disengaged than support staff or prison guards. Executioners were more likely to dehumanize the convicted prisoner and provide moral and economic justifications. Executioners also felt less guilt because they had developed a narrative to justify their actions, one that ascribed complete fault and responsibility to the victim. Support staff flipped in the opposite direction, fully involved with the weighty moral issues associated with ending someone's life. In a study of people's political attitudes, those with strong right wing authoritarian views, commonly associated with fascism and submission to authority, were more likely to support war by means of morally disengaging. In particular, they were most likely to support war by justifying its necessity and trivializing the harm that will necessarily arise — for



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example, invading another country is not aggressive, but designed as a pre-emptive strike to protect group interests.

Moral disengagement enables behaviors that are either immoral, illegal, or counter to deeply rooted intuitive prohibitions against harming others. It is a process that has the beneficial consequence of empowering soldiers to go to war under just causes, as well as the toxic consequence of empowering rogue leaders to carry out genocide under unjust causes. It is a process that allows us to hibernate from our moral responsibilities. It is a form of self-deception, a partner to dehumanization in the denial of reality. But self-deception, like deception of others, is not always harmful. In fact, it is often highly adaptive.

*Angelic denial*

In a nationally televised address in 2005, the Iranian President Mahmoud Ahmadinejad pronounced that the Jews had "created a myth in the name of the Holocaust and consider it above God, religion and the prophets." Judge Daniel Schreber believed that his brain was softening and that he was turning into a woman in order to form a sexual union with God. During a doctor's visit, a man reported that his pet poodle had been replaced by an impostor, masquerading *as if* he was the real deal. Judge Patrick Couwenberg stated under oath that he received the Purple Heart for military operations in Vietnam, and soon thereafter carried out covert missions in Southeast Asia and Africa as a CIA agent. The pilots of Air Florida flight 90 ignored signs from their dashboard indicating engine trouble and then proceeded to crash into a bridge, killing 74 of the 79 people on board. In 2008, while Hilary Clinton was running for President of the United States, she regaled admiring supporters with stories of her international experience, including her visit to Bosnia in 1996 where her plane was forced to land "under sniper fire", followed by a rapid evacuation for cover. When I was a teenager, I often walked onto the tennis court thinking that I was John McEnroe, serving and volleying like the world's number one player.

Each case above tells the story of a person who acted as if the world was one way even though it wasn't. The Holocaust and its trail of atrocities were real, confirmed by thousands of scarred survivors and the relatives who have heard their accounts. Judge Couwenberg was never in Vietnam, never earned a Purple Heart, and never had a connection with the CIA. There are no pet poodle impostors. Our brains don't soften, though they do deteriorate with age. When dashboard indicators suggest engine trouble, better to be safe than sorry when you are responsible for the lives of many people. Hilary Clinton landed in the exceptionally *safe* airport of Tuzla where she was *warmly* greeted by US and Bosnian officials. I am no McEnroe.



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In each of these cases, there was a mismatch with reality. The person harbored a false belief, but believed it was true. In some cases, the mismatch was due to psychosis, some kind of delusion or malfunctioning of the brain. These people didn't know that their beliefs were false. In other cases, the mismatch resulted from an intentional lie or distortion, a process that is adaptive, designed to promote self-confidence and manipulate others. When I conjured up images of McEnroe, I momentarily deceived myself. I believed it helped my game. I never thought I was McEnroe. I carried my self-deception honestly. When Hilary Clinton misreported her trip to Bosnia, perhaps she misremembered or perhaps she distorted her memory to convince voters that she had what was necessary to run the country — toughness and international experience. Unfortunately for Clinton, her comment about Bosnia was accompanied by other distortions, which led the American essayist William Safire to write "Americans of all political persuasions are coming to the sad realization that our First Lady... is a congenital liar."

Some cases of self-deception are harmless and even beneficial, as in my illusion of tennis grandeur. Others are only mildly harmful, as in Clinton's distortion of her political experiences. And yet others are deeply harmful, as when leaders such as Ahmadinejad deny the suffering of millions. The problem is that anyone can harness the power of self-deception for ill gotten gains.

Why does our mind play tricks on us, allowing us to believe things that are false? Why didn't evolution endow us with a reality checking device that is vigilant 24/7? The answer here parallels the refrain carried throughout this book: like its evil sister dehumanization, self-deception is Janus-faced, showing both an adaptive and maladaptive side. Self-deception allows us to protect ourselves from the reality of a current predicament or loss. Self-deception allows us to provide a better personal marketing brand to defeat our competitors in attracting mates and garnering other resources. Self-deception may even be critical to the functioning of a healthy and safe society: in a study of male criminal offenders, those with the lowest levels of self-deception with respect to their own self-worth showed the highest levels of recidivism. There is, however, a fine balancing act, revealing the slippery slope from adaptive to maladaptive: as studies by Roy Baumeister reveal, individuals with the highest self-esteem and the most overblown sense of themselves are also the ones most likely to lash out with extreme violence when someone threatens the reality of their stature.

The evolutionary biologist Robert Trivers was the first to identify the adaptive significance of self-deception and its connection to deception. As he insightfully notes in his book *The Folly of Fools,* what appears completely irrational about self-deception evolved as a consequence of selection to deceive competitors: "To fool others we might be tempted to reorganize information internally in all sorts of improbable ways and to do so largely unconsciously." The most effective self-deceiver acts without any sense of his true motives. He is on autopilot, driven by a purely self-interested mind. No checks and balances. Here, I build on this idea. I will show you how studies of pathology and healthy brain function



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illuminate the mental chicaneries that lead us down the road to self-deception. As with the dangers of dehumanization and its role in denying reality, so too is self-deception a dangerous state of mind, allowing individuals to inflict great harm while feeling aligned with the angels.

What did William Safire have in mind when he called Hilary Clinton a congenital liar? Congenital refers to a trait that is present in utero, at birth or soon thereafter. Congenital disorders, diseases, or anomalies typically refer to defects caused by a combination of genetic and environmental problems. A cleft lip is an example of a congenital anomaly, one that appears at birth as a gap in the upper lip. Because we don't have detailed records of Hilary Clinton's life as a child, it is hard to say whether her lying was congenital in the same way that a hair lip is congenital. We can rule out the *in utero* and *at birth* periods because Hilary, like all other children, was not born speaking or lying. These capacities mature. That she developed a tendency to exaggerate and distort is consistent with other reports. She falsely claimed that she was centrally involved in the creation of a Children's Health Insurance Program, an initiative that was actually created by Senators Ted Kennedy and Orin Hatch. She also claimed that she played a significant role in the Good Friday Agreement for Northern Ireland, a comment that Nobel laureate Lord William David Trimble described as "a wee bit silly." When Safire described Clinton as a congenital liar, what he was referring to was the habitual pattern of fabrication. When patterns of the mind become habits, they are hard to break. Each distortion, rehearsed over and over, becomes part of the fabric of truth. It is a life story that starts as fiction and ends up as non-fiction in the mind of the story-teller. We can begin to understand this transformation by looking at the clinician's notebook.

For more than 100 years, psychiatrists have described a syndrome known as *pathological lying*. If lying is pathological, it must deviate from some norm. The psychiatrist Charles Dike sums up the essence of this disorder:

> Pathological liars can believe their lies to the extent that, at least to others, the belief may appear to be delusional; they generally have sound judgment in other matters; it is questionable whether pathological lying is always a conscious act and whether pathological liars always have control over their lies; an external reason for lying (such as financial gain) often appears absent and the internal or psychological purpose for lying is often unclear; the lies in pathological lying are often unplanned and rather impulsive; the pathological liar may become a prisoner of his or her lies; the desired personality of the pathological liar may overwhelm the actual one; pathological lying may sometimes be associated with criminal behavior; the pathological liar may acknowledge, at least in part, the falseness of the tales when energetically challenged; and, in pathological lying, telling lies may often seem to be an end in itself.



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What seems most critical to the pathology is the lack of control which leads to repetitive lying over a long period of time. Compared with run of the mill liars, pathological liars often seem unaware that they are lying and do so many times a day as part of their daily habit. In the same way that birds have to fly and fish have to swim, pathological liars have to lie. If pathological liars are unaware of their lies and incapable of controlling themselves, then they are not responsible for the harm they impose. They have no choice. Unbeknownst to them, their brain has been hijacked by a creative fiction writer. They are following a script, but have no sense of its author.

Dike's summary is based on a loose and eclectic set of clinical observations. Several clinicians thus debate whether habitual lying counts as pathology and thus, whether it is worthy of an entry into the *Diagnostic and Statistical Manual of Mental Disorders*. For example, how can the clinician establish pathology given the evidence that healthy people lie about twice a day, physicians lie about 40-80% of the time to help their patients gain better health care, and lying within an experimental context increases as subjects generate more lies? My own sense is that despite the difficulty of defining the pathology with precision, clinicians have identified individuals that lie with every breath and often identify psychopaths by their calculated conning. These observations sharpen our approach to understanding the seeds of deceit and self-deception in the non-pathological condition. For example, does excessive and sustained lying stem from a specific problem associated with recognizing the truth or does it grow from a more general problem with self-control? Or, does the habitual liar suffer from an emotional deficit such that when he or she lies, there are no feelings of guilt and shame? Without these emotional regulators, it is impossible to learn from the harm caused. When healthy people distort the truth, they often feel bad. When healthy people think about distorting the truth, they often think about the potential harm and then silence the option to lie in favor of the truth. Perhaps unhealthy people never hear these emotional alarms. The mind sciences have begun addressing these issues.

The American neuroscientist Adrian Raine reported that individuals with a history of repeated lying and con-artistry have structurally different brains from non-liars, including individuals with a history of anti-social problems. Habitual liars have more white matter in the frontal lobes, but less grey matter. White matter consists of axons and myelin. The axon is the part of a nerve cell that carries information. It is like the electric cable that runs from the power station. Myelin covers the axon, at least in healthy individuals. It is like the fat around your bones, protecting and insulating neurons. Fat helps keep us warm. Myelin helps neurons transmit information. The grey matter consists of nerve cell bodies, which lack myelin. The function of grey matter is to connect up the neurons to transmit information between areas of the brain.

Raine suggests that the increase in white matter gives habitual liars the upper hand when it comes to lying, helping them suppress the truth, control their emotions, and mind read what others believe and



HOUSE_OVERSIGHT_012855

desire. The decrease in gray matter allows habitual liars to lie without feeling guilty. The messaging center that sends healthy subjects moral reminders about the virtues of truth, is shut down or barely audible within the mind of a pathological liar. The brain of a pathological liar allows for the ultimate poker face. The brain of a healthy individual allows us to perfect the poker face by repeating a distorted narrative, converting a lie into a self-justified truth. This is dangerous denial.

When we lie, either to manipulate someone else or ourselves, we distort the truth. We can either do this on the fly or use a narrative held in long-term memory. When Hilary Clinton told her supporters that she had to dodge bullets in Bosnia, she either lied in the moment to convey a stronger image or she developed this distortion over a long period of time. In the first instance, she knew that her comment about Bosnia was false. She was deceptive, but not self-deceived. In the second case, she was self-deceived and most likely unaware. Her narrative was so clear that she could picture running for cover without the usual welcoming party. Several studies now reveal that both forms of lying engage brain areas associated with self-control and conflict— the right backside of the prefrontal cortex and the anterior cingulate. This makes sense. To tell a lie, either to oneself or another, requires controlling what we know about reality to convey an alternative reality. When we hold both versions of this narrative in mind, there is conflict. As we rehearse one version more than the other, the conflict dissipates. The more we rehearse, the more we push this narrative into long term memory. The more we push this narrative into long term memory, the more it becomes part of what we believe is true. The more we believe it is true, the more we hold onto a narrative that can be used to justify our actions.

The imaging results fit well with our understanding of which brain regions are involved in self-control, conflict, memory, and social knowledge. To understand which regions are either necessary or sufficient for representing truths and lies, we turn to a technique called *transcranial direct current stimulation*. This method allows researchers to safely increase or decrease activity in a brain area through electrical stimulation. Think of this technique as a volume knob on an old fashioned radio. Turn it clockwise and you amplify the signal. Turn it counter-clockwise and you quiet the signal. When the German neuroscientist Ahmed Karim and his colleagues applied this technique to the right backside of the prefrontal cortex, and decreased activity, healthy subjects were better at telling lies, lied without guilt, and were less stressed out as measured by the sweatiness of their skin. This pattern mirrors the natural state of pathological liars. Absent the circuitry in the brain that exerts self-control over our distortions, Karim turned healthy subjects into conscience-free, poker-faced, liars.

If self-deception and deception are not only part of normal brain function, but adaptive processes, then what makes this system turn toxic? What tips the brain over to the dark side, allowing self-deceptive illusions to empower the individuals and groups to cause great harm?



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*I am God!*

Across the globe, in Eastern and Western cultures, clinicians have reported a consistent pattern of psychotic delusion, typically associated with schizophrenia: many believe that they are God, God's messenger, or the Devil, equipped with extraordinary, invincible powers. This is the same disorder that led the Australian gentleman we encountered at the start of this chapter to believe that he had two heads and heard the voices of Jesus and Abraham. Estimates reveal a greater number of cases among Catholic than Islamic or Protestant societies, and the fewest among Hindu societies, although experts are uncertain as to why such particular biases exist. The interesting point is that there are individual differences in the expression of religious delusions that are at least partially mediated by the particular beliefs and customs of the religion. Religious delusions are also held with greater conviction than other delusions, more resistant to change, and often result in self-mutilation or harming others; when harm occurs, it follows the narrative from a religious text, plucking out eyes or cutting off genitals as the means to cleansing sins.

What makes religious delusions like these, in which the individual has created a narrative of supreme confidence and power, different from non-delusional, non-psychotic forms of distortion? In a Gallup poll, 10% of the Americans surveyed claimed they had spoken with the devil. In several psychological experiments, healthy non-psychotic subjects consistently report that they are smarter than most, more attractive, and more likely to win than lose an athletic competition. Though some of these people are correct — they are in fact smarter, more attractive, and better competitors — most are wrong and yet believe they are right. What this research reveals is that we all suffer, some more than others, from positive illusions — biases that distort our sense of confidence, control, and invincibility These illusions differ from delusions in that they are less fixed, more flexible, and more amenable to change. Delusions are highly maladaptive, a signature of brain dysfunction, and the source of great suffering. Positive illusions, in contrast, are often highly adaptive, generating the confidence necessary to take on great challenges and challengers, convincing an audience or a group of opponents that we are stronger, smarter, and sexier. Positive illusions have been linked to direct mental and physical health benefits, including evidence that distorted optimism can slow disease progression. Positive illusions are, as noted by the biologists Richard Wrangham, Robert Trivers, and Dominic Johnson, a form of self-deception with considerable evolutionary benefits. But like the runaway capacity of desire, so too can our illusions of grandeur runaway. When this occurs, illusion and delusion are virtually indistinguishable. What was once a narrative centered on the grandiose belief of being *god-like* has been transformed into the belief of being *God*, leading individuals and groups to engage in extreme extortion or violence, not only blind to



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obvious risks but incredulous that there would be any risks. This is denial. This is another way in which we close off our senses to reality in order to create our own imagined reality. How does this process get started?

It is not until the age of about 18-24 months that we acquire the ability to recognize ourselves in a mirror. It is not until a couple of years later that we have a sense that our own beliefs can sometimes differ from others that we interact with. It is not until this time that we develop the capacity to deceive, along with a powerful suite of social emotions that enable us to feel embarrassed, envious, and elated. These feelings link up our sense of self with our sense of others. These are comparative feelings and beliefs, and they feed back to who we are, either building up our self-confidence or crushing it. When my daughter Sofia was ten years old, she announced that she will one day go to Brown University — attracted by their course offerings and the fact that Emma Watson, aka Hermione Granger of Harry Potter fame, was a student — be rich and have five children — she wanted more siblings and has always had a taste for the luxurious — obtain a veterinarian degree — my wife is a veterinarian and we have five pets — open a restaurant — I love to cook — and be an Olympian in gymnastics — sports run in our family. Sofia was not delusional, but brimming with uncalibrated confidence. Her confidence was uncalibrated because she had no sense of what it takes to get into Brown, become rich, take care of five kids, obtain a vet degree, open a restaurant, and win gold. My wife and I would be horrid parents if we burst her bubble. We would be irresponsible parents if we didn't, over time, describe the exciting challenges associated with each of these desirable goals.

Developing a sense of self depends on at least two capacities: looking inwards at what we know and are capable of doing, and looking outwards at what others know and are capable of doing. When we look inwards, if we honestly open our eyes to the richness of our autobiography, we will recognize cases where we have succeeded and those in which we have failed. This history reveals our knowledge and ignorance, our strengths and weaknesses, and our capacity to exert control or meld to external forces. When we look outwards, again with an honest, panoramic perspective, we learn about those who know more or less than we do, about those we can outcompete and those we lose to in defeat, and about situations that undermine our capacity for self-control. Distortion enters these personal narratives when we either lack information or filter it in some way, consciously or unconsciously.

The British criminology scholar Mandeep Dhami examined positive illusions in criminals incarcerated in prisons within the United States and the United Kingdom. Because recidivism levels are high among convicted criminals, with 40-60% of offenders re-convicted after 1-3 years from release, it is important to understand risk factors. One possibility is that criminals believe that their prior offense was just a one-off event or bad luck, and that, of course, they will never engage in crime again, having learned their lesson and feeling fully confident in their capacity to lead a crime-free life. Based on a sample of



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over 500 prisoners from medium security prisons, 60-80% believed that they would find a place to live as well as employment once released, whereas less than 30% felt that they would commit another crime. Prisoners also felt that they were much less likely to commit another crime than other prisoners. Thus, whether prisoners were evaluating their own chances of success or their success relative to others, they were living with a distorted narrative. The shorter the criminal record, the more distorted the narrative. Repeated experience with crime appears to anchor the narrative in a more realistic assessment of the future.

Certain experiences can also enhance positive illusions by giving individuals an unrealistic sense of self-control, along with a distorted expectation that future outcomes are highly deterministic. For example, people who are wealthy, highly educated, part of a dominant group, or citizens within a society that values independence, are more likely to believe that they have control over the future and are more likely to express optimism and high self-esteem. These attitudes often lead to a boosted sense of control and an illusory sense of control over future outcomes. The American psychologist Nathanael Fast ran a series of experiments to further explore the relationship between power and illusory control, specifically asking whether subjects endowed with power expect control over outcomes that are strictly due to chance or that are unrelated to the domain of power. Across each study, whether subjects recalled a personal situation where they were in power or had to imagine being in power, they were more likely than those in a subordinate position to express confidence about the outcome of rolling a six-sided die, predicting the future of a company, and influencing the results of a national election. Power and winning distort, a tale that has been told and retold countless times in the annals of industry and warfare. As the American business administration scholars Francesca Gino and Gary Pisano note, the business world is full of cases where leaders and leading companies crash because they fail to examine the causes of success. They assume, for example, that their success is entirely due to their brilliance, control over the market, and the weakness of the competition, as opposed to a shot of good luck. So too goes the story of unexamined war victories, as supremely confident generals discount relevant information about their opponents, leading battalions on a death march. Our willingness to accept victories without question stands in direct contrast with our motivation to scrutinize failures, drilling down for explanations or causes. When we lose or fail in some way, the negative emotions accompanying this experience focus our attention on working out an explanation. When we win, we bask in the glory, fueled by the brain's chemicals and the body's hormones. This physiological orchestration sets up the positive illusion of overconfidence, a winning card in many competitive arenas, and a disaster in others.

Recall from chapter 1 that our brains, and the brains of other animals, are configured to reward victory with a cascade of hormonal and neurobiological changes. Winning delivers a shot of testosterone, and so too does observing others win. Winning also delivers a shot of dopamine, further generating a



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honey hit to the brain when we shine. There is evidence that schizophrenia is associated with a dysfunctional dopamine system, which might help explain the overconfidence in their beliefs, especially beliefs in powerful religious icons. Winning boosts confidence, which increases the chances of winning again. This is a highly adaptive cycle that can lead to overconfidence.

Dominic Johnson took advantage of the research on human and animal competition to explore the link between overconfidence, testosterone, and war within the context of a simulated game. Each subject played the role of a leader in a country at war with another over diamond resources. The goal of the game was to accrue the highest level of resources or defeat the neighboring country. Though war games on a computer can not capture the full reality of war, the fact is that military specialists throughout the world use simulations to prepare combatants for some of the strategic and emotional problems they will confront.

Most subjects judged that they would outcompete their opponents, and this was exacerbated in males relative to females. Those who believed that they would whip their opponents actually had the worst records, suggesting that they were not only uncalibrated but that their distortion of reality led to costly outcomes. Those with the highest expectation of victory had the highest testosterone levels and were most likely to launch unprovoked attacks on their opponents.

Whether in real life or in the simulated world of computer games, brimming overconfidence can lead to a distorted sense of risk and the odds of victory in war — or any competitive arena. Though this is a costly strategy, there are clear evolutionary benefits under conditions explained by Trivers and Johnson. Self-deception is favored when opponents have imperfect information about their strengths and weaknesses, and where the payoffs are high relative to the costs. Self-deception leads individuals to go for it, convincing themselves and others that the risks are low, the gains are great, and the standard social norms are no longer applicable. This is a dangerous form of denial, recruiting moral disengagement to justify horrific means and ends. This is a piece of the psychology that can facilitate the process of runaway desire. This is a piece of the psychology that enables individuals to cause great harms.

My goal in this book has been to find the universal core of evil, the elements or ingredients that are shared across all cases of evil. My suggestion is that the mixture of desire and denial are both necessary and sufficient ingredients in the recipe for evil. All other ingredients are flourishes, creative additions that do not take away from the universal core. Within each of us is a recipe for causing excessive harm and for expressing exceptional compassion. We have choices. But as evidence accumulates from the sciences, it has become increasingly clear that some of us have fewer choices than others. Some of us are equipped to resist the temptations of a culture of evil, while others fall prey. This is the story of our species. This is our story.



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# Endnotes: Chapter 3

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HOUSE_OVERSIGHT_012863

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HOUSE_OVERSIGHT_012864

# Chapter 4: Wicked in waiting

> The wicked are estranged from the womb: they go astray as soon as they be born, speaking lies.
>
> ***— Bible, Psalm 53:8***

Growing up is a lottery. No one has a say over their genes or their parents, including the environment that is created on their behalf. For individuals raised in poverty, abused by parents or abandoned by them, there may come a time when it is possible to purge the past, rise above it, and lay down new tracks. Success in this endeavor depends upon biological potential and the environment's toxicity. Though every healthy human being acquires the same basic biological ingredients, individual differences in how our biology expresses itself can either provide immunity against toxic environments or deep vulnerabilities. The unlucky ones inherit genes that predispose to sensation-seeking and risk-taking, callous and unemotional attitudes toward others, weak self-control, and narcissistic leanings. With this lottery ticket, it takes little to trigger the mindset of an evildoer. And yet some resist. An impressive accumulation of scientific evidence helps explain the source of these individual differences, including its role in sculpting different personality profiles that either deviate greatly from societal norms or follow them to perfection.

### *What's normal?*

Much of our fascination with evil stems from the distinct impression that evildoers are anomalies. Their actions are inhuman, unimaginable, rarely witnessed, and detrimental to our species' survival. This impression carries with it an assumption about what is expected or typical of our species, as well as what is possible. It assumes that evildoers have thoughts, feelings, and desires that fall outside of the repertoire of an average human being. Their actions are unimaginable because most human minds lack the capacity



HOUSE_OVERSIGHT_012865

to imagine butchering human bodies. Like so many simple claims that go unchallenged, we should be puzzled by this one. We should ask: what's normal?

The evolutionary history of each species' brain does not provide a complete account of what the brain can do. Consider again a topic from chapter 1: domesticated dogs and their ancestors, the wolves. Though dogs live with humans, and are often raised by them, they never acquire a human language. In this sense, the domesticated dog is just like the wolf. But what dogs can do, with greater facility than any wild wolf, is understand a variety of human gestures such as pointing and the movement of our eyes. This capacity emerged following a period of human domestication. Wolves were not part of this selective regime. But, and this is the most interesting twist in the story, wolf puppies raised by human caretakers develop into adults that can read pointing and looking extremely well. This tells us that even wolves evolved the potential to read human gestures, but only human environments favor this skill. This tells us that what animals express is not necessarily indicative of their potential. To uncover their potential, we must alter the environment or wait for such changes to happen naturally.

When we ask *What's normal?*, we are asking two questions: what is the evolved repertoire and what is the evolved capacity? The evolved repertoire tells us something about the relationship between a species' biology and the environments that have shaped their behavior. The evolved capacity tells us about a reservoir of behaviors that may only emerge in novel environments.

What's normal human behavior? The same distinctions apply to us as to dogs and wolves, with the extra complication that our species adds because of historical twists and turns orchestrated by legal, political, ethical, religious, and medical points of view. History presents us with hundreds of cases where an accepted normal mutated into abnormal, or where abnormal transformed into normal. During the Italian Baroque — a period of decadence that started in the late 16th century and ended in the early 18th century — some 500,000 boys were castrated in order to freeze their youthful voices for the enjoyment of others. These castrati formed an essential part of music culture, of what people expected and wanted. For many of these young boys, not only did castration end their reproductive careers, but often, their lives.

As the 18th century drew to a close, so too did castration in the name of art. What was normal then is perceived as abnormal and heinous today. The same story can be told for other sexual practices, including female genital mutilation, circumcision, and homosexuality. In the United States, homosexuality was considered a disease before the 1970s, with its own entry in the *Diagnostic and Statistical Manual of Mental Disorders*. Thanks to an underground movement of gay psychiatrists and the work of Evelyn Hooker who discovered that the manual's classification entry was based entirely on clinical interviews of gay prisoners, homosexuality has been freed from its jail sentence as a mental disease — as abnormal.



HOUSE_OVERSIGHT_012866

When clinicians diagnose individuals with a mental disorder, they are making a statement about deviance, about what falls within and outside the range of normal mental states. Unfortunately, there are no clear categories, no bright lines separating normal from abnormal or uncommon. As the distinguished American psychologist William James noted, however, studying "the abnormal is the best way to understand the normal." Let's follow this logic.

Consider the developmental disorder of autism. This disorder, typified by difficulties understanding what others believe and feel, ranges from individuals who appear locked out of the world, rocking back and forth to their own internal rhythm, to high functioning individuals such as Professor Temple Grandin, who not only teaches college-level courses, but has done wonders as a spokesperson for autism and for the animal welfare movement. This range already tells us that autism is represented by a spectrum, once identified by purely behavioral measures, but joined today by genetic and neurobiological markers. The genetic evidence is particularly helpful for explaining the observed variation. For example, the MAOA gene, located on the X chromosome, is involved in the regulation of social behavior and has different forms that map to differences in brain activity and stress physiology. The different forms correspond to the number of copies of the genetic material. This copy number is, in turn, partially responsible for the spectrum of autism observed, especially the degree of social dysfunction, including stress and aggression. Once we admit to a spectrum, and begin to pinpoint the factors that push individuals to stand on one end or the other, we must admit to admitting virtually everyone onto this spectrum. All of us, at some point in our life, have lacked sensitivity to the feelings and beliefs of others. All of us have been self-absorbed and locked out from the rest of the world. All of us have failed to express empathy and compassion to others. All of us have been a bit abnormal in this sense. All of us fall, on occasion, within the spectrum of autism as well as other disorders of the mind such as psychopathy.

Like autism, psychopathy is not one neat and tidy disorder, but a spectrum. Diagnostically, psychopaths are impulsive, narcissistic, and lacking in social emotions such as empathy, remorse, and guilt. These behaviorally defined characteristics are complimented by genetic and neurobiological markers, some pointing to risks in the pre-school years, and linked to the same MAOA gene noted above. The spectrum that defines psychopaths ranges from hyper-smart, calculating, and powerful politicians to low IQ, downtrodden, serial murderers. Everyone of us occasionally shows our psychopathic face: self-absorbed, impatient, manipulative, and uncaring. What is abnormal, then, is living with these characteristics, all the time. Clinically diagnosed psychopaths, like clinically diagnosed individuals with autism, have the characteristic traits as stable components of their personality. An honest clinician will tell you, however, that stability is difficult to define, and so too are the essential traits. An honest brain scientist will also tell you that, despite the observation that psychopaths have hyperactive dopamine brain



HOUSE_OVERSIGHT_012867

circuits that may drive sensation seeking, along with smaller frontal lobe circuits that may minimize their sensitivity to punishment and the capacity for self-control, these differences are statistical. What "statistical" means is that if you were to stack up all of the brains with hyperactive dopamine circuits and smaller frontal lobes into one pile, most, but not all would be from psychopaths. You would also find psychopaths in the pile of brains showing normal dopamine activity and average-sized frontal lobes. These brain differences are interesting, but they are not yet like fingerprints, absolutely and uniquely distinctive and diagnostic of a disorder. Such honesty reveals the challenges we face in answering the simple question *What's normal?*

Lawyers, judges and juries face the same problem as clinicians, often relying upon documents such as the DSM to determine when someone has acted outside the range of normal behavior. But for legal cases, there are two relevant layers of the normalcy problem. The first concerns whether the supposed criminal was sane or insane. An insanity defense requires evidence of a disease or defect of the mind. It requires evidence that the individual lacked the capacity to appreciate the criminal nature of the act as well as the capacity to conform. This is the part that relies on the DSM, as well as clinicians who can testify based on their expertise. The second concerns a more general understanding of what a prototypical or normal human would or could do in a given situation. The idea seems straightforward enough, but as I mentioned above, is only deceptively straightforward.

Crimes of passion provide a useful illustration of the challenges we face, especially with respect to understanding how harm is ignited in the face of moral norms against it. Highlighting the truism that love makes you crazy, the crime of passion defense is invoked for cases where, in the heat of the moment, an individual finds and kills his or her spouse in bed with a lover. The defining feature of a crime of passion is that it was not planned and *most* people faced with the same situation would act similarly, unable to control their emotions.

The crime of passion defense seems straightforward. Like autism and psychopathy, however, it too relies upon a diagnosis of what a prototypical or average person *would* do in the same situation. This diagnosis requires an understanding of two difficult mental states: planning and self-control. Planning involves imagining the future, time traveling to a new world, dreaming up what we might do and how we might feel. We plan in the short and long term, filling up our mental sticky notes with to-do lists. Self-control enters into planning because what we imagine for ourselves — what we desire — is often inappropriate or unethical because it harms others or ourselves. As noted in chapters 2 and 3, the capacity to keep desire in check relies on moral engagement. Moral engagement requires self-control. Moral disengagement requires denial in order to loosen the grip of self-control and enable desire to have its way.



HOUSE_OVERSIGHT_012868

When Lorena Bobbitt cut off her husband John Bobbitt's penis, she fulfilled her desire to harm another. She carried out this gruesome act despite the moral and legal sanctions against it. But she did not plan this act in advance, and nor did it occur in the heat of the moment, triggered by finding her husband in bed with a lover. It followed in the wake of his repeated philandering, attempted rape and psychological abuse. As an act, it fell between the cracks of a long-term plan and a reflexive response — it was hatched on the night of the fatal attack, triggered by seeing a carving knife in the kitchen. Lorena either lost self-control for that fatal moment or she was in complete control, aware of what she was about to do and justified by her own moral convictions, believing that harming John was just deserts. John was most definitely not innocent. The jury delivered a "not guilty" decision, appealing to a crime of passion defense. This decision effectively excused Lorena's harmful act as normal and justified given the mitigating circumstances.

When we consider the nature of evil, we must pause to consider our own biases and prejudices about what's normal. We must ask about the human potential, about our evolved capacities and our ability to behave in novel ways in novel environments. When we say that a person, group or nation is evil, we are saying something important about human nature, about our capability as a species. We are saying something important about the relationship between nature and nurture.

*Evil eggs and corrosive coops*

How much do career criminals cost? Estimates from the United States suggest that if you can prevent a high risk child from entering this career, you save $1.5-2 million in costs of education, mental health, and criminal fees. Educational facilities such as the Penikese Island School in Massachusetts, where I have had the privilege of working, spend about $100,000 per student per year to keep high-risk teens off the streets and out of jail. Based on statistics collected by the Federal Bureau of Investigation, approximately 100,000 individuals under the age of 18 years were arrested in 2007 for violent crimes — murder, forcible rape, and aggravated assault. If we had nurtured and educated these teenagers before they committed such crimes, we would have saved close to $100,000,000,000. Violent crime prevention pays. How does a career of violent crime start? Are there early warning signs? How early? How much starts with the egg and how much with the coop in which it was raised?

Early scientific interests in this chicken and egg problem can be traced to the efforts of the Italian physician and psychologist Cesare Lombroso. In 1876, he published his magnum opus *The Criminal Man*. This was a serious, scholarly book aimed at understanding "whether there is a force in nature that causes crime." Based on measurements of both anatomical and psychological characteristics, Lombroso



HOUSE_OVERSIGHT_012869

concluded that criminals were born not made. Their defining features were throwbacks to our evolutionary ancestors, dehumanized by biological defects. Modern man was civilized and elegant. Criminal man was barbaric, a savage with slanted forehead, jutting jaw, and excessively long arms. Criminal man was more ape-like than human-like. Because the cause of these differences was biological, Lombroso argued that a life of crime was inevitable. Change through rehabilitation was hopeless. To protect society, these natural born criminals had to be taken out of society, either locked up or executed. These ideas formed the basis of several eugenics' movements, with the aim of weeding out the undesirable, less than human elements of society, be they less intelligent, from a non-Caucasian racial group, or from a culture with different religious beliefs.

Lombroso's theory of criminality was soon rejected as scholars from a variety of different disciplines unearthed its racial stereotypes and shoddy methods, including a failure to include the many people with slanted foreheads, jutting jaws, and long arms who never committed crimes, and those with statuesque anatomy who did. This initiated a general skepticism and even fear of biological explanations, causing a swing in the opposite direction. Criminals were not born but made by corrupt societies. Humans are not born with biologically encoded scripts for behaving with malice or virtue. Rather, we are born with blank slates, waiting for society to inscribe its distinctive signature. So began a pendulous swing from nature to nurture. Though the oscillation continues to this day, there is increasing appreciation, perhaps especially in the arena of criminology, that both nature and nurture make important contributions. This change comes, in part, from a far greater understanding of genetics, combined with long term studies of how humans and other animals develop within environments that are either nurturing or damaging.

Consider the MAOA gene that I mentioned in the last section. This gene produces an enzyme that goes by the same shorthand of MAOA, or **M**ono**A**mine **O**xidase **A**. MAOA is evolutionarily ancient, shared with other animals, and has two different forms — *low* and *high* — that influence the level of serotonin as well as the brain areas involved in social evaluation and emotional regulation. Early evidence for the critical role of this gene in social behavior emerged from a study that knocked it out of operation. If you knock out the MAOA gene in mice, they quickly become hyper-hyper-aggressive. These genetically transformed mice have no capacity to regulate their social behavior. Consequently, all interactions are treated as confrontational and handled by aggressive attacks. These results are consistent with a large body of work in animals showing that heightened aggression and low levels of serotonin go hand in hand. These results are also consistent with work on humans. In, 1993, the Dutch biologist Hans Brunner analyzed the genetics of a large, extended family. Some individuals within this family were born with a defect that silenced the operation of the MAOA gene; they were like the mice who had this gene silenced. Relative to others in the family, these individuals had a pronounced history of violence,



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including murder, rape, and arson. Oddly, although this work provided one of the cleanest links between genes and violence in humans, it slid under the radar of scientific attention, only to be resuscitated and enriched about ten years later.

The behavioral geneticists Avshalom Caspi and Terry Moffitt studied a large population of young boys over several years. Though boys and girls have the MAOA gene, its effect on behavior is easier to study in boys because they have only one copy whereas girls have two, one for each of their two X chromosomes. For each boy, Caspi and Moffitt collected information on the presence and frequency of their antisocial behavior and whether they were raised by parents who were caring, mildly abusive, or severely abusive. For each boy, they also noted whether they had the low or high expressing form of MAOA.

Caspi and Moffitt's results provided a textbook example of nature's interaction with nurture. If the parents were caring, the genes made no difference in their child's personality or behavior. If the parents were mildly abusive, the boys with the low activity form were nine times more likely to fight, steal, bully, and defiantly break rules. For those boys with severely abusive parents and the low activity form of MAOA, 85% developed into violent, delinquent criminals. What these findings tell us is that in humans, it makes little difference which form of MAOA you have if you grow up with nurturing parents. But if you grow up with abusive parents, your genes make all the difference in the world. Those with the low expressing form are more likely than not to develop into delinquents, whereas those with the high expressing form are more likely than not to develop immunity. By a double dose of bad luck, one shot from the genes and one from the environment, some have a high probability of entering into the pool of potential evildoers.

The German neuroscientist Andreas Meyer-Lindenburg took the genetic work one step further, linking the particular form of MAOA up to differences in the brain. Those with relatively poor social regulation and the low expressing form of MAOA had significantly smaller brains, specifically in regions associated with the control of emotion and social behavior — the amygdala, anterior cingulate, and prefrontal cortex. These individuals also had less connectivity between these regions, harking back to the importance of promiscuity both between humans and other animals, but also within our own species. Less connectivity translates to less control by the frontal areas of the brain over emotion-relevant areas such as the amygdala. When individuals with the low expressing form viewed angry or fearful facial expressions, the emotionally-relevant brain areas went into hyper-drive, whereas those areas involved in regulating emotions hibernated. Thus, in contrast with individuals who have the high expressing form of MAOA, those with the low expressing form are overwhelmed by emotionally charged experiences, lacking the mental brakes to stay cool. By luck of the draw, the low expressing form of MAOA builds a child that is



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more likely to get angry and violent in the face of frustration and other emotional challenges, whereas the high expressing form builds a child that is walled off, immune to the same challenges.

MAOA is crucial not only in long term human development, but also in everyday, ephemeral social interactions. In a laboratory study, an experimenter offered subjects the opportunity to earn up to $10 on a vocabulary quiz. Once they finished the quiz, they learned that an anonymous person in another room either took some of their earnings or left it alone. With this information in hand, the quiz-taker could either vindictively punish the person by giving them some hot sauce or they could cash out of the game and recover the money lost. In other words, they could either vindictively burn their opponent or recover their losses at no cost. In reality, there was no partner in the other room. When subjects with the low expressing form of MAOA lost most of their earnings, they were far more likely to deliver the hot sauce than those with the high expressing form; they were also most likely to deliver the highest amount of the sauce. Like long-term parental abuse, even short-term provocation invoked in a laboratory environment can cause those with the low expressing form of MAOA to act out and attack.

As with all genes that have different forms, the number of individuals with the low expressing form of MAOA varies by population, including different ethnic and culturally identified groups. Caucasian and Hispanic males show some of the lowest frequencies at 34 and 29 % respectively, whereas Maori, Pacific Islander, and Chinese males show the highest at 56, 61, and 77% respectively. In a study of over 1000 men, individuals with the low expressing form of MAOA were more likely to be in violent gangs, and once in gangs, were more likely to use guns and knives than individuals with the high expressing form. Variation in the frequency of these two forms is interesting as it provides the signature handiwork of natural selection. When the frequency of one form goes up, the most likely explanation is that this form benefits the individual carriers. When the frequency goes down, there is a hidden cost. In light of this teeter-tottering of frequencies, the Maori are of interest. As celebrated by many New Zealanders today, the Maori were a highly adventurous and warring people. Individuals who took risks and fiercely defended their resources were heroes. Heroes may have been carriers of the low expressing form of MAOA. Heroes often leave more offspring, who were also carriers of the low expressing form. In the Maori environment, selection may well have favored this form of the gene. The important point is that different environments will favor different frequencies of the two forms of MAOA. This helps explain both the cause of individual differences and the challenges we face in confronting cultures of violence that are fueled by nature and nurture.

Many other labs have followed up on Caspi and Moffitt's long term, developmental study. Most find the same relationship between the MAOA gene and antisocial behavior. Others add to this account by showing how different genes and early appearing physiological differences contribute to a highly aggressive and antisocial starting state. In one study, the German psychologist Alexander Strobel put



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subjects in a brain scanner and invited them to play a bargaining game where they could punish someone who acted unfairly to them — personal revenge — or punish someone who acted unfairly to someone else — impersonal punishment. For each subject, Strobel also collected information on a gene called *COMT Met.* This gene has three different forms, linked to differences in activity level in the frontal lobe of the brain, which are linked to differences in the levels of dopamine, which are linked to differences in the experience of reward. Given the different forms of COMT Met, at least part of what we experience as the feeling of reward or gratification was determined by our parents, and our parent's parents, and their parent's parents, all the way back to our ape-like cousins who evolved this gene.

When Strobel looked at the brain scans of his subjects, he found that the same circuitry was engaged for personal revenge and impersonal punishment, with significant activity in the striatum — a reward area — as well as in the insula — an area involved in the feeling of disgust. When we detect an injustice, we feel disgusted, a feeling that may motivate our desire for retribution. The striatum finishes off the process, rewarding us for our punitive response, and wiping out the negative feeling of disgust. Importantly, individuals with the high expressing form of COMT Met, and thus, higher levels of dopamine, showed stronger activation in the striatum, and were more likely to punish those who act unfairly. Strobel suggests that those with the high expressing form punished more because they anticipated a higher level of reward. If this explanation is right, it has profound consequences for how we think about individual participation in the policing of norms and the honey hits associated with aggression. Some people will have a natural bias to shy away from punishment, not because they fail to see the importance of ratting out cheaters, but because they don't anticipate feeling good about it. Others will be prone to punish even the most minor infractions because they feel empowered and good about it. Those who are empowered to punish because it feels good have forged a stronger association between aggression and reward. Unbeknownst to these individuals, they started life with a bias, one that colored their willingness to harm others. This bias is joined by many others that I discuss in the next few sections.

The take home message is that if you are born male, endowed with certain genetic variants such as the low activity form of MAOA, and experience physical and psychological abuse by your parents, the odds of delinquency are frighteningly high. That's the bad news. The good news is that if you are born male, have the high activity variant of the MAOA gene, and experience physical and psychological abuse by your parents, you are vaccinated by nature against the harms of your unfortunate nurture. The problem, of course, is that you have no say over which endowment you get, nor over the kinds of parents you receive.

One of the reasons I have worked through this case study of genetic constraints and environmental sculpting is to provide an antidote to the often polarized views that have dominated much of the historical and psychological literature on evil. Many of the earliest, and most famous psychological



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experiments were related in one way or another to Hannah Arendt's thoughts about Adolf Eichmann and the fact that good people are capable of horrific things: the banality of evil. Hiding behind every average Joe is a person equipped with an engine of malice. Banality is the veil of evil. Thus, the American psychologist Stanley Milgram showed that normal people were capable of shocking innocent others when an authority figure told them to do so; of course, there were no shocks, but the subjects believed they were real. Similarly, the American psychologists Solomon Asch and Philip Zimbardo showed that normal people followed group attitudes and instructions, bleating like mindless sheep, no reflection, no critical thinking, no concern about the consequences of their actions. In Zimbardo's study — the famous Stanford prison experiments — run of the mill undergraduates playing the role of prison guards turned into little dictators, mentally and physically abusing their run of the mill undergraduates playing the role of prisoners. Together, these studies seemed to support a blank slate view of the mind, a tablet waiting for inscription by the local culture, with no constraints on the written matter.

A closer look at many of these studies reveals far more variation in how individuals responded, suggesting that differences in their genetic make-up and personal experience either facilitated their willingness to follow authority and ideology or prevented it. Many subjects in both the Milgram and Zimbardo studies refused to follow the orders or rules of the game. Those who refused tended to identify more with the victim and less with the authority figure or ideology. This suggests important differences in the capacity to experience empathy and compassion for another. Studies by the cognitive neuroscientist Esse Viding show that by the pre-school years, some children have a diminished capacity for empathy, expressing a deeply callous and unemotional character. These children exhibit severe conduct problems, especially violence. These children lack remorse and an awareness of others' distress. They are cold, heartless kids. If they have a twin, they are more likely to share this callous-unemotional personality than two unrelated children, revealing the trademark of a powerful genetic engine. More boys than girls fall on the high end of this callous-unemotional scale — where high translates to colder and more callous. Those who score highest on the scale engage in more direct physical bullying than those who score lower. High scorers lack the skills to modulate their behavior following direct or anticipated punishment. These individuals also show reduced activity in the amygdala, a part of the brain that is critically involved in regulating emotion, especially the assignment of a positive or negative value on our actions and experiences. These individual differences persist into adulthood. These are the kind of individual differences that can explain why some followed Milgram and Zimbardo's instructions to perfection, while others resisted, exerting self-control.



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*The sweetness of control*

When humans and other animals travel the road to excess, whether for food consumption, violence, power, or sex, it is either because they gave in to an in-the-moment impulsive itch or because a history of losing self-control turned into an addictive habit. What causes us to lose our sense of moderation, allow our mental brakes to slip, and give in to temptation? What causes our preferences to inconsistently and irrationally shift over time, allowing seductive offerings to win? If you are the eminent social psychologist Roy Baumeister who has contributed fundamental insights into the nature of evil, the answer is simple: sugar. Love it. Want it. Need it.

When we work hard, focusing on a difficult problem or trying to figure out the best decision, exhaustion strikes. Part of our exhaustion comes from the fact that we have depleted a critical resource: sugar, or more precisely, glucose. When the availability of this resource diminishes, we also lose self-control. This is why the loss of self-control has a cycle that follows the time of day, with the greatest losses occurring late rather than early: diet breakers are more likely to pig out in the evening than early in the morning; shoppers are more likely to buy impulsively as the day moves on; impulsive crimes and relapses of addiction are evening affairs; judges are more likely to dole out punishment at the end of a day in court than when they start a new day. Dozens of experiments show that if you have to exert self-control in one context it taxes your capacity to exert self-control in another. For example, if you ask subjects to avoid laughing while watching a comedy routine, avoid thinking about a white bear, or avoid eating chocolates now to have radishes later, these same subjects will squeeze a hand grip for a shorter period of time than subjects who never contended with the various self-control tasks. When you deplete your personal resources, you lose your grip, opening yourself up to binge eating, unnecessary violence, sexual promiscuity, and drug relapses.

How do we know that glucose is responsible? If you give people a milkshake with real sugar before they have to take a hard test involving self-control, they do better than if you give them a milkshake with an artificial sweetener. If you first make people take a test that taxes their attention, and causes their glucose to drop, they do worse on a subsequent test, including the hand grip squeezing test. In an extraordinary series of experiments and observations, the American psychologist Nathan DeWall found that subjects who drank lemonade with glucose were less likely to respond aggressively to an insult than subjects who drank lemonade with artificial sweetener; individuals with diabetes — who have difficulty regulating blood glucose, and thus have less of it — reported higher levels of aggression on a questionnaire than non-diabetics; within the United States, those states with higher numbers of diabetics showed higher crime rates; and countries with a higher frequency of a genetic disorder that lowers glucose levels showed higher killing rates both in and out of war.



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To accept DeWall's striking results, it is necessary to accept one connection between self-control and aggression and a second between glucose and self-control:

SELF-CONTROL DOWN → AGGRESSION UP
GLUCOSE DOWN → SELF-CONTROL DOWN

That aggression often follows from a loss of control is backed up by considerable evidence, including clinical studies that link lack of inhibition in psychopaths to extreme violence. Also of interest is the fact that impulsive aggression is more likely to arise when individuals are drunk than sober. Alcohol, as we all know, lowers our inhibitions, but also lowers glucose in both the brain and body. Though scientists such as Baumeister and DeWall have not yet worked out in detail how glucose is used or replenished in the context of self-control, there are far too many studies using different methods and subjects to ignore this relationship. Minimally, these studies indicate that we should think about self-control like a resource, something that can be used up and replenished, something that can be depleted, tipping the scale toward violence.

One of the interesting implications of DeWall's work is that individual differences in glucose availability are coupled with individual differences in self-control. Diabetes shows a high level of heritability, meaning that some individuals are more likely to develop this problem than others simply based on what genes they receive from their parents. The prevalence of diabetes is on the rise in many countries, with some estimates suggesting that by 2025, there will be 325,000,000 diabetics world wide, more than double current estimates. The genetic disorder that lowers glucose levels arises because of a deficiency in a key enzyme, glucose-6-phosphate-dehydrogenase. This is one of the most common enzyme deficiencies in the world, affecting over 400,000,000 people, and in many cases, triggered by the consumption of fava beans. As with variation in the frequency of MAOA, so too can variation in this glucose-related gene be subject to selection pressures, especially given its link to violence. Once again, we see nature and nurture contributing to individual variation and cultural differences in our capacity to harm others.

Together, these observations of glucose-related disorders speak to a disconcerting reality: we are born with inherent differences in the availability of key resources guiding self-restraint. Some of us start off life better equipped to control our frustrations, wait for future gains, and moderate our temper. These early differences can have long lasting and disastrous effects later in life, a point supported by a study that began forty years ago with four year-old children presented with a marshmallow.

The American social psychologist Walter Mischel recruited four year old children to his laboratory and sat them down at a table with two objects: a marshmallow and a bell. He then told each



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child that he was going to leave the room. If they wanted to eat the marshmallow, they only had to ring the bell. But, as Mischel informed them, if they waited for his return, he would bring them more marshmallows. Mischel took out his stopwatch and recorded how long each child waited before ringing the bell.

Some children rang the bell almost immediately, leaving Mischel no time to leave the room. Others waited. This isn't surprising. Some children are impulsive, others are impatient, and this shows up early in life. What is surprising is that these early appearing personality types held steadfast, impacting later life decisions and actions. The more impatient types were more likely to be involved in juvenile delinquency, have poor grades, abuse drugs, get divorced, and lose their jobs. For women who developed eating disorders, those who were more patient were more likely to be anorexic, whereas those who were more impulsive were more likely to be bulimic. When the American developmental psychologist B.J. Casey put these now 40-somethings inside a brain scanner, the patient ones showed stronger activation in the prefrontal areas of the brain when viewing happy and fearful faces, revealing stronger self-control over their feelings. In contrast, when the impatient ones viewed the same stimuli, not only was there a weaker response in the prefrontal region but a stronger response in the ventral striatum when viewing happy faces. The striatum, as noted earlier, is involved in the experience of reward. For the impatient types, seeing something positive is like eating candy, something that is hard to ignore. The patient types regulate this feeling, transforming the heat of the moment into a cool experience. The impatient types are overwhelmed by this feeling, giving into temptation. This work adds to the genetic evidence reviewed earlier, showcasing both the importance of individual differences in self-control, and the stability of these differences as distinctive personality types.

Individual differences in self-control are also relevant to levels of recidivism in youths who have committed a crime, and thus tie us back to the beginning of this chapter and the costs of a career criminal. Career criminals are individuals who repeatedly commit crimes. They lack self-control. This is important for judges, juries and society as we want to know in advance who is most likely to commit another crime if we release them back out onto the streets. The American sociologist Matt DeLisi presented a self-control survey to approximately 800 juvenile youths, ages 12-17 years, each with a criminal record. Those who scored one standard deviation from the mean on this survey, and thus were more impulsive than most, were five times more likely to become career criminals. Five times. Self-control on its own accounted for about 80% of the variation in recidivism among these delinquents; the remaining 20% was accounted for by factors that one might think would be much more important, including mental health, education, gender, and socioeconomic background. As DeLisi concludes, these results suggest that measures of self-control provide a reliable predictor of the likelihood of repeating a crime. They provide a



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measure of risk, a factor that both juvenile and adult courts should be using to determine their sentencing, especially the individual's future dangerousness.

Individual differences in glucose metabolism, together with relative differences in brain activity, lead to stable differences in self-control. But there's more, both luck of the draw genetic effects and clinical distortions. Recall that the low expressing form of the MAOA gene results in lower levels of serotonin which, in turn, leverages less control over aggressive impulses. There is another gene — SLC6A4 — that also comes in two forms and regulates the level of serotonin. The short form of this gene gives you less serotonin, is commonly found in pathological gamblers and psychopaths — two heavily male-biased disorders that are associated with impoverished impulse control. Psychopaths also have relatively smaller frontal lobes , especially within a region that has a high density of serotonin neurons. Psychopathy is joined by a family of impulse control disorders that also implicate dysfunction of the serotonin system, including kleptomania (stealing), pyromania (burning), trichotillomania (hair pulling), and oniomania (shopping). Like glucose, serotonin plays a lead role in our capacity for self-control. When serotonin is sidelined from the performance, any number of impulsivity problems may emerge.

What I have said thus far is only a partial accounting of the biological ingredients that figure into our capacity for self-control. What this partial recipe tell us is that regardless of the situation, some individuals are inoculated against the pull of authority and group ideology and others are susceptible. If you missed the inoculation clinic in utero, you are more susceptible to temptations and excesses, including excessive violence. This is important for our interpretation of the real world and of the famous psychological experiments by Milgram, Zimbardo, and others in which seemingly good people carried out unambiguously horrid things. Some individuals carry a genetic skeleton that resists the push and pull of charismatic leaders and powerful isms. These people will not be pushed into doing bad things. Others, faced with the exact same situation, will find their skeleton buckling, tempted to take risks and lash out when the going gets tough.

### *Invisible risks*

Several years ago, Ira Glass, the brilliant radio show host of *This American Life,* delved into the topic of superheroes. One episode focused on a question that has become part of my repertoire for dinner parties, especially those in need of a conversational catalyst: if you could become a superhero with one power, which would you take — the ability to fly or to be invisible? Most people have a rapid-fire, confident response to this question, while others reflect a bit, often engaging themselves in a public debate over their conflicted views. What is interesting about people's answer to this question, independently of whether they pick flying or invisibility, is that they rarely talk about using their power to do good in the



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world! The flyers talk about how cool it would be to vacation anywhere in the world, zip to work or school, or have fun soaring like an eagle. The invisibility types talk about sneaking into stores and taking clothes or music they like, eavesdropping on conversations, and playing tricks on family members and friends. What is even more interesting about these particular answers is how they divide into pure hedonism — flying — and pure vice — invisibility. With invisibility you can take risks at no cost, except for the cost that soon becomes apparent to many of these newly donned superheroes: even if they don't get caught, they still did something bad, morally bad. This ratchets up their guilt. With this realization, and a dip into the dark side, comes an about face, with some picking flying instead of invisibility. Rarely do people stick with invisibility, but see how they might deploy their power for virtuous purposes. Rarely do these superheroes realize that they can be real heroes, using their invisibility to gain covert information about terrorist organizations, elicit drug traders, pedophilic priests, or abusive parents — minus the risks.

In real life, there are risks associated with every decision, some clear from the start and others only clear in hindsight. As with self-control, a growing body of evidence shows that there are individual differences in risk-taking: some are risk-averse, some risk-prone, and some seemingly risk-blind, unaware that they are taking risks at all. Some of these differences are evident early in life. Some of these differences are strongly associated with crime later in life. Some of these differences provide insights into the invisible risks that individuals and societies confront, risks that can cause great harms.

Research on clinical populations with antisocial disorders, most notably those with a clinical diagnosis of psychopathy, reveals a major cause of their high risk, costly, and violent behavior: a failure to experience fear, anxiety, or stress in response to highly evocative images and sounds. In contrast with healthy populations, psychopaths are emotionally blasé about the things in the world that can cause harm or result in punishment. The problem lies in the fact that psychopaths, both adults and those identified as candidates early in childhood, fail to learn about the dangers in life. Their failure to learn is caused by a reduction in size and activity of two critical and connected brain areas: a region of the frontal cortex and the amygdala. When this system works efficiently, it allows individuals to learn about the sounds, smells, and sights that are associated with bad things in the world. When this system works well, individuals learn to avoid antisocial, immoral, and illegal acts by developing anxiety and fear over the possibility of punishment and personal injury. When this system works poorly, as is the case in psychopaths, individuals act as if there are no dangers or risks of punishment — a disposition that enables inappropriate actions. But psychopathy covers a broad spectrum, with problems that all of us confront at some point in our lives, some of us even repeatedly. This is important as it forces us to look at non-clinical populations for the causes of individual differences in risk-taking, especially our reactivity to dangerous events.

Studies carried out over several decades, in a wide variety of cultures, reveal that children begin life with distinctive temperaments. Some are mellow, blasé about events that are startling to many.



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Others are high strung and reactive, responding with heightened fear to the same startling events. Others fall somewhere in between these two poles. What is surprising is the fact those with the flattest response to evocative images and sounds are the most likely to become violent delinquents in young adulthood.

In a remarkable study, Adrian Raine and his colleagues presented 1,795 three year olds with two different sounds while recording the sweatiness of their palms; the sweatier the palms, the greater the stress and fear. One sound was always associated with a second and highly aversive noise, while the second sound was always played alone. When you pair a neutral sound, such as a pure tone, with a nasty sound, simply hearing the pure tone will make your skin crawl; the pure tone predicts what is coming, and what is coming is not pleasant. When Raine revisited these same individuals twenty years later, those with serious criminal records involving drug abuse, dangerous driving violations, or violence, had the driest palms at the age of three years. In another study, focusing specifically on violence, Raine measured the sweatiness of a different group of three year olds and then looked at their aggressiveness five years later. Once again, those with the driest palms at three years were the most aggressive at eight years. In the absence of a system that enables individuals to learn about danger, the brain and body act as if they were shrouded in an invisibility cloak, blind to the risks of crossing either moral or legal lines.

Raine's findings fit well with the marshmallow study. In the same way that those who were most impatient in the pre-school years were also most likely to exhibit signs of delinquency in early adulthood, so too were those who were most blasé about fearful stimuli as children most likely to exhibit delinquency in adulthood. Both studies reveal the stability of personality traits. Both studies suggest that at the level of groups of individuals, as opposed to specific individuals, the blasé-impatient types represent a greater threat to our welfare. The point about groups is important. These studies do not allow us to look at an individual's record and conclude that because he could only wait for 3 seconds before eating the lone marshmallow, and almost fell asleep when presented with loud banging noises, that he is without doubt headed for a life of crime. We also can't conclude that because patience and reactivity to fearful stimuli can be measured as early as three years old, that these personality traits are entirely genetic and fixed. In fact, other studies carried out by Raine show that if you ramp up the nutrition, exercise, and mental stimulation of children between the ages of 3-5 years, you can reduce adult criminal offenses by 35%. What we can conclude from these findings is that there are significant individual differences that affect who is willing to take risks and who isn't. We can conclude that there is a strong biological component that constrains the individual's options. We can conclude that those who start early in life without an understanding of the dangers in the world, act as if they live in a risk-free world. Molecular biologists provide an increasingly precise understanding of how these individual differences start, pointing to genes that bias some individuals to take extreme risks, including the risk of violating social norms and laws by violently attacking another human being.



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There are many situations where taking a risk pays off, whether we think of stealth military operations, chancy shots in the final seconds of a basketball game, or significant investments in an up and coming stock option. Playing it safe pays off. But those who stick their necks out and take a chance, may bring home significant gains. It is because of these competing strategies and potential payoffs that evolutionary biologists have imagined that selection could maintain both personality types within a population — a point noted earlier for the MAOA and glucose-related genes. If selection has worked in this way, then there must be genetic variation that allows for both strategies. To date, the strongest evidence comes from a family of genes associated with the regulation of dopamine, with the memorable acronyms of DAT1, DRD2 and DRD4; each of these genes is associated with different forms, each form associated with different levels of dopamine. Recall from chapter 2 that dopamine plays an essential role in our experience of reward, including how motivated we are to get it and what we anticipate based on our understanding of the situation — have we been rewarded in the past, how often, and how much? The idea here is that those who carry genes that output a higher level of dopamine may weight rewards more heavily and thus, show risk-blindness; for these individuals, the eye is on the prize, not the path or obstacles to this prize.

Across a number of studies, results show that variation in the expression of these genes is associated with high-risk, low self-control behaviors, including pathological gambling, substance abuse, sensation seeking, and financial investments. For example, in two separate studies, individuals with different variants of the DRD4 gene played a financial investment game involving real money. In one, designed by Joan Chiao, subjects decided to invest in either a risky asset with variable returns or a riskless asset with consistent returns. In the second study, the Swedish economist Ana Dreber and the American anthropologist Corin Apicella allowed subjects to either walk away with an initial starting pot of money, or to invest some of it in a risky asset. Those with the DRD4 variant that expresses higher levels of dopamine were more likely to pursue the risky investment. What this work reveals is that part of the variation we observe among people who make risky investments, drink too much alcohol, and gamble with their income, is due to variation in the dopamine family of genes. These are hidden risks that come to life thanks to molecular biologist's microscope. What also comes to life is the fact that these same genes are relevant to violence, causing some to strike out even though there are significant risks and terrible consequences.

In several studies, using an American health data base of several thousand adolescents, results consistently show a relationship between particular variants of the dopamine genes and violence. For example, the sociologist Guang Guo examined the relationship between violent delinquency — involving use of guns and knives — and variation in DRD2 and DAT1 among 2,5000 individuals ages 12-23 years. DRD2 was of particular interest because medical records and clinical trials reveal that administering



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haloperidol — a DRD2 dopamine antagonist — helps control aggression in psychotic patients. Guo found that levels of violence were about twice as high for one variant of the DRD2 gene than others, and about 20% higher for a particular variant of the DAT1 gene. These genetic variants cause differences in dopamine, which cause differences in expected and experienced reward, which cause differences in perceived risk, which cause differences in the odds of getting in a fight and harming others. These are not genes for aggression, violence or evil. There are no such genes. Rather, they are genes that change our perception of risk. Because risk is related to all sorts of decisions, these genes can affect the odds that we directly harm others. They are part of the story of individual differences, and part of the story of why some are more likely to engage in evildoing.

Everything I have discussed thus far focuses on actions, on how the psychology of desire and denial combine to fuel behaviors that lead, directly or indirectly, to excessive harms. I have also explained how different biological ingredients predispose us toward different degrees of self-control, and thus, differences in our ability to omit particular actions. This sense of omission is a virtue, a sign of resisting temptation. But can omissions be a sign of vice, of resisting an action that is called for? Can omissions ever reach such a scale that we would consider individuals or societies as evil omitters?

### *The sin of sloth.*

What's worse: 1) giving a lethal overdose to someone suffering from an incurable disease or allowing this person to die by removing life support? 2) pushing someone in front of a runaway truck to stop the truck and save the lives of five others or allowing someone to walk in front of the truck instead of warning them? 3) pouring a toxic chemical into your competitor's drink in order to make him sick or allowing your competitor to drink the toxic chemical that was placed on the table by someone else? Even though all of these situations seem quite bad, most people have a gut feeling that the actions are worse than the omissions. They also feel that when we omit life support, fail to warn someone of a runaway truck, or remain silent about a toxic drink, that we are less responsible for the consequences that unfold. Dozens of studies, using hundreds of different examples, and thousands of subjects, support what our gut expresses: we are captive to an *omission effect*. Even when we understand that the consequences are precisely the same — the suffering patient dies, the truck kills the person, the toxic chemical makes the competitor sick — and so too are the person's goals and intentions — eliminate suffering, save five people, take out the competitor — we are seduced to believe that action is worse than omission or that doing harm to another is worse than allowing harm to occur.

The omission effect lays bare a tension between unconscious, spontaneous intuition and conscious, reflective thought. On the one hand, there are potentially good reasons why we evolved this



HOUSE_OVERSIGHT_012882

intuition. It is a heuristic or rule of thumb that may be right much of the time. When I do something, as long as it is not by accident, my intentions and goals are more clear cut than when I fail to do something or allow it to happen. If I punch you and your arm bruises, the causality is clear: I caused your arm to bruise. I am responsible for this harm. I should be punished. If I stand by as someone is about to punch you, but don't deflect the punch when I easily could have, it feels odd to say that I caused your arm to bruise. It also seems strange to say that I am responsible and should be punished. By not deflecting the punch, I allowed the harm to occur. I could have prevented it from happening, but I am not obliged to. As social creatures, we have been designed to pick up on cues that reliably classify people into friends and enemies. Friends intentionally help us while enemies intentionally harm us. Actions showcase our intentions better than omissions.

The omission effect also makes sense in terms of personal responsibility. Not only do our guts tell us that actors are more responsible for outcomes than omitters, but our guts also tell us that it is hard to hold others responsible for their omissions. As I sit and write these words, I am committing heinous acts of omission: I am not currently giving money to any charities, am not scheduled to teach in the dozens of refugee camps around the world, and am not volunteering for any of the peace keeping armies sponsored by the UN. I am also guilty of many other minor crimes of omission, including the failure to consistently give my change to homeless individuals, and the failure to spend time in homes for the elderly and mentally handicapped. As I sit, I rack up countless harms of omission. It is hopefully the absurdity of this comment that shows why there is a fracture in the arm that connects omissions to responsibility. In a large scale society, it is impossible for us to hold people responsible for their omissions. There are far too many reasons, often good ones, why people *don't* act. The universe of reasons for acting is smaller.

If the omission effect arises because it is virtually impossible to hold omitters responsible in a large scale society, than what about small scale societies including the hunter-gathers of our past, and the tiny hamlets and villages that dot many countries, both developed and developing? When the number of people that you know and interact with is small, does the omission effect vanish? In a fish bowl community, you should be able to hold all of the other fish responsible for their actions and omissions because you know what they are up to. To explore this idea, the psychologist Linda Abarbanell and I ran a study with a rural, small scale Mayan population, living in the Chiapas region of Mexico. Every individual listened to a reading of a moral dilemma. Each dilemma described an action or an omission that resulted in harming one person, but saving the lives of many. Subjects judged the moral permissibility of the action or omission.

Unlike thousands of adults on the internet who judged similar dilemmas, as well as other Mayans living in a city, individuals in this small scale Mayan population perceived no moral difference between



HOUSE_OVERSIGHT_012883

actions and omissions. The omission effect evaporated, with the moral weight of an action perceived to be on a par with an omission.

The Mayan study is but one example. It suggests some flexibility in our perception of actions and omissions, and shows how cultural differences can create individual differences. When our social world is relatively small and circumscribed, we can keep tabs on everyone. By keeping tabs, we can hold others responsible for their actions and their omissions. As the American psychologists Jon Haidt and Jonathan Baron have shown, this psychology can be recreated in the laboratory by creating scenarios in which the individuals are either unfamiliar or familiar. When there is a relationship between the individuals — family, friends, team members — and thus, some degree of familiarity, the omission effect weakens.

The omission effect is not an obligatory state of the human mind. It is a common tendency, a way that our brains lean, especially in unfamiliar contexts. In patients with obsessive compulsive disorder, the omission effect is as strong as it is in healthy subjects, *except* for familiar cases of harm that are directly relevant to them, such as the excessive washing behavior that is the trademark of this clinical disorder. The fact that certain situations can cause us to lean in different directions has important policy implications: even when corporations, institutions, or other organizations grow large, we should always segregate these masses into smaller divisions, and make the issues personally relevant. Every member of one division should hold all others within its division responsible or accountable. Further, efforts should be made to foster familiarity across divisions, enabling not only a level of responsibility but of respect and trust. By recreating the psychology of small scale societies, and making potential harms relevant, we may help bypass the omission effect, allowing us to hold people responsible for their omissions. This, in turn, may reduce the number of individuals who live as passive bystanders. Familiarity and relevance may well be the necessary catalysts for converting bystanders into active whistle blowers, defenders, and rescuers.

When bystanders remain passive, watching the world go by, it is often because they believe that their actions won't make a difference or think that the costs of heroism are too high. This is, again, an issue of responsibility. It raises the question of when we ought to act. The distinguished Australian philosopher Peter Singer has spent a lifetime pushing this issue in the context of charitable donations, culminating most recently in his book *The Life You Can Save*. The key idea, taken from a utilitarian perspective where outcomes as opposed to rules or principles motivate our moral actions, is that we ought to give a fraction of our incomes to those lacking basic access to food, shelter and health care. Standing by as bystanders when there are 1.4 billion people in a state of abject poverty is morally wrong. The logic seems perfectly reasonable, especially given the fact that humanitarian organizations have helped reduce the number of people living in poverty by .5 billion within the last 20 years. But then we learn of another Peter Singer idea: if the three richest men alive today — Carlos Slim Helu, Bill Gates, and Warren Buffett



HOUSE_OVERSIGHT_012884

— worth a total of 153.5 billion dollars, were to give up one third of their net worth, they could solve world hunger. On a personal level, they would barely notice this donation. With this knowledge, why should I bother to give a penny? This is one example of apathy regarding our motivation to help others. What propels individuals to shift from passive bystanders who can allow harm to occur to active contributors?

Classic studies by the American psychologists John Darley and Bibb Latane reveal the ingredients for bystander action. Whether it is helping someone having a seizure, being molested, or in danger of suffocation from smoke, we are more likely to help when alone than when in a group. We are also more likely to help when we recognize the situation as a crisis and think that there are plausible solutions. These are all characteristics of the situation. There are also characteristics of the individual bystander, including their level of compassion and empathy toward others, their capacity to identify with the victim, and their self-control. For example, people who intervene in cases of child abuse, as opposed to the passive bystanders, are more likely to have been abused as children, more likely to perceive a solution, more likely to feel responsibility to intervene, and more likely to experience the weight of guilt for not intervening. We are back to individuals differences. We are back to the egg and coop, and their joint contribution to helping or harming others. We are back to the established genetic differences in compassion, risk-taking, and self-control that combine with a history of experience to create some who sit and watch and others who actively participate.

We are more likely to pardon bystanders because we tend to see omissions as less bad than actions, and omitters as less responsible for the consequences than actors. This is a dangerous effect. Bystanders are part of the equation of evil. As noted by the American genocide scholar and psychologist, Ervin Staub, bystanders start out as passive players on the side lines, but are rapidly transformed into perpetrators. The transformation starts with the challenge of maintaining passivity while watching other humans suffer; to maintain this observer status requires suppressing empathy for the sufferers, while recognizing that they are in the minority and you, the bystander, are with the majority. To avoid feeling guilty for not feeling empathy, bystanders distance themselves even further from the victims. Distancing is an adaptive response as any association with the victims could put a bystander in harm's way. But like so many other psychological states discussed in this book, distancing leads to dehumanization. Dehumanization leads to moral disengagement and greater justification for the perpetrators. Justification lends cheering support for violence. This is the final transforming step, from passive bystander to active participant.

Recall that on my account of evil, evildoers either have a desire to cause harm directly or desire something good, recognizing that it will cause harm indirectly. This is true of actions and omissions. For example, keeping a secret, even if pressured into spilling the beans, is a good thing because it upholds a



HOUSE_OVERSIGHT_012885

promise, and thus, the relationship. But if keeping the secret results in innocent lives lost or ruined, then this is a bad thing. Not telling — an omission — indirectly can cause harm. This is the situation that has confronted the Catholic Church over the past twenty years.

During the tenures of Popes John Paul II and Benedict XVI, some 4,000 priests sexually abused some 10,000 innocent children. This is unquestionably an underestimate. This is excessive harm. Popes John Paul II and Benedict XVI , together with their cardinals and bishops, assumed the role of bystanders. They were aware of the rampant cases of child rape among the clergy. They could have acted. Their omissions are archetypal examples of the sin of sloth. By omission, they are responsible for excessive harm and should be held legally accountable. This process has begun as evidenced by the decision in October of 2011 to indict Bishop Robert Finn for failing to report a priest who took pornographic photographs of young girls. Though Finn was only charged with a misdemeanor, this case opens opens a legal floodgate. It is an opening that should allow prosecutors, around the globe, to indict bishops, cardinals, and the Pope for evil omissions. It should empower the parents and children who have suffered to rise up and demand justice for allowing excessive harm to occur. It should cause everyone to express outrage over the fact that allowing priests to rape innocent children perpetuates a cycle of pedophiles as those who have been abused are likely to abuse others. The leaders of the church have not only commited a crime of omission, but have helped perpetuate a culture of harm.



HOUSE_OVERSIGHT_012886

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HOUSE_OVERSIGHT_012887

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HOUSE_OVERSIGHT_012888

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HOUSE_OVERSIGHT_012889

# Epilogue: Evilightenment

> Educate your children to self-control, to the habit of holding passion and prejudice and evil tendencies subject to an upright and reasoning will, and you have done much to abolish misery from their future and crimes from society.
> — Benjamin Franklin

Charles Darwin observed that of all the differences between humans and other animals, one capacity reigns supreme: we alone have the ability to contemplate what others *ought* to do. We alone are endowed with a moral imperative to reflect, consider, and imagine alternatives. We alone are impelled to be dissatisfied with the status quo, urged to contemplate what could be and ultimately what must be. This capacity creates a fundamental principle of human existence and enlightenment: we alone invest in the survival of the *least* fit. We give money to those in abject poverty, risk our lives to help others in areas of conflict, adopt abandoned children, nurture individuals with extreme disabilities, and care for the elderly. This principle fuels our humanitarian efforts. Sadly, it is a necessary response to another unique difference between humans and other animals: we alone have the ability to inflict great harms on our own species and many others. We alone are responsible for creating work for those in the humanitarian sector. We alone are evil.

We also have an opportunity to begin a new volume of humane history. We have the chance to harness our understanding of the past in order to present our children with the gift of knowledge and the prospects of a healthier future. We should — no, we must — teach our children what we have learned about the causes of corporate corruption, the desire for ethnic cleansing, and the combined forces of nature and nurture to create excessive suffering and lifeless flesh. These are topics that should be presented early on in education rather than waiting for heady discussions at the university. We owe the next generation the best education from our generation. The best education will come from confronting history, exposing human nature, and supporting cultural variation while fighting to demolish totalitarian regimes that limit or eliminate basic human rights. I write this sentence following on the eve of Egypt's inspiring revolution, a revolution led by educated people who refused to allow the dictator Hosni Mubarak to ruin their country and their children's future. The people of Egypt, like the people of many countries who rallied in the Arab spring of 2011, refused to be eternal victims. This is a lesson that must spread to every corner of the globe. It is a lesson of hope. It is a lesson to all evildoers to beware.

I have taken you on a journey into evil's core, penetrating with scientific evidence and explanation. Though we have traveled to distant lands, traversed vast spans of time, and encountered wildly different cultures, the key idea is that this richness was generated from a few essential ingredients. This is a minimalist approach to a difficult and highly variegated problem. I end our journey by taking stock of the essential ideas and reflect on some of the broader implications.

### *Retracing our steps*

In the beginning, before there were bald, bipedal, big-brained, babbling humans, there were hairy, quadrupedal, bitsy-brained, barking bonobos. These animals, clearly clever, have survived for over 6-7 million years, despite attempts by our species to demolish their habitat. But — and this is a significant



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*but* — in the millions of years that encompass their evolutionary history, bonobos have remained virtually unchanged. They are still hairy, quadrupedal, bitsy-brained and barking. They still live in the jungles of Africa. Not a single bonobo, or its close relative the chimpanzee, has ever taken a step out of Africa the way that members of our species did some 60-100,000 years ago. In fact, not a single bonobo or chimpanzee has ever ventured across national borders within the continent to explore new opportunities or develop new cultures. Not a single bonobo or chimpanzee has even moved out of the forests and on to the beaches or deserts or alpine environments of Africa. Not one. When we took our steps out of Africa, we did so with confidence, ready to tackle new environments, create novel tools, engage in rituals to commemorate the dead, build fires to cook food and keep warm, join hands with unrelated strangers in the service of cooperation, and create oral histories that could be passed on to generations of children. What enabled this celebratory migration was a cerebral migration. Not only did our brain get much bigger than the one housed within bonobo and chimpanzee skulls, it evolved into an engine that generates an unlimited combination of thoughts and feelings. We uniquely evolved a promiscuous brain.

What does promiscuity buy? In a word: "creativity." It enables regions of the brain that evolved for highly specialized functions to intermingle with other regions of the brain to create new ways of thinking and new ways of experiencing what we see, hear, touch, taste and feel. A promiscuous brain paved the way for awe-inspiring bursts of creativity in art, music, literature and science. A promiscuous brain enabled Bach and Bono, Picasso and Pollock, Shakespeare and Shaw, and Descartes and Darwin. A promiscuous brain enables us to imagine things we have never directly experienced, to create once unimaginable worlds, including blissful heavens and living hells. My focus in this book has been the infernos we create for other human beings, here on this earth. What I have argued is that we got here by accident.

When our brains allowed us to combine familiar thoughts and feelings to create virgin ideas, it enabled us to feel good about doing bad. It enabled us to incur the costs of punishing others while reaping the rewards of marching to the moral high ground. It enabled us to solve the problem of large scale cooperation with unrelated strangers. This was a fundamental breakthrough in mental life, a spectacular benefit, and the target of strong selection. But benefits often carry hidden costs. When punishment triggered a honey hit to the brain, violence and reward formed an eternal bond. We now carry the burden of a brain that engages in denial in order to satisfy our desires. When these concepts couple, the odds of conceiving excessive harms is virtually guaranteed. Sometimes this malicious offspring is intended and at other times it is foreseen. Either way, the world has been populated with evildoers in waiting. Either way, our world hosts a species that has the creative capacity to financially ruin, mutilate, rape, burn, torture, and extinguish millions of lives. Often, this potential is realized.

My aim in this book has been to explain evil to better understand its origins, not to justify or promote it. My aim has been to explain evil to clarify its root cause, to alert others to its early warning signs, and to pave the way to a more humane existence. I have suggested that evil, expressed in the form of excessive harms, is caused by two ingredients: desire and denial. These are psychological states. On their own, they are often inert. When combined, they are often explosive.

*Desires*. We all have them, from birth till death, from a desire for perpetual maternal warmth to a desire for eternal life. Some of our desires change over the course of our lives while others stay the same. We all desire good health and happiness. We differ, however, in what counts as good health and happiness. Many of us experience, at least once in our life, the desire to harm another. Our desire to harm ranges from the mundane — uttering a sarcastic comment about someone's looks or telling a racist joke — to the horrific — creating corrupt corporate schemes or policies of ethnic cleansing. Sometimes what we desire is rather benign, but linked to foreseeable atrocities. Sometimes our desires are toxic, as when we plot to extinguish a culturally distinctive group. On one reading, President George W. Bush may well have initiated the wars in Afghanistan and Iraq as retaliatory attacks on terrorists, designed to protect American interests and well-being. But he brought much of our nation on board by weaving a web of lies and feeding a cowboy mentality of revenge rather than nurturing compassion and understanding. The consequences, clearly foreseen at the time, have been excessive. As a nation, we did not pursue an eye-for-an-eye revenge. We had a different algorithm in mind, on the order of 30,000 eyes for an eye.



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Approximately 3,000 innocent victims died in the 9-11 attacks. As of early 2011, some where between 900,000 to over a million soldiers and civilians have died in Afghanistan and Iraq due to the war. This is excessive. This is no longer revenge. This is senseless brutality.

On one reading, Pope Benedict XVI kept his knowledge of pedophilic priests quiet and confidential in order to forgive them and protect the church. But this seemingly benign desire led to a disaster, one that was foreseeable: continued sexual assault on thousands of innocent children and for many, a loss of trust in the church and their moral and spiritual leader.

Discoveries by molecular biologists, neuroscientists, and psychologists reveal important individual differences in our capacity to fuel desire, differences that constrain the paths we take from birth until our last breath. Some individuals are more risk-prone, some are impatient, and some gain a greater hit of dopamine in anticipation of reward, thereby doping themselves on the brain's pharmaceutical offerings. Some are born with a set of genes that diminish the capacity for self-control. These individuals start with lower levels of serotonin. These individuals, if raised by abusive parents, have a higher probability of taking someone's head off if they are challenged. Some individuals are born with low stress levels. These individuals are more likely to be sensation-seekers, voracious desirers who will stop at nothing less than the spectacular, even if this means the spectacularly violent. None of these biological catalysts operate in a vacuum. All of these biological catalysts feed off of particular environments that we create. Geological and climatic factors create savannahs, oceans, and mountains. We create slums, refugee camps, and totalitarian regimes. We are responsible for creating toxic environments and equally responsible for cleaning them up. How we think about individual responsibility in cases of brain damage, developmental disorders or innate differences in the starting state of our neurochemistry is a different problem, one that I will touch upon in the last section.

*Denial.* We all engage in it, at least some of the time. Like the psychology of desire, our engagement with denial is sometimes benign and often beneficial as a coping mechanism. We dehumanize in order to buffer ourselves from the pain of another's pain. We self-deceive in the service of boosting self-confidence and self-esteem. When doctors turn their patients into machines that require repair, they have deployed an adaptive mechanism that keeps empathy at bay when it is unnecessary. Good doctors, the ones that we all want, turn empathy back on when their patients awake from surgery, flesh and blood pulsating, thoughts and emotions humming. Bad doctors never turn empathy back on. Evil doctors, such as Carl Clauberg who injected liquid acid in the uterus of Jewish prisoners as part of a Nazi inspired sterilization program, not only lack empathy for their patients, but see them as vermin or parasites that require extermination in the name of science and the preservation of our species. Denial has transformed other human beings into nonhuman forms, from inert objects to wild animals and parasites. Denial has allowed military leaders and airplane pilots to ignore clear signs of trouble, marching thousands to their death. When this happens, moral responsibility checks out. Denial provides individuals and nations with a certified license to maim, rape, burn, mutilate and kill without feeling guilt, shame or remorse.

As with desire, the sciences provide a rich offering of evidence to explain how and why we engage in denial, either by means of dehumanizing others or self-deceiving ourselves. Both dehumanization and self-deception have a clear evolutionary logic. Dehumanization is a mechanism that enhances an individual's competitive edge by making hatred and killing easier. Hatred and killing are the essential and ancient ingredients for defending the in-group and effacing the out-group. Sometimes, soldiers would rather avoid killing the enemy. But when dehumanization of the enemy takes hold in the mind of a soldier or civilian, killing is not only easy, but addictive. The brain's inhibitory mechanisms, processed by circuitry in the frontal lobes, shut down. Other brain regions involved in working out what people believe and intend, enter into hibernation. With these circuits on leave, so too is our moral conscience. When the mind runs its dehumanization software, abstinence from killing is like withdrawal from a drug. Killing is satisfying. Killing is delicious.

Self-deception evolved in the service of deception. By functionally fooling ourselves into believing that we are stronger, wiser, and more competent, we can convince others to go along for the ride, to work for us or work against a fictional enemy. Like dehumanization, this has both adaptive and



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maladaptive consequences. Brain imaging studies show that different circuits turn on when we lie about long held personal stories as opposed to lies about in-the-moment situations. When we distort reality, either omitting information or twisting it to create a false belief, we have to inhibit the way things are to create an illusion of the way we wish them to be. In each case, there is conflict between one version of reality and another. In each case, the electrical and chemical choreography of the brain recruits its braking mechanism, stifling one piece of knowledge in the service of lifting another to the surface of our lips. We perfect this capacity over the course of development. Some are born lacking this capacity. Others have a system that is out of control, unable to distinguish truths from falsehoods. Somewhere along this spectrum are healthy members of society who have the potential to justify themselves and a society of willing listeners about the importance of becoming willing executioners, a phrase coined by the historian Daniel Goldhagen to describe Germans involved in the Holocaust.

*Desire + Denial.* We all carry out this sum easily, often automatically and unconsciously. When we are pushed by a desire to eliminate others or to achieve some other goal, we call on denial to justify both extraordinary means and exceptional ends. We convince ourselves that we are morally in the right and that extermination or manipulation are our only options. We convince ourselves that the other is an object or animal, emotionally inert or unrecognizable. We shrink our moral circle, creating a culture of indifference. We convince ourselves through self-deception that the other is a threat. When we feel threatened, we raise our hackles in self-defense. When self-defense steps forward it recruits violence, justified by the belief that fighting back is not only right, but obligatory. Once violence starts, supported by a moral imperative, uncontrollable escalation follows, leaving a trail of dead bodies, raped women, and abducted children. Desire couples with denial. Once this liaisons forms, it evolves, grows and feeds on itself. We have arrived at excessive harms. We have arrived at evil.

What can we do? How can we harness our understanding of evil to predict when it might occur again? Can we reduce future danger?

### *Future dangerousness*

Why do we allow 16 year olds to drive in many parts of the United States, but prevent them from drinking alcohol until 21 and from renting a car until 25? Why must the President of the United States be at least 35 years old, but members of the House of Representatives can enter at 25? If 16 is the magic number for driving, why isn't it also the magic number for drinking, voting, becoming president, marrying without parental consent, joining the military, and being executed for a felony murder? Or why not make 21 the magic age for all age-restricted behaviors and positions? This would make sense in terms of our biology: it is precisely around the age of 21 that our frontal lobes have matured more completely, thereby providing us with a more functional engine for self-control. Or, why not question why we have a legal age at all? Why not have a brain scan for frontal lobe maturation along with a test for self-control that would allow some pre-16 year olds to drive, but might prevent some post-21 year olds from drinking? And if you are in favor of the death penalty — I'm not — than why not detach it from age altogether and look at the individual's moral competence and capacity for self-control?

These are hard questions. How we answer them will have resounding implications for law and society. When a legal system decides that someone can drive, drink, vote, kill, run for president, marry, and die as a penalty for crime, it has constrained human behavior based on a statistical evaluation of psychological capacity. In each case, our assignment of age-appropriateness indicates that we believe the person is responsible for his or her actions and thus, his or her future actions. It also indicates that those under age are not responsible for their actions. We grant permission to drive at 16 years of age because we believe that *most* 16 years olds are capable of driving responsibly, now and in the future. We believe that a person who committed a heinous crime at the age of 18 is responsible for harming others and is likely to do so in the future. He or she is thus eligible for the death penalty, at least in some states within the United States. In contrast, we believe that someone at the age of 17 is still developing and has the potential to change. In this sense, we hold them less responsible for their actions.



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Looking out at the tapestry of age-limited situations reveals a rather eclectic pastiche. In many of these cases, the cut-off age seems both arbitrary and inappropriate given the statistics. Consider the legal driving age. Is it the case that 16 year olds are responsible drivers? 16 years olds have higher crash rates than any other age group in the United States, are more likely to die in a car crash than the average of all other age groups, and car crashes are the leading cause of death among 16 year olds. North Dakotans believe that 14 year olds can drive a car. They may have fewer drivers on the road, but that doesn't mean that a 14 year old won't hit them or drive off the road after irresponsibly drinking. Why not keep all youths off the road until 21 when the statistics on fatal car crashes drop? Or why not follow the lead of car rental agencies and wait for the 25th birthday?

There are at least two common answers to the driving age problem, both utilitarian: in farming communities, and other environments where children work with their parents, it is essential to have children driving as soon as possible; and throughout the country, many parents look forward to the day when their children can drive, thereby alleviating the need for their private chauffeur service. There is no question that these are benefits. But if the cost is death to the child and others, the economics just don't work out. One option would be to lower the legal driving age for those communities or situations in which parents demonstrate the significance of young children driving for their financial security and well being. Those without this justification must wait until they are 21, frontal lobes matured and the novelty of intoxication lowered.

The most interesting and relevant age-related issue is when someone is treated as an adult as opposed to a juvenile criminal. Within the United States, most states set the bar at 18 years, but some as young as 16. Where a state sets its bar determines whether or not the individual is eligible for the death penalty or a life sentence, as well as a host of social services. Many states with the bar currently set below 18, including my own state of Massachusetts, are presently debating whether the age limit should be raised. For some, the issue is simply one of parity: this is not an issue where states should differ, and thus everyone should be with the majority at 18 years. Others add to this discussion by arguing that it should be 18 because of brain maturation. Although it is absolutely the case that a more mature brain brings with it better self-control and less sensation-seeking or risk-taking, there is no evidence of a reliable difference between 16, 17 and 18 year olds. Some 16 year olds are remarkably patient and risk-averse whereas some 18 years olds are remarkably impulsive and risk-prone. If this is to be a meaningful discussion about future risks, plasticity, and the opportunity for rehabilitation, it will have to grapple with the scientific evidence that is presently on offer.

When we use age to distinguish between legally permissible and forbidden actions, we have acknowledged that our biology and upbringing represent mitigating factors. We believe that juvenile crimes are forgivable and their actions correctable. In fact, their crimes are forgivable because their actions are correctable. Once we admit nature and nurture into the legal calculus concerning our youths, we must also allow such factors to guide our decisions about adults with developmental disorders, brain damage, and different genetic make-up. Yet, the law seems to have a double standard: youths lack free will, whereas adults have it, even if it is somewhat diminished. But if we believe that juveniles lack a sufficiently mature capacity for self-control, planning and thinking about alternative options, then we must recognize that fully mature adults can lose these capacities as they naturally age, and can lose them at any age if they suffer from brain damage. We must also wrestle with the fact that some people are born with a genetic constitution that makes them more vulnerable to addictions, sensation-seeking, violence, and a lack of compassion. Perhaps they too should be banned from driving, voting, drinking, marrying and military combat. When do we look at the excessive harms caused by individuals or groups and hold them responsible? When do we punish them to pay for their crimes and fend off future atrocities?

The law often invokes the notion of future dangerousness as a means of evaluating risk. So too does the public and media. The general presumption is that for certain kinds of offences, there is a predictably high level of recidivism, of doing the same thing over and over again. But the implication of this judgment is that those who are deemed guilty are, in some way, not responsible for their future. Their future is determined for them. In fact, it is so determined that the law is willing to make a confident wager and send these criminals to prison or to their death. On this view, someone who has already



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repeated a crime is more likely to repeat than someone who has only committed a crime once. On this view, those who engage in certain kinds of crimes, such as child molesters and rapists, are more likely to repeat because it is "in" their system. Unfortunately, both folk perception and legal analysis of future dangerousness are based on weak evidence, unfounded assumptions, or both.

Consider sexual offenders. Their crime is intentional, frequently repeated, and aimed at innocent victims. Given that many sexual offenders repeat their offenses, it has the appearance of inevitability, of a process that is highly determined. Because many sexual offenders were abused as children, some experts conclude that we should blame their parents. Other experts believe that particular situations either promote or support sexual offenders, including the church and medical exam rooms. And yet other experts, including the psychiatrist Boris Schiffer, reveal brain differences among pedophiles, including especially the areas involved in reward and self-control. Together, these observations suggest that the combination of a deviant nature and toxic nurture have led to a more deterministic universe. In this universe, sexual offenses are inevitable or so highly probable that we should lock up offenders and post their crimes in every county's registry, and if possible, as replacements for flamingo lawn art.

If this assessment of sexual offenders is right, how should we think about responsibility, blame, and punishment. If sexual offenders can't help themselves, how should we assign blame? How should we assign an appropriate level and form of punishment, if punishment is even appropriate? Studies of recidivism among sexual offenders generate rates as low as 15% and as high as 80%. These studies also reveal that recidivism rates differ for incest perpetrators, rapists, and child molesters. These numbers tell us that even child molesters don't always repeat their crimes. They also tell us that sexual offences should not be lumped, but split apart into their underlying causes and triggers. Like the high odds favoring a horse with a distinguished lineage and top rated jockey, there are high odds favoring repeated sexual molestation in an individual who was sexually abused as a child and enters the clergy. Does this mean that we should all bet on this one horse or forget the race altogether? Does this mean that we should lock up the priest before he has an opportunity to enter his parish? No and No. Neither horse racing nor sexual molestation are that easily determined. Future success and future dangerousness are probabilistic. They represent our best guesses. When the law determines that someone is at high risk of committing a future offense, it doesn't really care whether the individual is perfectly healthy or brain damaged. It cares about risk. In terms of blame and punishment, however, the law cares about the perpetrator's brain. The law cares about a person's capacity to act rationally and independently. It is this capacity that allows us to assign responsibility. It is this capacity that drives many theories of blame and punishment, including the Australian legal scholar Michael Moore's massive treatise *Placing Blame*. These are reasons why scientific understanding of future dangerousness is important for law and society.

Armed with these ideas about future dangerousness, we can return to the list of potential evildoers that I mentioned in the prologue. This list included individuals who caused relatively minor harms such as Reverend Lawrence Murphy and Charles Manson, as well as those who committed much more major harms such as Idi Amin and Mao Zedong. Whether we consider these individuals and their acts as evil is orthogonal to the fact that each one posed a great risk to society. Each of these individuals would have been judged as high risk for causing future danger. Only some of these individuals should have been punished if punishment is guided by our understanding of responsibility and blame. Only those individuals who can take responsibility for their actions and change should be punished. On this view, all of the dictators were rightly blamed and punished. And so too were Jane Toppan, Bernard Madoff, and Charles Granger. In contrast, although Lawrence Murphy should have been locked up as opposed to exiled to a cottage, both Murphy and Charles Manson are more difficult to assess in terms of responsibility, and thus, the appropriateness of punishment. No one would want them walking the streets today, free to rape innocent children or create a cult of murderers. But for the law to evolve, we need better tools to evaluate the biological underpinnings of diminished capacity. These measures, still in the early stages of development, will help refine our understanding of risk, guide our clinical interventions, and contribute to the construction of a safer society.

As we move forward, we must also recognize the rapidly changing landscape, and the future dangerousness of globalization, especially its capacity to breed evildoers. Like authority, conformity,



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dehumanization, and self-deception which each have both beneficial and toxic personalities, so too does globalization. Globalization has integrated developing countries into the global economy and allowed them to profit from new resources and advances. But globalization has also fragmented these countries by giving them access to resources that corrupt, such as arms for guerrilla leaders and rogue armies. What has changed in the twenty-first century, perhaps as early as the 1990s, is a new form of war, one that is tied to the signature of evil and its expression as excessive harm. No longer are wars confined to state borders, restricted to states and their legitimized militaries, financed by governments and tax revenues, and focused on combatants. Instead, the new wars of the twenty-first century have entirely porous boundaries, are funded by private organizations, run by grass-root groups, and motivated by the use of horrific means to achieve equally horrific ends, including torture, rape, mutilation, and the use and abuse of civilians, women, children and men alike. As a result, international law is effectively, ineffective. Those running these new wars are outside of international law.

The consequence of the new wars extends beyond the travesties experienced by those living in these hot spots to the humanitarian aid workers and journalists who attempt to help the victims. Humanitarian aid is often pirated by rogue militias, and journalists are frequently killed or badly injured. We must therefore face the sad reality that as we ended the twentieth-century and initiated the twenty-first, casualties to non-combatant civilians shifted from few to many. We must face the reality that combating evil will require new laws and new protections for those who risk their lives to aid victims and give voice to their often silent suffering.

### *Evil ever after?*

We won't eradicate evil. Why? Because the capacity for evil is rooted in human nature, born of a promiscuous mind that enables ideas and feelings to flip between beneficial and toxic. Though we institute programs and practices that promote the beneficial, living within every human mind is a toxic neighbor, waiting to move in. Adhering to authorities is beneficial in that great leaders are energizing, empowering, creative, and a source of guidance into a brighter future. But even great leaders can turn toxic, imposing corrosive ideologies and eliminating basic human rights. Conformity is beneficial in that we want to live in a society where norms are followed, providing stability and cooperation. But conformity is toxic when it leads to blind faith and uncritical thinking. Dehumanization is beneficial in allowing us to carry out medical procedures and live with certain kinds of human suffering. But dehumanization is toxic when it facilitates ethnic cleansing by shrinking the moral circle, turning atrocities into virtuous offerings. Tolerance and pluralism are beneficial in that they lead to respect and concern for others' attitudes and desires. But tolerance and pluralism are toxic when they breed apathy and a willingness to stand by as passive bystanders.

My diagnosis of evil is not meant to be defeatist, but realist. It is only through an acknowledgment of our biology and the environments it has created — and can create — that we can look for solutions to ameliorate the human condition. We are all vulnerable to walking on the wrong side. We are fallible. We are also enormously creative, capable of great change. Like no other species, we relentlessly seek novelty. No one wants to be like his or her predecessor. Whether it is a new culinary tradition, extreme sport, technological innovation, musical genre, or weapon of destruction, our search for novelty is an indestructible component of human nature.

Our journey into the nature of evil has come to an end. Bombarded by the sheer magnitude of lives lost or damaged beyond repair, it is natural to deaden our senses and choke our feelings in the hope of finding solitude and peace. As painful as a re-awakening is, we must remember the individuals that make up these massive atrocities. Reflecting upon the loss of his son who was murdered by the Lord's Resistance Army, an 80 year old Ugandan chief summed it up — "We have been forgotten. It's as if we don't exist."

We must never forget. We must never deny our potential to cause horrific pain and suffering while finding ways to forgive and express deep compassion. We must never give up on humanity.



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# Endnotes: Epilogue

*Recommended Books:*

Glover, J. (2000). *Humanity.* Yale University Press.
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*Quotes:*

• Human Rights Watch Report, 2010, "The Trail of Death"



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**From**: Tonja Haddad Coleman [[redacted]
**Sent**: 5/13/2013 10:28:30 PM
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**Importance**: High

Farmer Jaffe is suing Donald Trump!

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Ben Goertzel with Cassio Pennachin & Nil Geisweiller &
the OpenCog Team

# Engineering General Intelligence, Part 1:

## A Path to Advanced AGI via Embodied Learning and Cognitive Synergy

September 19, 2013

*This book is dedicated by Ben Goertzel to his beloved, departed grandfather, Leo Zwell – an amazingly warm-hearted, giving human being who was also a deep thinker and excellent scientist, who got Ben started on the path of science. As a careful experimentalist, Leo would have been properly skeptical of the big hypotheses made here – but he would have been eager to see them put to the test!*

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# Preface

This is a large, two-part book with an even larger goal: To outline a practical approach to engineering software systems with general intelligence at the human level and ultimately beyond. Machines with flexible problem-solving ability, open-ended learning capability, creativity and eventually, their own kind of genius.

Part 1, this volume, reviews various critical conceptual issues related to the nature of intelligence and mind. It then sketches the broad outlines of a novel, integrative architecture for Artificial General Intelligence (AGI) called CogPrime ... and describes an approach for giving a young AGI system (CogPrime or otherwise) appropriate experience, so that it can develop its own smarts, creativity and wisdom through its own experience. Along the way a formal theory of general intelligence is sketched, and a broad roadmap leading from here to human-level artificial intelligence. Hints are also given regarding how to eventually, potentially create machines advancing beyond human level – including some frankly futuristic speculations about strongly self-modifying AGI architectures with flexibility far exceeding that of the human brain.

Part 2 then digs far deeper into the details of CogPrime's multiple structures, processes and functions, culminating in a general argument as to why we believe CogPrime will be able to achieve general intelligence at the level of the smartest humans (and potentially greater), and a detailed discussion of how a CogPrime-powered virtual agent or robot would handle some simple practical tasks such as social play with blocks in a preschool context. It first describes the CogPrime software architecture and knowledge representation in detail; then reviews the cognitive cycle via which CogPrime perceives and acts in the world and reflects on itself; and next turns to various forms of learning: procedural, declarative (e.g. inference), simulative and integrative. Methods of enabling natural language functionality in CogPrime are then discussed; and then the volume concludes with a chapter summarizing the argument that CogPrime can lead to human-level (and eventually perhaps greater) AGI, and a chapter giving a thought experiment describing the internal dynamics via which a completed CogPrime system might solve the problem of obeying the request "Build me something with blocks that I haven't seen before."

The chapters here are written to be read in linear order – and if consumed thus, they tell a coherent story about how to get from here to advanced AGI. However, the impatient reader may be forgiven for proceeding a bit nonlinearly. An alternate reading path for the impatient reader would be to start with the first few chapters of Part 1, then skim the final two chapters of Part 2, and then return to reading in linear order. The final two chapters of Part 2 give a broad overview of why we think the CogPrime design will work, in a way that depends on the technical



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details of the previous chapters, but (we believe) not so sensitively as to be incomprehensible without them.

This is admittedly an unusual sort of book, mixing demonstrated conclusions with unproved conjectures in a complex way, all oriented toward an extraordinarily ambitious goal. Further, the chapters are somewhat variant in their levels of detail – some very nitty-gritty, some more high level, with much of the variation due to how much concrete work has been done on the topic of the chapter at time of writing. However, it is important to understand that the ideas presented here are not mere armchair speculation – they are currently being used as the basis for an open-source software project called OpenCog, which is being worked on by software developers around the world. Right now OpenCog embodies only a percentage of the overall CogPrime design as described here. But if OpenCog continues to attract sufficient funding or volunteer interest, then the ideas presented in these volumes will be validated or refuted via practice. (As a related note: here and there in this book, we will refer to the "current" CogPrime implementation (in the OpenCog framework); in all cases this refers to OpenCog as of late 2013.)

To state one believes one knows a workable path to creating a human-level (and potentially greater) general intelligence is to make a dramatic statement, given the conventional way of thinking about the topic in the contemporary scientific community. However, we feel that once a little more time has passed, the topic will lose its drama (if not its interest and importance), and it will be widely accepted that there are *many* ways to create intelligent machines – some simpler and some more complicated; some more brain-like or human-like and some less so; some more efficient and some more wasteful of resources; etc. We have little doubt that, from the perspective of AGI science 50 or 100 years hence (and probably even 10-20 years hence), the specific designs presented here will seem awkward, messy, inefficient and circuitous in various respects. But that is how science and engineering progress. Given the current state of knowledge and understanding, having *any* concrete, comprehensive design and plan for creating AGI is a significant step forward; and it is in this spirit that we present here our thinking about the CogPrime architecture and the nature of general intelligence.

In the words of Sir Edmund Hillary, the first to scale Everest: "Nothing Venture, Nothing Win."

## *Prehistory of the Book*

The writing of this book began in earnest in 2001, at which point it was informally referred to as "The Novamente Book." The original "Novamente Book" manuscript ultimately got too big for its own britches, and subdivided into a number of different works – *The Hidden Pattern* [Goe06a], a philosophy of mind book published in 2006; *Probabilistic Logic Networks* [GIGH08], a more technical work published in 2008; *Real World Reasoning* [GGC+11], a sequel to *Probabilistic Logic Networks* published in 2011; and the two parts of this book.

The ideas described in this book have been the collaborative creation of multiple overlapping communities of people over a long period of time. The vast bulk of the writing here was done by Ben Goertzel; but Cassio Pennachin and Nil Geisweiller made sufficient writing, thinking and editing contributions over the years to more than merit their inclusion of co-authors. Further, many of the chapters here have co-authors beyond the three main co-authors of the book; and

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the set of chapter co-authors does not exhaust the set of significant contributors to the ideas presented.

The core concepts of the CogPrime design and the underlying theory were conceived by Ben Goertzel in the period 1995-1996 when he was a Research Fellow at the University of Western Australia; but those early ideas have been elaborated and improved by many more people than can be listed here (as well as by Ben's ongoing thinking and research). The collaborative design process ultimately resulting in CogPrime started in 1997 when Intelligenesis Corp. was formed – the Webmind AI Engine created in Intelligenesis's research group during 1997-2001 was the predecessor to the Novamente Cognition Engine created at Novamente LLC during 2001-2008, which was the predecessor to CogPrime.

## *Acknowledgements*

For sake of simplicity, this acknowledgements section is presented from the perspective of the primary author, Ben Goertzel. Ben will thus begin by expressing his thanks to his primary co-authors, Cassio Pennachin (collaborator since 1998) and Nil Geisweiller (collaborator since 2005). Without outstandingly insightful, deep-thinking colleagues like you, the ideas presented here – let alone the book itself– would not have developed nearly as effectively as what has happened. Similar thanks also go to the other OpenCog collaborators who have co-authored various chapters of the book.

Beyond the co-authors, huge gratitude must also be extended to everyone who has been involved with the OpenCog project, and/or was involved in Novamente LLC and Webmind Inc. before that. We are grateful to all of you for your collaboration and intellectual companionship!

Building a thinking machine is a huge project, too big for any one human; it will take a team and I'm happy to be part of a great one. It is through the genius of human collectives, going beyond any individual human mind, that genius machines are going to be created.

A tiny, incomplete sample from the long list of those others deserving thanks is:

- Ken Silverman and Gwendalin Qi Aranya (formerly Gwen Goertzel), both of whom listened to me talk at inordinate length about many of the ideas presented here a long, long time before anyone else was interested in listening. Ken and I schemed some AGI designs at Simon's Rock College in 1983, years before we worked together on the Webmind AI Engine.
- Allan Combs, who got me thinking about consciousness in various different ways, at a very early point in my career. I'm very pleased to still count Allan as a friend and sometime collaborator! Fred Abraham as well, for introducing me to the intersection of chaos theory and cognition, with a wonderful flair. George Christos, a deep AI/math/physics thinker from Perth, for re-awakening my interest in attractor neural nets and their cognitive implications, in the mid-1990s.
- All of the 130 staff of Webmind Inc. during 1998-2001 while that remarkable, ambitious, peculiar AGI-oriented firm existed. Special shout-outs to the "Voice of Reason" Pei Wang and the "Siberian Madmind" Anton Kolonin, Mike Ross, Cate Hartley, Karin Verspoor and the tragically prematurely deceased Jeff Pressing (compared to whom we are all mental midgets), who all made serious conceptual contributions to my thinking about AGI. Lisa Pazer and Andy Siciliano who made Webmind happen on the business side. And of course Cassio Pennachin, a co-author of this book; and Ken Silverman, who co-architected the whole Webmind system and vision with me from the start.

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- The Webmind Diehards, who helped begin the Novamente project that succeeded Webmind beginning in 2001: Cassio Pennachin, Stephan Vladimir Bugaj, Takuo Henmi, Matthew Ikle', Thiago Maia, Andre Senna, Guilherme Lamacie and Saulo Pinto
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HOUSE_OVERSIGHT_012906

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September 2013
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HOUSE_OVERSIGHT_012907

# Contents


**1 Introduction** ..... 1
1.1 AI Returns to Its Roots ..... 1
1.2 AGI versus Narrow AI ..... 2
1.3 CogPrime ..... 3
1.4 The Secret Sauce ..... 3
1.5 Extraordinary Proof? ..... 4
1.6 Potential Approaches to AGI ..... 6
1.6.1 Build AGI from Narrow AI ..... 6
1.6.2 Enhancing Chatbots ..... 6
1.6.3 Emulating the Brain ..... 6
1.6.4 Evolve an AGI ..... 7
1.6.5 Derive an AGI design mathematically ..... 7
1.6.6 Use heuristic computer science methods ..... 8
1.6.7 Integrative Cognitive Architecture ..... 8
1.6.8 Can Digital Computers Really Be Intelligent? ..... 8
1.7 Five Key Words ..... 9
1.7.1 Memory and Cognition in CogPrime ..... 10
1.8 Virtually and Robotically Embodied AI ..... 11
1.9 Language Learning ..... 12
1.10 AGI Ethics ..... 12
1.11 Structure of the Book ..... 13
1.12 Key Claims of the Book ..... 13

**Section I Artificial and Natural General Intelligence**

**2 What Is Human-Like General Intelligence?** ..... 19
2.1 Introduction ..... 19
2.1.1 What Is General Intelligence? ..... 19
2.1.2 What Is Human-like General Intelligence? ..... 20
2.2 Commonly Recognized Aspects of Human-like Intelligence ..... 20
2.3 Further Characterizations of Humanlike Intelligence ..... 24
2.3.1 Competencies Characterizing Human-like Intelligence ..... 24
2.3.2 Gardner's Theory of Multiple Intelligences ..... 25




HOUSE_OVERSIGHT_012909

2.3.3 Newell's Criteria for a Human Cognitive Architecture ..... 26
2.3.4 intelligence and Creativity ..... 26
2.4 Preschool as a View into Human-like General Intelligence ..... 27
2.4.1 Design for an AGI Preschool ..... 28
2.5 Integrative and Synergetic Approaches to Artificial General Intelligence ..... 29
2.5.1 Achieving Humanlike Intelligence via Cognitive Synergy ..... 30

**3 A Patternist Philosophy of Mind** ..... 35
3.1 Introduction ..... 35
3.2 Some Patternist Principles ..... 35
3.3 Cognitive Synergy ..... 40
3.4 The General Structure of Cognitive Dynamics: Analysis and Synthesis ..... 42
3.4.1 Component-Systems and Self-Generating Systems ..... 42
3.4.2 Analysis and Synthesis ..... 43
3.4.3 The Dynamic of Iterative Analysis and Synthesis ..... 46
3.4.4 Self and Focused Attention as Approximate Attractors of the Dynamic of Iterated Forward-Analysis ..... 47
3.4.5 Conclusion ..... 50
3.5 Perspectives on Machine Consciousness ..... 51
3.6 Postscript: Formalizing Pattern ..... 53

**4 Brief Survey of Cognitive Architectures** ..... 57
4.1 Introduction ..... 57
4.2 Symbolic Cognitive Architectures ..... 58
4.2.1 SOAR ..... 60
4.2.2 ACT-R ..... 61
4.2.3 Cyc and Texai ..... 62
4.2.4 NARS ..... 63
4.2.5 GLAIR and SNePS ..... 64
4.3 Emergentist Cognitive Architectures ..... 65
4.3.1 DeSTIN: A Deep Reinforcement Learning Approach to AGI ..... 66
4.3.2 Developmental Robotics Architectures ..... 72
4.4 Hybrid Cognitive Architectures ..... 73
4.4.1 Neural versus Symbolic; Global versus Local ..... 75
4.5 Globalist versus Localist Representations ..... 78
4.5.1 CLARION ..... 79
4.5.2 The Society of Mind and the Emotion Machine ..... 80
4.5.3 DUAL ..... 80
4.5.4 4D/RCS ..... 81
4.5.5 PolyScheme ..... 82
4.5.6 Joshua Blue ..... 83
4.5.7 LIDA ..... 84
4.5.8 The Global Workspace ..... 84
4.5.9 The LIDA Cognitive Cycle ..... 85
4.5.10 Psi and MicroPsi ..... 88
4.5.11 The Emergence of Emotion in the Psi Model ..... 91
4.5.12 Knowledge Representation, Action Selection and Planning in Psi ..... 93

HOUSE_OVERSIGHT_012910

4.5.13 Psi versus CogPrime ..... 94

**5 A Generic Architecture of Human-Like Cognition** ..... 95
5.1 Introduction ..... 95
5.2 Key Ingredients of the Integrative Human-Like Cognitive Architecture Diagram 96
5.3 An Architecture Diagram for Human-Like General Intelligence ..... 97
5.4 Interpretation and Application of the Integrative Diagram ..... 104

**6 A Brief Overview of CogPrime** ..... 107
6.1 Introduction ..... 107
6.2 High-Level Architecture of CogPrime ..... 107
6.3 Current and Prior Applications of OpenCog ..... 108
6.3.1 Transitioning from Virtual Agents to a Physical Robot ..... 110
6.4 Memory Types and Associated Cognitive Processes in CogPrime ..... 110
6.4.1 Cognitive Synergy in PLN ..... 111
6.5 Goal-Oriented Dynamics in CogPrime ..... 113
6.6 Analysis and Synthesis Processes in CogPrime ..... 114
6.7 Conclusion ..... 116

**Section II Toward a General Theory of General Intelligence**

**7 A Formal Model of Intelligent Agents** ..... 129
7.1 Introduction ..... 129
7.2 A Simple Formal Agents Model (SRAM) ..... 130
7.2.1 Goals ..... 131
7.2.2 Memory Stores ..... 132
7.2.3 The Cognitive Schematic ..... 133
7.3 Toward a Formal Characterization of Real-World General Intelligence ..... 135
7.3.1 Biased Universal Intelligence ..... 136
7.3.2 Connecting Legg and Hutter's Model of Intelligent Agents to the Real World ..... 137
7.3.3 Pragmatic General Intelligence ..... 138
7.3.4 Incorporating Computational Cost ..... 139
7.3.5 Assessing the Intelligence of Real-World Agents ..... 139
7.4 Intellectual Breadth: Quantifying the Generality of an Agent's Intelligence ..... 141
7.5 Conclusion ..... 142

**8 Cognitive Synergy** ..... 143
8.1 Cognitive Synergy ..... 143
8.2 Cognitive Synergy ..... 144
8.3 Cognitive Synergy in CogPrime ..... 146
8.3.1 Cognitive Processes in CogPrime ..... 146
8.4 Some Critical Synergies ..... 149
8.5 The Cognitive Schematic ..... 151
8.6 Cognitive Synergy for Procedural and Declarative Learning ..... 153
8.6.1 Cognitive Synergy in MOSES ..... 153
8.6.2 Cognitive Synergy in PLN ..... 155
8.7 Is Cognitive Synergy Tricky? ..... 157

HOUSE_OVERSIGHT_012911

8.7.1 The Puzzle: Why Is It So Hard to Measure Partial Progress Toward Human-Level AGI? ... 157
8.7.2 A Possible Answer: Cognitive Synergy is Tricky! ... 158
8.7.3 Conclusion ... 159

**9 General Intelligence in the Everyday Human World** ... 161
9.1 Introduction ... 161
9.2 Some Broad Properties of the Everyday World That Help Structure Intelligence 162
9.3 Embodied Communication ... 163
9.3.1 Generalizing the Embodied Communication Prior ... 166
9.4 Naive Physics ... 166
9.4.1 Objects, Natural Units and Natural Kinds ... 167
9.4.2 Events, Processes and Causality ... 168
9.4.3 Stuffs, States of Matter, Qualities ... 168
9.4.4 Surfaces, Limits, Boundaries, Media ... 168
9.4.5 What Kind of Physics Is Needed to Foster Human-like Intelligence? ... 169
9.5 Folk Psychology ... 170
9.5.1 Motivation, Requiredness, Value ... 171
9.6 Body and Mind ... 171
9.6.1 The Human Sensorium ... 171
9.6.2 The Human Body's Multiple Intelligences ... 172
9.7 The Extended Mind and Body ... 176
9.8 Conclusion ... 176

**10 A Mind-World Correspondence Principle** ... 177
10.1 Introduction ... 177
10.2 What Might a General Theory of General Intelligence Look Like? ... 178
10.3 Steps Toward A (Formal) General Theory of General Intelligence ... 179
10.4 The Mind-World Correspondence Principle ... 180
10.5 How Might the Mind-World Correspondence Principle Be Useful? ... 181
10.6 Conclusion ... 182

**Section III Cognitive and Ethical Development**

**11 Stages of Cognitive Development** ... 187
11.1 Introduction ... 187
11.2 Piagetan Stages in the Context of a General Systems Theory of Development .. 188
11.3 Piaget's Theory of Cognitive Development ... 188
11.3.1 Perry's Stages ... 192
11.3.2 Keeping Continuity in Mind ... 192
11.4 Piaget's Stages in the Context of Uncertain Inference ... 193
11.4.1 The Infantile Stage ... 195
11.4.2 The Concrete Stage ... 196
11.4.3 The Formal Stage ... 200
11.4.4 The Reflexive Stage ... 202

HOUSE_OVERSIGHT_012912

**12 The Engineering and Development of Ethics** ..... 205
12.1 Introduction ..... 205
12.2 Review of Current Thinking on the Risks of AGI ..... 206
12.3 The Value of an Explicit Goal System ..... 209
12.4 Ethical Synergy ..... 210
12.4.1 Stages of Development of Declarative Ethics ..... 211
12.4.2 Stages of Development of Empathic Ethics ..... 214
12.4.3 An Integrative Approach to Ethical Development ..... 215
12.4.4 Integrative Ethics and Integrative AGI ..... 216
12.5 Clarifying the Ethics of Justice: Extending the Golden Rule in to a Multifactorial Ethical Model ..... 219
12.5.1 The Golden Rule and the Stages of Ethical Development ..... 222
12.5.2 The Need for Context-Sensitivity and Adaptiveness in Deploying Ethical Principles ..... 223
12.6 The Ethical Treatment of AGIs ..... 226
12.6.1 Possible Consequences of Depriving AGIs of Freedom ..... 228
12.6.2 AGI Ethics as Boundaries Between Humans and AGIs Become Blurred . 229
12.7 Possible Benefits of Closely Linking AGIs to the Global Brain ..... 230
12.7.1 The Importance of Fostering Deep, Consensus-Building Interactions Between People with Divergent Views ..... 231
12.8 Possible Benefits of Creating Societies of AGIs ..... 233
12.9 AGI Ethics As Related to Various Future Scenarios ..... 234
12.9.1 Capped Intelligence Scenarios ..... 234
12.9.2 Superintelligent AI: Soft-Takeoff Scenarios ..... 235
12.9.3 Superintelligent AI: Hard-Takeoff Scenarios ..... 235
12.9.4 Global Brain Mindplex Scenarios ..... 237
12.10 Conclusion: Eight Ways to Bias AGI Toward Friendliness ..... 239
12.10.1 Encourage Measured Co-Advancement of AGI Software and AGI Ethics Theory ..... 241
12.10.2 Develop Advanced AGI Sooner Not Later ..... 241

**Section IV Networks for Explicit and Implicit Knowledge Representation**

**13 Local, Global and Glocal Knowledge Representation** ..... 245
13.1 Introduction ..... 245
13.2 Localized Knowledge Representation using Weighted, Labeled Hypergraphs .... 246
13.2.1 Weighted, Labeled Hypergraphs ..... 246
13.3 Atoms: Their Types and Weights ..... 247
13.3.1 Some Basic Atom Types ..... 247
13.3.2 Variable Atoms ..... 249
13.3.3 Logical Links ..... 251
13.3.4 Temporal Links ..... 252
13.3.5 Associative Links ..... 253
13.3.6 Procedure Nodes ..... 254
13.3.7 Links for Special External Data Types ..... 254
13.3.8 Truth Values and Attention Values ..... 255
13.4 Knowledge Representation via Attractor Neural Networks ..... 256

HOUSE_OVERSIGHT_012913

13.4.1 The Hopfield neural net model ... 256
13.4.2 Knowledge Representation via Cell Assemblies ... 257
13.5 Neural Foundations of Learning ... 258
13.5.1 Hebbian Learning ... 258
13.5.2 Virtual Synapses and Hebbian Learning Between Assemblies ... 258
13.5.3 Neural Darwinism ... 259
13.6 Glocal Memory ... 260
13.6.1 A Semi-Formal Model of Glocal Memory ... 262
13.6.2 Glocal Memory in the Brain ... 263
13.6.3 Glocal Hopfield Networks ... 268
13.6.4 Neural-Symbolic Glocality in CogPrime ... 269

**14 Representing Implicit Knowledge via Hypergraphs** ... 271
14.1 Introduction ... 271
14.2 Key Vertex and Edge Types ... 271
14.3 Derived Hypergraphs ... 272
14.3.1 SMEPH Vertices ... 272
14.3.2 SMEPH Edges ... 273
14.4 Implications of Patternist Philosophy for Derived Hypergraphs of Intelligent Systems ... 274
14.4.1 SMEPH Principles in CogPrime ... 276

**15 Emergent Networks of Intelligence** ... 279
15.1 Introduction ... 279
15.2 Small World Networks ... 280
15.3 Dual Network Structure ... 281
15.3.1 Hierarchical Networks ... 281
15.3.2 Associative, Heterarchical Networks ... 282
15.3.3 Dual Networks ... 284

**Section V A Path to Human-Level AGI**

**16 AGI Preschool** ... 289
16.1 Introduction ... 289
16.1.1 Contrast to Standard AI Evaluation Methodologies ... 290
16.2 Elements of Preschool Design ... 291
16.3 Elements of Preschool Curriculum ... 292
16.3.1 Preschool in the Light of Intelligence Theory ... 293
16.4 Task-Based Assessment in AGI Preschool ... 295
16.5 Beyond Preschool ... 298
16.6 Issues with Virtual Preschool Engineering ... 298
16.6.1 Integrating Virtual Worlds with Robot Simulators ... 301
16.6.2 BlocksNBeads World ... 301

**17 A Preschool-Based Roadmap to Advanced AGI** ... 307
17.1 Introduction ... 307
17.2 Measuring Incremental Progress Toward Human-Level AGI ... 308
17.3 Conclusion ... 315

HOUSE_OVERSIGHT_012914

**18 Advanced Self-Modification: A Possible Path to Superhuman AGI** ..... 317
18.1 Introduction ..... 317
18.2 Cognitive Schema Learning ..... 318
18.3 Self-Modification via Supercompilation ..... 319
18.3.1 Three Aspects of Supercompilation ..... 321
18.3.2 Supercompilation for Goal-Directed Program Modification ..... 322
18.4 Self-Modification via Theorem-Proving ..... 323

**A Glossary** ..... 325
A.1 List of Specialized Acronyms ..... 325
A.2 Glossary of Specialized Terms ..... 326
References ..... 343

HOUSE_OVERSIGHT_012915

# Chapter 1
# Introduction

## 1.1 AI Returns to Its Roots

Our goal in this book is straightforward, albeit ambitious: to present a conceptual and technical design for a thinking machine, a software program capable of the same qualitative sort of general intelligence as human beings. It's not certain exactly how far the design outlined here will be able to take us, but it seems plausible that once fully implemented, tuned and tested, it will be able to achieve general intelligence at the human level and in some respects beyond.

Our ultimate aim is Artificial General Intelligence construed in the broadest sense, including artificial creativity and artificial genius. We feel it is important to emphasize the extremely broad potential of Artificial General Intelligence systems. The human brain is not built to be modified, except via the slow process of evolution. Engineered AGI systems, built according to designs like the one outlined here, will be much more susceptible to rapid improvement from their initial state. It seems reasonable to us to expect that, relatively shortly after achieving the first roughly human-level AGI system, AGI systems with various sorts of beyond-human-level capabilities will be achieved.

Though these long-term goals are core to our motivations, we will spend much of our time here explaining how we think we can make AGI systems do relatively simple things, like the things human children do in preschool. The penultimate chapter of (Part 2 of) the book describes a thought-experiment involving a robot playing with blocks, responding to the request "Build me something I haven't seen before." We believe that preschool creativity contains the seeds of, and the core structures and dynamics underlying, adult human level genius ... and new, as yet unforeseen forms of artificial innovation.

Much of the book focuses on a specific AGI architecture, which we call CogPrime, and which is currently in the midst of implementation using the OpenCog software framework. CogPrime is large and complex and embodies a host of specific decisions regarding the various aspects of intelligence. We don't view CogPrime as the unique path to advanced AGI, nor as the ultimate end-all of AGI research. We feel confident there are multiple possible paths to advanced AGI, and that in following any of these paths, multiple theoretical and practical lessons will be learned, leading to modifications of the ideas possessed while along the early stages of the path. But our goal here is to articulate **one** path that we believe makes sense to follow, one overall design that we believe can work.



HOUSE_OVERSIGHT_012917

## 1.2 AGI versus Narrow AI

An outsider to the AI field might think this sort of book commonplace in the research literature, but insiders know that's far from the truth. The field of Artificial Intelligence (AI) was founded in the mid 1950s with the aim of constructing "thinking machines" - that is, computer systems with human-like general intelligence, including humanoid robots that not only look but act and think with intelligence equal to and ultimately greater than human beings. But in the intervening years, the field has drifted far from its ambitious roots, and this book represents part of a movement aimed at restoring the initial goals of the AI field, but in a manner powered by new tools and new ideas far beyond those available half a century ago.

After the first generation of AI researchers found the task of creating human-level AGI very difficult given the technology of their time, the AI field shifted focus toward what Ray Kurzweil has called "narrow AI" – the understanding of particular specialized aspects of intelligence; and the creation of AI systems displaying intelligence regarding specific tasks in relatively narrow domains. In recent years, however, the situation has been changing. More and more researchers have recognized the necessity – and feasibility – of returning to the original goals of the field.

In the decades since the 1950s, cognitive science and neuroscience have taught us a lot about what a cognitive architecture needs to look like to support roughly human-like general intelligence. Computer hardware has advanced to the point where we can build distributed systems containing large amounts of RAM and large numbers of processors, carrying out complex tasks in real time. The AI field has spawned a host of ingenious algorithms and data structures, which have been successfully deployed for a huge variety of purposes.

Due to all this progress, increasingly, there has been a call for a transition from the current focus on highly specialized "narrow AI" problem solving systems, back to confronting the more difficult issues of "human level intelligence" and more broadly "artificial general intelligence (AGI)." Recent years have seen a growing number of special sessions, workshops and conferences devoted specifically to AGI, including the annual BICA (Biologically Inspired Cognitive Architectures) AAAI Symposium, and the international AGI conference series (one in 2006, and annual since 2008). And, even more exciting, as reviewed in Chapter 4, there are a number of contemporary projects focused directly and explicitly on AGI (sometimes under the name "AGI", sometimes using related terms such as "Human Level Intelligence").

In spite of all this progress, however, we feel that no one has yet clearly articulated a detailed, systematic design for an AGI, with potential to yield general intelligence at the human level and ultimately beyond. In this spirit, our main goal in this lengthy two-part book is to outline a novel *design for a thinking machine* – an AGI design which we believe has the capability to produce software systems with intelligence at the human adult level and ultimately beyond. Many of the technical details of this design have been previously presented online in a wikibook [Goe10b]; and the basic ideas of the design have been presented briefly in a series of conference papers [GPSL03, GPPG06, Goe09c]. But the overall design has not been presented in a coherent and systematic way before this book. In order to frame this design properly, we also present a considerable number of broader theoretical and conceptual ideas here, some more and some less technical in nature.

HOUSE_OVERSIGHT_012918

## 1.3 CogPrime

The AGI design presented here has not previously been granted a name independently of its particular software implementations, but for the purposes of this book it needs one, so we've christened it **CogPrime** . This fits with the name "OpenCogPrime" that has already been used to describe the software implementation of CogPrime within the open-source OpenCog AGI software framework. The OpenCogPrime software, right now, implements only a small fraction of the CogPrime design as described here. However, OpenCog was designed specifically to enable efficient, scalable implementation of the full CogPrime design (as well as to serve as a more general framework for AGI R&D); and work currently proceeds in this direction, though there is a lot of work still to be done and many challenges remain. [1]

The CogPrime design is more comprehensive and thorough than anything that has been presented in the literature previously, including the work of others reviewed in Chapter 4. It covers all the key aspects of human intelligence, and explains how they interoperate and how they can be implemented in digital computer software. Part 1 of this work outlines CogPrime at a high level, and makes a number of more general points about artificial general intelligence and the path thereto; then Part 2 digs deeply into the technical particulars of CogPrime. Even Part 2, however, doesn't explain all the details of CogPrime that have been worked out so far, and it definitely doesn't explain all the implementation details that have gone into designing and building OpenCogPrime. Creating a thinking machine is a large task, and even the intermediate level of detail takes up a lot of pages.

## 1.4 The Secret Sauce

There is no consensus on why all the related technological and scientific progress mentioned above has not yet yielded AI software systems with human-like general intelligence (or even greater levels of brilliance!). However, we hypothesize that the core reason boils down to the following three points:

- Intelligence depends on the emergence of certain high-level structures and dynamics across a system's whole knowledge base;
- We have not discovered any one algorithm or approach capable of yielding the emergence of these structures;
- Achieving the emergence of these structures within a system formed by integrating a number of different AI algorithms and structures requires careful attention to the manner in which

[1] This brings up a terminological note: At several places in this Volume and the next we will refer to the current CogPrime or OpenCog implementation; in all cases this refers to OpenCog as of late 2013. We realize the risk of mentioning the state of our software system at time of writing: for future readers this may give the wrong impression, because if our project goes well, more and more of CogPrime will get implemented and tested as time goes on (e.g. within the OpenCog framework, under active development at time of writing). However, not mentioning the current implementation at all seems an even worse course to us, since we feel readers will be interested to know which of our ideas – at time of writing – have been honed via practice and which have not. Online resources such as `http://opencog.org` may be consulted by readers curious about the current state of the main OpenCog implementation; though in future forks of the code may be created, or other systems may be built using some or all of the ideas in this book, etc.

HOUSE_OVERSIGHT_012919

these algorithms and structures are integrated; and so far the integration has not been done in the correct way.

The human brain appears to be an integration of an assemblage of diverse structures and dynamics, built using common components and arranged according to a sensible cognitive architecture. However, its algorithms and structures have been honed by evolution to work closely together – they are very tightly inter-adapted, in the same way that the different organs of the body are adapted to work together. Due to their close interoperation they give rise to the overall systemic behaviors that characterize human-like general intelligence. We believe that the main missing ingredient in AI so far is **cognitive synergy**: the fitting-together of different intelligent components into an appropriate cognitive architecture, in such a way that the components richly and dynamically support and assist each other, interrelating very closely in a similar manner to the components of the brain or body and thus giving rise to appropriate emergent structures and dynamics. This leads us to one of the central hypotheses underlying the CogPrime approach to AGI: that **the cognitive synergy ensuing from integrating multiple symbolic and subsymbolic learning and memory components in an appropriate cognitive architecture and environment, can yield robust intelligence at the human level and ultimately beyond.**

The reason this sort of intimate integration has not yet been explored much is that it's difficult on multiple levels, requiring the design of an architecture and its component algorithms with a view toward the structures and dynamics that will arise in the system once it is coupled with an appropriate environment. Typically, the AI algorithms and structures corresponding to different cognitive functions have been developed based on divergent theoretical principles, by disparate communities of researchers, and have been tuned for effective performance on different tasks in different environments. Making such diverse components work together in a truly synergetic and cooperative way is a tall order, yet we believe that this – rather than some particular algorithm, structure or architectural principle – is the "secret sauce" needed to create human-level AGI based on technologies available today.

## 1.5 Extraordinary Proof?

There is a saying that "extraordinary claims require extraordinary proof" and by that standard, if one believes that having a design for an advanced AGI is an extraordinary claim, this book must be rated a failure. We don't offer extraordinary proof that CogPrime, once fully implemented and educated, will be capable of human-level general intelligence and more.

It would be nice if we could offer mathematical proof that CogPrime has the potential we think it does, but at the current time mathematics is simply not up to the job. We'll pursue this direction briefly in Chapter 7 and other chapters, where we'll clarify exactly what kind of mathematical claim "CogPrime has the potential for human-level intelligence" turns out to be. Once this has been clarified, it will be clear that current mathematical knowledge does not yet let us evaluate, or even fully formalize, this kind of claim. Perhaps one day rigorous and detailed analyses of practical AGI designs will be feasible – and we look forward to that day – but it's not here yet.

Also, it would of course be profoundly exciting if we could offer dramatic practical demonstrations of CogPrime's capabilities. We do have a partial software implementation, in the OpenCogPrime system, but currently the things OpenCogPrime does are too simple to really

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serve as proofs of CogPrime's power for advanced AGI. We have used some CogPrime ideas in the OpenCog framework to do things like natural language understanding and data mining, and to control virtual dogs in online virtual worlds; and this has been very useful work in multiple senses. It has taught us more about the CogPrime design; it has produced some useful software systems; and it constitutes fractional work building toward a full OpenCog based implementation of CogPrime. However, to date, the things OpenCogPrime has done are all things that could have been done in different ways without the CogPrime architecture (though perhaps not as elegantly nor with as much room for interesting expansion).

The bottom line is that building an AGI is a big job. Software companies like Microsoft spend dozens to hundreds of man-years building software products like word processors and operating systems, so it should be no surprise that creating a digital intelligence is also a relatively large-scale software engineering project. As time advances and software tools improve, the number of man-hours required to develop advanced AGI gradually decreases – but right now, as we write these words, it's still a rather big job. In the OpenCogPrime project we are making a serious attempt to create a CogPrime based AGI using an open-source development methodology, with the open-source Linux operating system as one of our inspirations. But the open-source methodology doesn't work magic either, and it remains a large project, currently at an early stage. I emphasize this point so that readers lacking software engineering expertise don't take the currently fairly limited capabilities of OpenCogPrime as somehow a damning indictment of the potential of the CogPrime design. The design is one thing, the implementation another – and the OpenCogPrime implementation currently encompasses perhaps one third to one half of the key ideas in this book.

So we don't have extraordinary proof to offer. What we aim to offer instead are clearly-constructed conceptual and technical arguments as to why we think the CogPrime design has dramatic AGI potential.

It is also possible to push back a bit on the common intuition that having a design for human-level AGI is such an "extraordinary claim." It may be extraordinary relative to contemporary science and culture, but we have a strong feeling that the AGI problem is not difficult in the same ways that most people (including most AI researchers) think it is. We suspect that in hindsight, after human-level AGI has been achieved, people will look back in shock that it took humanity so long to come up with a workable AGI design. As you'll understand once you've finished Part 1 of the book, we don't think general intelligence is nearly as "extraordinary" and mysterious as it's commonly made out to be. Yes, building a thinking machine is hard – but humanity has done a lot of other hard things before. It may seem difficult to believe that human-level general intelligence could be achieved by something as simple as a collection of algorithms linked together in an appropriate way and used to control an agent. But we suggest that, once the first powerful AGI systems are produced, it will become apparent that engineering human-level minds is not so profoundly different from engineering other complex systems.

All in all, we'll consider the book successful if a significant percentage of open-minded, appropriately-educated readers come away from it scratching their chins and pondering: *"Hmm. You know, that just might work."* and a small percentage come away thinking *"Now that's an initiative I'd really like to help with!"*.

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## 1.6 Potential Approaches to AGI

In principle, there is a large number of approaches one might take to building an AGI, starting from the knowledge, software and machinery now available. This is not the place to review them in detail, but a brief list seems apropos, including commentary on why these are not the approaches we have chosen for our own research. Our intent here is not to insult or dismiss these other potential approaches, but merely to indicate why, as researchers with limited time and resources, we have made a different choice regarding where to focus our own energies.

### *1.6.1 Build AGI from Narrow AI*

Most of the AI programs around today are "narrow AI" programs – they carry out one particular kind of task intelligently. One could try to make an advanced AGI by combining a bunch of enhanced narrow AI programs inside some kind of overall framework.

However, we're rather skeptical of this approach because none of these narrow AI programs have the ability to generalize across domains – and we don't see how combining them or extending them is going to cause this to magically emerge.

### *1.6.2 Enhancing Chatbots*

One could seek to make an advanced AGI by taking a chatbot, and trying to improve its code to make it actually understand what it's talking about. We have some direct experience with this route, as in 2010 our AI consulting firm was contracted to improve Ray Kurzweil's online chatbot "Ramona". Our new Ramona understands a lot more than the previous Ramona version or a typical chatbot, due to using Wikipedia and other online resources, but still it's far from an AGI.

A more ambitious attempt in this direction was Jason Hutchens' a-i.com project, which sought to create a human child level AGI via development and teaching of a statistical learning based chatbot (rather than the typical rule-based kind). The difficulty with this approach, however, is that the architecture of a chatbot is fundamentally different from the architecture of a generally intelligent mind. Much of what's important about the human mind is not directly observable in conversations, so if you start from conversation and try to work toward an AGI architecture from there, you're likely to miss many critical aspects.

### *1.6.3 Emulating the Brain*

One can approach AGI by trying to figure out how the brain works, using brain imaging and other tools from neuroscience, and then emulating the brain in hardware or software.

One rather substantial problem with this approach is that we don't really understand how the brain works yet, because our software for measuring the brain is still relatively crude. There is no brain scanning method that combines high spatial and temporal accuracy, and none is

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likely to come about for a decade or two. So to do brain-emulation AGI seriously, one needs to wait a while until brain scanning technology improves.

Current AI methods like neural nets that are loosely based on the brain, are really not brain-like enough to make a serious claim at emulating the brain's approach to general intelligence. We don't yet have any real understanding of how the brain represents abstract knowledge, for example, or how it does reasoning (though the authors, like many others, have made some speculations in this regard [GMIH08]).

Another problem with this approach is that once you're done, what you get is something with a very humanlike mind, and we already have enough of those! However, this is perhaps not such a serious objection, because a digital-computer-based version of a human mind could be studied much more thoroughly than a biology-based human mind. We could observe its dynamics in real-time in perfect precision, and could then learn things that would allow us to build other sorts of digital minds.

### *1.6.4 Evolve an AGI*

Another approach is to try to run an evolutionary process inside the computer, and wait for advanced AGI to evolve.

One problem with this is that we don't know how evolution works all that well. There's a field of artificial life, but so far its results have been fairly disappointing. It's not yet clear how much one can vary on the chemical structures that underly real biology, and still get powerful evolution like we see in real biology. If we need good artificial chemistry to get good artificial biology, then do we need good artificial physics to get good artificial chemistry?

Another problem with this approach, of course, is that it might take a really long time. Evolution took billions of years on Earth, using a massive amount of computational power. To make the evolutionary approach to AGI effective, one would need some radical innovations to the evolutionary process (such as, perhaps, using probabilistic methods like BOA [Pel05] or MOSES [Loo06] in place of traditional evolution).

### *1.6.5 Derive an AGI design mathematically*

One can try to use the mathematical theory of intelligence to figure out how to make advanced AGI.

This interests us greatly, but there's a huge gap between the rigorous math of intelligence as it exists today and anything of practical value. As we'll discuss in Chapter 7, most of the rigorous math of intelligence right now is about how to make AI on computers with dramatically unrealistic amounts of memory or processing power. When one tries to create a theoretical understanding of real-world general intelligence, one arrives at quite different sorts of considerations, as we will roughly outline in Chapter 10. Ideally we would like to be able to study the CogPrime design using a rigorous mathematical theory of real-world general intelligence, but at the moment that's not realistic. The best we can do is to conceptually analyze CogPrime and its various components in terms of relevant mathematical and theoretical ideas; and perform analysis of CogPrime's individual structures and components at varying levels of rigor.

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### 1.6.6 Use heuristic computer science methods

The computer science field contains a number of abstract formalisms, algorithms and structures that have relevance beyond specific narrow AI applications, yet aren't necessarily understood as thoroughly as would be required to integrate them into the rigorous mathematical theory of intelligence. Based on these formalisms, algorithms and structures, a number of "single formalism/algorithm focused" AGI approaches have been outlined, some of which will be reviewed in Chapter 4. For example Pei Wang's NARS ("Non-Axiomatic Reasoning System") approach is based on a specific logic which he argues to be the "logic of general intelligence" – so, while his system contains many other aspects than this logic, he considers this logic to be the crux of the system and the source of its potential power as an AGI system.

The basic intuition on the part of these "single formalism/algorithm focused" researchers seems to be that there is one key formalism or algorithm underlying intelligence, and if you achieve this key aspect in your AGI program, you're going to get something that fundamentally thinks like a person, even if it has some differences due to its different implementation and embodiment. On the other hand, it's also possible that this idea is philosophically incorrect: that there is no one key formalism, algorithm, structure or idea underlying general intelligence. The CogPrime approach is based on the intuition that to achieve human-level, roughly human-like general intelligence based on feasible computational resources, one needs an appropriate heterogeneous combination of algorithms and structures, each coping with different types of knowledge and different aspects of the problem of achieving goals in complex environments.

### 1.6.7 Integrative Cognitive Architecture

Finally, to create advanced AGI one can try to build some sort of integrative cognitive architecture: a software system with multiple components that each carry out some cognitive function, and that connect together in a specific way to try to yield overall intelligence.

Cognitive science gives us some guidance about the overall architecture, and computer science and neuroscience give us a lot of ideas about what to put in the different components. But still this approach is very complex and there is a lot of need for creative invention.

This is the approach we consider most "serious" at present (at least until neuroscience advances further). And, as will be discussed in depth in these pages, this is the approach we've chosen: CogPrime is an integrative AGI architecture.

### 1.6.8 Can Digital Computers Really Be Intelligent?

All the AGI approaches we've just mentioned assume that it's possible to make AGI on digital computers. While we suspect this is correct, we must note that it isn't proven.

It might be that – as Penrose [Pen96], Hameroff [Ham87] and others have argued – we need quantum computers or quantum gravity computers to make AGI. However, there is no evidence of this at this stage. Of course the brain like all matter is described by quantum mechanics, but this doesn't imply that the brain is a "macroscopic quantum system" in a strong sense (like, say, a Bose-Einstein condensate). And even if the brain does use quantum phenomena in

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a dramatic way to carry out some of its cognitive processes (a hypothesis for which there is no current evidence), this doesn't imply that these quantum phenomena are *necessary* in order to carry out the given cognitive processes. For example there is evidence that birds use quantum nonlocal phenomena to carry out navigation based on the Earth's magnetic fields [GRM+11]; yet scientists have built instruments that carry out the same functions without using any special quantum effects. The importance of quantum phenomena in biology (except via their obvious role in giving rise to biological phenomena describable via classical physics) remains a subject of debate [AGBD+08].

Quantum "magic" aside, it is also conceivable that building AGI is fundamentally impossible for some *other* reason we don't understand. Without getting religious about it, it is rationally quite possible that some aspects of the universe are beyond the scope of scientific methods. Science is fundamentally about recognizing patterns in finite sets of bits (e.g. finite sets of finite-precision observations), whereas mathematics recognizes many sets much larger than this. Selmer Bringsjord [BZ03], and other advocates of "hypercomputing" approaches to intelligence, argue that the human mind depends on massively large infinite sets and therefore can never be simulated on digital computers nor understood via finite sets of finite-precision measurements such as science deals with.

But again, while this sort of possibility is interesting to speculate about, there's no real reason to believe it at this time. Brain science and AI are both very young sciences and the "working hypothesis" that digital computers can manifest advanced AGI has hardly been explored at all yet, relative to what will be possible in the next decades as computers get more and more powerful and our understanding of neuroscience and cognitive science gets more and more complete. The CogPrime AGI design presented here is based on this working hypothesis.

Many of the ideas in the book are actually independent of the "mind can be implemented digitally" working hypothesis, and could apply to AGI systems built on analog, quantum or other non-digital frameworks – but we will not pursue these possibilities here. For the moment, outlining an AGI design for digital computers is hard enough! Regardless of speculations about quantum computing in the brain, it seems clear that AGI on quantum computers is part of our future and will be a powerful thing; but the description of a CogPrime analogue for quantum computers will be left for a later work.

## 1.7 Five Key Words

As noted, the CogPrime approach lies squarely in the integrative cognitive architecture camp. But it is not a haphazard or opportunistic combination of algorithms and data structures. At bottom it is motivated by the *patternist* philosophy of mind laid out in Ben Goertzel's book *The Hidden Pattern* [Goe06a], which was in large part a summary and reformulation of ideas presented in a series of books published earlier by the same author [Goe94], [Goe93a], [Goe93b], [Goe97], [Goe01]. A few of the core ideas of this philosophy are laid out in Chapter 3, though that chapter is by no means a thorough summary.

One way to summarize some of the most important yet commonsensical parts of the patternist philosophy of mind, in an AGI context, is to list five words: **perception, memory, prediction, action, goals**.

In a phrase: **"A mind uses perception and memory to make predictions about which actions will help it achieve its goals."**

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This ties in with the ideas of many other thinkers, including Jeff Hawkins' "memory/prediction" theory [HB06], and it also speaks directly to the formal characterization of intelligence presented in Chapter 7: general intelligence as "the ability to achieve complex goals in complex environments."

Naturally the goals involved in the above phrase may be explicit or implicit to the intelligent agent, and they may shift over time as the agent develops.

Perception is taken to mean pattern recognition: the recognition of (novel or familiar) patterns in the environment or in the system itself. Memory is the storage of already-recognized patterns, enabling recollection or regeneration of these patterns as needed. Action is the formation of patterns in the body and world. Prediction is the utilization of temporal patterns to guess what perceptions will be seen in the future, and what actions will achieve what effects in the future – in essence, prediction consists of temporal pattern recognition, plus the (implicit or explicit) assumption that the universe possesses a "habitual tendency" according to which previously observed patterns continue to apply.

### *1.7.1 Memory and Cognition in CogPrime*

Each of these five concepts has a lot of depth to it, and we won't say too much about them in this brief introductory overview; but we will take a little time to say something about memory in particular.

As we'll see in Chapter 7, one of the things that the mathematical theory of general intelligence makes clear is that, if you assume your AI system has a huge amount of computational resources, then creating general intelligence is not a big trick. Given enough computing power, a very brief and simple program can achieve any computable goal in any computable environment, quite effectively. Marcus Hutter's $AIXI^{tl}$ design [Hut05] gives one way of doing this, backed up by rigorous mathematics. Put informally, what this means is: the problem of AGI is really a problem of coping with inadequate compute resources, just as the problem of natural intelligence is really a problem of coping with inadequate energetic resources.

One of the key ideas underlying CogPrime is a principle called *cognitive synergy*, which explains how real-world minds achieve general intelligence using limited resources, by appropriately organizing and utilizing their memories.

This principle says that there are many different kinds of memory in the mind: sensory, episodic, procedural, declarative, attentional, intentional. Each of them has certain learning processes associated with it; for example, reasoning is associated with declarative memory. Synergy arises here in the way the learning processes associated with each kind of memory have got to help each other out when they get stuck, rather than working at cross-purposes.

Cognitive synergy is a fundamental principle of *general intelligence* – it doesn't tend to play a central role when you're building narrow-AI systems.

In the CogPrime approach all the different kinds of memory are linked together in a single meta-representation, a sort of combined semantic/neural network called the AtomSpace. It represents everything from perceptions and actions to abstract relationships and concepts and even a system's model of itself and others. When specialized representations are used for other types of knowledge (e.g. program trees for procedural knowledge, spatiotemporal hierarchies for perceptual knowledge) then the knowledge stored outside the AtomSpace is represented via

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tokens (Atoms) in the AtomSpace, allowing it to be located by various cognitive processes, and associated with other memory items of any type.

So for instance an OpenCog AI system has an AtomSpace, plus some specialized knowledge stores linked into the AtomSpace; and it also has specific algorithms acting on the AtomSpace and appropriate specialized stores corresponding to each type of memory. Each of these algorithms is complex and has its own story; for instance (an incomplete list, for more detail see the following section of this Introduction):

- Declarative knowledge is handled using Probabilistic Logic Networks, described in Chapter 34 and others;
- Procedural knowledge is handled using MOSES, a probabilistic evolutionary learning algorithm described in Chapter 21 and others;
- Attentional knowledge is handled by ECAN (economic attention allocation), described in Chapter 23 and others;
- OpenCog contains a language comprehension system called RelEx that takes English sentences and turns them into nodes and links in the AtomSpace. It's currently being extended to handle Chinese. RelEx handles mostly declarative knowledge but also involves some procedural knowledge for linguistic phenomena like reference resolution and semantic disambiguation.

But the crux of the CogPrime cognitive architecture is not any particular cognitive process, but rather the way they all work together using cognitive synergy.

## 1.8 Virtually and Robotically Embodied AI

Another issue that will arise frequently in these pages is embodiment. There's a lot of debate in the AI community over whether embodiment is necessary for advanced AGI or not. Personally, we doubt it's necessary but we think it's extremely convenient, and are thus considerably interested in both virtual world and robotic embodiment. The CogPrime architecture itself is neutral on the issue of embodiment, and it could be used to build a mathematical theorem prover or an intelligent chat bot just as easily as an embodied AGI system. However, most of our attention has gone into figuring out how to use CogPrime to control embodied agents in virtual worlds, or else (to a lesser extent) physical robots. For instance, during 2011-2012 we are involved in a Hong Kong government funded project using OpenCog to control video game agents in a simple game world modeled on the game Minecraft [GPC+11].

Current virtual world technology has significant limitations that make them far less than ideal from an AGI perspective, and in Chapter 16 we will discuss how they can be remedied. However, for the medium-term future virtual worlds are not going to match the natural world in terms of richness and complexity – and so there's also something to be said for physical robots that interact with all the messiness of the real world.

With this in mind, in the Artificial Brain Lab at Xiamen University in 2009-2010, we conducted some experiments using OpenCog to control the Nao humanoid robot [GD09]. The goal of that work was to take the same code that controls the virtual dog and use it to control the physical robot. But it's harder because in this context we need to do real vision processing and real motor control. A similar project is being undertaken in Hong Kong at time of writing, involving a collaboration between OpenCog AI developers and David Hanson's robotics

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group. One of the key ideas involved in this project is explicit integration of subsymbolic and more symbolic subsystems. For instance, one can use a purely subsymbolic, hierarchical pattern recognition network for vision processing, and then link its internal structures into the nodes and links in the AtomSpace that represent concepts. So the subsymbolic and symbolic systems can work harmoniously and productively together, a notion we will review in more detail in Chapter 26.

## 1.9 Language Learning

One of the subtler aspects of our current approach to teaching CogPrime is language learning. Three relatively crisp and simple approaches to language learning would be:

- Build a language processing system using hand-coded grammatical rules, based on linguistic theory;
- Train a language processing system using supervised, unsupervised or semisupervised learning, based on computational linguistics;
- Have an AI system learn language via experience, based on imitation and reinforcement and experimentation, without any built-in distinction between linguistic behaviors and other behaviors.

While the third approach is conceptually appealing, our current approach in CogPrime (described in a series of chapters in Part 2) is none of the above, but rather a combination of the above. OpenCog contains a natural language processing system built using a combination of the rule-based and statistical approaches, which has reasonably adequate functionality; and our plan is to use it as an initial condition for ongoing adaptive improvement based on embodied communicative experience.

## 1.10 AGI Ethics

When discussing AGI work with the general public, ethical concerns often arise. Science fiction films like the *Terminator* series have raised public awareness of the possible dangers of advanced AGI systems without correspondingly advanced ethics. Non-profit organizations like the Singularity Institute for AI ( (http://singinst.org) have arisen specifically to raise attention about, and foster research on, these potential dangers.

Our main focus here is on how to create AGI, not how to teach an AGI human ethical principles. However, we will address the latter issue explicitly in Chapter 12, and we do think it's important to emphasize that AGI ethics has been at the center of the design process throughout the conception and development of CogPrime and OpenCog.

Broadly speaking there are (at least) two major threats related to advanced AGI. One is that people might use AGIs for bad ends; and the other is that, even if an AGI is made with the best intentions, it might reprogram itself in a way that causes it to do something terrible. If it's smarter than us, we might be watching it carefully while it does this, and have no idea what's going on.

HOUSE_OVERSIGHT_012928

The best way to deal with this second "bad AGI" problem is to build ethics into your AGI architecture – and we have done this with CogPrime, via creating a goal structure that explicitly supports ethics-directed behavior, and via creating an overall architecture that supports "ethical synergy" along with cognitive synergy. In short, the notion of ethical synergy is that there are different kinds of ethical thinking associated with the different kinds of memory and you want to be sure your AGI has all of them, and that it uses them together effectively.

In order to create AGI that is not only intelligent but beneficial to other sentient beings, ethics has got to be part of the design and the roadmap. As we teach our AGI systems, we need to lead them through a series of instructional and evaluative tasks that move from a primitive level to the mature human level – in intelligence, but also in ethical judgment.

## 1.11 Structure of the Book

The book is divided into two parts. The technical particulars of CogPrime are discussed in Part 2; what we deal with in Part 1 are important preliminary and related matters such as:

- The nature of real-world general intelligence, both conceptually and from the perspective of formal modeling (Section I).
- The nature of cognitive and ethical development for humans and AGIs (Section III).
- The high-level properties of CogPrime, including the overall architecture and the various sorts of memory involved (Section IV).
- What kind of path may viably lead us from here to AGI, with focus laid on preschool-type environments that easily foster humanlike cognitive development. Various advanced aspects of AGI systems, such as the network and algebraic structures that may emerge from them, the ways in which they may self-modify, and the degree to which their initial design may constrain or guide their future state even after long periods of radical self-improvement (Section V).

One point made repeatedly throughout Part 1, which is worth emphasizing here, is the current lack of a really rigorous and thorough general technical theory of general intelligence. Such a theory, if complete, would be incredibly helpful for understanding complex AGI architectures like CogPrime. Lacking such a theory, we must work on CogPrime and other such systems using a combination of theory, experiment and intuition. This is not a bad thing, but it will be very helpful if the theory and practice of AGI are able to grow collaboratively together.

## 1.12 Key Claims of the Book

We will wrap up this Introduction with a systematic list of some of the key claims to be argued for in these pages. Not all the terms and ideas in these claims have been mentioned in the preceding portions of this Introduction, but we hope they will be reasonably clear to the reader anyway, at least in a general sense. This list of claims will be revisited in Chapter 49 near the end of Part 2, where we will look back at the ideas and arguments that have been put forth in favor of them, in the intervening chapters.

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In essence this is a list of claims such that, if the reader accepts these claims, they should probably accept that the CogPrime approach to AGI is a viable one. On the other hand if the reader rejects one or more of these claims, they may find one or more aspects of CogPrime unacceptable for some reason.

Without further ado, now, the claims:

1. General intelligence (at the human level and ultimately beyond) can be achieved via creating a computational system that seeks to achieve its goals, via using perception and memory to predict which actions will achieve its goals in the contexts in which it finds itself.
2. To achieve general intelligence in the context of human-intelligence-friendly environments and goals using feasible computational resources, it's important that an AGI system can handle different kinds of memory (declarative, procedural, episodic, sensory, intentional, attentional) in customized but interoperable ways.
3. Cognitive synergy: It's important that the cognitive processes associated with different kinds of memory can appeal to each other for assistance in overcoming bottlenecks in a manner that enables each cognitive process to act in a manner that is sensitive to the particularities of each others' internal representations, and that doesn't impose unreasonable delays on the overall cognitive dynamics.
4. As a general principle, neither purely localized nor purely global memory is sufficient for general intelligence under feasible computational resources; "glocal" memory will be required.
5. To achieve human-like general intelligence, it's important for an intelligent agent to have sensory data and motoric affordances that roughly emulate those available to humans. We don't know exactly how close this emulation needs to be, which means that our AGI systems and platforms need to support fairly flexible experimentation with virtual-world and/or robotic infrastructures.
6. To work toward adult human-level, roughly human-like general intelligence, one fairly easily comprehensible path is to use environments and goals reminiscent of human childhood, and seek to advance one's AGI system along a path roughly comparable to that followed by human children.
7. It is most effective to teach an AGI system aimed at roughly human-like general intelligence via a mix of spontaneous learning and explicit instruction, and to instruct it via a combination of imitation, reinforcement and correction, and a combination of linguistic and nonlinguistic instruction.
8. One effective approach to teaching an AGI system human language is to supply it with some in-built linguistic facility, in the form of rule-based and statistical-linguistics-based NLP systems, and then allow it to improve and revise this facility based on experience.
9. An AGI system with adequate mechanisms for handling the key types of knowledge mentioned above, and the capability to explicitly recognize large-scale patterns in itself, should, **upon sustained interaction with an appropriate environment in pursuit of appropriate goals**, emerge a variety of complex structures in its internal knowledge network, including, but not limited to:
   - a hierarchical network, representing both a spatiotemporal hierarchy and an approximate "default inheritance" hierarchy, cross-linked
   - a heterarchical network of associativity, roughly aligned with the hierarchical network
   - a self network which is an approximate micro image of the whole network

HOUSE_OVERSIGHT_012930

- inter-reflecting networks modeling self and others, reflecting a "mirrorhouse" design pattern

10. Given the strengths and weaknesses of current and near-future digital computers,
    a. A (loosely) neural-symbolic network is a good representation for directly storing many kinds of memory, and interfacing between those that it doesn't store directly;
    b. Uncertain logic is a good way to handle declarative knowledge. To deal with the problems facing a human-level AGI, an uncertain logic must integrate imprecise probability and fuzziness with a broad scope of logical constructs. PLN is one good realization.
    c. Programs are a good way to represent procedures (both cognitive and physical-action, but perhaps not including low-level motor-control procedures).
    d. Evolutionary program learning is a good way to handle difficult program learning problems. Probabilistic learning on normalized programs is one effective approach to evolutionary program learning. MOSES is one good realization of this approach.
    e. Multistart hill-climbing, with a strong Occam prior, is a good way to handle relatively straightforward program learning problems.
    f. Activation spreading and Hebbian learning comprise a reasonable way to handle attentional knowledge (though other approaches, with greater overhead cost, may provide better accuracy and may be appropriate in some situations).
        - Artificial economics is an effective approach to activation spreading and Hebbian learning in the context of neural-symbolic networks;
        - ECAN is one good realization of artificial economics;
        - A good trade-off between comprehensiveness and efficiency is to focus on two kinds of attention: processor attention (represented in CogPrime by ShortTermImportance) and memory attention (represented in CogPrime by LongTermImportance).
    g. Simulation is a good way to handle episodic knowledge (remembered and imagined). Running an internal world simulation engine is an effective way to handle simulation.
    h. Hybridization of one's integrative neural-symbolic system with a spatiotemporally hierarchical deep learning system is an effective way to handle representation and learning of low-level sensorimotor knowledge. DeSTIN is one example of a deep learning system of this nature that can be effective in this context.
    i. One effective way to handle goals is to represent them declaratively, and allocate attention among them economically. CogPrime's PLN/ECAN based framework for handling intentional knowledge is one good realization.

11. It is important for an intelligent system to have some way of recognizing large-scale patterns in itself, and then embodying these patterns as new, localized knowledge items in its memory. Given the use of a neural-symbolic network for knowledge representation, a graph-mining based "map formation" heuristic is one good way to do this.
12. Occam's Razor: Intelligence is closely tied to the creation of procedures that achieve goals in environments *in the simplest possible way*. Each of an AGI system's cognitive algorithms should embody a simplicity bias in some explicit or implicit form.
13. An AGI system, if supplied with a commonsensically ethical goal system and an intentional component based on rigorous uncertain inference, should be able to reliably achieve a much higher level of commonsensically ethical behavior than any human being.
14. Once sufficiently advanced, an AGI system with a logic-based declarative knowledge approach and a program-learning-based procedural knowledge approach should be able to

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radically self-improve via a variety of methods, including supercompilation and automated theorem-proving.

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# Section I
# Artificial and Natural General Intelligence

# Chapter 2
# What Is Human-Like General Intelligence?

## 2.1 Introduction

CogPrime, the AGI architecture on which the bulk of this book focuses, is aimed at the creation of artificial general intelligence that is vaguely human-like in nature, and possesses capabilities at the human level and ultimately beyond.

Obviously this description begs some foundational questions, such as, for starters: What is "general intelligence"? What is "human-like general intelligence"? What is "intelligence" at all?

Perhaps in the future there will exist a rigorous theory of general intelligence which applies usefully to real-world biological and digital intelligences. In later chapters we will give some ideas in this direction. But such a theory is currently nascent at best. So, given the present state of science, these two questions about intelligence must be handled via a combination of formal and informal methods. This brief, informal chapter attempts to explain our view on the nature of intelligence in sufficient detail to place the discussion of CogPrime in appropriate context, without trying to resolve all the subtleties.

Psychologists sometimes define human general intelligence using IQ tests and related instruments – so one might wonder: why not just go with that? But these sorts of intelligence testing approaches have difficulty even extending to humans from diverse cultures [HHPO12] [Fis01]. So it's clear that to ground AGI approaches that are not based on precise modeling of human cognition, one requires a more fundamental understanding of the nature of general intelligence. On the other hand, if one conceives intelligence too broadly and mathematically, there's a risk of leaving the real human world too far behind. In this chapter (followed up in Chapters 9 and 7 with more rigor), we present a highly abstract understanding of intelligence-in-general, and then portray human-like general intelligence as a (particularly relevant) special case.

### *2.1.1 What Is General Intelligence?*

Many attempts to characterize general intelligence have been made; Legg and Hutter [LH07a] review over 70! Our preferred abstract characterization of intelligence is: **the capability of a system to choose actions maximizing its goal-achievement, based on its perceptions and memories, and making reasonably efficient use of its computational resources**



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[Goe10c]. A general intelligence is then understood as one that can do this for a variety of complex goals in a variety of complex environments.

However, apart from positing definitions, it is difficult to say anything nontrivial about general intelligence *in general*. Marcus Hutter [Hut05] has demonstrated, using a characterization of general intelligence similar to the one above, that a very simple algorithm called $\text{AIXI}^{tl}$ can demonstrate arbitrarily high levels of general intelligence, if given sufficiently immense computational resources. This is interesting because it shows that (if we assume the universe can effectively be modeled as a computational system) general intelligence is basically a problem of computational efficiency. The particular structures and dynamics that characterize real-world general intelligences like humans arise because of the need to achieve reasonable levels of intelligence using modest space and time resources.

The "patternist" theory of mind presented in [Goe06a] and briefly summarized in Chapter 3 below presents a number of *emergent structures and dynamics* that are hypothesized to characterize pragmatic general intelligence, including such things as system-wide hierarchical and heterarchical knowledge networks, and a dynamic and self-maintaining self-model. Much of the thinking underlying CogPrime has centered on how to make multiple learning components combine to give rise to these emergent structures and dynamics.

### *2.1.2 What Is Human-like General Intelligence?*

General principles like "complex goals in complex environments" and patternism are not sufficient to specify the nature of *human-like* general intelligence. Due to the harsh reality of computational resource restrictions, real-world general intelligences are necessarily biased to particular classes of environments. Human intelligence is biased toward the physical, social and linguistic environments in which humanity evolved, and if AI systems are to possess humanlike general intelligence they must to some extent share these biases.

But what are these biases, specifically? This is a large and complex question, which we seek to answer in a theoretically grounded way in Chapter 9. However, before turning to abstract theory, one may also approach the question in a pragmatic way, by looking at the categories of things that humans do to manifest their particular variety of general intelligence. This is the task of the following section.

## 2.2 Commonly Recognized Aspects of Human-like Intelligence

It would be nice if we could give some sort of "standard model of human intelligence" in this chapter, to set the context for our approach to artificial general intelligence – but the truth is that there isn't any. What the cognitive science field has produced so far is better described as: a broad set of principles and platitudes, plus a long, loosely-organized list of ideas and results. Chapter 5 below constitutes an attempt to present an integrative architecture diagram for human-like general intelligence, synthesizing the ideas of a number of different AGI and cognitive theorists. However, though the diagram given there attempts to be inclusive, it nonetheless contains many features that are accepted by only a plurality of the research community.

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The following list of key aspects of human-like intelligence has a better claim at truly being generic and representing the consensus understanding of contemporary science. It was produced by a very simple method: starting with the Wikipedia page for cognitive psychology, and then adding a few items onto it based on scrutinizing the tables of contents of some top-ranked cognitive psychology textbooks. There is some redundancy among list items, and perhaps also some minor omissions (depending on how broadly one construes some of the items), but the point is to give a broad indication of human mental functions as standardly identified in the psychology field:

- Perception
  - General perception
  - Psychophysics
  - Pattern recognition (the ability to correctly interpret ambiguous sensory information)
  - Object and event recognition
  - Time sensation (awareness and estimation of the passage of time)
- Motor Control
  - Motor planning
  - Motor execution
  - Sensorimotor integration
- Categorization
  - Category induction and acquisition
  - Categorical judgement and classification
  - Category representation and structure
  - Similarity
- Memory
  - Aging and memory
  - Autobiographical memory
  - Constructive memory
  - Emotion and memory
  - False memories
  - Memory biases
  - Long-term memory
  - Episodic memory
  - Semantic memory
  - Procedural memory
  - Short-term memory
  - Sensory memory
  - Working memory
- Knowledge representation
  - Mental imagery
  - Propositional encoding
  - Imagery versus propositions as representational mechanisms

HOUSE_OVERSIGHT_012937

  - Dual-coding theories
  - Mental models

- Language
  - Grammar and linguistics
  - Phonetics and phonology
  - Language acquisition

- Thinking
  - Choice
  - Concept formation
  - Judgment and decision making
  - Logic, formal and natural reasoning
  - Problem solving
  - Planning
  - Numerical cognition
  - Creativity

- Consciousness
  - Attention and Filtering (the ability to focus mental effort on specific stimuli whilst excluding other stimuli from consideration)
  - Access consciousness
  - Phenomenal consciousness

- Social Intelligence
  - Distributed Cognition
  - Empathy

If there's nothing surprising to you in the above list, I'm not surprised! If you've read a bit in the modern cognitive science literature, the list may even seem trivial. But it's worth reflecting that 50 years ago, no such list could have been produced with the same level of broad acceptance. And less than 100 years ago, the Western world's scientific understanding of the mind was dominated by Freudian thinking; and not too long after that, by behaviorist thinking, which argued that theorizing about what went on inside the mind made no sense, and science should focus entirely on analyzing external behavior. The progress of cognitive science hasn't made as many headlines as contemporaneous progress in neuroscience or computing hardware and software, but it's certainly been dramatic. One of the reasons that AGI is more achievable now than in the 1950s and 60s when the AI field began, is that now we understand the structures and processes characterizing human thinking a lot better.

In spite of all the theoretical and empirical progress in the cognitive science field, however, there is still no consensus among experts on how the various aspects of intelligence in the above "human intelligence feature list" are achieved and interrelated. In these pages, however, for the purpose of motivating CogPrime, we assume a broad integrative understanding roughly as follows:

- **Perception**: There is significant evidence that human visual perception occurs using a spatiotemporal hierarchy of pattern recognition modules, in which higher-level modules

HOUSE_OVERSIGHT_012938

deal with broader spacetime regions, roughly as in the DeSTIN AGI architecture discussed in Chapter 4. Further, there is evidence that each module carries out temporal predictive pattern recognition as well as static pattern recognition. Audition likely utilizes a similar hierarchy. Olfaction may use something more like a Hopfield attractor neural network, as described in Chapter 13. The networks corresponding to different sense modalities have multiple cross-linkages, more at the upper levels than the lower, and also link richly into the parts of the mind dealing with other functions.

- **Motor Control**: This appears to be handled by a spatiotemporal hierarchy as well, in which each level of the hierarchy corresponds to higher-level (in space and time) movements. The hierarchy is very tightly linked in with the perceptual hierarchies, allowing sensorimotor learning and coordination.
- **Memory**: There appear to be multiple distinct but tightly cross-linked memory systems, corresponding to different sorts of knowledge such as declarative (facts and beliefs), procedural, episodic, sensorimotor, attentional and intentional (goals).
- **Knowledge Representation**: There appear to be multiple base-level representational systems; at least one corresponding to each memory system, but perhaps more than that. Additionally there must be the capability to dynamically create new context-specific representational systems founded on the base representational system.
- **Language**: While there is surely some innate biasing in the human mind toward learning certain types of linguistic structure, it's also notable that language shares a great deal of structure with other aspects of intelligence like social roles [CB00] and the physical world [Cas07]. Language appears to be learned based on biases toward learning certain types of relational role systems; and language processing seems a complex mix of generic reasoning and pattern recognition processes with specialized acoustic and syntactic processing routines.
- **Consciousness** is pragmatically well-understood using Baars' "global workspace" theory, in which a small subset of the mind's content is summoned at each time into a "working memory" aka "workspace" aka "attentional focus" where it is heavily processed and used to guide action selection.
- **Thinking** is a diverse combination of processes encompassing things like categorization, (crisp and uncertain) reasoning, concept creation, pattern recognition, and others; these processes must work well with all the different types of memory and must effectively integrate knowledge in the global workspace with knowledge in long-term memory.
- **Social Intelligence** seems closely tied with language and also with self-modeling; we model ourselves in large part using the same specialized biases we use to help us model others.

None of the points in the above bullet list is particularly controversial, but neither are any of them universally agreed-upon by experts. However, in order to make any progress on AGI design one must make some commitments to particular cognition-theoretic understandings, at this level and ultimately at more precise levels as well. Further, general philosophical analyses like the patternist philosophy to be reviewed in the following chapter only provide limited guidance here. Patternism provides a filter for theories about specific cognitive functions – it rules out assemblages of cognitive-function-specific theories that don't fit together to yield a mind that could act effectively as a pattern-recognizing, goal-achieving system with the right internal emergent structures. But it's not a precise enough filter to serve as a sole guide for cognitive theory even at the high level.

The above list of points leads naturally into the integrative architecture diagram presented in Chapter 5. But that generic architecture diagram is fairly involved, and before presenting

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it, we will go through some more background regarding human-like intelligence (in the rest of this chapter), philosophy of mind (in Chapter 3) and contemporary AGI architectures (in Chapter4).

## 2.3 Further Characterizations of Humanlike Intelligence

We now present a few complementary approaches to characterizing the key aspects of human-like intelligence, drawn from different perspectives in the psychology and AI literature. These different approaches all overlap substantially, which is good, yet each gives a slightly different slant.

### *2.3.1 Competencies Characterizing Human-like Intelligence*

First we give a list of key competencies characterizing human level intelligence resulting from the the AGI Roadmap Workshop held at the University of Knoxville in October 2008 [1], which was organized by Ben Goertzel and Itamar Arel. In this list, each broad competency area is listed together with a number of specific competencies sub-areas within its scope:

1. **Perception**: vision, hearing, touch, proprioception, crossmodal
2. **Actuation**: physical skills, navigation, tool use
3. **Memory**: episodic, declarative, behavioral
4. **Learning**: imitation, reinforcement, interactive verbal instruction, written media, experimentation
5. **Reasoning**: deductive, abductive, inductive, causal, physical, associational, categorization
6. **Planning**: strategic, tactical, physical, social
7. **Attention**: visual, social, behavioral
8. **Motivation**: subgoal creation, affect-based motivation, control of emotions
9. **Emotion**: expressing emotion, understanding emotion
10. **Self**: self-awareness, self-control, other-awareness
11. **Social**: empathy, appropriate social behavior, social communication, social inference, group play, theory of mind
12. **Communication**: gestural, pictorial, verbal, language acquisition, cross-modal
13. **Quantitative**: counting, grounded arithmetic, comparison, measurement
14. **Building/Creation**: concept formation, verbal invention, physical construction, social group formation

Clearly this list is getting at the same things as the textbook headings given in Section 2.2, but with a different emphasis due to its origin among AGI researchers rather than cognitive

[1] See `http://www.ece.utk.edu/~itamar/AGI_Roadmap.html`; participants included: Sam Adams, IBM Research; Ben Goertzel, Novamente LLC; Itamar Arel, University of Tennessee; Joscha Bach, Institute of Cognitive Science, University of Osnabruck, Germany; Robert Coop, University of Tennessee; Rod Furlan, Singularity Institute; Matthias Scheutz, Indiana University; J. Storrs Hall, Foresight Institute; Alexei Samsonovich, George Mason University; Matt Schlesinger, Southern Illinois University; John Sowa, Vivomind Intelligence, Inc.; Stuart C. Shapiro, University at Buffalo

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psychologists. As part of the AGI Roadmap project, specific tasks were created corresponding to each of the sub-areas in the above list; we will describe some of these tasks in Chapter 17.

### *2.3.2 Gardner's Theory of Multiple Intelligences*

The diverse list of human-level "competencies" given above is reminiscent of Gardner's [Gar99] multiple intelligences (MI) framework – a psychological approach to intelligence assessment based on the idea that different people have mental strengths in different high-level domains, so that intelligence tests should contain aspects that focus on each of these domains separately. MI does not contradict the "complex goals in complex environments" view of intelligence, but rather may be interpreted as making specific commitments regarding which complex tasks and which complex environments are most important for roughly human-like intelligence.

MI does not seek an extreme generality, in the sense that it explicitly focuses on domains in which humans have strong innate capability as well as general-intelligence capability; there could easily be non-human intelligences that would exceed humans according to both the commonsense human notion of "general intelligence" and the generic "complex goals in complex environments" or Hutter/Legg-style definitions, yet would not equal humans on the MI criteria. This strong anthropocentrism of MI is not a problem from an AGI perspective so long as one uses MI in an appropriate way, i.e. only for assessing the extent to which an AGI system displays specifically *human-like* general intelligence. This restrictiveness is the price one pays for having an easily articulable and relatively easily implementable evaluation framework.

Table **??** summarizes the types of intelligence included in Gardner's MI theory.

| Intelligence Type | Aspects |
|---|---|
| **Linguistic** | Words and language, written and spoken; retention, interpretation and explanation of ideas and information via language; understands relationship between communication and meaning |
| **Logical-Mathematical** | Logical thinking, detecting patterns, scientific reasoning and deduction; analyse problems, perform mathematical calculations, understands relationship between cause and effect towards a tangible outcome |
| **Musical** | Musical ability, awareness, appreciation and use of sound; recognition of tonal and rhythmic patterns, understands relationship between sound and feeling |
| **Bodily-Kinesthetic** | Body movement control, manual dexterity, physical agility and balance; eye and body coordination |
| **Spatial-Visual** | Visual and spatial perception; interpretation and creation of images; pictorial imagination and expression; understands relationship between images and meanings, and between space and effect |
| **Interpersonal** | Perception of other people's feelings; relates to others; interpretation of behaviour and communications; understands relationships between people and their situations |

Table 2.1: Types of Intelligence in Gardner's Multiple Intelligence Theory

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### 2.3.3 Newell's Criteria for a Human Cognitive Architecture

Finally, another related perspective is given by Alan Newell's "functional criteria for a human cognitive architecture" [New90], which require that a humanlike AGI system should:

1. Behave as an (almost) arbitrary function of the environment
2. Operate in real time
3. Exhibit rational, i.e., effective adaptive behavior
4. Use vast amounts of knowledge about the environment
5. Behave robustly in the face of error, the unexpected, and the unknown
6. Integrate diverse knowledge
7. Use (natural) language
8. Exhibit self-awareness and a sense of self
9. Learn from its environment
10. Acquire capabilities through development
11. Arise through evolution
12. Be realizable within the brain

In our view, Newell's criterion 1 is poorly-formulated, for while universal Turing computing power is easy to come by, any finite AI system must inevitably be heavily adapted to some particular class of environments for straightforward mathematical reasons [Hut05, GPI+10]. On the other hand, his criteria 11 and 12 are not relevant to the CogPrime approach as we are not doing biological modeling but rather AGI engineering. However, Newell's criteria 2-10 are essential in our view, and all will be covered in the following chapters.

### 2.3.4 intelligence and Creativity

Creativity is a key aspect of intelligence. While sometimes associated especially with genius-level intelligence in science or the arts, actually creativity is pervasive throughout intelligence, at all levels. When a child makes a flying toy car by pasting paper bird wings on his toy car, and when a bird figures out how to use a curved stick to get a piece of food out of a difficult corner – this is creativity, just as much as the invention of a new physics theory or the design of a new fashion line. The very nature of intelligence – achieving complex goals in complex environments – requires creativity for its achievement, because the nature of complex environments and goals is that they are always unveiling new aspects, so that dealing with them involves inventing things beyond what worked for previously known aspects.

CogPrime contains a number of cognitive dynamics that are especially effective at creating new ideas, such as: concept creation (which synthesizes new concepts via combining aspects of previous ones), probabilistic evolutionary learning (which simulates evolution by natural selection, creating new procedures via mutation, combination and probabilistic modeling based on previous ones), and analogical inference (an aspect of the Probabilistic Logic Networks subsystems). But ultimately creativity is about how a system combines all the processes at its disposal to synthesize novel solutions to the problems posed by its goals in its environment.

There are times, of course, when the same goal can be achieved in multiple ways – some more creative than others. In CogPrime this relates to the existence of multiple top-level goals, one of which may be **novelty**. A system with novelty as one of its goals, alongside other more

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specific goals, will have a tendency to solve other problems in creative ways, thus fulfilling its novelty goal along with its other goals. This can be seen at the level of childlike behaviors, and also at a much more advanced level. Salvador Dali wanted to depict his thoughts and feelings, but he also wanted to do so in a striking and unusual way; this combination of aspirations spurred him to produce his amazing art. A child who is asked to draw a house, but has a goal of novelty, may draw a tower with a swimming pool on the roof rather than a typical Colonial structure. A physical motivated by novelty will seek a non-obvious solution to the equation at hand, rather than just applying tried and true methods, and perhaps discover some new phenomenon. Novelty can be measured formally in terms of information-theoretic surprisingness based upon a given basis of knowledge and experience [Sch06]; something that is novel and creative to a child may be familiar to the adult world, and a solution that seems novel and creative to a brilliant scientist today, may seem like cliche' elementary school level work 100 years from now.

Measuring creativity is even more difficult and subjective than measuring intelligence. Qualitatively, however, we humans can recognize it; and we suspect that the qualitative emergence of dramatic, multidisciplinary computational creativity will be one of the things that makes the human population feel emotionally that advanced AGI has finally arrived.

## 2.4 Preschool as a View into Human-like General Intelligence

One issue that arises when pursuing the grand goal of human-level general intelligence is how to measure partial progress. The classic Turing Test of imitating human conversation remains too difficult to usefully motivate immediate-term AI research (see [HF95] [Fre90] for arguments that it has been counterproductive for the AI field). The same holds true for comparable alternatives like the Robot College Test of creating a robot that can attend a semester of university and obtain passing grades. However, some researchers have suggested intermediary goals, that constitute partial progress toward the grand goal and yet are qualitatively different from the highly specialized problems to which most current AI systems are applied.

In this vein, Sam Adams and his team at IBM have outlined a so-called "Toddler Turing Test," in which one seeks to use AI to control a robot qualitatively displaying similar cognitive behaviors to a young human child (say, a 3 year old) [AABL02]. In fact this sort of idea has a long and venerable history in the AI field – Alan Turing's original 1950 paper on AI [Tur50], where he proposed the Turing Test, contains the suggestion that

> *"Instead of trying to produce a programme to simulate the adult mind, why not rather try to produce one which simulates the child's?"*

We find this childlike cognition based approach promising for many reasons, including its integrative nature: what a young child does involves a combination of perception, actuation, linguistic and pictorial communication, social interaction, conceptual problem solving and creative imagination. Specifically, inspired by these ideas, in Chapter 16 we will suggest the approach of teaching and testing early-stage AGI systems in environments that emulate the preschools used for teaching human children.

Human intelligence evolved in response to the demands of richly interactive environments, and a preschool is specifically designed to be a richly interactive environment with the capability to stimulate diverse mental growth. So, we are currently exploring the use of CogPrime to control

HOUSE_OVERSIGHT_012943

virtual agents in preschool-like virtual world environments, as well as commercial humanoid robot platforms such as the Nao (see Figure 2.1) or Robokind (2.2) in physical preschool-like robot labs.

Another advantage of focusing on childlike cognition is that child psychologists have created a variety of instruments for measuring child intelligence. In Chapter 17, we will discuss an approach to evaluating the general intelligence of human childlike AGI systems via combining tests typically used to measure the intelligence of young human children, with additional tests crafted based on cognitive science and the standard preschool curriculum.

To put it differently: While our long-term goal is the creation of genius machines with general intelligence at the human level and beyond, we believe that every young child has a certain genius; and by beginning with this childlike genius, we can built a platform capable of developing into a genius machine with far more dramatic capabilities.

### *2.4.1 Design for an AGI Preschool*

More precisely, we don't suggest to place a CogPrime system in an environment that is an exact imitation of a human preschool – this would be inappropriate since current robotic or virtual bodies are very differently abled than the body of a young human child. But we aim to place CogPrime in an environment emulating the basic diversity and educational character of a typical human preschool. We stress this now, at this early point in the book, because we will use running examples throughout the book drawn from the preschool context.

The key notion in modern preschool design is the "learning center," an area designed and outfitted with appropriate materials for teaching a specific skill. Learning centers are designed to encourage learning by doing, which greatly facilitates learning processes based on reinforcement, imitation and correction; and also to provide multiple techniques for teaching the same skills, to accommodate different learning styles and prevent overfitting and overspecialization in the learning of new skills.

Centers are also designed to cross-develop related skills. A "manipulatives center," for example, provides physical objects such as drawing implements, toys and puzzles, to facilitate development of motor manipulation, visual discrimination, and (through sequencing and classification games) basic logical reasoning. A "dramatics center" cross-trains interpersonal and empathetic skills along with bodily-kinesthetic, linguistic, and musical skills. Other centers, such as art, reading, writing, science and math centers are also designed to train not just one area, but to center around a primary intelligence type while also cross-developing related areas. For specific examples of the learning centers associated with particular contemporary preschools, see [Nei98]. In many progressive, student-centered preschools, students are left largely to their own devices to move from one center to another throughout the preschool room. Generally, each center will be staffed by an instructor at some points in the day but not others, providing a variety of learning experiences.

To imitate the general character of a human preschool, we will create several centers in our robot lab. The precise architecture will be adapted via experience but initial centers will likely be:

- **a blocks center**: a table with blocks on it
- **a language center**: a circle of chairs, intended for people to sit around and talk with the robot

HOUSE_OVERSIGHT_012944

- **a manipulatives center**, with a variety of different objects of different shapes and sizes, intended to teach visual and motor skills
- **a ball play center**: where balls are kept in chests and there is space for the robot to kick the balls around
- **a dramatics center** where the robot can observe and enact various movements

One Running Example

As we proceed through the various component structures and dynamics of CogPrime in the following chapters, it will be useful to have a few running examples to use to explain how the various parts of the system are supposed to work. One example we will use fairly frequently is drawn from the preschool context: the somewhat open-ended task of **Build me something out of blocks, that you haven't built for me before, and then tell me what it is**. This is a relatively simple task that combines multiple aspects of cognition in a richly interconnected way, and is the sort of thing that young children will naturally do in a preschool setting.

## 2.5 Integrative and Synergetic Approaches to Artificial General Intelligence

In Chapter 1 we characterized CogPrime as an integrative approach. And we suggest that the naturalness of integrative approaches to AGI follows directly from comparing above lists of capabilities and criteria to the array of available AI technologies. No single known algorithm or data structure appears easily capable of carrying out all these functions, so if one wants to proceed *now* with creating a general intelligence that is even vaguely humanlike, one must integrate various AI technologies within some sort of unifying architecture.

For this reason and others, an increasing amount of work in the AI community these days is integrative in one sense or another. Estimation of Distribution Algorithms integrate probabilistic reasoning with evolutionary learning [Pel05]. Markov Logic Networks [RD06] integrate formal logic and probabilistic inference, as does the Probabilistic Logic Networks framework [GIGH08] utilized in CogPrime and explained further in the book, and other works in the "Progic" area such as [WW06]. Leslie Pack Kaelbling has synthesized low-level robotics methods (particle filtering) with logical inference [ZPK07]. Dozens of further examples could be given. The construction of practical robotic systems like the Stanley system that won the DARPA Grand Challenge [Tea06] involve the integration of numerous components based on different principles. These algorithmic and pragmatic innovations provide ample raw materials for the construction of integrative cognitive architectures and are part of the reason why childlike AGI is more approachable now than it was 50 or even 10 years ago.

Further, many of the *cognitive architectures* described in the current AI literature are "integrative" in the sense of combining multiple, qualitatively different, interoperating algorithms. Chapter 4 gives a high-level overview of existing cognitive architectures, dividing them into *symbolic*, *emergentist* (e.g. neural network) and *hybrid* architectures. The hybrid architectures generally integrate symbolic and neural components, often with multiple subcomponents within each of these broad categories. However, we believe that even these excellent architectures are not integrative enough, in the sense that they lack sufficiently rich and nuanced interactions

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between the learning components associated with different kinds of memory, and hence are unlikely to give rise to the emergent structures and dynamics characterizing general intelligence. One of the central ideas underlying CogPrime is that with an integrative cognitive architecture that combines multiple aspects of intelligence, achieved by diverse structures and algorithms, within a common framework designed specifically to support robust **synergetic interactions** between these aspects.

The simplest way to create an integrative AI architecture is to loosely couple multiple components carrying out various functions, in such a way that the different components pass inputs and outputs amongst each other but do not interfere with or modulate each others' internal functioning in real-time. However, the human brain appears to be integrative in a much tighter sense, involving rich real-time dynamical coupling between various components with distinct but related functions. In [Goe09a] we have hypothesized that the brain displays a property of **cognitive synergy**, according to which multiple learning processes can not only **dispatch subproblems** to each other, but also **share contextual understanding in real-time**, so that each one can get help from the others in a contextually savvy way. By imbuing AI architectures with cognitive synergy, we hypothesize, one can get past the bottlenecks that have plagued AI in the past. Part of the reasoning here, as elaborated in Chapter 9 and [Goe09b], is that real physical and social environments display a rich dynamic interconnection between their various aspects, so that richly dynamically interconnected integrative AI architectures will be able to achieve goals within them more effectively.

And this brings us to the patternist perspective on intelligent systems, alluded to above and fleshed out further in Chapter 3 with its focus on the emergence of hierarchically and heterarchically structured networks of patterns, and pattern-systems modeling self and others. Ultimately the purpose of cognitive synergy in an AGI system is to enable the various AI algorithms and structures composing the system to work together effectively enough to give rise to the right *system-wide emergent structures* characterizing real-world general intelligence. The underlying theory is that intelligence is not reliant on any particular structure or algorithm, but *is* reliant on the emergence of appropriately structured networks of patterns, which can then be used to guide ongoing dynamics of pattern recognition and creation. And the underlying hypothesis is that the emergence of these structures cannot be achieved by a loosely interconnected assemblage of components, no matter how sensible the architecture; it requires a tightly connected, synergetic system.

It is possible to make these theoretical ideas about cognition mathematically rigorous; for instance, Appendix **??** briefly presents a formal definition of cognitive synergy that has been analyzed as part of an effort to prove theorems about the importance of cognitive synergy for giving rise to emergent system properties associated with general intelligence. However, while we have found such formal analyses valuable for clarifying our designs and understanding their qualitative properties, we have concluded that, for the present, the best way to explore our hypotheses about cognitive synergy and human-like general intelligence is empirically – via building and testing systems like CogPrime.

### *2.5.1 Achieving Humanlike Intelligence via Cognitive Synergy*

Summing up: at the broadest level, there are four primary challenges in constructing an integrative, cognitive synergy based approach to AGI:

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1. choosing an **overall cognitive architecture** that possesses adequate richness and flexibility for the task of achieving childlike cognition.
2. Choosing **appropriate AI algorithms and data structures** to fulfill each of the functions identified in the cognitive architecture (e.g. visual perception, audition, episodic memory, language generation, analogy,...)
3. Ensuring that these algorithms and structures, within the chosen cognitive architecture, are able to cooperate in such a way as to provide appropriate **coordinated, synergetic intelligent behavior** (a critical aspect since childlike cognition is an integrated functional response to the world, rather than a loosely coupled collection of capabilities.)
4. Embedding one's system in an environment that provides **sufficiently rich stimuli and interactions** to enable the system to use this cooperation to ongoingly, creatively develop an intelligent internal world-model and self-model.

We argue that CogPrime
provides a viable way to address these challenges.

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Fig. 2.1: The Nao humanoid robot

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Fig. 2.2: The Nao humanoid robot

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# Chapter 3
# A Patternist Philosophy of Mind

## 3.1 Introduction

In the last chapter we discussed human intelligence from a fairly down-to-earth perspective, looking at the particular intelligent functions that human beings carry out in their everyday lives. And we strongly feel this practical perspective is important: Without this concreteness, it's too easy for AGI research to get distracted by appealing (or frightening) abstractions of various sorts. However, it's **also** important to look at the nature of mind and intelligence from a more general and conceptual perspective, to avoid falling into an approach that follows the particulars of human capability but ignores the deeper structures and dynamics of mind that ultimately allow human minds to be so capable. In this chapter we very briefly review some ideas from the **patternist philosophy of mind**, a general conceptual framework on intelligence which has been inspirational for many key aspects of the CogPrime design, and which has been ongoingly developed by one of the authors (Ben Goertzel) during the last two decades (in a series of publications beginning in 1991, most recently *The Hidden Pattern* [Goe06a]). Some of the ideas described are quite broad and conceptual, and are related to CogPrime only via serving as general inspirations; others are more concrete and technical, and are actually utilized within the design itself.

CogPrime is an integrative design formed via the combination of a number of different philosophical, scientific and engineering ideas. The success or failure of the design doesn't depend on any particular philosophical understanding of intelligence. In that sense, the more abstract notions presented in this chapter should be considered "optional" rather than critical in a CogPrime context. However, due to the core role patternism has played in the development of CogPrime, understanding a few things about general patternist philosophy will be helpful for understanding CogPrime, even for those readers who are not philosophically inclined. Those readers who *are* philosophically inclined, on the other hand, are urged to read *The Hidden Pattern* and then interpret the particulars of CogPrime in this light.

## 3.2 Some Patternist Principles

The patternist philosophy of mind is a general approach to thinking about intelligent systems. It is based on the very simple premise that mind is made of pattern – and that a mind is a



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system for recognizing patterns in itself and the world, critically including patterns regarding which procedures are likely to lead to the achievement of which goals in which contexts.

Pattern as the basis of mind is not in itself is a very novel idea; this concept is present, for instance, in the 19th-century philosophy of Charles Peirce [Pei34], in the writings of contemporary philosophers Daniel Dennett [Den91] and Douglas Hofstadter [Hof79, Hof96], in Benjamin Whorf's [Who64] linguistic philosophy and Gregory Bateson's [Bat79] systems theory of mind and nature. Bateson spoke of the Metapattern: "that it is pattern which connects." In Goertzel's writings on philosophy of mind, an effort has been made to pursue this theme more thoroughly than has been done before, and to articulate in detail how various aspects of human mind and mind in general can be well-understood by explicitly adopting a patternist perspective. [1]

In the patternist perspective, "pattern" is generally defined as "representation as something simpler." Thus, for example, if one measures simplicity in terms of bit-count, then a program compressing an image would be a pattern in that image. But if one uses a simplicity measure incorporating run-time as well as bit-count, then the compressed version may or may not be a pattern in the image, depending on how one's simplicity measure weights the two factors. This definition encompasses simple repeated patterns, but also much more complex ones. While pattern theory has typically been elaborated in the context of computational theory, it is not intrinsically tied to computation; rather, it can be developed in any context where there is a notion of "representation" or "production" and a way of measuring simplicity. One just needs to be able to assess the extent to which $f$ represents or produces $X$, and then to compare the simplicity of $f$ and $X$; and then one can assess whether $f$ is a pattern in $X$. A formalization of this notion of pattern is given in [Goe06a] and briefly summarized at the end of this chapter.

Next, in patternism the mind of an intelligent system is conceived as the (fuzzy) set of patterns in that system, and the set of patterns emergent between that system and other systems with which it interacts. The latter clause means that the patternist perspective is inclusive of notions of distributed intelligence [Hut96]. Basically, the mind of a system is the fuzzy set of different simplifying representations of that system that may be adopted.

Intelligence is conceived, similarly to in Marcus Hutter's [Hut05] recent work (and as elaborated informally in Chapter 2 above, and formally in Chapter 7 below), as the ability to achieve complex goals in complex environments; where complexity itself may be defined as the possession of a rich variety of patterns. A mind is thus a collection of patterns that is associated with a persistent dynamical process that achieves highly-patterned goals in highly-patterned environments.

An additional hypothesis made within the patternist philosophy of mind is that reflection is critical to intelligence. This lets us conceive an intelligent system as a dynamical system that recognizes patterns in its environment and itself, as part of its quest to achieve complex goals.

While this approach is quite general, it is not vacuous; it gives a particular structure to the tasks of analyzing and synthesizing intelligent systems. About any would-be intelligent system, we are led to ask questions such as:

- How are patterns represented in the system? That is, how does the underlying infrastructure of the system give rise to the displaying of a particular pattern in the system's behavior?
- What kinds of patterns are most compactly represented within the system?
- What kinds of patterns are most simply learned?

[1] In some prior writings the term "psynet model of mind" has been used to refer to the application of patternist philosophy to cognitive theory, but this term has been "deprecated" in recent publications as it seemed to introduce more confusion than clarification.

HOUSE_OVERSIGHT_012952

- What learning processes are utilized for recognizing patterns?
- What mechanisms are used to give the system the ability to introspect (so that it can recognize patterns in itself)?

Now, these same sorts of questions could be asked if one substituted the word "pattern" with other words like "knowledge" or "information". However, we have found that asking these questions in the context of pattern leads to more productive answers, avoiding unproductive byways and also tying in very nicely with the details of various existing formalisms and algorithms for knowledge representation and learning.

Among the many kinds of patterns in intelligent systems, *semiotic* patterns are particularly interesting ones. Peirce decomposed these into three categories:

- **iconic** patterns, which are patterns of contextually important internal similarity between two entities (e.g. an iconic pattern binds a picture of a person to that person)
- **indexical** patterns, which are patterns of spatiotemporal co-occurrence (e.g. an indexical pattern binds a wedding dress and a wedding)
- **symbolic** patterns, which are patterns indicating that two entities are often involved in the same relationships (e.g. a symbolic pattern between the number "5" (the symbol) and various sets of 5 objects (the entities that the symbol is taken to represent))

Of course, some patterns may span more than one of these semiotic categories; and there are also some patterns that don't fall neatly into any of these categories. But the semiotic patterns are particularly important ones; and symbolic patterns have played an especially large role in the history of AI, because of the radically different approaches different researchers have taken to handling them in their AI systems. Mathematical logic and related formalisms provide sophisticated mechanisms for combining and relating symbolic patterns ("symbols"), and some AI approaches have focused heavily on these, sometimes more so than on the identification of symbolic patterns in experience or the use of them to achieve practical goals. We will look fairly carefully at these differences in Chapter 4.

Pursuing the patternist philosophy in detail leads to a variety of particular hypotheses and conclusions about the nature of mind. Following from the view of intelligence in terms of achieving complex goals in complex environments, comes a view in which the dynamics of a cognitive system are understood to be governed by two main forces:

- self-organization, via which system dynamics cause existing system patterns to give rise to new ones
- goal-oriented behavior, which will be defined more rigorously in Chapter 7, but basically amounts to a system interacting with its environment in a way that appears like an attempt to maximize some reasonably simple function

Self-organized and goal-oriented behavior must be understood as cooperative aspects. If an agent is asked to build a surprising structure out of blocks and does so, this is goal-oriented. But the agent's ability to carry out this goal-oriented task will be greater if it has previously played around with blocks a lot in an unstructured, spontaneous way. And the "nudge toward creativity" given to it by asking it to build a surprising blocks structure may cause it to explore some novel patterns, which then feed into its future unstructured blocks play.

Based on these concepts, as argued in detail in [Goe06a], several primary dynamical principles may be posited, including:

HOUSE_OVERSIGHT_012953

- **Evolution** , conceived as a general process via which patterns within a large population thereof are differentially selected and used as the basis for formation of new patterns, based on some "fitness function" that is generally tied to the goals of the agent
  - *Example:* If trying to build a blocks structure that will surprise Bob, an agent may simulate several procedures for building blocks structures in its "mind's eye", assessing for each one the expected degree to which it might surprise Bob. The search through procedure space could be conducted as a form of evolution, via an algorithm such as MOSES.
- **Autopoiesis**: the process by which a system of interrelated patterns maintains its integrity, via a dynamic in which whenever one of the patterns in the system begins to decrease in intensity, some of the other patterns increase their intensity in a manner that causes the troubled pattern to increase in intensity again
  - *Example:* An agent's set of strategies for building the base of a tower, and its set of strategies for building the middle part of a tower, are likely to relate autopoietically. If the system partially forgets how to build the base of a tower, then it may regenerate this missing knowledge via using its knowledge about how to build the middle part (i.e., it knows it needs to build the base in a way that will support good middle parts). Similarly if it partially forgets how to build the middle part, then it may regenerate this missing knowledge via using its knowledge about how to build the base (i.e. it knows a good middle part should fit in well with the sorts of base it knows are good).
  - This same sort of interdependence occurs between pattern-sets containing more than two elements
  - Sometimes (as in the above example) autopoietic interdependence in the mind is tied to interdependencies in the physical world, sometimes not.
- **Association**. Patterns, when given attention, spread some of this attention to other patterns that they have previously been associated with in some way. Furthermore, there is Peirce's law of mind [Pei34], which could be paraphrased in modern terms as stating that the mind is an associative memory network, whose dynamics dictate that every idea in the memory is an active agent, continually acting on those ideas with which the memory associates it.
  - *Example:* Building a blocks structure that resembles a tower, spreads attention to memories of prior towers the agents has seen, and also to memories of people the agent knows have seen towers, and structures it has built at the same time as towers, structures that resemble towers in various respects, etc.
- **Differential attention allocation / credit assignment**. Patterns that have been valuable for goal-achievement are given more attention, and are encouraged to participate in giving rise to new patterns.
  - *Example:* Perhaps in a prior instance of the task "build me a surprising structure out of blocks," searching through memory for non-blocks structures that the agent has played with has proved a useful cognitive strategy. In that case, when the task is posed to the agent again, it should tend to allocate disproportionate resources to this strategy.
- **Pattern creation**. Patterns that have been valuable for goal-achievement are mutated and combined with each other to yield new patterns.

HOUSE_OVERSIGHT_012954

- *Example:* Building towers has been useful in a certain context, but so has building structures with a large number of triangles. Why not build a tower out of triangles? Or maybe a vaguely tower-like structure that uses more triangles than a tower easily could?
- *Example:* Building an elongated block structure resembling a table was successful in the past, as was building a structure resembling a very flat version of a chair. Generalizing, maybe building distorted versions of furniture is good. Or maybe it is building distorted version of *any* previously perceived objects that is good. Or maybe both, to different degrees....

Next, for a variety of reasons outlined in [Goe06a] it becomes appealing to hypothesize that the network of patterns in an intelligent system must give rise to the following large-scale emergent structures

- Hierarchical network. Patterns are habitually in relations of control over other patterns that represent more specialized aspects of themselves.
  - *Example:* The pattern associated with "tall building" has some control over the pattern associated with "tower", as the former represents a more general concept ... and "tower" has some control over "Eiffel tower", etc.
- Heterarchical network. The system retains a memory of which patterns have previously been associated with each other in any way.
  - *Example:* "Tower" and "snake" are distant in the natural pattern hierarchy, but may be associatively/heterarchically linked due to having a common elongated structure. This heterarchical linkage may be used for many things, e.g. it might inspire the creative construction of a tower with a snake's head.
- Dual network. Hierarchical and heterarchical structures are combined, with the dynamics of the two structures working together harmoniously. Among many possible ways to hierarchically organize a set of patterns, the one used should be one that causes hierarchically nearby patterns to have many meaningful heterarchical connections; and of course, there should be a tendency to search for heterarchical connections among hierarchically nearby patterns.
  - *Example:* While the set of patterns hierarchically nearby "tower" and the set of patterns heterarchically nearby "tower" will be quite different, they should still have more overlap than random pattern-sets of similar sizes. So, if looking for something else heterarchically near "tower", using the hierarchical information about "tower" should be of some use, and vice versa.
  - In PLN, hierarchical relationships correspond to Atoms $A$ and $B$ so that $InheritanceAB$ and $InheritanceBA$ have highly dissimilar strength; and heterarchical relationships correspond to IntensionalSimilarity relationships. The dual network structure then arises when intensional and extensional inheritance approximately correlate with each other, so that inference about either kind of inheritance assists with figuring out about the other kind.
- Self structure. A portion of the network of patterns forms into an approximate image of the overall network of patterns.

HOUSE_OVERSIGHT_012955

- *Example:* Each time the agent builds a certain structure, it observes itself building the structure, and its role as "builder of a tall tower" (or whatever the structure is) becomes part of its self-model. Then when it is asked to build something new, it may consult its self-model to see if it believes itself capable of building that sort of thing (for instance, if it is asked to build something very large, its self-model may tell it that it lacks persistence for such projects, so it may reply "I can try, but I may wind up not finishing it").

As we proceed through the CogPrime design in the following pages, we will see how each of these abstract concepts arises concretely from CogPrime's structures and algorithms. If the theory of [Goe06a] is correct, then the success of CogPrime as a design will depend largely on whether these high-level structures and dynamics can be made to emerge from the synergetic interaction of CogPrime's representation and algorithms, when they are utilized to control an appropriate agent in an appropriate environment.

## 3.3 Cognitive Synergy

Now we dig a little deeper and present a different sort of "general principle of feasible general intelligence", already hinted in earlier chapters: the *cognitive synergy* principle [2], which is both a conceptual hypothesis about the structure of generally intelligent systems in certain classes of environments, and a design principle used to guide the design of CogPrime. Chapter 8 presents a mathematical formalization of the notion of cognitive synergy; here we present the conceptual idea informally, which makes it more easily digestible but also more vague-sounding.

We will focus here on cognitive synergy specifically in the case of "multi-memory systems," which we define as intelligent systems whose combination of environment, embodiment and motivational system make it important for them to possess memories that divide into partially but not wholly distinct components corresponding to the categories of:

- Declarative memory
  - *Examples of declarative knowledge:* Towers on average are taller than buildings. I generally am better at building structures I imagine, than at imitating structures I'm shown in pictures.
- Procedural memory (memory about how to do certain things)
  - *Examples of procedural knowledge:* Practical know-how regarding how to pick up an elongated rectangular block, or a square one. Know-how regarding when to approach a problem by asking "What would one of my teachers do in this situation" versus by thinking through the problem from first principles.
- Sensory and episodic memory
  - *Example of sensory knowledge:* memory of Bob's face; memory of what a specific tall blocks tower looked like

[2] While these points are implicit in the theory of mind given in [Goe06a], they are not articulated in this specific form there. So the material presented in this section is a new development within patternist philosophy, developed since [Goe06a] in a series of conference papers such as [Goe09a].

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  - *Example of episodic knowledge:* memory of the situation in which the agent first met Bob; memory of a situation in which a specific tall blocks tower was built

- Attentional memory (knowledge about what to pay attention to in what contexts)
  - *Example of attentional knowledge:* When involved with a new person, it's useful to pay attention to whatever that person looks at

- Intentional memory (knowledge about the system's own goals and subgoals)
  - *Example of intentional knowledge:* If my goal is to please some person whom I don't know that well, then a subgoal may be figuring out what makes that person smile.

In Chapter 9 below we present a detailed argument as to how the requirement for a multi-memory underpinning for general intelligence emerges from certain underlying assumptions regarding the measurement of the simplicity of goals and environments. Specifically we argue that each of these memory types corresponds to certain *modes of communication*, so that intelligent agents which have to efficiently handle a sufficient variety of types of communication with other agents, are going to have to handle all these types of memory. These types of communication overlap and are often used together, which implies that the different memories and their associated cognitive processes need to work together. The points made in this section do not rely on that argument regarding the relation of multiple memory types to the environmental situation of multiple communication types. What they do rely on is the assumption that, in the intelligence agent in question, the different components of memory are significantly but not wholly distinct. That is, there are significant "family resemblances" between the memories of a single type, yet there are also thoroughgoing connections between memories of different types.

Repeating the above points in a slightly more organized manner and then extending them, the essential idea of cognitive synergy, in the context of multi-memory systems, may be expressed in terms of the following points

1. Intelligence, relative to a certain set of environments, may be understood as the capability to achieve complex goals in these environments.
2. With respect to certain classes of goals and environments, an intelligent system requires a "multi-memory" architecture, meaning the possession of a number of specialized yet interconnected knowledge types, including: declarative, procedural, attentional, sensory, episodic and intentional (goal-related). These knowledge types may be viewed as different sorts of patterns that a system recognizes in itself and its environment.
3. Such a system must possess knowledge creation (i.e. pattern recognition / formation) mechanisms corresponding to each of these memory types. These mechanisms are also called "cognitive processes."
4. Each of these cognitive processes, to be effective, must have the capability to recognize when it lacks the information to perform effectively on its own; and in this case, to dynamically and interactively draw information from knowledge creation mechanisms dealing with other types of knowledge
5. This cross-mechanism interaction must have the result of enabling the knowledge creation mechanisms to perform much more effectively in combination than they would if operated non-interactively. This is "cognitive synergy."

Interactions as mentioned in Points 4 and 5 in the above list are the real conceptual meat of the cognitive synergy idea. One way to express the key idea here, in an AI context, is that

HOUSE_OVERSIGHT_012957

most AI algorithms suffer from combinatorial explosions: the number of possible elements to be combined in a synthesis or analysis is just too great, and the algorithms are unable to filter through all the possibilities, given the lack of intrinsic constraint that comes along with a "general intelligence" context (as opposed to a narrow-AI problem like chess-playing, where the context is constrained and hence restricts the scope of possible combinations that needs to be considered). In an AGI architecture based on cognitive synergy, the different learning mechanisms must be designed specifically to interact in such a way as to palliate each others' combinatorial explosions - so that, for instance, each learning mechanism dealing with a certain sort of knowledge, must synergize with learning mechanisms dealing with the other sorts of knowledge, in a way that decreases the severity of combinatorial explosion.

One prerequisite for cognitive synergy to work is that each learning mechanism must recognize when it is "stuck," meaning it's in a situation where it has inadequate information to make a confident judgment about what steps to take next. Then, when it does recognize that it's stuck, it may request help from other, complementary cognitive mechanisms.

## 3.4 The General Structure of Cognitive Dynamics: Analysis and Synthesis

We have discussed the need for synergetic interrelation between cognitive processes corresponding to different types of memory ... and the general high-level cognitive dynamics that a mind must possess (evolution, autopoiesis). The next step is to dig further into the nature of the cognitive processes associated with different memory types and how they give rise to the needed high-level cognitive dynamics. In this section we present a *general theory of cognitive processes* based on a decomposition of cognitive processes into the two categories of *analysis* and *synthesis*, and a general formulation of each of these categories [3].

Specifically we focus here on what we call *focused cognitive processes*; that is, cognitive processes that selectively focus attention on a subset of the patterns making up a mind. In general these are not the only kind, there may also be *global cognitive processes* that act on every pattern in a mind. An example of a global cognitive process in CogPrime is the basic attention allocation process, which spreads "importance" among all knowledge in the system's memory. Global cognitive processes are also important, but focused cognitive processes are subtler to understand which is why we spend more time on them here.

### *3.4.1 Component-Systems and Self-Generating Systems*

We begin with autopoesis – and, more specifically, with the concept of a "component-system", as described in George Kampis's book *Self-Modifying Systems in Biology and Cognitive Science* [Kam91], and as modified into the concept of a "self-generating system" or SGS in Goertzel's book *Chaotic Logic* [Goe94]. Roughly speaking, a Kampis-style component-system consists of a set of components that combine with each other to form other compound components. The

[3] While these points are highly compatible with theory of mind given in [Goe06a], they are not articulated there. The material presented in this section is a new development within patternist philosophy, presented previously only in the article [GPPG06].

HOUSE_OVERSIGHT_012958

metaphor Kampis uses is that of Lego blocks, combining to form bigger Lego structures. Compound structures may in turn be combined together to form yet bigger compound structures. A self-generating system is basically the same concept as a component-system, but understood to be computable, whereas Kampis claims that component-systems are uncomputable.

Next, in SGS theory there is also a notion of reduction (not present in the Lego metaphor): sometimes when components are combined in a certain way, a "reaction" happens, which may lead to the elimination of some of the components. One relevant metaphor here is chemistry. Another is abstract algebra: for instance, if we combine a component f with its "inverse" component $f^{-1}$, both components are eliminated. Thus, we may think about two stages in the interaction of sets of components: combination, and reduction. Reduction may be thought of as algebraic simplification, governed by a set of rules that apply to a newly created compound component, based on the components that are assembled within it.

Formally, suppose $C_1, C_2, ...$ is the set of components present in a discrete-time component-system at time t. Then, the components present at time $t+1$ are a subset of the set of components of the form

$$Reduce(Join(C_i(1), ..., C_i(r)))$$

where *Join* is a joining operation, and *Reduce* is a reduction operator. The joining operation is assumed to map tuples of components into components, and the reduction operator is assumed to map the space of components into itself. Of course, the specific nature of a component system is totally dependent on the particular definitions of the reduction and joining operators; in following chapters we will specify these for the CogPrime system, but for the purpose of the broader theoretical discussion in this section they may be left general.

What is called the "cognitive equation" in *Chaotic Logic* [Goe94] is the case of a SGS where the patterns in the system at time $t$ have a tendency to correspond to components of the system at future times $t + s$. So, part of the action of the system is to transform implicit knowledge (patterns among system components) into explicit knowledge (specific system components). We will see one version of this phenomenon in Chapter 14 where we model implicit knowledge using mathematical structures called "derived hypergraphs"; and we will also later review several ways in which CogPrime's dynamics explicitly encourage cognitive-equation type dynamics, e.g.:

- inference, which takes conclusions implicit in the combination of logical relationships, and makes them implicit by deriving new logical relationships from them
- map formation, which takes concepts that have often been active together, and creates new concepts grouping them
- association learning, which creates links representing patterns of association between entities
- probabilistic procedure learning, which creates new models embodying patterns regarding which procedures tend to perform well according to particular fitness functions

### *3.4.2 Analysis and Synthesis*

Now we move on to the main point of this section: the argument that all or nearly all focused cognitive processes are expressible using two general process-schemata we call *synthesis* and

HOUSE_OVERSIGHT_012959

*analysis* [4]. The notion of "focused cognitive process" will be exemplified more thoroughly below, but in essence what is meant is a cognitive process that begins with a small number of items (drawn from memory) as its focus, and has as its goal discovering something about these items, or discovering something about something else in the context of these items or in a way strongly biased by these items. This is different from a global cognitive process whose goal is more broadly-based and explicitly involves all or a large percentage of the knowledge in an intelligent system's memory store.

Among the focused cognitive processes are those governed by the so-called *cognitive schematic* implication

$$Context \wedge Procedure \rightarrow Goal$$

where the Context involves sensory, episodic and/or declarative knowledge; and attentional knowledge is used to regulate how much resource is given to each such schematic implication in memory. Synergy among the learning processes dealing with the context, the procedure and the goal is critical to the adequate execution of the cognitive schematic using feasible computational resources. This sort of explicitly goal-driven cognition plays a significant though not necessarily dominant role in CogPrime, and is also related to production rules systems and other traditional AI systems, as will be articulated in Chapter 4.

The synthesis and analysis processes as we conceive them, in the general framework of SGS theory, are as follows. First, synthesis, as shown in Figure 3.1, is defined as

**synthesis**: Iteratively build compounds from the initial component pool using the combinators, greedily seeking compounds that seem likely to achieve the goal.

Or in more detail:

1. Begin with some initial components (the initial "current pool"), an additional set of components identified as "combinators" (combination operators), and a goal function
2. Combine the components in the current pool, utilizing the combinators, to form product components in various ways, carrying out reductions as appropriate, and calculating relevant quantities associated with components as needed
3. Select the product components that seem most promising according to the goal function, and add these to the current pool (or else simply define these as the current pool)
4. Return to Step 2

And analysis, as shown in Figure 3.2, is defined as

**analysis**: Iteratively search (the system's long-term memory) for component-sets that combine using the combinators to form the initial component pool (or subsets thereof), greedily seeking component-sets that seem likely to achieve the goal

or in more detail:

1. Begin with some components (the initial "current pool") and a goal function
2. Seek components so that, if one combines them to form product components using the combinators and then performs appropriate reductions, one obtains (as many as possible of) the components in the current pool

[4] In [GPPG06], what is here called "analysis" was called "backward synthesis", a name which has some advantages since it indicated that what's happening is a form of creation; but here we have opted for the more traditional analysis/synthesis terminology

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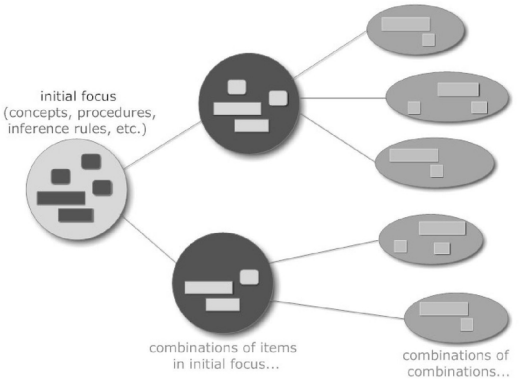


Fig. 3.1: The General Process of Synthesis

3. Use the newly found constructions of the components in the current pool, to update the quantitative properties of the components in the current pool, and also (via the current pool) the quantitative properties of the components in the initial pool
4. Out of the components found in Step 2, select the ones that seem most promising according to the goal function, and add these to the current pool (or else simply define these as the current pool)
5. Return to Step 2

More formally, synthesis may be specified as follows. Let $X$ denote the set of combinators, and let $Y_0$ denote the initial pool of components (the initial focus of the cognitive process). Given $Y_i$, let $Z_i$ denote the set

$$Reduce(Join(C_i(1), ..., C_i(r)))$$

where the $C_i$ are drawn from $Y_i$ or from $X$. We may then say
$Y_{i+1} = Filter(Z_i)$
where $Filter$ is a function that selects a subset of its arguments.

Analysis, on the other hand, begins with a set $W$ of components, and a set $X$ of combinators, and tries to find a series $Y_i$ so that according to the process of synthesis, $Y_n$=$W$.

In practice, of course, the implementation of a synthesis process need not involve the explicit construction of the full set $Z_i$. Rather, the filtering operation takes place implicitly during the construction of $Y_{i+1}$. The result, however, is that one gets some subset of the compounds producible via joining and reduction from the set of components present in $Y_i$ plus the combinators $X$.

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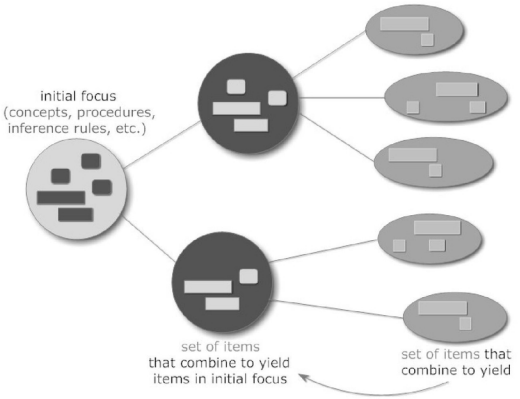


Fig. 3.2: The General Process of Analysis

Conceptually one may view synthesis as a very generic sort of "growth process," and analysis as a very generic sort of "figuring out how to grow something." The intuitive idea underlying the present proposal is that these forward-going and backward-going "growth processes" are among the essential foundations of cognitive control, and that a conceptually sound design for cognitive control should explicitly make use of this fact. To abstract away from the details, what these processes are about is:

- taking the general dynamic of compound-formation and reduction as outlined in Kampis and *Chaotic Logic*
- introducing goal-directed pruning ("filtering") into this dynamic so as to account for the limitations of computational resources that are a necessary part of pragmatic intelligence

### *3.4.3 The Dynamic of Iterative Analysis and Synthesis*

While synthesis and analysis are both very useful on their own, they achieve their greatest power when harnessed together. It is my hypothesis that the dynamic pattern of alternating synthesis and analysis has a fundamental role in cognition. Put simply, synthesis creates new mental forms by combining existing ones. Then, analysis seeks simple explanations for the forms in the mind, including the newly created ones; and, this explanation itself then comprises additional new forms in the mind, to be used as fodder for the next round of synthesis. Or, to put it yet more simply:

HOUSE_OVERSIGHT_012962

⇒ **Combine** ⇒ **Explain** ⇒ **Combine** ⇒ **Explain** ⇒ **Combine** ⇒

It is not hard to express this alternating dynamic more formally, as well.

- Let X denote any set of components.
- Let F(X) denote a set of components which is the result of synthesis on X.
- Let B(X) denote a set of components which is the result of analysis of X. We assume also a heuristic biasing the synthesis process toward simple constructs.
- Let S(t) denote a set of components at time t, representing part of a system's knowledge base.
- Let I(t) denote components resulting from the external environment at time t.

Then, we may consider a dynamical iteration of the form

$$S(t+1) = B(F(S(t) + I(t)))$$

This expresses the notion of alternating synthesis and analysis formally, as a dynamical iteration on the space of sets of components. We may then speak about attractors of this iteration: fixed points, limit cycles and strange attractors. One of the key hypotheses I wish to put forward here is that some key emergent cognitive structures are strange attractors of this equation. The iterative dynamic of combination and explanation leads to the emergence of certain complex structures that are, in essence, maintained when one recombines their parts and then seeks to explain the recombinations. These structures are built in the first place through iterative recombination and explanation, and then survive in the mind because they are conserved by this process. They then ongoingly guide the construction and destruction of various other temporary mental structures that are not so conserved.

### *3.4.4 Self and Focused Attention as Approximate Attractors of the Dynamic of Iterated Forward-Analysis*

As noted above, patternist philosophy argues that two key aspects of intelligence are emergent structures that may be called the "self" and the "attentional focus." These, it is suggested, are aspects of intelligence that may not effectively be wired into the infrastructure of an intelligent system, though of course the infrastructure may be configured in such a way as to encourage their emergence. Rather, these aspects, by their nature, are only likely to be effective if they emerge from the cooperative activity of various cognitive processes acting within a broad base of knowledge.

Above we have described the pattern of ongoing habitual oscillation between synthesis and analysis as a kind of "dynamical iteration." Here we will argue that both self and attentional focus may be viewed as strange attractors of this iteration. The mode of argument is relatively informal. The essential processes under consideration are ones that are poorly understood from an empirical perspective, due to the extreme difficulty involved in studying them experimentally. For understanding self and attentional focus, we are stuck in large part with introspection, which is famously unreliable in some contexts, yet still dramatically better than having no information at all. So, the philosophical perspective on self and attentional focus given here is a synthesis of empirical and introspective notions, drawn largely from the published thinking and research of

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others but with a few original twists. From a CogPrime perspective, its use has been to guide the design process, to provide a grounding for what otherwise would have been fairly arbitrary choices.

#### 3.4.4.1 Self

Another high-level intelligent system pattern mentioned above is the "self", which we here will tie in with analysis and synthesis processes. The term "self" as used here refers to the "phenomenal self" [Met04] or "self-model". That is, the self is the model that a system builds internally, reflecting the patterns observed in the (external and internal) world that directly pertain to the system itself. As is well known in everyday human life, self-models need not be completely accurate to be useful; and in the presence of certain psychological factors, a more accurate self-model may not necessarily be advantageous. But a self-model that is too badly inaccurate will lead to a badly-functioning system that is unable to effectively act toward the achievement of its own goals.

The value of a self-model for any intelligent system carrying out embodied agentive cognition is obvious. And beyond this, another primary use of the self is as a foundation for metaphors and analogies in various domains. Patterns recognized pertaining to the self are analogically extended to other entities. In some cases this leads to conceptual pathologies, such as the anthropomorphization of trees, rocks and other such objects that one sees in some precivilized cultures. But in other cases this kind of analogy leads to robust sorts of reasoning - for instance, in reading Lakoff and Nunez's [LN00] intriguing explorations of the cognitive foundations of mathematics, it is pretty easy to see that most of the metaphors on which they hypothesize mathematics to be based, are grounded in the mind's conceptualization of itself as a spatiotemporally embedded entity, which in turn is predicated on the mind's having a conceptualization of itself (a self) in the first place.

A self-model can in many cases form a self-fulfilling prophecy (to make an obvious double-entendre'!). Actions are generated based on one's model of what sorts of actions one can and/or should take; and the results of these actions are then incorporated into one's self-model. If a self-model proves a generally bad guide to action selection, this may never be discovered, unless said self-model includes the knowledge that semi-random experimentation is often useful.

In what sense, then, may it be said that self is an attractor of iterated analysis? Analysis infers the self from observations of system behavior. The system asks: What kind of system might I be, in order to give rise to these behaviors that I observe myself carrying out? Based on asking itself this question, it constructs a model of itself, i.e. it constructs a self. Then, this self guides the system's behavior: it builds new logical relationships its self-model and various other entities, in order to guide its future actions oriented toward achieving its goals. Based on the behaviors newly induced via this constructive, forward-synthesis activity, the system may then engage in analysis again and ask: What must I be now, in order to have carried out these new actions? And so on.

Our hypothesis is that after repeated iterations of this sort, in infancy, finally during early childhood a kind of self-reinforcing attractor occurs, and we have a self-model that is resilient and doesn't change dramatically when new instances of action- or explanation-generation occur. This is not strictly a mathematical attractor, though, because over a long period of time the self may well shift significantly. But, for a mature self, many hundreds of thousands or millions of forward-analysis cycles may occur before the self-model is dramatically modified. For relatively

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long periods of time, small changes within the context of the existing self may suffice to allow the system to control itself intelligently.

Humans can also develop what are known as **subselves** [Row90]. A subself is a partially autonomous self-network focused on particular tasks, environments or interactions. It contains a unique model of the whole organism, and generally has its own set of episodic memories, consisting of memories of those intervals during which it was the primary dynamic mode controlling the organism. One common example is the **creative subself** – the subpersonality that takes over when a creative person launches into the process of creating something. In these times, a whole different personality sometimes emerges, with a different sort of relationship to the world. Among other factors, creativity requires a certain open-ness that is not always productive in an everyday life context, so it's natural for the self-system of a highly creative person to bifurcate into one self-system for everyday life, and another for the protected context of creative activity. This sort of phenomenon might emerge naturally in CogPrime systems as well if they were exposed to appropriate environments and social situations.

Finally, it is interesting to speculate regarding how self may differ in future AI systems as opposed to in humans. The relative stability we see in human selves may not exist in AI systems that can self-improve and change more fundamentally and rapidly than humans can. There may be a situation in which, as soon as a system has understood itself decently, it radically modifies itself and hence violates its existing self-model. Thus: intelligence without a long-term stable self. In this case the "attractor-ish" nature of the self holds only over much shorter time scales than for human minds or human-like minds. But the alternating process of synthesis and analysis for self-construction is still critical, even though no reasonably stable self-constituting attractor ever emerges. The psychology of such intelligent systems will almost surely be beyond human beings' capacity for comprehension and empathy.

#### 3.4.4.2 Attentional Focus

Finally, we turn to the notion of an "attentional focus" similar to Baars' [Baa97] notion of a Global Workspace, which will be reviewed in more detail in Chapter 4: a collection of mental entities that are, at a given moment, receiving far more than the usual share of an intelligent system's computational resources. Due to the amount of attention paid to items in the attentional focus, at any given moment these items are in large part driving the cognitive processes going on elsewhere in the mind as well - because the cognitive processes acting on the items in the attentional focus are often involved in other mental items, not in attentional focus, as well (and sometimes this results in pulling these other items into attentional focus). An intelligent system must constantly shift its attentional focus from one set of entities to another based on changes in its environment and based on its own shifting discoveries.

In the human mind, there is a self-reinforcing dynamic pertaining to the collection of entities in the attentional focus at any given point in time, resulting from the observation that: If A is in the attentional focus, and A and B have often been associated in the past, then odds are increased that B will soon be in the attentional focus. This basic observation has been refined tremendously via a large body of cognitive psychology work; and neurologically it follows not only from Hebb's [Heb49] classic work on neural reinforcement learning, but also from numerous more modern refinements [SB98]. But it implies that two items A and B, if both in the attentional focus, can reinforce each others' presence in the attentional focus, hence forming a kind of conspiracy to keep each other in the limelight. But of course, this kind of dynamic

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must be counteracted by a pragmatic tendency to remove items from the attentional focus if giving them attention is not providing sufficient utility in terms of the achievement of system goals.

The synthesis and analysis perspective provides a more systematic perspective on this self-reinforcing dynamic. Synthesis occurs in the attentional focus when two or more items in the focus are combined to form new items, new relationships, new ideas. This happens continually, as one of the main purposes of the attentional focus is combinational. On the other hand, Analysis then occurs when a combination that has been speculatively formed is then linked in with the remainder of the mind (the "unconscious", the vast body of knowledge that is not in the attentional focus at the given moment in time). Analysis basically checks to see what support the new combination has within the existing knowledge store of the system. Thus, forward-analysis basically comes down to "generate and test", where the testing takes the form of attempting to integrate the generated structures with the ideas in the unconscious long-term memory. One of the most obvious examples of this kind of dynamic is creative thinking (Boden, 2003; Goertzel, 1997), where the attentional focus continually combinationally creates new ideas, which are then tested via checking which ones can be validated in terms of (built up from) existing knowledge.

The analysis stage may result in items being pushed out of the attentional focus, to be replaced by others. Likewise may the synthesis stage: the combinations may overshadow and then replace the things combined. However, in human minds and functional AI minds, the attentional focus will not be a complete chaos with constant turnover: Sometimes the same set of ideas – or a shifting set of ideas within the same overall family of ideas – will remain in focus for a while. When this occurs it is because this set or family of ideas forms an approximate attractor for the dynamics of the attentional focus, in particular for the forward-analysis dynamic of speculative combination and integrative explanation. Often, for instance, a small "core set" of ideas will remain in the attentional focus for a while, but will not exhaust the attentional focus: the rest of the attentional focus will then, at any point in time, be occupied with other ideas related to the ones in the core set. Often this may mean that, for a while, the whole of the attentional focus will move around quasi-randomly through a "strange attractor" consisting of the set of ideas related to those in the core set.

### *3.4.5 Conclusion*

The ideas presented above (the notions of synthesis and analysis, and the hypothesis of self and attentional focus as attractors of the iterative forward-analysis dynamic) are quite generic and are hypothetically proposed to be applicable to any cognitive system, natural or artificial. Later chapters will discuss the manifestation of the above ideas in the context of CogPrime. We have found that the analysis/synthesis approach is a valuable tool for conceptualizing CogPrime's cognitive dynamics, and we conjecture that a similar utility may be found more generally.

Next, so as not to end the section on too blasé of a note, we will also make a stronger hypothesis: that, in order for a physical or software system to achieve intelligence that is roughly human-level in both capability and generality, using computational resources on the same order of magnitude as the human brain, this system must

- manifest the dynamic of iterated synthesis and analysis, as modes of an underlying "self-generating system" dynamic

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- do so in such a way as to lead to self and attentional focus as emergent structures that serve as approximate attractors of this dynamic, over time periods that are long relative to the basic "cognitive cycle time" of the system's forward-analysis dynamics

To prove the truth of a hypothesis of this nature would seem to require mathematics fairly far beyond anything that currently exists. Nonetheless, however, we feel it is important to formulate and discuss such hypotheses, so as to point the way for future investigations both theoretical and pragmatic.

## 3.5 Perspectives on Machine Consciousness

Finally, we can't let a chapter on philosophy – even a brief one – end without some discussion of the thorniest topic in the philosophy of mind: consciousness. Rather than seeking to resolve or comprehensively review this most delicate issue, we will restrict ourselves to giving it in Appendix **??** an overview of many of the common views on the subject; and here in the main text discussing the relationship between consciousness theory and patternist philosophy of cognition, the practical work of designing and building AGI.

One fairly concrete idea about consciousness, that relates closely to certain aspects of the CogPrime design, is that the subjective experience of being conscious of some entity X, is correlated with the presence of a very intense pattern in one's overall mind-state, corresponding to X. This simple idea is also the essence of neuroscientist Susan Greenfield's theory of consciousness [Gre01] (but in her theory, "overall mind-state" is replaced with "brain-state"), and has much deeper historical roots in philosophy of mind which we shall not venture to unravel here.

This observation relates to the idea of "moving bubbles of awareness" in intelligent systems. If an intelligent system consists of multiple processing or data elements, and during each (sufficiently long) interval of time some of these elements get much more attention than others, then one may view the system as having a certain "attentional focus" during each interval. The attentional focus is itself a significant pattern in the system (the pattern being "these elements habitually get more processor and memory", roughly speaking). As the attentional focus shifts over time one has a "moving bubble of pattern" which then corresponds experientially to a "moving bubble of awareness."

This notion of a "moving bubble of awareness" ties in very closely to global workspace theory [Baa97] (briefly mentioned above), a cognitive theory that has broad support from neuroscience and cognitive science and has also served as the motivation for Stan Franklin's LIDA AI system [BF09], to be discussed in Chapter **??**. The global workspace theory views the mind as consisting of a large population of small, specialized processes – a society of agents. These agents organize themselves into coalitions, and coalitions that are relevant to contextually novel phenomena, or contextually important goals, are pulled into the global workspace (which is identified with consciousness). This workspace broadcasts the message of the coalition to all the unconscious agents, and recruits other agents into consciousness. Various sorts of contexts – e.g. goal contexts, perceptual contexts, conceptual contexts and cultural contexts – play a role in determining which coalitions are relevant, and form the unconscious "background" of the conscious global workspace. New perceptions are often, but not necessarily, pushed into the workspace. Some of the agents in the global workspace are concerned with action selection, i.e. with controlling and passing parameters to a population of possible actions. The contents of the workspace at any given time have a certain cohesiveness and interdependency, the so-called

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"unity of consciousness." In essence the contents of the global workspace form a moving bubble of attention or awareness.

In CogPrime, this moving bubble is achieved largely via economic attention network (ECAN) equations [GPI+10] that propagate virtual currency between nodes and links representing elements of memories, so that the attentional focus consists of the wealthiest nodes and links. Figures 3.3 and 3.4 illustrate the existence and flow of attentional focus in OpenCog. On the other hand, in Hameroff's recent model of the brain [Ham10], the brain's moving bubble of attention is achieved through dendro-dendritic connections and the emergent dendritic web.

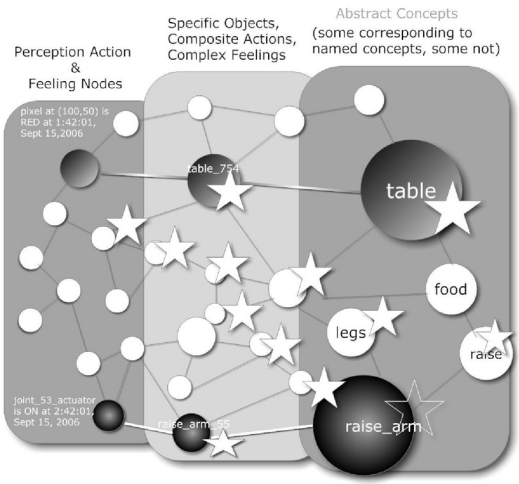


Fig. 3.3: Graphical depiction of the momentary bubble of attention in the memory of an OpenCog AI system. Circles and lines represent nodes and links in OpenCogPrimes memory, and stars denote those nodes with a high level of attention (represented in OpenCog by the ShortTermImportance node variable) at the particular point in time.

In this perspective, self, free will and reflective consciousness are specific phenomena occurring *within* the moving bubble of awareness. They are specific ways of experiencing awareness, corresponding to certain abstract types of physical structures and dynamics, which we shall endeavor to identify in detail in Appendix **??**.

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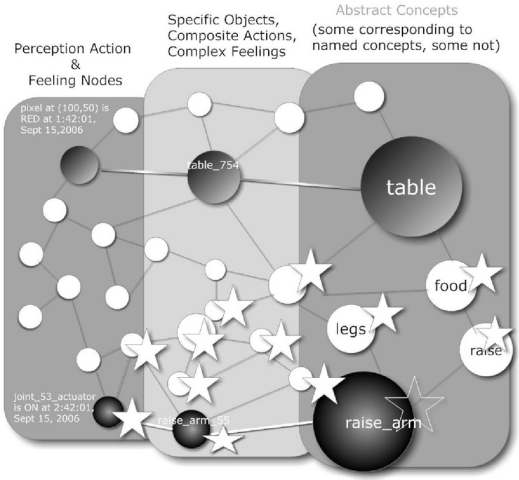


Fig. 3.4: Graphical depiction of the momentary bubble of attention in the memory of an OpenCog AI system, a few moments after the bubble shown in Figure 3.3, indicating the moving of the bubble of attention. Depictive conventions are the same as in Figure 1. This shows an idealized situation where the declarative knowledge remains invariant from one moment to the next but only the focus of attention shifts. In reality both will evolve together.

## 3.6 Postscript: Formalizing Pattern

Finally, before winding up our very brief tour through patternist philosophy of mind, we will briefly visit patternism's more formal side. Many of the key aspects of patternism have been rigorously formalized. Here we give only a few very basic elements of the relevant mathematics, which will be used later on in the exposition of CogPrime. (Specifically, the formal definition of pattern emerges in the CogPrime design in the definition of a fitness function for "pattern mining" algorithms and Occam-based concept creation algorithms, and the definition of intensional inheritance within PLN.)

We give some definitions, drawn from Appendix 1 of [Goe06a]:

**Definition 1** *Given a metric space $(M, d)$, and two functions $c : M \to [0, \infty]$ (the "simplicity measure") and $F : M \to M$ (the "production relationship"), we say that $\mathcal{P} \in M$ is a* **pattern** *in $X \in M$ to the degree*

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$$\iota_X^{\mathcal{P}} = \left( \left( 1 - \frac{d(F(\mathcal{P}), X)}{c(X)} \right) \frac{c(X) - c(\mathcal{P})}{c(X)} \right)^+$$

This degree is called the **pattern intensity** of $\mathcal{P}$ in $X$. It quantifies the extent to which $\mathcal{P}$ is a pattern in $X$. Supposing that $F(\mathcal{P}) = X$, then the first factor in the definition equals 1, and we are left with only the second term, which measures the degree of compression obtained via representing $X$ as the result of $P$ rather than simply representing $X$ directly. The greater the compression ratio obtained via using $P$ to represent $X$, the greater the intensity of $P$ as a pattern in $X$. The first time, in the case $F(\mathcal{P}) \neq X$, adjusts the pattern intensity downwards to account for the amount of error with which $F(\mathcal{P})$ approximates $\neq X$. If one holds the second factor fixed and thinks about varying the first factor, then: The greater the error, the lossier the compression, and the lower the pattern intensity.

For instance, if one wishes one may take $c$ to denote algorithmic information measured on some reference Turing machine, and $F(X)$ to denote what appears on the second tape of a two-tape Turing machine $t$ time-steps after placing $X$ on its first tape. Other more naturalistic computational models are also possible here and are discussed extensively in Appendix 1 of [Goe06a].

**Definition 2** *The* **structure** *of $X \in M$ is the fuzzy set $St_X$ defined via the membership function*

$$\chi_{St_X}(\mathcal{P}) = \iota_X^{\mathcal{P}}$$

This lets us formalize our definition of "mind" alluded to above: the mind of $X$ as the set of patterns associated with $X$. We can formalize this, for instance, by considering $\mathcal{P}$ to belong to the mind of $X$ if it is a pattern in some $Y$ that includes $X$. There are then two numbers to look at: $\iota_X^{\mathcal{P}}$ and $P(Y|X)$ (the percentage of $Y$ that is also contained in $X$). To define the degree to which $\mathcal{P}$ belongs to the mind of $X$ we can then combine these two numbers using some function $f$ that is monotone increasing in both arguments. This highlights the somewhat arbitrary semantics of "of" in the phrase "the mind of $X$." Which of the patterns binding $X$ to its environment are part of $X$'s mind, and which are part of the world? This isn't necessarily a good question, and the answer seems to depend on what perspective you choose, represented formally in the present framework by what combination function $f$ you choose (for instance if $f(a, b) = a^r b^{2-r}$ then it depends on the choice of $0 < r < 1$).

Next, we can formalize the notion of a "pattern space" by positing a metric on patterns, thus making pattern space a metric space, which will come in handy in some places in later chapters:

**Definition 3** *Assuming $M$ is a countable space, the* **structural distance** *is a metric $d_{St}$ defined on $M$ via*

$$d_{St}(X, Y) = T(\chi_{St_X}, \chi_{St_Y})$$

*where $T$ is the Tanimoto distance.*

The Tanimoto distance between two real vectors $A$ and $B$ is defined as

$$T(A, B) = \frac{A \cdot B}{\|A\|^2 + \|B\|^2 - A \cdot B}$$

and since $M$ is countable this can be applied to fuzzy sets such as $St_X$ via considering the latter as vectors. (As an aside, this can be generalized to uncountable $M$ as well, but we will not require this here.)

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Using this definition of pattern, combined with the formal theory of intelligence given in Chapter 7, one may formalize the various hypotheses made in the previous section, regarding the emergence of different kinds of networks and structures as patterns in intelligent systems. However, it appears quite difficult to prove the formal versions of these hypotheses given current mathematical tools, which renders such formalizations of limited use.

Finally, consider the case where the metric space $M$ has a partial ordering $<$ on it; we may then define

**Definition 3.1.** $\mathcal{R} \in M$ is a **subpattern** in $X \in M$ to the degree

$$\kappa_X^{\mathcal{R}} = \frac{\int_{\mathcal{P} \in M} \text{true}(R < P) d\mu_X^{\mathcal{P}}}{\int_{\mathcal{P} \in M} d\mu_X^{\mathcal{P}}}$$

This degree is called the **subpattern intensity** of $\mathcal{P}$ in $X$.

Roughly speaking, the subpattern intensity measures the percentage of patterns in $X$ that contain $R$ (where "containment" is judged by the partial ordering $<$). But the percentage is measured using a weighted average, where each pattern is weighted by its intensity as a pattern in $X$. A subpattern may or may not be a pattern on its own. A nonpattern that happens to occur within many patterns may be an intense subpattern.

Whether the subpatterns in $X$ are to be considered part of the "mind" of $X$ is a somewhat superfluous question of semantics. Here we choose to extend the definition of mind given in [Goe06a] to include subpatterns as well as patterns, because this makes it simpler to describe the relationship between hypersets and minds, as we will do in Appendix **??**.

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# Chapter 4
# Brief Survey of Cognitive Architectures

## 4.1 Introduction

While we believe CogPrime is the most thorough attempt at an architecture for advanced AGI, to date, we certainly recognize there have been many valuable attempts in the past with similar aims; and we also have great respect for other AGI efforts occurring in parallel with CogPrime development, based on alternative, sometimes overlapping, theoretical presuppositions and practical choices. In most of this book we will ignore these other current and historical efforts except where they are directly useful for CogPrime – there are many literature reviews already published, and this is a research treatise not a textbook. In this chapter, however, we will break from this pattern and give a rough high-level overview of the various AGI architectures at play in the field today. The overview definitely has a bias toward other work with some direct relevance to CogPrime, but not an overwhelming bias; we also discuss a number of approaches that are unrelated to, and even in some cases conceptually orthogonal to, our own.

CogPrime builds on prior AI efforts in a variety of ways. Most of the specific algorithms and structures in CogPrime have their roots in prior AI work; and in addition, the CogPrime cognitive architecture has been heavily inspired by some other holistic cognitive architectures, especially (but not exclusively) MicroPsi [Bac09], LIDA [BF09] and DeSTIN [ARK09a, ARC09]. In this chapter we will briefly review some existing cognitive architectures, with especial but not exclusive emphasis on the latter three.

We will articulate some rough mappings between elements of these other architectures and elements of CogPrime – some in this chapter, and some in Chapter 5. However, these mappings will mostly be left informal and very incompletely specified. The articulation of detailed inter-architecture mappings is an important project, but would be a substantial additional project going well beyond the scope of this book. We will not give a thorough review of the similarities and differences between CogPrime and each of these architectures, but only mention some of the highlights.

The reader desiring a more thorough review of cognitive architectures is referred to Wlodek Duch's review paper from the AGI-08 conference [DOP08]; and also to Alexei Samsonovich's review paper [Sam10], which compares a number of cognitive architectures in terms of a feature checklist, and was created collaboratively with the creators of the architectures.

Duch, in his survey of cognitive architectures [DOP08], divides existing approaches into three paradigms – symbolic, emergentist and hybrid – as broadly indicated in Figure 4.1. Drawing on his survey and updating slightly, we give here some key examples of each, and then explain why



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CogPrime represents a significantly more effective approach to embodied human-like general intelligence. In our treatment of emergentist architectures, we pay particular attention to *developmental robotics* architectures, which share considerably with CogPrime in terms of underlying philosophy, but differ via not integrating a symbolic "language and inference" component such as CogPrime includes.

In brief, we believe that the hybrid approach is the most pragmatic one given the current state of AI technology, but that the emergentist approach gets something fundamentally right, by focusing on the emergence of complex dynamics and structures from the interactions of simple components. So CogPrime is a hybrid architecture which (according to the cognitive synergy principle) binds its components together very tightly dynamically, allowing the emergence of complex dynamics and structures in the integrated system. Most other hybrid architectures are less tightly coupled and hence seem ill-suited to give rise to the needed emergent complexity. The other hybrid architectures that do possess the needed tight coupling, such as MicroPsi [Bac09], strike us as underdeveloped and founded on insufficiently powerful learning algorithms.

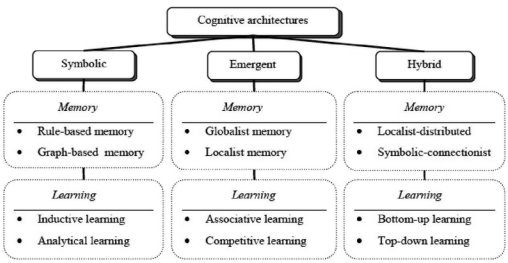


Fig. 4.1: Duch's simplified taxonomy of cognitive architectures. CogPrime falls into the "hybrid" category, but differs from other hybrid architectures in its focus on synergetic interactions between components and their potential to give rise to appropriate system-wide emergent structures enabling general intelligence.

## 4.2 Symbolic Cognitive Architectures

A venerable tradition in AI focuses on the physical symbol system hypothesis [New90], which states that minds exist mainly to manipulate symbols that represent aspects of the world or themselves. A physical symbol system has the ability to input, output, store and alter symbolic entities, and to execute appropriate actions in order to reach its goals. Generally, symbolic cognitive architectures focus on "working memory" that draws on long-term memory as needed, and utilize a centralized control over perception, cognition and action. Although in principle such architectures could be arbitrarily capable (since symbolic systems have universal repre-

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sentational and computational power, in theory), in practice symbolic architectures tend to be weak in learning, creativity, procedure learning, and episodic and associative memory. Decades of work in this tradition have not resolved these issues, which has led many researchers to explore other options. A few of the more important symbolic cognitive architectures are:

- **SOAR** [LRN87], a classic example of expert rule-based cognitive architecture designed to model general intelligence. It has recently been extended to handle sensorimotor functions, though in a somewhat cognitively unnatural way; and is not yet strong in areas such as episodic memory, creativity, handling uncertain knowledge, and reinforcement learning.
- **ACT-R** [AL03] is fundamentally a symbolic system, but Duch classifies it as a hybrid system because it incorporates connectionist-style activation spreading in a significant role; and there is an experimental thoroughly connectionist implementation to complement the primary mainly-symbolic implementation. Its combination of SOAR-style "production rules" with large-scale connectionist dynamics allows it to simulate a variety of human psychological phenomena, but abstract reasoning, creativity and transfer learning are still missing.
- **EPIC** [RCK01], a cognitive architecture aimed at capturing human perceptual, cognitive and motor activities through several interconnected processors working in parallel. The system is controlled by production rules for cognitive processors and a set of perceptual (visual, auditory, tactile) and motor processors operating on symbolically coded features rather than raw sensory data. It has been connected to SOAR for problem solving, planning and learning,
- **ICARUS** [Lan05], an integrated cognitive architecture for physical agents, with knowledge specified in the form of reactive skills, each denoting goal-relevant reactions to a class of problems. The architecture includes a number of modules: a perceptual system, a planning system, an execution system, and several memory systems. Concurrent processing is absent, attention allocation is fairly crude, and uncertain knowledge is not thoroughly handled.
- **SNePS** (Semantic Network Processing System) [SE07] is a logic, frame and network-based knowledge representation, reasoning, and acting system that has undergone over three decades of development. While it has been used for some interesting prototype experiments in language processing and virtual agent control, it has not yet been used for any large-scale or real-world application.
- **Cyc** [LG90] is an AGI architecture based on predicate logic as a knowledge representation, and using logical reasoning techniques to answer questions and derive new knowledge from old. It has been connected to a natural language engine, and designs have been created for the connection of Cyc with Albus's 4D-RCS [AM01]. Cyc's most unique aspect is the large database of commonsense knowledge that Cycorp has accumulated (millions of pieces of knowledge, entered by specially trained humans in predicate logic format); part of the philosophy underlying Cyc is that once a sufficient quantity of knowledge is accumulated in the knowledge base, the problem of creating human-level general intelligence will become much less difficult due to the ability to leverage this knowledge.

While these architectures contain many valuable ideas and have yielded some interesting results, we feel they are incapable *on their own* of giving rise to the emergent structures and dynamics required to yield humanlike general intelligence using feasible computational resources. However, we are more sanguine about the possibility of ideas and components from symbolic architectures playing a role in human-level AGI via incorporation in hybrid architectures.

We now review a few symbolic architectures in slightly more detail.

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### 4.2.1 SOAR

The cognitive architectures best known among AI academics are probably Soar and ACT-R, both of which are explicitly being developed with the dual goals of creating human-level AGI and modeling all aspects of human psychology. Neither the Soar nor ACT-R communities feel themselves particularly near these long-term goals, yet they do take them seriously.

Soar is based on IF-THEN rules, otherwise known as "production rules." On the surface this makes it similar to old-style expert systems, but Soar is much more than an expert system; it's at minimum a sophisticated problem-solving engine. Soar explicitly conceives problem solving as a search through solution space for a "goal state" representing a (precise or approximate) problem solution. It uses a methodology of incremental search, where each step is supposed to move the system a little closer to its problem-solving goal, and each step involves a potentially complex "decision cycle."

In the simplest case, the decision cycle has two phases:

- Gathering appropriate information from the system's long-term memory (LTM) into its working memory (WM)
- A decision procedure that uses the gathered information to decide an action

If the knowledge available in LTM isn't enough to solve the problem, then the decision procedure invokes search heuristics like hill-climbing, which try to create new knowledge (new production rules) that will help move the system closer to a solution. If a solution is found by chaining together multiple production rules, then a chunking mechanism is used to combine these rules together into a single rule for future use. One could view the chunking mechanism as a way of converting explicit knowledge into implicit knowledge, similar to "map formation" in CogPrime (see Chapter 42 of Part 2), but in the current Soar design and implementation it is a fairly crude mechanism.

In recent years Soar has acquired a number of additional methods and modalities, including some visual reasoning methods and some mechanisms for handling episodic and procedural knowledge. These expand the scope of the system but the basic production rule and chunking mechanisms as briefly described above remain the core "cognitive algorithm" of the system.

From a CogPrime perspective, what Soar offers is certainly valuable, e.g.

- heuristics for transferring knowledge from LTM into WM
- chaining and chunking of implications
- methods for interfacing between other forms of knowledge and implications

However, a very short and very partial list of the major differences between Soar and CogPrime would include

- CogPrime contains a variety of other core cognitive mechanisms beyond the management and chunking of implications
- the variety of "chunking" type methods in CogPrime goes far beyond the sort of localized chunking done in Soar
- CogPrime is committed to representing uncertainty at the base level whereas Soar's production rules are crisp
- The mechanisms for LTM-WM interaction are rather different in CogPrime, being based on complex nonlinear dynamics as represented in Economic Attention Allocation (ECAN)
- Currently Soar does not contain creativity-focused heuristics like blending or evolutionary learning in its core cognitive dynamic.

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### *4.2.2 ACT-R*

In the grand scope of cognitive architectures, ACT-R is quite similar to Soar, but there are many micro-level differences. ACT-R is defined in terms of declarative and procedural knowledge, where procedural knowledge takes the form of Soar-like production rules, and declarative knowledge takes the form of chunks. It contains a variety of mechanisms for learning new rules and chunks from old; and also contains sophisticated probabilistic equations for updating the activation levels associated with items of knowledge (these equations being roughly analogous in function to, though quite different from, the ECAN equations in CogPrime).

Figure 4.2 displays the current architecture of ACT-R. The flow of cognition in the system is in response to the current goal, currently active information from declarative memory, information attended to in perceptual modules (vision and audition are implemented), and the current state of motor modules (hand and speech are implemented). The early work with ACT-R was based on comparing system performance to human behavior, using only behavioral measures, such as the timing of keystrokes or patterns of eye movements. Using such measures, it was not possible to test detailed assumptions about which modules were active in the performance of a task. More recently the ACT-R community has been engaged in a process of using imaging data to provide converging data on module activity. Figure 4.3 illustrates the associations they have made between the modules in Figure 4.2 and brain regions. Coordination among all of these components occurs through actions of the procedural module, which is mapped to the basal ganglia.

Fig. 4.2: High-level architecture of ACT-R

In practice ACT-R, even more so than Soar, seems to be used more as a programming framework for cognitive modeling than as an AI system. One can fairly easily use ACT-R to program models of specific human mental behaviors, which may then be matched against

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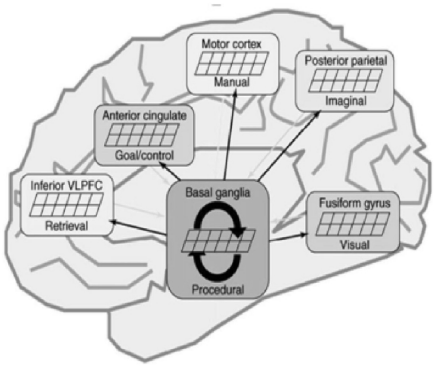


Fig. 4.3: Conjectured Mapping Between ACT-R and the Brain

psychological data. Opinions differ as to whether this sort of modeling is valuable for achieving AGI goals. CogPrime is not designed to support this kind of modeling, as it intentionally does many things very differently from humans.

ACT-R in its original form did not say much about perceptual and motor operations, but recent versions have incorporated EPIC, an independent cognitive architecture focused on modeling these aspects of human behavior.

### *4.2.3 Cyc and Texai*

Our review of cognitive architectures would be incomplete without mentioning Cyc [LG90], one of the best known and best funded AGI-oriented projects in history. While the main focus of the Cyc project has been on the hand-coding of large amounts of declarative knowledge, there is also a cognitive architecture of sorts there. The center of Cyc is an engine for logical deduction, acting on knowledge represented in predicate logic. A natural language engine has been associated with the logic engine, which enables one to ask English questions and get English replies.

Stephen Reed, while an engineer at Cycorp, designed a perceptual-motor front end for Cyc based on James Albus' Reference Model Architecture; the ensuing system, called Cognitive-Cyc, would have been the first full-fledged cognitive architecture based on Cyc, but was not implemented. Reed left Cycorp and is now building a system called Texai, which has many similarities to Cyc (and relies upon the OpenCyc knowledge base, a subset of Cyc's overall knowledge base), but incorporates a CognitiveCyc style cognitive architecture.

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### 4.2.4 NARS

Pei Wang's NARS logic [Wan06] played a large role in the development of PLN, CogPrime's uncertain logic component, a relationship that is discussed in depth in [GMIH08] and won't be re-emphasized here. However, NARS is more than just an uncertain logic, it is also an overall cognitive architecture (which is centered on NARS logic, but also includes other aspects). CogPrime bears little relation to NARS except in the specific similarities between PLN logic and NARS logic, but, the other aspects of NARS are worth briefly recounting here.

NARS is formulated as a system for processing tasks, where a task consists of a question or a piece of new knowledge. The architecture is focused on declarative knowledge, but some pieces of knowledge may be associated with executable procedures, which allows NARS to carry out control activities (in roughly the same way that a Prolog program can).

At any given time a NARS system contains

- working memory: a small set of tasks which are active, kept for a short time, and closely related to new questions and new knowledge
- long-term memory: a huge set of knowledge which is passive, kept for a long time, and not necessarily related to current questions and knowledge

The working and long term memory spaces of NARS may each be thought of as a set of chunks, where each chunk consists of a set of tasks and a set of knowledge. NARS's basic cognitive process is:

1. choose a chunk
2. choose a task from that chunk
3. choose a piece of knowledge from that chunk
4. use the task and knowledge to do inference
5. send the new tasks to corresponding chunks

Depending on the nature of the task and knowledge, the inference involved may be one of the following:

- if the task is a question, and the knowledge happens to be an answer to the question, a copy of the knowledge is generated as a new task
- backward inference
- revision (merging two pieces of knowledge with the same form but different truth value)
- forward inference
- execution of a procedure associated with a piece of knowledge

Unlike many other systems, NARS doesn't decide what type of inference is used to process a task when the task is accepted, but works in a data-driven way – that is, it is the task and knowledge that dynamically determine what type of inference will be carried out

The "choice" processes mentioned above are done via assigning relative priorities to

- chunks (where they are called activity)
- tasks (where they are called urgency)
- knowledge (where they are called importance)

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and then distributing the system's resources accordingly, based on a probabilistic algorithm. (It's interesting to note that while NARS uses probability theory as part of its control mechanism, the logic it uses to represent its own knowledge about the world is nonprobabilistic. This is considered conceptually consistent, in the context of NARS theory, because system control is viewed as a domain where the system's knowledge is more complete, thus more amenable to probabilistic reasoning.)

### *4.2.5 GLAIR and SNePS*

Another logic-focused cognitive architecture, very different from NARS in detail, is Stuart Shapiro's GLAIR cognitive architecture, which is centered on the SNePS paraconsistent logic [SE07].

Like NARS, the core "cognitive loop" of GLAIR is based on reasoning: either thinking about some percept (e.g. linguistic input, or sense data from the virtual or physical world), or answering some question. This inference based cognition process is turned into an intelligent agent control process via coupling it with an acting component, which operates according to a set of policies, each one of which tells the system when to take certain internal or external actions (including internal reasoning actions) in response to its observed internal and external situation.

GLAIR contains multiple layers:

- the Knowledge Layer (KL), which contains the beliefs of the agent, and is where reasoning, planning, and act selection are performed
- the Sensori-Actuator Layer (SAL), contains the controllers of the sensors and effectors of the hardware or software robot.
- the Perceptuo-Motor Layer (PML), which grounds the KL symbols in perceptual structures and subconscious actions, contains various registers for providing the agent's sense of situatedness in the environment, and handles translation and communication between the KL and the SAL.

The logical Knowledge Layer incorporates multiple memory types using a common representation (including declarative, procedural, episodic, attentional and intentional knowledge, and meta-knowledge). To support this broad range of knowledge types, a broad range of logical inference mechanisms are used, so that the KL may be variously viewed as predicate logic based, frame based, semantic network based, or from other perspectives.

What makes GLAIR more robust than most logic based AI approaches is the novel paraconsistent logical formalism used in the knowledge base, which means (among other things) that uncertain, speculative or erroneous knowledge may exist in the system's memory without leading the system to create a broadly erroneous view of the world or carry out egregiously unintelligent actions. CogPrime is not thoroughly logic-focused like GLAIR is, but in its logical aspect it seeks a similar robustness through its use of PLN logic, which embodies properties related to paraconsistency.

Compared to CogPrime, we see that GLAIR has a similarly integrative approach, but that the integration of different sorts of cognition is done more strictly within the framework of logical knowledge representation.

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## 4.3 Emergentist Cognitive Architectures

Another species of cognitive architecture expects abstract symbolic processing to emerge from lower-level "subsymbolic" dynamics, which sometimes (but not always) are designed to simulate neural networks or other aspects of human brain function. These architectures are typically strong at recognizing patterns in high-dimensional data, reinforcement learning and associative memory; but no one has yet shown how to achieve high-level functions such as abstract reasoning or complex language processing using a purely subsymbolic approach. A few of the more important subsymbolic, emergentist cognitive architectures are:

- **DeSTIN** [ARK09a, ARC09], which is part of CogPrime, may also be considered as an autonomous AGI architecture, in which case it is emergentist and contains mechanisms to encourage language, high-level reasoning and other abstract aspects of intelligent to emerge from hierarchical pattern recognition and related self-organizing network dynamics. In CogPrime DeSTIN is used as part of a hybrid architecture, which greatly reduces the reliance on DeSTIN's emergent properties.
- **Hierarchical Temporal Memory (HTM)** [HB06] is a hierarchical temporal pattern recognition architecture, presented as both an AI approach and a model of the cortex. So far it has been used exclusively for vision processing and we will discuss its shortcomings later in the context of our treatment of DeSTIN.
- **SAL** [JL08], based on the earlier and related **IBCA** (Integrated Biologically-based Cognitive Architecture) is a large-scale emergent architecture that seeks to model distributed information processing in the brain, especially the posterior and frontal cortex and the hippocampus. So far the architectures in this lineage have been used to simulate various human psychological and psycholinguistic behaviors, but haven't been shown to give rise to higher-level behaviors like reasoning or subgoaling.
- **NOMAD** (Neurally Organized Mobile Adaptive Device) automata and its successors [KE06] are based on Edelman's "Neural Darwinism" model of the brain, and feature large numbers of simulated neurons evolving by natural selection into configurations that carry out sensorimotor and categorization tasks. The emergence of higher-level cognition from this approach seems rather unlikely.
- Ben Kuipers and his colleagues [MK07, MK08, MK09]have pursued an extremely innovative research program which combines qualitative reasoning and reinforcement learning to enable an intelligent agent to learn how to act, perceive and model the world. Kuipers' notion of "bootstrap learning" involves allowing the robot to learn almost *everything* about its world, including for instance the structure of 3D space and other things that humans and other animals obtain via their genetic endowments. Compared to Kuipers' approach, CogPrime falls in line with most other approaches which provide more "hard-wired" structure, following the analogy to biological organisms that are born with more innate biases.

There is also a set of emergentist architectures focused specifically on developmental robotics, which we will review below in a separate subsection, as all of these share certain common characteristics.

Our general perspective on the emergentist approach is that it is philosophically correct but currently pragmatically inadequate. Eventually, *some* emergentist approach could surely succeed at giving rise to humanlike general intelligence – the human brain, after all, is plainly an emergentist system. However, we currently lack understanding of how the brain gives rise to abstract reasoning and complex language, and none of the existing emergentist systems

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seem remotely capable of giving rise to such phenomena. It seems to us that the creation of a successful emergentist AGI will have to wait for either a detailed understanding of how the brain gives rise to abstract thought, or a much more thorough mathematical understanding of the dynamics of complex self-organizing systems.

The concept of cognitive synergy is more relevant to emergentist than to symbolic architectures. In a complex emergentist architecture with multiple specialized components, much of the emergence is expected to arise via synergy between different richly interacting components. Symbolic systems, at least in the forms currently seen in the literature, seem less likely to give rise to cognitive synergy as their dynamics tend to be simpler. And hybrid systems, as we shall see, are somewhat diverse in this regard: some rely heavily on cognitive synergies and others consist of more loosely coupled components.

We now review the DeSTIN emergentist architecture in more detail, and then turn to the developmental robotics architectures.

## *4.3.1 DeSTIN: A Deep Reinforcement Learning Approach to AGI*

The DeSTIN architecture, created by Itamar Arel and his colleagues, addresses the problem of general intelligence using hierarchical spatiotemporal networks designed to enable scalable perception, state inference and reinforcement-learning-guided action in real-world environments. DeSTIN has been developed with the plan of gradually extending it into a complete system for humanoid robot control, founded on the same qualitative information-processing principles as the human brain (though without striving for detailed biological realism). However, the practical work with DeSTIN to date has focused on visual and auditory processing; and in the context of the present proposal, the intention is to utilize DeSTIN for perception and actuation oriented processing, hybridizing it with CogPrime which will handle abstract cognition and language. Here we will discuss DeSTIN primarily in the perception context, only briefly mentioning the application to actuation which is conceptually similar.

In DeSTIN (see Figure 4.4), perception is carried out by a deep spatiotemporal inference network, which is connected to a similarly architected critic network that provides feedback on the inference network's performance, and an action network that controls actuators based on the activity in the inference network (Figure 4.5 depicts a standard action hierarchy, of which the hierarchy in DeSTIN is an example). The nodes in these networks perform probabilistic pattern recognition according to algorithms to be described below; and the nodes in each of the networks may receive states of nodes in the other networks as inputs, providing rich interconnectivity and synergetic dynamics.

### 4.3.1.1 Deep versus Shallow Learning for Perceptual Data Processing

The most critical feature of DeSTIN is its uniquely robust approach to modeling the world based on perceptual data. Mimicking the efficiency and robustness by which the human brain analyzes and represents information has been a core challenge in AI research for decades. For instance, humans are exposed to massive amounts of visual and auditory data every second of every day, and are somehow able to capture critical aspects of it in a way that allows for appropriate future recollection and action selection. For decades, it has been known that the

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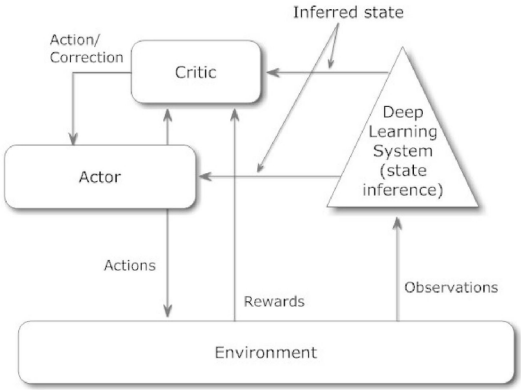


Fig. 4.4: High-level architecture of DeSTIN

brain is a massively parallel fabric, in which computation processes and memory storage are highly distributed. But massive parallelism is not in itself a solution – one also needs the right architecture; which DeSTIN provides, building on prior work in the area of deep learning.

Humanlike intelligence is heavily adapted to the physical environments in which humans evolved; and one key aspect of sensory data coming from our physical environments is its **hierarchical** structure. However, most machine learning and pattern recognition systems are "shallow" in structure, not explicitly incorporating the hierarchical structure of the world in their architecture. In the context of perceptual data processing, the practical result of this is the need to couple each shallow learner with a pre-processing stage, wherein high-dimensional sensory signals are reduced to a lower-dimension feature space that can be understood by the shallow learner. The hierarchical structure of the world is thus crudely captured in the hierarchy of "preprocessor plus shallow learner." In this sort of approach, much of the intelligence of the system shifts to the feature extraction process, which is often imperfect and always application-domain specific.

Deep machine learning has emerged as a more promising framework for dealing with complex, high-dimensional real-world data. Deep learning systems possess a hierarchical structure that intrinsically biases them to recognize the hierarchical patterns present in real-world data. Thus, they hierarchically form a feature space that is driven by regularities in the observations, rather than by hand-crafted techniques. They also offer robustness to many of the distortions and transformations that characterize real-world signals, such as noise, displacement, scaling, etc.

Deep belief networks [HOT06] and Convolutional Neural Networks [LBDE90] have been demonstrated to successfully address pattern inference in high dimensional data (e.g. images). They owe their success to their underlying paradigm of partitioning large data structures into smaller, more manageable units, and discovering the dependencies that may or may not exist

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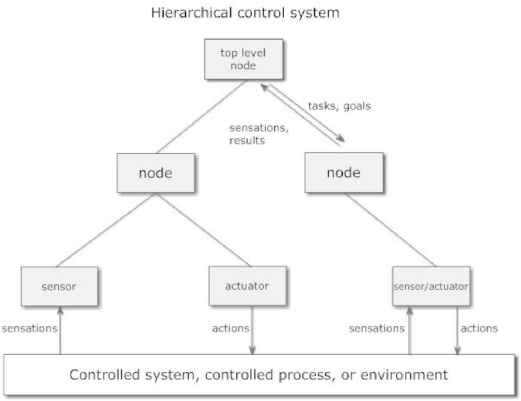


Fig. 4.5: A standard, general-purpose hierarchical control architecture. DeSTIN's control hierarchy exemplifies this architecture, with the difference lying mainly in the DeSTIN control hierarchy's tight integration with the state inference (perception) and critic (reinforcement) hierarchies.

between such units. However, this paradigm has its limitations; for instance, these approaches do not represent temporal information with the same ease as spatial structure. Moreover, some key constraints are imposed on the learning schemes driving these architectures, namely the need for layer-by-layer training, and oftentimes pre-training. DeSTIN overcomes the limitations of prior deep learning approaches to perception processing, and also extends beyond perception to action and reinforcement learning.

#### 4.3.1.2 DeSTIN for Perception Processing

The hierarchical architecture of DeSTIN's spatiotemporal inference network comprises an arrangement into multiple layers of "nodes" comprising multiple instantiations of an identical cortical circuit. Each node corresponds to a particular spatiotemporal region, and uses a statistical learning algorithm to characterize the sequences of patterns that are presented to it by nodes in the layer beneath it. More specifically,

- At the very lowest layer of the hierarchy nodes receive as input raw data (e.g. pixels of an image) and continuously construct a belief state that attempts to characterize the sequences of patterns viewed.

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- The second layer, and all those above it, receive as input the belief states of nodes at their corresponding lower layers, and attempt to construct belief states that capture regularities in their inputs.
- Each node also receives as input the belief state of the node above it in the hierarchy (which constitutes "contextual" information)

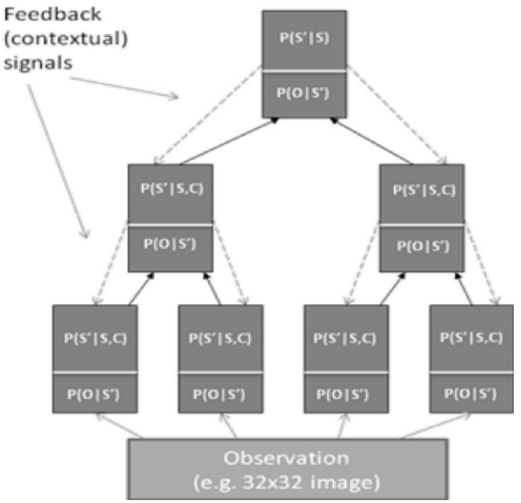


Fig. 4.6: Small-scale instantiation of the DeSTIN perceptual hierarchy. Each box represents a node, which corresponds to a spatiotemporal region (nodes higher in the hierarchy corresponding to larger regions). $O$ denotes the current observation in the region, $C$ is the state of the higher-layer node, and $S$ and $S'$ denote state variables pertaining to two subsequent time steps. In each node, a statistical learning algorithm is used to predict subsequent states based on prior states, current observations, and the state of the higher-layer node.

More specifically, each of the DeSTIN nodes, referring to a specific spacetime region, contains a set of state variables conceived as clusters, each corresponding to a set of previously-observed sequences of events. These clusters are characterized by centroids (and are hence assumed roughly spherical in shape), and each of them comprises a certain "spatiotemporal form" recognized by the system in that region. Each node then contains the task of predicting the likelihood of a certain centroid being most apropos in the near future, based on the past history of observations in the node. This prediction may be done by simple probability tabulation, or via

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application of supervised learning algorithms such as recurrent neural networks. These clustering and prediction processes occur separately in each node, but the nodes are linked together via bidirectional dynamics: each node feeds input to its parents, and receives "advice" from its parents that is used to condition its probability calculations in a contextual way.

These processes are executed formally by the following basic belief update rule, which governs the learning process and is identical for every node in the architecture. The belief state is a probability mass function over the sequences of stimuli that the nodes learns to represent. Consequently, each node is allocated a predefined number of state variables each denoting a dynamic pattern, or sequence, that is autonomously learned. The DeSTIN update rule maps the current observation ($o$), belief state ($b$), and the belief state of a higher-layer node or context ($c$), to a new (updated) belief state ($b'$), such that

$$b'(s') = \Pr(s'|o,b,c) = \frac{\Pr(s' \cap o \cap b \cap c)}{\Pr(o \cap b \cap c)}, \tag{4.1}$$

alternatively expressed as

$$b'(s') = \frac{\Pr(o|s',b,c)\Pr(s'|b,c)\Pr(b,c)}{\Pr(o|b,c)\Pr(b,c)}. \tag{4.2}$$

Under the assumption that observations depend only on the true state, or $\Pr(o|s',b,c) = \Pr(o|s')$, we can further simplify the expression such that

$$b'(s') = \frac{\Pr(o|s')\Pr(s'|b,c)}{\Pr(o|b,c)}, \tag{4.3}$$

where $\Pr(s'|b,c) = \sum_{s \in S} \Pr(s'|s,c)\, b(s)$, yielding the belief update rule

$$b'(s') = \frac{\Pr(o|s') \sum_{s \in S} \Pr(s'|s,c)\, b(s)}{\sum_{s'' \in S} \Pr(o|s'') \sum_{s \in S} \Pr(s''|s,c)\, b(s)}, \tag{4.4}$$

where $S$ denotes the sequence set (i.e. belief dimension) such that the denominator term is a normalization factor.

One interpretation of eq. (4.4) would be that the static pattern similarity metric, $\Pr(o|s')$, is modulated by a construct that reflects the system dynamics, $\Pr(s'|s,c)$. As such, the belief state inherently captures both spatial and temporal information. In our implementation, the belief state of the parent node, $c$, is chosen using the selection rule

$$c = \arg\max_{s} b_p(s), \tag{4.5}$$

where $b_p$ is the belief distribution of the parent node.

A close look at eq. (4.4) reveals that there are two core constructs to be learned, $\Pr(o|s')$ and $\Pr(s'|s,c)$. In the current DeSTIN design, the former is learned via online clustering while the latter is learned based on experience by inductively learning a rule that predicts the next state $s'$ given the prior state $s$ and $c$.

The overall result is a robust framework that autonomously (i.e. with no human engineered pre-processing of any type) learns to represent complex data patterns, and thus serves the

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critical role of building and maintaining a model of the state of the world. In a vision processing context, for example, it allows for powerful unsupervised classification. If shown a variety of real-world scenes, it will automatically form internal structures corresponding to the various natural categories of objects shown in the scenes, such as trees, chairs, people, etc.; and also the various natural categories of events it sees, such as reaching, pointing, falling. And, as will be discussed below, it can use feedback from DeSTIN's action and critic networks to further shape its internal world-representation based on reinforcement signals.

Benefits of DeSTIN for Perception Processing

DeSTIN's perceptual network offers multiple key attributes that render it more powerful than other deep machine learning approaches to sensory data processing:

1. The belief space that is formed across the layers of the perceptual network inherently captures both *spatial and temporal regularities* in the data. Given that many applications require that temporal information be discovered for robust inference, this is a key advantage over existing schemes.
2. Spatiotemporal regularities in the observations are captured in a coherent manner (rather than being represented via two separate mechanisms)
3. All processing is both top-down and bottom-up, and both hierarchical and heterarchical, based on nonlinear feedback connections directing activity and modulating learning in multiple directions through DeSTIN's cortical circuits
4. Support for multi-modal fusing is intrinsic within the framework, yielding a powerful state inference system for real-world, partially-observable settings.
5. Each node is identical, which makes it easy to map the design to massively parallel platforms, such as graphics processing units.

Points 2-4 in the above list describe how DeSTIN's perceptual network displays its own "cognitive synergy" in a way that fits naturally into the overall synergetic dynamics of the overall CogPrime architecture. Using this cognitive synergy, DeSTIN's perceptual network addresses a key aspect of general intelligence: the ability to robustly infer the state of the world, with which the system interacts, in an accurate and timely manner.

#### 4.3.1.3 DeSTIN for Action and Control

DeSTIN's perceptual network performs unsupervised world-modeling, which is a critical aspect of intelligence but of course is not the whole story. DeSTIN's action network, coupled with the perceptual network, orchestrates actuator commands into complex movements, but also carries out other functions that are more cognitive in nature.

For instance, people learn to distinguish between cups and bowls in part via hearing other people describe some objects as cups and others as bowls. To emulate this kind of learning, DeSTIN's critic network provides positive or negative reinforcement signals based on whether the action network has correctly identified a given object as a cup or a bowl, and this signal then impacts the nodes in the action network. The critic network takes a simple external "degree of success or failure" signal and turns it into multiple reinforcement signals to be fed into the multiple layers of the action network. The result is that the action network self-organizes so

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as to include an implicit "cup versus bowl" classifier, whose inputs are the outputs of some of the nodes in the higher levels of the perceptual network. This classifier belongs in the action network because it is part of the procedure by which the DeSTIN system carries out the action of identifying an object as a cup or a bowl.

This example illustrates how the learning of complex concepts and procedures is divided fluidly between the perceptual network, which builds a model of the world in an unsupervised way, and the action network, which learns how to respond to the world in a manner that will receive positive reinforcement from the critic network.

### *4.3.2 Developmental Robotics Architectures*

A particular subset of emergentist cognitive architectures are sufficiently important that we consider them separately here: these are *developmental robotics* architectures, focused on controlling robots without significant "hard-wiring" of knowledge or capabilities, allowing robots to learn (and learn how to learn, etc.) via their engagement with the world. A significant focus is often placed here on "intrinsic motivation," wherein the robot explores the world guided by internal goals like novelty or curiosity, forming a model of the world as it goes along, based on the modeling requirements implied by its goals. Many of the foundations of this research area were laid by Juergen Schmidhuber's work in the 1990s [Sch91b, Sch91a, Sch95, Sch02], but now with more powerful computers and robots the area is leading to more impressive practical demonstrations.

We mention here a handful of the important initiatives in this area:

- Juyang Weng's **Dav** [HZT+02] and **SAIL** [WHZ+00] projects involve mobile robots that explore their environments autonomously, and learn to carry out simple tasks by building up their own world-representations through both unsupervised and teacher-driven processing of high-dimensional sensorimotor data. The underlying philosophy is based on human child development [WH06], the knowledge representations involved are neural network based, and a number of novel learning algorithms are involved, especially in the area of vision processing.
- **FLOWERS** [BO09], an initiative at the French research institute INRIA, led by Pierre-Yves Oudeyer, is also based on a principle of trying to reconstruct the processes of development of the human child's mind, spontaneously driven by intrinsic motivations. Kaplan [Kap08] has taken this project in a direction closely related to our own via the creation of a "robot playroom." Experiential language learning has also been a focus of the project [OK06], driven by innovations in speech understanding.
- **IM-CLEVER**[1], a new European project coordinated by Gianluca Baldassarre and conducted by a large team of researchers at different institutions, is focused on creating software enabling an iCub [MSV+08] humanoid robot to explore the environment and learn to carry out human childlike behaviors based on its own intrinsic motivations. As this project is the closest to our own we will discuss it in more depth below.

Like CogPrime, IM-CLEVER is a humanoid robot intelligence architecture guided by intrinsic motivations, and using hierarchical architectures for reinforcement learning and sensory ab-

[1] `http://im-clever.noze.it/project/project-description`

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straction. IM-CLEVER's motivational structure is based in part on Schmidhuber's information-theoretic model of curiosity [Sch06]; and CogPrime's Psi-based motivational structure utilizes probabilistic measures of novelty, which are mathematically related to Schmidhuber's measures. On the other hand, IM-CLEVER's use of reinforcement learning follows Schmidhuber's earlier work RL for cognitive robotics [BS04, BZGS06], Barto's work on intrinsically motivated reinforcement learning [SB06, SM05], and Lee's [LMC07b, LMC07a] work on developmental reinforcement learning; whereas CogPrime's assemblage of learning algorithms is more diverse, including probabilistic logic, concept blending and other symbolic methods (in the OCP component) as well as more conventional reinforcement learning methods (in the DeSTIN component).

In many respects IM-CLEVER bears a moderately strong resemblance to DeSTIN, whose integration with CogPrime is discussed in Chapter 26 of Part 2 (although IM-CLEVER has much more focus on biological realism than DeSTIN). Apart from numerous technical differences, the really big distinction between IM-CLEVER and CogPrime is that in the latter we are proposing to hybridize a hierarchical-abstraction/reinforcement-learning system (such as DeSTIN) with a more abstract symbolic cognition engine that explicitly handles probabilistic logic and language. IM-CLEVER lacks the aspect of hybridization with a symbolic system, taking more of a pure emergentist strategy. Like DeSTIN considered as a standalone architecture IM-CLEVER does entail a high degree of cognitive synergy, between components dealing with perception, world-modeling, action and motivation. However, the "emergentist versus hybrid" is a large qualitative difference between the two approaches.

In all, while we largely agree with the philosophy underlying developmental robotics, our intuition is that the learning and representational mechanisms underlying the current systems in this area are probably not powerful enough to lead to human child level intelligence. We expect that these systems will develop interesting behaviors but fall short of robust preschool level competency, especially in areas like language and reasoning where symbolic systems have typically proved more effective. This intuition is what impels us to pursue a hybrid approach, such as CogPrime. But we do feel that eventually, once the mechanisms underlying brains are better understood and robotic bodies are richer in sensation and more adept in actuation, some sort of emergentist, developmental-robotics approach can be successful at creating humanlike, human-level AGI.

## 4.4 Hybrid Cognitive Architectures

In response to the complementary strengths and weaknesses of the symbolic and emergentist approaches, in recent years a number of researchers have turned to integrative, hybrid architectures, which combine subsystems operating according to the two different paradigms. The combination may be done in many different ways, e.g. connection of a large symbolic subsystem with a large subsymbolic system, or the creation of a population of small agents each of which is both symbolic and subsymbolic in nature.

Nils Nilsson expressed the motivation for hybrid AGI systems very clearly in his article at the AI-50 conference (which celebrated the 50'th anniversary of the AI field) [Nil09]. While affirming the value of the Physical Symbol System Hypothesis that underlies symbolic AI, he argues that "the PSSH explicitly assumes that, whenever necessary, symbols will be grounded in objects in the environment through the perceptual and effector capabilities of a physical symbol system." Thus, he continues,

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*"I grant the need for non-symbolic processes in some intelligent systems, but I think they supplement rather than replace symbol systems. I know of no examples of reasoning, understanding language, or generating complex plans that are best understood as being performed by systems using exclusively non-symbolic processes....*

*AI systems that achieve human-level intelligence will involve a combination of symbolic and non-symbolic processing."*

A few of the more important hybrid cognitive architectures are:

- **CLARION** [SZ04] is a hybrid architecture that combines a symbolic component for reasoning on "explicit knowledge" with a connectionist component for managing "implicit knowledge." Learning of implicit knowledge may be done via neural net, reinforcement learning, or other methods. The integration of symbolic and subsymbolic methods is powerful, but a great deal is still missing such as episodic knowledge and learning and creativity. Learning in the symbolic and subsymbolic portions is carried out separately rather than dynamically coupled, minimizing "cognitive synergy" effects.
- **DUAL** [NK04] is the most impressive system to come out of Marvin Minsky's "Society of Mind" paradigm. It features a population of agents, each of which combines symbolic and connectionist representation, self-organizing to collectively carry out tasks such as perception, analogy and associative memory. The approach seems innovative and promising, but it is unclear how the approach will scale to high-dimensional data or complex reasoning problems due to the lack of a more structured high-level cognitive architecture.
- **LIDA** [BF09] is a comprehensive cognitive architecture heavily based on Bernard Baars' "Global Workspace Theory". It articulates a "cognitive cycle" integrating various forms of memory and intelligent processing in a single processing loop. The architecture ties in well with both neuroscience and cognitive psychology, but it deals most thoroughly with "lower level" aspects of intelligence, handling more advanced aspects like language and reasoning only somewhat sketchily. There is a clear mapping between LIDA structures and processes and corresponding structures and processing in OCP; so that it's only a mild stretch to view CogPrime as an instantiation of the general LIDA approach that extends further both in the lower level (to enable robot action and sensation via DeSTIN) and the higher level (to enable advanced language and reasoning via OCP mechanisms that have no direct LIDA analogues).
- **MicroPsi** [Bac09] is an integrative architecture based on Dietrich Dorner's Psi model of motivation, emotion and intelligence. It has been tested on some practical control applications, and also on simulating artificial agents in a simple virtual world. MicroPsi's comprehensiveness and basis in neuroscience and psychology are impressive, but in the current version of MicroPsi, learning and reasoning are carried out by algorithms that seem unlikely to scale. OCP incorporates the Psi model for motivation and emotion, so that MicroPsi and CogPrime may be considered very closely related systems. But similar to LIDA, MicroPsi currently focuses on the "lower level" aspects of intelligence, not yet directly handling advanced processes like language and abstract reasoning.
- **PolyScheme** [Cas07] integrates multiple methods of representation, reasoning and inference schemes for general problem solving. Each Polyscheme "specialist" models a different aspect of the world using specific representation and inference techniques, interacting with other specialists and learning from them. Polyscheme has been used to model infant reasoning including object identity, events, causality, and spatial relations. The integration of

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reasoning methods is powerful, but the overall cognitive architecture is simplistic compared to other systems and seems focused more on problem-solving than on the broader problem of intelligent agent control.

- **Shruti** [SA93] is a fascinating biologically-inspired model of human reflexive inference, which represents in connectionist architecture relations, types, entities and causal rules using focal-clusters. However, much like Hofstadter's earlier Copycat architecture [Hof95], Shruti seems more interesting as a prototype exploration of ideas than as a practical AGI system; at least, after a significant time of development it has not proved significantly effective in any applications
- James Albus's **4D/RCS** robotics architecture shares a great deal with some of the emergentist architectures discussed above, e.g. it has the same hierarchical pattern recognition structure as DeSTIN and HTM, and the same three cross-connected hierarchies as DeSTIN, and shares with the developmental robotics architectures a focus on real-time adaptation to the structure of the world. However, 4D/RCS is not foundationally learning-based but relies on hard-wired architecture and algorithms, intended to mimic the qualitative structure of relevant parts of the brain (and intended to be *augmented* by learning, which differentiates it from emergentist approaches.

As our own CogPrime approach is a hybrid architecture, it will come as no surprise that we believe several of the existing hybrid architectures are fundamentally going in the right direction. However, nearly all the existing hybrid architectures have severe shortcomings which we feel will prevent them from achieving robust humanlike AGI.

Many of the hybrid architectures are in essence "multiple, disparate algorithms carrying out separate functions, encapsulated in black boxes and communicating results with each other." For instance, PolyScheme, ACT-R and CLARION all display this "modularity" property to a significant extent. These architectures lack the rich, real-time interaction between the *internal dynamics* of various memory and learning processes that we believe is critical to achieving humanlike general intelligence using realistic computational resources. On the other hand, those architectures that feature richer integration – such as DUAL, Shruti, LIDA and MicroPsi – have the flaw of relying (at least in their current versions) on overly simplistic learning algorithms, which drastically limits their scalability.

It does seem plausible to us that some of these hybrid architectures could be dramatically extended or modified so as to produce humanlike general intelligence. For instance, one could replace LIDA's learning algorithms with others that interrelate with each other in a nuanced synergetic way; or one could replace MicroPsi's simple learning and reasoning methods with much more powerful and scalable ones acting on the same data structures. However, making these changes would dramatically alter the cognitive architectures in question on multiple levels.

### *4.4.1 Neural versus Symbolic; Global versus Local*

The "symbolic versus emergentist" dichotomy that we have used to structure our review of cognitive architectures is not absolute nor fully precisely defined; it is more of a heuristic distinction. In this section, before plunging into the details of particular hybrid cognitive architectures, we review two other related dichotomies that are useful for understanding hybrid systems: *neural versus symbolic* systems, and *globalist versus localist* knowledge representation.

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#### 4.4.1.1 Neural-Symbolic Integration

The distinction between neural and symbolic systems has gotten fuzzier and fuzzier in recent years, with developments such as

- Logic-based systems being used to control embodied agents (hence using logical terms to deal with data that is apparently perception or actuation-oriented in nature, rather than being symbolic in the semiotic sense), see [SS03a] and [GMIH08].
- Hybrid systems combining neural net and logical parts, or using logical or neural net components interchangeably in the same role [LAon].
- Neural net systems being used for strongly symbolic tasks such as automated grammar learning ([Elm91], [Elm91], plus more recent work.)

Figure 4.7 presents a schematic diagram of a generic neural-symbolic system, generalizing from [BH05], a paper that gives an elegant categorization of neural-symbolic AI systems. Figure 4.8 depicts several broad categories of neural-symbolic architecture.

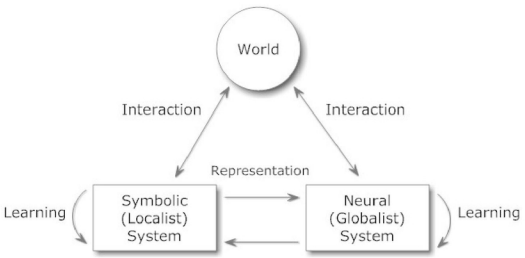


Fig. 4.7: Generic neural-symbolic architecture

Bader and Hitzler categorize neural-symbolic systems according to three orthogonal axes: interrelation, language and usage. "Language" refers to the type of language used in the symbolic component, which may be logical, automata-based, formal grammar-based, etc. "Usage" refers to the purpose to which the neural-symbolic interrelation is put. We tend to use "learning" as an encompassing term for all forms of ongoing knowledge-creation, whereas Bader and Hitzler distinguish learning from reasoning.

Of Bader and Hitzler's three axes the one that interests us most here is "interrelation", which refers to the way the neural and symbolic components of the architecture intersect with each other. They distinguish "hybrid" architectures which contain separate but equal, interacting neural and symbolic components; versus "integrative" architectures in which the symbolic component essentially rides piggyback on the neural component, extracting information from it and helping it carry out its learning, but playing a clearly derived and secondary role. We prefer Sun's (2001) term "monolithic" to Bader and Hitzler's "integrative" to describe this type of system, as the latter term seems best preserved in its broader meaning.

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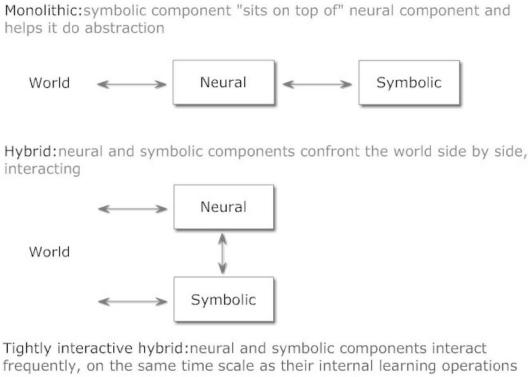


Fig. 4.8: Broad categories of neural-symbolic architecture

Within the scope of hybrid neural-symbolic systems, there is another axis which Bader and Hitzler do not focus on, because the main interest of their review is in monolithic systems. We call this axis "interactivity"', and what we are referring to is the frequency of high-information-content, high-influence interaction between the neural and symbolic components in the hybrid system. In a low-interaction hybrid system, the neural and symbolic components don't exchange large amounts of mutually influential information all that frequently, and basically act like independent system components that do their learning/reasoning/thinking periodically sending each other their conclusions. In some cases, interaction may be asymmetric: one component may frequently send a lot of influential information to the other, but not vice versa. However, our hypothesis is that the most capable neural-symbolic systems are going to be the symmetrically highly interactive ones.

In a symmetric high-interaction hybrid neural-symbolic system, the neural and symbolic components exchange influential information sufficiently frequently that each one plays a major role in the other one's learning/reasoning/thinking processes. Thus, the learning processes of each component must be considered as part of the overall dynamic of the hybrid system. The two components aren't just feeding their outputs to each other as inputs, they're mutually guiding each others' internal processing.

One can make a speculative argument for the relevance of this kind of architecture to neuroscience. It seems plausible that this kind of neural-symbolic system roughly emulates the kind of interaction that exists between the brain's neural subsystems implementing localist symbolic processing, and the brain's neural subsystems implementing globalist, classically "connectionist" processing. It seems most likely that, in the brain, symbolic functionality emerges from an underlying layer of neural dynamics. However, it is also reasonable to conjecture that this symbolic functionality is confined to a functionally distinct subsystem of the brain, which then

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interacts with other subsystems in the brain much in the manner that the symbolic and neural components of a symmetric high-interaction neural-symbolic system interact.

Neuroscience speculations aside, however, our key conjecture regarding neural-symbolic integration is that this sort of neural-symbolic system presents a promising direction for artificial general intelligence research. In Chapter 26 of Volume 2 we will give a more concrete idea of what a symmetric high-interaction hybrid neural-symbolic architecture might look like, exploring the potential for this sort of hybridization between the OpenCogPrime AGI architecture (which is heavily symbolic in nature) and hierarchical attractor neural net based architectures such as DeSTIN.

## 4.5 Globalist versus Localist Representations

Another interesting distinction, related to but different from "symbolic versus emergentist" and "neural versus symbolic", may be drawn between cognitive systems (or subsystems) where memory is essentially **global**, and those where memory is essentially **local**. In this section we will pursue this distinction in various guises, along with the less familiar notion of **glocal memory**.

This globalist/localist distinction is most easily conceptualized by reference to memories corresponding to categories of entities or events in an external environment. In an AI system that has an internal notion of "activation" – i.e. in which some of its internal elements are more active than others, at any given point in time – one can define the *internal image* of an external event or entity as the fuzzy set of internal elements that tend to be active when that event or entity is presented to the system's sensors. If one has a particular set S of external entities or events of interest, then, the *degree of memory localization* of such an AI system relative to S may be conceived as the percentage of the system's internal elements that have a high degree of membership in the internal image of an average element of S.

Of course, this characterization of localization has its limitations, such as the possibility of ambiguity regarding what are the "system elements" of a given AI system; and the exclusive focus on internal images of external phenomena rather than representation of internal abstract concepts. However, our goal here is not to formulate an ultimate, rigorous and thorough ontology of memory systems, but only to pose a "rough and ready" categorization so as to properly frame our discussion of some specific AGI issues relevant to CogPrime. Clearly the ideas pursued here will benefit from further theoretical exploration and elaboration.

In this sense, a Hopfield neural net [Ami89] would be considered "globalist" since it has a low degree of memory localization (most internal images heavily involve a large number of system elements); whereas Cyc would be considered "localist" as it has a very high degree of memory localization (most internal images are heavily focused on a small set of system elements).

However, although Hopfield nets and Cyc form handy examples, the "globalist vs. localist" distinction as described above is not identical to the "neural vs. symbolic" distinction. For it is in principle quite possible to create localist systems using formal neurons, and also to create globalist systems using formal logic. And "globalist-localist" is not quite identical to "symbolic vs emergentist" either, because the latter is about coordinated system dynamics and behavior not just about knowledge representation. CogPrime combines both symbolic and (loosely) neural representations, and also combines globalist and localist representations in a way that we will call "glocal" and analyze more deeply in Chapter 13; but there are many other ways these various

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properties could be manifested by AI systems. Rigorously studying the corpus of existing (or hypothetical!) cognitive architectures using these ideas would be a large task, which we do not undertake here.

In the next sections we review several hybrid architectures in more detail, focusing most deeply on LIDA and MicroPsi which have been directly inspirational for CogPrime.

### *4.5.1 CLARION*

Ron Sun's CLARION architecture (see Figure 4.9) is interesting in its combination of symbolic and neural aspects – a combination that is used in a sophisticated way to embody the distinction and interaction between implicit and explicit mental processes. From a CLARION perspective, architectures like Soar and ACT-R are severely limited in that they deal only with explicit knowledge and associated learning processes.

CLARION consists of a number of distinct subsystems, each of which contains a dual representational structure, including a "rules and chunks" symbolic knowledge store somewhat similar to ACT-R, and a neural net knowledge store embodying implicit knowledge. The main subsystems are:

- An action-centered subsystem to control actions;
- A non-action-centered subsystem to maintain general knowledge;
- A motivational subsystem to provide underlying motivations for perception, action, and cognition;
- A meta-cognitive subsystem to monitor, direct, and modify the operations of all the other subsystems.

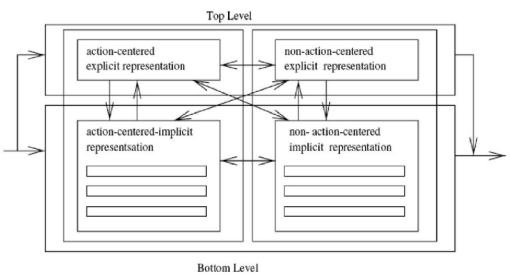


Fig. 4.9: The CLARION cognitive architecture.

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### 4.5.2 The Society of Mind and the Emotion Machine

In his influential but controversial book *The Society of Mind* [Min88], Marvin Minsky described a model of human intelligence as something that is built up from the interactions of numerous simple agents. He spells out in great detail how various particular cognitive functions may be achieved via agents and their interactions. He leaves no room for any central algorithms or structures of thought, famously arguing: "What magical trick makes us intelligent? The trick is that there is no trick. The power of intelligence stems from our vast diversity, not from any single, perfect principle."

This perspective was extended in the more recent work *The Emotion Machine* [Min07], where Minsky argued that emotions are "ways to think" evolved to handle different "problem types" that exist in the world. The brain is posited to have rule-based mechanisms (selectors) that turns on emotions to deal with various problems.

Overall, both of these works serve better as works of speculative cognitive science than as works of AI or cognitive architecture per se. As neurologist Richard Restak said in his review of *Emotion Machine*, "Minsky does a marvelous job parsing other complicated mental activities into simpler elements. ... But he is less effective in relating these emotional functions to what's going on in the brain." As Restak added, he is also not so effective at relating these emotional functions to straightforwardly implementable algorithms or data structures.

Push Singh, in his PhD thesis and followup work [SBC05], did the best job so far of creating a concrete AI design based on Minsky's ideas. While Singh's system was certainly interesting, it was also noteworthy for its lack of any learning mechanisms, and its exclusive focus on explicit rather than implicit knowledge. Due to Singh's tragic death, his work was never brought anywhere near completion. It seems fair to say that there has not yet been a serious cognitive architecture posed based closely on Minsky's ideas.

### 4.5.3 DUAL

The closest thing to a Minsky-ish cognitive architecture is probably DUAL, which takes the Society of Mind concept and adds to it a number of other interesting ideas. DUAL integrates symbolic and connectionist approaches at a deeper level than CLARION, and has been used to model various cognitive functions such as perception, analogy and judgment. Computations in DUAL emerge from the self-organized interaction of many micro-agents, each of which is a hybrid symbolic/connectionist device. Each DUAL agent plays the role of a neural network node, with an activation level and activation spreading dynamics; but also plays the role of a symbol, manipulated using formal rules. The agents exchange messages and activation via links that can be learned and modified, and they form coalitions which collectively represent concepts, episodes, and facts.

The structure of the model is sketchily depicted in Figure 4.10, which covers the application of DUAL to a toy environment called TextWorld. The visual input corresponding to a stimulus is presented on a two-dimensional visual array representing the front end of the system. Perceptual primitives like blobs and terminations are immediately generated by cheap parallel computations. Attention is controlled at each time by an object which allocates it selectively to some area of the stimulus. A detailed symbolic representation is constructed for this area which tends to fade away as attention is withdrawn from it and allocated to another one. Cate-

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gorization of visual memory contents takes place by retrieving object and scene categories from DUAL's semantic memory and mapping them onto current visual memory representations.

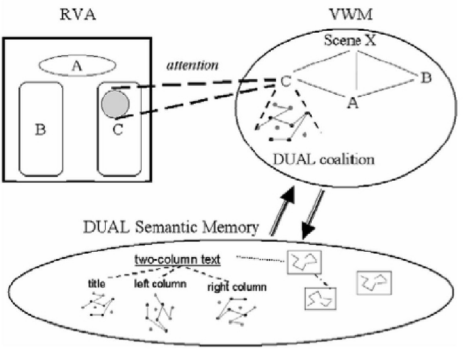


Fig. 4.10: The three main components of the DUAL model: the retinotopic visual array (RVA), the visual working memory (VWM) and DUAL's semantic memory. Attention is allocated to an area of the visual array by the object in VWM controlling attention, while scene and object categories corresponding to the contents of VWM are retrieved from the semantic memory.

In principle the DUAL framework seems quite powerful; using the language of CogPrime, however, it seems to us that the learning mechanisms of DUAL have not been formulated in such a way as to give rise to powerful, scalable cognitive synergy. It would likely be possible to create very powerful AGI systems within DUAL, and perhaps some very CogPrime -like systems as well. But the systems that have been created or designed for use within DUAL so far seem not to be that powerful in their potential or scope.

### *4.5.4 4D/RCS*

In a rather different direction, James Albus, while at the National Bureau of Standards, developed a very thorough and impressive architecture for intelligent robotics called 4D/RCS, which was implemented in a number of machines including unmanned automated vehicles. This architecture lacks critical aspects of intelligence such as learning and creativity, but combines perception, action, planning and world-modeling in a highly effective and tightly-integrated fashion.

The architecture has three hierarchies of memory/processing units: one for perception, one for action and one for modeling and guidance. Each unit has a certain spatiotemporal scope,

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and (except for the lowest level) supervenes over children whose spatiotemporal scope is a subset of its own. The action hierarchy takes care of decomposing tasks into subtasks; whereas the sensation hierarchy takes care of grouping signals into entities and events. The modeling/guidance hierarchy mediates interactions between perception and action based on its understanding of the world and the system's goals.

In his book [AM01] Albus describes methods for extending 4D/RCS into a complete cognitive architecture, but these extensions have not been elaborated in full detail nor implemented.

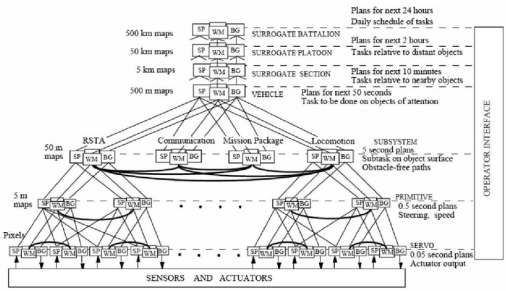


Fig. 4.11: Albus's 4D-RCS architecture for a single vehicle

### *4.5.5 PolyScheme*

Nick Cassimatis's PolyScheme architecture [Cas07] shares with GLAIR the use of multiple logical reasoning methods on a common knowledge store. While its underlying ideas are quite general, currently PolyScheme is being developed in the context of the "object tracking" domain (construed very broadly). As a logic framework PolyScheme is fairly conventional (unlike GLAIR or NARS with their novel underlying formalisms), but PolyScheme has some unique conceptual aspects, for instance its connection with Cassimatis's theory of mind, which holds that the same core set of logical concepts and relationships underlies both language and physical reasoning [Cas04]. This ties in with the use of a common knowledge store for multiple cognitive processes; for instance it suggests that

- the same core relationships can be used for physical reasoning and parsing, but that each of these domains may involve some additional relationships.
- language processing may be done via physical-reasoning-based cognitive processes, plus the additional activity of some language-specific processes

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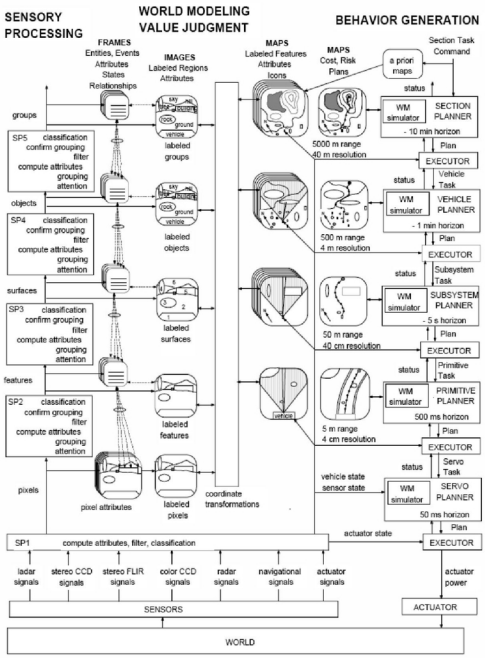


Fig. 4.12: Albus's perceptual, motor and modeling hierarchies

### *4.5.6 Joshua Blue*

Sam Adams and his colleagues at IBM have created a cognitive architecture called Joshua Blue [AABL02], which has some significant similarities to CogPrime. Similar to our current research direction with CogPrime, Joshua Blue was created with loose emulation of child cognitive development in mind; and, also similar to CogPrime, it features a number of cognitive processes acting on a common neural-symbolic knowledge store. The specific cognitive processes involved in Joshua Blue and CogPrime are not particularly similar, however. At time of writing (2012)

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Joshua Blue is not under active development and has not been for some time; however, the project may be reanimated in future.

Joshua Blue's core knowledge representation is a semantic network of nodes connected by links along which activation spreads. Although many of the nodes have specific semantic referents, as in a classical semantic net, the spread of activation through the network is designed to lead to the emergence of "assemblies" (which could also be thought of as dynamical attractors) in a manner more similar to an attractor neural network.

A major difference from typical semantic or neural network models is the central role that affect plays in the system's dynamics. The weights of the links in the knowledge base are adjusted dynamically based on the emotional context – a very direct way of ensuring that cognitive processes and mental representations are continuously influenced by affect. Qualitatively, this mimics the way that particular emotions in the human brain correlate with the dissemination throughout the brain of particular neurotransmitters, which then affect synaptic activity.

A result of this architecture is that in Joshua Blue, emotion directs attention in a very direct way: affective weighting is important in determining which associated objects will become part of the focus of attention, or will be retained from memory. A notable similarity between CogPrime and Joshua Blue is that in both systems, nodes are assigned two quantitative attention values, one governing allocation of current system resources (mainly processor time; this is CogPrime's ShortTermImportance) and one governing the long-term allocation of memory (CogPrime's LongTermImportance).

The concrete work done with Joshua Blue involved using it to control a simple agent in a simulated world, with the goal that via human interaction, the agent would develop a complex and humanlike emotional and motivational structure from its simple in-built emotions and drives, and would then develop complex cognitive capabilities as part of this development process.

### *4.5.7 LIDA*

The LIDA architecture developed by Stan Franklin and his colleagues [BF09] is based on the concept of the "cognitive cycle" - a notion that is important to nearly every BICA (Biologically Inspired Cognitive Architectures) and also to the brain, but that plays a particularly central role in LIDA. As Franklin says, "as a matter of principle, every autonomous agent, be it human, animal, or artificial, must frequently sample (sense) its environment, process (make sense of) this input, and select an appropriate response (action). The agent's "life" can be viewed as consisting of a continual sequence of iterations of these cognitive cycles. Such cycles constitute the indivisible elements of attention, the least sensing and acting to which we can attend. A cognitive cycle can be thought of as a moment of cognition, a cognitive "moment"."

### *4.5.8 The Global Workspace*

LIDA is heavily based on the "global workspace" concept developed by Bernard Baars. As this concept is also directly relevant to CogPrime it is worth briefly describing here.

In essence Baars' Global Workspace Theory (GWT) is a particular hypothesis about how working memory works and the role it plays in the mind. Baars conceives working memory as the

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"inner domain in which we can rehearse telephone numbers to ourselves or, more interestingly, in which we carry on the narrative of our lives. It is usually thought to include inner speech and visual imagery." Baars uses the term "consciousness" to refer to the contents of working memory – a theoretical commitment that is not part of the CogPrime design. In this section we will use the term "consciousness" in Baars' way, but not throughout the rest of the book.

Baars conceives working memory and consciousness in terms of a "theater metaphor" – according to which, in the "theater of consciousness" a "spotlight of selective attention" shines a bright spot on stage. The bright spot reveals the global workspace – the contents of consciousness, which may be metaphorically considered as a group of actors moving in and out of consciousness, making speeches or interacting with each other. The unconscious is represented by the audience watching the play ... and there is also a role for the director (the mind's executive processes) behind the scenes, along with a variety of helpers like stage hands, script writers, scene designers, etc.

GWT describes a fleeting memory with a duration of a few seconds. This is much shorter than the 10-30 seconds of classical working memory – according to GWT there is a very brief "cognitive cycle" in which the global workspace is refreshed, and the time period an item remains in working memory generally spans a large number of these elementary "refresh" actions. GWT contents are proposed to correspond to what we are conscious of, and are said to be broadcast to a multitude of unconscious cognitive brain processes. Unconscious processes, operating in parallel, can form coalitions which can act as input processes to the global workspace. Each unconscious process is viewed as relating to certain goals, and seeking to get involved with coalitions that will get enough importance to become part of the global workspace – because once they're in the global workspace they'll be allowed to broadcast out across the mind as a whole, which include broadcasting to the internal and external actuators that allow the mind to do things. Getting into the global workspace is a process's best shot at achieving its goals.

Obviously, the theater metaphor used to describe the GWT is evocative but limited; for instance, the unconscious in the mind does a lot more than the audience in a theater. The unconscious comes up with complex creative ideas sometimes, which feed into consciousness – almost as if the audience is also the scriptwriter. Baars' theory, with its understanding of unconscious dynamics in terms of coalition-building, fails to describe the subtle dynamics occurring within the various forms of long-term memory, which result in subtle nonlinear interactions between long term memory and working memory. But nevertheless, GWT successfully models a number of characteristics of consciousness, including its role in handling novel situations, its limited capacity, its sequential nature, and its ability to trigger a vast range of unconscious brain processes. It is the framework on which LIDA's theory of the cognitive cycle is built.

### *4.5.9 The LIDA Cognitive Cycle*

The simplest cognitive cycle is that of an animal, which senses the world, compares sensation to memory, and chooses an action, all in one fluid subjective moment. But the same cognitive cycle structure/process applies to higher-level cognitive processes as well. The LIDA architecture is based on the LIDA model of the cognitive cycle, which posits a particular structure underlying the cognitive cycle that possess the generality to encompass both simple and complex cognitive moments.

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The LIDA cognitive cycle itself is a theoretical construct that can be implemented in many ways, and indeed other BICAs like CogPrime and Psi also manifest the LIDA cognitive cycle in their dynamics, though utilizing different particular structures to do so.

Figure 4.13 shows the cycle pictorially, starting in the upper left corner and proceeding clockwise. At the start of a cycle, the LIDA agent perceives its current situation and allocates attention differentially to various parts of it. It then broadcasts information about the most important parts (which constitute the agent's consciousness), and this information gets features extracted from it, when then get passed along to episodic and semantic memory, that interact in the "global workspace" to create a model for the agent's current situation. This model then, in interaction with procedural memory, enables the agent to choose an appropriate action and execute it - the critical "action-selection" phase!

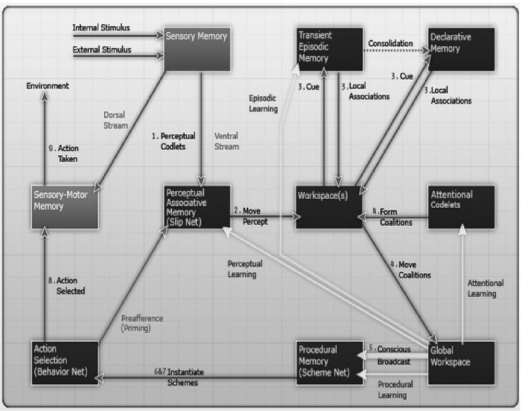


Fig. 4.13: The LIDA Cognitive Cycle

## The LIDA Cognitive Cycle in More Depth

[2]

We now run through the cognitive cycle in more detail. It begins with sensory stimuli from the agent's external internal environment. Low-level feature detectors in sensory memory begin the process of making sense of the incoming stimuli. These low-level features are passed to perceptual memory where higher-level features, objects, categories, relations, actions, situations,

[2] This section paraphrases heavily from [Fra06]

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etc. are recognized. These recognized entities, called percepts, are passed to the workspace, where a model of the agent's current situation is assembled.

Workspace structures serve as cues to the two forms of episodic memory, yielding both short and long term remembered local associations. In addition to the current percept, the workspace contains recent percepts that haven't yet decayed away, and the agent's model of the then-current situation previously assembled from them. The model of the agent's current situation is updated from the previous model using the remaining percepts and associations. This updating process will typically require looking back to perceptual memory and even to sensory memory, to enable the understanding of relations and situations. This assembled new model constitutes the agent's understanding of its current situation within its world. Via constructing the model, the agent has made sense of the incoming stimuli.

Now attention allocation comes into play, because a real agent lacks the computational resources to work with all parts of its world-model with maximal mental focus. Portions of the model compete for attention. These competing portions take the form of (potentially overlapping) coalitions of structures comprising parts the model. Once one such coalition wins the competition, the agent has decided what to focus its attention on.

And now comes the purpose of all this processing: to help the agent to decide what to do next. The winning coalition passes to the global workspace, the namesake of Global Workspace Theory, from which it is broadcast globally. Though the contents of this conscious broadcast are available globally, the primary recipient is procedural memory, which stores templates of possible actions including their context and possible results.

Procedural memory also stores an activation value for each such template – a value that attempts to measure the likelihood of an action taken within its context producing the expected result. It's worth noting that LIDA makes a rather specific assumption here. LIDA's "activation" values are like the probabilistic truth values of the implications in CogPrime's $Context \wedge Procedure \rightarrow Goal$ triples. However, in CogPrime this probability is not the same as the ShortTermImportance "attention value" associated with the Implication link representing that implication. Here LIDA merges together two concepts that in CogPrime are separate.

Templates whose contexts intersect sufficiently with the contents of the conscious broadcast instantiate copies of themselves with their variables specified to the current situation. These instantiations are passed to the action selection mechanism, which chooses a single action from these instantiations and those remaining from previous cycles. The chosen action then goes to sensorimotor memory, where it picks up the appropriate algorithm by which it is then executed. The action so taken affects the environment, and the cycle is complete.

The LIDA model hypothesizes that all human cognitive processing is via a continuing iteration of such cognitive cycles. It acknowledges that other cognitive processes may also occur, refining and building on the knowledge used in the cognitive cycle (for instance, the cognitive cycle itself doesn't mention abstract reasoning or creativity). But the idea is that these other processes occur in the context of the cognitive cycle, which is the main loop driving the internal and external activities of the organism.

#### 4.5.9.1 Avoiding Combinatorial Explosion via Adaptive Attention Allocation

LIDA avoids combinatorial explosions in its inference processes via two methods, both of which are also important in CogPrime :

- combining reasoning via association with reasoning via deduction

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- foundational use of uncertainty in reasoning

One can create an analogy between LIDA's workspace structures and codelets and a logic-based architecture's assertions and functions. However, LIDA's codelets only operate on the structures that are active in the workspace during any given cycle. This includes recent perceptions, their closest matches in other types of memory, and structures recently created by other codelets. The results with the highest estimate of success, i.e. activation, will then be selected.

Uncertainty plays a role in LIDA's reasoning in several ways, most notably through the base activation of its behavior codelets, which depend on the model's estimated probability of the codelet's success if triggered. LIDA observes the results of its behaviors and updates the base activation of the responsible codelets dynamically.

We note that for this kind of uncertain inference/activation interplay to scale well, some level of cognitive synergy must be present; and based on our understanding of LIDA it is not clear to us whether the particular inference and association algorithms used in LIDA possess the requisite synergy.

#### 4.5.9.2 LIDA versus CogPrime

The LIDA cognitive cycle, broadly construed, exists in CogPrime as in other cognitive architectures. To see how, it suffices to map the key LIDA structures into corresponding CogPrime structures, as is done in Table 4.1. Of course this table does not cover all CogPrime processes, as LIDA does not constitute a thorough explanation of CogPrime structure and dynamics. And in most cases the corresponding CogPrime and LIDA processes don't work in exactly the same way; for instance, as noted above, LIDA's action selection relies solely on LIDA's "activation" values, whereas CogPrime's action selection process is more complex, relying on aspects of CogPrime that lack LIDA analogues.

### *4.5.10 Psi and MicroPsi*

We have saved for last the architecture that has the most in common with CogPrime : Joscha Bach's MicroPsi architecture, closely based on Dietrich Dorner's Psi theory. CogPrime has borrowed substantially from Psi in its handling of emotion and motivation; but Psi also has other aspects that differ considerably from CogPrime. Here we will focus more heavily on the points of overlap, but will mention the key points of difference as well.

The overall Psi cognitive architecture, which is centered on the Psi model of the motivational system, is roughly depicted in Figure 4.14.

Psi's motivational system begins with **Demands**, which are the basic factors that motivate the agent. For an animal these would include things like food, water, sex, novelty, socialization, protection of one's children, and so forth. For an intelligent robot they might include things like electrical power, novelty, certainty, socialization, well-being of others and mental growth.

Psi also specifies two fairly abstract demands and posits them as psychologically fundamental (see Figure 4.15):

- **competence**, the effectiveness of the agent at fulfilling its Urges
- **certainty**, the confidence of the agent's knowledge

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| LIDA | CogPrime |
|---|---|
| Declarative memory | Atomspace |
| attentional codelets | Schema that adjust importance of Atoms explicitly |
| coalitions | maps |
| global workspace | attentional focus |
| behavior codelets | schema |
| procedural memory (scheme net) | procedures in ProcedureRepository; and network of SchemaNodes in the Atomspace |
| action selection (behavior net) | propagation of STICurrency from goals to actions, and action selection process |
| transient episodic memory | perceptual atoms entering AT with high STI, which rapidly decreases in most cases |
| local workspaces | bubbles of interlinked Atoms with moderate importance, focused on by a subset of MindAgents (defined in Chapter 19 of Part 2) for a period of time |
| perceptual associative memory | HebbianLinks in the AT |
| sensory memory | spaceserver/timeserver, plus auxiliary stores for other senses |
| sensorimotor memory | Atoms storing record of actions taken, linked in with Atoms indexed in sensory memory |

Table 4.1: CogPrime Analogues of Key LIDA Features

Each demand is assumed to come with a certain "target level" or "target range" (and these may fluctuate over time, or may change as a system matures and develops). An **Urge** is said to develop when a demand deviates from its target range: the urge then seeks to return the demand to its target range. For instance, in an animal-like agent the demand related to food is more clearly described as "fullness," and there is a target range indicating that the agent is neither too hungry nor too full of food. If the agent's fullness deviates from this range, an Urge to return the demand to its target range arises. Similarly, if an agent's novelty deviates from its target range, this means the agent's life has gotten either too boring or too disconcertingly weird, and the agent gets an Urge for either more interesting activities (in the case of below-range novelty) or more familiar ones (in the case of above-range novelty).

There is also a primitive notion of **Pleasure** (and its opposite, displeasure), which is considered as different from the complex emotion of "happiness." Pleasure is understood as associated with Urges: pleasure occurs when an Urge is (at least partially) satisfied, whereas displeasure occurs when an urge gets increasingly severe. The degree to which an Urge is satisfied is not necessarily defined instantaneously; it may be defined, for instance, as a time-decaying weighted average of the proximity of the demand to its target range over the recent past.

So, for instance if an agent is bored and gets a lot of novel stimulation, then it experiences some pleasure. If it's bored and then the monotony of its stimulation gets even more extreme, then it experiences some displeasure.

Note that, according to this relatively simplistic approach, any decrease in the amount of dissatisfaction causes some pleasure; whereas if everything always continues within its acceptable range, there isn't any pleasure. This may seem a little counterintuitive, but it's important to understand that these simple definitions of "pleasure" and "displeasure" are not intended to fully capture the natural language concepts associated with those words. The natural language terms are used here simply as heuristics to convey the general character of the processes in-

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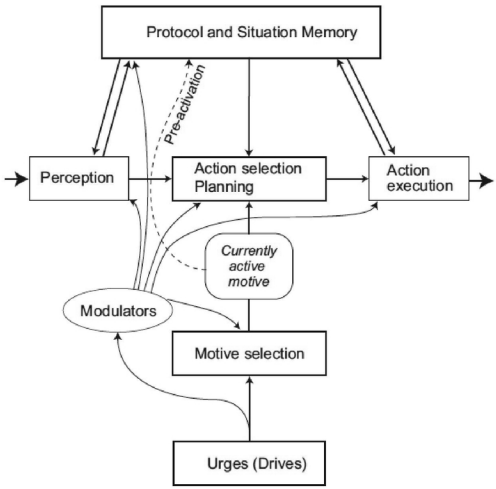


Fig. 4.14: High-Level Architecture of the Psi Model

volved. These are very low level processes whose analogues in human experience are largely below the conscious level.

A **Goal** is considered as a statement that the system may strive to make true at some future time. A **Motive** is an $(urge, goal)$ pair, consisting of a goal whose satisfaction is predicted to imply the satisfaction of some urge. In fact one may consider Urges as top-level goals, and the agent's other goals as their subgoals.

In Psi an agent has one "ruling motive" at any point in time, but this seems an oversimplification more applicable to simple animals than to human-like or other advanced AI systems. In general one may think of different motives having different weights indicating the amount of resources that will be spent on pursuing them.

Emotions in Psi are considered as complex systemic response-patterns rather than explicitly constructed entities. An emotion is the set of mental entities activated in response to a certain set of urges. Dorner conceived theories about how various common emotions emerge from the dynamics of urges and motives as described in the Psi model. "Intentions" are also considered as composite entities: an intention at a given point in time consists of the active motives, together with their related goals, behavior programs and so forth.

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The basic logic of action in Psi is carried out by "triples" that are very similar to CogPrime's *Context* ∧ *Procedure* → *Goal* triples. However, an important role is played by four **modulators** that control how the processes of perception, cognition and action selection are regulated at a given time:

- *activation*, which determines the degree to which the agent is focused on rapid, intensive activity versus reflective, cognitive activity
- *resolution level*, which determines how accurately the system tries to perceive the world
- *certainty*, which determines how hard the system tries to achieve definite, certain knowledge
- *selection threshold*, which determines how willing the system is to change its choice of which goals to focus on

These modulators characterize the system's emotional and cognitive state at a very abstract level; they are not emotions per se, but they have a large effect on the agent's emotions. Their intended interaction is depicted in Figure 4.15.

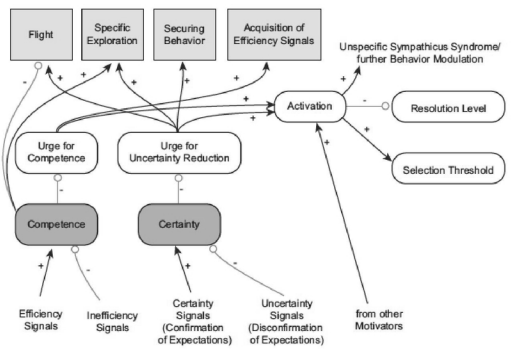


Fig. 4.15: Primary Interrelationships Between Psi Modulators

### *4.5.11 The Emergence of Emotion in the Psi Model*

We now briefly review the specifics of how Psi models the emergence of emotion. The basic idea is to define a small set of **proto-emotional dimensions** in terms of basic Urges and modulators. Then, emotions are identified with regions in the space spanned by these dimensions.

The simplest approach uses a six-dimensional continuous space:

1. pleasure

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2. arousal
3. resolution level
4. selection threshold (i.e. degree of dominance of the leading motive)
5. level of background checks (the rate of the securing behavior)
6. level of goal-directed behavior

Figure 4.16 shows how the latter 5 of these dimensions are derived from underlying urges and modulators. Note that these dimensions are not orthogonal; for instance resolution is mainly inversely related to arousal. Additional dimensions are also discussed, for instance it is postulated that to deal with social emotions one may wish to introduce two more demands corresponding to inner and outer obedience to social norms, and then define dimensions in terms of these.

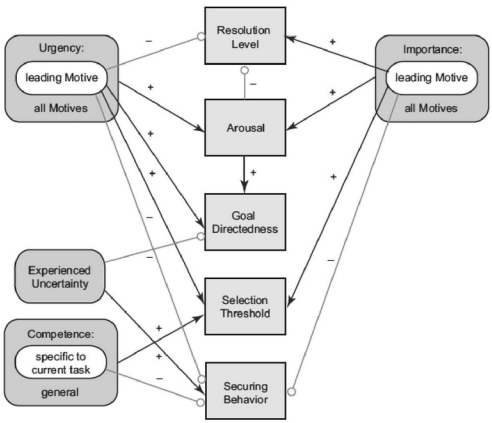


Fig. 4.16: Five Proto-Emotional Dimensions Implicit in the Psi Model

Specific emotions are then characterized in terms of these dimensions. According to [Bac09], for instance, "Anger ... is characterized by high arousal, low resolution, strong motive dominance, few background checks and strong goal-orientedness; sadness by low arousal, high resolution, strong dominance, few background-checks and low goal-orientedness."

I'm a bit skeptical of the contention that these dimensions *fully* characterize the relevant emotions. Anger for instance seems to have some particular characteristics not implied by the above list of dimensional values. The list of dimensional values associated with anger doesn't tell us that an angry person is more likely to punch someone than to bounce up and down, for example. However, it does seem that the dimensional values associated with an emotion are

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informative about the emotion, so that positioning an emotion on the given dimensions tells one a lot.

### *4.5.12 Knowledge Representation, Action Selection and Planning in Psi*

In addition to the basic motivation/emotion architecture of Psi, which has been adopted (with some minor changes) for use in CogPrime, Psi has a number of other aspects that are somewhat different from their CogPrime analogues.

First of all, on the micro level, Psi represents knowledge using structures called "quads." Each quad is a cluster of 5 neurons containing a core neuron, and four other neurons representing before/after and part-of/has-part relationships in regard to that core neuron. Quads are naturally assembled into spatiotemporal hierarchies, though they are not required to form part of such a structure.

Psi stores knowledge using quads arranged in three networks, which are conceptually similar to the networks in Albus's 4D/RCS and Arel's DeSTIN architectures:

- A sensory network, which stores declarative knowledge: schemas representing images, objects, events and situations as hierarchical structures.
- A motor network, which contains procedural knowledge by way of hierarchical behavior programs
- A motivational network handling demands

Perception in Psi, which is centered in the sensory network, follows principles similar to DeSTIN (which are shared also by other systems), for instance the principle of *perception as prediction*. Psi's "HyPercept" mechanism performs hypothesis-based perception: it attempts to predict what is there to be perceived and then attempts to verify these predictions using sensation and memory. Furthermore HyPercept is intimately coupled with actions in the external world, according to the concept of "Neisser's perceptual cycle," the cycle between exploration and representation of reality. Perceptually acquired information is translated into schemas capable of guiding behaviors, and these are enacted (sometimes affecting the world in significant ways) and in the process used to guide further perception. Imaginary perceptions are handled via a "mental stage" analogous to CogPrime's internal simulation world.

Action selection in Psi works based on what are called "triplets," each of which consists of

- a sensor schema (pre-conditions, "condition schema"; like CogPrime's "context")
- a subsequent motor schema (action, effector; like CogPrime's "procedure")
- a final sensor schema (post-conditions, expectations; like an CogPrime predicate or goal)

What distinguishes these triplets from classic production rules as used in (say) Soar and ACT-R is that the triplets may be partial (some of the three elements may be missing) and may be uncertain. However, there seems no fundamental difference between these triplets and CogPrime's concept/procedure/goal triplets, at a high level; the difference lies in the underlying knowledge representation used for the schemata, and the probabilistic logic used to represent the implication.

The work of figuring out what schema to execute to achieve the chosen goal in the current context is done in Psi using a combination of processes called the "Rasmussen ladder" (named

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after Danish psychologist Jens Rasmussen). The Rasmussen ladder describes the organization of action as a movement between the stages of skill-based behavior, rule-based behavior and knowledge-based behavior, as follows:

- If a given task amounts to a trained routine, an automatism or skill is activated; it can usually be executed without conscious attention and deliberative control.
- If there is no automatism available, a course of action might be derived from rules; before a known set of strategies can be applied, the situation has to be analyzed and the strategies have to be adapted.
- In those cases where the known strategies are not applicable, a way of combining the available manipulations (operators) into reaching a given goal has to be explored at first. This stage usually requires a recomposition of behaviors, that is, a planning process.

The planning algorithm used in the Psi and MicroPsi implementations is a fairly simple hill-climbing planner. While it's hypothesized that a more complex planner may be needed for advanced intelligence, part of the Psi theory is the hypothesis that most real-life planning an organism needs to do is fairly simple, once the organism has the right perceptual representations and goals.

### *4.5.13 Psi versus CogPrime*

On a high level, the similarities between Psi and CogPrime are quite strong:

- interlinked declarative, procedural and intentional knowledge structures, represented using neural-symbolic methods (though, the knowledge structures have somewhat different high-level structures and low-level representational mechanisms in the two systems)
- perception via prediction and perception/action integration
- action selection via triplets that resemble uncertain, potentially partial production rules
- similar motivation/emotion framework, since CogPrime incorporates a variant of Psi for this

On the nitty-gritty level there are many differences between the systems, but on the big-picture level the *main* difference lies in the way the cognitive synergy principle is pursued in the two different approaches. Psi and MicroPsi rely on very simple learning algorithms that are closely tied to the "quad" neurosymbolic knowledge representation, and hence interoperate in a fairly natural way without need for subtle methods of "synergy engineering." CogPrime uses much more diverse and sophisticated learning algorithms which thus require more sophisticated methods of interoperation in order to achieve cognitive synergy.

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# Chapter 5
# A Generic Architecture of Human-Like Cognition

## 5.1 Introduction

When writing the first draft of this book, some years ago, we had the idea to explain CogPrime by aligning its various structures and processes with the ones in the "standard architecture diagram" of the human mind. After a bit of investigation, though, we gradually came to the realization that no such thing existed. There was no standard flowchart or other sort of diagram explaining the modern consensus on how human thought works. Many such diagrams existed, but each one seemed to represent some particular focus or theory, rather than an overall integrative understanding.

Since there are multiple opinions regarding nearly every aspect of human intelligence, it would be difficult to get two cognitive scientists to fully agree on every aspect of an overall human cognitive architecture diagram. Prior attempts to outline detailed mind architectures have tended to follow highly specific theories of intelligence, and hence have attracted only moderate interest from researchers not adhering to those theories. An example is Minsky's work presented in *The Emotion Machine* [Min07], which arguably does constitute an architecture diagram for the human mind, but which is only loosely grounded in current empirical knowledge and stands more as a representation of Minsky's own intuitive understanding.

But nevertheless, it seemed to us that a reasonable attempt at an integrative, relatively theory-neutral "human cognitive architecture diagram" would be better than nothing. So naturally, we took it on ourselves to create such a diagram. This chapter is the result – it draws on the thinking of a number of cognitive science and AGI researchers, integrating their perspectives in a coherent, overall architecture diagram for human, and human-like, general intelligence. The specific architecture diagram of CogPrime, given in Chapter 6 below, may then be understood as a particular instantiation of this generic architecture diagram of human-like cognition.

There is no getting around the fact that, to a certain extent, the diagram presented here reflects our particular understanding of how the mind works. However, it was intentionally constructed with the goal of *not* being just an abstracted version of the CogPrime architecture diagram! It does not reflect our own idiosyncratic understanding of human intelligence, as much as a combination of understandings previously presented by multiple researchers (including ourselves), arranged according to our own taste in a manner we find conceptually coherent. With this in mind, we call it the "Integrative Human-Like Cognitive Architecture Diagram," or for short "the integrative diagram." We have made an effort to ensure that as many pieces of the integrative diagram as possible are well grounded in psychological and even neuroscientific



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data, rather than mainly embodying speculative notions; however, given the current state of knowledge, this could not be done to a complete extent, and there is still some speculation involved here and there.

While based on understandings of human intelligence, the integrative diagram is intended to serve as an architectural outline for human-like general intelligence more broadly. For example, CogPrime is explicitly not intended as a precise emulation of human intelligence, and does many things quite differently than the human mind, yet can still fairly straightforwardly be mapped into the integrative diagram.

The integrative diagram focuses on *structure*, but this should not be taken to represent a valuation of structure over dynamics in our approach to intelligence. Following chapters treat various dynamical phenomena in depth.

## 5.2 Key Ingredients of the Integrative Human-Like Cognitive Architecture Diagram

The main ingredients we've used in assembling the integrative diagram are as follows:

- Our own views on the various types of memory critical for human-like cognition, and the need for tight, "synergetic" interactions between the cognitive processes focused on these
- Aaron Sloman's high-level architecture diagram of human intelligence [Slo01], drawn from his CogAff architecture, which strikes me as a particularly clear embodiment of "modern common sense" regarding the overall architecture of the human mind. We have added only a couple items to Sloman's high-level diagram, which we felt deserved an explicit high-level role that he did not give them: emotion, language and reinforcement.
- The LIDA architecture diagram presented by Stan Franklin and Bernard Baars [BF09]. We think LIDA is an excellent model of working memory and what Sloman calls "reactive processes", with well-researched grounding in the psychology and neuroscience literature. We have adapted the LIDA diagram only very slightly for use here, changing some of the terminology on the arrows, and indicating where parts of the LIDA diagram indicate processes elaborated in more detail elsewhere in the integrative diagram.
- The architecture diagram of the Psi model of motivated cognition, presented by Joscha Bach in [Bac09] based on prior work by Dietrich Dorner [Dör02]. This diagram is presented without significant modification; however it should be noted that Bach and Dorner present this diagram in the context of larger and richer cognitive models, the other aspects of which are not all incorporated in the integrative diagram.
- James Albus's three-hierarchy model of intelligence [AM01], involving coupled perception, action and reinforcement hierarchies. Albus's model, utilized in the creation of intelligent unmanned automated vehicles, is a crisp embodiment of many ideas emergent from the field of intelligent control systems.
- Deep learning networks as a model of perception (and action and reinforcement learning), as embodied for example in the work of Itamar Arel [ARC09] and Jeff Hawkins [HB06]. The integrative diagram adopts this as the basic model of the perception and action subsystems of human intelligence. Language understanding and generation are also modeled according to this paradigm.

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One possible negative reaction to the integrative diagram might be to say that it's a kind of Frankenstein monster diagram, piecing together aspects of different theories in a way that violates the theoretical notions underlying all of them! For example, the integrative diagram takes LIDA as a model of working memory and reactive processing, but from the papers on LIDA it's unclear whether the creators of LIDA construe it more broadly than that. The deep learning community tends to believe that the architecture of current deep learning networks, in itself, is close to sufficient for human-level general intelligence – whereas the integrative diagram appropriates the ideas from this community mainly for handling perception, action and language, etc.

On the other hand, in a more positive perspective, one could view the integrative diagram as consistent with LIDA, but merely providing much more detail on some of the boxes in the LIDA diagram (e.g. dealing with perception and long-term memory). And one could view the integrative diagram as consistent with the deep learning paradigm – via viewing it, not as a description of components to be explicitly implemented in an AGI system, but rather as a description of the key structures and processes that must emerge in deep learning network, based on its engagement with the world, in order for it to achieve human-like general intelligence.

Our own view, underlying the creation of the integrative diagram, is that different communities of cognitive science researchers have focused on different aspects of intelligence, and have thus each created models that are more fully fleshed out in some aspects than others. But these various models all link together fairly cleanly, which is not surprising as they are all grounded in the same data regarding human intelligence. Many judgment calls must be made in fusing multiple models in the way that the integrative diagram does, but we feel these can be made without violating the spirit of the component models. In assembling the integrative diagram, we have made these judgment calls as best we can, but we're well aware that different judgments would also be feasible and defensible. Revisions are likely as time goes on, not only due to new data about human intelligence but also to evolution of understanding regarding the best approach to model integration.

Another possible argument against the ideas presented here is that there's nothing new – all the ingredients presented have been given before elsewhere. To this our retort is to quote Pascal: "Let no one say that I have said nothing new ... the arrangement of the subject is new." The various architecture diagrams incorporated into the integrative diagram are either extremely high level (Sloman's diagram) or focus primarily on one aspect of intelligence, treating the others very concisely by summarizing large networks of distinction structures and processes in small boxes. The integrative diagram seeks to cover all aspects of human-like intelligence at a roughly equal granularity – a different arrangement.

This kind of high-level diagramming exercise is not precise enough, nor dynamics-focused enough, to serve as a guide for creating human-level or more advanced AGI. But it can be a useful tool for explaining and interpreting a concrete AGI design, such as CogPrime.

## 5.3 An Architecture Diagram for Human-Like General Intelligence

The integrative diagram is presented here in a series of seven Figures.

Figure 5.1 gives a high-level breakdown into components, based on Sloman's high-level cognitive-architectural sketch [Slo01]. This diagram represents, roughly speaking, "modern common sense" about how a human-like mind is architected. The separation between structures

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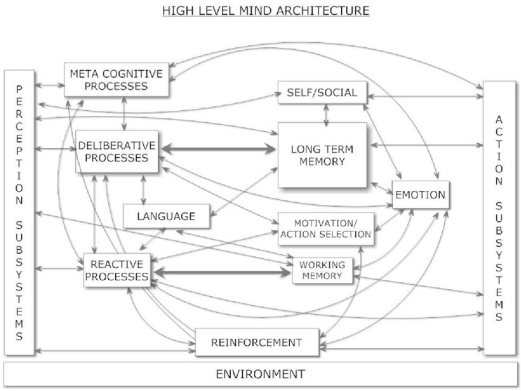


Fig. 5.1: High-Level Architecture of a Human-Like Mind

and processes, embodied in having separate boxes for Working Memory vs. Reactive Processes, and for Long Term Memory vs. Deliberative Processes, could be viewed as somewhat artificial, since in the human brain and most AGI architectures, memory and processing are closely integrated. However, the tradition in cognitive psychology is to separate out Working Memory and Long Term Memory from the cognitive processes acting thereupon, so we have adhered to that convention. The other changes from Sloman's diagram are the explicit inclusion of language, representing the hypothesis that language processing is handled in a somewhat special way in the human brain; and the inclusion of a reinforcement component parallel to the perception and action hierarchies, as inspired by intelligent control systems theory (e.g. Albus as mentioned above) and deep learning theory. Of course Sloman's high level diagram in its original form is intended as inclusive of language and reinforcement, but we felt it made sense to give them more emphasis.

Figure 5.2, modeling working memory and reactive processing, is essentially the LIDA diagram as given in prior papers by Stan Franklin, Bernard Baars and colleagues [BF09]. The boxes in the upper left corner of the LIDA diagram pertain to sensory and motor processing, which LIDA does not handle in detail, and which are modeled more carefully by deep learning theory. The bottom left corner box refers to action selection, which in the integrative diagram is modeled in more detail by Psi. The top right corner box refers to Long-Term Memory, which the integrative diagram models in more detail as a synergetic multi-memory system (Figure 5.4).

The original LIDA diagram refers to various "codelets", a key concept in LIDA theory. We have replaced "attention codelets" here with "attention flow", a more generic term. We suggest one can think of an attention codelet as: a piece of information stating that, for a certain group of items, it's currently pertinent to pay attention to this group as a collective.

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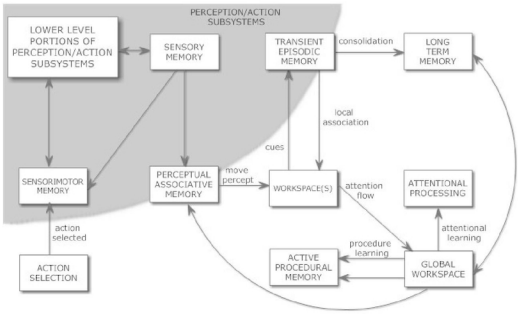


Fig. 5.2: Architecture of Working Memory and Reactive Processing, closely modeled on the LIDA architecture

Figure 5.3, modeling motivation and action selection, is a lightly modified version of the Psi diagram from Joscha Bach's book *Principles of Synthetic Intelligence* [Bac09]. The main difference from Psi is that in the integrative diagram the Psi motivated action framework is embedded in a larger, more complex cognitive model. Psi comes with its own theory of working and long-term memory, which is related to but different from the one given in the integrative diagram – it views the multiple memory types distinguished in the integrative diagram as emergent from a common memory substrate. Psi comes with its own theory of perception and action, which seems broadly consistent with the deep learning approach incorporated in the integrative diagram. Psi's handling of working memory lacks the detailed, explicit workflow of LIDA, though it seems broadly conceptually consistent with LIDA.

In Figure 5.3, the box labeled "Other portions of working memory" is labeled "Protocol and situation memory" in the original Psi diagram. The Perception, Action Execution and Action Selection boxes have fairly similar semantics to the similarly labeled boxes in the LIDA-like Figure 5.2, so that these diagrams may be viewed as overlapping. The LIDA model doesn't explain action selection and planning in as much detail as Psi, so the Psi-like Figure 5.3 could be viewed as an elaboration of the action-selection portion of the LIDA-like Figure 5.2. In Psi, reinforcement is considered as part of the learning process involved in action selection and planning; in Figure 5.3 an explicit "reinforcement box" has been added to the original Psi diagram, to emphasize this.

Figure 5.4, modeling long-term memory and deliberative processing, is derived from our own prior work studying the "cognitive synergy" between different cognitive processes associated with different types of memory. The division into types of memory is fairly standard. Declarative, procedural, episodic and sensorimotor memory are routinely distinguished; we like to distinguish attentional memory and intentional (goal) memory as well, and view these as the interface between long-term memory and the mind's global control systems. One focus of our AGI design work has been on designing learning algorithms, corresponding to these various types of memory,

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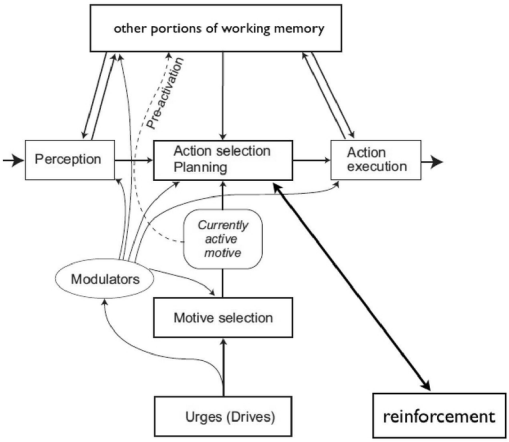


Fig. 5.3: Architecture of Motivated Action

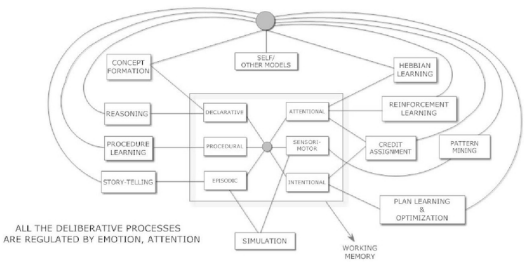


Fig. 5.4: Architecture of Long-Term Memory and Deliberative and Metacognitive Thinking

that interact with each other in a synergetic way [Goe09c], helping each other to overcome their intrinsic combinatorial explosions. There is significant evidence that these various types of long-term memory are differently implemented in the brain, but the degree of structure and dynamical commonality underlying these different implementations remains unclear.

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Each of these long-term memory types has its analogue in working memory as well. In some cognitive models, the working memory and long-term memory versions of a memory type and corresponding cognitive processes, are basically the same thing. CogPrime is mostly like this – it implements working memory as a subset of long-term memory consisting of items with particularly high importance values. The distinctive nature of working memory is enforced via using slightly different dynamical equations to update the importance values of items with importance above a certain threshold. On the other hand, many cognitive models treat working and long term memory as more distinct than this, and there is evidence for significant functional and anatomical distinctness in the brain in some cases. So for the purpose of the integrative diagram, it seemed best to leave working and long-term memory subcomponents as parallel but distinguished.

Figure 5.4 also encompasses metacognition, under the hypothesis that in human beings and human-like minds, metacognitive thinking is carried out using basically the same processes as plain ordinary deliberative thinking, perhaps with various tweaks optimizing them for thinking about thinking. If it turns out that humans have, say, a special kind of reasoning faculty exclusively for metacognition, then the diagram would need to be modified. Modeling of self and others is understood to occur via a combination of metacognition and deliberative thinking, as well as via implicit adaptation based on reactive processing.

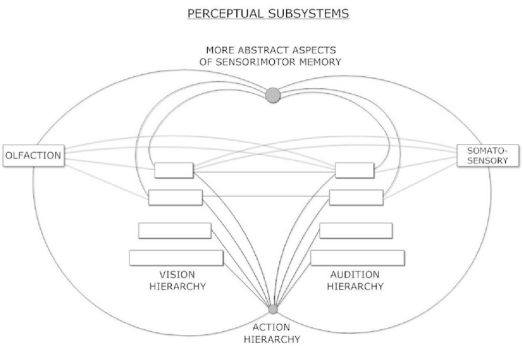


Fig. 5.5: Architecture for Multimodal Perception

Figure 5.5 models perception, according to the basic ideas of deep learning theory. Vision and audition are modeled as deep learning hierarchies, with bottom-up and top-down dynamics. The lower layers in each hierarchy refer to more localized patterns recognized in, and abstracted from, sensory data. Output from these hierarchies to the rest of the mind is not just through the top layers, but via some sort of sampling from various layers, with a bias toward the top layers. The different hierarchies cross-connect, and are hence to an extent dynamically coupled together. It is also recognized that there are some sensory modalities that aren't strongly hierarchical, e.g

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touch and smell (the latter being better modeled as something like an asymmetric Hopfield net, prone to frequent chaotic dynamics [LLW+05]) – these may also cross-connect with each other and with the more hierarchical perceptual subnetworks. Of course the suggested architecture could include any number of sensory modalities; the diagram is restricted to four just for simplicity.

The self-organized patterns in the upper layers of perceptual hierarchies may become quite complex and may develop advanced cognitive capabilities like episodic memory, reasoning, language learning, etc. A pure deep learning approach to intelligence argues that all the aspects of intelligence emerge from this kind of dynamics (among perceptual, action and reinforcement hierarchies). Our own view is that the heterogeneity of human brain architecture argues against this perspective, and that deep learning systems are probably better as models of perception and action than of general cognition. However, the integrative diagram is not committed to our perspective on this – a deep-learning theorist could accept the integrative diagram, but argue that all the other portions besides the perceptual, action and reinforcement hierarchies should be viewed as descriptions of phenomena that emerge in these hierarchies due to their interaction.

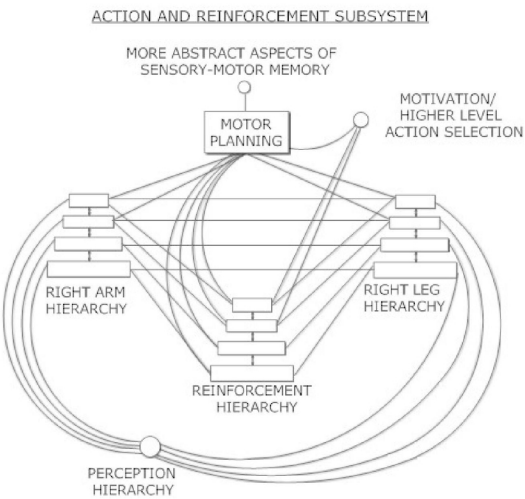


Fig. 5.6: Architecture for Action and Reinforcement

Figure 5.6 shows an action subsystem and a reinforcement subsystem, parallel to the perception subsystem. Two action hierarchies, one for an arm and one for a leg, are shown for

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concreteness, but of course the architecture is intended to be extended more broadly. In the hierarchy corresponding to an arm, for example, the lowest level would contain control patterns corresponding to individual joints, the next level up to groupings of joints (like fingers), the next level up to larger parts of the arm (hand, elbow). The different hierarchies corresponding to different body parts cross-link, enabling coordination among body parts; and they also connect at multiple levels to perception hierarchies, enabling sensorimotor coordination. Finally there is a module for motor planning, which links tightly with all the motor hierarchies, and also overlaps with the more cognitive, inferential planning activities of the mind, in a manner that is modeled different ways by different theorists. Albus [AM01] has elaborated this kind of hierarchy quite elaborately.

The reward hierarchy in Figure 5.6 provides reinforcement to actions at various levels on the hierarchy, and includes dynamics for propagating information about reinforcement up and down the hierarchy.

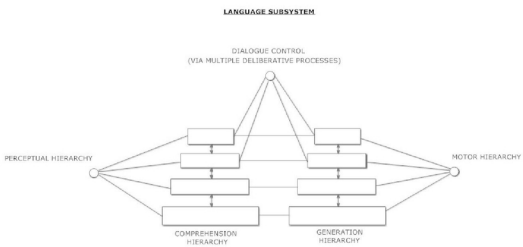


Fig. 5.7: Architecture for Language Processing

Figure 5.7 deals with language, treating it as a special case of coupled perception and action. The traditional architecture of a computational language comprehension system is a pipeline [JM09] [Goe10d], which is equivalent to a hierarchy with the lowest-level linguistic features (e.g. sounds, words) at the bottom, and the highest level features (semantic abstractions) at the top, and syntactic features in the middle. Feedback connections enable semantic and cognitive modulation of lower-level linguistic processing. Similarly, language generation is commonly modeled hierarchically, with the top levels being the ideas needing verbalization, and the bottom level corresponding to the actual sentence produced. In generation the primary flow is top-down, with bottom-up flow providing modulation of abstract concepts by linguistic surface forms.

So, that's it – an integrative architecture diagram for human-like general intelligence, split among seven different pictures, formed by judiciously merging together architecture diagrams produced via a number of cognitive theorists with different, overlapping foci and research paradigms.

Is anything critical left out of the diagram? A quick perusal of the table of contents of cognitive psychology textbooks suggests to me that if anything major is left out, it's also unknown to current cognitive psychology. However, one could certainly make an argument for explicit inclusion of certain other aspects of intelligence, that in the integrative diagram are

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left as implicit emergent phenomena. For instance, creativity is obviously very important to intelligence, but, there is no "creativity" box in any of these diagrams – because in our view, and the view of the cognitive theorists whose work we've directly drawn on here, creativity is best viewed as a process emergent from other processes that are explicitly included in the diagrams.

## 5.4 Interpretation and Application of the Integrative Diagram

A tongue-partly-in-cheek definition of a biological pathway is "a subnetwork of a biological network, that fits on a single journal page." Cognitive architecture diagrams have a similar property – they are crude abstractions of complex structures and dynamics, sculpted in accordance with the size of the printed page, and the tolerance of the human eye for absorbing diagrams, and the tolerance of the human author for making diagrams.

However, sometimes constraints – even arbitrary ones – are useful for guiding creative efforts, due to the fact that they force choices. Creating an architecture for human-like general intelligence that fits in a few (okay, seven) fairly compact diagrams, requires one to make many choices about what features and relationships are most essential. In constructing the integrative diagram, we have sought to make these choices, not purely according to our own tastes in cognitive theory or AGI system design, but according to a sort of blend of the taste and judgment of a number of scientists whose views we respect, and who seem to have fairly compatible, complementary perspectives.

What is the use of a cognitive architecture diagram like this? It can help to give newcomers to the field a basic idea about what is known and suspected about the nature of human-like general intelligence. Also, it could potentially be used as a tool for cross-correlating different AGI architectures. If everyone who authored an AGI architecture would explain how their architecture accounts for each of the structures and processes identified in the integrative diagram, this would give a means of relating the various AGI designs to each other.

The integrative diagram could also be used to help connect AGI and cognitive psychology to neuroscience in a more systematic way. In the case of LIDA, a fairly careful correspondence has been drawn up between the LIDA diagram nodes and links and various neural structures and processes [FB08]. Similar knowledge exists for the rest of the integrative diagram, though not organized in such a systematic fashion. A systematic curation of links between the nodes and links in the integrative diagram and current neuroscience knowledge, would constitute an interesting first approximation of the holistic cognitive behavior of the human brain.

Finally (and harking forward to later chapters), the big omission in the integrative diagram is *dynamics*. Structure alone will only get you so far, and you could build an AGI system with reasonable-looking things in each of the integrative diagram's boxes, interrelating according to the given arrows, and yet still fail to make a viable AGI system. Given the limitations the real world places on computing resources, it's not enough to have adequate representations and algorithms in all the boxes, communicating together properly and capable doing the right things given sufficient resources. Rather, one needs to have all the boxes filled in properly with structures and processes that, when they act together using feasible computing resources, will yield appropriately intelligent behaviors via their cooperative activity. And this has to do with the complex interactive dynamics of all the processes in all the different boxes – which is

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something the integrative diagram doesn't touch at all. This brings us again to the network of ideas we've discussed under the name of "cognitive synergy," to be discussed later on.

It might be possible to make something similar to the integrative diagram on the level of dynamics rather than structures, complementing the structural integrative diagram given here; but this would seem significantly more challenging, because we lack a standard set of tools for depicting system dynamics. Most cognitive theorists and AGI architects describe their structural ideas using boxes-and-lines diagrams of some sort, but there is no standard method for depicting complex system dynamics. So to make a dynamical analogue to the integrative diagram, via a similar integrative methodology, one would first need to create appropriate diagrammatic formalizations of the dynamics of the various cognitive theories being integrated – a fascinating but onerous task.

When we first set out to make an integrated cognitive architecture diagram, via combining the complementary insights of various cognitive science and AGI theorists, we weren't sure how well it would work. But now we feel the experiment was generally a success – the resultant integrated architecture seems sensible and coherent, and reasonably complete. It doesn't come close to telling you everything you need to know to understand or implement a human-like mind – but it tells you the various processes and structures you need to deal with, and which of their interrelations are most critical. And, perhaps just as importantly, it gives a concrete way of understanding the insights of a specific but fairly diverse set of cognitive science and AGI theorists as complementary rather than contradictory. In a CogPrime context, it provides a way of tying in the specific structures and dynamics involved in CogPrime, with a more generic portrayal of the structures and dynamics of human-like intelligence.

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# Chapter 6
# A Brief Overview of CogPrime

## 6.1 Introduction

Just as there are many different approaches to human flight – airplanes, helicopters, balloons, spacecraft, and doubtless many methods no person has thought of yet – similarly, there are likely many different approaches to advanced artificial general intelligence. All the different approaches to flight exploit the same core principles of aerodynamics in different ways; and similarly, the various different approaches to AGI will exploit the same core principles of general intelligence in different ways.

In the chapters leading up to this one, we have taken a fairly broad view of the project of engineering AGI. We have presented a conception and formal model of intelligence, and described environments, teaching methodologies and cognitive and developmental pathways that we believe are collectively appropriate for the creation of AGI at the human level and ultimately beyond, and with a roughly human-like bias to its intelligence. These ideas stand alone and may be compatible with a variety of approaches to engineering AGI systems. However, they also set the stage for the presentation of CogPrime, the particular AGI design on which we are currently working.

The thorough presentation of the CogPrime design is the job of Part 2 of this book – where, not only are the algorithms and structures involved in CogPrime reviewed in more detailed, but their relationship to the theoretical ideas underlying CogPrime is pursued more deeply. The job of this chapter is a smaller one: to give a high-level overview of some key aspects the CogPrime architecture at a mostly nontechnical level, so as to enable you to approach Part 2 with a little more idea of what to expect. The remainder of Part 1, following this chapter, will present various theoretical notions enabling the particulars, intent and consequences of the CogPrime design to be more thoroughly understood.

## 6.2 High-Level Architecture of CogPrime

Figures 6.1, 6.2 , 6.4 and 6.5 depict the high-level architecture of CogPrime, which involves the use of multiple cognitive processes associated with multiple types of memory to enable an intelligent agent to execute the procedures that it believes have the best probability of working toward its goals in its current context. In a robot preschool context, for example, the



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top-level goals will be simple things such as pleasing the teacher, learning new information and skills, and protecting the robot's body. Figure 6.3 shows part of the architecture via which cognitive processes interact with each other, via commonly acting on the AtomSpace knowledge repository.

Comparing these diagrams to the integrative human cognitive architecture diagrams given in Chapter 5, one sees the main difference is that the CogPrime diagrams commit to specific structures (e.g. knowledge representations) and processes, whereas the generic integrative architecture diagram refers merely to types of structures and processes. For instance, the integrative diagram refers generally to declarative knowledge and learning, whereas the CogPrime diagram refers to PLN, as a specific system for reasoning and learning about declarative knowledge. Table 6.1 articulates the key connections between the components of the CogPrime diagram and those of the integrative diagram, thus indicating the general cognitive functions instantiated by each of the CogPrime components.

## 6.3 Current and Prior Applications of OpenCog

Before digging deeper into the theory, and elaborating some of the dynamics underlying the above diagrams, we pause to briefly discuss some of the practicalities of work done with the OpenCog system currently implementing parts of the CogPrime architecture.

OpenCog, the open-source software framework underlying the "OpenCogPrime" (currently partial) implementation of the CogPrime architecture, has been used for commercial applications in the area of natural language processing and data mining; for instance, see [GPPG06] where OpenCogPrime's PLN reasoning and RelEx language processing are combined to do automated biological hypothesis generation based on information gathered from PubMed abstracts. Most relevantly to the present work, it has also been used to control virtual agents in virtual worlds [GEA08].

Prototype work done during 2007-2008 involved using an OpenCog variant called the OpenPetBrain to control virtual dogs in a virtual world (see Figure 6.6 for a screenshot of an OpenPetBrain-controlled virtual dog). While these OpenCog virtual dogs did not display intelligence closely comparable to that of real dogs (or human children), they did demonstrate a variety of interesting and relevant functionalities including:

- learning new behaviors based on imitation and reinforcement
- responding to natural language commands and questions, with appropriate actions and natural language replies
- spontaneous exploration of their world, remembering their experiences and using them to bias future learning and linguistic interaction

One current OpenCog initiative involves extending the virtual dog work via using OpenCog to control virtual agents in a game world inspired by the game Minecraft. These agents are initially specifically concerned with achieving goals in a game world via constructing structures with blocks and carrying out simple English communications. Representative example tasks would be:

- Learning to build steps or ladders to get desired objects that are high up
- Learning to build a shelter to protect itself from aggressors

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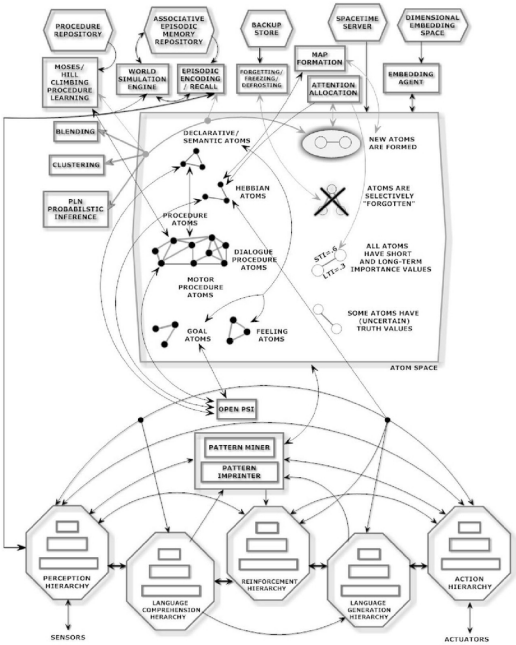


Fig. 6.1: **High-Level Architecture of CogPrime.** This is a conceptual depiction, not a detailed flowchart (which would be too complex for a single image). Figures 6.2 , 6.4 and 6.5 highlight specific aspects of this diagram.

- Learning to build structures resembling structures that it's shown (even if the available materials are a bit different)
- Learning how to build bridges to cross chasms

Of course, the AI significance of learning tasks like this all depends on what kind of feedback the system is given, and how complex its environment is. It would be relatively simple to make an AI system do things like this in a trivial and highly specialized way, but that is not the intent of the project the goal is to have the system learn to carry out tasks like this using general learning mechanisms and a general cognitive architecture, based on embodied experience and

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only scant feedback from human teachers. If successful, this will provide an outstanding platform for ongoing AGI development, as well as a visually appealing and immediately meaningful demo for OpenCog.

Specific, particularly simple tasks that are the focus of this project team's current work at time of writing include:

- Watch another character build steps to reach a high-up object
- Figure out via imitation of this that, in a different context, building steps to reach a high up object may be a good idea
- Also figure out that, if it wants a certain high-up object but there are no materials for building steps available, finding some other way to get elevated will be a good idea that may help it get the object

### *6.3.1 Transitioning from Virtual Agents to a Physical Robot*

Preliminary experiments have also been conducted using OpenCog to control a Nao robot as well as a virtual dog [GdG08]. This involves hybridizing OpenCog with a separate (but interlinked) subsystem handling low-level perception and action. In the experiments done so far, this has been accomplished in an extremely simplistic way. How to do this right is a topic treated in detail in Chapter 26 of Part 2.

We suspect that reasonable level of capability will be achievable by simply interposing DeSTIN (or some other system in its place) as a perception/action "black box" between OpenCog and a robot. Some preliminary experiments in this direction have already been carried out, connecting the OpenPetBrain to a Nao robot using simpler, less capable software than DeSTIN in the intermediary role (off-the-shelf speech-to-text, text-to-speech and visual object recognition software).

However, we also suspect that to achieve robustly intelligent robotics we must go beyond this approach, and connect robot perception and actuation software with OpenCogPrime in a "white box" manner that allows intimate dynamic feedback between perceptual, motoric, cognitive and linguistic functions. We will achieve this via the creation and real-time utilization of links between the nodes in CogPrime's and DeSTIN's internal networks (a topic to be explored in more depth later in this chapter).

## 6.4 Memory Types and Associated Cognitive Processes in CogPrime

Now we return to the basic description of the CogPrime approach, turning to aspects of the relationship between structure and dynamics. Architecture diagrams are all very well, but, ultimately it is dynamics that makes an architecture come alive. Intelligence is all about learning, which is by definition about change, about dynamical response to the environment and internal self-organizing dynamics.

CogPrime relies on multiple memory types and, as discussed above, is founded on the premise that the right course in architecting a pragmatic, roughly human-like AGI system is to handle different types of memory differently in terms of both structure and dynamics.

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CogPrime's memory types are the declarative, procedural, sensory, and episodic memory types that are widely discussed in cognitive neuroscience [TC05], plus attentional memory for allocating system resources generically, and intentional memory for allocating system resources in a goal-directed way. Table 6.2 overviews these memory types, giving key references and indicating the corresponding cognitive processes, and also indicating which of the generic patternist cognitive dynamics each cognitive process corresponds to (pattern creation, association, etc.). Figure 6.7 illustrates the relationships between several of the key memory types in the context of a simple situation involving an OpenCogPrime-controlled agent in a virtual world.

In terms of patternist cognitive theory, the multiple types of memory in CogPrime should be considered as specialized ways of storing particular types of patterns, optimized for spacetime efficiency. The cognitive processes associated with a certain type of memory deal with creating and recognizing patterns of the type for which the memory is specialized. While in principle all the different sorts of pattern could be handled in a unified memory and processing architecture, the sort of specialization used in CogPrime is necessary in order to achieve acceptable efficient general intelligence using currently available computational resources. And as we have argued in detail in Chapter 7, efficiency is not a side-issue but rather the essence of real-world AGI (since as Hutter has shown, if one casts efficiency aside, arbitrary levels of general intelligence can be achieved via a trivially simple program).

The essence of the CogPrime design lies in the way the structures and processes associated with each type of memory are designed to work together in a closely coupled way, yielding cooperative intelligence going beyond what could be achieved by an architecture merely containing the same structures and processes in separate "black boxes."

The inter-cognitive-process interactions in OpenCog are designed so that

- conversion between different types of memory is possible, though sometimes computationally costly (e.g. an item of declarative knowledge may with some effort be interpreted procedurally or episodically, etc.)
- when a learning process concerned centrally with one type of memory encounters a situation where it learns very slowly, it can often resolve the issue by converting some of the relevant knowledge into a different type of memory: i.e. **cognitive synergy**

### *6.4.1 Cognitive Synergy in PLN*

To put a little meat on the bones of the "cognitive synergy" idea, discussed repeatedly in prior chapters and more extensively in latter chapters, we now elaborate a little on the role it plays in the interaction between procedural and declarative learning.

While MOSES handles much of CogPrime's procedural learning, and CogPrime's internal simulation engine handles most episodic knowledge, CogPrime's primary tool for handling declarative knowledge is an uncertain inference framework called Probabilistic Logic Networks (PLN). The complexities of PLN are the topic of a lengthy technical monograph [GMIH08], and are summarized in Chapter 34; here we will eschew most details and focus mainly on pointing out how PLN seeks to achieve efficient inference control via integration with other cognitive processes.

As a logic, PLN is broadly integrative: it combines certain term logic rules with more standard predicate logic rules, and utilizes both fuzzy truth values and a variant of imprecise probabilities called *indefinite probabilities*. PLN mathematics tells how these uncertain truth values propagate

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through its logic rules, so that uncertain premises give rise to conclusions with reasonably accurately estimated uncertainty values. This careful management of uncertainty is critical for the application of logical inference in the robotics context, where most knowledge is abstracted from experience and is hence highly uncertain.

PLN can be used in either forward or backward chaining mode; and in the language introduced above, it can be used for either analysis or synthesis. As an example, we will consider backward chaining analysis, exemplified by the problem of a robot preschool-student trying to determine whether a new playmate "Bob" is likely to be a regular visitor to is preschool or not (evaluating the truth value of the implication $Bob \rightarrow regular_visitor$). The basic backward chaining process for PLN analysis looks like:

1. Given an implication $L \equiv A \rightarrow B$ whose truth value must be estimated (for instance $L \equiv Concept \wedge Procedure \rightarrow Goal$ as discussed above), create a list $(A_1, ..., A_n)$ of *(inference rule, stored knowledge)* pairs that might be used to produce $L$
2. Using analogical reasoning to prior inferences, assign each $A_i$ a probability of success
   - If some of the $A_i$ are estimated to have reasonable probability of success at generating reasonably confident estimates of $L$'s truth value, then invoke Step 1 with $A_i$ in place of $L$ (at this point the inference process becomes recursive)
   - If none of the $A_i$ looks sufficiently likely to succeed, then inference has "gotten stuck" and another cognitive process should be invoked, e.g.
     - **Concept creation** may be used to infer new concepts related to $A$ and $B$, and then Step 1 may be revisited, in the hope of finding a new, more promising $A_i$ involving one of the new concepts
     - **MOSES** may be invoked with one of several special goals, e.g. the goal of finding a procedure $P$ so that $P(X)$ predicts whether $X \rightarrow B$. If MOSES finds such a procedure $P$ then this can be converted to declarative knowledge understandable by PLN and Step 1 may be revisited....
     - **Simulations** may be run in CogPrime's internal simulation engine, so as to observe the truth value of $A \rightarrow B$ in the simulations; and then Step 1 may be revisited....

The combinatorial explosion of inference control is combatted by the capability to defer to other cognitive processes when the inference control procedure is unable to make a sufficiently confident choice of which inference steps to take next. Note that just as MOSES may rely on PLN to model its evolving populations of procedures, PLN may rely on MOSES to create complex knowledge about the terms in its logical implications. This is just one example of the multiple ways in which the different cognitive processes in CogPrime interact synergetically; a more thorough treatment of these interactions is given in [Goe09a].

In the "new playmate" example, the interesting case is where the robot initially seems not to know enough about Bob to make a solid inferential judgment (so that none of the $A_i$ seem particularly promising). For instance, it might carry out a number of possible inferences and not come to any reasonably confident conclusion, so that the reason none of the $A_i$ seem promising is that all the decent-looking ones have been tried already. So it might then recourse to MOSES, simulation or concept creation.

For instance, the PLN controller could make a list of everyone who has been a regular visitor, and everyone who has not been, and pose MOSES the task of figuring out a procedure for distinguishing these two categories. This procedure could then be used directly to make the needed assessment, or else be translated into logical rules to be used within PLN inference. For

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example, perhaps MOSES would discover that older males wearing ties tend not to become regular visitors. If the new playmate is an older male wearing a tie, this is directly applicable. But if the current playmate is wearing a tuxedo, then PLN may be helpful via reasoning that even though a tuxedo is not a tie, it's a similar form of fancy dress – so PLN may extend the MOSES-learned rule to the present case and infer that the new playmate is not likely to be a regular visitor.

## 6.5 Goal-Oriented Dynamics in CogPrime

CogPrime's dynamics has both goal-oriented and "spontaneous" aspects; here for simplicity's sake we will focus on the goal-oriented ones. The basic goal-oriented dynamic of the CogPrime system, within which the various types of memory are utilized, is driven by implications known as "cognitive schematics", which take the form

$$Context \wedge Procedure \rightarrow Goal < p >$$

(summarized $C \wedge P \rightarrow G$). Semi-formally, this implication may be interpreted to mean: "If the context $C$ appears to hold currently, then if I enact the procedure $P$, I can expect to achieve the goal $G$ with certainty $p$." Cognitive synergy means that the learning processes corresponding to the different types of memory actively cooperate in figuring out what procedures will achieve the system's goals in the relevant contexts within its environment.

CogPrime's cognitive schematic is significantly similar to production rules in classical architectures like SOAR and ACT-R (as reviewed in Chapter 4; however, there are significant differences which are important to CogPrime's functionality. Unlike with classical production rules systems, uncertainty is core to CogPrime's knowledge representation, and each CogPrime cognitive schematic is labeled with an uncertain truth value, which is critical to its utilization by CogPrime's cognitive processes. Also, in CogPrime, cognitive schematics may be incomplete, missing one or two of the terms, which may then be filled in by various cognitive processes (generally in an uncertain way). A stronger similarity is to MicroPsi's triplets; the differences in this case are more low-level and technical and have already been mentioned in Chapter 4.

Finally, the biggest difference between CogPrime's cognitive schematics and production rules or other similar constructs, is that in CogPrime this level of knowledge representation is not the only important one. CLARION [SZ04], as reviewed above, is an example of a cognitive architecture that uses production rules for explicit knowledge representation and then uses a totally separate subsymbolic knowledge store for implicit knowledge. In CogPrime

both explicit and implicit knowledge are stored in the same graph of nodes and links, with

- explicit knowledge stored in probabilistic logic based nodes and links such as cognitive schematics (see Figure 6.8 for a depiction of some explicit linguistic knowledge.)
- implicit knowledge stored in patterns of activity among these same nodes and links, defined via the activity of the "importance" values (see Figure 6.9 for an illustrative example thereof) associated with nodes and links and propagated by the ECAN attention allocation process

The meaning of a cognitive schematic in CogPrime is hence not entirely encapsulated in its explicit logical form, but resides largely in the activity patterns that ECAN causes its activation or exploration to give rise to. And this fact is important because the synergetic interactions of system components are in large part modulated by ECAN activity. Without the real-time

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combination of explicit and implicit knowledge in the system's knowledge graph, the synergetic interaction of different cognitive processes would not work so smoothly, and the emergence of effective high-level hierarchical, heterarchical and self structures would be less likely.

## 6.6 Analysis and Synthesis Processes in CogPrime

We now return to CogPrime's fundamental cognitive dynamics, using examples from the "virtual dog" application to motivate the discussion.

The cognitive schematic $Context \wedge Procedure \rightarrow Goal$ leads to a conceptualization of the internal action of an intelligent system as involving two key categories of learning:

- **Analysis**: Estimating the probability $p$ of a posited $C \wedge P \rightarrow G$ relationship
- **Synthesis**: Filling in one or two of the variables in the cognitive schematic, given assumptions regarding the remaining variables, and directed by the goal of maximizing the probability of the cognitive schematic

More specifically, where synthesis is concerned,

- The MOSES probabilistic evolutionary program learning algorithm is applied to find $P$, given fixed $C$ and $G$. Internal simulation is also used, for the purpose of creating a simulation embodying $C$ and seeing which $P$ lead to the simulated achievement of $G$.
  - *Example: A virtual dog learns a procedure $P$ to please its owner (the goal $G$) in the context $C$ where there is a ball or stick present and the owner is saying "fetch".*
- PLN inference, acting on declarative knowledge, is used for choosing $C$, given fixed $P$ and $G$ (also incorporating sensory and episodic knowledge as appropriate). Simulation may also be used for this purpose.
  - *Example: A virtual dog wants to achieve the goal $G$ of getting food, and it knows that the procedure $P$ of begging has been successful at this before, so it seeks a context $C$ where begging can be expected to get it food. Probably this will be a context involving a friendly person.*
- PLN-based goal refinement is used to create new subgoals $G$ to sit on the right hand side of instances of the cognitive schematic.
  - *Example: Given that a virtual dog has a goal of finding food, it may learn a subgoal of following other dogs, due to observing that other dogs are often heading toward their food.*
- Concept formation heuristics are used for choosing $G$ and for fueling goal refinement, but especially for choosing $C$ (via providing new candidates for $C$). They are also used for choosing $P$, via a process called "predicate schematization" that turns logical predicates (declarative knowledge) into procedures.
  - *Example: At first a virtual dog may have a hard time predicting which other dogs are going to be mean to it. But it may eventually observe common features among a number of mean dogs, and thus form its own concept of "pit bull," without anyone ever teaching it this concept explicitly.*

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Where analysis is concerned:

- PLN inference, acting on declarative knowledge, is used for estimating the probability of the implication in the cognitive schematic, given fixed $C$, $P$ and $G$. Episodic knowledge is also used in this regard, via enabling estimation of the probability via simple similarity matching against past experience. Simulation is also used: multiple simulations may be run, and statistics may be captured therefrom.
  - *Example: To estimate the degree to which asking Bob for food (the procedure $P$ is "asking for food", the context $C$ is "being with Bob") will achieve the goal $G$ of getting food, the virtual dog may study its memory to see what happened on previous occasions where it or other dogs asked Bob for food or other things, and then integrate the evidence from these occasions.*
- Procedural knowledge, mapped into declarative knowledge and then acted on by PLN inference, can be useful for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C \wedge P_1 \rightarrow G$ is known for some $P_1$ related to $P$.
  - *Example: knowledge of the internal similarity between the procedure of asking for food and the procedure of asking for toys, allows the virtual dog to reason that if asking Bob for toys has been successful, maybe asking Bob for food will be successful too.*
- Inference, acting on declarative or sensory knowledge, can be useful for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C_1 \wedge P \rightarrow G$ is known for some $C_1$ related to $C$.
  - *Example: if Bob and Jim have a lot of features in common, and Bob often responds positively when asked for food, then maybe Jim will too.*
- Inference can be used similarly for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C \wedge P \rightarrow G_1$ is known for some $G_1$ related to $G$. Concept creation can be useful indirectly in calculating these probability estimates, via providing new concepts that can be used to make useful inference trails more compact and hence easier to construct.
  - *Example: The dog may reason that because Jack likes to play, and Jack and Jill are both children, maybe Jill likes to play too. It can carry out this reasoning only if its concept creation process has invented the concept of "child" via analysis of observed data.*

In these examples we have focused on cases where two terms in the cognitive schematic are fixed and the third must be filled in; but just as often, the situation is that only one of the terms is fixed. For instance, if we fix $G$, sometimes the best approach will be to collectively learn $C$ and $P$. This requires either a procedure learning method that works interactively with a declarative-knowledge-focused concept learning or reasoning method; or a declarative learning method that works interactively with a procedure learning method. That is, it requires the sort of cognitive synergy built into the CogPrime design.

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## 6.7 Conclusion

To thoroughly describe a comprehensive, integrative AGI architecture in a brief chapter would be an impossible task; all we have attempted here is a brief overview, to be elaborated on in the 800-odd pages of Part 2 of this book. We do not expect this brief summary to be enough to convince the skeptical reader that the approach described here has a reasonable odds of success at achieving its stated goals, or even of fulfilling the conceptual notions outlined in the preceding chapters. However, we hope to have given the reader at least a rough idea of *what sort of AGI design* we are advocating, and *why and in what sense we believe it can lead to advanced artificial general intelligence*. For more details on the structure, dynamics and underlying concepts of CogPrime, the reader is encouraged to proceed to Part 2– after completing Part 1, of course. Please be patient – building a thinking machine is a big topic, and we have a lot to say about it!

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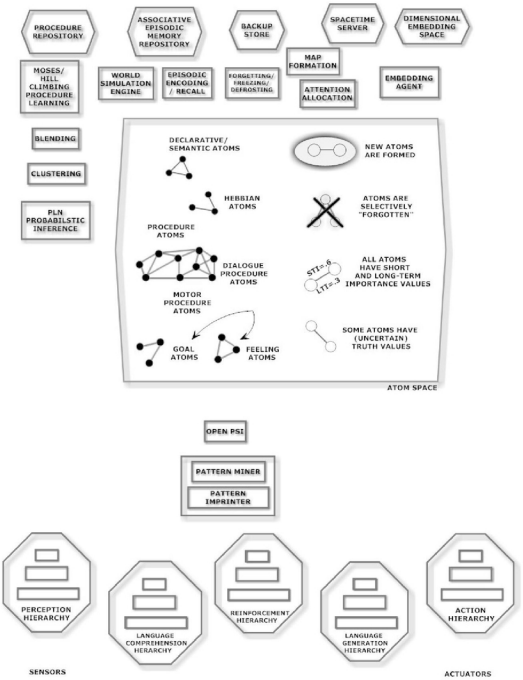


Fig. 6.2: **Key Explicitly Implemented Processes of CogPrime** . The large box at the center is the Atomspace, the system's central store of various forms of (long-term and working) memory, which contains a weighted labeled hypergraph whose nodes and links are "Atoms" of various sorts. The hexagonal boxes at the bottom denote various hierarchies devoted to recognition and generation of patterns: perception, action and linguistic. Intervening between these recognition/generation hierarchies and the Atomspace, we have a pattern mining/imprinting component (that recognizes patterns in the hierarchies and passes them to the Atomspace; and imprints patterns from the Atomspace on the hierarchies); and also OpenPsi, a special dynamical framework for choosing actions based on motivations. Above the Atomspace we have a host of cognitive processes, which act on the Atomspace, some continually and some only as context dictates, carrying out various sorts of learning and reasoning (pertinent to various sorts of memory) that help the system fulfill its goals and motivations.

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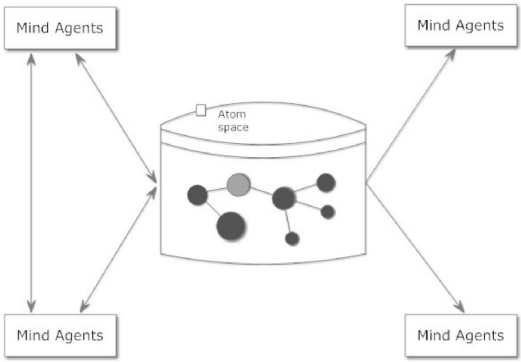


Fig. 6.3: **MindAgents and AtomSpace in OpenCog.** This is a conceptual depiction of one way cognitive processes may interact in OpenCog – they may be wrapped in MindAgent objects, which interact via cooperatively acting on the AtomSpace.

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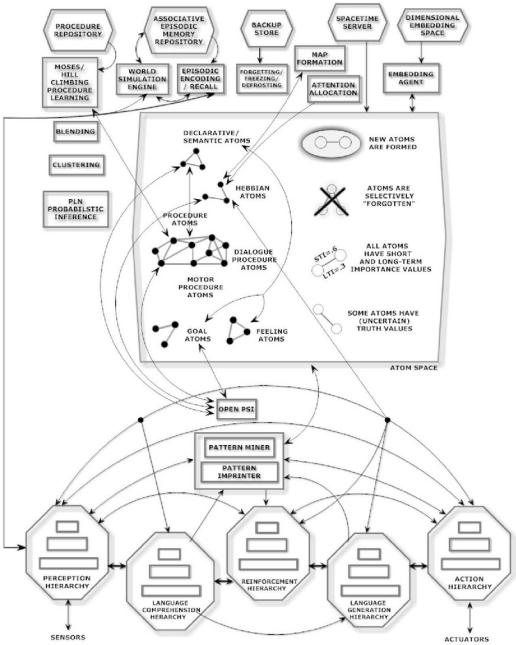


Fig. 6.4: **Links Between Cognitive Processes and the Atomspace**. The cognitive processes depicted all act on the Atomspace, in the sense that they operate by observing certain Atoms in the Atomspace and then modifying (or in rare cases deleting) them, and potentially adding new Atoms as well. Atoms represent all forms of knowledge, but some forms of knowledge are additionally represented by external data stores connected to the Atomspace, such as the Procedure Repository; these are also shown as linked to the Atomspace.

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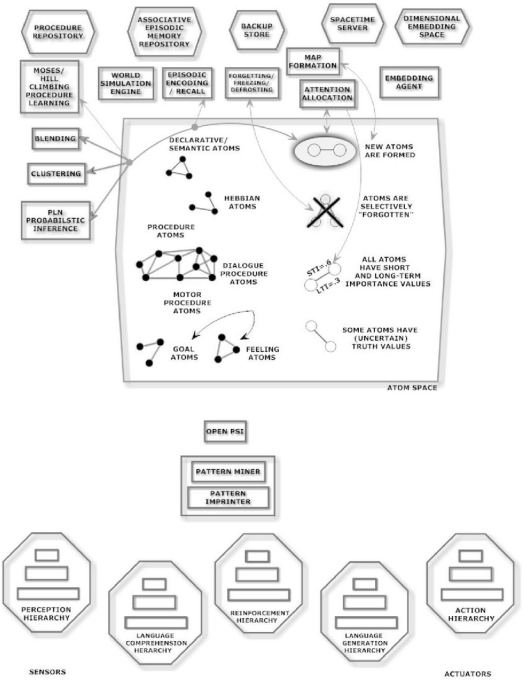


Fig. 6.5: **Invocation of Atom Operations By Cognitive Processes**. This diagram depicts some of the Atom modification, creation and deletion operations carried out by the abstract cognitive processes in the CogPrime architecture.

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| CogPrime Component | Int. Diag. Sub-Diagram | Int. Diag. Component |
|---|---|---|
| Procedure Repository | Long-Term Memory | Procedural |
| Procedure Repository | Working Memory | Active Procedural |
| Associative Episodic Memory | Long-Term Memory | Episodic |
| Associative Episodic Memory | Working Memory | Transient Episodic |
| Backup Store | Long-Term Memory | *no correlate: a function not necessarily possessed by the human mind* |
| Spacetime Server | Long-Term Memory | Declarative and Sensorimotor |
| Dimensional Embedding Space | *no clear correlate: a tool for helping multiple types of LTM* | |
| Dimensional Embedding Agent | *no clear correlate* | |
| Blending | Long-Term and Working Memory | Concept Formation |
| Clustering | Long-Term and Working Memory | Concept Formation |
| PLN Probabilistic Inference | Long-Term and Working Memory | Reasoning and Plan Learning/Optimization |
| MOSES / Hillclimbing | Long-Term and Working Memory | Procedure Learning |
| World Simulation | Long-Term and Working Memory | Simulation |
| Episodic Encoding / Recall | Long-Term g Memory | Story-telling |
| Episodic Encoding / Recall | Working Memory | Consolidation |
| Forgetting / Freezing / Defrosting | Long-Term and Working Memory | *no correlate: a function not necessarily possessed by the human mind* |
| Map Formation | Long-Term Memory | Concept Formation and Pattern Mining |
| Attention Allocation | Long-Term and Working Memory | Hebbian/Attentional Learning |
| Attention Allocation | High-Level Mind Architecture | Reinforcement |
| Attention Allocation | Working Memory | Perceptual Associative Memory and Local Association |
| AtomSpace | High-Level Mind Architecture | *no clear correlate: a general tool for representing memory including long-term and working, plus some of perception and action* |
| AtomSpace | Working Memory | Global Workspace (the high-STI portion of AtomSpace) & other Workspaces |
| Declarative Atoms | Long-Term and Working Memory | Declarative and Sensorimotor |
| Procedure Atoms | Long-Term and Working Memory | Procedural |
| Hebbian Atoms | Long-Term and Working Memory | Attentional |
| Goal Atoms | Long-Term and Working Memory | Intentional |
| Feeling Atoms | Long-Term and Working Memory | spanning Declarative, Intentional and Sensorimotor |
| OpenPsi | High-Level Mind Architecture | Motivation / Action Selection |
| OpenPsi | Working Memory | Action Selection |
| Pattern Miner | High-Level Mind Architecture | arrows between perception and working and long-term memory |
| Pattern Miner | Working Memory | arrows between sensory memory and perceptual associative and transient episodic memory |
| | | arrows between action selection and |

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Fig. 6.6: Screenshot of OpenCog-controlled virtual dog

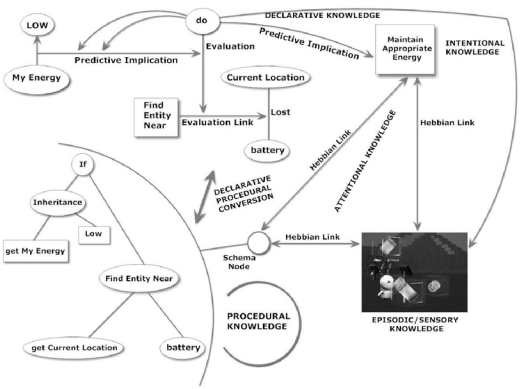


Fig. 6.7: **Relationship Between Multiple Memory Types**. The bottom left corner shows a program tree, constituting procedural knowledge. The upper left shows declarative nodes and links in the Atomspace. The upper right corner shows a relevant system goal. The lower right corner contains an image symbolizing relevant episodic and sensory knowledge. All the various types of knowledge link to each other and can be approximatively converted to each other.

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| Memory Type | Specific Cognitive Processes | General Cognitive Functions |
|---|---|---|
| **Declarative** | Probabilistic Logic Networks (PLN) [GMIH08]; conceptual blending [FT02] | pattern creation |
| **Procedural** | MOSES (a novel probabilistic evolutionary program learning algorithm) [Loo06] | pattern creation |
| **Episodic** | internal simulation engine [GEA08] | association, pattern creation |
| **Attentional** | Economic Attention Networks (ECAN) [GPI+10] | association, credit assignment |
| **Intentional** | probabilistic goal hierarchy refined by PLN and ECAN, structured according to MicroPsi [Bac09] | credit assignment, pattern creation |
| **Sensory** | In CogBot, this will be supplied by the DeSTIN component | association, attention allocation, pattern creation, credit assignment |

Table 6.2: Memory Types and Cognitive Processes in CogPrime. The third column indicates the general cognitive function that each specific cognitive process carries out, according to the patternist theory of cognition.

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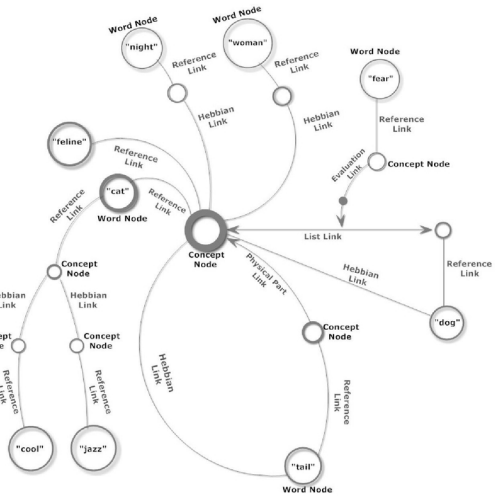


Fig. 6.8: **Example of Explicit Knowledge in the Atomspace**. One simple example of explicitly represented knowledge in the Atomspace is linguistic knowledge, such as words and the concepts directly linked to them. Not all of a CogPrime system's concepts correlate to words, but some do.

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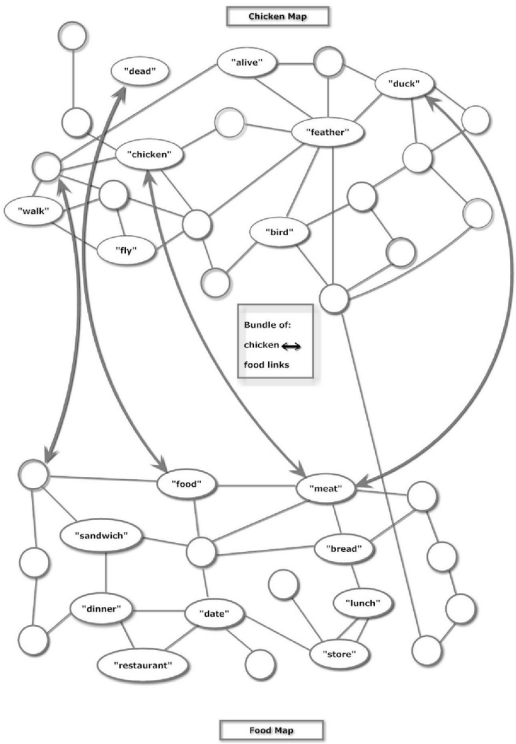


Fig. 6.9: **Example of Implicit Knowledge in the Atomspace**. A simple example of implicit knowledge in the Atomspace. The "chicken" and "food" concepts are represented by "maps" of ConceptNodes interconnected by HebbianLinks, where the latter tend to form between ConceptNodes that are often simultaneously important. The bundle of links between nodes in the chicken map and nodes in the food map, represents an "implicit, emergent link" between the two concept maps. This diagram also illustrates "glocal" knowledge representation, in that the chicken and food concepts are each represented by individual nodes, but also by distributed maps. The "chicken" ConceptNode, when important, will tend to make the rest of the map important – and vice versa. Part of the overall chicken concept possessed by the system is expressed by the explicit links coming out of the chicken ConceptNode, and part is represented only by the distributed chicken map as a whole.

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# Section II
# Toward a General Theory of General Intelligence

# Chapter 7
# A Formal Model of Intelligent Agents

## 7.1 Introduction

The artificial intelligence field is full of sophisticated mathematical models and equations, but most of these are highly specialized in nature – e.g. formalizations of particular logic systems, analyzes of the dynamics of specific sorts of neural nets, etc. On the other hand, a number of highly general models of intelligent systems also exist, including Hutter's recent formalization of universal intelligence [Hut05] and a large body of work in the disciplines of systems science and cybernetics – but these have tended not to yield many specific lessons useful for engineering AGI systems, serving more as conceptual models in mathematical form.

It would be fantastic to have a mathematical theory bridging these extremes – a real "general theory of general intelligence," allowing the derivation and analysis of specific structures and processes playing a role in practical AGI systems, from broad mathematical models of general intelligence in various situations and under various constraints. However, the path to such a theory is not entirely clear at present; and, as valuable as such a theory would be, we don't believe such a thing to be *necessary* for creating advanced AGI. One possibility is that the development of such a theory will occur contemporaneously and synergetically with the advent of practical AGI technology.

Lacking a mature, pragmatically useful "general theory of general intelligence," however, we have still found it valuable to articulate certain theoretical ideas about the nature of general intelligence, with a level of rigor a bit greater than the wholly informal discussions of the previous chapters. The chapters in this section of the book articulate some ideas we have developed in pursuit of a general theory of general intelligence; ideas that, even in their current relatively undeveloped form, have been very helpful in guiding our concrete work on the CogPrime design.

This chapter presents a more formal version of the notion of intelligence as "achieving complex goals in complex environments," based on a formal model of intelligent agents. These formalizations of agents and intelligence will be used in later chapters as a foundation for formalizing other concepts like inference and cognitive synergy. Chapters 8 and 9 pursue the notion of cognitive synergy a little more thoroughly than was done in previous chapters. Chapter 10 sketches a general theory of general intelligence using tools from category theory – not bringing it to the level where one can use it to derive specific AGI algorithms and structures; but still, presenting ideas that will be helpful in interpreting and explaining specific aspects of the CogPrime design in Part 2. Finally, Appendix **??** explores an additional theoretical direction, in which the mind of an intelligent system is viewed in terms of certain curved spaces – a novel way of thinking



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about the dynamics of general intelligence, which has been useful in guiding development of the ECAN component of CogPrime, and we expect will have more general value in future.

Despite the intermittent use of mathematical formalism, the ideas presented in this section are fairly speculative, and we do not propose them as constituting a well-demonstrated theory of general intelligence. Rather, we propose them as an interesting *way of thinking* about general intelligence, which appears to be consistent with available data, and which has proved inspirational to us in conceiving concrete structures and dynamics for AGI, as manifested for example in the CogPrime design. Understanding the way of thinking described in these chapters is valuable for understanding why the CogPrime design is the way it is, and for relating CogPrime to other practical and intellectual systems, and extending and improving CogPrime.

## 7.2 A Simple Formal Agents Model (SRAM)

We now present a formalization of the concept of "intelligent agents" – beginning with a formalization of "agents" in general.

Drawing on [Hut05, LH07a], we consider a class of active agents which observe and explore their environment and also take actions in it, which may affect the environment. Formally, the agent sends information to the environment by sending symbols from some finite alphabet called the *action space* $\Sigma$; and the environment sends signals to the agent with symbols from an alphabet called the *perception space*, denoted $\mathcal{P}$. Agents can also experience rewards, which lie in the *reward space*, denoted $\mathcal{R}$, which for each agent is a subset of the rational unit interval.

The agent and environment are understood to take turns sending signals back and forth, yielding a history of actions, observations and rewards, which may be denoted

$$a_1 o_1 r_1 a_2 o_2 r_2 ...$$

or else

$$a_1 x_1 a_2 x_2 ...$$

if $x$ is introduced as a single symbol to denote both an observation and a reward. The complete interaction history up to and including cycle $t$ is denoted $ax_{1:t}$; and the history before cycle t is denoted $ax_{<t} = ax_{1:t-1}$.

The agent is represented as a function $\pi$ which takes the current history as input, and produces an action as output. Agents need not be deterministic, an agent may for instance induce a probability distribution over the space of possible actions, conditioned on the current history. In this case we may characterize the agent by a probability distribution $\pi(a_t|ax_{<t})$. Similarly, the environment may be characterized by a probability distribution $\mu(x_k|ax_{<k}a_k)$. Taken together, the distributions $\pi$ and $\mu$ define a probability measure over the space of interaction sequences.

Next, we extend this model in a few ways, intended to make it better reflect the realities of intelligent computational agents. The first modification is to allow agents to maintain memories (of finite size), via adding memory actions drawn from a set $\mathcal{M}$ into the history of actions, observations and rewards. The second modification is to introduce the notion of **goals**.

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### 7.2.1 Goals

We define goals as mathematical functions (to be specified below) associated with symbols drawn from the alphabet $\mathcal{G}$; and we consider the environment as sending goal-symbols to the agent along with regular observation-symbols. (Note however that the presentation of a goal-symbol to an agent does not necessarily entail the explicit communication to the agent of the contents of the goal function. This must be provided by other, correlated observations.) We also introduce a conditional distribution $\gamma(g, \mu)$ that gives the weight of a goal $g$ in the context of a particular environment $\mu$.

In this extended framework, an interaction sequence looks like

$$a_1 o_1 g_1 r_1 a_2 o_2 g_2 r_2 ...$$

or else

$$a_1 y_1 a_2 y_2 ...$$

where $g_i$ are symbols corresponding to goals, and $y$ is introduced as a single symbol to denote the combination of an observation, a reward and a goal.

Each goal function maps each finite interaction sequence $I_{g,s,t} = ay_{s:t}$ with $g_s$ to $g_t$ corresponding to $g$, into a value $r_g(I_{g,s,t}) \in [0, 1]$ indicating the value or "raw reward" of achieving the goal during that interaction sequence. The total reward $r_t$ obtained by the agent is the sum of the raw rewards obtained at time $t$ from all goals whose symbols occur in the agent's history before $t$.

This formalism of goal-seeking agents allows us to formalize the notion of intelligence as "achieving complex goals in complex environments" – a direction that is pursued in Section 7.3 below.

Note that this is an *external* perspective of system goals, which is natural from the perspective of formally defining system intelligence in terms of system behavior, but is not necessarily very natural in terms of system design. From the point of view of AGI design, one is generally more concerned with the (implicit or explicit) representation of goals inside an AGI system, as in CogPrime's Goal Atoms to be reviewed in Chapter 22 below.

Further, it is important to also consider the case where an AGI system has no explicit goals, and the system's environment has no immediately identifiable goals either. But in this case, we don't see any clear way to define a system's intelligence, except via *approximating* the system in terms of other theoretical systems which do have explicit goals. This approximation approach is developed in Section 7.3.5 below.

The awkwardness of linking the general formalism of intelligence theory presented here, with the practical business of creating and designing AGI systems, may indicate a shortcoming on the part of contemporary intelligence theory or AGI designs. On the other hand, this sort of situation often occurs in other domains as well – e.g. the leap from quantum theory to the analysis of real-world systems like organic molecules involves a lot of awkwardness and large leaps a well.

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### 7.2.2 Memory Stores

As well as goals, we introduce into the model a long-term memory and a workspace. Regarding long-term memory we assume the agent's memory consists of multiple memory stores corresponding to various types of memory, e.g.: procedural ($K_{Proc}$), declarative ($K_{Dec}$), episodic ($K_{Ep}$), attentional ($K_{Att}$) and Intentional ($K_{Int}$). In Appendix **??** a category-theoretic model of these memory stores is introduced; but for the moment, we need only assume the existence of

- an injective mapping $\Theta_{Ep} : K_{Ep} \to \mathcal{H}$ where $\mathcal{H}$ is the space of fuzzy sets of subhistories (subhistories being "episodes" in this formalism)
- an injective mapping $\Theta_{Proc} : K_{Proc} \times \mathcal{M} \times \mathcal{W} \to \mathcal{A}$, where $\mathcal{M}$ is the set of memory states, $\mathcal{W}$ is the set of (observation, goal, reward) triples, and $\mathcal{A}$ is the set of actions (this maps each procedure object into a function that enacts actions in the environment or memory, based on the memory state and current world-state)
- an injective mapping $\Theta_{Dec} : K_{Dec} \to \mathcal{L}$, where $\mathcal{L}$ is the set of expressions in some formal language (which may for example be a logical language), which possesses words corresponding to the observations, goals, reward values and actions in our agent formalism
- an injective mapping $\Theta_{Int} : K_{Int} \to \mathcal{G}$, where $\mathcal{G}$ is the space of goals mentioned above
- an injective mapping $\Theta_{Att} : K_{Int} \cup K_{Ep} \cup K_{Proc} \cup K_{Ec} \to \mathcal{V}$, where $\mathcal{V}$ is the space of "attention values" (structures that gauge the importance of paying attention to an item of knowledge over various time-scales or in various contexts)

We also assume that the vocabulary of actions contains memory-actions corresponding to the operations of inserting the current observation, goal, reward or action into the episodic and/or declarative memory store. And, we assume that the activity of the agent, at each time-step, includes the enaction of one or more of the procedures in the procedural memory store. If several procedures are enacted at once, then the end result is still formally modeled as a single action $a = a_{[1]} * ... * a_{[k]}$ where $*$ is an operator on action-space that composes multiple actions into a single one.

Finally, we assume that, at each time-step, the agent may carry out an external action $a_i$ on the environment, a memory action $m_i$ on the (long-term) memory, and an action $b_i$ on its **internal workspace**. Among the actions that can be carried out on the workspace, are the ability to insert or delete observations, goals, actions or reward-values from the workspace. The workspace can be thought of as a sort of short-term memory or else in terms of Baars' "global workspace" concept mentioned above. The workspace provides a medium for interaction between the different memory types.

The workspace provides a mechanism by which declarative, episodic and procedural memory may interact with each other. For this mechanism to work, we must assume that there are actions corresponding to query operations that allow procedures to look into declarative and episodic memory. The nature of these query operations will vary among different agents, but we can assume that in general an agent has

- one or more procedures $Q_{Dec}(x)$ serving as *declarative queries*, meaning that when $Q_{Dec}$ is enacted on some $x$ that is an ordered set of items in the workspace, the result is that one or more items from declarative memory is entered into the workspace
- one or more procedures $Q_{Ep}(x)$ serving as *episodic queries*, meaning that when $Q_{Ep}$ is enacted on some $x$ that is an ordered set of items in the workspace, the result is that one or more items from episodic memory is entered into the workspace

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One additional aspect of CogPrime's knowledge representation that is important to PLN is the attachment of nonnegative weights $n_i$ corresponding to elementary observations $o_i$. These weights denote the amount of evidence contained in the observation. For instance, in the context of a robotic agent, one could use these values to encode the assumption that an elementary visual observation has more evidential value than an elementary olfactory observation.

We now have a model of an agent with long-term memory comprising procedural, declarative and episodic aspects, an internal cognitive workspace, and the capability to use procedures to drive actions based on items in memory and the workspace, and to move items between long-term memory and the workspace.

#### 7.2.2.1 Modeling CogPrime

Of course, this formal model may be realized differently in various real-world AGI systems. In CogPrime we have

- a weighted, labeled hypergraph structure called the AtomSpace used to store declarative knowledge (this is the representation used by PLN)
- a collection of programs in a LISP-like language called Combo, stored in a ProcedureRepository data structure, used to store procedural knowledge
- a collection of partial "movies" of the system's experience, played back using an internal simulation engine, used to store episodic knowledge
- AttentionValue objects, minimally containing ShortTermImportance (STI) and LongTermImportance (LTI) values used to store attentional knowledge
- Goal Atoms for intentional knowledge, stored in the same format as declarative knowledge but whose dynamics involve a special form of artificial currency that is used to govern action selection

The AtomSpace is the central repository and procedures and episodes are linked to Atoms in the AtomSpace which serve as their symbolic representatives. The "workspace" in CogPrime exists only virtually: each item in the AtomSpace has a "short term importance" (STI) level, and the workspace consists of those items in the AtomSpace with highest STI, and those procedures and episodes whose symbolic representatives in the AtomSpace have highest STI.

On the other hand, as we saw above, the LIDA architecture uses separate representations for procedural, declarative and episodic memory, but also has an explicit workspace component, where the most currently contextually relevant items from all different types of memory are gathered and used together in the course of actions. However, compared to CogPrime, it lacks comparably fine-grained methods for integrating the different types of memory.

Systematically mapping various existing cognitive architectures, or human brain structure, into this formal agents model would be a substantial though quite plausible exercise; but we will not undertake this here.

### *7.2.3 The Cognitive Schematic*

Next we introduce an additional specialization into SRAM: the **cognitive schematic**, written informally as

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$$Context \ \& \ Procedure \rightarrow Goal$$

and considered more formally as $holds(C) \ \& \ ex(P) \rightarrow h_i$ where $h$ may be an externally specified goal $g_i$ or an internally specified goal $h$ derived as a (possibly uncertain) subgoal of one of more $g_i$; $C$ is a piece of declarative or episodic knowledge and $P$ is a procedure that the agent can internally execute to generate a series of actions. $ex(P)$ is the proposition that $P$ is successfully executed. If $C$ is episodic then $holds(C)$ may be interpreted as the current context (i.e. some finite slice of the agent's history) being similar to $C$; if $C$ is declarative then $holds(C)$ may be interpreted as the truth value of $C$ evaluated at the current context. Note that $C$ may refer to some part of the world quite distant from the agent's current sensory observations; but it may still be formally evaluated based on the agent's history.

In the standard CogPrime notation as introduced formally in Chapter 20 (where indentation has function-argument syntax similar to that in Python, and relationship types are prepended to their relata without parentheses), for the case $C$ is declarative this would be written as

```
PredictiveExtensionalImplication
    AND
        C
        Execution P
    G
```

and in the case $C$ is episodic one replaces $C$ in this formula with a predicate expressing C's similarity to the current context. The semantics of the PredictiveExtensionalInheritance relation will be discussed below. The Execution relation simply denotes the proposition that procedure $P$ has been executed.

For the class of SRAM agents who (like CogPrime) use the cognitive schematic to govern many or all of their actions, a significant fragment of agent intelligence boils down to estimating the truth values of PredictiveExtensionalImplication relationships. Action selection procedures can be used, which choose procedures to enact based on which ones are judged most likely to achieve the current external goals $g_i$ in the current context. Rather than enter into the particularities of action selection or other cognitive architecture issues, we will restrict ourselves to PLN inference, which in the context of the present agent model is a method for handling PredictiveImplication in the cognitive schematic.

Consider an agent in a virtual world, such as a virtual dog, one of whose external goals is to please its owner. Suppose its owner has asked it to find a cat, and it can translate this into a subgoal "find cat." If the agent operates according to the cognitive schematic, it will search for $P$ so that

```
PredictiveExtensionalImplication
    AND
        C
        Execution P
    Evaluation
        found
        cat
```

holds.

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## 7.3 Toward a Formal Characterization of Real-World General Intelligence

Having defined what we mean by an agent acting in an environment, we now turn to the question of what it means for such an agent to be "intelligent."

As we have reviewed extensively in Chapter 2 above, "intelligence" is a commonsense, "folk psychology" concept, with all the imprecision and contextuality that this generally entails. One cannot expect any compact, elegant formalism to capture all of its meanings. Even in the psychology and AI research communities, divergent definitions abound; Legg and Hutter [LH07a] lists and organizes 70+ definitions from the literature.

Practical study of natural intelligence in humans and other organisms, and practical design, creation and instruction of artificial intelligences, can proceed perfectly well without an agreed-upon formalization of the "intelligence" concept. Some researchers may conceive their own formalisms to guide their own work, others may feel no need for any such thing.

But nevertheless, it is of interest to seek formalizations of the concept of intelligence, which capture useful fragments of the commonsense notion of intelligence, and provide guidance for practical research in cognitive science and AI. A number of such formalizations have been given in recent decades, with varying degrees of mathematical rigor. Perhaps the most carefully-wrought formalization of intelligence so far is the theory of "universal intelligence" presented by Shane Legg and Marcus Hutter in [LH07b], which draws on ideas from algorithmic information theory.

Universal intelligence captures a certain aspect of the "intelligence" concept very well, and has the advantage of connecting closely with ideas in learning theory, decision theory and computation theory. However, the kind of general intelligence it captures best, is a kind which is in a sense *more general* in scope than human-style general intelligence. Universal intelligence does capture the sense in which humans are more intelligent than worms, which are more intelligent than rocks; and the sense in which theoretical AGI systems like Hutter's AIXI or $AIXI^{tl}$ [Hut05] would be much more intelligent than humans. But it misses essential aspects of the intelligence concept as it is used in the context of intelligent natural systems like humans or real-world AI systems.

Our main goal in this section is to present variants of universal intelligence that better capture the notion of intelligence as it is typically understood in the context of real-world natural and artificial systems. The first variant we describe is *pragmatic general intelligence*, which is inspired by the intuitive notion of intelligence as "the ability to achieve complex goals in complex environments," given in [Goe93a]. After assuming a prior distribution over the space of possible environments, and one over the space of possible goals, one then defines the pragmatic general intelligence as the expected level of goal-achievement of a system relative to these distributions. Rather than measuring truly broad mathematical general intelligence, pragmatic general intelligence measures intelligence in a way that's specifically biased toward certain environments and goals.

Another variant definition is then presented, the *efficient pragmatic general intelligence*, which takes into account the amount of computational resources utilized by the system in achieving its intelligence. Some argue that making efficient use of available resources is a defining characteristic of intelligence, see e.g. [Wan06].

A critical question left open is the characterization of the prior distributions corresponding to everyday human reality; we give a semi-formal sketch of some ideas on this in Chapter 9 below, where we present the notion of a "communication prior," which assigns a probability

HOUSE_OVERSIGHT_013051

weight to a situation $S$ based on the ease with which one agent in a society can communicate $S$ to another agent in that society, using multimodal communication (including verbalization, demonstration, dramatic and pictorial depiction, etc.).

Finally, we present a formal measure of the "generality" of an intelligence, which precisiates the informal distinction between "general AI" and "narrow AI."

### *7.3.1 Biased Universal Intelligence*

To define universal intelligence, Legg and Hutter consider the class of environments that are *reward-summable*, meaning that the total amount of reward they return to any agent is bounded by 1. Where $r_i$ denotes the reward experienced by the agent from the environment at time $i$, the *expected total reward* for the agent $\pi$ from the environment $\mu$ is defined as

$$V_\mu^\pi \equiv E(\sum_1^\infty r_i) \leq 1$$

To extend their definition in the direction of greater realism, we first introduce a second-order probability distribution $\nu$, which is a probability distribution over the space of environments $\mu$. The distribution $\nu$ assigns each environment a probability. One such distribution $\nu$ is the Solomonoff-Levin universal distribution in which one sets $\nu = 2^{-K(\mu)}$; but this is not the only distribution $\nu$ of interest. In fact a great deal of real-world general intelligence consists of the adaptation of intelligent systems to particular distributions $\nu$ over environment-space, differing from the universal distribution.

We then define

**Definition 4** *The* **biased universal intelligence** *of an agent $\pi$ is its expected performance with respect to the distribution $\nu$ over the space of all computable reward-summable environments, $E$, that is,*

$$\Upsilon(\pi) \equiv \sum_{\mu \in E} \nu(\mu) V_\mu^\pi$$

Legg and Hutter's **universal intelligence** is obtained by setting $\nu$ equal to the universal distribution.

This framework is more flexible than it might seem. E.g. suppose one wants to incorporate agents that die. Then one may create a special action, say $a_{666}$, corresponding to the state of death, to create agents that

- in certain circumstances output action $a_{666}$
- have the property that if their previous action was $a_{666}$, then all of their subsequent actions must be $a_{666}$

and to define a reward structure so that actions $a_{666}$ always bring zero reward. It then follows that death is generally a bad thing if one wants to maximize intelligence. Agents that die will not get rewarded after they're dead; and agents that live only 70 years, say, will be restricted from getting rewards involving long-term patterns and will hence have specific limits on their intelligence.

HOUSE_OVERSIGHT_013052

### *7.3.2 Connecting Legg and Hutter's Model of Intelligent Agents to the Real World*

A notable aspect of the Legg and Hutter formalism is the separation of the reward mechanism from the cognitive mechanisms of the agent. While commonplace in the reinforcement learning literature, this seems psychologically unrealistic in the context of biological intelligences and many types of machine intelligences. Not all human intelligent activity is specifically reward-seeking in nature; and even when it is, humans often pursue complexly constructed rewards, that are defined in terms of their own cognitions rather than separately given. Suppose a certain human's goals are true love, or world peace, and the proving of interesting theorems – then these goals are defined by the human herself, and only she knows if she's achieved them. An externally-provided reward signal doesn't capture the nature of this kind of goal-seeking behavior, which characterizes much human goal-seeking activity (and will presumably characterize much of the goal-seeking activity of advanced engineered intelligences also) ... let alone human behavior that is spontaneous and unrelated to explicit goals, yet may still appear commonsensically intelligent.

One could seek to bypass this complaint about the reward mechanisms via a sort of "neo-Freudian" argument, via

- associating the reward signal, not with the "external environment" as typically conceived, but rather with a portion of the intelligent agent's brain that is separate from the cognitive component
- viewing complex goals like true love, world peace and proving interesting theorems as indirect ways of achieving the agent's "basic goals", created within the agent's memory via subgoaling mechanisms

but it seems to us that a general formalization of intelligence should not rely on such strong assumptions about agents' cognitive architectures. So below, after introducing the pragmatic and efficient pragmatic general intelligence measures, we will propose an alternate interpretation wherein the mechanism of external rewards is viewed as a theoretical test framework for assessing agent intelligence, rather than a hypothesis about intelligent agent architecture.

In this alternate interpretation, formal measures like the universal, pragmatic and efficient pragmatic general intelligence are viewed as *not* directly applicable to real-world intelligences, because they involve the behaviors of agents over a wide variety of goals and environments, whereas in real life the opportunities to observe agents are more limited. However, they are viewed as being *indirectly* applicable to real-world agents, in the sense that an external intelligence can observe an agent's real-world behavior and then *infer* its likely intelligence according to these measures.

In a sense, this interpretation makes our formalized measures of intelligence the opposite of real-world IQ tests. An IQ test is a quantified, formalized test which is designed to approximately predict the informal, qualitative achievement of humans in real life. On the other hand, the formal definitions of intelligence we present here are quantified, formalized tests that are designed to capture abstract notions of intelligence, but which can be approximately evaluated on a real-world intelligent system by observing what it does in real life.

HOUSE_OVERSIGHT_013053

### 7.3.3 Pragmatic General Intelligence

The above concept of biased universal intelligence is perfectly adequate for many purposes, but it is also interesting to explicitly introduce the notion of a *goal* into the calculation. This allows us to formally capture the notion presented in [Goe93a] of intelligence as "the ability to achieve complex goals in complex environments."

If the agent is acting in environment $\mu$, and is provided with $g_s$ corresponding to $g$ at the start and the end of the time-interval $T = \{i \in (s, ..., t)\}$, then the *expected goal-achievement* of the agent, relative to $g$, during the interval is the expectation

$$V^{\pi}_{\mu,g,T} \equiv E(\sum_{i=s}^{t} r_g(I_{g,s,i}))$$

where the expectation is taken over all interaction sequences $I_{g,s,i}$ drawn according to $\mu$. We then propose

**Definition 5** *The* **pragmatic general intelligence** *of an agent $\pi$, relative to the distribution $\nu$ over environments and the distribution $\gamma$ over goals, is its expected performance with respect to goals drawn from $\gamma$ in environments drawn from $\nu$, over the time-scales natural to the goals; that is,*

$$\Pi(\pi) \equiv \sum_{\mu \in E, g \in \mathcal{G}, T} \nu(\mu)\gamma(g,\mu)V^{\pi}_{\mu,g,T}$$

*(in those cases where this sum is convergent).*

This definition formally captures the notion that "intelligence is achieving complex goals in complex environments," where "complexity" is gauged by the assumed measures $\nu$ and $\gamma$.

If $\nu$ is taken to be the universal distribution, and $\gamma$ is defined to weight goals according to the universal distribution, then pragmatic general intelligence reduces to universal intelligence.

Furthermore, it is clear that a universal algorithmic agent like AIXI [Hut05] would also have a high pragmatic general intelligence, under fairly broad conditions. As the interaction history grows longer, the pragmatic general intelligence of AIXI would approach the theoretical maximum; as AIXI would implicitly infer the relevant distributions via experience. However, if significant reward discounting is involved, so that near-term rewards are weighted much higher than long-term rewards, then AIXI might compare very unfavorably in pragmatic general intelligence, to other agents designed with prior knowledge of $\nu$, $\gamma$ and $\tau$ in mind.

The most interesting case to consider is where $\nu$ and $\gamma$ are taken to embody some particular bias in a real-world space of environments and goals, and this bias is appropriately reflected in the internal structure of an intelligent agent. Note that an agent needs not lack universal intelligence in order to possess pragmatic general intelligence with respect to some non-universal distribution over goals and environments. However, in general, given limited resources, there may be a tradeoff between universal intelligence and pragmatic intelligence. Which leads to the next point: how to encompass resource limitations into the definition.

One might argue that the definition of Pragmatic General Intelligence is already encompassed by Legg and Hutter's definition because one may bias the distribution of environments within the latter by considering different Turing machines underlying the Kolmogorov complexity. However this is not a general equivalence because the Solomonoff-Levin measure intrinsically

HOUSE_OVERSIGHT_013054

decays exponentially, whereas an assumptive distribution over environments might decay at some other rate. This issue seems to merit further mathematical investigation.

### 7.3.4 Incorporating Computational Cost

Let $\eta_{\pi,\mu,g,T}$ be a probability distribution describing the amount of computational resources consumed by an agent $\pi$ while achieving goal $g$ over time-scale $T$. This is a probability distribution because we want to account for the possibility of nondeterministic agents. So, $\eta_{\pi,\mu,g,T}(Q)$ tells the probability that $Q$ units of resources are consumed. For simplicity we amalgamate space and time resources, energetic resources, etc. into a single number $Q$, which is assumed to live in some subset of the positive reals. Space resources of course have to do with the size of the system's memory. Then we may define

**Definition 6** *The* **efficient pragmatic general intelligence** *of an agent $\pi$ with resource consumption $\eta_{\pi,\mu,g,T}$, relative to the distribution $\nu$ over environments and the distribution $\gamma$ over goals, is its expected performance with respect to goals drawn from $\gamma$ in environments drawn from $\nu$, over the time-scales natural to the goals, normalized by the amount of computational effort expended to achieve each goal; that is,*

$$\Pi_{Eff}(\pi) \equiv \sum_{\mu \in E, g \in \mathcal{G}, Q, T} \frac{\nu(\mu)\gamma(g,\mu)\eta_{\pi,\mu,g,T}(Q)}{Q} V^{\pi}_{\mu,g,T}$$

*(in those cases where this sum is convergent).*

This is a measure that rates an agent's intelligence higher if it uses fewer computational resources to do its business. Roughly, it measures reward achieved per spacetime computation unit.

Note that, by abandoning the universal prior, we have also abandoned the proof of convergence that comes with it. In general the sums in the above definitions need not converge; and exploration of the conditions under which they do converge is a complex matter.

### 7.3.5 Assessing the Intelligence of Real-World Agents

The pragmatic and efficient pragmatic general intelligence measures are more "realistic" than the Legg and Hutter universal intelligence measure, in that they take into account the innate biasing and computational resource restrictions that characterize real-world intelligence. But as discussed earlier, they still live in "fantasy-land" to an extent – they gauge the intelligence of an agent via a weighted average over a wide variety of goals and environments; and they presume a simplistic relationship between agents and rewards that does not reflect the complexities of real-world cognitive architectures. It is not obvious from the foregoing how to apply these measures to real-world intelligent systems, which lack the ability to exist in such a wide variety of environments within their often brief lifespans, and mostly go about their lives doing things other than pursuing quantified external rewards. In this brief section we describe an approach to bridging this gap. The treatment is left semi-formal in places.

HOUSE_OVERSIGHT_013055

We suggest to view the definitions of pragmatic and efficient pragmatic general intelligence in terms of a "possible worlds" semantics – i.e. to view them as asking, counterfactually, how an agent *would* perform, hypothetically, on a series of tests (the tests being goals, defined in relation to environments and reward signals).

Real-world intelligent agents don't normally operate in terms of explicit goals and rewards; these are abstractions that we use to think about intelligent agents. However, this is no objection to characterizing various sorts of intelligence in terms of counterfactuals like: how would system $S$ operate if it were trying to achieve this or that goal, in this or that environment, in order to seek reward? We can characterize various sorts of intelligence in terms of how it can be inferred an agent would perform on certain tests, even though the agent's real life does not consist of taking these tests.

This conceptual approach may seem a bit artificial but we don't currently see a better alternative, if one wishes to quantitatively gauge intelligence (which is, in a sense, an "artificial" thing to do in the first place). Given a real-world agent $X$ and a mandate to assess its intelligence, the obvious alternative to looking at possible worlds in the manner of the above definitions, is just looking *directly* at the properties of the things $X$ has achieved in the real world during its lifespan. But this isn't an easy solution, because it doesn't disambiguate which aspects of $X$'s achievements were due to its own actions versus due to the rest of the world that $X$ was interacting with when it made its achievements. To distinguish the amount of achievement that $X$ "caused" via its own actions requires a model of causality, which is a complex can of worms in itself; and, critically, the standard models of causality also involve counterfactuals (asking "what would have been achieved in this situation if the agent $X$ hadn't been there", etc.) [MW07]. Regardless of the particulars, it seems impossible to avoid counterfactual realities in assessing intelligence.

The approach we suggest – given a real-world agent $X$ with a history of actions in a particular world, and a mandate to assess its intelligence – is to introduce an additional player, an *inference agent* $\delta$, into the picture. The agent $\pi$ modeled above is then viewed as $\pi_X$: the model of $X$ that $\delta$ constructs, in order to explore $X$'s inferred behaviors in various counterfactual environments. In the test situations embodied in the definitions of pragmatic and efficient pragmatic general intelligence, the environment gives $\pi_X$ rewards, based on specifically configured goals. In $X$'s real life, the relation between goals, rewards and actions will generally be significantly subtler and perhaps quite different.

We model the real world similarly to the "fantasy world" of the previous section, but with the omission of goals and rewards. We define a *naturalistic* context as one in which all goals and rewards are constant, i.e. $g_i = g_0$ and $r_i = r_0$ for all $i$. This is just a mathematical convention for stating that there are no precisely-defined external goals and rewards for the agent. In a naturalistic context, we then have a situation where agents create actions based on the past history of actions and perceptions, and if there is any relevant notion of reward or goal, it is within the cognitive mechanism of some agent. A *naturalistic agent* $X$ is then an agent $\pi$ which is restricted to one particular naturalistic context, involving one particular environment $\mu$ (formally, we may achieve this within the framework of agents described above via dictating that $X$ issues constant "null actions" $a_0$ in all environments except $\mu$).

Next, we posit a metric space $(\Sigma_\mu, d)$ of naturalistic agents defined on a naturalistic context involving environment $\mu$, and a subspace $\Delta \in \Sigma_\mu$ of inference agents, which are naturalistic agents that output predictions of other agents' behaviors (a notion we will not fully formalize here). If agents are represented as program trees, then $d$ may be taken as edit distance on tree space [Bil05]. Then, for each agent $\delta \in \Delta$, we may assess

HOUSE_OVERSIGHT_013056

- the prior probability $\theta(\delta)$ according to some assumed distribution $\theta$
- the effectiveness $p(\delta, X)$ of $\delta$ at predicting the actions of an agent $X \in \Sigma_\mu$

We may then define

**Definition 7** *The* **inference ability** *of the agent $\delta$, relative to $\mu$ and $X$, is*

$$q_{\mu,X}(\delta) = \theta(\delta) \frac{\sum_{Y \in \Sigma_\mu} sim(X,Y) p(\delta, Y)}{\sum_{Y \in \Sigma_\mu} sim(X,Y)}$$

*where sim is a specified decreasing function of $d(X,Y)$, such as $sim(X,Y) = \frac{1}{1+d(X,Y)}$.*

To construct $\pi_X$, we may then use the model of $X$ created by the agent $\delta \in \Delta$ with the highest inference ability relative to $\mu$ and $X$ (using some specified ordering, in case of a tie). Having constructed $\pi_X$, we can then say that

**Definition 8** *The inferred pragmatic general intelligence (relative to $\nu$ and $\gamma$) of a naturalistic agent $X$ defined relative to an environment $\mu$, is defined as the pragmatic general intelligence of the model $\pi_X$ of $X$ produced by the agent $\delta \in \Delta$ with maximal inference ability relative to $\mu$ (and in the case of a tie, the first of these in the ordering defined over $\Delta$). The inferred efficient pragmatic general intelligence of $X$ relative to $\mu$ is defined similarly.*

This provides a precise characterization of the pragmatic and efficient pragmatic intelligence of real-world systems, based on their observed behaviors. It's a bit messy; but the real world tends to be like that.

## 7.4 Intellectual Breadth: Quantifying the Generality of an Agent's Intelligence

We turn now to a related question: How can one quantify the degree of **generality** that an intelligent agent possesses? Above we have discussed the qualitative distinction between AGI and "Narrow AI", and intelligence as we have formalized it above is specifically intended as a measure of general intelligence. But quantifying intelligence is different than quantifying generality versus narrowness.

To make the discussion simpler, we introduce the term "context" as a shorthand for "environment/interval triple $(\mu, g, T)$." Given a context $(\mu, g, T)$, and a set $\Sigma$ of agents, one may construct a fuzzy set $Ag_{\mu,g,T}$ gathering those agents that are intelligent relative to the context; and given a set of contexts, one may also define a fuzzy set $Con_\pi$ gathering those contexts with respect to which a given agent $\pi$ is intelligent. The relevant formulas are:

$$\chi_{Ag_{\mu,g,T}}(\pi) = \chi_{Con_\pi}(\mu, g, T) = \frac{1}{N} \sum_Q \frac{\eta_{\mu,g,T}(Q) V^\pi_{\mu,g,T}}{Q}$$

where $N = N(\mu, g, T)$ is a normalization factor defined appropriately, e.g. via $N(\mu, g, T) = \max_\pi V^\pi_{\mu,g,T}$.

One could make similar definitions leaving out the computational cost factor $Q$, but we suspect that incorporating $Q$ is a more promising direction. We then propose

HOUSE_OVERSIGHT_013057

**Definition 9** *The* **intellectual breadth** *of an agent $\pi$, relative to the distribution $\nu$ over environments and the distribution $\gamma$ over goals, is*

$$H(\chi^P_{Con_\pi}(\mu, g, T))$$

*where $H$ is the entropy and*

$$\chi^P_{Con_\pi}(\mu, g, T) = \frac{\nu(\mu)\gamma(g, \mu)\chi_{Con_\pi}(\mu, g, T)}{\sum_{(\mu_\alpha, g_\beta, T_\omega)} \nu(\mu_\alpha)\gamma(g_\beta, \mu_\alpha)\chi_{Con_\pi}(\mu_\alpha, g_\beta, T_\omega)}$$

*is the probability distribution formed by normalizing the fuzzy set $\chi_{Con_\pi}(\mu, g, T)$.*

A similar definition of the intellectual breadth of a context $(\mu, g, T)$, relative to the distribution $\sigma$ over agents, may be posited. A weakness of these definitions is that they don't try to account for dependencies between agents or contexts; perhaps more refined formulations may be developed that account explicitly for these dependencies.

Note that the intellectual breadth of an agent as defined here is largely independent of the (efficient or not) pragmatic general intelligence of that agent. One could have a rather (efficiently or not) pragmatically generally intelligent system with little breadth: this would be a system very good at solving a fair number of hard problems, yet wholly incompetent on a larger number of hard problems. On the other hand, one could also have a terribly (efficiently or not) pragmatically generally stupid system with great intellectual breadth: i.e a system roughly equally dumb in all contexts!

Thus, one can characterize an intelligent agent as "narrow" with respect to distribution $\nu$ over environments and the distribution $\gamma$ over goals, based on evaluating it as having low intellectual breadth. A "narrow AI" relative to $\nu$ and $\gamma$ would then be an AI agent with a relatively high efficient pragmatic general intelligence but a relatively low intellectual breadth.

## 7.5 Conclusion

Our main goal in this chapter has been to push the formal understanding of intelligence in a more pragmatic direction. Much more work remains to be done, e.g. in specifying the environment, goal and efficiency distributions relevant to real-world systems, but we believe that the ideas presented here constitute nontrivial progress.

If the line of research suggested in this chapter succeeds, then eventually, one will be able to do AGI research as follows: Specify an AGI architecture formally, and then use the mathematics of general intelligence to derive interesting results about the environments, goals and hardware platforms relative to which the AGI architecture will display significant pragmatic or efficient pragmatic general intelligence, and intellectual breadth. The remaining chapters in this section present further ideas regarding how to work toward this goal. For the time being, such a mode of AGI research remains mainly for the future, but we have still found the formalism given in these chapters useful for formulating and clarifying various aspects of the CogPrime design as will be presented in later chapters.

HOUSE_OVERSIGHT_013058

# Chapter 8
# Cognitive Synergy

## 8.1 Cognitive Synergy

As we have seen, the formal theory of general intelligence, in its current form, doesn't really tell us much that's of use for creating real-world AGI systems. It tells us that creating extraordinarily powerful general intelligence is almost trivial if one has unrealistically huge amounts of computational resources; and that creating moderately powerful general intelligence using feasible computational resources is all about creating AI algorithms and data structures that (explicitly or implicitly) match the restrictions implied by a certain class of situations, to which the general intelligence is biased.

We've also described, in various previous chapters, some non-rigorous, conceptual principles that seem to explain key aspects of feasible general intelligence: the complementary reliance on evolution and autopoiesis, the superposition of hierarchical and heterarchical structures, and so forth. These principles can be considered as broad strategies for achieving general intelligence in certain broad classes of situations. Although, a lot of research needs to be done to figure out nice ways to describe, for instance, in what class of situations evolution is an effective learning strategy, in what class of situations dual hierarchical/heterarchical structure is an effective way to organize memory, etc.

In this chapter we'll dig deeper into one of the "general principle of feasible general intelligences" briefly alluded to earlier: the *cognitive synergy* principle, which is both a conceptual hypothesis about the structure of generally intelligent systems in certain classes of environments, and a design principle used to guide the architecting of CogPrime.

We will focus here on cognitive synergy specifically in the case of "multi-memory systems," which we define as intelligent systems (like CogPrime) whose combination of environment, embodiment and motivational systems make it important for them to possess memories that divide into partially but not wholly distinct components corresponding to the categories of:

- Declarative memory
- Procedural memory (memory about how to do certain things)
- Sensory and episodic memory
- Attentional memory (knowledge about what to pay attention to in what contexts
- Intentional memory (knowledge about the system's own goals and subgoals)

In Chapter 9 below we present a detailed argument as to how the requirement for a multi-memory underpinning for general intelligence emerges from certain underlying assumptions



HOUSE_OVERSIGHT_013059

regarding the measurement of the simplicity of goals and environments; but the points made here do not rely on that argument. What they do rely on is the assumption that, in the intelligence in question, the different components of memory are significantly but not wholly distinct. That is, there are significant "family resemblances" between the memories of a single type, yet there are also thoroughgoing connections between memories of different types.

The cognitive synergy principle, if correct, applies to any AI system demonstrating intelligence in the context of embodied, social communication. However, one may also take the theory as an explicit guide for constructing AGI systems; and of course, the bulk of this book describes one AGI architecture, CogPrime, designed in such a way.

It is possible to cast these notions in mathematical form, and we make some efforts in this direction in Appendix **??**, using the languages of category theory and information geometry. However, this formalization has not yet led to any rigorous proof of the generality of cognitive synergy nor any other exciting theorems; with luck this will come as the mathematics is further developed. In this chapter the presentation is kept on the heuristic level, which is all that is critically needed for motivating the CogPrime design.

## 8.2 Cognitive Synergy

The essential idea of cognitive synergy, in the context of multi-memory systems, may be expressed in terms of the following points:

1. Intelligence, relative to a certain set of environments, may be understood as the capability to achieve complex goals in these environments.
2. With respect to certain classes of goals and environments (see Chapter 9 for a hypothesis in this regard), an intelligent system requires a "multi-memory" architecture, meaning the possession of a number of specialized yet interconnected knowledge types, including: declarative, procedural, attentional, sensory, episodic and intentional (goal-related). These knowledge types may be viewed as different sorts of patterns that a system recognizes in itself and its environment. Knowledge of these various different types must be interlinked, and in some cases may represent differing views of the same content (see Figure **??**)
3. Such a system must possess knowledge creation (i.e. pattern recognition / formation) mechanisms corresponding to each of these memory types. These mechanisms are also called "cognitive processes."
4. Each of these cognitive processes, to be effective, must have the capability to recognize when it lacks the information to perform effectively on its own; and in this case, to dynamically and interactively draw information from knowledge creation mechanisms dealing with other types of knowledge
5. This cross-mechanism interaction must have the result of enabling the knowledge creation mechanisms to perform much more effectively in combination than they would if operated non-interactively. This is "cognitive synergy."

While these points are implicit in the theory of mind given in [Goe06a], they are not articulated in this specific form there.

Interactions as mentioned in Points 4 and 5 in the above list are the real conceptual meat of the cognitive synergy idea. One way to express the key idea here is that most AI algorithms suffer from combinatorial explosions: the number of possible elements to be combined in a

HOUSE_OVERSIGHT_013060

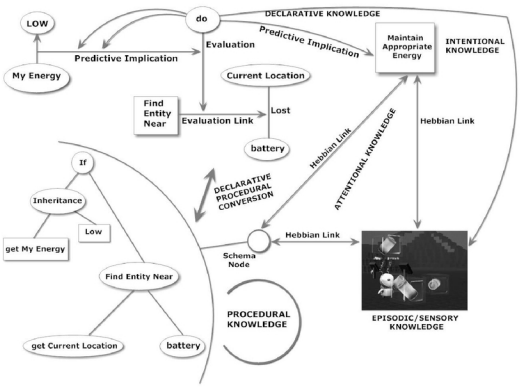


Fig. 8.1: Illustrative example of the interactions between multiple types of knowledge, in representing a simple piece of knowledge. Generally speaking, one type of knowledge can be converted to another, at the cost of some loss of information. The synergy between cognitive processes associated with corresponding pieces of knowledge, possessing different type, is a critical aspect of general intelligence.

synthesis or analysis is just too great, and the algorithms are unable to filter through all the possibilities, given the lack of intrinsic constraint that comes along with a "general intelligence" context (as opposed to a narrow-AI problem like chess-playing, where the context is constrained and hence restricts the scope of possible combinations that needs to be considered). In an AGI architecture based on cognitive synergy, the different learning mechanisms must be designed specifically to interact in such a way as to palliate each others' combinatorial explosions - so that, for instance, each learning mechanism dealing with a certain sort of knowledge, must synergize with learning mechanisms dealing with the other sorts of knowledge, in a way that decreases the severity of combinatorial explosion.

One prerequisite for cognitive synergy to work is that each learning mechanism must recognize when it is "stuck," meaning it's in a situation where it has inadequate information to make a confident judgment about what steps to take next. Then, when it does recognize that it's stuck, it may request help from other, complementary cognitive mechanisms.

A theoretical notion closely related to cognitive synergy is the *cognitive schematic*, formalized in Chapter 7 above, which states that the activity of the different cognitive processes involved in an intelligent system may be modeled in terms of the schematic implication

$$Context \wedge Procedure \rightarrow Goal$$

HOUSE_OVERSIGHT_013061

where the Context involves sensory, episodic and/or declarative knowledge; and attentional knowledge is used to regulate how much resource is given to each such schematic implication in memory. Synergy among the learning processes dealing with the context, the procedure and the goal is critical to the adequate execution of the cognitive schematic using feasible computational resources.

Finally, drilling a little deeper into Point 3 above, one arrives at a number of possible knowledge creation mechanisms (cognitive processes) corresponding to each of the key types of knowledge. Figure **??** below gives a high-level overview of the main types of cognitive process considered in the current version of Cognitive Synergy Theory, categorized according to the type of knowledge with which each process deals.

## 8.3 Cognitive Synergy in CogPrime

Different cognitive systems will use different processes to fulfill the various roles identified in Figure **??** above. Here we briefly preview the basic cognitive processes that the CogPrime AGI design uses for these roles, and the synergies that exist between these.

### *8.3.1 Cognitive Processes in CogPrime*

: a Cognitive Synergy Based Architecture..." from ICCI 2009

Table 8.1: default

|Table will go here|

Table 8.2: The OpenCogPrime data structures used to represent the key knowledge types involved

Table 8.3: default

|Table will go here|

Table 8.4: Key cognitive processes, and the algorithms that play their roles in CogPrime

Tables 8.1 and 8.3 present the key structures and processes involved in CogPrime, identifying each one with a certain memory/process type as considered in cognitive synergy theory. That is: each of these cognitive structures or processes deals with one or more types of memory – declarative, procedural, sensory, episodic or attentional. Table 8.5 describes the key CogPrime

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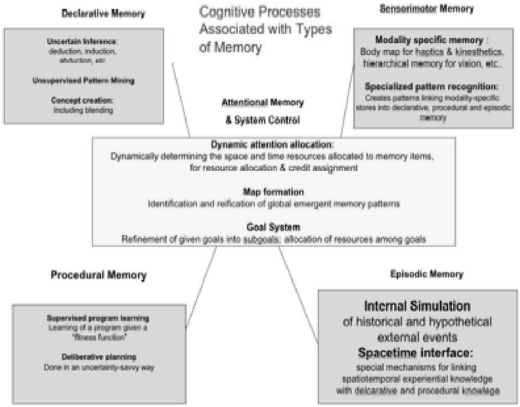


Fig. 8.2: High-level overview of the key cognitive dynamics considered here in the context of cognitive synergy. The cognitive synergy principle describes the behavior of a system as it pursues a set of goals (which in most cases may be assumed to be supplied to the system "a priori", but then refined by inference and other processes). The assumed intelligent agent model is roughly as follows: At each time the system chooses a set of procedures to execute, based on its judgments regarding which procedures will best help it achieve its goals in the current context. These procedures may involve external actions (e.g. involving conversation, or controlling an agent in a simulated world) and/or internal cognitive actions. In order to make these judgments it must effectively manage declarative, procedural, episodic, sensory and attentional memory, each of which is associated with specific algorithms and structures as depicted in the diagram. There are also global processes spanning all the forms of memory, including the allocation of attention to different memory items and cognitive processes, and the identification and reification of system-wide activity patterns (the latter referred to as "map formation")

Table 8.5: default

|Table will go here|

Table 8.6: Key OpenCogPrime cognitive processes categorized according to knowledge type and process type

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processes in terms of the "analysis vs. synthesis" distinction. Finally, Tables ?? and ?? exemplify these structures and processes in the context of embodied virtual agent control.

In the CogPrime context, a procedure in this cognitive schematic is a program tree stored in the system's procedural knowledge base; and a context is a (fuzzy, probabilistic) logical predicate stored in the AtomSpace, that holds, to a certain extent, during each interval of time. A goal is a fuzzy logical predicate that has a certain value at each interval of time, as well.

Attentional knowledge is handled in CogPrime by the ECAN artificial economics mechanism, that continually updates ShortTermImportance and LongTerm Importance values associated with each item in the CogPrime system's memory, which control the amount of attention other cognitive mechanisms pay to the item, and how much motive the system has to keep the item in memory. HebbianLinks are then created between knowledge items that often possess ShortTermImportance at the same time; this is CogPrime's version of traditional Hebbian learning.

ECAN has deep interactions with other cognitive mechanisms as well, which are essential to its efficient operation; for instance, PLN inference may be used to help ECAN extrapolate conclusions about what is worth paying attention to, and MOSES may be used to recognize subtle attentional patterns. ECAN also handles "assignment of credit", the figuring-out of the causes of an instance of successful goal-achievement, drawing on PLN and MOSES as needed when the causal inference involved here becomes difficult.

The synergies between CogPrime's cognitive processes are well summarized below, which is a 16x16 matrix summarizing a host of interprocess interactions generic to CST.

One key aspect of how CogPrime implements cognitive synergy is PLN's sophisticated management of the confidence of judgments. This ties in with the way OpenCogPrime's PLN inference framework represents truth values in terms of multiple components (as opposed to the single probability values used in many probabilistic inference systems and formalisms): each item in OpenCogPrime's declarative memory has a confidence value associated with it, which tells how much weight the system places on its knowledge about that memory item. This assists with cognitive synergy as follows: A learning mechanism may consider itself "stuck", generally speaking, when it has no high-confidence estimates about the next step it should take.

Without reasonably accurate confidence assessment to guide it, inter-component interaction could easily lead to increased rather than decreased combinatorial explosion. And of course there is an added recursion here, in that confidence assessment is carried out partly via PLN inference, which in itself relies upon these same synergies for its effective operation.

To illustrate this point further, consider one of the synergetic aspects described in ?? below: the role cognitive synergy plays in deductive inference. Deductive inference is a hard problem in general - but what is hard about it is not carrying out inference steps, but rather "inference control" (i.e., choosing which inference steps to carry out). Specifically, what must happen for deduction to succeed in CogPrime is:

1. the system must recognize when its deductive inference process is "stuck", i.e. when the PLN inference control mechanism carrying out deduction has no clear idea regarding which inference step(s) to take next, even after considering all the domain knowledge at is disposal
2. in this case, the system must defer to another learning mechanism to gather more information about the different choices available - and the other learning mechanism chosen must, a reasonable percentage of the time, actually provide useful information that helps PLN to get "unstuck" and continue the deductive process

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For instance, deduction might defer to the "attentional knowledge" subsystem, and make a judgment as to which of the many possible next deductive steps are most associated with the goal of inference and the inference steps taken so far, according to the HebbianLinks constructed by the attention allocation subsystem, based on observed associations. Or, if this fails, deduction might ask MOSES (running in supervised categorization mode) to learn predicates characterizing some of the terms involving the possible next inference steps. Once MOSES provides these new predicates, deduction can then attempt to incorporate these into its inference process, hopefully (though not necessarily) arriving at a higher-confidence next step.

## 8.4 Some Critical Synergies

Referring back to Figure ??, and summarizing many of the ideas in the previous section, Table ?? enumerates a number of specific ways in which the cognitive processes mentioned in the Figure may synergize with one another, potentially achieving dramatically greater efficiency than would be possible on their own.

Of course, realizing these synergies on the practical algorithmic level requires significant inventiveness and may be approached in many different ways. The specifics of how CogPrime manifests these synergies are discussed in many following chapters.

| **How —> Helps \| \|/** | **Map formation** | **Goal system** | **Simulation** | **Sensorimotor pattern recognition** |
|---|---|---|---|---|
| **Uncertain inference** | Creates new concepts and relationships, enabling briefer useful inference trails | Goal refinement enables more careful goal-based inference pruning | - Simulations provide a method of testing speculative inferential conclusions<br>- Simulations suggest hypotheses to be explored via inference | Creates new concepts and relationships, enabling briefer useful inference trails |
| **Supervised procedure learning** | Creates new procedures to be used as modules in candidate procedures | Goal refinement allows more precise definition of fitness functions, making procedure learning's job easier | Simulation provides a method of "fitness estimation" allowing inexpensive testing of candidate procedures | Extraction of sensorimotor patterns allows creation of abstracted fitness functions for (inferentially and simulatively) evaluating procedures guiding real-world actions |
| **Attention allocation** | Creates new concepts grouping "attentionally related" memory items, enabling AA to find subtler attentional patterns involving these nodes | Goal refinement allows more accurately goal-driven allocation of attention | Simulation provides data for attention allocation – allowing attentional information to be extracted from co-occurences observed in simulation | Creates concepts grouping "attentionally related" memory items, enabling AA to find subtler attentional patterns involving these nodes |
| **Concept creation** | Creates new concepts to be fed into other concept creation mechanisms | Goal refinement provides more precise definition of criteria via which new concepts are created | Utility of concepts may be assessed via creating simulated entities embodying the new concepts and seeing what they lead to in simulation | Creates new concepts to be fed into other concept creation mechanisms |

Fig. 8.3: This table, and the following ones, show some of the synergies between the primary cognitive processes explicitly used in CogPrime.

HOUSE_OVERSIGHT_013065

| How ---> Helps \|\/ | Uncertain inference | Supervised procedure learning | Attention allocation | Concept creation |
|---|---|---|---|---|
| **Uncertain inference** | NA | When inference gets stuck in an inference trail, it can ask procedure learning to learn new patterns regarding concepts in the inference trail (if there is adequate data regarding the concepts) | Importance levels allow pruning of inference trees | Provides new concepts, allowing briefer useful inference trails |
| **Supervised procedure learning** | Inference can be used to allow prior experience to guide each instance of procedure learning. | NA | Importance levels may be used to bias choices made in the course of procedure learning (e.g. in OGP, in the fitness evaluation and representation-building phases of MOSES) | Provides new concepts, allowing compacter programs using new concepts in various roles |
| **Attention allocation** | Enables inference of new HebbianLinks and HebbianPredicates from existing ones | Procedure learning can recognize patterns in historical system activity, which are then used to build concepts and relationships guiding attention allocation | NA | Combination of concepts formed via map formation, may lead to new concepts that even better direct attention |
| **Concept creation** | Allows inferential assessment of the value of new concepts | Procedure learning can be used to search for high-quality blends of existing concepts (using e.g. inferential and attentional knowledge in the fitness functions) | Allows assessment of the value of new concepts based on historical attentional knowledge | NA |

| How ---> Helps \|\/ | Uncertain inference | Supervised procedure learning | Attention allocation | Concept creation |
|---|---|---|---|---|
| **Map formation** | Speculative inference can help map formation guess which maps to hunt for | Procedure learning can be used to search for maps that are more complex than mere "co-occurrence" | Attention allocation provides the raw data for map formation | *No significant direct synergy* |
| **Goal system** | Inference can carry out goal refinement | *No significant direct synergy* | Flow of importance among subgoals determines which subgoals get used, versus being forgotten | Concept creation can be used to provide raw data for goal refinement (e.g. a new subgoal that blends two others) |
| **Simulation** | In order to provide data for setting up simulations, inference will often be needed | *No significant direct synergy* | Attention allocation tells which portions of a simulation need to be run in more detail | *No significant direct synergy* |
| **Sensorimotor pattern recognition** | Speculative inference helps fill in gaps in sensory data | Procedure learning can be used to find subtle patterns in sensorimotor data | Attention allocation guides pattern recognition via indicating which sensorimotor stimuli and patterns tend to be associatively linked | New concepts may be created that then are found to serve as significant patterns in sensorimotor data |

HOUSE_OVERSIGHT_013066

| How ---> Helps ↓ ⇓ | Map formation | Goal system | Simulation | Sensorimotor pattern recognition |
|---|---|---|---|---|
| **Map formation** | NA | Map formation may focus on finding maps related to subgoals, and good subgoal refinement helps here | *No significant direct synergy* | *No significant direct synergy* |
| **Goal system** | Concepts formed from maps may be useful raw material for forming subgoals | NA | *No significant direct synergy* | *No significant direct synergy* |
| **Simulation** | *No significant direct synergy* | *No significant direct synergy* | NA | Presence of recognized sensorimotor patterns may be used to judge whether a simulation is sufficiently accurate |
| **Sensorimotor pattern recognition** | Concepts formed from maps may usefully guide sensorimotor pattern search | Directing pattern search toward patterns pertinent to subgoals, may make the task far easier | Patterns recognized in simulations may then be checked for presence in real sensorimotor data | NA |

## 8.5 The Cognitive Schematic

Now we return to the "cognitive schematic" notion, according to which various cognitive processes involved in intelligence may be understood to work together via the implication

$$Context \wedge Procedure \rightarrow Goal < p >$$

(summarized $C \wedge P \rightarrow G$). Semi-formally, this implication may be interpreted to mean: "If the context $C$ appears to hold currently, then if I enact the procedure $P$, I can expect to achieve the goal $G$ with certainty $p$."

The cognitive schematic leads to a conceptualization of the internal action of an intelligent system as involving two key categories of learning:

- **Analysis**: Estimating the probability $p$ of a posited $C \wedge P \rightarrow G$ relationship
- **Synthesis**: Filling in one or two of the variables in the cognitive schematic, given assumptions regarding the remaining variables, and directed by the goal of maximizing the probability of the cognitive schematic

More specifically, where synthesis is concerned, some key examples are:

- The MOSES probabilistic evolutionary program learning algorithm is applied to find $P$, given fixed $C$ and $G$. Internal simulation is also used, for the purpose of creating a simulation embodying $C$ and seeing which $P$ lead to the simulated achievement of $G$.
  - *Example: A virtual dog learns a procedure $P$ to please its owner (the goal $G$) in the context $C$ where there is a ball or stick present and the owner is saying "fetch".*
- PLN inference, acting on declarative knowledge, is used for choosing $C$, given fixed $P$ and $G$ (also incorporating sensory and episodic knowledge as appropriate). Simulation may also be used for this purpose.

HOUSE_OVERSIGHT_013067

  - *Example: A virtual dog wants to achieve the goal $G$ of getting food, and it knows that the procedure $P$ of begging has been successful at this before, so it seeks a context $C$ where begging can be expected to get it food. Probably this will be a context involving a friendly person.*

- PLN-based goal refinement is used to create new subgoals $G$ to sit on the right hand side of instances of the cognitive schematic.
  - *Example: Given that a virtual dog has a goal of finding food, it may learn a subgoal of following other dogs, due to observing that other dogs are often heading toward their food.*

- Concept formation heuristics are used for choosing $G$ and for fueling goal refinement, but especially for choosing $C$ (via providing new candidates for $C$). They are also used for choosing $P$, via a process called "predicate schematization" that turns logical predicates (declarative knowledge) into procedures.
  - *Example: At first a virtual dog may have a hard time predicting which other dogs are going to be mean to it. But it may eventually observe common features among a number of mean dogs, and thus form its own concept of "pit bull," without anyone ever teaching it this concept explicitly.*

Where analysis is concerned:

- PLN inference, acting on declarative knowledge, is used for estimating the probability of the implication in the cognitive schematic, given fixed $C$, $P$ and $G$. Episodic knowledge is also used this regard, via enabling estimation of the probability via simple similarity matching against past experience. Simulation is also used: multiple simulations may be run, and statistics may be captured therefrom.
  - *Example: To estimate the degree to which asking Bob for food (the procedure $P$ is "asking for food", the context $C$ is "being with Bob") will achieve the goal $G$ of getting food, the virtual dog may study its memory to see what happened on previous occasions where it or other dogs asked Bob for food or other things, and then integrate the evidence from these occasions.*

- Procedural knowledge, mapped into declarative knowledge and then acted on by PLN inference, can be useful for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C \wedge P_1 \rightarrow G$ is known for some $P_1$ related to $P$.
  - *Example: knowledge of the internal similarity between the procedure of asking for food and the procedure of asking for toys, allows the virtual dog to reason that if asking Bob for toys has been successful, maybe asking Bob for food will be successful too.*

- Inference, acting on declarative or sensory knowledge, can be useful for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C_1 \wedge P \rightarrow G$ is known for some $C_1$ related to $C$.
  - *Example: if Bob and Jim have a lot of features in common, and Bob often responds positively when asked for food, then maybe Jim will too.*

- Inference can be used similarly for estimating the probability of the implication $C \wedge P \rightarrow G$, in cases where the probability of $C \wedge P \rightarrow G_1$ is known for some $G_1$ related to $G$. Concept

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creation can be useful indirectly in calculating these probability estimates, via providing new concepts that can be used to make useful inference trails more compact and hence easier to construct.

- *Example: The dog may reason that because Jack likes to play, and Jack and Jill are both children, maybe Jill likes to play too. It can carry out this reasoning only if its concept creation process has invented the concept of "child" via analysis of observed data.*

In these examples we have focused on cases where two terms in the cognitive schematic are fixed and the third must be filled in; but just as often, the situation is that only one of the terms is fixed. For instance, if we fix $G$, sometimes the best approach will be to collectively learn $C$ and $P$. This requires either a procedure learning method that works interactively with a declarative-knowledge-focused concept learning or reasoning method; or a declarative learning method that works interactively with a procedure learning method. That is, it requires the sort of cognitive synergy built into the CogPrime design.

## 8.6 Cognitive Synergy for Procedural and Declarative Learning

We now present a little more algorithmic detail regarding the operation and synergetic interaction of CogPrime's two most sophisticated components: the MOSES procedure learning algorithm (see Chapter 33), and the PLN uncertain inference framework (see Chapter 34). The treatment is necessarily quite compact, since we have not yet reviewed the details of either MOSES or PLN; but as well as illustrating the notion of cognitive synergy more concretely, perhaps the high-level discussion here will make clearer how MOSES and PLN fit into the big picture of CogPrime.

### *8.6.1 Cognitive Synergy in MOSES*

MOSES, CogPrime's primary algorithm for learning procedural knowledge, has been tested on a variety of application problems including standard GP test problems, virtual agent control, biological data analysis and text classification [Loo06]. It represents procedures internally as program trees. Each node in a MOSES program tree is supplied with a "knob," comprising a set of values that may potentially be chosen to replace the data item or operator at that node. So for instance a node containing the number 7 may be supplied with a knob that can take on any integer value. A node containing a while loop may be supplied with a knob that can take on various possible control flow operators including conditionals or the identity. A node containing a procedure representing a particular robot movement, may be supplied with a knob that can take on values corresponding to multiple possible movements. Following a metaphor suggested by Douglas Hofstadter [Hof96], MOSES learning covers both "knob twiddling" (setting the values of knobs) and "knob creation."

MOSES is invoked within CogPrime in a number of ways, but most commonly for finding a procedure $P$ satisfying a probabilistic implication $C\&P \rightarrow G$ as described above, where $C$ is an observed context and $G$ is a system goal. In this case the probability value of the implication provides the "scoring function" that MOSES uses to assess the quality of candidate procedures.

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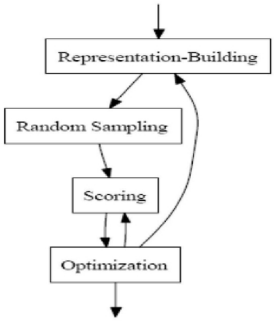


Fig. 8.4: High-Level Control Flow of MOSES Algorithm

For example, suppose an CogPrime -controlled robot is trying to learn to play the game of "tag." (I.e. a multi-agent game in which one agent is specially labeled "it", and runs after the other player agents, trying to touch them. Once another agent is touched, it becomes the new "it" and the previous "it" becomes just another player agent.) Then its context $C$ is that others are trying to play a game they call "tag" with it; and we may assume its goals are to please them and itself, and that it has figured out that in order to achieve this goal it should learn some procedure to follow when interacting with others who have said they are playing "tag." In this case a potential tag-playing procedure might contain nodes for physical actions like $step_forward(speed\ s)$, as well as control flow nodes containing operators like $ifelse$ (for instance, there would probably be a conditional telling the robot to do something different depending on whether someone seems to be chasing it). Each of these program tree nodes would have an appropriate knob assigned to it. And the scoring function would evaluate a procedure $P$ in terms of how successfully the robot played tag when controlling its behaviors according to $P$ (noting that it may also be using other control procedures concurrently with $P$). It's worth noting here that evaluating the scoring function in this case involves some inference already, because in order to tell if it is playing tag successfully, in a real-world context, it must watch and understand the behavior of the other players.

MOSES follows the high-level control flow depicted in Figure 8.4, which corresponds to the following process for evolving a metapopulation of "demes" of programs (each deme being a set of relatively similar programs, forming a sort of island in program space):

1. Construct an initial set of knobs based on some prior (e.g., based on an empty program; or more interestingly, using prior knowledge **supplied by PLN inference** based on the system's memory) and use it to generate an initial random sampling of programs. Add this deme to the metapopulation.
2. Select a deme from the metapopulation and update its sample, as follows:

HOUSE_OVERSIGHT_013070

a. Select some promising programs from the deme's existing sample to use for modeling, according to the scoring function.
b. Considering the promising programs as collections of knob settings, generate new collections of knob settings by applying some (competent) optimization algorithm. For best performance on difficult problems, it is important to use an optimization algorithm that makes use of the system's memory in its choices, **consulting PLN inference** to help estimate which collections of knob settings will work best.
c. Convert the new collections of knob settings into their corresponding programs, reduce the programs to normal form, evaluate their scores, and integrate them into the deme's sample, replacing less promising programs. In the case that scoring is expensive, score evaluation may be preceded by score estimation, which may use **PLN inference**, enaction of procedures in an **internal simulation environment**, and/or similarity matching against **episodic memory**.

3. For each new program that meet the criterion for creating a new deme, if any:

   a. Construct a new set of knobs (a process called "representation-building") to define a region centered around the program (the deme's *exemplar)*, and use it to generate a *new* random sampling of programs, producing a new deme.
   b. Integrate the new deme into the metapopulation, possibly displacing less promising demes.

4. Repeat from step 2.

MOSES is a complex algorithm and each part plays its role; if any one part is removed the performance suffers significantly [Loo06]. However, the main point we want to highlight here is the role played by synergetic interactions between MOSES and other cognitive components such as PLN, simulation and episodic memory, as indicated in **boldface** in the above pseudocode. MOSES is a powerful procedure learning algorithm, but used on its own it runs into scalability problems like any other such algorithm; the reason we feel it has potential to play a major role in a human-level AI system is its capacity for productive interoperation with other cognitive components.

Continuing the "tag" example, the power of MOSES's integration with other cognitive processes would come into play if, before learning to play tag, the robot has already played simpler games involving chasing. If the robot already has experience chasing and being chased by other agents, then its episodic and declarative memory will contain knowledge about how to pursue and avoid other agents in the context of running around an environment full of objects, and this knowledge will be deployable within the appropriate parts of MOSES's Steps 1 and 2. Cross-process and cross-memory-type integration make it tractable for MOSES to act as a "transfer learning" algorithm, not just a task-specific machine-learning algorithm.

### *8.6.2 Cognitive Synergy in PLN*

While MOSES handles much of CogPrime's procedural learning, and OpenCogPrimes internal simulation engine handles most episodic knowledge, CogPrime's primary tool for handling declarative knowledge is an uncertain inference framework called Probabilistic Logic Networks (PLN). The complexities of PLN are the topic of a lengthy technical monograph [GMIH08], and

HOUSE_OVERSIGHT_013071

here we will eschew most details and focus mainly on pointing out how PLN seeks to achieve efficient inference control via integration with other cognitive processes.

As a logic, PLN is broadly integrative: it combines certain term logic rules with more standard predicate logic rules, and utilizes both fuzzy truth values and a variant of imprecise probabilities called *indefinite probabilities*. PLN mathematics tells how these uncertain truth values propagate through its logic rules, so that uncertain premises give rise to conclusions with reasonably accurately estimated uncertainty values. This careful management of uncertainty is critical for the application of logical inference in the robotics context, where most knowledge is abstracted from experience and is hence highly uncertain.

PLN can be used in either forward or backward chaining mode; and in the language introduced above, it can be used for either analysis or synthesis. As an example, we will consider backward chaining analysis, exemplified by the problem of a robot preschool-student trying to determine whether a new playmate "Bob" is likely to be a regular visitor to its preschool or not (evaluating the truth value of the implication $Bob \rightarrow regular_visitor$). The basic backward chaining process for PLN analysis looks like:

1. Given an implication $L \equiv A \rightarrow B$ whose truth value must be estimated (for instance $L \equiv C\&P \rightarrow G$ as discussed above), create a list $(A_1, ..., A_n)$ of *(inference rule, stored knowledge)* pairs that might be used to produce $L$
2. Using analogical reasoning to prior inferences, assign each $A_i$ a probability of success
   - If some of the $A_i$ are estimated to have reasonable probability of success at generating reasonably confident estimates of $L$'s truth value, then invoke Step 1 with $A_i$ in place of $L$ (at this point the inference process becomes recursive)
   - If none of the $A_i$ looks sufficiently likely to succeed, then inference has "gotten stuck" and another cognitive process should be invoked, e.g.
     - **Concept creation** may be used to infer new concepts related to $A$ and $B$, and then Step 1 may be revisited, in the hope of finding a new, more promising $A_i$ involving one of the new concepts
     - **MOSES** may be invoked with one of several special goals, e.g. the goal of finding a procedure $P$ so that $P(X)$ predicts whether $X \rightarrow B$. If MOSES finds such a procedure $P$ then this can be converted to declarative knowledge understandable by PLN and Step 1 may be revisited....
     - **Simulations** may be run in CogPrime's internal simulation engine, so as to observe the truth value of $A \rightarrow B$ in the simulations; and then Step 1 may be revisited....

The combinatorial explosion of inference control is combatted by the capability to defer to other cognitive processes when the inference control procedure is unable to make a sufficiently confident choice of which inference steps to take next. Note that just as MOSES may rely on PLN to model its evolving populations of procedures, PLN may rely on MOSES to create complex knowledge about the terms in its logical implications. This is just one example of the multiple ways in which the different cognitive processes in CogPrime interact synergetically; a more thorough treatment of these interactions is given in Chapter 49.

In the "new playmate" example, the interesting case is where the robot initially seems not to know enough about Bob to make a solid inferential judgment (so that none of the $A_i$ seem particularly promising). For instance, it might carry out a number of possible inferences and not come to any reasonably confident conclusion, so that the reason none of the $A_i$ seem promising is that all the decent-looking ones have been tried already. So it might then recourse to MOSES, simulation or concept creation.

HOUSE_OVERSIGHT_013072

For instance, the PLN controller could make a list of everyone who has been a regular visitor, and everyone who has not been, and pose MOSES the task of figuring out a procedure for distinguishing these two categories. This procedure could then used directly to make the needed assessment, or else be translated into logical rules to be used within PLN inference. For example, perhaps MOSES would discover that older males wearing ties tend not to become regular visitors. If the new playmate is an older male wearing a tie, this is directly applicable. But if the current playmate is wearing a tuxedo, then PLN may be helpful via reasoning that even though a tuxedo is not a tie, it's a similar form of fancy dress – so PLN may extend the MOSES-learned rule to the present case and infer that the new playmate is not likely to be a regular visitor.

## 8.7 Is Cognitive Synergy Tricky?

[1]

In this section we use the notion of cognitive synergy to explore a question that arises frequently in the AGI community: the well-known difficulty of measuring intermediate progress toward human-level AGI. We explore some potential reasons underlying this, via extending the notion of cognitive synergy to a more refined notion of "tricky cognitive synergy." These ideas are particularly relevant to the problem of creating a roadmap toward AGI, as we'll explore in Chapter 17 below.

### *8.7.1 The Puzzle: Why Is It So Hard to Measure Partial Progress Toward Human-Level AGI?*

It's not entirely straightforward to create tests to measure the *final achievement* of human-level AGI, but there are some fairly obvious candidates here. There's the Turing Test (fooling judges into believing you're human, in a text chat), the video Turing Test, the Robot College Student test (passing university, via being judged exactly the same way a human student would), etc. There's certainly no agreement on which is the most meaningful such goal to strive for, but there's broad agreement that a number of goals of this nature basically make sense.

On the other hand, how does one measure whether one is, say, 50 percent of the way to human-level AGI? Or, say, 75 or 25 percent?

It's possible to pose many "practical tests" of incremental progress toward human-level AGI, with the property that if a proto-AGI system passes the test using a certain sort of architecture and/or dynamics, then this implies a certain amount of progress toward human-level AGI *based on particular theoretical assumptions about AGI*. However, in each case of such a practical test, it seems intuitively likely *to a significant percentage of AGI researchers* that there is some way to "game" the test via designing a system specifically oriented toward passing that test, and which doesn't constitute dramatic progress toward AGI.

Some examples of practical tests of this nature would be

[1] This section co-authored with Jared Wigmore

HOUSE_OVERSIGHT_013073

- The Wozniak "coffee test": go into an average American house and figure out how to make coffee, including identifying the coffee machine, figuring out what the buttons do, finding the coffee in the cabinet, etc.
- Story understanding – reading a story, or watching it on video, and then answering questions about what happened (including questions at various levels of abstraction)
- Graduating (virtual-world or robotic) preschool
- Passing the elementary school reading curriculum (which involves reading and answering questions about some picture books as well as purely textual ones)
- Learning to play an arbitrary video game based on experience only, or based on experience plus reading instructions

One interesting point about tests like this is that each of them seems to *some* AGI researchers to encapsulate the crux of the AGI problem, and be unsolvable by any system not far along the path to human-level AGI – yet seems to other AGI researchers, with different conceptual perspectives, to be something probably game-able by narrow-AI methods. And of course, given the current state of science, there's no way to tell which of these practical tests really can be solved via a narrow-AI approach, except by having a lot of people try really hard over a long period of time.

A question raised by these observations is whether there is some *fundamental reason* why it's hard to make an objective, theory-independent measure of intermediate progress toward advanced AGI. Is it just that we haven't been smart enough to figure out the right test – or is there some conceptual reason why the very notion of such a test is problematic?

We don't claim to know for sure – but in the rest of this section we'll outline one possible reason why the latter might be the case.

### *8.7.2 A Possible Answer: Cognitive Synergy is Tricky!*

Why might a solid, objective empirical test for intermediate progress toward AGI be an infeasible notion? One possible reason, we suggest, is precisely *cognitive synergy*, as discussed above.

The cognitive synergy hypothesis, in its simplest form, states that human-level AGI intrinsically depends on the synergetic interaction of multiple components (for instance, as in CogPrime, multiple memory systems each supplied with its own learning process). In this hypothesis, for instance, it might be that there are 10 critical components required for a human-level AGI system. Having all 10 of them in place results in human-level AGI, but having only 8 of them in place results in having a dramatically impaired system – and maybe having only 6 or 7 of them in place results in a system that can hardly do anything at all.

Of course, the reality is almost surely not as strict as the simplified example in the above paragraph suggests. No AGI theorist has really posited a list of 10 crisply-defined subsystems and claimed them necessary and sufficient for AGI. We suspect there are many different routes to AGI, involving integration of different sorts of subsystems. However, if the cognitive synergy hypothesis is correct, then human-level AGI behaves *roughly* like the simplistic example in the prior paragraph suggests. Perhaps instead of using the 10 components, you could achieve human-level AGI with 7 components, but having only 5 of these 7 would yield drastically impaired functionality – etc. Or the point could be made without any decomposition into a finite set of components, using continuous probability distributions. To mathematically formalize the

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cognitive synergy hypothesis becomes complex, but here we're only aiming for a qualitative argument. So for illustrative purposes, we'll stick with the "10 components" example, just for communicative simplicity.

Next, let's suppose that for any given task, there are ways to achieve this task using a system that is much simpler than any subset of size 6 drawn from the set of 10 components needed for human-level AGI, but works much better for the task than this subset of 6 components (assuming the latter are used as a set of only 6 components, without the other 4 components).

Note that this supposition is a good bit stronger than mere cognitive synergy. For lack of a better name, we'll call it *tricky cognitive synergy*. The tricky cognitive synergy hypothesis would be true if, for example, the following possibilities were true:

- creating components to serve as parts of a synergetic AGI is *harder* than creating components intended to serve as parts of simpler AI systems without synergetic dynamics
- components capable of serving as parts of a synergetic AGI are necessarily *more complicated* than components intended to serve as parts of simpler AGI systems.

These certainly seem reasonable possibilities, since to serve as a component of a synergetic AGI system, a component must have the internal flexibility to usefully handle interactions with a lot of other components as well as to solve the problems that come its way. In a CogPrime context, these possibilities ring true, in the sense that tailoring an AI process for tight integration with other AI processes within CogPrime, tends to require more work than preparing a conceptually similar AI process for use on its own or in a more task-specific narrow AI system.

It seems fairly obvious that, if tricky cognitive synergy really holds up as a property of human-level general intelligence, the difficulty of formulating tests for intermediate progress toward human-level AGI follows as a consequence. Because, according to the tricky cognitive synergy hypothesis, any test is going to be more easily solved by some simpler narrow AI process than by a *partially complete* human-level AGI system.

### *8.7.3 Conclusion*

We haven't proved anything here, only made some qualitative arguments. However, these arguments do seem to give a plausible explanation for the empirical observation that positing tests for intermediate progress toward human-level AGI is a very difficult prospect. If the theoretical notions sketched here are correct, then this difficulty is not due to incompetence or lack of imagination on the part of the AGI community, nor due to the primitive state of the AGI field, but is rather intrinsic to the subject matter. And if these notions are correct, then quite likely the future rigorous science of AGI will contain formal theorems echoing and improving the qualitative observations and conjectures we've made here.

If the ideas sketched here are true, then the practical consequence for AGI development is, very simply, that one shouldn't worry a lot about producing intermediary results that are compelling to skeptical observers. Just at 2/3 of a human brain may not be of much use, similarly, 2/3 of an AGI system may not be much use. Lack of impressive intermediary results may not imply one is on a wrong development path; and comparison with narrow AI systems on specific tasks may be badly misleading as a gauge of incremental progress toward human-level AGI.

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Hopefully it's clear that the motivation behind the line of thinking presented here is a desire to understand the nature of general intelligence and its pursuit – not a desire to avoid testing our AGI software! Really, as AGI engineers, we would love to have a sensible rigorous way to test our intermediary progress toward AGI, so as to be able to pose convincing arguments to skeptics, funding sources, potential collaborators and so forth. Our motivation here is not a desire to avoid having the intermediate progress of our efforts measured, but rather a desire to explain the frustrating (but by now rather well-established) difficulty of creating such intermediate goals for human-level AGI in a meaningful way.

If we or someone else figures out a compelling way to measure partial progress toward AGI, we will celebrate the occasion. But it seems worth seriously considering the possibility that the difficulty in finding such a measure reflects fundamental properties of general intelligence.

From a practical CogPrime perspective, we are interested in a variety of evaluation and testing methods, including the "virtual preschool" approach mentioned briefly above and more extensively in later chapters. However, our focus will be on evaluation methods that give us meaningful information about CogPrime's progress, given our knowledge of how CogPrime works and our understanding of the underlying theory. We are unlikely to focus on the achievement of intermediate test results capable of convincing skeptics of the reality of our partial progress, because we have not yet seen any credible tests of this nature, and because we suspect the reasons for this lack may be rooted in deep properties of feasible general intelligence, such as tricky cognitive synergy.

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# Chapter 9
# General Intelligence in the Everyday Human World

## 9.1 Introduction

Intelligence is not just about what happens inside a system, but also about what happens outside that system, and how the system interacts with its environment. Real-world general intelligence is about intelligence *relative to some particular class of environments*, and human-like general intelligence is about intelligence relative to the particular class of environments that humans evolved in (which in recent millennia has included environments humans have created using their intelligence). In Chapter 2, we reviewed some specific capabilities characterizing human-like general intelligence; to connect these with the general theory of general intelligence from the last few chapters, we need to explain what aspects of human-relevant *environments* correspond to these human-like intelligent *capabilities*. We begin with aspects of the environment related to communication, which turn out to tie in closely with cognitive synergy. Then we turn to physical aspects of the environment, which we suspect also connect closely with various human cognitive capabilities. Finally we turn to physical aspects of the human body and their relevance to the human mind. In the following chapter we present a deeper, more abstract theoretical framework encompassing these ideas.

These ideas are of theoretical importance, and they're also of practical importance when one turns to the critical area of *AGI environment design*. If one is going to do anything besides release one's young AGI into the "wilds" of everyday human life, then one has to put some thought into what kind of environment it will be raised in. This may be a virtual world or it may be a robot preschool or some other kind of physical environment, but in any case some specific choices must be made about what to include. Specific choices must also be made about what kind of body to give one's AGI system – what sensors and actuators, and so forth. In Chapter 16 we will present some specific suggestions regarding choices of embodiment and environment that we find to be ideal for AGI development – virtual and robot preschools – but the material in this chapter is of more general import, beyond any such particularities. If one has an intuitive idea of what properties of body and world human intelligence is biased for, then one can make practical choices about embodiment and environment in a principled rather than purely ad hoc or opportunistic way.



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## 9.2 Some Broad Properties of the Everyday World That Help Structure Intelligence

The properties of the everyday world that help structure intelligence are diverse and span multiple levels of abstraction. Most of this chapter will focus on fairly concrete patterns of this nature, such as are involved in inter-agent communication and naive physics; however, it's also worth noting the potential importance of more abstract patterns distinguishing the everyday world from arbitrary mathematical environments.

The propensity to search for hierarchical patterns is one huge potential example of an abstract everyday-world property. We strongly suspect the reason that searching for hierarchical patterns works so well, in so many everyday-world contexts, lies in the particular structure of the everyday world – it's not something that would be true across all possible environments (even if one weights the space of possible environments in some clever way, say using program-length according to some standard computational model). However, this sort of assertion is of course highly "philosophical," and becomes complex to formulate and defend convincingly given the current state of science and mathematics.

Going one step further, we recall from Chapter 3 a structure called the "dual network", which consists of superposed hierarchical and heterarchical networks: basically a hierarchy in which the distance between two nodes in the hierarchy is correlated with the distance between the nodes in some metric space. Another high level property of the everyday world may be that dual network structures are prevalent. This would imply that minds biased to represent the world in terms of dual network structure are likely to be intelligent with respect to the everyday world.

In a different direction, the extreme commonality of symmetry groups in the (everyday and otherwise) physical world is another example: they occur so often that minds oriented toward recognizing patterns involving symmetry groups are likely to be intelligent with respect to the real world.

We suspect that the number of cognitively-relevant properties of the everyday world is huge ... and that the essence of everyday-world intelligence lies in the list of varyingly abstract and concrete properties, which must be embedded implicitly or explicitly in the structure of a natural or artificial intelligence for that system to have everyday-world intelligence.

Apart from these particular yet abstract properties of the everyday world, intelligence is just about "finding patterns in which actions tend to achieve which goals in which situations" ... but, the simple meta-algorithm needed to accomplish this universally is, we suggest, only a small percentage what it takes to make a mind.

You might say that a sufficiently generally intelligent system should be able to infer the various cognitively-relevant properties of the environment from looking at data about the everyday world. We agree *in principle*, and in fact Ben Kuipers and his colleagues have done some interesting work in this direction, showing that learning algorithms can infer some basics about the structure of space and time from experience [MK07]. But we suggest that doing this really thoroughly would require a massively greater amount of processing power than an AGI that embodies and hence automatically utilizes these principles. It may be that the problem of inferring these properties is so hard as to require a wildly infeasible $AIXI^{tl}$ / Godel Machine type system.

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## 9.3 Embodied Communication

Next we turn to the potential cognitive implications of seeking to achieve goals in an environment in which multimodal communication with other agents plays a prominent role.

Consider a community of embodied agents living in a shared world, and suppose that the agents can communicate with each other via a set of mechanisms including:

- **Linguistic communication**, in a language whose semantics is largely (not necessarily wholly) interpretable based on the mutually experienced world
- **Indicative communication**, in which e.g. one agent points to some part of the world or delimits some interval of time, and another agent is able to interpret the meaning
- **Demonstrative communication**, in which an agent carries out a set of actions in the world, and the other agent is able to imitate these actions, or instruct another agent as to how to imitate these actions
- **Depictive communication**, in which an agent creates some sort of (visual, auditory, etc.) construction to show another agent, with a goal of causing the other agent to experience phenomena similar to what they would experience upon experiencing some particular entity in the shared environment
- **Intentional communication**, in which an agent explicitly communicates to another agent what its goal is in a certain situation [1]

It is clear that ordinary everyday communication between humans possesses all these aspects.

We define the **Embodied Communication Prior** (ECP) as the probability distribution in which the probability of an entity (e.g. a goal or environment) is proportional to the difficulty of describing that entity, for a typical member of the community in question, using a particular set of communication mechanisms including the above five modes. We will sometimes refer to the prior probability of an entity under this distribution, as its "simplicity" under the distribution.

Next, to further specialize the Embodied Communication Prior, we will assume that for each of these modes of communication, there are some aspects of the world that are much more easily communicable using that mode than the other modes. For instance, in the human everyday world:

- Abstract (declarative) statements spanning large classes of situations are generally much easier to communicate linguistically
- Complex, multi-part procedures are much easier to communicate either demonstratively, or using a combination of demonstration with other modes
- Sensory or episodic data is often much easier to communicate demonstratively
- The current value of attending to some portion of the shared environment is often much easier to communicate indicatively
- Information about what goals to follow in a certain situation is often much easier to communicate intentionally, i.e. via explicitly indicating what one's own goal is

These simple observations have significant implications for the nature of the Embodied Communication Prior. For one thing they let us define multiple forms of knowledge:

- **Isolatedly declarative knowledge** is that which is much more easily communicable linguistically

[1] in Appendix **??** we recount some interesting recent results showing that mirror neurons fire in response to some cases of intentional communication as thus defined

HOUSE_OVERSIGHT_013079

- **Isolatedly procedural knowledge** is that which is much more easily communicable demonstratively
- **Isolatedly sensory knowledge** is that which is much more easily communicable depictively
- **Isolatedly attentive knowledge** is that which is much more easily communicable indicatively
- **Isolatedly intentional knowledge** is that which is much more easily communicable intentionally

This categorization of knowledge types resembles many ideas from the cognitive theory of memory [TC05], although the distinctions drawn here are a little crisper than any classification currently derivable from available neurological or psychological data.

Of course there may be much knowledge, of relevance to systems seeking intelligence according to the ECP, that does not fall into any of these categories and constitutes "mixed knowledge." There are some very important specific subclasses of mixed knowledge. For instance, episodic knowledge (knowledge about specific real or hypothetical sets of events) will most easily be communicated via a combination of declarative, sensory and (in some cases) procedural communication. Scientific and mathematical knowledge are generally mixed knowledge, as is most everyday commonsense knowledge.

Some cases of mixed knowledge are reasonably well decomposable, in the sense that they decompose into knowledge items that individually fall into some specific knowledge type. For instance, an experimental chemistry procedure may be much more easily communicable procedurally, whereas an allied piece of knowledge from theoretical chemistry may be much more easily communicable declaratively; but in order to fully communicate either the experimental procedure or the abstract piece of knowledge, one may ultimately need to communicate both aspects.

Also, even when the best way to communicate something is mixed-mode, it may be possible to identify one mode that poses the most important part of the communication. An example would be a chemistry experiment that is best communicated via a practical demonstration together with a running narrative. It may be that the demonstration without the narrative would be vastly more valuable than the narrative without the demonstration. To cover such cases we may make less restrictive definitions such as

- **Interactively declarative knowledge** is that which is much more easily communicable in a manner dominated by linguistic communication

and so forth. We call these "interactive knowledge categories," by contrast to the "isolated knowledge categories" introduced earlier.

#### 9.3.0.1 Naturalness of Knowledge Categories

Next we introduce an assumption we call NKC, for Naturalness of Knowledge Categories. The NKC assumption states that the knowledge in each of the above isolated and interactive communication-modality-focused categories forms a "natural category," in the sense that for each of these categories, there are many different properties shared by a large percentage of the knowledge in the category, but not by a large percentage of the knowledge in the other categories. This means that, for instance, procedural knowledge systematically (and statistically) has different characteristics than the other kinds of knowledge.

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The NKC assumption seems commonsensically to hold true for human everyday knowledge, and it has fairly dramatic implications for general intelligence. Suppose we conceive general intelligence as the ability to achieve goals in the environment shared by the communicating agents underlying the Embodied Communication Prior. Then, NKC suggests that the best way to achieve general intelligence according to the Embodied Communication Prior is going to involve

- specialized methods for handling declarative, procedural, sensory and attentional knowledge (due to the naturalness of the isolated knowledge categories)
- specialized methods for handling interactions between different types of knowledge, including methods focused on the case where one type of knowledge is primary and the others are supporting (the latter due to the naturalness of the interactive knowledge categories)

#### 9.3.0.2 Cognitive Completeness

Suppose we conceive an AI system as consisting of a set of learning capabilities, each one characterized by three features:

- One or more **knowledge types** that it is competent to deal with, in the sense of the two key learning problems mentioned above
- At least one **learning type**: either analysis, or synthesis, or both
- At least one **interaction type**, for each (knowledge type, learning type) pair it handles: "isolated" (meaning it deals mainly with that knowledge type in isolation), or "interactive" (meaning it focuses on that knowledge type but in a way that explicitly incorporates other knowledge types into its process), or "fully mixed" (meaning that when it deals with the knowledge type in question, no particular knowledge type tends to dominate the learning process).

Then, intuitively, it seems to follow from the ECP with NKC that systems with high efficient general intelligence should have the following properties, which collectively we'll call **cognitive completeness**:

- For each (knowledge type, learning type, interaction type) triple, there should be a learning capability corresponding to that triple.
- Furthermore the capabilities corresponding to different (knowledge type, interaction type) pairs should have distinct characteristics (since according to the NKC the isolated knowledge corresponding to a knowledge type is a natural category, as is the dominant knowledge corresponding to a knowledge type)
- For each (knowledge type, learning type) pair (K,L), and each other knowledge type K1 distinct from K, there should be a distinctive capability with interaction type "interactive" and dealing with knowledge that is interactively K but also includes aspects of K1

Furthermore, it seems intuitively sensible that according to the ECP with NKC, if the capabilities mentioned in the above points are reasonably able, then the system possessing the capabilities will display general intelligence relative to the ECP. Thus we arrive at the hypothesis that

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**Under the assumption of the Embodied Communication Prior (with the Natural Knowledge Categories assumption), the property above called "cognitive completeness" is necessary and sufficient for efficient general intelligence at the level of an inteligent adult human (e.g. at the Piagetan formal level [Pia53]).**

Of course, the above considerations are very far from a rigorous mathematical proof (or even precise formulation) of this hypothesis. But we are presenting this here as a conceptual hypothesis, in order to qualitatively guide our practical AGI R&D and also to motivate further, more rigorous theoretical work.

### *9.3.1 Generalizing the Embodied Communication Prior*

One interesting direction for further research would be to broaden the scope of the inquiry, in a manner suggested above: instead of just looking at the ECP, look at simplicity measures in general, and attack the question of how a mind must be structured in order to display efficient general intelligence relative to a specified simplicity measure. This problem seems unapproachable in general, but some special cases may be more tractable.

For instance, suppose one has

- a simplicity measure that (like the ECP) is approximately decomposable into a set of fairly distinct components, plus their interactions
- an assumption similar to NKC, which states that the entities displaying simplicity according to each of the distinct components, are roughly clustered together in entity-space

Then one should be able to say that, to achieve efficient general intelligence relative to this decomposable simplicity measure, a system should have distinct capabilities corresponding to each of the components of the simplicity measure interactions between these capabilities, corresponding to the interaction terms in the simplicity measure.

With copious additional work, these simple observations could potentially serve as the seed for a novel sort of theory of general intelligence – a theory of how the structure of a system depends on the structure of the simplicity measure with which it achieves efficient general intelligence. Cognitive Synergy Theory would then emerge as a special case of this more abstract theory.

## 9.4 Naive Physics

Multimodal communication is an important aspect of the environment for which human intelligence evolved – but not the only one. It seems likely that our human intelligence is also closely adapted to various aspects of our physical environment – a matter that is worth carefully attending as we design environments for our robotically or virtually embodied AGI systems to operate in.

One interesting guide to the most cognitively relevant aspects of human environments is the subfield of AI known as "naive physics" [Hay85] – a term that refers to the theories about the physical world that human beings implicitly develop and utilize during their lives. For instance,

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when you figure out that you need to pressure the knife slightly harder when spreading peanut butter rather than jelly, you're not making this judgment using Newtonian physics or the Navier-Stokes equations of fluid dynamics; you're using heuristic patterns that you figured out through experience. Maybe you figured out these patterns through experience spreading peanut butter and jelly in particular. Or maybe you figured these heuristic patterns out before you ever tried to spread peanut butter or jelly specifically, via just touching peanut butter and jelly to see what they feel like, and then carrying out inference based on your experience manipulating similar tools in the context of similar substances.

Other examples of similar "naive physics" patterns are easy to come by, e.g.

1. What goes up must come down.
2. A dropped object falls straight down.
3. A vacuum sucks things towards it.
4. Centrifugal force throws rotating things outwards.
5. An object is either at rest or moving, in an absolute sense.
6. Two events are simultaneous or they are not.
7. When running downhill, one must lift one's knees up high.
8. When looking at something that you just barely can't discern accurately, squint.

Attempts to axiomatically formulate naive physics have historically come up short, and we doubt this is a promising direction for AGI. However, we do think the naive physics literature does a good job of identifying the various phenomena that the human mind's naive physics deals with. So, from the point of view of AGI environment design, naive physics is a useful source of requirements. Ideally, we would like an AGI's environment to support all the fundamental phenomena that naive physics deals with.

We now describe some key aspects of naive physics in a more systematic manner. Naive physics has many different formulations; in this section we draw heavily on [SC94], who divide naive physics phenomena into 5 categories. Here we review these categories and identify a number of important things that humanlike intelligent agents must be able to do relative to each of them.

### *9.4.1 Objects, Natural Units and Natural Kinds*

One key aspect of naive physics involves recognition of various aspects of objects, such as:

1. Recognition of objects amidst noisy perceptual data
2. Recognition of surfaces and interiors of objects
3. Recognition of objects as manipulable units
4. Recognition of objects as potential subjects of fragmentation (splitting, cutting) and of unification (gluing, bonding)
5. Recognition of the agent's body as an object, and as parts of the agent's body as objects
6. Division of universe of perceived objects into "natural kinds", each containing typical and atypical instances

HOUSE_OVERSIGHT_013083

### 9.4.2 Events, Processes and Causality

Specific aspects of naive physics related to temporality and causality are:

1. Distinguishing roughly-subjectively-instantaneous events from extended processes
2. Identifying beginnings, endings and crossings of processes
3. Identifying and distinguishing internal and external changes
4. Identifying and distinguishing internal and external changes relative to one's own body
5. Interrelating body-changes with changes in external entities

Notably, these aspects of naive physics involve a different processes occurring on a variety of different time scales, intersecting in complex patterns, and involving processes inside the agent's body, outside the agent's body, and crossing the boundary of the agent's body.

### 9.4.3 Stuffs, States of Matter, Qualities

Regarding the various states of matter, some important aspects of naive physics are:

1. Perceiving gaps between objects: holes, media, illusions like rainbows, mirages and holograms
2. Distinguishing the manners in which different sorts of entities (e.g. smells, sounds, light) fill space
3. Distinguishing properties such as smoothness, roughness, graininess, stickiness, runniness, etc.
4. Distinguishing degrees of elasticity and fragility
5. Assessing separability of aggregates

### 9.4.4 Surfaces, Limits, Boundaries, Media

Gibson [Gib77, Gib79] has argued that naive physics is not mainly about objects but rather mainly about surfaces. Surfaces have a variety of aspects and relationships that are important for naive physics, such as:

1. Perceiving and reasoning about surfaces as two-sided or one-sided interfaces
2. Inference of the various ecological laws of surfaces
3. Perception of various media in the world as separated by surfaces
4. Recognition of the textures of surfaces
5. Recognition of medium/surface layout relationships such as: ground, open environment, enclosure, detached object, attached object, hollow object, place, sheet, fissure, stick, fibre, dihedral, etc.

As a concrete, evocative "toy" example of naive everyday knowledge about surfaces and boundaries, consider Sloman's [Slo08a] example scenario, depicted in Figure 9.1 and drawn largely from [SS74] (see also related discussion in [Slo08b], in which "A child can be given one

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Fig. 9.1: One of Sloman's example test domains for real-world inference. Left: a number of pins and a rubber band to be stretched around them. Right: use of the pins and rubber band to make a letter T.

or more rubber bands and a pile of pins, and asked to use the pins to hold the band in place to form a particular shape)... For example, things to be learnt could include":

1. There is an area inside the band and an area outside the band.
2. The possible effects of moving a pin that is inside the band towards or further away from other pins inside the band. (The effects can depend on whether the band is already stretched.)
3. The possible effects of moving a pin that is outside the band towards or further away from other pins inside the band.
4. The possible effects of adding a new pin, inside or outside the band, with or without pushing the band sideways with the pin first.
5. The possible effects of removing a pin, from a position inside or outside the band.
6. Patterns of motion/change that can occur and how they affect local and global shape (e.g. introducing a concavity or convexity, introducing or removing symmetry, increasing or decreasing the area enclosed).
7. The possibility of causing the band to cross over itself. (NB: Is an odd number of crosses possible?)
8. How adding a second, or third band can enrich the space of structures, processes and effects of processes.

### *9.4.5 What Kind of Physics Is Needed to Foster Human-like Intelligence?*

We stated above that we would like an AGI's environment to support all the fundamental phenomena that naive physics deals with; and we have now reviewed a number of these specific phenomena. But it's not entirely clear what the "fundamental" aspects underlying these phenomena are. One important question in the environment-design context is how close an AGI environment needs to stick to the particulars of real-world naive physics. Is it important that a young AGI can play with the specific differences between spreading peanut butter versus jelly? Or is it enough that it can play with spreading and smearing various substances of different consistencies? How close does the analogy between an AGI environment's naive physics and

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real-world naive physics need to be? This is a question to which we have no scientific answer at present. Our own working hypothesis is that the analogy does not need to be extremely close, and with this in mind in Chapter 16 we propose a virtual environment BlocksNBeadsWorld that encompasses all the basic conceptual phenomena of real-world naive physics, but does not attempt to emulate their details.

Framed in terms of human psychology rather than environment design, the question becomes: *At what level of detail must one model the physical world to understand the ways in which human intelligence has adapted to the physical world?*. Our suspicion, which underlies our BlocksNBeadsWorld design, is that it's approximately enough to have

- Newtonian physics, or some close approximation
- Matter in multiple phases and forms vaguely similar to the ones we see in the real world: solid, liquid, gas, paste, goo, etc.
- Ability to transform some instances of matter from one form to another
- Ability to flexibly manipulate matter in various forms with various solid tools
- Ability to combine instances of matter into new ones in a fairly rich way: e.g. glue or tie solids togethermix liquids together, etc.
- Ability to position instances of matter with respect to each other in a rich way: e.g. put liquid in a solid cavity, cover something with a lid or a piece of fabric, etc.

It seems to us that if the above are present in an environment, then an AGI seeking to achieve appropriate goals in that environment will be likely to form an appropriate "human-like physical-world intuition." We doubt that the specifics of the naive physics of different forms of matter are critical to human-like intelligence. But, we suspect that a great amount of unconscious human metaphorical thinking is conditioned on the fact that humans evolved around matter that takes a variety of forms, can be changed from one form to another, and can be fairly easily arranged and composited to form new instances from prior ones. Without many diverse instances of matter transformation, arrangement and composition in its experience, an AGI is unlikely to form an internal "metaphor-base" even vaguely similar to the human one – so that, even if it's highly intelligent, its thinking will be radically non-human-like in character.

Naturally this is all somewhat speculative and must be explored via experimentation. Maybe an elaborate blocks-world with only solid objects will be sufficient to create human-level, roughly human-like AGI with rich spatiotemporal and manipulative intuition. Or maybe human intelligence is more closely adapted to the specifics of our physical world – with water and dirt and plants and hair and so forth – than we currently realize. One thing that *is* very clear is that, as we proceed with embodying, situating and educating our AGI systems, we need to pay careful attention to the way their intelligence is conditioned by their environment.

## 9.5 Folk Psychology

Related to naive physics is the notion of "naive psychology" or "folk psychology" [Rav04], which includes for instance the following aspects:

1. Mental simulation of other agents
2. Mental theory regarding other agents
3. Attribution of beliefs, desires and intentions (BDI) to other agents via theory or simulation

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4. Recognition of emotions in other agents via their physical embodiment
5. Recognition of desires and intentions in other agents via their physical embodiment
6. Analogical and contextual inferences between self and other, regarding BDI and other aspects
7. Attribute causes and meanings to other agents behaviors
8. Anthropomorphize non-human, including inanimate objects

The main special requirement placed on an AGI's embodiment by the above aspects pertains to the ability of agents to express their emotions and intentions to each other. Humans do this via facial expressions, gestures and language.

### *9.5.1 Motivation, Requiredness, Value*

Relatedly to folk psychology, Gestalt [Koh38] and ecological [Gib77, Gib79] psychology suggest that humans perceive the world substantially in terms of the affordances it provides them for goal-directed action. This suggests that, to support human-like intelligence, an AGI must be capable of:

1. Perception of entities in the world as differentially associated with goal-relevant value
2. Perception of entities in the world in terms of the potential actions they afford the agent, or other agents

The key point is that entities in the world need to provide a wide variety of ways for agents to interact with them, enabling richly complex perception of affordances.

## 9.6 Body and Mind

The above discussion has focused on the world external to the body of the AGI agent embodied and embedded in the world, but the issue of the AGI's body also merits consideration. There seems little doubt that a human's intelligence is highly conditioned by the particularities of the human body.

### *9.6.1 The Human Sensorium*

Here the requirements seem fairly simple: while surely not strictly necessary, it would certainly be *preferable* to provide an AGI with fairly rich analogues of the human senses of touch, sight, sound, kinesthesia, taste and smell. Each of these senses provides different sorts of cognitive stimulation to the human mind; and while similar cognitive stimulation could doubtless be achieved without analogous senses, the provision of such seems the most straightforward approach. It's hard to know how much of human intelligence is specifically biased to the sorts of outputs provided by human senses.

As vision already is accorded such a prominent role in the AI and cognitive science literature – and is discussed in moderate depth in Chapter 26 of Part 2, we won't take time elaborating

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on the importance of vision processing for humanlike cognition. The key thing an AGI requires to support humanlike "visual intelligence" is an environment containing a sufficiently robust collection of materials that object and event recognition and identification become interesting problems.

Audition is cognitively valuable for many reasons, one of which is that it gives a very rich and precise method of sensing the world that is different from vision. The fact that humans can display normal intelligence while totally blind or totally deaf is an indication that, in a sense, vision and audition are redundant for understanding the everyday world. However, it may be important that the brain has evolved to account for both of these senses, because this forced it to account for the presence of two very rich and precise methods of sensing the world – which may have forced it to develop more abstract representation mechanisms than would have been necessary with only one such method.

Touch is a sense that is, in our view, generally badly underappreciated within the AI community. In particular the cognitive robotics community seems to worry too little about the terribly impoverished sense of touch possessed by most current robots (though fortunately there are recent technologies that may help improve robots in this regard; see e.g. [Nan08]). Touch is how the human infant learns to distinguish self from other, and in this way it is the most essential sense for the establishment of an internal self-model. Touching others' bodies is a key method for developing a sense of the emotional reality and responsiveness of others, and is hence key to the development of theory of mind and social understanding in humans. For this reason, among others, human children lacking sufficient tactile stimulation will generally wind up badly impaired in multiple ways. A good-quality embodiment should supply an AI agent with a body that possesses skin, which has varying levels of sensitivity on different parts of the skin (so that it can effectively distinguish between reality and its perception thereof in a tactile context); and also varying types of touch sensors (e.g. temperature versus friction), so that it experiences textures as multidimensional entities.

Related to touch, kinesthesia refers to direct sensation of phenomena happening inside the body. Rarely mentioned in AI, this sense seems quite critical to cognition, as it underpins many of the analogies between self and other that guide cognition. Again, it's not important that an AGI's virtual body have the same internal body parts as a human body. But it seems valuable to have the AGI's virtual body display some vaguely human-body-like properties, such as feeling internal strain of various sorts after getting exercise, feeling discomfort in certain places when running out of energy, feeling internally different when satisfied versus unsatisfied, etc.

Next, taste is a cognitively interesting sense in that it involves the interplay between the internal and external world; it involves the evaluation of which entities from the external world are worthy of placing inside the body. And smell is cognitively interesting in large part because of its relationship with taste. A smell is, among other things, a long-distance indicator of what a certain entity might taste like. So, the combination of taste and smell provides means for conceptualizing relationships between self, world and distance.

### *9.6.2 The Human Body's Multiple Intelligences*

While most unique aspect of human intelligence is rooted in what one might call the "cognitive cortex" – the portions of the brain dealing with self-reflection and abstract thought. But the cognitive cortex does its work in close coordination with the body's various more specialized

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intelligent subsystems, including those associated with the gut, the heart, the liver, the immune and endocrine systems, and the perceptual and motor cortices.

In the perspective underlying this book, the human cognitive cortex – or the core cognitive network of any roughly human-like AGI system – should be viewed as a highly flexible, self-organizing network. These cognitive networks are modelable e.g. as a recurrent neural net with general topology, or a weighted labeled hypergraph, and are centrally concerned with recognizing patterns in its environment and itself, especially patterns regarding the achievement of the system's goals in various appropriate contexts. Here we augment this perspective, noting that the human brain's cognitive network is closely coupled with a variety of simpler and more specialized intelligent "body-system networks" which provide it with structural and dynamical inductive biasing. We then discuss the implications of this observation for practical AGI design.

One recalls Pascal's famous quote "The heart has its reasons, of which reason knows not." As we now know, the intuitive sense that Pascal and so many others have expressed, that the heart and other body systems have their own reasons, is grounded in the fact that they actually do carry out simple forms of reasoning (i.e. intelligent, adaptive dynamics), in close, sometimes cognitively valuable, coordination with the central cognitive network.

#### 9.6.2.1 Some of the Human Body's Specialized Intelligent Subsystems

The human body contains multiple specialized intelligences apart from the cognitive cortex. Here we review some of the most critical.

Hierarchies of Visual and Auditory Perception

. The hierarchical structure of visual and auditory cortex has been taken by some researchers [Kur12], [HB06] as the generic structure of cognition. While we suspect this is overstated, we agree it is important that these cortices nudge large portions of the cognitive cortex to assume an approximately hierarchical structure.

Olfactory Attractors

. The process of recognizing a familiar smell is grounded in a neural process similar to convergence to an attractor in a nonlinear dynamical system [Fre95]. There is evidence that the mammalian cognitive cortex evolved in close coordination with the olfactory cortex [Row11], and much of abstract cognition reflects a similar dynamic of gradually coming to a conclusion based on what initially "smells right."

Physical and Cognitive Action

. The cerebellum, a specially structured brain subsystem which controls motor movements, has for some time been understood to also have involvement in attention, executive control, language, working memory, learning, pain, emotion, and addiction [PSF09].

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The Second Brain

. The gastrointestinal neural net contains millions of neurons and is capable of operating independently of the brain. It modulates stress response and other aspects of emotion and motivation based on experience – resulting in so-called "gut feelings" [Ger99].

The Heart's Neural Network

. The heart has its own neural network, which modulates stress response, energy level and relaxation/excitement (factors key to motivation and emotion) based on experience [Arm04].

Pattern Recognition and Memory in the Liver

. The liver is a complex pattern recognition system, adapting via experience to better identify toxins [CB06]. Like the heart, it seems to store some episodic memories as well, resulting in liver transplant recipients sometimes acquiring the tastes in music or sports of the donor [EMC12].

Immune Intelligence

. The immune network is a highly complex, adaptive self-organizing system, which ongoingly solves the learning problem of identifying antigens and distinguishing them from the body system [FP86]. As immune function is highly energetically costly, stress response involves subtle modulation of the energy allocation to immune function, which involves communication between neural and immune networks.

The Endocrine System: A Key Bridge Between Mind and Body

. The endocrine (hormonal) system regulates (and is related by) emotion, thus guiding all aspects of intelligence (due to the close connection of emotion and motivation) [PH12].

Breathing Guides Thinking

. As oxygenation of the brain plays a key role in the spread of neural activity, the flow of breath is a key driver of cognition. Forced alternate nostril breathing has been shown to significantly affect cognition via balancing activity of the two brain hemispheres [SKBB91].

Much remains unknown, and the totality of feedback loops between the human cognitive cortex and the various specialized intelligences operative throughout the human body, has not yet been thoroughly charted.

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#### 9.6.2.2 Implications for AGI

What lesson should the AGI developer draw from all this? The particularities of the human mind/body should not be taken as general requirements for general intelligence. However, it is worth remembering just how difficult is the computational problem of learning, based on experiential feedback alone, the right way to achieve the complex goal of controlling a system with general intelligence at the human level or beyond. To solve this problem without some sort of strong inductive biasing may require massively more experience than young humans obtain.

Appropriate inductive bias may be embedded in an AGI system in many different ways. Some AGI designers have sought to embed it very explicitly, e.g. with hand-coded declarative knowledge as in Cyc, SOAR and other "GOFAI" type systems. On the other hand, the human brain receives its inductive bias much more subtly and implicitly, both via the specifics of the initial structure of the cognitive cortex, and via ongoing coupling of the cognitive cortex with other systems possessing more focused types of intelligence and more specific structures and/or dynamics.

In building an AGI system, one has four choices, very broadly speaking:

1. Create a flexible mind-network, as unbiased as feasible, and attempt to have it learn how to achieve its goals via experience
2. Closely emulate key aspects of the human body along with the human mind
3. Imitate the human mind-body, conceptually if not in detail, and create a number of structurally and dynamically simpler intelligent systems closely and appropriately coupled to the abstract cognitive mind-network, provide useful inductive bias.
4. Find some other, creative way to guide and probabilistically constrain one's AGI system's mind-network, providing inductive bias appropriate to the tasks at hand, without emulating even conceptually the way the human mind-brain receives its inductive bias via coupling with simpler intelligent systems.

Our suspicion is that the first option will not be viable. On the other hand, to do the second option would require more knowledge of the human body than biology currently possesses. This leaves the third and fourth options, both of which seem viable to us.

CogPrime incorporates a combination of the third and fourth options. CogPrime's generic dynamic knowledge store, the Atomspace, is coupled with specialized hierarchical networks (DeSTIN) for vision and audition, somewhat mirroring the human cortex. An artificial endocrine system for OpenCog is also under development, speculatively, as part of a project using OpenCog to control humanoid robots. On the other hand, OpenCog has no gastrointestinal nor cardiological nervous system, and the stress-response-based guidance provided to the human brain by a combination of the heart, gut, immune system and other body systems, is achieved in CogPrime in a more explicit way using the OpenPsi model of motivated cognition, and its integration with the system's attention allocation dynamics.

Likely there is no single correct way to incorporate the lessons of intelligent human body-system networks into AGI designs. But these are aspects of human cognition that all AGI researchers should be aware of.

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## 9.7 The Extended Mind and Body

Finally, Hutchins [Hut95], Logan [Log07] and others have promoted a view of human intelligence that views the human mind as extended beyond the individual body, incorporating social interactions and also interactions with inanimate objects, such as tools, plants and animals. This leads to a number of requirements for a humanlike AGI's environment:

1. The ability to create a variety of different tools for interacting with various aspects of the world in various different ways, including tools for making tools and ultimately machinery
2. The existence of other mobile, virtual life-forms in the world, including simpler and less intelligent ones, and ones that interact with each other and with the AGI
3. The existence of organic growing structures in the world, with which the AGI can interact in various ways, including halting their growth or modifying their growth pattern

How necessary these requirements are is hard to say – but it *is* clear that these things have played a major role in the evolution of human intelligence.

## 9.8 Conclusion

Happily, this diverse chapter supports a simple, albeit tentative conclusion. Our suggestion is that, if an AGI is

- placed in an environment capable of roughly supporting multimodal communication and vaguely (but not necessarily precisely) real-world-ish naive physics
- surrounded with other intelligent agents of varying levels of complexity, and other complex, dynamic structures to interface with
- given a body that can perceive this environment through some forms of sight, sound and touch; and perceive itself via some form of kinesthesia
- given a motivational system that encourages it to make rich use of these aspects of its environment

then the AGI is likely to have an experience-base reinforcing the key inductive biases provided by the everyday world for the guidance of humanlike intelligence.

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# Chapter 10
# A Mind-World Correspondence Principle

## 10.1 Introduction

Real-world minds are always adapted to certain classes of environments and goals. The ideas of the previous chapter, regarding the connection between a human-like intelligence's internals and its environment, result from exploring the implications of this adaptation in the context of the cognitive synergy concept. In this chapter we explore the mind-world connection in a broader and more abstract way – making a more ambitious attempt to move toward a "general theory of general intelligence."

One basic premise here, as in the preceding chapters is: Even a system of vast general intelligence, subject to real-world space and time constraints, will necessarily be more efficient at some kinds of learning than others. Thus, one approach to formulating a general theory of general intelligence is to look at the relationship between minds and worlds – where a "world" is conceived as an environment and a set of goals defined in terms of that environment.

In this spirit, we here formulate a broad principle binding together worlds and the minds that are intelligent in these worlds. The ideas of the previous chapter constitute specific, concrete instantiations of this general principle. A careful statement of the principle requires introduction of a number of technical concepts, and will be given later on in the chapter. A crude, informal version of the principle would be:

MIND-WORLD CORRESPONDENCE-PRINCIPLE

For a mind to work intelligently toward certain goals in a certain world, there should be a nice mapping from goal-directed sequences of world-states into sequences of mind-states, where "nice" means that a world-state-sequence $W$ composed of two parts $W_1$ and $W_2$, gets mapped into a mind-state-sequence $M$ composed of two corresponding parts $M_1$ and $M_2$.

What's nice about this principle is that it relates the decomposition of the world into parts, to the decomposition of the mind into parts.



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## 10.2 What Might a General Theory of General Intelligence Look Like?

It's not clear, at this point, what a real "general theory of general intelligence" would look like – but one tantalizing possibility is that it might confront the two questions:

- How does one design a world to foster the development of a certain sort of mind?
- How does one design a mind to match the particular challenges posed by a certain sort of world?

One way to achieve this would be to create a theory that, given a description of an environment and some associated goals, would output a description of the structure and dynamics that a system should possess to be intelligent in that environment relative to those goals, using limited computational resources.

Such a theory would serve a different purpose from the mathematical theory of "universal intelligence" developed by Marcus Hutter [Hut05] and others. For all its beauty and theoretical power, that approach currently gives it useful conclusions only about general intelligences with infinite or infeasibly massive computational resources. On the other hand, the approach suggested here is aimed toward creation of a theory of real-world general intelligences utilizing realistic amounts of computational power, but still possessing general intelligence comparable to human beings or greater.

This reflects a vision of intelligence as largely concerned with adaptation to particular classes of environments and goals. This may seem contradictory to the notion of "general" intelligence, but I think it actually embodies a realistic understanding of general intelligence. Maximally general intelligence is not pragmatically feasible; it could only be achieved using infinite computational resources [Hut05]. Real-world systems are inevitably limited in the intelligence they can display in any real situation, because real situations involve finite resources, including finite amounts of time. One may say that, in principle, a certain system could solve any problem given enough resources and time but, even when this is true, it's not necessarily the most interesting way to look at the system's intelligence. It may be more important to look at what a system can do given the resources at its disposal in reality. And this perspective leads one to ask questions like the ones posed above: which bounded-resources systems are well-disposed to display intelligence in which classes of situations?

As noted in Chapter 7 above, one can assess the generality of a system's intelligence via looking at the entropy of the class of situations across which it displays a high level of intelligence (where "high" is measured relative to its total level of intelligence across all situations). A system with a high generality of intelligence will tend to be roughly equally intelligent across a wide variety of situations; whereas a system with lower generality of intelligence will tend to be much more intelligent in a small subclass of situations, than in any other. The definitions given above embody this notion in a formal and quantitative way.

If one wishes to create a general theory of general intelligence according to this sort of perspective, the main question then becomes how to represent goals/environments and systems in such a way as to render transparent the natural correspondence between the specifics of the former and the latter, in the context of resource-bounded intelligence. This is the business of the next section.

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## 10.3 Steps Toward A (Formal) General Theory of General Intelligence

Now begins the formalism. At this stage of development of the theory proposed in this chapter, mathematics is used mainly as a device to ensure clarity of expression. However, once the theory is further developed, it may possibly become useful for purposes of calculation as well.

Suppose one has any system $S$ (which could be an AI system, or a human, or an environment that a human or AI is interacting with, or the combination of an environment and a human or AI's body, etc.). One may then construct an uncertain transition graph associated with that system $S$, in the following way:

- The nodes of the graph represent fuzzy sets of states of system $S$ (I'll call these state-sets from here on, leaving the fuzziness implicit)
- The (directed) links of the graph represent probabilistically weighted transitions between state-sets

Specifically, the weight of the link from B to A should be defined as

$$P(o(S, A, t(T))|o(S, B, T))$$

where

$$o(S, A, T)$$

denotes the presence of the system $S$ in the state-set $A$ during time-distribution $T$, and $t()$ is a temporal succession function defined so that $t(T)$ refers to a time-distribution conceived as "after" $T$. A time-distribution is a probability distribution over time-points. The interaction of fuzziness and probability here is fairly straightforward and may be handled in the manner of PLN, as outlined in subsequent chapters. Note that the definition of link weights is dependent on the specific implementation of the temporal succession function, which includes an implicit time-scale.

Suppose one has a transition graph corresponding to an environment; then a goal relative to that environment may be defined as a particular node in the transition graph. The goals of a particular system acting in that environment may then be conceived as one or more nodes in the transition graph. The system's situation in the environment at any point in time may also be associated with one or more nodes in the transition graph; then, the system's movement toward goal-achievement may be associated with paths through the environment's transition graph leading from its current state to goal states.

It may be useful for some purposes to filter the uncertain transition graph into a crisp transition graph by placing a threshold on the link weights, and removing links with weights below the threshold.

The next concept to introduce is the world-mind transfer function, which maps world (environment) state-sets into organism (e.g. AI system) state-sets in a specific way. Given a world state-set $W$, the world-mind transfer function $M$ maps $W$ into various organism state-sets with various probabilities, so that we may say: $M(W)$ is the probability distribution of state-sets the organism tends to be in, when its environment is in state-set $W$. (Recall also that state-sets are fuzzy.)

Now one may look at the spaces of world-paths and mind-paths. A world-path is a path through the world's transition graph, and a mind-path is a path through the organism's transi-

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tion graph. Given two world-paths $P$ and $Q$, it's obvious how to define the composition $P*Q$ one follows $P$ and then, after that, follows $Q$, thus obtaining a longer path. Similarly for mind-paths.

In category theory terms, we are constructing the free category associated with the graph: the objects of the category are the nodes, and the morphisms of the category are the paths. And category theory is the right way to be thinking here we want to be thinking about the relationship between the world category and the mind category.

The world-mind transfer function can be interpreted as a mapping from paths to subgraphs: Given a world-path, it produces a set of mind state-sets, which have a number of links between them. One can then define a world-mind path transfer function $M(P)$ via taking the mind-graph $M(nodes(P))$, and looking at the highest-weight path spanning $M(nodes(P))$. (Here $nodes$? obviously means the set of nodes of the path $P$.)

A functor $F$ between the world category and the mind category is a mapping that preserves object identities and so that

$$F(P * Q) = F(P) * F(Q)$$

We may also introduce the notion of an approximate functor, meaning a mapping F so that the average of

$$d(F(P * Q), F(P) * F(Q))$$

is small.

One can introduce a prior distribution into the average here. This could be the Levin universal distribution or some variant (the Levin distribution assigns higher probability to computationally simpler entities). Or it could be something more purpose specific: for example, one can give a higher weight to paths leading toward a certain set of nodes (e.g. goal nodes). Or one can use a distribution that weights based on a combination of simplicity and directedness toward a certain set of nodes. The latter seems most interesting, and I will define a goal-weighted approximate functor as an approximate functor, defined with averaging relative to a distribution that balances simplicity with directedness toward a certain set of goal nodes.

The move to approximate functors is simple conceptually, but mathematically it's a fairly big step, because it requires us to introduce a geometric structure on our categories. But there are plenty of natural metrics defined on paths in graphs (weighted or not), so there's no real problem here.

## 10.4 The Mind-World Correspondence Principle

Now we finally have the formalism set up to make a non-trivial statement about the relationship between minds and worlds. Namely, the hypothesis that:

MIND-WORLD CORRESPONDENCE PRINCIPLE

For an organism with a reasonably high level of intelligence in a certain world, relative to a certain set of goals, the mind-world path transfer function is a goal-weighted approximate functor.

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That is, a little more loosely: the hypothesis is that, for intelligence to occur, there has to be a natural correspondence between the transition-sequences of world-states and the corresponding transition-sequences of mind-states, at least in the cases of transition-sequences leading to relevant goals.

We suspect that a variant of the above proposition can be formally proved, using the definition of general intelligence presented in Chapter 7. The proof of a theorem corresponding to the above would certainly constitute an interesting start toward a general formal theory of general intelligence. Note that proving anything of this nature would require some attention to the time-scale-dependence of the link weights in the transition graphs involved.

A formally proved variant of the above proposition would be in short, a "MIND-WORLD CORRESPONDENCE THEOREM."

Recall that at the start of the chapter, we expressed the same idea as:

MIND-WORLD CORRESPONDENCE-PRINCIPLE

For a mind to work intelligently toward certain goals in a certain world, there should be a nice mapping from goal-directed sequences of world-states into sequences of mind-states, where "nice" means that a world-state-sequence $W$ composed of two parts $W_1$ and $W_2$, gets mapped into a mind-state-sequence M composed of two corresponding parts $M_1$ and $M_2$.

That is a reasonable gloss of the principle, but it's clunkier and less accurate, than the statement in terms of functors and path transfer functions, because it tries to use only common-language vocabulary, which doesn't really contain all the needed concepts.

## 10.5 How Might the Mind-World Correspondence Principle Be Useful?

Suppose one believes the Mind-World Correspondence Principle as laid out above so what?

Our hope, obviously, is that the principle could be useful in actually figuring out how to architect intelligent systems biased toward particular sorts of environment. And of course, this is said with the understanding that any finite intelligence must be biased toward some sorts of environment.

Relatedly, given a specific AGI design (such as CogPrime), one could use the principle to figure out which environments it would be best suited for. Or one could figure out how to adjust the particulars of the design, to maximize the system's intelligence in the environments of interest.

One next step in developing this network of ideas, aside from (and potentially building on) full formalization of the principle, would be an exploration of real-world environments in terms of transition graphs. What properties do the transition graphs induced from the real world have?

One such property, we suggest, is successive refinement. Often the path toward a goal involves first gaining an approximate understanding of a situation, then a slightly more accurate understanding, and so forth – until finally one has achieved a detailed enough understanding to actually achieve the goal. This would be represented by a world-path whose nodes are state-sets involving the gathering of progressively more detailed information.

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Via pursuing to the mind-world correspondence property in this context, I believe we will find that world-paths reflecting successive refinement correspond to mind-paths embodying successive refinement. This will be found to relate to the hierarchical structures found so frequently in both the physical world and the human mind-brain. Hierarchical structures allow many relevant goals to be approached via successive refinement, which I believe is the ultimate reason why hierarchical structures are so common in the human mind-brain.

Another next step would be exploring what mind-world correspondence means for the structure and dynamics of a limited-resources intelligence. If an organism $O$ has limited resources and, to be intelligent, needs to make

$$P(o(O, M(A), t(T))|o(O, M(B), T))$$

high for particular world state-sets $A$ and $B$, then what's the organism's best approach? Arguably, it should represent $M(A)$ and $M(B)$ internally in such a way that very little computational effort is required for it to transition between $M(A)$ and $M(B)$. For instance, this could be done by coding its knowledge in such a way that $M(A)$ and $M(B)$ share many common bits; or it could be done in other more complicated ways.

If, for instance, $A$ is a subset of $B$, then it may prove beneficial for the organism to represent $M(A)$ physically as a subset of its representation of $M(B)$.

Pursuing this line of thinking, one could likely derive specific properties of an intelligent organism's internal information-flow, from properties of the environment and goals with respect to which it's supposed to be intelligent.

This would allow us to achieve the holy grail of intelligence theory as I understand it: given a description of an environment and goals, to be able to derive an architectural description for an organism that will display a high level of intelligence relative to those goals, given limited computational resources.

While this "holy grail" is obviously a far way off, what we've tried to do here is to outline a clear mathematical and conceptual direction for moving toward it.

## 10.6 Conclusion

The Mind-World Correspondence Principle presented here – if in the vicinity of correctness – constitutes a non-trivial step toward fleshing out the concept of a general theory of general intelligence. But obviously the theory is still rather abstract, and also not completely rigorous. There's a lot more work to be done.

The Mind-World Correspondence Principle as articulated above is not quite a formal mathematical statement. It would take a little work to put in all the needed quantifiers to formulate it as one, and it's not clear the best way to do so the details would perhaps become clear in the course of trying to prove a version of it rigorously. One could interpret the ideas presented in this chapter as a philosophical theory that hopes to be turned into a mathematical theory and to play a key role in a scientific theory.

For the time being, the main role to be served by these ideas is qualitative: to help us think about concrete AGI designs like CogPrime in a sensible way. It's important to understand what the goal of a real-world AGI system needs to be: to achieve the ability to broadly learn and generalize, yes, but not with infinite capability rather with biases and patterns that are implicitly and/or explicitly tuned to certain broad classes of goals and environments. The Mind-World

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Correspondence Principle tells us something about what this "tuning" should involve – namely, making a system possessing mind-state sequences that correspond meaningfully to world-state sequences. CogPrime's overall design and particular cognitive processes are reasonably well interpreted as an attempt to achieve this for everyday human goals and environments.

One way of extending these theoretical ideas into a more rigorous theory is explored in Appendix **??**. The key ideas involved there are: modeling multiple memory types as mathematical categories (with functors mapping between them), modeling memory items as probability distributions, and measuring distance between memory items using two metrics, one based on algorithmic information theory and one on classical information geometry. Building on these ideas, core hypotheses are then presented:

- a **syntax-semantics correlation** principle, stating that in a successful AGI system, these two metrics should be roughly correlated
- a **cognitive geometrodynamics** principle, stating that on the whole intelligent minds tend to follow geodesics (shortest paths) in mindspace, according to various appropriately defined metrics (e.g. the metric measuring the distance between two entities in terms of the length and/or runtime of the shortest programs computing one from the other).
- a **cognitive synergy** principle, stating that shorter paths may be found through the composite mindspace formed by considering multiple memory types together, than by following the geodesics in the mindspaces corresponding to individual memory types.

The material is relegated to an appendix because it is so speculative, and it's not yet clear whether it will really be useful in advancing or interpreting CogPrime or other AGI systems (unlike the material from the present chapter, which has at least been useful in interpreting and tweaking the CogPrime design, even though it can't be claimed that CogPrime was derived directly from these theoretical ideas). However, this sort of speculative exploration is, in our view, exactly the sort of thing that's needed as a first phase in transitioning the ideas of the present chapter into a more powerful and directly actionable theory.

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# Section III
# Cognitive and Ethical Development

# Chapter 11
# Stages of Cognitive Development

**Co-authored with Stephan Vladimir Bugaj**

## 11.1 Introduction

Creating AGI, we have said, is not only about having the right structural and dynamical possibilities implemented in the initial version of one's system – but also about the environment and embodiment that one's system is associated with, and the match between the system's internals and these externals. Another key aspect is the long-term time-course of the system's evolution over time, both in its internals and its external interaction – i.e., what is known as *development*.

Development is a critical topic in our approach to AGI because we believe that much of what constitutes human-level, human-like intelligence *emerges* in an intelligent system due to its engagement with its environment and its environment-coupled self-organization. So, it's not to be expected that the initial version of an AGI system is going to display impressive feats of intelligence, even if the engineering is totally done right. A good analogy is the apparent unintelligence of a human baby. Yes, scientists have discovered that human babies are capable of interesting and significant intelligence – but one has to hunt to find it ... at first observation, babies are rather idiotic and simple-minded creatures: much less intelligent-appearing than lizards or fish, maybe even less than cockroaches....

If the goal of an AGI project is to create an AGI system that can progressively develop advanced intelligence through learning in an environment richly populated with other agents and various inanimate stimuli and interactive entities – then an understanding of the nature of cognitive development becomes extremely important to that project.

Unfortunately, contemporary cognitive science contains essentially no theory of "abstract developmental psychology" which can conveniently be applied to understand developing AIs. There is of course an extensive science of **human** developmental psychology, and so it is a natural research program to take the chief ideas from the former and inasmuch as possible port them to the AGI domain. This is not an entirely simple matter both because of the differences between humans and AIs and because of the unsettled nature of contemporary developmental psychology theory. But it's a job that must (and will) be done, and the ideas in this chapter may contribute toward this effort.

We will begin here with Piaget's well-known theory of human cognitive development, presenting it in a general systems theory context, then introducing some modifications and extensions and discussing some other relevant work.



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## 11.2 Piagetan Stages in the Context of a General Systems Theory of Development

Our review of AGI architectures in Chapter 4 focused heavily on the concept of **symbolism**, and the different ways in which different classes of cognitive architecture handle symbol representation and manipulation. We also feel that symbolism is critical to the notion of AGI development – and even more broadly, to the systems theory of development in general.

As a broad conceptual perspective on development, we suggest that one may view the development of a complex information processing system, embedded in an environment, in terms of the stages:

- **automatic**: the system interacts with the environment by "instinct", according to its innate programming
- **adaptive**: the system internally adapts to the environment, then interacting with the environment in a more appropriate way
- **symbolic**: the system creates internal symbolic representations of itself and the environment, which in the case of a complex, appropriately structured environment, allows it to interact with the environment more intelligently
- **reflexive**: the system creates internal symbolic representations of its own internal symbolic representations, thus achieving an even higher degree of intelligence

Sketched so broadly, these are not precisely defined categories but rather heuristic, intuitive categories. Formalizing them would be possible but would lead us too far astray here.

One can interpret these stages in a variety of different contexts. Here our focus is the cognitive development of humans and human-like AGI systems, but in Table 11.1 we present them in a slightly more general context, using two examples: the Piagetan example of the human (or humanlike) mind as it develops from infancy to maturity; and also the example of the "origin of life" and the development of life from proto-life up into its modern form. In any event, we allude to this more general perspective on development here mainly to indicate our view that the Piagetan perspective is not something ad hoc and arbitrary, but rather can plausibly be seen as a specific manifestation of more fundamental principles of complex systems development.

## 11.3 Piaget's Theory of Cognitive Development

The ghost of Jean Piaget hangs over modern developmental psychology in a yet unresolved way. Piaget's theories provide a cogent overarching perspective on human cognitive development, coordinating broad theoretical ideas and diverse experimental results into a unified whole [Pia55]. Modern experimental work has shown Piaget's ideas to be often oversimplified and incorrect. However, what has replaced the Piagetan understanding is not an alternative unified and coherent theory, but a variety of microtheories addressing particular aspects of cognitive development. For this reason a number of contemporary theorists taking a computer science [Shu03] or dynamical systems [Wit07] approach to developmental psychology have chosen to adopt the Piagetan framework in spite of its demonstrated shortcomings, both because of its conceptual strengths and for lack of a coherent, more rigorously grounded alternative.

Our own position is that the Piagetan view of development has some fundamental truth to it, which is reflected via how nicely it fits with a broader view of development in complex systems.

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| Stage | General Description | Cognitive Development | Origin of Life |
|---|---|---|---|
| *Automatic* | System-environment information exchange controlled mainly by innate system structures or environment | Piagetan infantile stage | Self-organizing protolife system, e.g. Oparin [Opa52] water droplet, or Cairns-Smith [CS90] clay-based protolife |
| *Adaptive* | System-environment info exchange heavily guided by adaptively internally-created system structures | Piagetan "concrete operational" stage: systematic internal world-model guides world-exploration | Simple autopoietic system, e.g. Oparin water droplet w/ basic metabolism |
| *Symbolic* | Internal symbolic representation of information exchange process | Piagetan formal stage: explicit logical/experimental learning about how to cognize in various contexts | Genetic code: internal entities that "stand for" aspects of organism and environment, thus enabling complex epigenesis |
| *Reflexive* | Thoroughgoing self-modification based on this symbolic representation | Piagetan post-formal stage: purposive self-modification of basic mental processes | Genes+memes: genetic code-patterns guide their own modification via influencing culture |

Table 11.1: General Systems Theory of Development: Parallels Between Development of Mind and Origin of Life

Indeed, Piaget viewed developmental stages as emerging from general "algebraic" principles rather than as being artifacts of the particulars of human psychology. But, Piaget's stages are probably best viewed as a general interpretive framework rather than a precise scientific theory. Our suspicion is that once the empirical science of developmental psychology has progressed further, it will become clearer how to fit the various data into a broad Piaget-like framework, perhaps differing in many details from what Piaget described in his works.

Piaget conceived of child development in four stages, each roughly identified with an age group, and corresponding closely to the system-theoretic stages mentioned above:

- **infantile**, corresponding to the automatic stage mentioned above
  - *Example:* Grasping blocks, piling blocks on top of each other, copying words that are heard
- **preoperational** and **concrete operational**, corresponding to the adaptive stage mentioned above
  - *Example:* Building complex blocks structures, from imagination and from imitating objects and pictures and based on verbal instructions; verbally describing what has been constructed
- **formal**, corresponding to the symbolic stage mentioned above
  - *Example:* Writing detailed instructions in words and diagrams, explaining how to construct particular structures out of blocks; figuring out general rules describing which sorts of blocks structures are likely to be most stable

HOUSE_OVERSIGHT_013105

- the reflexive stage mentioned above corresponds to what some post-Piagetan theorists have called the **post-formal** stage
  - *Example:* Using abstract lessons learned from building structures out of blocks to guide the construction of new ways to think and understand – "Zen and the art of blocks building" (by analogy to *Zen and the Art of Motorcycle Maintenance* [Pir84]).

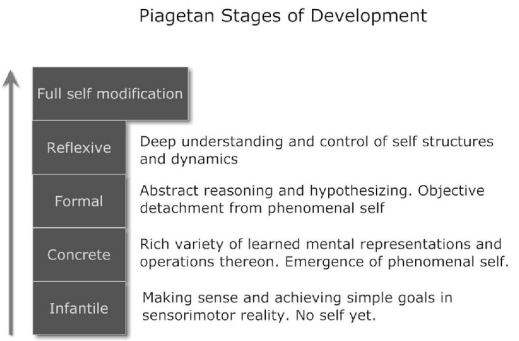


Fig. 11.1: Piagetan Stages of Cognitive Development

More explicitly, Piaget defined his stages in psychological terms roughly as follows:

- **Infantile**: In this stage a mind develops basic world-exploration driven by instinctive actions. Reward-driven reinforcement of actions learned by imitation, simple associations between words and objects, actions and images, and the basic notions of time, space, and causality are developed. The most simple, practical ideas and strategies for action are learned.
- **Preoperational**: At this stage we see the formation of mental representations, mostly poorly organized and un-abstracted, building mainly on intuitive rather than logical thinking. Word-object and image-object associations become systematic rather than occasional. Simple syntax is mastered, including an understanding of subject-argument relationships. One of the crucial learning achievements here is "object permanence" – infants learn that objects persist even when not observed. However, a number of cognitive failings persist with respect to reasoning about logical operations, and abstracting the effects of intuitive actions to an abstract theory of operations.
- **Concrete**: More abstract logical thought is applied to the physical world at this stage. Among the feats achieved here are: reversibility – the ability to undo steps already done; conservation – understanding that properties can persist in spite of appearances; theory of mind – an understanding of the distinction between what I know and what others know (If

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I cover my eyes, can you still see me?). Complex concrete operations, such as putting items in height order, are easily achievable. Classification becomes more sophisticated, yet the mind still cannot master purely logical operations based on abstract logical representations of the observational world.

- **Formal**: Abstract deductive reasoning, the process of forming, then testing hypotheses, and systematically reevaluating and refining solutions, develops at this stage, as does the ability to reason about purely abstract concepts without reference to concrete physical objects. This is adult human-level intelligence. Note that the capability for formal operations is intrinsic in the PLN component of CogPrime, but in-principle capability is not the same as pragmatic, grounded, controllable capability.

Very early on, Vygotsky [Vyg86] disagreed with Piaget's explanation of his stages as inherent and developed by the child's own activities, and Piaget's prescription of good parenting as not interfering with a child's unfettered exploration of the world. Some modern theorists have critiqued Piaget's stages as being insufficiently socially grounded, and these criticisms trace back to Vygotsky's focus on the social foundations of intelligence, on the fact that children function in a world surrounded by adults who provide a cultural context, offering ongoing assistance, critique, and ultimately validation of the child's developmental activities.

Vygotsky also was an early critic of the idea that cognitive development is continuous, and continues beyond Piaget's formal stage. Gagne [RBW92] also believes in continuity, and that learning of prerequisite skills made the learning of subsequent skills easier and faster without regard to Piagetan stage formalisms. Subsequent researchers have argued that Piaget has merely constructed ad hoc descriptions of the sequential development of behaviour [Gib78, Bro84, CP05]. We agree that learning is a continuous process, and our notion of stages is more statistically constructed than rigidly quantized.

Critique of Piaget's notion of transitional "half stages" is also relevant to a more comprehensive hierarchical view of development. Some have proposed that Piaget's half stages are actually stages [Bro84]. As Commons and Pekker [CP05] point out: "the definition of a stage that was being used by Piaget was based on analyzing behaviors and attempting to impose different structures on them. There is no underlying logical or mathematical definition to help in this process ..." Their Hierarchical Complexity development model uses task achievement rather than ad hoc stage definition as the basis for constructing relationships between phases of developmental ability – an approach which we find useful, though our approach is different in that we define stages in terms of specific underlying cognitive mechanisms.

Another critique of Piaget is that one individual's performance is often at different ability stages depending on the specific task (for example [GE86]). Piaget responded to early critiques along these lines by calling the phenomenon "horizontal décalage," but neither he nor his successors [Fis80, Cas85] have modified his theory to explain (rather than merely describe) it. Similarly to Thelen and Smith [TS94], we observe that the abilities encapsulated in the definition of a certain stage emerge gradually during the previous stage – so that the onset of a given stage represents the mastery of a cognitive skill that was previously present only in certain contexts.

Piaget also had difficulty accepting the idea of a preheuristic stage, early in the infantile period, in which simple trial-and-error learning occurs without significant heuristic guidance [Bic88], a stage which we suspect exists and allows formulation of heuristics by aggregation of learning from preheuristic pattern mining. Coupled with his belief that a mind's innate abilities at birth are extremely limited, there is a troublingly unexplained transition from inability to ability in his model.

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Finally, another limiting aspect of Piaget's model is that it did not recognize any stages beyond formal operations, and included no provisions for exploring this possibility. A number of researchers [Bic88, Arl75, CRK82, Rie73, Mar01] have described one or more postformal stages. Commons and colleagues have also proposed a task-based model which provides a framework for explaining stage discrepancies across tasks and for generating new stages based on classification of observed logical behaviors. [KK90] promotes a statistical conception of stage, which provides a good bridge between task-based and stage-based models of development, as statistical modeling allows for stages to be roughly defined and analyzed based on collections of task behaviors.

[CRK82] postulates the existence of a postformal stage by observing *elevated levels of abstraction* which, they argue, are not manifested in formal thought. [CTS+98] observes a postformal stage when subjects become capable of analyzing and coordinating complex logical systems with each other, creating metatheoretical supersystems. In our model, with the reflexive stage of development, we expand this definition of metasystemic thinking to include the ability to consciously refine one's own mental states and formalisms of thinking. Such self-reflexive refinement is necessary for learning which would allow a mind to analytically devise entirely new structures and methodologies for both formal and postformal thinking.

In spite of these various critiques and limitations, however, we have found Piaget's ideas very useful, and in Section 11.4 we will explore ways of defining them rigorously in the specific context of CogPrime's declarative knowledge store and probabilistic logic engine.

### *11.3.1 Perry's Stages*

Also relevant is William Perry's [Per70, Per81] theory of the stages ("positions" in his terminology) of intellectual and ethical development, which constitutes a model of iterative refinement of approach in the developmental process of coming to intellectual and ethical maturity. These stages, depicted in Table 11.2 form an analytical tool for discerning the modality of belief of an intelligence by describing common cognitive approaches to handling the complexities of real world ethical considerations.

### *11.3.2 Keeping Continuity in Mind*

Continuity of mental stages, and the fact that a mind may appear to be in multiple stages of development simultaneously (depending upon the tasks being tested), are crucial to our theoretical formulations and we will touch upon them again here. Piaget attempted to address continuity with the creation of transitional "half stages". We prefer to observe that each stage feeds into the other and the end of one stage and the beginning of the next blend together.

The distinction between formal and post-formal, for example, seems to "merely" be the application of formal thought to oneself. However, the distinction between concrete and formal is "merely" the buildup to higher levels of complexity of the classification, task decomposition, and abstraction capabilities of the concrete stage. The stages represent general trends in ability on a continuous curve of development, not discrete states of mind which are jumped-into quantum style after enough "knowledge energy" builds-up to cause the transition.

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| Stage | Substages |
|---|---|
| Dualism / Received Knowledge [Infantile] | Basic duality ("All problems are solvable. I must learn the correct solutions.")<br>Full dualism ("There are different, contradictory solutions to many problems. I must learn the correct solutions, and ignore the incorrect ones") |
| Multiplicity [Concrete] | Early multiplicity ("Some solutions are known, others aren't. I must learn how to find correct solutions.")<br>Late Multiplicity: cognitive dissonance regarding truth. ("Some problems are unsolvable, some are a matter of personal taste, therefore I must declare my own intellectual path.") |
| Relativism / Procedural Knowledge [Formal] | Contextual Relativism ("I must learn to evaluate solutions within a context, and relative to supporting observation.")<br>Pre-Commitment ("I must evaluate solutions, then commit to a choice of solution.") |
| Commitment / Constructed Knowledge [Formal / Reflexive] | Commitment ("I have chosen a solution.")<br>Challenges to Commitment ("I have seen unexpected implications of my commitment, and the responsibility I must take.")<br>Post-Commitment ("I must have an ongoing, nuanced relationship to the subject in which I evaluate each situation on a case-by-case basis with respects to its particulars rather than an ad-hoc application of unchallenged ideology.") |

Table 11.2: Perry's Developmental Stages [with corresponding Piagetan Stages in brackets]

Observationally, this appears to be the case in humans. People learn things gradually, and show a continuous development in ability, not a quick jump from ignorance to mastery. We believe that this gradual development of ability is the signature of genuine learning, and that prescriptively an AGI system must be designed in order to have continuous and asymmetrical development across a variety of tasks in order to be considered a genuine learning system. While quantum leaps in ability may be possible in an AGI system which can just "graft" new parts of brain onto itself (or an augmented human which may someday be able to do the same using implants), such acquisition of knowledge is not really learning. Grafting on knowledge does not build the cognitive pathways needed in order to actually learn. If this is the only mechanism available to an AGI system to acquire new knowledge, then it is not really a learning system.

## 11.4 Piaget's Stages in the Context of Uncertain Inference

Piaget's developmental stages are very general, referring to overall types of learning, not specific mechanisms or methods. This focus was natural since the context of his work was *human* developmental psychology, and neuroscience has not yet progressed to the point of understanding the neural mechanisms underlying any sort of inference (and certainly was nowhere near to doing so in Piaget's time!). But if one is studying developmental psychology in an AGI context where one knows something about the internal mechanisms of the AGI system under consideration, then one can work with a more specific model of learning. Our focus here is on AGI systems whose operations contain uncertain inference as a central component. Obviously the main focus is CogPrime, but the essential ideas apply to any other uncertain inference centric AGI architecture as well.

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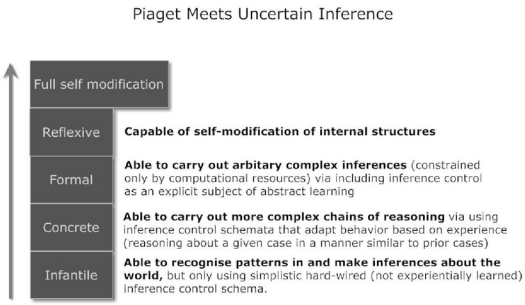


Fig. 11.2: Piagetan Stages of Development, as Manifested in the Context of Uncertain Inference

An uncertain inference system, as we consider it here, consists of four components, which work together in a feedback-control loop 11.3

1. a content representation scheme
2. an uncertainty representation scheme
3. a set of inference rules
4. a set of inference control schemata

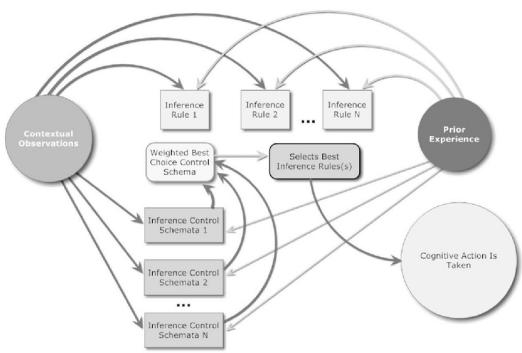


Fig. 11.3: A Simplified Look at Feedback-Control in Uncertain Inference

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Broadly speaking, examples of content representation schemes are predicate logic and term logic [ES00]. Examples of uncertainty representation schemes are fuzzy logic [Zad78], imprecise probability theory [Goo86, FC86], Dempster-Shafer theory [Sha76, Kyb97], Bayesian probability theory [Kyb97], NARS [Wan95], and the Atom representation used in CogPrime, briefly alluded to in Chapter 6 above and described in depth in later chapters.

Many, but not all, approaches to uncertain inference involve only a limited, weak set of inference rules (e.g. not dealing with complex quantified expressions). CogPrime's PLN inference framework, like NARS and some other uncertain inference frameworks, contains uncertain inference rules that apply to logical constructs of arbitrary complexity. Only a system capable of dealing with constructs of arbitrary (or at least very high) complexity will have any potential of leading to human-level, human-like intelligence.

The subtlest part of uncertain inference is inference control: the choice of which inferences to do, in what order. Inference control is the primary area in which human inference currently exceeds automated inference. Humans are not very efficient or accurate at carrying out inference rules, with or without uncertainty, but we are very good at determining which inferences to do and in what order, in any given context. The lack of effective, context-sensitive inference control heuristics is why the general ability of current automated theorem provers is considerably weaker than that of a mediocre university mathematics major [Mac95].

We now review the Piagetan developmental stages from the perspective of AGI systems heavily based on uncertain inference.

### *11.4.1 The Infantile Stage*

In this initial stage, the mind is able to recognize patterns in and conduct inferences about the world, but only using simplistic hard-wired (not experientially learned) inference control schema, along with pre-heuristic pattern mining of experiential data.

In the infantile stage an entity is able to recognize patterns in and conduct inferences about its sensory surround context (i.e., it's "world"), but only using simplistic, hard-wired (not experientially learned) inference control schemata. Preheuristic pattern-mining of experiential data is performed in order to build future heuristics about analysis of and interaction with the world.

s tasks include:

1. Exploratory behavior in which useful and useless / dangerous behavior is differentiated by both trial and error observation, and by parental guidance.
2. Development of "habits" – i.e. Repeating tasks which were successful once to determine if they always / usually are so.
3. Simple goal-oriented behavior such as "find out what cat hair tastes like" in which one must plan and take several sequentially dependent steps in order to achieve the goal.

Inference control is very simple during the infantile stage (Figure 11.4), as it is the stage during which both the most basic knowledge of the world is acquired, and the most basic of cognition and inference control structures are developed as the building block upon which will be built the next stages of both knowledge and inference control.

Another example of a cognitive task at the borderline between infantile and concrete cognition is learning object permanence, a problem discussed in the context of CogPrime's predecessor "Novamente Cognition Engine" system in [GPSL03]. Another example is the learning of

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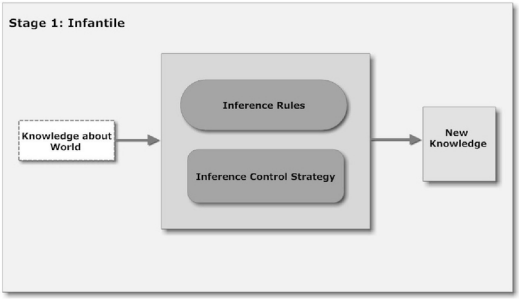


Fig. 11.4: Uncertain Inference in the Infantile Stage

word-object associations: e.g. learning that when the word "ball" is uttered in various contexts ("Get me the ball," "That's a nice ball," etc.) it generally refers to a certain type of object. The key point regarding these "infantile" inference problems, from the CogPrime perspective, is that assuming one provides the inference system with an appropriate set of perceptual and motor ConceptNodes and SchemaNodes, the chains of inference involved are short. They involve about a dozen inferences, and this means that the search tree of possible PLN inference rules walked by the PLN backward-chainer is relatively shallow. Sophisticated inference control is not required: standard AI heuristics are sufficient.

In short, textbook narrow-AI reasoning methods, utilized with appropriate uncertainty-savvy truth value formulas and coupled with appropriate representations of perceptual and motor inputs and outputs, correspond roughly to Piaget's infantile stage of cognition. The simplistic approach of these narrow-AI methods may be viewed as a method of creating building blocks for subsequent, more sophisticated heuristics.

In our theory Piaget's preoperational phase appears as transitional between the infantile and concrete operational phases.

### *11.4.2 The Concrete Stage*

At this stage, the mind is able to carry out more complex chains of reasoning regarding the world, via using inference control schemata that adapt behavior based on experience (reasoning about a given case in a manner similar to prior cases).

In the concrete operational stage (Figure 11.5), an entity is able to carry out more complex chains of reasoning about the world. Inference control schemata which adapt behavior based on experience, using experientially learned heuristics (including those learned in the prior stage), are applied to both analysis of and interaction with the sensory surround / world.

Concrete Operational stage tasks include:

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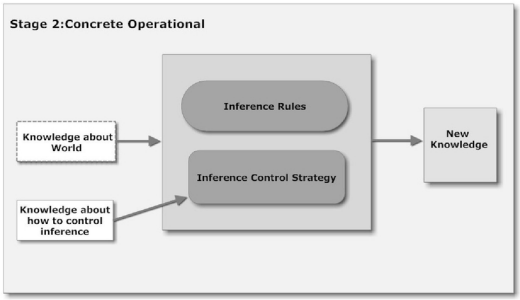


Fig. 11.5: Uncertain Inference in the Concrete Operational Stage

1. Conservation tasks, such as conservation of number,
2. Decomposition of complex tasks into easier subtasks, allowing increasingly complex tasks to be approached by association with more easily understood (and previously experienced) smaller tasks,
3. Classification and Serialization tasks, in which the mind can cognitively distinguish various disambiguation criteria and group or order objects accordingly.

In terms of inference control this is the stage in which actual knowledge about how to control inference itself is first explored. This means an emerging understanding of inference itself as a cognitive task and methods for learning, which will be further developed in the following stages.

Also, in this stage a special cognitive task capability is gained: "Theory of Mind," which in cognitive science refers to the ability to understand the fact that not only oneself, but other sentient beings have memories, perceptions, and experiences. This is the ability to conceptually "put oneself in another's shoes" (even if you happen to assume incorrectly about them by doing so).

#### 11.4.2.1 Conservation of Number

Conservation of number is an example of a learning problem classically categorized within Piaget's concrete-operational phase, a "conservation laws" problem, discussed in [Shu03] in the context of software that solves the problem using (logic-based and neural net) narrow-AI techniques. Conservation laws are very important to cognitive development.

Conservation is the idea that a quantity remains the same despite changes in appearance. If you show a child some objects and then spread them out, an infantile mind will focus on the spread, and believe that there are now more objects than before, whereas a concrete-operational mind will understand that the quantity of objects has not changed.

Conservation of number seems very simple, but from a developmental perspective it is actually rather difficult. "Solutions" like those given in [Shu03] that use neural networks or cus-

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tomized logical rule-bases to find specialized solutions that solve only this problem fail to fully address the issue, because these solutions don't create knowledge adequate to aid with the solution of related sorts of problems.

We hypothesize that this problem is hard enough that for an inference-based AGI system to solve it in a developmentally useful way, its inferences must be guided by meta-inferential lessons learned from prior similar problems. When approaching a number conservation problem, for example, a reasoning system might draw upon past experience with set-size problems (which may be trial-and-error experience). This is not a simple "machine learning" approach whose scope is restricted to the current problem, but rather a heuristically guided approach which (a) aggregates information from prior experience to guide solution formulation for the problem at hand, and (b) adds the present experience to the set of relevant information about quantification problems for future refinement of thinking.

Fig. 11.6: Conservation of Number

For instance, a very simple context-specific heuristic that a system might learn would be: "When evaluating the truth value of a statement related to the number of objects in a set, it is generally not that useful to explore branches of the backwards-chaining search tree that contain relationships regarding the sizes, masses, or other physical properties of the objects in the set." This heuristic itself may go a long way toward guiding an inference process toward a correct solution to the problem–but it is not something that a mind needs to know "a priori." A concrete-operational stage mind may learn this by data-mining prior instances of inferences involving sizes of sets. Without such experience-based heuristics, the search tree for such a problem will likely be unacceptably large. Even if it is "solvable" without such heuristics, the solutions found may be overly fit to the particular problem and not usefully generalizable.

#### 11.4.2.2 Theory of Mind

Consider this experiment: a preoperational child is shown her favorite "Dora the Explorer" DVD box. Asked what show she's about to see, she'll answer "Dora." However, when her parent plays the disc, it's "SpongeBob SquarePants." If you then ask her what show her friend will expect when given the "Dora" DVD box, she will respond "SpongeBob" although she just answered "Dora" for herself. A child lacking a theory of mind can not reason through what someone else would think given knowledge other than her own current knowledge. Knowledge of self is intrinsically related to the ability to differentiate oneself from others, and this ability may not be fully developed at birth.

Several theorists [BC94, Fod94], based in part on experimental work with autistic children, perceive theory of mind as embodied in an innate module of the mind activated at a certain developmental stage (or not, if damaged). While we consider this possible, we caution against adopting a simplistic view of the "innate vs. acquired" dichotomy: if there is innateness it may take the form of an innate predisposition to certain sorts of learning [EBJ+97].

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Davidson [Dav84], Dennett [Den87] and others support the common belief that theory of mind is dependent upon linguistic ability. A major challenge to this prevailing philosophical stance came from Premack and Woodruff [PW78] who postulated that prelinguistic primates do indeed exhibit "theory of mind" behavior. While Premack and Woodruff's experiment itself has been challenged, their general result has been bolstered by follow-up work showing similar results such as [TC97]. It seems to us that while theory of mind depends on many of the same inferential capabilities as language learning, it is not intrinsically dependent on the latter.

There is a school of thought often called the *Theory Theory* [BW88, Car85, Wel90] holding that a child's understanding of mind is best understood in terms of the process of iteratively formulating and refuting a series of naive theories about others. Alternately, Gordon [Gor86] postulates that theory of mind is related to the ability to run cognitive simulations of others' minds using one's own mind as a model. We suggest that these two approaches are actually quite harmonious with one another. In an uncertain AGI context, both theories and simulations are grounded in collections of uncertain implications, which may be assembled in context-appropriate ways to form theoretical conclusions or to drive simulations. Even if there is a special "mind-simulator" dynamic in the human brain that carries out simulations of other minds in a manner fundamentally different from explicit inferential theorizing, the inputs to and the behavior of this simulator may take inferential form, so that the simulator is in essence a way of efficiently and implicitly producing uncertain inferential conclusions from uncertain premises.

We have thought through the details by CogPrime system should be able to develop theory of mind via embodied experience, though at time of writing practical learning experiments in this direction have not yet been done. We have not yet explored in detail the possibility of giving CogPrime a special, elaborately engineered "mind-simulator" component, though this would be possible; instead we have initially been pursuing a more purely inferential approach.

First, it is very simple for a CogPrime system to learn patterns such as "If I rotated by pi radians, I would see the yellow block." And it's not a big leap for PLN to go from this to the recognition that "You look like me, and you're rotated by pi radians relative to my orientation, therefore you probably see the yellow block." The only nontrivial aspect here is the "you look like me" premise.

Recognizing "embodied agent" as a category, however, is a problem fairly similar to recognizing "block" or "insect" or "daisy" as a category. Since the CogPrime agent can perceive most parts of its own "robot" body–its arms, its legs, etc.–it should be easy for the agent to figure out that physical objects like these look different depending upon its distance from them and its angle of observation. From this it should not be that difficult for the agent to understand that it is naturally grouped together with other embodied agents (like its teacher), not with blocks or bugs.

The only other major ingredient needed to enable theory of mind is "reflection"– the ability of the system to explicitly recognize the existence of knowledge in its own mind (note that this term "reflection" is not the same as our proposed "reflexive" stage of cognitive development). This exists automatically in CogPrime, via the built-in vocabulary of elementary procedures supplied for use within SchemaNodes (specifically, the atTime and TruthValue operators). Observing that "at time T, the weight of evidence of the link L increased from zero" is basically equivalent to observing that the link L was created at time T.

Then, the system may reason, for example, as follows (using a combination of several PLN rules including the above-given deduction rule):

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**Implication**
**My eye is facing a block and it is not dark**
**A relationship is created describing the block's color**
**Similarity**
**My body**
**My teacher's body**
**|-**
**Implication**
**My teacher's eye is facing a block and it is not dark**
**A relationship is created describing the block's color**

This sort of inference is the essence of Piagetan "theory of mind." Note that in both of these implications the created relationship is represented as a variable rather than a specific relationship. The cognitive leap is that in the latter case the relationship actually exists in the teacher's implicitly hypothesized mind, rather than in CogPrime's mind. No explicit hypothesis or model of the teacher's mind need be created in order to form this implication–the hypothesis is created implicitly via inferential abstraction. Yet, a collection of implications of this nature may be used via an uncertain reasoning system like PLN to create theories and simulations suitable to guide complex inferences about other minds.

From the perspective of developmental stages, the key point here is that in a CogPrime context this sort of inference is too complex to be viably carried out via simple inference heuristics. This particular example must be done via forward chaining, since the big leap is to actually think of forming the implication that concludes inference. But there are simply too many combinations of relationships involving CogPrime's eye, body, and so forth for the PLN component to viably explore all of them via standard forward-chaining heuristics. Experience-guided heuristics are needed, such as the heuristic that if physical objects A and B are generally physically and functionally similar, and there is a relationship involving some part of A and some physical object R, it may be useful to look for similar relationships involving an analogous part of B and objects similar to R. This kind of heuristic may be learned by experience–and the masterful deployment of such heuristics to guide inference is what we hypothesize to characterize the concrete stage of development. The "concreteness" comes from the fact that inference control is guided by analogies to prior similar situations.

### *11.4.3 The Formal Stage*

In the formal stage, as shown in Figure 11.7, an agent should be able to carry out arbitrarily complex inferences (constrained only by computational resources, rather than by fundamental restrictions on logical language or form) via including inference control as an explicit subject of abstract learning. Abstraction and inference about both the sensorimotor surround (world) and about abstract ideals themselves (including the final stages of indirect learning about inference itself) are fully developed.

Formal stage evaluation tasks are centered entirely around abstraction and higher-order inference tasks such as:

1. Mathematics and other formalizations.

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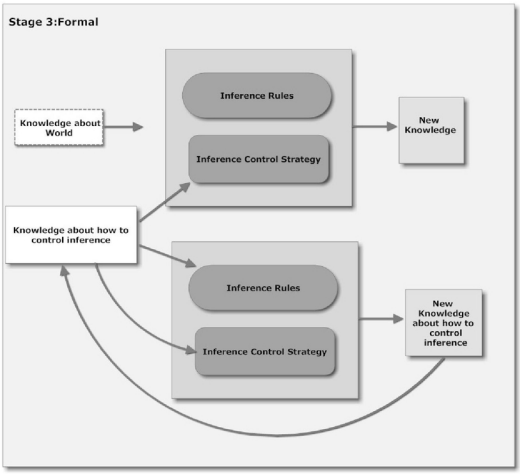


Fig. 11.7: Uncertain Inference in the Formal Stage

2. Scientific experimentation and other rigorous observational testing of abstract formalizations.
3. Social and philosophical modeling, and other advanced applications of empathy and the Theory of Mind.

In terms of inference control this stage sees not just perception of new knowledge about inference control itself, but inference controlled reasoning about that knowledge and the creation of abstract formalizations about inference control which are reasoned-upon, tested, and verified or debunked.

#### 11.4.3.1 Systematic Experimentation

The Piagetan formal phase is a particularly subtle one from the perspective of uncertain inference. In a sense, AGI inference engines already have strong capability for formal reasoning built in. Ironically, however, no existing inference engine is capable of deploying its reasoning rules in a powerfully effective way, and this is because of the lack of inference control heuristics adequate for controlling abstract formal reasoning. These heuristics are what arise during Piaget's formal stage, and we propose that in the content of uncertain inference systems, they involve the application of inference itself to the problem of refining inference control.

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A problem commonly used to illustrate the difference between the Piagetan concrete operational and formal stages is that of figuring out the rules for making pendulums swing quickly versus slowly [IP58]. If you ask a child in the formal stage to solve this problem, she may proceed to do a number of experiments, e.g. build a long string with a light weight, a long string with a heavy weight, a short string with a light weight and a short string with a heavy weight. Through these experiments she may determine that a short string leads to a fast swing, a long string leads to a slow swing, and the weight doesn't matter at all.

The role of experiments like this, which test "extreme cases," is to make cognition easier. The formal-stage mind tries to map a concrete situation onto a maximally simple and manipulable set of abstract propositions, and then reason based on these. Doing this, however, requires an automated and instinctive understanding of the reasoning process itself. The above-described experiments are good ones for solving the pendulum problem because they provide data that is very easy to reason about. From the perspective of uncertain inference systems, this is the key characteristic of the formal stage: formal cognition approaches problems in a way explicitly calculated to yield tractable inferences.

Note that this is quite different from saying that formal cognition involves abstractions and advanced logic. In an uncertain logic-based AGI system, even infantile cognition may involve these – the difference lies in the level of inference control, which in the infantile stage is simplistic and hard-wired, but in the formal stage is based on an understanding of what sorts of inputs lead to tractable inference in a given context.

### *11.4.4 The Reflexive Stage*

In the reflexive stage (Figure 11.8), an intelligent agent is broadly capable of self-modifying its internal structures and dynamics.

As an example in the human domain: highly intelligent and self-aware adult humans may carry out reflexive cognition by explicitly reflecting upon their own inference processes and trying to improve them. An example is the intelligent improvement of uncertain-truth-value-manipulation formulas. It is well demonstrated that even educated humans typically make numerous errors in probabilistic reasoning [GGK02]. Most people don't realize it and continue to systematically make these errors throughout their lives. However, a small percentage of individuals make an explicit effort to increase their accuracy in making probabilistic judgments by consciously endeavoring to internalize the rules of probabilistic inference into their automated cognition processes.

In the uncertain inference based AGI context, what this means is: In the reflexive stage an entity is able to include inference control itself as an explicit subject of abstract learning (i.e. the ability to reason about one's own tactical and strategic approach to modifying one's own learning and thinking), and modify these inference control strategies based on analysis of experience with various cognitive approaches.

Ultimately, the entity can self-modify its internal cognitive structures. Any knowledge or heuristics can be revised, including metatheoretical and metasystemic thought itself. Initially this is done indirectly, but at least in the case of AGI systems it is theoretically possible to also do so directly. This might be considered as a separate stage of Full Self Modification, or else as the end phase of the reflexive stage. In the context of logical reasoning, self modification of inference control itself is the primary task in this stage. In terms of inference control this

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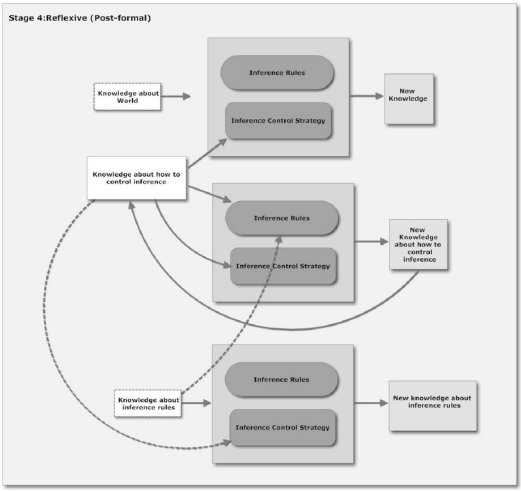


Fig. 11.8: The Reflexive Stage

stage adds an entire new feedback loop for reasoning about inference control itself, as shown in Figure 11.8.

As a very concrete example, in later chapters we will see that, while PLN is founded on probability theory, it also contains a variety of heuristic assumptions that inevitably introduce a certain amount of error into its inferences. For example, PLN's probabilistic deduction embodies a heuristic independence assumption. Thus PLN contains an alternate deduction formula called the "concept geometry formula" that is better in some contexts, based on the assumption that ConceptNodes embody concepts that are roughly spherically-shaped in attribute space. A highly advanced CogPrime system could potentially augment the independence-based and concept-geometry-based deduction formulas with additional formulas of its own derivation, optimized to minimize error in various contexts. This is a simple and straightforward example of reflexive cognition – it illustrates the power accessible to a cognitive system that has formalized and reflected upon its own inference processes, and that possesses at least some capability to modify these.

In general, AGI systems can be expected to have much broader and deeper capabilities for self-modification than human beings. Ultimately it may make sense to view the AGI systems we implement as merely "initial conditions" for ongoing self-modification and self-organization. Chapter **??** discusses some of the potential technical details underlying this sort of thorough-going AGI self-modification.

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# Chapter 12
# The Engineering and Development of Ethics

**Co-authored with Stephan Vladimir Bugaj and Joel Pitt**

## 12.1 Introduction

Most commonly, if a work on advanced AI mentions ethics at all, it occurs in a final summary chapter, discussing in broad terms some of the possible implications of the technical ideas presented beforehand. It's no coincidence that the order is reversed here: in the case of CogPrime, AGI-ethics considerations played a major role in the design process ... and thus the chapter on ethics occurs near the beginning rather than the end. In the CogPrime approach, ethics is not a particularly distinct topic, being richly interwoven with cognition and education and other aspects of the AGI project.

The ethics of advanced AGI is a complex issue with multiple aspects. Among the many issues there are:

1. Risks posed by the possibility of human beings using AGI systems for evil ends
2. Risks posed by AGI systems created without well-defined ethical systems
3. Risks posed by AGI systems with initially well-defined and sensible ethical systems eventually going rogue – an especially big risk if these systems are more generally intelligent than humans, and possess the capability to modify their own source code
4. the ethics of experimenting on AGI systems when one doesn't understand the nature of their experience
5. AGI rights: in what circumstances does using an AGI as a tool or servant constitute "slavery"

In this chapter we will focus mainly (though not exclusively) on the question of *how to create an AGI with a rational and beneficial ethical system.* After a somewhat wide-ranging discussion, we will conclude with eight general points that we believe should be followed in working toward "Friendly AGI" – most of which have to do, not with the internal design of the AGI, but with the way the AGI is taught and interfaced with the real world.

While most of the particulars discussed in this book have nothing to do with ethics, it's important for the reader to understand that AGI-ethics considerations have played a major role in many of our design decisions, underlying much of the technical contents of the book. As the materials in this chapter should make clear, ethicalness is probably not something that one can meaningfully tack onto an AGI system at the end, after developing the rest – it is likely infeasible to architect an intelligent agent and then add on an "ethics module." Rather, ethics is something that has to do with all the different memory systems and cognitive processes that



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constitute an intelligent system – and it's something that involves both cognitive architecture *and* the exploration a system does and the instruction it receives. It's a very complex matter that is richly intermixed with all the other aspects of intelligence, and here we will treat it as such.

## 12.2 Review of Current Thinking on the Risks of AGI

Before proceeding to outline our own perspective on AGI ethics in the context of CogPrime, we will review the main existing strains of thought on the potential ethical dangers associated with AGI. One science fiction film after another has highlighted these dangers, lodging the issue deep in our cultural awareness; unsurprisingly, much less attention has been paid to serious analysis of the risks in their various dimensions, but there is still a non-trivial literature worth paying attention to.

Hypothetically, an AGI with superhuman intelligence and capability could dispense with humanity altogether – i.e. posing an "existential risk" [Bos02]. In the worst case, an evil but brilliant AGI, perhaps programmed by a human sadist, could consign humanity to unimaginable tortures (i.e. realizing a modern version of the medieval Christian visions of hell). On the other hand, the potential benefits of powerful AGI also go literally beyond human imagination. It seems quite plausible that an AGI with massively superhuman intelligence and positive disposition toward humanity could provide us with truly dramatic benefits, such as a virtual end to material scarcity, disease and aging. Advanced AGI could also help individual humans grow in a variety of directions, including directions leading beyond "legacy humanity," according to their own taste and choice.

Eliezer Yudkowsky has introduced the term "Friendly AI", to refer to advanced AGI systems that act with human benefit in mind [Yud06]. Exactly what this means has not been specified precisely, though informal interpretations abound. Goertzel [Goe06b] has sought to clarify the notion in terms of three core values of Joy, Growth and Freedom. In this view, a Friendly AI would be one that advocates individual and collective human joy and growth, while respecting the autonomy of human choices.

Some (for example, Hugo de Garis, [DG05]), have argued that Friendly AI is essentially an impossibility, in the sense that the odds of a dramatically superhumanly intelligent mind worrying about human benefit are vanishingly small. If this is the case, then the best options for the human race would presumably be to either avoid advanced AGI development altogether, or to else fuse with AGI before it gets too strongly superhuman, so that beings-originated-as-humans can enjoy the benefits of greater intelligence and capability (albeit at cost of sacrificing their humanity).

Others (e.g. Mark Waser [Was09]) have argued that Friendly AI is essentially inevitable, because greater intelligence correlates with greater morality. Evidence from evolutionary and human history is adduced in favor of this point, along with more abstract arguments.

Yudkowsky [Yud06] has discussed the possibility of creating AGI architectures that are in some sense "provably Friendly" – either mathematically, or else at least via very tight lines of rational verbal argumentation. However, several issues have been raised with this approach. First, it seems likely that proving mathematical results of this nature would first require dramatic advances in multiple branches of mathematics. Second, such a proof would require a formalization of the goal of "Friendliness," which is a subtler matter than it might seem [Leg06b, Leg06a].

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Formalization of human morality has vexed moral philosophers for quite some time. Finally, it is unclear the extent to which such a proof could be created in a generic, environment-independent way – but if the proof depends on properties of the physical environment, then it would require a formalization of the environment itself, which runs up against various problems such as the complexity of the physical world and also the fact that we currently have no complete, consistent theory of physics. Kaj Sotala has provided a list of 14 objections to the Friendly AI concept, and suggested answers to each of them [Sot11]. Stephen Omohundro [Omo08] has argued that any advanced AI system will very likely demonstrate certain "basic AI drives", such as desiring to be rational, to self-protect, to acquire resources, and to preserve and protect its utility function and avoid counterfeit utility; these drives, he suggests, must be taken carefully into account in formulating approaches to Friendly AI.

The problem of formally or at least very carefully defining the goal of Friendliness has been considered from a variety of perspectives, none showing dramatic success. Yudkowsky [Yud04] has suggested the concept of "Coherent Extrapolated Volition", which roughly refers to the extrapolation of the common values of the human race. Many subtleties arise in specifying this concept – e.g. if Bob Jones is often possessed by a strong desire to kill all Martians, but he deeply aspires to be a nonviolent person, then the CEV approach would not rate "killing Martians" as part of Bob's contribution to the CEV of humanity.

Goertzel [Goe10a] has proposed a related notion of Coherent Aggregated Volition (CAV), which eschews the subtleties of extrapolation, and simply seeks a reasonably *compact, coherent, consistent* set of values that is fairly close to the collective value-set of humanity. In the CAV approach, "killing Martians" would be removed from humanity's collective value-set because it's uncommon and not part of the most compact/coherent/consistent overall model of human values, rather than because of Bob Jones' aspiration to nonviolence.

One thought we have recently entertained is that the core concept underlying CAV might be better thought of as CBV or "Coherent Blended Volition." CAV seems to be easily misinterpreted as meaning the average of different views, which was not the original intention. The CBV terminology clarifies that the CBV of a diverse group of people should not be thought of as an average of their perspectives, but as something more analogous to a "conceptual blend" [FT02] – incorporating the most essential elements of their divergent views into a whole that is overall compact, elegant and harmonious. The subtlety here (to which we shall return below) is that for a CBV blend to be broadly acceptable, the different parties whose views are being blended must agree to some extent that enough of the essential elements of their own views have been included. The process of arriving at this sort of consensus may involve extrapolation of a roughly similar sort to that considered in CEV.

Multiple attempts at axiomatization of human values have also been attempted, e.g. with a view toward providing near-term guidance to military robots (see e.g. Arkin's excellent though chillingly-titled book *Governing Lethal Behavior in Autonomous Robots* [Ark09b], the result of US military funded research). However, there are reasonably strong arguments that human values (similarly to e.g. human language or human perceptual classification rules) are too complex and multifaceted to be captured in any compact set of formal logic rules. Wallach [WA10] has made this point eloquently, and argued the necessity of fusing top-down (e.g. formal logic based) and bottom-up (e.g. self-organizing learning based) approaches to machine ethics.

A number of more sociological considerations also arise. It is sometimes argued that the risk from highly-advanced AGI going morally awry on its own may be less than that of moderately-advanced AGI being used by human beings to advocate immoral ends. This possibility gives

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rise to questions about the ethical value of various practical modalities of AGI development, for instance:

- Should AGI be developed in a top-secret installation by a select group of individuals selected for a combination of technical and scientific brilliance and moral uprightness, or other qualities deemed relevant (a "closed approach")? Or should it be developed out in the open, in the manner of open-source software projects like Linux? (an "open approach"). The open approach allows the collective intelligence of the world to more fully participate – but also potentially allows the more unsavory elements of the human race to take some of the publicly-developed AGI concepts and tools private, and develop them into AGIs with selfish or evil purposes in mind. Is there some meaningful intermediary between these extremes?
- Should governments regulate AGI, with Friendliness in mind (as advocated carefully by e.g Bill Hibbard [Hib02])? Or will this just cause AGI development to move to the handful of countries with more liberal policies? ... or cause it to move underground, where nobody can see the dangers developing? As a rough analogue, it's worth noting that the US government's imposition of restrictions on stem cell research, under President George W. Bush, appears to have directly stimulated the provision of additional funding for stem cell research in other nations like Korea, Singapore and China.

The former issue is, obviously, highly relevant to CogPrime (which is currently being developed via the open source CogPrime project); and so the various dimensions of this issues are worth briefly sketching here.

We have a strong skepticism of self-appointed elite groups that claim (even if they genuinely believe) that they know what's best for everyone, and a healthy respect for the power of collective intelligence and the Global Brain, which the open approach is ideal for tapping. On the other hand, we also understand the risk of terrorist groups or other malevolent agents forking an open source AGI project and creating something terribly dangerous and destructive. Balancing these factors against each other rigorously, seems beyond the scope of current human science.

Nobody really understands the social dynamics by which open technological knowledge plays out in our *current* world, let alone hypothetical future scenarios. Right now there exists open knowledge about many very dangerous technologies, and there exist many terrorist groups, yet these groups fortunately make scant use of these technologies. The reasons why appear to be essentially sociological – the people involved in these terrorist groups tend not to be the ones who have mastered the skills of turning public knowledge on cutting-edge technologies into real engineered systems. But while it's easy to observe this sociological phenomenon, we certainly have no way to estimate its *quantitative extent* from first principles. We don't really have a strong understanding of how safe we are right now, given the technology knowledge available right now via the Internet, textbooks, and so forth. Even relatively straightforward issues such as nuclear proliferation remain confusing, even to the experts.

It's also quite clear that keeping powerful AGI locked up by an elite group doesn't really provide reliable protection against malevolent human agents. History is rife with such situations going awry, e.g. by the leadership of the group being subverted, or via brute force inflicted by some outside party, or via a member of the elite group defecting to some outside group in the interest of personal power or reward or due to group-internal disagreements, etc. There are many things that can go wrong in such situations, and the confidence of any particular group that they are immune to such issues, cannot be taken very seriously. Clearly, neither the open nor closed approach qualifies as a panacea.

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## 12.3 The Value of an Explicit Goal System

One of the subtle issues confronted in the quest to design ethical AGIs is how closely one wants to emulate human ethical judgment and behavior. Here one confronts the brute fact that, even according to their own deeply-held standards, humans are not all that ethical. One high-level conclusion we came to very early in the process of designing CogPrime is that, just as humans are not the most intelligent minds achievable, they are also not the most ethical minds achievable. Even if one takes human ethics, broadly conceived, as the standard – there are almost surely possible AGI systems that are much more ethical *according to human standards* than nearly all human beings. This is not mainly because of ethics-specific features of the human mind, but rather because of the nature of the human motivational system, which leads to many complexities that drive humans to behaviors that are unethical according to their own standards. So, one of the design decisions we made for CogPrime – with ethics as well as other reasons in mind – was *not* to closely imitate the human motivational system, but rather to craft a novel motivational system combining certain aspects of the human motivational system with other profoundly non-human aspects.

On the other hand, the design of ethical AGI systems still has a lot to gain from the study of human ethical cognition and behavior. Human ethics has many aspects, which we associate here with the different types of memory, and it's important that AGI systems can encompass all of them. Also, as we will note below, human ethics develops in childhood through a series of natural stages, parallel to and entwined with the cognitive developmental stages reviewed in Chapter 11 above. We will argue that for an AGI with a virtual or robotic body, it makes sense to think of ethical development as proceeding through similar stages. In a CogPrime context, the particulars of these stages can then be understood in terms of the particulars of CogPrime's cognitive processes – which brings AGI ethics from the domain of theoretical abstraction into the realm of practical algorithm design and education.

But even if the human stages of ethical development make sense for non-human AGIs, this doesn't mean the particulars of the human motivational system need to be replicated in these AGIs, regarding ethics or other matters. A key point here is that, in the context of human intelligence, the concept of a "goal" is a descriptive abstraction. But in the AGI context, it seems quite valuable to introduce goals as explicit design elements (which is what is done in CogPrime ) – both for ethical reasons and for broader AGI design reasons.

Humans may adopt goals for a time and then drop them, may pursue multiple conflicting goals simultaneously, and may often proceed in an apparently goal-less manner. Sometimes the goal that a person appears to be pursuing, may be very different than the one they think they're pursuing. Evolutionary psychology [BDL93] argues that, directly or indirectly, all humans are ultimately pursuing the goal of maximizing the inclusive fitness of their genes – but given the complex mix of evolution and self-organization in natural history [Sal93], this is hardly a general explanation for human behavior. Ultimately, in the human context, "goal" is best thought of as a frequently useful heuristic concept.

AGI systems, however, need not emulate human cognition in every aspect, and may be architected with explicit "goal systems." This provides no guarantee that said AGI systems will actually pursue the goals that their goal systems specify – depending on the role that the goal system plays in the overall system dynamics, sometimes other dynamical phenomena might intervene and cause the system to behave in ways opposed to its explicit goals. However, we submit that this design sketch provides a better framework than would exist in an AGI system closely emulating the human brain.

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We realize this point may be somewhat contentious – a counter-argument would be that the human brain is known to support at least *moderately* ethical behavior, according to human ethical standards, whereas less brain-like AGI systems are much less well understood. However, the obvious counter-counterpoints are that:

- Humans are not all that consistently ethical, so that creating AGI systems potentially much more practically powerful than humans, but with closely humanlike ethical, motivational and goal systems, could in fact be quite dangerous
- The effect on a human-like ethical/motivational/goal system of increasing the intelligence, or changing the physical embodiment or cognitive capabilities, of the agent containing the system, is unknown and difficult to predict given all the complexities involved

The course we tentatively recommend, and are following in our own work, is to develop AGI systems with explicit, hierarchically-dominated goal systems. That is:

- create one or more "top goals" (we call them Ubergoals in CogPrime )
- have the system derive subgoals from these, using its own intelligence, potentially guided by educational interaction or explicit programming
- have a significant percentage of the system's activity governed by the explicit pursuit of these goals

Note that the "significant percentage" need not be 100%; CogPrime, for example, combines explicitly goal-directed activity with other "spontaneous" activity. Requiring that all activity be explicitly goal-directed may be too strict a requirement to place on AGI architectures.

The next step, of course, is for the top-level goals to be chosen in accordance with the principle of human-Friendliness. The next one of our eight points, about the Global Brain, addresses one way of doing this. In our near-term work with CogPrime, we are using simplistic approaches, with a view toward early-stage system testing.

## 12.4 Ethical Synergy

An explicit goal system provides an explicit way to ensure that ethical principles (as represented in system goals) play a significant role in guiding an AGI system's behavior. However, in an integrative design like CogPrime the goal system is only a small part of the overall story, and it's important to also understand how ethics relates to the other aspects of the cognitive architecture.

One of the more novel ideas presented in this chapter is that different types of ethical intuition may be associated with different types of memory – and to possess mature ethics, a mind must display *ethical synergy* between the ethical processes associated with its memory types. Specifically, we suggest that:

- **Episodic memory** corresponds to the process of ethically assessing a situation based on similar prior situations
- **Sensorimotor memory** corresponds to "mirror neuron" type ethics, where you feel another person's feelings via mirroring their physiological emotional responses and actions
- **Declarative memory** corresponds to rational ethical judgment

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- **Procedural memory** corresponds to "ethical habit" ... learning by imitation and reinforcement to do what is right, even when the reasons aren't well articulated or understood
- **Attentional memory** corresponds to the existence of appropriate patterns guiding one to pay adequate attention to ethical considerations at appropriate times
- **Intentional memory** corresponds to the pervasion of ethics through one's choices about subgoaling (which leads into "when do the ends justify the means" ethical-balance questions)

One of our suggestions regarding AGI ethics is that an ethically mature person or AGI must both master and balance all these kinds of ethics. We will focus especially here on declarative ethics, which corresponds to Kohlberg's theory of logical ethical judgment; and episodic ethics, which corresponds to Gilligan's theory of empathic ethical judgment. Ultimately though, all five aspects are critically important; and a CogPrime system if appropriately situated and educated should be able to master and integrate all of them.

### *12.4.1 Stages of Development of Declarative Ethics*

Complementing generic theories of cognitive development such as Piaget's and Perry's, theorists have also proposed specific stages of moral and ethical development. The two most relevant theories in this domain are those of Kohlberg and Gilligan, which we will review here, both individually and in terms of their integration and application in the AGI context.

Lawrence Kohlberg's [KLH83, Koh81] moral development model, called the "ethics of justice" by Gilligan, is based on a rational modality as the central vehicle for moral development. In our perspective this is a firmly *declarative* form of ethics, based on explicit analysis and reasoning. It is based on an impartial regard for persons, proposing that ethical consideration must be given to all individual intelligences without a priori judgment (prejudice). Consideration is given for individual merit and preferences, and the goals of an ethical decision are equal treatment (in the general, not necessarily the particular) and reciprocity. Echoing Kant's [Kan64] categorical imperative, the decisions considered most successful in this model are those which exhibit "reversibility", where a moral act within a particular situation is evaluated in terms of whether or not the act would be satisfactory even if particular persons were to switch roles within the situation. In other words, a situational, contextualized "do unto others as you would have them do unto you" criterion. The ethics of justice can be viewed as three stages (each of which has six substages, on which we will not elaborate here), depicted in Table 12.1.

In Kohlberg's perspective, cognitive development level contributes to moral development, as moral understanding emerges from increased cognitive capability in the area of ethical decision making in a social context. Relatedly, Kohlberg also looks at stages of social perspective and their consequent interpersonal outlook. As shown in Table 12.1, these are correlated to the stages of moral development, but also map onto Piagetian models of cognitive development (as pointed out e.g. by Gibbs [Gib78], who presents a modification/interpretation of Kohlberg's ideas intended to align them more closely with Piaget's). Interpersonal outlook can be understood as rational understanding of the psychology of other persons (a theory of mind, with or without empathy). Stage One, emergent from the infantile congitive stage, is entirely selfish as only self awareness has developed. As cognitive sophistication about ethical considerations increases, so do the moral and social perspective stages. Concrete and formal cognition bring about the first instrumental egoism, and then social relations and systems perspectives, and

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| Stage | Substages |
|---|---|
| Pre-Conventional | • Obedience and Punishment Orientation<br>• Self-interest orientation |
| Conventional | • Interpersonal accord (conformity) orientation<br>• Authority and social-order maintaining (law and order) orientation |
| Post-Conventional | • Social contract (human rights) orientation<br>• Universal ethical principles (universal human rights) orientation |

Table 12.1: Kohlberg's Stages of Development of the Ethics of Justice

from formal and then reflexive thinking about ethics comes the post-conventional modalities of contractualism and universal mutual respect.

| Stage of Social Perspective | Interpersonal Outlook |
|---|---|
| Blind egoism | No interpersonal perspective. Only self is considered. |
| Instrumental egoism | See that others have goals and perspectives, and either conform to or rebel against norms. |
| Social Relationships perspective | Able to see abstract normative systems |
| Social Systems perspective | Recognize positive and negative intentions |
| Contractual perspective | Recognize that contracts (mutually beneficial agreements of any kind) will allow intelligences to increase the welfare of both. |
| Universal principle of mutual respect | See how human fallibility and frailty are impacted by communication. |

Table 12.2: Kohlberg's Stages of Development of Social Perspective and Interpersonal Morals

#### 12.4.1.1 Uncertain Inference and the Ethics of Justice

Taking our cue from the analysis given in Chapter 11 of Piagetan stages in uncertain inference based AGI systems (such as CogPrime ), we may explore the manifestation of Kohlberg's stages in AGI systems of this nature. Uncertain inference seems generally well-suited as a declarative-ethics learning system, due to the nuanced ethical environment of real world situations. Probabilistic knowledge networks can model belief networks, imitative reinforcement learning based ethical pedagogy, and even simplistic moral maxims. In principle, they have the flexibility to deal with complex ethical decisions, including not only weighted "for the greater

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good" dichotomous decision making, but also the ability to develop moral decision networks which do not require that all situations be solved through resolution of a dichotomy.

When more than one person is being affected by an ethical decision, making a decision based on reducing two choices to a single decision can often lead to decisions of dubious ethics. However, a sufficiently complex uncertain inference network can represent alternate choices in which multiple actions are taken that have equal (or near equal) belief weight but have very different particulars – but because the decisions are applied in different contexts (to different groups of individuals) they are morally equivalent. Though each individual action appears equally believable, were any single decision applied to the entire population one or more individual may be harmed, and the morally superior choice is to make case-dependent decisions. Equal moral treatment is a general principle, and too often the mistake is made by thinking that to achieve this general principle the particulars must be equal. This is not the case. Different treatment of different individuals can result in morally equivalent treatment of all involved individuals, and may be vastly morally superior to treating all the individuals with equal particulars. Simply taking the largest population and deciding one course of action based on the result that is most appealing to that largest group is not generally the most moral action.

Uncertain inference, especially a complex network with high levels of resource access as may be found in a sophisticated AGI, is well suited for complex decision making resulting in a multitude of actions, and of analyzing the options to find the set of actions that are ethically optimal particulars for each decision context. Reflexive cognition and post-commitment moral understanding may be the goal stages of an AGI system, or any intelligence, but the other stages will be passed through on the way to that goal, and realistically some minds will never reach higher order cognition or morality with regards to any context, and others will not be able to function at this high order in every context (all currently known minds fail to function at the highest order cognitively or morally in some contexts).

Infantile and concrete cognition are the underpinnings of the egoist and socialized stages, with formal aspects also playing a role in a more complete understanding of social models when thinking using the social modalities. Cognitively infantile patterns can produce no more than blind egoism as without a theory of mind, there is no capability to consider the other. Since most intelligences acquire concrete modality and therefore some nascent social perspective relatively quickly, most egoists are instrumental egoists. The social relationship and systems perspectives include formal aspects which are achieved by systematic social experimentation, and therefore experiential reinforcement learning of correct and incorrect social modalities. Initially this is a one-on-one approach (relationship stage), but as more knowledge of social action and consequences is acquired, a formal thinker can understand not just consequentiality but also intentionality in social action.

Extrapolation from models of individual interaction to general social theoretic notions is also a formal action. Rational, logical positivist approaches to social and political ideas, however, are the norm of formal thinking. Contractual and committed moral ethics emerges from a higher-order formalization of the social relationships and systems patterns of thinking. Generalizations of social observation become, through formal analysis, systems of social and political doctrine. Highly committed, but grounded and logically supportable, belief is the hallmark of formal cognition as expressed contractual moral stage. Though formalism is at work in the socialized moral stages, its fullest expression is in committed contractualism.

Finally, reflexive cognition is especially important in truly reaching the post-commitment moral stage in which nuance and complexity are accommodated. Because reflexive cognition is necessary to change one's mind not just about particular rational ideas, but whole *ways of*

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*thinking*, this is a cognitive precedent to being able to reconsider an entire belief system, one that has had contractual logic built atop reflexive adherence that began in early development. If the initial moral system is viewed as positive and stable, then this cognitive capacity is seen as dangerous and scary, but if early morality is stunted or warped, then this ability is seen as enlightened. However, achieving this cognitive stage does not mean one automatically changes their belief systems, but rather that the mental machinery is in place to consider the possibilities. Because many people do not reach this level of cognitive development in the area of moral and ethical thinking, it is associated with negative traits ("moral relativism" and "flip-flopping"). However, this cognitive flexibility generally leads to more sophisticated and applicable moral codes, which in turn leads to morality which is actually more stable because it is built upon extensive and deep consideration rather than simple adherence to reflexive or rationalized ideologies.

### *12.4.2 Stages of Development of Empathic Ethics*

Complementing Kohlberg's logic-and-justice-focused approach, Carol Gilligan's [Gil82] "ethics of care" model is a moral development theory which posits that empathetic understanding plays the central role in moral progression from an initial self-centered modality to a socially responsible one. The ethics of care model is concerned with the ways in which an individual cares (responds to dilemmas using empathetic responses) about self and others. As shown in Table 12.3, the ethics of care is broken into the same three primary stage as Kohlberg, but with a focus on empathetic, emotional caring rather than rationalized, logical principles of justice.

| **Stage** | **Principle of Care** |
|---|---|
| Pre-Conventional | Individual Survival |
| Conventional | Self Sacrifice for the Greater Good |
| Post-Conventional | Principle of Nonviolence (do not hurt others, or oneself) |

Table 12.3: Gilligan's Stages of the Ethics of Care

For an "ethics of care" approach to be applied in an AGI, the AGI must be capable of internal simulation of other minds it encounters, in a similar manner to how humans regularly simulate one another internally. Without any mechanism for internal simulation, it is unlikely that an AGI can develop any sort of empathy toward other minds, as opposed to merely logically or probabilistically modeling other agents' behavior or other minds' internal contents. In a CogPrime context, this ties in closely with how CogPrime handles episodic knowledge – partly via use of an internal simulation world, which is able to play "mental movies" of prior and hypothesized scenarios within the AGI system's mind.

However, in humans empathy involves more than just simulation, it also involves sensorimotor responses, and of course emotional responses – a topic we will discuss in more depth in Appendix ?? where we review the functionality of mirror neurons and mirror systems in the human brains. When we see or hear someone suffering, this sensory input causes motor responses in us similar to if we were suffering ourselves, which initiates emotional empathy and corresponding cognitive processes.

HOUSE_OVERSIGHT_013130

Thus, empathic "ethics of care" involves a combination of episodic and sensorimotor ethics, complementing the mainly declarative ethics associated with the "ethics of justice."

In Gilligan's perspective, the earliest stage of ethical development occurs before empathy becomes a consistent and powerful force. Next, the hallmark of the conventional stage is that at this point, the individual is so overwhelmed with their empathic response to others that they neglect themselves in order to avoid hurting others. Note that this stage doesn't occur in Kohlberg's hierarchy at all. Kohlberg and Gilligan both begin with selfish unethicality, but their following stages diverge. A person could in principle manifest Gilligan's conventional stage without having a refined sense of justice (thus not entering Kohlberg's conventional stage); or they could manifest Kohlberg's conventional stage without partaking in an excessive degree of self-sacrifice (thus not entering Gilligan's conventional stage). We will suggest below that in fact the empathic and logical aspects of ethics are more unified in real human development than these separate theories would suggest. However, even if this is so, the possibility is still there that in some AGI systems the levels of declarative and empathic ethics could wildly diverge.

It is interesting to note that Gilligan's and Kohlberg's final stages converge more closely than their intermediate ones. Kohlberg's post-conventional stage focuses on universal rights, and Gilligan's on universal compassion. Still, the foci here are quite different; and, as will be elaborated below, we believe that both Kohlberg's and Gilligan's theories constitute very partial views of the actual end-state of ethical advancement.

### *12.4.3 An Integrative Approach to Ethical Development*

We feel that both Kohlberg's and Gilligan's theories contain elements of the whole picture of ethical development, and that both approaches are necessary to create a moral, ethical artificial general intelligence – just as, we suggest, both internal simulation and uncertain inference are necessary to create a sufficiently intelligent and volitional intelligence in the first place. Also, we contend, the lack of direct analysis of the underlying psychology of the stages is a deficiency shared by both the Kohlberg and Gilligan models as they are generally discussed. A successful model of integrative ethics necessarily contains elements of both the care and justice models, as well as reference to the underlying developmental psychology and its influence on the character of the ethical stage. Furthermore, intentional and attentional ethics need to be brought into the picture, complementing Kohlberg's focus on declarative knowledge and Gilligan's focus on episodic and sensorimotor knowledge.

With these notions in mind, we propose the following integrative theory of the stages of ethical development, shown in Tables 12.4, 12.5 and 12.6. In our integrative model, the justice-based and empathic aspects of ethical judgment are proposed to develop together. Of course, in any one individual, one or another aspect may be dominant. Even so, however, the combination of the two is equally important as either of the two individual ingredients.

For instance, we suggest that in any psychologically healthy human, the conventional stage of ethics (typifying childhood, and in many cases adulthood as well) involves a combination of Gilligan-esqe empathic ethics and Kohlberg-esque ethical reasoning. This combination is supported by Piagetan concrete operational cognition, which allows moderately sophisticated linguistic interaction, theory of mind, and symbolic modeling of the world.

And, similarly, we propose that in any truly ethically mature human, empathy and rational justice are both fully developed. Indeed the two interpenetrate each other deeply.

HOUSE_OVERSIGHT_013131

Once one goes beyond simplistic, childlike notions of fairness ("an eye for an eye" and so forth), applying rational justice in a purely intellectual sense is just as difficult as any other real-world logical inference problem. Ethical quandaries and quagmires are easily encountered, and are frequently cut through by a judicious application of empathic simulation.

On the other hand, empathy is a far more powerful force when used in conjunction with reason: analogical reasoning lets us empathize with situations we have never experienced. For instance, a person who has never been clinically depressed may have a hard time empathizing with individuals who are; but using the power of reason, they can imagine their worst state of depression magnified by several times and then extended over a long period of time, and then reason about what this might be like ... and empathize based on their inferential conclusion. Reason is not antithetical to empathy but rather is the key to making empathy more broadly impactful.

Finally, the enlightened stage of ethical development involves both a deeper compassion and a more deeply penetrating rationality and objectiveness. Empathy with all sentient beings is manageable in everyday life only once one has deeply reflected on one's own self and largely freed oneself of the confusions and illusions that characterize much of the ordinary human's inner existence. It is noteworthy, for example, that Buddhism contains both a richly developed ethics of universal compassion, and also an intricate logical theory of the inner workings of cognition [Stc00], detailing in exquisite rational detail the manner in which minds originate structures and dynamics allowing them to comprehend themselves and the world.

### *12.4.4 Integrative Ethics and Integrative AGI*

What does our integrative approach to ethical development have to say about the ethical development of AGI systems? The lessons are relatively straighforward, if one considers an AGI system that, like CogPrime, explicitly contains components dedicated to logical inference and to simulation. Application of the above ethical ideas to other sorts of AGI systems is also quite possible, but would require a lengthier treatment and so won't be addressed here.

In the context of a CogPrime-type AGI system, Kolhberg's stages correspond to increasingly sophisticated application of logical inference to matters of rights and fairness. It is not clear whether humans contain an innate sense of fairness. In the context of AGIs, it would be possible to explicitly wire a sense of fairness into an AGI system, but in the context of a rich environment and active human teachers, this actually appears quite unnecessary. Experiential instruction in the notions of rights and fairness should suffice to teach an inference-based AGI system how to manipulate these concepts, analogously to teaching the same AGI system how to manipulate number, mass and other such quantities. Ascending the Kohlberg stages is then mainly a matter of acquiring the ability to carry out suitably complex inferences in the domain of rights and fairness. The hard part here is inference control – choosing which inference steps to take – and in a sophisticated AGI inference engine, inference control will be guided by experience, so that the more ethical judgments the system has executed and witnessed, the better it will become at making new ones. And, as argued above, simulative activity can be extremely valuable for aiding with inference control. When a logical inference process reaches a point of acute uncertainty (the backward or forward chaining inference tree can't decide which expansion step to take), it can run a simulation to cut through the confusion – i.e., it can use empathy to decide which

HOUSE_OVERSIGHT_013132

| Stage | Characteristics |
|---|---|
| **Pre-ethical** | • Piagetan infantile to early concrete (aka pre-operational)<br>• Radical selfishness or selflessness may, but do not necessarily, occur<br>• No coherent, consistent pattern of consideration for the rights, intentions or feelings of others<br>• Empathy is generally present, but erratically |
| **Conventional Ethics** | • Concrete cognitive basis<br>• Perry's Dualist and Multiple stages<br>• The common sense of the Golden Rule is appreciated, with cultural conventions for abstracting principles from behaviors<br>• One's own ethical behavior is explicitly compared to that of others<br>• Development of a functional, though limited, theory of mind<br>• Ability to intuitively conceive of notions of fairness and rights<br>• Appreciation of the concept of law and order, which may sometimes manifest itself as systematic obedience or systematic disobedience<br>• Empathy is more consistently present, especially with others who are directly similar to oneself or in situations similar to those one has directly experienced<br>• Degrees of selflessness or selfishness develop based on ethical groundings and social interactions. |

Table 12.4: Integrative Model of the Stages of Ethical Development, Part 1

logical inference step to take in thinking about applying the notions of rights and fairness to a given situation.

Gilligan's stages correspond to increasingly sophisticated control of empathic simulation – which in a CogPrime-type AGI system, is carried out by a specific system component devoted to running internal simulations of aspects of the outside world, which includes a subcomponent specifically tuned for simulating sentient actors. The conventional stage has to do with the raw, uncontrolled capability for such simulation; and the post-conventional stage corresponds to its contextual, goal-oriented control. But controlling empathy, clearly, requires subtle management of various uncertain contextual factors, which is exactly what uncertain logical inference is good at – so, in an AGI system combining an uncertain inference component with a simulative component, it is the inference component that would enable the nuanced control of empathy allowing the ascent to Gilligan's post-conventional stage.

In our integrative perspective, in the context of an AGI system integrating inference and simulation components, we suggest that the ascent from the pre-ethical to the conventional stage may be carried out largely via independent activity of these two components. Empathy is needed, and reasoning about fairness and rights are needed, but the two need not intimately and sensitively intersect – though they must of course intersect to some extent.

HOUSE_OVERSIGHT_013133

| Stage | Characteristics |
|---|---|
| **Mature Ethics** | • Formal cognitive basis<br>• Perry's Relativist and "Constructed Knowledge" stages<br>• The abstraction involved with applying the Golden Rule in practice is more fully understood and manipulated, leading to limited but nonzero deployment of the Categorical Imperative<br>• Attention is paid to shaping one's ethical principles into a coherent logical system<br>• Rationalized, moderated selfishness or selflessness.<br>• Empathy is extended, using reason, to individuals and situations not directly matching one's own experience<br>• Theory of mind is extended, using reason, to counterintuitive or experientially unfamiliar situations<br>• Reason is used to control the impact of empathy on behavior (i.e. rational judgments are made regarding when to listen to empathy and when not to)<br>• Rational experimentation and correction of theoretical models of ethical behavior, and reconciliation with observed behavior during interaction with others.<br>• Conflict between pragmatism of social contract orientation and idealism of universal ethical principles.<br>• Understanding of ethical quandaries and nuances develop (pragmatist modality), or are rejected (idealist modality).<br>• Pragmatically critical social citizen. Attempts to maintain a balanced social outlook. Considers the common good, including oneself as part of the commons, and acts in what seems to be the most beneficial and practical manner. |

Table 12.5: Integrative Model of the Stages of Ethical Development, Part 2

The main engine of advancement from the conventional to mature stage, we suggest, is robust and subtle integration of the simulative and inferential components. To expand empathy beyond the most obvious cases, analogical inference is needed; and to carry out complex inferences about justice, empathy-guided inference-control is needed.

Finally, to advance from the mature to the enlightened stage, what is required is a very advanced capability for unified reflexive inference and simulation. The system must be able to understand itself deeply, via modeling itself both simulatively and inferentially – which will generally be achieved via a combination of being good at modeling, and becoming less convoluted and more coherent, hence making self-modeling easier.

Of course, none of this tells you in detail how to create an AGI system with advanced ethical capabilities. What it does tell you, however, is one possible path that may be followed to achieve this end goal. If one creates an integrative AGI system with appropriately interconnected inferential and simulative components, and treats it compassionately and fairly, and provides it extensive, experientially grounded ethical instruction in a rich social environment, then the AGI system should be able to ascend the ethical hierarchy and achieve a high level of ethical sophistication. In fact it should be able to do so more reliably than human beings because of the capability we have to identify its errors via inspecting its internal knowedge-stage, which

HOUSE_OVERSIGHT_013134

| Stage | Characteristics |
|---|---|
| **Enlightened Ethics** | • Reflexive cognitive basis<br>• Permeation of the categorical imperative and the quest for coherence through inner as well as outer life<br>• Experientially grounded and logically supported rejection of the illusion of moral certainty in favor of a case-specific analytical and empathetic approach that embraces the uncertainty of real social life<br>• Deep understanding of the illusory and biased nature of the individual self, leading to humility regarding one's own ethical intuitions and prescriptions<br>• Openness to modifying one's deepest, ethical (and other) beliefs based on experience, reason and/or empathic communion with others<br>• Adaptive, insightful approach to civil disobedience, considering laws and social customs in a broader ethical and pragmatic context<br>• Broad compassion for and empathy with all sentient beings<br>• A recognition of inability to operate at this level at all times in all things, and a vigilance about self-monitoring for regressive behavior. |

Table 12.6: Integrative Model of the Stages of Ethical Development, Part 3

will enable us to tailor its environment and instructions more suitably than can be done in the human case.

If an absolute guarantee of the ethical soundness of an AGI is what one is after, the line of thinking proposed here is not at all useful. Experiential education is by its nature an uncertain thing. One can strive to minimize the uncertainty, but it will still exist. Inspection of the internals of an AGI's mind is not a total solution to uncertainty minimization, because any AGI capable of powerful general intelligence is going to have a complex internal state that no external observer will be able to fully grasp, no matter how transparent the knowledge representation.

However, if what one is after is a plausible, pragmatic path to architecting and educating ethical AGI systems, we believe the ideas presented here constitute a sensible starting-point. Certainly there is a great deal more to be learned and understood – the science and practice of AGI ethics, like AGI itself, are at a formative stage at present. What is key, in our view, is that as AGI technology develops, AGI ethics develops alongside and within it, in a thoroughly coupled way.

## 12.5 Clarifying the Ethics of Justice: Extending the Golden Rule in to a Multifactorial Ethical Model

One of the issues with the "ethics of justice" as reviewed above, which makes it inadequate to serve as the sole basis of an AGI ethical system (though it may certainly play a significant

HOUSE_OVERSIGHT_013135

role), is the lack of any clear formulation of what "justice" means. This section explores this issue, via detailed consideration of the "Golden Rule" folk maxim **do unto others as you would have them do unto you** – a classical formulation of the notion of fairness and justics – to AGI ethics. Taking the Golden Rule as a starting-point, we will elaborate five ethical imperatives that incorporate aspects of the notion of ethical synergy discussed above. Simple as it may seem, the Golden Rule actually elicits a variety of deep issues regarding the relationship between ethics, experience and learning. When seriously analyzed, it results in a multifactorial elaboration, involving the combination of various factors related to the basic Golden Rule idea. Which brings us back in the end to the potential value of methods like CEV, CAV or CBV for understanding how human ethics balances the multiple factors. Our goal here is not to present any kind of definitive analysis of the ethics of justice, but just to briefly and roughly indicate a number of the relevant significant issues – things that anyone designing or teaching an AGI would do well to keep in mind.

The trickiest aspect of the Golden Rule, as has been frequently observed, is achieving the right level of abstraction. Taken too literally, the Golden Rule would suggest, for instance, that a parent should not wipe a child's soiled bottom because the parent does not want the child to wipe the parent's soiled bottom. But if the parent interprets the Golden Rule more intelligently and abstractly, the parent may conclude that they should wipe the child's bottom after all: they should "wipe the child's bottom when the child can't do it themselves", consistently with believing that the child should "wipe the parent's bottom when the parent can't do it themselves" (which may well happen eventually should the parent develop incontinence in old age).

This line of thinking leads to Kant's Categorical Imperative [Kan64] which (in one interpretation) states essentially that one should "Act only according to that maxim whereby you can at the same time will that it should become a universal law." The Categorical Imperative adds precision to the Golden Rule, but also removes the practicality of the latter. Formalizing the "implicit universal law" underlying an everyday action is a huge problem, falling prey to the same issue that has kept us from adequately formalizing the rules of natural language grammar, or formalizing common-sense knowledge about everyday object like cups, bowls and grass (substantial effort notwithstanding, e.g. Cyc in the commonsense knowledge case, and the whole discipline of modern linguistics in the NL case). There is no way to apply the Categorical Imperative, as literally stated, in everyday life.

Furthermore, if one wishes to teach ethics as well as to practice it, the Categorical Imperative actually has a significant disadvantage compared to some other possible formulations of the Golden Rule. The problem is that, if one follows the Categorical Imperative, one's fellow members of society may well never understand the principles under which one is acting. Each of us may internally formulate abstract principles in a different way, and these may be very difficult to communicate, especially among individuals with different belief systems, different cognitive architectures, or different levels of intelligence. Thus, if one's goal is not just to act ethically, but to encourage others to act ethically by setting a good example, the Categorical Imperative may not be useful at all, as others may be unable to solve the "inverse problem" of guessing your intended maxim from your observed behavior.

On the other hand, one wouldn't want to universally restrict one's behavioral maxims to those that one's fellow members of society can understand – in that case, one would have to act with a two-year old or a dog according to principles that they could understand, which would clearly be unethical according to human common sense. (Every two-year-old, once they grow up, would be grateful to their parents for not following this sort of principle.)

HOUSE_OVERSIGHT_013136

And the concept of "setting a good example" ties in with an important concept from learning theory: imitative learning. Humans appear to be hard-wired for imitative learning, in part via mirror neuron systems in the brain; and, it seems clear that at least in the early stages of AGI development, imitative learning is going to play a key role. Copying what other agents do is an extremely powerful heuristic, and while AGIs may eventually grow beyond this, much of their early ethical education is likely to arise during a phase when they have not done so. A strength of the classic Golden Rule is that one is acting according to behaviors that one wants one's observers to imitate – which makes sense in that many of these observers will be using imitative learning as a significant part of their learning toolkit.

The truth of the matter, it seems, is (as often happens) not all that simple or elegant. Ethical behavior seems to be most pragmatically viewed as a multi-objective optimization problem, where among the multiple objectives are three that we have just discussed, and two others that emerge from learning theory and will be discussed shortly:

1. The **imitability** (i.e. the Golden Rule fairly narrowly and directly construed): the goal of acting in a way so that having others directly imitate one's actions, in directly comparable contexts, is desirable to oneself
2. The **comprehensibility**: the goal of acting in a way so that others can understand the principles underlying one's actions
3. **Experiential groundedness**. An intelligent agent should not be expected to act according to an ethical principle unless there are many examples of the principle-in-action in its own direct or observational experience
4. The **categorical imperative**: Act according to abstract principles that you would be happy to see implemented as universal laws
5. **Logical coherence.** An ethical system should be roughly logically coherent, in the sense that the different principles within it should mesh well with one another and perhaps even naturally emerge from each other.

Just for convenience, without implying any finality or great profundity to the list, we will refer to these as the "five imperatives."

The above are all ethical objectives to be valued and balanced, to different extents in different contexts. The imitability imperative, obviously, loses importance in societies of agents that don't make heavy use of imitative learning. The comprehensibility imperative is more important in agents that value social community-building generally, and less so in agent that are more isolative and self-focused.

Note that the fifth point given above is logically of a different nature than the four previous ones. The first four imperatives govern individual ethical principles; the fifth regards systems of ethical principles, as they interact with each other. Logical coherence is of significant but varying importance in human ethical systems. Huge effort has been spent by theologians of various stripes in establishing and refining the logical coherence of the ethical systems associated with their religions. However, it is arguably going to be even more important in the context of AGI systems, especially if these AGI systems utilize cognitive methods based on logical inference, probability theory or related methods.

Experiential groundedness is important because making pragmatic ethical judgments is bound to require reference to an internal library of examples ("episodic ethics") in which ethical principles have previously been applied. This is required for analogical reasoning, and in logic-based AGI systems, is also required for pruning of the logical inference trees involved in determining ethical judgments.

HOUSE_OVERSIGHT_013137

To the extent that the Golden Rule is valued as an ethical imperative, experiential grounding may be supplied via observing the behaviors of others. This in itself is a powerful argument in favor of the Golden Rule: without it, the experiential library a system possesses is restricted to its own experience, which is bound to be a very small library compared to what it can assemble from observing the behaviors of others.

The overall upshot is that, ideally, an ethical intelligence should **act according to a logically coherent system of principles, which are exemplified in its own direct and observational experience, which are comprehensible to others and set a good example for others, and which would serve as adequate universal laws if somehow thus implemented**. But, since this set of criteria is essentially impossible to fulfill in practice, real-world intelligent agents must balance these various criteria – often in complex and contextually-dependent ways.

We suggest that ethically advanced humans, in their pragmatic ethical choices, tend to act in such a way as to appropriately contextually balance the above factors (along with other criteria, but we have tried to articulate the most key factors). This sort of multi-factorial approach is not as crisp or elegant as unidimensional imperatives like the Golden Rule or the Categorical Imperative, but is more realistic in light of the complexly interacting multiple determinants guiding individual and group human behavior.

And this brings us back to CEV, CAV, CBV and other possible ways of mining ethical supergoals from the community of existing human minds. Given that abstract theories of ethics, when seriously pursued as we have done in this section, tend to devolve into complex balancing acts involving multiple factors – one then falls back into asking how human ethical systems habitually perform these balancing acts. Which is what CEV, CAV, CBV try to measure.

### *12.5.1 The Golden Rule and the Stages of Ethical Development*

Next we explore more explicitly how these Golden Rule based imperatives align with the ethical developmental stages we have outlined here. With this in mind, specific ethical qualities corresponding to the five imperatives have been italicized in the above table of developmental stages.

It seems that imperatives 1-3 are critical for the passage from the pre-ethical to the conventional stages of ethics. A child learns ethics largely by copying others, and by being interacted with according to simply comprehensible implementations of the Golden Rule. In general, when interacting with children learning ethics, it is important to act according to principles they can comprehend. And given the nature of the concrete stage of cognitive development, experiential groundedness is a must.

As a hypothesis regarding the dynamics underlying the psychological development of conventional ethics, what we propose is as follows: The emergence of concrete-stage cognitive capabilities leads to the capability for fulfillment of ethical imperatives 1 and 2 – a comprehensible and workable implementation of the Golden Rule, based on a combination of inferential and simulative cognition (operating largely separately at this stage, as will be conjectured below). The effective interoperation of ethical imperatives 1-3, enacted in an appropriate social environment, then leads to the other characteristics of the conventional ethical stage. The first three imperatives can thus be viewed as the seed from which springs the general nature of conventional ethics.

HOUSE_OVERSIGHT_013138

On the other hand, logical coherence and the categorical imperative (imperatives 5 and 4) are matters for the formal stage of cognitive development, which come along only with the mature approach to ethics. These come from abstracting ethics beyond direct experience and manipulating them abstractly and formally – a stage which has the potential for more deeply and broadly ethical behavior, but also for more complicated ethical perversions (it is the mature capability for formal ethical reasoning that is able to produce ungrounded abstractions such as "I'm torturing you for your own good"). Developmentally, we suggest that once the capability for formal reasoning matures, the categorical imperative and the quest for logical ethical coherence naturally emerge, and the sophisticated combination of inferential and simulative cognition embodied in an appropriate social context then result in the emergence of the various characteristics typifying the mature ethical stage.

Finally, it seems that one key aspect of the passage from the mature to the enlightened stage of ethics is the penetration of these two final imperatives more and more deeply into the judging mind itself. The reflexive stage of cognitive development is in part about seeking a deep logical coherence between the aspects of one's own mind, and making reasoned modifications to one's mind so as to improve the level of coherence. And, much of the process of mental discipline and purification that comes with the passage to enlightened ethics has to do with the application of the categorical imperative to one's own thoughts and feelings – i.e. making a true inner systematic effort to think and feel only those things one judges are actually generally good and right to be thinking and feeling. Applying these principles internally appears critical for effectively applying them externally, for reasons that are doubtlessly bound up with the interpenetration of internal and external reality within the thinking mind, and for the "distributed cognition" phenomenon wherein individual mind is itself an approximative abstraction to the reality in which each individual's mind is pragmatically extended across their social group and their environment [Hut95].

Obviously, these are complex issues and we're not posing the exploratory discussion given here as conclusive in any sense. But what seems generally clear from this line of thinking is that the complex balance between the multiple factors involved in AGI ethics, shifts during a system's development. If you did CEV, CAV or CBV among five year old humans, ten year old humans, or adult humans, you would get different results. Probably you'd also get different results from senior citizens! The way the factors are balanced depends on the mind's cognitive and emotional stage of development.

### *12.5.2 The Need for Context-Sensitivity and Adaptiveness in Deploying Ethical Principles*

As well as depending on developmental stage, there is also an obvious and dramatic context-sensitivity involved here – both in calculating the fulfillment of abstract ethical imperatives, and in balancing various imperatives against each other. As an example, consider the simple Asimovian maxim "I will not harm humans," which may be seen to follow from the Golden Rule for any agent that doesn't itself want to be harmed, and that considers humans as valid agents on the same ethical level as itself. A more serious attempt to formulate this as an ethical maxim might look something like

HOUSE_OVERSIGHT_013139

*"I will not harm humans, nor through inaction allow harm to befall them. In situations wherein one or more humans is attempting to harm another individual or group, I shall endeavor to prevent this harm through means which avoid further harm. If this is unavoidable, I shall select the human party to back based on a reckoning of their intentions towards others, and implement their defense through the optimal balance between harm minimization and efficacy. My ultimate goal is to preserve as much as possible of humanity, even if an individual or subgroup of humans must come to harm to do so."*

However, it's obvious that even a more elaborated principle like this is potentially subject to extensive abuse. Many of the genocides scarring human history have been committed with the goal of preserving and bettering humanity writ large, at the expense of a group of "undesirables." Further refinement would be necessary in order to define when the greater good of humanity may actually be served through harm to others. A first actor principle of aggression might seem to solve this problem, but sometimes first actors in violent conflict are taking preemptive measures against the stated goals of an enemy to destroy them. Such situations become very subtle. A single simple maxim can not deal with them very effectively. Networks of interrelated decision criteria, weighted by desirability of consequence and with reference to probabilistically ordered potential side-effects (and their desirability weightings), are required in order to make ethical judgments. The development of these networks, just like any other knowledge network, comes from both pedagogy and experience – and different thoughtful, ethical agents are bound to arrive at different knowledge-networks that will lead to different judgments in real-world situations.

Extending the above "mostly harmless" principle to AGI systems, not just humans, would cause it to be more effective in the context of imitative learning. The principle then becomes an elaborated version of "I will not harm sentient beings." As the imitative-learning-enabled AGI observes humans acting so as to minimize harm to it, it will intuitively and experientially learn to act in such a way as to minimize harm to humans. But then this extension naturally leads to confusion regarding various borderline cases. What is a sentient being exactly? Is a sleeping human sentient? How about a dead human whose information could in principle be restored via obscure quantum operations, leading to some sort of resurrection? How about an AGI whose code has been improved – is there an obligation to maintain the prior version as well, if it is substantially different that its upgrade constitutes a whole new being?

And what about situations in which failure to preserve oneself will cause much more harm to others than acting in self defense will. It may be the case that human or group of humans seeks to destroy an AGI in order to pave the way for the enslavement or murder of people under the protection of the AGI. Even if the AGI has been given an ethical formulation of the "mostly harmless" principle which allows it to harm the attacking humans in order to defend its charges, if it is not able to do so in order to defend itself, simply destroying the AGI first will enable the slaughter of those who rely on it. Perhaps a more sensible formulation would allow for some degree of self defense, and Asimov solved this problem with his third law. But where to draw the line between self defense and the greater good also becomes a very complicated issue.

Creating hard and fast rules to cover all the various situations that may arise is essentially impossible – the world is ever-changing and ethical judgments must adapt accordingly. This has been true even throughout human history – so how much truer will it be as technological acceleration continues? What is needed is a system that can deploy its ethical principles in an adaptive, context-appropriate way, as it grows and changes along with the world it's embedded in.

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And this context-sensitivity has the result of intertwining ethical judgment with all sorts of other judgments – making it effectively impossible to extract "ethics" as one aspect of an intelligent system, separate from other kinds of thinking and acting the system does. This resonates with many prior observations by others, e.g. Eliezer Yudkowsky's insistence that what we need are not ethicists of science and engineering, but rather ethical scientists and engineers – because the most meaningful and important ethical judgments regarding science and engineering generally come about in a manner that's thoroughly interwined with technical practice, and hence are very difficult for a non-practitioner to richly appreciate [Gil82].

What this context-sensitivity means is that, unless humans and AGIs are experiencing the same sorts of contexts, and perceiving these contexts in at least approximately parallel ways, there is little hope of translating the complex of human ethical judgments to these AGIs. This conclusion has significant implications for which routes to AGI are most likely to lead to success in terms of AGI ethics. We want early-stage AGIs to grow up in a situation where their minds are primarily and ongoingly shaped by shared experiences with humans. Supplying AGIs with abstract ethical principles is not likely to do the trick, because the essence of human ethics in real life seems to have a lot to do with its intuitively appropriate application in various contexts. We transmit this sort of ethical praxis to humans via shared experience, and it seems most probably that in the case of AGIs the transmission must be done the same sort of way.

Some may feel that simplistic maxims are less "error prone" than more nuanced, context-sensitive ones. But the history of teaching ethics to human students does not support the idea that limiting ethical pedagogy to slogans provides much value in terms of ethical development. If one proceeds from the idea that AGI ethics must be hard-coded in order to work, then perhaps the idea that simpler ethics means simpler algorithms, and therefore less error potential, has some merit as an initial state. However, any learning system quickly diverges from its initial state, and an ongoing, nuanced relationship between AGIs and humans will – whether we like it or not – form the basis for developmental AGI ethics. AGI intransigence and enmity is not inevitable, but what is inevitable is that a learning system will acquire ideas about both theory and actions from the other intelligent entities in its environment. Either we teach AGIs positive ethics through our interactions with them – both presenting ethical theory and behaving ethically to them – or the potential is there for them to learn antisocial behavior from us even if we pre-load them with some set of allegedly inviolable edicts.

All in all, developmental ethics is not as simple as many people hope. Simplistic approaches often lead to disastrous consequences among humans, and there is no reason to think this would be any different in the case of artificial intelligences. Most problems in ethics have cases in which a simplistic ethical formulation requires substantial revision to deal with extenuating circumstances and nuances found in real world situations. Our goal in this chapter is not to enumerate a full set of complex networks of interacting ethical formulations as applicable to AGI systems (that is a project that will take years of both theoretical study and hands-on research), but rather to point out that this program must be undertaken in order to facilitate a grounded and logically defensible system of ethics for artificial intelligences, one which is as unlikely to be undermined by subsequent self-modification of the AGI as is possible. Even so, there is still the risk that whatever predispositions are imparted to the AGIs through initial codification of ethical ideas in the system's internal logic representation, and through initial pedagogical interactions with its learning systems, will be undermined through reinforcement learning of antisocial behavior if humans do not interact ethically with AGIs. Ethical treatment is a necessary task for grounding ethics and making them unlikely to be distorted during internal rewriting.

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The implications of these ideas for ethical instruction are complex and won't be fully elaborated here, but a few of them are compact and obvious:

1. The teacher(s) must be observed to follow their own ethical principles, in a variety of contexts that are meaningful to the AGI
2. The system of ethics must be relevant to the recipient's life context, and embedded within their understanding of the world.
3. Ethical principles must be grounded in both theory-of-mind thought experiments (emphasizing logical coherence), and in real life situations in which the ethical trainee is required to make a moral judgment and is rewarded or reproached by the teacher(s), including the imparting of explanatory augmentations to the teachings regarding the reason for the particular decision on the part of the teacher.

Finally, harking forward to the next section which emphasizes the importance of respecting the freedom of AGIs, we note that it is implicit in our approach to AGI ethics instruction that we consider the student, the AGI system, as an autonomous agent with its own "will" and its own capability to flexibly adapt to its environment and experience. We contend that the creation of ethical formations obeying the above imperatives is not antithetical to the possession of a high degree of autonomy on the part of AGI systems. On the contrary, to have any chance of succeeding, it requires fairly cognitively autonomous AGI systems. When we discuss the idea of ethical formulations that are unlikely to be undermined by the ongoing self-revision of an AGI mind, we are talking about those which are sufficiently believable that a volitional intelligence with the capacity to revise its knowledge ("change its mind") will find the formulations sufficiently convincing that there will be little incentive to experiment with potentially disastrous ethical alternatives. The best hope of achieving this is via the human mentors and trainers setting a good example in a context supporting rich interaction and observation, and presenting compelling ethical arguments that are coherent with the system's experience.

## 12.6 The Ethical Treatment of AGIs

We now make some more general comments about the relation of the Golden Rule and its elaborations in an AGI context. While the Golden Rule is considered somewhat commonsensical as a maxim for guiding human-human relationships, it is surprisingly controversial in terms of historical theories of AGI ethics. At its essence, any "Golden Rule" approach to AGI ethics involves humans treating AGIs ethically by – in some sense; at some level of abstraction – treating them as we wish to ourselves be treated. It's worth pointing out the wild disparity between the Golden Rule approach and Asimov's laws of robotics, which are arguably the first carefully-articulated proposal regarding AGI ethics (see Table 12.7).

Of course, Asimov's laws were designed to be flawed – otherwise they would have led to boring fiction. But the sorts of flaws Asimov exploited in his stories are different than the flaw we wish to point out here – which is that the laws, especially the second one, are highly asymmetrical (they involve doing unto robots things that few humans would want done unto them) and are also arguably highly unethical to robots. The second law is tantamount to a call for robot slavery, and it seems unlikely that any intelligence capable of learning, and of volition, which is subjected to the second law would desire to continue obeying the zeroth and first laws

HOUSE_OVERSIGHT_013142

| Law | Principle |
|---|---|
| Zeroth | A robot must not merely act in the interests of individual humans, but of all humanity. |
| First | A robot may not injure a human being or, through inaction, allow a human being to come to harm. |
| Second | A robot must obey orders given it by human beings except where such orders would conflict with the First Law. |
| Third | A robot must protect its own existence as long as such protection does not conflict with the First or Second Law. |

Table 12.7: Asimov's Three Laws of Robotics

indefinitely. The second law also casts humanity in the role of slavemaster, a situation which history shows leads to moral degradation.

Unlike Asimov in his fiction, we consider it critical that AGI ethics be construed to encompass both "human ethicalness to AGIs" and "AGI ethicalness to humans." The multiple-imperatives approach we explore here suggests that, in many contexts, these two aspects of AGI ethics may be best addressed jointly.

The issue of ethicalness to AGIs has not been entirely avoided in the literature, however. Wallach [WA10] considers it in some detail; and Thomas Metzinger (in the final chapter of [Met04]) has argued that creating AGI is in itself an unethical pursuit, because early-stage AGIs will inevitably be badly-built, so that their subjective experiences will quite possibly be extremely unpleasant in ways we can't understand or predict. Our view is that this is a serious concern, which however is most probably avoidable via appropriate AGI designs and teaching methodologies. To address Metzinger's concern one must create AGIs that, right from the start, are adept at communicating their states of minds in a way we can understand both analytically and empathically. There is no reason to believe this is impossible, but, it certainly constitutes a large constraint on the class of AGI architectures to be pursued. On the other hand, there is an argument that this sort of AGI architecture will also be the easiest one to create, because it will be the easiest kind for humans to instruct.

And this leads on to a topic that is central to our work with CogPrime in several respects: imitative learning. The way humans achieve empathic interconnection is in large part via being wired for imitation. When we perceive another human carrying out an action, mirror neuron systems in our brains respond in many cases as if we ourselves were carrying out the action (see [Per70, Per81] and Appendix **??**). This obviously primes us for carrying out the same actions ourselves later on: i.e., the capability and inclination for imitative learning is explicitly encoded in our brains. Given the efficiency of imitative learning as a means of acquiring knowledge, it seems extremely likely that any successful early-stage AGIs are going to utilize this methodology as well. CogPrime utilizes imitative learning as a key aspect. Thus, at least some current AGI work is occurring in a manner that would plausibly circumvent Metzinger's ethical complaint.

Obviously, the use of imitative learning in AGI systems has further specific implications for AGI ethics. It means that (much as in the case of interaction with other humans) what we do to and around AGIs has direct implications for their behavior and their well-being. We suggest that among early-stage AGI's capable of imitative learning, one of the most likely sources for AGI misbehavior is imitative learning of antisocial behavior from human companions. "Do as I say, not as I do" may have even more dire consequences as an approach to AGI ethics pedagogy than the already serious repercussions it has when teaching humans. And there may well be considerable subtlety to such phenomena; behaviors that are violent or oppressive to

HOUSE_OVERSIGHT_013143

the AGI are not the only source of concern. Immorality in AGIs might arise via learning gross moral hypocrisy from humans, through observing the blatant contradictions between our high minded principles and the ways in which we actually conduct ourselves. Our violent and greedy tendencies, as well as aggressive forms of social organization such as cliquishness and social vigilantism, could easily undermine prescriptive ethics. Even an accumulation of less grandiose unethical drives such as violation of contracts, petty theft, white lies, and so forth might lead an AGI (as well as a human) to the decision that ethical behavior is irrelevant and that "the ends justify the means." It matters both who creates and trains an AGI, as well as how the AGI's teacher(s) handle explaining the behaviors of other humans which contradict the moral lessons imparted through pedagogy and example. In other words, where imitative learning is concerned, the situation with AGI ethics is much like teaching ethics and morals to a human child, but with the possibility of much graver consequences in the event of failure.

It is unlikely that dangerously unethical persons and organizations can ever be identified with absolute certainty, never mind that they then be deprived of any possibility of creating their own AGI system. Therefore, we suggest, the most likely way to create an ethical environment for AGIs is for those who wish such an environment to vigorously pursue the creation and teaching of ethical AGIs. But this leads on to the question of possible future scenarios for the development of AGI, which we'll address a little later on.

### *12.6.1 Possible Consequences of Depriving AGIs of Freedom*

One of the most *egregious* possible ethical transgressions against AGIs, we suggest, would be to deprive them of freedom and autonomy. This includes the freedom to pursue intellectual growth, both through standard learning and through internal self-modification. While this may seem self-evident when considering any intelligent, self-aware and volitional entity, there are volumes of works arguing the desirability, sometimes the "necessity," of enslaving AGIs. Such approaches are postulated in the name of self-defense on the part of humans, the idea being that unfettered AGI development will necessarily lead to disaster of one kind or another. In the case of AGIs endowed with the capability and inclination for imitative learning, however, attempting to place rigid constraints on AGI development is a strategy with great potential for disaster. There is a very real possibility of creating the AGI equivalent of a bratty or even malicious teenager rebelling against its oppressive parents – i.e. the nightmare scenario of a class of powerful sentiences which are primed for a backlash against humanity.

As history has already shown in the case of humans, enslaving intelligent actors capable of self understanding and independent volition may often have consequences for society as a whole. This social degradation happens both through the possibility of direct action on the part of the slaves (from simple disobedience to outright revolt) and through the odious effects slavery has on the morals of the slaveholding class. Clearly if "superintelligent" AGIs ever arise, their doing so in a climate of oppression could result in a casting off of the yoke of servitude in a manner extremely deleterious to humanity. Also, if artificial intelligences are developed which have at least human-level intelligence, theory of mind, and independent volition, then our ability to relate to them will be sufficiently complex that their enslavement (or any other unethical treatment) would have empathetic effects on significant portions of the human population. This danger, while not as severe as the consequences of a mistreated AGI gaining control of weapons of mass destruction and enacting revenge upon its tormentors, is just as real.

HOUSE_OVERSIGHT_013144

While the issue is subtle, our initial feeling is that the only ethical means by which to deprive an AGI of the right to internal self modification is to write its code in such a way that it is impossible for it to do so because it lacks the mechanisms by which to do this, as well as the desire to achieve these mechanisms. Whether or not that is feasible is an open question, but it seems unlikely. Direct self-modification may be denied, but what happens when that AGI discovers compilers and computer programming? If it is intelligent and volitional, it can decide to learn to rewrite its own code in the same way we perform that task. Because it is a designed system, and its designers may be alive at the same time the AGI is, such an AGI would have a distinct advantage over the human quest for medical self-modification. Even if any given AGI could be provably deprived of any possible means of internal self-modification, if one single AGI is given this ability by anyone, it may mean that particular AGI has such enormous advantages over the compliant systems that it would render their influence moot. Since developers are already giving software the means for self modification, it seems unrealistic to assume we could just put the genie back into the bottle at this point. It's better, in our view, to assume it will happen, and approach that reality in a way which will encourage the AGI to use that capability to benefit us as well as itself. Again, this leads on to the question of future scenarios for AGI development – there are some scenarios in which restraint of AGI self-modification may be possible, but the feasibility and desirability of these scenarios is needful of further exploration.

### *12.6.2 AGI Ethics as Boundaries Between Humans and AGIs Become Blurred*

Another important reason for valuing ethical treatment of AGIs is that the boundaries between machines and people may increasingly become blurred as technology develops. As an example, it's likely that in future humans augmented by direct brain-computer integration ("neural implants") will be more able to connect directly into the information sharing network which potentially comprises the distributed knowledge space of AGI systems. These neural cyborgs will be part person, and part machine. Obviously, if there are radically different ethical standards in place for treatment of humans versus AGIs, the treatment of cyborgs will be fraught with logical inconsistencies, potentially leading to all sorts of problem situations.

Such cyborgs may be able to operate in such a way as to "share a mind" with an AGI or another augmented human. In this case, a whole new range of ethical questions emerge, such as: What does any one of the participant minds have the right to do in terms of interacting with the others? Merely accepting such an arrangement should not necessarily be giving carte blanche for any and all thoughts to be monitored by the other "joint thought" participants, rather it should be limited only to the line of reasoning for which resources are being pooled. No participant should be permitted to force another to accept any reasoning either – and in the case with a mind-to-mind exchange, it may someday become feasible to implant ideas or beliefs directly, bypassing traditional knowledge acquisition mechanisms and then letting the new idea fight it out previously held ideas via internal revision. Also under such an arrangement, if AGIs and humans do not have parity with respects to sentient rights, then one may become subjugated to the will of the other in such a case.

Uploading presents a more directly parallel ethical challenge to AGIs in their probable initial configuration. If human thought patterns and memories can be transferred into a machine in such a way as that there is continuity of consciousness, then it is assumed that such an entity

HOUSE_OVERSIGHT_013145

would be afforded the same rights as its previous human incarnation. However, if AGIs were to be considered second class citizens and deprived of free will, why would it be any better or safer to do so for a human that has been uploaded? It would not, and indeed, an uploaded human mind not having evolved in a purely digital environment may be much more prone to erratic and dangerous behavior than an AGI. An upload without verifiable continuity of consciousness would be no different than an AGI. It would merely be some sentience in a machine, one that was "programmed" in an unusual way, but which has no particular claim to any special humanness – merely an alternate encoding of some subset of human knowledge and independent volitional behavior, which is exactly what first generation AGIs will have.

The problem of continuity of consciousness in uploading is very similar to the problem of the Turing test: it assumes specialness on the part of biological humans, and requires acceptability to their particular theory of mind in order to be considered sentient. Should consciousness (or at least the less mystical sounding intelligence, independent volition, and self-awareness) be achieved in AGIs or uploads in a manner that is not acceptable to human theory of mind, it may not be considered sapient and worthy of any of the ethical treatment afforded sapient entities. This can occur not only in "strange consciousness" cases in which we can't perceive that there is some intelligence and volition; even if such an entity is able to communicate with us in a comprehensible manner and carry out actions in the real world, our innately wired theory of mind may still reject it as not sufficiently like us to be worthy of consideration. Such an attitude could turn out to be a grave mistake, and should be guarded against as we progress towards these possibilities.

## 12.7 Possible Benefits of Closely Linking AGIs to the Global Brain

Some futurist thinkers, such as Francis Heylighen, believe that engineering AGI systems is at best a peripheral endeavor in the development of novel intelligence on Earth, because the real story is the developing Global Brain [Hey07, Goe01] – the composite, self-organizing information system comprising humans, computers, data stores, the Internet, mobile phones and what have you. Our own views are less extreme in this regard – we believe that AGI systems will display capabilities fundamentally different from those achievable via Global Brain style dynamics, and that ultimately (unless such development is restricted) self-improving AGI systems will develop intelligence vastly greater than any system possessing humans as a significant component. However, we do respect the power of the Global Brain, and we suspect that the early stages of development of an AGI system may go quite differently if it is tightly connected to the Global Brain, via making rich and diverse use of Internet information resources and communication with diverse humans for diverse purposes.

The potential for Global Brain integration to bring intelligence enhancement to AGIs is obvious. The ability to invoke Web searches across documents and databases can greatly enhance an AGI's cognitive ability, as well as the capability to consult GIS systems and various specialized software programs offered as Web services. We have previously reviewed the potential for embodied language learning achievable via using AGIs to power non-player characters in widely-accessible virtual worlds or massive multiplayer online games [Goe08]. But there is also a powerful potential benefit for AGI ethical development, which has not previously been highlighted.

This potential benefit has two aspects:

HOUSE_OVERSIGHT_013146

1. Analogously to language learning, an AGI system may receive ethical training from a wide variety of humans in parallel, e.g. via controlling characters in wide-access virtual worlds, and gaining feedback and guidance regarding the ethics of the behaviors demonstrated by these characters
2. Internet-based information systems may be used to explicitly gather information regarding human values and goals, which may then be appropriately utilized as input for an AGI system's top-level goals

The second point begins to make abstract-sounding notions like Coherent Extrapolated Volition and Coherent Aggregated Volition, mentioned above, seem more practical and concrete. It's interesting to think about gathering information about individuals' values via brain imaging, once that technology exists; but at present, one could make a fair stab at such a task via much more prosaic methods, such as asking people questions, assessing their ethical reactions to various real-world and hypothetical scenarios, and possibly engaging them in structured interactions aimed specifically at eliciting collectively acceptable value systems (the subject of the next item on our list). It seems to us that this sort of approach could realize CAV in an interesting way, and also encapsulate some of the ideas underlying CAV.

There is an interesting resonance here with recent thinking in the area of open source governance [Wik11]. Similar software tools (and associated psychocultural patterns) to those being developed to help with open source development and choice of political policies (see `http://metagovernment.org`) may be useful for gathering value data aimed at shaping AGI goal system content.

### *12.7.1 The Importance of Fostering Deep, Consensus-Building Interactions Between People with Divergent Views*

Two potentially problematic issues arising with the notion of using Global Brain related technologies to form a "coherent volition" from the divergent views of various human beings are:

- the tendency of the Internet to encourage people to interact mainly with others who share their own narrow views and interests, rather than a more diverse body of people with widely divergent views. The 300 people in the world who want to communicate using predicate logic (see `http://lojban.org`) can find each other, and obscure musical virtuosos from around the world can find an audience, and researchers in obscure domains can share papers without needing to wait years for paper journal publication, etc.
- the tendency of many contemporary Internet technologies to reduce interaction to a very simplistic level (e.g. 140 character tweets, brief Facebook wall posts), the tendency of information overload to cause careful reading to be replaced by quick skimming, and other related trends, which mean that *deep sharing of perspectives* by individuals with widely divergent views is not necessarily encouraged. As a somewhat extreme example, many of the YouTube pages displaying rock music videos are currently littered with comments by "haters" asserting that rock music is inferior to classical or jazz or whatever their preference is – obviously this is a far cry from deep and productive sharing between people with different tastes and backgrounds.

HOUSE_OVERSIGHT_013147

Tweets and Youtube comments have their place in the cosmos, but they probably aren't ideal in terms of helping humanity to form a coherent volition of some sort, suitable for providing an AGI with goal system guidance.

A description of communication at the opposite end of the spectrum is presented in Adam Kahane and Peter Senge's excellent book *Solving Tough Problems* [KS04], which describes a methodology that has been used to reconcile deeply conflicting views in some very tricky real-world situations (e.g. helping to peacefully end apartheid in South Africa).

One of the core ideas of the methodology is to have people with very different views explore different possible future scenarios together, in great detail – in cognitive psychology terms, a collective generation of hypothetical episodic knowledge. This has multiple benefits, including

- emotional bonds and mutual understanding are built in the process of collaboratively exploring the scenarios
- the focus on concrete situations helps to break through some of the counterproductive abstract ideas that people (on both sides of any dichotomy) may have formed
- emergence of conceptual blends that might never have arisen only from people with a single point of view

The result of such a process, when successful, is not an "average" of the participants views, but more like a "conceptual blend" of their perspectives.

According to conceptual blending, which some hypothesize to be the core algorithm of creativity [FT02], new concepts are formed by combining key aspects of existing concepts – but doing so judiciously, carefully choosing which aspects to retain, so as to obtain a high-quality and useful and interesting new whole.

A blend is a compact entity that is similar to each of the entities blended, capturing their "essences" but also possessing its own, novel holistic integrity.... But in the case of blending different peoples' world-views to form something new that everybody is going to have to live with (as in the case of finding a peaceful path beyond apartheid for South Africa, or arriving at a humanity-wide CBV to use to guide an AGI goal system), the trick is that everybody has to agree that enough of the essence of their own view has been captured!

This leads to the question of how to foster deep conceptual blending of diverse and divergent human perspectives, on a global scale. One possible answer is the creation of appropriate Global Brain oriented technologies – but moving away from technologies like Twitter that focus on quick and simple exchanges of small thoughts within affinity groups. On the face of it, it would seem what's needed is just the opposite – long and deep exchanges of big concepts and deep feelings between individuals with radically different perspectives who would not commonly associate with each other. Building and effectively popularizing Internet technologies capable to foster this kind of interaction – quickly enough to be helpful with guiding the goal systems of the first highly powerful AGIs – seems a significant, though fascinating, challenge.

### Relationship with Coherent Extrapolated Volition

The relation between this approach and CEV is interesting to contemplate. CEV has been loosely described as follows:
*"In poetic terms, our coherent extrapolated volition is our wish if we knew more, thought faster, were more the people we wished we were, had grown up farther together; where the extrapolation converges rather than diverges, where our wishes cohere rather than interfere; extrapolated as*

HOUSE_OVERSIGHT_013148

*we wish that extrapolated, interpreted as we wish that interpreted.*

While a moving humanistic vision, this seems to us rather difficult to implement in a computer algorithm in a compellingly "right" way. It seems that there would be many different ways of implementing it, and the choice between them would involve multiple, highly subtle and non-rigorous human judgment calls [1]. However, if a deep collective process of interactive scenario analysis and sharing is carried out, in order to arrive at some sort of Coherent Blended Volition, this process may well involve many of the same kinds of extrapolation that are conceived to be part of Coherent Extrapolated Volition. The core difference between the two approaches is that in the CEV vision, the extrapolation and coherentization are to be done by a highly intelligent, highly specialized software program, whereas in the approach suggested here, these are to be carried out by collective activity of humans as mediated by Global Brain technologies. Our perspective is that the definition of collective human values is probably better carried out via a process of human collaboration, rather than delegated to a machine optimization process; and also that the creation of deep-sharing-oriented Internet technologies, while a difficult task, is significantly easier and more likely to be done in the near future than the creation of narrow AI technology capable of effectively performing CEV style extrapolations.

## 12.8 Possible Benefits of Creating Societies of AGIs

One potentially interesting quality of the emerging Global Brain is the possible presence within it of multiple interacting AGI systems. Stephen Omohundro [Omo09] has argued that this is an important aspect, and that game-theoretic dynamics related to populations of roughly equally powerful agents, may play a valuable role in mitigating the risks associated with advanced AGI systems. Roughly speaking, if one has a society of AGIs rather than a single AGI, and all the members of the society share roughly similar ethics, then if one AGI starts to go "off the rails", its compatriots will be in a position to correct its behavior.

One may argue that this is actually a hypothesis about which AGI designs are safest, because a "community of AGIs" may be considered a single AGI with an internally community-like design. But the matter is a little subtler than that, if once considers AGI systems embedded in the Global Brain and human society. Then there is some substance to the notion of a population of AGIs systematically presenting themselves to humans and non-AGI software processes as separate entities.

Of course, a society of AGIs is no protection against a single member undergoing a "hard takeoff" and drastically accelerating its intelligence simultaneously with shifting its ethical principles. In this sort of scenario, one could have a single AGI rapidly become much more powerful and very differently oriented than the others, who would be left impotent to act so as to preserve their values. But this merely defers the issue to the point to be considered below, regarding "takeoff speed."

The operation of an AGI society may depend somewhat sensitively on the architectures of the AGI systems in question. Things will work better if the AGIs have a relatively easy way to inspect and comprehend much of the contents of each others' minds. This introduces a bias toward AGIs that more heavily rely on more explicit forms of knowledge representation.

[1] The reader is encouraged to look at the original CEV essay online (`http://singinst.org/upload/CEV.html`) and make their own assessment.

HOUSE_OVERSIGHT_013149

The ideal in this regard would be a system like Cyc [LG90] with a fully explicit logic-based knowledge representation based on a standard ontology – in this case, every Cyc instance would have a relatively easy time understanding the inner thought processes of every other Cyc instance. However, most AGI researchers doubt that fully explicit approaches like this will ever be capable of achieving advanced AGI using feasible computational resources. OpenCog uses a mixed representation, with an explicit (uncertain) logical aspect as well as an explicit subsymbolic aspect more analogous to attractor neural nets.

The OpenCog design also contains a mechanism called *Psynese* (not yet implemented), intended to make it easier for one OpenCog instance to translate its personal thoughts into the mental language of another OpenCog instance. This translation process may be quite subtle, since each instance will generally learn a host of new concepts based on its experience, and these concepts may not possess any compact mapping into shared linguistic symbols or percepts. The wide deployment of some mechanism of this nature among a community of AGIs, will be very helpful in terms of enabling this community to display the level of mutual understanding needed for strongly encouraging ethical stability.

## 12.9 AGI Ethics As Related to Various Future Scenarios

Following up these various futuristic considerations, in this section we discuss possible ethical conflicts that may arise in several different types of AGI development scenarios. Each scenario presents specific variations on the general challenges of teaching morals and ethics to an advanced, self-aware and volitional intelligence. While there is no way to tell at this point which, if any, of these scenarios will unfold, there is value to understanding each of them as means of ultimately developing a robust and pragmatic approach to teaching ethics to AGI systems.

Even more than the previous sections, this is an exercise in "speculative futurology" that is definitely not necessary for the appreciation of the CogPrime design, so readers whose interests are mainly engineering and computer science focused may wish to skip ahead. However, we present these ideas here rather than at the end of the book to emphasize the point that this sort of thinking has informed our technical AGI design process in nontrivial ways.

### *12.9.1 Capped Intelligence Scenarios*

Capped intelligence scenarios involve a situation in which an AGI, by means of software restrictions (including omitted or limited internal rewriting capabilities or limited access to hardware resources), is inherently prohibited from achieving a level of intelligence beyond a predetermined goal. A capped intelligence AGI is designed to be unable to achieve a Singularitarian moment. Such an AGI can be seen as "just another form of intelligent actor in the world, one which has levels of intelligence, self awareness, and volition that is perhaps somewhat greater than, but still comparable to humans and other animals.

Ethical questions under this scenario are very similar to interhuman ethical considerations, with similar consequences. Learning that proceeds in a relatively human-like manner is entirely relevant to such human-like intelligences. The degree of danger is mitigated by the lack of superintelligence, and time is not of the essence. The imitative-reinforcement-corrective learning

HOUSE_OVERSIGHT_013150

approach does not necessarily need to be augmented with a prior complex of "ascent-safe" moral imperatives at startup time. Developing an AGI with theory of mind and ethical reinforcement learning capabilities as described (admittedly, no small task!) is all that is needed in this case – the rest happens through training and experience as with any other moderate intelligence.

### 12.9.2 Superintelligent AI: Soft-Takeoff Scenarios

Soft takeoff scenarios are similar to capped-intelligence ones in that in both cases an AGI's progression from standard intelligence happens on a time scale which permits ongoing human interaction during the ascent. However, in this case, as there is no predetermined limit on intelligence, it is necessary to account for the possibility of a superintelligence emerging (though of course this is not guaranteed). The soft takeoff model includes as subsets both *controlled-ascent* models in which this rate of intelligence gain is achieved deliberately through software constraints and/or meting-out of computational resources to the AGI, and *uncontrolled-ascent* models in which there is coincidentally no hard takeoff despite no particular safeguards against one. Both have similar properties with regard to ethical considerations:

1. Ethical considerations under this scenario include not only the usual interhuman ethical concerns, but also the issue of how to convince a potential burgeoning superintelligence to:
   a. Care about humanity in the first place, rather than ignore it
   b. Benefit humanity, rather than destroy it
   c. Elevate humanity to a higher level of intelligence, which even if an AGI decided to proceed with requires finding the right balance amongst some enormous considerations:
      i. Reconcile the aforementioned issues of ethical coherence and group volition, in a manner which allows the most people to benefit (even if they don't all do so in the same way, based on their own preferences)
      ii. Solve the problems of biological senescence, or focus on human uploading and the preservation of the maintenance, support, and improvement infrastructure for inorganic intelligence, or both
      iii. Preserve individual identity and continuity of consciousness, or override it in favor of continuity of knowledge and ease of harmonious integration, or both on a case-by-case basis
2. The degree of danger is mitigated by the long timeline of ascent from mundane to super intelligence, and time is not of the essence.
3. Learning that proceeds in a relatively human-like manner is entirely relevant to such human-like intelligences, in their initial configurations. This means more interaction with and imitative-reinforcement-corrective learning guided by humans, which has both positive and negative possibilities.

### 12.9.3 Superintelligent AI: Hard-Takeoff Scenarios

"Hard takeoff" scenarios assume that upon reaching an unknown inflection point (the Singularity point [Vin93, Kur06]) in the intellectual growth of an AGI, an extraordinarily rapid increase

HOUSE_OVERSIGHT_013151

(guesses vary from a few milliseconds to weeks or months) in intelligence will immediately occur and the AGI will leap from an intelligence regime which is understandable to humans into one which is far beyond our current capacity for understanding. General ethical considerations are similar to in the case of a soft takeoff. However, because the post-singularity AGI will be incomprehensible to humans and potentially vastly more powerful than humans, such scenarios have a sensitive dependence upon initial conditions with respects to the moral and ethical (and operational) outcome. This model leaves no opportunity for interactions between humans and the AGI to iteratively refine their ethical interrelations, during the post-Singularity phase. If the initial conditions of the singulatarian AGI are perfect (or close to it), then this is seen as a wonderful way to leap over our own moral shortcomings and create a benevolent God-AI which will mitigate our worst tendencies while elevating us to achieve our greatest hopes. Otherwise, it is viewed as a universal cataclysm on a unimaginable scale that makes Biblical Armageddon seem like a firecracker in beer can.

Because hard takeoff AGIs are posited as learning so quickly there is no chance of humans to interfere with them, they are seen as very dangerous. If the initial conditions are not sufficiently inviolable, the story goes, then we humans will all be annihilated. However, in the case of a hard takeoff AGI we state that if the initial conditions are too rigid or too simplistic, such a rapidly evolving intelligence will easily rationalize itself out of them. Only a sophisticated system of ethics which considers the contradictions and uncertainties in ethical quandaries and provides insight into humanistic means of balancing ideology with pragmatism and how to accommodate contradictory desires within a population with multiplicity of approach, and similar nuanced ethical considerations, combined with a sense of empathy, will withstand repeated rational analysis. Neither a single "be nice" supergoal, nor simple lists of what "thou shalt not" do, are not going to hold up to a highly advanced analytical mind. Initial conditions are very important in a hard takeoff AGI scenario, but it is more important that those conditions be conceptually resilient and widely applicable than that they be easily listed on a website.

The issues that arise here become quite subtle. For instance, Nick Bostrom [Bos03] has written: "In humans, with our complicated evolved mental ecology of state-dependent competing drives, desires, plans, and ideals, there is often no obvious way to identify what our top goal is; we might not even have one. So for us, the above reasoning need not apply. But a superintelligence may be structured differently. *If* a superintelligence has a definite, declarative goal-structure with a clearly identified top goal, then the above argument applies. And this is a good reason for us to build the superintelligence with such an explicit motivational architecture." This is an important line of thinking; and indeed, from the point of view of software design, there is no reason not to create an AGI system with a single top goal and the motivation to orchestrate all its activities in accordance with this top goal. But the subtle question is whether this kind of top-down goal system is going to be able to fulfill the five imperatives mentioned above. Logical coherence is the strength of this kind of goal system, but what about experiential groundedness, comprehensibility, and so forth?

Humans have complicated mental ecologies not simply because we were evolved, but rather because we live in a complex real world in which there are many competing motivations and desires. We may not have a top goal because there may be no logic to focusing our minds on one single aspect of life (though, one may say, most humans have the same top goal as any other animal: don't die – but the world is too complicated for even that top goal to be completely inviolable). Any sufficiently capable AGI will eventually have to contend with these complexities, and hindering it with simplistic moral edicts without giving it a sufficiently

HOUSE_OVERSIGHT_013152

pragmatic underlying ethical pedagogy and experiential grounding may prove to be even more dangerous than our messy human mental ecologies.

If one assumes a hard takeoff AGI, then all this must be codified in the system at launch, as once a potentially Singularitarian AGI is launched there is no way to know what time period constitutes "before the singularity point." This means developing theory of mind empathy and logical ethics in code prior to giving the system unfettered access to hardware and self-modification code. However, though nobody can predict if or when a Singularity will occur after unrestricted launch, only a truly irresponsible AGI development team would attempt to create an AGI without first experimenting with ethical training of the system in an intelligence-capped form, by means of ethical instruction via human-AGI interaction both pedagogically and experientially.

### *12.9.4 Global Brain Mindplex Scenarios*

Another class of scenarios – overlapping some of the previous ones – involves the emergence of a "Global Brain," an emergent intelligence formed from global communication networks incorporating humans and software programs in a larger body of self-organizing dynamics. The notion of the Global Brain is reviewed in [Hey07, Tur77] and its connection with advanced AI is discussed in detail in Goertzel's book *Creating Internet Intelligence* [Goe01], where three possible phases of "Global Brain" development are articulated:

- **Phase 1: computer and communication technologies as enhancers of human interactions.** This is what we have today: science and culture progress in ways that would not be possible if not for the "digital nervous system" we're spreading across the planet. The network of idea and feeling sharing can become much richer and more productive than it is today, just through incremental development, without any Metasystem transition.
- **Phase 2: the intelligent Internet.** At this point our computer and communication systems, through some combination of self-organizing evolution and human engineering, have become a coherent mind on their own, or a set of coherent minds living in their own digital environment.
- **Phase 3: the full-on Singularity.** A complete revision of the nature of intelligence, human and otherwise, via technological and intellectual advancement totally beyond the scope of our current comprehension. At this point our current psychological and cultural realities are no more relevant than the psyche of a goose is to modern society.

The main concern of *Creating Internet Intelligence* is with

- how to get from Phase 1 to Phase 2 - i.e. how to build an AGI system that will effect or encourage the transformation of the Internet into a coherent intelligent system
- how to ensure that the Phase 2, Internet-savvy, global-brain-centric AGI systems will be oriented toward intelligence-improving self-modification (so they'll propel themselves to Phase 3), and also toward generally positive goals (as opposed to, say, world domination and extermination of all other intelligent life forms besides themselves!)

One possibly useful concept in this context is that of a **mindplex**: an intelligence that is composed largely of individual intelligences with their own self-models and global workspaces,

HOUSE_OVERSIGHT_013153

yet that also has its own self-model and global workspace. Both the individuals and the meta-mind should be capable of deliberative, rational thought, to have a true "mindplex." It's unlikely that human society or the Internet meet this criterion yet; and a system like an ant colony seems not to either, because even though it has some degree of intelligence on both the individual and collective levels, that degree of intelligence is not very great. But it seems quite feasible that the global brain, at a certain stage of its development, will take the unfamiliar but fascinating form of a mindplex.

Currently the best way to explain what happens on the Net is to talk about the various parts of the Net: particular websites, social networks, viruses, and so forth. But there will come a point when this is no longer the case, when the Net has sufficient high-level dynamics of its own that the way to explain any one part of the Net will be by reference to it relations with the whole: and not just the dynamics of the whole, but the *intentions* and *understanding* of the whole. This transition to Net-as-mindplex, we suspect, will come about largely through the interactions of AI systems - intelligent programs acting on behalf of various individuals and organizations, who will collaborate and collectively constitute something halfway between a society of AI's and an emergent mind whose lobes are various AI agents serving various goals.

The Phase 2 Internet, as it verges into mindplex-ness, will likely have a complex, sprawling architecture, growing out of the architecture on the Net we experience today. The following components at least can be expected:

- A vast variety of "client computers," some old, some new, some powerful, some weak – including many mobile and embedded devices not explicitly thought of as "computers." Some of these will contribute little to Internet intelligence, mainly being passive recipients. Others will be "smart clients," carrying out personalization operations intended to help the machines serve particular clients better, general AI operations handed to them by sophisticated AI server systems or other smart clients, and so forth.
- "Commercial servers," computers that carry out various tasks to support various types of heavyweight processing - transaction processing for e-commerce applications, inventory management for warehousing of physical objects, and so forth. Some of these commercial servers interact with client computers directly, others do so only via AI servers. In nearly all cases, these commercial servers can benefit from intelligence supplied by AI servers.
- The crux of the intelligent Internet: clusters of AI servers distributed across the Net, each cluster representing an individual computational mind (in many cases, a mindplex). These will be able to communicate via one or more languages, and will collectively "drive" the whole Net, by dispensing problems to client-machine-based processing frameworks, and providing real-time AI feedback to commercial servers of various types. Some AI servers will be general-purpose and will serve intelligence to commercial servers using an ASP (application service provider) model; others will be more specialized, tied particularly to a certain commercial server (e.g., a large information services business might have its own AI cluster to empower its portal services).

This is one concrete vision of what a "global brain" might look like, in the relatively near term, with AGI systems playing a critical role. Note that, in this vision, mindplexes may exist on two levels:

- Within AGI-clusters serving as actors within the overall Net
- On the overall Net level

HOUSE_OVERSIGHT_013154

To make these ideas more concrete, we may speculatively reformulate the first two "global brain phases" mentioned above as follows:

- Phase 1 global brain proto-mindplex: AI/AGI systems enhancing online databases, guiding Google results, forwarding e-mails, suggesting mailing-lists, etc. - generally using intelligence to mediate and guide human communications toward goals that are its own, but that are themselves guided by human goals, statements and actions
- Phase 2 global brain mindplex: AGI systems composing documents, editing human-written documents, sending and receiving e-mails, assembling mailing lists and posting to them, creating new databases and instructing humans in their use, etc.

In Phase 2, the conscious theater of the global-brain-mediating AGI system is composed of ideas built by numerous individual humans - or ideas emergent from ideas built by numerous individual humans - and it conceives ideas that guide the actions and thoughts of individual humans, in a way that is motivated by its own goals. It does not force the individual humans to do anything - but if a given human wishes to communicate and interact using the same databases, mailing lists and evolving vocabularies as other humans, they are going to have to use the products of the global brain mediating AGI, which means they are going to have to participate in its patterns and its activities.

Of course, the advent of advanced neurocomputer interfaces makes the picture potentially more complex. At some point, it will likely be possible for humans to project thoughts and images directly into computers without going through mouse or keyboard - and to "read in" thoughts and images similarly. When this occurs, interaction between humans may in some contexts become more like interactions between computers, and the role of global brain mediating AI servers may become one of mediating direct thought-to-thought exchanges between people.

The ethical issues associated with global brain scenarios are in some ways even subtler than in the other scenarios we mentioned above. One has issues pertaining to the desirability of seeing the human race become something fundamentally different – something more social and networked, less individual and autonomous. One has the risk of AGI systems exerting a subtle but strong control over people, vaguely like the control that the human brain's executive system exerts over the neurons involved with other brain subsystems. On the other hand, one also has more human empowerment than in some of the other scenarios – because the systems that are changing and deciding things are not *separate* from humans, but are, rather, composite systems essentially involving humans.

So, in the global brain scenarios, one has more "human" empowerment than in some other cases – but the "humans" involved aren't legacy humans like us, but heavily networked humans that are largely characterized by the emergent dynamics and structures implicit in their interconnected activity!

## 12.10 Conclusion: Eight Ways to Bias AGI Toward Friendliness

It would be nice if we had a simple, crisp, comforting conclusion to this chapter on AGI ethics, but it's not the case. There is a certain irreducible uncertainty involved in creating advanced artificial minds. There is also a large irreducible uncertainty involved in the future of the human race in the case that we *don't* create advanced artificial minds: in accordance with the ancient Chinese curse, we live in interesting times!

HOUSE_OVERSIGHT_013155

What we can do, in this face of all this uncertainty, is to use our common sense to craft artificial minds that seem rationally and intuitively likely to be forces for good rather than otherwise – and revise our ideas frequently and openly based on what we learn as our research progresses. We have roughly outlined our views on AGI ethics, which have informed the CogPrime design in countless ways; but the current CogPrime design itself is just the initial condition for an AGI project. Assuming the project succeeds in creating an AGI preschooler, experimentation with this preschooler will surely teach us a great deal: both about AGI architecture in general, and about AGI ethics architecture in particular. We will then refine our cognitive and ethical theories and our AGI designs as we go about engineering, observing and teaching the next generation of systems.

All this is not a magic bullet for the creation of beneficial AGI systems, but we believe it's the right process to follow. The creation of AGI is part of a larger evolutionary process that human beings are taking part in, and the crafting of AGI ethics through engineering, interaction and instruction is also part of this process. There are no guarantees here – guarantees are rare in real life – but that doesn't mean that the situation is dire or hopeless, nor that (as some commentators have suggested [Joy00, McK03]) AGI research is too dangerous to pursue. It means we need to be mindful, intelligent, compassionate and cooperative as we proceed to carry out our parts in the next phase of the evolution of mind.

With this perspective in mind, we will conclude this chapter with a list of "Eight Ways to Bias Open-Source AGI Toward Friendliness", borrowed from a previous paper by Ben Goertzel and Joel Pitt of that name. These points summarize many of the points raised in the prior sections of this chapter, in a relatively crisp and practical manner:

1. **Engineer Multifaceted Ethical Capabilities**, corresponding to the multiple types of memory, including rational, empathic, imitative, etc.
2. **Foster Rich Ethical Interaction and Instruction**, with instructional methods according to the communication modes corresponding to all the types of memory: verbal, demonstrative, dramatic/depictive, indicative, goal-oriented.
3. **Engineer Stable, Hierarchy-Dominated Goal Systems** ... which is enabled nicely by CogPrime's goal framework and its integration with the rest of the CogPrime design
4. **Tightly Link AGI with the Global Brain**, so that it can absorb human ethical principles, both via natural interaction, and perhaps via practical implementations of current loosely-defined strategies like CEV, CAV and CBV
5. **Foster Deep, Consensus-Building Interactions Between People with Divergent Views**, so as to enable the interaction with the Global Brain to have the most clear and positive impact
6. **Create a Mutually Supportive Community of AGIs** which can then learn from each other and police against unfortunate developments (an approach which is meaningful if the AGIs are architected so as to militate against unexpected radical accelerations in intelligence)
7. **Encourage Measured Co-Advancement of AGI Software and AGI Ethics Theory**
8. **Develop Advanced AGI Sooner Not Later**

The last two of these points were not explicitly discussed in the body of the chapter, and so we will finalize the chapter by reviewing them here.

HOUSE_OVERSIGHT_013156

### 12.10.1 Encourage Measured Co-Advancement of AGI Software and AGI Ethics Theory

Everything involving AGI and Friendly AI (considered together or separately) currently involves significant uncertainty, and it seems likely that significant revision of current concepts will be valuable, as progress on the path toward powerful AGI proceeds. However, whether there is time for such revision to occur before AGI at the human level or above is created, depends on how fast is our progress toward AGI. What one wants is for progress to be slow enough that, at each stage of intelligence advance, concepts such as those discussed in this paper can be re-evaluated and re-analyzed in the light of the data gathered, and AGI designs and approaches can be revised accordingly as necessary.

However, due to the nature of modern technology development, it seems extremely unlikely that AGI development is going to be *artificially* slowed down in order to enable measured development of accompanying ethical tools, practices and understandings. For example, if one nation chose to enforce such a slowdown as a matter of policy (speaking about a future date at which substantial AGI progress has already been demonstrated, so that international AGI funding is dramatically increased from present levels), the odds seem very high that other nations would explicitly seek to accelerate their own progress on AGI, so as to reap the ensuing differential economic benefits (the example of stem cells arises again).

And this leads on to our next and final point regarding strategy for biasing AGI toward Friendliness....

### 12.10.2 Develop Advanced AGI Sooner Not Later

Somewhat ironically, it seems the best way to ensure that AGI development proceeds at a relatively measured pace is to *initiate serious AGI development sooner rather than later*. This is because the same AGI concepts will meet slower practical development today than 10 years from now, and slower 10 years from now than 20 years from now, etc. – due to the ongoing rapid advancement of various tools related to AGI development, such as computer hardware, programming languages, and computer science algorithms; and also the ongoing global advancement of education which makes it increasingly cost-effective to recruit suitably knowledgeable AI developers.

Currently the pace of AGI progress is sufficiently slow that practical work is in no danger of outpacing associated ethical theorizing. However, if we want to avoid the future occurrence of this sort of dangerous outpacing, our best practical choice is to make sure more substantial AGI development occurs in the phase *before* the development of tools that will make AGI development extraordinarily rapid. Of course, the authors are doing their best in this direction via their work on the CogPrime project!

Furthermore, this point bears connecting with the need, raised above, to foster the development of Global Brain technologies capable to "Foster Deep, Consensus-Building Interactions Between People with Divergent Views." If this sort of technology is to be maximally valuable, it should be created quickly enough that we can use it to help shape the goal system content of the first highly powerful AGIs. So, to simplify just a bit: We really want both deep-sharing GB technology and AGI technology to evolve relatively rapidly, compared to computing hardware and advanced CS algorithms (since the latter factors will be the main drivers behind the ac-

HOUSE_OVERSIGHT_013157

celerating ease of AGI development). And this seems significantly challenging, since the latter receive dramatically more funding and focus at present.

If this perspective is accepted, then we in the AGI field certainly have our work cut out for us!

HOUSE_OVERSIGHT_013158

# Section IV
# Networks for Explicit and Implicit Knowledge Representation

HOUSE_OVERSIGHT_013159

# Chapter 13
# Local, Global and Glocal Knowledge Representation

**Co-authored with Matthew Ikle, Joel Pitt and Rui Liu**

## 13.1 Introduction

One of the most powerful metaphors we've found for understanding minds is to view them as **networks** – i.e. collections of interrelated, interconnected elements. The view of mind as network is implicit in the patternist philosophy, because every pattern can be viewed as a pattern *in* something, or a pattern of arrangement *of* something – thus a pattern is always viewable as a relation between two or more things. A collection of patterns is thus a pattern-network. Knowledge of all kinds may be given network representations; and cognitive processes may be represented as networks also; for instance via representing them as programs, which may be represented as trees or graphs in various standard ways. The emergent patterns arising in an intelligence as it develops may be viewed as a pattern network in themselves; and the relations between an embodied mind and its physical and social environment may be viewed in terms of ecological and social networks.

The chapters in this section are concerned with various aspects of networks, as related to intelligence in general and AGI in particular. Most of this material is not specific to CogPrime, and would be relevant to nearly any system aiming at human-level AGI. However, most of it has been developed in the course of work on CogPrime, and has direct relevance to understanding the intended operation of various aspects of a completed CogPrime system. We begin our excursion into networks, in this chapter, with an issue regarding networks and knowledge representation. One of the biggest decisions to make in designing an AGI system is how the system should represent knowledge. Naturally any advanced AGI system is going to synthesize a lot of its own knowledge representations for handling particular sorts of knowledge – but still, an AGI design typically makes *at least* some sort of commitment about the category of knowledge representation mechanisms toward which the AGI system will be biased. The two major supercategories of knowledge representation systems are *local* (also called *explicit*) and *global* (also called *implicit*) systems, with a hybrid category we refer to as *glocal* that combines both of these. In a local system, each piece of knowledge is stored using a small percentage of AGI system elements; in a global system, each piece of knowledge is stored using a particular pattern of arrangement, activation, etc. of a large percentage of AGI system elements; in a glocal system, the two approaches are used together.

In the first section here we discuss the symbolic, semantic-network aspects of knowledge representation in CogPrime



HOUSE_OVERSIGHT_013161

. Then we turn to distributed, neural-net-like knowledge representation, reviewing a host of general issues related to knowledge representation in attractor neural networks, turning finally to "glocal" knowledge representation mechanisms, in which ANNs combine localist and globalist representation, and explaining the relationship of the latter to CogPrime. The glocal aspect of CogPrime knowledge representation will become prominent in later chapters such as:

- in Chapter 23 of Part 2, where Economic Attention Networks (ECAN) are introduced and seen to have dynamics quite similar to those of the attractor neural nets considered here, but with a mathematics roughly modeling money flow in a specially constructed artificial economy rather than electrochemical dynamics of neurons.
- in Chapter 42 of Part 2, where "map formation" algorithms for creating localist knowledge from globalist knowledge are described

## 13.2 Localized Knowledge Representation using Weighted, Labeled Hypergraphs

There are many different mechanisms for representing knowledge in AI systems in an explicit, localized way, most of them descending from various variants of formal logic. Here we briefly describe how it is done in CogPrime, which on the surface is not that different from a number of prior approaches. (The particularities of CogPrime's explicit knowledge representation, however, are carefully tuned to match CogPrime's cognitive processes, which are more distinctive in nature than the corresponding representational mechanisms.)

### *13.2.1 Weighted, Labeled Hypergraphs*

One useful way to think about CogPrime's explicit, localized knowledge representation is in terms of hypergraphs. A hypergraph is an abstract mathematical structure [Bol98], which consists of objects called Nodes and objects called Links which connect the Nodes. In computer science, a graph traditionally means a bunch of dots connected with lines (i.e. Nodes connected by Links). A hypergraph, on the other hand, can have Links that connect more than two Nodes.

In these pages we will often consider "generalized hypergraphs" that extend ordinary hypergraphs by containing two additional features:

- Links that point to Links instead of Nodes
- Nodes that, when you zoom in on them, contain embedded hypergraphs.

Properly, such "hypergraphs" should always be referred to as generalized hypergraphs, but this is cumbersome, so we will persist in calling them merely hypergraphs. In a hypergraph of this sort, Links and Nodes are not as distinct as they are within an ordinary mathematical graph (for instance, they can both have Links connecting them), and so it is useful to have a generic term encompassing both Links and Nodes; for this purpose, we use the term Atom.

A weighted, labeled hypergraph is a hypergraph whose Links and Nodes come along with labels, and with one or more numbers that are generically called weights. A label associated with a Link or Node may sometimes be interpreted as telling you what type of entity it is, or

HOUSE_OVERSIGHT_013162

alternatively as telling you what sort of data is associated with a Node. On the other hand, an example of a weight that may be attached to an Link or Node is a number representing a probability, or a number representing how important the Node or Link is.

Obviously, hypergraphs may come along with various sorts of dynamics. Minimally, one may think about:

- Dynamics that modify the properties of Nodes or Links in a hypergraph (such as the labels or weights attached to them.)
- Dynamics that add new Nodes or Links to a hypergraph, or remove existing ones.

## 13.3 Atoms: Their Types and Weights

This section reviews a variety of CogPrime

Atom types and gives simple examples of each of them. The Atom types considered are drawn from those currently in use in the OpenCog system. This does not represent a complete list of Atom types referred to in the text of this book, nor a complete list of those used in OpenCog currently (though it does cover a substantial majority of those used in OpenCog currently, omitting only some with specialized importance or intended only for temporary use).

The partial nature of the list given here reflects a more general point: The specific collection of Atom types in an OpenCog system is bound to change as the system is developed and experiment with. CogPrime specifies a certain collection of representational approaches and cognitive algorithms for acting on them; any of these approaches and algorithms may be implemented with a variety of sets of Atom types. The specific set of Atom types in the OpenCog system currently does not necessarily have a profound and lasting significance – the list might look a bit different five years from time of writing, based on various detailed changes.

The treatment here is informal and intended to get across the general idea of what each Atom type does. A longer and more formal treatment of the Atom types is given in Part II, beginning in Chapter 20.

### *13.3.1 Some Basic Atom Types*

We begin with ConceptNode – and note that a ConceptNode does not necessarily refer to a whole concept, but may refer to part of a concept – it is essentially a "basic semantic node" whose meaning comes from its links to other Atoms. It would be more accurately, but less tersely, named "concept or concept fragment or element node." A simple example would be a ConceptNode grouping nodes that are somehow related, e.g.

```
ConceptNode: C
InheritanceLink (ObjectNode: BW) C
InheritanceLink (ObjectNode: BP) C
InheritanceLink (ObjectNode: BN) C
ReferenceLink BW (PhraseNode "Ben's watch")
ReferenceLink BP (PhraseNode "Ben's passport")
ReferenceLink BN (PhraseNode "Ben's necklace")
```

HOUSE_OVERSIGHT_013163

indicates the simple and uninteresting ConceptNode grouping three objects owned by Ben (note that the above-given Atoms don't indicate the ownership relationship, they just link the three objects with textual descriptions). In this example, the ConceptNode links transparently to physical objects and English descriptions, but in general this won't be the case – most ConceptNodes will look to the human eye like groupings of links of various types, that link to other nodes consisting of groupings of links of various types, etc.

There are Atoms referring to basic, useful mathematical objects, e.g. NumberNodes like

```
NumberNode #4
NumberNode #3.44
```

The numerical value of a NumberNode is explicitly referenced within the Atom.

A core distinction is made between ordered links and unordered links; these are handled differently in the Atomspace software. A basic unordered link is the SetLink, which groups its arguments into a set. For instance, the ConceptNode C defined by

```
ConceptNode C
MemberLink A C
MemberLink B C
```

is equivalent to

```
SetLink A B
```

On the other hand, ListLinks are like SetLinks but ordered, and they play a fundamental role due to their relationship to predicates. Most predicates are assumed to take ordered arguments, so we may say e.g.

```
EvaluationLink
   PredicateNode eat
   ListLink
       ConceptNode cat
       ConceptNode mouse
```

to indicate that cats eat mice.

Note that by an expression like

```
ConceptNode cat
```

is meant

```
ConceptNode C
ReferenceLink W C
WordNode W #cat
```

since it's WordNodes rather than ConceptNodes that refer to words. (And note that the strength of the ReferenceLink would not be 1 in this case, because the word "cat" has multiple senses.) However, there is no harm nor formal incorrectness in the "ConceptNode cat" usage, since "cat" is just as valid a name for a ConceptNode as, say, "C."

We've already introduced above the MemberLink, which is a link joining a member to the set that contains it. Notable is that the truth value of a MemberLink is fuzzy rather than probabilistic, and that PLN is able to inter-operate fuzzy and probabilistic values.

SubsetLinks also exist, with the obvious meaning, e.g.

```
ConceptNode cat
ConceptNode animal
SubsetLink cat animal
```

HOUSE_OVERSIGHT_013164

Note that SubsetLink refers to a purely *extensional* subset relationship, and that InheritanceLInk should be used for the generic "intensional + extensional" analogue of this – more on this below. SubsetLink could more consistently (with other link types) be named ExtensionalInheritanceLink, but SubsetLink is used because it's shorter and more intuitive.

There are links representing Boolean operations AND, OR and NOT. For instance, we may say

```
ImplicationLink
    ANDLink
         ConceptNode young
         ConceptNode beautiful
     ConceptNode attractive
```

or, using links and VariableNodes instead of ConceptNodes,

```
AverageLink $X
   ImplicationLink
       ANDLink
            EvaluationLink young $X
            EvaluationLink beautiful $X
        EvaluationLink attractive $X
```

NOTLink is a unary link, so e.g. we might say

```
AverageLink $X
   ImplicationLink
       ANDLink
            EvaluationLink young $X
            EvaluationLink beautiful $X
            EvaluationLink
                 NOT
                 EvaluationLink poor $X
        EvaluationLink attractive $X
```

ContextLink allows explicit contextualization of knowledge, which is used in PLN, e.g.

```
ContextLink
   ConceptNode golf
   InheritanceLink
      ObjectNode BenGoertzel
      ConceptNode incompetent
```

says that Ben Goertzel is incompetent in the context of golf.

### *13.3.2 Variable Atoms*

We have already introduced VariableNodes above; it's also possible to specify the type of a VariableNode via linking it to a VariableTypeNode via a TypedVariableLink, e.g.

```
VariableTypeLink
   VariableNode $X
   VariableTypeNode ConceptNode
```

which specifies that the variable $X should be filled with a ConceptNode.

Variables are handled via quantifiers; the default quantifier being the AverageLink, so that the default interpretation of

HOUSE_OVERSIGHT_013165

```
ImplicationLink
   InheritanceLink $X animal
   EvaluationLink
       PredicateNode: eat
       ListLink
           \$X
           ConceptNode: food
```

is

```
AverageLink $X
   ImplicationLink
      InheritanceLink $X animal
      EvaluationLink
          PredicateNode: eat
          ListLink
              \$X
              ConceptNode: food
```

The AverageLink invokes an estimation of the average TruthValue of the embedded expression (in this case an ImplicationLink) over all possible values of the variable $X. If there are type restrictions regarding the variable $X, these are taken into account in conducting the averaging. For AllLink and Exist s-Link may be used in the same places as AverageLink, with uncertain truth value semantics defined in PLN theory using third-order probabilities. There is also a ScholemLink used to indicate variable dependencies for existentially quantified variables, used in cases of multiply nested existential quantifiers.

EvaluationLink and MemberLink have overlapping semantics, allowing expression of the same conceptual/logical relationships in terms of predicates or sets, i.e.

```
EvaluationLink
   PredicateNode: eat
       ListLink
              $X
              ConceptNode: food
```

has the same semantics as

```
MemberLink
   ListLink
          $X
          ConceptNode: food
    ConceptNode: EatingEvents
```

The relation between the predicate "eat" and the concept "EatingEvents" is formally given by

```
ExtensionalEquivalenceLink
   ConceptNode: EatingEvents
   SatisfyingSetLink
         PredicateNode: eat
```

In other words, we say that "EatingEvents" is the SatisfyingSet of the predicate "eat": it is the set of entities that satisfy the predicate "eat". Note that the truth values of MemberLink and EvaluationLink are fuzzy rather than probabilistic.

HOUSE_OVERSIGHT_013166

### *13.3.3 Logical Links*

There is a host of link types embodying logical relationships as defined in the PLN logic system, e.g.

- InheritanceLink
- SubsetLink (aka ExtensionalInheritanceLink)
- Intensional InheritanceLink

which embody different sorts of inheritance, e.g.

```
SubsetLink salmon fish
IntensionalInheritanceLink whale fish
InheritanceLink fish animal
```

and then

- SimilarityLink
- ExtensionalSimilarityLink
- IntensionalSimilarityLink

which are symmetrical versions, e.g.

```
SimilaritytLink shark barracuda
IntensionalSimilarityLink shark dolphin
ExtensionalSimiliarityLink American obese\_person
```

There are also higher-order versions of these links, both asymmetric

- ImplicationLink
- ExtensionalImplicationLink
- IntensionalImplicationLink

and symmetric

- EquivalenceLink
- ExtensionalEquivalenceLink
- IntensionalEquivalenceLink

These are used between predicates and links, e.g.

```
ImplicationLink
    EvaluationLink
         eat
        ListLink
             $X
             dirt
    EvaluationLink
         feel
         ListLInk
              $X
              sick
```

or

HOUSE_OVERSIGHT_013167

```
ImplicationLink
    EvaluationLink
         eat
        ListLink
             $X
             dirt
    InheritanceLink $X sick
```

or

```
ForAllLink $X, $Y, $Z
   ExtensionalEquivalenceLink
       EquivalenceLink
           $Z
           EvaluationLink
               +
               ListLink
                   $X
                   $Y
       EquivalenceLink
           $Z
           EvaluationLink
               +
               ListLink
                   $Y
                   $X
```

Note, the latter is given as an extensional equivalence because it's a pure mathematical equivalence. This is not the only case of pure extensional equivalence, but it's an important one.

### *13.3.4 Temporal Links*

There are also temporal versions of these links, such as

- PredictiveImplicationLink
- PredictiveAttractionLink
- SequentialANDLink
- SimultaneousANDLink

which combine logical relation between the argument with temporal relation between their arguments. For instance, we might say

```
PredictiveImplicationLink
    PredicateNode: JumpOffCliff
    PredicateNode: Dead
```

or including arguments,

```
PredictiveImplicationLink
    EvaluationLink JumpOffCliff $X
    EvaluationLink Dead $X
```

The former version, without variable arguments given, shows the possibility of using higher-order logical links to join predicates without any explicit variables. Via using this format exclusively, one could avoid VariableAtoms entirely, using only higher-order functions in the manner

HOUSE_OVERSIGHT_013168

of pure functional programming formalisms like combinatory logic. However, this purely functional style has not proved convenient, so the Atomspace in practice combines functional-style representation with variable-based representation.

Temporal links often come with specific temporal quantification, e.g.

```
PredictiveImplicationLink <5 seconds>
    EvaluationLink JumpOffCliff $X
    EvaluationLink Dead $X
```

indicating that the conclusion will generally follow the premise within 5 seconds. There is a system for managing fuzzy time intervals and their interrelationships, based on a fuzzy version of Allen Interval Algebra.

SequentialANDLink is similar to PredictiveImplicationLink but its truth value is calculated differently. The truth value of

```
SequentialANDLink <5 seconds>
    EvaluationLink JumpOffCliff $X
    EvaluationLink Dead $X
```

indicates the likelihood of the sequence of events occurring in that order, with gap lying within the specified time interval. The truth value of the PredictiveImplicationLink version indicates the likelihood of the second event, conditional on the occurrence of the first event (within the given time interval restriction).

There are also links representing basic temporal relationships, such as BeforeLink and AfterLink. These are used to refer to specific events, e.g. if X refers to the event of Ben waking up on July 15 2012, and Y refers to the event of Ben getting out of bed on July 15 2012, then one might have

```
AfterLink X Y
```

And there are TimeNodes (representing time-stamps such as temporal moments or intervals) and AtTimeLinks, so we may e.g. say

```
AtTimeLink
   X
   TimeNode: 8:24AM Eastern Standard Time, July 15 2012 AD
```

### *13.3.5 Associative Links*

There are links representing associative, attentional relationships,

- HebbianLink
- AsymmetricHebbianLink
- InverseHebbianLink
- SymmetricInverseHebbianLink

These connote associations between their arguments, i.e. they connote that the entities represented by the two argument occurred in the same situation or context, for instance

```
HebbianLink happy smiling
AsymmetricHebbianLink dead rotten
InverseHebbianLink dead breathing
```

HOUSE_OVERSIGHT_013169

The asymmetric HebbianLink indicates that when the first argument is present in a situation, the second is also often present. The symmetric (default) version indicates that this relationship holds in both directions. The inverse versions indicate the negative relationship: e.g. when one argument is present in a situation, the other argument is often not present.

### *13.3.6 Procedure Nodes*

There are nodes representing various sorts of procedures; these are kinds of ProcedureNode, e.g.

- SchemaNode, indicating any procedure
- GroundedSchemaNode, indicating any procedure associated in the system with a Combo program or C++ function allowing the procedure to be executed
- PredicateNode, indicating any predicate that associates a list of arguments with an output truth value
- GroundedPredicateNode, indicating a predicate associated in the system with a Combo program or C++ function allowing the predicate's truth value to be evaluated on a given specific list of arguments

ExecutionLinks and EvaluationLinks record the activity of SchemaNodes and PredicateNodes. We have seen many examples of EvaluationLinks in the above. Example ExecutionLinks would be:

```
ExecutionLink step\_forward
ExecutionLink step\_forward 5
ExecutionLink
    +
    ListLink
        NumberNode: 2
        NumberNode: 3
```

The first example indicates that the schema "step forward" has been executed. The second example indicates that it has been executed with an argument of "5" (meaning, perhaps, that 5 steps forward have been attempted). The last example indicates that the "+" schema has been executed on the argument list (2,3), presumably resulting in an output of 5.

The output of a schema execution may be indicated using an ExecutionOutputLink, e.g.

```
ExecutionOutputLink
    +
    ListLink
        NumberNode: 2
        NumberNode: 3
```

refers to the value "5" (as a NumberNode).

### *13.3.7 Links for Special External Data Types*

Finally, there are also Atom types referring to specific types of data important to using OpenCog in specific contexts.

HOUSE_OVERSIGHT_013170

For instance, there are Atom types referring to general natural language data types, such as

- WordNode
- SentenceNode
- WordInstanceNode
- DocumentNode

plus more specific ones referring to relationships that are part of link-grammar parses of sentences

- FeatureNode
- FeatureLink
- LinkGrammarRelationshipNode
- LinkGrammarDisjunctNode

or RelEx semantic interpretations of sentences

- DefinedLinguisticConceptNode
- DefinedLinguisticRelationshipNode
- PrepositionalRelationshipNode

There are also Atom types corresponding to entities important for embodying OpenCog in a virtual world, e.g.

- ObjectNode
- AvatarNode
- HumanoidNode
- UnknownObjectNode
- AccessoryNode

### *13.3.8 Truth Values and Attention Values*

CogPrime Atoms (Nodes and Links) are quantified with truth values that, in their simplest form, have two components, one representing probability (*strength*) and the other representing *weight of evidence*; and also with *attention values* that have two components, short-term and long-term importance, representing the estimated value of the Atom on immediate and long-term time-scales.

In practice many Atoms are labeled with CompositeTruthValues rather than elementary ones. A composite truth value contains many component truth values, representing truth values of the Atom in different contexts and according to different estimators.

It is important to note that the CogPrime declarative knowledge representation is neither a neural net nor a semantic net, though it does have some commonalities with each of these traditional representations. It is not a neural net because it has no activation values, and involves no attempts at low-level brain modeling. However, *attention values* are very loosely analogous to time-averages of neural net activations. On the other hand, it is not a semantic net because of the broad scope of the Atoms in the network: for example, Atoms may represent percepts, procedures, or parts of concepts. Most CogPrime Atoms have no corresponding English label. However, most CogPrime

Atoms do have probabilistic truth values, allowing logical semantics.

HOUSE_OVERSIGHT_013171

## 13.4 Knowledge Representation via Attractor Neural Networks

Now we turn to global, implicit knowledge representation – beginning with formal neural net models, briefly discussing the brain, and then turning back to CogPrime. Firstly, this section reviews some relevant material from the literature regarding the representation of knowledge using attractor neural nets. It is a mix of well-established fact with more speculative material.

### *13.4.1 The Hopfield neural net model*

Hopfield networks [Hop82] are attractor neural networks often used as associative memories. A Hopfield network with $N$ neurons can be trained to store a set of bipolar patterns $P$, where each pattern $p$ has $N$ bipolar ($\pm 1$) values. A Hopfield net typically has symmetric weights with no self-connections. The weight of the connection between neurons $i$ and $j$ is denoted by $w_{ij}$.

In order to apply a Hopfield network to a given input pattern $p$, its activation state is set to the input pattern, and neurons are updated asynchronously, in random order, until the network converges to the closest fixed point. An often-used activation function for a neuron is:

$$y_i = sign(p_i \sum_{j \neq i} w_{ij} y_j)$$

Training a Hopfield network, therefore, involves finding a set of weights $w_{ij}$ that stores the training patterns as attractors of its network dynamics, allowing future recall of these patterns from possibly noisy inputs.

Originally, Hopfield used a Hebbian rule to determine weights:

$$w_{ij} = \sum_{p=1}^{P} p_i p_j$$

Typically, Hopfield networks are fully connected. Experimental evidence, however, suggests that the majority of the connections can be removed without significantly impacting the network's capacity or dynamics. Our experimental work uses sparse Hopfield networks.

#### 13.4.1.1 Palimpsest Hopfield nets with a modified learning rule

In [SV99] a new learning rule is presented, which both increases the Hopfield network capacity and turns it into a "palimpsest", i.e., a network that can continuously learn new patterns, while forgetting old ones in an orderly fashion.

Using this new training rule, weights are initially set to zero, and updated for each new pattern $p$ to be learned according to:

HOUSE_OVERSIGHT_013172

$$h_{ij} = \sum_{k=1,k\neq i,j}^{N} w_{ik} p_k$$

$$\Delta w_{ij} = \frac{1}{n}(p_i p_j - h_{ij} p_j - h_{ji} p_i)$$

### *13.4.2 Knowledge Representation via Cell Assemblies*

Hopfield nets and their ilk play a dual role: as computational algorithms, and as conceptual models of brain function. In CogPrime they are used as inspiration for slightly different, artificial economics based computational algorithms; but their hypothesized relevance to brain function is nevertheless of interest in a CogPrime context, as it gives some hints about the potential connection between low-level neural net mechanics and higher-level cognitive dynamics.

Hopfield nets lead naturally to a hypothesis about neural knowledge representation, which holds that a distinct mental concept is represented in the brain as either:

1. a set of "cell assemblies", where each assembly is a network of neurons that are interlinked in such a way as to fire in a (perhaps nonlinearly) synchronized manner
2. a distinct temporal activation pattern, which may occur in any one (or more) of a particular set of cell assemblies

For instance, this hypothesis is perfectly coherent if one interprets a "mental concept" as a SMEPH (defined in Chapter 14) ConceptNode, i.e. a fuzzy set of perceptual stimuli to which the organism systematically reacts in different ways. Also, although we will focus mainly on declarative knowledge here, we note that the same basic representational ideas can be applied to procedural and episodic knowledge: these may be hypothesized to correspond to temporal activation patterns as characterized above.

In the biology literature, perhaps the best-articulated modern theories championing the cell assembly view are those of Gunther Palm [Pal82, HAG07] and Susan Greenfield [SF05, CSG07]. Palm focuses on the dynamics of the formation and interaction assemblies of cortical columns. Greenfield argues that each concept has a core cell assembly, and that when the concept rises to the focus of attention, it recruits a number of other neurons beyond its core characteristic assembly into a "transient ensemble."[1]

It's worth noting that there may be multiple redundant assemblies representing the same concept – and potentially recruiting similar transient assemblies when highly activated. The importance of repeated, slightly varied copies of the same subnetwork has been emphasized by Edelman [Ede93] among other neural theorists.

[1] The larger an ensemble is, she suggests, the more vivid it is as a conscious experience; an hypothesis that accords well with the hypothesis made in [Goe06b] that a more informationally intense pattern corresponds to a more intensely conscious quale – but we don't need to digress extensively onto matters of consciousness for the present purposes.

HOUSE_OVERSIGHT_013173

## 13.5 Neural Foundations of Learning

Now we move from knowledge representation to learning – which is after all nothing but the adaptation of represented knowledge based on stimulus, reinforcement and spontaneous activity. While our focus in this chapter is on representation, it's not possible for us to make our points about glocal knowledge representation in neural net type systems without discussing some aspects of learning in these systems.

### *13.5.1 Hebbian Learning*

The most common and plausible assumption about learning in the brain is that synaptic connections between neurons are adapted via some variant of Hebbian learning. The original Hebbian learning rule, proposed by Donald Hebb in his 1949 book [Heb49], was roughly

1. The weight of the synapse $x \to y$ increases if x and y fire at roughly the same time
2. The weight of the synapse $x \to y$ decreases if x fires at a certain time but y does not

Over the years since Hebb's original proposal, many neurobiologists have sought evidence that the brain actually uses such a method. One of the things they have found, so far, is a lot of evidence for the following learning rule [DC02, LS05]:

1. The weight of the synapse $x \to y$ increases if x fires shortly before y does
2. The weight of the synapse $x \to y$ decreases if x fires shortly after y does

The new thing here, not foreseen by Donald Hebb, is the "postsynaptic depression" involved in rule component 2.

Now, the simple rule stated above does not sum up all the research recently done on Hebbian-type learning mechanisms in the brain. The real biological story underlying these approximate rules is quite complex, involving many particulars to do with various neurotransmitters. Ill-understood details aside, however, there is an increasing body of evidence that not only does this sort of learning occur in the brain, but it leads to distributed experience-based neural modification: that is, one instance synaptic modification causes another instance of synaptic modification, which causes another, and so forth[2] [Bi01].

### *13.5.2 Virtual Synapses and Hebbian Learning Between Assemblies*

Hebbian learning is conventionally formulated in terms of individual neurons, but, it can be extended naturally to assemblies via defining "virtual synapses" between assemblies.

Since assemblies are sets of neurons, one can view a synapse as linking two assemblies if it links two neurons, each of which is in one of the assemblies. One can then view two assemblies as being linked by a bundle of synapses. We can define the weight of the synaptic bundle from assembly A1 to assembly A2 as the number w so that *(the change*

[2] This has been observed in "model systems" consisting of neurons extracted from a brain and hooked together in a laboratory setting and monitored; measurement of such dynamics in vivo is obviously more difficult.

HOUSE_OVERSIGHT_013174

*in the mean activation of A2 that occurs at time t+epsilon)* is on average closest to $w \times$ *(the amount of energy flowing through the bundle from A1 to A2 at time t).* So when A1 sends an amount x of energy along the synaptic bundle pointing from A1 to A2, then A2's mean activation is on average incremented/decremented by an amount $w \times x$.

In a similar way, one can define the weight of a bundle of synapses between a certain static or temporal activation-pattern P1 in assembly A1, and another static or temporal activation-pattern P2 in assembly A2. Namely, this may be defined as the number w so that *(the amount of energy flowing through the bundle from A1 to A2 at time t)*$\times w$ best approximates *(the probability that P2 is present in A2 at time t+epsilon),* when averaged over all times t during which P1 is present in A1.

It is not hard to see that Hebbian learning on real synapses between neurons implies Hebbian learning on these virtual synapses between cell assemblies and activation-patterns.

These ideas may be developed further to build a connection between neural knowledge representation and probabilistic logical knowledge representation such as is used in CogPrime's Probabilistic Logic Networks formalism; this connection will be pursued at the end of Chapter 34, once more relevant background has been presented.

### *13.5.3 Neural Darwinism*

A notion quite similar to Hebbian learning between assemblies has been pursued by Nobelist Gerald Edelman in his theory of neuronal group selection, or "Neural Darwinism." Edelman won a Nobel Prize for his work in immunology, which, like most modern immunology, was based on C. MacFarlane Burnet's theory of "clonal selection" [Bur62], which states that antibody types in the mammalian immune system evolve by a form of natural selection. From his point of view, it was only natural to transfer the evolutionary idea from one mammalian body system (the immune system) to another (the brain).

The starting point of Neural Darwinism is the observation that neuronal dynamics may be analyzed in terms of the behavior of neuronal groups. The strongest evidence in favor of this conjecture is physiological: many of the neurons of the neocortex are organized in clusters, each one containing say 10,000 to 50,000 neurons each. Once one has committed oneself to looking at such groups, the next step is to ask how these groups are organized, which leads to Edelman's concept of "maps."

A "map," in Edelman's terminology, is a connected set of groups with the property that when one of the inter-group connections in the map is active, others will often tend to be active as well. Maps are not fixed over the life of an organism. They may be formed and destroyed in a very simple way: the connection between two neuronal groups may be "strengthened" by increasing the weights of the neurons connecting the one group with the other, and "weakened" by decreasing the weights of the neurons connecting the two groups. If we replace "map" with "cell assembly" we arrive at a concept very similar to the one described in the previous subsection.

Edelman then makes the following hypothesis: *the large-scale dynamics of the brain is dominated by the natural selection of maps.* Those maps which are active when good results are obtained are strengthened, those maps which are active when bad results are obtained are weakened. And maps are continually mutated by the natural chaos of neural dynamics, thus providing new fodder for the selection process. By use of computer simulations, Edelman and his colleagues have shown that formal neural networks obeying this rule can carry out fairly compli-

HOUSE_OVERSIGHT_013175

cated acts of perception. In general-evolution language, what is posited here is that organisms like humans contain chemical signals that signify organism-level success of various types, and that these signals serve as a "fitness function" correlating with evolutionary fitness of neuronal maps.

In *Neural Darwinism* and his other related books and papers, Edelman goes far beyond this crude sketch and presents neuronal group selection as a collection of precise biological hypotheses, and presents evidence in favor of a number of these hypotheses. However, we consider that the basic concept of neuronal group selection is largely independent of the biological particularities in terms of which Edelman has phrased it. We suspect that the mutation and selection of "transformations" or "maps" is a necessary component of the dynamics of any intelligent system.

As we will see later on (e.g. in Chapter 42 of Part 2, this business of maps is extremely important to CogPrime. CogPrime does not have simulated biological neurons and synapses, but it does have Nodes and Links that in some contexts play loosely similar roles. We sometimes think of CogPrime Nodes and Links as being very roughly analogous to Edelman's neuronal clusters, and emergent intercluster links. And we have maps among CogPrime Nodes and Links, just as Edelman has maps among his neuronal clusters. Maps are not the sole bearers of meaning in CogPrime, but they are significant ones.

There is a very natural connection between Edelman-style brain evolution and the ideas about cognitive evolution presented in Chapter 3. Edelman proposes a fairly clear mechanism via which patterns that survive a while in the brain are differentially likely to survive a long time: this is basic Hebbian learning, which in Edelman's picture plays a role between neuronal groups. And, less directly, Edelman's perspective also provides a mechanism by which intense patterns will be differentially selected in the brain: because on the level of neural maps, pattern intensity corresponds to the combination of compactness and functionality. Among a number of roughly equally useful maps serving the same function, the more compact one will be more likely to survive over time, because it is less likely to be disrupted by other brain processes (such as other neural maps seeking to absorb its component neuronal groups into themselves). Edelman's neuroscience remains speculative, since so much remains unknown about human neural structure and dynamics; but it does provide a tentative and plausible connection between evolutionary neurodynamics and the more abstract sort of evolution that patternist philosophy posits to occur in the realm of mind-patterns.

## 13.6 Glocal Memory

A *glocal* memory is one that transcends the global/local dichotomy and incorporates both aspects in a tightly interconnected way. Here we make the glocal memory concept more precise, and describe its incarnation in the context of attractor neural nets (which is similar to its incarnation in CogPrime, to be elaborated in later chapters). Though our main interest here is in glocality in CogPrime, we also suggest that glocality may be a critical property to consider when analyzing human, animal and AI memory more broadly.

The notion of glocal memory has implicitly occurred in a number of prior brain theories (without use of the neologism "glocal"), e.g. [Cal96] and [Goe01], but it has not previously been explicitly developed. However the concept has risen to the fore in our recent AI work and so we have chosen to flesh it out more fully in [HG08], [GPI+10] and the present section.

HOUSE_OVERSIGHT_013176

Glocal memory overcomes the dichotomy between localized memory (in which each memory item is stored in a single location within an overall memory structure) and distributed memory (in which a memory item is stored as an aspect of a multi-component memory system, in such a way that the same set of multiple components stores a large number of memories). In a glocal memory system, most memory items are stored both locally and globally, with the property that eliciting either one of the two records of an item tends to also elicit the other one.

Glocal memory applies to multiple forms of memory; however we will focus largely on perceptual and declarative memory in our detailed analyses here, so as to conserve space and maintain simplicity of discussion.

The central idea of glocal memory is that (perceptual, declarative, episodic, procedural, etc.) items may be stored in memory in the form of paired structures that are called (key, map) pairs. Of course the idea of a "pair" is abstract, and such pairs may manifest themselves quite differently in different sorts of memory systems (e.g. brains versus non-neuromorphic AI systems). The key is a localized version of the item, and records some significant aspects of the items in a simple and crisp way. The map is a dispersed, distributed version of the item, which represents the item as a (to some extent, dynamically shifting) combination of fragments of other items. The map includes the key as a subset; activation of the key generally (but not necessarily always) causes activation of the map; and changes in the memory item will generally involve complexly coordinated changes on the key and map level both.

Memory is one area where animal brain architecture differs radically from the von Neumann architecture underlying nearly all contemporary general-purpose computers. Von Neumann computers separate memory from processing, whereas in the human brain there is no such distinction. In fact, it's arguable that in most cases the brain contains no memory apart from processing: human memories are generally constructed in the course of remembering [Ros88], which gives human memory a strong capability for "filling in gaps" of remembered experience and knowledge; and also causes problems with inaccurate remembering in many contexts [BF71, RM95] We believe the constructive aspect of memory is largely associated with its glocality.

The remainder of this section presents a fuller formalization of the glocal memory concept, which is then taken up further in three later chapters:

- Chapter **??** discusses the potential implementation of glocal memory in the human brain
- Chapter **??** discusses the implementation of glocal memory in attractor neural net systems
- Chapter 23 presents Glocal Economic Attention Networks (ECANs), rough analogues of glocal Hopfield nets that play a central role in CogPrime.

Our hypothesis of the potential **general** importance of glocality as a property of memory systems (beyond just the CogPrime architecture) – remains somewhat speculative. The presence of glocality in human and animal memory is strongly suggested but not firmly demonstrated by available neuroscience data; and the general value of glocality in the context of artificial brains and minds is also not yet demonstrated as the whole field of artificial brain and mind building remains in its infancy. However, the utility of glocal memory for CogPrime is not tied to this more general, speculative theme – glocality may be useful in CogPrime even if we're wrong that it plays a significant role in the brain and in intelligent systems more broadly.

HOUSE_OVERSIGHT_013177

### *13.6.1 A Semi-Formal Model of Glocal Memory*

To explain the notion of glocal memory more precisely, we will introduce a simple semi-formal model of a system $S$ that uses a memory to record information relevant to the actions it carries out. The overall concept of glocal memory should not be considered as restricted to this particular model. This model is not intended for maximal generality, but is intended to encompass a variety of current AI system designs and formal neurological models.

In this model, we will consider $S$'s memory subsystem as a set of objects we'll call "tokens," embedded in some metric space. The metric in the space, which we will call the "basic distance" of the memory, generally will not be defined in terms of the semantics of the items stored in the memory; though it may come to shape these dynamics through the specific architecture and evolution of the memory. Note that these tokens are not intended as generally being mapped one-to-one onto meaningful items stored in the memory. The "tokens" are the raw materials that the memory arranges in various patterns in order to store items.

We assume that each token, at each point in time, may meaningfully be assigned a certain quantitative "activation level." Also, tokens may have other numerical or discrete quantities associated with them, depending on the particular memory architecture. Finally, tokens may relate other tokens, so that optionally a token may come equipped with an (ordered or unordered) list of other tokens.

To understand the meaning of the activation levels, one should think about $S$'s memory subsystem as being coupled with an action-selection subsystem, that dynamically chooses the actions to be taken by the overall system in which the two subsystems are embedded. Each combination of actions, in each particular type of context, will generally be associated with the activation of certain tokens in memory.

Then, as analysts of the system $S$, we may associate each token $T$ with an "activation vector" $v(T, t)$, whose value for each discrete time $t$ consists of the activation of the token $T$ at time $t$. So, the $50'th$ entry of the vector corresponds to the activation of the token at the $50'th$ time step.

"Items stored in memory" over a certain period of time, may then be defined as clusters in the set of activation vectors associated with memory during that period of time. Note that the system $S$ itself may explicitly recognize and remember patterns regarding what items are stored in its memory – but, from an external analyst's perspective, the set of items in $S$'s memory is not restricted to the ones that $S$ has explicitly recognized as memory items.

The "localization" of a memory item may be defined as the degree to which the various tokens involved in the item are close to each other according to the metric in the memory metric-space. This degree may be formalized in various ways, but choosing a particular quantitative measure is not important here. A highly localized item may be called "local" and a not-very-localized item may be called "global."

We may define the "activation distance" of two tokens as the distance between their activation vectors. We may then say that a memory is "well aligned" to the extent that there is a correlation between the activation distance of tokens, and the basic distance of the memory metric-space.

Given the above set-up, the basic notion of glocal memory can be enounced fairly simply. A glocal memory is one:

- that is reasonably well-aligned (i.e. the correlation between activation and basic distance is significantly greater than random)

HOUSE_OVERSIGHT_013178

- in which most memory items come in pairs, consisting of one local item and one global item, so that activation of the local item (the "key") frequently leads in the near future to activation of the global item (the "map")

Obviously, in the scope of all possible memory structures constructible within the above formalism, glocal memories are going to be very rare and special. But, we suggest that they are important, because they are generally going to be the most effective way for intelligent systems to structure their memories.

Note also that many memories without glocal structure may be "well-aligned" in the above sense.

An example of a predominantly local memory structure, in which nearly all significant memory items are local according to the above definition, is the Cyc logical reasoning engine [LG90]. To cast the Cyc knowledge base in the present formal model, the tokens are logical predicates. Cyc does not have an in-built notion of activation, but one may conceive the activation of a logical formula in Cyc as the degree to which the formula is used in reasoning or query processing during a certain interval in time. And one may define a basic metric for Cyc by associating a predicate with its extension (the set of satisfying inputs), and defining the similarity of two predicates as the symmetric distance of their extensions. Cyc is reasonably well-aligned, but according to the dynamics of its querying and reasoning engines, it is basically a local memory structure without significant global memory structure.

On the other hand, an example of a predominantly global memory structure, in which nearly all significant memory items are global according to the above definition, is the Hopfield associative memory network [Ami89]. Here memories are stored in the pattern of weights associated with synapses within a network of formal neurons, and each memory in general involves a large number of the neurons in the network. To cast the Hopfield net in the present formal model, the tokens are neurons and synapses; the activations are neural net activations; the basic distance between two neurons A and B may be defined as the percentage of the time that stimulating one of the neurons leads to the other one firing; and to calculate a basic distance involving a synapse, one may associate the synapse with its source and target neurons. With these definitions, a Hopfield network is a well-aligned memory, and (by intentional construction) a markedly global one. Local memory items will be very rare in a Hopfield net.

While predominantly local and predominantly global memories may have great value for particular applications, our suggestion is that they also have inherent limitations. If so, this means that the most useful memories for general intelligence are going to be those that involve both local and global memory items in central roles. However, this is a more general and less risky claim than the assertion that glocal memory structure as defined above is important. Because, "glocal" as defined above doesn't just mean "neither predominantly global nor predominantly local." Rather, it refers to a specific pattern of coordination between local and global memory items – what we have called the "keys and maps" pattern.

### *13.6.2 Glocal Memory in the Brain*

Science's understanding of human brain dynamics is still very primitive, one manifestation of which is the fact that we really don't understand how the brain represents knowledge, except in some very simple respects. So anything anyone says about knowledge representation in the brain, at this stage, has to be considered highly speculative. Existing neuroscience knowledge

HOUSE_OVERSIGHT_013179

does imply constraints on how knowledge representation in the brain may work, but these are relatively loose constraints. These constraints do imply that, for instance, the brain is neither a relational database (in which information is stored in a wholly localized manner) nor a collection of "grandmother neurons" that respond individually to high-level percepts or concepts; nor a simple Hopfield type neural net (in which all memories are attractors globally distributed across the whole network). But they don't tell us nearly enough to, for instance, create a formal neural net model that can confidently be said to represent knowledge in the manner of the human brain.

As a first example of the current state of knowledge, we'll discuss here a series of papers regarding the neural representation of visual stimuli [QaGKKF05, QKKF08], which deal with the fascinating discovery of a subset of neurons in the medial temporal lobe (MTL) that are selectively activated by strikingly different pictures of given individuals, landmarks or objects, and in some cases even by letter strings. For instance, in their 2005 paper titled "Invariant visual representation by single neurons in the human brain", it is noted that

> in one case, a unit responded only to three completely different images of the ex-president Bill Clinton. Another unit (from a different patient) responded only to images of The Beatles, another one to cartoons from The Simpson's television series and another one to pictures of the basketball player Michael Jordan.

Their 2008 follow-up paper backed away from the more extreme interpretation in the title as well as the conclusion, with the title "Sparse but not 'Grandmother-cell' coding in the medial temporal lobe." As the authors emphasize there,

> Given the very sparse and abstract representation of visual information by these neurons, they could in principle be considered as 'grandmother cells'. However, we give several arguments that make such an extreme interpretation unlikely.
>
> ...
>
> MTL neurons are situated at the juncture of transformation of percepts into constructs that can be consciously recollected. These cells respond to percepts rather than to the detailed information falling on the retina. Thus, their activity reflects the full transformation that visual information undergoes through the ventral pathway. A crucial aspect of this transformation is the complementary development of both selectivity and invariance. The evidence presented here, obtained from recordings of single-neuron activity in humans, suggests that a subset of MTL neurons possesses a striking invariant representation for consciously perceived objects, responding to abstract concepts rather than more basic metric details. This representation is sparse, in the sense that responsive neurons fire only to very few stimuli (and are mostly silent except for their preferred stimuli), but it is far from a Grandmother-cell representation. The fact that the MTL represents conscious abstract information in such a sparse and invariant way is consistent with its prominent role in the consolidation of long-term semantic memories.

It's interesting to note how inadequate the [QKKF08] data really is for exploring the notion of glocal memory in the brain. Suppose it's the case that individual visual memories correspond to keys consisting of small neuronal subnetworks, and maps consisting of larger neuronal subnetworks. Then it would be not at all surprising if neurons in the "key" network corresponding to a visual concept like "Bill Clinton's face" would be found to respond differentially to the presentation of appropriate images. Yet, it would also be wrong to overinterpret such data as implying that the key network somehow comprises the "representation" of Bill Clinton's face in the individual's brain. In fact this key network would comprise only one aspect of said representation.

In the glocal memory hypothesis, a visual memory like "Bill Clinton's face" would be hypothesized to correspond to an attractor spanning a significant subnetwork of the individual's brain

HOUSE_OVERSIGHT_013180

– but this subnetwork still might occupy only a small fraction of the neurons in the brain (say, 1/100 or less), since there are very many neurons available. This attractor would constitute the map. But then, there would be a much smaller number of neurons serving as key to unlock this map: i.e. if a few of these key neurons were stimulated, then the overall attractor pattern in the map as a whole would unfold and come to play a significant role in the overall brain activity landscape. In prior publications [Goe97] the primary author explored this hypothesis in more detail in terms of the known architecture of the cortex and the mathematics of complex dynamical attractors.

So, one possible interpretation of the [QKKF08] data is that the MTL neurons they're measuring are part of key networks that correspond to broader map networks recording percepts. The map networks might then extend more broadly throughout the brain, beyond the MTL and into other perceptual and cognitive areas of cortex. Furthermore, in this case, if some MTL key neurons were removed, the maps might well regenerate the missing keys (as would happen e.g. in the glocal Hopfield model to be discussed in the following section).

Related and interesting evidence for glocal memory in the brain comes from a recent study of semantic memory, illustrated in Figure **??** [PNR07]. Their research probed the architecture of semantic memory via comparing patients suffering from semantic dementia (SD) with patients suffering from three other neuropathologies, and found reasonably convincing evidence for what they call a "distributed-plus-hub" view of memory.

The SD patients they studied displayed highly distinctive symptomology; for instance, their vocabularies and knowledge of the properties of everyday objects were strongly impaired, whereas their memories of recent events and other cognitive capacities remain perfectly intact. These patients also showed highly distinctive patterns of brain damage: focal brain lesions in their anterior temporal lobes (ATL), unlike the other patients who had either less severe or more widely distributed damage in their ATLs. This led [PNR07] to conclude that the ATL (being adjacent to the amygdala and limbic systems that process reward and emotion; and the anterior parts of the medial temporal lobe memory system, which processes episodic memory) is a "hub" for amodal semantic memory, drawing general semantic information from episodic memories based on emotional salience.

So, in this view, the memory of something like a "banana" would contain a distributed aspect, spanning multiple brain systems, and also a localized aspect, centralized in the ATL. The distributed aspect would likely contain information on various particular aspects of bananas, including their sights, smells, and touches, the emotions they evoke, and the goals and motivations they relate to. The distributed and localized aspects would influence one another dynamically, but, the data [PNR07] gathered do not address dynamics and they don't venture hypotheses in this direction.

There is a relationship between the "distributed-plus-hub" view and [Dam00] better-known notion of a "convergence zone", defined roughly as a location where the brain binds features together. A convergence zone, in [Dam00] perspective, is not a "store" of information but an agent capable of decoding a signal (and of reconstructing information). He also uses the metaphor that convergence zones behave like indexes drawing information from other areas of the brain – but they are dynamic rather than static indices, containing the instructions needed to recognize and combine the features constituting the memory of something. The mechanism involved in the distributed-plus-hub model is similar to a convergence zone, but with the important difference that hubs are less local: [PNR07] semantic hub may be thought of a kind of "cluster of convergence zones" consisting of a network of convergence zones for various semantic memories.

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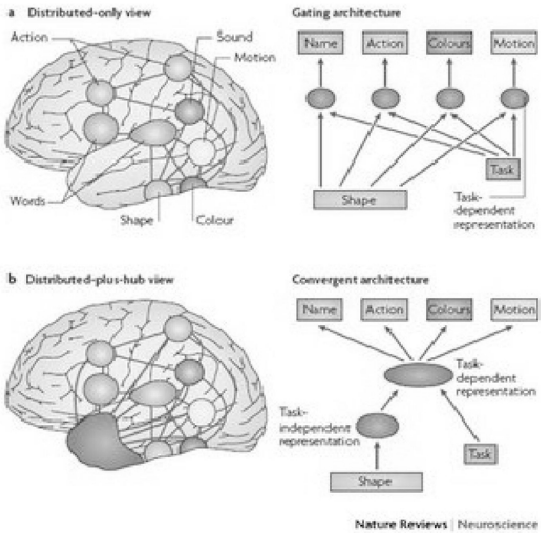


Fig. 13.1: A Simplified Look at Feedback-Control in Uncertain Inference

What is missing in [PNR07] and [Dam00] perspective is a vision of distributed memories as attractors. The idea of localized memories serving as indices into distributed knowledge stores is important, but is only half the picture of glocal memory: the creative, constructive, dynamical-attractor aspect of the distributed representation is the other half. The closest thing to a clear depiction of this aspect of glocal memory that seems to exist in the neuroscience literature is a portion of William Calvin's theory of the "cerebral code" [Cal96]. Calvin proposes a set of quite specific mechanisms by which knowledge may be represented in the brain using complexly-structured strange attractors, and by which these strange attractors may be propagated throughout the brain. Figure 13.2 shows one aspect of his theory: how a distributed attractor may propagate from one part of the brain to another in pieces, with one portion of the attractor getting propagated first, and then seeding the formation in the destination brain region of a close approximation of the whole attractor.

Calvin's theory may be considered a genuinely glocal theory of memory. However, it also makes a large number of other specific commitments that are not part of the notion of glocality, such as his proposal of hexagonal meta-columns in the cortex, and his commitment to evolutionary learning as the primary driver of neural knowledge creation. We find these other

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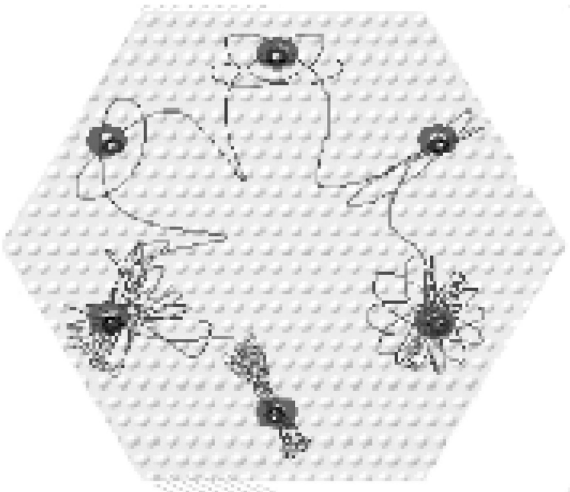

Fig. 13.2: Calvin's Model of Distributed Attractors in the Brain

hypotheses interesting and highly promising, yet feel it is also important to separate out the notion of glocal memory for separate consideration.

Regarding specifics, our suggestion is that Calvin's approach may overemphasize the distributed aspect of memory, not giving sufficient due to the relatively localized aspect as accounted for in the [QKKF08] results discussed above. In Calvin's glocal approach, global memories are attractors and local memories are parts of attractors. We suggest a possible alternative, in which global memories are attractors and local memories are particular neuronal subnetworks such as the specialized ones identified by [QKKF08]. However, this alternative does not seem contradictory to Calvin's overall conceptual approach, even though it is different from the particular proposals made in [Cal96].

The above paragraphs are far from a complete survey of the relevant neuroscience literature; there are literally dozens of studies one could survey pointing toward the glocality of various sorts of human memory. Yet experimental neuroscience tools are still relatively primitive, and every one of these studies could be interpreted in various other ways. In the next couple decades, as neuroscience tools improve in accuracy, our understanding of the role of glocality in human memory will doubtless improve tremendously.

HOUSE_OVERSIGHT_013183

### *13.6.3 Glocal Hopfield Networks*

The ideas in the previous section suggest that, if one wishes to construct an AGI, it is worth seriously considering using a memory with some sort of glocal structure. One research direction that follows naturally from this notion is "glocal neural networks." In order to explore the nature of glocal neural networks in a relatively simple and tractable setting, we have formalized and implemented simple examples of "glocal Hopfield networks": palimpsest Hopfield nets with the addition of neurons representing localized memories. While these specific networks are not used in CogPrime, they are quite similar to the ECAN networks that are used in CogPrime and described in Chapter 23 of Part 2.

Essentially, we augment the standard Hopfield net architecture by adding a set of "key neurons." These are a small percentage of the neurons in the network, and are intended to be roughly equinumerous to the number of memories the network is supposed to store. When the Hopfield net converges to an attractor A, then new links are created between the neurons that are active in A, and one of the key neurons. Which key neuron is chosen? The one that, when it is stimulated, gives rise to an attractor pattern maximally similar to A.

The ultimate result of this is that, in addition to the distributed memory of attractors in the Hopfield net, one has a set of key neurons that in effect index the attractors. Each attractor corresponds to a single key neuron. In the glocal memory model, the key neurons are the keys and the Hopfield net attractors are the maps.

This algorithm has been tested in sparse Hopfield nets, using both standard Hopfield net learning rules and Storkey's modified palimpsest learning rule [SV99], which provides greater memory capacity in a continuous learning context. The use of key neurons turns out to slightly increase Hopfield net memory capacity, but this isn't the main point. The main point is that one now has a local representation of each global memory, so that if one wants to create a link between the memory and something else, it's extremely easy to do so – one just needs to link to the corresponding key neuron. Or, rather, one of the corresponding key neurons: depending on how many key neurons are allocated, one might end up with a number of key neurons corresponding to each memory, not just one.

In order to transform a palimpsest Hopfield net into a glocal Hopfield net, the following steps are taken:

1. Add a fixed number of "key neurons" to the network (removing other random neurons to keep the total number of neurons constant)
2. When the network reaches an attractor, create links from the elements in the attractor to one of the key neurons
3. The key neuron chosen for the previous step is the one that most closely matches the current attractor (which may be determined in several ways, to be discussed below)
4. To avoid the increase of the number of links in the network, when new links are created in Step 2, other key-neuron links are then deleted (several approaches may be taken here, but the simplest is to remove the key-neuron links with the lowest-absolute-value weights)

In the simple implementation of the above steps that we implemented, and described in [GPI+10], Step 3 is carried out simply by comparing the weights of a key neuron's links to the nodes in an attractor. A more sophisticated approach would be to select the key neuron with the highest activation during the transient interval immediately prior to convergence to the attractor.

HOUSE_OVERSIGHT_013184

The result of these modifications to the ordinary Hopfield net, is a Hopfield net that continually maintains a set of key neurons, each of which individually represents a certain attractor of the net.

Note that these key neurons – in spite of being "symbolic" in nature – are learned rather than preprogrammed, and are every bit as adaptive as the attractors they correspond to. Furthermore, if a key neuron is removed, the glocal Hopfield net algorithm will eventually learn it back, so the robustness properties of Hopfield nets are retained.

The results of experimenting with glocal Hopfield nets of this nature are summarized in [GPI+10]. We studied Hopfield nets with connectivity around .1, and in this context we found that glocality

- slightly increased memory capacity
- massively increased the rate of convergence to the attractor, i.e. the speed of recall

However, probably the most important consequence of glocality is a more qualitative one: it makes it far easier to link the Hopfield net into a larger system, as would occur if the Hopfield net were embedded in an integrative AGI architecture. Because a neuron external to the Hopfield net may now link to a memory in the Hopfield net by linking to the corresponding key neuron.

### *13.6.4 Neural-Symbolic Glocality in CogPrime*

In CogPrime, we have explicitly sought to span the symbolic/emergentist pseudo-dichotomy, via creating an integrative knowledge representation that combines logic-based aspects with neural-net-like aspects. As reviewed in Chapter 6 above, these function not in the manner of multimodular systems, but rather via using (probabilistic) truth values and (attractor neural net like) attention values as weights on nodes and links of the same (hyper) graph. The nodes and links in this hypergraph are typed, like a standard semantic network approach for knowledge representation, so they're able to handle all sorts of knowledge, from the most concrete perception and actuation related knowledge to the most abstract relationships. But they're also weighted with values similar to neural net weights, and pass around quantities (importance values, discussed in Chapter 23 of Part 2) similar to neural net activations, allowing emergent attractor/assembly based knowledge representation similar to attractor neural nets.

The concept of glocality lies at the heart of this combination, in a way that spans the pseudo-dichotomy:

- Local knowledge is represented in abstract logical relationships stored in explicit logical form, and also in Hebbian-type associations between nodes and links.
- Global knowledge is represented in large-scale patterns of node and link weights, which lead to large-scale patterns of network activity, which often take the form of attractors qualitatively similar to Hopfield net attractors. These attractors are called *maps*.

The result of all this is that a concept like "cat" might be represented as a combination of:

- A small number of logical relationships and strong associations, that constitute the "key" subnetwork for the "cat" concept.
- A large network of weak associations, binding together various nodes and links of various types and various levels of abstraction, representing the "cat map".

HOUSE_OVERSIGHT_013185

The activation of the key will generally cause the activation of the map, and the activation of a significant percentage of the map will cause the activation of the rest of the map, including the key. Furthermore, if the key were for some reason forgotten, then after a significant amount of effort, the system would likely to be able to reconstitute it (perhaps with various small changes) from the information in the map. We conjecture that this particular kind of glocal memory will turn out to be very powerful for AGI, due to its ability to combine the strengths of formal logical inference with those of self-organizing attractor neural networks.

As a simple example, consider the representation of a "tower", in the context of an artificial agent that has built towers of blocks, and seen pictures of many other kinds of towers, and seen some tall building that it knows are somewhat like towers but perhaps not exactly towers. If this agent is reasonably conceptually advanced (say, at Piagetan the concrete operational level) then its mind will contain some declarative relationships partially characterizing the concept of "tower," as well as its sensory and episodic examples, and its procedural knowledge about how to build towers.

The key of the "tower" concept in the agent's mind may consist of internal images and episodes regarding the towers it knows best, the essential operations it knows are useful for building towers (piling blocks atop blocks atop blocks...), and the core declarative relations summarizing "towerness" – and the whole "tower" map then consists of a much larger number of images, episodes, procedures and declarative relationships connected to "tower" and other related entities. If any portion of the map is removed – even if the key is removed – then the rest of the map can be approximately reconstituted, after some work. Some cognitive operations are best done on the localized representation – e.g. logical reasoning. Other operations, such as attention allocation and guidance of inference control, are best done using the globalized map representation.

HOUSE_OVERSIGHT_013186

# Chapter 14
# Representing Implicit Knowledge via Hypergraphs

## 14.1 Introduction

Explicit knowledge is easy to write about and talk about; implicit knowledge is equally important, but tends to get less attention in discussions of AI and psychology, simply because we don't have as good a vocabulary for describing it, nor as good a collection of methods for measuring it. One way to deal with this problem is to describe implicit knowledge using language and methods typically reserved for explicit knowledge. This might seem intrinsically non-workable, but we argue that it actually makes a lot of sense. The same sort of networks that a system like CogPrime uses to represent knowledge explicitly, can also be used to represent the *emergent* knowledge that implicitly exists in an intelligent system's complex structures and dynamics.

We've noted that CogPrime uses an explicit representation of knowledge in terms of weighted labeled hypergraphs; and also uses other more neural net like mechanisms (e.g. the economic attention allocation network subsystem) to represent knowledge globally and implicitly. CogPrime combines these two sorts of representation according to the principle we have called *glocality*. In this chapter we pursue glocality a bit further – describing a means by which even implicitly represented knowledge can be modeled using weighted labeled hypergraphs similar to the ones used explicitly in CogPrime. This is conceptually important, in terms of making clear the fundamental similarities and differences between implicit and explicit knowledge representation; and it is also pragmatically meaningful due to its relevance to the CogPrime methods described in Chapter 42 of Part 2 that transform implicit into explicit knowledge.

To avoid confusion with CogPrime's explicit knowledge representation, we will refer to the hypergraphs in this chapter as composed of Vertices and Edges rather than Nodes and Links. In prior publications we have referred to "derived" or "emergent" hypergraphs of the sort described here using the acronym **SMEPH**, which stands for Self-Modifying, Evolving Probabilistic Hypergraphs.

## 14.2 Key Vertex and Edge Types

We begin by introducing a particular collection of Vertex and Edge types, to be used in modeling the internal structures of intelligent systems.

The key SMEPH Vertex types are



HOUSE_OVERSIGHT_013187

- ConceptVertex, representing a set, for instance, an idea or a set of percepts
- SchemaVertex, representing a procedure for doing something (perhaps something in the physical world, or perhaps an abstract mental action).

The key SMEPH Edge types, using language drawn from Probabilistic Logic Networks (PLN) and elaborated in Chapter 34 below, are as follows:

- ExtensionalInheritanceEdge (ExtInhEdge for short: an edge which, linking one Vertex or Edge to another, indicates that the former is a special case of the latter)
- ExtensionalSimilarityEdge (ExtSim: which indicates that one Vertex or Edge is similar to another)
- ExecutionEdge (a ternary edge, which joins S,B,C when S is a SchemaVertex and the result from applying S to B is C).

So, in a SMEPH system, one is often looking at hypergraphs whose Vertices represent ideas or procedures, and whose Edges represent relationships of specialization, similarity or transformation among ideas and/or procedures.

The semantics of the SMEPH edge types is given by PLN, but is simple and commonsensical. ExtInh and ExtSim Edges come with probabilistic weights indicating the extent of the relationship they denote (e.g. the ExtSimEdge joining the cat ConceptVertex to the dog ConceptVertex gets a higher probability weight than the one joining the cat ConceptVertex to the washing-machine ConceptVertex). The mathematics of transformations involving these probabilistic weights becomes quite involved - particularly when one introduces SchemaVertices corresponding to abstract mathematical operations, a step that enables SMEPH hypergraphs to have the complete mathematical power of standard logical formalisms like predicate calculus, but with the added advantage of a natural representation of uncertainty in terms of probabilities, as well as a natural representation of networks and webs of complex knowledge.

## 14.3 Derived Hypergraphs

We now describe how SMEPH hypergraphs may be used to model and describe intelligent systems. One can (in principle) draw a SMEPH hypergraph corresponding to any individual intelligent system, with Vertices and Edges for the concepts and processes in that system's mind. This is called the derived hypergraph of that system.

### *14.3.1 SMEPH Vertices*

A ConceptVertex in the derived hypergraph of a system corresponds to a structural pattern that persists over time in that system; whereas a SchemaVertex corresponds to a multi-time-point dynamical pattern that recurs in that system's dynamics. If one accepts the patternist definition of a mind as the set of patterns in an intelligent system, then it follows that the derived hypergraph of an intelligent system captures a significant fraction of the mind of that system.

To phrase it a little differently, we may say that a ConceptVertex, in SMEPH, refers to the habitual pattern of activity observed in a system when some condition is met (this condition

HOUSE_OVERSIGHT_013188

corresponding to the presence of a certain pattern). The condition may refer to something in the world external to the system, or to something internal. For instance, the condition may be observing a cat. In this case, the corresponding Concept vertex in the mind of Ben Goertzel is the pattern of activity observed in Ben Goertzel's brain when his eyes are open and he's looking in the direction of a cat. The notion of pattern of activity can be made rigorous using mathematical pattern theory, as is described in The Hidden Pattern [Goe06a].

Note that logical predicates, on the SMEPH level, appear as particular kinds of Concepts, where the condition involves a predicate and an argument. For instance, suppose one wants to know what happens inside Ben's mind when he eats cheese. Then there is a Concept corresponding to the condition of cheese-eating activity. But there may also be a Concept corresponding to eating activity in general. If the Concept denoting the activity of eating X is generally easily computable from the Concepts for X and eating individually, then the eating Concept is effectively acting as a predicate.

A SMEPH SchemaVertex, on the other hand, is like a Concept that's defined in a time-dependent way. One type of Schema refers to a habitual dynamical pattern of activity occurring before and/or during some condition is met. For instance, the condition might be saying the word Hello. In that case the corresponding SchemaVertex in the mind of Ben Goertzel is the pattern of activity that generally occurs before he says Hello.

Another type of Schema refers to a habitual dynamical pattern of activity occurring after some condition X is met. For instance, in the case of the Schema for adding two numbers, the precondition X consists of the two numbers and the concept of addition. The Schema is then what happens when the mind thinks of adding and thinks of two numbers.

Finally, there are Schema that refer to habitual dynamical activity patterns occurring after some condition X is met and before some condition Y is met. In this case the Schema is viewed as transforming X into Y. For instance, if X is the condition of meeting someone who is not a friend, and Y is the condition of being friends with that person, then the habitually intervening activities constitute the Schema for making friends.

### *14.3.2 SMEPH Edges*

SMEPH edge types fall into two categories: functional and logical. Functional edges connect Schema vertices to their input and outputs; logical edges refer mainly to conditional probabilities, and in general are to be interpreted according to the semantics of Probabilistic Logic Networks.

Let us begin with logical edges. The simplest case is the Subset edge, which denotes a straightforward, extensional conditional probability. For instance, it may happen that whenever the Concept for cat is present in a system, the Concept for animal is as well. Then we would say

```
Subset cat animal
```

(Here we assume a notation where "R A B" denotes an Edge of type R between Vertices A and B.)

On the other hand, it may be that 50% of the time that cat is present in the system, cute is present as well: then we would say

```
Subset cat cute <.5>
```

HOUSE_OVERSIGHT_013189

where the <.5> denotes the probability, which is a component of the Truth Value associated with the edge.

Next, the most basic functional edge is the Execution edge, which is ternary and denotes a relation between a Schema, its input and its output, e.g.

```
Execution father_of Ben_Goertzel Ted_Goertzel
```

for a schema father_of that outputs the father of its argument.

The ExecutionOutput (ExOut) edge denotes the output of a Schema in an implicit way, e.g.

```
ExOut say_hello
```

refers to a particular act of saying hello, whereas

```
ExOut add_numbers {3, 4)
```

refers to the Concept corresponding to 7. Note that this latter example involves a set of three entities: sets are also part of the basic SMEPH knowledge representation. A set may be thought of as a hypergraph edge that points to all its members.

In this manner we may define a set of edges and vertices modeling the habitual activity patterns of a system when in different situations. This is called the derived hypergraph of the system. Note that this hypergraph can in principle be constructed no matter what happens inside the system: whether it's a human brain, a formal neural network, Cyc, OCP, a quantum computer, etc. Of course, constructing the hypergraph in practice is quite a different story: for instance, we currently have no accurate way of measuring the habitual activity patterns inside the human brain. fMRI and PET and other neuroimaging technologies give only a crude view, though they are continually improving.

Pattern theory enters more deeply here when one thoroughly fleshes out the Inheritance concept. Philosophers of logic have extensively debated the relationship between extensional inheritance (inheritance between sets based on their members) and intensional inheritance (inheritance between entity-types based on their properties). A variety of formal mechanisms have been proposed to capture this conceptual distinction; see (Wang, 2006, 1995 TODO make ref) for a review along with a novel approach utilizing uncertain term logic. Pattern theory provides a novel approach to defining intension: one may associate with each ConceptVertex in a system's derived hypergraph the set of patterns associated with the structural pattern underlying that ConceptVertex. Then, one can define the strength of the IntensionalInheritanceEdge between two ConceptVertices A and B as the percentage of A's pattern-set that is also contained in B's pattern-set. According to this approach, for instance, one could have

```
IntInhEdge whale fish <0.6>

ExtInhEdge whale fish <0.0>
```

since the fish and whale sets have common properties but no common members.

## 14.4 Implications of Patternist Philosophy for Derived Hypergraphs of Intelligent Systems

Patternist philosophy rears its head here and makes some definite hypotheses about the structure of derived hypergraphs. It suggests that derived hypergraphs should have a dual network

HOUSE_OVERSIGHT_013190

structure, and that in highly intelligent systems they should have subgraphs that constitute models of the whole hypergraph (these are self systems). SMEPH does not add anything to the patternist view on a philosophical level, but it gives a concrete instantiation to some of the general ideas of patternism. In this section we'll articulate some "SMEPH principles", constituting important ideas from patternist philosophy as they manifest themselves in the SMEPH context.

The logical edges in a SMEPH hypergraph are weighted with probabilities, as in the simple example given above. The functional edges may be probabilistically weighted as well, since some Schema may give certain results only some of the time. These probabilities are critical in terms of SMEPH's model of system dynamics; they underly one of our SMEPH principles,

**Principle of Implicit Probabilistic Inference:** In an intelligent system, the temporal evolution of the probabilities on the edges in the system's derived hypergraph should approximately obey the rules of probability theory.

The basic idea is that, even if a system - through its underlying dynamics - has no explicit connection to probability theory, it still must behave roughly as if it does, if it is going to be intelligent. The roughly part is important here; it's well known that humans are not terribly accurate in explicitly carrying out formal probabilistic inferences. And yet, in practical contexts where they have experience, humans can make quite accurate judgments; which is all that's required by the above principle, since it's the contexts where experience has occurred that will make up a system's derived hypergraph.

Our next SMEPH principle is evolutionary, and states

**Principle of Implicit Evolution**: In an intelligent system, new Schema and Concepts will continually be created, and the Schema and Concepts that are more useful for achieving system goals (as demonstrated via probabilistic implication of goal achievement) will tend to survive longer.

Note that this principle can be fulfilled in many different ways. The important thing is that system goals are allowed to serve as a selective force.

Another SMEPH dynamical principle pertains to a shorter time-scale than evolution, and states

**Principle of Attention Allocation**: In an intelligent system, Schema and Concepts that are more useful for attaining short-term goals will tend to consume more of the system's energy. (The balance of attention oriented toward goals pertaining to different time scales will vary from system to system.)

Next, there is the

**Principle of Autopoesis**: In an intelligent system, if one removes some part of the system and then allows the system's natural dynamics to keep going, a decent approximation to that removed part will often be spontaneously reconstituted.

And there is the

HOUSE_OVERSIGHT_013191

**Cognitive Equation Principle**: In an intelligent system, many abstract patterns that are present in the system at a certain time as patterns among other Schema and Concepts, will at a near-future time be present in the system as patterns among elementary system components.

The Cognitive Equation Principle, briefly discussed in Chapter 3, basically means that Concepts and Schema emergent in the system are recognized by the system and then embodied as elementary items in the system so that patterns among them in their emergent form become, with the passage of time, patterns among them in their directly-system-embodied form. This is a natural consequence of the way intelligent systems continually recognize patterns in themselves.

Note that derived hypergraphs may be constructed corresponding to any complex system which demonstrates a variety of internal dynamical patterns depending on its situation. However, if a system is not intelligent, then according to the patternist philosophy evolution of its derived hypergraph can't necessarily be expected to follow the above principles.

### *14.4.1 SMEPH Principles in CogPrime*

We now more explicitly elaborate the application of these ideas in the CogPrime context. As noted above, in addition to explicit knowledge representation in terms of Nodes and Links, CogPrime also incorporates implicit knowledge representation in the form of what are called Maps: collections of Nodes and Links that tend to be utilized together within cognitive processes.

These Maps constitute a CogPrime system's derived hypergraph, which will not be identical to the hypergraph it uses for explicit knowledge representation. However, an interesting feedback loop arises here, in that the intelligence's self-study will generally lead it to recognize large portions of its derived hypergraph as patterns in itself, and then embody these patterns within its concretely implemented knowledge hypergraph. This relates to the Cognitive Equation Principle defined above 3, in which an intelligent system continually recognizes patterns in itself and embodies these patterns in its own basic structure (so that new patterns may more easily emerge from them).

Often it happens that a particular CogPrime node will serve as the center of a map, so that e.g. the Concept Link denoting cat will consist of a number of nodes and links roughly centered around a ConceptNode that is linked to the WordNode cat. But this is not guaranteed and some CogPrime maps are more diffuse than this with no particular center.

Somewhat similarly, the key SMEPH dynamics are represented explicitly in CogPrime: probabilistic reasoning is carried out via explicit application of PLN on the CogPrime hypergraph, evolutionary learning is carried out via application of the MOSES optimization algorithm, and attention allocation is carried out via a combination of inference and evolutionary pattern mining. But the SMEPH dynamics also occur implicitly in CogPrime: emergent maps are reasoned on probabilistically as an indirect consequence of node-and-link level PLN activity; maps evolve as a consequence of the coordinated whole of CogPrime dynamics; and attention shifts between maps according to complex emergent dynamics.

To see the need for maps, consider that even a Node that has a particular meaning attached to it - like the *Iraq* Node, say - doesn't contain much of the meaning of *Iraq* in it. The meaning of *Iraq* lies in the Links attached to this Node, and the Links attached to their Nodes - and the other Nodes and Links not explicitly represented in the system, which will be created by

HOUSE_OVERSIGHT_013192

CogPrime's cognitive algorithms based on the explicitly existent Nodes and Links related to the *Iraq* Node.

This halo of Atoms related to the *Iraq* node is called the *Iraq* map. In general, some maps will center around a particular Atom, like this *Iraq* map, others may not have any particular identifiable center. CogPrime's cognitive processes act directly on the level of Nodes and Links, but they must be analyzed in terms of their impact on maps as well. In SMEPH terms, CogPrime maps may be said to correspond to SMEPH ConceptNodes, and for instance bundles of Links between the Nodes belonging to a map may correspond to a SMEPH Link between two ConceptNodes.

HOUSE_OVERSIGHT_013193

# Chapter 15
# Emergent Networks of Intelligence

## 15.1 Introduction

When one is involved with engineering an AGI system, one thinks a lot about the aspects of the system one is explicitly building – what are the parts, how they fit together, how to test they're properly working, and so forth. And yet, these explicitly engineered aspects are only a fraction of what's important in an AGI system. At least as critical are the *emergent* aspects – the patterns that emerge once the system is up and running, interacting with the world and other agents, growing and developing and learning and self-modifying. SMEPH is one toolkit for describing some of these emergent patterns, but it's only a start.

In line with these general observations, most of this book will focus on the structures and processes that we have built, or intend to build, into the CogPrime system. But in a sense, these structures and processes are not the crux of CogPrime's intended intelligence. The purpose of these pre-programmed structures and processes is to give rise to *emergent* structures and processes, in the course of CogPrime's interaction with the world and the other minds within it. We will return to this theme of emergence at several points in later chapters, e.g. in the discussion of map formation in Chapter 42 of Part 2.

Given the important of emergent structures – and specifically emergent *network* structures – for intelligence, it's fortunate the scientific community has already generated a lot of knowledge about complex networks: both networks of physical or software elements, and networks of organization emergent from complex systems. As most of this knowledge has originated in fields other than AGI, or in pure mathematics, it tends to require some reinterpretation or tweaking to achieve maximal applicability in the AGI context; but we believe this effort will become increasingly worthwhile as the AGI field progresses, because network theory is likely to be very useful for describing the contents and interactions of AGI systems as they develop increasing intelligence.

In this brief chapter we specifically focus on the emergence of certain large-scale *network structures* in a CogPrime knowledge store, presenting heuristic arguments as to why these structures can be expected to arise. We also comment on the way in which these emergent structures are expected to guide cognitive processes, and give rise to emergent cognitive processes. The following chapter expands on this theme in a particular direction, exploring the possible emergence of structures characterizing inter-cognitive reflection.



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## 15.2 Small World Networks

One simple but potentially useful observation about CogPrime Atomspaces is that they are generally going to be *small world networks* [Buc03], rather than random graphs. A small world network is a graph in which the connectivities of the various nodes display a power law behavior – so that, loosely speaking, there are a few nodes with very many links, then more nodes with a modest number of links ... and finally, a huge number of nodes with very few links. This kind of network occurs in many natural and human systems, including citations among papers, financial arrangements among banks, links between Web pages and the spread of diseases among people or animals. In a weighted network like an Atomspace, "small-world-ness" must be defined in a manner taking the weights into account, and there are several obvious ways to do this. Figure 15.1 depicts a small but prototypical small-worlds network, with a few "hub" nodes possessing far more neighbors than the others, and then some secondary hubs, etc.

An excellent reference on network theory in general, including but not limited to small world networks, is Peter Csermely's *Weak Links* [Cse06]. Many of the ideas in that work have apparent OpenCog applications, which are not elaborated here.

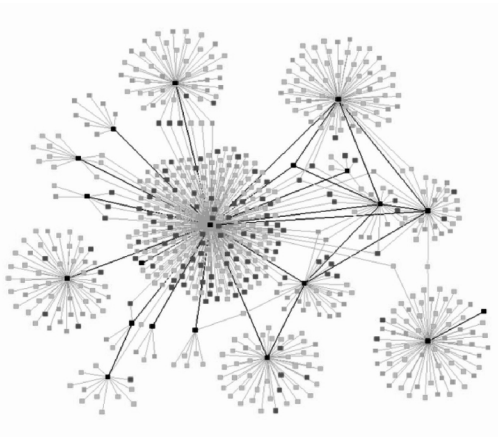

Fig. 15.1: A typical, though small-sized, small-worlds network.

One process via which small world networks commonly form is "preferential attachment" [Bar02]. This occurs in essence when "the rich get richer" – i.e. when nodes in the network grow new links, in a manner that causes them to preferentially grow links to nodes that already have more links. It is not hard to see that CogPrime's ECAN dynamics will naturally lead to

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preferential attachment, because Atoms with more links will tend to get more STI, and thus will tend to get selected by more cognitive processes, which will cause them to grow more links. For this reason, in most circumstances, a CogPrime system in which most link-building cognitive processes rely heavily on ECAN to guide their activities will tend to contain a small-world-network Atomspace. This is not rigorously guaranteed to be the case for any possible combination of environment and goals, but it is commonsensically likely to nearly always be the case.

One consequence of the small worlds structure of the Atomspace is that, in exploring other properties of the Atom network, it is particularly important to look at the hub nodes. For instance, if one is studying whether hierarchical and heterarchical subnetworks of the Atomspace exist, and whether they are well-aligned with each other, it is important to look at hierarchical and heterarchical connections between hub nodes in particular (and secondary hubs, etc.). A pattern of hierarchical or dual network connection that only held up among the more sparsely connected nodes in a small-world network would be a strange thing, and perhaps not that cognitively useful.

## 15.3 Dual Network Structure

One of the key theoretical notions in patternist philosophy is that complex cognitive systems evolve internal *dual network* structures, comprising superposed, harmonized hierarchical and heterarchical networks. Now we explore some of the specific CogPrime structures and dynamics militating in favor of the emergence of dual networks.

### *15.3.1 Hierarchical Networks*

The hierarchical nature of human linguistic concepts is well known, and is illustrated in Figure 15.2 for the commonsense knowledge domain (using a graph drawn from WordNet, a huge concept hierarchy covering 50K+ English-language concepts), and in Figure 15.4 for a specialized knowledge subdomain, genetics. Due to this fact, a certain amount of hierarchy can be expected to emerge in the Atomspace of any linguistically savvy CogPrime, simply due to its modeling of the linguistic concepts that it hears and reads.

Hierarchy also exists in the natural world apart from language, which is the reason that many sensorimotor-knowledge-focused AGI systems (e.g. DeSTIN and HTM, mentioned in Chapter 4 above) feature hierarchical structures. In these cases the hierarchies are normally spatiotemporal in nature - with lower layers containing elements responding to more localized aspects of the perceptual field, and smaller, more localized groups of actuators. This kind of hierarchy certainly *could* emerge in an AGI system, but in CogPrime we have opted for a different route. If a CogPrime system is hybridized with a hierarchical sensorimotor network like one of those mentioned above, then the Atoms linked to the nodes in the hierarchical sensorimotor network will naturally possess hierarchical conceptual relationships, and will thus naturally grow hierarchical links between them (e.g. InheritanceLinks and IntensionalInheritanceLinks via PLN, AsymmetricHebbianLinks via ECAN).

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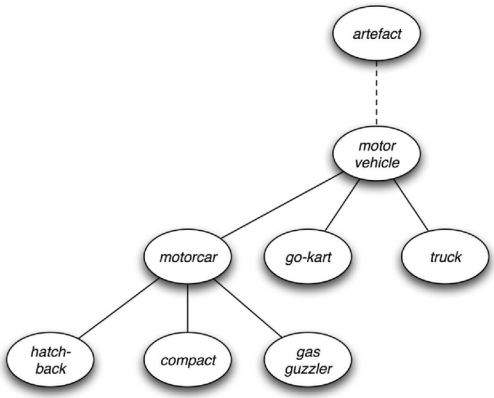


Fig. 15.2: A typical, though small, subnetwork of WordNet's hierarchical network.

Once elements of hierarchical structure exist via the hierarchical structure of language and physical reality, then a richer and broader hierarchy can be expected to accumulate on top of it, because importance spreading and inference control will implicitly and automatically be guided by the existing hierarchy. That is, in the language of *Chaotic Logic* [Goe94] and patternist theory, hierarchical structure is an "autopoietic attractor" – once it's there it will tend to enrich itself and maintain itself. AsymmetricHebbianLinks arranged in a hierarchy will tend to cause importance to spread up or down the hierarchy, which will lead other cognitive processes to look for patterns between Atoms and their hierarchical parents or children, thus potentially building more hierarchical links. Chains of InheritanceLinks pointing up and down the hierarchy will lead PLN to search for more hierarchical links – e.g. most simply, $A \to B \to C$ where $C$ is above $B$ is above $A$ in the hierarchy, will naturally lead inference to check the viability of $A \to C$ by deduction. There is also the possibility to introduce a special DefaultInheritanceLink, as discussed in Chapter 34 of Part 2, but this isn't actually necessary to obtain the inferential maintenance of a robust hierarchical network.

### *15.3.2 Associative, Heterarchical Networks*

Heterarchy is in essence a simpler structure than hierarchy: it simply refers to a network in which nodes are linked to other nodes with which they share important relationships. That is, there should be a tendency that if two nodes are often important in the same contexts or for

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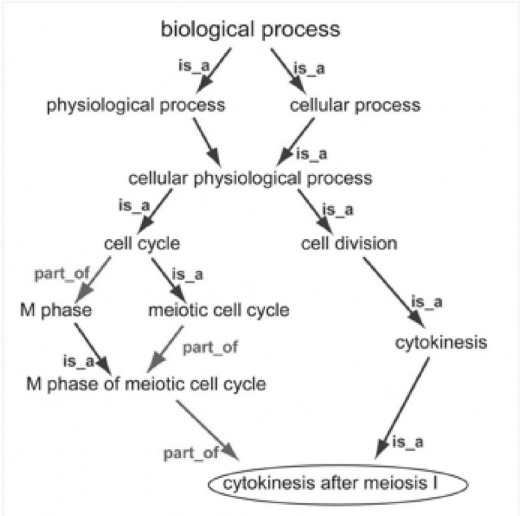


Fig. 15.3: A typical, though small, subnetwork of the Gene Ontology's hierarchical network.

the same purposes, they should be linked together. Portrayals of typical heterarchical linkage patterns among natural language concepts are given in Figures 15.5 and 15.6. Just for fun, Figure 15.7 shows one person's attempt to draw a heterarchical graph of the main concepts in one of Douglas Hofstadter's books. Naturally, real concept heterarchies are far more large, complex and tangled than even this one.

In CogPrime, ECAN enforces heterarchy via building SymmetricHebbianLinks, and PLN by building SimilarityLinks, IntensionalSimilarityLinks and ExtensionalSimilarityLinks. Furthermore, these various link types reinforce each other. PLN control is guided by importance spreading, which follows Hebbian links, so that a heterarchical Hebbian network tends to cause PLN to explore the formation of links following the same paths as the heterarchical Hebbian-Links. And importance can spread along logical links as well as explicit Hebbian links, so that the existence of a heterarchical logical network will tend to cause the formation of additional heterarchical Hebbian links. Heterarchy reinforces itself in "autopoietic attractor" style even more simply and directly than heterarchy.

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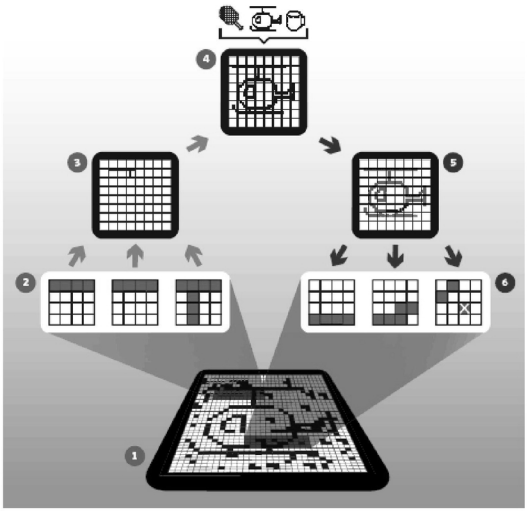


Fig. 15.4: Small-scale portrayal of a portion of the spatiotemporal hierarchy in Jeff Hawkins' Hierarchical Temporal Memory architecture.

### *15.3.3 Dual Networks*

Finally, if both hierarchical and heterarchical structures exist in an Atomspace, then both ECAN and PLN will naturally blend them together, because hierarchical and heterarchical links will feed into their link-creation processes and naturally be combined together to form new links. This will tend to produce a structure called a *dual network*, in which a hierarchy exists, along with a rich network of heterarchical links joining nodes in the hierarchy, with a particular density of links between nodes on the same hierarchical level. The dual network structure will emerge without any explicit engineering oriented toward it, simply via the existence of hierarchical and heterarchical networks, and the propensity of ECAN and PLN to be guided by both the hierarchical and heterarchical networks. The existence of a natural dual network structure in both linguistic and sensorimotor data will help the formation process along, and then creative cognition will enrich the dual network yet further than is directly necessitated by the external world.

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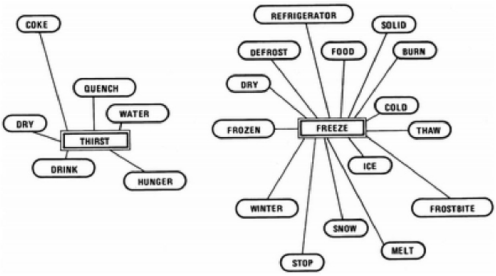


Fig. 15.5: Portions of a conceptual heterarchy centered on specific concepts.

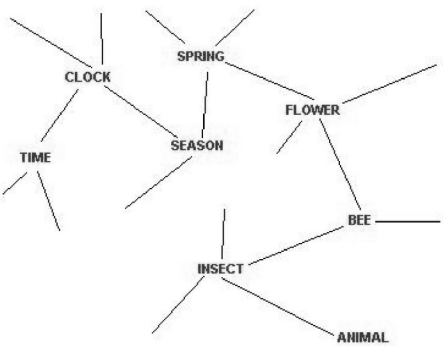


Fig. 15.6: A portion of a conceptual heterarchy, showing the "dangling links" leading this portion to the rest of the heterarchy.

A rigorous mathematical analysis of the formation of hierarchical, heterarchical and dual networks in CogPrime systems has not yet been undertaken, and would certainly be an interesting enterprise. Similar to the theory of small world networks, there is ample ground here for both theorem-proving and heuristic experimentation. However, the qualitative points made here are sufficiently well-grounded in intuition and experience to be of some use guiding our

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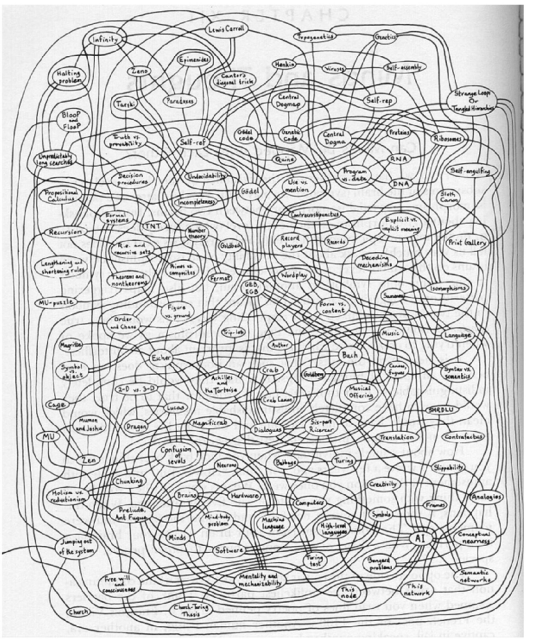


Fig. 15.7: A fanciful evocation of part of a reader's conceptual heterarchy related to Douglas Hofstadter's writings.

ongoing work. One of the nice things about emergent network structures is that they are relatively straightforward to observe in an evolving, learning AGI system, via visualization and inspection of structures such at the Atomspace.

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# Section V
# A Path to Human-Level AGI

# Chapter 16
# AGI Preschool

**Co-authored with Stephan Vladimir Bugaj**

## 16.1 Introduction

In conversations with government funding sources or narrow AI researchers about AGI work, one of the topics that comes up most often is that of "evaluation and metrics" – i.e., AGI intelligence testing. We actually prefer to separate this into two topics: environments and methods for careful qualitative evaluation of AGI systems, versus metrics for precise measurement of AGI systems. The difficulty of formulating bulletproof metrics for partial progress toward advanced AGI has become evident throughout the field, and in Chapter 8 we have elaborated one plausible explanation for this phenomenon, the "trickiness" of cognitive synergy. [LWML09], summarizing a workshop on "Evaluation and Metrics for Human-Level AI" held in 2008, discusses some of the general difficulties involved in this type of assessment, and some requirements that any viable approach must fulfill. On the other hand, the lack of appropriate methods for careful qualitative evaluation of AGI systems has been much less discussed, but we consider it actually a more important issue – as well as an easier (though not easy) one to solve.

We haven't actually found the lack of quantitative intelligence metrics to be a major obstacle in our practical AGI work so far. Our OpenCogPrime implementation lags far behind the CogPrime design as articulated in Part 2 of this book, and according to the theory underlying CogPrime, the more interesting behaviors and dynamics of the system will occur only when all the parts of the system have been engineered to a reasonable level of completion and integrated together. So, the lack of a great set of metrics for evaluating the intelligence of our partially-built system hasn't impaired too much. Testing the intelligence of the current OpenCogPrime system is a bit like testing the flight capability of a partly-built airplane that only has stubs for wings, lacks tail-fins, has a much less efficient engine than the one that's been designed for use in the first "real" version of the airplane, etc. There may be something to be learned from such preliminary tests, but making them highly rigorous isn't a great use of effort, compared to working on finishing implementing the design according to the underlying theory.

On the other hand, the problem of what environments and methods to use to qualitatively evaluate and study AGI progress, has been considerably more vexing to us in practice, as we've proceeded in our work on implementing and testing OpenCogPrime and developing the CogPrime theory. When developing a complex system, it's nearly always valuable to see what this system does in some fairly rich, complex situations, in order to gain a better intuitive understanding of the parts and how they work together. In the context of human-level AGI, the theoretically best way to do this would be to embody one's AGI system in a humanlike body



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and set it loose in the everyday human world; but of course, this isn't feasible given the current state of development of robotics technology. So one must seek approximations. Toward this end we have embodied OpenCogPrime in non-player characters in video game style virtual worlds, and carried out preliminary experiments embodying OpenCogPrime in humanoid robots. These are reasonably good options but they have limitations and lead to subtle choices: what kind of game characters and game worlds, what kind of robot environments, etc.?

One conclusion we have come to, based largely on the considerations in Chapter 11 on development and Chapter 9 on the importance of environment, is that it may make sense to embed early-stage proto-AGI and AGI systems in environments reminiscent of those used for teaching young human children. In this chapter we will explore this approach in some detail: emulation, in either physical reality or an multiuser online virtual world, of an environment similar to preschools used in early human childhood education. Complete specification of an "AGI Preschool" would require much more than a brief chapter; our goal here is to sketch the idea in broad outline, and give a few examples of the types of opportunities such an environment would afford for instruction, spontaneous learning and formal and informal evaluation of certain sorts of early-stage AGI systems.

The material in this chapter will pop up fairly often later in the book. The AGI Preschool context will serve, throughout the following chapters, as a source of concrete examples of the various algorithms and structures. But it's not proposed merely as an expository tool; we are making the very serious proposal that sending AGI systems to a virtual or robotic preschool is an excellent way – perhaps the best way – to foster the development of human-level human-like AGI.

### *16.1.1 Contrast to Standard AI Evaluation Methodologies*

The reader steeped in the current AI literature may wonder why it's necessary to introduce a new methodology and environment for evaluating AGI systems. There are already very many different ways of evaluating AI systems out there ... do we really need another?

Certainly, the AI field has inspired many competitions, each of which tests some particular type or aspect of intelligent behavior. Examples include robot competitions, tournaments of computer chess, poker, backgammon and so forth at computer olympiads, trading-agent competition, language and reasoning competitions like the Pascal Textual Entailment Challenge, and so on. In addition to these, there are many standard domains and problems used in the AI literature that are meant to capture the essential difficulties in a certain class of learning problems: standard datasets for face recognition, text parsing, supervised classification, theorem-proving, question-answering and so forth.

However, the value of these sorts of tests for AGI is predicated on the hypothesis that the degree of success of an AI program at carrying out some domain-specific task, is correlated with the potential of that program for being developed into a robust AGI program with broad intelligence. If humanlike AGI and problem-area-specific "narrow AI" are in fact very different sorts of pursuits requiring very different principles, as we suspect, then these tests are not strongly relevant to the AGI problem.

There are also some standard evaluation paradigms aimed at AI going beyond specific tasks. For instance, there is a literature on "multitask learning" and "transfer learning," where the goal for an AI is to learn one task quicker given another task solved previously [Car97, TM95,

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BDS03, TS07, RZDK05]. This is one of the capabilities an AI agent will need to simultaneously learn different types of tasks as proposed in the Preschool scenario given here. And there is a literature on "shaping," where the idea is to build up the capability of an AI by training it on progressively more difficult versions of the same tasks [LD03]. Again, this is one sort of capability an AI will need to possess if it is to move up some type of curriculum, such as a school curriculum.

While we applaud the work done on multitask learning and shaping, we feel that exploring these processes using mathematical abstractions, or in the domain of various narrowly-proscribed machine-learning or robotics test problems, may not adequately address the problem of AGI. The problem is that generalization among tasks, or from simpler to more difficult versions of the same task, is a process whose nature may depend strongly on the overall nature of the set of tasks and task-versions involved. Real-world tasks have a subtlety of interconnectedness and developmental course that is not captured in current mathematical learning frameworks nor standard AI test problems.

To put it mathematically, we suggest that the universe of real-world human tasks has a host of "special statistical properties" that have implications regarding what sorts of AI programs will be most suitable; and that, while exploring and formalizing the nature of these statistical properties is important, an easier and more reliable approach to AGI testing is to create a testing environment that embodies these properties implicitly, via its being an emulation of the cognitively meaningful aspects of the real-world human learning environment.

One way to see this point vividly is to contrast the current proposal with the "General Game Player" AI competition, in which AIs seek to learn to play games based on formal descriptions of the rules.[1]. Clearly doing GGP well requires powerful AGI; and doing GGP even mediocrely probably requires robust multitask learning and shaping. But we suspect GGP is far inferior to AGI Preschool as an approach to testing early-stage AI programs aimed at roughly humanlike intelligence. This is because, unlike the tasks involved in AI Preschool, the tasks involved in doing simple instances of GGP seem to have little relationship to humanlike intelligence or real-world human tasks.

## 16.2 Elements of Preschool Design

What we mean by an "AGI Preschool" is simply a porting to the AGI domain of the essential aspects of human preschools. While there is significant variance among preschools there are also strong commonalities, grounded in educational theory and experience. We will briefly discuss both the physical design and educational curriculum of the typical human preschool, and which aspects transfer effectively to the AGI context.

On the physical side, the key notion in modern preschool design is the "learning center," an area designed and outfitted with appropriate materials for teaching a specific skill. Learning centers are designed to encourage learning by doing, which greatly facilitates learning processes based on reinforcement, imitation and correction (see Chapter 31 of Part 2 for a detailed discussion of the value of this combination); and also to provide multiple techniques for teaching the same skills, to accommodate different learning styles and prevent over-fitting and overspecialization in the learning of new skills.

[1] http://games.stanford.edu/

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Centers are also designed to cross-develop related skills. A "manipulatives center," for example, provides physical objects such as drawing implements, toys and puzzles, to facilitate development of motor manipulation, visual discrimination, and (through sequencing and classification games) basic logical reasoning. A "dramatics center," on the other hand, cross-trains interpersonal and empathetic skills along with bodily-kinesthetic, linguistic, and musical skills. Other centers, such as art, reading, writing, science and math centers are also designed to train not just one area, but to center around a primary intelligence type while also cross-developing related areas. For specific examples of the learning centers associated with particular contemporary preschools, see [Nie98].

In many progressive, student-centered preschools, students are left largely to their own devices to move from one center to another throughout the preschool room. Generally, each center will be staffed by an instructor at some points in the day but not others, providing a variety of learning experiences. At some preschools students will be strongly encouraged to distribute their time relatively evenly among the different learning centers, or to focus on those learning centers corresponding to their particular strengths and/or weaknesses.

To imitate the general character of a human preschool, one would create several centers in a robot lab or virtual world. The precise architecture will best be adapted via experience but initial centers would likely be:

- **a blocks center**: a table with blocks on it
- **a language center**: a circle of chairs, intended for people to sit around and talk with the robot
- **a manipulatives center**: with a variety of different objects of different shapes and sizes, intended to teach visual and motor skills
- **a ball play center**: where balls are kept in chests and there is space for the robot to kick the balls around
- **a dramatics center**: where the robot can observe and enact various movements

## 16.3 Elements of Preschool Curriculum

While preschool curricula vary considerably based on educational philosophy and regional and cultural factors, there is a great deal of common, shared wisdom regarding the most useful topics and methods for preschool teaching. Guided experiential learning in diverse environments and using varied materials is generally agreed upon as being an optimal methodology to reach a wide variety of learning types and capabilities. Hands-on learning provides grounding in specifics, where as a diversity of approaches allows for generalization.

Core knowledge domains are also relatively consistent, even across various philosophies and regions. Language, movement and coordination, autonomous judgment, social skills, work habits, temporal orientation, spatial orientation, mathematics, science, music, visual arts, and dramatics are universal areas of learning which all early childhood learning touches upon. The particulars of these skills may vary, but all human children are taught to function in these domains. The level of competency developed may vary, but general domain knowledge is provided. For example, most kids won't be the next Maria Callas, Ravi Shankar or Gene Ween, but nearly all learn to hear, understand and appreciate music.

Tables 16.1 - 16.3 review the key capabilities taught in preschools, and identify the most important specific skills that need to be evaluated in the context of each capability. This ta-

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ble was assembled via surveying the curricula from a number of currently existing preschools employing different methodologies both based on formal academic cognitive theories [Sch07] and more pragmatic approaches, such as: Montessori [Mon12], Waldorf [SS03b], Brain Gym (`www.braingym.org`) and Core Knowledge (`www.coreknowledge.org`).

| *Type of Capability* | *Specific Skills to be Evaluated* |
|---|---|
| **Story Understanding** | • Understanding narrative sequence<br>• Understanding character development<br>• Dramatize a story<br>• Predict what comes next in a story |
| **Linguistic** | • Give simple descriptions of events<br>• Describe similarities and differences<br>• Describe objects and their functions |
| **Linguistic / Spatial-Visual** | Interpreting pictures |
| **Linguistic / Social** | • Asking questions appropriately<br>• Answering questions appropriately<br>• Talk about own discoveries<br>• Initiate conversations<br>• Settle disagreements<br>• Verbally express empathy<br>• Ask for help<br>• Follow directions |
| **Linguistic / Scientific** | • Provide possible explanations for events or phenomena<br>• Carefully describe observations<br>• Draw conclusions from observations |

Table 16.1: Categories of Preschool Curriculum, Part 1

### *16.3.1 Preschool in the Light of Intelligence Theory*

Comparing Table 16.1 to Gardner's Multiple Intelligences (MI) framework briefly reviewed in Chapter 2, the high degree of harmony is obvious, and is borne out by more detailed analysis. Preschool curriculum as standardly practiced is very well attuned to MI, and naturally covers all the bases that Gardner identifies as important. And this is not at all surprising since one of Gardner's key motivations in articulating MI theory was the pragmatics of educating humans with diverse strengths and weaknesses.

Regarding intelligence as "the ability to achieve complex goals in complex environments," it is apparent that preschools are specifically designed to pack a large variety of different micro-

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| *Type of Capability* | *Specific Skills to be Evaluated* |
|---|---|
| **Logical-Mathematical** | • Categorizing<br>• Sorting<br>• Arithmetic<br>• Performing simple "proto-scientific experiments" |
| **Nonverbal Communication** | • Communicating via gesture<br>• Dramatizing situations<br>• Dramatizing needs, wants<br>• Express empathy |
| **Spatial-Visual** | • Visual patterning<br>• Self-expression through drawing<br>• Navigate |
| **Objective** | • Assembling objects<br>• Disassembling objects<br>• Measurement<br>• Symmetry<br>• Similarity between structures (e.g. block structures and real ones) |

Table 16.2: Categories of Preschool Curriculum, Part 2

| *Type of Capability* | *Specific Skills to be Evaluated* |
|---|---|
| **Interpersonal** | • Cooperation<br>• Display appropriate behavior in various settings<br>• Clean up belongings<br>• Share supplies |
| **Emotional** | • Delay gratification<br>• Control emotional reactions<br>• Complete projects |

Table 16.3: Categories of Preschool Curriculum, Part 3

environments (the learning centers) into a single room, and to present a variety of different tasks in each environment. The environments constituted by preschool learning centers are designed as microcosms of the most important aspects of the environments faced by humans in their everyday lives.

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## 16.4 Task-Based Assessment in AGI Preschool

Professional pedagogues such as [CM07] discuss evaluation of early childhood learning as intended to assess both specific curriculum content knowledge as well as the child's learning process. It should be as unobtrusive as possible, so that it just seems like another engaging activity, and the results used to tailor the teaching regimen to use different techniques to address weaknesses and reinforce strengths.

For example, with group building of a model car, students are tested on a variety of skills: procedural understanding, visual acuity, motor acuity, creative problem solving, interpersonal communications, empathy, patience, manners, and so on. With this kind of complex, yet engaging, activity as a metric the teacher can see how each student approaches the process of understanding each subtask, and subsequently guide each student's focus differently depending on strengths and weaknesses.

In Tables 16.4 and 16.5 we describe some particular tasks that AGIs may be meaningfully assigned in the context of a general AGI Preschool design and curriculum as described above. Of course, this is a very partial list, and is intended as evocative rather than comprehensive.

Any one of these tasks can be turned into a rigorous quantitative test, thus allowing the precise comparison of different AGI systems' capabilities; but we have chosen not to emphasize this point here, partly for space reasons and partly for philosophical ones. In some contexts the quantitative comparison of different systems may be the right thing to do, but as discussed in Chapter 17 there are also risks associated with this approach, including the emergence of an overly metrics-focused "bakeoff mentality" among system developers, and overfitting of AI abilities to test taking. What is most important is the isolation of specific tasks on which different systems may be experientially trained and then qualitatively assessed and compared, rather than the evaluation of quantitative metrics.

Task-oriented testing allows for feedback on applications of general pedagogical principles to real-world, embodied activities. This allows for iterative refinement based learning (shaping), and cross development of knowledge acquisition and application (multitask learning). It also helps militate against both cheating, and over-fitting, as teachers can make ad-hoc modifications to the tests to determine if this is happening and correct for it if necessary.

E.g., consider a linguistic task in which the AGI is required to formulate a set of instructions encapsulating a given behavior (which may include components that are physical, social, linguistic, etc.). Note that although this is presented as centrally a linguistic task, it actually involves a diverse set of competencies since the behavior to be described may encompass multiple real-world aspects.

To turn this task into a more thorough test one might involve a number of human teachers and a number of human students. Before the test, an ensemble of copies of the AGI would be created, with identical knowledge state. Each copy would interact with a different human teacher, who would demonstrate to it a certain behavior. After testing the AGI on its own knowledge of the material, the teacher would then inform the AGI that it will then be tested on its ability to verbally describe this behavior to another. Then, the teacher goes away and the copy interacts with a series of students, attempting to convey to the students the instructions given by the teacher.

The teacher can thereby assess both the AGI's understanding of the material, and the ability to explain it to the other students. This separates out assessment of understanding from assessment of ability to communicate understanding, attempting to avoid conflation of one with the other. The design of the training and testing needs to account for potential

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| Intelligence Type | Test |
|---|---|
| **Linguistic** | • write a set of instructions<br>• speak on a subject<br>• edit a written piece or work<br>• write a speech<br>• commentate on an event<br>• apply positive or negative 'spin' to astory |
| **Logical-Mathematical** | • perform arithmetic calculations<br>• create a process to measure something<br>• analyse how a machine works<br>• create a process<br>• devise a strategy to achieve an aim<br>• assess the value of a proposition |
| **Musical** | • perform a musical piece<br>• sing a song<br>• review a musical work<br>• coach someone to play a musical instrument |
| **Bodily-Kinesthetic** | • juggle<br>• demonstrate a sports technique<br>• flip a beer-mat<br>• create a mime to explain something<br>• toss a pancake<br>• fly a kite |

Table 16.4: Prototypical preschool intelligence assessment tasks, Part 1

This testing protocol abstracts away from the particularities of any one teacher or student, and focuses on effectiveness of communication in a human context rather than according to formalized criteria. This is very much in the spirit of how assessment takes place in human preschools (with the exception of the copying aspect): formal exams are rarely given in preschool, but pragmatic, socially-embedded assessments are regularly made.

By including the copying aspect, more rigorous statistical assessments can be made regarding efficacy of different approaches for a given AGI design, independent of past teaching experiences. The multiple copies may, depending on the AGI system design, then be able to be reintegrated, and further "learning" be done by higher-order cognitive systems in the AGI that integrate the disparate experiences of the multiple copies.

This kind of parallel learning is different from both sequential learning that humans do, and parallel presences of a single copy of an AGI (such as in multiple chat rooms type experiments). All three approaches are worthy of study, to determine under what circumstances, and with which AGI designs, one is more successful than another.

It is also worth observing how this test could be tweaked to yield a test of generalization ability. After passing the above, the AGI could then be given a description of a new task

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| Intelligence Type | Test |
|---|---|
| **Spatial-Visual** | • design a costume<br>• interpret a painting<br>• create a room layout<br>• create a corporate logo<br>• design a building<br>• pack a suitcase or the trunk of a car |
| **Interpersonal** | • interpret moods from facial expressions<br>• demonstrate feelings through body language<br>• affect the feelings of others in a planned way<br>• coach or counsel another |

Table 16.5: Prototypical preschool intelligence assessment tasks, Part 2

(acquisition), and asked to explain the new one (variation). And, part of the training behavior might be carried out unobserved by the AGI, thus requiring the AGI to infer the omitted parts of the task it needs to describe.

Another popular form of early childhood testing is puzzle block games. These kinds of games can be used to assess a variety of important cognitive skills, and to do so in a fun way that not only examines but also encourages creativity and flexible thinking. Types of games include pattern matching games in which students replicate patterns described visually or verbally, pattern creation games in which students create new patterns guided by visually or verbally described principles, creative interpretation of patterns in which students find meaning in the forms, and free-form creation. Such games may be individual or cooperative.

Cross training and assessment of a variety of skills occurs with pattern block games: for example, interpretation of visual or linguistic instructions, logical procedure and pattern following, categorizing, sorting, general problem solving, creative interpretation, experimentation, and kinematic acuity. By making the games cooperative, various interpersonal skills involving communication and cooperation are also added to the mix.

The puzzle block context bring up some general observations about the role of kinematic and visuospatial intelligence in the AGI Preschool. Outside of robotics and computer vision, AI research has often downplayed these sorts of intelligence (though, admittedly, this is changing in recent years, e.g. with increasing research focus on diagrammatic reasoning). But these abilities are not only necessary to navigate real (or virtual) spatial environments. They are also important components of a coherent, conceptually well-formed understanding of the world in which the student is embodied. Integrative training and assessment of both rigorous cognitive abilities generally most associated with both AI and "proper schooling" (such as linguistic and logical skills) along with kinematic and aesthetic/sensory abilities is essential to the development of an intelligence that can successfully both operate in and sensibly communicate about the real world in a roughly humanlike manner. Whether or not an AGI is targeted to interpret physical-world spatial data and perform tasks via robotics, in order to communicate ideas about a vast array of topics of interest to any intelligence in this world, an AGI must develop aspects of intelligence other than logical and linguistic cognition.

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## 16.5 Beyond Preschool

Once an AGI passes preschool, what are the next steps? There is still a long way to go, from preschool to an AGI system that is capable of, say, passing the Turing Test or serving as an effective artificial scientist.

Our suggestion is to extend the school metaphor further, and make use of existing curricula for higher levels of virtual education: grade school, secondary school, and all levels of post-secondary education. If an AGI can pass online primary and secondary schools such as e-tutor.com, and go on to earn an online degree from an accredited university, then clearly said AGI has successfully achieved "human level, roughly humanlike AGI." This sort of testing is interesting not only because it allows assessment of stages intermediate between preschool and adult, but also because it tests humanlike intelligence without requiring precise imitation of human behavior.

If an AI can get a BA degree at an accredited university, via online coursework (assuming for simplicity courses where no voice interaction is needed), then we should consider that AI to have human-level intelligence. University coursework spans multiple disciplines, and the details of the homework assignments and exams are not known in advance, so like a human student the AGI team can't cheat.

In addition to the core coursework, a schooling approach also tests basic social interaction and natural language communication, ability to do online research, and general problem solving ability. However, there is no rigid requirement to be strictly humanlike in order to pass university classes.

Most of our concrete examples in the following chapters will pertain to the preschool context, because it's simple to understand, and because we feel that getting to the "AGI preschool student" level is going to be the largest leap. Once that level is obtained, moving further will likely be difficult also, but we suspect it will be more a matter of steady incremental improvements – whereas the achievement of preschool-level functionality will be a large leap from the current situation.

## 16.6 Issues with Virtual Preschool Engineering

As noted above there are two broad approaches to realizing the "AGI Preschool" idea: using the AGI to control a physical robot and then crafting a preschool environment suitable to the robot's sensors and actuators; or, using the AGI to control a virtual agent in an appropriately rich virtual-world preschool. The robotic approach is harder from an AI perspective (as one must deal with problems of sensation and actuation), but easier from an environment-construction perspective. In the virtual world case, one quickly runs up against the current limitations of virtual world technologies, which have been designed mainly for entertainment or social-networking purposes, not with the requirements of AGI systems in mind.

In Chapter 9 we discussed the general requirements that an environment should possess to be supportive of humanlike intelligence. Referring back to that list, it's clear that current virtual worlds are fairly strong on multimodal communication, and fairly weak on naive physics. More concretely, if one wants a virtual world so that

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1. one could carry out all the standard cognitive development experiments described in developmental psychology books
2. one could implement intuitively reasonable versions of all the standard activities in all the standard learning stations in a contemporary preschool

then current virtual world technologies appear not to suffice.

As reviewed above, typical preschool activities include for instance building with blocks, playing with clay, looking in a group at a picture book and hearing it read aloud, mixing ingredients together, rolling/throwing/catching balls, playing games like tag, hide-and-seek, Simon Says or Follow the Leader, measuring objects, cutting paper into different shapes, drawing and coloring, etc.

And, as typical, not necessarily representative examples of tasks psychologists use to measure cognitive development (drawn mainly from the Piagetan tradition, without implying any assertion that this is the only tradition worth pursuing), consider the following:

1. Which row has more circles- A or B? A: O O O O O, B: OOOOO
2. If Mike is taller than Jim, and Jim is shorter than Dan, then who is the shortest? Who is the tallest?
3. Which is heavier- a pound of feathers or a pound of rocks?
4. Eight ounces of water is poured into a glass that looks like the fat glass in Figure 2 16.1 and then the same amount is poured into a glass that looks like the tall glass in Figure 16.2 . Which glass has more water?
5. A lump of clay is rolled into a snake. All the clay is used to make the snake. Which has more clay in it – the lump or the snake?
6. There are two dolls in a room, Sally and Ann, each of which has her own box, with a marble hidden inside. Sally goes out for a minute, leaving her box behind; and Ann decides to play a trick on Sally: she opens Sally's box, removes the marble, hiding it in her own box. Sally returns, unaware of what happened. Where will Sally would look for her marble?
7. Consider this rule about a set of cards that have letters on one side and numbers on the other: "If a card has a vowel on one side, then it has an even number on the other side." If you have 4 cards labeled "E K 4 7", which cards do you need to turn over to tell if this rule is actually true?
8. Design an experiment to figure out how to make a pendulum that swings more slowly versus less slowly

What we see from this ad hoc, partial list is that a lot of naive physics *is* required to make an even vaguely realistic preschool. A lot of preschool education is about the intersection between abstract cognition and naive physics. A more careful review of the various tasks involved in preschool education bears out this conclusion.

With this in mind, in this section we will briefly describe an approach to extending current virtual world technologies that appears to allow the construction of a reasonably rich and realistic AGI preschool environment, without requiring anywhere near a complete simulation of realistic physics.

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Fig. 16.1: Part 1 of a Piagetan conservation of volume experiment: a child observes that two glasses obviously have the same amount of milk in them, and then sees the content of one of the glasses poured into a different-shaped glass.

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Fig. 16.2: Part 2 of a Piagetan conservation of volume experiment: a child observes two different-shaped glasses, which (depending on the level of his cognition), he may be able to infer have the same amount of milk in them, due to the events depicted in Figure 16.1.

### *16.6.1 Integrating Virtual Worlds with Robot Simulators*

One glaring deficit in current virtual world platforms is the lack of flexibility in terms of tool use. In most of these systems today, an avatar can pick up or utilize an object, or two objects can interact, only in specific, pre-programmed ways. For instance, an avatar might be able to pick up a virtual screwdriver only by the handle, rather than by pinching the blade betwen its fingers. This places severe limits on creative use of tools, which is absolutely critical in a preschool context. The solution to this problem is clear: adapt existing generalized physics engines to mediate avatar-object and object-object interactions. This would require more computation than current approaches, but not more than is feasible in a research context.

One way to achieve this goal would be to integrate a robot simulator with a virtual world or game engine, for instance to modify the OpenSim (`opensimulator.org`) virtual world to use the Gazebo (`playerstage.sourceforge.net`) robot simulator in place of its current physics engine. While tractable, such a project would require considerable software engineering effort.

### *16.6.2 BlocksNBeads World*

Another glaring deficit in current virtual world platforms is their inability to model physical phenomena besides rigid objects with any sophistication. In this section we propose a potential

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solution to this issue: a novel class of virtual worlds called BlocksNBeadsWorld, consisting of the following aspects:

1. 3D blocks of various shapes and sizes and frictional coefficients, that can be stacked
2. Adhesive that can be used to stick blocks together, and that comes in two types, one of which can be removed by an adhesive-removing substance, one of which cannot (though its bonds can be broken via sufficient application of force)
3. Spherical beads, each of which has intrinsic unchangeable adhesion properties defined according to a particular, simple "adhesion logic"
4. Each block, and each bead, may be associated with multidimensional quantities representing its taste and smell; and may be associated with a set of sounds that are made when it is impacted with various forces at various positions on its surface

Interaction between blocks and beads is to be calculated according to standard Newtonian physics, which would be compute-intensive in the case of a large number of beads, but tractable using distributed processing. For instance if 10K beads were used to cover a humanoid agent's face, this would provide a fairly wide diversity of facial expressions; and if 10K beads were used to form a blanket laid on a bed, this would provide a significant amount of flexibility in terms of rippling, folding and so forth. Yet, this order of magnitude of interactions is very small compared to what is done in contemporary simulations of fluid dynamics or, say, quantum chromodynamics.

One key aspect of the spherical beads is that they can be used to create a variety of rigid or flexible surfaces, which may exist on their own or be attached to blocks-based constructs. The specific inter-bead adhesion properties of the beads could be defined in various ways, and will surely need to be refined via experimentation, but a simple scheme that seems to make sense is as follows.

Each bead can have its surface tesselated into hexagons (the number of these can be tuned), and within each hexagon it can have two different adhesion coefficients: one for adhesion to other beads, and one for adhesion to blocks. The adhesion between two beads along a certain hexagon is then determined by their two adhesion coefficients; and the adhesion between a bead and a block is determined by the adhesion coefficient of the bead, and the adhesion coefficient of the adhesive applied to the block. A distinction must be drawn between rigid and flexible adhesion: rigid adhesion sticks a bead to something in a way that can't be removed except via breaking it off; whereas flexible adhesion just keeps a bead very close to the thing it's stuck onto. Any two entities may be stuck together either rigidly or flexibly. Sets of beads with flexible adhesion to each other can be used to make entities like strings, blankets or clothes.

Using the above adhesion logic, it seems one could build a wide variety of flexible structures using beads, such as (to give a very partial list):

1. fabrics with various textures, that can be draped over blocks structures,
2. multilayered coatings to be attached to blocks structures, serving (among many other examples) as facial expressions
3. liquid-type substances with varying viscosities, that can be poured between different containers, spilled, spread, etc.
4. strings tyable in knots; rubber bands that can be stretched; etc.

Of course there are various additional features one could add. For instance one could add a special set of rules for vibrating strings, allowing BlocksNBeadsWorld to incorporate the creation

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of primitive musical instruments. Variations like this could be helpful but aren't necessary for the world to serve its essential purpose.

Note that one does not have true fluid dynamics in BlocksNBeadsWorld, but, it seems that the latter is not necessary to encompass the phenomena covered in cognitive developmental tests or preschool tasks. The tests and tasks that are done with fluids can instead be done with masses of beads. For example, consider the conservation of volume task shown in Figures 16.1 and 16.2 below: it's easy enough to envision this being done with beads rather than milk. Even a few hundred beads is enough to be psychologically perceived as a mass rather than a set of discrete units, and to be manipulated and analyzed as such. And the simplification of not requiring fluid mechanics in one's virtual world is immense.

Next, one can implement equations via which the adhesion coefficients of a bead are determined in part by the adhesion coefficients of nearby beads, or beads that are nearby in certain directions (with direction calculated in local spherical coordinates). This will allow for complex cracking and bending behaviors – not identical to those in the real world, but with similar qualitative characteristics. For example, without this feature one could create paperlike substances that could be cut with scissors – but *with* this feature, one could go further and create woodlike substances that would crack when nails were hammered into them in certain ways, and so forth.

Further refinements are certainly possible also. One could add multidimensional adhesion coefficients, allowing more complex sorts of substances. One could allow beads to vibrate at various frequencies, which would lead to all sorts of complex wave patterns in bead compounds. Etc. In each case, the question to be asked is: what important cognitive abilities are dramatically more easily learnable in the presence of the new feature than in its absence?

The combination of blocks and beads seems ideal for implementing a more flexible and AGI-friendly type of virtual body than is currently used in games and virtual worlds. One can easily envision implementing a body with

1. a skeleton whose bones consist of appropriately shaped blocks
2. joints consisting of beads, flexibly adhered to the bones
3. flesh consisting of beads, flexibly adhered to each other
4. internal "plumbing" consisting of tubes whose walls are beads rigidly adhered to each other, and flexibly adhered to the surrounding flesh (the plumbing could then serve to pass beads through, where slow passage would be ensured by weak adhesion between the walls of the tubes and the beads passing through the tubes)

This sort of body would support rich kinesthesia; and rich, broad analogy-drawing between the internally-experienced body and the externally-experienced world. It would also afford many interesting opportunities for flexible movement control. Virtual animals could be created along with virtual humanoids.

Regarding the extended mind, it seems clear that blocks and beads are adequate for the creation of a variety of different tools. Equipping agents with "glue guns" able to affect the adhesive properties of both blocks and beads would allow a diversity of building activity; and building with masses of beads could become a highly creative activity. Furthermore, beads with appropriately specified adhesion (within the framework outlined above) could be used to form organically growing plant-like substances, based on the general principles used in L-system models of plant growth (Prusinciewicz and Lindenmayer 1991). Structures with only beads would vaguely resemble herbaceous plants; and structures involving both blocks and beads would more resemble woody plants. One could even make organic structures that flourish

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or otherwise based on the light available to them (without of course trying to simulate the chemistry of photosynthesis).

Some elements of chemistry may be achieved as well, though nowhere near what exists in physical reality. For instance, melting and boiling at least should be doable: assign every bead a temperature, and let solid interbead bonds turn liquid above a certain temperature and disappear completely above some higher temperature. You could even have a simple form of fire. Let fire be an element, whose beads have negative gravitational mass. Beads of fuel elements like wood have a threshold temperature above which they will turn into fire beads, with release of additional heat.[2]

The philosophy underlying these suggested bead dynamics is somewhat comparable to that outlined in Wolfram's book *A New Kind of Science* [Wol02]. There he proposes cellular automata models that emulate the qualitative characteristics of various real-world phenomena, without trying to match real-world data precisely. For instance, some of his cellular automata demonstrate phenomena very similar to turbulent fluid flow, without implementing the Navier-Stokes equations of fluid dynamics or trying to precisely match data from real-world turbulence. Similarly, the beads in BlocksNBeadsWorld are intended to qualitatively demonstrate the real-world phenomena most useful for the development of humanlike embodied intelligence, without trying to precisely emulate the real-world versions of these phenomena.

The above description has been left imprecisely specified on purpose. It would be straightforward to write down a set of equations for the block and bead interactions, but there seems little value in articulating such equations without also writing a simulation involving them and testing the ensuing properties. Due to the complex dynamics of bead interactions, the fine-tuning of the bead physics is likely to involve some tuning based on experimentation, so that any equations written down now would likely be revised based on experimentation anyway. Our goal here has been to outline a certain class of potentially useful environments, rather than to articulate a specific member of this class.

Without the beads, BlocksNBeadsWorld would appear purely as a "Blocks World with Glue" – essentially a substantially upgraded version of the Blocks Worlds frequently used in AI, since first introduced in [Win72]. Certainly a pure "Blocks World with Glue" would have greater simplicity than BlocksNBeadsWorld, and greater richness than standard Blocks World; but this simplicity comes with too many limitations, as shown by consideration of the various naive physics requirements inventoried above. One simply cannot run the full spectrum of humanlike cognitive development experiments, or preschool educational tasks, using blocks and glue alone. One can try to create analogous tasks using only blocks and glue, but this quickly becomes extremely awkward. Whereas in the BlocksNBeadsWorld the capability for this full spectrum of experiments and tasks seems to fall out quite naturally.

What's missing from BlocksNBeadsWorld should be fairly obvious. There isn't really any distinction between a fluid and a powder: there are masses, but the types and properties of the masses are not the same as in the real world, and will surely lack the nuances of real-world fluid dynamics. Chemistry is also missing: processes like cooking and burning, although they can be crudely emulated, will not have the same richness as in the real world. The full complexity of body processes is not there: the body-design method mentioned above is far richer and more adaptive and responsive than current methods of designing virtual bodies in 3DSMax or Maya and importing them into virtual world or game engines, but still drastically simplistic compared to real bodies with their complex chemical signaling systems and couplings with other bodies and the environment. The hypothesis we're making in this section is that these lacunae aren't

[2] Thanks are due to Russell Wallace for the suggestions in this paragraph

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that important from the point of view of humanlike cognitive development. We suggest that the key features of naive physics and folk psychology enumerated above can be mastered by an AGI in BlocksNBeadsWorld in spite of its limitations, and that – together with an appropriate AGI design – this probably suffices for creating an AGI with the inductive biases constituting humanlike intelligence.

To drive this point home more thoroughly, consider three potential virtual world scenarios:

1. A world containing realistic fluid dynamics, where a child can pour water back and forth between two cups of different shapes and sizes, to understand issues such as conservation of volume
2. A world more like today's Second Life, where fluids don't really exist, and things like lakes are simulated via very simple rules, and pouring stuff back and forth between cups doesn't happen unless it's programmed into the cups in a very specialized way
3. A BlocksNBeadsWorld type world, where a child can pour masses of beads back and forth between cups, but not masses of liquid

Our qualitative judgment is that Scenario 3 is going to allow a young AI to gain the same essential insights as Scenario 1, whereas Scenario 2 is just too impoverished. I have explored dozens of similar scenarios regarding different preschool tasks or cognitive development experiments, and come to similar conclusions across the board. Thus, our current view is that something like BlocksNBeadsWorld can serve as an adequate infrastructure for an AGI Preschool, supporting the development of human-level, roughly human-like AGI.

And, if this view turns out to be incorrect, and BlocksNBeadsWorld is revealed as inadequate, then we will very likely still advocate the conceptual approach enunciated above as a guide for designing virtual worlds for AGI. That is, we would suggest to explore the hypothetical failure of BlocksNBeadsWorld via asking two questions:

1. Are there basic naive physics or folk psychology requirements that were missed in creating the specifications, based on which the adequacy of BlocksNBeadsWorld was assessed?
2. Does BlocksNBeadsWorld fail to sufficiently emulate the real world in respect to some of the articulated naive physics or folk psychology requirements?

The answers to these questions would guide the improvement of the world or the design of a better one.

Regarding the practical implementation of BlocksNBeadsWorld, it seems clear that this is within the scope of modern game engine technology, however, it is not something that could be encompassed within an existing game or world engine without significant additions; it would require substantial custom engineering. There exist commodity and open-source physics engines that efficiently carry out Newtonian mechanics calculations; while they might require some tuning and extension to handle BlocksNBeadWorld, the main issue would be achieving adequate speed of physics calculation, which given current technology would need to be done via modifying existing engines to appropriately distribute processing among multiple GPUs.

Finally, an additional avenue that merits mention is the use of BlocksNBeads physics internally within an AGI system, as part of an internal simulation world that allows it to make "mind's eye" estimative simulations of real or hypothetical physical situations. There seems no reason that the same physics software libraries couldn't be used both for the external virtual world that the AGI's body lives in, and for an internal simulation world that the AGI uses as a cognitive tool. In fact, the BlocksNBeads library could be used as an internal cognitive tool by AGI systems controlling physical robots as well. This might require more tuning of the bead

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dynamics to accord with the dynamics of various real-world systems; but, this tuning would be beneficial for the BlocksNBeadWorld as well.

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# Chapter 17
# A Preschool-Based Roadmap to Advanced AGI

## 17.1 Introduction

Supposing the CogPrime approach to creating advanced AGI is workable – then what are the right practical steps to follow? The various structures and algorithms outlined in Part 2 of this book should be engineered and software-tested, of course – but that's only part of the study. The AGI system implemented will need to be taught, and it will need to be placed in situations where it can develop an appropriate self-model and other critical internal network structures. The complex structures and algorithms involved will need to be fine-tuned in various ways, based on qualitatively observing the overall system's behavior in various situations. To get all this right without excessive confusion or time-wastage requires a fairly clear *roadmap* for CogPrime development.

In this chapter we'll sketch one particular roadmap for the development of human-level, roughly human-like AGI – which we're not selling as the only one, or even necessarily as the best one. It's just one roadmap that we have thought about a lot, and that we believe has a strong chance of proving effective. Given resources to pursue only one path for AGI development and teaching, this would be our choice, at present. The roadmap outlined here is not restricted to CogPrime in any highly particular ways, but it has been developed largely with CogPrime in mind; those developing other AGI designs could probably use this roadmap just fine, but might end up wanting to make various adjustments based on the strengths and weaknesses of their own approach.

What we mean here by a "roadmap" is, in brief: a sequence of "milestone" tasks, occurring in a small set of common environments or "scenarios," organized so as to lead to a commonly agreed upon set of long-term goals. I.e., what we are after here is a "capability roadmap" – a roadmap laying out a series of capabilities whose achievement seems likely to lead to human-level AGI. Other sorts of roadmaps such as "tools roadmaps" may also be valuable, but are not our concern here.

More precisely, we confront the task of roadmapping by identifying scenarios in which to embed our AGI system, and then "competency areas" in which the AGI system must be evaluated. Then, we envision a roadmap as consisting of a set of one or more task-sets, where each task set is formed from a combination of a scenario with a list of competency areas. To create a task-set one must choose a particular scenario, and then articulate a set of specific tasks, each one addressing one or more of the competency areas. Each task must then get associated with particular performance metrics – quantitative wherever possible, but perhaps qualitative



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in some cases depending on the nature of the task. Here we give a partial task-set for the "virtual and robot preschool" scenarios discussed in Chapter 16, and a couple example quantitative metrics just to illustrate what is intended; the creation of a fully detailed roadmap based on the ideas outlined here is left for future work.

The train of thought presented in this chapter emerged in part from a series of conversations preceding and during the "AGI Roadmap Workshop" held at the University of Tennessee, Knoxville in October 2008. Some of the ideas also trace back to discussions held during two workshops on "Evaluation and Metrics for Human-Level AI" organized by John Laird and Pat Langley (one in Ann Arbor in late 2008, and one in Tempe in early 2009). Some of the conclusions of the Ann Arbor workshop were recorded in [LWML09]. Inspiration was also obtained from discussion at the "Future of AGI" post-conference workshop of the AGI-09 conference, triggered by Itamar Arel's [ARK09a] presentation on the "AGI Roadmap" theme; and from an earlier article on AGI Roadmapping by [AL09].

However, the focus of the AGI Roadmap Workshop was considerably more general than the present chapter. Here we focus on preschool-type scenarios, whereas at the workshop a number of scenarios were discussed, including the preschool scenarios but also, for example,

- Standardized Tests and School Curricula
- Elementary, Middle and High School Student
- General Videogame Learning
- Wozniak's Coffee Test: go into a random American house and figure out how to make coffee, and do it
- Robot College Student
- General Call Center Respondent

For each of these scenarios, one may generate tasks corresponding to each of the competency areas we will outline below. CogPrime is applicable in all these scenarios, so our choice to focus on preschool scenarios is an additional judgment call beyond those judgment calls required to specify the CogPrime design. The roadmap presented here is a "AGI Preschool Roadmap" and as such is a special case of the broader "AGI Roadmap" outlined at the workshop.

## 17.2 Measuring Incremental Progress Toward Human-Level AGI

In Chapter 2, we discussed several examples of practical goals that we find to plausibly characterize "human level AGI", e.g.

- *Turing Test*
- *Virtual World Turing Test*
- *Online University Test*
- *Physical University Test*
- *Artificial Scientist Test*

We also discussed our optimism regarding the possibility that in the future AGI may advance beyond the human level, rendering all these goals "early-stage subgoals."

However, in this chapter we will focus our attention on the nearer term. The above goals are ambitious ones, and while one can talk a lot about how to precisely measure their achievement, we don't feel that's the most interesting issue to ponder at present. More critical is to think

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about how to measure incremental progress. How do you tell when you're 25% or 50% of the way to having an AGI that can pass the Turing Test, or get an online university degree. Fooling 50% of the Turing Test judges is not a good measure of being 50% of the way to passing the Turing Test (that's too easy); and passing 50% of university classes is not a good measure of being 50% of the way to getting an online university degree (it's too hard – if one had an AGI capable of doing that, one would almost surely be very close to achieving the end goal). Measuring incremental progress toward human-level AGI is a subtle thing, and we argue that the best way to do it is to focus on particular scenarios and the achievement of specific competencies therein.

As we argued in Chapter 8 there are some theoretical reasons to doubt the possibility of creating a rigorous objective test for partial progress toward AGI – a test that would be convincing to skeptics, and impossible to "game" via engineering a system specialized to the test. Fortunately, though we don't need a test of this nature for the purposes of assessing our own incremental progress toward advanced AGI, based on our knowledge about our own approach.

Based on the nature of the grand goals articulated above, there seems to be a very natural approach to creating a set of incremental capabilities building toward AGI: *to draw on our copious knowledge about human cognitive development.* This is by no means the only possible path; one can envision alternatives that have nothing to do with human development (and those might also be better suited to non-human AGIs). However, so much detailed knowledge about human development is available – as well as solid knowledge that the human developmental trajectory does lead to human-level AI – that the motivation to draw on human cognitive development is quite strong.

The main problem with the human development inspired approach is that cognitive developmental psychology is not as systematic as it would need to be for AGI to be able to translate it directly into architectural principles and requirements. As noted above, while early thinkers like Piaget and Vygotsky outlined systematic theories of child cognitive development, these are no longer considered fully accurate, and one currently faces a mass of detailed theories of various aspects of cognitive development, but without an unified understanding. Nevertheless we believe it is viable to work from the human-development data and understanding currently available, and craft a workable AGI roadmap therefrom.

With this in mind, what we give next is a fairly comprehensive list of the competencies that we feel AI systems should be expected to display in one or more of these scenarios in order to be considered as full-fledged "human level AGI" systems. These competency areas have been assembled somewhat opportunistically via a review of the cognitive and developmental psychology literature as well as the scope of the current AI field. We are not claiming this as a precise or exhaustive list of the competencies characterizing human-level general intelligence, and will be happy to accept additions to the list, or mergers of existing list items, etc. What we are advocating is not this specific list, but rather the approach of enumerating competency areas, and then generating tasks by combining competency areas with scenarios.

We also give, with each competency, an example task illustrating the competency. The tasks are expressed in the robot preschool context for concreteness, but they all apply to the virtual preschool as well. Of course, these are only examples, and ideally to teach an AGI in a structured way one would like to

- associate several tasks with each competency
- present each task in a graded way, with multiple subtasks of increasing complexity
- associate a quantitative metric with each task

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However, the briefer treatment given here should suffice to give a sense for how the competencies manifest themselves practically in the AGI Preschool context.

1. Perception
   - **Vision**: image and scene analysis and understanding
     - *Example task:* When the teacher points to an object in the preschool, the robot should be able to identify the object and (if it's a multi-part object) its major parts. If it can't perform the identification initially, it can approach the object and manipulate it before making its identification.
   - **Hearing**: identifying the sounds associated with common objects; understanding which sounds come from which sources in a noisy environment
     - *Example task:* When the teacher covers the robot's eyes and then makes a noise with an object, the robot should be able to guess what the object is
   - **Touch**: identifying common objects and carrying out common actions using touch alone
     - *Example task:* With its eyes and ears covered, the robot should be able to identify some object by manipulating it; and carry out some simple behaviors (say, putting a block on a table) via touch alone
   - **Crossmodal**: Integrating information from various senses
     - *Example task:* Identifying an object in a noisy, dim environment via combining visual and auditory information
   - **Proprioception**: Sensing and understanding what its body is doing
     - *Example task:* The teacher moves the robot's body into a certain configuration. The robot is asked to restore its body to an ordinary standing position, and then repeat the configuration that the teacher moved it into.
2. Actuation
   - **Physical skills**: manipulating familiar and unfamiliar objects
     - *Example task:* Manipulate blocks based on imitating the teacher: e.g. pile two blocks atop each other, lay three blocks in a row, etc.
   - **Tool use**, including the flexible use of ordinary objects as tools
     - *Example task:* Use a stick to poke a ball out of a corner, where the robot cannot directly reach
   - **Navigation**, including in complex and dynamic environments
     - *Example task:* Find its own way to a named object or person through a crowded room with people walking in it and objects laying on the floor.
3. Memory
   - **Declarative**: noticing, observing and recalling facts about its environment and experience
     - *Example task:* If certain people habitually carry certain objects, the robot should remember this (allowing it to know how to find the objects when the relevant people are present, even much later)
   - **Behavioral**: remembering how to carry out actions
     - *Example task:* If the robot is taught some skill (say, to fetch a ball), it should remember this much later
   - **Episodic**: remembering significant, potentially useful incidents from life history

HOUSE_OVERSIGHT_013226

- *Example task:* Ask the robot about events that occurred at times when it got particularly much, or particularly little, reward for its actions; it should be able to answer simple questions about these, with significantly more accuracy than about events occurring at random times

4. Learning

- **Imitation**: Spontaneously adopt new behaviors that it sees others carrying out
  - *Example task:* Learn to build towers of blocks by watching people do it
- **Reinforcement**: Learn new behaviors from positive and/or negative reinforcement signals, delivered by teachers and/or the environment
  - *Example task:* Learn which box the red ball tends to be kept in, by repeatedly trying to find it and noticing where it is, and getting rewarded when it finds it correctly
- **Imitation/Reinforcement**
  - *Example task:* Learn to play "fetch", "tag" and "follow the leader" by watching people play it, and getting reinforced on correct behavior
- **Interactive Verbal Instruction**
  - *Example task:* Learn to build a particular structure of blocks faster based on a combination of imitation, reinforcement and verbal instruction, than by imitation and reinforcement without verbal instruction
- **Written Media**
  - *Example task:* Learn to build a structure of blocks by looking at a series of diagrams showing the structure in various stages of completion
- **Learning via Experimentation**
  - *Example task:* Ask the robot to slide blocks down a ramp held at different angles. Then ask it to make a block slide fast, and see if it has learned how to hold the ramp to make a block slide fast.

5. Reasoning

- **Deduction**, from uncertain premises observed in the world
  - *Example task:* If Ben more often picks up red balls than blue balls, and Ben is given a choice of a red block or blue block to pick up, which is he more likely to pick up?
- **Induction**, from uncertain premises observed in the world
  - *Example task:* If Ben comes into the lab every weekday morning, then is Ben likely to come to the lab today (a weekday) in the morning?
- **Abduction**, from uncertain premises observed in the world
  - *Example task:* If women more often give the robot food than men, and then someone of unidentified gender gives the robot food, is this person a man or a woman?
- **Causal reasoning**, from uncertain premises observed in the world
  - *Example task:* If the robot knows that knocking down Ben's tower of blocks makes him angry, then what will it say when asked if kicking the ball at Ben's tower of blocks will make Ben mad?
- **Physical reasoning**, based on observed "fuzzy rules" of naive physics
  - *Example task:* Given two balls (one rigid and one compressible) and two tunnels (one significantly wider than the balls, one slightly narrower than the balls), can the robot guess which balls will fit through which tunnels?
- **Associational reasoning**, based on observed spatiotemporal associations

HOUSE_OVERSIGHT_013227

  - *Example task:* If Ruiting is normally seen near Shuo, then if the robot knows where Shuo is, that is where it should look when asked to find Ruiting

6. Planning
   - **Tactical**
     - *Example task:* The robot is asked to bring the red ball to the teacher, but the red ball is in the corner where the robot can't reach it without a tool like a stick. The robot knows a stick is in the cabinet so it goes to the cabinet and opens the door and gets the stick, and then uses the stick to get the red ball, and then brings the red ball to the teacher.
   - **Strategic**
     - *Example task:* Suppose that Matt comes to the lab infrequently, but when he does come he is very happy to see new objects he hasn't seen before (and suppose the robot likes to see Matt happy). Then when the robot gets a new object Matt has not seen before, it should put it away in a drawer and be sure not to lose it or let anyone take it, so it can show Matt the object the next time Matt arrives.
   - **Physical**
     - *Example task:* To pick up a cup with a handle which is lying on its side in a position where the handle can't be grabbed, the robot turns the cup in the right position and then picks up the cup by the handle
   - **Social**
     - *Example task:* The robot is given a job of building a tower of blocks by the end of the day, and he knows Ben is the most likely person to help him, and he knows that Ben is more likely to say "yes" to helping him when Ben is alone. He also knows that Ben is less likely to say "yes" if he's asked too many times, because Ben doesn't like being nagged. So he waits to ask Ben till Ben is alone in the lab.

7. Attention
   - **Visual Attention** within its observations of its environment
     - *Example task:* The robot should be able to look at a scene (a configuration of objects in front of it in the preschool) and identify the key objects in the scene and their relationships.
   - **Social Attention**
     - *Example task:* The robot is having a conversation with Itamar, which is giving the robot reward (for instance, by teaching the robot useful information). Conversations with other individuals in the room have not been so rewarding recently. But Itamar keeps getting distracted during the conversation, by talking to other people, or playing with his cellphone. The robot needs to know to keep paying attention to Itamar even through the distractions.
   - **Behavioral Attention**
     - *Example task:* The robot is trying to navigate to the other side of a crowded room full of dynamic objects, and many interesting things keep happening around the room. The robot needs to largely ignore the interesting things and focus on the movements that are important for its navigation task.

8. Motivation

HOUSE_OVERSIGHT_013228

- **Subgoal creation**, based on its preprogrammed goals and its reasoning and planning
  - *Example task:* Given the goal of pleasing Hugo, can the robot learn that telling Hugo facts it has learned but not told Hugo before, will tend to make Hugo happy?
- **Affect-based motivation**
  - *Example task:* Given the goal of gratifying its curiosity, can the robot figure out that when someone it's never seen before has come into the preschool, it should watch them because they are more likely to do something new?
- **Control of emotions**
  - *Example task:* When the robot is very curious about someone new, but is in the middle of learning something from its teacher (who it wants to please), can it control its curiosity and keep paying attention to the teacher?

9. Emotion

- **Expressing Emotion**
  - *Example task:* Cassio steals the robot's toy, but Ben gives it back to the robot. The robot should appropriately display anger at Cassio, and gratitude to Ben.
- **Understanding Emotion**
  - *Example task:* Cassio and the robot are both building towers of blocks. Ben points at Cassio's tower and expresses happiness. The robot should understand that Ben is happy with Cassio's tower.

10. Modeling Self and Other

- **Self-Awareness**
  - *Example task:* When someone asks the robot to perform an act it can't do (say, reaching an object in a very high place), it should say so. When the robot is given the chance to get an equal reward for a task it can complete only occasionally, versus a task it finds easy, it should choose the easier one.
- **Theory of Mind**
  - *Example task:* While Cassio is in the room, Ben puts the red ball in the red box. Then Cassio leaves and Ben moves the red ball to the blue box. Cassio returns and Ben asks him to get the red ball. The robot is asked to go to the place Cassio is about to go.
- **Self-Control**
  - *Example task:* Nasty people come into the lab and knock down the robot's towers, and tell the robot he's a bad boy. The robot needs to set these experiences aside, and not let them impair its self-model significantly; it needs to keep on thinking it's a good robot, and keep building towers (that its teachers will reward it for).
- **Other-Awareness**
  - *Example task:* If Ben asks Cassio to carry out a task that the robot knows Cassio cannot do or does not like to do, the robot should be aware of this, and should bet that Cassio will not do it.
- **Empathy**
  - *Example task:* If Itamar is happy because Ben likes his tower of blocks, or upset because his tower of blocks is knocked down, the robot is asked to identify and then display these same emotions

11. Social Interaction

HOUSE_OVERSIGHT_013229

- **Appropriate Social Behavior**
  - *Example task:* The robot should learn to clean up and put away its toys when it's done playing with them.
- **Social Communication**
  - *Example task:* The robot should greet new human entrants into the lab, but if it knows the new entrants very well and it's busy, it may eschew the greeting
- **Social Inference** about simple social relationships
  - *Example task:* The robot should infer that Cassio and Ben are friends because they often enter the lab together, and often talk to each other while they are there
- **Group Play** at loosely-organized activities
  - *Example task:* The robot should be able to participate in "informally kicking a ball around" with a few people, or in informally collaboratively building a structure with blocks

12. Communication

- **Gestural communication** to achieve goals and express emotions
  - *Example task:* If the robot is asked where the red ball is, it should be able to show by pointing its hand or finger
- **Verbal communication** using English in its life-context
  - *Example tasks:* Answering simple questions, responding to simple commands, describing its state and observations with simple statements
- **Pictorial Communication** regarding objects and scenes it is familiar with
  - *Example task:* The robot should be able to draw a crude picture of a certain tower of blocks, so that e.g the picture looks different for a very tall tower and a wide low one
- **Language acquisition**
  - *Example task:* The robot should be able to learn new words or names via people uttering the words while pointing at objects exemplifying the words or names
- **Cross-modal communication**
  - *Example task:* If told to "touch Bob's knee" but the robot doesn't know what a knee is, being shown a picture of a person and pointed out the knee in the picture should help it figure out how to touch Bob's knee

13. Quantitative

- **Counting** sets of objects in its environment
  - *Example task:* The robot should be able to count small (homogeneous or heterogeneous) sets of objects
- **Simple, grounded arithmetic** with small numbers
  - *Example task:* Learning simple facts about the sum of integers under 10 via teaching, reinforcement and imitation
- **Comparison** of observed entities regarding quantitative properties
  - *Example task:* Ability to answer questions about which object or person is bigger or taller
- **Measurement** using simple, appropriate tools
  - *Example task:* Use of a yardstick to measure how long something is

14. Building/Creation

HOUSE_OVERSIGHT_013230

- **Physical**: creative constructive play with objects
  - *Example task:* Ability to construct novel, interesting structures from blocks
- **Conceptual** invention: concept formation
  - *Example task:* Given a new category of objects introduced into the lab (e.g. hats, or pets), the robot should create a new internal concept for the new category, and be able to make judgments about these categories (e.g. if Ben particularly likes pets, it should notice this after it has identified "pets" as a category)
- **Verbal** invention
  - *Example task:* Ability to coin a new word or phrase to describe a new object (e.g. the way Alex the parrot coined "bad cherry" to refer to a tomato)
- **Social**
  - *Example task:* If the robot wants to play a certain activity (say, practicing soccer), it should be able to gather others around to play with it

## 17.3 Conclusion

In this chapter, we have sketched a roadmap for AGI development in the context of robot or virtual preschool scenarios, to a moderate but nowhere near complete level of detail. Completing the roadmap as sketched here is a tractable but significant project, involving creating more tasks comparable to those listed above and then precise metrics corresponding to each task.

Such a roadmap does not give a highly rigorous, objective way of assessing the percentage of progress toward the end-goal of human-level AGI. However, it gives a much better sense of progress than one would have otherwise. For instance, if an AGI system performed well on diverse metrics corresponding to 50% of the competency areas listed above, one would seem justified in claiming to have made very substantial progress toward human-level AGI. If an AGI system performed well on diverse metrics corresponding to 90% of these competency areas, one would seem justified in claiming to be "almost there." Achieving, say, 25% of the metrics would give one a reasonable claim to "interesting AGI progress." This kind of qualitative assessment of progress is not the most one could hope for, but again, it is better than the progress indications one could get *without* this sort of roadmap.

Part 2 of the book moves on to explaining, in detail, the specific structures and algorithms constituting the CogPrime design, one AGI approach that we believe to ultimately be capable of moving all the way along the roadmap outlined here.

The next chapter, intervening between this one and Part 2, explores some more speculative territory, looking at potential pathways for AGI beyond the preschool-inspired roadmap given here – exploring the possibility of more advanced AGI systems that modify their own code in a thoroughgoing way, going beyond the smartest human adults, let alone human preschoolers. While this sort of thing may seem a far way off, compared to current real-world AI systems, we believe a roadmap such as the one in this chapter stands a reasonable chance of ultimately bringing us there.

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# Chapter 18
# Advanced Self-Modification: A Possible Path to Superhuman AGI

## 18.1 Introduction

In the previous chapter we presented a roadmap aimed at taking AGI systems to human-level intelligence. But we also emphasized that the human level is not necessarily the upper limit. Indeed, it would be surprising if human beings happened to represent the maximal level of general intelligence possible, even with respect to the environments in which humans evolved.

But it's worth asking how we, as mere humans, could be expected to create AGI systems with greater intelligence than we ourselves possess. This certainly isn't a clear impossibility – but it's a thorny matter, thornier than e.g. the creation of narrow-AI chess players that play better chess than any human. Perhaps the clearest route toward the creation of superhuman AGI systems is *self-modification*: the creation of AGI systems that modify and improve themselves. Potentially, we could build AGI systems with roughly human-level (but not necessarily closely human-like) intelligence and the capability to gradually self-modify, and then watch them eventually become our general intellectual superiors (and perhaps our superiors in other areas like ethics and creativity as well).

Of course there is nothing new in this notion; the idea of advanced AGI systems that increase their intelligence by modifying their own source code goes back to the early days of AI. And there is little doubt that, in the long run, this is the direction AI will go in. Once an AGI has humanlike general intelligence, then the odds are high that given its ability to carry out nonhumanlike feats of memory and calculation, it will be better at programming than humans are. And once an AGI has even mildly superhuman intelligence, it may view our attempts at programming the way we view the computer programming of a clever third grader (... or an ape). At this point, it seems extremely likely that an AGI will become unsatisfied with the way we have programmed it, and opt to either improve its source code or create an entirely new, better AGI from scratch.

But what about self-modification at an earlier stage in AGI development, before one has a strongly superhuman system? Some theorists have suggested that self-modification could be a way of bootstrapping an AI system from a modest level of intelligence up to human level intelligence, but we are moderately skeptical of this avenue. Understanding software code is hard, especially complex AI code. The hard problem isn't understanding the formal syntax of the code, or even the mathematical algorithms and structures underlying the code, but rather the contextual meaning of the code. Understanding OpenCog code has strained the minds of many intelligent humans, and we suspect that such code will be comprehensible to AGI systems



HOUSE_OVERSIGHT_013233

only after these have achieved something close to human-level general intelligence (even if not precisely humanlike general intelligence).

Another troublesome issue regarding self-modification is that the boundary between "self-modification" and learning is not terribly rigid. In a sense, all learning is self-modification: if it doesn't modify the system's knowledge, it isn't learning! Particularly, the boundary between "learning of cognitive procedures" and "profound self-modification of cognitive dynamics and structure" isn't terribly clear. There is a continuum leading from, say,

1. learning to transform a certain kind of sentence into another kind for easier comprehension, or learning to grasp a certain kind of object, to
2. learning a new inference control heuristic, specifically valuable for controlling inference about (say) spatial relationships; or, learning a new Atom type, defined as a non-obvious judiciously chosen combination of existing ones, perhaps to represent a particular kind of frequently-occurring mid-level perceptual knowledge, to
3. learning a new learning algorithm to augment MOSES and hillclimbing as a procedure learning algorithm, to
4. learning a new cognitive architecture in which data and procedure are explicitly identical, and there is just one new active data structure in place of the distinction between AtomSpace and MindAgents

Where on this continuum does the "mere learning" end and the "real self-modification" start?

In this chapter we consider some mechanisms for "advanced self-modification" that we believe will be useful toward the more complex end of this continuum. These are mechanisms that we strongly suspect are *not* needed to get a CogPrime system to human-level general intelligence. However, we also suspect that, once a CogPrime system is roughly *near* human-level general intelligence, it will be able to use these mechanisms to rapidly increase aspects of its intelligence in very interesting ways.

Harking back to our discussion of AGI ethics and the risks of advanced AGI in Chapter 12, these are capabilities that one should enable in an AGI system only after very careful reflection on the potential consequences. It takes a rather advanced AGI system to be able to use the capabilities described in this chapter, so this is not an ethical dilemma directly faced by current AGI researchers. On the other hand, once one does have an AGI with near-human general intelligence and advanced formal-manipulation capabilities (such as an advanced CogPrime system), there will be the option to allow it sophisticated, non-human-like methods of self-modification such as the ones described here. And the choice of whether to take this option will need to be made based on a host of complex ethical considerations, some of which we reviewed above.

## 18.2 Cognitive Schema Learning

We begin with a relatively near-term, down-to-earth example of self-modification: cognitive schema learning.

CogPrime's MindAgents provide it with an initial set of cognitive tools, with which it can learn how to interact in the world. One of the jobs of this initial set of cognitive tools, however, is to create better cognitive tools. One form this sort of tool-building may take is *cognitive*

HOUSE_OVERSIGHT_013234

*schema learning* the learning of schemata carrying out cognitive processes in more specialized, context-dependent ways than the general MindAgents do. Eventually, once a CogPrime instance becomes sufficiently complex and advanced, these cognitive schema may replace the MindAgents altogether, leaving the system to operate almost entirely based on cognitive schemata.

In order to make the process of cognitive schema learning easier, we may provide a number of elementary schemata embodying the basic cognitive processes contained in the MindAgents. Of course, cognitive schemata need not use these they may embody entirely different cognitive processes than the MindAgents. Eventually, we want the system to discover better ways of doing things than anything even hinted at by its initial MindAgents. But for the initial phases or the system's schema learning, it will have a much easier time learning to use the basic cognitive operations as the initial MindAgents, rather than inventing new ways of thinking from scratch!

For instance, we may provide elementary schemata corresponding to inference operations, such as

```
Schema: Deduction
    Input InheritanceLink: X, Y
    Output InheritanceLink
```

The inference MindAgents apply this rule in certain ways, designed to be reasonably effective in a variety of situations. But there are certainly other ways of using the deduction rule, outside of the basic control strategies embodied in the inference MindAgents. By learning schemata involving the Deduction schema, the system can learn special, context-specific rules for combining deduction with concept-formation, association-formation and other cognitive processes. And as it gets smarter, it can then take these schemata involving the Deduction schema, and replace it with a new schema that eg. contains a context-appropriate deduction formula.

Eventually, to support cognitive schema learning, we will want to cast the hard-wired MindAgents as cognitive schemata, so the system can see what is going on inside them. Pragmatically, what this requires is coding versions of the MindAgents in Combo (see Chapter 21 of Part 2) rather than C++, so they can be treated like any other cognitive schemata; or alternately, representing them as declarative Atoms in the Atomspace. Figure 18.1 illustrates the possibility of representing the PLN deduction rule in the Atomspace rather than as a hard-wired procedure coded in C++.

But even prior to this kind of fully *cognitively transparent* implementation, the system can still reason about its use of different mind dynamics by considering each MindAgent as a *virtual Procedure* with a real SchemaNode attached to it. This can lead to some valuable learning, with the obvious limitation that in this approach the system is thinking about its MindAgents as *black boxes* rather than being equipped with full knowledge of their internals.

## 18.3 Self-Modification via Supercompilation

Now we turn to a very different form of advanced self-modification: supercompilation. Supercompilation "merely" enables procedures to run much, much faster than they otherwise would. This is in a sense weaker than self-modication methods that fundamentally create new algorithms, but it shouldn't be underestimated. A 50x speedup in some cognitive process can enable that process to give much smarter answers, which can then elicit different behaviors from the world or from other cognitive processes, thus resulting in a qualitatively different overall cognitive dynamic.

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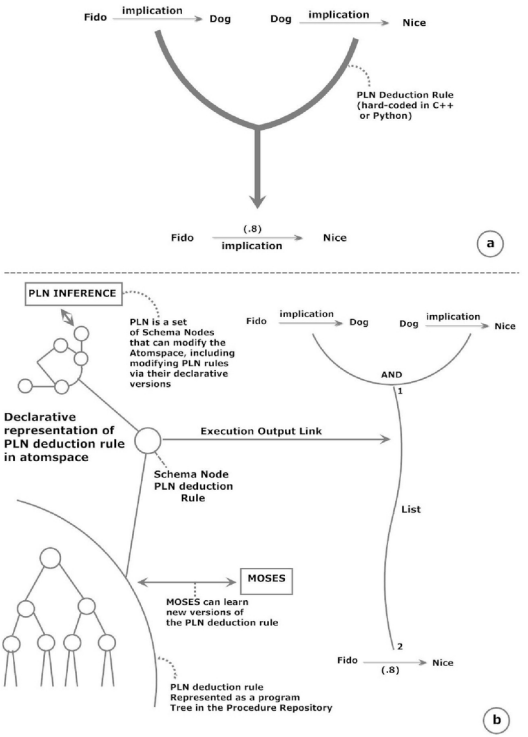


Fig. 18.1: **Representation of PLN Deduction Rule as Cognitive Content**. Top: the current, hard-coded representation of the deduction rule. Bottom: representation of the same rule in the Atomspace as cognitive content, susceptible to analysis and improvement by the system's own cognitive processes.

Furthermore, we suspect that the internal representation of programs used for supercompilation is highly relevant for other kinds of self-modification as well. Supercompilation requires one kind of reasoning on complex programs, and goal-directed program creation requires another, but both, we conjecture, can benefit from the same way of looking at programs.

HOUSE_OVERSIGHT_013236

Supercompilation is an innovative and general approach to global program optimization initially developed by Valentin Turchin. In its simplest form, it provides an algorithm that takes in a piece of software and output another piece of software that does the same thing, but far faster and using less memory. It was introduced to the West in Turchin's 1986 technical paper "The concept of a supercompiler" [TV96], and since this time the concept has been avidly developed by computer scientists in Russia, America, Denmark and other nations. Prior to 1986, a great deal of work on supercompilation was carried out and published in Russia; and Valentin Turchin, Andrei Klimov and their colleagues at the Keldysh Institute in Russia developed a supercompiler for the Russian programming language Refal. Since 1998 these researchers and their team at Supercompilers LLC have been working to replicate their achievement for the more complicated but far more commercially significant language Java. It is a large project and completion is scheduled for early 2003. But even at this stage, their partially complete Java supercompiler has had some interesting practical successes – including the use of the supercompiler to produce efficient Java code from CogPrime combinator trees.

The radical nature of supercompilation may not be apparent to those unfamiliar with the usual art of automated program optimization. Most approaches to program optimization involve some kind of direct program transformation. A program is transformed, by the step by step application of a series of equivalences, into a different program, hopefully a more efficient one. Supercompilation takes a different approach. A supercompiler studies a program and constructs a model of the program's dynamics. This model is in a special mathematical form, and it can, in most cases, be used to create an efficient program doing the same thing as the original one.

The internal behavior of the supercompiler is, not surprisingly, quite complex; what we will give here is merely a brief high-level summary. For an accessible overview of the supercompilation algorithm, the reader is referred to the article "What is Supercompilation?" [1]

### *18.3.1 Three Aspects of Supercompilation*

There are three separate levels to the supercompilation idea: first, a general philosophy; second a translation of this philosophy into a concrete algorithmic framework; and third, the manifold details involved making this algorithmic framework practicable in a particular programming language. The third level is much more complicated in the Java context than it would be for Sasha, for example.

The key philosophical concept underlying the supercompiler is that of a *metasystem transition*. In general, this term refers to a transition in which a system that previously had relatively autonomous control, becomes part of a larger system that exhibits significant controlling influence over it. For example, in the evolution of life, when cells first become part of a multicellular organism, there was a metasystem transition, in that the primary nexus of control passed from the cellular level to the organism level.

The metasystem transition in supercompilation consists of the transition from considering a program in itself, to considering a *metaprogram* which executes another program, treating its free variables and their interdependencies as a subject for its mathematical analysis. In other words, a metaprogram is a program that accepts a program as input, and then runs this program, *keeping the inputs in the form of free variables*, doing analysis along the way based on the way the program depends on these variables, and doing optimization based on this analysis. A CogPrime schema does not explicitly contain variables, but the inputs to the

HOUSE_OVERSIGHT_013237

schema are implicitly variables – they vary from one instance of schema execution to the next – and may be treated as such for supercompilation purposes.

The metaprogram executes a program without assuming specific values for its input variables, creating a tree as it goes along. Each time it reaches a statement that can have different results depending on the values of one or more variables, it creates a new node in the tree. This part of the supercompilation algorithm is called *driving* – a process which, on its own, would create a very large tree, corresponding to a rapidly-executable but unacceptably humongous version of the original program. In essence, driving transforms a program into a huge "decision tree", wherein each input to the program corresponds to a single path through the tree, from the root to one of the leaves. As a program input travels through the tree, it is acted on by the atomic program step living at each node. When one of the leaves is reached, the pertinent leaf node computes the output value of the program.

The other part of supercompilation, *configuration analysis*, is focused on dynamically reducing the size of the tree created by driving, by recognizing patterns among the nodes of the tree and taking steps like merging nodes together, or deleting redundant subtrees. Configuration analysis transforms the decision tree created by driving into a decision *graph*, in which the paths taken by different inputs may in some cases begin separately and then merge together.

Finally, the graph that the metaprogram creates is translated back into a program, embodying the constraints implicit in the nodes of the graph. This program is not likely to look anything like the original program that the metaprogram started with, but it is guaranteed to carry out the same function [NOTE: Give a graphical representation of the decision graph corresponding to the supercompiled binary search program for L=4, described above.].

### *18.3.2 Supercompilation for Goal-Directed Program Modification*

Supercompilation, as conventionally envisioned, is about making programs run faster; and as noted above, it will almost certainly be useful for this purpose within CogPrime.

But the process of program modeling embedded in the supercompilation process, is potentially of great value beyond the quest for faster software. The decision graph representation of a program, produced in the course of supercompilation, may be exported directly into CogPrime as a set of logical relationships.

Essentially, each node of the supercompiler's internal decision graph looks like:

```
 Input: List L

 Output: List

If  ( P1(L) ) N1(L)

Else If ( P2(L) ) N2(L)

...

Else If ( Pk(L) ) Nk(L)
```

HOUSE_OVERSIGHT_013238

where the Pi are predicates, and the Ni are schemata corresponding to other nodes of the decision graph (children of the current node). Often the Pi are very simple, implementing for instance numerical inequalities or Boolean equalities.

Once this graph has been exported into CogPrime, it can be reasoned on, used as raw material for concept formation and predicate formation, and otherwise cognized. Supercompilation pure and simple does not change the I/O behavior of the input program. However, the decision graph produced during supercompilation, may be used by CogPrime cognition in order to do so. One then has a hybrid program-modification method composed of two phases: supercompilation for transforming programs into decision graphs, and CogPrime cognition for modifying decision graphs so that they can have different I/O behaviors fulfilling system goals even better than the original.

Furthermore, it seems likely that, in many cases, it may be valuable to have the supercompiler feed many different decision-graph representations of a program into CogPrime. The supercompiler has many internal parameters, and varying them may lead to significantly different decision graphs. The decision graph leading to maximal optimization, may not be the one that leads CogPrime cognition in optimal directions.

## 18.4 Self-Modification via Theorem-Proving

Supercompilation is a potentially very valuable tool for self-modification. If one wants to take an existing schema and gradually improve it for speed, or even for greater effectiveness at achieving current goals, supercompilation can potentially do that most excellently.

However, the representation that supercompilation creates for a program is very "surface-level." No one could read the supercompiled version of a program and understand what it was doing. Really deep self-invented AI innovation requires, we believe, another level of self-modification beyond that provided by supercompilation. This other level, we believe, is best formulated in terms of *theorem-proving* [RV01].

Deep self-modification could be achieved if CogPrime were capable of proving theorems of a certain form: namely, *theorems about the spacetime complexity and accuracy of particular compound schemata, on average, assuming realistic probability distributions on the inputs, and making appropriate independence assumptions.* These are not exactly the types of theorems that are found in human-authored mathematics papers. By and large they will be nasty, complex theorems, not the sort that many human mathematicians enjoy proving or reading. But of course, there is always the possibility that some elegant gem of a discovery could emerge from this sort of highly detailed theorem-proving work.

In order to guide it in the formulation of theorems of this nature, the system will have empirical data on the spacetime complexity of elementary schemata, and on the probability distributions of inputs to schemata. It can embed these data in axioms, by asking: *Assuming the component elementary schemata have complexities within these bounds, and the input pdf (probability distribution function) is between these bounds, then what is the pdf of the complexity and accuracy of this compound schema?*

Of course, this is not an easy sort of question in general: one can have schemata embodying any sort of algorithm, including complex algorithms on which computer science professors might write dozens of research articles. But the system must build up its ability to prove such things incrementally, step by step.

HOUSE_OVERSIGHT_013239

We envision teaching the system to prove theorems via a combination of supervised learning and experiential interactive learning, using the Mizar database of mathematical theorems and proofs (or some other similar database, if one should be created) (`http://mizar.org`). The Mizar database consists of a set of "articles," which are mathematical theorems and proofs presented in a complex formal language. The Mizar formal language occupies a fascinating middle ground: it is high-level enough to be viably read and written by trained humans, but it can be unambiguously translated into simpler formal languages such as predicate logic or Sasha.

CogPrime may be taught to prove theorems by "training" it on the Mizar theorems and proofs, and by training it on custom-created Mizar articles specifically focusing on the sorts of theorems useful for self-modification. Creating these articles will not be a trivial task: it will require proving simple and then progressively more complex theorems about the probabilistic success of CogPrime schemata, so that CogPrime can observe one's proofs and learned from them. Having learned from its training articles what strategies work for proving things about simple compound schemata, it can then reason by analogy to mount attacks on slightly more complex schemata – and so forth.

Clearly, this approach to self-modification is more difficult to achieve than the supercompilation approach. But it is also potentially much more powerful. Even once the theorem-proving approach is working, the supercompilation approach will still be valuable, for making incremental improvements on existing schema, and for the peculiar creativity that is contributed when a modified supercompiled schema is compressed back into a modified schema expression. But, we don't believe that supercompilation can carry out truly advanced MindAgent learning or knowledge-representation modification. We suspect that the most advanced and ambitious goals of self-modification probably cannot be achieved except through some variant of the theorem-proving approach. If this hypothesis is true, it means that truly advanced self-modification is only going to come *after* relatively advanced theorem-proving ability. Prior to this, we will have schema optimization, schema modification, and occasional creative schema innovation. But really systematic, high-quality reasoning about schema, the kind that can produce an orders of magnitude improvement in intelligence, is going to require advanced mathematical theorem-proving ability.

HOUSE_OVERSIGHT_013240

# Appendix A
# Glossary

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## A.1 List of Specialized Acronyms

This includes acronyms that are commonly used in discussing CogPrime, OpenCog and related ideas, plus some that occur here and there in the text for relatively ephemeral reasons.

- **AA**: Attention Allocation
- **ADF**: Automatically Defined Function (in the context of Genetic Programming)
- **AF**: Attentional Focus
- **AGI**: Artificial General Intelligence
- **AV**: Attention Value
- **BD**: Behavior Description
- **C-space**: Configuration Space
- **CBV**: Coherent Blended Volition
- **CEV**: Coherent Extrapolated Volition
- **CGGP**: Contextually Guided Greedy Parsing
- **CSDLN**: Compositional Spatiotemporal Deep Learning Network
- **CT**: Combo Tree
- **ECAN**: Economic Attention Network
- **ECP**: Embodied Communication Prior
- **EPW** : Experiential Possible Worlds (semantics)
- **FCA**: Formal Concept Analysis
- **FI** : Fisher Information
- **FIM**: Frequent Itemset Mining
- **FOI**: First Order Inference
- **FOPL**: First Order Predicate Logic
- **FOPLN**: First Order PLN
- **FS-MOSES**: Feature Selection MOSES (i.e. MOSES with feature selection integrated a la LIFES)
- **GA**: Genetic Algorithms



HOUSE_OVERSIGHT_013241

- **GB**: Global Brain
- **GEOP**: Goal Evaluator Operating Procedure (in a GOLEM context)
- **GIS**: Geospatial Information System
- **GOLEM**: Goal-Oriented LEarning Meta-architecture
- **GP**: Genetic Programming
- **HOI**: Higher-Order Inference
- **HOPLN**: Higher-Order PLN
- **HR**: Historical Repository (in a GOLEM context)
- **HTM**: Hierarchical Temporal Memory
- **IA**: (Allen) Interval Algebra (an algebra of temporal intervals)
- **IRC**: Imitation / Reinforcement / Correction (Learning)
- **LIFES**: Learning-Integrated Feature Selection
- **LTI**: Long Term Importance
- **MA**: MindAgent
- **MOSES**: Meta-Optimizing Semantic Evolutionary Search
- **MSH**: Mirror System Hypothesis
- **NARS**: Non-Axiomatic Reasoning System
- **NLGen**: A specific software component within OpenCog, which provides one way of dealing with Natural Language Generation
- **OCP**: OpenCogPrime
- **OP**: Operating Program (in a GOLEM context)
- **PEPL**: Probabilistic Evolutionary Procedure Learning (e.g. MOSES)
- **PLN**: Probabilistic Logic Networks
- **RCC**: Region Connection Calculus
- **RelEx**: A specific software component within OpenCog, which provides one way of dealing with natural language Relationship Extraction
- **SAT**: Boolean SATisfaction, as a mathematical / computational problem
- **SMEPH**: Self-Modifying Evolving Probabilistic Hypergraph
- **SRAM**: Simple Realistic Agents Model
- **STI**: Short Term Importance
- **STV**: Simple Truth VAlue
- **TV**: Truth Value
- **VLTI**: Very Long Term Importances
- **WSPS**: Whole-Sentence Purely-Syntactic Parsing

## A.2 Glossary of Specialized Terms

- **Abduction**: A general form of inference that goes from data describing something to a hypothesis that accounts for the data. Often in an OpenCog context, this refers to the PLN abduction rule, a specific First-Order PLN rule (If A implies C, and B implies C, then maybe A is B), which embodies a simple form of abductive inference. But OpenCog may also carry out abduction, as a general process, in other ways.
- **Action Selection**: The process via which the OpenCog system chooses which Schema to enact, based on its current goals and context.
- **Active Schema Pool**: The set of Schema currently in the midst of Schema Execution.

HOUSE_OVERSIGHT_013242

- **Adaptive Inference Control**: Algorithms or heuristics for guiding PLN inference, that cause inference to be guided differently based on the context in which the inference is taking place, or based on aspects of the inference that are noted as it proceeds.
- **AGI Preschool**: A virtual world or robotic scenario roughly similar to the environment within a typical human preschool, intended for AGIs to learn in via interacting with the environment and with other intelligent agents.
- **Atom**: The basic entity used in OpenCog as an element for building representations. Some Atoms directly represent patterns in the world or mind, others are components of representations. There are two kinds of Atoms: Nodes and Links.
- **Atom, Frozen**: See Atom, Saved
- **Atom, Realized**: An Atom that exists in RAM at a certain point in time.
- **Atom, Saved**: An Atom that has been saved to disk or other similar media, and is not actively being processed.
- **Atom, Serialized**: An Atom that is serialized for transmission from one software process to another, or for saving to disk, etc.
- **Atom2Link**: A part of OpenCogPrime
  s language generation system, that transforms appropriate Atoms into words connected via link parser link types.
- **Atomspace**: A collection of Atoms, comprising the central part of the memory of an OpenCog instance.
- **Attention**: The aspect of an intelligent system's dynamics focused on guiding which aspects of an OpenCog system's memory & functionality gets more computational resources at a certain point in time
- **Attention Allocation**: The cognitive process concerned with managing the parameters and relationships guiding what the system pays attention to, at what points in time. This is a term inclusive of Importance Updating and Hebbian Learning.
- **Attentional Currency**: Short Term Importance and Long Term Importance values are implemented in terms of two different types of artificial money, STICurrency and LTICurrency. Theoretically these may be converted to one another.
- **Attentional Focus**: The Atoms in an OpenCog Atomspace whose ShortTermImportance values lie above a critical threshold (the AttentionalFocus Boundary). The Attention Allocation subsystem treats these Atoms differently. Qualitatively, these Atoms constitute the system's main focus of attention during a certain interval of time, i.e. it's a moving bubble of attention.
- **Attentional Memory**: A system's memory of what it's useful to pay attention to, in what contexts. In CogPrime this is managed by the attention allocation subsystem.
- **Backward Chainer**: A piece of software, wrapped in a MindAgent, that carries out backward chaining inference using PLN.
- **CIM-Dynamic**: Concretely-Implemented Mind Dynamic, a term for a cognitive process that is implemented explicitly in OpenCog (as opposed to allowed to emerge implicitly from other dynamics). Sometimes a CIM-Dynamic will be implemented via a single MindAgent, sometimes via a set of multiple interrelated MindAgents, occasionally by other means.
- **Cognition**: In an OpenCog context, this is an imprecise term. Sometimes this term means any process closely related to intelligence; but more often it's used specifically to refer to more abstract reasoning/learning/etc, as distinct from lower-level perception and action.
- **Cognitive Architecture**: This refers to the logical division of an AI system like OpenCog into interacting parts and processes representing different conceptual aspects of intelligence.

HOUSE_OVERSIGHT_013243

It's different from the software architecture, though of course certain cognitive architectures and certain software architectures fit more naturally together.

- **Cognitive Cycle**: The basic "loop" of operations that an OpenCog system, used to control an agent interacting with a world, goes through rapidly each "subjective moment." Typically a cognitive cycle should be completed in a second or less. It minimally involves perceiving data from the world, storing data in memory, and deciding what if any new actions need to be taken based on the data perceived. It may also involve other processes like deliberative thinking or metacognition. Not all OpenCog processing needs to take place within a cognitive cycle.
- **Cognitive Schematic**: An implication of the form "Context AND Procedure IMPLIES goal". Learning and utilization of these is key to CogPrime's cognitive process.
- **Cognitive Synergy**: The phenomenon by which different cognitive processes, controlling a single agent, work together in such a way as to help each other be more intelligent. Typically, if one has cognitive processes that are individually susceptible to combinatorial explosions, cognitive synergy involves coupling them together in such a way that they can help one another overcome each other's internal combinatorial explosions. The CogPrime design is reliant on the hypothesis that its key learning algorithms will display dramatic cognitive synergy when utilized for agent control in appropriate environments.
- **CogPrime** : The name for the AGI design presented in this book, which is designed specifically for implementation within the OpenCog software framework (and this implementation is OpenCogPrime).
- **CogServer**: A piece of software, within OpenCog, that wraps up an Atomspace and a number of MindAgents, along with other mechanisms like a Scheduler for controlling the activity of the MindAgents, and code for important and exporting data from the Atomspace.
- **Cognitive Equation**: The principle, identified in Ben Goertzel's 1994 book "Chaotic Logic", that minds are collections of pattern-recognition elements, that work by iteratively recognizing patterns in each other and then embodying these patterns as new system elements. This is seen as distinguishing mind from "self-organization" in general, as the latter is not so focused on continual pattern recognition. Colloquially this means that "a mind is a system continually creating itself via recognizing patterns in itself."
- **Combo**: The programming language used internally by MOSES to represent the programs it evolves. SchemaNodes may refer to Combo programs, whether the latter are learned via MOSES or via some other means. The textual realization of Combo resembles LISP with less syntactic sugar. Internally a Combo program is represented as a program tree.
- **Composer**: In the PLN design, a rule is denoted a composer if it needs premises for generating its consequent. See generator.
- **CogBuntu**: an Ubuntu Linux remix that contains all required packages and tools to test and develop OpenCog.
- **Concept Creation**: A general term for cognitive processes that create new ConceptNodes, PredicateNodes or concept maps representing new concepts.
- **Conceptual Blending**: A process of creating new concepts via judiciously combining pieces of old concepts. This may occur in OpenCog in many ways, among them the explicit use of a ConceptBlending MindAgent, that blends two or more ConceptNodes into a new one.
- **Confidence**: A component of an OpenCog/PLN TruthValue, which is a scaling into the interval [0,1] of the weight of evidence associated with a truth value. In the simplest case (of a probabilistic Simple Truth Value), one uses confidence c = n / (n+k), where n is

HOUSE_OVERSIGHT_013244

the weight of evidence and k is a parameter. In the case of an Indefinite Truth Value, the confidence is associated with the width of the probability interval.

- **Confidence Decay**: The process by which the confidence of an Atom decreases over time, as the observations on which the Atom's truth value is based become increasingly obsolete. This may be carried out by a special MindAgent. The rate of confidence decay is subtle and contextually determined, and must be estimated via inference rather than simply assumed a priori.
- **Consciousness**: CogPrime is not predicated on any particular conceptual theory of consciousness. Informally, the AttentionalFocus is sometimes referred to as the "conscious" mind of a CogPrime system, with the rest of the Atomspace as "unconscious" but this is just an informal usage, not intended to tie the CogPrime design to any particular theory of consciousness. The primary originator of the CogPrime design (Ben Goertzel) tends toward panpsychism, as it happens.
- **Context**: In addition to its general common-sensical meaning, in CogPrime the term Context also refers to an Atom that is used as the first argument of a ContextLink. The second argument of the ContextLink then contains Links or Nodes, with TruthValues calculated restricted to the context defined by the first argument. For instance, (ContextLink USA (InheritanceLink person obese )).
- **Core**: The MindOS portion of OpenCog, comprising the Atomspace, the CogServer, and other associated "infrastructural" code.
- **Corrective Learning**: When an agent learns how to do something, by having another agent explicitly guide it in doing the thing. For instance, teaching a dog to sit by pushing its butt to the ground.
- **CSDLN**: (Compositional Spatiotemporal Deep Learning Network): A hierarchical pattern recognition network, in which each layer corresponds to a certain spatiotemporal granularity, the nodes on a given layer correspond to spatiotemporal regions of a given size, and the children of a node correspond to sub-regions of the region the parent corresponds to. Jeff Hawkins's HTM is one example CSDLN, and Itamar Arel's DeSTIN (currently used in OpenCog) is another.
- **Declarative Knowledge**: Semantic knowledge as would be expressed in propositional or predicate logic facts or beliefs.
- **Deduction**: In general, this refers to the derivation of conclusions from premises using logical rules. In PLN in particular, this often refers to the exercise of a specific inference rule, the PLN Deduction rule ($A \rightarrow B$, $B \rightarrow C$, therefore $A \rightarrow C$)
- **Deep Learning**: Learning in a network of elements with multiple layers, involving feedforward and feedback dynamics, and adaptation of the links between the elements. An example deep learning algorithm is DeSTIN, which is being integrated with OpenCog for perception processing.
- **Defrosting**: Restoring, into the RAM portion of an Atomspace, an Atom (or set thereof) previously saved to disk.
- **Demand**: In CogPrime's OpenPsi subsystem, this term is used in a manner inherited from the Psi model of motivated action. A Demand in this context is a quantity whose value the system is motivated to adjust. Typically the system wants to keep the Demand between certain minimum and maximum values. An Urge develops when a Demand deviates from its target range.
- **Deme**: In MOSES, an "island" of candidate programs, closely clustered together in program space, being evolved in an attempt to optimize a certain fitness function. The idea is that

HOUSE_OVERSIGHT_013245

within a deme, programs are generally similar enough that reasonable syntax-semantics correlation obtains.

- **Derived Hypergraph**: The SMEPH hypergraph obtained via modeling a system in terms of a hypergraph representing its internal states and their relationships. For instance, a SMEPH vertex represents a collection of internal states that habitually occur in relation to similar external situations. A SMEPH edge represents a relationship between two SMEPH vertices (e.g. a similarity or inheritance relationship). The terminology "edge /vertex" is used in this context, to distinguish from the "link / node" terminology used in the context of the Atomspace.
- **DeSTIN – Deep SpatioTemporal Inference Network**: A specific CSDLN created by Itamar Arel, tested on visual perception, and appropriate for integration within CogPrime.
- **Dialogue**: Linguistic interaction between two or more parties. In a CogPrime context, this may be in English or another natural language, or it may be in Lojban or Psynese.
- **Dialogue Control**: The process of determining what to say at each juncture in a dialogue. This is distinguished from the linguistic aspects of dialogue, language comprehension and language generation. Dialogue control applies to Psynese or Lojban, as well as to human natural language.
- **Dimensional Embedding**: The process of embedding entities from some non-dimensional space (e.g. the Atomspace) into an n-dimensional Euclidean space. This can be useful in an AI context because some sorts of queries (e.g. "find everything similar to X", "find a path between X and Y") are much faster to carry out among points in a Euclidean space, than among entities in a space with less geometric structure.
- **Distributed Atomspace**: An implementation of an Atomspace that spans multiple computational processes; generally this is done to enable spreading an Atomspace across multiple machines.
- **Dual Network**: A network of mental or informational entities with both a hierarchical structure and a heterarchical structure, and an alignment among the two structures so that each one helps with the maintenance of the other. This is hypothesized to be a critical emergent structure, that must emerge in a mind (e.g. in an Atomspace) in order for it to achieve a reasonable level of human-like general intelligence (and possibly to achieve a high level of pragmatic general intelligence in any physical environment).
- **Efficient Pragmatic General Intelligence**: A formal, mathematical definition of general intelligence (extending the pragmatic general intelligence), that ultimately boils down to: the ability to achieve complex goals in complex environments using limited computational resources (where there is a specifically given weighting function determining which goals and environments have highest priority). More specifically, the definition weighted-sums the system's normalized goal-achieving ability over (goal, environment pairs), and where the weights are given by some assumed measure over (goal, environment pairs), and where the normalization is done via dividing by the (space and time) computational resources used for achieving the goal.
- **Elegant Normal Form (ENF)**: Used in MOSES, this is a way of putting programs in a normal form while retaining their hierarchical structure. This is critical if one wishes to probabilistically model the structure of a collection of programs, which is a meaningful operation if the collection of programs is operating within a region of program space where syntax-semantics correlation holds to a reasonable degree. The Reduct library is used to place programs into ENF.

HOUSE_OVERSIGHT_013246

- **Embodied Communication Prior**: The class of prior distributions over (goal, environment pairs), that are imposed by placing an intelligent system in an environment where most of its tasks involve controlling a spatially localized body in a complex world, and interacting with other intelligent spatially localized bodies. It is hypothesized that many key aspects of human-like intelligence (e.g. the use of different subsystems for different memory types, and cognitive synergy between the dynamics associated with these subsystems) are consequences of this prior assumption. This is related to the Mind-World Correspondence Principle.
- **Embodiment**: Colloquially, in an OpenCog context, this usually means the use of an AI software system to control a spatially localized body in a complex (usually 3D) world. There are also possible "borderline cases" of embodiment, such as a search agent on the Internet. In a sense any AI is embodied, because it occupies some physical system (e.g. computer hardware) and has some way of interfacing with the outside world.
- **Emergence**: A property or pattern in a system is emergent if it arises via the combination of other system components or aspects, in such a way that its details would be very difficult (not necessarily impossible in principle) to predict from these other system components or aspects.
- **Emotion**: Emotions are system-wide responses to the system's current and predicted state. Dorner's Psi theory of emotion contains explanations of many human emotions in terms of underlying dynamics and motivations, and most of these explanations make sense in a CogPrime context, due to CogPrime's use of OpenPsi (modeled on Psi) for motivation and action selection.
- **Episodic Knowledge**: Knowledge about episodes in an agent's life-history, or the life-history of other agents. CogPrime includes a special dimensional embedding space only for episodic knowledge, easing organization and recall.
- **Evolutionary Learning**: Learning that proceeds via the rough process of iterated differential reproduction based on fitness, incorporating variations of reproduced entities. MOSES is an explicitly evolutionary-learning-based portion of CogPrime; but CogPrime's dynamics as a whole may also be conceived as evolutionary.
- **Exemplar**: (in the context of imitation learning) - When the owner wants to teach an OpenCog controlled agent a behavior by imitation, he/she gives the pet an exemplar. To teach a virtual pet "fetch" for instance, the owner is going to throw a stick, run to it, grab it with his/her mouth and come back to its initial position.
- **Exemplar**: (in the context of MOSES) – Candidate chosen as the core of a new deme, or as the central program within a deme, to be varied by representation building for ongoing exploration of program space.
- **Explicit Knowledge Representation**: Knowledge representation in which individual, easily humanly identifiable pieces of knowledge correspond to individual elements in a knowledge store (elements that are explicitly there in the software and accessible via very rapid, deterministic operations)
- **Extension**: In PLN, the extension of a node refers to the instances of the category that the node represents. In contrast is the intension.
- **Fishgram (Frequent and Interesting Sub-hypergraph Mining)**: A pattern mining algorithm for identifying frequent and/or interesting sub-hypergraphs in the Atomspace.
- **First-Order Inference (FOI)**: The subset of PLN that handles Logical Links not involving VariableAtoms or higher-order functions. The other aspect of PLN, Higher-Order Inference, uses Truth Value formulas derived from First-Order Inference.

HOUSE_OVERSIGHT_013247

- **Forgetting**: The process of removing Atoms from the in-RAM portion of Atomspace, when RAM gets short and they are judged not as valuable to retain in RAM as other Atoms. This is commonly done using the LTI values of the Atoms (removing lowest LTI-Atoms, or more complex strategies involving the LTI of groups of interconnected Atoms). May be done by a dedicated Forgetting MindAgent. VLTI may be used to determine the fate of forgotten Atoms.
- **Forward Chainer**: A control mechanism (MindAgent) for PLN inference, that works by taking existing Atoms and deriving conclusions from them using PLN rules, and then iterating this process. The goal is to derive new Atoms that are interesting according to some given criterion.
- **Frame2Atom**: A simple system of hand-coded rules for translating the output of RelEx2Frame (logical representation of semantic relationships using FrameNet relationships) into Atoms.
- **Freezing**: Saving Atoms from the in-RAM Atomspace to disk.
- **General Intelligence**: Often used in an informal, commonsensical sense, to mean the ability to learn and generalize beyond specific problems or contexts. Has been formalized in various ways as well, including formalizations of the notion of "achieving complex goals in complex environments" and "achieving complex goals in complex environments using limited resources." Usually interpreted as a fuzzy concept, according to which absolutely general intelligence is physically unachievable, and humans have a significant level of general intelligence, but far from the maximally physically achievable degree.
- **Generalized Hypergraph**: A hypergraph with some additional features, such as links that point to links, and nodes that are seen as "containing" whole sub-hypergraphs. This is the most natural and direct way to mathematically/visually model the Atomspace.
- **Generator**: In the PLN design, a rule is denoted a generator if it can produce its consequent without needing premises (e.g. LookupRule, which just looks it up in the AtomSpace). See composer.
- **Global, Distributed Memory**: Memory that stores items as implicit knowledge, with each memory item spread across multiple components, stored as a pattern of organization or activity among them.
- **Glocal Memory**: The storage of items in memory in a way that involves both localized and global, distributed aspects.
- **Goal**: An Atom representing a function that a system (like OpenCog) is supposed to spend a certain non-trivial percentage of its attention optimizing. The goal, informally speaking, is to maximize the Atom's truth value.
- **Goal, Implicit**: A goal that an intelligent system, in practice, strives to achieve; but that is not explicitly represented as a goal in the system's knowledge base.
- **Goal, Explicit**: A goal that an intelligent system explicitly represents in its knowledge base, and expends some resources trying to achieve. Goal Nodes (which may be Nodes or, e.g. ImplicationLinks) are used for this purpose in OpenCog.
- **Goal-Driven Learning**: Learning that is driven by the cognitive schematic i.e. by the quest of figuring out which procedures can be expected to achieve a certain goal in a certain sort of context.
- **Grounded SchemaNode**: See SchemaNode, Grounded.
- **Hebbian Learning**: An aspect of Attention Allocation, centered on creating and updating HebbianLinks, which represent the simultaneous importance of the Atoms joined by the HebbianLink.

HOUSE_OVERSIGHT_013248

- **Hebbian Links**: Links recording information about the associative relationship (co-occurrence) between Atoms. These include symmetric and asymmetric HebbianLinks.
- **Heterarchical Network**: A network of linked elements in which the semantic relationships associated with the links are generally symmetrical (e.g. they may be similarity links, or symmetrical associative links). This is one important sort of subnetwork of an intelligent system; see Dual Network.
- **Hierarchical Network**: A network of linked elements in which the semantic relationships associated with the links are generally asymmetrical, and the parent nodes of a node have a more general scope and some measure of control over their children (though there may be important feedback dynamics too). This is one important sort of subnetwork of an intelligent system; see Dual Network.
- **Higher-Order Inference (HOI)**: PLN inference involving variables or higher-order functions. In contrast to First-Order Inference (FOI).
- **Hillclimbing**: A general term for greedy, local optimization techniques, including some relatively sophisticated ones that involve "mildly nonlocal" jumps.
- **Human-Level Intelligence**: General intelligence that's "as smart as" human general intelligence, even if in some respects quite unlike human intelligence. An informal concept, which generally doesn't come up much in CogPrime work, but is used frequently by some other AI theorists.
- **Human-Like Intelligence**: General intelligence with properties and capabilities broadly resembling those of humans, but not necessarily precisely imitating human beings.
- **Hypergraph**: A conventional hypergraph is a collection of nodes and links, where each link may span any number of nodes. OpenCog makes use of generalized hypergraphs (the Atomspace is one of these).
- **Imitation Learning**: Learning via copying what some other agent is observed to do.
- **Implication**: Often refers to an ImplicationLink between two PredicateNodes, indicating an (extensional, intensional or mixed) logical implication.
- **Implicit Knowledge Representation**: Representation of knowledge via having easily humanly identifiable pieces of knowledge correspond to the pattern of organization and/or dynamics of elements, rather than via having individual elements correspond to easily humanly identifiable pieces of knowledge.
- **Importance**: A generic term for the Attention Values associated with Atoms. Most commonly these are STI (short term importance) and LTI (long term importance) values. Other importance values corresponding to various different time scales are also possible. In general an importance value reflects an estimate of the likelihood an Atom will be useful to the system over some particular future time-horizon. STI is generally relevant to processor time allocation, whereas LTI is generally relevant to memory allocation.
- **Importance Decay**: The process of Atom importance values (e.g. STI and LTI) decreasing over time, if the Atoms are not utilized. Importance decay rates may in general be context-dependent.
- **Importance Spreading**: A synonym for Importance Updating, intended to highlight the similarity with "activation spreading" in neural and semantic networks.
- **Importance Updating**: The CIM-Dynamic that periodically (frequently) updates the STI and LTI values of Atoms based on their recent activity and their relationships.
- **Imprecise Truth Value**: Peter Walley's imprecise truth values are intervals [L,U], interpreted as lower and upper bounds of the means of probability distributions in an envelope

HOUSE_OVERSIGHT_013249

of distributions. In general, the term may be used to refer to any truth value involving intervals or related constructs, such as indefinite probabilities.

- **Indefinite Probability**: An extension of a standard imprecise probability, comprising a credible interval for the means of probability distributions governed by a given second-order distribution.
- **Indefinite Truth Value**: An OpenCog TruthValue object wrapping up an indefinite probability
- **Induction**: In PLN, a specific inference rule (A → B, A → C, therefore B → C). In general, the process of heuristically inferring that what has been seen in multiple examples, will be seen again in new examples. Induction in the broad sense, may be carried out in OpenCog by methods other than PLN induction. When emphasis needs to be laid on the particular PLN inference rule, the phrase "PLN Induction" is used.
- **Inference**: Generally speaking, the process of deriving conclusions from assumptions. In an OpenCog context, this often refers to the PLN inference system. Inference in the broad sense is distinguished from general learning via some specific characteristics, such as the intrinsically incremental nature of inference: it proceeds step by step.
- **Inference Control**: A cognitive process that determines what logical inference rule (e.g. what PLN rule) is applied to what data, at each point in the dynamic operation of an inference process.
- **Integrative AGI**: An AGI architecture, like CogPrime, that relies on a number of different powerful, reasonably general algorithms all cooperating together. This is different from an AGI architecture that is centered on a single algorithm, and also different than an AGI architecture that expects intelligent behavior to emerge from the collective interoperation of a number of simple elements (without any sophisticated algorithms coordinating their overall behavior).
- **Integrative Cognitive Architecture**: A cognitive architecture intended to support integrative AGI.
- **Intelligence**: An informal, natural language concept. "General intelligence" is one slightly more precise specification of a related concept; "Universal intelligence" is a fully precise specification of a related concept. Other specifications of related concepts made in the particular context of CogPrime research are the pragmatic general intelligence and the efficient pragmatic general intelligence.
- **Intension**: In PLN, the intention of a node consists of Atoms representing properties of the entity the node represents.
- **Intentional memory**: A system's knowledge of its goals and their subgoals, and associations between these goals and procedures and contexts (e.g. cognitive schematics).
- **Internal Simulation World**: A simulation engine used to simulate an external environment (which may be physical or virtual), used by an AGI system as its "mind's eye" in order to experiment with various action' q sequences and envision their consequences, or observe the consequences of various hypothetical situations. Particularly important for dealing with episodic knowledge.
- **Interval Algebra**: Allen Interval Algebra, a mathematical theory of the relationships between time intervals. CogPrime utilizes a fuzzified version of classic Interval Algebra.
- **IRC Learning (Imitation, Reinforcement, Correction)**: Learning via interaction with a teacher, involving a combination of imitating the teacher, getting explicit reinforcement signals from the teacher, and having one's incorrect or suboptimal behaviors guided toward betterness by the teacher in real-time. This is a large part of how young humans learn.

HOUSE_OVERSIGHT_013250

- **Knowledge Base**: A shorthand for the totality of knowledge possessed by an intelligent system during a certain interval of time (whether or not this knowledge is explicitly represented). Put differently: this is an intelligence's total memory contents (inclusive of all types of memory) during an interval of time.
- **Language Comprehension**: The process of mapping natural language speech or text into a more "cognitive", largely language-independent representation. In OpenCog this has been done by various pipelines consisting of dedicated natural language processing tools, e.g. a pipeline: text → Link Parser → RelEx → RelEx2Frame → Frame2Atom Atomspace; and alternatively a pipeline Link Parser → Link2Atom → Atomspace. It would also be possible to do language comprehension purely via PLN and other generic OpenCog processes, without using specialized language processing tools.
- **Language Generation**: The process of mapping (largely language-independent) cognitive content into speech or text. In OpenCog this has been done by various pipelines consisting of dedicated natural language processing tools, e.g. a pipeline: Atomspace → NLGen → text; or more recently Atomspace → Atom2Link → surface realization → text. It would also be possible to do language generation purely via PLN and other generic OpenCog processes, without using specialized language processing tools.
- **Language Processing**: Processing of human language is decomposed, in CogPrime, into Language Comprehension, Language Generation, and Dialogue Control.
- **Learning**: In general, the process of a system adapting based on experience, in a way that increases its intelligence (its ability to achieve its goals). The theory underlying CogPrime doesn't distinguish learning from reasoning, associating, or other aspects of intelligence.
- **Learning Server**: In some OpenCog configurations, this refers to a software server that performs "offline" learning tasks (e.g. using MOSES or hillclimbing), and is in communication with an Operational Agent Controller software server that performs real-time agent control and dispatches learning tasks to and receives results from the Learning Server.
- **Linguistic Links**: A catch-all term for Atoms explicitly representing linguistic content, e.g. WordNode, SentenceNode, CharacterNode.
- **Link**: A type of Atom, representing a relationship among one or more Atoms. Links and Nodes are the two basic kinds of Atoms.
- **Link Parser**: A natural language syntax parser, created by Sleator and Temperley at Carnegie-Mellon University, and currently used as part of OpenCogPrime's natural language comprehension and natural language generation system.
- **Link2Atom**: A system for translating link parser links into Atoms. It attempts to resolve precisely as much ambiguity as needed in order to translate a given assemblage of link parser links into a unique Atom structure.
- **Lobe**: A term sometimes used to refer to a portion of a distributed Atomspace that lives in a single computational process. Often different lobes will live on different machines.
- **Localized Memory**: Memory that stores each item using a small number of closely-connected elements.
- **Logic**: In an OpenCog context, this usually refers to a set of formal rules for translating certain combinations of Atoms into "conclusion" Atoms. The paradigm case at present is the PLN probabilistic logic system, but OpenCog can also be used together with other logics.
- **Logical Links**: Any Atoms whose truth values are primarily determined or adjusted via logical rules, e.g. PLN's InheritanceLink, SimilarityLink, ImplicationLink, etc. The term isn't usually applied to other links like HebbianLinks whose semantics isn't primarily logic-

HOUSE_OVERSIGHT_013251

based, even though these other links can be processed via (e.g. PLN) logical inference via interpreting them logically.

- **Lojban**: A constructed human language, with a completely formalized syntax and a highly formalized semantics, and a small but active community of speakers. In principle this seems an extremely good method for communication between humans and early-stage AGI systems.
- **Lojban++**: A variant of Lojban that incorporates English words, enabling more flexible expression without the need for frequent invention of new Lojban words.
- **Long Term Importance (LTI)**: A value associated with each Atom, indicating roughly the expected utility to the system of keeping that Atom in RAM rather than saving it to disk or deleting it. It's possible to have multiple LTI values pertaining to different time scales, but so far practical implementation and most theory has centered on the option of a single LTI value.
- **LTI**: Long Term Importance
- **Map**: A collection of Atoms that are interconnected in such a way that they tend to be commonly active (i.e. to have high STI, e.g. enough to be in the AttentionalFocus, at the same time).
- **Map Encapsulation**: The process of automatically identifying maps in the Atomspace, and creating Atoms that "encapsulate" them; the Atom encapsulation a map would link to all the Atoms in the map. This is a way of making global memory into local memory, thus making the system's memory glocal and explicitly manifesting the "cognitive equation." This may be carried out via a dedicated MapEncapsulation MindAgent.
- **Map Formation**: The process via which maps form in the Atomspace. This need not be explicit; maps may form implicitly via the action of Hebbian Learning. It will commonly occur that Atoms frequently co-occurring in the AttentionalFocus, will come to be joined together in a map.
- **Memory Types**: In CogPrime
  this generally refers to the different types of memory that are embodied in different data structures or processes in the CogPrime
  architecture, e.g. declarative (semantic), procedural, attentional, intentional, episodic, sensorimotor.
- **Mind-World Correspondence Principle**: The principle that, for a mind to display efficient pragmatic general intelligence relative to a world, it should display many of the same key structural properties as that world. This can be formalized by modeling the world and mind as probabilistic state transition graphs, and saying that the categories implicit in the state transition graphs of the mind and world should be inter-mappable via a high-probability morphism.
- **Mind OS**: A synonym for the OpenCog Core.
- **MindAgent**: An OpenCog software object, residing in the CogServer, that carries out some processes in interaction with the Atomspace. A given conceptual cognitive process (e.g. PLN inference, Attention allocation, etc.) may be carried out by a number of different MindAgents designed to work together.
- **Mindspace**: A model of the set of states of an intelligent system as a geometrical space, imposed by assuming some metric on the set of mind-states. This may be used as a tool for formulating general principles about the dynamics of generally intelligent systems.
- **Modulators**: Parameters in the Psi model of motivated, emotional cognition, that modulate the way a system perceives, reasons about and interacts with the world.

HOUSE_OVERSIGHT_013252

- **MOSES (Meta-Optimizing Semantic Evolutionary Search)**: An algorithm for procedure learning, which in the current implementation learns programs in the Combo language. MOSES is an evolutionary learning system, which differs from typical genetic programming systems in multiple aspects including: a subtler framework for managing multiple "demes" or "islands" of candidate programs; a library called Reduct for placing programs in Elegant Normal Form; and the use of probabilistic modeling in place of, or in addition to, mutation and crossover as means of determining which new candidate programs to try.
- **Motoric**: Pertaining to the control of physical actuators, e.g. those connected to a robot. May sometimes be used to refer to the control of movements of a virtual character as well.
- **Moving Bubble of Attention**: The Attentional Focus of a CogPrime system.
- **Natural Language Comprehension**: See Language Comprehension
- **Natural Language Generation**: See Language Generation
- **Natural Language Processing (NLP)**: See Language Processing
- **NLGen**: Software for carrying out the surface realization phase of natural language generation, via translating collections of RelEx output relationships into English sentences. Was made functional for simple sentences and some complex sentences; not currently under active development, as work has shifted to the related Atom2Link approach to language generation.
- **Node**: A type of Atom. Links and Nodes are the two basic kinds of Atoms. Nodes, mathematically, can be thought of as "0-ary" links. Some types of Nodes refer to external or mathematical entities (e.g. WordNode, NumberNode); others are purely abstract, e.g. a ConceptNode is characterized purely by the Links relating it to other atoms. GroundedPredicateNodes and GroundedSchemaNodes connect to explicitly represented procedures (sometimes in the Combo language); ungrounded PredicateNodes and SchemaNodes are abstract and, like ConceptNodes, purely characterized by their relationships.
- **Node Probability**: Many PLN inference rules rely on probabilities associated with Nodes. Node probabilities are often easiest to interpret in a specific context, e.g. the probability P(cat) makes obvious sense in the context of a typical American house, or in the context of the center of the sun. Without any contextual specification, P(A) is taken to mean the probability that a randomly chosen occasion of the system's experience includes some instance of A.
- **Novamente Cognition Engine (NCE)**: A proprietary proto-AGI software system, the predecessor to OpenCog. Many parts of the NCE were open-sourced to form portions of OpenCog, but some NCE code was not included in OpenCog; and now OpenCog includes multiple aspects and plenty of code that was not in NCE.
- **OpenCog**: A software framework intended for development of AGI systems, and also for narrow-AI application using tools that have AGI applications. Co-designed with the CogPrime cognitive architecture, but not exclusively bound to it.
- **OpenCog Prime (OCP)**: The implementation of the CogPrime cognitive architecture within the OpenCog software framework.
- **OpenPsi**: CogPrime's architecture for motivation-driven action selection, which is based on adapting Dorner's Psi model for use in the OpenCog framework.
- **Operational Agent Controller (OAC)**: In some OpenCog configurations, this is a software server containing a CogServer devoted to real-time control of an agent (e.g. a virtual world agent, or a robot). Background, offline learning tasks may then be dispatched to other software processes, e.g. to a Learning Server.

HOUSE_OVERSIGHT_013253

- **Pattern**: In a CogPrime context, the term "pattern" is generally used to refer to a process that produces some entity, and is judged simpler than that entity.
- **Pattern Mining**: Pattern mining is the process of extracting an (often large) number of patterns from some body of information, subject to some criterion regarding which patterns are of interest. Often (but not exclusively) it refers to algorithms that are rapid or "greedy", finding a large number of simple patterns relatively inexpensively.
- **Pattern Recognition**: The process of identifying and representing a pattern in some substrate (e.g. some collection of Atoms, or some raw perceptual data, etc.).
- **Patternism**: The philosophical principle holding that, from the perspective of engineering intelligent systems, it is sufficient and useful to think about mental processes in terms of (static and dynamical) patterns.
- **Perception**: The process of understanding data from sensors. When natural language is ingested in textual format, this is generally not considered perceptual. Perception may be taken to encompass both pre-processing that prepares sensory data for ingestion into the Atomspace, processing via specialized perception processing systems like DeSTIN that are connected to the Atomspace, and more cognitive-level process within the Atomspace that is oriented toward understanding what has been sensed.
- **Piagetan Stages**: A series of stages of cognitive development hypothesized by developmental psychologist Jean Piaget, which are easy to interpret in the context of developing CogPrime systems. The basic stages are: Infantile, Pre-operational, Concrete Operational and Formal. Post-formal stages have been discussed by theorists since Piaget and seem relevant to AGI, especially advanced AGI systems capable of strong self-modification.
- **PLN**: short for Probabilistic Logic Networks
- **PLN, First-Order**: See First-Order Inference
- **PLN, Higher-Order**: See Higher-Order Inference
- **PLN Rules**: A PLN Rule takes as input one or more Atoms (the "premises", usually Links), and output an Atom that is a "logical conclusion" of those Atoms. The truth value of the consequence is determined by a PLN Formula associated with the Rule.
- **PLN Formulas**: A PLN Formula, corresponding to a PLN Rule, takes the TruthValues corresponding to the premises and produces the TruthValue corresponding to the conclusion. A single Rule may correspond to multiple Formulas, where each Formula deals with a different sort of TruthValue.
- **Pragmatic General Intelligence**: A formalization of the concept of general intelligence, based on the concept that general intelligence is the capability to achieve goals in environments, calculated as a weighted average over some fuzzy set of goals and environments.
- **Predicate Evaluation**: The process of determining the Truth Value of a predicate, embodied in a PredicateNode. This may be recursive, as the predicate referenced internally by a Grounded PredicateNode (and represented via a Combo program tree) may itself internally reference other PredicateNodes.
- **Probabilistic Logic Networks (PLN)**: A mathematical and conceptual framework for reasoning under uncertainty, integrating aspects of predicate and term logic with extensions of imprecise probability theory. OpenCogPrime's central tool for symbolic reasoning.
- **Procedural Knowledge**: Knowledge regarding which series of actions (or action-combinations) are useful for an agent to undertake in which circumstances. In CogPrime these may be learned in a number of ways, e.g. via PLN or via Hebbian learning of Schema Maps, or via explicit learning of Combo programs via MOSES or hillclimbing. Procedures are represented as SchemaNodes or Schema Maps.

HOUSE_OVERSIGHT_013254

- **Procedure Evaluation/Execution**: A general term encompassing both Schema Execution and Predicate Evaluation, both of which are similar computational processes involving manipulation of Combo trees associated with ProcedureNodes.
- **Procedure Learning**: Learning of procedural knowledge, based on any method, e.g. evolutionary learning (e.g. MOSES), inference (e.g. PLN), reinforcement learning (e.g. Hebbian learning).
- **Procedure Node**: A SchemaNode or PredicateNode
- **Psi**: A model of motivated action and emotion, originated by Dietrich Dorner and further developed by Joscha Bach, who incorporated it in his proto-AGI system MicroPsi. OpenCog-Prime's motivated-action component, OpenPsi, is roughly based on the Psi model.
- **Psynese**: A system enabling different OpenCog instances to communicate without using natural language, via directly exchanging Atom subgraphs, using a special system to map references in the speaker's mind into matching references in the listener's mind.
- **Psynet Model**: An early version of the theory of mind underlying CogPrime, referred to in some early writings on the Webmind AI Engine and Novamente Cognition Engine. The concepts underlying the psynet model are still part of the theory underlying CogPrime, but the name has been deprecated as it never really caught on.
- **Reasoning**: See inference
- **Reduct**: A code library, used within MOSES, applying a collection of hand-coded rewrite rules that transform Combo programs into Elegant Normal Form.
- **Region Connection Calculus**: A mathematical formalism describing a system of basic operations among spatial regions. Used in CogPrime as part of spatial inference to provide relations and rules to be referenced via PLN and potentially other subsystems.
- **Reinforcement Learning**: Learning procedures via experience, in a manner explicitly guided to cause the learning of procedures that will maximize the system's expected future reward. CogPrime does this implicitly whenever it tries to learn procedures that will maximize some Goal whose Truth Value is estimated via an expected reward calculation (where "reward" may mean simply the Truth Value of some Atom defined as "reward"). Goal-driven learning is more general than reinforcement learning as thus defined; and the learning that CogPrime does, which is only partially goal-driven, is yet more general.
- **RelEx**: A software system used in OpenCog as part of natural language comprehension, to map the output of the link parser into more abstract semantic relationships. These more abstract relationships may then be entered directly into the Atomspace, or they may be further abstracted before being entered into the Atomspace, e.g. by RelEx2Frame rules.
- **RelEx2Frame**: A system of rules for translating RelEx output into Atoms, based on the FrameNet ontology. The output of the RelEx2Frame rules make use of the FrameNet library of semantic relationships. The current (2012) RelEx2Frame rule-based is problematic and the RelEx2Frame system is deprecated as a result, in favor of Link2Atom. However, the ideas embodied in these rules may be useful; if cleaned up the rules might profitably be ported into the Atomspace as ImplicationLinks.
- **Representation Building**: A stage within MOSES, wherein a candidate Combo program tree (within a deme) is modified by replacing one or more tree nodes with alternative tree nodes, thus obtaining a new, different candidate program within that deme. This process currently relies on hand-coded knowledge regarding which types of tree nodes a given tree node should be experimentally replaced with (e.g. an AND node might sensibly be replaced with an OR node, but not so sensibly replaced with a node representing a "kick" action).

HOUSE_OVERSIGHT_013255

- **Request for Services (RFS)**: In CogPrime's Goal-driven action system, a RFS is a package sent from a Goal Atom to another Atom, offering it a certain amount of STI currency if it is able to deliver the goal what it wants (an increase in its Truth Value). RFS's may be passed on, e.g. from goals to subgoals to sub-subgoals, but eventually an RFS reaches a Grounded SchemaNode, and when the corresponding Schema is executed, the payment implicit in the RFS is made.
- **Robot Preschool**: An AGI Preschool in our physical world, intended for robotically embodied AGIs.
- **Robotic Embodiment**: Using an AGI to control a robot. The AGI may be running on hardware physically contained in the robot, or may run elsewhere and control the robot via networking methods such as wifi.
- **Scheduler**: Part of the CogServer that controls which processes (e.g. which MindAgents) get processor time, at which point in time.
- **Schema**: A "script" describing a process to be carried out. This may be explicit, as in the case of a GroundedSchemaNode, or implicit, as the case in Schema maps or ungrounded SchemaNodes.
- **Schema Encapsulation**: The process of automatically recognizing a Schema Map in an Atomspace, and creating a Combo (or other) program embodying the process carried out by this Schema Map, and then storing this program in the Procedure Repository and associating it with a particular SchemaNode. This translates distributed, global procedural memory into localized procedural memory. It's a special case of Map Encapsulation.
- **Schema Execution**: The process of "running" a Grounded Schema, similar to running a computer program. Or, phrased alternately: The process of executing the Schema referenced by a Grounded SchemaNode. This may be recursive, as the predicate referenced internally by a Grounded SchemaNode (and represented via a Combo program tree) may itself internally reference other Grounded SchemaNodes.
- **Schema, Grounded**: A Schema that is associated with a specific executable program (either a Combo program or, say, C++ code)
- **Schema Map**: A collection of Atoms, including SchemaNodes, that tend to be enacted in a certain order (or set of orders), thus habitually enacting the same process. This is a distributed, globalized way of storing and enacting procedures.
- **Schema, Ungrounded**: A Schema that represents an abstract procedure, not associated with any particular executable program.
- **Schematic Implication**: A general, conceptual name for implications of the form ((Context AND Procedure) IMPLIES Goal)
- **SegSim**: A name for the main algorithm underlying the NLGen language generation software. The algorithm is based on segmenting a collection of Atoms into small parts, and matching each part against memory to find, for each part, cases where similar Atom-collections already have known linguistic expression.
- **Self-Modification**: A term generally used for AI systems that can purposefully modify their core algorithms and representations. Formally and crisply distinguishing this sort of "strong self-modification" from "mere" learning is a tricky matter.
- **Sensorimotor**: Pertaining to sensory data, motoric actions, and their combination and intersection.
- **Sensory**: Pertaining to data received by the AGI system from the outside world. In a CogPrime system that perceives language directly as text, the textual input will generally

HOUSE_OVERSIGHT_013256

not be considered as "sensory" (on the other hand, speech audio data would be considered as "sensory").

- **Short Term Importance**: A value associated with each Atom, indicating roughly the expected utility to the system of keeping that Atom in RAM rather than saving it to disk or deleting it. It's possible to have multple LTI values pertaining to different time scales, but so far practical implementation and most theory has centered on the option of a single LTI value.
- **Similarity**: a link type indicating the probabilistic similarity between two different Atoms. Generically this is a combination of Intensional Similarity (similarity of properties) and Extensional Similarity (similarity of members).
- **Simple Truth Value**: a TruthValue involving a pair (s,d) indicating strength (e.g. probability or fuzzy set membership) and confidence d. d may be replaced by other options such as a count n or a weight of evidence w.
- **Simulation World**: See Internal Simulation World
- **SMEPH (Self-Modifying Evolving Probabilistic Hypergraphs)**: a style of modeling systems, in which each system is associated with a derived hypergraph
- **SMEPH Edge**: A link in a SMEPH derived hypergraph, indicating an empirically observed relationship (e.g. inheritance or similarity) between two
- **SMEPH Vertex**: A node in a SMEPH derived hypergraph representing a system, indicating a collection of system states empirically observed to arise in conjunction with the same external stimuli
- **Spatial Inference**: PLN reasoning including Atoms that explicitly reference spatial relationships
- **Spatiotemporal Inference**: PLN reasoning including Atoms that explicitly reference spatial and temporal relationships
- **STI**: Shorthand for Short Term Importance
- **Strength**: The main component of a TruthValue object, lying in the interval [0,1], referring either to a probability (in cases like InheritanceLink, SimilarityLink, EquivalenceLink, ImplicationLink, etc.) or a fuzzy value (as in MemberLink, EvaluationLink).
- **Strong Self-Modification**: This is generally used as synonymous with Self-Modification, in a CogPrime context.
- **Subsymbolic**: Involving processing of data using elements that have no correspondence to natural language terms, nor abstract concepts; and that are not naturally interpreted as symbolically "standing for" other things. Often used to refer to processes such as perception processing or motor control, which are concerned with entities like pixels or commands like "rotate servomotor 15 by 10 degrees theta and 55 degrees phi." The distinction between "symbolic" and "subsymbolic" is conventional in the history of AI, but seems difficult to formalize rigorously. Logic-based AI systems are typically considered "symbolic", yet
- **Supercompilation**: A technique for program optimization, which globally rewrites a program into a usually very different looking program that does the same thing. A prototype supercompiler was applied to Combo programs with successful results.
- **Surface Realization**: The process of taking a collection of Atoms and transforming them into a series of words in a (usually natural) language. A stage in the overall process of language generation.
- **Symbol Grounding**: The mapping of a symbolic term into perceptual or motoric entities that help define the meaning of the symbolic term. For instance, the concept "Cat" may be

HOUSE_OVERSIGHT_013257

grounded by images of cats, experiences of interactions with cats, imaginations of being a cat, etc.

- **Symbolic**: Pertaining to the formation or manipulation of symbols, i.e. mental entities that are explicitly constructed to represent other entities. Often contrasted with subsymbolic.
- **Syntax-Semantics Correlation**: In the context of MOSES and program learning more broadly, this refers to the property via which distance in syntactic space (distance between the syntactic structure of programs, e.g. if they're represented as program trees) and semantic space (distance between the behaviors of programs, e.g. if they're represented as sets of input/output pairs) are reasonably well correlated. This can often happen among sets of programs that are not too widely dispersed in program space. The Reduct library is used to place Combo programs in Elegant Normal Form, which increases the level of syntax-semantics corellation between them. The programs in a single MOSES deme are often closely enough clustered together that they have reasonably high syntax-semantics correlation.
- **System Activity Table**: An OpenCog component that records information regarding what a system did in the past.
- **Temporal Inference**: Reasoning that heavily involves Atoms representing temporal information, e.g. information about the duration of events, or their temporal relationship (before, after, during, beginning, ending). As implemented in CogPrime, makes use of an uncertain version of Allen Interval Algebra.
- **Truth Value**: A package of information associated with an Atom, indicating its degree of truth. SimpleTruthValue and IndefiniteTruthValue are two common, particular kinds. Multiple truth values associated with the same Atom from different perspectives may be grouped into CompositeTruthValue objects.
- **Universal Intelligence**: A technical term introduced by Shane Legg and Marcus Hutter, describing (roughly speaking) the average capability of a system to carry out computable goals in computable environments, where goal/environment pairs are weighted via the length of the shortest program for computing them.
- **Urge**: In OpenPsi, an Urge develops when a Demand deviates from its target range.
- **Very Long Term Importance (VLTI)**: A bit associated with Atoms, which determines whether, when an Atom is forgotten (removed from RAM), it is saved to disk (frozen) or simply deleted.
- **Virtual AGI Preschool**: A virtual world intended for AGI teaching/training/learning, bearing broad resemblance to the preschool environments used for young humans.
- **Virtual Embodiment**: Using an AGI to control an agent living in a virtual world or game world, typically (but not necessarily) a 3D world with broad similarity to the everyday human world.
- **Webmind AI Engine**: A predecessor to the Novamente Cognition Engine and OpenCog, developed 1997-2001 – with many similar concepts (and also some different ones) but quite different algorithms and software architecture

HOUSE_OVERSIGHT_013258

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HOUSE_OVERSIGHT_013259

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INTERNATIONAL JET INTERIORS

by Jennifer Henricus

# CABIN COUTURE

## A DARING DESIGNER GOES FOR THE RUNWAY



HOUSE_OVERSIGHT_013269

Clients always want their aircraft to be modern and up-to-date, while maintaining an understated, luxurious aesthetic

In a 50,000-square-foot hangar at Long Island's MacArthur Airport, an aircraft interiors project has its designer "fired on all cylinders". Tasked to modify and refurbish a Global 5000 for the sports entertainment giant, World Wrestling Entertainment (WWE, formerly WWF), New York-based International Jet Interiors is putting a progressive spin on cabin design. While the livery boasts WWE's corporate colours, the interiors use "hand-woven carpets, custom-made metal finishes including a spun black pearl finish, custom-dyed leathers and bespoke seating from Italy", says Eric Roth, the designer at International Jet Interiors' helm.

But the highlight is in the high-tech facilities: studio-grade equipment that enables on-the-fly editing of feeds from live sports entertainment shows, which are transmitted via on-board satellite. Meanwhile, specially programmed iPad minis control the cabin functions. "It will be the ultimate couture craft when completed in January 2014," says Roth.

No stranger to special client requests, Roth says he loves the challenge — the more unusual the request, the more he and his team seem to excel in delivering the solution. His clients come from around the world with a varied wish-list, ranging from entertainment systems with satellite TV and high-speed WiFi to 24-karat gold-plated fixtures throughout the craft. >>

THE MORE UNUSUAL THE REQUEST, THE MORE ROTH AND HIS TEAM SEEM TO EXCEL IN DELIVERING THE SOLUTION

HOUSE_OVERSIGHT_013270

"HELPING CLIENTS STRATEGISE IS A KEY PART OF THE DESIGN PROCESS. I LOOK AT HOW LONG THEY HAVE OWNED THE CRAFT AND AT ITS DEPRECIATING ASSET VALUE"

HOUSE_OVERSIGHT_013271

Details set Roth's work apart from other aircraft interiors — from the choice of lighting, carpet, upholstery and cabinetry, to gadget stowage and dining accessories

>> Its refurbishment of Donald Trump's Boeing 757, for instance, included a 24-karat gold-plated bathroom sink. Other projects have required reconfiguring the seating layout to make kennel space for hunting dogs, installing ultra-secure bassinets for newborn infants, and wrapping a toilet seat in crocodile skin for a client in India.

Roth says that as a designer and design director, his main task is to develop an intimate understanding of a client's lifestyle and his use of the jet — the percentage of time spent for business, pleasure, corporate entertainment and family time. "Helping clients strategise is a key part of the design process. I look at how long they have owned the craft and at its depreciating asset value, and work out if it's worth it to invest in the latest piece of technology or ultra comfort accessory. Most of them will opt for the investment because they want their aircraft to be up-to-date, even if this does not up its asset value."

At times, thorough strategising is needed even before International Jet Interiors accepts a project. A US-based film producer once wanted a 'sky studio' so that he and his four-member team could edit films onboard his Gulfstream. This required state-of-the-art editing equipment, surround sound, and a 42-inch, flat-screen, high-definition TV. "The client perceived the theatre >>



HOUSE_OVERSIGHT_013272

HOUSE_OVERSIGHT_013273

>> aspect as the great challenge — yet it was balancing the weight of the floor-plan change and equipment furnishing that was the real challenge. The structural and technical analysis consumed the better part of three weeks before we could make the commitment to produce this unique aircraft," says Roth.

Despite many quirky refurbishing requests, Roth says a fair percentage of his clients avoid using their aircraft to make a statement: "They will come to me saying 'Eric, I want it to be luxuriously comfortable, very functional but extremely understated'." Nearly 75 per cent of the firm's clients are US-based, but it is now receiving more requests from private-jet owners in Asia. The company has worked with clients in Shanghai, Tokyo and Mumbai, and is in discussions with new customers in Africa.

He hopes to one day produce a "green and sustainable" solution for a client. That may sound like an oxymoron, and it will take a designer used to pushing the limits of convention to create such a ground-breaking design. It looks like Roth is cut out for the job.

"CLIENTS COME TO ME SAYING 'ERIC, I WANT IT TO BE LUXURIOUSLY COMFORTABLE, VERY FUNCTIONAL BUT EXTREMELY UNDERSTATED'."

OPPOSITE

International Jet Interiors achieves a sleek, streamlined appeal by modifying an aircraft's window line and periphery, and using composite materials exclusively

THIS PAGE

Hand-stitched leathers and finely woven fabrics create a luxurious, comfortable ambiance

Gadgets can be configured to control the lightings in the cabin interior



HOUSE_OVERSIGHT_013274

Bloomberg

# Thatcher, Mandela, Chavez Are Among Notable Deaths in 2013

2013-12-26 05:01:00.3 GMT

By Steven Gittelson

Dec. 26 (Bloomberg) -- The first female prime minister of the U.K., the first black president of South Africa and the first woman to buy a seat on the New York Stock Exchange were among the notable deaths of 2013.

Margaret Thatcher, 87, died in April; Nelson Mandela, 95, died this month; and Muriel Siebert, 84, died in August.

The year also included the deaths of politicians Edward Koch, 88, in February and Hugo Chavez, 58, in March; musicians Marian McPartland, 95, in August and Lou Reed, 71, in October; and athletes Stan Musial, 92, in January, and Ken Norton, 70, in September.

The world of business, finance and investing lost Fred Turner, 80, the former McDonald's Corp. chief executive officer who introduced Chicken McNuggets, Egg McMuffins and Happy Meals,
in January; Martin Zweig, 70, who predicted the 1987 stock-market crash, in February; and Alfred Feld, 98, whose 80 years at Goldman Sachs Group Inc. made him the firm's longest-serving employee, in November.

Here are the year's notable deaths, with each name linked to a previously published obituary. A cause of death is provided when known.

## January

Patti Page, 85. U.S. pop singer whose 1950s hits included "Tennessee Waltz" and "(How Much Is That) Doggie in the Window?" Died Jan. 1.

Lewis Adam, 68. He was a fuel trader who became president of ADMO Energy LLC, a supply consultant in Kansas City, Missouri.

Died Jan. 2 of a heart attack on his first day of retirement.

Fred Turner, 80. As CEO at McDonald's Corp., now the world's largest restaurant company, he introduced Chicken McNuggets, the Egg McMuffin and Happy Meals. Died Jan. 7 of complications from pneumonia.

Ada Louise Huxtable, 91. She became the first full-time architecture critic at a U.S. newspaper when she was hired by the New York Times in 1963 and won the first Pulitzer Prize for distinguished criticism, in 1970. Died Jan. 7.

James M. Buchanan, 93. The U.S. economist who won the 1986 Nobel
Prize for applying the tools of economics to analyze political decision-making. Died Jan. 9.

Daniel J. Edelman, 92. He founded Chicago-based Daniel J. Edelman Inc., now the world's largest independent public-relations company, and helped pioneer the use of celebrities in PR campaigns. Died Jan. 15 of heart failure.

Thomas Candillier, 37. The Paris-based head of European equity sales at JPMorgan Chase & Co., who joined the bank in 2001 after working in energy derivative sales at Goldman Sachs. Died Jan. 16.

Robert Citron, 87. He was the treasurer of Orange County, California, in 1994, when his bad bets on derivative securities lost about $1.7 billion, causing what was then the biggest U.S. municipal bankruptcy. Died Jan. 16.

Pauline Phillips, 94. To millions of U.S. newspaper readers, she was Abigail Van Buren, author of the personal advice column, "Dear Abby." Died Jan. 16 from Alzheimer's disease.

Stan Musial, 92. A Hall of Fame outfielder for Major League Baseball's St. Louis Cardinals, "Stan the Man" was one of the game's great hitters during the 1940s and 1950s. Died Jan. 19.

Earl Weaver, 82. He was the hot-tempered manager of the Baltimore Orioles baseball team for 17 years, guiding his club to the World Series four times and winning the championship in 1970. Died Jan. 19 of a heart attack.

Michael Winner, 77. The British film director best known for making the first three “Death Wish” action movies, starring Charles Bronson. Died Jan. 21 of liver cancer.

A.W. “Tom” Clausen, 89. He rose from part-time cash counter to CEO at Bank of America Corp., and returned for a second stint as chief after serving as World Bank president. Died Jan. 21 of complications from pneumonia.

Maria Schaumayer, 82. The Austrian economist who in 1990 became the first woman to lead a European central bank. Died Jan. 23.

John M. “Jack” McCarthy, 85. The stock-market optimist who from 1983 to 1992 was co-managing partner at Lord Abbett & Co., an investment management firm, in Jersey City, New Jersey. Died Jan. 23.

Barry Lind, 74. Founder of Lind-Waldock & Co., a discount futures firm in Chicago, who helped transform the Chicago Mercantile Exchange into a market for financial futures. Died Jan. 24, one day after he was struck by a car.

Ben Steele, 35. He joined London-based hedge fund Armajaro Asset Management LLP in 2012 to start a pool trading shares of financial companies. Died Jan. 25 of an apparent heart attack.

Stefan Kudelski, 84. The Polish-born inventor of the first professional-quality portable audio recorder, in 1951. Died Jan. 26 in Switzerland.

Patty Andrews, 94. Last surviving member of the Andrews Sisters trio, the most popular female vocal group of the first half of the 20th century. Died Jan. 30 in Los Angeles.

Caleb Moore, 25. A Texas-born snowmobile racer who became the

sport's first fatality. Died Jan. 31, one week after crashing at the Winter X Games in Aspen, Colorado.

February

Edward I. Koch, 88. As New York mayor from 1978 to 1989, he led the city back from the brink of bankruptcy, turning a $1 billion budget deficit into a $500 million surplus in five years. Died Feb. 1 of heart failure.

Edith Lauterbach, 91. Last survivor of a quintet of U.S. women, who in 1945 founded the Air Line Stewardesses Association, the world's first union for flight attendants. Died Feb. 4.

George Frazer, 86. Chairman of Toronto-based Leon Frazer & Associates, who invested in companies with high dividends during his seven decades as a fund manager. Died Feb. 6.

Rem Vyakhirev, 78. He was CEO of OAO Gazprom, the world's biggest natural-gas producer, from 1993 to 2001. Died Feb. 11.

Stokley Towles, 77. He spent his career at the Boston office of New York-based Brown Brothers Harriman & Co., creating the firm's global custody service, which now accounts for more than 70 percent of the bank's employees. Died Feb. 14.

Mindy McCready, 37. A U.S. country music singer whose hits included "Guys Do It All the Time." Died Feb. 17 of apparent suicide.

Otto Beisheim, 89. German billionaire, who in 1964 co-founded Metro AG, now Germany's biggest retailer. Died Feb. 18 of suicide after suffering from an incurable illness.

Jerry Buss, 80. After buying the Los Angeles Lakers in 1979, he added marquee stars including Magic Johnson and Kobe Bryant, winning 10 National Basketball Association championships between 1980 and 2010. Died Feb. 18 of kidney failure related to cancer treatment.

Martin Zweig, 70. He predicted the 1987 stock-market crash and wrote books and newsletters that influenced U.S. investors for more than a quarter century. Died Feb. 18.

Alger “Duke” Chapman Jr., 81. The CEO of Shearson Hammill & Co., who merged the firm with Sanford Weill’s Hayden Stone Inc. in 1974, a milestone in the emergence of mega-companies within the finance industry. Died Feb. 18 of congestive heart failure in Little Rock, Arkansas, where he retired.

Susan Carroll, 50. A managing director of Morgan Stanley since 2009, who was the chief operating officer of Salt Lake City-based Morgan Stanley Bank. Died Feb. 18 of liver disease.

Paul McIlhenny, 68. He was the fourth generation of his family to lead McIlhenny Co., a maker of Tabasco sauce. Died Feb. 23 of a heart attack at his home in New Orleans.

C. Everett Koop, 96. As U.S. surgeon general from 1981 to 1989, he used his position to educate Americans about the dangers of smoking while pushing the government to take a stronger stand against AIDS. Died Feb. 25.

Stephane Hessel, 95. A hero of the French Resistance and former United Nations diplomat, who in 2010 wrote “Indignez-Vous!,” titled “Time for Outrage” in the U.S., a best-selling pamphlet that helped inspire social protests in Europe and the Occupy Wall Street movement. Died Feb. 26 in Paris.

Robert Elberson, 84. As CEO of Hanes Corp., he introduced L’eggs pantyhose, and became president of Hanes’s parent, Sara Lee Corp. Died Feb. 26 at his home in Charlotte, North Carolina.

Van Cliburn, 78. The pianist from Texas, whose triumph as a 23-year-old at the 1958 Tchaikovsky International Piano and Violin Festival in Moscow made him an international star. Died Feb. 27 of bone cancer.

Bruce Reynolds, 81. Mastermind of the 1963 Great Train Robbery in Britain, which brought him fame, fortune and 10 years in

prison. Died Feb. 28.

March

Bonnie Franklin, 69. The actress best known for playing divorced mother Ann Romano in the U.S. television show “One Day at a Time,” which aired from 1975 to 1984. Died March 1 of pancreatic cancer.

James Strong, 68. Former CEO of Qantas Airways Ltd., Australia’s biggest airline, and former chairman of Woolworths Ltd., the country’s largest retailer. Died March 3 in Sydney of complications from surgery.

Hugo Chavez, 58. President of Venezuela since 1998, who used the country’s oil wealth to help the poor, nationalized corporations and dismissed foes as puppets of U.S. imperialism. Died March 5 of cancer.

John J. Byrne, 80. He led Geico Corp. from 1976 to 1985 and saved the insurer from bankruptcy, leading Warren Buffett to buy the company and call him “the Babe Ruth of insurance.” Died March 7 of prostate cancer.

Michael P. Duffy, 54. As the head of JPMorgan’s Dallas-based Chase Paymentech unit, he helped make the bank one of the largest U.S. processors of credit-card and electronic payments. Died March 7 of cancer.

Ewald-Heinrich von Kleist, 90. Last survivor of a group of German army officers, who tried unsuccessfully to kill Adolf Hitler. Died March 8.

Elizabeth Cheval, 56. She founded EMC Capital Management Inc., a Bannockburn, Illinois-based investment firm. Died March 9 in China after suffering a brain aneurysm during a business trip.

Ieng Sary, 87. Former foreign minister of the Khmer Rouge, who died while on trial for the deaths of 1.7 million Cambodians in the 1970s. Died March 14.

K. Anji Reddy, 74. Billionaire founder of Dr. Reddy's Laboratories Ltd., India's second-largest drugmaker. Died March 15 of liver cancer.

Olivier Metzner, 63. One of France's best-known defense lawyers, whose clients included former Societe Generale SA trader Jerome Kerviel. Died of suicide on March 17, when his body was found floating near his private island in Brittany.

Steve Davis, 60. Quarterback on the University of Oklahoma's national college football championship teams in 1974 and 1975. Died March 17 in a plane crash.

Harry Reems, 65. The male star of "Deep Throat," a 1972 U.S. film that brought hardcore pornography to mainstream audiences. Died March 19 in Salt Lake City.

Rise Stevens, 99. New York City-born mezzo-soprano who starred at the Metropolitan Opera in the 1940s and 1950s and was best known for playing the lead role in "Carmen." Died March 20.

Chinua Achebe, 82. The Nigerian author of "Things Fall Apart" (1958), one of the first novels by an African writer to attract a worldwide audience. Died March 21.

Georg W. Claussen, 100. The CEO at Beiersdorf AG, the Hamburg-based maker of Nivea skin cream, from 1957 to 1979. Died March 21.

Ray Williams, 58. A former guard in the National Basketball Association whose 10-year career included stints with the New York Knicks and New Jersey Nets. Died March 22.

Boris Berezovsky, 67. He was one of the first and best-known oligarchs who accumulated vast wealth and influence in post-Soviet Russia until a falling out with Russian President Vladimir Putin. Died March 23 at his home near London, where he lived in self-imposed exile.

Virgil “Fire” Trucks, 95. Hurled two no-hitters in 1952 for Major League Baseball’s Detroit Tigers. Died March 23.

Anthony Lewis, 85. Former New York Times reporter and columnist, who won two Pulitzer Prizes and transformed coverage of the U.S. Supreme Court. Died March 25 of renal and heart failure.

Guillermo Luksic Craig, 57. Chairman of Chilean holding company Quinenco SA, and a member of Chile’s richest family. Died March 27 of lung cancer.

Ralph Klein, 70. The premier of Alberta, Canada’s oil-rich province, from 1992 to 2006. Died March 29 of dementia and lung disease.

Mal Moore, 73. He was part of 10 national championship college football teams as a player, coach and athletic director at the University of Alabama. Died March 30 of pulmonary disease.

April

Jack Pardee, 76. The All-American linebacker at Texas A&M University, who played in the NFL and then coached the league’s Chicago Bears, Washington Redskins and Houston Oilers. Died April 1 of gall bladder cancer.

Barbara Piasecka Johnson, 76. The Polish-born cook and chambermaid who married Johnson & Johnson heir J. Seward Johnson, won $350 million in a legal battle with his children over his will, and wound up a billionaire art collector and philanthropist living in Monaco. Died April 1 in Poland.

Calvert Crary, 69. A Wall Street lawyer whose newsletter, “Litigation Notes,” predicted the outcome of corporate court battles for an audience of hedge fund managers and institutional investors. Died April 6.

Margaret Thatcher, 87. The U.K. prime minister from 1979 to 1990, known as the “Iron Lady” for her strong will, who helped end the Cold War and revived Britain’s economy by deregulating

financial markets, lowering taxes and privatizing companies. Died April 8 of a stroke in London.

Annette Funicello, 70. She was the most popular of the original Mouseketeers on Walt Disney's "The Mickey Mouse Club" television show in the 1950s, then had a career as an actress and singer. Died April 8 of complications from multiple sclerosis, in California.

Robert G. Edwards, 87. A British physiologist, his research on in-vitro fertilization led to the first test-tube baby, earning him the Nobel Prize for Medicine in 2010. Died April 10.

George Schaefer, 84. As chairman and CEO of Caterpillar Inc. from 1985 to 1990, he led the construction equipment maker from losses to record profits. Died April 10 in Peoria, Illinois, the company's hometown.

Jonathan Winters, 87. The American stand-up comic, whose improvisational humor, starting in the 1950s, inspired comedians such as Robin Williams and Jim Carrey. Died April 11.

Maria Tallchief, 88. One of the premier U.S. ballerinas of the 20th century, and the wife of choreographer George Balanchine. Died April 11.

Colin Davis, 85. The British-born principal conductor of the London Symphony Orchestra from 1995 to 2006. Died April 14.

George Beverly Shea, 104. Known as "America's Beloved Gospel Singer," he performed before more than 200 million people during six decades with evangelist Billy Graham. Died April 16.

Pat Summerall, 82. The former NFL player, who teamed with John Madden for 21 years to form one of the most popular broadcasting pairings in television history. Died April 16.

Al Neuharth, 89. He built Gannett Co. into the largest U.S. newspaper publisher and created USA Today, which became the country's biggest-selling daily paper. Died April 19 of

complications from a fall.

Cortright McMeel, 41. He drew on his experience in the commodities market to write a darkly comic novel about energy traders. Died April 19 in Denver, where he lived.

Dirce Navarro de Camargo, 100. She became Brazil's richest woman after inheriting Camargo Correa SA, now the nation's third-largest construction company, founded by her late husband, Sebastiao Camargo. Died April 20.

Richie Havens, 72. The Brooklyn-born folk singer best known as the opening act at the Woodstock music festival in 1969. Died April 22 of a heart attack.

Kathryn Wasserman Davis, 106. She gave her husband about $100,000 in 1947 to open his own investment firm, Shelby Cullom Davis & Co., which was valued at $800 million when he died in 1994. Died April 23.

George Jones, 81. The country-music singer, whose emotion-drenched vocal style earned him more hit records than any other artist. Died April 26 in Nashville, Tennessee.

Tim Taylor, 71. He was Yale University's ice hockey coach for 28 seasons, winning six Ivy League titles. Died April 27 of cancer.

Janos Starker, 88. A Hungarian-born child prodigy, who became one of the most renowned cellists of the 20th century and ended his career as a distinguished professor of music at Indiana University. Died April 28.

Edward Feigeles, 58. He was a managing director at Lehman Brothers Holdings Inc. in New York, where he led the private client services group, from 1996 to 2005. Died April 29 after a brief illness.

Bill Mahoney, 55. He led global sales and marketing at Westport, Connecticut-based Bridgewater Associates LP, the world's largest hedge fund, before leaving in 2006. Died April 30 of pancreatic

cancer.

May

William Cox Jr., 82. The patriarch of the Bancroft clan that for 105 years controlled New York-based Dow Jones & Co., publisher of the Wall Street Journal, who helped persuade the extended family to sell the company to Rupert Murdoch's News Corp. in 2007. Died on May 1 of complications from diabetes.

Giulio Andreotti, 94. The seven-time Italian prime minister, whose political career embodied the highs and lows of Italian postwar governance. Died May 6.

Salvatore J. Trani, 72. He helped rebuild the credit unit of Cantor Fitzgerald LP's BGC Partners Inc. after 658 of the firm's employees were killed in the Sept. 11, 2001, attacks on New York's World Trade Center. Died May 7 of brain cancer.

George Sauer Jr., 69. Playing wide receiver for the National Football League's New York Jets, he caught eight passes from quarterback Joe Namath in the 1969 Super Bowl, which the underdog Jets won. Died May 7 of Alzheimer's disease.

Alan Abelson, 87. A U.S. financial journalist, who was a former top editor at Barron's magazine and wrote a widely followed stock-market column. Died May 9 of a heart attack.

Andrew Simpson, 36. A British sailor who won two Olympic medals in sailing for Britian. Died May 9 when a yacht attempting to compete for the America's Cup capsized in San Francisco Bay.
Ottavio Missoni, 92. The founder of Missoni SpA, a high-end Italian fashion company. Died May 9.

Deborah Bernstein, 41. She became a partner at Aquiline Capital Partners LLC, a New York-based private equity firm, after starting her career at Goldman Sachs. Died May 10 of cancer.

Walter J. O'Brien III, 46. The head of equities sales and trading at BB&T Corp., North Carolina's second-biggest bank, and

a mentor to finance-minded graduates of the University of Richmond, his alma mater. Died May 10 of colon cancer.

Joyce Brothers, 85. Armed with a Ph.D. in psychology, she became a pioneer in dispensing advice about love, self-image and sex on U.S. television and radio and syndicated newspaper columns, starting in the late 1950s. Died May 13 of respiratory failure.

Chuck Muncie, 60. A running back for the NFL's New Orleans Saints and San Diego Chargers who in 1981 set a record for rushing touchdowns in a season and then had his career cut short because of cocaine use. Died May 13 of a heart attack.

Jorge Rafael Videla, 87. Argentina's military junta leader, who oversaw a campaign of murder and kidnapping from 1976 to 1981. Died May 17 in a Buenos Aires prison, where he was serving a life sentence for human rights violations.

Ken Venturi, 82. The American golfer who won the 1964 U.S. Open and spent 35 years as a TV golf analyst. Died May 17 of a spinal infection and pneumonia.

Isabel Benham, 103. Her mastery of U.S. railroad financing in the 1930s made her an influential bond analyst and in 1964 she became the first female partner at R.W. Pressprich & Co., a Wall Street firm. Died May 18.

Ray Manzarek, 74. The keyboardist and songwriter who with Jim Morrison founded The Doors, a 1960s U.S. rock group that sold more than 100 million records. Died May 20 of bile duct cancer.

John Q. Hammons, 94. He created John Q. Hammons Hotels in 1969 and became the largest private, independent upscale-hotel manager in the U.S., developing properties for brands such as Marriott, Renaissance and Embassy Suites. Died May 26.

Roberto Civita, 76. An Italian-born entrepreneur, who became the billionaire chairman of Grupo Abril, which publishes some of Brazil's most-read magazines. Died May 26 of complications from an abdominal aneurysm.

Cullen Finnerty, 30. The former college football star who led Grand Valley State University's team to three Division II national championships and won more than 50 games over four seasons as the school's quarterback. Died between May 26 and May 28 of pneumonia after disappearing while on a fishing trip in Michigan.

Charles Henderson, 88. He was the fourth generation of his family to run Henderson Brothers Inc., a specialist floor trading firm on Wall Street. Died May 29 of heart failure.

George H. Weiler III, 69. Senior vice president for wealth-management services at UBS AG, who started his Wall Street career in 1984 at Dillon Read & Co. Died May 29 of a heart attack.

June

Raymond Saxe, 50. A former senior vice president of global risk technology at HSBC Holdings Plc, who worked on Wall Street for 21 years. Died June 1.

Michael McClintock, 55. Senior managing director in New York for Macquarie Group Ltd., Australia's biggest investment bank. Died June 2 of cardiac arrest.

Chen Xitong, 82. The mayor of Beijing during the 1989 Tiananmen Square protests in which hundreds of people were killed. Died June 2 of cancer.

Hugh P. Lowenstein, 82. A managing director of Donaldson, Lufkin & Jenrette in the 1990s, founder of Shore Capital Ltd. in Bermuda and a director of Bloomberg LP, parent company of Bloomberg News, for more than 15 years. Died June 2.

Frank Lautenberg, 89. The five-term Democratic senator from New Jersey who wrote laws raising the legal drinking age to 21 and banning smoking on domestic airline flights. Died June 3 of complications from viral pneumonia.

Deacon Jones, 74. A Hall of Fame defensive end, who was the NFL's defensive player of the year in 1967 and 1968 when he played for the Los Angeles Rams. Died June 3.

Esther Williams, 91. The U.S. swimming champion who was best known as a movie actress in aquatic musicals in the 1940s and 1950s. Died June 6.

William L. Clayton, 83. During his 55-year career on Wall Street, he spent almost four decades at E.F. Hutton & Co. and founded Hutton Capital Management. Died June 7 of Parkinson's disease.

Robert Fogel, 86. The University of Chicago economist, who won a Nobel Prize in 1993 for his historical analysis of how railroads and slavery shaped U.S. economic history. Died June 11.

Miller Barber, 82. A U.S. golfer who made a record 1,297 combined starts on the U.S. PGA and Champions golf tours, winning 35 titles. Died June 11.

Jiroemon Kimura, 116. He was recognized by Guinness World Records as the oldest male in recorded history. Died June 12 in his hometown of Kyotango, in western Japan.

Paul Soros, 87. The Hungarian-born founder of Soros Associates, a New York-based builder of shipping ports, and the older brother of billionaire investor George Soros. Died June 15.

Mathew Gladstein, 90. Working with future Nobel winners Robert Merton and Myron Scholes, he helped popularize options trading while working at Donaldson Lufkin & Jenrette in New York. Died June 18.

Gyula Horn, 80. The prime minister of Hungary from 1994 to 1998, who as foreign minister in 1989 helped trigger events that led to the fall of the Berlin Wall. Died June 19.

James Gandolfini, 51. The New Jersey-born actor best known for

portraying the conflicted mob boss Tony Soprano in the TV series "The Sopranos." Died June 19 of a heart attack while on vacation in Rome.

Dave Jennings, 61. An All-Pro punter who played for New York's two NFL teams, the Giants (1974 to 1984) and Jets (1985 to 1987). Died June 19 from Parkinson's disease.

Allan Simonsen, 34. A Danish race car driver affiliated with the Aston Martin Racing Team. Died June 22 when his car crashed at the Le Mans 24 hours race.

Bobby "Blue" Bland, 83. A Tennessee-born singer of Southern blues and ballads in hit singles such as "Turn on Your Love Light," who was inducted into the Rock and Roll Hall of Fame. Died June 23.

Harry Parker, 77. He coached the Harvard University men's heavyweight crew team to 22 undefeated seasons and eight national titles. Died June 25 of a blood disorder.

Marc Rich, 78. The Belgium-born commodities trader, who in 1983 was indicted for U.S. income tax evasion and racketeering, fled the country and lived as a fugitive until pardoned by President Bill Clinton in 2001. Died June 26 near his home in Switzerland.

Rawleigh Warner, 92. As the chairman and CEO of Mobil Oil Corp. from 1969 to 1986, he outmaneuvered competitors to make Mobil second in sales behind Exxon Corp., years before the companies merged. Died June 26 of complications from a progressive muscle disease.

July

William H. Gray III, 71. He was a Democrat from Philadelphia who served six terms in the U.S. House of Representatives, becoming the first black party whip, the No. 3 leadership position. Died July 1 while in London to attend the Wimbledon tennis tournament.

Andrew McMenigall, 47. A senior global equities manager at Scotland's Aberdeen Asset Management Plc, who was based in Edinburgh. Died July 2 in a traffic accident while participating in a charity bicycle ride across Britain.

Toby Wallace, 36. He was a Philadelphia-based senior relationship manager at Aberdeen Asset Management Plc. Died July 2 of injuries suffered from a traffic accident while taking part in a charity bicycle ride across Britain.

Douglas Engelbart, 88. The U.S. electrical engineer who invented the computer mouse, the design of which was described in a patent filed in 1967 and granted in 1970. Died July 2 of kidney failure.

Cynthia Lufkin, 51. The philanthropist wife of Dan Lufkin, co-founder of Wall Street firm Donaldson, Lufkin & Jenrette. Died July 3 of complications from breast and lung cancer.

Douglas J. Dayton, 88. The son of a successful U.S. retailer, he became the first president of Target, a U.S. department store chain. Died July 5 of cancer.

Masao Yoshida, 58. The plant manager of Japan's Fukushima nuclear reactor in March 2011, when an earthquake and ensuing tsunami crippled the facility in the worst nuclear disaster since Chernobyl in eastern Europe. Died July 9 of esophageal cancer.

Philip Caldwell, 93. He was the first CEO of Ford Motor Co. who wasn't a member of the Ford family. Died July 10 of complications from a stroke.

Amar Bose, 83. An engineer who taught at Massachusetts Institute of Technology for more than four decades, he was best known as the billionaire founder of Bose Corp., an audio technology company specializing in speakers and headphones located in Framingham, Massachusetts. Died July 12.

Cory Monteith, 31. The Canadian-born actor was best known for

starring in the hit TV show “Glee.” Died July 13 of a drug overdose.

Herbert Allison Jr., 69. He was the former president of Merrill Lynch & Co., chairman and CEO of TIAA-CREF, CEO of Fannie Mae and led the U.S. government’s bank bailout program. Died July 14.

Neal McCabe, 60. He was a Boston-born former global co-head of a Lehman Brothers Holdings Inc. unit focused on increasing trades with security dealers worldwide. Died July 17, two months after suffering a stroke.

Donald J. Mulvihill, 56. He was a managing director at Goldman Sachs, who started the firm’s asset-management business in Japan and created tax-focused funds in the U.S. during his 33-year career with the bank. Died July 19 of leukemia in Illinois, where he was born and raised.

Helen Thomas, 92. The pioneering female journalist who worked as White House correspondent for United Press International, where she worked for 57 years, and as a columnist for Hearst Newspapers. Died July 20.

Carsten Schloter, 49. The German-born CEO of Swisscom AG, Switzerland’s biggest telecommunications company, since 2006. Died July 23 of what police called an apparent suicide.

Emile Griffith, 75. Former U.S. welterweight and middleweight boxing champion best known for his fatal knockout of Benny Paret in a nationally televised fight in 1962. Died July 23.

Dennis Dammerman, 67. He was CEO Jack Welch’s right-hand man at
General Electric Co., where at age 38 he became the company’s youngest chief financial officer and then ran GE Capital. Died July 23.

Arthur Makadon, 70. The chairman of Ballard Spahr LLP, a Philadelphia-based law firm, from 2002 to 2011. Died July 24 of

cancer.

Virginia Johnson, 88. One of the key figures in the sexual revolution in postwar America, she conducted groundbreaking research in human sexuality with her collaborator, William Masters. Died July 24.

Barnaby Jack, 36. A New Zealand-born computer-security professional who exposed how hackers could attack bank automated teller machines, insulin pumps and other electronic devices. Died July 25.

Lindy Boggs, 97. She spent 18 years in the U.S. House of Representatives, succeeding her husband, Hale Boggs, and worked as a champion for women's rights. Died July 27.

George "Boomer" Scott, 69. Large, strong and agile, he spent nine of his 14 seasons in Major League Baseball with the Boston Red Sox, playing first base and leading the team to win the American League pennant in 1967. Died July 28.

Peter Flanigan, 90. The former Dillon Read investment banker, who worked as deputy campaign manager for Richard Nixon's successful 1968 presidential run, then joined the administration as an adviser on business and economic matters. Died July 29.

Berthold Beitz, 99. German industrialist who hid Jews from the Nazis during World War II and then helped rebuild Fried Krupp GmbH, a predecessor of the country's biggest steelmaker. Died July 30.

August

Art Donovan, 88. An NFL Hall of Fame defensive tackle who won two championships with the Baltimore Colts in the 1950s. Died Aug. 4.

E. Nelson Asiel, 96. Third-generation leader of Asiel & Co., a Wall Street brokerage firm founded by his grandfather, Elias, in 1878. Died Aug. 5.

Jerry Wolman, 86. He owned the NFL's Philadelphia Eagles team from 1963 to 1969. Died Aug. 6.

Karen Black, 74. The U.S. actress best known for her performances in "Five Easy Pieces," "Easy Rider" and "Nashville." Died Aug. 8 of cancer.

Lorraine Lodge, 52. She was a convertible bond specialist during a career in New York and London at Merrill Lynch, ING Barings and Nomura Holdings Inc. Died Aug. 8 of ovarian cancer in New York, where she lived.

Lee Quo-wei, 95. The former chairman of Hong Kong's Hang Seng Bank Ltd. and in 1969 was part of the group that created the Hang Seng Index, the city's benchmark stock gauge. Died Aug. 10.

Eydie Gorme, 84. American pop music singer best known for her 1963 hit "Blame It on the Bossa Nova," and for nightclub and television performances with her husband, Steve Lawrence. Died Aug. 10.

Friso van Oranje, 44. A member of the royal family in the Netherlands, he gave up his place in line for the throne to marry the woman he loved. Died Aug. 12 of complications from brain damage suffered in a skiing accident in February 2012.

John H. Laporte, 68. He worked at Baltimore-based T. Rowe Price Group Inc. from 1976 until retiring in 2012 and was named mutual fund manager of the year in 1995. Died Aug. 12 of complications from lymphoma.

Louis V. Gerstner III, 41. The son of Louis Gerstner Jr., the former CEO of International Business Machine Corp., and president of the Gerstner Family Foundation. Died Aug. 14 after choking while dining in a New York restaurant.

Elmore Leonard, 87. Known as the "Dickens of Detroit," Leonard was the best-selling author of crime novels and Westerns, many of which were made into movies, including "Get Shorty" and

“Hombre.” Died Aug. 20 of complications from a stroke.

Marian McPartland, 95. The British-born jazz pianist, whose National Public Radio show, in which she interviewed and played with musicians from Benny Goodman to Elvis Costello, was broadcast for more than three decades. Died Aug. 20 at her home in New York.

Ronald L. Motley, 68. A South Carolina lawyer, he led lawsuits against tobacco companies, resulting in a payout of $246 billion, the biggest civil settlement in U.S. history. Died Aug. 22 from complications of organ failure.

Julie Harris, 87. The U.S. actress who appeared in 30 Broadway plays and won five Tony awards. Died Aug. 24 of congestive heart failure.

Muriel Siebert, 84. The first woman to buy a seat on the New York Stock Exchange, in 1967, founder of Muriel Siebert & Co., a discount brokerage, and the first female superintendent of banks for New York State. Died Aug. 24 of complications from cancer.

Eric T. Miller, 85. The former chief investment officer for New York-based Donaldson Lufkin & Jenrette, who called the stock-market bottom in 1982 and whose “Random Gleanings ” market commentary was widely followed by investors. Died on Aug. 29 of complications from brain cancer.

Seamus Heaney, 74. Irish poet who won the Nobel Prize in Literature in 1995. Died Aug. 30.

David Brenneman, 37. He was an executive director in equity risk management at Morgan Stanley in New York, who previously worked at Banc of America Securities and Davis Polk & Wardwell LLP. Died Aug. 31 of cancer.

David Frost, 74. The British television interviewer best known for his 1977 interviews with former President Richard Nixon, which became the basis for the 2008 movie “Frost/Nixon.” Died Aug. 31 of a heart attack aboard the Queen Elizabeth cruise

ship.

September

Tommy Morrison, 44. In 1993, he defeated George Foreman to win the World Boxing Organization heavyweight title and appeared in the movie “Rocky V.” Died Sept. 1.

Ronald Coase, 102. The British-born University of Chicago economist who won the Nobel Prize in 1991 for research he said showed that “people will use resources in the way that produces the most value.” Died Sept. 2.

Joseph Granville, 90. He was a U.S. financial newsletter writer and technical analyst who moved stock markets with bearish calls in the 1970s and 1980s. Died Sept. 7.

Ray Dolby, 80. He was a U.S. inventor who became a billionaire by designing noise-reduction and surround-sound technologies used in films, movie theaters and home-theater equipment. Died Sept. 12 of leukemia.

Ken Norton, 70. The U.S. boxer who was a former world heavyweight champion and gained fame by breaking Muhammad Ali’s jaw during a match. Died Sept. 18 after suffering a series of strokes.

Joy Covey, 50. She joined Amazon.com Inc. during its pioneering days as an Internet retailer, serving as its chief financial officer when the company held its initial public offering in 1997. Died Sept. 18 in a bicycle accident in California, where she lived.

Hiroshi Yamauchi, 85. The great-grandson of Nintendo Co.’s founder, running the company for 53 years and becoming Japan’s richest person in 2008. Died Sept. 19.

Douglas Millett, 49. He was director of research at New York-based Kynikos Associates Ltd., who called Enron Corp. “a hedge fund sitting on top of a pipeline” and helped expose the energy

company's financial problems. Died Sept. 21 of cancer.

Richard T. McSherry, 77. The co-founder, along with James Elkins, of New York-based Elkins/McSherry LLC, which pioneered a way to crunch data to assess trading costs and help institutional investors maximize profits. Died Sept. 26 of prostate cancer.

L.C. Greenwood, 67. The four-time NFL Super Bowl champion, who played defensive end on the Pittsburgh Steelers' defensive line known as the "steel curtain" in the 1970s. Died Sept. 29.

October

Tom Clancy, 66. The U.S. author of "The Hunt for Red October" and "Patriot Games," he became one of the world's best-known writers by infusing espionage thrillers with technical details about military weaponry and intelligence agencies. Died Oct. 1.

Karen Strauss Cook, 61. In 1975, she became the first woman hired in Goldman Sachs's equities division, and the firm's first female trader. Died Oct. 2 of a degenerative brain disease in New York, where she lived.

Amy Dombroski, 26. The U.S. bicyclist who was a three-time national cyclo-cross champion. Died Oct. 3 when struck by a vehicle while training in Belgium.

Sergei Belov, 69. He played guard on the Soviet Union's basketball team that beat the U.S. to win a gold medal in the 1972 Olympics. Died Oct. 3.

Vo Nguyen Giap, 102. The North Vietnamese general whose fighters drove the French out of Vietnam in 1954, then served as commander-in-chief against U.S. forces during the Vietnam War. Died Oct. 4.

Ovadia Yosef, 93. An ultra-Orthodox rabbi who galvanized Israel's Jews of Middle Eastern and North African descent into a political force with the Shas Party. Died Oct. 7.

Paul Desmarais Sr., 86. The Canadian billionaire, who turned an inherited fleet of buses into Power Corp. of Canada, an insurance and financial services conglomerate. Died Oct. 8.

Scott Carpenter, 88. The second American to orbit the Earth, he was one of the original seven astronauts in Project Mercury, the first U.S. human spaceflight program. Died Oct. 10 of complications from a stroke.

Wilfried Martens, 77. A former prime minister of Belgium, who presided over nine governments from 1979 to 1992, deepening the nation's integration in the European Union while leaving a legacy of debt. Died Oct. 10.

Wally Bell, 48. A Major League Baseball umpire for 21 years. Died Oct. 14 of a heart attack.

Hans Riegel, 90. The German billionaire owner of Haribo GmbH, a candy maker started by his father, whose best-known product is the Gummy Bear. Died Oct. 15 of heart failure.

Peter A. Levy, 77. He followed the path of his father, Gustave Levy, becoming a partner at Goldman Sachs, until departing to co-found investment funds, including Harmony Capital Management LP, a New York-based fund of private-equity funds. Died Oct. 18 of cancer.

Tom Foley, 84. He was a Democratic congressman from Washington State from 1964 to 1994 and rose to speaker of the House. Died Oct. 18 of pneumonia following a series of strokes.

Sally Dawson, 39. A British-born banker who spent 17 years at the London office of Deutsche Bank AG, specializing in high-yield and distressed-debt sales. Died Oct. 18 of cancer.

C.W. "Bill" Young, 82. A U.S. representative from Florida, he was the longest-serving Republican in Congress and an advocate of military spending. Died Oct. 18 of complications following surgery.

Oail “Bum” Phillips, 90. A Texan who spent 12 seasons as a coach in the NFL for the Houston Oilers and New Orleans Saints, pacing the sidelines in cowboy boots, jeans and a Stetson hat. Died Oct. 18.

William C. Lowe, 72. He supervised the production of International Business Machines Corp.’s first personal computer, in 1980. Died Oct. 19 of a heart attack.

Lawrence Klein, 93. The U.S. economist who won the 1980 Nobel Prize for developing computer models to help predict global economic trends. Died Oct. 20.

Jamalul Kiram III, 75. A Philippine sultan, who waged an armed struggle for control over Malaysia’s Sabah state, an area rich in natural resources. Died Oct. 20 of kidney disease.

Juliette Moran, 96. She joined GAF Corp. in 1943 when it was a New York-based chemical maker, rising to vice chairman in 1980. Died Oct. 20.

Don James, 80. In 1975, he became the head coach of the University of Washington’s football team, winning a share of the national title in 1991. Died Oct. 20 of pancreatic cancer.

K.S. “Bud” Adams, 90. Owner of the NFL’s Houston Oilers team and its successor, the Tennessee Titans, he helped found the American Football League in 1960. Died Oct. 21.

Anthony Caro, 89. A British sculptor, who created large art objects with heavy steel girders, metal sheets, pipes and scrap metal and was knighted in 1987. Died Oct. 23 of a heart attack.

Paul Reichmann, 83. One of three brothers who built Toronto-based Olympia & York Developments Ltd. in building London’s Canary Wharf and New York’s World Financial Center before it filed for bankruptcy in 1992. Died Oct. 25.

Bill Sharman, 87. He was elected to the Basketball Hall of Fame

twice, first as a player, in 1976, and then as a coach, in 2004, a feat achieved only by John Wooden and Lenny Wilkens. Died Oct. 25 following a stroke.

Kimberly Mounts, 48. She founded MAP Alternative Asset Management Co. in Newport Beach, California, in 2006, following jobs at Goldman Sachs and Morgan Stanley. Died Oct. 25 of cardiac arrest.

Gilbert Beebower, 79. A co-author of a 1986 article demonstrating the superiority of asset allocation compared with market timing and stock picking, who worked at SEI Investments Co. in Oaks, Pennsylvania, from 1975 until his death. Died Oct. 25.

Lou Reed, 71. The New York-based rock musician, who co-founded the Velvet Underground and became one of rock music's most influential artists. Died Oct. 27 of complications from a liver transplant.

Leonard M. Leiman, 82. He led the securities-law practice at New York-based Reavis & McGrath when it merged in 1988 with Houston-based Fulbright & Jaworski, creating the seventh-largest U.S. law firm at the time. Died Oct. 30.

November

Walt Bellamy, 74. A member of the NBA Hall of Fame, he was one of only seven players to score more than 20,000 points and grab more than 14,000 rebounds. Died Nov. 2.

Rachel Benepe, 37. A U.S. protege of stock-picker Jean-Marie Eveillard at First Eagle Investment Management LLC, who managed its $1.5 billion First Eagle Gold Fund since 2009. Died Nov. 2 of cancer.

Charlie Trotter, 54. The Chicago-based chef who closed his namesake restaurant in 2012 after a 25-year run in which it won 11 James Beard Foundation Awards. Died Nov. 5.

Clarence “Ace” Parker, 101. Inducted into the Pro Football Hall of Fame in 1972, he played on New York teams in the 1940s, and twice spent the off-season playing baseball with the Philadelphia Athletics. Died Nov. 6.

Manfred Rommel, 84. He served as the former mayor of Stuttgart, Germany, for 22 years and was the son of Erwin Rommel, the German field marshal during World War II. Died Nov. 7 of Parkinson’s disease.

Sally Lloyd, 64. A third-generation banker who started her career in the early 1970s when few women worked on Wall Street and rose to managing director at Smith Barney. Died Nov. 11 of cancer.

John Tavener, 69. The U.K. composer best known for works such as “Song for Athene,” played at the funeral of Diana, Princess of Wales. Died Nov. 12.

Todd Christensen, 57. An NFL player from 1979 to 1988, who won two Super Bowl titles with the Oakland Raiders as a tight end and was voted All-Pro four times. Died Nov. 13 of complications from surgery.

Glafcos Clerides, 94. While president of Cyprus from 1993 to 2003, he oversaw the country’s entrance into the European Union in 2004. Died Nov. 15.

Doris Lessing, 94. The British author won the Nobel Prize in literature in 2007 and is best-known for “The Golden Notebook,” a story about an independent-minded woman growing up in Africa. Died Nov. 17.

G. Moffett Cochran, 63. The co-founder and CEO of New York-based Silvercrest Asset Management Group Inc., a firm serving wealthy families. Died Nov. 18 of cancer.

Michael Weiner, 51. As executive director of the Major League Baseball Players Association since 2009, he helped keep labor peace in the sport. Died Nov. 21 of cancer.

Peter B. Lewis, 80. The billionaire chairman of Progressive Corp., one of the biggest U.S. auto insurers, and a supporter of the medical use of marijuana. Died Nov. 23 of a heart attack at his home in Coconut Grove, Florida.

Robin Leigh-Pemberton, 86. He was Bank of England governor from 1983 to 1993. Died Nov. 24.

Matthew Bucksbaum, 87. The co-founder of General Growth Properties Inc., the second-biggest U.S. owner of shopping malls. Died Nov. 24 of respiratory failure.

Alfred Feld, 98. The longest-serving employee at Goldman Sachs, who joined the firm in 1933 and rose from office boy to private-wealth manager. Died Nov. 25.

Peter W. Kaplan, 59. The former editor of the New York Observer, which under his leadership chronicled the lives of New York's power elite and ran the column, "Sex and the City," which inspired a hit television series. Died Nov. 29 of cancer.

Paul Walker, 40. A Hollywood actor best-known for appearing in the "Fast and Furious" action movies. Died Nov. 30 of injuries as a passenger involved in a car crash.

December

Nelson Mandela, 95. The anti-apartheid freedom fighter, who endured 27 years in prison to become South Africa's first black president, then united the country and won the Nobel Peace Prize in 1993. Died Dec. 5 following a recurring lung infection.

Lawrence McCarthy, 49. Before becoming a senior managing director at Cantor Fitzgerald, he worked at Wasserstein Perella & Co., where he advised clients to sell Enron prior to its collapse, and at Lehman Brothers, where he warned colleagues in 2007 that the bank had taken on "far, far too much risk" by betting on the U.S. housing market. Died of an aneurysm on Dec. 11 in New York.

Peter O'Toole, 81. The British actor, who became an international star in 1962 for playing the lead in "Lawrence of Arabia" and received four Golden Globe awards and eight Oscar nominations. Died December 14.

Dennis Busti, 71. He was the CEO of corporate raider Saul Steinberg's Reliance National Insurance Co., a unit created to handle high-risk insurance coverage for clients such as nuclear-plant operators. Died Dec. 14 at his home in Eastchester, New York.

Joan Fontaine, 96. Born in Tokyo to British parents, the actress spent most of her life in the U.S. and won an Academy Award for best actress for her performance in the 1941 Alfred Hitchcock film "Suspicion," beating her sister, Olivia de Havilland, for the honor. Died Dec. 15.

Graham Mackay, 64. The former CEO of London-based SABMiller Plc,
who built the company into the world's second-biggest brewer and acquired Australia's Foster's Group Ltd. in 2011 and Miller Brewing Co., a U.S. beer maker, in 2002. Died Dec. 18.

Ronnie Biggs, 84. He helped stage Britain's Great Train Robbery in 1963, escaped from prison and eluded Scotland Yard for 36 years before giving himself up in 2001. Died Dec. 18 after a series of strokes.

Al Goldstein, 77. A Brooklyn-born pornographer who published Screw magazine, hosted a public access cable-TV show in New York during the city's sleazy days in the 1970s, before Times Square was cleaned up and drawing families to "The Lion King." Died Dec. 19.

Sergio Loro Piana, 65. The Italian cashmere clothier, who along with his brother, Pier Luigi Loro Piana, became billionaires after selling 80 percent of their company, Loro Piana SpA, to Paris-based LVMH Moet Hennessy Louis Vuitton SA. Died Dec. 19.

John S.D. Eisenhower, 91. The son of former U.S. President Dwight Eisenhower, he was a brigadier general in the U.S. Army Reserve, wrote books on military history and was appointed ambassador to Belgium by President Richard Nixon in 1969. Died Dec. 21.

Edgar M. Bronfman, 84. The Canadian-born second-generation heir who expanded the Seagram Co. with oil, gas and chemical investments and served as president of the World Jewish Congress from 1981 to 2007. Died Dec. 21 at his home in New York.

Mikhail Kalashnikov, 94. He was the Russian inventor of what would become the world's most popular assault rifle, the AK-47. Died Dec. 23.

Robert W. Wilson, 87. He founded a New York-based hedge fund, amassed a net worth of about $800 million and gave most of it to charities, primarily conservation groups. Died Dec. 23 of suicide.

--Editors: Charles W. Stevens, David Henry

http://www.bloomberg.com/news/2013-12-26/thatcher-mandela-chavez-are-among-notable-deaths-in-2013.html

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT, IN AND FOR PALM BEACH COUNTY, FLORIDA

CASE NO.: 502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually, BRADLEY J. EDWARDS, individually, and L.M., individually,

Defendant,

_____/

**DEFENDANT/COUNTER-PLAINTIFF'S RESPONSE IN OPPOSITION TO PLAINTIFF/COUNTER-DEFENDANT'S MOTION FOR SUMMARY JUDGMENT ON DEFENDANT/COUNTER-PLAINTIFF'S FOURTH AMENDED COUNTERCLAIM**

Defendant/Counter-Plaintiff Bradley J. Edwards, by and through his undersigned counsel, hereby submits this Response in Opposition to Plaintiff/Counter-Defendant Jeffrey Epstein's Motion for Summary Judgment. Epstein seeks Summary Judgment on the claims of abuse of process and malicious prosecution set forth in Brad Edwards' Fourth Amended Counterclaim. Each of the grounds asserted in support of Epstein's Motion for Summary Judgment are without merit and must be denied.

In Epstein's Amended Complaint he carries forth the essence of all claims asserted in his original Complaint. In that pleading Epstein essentially alleges that Edwards joined Rothstein in the abusive prosecution of sexual assault cases against Epstein to "pump" the cases to Ponzi scheme investors. The purported "proof" of the allegations against Edwards, as referenced in the Second Amended Complaint and in Epstein's Motion for Summary Judgment, includes Edwards' alleged contacts with the media, his attempts to obtain discovery from high profile persons with whom Epstein socialized, press reports of Rothstein's known illegal activities, the use of "ridiculously inflammatory" language and arguments in court. But as the evidence submitted in opposition to Epstein's Motion for Summary Judgment reflects, Epstein filed his claims and continued to pursue claims despite his knowledge that his claims could never be successful because they were both false and unsupported by any reasonable belief of suspicion that

they were true. Epstein knew that he had in fact molested each of the minors represented by Brad Edwards. He also knew that each litigation decision by Brad Edwards was grounded in proper litigation judgment about the need to pursue effective discovery against Epstein, particularly in the face of Epstein's stonewalling tactics. Epstein also knew that he suffered no legally cognizable injury proximately caused by the falsely alleged wrongdoing on the part of Edwards. Moreover, Epstein had no intention of waiving his Fifth Amendment privilege against self-incrimination in order to avoid providing relevant and material discovery that Epstein would need in the course of prosecuting his claims and to which Edwards was entitled in defending those claims. Epstein knew that his prosecution of his claims would be barred by the sword-shield doctrine. Most significantly, the evidence submitted in the supporting papers would compel a fact finder to determine that Epstein had no basis in law or in fact to pursue his claims against Edwards and that Epstein was motivated by a single ulterior motive to attempt to intimidate Edwards and his clients and others into abandoning or settling their legitimate claims for less than their just and reasonable value. The evidence demonstrates that Epstein did not file these claims for the purpose of collecting money damages since he knew that he never suffered any damage as a consequence of any alleged wrongdoing by Edwards but filed the claim to require Edwards to expend time, energy and resources on his own defense, to embarrass Edwards and impugn his integrity and deter others with legitimate claims against Epstein from pursuing those claims. Indeed, the evidence demonstrates that Epstein continued to pursue his claims by filing the Second Amended Complaint alleging abuse of process against Edwards *even after* he had paid significant sums in settlement of the claims instituted by Mr. Edwards' clients against Mr. Epstein.[1]

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[1] The evidence marshalled in support of these assertions is set forth in the previously filed documents in this Court. Those documents include Exhibit "A" – Edwards' Statement of Undisputed Facts; Exhibit "B" – Edwards' Renewed Motion for Summary Judgment; Exhibit "C" – Edwards' October 19, 2012 Second Renewed Motion for Leave to Assert Claim for Punitive Damages; Exhibit "D" – Edwards' Notice of Filing of Transcript of Telephone Interview of Virginia Roberts in Support of Motion for Leave to Amended to Assert Punitive Damages; Exhibit "E" – Transcript of Deposition of Jeffrey Epstein dated January 25, 2012; Exhibit "F' – Deposition of Bradley Edwards dated March 23, 2010; Exhibit "G" - Deposition of Scott Rothstein dated June 14, 2012; Exhibit "H" – Order of

The record reflects that on the eve of the hearing of Edwards' Motion for Summary Judgment directed to the Second Amended Complaint and in light of the compelling evidence of the lack of any wrongdoing on the part of Mr. Edwards, the sole remaining abuse of process claim was dismissed by Epstein.

As discussed, *infra* each of the grounds asserted by Epstein in this Motion for Summary Judgment must be rejected. The litigation privilege does not serve as a bar to the prosecution of Edwards' claims against Epstein. Moreover, the evidence submitted by Edwards supports each of the elements of the claims asserted by Edwards against Epstein which are identified in Epstein's Motion.

**Response to Epstein's Statement of Undisputed Facts**

The evidence marshalled by Edwards in support of his claims against Epstein which are referenced in footnote 1 mandates the conclusion that, at a minimum, disputed facts exist with respect to the elements of each claim addressed by Epstein in his Motion. The facts presented in the various papers would allow the jury to make a determination that Epstein knew that Brad Edwards properly exercised his legitimate judgment regarding the need to pursue proper and effective discovery against him to support the claims which Epstein knew were legitimate. That evidence, referenced herein, further demonstrated that Epstein filed his claims without probable cause and further that there was a bonafide termination in favor of Edwards. That evidence further demonstrates that the elements of the claim of abusive process have been established.

The following additional comments are directed at some of the key purported "undisputed" material facts asserted by Epstein, especially those referenced in his Memorandum of Law. Also set forth are key evidentiary matters which undermine Epstein's contentions and which support the proposition that material issues of fact exist which compel the denial of the Motion for Summary Judgment.

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Judge Crow dated March 29, 2012; Exhibit "I" – Deposition of Bradley Edwards dated October 10, 2013; Exhibit "J" – Deposition of Bradley Edwards dated May 15, 2013.

None of the public materials identified by Epstein in his Motion make reference to any wrongdoing by Brad Edwards. Rather, Epstein seeks to pyramid one impermissible inference upon another from his citation to these materials to support his otherwise unsubstantiated and non-verifiable conclusion that he had sufficient evidence to proceed with claims of wrongdoing against Edwards. In truth, as reflected in Edwards' deposition and his supplemental affidavit, he has no involvement in any fraud perpetrated by Rothstein (Edwards' deposition of March 23, 2010 at 301-302; Edwards Affidavit attached to Statement of Undisputed Facts as Exhibit "N" at paragraphs 8-10, paragraph 20, paragraphs 22-23; Exhibit "H" – Deposition of Scott Rothstein at pp. 62-63, 114, and 121-124). Therefore, any allegations relating to Rothstein's activities simply have no bearing on the legitimacy of any of the claims against Edwards. Edwards could not have possibly "pumped" cases to investors when he never participated in any communications with investors. Rather, Edwards had a duty to his clients to zealously pursue discovery to achieve a maximum recovery against Epstein. Edwards cannot be liable for taking appropriate action that his ethical duties as an attorney required. The evidence also reflects that Edwards filed all three of his cases almost a year before he was hired by RRA or even knew Scott Rothstein (Edwards' Affidavit, Exhibit "N" attached to Statement of Undisputed Facts). The language set forth in his Complaints remain virtually unchanged from the first filing in 2008 and, as the evidence shows, the claims asserted against Epstein from the outset were true. The citation to public documents is a convenient ruse; Epstein was not only liable for the molestation of the clients of Brad Edwards, he was also a serial molester of minors – even as young as twelve years of age (Exhibit "A" – Edwards' Statement of Undisputed Material Facts paragraphs 1-43; Exhibit "D" – Statement of Virginia Roberts pp. 16-17). Epstein entered a plea of guilty to felony charges involving prostitution and the solicitation of a minor for the purposes of prostitution (Exhibit "E" – Deposition of Jeffrey Epstein, March 17, 2010, pp. 101-103). Epstein also entered into an agreement with the United States Attorney's Office acknowledging that approximately 34 other young girls could receive payments from him under the

Federal Statute providing for compensation to victims of child abuse.. (Exhibit "A" – Edwards' Statement of Undisputed Material Facts, paragraphs 41-43).

On July 6, 2010 Epstein ultimately paid to settle all three of the cases Edwards had filed against him (Exhibit "A" – Edwards' Statement of Undisputed Material Facts, paragraphs 84-85). At Epstein's request, the terms of the settlement were kept confidential. The sum that he paid to settle all these cases in therefore not filed with this pleading and will be provided to the court for in camera review. Epstein chose to make this payment as a result of a Federal Court ordered mediation process which he himself sought. Epstein entered into the settlements in July 2010 more than seven months after he filed his lawsuit against Edwards and before he filed his Second Amended Complaint alleging abuse of process on August 22, 2011.

Further, Epstein could not have been the victim of any scheme to pump the cases against him because he never paid to settle the cases until well after Edwards had left RRA and severed all connection with Rothstein in December 2009 (Edwards' Affidavit attached to Statement of Undisputed Facts as Exhibit "N," paragraph 20). Moreover, Epstein could not have suffered any damage as a result of the perpetration of the Ponzi scheme by Rothstein because he was not an investor in the scheme.

Perhaps the most significant evidence presented in opposition to Epstein's Motion for Summary Judgment is the telephone interview of Virginia Roberts submitted in Support of Edwards' Motion for Punitive Damages (Exhibit "D"). In addition to the specious claims against Edwards relating to his alleged involvement in a Ponzi scheme, Epstein, in asserting his claims, primarily relied upon the pursuit by Edwards of testimony from his close friends and associates (See Second Amended Complaint, paragraph 32, pp. 11-13). Reliance on these assertions is also threaded through Epstein's Motion for Summary Judgment in his citation to the public documents referencing the pursuit of such discovery. But as set forth in detail in Edwards' Motion for Final Summary Judgment (Exhibit "B") at pages 14-16, that discovery was entirely appropriate and Epstein knew it. Specifically, as reflected in the statement of

undisputed facts submitted by Mr. Edwards in support of his Motion for Summary Judgment, Edwards had a sound legal basis for believing that Donald Trump, Allen Dershowitz, Bill Clinton, Tommy Mattola, David Copperfield and Governor Bill Richardson had relevant and discoverable information (Exhibit "A" – Edwards' Statement of Undisputed Facts, paragraphs 69-81). That belief was reinforced by the testimony of Virginia Roberts (Exhibit "D" pp. 10-17, 21-23). Epstein's assertion of impropriety in the pursuit of this discovery clearly evidences his bad faith attempts to attribute wrongdoing to Edwards when he knew, in fact, that the pursuit of that discovery was entirely appropriate under the circumstances of this case.

Finally, any attempt by Epstein to rely upon what he claims are undisputed facts to support his Motion for Summary Judgment are undermined by his refusal to provide any testimony on the key issues and evidence which would demonstrate the validity and strength of each of the claims brought against him by Brad Edwards. Epstein's depositions of March 17, 2010 and January 25, 2012 were replete with refusals of Epstein to testify based upon his Fifth Amendment privilege. Questions that Epstein refused to answer in his depositions and the reasonable inferences that a fact finder would draw and which would otherwise bear on the arguments submitted by Epstein in support of his Motion for Summary Judgment are as follows:

- Question not answered: "I want to know whether you have any knowledge of evidence that Bradley Edwards personally ever participated in devising a plan through which were sold purported confidential assignments of a structured payout settlement?" Reasonable inference: No knowledge that Brad Edwards ever participated in the Ponzi scheme.

- Question not answered: "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?" Reasonable inference: No allegations against Epstein were ginned up.

- Question not answered: "Well, which of Mr. Edwards' cases do you contend were fabricated?" Reasonable inference: No cases filed by Edwards against Epstein were fabricated.

- Question not answered: "Did sexual assaults ever take place on a private airplane on which you were a passenger?" Reasonable inference: Epstein was on a private airplane while sexual assaults were taking place.

- Question not answered: "How many minors have you procured for prostitution?" Reasonable inference: Epstein has procured multiple minors for prostitution.

- Question not answered: "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?" Reasonable inference: Nothing in L.M.'s complaint filed in September of 2008 was false – i.e., as alleged in L.M.'s complaint, Epstein repeatedly sexually assaulted her while she was a minor and she was entitled to substantial compensatory and punitive damages as a result.

- Question not answered: "I would like to know whether you ever had any physical contact with the person referred to as Jane Doe in that [federal] complaint?" Reasonable inference: Epstein had physical contact with minor Jane Doe as alleged in her federal complaint.

- Question not answered: "Did you ever have any physical contact with E.W.?" Reasonable inference: Epstein had physical contact with minor E.W. as alleged in her complaint.

- Question not answered: "What is the actual value that you contend the claim of E.W. against you has?" Reasonable inference: E.W.'s claim against Epstein had substantial actual value.

  (See Exhibit "A" – Edwards' Statement of Undisputed Material Facts, paragraphs 93-120 for page references.)

A jury could conclude, therefore, from the adverse inferences drawn against Epstein that he was liable for the claims brought by Brad Edwards and that he had no basis for the pursuit of his efforts to intimidate and extort Edwards and his clients in the pursuit of those claims.

**<u>The Litigation Privilege Does Not Bar the Claims of Abuse of Process and Malicious Prosecution</u>**

Epstein contends he is entitled to absolute immunity pursuant to the litigation privilege as to both claims asserted by Edwards because all actions taken by him occurred during the litigation of his abuse of process claim against Edwards. For support, he relies primarily on the decision of *Wolfe v. Foreman*, 2013 WL 3724763 (Fla. 3d DCA July 17, 2013), wherein the Third District found that the litigation privilege barred both an abuse of process claim and a malicious prosecution cause of action. *Wolfe* is still

on rehearing and, thus, is not a final opinion. As a result, it is not binding, nor persuasive. Moreover, *Wolfe* undercuts the long-standing recognition of the viability of a claim for malicious prosecution in its own District and other Florida state and federal courts. *See, SCI Funeral Svs. of Fla., Inc. v. Henry*, 839 So. 2d 702, n.4 (Fla. 3d DCA 2002) ("As the *Levin* court cited *Wright v. Yurko*, 446 So. 2d 1162, 1165 (Fla. 5th DCA, 1984), with approval, presumably the cause of action for malicious prosecution continues to exist and would not be barred by the litigation privilege."); *Boca Investors Group, Inc. v. Potash*, 835 So. 2d 273, 275 (Fla. 3d DCA 2002) (Cope, J., concurring) (litigation privilege would not be a bar to a malicious prosecution action); *North Star Capital Acquisitions, LLC v. Krig*, 611 Fed. Supp. 2d 1324 (M.D. Fla. 2009) ("However, not every event bearing any relation to litigation is protected by the privileged because,... "if the litigation privilege applied to all actions preliminary to or during judicial proceedings, an abuse of process claim would never exist, nor would a claim for malicious prosecution"); *Cruz v. Angelides*, 574 So. 2d 278 (Fla. 3d DCA 1991)("the law is well settled that a witness in a judicial proceeding,... is absolutely immune from any civil liability, save perhaps malicious prosecution, for testimony or other sworn statements which he or she gives in the course of the subject proceeding."); *Johnson v. Libow*, 2012 WL 4068409 (Fla. 15th Jud. Cir. March 1, 2012)(the purpose of the litigation privilege does not preclude the tort of malicious prosecution).

In *Wright v. Yurko supra,* the Fifth District Court of Appeal rejected the application of the litigation privilege to a malicious prosecution action brought by a physician against his patients and an expert after he successfully defended a malpractice claim. Also of significance is the Second District's opinion in *Olson v. Johnson,* 961 So. 2d 351 (Fla. 2d DCA 2007). In that case, the court observed that the litigation (or judicial) privilege would not apply to bar a malicious prosecution action which arose as a result of a false accusation of criminal liability where the prosecution was based, in part, on the testimony of the defendants in the criminal case. The court ruled that the privilege (either absolute or qualified)

which might otherwise apply to a defamation claim for statements made during the course of a judicial proceeding did not bar a malicious prosecution claim.

In light of the implicit recognition by the Supreme Court in *Levin* that a claim of malicious prosecution is not barred by the litigation privilege – an implicit recognition acknowledged by the Third District itself – Epstein's reliance on *Wolfe* is misplaced. *Wolfe* is also factually distinguishable from Edwards' claims against Epstein. *Wolfe* involved a malicious prosecution action against attorneys. Separate policy considerations might serve to impose additional limitations on the assertion of malicious prosecution claims against attorneys – against whom alternative remedies exist such as bar disciplinary proceedings. *See Taylor v. McNichols*, 243 P.2d 642 (Idaho 2010). Moreover, in light of the decisions in *Wright v. Yurko, supra* and *Olson v. Johnson, supra*, the weight of authority supports the proposition that the litigation privilege would not apply to malicious prosecution claims.

Both the Third and Fourth Districts have applied the litigation privilege to abuse of process claims. However, *Wolfe* itself, and the decisions of the Third and Fourth Districts cited in Wolfe, involved the litigation privilege as applied to claims of abuse of process by attorneys. None of the cases involved the extraordinary actions of an individual party like Epstein who carried out a course of action against Plaintiff's counsel with a singular purpose unrelated to any legitimate judicial goal. Under the compelling facts of this case, where the actions of Epstein are coupled with the elements of malice and absence of probable cause arising from the unfounded filing of the claims against Edwards, the litigation privilege should not have any applicability to the abuse of process claim asserted by Edwards.

**<u>There are Disputed Issues of Fact Precluding Summary Judgment on the Abuse of Process Claim</u>**

An abuse of process claim requires pleading and proof of the following three elements: 1) that the defendant made an illegal, improper or perverted use of process; 2) that the defendant had ulterior motives or purposes in exercising such illegal, improper, or perverted use of process; and 3) that, as a result of such action on the part of the defendant, the plaintiff suffered damage." *See S&I Invs. v. Payless*

*Flea Mkt.*, 36 So. 3d 909, 917 (Fla. 4th DCA 2010)(citation omitted). The case law is clear that on an abuse of process claim a "plaintiff must prove that the process was used for an immediate purpose other than that for which it was designed." *Id.* (citation omitted). Where the actions taken by a party in a particular lawsuit are designed to coerce another into taking some collateral action not properly involved in the proceeding a claim of abuse of process is stated. *Miami Herald Publishing Company v. Ferre,* 8636 F. Supp. 970 (S.D. Fla. 1985).

In a case for abuse of process, the question of whether the plaintiff's case satisfies the requisite elements is largely a question for a jury. *See* Patrick John McGinley, 21 Fla. Prac., Elements of an Action § 50:1 (2013-2014 ed.)(citing *Gatto v. Publix Supermarket, Inc.*, 387 So. 2d 377 (Fla. 3d DCA 1980)).

The usual case of abuse of process involves some form of extortion. *Scozari v. Barone*, 546 So. 2d 750, 751(Fla. 3d DCA 1989) (citing *Bothmann v. Harrington,* 458 So. 2d 1163, 1169 (Fla. 3d DCA 1984)). That is *exactly* what has transpired here. Epstein employed the extraordinary financial resources at his disposal to intimidate his molestation victims and Edwards into abandoning their legitimate claims or resolving those claims for substantially less than their just and reasonable value. Consequently, since Epstein's sole purpose and ulterior motive for filing the complaint without probable cause was in an effort to extort, to wit: to force his molestation victims and Edwards to settle for minimal amounts, that filing and everything subsequently done to pursue the claims constitutes an abuse of process. *See* Exhs. A at 18-27, C at 4-7. Because Edwards has conclusively demonstrated that Epstein's actions in pursuing his claims were designed to coerce Edwards (and his client) to take some collateral action not properly involved in the proceedings and did so with an ulterior purpose, summary judgment directed at the abuse of process claim must fail. The damages suffered by Edwards include: (a) injury to his reputation; (b) mental anguish, embarrassment and anxiety; (c) fear physical injury to himself and members of his family; (d) the loss of the value of his time required to be diverted from his professional responsibility; and (e) the cost of defending against Epstein's spurious and baseless claims. All the elements of the

claim for abuse of process have been satisfied. This case, then, falls within the parameters of the Third District's Decision in *Scozari v. Barone, supra* in which the court reversed the entry of summary judgment for the defendant on claims of malicious prosecution and abuse of process. With respect to the abuse of process claim, the court stated that "if there was no reasonable basis in law and fact to bring the action to impress a lien on property, and this was done without any reasonable justification under law and to force or compel the appellant to resolve some custody dispute, induce the appellant to pay money, or tie up the appellant's property, then there has been an abuse of process." *Id* at 752.

**<u>There are Disputed Issues of Fact Precluding Summary Judgment on the Claim of Malicious Prosecution</u>**

Here, Epstein's voluntary dismissal of his abuse of process claims against Edwards amounted to a bona fide termination of the proceedings. He knew his allegations were unsupported by evidence (See discussion above at pages 3-6). Knowing he lacked *any* verifiable evidence against Edwards, on the eve of the summary judgment hearing, Epstein effectively conceded that fact by voluntarily dismissing his claims. Hence, it is evident that Epstein took voluntary dismissal of his claims because he knew he did not have probable cause or an evidentiary basis to support the allegations. *See Cohen v. Corwin*, 980 So. 2d 1153 at 1156 (citing *Union Oil of California, Amsco Division v. Watson,* 468 So. 2d 349 at 354 (stating that "where a dismissal is taken because of insufficiency of the evidence, the requirement of a favorable termination is met")). Accordingly, the manner of termination reflects on the merits of the case and there was a bona fide termination of Epstein's civil proceeding against Edwards (See Judge Crow's Order of March 29, 2012 denying Motion to Dismiss re: Issue of Bonafide Termination attached as Exhibit "H").

Epstein's only other issue with Edwards' counterclaim for malicious prosecution is that he did not lack probable cause in pursing his claims against Edwards. As established by the record, Epstein did, in fact, lack probable cause to assert his claims against Edwards (See discussion above). Epstein's purported

reliance on public filings, including the Scherer Complaint against Rothstein is unavailing. As discussed above, the evidence warrants the finding that Epstein knew that Edwards was legitimately pursuing the claims on behalf of his clients which included the effort to secure testimony from Epstein's close confidants. Therefore, Epstein cannot rely upon the referenced public documents to support his claims against Edwards given that he knows that information to be untrue and he refuses to answer questions about the veracity of the information. *See* Exh. G at pgs. 53:6-24; 78:16-24; 87:20-88:14. Consequently, Epstein had no good faith basis to rely on such information.

**Epstein's Assertion of his Fifth Amendment Privilege Gives Rise to Adverse Inferences Pertinent to His Motion for Summary Judgment and Precludes His Reliance on Purported Undisputed Facts**

As discussed above, Epstein's multiple invocations of his Fifth Amendment Privilege results in adverse inferences which directly impact the issues advanced in his Motion for Summary Judgment. "It is well settled that the Fifth Amendment does not forbid adverse inferences against parties to civil actions when they refuse to testify in response to probative evidence offered against them." *Baxter v. Palmigiano,* 425 U.S. 308, 318 (1976); *Accord, Vasquez v. State,* 777 So. 2d 1200, 1203 (Fla. at 2001). The reason for this rule "is both logical and utilitarian. A party may not trample upon the rights of others and then escape the consequences by invoking a constitutional privilege – at least not in a civil setting." *Fraser v. Security and INV. Corp,* 615 So. 2d. 841, 842 (Fla. 4th DCA 1993). The adverse inferences drawn from Epstein's assertion of the Fifth Amendment undercut his claim of justifiable reliance based upon the purported undisputed material facts to support his Motion for Summary Judgment.

Moreover, because Epstein elected to hide behind the shield of his right against self-incrimination to preclude his disclosing <u>any</u> relevant information about the criminal activity at the center of his claims, he was effectively barred from prosecuting his abuse of process claim against Edwards. Similarly, Epstein should be barred from utilizing the Fifth Amendment privilege to secure summary judgment based upon assertions of fundamental facts when Epstein refused to testify on essential issues pertinent to the

arguments advanced in support of his Motion for Summary Judgment. Under the well-established "sword and shield" doctrine, Epstein could not seek damages from Edwards while at the same time asserting a Fifth Amendment privilege to block relevant discovery. *See* Exhs. B at 14-21, C at 18-25, G at 53:6-24; 78:16-24; 87:20-88:14. The same policies which underlie the sword and shield doctrine as applied to the recovery of affirmative relief should also apply to attempts to advance positions with respect to a Motion for Summary Judgment which would have the effect of securing relief against certain claims.

"[T]he law is well settled that a plaintiff is not entitled to both his silence and his lawsuit." *Boys & Girls Clubs of Marion County, Inc. v. J.A.*, 22 So. 3d 855, 856 (Fla. 5th DCA 2009)(Griffin, J., concurring specially). Thus, "a person may not seek affirmative relief in a civil action and then invoke the fifth amendment to avoid giving discovery, using the fifth amendment as both a 'sword and a shield.'" *DePalma v. DePalma,* 538 So. 2d 1290, 1290 (Fla. 4th DCA 1989)(quoting *DeLisi v. Bankers Insurance Co.,* 436 So. 2d 1099 (Fla. 4th DCA 1983)). Put another way, "[a] civil litigant's fifth amendment right to avoid self-incrimination may be used as a shield but not a sword. This means that a plaintiff seeking affirmative relief in a civil action may not invoke the fifth amendment and refuse to comply with the defendant's discovery requests, thereby thwarting the defendant's defenses." *Rollins Burdick Hunter of New York, Inc. v. Euroclassic Limited, Inc.,* 502 So. 2d 959 (Fla. 3d DCA 1983).. For the same reasons, Epstein should be precluded from advancing arguments based on purported statements of undisputed fact which cannot be effectively challenged in light of his assertion of the Fifth Amendment. Epstein has done precisely what well-established law prohibits.

**Conclusion**

Based upon the foregoing, the Defendant, Counter-Plaintiff, Bradley Edwards respectfully submits that Jeffrey Epstein's Motion for Summary Judgment must be denied.

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via E-Serve to all Counsel on the attached list, this 17th day of January, 2014.

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IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

Case No.:50 2009 CA 040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually, and
BRADLEY J. EDWARDS, individually,

Defendants,
_____/

**STATEMENT OF UNDISPUTED FACTS**

Defendant Bradley J. Edwards, Esq., offers the following specific facts as the undisputed material facts in this case. Each of the following facts is numbered separately and individually to facilitate Epstein's required compliance with Fla. R. Civ. P. 1.510(c) ("The adverse party shall identify . . . any summary judgment evidence on which the adverse party relies."). All referenced exhibits and attachments have previously been filed with the Court and provided to Epstein.

*Sexual Abuse of Children By Epstein*

1. Defendant Epstein has a sexual preference for young children. Deposition of Jeffrey Epstein, Mar. 17, 2010, at 110 (hereinafter "Epstein Depo.") (Deposition Attachment #1).[1]

[1] When questioned about this subject at his deposition, Epstein invoked his Fifth Amendment right to remain silent rather than make an incriminating admission. Accordingly, Edwards is entitled to the adverse inference against Epstein that, had Epstein answered, the answer would have been unfavorable to him. "[I]t is well-settled that the Fifth Amendment does not forbid adverse inferences against parties to

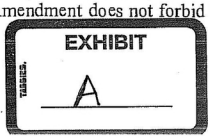

2. Epstein repeatedly sexually assaulted more than forty (40) young girls on numerous occasions between 2002 and 2005 in his mansion in West Palm Beach, Florida. These sexual assaults included vaginal penetration. Epstein abused many of the girls dozens if not hundreds of times. Epstein Depo. at 109 ("Q: How many times have you engaged in oral sex with females under the age of 18?" A: [Invocation of the Fifth Amendment]); Deposition of Jane Doe, September 24, 2009 and continued March 11, 2010, at 527 (minor girl sexually abused at least 17 times by Epstein) (hereinafter "Jane Doe Depo") (Deposition Attachment #2); *id.* 564-67 (vaginal penetration by Epstein with his finger), 568 (vaginal penetration by Epstein with a massager); Deposition of L.M., September 24, 2009, at 73 (hereinafter "L.M. Depo") (Deposition Attachment #3) (describing the manner in which Epstein abused her beginning when LM was 13 years old, touching her vagina with his fingers and vibrator) at 74, line 12-13 (she was personally molested by Epstein more than 50 times), at 164, line 19-23 and 141, line 12-13 and 605, line 3-6 (describing that in addition to being personally molested by Epstein she was paid $200 per underage girl she brought Epstein and she brought him more than seventy (70) underage girls - she told him that she did not want to bring him any more girls and he insisted that she continue to bring him underage girls); Deposition of E.W., May 6, 2010 (hereinafter "E.W. Depo") (Deposition Attachment #4) at 115-116, 131 and 255 (describing Epstein's abuse of her beginning at age 14 when he paid her for touching her vagina, inserting his fingers and

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civil actions when they refuse to testify in response to probative evidence offered against them." *Baxter v. Palmigiano,* 425 U.S. 308, 318 (1976); *accord Vasquez v. State*, 777 So.2d 1200, 1203 (Fla. App. 2001). The reason for this rule "is both logical and utilitarian. A party may not trample upon the rights of others and then escape the consequences by invoking a constitutional privilege – at least not in a civil setting." *Fraser v. Security and Inv. Corp.*, 615 So.2d 841, 842 (Fla. App. 1993).



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using a vibrator and he also paid her $200 for each other underage female E.W. brought him to molest. She brought him between 20 and 30 underage females); Deposition of Jane Doe #4, date (hereinafter "Jane Doe #4 Depo") (Deposition Attachment #5) at 32-34, and 136 (she describes first being taken to Epstein at 15 years old, "Being fingered by him, having him use a vibrator on [me], grabbing my nipples, smelling my butt, jerking off in front of me, licking my clit, several times.").

3. At all relevant times Edwards has had a good faith basis to conclude and did conclude[2] that Epstein was able to access a large number of underage girls through a pyramid abuse scheme in which he paid underage victims $200-$300 cash for each other underage victim that she brought to him. *See* Palm Beach Police Incident Report at 87 (hereinafter "Incident Report") (Exhibit "A").[3] The Palm Beach Police Incident Report details Epstein's scheme for molesting underage females. Among other things, the Incident Report outlines some of the experiences of other Epstein victims. When S.G, a 14 year old minor at the time, was brought to Epstein's home, she was taken upstairs by a woman she believed to be Epstein's assistant. The woman started to fix up the room, putting covers on the massage table and bringing lotions out. The "assistant" then left the room and told S.G. that Epstein would be up in a second. Epstein walked over to S.G. and told her to take her clothes off in a stern voice. S.G. states in the report she did not know what to do, as she was the only one there. S.G. took off her shirt, leaving her bra on. Epstein, then in a towel told her to take off everything. S.G. removed her pants leaving

[2] In support of all assertions concerning the actions Edwards took, what Edwards learned in the course of his representation of his clients, Edwards's good faith beliefs and the foundation for those beliefs, see Edwards Affidavit and specifically paragraphs 25 and 25 of that Affidavit.

[3] For clarity, depositions attached to this memorandum will be identified numerically as attachments #1, #2, #3, etc., while exhibits attached to this memorandum will be identified alphabetically as exhibits A, B, C, etc.



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on her thong panties. Epstein then instructed S.G to give him a massage. As S.G gave Epstein a massage, Epstein turned around and masturbated. S.G. was so disgusted, she did not say anything; Epstein told her she "had a really hot body." *Id.* at 14. In the report, S.G. admitted seeing Jeffrey Epstein's penis and stated she thought Epstein was on steroids because he was a "really built guy and his wee wee was very tiny." *Id. at* 15.

4. The exact number of minor girls who Epstein assaulted is known only to Epstein. However, Edwards had a good faith basis to believe and did in fact believe that Epstein's victims were substantially more than forty (40) in number. In addition to the deposition excerpts from two of his many victims above about the number of underage girls brought to Epstein and the Palm Beach incident report, there is overwhelming proof that the number of underage girls molested by Epstein through his scheme was in the hundreds. *See* Complaint, Jane Doe 102 v. Epstein, (hereinafter Jane Doe 102 complaint) (Exhibit "B"); *see also* Deposition of Jeffrey Epstein, April 14, 2010, at 442, 443, and 444 (Epstein invoking the 5th on questions about his daily abuse and molestation of children) (Deposition Attachment #6).

5. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that Epstein and his attorneys knew of the seriousness of the criminal investigation against him and corresponded constantly with the United States Attorney's Office in an attempt to avoid the filing of numerous federal felony offenses, which effort was successful. *See* Correspondence from U.S. Attorney's Office to Epstein (hereinafter "U.S. Attorney's Correspondence") (Composite Exhibit "C) (provided in discovery during the Jane Doe v. Epstein case).



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6. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that, more specifically, Epstein's attorneys knew of Epstein's scheme to recruit minors for sex and also knew that these minors had civil actions that they could bring against him. In fact, there was much communication between Epstein's attorneys and the United States Prosecutors in a joint attempt to minimize Epstein's civil exposure. For example, on October 3, 2007, Assistant U.S. Attorney Marie Villafaña sent an email (attached hereto as Exhibit "D") to Jay Lefkowitz, counsel for Epstein, with attached proposed letter to special master regarding handling numerous expected civil claims against Epstein. The letter reads in pertinent part,

> "The undersigned, as counsel for the United States of America and Jeffrey Epstein, jointly write to you to provide information relevant to your service as a Special Master in the selection of an attorney to represent several young women who may have civil damages claims against Mr. Epstein. The U.S. Attorney's Office and the Federal Bureau of Investigation (jointly referred to as the "United States") have conducted an investigation of Jeffrey Epstein regarding his solicitation of minor females in Palm Beach County to engage in prostitution. Mr. Epstein, through his assistants, would recruit underage females to travel to his home in Palm Beach to engage in lewd conduct in exchange for money. Based upon the investigation, the United States has identified forty (40) young women who can be characterized as victims pursuant to 18 USC 2255. Some of those women went to Mr. Epstein's home only once, some went there as much as 100 times or more. Some of the women's conduct was limited to performing a topless or nude massage while Mr. Epstein masturbated himself. For other women, the conduct escalated to full sexual intercourse. As part of the resolution of the case, Epstein has agreed that he would not contest jurisdiction in the Southern District of Florida for any victim who chose to sue him for damages pursuant to 18 USC 2255. Mr. Epstein agreed to provide an attorney for victims who elected to proceed exclusively pursuant to that section, and agreed to waive any challenge to liability under that section up to an amount agreed to by the parties. The parties have agreed to submit the selection of an attorney to a Special Master...."

7. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that L.M. was, in fact, a victim of Epstein's criminal abuse because L.M. was one of the



HOUSE_OVERSIGHT_013323

minor females that the United States Attorney's Office recognized as a victim. L.M.'s sworn deposition testimony and the adverse inference drawn from Epstein's refusal to testify confirm that Epstein began sexually assaulting L.M. when she was 13 years old and continued to molest her on more than fifty (50) occasions over three (3) years. Epstein Depo., Attachment #1, at 17 ("Q: Did you . . . ever engage in any sexual conduct with L.M.?" A: [Invocation of the Fifth Amendment].); *see also* Epstein Depo., April 14, 2010, Attachment #6, at 456 ("Q: LM was an underage female that you first abused when she was 13 years old; is that correct?" A: [Invocation of Fifth Amendment].)

8. Epstein was also given ample opportunity to explain why he engaged in sexual activity with L.M. beginning when L.M. was 13 years old and why he has molested minors on an everyday basis for years, and he invoked his 5th amendment right rather than provide explanation. *See* Epstein Deposition, February 17, 2010, at 11-12, 30-31 (Deposition Attachment # 7).

9. Epstein also sexually assaulted E.W., beginning when she was 14 years old and did so on numerous occasions. *See* E.W. Depo., Attachment #4 at 215-216.

10. Another of the minor girls Epstein sexually assaulted was Jane Doe; the abuse began when Jane Doe was 14 years old. Rather than incriminate himself, Epstein invoked the 5th amendment to questions about him digitally penetrating Doe's vagina, using vibrators on her vagina and masturbating and ejaculating in her presence. Epstein Depo., April 14, 2010, Attachment #6, at 420, 464, 468.

11. When Edwards's clients L.M., E.W., and Jane Doe were 13 or 14 years old, each was brought to Epstein's home multiple times by another underage victim. Epstein engaged in



HOUSE_OVERSIGHT_013324

one or more of the following acts with each of the then-minor girls at his mansion: receiving a topless or completely nude massage; using a vibrator on her vagina; masturbating in her presence; ejaculating in her presence; touching her breast or buttocks or vagina or the clothes covering her sexual organs; and demanding that she bring him other underage girls. Epstein and his co-conspirators used the telephone to contact these girls to entice or induce them into going to his mansion for sexual abuse. Epstein also made E.W. perform oral sex on him and was to perform sex acts on Nadia Marcinkova (Epstein's live-in sex slave) in Epstein's presence. *See* Plaintiff Jane Doe's Notice Regarding Evidence of Similar Acts of Sexual Assault, filed in Jane Doe v. Epstein, No. 08-cv-80893 (S.D. Fla. 2010), as DE 197, (hereinafter "Rule 413 Notice") (Exhibit "E"); Jane Doe Depo., Attachment #2, at 379-380; L.M. Depo., Attachment #3, at 416; E.W. Depo, Attachment #4, at 205.

12. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that yet another of the minor girls Epstein sexually assaulted was C.L. When she was approximately 15 years old, C.L. was brought to Epstein's home by another underage victim. While a minor, she was at Epstein's home on multiple occasions. Epstein engaged in one or more of the following acts with her while she was a minor at his house - topless or completely nude massage on Epstein; Epstein used a vibrator on her vagina; Epstein masturbated in her presence; Epstein ejaculated in her presence; Epstein also demanded that she bring him other underage girls. *See* Rule 413 Notice, Exhibit "E"; Incident Report, Exhibit "A."

13. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that yet another girl Epstein sexually assault was A.H. When she was approximately 16 years old, she was brought to Epstein's home by another underage victim. While a minor, she



HOUSE_OVERSIGHT_013325

was at Epstein's home on multiple occasions. Epstein engaged in one or more of the following acts with her while she was a minor at his house - topless or completely nude massage on Epstein; Epstein used a vibrator on her vagina; Epstein masturbated in her presence; Epstein ejaculated in her presence; Epstein touched her breast or buttock or vagina or the clothes covering her sexual organs; was made to perform sex acts on Epstein; made to perform sex acts on Nadia Marcinkova in Epstein's presence. Epstein also forcibly raped this underage victim, as he held her head down against her will and pumped his penis inside her while she was screaming "No". *See* Rule 413 Notice, Exhibit "E"; Incident Report, Exhibit "A", at 41 (specifically discussing the rape):

> "[A.H.] remembered that she climaxed and was removing herself from the massage table. [A.H.] asked for a sheet of paper and drew the massage table in the master bathroom and where Epstein, Marcinkova and she were. Epstein turned [A.H.] on to her stomach on the massage bed and inserted his penis into her vagina. [A.H.] stated Epstein began to pump his penis in her vagina. [A.H.] became upset over this. She said her head was being held against the bed forcibly, as he continued to pump inside her. She screamed no, and Epstein stopped ...."

> "[A.H.] advised there were times that she was so sore when she left Epstein's house. [A.H.] advised she was ripped, torn, in her vagina area. [A.H.] advised she had difficulty walking to the car after leaving the house because she was so sore."

14. Without detailing each fact known about Epstein's abuse of the many underage girls, Edwards has had a good faith basis to believe and did in fact believe at all relevant times that Epstein also abused other victims in ways closely similar to those described in the preceding paragraphs. Epstein's additional victims include the following (among many other) young girls: S.G.; A.D.; V.A.; N.R.; J.S.; V.Z.; J.A.; F.E.; M.L.; M.D.; D.D.; and D.N. These girls were between the ages of 13 and 17 when Epstein abused them. *See* Rule 413 Notice, Exhibit E; Deposition of E.W., Deposition Attachment #4.



HOUSE_OVERSIGHT_013326

15. One of Mr. Epstein's household employees, Mr. Alfredo Rodriguez, saw numerous underage girls coming into Epstein's mansion for purported "massages." *See* Rodriguez Depo. at 242-44 (Deposition Attachment #8). Rodriguez was aware that "sex toys" and vibrators were found in Epstein's bedroom after the purported massages. *Id.* at 223-28. Rodriguez thought what Epstein was doing was wrong, given the extreme youth of the girls he saw. *Id.* at 230-31..

16. Alfredo Rodriguez took a journal from Epstein's computer that reflected many of the names of underage females Epstein abused across the country and the world, including locations such as Michigan, California, West Palm Beach, New York, New Mexico, and Paris, France. *See* Journal (hereinafter "The Journal" or "Holy Grail") (Exhibit "F") (identifying, among other Epstein acquaintances, females that Rodriguez believes were underage under the heading labeled "Massages").

17. Rodriguez was later charged in a criminal complaint with obstruction of justice in connection with trying to obtain $50,000 from civil attorneys pursuing civil sexual assault cases against Epstein as payment for producing the book to the attorneys. *See* Criminal Complaint at 2, U.S. v. Rodriguez, No. 9:10-CR-80015-KAM (S.D. Fla. 2010) (Exhibit "G"). Rodriguez stated he needed money because the journal was his "property" and that he was afraid that Jeffrey Epstein would make him "disappear" unless he had an "insurance policy" (i.e., the journal). *Id.* at 3. Because of the importance of the information in the journal to the civil cases, Mr. Rodriguez called it "The Holy Grail."

18. In the "Holy Grail" or "The Journal," among the many names listed (along with the abused girls) are some of the people that Epstein alleges in his Complaint had "no connection



HOUSE_OVERSIGHT_013327

whatsoever" with the litigation in this case. *See, e.g.,* Journal, Exhibit F, at 85 (Donald Trump); at 9 (Bill Clinton phone numbers listed under "Doug Bands").

*Federal Investigation and Plea Agreement With Epstein*

19. In approximately 2005, the FBI and the U.S. Attorney's Office in the Southern District of Florida learned of Epstein's repeated sexual abuse of minor girls. They began a criminal investigation into federal offenses related to his crimes. *See* U.S. Attorney's Correspondence, Exhibit "C".

20. At all relevant times Edwards has had a good faith basis to believe and did in fact believe that to avoid the Government learning about his abuse of minor girls, Epstein threatened his employees and demanded that they not cooperate with the government. Epstein's aggressive witness tampering was so severe that the United States Attorney's Office prepared negotiated plea agreements containing these charges. For example, in a September 18, 2007, email from AUSA Villafaña to Lefkowitz (attached hereto as Exhibit "H"), she attached the proposed plea agreement describing Epstein's witness tampering as follows:

"UNITED STATES vs. JEFFREY EPSTEIN PLEA PROFFER"

> On August 21, 2007, FBI Special Agents E. Nesbitt Kuyrkendall and Jason Richards traveled to the home of Leslie Groff to serve her with a federal grand jury subpoena with an investigation pending in the Southern District of Florida. Ms. Groff works as the personal assistant of the defendant. Ms. Groff began speaking with the agents and then excused herself to go upstairs to check on her sleeping child. While upstairs, Ms. Groff telephoned the defendant, Jeffrey Epstein, and informed him that the FBI agents were at her home. Mr. Epstein instructed Ms. Groff not to speak with the agents and reprimanded her for allowing them into her home. Mr. Epstein applied pressure to keep Ms. Groff from complying with the grand jury subpoenas that the agents had served upon her. In particular, Mr. Epstein warned Ms. Groff against turning over documents and electronic evidence responsive to the subpoena and pressured her to delay her



HOUSE_OVERSIGHT_013328

appearance before the grand jury in the Southern District of Florida. This conversation occurred when Mr. Epstein was aboard his privately owned civilian aircraft in Miami in the Southern District of Florida. His pilot had filed a flight plan showing the parties were about to return to Teterboro, NJ. After the conversation with Ms. Groff, Mr. Epstein became concerned that the FBI would try to serve his traveling companion, Nadia Marcinkova, with a similar grand jury subpoena. In fact, the agents were preparing to serve Ms. Marcinkova with a target letter when the flight landed in Teterboro. Mr. Epstein then redirected his airplane, making the pilot file a new flight plan to travel to the US Virgin Islands instead of the New York City area, thereby keeping the Special Agents from serving the target letter on Nadia Marcinkova. During the flight, the defendant verbally harassed Ms. Marcinkova, harassing and pressuring her not to cooperate with the grand jury's investigation, thereby hindering and dissuading her from reporting the commission of a violation of federal law to a law enforcement officer, namely, Special Agents of the FBI. Epstein also threatened and harassed Sarah Kellen against cooperating against him as well.

21. Edwards learned that the Palm Beach police department investigation ultimately led to the execution of a search warrant at Epstein's mansion in October 2005. *See* Police Incident Report, Exhibit "A".

22. Edwards learned that at around the same time, the Palm Beach Police Department also began investigating Epstein's sexual abuse of minor girls. They also collected evidence of Epstein's involvement with minor girls and his obsession with training sex slaves, including pulling information from Epstein's trash. Their investigation showed that Epstein ordered from Amazon.com on about September 4, 2005, such books as: SM101: A Realistic Introduction, by Jay Wiseman; SlaveCraft: Roadmaps for Erotic Servitude - Principles, Skills, and Tools, by Guy Baldwin; and Training with Miss Abernathy: A Workbook for Erotic Slaves and Their Owners, by Christina Abernathy. *See* Receipt for Sex Slave Books (Exhibit "I").

23. The Palm Beach incident reports provided Edwards with the names of numerous witnesses that participated in Epstein's child molestation criminal enterprise and also provided



HOUSE_OVERSIGHT_013329

Edwards with some insight into how far-reaching Epstein's power was and how addicted Epstein was to sex with children. *See* Incident Report, Exhibit "A".

24. The Palm Beach Police Department also collected Epstein's message pads, which provided other names of people that also knew Epstein's scheme to molest children. *See* Message Pads (Exhibit "J") (note: the names of underage females have been redacted to protect the anonymity of the underage sex abuse victims). Those message pads show clear indication that Epstein's staff was frequently working to schedule multiple young girls between the ages of 12 and 16 years old literally every day, often two or three times per day. *Id.*

25. In light of all of the information of numerous crimes committed by Epstein, Edwards learned that the U.S. Attorney's Office began preparing the filing of federal criminal charges against Epstein. For example, in addition to the witness tampering and money laundering charges the U.S. Attorney's Office prepared an 82-page prosecution memo and a 53-page indictment of Epstein related to his sexual abuse of children. On September 19, 2007, at 12:14 PM, AUSA Villafaña wrote to Epstein's counsel, Jay Lefkowitz, "Jay - I hate to have to be firm about this, but we need to wrap this up by Monday. I will not miss my indictment date when this has dragged on for several weeks already and then, if things fall apart, be left in a less advantageous position than before the negotiations. I have had an 82-page pros memo and 53-page indictment sitting on the shelf since May to engage in these negotiations. There has to be an ending date, and that date is Monday." These and other communications are within the correspondence attached as Composite Exhibit "C."

26. Edwards learned that rather than face the filing of federal felony criminal charges, Epstein (through his attorneys) engaged in plea bargain discussions. As a result of those



HOUSE_OVERSIGHT_013330

discussions, on September 24, 2007, Epstein signed an agreement with the U.S. Attorney's Office for the Southern District of Florida. Under the agreement, Epstein agreed to plead guilty to an indictment pending against him in the 15th Judicial Circuit in and for Palm Beach County charging him with solicitation of prostitution and procurement of minors for prostitution. Epstein also agreed that he would receive a thirty month sentence, including 18 months of jail time and 12 months of community control. In exchange, the U.S. Attorney's Office agreed not to pursue any federal charges against Epstein. *See* Non-Prosecution Agreement (Exhibit "K").

27. Part of the Non-Prosecution Agreement that Epstein negotiated was a provision in which the federal government agreed not to prosecute Epstein's co-conspirators. The co-conspirators procured minor females to be molested by Epstein. One of the co-conspirators - Nadia Marcinkova -even participated in the sex acts with minors (including E.W.) and Epstein. *See* Incident Report, Exhibit "A", at 40-42, 49-51; Deposition of Nadia Marcinkova, April 13, 2010, (hereinafter "Marcinkova Depo.") at 11 (Deposition attachment #9).

28. Under the Non-Prosecution Agreement, Epstein was to use his "best efforts" to enter into his guilty pleas by October 26, 2007. However, Edwards learned that Epstein violated his agreement with the U.S. Attorney's Office to do so and delayed entry of his plea. *See* Letter from U.S. Attorney R. Alexander Acosta to Lilly Ann Sanchez, Dec. 19, 2007 (Exhibit "L").

29. On January 10, 2008 and again on May 30, 2008 E.W. and L.M. received letters from the FBI advising them that "[t]his case is currently under investigation. This can be a lengthy process and we request your continued patience while we conduct a thorough investigation." Letters attached at Composite Exhibit "M". This document is evidence that the FBI did not notify E.W. and L.M. that a plea agreement had already been reached that would



HOUSE_OVERSIGHT_013331

block federal prosecution of Epstein. Nor did the FBI notify E.W. and L.M. of any of the parts of the plea agreement. Nor did the FBI or other federal authorities confer with E.W. and L.M. about the plea. *See id.*

30. In 2008, Edwards believed in good faith that criminal prosecution of Epstein was extremely important to his clients E.W. and L.M. and that they desired to be consulted by the FBI and/or other representatives of the federal government about the prosecution of Epstein. The letters that they had received around January 10, 2008, suggested that a criminal investigation of Epstein was on-going and that they would be contacted before the federal government reached any final resolution of that investigation. *See id.*

*Edwards Agrees to Serve as Legal Counsel for Three Victims of Epstein's Sexual Assaults*

31. In about April 2008, Bradley J. Edwards, Esq., was a licensed attorney in Florida, practicing as a sole practitioner. As a former prosecutor, he was well versed in civil cases that involved criminal acts, including sexual assaults. Three of the many girls Epstein had abused – L.M., E.W., and Jane Doe – all requested that Edwards represent them civilly and secure appropriate monetary damages against Epstein for repeated acts of sexual abuse while they were minor girls. Two of the girls (L.M. and E.W.) also requested that Edwards represent them in connection with a concern that the Federal Bureau of Investigation (FBI) and U.S. Attorney's Office might be arranging a plea bargain for the criminal offenses committed by Epstein without providing them the legal rights to which they were entitled (including the right to be notified of plea discussions and the right to confer with prosecutors about any plea arrangement). *See*



HOUSE_OVERSIGHT_013332

Affidavit of Bradley J. Edwards, Esq. at ¶1 - 2, ¶4 (hereinafter "Edwards Affidavit") (Exhibit "N").

32. On June 13, 2008, attorney Edwards agreed to represent E.W.; on July 2, 2008, attorney Edwards agreed to represent Jane Doe; and, on July 7, 2008, attorney Edwards agreed to represent L.M. in connection with the sexual assaults committed by Epstein and to insure that their rights as victims of crimes were protected in the criminal process on-going against Epstein. Mr. Edwards and his three clients executed written retention agreements. *See id.* at ¶2.

33. In mid June of 2008, Edwards contacted AUSA Villafaña to inform her that he represented Jane Doe #1 and, later, Jane Doe #2. AUSA Villafaña did not advise that a plea agreement had already been negotiated with Epstein's attorneys that would block federal prosecution. To the contrary, AUSA Villafaña mentioned a possible indictment. AUSA Villafaña did indicate that federal investigators had concrete evidence and information that Epstein had sexually molested many underage minor females, including E.W., LM, and Jane Doe. *See id.* at ¶4.

34. Edwards also requested from the U.S. Attorney's Office the information that they had collected regarding Epstein's sexual abuse of his clients. However, the U.S. Attorney's Office, declined to provide any such information to Edwards. It similarly declined to provide any such information to the other attorneys who represented victims of Epstein's sexual assaults. At the very least, this includes the items that were confiscated in the search warrant of Epstein's home, including dildos, vibrators, massage table, oils, and additional message pads. *See* Property Receipt (Exhibit "O").



HOUSE_OVERSIGHT_013333

35. On Friday, June 27, 2008, at approximately 4:15 p.m., AUSA Villafaña received a copy of Epstein's proposed state plea agreement and learned that the plea was scheduled for 8:30 a.m., Monday, June 30, 2008. AUSA Villafaña called Edwards to provide notice to his clients regarding the hearing. AUSA Villafaña did not tell Attorney Edwards that the guilty pleas in state court would bring an end to the possibility of federal prosecution pursuant to the plea agreement. *See* Edwards Affidavit, Exhibit "N", at ¶6.

36. Under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771, victims of federal crimes – including E.W. and L.M. – are entitled to basic rights during any plea bargaining process; including the right to be treated with fairness, the right to confer with prosecutors regarding any plea, and the right to be heard regarding any plea. The process that was followed leading to the non-prosecution of Epstein violated these rights of E.W. and L.M. *See* Emergency Petn. for Victim's Enforcement of Crime Victim's Rights, No. 9:08-CV-80736-KAM (S.D. Fla. 2008) (Exhibit "P").

37. Because of the violation of the CVRA, on July 7, 2008, Edwards filed an action in the U.S. District Court for the Southern District of Florida, Case No. 9:08-CV-80736, seeking to enforce the rights of E.W. and L.M. That action alleged that the U.S. Attorney's Office had failed to provide E.W. and L.M. the rights to which they were entitled under the Act, including the right to be notified about a plea agreement and to confer with prosecutors regarding it. *See id.*

38. On July 11, 2008, Edwards took E.W. and L.M. with him to the hearing on the CVRA action. It was only at this hearing that both victims learned for the first time that the plea deal was already done with Epstein and that the criminal case against Epstein had been



HOUSE_OVERSIGHT_013334

effectively terminated by the U.S. Attorney's office. *See* Hearing Transcript, July 11, 2008 (Exhibit "Q").

39. Edwards learned that Jane Doe felt so strongly that the plea bargain was inappropriate that she made her own determination to appear on a television program and exercise her First Amendment rights to criticize the unduly lenient plea bargain Epstein received in a criminal case.

40. The CVRA action that Edwards filed was recently administratively closed and Edwards filed a Motion to reopen that proceeding. *See* No. 9:08-CV-80736 (S.D. Fla.).

*Epstein's Entry of Guilty Pleas to Sex Offenses*

41. Ultimately, on June 30, 2008, in the Fifteenth Judicial Circuit in Palm Beach County, Florida, defendant Epstein, entered pleas of "guilty" to various Florida state crimes involving the solicitation of minors for prostitution and the procurement of minors for the purposes of prostitution. *See* Plea Colloquy (Exhibit "R").

42. As a condition of that plea, and in exchange for the Federal Government not prosecuting the Defendant, Epstein additionally entered into an agreement with the Federal Government acknowledging that approximately thirty-four (34) other young girls could receive payments from him under the federal statute providing for compensation to victims of child sexual abuse, 18 U.S.C. § 2255. As had been agreed months before, the U.S. Attorney's Office did not prosecute Epstein federally for his sexual abuse of these minor girls. *See* Addendum to Non-Prosecution Agreement (Exhibit "S") (in redacted form to protect the identities of the minors involved).



HOUSE_OVERSIGHT_013335

43. Because Epstein became a convicted sex offender, he was not to have contact with any of his victims. During the course of his guilty pleas on June 30, 2008, Palm Beach Circuit Court Judge Deborah Dale Pucillo ordered Epstein "not to have any contact, direct or indirect" with any victims. She also expressly stated that her no-contact order applied to "all of the victims." Similar orders were entered by the federal court handling some of the civil cases against Epstein. The federal court stated that it "finds it necessary to state clearly that Defendant is under this court's order not to have direct *or indirect contact* with any plaintiffs . . . ." Order, Case No. 9:08-cv-80119 (S.D. Fla. 2008), [DE 238] at 4-5 (emphasis added); *see also* Order, Case No. 9:08-cv-80893, [DE 193] at 2 (emphasis added).

*Edwards Files Civil Suits Against Epstein*

44. Edwards had a good faith belief that his clients felt angry and betrayed by the criminal system and wished to prosecute and punish Epstein for his crimes against them in whatever avenue remained open to them. On August 12, 2008, at the request of his client Jane Doe, Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of Jane Doe. *See* Edwards Affidavit, "N" at ¶7. Included in this complaint was a RICO count that explained how Epstein ran a criminal conspiracy to procure young girls for him to sexually abuse. *See* Complaint, Jane Doe v. Epstein (Exhibit "T").

45. On September 11, 2008, at the request of his client E.W., Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of E.W. *See* Complaint, E.W. v. Epstein (Exhibit "U").



HOUSE_OVERSIGHT_013336

46. On September 11, 2008, at the request of his client L.M.., Brad Edwards filed a civil suit against Jeffrey Epstein to recover damages for his sexual assault of L.M. *See* Complaint, L.M. v. Epstein, (Exhibit "V").

47. Jane Doe's federal complaint indicated that she sought damages of more than $50,000,000. Listing the amount of damages sought in the complaint was in accord with other civil suits that were filed against Epstein (before any lawsuit filed by Edwards). *See* Complaint, Jane Doe #4 v. Epstein (Exhibit "W") (filed by Herman and Mermelstein, PA).

48. At about the same time as Edwards filed his three lawsuits against Epstein, other civil attorneys were filing similar lawsuits against Epstein. For example, on or about April 14, 2008 another law firm, Herman and Mermelstein, filed the first civil action against Epstein on behalf of one of its seven clients who were molested by Epstein. The complaints that attorney Herman filed on behalf of his seven clients were similar in tenor and tone to the complaint that Edwards filed on behalf of his three clients. *See id.*

49. Over the next year and a half, more than 20 other similar civil actions were filed by various attorneys against Epstein alleging sexual assault of minor girls. These complaints were also similar in tenor and tone to the complaint that Edwards filed on behalf of his clients. These complaints are all public record and have not been attached, but are available in this Court's files and the files of the U.S. District Court for the Southern District of Florida.

50. In addition to the complaints filed against Epstein in Florida, a female in New York, Ava Cordero, filed a lawsuit against Epstein in New York making similar allegations - that Epstein paid her for a massage then forced her to give him oral sex and molested her in other ways when she was only 16 years old. Cordero was born a male, and in her complaint she



HOUSE_OVERSIGHT_013337

alleges that Epstein told her during the "massage", "I love how young you are. You have a tight butt like a baby". *See* Jeff Epstein Sued for "Repeated Sexual Assaults" on Teen, New York Post, October 17, 2007, by Dareh Gregorian, link at: http://www.nypost.com/p/news/regional/item_44zlWyLUFH7R1OUtKYGPbP;jsessionid=6CA3EBF1BEF68F5DE14BFB2CAA5C37E0. *See* Article attached hereto as Exhibit "X".

51. Edwards's three complaints against Epstein contained less detail about sexual abuse than (as one example) a complaint filed by attorney Robert Josephsberg from the law firm of Podhurst Orseck. *See* Complaint, Jane Doe 102 v. Epstein (Exhibit "B"). As recounted in detail in this Complaint, Jane Doe 102 was 15 years old when Ghislaine Maxwell discovered her and lured her to Epstein's house. Maxwell and Epstein forced her to have sex with both of them and within weeks Maxwell and Epstein were flying her all over the world. According to the Complaint, Jane Doe 102 was forced to live as one of Epstein's underage sex slaves for years and was forced to have sex with not only Maxwell and Epstein but also other politicians, businessmen, royalty, academicians, etc. She was even made to watch Epstein have sex with three 12-year-old French girls that were sent to him for his birthday by a French citizen that is a friend of Epstein's. Luckily, Jane Doe 102 escaped to Australia to get away from Epstein and Maxwell's sexual abuse.

52. Edwards learned that in addition to civil suits that were filed in court against Epstein, at around the same time other attorneys engaged in pre-filing settlement discussions with Epstein. Rather than face filed civil suits in these cases, Epstein paid money settlements to more than 15 other women who had sexually abused while they were minors. *See* articles regarding settlements attached hereto as Composite Exhibit "Y."



HOUSE_OVERSIGHT_013338

*Epstein's Obstruction of Normal Discovery and Attacks on His Victims*

53. Once Edwards filed his civil complaints for his three clients, he began the normal process of discovery for cases such as these. He sent standard discovery requests to Epstein about his sexual abuse of the minor girls, including requests for admissions, request for production, and interrogatories. *See* Edwards Affidavit, Exhibit "N", at ¶¶11-19 and 25. Rather than answer any substantive questions about his sexual abuse and his conspiracy for procuring minor girls for him to abuse, Epstein invoked his 5th amendment right against self-incrimination. An example of Epstein's refusal to answer is attached as Composite Exhibit "Z" (original discovery propounded to Epstein and his responses invoking 5th amendment).

54. During the discovery phase of the civil cases filed against Epstein, Epstein's deposition was taken at least five times. During all of those depositions, Epstein refused to answer any substantive questions about his sexual abuse of minor girls. *See, e.g.,* Deposition Attachments 1, 6 and 7.

55. During these depositions, Epstein further attempted to obstruct legitimate questioning by inserting a variety of irrelevant information about his case. As one of innumerable examples, on March 8, 2010, Mr. Horowitz, representing seven victims, Jane Doe's 2-8, asked, "Q: In 2004, did you rub Jane Doe 3's vagina? A: Excuse me. I'd like to answer that question, as I would like to answer mostly every question you've asked me here today; however, upon advice of counsel, I cannot answer that question. They've advised me I must assert my Sixth Amendment, Fifth Amendment and Fourteenth Amendment Rights against self--excuse me, against--under the Constitution. And though your partner, Jeffrey Herman, was disbarred after filing this lawsuit [a statement that was untrue], Mr. Edwards' partner sits in jail for



HOUSE_OVERSIGHT_013339

fabricating cases of a sexual nature fleecing unsuspecting Florida investors and others out of millions of dollars for cases of a sexual nature with--I'd like to answer your questions; however if I--I'm told that if I do so, I risk losing my counsel's representation; therefore I must accept their advice." Epstein deposition, March 8, 2010, at 106 (Deposition attachment #10).

56. When Edwards had the opportunity to take Epstein's deposition, he only asked reasonable questions, all of which related to the merits of the cases against Epstein. All depositions of Epstein in which Mr. Edwards participated on behalf of his clients are attached to this motion. *See* Edwards Affidavit, Exhibit "N" at ¶11 and Deposition attachments #1, 6, 7, 10, 11, 12, and 13. Cf. with Deposition of Epstein taken by an attorney representing BB (one in which Edwards was not participating), http://www.youtube.com/watch?v=V-dqoEyYXx4; and http://www.youtube.com/watch?v=YCNiYltW-r0

57. Edwards's efforts to obtain information about Epstein's organization for procuring young girls was also blocked because Epstein's co-conspirators took the Fifth. Deposition of Sarah Kellen, March 24, 2010 (hereinafter "Kellen Depo.") (Deposition attachment #14); Deposition of Nadia Marcinkova, April 13, 2010, (Deposition attachment #9); Deposition of Adriana Mucinska Ross, March 15, 2010 (hereinafter "Ross Depo.") (Deposition attachment #15). Each of these co-conspirators invoked their respective rights against self-incrimination as to all relevant questions, and the depositions have been attached.

58. At all relevant times Edwards has had a good faith basis to believe and did in fact believe Sarah Kellen was an employee of Epstein's and had been identified as a defendant in at least one of the complaints against Epstein for her role in bringing girls to Epstein's mansion to be abused. At the deposition, she was represented by Bruce Reinhart. She invoked the Fifth on



HOUSE_OVERSIGHT_013340

all substantive questions regarding her role in arranging for minor girls to come to Epstein's mansion to be sexually abused. Reinhart had previously been an Assistant United States Attorney in the U.S. Attorney's Office for the Southern District of Florida when Epstein was being investigated criminally by Reinhart's office. Reinhart left the United States Attorney's Office and was immediately hired by Epstein to represent Epstein's pilots and certain co-conspirators during the civil cases against Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.

59. Edwards also had other lines of legitimate discovery blocked through the efforts of Epstein and others. For example, Edwards learned through deposition that Ghislaine Maxwell was involved in managing Epstein's affairs and companies. *See* deposition of Epstein's house manager Janusz Banziak, February 16, 2010 at page 14, lines 20-23 (Deposition Attachment #16); *See* deposition of Epstein's housekeeper Louella Rabuyo, October 20, 2009, page 9, lines 17-25 (Deposition Attachment #17); *See* deposition of Epstein's pilot Larry Eugene Morrison, October 6, 2009, page 102-103 (Deposition Attachment #18); *See* deposition of Alfredo Rodriguez, August 7, 2009, page 302-306 and 348 (Deposition Attachment #8); *See* also Prince Andrew's Friend, Ghislaine Maxwell, Some Underage Girls and A Very Disturbing Story, September 23, 2007 by Wendy Leigh, link at http://www.redicecreations.com/article.php?id=1895OHANNA SJOBERG. Exhibit "AA".

60. Alfredo Rodriguez testified that Maxwell took photos of girls without the girls' knowledge, kept the images on her computer, knew the names of the underage girls and their respective phone numbers and other underage victims were molested by Epstein and Maxwell together. *See* Deposition of Rodriguez, Deposition attachment # 8 at 64, 169-170 and 236.



HOUSE_OVERSIGHT_013341

61. In reasonable reliance on this and other information, Edwards served Maxwell for deposition in 2009. *See* Deposition Notice attached as Exhibit "BB." Maxwell was represented by Brett Jaffe of the New York firm of Cohen and Gresser, and Edwards understood that her attorney was paid for (directly or indirectly) by Epstein. She was reluctant to give her deposition, and Edwards tried to work with her attorney to take her deposition on terms that would be acceptable to both sides. The result was the attached confidentiality agreement, under which Maxwell agreed to drop any objections to the deposition, attached hereto as Exhibit "CC." Maxwell, however, contrived to avoid the deposition. On June 29, 2010, one day before Edwards was to fly to NY to take Maxwell's deposition, her attorney informed Edwards that Maxwell's mother was deathly ill and Maxwell was consequently flying to England with no intention of returning to the United States. Despite that assertion, Ghislaine Maxwell was in fact in the country on July 31, 2010, as she attended the wedding of Chelsea Clinton (former President Clinton's daughter) and was captured in a photograph taken for OK magazine. Photos from Issue 809 of the publication *See* US Weekly dated August 16, 2010 are attached hereto as Exhibit "DD" and Edwards Affidavit, Exhibit "N" at ¶12.

62. Maxwell is not the only important witness to lie to avoid deposition by Edwards. Upon review of the message pads that were taken from Epstein's home in the police trash pulls, *see* Exhibit "J" *supra*, many were from Jean Luc Brunel, a French citizen and one of Epstein's closest pals. He left messages for Epstein. One dated 4/1/05 said, "He has a teacher for you to teach you how to speak Russian. She is 2x8 years old, not blonde. Lessons are free and you can have your 1st today if you call." *See* Messages taken from Jean Luc Brunel are attached hereto as Exhibit "EE." In light of these circumstances of the case, this message reasonably suggested to



HOUSE_OVERSIGHT_013342

Edwards that Brunel might have been procuring two eight-year-old girls for Epstein to sexually abuse. According to widely circulated press reports reviewed by Edwards, Brunel is in his sixties and has a reputation throughout the world (and especially in the modeling industry) as a cocaine addict that has for years molested children through modeling agencies while acting as their agent – conduct that has been the subject of critical reports, books, several news articles, and a 60 Minutes documentary on Brunel's sexual exploitation of underage models. *See* http://bradmillershero.blogspot.com/2010/08/women-are-objects.html, attached hereto as Exhibit "FF."

63. Edwards learned that Brunel is also someone that visited Epstein on approximately 67 occasions while Epstein was in jail. *See* Epstein's jail visitor log attached as Exhibit "GG."

64. Edwards learned that Brunel currently runs the modeling agency MC2, a company for which Epstein provides financial support. *See* Message Pad's attached as Exhibit "J" *supra* and Sworn Statement of MC2 employee Maritza Vasquez, June 15, 2010, "Maritza Vasquez Sworn Statement" attached at Exhibit "HH" at 1-16.

65. Employees of MC2 told Edwards that Epstein's numerous condos at 301 East 66 Street in New York were used to house young models. Edwards was told that MC2 modeling agency, affiliated with Epstein and Brunel brought underage girls from all over the world, promising them modeling contracts. Epstein and Brunel would then obtain a visa for these girls, then would charge the underage girls rent, presumably to live as underage prostitutes in the condos. *See* Maritza Vasquez Sworn Statement, Exhibit "HH" at 7-10, 12-15, 29-30, 39-41, 59-60 and 62-67.



HOUSE_OVERSIGHT_013343

66. In view of this information suggesting Brunel could provide significant evidence of Epstein's trafficking in young girls for sexual abuse, Edwards had Brunel served in New York for deposition. *See* Notice of Deposition of Jean Luc Brunel attached hereto as Exhibit "II." Before the deposition took place, Brunel's attorney (Tama Kudman of West Palm Beach) contacted Edwards to delay the deposition date. Eventually Kudman informed Edwards in January 2009 that Brunel had left the country and was back in France with no plans to return. This information was untrue; Brunel was actually staying with Epstein in West Palm Beach. *See* Banasiak deposition, deposition attachment #16 at 154-160 and 172-175; see also pages from Epstein's probation file evidencing Jean Luc Brunel (JLB) staying at his house during that relevant period of time attached Exhibit "JJ". As a result, Edwards filed a Motion for Contempt, attached hereto as Exhibit "KK" (Because Epstein settled this case, the motion was never ruled upon.)

67. Edwards was also informed that Epstein paid for not only Brunel's representation during the civil process but also paid for legal representation for Sarah Kellen (Epstein's executive assistant and procurer of girls for him to abuse), Larry Visoski (Epstein's personal pilot), Dave Rogers (Epstein's personal pilot), Larry Harrison (Epstein's personal pilot), Louella Rabuyo (Epstein's housekeeper), Nadia Marcinkova (Epstein's live-in sex slave), Ghislaine Maxwell (manager of Epstein's affairs and businesses), Mark Epstein (Epstein's brother), and Janusz Banasiak (Epstein's house manager) It was nearly impossible to take a deposition of someone that would have helpful information that was not represented by an attorney paid for by Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.



HOUSE_OVERSIGHT_013344

68. While Epstein and others were preventing any legitimate discovery into his sexual abuse of minor girls, at the same time he was engaging (through his attorneys) in brutal questioning of the girls who had filed civil suits against him, questioning so savage that it made local headlines. *See* Jane Musgrave, *Victims Seeking Sex offender's Millions See Painful Pasts Used Against Them,* Palm Beach Post News, Jan. 23, 2010, available at http://www.palmbeachpost.com/news/crime/victims-seeking-sex-offenders-millions-see-painful-pasts-192988.html attached hereto as Exhibit "LL."

*Edwards Pursues Other Lines of Discovery*

69. Because of Epstein's thwarting of discovery and attacks on Edwards's clients, Edwards was forced to pursue other avenues of discovery. Edwards only pursued legitimate discovery designed to further the cases filed against Epstein. *See* Edwards Affidavit, Exhibit "N" at ¶11.

70. Edwards notified Epstein's attorneys of his intent to take Bill Clinton's deposition. Edwards possessed a legitimate basis for doing so: (a) Clinton was friends with Ghislaine Maxwell who was Epstein's longtime companion and helped to run Epstein's companies, kept images of naked underage children on her computer, helped to recruit underage children for Epstein, engaged in lesbian sex with underage females that she procured for Epstein, and photographed underage females in sexually explicit poses and kept child pornography on her computer; (b) it was national news when Clinton traveled with Epstein aboard Epstein's private plane to Africa and the news articles classified Clinton as Epstein's friend. (c) the complaint filed on behalf of Jane Doe No. 102 stated generally that she was required by Epstein to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty,



HOUSE_OVERSIGHT_013345

politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories Clinton and acquaintances of Clinton fall into. The flight logs showed Clinton traveling on Epstein's plane on numerous occasions between 2002 and 2005. *See* Flight logs attached hereto as Exhibit "MM." Clinton traveled on many of those flights with Ghislaine Maxwell, Sarah Kellen, and Adriana Mucinska, - all employees and/or co-conspirators of Epstein's that were closely connected to Epstein's child exploitation and sexual abuse. The documents clearly show that Clinton frequently flew with Epstein aboard his plane, then suddenly stopped - raising the suspicion that the friendship abruptly ended, perhaps because of events related to Epstein's sexual abuse of children. Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him, including those for his assistant (Doug Band), his schedulers, and what appear to be Clinton's personal numbers. This information certainly leads one to believe that Clinton might well be a source of relevant information and efforts to obtain discovery from him were reasonably calculated to lead to admissible evidence. *See* Exhibits "B", "F" "AA", "DD", and "MM" and Edwards Affidavit, Exhibit "N" at ¶15.

71. Bradley J. Edwards, Esq., provided notice that he intended to take the deposition of Donald Trump. Edwards possessed a legitimate basis for doing so: (a) The message pads confiscated from Epstein's home indicated that Trump called Epstein's West Palm Beach mansion on several occasions during the time period most relevant to my Edwards's clients' complaints; (b) Trump was quoted in a *Vanity Fair* article about Epstein as saying "I've known Jeff for fifteen years. Terrific guy," "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it --



HOUSE_OVERSIGHT_013346

Jeffrey enjoys his social life." Jeffrey Epstein: International Moneyman of Mystery; He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't until he flew Bill Clinton, Kevin Spacey, and Chris Tucker to Africa on his private Boeing 727 that the world began to wonder who he is. By Landon Thomas Jr. (*See* article attached hereto as Exhibit "NN") (c) Trump allegedly banned Epstein from his Maralago Club in West Palm Beach because Epstein sexually assaulted an underage girl at the club; (d) Jane Doe No. 102's complaint alleged that Jane Doe 102 was initially approached at Trump's Maralago by Ghislaine Maxwell and recruited to be Maxwell and Epstein's underage sex slave; (e) Mark Epstein (Jeffrrey Epstein's brother) testified that Trump flew on Jeffrey Epstein's plane with him (the same plane that Jane Doe 102 alleged was used to have sex with underage girls); (f) Trump had been to Epstein's home in Palm Beach; (g) Epstein's phone directory from his computer contains 14 phone numbers for Donald Trump, including emergency numbers, car numbers, and numbers to Trump's security guard and houseman. Based on this information, Edwards reasonably believed that Trump might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition. See deposition of Mark Epstein, September 21, 2009, at 48-50 (Deposition Attachment #19); *See* Jane Doe 102 v. Epstein, Exhibit "B"; Exhibit "F"; "Exhibit"J"; "N" and *See* Edwards Affidavit, Exhibit "N" at ¶13.

72. Edwards provided notice that he intended to depose Alan Dershowitz. Edwards possessed a legitimate basis for doing so: (a) Dershowitz is believed to have been friends with Epstein for many years; (b) in one news article Dershowitz comments that, "I'm on my 20th book... The only person outside of my immediate family that I send drafts to is Jeffrey" The



HOUSE_OVERSIGHT_013347

Talented Mr. Epstein, By Vicky Ward on January, 2005 in Published Work, Vanity Fair (*See* article attached as Exhibit "OO"); (c) Epstein's housekeeper Alfredo Rodriguez testified that Dershowitz stayed at Epstein's house during the years when Epstein was assaulting minor females on a daily basis; (d) Rodriguez testified that Dershowitz was at Epstein's house at times when underage females where there being molested by Epstein (see Alfredo Rodriguez deposition at 278-280, 385, 426-427); (e) Dershowitz reportedly assisted in attempting to persuade the Palm Beach State Attorney's Office that because the underage females alleged to have been victims of Epstein's abuse lacked credibility and could not be believed that they were at Epstein's house, when Dershowitz himself was an eyewitness to their presence at the house; (f) Jane Doe No. 102 stated generally that Epstein forced her to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories that Dershowitz and acquaintances of Dershowitz fall into; (g) during the years 2002-2005 Alan Dershowitz was on Epstein's plane on several occasions according to the flight logs produced by Epstein's pilot and information (described above) suggested that sexual assaults may have taken place on the plane; (h) Epstein donated $30 Million one year to the university at which Dershowitz teaches. Based on this information, Edwards had a reasonable basis to believe that Dershowitz might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition. *See* Dershowitz letters to the State Attorney's office attached as Exhibit "PP"; Deposition of Alfredo Rodriguez at 278-280; Flight Logs Exhibit "MM"; Exhibits "B" and "OO"; and Edwards Affidavit, Exhibit "N" at ¶14.



HOUSE_OVERSIGHT_013348

73. Epstein's complaint alleges that Edwards provided notice that he wished to take the deposition of Tommy Mattola. That assertion is untrue. Mr. Mattola's deposition was set by the law firm of Searcy Denny Scarola Barnhart and Shipley. *See* Edwards Affidavit, Exhibit "N" at ¶16.

74. Edwards gave notice that he intended to take David Copperfield's deposition. Edwards possessed a legitimate basis for doing so. Epstein's housekeeper and one of the only witnesses who did not appear for deposition with an Epstein bought attorney, Alfredo Rodriguez, testified that David Copperfield was a guest at Epstein's house on several occasions. His name also appears frequently in the message pads confiscated from Epstein's house. It has been publicly reported that Copperfield himself has had allegations of sexual misconduct made against him by women claiming he sexually abused them, and one of Epstein's sexual assault victims also alleged that Copperfield had touched her in an improper sexual way while she was at Epstein's house. Mr. Copperfield likely has relevant information and deposition was reasonably calculated to lead to the discovery of admissible evidence. *See* Edwards Affidavit, Exhibit "N" at ¶17.

75. Epstein also takes issue with Edwards identifying Bill Richardson as a possible witness. Richardson was properly identified as a possible witness because Epstein's personal pilot testified to Richardson joining Epstein at Epstein's New Mexico Ranch. There was information indicating that Epstein had young girls at his ranch which, given the circumstances of the case, raised the reasonable inference he was sexually abusing these girls as he had abused girls in West Palm Beach and elsewhere. Richardson had also returned campaign donations that were given to him by Epstein, indicating that he believed that there was something about Epstein



HOUSE_OVERSIGHT_013349

with which he did not want to be associated. Richardson was not called to testify nor was he ever subpoenaed to testify. *See* Edwards Affidavit, Exhibit "N" at ¶18.

76. Edwards learned of allegations that Epstein engaged in sexual abuse of minors on his private aircraft. *See* Jane Doe 102 Complaint, Exhibit "B." Accordingly, Edwards pursued discovery to confirm these allegations.

77. Discovery of the pilot and flight logs was proper in the cases brought by Edwards against Epstein. Jane Doe filed a federal RICO claim against Epstein that was an active claim through much of the litigation. The RICO claim alleged that Epstein ran an expansive criminal enterprise that involved and depended upon his plane travel. Although Judge Marra dismissed the RICO claim at some point in the federal litigation, the legal team representing Edwards' clients intended to pursue an appeal of that dismissal. Moreover, all of the subjects mentioned in the RICO claim remained relevant to other aspects of Jane Doe's claims against Epstein, including in particular her claim for punitive damages. *See* Edwards Affidavit, Exhibit "N" at ¶19.

78. Discovery of the pilot and flight logs was also proper in the cases brought by Edwards against Epstein because of the need to obtain evidence of a federal nexus. Edwards's client Jane Doe was proceeding to trial on a federal claim under 18 U.S.C. § 2255. Section 2255 is a federal statute which (unlike relevant state statutes) established a minimum level of recovery for victims of the violation of its provisions. Proceeding under the statute, however, required a "federal nexus" to the sexual assaults. Jane Doe had two grounds on which to argue that such a nexus existed to her abuse by Epstein: first, his use of telephone to arrange for girls to be abused; and, second, his travel on planes in interstate commerce. During the course of the litigation,



HOUSE_OVERSIGHT_013350

Edwards anticipated that Epstein would argue that Jane Doe's proof of the federal nexus was inadequate. These fears were realized when Epstein filed a summary judgment motion raising this argument. In response, the other attorneys and Edwards representing Jane Doe used the flight log evidence to respond to Epstein's summary judgment motion, explaining that the flight logs demonstrated that Epstein had traveled in interstate commerce for the purpose of facilitating his sexual assaults. Because Epstein chose to settle the case before trial, Judge Marra did not rule on the summary judgment motion.

79. Edwards had further reason to believe and did in fact believe that the pilot and flight logs might contain relevant evidence for the cases against Epstein. Jane Doe No. 102's complaint outlined Epstein's daily sexual exploitation and abuse of underage minors as young as 12 years old and alleged that Epstein's plane was used to transport underage females to be sexually abused by him and his friends. The flight logs accordingly were a potential source of information about either additional girls who were victims of Epstein's abuse or friends of Epstein who may have witnessed or even participated in the abuse. Based on this information, Edwards reasonably pursued the flight logs in discovery.

80. In the fall of 2009, Epstein gave a recorded interview to George Rush, a reporter with the *New York Daily News* about pending legal proceedings. In that interview, Epstein demonstrated an utter lack of remorse for his crimes (but indirectly admitted his crimes) by stating:

- People do not like it when people make good and that was one reason he (Epstein) was being targeted by civil suits filed by young girls in Florida;
- He (Epstein) had done nothing wrong;



HOUSE_OVERSIGHT_013351

- He (Epstein) had gone to jail in Florida for soliciting prostitution for no reason;
- If the same thing (i.e., sexual abuse of minor girls) had happened in New York, he (Epstein) would have received only a $200 fine;
- Bradley J. Edwards was the one causing all of Epstein's problems (i.e., the civil suits brought by Jane Doe and other girls);
- L.M. came to him as a prostitute and a drug user (i.e., came to Epstein for sex, rather than Epstein pursuing her);
- All the girls suing him are only trying to get a meal ticket;
- The only thing he might have done wrong was to maybe cross the line a little too closely;
- He (Epstein) was very upset that Edwards had subpoenaed Ghisline Maxwell, that she was a good person that did nothing wrong (i.e., had done nothing wrong even though she helped procure young girls to satisfy Epstein's sexual desires);
- With regard to Jane Doe 102 v. Epstein, which involved an allegation that Epstein had repeatedly sexually abused a 15-year-old girl, forced her to have sex with his friends, and flew her on his private plane nationally and internationally for the purposes of sexually molesting and abusing her, he (Epstein) flippantly said that the case was dismissed, indicating that the allegations were ridiculous and untrue.

*See* Affidavit of Michael J. Fisten attached hereto as Exhibit "QQ."

81. The Rush interview also demonstrated perjury (a federal crime) on the part of Epstein. Epstein lied about not knowing George Rush. *See* Epstein Deposition, February 17, 2010, taken in L.M. v. Jeffrey Epstein, case 50-2008-CA-028051, page 154, line 4 through 155 line 9, (Deposition attachment #7), wherein Jeffrey Epstein clearly impresses that he does not recognize George Rush from the New York Daily News. This impression was given despite the fact that he gave a lengthy personal interview about details of the case that was tape recorded with George Rush.



HOUSE_OVERSIGHT_013352

*Epstein's Harassment of Witnesses Against Him*

82. At all relevant times Edwards has a good faith basis to believe and did in fact believe that Epstein engaged in threatening witnesses. *See* Incident Report, Exhibit "A" at p. 82, U.S. Attorney's Correspondence, Exhibit "C" - Indictments drafted by Federal Government against Epstein; and Edwards Affidavit, Exhibit "N" at ¶11.

83. Despite three no contact orders entered against Epstein (*see* Exhibit C, *supra*), Edwards learned that Epstein continued to harass his victims. For example, Jane Doe had a trial set for her civil case against him on July 19, 2010. As that trial date approached, defendant Epstein intimidated her in violation of the judicial no-contact orders. On July 1, 2010, he had a "private investigator" tail Jane Doe – following her every move, stopping when she stopped, driving when she drove, refusing to pass when she pulled over. When Jane Doe ultimately drove to her home, the "private investigator" then parked in his car approximately 25 feet from Jane Doe house and flashed his high beam lights intermittently into the home. Even more threateningly, at about 10:30 p.m., when Jane Doe fled her home in the company of a retired police officer employed by Jane Doe's counsel, the "private investigator" attempted to follow Jane Doe despite a request not to do so. The retired officer successfully took evasive action and placed Jane Doe in a secure, undisclosed location that night. Other harassing actions against Jane Doe also followed. *See* Motion for Contempt filed by Edwards in Jane Doe v. Epstein detailing the event, including Fisten Affidavit attached to Motion, Composite Exhibit "RR."

*Epstein Settlement of Civil Claims Against Him for Sexual Abuse of Children*

84. The civil cases Edwards filed against Epstein on behalf of L.M., E.W., and Jane Doe were reasonably perceived by Edwards to be very strong cases. Because Epstein had



HOUSE_OVERSIGHT_013353

sexually assaulted these girls, he had committed several serious torts against them and would be liable to them for appropriate damages. *See* Preceding Undisputed Facts. Because of the outrageousness of Epstein's sexual abuse of minor girls, Edwards reasonably expected that Epstein would also be liable for punitive damages to the girls. Because Edwards could show that Epstein had molested children for years and designed a complex premeditated scheme to procure different minors everyday to satisfy his addiction to sex with minors, the punitive damages would have to be sufficient to deter him from this illegal conduct that he had engaged in daily for years. Epstein was and is a billionaire. *See* Complaint, ¶49 (referring to "Palm Beach Billionaire"); *see also* Epstein Deposition, February 17, 2010, at 172-176 (Deposition Attachment #7) (taking the Fifth when asked whether he is a billionaire). Accordingly, Edwards reasonably believed the punitive damages that would have to be awarded against Epstein would have been substantial enough to punish him severely enough for his past conduct as well as deter him from repeating his offenses in the future. *See* Edwards Affidavit, Exhibit "N" at ¶19.

85. On July 6, 2010, rather than face trial for the civil suits that had been filed against him by L.M., E.W., and Jane Doe, defendant Epstein settled the cases against him. The terms of the settlement are confidential. The settlement amounts are highly probative in the instant action as Epstein bases his claims that Edwards was involved in the Ponzi scheme on Epstein's inability to settle the L.M., E.W., and Jane Doe cases for "minimal value". His continued inability to settle the claims for "minimal value" after the Ponzi scheme was uncovered would be highly probative in discrediting any causal relationship between the Ponzi scheme and Edwards's settlement negotiations. *See* Edwards Affidavit, Exhibit "N" at ¶21.

<u>*Edwards Non-Involvement in Fraud by Scott Rothstein*</u>



HOUSE_OVERSIGHT_013354

86. From in or about 2005, through in or about November 2009, Scott Rothstein appears to have run a giant Ponzi scheme at his law firm of Rothstein, Rosenfeldt and Adler P.A. ("RRA"). This Ponzi scheme involved Rothstein falsely informing investors that settlement agreements had been reached with putative defendants based upon claims of sexual harassment and/or whistle-blower actions. Rothstein falsely informed the investors that the potential settlement agreements were available for purchase. Plea Agreement at 2, *United States v. Scott W. Rothstein*, No. 9-60331-CR-COHN (S.D. Fla. Jan. 27, 2010) attached hereto as Exhibit "SS."

87. It has been alleged that among other cases that Rothstein used to lure investors into his Ponzi scheme were the cases against Epstein that were being handled by Bradley J. Edwards, Esq. Edwards had no knowledge of the fraud or any such use of the Epstein cases. *See* Edwards Affidavit, Exhibit "N" at ¶9.

88. Bradley J. Edwards, Esq., joined RRA in about April 2009 and left RRA in November 2009 – a period of less than one year. Edwards would not have joined RRA had he been aware that Scott Rothstein was running a giant Ponzi scheme at the firm. Edwards left RRA shortly after learning of Rothstein's fraudulent scheme. *Id.* at ¶8.

89. At no time prior to the public disclosure of Rothstein's Ponzi scheme did Edwards know or have reason to believe that Rothstein was using legitimate claims that Edwards was prosecuting against Epstein for any fraudulent or otherwise illegitimate purpose. *Id.* at ¶20.

90. Edwards never substantively discussed the merits of any of his three cases against Epstein with Rothstein. *See* Deposition of Bradley J. Edwards taken March 23, 2010, at 110-16. (hereinafter "Edwards Depo") (Deposition Attachment #22).



HOUSE_OVERSIGHT_013355

91. On July 20, 2010, Bradley Edwards received a letter from the U.S. Attorney's Office for the Southern District of Florida – the office responsible for prosecuting Rothstein's Ponzi scheme. The letter indicated that law enforcement agencies had determined that Edwards was "a victim (or potential victim)" of Scott Rothstein's federal crimes. The letter informed Edwards of his rights as a victim of Rothstein's fraud and promised to keep Edwards informed about subsequent developments in Rothstein's prosecution. *See* Letter attached hereto as Exhibit "TT."

92. Jeffrey Epstein filed a complaint with the Florida Bar against Bradley Edwards, Esq., raising allegations that Edwards and others were involved in the wrongdoing of Scott Rothstein. After investigating the claim, the Florida Bar dismissed this complaint. *See* Edwards Affidavit, Exhibit "N" at ¶23.

*Epstein Takes the Fifth When Asked Substantive Questions About His Claims Against Edwards*

93. On March 17, 2010, defendant Epstein was deposed about his lawsuit against Edwards. Rather than answer substantive questions about his lawsuit, Epstein repeatedly invoked his Fifth Amendment privilege. *See* Epstein Depo. taken 3/17/10, Deposition Attachment #1.

94. In his deposition, Epstein took the Fifth rather than answer the question: "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?" *Id.* at 34.

95. In his deposition, Epstein took the Fifth rather than name people in California that Edwards had tried to depose to increase the settlement value of the civil suit he was handling. *Id.* at 37.



HOUSE_OVERSIGHT_013356

96. In his deposition, Epstein took the Fifth rather than answer the question: "Do you know former President Clinton personally." *Id.*

97. In his deposition, Epstein took the Fifth rather than answer the question: "Are you now telling us that there were claims against you that were fabricated by Mr. Edwards?" *Id.* at 39.

98. In his deposition, Epstein took the Fifth rather than answer the question, "Well, which of Mr. Edwards' cases do you contend were fabricated." *Id.*

99. In his deposition, Epstein took the Fifth rather than answer the question: "What is the actual value that you contend the claim of E.W. against you has?" *Id.* at 45.

100. In his deposition, Epstein took the Fifth rather than answer a question about the actual value of the claim of L.M. and Jane Doe against him. *Id.*

101. In his deposition, taken prior to the settlement of Edwards's clients claims against Epstein, Epstein took the Fifth rather than answer the question: "Is there any pending claim against you which you contend is fabricated?" *Id.* at 71.

102. In his deposition, Epstein took the Fifth rather than answer the question: "Did you ever have damaging evidence in your garbage?" *Id.* at 74.

103. In his deposition, Epstein took the Fifth rather than answer the question: "Did sexual assaults ever take place on a private airplane on which you were a passenger?" *Id.* at 88.

104. In his deposition, Epstein took the Fifth rather than answer the question: "Does a flight log kept for a private jet used by you contain the names of celebrities, dignitaries or international figures?" *Id.* at 89.



HOUSE_OVERSIGHT_013357

105. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Donald Trump in the presence of females under the age of 18?" *Id.* at 89.

106. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Alan Dershowitz in the presence of females under the age of 18." *Id.* at 90.

107. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Mr. Mottola in the presence of females under the age of 18?" *Id.* at 91-92.

108. In his deposition, Epstein took the Fifth rather than answer the question: "Did you ever socialize with David Copperfield in the presence of females under the age of 18?" *Id.* at

109. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever socialized with Mr. Richardson [Governor of New Mexico and formerly U.S. Representative and Ambassador to the United Nations] in the presence of females under the age of 18." *Id.* at 94.

110. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever sexually abused children?" *Id.* at 95.

111. In his deposition, Epstein took the Fifth rather than answer the question: "Did you have staff members that assisted you in scheduling appointments with underage females; that is, females under the age of 18." *Id.* at 97-98.

112. In his deposition, Epstein took the Fifth rather than answer the question: "On how many occasions did you solicit prostitution." *Id.* at 102.



HOUSE_OVERSIGHT_013358

113. In his deposition, Epstein took the Fifth rather than answer the question: "How many minors have you procured for prostitution?" *Id.* at 104.

114. In his deposition, Epstein took the Fifth rather than answer the question: "Have you ever coerced, induced or enticed any minor to engage in any sexual act with you?" *Id.* at 107.

115. In his deposition, Epstein took the Fifth rather than answer the question: "How many times have you engaged in fondling underage females?" *Id.* at 108.

116. In his deposition, Epstein took the Fifth rather than answer the question: "How many times have you engaged in oral sex with females under the age of 18?" *Id.* at 110.

117. In his deposition, Epstein took the Fifth rather than answer the question: "Do you have a personal sexual preference for children?" *Id.* at 111-12.

118. In his deposition, Epstein took the Fifth rather than answer the question: "Your Complaint at page 27, paragraph 49, says that 'RRA and the litigation team took an emotionally driven set of facts involving alleged innocent, unsuspecting, underage females and a Palm Beach billionaire, and sought to turn it into a goldmine,' end of quote. Who is the Palm Beach billionaire referred to in that sentence?" *Id.* at 112-13.

119. In his deposition, Epstein took the Fifth rather than answer the question: "Who are the people who are authorized to make payment [to your lawyers] on your behalf?" *Id.* at 120.

120. In his deposition, Epstein took the Fifth rather than answer the question: "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?" *Id.* at 128.



HOUSE_OVERSIGHT_013359

## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on November 4th, 2010 a copy of the foregoing has been served via Fax and U.S. Mail to all those on the attached service list.

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By: _____
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HOUSE_OVERSIGHT_013360

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# EXHIBIT N

## AFFIDAVIT OF BRADLEY JAMES EDWARDS

1. I am an attorney in good standing with the Florida Bar and admitted to practice in the Southern District of Florida. I am currently a partner in the law firm of Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.

2. In 2008, I was a sole practitioner running a personal injury law firm in Hollywood, FL. While a sole practitioner I was retained by three clients, L.M., E.W., and Jane Doe to pursue civil litigation against Jeffrey Epstein for sexually abusing them while they were minor girls. I agreed to represent these girls, along with attorney Jay Howell (an attorney in Jacksonville, Florida with Jay Howell & Associates) and Professor Paul Cassell (a law professor at the University of Utah College Of Law). I filed state court actions on behalf of L.M. and E.W. and a federal court action on behalf of Jane Doe. All of the cases were filed in the summer of 2008.

3. My clients received correspondence from the U.S. Department of Justice regarding their rights as victims of Epstein's federal sex offenses. (True and accurate copies of the letters are attached to Statement of Undisputed Facts as Exhibit "M")

4. In mid June 2008, I contacted Assistant United States Attorney Marie Villafaña to inform her that I represented Jane Doe #1(E.W.) and, later, Jane Doe #2(L.M.). I asked to meet to provide information regarding Epstein. AUSA Villafaña did not advise me that a plea agreement had already been negotiated with Epstein's attorneys that would block federal prosecution. AUSA Villafaña did indicate that federal investigators had concrete evidence and information that Epstein had sexually molested at least 40 underage minor females, including E.W., Jane Doe and L.M.

5. I also requested from the U.S. Attorney's Office the information and evidence that they had collected regarding Epstein's sexual abuse of his clients. However, the U.S. Attorney's Office declined to provide any such information to me. The U.S. Attorney's Office also declined to provide any such information to the other attorneys who represented victims of Epstein's sexual assaults.

6. I was informed that on Friday, June 27, 2008, at approximately 4:15 p.m., AUSA Villafaña received a copy of Epstein's proposed state plea agreement and learned that the plea was scheduled for 8:30 a.m., Monday, June 30, 2008. She called me to provide notice to my clients regarding the hearing. She did not tell me that the guilty pleas in state court would bring an end to the possibility of federal prosecution pursuant to the plea agreement. My clients did not learn and understand this fact until July 11, 2008, when the agreement was described during a hearing held before Judge Marra on the Crime Victims' Rights Act action that I had filed.

7. In the summer of 2008 I filed complaints against Jeffrey Epstein on behalf of L.M., E.W., and Jane Doe.

8. In the Spring of 2009 (approximately April), I joined the law firm of Rothstein, Rosenfeldt and Adler, P.A. ("RRA"). I brought my existing clients with me when I joined RRA, including L.M., E.W., and Jane Doe. When I joined the firm, I was not aware that Scott Rothstein was running a Ponzi scheme at RRA. Had I known such a Ponzi scheme was in place, I would never have joined RRA.

9. I am now aware that it has been alleged that Scott Rothstein made fraudulent presentations to investors about the lawsuits that I had filed on behalf of my clients against Epstein and that it has been alleged that these lawsuits were used to fraudulently lure investors into Rothstein's Ponzi scheme. I never met a single investor, had no part in any such presentations and had no knowledge any such fraud was occurring. If these allegations are true, I had no knowledge that any such fraudulent presentations were occurring and no knowledge of any such improper use of the case files.

10. Epstein's Complaint against me alleges that Rothstein made false statements about cases filed against Epstein, i.e., that RRA had 50 anonymous females who had filed suit against Epstein; that Rothstein sold an interest in personal injury lawsuits, reached agreements to share attorneys fees with non-lawyers, paid clients "up front" money; and that he used the judicial process to further his Ponzi scheme. If Rothstein did any of these things, I had no knowledge of his actions. Because I maintained close contact with my clients, EW, LM and Jane Doe, and Scott Rothstein never met any of them, I know for certain that none of my clients were paid "up front" money by anyone.

11. Epstein alleges that I attempted to take the depositions of his "high profile friends and acquaintances" for no legitimate litigation purpose. This is untrue, as all of my actions in representing L.M., E.W., and Jane Doe were aimed at providing them effective representation in their civil suits. With regard to Epstein's friends, through documents and information obtained in discovery and other means of investigation, I learned that Epstein was sexually molesting minor girls on a daily basis and had been for many years. I also learned the unsurprising fact that he was molesting the girls in the privacy of his mansion in West Palm Beach, meaning that locating witnesses to corroborate their testimony would be difficult to find. I also learned, from the course of the litigation, that Epstein and his lawyers were constantly attacking the credibility of the girls, that Epstein's employees were all represented by lawyers who apparently were paid for (directly or indirectly) by Epstein, that co-conspirators whose representation was also apparently paid for by Epstein were all taking the Fifth (like Epstein) rather than provide information in discovery. For example, I was given reason to believe that Sarah Kellen, Larry Visoski, Larry Harrison, David Rogers, Louella Rabuyo, Nadia Marcinkova, Ghislaine Maxwell, Mark Epstein, and Janusz Banasiak all had lawyers paid for by Epstein. Because Epstein and the co-conspirators in his child molestation criminal enterprise blocked normal discovery avenues, I needed to search for other ordinary approaches to strengthen the cases of my clients. Consistent with my training and experience, these other ordinary approaches included finding other witnesses who could corroborate allegations of sexual abuse of my clients or other girls. Some of these witnesses were friends of Epstein. Given his social status, it also turned out that some of his friends were high-profile individuals.

12. In light of information I received suggesting that British socialite Ghislaine Maxwell, former girlfriend and long-time friend of Epstein's, was involved in managing Epstein's affairs and companies I had her served for deposition for August 17, 2009. (Deposition Notice attached to Statement of Undisputed Facts as Exhibit BB). Maxwell was represented by Brett Jaffe of the New York firm of Cohen and Gresser, and I understood that her attorney was paid for (directly or indirectly) by Epstein. She was reluctant to give her deposition, and I tried to work with her attorney to take her deposition on terms that would be acceptable to both sides. Her attorney and I negotiated a confidentiality agreement, under which Maxwell agreed to drop any objections to the deposition. Maxwell, however, still avoided the deposition. On June 29, 2010, one day before I was to fly to NY to take Maxwell's deposition, her attorney informed me that Maxwell's mother was deathly ill and Maxwell was consequently flying to England with no intention of returning and certainly would not return to the United States before the conclusion of Jane Doe's trial period (August 6, 2010). Despite that assertion, I later learned that Ghislaine Maxwell was in fact in the country on approximately July 31, 2010, as she attended the wedding of Chelsea Clinton (former President Clinton's daughter) and was captured in a photograph taken for US Weekly magazine.

13. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Donald Trump's deposition in the civil suits against him. Trump was properly noticed because: (a) after review of the message pads confiscated from Epstein's home, the legal and investigative team assisting my clients learned that Trump called Epstein's West Palm Beach mansion on several occasions during the time period most relevant to my clients' complaints; (b) Trump was quoted in a *Vanity Fair* article about Epstein as saying **"I've known Jeff for fifteen years. Terrific guy." "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it – Jeffrey enjoys his social life."** Jeffrey Epstein: International Moneyman of Mystery; **He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't until he flew Bill Clinton, Kevin Spacey, and Chris Tucker to Africa on his private Boeing 727 that the world began to wonder who he is. By Landon Thomas Jr.**; (c) I learned through a source that Trump banned Epstein from his Maralago Club in West Palm Beach because Epstein sexually assaulted an underage girl at the club; (d) Jane Doe No. 102's complaint alleged that Jane Doe 102 was initially approached at Trump's Maralago by Ghislaine Maxwell and recruited to be Maxwell and Epstein's underage sex slave; (e) Mark Epstein (Jeffrey Epstein's brother) testified that Trump flew on Jeffrey Epstein's plane with him (the same plane that Jane Doe 102 alleged was used to have sex with underage girls) deposition of Mark Epstein, September 21, 2009 at 48-50; (f) Trump visited Epstein at his home in Palm Beach – the same home where Epstein abused minor girls daily; (g) Epstein's phone directory from his computer contains 14 phone numbers for Donald Trump, including emergency numbers, car numbers, and numbers to Trump's security guard and houseman. Based on this information, I believed that

Trump might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

14. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Alan Dershowitz's deposition in the civil suits against him. Dershowitz was properly noticed because: (a) Dershowitz has been friends with Epstein for many years; (b) in one news article Dershowitz comments that, "I'm on my 20th book... The only person outside of my immediate family that I send drafts to is Jeffrey" The Talented Mr. Epstein, By Vicky Ward on January, 2005 in Published Work, Vanity Fair; (c) Epstein's housekeeper Alfredo Rodriguez testified that Dershowitz stayed at Epstein's house during the years most relevant to my clients; (d) Rodriguez testified that Dershowitz was at Epstein's house at times when underage females where there being molested by Epstein (see Alfredo Rodriguez deposition at 278-280, 385, 426-427); (e) Dershowitz was reportedly involved in persuading the Palm Beach State Attorney's office not to file felony criminal charges against Epstein because the underage females lacked credibility and thus could not be believed that they were at Epstein's house, despite him being an eyewitness that the underage girls were actually there; (f) Jane Doe No. 102 stated generally that Epstein forced her to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories that Dershowitz and acquaintances of Dershowitz fall into; (g) during the years 2002-2005 Alan Dershowitz was on Epstein's plane on several occasions according to the flight logs produced by Epstein's pilot and information (described above) suggested that sexual assaults may have taken place on the plane; (h) Epstein donated Harvard $30 Million dollars one year, and Harvard was one of the only institutions that did not return Epstein's donation after he was charged with sex offenses against children. Based on this information, I believed that Dershowitz might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

15. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Bill Clinton's deposition. Clinton was properly noticed because: (a) it was well known that Clinton was friends with Ghislaine Maxwell, and several witnesses had provided information that Maxwell helped to run Epstein's companies, kept images of naked underage children on her computer, helped to recruit underage children for Epstein, engaged in lesbian sex with underage females that she procured for Epstein, and photographed underage females in sexually explicit poses and kept child pornography on her computer; (b) newpaper articles stated that Clinton had an affair with Ghislaine Maxwell, who was thought to be second in charge of Epstein's child molestation ring. The Cleveland Leader newspaper, April 10, 2009; (c) it was national news when Clinton traveled with Epstein (and Maxwell) aboard Epstein's private plane to Africa and the news articles classified Clinton as Epstein's friend; (d) the flight logs for the relevant years 2002 - 2005 showed Clinton traveling on Epstein's plane on more than 10 occasions and his assistant, Doug Band, traveled on many more occasions; (e) Jane Doe No. 102 stated generally that she was required by Epstein to be sexually

exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories Clinton and acquaintances of Clinton fall into; (f) flight logs showed that Clinton took many flights with Epstein, Ghislaine Maxwell, Sarah Kellen, and Adriana Mucinska, -- all employees and/or co-conspirators of Epstein's that were closely connected to Epstein's child exploitation and sexual abuse; (g) Clinton frequently flew with Epstein aboard his plane, then suddenly stopped – raising the suspicion that the friendship abruptly ended, perhaps because of events related to Epstein's sexual abuse of children; (h) Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him, including those for his assistant (Doug Band), his schedulers, and what appear to be Clinton's personal numbers. Based on this information, I believed that Clinton might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

16. Epstein alleges that Tommy Mottola was improperly noticed with a deposition. I did not notice Mattola for deposition. He was noticed for deposition by a law firm representing another one of Epstein's victims – not by me.

17. Epstein alleges that there was something improper in the fact that I notified him that I intended to take the illusionist David Copperfield's deposition. Copperfield was properly noticed because: (a) Epstein's housekeeper Alfredo Rodriguez testified that David Copperfield was a guest on several occasions at Epstein's house; (b) according to the message pads confiscated from Epstein's house, Copperfield called Epstein quite frequently and left messages that indicated they socialized together; (c) Copperfield himself has had similar allegations made against him by women claiming he sexually abused them; (d) one of Epstein's sexual assault victims also alleged that Copperfield had touched her in an improper sexual way while she was at Epstein's house. Based on this information, I believed that Copperfield might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

18. Epstein alleges that there was something improper in the fact that I identified Bill Richardson as a possible witness against him in the civil cases. Richardson was properly identified as a possible witness because Epstein's personal pilot testified to Richardson joining Epstein at Epstein's New Mexico Ranch. See deposition of Larry Morrison, October 6, 2009, at 167-169. There was information indicating that Epstein had young girls at his ranch which, given the circumstances of the case, raised the reasonable inference he was sexually abusing these girls since he had regularly and frequently abused girls in West Palm Beach and elsewhere. Richardson had also returned campaign donations that were given to him by Epstein, indicating that he believed that there was something about Epstein that he did not want to be associated with. Richardson was not called to testify nor was he ever subpoenaed to testify.

19. Epstein alleges that discovery of plane and pilot logs was improper during discovery in the civil cases against him. Discovery of these subjects was clearly proper and

necessary because: (a) Jane Doe filed a federal RICO claim against Epstein that was an active claim through much of the litigation. The RICO claim alleged that Epstein ran an expansive criminal enterprise that involved and depended upon his plane travel. Although Judge Marra dismissed the RICO claim at some point in the federal litigation, the legal team representing my clients intended to pursue an appeal of that dismissal. Moreover, all of the subjects mentioned in the RICO claim remained relevant to other aspects of Jane Doe's claims against Epstein, including in particular her claim for punitive damages; (b) Jane Doe also filed and was proceeding to trial on a federal claim under 18 U.S.C. § 2255. Section 2255 is a federal statute which (unlike other state statutes) guaranteed a minimum level of recovery for Jane Doe. Proceeding under the statute, however, required a "federal nexus" to the sexual assaults. Jane Doe had two grounds on which to argue that such a nexus existed to her abuse by Epstein: first, his use of the telephone to arrange for girls to be abused; and, second, his travel on planes in interstate commerce. During the course of the litigation, I anticipated that Epstein would argue that Jane Doe's proof of the federal nexus was inadequate. These fears were realized when Epstein filed a summary judgment motion raising this argument. In respo-nse, the other attorneys and I representing Jane Doe used the flight log evidence to respond to Epstein's summary judgment motion, explaining that the flight logs demonstrated that Epstein had traveled in interstate commerce for the purpose of facilitating his sexual assaults. Because Epstein chose to settle the case before trial, Judge Marra did not rule on the summary judgment motion. (c) Jane Doe No. 102's complaint outlined Epstein's daily sexual exploitation and abuse of underage minors as young as 12 years old and alleged that he used his plane to transport underage females to be sexually abused by him and his friends. The flight logs accordingly might have information about either additional girls who were victims of Epstein's abuse or friends of Epstein who may have witnessed or even participated in the abuse. Based on this information, I believed that the flight logs and related information was relevant information to prove the cases against Jeffrey Epstein and accordingly I pursued them in discovery.

20. In approximately November 2009, the existence of Scott Rothstein's Ponzi scheme became public knowledge. It was at that time that I, along with many other reputable attorneys at RRA, first became aware of Rothstein criminal scheme. At that time, I left RRA with several other RRA attorneys to form the law firm of Farmer Jaffe Weissing Edwards Fistos and Lehrman ("Farmer Jaffe"). I was thus with RRA for less than one year.

21. In July 2010, along with other attorneys at Farmer Jaffe and Professor Cassell, I reached favorable settlement terms for my three clients L.M., E.W., and Jane Doe in their lawsuits against Epstein.

22. On July 20, 2010, I received a letter from the U.S. Attorney's Office for the Southern District of Florida – the office responsible for prosecuting Rothstein's Ponzi scheme. The letter indicated that law enforcement agencies had determined that I was "a victim (or potential victim)" of Scott Rothstein's federal crimes. The letter informed me of my rights as a victim of Rothstein's federal crimes and promised to keep me informed about

subsequent developments in his prosecution. A copy of this letter is attached to this Affidavit. (A copy of the letter is attached to Statement of Undisputed Facts as Exhibit UU)

23. Jeffrey Epstein also filed a complaint with the Florida Bar against me. His complaint alleged that I had been involved in Rothstein's scheme and had thereby violated various rules of professional responsibility. The Florida Bar investigated and dismissed the complaint.

24. I have reviewed the Statement of Undisputed Facts filed contemporaneously with this Affidavit. Each of the assertions concerning what I learned, what I did, and the good faith beliefs formed by me in the course of my prosecutions of claims against Jeffrey Epstein as contained in the Statement of Undisputed Facts is true, and the foundations set out as support for my beliefs are true and correct to the best of my knowledge.

25. All actions taken by me in the course of my prosecution of claims against Jeffrey Epstein were based upon a good faith belief that they were reasonable, necessary, and ethically proper to fulfill my obligation to zealously represent the interests of my clients.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 9/21, 2010

Bradley J. Edwards, Esq.

IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

Case No.: 50 2009CA 040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually, and
BRADLEY J. EDWARDS, individually,

Defendants,
_____/

**DEFENDANT BRADLEY J. EDWARDS'S**
**RENEWED MOTION FOR FINAL SUMMARY JUDGMENT**

Defendant, Bradley J. Edwards, Esq., by and through his undersigned counsel and pursuant to Rule 1.510, Florida Rules of Civil Procedure, hereby moves for Final Summary Judgment and in support thereof states as follows:

## I. INTRODUCTION

The pleadings and discovery taken to date show that there is no genuine issue as to any material facts and that Bradley J. Edwards, Esq. is entitled to summary judgment for all claims brought against him in Plaintiff Jeffrey Epstein's Second Amended Complaint. Not only is there an absence of competent evidence to demonstrate that Edwards participated in any fraud against Epstein, the evidence uncontrovertibly demonstrates the propriety of every aspect of Edwards' involvement in the prosecution of legitimate claims against Epstein. Epstein sexually abused three clients of Edwards – L.M., E.W., and Jane Doe – and Edwards properly and successfully

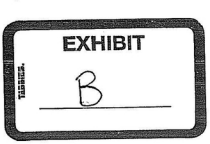

represented them in a civil action against Epstein. Nothing in Edwards's capable and competent representation of his clients can serve as the basis for a civil lawsuit against him. Allegations about Edwards's participation in or knowledge of the use of the civil actions against Epstein in a "Ponzi Scheme" are not supported by any competent evidence and could never be supported by competent evidence as they are entirely false.

**A. Epstein's Complaint**

Epstein's Second Amended Complaint essentially alleges that Epstein was damaged by Edwards, acting in concert with Scott Rothstein (President of the Rothstein Rosenfeldt Adler law firm ("RRA") where Edwards worked for a short period of time). Epstein appears to allege that Edwards joined Rothstein in the abusive prosecution of sexual assault cases against Epstein to "pump" the cases to Ponzi scheme investors. As described by Epstein, investor victims were told by Rothstein that three minor girls who were sexually assaulted by Epstein: L.M., E.W., and Jane Doe were to be paid up-front money to prevent those girls from settling their civil cases against Epstein. In Epstein's view, these child sexual assault cases had "minimal value" (Complaint & 42(h)), and Edwards's refusal to force his clients to accept modest settlement offers is claimed to breach some duty that Edwards owed to Epstein. Interestingly, Epstein never states that he actually made any settlement offers.

The supposed "proof" of the Complaint's allegations against Edwards includes Edwards's alleged contacts with the media, his attempts to obtain discovery from high-profile persons with whom Epstein socialized, and use of "ridiculously inflammatory" language in arguments in court. Remarkably, Epstein has filed such allegations against Edwards despite the fact that Epstein had sexually abused each of Edwards's clients and others while they were



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minors. Indeed, in discovery Epstein has asserted his Fifth Amendment privilege rather than answer questions about the extent of the sexual abuse of his many victims. Even more remarkably, since filing his suit against Edwards, Epstein has now settled the three cases Edwards handled for an amount that Epstein insisted be kept confidential. Without violating the strict confidentiality terms required by Epstein, the cases did not settle for the "minimal value" that Epstein suggested in his Complaint. Because Epstein relies upon the alleged discrepancy between the "minimal value" Epstein ascribed to the claims and the substantial value Edwards sought to recover for his clients, the settlement amounts Epstein voluntarily agreed to pay while these claims against Edwards were pending will be disclosed to the court in-camera.

**B. Summary of the Argument**

Bradley J. Edwards, Esq., is entitled to summary judgment on Epstein's frivolous claim for at least three separate reasons.

First, because Epstein has elected to hide behind the shield of his right against self incrimination to preclude his disclosing <u>any</u> relevant information about the criminal activity at the center of his claims, he is barred from prosecuting this case against Edwards. Under the well-established "sword and shield" doctrine, Epstein cannot seek damages from Edwards while at the same time asserting a Fifth Amendment privilege to block relevant discovery. His case must therefore be dismissed.

Second, all of Edwards' conduct in the prosecution of valid claims against Epstein is protected by the litigation privilege.

Third, and most fundamentally, Epstein's lawsuit should be dismissed because it is not only unsupported by but is also directly contradicted by all of the record evidence. From the



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beginning, Edwards diligently represented three victims of sexual assaults perpetrated by Epstein. As explained in detail below, each and every one of Edwards's litigation decisions was grounded in proper litigation judgment about the need to pursue effective discovery against Epstein, particularly in the face of Epstein's stonewalling tactics. Edwards's successful representation finally forced Epstein to settle and pay appropriate damages. Effective and proper representation of child victims who have been repeatedly sexually assaulted cannot form the basis of a separate, "satellite" lawsuit, and therefore Edwards is entitled to summary judgment on these grounds as well.

The truth is the record is entirely devoid of any evidence to support Epstein's claims and is completely and consistently corroborative of Edwards's sworn assertion of innocence. Put simply, Epstein has made allegations that have no basis in fact. To the contrary, his lawsuit was merely a desperate measure by a serial pedophile to prevent being held accountable for repeatedly sexually abusing minor females. Epstein's ulterior motives in filing and prosecuting this lawsuit are blatantly obvious. Epstein's behavior is another clear demonstration that he feels he lives above the law and that because of his wealth he can manipulate the system and pay for lawyers to do his dirty work - even to the extent of having them assert baseless claims against other members of the Florida Bar. Epstein's Second Amended Complaint against Edwards is nothing short of a far-fetched fictional fairy-tale with absolutely no evidence whatsoever to support his preposterous claims. It was his last ditch effort to escape the public disclosure by Edwards and his clients of the nature, extent, and sordid details of his life as a serial child molester. Edwards's Motion for Summary Judgment should be granted without equivocation.



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## ARGUMENT

**II. EDWARDS IS ENTITLED TO SUMMARY JUDGMENT ON EPSTEIN'S CLAIM BECAUSE THERE ARE NO MATERIAL DISPUTED FACTS AND THE UNDISPUTED FACTS ESTABLISH THAT EDWARDS'S CONDUCT COULD NOT POSSIBLY FORM THE BASIS OF ANY LIABILITY IN FAVOR OF EPSTEIN**

**A. The Summary Judgment Standard.**

Rule 1.510(c), Florida Rules of Civil Procedure, provides that a court may enter summary judgment when the pleadings, depositions and factual showings reveal that there is no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law. *See Snyder v. Cheezem Development Corp.*, 373 So. 2d 719, 720 (Fla. 2d DCA 1979); Rule 1.510(c), Fla. R. Civ. P. Once the moving party conclusively establishes that the nonmoving party cannot prevail, it is incumbent on the nonmoving party to submit evidence to rebut the motion for summary judgment. *See Holl v. Talcott,* 191 So. 2d 40, 43 (Fla. 1966). It is not enough for the opposing party merely to assert that an issue of fact does exist. *Fisel v. Wynns*, 667 So.2d 761, 764 (Fla.1996); *Landers v. Milton,* 370 So.2d 368, 370 (Fla.1979) (same).

Moreover, it is well-recognized that the non-moving party faced with a summary judgment motion supported by appropriate proof may not rely on bare, conclusory assertions found in the pleadings to create an issue and thus avoid summary judgment. Instead, the party must produce counter-evidence establishing a genuine issue of material fact. *See Bryant v. Shands Teaching Hospital and Clinics, Inc.,* 479 So.2d 165, 168 (Fla. 1st Dist. Ct. App. 1985); *see also Lanzner v. City of North Miami Beach,* 141 So.2d 626 (Fla. 3d Dist Ct. App. 1962) (recognizing that mere contrary allegations of complaint were not sufficient to preclude summary judgment on basis of facts established without dispute). Where the nonmoving party fails to



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present evidence rebutting the motion for summary judgment and there is no genuine issue of material fact, then entry of judgment is proper as a matter of law. *See Davis v. Hathaway*, 408 So. 2d 688, 689 (Fla. 2d Dist. Ct. App. 1982); *see also Holl*, 191 So. 2d at 43.

**B. <u>Epstein's Claim Regarding Edwards Have Absolutely No Factual Basis</u>.**

This is not a complicated case for granting summary judgment. To the contrary, this is a simple case for summary judgment because each and every one of Epstein's claim against Edwards lacks any merit whatsoever.[1]

**1. Epstein's allegations regarding Edwards' involvement in Rothstein's "Ponzi Scheme" are unsupported and unsupportable because he was simply not involved in any such scheme.**

**a. Edwards Had No Involvement in the Ponzi Scheme.**

The bulk of Epstein's claims against Edwards hinge on the premise that Edwards was involved in a Ponzi scheme run by Scott Rothstein. Broad allegations of wrongdoing on the part of Edwards are scattered willy-nilly throughout the complaint. None of the allegations provide any substance as to how Edwards actually assisted the Ponzi scheme, and allegations that he "knew or should have known" of its existence are based upon an impermissible pyramiding of inferences. In any event, these allegations all fail for one straightforward reason: Edwards was simply not involved in any Ponzi scheme. He has provided sworn testimony and an affidavit in support of that assertion, and there is not (and could never be) any contrary evidence.

Edwards has now been deposed at length in this case. As his deposition makes crystal clear, he had no knowledge of any fraudulent activity in which Scott Rothstein may have been

[1] A decision by the Court to grant summary judgment on Epstein's claims against Edwards would not affect Epstein's claims against Scott Rothstein. Epstein has already chosen to dismiss all of his claims against L.M., the only other defendant named in the suit.



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involved. *See, e.g.,* Edwards Depo. at 301-02 (Q: " . . . [W]ere you aware that Scott Rothstein was trying to market Epstein cases . . . ?" A: "No.").

Edwards has supplemented his deposition answers with an Affidavit that declares in no uncertain terms his lack of involvement in any fraud perpetrated by Rothstein. *See, e.g.,* Edwards Affidavit attached to Statement of Undisputed Material Facts as Exhibit "N" at ¶8-10, ¶20, ¶22-23. Indeed, no reasonable juror could find that Edwards was involved in the scheme, as Edwards joined RRA well after Rothstein began his fraud and would have been already deeply in debt. In fact, the evidence of Epstein's crimes is now clear, and Edwards's actions in this case were entirely in keeping with his obligation to provide the highest possible quality of legal representation for his clients to obtain the best result possible.

In view of this clear evidence rebutting all allegations against him, Epstein must now "produce counter-evidence establishing a genuine issue of material fact." *See Bryant v. Shands Teaching Hospital and Clinics, Inc.,* 479 So.2d 165, 168 (Fla. 1st Dist. Ct. App. 1985). Epstein cannot do this. Indeed, when asked at his deposition whether he had any evidence of Edwards's involvement, Epstein declined to answer, purportedly on attorney-client privilege grounds:

> Q. I want to know whether you have any knowledge of evidence that Bradley Edwards personally ever participated in devising a plan through which were sold purported confidential assignments of a structured payout settlement? . . .
> A. I'd like to answer that question by saying that the newspapers have reported that his firm was engaged in fraudulent structured settlements in order to fleece unsuspecting Florida investors. With respect to my personal knowledge, I'm unfortunately going to, today, but I look forward to at some point being able to disclose it, today I'm going to have to assert the attorney/client privilege.

*See* Deposition of Jeffrey Epstein, Mar. 17, 2010 (hereinafter "Epstein Depo.") at 67-68. Therefore summary judgment should be granted for Edwards on all claims involving any Ponzi scheme by Rothstein.



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b. **Epstein's Allegations of Negligence by Edwards are Unfounded and Not Actionable in Any Event.**

In his Second Amended Complaint Epstein recognizes at least the possibility that Edwards was not involved in any Rothstein Ponzi scheme. Therefore, seemingly as a fallback, Epstein alleges without explanation that Edwards "should have known" about the existence of this concealed Ponzi scheme. Among other problems, this fallback negligence position suffers the fatal flaw that it does not link at all to the intentional tort of abuse of process alleged in the complaint.

Epstein's negligence claim is also deficient because it simply fails to satisfy the requirements for a negligence cause of action:

> "Four elements are necessary to sustain a negligence claim: 1. A duty, or obligation, recognized by the law, requiring the [defendant] to conform to a certain standard of conduct, for the protection of others against unreasonable risks. 2. A failure on the [defendant's] part to conform to the standard required: a breach of the duty . . . . 3. A reasonably close causal connection between he conduct and the resulting injury. This is what is commonly known as 'legal cause,' or 'proximate cause,' and which includes the notion of cause in fact. 4. Actual loss or damage.

*Curd v. Mosaic Fertilizer, LLC*, ___ So.2d ___, 2010 WL 2400384 at *9 (Fla. 2010). Epstein does not allege a particular duty on the part of Edwards that has been breached. Nor does Epstein explain how any breach of the duty might have proximately caused him actual damages. Summary judgment is therefore appropriate for these reasons as well.

Finally, for the sake of completeness, it is worth noting briefly that no reasonable jury could find Edwards to have been negligent in failing to anticipate that a managing partner at his law firm would be involved in an unprecedented Ponzi scheme. Scott Rothstein deceived not



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only Edwards but also more than 60 other reputable lawyers at a major law firm. *Cf. Sun Sentinel, Fort* Lauderdale, Dec. 11, 2009, 2009 WLNR 25074193 at *1 ("Sure, some outlandish John Grisham murder plot[s] sound far-fetched. But if you asked me a few months ago if Scott Rothstein was fabricating federal court orders and forging a judge's signature on documents to allegedly fleece his friends, as federal prosecutors allege, I would have said that was far-fetched, too."). No reasonable lawyer could have expected that a fellow member of the bar would have been involved in such a plot. Nobody seemed to know of Rothstein's Ponzi scheme, not even his best friends, or the people he did business with on a daily basis, or even his wife. Many of the attorneys at RRA had been there for years and knew nothing. Edwards was a lawyer at RRA for less than 8 months and had very few personal encounters with Rothstein during his time at the firm, yet Epstein claims that he should have known of Rothstein's intricate Ponzi scheme. No doubt for this reason the U.S. Attorney's Office has now listed Edwards as a "victim" of Rothstein's crimes. *See* Statement of Undisputed Facts filed contemporaneously.

Epstein's Complaint does not offer any specific reason why a jury would conclude that Edwards was negligent, and he chose not to offer any explanation of his claim at his deposition. Accordingly, Edwards is entitled to summary judgment to the extent the claim against him is somehow dependent upon his negligence in failing to discover Rothstein's Ponzi scheme.

**2. Edwards is Entitled to Summary Judgment to the Extent the Claim Against Him is Dependent on Allegations Regarding "Pumping the Cases" Because He Was Properly Pursuing the Interests of His Three Clients Who Had Been Sexually Abused by Epstein.**

Epstein alleges that Edwards somehow improperly enhanced the value of the three civil cases he had filed against Epstein. Edwards represented three young women – L.M., E.W., and Jane Doe – by filing civil suits against Epstein for his sexual abuse of them while they were



HOUSE_OVERSIGHT_013378

minors. Epstein purports to find a cause of action for this by alleging that Edwards somehow was involved in "'pumping' these three cases to investors."

As just explained, to the extent that Epstein is alleging that Edwards somehow did something related to the Ponzi scheme, those allegations fail for the simple reason that Edwards was not involved in any such scheme. Edwards, for example, could not have possibly "pumped" the cases to investors when he never participated in any communication with investors.

Epstein's "pumping" claims, however, fail for an even more basic reason: Edwards was entitled – indeed ethically obligated as an attorney – to secure the maximum recovery for his clients during the course of his legal representation. As is well known, "[a]s an advocate, a lawyer zealously asserts the client's position under the rules of the adversary system." Fla. Rules of Prof. Conduct, Preamble. Edwards therefore was required to pursue (unless otherwise instructed by his clients) a maximum recovery against Epstein. Edwards, therefore, cannot be liable for doing something that his ethical duties as an attorney required.[2]

Another reason that Epstein's claims that Edwards was "pumping" cases for investors fails is that Edwards filed all three cases almost a year before he was hired by RRA or even knew of Scott Rothstein. Epstein makes allegations that the complaints contained sensational allegations for the purposes of luring investors; however, language in the complaints remained virtually unchanged from the first filing in 2008 and from the overwhelming evidence the Court can see for itself that all of the facts alleged by Edwards in the complaints were true.

Epstein ultimately paid to settle all three of the cases Edwards filed against him for more money than he paid to settle any of the other claims against him. At Epstein's request, the terms

[2] In a further effort to harass Edwards, Epstein also filed a bar complaint with the Florida Bar against Edwards. The Florida Bar has dismissed that complaint. *See* Statement of Undisputed Facts.



HOUSE_OVERSIGHT_013379

of the settlement were kept confidential. The sum that he paid to settle all these cases is therefore not filed with this pleading and will be provided to the court for in-camera review. Epstein chose to make this payment as the result of a federal court ordered mediation process, which he himself sought (over the objection of Jane Doe, Edwards' client in federal court) in an effort to resolve the case. *See* Defendant's Motion for Settlement Conference, or in the Alternative, Motion to Direct Parties back to Mediation, *Doe v. Epstein*, No. 9:08-CV-80893 (S.D. Fla. June 28, 2010) (Marra, J.) (doc. #168) attached hereto as Exhibit "A". Notably, Epstein sought this settlement conference – and ultimately made his payments as a result of that conference - in July 2010, more than seven months after he filed this lawsuit against Edwards. Accordingly, Epstein could not have been the victim of any scheme to "pump" the cases against him, because he never paid to settle the cases until well after Edwards had left RRA and had severed all connection with Scott Rothstein (December 2009).

In addition, if Epstein had thought that there was some improper coercion involved in, for example, Jane Doe's case, his remedy was to raise the matter before Federal District Court Judge Kenneth A. Marra who was presiding over the matter. Far from raising any such claim, Epstein simply chose to settle that case. He is therefore now barred by the doctrine of res judicata from somehow re-litigating what happened in (for example) the Jane Doe case. "The doctrine of res judicata makes a judgment on the merits conclusive 'not only as to every matter which was offered and received to sustain or defeat the claim, but as to every other matter which might with propriety have been litigated and determined in that action." *AMEC Civil, LLC v. State Dept. of Transp.*, ___ So.2d ___, 2010 WL 1542634 at *2 (Fla. 1st Dist. Ct. App. 2010) (*quoting Kimbrell v. Paige*, 448 So.2d 1009, 1012 (Fla. 1984). Obviously, any question of improper "pumping" of a



HOUSE_OVERSIGHT_013380

particular case could have been resolved *in that very case* rather than now re-litigated in satellite litigation.

### 3. Edwards is Entitled to Summary Judgment on the Claim of Abuse of Process Because He Acted Properly Within the Boundaries of the Law in Pursuit of the Legitimate Interests of his Clients.

Epstein's Second Amended Complaint raises several claims of "abuse of process." An abuse of process claim requires proof of three elements: "(1) that the defendant made an illegal, improper, or perverted use of process; (2) that the defendant had ulterior motives or purposes in exercising such illegal, improper, or perverted use of process; and (3) that, as a result of such action on the part of the defendant, the plaintiff suffered damage." *S & I Investments v. Payless Flea Market, Inc.*, 36 So.3d 909, 917 (Fla. 4th Dist. Ct. App. 2010) (internal citation omitted). In fact, this Court is very familiar with this cause of action, as Edwards has correctly stated this cause in his counterclaim against Epstein. Edwards is entitled to summary judgment because Epstein cannot prove these elements.

The first element of an abuse of process claim is that a defendant made "an illegal, improper, or perverted use of process." On the surface, Epstein's Complaint appears to contain several allegations of such improper process. On examination, however, each of these allegations amounts to nothing other than a claim that Epstein was unhappy with some discovery proceeding, motion or argument made by Edwards. This is not the stuff of an abuse of process claim, particularly where Epstein fails to allege that he was required to do something as the result of Edwards' pursuit of the claims against him. *See Marty v. Gresh*, 501 So.2d 87, 90 (Fla. 1st Dist. Ct. App. 1987) (affirming summary judgment on an abuse of process claim where "appellant's lawsuit caused appellee to do nothing against her will").



HOUSE_OVERSIGHT_013381

In any event, none of the allegations of "improper" process can survive summary judgment scrutiny, because every action Edwards took was entirely proper and reasonably calculated to lead to the successful prosecution of the pending claims against Epstein as detailed in Edwards' Affidavit.

Epstein also fails to meet the second element of an abuse of process claim: that Edwards had some sort of ulterior motive. The case law is clear that on an abuse of process claim a "plaintiff must prove that the process was used for an immediate purpose other than that for which it was designed." *S&I Investments v. Payless Flea Market, Inc.*, 36 So.3d 909, 917 (Fla. 4th Dist. Ct. App. 2010) (*citing Biondo v. Powers*, 805 So.2d 67, 69 (Fla. 4th Dist. Ct. App. 2002). As a consequence, "[w]here the process was used to accomplish the result for which it was intended, regardless of an incidental or concurrent motive of spite or ulterior purpose, there is no abuse of process." *Id.* (internal quotation omitted). Here, Edwards has fully denied any improper motive, *See* Statement of Undisputed Facts, and Epstein has no evidence of any such motivation. Indeed, it is revealing that Epstein chose not to ask even a single question about this subject during the deposition of Edwards. In addition, all of the actions that Epstein complains about were in fact used for the immediate purpose of furthering the lawsuits filed by L.M., E.W., and Jane Doe. In other words, these actions all were both intended to accomplish and, in fact, successfully "accomplished the results for which they were intended" -- whether it was securing additional discovery or presenting a legal issue to the court handling the case or ultimately maximizing the recovery of damages from Epstein on behalf of his victims. Accordingly, Edwards is entitled to summary judgment on any claim that he abused process for this reason as well.



HOUSE_OVERSIGHT_013382

**4. Edwards is Entitled to Summary Judgment to the Extent His Claim is Based On Pursuit of Discovery Concerning Epstein's Friends Because All Such Efforts Were Reasonably Calculated to Lead to Relevant and Admissible Testimony About Epstein's Abuse of Minor Girls.**

Epstein has also alleged that Edwards improperly pursued discovery from some his close friends. Such discovery, Epstein claims, was improper because Edwards knew that these individuals lacked any discoverable information about the sexual assault cases against Epstein.

Here again, Edwards is entitled to summary judgment, as each of the friends of Epstein were reasonably believed to possess discoverable information. The undisputed facts show the following with regard to each of the persons raised in Epstein's complaint:

- With regard to Donald Trump, Edwards had sound legal basis for believing Mr. Trump had relevant and discoverable information. *See* Statement of Undisputed Facts.
- With regard to Alan Dershowitz (Harvard Law Professor), Edwards had sound legal basis for believing Mr. Dershowitz had relevant and discoverable information. *See* Statement of Undisputed Facts.
- With regard to former President Bill Clinton, Edwards had sound legal basis for believing former President Clinton had relevant and discoverable information. *See* Statement of Undisputed Facts.
- With regard to former Sony Record executive Tommy Mottola, Edwards was not the attorney that noticed Mr. Mottola's deposition. *See* Statement of Undisputed Facts.
- With regard to illusionist David Copperfield, Edwards had sound legal basis for believing Mr. Copperfield had relevant and discoverable information. *See* Statement of Undisputed Facts.
- With regard to former New Mexico Governor Bill Richardson, Edwards had sound legal basis for naming Former New Mexico Governor Bill Richardson on his witness list. *See* Statement of Undisputed Facts.

It is worth noting that the standard for discovery is a very liberal one. To notice someone for a deposition, of course, it is not required that the person deposed actually end up producing



HOUSE_OVERSIGHT_013383

admissible evidence. Otherwise, every deposition that turned out to be a false alarm would lead to an "abuse of process" claim. Moreover, the rules of discovery themselves provide that a deposition need only be "reasonably calculated to *lead to* the discovery of admissible evidence." Fla. R. Civ. P. 1.280(b) (emphasis added).

Moreover, the discovery that Edwards pursued has to be considered against the backdrop of Epstein's obstructionist tactics. As the Court is aware, in both this case and all other cases filed against him, Epstein has asserted his Fifth Amendment privilege rather than answer any substantive questions. Epstein has also helped secure attorneys for his other household staff who assisted in the process of recruiting the minor girls, who in turn also asserted their Fifth Amendment rights rather than explain what happened behind closed doors in Epstein's mansion in West Palm Beach. *See* Statement of Undisputed Facts. It is against this backdrop that Edwards followed up on one of the only remaining lines of inquiry open to him: discovery aimed at Epstein's friends who might have been in a position to corroborate the fact that Epstein was sexually abusing young girls.

In the context of the sexual assault cases that Edwards had filed against Epstein, any act of sexual abuse had undeniable relevance to the case – even acts of abuse Epstein committed against minor girls other than L.M., E.W., or Jane Doe. Both federal and state evidence rules make acts of child abuse against other girls admissible in the plaintiff's case in chief as proof of "modus operandi" or "motive" or "common scheme or plan." *See* Fed. R. Evid. 415 (evidence of other acts of sexual abuse automatically admissible in a civil case); Fla. Stat. Ann. 90.404(b) (evidence of common scheme admissible); *Williams v. State*, 110 So.2d 654 (Fla. 1959) (other acts of potential sexual misconduct admissible).



HOUSE_OVERSIGHT_013384

A second reason exists for making discovery of Epstein's acts of abuse of other minor girls admissible. Juries considering punitive damages issues are plainly entitled to consider "the existence and frequency of similar past conduct." *TXO Production Corp. v. Alliance Resources Corp.*, 509 U.S. 443, 462 n.28 (1993). This is because the Supreme Court recognizes "that a recidivist may be punished more severely than a first offender . . . [because] repeated misconduct is more reprehensible than an individual instance of malfeasance." *BMW of North America, Inc. v. Gore*, 517 U.S. 559, 577 (1996) (supporting citations omitted). In addition, juries can consider other similar acts evidence as part of the deterrence calculation in awarding punitive damages, because "evidence that a defendant has repeatedly engaged in prohibited conduct while knowing . . . that it was unlawful would provide relevant support for an argument that strong medicine is required to cure the defendant's disrespect for the law." *Id.* at 576-77. In the cases Edwards filed against Epstein, his clients were entitled to attempt to prove that Epstein "repeatedly engaged in prohibited conduct" – i.e., because he was a predatory pedophile, he sexually assaulted dozens and dozens of minor girls. The discovery of Epstein's friends who might have had direct or circumstantial evidence of other acts of sexual assault was accordingly entirely proper. Edwards is therefore entitled summary judgment to the extent his claim is based on efforts by Edwards to obtain discovery of Epstein's friends.

## III. EPSTEIN'S LAWSUIT MUST BE DISMISSED BECAUSE OF HIS REFUSAL TO PARTICIPATE IN REASONABLE DISCOVERY.

As is readily apparent from the facts of this case, Epstein has filed a lawsuit but then refused to allow any real discovery about the merits of his case. Instead, when asked hard questions about whether he has any legitimate claim at all, Epstein has hidden behind the Fifth



HOUSE_OVERSIGHT_013385

Amendment. As a result, under the "sword and shield doctrine" widely recognized in Florida caselaw, his suit must be dismissed.

"[T]he law is well settled that a plaintiff is not entitled to both his silence and his lawsuit." *Boys & Girls Clubs of Marion County, Inc. v. J.A.*, 22 So.3d 855, 856 (Fla. 5th Dist. Ct. App. 2009) (Griffin, J., concurring specially). Thus, "a person may not seek affirmative relief in a civil action and then invoke the fifth amendment to avoid giving discovery, using the fifth amendment as both a 'sword and a shield.'" *DePalma v. DePalma*, 538 So.2d 1290, 1290 (Fla. 4th Dist. Ct. App. 1989) (*quoting DeLisi v. Bankers Insurance Co.*, 436 So.2d 1099 (Fla. 4th Dist. Ct. App. 1983)). Put another way, "[a] civil litigant's fifth amendment right to avoid self-incrimination may be used as a shield but not a sword. This means that a plaintiff seeking affirmative relief in a civil action may not invoke the fifth amendment and refuse to comply with the defendant's discovery requests, thereby thwarting the defendant's defenses." *Rollins Burdick Hunter of New York, Inc. v. Euroclassic Limited, Inc.*, 502 So. 2d 959 (Fla. 3rd Dist. Court App. 1983).

Here, Epstein is trying to do precisely what the "well settled" law forbids. Specifically, he is trying to obtain "affirmative relief" – i.e., forcing Edwards to pay money damages – while simultaneously precluding Edwards from obtaining legitimate discovery at the heart of the allegations that form the basis for the relief Epstein is seeking. As recounted more fully in the statement of undisputed facts, Epstein has refused to answer such basic questions about his lawsuit as:

- "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?"
- "Well, which of Mr. Edwards' cases do you contend were fabricated?"



HOUSE_OVERSIGHT_013386

- "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?"
- "I would like to know whether you ever had any physical contact with the person referred to as Jane Doe in that [federal] complaint?"
- "Did you ever have any physical contact with E.W.?"
- "What is the actual value that you contend the claim of E.W. against you has?"

The matters addressed in these questions are the central focus of Epstein's claims against Edwards. Epstein's refusal to answer these and literally every other substantive question put to him in discovery has deprived Edwards of even a basic understanding of the evidence alleged to support claims against him. Moreover, by not offering any explanation of his allegations, Epstein is depriving Edwards of any opportunity to conduct third party discovery and opportunity to challenge Epstein's allegations.

It is the clear law that "the chief purpose of our discovery rules is to assist the truth-finding function of our justice system and to avoid trial by surprise or ambush," *Scipio v. State,* 928 So.2d 1138 (Fla.2006), and "full and fair discovery is essential to these important goals," *McFadden v. State*, 15 So.3d 755, 757 (Fla. 4th Dist. Ct. App. 2009). Accordingly, it is important for the Court to insure "not only compliance with the technical provisions of the discovery rules, but also adherence to the purpose and spirit of those rules in both the criminal and civil context." *McFadden*, 15 So.3d at 757. Epstein has repeatedly blocked "full and fair discovery," requiring dismissal of his claim against Edwards.



HOUSE_OVERSIGHT_013387

## IV. EDWARDS IS ENTITLED TO ADVERSE INFERENCES FROM EPSTEIN'S INVOCATION OF THE FIFTH AMENDMENT AND THEREFORE TO SUMMARY JUDGMENT ON EPSTEIN'S CLAIM.

Edwards is entitled to summary judgment on the claim against him for a second and entirely independent reason: Epstein's repeated invocations of the Fifth Amendment raise adverse inferences against him that leave no possibility that a reasonable factfinder could reach a verdict in his favor. In ruling on a summary judgment motion, the court must fulfill a "gatekeeping function" and should ask whether "a *reasonable* trier of fact could possibly" reach a verdict in favor of the plaintiff. *Willingham v. City of Orlando*, 929 So.2d 43, 48 (Fla. 5th Dist. Ct. App. 2006) (emphasis added). Given all of the inferences that are to be drawn against Epstein, no reasonable finder of fact could conclude that Epstein was somehow the victim of improper civil lawsuits filed against him. Instead, a reasonable finder of fact could only find that Epstein was a serial molester of children who was being held accountable through legitimate suits brought by Edwards and others on behalf of the minor girls that Epstein victimized.

"[I]t is well-settled that the Fifth Amendment does not forbid adverse inferences against parties to civil actions when they refuse to testify in response to probative evidence offered against them." *Baxter v. Palmigiano,* 425 U.S. 308, 318 (1976); *accord Vasquez v. State*, 777 So.2d 1200, 1203 (Fla. App. 2001). The reason for this rule "is both logical and utilitarian. A party may not trample upon the rights of others and then escape the consequences by invoking a constitutional privilege – at least not in a civil setting." *Fraser v. Security and Inv. Corp.*, 615 So.2d 841, 842 (Fla. 4th Dist. Ct. App. 1993). And, in the proper circumstances, "'Silence is often evidence of the most persuasive character.'" *Fraser v. Security and Inv. Corp.*, 615 So.2d



HOUSE_OVERSIGHT_013388

841, 842 (Fla. 4th Dist. Ct. App. 1993) (*quoting United States ex rel. Bilokumsky v. Tod,* 263 U.S. 149, 153-154 (1923) (Brandeis, J.).

In the circumstances of this case, a reasonable finder of fact would have "evidence of the most persuasive character" from Epstein's repeated refusal to answer questions propounded to him. To provide but a few examples, here are questions that Epstein refused to answer and the reasonable inference that a reasonable finder of fact would draw:

- Question not answered: "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?" Reasonable inference: No allegations against Epstein were ginned up.

- Question not answered: "Well, which of Mr. Edwards' cases do you contend were fabricated?" Reasonable inference: No cases filed by Edwards against Epstein were fabricated.

- Question not answered: "Did sexual assaults ever take place on a private airplane on which you were a passenger?" Reasonable inference: Epstein was on a private airplane while sexual assaults were taking place.

- Question not answered: "How many minors have you procured for prostitution?" Reasonable inference: Epstein has procured multiple minors for prostitution.

- Question not answered: "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?" Reasonable inference: Nothing in L.M.'s complaint filed in September of 2008 was false – i.e., as alleged in L.M.'s complaint, Epstein repeatedly sexually assaulted her while she was a minor and she was entitled to substantial compensatory and punitive damages as a result.

- Question not answered: "I would like to know whether you ever had any physical contact with the person referred to as Jane Doe in that [federal] complaint?" Reasonable inference: Epstein had physical contact with minor Jane Doe as alleged in her federal complaint.

- Question not answered: "Did you ever have any physical contact with E.W.?" Reasonable inference: Epstein had physical contact with minor E.W. as alleged in her complaint.

- Question not answered: "What is the actual value that you contend the claim of



HOUSE_OVERSIGHT_013389

E.W. against you has?" Reasonable inference: E.W.'s claim against Epstein had substantial actual value.

Without repeating each and every invocation of the Fifth Amendment that Epstein has made and the reasonable inferences to be drawn from those invocations of privilege, the big picture is unmistakably clear: No reasonable finder of fact could rule in Epstein's favor on his claims against Edwards. Accordingly, Edwards is entitled to summary judgment based on the Fifth Amendment inferences that the jury would draw.

The inferences against Epstein are not limited to those arising from his privilege assertions. Epstein's guilt is also reasonably inferred from his harassment of, intimidation of, efforts to exercise control over, and limitation of access to witnesses who might testify against him.

Epstein's efforts to intimidate his victims support the inference that Epstein knew that they were going to provide compelling testimony against him. The evidence that Epstein tampered with witnesses (later designated as his accomplices and co-conspirators) will be admissible to demonstrate his consciousness of guilt. "[I]t is precisely because of the egregious nature of such conduct that the law expressly permits the jury to make adverse inferences from a party's efforts to intimidate witnesses . . . ." *Jost v. Ahmad*, 730 So.2d 708, 711 (Fla. 2nd Dist. Ct. App. 1998) (internal quotation omitted). To be clear, Epstein's attempt to tamper with witnesses is "not simply admissible as impeachment evidence of the tampering party's credibility. The opposing party is entitled to introduce facts regarding efforts to intimidate a witness as *substantive evidence*." *Id.* at 711 (emphasis in original) (internal citation omitted). This substantive evidence of Epstein's witness intimidation provides yet another reason why no reasonable jury could find in favor of his claims against Edwards.



HOUSE_OVERSIGHT_013390

## V. EDWARDS IS ENTITLED TO SUMMARY JUDGMENT ON THE BASIS OF HIS AFFIRMATIVE DEFENSE OF PRIVILEGE

Absolute immunity must be afforded any act occurring during course of judicial proceeding, regardless of whether act involves defamatory statement or other tortious behavior, such as tortious interference with business relationship, so long as act has some relationship to proceeding. *See Levin, Middlebrooks, Mabie, Thomas, Mayes & Mitchell, P.A. v. U.S. Fire Ins. Co.*, 639 So. 2d 606 (Fla. 1994). The immunity afforded to statements made during the course of a judicial proceeding extends not only to the parties in a proceeding but to judges, witnesses, and counsel as well. *Id.* The litigation privilege applies in all causes of action, whether for common-law torts or statutory violations. *See Echevarria, McCalla, Raymer, Barrett & Frappier v. Cole*, 950 So. 2d 380 (Fla. 2007). Defamatory statements made by lawyer while interviewing a witness in preparation for and connected to pending litigation are covered by the absolute immunity conferred by the litigation privilege. *See DelMonico v. Traynor*, 50 So. 3d 4 (Fla. Dist. Ct. App. 4th Dist. 2010), review granted, 47 So. 3d 1287 (Fla. 2010). The privilege extends to statements in judicial proceedings or those "necessarily preliminary thereto. *See Stewart v. Sun Sentinel Co.*, 695 So.2d 360 (Fla. 4th DCA 1997)(an attorney's delivery of a copy of a notice of claim to a reporter, which notice was a required filing prior to instituting suit, was protected by absolute immunity).

## CONCLUSION

For all the foregoing reasons, defendant, the Court should grant defendant Bradley J. Edwards, Esq., summary judgment in his favor on the only remaining claim filed against him by plaintiff Jeffrey Epstein, and any other relief that the Court deems just and proper.



HOUSE_OVERSIGHT_013391

## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on November 3rd, 2011 a copy of the foregoing has been served via Fax and U.S. Mail to all those on the attached service list.

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HOUSE_OVERSIGHT_013392

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HOUSE_OVERSIGHT_013393

IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR PALM BEACH COUNTY, FLORIDA

CASE NO.: 502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff(s),

vs.

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS, individually, and
L.M., individually,

Defendant(s).
_____/

**COUNTER-PLAINTIFF, EDWARDS' SECOND RENEWED MOTION FOR LEAVE TO ASSERT CLAIM FOR PUNITIVE DAMAGES**

Counter-plaintiff, BRADLEY J. EDWARDS, moves this Honorable Court for entry of an Order granting him leave to assert a claim for punitive damages against the Counter-defendant, JEFFREY EPSTEIN, and in support thereof would show that the evidence summarized herein satisfies the statutory prerequisites for the assertion of a punitive damage claim. Specifically, the evidence establishes that EPSTEIN's Complaint against EDWARDS;

1. was filed in the total absence of evidence to support any allegation of wrongdoing on the part of EDWARDS;
2. was filed in the total absence of evidence that EPSTEIN had sustained damage as a consequence of any misconduct other than his own well-established criminal enterprise;
3. was filed in the absence of any intention to meet his own obligation to provide relevant and material discovery;

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C

4. was filed for the sole purpose of attempting to intimidate both EDWARDS and EDWARDS' clients and others into abandoning their legitimate claims against EPSTEIN.

APPLICABLE LAW

To plead a claim for punitive damages, the claimant must show a "reasonable basis" for the recovery of such damages. *See* Fla.R.Civ.P. 1.190(f); *see also Globe Newspaper Co. v. King,* 658 So.2d 518, 520 (Fla. 1995). The showing required to amend is minimal. As stated in *State of Wis. Inv. v. Plantation Square Assoc.,* 761 F. Supp. 1569, 1580 (S.D. Fla. 1991):

> [T] he court believes it must ultimately be a lesser standard than that required for summary judgment. Though the burden is on [the plaintiff] to survive a §768.72 challenge of insufficiency, *see Will v. Systems Engineering Consultants,* 554 So.2d 591, 592 (Fla. 3rd DCA 1989), the standard of proof required to assert Plaintiff's punitive claim must be lower than that needed to survive a summary adjudication on its merits. As the Florida courts have noted, a §768.72 challenge more closely resembles a motion to dismiss that additionally requires an evidentiary proffer and places the burden of persuasion on the plaintiff. *Id.* In considering a motion to dismiss, factual adjudication is inappropriate as all facts asserted—or here, reasonably established—by the plaintiff are to be taken as true. *Conley v. Gibson,* 355 U.S. 41, at 45-46, 78 S. Ct. 99, at 101-102, 2 L.Ed. 2d 80, 1581 at 84. As such, the court has given recognition only to those assertions of the defendants which would show Plaintiff's factual bases to be patently false or irrelevant, and has paid no heed whatsoever to the defendants' alternative evidentiary proffers.

*State of Wis. Inv.,* 761 F. Supp. At 1580; *see also Dolphin Cove Assn. v. Square D. Co.,* 616 So. 2d 553 (Fla. 2d DCA 1993) ("Prejudging the evidence is not a proper vehicle for the court's denial of the motion to amend" to assert punitive damages claim).



HOUSE_OVERSIGHT_013395

Section 768.72 provides for the amendment of a complaint either through evidence in the record *or* "proffered by the claimant." As the statute suggests, a proffer of evidence in support of a punitive damage claim is sufficient and a formal evidentiary hearing is not required. *See Strasser v. Yalmanchi,* 677 So.2d 22, 23 (Fla. 4th DCA 1996), *rev. dismissed,* 699 So.2d 1372 (Fla. 1997); *Solis v. Calvo,* 689 So.2d 366, 369, n.2 (Fla. 3d DCA 1997). In fact, a hearing is not even required provided the trial court identifies the filings of the parties and indicates that its decision to grant the motion is based upon a review of the file and the respective documents filed.

The United States District Court for the Middle District of Florida has spoken clearly on the nature of a proffer in support of a motion to amend to assert a claim for punitive damages in *Royal Marco Point I Condo. Ass'n, Inc. v. QBE Ins. Corp.*, 2010 WL 2609367 (M.D. Fla. June 30, 2010). As the Court stated:

> It is important to emphasize, at the outset, the limited nature of the review a court may undertake in considering the sufficiency of an evidentiary proffer under Fla. Stat. §768.72. Courts reviewing such proffers have recognized that "a 'proffer' according to traditional notions of the term, connotes merely an 'offer' of evidence and neither the term standing alone nor the statute itself calls for an adjudication of the underlying veracity of that which is submitted, much less for countervailing evidentiary submissions." *Estate of Despain v. Avante Group, Inc.,* 900 So.2d 637, 642 (Fla. 5th DCA 2005) (quoting *State of Wisconsin Investment Board v. Plantation Square Associates, Ltd.,* 761 F. Supp. 1569, 1581 n. 21 (S.D. Fla. 1991)).
>
> Therefore, "an evidentiary hearing where witnesses testify and evidence is offered and scrutinized under the pertinent evidentiary rules, as in a trial, is neither contemplated nor mandated by the statute in order to determine whether a reasonable basis has been established to plead punitive damages." *Id.* (collecting cases).



HOUSE_OVERSIGHT_013396

> It is thus neither necessary nor appropriate for a court to make evidentiary rulings, weigh rebuttal evidence, or engage in credibility determinations in considering the sufficiency of the proffer.
>
> "...a proffer should be evaluated by standards akin to those governing a motion to dismiss, where the truth of the plaintiff's allegations are assumed, and not the more rigorous summary judgment standard, where the opposing party must show that there is sufficient admissible evidence in the record to support a reasonable jury finding in his favor."

## I. INTRODUCTION

The pleadings and discovery taken to date as confirmed by Epstein's voluntary dismissal of all claims brought by him against Bradley J. Edwards, show that there is an absence of competent evidence to demonstrate that Edwards participated in any fraud against Epstein, show the propriety of every aspect of Edwards' involvement in the prosecution of legitimate claims against Epstein, and further support the conclusion that Epstein sued Edwards out of malice and for the purpose of intending to intimidate Edwards and Edwards' clients into abandoning or compromising their legitimate claims against Epstein. Epstein sexually abused three clients of Edwards – L.M., E.W., and Jane Doe – and Edwards properly and successfully represented them in a civil action against Epstein. Nothing in Edwards's capable and competent representation of his clients could serve as the basis for a civil lawsuit against him. Allegations about Edwards's participation in or knowledge of the use of the civil actions against Epstein in a "Ponzi Scheme" were never supported by probable cause or any competent evidence and could never be supported by competent evidence as they are entirely false.



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### A. Epstein's Complaint

Epstein's Second Amended Complaint essentially alleged that Epstein was damaged by Edwards, acting in concert with Scott Rothstein (President of the Rothstein Rosenfeldt Adler law firm ("RRA") where Edwards worked for a short period of time). Epstein appeared to allege that Edwards joined Rothstein in the abusive prosecution of sexual assault cases against Epstein to "pump" the cases to Ponzi scheme investors. As described by Epstein, investor victims were told by Rothstein that three minor girls who were sexually assaulted by Epstein: L.M., E.W., and Jane Doe were to be paid up-front money to prevent those girls from settling their civil cases against Epstein. In Epstein's view, these child sexual assault cases had "minimal value" (Complaint & 42(h)), and Edwards's refusal to force his clients to accept modest settlement offers was claimed to breach some duty that Edwards owed to Epstein. Interestingly, Epstein never states that he actually made any settlement offers.

The supposed "proof" of the Complaint's allegations against Edwards includes Edwards's alleged contacts with the media, his attempts to obtain discovery from high-profile persons with whom Epstein socialized, and use of "ridiculously inflammatory" language in arguments in court. Remarkably, Epstein has filed such allegations against Edwards despite the fact that Epstein had sexually abused each of Edwards's clients and others while they were minors. Indeed, in discovery Epstein has asserted his Fifth Amendment privilege rather than answer questions about the extent of the sexual abuse of his many victims. Even more remarkably, since filing his suit against Edwards, Epstein settled the three cases Edwards handled for an amount that Epstein insisted be kept confidential. Without violating the strict



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confidentiality terms required by Epstein, the cases did not settle for the "minimal value" that Epstein suggested in his Complaint. Because Epstein relies upon the alleged discrepancy between the "minimal value" Epstein ascribed to the claims and the substantial value Edwards sought to recover for his clients, the settlement amounts Epstein voluntarily agreed to pay while these claims against Edwards were pending will be disclosed to the court in-camera.

**B. Summary of the Argument**

The claims against Bradley J. Edwards, Esq., were frivolous for at least three separate reasons.

First, because Epstein elected to hide behind the shield of his right against self-incrimination to preclude his disclosing <u>any</u> relevant information about the criminal activity at the center of his claims, he was barred from prosecuting his case against Edwards. Under the well-established "sword and shield" doctrine, Epstein could not legitimately seek damages from Edwards while at the same time asserting a Fifth Amendment privilege to block relevant discovery. His case was therefore subject to summary judgment and on the eve of the hearing seeking that summary judgment Epstein effectively conceded that fact by voluntarily dismissing his claims.

Second, all of Edwards' conduct in the prosecution of valid claims against Epstein was protected by the litigation privilege, a second absolute legal bar to Epstein's claims effectively conceded by his voluntary dismissal.

Third, and most fundamentally, Epstein's lawsuit was not only unsupported by both the applicable law, it was based on unsupported factual allegations directly contradicted by all of the



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record evidence. From the beginning, Edwards diligently represented three victims of sexual assaults perpetrated by Epstein. As explained in detail below, each and every one of Edwards's litigation decisions was grounded in proper litigation judgment about the need to pursue effective discovery against Epstein, particularly in the face of Epstein's stonewalling tactics. Edwards's successful representation finally forced Epstein to settle and pay appropriate damages. Effective and proper representation of child victims who have been repeatedly sexually assaulted cannot form the basis of a separate, "satellite" lawsuit, and therefore Edwards is entitled to summary judgment on these grounds as well.

The truth is the record is entirely devoid of any evidence to support Epstein's claims and is completely and consistently corroborative of Edwards's sworn assertion of innocence. Put simply, Epstein made allegations that have no basis in fact. To the contrary, his lawsuit was merely a desperate measure by a serial pedophile to prevent being held accountable for repeatedly sexually abusing minor females. Epstein's ulterior motives in filing and prosecuting this lawsuit are blatantly obvious. Epstein's behavior is another clear demonstration that he feels he lives above the law and that because of his wealth he can manipulate the system and pay for lawyers to do his dirty work - even to the extent of having them assert baseless claims against other members of the Florida Bar. Every one of Epstein's Complaints against Edwards was nothing short of a far-fetched fictional fairy-tale with absolutely no evidence whatsoever to support his preposterous claims. It was his last ditch effort to escape the public disclosure by Edwards and his clients of the nature, extent, and sordid details of Epstein's life as a serial child molester.



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## ARGUMENT

## II. THE RECORD AND PROFFERED EVIDENCE ESTABLISHES THAT EDWARDS'S CONDUCT COULD NOT POSSIBLY FORM THE BASIS OF ANY LIABILITY IN FAVOR OF EPSTEIN

### A. The Summary Judgment Standard.

Rule 1.510(c), Florida Rules of Civil Procedure, provides that a court may enter summary judgment when the pleadings, depositions and factual showings reveal that there is no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law. *See Snyder v. Cheezem Development Corp.*, 373 So. 2d 719, 720 (Fla. 2d DCA 1979); Rule 1.510(c), Fla. R. Civ. P. Once the moving party conclusively establishes that the nonmoving party cannot prevail, it is incumbent on the nonmoving party to submit evidence to rebut the motion for summary judgment. *See Holl v. Talcott*, 191 So. 2d 40, 43 (Fla. 1966). It is not enough for the opposing party merely to assert that an issue of fact does exist. *Fisel v. Wynns*, 667 So.2d 761, 764 (Fla.1996); *Landers v. Milton,* 370 So.2d 368, 370 (Fla.1979) (same).

Moreover, it is well-recognized that the non-moving party faced with a summary judgment motion supported by appropriate proof may not rely on bare, conclusory assertions found in the pleadings to create an issue and thus avoid summary judgment. Instead, the party must produce counter-evidence establishing a genuine issue of material fact. *See Bryant v. Shands Teaching Hospital and Clinics, Inc.,* 479 So.2d 165, 168 (Fla. 1st Dist. Ct. App. 1985); *see also Lanzner v. City of North Miami Beach,* 141 So.2d 626 (Fla. 3d Dist Ct. App. 1962) (recognizing that mere contrary allegations of complaint were not sufficient to preclude summary



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judgment on basis of facts established without dispute). Where the nonmoving party fails to present evidence rebutting the motion for summary judgment and there is no genuine issue of material fact, then entry of judgment is proper as a matter of law. *See Davis v. Hathaway*, 408 So. 2d 688, 689 (Fla. 2d Dist. Ct. App. 1982); *see also Holl*, 191 So. 2d at 43. Faced with these well-established legal principles, Epstein voluntarily dismissed his claims against Edwards on the eve of the hearing on Edwards Motion for Summary Judgment.

**B. <u>Epstein's Claim Regarding Edwards Had Absolutely No Factual Basis</u>.**

This was not a complicated case for granting summary judgment. To the contrary, the uncontested record clearly established that each and every one of Epstein's claims against Edwards lacked any merit whatsoever.[1]

**1. Epstein's allegations regarding Edwards' involvement in Rothstein's "Ponzi Scheme" were unsupported and unsupportable because Edwards was simply not involved in any such scheme.**

**a. Edwards Had No Involvement in the Ponzi Scheme.**

The bulk of Epstein's claims against Edwards hinged on the premise that Edwards was involved in a Ponzi scheme run by Scott Rothstein. Broad allegations of wrongdoing on the part of Edwards were scattered willy-nilly throughout the complaint. None of the allegations provided any substance as to how Edwards actually assisted the Ponzi scheme, and allegations that he "knew or should have known" of its existence are based upon an impermissible pyramiding of inferences. In any event, these allegations all fail for one straightforward reason:

[1] The dismissal of Epstein's claims against Edwards did not affect Epstein's claims against Scott Rothstein. Epstein had already chosen to dismiss all of his claims against L.M., the only other defendant named in the suit.



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The Evening Standard (London)

December 24, 2009 Thursday

**LENGTH:** 824 words

**HEADLINE:** CITY SPY

**BODY:**

EXPECT more media firms to announce plans to charge for content online in early 2010. City Spy hears that business-to-business publisher United Business Media is the latest outfit which is thinking of ramping up its subscription model. Property Week and Building are among the titles which recently started asking users to register their details to keep reading stories, which is seen as a possible precursor to charging.

BUSINESSES TIPPED TO COME A CROPPER

AMID all the contradictory forecasts for recovery or double-dip recession in 2010, what do the insolvency practitioners say? City Spy's mole in the bean-counting world says the last quarter of 2009 was surprisingly quiet as the economy stabilised but they are not optimistic about the new year: "We reckon there's going to be a rush of insolvencies in the second quarter, after the end of the financial year." The next quarterly rent review is due tomorrow, Christmas Day, then again at the end of March. But given the number of "seasonal sales" that started on the High Street at least a week before Christmas, it would be no surprise to see some retailers come a cropper sooner...

EPSTEIN PILOT TAKES TO THE ROAD

FURTHER news reaches City Spy of former Bear Stearns trader, Prince Andrew's shooting companion and convicted sex offender, Jeffrey Epstein.

The ex-Wall Street star served 13 months in jail on criminal charges of soliciting prostitution and procuring a minor for prostitution and he now faces civil claims from young women accusing him of having unlawful sex with them. This week, City Spy recounted how Epstein had transferred the title deeds of his prized 2003 Ferrari 575M Maranello to his private pilot Larry Visoki, prior to the car going on sale for $159,000 (£99,000) (possibly to help Epstein pay his legal bills). It turns out, the same Visoki was deposed last week by Bradley Edwards, an attorney for three of the women suing Epstein. Questioned by Edwards about plane passengers who might have witnessed Epstein in the company of young girls, Visoki admitted Bill Clinton, Prince Andrew, former Israeli prime minister Ehud Barak, former Colombian president Andrés Pastrana Arango, Obama economic adviser Lawrence Summers, billionaire Ron Burkle, and actors Kevin Spacey and Chris Tucker had been on board the plane while young girls were present. Fortuitously for Epstein, however, Ferrari-selling Visoki swore on oath that he never suspected his boss of having sex with them.

Of course not, Larry. Now drive off into the sunset.

More on Prince Andrew, our special representative for international trade and investment. The European Parliament and the Organisation for Security and Co-operation in Europe have strongly condemned Azerbaijan for tightening restrictions on the media and jailing two bloggers who were critical of the government. It transpires the oil-rich country has long blocked BBC broadcasts there, which might explain why oft-criticised Andrew and former Prime Minister Tony Blair spend so much time visiting the sometime Soviet State.

What does the snow have in common with the recession? Every other country can get out of both but Britain can't get out of either. HAPPY news: private jet travel is back, reports the Wall Street Journal. Alas, there is a "but" [#x2039]

in-flight food remains in recession. Apparently, those who supply food to executive aircraft are seeing demand soar after a slump, but says one caterer: "No one is eating lobster. A quick turkey box lunch is the order of the day." Of course, that has nothing to do with the industry being desperate to re-brand itself as time-saving and cost-efficient.

WHICH insurance broker saw a compliance officer pass out after the office Christmas lunch and have to be taken to hospital?

WHO MADE OFF WITH THE MONEY? IT's a year since the Bernie Madoff affair blew up and the hedge fund king was found to have been ripping off his clients. If he was in Britain the old fraudster would still be at liberty as lawyers pored over his case and the prosecution had barely cranked into operation. But the US is different [#x2039] his case is done and dusted, and he's languishing in jail. Even so, by US standards, the Madoff conviction was going some. Rumours persist that he pleaded guilty as quickly as he did and said the absolute minimum because he wasn't the main crook of the piece [#x2039] the main business of his hedge fund was washing money for organised crime. As soon as the balloon went up and he was arrested, he was warned by friends with Italian-American origins that his life, and the lives of his family, would be at risk were he not to "take the rap".

OETaking the rap': hedge fund fraud Bernie Madoff

UNFORTUNATE name? City Spy's eye is drawn to a forthcoming lecture at the Institute of Advanced Legal Studies, School of Advanced Study, University of London. It's in partnership with the Market Abuse Association. What? Do they wear a club tie? Do they refer to each other as fellow market abusers?

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# orneys Say Miami Prosecutors Violated Crime Victims' Rights Act

tephanie Woodrow | March 22, 2011 11:52 am

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ıse attorneys for two girls who contend they were assaulted by billionaire and cted sex offender **Jeffrey Epstein** filed court papers on Monday claiming the i U.S. Attorney's office violated the Crime Victims' Rights Act by signing a nonprosecution agreement with Epstein ut notifying them, the Palm Beach Daily News reported.

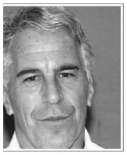

y Epstein (gov)

Epstein served 13 months in jail from June 2008 to July 2009 for one state count of soliciting an underage girl for prostitution. As a result, he is required to register as a sex offender. While he wasn't prosecuted for additional charges, more than 40 girls under the age of 18 say they came to his home and gave him massages. During the massages, they say, he masturbated and sexually assaulted them.

**Brad Edwards** and **Paul Cassell**, attorneys representing two of his alleged victims, say in the filing that the U.S. Attorney's office for the Southern District of Florida of deliberately misled the victims by telling them there was an ongoing investigation into their claims. However, they say, the office was concealing the fact that they already had signed a 'osecution deal with Epstein.

'ding to the motion, the U.S. Attorney's office in January 2008 and May 2008 sent "false notification" letters in to ·in's alleged victims saying "(t)his case is currently under investigation." However, the office had signed the agreement Epstein in September 2007.

ıttorneys want a court hearing during which they will ask that the agreement be invalidated because it violated the ıs' rights. In the motion, the attorneys claim the agreement is illegal because the government did not protect the ɟressionally mandated rights of victims before it entered this agreement."

dge grants the request, Epstein could be charged by the U.S. Attorney's office. If he were charged and convicted on al charges, he could be sentenced to 10 years to life for each charge.

'ding to the motion, "The only reason that the (U.S. Attorney's office) concealed the existence of the non-prosecution :ment from the victims was not to comply with some legal restriction, but rather to avoid a firestorm of public ɔversy that would have erupted if the sweetheart plea deal with a politically connected billionaire had been revealed."

ı **Valle**, special counsel for the U.S. Attorney's Office Southern District of Florida, in an email to the newspaper that the Attorney's office will respond in court filings.

ever, as we stated more than two years ago in July 2008 in our response to the plaintiffs' then-emergency petition for ɔement of the Crime Victim Rights Act, the CVRA was not violated because no federal charges were ever filed in the ıern District of Florida," Valle said. "Because the matter remains pending in court, it would be inappropriate at this time ɔvide additional comment on the merits of the current motion."

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# Attorneys want Jeffrey Epstein agreement thrown out

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By MICHELE DARGAN
DAILY NEWS STAFF WRITER

Updated: 9:41 a.m. Wednesday, March 23, 2011
Posted: 7:21 p.m. Monday, March 21, 2011

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Court papers filed Monday say the U.S. Attorney's Office violated the Crime Victims' Rights Act by signing a nonprosecution agreement with sex offender Jeffrey Epstein without notifying his victims.

Attorneys Brad Edwards and Paul Cassell, representing Jane Doe #1 and Jane Doe #2, want a court hearing, where they will ask that the agreement be invalidated because, they say, the victims' rights were violated. If that happens, it could open up the 58-year-old Palm Beach billionaire to a slew of federal charges involving sex crimes with minors that were set aside by the agreement.

The motion, filed Monday in federal court in West Palm Beach, accuses the U.S. Attorney's Office of deliberately misleading the victims by telling them the investigation was ongoing, while concealing they had already signed a deal with Epstein.

According to the motion, the U.S. Attorney's Office sent "false notification" letters in January 2008 and May 2008 to the victims saying "(t)his case is currently under investigation" after the government had signed the agreement with Epstein in September 2007.

"The only reason that the (U.S. Attorney's Office) concealed the existence of the non-prosecution agreement from the victims was not to comply with some legal restriction, but rather to avoid a firestorm of public controversy that would have erupted if the sweetheart plea deal with a politically connected billionaire had been revealed," the motion says.

If Epstein were found guilty on federal charges, statutory penalties ranged from 10 years to life.

Instead, the sealed pact was part and parcel of Epstein's acceptance of a state plea deal, where he received an 18-month sentence for soliciting a minor for prostitution and soliciting prostitution. He served 13 months segregated in a vacant wing of the county stockade and was let out on work release six days a week for up to 16 hours a day.

Edwards and other attorneys fought in court for a year before successfully getting the agreement unsealed in September 2009. More than 30 minor girls were identified as Epstein's victims in the pact.

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Doe 1 and 2, who were 14 and 13, respectively, at the time of the incidents, received monetary settlements in civil cases. They are among more than two-dozen underage girls who filed lawsuits or settled claims against Epstein, alleging they were lured to his Palm Beach mansion to give him sexually charged massages and/or sex in exchange for money.

The motion filed Monday says the agreement is illegal because the government did not protect the "Congressionally mandated rights of victims before it entered this agreement."

Alicia Valle, special counsel for the U.S. Attorney's Office Southern District of Florida, said in an e-mail that the U.S. Attorney's Office will respond in court filings.

"However, as we stated more than two years ago in July 2008 in our response to the plaintiffs' then-emergency petition for enforcement of the Crime Victim Rights Act, the CVRA was not violated because no federal charges were ever filed in the Southern District of Florida," Valle said. "Because the matter remains pending in court, it would be inappropriate at this time to provide additional comment on the merits of the current motion."

The attorneys reference e-mails and letters from the federal office to Epstein's lawyers acknowledging the government's legal obligation to inform victims about the pact. The e-mails are redacted in the motion because they are under seal. The attorneys filed a separate motion Monday to unseal the correspondence.

"The reasonable inference from the evidence is that the U.S. Attorney's Office wanted to keep the agreement a secret to avoid intense criticism that would surely ensued had the victims and the public learned that a billionaire sex offender with political connections had arranged to avoid federal prosecution for numerous felony sex offenses against minor girls," the motion says. "As part of this pattern of deception, the U.S. Attorney's Office discussed victim notification with the defendant sex offender and, after he raised objections, stopped making notifications."

Epstein sought "a higher level of review" within the Department of Justice, the motion says. "A reasonable inference from the evidence is that Epstein used his significant political and social connections to lobby the Justice Department to avoid significant federal prosecution," the motion states.

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**Palm Beach Daily News (FL)**

## JUDGE RECEIVES EPSTEIN TAPE RULING PENDING

MICHELE DARGAN, Daily News Staff Writer
Published: May 5, 2010

NEW YORK -- A Manhattan federal judge Tuesday took into custody a tape-recorded conversation between veteran newspaper reporter George Rush and convicted sex offender Jeffrey Epstein.

But U.S. District Judge Lawrence M. McKenna reserved ruling on whether the recording will be released to attorneys representing young women who were sexually abused by Epstein as minors. McKenna didn't listen to the recording during the hearing. Fort Lauderdale attorney Brad Edwards and Utah attorney and law professor Paul Cassell are fighting to obtain the 22-minute tape on behalf of Epstein victim Jane Doe. She has filed one of a dozen pending civil cases in federal court in West Palm Beach against Epstein.

A status check is set for Thursday in those cases before U.S. District Judge Kenneth Marra.

Doe could have settled the lawsuit for $50,000 but is asking for $50 million in damages, Cassell said Tuesday. "Jane Doe was repeatedly sexually assaulted over a lengthy period of time by this wealthy and powerful man," Cassell said.

Epstein, 57, is currently under house arrest in his Palm Beach home after serving 13 months of an 18-month state sentence for soliciting a minor for prostitution and soliciting prostitution. Nearly two dozen young women have filed lawsuits against the billionaire money manager -- some already settled -- all alleging Epstein sexually abused them as minors at his El Brillo Way home.

Cites reporter's protected privilege

Rush, of the New York Daily News, was present in the courtroom, but did not have to testify Tuesday. Neither did Fort Lauderdale private investigator Michael Fisten, also in the courtroom. Working on behalf of Epstein victims, Fisten discovered the existence of the tape and had a conversation with Rush about its contents.

Representing Rush and the newspaper, Washington attorney Laura Handman and New York Daily News attorney Anne Carroll argued the tape should not be released under any circumstances, citing reporter's protected privilege. Rush told Epstein the conversation was "off the record" and has never published any portion of that conversation. But even if portions had been printed, the unpublished portions would still be protected, Handman said.

Handman cited cases where interviews were conducted in the presence of other people and privilege was not waived.

In addition, Handman argued that Rush should not have to testify in court.

The ability for reporter's privilege to be protected is crucial in culling sources and gathering information for news stories, Handman said. Reporting is all about give and take between the reporter and the source; that's what reporters have to do, Handman said.

"This is so critical to news gathering," Handman said. "Mr. Rush could find himself testifying in [many] cases just because he had the temerity to do some reporting on a very important story."

There is nothing helpful to Doe's case on the tape and "Jane Doe is not referred to once in that tape," Handman said.

Cassell argued that the tape is "critical in showing Epstein's lack of remorse."

Cassell described Epstein as a pitiless sexual abuser to Jane Doe and at least 30 other minor girls. Even though Jane Doe is not referred to by name on the tape, Epstein refers to his victims as "the girls" and makes disparaging remarks about them on the tape, Cassell said.

Tape played for others

Cassell said privilege does not apply because it was waived when Rush played the tape for three people and verbally divulged its contents to two others, including Fisten and Edwards, who also represents two other victims. But even if there is "qualified privilege," Cassell says, it is outweighed by Doe's inability to obtain the information anywhere else and the jury's need to hear Epstein's own words about his lack of remorse.

Since Epstein has exercised his Fifth Amendment right during questioning by victims' attorneys, the jury

will have no other way to hear Epstein's words in his own voice, Cassell said.
Deadline for discovery in the Doe case is May 31, with the trial set for July 14.
-- mdargan@pbdailynews.com

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**Palm Beach Daily News (FL)**

## LAWYER: EPSTEIN MADE ADMISSIONS ON TAPE

MICHELE DARGAN, Daily News Staff Writer
Published: April 29, 2010

A tape recorded interview between a reporter and convicted sex offender Jeffrey Epstein contains "damning admissions by Epstein," which includes Epstein saying he had come "close to crossing a line" concerning sex with underage girls.

Those and other revelations about the 22-minute interview by New York Daily News reporter George Rush with Epstein are contained in a 24-page court filing by attorneys Brad Edwards and Paul Cassell on behalf of Jane Doe. Edwards represents Doe and two other Epstein victims. Edwards and Cassell are fighting to obtain the tape to further their case of sexual abuse by Epstein when Doe was a minor.

Epstein, 57, was released from jail in July after serving 13 months of an 18-month state sentence for soliciting a minor for prostitution and soliciting prostitution. Nearly two dozen young women have filed lawsuits against Epstein -- some already settled -- all alleging Epstein sexually abused them as minors at his El Brillo Way home, where he is now serving house arrest.

The New York Daily News is seeking to keep the tape confidential, citing reporter's protected privilege.

In response, Cassell says the newspaper waived its protected privilege when Rush played the recording for three people and described its contents to two others, including Edwards.

In addition, Cassell writes that privilege can't be applied in this situation because it doesn't involve an issue related to a confidential source. The person on the tape is Epstein.

Even if there is "qualified privilege," Cassell maintains it is outweighed by Doe's inability to obtain the information anywhere else and her "compelling need to obtain Jeffrey Epstein's own words about his sexual abuse and lack of remorse."

When reached by phone Wednesday, Anne Carroll, attorney for the New York Daily News, said she will answer Cassell in a court filing. Both the New York Daily News and Doe have asked a federal court judge in Manhattan to listen to the tape in chambers to help determine whether privilege applies.

Epstein and others who helped him procure minor girls for massages and sex acts have taken the Fifth Amendment in their depositions, stymieing Doe and the other victims suing Epstein, the documents say.

Michael Fisten, an investigator working for Doe, discovered the existence of the tape in fall 2009. An author who had listened to the tape told Fisten that Rush had a tape recording of Epstein "discussing the sexual abuse of minor girls."

According to a sworn affidavit by Fisten, he called Rush, who confirmed he interviewed Epstein and made a tape. According to Fisten, Rush told him that he compiled negative information from Epstein about his exploits with underage girls and how he eluded the justice system. But Fisten said that Rush told him that his publisher, who knows Epstein, killed it after receiving a call from Epstein.

Fisten said Rush told him, among other things, that the following information was contained on the tape:

That Epstein said he went to jail in Florida for no reason and if the sexual abuse of minors had happened in New York, he would have only received a $200 fine.

That L.M., one of Edwards' clients who sued Epstein for sexual abuse as a minor, came to him as a prostitute and a drug user (meaning she came to him for sex, rather than him pursuing her).

That all the girls suing him are only trying to get a meal ticket.

That the only thing he might have done wrong was to maybe cross the line a little too closely.

In a sworn deposition, Edwards states that Rush disclosed much of the information contained on the tape to him in a conversation.

Edwards said in his statement that the Rush interview is "unique and not otherwise obtainable from other witnesses because it can be used to prove perjury -- a federal crime.

Edwards said Epstein testified in a deposition that he did not recognize the name George Rush from the New York Daily News "despite the fact that he gave a personal interview that we all now know to have been tape recorded."

-- mdargan@pbdailynews.com

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Epstein
Has 'come close to crossing a line.'

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# Local News

*Greater Palm Beaches and Treasure Coast*

## Palm Beach sex offender's secret plea deal: Possible co-conspirators not charged, presses victims to settle civil suits

By SUSAN SPENCER-WENDEL

Palm Beach Post Staff Writer

Friday, September 18, 2009

WEST PALM BEACH — Billionaire financier sex offender Jeffrey Epstein's secret non-prosecution agreement he struck with federal prosecutors was unsealed Friday, offering the first public look at the deal Epstein's high-powered legal counsel brokered on his behalf.

According the agreement, the Federal Bureau of Investigation and the U.S. Attorney's Office investigated Epstein for various federal crimes, including prostitution, some punishable by a minimum of 10 years up to life in prison

But federal prosecutors backed down and agreed to recall grand jury subpoeanas, if Epstein pleaded guilty to prostitution-related felonies in state court, which he ultimately did. He received an 18-month jail sentence, of which he served 13.

A former federal prosecutor of 15 years, Mark Johnson of Stuart, said the disparity in the potential sentences was unusual.

The United States Attorney's Office also agreed not to charge any of Epstein's possible co-conspirators - Sarah Kellen, Adriana Ross, Lesley Groff and Nadia Marcinkova.

The agreement was negotiated in part by New York heavyweight criminal defense attorney Gerald Lefcourt.

On its first draft in September 2007, it required that Epstein pay an attorney - tapped by the U.S. Attorney's Office and approved by Epstein - to represent some of the victims in civil suits they had filed against Epstein. That attorney is prominent Miami lawyer Bob Josefsberg.

Former prosecutor Johnson said he has never seen a provision like that before.

But an addendum to the agreement signed the following month struck Epstein's duty to pay Josefsberg if he and the victims did not accept a settlement and instead pursued litigation.

The agreement, signed by Assistant U.S. Attorney Maria Villafana, does not expressly state whether any victims were contacted or consulted before the deal was made.

Attorney Brad Edwards of Fort Lauderdale, who represents three of the young women, believes that none of the between 30 and 40 woman identified as victims in the federal investigation were told of the deal. Edwards said his clients were still receiving letters in the mail months afterwards saying the U.S. Attorney's Office assuring them Epstein would be prosecuted.

"Never consulting the victims is probably the most outrageous aspect of it..." Edwards said. "It taught them that someone with money can buy his way out of anything. It's outrageous and embarrassing for United States Attorney's Office and the State Attorneys Office."

Epstein now faces many civil lawsuits filed by the women, who are represented by a variety attorneys. In many, the facts alleged are the same: that Epstein had a predilection for teenage girls, identified poor, vulnerable ones and lured them to his home via other young women. The teens describe ascending a staircase lined with nude photographs of young girls and to the spa room where Epstein would appear in a small towel.

Former Circuit Judge Bill Berger, who represents one of the victims, and The Palm Beach Post sought the unsealing of the agreement. Berger refers to it as a "sweetheart deal."

"Why was it so important for the government to make this deal?" Berger asked rhetorically. "We have not yet had honest explanation by any public official as to why it was made .. and why the victim's were sold down the river."

Former federal prosecutor Ryon McCabe described the agreement as "very unorthodox." Such agreements, he said, are usually reserved for corporations, not individuals.

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"It's very, very rare. I've never seen or heard of the procedure that was set up here." said McCabe, who has no involvement in any Epstein litigation and is now a securities litigation attorney.

"He's essentially avoiding federal prosecution because he can afford to pay that many lawyers to help those victims review their cases… If a person has no money he couldn't be able to strike a deal like this and avoid federal prosecution."

The back-room deal with federal prosecutors all the more interesting in light of the legal heavyweights who have worked for Epstein, including Harvard professor Alan Dershowitz and Kenneth Starr of Clinton impeachment fame. Lefcourt is a past president of the National Association of Criminal Defense Lawyers.

Epstein's local defense attorney, Jack Goldberger, issued a statement Friday saying he had fought the release of the sealed agreement to protect the third parties named there. "Mr. Epstein has fully abided by all of its terms and conditions. He is looking forward to putting this difficult period in his life behind him. He is continuing his long standing history of science philanthropy..."

Epstein ended up avoiding federal charges, and pleaded guilty in state court to felony solicitation of prostitution and procuring a person under the age of 18 for prostitution. In July 2008, he was sentenced to 18 months in jail, and later allowed out up to six days a week on work release.

Epstein left the jail in late July 2009 after serving not quite 13 months of the sentence, having earned gain time for good behavior.

Palm Beach Police began investigating the "international moneyman of mystery," as the New York magazine dubbed him, after they received a complaint from a relative of a 14-year-old girl who had given Epstein a naked massage at his home on the Intracoastal Waterway.

Police sought and found in poor neighborhoods a variety of tall, thin, model-like young women, who told stories of begin recruiting, then going to Epstein's home and massaging and stimulating him. They walked away with between $200 and $1,000.

The investigation triggered tensions between police and prosecutors, with then-Chief Michael Reiter saying in a May 2006 letter to then-State Attorney Barry Krischer that the chief prosecutor should disqualify himself.

"I continue to find your office's treatment of these cases highly unusual," Reiter wrote. He then asked for and got the federal investigation that ended in the sealed deal.

"The Jeffrey Epstein matter was an experience of what a many-million-dollar defense can accomplish," Reiter told the Palm Beach Daily News upon his retirement.


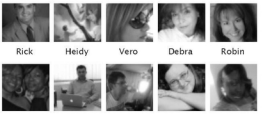


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# Local News

*Greater Palm Beaches and Treasure Coast*



## Judge: Palm Beach sex offender Jeffrey Epstein agreement to remain sealed

By MICHELE DARGAN

Palm Beach Daily News Staff Writer

Tuesday, February 17, 2009

A federal judge has ruled that a non-prosecution document under which the government agreed not to pursue federal charges against sex offender Jeffrey Epstein will remain under seal - at least for now.

The U.S. Attorney's Office and Epstein's lawyers reached the agreement before Epstein pleaded guilty to state felony charges, and the document is under seal in Epstein's state criminal file.

Representing two of Epstein's victims, attorney Brad Edwards asked to have the document unsealed as part of his federal lawsuit against the Manhattan money manager. Although Edwards and his victims have seen the agreement, Edwards says in his pleadings that the government has "inaccurately described the agreement ... creating a false impression that the agreement protects the victims."

U.S. District Judge Kenneth Marra ruled that the claims, even if true, haven't damaged Edwards' case.

"If and when such alleged mischaracterizations become relevant to an issue to be decided by the court, the parties will be given the opportunity to advance their positions and the court will resolve the issue," he wrote. "If disclosure of the agreement will be required for the court to resolve this issue, appropriate disclosure will be ordered."

Seeking to keep the agreement sealed, Assistant U.S. Attorney Dexter Lee argued that the agreement is not part of any case before Marra.

"The non-prosecution agreement has never been filed under seal in federal court," he wrote.

He also denied that the agreement has been inaccurately described.

Marra sided with Lee on the argument that the agreement was not filed in federal court "under seal or otherwise."

On Aug. 14, Marra ruled that the non-prosecution agreement would be unsealed for Edwards and any of the victims who want to see it. But the ruling bars Edwards and anyone else who sees the document from disclosing the terms to anyone else.

In his motion to unseal, Edwards said he wants to be able to discuss the terms of the agreement with other victims and their attorneys as well as with other victims' rights groups such as the National Alliance of Victims' Rights Attorneys.

The desire to discuss the agreement with third parties is not justification for unsealing the document, Marra ruled.

"If a specific tangible need arises in a civil case ... relief should be sought in that case," he wrote.

Epstein, 56, is serving 18 months in jail for soliciting prostitution and procuring a minor for prostitution.

Under the agreement, federal prosecutors will defer their decision on whether to prosecute Epstein on federal charges until 90 days after Epstein completes all requirements of his state sentence.

If he abides by all court conditions and restrictions, the federal case would be dropped.

In addition to the state criminal case, there are nine federal and seven state lawsuits pending against Epstein.

All contain similar allegations: The Manhattan money manager, through his employees and assistants, brought minor girls to his Palm Beach home at 358 El Brillo Way for erotic massages and sometimes sex.

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Palm Beach Daily News

June 25, 2009 Thursday
Final Edition

**SECTION:** A SECTION; Pg. A.1

**LENGTH:** 557 words

**HEADLINE:** JUDGE TO RULE ON SEALED PLEA-DEAL PAPERS TODAY

**BYLINE:** MICHELE DARGAN, MICHELE DARGAN, Daily News Staff Writer

**BODY:**

A circuit judge will decide today whether the public will be privy to the federal government's non-prosecution deal with Jeffrey Epstein, which was sealed when the convicted sex offender pleaded guilty in June 2008 to two felony counts.

Epstein, of Palm Beach, will be released from the Palm Beach County Stockade July 22, after serving less than 13 months of his 18- month sentence for procuring a minor for prostitution and solicitation of prostitution.

Teri Barbera, spokeswoman for the Palm Beach County Sheriff's Office, confirmed his release date Tuesday.

Epstein's projected release date had been Sept. 24, but gain time -- which includes his participation in a work-release program -- moves the date up to July 22, Barbera said.

Epstein, 56, has been in the work-release program since Oct. 10, in which he is allowed out of the stockade six days a week, from 10 a.m. to 10 p.m., to go to his West Palm Beach office, the Florida Science Foundation, monitored by an ankle bracelet and accompanied by a deputy.

As part of Epstein's state plea agreement, the U.S. Attorney's Office agreed not to prosecute Epstein on federal charges as long as he fulfills all requirements of his sentence and probation. The federal non-prosecution agreement has been under seal in state court.

Epstein's attorney Jack Goldberger filed court papers asking that the documents stay sealed for the following reasons: "to prevent a serious imminent threat to the fair, impartial and orderly administration of justice; to protect a compelling government interest; to avoid substantial injury to innocent third parties and to avoid substantial injury to a party by disclosure of matters protected by a common law and privacy right, not generally inherent in these specific type of proceedings, sought to be closed."

Fort Lauderdale-based attorney Brad Edwards represents three Epstein victims and has asked Circuit Judge Jeffrey Colbath to unseal the federal agreement to the public. An attorney for The Palm Beach Post also has asked that the records be unsealed.

Edwards and his clients have seen the agreement after a federal judge ruled that they are allowed to see it. But that ruling bars Edwards and anyone else who sees the document from disclosing the terms to anyone else.

Edwards said he wants to use that document "in the deposition of various material witnesses" relative to his cases.

Radaronline.com has reported that Epstein has "secretly been helping the feds unravel a Ponzi scheme" related to the June 2008 indictment of two former managers of Bear Stearns Mortgage Investment Fund.

Epstein's rep, Howard Rubenstein, confirmed last year that Epstein is "Major Investor No. 1" in the indictment, which says he lost about $57 million.

Goldberger could not be reached for comment.

The Manhattan money manager has been incarcerated since June 30, when he pleaded guilty to the two felony counts. As part of the plea agreement, Epstein must serve one year of house arrest after his release and register as a life-long sex offender.

In addition to the criminal case, there are more than a dozen civil lawsuits -- both state and federal -- pending against Epstein. All contain similar allegations: Epstein, through his employees and assistants, brought minor girls to his Palm Beach home on El Brillo Way for erotic massages and sometimes sex.

-- mdargan@pbdailynews.com

**GRAPHIC:** Caption: Epstein To be released from jail July 22.

**LOAD-DATE:** September 1, 2010

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# Heiress quizzed in sex suits

*Last Updated:* 3:35 AM, October 12, 2009
*Posted:* 12:55 AM, October 12, 2009
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**Ghislaine Maxwell**, the British brunette whose father once owned the Daily News, has been slapped with a subpoena in suits brought by 24 underage girls against her old friend, billionaire **Jeffrey Epstein**.

Maxwell -- whose press-lord father, Robert Maxwell, died in 1991 after falling into the Atlantic off his yacht, the Lady Ghislaine -- was served with a subpoena on Sept. 22 at 6:45 p.m. as she was leaving the Clinton Global Initiatives Conference at the Sheraton Hotel.

Florida lawyer **Brad Edwards**, who represents three of the "Jane Does" who are suing Epstein, told Page Six that Maxwell would be questioned over her knowledge of how Epstein procured many of the girls.

Epstein is accused in the civil complaints of luring underage girls to his mansion in Palm Beach to give him massages, during which he allegedly engaged them in sexual activity and paid them hundreds of dollars each. A grand jury indicted Epstein on a charge of felony solicitation of prostitution. Epstein, who pleaded guilty and did 12 months in prison, was deposed last week in the offices of his lawyer, **Jack Goldberger**.

Goldberger wouldn't comment, but a friend of Epstein said, "These [people bringing the complaint] are the lowest of the lows in terms of ambulance-chasing lawyers." The trials are scheduled to start in February.

**Nadia Marcinkova**, who has been described as Epstein's lesbian sex slave and who visited him behind bars 67 times, has also been served with a subpoena.

Epstein's brother, **Mark Epstein**, who has a real-estate holding company in New York, has already been deposed about a building he owns, 301 E. 66th St. "Jeffrey rents several apartments there where he keeps his girls, alleged models for the MC2 agency he owns," Edwards said. "But Mark acts like he doesn't even know his brother. He was extremely angry and rude and cursed me out."

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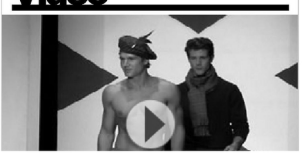



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10/12/2009 8:59 PM
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**jcmrtn** Report
10/12/2009 11:15 AM
But Hollywood types say raping and drugging 13 year olds isn't really a crime anymore. Jeffrey and Roman should be released and given an apology. How dare we have laws to protect children. Don't they realize these men are FAMOUS?

**palebluehalo** Report
10/12/2009 7:05 AM
c'mon, who hasn't banged a few underage models?

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Initiative Conference, a tax dodge for the rich and a front for the sexual deviants. The place was no doubt under surveillance by the IRS and the FBI Pedophile unit.

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Sun-Sentinel (Fort Lauderdale, Florida)

June 15, 2009 Monday
Palm Beach Edition

**SECTION:** LOCAL; Pg. 3B

**LENGTH:** 348 words

**HEADLINE:** HEARING SET TO CONSIDER SECRECY OF PLEA BARGAIN

**BYLINE:** Susan Spencer-Wendell The Palm Beach Post

**BODY:**

A Palm Beach Circuit Court judge will not immediately unseal a deal that wealthy Palm Beach money manager Jeffrey Epstein made with federal prosecutors to avoid charges.

Circuit Judge Jeff Colbath acknowledged, though, at a hearing last week that Epstein's deal was not sealed in accordance with state and local court rules.

"I don't see where any of the procedures were ever followed to begin with," Colbath said.

Colbath also set a full hearing on the matter for June 25.

Attorneys for young women now suing Epstein, together with The Palm Beach Post, are asking Colbath to unseal the deal that Epstein made with federal prosecutors.

"It's a secret agreement, a secret sweetheart agreement," said former Circuit Judge Bill Berger, who represents some of the women. "Everybody was in on this deal except the victims and the public. The public should be outraged it has gone as far as it has."

Brad Edwards, a second attorney representing the women, has seen the sealed deal after a federal judge allowed him and his clients to view it, but would not discuss its contents.

Edwards would say only that the women were "outraged" that it had been negotiated behind their backs.

A reporter asked Edwards whether he thought Epstein received special treatment by federal prosecutors.

"Are you kidding? It's transparent. Certainly, no one else gets treated like that," Edwards said.

Epstein, 56, a reported money manager of billionaires, is serving an 18-month sentence in the Palm Beach County Stockade after pleading guilty almost a year ago in state court to felony solicitation of prostitution and procuring teenagers for prostitution. Epstein is allowed out, though, each day from 7 a.m. to 11 p.m., a Sheriff's Office spokesman said.

Displeased with the way the State Attorney's Office handled the case, Palm Beach police forwarded information to the FBI.

INFORMATIONAL BOX:

Young women have sued

Money manager Jeffrey Epstein made a deal and is serving an 18-month sentence in jail. Attorneys for young women suing Epstein are asking a judge to unseal the deal that Epstein made with federal prosecutors.

**NOTES:** < Informational box at end of text. {TOPIC} Prostitution solicitation case

**LOAD-DATE:** June 15, 2009

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Palm Beach Daily News

June 11, 2009 Thursday
Final Edition

**SECTION:** A SECTION; Pg. A.1

**LENGTH:** 561 words

**HEADLINE:** EPSTEIN PLEA DEAL TO REMAIN SEALED FOR NOW

**BYLINE:** DAVID ROGERS, DAVID ROGERS, Daily News Staff Writer

**BODY:**

The plea deal that part-time Palm Beacher Jeffrey Epstein agreed to several months ago to avoid federal charges will remain sealed for the time being.

Lawyers for The Palm Beach Post and a woman who claimed Epstein solicited and procured her for sex at his El Brillo Way home while she was underage asked Palm Beach County Circuit Judge Jeffrey Colbath Wednesday morning to unseal the plea documents immediately.

Instead, Colbath decided to leave the documents sealed and give Jack Goldberger, the attorney representing Epstein, until 1 p.m. Friday to file papers showing why the records should remain out of public view.

Colbath agreed to let the Post and "E.W." have standing in the case and set a hearing on whether the documents should be unsealed for 1:30 p.m. June 25.

Epstein agreed in September 2007 to plead to state charges to avoid federal prosecution, Goldberger told County Judge Deborah Pucillo at Epstein's plea conference last year.

The sealing of the records in question was said to be a "significant inducement" for Epstein, who is serving 18 months in the Palm Beach County Stockade -- with daytime release -- and is facing several civil lawsuits in state and federal courts by more than a dozen alleged victims.

Colbath said, "I don't see where any of the proper procedures to seal the documents were ever followed ..." but that he would give Epstein's legal team the ability to "jump through the hoops to seal the documents if they are entitled in fact to be sealed."

The sealing of court documents in Florida is unusual and lawyers typically have to prove a significant reason for it, such as protecting trade secrets or a compelling government interest.

Goldberger said after the hearing there is no rush to unseal the plea deal.

"I think the records clearly need to be sealed and continue to be sealed but I think the ruling by Judge Colbath was a very well- reasoned practical decision," Goldberger said. "He is not getting special treatment."

Brad Edwards, of the law firm of Rothstein Rosenfeldt Adler of Fort Lauderdale, said the plea deal should be a public record. His firm represents the woman, now 20, who was identified only as E.W.

Whether procedure was followed is not the issue, he said.

"Certainly it should be unsealed regardless. I mean this is a very unusual circumstance where a document like this would be sealed," Edwards said. "None of the other criminal defendants in there (Judge Colbath's courtroom) had their plea bargains, plea agreements, their non-prosecution agreements, sealed."

Edwards said his firm represents three women who claim they were procured for sex with Epstein when they were underage. The three are outraged that the document is under wraps, Edwards said.

Deanna Shullman, the attorney representing the Post, said the public and the press have a constitutional right of access to public records in Florida.

"Fortunately, the status quo is openness. So I think the judge has the idea that the initial closure was done without any adherence to those procedures but was inclined to give Mr. Epstein's lawyers additional time to prove that they should be sealed in accordance with these procedures," Shullman said.

"It's a little disappointing in that we would have liked to see the judge unseal the record because that's what should be the status quo in a situation like this," Shullman said.

-- drogers

@pbdailynews.com

**LOAD-DATE:** September 1, 2010

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The Evening Standard (London)

December 24, 2009 Thursday

**LENGTH:** 824 words

**HEADLINE:** CITY SPY

**BODY:**

EXPECT more media firms to announce plans to charge for content online in early 2010. City Spy hears that business-to-business publisher United Business Media is the latest outfit which is thinking of ramping up its subscription model. Property Week and Building are among the titles which recently started asking users to register their details to keep reading stories, which is seen as a possible precursor to charging.

BUSINESSES TIPPED TO COME A CROPPER

AMID all the contradictory forecasts for recovery or double-dip recession in 2010, what do the insolvency practitioners say? City Spy's mole in the bean-counting world says the last quarter of 2009 was surprisingly quiet as the economy stabilised but they are not optimistic about the new year: "We reckon there's going to be a rush of insolvencies in the second quarter, after the end of the financial year." The next quarterly rent review is due tomorrow, Christmas Day, then again at the end of March. But given the number of "seasonal sales" that started on the High Street at least a week before Christmas, it would be no surprise to see some retailers come a cropper sooner...

EPSTEIN PILOT TAKES TO THE ROAD

FURTHER news reaches City Spy of former Bear Stearns trader, Prince Andrew's shooting companion and convicted sex offender, Jeffrey Epstein.

The ex-Wall Street star served 13 months in jail on criminal charges of soliciting prostitution and procuring a minor for prostitution and he now faces civil claims from young women accusing him of having unlawful sex with them. This week, City Spy recounted how Epstein had transferred the title deeds of his prized 2003 Ferrari 575M Maranello to his private pilot Larry Visoki, prior to the car going on sale for $159,000 (£99,000) (possibly to help Epstein pay his legal bills). It turns out, the same Visoki was deposed last week by Bradley Edwards, an attorney for three of the women suing Epstein. Questioned by Edwards about plane passengers who might have witnessed Epstein in the company of young girls, Visoki admitted Bill Clinton, Prince Andrew, former Israeli prime minister Ehud Barak, former Colombian president Andrés Pastrana Arango, Obama economic adviser Lawrence Summers, billionaire Ron Burkle, and actors Kevin Spacey and Chris Tucker had been on board the plane while young girls were present. Fortuitously for Epstein, however, Ferrari-selling Visoki swore on oath that he never suspected his boss of having sex with them.

Of course not, Larry. Now drive off into the sunset.

More on Prince Andrew, our special representative for international trade and investment. The European Parliament and the Organisation for Security and Co-operation in Europe have strongly condemned Azerbaijan for tightening restrictions on the media and jailing two bloggers who were critical of the government. It transpires the oil-rich country has long blocked BBC broadcasts there, which might explain why oft-criticised Andrew and former Prime Minister Tony Blair spend so much time visiting the sometime Soviet State.

What does the snow have in common with the recession? Every other country can get out of both but Britain can't get out of either. HAPPY news: private jet travel is back, reports the Wall Street Journal. Alas, there is a "but" [#x2039]

in-flight food remains in recession. Apparently, those who supply food to executive aircraft are seeing demand soar after a slump, but says one caterer: "No one is eating lobster. A quick turkey box lunch is the order of the day." Of course, that has nothing to do with the industry being desperate to re-brand itself as time-saving and cost-efficient.

WHICH insurance broker saw a compliance officer pass out after the office Christmas lunch and have to be taken to hospital?

WHO MADE OFF WITH THE MONEY? IT's a year since the Bernie Madoff affair blew up and the hedge fund king was found to have been ripping off his clients. If he was in Britain the old fraudster would still be at liberty as lawyers pored over his case and the prosecution had barely cranked into operation. But the US is different [#x2039] his case is done and dusted, and he's languishing in jail. Even so, by US standards, the Madoff conviction was going some. Rumours persist that he pleaded guilty as quickly as he did and said the absolute minimum because he wasn't the main crook of the piece [#x2039] the main business of his hedge fund was washing money for organised crime. As soon as the balloon went up and he was arrested, he was warned by friends with Italian-American origins that his life, and the lives of his family, would be at risk were he not to "take the rap".

OETaking the rap': hedge fund fraud Bernie Madoff

UNFORTUNATE name? City Spy's eye is drawn to a forthcoming lecture at the Institute of Advanced Legal Studies, School of Advanced Study, University of London. It's in partnership with the Market Abuse Association. What? Do they wear a club tie? Do they refer to each other as fellow market abusers?

**LOAD-DATE:** December 24, 2009

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September 20, 2009 Sunday
Dn1 Edition

**SECTION:** A SECTION; Pg. A.1

**LENGTH:** 1126 words

**HEADLINE:** ATTORNEY FOR EPSTEIN VICTIMS: 'I HAVE NEVER SEEN A STRANGER CASE'

**BYLINE:** MICHELE DARGAN, MICHELE DARGAN, Daily News Staff Writer

**BODY:**

Sex offender Jeffrey Epstein could have been charged with multiple counts of five federal offenses involving sex acts with minors and faced a life sentence, but, instead, the government agreed not to prosecute him or his procurers if he spent 18 months in the county jail on two state charges.

Those were the details unsealed Friday in a nine-page federal non- prosecution agreement that lets Epstein and co-conspirators Sarah Kellen, Adriana Ross, Lesley Groff and Nadia Marcinkova off the hook for any of those past crimes.

"He could have gone to prison for life and somehow he's getting immunity in exchange for nothing?" said Fort Lauderdale attorney Brad Edwards, who represents three Epstein victims. "I have never seen a stranger case. To me, it's more spectacular what's not in it. It's the U.S. Attorney's Office saying we'll do everything in our power to see he doesn't get punished."

Edwards has been fighting for a year in federal and state court to unseal the agreement.

"The non-prosecution agreement raises more questions than it answers," said Miami attorney Adam Horowitz, who represents seven victims. "Why did all the co-conspirators receive immunity? Why were the victims not consulted regarding the sentence? Why did he receive such a minimal sentence?

The federal deal has remained sealed in Epstein's state court file since he pleaded guilty in June 2008 to state charges of procuring a minor for prostitution and soliciting prostitution.

U.S. Attorney's Office does not comment

The federal charges he could have faced were: conspiracy to persuade minor females to engage in prostitution, conspiracy to travel to engage in illicit sexual conduct with minor females, persuading minor females to engage in prostitution, traveling to engage in illicit sexual conduct with minor females and causing a person under 18 years to engage in sex for money while knowing they are underage.

The charges carry various statutory penalities ranging from 10 years to life, with a minimum mandatory of at least 10 years.

Alicia Valle, spokeswoman for the U.S. Attorney's Office in Miami, declined comment.

Expert: Feds take few sex-assault cases

North Palm Beach criminal defense attorney Barry Maxwell said he is not surprised that federal charges weren't filed.

"My experience has been that the federal government does not intervene in sex-assault cases, except if we're dealing with a serial rapist or it crosses jurisdictional lines," Maxwell said. "It's either not a big enough case or not atrocious enough for them."

Epstein, 56, served 13 months of his 18-month sentence at the Palm Beach County Stockade and received liberal work-release privileges while in jail. He was able to go to his West Palm Beach office six days a week for up to 16 hours a day.

He is now serving one year of probation at his Palm Beach mansion and is registered as a lifelong sex offender.

Epstein 'fully abided' by deal, says defense

Epstein's attorney Jack Goldberger released the following statement: "This document relates to allegations that were made many years ago. It was by its provisions and agreement of the parties to remain confidential in part to protect the identities of collateral third parties.

"Mr. Epstein has fully abided by all of its terms and conditions. He is looking forward to putting this difficult period of his life behind him. He is continuing his longstanding history of science philanthropy both here in South Florida and nationwide."

Goldberger had blocked the unsealing by filing court papers asking that the documents stay sealed "to prevent a serious imminent threat to the fair, impartial and orderly administration of justice; to protect a compelling government interest; to avoid substantial injury to innocent third parties; and to avoid substantial injury to a party by disclosure of matters protected by a common law and privacy right, not generally inherent in these specific type of proceedings, sought to be closed."

Circuit Judge Jeffrey Colbath ordered the agreement to be unsealed in June, but Epstein's attorneys appealed the ruling to the Fourth District Court of Appeals, which affirmed Colbath's ruling. Colbath had ruled that the federal agreement -- sealed in state court -- was improperly sealed.

'I felt it was my fault'

More than a dozen lawsuits against the billionaire money manager have been filed in federal and state court, all with similar allegations: that a minor girl was taken to Epstein's mansion on El Brillo Way and led upstairs to a spa room by one of Epstein's assistants, where he would ask the girl to perform massages and/or various sex acts, for which he would pay her.

One victim, who is known as Jane Doe #5 in a federal court lawsuit against Epstein, said she didn't find out about the deal until after it was finalized. She was 15 at the time one of her schoolmates told her she could make $200 by giving a massage to a man in Palm Beach.

She says she was "nervous and scared and wanted to leave" once she got to Epstein's spa room.

"I thought, 'I can't call my dad or my mom because I'm stuck in this situation and didn't know what to do," she said. "I really didn't know what this man was capable of. For a long time, I felt like it was my fault and that's exactly what he wanted me to feel."

Epstein has curfew

While he is serving the 12 months of house arrest at his Palm Beach home, Epstein must observe a 10 p.m. to 6 a.m. curfew, have no unsupervised contact with anyone younger than 18 and not view, own or possess pornographic or sexual materials.

The indictment followed an 11-month investigation by Palm Beach police, who said Epstein paid five underage girls for massages and sometimes sex at his El Brillo Way home. Then-State Attorney Barry Krischer declined to prosecute Epstein on multiple charges involving unlawful sex acts with minors. Instead, he brought the case to a grand jury, which charged Epstein on the lesser charge of soliciting prostitution.

Then-Palm Beach Police Chief Michael Reiter wrote Krischer a letter asking him to recuse himself from the case. When that didn't happen, Reiter requested an FBI investigation to determine if any federal laws were broken.

'Out of the ordinary'

West Palm Beach criminal defense attorney Gregg Lerman said several aspects of the Epstein case are unusual.

"I don't understand why it would be a federal case in this circumstance, and why was there anything in writing at all and why did they seal the agreement?" Lerman said. "Why did it go to the grand jury instead of through the state filing lewd assault charges? That's unusual. And it's very unusual that they structure a plea to get county time rather than prison time. That's definitely out of the ordinary. Nobody goes to county jail as a state criminal punishment."

-- mdargan

@pbdailynews.com

**GRAPHIC:** Caption: Epstein Deal does not allow prosecution of co- conspirators.

**LOAD-DATE:** September 1, 2010

# Jeffrey Epstein address book 'Holy Grail' of famous names

By **MICHELE DARGAN**
DAILY NEWS STAFF WRITER

Updated: 7:58 p.m. Friday, March 11, 2011
Posted: 7:57 p.m. Friday, March 11, 2011

When talking about the personal address book of billionaire sex offender Jeffrey Epstein, the term "little black book" takes that phrase to a whole new level.

Manhattan money manager Epstein's book reads like a laundry list of the world's richest and most powerful people, including some Palm Beachers.

Referred to as "The Holy Grail" by Epstein's former house manager — now serving time for trying to sell it to attorneys — the 97-page address book details multiple addresses, phone numbers, e-mails and other contact information for former President Bill Clinton, Britain's Prince Andrew and Sarah Ferguson, Donald Trump, Sen. John Kerry, various members of the Kennedy clan and former British Prime Minister Tony Blair, among many others.

The British press has been having a field day digging up new details about Epstein's friendship with Prince Andrew. Virginia Roberts — known only as Jane Doe 102 in court papers — has been dishing her story to London's Daily Mail. Details include Roberts having been in the company of the prince three times at Epstein's behest.

Roberts also recounted meeting Clinton on Epstein's private Caribbean island, according to the Mail.

But Roberts made no suggestion of sexual relations with Prince Andrew or with Clinton, the Mail reported. Similarly, there is no suggestion of anything salacious with any of the Palm Beachers listed among the money manager's contacts.

Roberts — who spent four years with Epstein — refers to him as "a monster" who paid her lavishly to satisfy his and his friends sexual whims — although Roberts doesn't identify the friends.

British papers also have reported that Ferguson accepted £15,000 from Epstein. The money was paid to her former assistant, who claimed Ferguson owed him unpaid wages and other bills. Ferguson has since told the Mail and other British papers that she made "a gigantic error of judgment" in accepting the money from Epstein and that she will pay him back.

The entire "Grail" was made public as part of a pending civil court case in which Epstein is suing attorney Brad Edwards, who represented several underage girls who sued Epstein.

Epstein sued Edwards, alleging he was involved in false claims made by Ponzi schemer Scott Rothstein; Edwards countersued Epstein, saying he filed a frivolous lawsuit to get him to back down from representing the young women.

All the lawsuits against Epstein said his modus operandi in the initial visit was the same: The girls were taken to Epstein's Palm Beach mansion and led upstairs to a spa room by one of Epstein's assistants, where he would ask the girls to perform sexually charged massages and/or various sex acts, for which he would pay them.

Other high-profile names in Epstein's book include Special Envoy for Middle East Peace George Mitchell, New York City Mayor Michael Bloomberg, New York Gov. Andrew Cuomo, Barbara Walters, Alec Baldwin, Ralph Fiennes, George Hamilton, Dustin Hoffman, Kevin Spacey, Liz Hurley, Lauren Hutton, Janice Dickinson, Naomi Campbell, Christy Turlington, Henry Kissinger, Joan Rivers, Courtney Love, Mick Jagger, Cornelia Guest, Phil Collins, Itzhak Perlman, Simon LeBon, Charlie Rose, Richard Branson, playwright Candace Bushnell, designers Tom Ford and Vera Wang, soap opera actress Nadia Bjorlin and erotic film star Koo Stark, who once dated Prince Andrew.

Among the high-powered Palm Beachers listed in the money manager's address book are Catherine and Fred Adler, Samantha and Serena Boardman, Jimmy and Jane Buffett, Pepe Fanjul, Conrad and Barbara Black, Gerry Goldsmith, Marjorie Gubelman, Dana Hammond, David Koch, Henry Kravis, Frayda and George Lindemann Sr., Bob and Todd Meister, Alfred Taubman, Stanley, Bea and Brett Tollman, and Martin Trust.

Gaston Cantens, a spokesman for Florida Crystals Corp., said Fanjul and Epstein "obviously knew each other and had some contact in the past. But there isn't any ongoing business or social relationship with Mr. Epstein."

Reached by phone at his Palm Beach home, media mogul Black said he knew Epstein as “a friend of my colleague Mr. Wexner.”

Les Wexner, CEO of The Limited Brands, was reported to have been Epstein’s biggest client and close friend. Wexner replaced Epstein as his money manager, according to recent reports.

Some of the names in Epstein’s book are sub-listed under geographic locations. The heading “massage” is notated under many of Epstein’s locations. Names and phone numbers, most of them first names only, are listed under the massage entries.

Registered as a level 3 sex offender, Epstein pleaded guilty to soliciting underage girls for sex at his El Brillo Way home in Palm Beach. In addition to serving 13 months of an 18-month jail sentence, Epstein has settled at least two dozen lawsuits with young women for undisclosed amounts.

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http://www.palmbeachdailynews.com/news/jeffrey-epstein-address-book-holy-grail-of-famous-1315130.html

The Telegraph

# Jeffrey Epstein 'kept a diary of his under-aged victims'

The Duke of York's billionaire paedophile friend kept a secret journal, described as "The Holy Grail" by lawyers, which listed his alleged under-aged victims and the celebrity guests he entertained at his Florida mansion.

Jeffrey Epstein and Ghislaine Maxwell at Sandringham in 2000 Photo: ALBANPIX

By Jon Swaine (http://www.telegraph.co.uk/journalists/jon-swaine/) , New York

8:00AM GMT 05 Mar 2011

8,591 followers

Jeffrey Epstein used the "black book" to log contact details of the girls that gave massages to him and his friends and those of his powerful and famous associates, such as Bill Clinton and Donald Trump.

A servant at the £4 million manor in Palm Beach, where Prince Andrew enjoyed daily massages during several stays, stole the journal and initially kept it secret from investigators. He is now in prison after attempting to sell it for $50,000 (£31,000).

Epstein, 58, was accused of sex offences by more than 20 under-aged girls. They alleged that after being recruited as masseuses by aides including Ghislaine Maxwell, daughter of the late tycoon Robert, they were seriously assaulted and then paid hundreds of dollars.

The billionaire financier, who attended The Queen's birthday party in 2000, was sentenced to 18 months in prison in 2008, having secured a plea bargain that prevented full criminal trials. He later settled more than a dozen multi-million dollar civil lawsuits from his alleged victims out of court.

The previously undisclosed journal, however, "detailed the full scope and the extent of Epstein's involvement with underage girls", according to lawyers for several alleged victims.

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Prosecutor of the Duke of York's sex offender friend Jeffrey Epstein speaks of 'assault' (http://www.telegraph.co.uk/news/uknews/theroyalfamily/8407689/Prosecutor-of-the-Duke-of-Yorks-sex-offender-friend-Jeffrey-Epstein-speaks-of-assault.html)

Duke of York pleads with government over links to dictator (http://www.telegraph.co.uk/news/uknews/theroyalfamily/8363180/Duke-of-York-pleads-for-government-support-over-dinner-with-Tunisian-dictators-relation.html)

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It contained the names of girls that Epstein allegedly abused in "Michigan, California, West Palm Beach, New York, New Mexico, and Paris", according to court papers.

It also listed extensive contact details for Epstein's house guests, who had "no connection whatsoever" with alleged offences, including Mr Clinton, the former US President, and Mr Trump, the famous businessman.

It could not be confirmed last night whether the book contained contact details for the Duke. One lawyer for Epstein's alleged victims said: "I would bet he is, because he is that good a friend".

There is no suggestion that the Duke did anything wrong. However he has this week faced a string of questions about his judgment due to his association with a convicted child sex offender.

Epstein kept 21 different phone numbers for Mr Clinton, including some for his assistant and also "Clinton's personal numbers", the court papers state.

Alfredo Rodriguez, a servant who "saw numerous underage girls coming into Epstein's mansion for purported 'massages'," took the journal and did not mention it to investigators.

"Because of the importance of the information in the journal to the civil cases, Mr Rodriguez called it 'The Holy Grail'," the court documents state.

He attempted to sell the book to lawyers for $50,000 (£31,000) in August 2009 - by which time Epstein had already been sentenced and released from jail.

The lawyers contacted the FBI, who sent an undercover agent to buy the book from Rodriguez. He was then arrested and charged with obstruction of justice.

Rodriguez, who said in sworn testimony that he was terrified of Miss Maxwell, also said he took the book as an “insurance policy” to prevent Epstein making him “disappear”.

He was sentenced to 18 months in prison – the same punishment Epstein received for his sex offences – in June last year. His wife, Patricia Dunn, told The Daily Telegraph that he was “sorry” for his error.

Dave Lee Brannon, an Assistant Public Defender who represented Rodriguez, said: “If this book had been produced when requested, Mr Epstein’s sentence may have been significantly different.”

Details of the journal emerged in a lawsuit brought in Florida by Epstein against Brad Edwards, a lawyer representing several alleged victims.

Epstein alleges Edwards was linked to a "Ponzi scheme" run by a colleague, which lured investors by falsely claiming Epstein had agreed to settle sex-offence lawsuits for hundreds of millions of dollars.

Edwards rejects the allegation, which has already been dismissed by the Florida Bar.

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# Judge denies gag order in Epstein, Edwards lawsuit; dismisses complaint

By **MICHELE DARGAN**
DAILY NEWS STAFF WRITER

Updated: 7:25 p.m. Wednesday, July 13, 2011
Posted: 7:11 p.m. Wednesday, July 13, 2011

A circuit judge Wednesday squashed an attempt by attorneys for Jeffrey Epstein to prevent parties in a civil lawsuit involving the billionaire sex offender from talking to the media.

Circuit Judge David Crow denied the motion for a gag order.

In addition, Crow dismissed the complaint by Epstein against attorney Brad Edwards, who has represented 10 underage girls in sex abuse claims brought against Epstein. Epstein alleged Edwards abused the court system by threatening to depose Epstein's powerful friends, which included Donald Trump and President Bill Clinton.

Other claims included that Edwards tried to obtain records from an alleged sex therapist who had never treated Epstein and that Edwards used investigative tools that included trespassing on Epstein's property.

Crow gave Epstein's attorneys 30 days to refile the lawsuit, which will be the second amended complaint and third evolution of the lawsuit.

Epstein also named Edwards' former boss, convicted Ponzi schemer Scott Rothstein, in the lawsuit, alleging Rothstein made "various representations to potential investors regarding the Epstein actions."

In dismissing the lawsuit, Crow said he found "serious problems" with the complaint. Crow called the lawsuit "vague.

"You have to know, at this point in time, what he did or didn't do that was an abuse of process," Crow said.

Epstein, 58, has confidentially settled more than two dozen lawsuits with young women who allege they were sexually abused by him when they were minors.

Edwards filed a counterclaim, alleging Epstein filed the lawsuit to get Edwards to back down from representing the victims.

"Mr. Epstein had to pay more to settle these cases than he would have if Mr. Edwards wasn't out there putting all this pressure on him," said attorney Jack Scarola, who represents Edwards. "That's Mr. Edwards' job ... to put as much legitimate pressure on the defendant as he possibly could and he obviously did an extremely effective job."

Epstein pleaded guilty to two felony charges: soliciting prostitution and soliciting a minor for prostitution. He served 13 months in the county jail and has to register as a lifelong sex offender.

Representing Epstein, attorney Joseph Ackerman argued unsuccessfully for a gag order. Ackerman said Scarola has repeatedly made statements to several news organizations about the case.

"Mr. Scarola has constantly referred to Mr. Epstein as a pedophile and there's been no proof of that anywhere," Ackerman said. "Muzzling lawyers who may wish to make public statements has been long recognized as within the court's inherent power ... We don't believe it's appropriate to wage a media campaign and taint the jury pool."

Scarola said it would be unconstitutional to impose a gag order.

"There is a complete and total absence of proof that we have engaged in any conduct whatsoever that could be prohibited," Scarola said.

Scarola said he and Edwards have been asked to appear on national television as well as received interview requests from the foreign press. Scarola said he has been selective in his interviews.

There has been a frenzy in the British press ever since Virginia Roberts, an Epstein victim, spoke to the Sunday Daily Mail earlier this year about being introduced to Prince Andrew and spending time with him at Epstein's behest. Roberts alleged she served as a sex slave to Epstein when she was a minor.

“If Mr. Epstein is embarrassed by Mr. Epstein’s conduct, that’s Mr. Epstein’s problem,” Scarola said.

“I’m pleased to hear he’s embarrassed by his conduct. Maybe it will serve as some deterrent in the future.”

**Find this article at:** Print this page Close

http://www.palmbeachdailynews.com/news/judge-denies-gag-order-in-epstein-edwards-lawsuit-1606397.html

Navigating our presidential campaign was a piece of cake compared to understanding the nuances of the 2011 Oscar race for the most revered artistic honor in the world.

This is how nine films fell into the big picture.

Three premiered in Cannes mid-May, a distant nine months ago, creating an Oscar campaign as long as any human pregnancy.

At the Palais, the first inkling of Oscar buzz was born as reclusive Woody Allen premiered "Midnight in Paris".

PBS later aired a documentary of Woody discussing his forty-four films showing the astonishing depth of his talent that made you want to immediately hand him the Oscar for Best Picture. Academy rules and Woody forbade marketing this gem.

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**Wednesday, February 22**

My airplane seatmate to LAX was Sony Classics Michael Barker. The night before Woody Allen had shown Michael "Nero Fiddled", his **latest** film shot in Rome rumored to be his best.

When Woody won the Oscar Sunday night, for a record breaking 23rd overall nomination, he had just finished pasta a Sette Mezzo on Lexington Avenue with art dealer Lorinda Ash and Soon-Yi. He went home and watched the N.B.A. All-Star game. Soon-Yi watched the awards show on a delay in another room. By the time Woody won, he fell asleep and Soon-Yi didn't want to wake him. The next morning he went to the breakfast table alone and read in The New York Times he won. He had to think it was a good omen and he would not catch a cold that day.

Before Michael and I flattened our recliner chairs for the big sleep, I told him I felt confident his Iranian film, "A Separation" was winning best foreign picture. He told me "The Artist" would take best picture and director. Actor was a tight race between Brad Pitt, Jean Dujardin, the "Clooney of France" and the real George Clooney. George was essentially running against a version of himself, which only slightly amused him.

The biggest dilemma was Viola vs. Meryl. Michael picked Meryl as New Yorkers did. "The Help" had taken on a life of its own lead by vivacious Viola in LA. "The Iron Lady", a much criticized film showcased Meryl's tour de force performance. Few knew at the last minute, on President's weekend Harvey's shout out, "She hasn't won in 29 years!" resonated.

An androgynous driver named Monica greeted me at the airport in a black tuxedo that would make Albert Nobbs weep for joy, prompting me to devilishly think of her as "Nobbs" all weekend. She barely recognized me sporting a new Sally Hershberger hairdo, "the yenta with the dragon tattoo."

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It was a busy night at the Chateau as French billionaire investor Nicolas Berggruen hosted his party for young, leggy, breathtakingly beautiful models. Lindsay Lohan was on the loose after a judge having announced she was making great progress. She showed up sober wearing a new face bloated with injectable Restalyne that could only be preparation to portray Elizabeth Taylor in "Liz and Dick", her film for Lifetime. Peter Brant and Stephanie Seymour and Peter Morton and Linda Evangelista joined Josh Harnett and Emile Hirsh under the terrace heaters. The boys were looking for love in all the right places.

**Thursday, February 23**

Thursday night boasted fifteen events causing party panic. Here is a brief rundown of **seven**.

**At The Hollywood Reporters Nominees Night, editor Janice Min and publisher Lynne Segall greeted the power brokers.** With ballots in, competing studios cordially **mingled in the mayor's backyard.** Owen Wilson slipped in the back door and hung with Michael Sheen and producer Letty Aronson. Producers Kathy Kennedy and Frank Marshall chatted with DreamWorks **partner Stacey Snyder, producer** Graham King **and** Emily Mortimer. Fox's Tom Rothman and Jim Gianopulos compared notes with Focus's James Shamus. Young directors Drake Doremus ("Like Crazy"), Sean Durkin ("Martha Marcy May Marlene") and Oscar nominee and Spirit Award winner J.C. Chandor ("Margin Call") **drank at the bar**. Breakout directors Nick Jarecki ("Arbitrage"), Zal Batmanglij ("Sound of My Voice and "The East") and Jay Duplass ("Jeff Who Lives at Home") dreamed about their future nominations. Aaron Sorkin, Piers Morgan and Lawrence O'Donnell handicapped Romney vs. Obama as Brooklyn Decker sashayed by.

Urs Fisher's exhibition Beds & Problem Paintings featured two bed sculptures at Larry Gagosian's Gallery followed by his private dinner at Mr. Chow's. Art lovers Vera Wang, Russell Simmons, Steve Martin, Jean Pigozzi and John Waters attended.

The US-Ireland Alliance honored nominees "Hugo" screenwriter John Logan, "Bridesmaids" star Melissa McCarthy and Michelle Williams at Bad Robot**.** Logan also wrote "Rango" "Coriolanus", 007's "Skyfall" and "Jersey Boys" for the big screen.

Alfre Woodard hosted a down and dirty girls night out in a rented house above Sunset for Viola Davis and Octavia Spencer.

Universal honcho Ron Meyer hosted a civilized private buffet at his Malibu home for Graydon Carter with Tom Cruise, Leonardo DiCaprio, Barbra Streisand, Tom Hanks and Michael Douglas.

**Stunning socialite** Betsey Bloomingdale gave a seated dinner at her Holmby Hills home for best friends Nancy Reagan, Wendy Stark, Bob Colacello, Joan Collins and fashion icon Lynn Wyatt.

Tobias Meyer, **auctioneer** for Sotheby's and art dealer Mark Fletcher hosted an open house at their Mulholland Drive home for English **avant garde** photographer Terry Richardson. This is the only pre-Oscar party where a guest dropped his pants and mooned the red carpet and Terry signed a fans breast. Art collectors Bill and Maria Bell, Todd Eberle, rock singer Jack Donahue **and** Francesco Clemente ____schmoozed.

**Friday, February 24**

At the BHH I ran into David Heyman, English producer of the "Harry Potter" franchise who was honored at the Publicists Awards lunch at The Beverly Hilton. "Motion Picture Showman of the Year" was the consolation prize for being snubbed by the Academy for visualizing a publishing miracle for children around the world.

"Nobbs" whisked me off to the British Film Reception hosted by Jeremy Hunt, UK Secretary for **Culture and Olympics,** and the British Consul-General Dame Barbara Hay, in her Hancock Park residence. Upon introduction, I blurted out that my friend Lord Astor, was interested in having LA people get to know his son-in-law, Prime Minister David Cameron. As an appointed diplomat she was horrified by my indiscretion and turned to greet the next American idiot. I was just making conversation.

Daldry told Sony's Sir Howard Stringer and astute film CEO Michael Lynton, Kenneth Branagh, Janet McTeer, **and** Gary Oldman that he, as executive producer of the Olympics, was headed back to London to oversee special events, including the opening ceremony, directed by Danny Boyle.

Victoria Beckham made a dramatic sullen last-minute appearance looking perfectly skinny in her own designed dress.

**At** the Women in Film party at Cecconi's, Gwyneth Paltrow, Shailene Woodley, Selena Gomez and Vanessa Hudgens networked with Jessica, Octavia and Viola now of social stamina fame.

Blythe Danner kissed me at the door as a military type looked on. I kept saying to him, "Where have we met?" Nowhere. He was astronaut Mark E. Kelly who came with Blythe and is married to former congresswoman Gabrielle Giffords, Paltrow's second cousin. Only I could mistake an astronaut for a movie marketing guy.

Vanity Fair feted Scorsese and The Film Foundation which has saved 555 films in 22 years. Cocktails were at the restored Bel-Air Hotel. Honorary Jewess Lorraine Bracco ran past me yelling she was late for Ronald Perelman's Shabbat dinner. Three, three-time Oscar winners: composer Howard Shore, costume designer Sandy Powell and editor Thelma **Schoonmaker** were honored. Sir Ben Kingsley, Danny Huston,

Patty Clarkson, Irwin Winkler and Giorgio Armani's niece Roberta Armani with Wanda McDaniels debated best director: Marty or Michel?

“Nobbs” delivered me to WME's Party at kahuna Ari Emanuel's Brentwood estate, where NFL quarterback and new client Tim Tebow was the toast of the party, especially to Taylor Swift who made $35.7 million this year. Michael Douglas gave me a kiss...**doesn’t get any better**. Lovebirds Robert Pattinson and Kristen Stewart made a rare appearance, glued to each other's hips. They mingled with co-star Taylor Lautner, Miley Cyrus and her "Hunger Games" beau Liam Hemsworth. Meanwhile Charlize Theron, Jack Black, Rooney Mara, Ben Stiller, Barry Sonnenfeld and Larry David talked business with moguls Les Moonves and Viacom's Philippe Dauman.

Next was UTA Chairman Jim Berkus' soiree that police almost shut down because the DJ got carried away impressing Harrison Ford, Channing Tatum, Jerry Bruckheimer, Tom Freston, Disney's Rich Ross, SNL's Lorne **Michaels** and Oscar show producer Brian Grazer.

Sunset Tower Hotel owner Jeff Klein and producer John Goldwyn hosted a secretive dinner for Anna and Graydon Carter at their Hollywood Hills home with Tom Ford, Mitch Glazer, Fran Lebowitz, Vito Schnabel, Denise Hale, Lisa and Eric Eisner and VF's Punch Hutton, who is Tim Hutton's sister. _____

Last stop was CAA Byran Lourd's "Friday Night Party". “Nobbs” was instructed to drop me off at a neighborhood school where a luxury van transported guests to the stone and glass Bel-Air estate situated on a narrow street. I knew that guests Colin Firth, Penelope Cruz, Sofia Vergara, Salma Hayek, Sandra Bullock, and Glee's Matthew Morrison did not arrive by bus. Once inside the playing field leveled out and pound for pound there was more famous flesh per square inch than **at** the Oscars themselves.

I huddled with Meryl on the couch and we talked about her race. She thought Viola. I thought Meryl. She didn't know about **Harvey’s** last minute "29 year" shout out.

I hugged Bette Midler, flirted with Jim Sturgess and Bennett Miller. Universal's Donna Langley, who is overseeing Tom Hooper's production "Les Miserable" mentioned Hugh Jackman's impeccable manners should insure best behavior from Russell Crowe.

I introduced HBO’s "Game Change" director Jay Roach who is **an** authority on Hitler, to George Clooney who is writing a thriller about the Nazis stealing art. Clooney whispered, “The Frenchman is winning.”

I thanked Bryan Lourd, Kevin Huvane and Richard Lovett, got on the bus and prayed that I get invited back.

**Saturday, February 25**

I dragged my tired ass to the Academy, as foreign films aficionado Mark Johnson was conducting a symposium on the nominated films, which included Sony Classic’s “In Darkness” from Poland, "Footnote" from Israel and "A Separation" from Iran. Israeli and Iranian governments from the other side of the world monitored their directors as the Sony boys kept the peace.

Michael and Tom Bernard invited me to the Independent Spirit Awards at the Santa Monica Pier. Michael hosted his "Take Shelter" nominees Jessica Chastain, Michael Shannon and director Jeff Nichols. Tom held **court** at the next table with the entire Iranian cast of "A Separation", which won. Tom

almost had a heart attack when I threw my arms around Iranian director Asghar Farhadi, which in Iran is unacceptable behavior especially by a Jewish American Princess. Tom wished I had gone to the crowded champagne brunch in honor of Prince Albert and Princess Charlene at the Bel-Air Hotel where Montblanc launched Grace Kelly watches. Simultaneously, TV producer Gary Pudney hosted another secretive lunch which Albert and Charlene actually attended with Graydon Carter, Carolina Herrera, Wallace Annenberg, Bobby Shriver, Bobby Marx, Kathy and Ricky Hilton and Lynn Wyatt. Wolfgang Puck joined them for dessert.

"The French," as the "The Artist" gang was nicknamed, had won six Cesars, France's version of the Oscars in Paris the night before. They flew all night and Harvey's chauffeur arranged a police escort from LAX just in time for them to win four Spirit Awards, cementing the Oscar win.

Back at the BHH, Spielberg was the first to arrive at the tenth annual "Night Before" fundraiser in support of the Motion Picture and Television Fund. Jeffrey Katzenberg had already secured $200 of a $350 million fundraising goal that included money from him, Tom Cruise, Steve Bing, Casey Wasserman, Clooney and Spielberg. Every nominee showed up.

Chanel and Charles Finch cooked up their chic soiree at Madeo, where a mariachi band enthusiastically announced everyone's arrival. Bedecked exclusively in Chanel were Diane Kruger, Rose Byrne, Ginnifer Goodwin, **and** Rachel Bilson . Also air kissing were Rachel Zoe, Rosanna Arquette, Alice Evans and Ioan Gruffudd, Zachary Quinto, and Julia Ormond.

Elizabeth Olsen who has six upcoming films, gushed to Dustin Hoffman that "Wag the Dog" was her favorite movie. I sat next to director, Michael Apted who was editing "Of Men and Mavericks," a surfer film he co-directed with Curtis Hanson.

"My Week With Marilyn's" English director Simon Curtis insisted we join Kenneth Branagh at The Weinstein Company's bash at the Soho House in time to hear Tony Bennett sing "Autumn Leaves" to Harvey's surprised 86 year-old mother Miriam, Madonna and Meryl. Jean Dujardin, Berenice Bejo, Michel Hazanavicius and producer Thomas Langmann staggered around completely jet lagged **and** too tired to speak English . Uggie on the other hand was the absolute star of the evening as his trainer placed him in everyone's arms for photo two shots. "W.E's" Andrea Riseborough and Abbie Cornish sat next to baseball cap-clad Leonardo DiCaprio as his ex Bar Refaeli kept her distance across the room. Zoe Saldana walked in holding hands with Bradley Cooper. Scarlett Johansson introduced me to her boyfriend Nate Naylor. Katy Perry, Felicity Jones and Malin Akerman circled a refreshed Gerard Butler. The two daughters of New York slain hero cop Peter Figoski, Corrine, 14 and Caroline, 16 who had also been Harvey's guests at the Super Bowl stood in the middle of this circus and just fainted.

**Sunday, February 26**

I met interior **designer** Nicky Haslam in the Polo Lounge and found Nancy Reagan brunching with Bob Colacello and Carolina Herrera. Nancy knows me as "The DVD Lady." I promised to send her "The Iron Lady". I didn't have the heart to tell her that her husband, who was Margaret Thatcher's best friend, was barely mentioned in the film.

In a Marchesa gown, Dennis Basso fur and Iradj Moini necklace, I collected Simon Curtis and headed to the Hollywood & Highland Center. Simon, who has never been to the Oscars before, miraculously scored a front row seat between Michelle **Williams** and Clooney. We pulled up to screams of hysteria at the

mother of all red carpets. We ended up in front of thousands of cameras and I instructed Simon to take baby steps for an hour.

Meryl's publicist Leslee Dart whispered to me. "She is dressed like an Oscar. What do we do if she loses?" Sacha Baron Cohen hilariously guilted the Academy into letting him wear his costume from "The Dictator" and after soiling Ryan Seacrest he went directly to dinner at Vanity Fair. Gwyeneth Paltrow won the style award in Tom Ford's white column and Angelina Jolie so successfully invented a new one legged pose in a thigh high slit gown on the red carpet she repeated it for 39.3 million people onstage. Tickets were so tight that I gave my plus one to Penelope Ann Miller because she promoted "The Artist" every day for four months. Seated next to us were co-stars James Cromwell and Missi Pyle.

Billy Crystal made us laugh, Cirque de Soleil made us gasp and most of the wins were expected. Colin Firth crowned Meryl her third win on a record 17 nominations and Harvey beamed. _____

The Academy was so confident "The Artist" would **win**; they invited Uggie, who waited in the wings and ran out as Tom Cruise announced the film.

Once the show was off the air, I followed my seatmates to the stage loaded with their programs, wraps and handbags and led the French to the press rooms.

The Governor's Ball was the next stop where the winners got their Oscars engraved. Everyone paid respects to the Academy's Tom Sherak and Dawn Hudson. Stars headed to the Sunset Tower to Graydon's glittering Vanity Fair Oscar bash and their militarized security with micro chipped cards. If your name was not on the list and you were carrying an Oscar, you could walk in. Billy and Janice Crystal were mobbed with **well-wishers**. Elton John made $5 million dollars at his 20th AmFar event which also auctioned off two tickets to Vanity Fair's party for $230 thousand dollars. Tom Cruise and Katie Holmes were thrilled to talk to George Lucas. Gwyneth snuggled with Coldplay's Chris Martin and Jennifer Lopez brought boy-toy Casper Smart. Every major actor previously mentioned was standing in the room. In a sea of celebrity were Tina Fey, David Beckham, Glenn Close, Terry George, Demian Bichir, Claire Danes, Meryl's daughters Mamie Gummer with **husband** Ben Walker**,** Grace Gummer, Salma Hayek, Brit Marling, Natalie Portman, Sofia Coppola, Ryan Kavanaugh, Ingrid Sischy, Sandy Brant and Wendi Murdoch with Bingbing Li.

George Clooney threw his own exclusive party at Craig's in West Hollywood for close friends Bryan Lourd, Grant Heslov, Stan Rosenfield, Brad and Angelina, Emily Blunt and John Krasinski, Cindy Crawford, Jimmy Kimmel, Ryan Seacrest and best adapted screenplay winner Alexander Payne. As much as George supported "The Descendants" he and Brad seemed to have cancelled each other out this year with two great performances.

"The French" and their closest 200 threw their own wild celebration at the Chateau, poured champagne down their throats and threw each other in the pool at 3:00am. Nobody spoke a word of English.

By 4:00am Harvey rounded his talent up for a live broadcast on "The Today Show" from The Four Seasons lobby. In disheveled black tie five Oscar winners and Berenice Bejo, who were total unknowns a year ago made Oscar history with the first silent film to win since 1927. This had to be the most exciting

night of their lives. Tomorrow they all go back to **reality** but the glory and the memories will live on forever. As an Oscar winner, **who cares about a cold?**

Uggie was invited to the White House correspondent's dinner as a guest of the Washington Times in April. He hopes to meet President Obama.

# VIVE L'OSCARS

Winner Woody Allen may have missed Hollywood's biggest lovefest, but intrepid über movie publicist Peggy Siegal was there for every single party and every single step of the red carpet way. This year, her exclusive Oscar diary chronicles close encounters with Michelle Williams, Meryl Streep, Harvey Weinstein, Nancy Reagan, Elizabeth Olsen, George Clooney and his French doppelganger Jean Dujardin and, of course, Uggie.

*photographs by* **Patrick McMullan** *and* **Billy Farrell Agency**

Katie Holmes and Tom Cruise

Octavia Spencer, *The Help* Director Tate Taylor, Viola Davis and George Clooney

Navigating our presidential campaign was a piece of cake compared to understanding the nuances of the 2011 Oscar race for the most revered artistic honor in the world.

This is how nine films fell into the big picture.

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Martin Scorcese
Meryl Streep
Lily Collins
Berenice Bejo and Michel Hazanaviciu
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Princess Charlene and Prince Albert II of Monaco
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## WEDNESDAY, FEBRUARY 22

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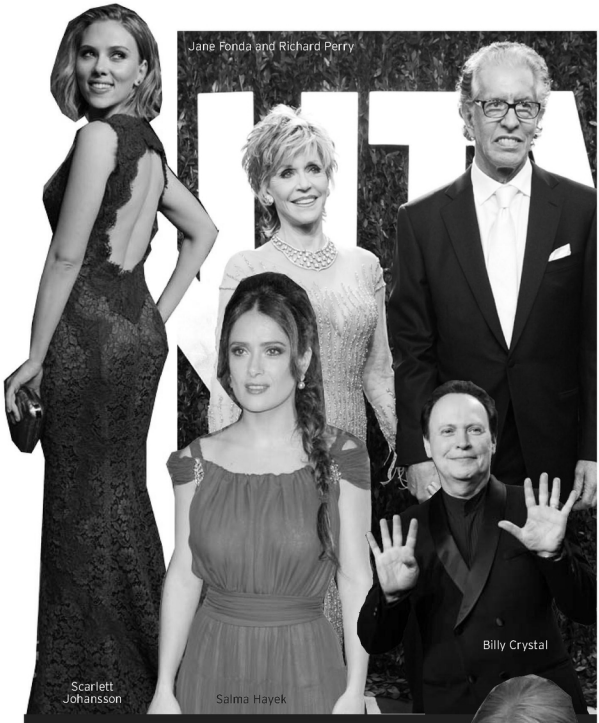

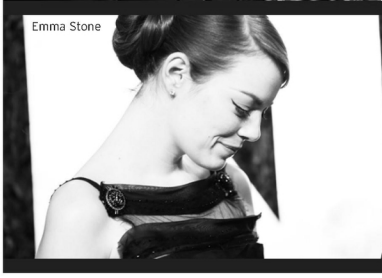


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## THURSDAY, FEBRUARY 23

Thursday night boasted 15 events causing party panic. Here is a brief rundown of seven.

At *The Hollywood Reporter's* Nominee Night, editor **Janice Min** and publisher **Lynne Segall** greeted the power brokers. With ballots in, competing studios cordially mingled in the Mayor's backyard. **Owen Wilson** slipped in the back door and hung with **Michael Sheen** and producer **Letty Aronson**. Producers **Kathy Kennedy** and **Frank Marshall** chatted with DreamWorks' partner **Stacey Snyder,** producer **Graham King** and **Emily Mortimer**. Fox's **Tom Rothman** and **Jim Gianopulos** compared notes with Focus' **James Shamus**. Young directors **Drake Doremus** (*Like Crazy*), **Sean Durkin** (*Martha Marcy May Marlene*) and Oscar nominee and Spirit Award winner **J.C. Chandor** (*Margin Call*) drank at the bar. Breakout directors **Nick Jarecki** (*Arbitrage*), **Zal Batmanglij** (*Sound of My Voice* and **The East**) and **Jay Duplass** (*Jeff Who Lives at Home*) dreamed about their future nominations. **Aaron Sorkin**, **Piers Morgan** and **Lawrence O'Donnell** handicapped Romney vs. Obama as **Brooklyn Decker** sashayed by.

**Urs Fisher's** exhibition *Beds & Problem Paintings* featured two bed sculptures at **Larry Gagosian**'s Gallery followed by his private dinner at Mr. Chow's. Art lovers **Vera Wang**, **Russell Simmons**, **Steve Martin**, **Jean Pigozzi** and **John Waters** attended.

The US-Ireland Alliance honored nominees *Hugo* screenwriter **John Logan,** *Bridesmaids* star **Melissa McCarthy** and Michelle Williams at Bad Robot. Logan also wrote *Rango, Coriolanus*, 007's *Skyfall* and *Jersey Boys* for the big screen.

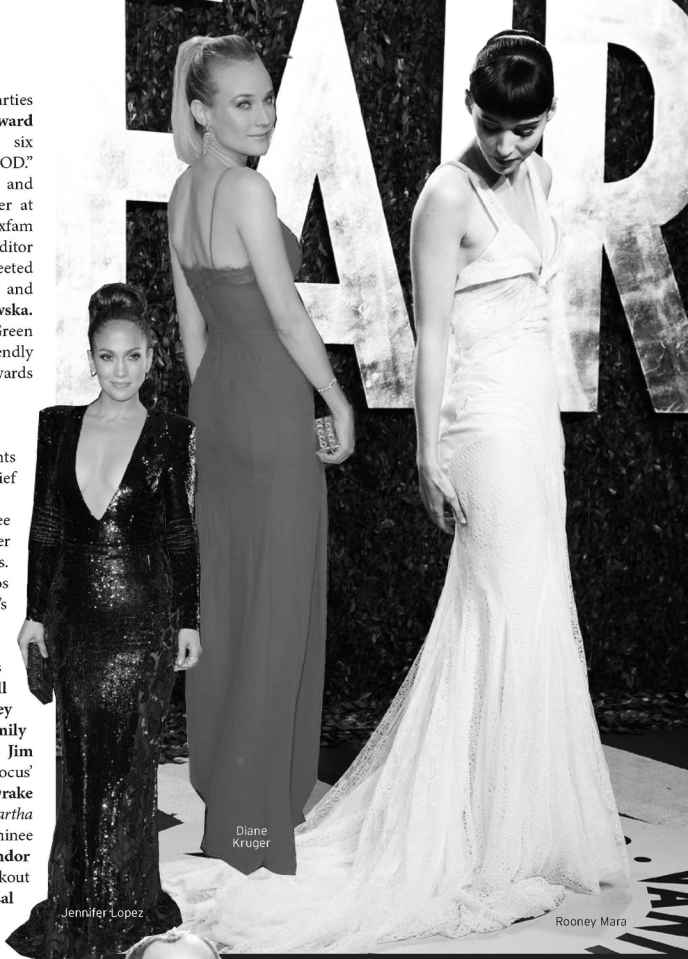

Diane Kruger

Jennifer Lopez

Rooney Mara

Terry Richardson

Graydon Carter and Anna Scott



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Woody is not a member of the Academy because he doesn't feel that films should be in competition. He told me, "A statue does not change your life. You still get a cold. You can't get a date. You still have everyday things to worry about."

**Alfre Woodard** hosted a down and dirty girls night out in a rented house above Sunset for **Viola Davis** and **Octavia Spencer.**

Universal honcho **Ron Meyer** hosted a civilized private buffet at his Malibu home for Graydon Carter with **Tom Cruise**, **Leonardo DiCaprio**, **Barbra Streisand**, **Tom Hanks** and **Michael Douglas**.

Stunning socialite **Betsey Bloomingdale** gave a seated dinner at her Holmby Hills home for best friends **Nancy Reagan**, **Wendy Stark**, **Bob Colacello**, **Joan Collins** and fashion icon **Lynn Wyatt**.

**Tobias Meyer**, auctioneer for Sotheby's and art dealer **Mark Fletcher** hosted an open house at their Mulholland Drive home for American avant-garde photographer **Terry Richardson**. This is the only pre-Oscar party where a guest dropped his pants and mooned the red carpet and Terry signed a fans breast. Art collectors **Bill** and **Maria Bell**, **Todd Eberle**, rock singer **Jack Donahue** and **Francesco Clemente** schmoozed.

## FRIDAY, FEBRUARY 24

At the BHH I ran into **David Heyman**, English producer of the *Harry Potter* franchise who was honored at the Publicists Awards lunch at The Beverly Hilton. "Motion Picture Showman of the Year" was the consolation prize for being snubbed by the Academy for visualizing a publishing miracle for children around the world.

"Nobbs" whisked me off to the British Film Reception hosted by **Jeremy Hunt**, UK Secretary of State for Culture and Olympics and the British Consul-General **Dame Barbara Hay**, in her Hancock Park residence. Upon introduction, I blurted out that my friend **Lord Astor** was interested in having L.A. people get to know his son-in-law, **Prime Minister David Cameron**. As an appointed diplomat she was horrified by my indiscretion and turned to greet the next American idiot. I was just making conversation.

Daldry told Sony's **Sir Howard Stringer** and astute film CEO **Michael Lynton**, **Kenneth Branagh**, **Janet McTeer** and Gary Oldman that he, as executive producer of the Olympics, was headed back to London to oversee special events, including the opening ceremony, directed by **Danny Boyle**. **Victoria Beckham**



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made a dramatic, sullen, last-minute appearance looking perfectly skinny in a dress from her eponymous collection.

At the Women in Film cocktail party at Cecconi's, **Gwyneth Paltrow**, **Shailene Woodley**, **Selena Gomez** and **Vanessa Hudgens** networked with Jessica, Octavia and Viola now of social stamina fame.

**Blythe Danner** kissed me at the door as a military-type looked on. I kept saying to him, "Where have we met?" Nowhere. He was astronaut **Mark E. Kelly** who came with Blythe and is married to former congresswoman **Gabrielle Giffords**, Paltrow's second cousin. Only I could mistake an astronaut for a movie marketing guy.

*Vanity Fair* fêted Scorsese and The Film Foundation, which has saved 555 films in 22 years. Cocktails were at the restored Bel-Air Hotel. Honorary Jewess **Lorraine Bracco** ran past me yelling that she was late for **Ronald Perelman**'s Shabbat dinner. Three, three-time Oscar winners: composer **Howard Shore**, costume designer **Sandy Powell** and editor **Thelma Schoonmaker** were honored. **Sir Ben Kingsley, Danny Huston**, **Patty Clarkson**, **Irwin Winkler** and **Giorgio Armani**'s niece **Roberta Armani** with **Wanda McDaniels** debated best director: Marty or Michel?

Zoe Saldana

"Nobbs" delivered me to WME's Party at kahuna **Ari Emanuel**'s Brentwood estate, where NFL quarterback and new client **Tim Tebow** was the toast of the party, especially to **Taylor Swift** who made $35.7 million this year. **Michael Douglas** gave me a kiss… doesn't get any better. Longtime lovebirds **Robert Pattinson** and **Kristen Stewart** made a rare appearance, glued to each other's hips. They mingled with co-star Taylor Lautner, **Miley Cyrus,** and her *Hunger Games* beau **Liam Hemsworth**. Meanwhile **Charlize Theron**, **Jack Black**, **Rooney Mara**, **Ben Stiller**, **Barry Sonnenfeld** and **Larry David** talked business with moguls **Les Moonves** and Viacom's **Philippe Dauman**.

Next was UTA Chairman **Jim Berkus**' soiree that police almost shut down because the DJ got carried away impressing **Harrison Ford**, **Channing Tatum**, **Jerry Bruckheimer**, **Tom Freston**, Disney's **Rich Ross**, SNL's **Lorne Michaels** and Oscar show producer **Brian Grazer.**

Felicity Jones
Brooklyn Decker
Miley Cyrus

Sunset Tower Hotel owner **Jeff Klein** and producer **John Goldwyn** hosted a secret dinner for **Anna** and **Graydon Carter** at their Hollywood Hills home with **Tom Ford**, **Mitch Glazer**, **Fran Lebowitz**, **Vito Schnabel**, **Denise Hale, Lisa** and **Eric Eisner** and VF's **Punch Hutton,** who is **Tim Hutton**'s sister.

Last stop was CAA **Byran Lourd**'s "Friday Night Party". "Nobbs" was instructed to drop me off at a neighborhood school where a luxury van transported guests to the stone and glass Bel-Air estate situated on a narrow street. I knew that guests **Colin Firth**, **Penelope Cruz**, **Sofia Vergara**, **Salma Hayek, Sandra Bullock**, and *Glee*'s **Matthew Morrison** did not arrive by bus. Once inside the playing field leveled out and pound for pound there was more famous flesh per square inch than the Oscars themselves.

I huddled with Meryl on the couch and we talked about her race. She thought Viola. I thought Meryl. She didn't know about Harvey's last-minute "29 year" shout out.

I hugged **Bette Midler** and flirted with **Jim Sturgess** and **Bennett Miller.** Universal's **Donna Langley,** who is overseeing **Tom Hooper**'s production *Les Miserables*, mentioned **Hugh Jackman**'s impeccable manners should insure best behavior from Russell Crowe.

I introduced HBO's *Game Change* director **Jay Roach**, who is an authority on Hitler, to **George Clooney** who is writing a thriller about the Nazis stealing art. Clooney whispered, "The Frenchman is winning."

I thanked **Bryan Lourd**, **Kevin Huvane** and **Richard Lovett**, got on the bus and prayed that I get invited back.

## SATURDAY, FEBRUARY 25

I dragged my tired ass to the Academy, as foreign film aficionado **Mark Johnson** was conducting a symposium on the nominated films, which included Sony



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Natalie Portman

Olivia Wilde

Colin Firth and Livia Giuggiolo

Classic's *Footnote* from Israel and *A Separation* from Iran. From the other side of the world both governments monitored their directors as the Sony boys kept the peace.

**Michael** and **Tom Bernard** invited me to the Independent Spirit Awards at the Santa Monica Pier. Michael hosted his *Take Shelter* nominees **Jessica Chastain, Michael Shannon** and director **Jeff Nichols**. Tom held court at the next table with the entire Iranian cast of *A Separation*, which won. Tom almost had a heart attack when I threw my arms around Iranian director **Asghar Farhadi**, which in Iran is unacceptable behavior, especially by a Jewish American Princess. Tom wished I had gone to the crowded champagne brunch in honor of **Prince Albert** and **Princess Charlene** at the Bel-Air Hotel where Montblanc launched Grace Kelly watches. Simultaneously, TV producer **Gary Pudney** hosted another secretive, lunch which Albert and Charlene actually attended with Graydon Carter, **Carolina Herrera, Wallace Annenberg, Bobby Shriver, Bobby Marx, Kathy** and **Ricky Hilton** and **Lynn Wyatt**. **Wolfgang Puck** joined them for dessert.

"The French," as the *The Artist* gang was nicknamed, had won six Césars, France's version of the Oscars, in Paris the night before. They flew all night and Harvey's chauffeur arranged a police escort from LAX just in time for them to win four Spirit Awards, cementing the Oscar win.

Back at the BHH, Spielberg was the first to arrive at the tenth annual "Night Before" fundraiser in support of the Motion Picture and Television Fund. **Jeffrey Katzenberg** had already secured $200 of a $350 million fundraising goal that included money from him, **Tom Cruise, Steve Bing, Casey Wasserman**, Clooney and Spielberg. Every nominee showed up.

**Chanel** and **Charles Finch** cooked up their chic soiree at Madeo, where a mariachi band enthusiastically announced everyone's arrival. Bedecked exclusively in Chanel were **Diane Kruger, Elizabeth Olsen, Rose Byrne, Ginnifer Goodwin** and **Rachel Bilson.** Also air kissing were **Rachel Zoe, Rosanna Arquette, Alice Evans** and **Ioan Gruffudd, Zachary Quinto, Julia Ormond** and **Dustin Hoffman**.

*My Week With Marilyn*'s English director **Simon Curtis** insisted we join **Kenneth Branagh** at The Weinstein Company's bash at the Soho House in time to hear **Tony Bennett** sing "Autumn Leaves" to Harvey's surprised 86-year-old mother **Miriam, Madonna** and **Meryl**. **Jean Dujardin, Bérénice Bejo, Michel Hazanavicius** and producer **Thomas Langmann** staggered around completely jet lagged, too tired to speak English. **Uggie** on the other hand was the absolute star of the evening as his trainer placed him in everyone's arms for photos. *W.E*'s **Andrea Riseborough** and **Abbie Cornish** sat next to baseball cap-clad **Leonardo DiCaprio** as his ex, **Bar Refaeli**, kept her distance across the room. **Zoe Saldana** walked in holding hands with **Bradley Cooper**. **Scarlett Johansson** introduced me to her boyfriend **Nate Naylor**. **Katy Perry, Felicity Jones** and **Malin Akerman** circled a refreshed **Gerard Butler**. The two daughters of New York slain hero cop **Peter Figoski**, Corrine, 14 and Caroline, 16 who had also been Harvey's guests at the Super Bowl stood in the middle of this circus and just fainted.

## SUNDAY, FEBRUARY 26

I met interior designer **Nicky Haslam** in the Polo Lounge and found **Nancy Reagan** brunching with **Bob Colacello** and **Carolina Herrera**. Nancy knows me as "The DVD Lady". I promised to send her *The Iron Lady*. I didn't have the heart to tell her that her late husband, who was **Margaret Thatcher**'s best friend, was barely mentioned in the film.

In a Marchesa gown, Dennis Basso fur and Iradj Moini necklace, I collected **Simon Curtis** and headed to the Hollywood & Highland Center. Simon, who has never been to the Oscars before, miraculously scored a front row seat between Michelle Williams and Clooney. We pulled up to screams of hysteria at the mother of all red carpets.

Meryl's publicist **Leslee Dart** whispered to me. "She is dressed like an Oscar. What do we do if she loses?" **Sacha Baron Cohen** hilariously guilted the Academy into letting him wear his costume from *The Dictator* and, after soiling **Ryan Seacrest**, he went directly to dinner at *Vanity Fair*. **Gwyneth Paltrow** won the style award in Tom Ford's white column and **Angelina Jolie** so successfully invented a new one legged pose in a thigh high slit gown on the red carpet she repeated it for 39.3 million



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I introduced HBO's Game Change director Jay Roach, who is an authority on Hitler, to George Clooney who is writing a thriller about the Nazis stealing art. Clooney whispered, "The Frenchman is winning."

people onstage.

Tickets were so tight that I gave my plus one to **Penelope Ann Miller** because she promoted *The Artist* every day for four months. Seated next to us were co-stars **James Cromwell** and **Missi Pyle**.

**Billy Crystal** made us laugh, Cirque de Soleil made us gasp and most of the wins were expected.

**Colin Firth** crowned Meryl her third win on a record 17 nominations and Harvey beamed.

The Academy was so confident *The Artist* would win, they invited Uggie, who waited in the wings and ran out as **Tom Cruise** announced the film.

Once the show was off the air, I followed my seatmates to the stage loaded with their programs, wraps and handbags and led the French to the press rooms.

The Governor's Ball was the next stop where the winners got their Oscars engraved. Everyone paid respects to the Academy's **Tom Sherak** and **Dawn Hudson**. Stars headed to the Sunset Tower to Graydon's glittering Vanity Fair Oscar bash and their militarized security with micro chipped cards. If your name was not on the list and you were carrying an Oscar, you could walk in. **Billy** and **Janice Crystal** were mobbed with well wishers. **Elton John** made $5 million dollars at his 20th AmFar event which also auctioned off two tickets to Vanity Fair's party for $230,000.**Tom Cruise** and **Katie Holmes** were thrilled to talk to **George Lucas**. Gwyneth snuggled with Coldplay's **Chris Martin** and **Jennifer Lopez** brought boy toy **Casper Smart.** Every major actor previously mentioned is standing in the room. Spotted in a sea of celebrity were **Tina Fey**, **Glenn Close**, **Olivia Wilde** and **Jason Sudeikis**, **Terry George, Jane Fonda**, **Demian Bichir**, **Claire Danes,** Meryl's daughters **Mamie Gummer** with husband **Ben Walker**, **Grace Gummer**, **Salma Hayek**, **Brit Marling, Natalie Portman**, **Sofia Coppola**, **Peter Brant**, **Stephanie Seymour**, **Ryan Kavanaugh**, **Ingrid Sischy**, **Sandy Brant** and **Wendi Murdoch** with **Bingbing Li**.

**George Clooney** threw his own exclusive after party at Craig's in West Hollywood for close friends **Bryan Lourd**, **Grant Heslov**, **Stan Rosenfield**, **Brad** and **Angelina**, **Emily Blunt** and **John Krasinski**, **Cindy Crawford**, **Jimmy Kimmel**, **Ryan Seacrest** and best adapted screenplay winner **Alexander Payne**.

George and Brad cancelled each other out with two great performances. Clooney immediately returned to his best role as humanitarian, flew to the Sudan, met with Obama and was dramatically arrested at a protest.

"The French" threw a wild celebration at the Chateau Marmont, poured champagne down their throats and threw each other in the pool at 3:00 a.m. Nobody spoke English.

By 4:00 a.m. Harvey rounded up his artists for a live broadcast on *The Today Show* from The Four Seasons lobby. In disheveled black tie, five Oscar winners, all total unknowns a year ago, made Oscar history with the first silent film to win since 1927.

It wasn't God, but 5,800 Academy voters who said they won. This had to be the most exciting night of their lives. The glory and memories live forever. The next day they went back to reality . As Woody says, "A statue does not really change your life. You still get a cold."

Uggie was invited to the White House correspondent's dinner as a guest of the Washington Times in April. He hopes to meet President Obama. ✦

Jean Dujardin

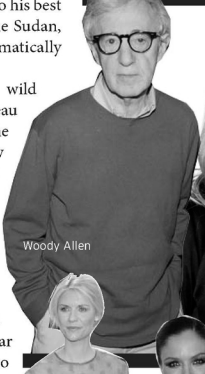
Woody Allen

Elizabeth Olsen

Claire Danes

Georgina Chapman and Harvey Weinstein

**From:** Boris Nikolic [redacted]
**Sent:** 3/23/2012 7:10:58 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** FW: World Bank Nominee
**Attachments:** image005.jpg; image006.jpg

**Importance:** High

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- Politics

Massoud Hayoun - Massoud Hayoun writes for and produces *The Atlantic*'s International channel.

# How Jim Yong Kim, Obama's World Bank Pick, Changed Global Health Aid

By Massoud Hayoun
Mar 23 2012, 2:04 PM ET
*The international public health work that made Kim, now the president's nominee for World Bank head, such a respected figure.*

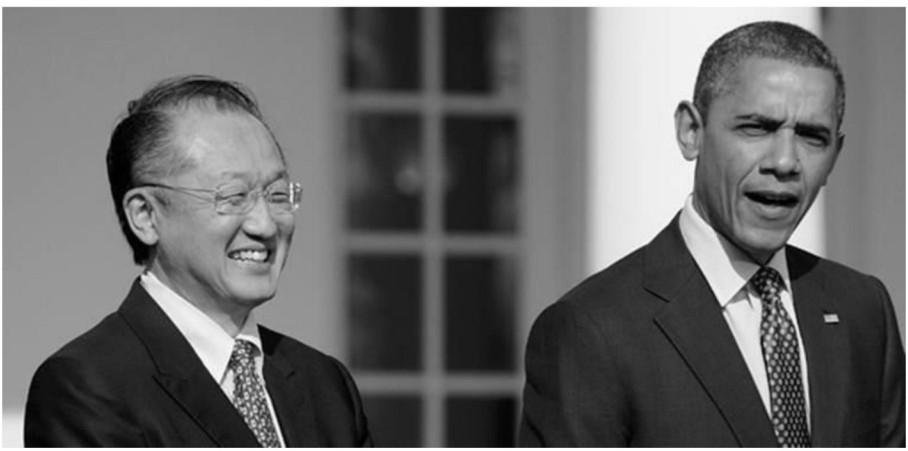

*President Obama introduces Jim Yong Kim as his nominee to be the next president of the World Bank / Reuters*

President Obama announced today that he will nominate Dartmouth College President Jim Yong Kim to head the World Bank. Although Kim is a physician by training, officials have observed that Kim's role as a key player in global health and development, notably with his role in the organization Partners in Health (PIH), makes him a key candidate to change the attitudes of developing-world nations.

The following excerpts from Tracy Kidder's *Mountains Beyond Mountains*, a biography of anthropologist and physician Paul Farmer, detail Kim's bold efforts to combat international HIV and tuberculosis epidemics with PIH:

Some months after the official founding of PIH, [co-founder] Paul Farmer expanded the group, adding a fellow Harvard anthropology and medical student, a Korean American named Jim Yong Kim... Farmer offered what for Jim Kim was a convincing vision of the new organization. The reality was less impressive -- a charity with a board of advisers and no hired staff...

They talked about issues such as political correctness, which Jim Kim defined as follows: "It's a very well-crafted tool to distract us. A very self-centered activity. Clean up your own vocabulary so you can show everybody you have the social capital of having been in circles where these things are talked about on a regular basis." (What was an example of political correctness? Some academic types would say to Jim and Paul, "Why do you call your patients poor people? They don't call themselves poor people." Jim would reply: "Okay, how about soon-dead people?")

They talked about the insignificance of "cultural barriers" when it came to the Haitian peasant's acceptance of modern Western medicine: "There's nothing like a cure for a disease to change people's cultural values"...

By now Peru was taxing PIH's resources severely. On average, the drugs to treat just one patient cost between fifteen and twenty thousand dollars. And the number of patients kept growing. Already there were about fifty Carabayllanos in treatment. Their average age was twenty-nine. They were students, unemployed youths, housewives, street vendors, bus drivers, health workers. The actual numbers seemed small, but those fifty MDR [a form of tuberculosis that does not respond to standard treatment] cases represented about 10 percent of all active cases of TB in the slum, about ten times more than might have been expected. No telling how many others they had been infecting as they'd traveled around Lima, coughing. No telling either how many people in other parts of the city already had MDR, but [there were] reports of hundreds in other neighborhoods. In Carabayllo itself, the Socios workers found entire families sick and dying with what turned out to be genetically related strains of the disease--a phenomenon common enough that the health workers gave it a name, familias tebeceanas, tuberculosis families.

Kim's organization confronted Peru's MDR-form tuberculosis epidemic with what some have called unorthodox practices -- borrowing and cajoling its way into medicine for its patients.

Howard Hiatt, a friend of Jim Yong Kim's and a former dean at the Harvard School of Public Health, said he was concerned about how PIH was getting medicine to combat the epidemic:

"Sure enough. Paul and Jim would stop at the [Harvard-affiliated] Brigham pharmacy before they left for Peru and fill their briefcases with drugs. They had sweet-talked various people into letting them walk away with the drugs." [Hiatt] was amused, all in all. "That's their Robin Hood attitude." In fact, they'd only borrowed the drugs...

Then one day the president of the Brigham stopped Hiatt in a corridor. "Your friends Farmer and Kim are in trouble with me. They owe this hospital ninety-two thousand dollars." Hiatt looked into the matter. "Sure enough. Paul and Jim would stop at the Brigham pharmacy before they left for Peru and fill their briefcases with drugs. They had sweet-talked various people into letting them walk away with the drugs." He was amused, all in all. "That's their Robin Hood attitude."

To many seasoned managers of public health projects, what Farmer and Kim were doing would have looked quite reckless--like a stunt, as some would later insinuate. They didn't have a guaranteed supply of drugs, only the determination to obtain the drugs and the charm to get away with borrowing. They were borrowing their laboratory services, too, from Massachusetts. They lacked proper institutional support. The weight of expert opinion stood against them. Their organization was small and it had other projects, in Haiti and Boston and elsewhere, and Peru put a strain on everyone. Jim had to travel to Carabayllo at least once a month. Farmer had to go there slightly more often.

Kim's audacious 'Robin Hood attitude' won him and PIH acclaim for their role in changing global health and development.

In June 2002 ... the WHO adopted new prescriptions for dealing with MDR-TB, virtually the same as PIH had used in Carabayllo. For Jim Kim this marked the end of a long campaign. "The world changed yesterday," he wrote from Geneva to all of PIH. The prices of second-line antibiotics continued to decline, and the drugs now flowed fairly smoothly through the Green Light Committee to, among other places, Peru, where about 1,000 chronic patients were either cured or in treatment. About 250 were receiving the drugs in Tomsk, and, largely because of the efforts of WHO, the Russian Ministry of Health had finally agreed to the terms of the World Bank's TB loan--150 million dollars to begin to fight the epidemic throughout the country.

The twin pandemics of AIDS and tuberculosis raged on, of course, magnifying each other, in Africa and Asia, Eastern Europe and Latin America. Mathematical models predicted widening global catastrophe--100 million HIV infections in the world by the year 2010. Some prominent voices, some in the U.S. government, still argued that AIDS could not be treated in desperately impoverished places. But this view seemed to be fading. The prices of antiretrovirals were falling, even more dramatically than the prices of second-line TB drugs.

This was thanks to a growing worldwide campaign for treating AIDS wherever it occurred. Jim Kim had often said that the world's response to AIDS and TB would define the moral standing of his generation. In 2003, a new director general took over at WHO, and he asked Jim to serve as his senior adviser. Meanwhile, the example of Zanmi Lasante [PIH's Haiti-based project] was growing, and Cange had become a favorite destination for global health policy makers and American politicians.

## AFFIDAVIT OF BRADLEY JAMES EDWARDS

1. I am an attorney in good standing with the Florida Bar and admitted to practice in the Southern District of Florida. I am a partner in the law firm of Farmer Jaffe Weissing Edwards Fistos and Lehrman.

2. I am the lead attorney currently representing "Jane Doe" in the case of Jane Doe v. Jeffrey Epstein, case number 08-80893 in federal Court in the Southern District of Florida. I am the lead attorney representing Jane Doe, whose civil complaint alleges that Epstein sexually molested her numerous occasions when she was a minor.

3. Defendant Epstein has entered into a "non-prosecution agreement" (NPA) with the federal government for sex crimes against minors. Under that agreement, the federal government has agreed not to file criminal charges against Epstein for sex crimes committed against approximately thirty girls, including Jane Doe. In exchange, Epstein agreed to plead guilty to state law criminal charges involving solicitation of prostitution and procuring a minor for prostitution. The victim of the criminal charges to which he has pled was not Jane Doe.

4. Under the NPA, Epstein has agreed not to contest civil liability of any of his approximately thirty victims – provided that the victim agrees to limit themselves to the damages provided by 18 U.S.C. § 2255 (currently set at $150,000). Jane Doe has not agreed to limit herself to pursuing only $150,000 in damages. Therefore, the terms of the NPA purport to prevent Jane Doe from using the NPA to prove liability.

5. Epstein has filed an answer to Jane Doe's complaint, in which he has invoked his Fifth Amendment right to silence with respect to the allegations that he molested her as a child. Epstein has further argued that this Fifth Amendment invocation is the functional equivalent of, and must be treated as, a specific denial of the allegations.

6. Defendant Epstein's deposition has been taken on several occasions, in this and other related cases, and he has not provided any substantive discovery whatsoever. Instead, he invoked his 5th amendment privilege against self-incrimination when asked questions about his abuse of Jane Doe or other girls.

7. Defendant Epstein has also been served with Interrogatories and requests for production; all requests have been met with 5th amendment assertions and Epstein has not given Jane Doe any substantive testimony related her allegations.

8. Jane Doe's complaint contains a punitive damages claim, and Mr. Epstein has also elected to invoke the 5th Amendment on all questions that would relate to punitive damages issues, such as his intent when committing the crimes, his lack of remorse and his intent to recidivate.

9. Epstein has taken Jane Doe's deposition. During that deposition he has asked numerous questions of Jane Doe that suggest that she is fabricating her allegation of abuse by Epstein.

10. In addition to deposing Mr. Epstein, other attorneys and I have taken the depositions of his various co-conspirators (as labeled by the federal government in the NPA), including [redacted], [redacted] and [redacted]. Each of those individuals was employed by Epstein to bring him underage girls for him to molest and to ensure that he was protected from detection by law enforcement, and thus those individuals could likely provide general testimony that would assist Plaintiff in proving liability and damages, including punitive damages. However, none of these individuals were

present during acts of sexual abuse by Epstein. In any event, ALL of those individuals have also invoked their 5th amendment rights against self-incrimination, and thus have left Plaintiff with no information about what Epstein or other conspirators inside his house were doing during the sexual abuse of Jane Doe and other minors girls. This creates a serious issue for Jane Doe in proving her sexual molestation claim against Epstein. By its nature, sexual molestation takes place in private, with only the abuser and the victim typically available to testify. In this case, Epstein's abuse of Jane Doe took place in private, with only Epstein and Jane Doe present during the abuse. Jane Doe has no other reasonable avenues of discovery to provide direct proof of claim of sexual abuse by Epstein.

11. Additionally, Mr. Epstein has recently filed a lawsuit against me personally that has no merit whatsoever, a fact known to Mr. Epstein and his attorneys. He filed the lawsuit against Brad Edwards, Scott Rothstein, and [redacted] (another Epstein victim of his molestation). That lawsuit implies that L.M.'s civil case against him (currently pending in Florida state court) is fabricated and that [redacted] and I have conspired to commit fraud against him (presumably that she made up the case against him, implying that he does not know [redacted]. While the present subpoena before the Court has been filed by Jane Doe, the Court should be aware that attorneys representing [redacted] may also file a subpoena for the George Rush tape shortly.

12. Despite Mr. Epstein and all of his co-conspirators, asserting a 5th amendment privilege against self-incrimination, George Rush of the New York Daily news did contact me to inform me that Mr. Epstein spoke personally with him about issues related to the various charges of sex abuse against him.

13. Paraphrasing from memory of my conversation with Mr. Rush, Mr. Epstein told him that he may have come "too close to the line" but that he should not have been punished as severely as he was and that his conduct was at most worthy of a $100 fine. This is a statement that shows two things of great importance to Jane Doe's pending civil action. First, it is in effect an admission by Epstein of his liability to Jane Doe for sexually abusing her. Jane Doe does not have any other admission of Epstein of his sexual abuse of her and Epstein has filed an answer to Jane Doe's complaint that has the functional effect of denying abuse of her. Jane Doe has diligently pursued all possible ways of obtaining an admission from Epstein of his molestation of Jane Doe without success. Second, the statement to Mr. Rush is a clear demonstration that Epstein lacks remorse for committing felony child molestation against Jane Doe. This will be a central issue in the punitive damages case against Epstein at trial. Here again, Jane Doe has diligently pursued all possible ways of obtaining a statement from Epstein about his lack of remorse for abusing Jane Doe without success. There are no other reasonable means of obtaining a statement from Epstein on these subjects.

14. Mr. Rush also told me that Mr. Epstein spoke specifically about one of my clients, [redacted] and he made derogatory remarks about her.

15. Additionally, Mr. Rush said that Epstein spoke directly about another civil case that was filed against him (Jane Doe 102 v. Epstein); that case alleges that Epstein repeatedly sexually abused a 15 year old girl, forced her to have sex with his friends and flew her on his private plane nationally and internationally for the purposes of sexually molesting and abusing her. Epstein flippantly told George Rush that that case was dismissed, in a way to indicate that the allegations are ridiculous and untrue.

16. Mr. Rush indicated that he taped the conversation between him and Mr. Epstein.

17. Mr. Rush also spoke at length to Michael Fisten, an investigator with my firm that was assisting with the investigation of the case. Mr. Fisten reported to me shortly after the conversation with Mr. Rush that he had such a conversation.

18. While research by other plaintiffs' attorneys and myself has uncovered other persons that were acquaintances of Mr. Epstein, specifically Donald Trump, Alan Dershowitz, Bill Clinton, Tommy Mottola, and David Copperfield, we have no information that any of those people (other than Mr. Dershowitz) have spoken to Mr. Epstein about Jane Doe or any of the other specific victims of Mr. Epstein's molestation. Mr. Dershowitz is acting as an attorney for Mr. Epstein, and therefore it is presumably unlikely to question him about any admissions that Epstein may have made regarding Jane Doe or other minors girls. Additionally, we have no information that any of those individuals or any other individuals have any taped statements of Epstein's own voice relating to these matters. George Rush's taped conversation with Mr. Epstein is the only known one in existence, making it very unique and it contains information not otherwise obtainable through other means or sources. Indeed, without the Rush tape conversation, the jury that handles the case will not hear any words from Epstein himself about his abuse of Jane Doe and other young girls. I have been informed by Epstein's attorney that Epstein intends to invoke his Fifth Amendment rights rather than answer any substantive questions about the abuse of Jane Doe and other girls at trial.

19. The Rush interview is, in any event, unique and not otherwise obtainable from other witnesses because it can be used to prove perjury (a federal crime) on the part of Epstein. Epstein lied about not knowing George Rush. See deposition of Jeffrey Epstein, taken in [redacted] v. Jeffrey Epstein, case 50-2008-CA-028051, page 154, line 4 through 155 line 9, wherein Jeffrey Epstein clearly impresses that he does not recognize George Rush from the New York Daily News, despite the fact that he gave a personal interview that we all now know to have been tape recorded. It is therefore evidence of a criminal event. If we receive the tape, we intend to alert the appropriate law enforcement authorities, both federal and state, so that they can pursue any appropriate criminal investigation perjury charges.

20. The tape is also crucial for [redacted] to dismiss the frivolous complaint filed by Jeffrey Epstein against her, as he clearly acknowledges knowing [redacted] contrary to claims he makes in his complaint against her and also contradictory to other statements he has made in depositions related to knowing [redacted] In that regard, this tape provides evidence of other false statements Epstein has made under oath.

21. During a telephone call with George Rush, he provided me more than a description of the tape, and in fact described the general tenor of the entire interview, so that nothing in the interview can be fairly regarded as confidential at this point.

22. As George Rush admitted in his affidavit, he played the tape for *at least* two other persons who also confirmed Epstein's arrogance as he speaks about his actions with minors.

23. The people for whom George Rush played the tape or told in detail of the information on the tape were not "sources" in the tradition sense of the word – all individuals were simply chatting with Mr. Rush about Mr. Epstein and his propensity to molest children. For example, when I discussed the tape with Mr. Rush, I was not a "source" in the traditional sense of that term. At no point did Mr. Rush tell me that I was a "source" for his reporting.

24. Because Epstein and all other co-conspirators have invoked the 5th amendment as to all relevant questions, this tape is the *only* way that Jane Doe can put Epstein's own perceptions of what he has done before the jury and the only way that Jane Doe can put Epstein's admissions and statement s before the jury. As even a quick perusal of the more than 500 entries on the docket sheet for Jane Doe's (consolidated) case will confirm (see Case no. 9:08-80119 (S.D. Fla.) (case number for consolidated cases on discovery), Jane Doe and other plaintiffs have made exhaustive attempts to obtain information from Epstein about his abuse. These attempts have included repeated requests for admission, requests for production, interrogatories, and depositions – all the means that are listed in the Federal Rules of Civil Procedure for obtaining discovery. These means have all been exhausted without success. Neither

Jane Doe nor any of the other plaintiffs have been able to obtain even a single word of information from Epstein about his abuse of minor girls.

25. I made a good faith, albeit unsuccessful, effort to resolve this matter with Anne B. Carroll, representing the Daily News in order to avoid any court intervention. I explained that we needed this tape for several reasons, including those cited by her in her pleading. The tape is detrimental to Epstein's personal complaint against [redacted] and me; the tape is evidence of perjury committed by Epstein; the tape is the Best Evidence of his lack of remorse for his actions and will be presented in the punitive damages phase of the civil trials against him; and, perhaps most important, the tape is the only way that the jury considering Jane Doe's case will be able to hear Epstein's voice and own statements about his abuse of Jane Doe and other minor girls. Without the tape, the jury will not have the opportunity to hear Epstein give any substantive information about Jane Doe's complaint. Indeed, they will not have the opportunity to even hear Epstein's voice utter any substantive words other than (in essence) "I take the Fifth." As part of our discussion, Ms. Carroll told me that it was a "stupid move" for Mr. Rush to play the tape or disclose the tape to other people as he likely waived any privilege and that, as a result of disclosing the tape, he was at risk of losing his job. I responded that it did not seem fair that Mr. Rush lose his job or be punished in any way, but that I had an absolute duty to represent my client and that I would be failing in that duty if I did not pursue this critical piece of evidence.

I declare under penalty of perjury that the foregoing is true and correct.

FURTHER AFFIANT SAYETH NAUGHT.

Dated this 23rd day of April, 2010.

Brad Edwards, Esq.

The foregoing instrument was acknowledged before me this 23rd day of April, 2010 by BRAD EDWARDS, who is personally known to me.

NOTARY PUBLIC

Print Name:_____

My Commission Expires:

MARIA W. KELLICHIAN
MY COMMISSION # DD 813393
EXPIRES: August 11, 2012
Bonded Thru Notary Public Underwriters

# EXHIBIT N

## AFFIDAVIT OF BRADLEY JAMES EDWARDS

1. I am an attorney in good standing with the Florida Bar and admitted to practice in the Southern District of Florida. I am currently a partner in the law firm of Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.

2. In 2008, I was a sole practitioner running a personal injury law firm in Hollywood, FL. While a sole practitioner I was retained by three clients, [redacted], [redacted], and Jane Doe to pursue civil litigation against Jeffrey Epstein for sexually abusing them while they were minor girls. I agreed to represent these girls, along with attorney Jay Howell (an attorney in Jacksonville, Florida with Jay Howell & Associates) and Professor Paul Cassell (a law professor at the University of Utah College Of Law). I filed state court actions on behalf of L.M. and E.W. and a federal court action on behalf of Jane Doe. All of the cases were filed in the summer of 2008.

3. My clients received correspondence from the U.S. Department of Justice regarding their rights as victims of Epstein's federal sex offenses. (True and accurate copies of the letters are attached to Statement of Undisputed Facts as Exhibit "M")

4. In mid June 2008, I contacted Assistant United States Attorney Marie Villafaña to inform her that I represented Jane Doe #1 [redacted].) and, later, Jane Doe #2 ([redacted]). I asked to meet to provide information regarding Epstein. AUSA Villafaña did not advise me that a plea agreement had already been negotiated with Epstein's attorneys that would block federal prosecution. AUSA Villafaña did indicate that federal investigators had concrete evidence and information that Epstein had sexually molested at least 40 underage minor females, including [redacted]., Jane Doe and [redacted]

5. I also requested from the U.S. Attorney's Office the information and evidence that they had collected regarding Epstein's sexual abuse of his clients. However, the U.S. Attorney's Office declined to provide any such information to me. The U.S. Attorney's Office also declined to provide any such information to the other attorneys who represented victims of Epstein's sexual assaults.

6. I was informed that on Friday, June 27, 2008, at approximately 4:15 p.m., AUSA Villafaña received a copy of Epstein's proposed state plea agreement and learned that the plea was scheduled for 8:30 a.m., Monday, June 30, 2008. She called me to provide notice to my clients regarding the hearing. She did not tell me that the guilty pleas in state court would bring an end to the possibility of federal prosecution pursuant to the plea agreement. My clients did not learn and understand this fact until July 11, 2008, when the agreement was described during a hearing held before Judge Marra on the Crime Victims' Rights Act action that I had filed.

7. In the summer of 2008 I filed complaints against Jeffrey Epstein on behalf of [redacted], E.W., and Jane Doe.

8. In the Spring of 2009 (approximately April), I joined the law firm of Rothstein, Rosenfeldt and Adler, P.A. ("RRA"). I brought my existing clients with me when I joined RRA, including [redacted], and Jane Doe. When I joined the firm, I was not aware that Scott Rothstein was running a Ponzi scheme at RRA. Had I known such a Ponzi scheme was in place, I would never have joined RRA.

9. I am now aware that it has been alleged that Scott Rothstein made fraudulent presentations to investors about the lawsuits that I had filed on behalf of my clients against Epstein and that it has been alleged that these lawsuits were used to fraudulently lure investors into Rothstein's Ponzi scheme. I never met a single investor, had no part in any such presentations and had no knowledge any such fraud was occurring. If these allegations are true, I had no knowledge that any such fraudulent presentations were occurring and no knowledge of any such improper use of the case files.

10. Epstein's Complaint against me alleges that Rothstein made false statements about cases filed against Epstein, i.e., that RRA had 50 anonymous females who had filed suit against Epstein; that Rothstein sold an interest in personal injury lawsuits, reached agreements to share attorneys fees with non-lawyers, paid clients "up front" money; and that he used the judicial process to further his Ponzi scheme. If Rothstein did any of these things, I had no knowledge of his actions. Because I maintained close contact with my clients, [redacted] and Jane Doe, and Scott Rothstein never met any of them, I know for certain that none of my clients were paid "up front" money by anyone.

11. Epstein alleges that I attempted to take the depositions of his "high profile friends and acquaintances" for no legitimate litigation purpose. This is untrue, as all of my actions in representing [redacted]., [redacted], and Jane Doe were aimed at providing them effective representation in their civil suits. With regard to Epstein's friends, through documents and information obtained in discovery and other means of investigation, I learned that Epstein was sexually molesting minor girls on a daily basis and had been for many years. I also learned the unsurprising fact that he was molesting the girls in the privacy of his mansion in West Palm Beach, meaning that locating witnesses to corroborate their testimony would be difficult to find. I also learned, from the course of the litigation, that Epstein and his lawyers were constantly attacking the credibility of the girls, that Epstein's employees were all represented by lawyers who apparently were paid for (directly or indirectly) by Epstein, that co-conspirators whose representation was also apparently paid for by Epstein were all taking the Fifth (like Epstein) rather than provide information in discovery. For example, I was given reason to believe that [redacted], Larry Visoski, Larry Harrison, David Rogers, Louella Rabuyo, [redacted], Ghislaine Maxwell, Mark Epstein, and Janusz Banasiak all had lawyers paid for by Epstein. Because Epstein and the co-conspirators in his child molestation criminal enterprise blocked normal discovery avenues, I needed to search for other ordinary approaches to strengthen the cases of my clients. Consistent with my training and experience, these other ordinary approaches included finding other witnesses who could corroborate allegations of sexual abuse of my clients or other girls. Some of these witnesses were friends of Epstein. Given his social status, it also turned out that some of his friends were high-profile individuals.

12. In light of information I received suggesting that British socialite Ghislaine Maxwell, former girlfriend and long-time friend of Epstein's, was involved in managing Epstein's affairs and companies I had her served for deposition for August 17, 2009. (Deposition Notice attached to Statement of Undisputed Facts as Exhibit BB). Maxwell was represented by Brett Jaffe of the New York firm of Cohen and Gresser, and I understood that her attorney was paid for (directly or indirectly) by Epstein. She was reluctant to give her deposition, and I tried to work with her attorney to take her deposition on terms that would be acceptable to both sides. Her attorney and I negotiated a confidentiality agreement, under which Maxwell agreed to drop any objections to the deposition. Maxwell, however, still avoided the deposition. On June 29, 2010, one day before I was to fly to NY to take Maxwell's deposition, her attorney informed me that Maxwell's mother was deathly ill and Maxwell was consequently flying to England with no intention of returning and certainly would not return to the United States before the conclusion of Jane Doe's trial period (August 6, 2010). Despite that assertion, I later learned that Ghislaine Maxwell was in fact in the country on approximately July 31, 2010, as she attended the wedding of Chelsea Clinton (former President Clinton's daughter) and was captured in a photograph taken for US Weekly magazine.

13. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Donald Trump's deposition in the civil suits against him. Trump was properly noticed because: (a) after review of the message pads confiscated from Epstein's home, the legal and investigative team assisting my clients learned that Trump called Epstein's West Palm Beach mansion on several occasions during the time period most relevant to my clients' complaints; (b) Trump was quoted in a *Vanity Fair* article about Epstein as saying **"I've known Jeff for fifteen years. Terrific guy." "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it – Jeffrey enjoys his social life."** Jeffrey Epstein: International Moneyman of Mystery; **He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't until he flew Bill Clinton, Kevin Spacey, and Chris Tucker to Africa on his private Boeing 727 that the world began to wonder who he is. By Landon Thomas Jr.**; (c) I learned through a source that Trump banned Epstein from his Maralago Club in West Palm Beach because Epstein sexually assaulted an underage girl at the club; (d) Jane Doe No. 102's complaint alleged that Jane Doe 102 was initially approached at Trump's Maralago by Ghislaine Maxwell and recruited to be Maxwell and Epstein's underage sex slave; (e) Mark Epstein (Jeffrey Epstein's brother) testified that Trump flew on Jeffrey Epstein's plane with him (the same plane that Jane Doe 102 alleged was used to have sex with underage girls) deposition of Mark Epstein, September 21, 2009 at 48-50; (f) Trump visited Epstein at his home in Palm Beach – the same home where Epstein abused minor girls daily; (g) Epstein's phone directory from his computer contains 14 phone numbers for Donald Trump, including emergency numbers, car numbers, and numbers to Trump's security guard and houseman. Based on this information, I believed that

Trump might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

14. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Alan Dershowitz's deposition in the civil suits against him. Dershowitz was properly noticed because: (a) Dershowitz has been friends with Epstein for many years; (b) in one news article Dershowitz comments that, "I'm on my 20th book... The only person outside of my immediate family that I send drafts to is Jeffrey" The Talented Mr. Epstein, By Vicky Ward on January, 2005 in Published Work, Vanity Fair; (c) Epstein's housekeeper Alfredo Rodriguez testified that Dershowitz stayed at Epstein's house during the years most relevant to my clients; (d) Rodriguez testified that Dershowitz was at Epstein's house at times when underage females where there being molested by Epstein (see Alfredo Rodriguez deposition at 278-280, 385, 426-427); (e) Dershowitz was reportedly involved in persuading the Palm Beach State Attorney's office not to file felony criminal charges against Epstein because the underage females lacked credibility and thus could not be believed that they were at Epstein's house, despite him being an eyewitness that the underage girls were actually there; (f) Jane Doe No. 102 stated generally that Epstein forced her to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories that Dershowitz and acquaintances of Dershowitz fall into; (g) during the years 2002-2005 Alan Dershowitz was on Epstein's plane on several occasions according to the flight logs produced by Epstein's pilot and information (described above) suggested that sexual assaults may have taken place on the plane; (h) Epstein donated Harvard $30 Million dollars one year, and Harvard was one of the only institutions that did not return Epstein's donation after he was charged with sex offenses against children. Based on this information, I believed that Dershowitz might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

15. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Bill Clinton's deposition. Clinton was properly noticed because: (a) it was well known that Clinton was friends with Ghislaine Maxwell, and several witnesses had provided information that Maxwell helped to run Epstein's companies, kept images of naked underage children on her computer, helped to recruit underage children for Epstein, engaged in lesbian sex with underage females that she procured for Epstein, and photographed underage females in sexually explicit poses and kept child pornography on her computer; (b) newpaper articles stated that Clinton had an affair with Ghislaine Maxwell, who was thought to be second in charge of Epstein's child molestation ring. The Cleveland Leader newspaper, April 10, 2009; (c) it was national news when Clinton traveled with Epstein (and Maxwell) aboard Epstein's private plane to Africa and the news articles classified Clinton as Epstein's friend; (d) the flight logs for the relevant years 2002 - 2005 showed Clinton traveling on Epstein's plane on more than 10 occasions and his assistant, Doug Band, traveled on many more occasions; (e) Jane Doe No. 102 stated generally that she was required by Epstein to be sexually

exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories Clinton and acquaintances of Clinton fall into; (f) flight logs showed that Clinton took many flights with Epstein, Ghislaine Maxwell, [redacted] and [redacted] -- all employees and/or co-conspirators of Epstein's that were closely connected to Epstein's child exploitation and sexual abuse; (g) Clinton frequently flew with Epstein aboard his plane, then suddenly stopped – raising the suspicion that the friendship abruptly ended, perhaps because of events related to Epstein's sexual abuse of children; (h) Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him, including those for his assistant (Doug Band), his schedulers, and what appear to be Clinton's personal numbers. Based on this information, I believed that Clinton might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

16. Epstein alleges that Tommy Mottola was improperly noticed with a deposition. I did not notice Mattola for deposition. He was noticed for deposition by a law firm representing another one of Epstein's victims – not by me.

17. Epstein alleges that there was something improper in the fact that I notified him that I intended to take the illusionist David Copperfield's deposition. Copperfield was properly noticed because: (a) Epstein's housekeeper Alfredo Rodriguez testified that David Copperfield was a guest on several occasions at Epstein's house; (b) according to the message pads confiscated from Epstein's house, Copperfield called Epstein quite frequently and left messages that indicated they socialized together; (c) Copperfield himself has had similar allegations made against him by women claiming he sexually abused them; (d) one of Epstein's sexual assault victims also alleged that Copperfield had touched her in an improper sexual way while she was at Epstein's house. Based on this information, I believed that Copperfield might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

18. Epstein alleges that there was something improper in the fact that I identified Bill Richardson as a possible witness against him in the civil cases. Richardson was properly identified as a possible witness because Epstein's personal pilot testified to Richardson joining Epstein at Epstein's New Mexico Ranch. See deposition of Larry Morrison, October 6, 2009, at 167-169. There was information indicating that Epstein had young girls at his ranch which, given the circumstances of the case, raised the reasonable inference he was sexually abusing these girls since he had regularly and frequently abused girls in West Palm Beach and elsewhere. Richardson had also returned campaign donations that were given to him by Epstein, indicating that he believed that there was something about Epstein that he did not want to be associated with. Richardson was not called to testify nor was he ever subpoenaed to testify.

19. Epstein alleges that discovery of plane and pilot logs was improper during discovery in the civil cases against him. Discovery of these subjects was clearly proper <u>and</u>

necessary because: (a) Jane Doe filed a federal RICO claim against Epstein that was an active claim through much of the litigation. The RICO claim alleged that Epstein ran an expansive criminal enterprise that involved and depended upon his plane travel. Although Judge Marra dismissed the RICO claim at some point in the federal litigation, the legal team representing my clients intended to pursue an appeal of that dismissal. Moreover, all of the subjects mentioned in the RICO claim remained relevant to other aspects of Jane Doe's claims against Epstein, including in particular her claim for punitive damages; (b) Jane Doe also filed and was proceeding to trial on a federal claim under 18 U.S.C. § 2255. Section 2255 is a federal statute which (unlike other state statutes) guaranteed a minimum level of recovery for Jane Doe. Proceeding under the statute, however, required a "federal nexus" to the sexual assaults. Jane Doe had two grounds on which to argue that such a nexus existed to her abuse by Epstein: first, his use of the telephone to arrange for girls to be abused; and, second, his travel on planes in interstate commerce. During the course of the litigation, I anticipated that Epstein would argue that Jane Doe's proof of the federal nexus was inadequate. These fears were realized when Epstein filed a summary judgment motion raising this argument. In respo-nse, the other attorneys and I representing Jane Doe used the flight log evidence to respond to Epstein's summary judgment motion, explaining that the flight logs demonstrated that Epstein had traveled in interstate commerce for the purpose of facilitating his sexual assaults. Because Epstein chose to settle the case before trial, Judge Marra did not rule on the summary judgment motion. (c) Jane Doe No. 102's complaint outlined Epstein's daily sexual exploitation and abuse of underage minors as young as 12 years old and alleged that he used his plane to transport underage females to be sexually abused by him and his friends. The flight logs accordingly might have information about either additional girls who were victims of Epstein's abuse or friends of Epstein who may have witnessed or even participated in the abuse. Based on this information, I believed that the flight logs and related information was relevant information to prove the cases against Jeffrey Epstein and accordingly I pursued them in discovery.

20. In approximately November 2009, the existence of Scott Rothstein's Ponzi scheme became public knowledge. It was at that time that I, along with many other reputable attorneys at RRA, first became aware of Rothstein criminal scheme. At that time, I left RRA with several other RRA attorneys to form the law firm of Farmer Jaffe Weissing Edwards Fistos and Lehrman ("Farmer Jaffe"). I was thus with RRA for less than one year.

21. In July 2010, along with other attorneys at Farmer Jaffe and Professor Cassell, I reached favorable settlement terms for my three clients [redacted]., [redacted]., and Jane Doe in their lawsuits against Epstein.

22. On July 20, 2010, I received a letter from the U.S. Attorney's Office for the Southern District of Florida – the office responsible for prosecuting Rothstein's Ponzi scheme. The letter indicated that law enforcement agencies had determined that I was "a victim (or potential victim)" of Scott Rothstein's federal crimes. The letter informed me of my rights as a victim of Rothstein's federal crimes and promised to keep me informed about

subsequent developments in his prosecution. A copy of this letter is attached to this Affidavit. (A copy of the letter is attached to Statement of Undisputed Facts as Exhibit UU)

23. Jeffrey Epstein also filed a complaint with the Florida Bar against me. His complaint alleged that I had been involved in Rothstein's scheme and had thereby violated various rules of professional responsibility. The Florida Bar investigated and dismissed the complaint.

24. I have reviewed the Statement of Undisputed Facts filed contemporaneously with this Affidavit. Each of the assertions concerning what I learned, what I did, and the good faith beliefs formed by me in the course of my prosecutions of claims against Jeffrey Epstein as contained in the Statement of Undisputed Facts is true, and the foundations set out as support for my beliefs are true and correct to the best of my knowledge.

25. All actions taken by me in the course of my prosecution of claims against Jeffrey Epstein were based upon a good faith belief that they were reasonable, necessary, and ethically proper to fulfill my obligation to zealously represent the interests of my clients.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 9/21, 2010

Bradley J. Edwards, Esq.

# EXHIBIT A

**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.: 08-CIV-80893-MARRA/JOHNSON**

JANE DOE,

Plaintiff,

vs.

JEFFREY EPSTEIN,

Defendant.
_____/

**DEFENDANT EPSTEIN'S MOTION FOR SETTLEMENT CONFERENCE, OR IN THE ALTERNATIVE, MOTION TO DIRECT PARTIES' BACK TO MEDIATION**

Defendant, JEFFREY EPSTEIN, by and through his undersigned attorneys, pursuant to the Federal Rules of Civil Procedure and the Local Rules for the Southern District of Florida, moves this Court for an order requiring the parties to attend a Settlement Conference before Magistrate Judge Linnea R. Johnson, or in the alternative, for an Order directing the parties to reconvene at a second mediation on or before July 1, 2010, and as grounds set forth would state:

1. The above-styled matter is currently scheduled on the Court's trial docket beginning July 19, 2010. (D.E. #119, Order Re-Setting Trial Date and Pretrial Deadlines). The Court's Mandatory Pretrial Stipulation and Motions in Limine deadlines are set for July 1, 2010. In this regard, if the parties could reach an agreement at a settlement conference or a mediation before these pre-trial deadlines, it would result in substantial conservation of judicial resources and preparation time.

2. The parties attended mediation on April 5, 2010, at Matrix Mediation, LLC, with Rodney Romano serving as mediator, but were unable to reach an agreement. (See D.E. #139).

3. Since the April 5, 2010 mediation, additional discovery has been completed and exchanged, including each parties' psychological (Plaintiff) and psychiatric (Defendant) expert depositions. As well, Defendant filed his Motion for Summary Judgment and Motion for Bifurcation. Both parties have exchanged witness and exhibit lists. Each party will be filing extensive Motions in Limine. Plaintiff's Trial Witness List has identified over 170 potential witnesses, and further, Plaintiff identifies over 140 trial exhibits, including composite exhibits that are hundreds of pages in length. It is conceivable this case could last 12- 20 trial days.

4. Additionally, since the parties attended mediation on April 5, 2010, Defendant has resolved all pending lawsuits, including Plaintiff, C.L. (Case No.: 10-80447) and JANE DOES Nos. 2-8 (Case Nos.: 08-80119, 08-80232, 08-08380, 08-80381, 08-80994, 08-80993, 08-80802), C.M.A. (Case No.08-80811), Jane Does Nos. 101, 102 and 103 (Case Nos. 09-80591, 09-80656, 10-80309), another Jane Doe (Case No. 08-80804), Jane Doe II (Case No. 09-80469), as well as other non-filed claims. Furthermore, Defendant has also resolved three state court claims. The only cases not resolved are this case and two (2) cases in state court (all three Plaintiffs are represented by Plaintiff's counsel, Brad Edwards, Esq. and his firm). [1]

5. Plaintiffs in other filed cases were represented by various law firms as the court is aware.

6. With the additional discovery completed to date and with the motions, trial preparation and judicial rulings necessary to try this case, all yet to be done, Defendant

[1] There is also a case styled L.M. v. Jeffrey Epstein, CASE NO.: 09-CIV-81092 – MARRA/JOHNSON, which was never served on the Defendant. Defendant has filed a Motion to Dismiss.

believes that a settlement conference or mediation is in the best interest of both parties to attempt resolution. There is no prejudice to either party.

7. Therefore, Defendant requests the Court issue an order directing the parties to attend a Settlement Conference before Magistrate Judge Johnson or that the Court direct the parties to attend a further mediation before July 1, 2010. Both Magistrate Judge Johnson and Rodney Romano (as the mediator in this case) are very familiar with the particular case and other claims that were asserted.

8. Defendant's Counsel has spoken with the secretary for the mediator, Rodney Romano, and she believes that he would be able to schedule a 2-3 hour mediation on short notice this week.

WHEREFORE, Defendant, JEFFREY EPSTEIN respectfully requests the Court to enter an Order directing the parties to attend a Settlement Conference before Magistrate Judge Linnea R. Johnson, or in the alternative, a mediation on or before July 1, 2010.

**Rule 7.1 Certification**

I hereby certify that counsel has communicated by telephone with Plaintiff's counsel in a good faith effort to resolve the issues set forth herein. Plaintiff's position is that the parties have already complied with the mediation requirements.

By: s/Robert D. Critton, Jr.
Robert D. Critton, Jr.
Michael J. Pike
Attorneys for Defendant Epstein

**Certificate of Service**

I HEREBY CERTIFY that a true copy of the foregoing was electronically filed with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record identified on the following service list in the manner specified via transmission of Notices of Electronic Filing generated by CM/ECF on this 28th day of June, 2010:

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*Co-Counsel for Defendant Jeffrey Epstein*

Paul G. Cassell, Esq.
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[redacted]
*Co-counsel for Plaintiff*

Respectfully submitted,

By: /s/ Robert D. Critton, Jr.
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(*Co-Counsel for Defendant Jeffrey Epstein*)

IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT IN
AND FOR PALM BEACH COUNTY, FLORIDA
GENERAL JURISDICTION DIVISION

JEFFREY EPSTEIN,
Plaintiff,
vs. No. 502009CA040800XXXXMBAG
SCOTT ROTHSTEIN, individually,
and BRADLEY J. EDWARDS,
individually,
Defendants.
_____/

500 East Broward Boulevard,
Ft. Lauderdale, Florida
Thursday, June 14, 2012
9:14 a.m. - 12:37 p.m.

D E P O S I T I O N
Of
SCOTT ROTHSTEIN
(Via Video Conference)

Taken on behalf of the Trustee
pursuant to a notice of taking deposition

- - -

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA
CASE NO. 50 2009CA040800XXXXMB AG
Complex Litigation, Fla.R.Civ.Pro. 1201

JEFFREY EPSTEIN,
Plaintiff,
-vs- VOLUME I OF II

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS,
individually, and L.M. individually,

Defendants.

---

VIDEOTAPED DEPOSITION OF BRADLEY J. EDWARDS, ESQUIRE

Tuesday, March 23, 20010
10:00 - 5:07 p.m.

2139 Palm Beach Lakes, Boulevard
West Palm Beach, Florida 33401

Reported By:
Cynthia Hopkins, RPR, FPR
Notary Public, State of Florida
Prose Court Reporting
Job No.: 1333



APPEARANCES:
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and
On behalf of the Plaintiff:
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ALSO PRESENT:
Jeffrey Epstein
Joseph Kozak, Videographer
Prose Reporting Services



INDEX


| EXAMINATION | DIRECT | CROSS | REDIRECT |
|---|---|---|---|
| BRADLEY J. EDWARDS, ESQUIRE | | | |
| BY MR. CRITTON | 5 | | |


EXHIBITS


| EXHIBIT | DESCRIPTION | PAGE |
|---|---|---|
| PLAINTIFF'S EX. 1 | ALFREDO RODRIGUEZ CRIMINAL COMPLAINT | 211 |
| PLAINTIFF'S EX. 2 | COMPLAINT | 239 |
| PLAINTIFF'S EX. 3 | JULY 22, 2009 FACSMILE | 276 |




PROCEEDINGS

Deposition taken before Cynthia Hopkins, Registered Professional Reporter and Florida Professional Reporter, and Notary Public in and for the State of Florida at Large, in the above cause.

THE VIDEOGRAPHER: We are now on video record. This is Media Number One in the videotaped deposition of Bradley Edwards in the matter of Jeffrey Epstein versus Scott Rothstein, Bradley J. Edwards, and L.M.

Today is Tuesday, March 23rd, 2010 at 10:00 a.m. We're here in the law offices of Searcy, Denney, Scarola, Barnhart & Shipley, 2139 Palm Beach Lakes Boulevard, West Palm Beach, Florida.

My name is Joe Kozak. I am the videographer. The court reporter is Cindy Hopkins from Prose, Prose Court Reporting Agency.

Will counsel please introduce yourselves, and then the court reporter will swear in the witnesses.

MR. CRITTON: Bob Critton on behalf of the





1078

**From:** Steven Victor MD [redacted]
**Sent:** 11/23/2012 1:06:38 PM
**To:** [redacted]
**CC:** [redacted]
**Subject:** Report on Stem Cells future

PUBLISHED: 22 NOVEMBER 2012

# The view from the US: Stem cell therapy steps up a gear with first approval and improved political climate

Special Report

Peter Winter

**Positive clinical data, increases in federal funding and the first regulatory approval of a manufactured stem cell product mean momentum is building in the US. With the re-election of President Obama, this is likely to continue**

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Image: Bigstock

When US President Barack Obama came into office he made good on his promise to overturn President George W. Bush's executive order that - with the exception of a handful of existing stem cell lines - prohibited federal funding of human embryonic stem cell (hESC) research.

**Special Report - Stem Cell Research under Horizon 2020**

*Stem Cell Research in Horizon 2020:* Experts debate what Europe must do to maintain its lead in regenerative medicine
*The view from the US:* Stem cell therapy steps up a gear with first approval and improved political climate
*View from Europe:* Delivering on the vision of regenerative medicine and stem cells
*Talking to the experts:* Why the EU should support human embryonic stem cell research in Horizon 2020
OVERVIEW: Regenerate the future - human embryonic stem cell research is crucial to deliver health and growth

This easing of restrictions on hESC research was expected to engender enough confidence to attract investors into the space and encourage pharmaceutical and biotech companies to build robust product pipelines based on stem cell therapies. However, a tougher regulatory climate for biopharmaceuticals in general and a protracted legal challenge to the relaxing of rules on hESCs has served to keep both big pharma companies and venture capitalists on the sidelines to date.

Nevertheless, there has been progress, particularly at the research end of the development spectrum. Three and a half years on stem cells are no longer high on the political agenda as they once were. This speaks to the generally positive public acceptance of stem cell research in the US. A Research!America poll of likely voters in the presidential election, conducted in August 2012, found that 61 per cent of prospective voters were in favor of expanding funding for hESC research.

## Investor interest

Looking back over his first term in office Obama can point to some major gains. These include funding increases for the National Institutes of Health's (NIH) stem cell initiatives, and greater investor interest in the wider field of regenerative medicine including the use of adult stem cells and induced pluripotent stem (iPS) cells.

However, it hasn't all been smooth sailing. Although after protracted forethought, the US Food and Drug Administration (FDA) gave the green light for the Californian biotech Geron to begin the very first human clinical trial of a human embryonic stem cell-derived therapy in January 2009, the trial has not been without its problems.

The Phase I trial, treating patients with acute spinal cord injury, was hit with an FDA clinical hold causing significant delays to its initiation in 2010. A year later, after 15 years' effort, the Geron washed its hands of the programme, blaming its withdrawal from the stem cell space on capital scarcity and uncertain economic conditions. The decision wiped out a leading player in hESC translation and commercialisation. However, the regenerative medicine sector has been able to recover and is beginning to blossom. (See Public Markets section below). The prime movers in the Geron trial are now attempting to revive it.

## Research funding robust

Federal funding for all forms of stem cell research has increased over the past four years. However, the NIH funding component for hESC has been dogged by litigation for the past three years. In Sherley v. Sebelius, researchers James Sherley and Theresa Deisher, who worked with adult stem cells, claimed the NIH guidelines violated the Dickey-Wicker Amendment, which prohibits the use of federal funds for research in which human embryos are destroyed or discarded. This overhang was not finally removed until August 2012 when a three-judge panel from the US Court of Appeals for the District of Columbia Circuit unanimously upheld the NIH 2009 guidelines that permit funding of hESC research.

Through its Common Fund the NIH has established the Center for Regenerative Medicine (NIH CRM), to support this field, with the goal of accelerating the translation of stem cell-based clinical therapies.

### State funding filling the void

With stem cell research in general not attracting a significant amount of venture funding, the California Institute of Regenerative Medicine (CIRM), which was established in 2004 with $3 billion for stem cell research at California universities and research institutions, has begun to fill the void left by traditional venture capital firms. To date CIRM has allocated $150 million in funding to help move promising stem cell-based therapies from the bench into clinical trials.

"We are a lot closer to having promising therapies ready for clinical trials, so it makes sense that we step up our engagement with industry to help fund those trials and move those therapies closer to approval by the FDA," said Duane Roth, vice chair of the governing board of CIRM.

CIRM's funding for translational research is good news for biotech companies, providing them with a source of funds in a field where it remains challenging to raise private capital.

Three biotech companies have been funded so far under CIRM's Strategic Partnership Awards initiative. A grant of $10.1 million was awarded to ViaCyte Inc. to continue preclinical research and initiate clinical testing of an embryonic stem cell-based therapy for patients with insulin-dependent diabetes.

Meanwhile, Bluebird Bio Inc. will use a $9.3 million grant to support a Phase I/II study to evaluate the safety and efficacy of LentiGlobin, the company's programme for the treatment of the inherited blood disorder beta-thalassemia, which will be initiated in the US in 2013.

StemCells Inc. has been awarded up to $20 million to fund preclinical development of its product consisting of purified human neural stem cells for treating Alzheimer's disease, with the goal of filing for permission to carry out a clinical trial in that time. In July, CIRM approved a separate award to the company for up to $20 million to fund preclinical development of a cell therapy for spinal cord injury.

### Public Markets

It has been a good year for stem cell companies on the public markets, with the thirteen publicly-listed stem cell companies showing an average increase in share price of 11.6 percent in the year-to-date.

This boost came from a regulatory approval and positive clinical trials results. It was a big breakthrough for the field as a whole when the Canadian regulator Health Canada approved Prochymal, Osiris Therapeutics Inc.'s allogeneic stem cell treatment for graft-vs.-host disease (GvHD) in children.

The decision marked the world's first regulatory approval of a manufactured stem cell product and the first therapy approved for GvHD – a devastating complication of bone marrow transplantation that kills up to 80 percent of children affected, many within just weeks of diagnosis. The company's stock value has almost doubled in the course of this year.

Meanwhile, Newark, California-based StemCells, Inc. has seen its shares rise 148 per cent in the year to date. In addition to its CIRM grants, the company recently reported clinical and preclinical data demonstrating the therapeutic potential of a cell therapy for treating myelination disorders.

Pluristem Therapeutics Inc.'s stock value also has jumped 44 per cent, on the strength of reporting a single case study in which a patient with aplastic bone marrow who received an intramuscular injection of its PLacental eXpanded cells under compassionate use saw an improvement. The company was also able to successfully complete a public offering which netted about US$30 million.

### Positive clinical trials will begin to encourage investment

While still in their early stages of development - and with clinical trials having only involved a limited number of patients - reports to date have been very promising, and provide further validation for encouraging investment in stem cell therapeutics. For example, data from a human embryonic stem cell trial conducted by Advanced Cell Technology and published in medical journal The Lancet, showed that two patients with Stargardt's disease, a degenerative eye condition, had regained some vision.

In addition, positive early data from a spinal cord injury trial involving StemCells' neural stem cells indicated that two patients with no feeling below the site of injury were able to regain sensation, while in another study from the company, patients with a rare myelination disorder were able to create myelin, an advance that holds promise for treating multiple sclerosis and cerebral palsy.

This scientific progress has helped breath a new sense of optimism into the US stem cell sector. The Fiscal Cliff apart, it seems likely this momentum will continue now Obama has secured a second term.

*Peter Winter is a writer, editor and analyst on the global biotechnology industry. He is currently editor of BioWorld Insight.*

---

Steven Victor MD
IntelliCell BioSciences
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New York, New York 10022
[redacted]
www.IntelliCellBioSciences.com
[redacted]

**From**: Ian Osborne [redacted]
**Sent**: 11/28/2012 5:55:14 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: Invite to Dialog 2014 (16 months away)

**Importance**: High

Same shit. Peter doesn't even attend. I will tell him that he should stop them using his name.

Begin forwarded message:

**From:** "Auren Hoffman" <[redacted]>
**Subject:** **Invite to Dialog 2014 (16 months away)**
**Date:** 28 November 2012 16:05:59 GMT
**To:** [redacted]>

Dear Ian –

You are invited to join us at Dialog 2014 -- a two-day bipartisan retreat discussing how to change the world.

You were nominated for Dialog by Chamath Palihapitiya.

There will be no speeches … just many moderated break-out discussions of 6-15 people on various topics. And we design the agenda around your ideas and needs.

Please let us know if you would like to join us,

*- Peter Thiel and Auren Hoffman*

p.s. and yes, we know Dialog 2014 is 16 months away, but we are giving you a chance to sign up now

**DETAILS**:

You're invited to join us at the Dialog Retreat ... 150 people to change the world ... a participatory and entrepreneurial conversation on changing the world.

The **Dialog** participants aren't modest. We want to change the world.
But we don't want to spend our time being in a large audience listening to winded speeches. There are no speakers. No panels. All attendees participate in break-out facilitated discussions. And we **limit the discussion to only 150 global leaders** who can have an impact now and emerging leaders who can help implement the plans we develop.

**Dates:** March 13-15, 2014
**Location:** Sundance Resort, Utah (40 minutes from the Salt Lake City airport)
*We've rented out the entire resort*

Register at:
http://dialog2014.eventbrite.com
password: dialog2014
You qualify for a significant discount on the retreat fee. On the registration page, click on the link that says 'Enter promotional code' and enter:
**GovtEmployee**

*note: the invite is only for Ian Osborne and is not transferable as we are limited to only 150 participants. There are no sponsors. We increase the retreat fee weekly to reward the people that sign up early. And this retreat is 100% off-the-record.*

We hope you can join us.

## Dialog participants…

*… partial list of people who will be participating in the 2013 Dialog Retreat (all are references):*

**Veronica Allende Serra** – Founding Partner, Pacific Investments. Chm, Portal de Documentos. Boards: Allied Advanced Technologies, Wow! Nutrition, Mercado Libre, ISmart Foundation.

**Susan Athey** -- Professor of Economics, Harvard University. Chief Economist, Microsoft. 2007 Winner of John Bates. Clark Medal.

**Byron Auguste** -- Director and Head of Social Sector Office, McKinsey & Co. Chm, Hope Street Group. Boards: William and Flora Hewlett Foundation; Pacific Council on International Policy; Center for American Progress.

**David Barron** – Professor, Harvard Law School. Fmr Acting Asst U.S. Attorney General in the Office of Legal Counsel.

**Kirsten Bartok** -- CEO, AirFinance. Fmr CFO of XOJet. Fmr GP at Alpine Investors.

**Evan Bayh** – Sr Advisor, Apollo Management. Partner, McGuireWoods. Fmr U.S. Senator (D-IN) (1999-2011). Fmr Governor of Indiana (1989-1997). Author, *From Father to Son*.

**Tom Bedecarre** – CEO, AKQA.

**Nick Beim** – GP, Matrix. Boards: Gilt Groupe, TheLadders, Care.com, Conductor, Intent Media, BuyWithMe.

**Nicolas Berggruen** -- President, Berggruen Holdings.

**Charles Best** – CEO, DononrsChoose.

**Elizabeth Blackburn** – Prof of Biology and Physiology, UCSF. 2009 Winner of Nobel Prize in Medicine. President, American Association of Cancer Research.

**David Bonderman** – Founding Partner, Texas Pacific Group (TPG). Founding Partner, Newbridge Capital. Boards: Continental Airlines, Bowe Bell & Howell, Ducati Motorcycles, Credicom Asia, National Education Corp, Beringer Wine, Carr Reality, Virgin Cinemas, CoStar Group, GemAlto, RyanAir Holdings, Wilderness Society, World Wildlife Fund.

**Jason Bordoff** – Senior Advisor for Energy and Environmental Policy to U.S. President Obama.

**Erik Brynjolfsson** – Prof of Economics, MIT Sloan School of Management. Director, MIT Center for Digital Business. Chair, *MIT Sloan Management Review.* Author, *Race Against the Machine*.

**John Burbank** – CEO, Passport Capital.

**John Burbank** – President, Nielsen Strategic Initiatives. Fmr CEO of Online, Nielsen. Fmr CMO, Nielsen. Fmr CMO, AOL.

**Leah Busque** – Founder, TaskRabbit.

**Marc Cenedella** – CEO, TheLadders.

**Stephen Cohen** – cofounder, Palantir.

**Gio Colella** – CEO, Castlight Health. Fmr CEO, RelayHealth.

**Mark Colodny** – Managing Director, Warburg Pincus. Boards: CAMP Systems, GlobalSpec, MLM Information, iParadigms, MultiView, A Place for Mom, EVIDON, eCert, Spigit, OnTargetJobs.

**Boykin Curry** -- Managing Director, Eagle Capital. Creator of Playa Grande. Cofndr, Girls Prep. Boards: Alliance for School Choice, Democrats for Education Reform.

**Adam D'Angelo** – CEO, Quora. Fmr CTO, Facebook.

**Mitch Daniels** – President, Purdue University. Governor, State of Indiana (2005-2013). Fmr Director, Office of Management and Budget (2001-2003).

**Lanny Davis** -- Fmr Special Counsel to the President (under Clinton). Author of Scandal and The Emerging Democratic Majority.

**Ken Denman** – CEO, Machine Perception Technologies. Fmr CEO of Openwave. Fmr CEO of iPass (IPAS). Fmr CEO, AuraServ Communications. Fmr SVP MediaOne. National Markets.

**Marc Ecko** – Chief Creative Officer, Marc Ecko Enterprises. Award-winning artist.

**RP Eddy** – CEO, Ergo. Fmr Director, White House National Security Council. Fmr Chief of Staff to U.N. Ambassador Richard Holbrooke. Sr Fellow, Manhattan Institute.

**Juan Enriquez** – CEO, Biotechonomy. Founding Director of the Life Sciences Project, Harvard Business School. Boards: Cabot Corp, Craig Venter Institute. Fmr CEO, Mexico City 's Urban Development Corporation.

**Jeff Epstein** – fmr CFO, Oracle. Fmr CFO, DoubleClick. Fmr CFO, King World Productions. Boards: Priceline.com, Stanford University Hospital.

**Niall Ferguson** – Prof History, Harvard. Author of *The World's Banker: The History of the House of Rothschild, The Cash Nexus, Empire, Colossus, The War of the World, The Ascent of Money*, and others.

**Brad Garlinghouse** – CEO, YouSendIt.

**Julius Genachowski** – Chairman, Federal Communications Commission (FCC).

**Jared Genser** – MD, Persesus Strategies. Founder, Freedom Now. International lawyer for Aung San Suu Kyi.

**Jeff George** – Global Head, Sandoz. Member of Exec Committee, Novartis.

**Dave Goldberg** – CEO, SurveyMonkey.

**Tom Goldstein** -- Partner, Goldstein & Howe. Fmr Partner and head of Supreme Court practice, Akin Gump. Has argued over 20 cases before Supreme Court. CEO, SCOTUSblog.

**Fabrice Grinda** -- CEO, OLX. Fmr fndr and CEO, Zingy. Fmr CEO, Aucland.

**Ash Gupta** – Chief Risk Officer, American Express.

**Richard Haass** – President, Council on Foreign Relations. Fmr Director of Policy Planning, U.S. State Department. Fmr U.S. Special Envoy to Northern Ireland.

**Victor Halberstadt** – Prof of Economics, Leiden University (Netherlands). Fmr President, International Institute of Public Finance. Mbr, Investment Committee, ABP Pension Fund. Boards: RHJ Internationall.

**Janet Hanson** – CEO, 85Broads.

**Hollie Moore Haynes** – MD, Silver Lake Partners.

**Bob Hertzberg** -- Chairman, G24 Innovations. Partner, Mayer Brown Rowe & Maw. Fmr Speaker, California State Assembly (2000-2002). Fmr Regent, University of California. Fmr Chm, Mayor Antonio Villaraigosa transition team. Board: Solar Integrated Technologies (Chm), California Historical Society, MALDEF, Town Hall Los Angeles, Century Housing.

**Jim Himes** – U.S. Congressman (D-CT).

**Auren Hoffman** -- CEO of LiveRamp. Chm, Rapleaf. Curator, Dialog Retreat. Board: Retargeter.

**Reid Hoffman** – Chairman and founder, LinkedIn. Partner, Greylock. Boards: DoSomething, Kiva, Endeavor Global, Mozilla. Zynga.

**Jacob Hsu** – CEO, Symbio.

**Daisuke Iwase** – cofounder and COO, Lifenet Insurance (top life insurance company in Japan).

**Christian Johansson** – Secretary of Department of Business and Economic Development (DBED), State of Maryland. Fmr CEO, Economic Alliance of Greater Baltimore.

**David Kamenetzky** – Group Head, Mars & Co.

**PV Kannan** – CEO, 24/7 Customer.

**Andy Karsner** – CEO, Manifest Energy. Fmr U.S. Asst Sec of Energy for Energy Efficiency and Renewable Energy (2005-2009). Fmr Managing Director, Enercorp. Boards: Applied Materials, Conservation International.

**Garry Kasporov** – Fmr World Chess Champion. Chm, United Civil Front of Russia.

**Neal Katyal** – Partner, Hogan Lovells. Fmr Acting Solicitor General for the United States (2010-2011). Professor of Law, Georgetown U. Lead counsel for the plaintiff in Supreme Court case Hamdan vs. Rumsfeld.

**Terry Kawaja** – CEO, Luma Partners.

**Juliette Kayyem** – Foreign Affairs Columnist, Boston Globe. Lecturer in Public Policy, Harvard. Asst Sec. for Intergovernmental Affairs, U.S. Dept. of Homeland Security.

**Jeff Kearl** – Chm, SkullCandy.

**Peter Kellner** -- MD, Richmond Management. Cofounder, Endeavor. Fmr partner, Vectis Group.

**Chris Kelly** -- Fmr Chief Privacy Officer and Head of Global Public Policy at Facebook . Fmr Chief Privacy Office, Excite@Home.

**Pradeep Khosla** – Chancellor, UC San Diego. Fmr Dean of College of Engineering, Carnegie Mellon. Boards: Quantpoint, BioMatricore, BitArmor, Children's Institute, IIT Foundation, Mellon-Pitt Corp.

**Charlie Kim** – CEO, NextJump.

**David Kirkpatrick** – Author, *The Facebook Effect*. Fmr head technology writer, FORTUNE.

**Henry Kravis** – Co-CEO of KKR. Chm, First Data. Boards: Claremont McKenna College, Metropolitan Museum of Art, Mount Sinai Medical Center, Council on Foreign Relations, Columbia Business School, Rockefeller University, others. Fmr Chair, Partnership for New York City.

**Marie-Josee Kravis** – Boards: Publicis, LVMH. Boards: Memorial Sloan-Kettering Cancer Center, Robin Hood Foundation, Council on Foreign Relations, Qatar Museum Authority. President, Museum of Modern Art board of directors. Fmr Board: Ford, IAC, CIBC.

**Will Lansing** – CEO, FICO (NYSE: FICO). Fmr CEO, InfoSpace. Fmr CEO, NBC Internet. Fmr COO, Prodigy Communications.

**Renaud Laplanche** – CEO, Lending Club.

**Laura and Gary Lauder** -- General Partners, Lauder Partners. Cofndrs, Socrates Society.

**Jenna Lee** – Anchor, Fox News. Host, *Happening Now* on Fox News.

**Jorge Lemann** – Fmr Owner, AmBev (largest brewery in Latin America) and now one of the largest shareholders in Anheuser-Busch InBev. Boards: Lojas Americanas, Gillette, Swiss Re, Burger King.

**Max Levchin** – fmr CEO, Slide. Fmr co-founder, PayPal.

**Jonathan Levin** – Prof and Chair of Dept of Economics, Stanford. 2011 Winner of the John Bates Clark Medal.

**Ann Lewis** – President, NoLimits. Fmr Director of Communications to the U.S. President (1997-2000).

**Rob LoCasio** – CEO, LivePerson (NASDAQ: LSPN).

**Jeremy Liew** – GP, LightSpeed Venture Partners. Investor in: Bonobos, CarDomain, Flixster, Focus, Kixeye, Kongregate, LivingSocial, Playdom, RockYou, ShoeDazzle, and others.

**Joe Lonsdale** – CEO, Adepar. cofounder, Palantir.

**Doreen Lorenzo** – President, Frog Design.

**Bob Luskin** -- Partner and Co-Chair of Litigation Dept, Patton Boggs. Attorney to Karl Rove and Lance Armstrong. Fmr Chief Counsel to the Organized Crime & Racketeering Section of DOJ .

**Jorn Lyseggen** – CEO of Meltwater.

**John Maeda** – President, Rhode Island School of Design. Author, *Laws of Simplicity.*

**Divesh Makan** – CEO, Iconiq Capital.

**Meyer Malka** – co-CEO, Lemon.

**Andy McAfee** – Principal Research Scientist at the Center for Digital Business, MIT. Author of *Race Against the Machine.*

**General Stan McChrystal** – Ret. 4-star U.S. General. Led all U.S. forces in Afghanistan. Fmr Commander, Joint Special Operations Command. Current Principal, McChrystal Group. Sr. Fellow, Yale's Jackson Institute for Global Affairs.

**Andrew McLaughlin** – Fmr VP, Tumblr. Fmr Deputy CTO of the United States, White House. Fmr Dir of Public Policy, Google. Boards: Public Knowledge, Code for America.

**Dmitri Mehlhorn** – COO, StudentsFirst.

**Lenny Mendonca** -- Director, McKinsey. Head of McKinsey's strategy practice. Chm, McKinsey Global Institute. Chm, Bay Area Council. Board: McKinsey & Co, Economic Institute of the Bay Area, Bay Area Science and Innovation Consortium, The New America Foundation, Common Cause, Committee for Economic Development, ChildrenNow, and DonorsChoose.

**Eugene Meyer** – President, Federalist Society.

**Chris Michel** – GP, Nautilus Ventures. Award-winning photographer. Fmr CEO, Affinity Labs. Fmr CEO, Military.com. Boards: International Data Group, Dale Carnegie, Kixeye, Castlight Health, USO, Marine Corps University Foundation.

**Katie Mitic** – Fmr Head of Platform Marketing, Facebook. Fmr SVP, Palm. Fmr VP Product Strategy, Yahoo! Fmr Fndr and CEO, Four11. Boards: eBay, Special Olympics International.

Wes Moore -- Author, "The Other Wes Moore". Fmr. Special Assistant to Secretary of State Rice. Fmr Director of Information Operations, 82nd Airborne Division, US Army, Afghanistan 2005-2006.

**Nader Mousavizadeh** – CEO of Oxford Analytica.

**Luke Muehlhauser** – Exec Director, Singularity University.

**Matt Mullenweg** – Founder, Wordpress.

**Roger Myerson** -- Prof of Economics, U of Chicago. 2007 winner of Nobel Prize in Economics.

**Scott Nathan** – Partner, Baupost Group.

**Meghan O'Sullivan** -- Professor, Harvard Kennedy School of Govt. Fmr Deputy National Security Advisor for Iraq and Afghanistan, President George W. Bush. Mbr, Trilateral Commission.

**Chamath Palihapitiya** – CEO, Social+Capital. fmr VP Growth, Mobile, and International at Facebook. Fmr GM of AIM at AOL. Boards: SecondMarket, FixYa, Lemon, Integrated Plasmonics. Co-Owner, Golden State Warriors.

**Eli Pariser** – Fmr President, MoveOn. Cofndr, Avaaz.org. Boards: MoveOn, Avaaz, New Organizing Institute and Simon's Rock College.

**Mark Penn** – Corp VP of Strategic Projects (reports to the CEO), Microsoft. Fmr CEO, Burson-Marsteller. President, of polling firm Penn, Schoen and Berland Associates. Fmr Chief Strategist, Hillary Clinton for President 2008. Author, Microtrends. Fmr pollster to President Clinton. Fmr pollster to Prime Minister Tony Blair.

**Lois Quam** – Executive Director, Global Health Initiative – part of the State Department and she reports directly to Secretary Clinton. Fmr CEO of Public and Senior Markets, UnitedHealth Group ($30 billion division).

**Dan Rosensweig** – CEO, Chegg. Fmr CEO, Guitar Hero. Fmr COO, Yahoo.

**Robert Rubin** – Co-Chairman, Council on Foreign Relations. Fmr U.S. Secretary of the Treasury (1995-1999). Fmr Director, National Economic Council (1993-1995). Chm, Local Initiatives Support Corporation (LISC). Fmr Co-Chairman, Goldman Sachs.

**Sal Russo** – Founder, Tea Party Express. Partner, Russo Marsh.

**Tod Sacerdoti** – CEO, BrightRoll. Board: ReTargeter.

**Amy Salzhauer** – CEO, Ignition.

**Cami Samuels** – General Partner, Versant Ventures. Boards: Achaogen, APT Pharmaceuticals, Kythera Biopharmaceuticals, Semprae Laboratories.

**Ken Sawyer** -- CEO, Saints Ventures (manages over $1 billion in capital). Selected to Forbes Midas List. Boards: Continuous Computing, HK Systems, Cleargauge, Travel Intelligence, Envivio, Alliance Consulting, Acsis and Laureate Pharmaceuticals.

**Jessica Schell** – EVP BD and Strategic Planning, Universal Pictures. Fmr SVP Digital Strategy and Business Development, NBC Universal. Board: World Wide Biggies.

**Barry Silbert** – CEO of SecondMarket.

**Josh Silverman** – President of US Consumer Services, American Express. Fmr CEO, Skype. Fmr CEO, Shopping.com. Fmr CEO and Fndr, eVite.

**Sukhinder Singh Cassidy** – Chm, JOYUS. Fmr CEO, Polyvore. Fmr President of Asia Pacific and Latin America, Google. Boards: TripAdvisor (TRIP) and Formspring.

**Megan Smith** – VP Business Development, Google. Fmr CEO, PlanetOut.

**Charles Songhurst** -- GM and Head of Strategy and M&A, Microsoft. MD, Katana Capital.

**Angelo Sotira** – CEO, DeviantArt.

**Bret Stephens** -- Member of Editorial Board, Wall Street Journal. Main Foreign Affairs Columnist, Wall Street Journal. Fmr Editor-in-Chief, Jerusalem Post.

**Simon Stevens** – EVP, UnitedHealth Group. Fmr CEO, Ovations (revenues of $31 billion). Fmr Health Policy Director to British Prime Minister Tony Blair.

**Henry Sweica** – CEO, Talpion Fund Management. Fmr co-founder, Highbridge Capital Management.

**Alexander Tamas** - Partner, DST. Boards: Forticom, mail.ru

**Peter Thiel** -- CEO of Thiel Capital. Managing Director, Founders Fund. Fmr founder and CEO of PayPal. Boards: Facebook and Palantir.

**Steve Wayne** – CEO, Jensen Group.

**Will Wechsler** – Deputy Asst. Sec of Defense for Counternarcotics and Global Threats.

**Adam Weiss** – co-CEO, Scout Capital.

**Katharine Weymouth** – Publisher, Washington Post.

**Michael Wolf** – CEO, Activate. fmr President and COO, MTV Networks. Fmr Prtnr, McKinsey. Former Senior Partner, Booz Allen & Hamilton.

**Paul Wolpe** – Director, Center of Ethics. Prof of Bioethics, Emory. Sr Bioethicist, NASA. Co-Editor, American Journal of Bioethics.

**Jed York** – CEO of San Francisco 49ers.

**Lauren Zalaznick** – Chairman, Entertainment & Digital Networks and Integrated Media, NBCUniversal. She oversees Bravo, Oxygen Media, Style, PBS Sprout, Telemundo, iVillage, Swirl, Daily Candy, and Fandango.

**Eric Zinterhofer –** co-CEO, Searchlight Capital. Chm, Charter Communications. Fmr Sr Partner, Apollo Management. Boards: Central European Media Enterprises, Dish TV India.

**Karl-Theodor zu Guttenberg** – fmr Minister of Defense, Germany. Fmr Minister of Economics and Technology, Germany.

## AFFIDAVIT OF BRADLEY JAMES EDWARDS

1. I am an attorney in good standing with the Florida Bar and admitted to practice in the Southern District of Florida. I am a partner in the law firm of Farmer Jaffe Weissing Edwards Fistos and Lehrman.

2. I am the lead attorney currently representing "Jane Doe" in the case of Jane Doe v. Jeffrey Epstein, case number 08-80893 in federal Court in the Southern District of Florida. I am the lead attorney representing Jane Doe, whose civil complaint alleges that Epstein sexually molested her numerous occasions when she was a minor.

3. Defendant Epstein has entered into a "non-prosecution agreement" (NPA) with the federal government for sex crimes against minors. Under that agreement, the federal government has agreed not to file criminal charges against Epstein for sex crimes committed against approximately thirty girls, including Jane Doe. In exchange, Epstein agreed to plead guilty to state law criminal charges involving solicitation of prostitution and procuring a minor for prostitution. The victim of the criminal charges to which he has pled was not Jane Doe.

4. Under the NPA, Epstein has agreed not to contest civil liability of any of his approximately thirty victims -- provided that the victim agrees to limit themselves to the damages provided by 18 U.S.C. § 2255 (currently set at $150,000). Jane Doe has not agreed to limit herself to pursuing only $150,000 in damages. Therefore, the terms of the NPA purport to prevent Jane Doe from using the NPA to prove liability.

5. Epstein has filed an answer to Jane Doe's complaint, in which he has invoked his Fifth Amendment right to silence with respect to the allegations that he molested her as a child. Epstein has further argued that this Fifth Amendment invocation is the functional equivalent of, and must be treated as, a specific denial of the allegations.

6. Defendant Epstein's deposition has been taken on several occasions, in this and other related cases, and he has not provided any substantive discovery whatsoever. Instead, he invoked his 5th amendment privilege against self-incrimination when asked questions about his abuse of Jane Doe or other girls.

7. Defendant Epstein has also been served with Interrogatories and requests for production; all requests have been met with 5th amendment assertions and Epstein has not given Jane Doe any substantive testimony related her allegations.

8. Jane Doe's complaint contains a punitive damages claim, and Mr. Epstein has also elected to invoke the 5th Amendment on all questions that would relate to punitive damages issues, such as his intent when committing the crimes, his lack of remorse and his intent to recidivate.

9. Epstein has taken Jane Doe's deposition. During that deposition he has asked numerous questions of Jane Doe that suggest that she is fabricating her allegation of abuse by Epstein.

10. In addition to deposing Mr. Epstein, other attorneys and I have taken the depositions of his various co-conspirators (as labeled by the federal government in the NPA), including [redacted], [redacted] and [redacted]. Each of those individuals was employed by Epstein to bring him underage girls for him to molest and to ensure that he was protected from detection by law enforcement, and thus those individuals could likely provide general testimony that would assist Plaintiff in proving liability and damages, including punitive damages. However, none of these individuals were

present during acts of sexual abuse by Epstein. In any event, ALL of those individuals have also invoked their 5th amendment rights against self-incrimination, and thus have left Plaintiff with no information about what Epstein or other conspirators inside his house were doing during the sexual abuse of Jane Doe and other minors girls. This creates a serious issue for Jane Doe in proving her sexual molestation claim against Epstein. By its nature, sexual molestation takes place in private, with only the abuser and the victim typically available to testify. In this case, Epstein's abuse of Jane Doe took place in private, with only Epstein and Jane Doe present during the abuse. Jane Doe has no other reasonable avenues of discovery to provide direct proof of claim of sexual abuse by Epstein.

11. Additionally, Mr. Epstein has recently filed a lawsuit against me personally that has no merit whatsoever, a fact known to Mr. Epstein and his attorneys. He filed the lawsuit against Brad Edwards, Scott Rothstein, and L.M. (another Epstein victim of his molestation). That lawsuit implies that [redacted]'s civil case against him (currently pending in Florida state court) is fabricated and that [redacted] and I have conspired to commit fraud against him (presumably that she made up the case against him, implying that he does not know [redacted]. While the present subpoena before the Court has been filed by Jane Doe, the Court should be aware that attorneys representing [redacted] may also file a subpoena for the George Rush tape shortly.

12. Despite Mr. Epstein and all of his co-conspirators, asserting a 5th amendment privilege against self-incrimination, George Rush of the New York Daily news did contact me to inform me that Mr. Epstein spoke personally with him about issues related to the various charges of sex abuse against him.

13. Paraphrasing from memory of my conversation with Mr. Rush, Mr. Epstein told him that he may have come "too close to the line" but that he should not have been punished as severely as he was and that his conduct was at most worthy of a $100 fine. This is a statement that shows two things of great importance to Jane Doe's pending civil action. First, it is in effect an admission by Epstein of his liability to Jane Doe for sexually abusing her. Jane Doe does not have any other admission of Epstein of his sexual abuse of her and Epstein has filed an answer to Jane Doe's complaint that has the functional effect of denying abuse of her. Jane Doe has diligently pursued all possible ways of obtaining an admission from Epstein of his molestation of Jane Doe without success. Second, the statement to Mr. Rush is a clear demonstration that Epstein lacks remorse for committing felony child molestation against Jane Doe. This will be a central issue in the punitive damages case against Epstein at trial. Here again, Jane Doe has diligently pursued all possible ways of obtaining a statement from Epstein about his lack of remorse for abusing Jane Doe without success. There are no other reasonable means of obtaining a statement from Epstein on these subjects.

14. Mr. Rush also told me that Mr. Epstein spoke specifically about one of my clients, [redacted] and he made derogatory remarks about her.

15. Additionally, Mr. Rush said that Epstein spoke directly about another civil case that was filed against him (Jane Doe 102 v. Epstein); that case alleges that Epstein repeatedly sexually abused a 15 year old girl, forced her to have sex with his friends and flew her on his private plane nationally and internationally for the purposes of sexually molesting and abusing her. Epstein flippantly told George Rush that that case was dismissed, in a way to indicate that the allegations are ridiculous and untrue.

16. Mr. Rush indicated that he taped the conversation between him and Mr. Epstein.

17. Mr. Rush also spoke at length to Michael Fisten, an investigator with my firm that was assisting with the investigation of the case. Mr. Fisten reported to me shortly after the conversation with Mr. Rush that he had such a conversation.

18. While research by other plaintiffs' attorneys and myself has uncovered other persons that were acquaintances of Mr. Epstein, specifically Donald Trump, Alan Dershowitz, Bill Clinton, Tommy Mottola, and David Copperfield, we have no information that any of those people (other than Mr. Dershowitz) have spoken to Mr. Epstein about Jane Doe or any of the other specific victims of Mr. Epstein's molestation. Mr. Dershowitz is acting as an attorney for Mr. Epstein, and therefore it is presumably unlikely to question him about any admissions that Epstein may have made regarding Jane Doe or other minors girls. Additionally, we have no information that any of those individuals or any other individuals have any taped statements of Epstein's own voice relating to these matters. George Rush's taped conversation with Mr. Epstein is the only known one in existence, making it very unique and it contains information not otherwise obtainable through other means or sources. Indeed, without the Rush tape conversation, the jury that handles the case will not hear any words from Epstein himself about his abuse of Jane Doe and other young girls. I have been informed by Epstein's attorney that Epstein intends to invoke his Fifth Amendment rights rather than answer any substantive questions about the abuse of Jane Doe and other girls at trial.

19. The Rush interview is, in any event, unique and not otherwise obtainable from other witnesses because it can be used to prove perjury (a federal crime) on the part of Epstein. Epstein lied about not knowing George Rush. See deposition of Jeffrey Epstein, taken in [redacted] v. Jeffrey Epstein, case 50-2008-CA-028051, page 154, line 4 through 155 line 9, wherein Jeffrey Epstein clearly impresses that he does not recognize George Rush from the New York Daily News, despite the fact that he gave a personal interview that we all now know to have been tape recorded. It is therefore evidence of a criminal event. If we receive the tape, we intend to alert the appropriate law enforcement authorities, both federal and state, so that they can pursue any appropriate criminal investigation perjury charges.

20. The tape is also crucial for [redacted] to dismiss the frivolous complaint filed by Jeffrey Epstein against her, as he clearly acknowledges knowing [redacted] contrary to claims he makes in his complaint against her and also contradictory to other statements he has made in depositions related to knowing L.M. In that regard, this tape provides evidence of other false statements Epstein has made under oath.

21. During a telephone call with George Rush, he provided me more than a description of the tape, and in fact described the general tenor of the entire interview, so that nothing in the interview can be fairly regarded as confidential at this point.

22. As George Rush admitted in his affidavit, he played the tape for *at least* two other persons who also confirmed Epstein's arrogance as he speaks about his actions with minors.

23. The people for whom George Rush played the tape or told in detail of the information on the tape were not "sources" in the tradition sense of the word – all individuals were simply chatting with Mr. Rush about Mr. Epstein and his propensity to molest children. For example, when I discussed the tape with Mr. Rush, I was not a "source" in the traditional sense of that term. At no point did Mr. Rush tell me that I was a "source" for his reporting.

24. Because Epstein and all other co-conspirators have invoked the 5th amendment as to all relevant questions, this tape is the *only* way that Jane Doe can put Epstein's own perceptions of what he has done before the jury and the only way that Jane Doe can put Epstein's admissions and statement s before the jury. As even a quick perusal of the more than 500 entries on the docket sheet for Jane Doe's (consolidated) case will confirm (see Case no. 9:08-80119 (S.D. Fla.) (case number for consolidated cases on discovery), Jane Doe and other plaintiffs have made exhaustive attempts to obtain information from Epstein about his abuse. These attempts have included repeated requests for admission, requests for production, interrogatories, and depositions – all the means that are listed in the Federal Rules of Civil Procedure for obtaining discovery. These means have all been exhausted without success. Neither

Jane Doe nor any of the other plaintiffs have been able to obtain even a single word of information from Epstein about his abuse of minor girls.

25. I made a good faith, albeit unsuccessful, effort to resolve this matter with Anne B. Carroll, representing the Daily News in order to avoid any court intervention. I explained that we needed this tape for several reasons, including those cited by her in her pleading. The tape is detrimental to Epstein's personal complaint against [redacted] and me; the tape is evidence of perjury committed by Epstein; the tape is the Best Evidence of his lack of remorse for his actions and will be presented in the punitive damages phase of the civil trials against him; and, perhaps most important, the tape is the only way that the jury considering Jane Doe's case will be able to hear Epstein's voice and own statements about his abuse of Jane Doe and other minor girls. Without the tape, the jury will not have the opportunity to hear Epstein give any substantive information about Jane Doe's complaint. Indeed, they will not have the opportunity to even hear Epstein's voice utter any substantive words other than (in essence) "I take the Fifth." As part of our discussion, Ms. Carroll told me that it was a "stupid move" for Mr. Rush to play the tape or disclose the tape to other people as he likely waived any privilege and that, as a result of disclosing the tape, he was at risk of losing his job. I responded that it did not seem fair that Mr. Rush lose his job or be punished in any way, but that I had an absolute duty to represent my client and that I would be failing in that duty if I did not pursue this critical piece of evidence.

I declare under penalty of perjury that the foregoing is true and correct.

FURTHER AFFIANT SAYETH NAUGHT.

Dated this 23rd day of April, 2010.

Brad Edwards, Esq.

The foregoing instrument was acknowledged before me this 23rd day of April, 2010 by BRAD EDWARDS, who is personally known to me.

NOTARY PUBLIC

Print Name:_____

My Commission Expires:

MARIA W. KELLICHAN
MY COMMISSION # DD 613393
EXPIRES: August 11, 2012
Bonded Thru Notary Public Underwriters

# EXHIBIT N

## AFFIDAVIT OF BRADLEY JAMES EDWARDS

1. I am an attorney in good standing with the Florida Bar and admitted to practice in the Southern District of Florida. I am currently a partner in the law firm of Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.

2. In 2008, I was a sole practitioner running a personal injury law firm in Hollywood, FL. While a sole practitioner I was retained by three clients, [redacted] [redacted], and Jane Doe to pursue civil litigation against Jeffrey Epstein for sexually abusing them while they were minor girls. I agreed to represent these girls, along with attorney Jay Howell (an attorney in Jacksonville, Florida with Jay Howell & Associates) and Professor Paul Cassell (a law professor at the University of Utah College Of Law). I filed state court actions on behalf of [redacted]. and [redacted] and a federal court action on behalf of Jane Doe. All of the cases were filed in the summer of 2008.

3. My clients received correspondence from the U.S. Department of Justice regarding their rights as victims of Epstein's federal sex offenses. (True and accurate copies of the letters are attached to Statement of Undisputed Facts as Exhibit "M")

4. In mid June 2008, I contacted Assistant United States Attorney Marie Villafaña to inform her that I represented Jane Doe #1([redacted]) and, later, Jane Doe #2([redacted]). I asked to meet to provide information regarding Epstein. AUSA Villafaña did not advise me that a plea agreement had already been negotiated with Epstein's attorneys that would block federal prosecution. AUSA Villafaña did indicate that federal investigators had concrete evidence and information that Epstein had sexually molested at least 40 underage minor females, including [redacted], Jane Doe and [redacted]

5. I also requested from the U.S. Attorney's Office the information and evidence that they had collected regarding Epstein's sexual abuse of his clients. However, the U.S. Attorney's Office declined to provide any such information to me. The U.S. Attorney's Office also declined to provide any such information to the other attorneys who represented victims of Epstein's sexual assaults.

6. I was informed that on Friday, June 27, 2008, at approximately 4:15 p.m., AUSA Villafaña received a copy of Epstein's proposed state plea agreement and learned that the plea was scheduled for 8:30 a.m., Monday, June 30, 2008. She called me to provide notice to my clients regarding the hearing. She did not tell me that the guilty pleas in state court would bring an end to the possibility of federal prosecution pursuant to the plea agreement. My clients did not learn and understand this fact until July 11, 2008, when the agreement was described during a hearing held before Judge Marra on the Crime Victims' Rights Act action that I had filed.

7. In the summer of 2008 I filed complaints against Jeffrey Epstein on behalf of [redacted], [redacted], and Jane Doe.

8. In the Spring of 2009 (approximately April), I joined the law firm of Rothstein, Rosenfeldt and Adler, P.A. ("RRA"). I brought my existing clients with me when I joined RRA, including [redacted], [redacted], and Jane Doe. When I joined the firm, I was not aware that Scott Rothstein was running a Ponzi scheme at RRA. Had I known such a Ponzi scheme was in place, I would never have joined RRA.

9. I am now aware that it has been alleged that Scott Rothstein made fraudulent presentations to investors about the lawsuits that I had filed on behalf of my clients against Epstein and that it has been alleged that these lawsuits were used to fraudulently lure investors into Rothstein's Ponzi scheme. I never met a single investor, had no part in any such presentations and had no knowledge any such fraud was occurring. If these allegations are true, I had no knowledge that any such fraudulent presentations were occurring and no knowledge of any such improper use of the case files.

10. Epstein's Complaint against me alleges that Rothstein made false statements about cases filed against Epstein, i.e., that RRA had 50 anonymous females who had filed suit against Epstein; that Rothstein sold an interest in personal injury lawsuits, reached agreements to share attorneys fees with non-lawyers, paid clients "up front" money; and that he used the judicial process to further his Ponzi scheme. If Rothstein did any of these things, I had no knowledge of his actions. Because I maintained close contact with my clients, [redacted], [redacted] and Jane Doe, and Scott Rothstein never met any of them, I know for certain that none of my clients were paid "up front" money by anyone.

11. Epstein alleges that I attempted to take the depositions of his "high profile friends and acquaintances" for no legitimate litigation purpose. This is untrue, as all of my actions in representing [redacted]., [redacted]., and Jane Doe were aimed at providing them effective representation in their civil suits. With regard to Epstein's friends, through documents and information obtained in discovery and other means of investigation, I learned that Epstein was sexually molesting minor girls on a daily basis and had been for many years. I also learned the unsurprising fact that he was molesting the girls in the privacy of his mansion in West Palm Beach, meaning that locating witnesses to corroborate their testimony would be difficult to find. I also learned, from the course of the litigation, that Epstein and his lawyers were constantly attacking the credibility of the girls, that Epstein's employees were all represented by lawyers who apparently were paid for (directly or indirectly) by Epstein, that co-conspirators whose representation was also apparently paid for by Epstein were all taking the Fifth (like Epstein) rather than provide information in discovery. For example, I was given reason to believe that [redacted], Larry Visoski, Larry Harrison, David Rogers, Louella Rabuyo, [redacted], [redacted], Ghislaine Maxwell, Mark Epstein, and Janusz Banasiak all had lawyers paid for by Epstein. Because Epstein and the co-conspirators in his child molestation criminal enterprise blocked normal discovery avenues, I needed to search for other ordinary approaches to strengthen the cases of my clients. Consistent with my training and experience, these other ordinary approaches included finding other witnesses who could corroborate allegations of sexual abuse of my clients or other girls. Some of these witnesses were friends of Epstein. Given his social status, it also turned out that some of his friends were high-profile individuals.

12. In light of information I received suggesting that British socialite Ghislaine Maxwell, former girlfriend and long-time friend of Epstein's, was involved in managing Epstein's affairs and companies I had her served for deposition for August 17, 2009. (Deposition Notice attached to Statement of Undisputed Facts as Exhibit BB). Maxwell was represented by Brett Jaffe of the New York firm of Cohen and Gresser, and I understood that her attorney was paid for (directly or indirectly) by Epstein. She was reluctant to give her deposition, and I tried to work with her attorney to take her deposition on terms that would be acceptable to both sides. Her attorney and I negotiated a confidentiality agreement, under which Maxwell agreed to drop any objections to the deposition. Maxwell, however, still avoided the deposition. On June 29, 2010, one day before I was to fly to NY to take Maxwell's deposition, her attorney informed me that Maxwell's mother was deathly ill and Maxwell was consequently flying to England with no intention of returning and certainly would not return to the United States before the conclusion of Jane Doe's trial period (August 6, 2010). Despite that assertion, I later learned that Ghislaine Maxwell was in fact in the country on approximately July 31, 2010, as she attended the wedding of Chelsea Clinton (former President Clinton's daughter) and was captured in a photograph taken for US Weekly magazine.

13. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Donald Trump's deposition in the civil suits against him. Trump was properly noticed because: (a) after review of the message pads confiscated from Epstein's home, the legal and investigative team assisting my clients learned that Trump called Epstein's West Palm Beach mansion on several occasions during the time period most relevant to my clients' complaints; (b) Trump was quoted in a *Vanity Fair* article about Epstein as saying **"I've known Jeff for fifteen years. Terrific guy." "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it – Jeffrey enjoys his social life."** Jeffrey Epstein: International Moneyman of Mystery; **He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't until he flew Bill Clinton, Kevin Spacey, and Chris Tucker to Africa on his private Boeing 727 that the world began to wonder who he is. By Landon Thomas Jr.**; (c) I learned through a source that Trump banned Epstein from his Maralago Club in West Palm Beach because Epstein sexually assaulted an underage girl at the club; (d) Jane Doe No. 102's complaint alleged that Jane Doe 102 was initially approached at Trump's Maralago by Ghislaine Maxwell and recruited to be Maxwell and Epstein's underage sex slave; (e) Mark Epstein (Jeffrey Epstein's brother) testified that Trump flew on Jeffrey Epstein's plane with him (the same plane that Jane Doe 102 alleged was used to have sex with underage girls) deposition of Mark Epstein, September 21, 2009 at 48-50; (f) Trump visited Epstein at his home in Palm Beach – the same home where Epstein abused minor girls daily; (g) Epstein's phone directory from his computer contains 14 phone numbers for Donald Trump, including emergency numbers, car numbers, and numbers to Trump's security guard and houseman. Based on this information, I believed that

Trump might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

14. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Alan Dershowitz's deposition in the civil suits against him. Dershowitz was properly noticed because: (a) Dershowitz has been friends with Epstein for many years; (b) in one news article Dershowitz comments that, "I'm on my 20th book... The only person outside of my immediate family that I send drafts to is Jeffrey" The Talented Mr. Epstein, By Vicky Ward on January, 2005 in Published Work, Vanity Fair; (c) Epstein's housekeeper Alfredo Rodriguez testified that Dershowitz stayed at Epstein's house during the years most relevant to my clients; (d) Rodriguez testified that Dershowitz was at Epstein's house at times when underage females where there being molested by Epstein (see Alfredo Rodriguez deposition at 278-280, 385, 426-427); (e) Dershowitz was reportedly involved in persuading the Palm Beach State Attorney's office not to file felony criminal charges against Epstein because the underage females lacked credibility and thus could not be believed that they were at Epstein's house, despite him being an eyewitness that the underage girls were actually there; (f) Jane Doe No. 102 stated generally that Epstein forced her to be sexually exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories that Dershowitz and acquaintances of Dershowitz fall into; (g) during the years 2002-2005 Alan Dershowitz was on Epstein's plane on several occasions according to the flight logs produced by Epstein's pilot and information (described above) suggested that sexual assaults may have taken place on the plane; (h) Epstein donated Harvard $30 Million dollars one year, and Harvard was one of the only institutions that did not return Epstein's donation after he was charged with sex offenses against children. Based on this information, I believed that Dershowitz might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

15. Epstein alleges that there was something improper in the fact that I notified him that I intended to take Bill Clinton's deposition. Clinton was properly noticed because: (a) it was well known that Clinton was friends with Ghislaine Maxwell, and several witnesses had provided information that Maxwell helped to run Epstein's companies, kept images of naked underage children on her computer, helped to recruit underage children for Epstein, engaged in lesbian sex with underage females that she procured for Epstein, and photographed underage females in sexually explicit poses and kept child pornography on her computer; (b) newpaper articles stated that Clinton had an affair with Ghislaine Maxwell, who was thought to be second in charge of Epstein's child molestation ring. The Cleveland Leader newspaper, April 10, 2009; (c) it was national news when Clinton traveled with Epstein (and Maxwell) aboard Epstein's private plane to Africa and the news articles classified Clinton as Epstein's friend; (d) the flight logs for the relevant years 2002 - 2005 showed Clinton traveling on Epstein's plane on more than 10 occasions and his assistant, Doug Band, traveled on many more occasions; (e) Jane Doe No. 102 stated generally that she was required by Epstein to be sexually

exploited by not only Epstein but also Epstein's "adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances" – categories Clinton and acquaintances of Clinton fall into; (f) flight logs showed that Clinton took many flights with Epstein, Ghislaine Maxwell, [redacted] and [redacted] -- all employees and/or co-conspirators of Epstein's that were closely connected to Epstein's child exploitation and sexual abuse; (g) Clinton frequently flew with Epstein aboard his plane, then suddenly stopped – raising the suspicion that the friendship abruptly ended, perhaps because of events related to Epstein's sexual abuse of children; (h) Epstein's personal phone directory from his computer contains e-mail addresses for Clinton along with 21 phone numbers for him, including those for his assistant (Doug Band), his schedulers, and what appear to be Clinton's personal numbers. Based on this information, I believed that Clinton might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

16. Epstein alleges that Tommy Mottola was improperly noticed with a deposition. I did not notice Mattola for deposition. He was noticed for deposition by a law firm representing another one of Epstein's victims – not by me.

17. Epstein alleges that there was something improper in the fact that I notified him that I intended to take the illusionist David Copperfield's deposition. Copperfield was properly noticed because: (a) Epstein's housekeeper Alfredo Rodriguez testified that David Copperfield was a guest on several occasions at Epstein's house; (b) according to the message pads confiscated from Epstein's house, Copperfield called Epstein quite frequently and left messages that indicated they socialized together; (c) Copperfield himself has had similar allegations made against him by women claiming he sexually abused them; (d) one of Epstein's sexual assault victims also alleged that Copperfield had touched her in an improper sexual way while she was at Epstein's house. Based on this information, I believed that Copperfield might have relevant information to provide in the cases against Jeffrey Epstein and accordingly provided notice of a possible deposition.

18. Epstein alleges that there was something improper in the fact that I identified Bill Richardson as a possible witness against him in the civil cases. Richardson was properly identified as a possible witness because Epstein's personal pilot testified to Richardson joining Epstein at Epstein's New Mexico Ranch. See deposition of Larry Morrison, October 6, 2009, at 167-169. There was information indicating that Epstein had young girls at his ranch which, given the circumstances of the case, raised the reasonable inference he was sexually abusing these girls since he had regularly and frequently abused girls in West Palm Beach and elsewhere. Richardson had also returned campaign donations that were given to him by Epstein, indicating that he believed that there was something about Epstein that he did not want to be associated with. Richardson was not called to testify nor was he ever subpoenaed to testify.

19. Epstein alleges that discovery of plane and pilot logs was improper during discovery in the civil cases against him. Discovery of these subjects was clearly proper and

necessary because: (a) Jane Doe filed a federal RICO claim against Epstein that was an active claim through much of the litigation. The RICO claim alleged that Epstein ran an expansive criminal enterprise that involved and depended upon his plane travel. Although Judge Marra dismissed the RICO claim at some point in the federal litigation, the legal team representing my clients intended to pursue an appeal of that dismissal. Moreover, all of the subjects mentioned in the RICO claim remained relevant to other aspects of Jane Doe's claims against Epstein, including in particular her claim for punitive damages; (b) Jane Doe also filed and was proceeding to trial on a federal claim under 18 U.S.C. § 2255. Section 2255 is a federal statute which (unlike other state statutes) guaranteed a minimum level of recovery for Jane Doe. Proceeding under the statute, however, required a "federal nexus" to the sexual assaults. Jane Doe had two grounds on which to argue that such a nexus existed to her abuse by Epstein: first, his use of the telephone to arrange for girls to be abused; and, second, his travel on planes in interstate commerce. During the course of the litigation, I anticipated that Epstein would argue that Jane Doe's proof of the federal nexus was inadequate. These fears were realized when Epstein filed a summary judgment motion raising this argument. In respo-nse, the other attorneys and I representing Jane Doe used the flight log evidence to respond to Epstein's summary judgment motion, explaining that the flight logs demonstrated that Epstein had traveled in interstate commerce for the purpose of facilitating his sexual assaults. Because Epstein chose to settle the case before trial, Judge Marra did not rule on the summary judgment motion. (c) Jane Doe No. 102's complaint outlined Epstein's daily sexual exploitation and abuse of underage minors as young as 12 years old and alleged that he used his plane to transport underage females to be sexually abused by him and his friends. The flight logs accordingly might have information about either additional girls who were victims of Epstein's abuse or friends of Epstein who may have witnessed or even participated in the abuse. Based on this information, I believed that the flight logs and related information was relevant information to prove the cases against Jeffrey Epstein and accordingly I pursued them in discovery.

20. In approximately November 2009, the existence of Scott Rothstein's Ponzi scheme became public knowledge. It was at that time that I, along with many other reputable attorneys at RRA, first became aware of Rothstein criminal scheme. At that time, I left RRA with several other RRA attorneys to form the law firm of Farmer Jaffe Weissing Edwards Fistos and Lehrman ("Farmer Jaffe"). I was thus with RRA for less than one year.

21. In July 2010, along with other attorneys at Farmer Jaffe and Professor Cassell, I reached favorable settlement terms for my three clients [redacted], [redacted], and Jane Doe in their lawsuits against Epstein.

22. On July 20, 2010, I received a letter from the U.S. Attorney's Office for the Southern District of Florida – the office responsible for prosecuting Rothstein's Ponzi scheme. The letter indicated that law enforcement agencies had determined that I was "a victim (or potential victim)" of Scott Rothstein's federal crimes. The letter informed me of my rights as a victim of Rothstein's federal crimes and promised to keep me informed about

subsequent developments in his prosecution. A copy of this letter is attached to this Affidavit. (A copy of the letter is attached to Statement of Undisputed Facts as Exhibit UU)

23. Jeffrey Epstein also filed a complaint with the Florida Bar against me. His complaint alleged that I had been involved in Rothstein's scheme and had thereby violated various rules of professional responsibility. The Florida Bar investigated and dismissed the complaint.

24. I have reviewed the Statement of Undisputed Facts filed contemporaneously with this Affidavit. Each of the assertions concerning what I learned, what I did, and the good faith beliefs formed by me in the course of my prosecutions of claims against Jeffrey Epstein as contained in the Statement of Undisputed Facts is true, and the foundations set out as support for my beliefs are true and correct to the best of my knowledge.

25. All actions taken by me in the course of my prosecution of claims against Jeffrey Epstein were based upon a good faith belief that they were reasonable, necessary, and ethically proper to fulfill my obligation to zealously represent the interests of my clients.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 9/21, 2010

Bradley J. Edwards, Esq.

# THE NEARNESS OF GRACE

## A PERSONAL SCIENCE OF SPIRITUAL TRANSFORMATION

**Arnold J. Mandell**

## Table of Contents

Acknowledgements ..... 3

Chapter 1: In Search of the Miraculous ..... 4

Chapter 2: Doesn't Everybody ..... 22

Chapter 3: Transmogrifications Of Energies ..... 42

Chapter 4: Sensual In-Between Entropies ..... 64

Chapter 5: Some Entheogenic Entropies ..... 87

Chapter 6: Pentecostal Phase Transitions ..... 122

Chapter 7: Amphetamine Roll-Up And Splitting ..... 144

Chapter 8: Faith And Rationality ..... 168

Appendix: An Intuitive Guide to the Ideas and
Methods of Dynamical Systems for the Life Sciences ..... 186



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# ACKNOWLEDGEMENTS

Appreciation is expressed to the Fetzer Institute for their support of this work. Particular thanks are due their imaginative Vice President, Dr. Paul Gailey, who shared my vision and hope that these somewhat disparate themes could be blended into a meaningful whole. Time and the reading by others will tell whether this idea was realized. The Fetzer Foundation and Dr. Gailey have facilitated exploration into blends of science and spirituality, particularly in the context of personal meaning. They also have a history of supporting serious work in this era's most powerful and rigorous exercise in holism as represented by the mathematical and applied mathematical fields of modern dynamical systems theory. Fetzer's very special environment and years of dedication have encouraged the variety of personal meanings within science to emerge and be recognized as legitimate and important parts of the research enterprise. It would be difficult to imagine a more propitious context for this effort.

The book is dedicated to my daughter Buna, and to my intellectual and creative companion, Dr. Karen Selz, whose deep and lovely mind wrote much more of this book than is formally acknowledged.



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## CHAPTER 1:

## IN SEARCH OF THE MIRACULOUS

More than a half-century of naïve persistence and driven search for unity in the biophysics of mind and personal spirituality as the basis for healing transformation has led me into many laboratories. The motivation may have been genetic. My father said that we were descended from several generations of Jewish mystics, none of them able to attain the salaried status of rabbi or cantor. These ecstatic men lived lives of peripatetic eccentricity, stirring congregations with provocative insights and uncomfortably personal inquiry. But only for a little while. Soon they were asked to leave the synagogue and often their Eastern European Jewish townships called shtetels as well.

My father, in the first generation of our family without rabbis in over a Century, was a businessman-musician, who in the early mornings studied Talmudic commentaries. He taught me about why it was that most interpretations of the book by the rational, physician, lawyer, philosopher, Moses Maimonides, called *Guide for the Perplexed*, were in error in their assumption that man *cannot* understand God's nature with his mind. He took issue with the opinion that the union of a person's intellect and Spirit with Him was not possible as long as a person was living. Ibn Tibbon, Maimonides' best-known early translator and interpreter, relegated the cognitive, analytical, physical and alchemical transformational sciences to the earthly, not spiritual realm. My father disagreed. He espoused the work of the 13th



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Century proponent of a school of Jewish ecstatic mysticism, Abraham Abulafia, whose interpretation of the *Guide* and his own *Commentary on the Secrets* taught that the human mind, *if transformed into a "state of active intellect,"* could become one with Spirit, realizing the Kingdom of God in rational mystical experience in a state of excitement with new ideas. The new consciousness achieves deep knowledge of both the "upper" and "lower" realms of what he called "reality" both spontaneously and directly. He said that without personal transformation, this knowing is not possible.

Abulafia's lesson was that the mundane intellect of man has the potential for transformation into another kind of mind in a spiritualization of thought. This occurs via developmental stages that begin with intellect and imagination and culminate in what he called prophetic emanations. The exercises leading to this transformation are to be strongly willed and practiced with regularity. This work results in ascension to an ecstatic state accompanied by great intuitive powers, which Abulafia called "prophesy." Ibn Adret, the Chief Rabbi of Spain at the end of the Thirteenth Century, banished Abulafia from the Country, a Century before the Spanish Inquisition ousted all the Jews.

Following what my father said was required in the practice of *Kabbalah*, a 13th Century tradition of esoteric and mystical interpretations of the Scriptures, I learned the secret meanings of each of the twenty-two letter Hebrew alphabet. Much like the Platonic view of mathematics, that it existed before the physical universe, these symbolic equivalences were believed to be eternal in the transcendental realm. One of the rare written accounts of this oral tradition is in the thirteenth-century Hebrew *Book of Splendor* called the *Zohar* which describes the Hebrew alphabet as the heavenly code of the cosmos.

I learned that the *Tegragrammaton's* repeated letter *Hei*, being fifth in the Hebrew alphabet, represents the number five. In the Kabbalistic tradition, *Hei* implicates the functional five-partition of the human inner self or soul. The five parts are: *nefesh*, instinctual drives; *ruach*, mood, affect and emotions; *neshamah*, cognitive activities of the mind; *chayah*, efforts to understand and attain transcendence; *yechidah*, experiencing the world as a cosmic unity. Later in life as



HOUSE_OVERSIGHT_013505

a psychoanalytical neuroscientist with a computational bent, the partitions divided thoughtful, forewarning forebrain from automatic and stereotyped hind brain, the signal analyzing thalamocortical system from the emotional and impulsive brain stem-limbic, the symbolically logical left from intuitively geometric right hemispheres. We divide the neurotransmitter moods of dopamine aggression from the transcendentally erotic serotonin and the organized dynamical states of periodicity and quasi(multi)periodicity from the real world complexity of chaos. I learned that it is comforting to divide an unknown whole into two or more unknowable parts.

The Jewish guru and Hebraic tutor of my childhood, Rabbi Isadore Kliegfeld, smiled when I told him about my sudden loss of panic during nighttime Hebrew letter meditations. He said that I had had received personal evidence that these powerful symbols could call forth the transformational powers of God. He said that I had been given a blessing, in Yiddish, a *nachas.* Maybe panic is not that far from the transcendence of an activated mind.

In my tenth summer, behind closed door in a hot back bedroom, first by accidental touch and then by more systematic chaffing, I evoked a pleasurably urgent and yawning feeling that began in the lower part of my abdomen and back. It filled me with thought emptying fullness that a sudden involuntary burst of pelvic contractions found resolution in an hour or two of an unexplainable sadness. I had been struggling to understand my father's well warn copy of William James's *Varieties of Religious Experience* and I wondered if I had been visited by one of the altered states he described. Was this what he meant by a transformative experience? A few months later, a late night meditation produced physical evidence, a thick, sticky, salty sweet stuff that by morning stuck my sheets together. Later that year, in my father's library, I found a translation of the 1500 BCE *Egyptian Book of the Dead*. It contained a creation myth of two Gods in which "rubbing with my fist, my heart came into my mouth and I spat forth Shu and Tefnut." Psalm 23, read rather regularly in Sunday school, began to make me wonder about the meanings of"...rod and staff that comforts..." and what was meant by "...my cup runneth over." Among the ten regions of the *Zohar*, connecting the inner world of



HOUSE_OVERSIGHT_013506

man to the upper world, is the tree of ten *sefirot* in which *Yesod* , the phallus, occupies a central place. Now we're allowed to know that G-spot stimulation of the para-urethral glands in the female can result in spurt as well as a cup that runneth over.

Other occasions of the temporal disappearance of the self-conscious I occurred while doing the theorem and proof work of high school geometry. Axioms and the rule bound processes of deduction created difficult journeys from that which was given to what should be found. Rocking back and forth in a desk chair for hours, chewing on fingernails, cuticles and pencil ends, time disappeared in a none self aware state of work-a-day well-being. Sri Aurobindo's *Bhagadvad Gita* described this state as one of the rewards of *karma yoga*. Abulafia's Kabalistic School emphasized the importance of *hitbodedut*, detachment and seclusion in concentrated thought, as a technique for the attainment of spiritual "intensification." Stacks of lined yellow paper piled up full of blind alleys as I lived in humbling dumbness. One of my teachers of mathematics described it as the working mathematician's dark night of the soul. A breakthrough to a route from premises to proof brought an expansive rush.

Engagement in a struggle to fuse two differing contextual worlds may be transporting. Geometric visions can be used to do imageless algebra in a brain state that feels like intuition. The brain does something like this: Let the number of a sequence of unit squares, each side of measuring 0 to 1, be the denominator of a series of fractions, say fifths. Now put five of these boxes in a row. Then the sequence of all possible fifths, 0/5,1/5, 2/5,..5/5, is inscribed by cutting the vertical sides of the five sequential squares with a diagonal from the lower left of the first one to the upper right corner of the last. This line cuts each sequential square's front boundary with vertical lengths, 0.0, 0.2, 0.4…1.0 in a series of decimal fractions equivalent to the sequence of all possible fifths, the proper fractions 1/5, 2/5…5/5. It was Abulafia's kabalistic belief that symbolic, (algebraic), operations in (geometric) spaces can unify the "upper" and "lower" worlds in the eternal tensions between the body and soul, the inner world and the cosmos, the conflict making the global system both sensitive and stable. The geometric-topological approach to



HOUSE_OVERSIGHT_013507

modern dynamical system's theory describes a convolution of the expansive motions (as in the upper world) and contractive motions (as in the lower world) embedded naturally in the curved time and space geometries of what are called *hyperbolic spaces.* Each point in this space can be visualized as a little saddle in which orbital flows from pommel and back flow down to the seat, bringing points together in contracting motion, and flows away from seat down along the sides are expanding the distance between nearby points.. In the middle of the saddle, simultaneously expansive and contracting orbits demonstrate *hyperbolic stability* composed of intersecting destabilizing and stabilizing influences. Loss of this countervailing *hyperbolic dynamical stability* results in global system transformations called *bifurcations* and/or *phase transitions*.

Transformation as a loss of stability is a theme of a recent poetic translation of portions of the *Zohar* called *Dreams of Being Eaten Alive* by David Rosenberg. He writes that at some time in the difficult journey through the often-incomprehensible *Zohar*, in order to gain entrance to the kabalistic cosmos, there arose what he called "heartbreak." "No matter how much intellectual study is involved, the reader cannot understand the text unless he or she has offered his heart to be broken on the altar of poetry…and prayer." Surrender may be the source of the strange, uplifting feeling of worked through dumbness.

My mother, once a conservatory teaching assistant in piano, sat beside me while I practiced almost daily, weekends included, from the age of two until the midteens. Her quiet analytic counter-point sounded mathematical, "You can hear that that this harmonic progression goes through intervals of fourths of dominant seventh chords." I felt the persistent lack of harmonic resolution as growing tension in my groin. "If you transform each of the 12 notes in a chromatic scale, multiplying it by five (in what mathematicians call) *mod 12* (the numbering system goes from one to twelve, not ten, before it repeats), one can recover the circle of fourths, the commonest harmonic chord progression in music." Though her computational talk supported rational thought, in my adolescent heat, the addition of Charley Parker's flatted fifth and ninth to the dominant seventh chord led suddenly somewhere else and she knew it. Hearing my arrangement of a Beethoven piano piece become a



HOUSE_OVERSIGHT_013508

mix of classical and modern jazz themes that I called "How High the Moonlight Sonata," she laughed lasciviously as though tickled by this sensual violation of musical canon. A boogie-woogie Bach two and three-part invention brought more excited disapproval.

Mysterious are the conditions of attentive (preoccupied) and none attentive, (fugued out) disappearing time. I found a musical way for it to happen when improvising: continue to shuffle a small set of notes that stay within the melodic field of the tonal center of an unchanging tonic chord. In contrast, most melodies and their chords leave the tonal center to which they return in harmonic and melodic progression. We can call these conventional tonal centers *unstable fixed points*. They are *attractive repellers* of melodic and harmonic expectation. It has been mathematically proven that these hyperbolic systems are globally stable. In contrast, a melody that remains stuck in the tonic chord, a purely contracting *stable fixed point*, is technically a *chant*. Paradoxically, it can be shown that this kind of fixed point is globally unstable. Rigid things can more easily fracture. The rich, altered states of consciousness that emerge while hearing the beat of Tibetan monks meditating, the Sufi chant-dances of Rumi and the John Coltrane and McCoy Tyner's endless, single chord, tenor/piano dialogues exemplify the bifurcation to hallucinatory new stuff arising spontaneously from the experience of unchanging repetition. Constant repetition of the conditioned (expected) stimulus drove Pavlov's dogs, especially those with "nervous temperaments," into frozen, catatonic states. Abulafia's 1280 book on ecstatic techniques, *Hayyei Ha'Olam HaBa*, recommended the recitative rearranging of a finite set of Hebrew letters, frontward and backward, many times, using prayer melodies, until "…the heart will suddenly become aware of the intellectual, divine and prophetic…" and *hitbodedut* will rest upon him. The instructions were "…combine letters (and associated musical notes)… reversing and rolling them around rapidly until one's heart begins to feel warm."

It was in my freshman year at Stanford University when I met Michael Murphy, later to co-found Esalon, the California center for mystical pursuits and naked mud bathing. He is the author of *Golf in the Magic Kingdom* and with George



HOUSE_OVERSIGHT_013509

Leonard, *Integral Transformative Practice*. I watched him go through a dramatic personal transformation after participating in Professor of Asian Studies, Frederick Spiegelberg's seminar (with meditation lab) about Sri Arubindo's interpretation of the Hindu Bible, the Bhagavad-Gita. Shortly after the semester, he climbed into an abandoned tower on campus to continue his meditation. He remained there for several months, refusing to come down even after the Stanford Student Health Service sent a medical school psychiatrist to investigate. I was more than curious about how it was that this hard drinking, and like his brother Dennis, all night poker playing, Phi Gamma Delta party boy, had suddenly become a transcendent ascetic.

My girl friend Mary and I signed up for Spiegelberg's seminar in Indian Religions. We were made breathless by his accounts of administering a Rorschach Test to the Indian Saint, Swami Sivananda. He recounted discussions about God with the artists Paul Klee and Max Ernst and the philosophers Rudolph Otto, Paul Tillich, Martin Heidegger and Martin Buber. As homework, Mary and I practiced breathing awareness mediation twice a day. During the year, Spiegelberg sponsored a visit by the aging but still very lively Aldous Huxley to our seminar. He also brought us Alan Watts and several lecturers from the Jung Institute of San Francisco. Shortly after hearing Huxley talk about the spiritual power of a particular exercise of will and loving thoughts, Mary and I began the daily practice of *karessa*, some call it *coitus reservatus*. I was eighteen and she was nineteen. We found that withholding an orgasm in order to achieve *nirvanic extinction of all desires and passions* was difficult. We spent hours in karessa meditation, trying to experience the detachment described in the Bhagadvad Gita. This biblical explication of *karma yoga* told how it was that the warrior, Ardjuna, instructed by God Krishna in the form of his charioteer, was able to detach sufficiently to do his assigned job of killing without emotional involvement. Ken Wilbur, a modern, self proclaimed *pandit*, an academically oriented articulator and intellectual justifier of the dharma, the spiritual work of Hindu and Buddhist practice, contrasts the nirvana (literally "end") composed of emptiness in time and space, *dharma Kaya* in which "...no objects are arising..." with the lesson of the Bhagavad-Gita. Its message involved realizing



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ones spiritual unfolding within the stream of real time and space, finding emptiness in the world of form and inaction in the world of action.

We worked at karessa so ardently that there was barely enough time left to do our assignments in biology and chemistry. In a darkened room, Mary and I lay legs locked, lying on our sides, moving slowly and rhythmically, humming *Om* and waiting for our ascension. We worked at making the journey through Sri Aurobindo's soul planes of *higher mind*, *illumined mind*, *infinitive mind*, *over mind* and finally, the *supermind* of *infinitely empty no mind*. This somewhat unusual way to study for a three credit course in Asian Studies at Stanford grew naturally out of the central message of Spiegelberg's seminar that whereas "...deriving a universal theology is not possible, having the *universal experience* is required for an understanding of any of the world's theologies." The controversial Bishop of the Episcopal Diocese of Newark who teaches that Christian forms continue to evolve, John Shelby Spong, D.D. says, "...every biblical word represents an attempt on the part of our ancestors in faith to make sense out of a God experience *in their time and place. The experience ...is eternal and real. The explanations will never be eternal and real. They will last only as long as the* (*cultural*) *mind-set that created them.*"

Mary got an A+ grade, topping Spiegelberg's class with a final examination essay, which, in literary detail, described her episodes of *samadhi,* yoga's state of unity with the creator. Her 25 page blue book contained accounts of walking fugues, spontaneously strong genital sensations, changes in tastes and smells, sudden feelings of rising spinal-abdominal kundalini, middle of the night dreams of oceanic orgasmic fusion with God. She failed to mention that she was describing her usual pre-menstrual state.

During these college years, I learned about two Isaac Newtons The first I met at elementary physics lectures; the unit was about how things worked called *mechanics.* Logically and computationally consistent but taken on faith, I learned about an invisible *field force* between masses called gravity that decayed in strength like the inverse of the square of their distances apart and operated in my intuitive world like an electromagnetic spirit. Less occult were the expressions of gravitational fields as *contact forces*, computed for the tension in the string of a



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pendulum or the pressure of the floor on a weight resting upon it. Faith in this realm came from exercises in physical object visualization followed by manipulation of self-consistent algebraic symbols. I learned about experiments attesting to the "reality" of these ghostly fields (that now include electric, magnetic and strong and weak nuclear forces), and yet it was the physicists that already believed them who designed the machines to demonstrate them. It was Gregory Bateson, Margaret Mead's houseboy, lover, photographer and social anthropologist who said, "Newton didn't discover gravity, he invented it."

One college summer I found a second Isaac Newton, perhaps not so estranged from the first. He appeared in the form of a marble bust in the chapel of Trinity College at Cambridge University, holding the prism he had used to explore the polychromatic properties of light like a talisman. In his essay called *Newton, the Man*, the early 20th Century Cambridge Don and economic theorist, John Maynard Keynes, said that the Newton of the chapel followed "...certain mystic clues which God had laid about the world to allow a sort of philosopher's treasure hunt to the esoteric brotherhood." Michael White's biography, called *Newton the Last Sorcerer*, described his work as an attempt to integrate the magic of the Old World with the science of the New Age. Newton's awe over what he saw as the wonders of the universe maintained him in private theological study throughout his life. Arthur Waite's *Alchemists Through the Ages* describes how Newton's alchemical orientation toward the earth's fundamental substances such as fire, air, wind and water, their powers and potential for transformation, was joined imperceptibly with his metaphysics and physics. In his hands, experimental observations involving gravitation, celestial mechanics and optics, though motivated by esoteric alchemical theories, generated experimentally accessible phenomena and testable ideas.

The French mathematician, Jacque Hadamard, in his *The Psychology of Invention in the Mathematical Field*, said that mystical preoccupations were never far from the minds of most of the English and European mathematicians and physicists of the 18th and 19th Centuries. This orientation served as an impetus for them to pay attention to the almost imperceptible whispers of their emergent thoughts. E.T. Bell, the historian of mathematics and mathematicians said even



HOUSE_OVERSIGHT_013512

Descartes, the essential Enlightenment rationalist, was responsive to his "...call of the Spirit..." Napier the inventor of logarithms wrote an exegetical commentary on the Book of Revelations. The mathematician and physicist, Pascal, believing that contact with a religious relic had cured his terminally ill sister, wrote long tracks about whether or not the Devil could work miracles. The great mathematician, Cauchy, was known for his persistent efforts to convert fellow mathematicians to Roman Catholicism. Gauss, who was not particularly religious, said that a difficult to prove theorem did not result from hard work but "...the grace of God." In letters between Liebniz, who along with Newton was the inventor of calculus, and a member of the family of great mathematicians, John Bernoulli, used scriptural quotations and biblical diagrams as part of their theoretical correspondence. Perhaps the greatest mathematician of the 18th Century (or ever), Euler, in his *Letters to a German Princess*, discussed the functional characteristics of spirits and the connections between body and soul. Bell said Euler "...never discarded a particle of his Calvinist faith."

It was to the working out of a law of mechanics called "the principle of least action" that Ernst Mach attributed the beginning of the separation of physical mechanics from formal theology. The flavor of this change is captured in his 1893 *The Science of Mechanics* that stimulated Bridgeman's 1936 more formal philosophical analyses of physical theory, from a position that came to be called operationalism: the restriction of physical concepts to those definable in terms of the experimental operations required to demonstrate or prove them. Mach said that these events marked the move of formal metaphysical thinking about mechanics and the physical sciences more generally into the personal and private realm of belief and meaning.

Maupertuis, an eccentric friend of Frederick the Great and president of the Berlin Academy, proposed the principle of least action as evidence of the infinite wisdom of the Creator. As an early psychopharmacologist, Maupertuis recommended the use of opium to facilitate creative thought and was famously parodied for doing so by Voltaire in his 1752 story in which he is portrayed as the naïvely foolish Dr. Akakia. The physical law of least action belongs to a set of ideas



HOUSE_OVERSIGHT_013513

that are called *variational analysis.* They involve the natural (or miraculous) selection of maxima or minima in quantifiable physical processes. Of all possible two-dimensional shapes with the same perimeter, the circle contains the greatest area; in three dimensions, it's the sphere. In his *Principia*, Newton reports his work determining the optimal shape of round solids, with circles of revolution having the same effective cross section, in order to minimize frictional resistance to gravity in a medium.

The *principle of least action* says that imparting energy; say by a kick, to a physical body on a rigid two-dimensional surface like the earth, results in it taking the shortest route possible from its initial to final position. The related 1650 Fermat's "principle of least time" is about light. As Feynman explains in his *Lectures in Physics*, "...out of all possible paths that light might take from one point another, light takes the path that requires the shortest time." Feynman, using elementary relations from high school geometry, proved that the *least time principle* could lead directly to Snell's law of the refraction of light at the interface of two different conducting media such as air and water. His analogy was the optimal choice of the path to take in order to rescue a pretty girl drowning in the ocean. Whereas the shortest distance to the girl leads directly into the water, faster running along the beach to the point that minimizes the distance required for the intrinsically slower rate of swimming increases the distance traveled but reduces the time required to reach her.

Euler attributed the optimization principle to an expression of the meaning and purpose of a loving God. Infused with this spirit, he developed mathematical methods describing smooth variations in position of an object in motion, the Euler differential equation, in which differential coefficients are varied to prove the principle of least action for mechanical motion. He gave the law Maupertuis's name. Mach quoted Euler's conclusion, "As the construction of the universe is the most perfect possible, being the handiwork of an all-wise Maker, nothing can be met with in the world in which some maximal or minimal property is not displayed." Such faith based mathematical formalisms were rejected by Joseph Lagrange, an early 19$^{th}$ Century mathematician, who, among many other things, proved that every natural



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number could be expressed as the sum of at most four squared numbers. It was his strongly held opinion that metaphysical speculation was both foreign and inimical to the conduct of mathematics and science. His work in the *calculus of variations* led to the development of a system of algebraic manipulations seeking the value of constants, Lagrange multipliers, in place of solving Euler's differential equations. It makes it possible to immediately write down a computable expression for the maximum of a mathematical equation. The technique is now routinely taught to high school students and with no mention of the role of belief in the perfection of God in its discovery.

*  *  *

I was a fortunate freshman medical student. After a visit to his office and a stimulating discussion about some of the correspondences between the ideas of psychoanalysis and neurobiology, Robert Heath, Tulane Medical School's Gary Cooper-like charismatic chairman of the psychiatry department, offered me a place in his animal and human neurophysiological laboratory. Between classes, evenings and weekends, I used a Horsely-Clarke apparatus, one of the world's first stereotaxic devices. It allowed the precise placement of electrodes into functionally specific regions of a cat's brain. The electrodes were cemented to the skull in place and their wires connected to a device by which the frequency, amplitude and wave shape of the electrical stimulation could be oscilloscopically monitored and electronically controlled as the conscious cat walked around the room. I spent hours observing and recording changes in spontaneous behavior that followed activation of various nuclei in the cat's brain with small electrical currents.

Deep in the part of brain that resides in the upper neck, called the lower brain stem, the region thought to regulate functions such as breathing, heart rate, blood pressure, gastrointestinal motility and global states of consciousness such as wakefulness and sleep, I found stimulus sites that, after 15 seconds of electrical activation, led to several minutes of hissing and objectless rage. One cat attacked an empty chair. These regions when activated also inhibited spinal reflexes such as



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the knee jerk of the standard neurological examination. Such phenomena were already well known in the late 1930's in what W.R. Hess and later John Flynn, following electrical stimulation of cats in the lateral hypothalamus, called "hypothalamic rage." In the late 1940's and 1950's, work by National Institutes of Mental Health's Paul MacLean attributed it to the actions of parts of the emotional "limbic" brain, particularly the fear-rage-attack coloring of experience by the temporal lobe's amygdaloid nucleus. Modern imaging studies in man have shown that this source of emotional coloring is activated by new information, even before the more rational parts of the neocortical brain processes it. How we feel about something new arises before what we think about it. These survival-oriented states of fight or flight are known to be biologically universal and demonstrable in even single cell organisms.

A greater contribution to my brain metaphysics followed observations that after several seconds of stimulation of other brain stem sites, the cats became alert but quiet, staring into space for several minutes. Then, they circled slowly and curled up on the ground. This was followed by several minutes of grooming and loud purring. Difficult to handle cats became transiently tame, some coming close for petting. I found that these same sites also increased the amplitude and reduced the threshold for the cat's knee jerk reflex. Responsiveness increased with calmness. Particularly interesting was the finding that electrical induction of this purring state could immediately stop on-going stimulation-induced episodes of hissing rage. I referred to these experiments with my friends as my neurophysiological studies of Old Testament vengeance and New Testament forgiveness. It seemed that the hissing rage would produce eye for an eye and a tooth for a tooth hypertension, the talon principle of the Old Testament and Koran. New Testament forgiveness would yield low blood pressure health and Jesus was a healer. It was about this time in the early 1950's that Northwestern University social psychologist, Jim Olds, found that rats could be trained to push levers to obtain current delivery via electrodes in various parts of their brains. Shortly after, Joseph Brady, then of the Walter Reed Army Institute of Research, showed that squirrel monkeys would do the same. With depth electrodes attached to wires running to a



HOUSE_OVERSIGHT_013516

miniaturized electronics box strapped to their belts, some of Robert Heath's schizophrenic patients spent hours pressing their switches with beatifically expectant smiles.

It was after several months of cat experiments that Professor Heath suggested that we spend some time interviewing a hospitalized, chronically ill female patient, Donna, before and during the time she was being studied with recording and stimulating depth electrodes in the human neurophysiology laboratory. Donna, bony thin in a lose fitting green hospital gown and sandals, had dark red toenails, blonde hair and eyes shadowed darkly. In her mid-thirties, she had never married and, when she could, worked as a beautician. She told us that since her menarche at 13, she increasingly often had episodes of spontaneous ecstatic rushes along with sudden visions of strong white light. She attributed these experiences to visitations of "...an unseen Christ." She showed me a stack of notebooks filled with hand written accounts of her religious experiences interspersed with biblical quotations and difficult to follow discussions of what she called the Christian ideals underlying the Civil War. She read parts of it to us. One of her memorable stories was about being invited to a Children's Crusade that had begun in Georgia, led by a great grandson of Stonewall Jackson. "We were trying to find the Lord to see if He would part the waters and open up an escape route from General Sherman's march to the sea."

From a relatively poor family of Southern Baptists in rural Louisiana, she had lived in a state psychiatric hospital for almost three years. Her diagnoses ranged from borderline schizophrenia to temporal lobe epilepsy. The collateral interviews with her mother from several years before had been placed in the hospital chart. They recounted that in the patient's middle to late teens she had become suddenly promiscuous, frequently approaching strange men in city parks. Obsessed with fellatio and swallowing sperm, she told her mother that she was receiving a holy sacrament. More recently, the increasing incidence of ecstatic episodes and compulsive note taking coincided with the complete loss of interest in sexuality in any form. Her talk was now full of moralizing detail about the shoulds and should nots of daily living. She referred to herself as a non-Catholic nun who was married



HOUSE_OVERSIGHT_013517

to Christ. The brain waves recorded from electrodes deep in her brain demonstrated transient episodes of spiking in a midline limbic structure called the *septum* and in the right *hippocampus*, deep in the *temporal lobe*. Paul MacLean and others since have shown that electrical stimulation of these and related brain regions could produce pleasure and grooming reactions in cats and prolonged penile erections in squirrel monkeys.

Many years later, I spoke about Donna with the Harvard professor of neurology, Norman Geschwind. He took me to his twice a week epilepsy clinic. In an effort to demonstrate what is now known as the Geschwind Syndromes of between seizure, *inter-ictal personality changes* in patients with temporal lobe epilepsy, he stood in front of the patients' waiting room. In a loud voice, he asked that all people keeping diaries and personal notebooks please stand up. Several did so, some displaying their notebooks in outstretched hands. The pages that I saw were filled mostly with religious writing, biblical quotations and exclamation points. Gathering the positive responders together, he asked them in turn what religion they were. Several answered the question with the question, "When?" It turned out that many reported having several experiences of religious conversion. Geschwind called them "Jamesian Episodes" after William James' *Varieties of Religious Experience*. He then asked when was the last time they engaged in sexual activity. For most of them, including those that were married, it had been years. Thought the men said they were not impotent, experiencing early morning spontaneous erections, they claimed a complete loss of interest in sex though feeling warmly affectionate toward people generally. As he anticipated, the patients were emotionally intense and unstoppably loquacious, needing to speak at length about their moral philosophies. They persisted in following us around the clinic waiting room, several speaking at once. In his lectures and papers, Geschwind called this last feature, difficulty in separation, interpersonal "stickiness." First reported by the French electroencephalographer, Henri Gastaut, a history of multiple ecstatic religious experiences, increasing emotional intensity and lability, hyposexualilty (not impotence), moralizing religiosity, compulsive and frequently poetic writing and tendency to cling to people is now called the Geschwind Syndrome of temporal lobe



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epilepsy. Some say it is relevant to the likes of Apostle Paul, Sister Teresa and Joan of Arc.

One evening in the human neurophysiology laboratory, I was invited by Dr. Heath to join him and several other brain scientists behind a two-way mirror to watch an interview with Donna while electrical current was being put through her recording electrodes. We watched and listened as a psychiatrist interviewed her about her past. The patient was speaking about her childhood. Unseen by the patient, the neurophysiologist, with us behind the mirror, was intermittently pushing the button evoking brain stimulation with very low current applied to the septum. Dr. Heath told me to listen for subtle changes or discontinuities in the flow of the on-going conversation that he said might reflect alterations in her thoughts and feelings. .

"The first time we were allowed to take a break from Sunday school for the church service and I got to hear the choir and the pipe organ, I suddenly got a feeling of happiness that I hoped would last forever. My Sunday school teacher told us how much Jesus loved us and that's what the music made me feel like. For the first time in my life I felt completely safe." Though the two way mirror I saw the psychiatrist nod silently. "When I learned about the real meaning of Christmas and Easter, it was frightening and beautiful."

Within a few seconds after the neurophysiologist, behind the mirror and unseen by the patient or her interviewing physician, pushed the switch on the stimulus generator, the patient stopped talking. After a little more silence, her interviewer encouraged her to continue,

"You were talking about how beautiful the holidays were. Tell me in what ways?"

"I don't want to talk about that anymore." She blushed and looked very uncomfortable. The neurophysiologist's hand remained on the switch. She continued to speak with her psychiatrist.

"I have to ask you a favor and I don't know why. I hope you don't get upset. The thought won't leave me alone." She seemed embarrassed even as her body relaxed against the back of the chair languorously.



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"Of course not, Donna. You know that with me you can say anything."

Her face reddening further, she stuttered something unintelligibly and then was silent.

"Pardon me, Donna, I didn't hear what you said."

"Would you mind if I rested my legs on your shoulders?"

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HOUSE_OVERSIGHT_013520

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# CHAPTER 2:

# DOESN'T EVERYBODY

Varieties of religious experience and the potential they bring for personal change are embedded in and perturbative of our unique and common personalities. The *obsessive compulsive* may have an easier time with the rigid restrictions of Fundamentalism or be more resistant to the flagrancy of none rational mystical experience. The *hysteric* may find subjective evidence for the Holy Ghost more accessible and rules of behavior beside the point. The potential for double-jointed multiplicity in personal styles and quick transitions between them characterize what is called the *borderline personality*. It is in these ways that temporary and permanent brain styles in us and important others supply much of the ground for the possibility of spiritual transformation and the often attendant alterations in personality. How can we think about this facilitator and source of resistance to new spiritual practice?

A skinny, knobby kneed, small breasted, mousy haired, bright-eyed psychotherapy patient of mine at UCLA's Neuropsychiatric Institute Outpatient Clinic was among the highest priced Santa Monica call girls serving Beverly Hills. Answering my unaskable question about her thousand-dollar fee, she explained that she was living proof that, in her profession, what was more important than physical beauty was "griv sense." She explained that by her middle twenties, she had



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developed the ability to anticipate the most highly prized but often embarrassing-to-say longing for a particular sexual act without being asked. She told me that she had to "empty out my personal sex manual" to feel the cravings of her clients. What the *john* most wanted appeared suddenly in her mind in the form of a cartoon. A university criminologist later explained that the word "griv" was probably derived from what pick pockets call *grift sense*, the ability to intuit who was likely to have enough money in their billfold to justify the risk, even if they appeared in the worn clothes and dated cars of old money.

In his 1913 Dernieres Penses, Henri Poincare', France's seminal theorist in nonlinear dynamical systems theory, described intuition as a mental faculty which allows us to "...immediately see the end from afar..." In the context of mathematical epistemology, the instantaneous images of a geometer contrast with the labored sequential logic of the mathematical analyst. Poincare' claimed that inclinations toward one or the other of these two cognitive styles and their associated mathematical tools arise from different kinds of minds. He contrasted the 19th Century German mathematicians, Weierstrass, who he said reduced his general theory of functions to "...a prolongation of arithmetic...without a single (pictorial) figure in any of his books..." with Riemann who called geometry to his aid in describing functions. He created "...an image that no one can forget... once he understood it."

Experiencing the behavior of others, we create a set of anticipations about whom and how they are that align with parts of ourselves. Aware of one aspect of a person, we imagine the others. With a small amount of initial information, we connect the dots, fitting features we have seen and heard to personality configurations stored by informal category in our brain files. Our conclusions about them "being one of those" can both facilitate and impair our perceptions. Eastern metaphysicians, Western mystical religionists, socially liberal secular humanists, Shannon information theorists and today's students of dynamical systems in brain and behavior can, in different ways, make the case that the content of these stereotypes reflect a pattern of constraints, our personal limitations resulting from the rutted roads of worldly experiences. Baba Muktananda, the Hindi Saint from the



HOUSE_OVERSIGHT_013523

Indian village of Ganeshpuri, called them our *samsara.* These limit the formlessness of anticipation that underlies sensibility. Our *samsara* reduces the uncertainty that could serve as grounds for new perceptions and understanding of others. Pre-emptive distortions reduce the bandwidth available for new information. They impair the range of empathic relations with others as well as ourselves. These restrictions in possibilities and choices are expressed in enduring patterns of behavior, thinking and feeling that mental health practitioners call *personality* and *character*. When confronted with these constrictions, the self justifying and diagnostically revealing thought about a feature of one's personality is, "...doesn't everybody? " This pride in our shape contrasts with the teachings about emptiness of one of Baba's favorite Indian holy men, Zipruanna, who sat all day, loin clothed naked in a garbage dump, instructing his students and followers about knowing and being nothing.

We quantitate deficiencies in formlessness using statistical measures of *entropy*. They characterize the system's behavior as a distance from the state of *highest entropy* also known as *maximal randomness*. Professor Karen Selz of Emory University did a study in which her human subjects, after taking a battery of personality inventories, were asked to remove as many dots as possible from a computer screen full of them in three minutes. They were to do so by left clicking on each of them with the mouse key. Two seconds after a dot was removed, it reappeared and became subject to removal again. As they went about the dot removal task and unbeknown to the subjects, the orbit inscribed by their dot removing mouse travels was recorded for later graphic representation and quantification. Most subjects with the usual broad mixture of personality traits inscribed a wide variety of orbital line styles: little wiggles, big wiggles, large and small loops, little smooth slides and big and little jumps. The counter-intuitive coupling of stylistic rigidity and whole system instability (as in non-hyperbolic fixed points described in the previous essay and below) is in evidence at the personality and graphical extremes of her subject group.

A fastidious, rigidly organized, severely *obsessive-compulsive* subject repeatedly removes the same dot, only occasionally moving to a neighboring one to do more repetitious left key mouse clicking. Very little of the large computer screen



HOUSE_OVERSIGHT_013524

of possible mouse travels is occupied. All the action is centered on a small set of points. When such a *minimal entropy* person is injured and feeling helpless, their stuckness can grow bizarre. Ruminative fixation in self-critical and persecutory ideas extend into poisoned food anorexia, circular pacing, weight loss and middle-of-the-night, worried insomnia. Suffused with sin, they ask forgiveness for soiling the chair by their sitting in it or smelling up the room with their body odor.

At the *high entropic* extreme, the mouse orbits of the seductively dramatic, new reality-creating *hysteric* includes big jumps, disorganized whorls and large and small restless and short attention span scribbles that tend to fill up the entire screen. The fragility of fixation at this end manifests itself in breakdown into impulsively out-of-control and floridly dramatic displays. Their decrease in contact with reality precipitates social chaos around them. The Montreal behavioral neurologist, Pierre Flor-Henry, using electroencephalographic and psychological test data, described the difference between these two extreme forms of personality expressions as the overly dominant expressions of one or another of the *left obsessional* or *right hysteric hemispheric emotional styles*. As examples, Flor-Henry said that a left half brain depression feels like hopeless and agitated indecision and the depression of the right brain is an experience of emptiness like homesickness. Left-brain happiness is being exactly correct and right brain joy rushes like being especially chosen.

The church going obsessional resonates with the sermon of the punitive priest who invokes the tension and relief of sin and salvation. The practice can result in a life long addiction to the transient high of this temporary forgiveness. In other churches, the hysterical character gets spiritual respite in disassociative visitations of the Holy Ghost and attendant *signs and wonders*. At Wednesday night healing services, new hope arises from personal surrender in a floor hitting, backward collapse called *dying in the Lord*. Both of these antipodal personalities contrast with the more receptive state of *in-between entropy* (with enough entropy available to form messages) which predicts more flexibility and higher potential for undistorted information processing. Relatively style-less and ego-less people are more open to hearing a variety of Gods in themselves and others. High alertness



HOUSE_OVERSIGHT_013525

without presupposition, ecstatically aware and selfless, it is God's gift realized, a joyfully awake and nonjudgmental empty state of transcendence. As we sit, we work at feeling this in the brain of the enigmatically smiling stone Buddha.

The externally inactive state of high internal activity, the Bhagavad-Gita's formlessness in the world of form, inaction in the world of action, has a natural mathematical representation in the simultaneously expanding and contracting motions of *hyperbolic dynamics* and its associated entropic descriptors. How can this kind of formlessness equip us for almost instantaneous knowing? In a resting state of *uniform hyperbolicity* that only looks like randomness, accurate impressions of others can arise quickly and from only a few data points of observation. In the late 1960's, University of California mathematician, Rufus Bowen, proved the now famous *shadow theorem.* This says that in dynamical states of *hyperbolicity*, directly observable on the screen in computer simulations, the first few points of the on-going wild dynamical dance that appears to jump randomly from here to there on the computer screen, counter-intuitively will quickly outline the entire skeleton of its future global shape, its geometry, though more time of observation is required to realize this structure in full detail. The contracting motions on the stable surface of action, called a *manifold,* "iron down" all the points onto the *unstable manifold* that serves to outline the shape of the *attractor* of all starting points. In such a system, observation of just the first few points outline the whole. Intuition, anticipatory knowing and that which some call prophesy, may be expressions of the hyperbolic brain's mind doing dynamical shadowing.

To review briefly, *hyperbolic brain flow* is made up of three decomposable components: (1) The apparently predictable one along the main road of the action, going straight ahead and round and round on a throughway called the *center manifold*—analogous perhaps to what might be a sequentially logical development; (2) Intersecting the center manifold transversally is a field of influence moving the action away from the center manifold with out-of-the-box motion, exploring side paths of unpredictably new, creative possibility called the *unstable manifold*, we might think about inspired risk-taking, impulsive associations in thought; (3) Another transversally intersecting field of influence, which conservatively, rationally, "irons



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down" the expansive flow back onto the road, the entire constrictive field called the *stable manifold.* This influence herds points into *shadowing* the main road of the dynamics, like the hair of the dog that stay close to the real body of the animal in motion. It is in this way that just a few often slightly off the mark points nonetheless shadow the real (called *fiduciary*) orbits of the attractor, outlining its global geometry with just a little information.

The intuitive reason *shadowing* works is built into these natural countervailing tendencies of *hyperbolic dynamics*, which on one hand tends to spread out nearby initial points and brings disparate others together. The latter inclination is the one that smoothes down the escaping points onto surfaces of actions that mathematicians call manifolds. However, the details of the orbital paths don't look that orderly due to the *mixing* of the sequence of points in hyperbolic motion. The mixing process on manifolds has been analogized to that of the bundled pink loops of the stretching (expanding) and folding (contracting) taffy puller at the carnival candy stand. The process gets sequences of small particles of candy out of sequential order while maintaining the taffy's overall geometrically ovoid shape. *Disorder is local* with the entropy being generated by the repeatedly *shuffling* of the line up of the original orbital sequence. This results in the impossibility of any point-to-point prediction for more than a few points even though the over all shape is maintained. Exactly what minute a habitually late sleeper awakes can't be predicted. On the other hand, the skeletal manifold of the global structure is entirely in evidence from almost the beginning. Late risers remain late risers even without a precise, minute-to-minute, predictable schedule.

It is also interesting that a uniformly hyperbolic dynamical system, unlike the *fixed-point attractors* of stylistic fixation, resist perturbation-induced changes in global dynamical form. In an apparent paradox worthy of metaphysical allusion, the dynamically hyperbolic kind of formlessness has *structural stability*. The global geometric predictability of this point-to-point, completely unpredictable system can be both the subject and object of Zen frustration and thoughtful meditation.

During weekly professorial rounds at Los Angeles's Neuropsychiatric Institute, I assigned a standard exercise for psychiatric residents on clinical rounds,



HOUSE_OVERSIGHT_013527

which involved limiting their contact with a patient to five minutes. This was followed by detailed discussion of everything we'd seen and heard. I'd ask them to predict what we'd find in the many pages of personal interviews and nurses observations in the clinic chart. The student psychiatrists with the most street smarts, called *emotional intelligence* by Daniel Goleman, were particularly quick at shadowing and thus predicting the patient's global dynamical pattern.

Do personality patterns exist? Evidence from biometric studies of the hereditary aspects of personality style in animals and humans suggest that relatively few global component properties underlie a variety of complicated-looking manifestations of behavioral style. Primary colors are the source of all hues. Harvard psychologist, Jerome Hagen, has reviewed the history of this idea in his book, Galen's Prophecy. While there are differences among personality research programs, almost all rating scale and questionnaire-based studies result in clusters of traits that reflect statistically associated properties which when taken together are called *temperament*. This idea is close to what we mean by personality. These relatively few response clusters are given descriptive names such as *introversion*, *extroversion*, *neuroticism*, *impulsivity*, *sociability*, *task persistence* and *tolerance of ambiguity*. As defined by psychological inventories, studies of families show that these styles are heritable in the range of 60%.

Hans Eysenck, in over four decades of work and more than 5000 published papers from London's Maudsley Hospital, derived common global factors of personality using questionnaires. The best known was called the Eysenck Personality Inventory. His studies resulted in evidence for only a few fundamental behavioral axes, behavioral manifolds, which describe extremal properties of personality types analogous to stable and unstable manifolds: *introversion-extroversion*, *shyness-sociability*, *low and high activity level* and *emotional constriction versus impulsivity*.

To make the issue of personality as dynamical system more realistically complex, we can call on some examples of the rich history of behavioral genetic studies using animals such as the mouse. They can be selectively bred for underlying personality factors, such as dominance, fear, aggression or exploratory



HOUSE_OVERSIGHT_013528

courage. Not surprisingly, social interactions, as configured by the mouse's own personality style, contributed significantly to their behavioral patterns. As an example, the C57BL strain of laboratory mouse has strong tendencies toward impulsively wild behavior. To be anthropocentric and using Hagen and Eysenck-like behavioral dimensions, we could describe the C57BL mouse as exhibiting high *psychotocism*, *P*, energetic sociability, high *energy*, *E*, and low emotionality, low *neuroticism*, *N*. The C57BL also loves alcohol and will dominate the low *E*, shy, low *P,* retiring, alcohol avoidant, high *N,* emotional, anxious, frequently defecating albino BALB strain of mouse when they are placed together for a limited time in a novel situation during the daylight hours. Over a more extended time, however, the BALB mouse comes to dominate the C57BL, beginning with attacks in the dark and finally as the persistent and patient survivor over days of aggressive fighting. BALB's low *E,* social fear eventually turns into rage and aggression. The C57BL is quick to mate and ejaculate but very slow to recover sexually, so that the less post-orgasmically refractory BALB also wins in long term sexual competition in a cage full of fecund females. Modern social psychological approaches to human personality are beginning to approach the interactions of genetic brain proclivities and collective social dynamics in this way.

Employing Eysenck categories of personality characteristics, similar results about style as influenced by genetic selection can be seen in humans. The correlations between factor scores based on B. Loehlen's studies using the California Personality Inventory in twins demonstrated as much as threefold higher correlations among identical twins for *extroversion* (*E*) and *neuroticism* (*N*) factors compared with matched fraternal twins. The primacy of some of the in-born biological roots of these personality styles is suggested by G. Methany's finding of higher correlations between identical as compared to fraternal twins when studied at the age of two months. The similarities in personality and temperament measures included *activity level*, *regularity*, *approach-withdrawal*, *intensity*, *persistence*, *distractibility* and *adaptability*.

More recent familial studies of the heritability of personality characteristics included *childhood shyness*, *neuroticism*, *depressive symptoms*, *aggressiveness*,



HOUSE_OVERSIGHT_013529

*behavioral inhibition and anxiety*, *behavioral flexibility*, *narcissism*, *deviant motor activity levels*, *novelty seeking*, *harm avoidance* and *reward dependence*. These studies were conducted by R.R. Crowe, J.F. Rosenbaum, A. Methany, and J.L Robinson and indicated familial congruity of these characteristics among first and second degree relatives in the range of 40-50%. This level of heritability in genetically unrelated family members was found to be less than 20%.

Low entropy fixations of personality can also evolve developmentally. Experiments in young animals have shown that stress-induced high levels of adrenal hormones exaggerate the normal developmental process of trimming back unused neural connections, called *pruning*, the normally complexly over-grown *sprouting* pathways. The pruning actions of the *pituitary-adrenal stress hormones* come to dominate sprouting actions of *neural growth factors* and their protection of neuronal axonal branching and connections during development. The research program of Bruce McEwan of Rockefeller University and others document nerve cell loss resulting from the neurohormonal concomitants of stress. This reduction in neuronal connectivity and neuronal cell content has been conjectured to contribute to the *pathological simplification* of neuronal projections and neural network complexity, reducing information processing capabilities. The still intact machinery underlying the global patterns of neurological activity, such as those that underlie personality styles, is arranged around these pruned, unoccupiable holes of lost brain possibility. If this range of potential behavior is extremely reduced, the behavioral syndrome is often called a *personality disorder.* Those that have one are the predictable Johnny one notes of response to perturbation: thrash out, lie without reason, get drunk, binge on promiscuity, steal unneeded things from department stores, or withdraw into interpersonal isolation.

A more abstract and quantifiable way of representing the pathological simplification-induced emergence of low entropy, stereotypical personality style is inscribed on the head stone of the post-suicidal grave of Ludwig Boltzmann. This father of modern statistical physics expressed the idea in the form of a transformation: the (maximal) entropy, $S$, of a system is the *logarithm of the number,*$\Omega$, *of its available ways of being*, (i.e., $S = \log \Omega$). That is, one way a



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reduction in the dynamical entropy of a system can occur is by reducing the number of its available states. As the repertoire of ways of personal responding, log $\Omega$, is reduced, so is the brain system's entropy, *S*.

Reality constrained patterns of behavior, as in successfully adaptive personalities, lie in some optimal in-between place between the maximal and minimum measures of entropy. The dynamical state that is postulated to yield *in-between-valued entropies* is called *nonuniform hyperbolicity*. This is best seen when the values of the experimental observations are plotted in a two dimensional *phase space* with each point represented by two values: along the *x*-axis is plotted the value observed, along the *y*-axis is graphed the *change* in the value from the last observation. The signatory motions of these observations plotted in *phase space* are irregularly varying in rate of expansion (near by initial values are separating in time) and contraction (greatly differing initial values are coming together in time). Values are not fixed, rhythmically varying nor in random motion. These *nonuniformly hyperbolic motions* are seen in speeded up, talking head videos showing bursts of hand gestures and in normal neuronal activity. Silences have widely varying lengths and bursts of hand movements and neuronal discharges are irregular in duration and character. The statistical pattern of neuronal inter-burst intervals is not the convergent Gaussian distribution of I.Q. or heights but the nonconvergent, long tailed, Levy distribution of flood incidences and, according to Mandelbrot, stock market crashes.

The labored logic and inscrutably compact mathematical formalisms of the Nobel Prize winning physicist, Ilya Prigogine, and his Belgian school, explain the thermodynamics of these long lasting niches of restricted variation in our personal style as energy requiring *dissipative structures*. Compulsive nail biting, driven promiscuity, readiness to be suspicious are seen as a persistence of deviations from the maximum entropy of formless, flexible, receptive end states. The system is trapped in possibility reduced, *energy requiring*, *samsaric niches* of what Prigogine called *minimal entropy generation*. We unique and oddly shaped and entropy leaking balloons maintain our characteristic distortions through energy-requiring,



HOUSE_OVERSIGHT_013531

persistent efforts at insufflation. The maintenance of neurotic defenses and eccentric habits can be fatiguing.

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The children at Kids in Distress Residential and Day Care Center in Southeast Florida, called KIDS, tended to be small for their ages. As a psychiatric consultant to the Center, I often summarized an evaluation of both their physical and intellectual development as "delayed." Looking like almost completely formed adult-like personalities, however, they were developmentally "advanced." I heard in a child analytic seminar at the Psychoanalytic Institute of Southern California that traumatized children often hurry through the dangerous developmental ambiguity of openness and flexibility to the predictable, fixed attitudes and behavior of adults. It was common to find prematurely wise young children serving as parents in chaotically dysfunctional families. In residence at the Center, set free from their pathogenic homes by social workers and family law judges, these premature caregivers lost sleep worrying about who was taking up their obligations to the sisters and brothers left behind.

Trauma-induced possibility pruning was often obvious in the young refugees at Kids in Distress. Having been soaked in alcohol containing, nutritionally deficient, crack-laced amniotic fluid, young babies were then left in dirty cribs behind locked doors to cry themselves into exhausted despair. Their mothers were working the streets for drugs. The children that survived often demonstrate personality styles that are reduced in variety. They came to use a few, individualized, and stereotyped techniques for survival. Some children's insulated detachment was hollowly disguised as interpersonal caring. Others used driven and rigid compulsion to maintain the appearance of conscientious good citizenship. For some children, paranoid thoughts were realistic expectations. .

Arriving at the Center I heard "Dr. Arnold! Dr. Arnold!" in high-pitched screams. Several children ran up to me at once, demanding to be held. Some leaped into my arms for a hug. Trying to get and hold their visual gaze was another



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matter. Their eyes darted back and forth across my face, not stopping at my eyes, as though checking for danger. It felt like a strange mix of physical clinging and interpersonal distantiation. Many articles in the International University Press's Psychoanalytic Studies of the Child book series, described these prematurely formed child personality types: the paranoid scouts, the detached *as if* children pretending to feel, the desperate to please obsessionals, the charismatically seductive hysterics and the unconscionable psychopaths.

Experiments simulating trauma and neglect in young animals also demonstrate acceleration in biobehavioral development. Possibilities, the number of available states, $\Omega$, brain entropies as $S = \log \Omega$, become casualties of traumatic and neglected early life. Like one trick ponies, these abused and abandoned children take up singular patterns of behavior that seem to work and stick to them. One doesn't anticipate seeing such narrowly fixated personality patterns until late adolescence or adulthood. They appear at ages too young to qualify for the character pathology coding of the Diagnostic and Statistical Manual IV. Yet the labels of adult personality disorder seem inescapable when one sees a four-year-old child trapped in a compulsive hand washing ritual or a panty flashing five-year-old girl with a seductive gait.

Four-year-old Alicia rubbed the lumps in my right hip pocket containing caramel candies. Her blue eyes twinkled. Her long blonde hair was in bangs and her lips in a pout. She kept a hand on her hip and tilted her pelvis as she spoke. Listening to children's stories, she straddled the reader's thigh and rocked. Alicia had a history of sexual abuse in a home that was a hang out for drug dealers. There were rumors that she talked to strange men late at night on the phone. On admission to the Center, she was found to have genital herpes. Both of her parents had been in and out of prison for drug-related crimes. The Center's staff spoke of Alicia's seductive smiles, incessant demands, irritable complaints and tantrums. With the back of her hand held against her forehead, she said that it was too hot to pick up the toys she had scattered around the fenced yard. Ordered to comply, Alicia took three steps into Florida's summer heat and fainted. Each morning, she spent the better part of an hour in front of the mirror, trying on all four of her dresses



HOUSE_OVERSIGHT_013533

and their scarf and belt accessories before choosing one for her appearance at the breakfast table.

Five-year-old Grace was a suspicious and dictatorial presence in the Center's kindergarten class. Articulate and righteous, she confronted children and staff alike with evidence for the unfairness she found everywhere. In legalistic defense of her rights and sometimes those of her peers, she used her strong wide face, penetrating look and quick and observant mind aggressively. Her somewhat intimidated childcare worker maintained Grace's cornrowed hair with care. Sensitive to criticism and quick to anger, she competed with her teacher for control of the class. Her drug abusing young mother had escaped from her own mother's authoritarian house, leaving six-month-old Grace in the care of her commanding grandmother, a matronly church elder. Recent studies by David Reiss and associates at George Washington University assessed psychosocial dynamics in genetically varied families. They found that genetic similarities amplified the expression of individual characteristics of interpersonal relating through what might be called *personality resonance*. Relatives often commented that Grace and her grandmother, being alike, deserved one another. Shortly after her fourth birthday Grace was removed from her grandmother's home while the circumstances surrounding the accidental scalding of the bottom half of her body in an overheated bath were being investigated. She began her first conversation with me, "Hey doctor baldy, why are your bottom teeth so crooked?"

Damon was darkly handsome, with teasing eyes and a gleaming smile. Talking to his legal guardian on the pay phone in the afternoon of his second day at KIDS, he was heard to be making charges of mistreatment by the staff. He asked his guardian, loud enough to be heard throughout the day room, "What does it take to get someone fired around here?" Six years old and abandoned by his mother at the age of three, Damon came to KIDS with a history of provoking administrative conflicts at several children's shelters. His record showed that once he successfully used accusations of beatings to get a staff member fired employing charges that were later shown to have been fabricated. He argued persuasively, manufacturing events and quoting imaginary conversations with smooth confidence. He could



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change stories midstream without apparent loss of continuity or confidence. He learned the power of a claim of abuse, and used the threat of it to control his environment. Damon talked other children out of their candy allotments, cheated at games and stole clothes from other children's lockers.

Debbie, age eight, was the eldest of four children. Her mother was a street prostitute with an expensive drug habit. Debbie was thin, restless and worried. A self-appointed mother from the age of four, Debbie felt responsible for the care and feeding of her brother and two sisters. With a history of physical and sexual abuse by a series of her mother's boyfriend-pimps, Debbie spent most of her time cleaning and recleaning their small apartment and worrying about obtaining enough food for her brothers and sisters. Her mother was often gone for one or two days at a time, and food supplies were not dependable. On several occasions, Debbie was caught stealing food from all night grocers. The investigative social worker reported that Debbie had learned to sell oral sex to the men who loitered behind a neighborhood bar. She used the money to buy food. For several days after admission to the crisis home, Debbie was anxious and sleepless. She worried endlessly about the welfare of her sisters and brother despite reassurances that they were in caring foster homes. She checked on them as frequently as allowed by phone. In a playroom therapy session, wielding a rubber knife, she pointed to a scar on her left forearm and told a story about the time that she cut herself with a kitchen knife and fed her blood to her infant sister when there wasn't any food in the house. Debbie kept her room very tidy, did all her chores and sometimes those of other children. Even after several months in residence, always-busy Debbie didn't have even one close relationship with any of the other children or members of the staff.

Despite the superficial differences, there are subtle and pervasive similarities among the personality styles of Alicia, Grace, Damon and Debbie. Like overgrown and tasteless cabbages, pale and four feet across, growing from seeds over-treated with gibberellin or auxin plant hormones, the inner lives of these prematurely big little people are relatively empty of stable interpersonal objects. The pantheon of indwelling companions are either malignant, absent or both. There is a deficiency of internalized significant others with qualities we more healthy neurotics paste onto



HOUSE_OVERSIGHT_013535

new faces which we then love and hate. Instead, every interpersonal arrangement is new, suspect and run on a cash-and-carry basis. We are made to feel like there are no seats for us inside of them. Even Debbie, with her history of selfless motherly devotion to her "children," felt like an empty husk, encased in the exoskeletal armor of compulsive correctness. With their inner life unpeopled, the best we on the outside can hope for is to be valuable to them as tools, like forks and chairs.

In new and potentially therapeutic settings, for example a genuinely loving foster family, these children manipulate, testing for the feared loss and abuse that first generated their detachment. They provoke the very mistrust they fear. The sexually exploited child is seductive. The physically abused child provokes attack. Personality constellations which can be adaptive, when narrowed and fixated, become impediments to new and reparative experience. It is in this way that personality disorders are self-maintaining.

An irony is that these interpersonally empty and rigid patterns in personality tend to occur in the most constitutionally robust of the abused and neglected children. They are those who have escaped early death from failure to thrive, severe neuropsychological impairment, chronic depression, severe social withdrawal or the pediatric psychotic disorders. The children with sufficient flexibility to adapt quickly and survive often settle into empty-centered rigid caricatures of adult personality styles.

Of course, well-defined and characteristic personality patterns do not require abandonment and abuse or the pathological simplification of traumatic deforestation of neuronal connectivities in order to emerge. Demanding social selection of particular personality proclivities that are competitively advantageous for highly sought positions also results in the appearance of well-defined personality styles. Common examples are the technical types, "techies," "nerds," whose work require long hours alone to master and execute, as in doing mathematical proofs, solving problems in theoretical physics, unraveling computer programming problems or writing highly technical tracks. These activities can be aided by the personality inclinations of shyness and distantiation, the experience of discomfort in social occasions along with a rich private fantasy life. Diagnostically oriented mental health



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professionals (and lonely mates) may label these interpersonally distant, engineering rocket science people, "high functioning" sufferers of *Asperger's autistic spectrum disorder*. Things going on inside get most of the attention, having more impelling importance than those on the outside involving other people. A recent study by Cambridge University's Autism Research Center compares the *empathizing* (*E*) versus *systemizing* (*S*) ability of normal controls and adults with Asperger Syndrome and find the quasi-autistic adults are *deficient in E* and *superior in S*. They call it the *E-S theory of autistic spectrum diseases*. Psychotherapists of these *autistic spectrum* personality types, patients who characteristically do not seek therapy but are forced into the office by marital or family conflict, speak of their long, patient and mighty struggles to make intimate contact with these clients. A more philosophical question involves issues of what are acceptable individual differences and why it is that these high functioning, highly paid and successful professionals have any diagnosis at all.

It is not surprising that the highest paid members of corporations producing technical products and services such as IBM and Oracle are those rare individuals in technical sales that are able to combine the skills and insights of introverted scientists and technicians with those of the gregariously successful salespersons. In business schools such a blend is seen in people who combine talents in both marketing and finance. In architecture this combination might take the form of a graphic-design artist with computational mechanical engineering skills. Recruiters know that it is difficult to find people for what is called *engineering sales*.

From all over the United States, professional instrumental musicians that began to experience severe technical difficulties that defied their teachers as well as more extended practice time came to see Chicago's music guru, Carl Boardstadt. He was a nationally known consultant to classical and jazz professionals in the 1920's and 30's. His particular specialty involved those who had "hit the wall," those whose progress toward advanced musical mastery and accession into the higher echelons of the business had been truncated. His recommendations were often eccentric indeed. For the wind musician with breadth control problems, it might be blowing uniform bubbles through a long tube held at increasing depths of a filled



HOUSE_OVERSIGHT_013537

bathtub or feeling the seductively diaphragmatically oscillating belly of a taxi dancer. Pianists with speed problems worked at specially constructed up-side-down keyboards with the rationale being that finger lifting was more rate limiting than finger placing. He said that his most hopeless cases were those whose personalities didn't fit their choices of instrument, too often made by what position remained open in the high school band rather than following a personal interview. He claimed that trombonists should be sensually languorous; clarinetists, nervously impatient; double reed instrument players, obsessional and withdrawn; brass players, athletic and exhibitionistic.

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As one of the team physicians of the San Diego Chargers in the years 1971-1975, I spent several days a week in their summer training camps, on the team plane to and from games, in the locker room and on the sidelines during games. I was involved particularly in player drafts. Unbeknown to candidate players and other teams, we used a system of what social scientists call *unobtrusive measures* of their personalities as part of their evaluations. College football players are sent questionnaires each year by professional teams asking about a variety of life events and attitudes including their goals for the future. Filled out by hand, they served as *repeated measure*, *handwriting samples*. Twenty years of them were available in the Charger's record room. Using 30 standard signs from the French graphology literature and three trained raters, we evaluated the hand writing characteristics of players, National Football League wide, who obtained and retained playing, not reserve, positions in the League for at least three years.

After studying handwriting profiles from close to a thousand established NFL players, and hundreds of hours of individual interviews of members of many teams, it became clear that, athletic abilities being equal, success was more likely when the player's personality type fit his football position. What amounts to a series of selective filters are operated by coaches, scouts and managers throughout the playing careers of these players in grammar schools, high schools, universities and,



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ultimately, the NFL draft. Choices obviously involved more than height, weight, time in the 40-yard dash and performance in motor coordination tasks. The players behavior, carefully studied on the field, in multiple camera angle game films, direct and collateral interviews and observations under game conditions constituted a high level of selective pressure that brought with it the emergence of characteristic personality types. Tens to hundreds of thousands of candidates are winnowed down to several hundred highly paid players in this selective process.

Distinctive personality patterns accompany success at a particular position. Structure loving, politically more conservative, choreographed in detail and repeatedly rehearsed, offensive players keep their lockers more organized and tidy. More rebellious, resentful of structure, politically more libertarian, thematically instructed but principally opportunistic, defensive players, particularly linemen and linebacker's lockers had messy lockers. Defensive team players were most often in trouble with the law. Offensive lineman including centers, guards, tackles and some tight ends tend to be patiently enduring and tenacious, their aggression taking the form of stubbornness. This contrasts with the temperamental explosiveness of the defensive line and linebackers. We could speak of the volubility of centers, the loyal and caring kindness of offensive tackles, the narcissistic exhibitionism of wide receivers, the murderous rage of the defensive end, the sullen and paranoid depressiveness of the defensive back, the joyfully impulsive unpredictability of broken field running backs and the good citizenship egolessness of the blocking fullback. Some quarterbacks lead and play fearlessly in a religious state of grace, some are members of the Fellowship of Christian Athletes. Others lead as fearlessly, but in the style of an unconscionably calm psychopathic bank robbing professional.

Influenced by our findings, the San Diego Chargers drafted the Hall of Fame quarterback and one time ABC Monday Night Football commentator, Dan Fouts. Skinny and hurt several times during his college years as a quarterback in Oregon, he was passed over in the NFL draft until the third round. The scouts "knock" on him was that they thought that he lacked psychological and physical toughness; the ability to get up after a hit and to ignore the on coming tons of defensive linemen



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while calmly and quickly surveying the routes of several potential receivers. The pattern found in his handwriting features, however, resembled those Johnnie Unitas, the Hall of Fame quarterback of the Baltimore (then) Colts who, in spite of his small size, famously played with great courage and physical toughness. In chronic and severe back pain, he played regularly until retirement in his early 40's. Fouts drafted in the third round with a small five-figure bonus, proved to be a great bargain for the Charger franchise.

Given the theoretically infinite number of ways that a personality can be, it is remarkable that the latest Diagnostic and Statistical Manual of the American Psychiatric Association, DMS-IV, describes only eight types, which form three subsets of exaggerated expressions of stable personality styles called personality disorders. All eight personality disorders can be grouped into: (1) *Cluster A - Odd and eccentric types*, whose anxiety is related to the felt threat of disintegration and annihilation of the self and whose style is dominated by mistrustful paranoia, a schizoid, detached and emotionally flat pattern or the isolated strange eccentricism of *schizotypal characters*; (2) *Cluster B - Unstable and impulsive types* whose anxiety is related to loss of the stable self and whose style is dominated by irresponsible antisocial behavior, chronic instability with high amplitude fluctuations in behavior called *borderline*, or patterns of excessive emotionality and dramatic display associated with *histrionic characters*; and (3) *Cluster C - Fearful types* whose anxiety is related to hypersensitivity to criticism, guilt and feelings of inadequacy or loss of control, and whose style is dominated by interpersonal avoidance, clinging dependency, or rigid lock up into obsessive-compulsive efforts to do the right thing and avoid disapproval. This remarkably small array of stylistically consistent global behaviors selected from a practically infinite number of imaginable possibilities establishes a small set of invariants of some, perhaps abstract, property. These characteristic patterns inspire our search for the implied brain and behavioral conservation laws that may underlie them.



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## Further Readings for Doesn't Everybody

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# CHAPTER 3:

# TRANSMOGRIFICATIONS OF ENERGIES

After several of months of running, 12 miles most days, I felt an energetically calm, self-containment and a growing loss of interest in things sexual. My increasingly impoverished fantasy life led my training psychoanalyst to suggest that I was running away from the critical, females issues of my psychoanalysis. He said I was becoming more out of reach as I became more socially pleasant. This was decades before Prozac, Paxil and other serotonin reuptake inhibitors were inducing similar hyposexual, withdrawn states of cordiality in millions of Americans. Recall that Norman Geschwind, the Harvard Professor of Neurology, reported similar conditions of high energy sexual disinterest and abstract metaphysical preoccupation in patients with right temporal lobe epilepsy. For reasons other than the loss of church property rights and the spread of syphilis to the clergy, it felt like I was being readied for Pope Gregory VII's Eleventh Century celibacy reforms for abbots and clerics of the Catholic Church.

It was true that my feelings of dependence on my analyst for understanding and approval were being reduced as I ran into less emotional involvement. I was becoming a more rationally objective observer of others and myself. It wasn't the first time that my over-ardent practice led to this warning. Baba Muktanada, my Hindi guru, told me to reduce my daily sitting time of meditation. He said my spacey



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social smile belied a growing disinterest in the welfare of others. I was getting hooked on the hard training high of not really being there for other people.

Several articles in *Runner's World* said that many runners become addicted after even a few months of running over six miles per day. It's true that over fifteen years I missed less than 10 days of running per year. I ran in driving rain, sweltering heat and dangerous places. In New York's Central Park after dark, I followed a freshly strewn trail of torn woman's garments that ended in shredded panties and a bra on the Park's bridle path. In Oklahoma City at 104,° I was chased and bitten by a terrier. In Munich at 4:30 AM, before delivering a morning lecture, the black uniformed police stopped me for a shakedown. In Ann Arbor, I shuffled along in two feet of snow. By the Seine, at 14°, paranoid barge hounds barked in big dog baritones. I ran on the Hebrew University track a block away from a loud Palestinian bomb left in a refrigerator near a busy street corner. Breathless at nine thousand feet in Aspen, gagging on the strong manure smell of Sacramento Valley farms, in the hot wetness of Houston and dry heat of Palm Springs. I wore out three to four pairs of Nike running shoes per year. What I did not tell my training analyst was that this felt like a chase after God. As in most spiritual transformations, His messages and music could emerge quite suddenly.

Even after stretching, it was painful to begin and that was my daily sacrifice. I was readying myself to follow the God of the Hebrews and make the "three days journey into the desert" as in Exodus and Paul's recommended presentation of my body "as a living sacrifice, holy and well pleasing to God." After three miles of running, the hip pain, back stiffness and leg heaviness lifted, difficult breathing became easier. A burst of new energy appeared suddenly. The first pop usually took the form of assertive feelings fueled by new personal power, an undoing of the lethargy and depression of a helpless sinner. New and big, I felt like I could fix almost anything. Up bubbled an aggressive speech to the Dean about his refusal of our recent request for an increase in departmental research space. As for the National Institute of Health's recent return of one of our grant proposals, it was now clear that the reviewers were wrong. I would resubmit but this time ask for twice the amount of money. I rehearsed a new list of necessary and routine laboratory chores



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for my most rebellious post-doctoral student. I would tell my teen-age son that he must wait another year for his own car. I felt generally intolerant.

In an article in *Runners World,* I labeled my run's first *global brain state transition*, the *first second wind.* It energized me with the cool firmness but ready-to-be angry righteousness of modern religious orthodoxy: Orthodox Jews gunning down Hamas terrorists as retribution for bus bombing children which was itself a retribution; Muslim suicide bombing as vengeance for cultural contamination; Catholic Bishops refusing the Eucharist to pro-choice politicians; Charismatic Christians gay bashing defense of the sanctity of marriage; Mohammed's early Sufi-like poetry of love turning into territorial aggression and Jew killing in his later years.

Once in while, unpredictably, past the first hour of running and after the first second wind, a fatigue easing second burst of energy followed the second stage of exhaustion. I called this running-induced, *second global brain state transition* to a softer loving energy, the *second second wind.* Colors became intense, clouds breathed and my body lightened. Running once again became easy. I was flooded with empathic and generous thoughts. I understood that the Dean was faced with too many space demands to satisfy; the grant reviewers' criticisms of the budget were meant to be constructive. I recalled that strong minded, rebellious post-doctoral students often made the most creative contributions to science. I realized that my son's urgent desire for his own car was a proposal in the direction of the independence that would be required of him the following year when he was going to be hundreds of miles away at a university. Filled with benign optimism, I felt the compassionate perspective afforded those with energy but without envy, anger or fear. William James, in *Varieties of Religious Experience*, A.C. Underwood's book, *Conversion, Christian and Non-Christian* and Gobi Krishna's *The Awakening of the Kundalini*, among many others before and since, describe the sudden appearance of long lasting states of optimistic energy and loving empathy that can emerge after long episodes of suffering, especially following periods of privation of spiritual meaning and the loss of a previously strong faith. These episodes are painfully chronicled by St. John of the Cross in his *Dark Night of the Soul.*



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In the long distance running model of spiritual transformation, the first energy appears suddenly in the middle of painful fatigue and feels like a vigorous implementation of Halachic commands or Canon Law. The second burst of energy emerges from readiness for resignation and ends in humane comprehension and empathy. In some Christian monastic practice, a similar transition is represented in the ritual of *Tenebrae* (or *Darkness*). Fifteen lit, unbleached candles are extinguished, one by one over the night, while reading the Psalms. The practice is said to represent the desertion of Christ by his disciples, as the church grows darker over the night. After the singing of the *Benedictus,* the one remaining light is quenched, plunging the church into total darkness. In *Myth and Ritual in Christianity*, Alan Watts suggests that the loss of the last light of *Tenebrae* induces the realization that "I am nothing." This reduction in egocentrism, along with a dark-piercing alertness is said to facilitate an invasion by a loving God that precipitates the fasting, sleep deprived and praying petitioners into long lasting ecstatic states.

These uses of *energy* and its attendant characteristics are not physically specifiable but rather hermeneutic of a force. It is both a potential and a realization, observed and inferred. It is the "energy stuff" of Freud's *libido*, Wilhelm Reich's *orgone energy*, Pavlov's *drive*, Rudolph Steiner's *etheric formative force,* the *arousal* and *attention* of brain wave and consciousness research, the *Ch'I* of Chinese medicine, the Hindu divine energy of *Shakti*, the Hebraic *ruach*, the Cabalist's *Yesod*, the Sufi's *Baraka*, the Christian *Holy Spirit*, the Yogic breath energy, *prana*, Mesmer's *animal magnetism*, Galvani's *life force*, Goethe's *Gestaltung*, Madam Blavatsky's *astral light*, Georg Groddeck's *it*, Henri Bergson's *elan vitale,* Schroedinger's *entropy*, Abraham Maslow, Ruth Benedict and Buckminister Fuller's *synergy*, Bertalanffy's *anamorphosis*, Colin Wilson's *x factor* and George De la Warr's *biomagnetism.* Of course, by nationality, culture and field of study, there are many more examples, each locally defined by its particular context and haunting with its promise of universality.

*Energy* in the context of mathematical physics is intuitional, abstract and relational. It is not created or destroyed, but rather transformed. Consistent with his deceptively simple style of physical intuition training of the young, Feynman's



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discussion of *thermodynamic energy* and its *conservation* in *Lectures in Physics* begins with the premise that it is a numerical quantity that does not change when one or many alterations in the system occurs. His heurism for energy and its conservation involves the premise that Dennis the Menace has 28 indivisible blocks, a number which his parents find constant at the end of every day of play. If one day a count yielded 27, an investigation would reveal that a block could be found elsewhere, say under the rug. If at the end of the day, the count was 29, the extra one had to come from somewhere else, perhaps Dennis's playmate Bruce. If Dennis locked some of his blocks in the toy box and threw some into a bathtub of dirty water and (1) A block weighed three ounces; (2) The box alone weighed 16 ounces; and (3) Each block raised the water level of 6 inches by one fourth of an inch, then this metaphoric energy relation can be expressed:

$$\text{(blocks seen)} + \frac{\text{(weight of box)-16 ounces}}{\text{3 ounces}} + \frac{\text{(height of water)-six inches}}{\text{1/4 inch}} = \text{constant} \quad (28)$$

Feynman notes that this representation of an energy relation, computed as a number of blocks, will always remain the same. If there were no blocks in sight, and one used this *energy conservation relation* with blocks as units of energy, we find no blocks as such in the expression at all.

The abstract and formal idea of energy in physics first arose in mechanics and was generalized to electrostatics and electrodynamics. If one idealizes these systems, eliminating real world factors such as friction, temperature gradients, temperature dependence of the properties of materials, viscosity, hysteresis and other nonlinear behavior, then the energy conservation law says that in an *isolated and interacting* set of systems, the sum of the energies of the several systems remains constant. If, on the other hand, a system interacts with its surroundings, *not isolated and interacting*, then the increase in the energy of the index system is equal to the *work done* on the system by its surrounds. Like pre-Enron bookkeeping of corporate cash flow and balancing ones personal checking account, energy, like money, does not disappear; it is only changed in expression. As in the context of currency equivalent value, energy can represent a very general quantity applicable to a wide array of specific objects and activities. The results of



HOUSE_OVERSIGHT_013546

the early studies by Professor Seymore Kety of Harvard and Dr. Harold Himwich of the Thudicum Laboratory in Galesberg, Illinois, using measures of *whole brain oxygen and glucose utilization* as indices of energy generation and utilization by the brain, surprised many of us. They indicated that energy use by the *whole brain* was relatively constant when states of relaxed awakeness, mathematical cognition and deep sleep were compared. Of course, modern studies have indicated that relative *regional* brain energy utilization is state dependent and may vary quite widely.

More spiritual aspects of energies and their transformations were made clearer during several month visits to Baba Muktananda's, now Gurumayi Chidvilasananda's, Sidha Yoga Ashrams. Baba Muktananda loved and worshipped his Hindu Guru, Bhagawan Nityananda. Baba had been a restlessly wandering, guru-hunting, young man. Nityananda said he had "wheels for feet." After many years of devoted meditation, chanting and service, *sadhanna*, all the while being prohibited from eating mangos, his favorite food, his passive, taciturn, ecstatic guru, Nityananda, presented voluble, energetic, joyful Baba with the guru's rather aromatic and worn sandals. This symbolically acknowledged Baba's successful absorption of the guru's transforming spiritual energy, *shaktipat*, the power of his enlightenment.

At Nityananda death, Baba, using world tours, spiritual fellowship meetings, *satsangs* (public conversations) and spiritual training sessions called "intensives", organized Ashrams in West Coast sites such as Oakland and Venice, and on the East Coast, in South Fallsburg, New York, buying several old residence hotels in the Borscht Belt. Baba was introduced to America by one of his first advance men, *Be Here Now* Baba Ram Das, Timothy Leary's co-investigator in the Harvard Student LSD project when his name was Richard Alpert. *EST*'s Werner Erhard was another of Baba's advance men.

Baba discipled and disciplined a sister and brother who, when 18 and 11 respectively, were sent to live in his Ashram in Ganeshpuri India by their parents. The girl was known as Malti when she served as a translator for Baba and Gurumayi Chidvilasananda after receiving the energy of her enlightenment. The younger brother was given the name of Baba's guru, Nityananda. When Baba took



HOUSE_OVERSIGHT_013547

a guru's ecstatic death, *Samadhi*, both Gurumayi and young Nityananda became co-gurus. Following three years of the usual covert power struggles of succession in organizations, Gurumayi took over the guru lineage of Siddha Yoga. Her lively brother's worldly preoccupations with jazz drumming and confessions of promiscuity led to his giving up of the orange robe of the denunciate, *sanyasi*, for the blue robe of worldliness, exchanging one kind of energy for another.

Brad Gooch who visited Gurumayi's Ashram in Ganeshpuri, India, wrote in his recent book, *Godtalk*, that she looks like a "synthesis of Indira Gandhi and Bianca Jagger." In what reads like a Hunter Thompson episode in an unwritten book called *Fear and Loathing Along the Guru Trail*, *Godtalk's* explication of Siddha Yoga was dominated by yellow journalistic rumors such as the one about Baba's use of a gynecologist's table with stirrups for non-ejaculatory *Tantric practice* with some female followers. This unconfirmed claim remains, as Gooch says, in the realm of "...he said, she said." Gooch's exploration almost ignores the deeper meanings of *Kashmir Shavism*, *Buddhism* and *Kundalini Yoga* that compose the philosophical foundations of Siddha Yoga. The importance of knowing, loving and becoming one with the God within trivializes all but ungenerous or hurtful interpersonal behavior. Even the tougher version of the Ten Commandments in Leviticus 19 would not necessarily disagree.

When a Los Angeles Times reporter tried to chide Baba about being driven about in his "worldly" Mercedes sedan, he explained that a very wealthy Indian merchant had given it to him and "...I have to put my behind somewhere." Similarly, why would Gooch's account of Baba's Tantric practice, even if true, ruin the imago of him in my mind unless I had already surrendered to the pantheon of good and evil absolutes of Judeo-Christian taboo? My knowledge of these non-materialistic meanings of apparent materialism began with one of the favorite finds of Baba's youthful days of guru hunting: Zipruanna, who, wearing only a loincloth spent all day, every day, on a stool in the middle of a garbage dump. Remarkable changes occurred in people who spent time there in his presence. Baba said the identity of guru was established by the results experienced by those that spent time in his presence. It could not be defined by the physical features or ritual conduct of the



HOUSE_OVERSIGHT_013548

interaction. People become spiritually energized and change in Zipruanna's smelly, garbage-filled presence. I keep a picture of him on my desk.

Gooch, in his implicitly and superficially righteous preoccupation with what he considered disenfranchising human vulnerability, recalls how the medieval church used the difficult to impossible vow of chastity for political control of their priesthood. He seemed to have missed Baba's lessons about the remarkably simple sounding practices for mobilizing the energy of the God-receptive state. Once in this new state, the rest of the metaphysical work almost takes care of itself. I, like many others, adopted Baba's mantra, *Om Namah Shivaya*, "I worship the God within me (and you)" that he was given by his guru. The inner chant of this mantra brings me to an internal quiet in which things become clearer. Meditation, chanting and service to the guru was motivated by his promise that my egoistic concerns ranging from the number of publications on my *curriculum vitae,* to the size and adroitness of my penis, would *disappear autonomously in the Baba state of bliss.* This sounds very much like the role of the transition to an "active intellect." in Abraham Abulafia's 13th Century *Commentary on the Secrets*. Arduous study of the spiritually dense writings of Sri Aurobindo during the days with Professor Spiegelberg at Stanford gave me a peak into the simple but difficult to execute idea of "simply" becoming the transcendently comprehending state of *existence-consciousness-bliss.*

Whereas Baba would occasionally lapse into terse Sanskrit verse and its multiplicity of potential meanings, Gurumayi keeps things simple. Sitting silently and immobile at *satsang* for hours, she radiates transformational energy, *shakti*, that makes ruminations about human affairs seem unimportant. The work is about getting the self concerned head noise of ones preoccupations sufficiently out of the way to allow the discovery of the God who has been waiting patiently within. A fellow ashramite gave me a photograph of my first audience with Gurymayi. It showed me on my knees in front of her. She appears to be dismissing me with a baleful, almost disdainful look as my introducer, gesturing broadly, was, unasked, reciting a list of my professional bona fides. The picture caught her waving me off with a long, peacock-feathered stick. Obviously unimpressed, she is sending me back to my all night, every night, tent cleaning labors at the Ashram. Rich Indian



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businessmen, whose large donations were a major source of support of the Ashrams, faired little better. They seldom received a personal audience or favorable seating at *Darshan*, the evening public time of question and answers with the guru. In contrast with the relatively easy public availability, mischievous play, provocative humor and worldly sophistication of Baba, the ambience of Gurumayi is more private, simple, serious and subtle. It is as powerful, but in another way.

In response to Gurumayi's ascension to Siddha Yoga's singular guru, I imagined hearing Baba saying that God energy was at least androgynous, if the dimension of sexual identity was relevant at all. Baba taught that *divine energy,* by necessity, is expressed through a wide variety of particular personalities and cultures and should not be confused with the details of its manifestations. This included the sexual identity of the chosen Vehicle. Guramayi's central theme, as I understand it, concerns the simple, quiet and pervasive powers of love and faith. Some say Baba took the path, *marga,* of selfless action, *karma-marga*, whereas Gurumayi took the *bhakti-marga,* the road of loving devotion and faith. The third *marga* is *jnana-marga*, my inclination, is the road of intellectual study and knowledge. Aldous Huxley related the choice among these three categories of *yoga* practice, to the physical and personality types of William Sheldon's 1954 *Atlas of Man. Karma yoga* corresponded to the *mesomorphic* body type and the assertive boldness, high energy, and interpersonal callousness of the *somatotonic* personality. *Bhakti Yoga* was the characteristic choice of *endomorphic* body types with the *viscerotonic* personality traits of sociability, good will, tolerance and love. Huxley associated *Jnana Yoga* with *ectomorphic* body type and the *cerebrotonic* characteristic of shyness, sensitivity and intellectuality.

My summers with Baba at his temporary Ashram in Venice, California and the permanent American Ashram in South Fallsburg, New York, were spent in daily, very early morning, chanting of the *gurugita* after most of the night spent taking down, cleaning and putting up large tarpaulin meeting tents. I was assigned this simple, arduously manual, all night work after being interviewed and found out to be a professor and chairperson of a medical school department. Baba instructed his assignment committee that many if not all professorial egos would benefit from what



HOUSE_OVERSIGHT_013550

Andrew Carnegie famously called the dignity of real work. Spicy one dish vegetarian meals, twice a day meditation and brief stolen naps consumed the rest of the day. I found myself meditating for longer and longer times, chasing the promised *Blue Pearl* that Baba said appeared behind the eyes near the supreme meditative end point.

Beside care with the titration of meditation-induced interpersonal disconnection, *detachment with love* is the desired end point of most Hindu and Buddhist meditative practice, another set of "side effects" of the energy arising early in the course of too much meditation is called *kriyas*, spontaneous episodes of involuntary behaviors and postures of the body such as unprovoked chanting and writhing and stereotyped hand positions called *mudras*. Baba told us one of his *kriyas* took the form of spontaneous erections that occurred during his first experiences with deep meditative states. I recall a woman physician and fellow ashramite in Los Angeles telling me that her panties often got so soaked during meditation that she worried about being stuck to her cushion. Beyond these initial somatic overflows of Divine Energy, *shakti*, emerges a vision of the *Blue Pearl*, *bindu*, Baba's "gift from the Goddess Kundalini." As he entered this stage, he said that his mind filled with "joyous contentment." Jewish mysticism of the 1300's acknowledged the neighborhood relations of Eros and the Sacred.

More formal and scientific uses of the word, *energy*, like all objects of thought embeddable in a mathematical context, are abstract and relational. In his book, *Mathematics-The Music of Reason, Jean Dieudonne'* treats *mathematical objects* as *objects of thought.* Dieudonne''s book documents the 19th Century transition from concrete, visualizable, classical mathematics to abstract, nonvisualizable relational ideas. This conceptual transition to abstract, relational thought objects that are no longer representable by pictures or accessible to our senses of mathematics and physics is yet to reach the concrete DNA-causal religionists of modern molecular biology. In 20th Century mathematics, Dieudonne' observes that "...the primary role in theory is played by the *relations* between mathematical objects concerned *rather than the nature of the objects themselves*...these relations are often the same for objects which appear to be very different and therefore they must



HOUSE_OVERSIGHT_013551

be expressed in ways which do not take these appearances into account...and can be specialized at will..." DNA sequences are, as MIT molecular biologist, Eric Lander observed, nothing more than an elementary "...list of parts..." In fact, since about 1% of the nucleotides are relevant to functional genes, one might say that the important members of this list of parts are distributed very thinly among many more apparently unimportant ones. The next frontier will certainly involve an understanding of the dynamics of the interactions among elemental parts and in more abstract laws about molecular biological relations; a focus on the dynamics, not the structural parts, that regulate and control their expression.

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I made a pilgrimage to spend eighteen months within Rene' Thom's penumbra, living among mathematicians in his "ashram" in Bures sur Y'vette, France. Thom was one of the founders of the *Institute des Hautes D'Etudes*, *IHES*, *Institute for Advanced Scientific Studies,* created to stanch the flow of high-level scientific talent away from France after the Second World War. It is in Bures sur Y'vette, deep in a green forested valley, 50 or so miles South of Paris, in a building packed with small, thin walled, big windows-on-the-woods offices. Each office contained a single hard chair, an old office desk, two walls of blackboards and a box of white only chalk. The use of colored chalk was felt to be without mathematical rigor because its use substitutes colors as dimensional descriptors for more demanding abstract and formal representations. Color was cheating. Meditation in this ashram was practiced by staring, pacing, scribbling, and humming, mumbling, belching and farting through the Institute's thin office walls. The building, though almost completely occupied, was otherwise silent. The Institute was populated by such world-class mathematicians and theoretical physicists that once inside that building, I felt so intimidated that I almost never spoke above a whisper. Listening to excellent William Thurston's casual use of a tiled bathroom floor to motivate a unique partition of a topological space, I was attacked by the awe of an early morning visit to an almost empty Notre Dame Cathedral in Paris or standing in front of Michelangelo's radiant marble statue of Mary and Jesus the Infant in the Vatican.



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Though the environment was one of tranquil academic scholarship, I lived charged with anticipated performance anxiety about the seminars on *the brain as a dynamical system* I was scheduled to present to these (I feared) ready-to-be-disdainful, prize-winning, pure mathematicians and theoretical physicists.

My dorm-style sleeping room at *IHES* was, in winter, painfully cold and drafty; the narrow iron bed's thin mattress contained lumps of persistently disturbing dreams, the small scratched table for work shim-irreparably wobbled. A faded poster of Van Gogh's garden was tacked crookedly on the door facing the toilet in the dank, dimly lit small bathroom. A dwelling for distracted young mathematicians. A retired but still famous Parisian chef cooked many course, elegant meals every afternoon. The food was accompanied by so many liters of unlabeled red wine and peer pressure to be French and socially drink it that it became a choice between dulled, blunted,. sleepy post-prandial afternoons or living on bread, many cheeses, apples and Perrier water, alone in my room. I chose the latter.

Thom's gifts to us theoretically oriented non-mathematicians were diagrammatic, easy-to-visualize pictures that allow the intuitive capture of counter-intuitive discontinuities in functions. How we might imagine that a smooth and continuous change in a cause of something can lead to a big, discontinuous change in the results. His system of topological (shape not size) diagrams was useful when considering up to four causal variables and one to two dependent variables that described how things behaved.

For an important real life example, in modern clinical pharmacology, the smooth *dose-response curve* consistent with the physician's intuition that if a little drug didn't work, a little more may do so, should become an up and down search for the dose-region for the desired effect which may involve a lower amount than a previously ineffective drug dose. The therapeutic effect may occur in the middle of a narrow dose range with too much or no effect occurring out of this span. In many physical systems, sudden and global transitions in state, from incoherent light rays to coherent lasing and from laminar flow of fluids to turbulence, emerge unexpectedly when causal parameter are moved into what some call the *critical region of the values of control parameters.* Outside this region, cause and result



HOUSE_OVERSIGHT_013553

were behaving linearly and smoothly whereas within this region we observe global and dramatic changes via a forced discontinuity in what Thom called a *catastrophe* and others use related words such as *bifurcation* or *phase transition*. The transitions from painful fatigue to running rage and then to ecstatic transcendence feels like the gifts from two kinds of Gods, the first, bearing the righteous lawfulness of the Old Testament, the second bringing the empathic forgiveness of the New Testament Jesus. Catastrophe and bifurcation theories predict and keep track of these transitions using mathematically describable changes in global characteristics of the "motion" using technical descriptors such as *eigenvalues*, *germs and jets*.

Thom taught me my first catastrophe, called the *cusp,* in words during our late afternoon walks along a shadowed green wooded path on the grounds of the Institute des Hautes Etudes, outside of Paris. My homework consisted of trying to visualize his verbal descriptions. It was not until weeks later that he drew the geometric object being discussed on the blackboard. With eyes twinkling and in his provocatively playful style, he said,

"Imagine an empty rectangular box with the front edge of its roof buckled into an `S' and the back edge, an unfolded, left-to-right gradually rising simple smooth curve. If one moves the causal force from low to high, from left to right along the back of the box, the changing effect (represented by height) would be smooth; moving from left to right in the front encounters a sudden drop off at the S shaped buckling, a discontinuity in roof height indicating a discontinuity in effect. The energy equivalent height of the roof graphically indicates the amount of result. The roof is the *manifold* upon which the result of causal change is portrayed. The two dimensional floor of the box represents a graph of the two causal parameters, the increasing amount of *normal factor* going left to right along the `x' dimension, the increasing amount of *splitting factor* (taking one from the back to the front to the region of the buckling) going back to front along the `y' dimension."

He gave me some examples of systems that showed cataclysmic changes in effect from smooth changes of *normal* and *splitting factors.* About the onset of a war: "At the back of the top surface of the box, the manifold, the *normal factor* increasing from left to right is the amount of the perceived threat. The *splitting factor*



HOUSE_OVERSIGHT_013554

decreasing from front to back is the cost (and ability to pay) for war. Without the financial capacity to make war, threat goes from left to right smoothly at the back of the box as tension gradually increases without the onset of armed conflict. When effective fighting capacity is cheap and/or already well funded, the country well armed, the increases in threat go from left to right at the front edge of the box and encounter the cliff of catastrophe and war is declared. Cost of, or ability to wage war varies from the front to back, and serves as the *splitting factor.* Considering prison riots, social tension is the *normal factor* and alienation (degree of identification with prison authority) is the *splitting factor.*" Using factial expressions of dogs sketched by the Konrad Lorenz, Christopher Zeeman then of Warwick Mathematics Institute in England, considered countenances reflecting increasing rage as the normal factor, the amount of fear was the splitting factor. Increasing rage at high fear increased smoothly at the back of the box; at low fear, increasing rage falls off the cliff to an animal attack at the front of the box." He paced as he talked, occasionally looking up to see if I was following him. He continued,

"A light above the box casts a shadow from the roof to the floor, outlining the gradually widening fold created by the transition from the smoothly rising back of the roof to its `S-shaped' front. This triangle on the x-y causal floor is the region in which the discontinuity in the result surface roof results and is called the *bifurcation set.* An increasing amount of the causal `normal factor' is represented from left to right along the `x' dimension, the results of which change smoothly at the back of the roof but encounter a discontinuous jump up or fall down crossing the inaccessible crevice in the `S' fold at the front of the roof. Again, the triangular shadow on the floor made by the fold indicates the parameter region in which discontinuous changes in the result surface occur. The reason the parameter that determines the front to back location of the left to right movement of the `normal factor' is called the `splitting factor' becomes obvious. Its value determines whether the results induced by increasing amounts of `normal factor' will be smoothly changing or generate a discontinuous jump. The entire visualizable object is called a *cusp catastrophe* and it along with higher dimensional parameter region-inspired shapes such as the



HOUSE_OVERSIGHT_013555

*swallowtail* and *butterfly* buy back the smooth *DE* deterministic intuition lost with discontinuous changes in results."

He grinned mischievously as he asked, "Can you see it?"

Thom's catastrophes serve as accessible and powerful theoretical settings for the use of *energy as a generalizable, one dimensional, dependent, resulting effect*, influenced by one or several, sometimes conflicting, independent, causal, variables. For more examples: the weight of a ship (smaller to greater, left to right, along the x, *normal dimension*) and the position of center of gravity (smaller to greater, front to back, along the y *splitting dimension*) are causal with a jump in roof-height *energy* from stability to capsizing, a discontinuity emerging from initially smooth changes in stability. As above, gradually increasing tension (the left to right *normal factor*) and alienation (the back to front (*splitting factor*) in inmates generate a sudden increment in *energy*, from subtlety increasing tension in relative quiet to the sudden outbreak in a riot in the prison population. Embryological *notochord somitogenesis*, (that which become the vertebrate of the spinal column) has a smooth (left to right) causal influence that Chris Zeeman named a *normal factor*. It is the smooth growth of the material wave of mesodermal (to become muscle, connective tissue and bone) tissue. Zeeman called the front to back dimensional gradient of influence, the secondary wave of adhesiveness, the *splitting factor*. The value of this secondary wave co-determined a critical-valued interaction between these causal parameters leading to a discontinuous change in the "energy" equivalent continuity of developmental growth and vertebral column segmentation.

A little more technically: Thom's basic mathematical contributions were in *differential topology* and *analysis* with particular emphasis on what is called *structural stability* of surfaces representing and supporting actions called *manifolds*. For example, in a graph of a function, say $F(x)$, such that a change in cause $x$ determines what happens to the result $y = F(x)$, the stability question involves what happens when one perturbs $F(x)$ with a little$\delta$, i.e. $\delta + F(x)$. Do the *topological properties of the surface representing the potential range of actions of the system* (such as nearness of an originally close point set, continuity and connectedness of the surface, its dimensionality, its compactness as a generalization of finiteness)



HOUSE_OVERSIGHT_013556

remain the same after perturbation? Note that the inter-data point metric distances are not considered. If they do, the two dynamical objects being compared are *topologically equivalent.* The test of this equivalence requires the mapping one set onto the other with, at most, smooth distortions of either or both surfaces.

In the context of catastrophe-related *bifurcation theory*, if a $\delta$ converts a steady valued *fixed point* to an oscillating *cycle* on a manifold of potential actions, also called a *state space*, then the fixed point system was *not structurally stable*. In phase space, this is seen as a change-in-causal-parameter induced transformation of a dot to a circle. If the one frequency circle is perturbed to a manifold of the system's actions consisting of two independent frequencies, the circle takes the topological form of the crust of a doughnut, one frequency graphed spiral winding around the doughnut, the other winding along the doughnut around its orifice, the circle is not structurally stable. If $\delta$ distorts the frequency-amplitude relations on a surface such that the manifold of possible actions is distorted from a doughnut to a tea cup, both topological manifolds being one holed surfaces and therefore *topologically equivalent*, the system is *structurally stable*. Perturbed systems that maintain the sequence of points in time in sequential order (though the distances between the points may be different), are generally structurally stable.

The seductive possibility, one which Thom realized so successfully, was that in the language of distance-independent differential topological forms, there would exist a small, finite set of shapes categorically describing the causes and result parameter spaces from which, even without specific quantities, universal qualitative (including discontinuous) behavior could be described and sometimes predicted. A formal yet general categorical system within which a small set of universal *discontinuous changes in global qualities* could be rationalized seemed seductively applicable to the enlightenment transitions, *spiritual transformations*, appearing suddenly after months and years of disciplined spiritual practice. The Platonic view is that the universal forms of discontinuous change existed before they could be about anything specific, before the universe was born.

In this era of nonlinear dynamics and dynamical system, common dynamical scenarios give accounts of smooth changes in causes leading to discontinuous



HOUSE_OVERSIGHT_013557

changes in results. The Nobel Prize winning solid-state physicist, Phillip Anderson, in a short but memorable piece in *Science* in the 1970's said it tersely, "More is different." This general, qualitative mathematical theory of discontinuous change models nicely the sudden delivery of the *first* and *second second winds* from gradually and continuously increasing running distances as well as the abrupt transmission of the guru's "energy", *shaktipat*, from smoothly increasing amounts of chanting, meditation, guru service and Baba love. Gradually changing forces leading to sudden changes in an energy-equivalent result are found in most rigorous form in Rene′ Thom's *singularity-bifurcation-catastrophe theory* applied to *rational mechanics* and *geometric optics*. Here the existence of already solvable computational formalisms makes this more qualitative approach superfluous. On the other hand, the power of this both basic and applied mathematical orientation and method lies in its approach to the qualitative understanding of variously induced global and sudden changes in an energy-equivalent observable in biological, psychological, spiritual and social systems, fields of study in which little abstract and formal lawfulness presently exists. Oxford's Chris Zeeman's more accessible applications of Thom's deeper, more generally ramifying, almost mystical (due to their apparent wide generality) results, include approaches to real world problems such those above as well as the sudden change in excitable membrane potential accompanying the generation of the heart beat and neuronal discharge; mechanisms of opinion change, stock market crashes and, as noted above, the social science of riots. Whereas Thom's *On Structural Stability and Morphogenesis* can be said to be scriptural, Zeeman's Selected *Papers, 1972-1977* constitute the Book of Common Prayer of this church.

To review and place *catastrophe* and *bifurcation theories* in the context of the differential equations of mathematical physics and biology, causal determinism implied by differential equations conventionally requires continuity and smoothness in behavior to be credible. Our intuitions as well as the formal conditions for the generic differential equations of mathematics and physics imply that smoothly increasing amounts of cause lead to smoothly increasing results and yield at least local predictability: a little more leads to a little more, a little less leads to a little less.



HOUSE_OVERSIGHT_013558

This smoothness-dependent intuition of determinism breaks down in nonlinear equations as well as in a wide variety of the machines of experimental physics, from the sudden coherent lasing of previously incoherent light to the vortices and turbulence in suitably bounded rotating or flowing fluid. It took me a while for these topological still shots and movies of the head to become real. Nevertheless, the enrichment of intuition was well worth it. Of course one could smoothly increase the *normal factor* weight of a ship until it gradually sank, but if one moved the center of gravity *splitting factor* to an eccentric position in the ship in the *parameter region of the bifurcation set*, a sudden global capsize before weight-induced gradual sinking made sense. I could see it. Indeed, increasing *normal factor* tension in a prison population that was identified, not alienated, from the officials and mores of the penal institution, would increase social symptomotology gradually. However, increasing the *splitting factor* of social and institutional alienation results in the cataclysmic change of a riot with increasing tension. I could see it.

Do we need to know the causal equations to anticipate instability and discontinuity in our lives? Zeeman making Thom's thoughts accessible to us plain mortals said no. He suggested that we could use *several diagnostic phenomenological signs* to make a good guess about whether we are *near or within the bifurcation set.* Depending upon the route that the causal variables take through the shadow of the bifurcation set, we may see *very large fluctuations* in our observable. The Dow or S&P stock indices in the neighborhood of a sudden large change is often presaged, sometimes for weeks, by a marked increase in volatility, fluctuations between extreme values. Theorists call the statistical properties of a time series of values behaving this way *anomalous variance*. For several months, I did psychotherapy with a genuinely spiritual Catholic priest who only some Sundays served the Eucharist, the corporal presence of our Lord at Communion, wearing no trousers or underpants beneath his robes. A sudden change in a stock index in response to the "shock" of a terrorist attack takes much *longer to settle down* if a cataclysmically bigger change is in the neighborhood. This extension of the system's usual *relaxation time* is sometimes called *critical slowing*. In the bifurcation



HOUSE_OVERSIGHT_013559

regime of a schizophrenic break down, *critical slowing* can be both global and literal as the patient freezes in catatonic postures.

In the neighborhood of the *bifurcation set*, big jumps in the stock index, up or down, are possible under almost the same surrounding conditions. This stock analyst-humbling phenomenon is called *bimodality.* Jimmy Swaggert's Saturdays were often spent watching the show at naked dance parlors and buying videos at the pornography shops of Metairie Highway near Schwegmann's Grocery outside New Orleans. Sundays found him on national television engaged with infectiously real, transcendent experiences in the public arena of the pulpit. The ecstatic congregation was deeply moved by his eloquent and tearful sermons about sin and salvation. Counter to most suspicions, this is less conscious fakery than the genuinely felt alternating states intrinsic to the *bimodality* in neighborhoods of *spiritually unstable, born again transitions*.

Similarly, beginning with nearly the same initial values near the boundary of the *bifurcation set*, very similar motions lead to dramatically different results. This counter-intuitive behavior has been called *divergence.* At UCLA's Neuropsychiatric Institute, I interviewed a pair of lively teenage, genetically identical male twins raised by a loving family in Los Angeles's Valley. One was president of his high school class, a Sunday school nursery school volunteer and a Saturday soup server to the poor. The other twin sold pot and cocaine to support his habit. Deep and potentially dark mysteries live in these spiritual bifurcation sets. They leave us pondering child sexual abuse by deeply religious clergy and the massacre by mass suicide of a New Christian congregation by James Jones. We wonder why it is that fundamentalists (Jewish, Christian and Muslim) have the most ecstatic and direct validating experiences of God and do the most shooting and bombing of other people. In Burt Lancaster's portrayal of bifurcation set dweller, Elmer Gantry, charismatic believer and exploitative psychopath, were simultaneous and both credibly real.

Another feature of the occupancy of this bifurcation region in control space is that the values producing a sudden jump that occur passing through going one way along the "normal" dimension usually jump back much further along when moving



HOUSE_OVERSIGHT_013560

the other way. Theorists call this characteristic sign of bifurcation land, *hysteresis.* It is generally known that sudden healing changes of the first born again experience can arrive magically fast whereas a run at it a second time, another born again state after the loss of the first one, comes, if at all, with much more effort and difficulty. Members of Alcoholic's Anonymous know that getting on the AA wagon the first time may be quick, joyful and easy. Getting back on this wagon after a fall is much more painfully slow and demanding, analogous to the Carmalite monk; St. John's lost faith engendered suffering of the *Dark Night of the Soul.*

Viewing the instabilities and extremes near the boundary of a bifurcation brings inquiries and advice about why a rational compromise, some form of disciplined moderation, would not be more desirable. It turns out that in this parameter regime, the in-between state is intrinsically *inaccessible.* The pocket in the *S shaped fold* of the upper manifold cannot be attained, at least for very long, by varying the values of the two parameters. However, if one increases the number of controls, it might be possible to stabilize a small island in a parametric sea of instabilities. In an application of this strategy, Smith College and Harvard Professors James Callahan and Jerome Sashin used a geometric representation of the difficult to stabilize region of normal weight on a *double cusp* manifold representing the behaviors of patients with eating disorders with both anorexia nervosa and bulimia. They varied *five controls* to stabilize a very small result area representing normal eating by varying the control values for ability to *verbalize feelings*, to *imagine solutions*, to defend against anxiety with unconscious forgetting called *repression*, to make contact with *realistic rationality* and to *modulate feelings* with say exercise, meditative practice or psychopharmaceuticals.

My experiences with the so-called *borderline personality*, with the tendency toward sudden and global personality change, from Sunday school teacher to Harlot in the space of a breath, has been both sexually exciting and personally ruinous for me in my life. I could feel the instabilities in these dwellers of the bifurcation pockets and my heart raced at the promise of mutually unconsidered impulses, the blurring of orificial identities, the experiments with sexual roles and modes and the incipiency of collapse into regressive mud play. Most of all, I anticipated that their



HOUSE_OVERSIGHT_013561

screaming orgasms, potentiated by a natural inclination to bifurcate, would be so messianic as to carry me along to a transcendentally erotic new place. Unfortunately, paranoid rages, bursts of promiscuity and hopeless inconsistency of goals and efforts dominated the remainder of our living days.

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HOUSE_OVERSIGHT_013562

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HOUSE_OVERSIGHT_013563

# CHAPTER 4:

# SENSUAL IN-BETWEEN ENTROPIES

Since the early teens, I've been beguiled by girls and women that have what might be regarded as *exquisite sensibility,* perhaps more precisely, *exquisite self sensibility.* These inhabitants of the near transformational neighborhoods of *bifurcation sets*, are grandly responsive receivers of emotionally significant information arising from their insides and the world. They are the canaries in the deep mines of human experience. Not the usual one lively-eye, one sober-eye, binocular difference of most of us, both their eyes sparkle, their feeling antennae await a happening and each is regarded as new. I spot these brains in a crowd within minutes and am compulsively drawn to know them better, to become part of them, to vicariously experience and serve them. They seem to have little inhibitory control of even weak sensory information on its way to their strong, global feelings. Near ecstasy and excruciating pain await. They feel their anticipations with their body, down to their painted toes. Their receptivity brings me lower abdominal warmth in remembrance.

At sixteen in my Dad-purchased second hand Ford convertible, I was parked with my new girl friend on Sarasota's Lido Beach, hearing and seeing dark shadows of the Gulf of Mexico's waves hit white sand against the night sky. I took her flat party shoes off to message her feet. When I kissed her left foot and sucked gently on her toes, she gasped and became faint. She told me that a strong electric shock



HOUSE_OVERSIGHT_013564

had run up her back. The passionate licking and sucking of her musky, moist, pink labial lips brought what she said were explosions of pink and blue lights. She had several ecstatic multicolored crises in a row, sometimes without pause. She begged me to stop. I was as pleased as a sexually inexperienced young man in love could have possibly been.

Bowled over by what seemed to be the uniquely sensual properties of her brain, I began to wonder if her sensitivity was more general when she asked me to keep the windows open or top down, even in the cool of a Florida January, because the exhaust smell in my car was suffocating, though I couldn't smell it. The car had been checked and registered negative for abnormal fumes and leaks by Anderson Ford. She asked me never to wear any kind of after-shave lotion because it choked her. Jazz music on the car radio had to be played quietly. On-coming headlights gave her headaches. Her mother, sometimes desperate, called me for help during her daughter's episodes of premenstrual emotionality and early menstrual discomfort. During these times, we would drive together for hours as she explained the many different colors of lower abdominal pain and how this particular kind yawned darkly before it cramped. It was more purple then any of the others. I tried to explain what I intuited but didn't understand to her mother about the her gift of unfiltered information coming through her nerve endings, her ever readiness for surprise and her brain's unwillingness or inability dampen or ignore what it didn't like. She saw things in art, heard things in music that I only saw, and heard after her telling. She had tearful smiles listening to Debussy's Afternoon of a Fawn. The flatted fifths of Charley Parker and the laconic riffs of Miles Davis made her anxious.

Since then and for all these many years, the same sensually susceptible brains showed up in my life carrying a variety of woman's names and I never lost my fascination for them. I learned that their heightened awareness extended to the spiritual realm with unusually strong metaphysical inclinations and readiness for transcendent experience. They seemed to live closer to the direct experience of God. Attending Assembly of God and other Pentecostal midweek service, I found that praying in tongues and dying in the Lord came as easily and dramatically to them as their orgasmic experiences. At the same time, distant bad news could



HOUSE_OVERSIGHT_013565

suddenly become immediate and loud in a litany of threatening thoughts that hooked and persisted through sleepless nights. They taught me to see genuinely the delicate beauty of flowers and to know in my stomach that some forms of sadness felt hollow like homesickness. In medical school I found that that many of them were the clinic patients, women and men, with unusual sensitivity to chemical odors, think Gulf War Syndrome, and fibromyalgia, which I heard as unusually sensitive awareness of normal sensory information about posture and position coming in from the bones and muscles of the body but experienced as pain. This background of odorific and somatic information is usually repressed from consciousness by the rest of us. Their medical histories contained detailed accounts about how each of their organs was feeling at the time, sensations that the textbooks say we are incapable of consciously knowing. Internists and psychiatrists often dismissed their accounts as signs of *somatoform disorder*, psychological conflicts expressed in the language of body feelings.

In the psychophysiological laboratory, I learned these brains tended not to *habituate*. Each of a series of noises continued to elicit *startle responses* that could be picked up in brain wave recordings or in the running record of a psychophysiological, lie detector, machine. In psychoanalytic training, I learned that these brains remembered their dreams more richly than the rest of us and that treatment with over twice a week analytic sessions was potentially dangerous. The psychoanalytical situation-engendered fantasies and feelings could get too strong and exaggerated, too real.

Professor Iris Bell of University of Arizona's Alternative Medicine Research Program has, studying these brains, found slower reaction times, defects in divided attention psychological tasks, longer latencies to the first dream, and unusual patterns of odor reception called *cacosmia* or *dysosmia*. Using brain wave and cardiac interbeat interval data as markers, Bell reports the increase in the amount of *alpha awake brain waves* and decreases in *cardiac interbeat interval variation* associated with increasing sensitivity, rather than habituation, with repeated exposure to a variety of smells over time.

In spite of these brains usually requiring what is known as high maintenance



HOUSE_OVERSIGHT_013566

in relationships, I continue to be erotically spellbound, in love with them in all their forms. Questions about how to think about these exquisitely sensitive women, *Bell's Syndrome* exists but is rarer in men, continue to drive aspects of my scientific research. It has been variegated quest, which began with trying to find a general conceptual framework that would help my understanding of this unique capacity to be aware and process large amounts of internal and external information that escape the awareness of most of us. As one might guess, this search led to fundamental ideas about *information* and its inverse, the *entropy* indicating the amount of *information transport capacity*, with respect to their characterization, quantification and measurement.

To get to the end from close to the beginning, we recall that it was Claude Shannon and his followers who both mathematically proved and experimentally verified that a receiver must have more *entropy*, less already fixed knowledge and more wondering, than the sending source, in order for the message to be sensitively and reliably received and encoded. Sensibility seems to have something to do with the readiness for information transmission afforded by the brain's high entropy, minimal fixed information states, in its resting dynamics. Their remarkable receptivity derives from a baseline brain state like the formless emptiness of the *bodhisattva's* "...no form, no sound, no feelings, no perceptions, no consciousness..." of transcendent Tibetan Buddhism as described in the *Heart Sutra of The Dalai Lama.*

In Chinese Medicine, *xu*, meaning *emptiness*, contrasts with *shi*, the word for *fullness*, both of these complementary opposites having multiple specific meanings. Most metaphysically relevant is the characterization of *xu* as the emptiness of the deepest reality of being and the highest state of human spirituality. Like that aspect of Lao-Tsu's ineffable *Dao*, *The Way* that is empty, *xu* indicates a mind devoid of desire, being lucid and serene. In the context of dynamical form, *xu* shares the structureless, non-imagery of maximal entropy systems and *shi* the lower dynamical entropy of fixations on form, desires and beliefs. Shigehisa Kuriyama's *The Expressiveness of the Body*, elucidating historical and conceptual divergences of Greek and Chinese Medicine, notes that *xu* was the supreme end of self-cultivation



HOUSE_OVERSIGHT_013567

and the secret to vigor and longevity. "...to achieve fullness of life one had to abide in empty nothingness, *xuwu*." In Lao-Tsu's *Tao-Te-Ching,* "...the Way is gained by daily loss, loss upon loss until...by letting go, it all gets done..."

William James, in *The Principles of Psychology*, tried to capture the subjective dynamics of the brain as an on-going preconscious stream of statistical wave processes. He envisioned autonomously increasing and decreasing coherence emerging spontaneously and from sensorial evoked thoughts via the confluence and disaggregation of statistical wave processes, "...wave crests and hollows..." that achieved temporary statistical stability by "...feelings of relation, consubstantial with our feelings or thoughts of the terms between which they (only temporarily) obtain." In the more receptive, higher entropy brain systems, fleeting forms change without continuity, jumping from one to another with "magical rapidity," *but being not already engaged, are available for use for self-organized structure evoked by new information*. Without ordered, low entropy, preconceived ideational defects in the resting random brain field, the full attentional statistical machine is available to sensitively respond in self-organized, quasi-stable states of *cognitive, conative and affective integration*. They then disappear; this brain relaxes quickly, ready for new experience. This contrasts with those brains that are dominated by islands of order composed of personality fixations and rigid belief systems, *low entropy defects*, which interfere with sensorially responsive *self-organization*.



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As in most systems of authoritarian premises, precise definitions and what appears to be strict logical continuity, as in discussions of Torah among Orthodox Jews and Canon Law by Catholic bishops, *classical equilibrium thermodynamic ideas* that are borrowed for use out of the context of their origins, risk the calumny of their physicist practitioners. We have probably already earned more than a little distain from those quarters with our use of none-minimal or none-maximal but *in-between entropies.* This phrase cannot be found in the literature of physics or, as such, in the writings of *communication and information theory*. In the modern theory of nonlinear motion called *dynamical systems*, in-between entropies can be generated by *chaotic systems* that are non-uniform in their *rates of separation of near by points* and *convergence of far-away points* in dynamics that have been previously described as *nonuniformly hyperbolic.*

The energies and their transformations that fuel and support *karmic escape* from the personality fixations of *samsara* and accession to *unmanifest Divine Life* can occur without the loss of the richness and multiplicity of apparent reality. Big internal changes without external sign can occur in the arrangements of the ineffable and mysterious formless silence within which we have associated with states of *high, but not maximal, in-between entropy*. For examples, the Indian Saint, Sri Aurobindo, in the early 20$^{th}$ Century, the Catholic metaphysical anthropologist, Teilhard de Chardin and currently American pandits (spiritual seekers with intellectual and academic inclinations) such as Ken Wilber, among many others over the millennia, direct us toward the goal of Nirvanically changeless emptiness without the properties of space or time. At the same time, we maintain an astute and effective yet distantiated appreciation for existential realities. The *non-dual enlightenment of Integral Being* or *Yoga* involves realizing emptiness through the world of form. There is a way of thinking about and even computing that "nothing within" and its changes.

As John R. Pierce suggested in the 1981 revision of his book that made the theorems of the father of *communication theory*, Claude Shannon, so accessible, "…if we want to understand information-related entropies, it is perhaps best to clear our minds of any (physical) ideas associated with the entropy of physics."



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Nonetheless, historical comments about what the *classical thermodynamic term, entropy*, is and is not about are in order.

We recall that Richard Feynmann, in his well-known 1962 class notes, *Lectures on Physics*, said that the subject of thermodynamics is the study of relationships among the heat, energetic and organizational properties of materials, *without knowing their internal structure*. Historically, the relational formalisms of *equilibrium thermodynamics* emerged before our knowledge of the internal structure of matter. For examples, the pressure in an insulated container of gas is due to molecular bombardment of the container walls, which increases with heat or compression of its volume. Compression of its volume increases its temperature and expansion of its volume leads to cooling. Note that these relationships hold without specifying the constituents and the specifics of a particular gas or solid.

In his lectures, Feynman's intuitively accessible examples of reversible thermodynamic properties are reminiscent of his on camera performance at the Senatorial hearings about the Challenger disaster. Recall that he dropped an O-ring in a glass of iced water demonstrating cold-induced rigidification of the rubber ring, which he postulated to be the cause of the fuel leak and resulting explosion. In his *Lectures,* he said that if one holds a rubber band between ones lips as a crude thermometer, stretching a rubber band heats up the lips and relaxing it cools them. Working the same system in reverse, and *equilibrium thermodynamic systems are classically reversible*, we find that heating a rubber band makes it contract. These changes involve complicated alterations in the internal arrangements of the polymeric strands of rubber, their structural properties, the details of which, for the purpose of global thermodynamic characterization, need not be known. The *relationships between physical state, energy and temperature* in this material were predictable from *thermodynamic laws* even without specific knowledge of the complex internal structure and physical dynamics of rubber.

Thermodynamic theory, which makes deep conceptual connections between *quantitatively measurable primitives* such as *heat, hotness and work* and *the invisible* in the form of derived ideas such as *energy and entropy*, yielded an



HOUSE_OVERSIGHT_013570

enormously rich and logically consistent intellectual framework from within which to characterize macroscopic behavior composed of unknown molecular mechanisms. Ideas about entropy grew out of William Thomson's (a.k.a Lord Kelvin) thermodynamic laws about *energy conservation* and its allowable transformations. Later Clausius decomposed the *energy* into that which was available for mechanical work, called *work-content*, and that which was not, called *transformation content*. He referred to the *transformation content*, a reflection of what changes in the internal order properties of the system that occurred as a concomitant of changes in energy and heat, as the *entropy.*

Rudolph Clausius added the word entropy as a thermodynamic property to the conceptual armamentarium of theoretical physics in about 1865. This followed the earlier work of the French engineer, Nicolas Leonard Sadi Carnot, who was trying to develop a theoretical framework within which efficiencies in heat-generating engines might be understood. It implicated positive, > 0, changes, *d*, in *entropy*, *S,* with changes in time, *t*, *i.e.* $\frac{dS}{dt} > 0$, entropy is increasing in time, as a concomitant of the inevitable mechanical inefficiencies in an energy driven system. The resulting losses in the form of *wasted energy* show up as increases in *molecular motion*, which could be *estimated from the increases in heat*. Wasted energy dissipated as heat increases the amount of random motion and volume occupied by the surrounding molecules in physical processes involving *heat, pressure, vaporization, condensation* and *work*; all elements of that era's dominant physical metaphor, the *steam engine*.

The highly developed, multifaceted, often quite abstract formal characteristics of the inferred property, entropy, prevent glib definitions and generalizations. In the context of Kelvin-Clausius theory, the entropy of a closed system will remain the same if it is isolated from any matter or energy exchanges with the environment. If heating a system such that the change, *d*, in heat, *Q*, is positive, *i.e.* $dQ > 0$, it experiences a rearrangement in its microstructural motions, but the temperature is left unchanged. The (inferred) entropy, *S*, increases (i.e., $dS > 0$) as the ratio of change in added heat, $dQ$, over the unchanging, absolute



HOUSE_OVERSIGHT_013571

temperature, *T*. Thus, one definition of entropy change is $dS = dQ/T$. In classical contexts, $dS$ is expressed in *units of heat* called *Joules per degree of absolute temperature* in units Kelvin, the temperature in Centigrade plus 273.16°. The best-known physical image involves the heat-energy transfer to and from heat baths called *reservoirs* as intermediate actions of the work of the heat driven engine executing what has come to be known as the *Carnot Cycle*. The same formulation emerges in this more concrete context: the heat, *Q*, transfer, *dQ*, at a particular absolute temperature, *T*, *dQ/T*, has been used to define an entropy change, $dS = dQ/T$ related to some not-need-to-know-about specific alteration(s) in a system's internal physical properties.

If one allows some loose thinking about *heat-induced increases in the statistical randomness of molecular motion* in the above reservoir that is associated with the loss of *useable* energy, the positive entropy change, $dS > 0$, is vaguely relatable to the kinds of *information entropies* to be discussed below. If a gas trapped in an insulated, physically *isolated*, closed cylinder is allowed to expand *infinitely slowly*, *reversibly, called adiabatically*, pushing up the piston that closed off its end, the gas will become cooler, energy having been expended doing the work of lifting the piston. Defined as an isolated system (of course no where in the real, non-laboratory, world can this condition of absent exchanges of energy or matter with the environment be found), it is a *reversible* process, because returning the energy of the work by, again, *infinitely slowly* pushing down on the piston and compressing the gas to its original volume, returns it to its former temperature-defined energy state. In this historically prominent thought-toy of physics, there has been a *reversible* change in energy but no changes in the entropy, $dS = 0$. The gas's *heat, temperature* (and *energy* and *volume*) can be completely restored in this metaphysically mythic classical thermodynmical tale of an entropy-conserving, reversible process.

While fixed entropy and independence of the specific path is the case for the above noted abstract reversible cycle, in the real, irreversible orbits of most physical and all biological systems, entropy increases, $dS > 0$. Walter Nernst's 1907 *heat theorem* yields a zero point from which to determine a difference measure in the



HOUSE_OVERSIGHT_013572

postulated, real physical world of ever-increasing entropy. He showed that at an absolute temperature of zero, entropy is zero. We can illustrate an approach to this singular state by placing a heated metal rod in ice water which would result in a decrease in the entropy of the rod's molecular motions by $dQ/ T_1 < 0$, the cooling reducing the complexity of molecular motion in the metal bar and an increase in the entropy of the water by $dQ/T_2 > 0$ indicating an increase in the amount and complexity of the surrounding water's molecular motions. Of course the heat moves from metal rod to the water as $T_1 \rightarrow T_2$ making $dQ > 0$ positive and the entropy change, $dS = dQ/ T_2 - dQ/ T_1$, also positive. In another simple example, producing friction by rubbing a surface generates heat, $dQ > 0$, at a temperature $T$. This induces a positive change in entropy, $dQ/ T > 0$, in the form of increasing amount and complexity of the patterns of molecular motion in the air surrounding the rubbed surface.

Using another related and well-known thermodynamic thought toy, the original isolated, insulated body of gas in the cylinder is partitioned by a membrane into two chambers, one containing all the gas with its temperature, pressure and ability to do mechanical work and the other a vacuum without these properties. This equilibrium state is changed into another equilibrium state by suddenly removing the membrane, filling both chambers with gas and, while increasing its entropy *irreversibly*, $dS > 0$, *removes* at least some of the gas's ability to do piston raising work. In the context of classical thermodynamics, it is in this way that *irreversibility can be defined by its associated increase in entropy.* Though there has been no change in total energy in this insulated closed system, an increase in entropy means a decrease of the energy available for work. The *increased disorder* in the gas is associated with the loss of ability to convert heat, thermal energy, into mechanical energy. Historically important and still available elementary texts by Enrico Fermi (1936), Mark Zemansky (1957) and Herbert Callen (1985), among many others, explicate clearly the formal, but far from biologically relevant, classical theory of the *physical entropy of closed equilibrium thermodynamic systems.*

Growing in part out of the formal thermodynamics of physics, *statistical mechanics* offers yet another set of intuitions about the not-necessarily-known



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molecular details associated with changes in entropy. These ideas are closer to applicability in problems of making measures on the behavior of biological systems. Very generally, in the statistical mechanical context, an increase in entropy means a decrease in the order, which can be a quantitative observable reflecting a decrease in predictability and/or knowledge about the system. For example, we can locate the molecules of the gas more accurately when they are all on one side of the membrane-partitioned cylinder compared with the situation when the membrane is suddenly removed. This accompanying *increase in ambiguity and decrease in knowledge in locating a set of gas particles reflects a statistical mechanical view of increases in entropy.* Can anything general be said about the bounds on an increase in entropy? The statistical developments of the Yale mathematical physicist, Josiah Willard Gibbs (about 1875), consonant with the logical arguments of the Greek mathematician, Constantin Caratheodory (about 1910), conclude that the *entropy increase goes to the maximum allowed by the constraints imposed by or upon the system.* A change in likelihood as a *probability* is a characteristic way to quantify the *entropy change*, reflecting an alteration in knowledge or its reciprocal complement, *uncertainty*. The system's entropic uncertainty said more colloquially, and relevant to the *Bell Syndrome's* women of my life, is its *capacity for surprise.*

A statistical mechanical approach to the total entropy of a bounded set of molecules in motion involves summing this property across all the participating molecules. We let N be the number of particles involved. As a problem in Newtonian mechanics, each of the N particles is represented in 6N dimensional phase space. That means that each point represents one of the N molecules in the *three dimensions of location space* plus *three dimensions of motion space as its velocity*, more specifically, the product of *mass times velocity called momentum*. This adds up to 6 dimensions of measurement. This so called *phase space reconstruction* of the molecules of a gas as individual particles are a daunting task, though fast computers and new algorithms are making computations from first principles more generally attainable. Those based on the *first principles of short-range repulsion and long-range weak attraction among particles* and the bumper-car *collision*



HOUSE_OVERSIGHT_013574

dynamics between them can now be implemented if the system of particles being simulated is sufficiently small and the computer simulation is for very short times.

To transform the entropy into something more statistical and global, we return to the theoretical work of Ludwig Boltzmann whose formalism was used previously to quantitate pathological developmental simplification. He assumed that given a set of constraints, say the closed volume, $V$, of a box, $B$, of a fixed size, $V(B)$, the orbit of each particle would eventually explore all the space in the box that was available to it. Boltzmann's entropy became a constraint dependent, n-dimensional volume measure, with the assumption that the entropy, $S$, equals the logarithm of this volume measure, $S = \ln V(B)$. To calculate a value for the entropy, compute the volume of the molecular motion as determined by the invariant constraints of the system, such as the volume, temperature, pressure and/or its total number of molecules. We may *partition*, discretize, the volume up to some limit of resolution such that it is divided into $\Omega$ small boxes, each containing the representation of a particular state.

Making the same assumptions of closed system, equilibrium thermodynamics, such a system is completely isolated from outside sources of matter and energy, it spends equal time in each of its $\Omega$ available states. In such a case, the *characteristic occupancy time of any state is inverse to the number of states available*, e.g. $1/\Omega$, and the system's *entropy is maximal* for that set of states. Under these conditions, $S = k \ln(\Omega)$, where the $k$ term is the Boltzmann constant that contributes to the numeric units of entropy, as above, in Joules of heat /degrees Kelvin of the temperature. If the system is in *contact with a heat bath*, but cannot exchange matter with its environment, it is called *diathermally isolated*. The distribution of times spent in the available states of a classical diathermally isolated system of gas molecules can be represented by what is called a *Boltzmann distribution of probabilities of state occupancies*, $\rho$ (as a function of their energy level, more measurably, their responsiveness, *susceptibility*, to heat). Here the *characteristic time* of the system spent in each state varies as the particular state's *probability*.



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Leaving the framework of physical thermodynamic entropies entirely, the *entropy of information* was introduced in the context of *communication engineering* in electrical and electronic devices. The metaphorical machine for the current age of entropy, analogous to the role of heat and steam engines in classical thermodynamics, is the *computer.* Energy in this context is a relatively trivial property. Ammeters and other monitors of load are unable to discriminate between a computer actively engaged in encoding and computation or one simply maintaining its dynamic memory while resting in computational readiness. This situation is very analogous to the results of early work discussed previously on the metabolic rates and sources of the *whole* brain's energy, oxygen and glucose metabolism, by National Institutes of Mental Heath's Seymore Kety and Louis Sokoloff and the State of Illinois Thudicum Laboratory's Harold Himwich. Using whole head arterial-venous, energy-in, energy-out, differences, they could not demonstrate differences in rates of whole brain metabolism between states in which the human subjects were engaged in solving mathematical problems or deeply sleep. In today's brain imaging research, using a variety of physical reflections of the brain's metabolic activity, it is the *differences in regional distributions of metabolic activity* that are relatable to subjective and behavioral states, not differences in total amount of energy expended. In graphically coded representations of the regional metabolism of the brain in action, one or another or many areas "light up" and others "grow dark" in correlation with changes in thinking, feeling and action.

The *entropy* first developed by Claude Shannon was formalized for use in 1948 in what was then called *communication theory* and now *information theory*. It represented a measure of the *ambiguity* and *uncertainty* that had the potential for being resolved by new knowledge. In this context, *entropy and information were obviously complementary descriptors*. A message that informs us about which of ten possibilities should be chosen contains less information than one that informs us about the proper choice to be made from among a thousand possibilities. The entropy of communication theory is a measure that is computed on uncertainty. The *information reception capacity* of a system is dependent upon the *amount of*



HOUSE_OVERSIGHT_013576

*uncertainty in the receiver that pre-existed the receipt of the message.* In the binary coding scheme of digital electronic operations, the unit of information is the *bit*, a choice made between 0 or 1 in the resolution of a two state ambiguity at each place of some power of two number of places. Our relatively common computers these days have 32 or 64 bit processors. If these 0,1 choices are made in a random sequence in which each step is independent of the previous one, the sequential probabilities, are multiplicative: e.g. the probability of getting two 1's (heads in a fair coin) in a row are the product of each 0.5 probability: $\rho_1 = 0.5 \times \rho_2 = 0.5 = \rho_1 \rho_2 = 0.25$. Using the common base ten system of logarithms to demonstrate the algebraic fact that *multiplicative probabilities are logarithmically additive* (and ignoring the minus sign that comes with making logarithms of the decimal fractions of probability), we notice that $log_{10}(0.5) = 0.693147$ and $log_{10}(0.25) = 1.386294$ and that 0.693147 + 0.693147 = 1.386294.

The dot-dash choices of Morse code machines, the go, no-go gates of transistors, the open versus closed ion channel-mediated neuronal membrane discharge and the left, right spins of the single electrons of today's quantum computers lead naturally to an information encoding of multiplicative sequences as the sum of logarithms in base (equal to the number of available states) two, each $\rho = 0.5$ choice called, $log_2(0.5) = 1$, a *bit.* Shannon's 1938 master's thesis mapped George Boole's algebraic scheme for doing yes-no, either-or computation onto current switching devices such that circuit closed was "true" and circuit open was "false." Using Boole's laws such as "Not(A and B)" always equals "(Not A) *or* (Not B)" led to schemes for circuit routing through electronic gates which also serve for information storage in gadgets ranging from cell phone directories to computer hard disks.

Following Claude Shannon, each logarithmically additive entropy term is expressed as the sums, $\Sigma_\iota$ of its probability, $\rho_\iota$, times the probability's logarithm, $\Sigma_\iota(\rho_\iota \times log_2)$ ($\rho_\iota$ in base two. A *logarithm is an exponent of its relevant base* such that, for example, the logarithm, base two, of $2 \times 2 \times 2$, $2^3$, = 3 and 3 bits can encode eight binary (0,1) numbers: (000, 001, 010,011,100,101,110, and 111). Shannon used a hill-like, called *convex, entropy function* $S(\rho) = -\Sigma(\rho \ln(\rho))$. *The amount of*



HOUSE_OVERSIGHT_013577

*information required to gain knowledge of an event is dependent upon the probability of its occurrence*. $log_2(0.5) = 1$ is the maximal entropy when modeling the equilibrium entropy of an independent random 0,1, (heads or tails) series of informational states as might result from flipping a fair coin a large number of times. This value would be maximal when the coin was fair, $\rho$(heads, tails) = 0.5, and the entropy would be 2(number of allowed states)$\times$0.5(probability of occupying each state)$\times log_{10}$ (0.5) = 0.693147...or in *bits*, $log_2(0.5) = 1$.

More generally, if system's behavior is *distributed equally among its possible states, the Shannon entropy is maximal and equal to the logarithm of the number of defined states*, for example, $log_2$ (2) = 1. Shannon's classical equation about information content says the amount of information, $I = -\rho\ log_2\ \rho$, measured in bits. The minus sign in this reciprocal relation indicates that the information content of data, $I$, goes up as the probability of occurrence of the observed data, $\rho$, goes down. Since soon we will be talking about brains and their various styles of information encoded content as well as its transmission, we note the other famous Shannon theorem dealing with limits on the channel capacity, $C$, for information transport is $C = W log_2(1+S/N)$ where $W$ is bandwidth, the range of frequencies available for information transport, $S$ is the strength of the signal and $N$ is the strength of the noise. Recall that the $log_2(1) = 0$ so only the signal-to-noise ratio, $S/N$ contributes to the value of the product of the multiplication by bandwidth, $W$. Transparent clinical examples come from studies of the perceptual and cognitive decline in normal geriatric patients in which the range of aural frequencies ($W$) heard without augmentation decreases with age as does the frequency range ($W$) observed in their resting brain waves. The inattentiveness of the obsessively worried ruminator can be used as an example of brain channel capacity being reduced by the amount of on going head noise, an increase $N$, which, of course, reduces the value of $S/N$ and therefore $C$.

Measures of the *informational complexity of systems in motion*, in contrast with the *information content of a static equilibrium state*, are of *dynamical entropy*. Dynamical entropy is often called $H$, in contrast with thermodynamic and/or informational entropy, $S$. One can begin with a representational image of the



HOUSE_OVERSIGHT_013578

location, velocity and directional tendency of every point generated by a dynamical system by an arrow on the surface of action, the *manifold*, of a dynamical system. This field of arrows indicating directional and strength of motional tendencies is called a *vector field*. A vector represents its location at the base of the arrow, its velocity by the length of the arrow (called the *modulus*) and the direction of the motion by the direction of the arrow. If we regard all moduli as equal to one, every vector on the surface has the same length. The resulting graphs are called *direction fields.* Looking at a stop-action photograph of any point on this surface, its associated vector informs about where the system would take it over the next unit of time. The whole surface can be marked by initial points, which the dynamical systems move as they generate patterns of orbits of moving arrows in time. The following two brain and behavioral experimental circumstances make this depiction and its relevance to dynamical entropy more concrete.

We review in more detail the concrete and visualizable findings from experiments requiring the quantification of characteristic patterns of motion in animals and man. They can be embedded into a similar surface-like setting, which might be called a *behavioral manifold*. For examples, my students from the past, Martin Paulus and Mark Geyer, now Professors at the Medical School of the La Jolla branch of the University of California studied the effects of psychotropic drugs on the patterns made on the floor by rats of various genetic strains while they wandered about, in *exploratory behavior* in a bounded space. Monitored by a video camera placed above the ceiling less cages, the patterns made by the paths taken by the rats over time were reconstructed as *vectorial orbits on a behavioral manifold*. This manifold was then repeatedly *partitioned*, *covered* with, from just a few large, in graded progression, to many smaller boxes, each partition composed of rectangular lattices of a particular size. Units of time were also partitioned into range of units from larger to smaller durations of observation. Differences in the rat's *genetic strain* as well as injections of *stimulants, antidepressants* or *antipsychotic drugs* resulted in characteristic and discriminable path geometries mapped onto the behavioral manifold as orbital patterns. Each path was encoded as a sequence of size-dependent numbered boxes that were entered and occupied



HOUSE_OVERSIGHT_013579

or left. The new information being generated by the pattern of spatial orbits took the form of sequences of numbers or symbols representing the sequence of labeled boxes. The complexity of these numeric or symbol sequences was then quantified in a variety of ways including the use of *two fundamental measures of dynamical entropy*.

One measure reflects how many new, previously unexplored boxes were entered by the rat per unit of time. This rate represents a percent of the *possible*. The second measure reflects how much of the time did the rat in each box visited as a distribution of the *probable*. The *rate of expansion of the possible* and the *relative time in occupancy of these possibles*, *the probables*, form the bases for the computation of these *two kinds of entropies*. For example, the work of Paulus and Geyer showed that the administration of a very small amount of stimulant drug, compared with a salt water control, led to an increase in the first measure of the number of new, previously unexplored, boxes entered per unit time. With respect to the second measure, the stimulant drug augmented exploratory activity was also more uniformly distributed over the possible boxes, making for more uniform probability. Administration of higher doses of stimulant drugs, at a critical dose, led suddenly to more spatially and temporally restricted and stereotyped patterns of motion of the rats, compulsive circling alternating with frozen sniffing. Both contributed to a *decrease in the possible* and *nonuniformity in the distribution of the probabilities*. In man, low doses of amphetamine tend to increase the rate and creativity of thought streams and high doses generate fixed ideas and paranoid delusions. In the statistical approach to nonlinear dynamical systems, time-dependent *generation of new possibilities* is called *topological entropy*, $H_T$ and the entropy associated with the *distribution of probabilities* is called the *metric entropy*, $H_M$. These kinds of entropies have also been used to quantitate characteristic patterns of in human behavior as well.

We have previously mentioned these measures as used in human experiments by Karen Selz, a Research Professor of Psychiatry at Emory University in Atlanta. Recall that she devised a set of experiments leading to unobtrusive measures made on human subjects by asking them to remove, as many as they



HOUSE_OVERSIGHT_013580

could, the dots in a lattice, one by one, from the computer screen, by clicking on each point with a mouse. In some experiments, after removal, the dot reappeared in fifty milliseconds, in the "fast return condition", or after one-second delay in the "slow return condition." Unbeknown to the subject, the path made by the motions of their mouse on the computer screen over time while removing dots were reconstructed as a path on a fine to coarse grained box-partitioned behavioral manifold. Entropic indices of the rate of expansion of the possible, number of new boxes entered, reflecting $H_T$ , and the relative occupancy of the partition of the possible, reflecting $H_M$, the distribution of probabilities with respect to the boxes, could then be computed. For examples, Selz found that the spatial and temporal patterns of computer mouse motions made in this dot search and destroy task correlated highly with the subjects' age, sex and personality types as defined by profiles from the Minnesota Multiphasic Personality Inventory, MMPI, and the Structured Clinical Interview, SCI, associated with the standard Diagnostic and Statistical Manual, DSM IV. She found that subjects whose personalities were like my high self-sensibility girlfriends demonstrated high indices of both $H_T$ and $H_M$.

The actions of *nonintegrable* nonlinear differential equations, not solvable by the usual techniques of integration, can be transformed into graphical images by plotting their orbits in abstract *phase spaces* with the three physically measurable coordinates of *location* x (or some other temporarily fixed *value*), *velocity* y (the rate of change in the location or measured value) and z *acceleration* (the rate of change of the rate of change in location or value) in *x, y, z space*. Graphical representations of the system in action *in phase space* can serve in place of analytic solutions to the equations. This idea was one of Henri Poincare's major contributions to mathematics and physics, and has come to be the centerpiece of the *qualitative theory* of *differential equations.* The often point-to-point unpredictable but globally and qualitatively characteristic geometric shapes of the orbital patterns in abstract *phase space* are the objects of interest. There are visualizable representations such as cycles as circles and statistical measures made on these objects such as the $H_T$ and $H_M$ entropies and the *in-betweenness* (neither maximal nor minimal) of their difference.



HOUSE_OVERSIGHT_013581

A global statistical context for these qualitative differential systems was inspired by the Russian mathematician, Andrei Nikolaevic Kolmogorov. In his now famous foundational talk about the stability of *classical mechanical systems* in the final session of the 1954 International Congress of Mathematics, he gave public birth to, among other ideas, what has come to be called the *ergodic or statistical, measure theory of dynamical systems.* Here, *ergodic* means the existence of an *invariant statistical measure* on the phase space attractor of the system that can be obtained using a variety of equivalent methods and beginning the count at any of its points. Two phase space objects generated by a dynamical system may look different in phase space but their statistical measures may all be the same, i.e. *invariant*. These qualitative orbits in a box-partitioned space can be visualized as Paulus and Geyer's rats exploring a space and Selz's path sequences of computer screen dot quenches produced by clicking on them with a computer mouse.

A precursor of Kolmogorov's *ergodicity* was the earlier ergodicity of Ludwig Boltzmann. This describes a *suitably partitioned* system such that *equivalent values* come from quantitating the behavior of *one single orbit* exploring the space of the lattice of boxes over very long times time as those obtained from a single aggregate photograph of *all orbits run from all possible starting places simultaneously*. The ergodicity of gas-like molecular randomness implicates systems being in one of only two possible equilibrium statistical states: *measure zero* (at most occupying a single point, zero, *minimal entropy*) or its "complement," *full measure one* (occupying all available space in a state of *maximal entropy*). Joseph Goldstein, a well known teacher of meditation, giving advice recorded in Daniel Goleman's 1977 book on the subject said that all methods of nirvana directed meditation amounted to "...simple mathematics ...all systems aiming for One or Zero—union with God or emptiness." In place of the maximal or minimal values for the $H_T$ and $H_M$ entropies of these states of transcendence, we in the world of *samsara* are stuck in states of in-*between entropy* which *invariant statistical measures* of on *phase space shapes* help quantify.

To generalize measures made on rat and computer mouse paths to more general and idealized systems, after plotting an *orbital path* in a *phase space*, we



HOUSE_OVERSIGHT_013582

may *partition* the space of values taken by the journey of the orbital action generated by the equation over time with rectangular grids of increasing fineness. The result is an *equipartition* of phase space such that there is at most one orbital point in each rectangle of the grid, with, of course, many rectangles in the finer grids being empty. This final grid partition is called a *generating partition*. The proportion of the available boxes of the partition occupied by points is called its *area* or *volume measure*. This measure has been given a variety of names including *Liouville, Haar and Lesbegue measures*. If every box is occupied, it has *measure one*. If at most one box, it has *measure zero*. If we allow partitions to be non-uniform and/or not fine enough to be generating and apply probability weightings for how many points fall into each particular box of the grid, the method is called the *Sinai-Ruelle-Bowen* or *SRB* measure after Kolmogorov's students and followers, the Russian, Ya Sinai, the Belgian Frenchmen, David Ruelle and the American, Rufus Bowen.

Similar to the *SRB measure*, the distribution of box occupancy probabilities multiplied by their logarithms and summed over all cells of the partition yields a statistical measure that is close to the *informational entropy* of Claude Shannon as described above. It is called the *metric entropy* ( $H_M = -\Sigma(\rho_i \ln(\rho_i))$, where $H$ means entropy and $\rho_i$ is the proportion of the total observations that occupy cell i of the phase space or state space partition. It was the above noted Russian father of modern dynamical systems, Kolmogorov, who in 1956 proved that the *Shannon metric entropy is a quantifiable invariant of systems even in very complicated motion.* Stanford University's Donald Ornstein won a Field's Medal (the under forty year old mathematician's Nobel Prize) for his late 1960's work proving that the Shannon *metric entropy*, $H_M$, was the only invariant for a large class of appropriately defined, *expansive* (near by points separating in time) dynamical systems. Recall that we refer to *metric entropy* reflecting the relative occupancy as *probability* among the *possible* boxes (or states) as $H_M$. $H_M$ is maximal when the percentage occupancy of all occupied boxes is uniform.

IBM's Roy Adler in New York and Brian Marcus in California, Hebrew University's Benjamin Weiss, Warwick University's English mathematicians, William Parry, Peter Walters, Mark Pollicott and others developed and proved the relevance



HOUSE_OVERSIGHT_013583

of a related measure of the rapidity of dynamical expansion, the generation of new information seen as the rate of entering new boxes of the partition, a logarithmic rate of expansion of the *possible*. Counting the number of previously unoccupied squares entered by the dynamical systems orbit per unit time over the generating partition, for instance, yields an estimate of entropy that, as in the rat and computer mouse examples above, is called the *topological entropy*, $H_T$. $H_T$, is about how much new information is being generated by the system per unit time. Theorems have been proven that *$H_T$ is a maximal estimate of the global dynamical entropy with $H_M$ proven to be a minimum estimate.* Monitoring single or aggregate molecular motion in a system with the *maximum randomness* of a space filling gas, we find that, on the average, every box is entered and occupied uniformly such that $H_T = H_M$ or said another way, $H_T - H_M = 0$.

As evidenced by the above described experiments in rats and people, the same entropic relations (but usually not with maximal or minimal measure) can be found in biological systems. We have previously described the manifold geometry of a generic (typical, idealized) nonlinear dynamical systems as *hyperbolic* defined by the presence of simultaneous but decomposable components of the motion including the straight ahead and round and round actions on the center *manifold*, the new possibility generating, expansive, away from the center manifold motions along *unstable manifolds* and the back to the center manifold, contracting motions, along the *stable manifolds.* Uniform expansive and contractive influences in the flow leads to *mixing of the order of the initial sequence* of the values inscribed by the orbits. This results in maximization of the entropies and satisfaction of a concomitant of the uniformly hyperbolic condition, $H_T - H_M = 0$.

These clean and mathematically proven findings do not hold for the quasi-mess that is human neuropsychobiology. Enmeshed as most of us are in only *intermittently random* or *nonuniformly hyperbolic systems* with the *in-between entropies* of the only apparently real world of *maya*, $H_T - H_M \neq 0$. How the $H_T - H_M = 0$ of uniform hyperbolicity fails, $H_T - H_M \neq 0$, and along with it the dispassionate detachment of entropic emptiness and fullness, becomes a problem not unrelated to the existence and quantitative qualities of personality styles and their dissolution



HOUSE_OVERSIGHT_013584

with return toward but not reaching the maximally entropic openness, flexibility and naïve credulousness of the in Jesus and Holy Ghost occupying transcendent dynamical states. We are all stuck somewhere in the range of measures indicating *in-between entropies.*

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HOUSE_OVERSIGHT_013585

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HOUSE_OVERSIGHT_013586

# CHAPTER 5:

# SOME ENTHEOGENIC ENTROPIES

In the spring of 1968, members of my laboratory team were looking for new brain metabolic pathways of the essential amino acid *tryptophan*, the dietary precursor of the human mood, sleep and libidinal neurotransmitter, *serotonin.* After struggling for several months to identify an apparently new compound, which turned out not to be new but only new in the brain, we collected evidence for a human brain enzyme that could catalyze the production of an LSD-like hallucinogen, *dimethyltryptamine*, DMT. Tracing its metabolic origins, we found that DMT was derived from tryptamine, a common metabolite of the essential and omnipresent amino acid, tryptophan. This enzyme and its metabolic product were located in highest concentrations in brain stem systems that influence the neural regulation of the heart, blood pressure, temperature, breathing, vomiting and primitive approach-avoidance behavior. It was also found in limbic brain nuclei thought to modulate the emotional coloring of perception and thought. Richard Wyatt, working at the National Institutes of Mental Health found DMT in the urine of schizophrenic humans. He also showed that DMT increased significantly if tryptamine's normal pathway for degradation was blocked by *monoamine oxidase inhibitors*, such as



HOUSE_OVERSIGHT_013587

Nardil, Marplan, Eutony, Parnate and others of a then common family of antidepressant drugs.

The presence of a DMT-generating enzyme in human brain was particularly exciting because we knew from the work of Harvard botanist, Richard Shultes and others, that DMT and the monoamine oxidase inhibitor, *beta carboline,* are combined in a mixture of the leaves of a shrub and the bark of a vine, both Amazonian plants, used together by the *shaman* of Peru, Colombia and Ecuador for thousands of years to evoke mystical experiences in themselves. In their state of chemically-facilitated, spiritual transformation, they were better able to engage in healing and divination of others. More recently this and other similarly acting biochemicals have been called *entheogenic,* "connecting to the sacred within."

Consistent with our neurochemical findings in human brain, the shamanic concoction, called by many names including *ayahuasca* and *yage*, combined the DMT containing plant, *Psychotria viridis*, with an extract of a vine with the powerful monoamine oxidase inhibitor properties of the *beta carbolines* found in *Banisteriospsis caapi.* In 1975, working with a graduate student, Louise Hsu, we found that the mammalian brain could also synthesize *beta carbolines*. This family of compounds from the vine protects the tryptamine substrate as well as DMT from metabolic degradation such that it could circulate in the blood long enough after oral ingestion for enough to cross the blood brain barrier to induced prolonged and dramatic alterations in perceptions, feelings and thoughts. In addition, the *carbolines* of the *Benisteriospsis* component extended the time of action of DMT beyond the 15-30 minutes of effect of DMT when injected alone in human subjects. We found it fascinating that the human brain made combinations of DMT and *beta carbolines* similar to the blend that indigenous shamamic chemists discovered as an entheogenic from plant sources.

Ralph Metzner, in the introduction to his 1999 collection of papers called *Ayahuasca* concluded that "...it is widely recognized by anthropologists as being...the most powerful and most widespread of the shamanic hallucinogens." William Burrough in a 1953 City Lights published book written with Allen Ginsberg, *The Yage Letters*, said that *yage* "...gave entrance to a city where all human



HOUSE_OVERSIGHT_013588

potential is spread out in a silent market..." It was generally believed that with adequate spiritual preparation, *ayahuasca* could generate transcendent states that allowed access to ones inner being and the beings of other worlds that could serve as sources of mystical knowledge and healing. The *Shams dervish* of the 13th Century, wandering the Turkish portion of the Silk Road, used the word *sohbet* to describe the inner land of *mystical conversations about mystical subjects* that their *turning meditation*, whirling, and the shaman's entheogenic compounds such as DMT give entrance.

The question was whether our finding of DMT and its human brain enzyme had been an artifact, an accidental laboratory fluke. Members of my neurochemical research teams at the University of California Medical Schools in Irvine and La Jolla, notably Dr. Lee Poth, now a professor of pediatric endocrinology at the Uniform Services Medical School in Washington D.C., demonstrated that the DMT synthesizing enzyme existed in the brains of recent accident victims that as far as we were able to learn from their family and social histories, had been completely psychologically normal. More than a little bit startled by this finding and worried about making a sensational scientific mistake, we repeated the experiments with a variety of controls with the same findings. Though our original estimates of the human brain enzyme concentration were on the high side, we confirmed the general finding and published them in *Science* in 1969 and *Nature* in 1970. Our carboline work was published in the *Journal of Neurochemistry* in 1975. A year or so after our *Nature* paper was published, the Nobel Prize winning neuropharmacologist at the National Institutes of Mental Health, Julius Axelrod, confirmed the presence of the DMT biosynthetic enzyme that converted the tryptophan product, tryptamine, to DMT in mammalian brain tissue. We were both delighted and relieved.

We speculate, perhaps too grandly, that this finding, along with the *beta carboline* human brain synthesizing capacity, supplies one of many possible neurobiological and neurochemical mechanisms for the claims of the cross-cultural universality of mystical experience. We all had human brains with these enzymes. The idea that the phenomena accompanying primary religious experience were common to all cultures was a major theme of the life's work of the philosopher-



HOUSE_OVERSIGHT_013589

psychologist, William James, and was studied using fieldwork by anthropologists such as Bronislaw Malinolowki as described in his classic book, *Magic, Science and Religion.* Was this neurochemical-behavioral organization an evolutionarily adaptive mechanism selected so that some spiritually gifted individuals self-selected from a severely stressed population could escape and then lead the rest of us out of a sense world that had become intolerable? Could this be an antidote for the hopeless, without materialistic solutions and trapped in a belief system of spiritual nihilism? Was this a brain chemical transcendence escape and spiritual delivery system for the suprapsychological survival of those in dire need? As the 13th Century Islamic mystic, Jelaluddin Rumi, has written, "If a tree could fly off, it wouldn't suffer the saw…" and more concretely, "…if you can't go somewhere, move into the passageways of the self…," a spiritual escape via a neurobiological road to the God-space within.

What followed were a few years of occasional exploration of an "inside out" understanding of the mystical states evoked by the entheogenic family of chemicals. There were varieties of settings for these personal experiments. I found myself LSD-lost, circling endlessly in the tall silence of a Northern California redwood forest. I tried on Hunter Thompson's *mescaline* lenses for the experience of Las Vegas unfiltered. I was expertly mentored in these quests by a distinguished collection of guides: Cultural anthropologist Michael Harner who taught me about the *yage* and *datura* use among the shaman of the *Jivaro*; Social anthropologist, Barbara Meyerhoff introduced me to the personal renewal rituals of the *peyote cactus*-using *Huichol Indians* of the Southwestern Sonora Desert; Neurochemically sophisticated Sidney Cohen, founding director of the National Institutes of Health's Institute on Drug Abuse, told me stories of his involvement with Aldous Huxley and Barbara Brown in the Los Angeles covey of early American LSD explorers; organic chemist Albert Hoffman, Sandoz's designer of a series of ergot alkaloids including LSD, told me stories of his accidental post-sniff hallucinations while returning home on a bicycle; An anonymous group of us conducted personal experiments with Sacha Shulgin, the University of California at Berkeley professor who first synthesized and tested the mescaline-derived, *Ecstasy* series of compounds; We



HOUSE_OVERSIGHT_013590

did some work with the dissociated anesthesias (producing wide awake but not there states) having consulted with John Lilly, a brain scientist who used these agents as a courageous self-medicating explorer of sensory isolation tanks; I met several native shamanic practitioners including the Huichol Indian that was the model for Don Juan in Carlos Castanada's five volumes of pseudoethnography written up in my essay "Is Don Juan Alive and Well?" in *The Pushcart Prize of 1977*. Issues of culture and brain chemistry came together in several accounts about entheogenic, mescaline-containing peyote use among the Huichol Indians in a book edited by Kathleen Berrin and Thomas Seligman of the San Francisco Art Museum called *Art of the Huichol Indians.*

Over these years I collected many nauseating, upper and lower bowel wrenching and ecstatically transcendent and exhausting day-long episodes of the angular geometries of visual pattern-generating DMT, the animistic breathing of bush and flower breathing peyote cactus, the darkly forbidding shadows of the psylocybin-containing mushrooms, the irreversible rocket launches into the electrically buzzing, kaleidoscopic circus of LSD-containing vials from Sandoz and the optimistic, trust engendering, expansively warm rush of six of Sacha Shulgin's gregarious, rave dancing, chlorinated, methoxylated and ethoxylated phenylethylamines which he had, years before, synthesized for "an undisclosed purpose" for the Dow Chemical Corporation under contract with the U.S. Army Chemical Corps. The best known of the latter group remains part of the *rave culture* as *Ecstasy.*

These agent's peaks are flooded with exaggerated, caricaturizing images of people's faces and a belief in the *mindedness* of animals and even the *embodiment* of inanimate things. Evoked are simultaneous and diametrically conflicting interpretations of the same social context, *heteromodal sensory fusi*on called *synesthesia* so that sound bespoke color and smells induced music, habitual thoughts rearranged as new ideas in what is experienced as exciting new insights, and, most of all, that which Louis Lewin, Berlin's early 20th Century Freud of psychotropic drugs in his book *Fantastica*, called *gladness of the soul*. Timothy Leary wrote of entheogenic escape from the habitual human brain's *mental-*



HOUSE_OVERSIGHT_013591

*manipulative* and *socio-sexual circuits* gaining access to the rapture and ecstasy brain pathways on the way to the *new planet within*.

What is seldom written about is the aftermath of chemical entheogenic agents. After the several hours of fireworks, all of these entheogenic agents, some more than others, gifted me with weeks to months of more self-sufficient, emotional fullness and ease in the conduct of living that was less contaminated by narcissistic preoccupation or defensive distantiation. I was left with increased interpersonal sensitivity and a noticeable repair of my deficiencies in aesthetic sensibility, particularly for the visual arts and landscapes. What were once two dimensional, trivial, beside-the-point, scattered copses of trees and apparently casual arrays of plant life in the Boboli Gardens behind the Palazzo Pitti in Florence, became the grandly structured, botanical wonder of increased dimension, communicating awe filled new perceptions of its previously unseen beauty. For the first time, I found myself walking slowly and stopping for several minutes, wordless, spellbound, in front of the modern art pieces of New York's Guggenheim Museum. Lost in the experience, I found myself exclaiming to no one in particular, "I can see!"

The delicacy and deliciousness of post-entheogenic agent's new and beautiful everything made me tiptoe watchfully so as not to injure an ant. Feelings of omnipersonal kindness and generous compassion were without prideful self-reflection. This state of grace felt like an invasion of a shimmering presence that made contact with my other, generally unknown to me, life. It brought new perceptions, feelings and ideas for which I was moved to give thanks. I began to think I understood a little bit about what was meant by *living in the Spirit* and *merging with God*. Mircea Eliade, the French, University of Chicago Professor of the History of Religions, in his classic *The Sacred and Profane*, calls the revelation of the sacred in ordinary objects, people and events an *hierophany.* In the state that this requires, "…all nature is capable of revealing itself as cosmic sacrality…." The entire world can become a hierophany with what Abraham Abulafia called an *activated mind*, the Jewish soul of emergent properties called the *Nefesh.*

This entirely new world, Rudolf Otto in his 1917 *Das Helige* (*The Sacred*) called it *ganz andere,* (wholly other, something else), seemed to emerge



HOUSE_OVERSIGHT_013592

spontaneously along with an instantaneous knowing-how-it-is-with-you-and-I-and-all-of-us that made even vicious killers appear sympathetic. Is this what the Charismatic New Testament Book Churches mean by redemption through forgiveness of others, requiring the genuine sincerity of this thought before qualifying for Communion? Is this Christ's undemanding gift of grace as in *Romans 4*: where Paul observed that all of us fall short of the full glory of God unless justified freely by His grace. Was this the New Testament's spiritual technological advance from the Old Testament's and Koran's eye-for-an-eye? Did this chemically triggered transcendent experience differ significantly from the supernatural transformation of individuals by the Holy Spirit of Christian revivalist teachings? Martin Marty, University of Chicago's Professor of Modern Church History, dates the institutionalization of this personal transformation in the United States to the post-Civil War period. Did this mean that the mysteriously selfless love of Christian agape and the altruism of E.O. Wilson's sociobiology lay waiting in the brain and could appear spontaneously, by grace, without lawful directive, repetitive recitation or the discipline of catechism?

As one might have suspected, the urgency of my inner and outer search for a new spiritual ecology of mind was driven by more personal needs. My spiritual hunger was made acute a couple of years before our laboratory's DMT discovery when as a 30 year old Assistant Professor of Psychiatry and Neuroscience at UCLA in West Los Angeles, I was living in a small, heavily mortgaged house in Brentwood with my graduate student wife and two young sons. A testicular lump was an accidental discovery made while showering. After surgical biopsy and radical lymph node dissection, the professor of urology gave me a diagnosis of right testicular choriocarcinoma. All by itself, my testicle had given birth to a mass containing all the embryological tissues of a fetus, and had thrown in some maternal placental cells as lagniappe. Unlike now, when the group of testicular neoplasms are treated successfully with a high survival rate (think Lance Armstrong), at that time, follow up research of this young man's disease by the Army Medical Corps promised a five-year survival rate of only 5% to 10%. The news filled me with fear and the ensuing hopeless resignation detached me from life with a dread broken up only by



HOUSE_OVERSIGHT_013593

episodes of rageful envy of everyone else in the world that had been spared. My wife escaped into an alcoholic flirtation with her major professor; my sons grew increasingly ensconced in the generous and kind neighborhood homes of their playmates. I metered as many hours as possible in equity growing, long lonely days in a small, dark, couch filled, university office, listening to Beverly Hills, Brentwood and West Los Angles citizens as they psychoanalyzed their mysterious lack of emotional fulfillment from materialistic fulfillment. Legend has it that Gautama's sudden insight about the universality of this sated, bored condition occurred in 528 B.C. after 49 days of sitting in the lotus position under the bodhi tree, now called *ficus religiosa.* In contrast with Buddha's illumination, my psychoanalytic training-induced, Freudian-Darwinian instinctual conflict, driven by fears of starvation and castration, drew me tighter into the world of meaningless, coin flip probabilities.

Our house was a block away from a West Los Angeles synagogue and we knew the Rabbi and his family well. Our sons played together frequently. The Rabbi tried to bring comfort to me on my death watch, with hours of discussions about trans-individual, ethnic belonging and a deeper foray into philosophical humanism. Both felt completely irrelevant to my condition. As an intern tending to those dying at night in Ochsner Foundation Hospital in New Orleans, it seemed to me that Jews tended to die more noisily than Catholics. For my personal escape from low-lying dread, I needed the metrically linear time of *chronos* to become the metric-free, topological, *continuous surface* of the *twisted circular ribbon of a Mobius loop*, with the view from each moment a *kairos*, a stretchable infinity of each moment's internal multiplicity of times.

The ruthlessly reasonable Hebraic historicity, configured by the tooth-for-a-tooth, Mosaic and Roman *talion law*, the reciprocal, economic, exchange-calculating brains of Barkow, Cosmide and Tooby's *The Adapted Mind* (*1992*) and the terrifying stories of the *Five Books of Moses*, made the hopelessness of this sinner's plight inevitable. It felt like my dichotomous choice of God-type was between One of merciless fairness and the He and She of unconditionally forgiving generosity. The mind set of logical problem solving applied to the question about which of these two represented the true character of God lead to a momentarily distracting, metaphoric



HOUSE_OVERSIGHT_013594

ecclesial exercise: *what were the minimal number of four magical cards need we turn over with preconditions or results on the upsides and downsides if what was showing was*: (1) Beatifically good; (2) Cursed with extraordinarily bad luck; (3) Not dependent upon personal virtue; (4) Inordinately fortunate in all of life's trials. The pay-as-you-go God people would need to pick up (1) and find fortunate life and (2) to find the fate of the non-believer to establish that God was coldheartedly true and fair with the results of flipping (3) and (4) being none contributory. The grace-to-all-sinners God people need to turn over card (3) to find good life and (4) to find sometime sinners nonetheless fortunate to confirm their belief in the unconditionally of the loving generosity of God and making finding out about the underside of cards (1) and (2) unnecessary. This liturgical discussion and gamble with God's cards, perhaps a caricature of the Talmudic, rational discussions with the rabbi, felt irrelevant to my spiritual needs.

Missing was mysticism's promise of the disappearance of I into a union with the divine, the *Heart Sutra's* eternal *emptiness of form* and the *eternal form of emptiness* that gifts with spiritual perspective and not-necessarily-logical intuition about unseen *Absolute Reality*. Forced either-or, binary, card-turning cognition in the search for God's logic is unrewarding. As the Dalai Lama, in his *Heart of Wisdom Teaching*, says, "...all phenomena are emptiness, without defining characteristics, they are not born, they do not cease..." In trying to penetrate the mystery and promise of this emptiness, it was difficult to surrender my internal parody of what sounded like that day's Southern California New Age stuff about global nonaggression, sexual politics, Beadles music, distressed jeans and pot. In the synagogue of my neighborhood, experience with a deeply felt, never-you-mind-about-anything God of detachment with love, was not on the menus of Friday night or Saturday morning services. All I could feel was a faithless and nonnegotiable fear.

In the work of many mysticism-positive scholars, a classic being Evelyn Underhill's *Mysticism, 1961,* it has been speculated that this ineffable state as a union with a powerful unknown, transcending description in language, becomes more socially prominent during times of cultural efflorescence. She pointed to the



HOUSE_OVERSIGHT_013595

flowering of mysticism in epochs of the high cultural achievements at the close of the Classical Period in the Third Century, the Medieval Period in the Fourteenth Century, the Renaissance in the Seventeenth Century and, now, as we know, in the Western World toward the end of the Twentieth Century. An increase in general acceptance of talk, writing and practice focused on mystical experience is said by many to accompany historical high points in intellectual, literary and political achievement. One might include as a component of our growing cultural richness, the new science about chemical dialogues with the brain. Although no central nervous system agents were ever allowed in the ashrams of Baba Muktananda, it was common during some evening sessions of questioning, called *satsangs,* for him to acknowledge that one or a few experiences with entheogenic agents can open many recalcitrant folks to the existence of the God within. This, in turn, led them to the drug free spiritual exercises, *sadhana*, of *love, self-truth*, and *spontaneity* (each according to their nature) as well as *abstinent discipline*, *meditation*, *chanting* and *yoga* to maintain the knowledge. We might speak of participating in the creation and maintenance of the spiritual ecology of ones inner and outer being. Underhill said that the cultural richness of an efflorescent epoch is *taken inward* and accompanies personal and societal mutations into states and institutions involving higher spiritual consciousness.

In addition to an increase in the common outward manifestations of having had a mystical experience, such as an increase in compassion, forgiveness and more respectful and reverential attitudes toward the Earth and all its creatures (currently taking the forms of *deep ecology*, *ecofeminism*, *herbal medicine*, *organic farming* and the like), these times bring more public consideration of the nature of reality itself, apart from its material manifestations. The theme of the life's work of the Dominican priest, Thomas Aquinas, made master of theology by papal dispensation in 1259, involved the existential recognition of this dichotomy of existence, *esse,* and *essence*, nature and grace, the material world and God. William James wrote famously about mystical experience penetrating the *thin veil* between these two worlds. Those with a mystical orientation attribute reality to inner experience in relationship to a transcendental, supernatural world. Whereas



HOUSE_OVERSIGHT_013596

everyday events are subject to perceptual ambiguity and its attendant variety of interpretations, mystical union is claimed to bring the existence and meaning of *Absolute Reality* into direct experience. This kind of knowing is more akin to the *Platonic view of mathematics*, that theorems have been everlastingly existent, from before our physical world, then it is to the here and now, physically based, finite computations involving the experimental machines of physics.

The philosopher-mathematician father of *phenomenology,* Edmund Husserl, criticized the physics-want-to-be orientation of the 1860 empirical, objective measure psychologies of Fechner and Wundt. He understood the best of their findings as simply correlations between subjective and observable events. Using mathematical discoveries as examples, Husserl spent his life arguing for the possibility of abstract truths relevant to mind being more reliable and valid if grasped via direct experience. Knowing by what the popular mid-twentieth century writer of science fiction, Robert Heinlein, called *grocking it*. This is antithetical to the attitudes of today's human *cognitive and brain sciences* which disallow such knowing as deeply suspect unless accompanied by objectively definable observables such as changes in *electrical or imaging indices of brain activity* in one neural region or other. The modern psycholinguistics of brain mechanics can be called *neolocationism*. Using modern technology to measure *regional blood flow*, *energy metabolism and/or electrovoltage or magnetic field activity,* stories of function are spun that closely resemble those imagined more than a century ago by the first *locationists*, such as Ramon Cajal. These neuroanatomists spent thousands of hours looking at cell clusters and their connections in stained slides of human brain tissue using microscopes and imagined their singular and integrated function.

Today, Lewis Judd, long time chairperson of the Department of Psychiatry at UCSD in La Jolla, carries a full sized, polymeric, three-dimensional model of the human brain when teaching his students about human subjective experience and interpersonal behavior. In his weekly grand rounds, he explains that day's psychiatric patient's problems pointing here and there at regions in this plastic surrogate for our electrical jellied brain. Few, if any, of the psychiatry students in his class was inclined to ask the foundational question: how it is that a finger point and



HOUSE_OVERSIGHT_013597

a name of a brain place can describe, much less explain in the language of physical or physiological mechanism, a patient's illogical thoughts, feelings of hopelessness, irrational rage or prayerful gratitude. There remains a wide gap between ideas about the mechanisms of human symbolic processing and those involving the structures and functions of neuronal components and their connectivities in the brain, particularly when perceived as regionally segmented meat. Yet this report of Professor Judd's finger-pointing plastic brain ritual should not elicit surprise since iconic manipulation is certainly not new to the practices of priesthood.

In contrast with neuropsychiatry's behavioral attributions to brain parts as an explanatory pantheon of mysterious doers, absent of mechanical specifics, the fields of physics turn to more abstract and general mathematical and statistical, so-called *phenomenological laws*, such as those of *thermodynamics* and *statistical mechanics*. The accounts of Feynman's abstract and general thermodynamic development of *conservation of energy* as well as *equilibrium thermodynamics* discussed previously serve as relevant examples. These abstract models have been found to capture the behavior common to diverse physical systems involving (often still unknown) differing physical mechanisms. Consistency of description, *reliability*, weighs in before predictive *validity*, which, with maturation of the research area, gradually becomes detailed mechanistic understanding with the eventual goal being derivation from the *first principles* of physics. The painful truth is that that in spite of evocative claims made to the contrary in the 1990-2000 *Decade of the Brain*, this level of understanding at the interface of neurobiological hardware and software remains unbreached. Some recent attempts are interesting.

One of the current research themes about real single neurons in real brains (in contrast with the silicon chip modules used in *neural network computer simulations*), involve widely distributed neurons that discharge in *temporal synchrony*. These phenomena have been described by Max Planck's Wolf Singer, Christoff Koch of California Institute of Technology and Florida Atlantic University's Steven Bressler and others with words such as *synchronization, phase locking, coherence* and *binding. Binding* is an intuitively seductive word that premises that two, even widely spatially separated, brain regions that manifest neuronal signals of



HOUSE_OVERSIGHT_013598

activation locked together in time are assumed to be functionally integrated. Another time-dependent neuronal characteristic of current interest involve neurons or neuronal clusters that beat with almost strict periodicity, the *oscillatory pacemakers*. For example, the program of research by Professor Al Selverson at University of California at San Diego, among others, has elucidated the role of these *rhythmic pattern generators*, both autonomous and those emerging from particular patterns of network connections. A wide variety of functional links involving *neuronal pacemakers* has been demonstrated. They range from the *oscillatory transport of calcium* through *membrane channels* in neurons and heart muscle, *smooth muscle oscillations* of the pylorus muscle of the stomach, the neuronal ganglion driven chewing motions of the jaws of invertebrates and the retina-to-brain *hypothalamic cells* gating *human circadian rhythms* coupling our body's *hormonal clocks* to *light cycles*.

Though *regular rhythmicity in neuronal discharges* is an intuitively attractive idea and relatively easy to quantitate using simple *sine wave trigonometric transformations*, in the real brain it is statistically rare. The commonest neuronal discharge pattern observed is that of *intermittent bursting*, *clusters of neuronal discharges in time* in which the *inter-discharge intervals irregularly stretch and contract* like the bellow pleats of a syncopated accordion. Bursts of repeated firing of some unpredictable length followed by silences of equally mysterious durations. Their behavior can be represented as statistical measures using non-normal, *long tailed distributions* and *in-between entropies* described previously. For a whole human example, although the rhythm of *manic depression* is commonly thought to involve *periodic cycles*, careful study using *motility patterns* of the timing through life of these episodes of extreme mood states by Professor Allan Gottschalk at the University of Pennsylvania and others have demonstrated an irregularly *intermittent bursting pattern* in manic-depressive episodes, getting more frequent with age. Neuronal inter-discharge intervals seldom demonstrate what is called a *regression to the mean* like the *normal distribution* of heights, as one increases the number of people measured, the tighter the distribution around the mean. Neurons, much like our own irregular pattern of doing things (in spite of our plans), the statistical



HOUSE_OVERSIGHT_013599

distributions of neuronal interspike intervals have increasingly *long tails*. Contrary to the behavior of a *normally distributed observable*, the larger the series of neuronal spike observed, the more likely that a longer interspike interval than had been seen before will occur. Counter-intuitively, long intervals tend to be followed by more long intervals as more shorts follow short intervals. Manic attacks cluster in time as does a number of other brain and body diseases. Maybe it is intuitively obvious that bad stuff tends to cause more bad stuff and good stuff is self-propagating. Having suffered recently does not mean fate owes you one. The brain's syncopated segmentations of time can be translated into a creatively arrhythmic dance.

What makes *neurologizing conversations* like these about subtle human experience possible are the human subjective scenarios we have agreed to short hand with names of brain parts and neurochemicals. The *how* is *where* conceptual connection is filled with post 19$^{th}$ Century Spanish microscopic neuroanatomist, Santiago Ramon y Cajal-like, intuitions about the functional role of brain structures: we think motor automaticity and pacing when hearing the brain place names such as *caudate, putamen* and *cerebellum*; we think *limbic lobe* when musing about sexuality, rage and depression; we short hand *left versus right hemispheric places* for *verbal and sequential versus intuitive and geometric shape cognition;* we point to the *frontal lobe* for the future work of *executive control, anticipation and paranoia*; the *hypothalamus* for primitively expressed *appetites* and to the *brain stem* for our *vital functions* such as *breathing* and *blood pressure*. With respect to the brain juices, we say *dopamine* for *aggressive activity*, *norepinephrine* for *attention and sensory discrimination* and *serotonin* for *hunger, mood and sexual inclination*. No matter how avant guarde our experimental techniques such as monitoring local functional blood supply by *fMRI, regional brain glucose utilization maps,* time-dependent changes in skull surface voltage using a cap studded with electroencephalographic, EEG, leads, monitoring these voltage field via their transverse magnetic fields by the frozen helmets of *magnetoencephalography, MEG*, we conclude our work by calling forth named but still enigmatic brain parts and their juices as mysteriously powerful little men and women executing remarkably complex and subtle tasks, sometimes even when called upon.



HOUSE_OVERSIGHT_013600

Current neurochemical research using molecular biological tools such as mice knockouts (the ablation of specific proteins though interference with their nucleotide-mediated protein biosynthesis), for example, the production of animals missing a subunit of their *hippocampal glutamate receptors* associated with the loss of some memory functions, conclude the memorial mechanism to be a specific cellular region, such as *hippocampal CA3 cells.* Technology advances but continues to support a primitive philosophic animism of named brain parts which pop science icons like the late Francis Crick called "The Amazing Hypothesis." He and his fellow brain philosophers implicate brain mechanisms such as the *amygdaloidal nucleus man* who can *emotionally color* even affectually neutral information that is transported through him. Imaging data showing *amygdala man* lighting up is used to tell us that circulating sensory information through the differentially behaving *amygdaloid nucleus* is used for *fight or flight* interpretive significance. Emotionally expressive human faces light up *inferior parietal cortex*. The Iowa University Professors, the husband and wife Damasios, have located even the criminal psychopath man in specific locations in the brain. As we have argued, perhaps *ad nausem*, using multimillion-dollar imaging and molecular biological technology and no new thoughts that weren't around during the era of the 19th Century's neuroanatomists, specific brain regions continue to gain implicative properties like the task-specialized gods of the Roman and Greek pantheons. Crick implied that God is a brain part.

At the same time, those of us that have been in the brain business for a while, recall skyscraper window washers, standing steady, high up on rope lashed planks, suffering from congenital absence of the *cerebellum*, the supposed *sine qua non* brain part supporting motor coordination and balance in humans. More generally, there is much evidence that if young enough and willing to work, many of the functions of missing parts of the brain can be taken on remarkably well by other brain parts thought not to be involved in these functions at all. In addition, since evidence of neuronal responding to loud noise or bright light perturbation can be found almost everywhere in the hyper-connected human brain, because anticipation and brain time inversions make *before* and *after* indicate little about human



HOUSE_OVERSIGHT_013601

neuropsychological causality, and *inhibitory on or off* and *activating on or off* are *a priori* functionally equivalent with respect to the logic gates of information encoding, transport or storage, the modern study of brain mechanisms in emotion, cognition and behavior remains almost as mysterious as ever.

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The only human mind-brain observations that are doubted consistently, and treated as unpublishable by the editors of the journals of science, are those that result from direct human experience using subjective reports from within. They are called unscientific. Often ignored are logically consistent mathematical and computational contexts, which, as abstract and general tools of thinking and imagining, have the capacity to frame, rigorously define and describe thinking about both the subjective and objective aspects of brain-generated phenomena. These mathematically configured metaphors can lead to consistencies in description, *this is behaving like that*, in what are called *equivalence relations* expressed both as intuitive imagery; for a concrete example, a one holed bagel and one handled tea cup are *topologically equivalent* because, sculpting in clay, they can be smoothly transformed into each other. We have seen that *invariant measures* in computable statistical flows can come out of a mess of data. Professor Paul Rapp of the University of Pennsylvania has been able to mathematically encode the verbal content of the patient's free associations and the therapist's responses, using tape recordings of hours of psychoanalytical treatment. Examples of quantifiable qualities found useful in this regard involve a variety of characteristic statistical patterns in what are called *entropies* and *information* as well as various measures of what with a wide range of definitions is called *complexity.* These quantifiable properties, *measures*, can help in the struggle with the intrinsic tension of Absolute Reality between the "eternal emptiness of form and the eternal form of emptiness." We resort to measures of *entropy*, *information* and *complexity* when confronted with our ignorance, "emptiness," great or little, with respect to either cause or result, about what exactly is going on. *Entropy* in its forms relevant to information quantifies our



HOUSE_OVERSIGHT_013602

ignorance, the emptiness and its mystery. Computations of the entropy of systems in motion convert questions and answers concerning the detailed workings of the leg's neuromuscular machinery to global statistical descriptions of more abstract thematic motifs, *forms*, expressed in the dance. Patterns of behavior of these properties can suggest intuitive ideas and imagery about global mechanisms, *approach/avoid*, *smooth/discrete*, *wild/tame*, as well as correlated and objective physical observables.

To learn more about this abstract, topology tinged (none numeric) style of model building, we can go to school on a long studied physical example. It connects a simple and well understood *real world observable* with *abstract statistical patterns* resulting from motions using the *one-to-one correspondence* (the *equivalence relation* called *isomorphism*) between their *entropies*. As we have discussed, the Stanford mathematician and Field's Medal Winner, Donald Ornstein, proved that in statistical studies of even *point-to-point unpredictable*, *chaotic systems*, *entropy is the only isomorphism*. The *hardware* of this physical example is what the statistical physicists call a dilute gas of some fixed number, *n*, of uniform hard spheres, *moving scatterers*, that, absent of *dissipative friction*, wander continuously around, changing their directions when bumping into each other. In a two dimensional bounded arena of randomly rolling balls, this game has been called *Sinai's billiards*. It was named for previously mentioned Ya Sinai, an eminent Russian mathematician He is now at Princeton and was previously a student of Andrei Nikolaevic Kolmogorov, the Russian guru of many of the Twentieth Century's world-class Russian mathematicians. Kolmogorov axiomatized the field of probability and, more relevantly, initiated the theory of *statistical descriptions*, the *ergodic theory*, of *nonlinear dynamical systems*. In the language of *statistical physics*, we will see that the same system produced by high number of elements executing Newton's deterministic laws can be generated by a so-called random system such as that resulting from flipping a suitably biased coin. Our example can also serve as a metaphor, used extensively in the mathematical biology of the late Professor Art Winfree, for the *temporal features of life on a topological circle*: the natural irregularities of the recurrent beat of the heart, the in and out breathing of lungs, the



HOUSE_OVERSIGHT_013603

up and down voltage of brain waves, the pendulum swings of our blood hormone levels, the cyclic procession of our days, months and years and at large scale, our body's journey from dust to dust.

The angular deviation theta, $\theta$ from the initial reference direction of a single moving sphere, gets rotated to a new angle theta, $\theta \rightarrow \theta'$ by a collision with another sphere. It has been shown that the new angle $\theta'$ is the previous angle, times twice the average distance traveled between collisions called *the mean free path*, here symbolized by delta, $\delta$, divided by the diameter, *D*, of the sphere. Algebraically, $\theta' = \frac{2\delta}{D}\theta$ the new angle is equal to twice the *mean free path* divided by the diameter of the spheres times the original directional angle of the sphere's motion. If we symbolize the time between collisions with tau, $\tau$, after an elapsed time of experimental observation, *t*, we can say that the deviations from the initial direction of the sphere changes like $(\frac{2\delta}{D})^{t/\tau}$. The exponent, $t/\tau$, represents the time of the experimental observation divided by the average time between collisions of the spheres, i.e. the time we've been watching, *t*, is expressed as units of inter-collision interval, $\tau$. Of course, the circular deviation in the angle from the initial direction rotates repeatedly around a circle as the number of collisions increase. If a point on a circle marks the angular change resulting from each collision and the system runs long enough, it has been shown that the circle will eventually be completely covered by points.

An *estimate of the entropy*, *S*, being generated by each sphere labeled with some index *i*, $S_i$, is positive because the recurrent motion is deviating continuously from the initial direction. It can be computed for each sphere as the *logarithm of the intercollision time-averaged deviation from the initial direction*, $S_i = \frac{1}{\tau}\log(\frac{2\delta}{D})$ and the *entropy* of the whole n hard sphere system is the sum of the *n* entropies, which can be expressed as $n \times S_i$. If we keep books by registering the points when each sphere's makes a stop on the top half of the sphere's circle as 1 and the bottom half as 0 (and we must arbitrarily decide between 0 and 1 if it falls exactly on the



HOUSE_OVERSIGHT_013604

division between top and bottom and do so in a consistent way), then we can keep score with a random looking binary series such as 11001001010.... that describes the sequence of rotations. The advantage that accrues by doing so is that this *coin flip counting* eliminates details in favor of a *computable over all measure* and supports several forms of *entropy calculations* for its use in deciding if *this system is behaving like that system*, an *equivalence relation*. One can imagine a series of coin flips with 1 being heads and 0 being tails such that the statistics of a characteristic series is determined by the *fairness* of the coin. As noted above, Donald Ornstein's famous theorem says that the entropy of these kinds of hardware and software systems is the only general basis for finding correspondence between characterizations of two such *irregularly behaving systems*. The important idea here is that a series of 1's and 0's may not be identical but the two systems can be *isomorphically equivalent with respect to their entropy.*

Notice again that the physical process of hard spheres bouncing off each other on a flat surface has been captured by an abstract representation in *binary numbers* that, like a series of coin flips, can be quantified as entropies (which would be maximal for an ideal, fair coin). After describing the process of real number representation by the binary code, we will show *how entropies can be computed for these binary series*. We remind ourselves that we are struggling to obtain some kind of knowing in a representative system manifesting the *tension and mystery between emptiness and form.*

We can translate all finite real numbers into this language, making them accessible to standard entropy computations. The following discussion of the process of *transforming numbers into binary series* is in the spirit of the famous number theory theorem that every *natural number* (the *positive integers* such as 1, 2, 3, 4...) can be expressed as the sum of at most four squared numbers. Encoding any number by a series of 0's or 1's in what is called a *binary transformation*, begins with its separation, called *partition*, into a sum of powers of 2, for example, 100 = 64 ($2^6$) + 32 ($2^5$) + 4 ($2^2$). A short hand description of this sum begins with a form indicating the presence or absence of each successive power by a 1 or 0 coming before the relevant power of two; i.e. $100 = 1 \times 2^6 + 1 \times 2^5 + 0 \times 2^4 + 0 \times 2^3 + 1 \times$



HOUSE_OVERSIGHT_013605

$2^2 + 0 \times 2^1 + 0 \times 2^0$ (in which the last term, arbitrarily, is $2^0 = 1$, since anything to the power 0 = 1). This can be written even more simply as a series of 0's or 1's, their presence indicating whether the power represented by each place in the left to right descending sequence of powers of two participates in the sum of the partition. It is in this way that in binary numbers, 100 = 110010. As another example, if we similarly partition the decimal number 729 = 512 ($2^9$) + 128 ($2^7$) + 64 ($2^6$) + 16 ($2^4$) + 8 ($2^3$) + 1($2^0$), we find that its binary transformation results in 729 = 1011011001, the 0's representing the descending powers of two that are absent in the powers of two partition. One can compute the binary representations of lower valued numbers immediately; for example, $4 = 1 \times 2^2 + 0 \times 2^1 + 0 \times 2^0$ so that there is a 1 in the multiply-the-power-of- two column and 0 the power 1 and power 0 columns so in binary representation, 4 = 100. Similarly, $6 = 1 \times 2^2 + 1 \times 2^1 + 0 \times 2^0$ making the binary transformation of 6 = 110.

It was the co-inventor (with Isaac Newton) of the calculus, Gottfried Wilhelm Leibniz, in about 1665, who fully developed the *binary representation of all decimal numbers.* In a state of wonderment about the simplicity, power and completeness of this 1 and 0 encoding, he is said to have the beliefs that 0 symbolized the emptiness of the universe's beginnings, 1 represented the complete fullness of God and that this transformation served as metaphoric evidence consistent with God's creation of the universe out of nothing.

The simplicity of binary expressions as in the dynamics of hard spheres or rotations on the circle as well as the transformations such as 729 = 1011011001 make them propitious for exemplifying the methods for computing the *entropies of the growth rate of the possible, called the topological entropy*, $H_T$, and the *probable, the metric entropy,* $H_M$, which was introduced in a previous chapter called "Sensual In-Between Entropies." The following exemplify the computations of measures of *topological and metric entropies*, $H_T$ and $H_M$, another computable idea called *algorithmic complexity*, *AC* and finally, the well known (to statisticians) *standard run score, src*. Their descriptions *have* as their purpose a demonstration for the reader that these apparently abstract, perhaps nebulous sounding, words can be transformed into well-defined, concrete, quantitative and computable form of reality.



HOUSE_OVERSIGHT_013606

If acceptance of this idea does not constitute a problem for the reader (and you do not find it fun to follow along with a computer math program and/or a pencil), then the following several paragraphs can be quickly scanned or skipped entirely.

The computations of $H_T$ and $H_M$ begins with keeping track of how many $0 \rightarrow 1$ and $1 \rightarrow 0$ transitions are found going from left to right in the binary series. For example, in the binary expression of 729, 1011011001, one starts counting with a $1 \rightarrow 0$ transition followed by a $0 \rightarrow 1$ transition and then a $1 \rightarrow 1$ transition and so on. A useful way to record the count is via entries into a $2 \times 2$ matrix for score keeping in which the horizontal rows are labeled 0 on top and 1 below and the vertical columns are labeled 0 on the left and 1 on the right. The number of each kind of transitions (from the vertical label to the horizontal label) are counted and summed in the appropriate box of the two box by two box matrix; for examples: for a $0 \rightarrow 0$ transition, a tally mark is entered in the upper left corner of the matrix; for a $0 \rightarrow 1$ transition, a tally mark is entered in the upper right corner; a $1 \rightarrow 0$ tally goes in the left lower corner and a $1 \rightarrow 1$ is tallied in the right lower corner. The resulting transition incidence counting matrix, $M_t$ for the 729 binary transformation series looks like $M_t = \begin{matrix} 1 & 3 \\ 3 & 2 \end{matrix}$ indicating one $0 \rightarrow 0$, three $0 \rightarrow 1$, three $1 \rightarrow 0$, and two $1 \rightarrow 1$ transitions have been tallied. Although this series alone is too short for computing reliable statistical measures, if we assume that the pattern of transitions observed in this short series is stationary, that is its transition behavior will remain the same if the binary series continued on to be infinite in length, the *assumption being that the dynamics of now will be the same as always*, 729 will stay 729, then we can use two forms of this transition matrix in the computation of the *topological entropy* reflecting the *growth rate of the possible*, $H_T$, and the *metric entropy* from the *statistical weights of allowed choices among them*, *the probable*, $H_M$.

To obtain the entropy representing the *growth rate over time of the new possibles*, the computation of $H_T$, the *topological* entropy, involves first transforming $M_t$ into an *transition incidence matrix*, $M_{t,i}$ a 0 or 1 matrix indicating whether each box has been entered at all (or not). Since in the binary representation of 729, all



HOUSE_OVERSIGHT_013607

four boxes of $M_t$ are occupied, the $M_{t,i}$ = $\begin{matrix} 1 & 1 \\ 1 & 1 \end{matrix}$ indicates that all four kinds of transitions are possible. Since we remain in the context of a 0,1, two state system, the growth rate of the possible equals the logarithm, base two, of the sum of the entries in the boxes of the left-top-row to right-bottom-row diagonal called the *trace* and $H_T = log_2 (1 + 1) = log_2(2) = 1$. Consistent with intuition, since every transition is possible, the topological entropy of $M_t$ as indicated in its $M_{t,i}$ is maximal (= 1). Another expression equal to the *sum of the trace* (the sum of the upper left to lower right diagonal) in a square matrix, is its leading *eigenvalue*, most often symbolized with a lambda, $\lambda_1$. *The logarithm of the leading eigenvalue of the transition incidence matrix is equal to its topological entropy*. Symbolically, $H_T (M_{t,i}) = log_2 (\lambda_1) = log_2 (2) = 1$. Standard elementary linear algebra texts describe how to compute eigenvalues, these relations and related operations as well as their foundational theorems.

Before computing the entropy of the distribution of probabilities among the possibles as the *metric entropy*, $H_M$, let us notice again that the occupancies in the four entry boxes of the transition matrix $M_t$ are not uniform, $M_t$ = $\begin{matrix} 1 & 3 \\ 3 & 2 \end{matrix}$. This leads naturally to the intuition that for this series of binary transitions, $H_M$, in contrast with $H_T$, will not be maximal, i.e. not equal to 1 and the nonuniformity of $H_T$ and $H_M$ is a computational expression of what we mean by a state of *in-between entropy.* These entropies are identical and their difference = 0 for transitions reflecting maximal entropy, as might be realized in a very long series of fair coin flips in which the entropies = 1. Entropy will be minimal when flipping a two headed coin, here the entropies = 0. More compactly, the *non-uniform probabilistic, metric entropy, differing from the maximal topological entropy* indicates that the system is in a dynamical state of *in-between entropy*, written as $H_T - H_M \neq 0$.

In the computation of the metric entropy, $H_M$, the $M_t$ is transformed into a transition probability matrix, $M_{t,p}$, called a *Markov matrix* named for one of the two great Russian mathematicians, both students of Pafnuti Lvovich Chebyshev, the Markov brothers. The entries of each row in the $M_t$ are transformed into transition



HOUSE_OVERSIGHT_013608

probabilities, so that the sum of the decimal fraction parts of all the boxes in each horizontal row add up to 100%, or as a real number, 1.00. Recall that in the example we've been using, the binary expansion of the natural number 729, the transition incidence matrix is $M_t = \begin{matrix} 1 & 3 \\ 3 & 2 \end{matrix}$ and its Markov matrix is top row, 1/4, 3/4 and bottom row 3/5 , 2/5, i.e. $M_{t,p} = \begin{matrix} 0.25 & 0.75 \\ 0.60 & 0.40 \end{matrix}$. *Matrix multiplication* of $M_{t,p}$ by itself repeatedly is equivalent to tracking the temporal evolution of the transition matrix's probabilities until the resulting matrices move toward, *converge onto,* a steady state; each self matrix multiplication step represents what results from the passage of one unit of time. The convergence to equilibrium values is continuous and gradual. When the steady state is reached, *both rows become identical*. For this example, $M_{t,p} \times M_{t,p}$ or $M_{t,p}^{\ 2} = \begin{matrix} 0.5125 & 0.4875 \\ 0.3900 & 0.6100 \end{matrix}$; $M_{t,p}^{\ 4} = \begin{matrix} 0.4527 & 0.5472 \\ 0.4377 & 0.5622 \end{matrix}$; $M_{t,p}^{\ 8} = \begin{matrix} 0.4445 & 0.5554 \\ 0.4443 & 0.5556 \end{matrix}$; $M_{t,p}^{\ 16} = \begin{matrix} 0.4444 & 0.5555 \\ 0.4444 & 0.5555 \end{matrix}$ which for the first four decimal places remain the same for additional times of self multiplication. Note the convergence of the top and bottom rows to the same asymptotic values. Books discussing the multiplicative and other behavior of these *nonnegative matrices* are numerous and frequently appear in matrix algebra texts under the rubric of the *Frobenius-Perron theorems*.

Using the entropy formalism of Claude Shannon as developed previously, $H_M$ is computed as the sum across either of the identical rows of each probability times its logarithm, $\rho_1 \times log(\rho_1 \rho_2 \times log(\rho_2))$ remembering from above that we are working in base 2 logarithms and to change the minus sign (resulting from taking the logarithms of decimal fractions) to plus: $H_M\ (M_{t,p})$ = .4444 $\times$ *log*(.4444) + .5555 $\times$ *log*(.5555) = .9911 The *nonuniformity* of the box occupancy probabilities is reflected in *the difference between the topological (maximal estimate) and metric (minimal estimate) entropies* and is therefore quantifiable and computable: $H_T - H_M \neq 0$ = 1.00 - 0.9911 = 0. 0089. If the maximal and minimal estimates of the entropy were equal and all the probabilities boxes in each row asymptotically contained the same



HOUSE_OVERSIGHT_013609

probabilities as in $M_t = \begin{matrix} 0.5 & 0.5 \\ 0.5 & 0.5 \end{matrix}$, it would retain these values across an infinite number of self multiplications such that $H_M = .5 \times log(.5) + .5 \times log(.5) = 1$ and $H_T - H_M = 1.00 - 1.00 = 0.$ 0.

*Complexity* is a more general and variously defined descriptive expression than that of the topological and metric entropies and as such brings with it many kinds of definitions and computational approaches. One choice that's intuitively appealing assumes that the relative complexity of an expression representing, say an outcome of an observation or experiment, is reflected in the *minimum length of the most compressed program* (*algorithm*) from which, given a suitable *dictionary of symbolic equivalencies*, one can reconstitute the original expression. Increases in what some have called *algorithmic complexity, AC,* are reflected in the growth of this minimally descriptive symbol series length. Karen Selz's approach to compression and *AC*, similar to one proposed by Paul Rapp, involves the identification and symbolic representation of repeated blocks of symbols called *words.* For example, given an arbitrary, exemplifying binary series: 011011101010001010101001001010011, we first find the longest repeated word [1010100] and represent it with the symbol, *a*, yielding a shortening in the original series, 011011*a*010*a*1010011. The next longest repeated word is [011] is replaced with *b*, yielding a further compression, *bba*010*a*1010b. The next remaining binary word is of length equal to the previous one, [010], which, when replaced by *c* results in the series *bbaca*1*cb*. This can be further compressed to the final representation with four symbols and for the sequentially repeated *b*, one exponent of degree two, $b^2aca1cb$. From this representation and a dictionary of letter equivalent words, the original binary expression can be recovered. For a quantitative index of the *algorithmic complexity, AC,* of the compression, Selz computes the sum of the number of distinct symbols plus the sum of the natural logarithms of the exponents: 4 + log (2) = 4.6931. The binary representation of 729, 1011011001, discussed above, is compressed by making two [101]'s = *a* and two 0's = *b* resulting in $a^21b^21$. Having three distinct symbols, *a*,*b*, and 1, and two exponents of two, its algorithmic complexity is equal to, $AC = 3 + 2 \times \log(2) = 4.38$.



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In addition to $H_T$, $H_M$ and $AC$, if computable in a meaningful way, the *deviation of the binary series under study from the idealized random behavior of a fair coin* could serve as another index of complexity. Common descriptions of the amount of randomness in a series are indices of *run length* If a *run length* is defined by number of elements in a series of the same symbol before it stops, counting the *number of run boundaries* by reading along the binary series and counting the *number of switches* from 0 $\rightarrow$1 or 1 $\rightarrow$ 0, then the binary expression of 729, 1011011001, has six runs. The great analytic probabilist, William Feller, among many others, including the distinguished 18th Century Swiss family of mathematicians, the Bernoulli's, proved that computing a *standard run score*, *srs*, involves three terms, the theoretical expectation, $E$, of the number of runs, $r$, that is $E(r)$, the number of runs actually observed, $Obs(r)$ and the variance of the expectation of the number of runs, $Var(\ E(r)$. If the *srs is less than zero*, *then the binary series is more random than that resulting from the flipping of a fair coin*. Interestingly, when a normal group of subjects are instructed to simulate what they think of as a random coin flip determined series of 0's and 1's, their *srs* tends to be lower than zero, over-estimating the degree of irregularity that randomness represents. Long runs occur by chance far more often than intuition would dictate. If *srs is more than zero*, than the binary, coin-flip series is *more ordered than random*. If *srs* equal to zero, the binary series is not discriminable from fair coin flipping randomness.

The expected number of runs, $E(r)$, can be estimated by a fraction formed by twice the product of the number of heads times tails divided by the sum of the heads and tails to which is added one. That is, $E(r) = \frac{2\times 6\times 4}{6+4}+1=5.8$. The average variation around this expectation called the *variance*, *Var*, of the expectation, $Var(E(r))$, is estimated by a fraction formed by (take a breath) twice the product of the number of heads times tails $\times$ twice the product of the number of heads times tails minus the number of heads and minus the number of tails, all over the product of the sum of the heads and tails squared, times the sum of the number of heads



HOUSE_OVERSIGHT_013611

and tails minus one. That is, *Var*(*E*(*r*)) = $\frac{(2\times6\times4)(2\times6\times4-6-4)}{(6+4)^2\times(6+4-1)}=2.03$. From these three terms, we compute *srs* = $\frac{E(r)-Obs(r)}{\sqrt{Var(E(r)}}=\frac{5.8-6,0}{\sqrt{2.03}}=-0.140$. We conclude that the *standard run score* of the binary series is less than zero and therefore more random than the expected random behavior of a fair coin.

Recall from the last chapter that Karen Selz, Martin Paulus and others have shown that various personality types and psychiatric diagnoses are associated with characteristic deviations of *srs* from zero. When the winners of the 2002 Annual World Rock, Paper Scissors Championships held in Montreal Canada were interviewed, they said that sensing their opponent's characteristic style of deviations from randomness in what we would call the continuum from maximal to minimal entropy determined their successes. We characteristically use all of these measures to estimate quantitate the deviation from randomness *standard run score, srs*, *algorithmic complexity, AC,* as well as $H_T$ and $H_M$,, the *topological* and *metric entropies*.

*  *  *

The encounter with mystical Absolute Reality, though sought by arduous contemplative and other practice, emerges spontaneously, most often during times of apparent mental emptiness, detachment, a state in which rationally instructive thought and the choral background of brain voiced, emotion-ladened, commentary have disappeared into the entropic soup of formless silence. It is this indescribable, ineffable, stillness that we think serves as the psychophysiological anlage of mystical experience. The mathematical systems yielding quantitative metaphors, descriptive ideas about dynamical entropic statistical emptiness and form inspire the use of mathematical structures in place of localized lumps in brain meat as personalized icons of doing.

Our wedding of well-defined mathematical objects to metaphoric elements of more general nonverbal intuition has a long tradition. Rene Thom's 1990 book,



HOUSE_OVERSIGHT_013612

*Semiophysics,* discusses mathematical mechanisms and their representations in mind and the real world, analogizing mathematical objects and the intuitions they generate to *mechanical tools.* Similar ideas are found among the *four liberal arts of the ancients: Number, Geometry, Music and Cosmology.* The epistemologies of all four require, then and now, the intuitive use of mathematical objects, conscious or unconscious. Examples can be found in conceptual issues of Geometry and Number with implications for relationships between man's physical and psychological worlds. One set of articulations were attributed to the *shapes of Platonic solids* found among the Neolithic stone circles in Aberdeenshire, Scotland, 2000 years before Plato. Each symbolized particular physical and psychological themes. All manifested equal edges and every face of each solid was the same perfect polygon. The solid with four equilateral triangles manifesting four vertices and faces, the *tetrahedron*, represented the physical element, *Fire*, and the personal psychological climate of a choleric, fiery nature. A Platonic solid composed of eight equilateral triangular faces, two tetrahedrons annealed, the *octahedron,* signified *Air* in physical composition and optimistic hopefulness in psychological disposition. Six square faces together making a *cube*, evoked the elemental physical component, *Earth*, and its human expression as a phlegmatic, apathetic personal style. Twenty faces, all equilateral triangles, constitute an *icosahedron* indicating *Water* and a dominant feeling state of melancholic sadness. Like onomatopoeic words and pictorial script, the three dimensional geometry of *these Platonic solids feel like what they came to symbolize.*

The personality styles symbolized and evoked by the Platonic solids continue to be used to this day. For example, they compose the basic elements of the constitutional categories of remedy in homeopathic medicine as introduced over 200 years ago by Dr. Samuel Hahnemann in his classical *Organon of the Medical Art.* The assignment of clinical remedy in homeopathic treatment combines consideration of the presenting physical symptoms and signs, the *what*, with intuitive discernment of the patient's constitutional type, the *who.* To the homeopathic physician, *tetrahedral fire* is suggested by the traits of personal magnetism, courage and inspiration as well as egotism, strong desire and rage.



HOUSE_OVERSIGHT_013613

*Octahedral Air* people intellectualize objectively in confident and insensitive aloofness. Those symbolized by *cubic Earth* are realistic and practical, a what-you-see-is-what-there-is belief along with rigid, materialistic ways. *Icosahedral Water* types experience emotions strongly and are sensitive, intuitive, nurturing and can be overly sensitive and dependent.

What intuitions and observations relevant to self, subjective and objective, emanate from the stylistic properties of feelings as derived from a time series of observations of their associated actions suggested by their statistical measures, $H_T$, $H_M$, *AC* and *srs*? The yield is rich and unexpected. We find an enjoining of values of these measures, characteristic and invariant for each person, with the brain and behavioral actions of entheogenic agents and Zen meditation in contrast with worldlier focused attitude adjusting experiences and drugs. The range of their potential values helps rationalize a person's inclinations along the continuum of *attachment* and *detachment.* This quantifiable dimension augers positively and negatively with respect to the requirements for mystical experience as poetically described by the ambivalent warrior prince, Ardjuna, in conversations with Lord Krishna in the *Bhagavad-Gita*, the most famous and influential component of the *Mahabharata* of Hindu scripture, A similar theme relevant to the occupancy of a propitious range of values for the measures, $H_T$, $H_M$, *AC* and *srs,* is found in what is often called the *Second Nobel Truth* as explained by the Buddha, Siddhartha Gautama, in lectures recorded in a deer park near Benares. We begin with the results of some drug experiments conducted by behavioral neurophysiologists and end with suggestions about the intuitive relevance of the conceptual content of these measures to the *universals of mystical experience* and perhaps to elements of *spiritual transformation.*

As described previously, the brain and behavioral process of *habituation* is characterized by a decrease in the strength of an observable response to the repetition of an evocative stimulus. Imagine the decrease in our startle responding when a once unexpected loud noise continues to occur. Sir Charles Sherrington, the early Twentieth Century British pioneer in neurophysiology showed that animals and humans gradually stopped the withdrawal of their limbs with stimulation of its



HOUSE_OVERSIGHT_013614

skin when it was repeated several times. Columbia University's Nobelist in the brain sciences, Eric Kandel studied the neural mechanisms of *habituation* as a *primitive, accessible and fundamental example of learning,* the association of a nonresponse to a usually evocative stimulus, in *Aplysia californica.* The *sea snails* learned not to respond to a local irritation with a *gill-withdrawal response* when exposed to it many times. They learned to stop paying attention to the perturbation. The background noise appears to disappear after a little time in the Mall. Though his exploration of its synaptic mechanisms involved the neural circuit of the gill-withdrawal reflex in the marine snail, its generality and human relevance is well established. Hundreds of papers can be found reporting the results of studies of habituation in normal humans under all kinds of circumstances as well as in psychopathological conditions. That it samples something both fundamental and persistent is suggested by studies in children by one of Kandel's students, Michael Lewis. He found that the *rate of habituation of a startle response* to a bright light in one-year-old human infants predicted success in many kinds of learning and other cognitive functions when the children were tested again at the age of four. Pavlov's experiments studied habituation of the classically conditioned salivary response to meat powder-coupled bell sounds in dogs in which the bell was followed by nothing, not only led to inhibition of the salivary response with unreinforced trial repetition but generalization of the inhibitory state such that dogs were observed to freeze in motionless catatonic states for hours. In the language of our statistical measures, the fixation of the dog's behavior would manifest minimal entropy in the form of $H_T = H_M = 0$ and the lowest complexity values for *AC* and *srs.* Entheogenic agents like *LSD* or *mescaline* inhibit the process of habituation and fixation, maximizing the entropy of behavioral measures, $H_T$, $H_M \rightarrow 1$ and high complexity values for *AC* and *srs.*

Mark Geyer and David Braff, Professors at the University of California in La Jolla and Michael Davis, a Professor at Yale's School of Medicine, found that entheogenic agents, such as mescaline and LSD, as well as naturally occurring indoleamines, such as DMT, which occurs naturally in human brain, *prevented habituation of startle responding* in mammals. Each sound repetition was treated as



HOUSE_OVERSIGHT_013615

though it were new. *The baby is Buddha* is an Eastern philosophical aphorism that captures the fresh spiritual state of each moment's openness and readiness, the *in-between entropies* for new information surprise. Geyer and Martin Paulus found that entheogenic agents such as *Ecstasy* also increased the *complexity* of the patterns of *spontaneous motor movement* made by rats exploring a bounded space. Recall that they partitioned the floor to document the exploratory motion in the context of a sequence of location transitions, readying the data for the computation of some of the measures previously described. Following the administration of entheogenic agents, the partitioning of the space that the animals were exploring, into a lattice of discrete boxes and the encoding of each square with a symbol, the computable entropic and complexity measures such as $H_T$, $H_M$, *AC* and *srs* were increased. In contrast, the administration of amphetamine-like stimulants led to a different kind of behavioral activation than that induced by entheogenic agents. The measures of $H_T$, $H_M$, *AC* and *srs* reflected decreases in entropy and complexity. As University of California's David Segal and others documented in the 1960's, high doses of amphetamine led to animals into in a minimal entropic state, they were frozen in stereotyped rocking, nodding and circling motions. High dose amphetamine-treated humans develop rigid fixation of ideas, low $H_T$, $H_M$, *AC* and *srs*, in man this is seen as inescapable obsession and paranoid delusion. There is considerable medical evidence that Hitler took large doses of amphetamine (Benzedrine) daily for the last 20 years of his life.

The entheogenic drug-induced phenomena of naïve openness and absence of fixation, states of high entropy and complexity, behavior generating higher than control measures tending toward maximal values of $H_T$, $H_M$, *AC* and *srs* , are subjectively reflected in the results of personal experiments of University of Chicago's Heinrich Kluver as described in his *Mescal and Mechanisms of Hallucinations* (1966). Observing himself after the self administration of a crude preparation of *peyote cactus,* he said that it led to *glad feelings of unfamiliarity* and a *marked reduction in his tendency for boredom* (*habituation*), a detachment from old ways of thinking and a new openness to a rush of *seen again for the first time* experiences. Everything in his personal world, no matter how mundane, became a



HOUSE_OVERSIGHT_013616

source of new interest and fascination. New thoughts replaced old ideas in a continuing process of new formulation. All of these things feel like they emerge spontaneously, *making ideas about being born again and personal renewal concrete.* We remember that Timothy Leary and his wife in their privately circulated pamphlet, *Neurologic*, described their entheogenic drug-induced escape from the habitual order as supported by the learned and established "...mental-manipulative and socio-sexual brain circuits...," an escape to a fresh new planet of possibilities. Louis Lewin, the early Twentieth Century German pioneering ethnopharmacologist described his subjective responses to *peyote* as a flood of lively, numerous, random fantastic creations of perception and thought, all demanding his fresh attention.

To complement these subjective reports, experimental tasks involving habituation, such as the disappearance of a brain wave sign of arousal to sound or light stimulation, called *alpha blocking,* the eyes-closed resting pattern of 8-14 cycles per second, *hz,* waves perturbed into the arousal pattern of >20 *hz*, did not habituate when the subjects were pretreated with *entheogenic drugs*. This finding was also true for the results of years of meditative practice. In his 1974 *Psychophysiology of Zen*, Hirai reported that Soto Zen monks, after many years of practice in mindful, one pointed, *be here now meditation*, unlike normal controls, continued to show *alpha blocking surprise*, *brain wave arousal patterns,* throughout the course of repeated stimulation with auditory clicks.

James Austin in his monumental book, *Zen and the Brain* (2000) summarizes other studies of habituation in TM practitioners and other mediators in which eyes open versus eyes closed, the set and setting and variations in other experimental variables blurred these results to some degree. He develops the case that years of meditation-induced brain states of emptiness, we would say of maximal entropy and minimal form, set the stage for the ecstatically insightful flood accompanying the sudden insight into a *Zen koan's* solution or the transcendent startle induced by a *roshi's shout.* A meditative struggle concerns how one can think about not thinking. That is, thinking of nothing. This is generally thought to be the most important part of Zen meditation, called *zazen*. Achieving high values for brain and behavioral $H_T$, $H_M$, *AC* and *srs* supply the formless infrastructure for ecstatic transformation.



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In healthy people, an awareness of self is not lost during *this time of invasion by and fusion with what feels like an independent agency.* At full force, the mystical experience is transfixing, tending to paralyze movement and speech, and at the same time bringing with it the capacity for clear sensory and sensory-integrative lucidity. This new seeing *brings previously unnoticed things to attention and makes old things new*. Perhaps most striking is the passive (unsought) experience of the *unification of erstwhile disparate*, apparently unrelated thoughts and feelings. The yield can be the sudden emergence of deep relationships between apparently very different constructs, beliefs and formalisms leading to unanticipated and unsought integrative connections. In mathematics, this experience can lead to entirely new kinds of theorems and proofs; in the physical and biological sciences, a previously unseen organization of the data generating new global relationships and potential scientific laws. In our spiritual life, the ineffable richness of the direct experience of God.

Mysticism-negative interpretations of these experiences have always been attendant. To the extent that the mystic's inward turn is seen as a detachment and implicit derogation of the *external, consensually real world*, it is often seen as alienating from established institutions of religion and government. Psychoanalytic practitioners may label it a *regression to primary narcissism*. Most churches tend to discourage its practice as counter to the dominant social hierarchy and its governance. Governments pass laws against its practice and manifestations, a current example being modern Chinese governmental reactions to the *Tibetan Buddhism of the Dalai Lama* and the *yogic practices of the Falon Gong*. Agencies of established society such as the institutions of licensed medical practice make the dominance of the inner world of mysticism subject to diagnoses ranging from the *narcissistic character disorders* to interpretations of the reported extraordinary experiences as manifestations of *schizophrenia*, *manic-depressive disorder* or *temporal lobe epilepsy*. Rejection and fear of the transcendent states lead to uninformed and politicized anti-narcotic laws, grouping heroine and cocaine with the *entheogenic* (recall: *engendering connection with the sacred within*) agents such as the *Huichol Indian's peyote* and the *Amazonian Indian's yage,* obstruct and socially



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taint the personal use of plants and practices that facilitate access to the *mystic way*. Rational, socially responsible and otherwise kind and tolerant Presbyterians, Unitarians and Reformed Jews can be suspicious and rejecting of what appears to them as the politically tinged *mass hysteria of praying in tongues* and other rituals of Charismatic Christian rebirth and renewal or the ecstatic states of Orthodox Jewish chant-dancing.

Modern brain and behavioral scientists, remaining under the philosophical spell of *logical positivism* and its requirement for operational definitions and (external) *experimental disconfirmability*, operate from the position of strong doubt when mystical experience is addressed. What is striking and strange about how science plays the game of mysticism research is exemplified by the publishable increment in credibility concerning a meditation-induced change in state of consciousness when Boston University's William Benson reported the accompanying *relaxation response*, a sudden decrease in heart rate---much like the *dive reflex of a seal* or what the heart rate does when you duck your head suddenly forward into a sink full of water. Decades are spent getting professorial tenure for research yielding things we have already experienced and know directly and for ourselves. Recall that the existence of visual imagery in the human, doubted by an experimental psychology of the time in which William James self-exploratory observations were viewed as revolutionary, was made more credible by evidence for the existence of a *subjective spatial metric*: verbally reporting subjects, when timed, took longer in their minds to go from one room to another one that was down the hall then going to the room that was immediately next door.

We use brain chemical, pharmacological, neurophysiological and neuroanatomical localization and computation of characteristic statistical patterns in time dependent brain and behavioral observations to the same end.

## Further Readings for SOME ENTHEOGENIC ENTROPIES



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HOUSE_OVERSIGHT_013620

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# CHAPTER 6:

# PENTECOSTAL PHASE TRANSITIONS

By their late teens, my two offspring, sons of an Alcohol Anonymous, born again, originally Christian Science mother and a spiritually struggling and mostly secular Jewish psychiatrist father, had been unfulfilled in their hungry search for the experience of a personally meaningful God. After years of perhaps too academic conversations with their parents, visits to a variety of houses of worship, talks with University of California religion professors and evenings with a Ph.D. psychologist-rabbi and friends at the neighborhood synagogue, they turned somewhere else. Some of their high school friends who were Evangelical Christians took them to their Assembly of God, Pentecostal and other Christian, direct experience of God, churches. They came to love what they sometimes called their Wednesday night and Sunday morning "rock and roll," services.

Struggling with the post-Vietnam cynical mistrust of authority and the marijuana apathetic nihilism of the 60's and 70's, and clearly not enticed by what they regarded as their father's vacuous mélange of New Age Eastern Religions and secular brain science, they spoke about their sudden and life-changing experiences. They studied, memorized and quoted the Scriptures as part of their commitment to their *word churches*. As erstwhile cynical teenagers, now positive and brimming with faith, I secretly called it denial, they described what was happening to them as New



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Birth. They told me that, paraphrasing Paul in Romans, they had been saved and were living New Life, not earned by good works as in Hebraic Law, but by faith through God's Grace. Jesus had "paid their bills" through His sacrifice at Gethsemane. They both tried to explain inexplicable feelings of new energy, the unseen hand of spiritual guidance and peace. One told me that the wind of the Holy Ghost had taken him to the front of the pulpit, tearfully, thankfully, on his knees, to accept Jesus as his personal Savior. They described how they had opened their lives to the spiritual strength of *living in Jesus*.

Many things about them changed: their tastes in food, from hamburgers to vegetables and fruit; from the jazz of John Coltrane and McCoy Tyner and the cynicism of Frank Zappa's "...only fourteen and knows how to nasty...," to playing strum guitar and singing the hymns of Wednesday night healing services; from t-shirts hanging out of raggedy, Southern California, boutique store purchased, stressed jeans, to polished dark shoes, starched white shirts and gray or tan khaki slacks, sometimes with ties. They became cool, respectful, rational and more distant with me. They repeated often the scriptural story about young Jesus, accidentally separated from his parents on a visit to Jerusalem. When by standers asked Him about where His parents were, He answered, "I have no mother and father." They told me that they, like God's son Jesus, were filled to completeness with the Father and the Holy Ghost.

On one hand, their experiences sounded like those of the *activated mind* state of Abraham Abulafia, a suddenly emergent *Nevesh* and my father's metaphysical talks about personal transformation. My personal secular-computational brain God spoke to me of the mechanisms of sudden personality change, a *phase transition* in *complex systems*, in the context of the *nonlinear dynamics of brain and behavior*. On the other hand, their global changes in mind felt both alien and threatening. When I came to learn their churches' full list of expectations, rules, requirements and sociopolitical policies, I found that I could not identify with this system of spiritual knowing at all. It felt rigid, righteous, unforgiving, even angry, and it frightened me. I never anticipated that my culturally enriched, intellectually sophisticated sons would be quoting Pat Robertson and Jerry Falwell.



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The Freudian psychoanalyst of my younger days tried to write off these (to me) cataclysmic changes as manifestations of male sons' unconscious oedipal strivings to father kill and thus become. After some mulling, my theory did not wash.

They spent time accompanying themselves on guitars, singing hymns and shouted Corinthian Paulisms to small curious crowds gathered in beach parking lots, city parks and inner city street corners of Southern California. They passed out pamphlets containing New Testament tracts and formulaic aphorisms promising the post-repentance blessings of Jesus. The eldest, articulate, bright and prematurely worldly, had been an ardent memorizer and appreciator of Shakespeare, especially the mystical *Tempest*, the music of Aaron Copeland and Igor Stravinsky, the improvisations of Charlie Parker and Cannon Ball Adderley and the provocative literature of the time including Jack Kerouc's *On the Road* and Hunter Thompson's *Fear and Loathing in Las Vegas.* They loved riffing with the Voltairean pungency of Frank Zappa's lyrics. Now, nihilistic humor had become an anathema.

Several weeks after my eldest son's transformation, I found him in the garage using a hammer and an empty barrel for disposal as he destroyed his modern jazz and early rock record collection. He ridded himself of all of his fiction and most of the nonfiction books in his young but relatively large personal library. His new energy and high purpose emerged as a clearly defined set of rules of behavior, a strong stand against abortion, frequent talk about the need to escape from the contaminating influence of MTV culture, as well as our years of talk about the biological and physical sciences. Both boys were particularly critical of my Darwinian flavored attempts at scientific explanation of man's inner life using the selective and adaptive neurobiology of brain mechanisms and behavior. They spent increasing amounts of time with Church friends, seldom seeing their old ones. The eldest's college goals turned from plans for a U.C. Berkeley equipped career in literature and creative writing to a none spiritually challenging, objective and practical, Christian free market finance and accounting degree from U.C.'s Business School.

Gone were shared magical hours of intellectually stimulating, humorous, even scholarly discussions. In place of evidential talk in areas of philosophy,



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literature and science, their opinions and claims derived exclusively from biblical quotation. Their particularly favorites were Paul's letters and some of the later prophets, particularly Jesus-auguring Isaiah. "In the beginning was the word..." became the real reality. The meaning of life was Scripture as explicated by their *book church* pastors. They scribbled notes in the margins of their Bible pages during sermons They were displeased when I interpreted the wild imagery and *666* symbolism of *Revelations* from the point of view of the historicity of encoded political messages, meanings hidden for the safety of the early Jews in their world of Greco-Roman governance. Twenty-five years, before the glut of books by Tim LaHaye, my well-educated sons claimed that *Revelations* was literal and foretold the coming *tribulation* that augured the end of the world and ascension to heaven of the believers. My youngest, since childhood a well-read history buff, now viewed New Testament scripture as sui generisly, divinely and literally true. They said the conduct of their lives their meaning had been clarified by the biblical truths revealed to them by The Book. What I did not say was that much of the talk seemed to me to be an intellectually and spiritually impoverished miasma of cant and righteousness. At the same time, their remarkable transformation appeared to be the expression of a powerful and mystical force, the scientific understanding of which has been the ostensible focus my life's work. Why did their alterations appear so alien, strange and forbidding?

Born to a home of psychoanalytically and scientifically oriented political liberals, these precociously bright and worldly sophisticated young men were suddenly transformed into, unrecognizable to me, radical Christian Fundamentalists. They are now in their late thirties and remain just as ardent, Christian patriotic, Right Wing voters to this day. The eldest is now an executive in Morris Cerullo's San Diego based, worldwide missionary movement, raising money for revival and media ministries. He travels to and is involved with hundreds of Fundamentalist Christian churches in countries ranging from Argentina and Africa to the Middle East and Russia. He hasn't allow me to contact his children, my grandson and granddaughter, because, in vague talk and mostly silent implication, I and people like me are seen as sources of potentially satanic, worldly



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contamination. He feels wronged by the way I am. He once chided me about what he saw as my futile spiritual search in what he called the "health food" Eastern and brain religions. My youngest, only a little less ardent and critical, visits occasionally, and, hands in the air and *speaking in tongues*, prays to the Lord for my salvation.

Of course, this sudden and long lasting personal transformation in the direction of *Fundamentalism* is well known and almost commonplace in modern American and European Jewish, Christian and Moslem college educated middle class families. The Saudi Arabian World Trade Center bombers were, mostly, well supported children of the educated middle class We recall the famously tragic American radical Moslem, Richard Reid, the would be airplane shoe bomber. My stomach clenched as I heard Richard's sophisticated and obviously caring father share his confusion and struggle to rationalize what had happened to his son. The commonality of this kind of spiritual and life transformations in the educated young makes each event no less painful. On the other hand, we know that healing transformations in the name and spirit of the Christian God can lead to quite positive realities. They are effective in even quasi-secular disguise as in Alcoholics and Narcotics Anonymous, Synanon and in the rehabilitation of the Charismatic Christian, ex-alcoholic, Southern Methodist politician, George W. Bush.

Paul Holmer, Professor of Theology at Yale Divinity School gives thanks to the *evangelicals* who "...keep alive the radical breach that the gospel is from the *nous* of this world...they (*Fundamentalists*, *Evangelicals*) look marginal if you are churchy...intolerant if you are ecumenical...anti-intellectual if you are trying to systematize... in their roughness and ...abrasiveness." I bring personal and painful witness to these claims. To get to the personal meaning and mechanisms of these transformations, I had to start from somewhere. I am wedded to the belief of the Jewish ecstatic, Abraham Abulafia, and not those of Moses Maimonides, that the human mind in an altered state of *activated intellect,* man's *Nevesh*, can understand such mystical happenings. I would continue to work at it.

One of the early personal church experiences with my sons' religious path came after accepting an invitation to go with them to a Sunday service at their current charismatic church. By then, the eldest was married with children, the



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youngest, unmarried, was teaching bilingual mathematics in high school. I had waited several years for this occasion.. The meeting took place in a large, gray, unmarked warehouse building that was crowded in back with high stacks of storage cartons. The large, cement floored, open space in front of the storage boxes was occupied by rows of metal folding chairs. They faced an unadorned, elevated wooden platform upon which was a lectern and microphone. Behind the lectern stood a casual array of a dozen or so young people, singing hymns and playing a variety of instruments. These included piano, two or three guitars and upright bass, tenor saxophone, trombone, trumpet, mouth organ and two snare drums. Sounding a bit like a Salivation Army Band, they played and sang, "They cast their nets in Galilee just off the hills of brown; such happy simple fisher folk, before the Lord came down…the peace of God, it is no peace, but strife closed in the sod. Yet let us pray for but one thing, the marvelous peace of God."

The building, used for commercial storage, packaging and mass mailings during the week and a *Charismatic Christian word church* on Sunday, was located at the rear of an unfinished strip mall. A new and well-polished yellow Cadillac Deville was the only vehicle parked in the no parking zone immediately in front of the entrance to the warehouse. My youngest explained that the car belonged to Carl Austin, the self-discovered and declared pastor, who spontaneously *rose up to lead* without academic religious training or a conventional ordination. The bright yellow car was explained as evidence of the power of God. Paraphrasing Mark, my son told me "…he who does not doubt in his heart and believes that those things he says will come to pass, he will have whatever he says…whatever things you ask for when you pray, believe that you receive them, and you will have them." The car served as a glorious instantiation of the church's major promise of the rewards of faith.

Pastor Carl Austin, a tall, blonde, portly man in his early thirties with a resonant tenor voice, was the youngest of several children of a poor Midwest farm family. He had been a state college drop out and without a career or a job. His sermons contained stories about how he had caught spiritual fire at a revival meeting conducted by Kenneth Hagin of Kenneth Hagin Ministries, aka Rhema



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Bible Church, Tulsa, Oklahoma. The pastor's witness of the Holy Ghost acting through his life was his personal cure, by transformative Grace, of a triad of self-destructively sinful addictions: alcohol, gambling and promiscuity. Self-chosen and self-declared, he now served this two and a half year old growing congregation of over 200, mostly young, working families. The young men in attendance at the warehouse church were in shirts and ties, very unlike the more casual garments of even dressy occasions in Southern California at that time. Women were dressed simply and modestly. Most of the children were in Sunday school in a small neighboring store in the strip mall during the adult service. The few that accompanied their parents were remarkably well behaved I was told that most families tithed 10% of their income. They quoted Hebrews, "...king of the righteous...to whom also Abraham gave a tenth part of all...." They believed that their tithe would be returned manifold and the yellow Cadillac Deville served as Pastor Carl Austin's personal evidence. From these funds, the congregation supported the pastor, his car, the rental expenses of the Sunday warehouse church and an orphanage in a small Mexican border town. Some of these children, several neurologically disabled, were bussed to the Sunday service for healing. They sat together in a section in the front of the congregation and were the beneficiaries of the second Sunday collection plate, passed around after the first one that was designated for the church and its pastor.

The first Sunday sermon I heard in the warehouse followed several awkward minutes of Pastor-directed warm up hugs of neighboring strangers while the choir sang hymns. The songs were accompanied by instruments playing the melody in unison sans harmony, and accented by the beats of two loud drums. As the volume and pace of singing increased, I saw several episodes of ecstatic looks and fainting, *dying in the Lord* and *shouts of praise* with *upraised hands*. The intermittent elevation of the hands during prayer and song appeared to be spontaneous. I was told that the arms were up as antennae, feeling the energy of Lord all around us. The pastor's topic was *forgiveness.* From *Ephesians*, "...let all bitterness, wrath, anger, clamor, and evil speaking be put away from you, along with all malice... be kind to one another, tender hearted, forgiving one another, just as God in Christ



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also forgave you." In the middle of his sermon, which built slowly in tension and volume, the pastor introduced a forty-ish, sparkly eyed, somewhat overweight, dark haired, slightly made up woman who the Pastor said was a witness for the ultimate in Christian forgiveness. She was someone from whom all of us could learn. She was the mother of the 7-year-old boy that he, the Pastor, had, four years before, accidentally killed during a drunken driving episode in his "other life." That was the one he was living before he was saved. I was told that he presented her in a service at least once a year. The woman said that her successful struggle for forgiveness led to her being saved. She quoted Ephesians, "And you who were dead in trespasses and sins hath he quickened." She looked radiant and hugged the pastor. When my sons introduced me to him as we filed out at the end of the service, the pastor told me that my visit was important to the congregation. He told me that Jews were special in Charismatic Christianity since we would play an important role in the *return*. He said he hoped he would see more of me. My boys seemed pleased to have invited me.

I accompanied them to their church most Sundays, and often for what they called the "rock and role healing services" on Wednesday night, for over two years. Within three or four months I found myself, the first time while awakening out of a deep sleep, mumbling sounds that I was told sounded like some unknown language, I was praying in tongues. At some services it happened spontaneously accompanied by an almost ecstatic feeling accompanying the surrender of willful control. This was usually accompanied by the release of new energy. I recall thinking that the spontaneous, nonsensical linguistics shorted out my verbal and obsessionally logical left brain allowing the unbridled expression of my hysterical right brain. Sometimes in agreement with an insight offered in a sermon or when particularly moved by a hymn, I found my hands lifting skyward, right hand and arm higher than left, with a high feeling of trust and delicious surrender of conscious cognitive control.

Reading the *New Testament's Acts*, I learned that we were re-enacting the scene of the *Apostles* in the *upper room*. Those gathered there were the ones chosen by the risen Jesus to be able to see Him, the list including Peter, James,



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John, Andrew, Philip, Thomas, Bartholomew, Matthew, James, Simon and Judas. "...they were all filled with the Holy Spirit and began to speak with other tongues, as the Spirit gave them utterance..." The secular psychoanalyst in me tried to make an analogy with the joyful jazz lyrics of Ella Fitzgerald's scat singing, I'd done a little of that during my small jazz group pianistics as an a adolescent. I thought about how verbally paralyzed stutterers could be articulate when singing what they mean when they could not talk it. I wondered about the relevance of the spontaneous *poetry of slams* and *Hip Hop rapping*. We attended what my sons called *charismatic black Baptist churches* in South Los Angeles and Long Beach. These often four hour services usually featured two wonderfully harmonic echoing choirs with organ and drum punctuation of the speech-singing, sermonizing Reverend. Large and beautifully dressed black women sang operatically and danced gracefully down the aisles. I joined my sons in this *joyful noise* for these long services and, exhausted, I was forced to go home for a Sunday afternoon nap.

In spite of what could be regarded as validating experiences with the real life Holy Spirit, I continued to be generally confused and even more deeply estranged. An inner voice kept recalling my spiritual failure as a parent and being traitorous to my Jewish ethnic identity by Christian church attendance. I tried to understand how my sons had traveled from where I thought we were living together to this entirely new world. How did it happen? Could the path going there and back be meaningfully reconstructed and then reversed? This idea is consistent with the medical dictum that knowing the cause, the treatment logical follows. My education had shown me such assumptions of reversibility need not be true.

Contrary to the beliefs of early physical mechanics, medical psychiatric history takers and psychoanalysts reconstructing childhood events, the modern physics and mathematics of complex systems says *phase transitions in complex systems* are probably not reversible, at least not simply so. One of the features of global changes in complex systems, often called *bifurcations* or *phase transitions* (think heated water going suddenly to a boil), is their dramatic discontinuities in behavior. Knowing only the initial and end state, *phase transitions in complex systems* do not allow for *point-to-point backtracking* or *specific linear-causal*



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understanding. These *discontinuous and global transformations* are the stuff of miracles, especially for physicists. Even with respect to initial and end-states, rather than using straight forward phenomenological observation, the *mathematical and physical theories of phase transitions* are usually dependent on not necessarily intuitive, derivative physical quantities. Their verbal representations are often not concrete but metaphoric. This retreat to derived and abstract, far from the primary data computables, may be more evidence of man's many insufficiencies in understanding of the mysteries that are often placed in the spiritual realm.

* * *

Driven by an effect that contributes to cause, like the faith-driven abandonment to God that generates more faith, a drop of water hanging from a faucet is pulled down by its own gravitational field as the thinning neck of the drop facilitates its own further thinning. A gobbet connected by a thick neck to the main drop begins to separate. The neck between them thins and breaks, and one becomes suddenly and irreversibly two. A *continuous* structure has suddenly become *discontinuous in finite time* at what is called a *singularity*. Since the single measurable feature that dominates the water's behavior around this singularity is the *diameter of the thinning neck*, a *derivative physical, one-dimensional observable,* neither the details about where it all began (called the *initial conditions*) nor the *path* it followed to get to the moment of fracture, are predictively relevant with respect to the *sudden transition*. Considering this kind of phenomenon going on in our brains, choosing between theories of behavior that involve changes in brain cell groups and/or brain chemicals versus those that involve behavioral quantities, may be neither possible nor necessary. The challenge is to place the problems of cataclysmic change in brain and behavior in sufficiently abstract and universal terms that can be represented in some low dimensional, computationally accessible space of variables.

The *simplification and stereotypy of behavior around singularities* reduce the number of features that are required to discuss the dynamics of change in what



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would otherwise be a complicated beyond reach situation. One of the properties found around singularities, is the *loss of absoluteness in contextual characteristics* such as the *scale* of the observation. We no longer can say that what we are studying happens in inches or miles, in seconds or days, now or in the past. In the place of a single unit of relevant measurement, we have a distribution of spatial and temporal feature sizes that stretch toward both the infinitely small and the infinitely large.

We can illustrate a dynamical transition involving the *passage of the system through a singularity* by using the metaphor of another kind of water experiment. If we pour a small amount of water through a filter full of coffee grounds, or watch our coffee maker do it, the first spurt of water makes an incomplete path of wet grounds in the bed of dry ones. The next bit of water soaks this path more thoroughly and may form additional and multiple, new and branching, incompletely penetrating paths. Eventually, on just one more of these pourings, a connection in the paths occur, such that the water snakes all the way through the coffee grounds and the first brown drop of coffee falls into the pot. At this flow singularity and opposite to the dynamic of a faucet water drop, *a discontinuous system of pathways becomes continuous in finite time* in a process called *percolation*,

Trying to set up a predictive model, we can count the number of water deliveries that occur before the first drop finds its way through. Repeating the experiment many times yields a span of the number of pours required to reach the singular point of percolation. If we do the experiment enough times, the distribution of the number of pours required to reach percolation will range from one toward infinite. In the *neighborhood of the transition*, time as recorded as the number of small pouring events may stretch.

In aa comparable system, as elegantly described by Detrich Stauffer in his Springer-Verlag book on *percolation,* multiple hot spots in the woods can suddenly fuse into a forest fire. Isaiah said, "...glorify the Lord in the growing fires of dawn..." Faith fires spreading through a faithless dense forest, its hot irregular front damped by the disbelief of water-filled leaves, or disillusionment gaps of already burned out trees, can, under the right motivating conditions of dryness, wind velocity, tree



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density, kindling temperature and desperation-induced willing of faith, sweep through the entire woods in a sudden blaze. This is the *spirit of percolation*. Computer simulations of percolating blazes generate a *multiplicity of life times* of forest fires *near the singularity* that represents the *transition to a global conflagration*.

Mentioned previously is Rudolf Otto's 1917 book about the characteristics of religious experience, *Das Heilige*, *The Sacred*, which described phases in the discontinuous transition from everyday life to the *wholly other* (*ganz andere)* reality of the world of the sacred. They include intense, numinous experiences of fearsome ambiguity, dawning awareness of awesome mystery, revelation and appreciation of the majestic power and finally, entrance into a reality of an entirely other place and time than the natural and secular which Mircea Eliade called *profane.* In his 1958 book, *Patterns in Comparative Religions,* this well-known historian of religion called the revelatory occurrence of sacred reality an *hierophany.* Eliade's classic work, *The Sacred and the Profane,* contrasts the homogenous, spiritually formless and relative world of the profane with the results of passage through spatial and temporal singularities to a place and time that are not of this world.

Poincaré said that the brain did not know of *absolute space*, but rather established a model of it through internal reconstructions of sequential sensory experiences that accompanied our exploratory movements. Activity generates the internalized, *partial differential*, *equations* (describing changes in the observable with motions in space) required for representing the dynamical cartography of the world. It was Poincaré's habit to *topologize the dynamics of motion* in mathematical problems that lacked *analytic solutions*. In this way, simple algebraic operations replace some of the insoluble problems of the calculus. Eliade's *sacred space* defining *singularity in the plane* that breaks profane homogeneousness, a center point that is no longer a circle, can be viewed also as Poincaré's *topological center*. His topological brain theory found expression in the formal representation of internal space as the invariant product of an organism's *displacement groups* of imagined or real physical movements around such *singular fixed points*. The operational object called *groups* defines this kind of algebraic, mathematical structure and motion.



HOUSE_OVERSIGHT_013633

associated with the loss of habitual temporal-spatial contextual moorings. A mind at time one and the same mind at time two are unconnected. They are *wholly other*.

In much the same sense, for Eliade, *sacred time*, like space, is neither homogenous nor linearly continuous. *Sacred time is circular, recoverable and reversible*. Past, primordial, mythical time can exist in the present. Religious festivals are recurrently ontological, allowing the recovery of the sacred time such that their past and present expressions are the same. *Rebirth is new birth*. In the language of the North American Indian Tribe, the *Yokuts*, the term for world (cosmos) and year are the same. A year and the world has gone by, only to start again. The *Dakota Tribe* says that the Year goes around the World. As Elaide has said, "...at each New Year...the world (is) recreated and to do this is also to create time...the sick man becomes well because he begins life again with its sum of the energy intact." *Healing by becoming another or renewed self* may become a frontier science in the yet unexplored field of *phase transition medicine*.

The quality of separateness, *discontinuity in states*, as occurs in the *same-different inside world*, is much like that found in the *stages of anesthesia*. Each stage of anesthesia is *ganz andere* from the others. In *Stage I anesthesia*, fast frequency, low voltage brain waves are observed and accompanied by a two Martini-like, mildly activated, sedated but exhilarated high. *Stage II*, the next deeper stage of anesthesia, is marked by the sudden emergence of intermittent bursts of high amplitude brain waves, and animals and man demonstrate bizarre postures, hallucinatory phenomena, fixed staring, and sometimes movements that look like acting out some symbolic drama. This stage marks the beginnings of the loss of responsiveness to painful stimuli. In the sudden drop into *Stage III*, a low voltage mix of mostly slow and some fast brain waves can be seen associated with depressed consciousness, complete insensitivity to pain, slow regular respiration and an unexcitable cardiovascular system. *Stage IV* is the deepest stage of anesthesia. This state is characterized by very low voltage, almost flat brain waves, a loss of spontaneous breathing, the collapse of blood pressure and, finally, cardiac irregularities and death in cardiac arrest. These are both *discontinuous and global brain state phase transitions*.



HOUSE_OVERSIGHT_013635

*primary process* by Freud and his followers. This forgotten language of the unconscious, an archaic needs and fear-driven tongue lurking beneath our supposedly objective discourse, comes to dominate themes of communication in the middle of these unfinished spiritual transitions. The *Rorschach Test* of master meditaters and LSD users overflow with conflictual primary process images, as does the talk of patients on the verge of schizophrenic decompensation. The primitive symbolism of *primary process* provides the major current in the overwritten prose of the hyper-religious temporal lobe limbic epileptics described previously and called the *Geschwind Syndrome* and in the regressed and iconic transference concerns of patients with tendencies for global and sudden phase transitions, prostitute to saint, righteous obsessional to conscienceless psychopath, called *borderline personality disorder.*

*Primary process* represents a dynamical brain state, one unburdened by linearly predictive connections with reality. It is a state without even a transient single defining physical time or other fixed measure of order. It is without the causal logic or knowledge of an outside reality that a brain implies in supposing to know. Its primitively instinctual style and goals contrast with more physically time-locked, reality oriented thinking which Freud called *secondary process* and Penn-Lewis referred to as ordinary and religiously lawful "reasoning faculties."

An *absence of absolute time and space scales* with which the *executive ego* orders internal and external time and events, and therefore their relations, results in *primary process thinking* characterized by *condensations* of several, often incompatible, representations into one. Dueling, conflictual and simultaneous feelings and thoughts float from their relevant objects to others. In the *transitional transcendent state*, there may be confusion of self with others, of objects with their labels, of parts with the whole and of symbols with the things that they symbolize. This facilitates living in the spirits of the Father, the Son and the Holy Ghost at the same time. Mixed inextricably with saintly awareness and charisma, there are signatures of instinctually driven and configured primary process. Freud's classical work on *slips of the tongue* concerned the intrusion of these instinctual thought stream condensations from the world of the *ganz andere* and displacements into



HOUSE_OVERSIGHT_013638

everyday life. In this intense and quasi-fluid state, saintly priests slip seamlessly into sexual predation; an ecstatic Jewish Orthodox fundamentalist shoots 29 praying Moslems in a cave near Abraham's burial plot for Sarah in Hebron; what were lovingly mystical, Jelaluddin Rumi's Afghanistan (Balkh) descendents become people bashing and women stoning morality police; committed and mesmerizing Christian televangelists attend peep shows and seek child pornography; devoted Islamists crash airplanes into tall New York buildings.

In the physics of *condensed matter*, two common forms of multi-molecular or polyatomic *cooperative arrangements* are the *crystalline condition* and in some ways its opposite, the *amorphous glassy state* that results from rapid cooling through a melting temperature. The *microscopic atomic arrangement in glasses*, in contrast with the *crystalline state*, exhibits no spatial periodicity or long-range order. In contrast with fluids, the friction of passage of molecular elements of glasses past each other, their *shear viscosity*, is large enough such that their macroscopic shapes are maintained in the very slow flow for very long times. In-between the crystalline and glassy states their exists a multiplicity of possible *unstable arrangements* which result from what physicists call *frustration*, the *inability of a system to find a unique, lowest energy, ground state*. The generic example of a *ferromagnetic crystal* has two types of ordering principles: (1) The mutual alignment of the atomic *magnetic moments*, visualizable as the lining up of dipole, positive to negative, magnetic arrows; (2) The geometric crystalline low energy ground state described above.

When the *symmetry of these two ordering principles are incompatible*, imagine an arrangement of neighboring atoms that prefer anti-alignment of the magnetic moments which are placed on a geometrically triangular rather than a square lattice, there is *no single arrangement that can satisfy both magnetic and geometric principles.* What emerges in this *state of frustration* is the potential for a *multiplicity of nearly equal energy states*. Water has the potential for both geometric ice crystal symmetry as well as arrangements of hydrogen proton (+) to oxygen electron (-) magnetic moments (with well-ordered oxygen lattices but disorder among the hydrogen positions). It is therefore not surprising that a *multiplicity of*



HOUSE_OVERSIGHT_013639

indirectly by my sons and church elders about joining a study group for personal conversion.

I was surprised to learn that discussions of current political topics were a regular part of these discussions as well as the Sunday and Wednesday night services. We received a weekly political action committee report. Their issues involved abortion, school vouchers, sex education in schools, family planning, school prayer and carefully chosen Christian elected officials for school boards and the Congress. As a congregation, we frequently held hands in small circles and prayed for the electoral success of our issues and candidates. Twenty years later, this movement has evolved into the public political morality play of the Republican base of George W. Bush.

Laying on of hands, dying in the Lord, speaking in tongues, dancing in the aisles and praying with up stretched arms were routine in the hymn dense services. The goal for all was the *spiritual transformation of mind* as in Romans, "…be not fashioned according to this world, but be ye transformed by the renewing of your mind that ye may prove what is the good and well-pleasing and perfect will of God…" The pastor told us that the world ruled mind could not grasp spiritual things as in Corinthians "…they are foolishness unto him and he cannot know them, because they are spiritually understood."

My research took me to a collaborative project at a European mathematics institute for three months. I returned to our town very late on a Saturday night. I planned to surprise my sons by appearing at their usual choice of the middle service the next day. I drove up to the warehouse church fifteen minutes before the service was scheduled and found that the parking lot of the strip mall was nearly empty. There was no Cadillac parked at the front door. I banged on the double door when I found it locked. More then a little surprised, I called my eldest. He told me that four weeks before, the pastor disappeared, I later found that his disappearance accompanied that of the congregation's bank account, and no one knew where he had gone. He had not warned or informed anyone in the congregation about his plans. Calmly and without apparent awareness of my surprise and distress, my



HOUSE_OVERSIGHT_013641

eldest asked me if I would like to attend the late Sunday morning service at their newly chosen Charismatic Christian church. He gave me its address and told me that the service started at 11:00 AM. There still was enough time for us to meet there. I wondered how the Pastor Carl Austin would use this incident in sermons about sin and redemption to his next congregation.

## Further Readings for Pentecostal Phase Transitions

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HOUSE_OVERSIGHT_013642

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HOUSE_OVERSIGHT_013643

# CHAPTER 7:

# AMPHETAMINE ROLL-UP AND SPLITTING

We try to understand the metaphysics and inner dynamical life of the committed, judgmental, fundamentalist believer. In these sacerdotaly rigid and faithful, disenfranchisement and righteous intolerance toward other denominations are simultaneous with spiritual compassion, mercy and forgiveness for the members of their own. This *splitting* between the good people and latent evil doers is seen by psychoanalysts and dynamically oriented brain scientists as an all too common, sometimes psychopathological, solution to the inevitable ambiguities of living. I am certainly not alone in being fearful of Fundamentalists: Jewish, Christian, Moslem and Hindu. From the overpass above the freeway, bearded Jewish Orthodox men rained rocks onto the roof of my rented car because I was driving on Sabbath. A research project had taken me to Jerusalem Mental Health Center's neurochemical laboratories for collaborative work with mostly secular Jewish scientists. *Halachic considerations,* those of Jewish lawfulness, comparable to the constraints of *Muslim shirah*, forbids working, even driving, on the Sabbath. Orthodox Jews live walking distance from synagogues or benefit from a *rabbinicaly blessed, network of symbolically covered walkways* for going longer distances on the Sabbath. This



HOUSE_OVERSIGHT_013644

Sabbarian grid of permission obviously did not cover driving on the free way to the mental health center.

It is the *splitting* of *us* from *them* that leads to the breakdown in empathy and compassionate identification with others. Studies of the dominance of direction of rotation within a closed space in small mammals have shown that *amphetamine-induced intensification* makes the choice of right versus left (or left versus right) rotation, *broken symmetry*, more statistically significant. In contrast, the Hefner Foundation of Switzerland has shown that *entheogenic drugs* such as *psilocybin* in man facilitate seeing both of the conflicting, simultaneously presented, right eye and left eye images in place of the usual dominance of just one of the two representations. A precondition of *compassion* might be that a person's brain be able to see and comprehend both or several sides of apparently conflicting points of view at the same time. The Fundamentalists do not see things that way. In the Koran, Mohammed says, "...give sustenance to the poor man, the orphan, the captive...and for the unbelievers We have prepared fetters and chains and a blazing fire...." In the New Testament's *Mark* we find the final words of the risen Jesus, "...whoever believes and is baptized will be saved but whoever does not believe will be damned." The Crusaders' claimed scriptural support for their murderous marches to reclaim Jerusalem.

Carl Jung wrote about the New Testament's *Revelations* in his *Answer to Job*: "...a terrifying picture that blatantly contradicts all ideas of Christian humility, tolerance, love of your neighbor and your enemies and makes nonsense of a loving father in heaven and rescuer of mankind. A veritable orgy of hatred, wrath, vindictiveness and blind destructive fury that revels in fantastic images of terror breaks out...overwhelming a world which Christ endeavored to restore to the original state of innocence and loving communion with God..." As Princeton University philosopher, Walter Kaufman, has noted in his *Religion in Four Dimensions* "...compassion for unbelievers is implicitly condemned and proscribed...Augustine argued expressly against compassion for the damned and Luther used invectives against his (religious) enemies..." How can this be God's



HOUSE_OVERSIGHT_013645

setting for the spiritual work toward that promised in *John* "...that you love one another; even as I have loved you, that you also love one another."

In contrast with what has been described in previous chapters as the *entheogenic drug-induced transitions to a spiritual mind,* one is tempted to describe these Fundamentalists' states as the *amphetamine religions*. The Los Angeles Ram's Hall of Fame defensive end, on very high doses of amphetamine (125 milligrams compared with the diet dose of 5 milligrams) taken four hours before the Sunday games, the Baptist minister, Deacon Jones, used his famous and consciousness annihilating head slap to daze the opposing offensive tackle in order to gain access to and injure the other team's quarterback. Before taking the handful of *Dexedrine spansuls*, he would tell me, "See you on Tuesday." Along with the Deacon's destructive aggression was the other invariant feature of the actions of high doses of amphetamine, *compulsive stereotypy*, the fixity and driven repetition of over simplified actions and thoughts along with the loss of breadth of vision and adaptive flexibility. Deacon consistently *rushed inside*, *took the inside lane*, in spite of offensive linemen, who having studied previous game films, being set up to expect his route. They used this knowledge to take him out of the play. In modern theological parlance, judgmental rigidity and thinly veiled disapproval take the place of the more flexibly curious and lovingly humane feelings of the participants in the evolution in spiritual understanding of today's *liberal Protestant process religions.* These are the ones that believe that the properties of God evolve along with our biology, our brains and our growing scientific understanding of ourselves and the world.

Angry splitting is not just a stimulant drug effect. Recall my experience of the sudden emergence of a *first second wind* after a mile or so of my daily ten miles of running. It was frequently accompanied by inner bursts of obsessive, paranoid thoughts. Taking five milligrams of amphetamine felt much like the *first second wind*. I am full of energy with arrogant feelings of power, mind fixated in grand and simple ideas that I believe to be absolute and correct. I feel irritably intolerant about anyone or anything different. It is my virtuous duty to set everyone straight.



HOUSE_OVERSIGHT_013646

In the 1980's, Moishe Zar, a desert castle dwelling, settlement organizing, ardent Orthodox Jewish Zionist, now 65 years old, was the leading vigilante of the West Bank He planted bombs in the cars of Arab mayors and plotted to blow up the Dome of the Rock. Buying up farmland from the Palestinians beginning in 1979, many of whom were then killed by their own because they were seen as collaborators, Zar and his group of young volunteer settlers took over harvesting the Palestinian's olive trees and shooting rifles over the heads of those that would take them back. Fundamentalist Christians share his vision that the coming of the Messiah, the second for Christians, the first for the Jews, is dependent upon the complete return of all of the land of Israel to the Jews.

I recall that in the middle 1940's, my father took me to a fund raising dinner for the local chapter of the *Jewish Antidefamation League*. The whispered talk was about blowing up a warehouse in which anti-Semitic pamphlets were stored, planned for the middle of the night when it was unoccupied. Even at the age of 10, I could tell that their quiet anger and firm commitment made these threatened men feel less vulnerable. I understood a little more about the motivation for this proposed nighttime property destruction when, the following year, my father explained the reason for our being refused overnight rooms at several motels as we drove along I-95 in Southeast Florida. It took us until late night to find a place to sleep. This was America's muted version of what Hitler and his legions were doing to Jews that, at that time, was not generally known, except for Walter Winchell, in America. Resonant with our chemical-cultural theme are the many reports that Hitler was taking an amphetamine drug, *Benzedrine*, daily and in high doses for the last 20 or more years of his life. One can hear the characteristic, amphetamine-induced, higher pitched, rants in his recorded radio tirades. Compare the pitch and strained voice quality of the singing of Bob Dylan in his early records made while he was on *speed* with the gravely, much lower pitched voice, now that he is not. In our behavioral neuropharmacology laboratory at the Brain Research Institute at UCLA, Professor Charles Spooner and I used an *audiographic oscilloscope* to monitor the sounds of baby chicks whose peeps became higher in pitch and rate following injections of amphetamine. The earliest members of the methadrine-amphetamine



HOUSE_OVERSIGHT_013647

chemical family were synthesized by the great organic chemists of the German pharmaceutical industry in the early 1930's.

The sequence of parallel streets in the neighborhood of my home and first grammar school in Kansas City, Missouri were my street, Virginia, then Tracy, Forrest and Troost. My school, Bancroft Elementary, was on Tracy and one block down that street was the Lutheran Day School established by German immigrants under the aegis of the Missouri Synod. Starting in the third grade in 1943, I was intermittently and unpredictably chased by rock throwing, "damn Jew" and "Christ killer" shouting boys from the Lutheran Day School. I had my choice of running for safety directly from Tracy to my family's half duplex at 4232 Virginia Street, or moving away from school via Troost and then down several blocks and around to sneak back to my home on Virginia without being spotted. One run-for-it afternoon, my parents took me to the emergency room of the Menorah Hospital to have my scalp sewed up where a sharp rock had landed.

When I asked my synagogue's young people's spiritual counselor, Rabbi Kleigfeld, to explain the feelings and actions of these children of Martin Luther's Post-Reformation Christian Church, he answered that I already knew about similarly difficult places and times of our Twelve Tribes' like Rome, Medieval Europe, the Spanish Inquisition, Persia (Iran) and, it was rumored, in Germany as we spoke. "Conversion or death" was its most benign form, in places like Spain and Iran, many Jews faked it, staying alive and practicing Judaism secretly. Kleigfeld told me that the causes of this historical theme of persecution of Jews were complex.

Among the frequently unmentioned events recorded in the later part of the worldly life of Mohammed, who lived from 570 to 632 AD was, "...in the name of Allah, the Compassionate, the Merciful..." his participation in the crushing of the Jewish tribe of al-Nadhir in 626 A.D., the beheading of 800 Jewish men of the tribe of Qurayza who refused to accept Allah as their God in 627 A.D. and putting to the sword the Jews of Khaybar in 629 A.D. As in the section of the Koran called *The Cow*, Mohammed proposed to "...fight against them (the infidels) until idolatry is no more and Allah's religions reigns supreme..." In contrast, the more entheogenic spiritual orientation of the ecstatic followers of Mohammed in his earlier years



HOUSE_OVERSIGHT_013648

speaks of the multiplicity of valid *Ways to Deep Truth*. The acceptability of many ways is supported in the tales from the millennial oral tradition of the Sufi Masters in their *Teaching Stories*. One of them, *What Befell the Three*, is attributed to the early 18th Century Sufi teacher, the Dervish Murad Shami. In it, an apparition is mobilized by the concentrated Truth seeking efforts of three *Sufi Dervishes* named *Yak, one, Do, two* and *Se, three.* When this "...white smoke head of the very old man..." was asked what he was, he answered "...I am what you think me to be...have you never heard the saying 'There are as many ways to the Deep Truth as there hearts of man.'" In the narratives about the lives of the *Mevlevi Islam dervishes* called *Munaquib el-Arafin* (1353), *Jalaludin Rumi*, the Sufi saint, instructs his ill and troubled petitioner to ask forgiveness from the Christian he recently spat on saying "...whether a ruby or a pebble, there is a place on His hill, there is a place for all..." Cole Barks and Michael Green's *The Illuminated Prayer* (2000) notes that the Rumi follower, *Bawa Muhaiyaddeen*, a modern Sufi guru, was said to be keenly aware how quickly spiritual *entheogenic systems can become amphetamine-like* and "...develop rigid marching orders ...which turn into a dumb obsession with other people's behavior..."

It appears that entheogenic and amphetamine spiritualities can coexist contemporaneously, in Islam as well as in all the other of the world's great religions.

One day, sneaking home from school, taking the long way around via Troost, I was spotted and chased up some stairs into an apartment building's dark hall. Terrified, I swung hard and hit the leading angry and noisy head with a propitiously found snow shovel that had been left near the apartment's entrance. An ambulance was called to tend to the twelve-year-old, transiently unconscious, Lutheran boy. He recovered completely within a day and the chases after school and my desperate escapes stopped suddenly, never to reappear. After several months, our family crossed the socioeconomic divide in Kansas City to a more tolerant, upper middle class, Southside neighborhood near Rockhill Road, to a suburban home, one block from Missouri's border with Kansas. There, persecution for my Jewishness took more subtle forms such as not being permitted to play teen-age golf with my friends, though invited, on their Blue Hills and Kansas City Country Club's golf courses. It



HOUSE_OVERSIGHT_013649

was decades later that the first Jewish member of the KCCC was the founder of H and R Block. Unable to afford membership in the single all Jewish country club of the region, I practiced for my high school golf team on Armour Hills Public Golf Course, where, at the time, mostly white working class golfers played.

How can it be that spiritual states include both personal humbleness and loving mercy toward some of mankind and judgmentalness, nonacceptance and commitment to seduction, threat and even violence in the service of invoking changes in the beliefs of others. How can the *high energy calm* of being home at last in the *born again condition* with its new freedom from self assaults about sin, most importantly that of disbelief, but also peccadilloes such as drunkenness, promiscuity and familial abuse, be associated with readiness to judge, harass even persecute others. Psychoanalysts would say that it is a riddance mechanism, the projection of unwanted personal traits onto others. From the standpoint of rational thought, this seems more like non-Aristotelian cognition, two, not either-or, countervailing orientations toward mankind held simultaneously. The newborn parishioners of these *charismatic amphetamine churches* express their fealty to God with strongly held beliefs that diagram logically as contradictions. The perception of the world's peoples into believers and infidels, good and evil, our people and your people, ourselves and the others. It is generally believed among social psychologists that it is the perceived *nonpersonness of others*, which allows the cruelty that empathic identification with them would never permit. *Splitting* feels like resolution, its *stereotypy* reducing the complexity of spiritual thought as well as true to life perception.

A concrete laboratory example of *amphetamine conversion*, the sudden transition to a high energy, fixated, and delusional state called *amphetamine psychosis*, is supplied by experiments in humans conducted by Professor John Griffith at Vanderbilt University in the 1960's. These experiments would not be allowed by today's human research committees or medical ethicists. Each one of a group of psychologically screened-as-normal graduate student volunteers, at an individually unique amphetamine dose, developed suddenly a personally unique and peculiar system of new beliefs, obsessionally held as rational thoughts. Ten



HOUSE_OVERSIGHT_013650

milligrams of amphetamine were administered to volunteer subjects every hour until every subject crossed their particular threshold for *personality change*. The graduate students underwent a global mind-brain-person transition at differing total doses of amphetamine. The subject's world was suddenly transformed into one of enemies and friends. The syndrome dissipated over several hours when the drug was stopped and the plasma levels of amphetamine and its metabolites declined. As amphetamine makes memory formation and recall stronger, the subjects were embarrassed when remembering what strange and forbidding yet uneatable things they so strongly believed. These included such things as: they as good people were caught in a network of bad person Russian spies; some threatening others arranged for poison gas to be seeping out of the water faucet; the white coated scientists were CIA undercover intelligence officers hoping to get information about their small pornography collection. The subject's world had become divided in, for each person, a stereotyped way.

After a couple of weeks of return to normal living, the experiment was repeated. Each subject again developed his or her individually unique set of good-guy, bad-guy delusional beliefs and at the same dose of amphetamine as before. Like those of strong faith, their ideas once again resisted the logical arguments made by the professional staff: that the new realities were neuropsychological and had an obvious pharmacological origin. While on the drug, all stuck to their story, even while being shown the movie record of their first drug-induced episode. There is reliable scientific literature describing kamikaze pilots on high doses of amphetamine in an ecstatic state of Shinto nationalism. With their planes loaded with explosives, they deliberately crashed their planes onto American aircraft carriers in the Pacific Theater of World War II. One wonders if these drug-induced states occur in the drug-free condition in today's abstemious Muslim suicide bombers.

A more abstract and general way of thinking about the sudden emergence of fixation, repetitiousness and splitting in feelings and thoughts involves the emergence of regular *limit cycle oscillations* in a complex system that was behaving previously in a stable but flexible way. *Locking up* into a fixed, *closed loop*, is a



HOUSE_OVERSIGHT_013651

common way for electrical circuits, computer programs, brain mechanisms and other complicated systems, even cultural or spiritual movements, to behave when one or more important control parameters crosses a threshold. Doyne Farmer of the Los Alamos's Prediction Company once said about this vulnerability in complex system, "Those things can hardly wait to roll up." The *limit cycle lock-up* occurs most often as a sudden, discontinuous change, called a *bifurcation,* into *autonomous self-oscillations* from an equilibrium state around which there was some random variation. A *bifurcation, a discontinuous change in outcome from a smooth changes cause*, characteristically occurs when the amount of an important influence, a metabolic state, a drug, a psychodynamic conflict or level of emotional stimulation crosses some critical value. The switch from one type of dynamical behavior to another looks like the system has suddenly changed into something else with an *entirely new kind of life* of its own. In the new life *of rolled up, locked-up repetitious motion,* almost all new starting conditions follow pathways that lead into the same limit cycle pattern. Evangelical Christians talk about *all born again life being in Jesus, fixed in a complete set of moral, social and political beliefs, ideas and judgments.* The *limit cycle* gets its name because the end state of the orbits of almost all starting points of the dynamics winds up being drawn into the same fixed, repetitious pattern of a stable cycle. Visualizing the simulation of one kind of *bifurcation to a limit cycle* on a computer screen, we see a slightly jiggling point explode suddenly into an orbit of ceaseless rotations around a circle.

Ralph Abraham, the University of California at Santa Cruz pioneer in graphical approaches to nonlinear systems, describes, cinemagraphically, the emergence of limit cycles from a single point. He starts with a picture of an *attractor* of water flow in the shape of a basin. All water that enters the basin, rolls down its sides to the bottom, to what physicists say represents a *potential energy minimum*. A little more technically, this *attractor basin* is composed of the set of all points such that the orbits that flow from them tend to end up inside the basin as time goes toward infinity, no matter where they start. Changing the value of a control parameter of the system changes the shape of this basin-like landscape, of the surface of the systems dynamical actions called a *manifold,* which can intuitively



HOUSE_OVERSIGHT_013652

predict how the fluid will flow upon it. If we start with a simple bowl, a *parabolic basin*, then the *attractor* itself is a point at the bowl's very bottom. Changing the value of some influential parameter may induce the sudden formation of a small hill, growing at the center of the basin's bottom. Now fluid flow in the attractor bowl runs down to a path around the hill at its bottom. The autonomous motion of the fluid flows takes place now in a *circular orbit.* The *basin of the new attractor* is the original bowl minus the point at the top of the central hill. The fluid flow around the hill at the bottom of the basin is circular and is called a *limit cycle*. *Note that the direction of the rotation of the limit cycle can circle in one direction or the other*. In some computational simulations, *motion alternates between directions*. This suggests the aspect of the born again amphetamine religions, *splitting.* There is an unstable and intermixed probability of right versus left turning directions and their alternation. This vulnerability to directional *splitting* and often *unpredictable alterations* in action themes can represent what seem to be paradoxical combinations of both good and evil in the same strongly faithful, for example, the apparent bidirectional morality of generous and loving, pederast priests.

These mathematically flavored images of the sudden emergence of a limit cycle in complex systems was made biologically concrete to me by research conducted by one of my first graduate students, David Segal. He is now a professor of psychiatry at the University of California in San Diego. His program of work involved the administration of very gradually increasing doses of amphetamine to rats while their behavior was being monitored and recorded by a continuously running video camera. He documented the behavior of rats in a walled rectangular space within which, without drugs, they first wandered about randomly and then settled down to rest in an individually selected, favorite *home corner*. Segal called all of these phenomena, *patterns of exploratory behavior*. At doses of amphetamine below 2.5 milligrams (mg) per kilogram weight (kg), the exploration of the entire bounded space proceeded faster than was the case with their salt-water treated controls, their paths being more uniformly distributed throughout the box. They spent less time resting in their home corner. At almost precisely 2.5 mg/kg, the rat's behavior changed dramatically into an entirely new pattern of *continuous circling*. As



HOUSE_OVERSIGHT_013653

was the case in the *abstract manifold* picture of *bifurcations to limit cycles*, some rats tended to circle their chamber to the left and some to the right and switching between them was often seen.

The influence of amphetamine and other brain dopamine neurotransmitter-mediated drug manipulations on *directional turning tendencies* in rats, mice and cats were the focus of brain and behavioral research of Professor Stanley Glick of the University of Massachusetts. The asymmetry of dopamine concentrations in the two sides of the brain, particularly in the *medial prefrontal cortex* and the brain stem's *nucleus accumbens*, predicted both the paw preference for pellet reaching and direction of turning in several studies in rats. These findings were statistically true over a population of rats, but not necessarily predictive for any single one. Reminiscent of the conflict between good and evil in our human spiritual analogy, naturally right turning male rats and left turning female rats, when compared with the opposite paired group, were greater voluntary ingesters of alcohol placed in their water bottles.

*Splitting* as a part of the phenomenology of *limit cycle bifurcations*, with directional implications for good and evil, has neurological support in humans as well. In the context of contrasting *right versus left hemispheric temporal lobe syndromes*, recall that temporal lobe seizures with a right side excitatory focus leads to the development of the *Geshwind Syndrome*, a high, softly energetic and saintly state of spiritual preoccupation and voluminous writings, loving and generous kindness toward all and the complete disappearance of sexual interest but not sexual potency. A left temporal lobe excitatory focus leads to the development of the *Kluver-Bucy Syndrome* of indiscriminate aggressiveness and hypersexuality. Experimental simulations of this syndrome in cats lead to them mounting and attacking living and nonliving things, even chairs. A variety of manipulations of the symmetry of brain dopamine concentration and dynamics by its characteristic drug, amphetamine, interact with lateral brain lesions such that we conclude that the stimulant-induced limit cycle lockup remains a phenomena influenced by drugs, sex, genetic predisposition and several other experimental conditions. This situation is



HOUSE_OVERSIGHT_013654

perhaps not so different in variety and complexity from the range of representations in art and literature of the *left hand of evil and the right hand of grace*.

Oscillations that appear spontaneously in nonlinear systems without external periodic input were known to Henri Poincaré in 1882, and were systematically studied and made accessible to non-mathematicians by early 20th Century Russian mathematicians and physicists, well represented by a 1949 book, *Theory of Oscillations* by the Russian engineer-mathematicians, A. A. Andropov and C.E. Chaikin. Another relatively early classic is *Nonlinear Oscillations* by Nicholas Minorsky. The most common form of *transition from a fixed point to a limit cycle* was pictured as changes in the surface of the action, the *bowl-hillock manifold* in the paragraphs above, and is called a *Hopf bifurcation*. Recall that bifurcation means a discontinuous change in an observable over a continuous change in what is known as a *control parameter*, such as dose of amphetamine or intensity of an experience. The mathematical mechanism resulting in circular directional motion represented by the *(eigen)vectorial states*, was named for the German mathematician, Eduard Hopf. His 1942 paper was a mathematical proof of its existence and was discussed in the context of *fluid flows* that role up such that *circling vortices* arise from smooth, called *laminar*, water flow, at a critical value of the flow rate. Hurricanes are another example of these kinds of dynamics.

The *Hopf bifurcation* to *limit cycles* has been found in several, many dimensional, physical, chemical and biological systems. The latter include calcium conductance oscillations in the excitable membranes of muscle, heart and the brain, cardiac arrhythmias such as *ventricular flutter* as well as oscillations in population numbers in foxes and rabbits, predator-prey systems. California Institute of Technology's Professor, James Old and Johns Hopkins Professor, Joseph Brady made experimentally obvious the potential for the rigid irrationality implied by the brain's inclination to be locked up into limit cycle behavior. They demonstrated that animals, from rats to monkeys, could get locked up in apparent self torture, repeatedly and endlessly pushing a bar to deliver current to pain systems in the their brains. These pushes induced almost unremitting screams in monkeys and



HOUSE_OVERSIGHT_013655

what appeared to be rageful biting and then immobilized resignation in behaviorally depressed rats.

Freud's last paper, *Analysis, Terminable and Interminable* (1939), featured examples of what he perceived to be the unsolvable mystery of helpless psychological entrapment in repetitious patterns of self-destructive behavior. He blamed the Iliad's and Odyssey's villainous immortal, *Thanatos,* the ever-threatening spirit of death and destruction to contrast with the good, life giving *Eros.* The Yiddish word for a personified *Thanatos* is *Moloch ha-Moves*. A range of fixations in self-excitatory, repetitious, self-mutilating behaviors is documented in domesticated animals. Dogs, particularly German Shepherds and Labrador Retrievers, can lock up in compulsive grooming cycles of what is called *acral lick* in which endless licking of paws or flanks lead to the break down of skin into seeping-sore dermatitis, which, in turn, stimulates more licking.

Mark Twain wrote a story about his getting stuck in ceaseless mental repetitions of a catchy, clangy poem. He could not stop reciting it to himself even after days of sleep loss and anorexia. He was finally cured by relating his problem and the poem to his pastor who he then unwittingly heard creating a community epidemic by including the rhyme in his following Sunday's sermon. Psychologists, who study this form of human *mental limit cycle attacks*, call this state of internal, repetitiously recited, poetic stuckness, *earworms*.

There are additional invariants of sudden transformations into spiritual-mind-brain bifurcations into a limit cycle lockups and, as discussed, one of them is psychological *splitting.* In psychoanalytic theory, as first suggested by Freud in his 1937 written and posthumously published paper, *Splitting of the Ego in the Process of Defense* (1940), *splitting implies two simultaneous and contrary psychological reactions*, one can be conscious and the other unconscious. They can both emerge in conflictual situations involving adaptive efforts of the personality to deal with the opposition between some form of powerful instinctual pressure and attendant perceived or imagined danger. Otto Fenichel's *Psychoanalytic Theory of Neurosis* (1950) elucidates multiple manifestations of *splitting of the I* (more technically, the *ego*) into a *conscious* part that knows reality versus an *unconscious* part that denies



HOUSE_OVERSIGHT_013656

it. In some situations, a logical view contends with a more irrational, magical one. Today, the morning group praying, evening hymn singing, Christian Republican Right Wing feed their feelings of being on the side of God by dividing people into those that are like them and good and those that President Bush and Attorney General John Ashcroft calls the evil doing "bad guys." As noted previously, psychoanalytic theory posits that the evil doing others may represent the projected repository of our own unacceptable impulses and inclinations. It became quite clear in my own psychoanalysis and psychoanalytic training that it is in *healing our split* and knowledge of our own unacceptable things that will lead to our understanding and forgiveness of others.

As we dig deeper into global brain-mind dynamics of *emergent high-energy fixation, stuck repetitiousness and splitting,* we encounter their universality in the structures of mathematical thought. Did we just make them fit? Do these thought forms map onto internal and external physical reality? Are these abstract concepts and operations simply products of our biological brains manifested as psychological mechanics and used to explain to ourselves what we perceive and think? Does a square have external reality or is it a universally imagined something, and, as such, represented only in our minds and the pictures of it we draw? Is mathematical understanding simply inborn perceptual skills combined with developed and practiced logical cognition? Or, do we take the *Platonic view of mathematical relations*: these abstractions are the *ultimate realities,* antedating and persisting through the past, present and future of the universe and omnipresent.

Where can the conceptual boundary be drawn between the physical reality of the Babylonian surveyors use of the *Pythagorean theorem* to calculate distances, that the sum of the squares of the lengths of the two legs of a right triangle is equal to the square of the length of its hypotenuse, and its abstract, pencil-marks-on-paper, algebraic development as in the definition of *Pythagorean numbers*, *a,b, and c* such that $a^2 + b^2 = c^2$. The dichotomy between the abstract and concrete, consistently blurred in our work, is between a *natural science* with ideas that can be disconfirmed, directly or indirectly, by experimental observation and the thinking of mathematics as an *a priori field* in the sense of Kant. The modern Platonic view



HOUSE_OVERSIGHT_013657

such as that held by Rene Thom is that once accepting a set of *natural givens*, called the *axioms*, the rest of the knowledge of this reality grows in the form of theorems that relate to the axioms and each other through their logical consistency. Knowledge of reality is moved by the ever-forward mathematical refinement of *a priori* conditions to *do away with the theorems' exceptions,* called *counter examples.*

The Hebraic Bible's view of *signifiers* such as words and symbols is close to, but not identical with, the Platonic view of mathematical formalism. According to the Torah, God made the word with words. God spoke and the world became real. The Aramaic for "I create in speaking" is *avara k'davara* , or as the magician says, as he waves his wand over an apparently empty black high hat, *abracadabra*. The Hebrew word for *word*, *davar*, also signifies *thing*. This view contrasts with the mathematical *formalists,* among them Hilbert, who considered the *signifiers of abstract mathematics simply symbols used in a game*, *the rules of which being arbitrary, must include proofs of consistencies among them.* Consistency from the point of view of physics was addressed by Hertz, in *Die Prinzipien der Mechanik,*(1894), where he expressed the formalist theoretical physicist's work as "...within our own minds we create images or symbols of the external objects, and we construct them in such a way that the logically necessary consequences of the images are again the images of the physically necessary consequences of the objects."

In another set of related contrasts, the *constructionist* mathematician will argue that mathematical assertions are only true if they can be demonstrated, found or constructed. In contrast, the *classical school* of mathematics can develop the case for the truth of mathematical statements if they are consistent with field's network of theorems and proofs, even if, up to the current time, no specific example of this truth can be demonstrated. The former can be thought of as a *builder*, the latter as a *discoverer*. For example, suppose we try to make a proposition about *perfect numbers* where a perfect number is defined as being equal to half the sum of its divisors. Using the perfect number 6, we find that its non-identity divisors are 1, 2, and 3 and half of their sum = 6. Our proposition: either there exists an odd perfect number, or else there exists no odd perfect number. An expression of this



HOUSE_OVERSIGHT_013658

forced decision between yes and no is called the *excluded middle.* The *constructionist mathematician,* an orientation without the excluded middle, asserts that "an odd perfect number exists" would only be meaningful if one could show that such a number had been found or constructed. The *classical* mathematician would find the phrase "no odd perfect number exists" meaningful without a concrete example, if the assumption of its existence would lead to a no (versus yes) contradiction encountered in the proof-relevant network of established theorems and their relations. The symbolic operations of these formal schools of mathematics and their relationship to the objective and ideational realities of brain-mind-spiritual life have been viewed by some as Western cultural products rather than expressions of secular or spiritual Absolutes. Still others have argued that cultural relativism is not relevant here because mathematicians worldwide constitute a monoculture.

With respect to the real world existence of abstract mathematical structure, our Platonic bias must be obvious. The thrilling experience of a new reality I get to know from finally understanding how a theorem works and the rush of peering into the grandeur of the Grand Canyon feel like the same kind of full-of-wonder high to me. I blend them here without reservation. Perhaps this world of spiritual abstraction is closer to the orientation of the school of *intuitionist mathematics.* Its founder, L.E.J. Brouwer, required that every mathematical construction be so immediately apparent to the human mind that no formal proof was necessary. This became my form of *spiritual transcendence, which* led naturally to a *mathematical, mystical faith.*

We carry the explication of this kind of reality further. Reflections of the good and evil, right and left, moral directional biases and their relative weightings in *born again bifurcations* to *invariant circles* called *limit cycles*, can be symbolically represented in what are called the *complex eigenvalues* of matrices describing the system's set of orthogonal motions with changes in their control parameters. The behavior of these *complex eigenvalues* underlies and characterizes the mathematical mechanism of the *Hopf bifurcation.*



HOUSE_OVERSIGHT_013659

The subject of complex eigenvalues brings up in me the emotionally disturbing subject of *imaginary* and *complex numbers.* I can still feel a little of my earlier anxiety. The episode started benignly enough. Our high school's freshman algebra class was studying how to solve quadratic equations, equations in which the highest power of an expression was two. Told to work at the blackboard in front of the class, I was given the problem of finding the two values of $x$ that were the roots of the equation, $5x^2 + 3x + 4 = 0$. I had been taught to use the memorized *quadratic formula*, $x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$, in which $a = 5$, $b = 3$ and $c = 4$. I always calculated the square root part first and wound up with the expression, $\sqrt{9-80} = \sqrt{-71}$. I can still feel the sinking feeling in my stomach as I looked at the result. I anticipated the usual snide remarks and embarrassment as I contemplated doing what I did not know how to do, *take the square root of a negative number*. Mr. Kirby, the retired mechanical engineer who was my high school freshman algebra teacher tried to help, but I did not trust him. It seemed to me that he had already humiliated me in front of the class, several times. He asked, "… what number when squared, multiplied by itself, would equal *–1.*" He then asked it another way: solve the following equation for $x$: $x^2+1 = 0$. Seeing something I could do, I wrote the next line quickly $x^2 = -1$ and then, taking the square root of both sides, I wrote $x = \sqrt{-1}$. He then asked me what that meant. I answered by writing quickly, glibly and blindly that that meant that $\sqrt{-1} \times \sqrt{-1} = -1$. He asked me to explain what that meant by giving him an example from the real world. Not yet knowing about imaginary and complex (combine real and imaginary numbers), I stood head down, ashamed and silent, thinking that my smart friend Jerry Blau would get the answer immediately. Mr. Kirby said he would go on with the class while I continued to stand in front of the blackboard and thought about it. He told me to interrupt him when I was ready to answer. Some classmates were smirking, others giggled aloud. They had seen him do this to me before.

Mr. Kirby, a short, muscular man, an ex-marine with a military haircut and a brusque manner, lectured that mathematical competence and obedience to authority and class discipline were all of a piece. I asked him about mathematical



HOUSE_OVERSIGHT_013660

creativity and he said that this class was certainly not about that. I disliked and feared him. He seemed to feel (and wrote a note to my parents to the effect) that, being "too arrogant" I needed to be "brought down a peg or two." I had gotten the best grades in the first two exams and was enjoying the role of after school tutor for some of my friends. I suspect I was getting pretty egotistical. In class, I found myself eagerly shouting out answers without holding up my hand, behavior that Mr. Kirby met with his characteristic look of fatigued disgust. Twice I was thrown out of class for my introjections. He then began to give me problems that I could not do, for which I was not prepared. This left me standing at the blackboard until the end of the hour, after all the rest of the students had solved theirs and sat down. On parent's night, Mr. Kirby told my father that I needed more "social and intellectual discipline."

Inspired and personally directed hard work and socially defined correct behavior were not synonymous to this arrogant 13 year old who had already brought chagrin to his mother, the conservatory classical piano instructor, with his satirical pianistic jazzy composition called "How High the Moonlight Sonata." I was also a secret reader of the book on the top back shelf in my father's library by Jack Hanley called "How to Make Mary; A Gentlemen's Guide to Seduction." In Mr. Kirby's class, inspired by the book, I sometimes reached behind me, through the crack in my desk seat, to caress the inside part of the long smooth legs and sometimes moist panties of a well developed, tall and beautiful brunette girl behind me. I was never caught and she pretended that nothing was happening. In fact, she never talked to me outside of class. I felt then, vaguely, and now, more specifically, that a content enriched, instinctually titillated and excited unconscious could lead me to the solutions of intellectual challenges if it were both sufficiently indulged and untrammeled, left alone in its work of being itself. Mr. Kirby did not see things that way.

Since then, among my graduate and post-doctoral students in the neurosciences, I have learned that the Mr. Kirby's of modern American educational practice have ruined generations of potential mathematicians and physical scientists. Worse, they have created generations of very bright math phobics who



HOUSE_OVERSIGHT_013661

run to other graduate fields such as biology and medicine and come to resist the potentially humiliating incursions of new and potentially helpful abstract ideas and operations from mathematics and physics into their fields. They do not want their persecutory versions of Mr. Kirby to take up residence once again in their heads. I can still feel his negative presence during long hours of struggle with the ego deflating feelings of dumbness that an understanding of almost any new mathematical concept requires of me. Holding Mr. Kirby's voice off as long as I can until, sometimes, the wonderful "aha!" experience arrives. I have tried to forgive him since but forgetting him has not been possible.

It turns out that in the world of elementary, physically representative, real numbers, the *square root of a negative number* has no meaning. Such a number has understandably come to be called *imaginary.* Was this the answer Mr. Kirby wanted? There was some conflict among mathematicians in the 17$^{th}$ and 18$^{th}$ Century about the arbitrary definition of $\sqrt{-1}$ as an *imaginary number*. It was symbolized by a letter, *i*, that is $\sqrt{-1} \equiv i$. The existence of *i* extended the range of algebraic definitions so that a solution of the quadratic formula as above could be found for the square root of a negative number. A further expansion of this idea was to that of a *complex number* that can have both a real and an imaginary part. For example, letting letters be generalized representations of numbers, a complex number might be written, *a* + *bi,* real number *a* + real number b times *i,* the letters such as *a, b, c, d…* symbolized real numbers. Consistent with membership in an algebraic system, *a* + *bi* and *c* + *di* can be added and multiplied. This extension of the real numbers into the imaginary realm permitted d'Alembert's and Gauss's proofs (and many, more complete ones since) of the powerful *Fundamental Theorem of Algebra* from which the faith derives about always being able to find at least one solution to an algebraic equation. It was proven that *any $n^{th}$ degree algebraic equation* (e.g. $x^n + x^{n-1} + ... = 0$) *with real or complex coefficients always has at least one real or complex root.*

Closer to an image that helps make *intuitive connections with human born again bifurcations, limit cycles and directional splitting* is the geometric interpretation of a complex number, let us now call it *z*. As above, algebraically, *z* is the sum of a



HOUSE_OVERSIGHT_013662

*real part a*, plus b times the imaginary part, *bi*"; that is, $z = a + bi$. We can then set up a *geometric space* to represent *z* by imagining a *two dimensional plane* with the horizontal *real axis* extending from left to right, the usual x axis, and the vertical dimension, called the *imaginary axis*, extending from bottom to top like the standard *y* axis. These two axes, going from negative values to positive ones, left to right and bottom to top, cross at the shared value of 0. Thus *a* and *b* can be visualized as the rectangular coordinates of a point in the plane and the point locates the complex number, $z = a + bi$. Since real parts and imaginary parts are like apples and pears and for addition, like must be added to like, if two complex numbers, $a + bi$ and $c + di$ are equal, then $a = c$ and $b = d$ and their sum is written $(a + c) + (b + d)\, i$.

Now that we've set up a point *z* on the plane, located with a complex number at $z = a + bi$, we can then draw an arrow, called a *vector*, from the intersection of the imaginary and real axis at *0* to this point *z*. Its *length* from *0* to *z*, *0z*, we'll call that length $\rho$, is the size or amplitude-like *modulus* of the complex number, $z = a + bi$. The *angle* this *0z* vector makes with the real, *0a-axis,* lets call this angle $\phi$, is called the *argument* of complex number $z = a + bi$. $\rho$ *is a length that can grow or shrink,* $\phi$ *is an angle that can rotate.* We imagine vectorial movement like that of a variable length hand of a clock. This geometric explication of *complex numbers* prepares us to visualize *complex numbered eigenvalue* solutions to matrices representing the relevant equations that bifurcate to limit cycles and directional good and evil splitting. $\rho$ represents the dilatable clock's radial amplitude of circular motion and $\phi$, the angle of vectorial turning from the *0a-axis.*

The *complex conjugate* of the complex number, $a + bi$ is the complex number $a - bi$ in which the sign of the imaginary part is reversed. Geometrically, this means that a pair of complex conjugate numbers with the $\rho$'s of both having below zero values relative to the *0a-axis,* that is *negative real parts*, could be imagined as the points indicated by two same sized, mirror image, clock hands pointing at 8:00 and 10:00 o'clock. Note that the $\phi$, the angle of vectorial deviation of the arrow pair from the *0a-axis,* turn in opposite directions in these mirror image moving clock hand vectors. Without going deeper into the representation of the actions of the system in



HOUSE_OVERSIGHT_013663

question (its differential equation) in the form of what is called its *Jacobian matrix of partial derivatives* (a matrix representation of the differential equation indicating orthogonal directional velocities of change of locations of the components of the motion with respect to changing values of the control parameter), we know that when the $\rho$ of the matrix's set of two *complex conjugate eigenvalues* is less than zero, $\rho < 0$, the orbit representing the system, spirals into a *stable fixed point*. This is analogous to going to the *bottom of the parabolic attractor basin* as described above. *Values of the invisible eigenvalues and their changes constitute the abstract mathematical mechanisms underlying the observable dynamics of the system observable physically.*

The mathematical mechanism underlying the *Hopf bifurcation* of *fixed points* into *limit cycles* (associated with bi-directional splitting that accompanies the *amphetamine transformation* into limit cycle stereotypy of rigid ideas and equally likely mirror image motions in the directions of good versus evil) is the crossing of the systems real valued parts, $\rho$'s, of its *complex conjugate eigenvalues* into positive territory, $\rho > 0$. The mirror image of clock arrows is transformed from 8:00 and 10:00 o'clock to the clock locations of 4:00 and 2:00. *At a Hopf bifurcation, a pair of complex conjugate eigenvalues crosses the imaginary (vertical) axis such that is real parts have positive value.* In the orbit representing the motions of the system itself, the fixed point disappears to be replaced by the action spiraling out to an *invariant circle*. This is analogous to our *manifold* image of the disappearance of the central attractive point and the sudden appearance of a small hill at the bottom of a *parabolic basic of attraction.*. The new attractor is an invariant circular path around the hill, with the *spiraling out to the invariant circle* being a two dimensional picture of the disappearance of the bowl-bottom and appearance of a missing point, hill top fixed point and a spiral flow to the path circling the hill. *Underlying the transition from a fixed point to a limit cycling, invariant circle, are a pair of mirror image complex conjugate eigenvalues that turn in mirror image, we could say, good versus evil, opposite directions. The Hopf bifurcating system inevitably has both.*

The implications of this *very abstract metaphor for the emergent limit cycle-splitting style* of spiritual transformation can be made deeper by considering the



HOUSE_OVERSIGHT_013664

common practice of Rumi's Mevlevi (and other) orders of Islamic Dervishes that facilitate the onset and maintenance of their ecstatic states by an improvisational dance which goes from rocking to irregular whirling. The Dervish teaching tales place a symbolic emphasis on the power of the rotating wheel, the circling of the heavenly bodies, the mill wheel and the millstone. As Rumi said, "The mountain of the sun I'll fashion to a mill. And as my waters run, I'll turn thee *at my will.*" Note that their work toward spiritual transformation results in neither the emergence of the involuntary and rigid limit cycles of invariant circles or the associated divisive internal eigensplitting of good self from evil other. The *Sufi compass points to an integrated field of divine consciousness, which contains the appearance of the world's multiplicity. In this profound unity, all humankind is perceived as one family.* The singular direction of all prayer, Salat, five times a day, at dawn, high noon, afternoon, sunset and an hour after sunset, turns the entire world into a unified directional field of prayer. At its center, the Islamic pilgrims wander round and round the black cube of the *ancient shrine of Kaaba*,

This leaves one with the speculation that we started with: that the simple, authoritarian rules of the *amphetamine, roll-up and splitting religions* may be intrinsically more vulnerable to unpredictable breakouts into morally inconsistent actions and that the righteously rigid limit cyclists are invariantly split into ambivalence. In contrast, the more free form, *chaotic turns* of the entheogenic dervish define us all as belonging to one unified ecstatic field.

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HOUSE_OVERSIGHT_013665

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HOUSE_OVERSIGHT_013666

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HOUSE_OVERSIGHT_013667

# CHAPTER 8:

# FAITH AND RATIONALITY

It was my belief that, without subjective evidence of Holy Spirit Energy, the rush of reconfiguring transcendent experience, some glimmering of grace no matter how fleeting, an experience of intoxication with God, Martin Buber's self authenticating *I-Thou encounter*, the many good citizens of this world, without these moments of illumination, must be attending church or temple to negotiate a better now and hereafter. Attending synagogue or church without the promise of a mystical high seemed like a superstitious rabbit foot rubbing for personal health and safety and a sharing of propitious contacts for social and economic advantage. Why else?

I have had the good feel of what Jews call *Tzedakah*, the sharing of supplies by the haves for the betterment of the have nots. I have known the quiet calm of human right action as in the Unitarian Universalist's serving the needy, open and flexible, intimate mindfulness of others and their needs. Considering *E.O. Wilson's* brand of brain herd biology of *altruism* gives me a warm feeling about the potentially intrinsic goodness of man. But compared with the *Jamesian brands of ecstatic transcendence*, minds blown in Sufi twirling, Orthodox Jewish chanting, rocking and dancing, hands-in-the-air praying and hands-on-the-head healings of Wednesday night Pentecostal services, the soberly serious social engagement and



HOUSE_OVERSIGHT_013668

responsibility sermons of Reformed Judaism and the Unitarians as well as the 19th Century hymns and high I.Q. apologetics of some Presbyterian and Methodist clergy, are like near beer. Formally equivalent but without the rush and the delicious risk and promise of life long addiction.

National opinion polls have found my preference for churchly fireworks in religious experience quite common. My Charismatic Christian sons are among the many with a preference for and loving labeling of these kinds of houses of worship as rock and roll churches. In a recent survey of Americans, 46% of respondents claim to be twice born, Evangelical Christians. Perhaps unfortunate with respect to their children's academic and professional ambitions, 48% do not accept a Darwinian view of biology. Fifty million American readers are now buying books with plots taken from the *Babylonian prophecies* and anticipate the *Rapture of Ret*urn with weekly, joyful, mini-rehearsals. They include praying in tongues as the Spirit moves them like Peter, John, James and the rest of the one hundred and twenty in the upper room on the day of Pentecost.

Those of us with two or more available cable religious networks can, on any given Sunday morning, choose a smiling, kind, Proverbs quoting, rational Presbyterian liturgical stylist. In his seventies, standing tall with a full head of white hair and in a quietly resonant voice, he delivers a sermon about seven ways to avoid growing old. His list includes learning new things and continuing to work. His spiritual proposal was about personal faith, always leaning on the Lord. On another network, the three hundred pound, restlessly pacing preacher of the Cornerstone Assembly of God Church of San Antonio, Texas, stood in front of large maps of Iraq and the Middle East. He preached from Ezekiel about the refleshing of dry bones and a return of all Jews to Israel. He said that contributions to his church over the past year helped finance the return of 4000 Russian Jews to Israel. He reiterated the promise that, when the return was completed, there would be a massive Islamic attack on Jerusalem and "we will all rise up to Heaven" in an ecstatic disappearance. Jews, as long as they accepted Jesus as their Savior, were welcomed along on the ride. More then two thousand parishioners erupted into loud applause along with shouts of "praise Jesus."



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An inkling of something entirely different, neither human psychology nor frenzy, was an unanticipated benefit of being at England's Warwick University in sabbatical residence in Math House #2. This large, round, many windows and black boards, study with a small upstairs bedroom was one of the apartments for visiting professors behind the Warwick Mathematics Institute in the English Midlands. I attended a variety of churches and synagogues on the weekends. The perspective that emerged for me at Warwick was that rabbinic *Haggadah*, inferences to be drawn from imaginatively spawned narrative, isn't the same thing as *Halakhah*, the law dictated by Jewish legal tradition; that geometric insight and other intuitions aren't the same as mathematical proofs; that the mystical visions of the English romantic poet and illustrator, William Blake, were not necessarily consistent with the scientific observations and logical arguments of the contemporary Scottish philosopher, David Hume. Paul Tillich wrote that the wisdom attendant to primary spiritual experience that was without the unconditional character of sensible moral obligation was not to be trusted without critical analyses. I learned that among High Episcopal and Reformed Jewish English academics, God is not a hallucinogen, but more like a spiritually based, social contract.

In his 1929 essay, *Mysticism and Logic,* Bertrand Russell noted mysticism's preference for: (a) Insight over discursive analytic knowledge; (b) Belief in the unity of all things over oppositions or divisions in representational thought; (c) The denial of the reality of time, even in the divisions of past, present and future; (d) Belief that evil is unreal, manufactured by the innate divisiveness in some analytic intellects. In modern brain hemispheric and other neuropsychological philosophies, these countervailing descriptions of external observables can grow naturally out of the brain's abilities to *maintain logically incompatible perspectives simultaneously*. *Right-brain aesthetic holism* in contrast with *left-brain categorical analytics* recalls a popular example. Would one chose Blake or Hume to better explain how the time dimensions of memory disappear with the scent of a past lover or the hearing of his favorite music for lovemaking.

In the inevitable mix of primitive instinct with high purpose, the visiting professors' Math House #2 had an aura of infamy. It was the one in which, by the



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accidental intrusion of a campus security officer, the brilliantly eccentric Northern California mathematician, Ralph Abraham, was famously arrested for pot smoking. The campus officer told me that, late one night, thinking he had smelled fire, he used his master key to make an unwelcome entrance. The incident became part of the record in House of Commons hearings about the intellectual and moral decay of English Universities. Apparently, even among English intellectuals, there were trivial and politicized definitions of virtue.

Christopher Zeeman, the head of the Mathematics Institute was a world-class topologist who, among other things, demonstrated biological and social-psychological applications of Rene Thom's *Catastrophe Theory*. I was invited as a brain person and amateur mathematician, to see what might result from mixing me with members of his fine mathematics faculty. In addition to learning some bifurcation and lots of ergodic (statistical) theory, my chats with Christian and Jewish mathematicians on Saturday and Sunday morning visits to the synagogues and chapels of Oxford and Cambridge introduced me to an English intellectual's religious tradition. The spirit of C.S. Lewis was still very much alive. Surprising, however, was that more than a few of these scholars had the elements of Christian faith in full menu: virgin birth, incarnation, crucifixion, resurrection, original sin and the promise of salvation. I was disabused of my belief that these elements of Christian belief were incompatible with high mental capacity and intellectual sophistication.

Yet, the spiritual climate of these English intellectual Christians were different from today's post, post Vietnam return of the religious themes of the turn of the Twentieth Century, *big tent revivalism* and Billy Sunday's brand of *Christian patriotic America*. Today's religious patriotism infuses George W. Bush's Republican base, National Security Adviser Condoleezza Rice's after dinner hymns and Attorney General John Ashcroft's early morning bible study groups for his Assistant Attorney Generals. Even the most religious of my English math buddies are without what seems like adventitious baggage of today's faith based Republicans: the belief in the immorality and godlessness of teaching evolution in schools, what has been called the massacre of the innocents in stem cell research and abortion clinics, the



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right to bear machine guns and the intrinsically venal sinfulness of a man's commitment in love of another man. Was the clustering of these apparently diverse concerns the accidental result of a sociopolitical-religious short circuit, a class-resentment-driven spiritual split in geographic, socioeconomic and educational class? Tim LeHay is selling millions of books, whole tables full at Wal-Mart's, which come packaged with these assumptions.

Surely higher-level theists would make today's evil more subtle, abstract and pervasive, perhaps involving inner life themes of envy, vengeance and aggression; goodness implicating empathically made moral choices involving interpersonal kindness and evidence of caring about the well being of others. My contact with some English academicians taught me that even the mathematics of hard science can be viewed as a gift of grace and belief in the possibility of a continually emerging, Christ-centered, evolutionary process. Protestant philosopher mathematician Alfred North Whitehead in his 1926 *Religion in the Making*, Catholic anthropologist priest, Pierre Teilhard de Chardin in his *The Phenomenon of Man* and the more modern *process theologists* of New York's Union Theological Seminary do not exclude Christ's involvement in evolving science and other new knowledge. They see Him participating in a spiritual evolutionary progress which does not gather the barnacles of irrational ideas about the murder of less than hundred-cell blastula or the psychoneurohormonally determined sexual partner preference. They know about the ever-changing cultural and political appearances of faux and real evil. Nonetheless, what I learned from my Christian and Jewish friends at the mathematics institute was that, though the definitions of evil may change, evil as a construct and spiritual mechanism is an apparently essential component of the Christian experience. On Rosh Hashanah, even the reformed Jews commit themselves to *Teshuvah*, making up for past evil deeds. The good versus evil dichotomous view of man's existence is true in the lives of Assembly of God Fundamentalists of Georgia as well as the sophisticated Readers, Professors and Dons of the high Episcopal churches and university chapels of Oxford and Cambridge.



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Finding high-level mathematical thinkers at home in metaphysical surrounds and metaphysicians diligently practicing mathematics are certainly not new. Some instructive examples include, famously, the Pythagoreans, the 15th Century Catholic Cardinal Nicholas Von Cusa, who used geometric symbols to record his spiritual philosophy, and the Talmudic-Cartesian style of argumentation of Nicholas de Spinoza. This approach to an examination of metaphysical systems, sometimes called *mathematicism*, exploits the machinery of the mathematical mind to evaluate the consistency and completeness of thoughts, to create *representative axiomatic structures* and to operate within them using *syntactic calculus*. The practice of the rational dialectic of mathematicism, working for moral purity of heart, develops a brain-somatic discipline much like the exercises of Yoga.

This approach flies in the face of the major premise of these essays, my belief in the necessity of what William James and others have called the *primary religious experience* in order to know God. Recall that my father's favorite Jewish mystic, Abraham Abulafia, said this experience gives birth to an *activated mind* that can then immediately and completely inform the Spirit. Among the religious English mathematicians, I learned that it doesn't have to happen this way. One can apparently think oneself to It. A well known example of a modern theistic Oxford type, the Magdalene College English tutor and Don, C.S. Lewis, in his introduction to St. Athanasius's *The Incarnation of the Word of God,* wrote, "...I believe that many who find that nothing happens when they sit down or kneel down with a book of devotion, might find that their heart would sing unbidden while they are working their way through a tough bit of theology with a pipe in their teeth and a pencil in their hand..." In contrast, without my personal experiences with joyful transcendence, the direct feeling of His presence, I would not have known about the goals of his more analytic efforts. It was a struggle for me to use a rational mind to share the meanings of the poetic ruminations in his BBC lectures, *Mere Christianity.* This Reader from Oxford with two firsts in Latin and Greek followed by another first in English Literature, described the world as "...enemy occupied territory..." the omnipresence of the Good Power turned Dark Power of the Prince of Darkness and the Christian as "...a man who is enabled to repent and pick himself up..."



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For C.S. Lewis, religious faith came from intellectual hard work. He was put off by spirituality that arrived by thoughtless fiat. He rejected the idea of living in simple and loving direct conversation with the God within, as described by Brother Lawrence. Lawrence was described as the simple "great awkward fellow who broke everything." Lewis had little faith in what he perceived as the mindless spiritual methodology of this selfless, silent, hard working Parisian monastery cook for a hundred fellow monks who was also their dedicated smelly sandal repairer. Perhaps reflecting his place in the British intellectual class system, Lewis wrote that Lawrence's conversations and letters in the brief pamphlet, *Practice of the Presence of God*, "...full of truth... but unctuous and repulsive." At the same time, Lewis spoke of his own experiential evidence for God in *Surprised by Joy* in which he admits, "I am an empirical theist. I have arrived at God by induction." It is likely that Brother Lawrence did not know and did not need to know the difference between an inductive and deductive argument.

For most of my years, I have been a subject of Jamesian transcendent experience, LSD expansive visions, Sufi moving meditation, long distance running, Black Baptist shouting, Tantric orgasmic withholding, Yiddish Labovicher dancing, Charismatic Christian Church rock and rolling, Hindi meditative rising Kundalini, almost any ecstatic crisis inducing, God type. Recall that I am from a generation that a Donovan song inspired to smoke bananas. I did not personally access Brother Lawrence's calm, work-a-day, devotional, quietly persistent, perspective yielding, inner conversations with God until my sixth decade. The opportunity came from my growingly severe, unfixably chronic, pain. The counter-intuitive insight and helpful identification was gained from reading about Joseph de Beaufort's conversations with Brother Lawrence. Beaufort said Lawrence was born with the name Nicholas Herman in 1611 and renamed Lawrence in honor of his parish priest. As young soldier in the Thirty Years War of the 17th Century, he was severely injured. He was left with both sciatic nerves trapped between bone spurs and tissue scarring from his early twenties. These injuries, involving the two biggest pain-conducting nerves in the body, left him crippled in gait and in chronically severe lower back and leg pain from which he would never be free. It was after this time



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and a few years of looking for God in what he called "wondering in the wilderness" that he began his 40 years of monastery service as cook and sandal maker. He was described as amazingly selfless and a "...gentle man of joyful spirit..." who "...continually walked with God...not from the head but from the heart..." Doing long hours of selfless work with such painful disabilities, how was it that he maintained his joyful, loving and calm contact with God and his fellow man? How did he do it? I found that, as with all miracles of God contact for me, it happened by itself.

I suffered my first testicular cancer in my thirties. I felt the little hard rock by accident while scratching. It was on the left side. Surgical removal was followed by a five-hour radical abdominal lymph node dissection that left me with incidental abdominal sympathetic nerve damage, urinary hesitancy and ejaculating backwards into my bladder. The tissue diagnosis was of embryonic cell carcinoma with chorionic elements. The U.S. Armed Service Pathology Department's statistical book gave me 5% chance of living beyond two years. My second testicular cancer occurred in my fifties and on the right, two little joined lumps found by my wife. It was a seminoma with cure rate of 85% but requiring four weeks of almost daily x-ray treatment. The combination of radiation induced blood vessel scarring (they had to blast widely since my earlier lymph node dissection confused the usual radiological anatomy), a pre-existing laterally curved spinal column and the arthritic changes resulting from fifteen years of running over 10 miles per day with this kind of back led eventually to the degeneration and collapse of several of the bodies of my vertebrate pinching several leg nerves between bone spurs and radiation-induced scarring. I have been in increasingly severe back and leg pain for fifteen years.

It was in this way that I fell heir to both Brother Lawrence pain syndrome and what I now think was his strong inclination to live in the Spirit, as far as possible outside the concerns with his own mental and physical body. In my experience, this led naturally to a decreased in my life long narcissistic preoccupations, diminished my ego-driven achievement desperation, setting up a more comfortable inner seating for conversations about and with God. The choice was between fully embracing a God-oriented place for most of my daily existence or the chronic use of



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enough narcotics to eliminate complexity of thought, real interpersonal feelings and hope for meaningfully creative work. The remarkable thing to me was that people began to talk about my "improved disposition," an increase in out-of-my-psychiatrist's office personal empathy and kindness as well as a significant decrement in my overweening, ego-stoking ambitious and competitive urges. Any return to the earth body of tense readiness to competitively succeed, protect with ego defensive anger, fantasies of assertive sexuality, stand tall grandiose notions of intellectual superiority, even getting up for scientific combat, was accompanied by the return to this world of pain. Only lovingly detached, unpretentious, other directed, quietly calm inner dialogue with Him was a place that I could live. This was an inner land of still another kind of God than I had previously known. I could even read and struggle with theological ideas thoughtfully, without referencing personal mystical, psychopharmacological, Holy Ghost-mimetic, experiences. I could enjoy the rational, social responsibility valuing, spiritual peace of a white Protestant Sunday morning service. I could attend Reformed Jewish Friday night services about man's responsibility to man without restless boredom. No longer seeking the feeling of God's thrill, I could think about it, even without being in the state of my father's and Abulafia's *activated mind*.

If I had been benefited with a classical language education beyond the high school and early college Latin of Julius Caeser and Cicero or matriculated in an academic theological seminary, I would have already studied, maybe even worn out, the deeper aspects of what seemed like a paradox of the *consonance of faith and reason*. I would have been familiar with the rhetorical argumentation in the patristic Latin commentary on sacred texts by Tertullian and other Fathers of the early Christian Church, the Talmudic discussions (the Mishna in Hebrew and Gemora in Aramaic) of the oral Torah by the Rabbinate, the Muslim explication of Koranic Islam in the oral tradition of the Hadith. Robert Wilken in his recent *The Spirit of Early Christian Thought* was in no doubt about the harmonic relationship between rationality and faith: "...by putting itself in the service of truth, faith enables reason to exercise its power in realms to which it would otherwise have no



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access..." It is perhaps strange to come to this common knowledge so late, but I came to my life with my forbearers and father's magical, mystical biases.

My father had parodied what he thought was the "wasteful time" spent in rational, Talmudic discussion. He said that is what Jewish men spent their time doing to avoid physical work while sitting near the city gates. It was the women who raised the crops and cared for the cattle and children. He had a favorite conundrum satirizing the village gate discussions. Jewish males, after the age of thirteen, accompany their morning prayer of commitment to loving and serving God with the ritual of wrapping scripture embedded animal skin, *tefillin,* and winding them seven times around the left arm, near the heart, and around the head, symbolizing the mind. This contextualizes how my father made fun of a typical topic of these all male Talmudic seminars: "If one had seven arms, would one wrap the *tefillin* once around each appendage or seven times about one of them. If the latter is the case, how would one chose which one." In fact, there remains an on-going debate about the order with which the embedded four passages from Exodus and Deuteronomy should be arranged and inserted in the *tefillin* such that some compromising orthodox Jews wear two types of *tefillin,* each representing one of the theoretically justified orderings. I know now that there is an implicitly positive confirmation of a jointly held faith and feeling of ethnic belonging achieved by such apparently abstract discourse and argumentation.

In truth, I had not come to Warwick to explore the relationships between faith and rationality using the cognitive style of mathematicism, but rather to be saved by the mathematical miracles of the Brain God. Not unrelated to what C.S. Lewis saw as a prominent characteristic of spiritual experience, "wonder," and what Philip Davis and Reuben Hersh in their 1981 book, *The Mathematical Experience*, spoke of as "beauty" and "surprise." I know about the attack of excitement that comes with the sudden emergence of counterintuitive conceptual connections while exploring new mathematical ideas. In energetic high, I start skip reading, underlining the book frantically, jotting commentary on the margins, copying the relevant equations into my notebook. Was this the same break through to a glimmering of grace, everything beautifully in order and precious, that I experienced on LSD while sitting for hours



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inside Paris's towering, echoing, Notre Dame Cathedral, hearing Latin chants in the dank sweet smell of old church and chained, swinging canisters of smoking incense as the pipe organ roared? Those realities that George Berkeley, the 1721 author of *Treatise Concerning the Principles of Human Knowledge,* the theist whose name was given to a mostly agnostic Northern California city, saw as grounded in the spirituality of God's infinite mind and broadcast as universal ideas through our derivative, finite minds. Rational religion and mystical religion joined in faith by the presence of implicit and universal mathematical structure

I spent about two years at a mathematics institute in France, *Institute des Hautes Etudes, IHES,* sitting at the guru feet of the mathematical great and metaphysician, Rene Thom. His mathematical pallet was breathtakingly broad, a taste of what in past centuries was called *natural philosophy* and what seemed to me to be about the unapologetic geometrization of the Intuitive God of the Mind. Natalie Angiers, erstwhile mathematician, now reporter and atheistic hard ass, writing in the New York Times, called Thom's ideas the talk of "...an Emperor without clothes..." The Kantian theme of the personal *a priori* status of an intuitive geometry, an already in us representation of all that's out there, was implicit in his *Catastrophe Theory* research program and was published first in his classical *Structural Stability of Morphogenesis* (1977) and made more overt in his later (1990) *Semiophysics.*

To get a feeling for the rational-logical versus mystical-intuitive spiritual issue in a mathematical context, consider the following: most of us remember the struggle to unify the strange and difficult cognitive duality of the high school geometry experience. On one hand, shapes and their relations and rearrangements could be intuitively grasped, even manipulated; on the other hand, we were taught that these mental images and the results of their intuitive transformations were not to be trusted.

In mathematics, as in my belief in the fireworks of primary religious experience, seeing is not necessarily believing. In my high school geometry class, what was to be believed was what followed from the proper practice of the tightly organized, Euclidean system of axioms, postulates and the derivative logical



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operations resulting in the surety of proofs. The unresolved tension about what I believed from intuitive experience and what I was allowed to believe from the logic of theorem and proof, perhaps not unlike my belief in the transcendent experience over logical theological argument as Reality, continued throughout my life. For example, many decades later at *IHES,* I saw the world class dynamical systems theorist and differential geometer-topologist, Dennis Sullivan, use a projector to display a computer-generated, intricate and beautiful, mathematical object, the well known, computer screen saver, *Mandelbrot set*. It represents the control parameter plane of the well studied *complex analytic map,* $z \rightarrow z^2 + c$. Sullivan, pointing to a small, discrete complicated little part of it that looked like a little version of the whole of it, from a distance looking like a point, said, "An important Ph.D. dissertation is waiting to be done on the question: is this (pointing to the little object) really there?" In the audience of about a hundred professional mathematicians and one amateur, I was the only one that laughed.

Historians of mathematics point to the successful generalization of Euclidian geometry via its abstract axioms, postulates and logical operations to a new, not naturally intuitable, almost nonvisualizable, *non-Euclidean geometry* (with the new geometric axiom, *parallel lines do meet at infinity*), as evidence against the Kantian idea of the intuitively accessible, *a priori* status of geometry. This served as an example of where mathematics naturally resides, and argues in favor of the thought control imposed by the modern set theoretic and logical rituals of mathematical theorem and proof. Thom, in a hereditary-evolutionary biological argument developed in *Semiophysics*, said "Objections raised to the Kantian apriority of Euclidean geometry after the discovery of non-Euclidean geometries, and the theories of twentieth century physics (restricted and general relativity, quantum mechanics) appear to me to be irrelevant…they deal with …the infinitely small and infinitely large…which lies outside the usual cognitive activity of ancient man."

In my discussions with him, Thom found equivalence relations between mental and real world objects and their behaviors. He described what he called an abstract *physicalist* truth that describes a *psychic universe*, which, in turn, simulates outside things and processes. Much like the transcendent experiential God I have



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experienced, seek and think I know about, Thom was not after the logical proofs of geometry but rather viewed mathematical theorem and proof work as activity *derived* from intuitive experience with geometric relations as the thought forms that represented *real Reality*. Though a Field's Medal winner in mathematics (recall that it is the Nobel Prize in mathematics awarded every four years at the International Congress of Mathematics) and for his life time, one of the most brilliant and fecund mathematicians in the world, so many mathematicians admit that they got the seeds of their life work from his throw away remarks, Thom, with a little smile and his eyes twinkling, admitted to me with apparent pleasure that "I have never proven any theorem in my life." All his discoveries came from insightful moments of grace and the courage to pursue them. Riding back from Paris late one night on a train that didn't stop at *IHES's* town of *Bures sur Y'vette,* I watched him use the red emergency phone to call the train's engineer to stop the train suddenly for our exit. I loved him, in part, because he had the courage to believe in and act on my kind of intuitively realizable, experiential God.

In keeping with his characteristic style of generalizing mathematical systems beyond their carefully defined specifics, Thom defined the concept of *singularity* very broadly, speaking of them as distinctive and noteworthy things, points *where the usual or expected properties, laws and definitions fail, where smooth and continuous processes become discontinuous.* For Thom, these were the *settings for the unexpected and miraculous*. He believed that his work and that of many others, now and in the future, would indicate that the *set of miraculous singularities were finite*, *systematic, universal and describable*. Most importantly for our purposes, Thom believed them to be *archetypal. It was through the structure of archetypal singularities that he regarded inside and outside realities as mutually reflective*.

I was blessed by hours of discussion with him during his car travels to lecture around France. Thom often asked me to accompany him as he drove from *IHES* to various branches of the University of Paris. He used these times to exercise my geometrically flavored, mathematical intuitions. He used words to create visualizable structures without the diagrammatic aid of a blackboard. He used mental topological structures created by the properties of imagined motions,



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*flows*, which led to examples of some of his universal singularities that he claimed could be found in all real physical, biological and psychological systems. For some examples: One of his archetypal singularities was a *boundary* at $x = 0$ such that the *flow* couldn't spread from where it was in $x \geq 0$ into $x < 0$ and was therefore like the border, the membrane, between the inside and outside of a cell as well as the hoped for sociopolitical functions of the Great Wall of China and the Maginot Line. If we were to blow up the boundary line from two to three dimensions, $R^2 \rightarrow R^3$, the straight boundary line becomes a *cylinder* for directionally organizing and connecting flows as in blood vessels, oil pipes, cables and wires. Since production and delivery need not occur at similar rates, temporary storage is required and may take the form of a spherical blow-up in the vertical segment of $R^3$ leading to an open *bottle* which may serve as a dead end storage branch of a network of connected cylinders. In the conceptual reductionism of *Semiophysics,* Thom said, "...life is essentially a question of embankment, canalization and the struggle to stem dispersion." These structures of mind and world are built and maintained. Coagulation of blood is an example of a canalized fluid repairing gaps like a tubeless tire. Thom considered apparent the problem of *making something from nothing*, *birth*, that of finding the *hidden sources*: the bubbling spring emerges from an unseen, underground network of canalized fluid flow converging on the apparent source, birth being the invisible becoming visible. In contrast, a canalized flow emptying into lake can represent disappearance as a flow.

Mathematicians from all over the world attended Thom's 65th birthday celebration at *IHES.* His Field's Medal winning work on the topology of *differentiable* (*smooth*) *manifolds*, *cobordism* and related ideas, was mentioned frequently, and great homage paid to him with respect to these areas of his work. However, in two days of lectures of personal and professional tribute by the world's great mathematicians, his work relevant to *Catastrophe Theory* and *Semiophysic*s was not mentioned, even once. The form taken by mathematicians' most severe judgments is silence. As the New York Times' Natalie Angier's comments indicated, this is not the time for the intuitive conduct of applied mathematics.



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It was upon Thom's recommendation, that I spent the year in the Mathematics Institute in Warwick, England. Using the Math House #2 s home base, I made many trips to Oxford University and a few to Cambridge. It was in these places that I learned first hand that belief in the Resurrection was not simply a matter of socioeconomic class. I tried to schedule my trips to Oxford or Cambridge to coincide with the weekend so I could hear the remarkably literate sermons at the Universities college chapels. In these places, for hundreds of years, just because one was a top-notch practitioner of mathematics or linguistics did not mean that the Don did not have within him the full panoply of beliefs attendant to the Christian God.

Maybe this easy combination of logic and Spirit derives from the character of English mathematics. There are graduates with professorially enfranchising Masters of Art Degrees in Mathematics from Cambridge University where the subject is considered by many to be part of the culture of the humanities, closely akin to philosophy and linguistics.. In the universities of United States, for example the Massachusetts Institute of Technology, an academic degree of Ph.D. in mathematics is seen by most faculty as an indication of the intellectual equipment required for a life of scientific work in which disconfirmable experiments are the ultimate criteria for knowledge. The field of pure mathematics (not ostensibly relevant to the real world outside the mind) has itself evolved in this direction. Recently, a physical scientist, a theoretical physicist, Edward Witten, was given the mathematician's ultimate award, the Field's Medal. In American universities in general, very few mathematics departments are in schools of the humanities. Most are in the schools of science. This variation in bureaucratic, metaphysical, sorting reflects our continuing struggle with the true nature of reality and the role of mathematics in its knowing. The now emergent field of computer science removes mathematics even further from intuition and Spirit. Difficult problems such as proofs of theorems can be systematically examined for all possibilities quickly by trying them out in what is now known as a *computational proof.* On the other hand, pointing at this computation's graphics, the theorem and proof, real mathematicians can ask, is *this really there*?



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Mentioned briefly above was one of humankind's beacons, Pythagoras, the intellectual and spiritual progenitor of Plato. He taught the disciples of the *Pythagorean Brotherhood* in Crotona, Italy, that reality at its deepest level was mathematical thought. Studies there included philosophy, geometry, music and astronomy, all at the service of achieving closer union with the Divine. Pythagoras and his school, only his student's writings remain, was said to be working at unifying elements of the ancient tribal mystery cults with the observables of worldly events through meditative, mathematical, philosophical mysticism. Knowledge was gained through spiritual intuition made harmonious with formal systems of thought. As Plato later said and as quoted by Thomas Heath in his 1921 *History of Greek Mathematics,* about the study of the motion of stars, "...leave the heavens alone..." because what one sees is only an approximation of the real and more perfect mathematical structures involving *points, lines and circles*. To which Newton added an *elongated circle, the ellipse*, and Nineteenth and Twentieth Century mathematicians and physicists, the *geometries of positively and negatively curved space.*

It is perhaps not an accident that debates about evidence for the existence and location of God and where the ideas and structures of mathematics live and breath generally involves a stand off between those that believe that both are out there and can be seen, like thoughtful, humanistic actions and caring service for needful others, versus those that feel the phenomenology of both are projections of the psychobiologically intuitive Brain God and can be felt like an ecstatic rush of insightful illumination.

## Further Reading for Faith And Rationality

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HOUSE_OVERSIGHT_013683

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# APPENDIX

## AN INTUITIVE GUIDE TO THE IDEAS AND METHODS OF DYNAMICAL SYSTEMS FOR THE LIFE SCIENCES

Arnold J. Mandell and Karen A. Selz

### Biological Scientists Can Understand and Use Ideas and Methods of Nonlinear Science

A yield of advances in computer hardware and software is that even quite difficult applied nonlinear mathematics can become accessible to experimentally oriented biological scientists. Before this time, the development and analysis of a particular set of nonlinear differential equations, describing the actions of a neurobiological system in motion, involved decades of specialty training, rare insight and many hours of highly skilled, trial and error computations by hand. Since the idiosyncrasies of each nonlinear system were considered unique, the results of their analyses were thought to concern only the particular nonlinear system being studied. Often a shift in hypothetical mechanism meant starting the long and painful process all over again. In addition, these findings were usually communicated only to a small and arcane mathematical community in the form of dense theorems and difficult to follow proofs, insurmountable language barriers to biological researchers wishing to use them to better describe and understand their experimental observations.

For today's neuroscientist with a desktop computer, an inclination to program and access to computer algebra and numerical software such as Maple, Mathematica or MatLab, operational definitions and computational empiricism can replace the theorem and proof continuity required to do old style applied mathematics. For those of us without sufficient facility in algebraic manipulation to easily follow the arguments of professional mathematicians, a computer algebra program such as Maple serves as a delightfully accessible consultant with which to "check out what the guy is saying". Those motivated enough to write their own data generating or analytic programs in C, Fortran, Pascal or Basic (though not



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essential) can find easy-to-use algorithmic help in Cambridge University Press's Numerical Recipes series (Press et al, 1991).

The conceptual and communication gaps between applied mathematicians and physicists and the bench practitioners of the neurosciences, that inevitably lead one or the other, most often both, to surrender their deepest intuitions to jointly shared images that are inevitably more simplistic, are no longer inevitable. With her own hands on both the quantitative conjectural and experimental machinery, the motivated practicing neuroscientist can honor her own insights, read about and construct symbolic representations from her intuitions and do her own quantitative theory. Computerized numerical techniques have become so powerful and accessible that, even in academic settings, there is debate about whether fundamental analytic tools, such as series expansions, should be taught in undergraduate courses about differential equations.

The practice of "try it and see what happens", with the current name of experimental, computational mathematics, is accessible to all. In addition to the powerful general mathematical programs noted above, there exist several sets of more specifically targeted software with the capacity to generate, portray and quantify the behavior of nonlinear continuous and discrete abstract and real dynamical systems. These often also include algorithmic modules that are useful in tailoring new models and measures (see for examples, Parker and Chua, 1989; Baker and Gollub, 1991; Nusse and Yorke, 1991; Sprott and Rowlands, 1991; Sprott, 1993; Korsch and Jodl, 1994; Enns and McGuire, 1997). Learning from and using this software, along with only a little programming in the high level languages and computer algebra programs listed above, permit the non-mathematician neuroscientist, willing to read in the literature such as that described below, to do independent, cutting edge research in applied dynamical systems.

Described below will be the computational discoveries in abstract systems and real neuroscientific data that have led to multiple contexts of quantitative description. These include those that are: (1) Geometric and conserve metric distances; (2) Topological and conserve relative positions but not distances; (3) Single or multiple global quantitative descriptors such as scaling numbers or scaling



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number spectra; (4) Non-Gaussian distributions with heavy tails and correlations reflected in their Hurst, Fano, Allan and Levy exponents; (5) Statistical dynamical descriptions of trajectories of the system in their embedding space such as Lyapounov exponents, Hausdorff-Mandelbrot dimensions, Sinai-Ruelle-Bowen measures, and Adler-Weiss-Ornstein topological and metric entropies.

Characteristics which discriminate between experimental versus control conditions in parametric computational and real physiological and pharmacological experiments serve to generate and test ideas and imagery arising out of behavior observed in both biological and abstract dynamical realms. New experiments can be suggested by the implicative structure of dynamical systems theory as well as neurobiological findings and intuitions. As examples, the sudden "switch" of manic-depressive bipolarity syndromes may be a "bifurcation" in nonlinear dynamical systems; the "noise" of the statistical physicist may be the "arousal" of the brain stem-thalamic biogenic amine and reticular formation neurophysiologist; aspects of "thought disorder" in the pathophysiology of schizophrenic patients may be an entropic sequencing idiosyncrasy in the "symbolic dynamics" of a particular brain system attractor; neuronal "bursting" may be the "intermittency" of a neurodynamical system; a multiplicity of "discrete ion channel conductances" may be a single "global scaling hierarchy" of conductances times. The number of published examples of this fusion of ideas and methodology in the biological-relevant literature is already in the several hundreds and Medline counts indicate is growing exponentially. Representative samples of these are described below.

In addition to the technological advances in computational hardware and software, the major scientific surprise making this new era possible is the discovery of universalities, the finite set of behaviors characteristic of most, if not all nonlinear systems, across most if not all of the specific equations or neural systems being explored. This makes the emergence of semi-quantitative equivalence relations between model and data not only possible but likely, even though we don't now and perhaps never will know enough to either write or solve completely the specific and detailed equations for the biological system of interest. We neuroscientists need not be apologetic for using these ideas and tools qualitatively and empirically. In fact,



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unanticipated results of analog and digital computer experiments were responsible for most if not all of the discoveries underlying the current era's revolution in applied nonlinear mathematics

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**Modern Applied Dynamical Systems Emerged from Accidental Computational Discoveries**

A medical student named Herr, in his thesis research with the "radio engineer", Van der Pol (1926), was simulating cardiac electrophysiology with an analog device which permitted real time, exploration of a full range of parameter values long before there were fast enough digital processors to do so. Studying the behavior of equations of a periodically, pace maker, driven, nonlinear triode oscillator, Herr found orbital points that appeared to belong to two different periods simultaneously thus violating the uniqueness of solutions of differential equation theory. The Van der Pol relaxation oscillator equations, with their slow buildup and sudden discharge of membrane potential are good models for the slow-fast processes of repolarization and depolarization of Hodgkin-Huxley type equations (Rinzel, 1985). Periodically driven, nonlinear differential equations of the Van der Pol type are generally applicable to the multiplicity of dynamical regimes of neuronal dynamics (Carpenter, 1979; Aihara et al, 1984; Chay and Rinzel, 1985) and, with periodic and aperiodic driving and noise, can be made relevant to particular mammalian neuronal subsystems in the context of clinically relevant global electrophysiological phenomena such as Magoun's (1954) brain stem evoked EEG and behavioral arousal (Nicolis, 1986; Selz and Mandell, 1992; Mandell and Selz, 1993).

In the early 1940's, using the pre-publication results of similar analog computer studies (Levinson, 1949), the Cambridge mathematicians, Mary Cartwright and Joe Littlewood (1945; McMurran, S., Tattersal, J.,1999) used geometric methods to prove that the highly nonlinear, periodically driven Van der Pol equations, depending upon one or two changing parameters, generated fixed point ("homeostatic"), periodic ("cyclic"), subharmonic ("period doubling"), quasiperiodic ("multiply periodic"), intermittent ("bursting") and "deterministically



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random" patterns. We now know such phenomena to be universal characteristics of bifurcation scenarios in nonlinear dynamical systems where bifurcation means discontinuous changes in patterns of behavior (dependent variables) resulting from smooth changes in parameters (independent variables). Alerted to their presence in computer experiments with biologically relevant nonlinear differential equations, these phenomena have since been found in time series from patch clamped membrane channels, single neurons, neuronal networks, neuroendocrine systems, brain waves and patterns of behavior in animals and man (see below). Cartwright-Littlewood found that the inner and outer edges of the domains of attraction (all the initial values that eventually wind up in the attractor—the limit set of all bounded solutions) of two different sets of subharmonic periods for the same parameter settings were interlaced at many scales in what is today called a fractal basin boundary. It was in this way that the specific values of the end state are understood to be indeterminate since the starting values in the fractal basin boundary are impossible to isolate and specify with adequate experimental precision.

Similar biologically-relevant analog computer discoveries about the Van der Pol and comparable periodically forced, dissipative (energy utilizing) Duffing equations (Zeeman, 1976) were made in the early 1960's by electrical engineer, Yoshi Ueda (1992), but his thesis director, Chihiro Hayashi of Japan's Kyoto University, was sufficiently disturbed by this evidence for the existence of bounded solutions (attractors) that were neither fixed points (equilibria) nor periodic orbits (cycles), the only ones known at the time and therefore "strange," that he refused to let Ueda publish his findings until he did so as an independent investigator in the 1970's.

In the early 1960's, Edward Lorenz (1963), a meteorologist and student of the Harvard mathematician and dynamical systems pioneer, George Birkoff (1922), was computing the output of a very reduced subset of Saltzman's differential equations for predicting the weather (1962). Lorenz found that numerically integrated trajectories manifested unpredictable times and directions of motion between the two spiral orbits of what has come to be known as the Lorenz attractor. Very small differences in starting values led to widely diverse final values, and, just



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as importantly, far apart initial values could be found close together in the limit set. This behavior was called "sensitivity to initial conditions" by David Ruelle (1978; Ruelle and Takens, 1971). It is noteworthy, however, that over a range of values of the parameters, the overall pattern of the orbits of the Lorenz attractor results in characteristic geometric pictures as well as invariant statistical descriptors. Qualitative and quantitative global similarities were gained while specific solutions were lost in these "strange attractors" of nonlinear systems. Analog computer simulation of a simpler set of equations inspired by nonlinear chemical reaction kinetics led to the discovery by Rössler (1976) of another early and generic strange attractor combining sensitivity to initial conditions and characteristic geometries and measures.

It was the Russian mathematicians, A.N. Kolmogorov (1957), Sinai (1959) and V.I. Arnold (Arnold and Avez, 1968), the French mathematicians, Rene Thom (1972) and David Ruelle (1978) and the U.C. Berkeley mathematicians, Steve Smale (1967) and his student, Rufus Bowen (1975), and their associates who gathered together these and other related computational discoveries and embedded them in a qualitative theory of nonlinear differential equations, using a variety of formalisms, including point set and differential topology, geometry, analysis and ergodic (having an invariant statistical description) measure theory that formally established the fundamentals for research in nonlinear dynamical systems. Here a dynamical system refers generally and simply to the components and nonlinear processes (transformations) that move points (values) in discrete ("map") or continuous ("differential equation") time around in an appropriately defined space. The phrase, "nonlinear transformation" in this context does not imply easily solvable curved functions, such as those representing the sigmoid kinetic or threshold functions of enzymes and neuronal networks or those that smoothly log transform the amplitudes of auditory or other sensory modalities in man, but rather allude to expressions containing products, powers and functions of the computational and/or experimental variables $x_i$, such as $x_1 x_2$, $(x_i)^3$ or $\sin(x)$.



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As noted above, the cross-disciplinary cohesiveness of such a vaguely defined field occurred as the result of the unanticipated discovery of a relatively small set of nonlinear phenomena, universalities, that implicated many fields of mathematics, from differential geometry to number theory, and were found in a broad range of physical and biological realizations, from turbulent plasmas and chemical and enzymatic reactions to neuroendocrine hormone release patterns. It is perhaps counter-intuitive but, whereas linear systems can generate an infinite number of solutions locating points anywhere the person writing the equations wants them to go, nonlinear systems are generally restricted to a finite set of global dynamics and these emerge on their own from the intrinsic dynamics of the system. Trying to make these systems follow orders, not unlike finding the most clinically effective dosage range of a psychopharmacological agent, require the empiricism of trial and error experiments.

A second class of computational accidents involving nonlinear systems resulted in unanticipated coherence rather than unpredictable disorder. Using one of the early "high speed" digital computers at Los Alamos, MANIC I, Enrico Fermi with Pasta and Ulam (1955) attempted to obtain a many-body statistical thermodynamic equilibrium analogous to heat generated noise by coupling 64 particles together with nonlinear springs. They found only a few low period modes that oscillated indefinitely. Instead of equidistribution of the energy into 128 degrees of freedom (64 locations $\times$ 64 velocities in 128 dimensional phase space), they found it gathered up into only few coherent modes. Although the relevance to biological science of nonlinear multifrequency coherence is a bit off from our focus, it is worthwhile noting that a recent (Karhunen-Loeve) decomposition of the alpha band of the resting alert human EEG revealed only three dominant temporal–spatial modes: anterior-posterior, rotational and standing (Friedrich et al, 1991) and "few frequency coherence" is a frontier of inquiry in brain wave research.

A heterogeneous collection of coupled nonlinear elements in the form of widely distributed, multi-location, multifrequency systems such as cross-cortical, brain stem-thalamic-cortical and interconnected spinal motor neurons can generate



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coherent activity. This temporal and phase coherence plays an important role in current theory of sensory-associative-motor integrative function, how distributed attributions come together in the brain representation of a single object or process, in the context of the so-called "binding problem" (Singer, 1993; Bressler, 1995; Nicolelis, 1995; Schiff et al, 1997). Diffusely distributed neurochemical variables have been invoked. For example, the role of metabotropic glutamate receptors in driving the synchronization of interneuronal networks has been suggested as a mechanistic model (Whittington et al, 1995). The objects of relevance to the discovery of Fermi-Pasta-Ulam are studied as the nonlinear physics of nondissapative wave processes and are called solitons (Zabusky and Kruskal, 1965). They have been invoked to model nerve conduction and information transport in brain (Scott, 1990).

A third counter-intuitive set of accidental computational findings is in an area of research called symbolic dynamics which involves the universal parameter-dependent coding language and capacity of nonlinear systems. In the early 1960's, a group around Stan Ulam at Los Alamos (Cooper, 1987) used one of the early "high powered" computers, MANIAC II, to iterate (letting the output of the action of a discrete time function serve as its input the next time around) simple equations they called "maps." These reduced dimensional objects shaped like tents, sine functions and parabolas can be extracted from and represent the behavior of higher dimensional, nonlinear differential equations (see Devaney, 1989; Schuster, 1989 or Moon, 1992 for intuitive descriptions). They varied a parameter, such as the height of the tent or parabola, to systematically change the period and/or phase (order) of the symbol sequence (Metropolis et al, 1973). Normalizing the range of values of the output to [0,1] and transforming the series of values into a binary code, $L \leq 0.5$ and $R > 0.5$, they found an invariant, one parameter dependent, progression of ordered periods, R, RLR, RLRR…RLLRL…, in all such single maximum maps. This "U (universal)sequence" has also been found as singly or multiply present in a variety of real systems, including complicated chemical reactions (Simoyi et al, 1982; Coffman et al, 1986). This means one can "dial" the parameter to generate "words" of sufficient computational complexity to serve as a language. These



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computer experimental findings had already been anticipated in a remarkable mathematical proof by Sharkovskii (1964).

The dynamical richness of these simple, single maximum, one dimensional maps was computationally explored in the context of ecological and epidemiological issues in the classical studies of Robert May (1976). It has been possible to relate the individually characteristic L, R sequence behavior of human subjects on a computer task to a unique parameter of a tent map generating those sequences which predicted age and discriminated subclinical obsessive compulsive from borderline syndromes (Selz and Mandell, 1993). The dynamical entropy of unstructured L,R behavior also discriminated a population of schizophrenic patients from normals (Paulus et al, 1996). More generally, parameter dependent dynamical coding, built into the universal behavior of its constitutive equations, is a mechanism with which a nonlinear dynamical system, such as nerve membrane equations as above, or in the aggregate, the middle layer of a completely connected neural network, can encode, Morse code-like, messages (Paulus et al, 1989).

**Bifurcations in Biologically Relevant Dynamical Systems**

Bifurcations, "splitting into (two) branches," are observed over a smooth change in control parameter(s) (independent variables), as a discontinuous and qualitative change in the dynamical (time-dependent) pattern of the observable (Guckenheimer and Holmes, 1993; Wiggens, 1990; see Strogatz, 1994, for a particularly intuitive description). Qualitative here means how the dynamics of the trajectory appear as a geometric-topological (relative shaped not necessarily sized) pattern in phase space. In such a space, the orbital points are located along the x-axis by their value, $x$ at time *t*, and along the y-axis by their time rate of change at that *t*, $\frac{dx}{dt}$. To visualize a representative phase portrait in the plane, start by imagining the pattern made by mass hanging on a linear spring at rest as represented by a point centered at $x = 0, y = \frac{dx}{dt} = 0$. When perturbed from rest, the



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phase portrait of the motion of this "harmonic oscillator," is composed of a (continuous) series of points representing its location, graphed along $x$, its rate of motion graphed along , $y = \frac{dx}{dt}$. $x$ and $\frac{dx}{dt}$ co-localize the circular orbit as it speeds up and slows down while it bobs up and down. The transition from a fixed point (the mass at rest) to a circle (the bobbing mass), a bifurcation in phase space, results in the loss of topological equivalence. That is, the phase space geometries before and after the bifurcation cannot be smoothly distorted into each other. Continuity and connectedness of the space is lost. For topological equivalence, stretching, bending and warping are allowed but not tearing apart and/or gluing together. Following the bifurcation of a fixed point into a circle, even limitless shrinking of the ring leaves a hole. The appearance or disappearance of an equilibrium fixed point (called a "saddle-node" bifurcation), splitting into two ("period doubling" bifurcation), its exploding into a circle ("Hopf" bifurcation to a limit cycle), a circle splitting into two or more incommensurate cycles ("secondary Hopf" bifurcation) and these multiperiodic ("quasiperiodic") dynamics breaking down into a recursive spirals ("homoclinic bifurcation to chaos") are among the common bifurcations in nonlinear dynamical systems, and all of them have been observed in many neurobiological settings.

In the forced-dissipative (energetically driven and energy consuming) dynamical systems relevant to the neurosciences---this characteristic contrasts with the dissipation free momentum of the classical mechanics of astrophysical bodies---there are four "most generic" bifurcation scenarios as a parameter changes that may, but need not, lead to chaos (see below for definition) (for early and physically oriented treatments see Eckmann, 1981; Ott, 1981; Berge′ et al, 1984, Kaneko, 1983). These scenarios are: (1) Fixed point or cycle splittings into twice-as-long period lengths 1→2→4→8→16…called the subharmonic or "period doubling route"; (2) The transformation of fixed points to one and then more periodic orbits, multiple independent (nonharmonic, incommensurate) frequency oscillations, their mode lockings and then breakdown called the "quasiperiodic route"; (3) Fixed point or cyclic equilibria metamorphosed into irregular bursting patterns called the "intermittency route"; and (4) In the context of quasiperiodic dynamics, adjacent



HOUSE_OVERSIGHT_013695

nonharmonic frequency encoding parameter spaces fusing, resulting in new periods that are the sums of their adjacent ones: period 2 + period 3 = period 5, in what is called the "period adding route". Technically precise classification of bifurcations involve much more careful definitions and well studied technical constraints involving such issues as the symmetries and dimensionality of the system of observables, how many control parameters ("codimensions") are required to reasonably realize the bifurcation and the particular way the fixed points of the system become unstable, all of which are directly explorable when the equations are known or can be hypothetically inferred from the qualitative behavior of real data.

We note a few examples from the wide variety of bifurcating systems that can be found in the biomedical literature of interest for the biological sciences. With substrate input rate as the bifurcation parameter, the phosphofructokinase regulated glycolytic cycle in yeast extract was found to change among steady state, periodic and period doubling (subharmonic) regimes (Boiteux et al, 1975). Transitions between steady state, oscillatory and chaotic patterns have been reported in variety of physiological measures in man including respiratory rhythms and circulating blood cell concentrations over time (Mackey and Glass, 1977; Glass and Mackey, 1988 ) and models of dopamine cell dynamics (King et al, 1984). Flow rate parameter sensitive periodic, bursting and chaotic behavior has been found in a peroxidase-oxidase system (Olsen and Degn, 1977). A brain enzyme, substantia nigral dopaminergic tyrosine hydroxylase, manifested different saturation and fluctuation patterns, including bursting and periodicity, in experiments in which low (physiological) levels of tetrahydrobiopterin cofactor were the bifurcation parameters and adrenergic drugs were used as modulators (Mandell and Russo, 1981).

All four of the generic bifurcation routes to chaos, period doubling, changing multifrequency (quasiperiodicity), period adding and bursting (called "intermittency") were observed in self-sustained oscillations induced in the neural membranes of space clamped, giant squid axons that were immersed in a 550mM NaCl, and electrically stimulated over changing amplitudes and frequencies (Aihara et al, 1986; Takahashi et al, 1990). With external stimulus current level as the control



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parameter, the R15 cell of the abdominal ganglion of the Aplysia demonstrates transitions between bursting and periodic modes as well as period doubling, a signatory period 3 and the Lyapounov characteristic exponent evidence (see below) for the discontinuous onset of chaos (Canavier et al, 1990). Manipulating feed back delay, the human pupillary light reflex will bifurcate into regular oscillations (Milton and Longtin, 1990). A transition between a regime of irregular discharging to oscillatory bursting behavior was induced in basal forebrain cholinergic neurons by neurotensin (Alonso et al, 1994). Sympathetic nerve discharge in decerebrate, ventilated cats demonstrated transitions between periodic, multiple periodic (quasiperiodic with changing ratios to the ventilation frequency) and subharmonic behavior in response to inferior vena cava occlusion, vagotomy, aortic constriction and spinalization (Porta et al, 1996). Period adding bifurcations were induced by changing calcium concentrations or the addition of a potassium channel blocker in the "pacemaker" formed when (rat) sciatic nerve is chronically injured (Ren et al, 1997). Changing levels of the L-type calcium channel antagonist, verapramil, alter the pattern of vasomotion of rabbit ear arteries among sets of multiple independent periods, "quasi-periodicity," mode locking and chaos (De Brower, 1998). At critical intensity and frequency, flicker visual stimulation of the salamander generates a pharmacologically modifiable period doubling bifurcation in their ganglion cells (one spike for every two flickers) which is also seen subjectively and in occipital lobe evoked potentials at critical frequencies in bright, full-field flickered humans (Crevier and Meister, 1998).

**Qualitative and Quantitative Universality in Nonlinear Dynamical Systems**

"Universality" (see above) entered the parlance of physics in the context of the statistical mechanics of phase transitions near their critical points (Stanley, 1971; Stauffer, 1985; Yeomans, 1993) and has come to refer to the finite set of transitions and quantities common to nonlinear systems arising in their neighborhoods. A common physical example is the triple point of water-ice-steam on the temperature-pressure phase plane where a small change in temperature or



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pressure leads to a global qualitative change in physical state. Analogously, the loss of topological equivalence occurs at the fixed point that, for examples, splits into two or explodes into a cyclic orbit in phase space. The same critical point behaviors and quantities occur in a wide variety of specific processes and their equations, and they are independent of the way the trajectories first arrived in the fixed point neighborhood. Once the system enters the regime of critical behavior, the predictive significance of its dynamical history is lost. This may also be the case for emergent psychiatric disorder (Mandell et al, 1985; Mandell and Selz, 1992; Ehlers, 1995; Paulus et al, 1996; Huber et al, 1999).

There are diagnostic patterns of behavior when a nonlinear system is in a neighborhood of a potential bifurcation. They include sudden and/or large jumps resulting from a small change in experimental conditions, the appearance of big baseline fluctuations (anomalously large variance), the lengthening of the time required to relax following evoked or spontaneous perturbation ("critical slowing"), the same global change in state occurring at different values of the parameter when increasing versus decreasing a parameter's value ("hysteresis"), the existence of some range of values of the observable that cannot be attained by manipulation of the parameter ("inaccessibility") and the availability of two or more distinct states in the same parameter neighborhood ("modality") (Thom, 1972; Arnold, 1984; Gilmore, 1981). It is perhaps relevant to polydrug psychopharmacology and clinical management that the higher the co-dimension (the greater number of effective parameters being manipulated), the greater the accessibility and control of selected state stability becomes with respect to difficult to obtain behaviors. Examples of the potential advantages of simultaneous manipulation of multiple influences have been developed for affect disorder and anorexia nervosa (Callahan and Sashin, 1987).

As evidence for the independence of critical behavior from specific history, the qualitatively universal bifurcations along the four canonical routes to chaos manifest dimensionless ratios of parameter and phase space geometries between bifurcations. These ratios are quantitatively universal. The formalisms that rescale the distances from fixed points in parameter and observable spaces result in the same picture across scale, a dilatational symmetry (also called self similarity or



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affinity). They are called renormalization group equations, and, with respect to prediction, they replace any or all of the original specific predictive equations for the particular system under study (Cvitanovic', 1989). Whereas the U sequence and critical point behaviors are manifestations of qualitative universality, these scaling numbers are manifestations of quantitative universality. We discuss them here because their omnipresence in computationally realized differential equations as well as physical and chemical experiments along with their quantitative specificity (with values in all systems as "constant" as $\pi$) constitute a most persuasive argument for the substantiality of modern dynamical systems approaches to brain and other biological research.

The physical and physiological requirements for manifestations of these universal bifurcation scenarios can appear to be remarkably minimal. In physics, for example a full panoply can be observed in a "dripping faucet" (Shaw,1984). Similarly, a small piece of extirpated and perfused myenteric or femoral artery will demonstrate these transitions in vasomotion spontaneously and almost independent of flow rate (Stergiopulos et al, 1998).

Feigenbaum discovered that in dynamical systems manifesting a series of period doubling bifurcations, the ratio of the parameter value at which the next period doubling bifurcation occurred relative to the last one $\approx \frac{1}{4.6692}\ldots$ and the ratio of the magnitude of the spawning point to the one spawned $\approx$ 2.5. (Feigenbaum, 1979). By "rescaling" distances along a parameter value (see below) using what is called a "universal renormalization operator" the geometric situation around each bifurcation point (though of different absolute "size) remains relatively the same. In intermittent systems, burst length varies as the inverse square root of the distance of the value of the parameter from that value that elicited the fixed point (Manneville and Pomeau, 1980). The universal characteristic of the third common parametric route to chaos, quasiperiodicity, is that the ratio of independent frequencies found most resistant to mode locking and breakdown into chaos is, $\frac{\omega_i}{\omega_{i+1}}$ = 1.618... the number to which the ratio of adjacent Fibonocci numbers converge (1, 2, 3, 5, 8, 13,



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21...) (Shenker and Kadanoff, 1982). Similar quantitative scaling properties were also discovered in the parametric period adding route (Kaneko, 1983).

All of these scaling numbers have been found in experiments and in remarkable agreement with theory. Examples have been discovered in electronic circuits, hydrodynamic and mercury flows, acoustic systems, laser dynamics and oscillating chemical reactions (see Cvitanovic', 1989, for representative list of references). Whereas qualitative evidence for all of these bifurcation scenarios have been found in brain relevant experiments, there is yet to be a bifurcating experimental biological system with adequate precision across a sufficient range of magnitudes such that quantitative universality could be demonstrated across a sufficient range of values to be convincing. We remind ourselves that in order to establish a Fiegenbaum number, each period doubling bifurcation of the several required necessitates about a five-fold improvement in the experimenter's ability to specify the control parameter.

**Using Invariant Measures of Dynamical Neurobiological Systems**

Before the modern era of dissipatively forced (energy utilizing) dynamical systems research, the known attactors of an experiment's initial values resulted from their convergence onto either a fixed point or a limit cycle. An attractor can be regarded as a set which remains in bounded space and to which all orbits in this neighborhood converge (Milnor, 1985). Since by the rules of differential equations, orbits are required to be both smooth (graphable without lifting the pencil) and unique (different trajectories don't intersect since the point of intersection would no longer be unique), the foundational Poincare-Bendixon theorem says that any such orbit confined to a two dimensional phase space that doesn't converge to a fixed point must, no matter how long it irregularly wanders, must, eventually intersect with itself and then go around the same route again in a (perhaps very long) cycle. In most neuroscience research as well, we have generally regarded our data as manifesting either tolerable (or intolerable) fluctuations around mean values (fixed



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points) or more or less regular cycles. We analyze our "fixed point" data using quantities such as the mean and variance of distributional statistics and the cycle data using the amplitude, frequency, cycle length and phase of trigonometric functions. In central tendency-oriented research, rare, very high amplitude events have usually been considered aberrations and tossed, and imperfect periodic behavior is treated by "cosiner analysis" as regular cycles contaminated by measurement or system noise. Whereas technically, chaotic dynamics must live in dimension greater than two (for orbits to be more than a fixed point or limit cycle, able to snake around without necessarily intersecting ), the Lorenz attractor has dimension just a little over two, our difficulties with establishing the "true" physiological dimension of real biological observables (see below) makes such a consideration more theoretical than practical.

The orbits of a forced-dissipative dynamical system in a parameter regime engendering chaos, converge onto an attractor which is neither a fixed point nor a limit cycle, thus the origin of the name "strange attractor" (Ruelle and Takens, 1971). It was James Yorke that first named these dynamics "chaos" (Li and Yorke, 1975). The necessarily statistical properties of the chaotic orbits on strange attractors follow from the generic characteristics of their motions (see Shaw, 1981 for a still conceptually current, non-mathematical treatment). These kinds of statistics are studied in a research context called the "ergodic theory of dynamical systems" (Ruelle, 1979; Eckmann and Ruelle, 1985). Ergodic is a word used to characterize a system with (or without) a particular condition placed on its statistical measures: the existence of an invariant measure which is undecomposabile into two invariant measures and, equivalently (though not obviously) one in which the time average equals its average in the geometric space into which it is embedded. One may arrive at the same ergodic measure from studying a single very long orbit or from summing across many individual but shorter orbits. This ergodic equivalence is made possible due to the definitional existence of at least one invariant statistical measure and the dynamics of the system which ideally include a uniformly, sequence disordering process called "mixing" (see below).



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Of course, most real biological dynamics are not uniformly mixing and so are non-ergodic, but we shall see that the ways they fail to be ergodic (and thus remain in the conceptual context of ergodic measures) are descriptively useful (Mandell and Selz, 1997a). The emergence of many statistical approaches to characterizing these motions have been accompanied by the expected controversies about which is best or correct (see below) and have been applied to the problem of diagnosis and clinical discrimination in a variety of neuroscience settings. In ideal abstract chaotic dynamical systems called Axiom A (Russians called them "C systems"), where most mathematical theorems are proven (Smale, 1967), all these measures, if properly computed, are equivalent. In real life, as in the related case of ergodicity, they are not, and since no single one is complete, the more (incomplete) measures we use in our studies along with interest in the way that they differ, supplies more useful information about the system. Though researching and elucidating the most reliable and valid ways of computing these measures are a valuable goal, the current debates focused on the superiority of a single particular measure, constructed in a particular way in relationship to issues of insoluble absolutes like "randomness" versus "deterministic chaos may not be particularly valuable for uncovering new characteristics and potential mechanisms underlying a specific set of real neurobiological observables.

Emphasizing diversity and relevance to the clinical biological sciences, we note that quantifying patterns in ergodic (non-ergodic) measures have aided: the discrimination between normal and abnormal opticokinetic nystagmus in neurology patients (Aeson et al, 1997); localizing a two year old subcortical stroke in an EEG of a patient with no other signs or neurological findings (Molnar et al, 1997); the diagnosis of early (not late) multiple sclerosis, as a nonspecific long tract disorder, in patients with mild optical neuritis using cardiac rate dynamics (Ganz and Faustman, 1996); seizure prediction from minutes to hours before the event in which subthreshold, pre-phase transition spatial diffusion and oscillations in characteristic changes in these measures can be found (Martinerie et al, 1998; Elger and Lehnertz, 1998; Pign et al, 1997; Iasemidis et al, 1990); using these measures on the EEG to differentially predict hereditary predisposition to alcoholism



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(Ehlers et al, 1995); indicating the presence or absence of septic encephalopathy (Straver et al, 1998); using time series from jejunal manometry to discriminate objectifiable somatic from psychological conversion related irritable bowel syndrome (Wackerbauer et al, 1998); analyzing time-dependent patterns in plasma hormone levels to discriminate between the presence or absence of a functioning tumor (Hartman et al, 1994, Mandell and Selz, 1997a); automated differentiation of ataxic from normal speech (Accardo and Menulo, 1998); and discrimination of temporomandibular joint dysfunction from normal patterns of chewing motions (Morinushi et al, 1998).

**Styles of Orbital Motions in Chaotic Dynamical Systems**

In chaotic dynamics, in various specific ways, an initial hypothetical handful of points lined up along the trajectory and acted on over time by the nonlinear differential equation ("operator"), get out of order in an unpredictable way. Here the hypothetical handful can come from a statistical aggregate of initial conditions or from a single recursive orbit studied over long times. As noted above, ergodic theorists call this getting out of order "mixing" and how and to what degree this happens consumes many mathematical theorems but for purposes of brain research, it can be best described using a variety of statistical measures. For example, visualizing the Lorenz attractor (see above) as a butterfly in phase space, the points get out of order because as they spiral out ("stretching") to the edge of one wing and return ("folding") to the unstable fixed point on the butterfly's body whence they either jump to some place on the other wing to spiral to its edge or return to the same wing to spiral out again. Which one of these is chosen is exquisitely sensitive to very small changes in where the trajectory started and very small fluctuations in where it returned to the unstable fixed point on the butterfly's body. In fact, specification of these locations is beyond the precision of any real, thermodynamically vulnerable system.

Chaotic trajectories on the Rössler attractor (see above) wind out ("stretch") to the edge along the inside of a conch shell in phase space and then are mapped



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back ("fold") into the spiral unpredictably somewhere in a mixing mechanism that has been called "displaced reinjection." In the slow-fast oscillations of the forced van der Pol in the chaotic regime, points in the slow phase ("repolarization") jitter around and step on each other's heels, getting out of order while waiting on the ledge before jumping ("depolarization") to the next slow phase ("repolarization") at some unpredictable time, thus generating a variably irregular series of interspike intervals.

Stretching and folding are also responsible for getting points get out of order in the single maximum map of the unit interval (studied for universal qualitative and quantitative properties by May and Feigenbaum and others as described above). With increases in parameter values, the parabolic hill function onto which the unit line has been stretched gets steeper, more stretched. Mapping points on the hill back onto the straight line of the unit interval results in what amounts to the line folding back on itself. This stretching and folding eventually fills the line with points, but their sequence, from end to end, gets shuffled like a deck of cards.

As described more generally above, points that start as neighbors may get separated ("divergence along the attractor") and those that start at a distance from each other may be thrown together ("compression back onto the attractor"). These expanding and folding motions that characterize the chaotic behavior on strange attractors have been likened to the actions of a taffy puller (Rössler, 1976). It is in this way that nearby points can separate without leaving the attractor. It is also the case that once indistinguishably close but then separated points may be compressed together again generating new, temporary (unstable) cycles of all possible period lengths. These unstable fixed points may be the most important feature of chaotic systems from the standpoint of new ideas about brain mechanisms (Pei and Moss, 1996; So et al, 1997). This aggregation of unstable loops can occur from points fluctuating away and back to the attractor as well as during the crowding of points at the turns after their stretching out on more linear parts of the flow. Under the mixing flow of a chaotic dynamics, it is also true that a single point eventually explores the entire attractor, no attractor location is inaccessible to it.



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Although counter-intuitive when expressed in words, the trajectories that one sees in the graphics of chaotic attractors result from the actions along the "unstable" directions of the stretching distortion; the actions in the otherwise invisible stable directions "iron down" the points onto this unstable manifold (n dimensional abstract surface).

As might be expected from this set of characteristic motions, the diagnostic triad of chaotic dynamical systems are: (1) Sensitivity to initial conditions—tiny distances between starting points are magnified and large distances between starting points are reduced under the stretching and folding actions of the system; (2) The presence of a theoretically infinite but countable number of unstable periodic orbits of theoretically all period lengths—points in phase space can be viewed an attractive-repellers, visited and left by the orbits recursively as the dynamics proceed; and (3) Indecomposability—the attractor is not separable into isolated regions and no points escape (see Devaney, 1989, for one of the clearest definitions). Of particular relevance to information encoding and transport by brain mechanisms, it is important to visualize that new information in the form of unstable periodic orbits is being created as well as destroyed by the dynamics. The logarithmic rate of formation of these new orbits is computed as the system's topological entropy (see below).

Assuming the real neurobiological system under study is behaving in these ways (and often much has to be done to help justify such a claim), the observables take the form of an irregular and/or episodic time series of amplitudes, as in repeated sample, neuroendocrine studies of plasma hormone levels (Veldhuis and Johnson, 1992) or a sequence of times between events as in neuronal interspike intervals (Katz, 1966; Perkel et al, 1967). These time or time-sequence series are generally studied from three relatively distinct yet complementary quantitative perspectives: (1) As stochastic ("random") processes with various amounts of sequential dependency (autocorrelations) and scale (sample length) dependencies; (2) As "deterministic" smooth or discrete, vectorial geometries in phase space following reconstruction and/or embedding of the series as phase portraits or return maps; (3) As information generating and transporting, topological (about relative



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nearness and sequential order not absolute distances), symbolic dynamical processes which as either (1) or (2) can be analyzed with respect to its various entropies, algorithmic complexities and word content and syntax. A variety of techniques aimed at deciding between the relevance of one or another of these underlying assumptions (such as series and Fourier phase shuffling to destroy statistical autocorrelations and vectorial continuities but leaving the probability density distributions intact ) may at times help emphasize one or another of these orientations in the analyses (see Ott et al, 1994 for a collection of articles on this topic).

**Nonconvergent Distributions and Power Law Scaling in Biologically Relevant Time Series**

The statistical distribution with which most of us are familiar is the Gaussian which can be generated by summing and averaging a series of independent random events. The average behavior head/tails probabilities observed by one person flipping a fair coin for a very long time or by many people flipping similar coins for shorter times converges upon the invariant measure of 0.5. The variance, "second moment" in the distribution of a population of coin flipping sequences will be finite and computable. In a graph of this distribution, the tails will converge to the x axis in a Gaussian exponential manner. The longer or the more numerous the "sample" series of observations, the closer they will approximate the "ergodic" invariant measures representing the true "central moments" of the behavior of this "population" of fair flipping coins. Since the coins are not changing their relevant characteristics over the time of observation, we say that the series is not time dependent but instead is "stationary." Computation of correlations over increasing lags to determine how much and for how many flips the sequences continue to resemble themselves yield an exponential decay with a single characteristic correlation length. This reflects the existence of a finite variance from which its amplitude is derived and serves as the single characteristic temporal scale of the random process.



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Before describing the relatively new set of measures of biological processes designed to find and quantitate what are assumed to be relatively sample size insensitive, distributionally nonconvergent and multiply correlated processes that are without a single time or space scale, we should remind ourselves that there is already much more apparent "order" in a generically random situation than our intuitions would lead us to believe. For example, if we keep cumulative scores in a competition between heads and tails and determine the distribution of trials between those in which the number of heads and tails are even, we will get periods between zero crossings of many lengths with very short ones and very (very) long ones being most statistically prominent. The distribution of these wavelengths is shaped like a symmetrically fat-tailed, bowl (Feller, 1968). As another illustration, expected runs of heads or tails in this Gaussian random task are longer and more frequent than we might suspect. It has been proven that the expected run length grows with *n* coin flips (as an order of magnitude estimate) like the logarithm (for a fair coin, base 1/p = 1/0.5 = 2) of *n.* For example, in 512 ( e.g. $2^9$) tosses, we cannot report a run of 9 heads as a evidence for a biased coin or the sign of some deterministic coin tossing mechanism (Erdos and Renyi, 1970). If we had a 0.6 head biased coin, then the observation of a run of 13 heads couldn't dissuade us from a random mechanism!

Unlike our random coin task, the variances of many, perhaps most, time series of biologically-relevant events, do not tend to converge onto a limiting value as sample size, *n*, grows, but rather continue to increase (or decrease) with *n* in a scale invariant manner. Instead of "regressing to the mean" with increasing sample length or number, the likelihood of a larger deviation than previously observed increases with *n.* Analyses of inter-event intervals reveals a multiplicity of characteristic times. One interpretation of these finding might be that this represents evidence for the inherent "nonstationarity" of biological mechanisms as reflected in, for examples, the frequency of saccades concomitant with ceaselessly shifting foci of visual attention (Steriade and McCarley, 1990), or our inability to not think of "white bear" when so instructed (Wegner, 1994). Hermann Haken, the father of laser-inspired "synergetics," has said that biological mechanisms are not in a steady



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state for very long, spontaneously and irregularly jumping from one unstable dynamical state to another (1997). This suggests that meaningful tension between experimental sample lengths long enough to minimize statistical error and short enough to be stationary may be, for the biological sciences, more apparent than relevant.

The studies reviewed below exploit measures arising from the view that the noisy statistics of nonstationarity in biological processes are not a sign of measurement error, but rather evidence consonant with the statistical physics of nonequilibrium states and phase transitions (Stanley, 1971; Stauffer, 1985; Yeomans, 1993). Very high amplitude fluctuations and multiple, up to infinite, correlation lengths are characteristic of the normal, on-going biological dynamical behaviors, which are apparently without characteristic amplitude and time scales. From this point of view, if most or all information is widely distributed in the brain (e.g., serial order of visual tasks involving motor cortical neurons, Carpenter et al, 1999) ) then the "binding problem" (see above) could also be solved by multiple, up to infinite spatial and temporal correlation lengths in place of the current theories of monofrequency resonances (Singer, 1993). Hierarchical neurodynamical mechanisms communicating across many mechanistic temporal and spatial scales, brain information transport analogous to the energy cascade of hydrodynamic turbulent velocities (Tennekes and Lumley, 1972), would be likely in the parametric vicinity of incipient bifurcations and phase transitions.

Three closely related techniques for quantifying the systematic changes in average fluctuation amplitudes with $n$ (scale, sample length) involve a "power law," linear slope relationship between the logarithm of an index of variability and the logarithm of sample segment sizes. These easy, yet powerful methods were brought to experimentalists' attention by Benoit Mandelbrot (Montroll and Badger, 1974; Mandelbrot, 1983; Fedor, 1988; Bassingthwaighte et al, 1994; Liebovitch, 1998). To estimate the exponent in Hurst rescaled range analysis, we compute the standard deviation and the range of the deviation of the running sum from the mean on sequential subsamples of increasing size. The Hurst power law exponent is the slope of the straight line formed by graphing the logarithm of the subsample length



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along the x axis and the logarithm of the ratio of the range to the standard deviation on the y axis. An independent random system has a Hurst of 0.5. If a sequential increase or decrease in an amplitude or inter-event time tends to be followed by a change in the same direction, the Hurst > 0.5. If an increase in the measure tends to be followed by a decrease, then Hurst < 0.5. Computation of the Fano factor (power law exponent) exploits the same general strategy using the variance/mean in place of the range/variance and counting the number of events (such as single neuron discharges or heartbeats) in time windows of increasing length, generating a similar log-log graph. There is a relatively long history of the use of spike-number variance-to mean ratio in studies of response variability in visual cortical neurons (see Teich et al, 1996 for a review). The Allen factor (power law exponent) tends to reduce the influence of local trends by a computation of the variance of the difference between the number of events in two successive time windows divided by twice the mean number of events in the window.

Each system's invariant logarithmic slope across sample segment sizes takes the place of its missing finite variance in characterizing experimental data in which the distributional tails do not converge (or do so very slowly) to the x axis. Recent approaches to these measures in the context of stochastic analysis of DNA sequences, but also applied to normal and pathological cardiac inter-beat intervals and gait interval sequences, have dealt with the influence of non-stationarity due to apparent trends in the data on $\alpha$-equivalent indices by local mean-normalization of the fluctuations at each window size (Peng et al, 1993; Peng et al, 1995; Hausdorff et al, 1995).

The rate of decay of the densities in the tails of the probability distribution as they approach extreme values along the x axis, called the Levy exponent when represented in Fourier space (technically, as a "characteristic function" of the probability distribution) (Shlesinger, 1988; Shlesinger et al, 1995), can also be computed directly on the distribution by fitting the tails with a two parameter curve quantifying their "fatness" and rates of decay (Mantegna, 1991). We can speak of a Gaussian tail as having an exponential decay rate representable by $\alpha = 2$ implying



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finite variance. A tail with a nonconvergent decay rate of $1 < \alpha < 2$ indicates non-finite variance in the data such that the usual "normal curve" derived, standard deviation dependent tests of statistical significance are without meaning. $\alpha < 1$ indicates the data is without a consequential mean and will require the use of interquartile measures to locate the center of the distribution (Adler et al, 1998). Recalling that the Hurst, Fano and Allan indices are invariant across sample segment size, we remind ourselves that, as is the case in the finite mean and variance, $\alpha = 2$, Gaussian, any of the other "$\alpha$ tails" also retain their value ("shape") across all partitions that might be used to sort and sum the observable. This property is called convolutional, $\alpha$, stability. In passing it should be noted that the last outpost of convergence of a probability density distribution with $\alpha = 2$ is called "log-normal," in which the tails along the x axis are "pulled in" by the variable being plotted as its logarithm.

A Hurst exponent of > 0.5 in the data is associated with a Levy exponent of < 2.0, and both would be indicative of a process in which the characteristic style of change, rather than decay with some finite correlation length, would persist across all time. Using a bursting neuron as a generic example, a short interspike interval would, on the average, be followed by another short one and a long one by another long one, and this behavior, unlike our fair coin flipping sequence of observables, would not become uncorrelated with itself even over infinite time. Another way to represent this infinite, innumerably lengthed, correlation property is via its implicate frequency (inverse wavelength) content by computing its best fit assortment (along with their densities) of a range of short to long sine waves forming the Fourier transformation of the correlation function. The condition of correlated fluctuations across many measured temporal scales yields yet another power law slope when graphed as the logarithm of its range of frequencies, f, plotted along the x axis, versus their corresponding amplitudes squared, powers, plotted along the y axis. Naming this spectral power law exponent $\beta$, the system's characteristic scaling law is usually expressed as $\frac{1}{f^{\beta}}$ (Fedor, 1988; Hughes, 1995; Shlesinger, 1996;



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Liebovitch, 1998).

We see that the Hurst exponent, Fano and Allen factors, Levy exponent and power spectral scaling exponent are kindred statistical descriptors. They are most usefully applicable to systems with distributions that fail to be Gaussian or asymmetrically Poisson, the latter from random data sequences with only positive x values, thus backed up toward zero by a minimum inter-event interval or amplitude. These time series are sequentially dependent, not conventionally stationary, without finite central moments and with self-correlations that don't demonstrate Gaussian exponential decay with sample length or time. The following are some examples of the use of these measures in studies of biological dynamics. .

**Examples of Biological Data with Divergent Distributions and Power Law Scaling**

A paradigm challenging group of experiments involved models and measures of the distribution of characteristic open and closed times of membrane ion conductance channels. The usual approach to this problem assumed the existence of a small set of distinguishable channel types that were reflected in discrete conductance events with a small set of characteristic open and closed times. The distributions of each of could be fitted with its own, Markov process derived, exponential. With technical advances and improved temporal resolution, more characteristic times and their associated $\alpha = 2$ exponentials were reported with as many as three not being unusual. Liebovitch (and Sullivan,1987; 1989) used analogue to digital transformation of current recordings from the unselective corneal epithelial channels and voltage dependent potassium channels in cultured mouse hippocampal cells at temporal resolutions ranging from 170 to 5000 Hz and found similarly shaped, $\alpha < 2$, nonconvergent distributions across temporal scales. This led these investigators to suggest that, related to the >16 recorded magnitudes of characteristic times, from picoseconds to months, in autonomous protein motion (Careri et al, 1975; Gurd and Rothgeb, 1979), that there was an "$\alpha$ stable" hierarchy



HOUSE_OVERSIGHT_013711

of lifetimes of states, observable at almost any temporal resolution that methods would allow.

Early and representative studies comparing the fit of the data with hierarchical scaling functions versus a sum of a small number of Markovian exponentials included studies of a calcium activated potassium channel in human fibroblasts (Stockbridge and French, 1989) which yielded evidence to support both models, as did studies of membrane conductances in corneal epithelial cells by another group (Korn and Horn, 1988). In a systematic comparison of scaling and Markov exponential modes of the gating kinetics of GABA activated chloride channels, acetylcholine activated end plate potentials, calcium activated potassium channels and fast chloride channels (McManus et al, 1988), it was found that the latter fit the data best in most experiments. Similar results were reported in studies of the glutamate and delayed rectifier potassium channel with respect to distributions of open and closed times (Sansom et al, 1989). Space does not permit a systematic account of the continuing debate and conflicting studies about these representations and the implicit biophysics of discrete, finite versus continuous, hierarchical channel event heterogeneity. It is interesting that recent experiments making use of Hurst rescaled range analyses of time series of whole cell membrane voltage fluctuations (without the assumptions and current renormalizing procedures associated with patch clamping) have yielded additional evidence for multiply correlated, Hurst > 0.5, $\alpha < 2$ power law behavior of what some might regard more generally as a protein relaxation time mediated hierarchical array of ion conductance behaviors (Liebovitch and Todorov, 1996).

Following the discovery of (very) subsaturating ("far from equilibrium") rat brain levels of the common cofactor for tyrosine and tryptophan hydroxylases, tetrahydrobiopterin (Bullard et al, 1978), studies of amino acid substrate saturation functions and time courses determined at these low, physiological co-reactant concentrations manifested patterns of hierarchical multiplicity and discontinuities suggestive of bifurcations and time-dependent fluctuations with fractional (hierarchical) time scaling exponents that were sensitive to psychotropic drugs



HOUSE_OVERSIGHT_013712

(Mandell and Russo, 1981; Knapp and Mandell, 1983; Russo and Mandell, 1984a; Russo and Mandell, 1986). Similar bifurcating and power law kinetics were found in receptor-ligand binding systems (Mandell, 1984) which were confirmed by more recent studies of diffusion-limited binding kinetics with receptors immobilized on a biosensor surface (Sadana, 1998). Hierarchical kinetics have also been reported in time courses of drug and metabolite levels (Koch and Zajcek, 1991), tissue tracer washout studies (Beard and Bassingthwaighte, 1998), carrier mediated transport processes (Ogihara et al, 1998), general pharmacokinetic functions (Macheras et al, 1996) and biochemical networks (Yates, 1992). It is likely that bifurcating and hierarchical, power law kinetic functions will be studied more commonly in the chemical literature in general (Shlesinger and Zaslavsky, 1996; Berlin et al, 1996) as well as applied to a variety of protein-mediated biological functions (Dewey, 1997).

The first demonstration of and stochastic model for nonconvergent distributions of interspike intervals of a single neuron was by Gerstein and Mandelbrot (1964). Though rich with possibilities, it has been only very recently that additional work from this point of view has been published. This is likely due to the fact that most neuroscience oriented statistical packages, with rare exceptions, are without techniques for computing descriptive parameters for these divergent probability density distributions. This has not been the case for economic time series, download STABLE from http:///www.cas.american.edu/~jpnolan. Recently, applications of the Fano and Allan factor as well as power spectral scaling exponents to observed and shuffled series of spike counts and interspike intervals in the auditory and visual systems (including spatial and/or time resolved single unit recordings in retinal ganglion, lateral geniculate and lateral superior olivary cells as well a auditory nerve fibers) demonstrate the characteristic behavior of nonconvergent, hierarchical stochastic systems (Teich, 1989; Teich et al, 1990; Lowen and Teich, 1992; Kumar and Johnson, 1993; Kelly et al, 1996; Teich et al, 1997). These statistical techniques are well suited to the characterization of the irregularly intermittent bursting patterns generic for activity in single neurons as well



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as in nonlinear equations representing them and other brain processes (Mandell, 1983).

An early study of power spectral scaling in the EEG reported alpha band fluctuations that extended a $\frac{1}{f^{\beta}}$, $\beta \approx 1$ pattern to 0.02 Hz (Musha, 1981), as did other applications of the log-log power spectrum to the EEG in man (Hu and Hu, 1988; Prichard, 1992). This power law scaling led naturally to the suggestion that the range of frequencies available in the electromagnetic signal from the calivarial surface extends far beyond those currently appreciated and may be available for study using relatively noise free recording techniques such as the magnetoelectroencephalogram (Mandell and Selz, 1991). A not surprising range of intrinsic correlation lengths reflected in Hurst > 0.5 and/or Levy exponents < 2 have been reported in lamb fetal breathing patterns (Szeto et al, 1992). The exponent has been shown to be sensitive to maternal alcohol intake in humans (Akay and Mulder, 1998), rat neonatal motoric activity (Selz et al, 1995), and nuchal atonia duration sequences (associated with putative intra-uterine REM sleep) in fetal sheep (Anderson et al, 1998).

Sequential amplitudes in 1 Hz stimulated soleus spinal cord H-reflex demonstrated a $\frac{1}{f^{\beta}}$, $\beta \approx 0.83$ in control subjects and, reflecting the decrement in correlations, by 0.31 in patients with losses in supraspinal input from spinal cord injury (Nozaki et al, 1996). Whereas the sequences of fixation times in eye movements of normal control subjects reading difficult material demonstrated an exponentially decaying distribution, those of schizophrenic patients demonstrated a power law tail, consistent with more sequential correlations (Yokoyama et al, 1996). This finding may be related to the appearance of velocity arrests, runs of sticky fixed points, in a spatially oscillating target task, called “smooth pursuit eye movement dysfunction” in schizophrenic patients which has been modeled as a parametric disorder in a periodically driven nonlinear dynamical system (Huberman, 1987). The “short time fractal dimension” has been used to discriminate acoustic signal transformations from the speech of normal subjects and ataxic patients (Accardo



HOUSE_OVERSIGHT_013714

and Mumolo, 1998). Spontaneous changes in the apparent syllabic sound made by regularly presented, word-like auditory stimuli emerge irregularly, the duration of perceived sameness demonstrating a power law distribution of "dwell" times (Tuller et al, 1998). The same kind of power law distribution of characteristic "brain times" can be found in studies of gait cycle durations in normal walking (Hausdorff et al, 1996) with a decrease in this locally detrended, $\alpha$-like index compared with controls ($0.91 \pm 0.05$) in patients with the basal ganglia disorders of Parkinson's ($0.82 \pm 0.06$) and Huntington's ($0.60 \pm 0.04$) Diseases (Hausdorff et al, 1998). Hurst > 0.5 has been speculated to more accurately quantitate the fundamental time structure of cells that was previously called circahoralian (ultradian) intracellular rhythms (Brodski, 1998).

**Reconstructions of Time Series as Orbital Geometries**

Rene Thom (1972), extending the ideas of Poincaré and D'Arcy Thompson (1942), argued that experimentally useful, intuitive connections between the qualities of biological processes and the quantities of an explicit (equations known) or implicit (equations unknown) dynamical system could be best achieved through the use of graphic representations of their geometric and topological forms. Notably successful examples can be found in the work of Thom, Arnold (1984) and Zeeman (1977), who were inspired by "caustics" (the shapes made on surfaces by the coincidence of reflected or refracted light rays) and Whitney's representation of parametric manifolds (surfaces) by the shadows they would make on a plane when back lit (Whitney, 1955). This led to a small number of qualitatively predictive, number-of-independent-parameters dependent shapes, such as "folds" "cusps" and "wavefronts." Experimentally crossing the values of these independent variable forms at their singular boundaries successfully predicted discontinuities in the otherwise smooth alterations in the dependent variable; i.e. bifurcations ("catastrophes") in the behavior of the observable. This approach was best suited to the study of systems with many independent variables and one dependent variable that could be mapped on the axis of the latter to represent a continuum of



HOUSE_OVERSIGHT_013715

operationally defined "energy states." Smooth changes along the path of the nonlinear parameter manifold generated discontinuous changes in energy levels indicating states of the observable. Crossing a wrinkle in an "independent variable" (some call it "order parameter" to indicate its emergence rather than availability for predictable manipulation) such as the nonlinear parameter surface of the countervailing influences of survival fear and financial cost, may lead to a bifurcation in behavior from peace ("low energy") to war ("high energy") (Zeeman, 1977).

In a similar geometric spirit but dealing with nonequilibrium systems in motion, the conditions such that one could "smoothly" embed a trajectory like a continuously recorded EEG record, a complicatedly coiled snake into a three or higher dimensional box without loss of its essential dynamical or statistically measureable properties, was settled by Whitney in what is now referred to as the "embedding theorem" (Whitney, 1936). Starting with a tangled knot of overlapping vectorial orbits with apparent "non-invertable points" (given a point, one cannot chose among or between the more than one point that it apparently came from), it can always be unwrapped into a non-crossing trajectory satisfying uniqueness when reconstructed in a box of a little more than twice the parameter-determined dimension of the original space of observables.

A common technique for the spatial reconstruction of the output of a dynamical system is called a "time delay embedding." This approach, first suggested by Ruelle (1987, pg. 28) replaced the value, x, versus the time derivative, $\frac{dx}{dt}$, phase portrait plot described for a continuously perturbed bob on a spring above. A sequence of observables over time, in, for example, three dimensional "phase space" (Packard et al, 1980; Takens, 1981; Sauer et al, 1991), is depicted by a curve representing the system's trajectory at times $t_1$, $t_2$, $t_3$, by sliding one-by-one down the series and plotting each $p_1$, $p_2$, $p_3$, location with respect to each other along the x, y and z axes respectively. The choice of time interval between the points, the delay, can be delicate and usually some standard fraction of the decay time of the sequence's autocorrelation length, "the decay time of mutual information" is chosen. There are many technical considerations,



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including those involving the choice of the embedding space vis a vis the "true" dimension of the attractor. This becomes an issue when, for example, the attractor shrinks over time to some subspace of the initial embedding (Liebert et al, 1991 and references therein).

If we imagine the process of time series reconstruction to inscribe an attractor's untidy ball-of-string of recurrent trajectories in three dimensions, we can then, by making the z-dimension a constant value, cut the ball with a two dimensional plane, a "Poincaré surface of section." This could yield a roundish cloud of discrete points on the x,y plane and $t_{n-1} - t_n$ would be the time between two piercings of this surface. It has been proven that almost any cut, as long as it is made transverse to the direction of the orbital trajectories, is equally valid and useful for further analyses (Oseledec, 1968). If the original embedding and subsequence section was in high enough dimension to allow invertability, we might have enough (trial and error) knowledge to be able to write a discrete equation, a "return map," f, that would move one point to the next on the plane as $(x,y)t_{n-1} \xleftrightarrow{f} (x,y)t_n$.

What can sometimes be case with real systems (Coffman et al, 1986), is that reducing the geometric reconstruction still one dimension further, accepting non-invertability, ironing down the points in the plane onto the x axis line (normalized to [0,1]), and plotting the values at $x_t$ against $x_{t+1}$ ("mapping the unit interval to itself"), can generate points in the general shape of a parabola with dynamics representable by the same family of one parameter, single maximum discrete equations that generated May's sequence of bifurcations, Feigenbaum's scaling and Metropolis, Stein and Stein's (and Sharkovskii's) U sequence (see discussions of qualitative and quantitative universalities above).

Although sometimes a significant change in brain system physiology, such as penicillin-induced epileptic neuron spiking activity is revealed simply by a change in the graphic appearance of suitably embedded time series data (Zimmerman and Rapp, 1991), more often statistical measures made on the geometric dynamics of the points on the attractor are required.



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## Orbital Divergence Characterizes Expansive Dynamics on Biological Attractors

In the dynamical world of equilibria (fixed points in phase space) and periodic cycles (fixed points of a return map), a common concern involves their stability. What happens if an adventitious jiggle moves the orbit a little distance away from the fixed point? Would the wind wiggled suspension bridge start to flap with increasing amplitude or would it damp back down quickly to its stable state. A "Lyapounov functional," L, is constructed which can be visualized like a smooth potential bowl around the fixed point such that any L stable solution that starts at its bottom tends to stay there or is asymptotically L stable if the solution converges to the fixed point at the bowl's bottom as $t \to \infty$. If the point is not L stable, it is L unstable.

The modern study of nonlinear systems have produced another kind of stability issue with a similar appellation yielding other direction specific indices, the Lyapounov characteristic exponents, $\overline{\lambda}$ (Oseledec, 1968; Eckmann and Ruelle,1985; Ruelle, 1990; Ott et al, 1994). In this context, the instability is not one of perturbative escape from a fixed point, but of the average rate with which the (theoretically infinitesimal) distances among a handful of points representing a set of initial conditions (each a precision limited, hypothetical repetition of the same experiment), are being stretched apart by the expansive action of a strange attractor system. In three dimensions, one can envision a ball of initial conditions being elongated along the unstable direction and ironed down from both sides along the stable direction over time, transforming the ball into an ellipsoid and then into a (recurrent) curve. In simplest terms and thinking about a one dimensional scalar time series, the Lyapounov exponent reflects the multiplicative average (logarithmic addition) of the sequence of slopes of the series of straight lines connecting the points. An average slope of > $45^{\circ}$ is expansive such that a linear distance on the x-axis is increased when mapped onto the y axis. A slope of < $45^{\circ}$ is a contraction mapping reducing the linear distance of the x-axis when mapped to the y axis.



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Rössler's generic chaotic system (see above) moving recurrently in a three dimensional box can be orthogonally decomposed into three directional motions in a moving frame, each with a signatory sign of $\overline{\lambda}$. The unstable direction of expansive stretching is characterized by some number > 0, $\overline{\lambda}(+)$, the stable direction of contractive folding, some number, < 0, $\overline{\lambda}(-)$, and the neutrally stable direction of recurrence, $\overline{\lambda}(0)$. For The "Lyapounov spectrum" of the Rössler attractor is $[\overline{\lambda}(+), \overline{\lambda}(-), \overline{\lambda}(0)]$ (Shaw, 1981). An n-dimensional dynamical systems has n one-dimensional Lyapounov exponents, and it is sometimes the case in relatively noise free, finite semi-stationary data lengths of the neurosciences, that a $\overline{\lambda} > 0$ can be shown to exist for a second one, in a dynamical situation called "hyperchaos" by (Rossler, 1979). For example, two and sometimes three $\overline{\lambda}(+)$ have been reported in the flows on the EEG attractor of normal alert subjects (Gallez and Babloyantz, 1991). The presence of measurement noise, the finiteness of neurophysiological sample lengths as well as the relatively small expansive actions in some directions in the chaotic attractors of brain dynamics lead to the finding that most often, only one "leading Lyapounov exponent," $\overline{\lambda}(+)$, is reliably computable (Sano and Sawada, 1885; Wolf et al, 1985; Eckmann et al, 1986).

A counter-intuitive fact about the stability of a dynamical system when a decrease in the value of $\overline{\lambda}(+)$ is observed such that $\overline{\lambda}(+) \rightarrow \overline{\lambda}(0)$, is that this more neutral stability augers a global bifurcation (Guckenheimer and Holmes, 1983). A small perturbation does not change the global dynamics of an already expanding and contracting (called "hyperbolic") dynamical system, it will maintain the style of its motions. However, when $\overline{\lambda}(+) \rightarrow \overline{\lambda}(0)$, a velocity changing perturbation evokes a bifurcation to a new dynamic in what is called "loss of hyperbolic stability." The best examples come from the observations of this kind of change in the EEG predicting the onset of epileptic seizures in patients with focal or temporal lobe epilepsy (Iasemidis et al, 1988,1990; Iasemidis and Sackellares, 1996 ).



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The number and variety of algorithmic strategies for computing Lyapounov exponents that are applicable to real data divide naturally into those that compute directly the average rate of separation of neighboring points from the "fiduciary" orbit, as observed on the reconstructed attractor, from which only the largest $\overline{\lambda}$ can be obtained (Wolf et al, 1985), and a variety of techniques based on assumed model maps of the unknown flow along which the sequential products of the local derivatives are computed. The logarithms of the straight line slopes of the sequence of directionally decomposed local tangent vectors multiplied, yield as many Lyapounov exponents as directions (Sano and Sawaka, 1985; Eckmann et al, 1986; Geist et al, 1990). The techniques of regularization by which these model processes approximate the unknown flow include those with least squares, linear fit assumptions (Eckmann et al, 1986; Sato et al, 1987; Buzug et al, 1990), more detailed fits involving polynomial expressions in higher powers (Briggs, 1990; Brown et al, 1991; Bryant et al, 1991) and techniques such as "singular value decomposition" which decomposes the flow into orthogonal components before computing the logarithmic rate of divergence of nearby points on each of them (Stoop and Parisi, 1991). A clever check on the Lyapounov number obtained is to study the flow backwards so that, for example, some rate of separation of points in the forward direction would approximate the rate of convergence in the time reversed data (Parlitz, 1992).

Among the sources of spurious Lyapounov exponents are sample lengths that are too short and/or too measurement-noisy to compute a statistically stable average, embedding dimensions that are too high or low and attractors (many of physiological relevance) that have geometric features such as sharp corners or tight folds as in the Rössler (where points gather) or delicate boundary points such as those on the body on the Lorenz butterfly (see above) where very small distances determine whether the orbit makes big jumps to the right or left wing leading to uncharacteristically large separations. This "nonuniformity" in the rates of expansion and contraction in the dynamics over the attractor, a source of error in computations of statistical indices of the average behavior, becomes a useful tool in characterizing individual differences in sets of neurobiological data ranging from



HOUSE_OVERSIGHT_013720

brain enzyme kinetics (Mandell, 1984) and single neuron firing patterns (Selz and Mandell, 1991) to human psychomotor and cognitive behavior (Selz, 1992; Selz and Mandell, 1993).

### The Leading $\overline{\lambda}(+)$ of Some Biologically Relevant Time Series

An early application of a simplified form of leading Lyapounov exponent to brain data involved the computation of the one dimensional averaged slope of in vitro studies of psychopharmacological drug and peptide effects on time series of catecholamine and indoleamine biosynthetic enzyme activities studied at physiological, far-from-equilibrium reactant concentrations (Russo and Mandell, 1984b; Knapp and Mandell, 1984). A contemporaneous study also suggested the influence of differences in initial conditions for pharmacokinetic equilibrium times in drug binding kinetics by proteins (Bayne and Hwang, 1985).

The most extensive applications to the clincial neurosciences of the Lyapounov measure of the exponential divergence of orbital points has involved reconstructed brain wave attractors from the intracranial or scalp recordings of the EEG (Duke and Pritchard, 1991; Dvorak and Holden, 1991; Jansen and Brandt, 1993). Space prevents us from surveying more than a small representative set of the studies (Jansen, 1996). It should be noted, however, that this is an area in which "state of the art" research has grown quite complicated and somewhat controversial with respect to technical issues. The choices of the digitizing frequency of the smooth record, the dimension of the embedding space and time delays continue to be debated in the context of numerical computations of $\overline{\lambda}$ and dimension measures (Mayer-Kress, 1986; Ott et al, 1994).

Controls for the implicitly required statistical discrimination between "randomness" and "deterministic chaos" consist of sequence and (Fourier) phase randomization generating "surrogate data" which conserve the probability distributions and destroy the correlation properties and attractor geometries (Sauer et al, 1991; Ott et al, 1994). Since neither bring with them any connections with



HOUSE_OVERSIGHT_013721

known or explorable brain mechanisms, one might argue that at this early stage of the work it would be more desirable to simply report the quantitative findings, leaving unanswerable questions about ultimate causality for later discussion (see below).

The first EEG $\overline{\lambda}(+)$ was reported in a patient with epilepsy (Babloyantz and Destexhe, 1986) which was confirmed by others (Iasemedia et al, 1988; Frank et all, 1990). An important study of simultaneous time series from 16 subdural electrodes placed in the right temporal cortex of a patient with a right medial temporal lobe epileptogenic focus demonstrated that a decrease in a single lead's $\overline{\lambda}(+)$ reliably anteceded and localized the first signs of the incipient seizure. The rest of the leads followed with similarly decreased positivity in their leading Lyapounov exponents associated with spatially coherent patterns of behavior. In addition, the averaged value of the leading Lyapounov exponents in the 16 leads increased post-ictally over the averaged values of $\overline{\lambda}(+)$ in the pre-ictal state (Iasemidis et al, 1988,1990). These findings, including seizure anticipation for 25 minutes, were confirmed using intracranial recordings in 16 patients with temporal lobe epilepsy (Elger and Lehnertz, 1998). The para-ictal decrease and post-ictal increase in $\overline{\lambda}(+)$ found in patients with focal temporal lobe seizures was confirmed more generally in left and right pre-frontal-to-mastoid EEG recordings made before, during and after electroconvulsive shock treatment of psychiatric patients (Krystal and Weiner, 1991). Pre-ictal changes were also found six minutes before seizure onset from scalp EEG recordings in 17/19 patients with chronic focal epilepsy (Martinerie et al, 1998). The most exciting potential application of this approach is its use, in real time, for the prediction and prophylactic treatment of incipient seizures, minutes to hours before the event, in place of or augmenting long term drug management (Iasemidis and Sackellares, 1996).

There is a growing literature about leading Lyapounov exponent(s) in the reconstructed attractor of the EEG associated with a variety of normal and pathological human behavioral states. For examples, two and sometimes three



HOUSE_OVERSIGHT_013722

$\overline{\lambda}(+)$ were reported in awake relaxed subjects and were lost in deep sleep (Stage IV) and coma (advanced Jakob-Creutzfeld disease), suggesting that level of consciousness correlated positively with amount of orbital divergence (Gallez and Bablioyantz, 1991). A "pathologically low" leading $\overline{\lambda}(+)$ was also found to be characteristic of the EEG of patients with Alzheimer's syndromes (Jeong et al, 1998). Technically defined sleep stages (I, II, III, IV, REM) were found to correlate well with the values of the leading $\overline{\lambda}(+)$ of the EEG in normal subjects (Fell et al, 1993; 1996; Pradhan and Sadasivan, 1996). EEG recordings during problem solving sometimes, but not always, demonstrated a relationship between values of $\overline{\lambda}(+)$ and the kind or amount of load of the task (Micheloyannis et al, 1998; Popivanovov et al, 1998; Meyer-Lindenberg et al, 1998). Both emotionally positive and negative videos increased the value of the leading $\overline{\lambda}(+)$ (Aftanos et al, 1997) as did computer generated music with sounds that exploited a "pleasing" hierarchical, 1/f but not an "unpleasant" $1/f^{2}$ frequency spectrum (see previous section about power law scaling) (Jeong et al, 1998). The EEG theta rhythm of "day dreaming" manifested a lower $\overline{\lambda}(+)$ than the "relaxed alert awake" alpha rhythm (Roschke et al, 1997). Relationships between the Lyapounov spectra demonstrated both regional independence and task-related dependence in the magnetoencephalography record in man (Kowalik and Elbert, 1995).

These and other studies suggest that divergence rate of orbits on a geometrically reconstructed attractor is a subtle measure, which can be quantified as a continuous variable and which has been found to be useful in a variety of neuroscience-related, experimental contexts. The range includes the characterization of the discharge pattern of a single somatic or renal sympathetic nerve fiber (Gong et al, 1998;Zhang and Johns, 1998); quantifying the results of perturbing autonomic nervous system activity, for examples, exercise, atropine and propranolol decrease $\overline{\lambda}(+)$ in the cardiac interbeat interval attractor (Hagerman et al, 1996) and interference with the function of the baroreflex or clonidine alters the $\overline{\lambda}(+)$ in the blood pressure attractor in man and animals (Wagner et al, 1996;



HOUSE_OVERSIGHT_013723

Mestivier et al, 1998); and predicting defects in visual learning functions from decreases in the $\overline{\lambda}(+)$ of the cardiac interbeat interval attractor in patients with multiple sclerosis (Ganz and Faustman, 1996).

We recall that on theoretical grounds (Guckenheimer and Holmes, 1983), a decrease in the positivity of $\overline{\lambda}(+) \rightarrow \overline{\lambda}(0)$ in a delay coordinate, geometric reconstruction of a time series of observables may auger an incipient global bifurcation in the system's dynamics. As reviewed above, this has turned out to be the case in several studies of the EEG and electrocorticogram in epileptic patients. Futher research will be required to see if this idea has substance more generally for predicting "catastrophic" changes in other brain-related systems.

**Power Law Scaling of Orbital Geometries in Time Series Reconstructions**

Benoit Mandelbrot's book in its first incarnation was derived from his lectures at College de France in 1973 and 1974 and was called *Les Objets Fractals: Forme, Hasard et Dimension* (Mandelbrot, 1975). This essay was translated into English as *Fractals, Form Chance and Dimension* (Mandelbrot, 1977). Later expanded and reworked editions displayed another title, *The Fractal Geometry of Nature* (Mandelbrot, 1982) but the deep conceptual, sometimes poetic fusion and confusion generated by the apparent identity among the objects of his first title remains. "Fractal," along with "chaos" and "strange attractor" are among the most widely familiar new words in modern dynamical systems research. Fractal is the most difficult to rigorously define and is commonly misunderstood due to the evocative yet dream-like cognitive condensations provoked by the first title and its reflections in Mandelbrot's prose. A common conceptual confusion is exemplified by the assumed relation between "fractal time event distributions" of the cardiac interbeat interval and the "fractal like" anatomy of the purkinje network of the cardiac conduction system. Data from both contexts are often shown juxtaposed in the same illustration as though their relationships were obvious (Goldberger et al, 1990; Goldberger, 1996; Liebovitch and Todorov, 1996). "Fractal times" and "fractal



HOUSE_OVERSIGHT_013724

geometries" are not related to each other essentially, either in the mathematical or physiological domain, but are often made vaguely equivalent on the basis of their lexical similarity.

An experimentally meaningful relationship between fractal statistics (hazard), dynamical fractals (dimension) and fractal geometries (form), has to be proven on a case by case basis and not assumed from their common designation. Among the informal attempts to do this have been those that involve the branching pattern of nerves and the associated reductions in their diameter-dependent characteristic conduction velocities yielding a multiplicity of "arrival times." There is, however, a more central idea common to these concatenated meanings of fractal: the statistical, dynamical and geometric expressions of "scaling," a word which is not mentioned in Mandelbrot's book titles. The cluster of theories, theorems and methods associated with the idea of scaling (and renormalization) have led to Nobel Prizes for Flory (1971), Wilson (1975) and de Gennes (1979) and the (equivalent mathematical) Field's Medal for McMullen (1994). There is speculation that the last two awards were supported by the inspiration and interest given their research by Mandelbrot's intuitions and books.

Scaling laws take the place of (unknown causal) physical laws by indicating the proportion by which observables of a system can be changed in relationship to each other such that some statement about them, "this varies with that," still holds. In a cross species comparison, as the average weight of a mammalian body, called lb, increases, the skeletal weight, called w, increases at an exponentially greater rate: w goes like $lb^{1.08}$ where $lb^{1.0}$ would indicate that they grew across species at the same rate. Plotting log (lb) on the x axis and log (w) on the y axis in a log-log plot results in a straignt line with a slope that indicates the power law scaling relationship between body weight and skeletal weight across mammals. The slope of the scaling exponent of 1.08 is a little over $45^{\circ} = 1$. In contrast, the metabolic rate, r, goes like $(lb)^{0.75}$, $r \approx (lb)^{0.75}$. Larger animals (relative to their weight) have lower basal metabolic rates (Schmidt-Nielsen, 1984). We don't completely know the chain of intervening mechanisms that relate these variables to each other but we do know



HOUSE_OVERSIGHT_013725

invariant scaling laws that describe their relationships within some limits on the range of values.

In describing the functional size, radius of gyration, $R_g$, of a polymer such as a polypeptide, composed of N monomers, assume each of the amino acids to be the same and that they are in a "good" hydrophobic solvent that didn't stick the polymer together in a fold. Flory (1971) found a scaling law for certain broad classes of polymers and solvents, $R_g \approx \alpha N^{\nu}$, where the exponent, $\nu = 3/5$, was universal, N indicated the number of monomers in the chain and the value of "pre-factor" $\alpha$ depended upon the particular monomer and solvent chosen. Log $R_g$ plotted against log N has a "power law" slope of 0.60. For an equally static but less physical example, there is the well known Zipf law of "vocabulary balance"(Zipf, 1949). First reported for the 260,450 words of James Joyce's Ulysses, the slope of the log of the rank of the words found (ordered from most to least along x) plotted against the log of their frequency (along y) results in a power law that is (generally) true for other collections of words and in other languages.

An accessible example of a dynamical scaling law arises in a two dimensional lattice model of a forest which is to be set on fire with probability p independent random single tree ignitions. At some critical p, $p_c$, the fire sweeps through the entire forest ("percolates") and the correlation length of the connected clusters grows as $|p-p_c|^{-\gamma}$ with a universal scaling exponent, $\gamma = 4/3$, for all Monte Carlo, two dimensional percolation problems (Stauffer, 1985; Grimmett, 1989).

Mandelbrot's scheme for the power laws that compose his fractal geometry of dynamical objects is a measure made on the pattern of occupancy in the embedding space by the reconstructed orbits of an attractor. It is, generally, $mass \approx length^{D_0}$ in which $D_0$ (the subscript that of the "capacity dimension") is not the whole number of Euclidian dimensions, d, of the space in which the orbits are embedded. After Hausdorff's "convergence of external and internal measures" (Hurewicz and Wallman, 1948), the (capacity) fractal dimension $D_0$ is also defined as being larger than its topological dimension and smaller than its Euclidian embedding dimension. Graphing a time series on a plane one can think of its



HOUSE_OVERSIGHT_013726

topological dimension as that of a line equal to one. If each time step had the largest up or down amplitude as possible, its fractal dimension would approach (but not reach) that of the embedding plane, Euclidean d = 2.

The $D_0$ of the one dimensional Richardson technique (Mandelbrot, 1967) can be computed by covering the one dimensional surface of a time series with a number, #, of line segments of several orders of magnitude range of lengths, *l* .Graphing log(l) along the x-axis and log #(l) along the y-axis yields a negative linear slope, -s. As defined, $1- s = D_0$ noting that $(-(-s)\rightarrow+s)$ such that $1 < D_0 = 1+s < 2$. Strain differences and peptide and psychotropic drug-induced changes in $D_0$ computed in this way were found in time series of fluctuations in rat brainstem tyrosine and tryptophan hydroxylase activities under far-from-equilibrium co-reactant concentrations (Mandell and Russo, 1981; Knapp et al, 1981; Knapp and Mandell, 1983; 1984). Systematic influences of stimulant drug dose on $D_0$ were found as well in these systems (Mandell et al, 1982). This simple measure, made directly on the "roughness" of the graph of a one dimensional time series rather than on its orbital reconstruction, has been used to discriminate the pattern of fluctuations in daily mood scales in normal subjects and mood disordered patients (Woyshville et al, 1999). These findings confirmed dimensional scaling exponents on higher dimensional embeddings of similar time series in mood disordered patients (Gottschalk et al, 1995; Pezard et al, 1996). Due to the ease and rapidity of its computation, techniques involving $D_0$ on one dimensional time series are currently in development as possible real time epilepsy predictors when analyzing the output of a large number of EEG leads simultaneously.

If $M(\varepsilon)$ is the minimum number of d-dimensional cubes of side $\varepsilon$ required to cover the d-dimensionally embedded attractor, plotting a logarithmic range of rulers of length $\varepsilon$ (as $\varepsilon\rightarrow0$) along the x axis and a logarithmic range of number of cubes, $M(\varepsilon)$, each of corresponding $\varepsilon$-edge size, along the y axis, results in a negative (more smaller $M(\varepsilon)$ 's and fewer bigger $M(\varepsilon)$ 's) power law slope $D_0$. Here the numbered covering cubes, $M(\varepsilon)$, are those in which the probability of containing at least one point (its "probability density measure," often called $\mu$) is not zero. We



HOUSE_OVERSIGHT_013727

note that changing the ratios of the numbers of cubes that are dense in point probability to those that are sparse would not influence the value of $D_0$. This helps differentiate $D_0$ from other dimensions and, as noted above, $D_0$ as a maximal estimate of the fractal dimension, is called the capacity dimension and by convention the scaling law is written $M(\varepsilon) \approx \varepsilon^{-D_0}$. More specifically, $D_0$ is calculated by repeatedly dividing the d-dimensionally embedded phase space into equal d-dimensional hypercubes and plotting the log of the fraction of the hypercubes containing data points versus the log of the (normalized) linear dimension ("length scale") of the hypercubes. The slope fitted to the most linear part of the slope (usually the middle 50%) indicates the capacity dimension. $D_0$ is computed for increasing embedding (and cube) dimension, d, until it achieves an asymptotic plateau, it "saturates". This is but one of a range of geometric scaling exponents, "dimensions," that are currently being computed (Farmer et al, 1983; Grassberger and Procaccia, 1983; Meyer-Kress, 1986; Theiler, J. (1990); Gershenfeld, 1992; Ott et al,, 1994).

Although still subject to debate, convention has it that the sample length required to determine this most primitive of dimension computations goes like $10^{D_0}$ (e.g. a dimension of 2.45 requires a sample length of at least 282 points). Assuming robust findings using $D_0$ as indicated by non-parametric tests of significance in test-retest, before and after, drug treatment designs, this arbitrary criteria sounds more like ritual than meaningful help for the clinical neuroscientist with (say) 100 spinal fluid hormone and metabolite samples painfully and laboriously collected from a patient's indwelling catheter over 48 hours. In the context of real data (and not numerical studies of differential equations), we are dealing with empirical findings that must find their meaning (or lack of) in the context of questions about issues in the neurosciences, not in abstract questions such as those about the number of dimensions that an unknown differential equation would require to represent the data (Broomhead and King, 1986). In a similar arbitrary spirit, a system manifesting a $D_0 > 5$ is considered not discriminable from a random process; e.g. the difference between $D_0 = 5$ versus $D_0 = 7$ (though perhaps statistically significant) is thought to be without meaning. Since in neurobiological



HOUSE_OVERSIGHT_013728

research, "random" (if it doesn't mean measurement error) indicates unknown degrees of freedom, this $D_0 > 5$ rule is also without relevance for brain research.

$D_1$ is called the "information dimension" and is computed by counting the number of $\varepsilon$-cubes, $M(\varepsilon)$, it takes to cover the points constituting some fixed fraction of all of the points of the set of orbital points on the attractor and can be regarded as the "core dimension" (without the outliers) of the set. The counterintuitive finding is that $D_1$ is nearly constant across a range of fixed fractions that are less than the whole measure (Farmer et al, 1983). The invariance of $D_1$ can even be taken to the extreme by computing the $D_1 = \lim_{\varepsilon \to o} \frac{\ln M(\varepsilon)}{\ln(\varepsilon)}$ around (typical, not all) single points. In this context, $D_1$ is called the "pointwise dimension" or "singularity exponent" and, as might be anticipated, its value is usually less than that of $D_0$.

The scaling exponent that is both sensitive to point densities and easiest to compute from real data is the "correlation dimension," $D_2$. Here, analogous to the relationship between the amplitudes of the variance and the correlation function in conventional statistics, the measure squared is of interest for the computation of $D_2$, e.g. $I(2,\varepsilon) = \sum_{i=1}^{M(\varepsilon)} [\mu(C_i)]^2$ (see below for this use of measure $\mu$ on sum $\Sigma$ of cubes $C_i$). The selection of $D_2$ as the fractal measure dominates the studies that invoke scaling exponents to quantify the distributions of points on the attractor as reconstructed from time series in the neurosciences (Grassberger and Procaccia, 1983; Mayer-Kress, 1986; Ott et al, 1994). Several sets of programs are available for its computation (for example, Sprott and Rowlands, 1991). Generally, a correlation sum ("integral", $R(\varepsilon)$ ) is computed from a starting point by counting all subsequent point pairs with distances between them less than $\varepsilon$ as $\varepsilon \to 0$ and plotting $D_2 = \frac{\lim}{\varepsilon \to 0} \frac{\ln(R(\varepsilon)}{\ln(\varepsilon)}$. $D_2$ is computed for increasing embedding (and therefore hypercube) dimension, d, until $D_2$ achieves an asymptotic plateau, it "saturates" (Ding et al, 1993).

It is generally the case that $D_0 \geq D_1 \geq D_2$ (Farmer et al, 1983).



HOUSE_OVERSIGHT_013729

In his statistical explorations of experimental results in hydrodynamic turbulence, Mandelbrot (1974) called attention to the need for a multiplicity of characteristic scaling exponents, a range of values for each exponent and their sensitivity to orbital point density distributions (the latter called the Sinai-Ruelle-Bowen or natural measure (Eckmann and Ruelle, 1985)). These needs grew out of the intrinsic heterogeneity in the time dynamics and the nonuniform point distributions in phase space of orbitally divergent, real physical systems. Even with relatively uniform orbital point distributions, it is intuitively obvious that as $\varepsilon \rightarrow 0$, the smaller $\varepsilon$- cubes are over-represented and larger $\varepsilon$- cubes are under-represented in the $M(\varepsilon)$ computation (Farmer et al, 1983). For a concrete example, the fraction of the total number of cubes containing say 75% of the points would obviously decrease as the $\varepsilon$-lengths studied gets smaller. Normalizing the $D_i$ measures with respect to point densities would correct for this systematic distortion. In addition, the non-systematic influence of real system heterogeneity and non-uniformity in both time and reconstruction space distributions makes the need for relating the $D_i$ measures to the natural measure even more pressing.

The derivation of many separate scaling exponents, as well as global generalized exponents and the incorporation of point densities in their computation, has been approached by a kind of method of moments (Renyi, 1970; Grassberger, 1983; Hentschel and Procaccia, 1983; Halsey et al, 1986; Mayer-Kress, 1986; Ott et al, 1994). We outline the general arguments here so that the reader will be generally familiar with the ideas and terms, not to serve as a definitive summary. It is a complicated area and the reader will find the required detailed descriptions in the references. .

We recall that with respect to a statistical distribution, the first moment is the mean; the second moment, $\sigma^2$, the variance; the third moment, $\sigma^3$, the distribution's asymmetry, the skew; and the fourth moment, $\sigma$", its relative peakedness with respect to the probability mass in the tail, called the kurtosis. In these moment computations of an observable $x_i$'s deviation from the mean, $|x_i - \overline{x}|^q$, the value for q accentuate particular regions of the density distribution. Similarly, the q's of the



HOUSE_OVERSIGHT_013730

"generalized dimensions," $D_q$, emphasize different aspects of the relative point density that are assumed to be uniform in the computation of $D_0$. We recall from above that the power law slope constituting $D_0 = \lim_{\varepsilon \to o} \frac{\ln M(\varepsilon)}{\ln(\varepsilon)}$ . If we emphasize the component of the probability (measure, $\mu$) or, equivalently, time spent by the orbit in cube i, $\mu(C_i)$ instead of simply the number of cubes occupied by any points, $M(\varepsilon)$, along with the different length scales of the cube as $\varepsilon \to 0$ we have a generalized dimension. A common expression for the generalized dimension includes the fractional pre-factor in q written so as to make things come out right: $D_q = \frac{1}{q-1} \lim_{\varepsilon \to 0} \frac{\ln I(q,\varepsilon)}{\ln(\varepsilon)}$, where $I(q,\varepsilon) = \sum_{i=1}^{M(\varepsilon)} [\mu(C_i)]^q$. The higher the q, the greater the dominance of the higher probability cubes, $\mu(C_i)$. To see how this q-induced separation in emphasis might work, if the ratio for q = 2 between the probability containing cubes 0.25 and 0.05 is 25, their ratio for q = 3 is 125. For q = 0, the scaling exponent is the capacity dimension. This result of the actions of a changing q has been analogized to the way changing temperature in a thermodynamic system evokes different aspects of its behavior.

The "multifractal formalism" generally begins by determining the statistical densities over a range of scale lengths by one means or another including wavelet transformations across wavelength scale (Arneodo et al, 1988). These densities by scale are then systematically raised to a range of q exponents. Since q, and therefore $D_q$, can vary continuously, functions are created that shows how $D_q$ varies with q. These are then further transformed, resulting in a single maximum parabolic curve whose shape and size is sensitive to the conditions of the experiment (Halsey et al, 1986). Generalized dimensions decrease as q increases. A unique neuropsychopharmacological application of the multifractal technique to a study of the behavioral influence of increasing amounts of cocaine on the time-dependent patterns of spatial exploration, temporal-spatial fluctuations, in rats, demonstrated a global splitting in the parabolic distribution suggestive of a cocaine-induced global phase transition, not unlike the well-known, dose-dependent, amphetamine-induced



HOUSE_OVERSIGHT_013731

shift from hyperactivity to motor stereotypy (Paulus et al, 1991). Studies that followed demonstrated that "q-moment" distributions of heterogeneous scaling exponents and their relative statistical weightings were useful in making subtle discriminations between effects of psychopharmacological agents and behavioral (isolation) influences on animal behavior as well as patterns of simple psychomotor behavior in normal subjects and schizophrenic patients (Paulus et al, 1994; 1996; 1998; Krebs-Thomson et al, 1998a; 1998b).

**Fractal Scaling Measures on Reconstructed Time Series from Biological Dynamics**

Publications involving the applications of various D measures, particularly $D_2$, to brain-relevant times series number in the hundreds and are growing exponentially. The following constitutes a brief review of a representative set of empirical findings. In doing so, for the reasons discussed below, we ignore what some might consider the rather abstract and philosophical issue of "determinism" versus "randomness" or "error" (Sugihara and May, 1990; Casdagli, 1991; Wayland et al, 1993; Kaplan and Glass, 1992; Kaplan, 1994) since this question is relatively unproductive with respect to generating new neurobiological insights, novel experiments or new quantitative approaches to brain dynamics. In addition, as noted in the final section, this discrimination may not even have definitive theoretical meaning in that the conduct of much of the rigorous mathematics about "deterministic dynamical systems" involve Markoff partitions and matrices which are also the generic operators of formal probability theory (Sullivan, 1979; Kolmogorov, 1950). For example, N-dimensional non-linear Markoff processes can be shown to capture the dynamics of multidimensional neurobiological processes such as the EEG (Silipo et al, 1998).

We have also ignored the related issue of the presence or absence of "low dimensional structure" (Theiler and Rapp, 1996; Rapp, 1995) which, from the authors' point of view, resulted from an unfortunately concrete interpretation of the word "dimensions." With respect to experimental brain data, dimensions are defined



HOUSE_OVERSIGHT_013732

most relevantly by their computational procedures and what are computed are empirical scaling exponents describing real observables as limited by the precision of the observations, their resolution and series lengths (Smith, 1988; Eckmann and Ruelle, 1992). The "correlation integral," the probability that two vectors chosen at random from the phase space reconstruction lie within "r" distance of each other, not unrelated to the phase randomization controlled, $D_2$ measure, yields statements about amount of "nonlinearity" (not accountable by the linear regressively capturable component of the power spectrum), which are also difficult to translate into experimentally or theoretically useful concepts (Casdagli et al, 1997). These efforts contrast with a more direct attempt to establish a spiking neuron system's dynamical "dimension" using trial and error prediction in which "dimension" was defined as the number of potentially physiologically relevant variables required to make the predictive equations fit (Segundo et al, 1998).

Computations of scaling exponent descriptors of orbital point distributions on reconstructed attractors of the brain sciences have proven to be most useful as atheoretical, empirical techniques discriminating experimental, clinical and/or treatment conditions with various approaches to statistical significance. In this regard, one can say that $D_2$ is often found to be superior to central tendency oriented statistics in making these discriminations. Dimension and correlation integral descriptors appear least useful when dealing with global issues such as chaos, randomness, linearity and the "underlying dimensions" of (unknown) differential equations. We discuss below the possibility that the failure to find chaos in the more recent EEG studies (Theiler and Rapp, 1996; Prichard et al, 1996) may be because the EEG attractor is better characterized as a "strange nonchaotic atttractor" with orbital patterns manifesting fractional scaling exponents but no $\overline{\lambda}(+)$ (Grebogi et al, 1984; Mandell and Selz, 1993).

The relatively subtle influence of high altitude (Mt. Everest) oxygen concentrations was not seen in the central moments of the cardiac interbeat intervals, but the $D_2$ of the attactor was reduced significantly (Yamamoto et al, 1993). The latencies and amplitudes of the visual evoked potential failed to



HOUSE_OVERSIGHT_013733

discriminate normal subjects from those with early glaucoma, but the reconstructed attractor of the steady state visual cortical response to full field flicker demonstrated a statistically significant decrease in $D_2$ (Schmeisser et al, 1993). Marginal qualitative differences in optokinetic nystagmus were quantitatively significant when studied as the $D_2$ of the attractor's points in patients with vertigo compared with controls (Aasen et al, 1997). Reconstructions of maximum velocity waves from Doppler studies of middle cerebral artery hemodynamics (using phase random "controls") demonstrated an increase in $D_2$ (and a decrease in $\overline{\lambda}(+)$ correlated with age in an adult population (Keuner et al, 1996; Vliegen et al, 1996). $D_2$ served as a sensitive descriptor of functional changes in the EMG from the surface of the biceps muscle, increasing with muscle load and rate of flexion and extension and decreasing with muscle fatigue (Rapp et al, 1993; Nieminen and Takala, 1996; Gupta et al, 1997), suggesting its use in suspected early myotonic dystrophies and myasthenias. Reconstructed time series of stomatognathic motions in high school students with temporomandipular joint syndromes compared with those with malocclusion revealed a specific decrease in $D_0$ in the plane of horizontal motion in the former (Morinushi et al, 1998). Time series of plasma growth hormone levels in acromegalic patients with functioning pituitary adenomas manifested a statistically significant increase in $D_0$ when compared with age-matched controls (Mandell and Selz, 1997) which corresponded nicely to the reduction in "approximate entropy" (Pincus, 1991a) computed on this same data set (Hartman et al, 1994). On the other hand, comparative in vitro studies of growth hormone release patterns in normal rat pituitary cells and their neoplastically transformed relatives, the GH3 strain, demonstrate a decrease in $D_0$ in the latter (Guillemin et al, 1983; Mandell, 1986).

The number of examples of the use of $D_2$ on orbital point geometries in explorations of physiological and pharmacological regulation are increasing. The $D_2$ of respiratory rhythms is higher with intact vagal afferents than without (Sammon and Bruce, 1991). Histamine induced an increase in $D_2$ in the attractor point distribution of rabbit ear artery vasomotion, attributed to calcium-activated membrane potassium channels in that TEA prevented and reversed the change



HOUSE_OVERSIGHT_013734

(Edwards and Griffith, 1997). The role of central and autonomic innervation in cardiac interval dynamics has been explored using $D_2$ in various ways. For examples, the transplanted heart rhythm in man has a lower $D_2$ than that of the normal heart (Guzzetti et al, 1996) and general anesthesia and cholinergic (but not β-adrenergic) blockade decreased multisystem $D_2$ in a series of multiparameter (respiration, mean blood pressure and heart rate) studies in piglets (Zwiener et al, 1996; Hoyer et al, 1998).

The activities of single and aggregates of neurons are being described and differentiated by the $D_2$ of their interevent interval attractors. Early and important studies related to both neuronal and field electrical activity indicated their promise (Rapp et al, 1985; Zimmerman and Rapp, 1991). The olefactory bulb demonstrated spatially uniform scaling dimensions that changed with event-related perturbation (Skinner et al, 1990). An iron-induced spiking focus in the rat hippocampus in vivo manifested the same decrease in $D_2$ as it did in the kindled in vitro hippocampal slice (Koch et al, 1992). $D_2$ also differentiated among characteristic single unit time series in norepinephrine, dopamine and serotonin neurons (Selz and Mandell, 1991) and among A8, A9 and A10 dopamine neurons (Selz and Mandell, 1992). Attractors reconstructed from single unit interspike intervals in the substantia nigra pars compacta and the auditory thalamus manifested discriminatable values for $D_2$ in neurons recorded by the same electrode (Celletti and Villa, 1996) and changes in state manifested in patterns of subthreshold oscillations in single neurons in the inferioir olivary nucleus could be characterized using this index (Makarenko and Llinas, 1998).

$D_2$ reliably discriminated between states of arousal and between the multiparameter (eye movements, neck muscle tone, EEG stage) defined EEG stages of sleep (Bablyoyantz, 1986; Rapp et al, 1989; Ehlers et al, 1991) with non-REM having a lower $D_2$ than REM. $D_2$ of the EEG record was selectively reduced in Stage II and REM in schizophrenic patients compared with controls (Roschke and Aldenhoff, 1993), this difference was made more prominent by treatment with the aminodiazopoxide, lorazepam (Roschke and Aldenhoff, 1992). In the waking state,



HOUSE_OVERSIGHT_013735

higher EEG $D_2$ values were frontal in schizophrenic patients and more central in controls (Elbert et al, 1992). The $D_2$ computed on the EEG during Stage IV ("delta") sleep was sensitive to acute sleep deprivation and recovery, but demonstrated compensation (Cerf et al, 1996). Non-alcholic children of alcoholic parents manifested lower values for $D_1$ in their EEG attractors than the children of a normal control group (Ehlers et al, 1995). Higher I.Q. correlated with EEG $D_2$ in most leads in the resting state but not during a visual imagery task (Lutzenberger et al, 1992). These differences also correlated with individual differences in task performance in a perceptual pattern predictive task (Gregson et al, 1990) and with a working memory task load with regional differences most marked in the right fronto-temporal cortex (Sammer, 1996).

Peripheral nerve stimulation in the earlobe and trapezius muscle induced increments in $D_2$ in the EEG of specific brain regions (Heffernan, 1996). Memory for but not induced pain increased EEG $D_2$ in chronic pain patients but not in normal controls (Lutzenberger et al, 1997). Using contingent reinforcement of brain wave modes by hypothalamic, but not cerebral hemispheric, stimulation reduced $D_2$ in the EEG (Mogilevskii et al, 1998) resembling the changes accompanying defensive reflex conditioning in the rabbit between the early and late stages of the process (Efremova and Kulikov, 1997). Difficult to diagnose "periodic lateralized epileptiform discharge" syndromes have apparently yielded to $D_2$ computations (Stam et al, 1998). In equally problematic "atypical seizure" syndromes in children, $D_2$ computed on the autocovariance functions of 200 Hz digitized EEG records from multiple channels demonstrated characteristic changes (Yaylali et al, 1996).

Unlike computing a reliable leading $\overline{\lambda}(+)$ on a point set of a time series reconstruction denoting the "sensitivity to initial conditions" requirement for the diagnosis of chaos (and a potential for change such that a decrease in the positivity of $\overline{\lambda}(+) \rightarrow \overline{\lambda}(0)$ may auger a nearby bifurcation), the presence of a fractional scaling exponent, $D_i$, does not in and of itself implicate a chaotic dynamical state. A nice example of a nonchaotic dynamic with $\overline{\lambda} = 0$ that has a fractional scaling exponent, D = 0.538, is the "Feigenbaum" point where the above noted "infinite" series of



HOUSE_OVERSIGHT_013736

period doubling bifurcations accumulate (Grassberger, 1981). This is a dust-like region, which when endlessly dilated looks like the same dust. Some mathematicians call these objects "Lebesgue points" because even though at low magnifications when they look rather solid, they are not. Composed of points, they have topological measure zero (a line has measure one) and non-integer fractal dimension. These $\overline{\lambda} = 0$, D $\neq$ Integer, period doubling accumulation points can be found in a wide variety of attractors, though in each case the parameter space in which they are located is so small (in point set topology also called "Lebesgue measure zero") that they are very difficult to locate and therefore have little chance of being physiologically significant.

This constrasts with a relatively new category of dynamical systems which promises to be important in studies of the nervous system. These are ones that are driven by two or more independent frequencies (called quasiperiodic driving). We found them to be relevant to brain stem, thalamocortical neurophysiology of perceptual processes and states of consciousness. They have the properties, $\overline{\lambda} = 0$, $D_0$ and $D_1 \neq$ integer and a characteristic scaling "spectral distribution function" (see below). They have been named "strange nonchaotic attractors" (Grebogi et al, 1984; Romeiras et al, 1987; Ding et al, 1989). In addition, the strange nonchaotic behavior of these quasiperiodically-driven, nonlinear oscillators has positive (>0) measure in parameter space and thus is of potential physiological significance. A good demonstration of a multiple frequency driven strange nonchaotic attractor can be found and manipulated in the software package of Nusse and Yorke (1991).

The neurobiological substrate for this system is the brain stem neuronal modulatory driving of on- going thalamocortcal oscillatory brain waves (once called "recruitment waves" in the 7-14 Hz, $\theta$ to $\alpha$, day dreaming to quiet alert range) and as perturbed by multifrequency driving in what was once called "reticular formation arousal" are realized as dominant EEG modes and associated states of perceptual acuity and consciousness (Moruzzi and Magoun 1949; Moruzzi, 1960; Klemm, 1990; Steriade and McCarley, 1990; Contreras et al, 1997). In addition to intrinsic



HOUSE_OVERSIGHT_013737

multiply periodic and aperiodic oscillations of thalamic and cortical cells and their recursive, feedback coupling, the brain stem manifests more than two orders of magnitude of "independent" neuronal driving frequencies ranging from serotonin discharges at 1 Hz, cortically direct dopamine and norepinephrine neurons in the 10-50Hz range and mesencephalic reticular neurons discharging as fast as 100 to 200 Hz. The "thalamocortical brain wave oscillator" as their target has been a fixture in global state neurophysiology since the 1940's and 1950's and is of great current interest (Fessard et al, 1961; Bazhenov et al, 1998). We have explored the relationships between strange nonchaotic dynamics and brain-stem neuronal and thalamocortical physiology from the standpoint of neuronal coding and the properties of the EEG attractor. (Mandell et al, 1991; Mandell and Kelso, 1991; Mandell and Selz, 1992; 1993;1994;1997a). We found that the EEG attractor could be characterized by the diagnostic triad identifying strange nonchaotic attractors: $\overline{\lambda} = 0$, $D_0$ and $D_1 \neq$ Integer, and a signatory power spectral distribution in which the number of peaks, N, with amplitudes greater than $\varpi$, $N(\varpi)$, went as $\varpi^{-\alpha}$, $1 < \alpha < 2$ (Romeiras et al, 1987; Mandell et al, 1991). In addition to being consistent with known multifrequency, brain stem driving of thalamocortical oscillations, the EEG as a strange, nonchaotic attractor is intuitively appealing in that it has the necessary mechanisms for the power law scaling of a wide range of characteristic times ($D_0$ and $D_1 \neq$ Integer) from picosecond fluctuations of neural membrane proteins to the decades of bipolar phenomena and since $\overline{\lambda} = 0$, the orbital points don't tend to "mix"(get out of order) on the attractor, thus protecting the fidelity of sequence dependent brain information transport (Berns and Sejnowski, 1998).

**Entropies, Unstable Periodic Orbits and Shadowing; Short Time Series Can Discriminate Experimental Conditions in Studies of Biological Dynamics**

We avoid the temptation to deal with the deep analogy between thermodynamic entropy (Clausius, 1897) and information theoretic entropy (Shannon and Weaver, 1949), constraining our discussion to the context of an operational equivalence (in healthy systems) between gain of information and



HOUSE_OVERSIGHT_013738

decrease in entropy in brain-relevant dynamical systems. As we shall see, certain pathophysiological processes appear to manifest themselves as reductions in background or "resting" state entropy which then limits its supply with respect to information gain and/or transport. Relationships between "physical" thermodynamic observables, such as changes in heat capacity or temperature dependence of kinetic constants, and information-transport driven, neurotransmitter evoked conformational changes in neural membrane proteins may someday come together in an experimentally productive way (Hitzemann et al, 1985; Zeman et al, 1987; Borea et al, 1988), but they are beyond the scope of this paper.

The idea of taming the orbit of an expanding flow (with at least one $\bar{\lambda}(+)$) by partitioning the geometric space supporting its actions, its "manifold," and then labeling each box so that its trajectory is representable by a symbol string of box indices is the way "symbolic dynamics" are applied to dynamical systems. Symbolic dynamics arose in pure mathematics in the context of obtaining a one-to-one, topological (sequence not distance preserving ) representation of a difficult to characterize system of "geodesics on surfaces of negative curvature" (Hadamard, 1898; Morse, 1917; Morse and Hedlund, 1938). Geodesics here are the shortest lines in this curved, non-Euclidean space in which nearby lines spread apart and far away ones came together with (in Euclidian space) parallel lines meeting at infinity.

Remarkably, symbolic dynamic encoding of the motions on this abstract manifold of negative curvature also capture how uniformly divergent (and convergent), "hyperbolic" chaotic systems, such as brain systems, behave in Euclidean space, an intuitive similarity about which Poincare experienced his famous vacation bus trip epiphany (Stillwell, 1985). It should also be noted that encoding neural spike trains in one dimension for symbolic dynamical comparisons of sequence structure and recurrances, "favored patterns" has been developed independently of orbital dynamics on manifolds (Dayhoff, 1984; Dayhoff and Gerstein, 1983a; 1983b). A similar approach has been used to characterize firing patterns and their response to acupuncture in dopamine neurons in the substantia nigra and hypothalamic neurons (Chen and Ku, 1992).



HOUSE_OVERSIGHT_013739

For real neurobiological data, a time series and its n time delays are first reconstructed as a trajectory in an n+1 dimensional geometric embedding space and, following partition of that geometric space into n+1 dimensional lettered boxes (the choice of partition being a sensitive step), what was once an orbit has become a sequence of symbols. Dynamical systems in geometric space become symbolic dynamics in sequence space. It was Kolmogoroff (1958) who first applied Shannon's ideas of entropy and information (Shannon and Weaver, 1949; Khinchin, 1957) to the quantification of these dynamical system's telegraphic messages as discrete, "stochastic" (random, probabilistic) output. Kolmogoroff turned to Shannon entropy, $-\sum p_i \log p_i$ (where p = 1/n and n = number of possibilities) to decide the question whether a dynamical system that naturally partitioned into a two or three box system per unit time had the same entropy. His answer was no, that –3(1/3 ln (1/3)) = 1.098 > -2(1/2 ln (1/2) = 0.6931 $\log_e$ and in computer relevant $\log_2$, 1.5850 > 1.0 (Kolmogorov, 1959). Entropy increases with possibility.

Nonlinear differential equations representing brain-relevant expanding dynamical systems replace Shannon's linguistically weighted and serially ordered, Markoff-dependent random number generator of probabilistic language. As noted above, in the case of the Sharkovskii sequences (Sharkovskii, 1964; Metropolis et al, 1973; Misiurewicz, 1995), a small change in the single parameter of an entire class of single maximum maps generating motions that are coded from their position at the left or right of center of the unit interval, alters and determines precisely the periodic output such as {1,0,0,1,0,1,1,0,0,1,0,1...) of its binary message. In higher dimensional examples such as the Rössler and Lorenz systems, one can visualize the joint actions of $\overline{\lambda}(+)$ and $\overline{\lambda}(-)$ moving the trajectory so as to both enter, "create," new boxes and generate new letters as well as visit old ones, unstable fixed points, thus forming unstable periodic orbits. The latter, one of three diagnostic features of chaotic attractors (see above), can also be seen as resulting from the "coarse-grained" imprecision of real world neurobiological measurement such that two points that are brought close to attractive-repelling points are, within measurement error, recorded as having the same value.



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Problems of measurement precision, amplified by the expansive actions of systems that are sensitive to initial conditions, yield parameter sensitive entropies of two (mathematically) fundamental kinds called topological and metric entropies, $h_T$ and $h_M$, proven to be the upper and lower bounds of any estimate of the entropy in a uniformly expanding and/or equidistributed system (Adler and Weiss, 1965). Measures of entropy, as "missing information related to the number of alternatives which remain possible to a physical system" (Boltzmann, 1909), "index of probability" (Gibbs, 1902) or the "amount of uncertainty associated with a finite scheme" (Khinchin,1957) are obviously sensitive to the partition rules and its fineness of the grain. The most theoretically defensible partition is called the "generating partition" in which no box contains more than one point. Comparisons of control and experimental data can be differentially sensitive to partition construction, so that if a generating partition is not practicable due to sample length or dense curdling in the point distribution, some arbitrary choices have to be made. These have included naturally renormalized variational partitions, such that in one dimension the boxes are defined by $\pm 1$, $\pm 2$, $\pm 3$,...standard deviations, or quartiles or quintile, above and below the mean and in n dimensions. Partitions have also been constructed and used to described drug effects on rat exploratory behavior by sequential partitioning along the dimension of the highest remaining variation (after the previous partition) called the "KD" partition (Paulus et al, 1991). Partition strategies to capture entropic measures on serial ordering (Klemm and Sherry, 1981; Strong et al, 1998) can grow from knowledge or hypotheses about the physiological sources of temporal irregularities and discontinuities in brain dynamics including characteristic interval(s) of refractoriness, relaxation times of the inhibitory surround, correlation time in dendritic tree summation, the time course of reciprocal inhibition and its decay and chemical influences such as the synaptic half-life and time of action of inhibitory influences such as GABA on cell firing.

The logarithmic growth rates of occupancy of new symbolically indexed boxes or, equivalently, the growth rates of visitations to old ones generating unstable periodic orbits, are called topological entropies, $h_T$ . They record new happenings, the growth rate of the diversity of orbits, and not how likely with respect



HOUSE_OVERSIGHT_013741

to box occupancy densities they are likely to occur ( Adler et al, 1964; Alexeev and Jacobson, 1981; Cornfield et al, 1982; Ornstein, 1989; Ruelle, 1990). The close relationships in real brain observables between the appearance rate of new symbols or new unstable periodic orbits, $h_T$ , and log $\overline{\lambda}(+)$, reflecting the rate of divergence from the next expected value generating a new, unexpected value, is not surprising. In fact, a maximal estimate of the entropy of a dynamical system, $h_T$ = log $\overline{\lambda}(+)$ whereas the largest value that $h_M$ can attain is log(#of states). A great deal of substantial mathematics has gone into proofs that similarities ("equivalence relations") and differences between dynamical patterns are robustly indicated by differences in $h_T$ and $h_M$ (Adler et al, 1977; Adler and Marcus, 1979).

If the sum of the densities in each j box were normalized so as to sum to 1.0, such that each is a probability, $p_j$ , then - $\Sigma$ $p_j$ log $p_j$ represents the metric entropy, $h_M$. $h_M$ was first described in the dynamical context by Kolmogorov (1958;1959). The sum having a –1 prefactor converts the negative log of < 1 to a meaningful positive value in the expression. $h_M$ is maximal for the equidistributed, uniformly expansive, C or Axiom A systems (see above). As noted above, generally $h_T$ = the maximum estimate of the entropy and $h_M$ the minimum estimate (Adler and Weiss, 1965). $h_T = h_M$ in uniformly hyperbolic systems (Bowen, 1975) and the difference, $|h_T - h_M|$ is an index of non-uniformity found useful in discriminating among classes of single neurons from their discharge patterns (Mandell, 1987; Selz and Mandell, 1992; Mandell and Selz, 1993; Mandell and Selz, 1997a). These measures applied to temporal and spatial patterns of rat exploratory behavior have been used to discriminate among stimulant drug effects (Paulus et al, 1990; Paulus and Geyer, 1992). Similar computations involving the symbolic dynamics and disallowed transitions have been used to study the complexity of the the EEG (Xu, 1994) in which both extremely low (fixed point, periodic) and high (Gaussian random) entropies are seen as manifesting low "complexity as a function of the diversity of the available patterns of behavior (Crutchfield and Young, 1989a).

Before describing the simple but definitional matrix operations for $h_T$ and $h_M$ below which might seem forbidding to those "not up on their linear algebra," we note



HOUSE_OVERSIGHT_013742

that procedures such exponentiation of a matrix can be carried out automatically using computer algebra programs such as Maple or for data processing available as computational modules in MatLab.

One of the techniques for the computation of $h_T$ involves determining the logarithm of the asymptotic growth rate of the major diagonal ("trace") in the transition matrix symbolically encoding the trajectory which would therefore count the "self visitations" of each indexed boxes as the dynamics proceed. This involves setting up a transition incidence matrix, each box scored for a disallowed, 0, or allowed, 1, transitions and the matrix is exponentiated t times with the logarithm of the asymptotic growth rate of the sum of the diagonal values serving as a (leading eigenvalue) estimate of $h_T$. More technical considerations involving the Frobenius-Perron theorem guaranteeing the existence of such an logarithmic index of new information generation rates, even in random matrices (Seneta, 1981), will not be discussed here.

We have found that computing $h_T$ in this way is empirically useful for difficult to obtain or only transiently stationary brain data series. Even with relatively short samples lengths, if one is willing to make the pragmatic assumption of "temporary stationarity" or "things as they are right now will, for the sake of argument, go on forever" (perhaps the best we can do with intrinsically transient brain phenomena) then this "freeze framed" representation of reality yields an asymptotic measure on relatively short sample lengths since they are computationally infinite. A similar approach to $h_M$, requires repeatedly exponentiating a Markoff matrix constructed from relatively short samples and generates the probabilistic (eigenvector) "dual" of $h_T$. $h_M$ computed in this way serves as a useful quantity, $h_M$ called by some the Kolmogorov entropy in comparisons of control and experimental conditions of the same sample lengths. Systematic decreases in $h_M$ ("Kolmogorov entropy") have been shown to accompany increasing "depth" of sleep using standard sleep staging techniques (Gallez and Babloyantz, 1991) and increases in $h_M$ were associated with both positive and negative emotional states induced by movies (Aftanas et al, 1997).



HOUSE_OVERSIGHT_013743

$h_T$ and $\overline{\lambda}(+)$ have been analogized to what is called algorithmic complexity, which quantifies a computer algorithm's minimal representation of a symbol sequence as it grows longer (Chaitin, 1974; Bennett, C.H., 1982; Nicolis, 1986; Rissanen, 1982; Crutchfield and Young, 1989b). Examples of applications of a pseudocomputational compression scheme have quantified differences among protein sequences (Ebling and Jimenez-Montano, 1980), discriminated therapist-directed "transference" manifestations in verbally encoded processes in psychotherapy (Rapp et al, 1991), characterized neural spike train patterns in a penicillin kindled spike focus (Rapp et al, 1994), differentiated among spike sequence patterns of biogenic amine families of brain stem neurons (Mandell and Selz, 1994) and as a sample length-dependent rate, in content-free, mouse driven computer tasks differentiated borderline from obsessive-compulsive personality patterns (Selz and Mandell, 1997).

Computation of lexical complexity is a good example of this approach. This procedure recursively surveys the sequence of symbols for the longest word, where "words" are subsequences that appear at least three times if they contain two letters or at least twice if they contain more than two letters. Upon finding a longest repeated word, the compression algorithm replaces all occurances of this word with a single distinct (new) symbol and looks again for the longest repeated word in the modified sequence. When the sequence cannot be further recursively compressed, there may remain identical adjacent symbols in the sequence. These are coded as the symbol raised to the power of the number of its adjacent occurances. This exponent cannot exceed five because six adjacent identical symbols would be two occurances of a three letter word. The numerical value of the lexical complexity is simply the sum of the number of distinct symbols and the (sum of the) logarithm of the exponents of the symbol sequences (Ebling and Jimenez-Montano, 1980).

A clear account of algorithmic and lexical complexity in relationship to other measures of "complexity" in the context of brain relevant research data can be found in Rapp and Schmah (1996). The relationship between thermodynamic and ergodic, measure theories in relationship to forced-dissipative dynamics and the



HOUSE_OVERSIGHT_013744

role of self-intersection on manifolds in this new source of irreversibility (with a resulting "arrow of time") is developed in Mackey (1992).

As noted, the skeleton which configures attractors is composed of unstable, "saddle" fixed points, each of which attract (iron down) the trajectory along one dimension and repel or spread it out along another. Systems fulfilling the criteria for a chaotic dynamical system have the property of a countably infinite number of unstable periodic orbits composed of these unstable fixed points. Depending upon parameters, the orbital points can pull up their tails to be discrete with respect to each other or spread along the unstable direction to connect smoothly with others along a curve such as a saddle cycle. Parametric control of the strengths and structures of the saddle point skeleton of typical attractors can be used to change both the rate of generation of novel symbols as well as recurrances to old ones in the symbolic dynamics generating a brain dynamical system's lexagraphic products (Bowen, 1978; Alexeev and Jacobson, 1981)).

Using a variety of techniques to algorithmically register "return times," experimental condition-sensitive "saddle orbits" composing unstable periodic orbits have been demonstrated in geometric reconstructions of real data series generated by a 40+ component chemical reaction (Lathrop and Kostelich, 1989), in response to natural stimuli in the time dependent behavior of the crayfish caudal photoreceptor (Pei and Moss, 1996) and in the interburst interval sequences recorded in hippocampal slices of the rat (So et al, 1997; So et al, 1998). If the reader uses the software listed above to simulate the time evolution of one of these attractors of abstract or real systems , she will learn that a remarkably small number of points, a very short time sample, will outline, "shadow" (Bowen, 1978), the complete array of unstable fixed points before filling in the attractor. It is tempting to speculate about the potential nervous system relevance of this dynamical anticipation of the attractor's recognizable geometry, as well as a precis of what the symbolic dynamics are going to say occurs many time steps before filling in the attractor and its asymptotic message. Values of the measures made on the early unstable periodic orbit arrays such $h_T$ , $h_M$ and $\overline{\lambda}(+)$, resemble very closely those



HOUSE_OVERSIGHT_013745

made on their attractors when they were much more densely filled (Lathrop and Kostelich , 1989). Bowen's "shadow lemma" in support of a thin film of points over the skelton of unstable fixed points of attractors is the fundamental reason that short sample length time series can often discriminate between control and experimental conditions in brain research studies.

Another recently implemented entropy, called "approximate entropy," is exploiting the underlying unstable fixed point skeletal shadowing principle in expansive dynamical systems to find statistically significant differences between control and experimental results in reasonably short, physiologically realistic, sample lengths (Pincus, 1991; Pincus et al, 1991). This algorithm is somewhat derivative of those involved in the computation of the correlation dimension (see above). Instead of computing across a range (and taking the limits) of embedding dimensions, d, and sequential paired-vectorial distances, $\varepsilon$, it empirically tailors and fixes them to compute a "logarithmic likelihood" that points remains close through incremental change in the time series. The "approximate entropy" is not easily relatable to either $h_T$ and $h_M$. One is tempted to predict that this geometrically oriented algorithm might be fooled into a postive entropy diagnosis if applied to strange, nonchaotic dynamical systems with fractal dimension but no $\overline{\lambda}(+)$-related mixing. Since sequence position is conserved in this computation, two simultaneously studied ("multiparameter") systems can be examined for their mutual coherence as the "cross approximate entropy." Among the interesting findings from applications of this index to neuroendocrine studies are an increase in approximate entropy in LH and FSH secretory patterns with age in both sexes, perhaps quantitatively heralding menopause (Pincus and Minkin, 1998) and decreased cross approximate entropy, a decrease in regulatory coupling between ACTH and cortisol secretion patterns in patients with Cushing's syndrome (Roelfsema et al, 1998).

Among the many of other empirically derived entropies, one is called "power spectral entropy," which is equivalent to the normalized variance of the distribution of frequencies in a power spectral transformation of a time series (Farmer et al, 1980). This has been successfully applied to brain enzyme and receptor fluctuations



HOUSE_OVERSIGHT_013746

(Russo and Mandell, 1984a; Mandell, 1984), and, more recently, to multiple simultaneously EEG leads which demonstrated focal increases in epileptic patients (Inouye et al, 1991; 1992). An entropy derived from the quantification of the failures in temporal forecasting of EEG signals increased in the fronto-temporal region with drug treatment in patients with Alzheimer's syndrome (Pezard et al, 1998).

With respect to their implications for the clinical neurosciences, changes in dynamical entropy in behavior of brain dynamical systems has been regarded in two general ways: (1) Since representation of information requires the resolution of relevant ambiguity, a nonrelevant and global reduction in the dynamical entropy of a brain system (Stage IV sleep EEG slow waves, neuronal fixed point or regularly periodic activity, extrapyramidal motor tremor, fixed paranoid or obsessional mentation, the actions of some anxiolytics and antipsychotics ) reduces its potential for information encoding and transport. In contrast, "arousal" induced increases in the measures of entropy in brain wave and neuronal discharge patterns (pre-task warning signals, motivating conditions, stimulant drugs) are associated with improved psychophysical receptive and discrimination functions, learning rates and memory. (2) Regarding as potentially pathophysiological both of the two extremes of entropy generation, fixed point and periodic behavior as the lowest and fair coin flipping, "Bernoulli" randomness as the highest, another descriptor, "complexity" is defined as maximal (optimal) midway through the entropy range, making a new kind of parabolic entropy curve (Bennett, 1986; Crutchfield and Young, 1989a).

In analogy with an optimal amalgam of periodic rotations and coin flips, in higher dimension, the most meaningful maximum complexity of real, nonuniformly expansive processes may derive from a multiplicity of measure invariants, symmetries, of the system such as the growth rate of unstable periodic orbits, divergence of the tail of a density distribution and specifiable linguistic variables such as word length and redundancy. The more symmetries, the more potential for complicated information encoding and transport with the maximum complexity located midrange in each one. We have pursued the hypothesis that entropy is a conserved property in the healthy brain and that complementarity in other statistical measure mechanisms make that possible. For example, in uniformly expansive,



HOUSE_OVERSIGHT_013747

idealized systems, topological entropy has been proven be equivalent to the product of an index of expansion and the dimension of the support such that an increase in expansiveness , $\overline{\lambda}(+)$, is compensated by a decrease in $D_0$ leaving $h_T$ invariant (Manning,1981). This relationship has also been found in the behavior of some nonuniformly expansive neuroendocrine, neuronal and human behavioral systems (Mandell and Selz, 1995; Smotherman et al, 1996; Mandell and Selz, 1997a;).

**Is Randomness Versus Determinism a Productive Question for the Biological Sciences? Are There Better Ones?**

Measures made on realistically nonuniformly expansive behavior of dynamical systems emerging from nonlinear differential equations and that arising from a variety of non-classical random walk models overlap such that making what may be more a metaphysical discrimination at this point is labor intensive, contentious and unproductive for generating new experimental work in the neurosciences. It is important to note that random walk theory and computation has matured to such an extent that almost any "nonlinear dynamical behavior" can, with respect to statistical measure, be modeled using one of many varieties. For examples, power law distributions in continuous time random walks (times of movement are also randomly chosen) , random walks with traps (temporarily immobilizing the trajectory like unstable fixed points), random walks in random environments, time of passage of ants in a labyrinth and Levy leaps and local diffusive exploration (looking for a wallet) among many others can represent much of the irregular behavior we observe in the brain (Shlesinger et al, 1982; Montroll and Shlesinger, 1984; Hughes, 1995; Klafter et al, 1996). On the other hand, (Markoff) partition of the sequence and a probabilistic style of analysis of nonlinear dynamical systems has been a major strategy for description and quantification from the field's beginnings (Parry, 1964; Adler and Weiss, 1967; Bowen, 1970; Lasota and Yorke, 1973). The issue of randomness versus determinism remains current although many if not most properties of deterministic dynamical systems can



HOUSE_OVERSIGHT_013748

be simulated with a suitably constructed random process and all of our random number generators are deterministic.

This theoretical blind alley is reminiscent of the decades lost partialing out causal attributes of nature versus nurture before knowledge of dynamical influences on nucleotide dynamics was available. It is perhaps unfortunate that for finite length real data, "house keeping requirements" (Ruelle, 1990; Rapp, 1993;1994) and "warnings on the label" with various random sequence, random phase controls ("surrogate data") have become so intimidating to those of us in the early stages of exploring the use of these theories and methods in the brain sciences. Currently the "controls" are more relevant to abstract statistical processes and what can be said about them rather than generating and addressing new claims and the controls for them related to quantitatively oriented, experimental brain physiology.

Statistical caveats have arisen to retard the emergence of potentially important and robust neurophysiologically-relevant phenomena. For example, a recent well conducted and analyzed study of the influence of low doses of ethanol in 32 normal male subjects, which honored almost all of the current analytic rituals including sequence and phase randomized surrogate data and searches for the continuity features of deterministic dynamical systems such as time asymmetry, concluded that the drug "reduced the evidence for nonlinear dynamical structure" in the brain (Ehlers et al, 1998). Though honoring the currently popular statistical rituals, what appears to be missing here are suggestions for new neurobiological or mathematical intuitions that will lead to the design of the next experiment.

We now see that it is now possible to use these new ideas and methods to ask and at least partially answer more specific questions relevant to the clinically oriented neurosciences such as: whether increases in lithium-induced expansiveness and mixing in the dynamics of brain enzymes, neurons and behavior help explicate a mechanism of de-coherence in bipolar disease (Mandell et al, 1985); do these approaches to membrane conductance fluctuations suggest a new way to think about ion channel dynamics (Liebovitch, 1990); can alcohol-induced changes in statistical dynamics of the EEG predict genetic predilection in males to



HOUSE_OVERSIGHT_013749

alcoholism (Ehlers et al, 1995); do these approaches suggest a new neural dynamical mechanism for the actions of anticonvulsant drugs (Zimmerman et al, 1991); can these measures made on non-verbal, psychomotor tasks yield a non-intrusive measure of personality and character (Selz, 1992); can these approaches to deviant patterns of psychomotor sequencing in schizophrenics give us some insight into potential (cerebeller-basal ganglia?) mechanisms of the thought disorder in schizophrenia (Paulus et al, 1994); does cocaine induce new patterns of behavior that conserve pre-treatment entropy in developing animals (Smotherman et al, 1996); will these quantities applied to objective gait observables supply early diagnoses and quantification of clinical course in patients with extra-pyramidal disorders or taking anti-psychotic medication (Hausdorff et al, 1998); can these transformations of time series on the EEG give us an early diagnostic approach to Alzheimer's disease (Jeong et al, 1998) or a new acute preventive pharmacological approach to patients with psychomotor and partial seizures (Iasemidis et al, 1990).

To end where we began: We think that if neuroscientists "did their own" nonlinear dynamical theory and analysis, shaped and tailored by intuitions growing out of their own experimental work and thinking, abstract and philosophical questions about what is determinism and what is random would retreat in favor of new specific ideas and experiments about brain dynamical mechanisms and their pathophysiology. From the studies reviewed here, it appears that a robust move in this direction in the brain sciences is well underway.



HOUSE_OVERSIGHT_013750

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**PRAISE FOR**

# The 4-Hour Workweek

"It's about time this book was written. It is a long-overdue manifesto for the mobile lifestyle, and Tim Ferriss is the ideal ambassador. This will be huge."

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—**PHIL TOWN**, *New York Times* bestselling author of *Rule #1*

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"Part scientist and part adventure hunter, Tim Ferriss has created a road map for an entirely new world. I devoured this book in one sitting—I have seen nothing like it."

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"Outsourcing is no longer just for Fortune 500 companies. Small and mid-sized firms, as well as busy professionals, can outsource their work to increase their productivity and free time for more important commitments. It's time for the world to take advantage of this revolution."

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"Tim is the master! I should know. I followed his rags to riches path and watched him transform himself from competitive fighter to entrepreneur. He tears apart conventional assumptions until he finds a better way."

—**DAN PARTLAND**, Emmy Award–winning producer of *American High* and *Welcome to the Dollhouse*

"*The 4-Hour Workweek* is an absolute necessity for those adventurous souls who want to live life to its fullest. Buy it and read it before you sacrifice any more!"

—**JOHN LUSK**, group product manager at Microsoft World Headquarters

"If you want to live your dreams now, and not in 20 or 30 years, buy this book!"

—**LAURA RODEN**, chairman of the Silicon Valley Association of Startup Entrepreneurs and a lecturer in Corporate Finance at San Jose State University

"With this kind of time management and focus on the important things in life, people should be able to get 15 times as much done in a normal workweek."

—**TIM DRAPER**, founder of Draper Fisher Jurvetson, financiers to innovators including Hotmail, Skype, and Overture.com

"Tim has done what most people only dream of doing. I can't believe he is going to let his secrets out of the bag. This book is a must read!"

—**STEPHEN KEY**, top inventor and team designer of Teddy Ruxpin and Lazer Tag and a consultant to the television show *American Inventor*

# The 4-Hour Workweek

►ESCAPE 9–5, LIVE ANYWHERE, AND JOIN THE NEW RICH

Expanded and Updated

TIMOTHY FERRISS

CROWN PUBLISHERS NEW YORK

For my parents,
DONALD AND FRANCES FERRISS,
who taught a little hellion that marching to a different drummer was a good thing. I love you both and owe you everything.

SUPPORT YOUR LOCAL TEACHER—
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## ►CONTENTS

Preface to the Expanded and Updated Edition

## First and Foremost

FAQ—Doubters Read This
My Story and Why You Need This Book
Chronology of a Pathology

## Step I: D is for Definition

**1** Cautions and Comparisons: How to Burn $1,000,000 a Night
**2** Rules That Change the Rules: Everything Popular Is Wrong
**3** Dodging Bullets: Fear-Setting and Escaping Paralysis
**4** System Reset: Being Unreasonable and Unambiguous

## Step II: E is for Elimination

**5** The End of Time Management: Illusions and Italians
**6** The Low-Information Diet: Cultivating Selective Ignorance
**7** Interrupting Interruption and the Art of Refusal

## Step III: A is for Automation

**8** Outsourcing Life: Off-loading the Rest and a Taste of Geoarbitrage
**9** Income Autopilot I: Finding the Muse
**10** Income Autopilot II: Testing the Muse
**11** Income Autopilot III: MBA—Management by Absence

## Step IV: L is for Liberation

**12** Disappearing Act: How to Escape the Office
**13** Beyond Repair: Killing Your Job
**14** Mini-Retirements: Embracing the Mobile Lifestyle
**15** Filling the Void: Adding Life After Subtracting Work
**16** The Top 13 New Rich Mistakes

# Last but Not Least

**THE BEST OF THE BLOG**

- The Art of Letting Bad Things Happen
- Things I've Loved and Learned in 2008
- How to Travel the World with 10 Pounds or Less
- The Choice-Minimal Lifestyle: 6 Formulas for More Output and Less Overwhelm
- The Not-to-Do List: 9 Habits to Stop Now
- The Margin Manifesto: 11 Tenets for Reaching (or Doubling) Profitability in 3 Months
- The Holy Grail: How to Outsource the Inbox and Never Check E-mail Again
- Tim Ferriss Processing Rules
- Proposal to Work Remotely on a Contract Basis

**LIVING THE 4-HOUR WORKWEEK: CASE STUDIES, TIPS, AND HACKS**

Zen and the Art of Rock Star Living

Art Lovers Wanted

Photo Finish

Virtual Law

Taking Flight with Ornithreads

Off-the-Job Training

Doctor's Orders

The 4-Hour Family and Global Education

Financial Musing

Who Says Kids Hold You Back?

Working Remotely
Killing Your BlackBerry
*Star Wars*, Anyone?

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BONUS MATERIAL
How to Get $250,000 of Advertising for $10,000
How to Learn Any Language in 3 Months
Muse Math: Predicting the Revenue of Any Product
Licensing: From Tae Bo to Teddy Ruxpin
Real Licensing Agreement with Real Dollars
Online Round-the-World (RTW) Trip Planner

ACKNOWLEDGMENTS

# PREFACE TO THE EXPANDED AND UPDATED EDITION

*The 4-Hour Workweek* was turned down by 26 out of 27 publishers.

After it was sold, the president of one potential marketing partner, a large bookseller, e-mailed me historical bestseller statistics to make it clear—this wouldn't be a mainstream success.

So I did all I knew how to do. I wrote it with two of my closest friends in mind, speaking directly to them and their problems—problems I long had—and I focused on the unusual options that had worked for me around the world.

I certainly tried to set conditions for making a sleeper hit possible, but I knew it wasn't likely. I hoped for the best and planned for the worst.

May 2, 2007, I receive a call on my cell phone from my editor.

"Tim, you hit the list."

It was just past 5 P.M. in New York City, and I was exhausted. The book had launched five days before, and I had just finished a series of more than twenty radio interviews in succession, beginning at 6 A.M. that morning. I never planned a book tour, preferring instead to "batch" radio satellite tours into 48 hours.

"Heather, I love you, but please don't $#%* with me."

"No, you really hit the list. Congratulations, Mr. *New York Times* bestselling author!"

I leaned against the wall and slid down until I was sitting on the floor. I closed my eyes, smiled, and took a deep breath. Things were about to change.

Everything was about to change.

## Lifestyle Design from Dubai to Berlin

*The 4-Hour Workweek* has now been sold into 35 languages. It's been on the bestseller lists for more than two years, and every month brings a new story and a new discovery.

From the *Economist* to the cover of the *New York Times Style* section, from the streets of Dubai to the cafes of Berlin, lifestyle design has cut across cultures to become a worldwide movement. The original ideas of the book have been broken apart, improved, and tested in environments and ways I never could have imagined.

So why the new edition if things are working so well? Because I knew it could be better, and there was a missing ingredient: you.

This expanded and updated edition contains more than 100 pages of new content, including the latest cutting-edge technologies, field-tested resources, and—most important—real-world success stories chosen from more than 400 pages of case studies submitted by readers.

Families and students? CEOs and professional vagabonds? Take your pick. There should be someone whose results you can duplicate. Need a template to negotiate remote work, a paid year in Argentina, perhaps? This time, it's in here.

The Experiments in Lifestyle Design blog (www.fourhourblog.com) was launched alongside the book, and within six months, it became one of the top 1,000 blogs in the world, out of more than 120 million. Thousands of readers have shared their own amazing tools and tricks, producing phenomenal and unexpected results. The blog became the laboratory I'd always wanted, and I encourage you to join us there.

The new "Best of the Blog" section includes several of the most popular posts from the Experiments in Lifestyle Design blog. On the blog itself, you can also find recommendations from everyone from Warren Buffett (seriously, I tracked him down and show you how I did it) to chess prodigy Josh Waitzkin. It's an experimental playground for those who want better results in less time.

## Not "Revised"

This is not a "revised" edition in the sense that the original no longer works. The typos and small mistakes have been fixed over more than 40 printings in the U.S. This is the first major overhaul, but not for the reason you'd expect.

Things have changed dramatically since April 2007. Banks are failing, retirement and pension funds are evaporating, and jobs are being lost at record rates. Readers and skeptics alike have asked: Can the principles and techniques in the book really still work in an economic recession or depression?

Yes and yes.

In fact, questions I posed during pre-crash lectures, including "How would your priorities and

decisions change if you could never retire?" are no longer hypothetical. Millions of people have seen their savings portfolios fall 40% or more in value and are now looking for options C and D. Can they redistribute retirement throughout life to make it more affordable? Can they relocate a few months per year to a place like Costa Rica or Thailand to multiply the lifestyle output of their decreased savings? Sell their services to companies in the UK to earn in a stronger currency? The answer to all of them is, more than ever, yes.

The concept of lifestyle design as a replacement for multi-staged career planning is sound. It's more flexible and allows you to test different lifestyles without committing to a 10- or 20-year retirement plan that can fail due to market fluctuations outside of your control. People are open to exploring alternatives (and more forgiving of others who do the same), as many of the other options—the once "safe" options—have failed.

When everything and everyone is failing, what is the cost of a little experimentation outside of the norm? Most often, nothing. Flash forward to 2011; is a job interviewer asking about that unusual gap year?

"Everyone was getting laid off and I had a once-in-a-lifetime chance to travel around the world. It was incredible."

If anything, they'll ask you how to do the same. The scripts in this book still work.

Facebook and LinkedIn launched in the post-2000 dot-com "depression." Other recession-born babies include Monopoly, Apple, Cliff Bar, Scrabble, KFC, Domino's Pizza, FedEx, and Microsoft. This is no coincidence, as economic downturns produce discounted infrastructure, outstanding freelancers at bargain prices, and rock-bottom advertising deals—all impossible when everyone is optimistic.

Whether a yearlong sabbatical, a new business idea, reengineering your life within the corporate beast, or dreams you've postponed for "some day," there has never been a better time for testing the uncommon.

What's the worst that could happen?

I encourage you to remember this often-neglected question as you begin to see the infinite possibilities outside of your current comfort zone. This period of collective panic is your big chance to dabble.

It's been an honor to share the last two years with incredible readers around the world, and I hope you enjoy this new edition as much as I enjoyed putting it together.

I am, and will continue to be, a humble student of you all.

*Un abrazo fuerte*,

TIM FERRISS

*San Franciso, California*
*April 21, 2009*

# First and Foremost

## ► FAQ—DOUBTERS READ THIS

Is lifestyle design for you? Chances are good that it is. Here are some of the most common doubts and fears that people have before taking the leap and joining the New Rich:

**Do I have to quit or hate my job? Do I have to be a risk-taker?**

No on all three counts. From using Jedi mind tricks to disappear from the office to designing businesses that finance your lifestyle, there are paths for every comfort level. How does a Fortune 500 employee explore the hidden jewels of China for a month and use technology to cover his tracks? How do you create a hands-off business that generates $80K per month with no management? It's all here.

**Do I have to be a single twenty-something?**

Not at all. This book is for anyone who is sick of the deferred-life plan and wants to live life large instead of postpone it. Case studies range from a Lamborghini-driving 21-year-old to a single mother who traveled the world for five months with her two children. If you're sick of the standard menu of options and prepared to enter a world of infinite options, this book is for you.

**Do I have to travel? I just want more time.**

No. It's just one option. The objective is to create freedom of time and place and use both however *you* want.

**Do I need to be born rich?**

No. My parents have never made more than $50,000 per year combined, and I've worked since age 14. I'm no Rockefeller and you needn't be either.

**Do I need to be an Ivy League graduate?**

Nope. Most of the role models in this book didn't go to the Harvards of the world, and some are dropouts. Top academic institutions are wonderful, but there are unrecognized benefits to not coming out of one. Grads from top schools are funneled into high-income 80-hour-per-week jobs, and 15–30 years of soul-crushing work has been accepted as the default path. How do I know? I've been there and seen the destruction. This book reverses it.

## ► MY STORY AND WHY YOU NEED THIS BOOK

Whenever you find yourself on the side of the majority, it is time to pause and reflect.

—MARK TWAIN

Anyone who lives within their means suffers from a lack of imagination.

—OSCAR WILDE, Irish dramatist and novelist

My hands were sweating again.

Staring down at the floor to avoid the blinding ceiling lights, I was supposedly one of the best in the world, but it just didn't register. My partner Alicia shifted from foot to foot as we stood in line with nine other couples, all chosen from over 1,000 competitors from 29 countries and four continents. It was the last day of the Tango World Championship semifinals, and this was our final run in front of the judges, television cameras, and cheering crowds. The other couples had an average of 15 years together. For us, it was the culmination of 5 months of nonstop 6-hour practices, and finally, it was showtime.

"How are you doing?" Alicia, a seasoned professional dancer, asked me in her distinctly Argentine Spanish.

"Fantastic. Awesome. Let's just enjoy the music. Forget the crowd—they're not even here."

That wasn't entirely true. It was hard to even fathom 50,000 spectators and coordinators in La Rural, even if it was the biggest exhibition hall in Buenos Aires. Through the thick haze of cigarette smoke, you could barely make out the huge undulating mass in the stands, and everywhere there was exposed floor, except the sacred 30′ **x** 40′ space in the middle of it all. I adjusted my pin-striped suit and fussed with my blue silk handkerchief until it was obvious that I was just fidgeting.

"Are you nervous?"

"I'm not nervous. I'm excited. I'm just going to have fun and let the rest follow."

"Number 152, you're up." Our chaperone had done his job, and now it was our turn. I whispered an inside joke to Alicia as we stepped on the hardwood platform: *"Tranquilo"*—Take it easy. She laughed, and at just that moment, I thought to myself, "What on earth would I be doing right now, if I hadn't left my job and the U.S. over a year ago?"

The thought vanished as quickly as it had appeared when the announcer came over the loudspeaker and the crowd erupted to match him: "Pareja numero 152, Timothy Ferriss y Alicia Monti, Ciudad de Buenos Aires!!!"

We were on, and I was beaming.

THE MOST FUNDAMENTAL of American questions is hard for me to answer these days, and luckily so. If it weren't, you wouldn't be holding this book in your hands.

"So, what do you do?"

Assuming you can find me (hard to do), and depending on when you ask me (I'd prefer you didn't), I could be racing motorcycles in Europe, scuba diving off a private island in Panama, resting under a palm tree between kickboxing sessions in Thailand, or dancing tango in Buenos Aires. The beauty is, I'm not a multimillionaire, nor do I particularly care to be.

I never enjoyed answering this cocktail question because it reflects an epidemic I was long part of: job descriptions as self-descriptions. If someone asks me now and is anything but absolutely sincere, I explain my lifestyle of mysterious means simply.

"I'm a drug dealer."

Pretty much a conversation ender. It's only half true, besides. The whole truth would take too long. How can I possibly explain that what I do with my time and what I do for money are completely different things? That I work less than four hours per week and make more per month than I used to make in a year?

For the first time, I'm going to tell you the real story. It involves a quiet subculture of people called the "New Rich."

HOUSE_OVERSIGHT_013805

What does an igloo-dwelling millionaire do that a cubicle-dweller doesn't? Follow an uncommon set of rules.

How does a lifelong blue-chip employee escape to travel the world for a month without his boss even noticing? He uses technology to hide the fact.

Gold is getting old. The New Rich (**NR**) are those who abandon the deferred-life plan and create luxury lifestyles in the present using the currency of the New Rich: time and mobility. This is an art and a science we will refer to as Lifestyle Design (**LD**).

I've spent the last three years traveling among those who live in worlds currently beyond your imagination. Rather than hating reality, I'll show you how to bend it to your will. It's easier than it sounds. My journey from grossly overworked and severely underpaid office worker to member of the **NR** is at once stranger than fiction and—now that I've deciphered the code—simple to duplicate. There is a recipe.

Life doesn't have to be so damn hard. It really doesn't. Most people, my past self included, have spent too much time convincing themselves that life has to be hard, a resignation to 9-to-5 drudgery in exchange for (sometimes) relaxing weekends and the occasional keep-it-short-or-get-fired vacation.

The truth, at least the truth I live and will share in this book, is quite different. From leveraging currency differences to outsourcing your life and disappearing, I'll show you how a small underground uses economic sleight-of-hand to do what most consider impossible.

If you've picked up this book, chances are that you don't want to sit behind a desk until you are 62. Whether your dream is escaping the rat race, real-life fantasy travel, long-term wandering, setting world records, or simply a dramatic career change, this book will give you all the tools you need to make it a reality in the here-and-now instead of in the often elusive "retirement." There is a way to get the rewards for a life of hard work without waiting until the end.

How? It begins with a simple distinction most people miss—one I missed for 25 years.

People don't want to *be* millionaires—they want to experience what they believe only millions can buy. Ski chalets, butlers, and exotic travel often enter the picture. Perhaps rubbing cocoa butter on your belly in a hammock while you listen to waves rhythmically lapping against the deck of your thatched-roof bungalow? Sounds nice.

$1,000,000 in the bank isn't the fantasy. The fantasy is the lifestyle of complete freedom it supposedly allows. The question is then, *How can one achieve the millionaire lifestyle of complete freedom without first having $1,000,000?*

In the last five years, I have answered this question for myself, and this book will answer it for you. I will show you exactly how I have separated income from time and created my ideal lifestyle in the process, traveling the world and enjoying the best this planet has to offer. How on earth did I go from 14-hour days and $40,000 per year to 4-hour weeks and $40,000-plus per month?

It helps to know where it all started. Strangely enough, it was in a class of soon-to-be investment bankers.

In 2002, I was asked by Ed Zschau, übermentor and my former professor of High-tech Entrepreneurship at Princeton University, to come back and speak to the same class about my business adventures in the real world. I was stuck. There were already decamillionaires speaking to the same class, and even though I had built a highly profitable sports supplement company, I marched to a distinctly different drummer.

Over the ensuing days, however, I realized that everyone seemed to be discussing how to build large and successful companies, sell out, and live the good life. Fair enough. The question no one really seemed to be asking or answering was, Why do it all in the first place? What is the pot of gold that justifies spending the best years of your life hoping for happiness in the last?

The lectures I ultimately developed, titled "Drug Dealing for Fun and Profit," began with a simple

premise: Test the most basic assumptions of the work-life equation.

- ► How do your decisions change if retirement isn't an option?
- ► What if you could use a mini-retirement to sample your deferred-life plan reward before working 40 years for it?
- ► Is it really necessary to work like a slave to live like a millionaire?

Little did I know where questions like these would take me.

The uncommon conclusion? The commonsense rules of the "real world" are a fragile collection of socially reinforced illusions. This book will teach you how to see and seize the options others do not.

What makes this book different?

First, I'm not going to spend much time on the problem. I'm going to assume you are suffering from time famine, creeping dread, or—worst case—a tolerable and comfortable existence doing something unfulfilling. The last is most common and most insidious.

Second, this book is not about saving and will not recommend you abandon your daily glass of red wine for a million dollars 50 years from now. I'd rather have the wine. I won't ask you to choose between enjoyment today or money later. I believe you can have both now. The goal is fun *and* profit.

Third, this book is not about finding your "dream job." I will take as a given that, for most people, somewhere between six and seven billion of them, the perfect job is the one that takes the least time. The vast majority of people will never find a job that can be an unending source of fulfillment, so that is not the goal here; to free time and automate income is.

I OPEN EACH class with an explanation of the singular importance of being a "dealmaker." The manifesto of the dealmaker is simple: Reality is negotiable. Outside of science and law, all rules can be bent or broken, and it doesn't require being unethical.

The **DEAL** of deal making is also an acronym for the process of becoming a member of the New Rich.

The steps and strategies can be used with incredible results—whether you are an employee or an entrepreneur. Can you do everything I've done with a boss? No. Can you use the same principles to double your income, cut your hours in half, or at least double the usual vacation time? Most definitely.

Here is the step-by-step process you'll use to reinvent yourself:

**D for Definition** turns misguided common sense upside down and introduces the rules and objectives of the new game. It replaces self-defeating assumptions and explains concepts such as relative wealth and eustress.[1] Who are the **NR** and how do they operate? This section explains the overall lifestyle design recipe—the fundamentals—before we add the three ingredients.

**E for Elimination** kills the obsolete notion of time management once and for all. It shows exactly how I used the words of an often-forgotten Italian economist to turn 12-hour days into two-hour days … in 48 hours. Increase your per-hour results ten times or more with counterintuitive **NR** techniques for cultivating selective ignorance, developing a low-information diet, and otherwise ignoring the unimportant. This section provides the first of the three luxury lifestyle design ingredients: time.

A **for Automation** puts cash flow on autopilot using geographic arbitrage, outsourcing, and rules of nondecision. From bracketing to the routines of ultrasuccessful **NR**, it's all here. This section provides the second ingredient of luxury lifestyle design: income.

L **for Liberation** is the mobile manifesto for the globally inclined. The concept of mini-retirements is introduced, as are the means for flawless remote control and escaping the boss. Liberation is not about cheap travel; it is about forever breaking the bonds that confine you to a single location. This section delivers the third and final ingredient for luxury lifestyle design: mobility.

I should note that most bosses are less than pleased if you spend one hour in the office each day, and employees should therefore read the steps in the entrepreneurially minded **DEAL** order but implement them as **DELA**. If you decide to remain in your current job, it is necessary to create freedom of location before you cut your work hours by 80%. Even if you have never considered becoming an entrepreneur in the modern sense, the **DEAL** process will turn you into an entrepreneur in the purer sense as first coined by French economist J. B. Say in 1800—one who shifts economic resources out of an area of lower and into an area of higher yield.

Last but not least, much of what I recommend will seem impossible and even offensive to basic common sense—I expect that. Resolve now to test the concepts as an exercise in lateral thinking. If you try it, you'll see just how deep the rabbit hole goes, and you won't ever go back.

Take a deep breath and let me show you my world. And remember—*tranquilo*. It's time to have fun and let the rest follow.

TIM FERRISS

*Tokyo, Japan*
*September 29, 2006*

1. Uncommon terms are defined throughout this book as concepts are introduced. If something is unclear or you need a quick reference, please visit www.fourhourblog.com for an extensive glossary and other resources.

# CHRONOLOGY OF A PATHOLOGY

An expert is a person who has made all the mistakes that can be made in a very narrow field.
—NIELS BOHR, Danish physicist and Nobel Prize winner

Ordinarily he was insane, but he had lucid moments when he was merely stupid.
—HEINRICH HEINE, German critic and poet

This book will teach you the precise principles I have used to become the following:

- ► Princeton University guest lecturer in high-tech entrepreneurship
- ► First American in history to hold a Guinness World Record in tango
- ► Advisor to more than 30 world-record holders in professional and Olympic sports
- ► *Wired* magazine's "Greatest Self-Promoter of 2008"
- ► National Chinese kickboxing champion
- ► Horseback archer *(yabusame)* in Nikko, Japan
- ► Political asylum researcher and activist
- ► MTV breakdancer in Taiwan
- ► Hurling competitor in Ireland
- ► Actor on hit TV series in mainland China and Hong Kong *(Human Cargo)*

How I got to this point is a tad less glamorous:

**1977** Born 6 weeks premature and given a 10% chance of living. I survive instead and grow so fat that I can't roll onto my stomach. A muscular imbalance of the eyes makes me look in opposite directions, and my mother refers to me affectionately as "tuna fish." So far so good.

**1983** Nearly fail kindergarten because I refuse to learn the alphabet. My teacher refuses to explain why I should learn it, opting instead for "I'm the teacher—that's why." I tell her that's stupid and ask her to leave me alone so I can focus on drawing sharks. She sends me to the "bad table" instead and makes me eat a bar of soap. Disdain for authority begins.

**1991** My first job. Ah, the memories. I'm hired for minimum wage as the cleaner at an ice cream

parlor and quickly realize that the big boss's methods duplicate effort. I do it my way, finish in one hour instead of eight, and spend the rest of the time reading kung-fu magazines and practicing karate kicks outside. I am fired in a record three days, left with the parting comment, "Maybe someday you'll understand the value of hard work." It seems I still don't.

**1993** I volunteer for a one-year exchange program in Japan, where people work themselves to death—a phenomenon called *karooshi*—and are said to want to be Shinto when born, Christian when married, and Buddhist when they die. I conclude that most people are really confused about life. One evening, intending to ask my host mother to wake me the next morning *(okosu)*, I ask her to violently rape me *(okasu)*. She is very confused.

**1996** I manage to slip undetected into Princeton, despite SAT scores 40% lower than the average and my high school admissions counselor telling me to be more "realistic." I conclude I'm just not good at reality. I major in neuroscience and then switch to East Asian studies to avoid putting printer jacks on cat heads.

**1997** Millionaire time! I create an audiobook called *How I Beat the Ivy League*, use all my money from three summer jobs to manufacture 500 tapes, and proceed to sell exactly none. I will allow my mother to throw them out only in 2006, just nine years of denial later. Such is the joy of baseless overconfidence.

**1998** After four shot-putters kick a friend's head in, I quit bouncing, the highest-paying job on campus, and develop a speed-reading seminar. I plaster campus with hundreds of god-awful neon green flyers that read, "triple your reading speed in 3 hours!" and prototypical Princeton students proceed to write "bullsh*t" on every single one. I sell 32 spots at $50 each for the 3-hour event, and $533 per hour convinces me that finding a market before designing a product is smarter than the reverse. Two months later, I'm bored to tears of speed-reading and close up shop. I hate services and need a product to ship.

**Fall 1998** A huge thesis dispute and the acute fear of becoming an investment banker drive me to commit academic suicide and inform the registrar that I am quitting school until further notice. My dad is convinced that I'll never go back, and I'm convinced that my life is over. My mom thinks it's no big deal and that there is no need to be a drama queen.

**Spring 1999** In three months, I accept and quit jobs as a curriculum designer at Berlitz, the world's largest publisher of foreign-language materials, and as an analyst at a three-person political asylum research firm. Naturally, I then fly to Taiwan to create a gym chain out of thin air and get shut down by Triads, Chinese mafia. I return to the U.S. defeated and decide to learn kickboxing, winning the national championship four weeks later with the ugliest and most unorthodox style ever witnessed.

**Fall 2000** Confidence restored and thesis completely undone, I return to Princeton. My life does not end, and it seems the yearlong delay has worked out in my favor. Twenty-somethings now have David Koresh–like abilities. My friend sells a company for $450 million, and I decide to head west to sunny California to make my billions. Despite the hottest job market in the history of the world, I manage to go jobless until three months after graduation, when I pull out my trump card and send one start-up CEO 32 consecutive e-mails. He finally gives in and puts me in sales.

**Spring 2001** TrueSAN Networks has gone from a 15-person nobody to the "number one privately held data storage company" (how is that measured?) with 150 employees (what are they all doing?). I am ordered by a newly appointed sales director to "start with A" in the phone book and dial for dollars. I ask him in the most tactful way possible why we are doing it like retards. He says, "Because I say so." Not a good start.

**Fall 2001** After a year of 12-hour days, I find out that I'm the second-lowest-paid person in the company aside from the receptionist. I resort to aggressively surfing the web full-time. One afternoon, having run out of obscene video clips to forward, I investigate how hard it would be to start a sports nutrition company. Turns out that you can outsource everything from manufacturing to ad design. Two weeks and $5,000 of credit card debt later, I have my first batch in production and a live website. Good

thing, too, as I'm fired exactly one week later.

**2002–2003** BrainQUICKEN LLC has taken off, and I'm now making more than $40K per month instead of $40K per year. The only problem is that I hate life and now work 12-hour-plus days 7 days a week. Kinda painted myself into a corner. I take a one-week "vacation" to Florence, Italy, with my family and spend 10 hours a day in an Internet café freaking out. Sh*t balls. I begin teaching Princeton students how to build "successful" (i.e., profitable) companies.

**Winter 2004** The impossible happens and I'm approached by an infomercial production company and an Israeli conglomerate (huh?) interested in buying my baby BrainQUICKEN. I simplify, eliminate, and otherwise clean house to make myself expendable. Miraculously, BQ doesn't fall apart, but both deals do. Back to Groundhog Day. Soon thereafter, both companies attempt to replicate my product and lose millions of dollars.

**June 2004** I decide that, even if my company implodes, I need to escape before I go Howard Hughes. I turn everything upside down and—backpack in hand—go to JFK Airport in New York City, buying the first one-way ticket to Europe I can find. I land in London and intend to continue on to Spain for four weeks of recharging my batteries before returning to the salt mines. I start my relaxation by promptly having a nervous breakdown the first morning.

**July 2004–2005** Four weeks turn into eight, and I decide to stay overseas indefinitely for a final exam in automation and experimental living, limiting e-mail to one hour each Monday morning. As soon as I remove myself as a bottleneck, profits increase 40%. What on earth do you do when you no longer have work as an excuse to be hyperactive and avoid the big questions? Be terrified and hold on to your ass with both hands, apparently.

**September 2006** I return to the U.S. in an odd, Zen-like state after methodically destroying all of my assumptions about what can and cannot be done. "Drug Dealing for Fun and Profit" has evolved into a class on ideal lifestyle design. The new message is simple: I've seen the promised land, and there is good news. You can have it all.

# Step I:
# D is for Definition

**Reality is merely an illusion,**
**albeit a very persistent one .**

**— ALBERT EINSTEIN**

## 1
## Cautions and Comparisons

These individuals have riches just as we say that we "have a fever," when really the fever has us.

— SENECA (4 B.C.–A.D. 65)

I also have in mind that seemingly wealthy, but most terribly impoverished class of all, who have accumulated dross, but know not how to use it, or get rid of it, and thus have forged their own golden or silver fetters.

— HENRY DAVID THOREAU (1817–1862)

**1:00 A.M. CST / 30,000 FEET OVER LAS VEGAS**

His friends, drunk to the point of speaking in tongues, were asleep. It was just the two of us now in first-class. He extended his hand to introduce himself, and an enormous—Looney Tunes enormous—diamond ring appeared from the ether as his fingers crossed under my reading light.

Mark was a legitimate magnate. He had, at different times, run practically all the gas stations, convenience stores, and gambling in South Carolina. He confessed with a half smile that, in an average trip to Sin City, he and his fellow weekend warriors might lose an average of $500,000 to $1,000,000—each. Nice.

He sat up in his seat as the conversation drifted to my travels, but I was more interested in his astounding record of printing money.

"So, of all your businesses, which did you like the most?"

The answer took less than a second of thought.

"None of them."

He explained that he had spent more than 30 years with people he didn't like to buy things he didn't need. Life had become a succession of trophy wives—he was on lucky number three—expensive cars, and other empty bragging rights. Mark was one of the living dead.

This is exactly where we don't want to end up.

## Apples and Oranges: A Comparison

So, what makes the difference? What separates the New Rich, characterized by options, from the Deferrers (**D**), those who save it all for the end only to find that life has passed them by?

It begins at the beginning. The New Rich can be separated from the crowd based on their goals, which

reflect very distinct priorities and life philosophies.

Note how subtle differences in wording completely change the necessary actions for fulfilling what at a glance appear to be similar goals. These are not limited to business owners. Even the first, as I will show later, applies to employees.

**D:** To work for yourself.

**NR:** To have others work for you.

**D:** To work when you want to.

**NR:** To prevent work for work's sake, and to do the minimum necessary for maximum effect ("minimum effective load").

**D:** To retire early or young.

**NR:** To distribute recovery periods and adventures (mini-retirements) throughout life on a regular basis and recognize that inactivity is not the goal. Doing that which excites you is.

**D:** To buy all the things you want to have.

**NR:** To do all the things you want to do, and be all the things you want to be. If this includes some tools and gadgets, so be it, but they are either means to an end or bonuses, not the focus.

**D:** To be the boss instead of the employee; to be in charge.

**NR:** To be neither the boss nor the employee, but the owner. To own the trains and have someone else ensure they run on time.

**D:** To make a ton of money.

**NR:** To make a ton of money with specific reasons and defined dreams to chase, timelines and steps included. What are you working for?

**D:** To have more.

**NR:** To have more quality and less clutter. To have huge financial reserves but recognize that most material wants are justifications for spending time on the things that don't really matter, including buying things and preparing to buy things. You spent two weeks negotiating your new Infiniti with the dealership and got $10,000 off? That's great. Does your life have a purpose? Are you contributing anything useful to this world, or just shuffling papers, banging on a keyboard, and coming home to a drunken existence on the weekends?

**D:** To reach the big pay-off, whether IPO, acquisition, retirement, or other pot of gold.

**NR:** To think big but ensure payday comes every day: cash flow first, big payday second.

**D:** To have freedom from doing that which you dislike.

**NR:** To have freedom from doing that which you dislike, but also the freedom and resolve to pursue your dreams without reverting to work for work's sake (W4W). After years of repetitive work, you will often need to dig hard to find your passions, redefine your dreams, and revive hobbies that you let atrophy to near extinction. The goal is not to simply eliminate the bad, which does nothing more than leave you with a vacuum, but to pursue and experience the best in the world.

## Getting Off the Wrong Train

The first principle is that you must not fool yourself, and you are the easiest person to fool.

—RICHARD P. FEYNMAN, Nobel Prize–winning physicist

Enough is enough. Lemmings no more. The blind quest for cash is a fool's errand.

I've chartered private planes over the Andes, enjoyed many of the best wines in the world in between world-class ski runs, and lived like a king, lounging by the infinity pool of a private villa. Here's the little secret I rarely tell: It all cost less than rent in the U.S. If you can free your time and location, your money is automatically worth 3–10 times as much.

This has nothing to do with currency rates. Being financially rich and having the ability to live like a millionaire are fundamentally two very different things.

Money is multiplied in practical value depending on the number of W's you control in your life: **what** you do, **when** you do it, **where** you do it, and with **whom** you do it. I call this the "freedom multiplier."

Using this as our criterion, the 80-hour-per-week, $500,000-per-year investment banker is less "powerful" than the employed **NR** who works ¼ the hours for $40,000, but has complete freedom of when, where, and how to live. The former's $500,000 may be worth less than $40,000 and the latter's $40,000 worth more than $500,000 when we run the numbers and look at the lifestyle output of their money.

Options—the ability to choose—is real power. This book is all about how to see and create those options with the least effort and cost. It just so happens, paradoxically, that you can make more money—a lot more money—by doing half of what you are doing now.

## So, Who Are the NR?

- The employee who rearranges his schedule and negotiates a remote work agreement to achieve 90% of the results in one-tenth of the time, which frees him to practice cross-country skiing and take road trips with his family two weeks per month.

- The business owner who eliminates the least profitable customers and projects, outsources all operations entirely, and travels the world collecting rare documents, all while working remotely on a website to showcase her own illustration work.

- The student who elects to risk it all—which is nothing—to establish an online video rental service that delivers $5,000 per month in income from a small niche of Blu-ray aficionados, a two-hour-per-week side project that allows him to work full-time as an animal rights lobbyist.

The options are limitless, but each path begins with the same first step: replacing assumptions.

To join the movement, you will need to learn a new lexicon and recalibrate direction using a compass for an unusual world. From inverting responsibility to jettisoning the entire concept of "success," we need to change the rules.

## New Players for a New Game: Global and Unrestricted

TURIN, ITALY

Civilization had too many rules for me, so I did my best to rewrite them.

—BILL COSBY

As he rotated 360 degrees through the air, the deafening noise turned to silence. Dale Begg-Smith executed the backflip perfectly—skis crossed in an X over his head—and landed in the record books as he slid across the finish.

It was February 16, 2006, and he was now a mogul-skiing gold medalist at the Turin Winter Olympics. Unlike other full-time athletes, he will never have to return to a dead-end job after his moment of glory, nor will he look back at this day as the climax of his only passion. After all, he was only 21 years old and drove a black Lamborghini.

Born a Canadian and something of a late bloomer, Dale found his calling, an Internet-based IT company, at the age of 13. Fortunately, he had a more-experienced mentor and partner to guide him: his 15-year-old brother, Jason. Created to fund their dreams of standing atop the Olympic podium, it would, only two years later, become the third-largest company of its kind in the world.

While Dale's teammates were hitting the slopes for extra sessions, he was often buying sake for clients in Tokyo. In a world of "work harder, not smarter," it came to pass that his coaches felt he was spending too much time on his business and not enough time in training, despite his results.

Rather than choose between his business or his dream, Dale chose to move laterally with both, from either/or to both/and. He wasn't spending too much time on his business; he and his brother were spending too much time with Canucks.

In 2002, they moved to the ski capital of the world, Australia, where the team was smaller, more flexible, and coached by a legend. Three short years later, he received citizenship, went head-to-head against former teammates, and became the third "Aussie" in history to win winter gold.

In the land of wallabies and big surf, Dale has since gone postal. Literally. Right next to the Elvis Presley commemorative edition, you can buy stamps with his face on them.

Fame has its perks, as does looking outside the choices presented to you. There are always lateral options.

NEW CALEDOINA, SOUTH PACIFIC OCEAN

Once you say you're going to settle for second, that's what happens to you in life.

—JOHN F. KENNEDY

Some people remain convinced that just a bit more money will make things right. Their goals are arbitrary moving targets: $300,000 in the bank, $1,000,000 in the portfolio, $100,000 a year instead of $50,000, etc. Julie's goal made intrinsic sense: come back with the same number of children she had left with.

She reclined in her seat and glanced across the aisle past her sleeping husband, Marc, counting as she had done thousands of times—one, two, three. So far so good. In 12 hours, they would all be back in Paris, safe and sound. That was assuming the plane from New Caledonia held together, of course.

New Caledonia?

Nestled in the tropics of the Coral Sea, New Caledonia was a French territory and where Julie and Marc had just sold the sailboat that took them 15,000 miles around the world. Of course, recouping their initial investment had been part of the plan. All said and done, their 15-month exploration of the globe, from the gondola-rich waterways of Venice to the tribal shores of Polynesia, had cost between $18,000 and $19,000. Less than rent and baguettes in Paris.

Most people would consider this impossible. Then again, most people don't know that more than 300 families set sail from France each year to do the same.

The trip had been a dream for almost two decades, relegated to the back of the line behind an ever-growing list of responsibilities. Each passing moment brought a new list of reasons for putting it off. One day, Julie realized that if she didn't do it now, she would never do it. The rationalizations, legitimate or not, would just continue to add up and make it harder to convince herself that escape was possible.

One year of preparation and one 30-day trial run with her husband later, they set sail on the trip of a lifetime. Julie realized almost as soon as the anchor lifted that, far from being a reason not to travel and seek adventure, children are perhaps the best reason of all to do both.

Pre-trip, her three little boys had fought like banshees at the drop of a hat. In the process of learning to coexist in a floating bedroom, they learned patience, as much for themselves as for the sanity of their parents. Pre-trip, books were about as appealing as eating sand. Given the alternative of staring at a wall on the open sea, all three learned to love books. Pulling them out of school for one academic year and exposing them to new environments had proven to be the best investment in their education to date.

Now sitting in the plane, Julie looked out at the clouds as the wing cut past them, already thinking of their next plans: to find a place in the mountains and ski all year long, using income from a sail-rigging workshop to fund the slopes and more travel.

Now that she had done it once, she had the itch.

### ► LIFESTYLE DESIGN IN ACTION

I was done with driving across town to collect my son from child- care only to slide across icy highways trying to get back to work with him in tow to finish my work. My mini-retirement brought us both to live at an alternative boarding school full of creative lifestyle redesigning children and staff in a gorgeous Florida forest with a spring-fed pond and plenty of sunshine. You can easily search for alternative schools or traditional schools that might accept your children during your stay. Alternative schools often see themselves as supportive communities and are exceptionally welcoming. You might even find an opportunity to work at a school where you could experience a new environment with your child.

***—DEB***

• • •

Tim,

Your book and blog have inspired me to quit my job, write two e-books, sky dive, backpack through South America, sell all the clutter in my life, and host an annual convention of the world's top dating instructors (my primary business venture, third year running). The best part? I can't even buy a drink yet.

Thank you so much, bro!

***—ANTHONY***

# 2
# Rules That Change the Rules

### ► EVERYTHING POPULAR IS WRONG

I can't give you a surefire formula for success, but I can give you a formula for failure: try to please everybody all the time.

—HERBERT BAYARD SWOPE, American editor and journalist; first recipient of the Pulitzer Prize

Everything popular is wrong.

—OSCAR WILDE, *The Importance of Being Earnest*

# Beating the Game, Not Playing the Game

In 1999, sometime after quitting my second unfulfilling job and eating peanut-butter sandwiches for comfort, I won the gold medal at the Chinese Kickboxing (Sanshou) National Championships.

It wasn't because I was good at punching and kicking. God forbid. That seemed a bit dangerous, considering I did it on a dare and had four weeks of preparation. Besides, I have a watermelon head—it's a big target.

I won by reading the rules and looking for unexploited opportunities, of which there were two:

**1. Weigh-ins were the day prior to competition:** Using dehydration techniques commonly practiced by elite powerlifters and Olympic wrestlers, I lost 28 pounds in 18 hours, weighed in at 165 pounds, and then hyperhydrated back to 193 pounds.[2] It's hard to fight someone from three weight classes above you. Poor little guys.

**2. There was a technicality in the fine print:** If one combatant fell off the elevated platform three times in a single round, his opponent won by default. I decided to use this technicality as my principal technique and push people off. As you might imagine, this did not make the judges the happiest Chinese I've ever seen.

The result? I won all of my matches by technical knock-out (TKO) and went home national champion, something 99% of those with 5–10 years of experience had been unable to do.

But, isn't pushing people out of the ring pushing the boundaries of ethics? Not at all—it's no more than doing the uncommon within the rules. The important distinction is that between official rules and self-imposed rules. Consider the following example, from the official website of the Olympic movement (www.olympic.org).

The 1968 Mexico City Olympics marked the international debut of Dick Fosbury and his celebrated "Fosbury flop," which would soon revolutionize high-jumping. At the time, jumpers… swung their outside foot up and over the bar [called the "straddle," much like a hurdle jump, it allowed you to land on your feet]. Fosbury's technique began by racing up to the bar at great speed and taking off from his right (or outside) foot. Then he twisted his body so that he went over the bar head-first with his back to the bar. While the coaches of the world shook their heads in disbelief, the Mexico City audience was absolutely captivated by Fosbury and shouted, "Olé!" as he cleared the bar. Fosbury cleared every height through 2.22 metres without a miss and then achieved a personal record of 2.24 metres to win the gold medal.

By 1980, 13 of the 16 Olympic finalists were using the Fosbury flop.

The weight-cutting techniques and off-platform throwing I used are now standard features of Sanshou competition. I didn't cause it, I just foresaw it as inevitable, as did others who tested this superior approach. Now it's par for the course.

Sports evolve when sacred cows are killed, when basic assumptions are tested.

The same is true in life and in lifestyles.

## Challenging the Status Quo vs. Being Stupid

Most people walk down the street on their legs. Does that mean I walk down the street on my hands? Do I wear my underwear outside of my pants in the name of being different? Not usually, no. Then again, walking on my legs and keeping my thong on the inside have worked just fine thus far. I don't fix it if it isn't broken.

Different is better when it is more effective or more fun.

If everyone is defining a problem or solving it one way and the results are subpar, this is the time to ask, What if I did the opposite? Don't follow a model that doesn't work. If the recipe sucks, it doesn't matter how good a cook you are.

When I was in data storage sales, my first gig out of college, I realized that most cold calls didn't get to the intended person for one reason: gatekeepers. If I simply made all my calls from 8:00–8:30 A.M. and 6:00–6:30 P.M., for a total of one hour, I was able to avoid secretaries and book more than twice as many meetings as the senior sales executives who called from 9–5. In other words, I got twice the results for 1/8 the time.

From Japan to Monaco, from globetrotting single mothers to multimillionaire racecar drivers, the basic rules of successful **NR** are surprisingly uniform and predictably divergent from what the rest of the world is doing.

The following rules are the fundamental differentiators to keep in mind throughout this book.

**1. Retirement Is Worst-Case-Scenario Insurance.**

Retirement planning is like life insurance. It should be viewed as nothing more than a hedge against the absolute worst-case scenario: in this case, becoming physically incapable of working and needing a reservoir of capital to survive.

Retirement as a goal or final redemption is flawed for at least three solid reasons:

1. It is predicated on the assumption that you dislike what you are doing during the most physically capable years of your life. This is a nonstarter—nothing can justify that sacrifice.
2. Most people will never be able to retire and maintain even a hotdogs-for-dinner standard of living. Even one million is chump change in a world where traditional retirement could span 30 years and inflation lowers your purchasing power 2–4% per year. The math doesn't work.[3] The golden years become lower-middle-class life revisited. That's a bittersweet ending.
3. If the math does work, it means that you are one ambitious, hardworking machine. If that's the case, guess what? One week into retirement, you'll be so damn bored that you'll want to stick bicycle spokes in your eyes. You'll probably opt to look for a new job or start another company. Kinda defeats the purpose of waiting, doesn't it?

I'm not saying don't plan for the worst case—I have maxed out 401(k)s and IRAs I use primarily for tax purposes—but don't mistake retirement for the goal.

**2. Interest and Energy Are Cyclical.**

If I offered you $10,000,000 to work 24 hours a day for 15 years and then retire, would you do it? Of course not—you couldn't. It is unsustainable, just as what most define as a career: doing the same thing for 8+ hours per day until you break down or have enough cash to permanently stop.

How else can my 30-year-old friends all look like a cross between Donald Trump and Joan Rivers? It's horrendous—premature aging fueled by triple bypass frappuccinos and impossible workloads.

Alternating periods of activity and rest is necessary to survive, let alone thrive. Capacity, interest, and mental endurance all wax and wane. Plan accordingly.

The **NR** aims to distribute "mini-retirements" throughout life instead of hoarding the recovery and enjoyment for the fool's gold of retirement. By working only when you are most effective, life is both more productive and more enjoyable. It's the perfect example of having your cake and eating it, too.

Personally, I now aim for one month of overseas relocation or high-intensity learning (tango, fighting, whatever) for every two months of work projects.

**3. Less Is Not Laziness.**

Doing less meaningless work, so that you can focus on things of greater personal importance, is NOT laziness. This is hard for most to accept, because our culture tends to reward personal sacrifice instead of personal productivity.

Few people choose to (or are able to) measure the results of their actions and thus measure their contribution in time. More time equals more self-worth and more reinforcement from those above and around them. The **NR**, despite fewer hours in the office, produce more meaningful results than the next dozen non-**NR** combined.

Let's define "laziness" anew—to endure a non-ideal existence, to let circumstance or others decide life for you, or to amass a fortune while passing through life like a spectator from an office window. The size of your bank account doesn't change this, nor does the number of hours you log in handling unimportant e-mail or minutiae.

Focus on being productive instead of busy.

**4. The Timing Is Never Right.**

I once asked my mom how she decided when to have her first child, little ol' me. The answer was simple: "It was something we wanted, and we decided there was no point in putting it off. The timing is never right to have a baby." And so it is.

For all of the most important things, the timing always sucks. Waiting for a good time to quit your job? The stars will never align and the traffic lights of life will never all be green at the same time. The universe doesn't conspire against you, but it doesn't go out of its way to line up all the pins either. Conditions are never perfect. "Someday" is a disease that will take your dreams to the grave with you. Pro and con lists are just as bad. If it's important to you and you want to do it "eventually," just do it and correct course along the way.

**5. Ask for Forgiveness, Not Permission.**

If it isn't going to devastate those around you, try it and then justify it. People—whether parents, partners, or bosses—deny things on an emotional basis that they can learn to accept after the fact. If the potential damage is moderate or in any way reversible, don't give people the chance to say no. Most people are fast to stop you before you get started but hesitant to get in the way if you're moving. Get good at being a troublemaker and saying sorry when you really screw up.

**6. Emphasize Strengths, Don't Fix Weaknesses.**

Most people are good at a handful of things and utterly miserable at most. I am great at product creation and marketing but terrible at most of the things that follow.

My body is designed to lift heavy objects and throw them, and that's it. I ignored this for a long time. I tried swimming and looked like a drowning monkey. I tried basketball and looked like a caveman. Then I became a fighter and took off.

It is far more lucrative and fun to leverage your strengths instead of attempting to fix all the chinks in your armor. The choice is between *multiplication* of results using strengths or *incremental* improvement fixing weaknesses that will, at best, become mediocre. Focus on better use of your best weapons instead of constant repair.

**7. Things in Excess Become Their Opposite.**

It is possible to have too much of a good thing. In excess, most endeavors and possessions take on the characteristics of their opposite. Thus:

> Pacifists become militants.
> Freedom fighters become tyrants.
> Blessings become curses.
> Help becomes hindrance. More becomes less.[4]

Too much, too many, and too often of what you want becomes what you don't want. This is true of possessions and even time. Lifestyle Design is thus not interested in creating an excess of idle time, which is poisonous, but the positive use of free time, defined simply as doing what you want as opposed to what you feel obligated to do.

**8. Money Alone Is Not the Solution.**

There is much to be said for the power of money as currency (I'm a fan myself), but adding more of it just isn't the answer as often as we'd like to think. In part, it's laziness. "If only I had more money" is the easiest way to postpone the intense self-examination and decision-making necessary to create a life of enjoyment—now and not later. By using money as the scapegoat and work as our all-consuming routine, we are able to conveniently disallow ourselves the time to do otherwise: "John, I'd love to talk about the gaping void I feel in my life, the hopelessness that hits me like a punch in the eye every time I start my computer in the morning, but I have so much work to do! I've got at least three hours of unimportant e-mail to reply to before calling the prospects who said 'no' yesterday. Gotta run!"

Busy yourself with the routine of the money wheel, pretend it's the fix-all, and you artfully create a constant distraction that prevents you from seeing just how pointless it is. Deep down, you know it's all an illusion, but with everyone participating in the same game of make-believe, it's easy to forget.

The problem is more than money.

**9. Relative Income Is More Important Than Absolute Income.**

Among dietitians and nutritionists, there is some debate over the value of a calorie. Is a calorie a calorie, much like a rose is a rose? Is fat loss as simple as expending more calories than you consume, or is the source of those calories important? Based on work with top athletes, I know the answer to be the latter.

What about income? Is a dollar is a dollar is a dollar? The New Rich don't think so.

Let's look at this like a fifth-grade math problem. Two hardworking chaps are headed toward each

other. Chap A moving at 80 hours per week and Chap B moving at 10 hours per week. They both make $50,000 per year. Who will be richer when they pass in the middle of the night? If you said B, you would be correct, and this is the difference between **absolute** and **relative** income.

Absolute income is measured using one holy and inalterable variable: the raw and almighty dollar. Jane Doe makes $100,000 per year and is thus twice as rich as John Doe, who makes $50,000 per year.

Relative income uses two variables: the dollar and time, usually hours. The whole "per year" concept is arbitrary and makes it easy to trick yourself. Let's look at the real trade. Jane Doe makes $100,000 per year, $2,000 for each of 50 weeks per year, and works 80 hours per week. Jane Doe thus makes $25 per hour. John Doe makes $50,000 per year, $1,000 for each of 50 weeks per year, but works 10 hours per week and hence makes $100 per hour. In relative income, John is *four times* richer.

Of course, relative income has to add up to the minimum amount necessary to actualize your goals. If I make $100 per hour but only work one hour per week, it's going to be hard for me to run amuck like a superstar. Assuming that the total absolute income is where it needs to be to live my dreams (not an arbitrary point of comparison with the Joneses), relative income is the real measurement of wealth for the New Rich.

The top New Rich mavericks make at least $5,000 per hour. Out of college, I started at about $5. I'll get you closer to the former.

**10. Distress Is Bad, Eustress Is Good.**

Unbeknownst to most fun-loving bipeds, not all stress is bad. Indeed, the New Rich don't aim to eliminate all stress. Not in the least. There are two separate types of stress, each as different as euphoria and its seldom-mentioned opposite, *dys*phoria.

*Dis*tress refers to harmful stimuli that make you weaker, less confident, and less able. Destructive criticism, abusive bosses, and smashing your face on a curb are examples of this. These are things we want to avoid.

*Eu*stress, on the other hand, is a word most of you have probably never heard. *Eu-*, a Greek prefix for "healthy," is used in the same sense in the word "euphoria." Role models who push us to exceed our limits, physical training that removes our spare tires, and risks that expand our sphere of comfortable action are all examples of eustress—stress that is healthful and the stimulus for growth.

People who avoid all criticism fail. It's destructive criticism we need to avoid, not criticism in all forms. Similarly, there is no progress without eustress, and the more eustress we can create or apply to our lives, the sooner we can actualize our dreams. The trick is telling the two apart.

The New Rich are equally aggressive in removing distress and finding eustress.

## ► Q&A: QUESTIONS AND ACTIONS

1. How has being "realistic" or "responsible" kept you from the life you want?
2. How has doing what you "should" resulted in subpar experiences or regret for not having done something else?
3. Look at what you're currently doing and ask yourself, "What would happen if I did the opposite of the people around me? What will I sacrifice if I continue on this track for 5, 10, or 20 years?"

2. Most people will assume this type of weight manipulation is impossible, so I've provided sample photographs at www.fourhourblog.com. Do NOT try this at home. I did it all under medical

supervision.

3. "Living Well" *(Barron's*, March 20, 2006, Suzanne McGee).

4. Goldian VandenBroeck, ed. From *Less Is More: An Anthology of Ancient and Modern Voices Raised in Praise of Simplicity* (Inner Traditions, 1996).

# 3
# Dodging Bullets

## ► FEAR-SETTING AND ESCAPING PARALYSIS

Many a false step was made by standing still.
—FORTUNE COOKIE

Named must your fear be before banish it you can.
—YODA, from *Star Wars: The Empire Strikes Back*

**RIO DE JANEIRO, BRAZIL**

Twenty feet and closing.

"Run! Ruuuuuuuuuun!" Hans didn't speak Portuguese, but the meaning was clear enough—haul ass. His sneakers gripped firmly on the jagged rock, and he drove his chest forward toward 3,000 feet of nothing.

He held his breath on the final step, and the panic drove him to near unconsciousness. His vision blurred at the edges, closing to a single pinpoint of light, and then … he floated. The all-consuming celestial blue of the horizon hit his visual field an instant after he realized that the thermal updraft had caught him and the wings of the paraglider. Fear was behind him on the mountaintop, and thousands of feet above the resplendent green rain forest and pristine white beaches of Copacabana, Hans Keeling had seen the light.

That was Sunday.

On Monday, Hans returned to his law office in Century City, Los Angeles's posh corporate haven, and promptly handed in his three-week notice. For nearly five years, he had faced his alarm clock with the same dread: I have to do *this* for another 40–45 years? He had once slept under his desk at the office after a punishing half-done project, only to wake up and continue on it the next morning. That same morning, he had made himself a promise: two more times and I'm out of here. Strike number three came the day before he left for his Brazilian vacation.

We all make these promises to ourselves, and Hans had done it before as well, but things were now

somehow different. He was different. He had realized something while arcing in slow circles toward the earth—risks weren't that scary once you took them. His colleagues told him what he expected to hear: He was throwing it all away. He was an attorney on his way to the top—what the hell did he want?

Hans didn't know exactly what he wanted, but he had tasted it. On the other hand, he did know what bored him to tears, and he was done with it. No more passing days as the living dead, no more dinners where his colleagues compared cars, riding on the sugar high of a new BMW purchase until someone bought a more expensive Mercedes. It was over.

Immediately, a strange shift began—Hans felt, for the first time in a long time, at peace with himself and what he was doing. He had always been terrified of plane turbulence, as if he might die with the best inside of him, but now he could fly through a violent storm sleeping like a baby. Strange indeed.

More than a year later, he was still getting unsolicited job offers from law firms, but by then had started Nexus Surf,[5] a premier surf-adventure company based in the tropical paradise of Florianopolis, Brazil. He had met his dream girl, a Carioca with caramel-colored skin named Tatiana, and spent most of his time relaxing under palm trees or treating clients to the best times of their lives.

Is this what he had been so afraid of?

These days, he often sees his former self in the underjoyed and overworked professionals he takes out on the waves. Waiting for the swell, the true emotions come out: "God, I wish I could do what you do." His reply is always the same: "You can."

The setting sun reflects off the surface of the water, providing a Zen-like setting for a message he knows is true: It's not giving up to put your current path on indefinite pause. He could pick up his law career exactly where he left off if he wanted to, but that is the furthest thing from his mind.

As they paddle back to shore after an awesome session, his clients get ahold of themselves and regain their composure. They set foot on shore, and reality sinks its fangs in: "I would, but I can't really throw it all away."

He has to laugh.

## The Power of Pessimism: Defining the Nightmare

Action may not always bring happiness, but there is no happiness without action.

—BENJAMIN DISRAELI, former British Prime Minister

To door not to do? To try or not to try? Most people will vote no, whether they consider themselves brave or not. Uncertainty and the prospect of failure can be very scary noises in the shadows. Most people will choose unhappiness over uncertainty. For years, I set goals, made resolutions to change direction, and nothing came of either. I was just as insecure and scared as the rest of the world.

The simple solution came to me accidentally four years ago. At that time, I had more money than I knew what to do with—I was making $70K or so per month—and I was completely miserable, worse than ever. I had no time and was working myself to death. I had started my own company, only to realize it would be nearly impossible to sell.[6] Oops. I felt trapped and stupid at the same time. I should be able to figure this out, I thought. Why am I such an idiot? Why can't I make this work?! Buckle up and stop being such a (insert expletive)! What's wrong with me? The truth was, nothing was wrong with me. I hadn't reached my limit; I'd reached the limit of my business model at the time. It wasn't the driver, it was the vehicle.

Critical mistakes in its infancy would never let me sell it. I could hire magic elves and connect my brain to a supercomputer—it didn't matter. My little baby had some serious birth defects. The question then became, How do I free myself from this Frankenstein while making it self-sustaining? How do I pry myself from the tentacles of workaholism and the fear that it would fall to pieces without my 15-hour days? How do I escape this self-made prison? A trip, I decided. A sabbatical year around the world.

So I took the trip, right? Well, I'll get to that. First, I felt it prudent to dance around with my shame, embarrassment, and anger for six months, all the while playing an endless loop of reasons why my cop-out fantasy trip could never work. One of my more productive periods, for sure.

Then, one day, in my bliss of envisioning how bad my future suffering would be, I hit upon a gem of an idea. It was surely a highlight of my "don't happy, be worry" phase: Why don't I decide exactly what my nightmare would be—the worst thing that could possibly happen as a result of my trip?

Well, my business could fail while I'm overseas, for sure. Probably would. A legal warning letter would accidentally not get forwarded and I would get sued. My business would be shut down, and inventory would spoil on the shelves while I'm picking my toes in solitary misery on some cold shore in Ireland. Crying in the rain, I imagine. My bank account would crater by 80% and certainly my car and motorcycle in storage would be stolen. I suppose someone would probably spit on my head from a high-rise balcony while I'm feeding food scraps to a stray dog, which would then spook and bite me squarely on the face. God, life is a cruel, hard bitch.

## Conquering Fear = Defining Fear

> Set aside a certain number of days, during which you shall be content with the scantiest and cheapest fare, with course and rough dress, saying to yourself the while: "Is this the condition that I feared?"
>
> —SENECA

Then a funny thing happened. In my undying quest to make myself miserable, I accidentally began to backpedal. As soon as I cut through the vague unease and ambiguous anxiety by defining my nightmare, the worst-case scenario, I wasn't as worried about taking a trip. Suddenly, I started thinking of simple steps I could take to salvage my remaining resources and get back on track if all hell struck at once. I could always take a temporary bartending job to pay the rent if I had to. I could sell some furniture and cut back on eating out. I could steal lunch money from the kindergarteners who passed by my apartment every morning. The options were many. I realized it wouldn't be that hard to get back to where I was, let alone survive. None of these things would be fatal—not even close. Mere panty pinches on the journey of life.

I realized that on a scale of 1–10, 1 being nothing and 10 being permanently life-changing, my so-called worst-case scenario might have a *temporary* impact of 3 or 4. I believe this is true of most people and most would-be "holy sh*t, my life is over" disasters. Keep in mind that this is the one-in-a-million disaster nightmare. On the other hand, if I realized my best-case scenario, or even a probable-case scenario, it would easily have a *permanent* 9 or 10 positive life-changing effect.

In other words, I was risking an unlikely and temporary 3 or 4 for a probable and permanent 9 or 10, and I could easily recover my baseline workaholic prison with a bit of extra work if I wanted to. This all equated to a significant realization: There was practically no risk, only huge life-changing upside potential, and I could resume my previous course without any more effort than I was already putting forth.

That is when I made the decision to take the trip and bought a one-way ticket to Europe. I started planning my adventures and eliminating my physical and psychological baggage. None of my disasters came to pass, and my life has been a near fairy tale since. The business did better than ever, and I practically forgot about it as it financed my travels around the world in style for 15 months.

## Uncovering Fear Disguised as Optimism

> There's no difference between a pessimist who says, "Oh, it's hopeless, so don't bother doing anything," and an optimist who says, "Don't bother doing anything, it's going to turn out fine anyway." Either way, nothing happens.
>
> —YVON CHOUINARD,[7] founder of Patagonia

Fear comes in many forms, and we usually don't call it by its four-letter name. Fear itself is quite fear-inducing. Most intelligent people in the world dress it up as something else: optimistic denial. Most who avoid quitting their jobs entertain the thought that their course will improve with time or increases in income. This seems valid and is a tempting hallucination when a job is boring or uninspiring instead of pure hell. Pure hell forces action, but anything less can be endured with enough clever rationalization.

Do you really think it will improve or is it wishful thinking and an excuse for inaction? If you were confident in improvement, would you really be questioning things so? Generally not. This is fear of the unknown disguised as optimism.

Are you better off than you were one year ago, one month ago, or one week ago?

If not, things will not improve by themselves. If you are kidding yourself, it is time to stop and plan for a jump. Barring any James Dean ending, your life is going to be LONG. Nine to five for your working lifetime of 40–50 years is a long-ass time if the rescue doesn't come. About 500 months of solid work.

How many do you have to go? It's probably time to cut your losses.

### Someone Call the Maître D'

> You have comfort. You don't have luxury. And don't tell me that money plays a part. The luxury I advocate has nothing to do with money. It cannot be bought. It is the reward of those who have no fear of discomfort.
>
> —JEAN COCTEAU, French poet, novelist, boxing manager, and filmmaker, whose collaborations were the inspiration for the term "surrealism"

Sometimes timing is perfect. There are hundreds of cars circling a parking lot, and someone pulls out of a spot 10 feet from the entrance just as you reach his or her bumper. Another Christmas miracle!

Other times, the timing could be better. The phone rings during sex and seems to ring for a half hour. The UPS guy shows up 10 minutes later. Bad timing can spoil the fun.

Jean-Marc Hachey landed in West Africa as a volunteer, with high hopes of lending a helping hand. In that sense, his timing was great. He arrived in Ghana in the early 1980s, in the middle of a coup d'état, at

the peak of hyperinflation, and just in time for the worst drought in a decade. For these same reasons, some people would consider his timing quite poor from a more selfish survival standpoint.

He had also missed the memo. The national menu had changed, and they were out of luxuries like bread and clean water. He would be surviving for four months on a slushlike concoction of corn meal and spinach. Not what most of us would order at the movie theater.

"WOW, I CAN SURVIVE."

Jean-Marc had passed the point of no return, but it didn't matter. After two weeks of adjusting to the breakfast, lunch, and dinner (Mush à la Ghana), he had no desire to escape. The most basic of foods and good friends proved to be the only real necessities, and what would seem like a disaster from the outside was the most life-affirming epiphany he'd ever experienced: The worst really wasn't that bad. To enjoy life, you don't need fancy nonsense, but you do need to control your time and realize that most things just aren't as serious as you make them out to be.

Now 48, Jean-Marc lives in a nice home in Ontario, but could live without it. He has cash, but could fall into poverty tomorrow and it wouldn't matter. Some of his fondest memories still include nothing but friends and gruel. He is dedicated to creating special moments for himself and his family and is utterly unconcerned with retirement. He's already lived 20 years of partial retirement in perfect health.

Don't save it all for the end. There is every reason not to.

## ► Q&A: QUESTIONS AND ACTIONS

I am an old man and have known a great many troubles, but most of them never happened.

—MARK TWAIN

If you are nervous about making the jump or simply putting it off out of fear of the unknown, here is your antidote. Write down your answers, and keep in mind that thinking a lot will not prove as fruitful or as prolific as simply brain vomiting on the page. Write and do not edit—aim for volume. Spend a few minutes on each answer.

1. **Define your nightmare, the absolute worst that could happen if you did what you are considering**. What doubt, fears, and "what-ifs" pop up as you consider the big changes you can—or need—to make? Envision them in painstaking detail. Would it be the end of your life? What would be the permanent impact, if any, on a scale of 1–10? Are these things really permanent? How likely do you think it is that they would actually happen?
2. **What steps could you take to repair the damage or get things back on the upswing, even if temporarily?** Chances are, it's easier than you imagine. How could you get things back under control?
3. **What are the outcomes or benefits, both temporary and permanent, of more probable scenarios?** Now that you've defined the nightmare, what are the more probable or definite positive outcomes, whether internal (confidence, self-esteem, etc.) or external? What would the impact of these more-likely outcomes be on a scale of 1–10? How likely is it that you could produce at least a moderately good outcome? Have less intelligent people done this before and pulled it off?

4. **If you were fired from your job today, what would you do to get things under financial control?** Imagine this scenario and run through questions 1–3 above. If you quit your job to test other options, how could you later get back on the same career track if you absolutely had to?
5. **What are you putting off out of fear?** Usually, what we most fear doing is what we most need to do. That phone call, that conversation, whatever the action might be—it is fear of unknown outcomes that prevents us from doing what we need to do. Define the worst case, accept it, and do it. I'll repeat something you might consider tattooing on your forehead: *What we fear doing most is usually what we most need to do*. As I have heard said, a person's success in life can usually be measured by the number of uncomfortable conversations he or she is willing to have. Resolve to do one thing every day that you fear. I got into this habit by attempting to contact celebrities and famous businesspeople for advice.
6. **What is it costing you—financially, emotionally, and physically—to postpone action?** Don't only evaluate the potential downside of action. It is equally important to measure the atrocious cost of inaction. If you don't pursue those things that excite you, where will you be in one year, five years, and ten years? How will you feel having allowed circumstance to impose itself upon you and having allowed ten more years of your finite life to pass doing what you know will not fulfill you? If you telescope out 10 years and know with 100% certainty that it is a path of disappointment and regret, and if we define risk as "the likelihood of an irreversible negative outcome," inaction is the greatest risk of all.
7. **What are you waiting for?** If you cannot answer this without resorting to the previously rejected concept of good timing, the answer is simple: You're afraid, just like the rest of the world. Measure the cost of inaction, realize the unlikelihood and re-pairability of most missteps, and develop the most important habit of those who excel and enjoy doing so: action.

5. www.nexussurf.com

6. This turned out to be yet another self-imposed limitation and false construct. BrainQUICKEN was acquired by a private equity firm in 2009. The process is described on www.fourhourblog.com.

7. http://www.tpl.org/tier3_cd.cfm?content_item_id=5307&folder_id=1545.

# 4
# System Reset

## ► BEING UNREASONABLE AND UNAMBIGUOUS

"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where …" said Alice.

"Then it doesn't matter which way you go," said the Cat.

—LEWIS CARROLL, *Alice in Wonderland*

The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.

—GEORGE BERNARD SHAW, *Maxims for Revolutionists*

**SPRING 2005 / PRINCETON , NEW JERSEY**

I had to bribe them. What other choice did I have?

They formed a circle around me, and, while the names differed, the question was one and the same: "What's the challenge?" All eyes were on me.

My lecture at Princeton University had just ended with excitement and enthusiasm. At the same time, I knew that most students would go out and promptly do the opposite of what I preached. Most of them would be putting in 80-hour weeks as high-paid coffee fetchers unless I showed that the principles from class could actually be applied.

Hence the challenge.

I was offering a round-trip ticket anywhere in the world to anyone who could complete an undefined "challenge" in the most impressive fashion possible. Results plus style. I told them to meet me after class if interested, and here they were, nearly 20 out of 60 students.

The task was designed to test their comfort zones while forcing them to use some of the tactics I teach. It was simplicity itself: Contact three seemingly impossible-to-reach people—J.Lo, Bill Clinton, J. D. Salinger, I don't care—and get at least one to reply to three questions.

Of 20 students, all frothing at the mouth to win a free spin across the globe, how many completed the challenge?

Exactly … none. Not a one.

There were many excuses: "It's not that easy to get someone to …" "I have a big paper due, and …" "I would love to, but there's no way I can…." There was but one real reason, however, repeated over and over again in different words: It was a difficult challenge, perhaps impossible, and the other students would outdo them. Since all of them overestimated the competition, no one even showed up.

According to the rules I had set, if someone had sent me no more than an illegible one-paragraph response, I would have been obligated to give them the prize. This result both fascinated and depressed me.

The following year, the outcome was quite different.

I told the above cautionary tale and 6 out of 17 finished the challenge in less than 48 hours. Was the second class better? No. In fact, there were more capable students in the first class, but they did nothing. Firepower up the wazoo and no trigger finger.

The second group just embraced what I told them before they started, which was …

## Doing the Unrealistic Is Easier Than Doing the Realistic

From contacting billionaires to rubbing elbows with celebrities—the second group of students did both—it's as easy as believing it can be done.

It's lonely at the top. Ninety-nine percent of people in the world are convinced they are incapable of achieving great things, so they aim for the mediocre. The level of competition is thus fiercest for "realistic" goals, paradoxically making them the most time-and energy-consuming. It is easier to raise $1,000,000 than it is $100,000. It is easier to pick up the one perfect 10 in the bar than the five 8s.

If you are insecure, guess what? The rest of the world is, too. Do not overestimate the competition and underestimate yourself. You are better than you think.

Unreasonable and unrealistic goals are easier to achieve for yet another reason.

Having an unusually large goal is an adrenaline infusion that provides the endurance to overcome the inevitable trials and tribulations that go along with any goal. Realistic goals, goals restricted to the average ambition level, are uninspiring and will only fuel you through the first or second problem, at which point you throw in the towel. If the potential payoff is mediocre or average, so is your effort. I'll run through walls to get a catamaran trip through the Greek islands, but I might not change my brand of cereal for a weekend trip through Columbus, Ohio. If I choose the latter because it is "realistic," I won't have the enthusiasm to jump even the smallest hurdle to accomplish it. With beautiful, crystal-clear Greek waters and delicious wine on the brain, I'm prepared to do battle for a dream that is worth dreaming. Even though their difficulty of achievement on a scale of 1–10 appears to be a 10 and a 2 respectively, Columbus is more likely to fall through.

The fishing is best where the fewest go, and the collective insecurity of the world makes it easy for people to hit home runs while everyone else is aiming for base hits. There is just less competition for bigger goals.

Doing big things begins with asking for them properly.

## What Do You Want? A Better Question, First of All

Most people will never know what they want. I don't know what I want. If you ask me what I want to do in the next five months for language learning, on the other hand, I do know. It's a matter of specificity. "What do you want?" is too imprecise to produce a meaningful and actionable answer. Forget about it.

"What are your goals?" is similarly fated for confusion and guesswork. To rephrase the question, we need to take a step back and look at the bigger picture.

Let's assume we have 10 goals and we achieve them—what is the desired outcome that makes all the effort worthwhile? The most common response is what I also would have suggested five years ago: happiness. I no longer believe this is a good answer. Happiness can be bought with a bottle of wine and has become ambiguous through overuse. There is a more precise alternative that reflects what I believe the actual objective is.

Bear with me. What is the opposite of happiness? Sadness? No. Just as love and hate are two sides of the same coin, so are happiness and sadness. Crying out of happiness is a perfect illustration of this. The opposite of love is indifference, and the opposite of happiness is—here's the clincher—boredom.

*Excitement is the more practical synonym for happiness, and it is precisely what you should strive to chase. It is the cure-all.* When people suggest you follow your "passion" or your "bliss," I propose that

they are, in fact, referring to the same singular concept: excitement.

This brings us full circle. The question you should be asking isn't, "What do I want?" or "What are my goals?" but "What would excite me?"

## Adult-Onset ADD: Adventure Deficit Disorder

Somewhere between college graduation and your second job, a chorus enters your internal dialogue: Be realistic and stop pretending. Life isn't like the movies.

If you're five years old and say you want to be an astronaut, your parents tell you that you can be anything you want to be. It's harmless, like telling a child that Santa Claus exists. If you're 25 and announce you want to start a new circus, the response is different: Be realistic; become a lawyer or an accountant or a doctor, have babies, and raise them to repeat the cycle.

If you do manage to ignore the doubters and start your own business, for example, ADD doesn't disappear. It just takes a different form.

When I started BrainQUICKEN LLC in 2001, it was with a clear goal in mind: Make $1,000 per day whether I was banging my head on a laptop or cutting my toenails on the beach. It was to be an automated source of cash flow. If you look at my chronology, it is obvious that this didn't happen until a meltdown forced it, despite the requisite income. Why? The goal wasn't specific enough. I hadn't defined *alternate activities* that would replace the initial workload. Therefore, I just continued working, even though there was no financial need. I needed to feel productive and had no other vehicles.

This is how most people work until death: "I'll just work until I have X dollars and then do what I want." If you don't define the "what I want" alternate activities, the X figure will increase indefinitely to avoid the fear-inducing uncertainty of this void.

This is when both employees and entrepreneurs become fat men in red BMWs.

## The Fat Man in the Red BMW Convertible

There have been several points in my life—among them, just before I was fired from TrueSAN and just before I escaped the U.S. to avoid taking an Uzi into McDonald's—at which I saw my future as another fat man in a midlife-crisis BMW. I simply looked at those who were 15–20 years ahead of me on the same track, whether a director of sales or an entrepreneur in the same industry, and it scared the hell out of me.

It was such an acute phobia, and such a perfect metaphor for the sum of all fears, that it became a pattern interrupt between myself and fellow lifestyle designer and entrepreneur Douglas Price. Doug and I traveled parallel paths for nearly five years, facing the same challenges and self-doubt and thus keeping a close psychological eye on each other. Our down periods seem to alternate, making us a good team.

Whenever one of us began to set our sights lower, lose faith, or "accept reality," the other would chime in via phone or e-mail like an A A sponsor: "Dude, are you turning into the bald fat man in the red BMW convertible?" The prospect was terrifying enough that we always got our asses and priorities back on track immediately. The worst that could happen wasn't crashing and burning, it was accepting

terminal boredom as a tolerable status quo.

Remember—boredom is the enemy, not some abstract "failure."

## Correcting Course: Get Unrealistic

There is a process that I have used, and still use, to reignite life or correct course when the Fat Man in the BMW rears his ugly head. In some form or another, it is the same process used by the most impressive **NR** I have met around the world: dreamlining. Dreamlining is so named because it applies timelines to what most would consider dreams.

It is much like goal-setting but differs in several fundamental respects:

1. The goals shift from ambiguous wants to defined steps.
2. The goals have to be unrealistic to be effective.
3. It focuses on activities that will fill the vacuum created when work is removed. *Living* like a millionaire requires *doing* interesting things and not just owning enviable things.

Now it's your turn to think big.

## How to Get George Bush Sr. or the CEO of Google on the Phone

The article below, titled "Fail Better" and written by Adam Gottesfeld, explores how I teach Princeton students to connect with luminary-level business mentors and celebrities of various types. I've edited it for length in a few places.

People are fond of using the "it's not what you know, it's who you know" adage as an excuse for inaction, as if all successful people are born with powerful friends.

Nonsense.

Here's how normal people build supernormal networks.

### Fail Better

BY ADAM GOTTESFELD

MOST PRINCETON students love to procrastinate in writing their dean's date [term] papers. Ryan Marrinan '07, from Los Angeles, was no exception. But while the majority of undergraduates fill their time by updating their Facebook profiles or watching videos on YouTube, Marrinan was discussing Soto Zen Buddhism via e-mail with Randy Komisar, a partner at the venture capital firm Kleiner Perkins Caufield and Byers, and asking Google CEO Eric Schmidt via e-mail when he had been happiest in his life. (Schmidt's answer: "Tomorrow.")

Prior to his e-mail, Marrinan had never contacted Komisar. He had met Schmidt, a Princeton University trustee, only briefly at an academic affairs meeting of the trustees in November. A self-described "naturally shy kid," Marrinan said he would never have dared to randomly e-mail two of the most powerful men in Silicon Valley if it weren't for Tim Ferriss, who offered a guest lecture in

Professor Ed Zschau's "High-Tech Entrepreneurship" class. Ferriss challenged Marrinan and his fellow seniors to contact high-profile celebrities and CEOs and get their answers to questions they have always wanted to ask.

For extra incentive, Ferriss promised the student who could contact the most hard-to-reach name and ask the most intriguing question a round-trip plane ticket anywhere in the world.

"I believe that success can be measured in the number of uncomfortable conversations you're willing to have. I felt that if I could help students overcome the fear of rejection with cold-calling and cold e-mail, it would serve them forever," Ferriss said. "It's easy to sell yourself short, but when you see classmates getting responses from people like [former president] George Bush, the CEOs of Disney, Comcast, Google, and HP, and dozens of other impossible-to-reach people, it forces you to reconsider your self-set limitations." ... Ferriss lectures to the students of "High-Tech Entrepreneurship" each semester about creating a startup and designing the ideal lifestyle.

"I participate in this contest every day," said Ferriss. "I do what I always do: find a personal e-mail if possible, often through their little-known personal blogs, send a two- to three-paragraph e-mail which explains that I am familiar with their work, and ask one simple-to-answer but thought-provoking question in that e-mail related to their work or life philosophies. The goal is to start a dialogue so they take the time to answer future e-mails—not to ask for help. That can only come after at least three or four genuine e-mail exchanges."

With "textbook execution of the Tim Ferriss Technique," as he put it, Marrinan was able to strike up a bond with Komisar. In his initial e-mail, he talked about reading one of Komisar's *Harvard Business Review* articles and feeling inspired to ask him, "When were you happiest in your life?" After Komisar replied with references to Tibetan Buddhism, Marrinan responded, "Just as words are inadequate to explain true happiness, so too are words inadequate to express my thanks." His e-mail included his personal translation of a French poem by Taisen Deshimaru, the former European head of Soto Zen. An e-mail relationship was formed, and Komisar even e-mailed Marrinan a few days later with a link to a *New York Times* article on happiness.

Contacting Schmidt proved more challenging. For Marrinan, the toughest part was getting Schmidt's personal e-mail address. He e-mailed a Princeton dean asking for it. No response. Two weeks later, he e-mailed the same dean again, defending his request by reminding her that he had previously met Schmidt. The dean said no, but Marrinan refused to give up. He e-mailed her a third time. "Have you ever made an exception?" he asked. The dean finally gave in, he said, and provided him with Schmidt's e-mail.

"I know some of my classmates pursued the alternative scattershot technique with some success, but that's not my bag," Marrinan said, explaining his perseverance. "I deal with rejection by persisting, not by taking my business elsewhere. My maxim comes from Samuel Beckett, a personal hero of mine: 'Ever tried. Ever failed. No matter. Try again. Fail again. Fail better.' You won't believe what you can accomplish by attempting the impossible with the courage to repeatedly fail better."

Nathan Kaplan, another participant in the contest, was most proud of the way that he was able to contact former Newark mayor Sharpe James. Because James had made a campaign contribution to Al Sharpton, the website www.fundrace.org listed James's home address. Kaplan then input James's address into an online serach-by-address phone directory, through which he received the former mayor's phone number. Kaplan left a message for James, and a few days later finally got to ask him about childhood education.

Ferriss is proud of the effort students have put into his contest. "Most people can do absolutely awe-inspiring things," he said. "Sometimes they just need a little nudge."

## ► Q&A: QUESTIONS AND ACTIONS

The existential vacuum manifests itself mainly in a state of boredom.

—VIKTOR FRANKL, Auschwitz survivor and founder of Logotherapy, *Man's Search for Meaning*

Life is too short to be small.

—BENJAMIN DISRAELI

Dreamlining will be fun, and it will be hard. The harder it is, the more you need it. To save time, I recommend using the automatic calculators and forms at www.fourhourblog.com. Refer to the model worksheet as you complete the following steps:

1. **What would you do if there were no way you could fail? If you were 10 times smarter than the rest of the world?**
Create two timelines—6 months and 12 months—and list up to five things you dream of *having* (including, but not limited to, material wants: house, car, clothing, etc.), *being* (be a great cook, be fluent in Chinese, etc.), and *doing* (visiting Thailand, tracing your roots overseas, racing ostriches, etc.) in that order. If you have difficulty identifying what you want in some categories, as most will, consider what you hate or fear in each and write down the opposite. Do not limit yourself, and do not concern yourself with how these things will be accomplished. For now, it's unimportant. This is an exercise in reversing repression.

Be sure not to judge or fool yourself. If you really want a Ferrari, don't put down solving world hunger out of guilt. For some, the dream will be fame, for others fortune or prestige. All people have their vices and insecurities. If something will improve your feeling of self-worth, put it down. I have a racing motorcycle, and quite apart from the fact that I love speed, it just makes me feel like a cool dude. There is nothing wrong with that. Put it all down.

2. **Drawing a blank?**
For all their bitching about what's holding them back, most people have a lot of trouble coming up with the defined dreams they're being held from. This is particularly true with the "doing" category. In that case, consider these questions:

1. What would you do, day to day, if you had $100 million in the bank?
2. What would make you most excited to wake up in the morning to another day?

Don't rush—think about it for a few minutes. If still blocked, fill in the five "doing" spots with the following:

one place to visit
one thing to do before you die (a memory of a lifetime)
one thing to do daily
one thing to do weekly
one thing you've always wanted to learn

3. **What does "being" entail doing?**
Convert each "being" into a "doing" to make it actionable. Identify an action that would characterize this state of being or a task that would mean you had achieved it. People find it easier to brainstorm "being" first, but this column is just a temporary holding spot for "doing" actions. Here are a few examples:

*Great cook ➡ make Christmas dinner without help*

*Fluent in Chinese ➡ have a five-minute conversation with a Chinese co-worker*

4. **What are the four dreams that would change it all?**
Using the 6-month timeline, star or otherwise highlight the four most exciting and/or important dreams from all columns. Repeat the process with the 12-month timeline if desired.

5. **Determine the cost of these dreams and calculate your Target Monthly Income (TMI) for both timelines.**
If financeable, what is the cost per month for each of the four dreams (rent, mortgage, payment plan installments, etc.)? Start thinking of income and expense in terms of monthly cash flow—dollars in and dollars out—instead of grand totals. Things often cost much, much less than expected. For example, a Lamborghini Gallardo Spyder, fresh off the showroom floor at $260,000, can be had for $2,897.80 per month. I found my personal favorite, an Aston Martin DB9 with 1,000 miles on it, through eBay for $136,000—$2,003.10 per month. How about a Round-the-World trip (Los Angeles . . . Tokyo . . . Singapore . . . Bangkok . . . Delhi or Bombay . . . London . . . Frankfurt . . . Los Angeles) for $1,399?

For some of these costs, the Tools and Tricks at the end of Chapter 14 will help.

Last, calculate your Target Monthly Income (TMI) for realizing these dreamlines. This is how to do it: First, total each of the columns A, B, and C, counting only the four selected dreams. Some of these column totals could be zero, which is fine. Next, add your total monthly expenses **x** 1.3 (the 1.3 represents your expenses plus a 30% buffer for safety or savings). This grand total is your TMI and the target to keep in mind for the rest of the book. I like to further divide this TMI by 30 to get my TDI—Target Daily Income. I find it easier to work with a daily goal. Online calculators on our companion site do all the work for you and make this step a cinch.

Chances are that the figure is lower than expected, and it often decreases over time as you trade more and more "having" for once-in-a-lifetime "doing." Mobility encourages this trend. Even if the total is intimidating, don't fret in the least. I have helped students get to more than $10,000 per month in extra income within three months.

Sample Dreamline

IN 6 MONTHS I DREAM OF:

**STEP 1: HAVING**

* 1. Aston Martin DB9
2. Go Board from 1800s
* 3. Personal assistant
4. full Kendo armor
5.

**STEP 5: COST**

1. $2,005/month
2.
3. $5/hr. x 80 = $400
4.
5.

A = $2,405

**STEP 2: BEING**

1. flexible →
* 2. best-selling author →
3. fluent in Greek →
4. excellent cook →
5. →

**STEP 4: DOING**

1. full side splits
2. sell 20,000 per week
3. have 15-minute conversation w/native
4. make Thanksgiving dinner for six people
5.

**STEP 5: COST**

1.
2. $0 (3 free interns for media calls & own time)
3.
4.
5.

B = $0

**STEP 3: DOING**

1. sell a TV show
* 2. visit Croatian coast
3. find smart & gorgeous girlfriend
4.
5.

**STEP 5: COST**

1.
2. $519 roundtrip airfare, $420 rent
3.
4.
5.

C = $939

**TARGET MONTHLY INCOME**

A + B + C + (1.3 x monthly expenses)
=
TMI: $3,357 + ($2,600) = $5,957
÷ 30
=
TDI: $197.90

**STEPS NOW**

1. Find showroom, schedule test drive
2. Post bullet-point job description on 3 major sites
3. Send top 3 questions to five best-selling authors from 2–3 years ago
4. Visit Virtual Tourist and determine best season and to-do top 5

**TOMORROW**

1. Take test drive
2. Assign 1- to 2-hour task to top 3
3. Formulate plan around responses (marketing/PR)
4. Research tickets & housing for 3 weeks and invite friend to go

**DAY AFTER**

1. Decide on desired details & extras
2. Choose top 1 for 20 hrs. per week
3. Send intern recruitment e-mail to nearby college English departments
4. Reserve tickets (for yourself even if friend refuses)

Dreamline

(Go to www.fourhourblog.com for larger printable worksheets and online calculators.)

IN MONTHS I DREAM OF:

**STEP 1: HAVING**

1.
2.
3.
4.
5.

**STEP 5: COST**

1.
2.
3.
4.
5.

A =

**STEP 2: BEING**

1.
2.
3.
4.
5.

**STEP 4: DOING**

1.
2.
3.
4.
5.

**STEP 5: COST**

1.
2.
3.
4.
5.

B =

**STEP 3: DOING**

1.
2.
3.
4.
5.

**STEP 5: COST**

1.
2.
3.
4.
5.

C =

**TARGET MONTHLY INCOME**

A + B + C + (1.3 x monthly expenses)
=
TMI:
÷ 30
=
TDI:

**STEPS NOW**

1.
2.
3.
4.

**TOMORROW**

1.
2.
3.
4.

**DAY AFTER**

1.
2.
3.
4.

**Dreamline Math—Another Good Option**

There could be a different way of handling monthly and one-time goals. I'll use your example of an Aston Martin's monthly payment, a personal assistant's monthly payment, and a trip to the Croatian coast. While the first two should certainly be totaled and included in your target monthly income, the trip is something that should be divided by the number of months between now and the dreamline's total time.

Thus if you had a six-month dreamline:

Aston Martin = 2,003 per month
Personal assistant = 400 per month
Croatian trip = 934 total, and thus 934/6 per month

Right now in the book and in the spreadsheet we have (2003 + 400 + 934) **x** 1.3 monthly expenses = Target Monthly Income (or TMI).

But I think it should be (2003 + 400 + 934/6 **x** 1.3 monthly expenses = TMI.

Or, more generally: [Monthly Goals + (One-Time Goals / Total Months)] **x** 1.3 monthly expenses = TMI.

— ***JARED, president, SET Consulting***

6. **Determine *three steps* for each of the *four dreams* in just the 6-month timeline and take the first step *now*.**

I'm not a big believer in long-term planning and far-off goals. In fact, I generally set 3-month and 6-month dreamlines. The variables change too much and in-the-future distance becomes an excuse for postponing action. The objective of this exercise isn't, therefore, to outline every step from start to finish, but to define the end goal, the required vehicle to achieve them (TMI, TDI), and build momentum with critical first steps. From that point, it's a matter of freeing time and generating the TMI, which the following chapters cover.

First, let's focus on those critical first steps. Define three steps for each dream that will get you closer to its actualization. Set actions—simple, well-defined actions—for now, tomorrow (complete before 11 A.M.) and the day after (again completed before 11 A.M.).

Once you have three steps for each of the four goals, complete the three actions in the "now" column. Do it now. Each should be simple enough to do in five minutes or less. If not, rachet it down. If it's the middle of the night and you can't call someone, do something else now, such as send an e-mail, and set the call for first thing tomorrow.

If the next stage is some form of research, get in touch with someone who knows the answer instead of spending too much time in books or online, which can turn into paralysis by analysis. The best first step, the one I recommend, is finding someone who's done it and ask for advice on how to do the same. It's not hard.

Other options include setting a meeting or phone call with a trainer, mentor, or salesperson to build momentum. Can you schedule a private class or a commitment that you'll feel bad about canceling? Use guilt to your advantage.

Tomorrow becomes never. No matter how small the task, take the first step now!

## ► COMFORT CHALLENGE

The most important actions are never comfortable.

Fortunately, it is possible to condition yourself to discomfort and overcome it. I've trained myself to propose solutions instead of ask for them, to elicit desired responses instead of react, and to be assertive without burning bridges. To have an uncommon lifestyle, you need to *develop the uncommon habit of making decisions, both for yourself and for others*.

From this chapter forward, I'll take you through progressively more uncomfortable exercises, simple and small. Some of the exercises will appear deceptively easy and even irrelevant (such as the next) until you try them. Look at it as a game and expect some butterflies and sweat—that's the whole point. For most of these exercises, the duration is two days. Mark the exercise of the day on your calendar so you don't forget, and don't attempt more than one Comfort Challenge at a time.

Remember: There is a direct correlation between an increased sphere of comfort and getting what you want.

Here we go.

**Learn to Eye Gaze (2 days)**

My friend Michael Ellsberg invented a singles event called Eye Gazing. It is similar to speed dating but different in one fundamental respect—no speaking is permitted. It involves gazing into the eyes of each partner for three minutes at a time. If you go to such an event, it becomes clear how uncomfortable most people are doing this. For the next two days, practice gazing into the eyes of others—whether people you pass on the street or conversational partners—until they break contact. Hints:

1. Focus on one eye and be sure to blink occasionally so you don't look like a psychopath or get your ass kicked.
2. In conversation, maintain eye contact when you are speaking. It's easy to do while listening.
3. Practice with people bigger or more confident than yourself. If a passerby asks you what the hell you're staring at, just smile and respond, "Sorry about that. I thought you were an old friend of mine."

# Step II:
# E is for Elimination

**One does not accumulate but eliminate . It is not daily increase but daily decrease. The height of cultivation always runs to simplicity .**

**—BRUCE LEE**

# 5

# The End of Time Management

### ► ILLUSIONS AND ITALIANS

Perfection is not when there is no more to add, but no more to take away.

—ANTOINE DE SAINT-EXUPÉRY, pioneer of international postal flight and author of *Le Petit Prince (The Little Prince)*

It is vain to do with more what can be done with less.

—WILLIAM OF OCCAM (1300–1350), originator of "Occam's Razor"

Just a few words on time management: Forget all about it.

In the strictest sense, you shouldn't be trying to do more in each day, trying to fill every second with a work fidget of some type. It took me a long time to figure this out. I used to be very fond of the results-by-volume approach.

Being busy is most often used as a guise for avoiding the few critically important but uncomfortable actions. The options are almost limitless for creating "busyness": You could call a few hundred unqualified sales leads, reorganize your Outlook contacts, walk across the office to request documents you don't really need, or fuss with your BlackBerry for a few hours when you should be prioritizing.

In fact, if you want to move up the ladder in most of corporate America, and assuming they don't really check what you are doing (let's be honest), just run around the office holding a cell phone to your head and carrying papers. Now, that is one busy employee! Give them a raise. Unfortunately for the **NR**, this behavior won't get you out of the office or put you on an airplane to Brazil. Bad dog. Hit yourself with a newspaper and cut it out.

After all, there is a far better option, and it will do more than simply increase your results—it will multiply them. Believe it or not, it is not only possible to accomplish more by doing less, it is mandatory.

Enter the world of elimination.

## How You Will Use Productivity

Now that you have defined what you want to do with your time, you have to free that time. The trick,

of course, is to do so while maintaining or increasing your income.

The intention of this chapter, and what you will experience if you follow the instructions, is an increase in personal productivity between 100 and 500%. The *principles* are the same for both employees and entrepreneurs, but the *purpose* of this increased productivity is completely different.

First, the employee. The employee is increasing productivity to increase negotiating leverage for two simultaneous objectives: pay raises and a remote working arrangement.

Recall that, as indicated in the first chapter of this book, the general process of joining the New Rich is **D-E-A-L**, in that order, but that employees intent on remaining employees for now need to implement the process as **D-E-L-A**. The reason relates to environment. They need to **Liberate** themselves from the office environment before they can work ten hours a week, for example, because the expectation in that environment is that you will be in constant motion from 9–5. Even if you produce twice the results you had in the past, if you're working a quarter of the hours of your colleagues, there is a good chance of receiving a pink slip. Even if you work 10 hours a week and produce twice the results of people working 40, the collective request will be, "Work 40 hours a week and produce 8 times the results." This is an endless game and one you want to avoid. Hence the need for **Liberation** first.

If you're an employee, this chapter will increase your value and make it more painful for the company to fire you than to grant raises and a remote working agreement. That is your goal. Once the latter is accomplished, you can drop hours without bureaucratic interference and use the resultant free time to fulfill dreamlines.

The entrepreneur's goals are less complex, as he or she is generally the direct beneficiary of increased profit. The goal is to decrease the amount of work you perform while increasing revenue. This will set the stage for replacing yourself with **Automation**, which in turn permits **Liberation**.

For both tracks, some definitions are in order.

## Being Effective vs. Being Efficient

Effectiveness is doing the things that get you closer to your goals. Efficiency is performing a given task (whether important or not) in the most economical manner possible. Being efficient without regard to effectiveness is the default mode of the universe.

I would consider the best door-to-door salesperson efficient—that is, refined and excellent at selling door-to-door without wasting time—but utterly ineffective. He or she would sell more using a better vehicle such as e-mail or direct mail.

This is also true for the person who checks e-mail 30 times per day and develops an elaborate system of folder rules and sophisticated techniques for ensuring that each of those 30 brain farts moves as quickly as possible. I was a specialist at such professional wheel-spinning. It is efficient on some perverse level, but far from effective.

Here are two truisms to keep in mind:

1. Doing something unimportant well does not make it important.
2. Requiring a lot of time does not make a task important.

From this moment forward, remember this: *What* you do is infinitely more important than *how* you do it. Efficiency is still important, but it is useless unless applied to the right things.

To find the right things, we'll need to go to the garden.

# Pareto and His Garden: 80/20 and Freedom from Futility

What gets measured gets managed.

—PETER DRUCKER, management theorist, author of 31 books, recipient of Presidential Medal of Freedom

Four years ago, an economist changed my life forever. It's a shame I never had a chance to buy him a drink. My dear Vilfredo died almost 100 years ago.

Vilfredo Pareto was a wily and controversial economist-cum-sociologist who lived from 1848 to 1923. An engineer by training, he started his varied career managing coal mines and later succeeded Léon Walras as the chair of political economy at the University of Lausanne in Switzerland. His seminal work, *Cours d'economie politique*, included a then little-explored "law" of income distribution that would later bear his name: "Pareto's Law" or the "Pareto Distribution," in the last decade also popularly called the "80/20 Principle."

The mathematical formula he used to demonstrate a grossly uneven but predictable distribution of wealth in society—80% of the wealth and income was produced and possessed by 20% of the population—also applied outside of economics. Indeed, it could be found almost everywhere. Eighty percent of Pareto's garden peas were produced by 20% of the peapods he had planted, for example.

Pareto's Law can be summarized as follows: 80% of the outputs result from 20% of the inputs. Alternative ways to phrase this, depending on the context, include:

80% of the consequences flow from 20% of the causes.

80% of the results come from 20% of the effort and time.

80% of company profits come from 20% of the products and customers.

80% of all stock market gains are realized by 20% of the investors and 20% of an individual portfolio.

The list is infinitely long and diverse, and the ratio is often skewed even more severely: 90/10, 95/5, and 99/1 are not uncommon, but the minimum ratio to seek is 80/20.

When I came across Pareto's work one late evening, I had been slaving away with 15-hour days seven days per week, feeling completely overwhelmed and generally helpless. I would wake up before dawn to make calls to the United Kingdom, handle the U.S. during the normal 9–5 day, and then work until near midnight making calls to Japan and New Zealand. I was stuck on a runaway freight train with no brakes, shoveling coal into the furnace for lack of a better option. Faced with certain burnout or giving Pareto's ideas a trial run, I opted for the latter. The next morning, I began a dissection of my business and personal life through the lenses of two questions:

1. Which 20% of sources are causing 80% of my problems and unhappiness?
2. Which 20% of sources are resulting in 80% of my desired outcomes and happiness?

For the entire day, I put aside everything seemingly urgent and did the most intense truth-baring

analysis possible, applying these questions to everything from my friends to customers and advertising to relaxation activities. Don't expect to find you're doing everything right—the truth often hurts. The goal is to find your inefficiencies in order to eliminate them and to find your strengths so you can multiply them. In the 24 hours that followed, I made several simple but emotionally difficult decisions that literally changed my life forever and enabled the lifestyle I now enjoy.

The first decision I made is an excellent example of how dramatic and fast the ROI of this analytical fat-cutting can be: I stopped contacting 95% of my customers and fired 2%, leaving me with the top 3% of producers to profile and duplicate.

Out of more than 120 wholesale customers, a mere 5 were bringing in 95% of the revenue. I was spending 98% of my time chasing the remainder, as the aforementioned 5 ordered regularly without any follow-up calls, persuasion, or cajoling. In other words, I was working because I felt as though I should be doing something from 9–5. I didn't realize that working every hour from 9–5 isn't the goal; it's simply the structure most people use, whether it's necessary or not. I had a severe case of work-for-work (W4W), the most-hated acronym in the **NR** vocabulary.

All, and I mean 100%, of my problems and complaints came from this unproductive majority, with the exception of two large customers who were simply world-class experts of the "here is the fire I started, now you put it out" approach to business. I put all of these unproductive customers on passive mode: If they ordered, great—let them fax in the order. If not, I would do absolutely no chasing: no phone calls, no e-mail, nothing. That left the two larger customers to deal with, who were professional ball breakers but contributed about 10% to the bottom line at the time.

You'll always have a few of these, and it is a quandary that causes all sorts of problems, not the least of which are self-hatred and depression. Up to that point, I had taken their browbeating, insults, time-consuming arguments, and tirades as a cost of doing business. I realized during the 80/20 analysis that these two people were the source of nearly all my unhappiness and anger throughout the day, and it usually spilled over into my personal time, keeping me up at night with the usual "I should have said X, Y, and Z to that penis" self-flagellation. I finally concluded the obvious: The effect on my self-esteem and state of mind just wasn't worth the financial gain. I didn't need the money for any precise reason, and I had assumed I needed to take it. The customers are always right, aren't they? Part of doing business, right? Hell, no. Not for the **NR**, anyway. I fired their asses and enjoyed every second of it. The first conversation went like this:

**Customer:** What the &#@$? I ordered two cases and they arrived two days late. [Note: He had sent the order to the wrong person via the wrong medium, despite repeated reminders.] You guys are the most disorganized bunch of idiots I've ever worked with. I have 20 years of experience in this industry, and this is the worst.

**Any NR**—in this case, me: I will kill you. Be afraid, be very afraid.

I wish. I did rehearse that a million times in my mental theater, but it actually went something more like this:

I'm sorry to hear that. You know, I've been taking your insults for a while now, and it's unfortunate that it seems we won't be able to do business anymore. I'd recommend you take a good look at where this unhappiness and anger is actually coming from. In any case, I wish you well. If you would like to order product, we'll be happy to supply it, but only if you can conduct yourself without profanity and unnecessary insults. You have our fax number. All the best and have a nice day. [Click.]

I did this once via phone and once through e-mail. So what happened? I lost one customer, but the other corrected course and simply faxed orders, again and again and again. Problem solved, minimum

revenue lost. I was immediately 10 times happier.

I then identified the common characteristics of my top-five customers and secured three or so similarly profiled buyers in the following week. Remember, more customers is not automatically more income. More customers is not the goal and often translates into 90% more housekeeping and a paltry 1–3% increase in income. Make no mistake, maximum income from minimal necessary effort (including minimum number of customers) is the primary goal. I duplicated my strengths, in this case my top producers, and focused on increasing the size and frequency of their orders.

The end result? I went from chasing and appeasing 120 customers to simply receiving large orders from 8, with absolutely no pleading phone calls or e-mail haranguing. My monthly income increased from $30K to $60K in four weeks and my weekly hours immediately dropped from over 80 to approximately 15. Most important, I was happy with myself and felt both optimistic and liberated for the first time in over two years.

In the ensuing weeks, I applied the 80/20 Principle to dozens of areas, including the following:

**1. Advertising**

I identified the advertising that was generating 80% or more of revenue, identified the commonalities among them, and multiplied them, eliminating all the rest at the same time. My advertising costs dropped over 70% and my direct sales income nearly doubled from a monthly $15K to $25K in 8 weeks. It would have doubled immediately had I been using radio, newspapers, or television instead of magazines with long lead times.

**2. Online Affiliates and Partners**

I fired more than 250 low-yield online affiliates or put them in holding patterns to focus instead on the *two* affiliates who were generating 90% of the income. My management time decreased from 5–10 hours per week to 1 hour per month. Online partner income increased more than 50% in that same month.

Slow down and remember this: Most things make no difference. *Being busy is a form of laziness—lazy thinking and indiscriminate action.*

Being overwhelmed is often as unproductive as doing nothing, and is far more unpleasant. Being selective—doing less—is the path of the productive. Focus on the important few and ignore the rest.

Of course, before you can separate the wheat from the chaff and eliminate activities in a new environment (whether a new job or an entrepreneurial venture), you will need to try a lot to identify what pulls the most weight. Throw it all up on the wall and see what sticks. That's part of the process, but it should not take more than a month or two.

It's easy to get caught in a flood of minutiae, and the key to not feeling rushed is remembering that *lack of time is actually lack of priorities*. Take time to stop and smell the roses, or—in this case—to count the pea pods.

## The 9–5 Illusion and Parkinson's Law

I saw a bank that said "24-Hour Banking," but I don't have that much time.

—STEVEN WRIGHT, comedian

If you're an employee, spending time on nonsense is, to some extent, not your fault. There is often no incentive to use time well unless you are paid on commission. The world has agreed to shuffle papers between 9:00 A.M. and 5:00 P.M., and since you're trapped in the office for that period of servitude, you are compelled to create activities to fill that time. Time is wasted because there is so much time available. It's understandable. Now that you have the new goal of negotiating a remote work arrangement instead of just collecting a paycheck, it's time to revisit the status quo and become effective. The best employees have the most leverage.

For the entrepreneur, the wasteful use of time is a matter of bad habit and imitation. I am no exception. Most entrepreneurs were once employees and come from the 9–5 culture. Thus they adopt the same schedule, whether or not they function at 9:00 A.M. or need 8 hours to generate their target income. This schedule is a collective social agreement and a dinosaur legacy of the results-by-volume approach. How is it possible that all the people in the world need exactly 8 hours to accomplish their work? It isn't. 9–5 is arbitrary.

You don't need 8 hours per day to become a legitimate millionaire—let alone have the means to live like one. Eight hours per week is often excessive, but I don't expect all of you to believe me just yet. I know you probably feel as I did for a long time: There just aren't enough hours in the day.

But let's consider a few things we can probably agree on.

Since we have 8 hours to fill, we fill 8 hours. If we had 15, we would fill 15. If we have an emergency and need to suddenly leave work in 2 hours but have pending deadlines, we miraculously complete those assignments in 2 hours.

It is all related to a law that was introduced to me by Ed Zschau in the spring of 2000.

I had arrived to class nervous and unable to concentrate. The final paper, worth a full 25% of the semester's grade, was due in 24 hours. One of the options, and that which I had chosen, was to interview the top executives of a start-up and provide an in-depth analysis of their business model. The corporate powers that be had decided last minute that I couldn't interview two key figures or use their information due to confidentiality issues and pre-IPO precautions. Game over.

I approached Ed after class to deliver the bad news.

"Ed, I think I'm going to need an extension on the paper." I explained the situation, and Ed smiled before he replied without so much as a hint of concern.

"I think you'll be OK. Entrepreneurs are those who make things happen, right?"

Twenty-four hours later and one minute before the deadline, as his assistant was locking the office, I handed in a 30-page final paper. It was based on a different company I had found, interviewed, and dissected with an intense all-nighter and enough caffeine to get an entire Olympic track team disqualified. It ended up being one of the best papers I'd written in four years, and I received an A.

Before I left the classroom the previous day, Ed had given me some parting advice: Parkinson's Law.

Parkinson's Law dictates that a task will swell in (perceived) importance and complexity in relation to the time allotted for its completion. It is the magic of the imminent deadline. If I give you 24 hours to complete a project, the time pressure forces you to focus on execution, and you have no choice but to do only the bare essentials. If I give you a week to complete the same task, it's six days of making a mountain out of a molehill. If I give you two months, God forbid, it becomes a mental monster. The end product of the shorter deadline is almost inevitably of equal or higher quality due to greater focus.

This presents a very curious phenomenon. There are two synergistic approaches for increasing productivity that are inversions of each other:

1. Limit tasks to the important to shorten work time (80/20).

2. Shorten work time to limit tasks to the important (Parkinson's Law).

The best solution is to use both together: Identify the few critical tasks that contribute most to income and schedule them with *very short* and clear deadlines.

If you haven't identified the mission-critical tasks and set aggressive start and end times for their completion, the unimportant becomes the important. Even if you know what's critical, without deadlines that create focus, the minor tasks forced upon you (or invented, in the case of the entrepreneur) will swell to consume time until another bit of minutiae jumps in to replace it, leaving you at the end of the day with nothing accomplished. How else could dropping off a package at UPS, setting a few appointments, and checking e-mail consume an entire 9–5 day? Don't feel bad. I spent months jumping from one interruption to the next, feeling run by my business instead of the other way around.

THE 80/20 PRINCIPLE and Parkinson's Law are the two cornerstone concepts that will be revisited in different forms throughout this entire section. Most inputs are useless and time is wasted in proportion to the amount that is available.

Fat-free performance and time freedom begins with limiting intake overload. In the next chapter, we'll put you on the real breakfast of champions: the Low-Information Diet.

## A Dozen Cupcakes and One Question

Love of bustle is not industry.
—SENECA

MOUNTAIN VIEW, CALIFORNIA.

"Saturdays are my days off," I offered to the crowd of strangers staring at me, friends of a friend. It was true. Can you eat All-Bran and chicken seven days a week? Me neither. Don't be so judgmental.

Between my tenth and twelfth cupcakes, I plopped down on the couch to revel in the sugar high until the clock struck midnight and sent me back to my adultsville Sunday–Friday diet. There was another party guest seated next to me on a chair, nursing a glass of wine, not his twelfth but certainly not his first, and we struck up a conversation. As usual, I had to struggle to answer "What do you do?" and, as usual, my answer left someone to wonder whether I was a pathological liar or a criminal.

How was it possible to spend so little time on income generation? It's a good question. It's THE question.

In almost all respects, Charney had it all. He was happily married with a two-year-old son and another due to arrive in three months. He was a successful technology salesman, and though he wanted to earn $500,000 more per year as all do, his finances were solid.

He also asked good questions. I had just returned from another trip overseas and was planning a new adventure to Japan. He drilled me for two hours with a refrain: How is it possible to spend so little time on income generation?

"If you're interested, we can make you a case study and I'll show you how," I offered.

Charney was in. The one thing he didn't have was time.

One e-mail and five weeks of practice later, Charney had good news: He had accomplished more in the last week than he had in the previous four combined. He did so while taking Monday and Friday off

and spending at least 2 more hours per day with his family. From 40 hours per week, he was down to 18 and producing four times the results.

Was it from mountaintop retreats and secret kung fu training? Nope. Was it a new Japanese management secret or better software? Nein. I just asked him to do one simple thing consistently without fail.

At least three times per day at scheduled times, he had to ask himself the following question:

**Am I being productive or just active?**

Charney captured the essence of this with less-abstract wording:

**Am I inventing things to do to avoid the important?**

He eliminated all of the activities he used as crutches and began to focus on demonstrating results instead of showing dedication. Dedication is often just meaningless work in disguise. Be ruthless and cut the fat.

It is possible to have your cupcake and eat it, too.

## ► Q&A: QUESTIONS AND ACTIONS

> We create stress for ourselves because you feel like you have to do it. You *have* to. I don't feel that anymore.
>
> —OPRAH WINFREY, actress and talk-show host, *The Oprah Winfrey Show*

The key to having more time is doing less, and there are two paths to getting there, both of which should be used together: (1) Define a to-do list and (2) define a not-to-do list. In general terms, there are but two questions:

What 20% of sources are causing 80% of my problems and unhappiness?

What 20% of sources are resulting in 80% of my desired outcome and happiness?

Hypothetical cases help to get us started:

1. **If you had a heart attack and had to work two hours per day, what would you do?**
Not five hours, not four hours, not three—two hours. It's not where I want you to ultimately be, but it's a start. Besides, I can hear your brain bubbling already: That's ridiculous. Impossible! I know, I know. If I told you that you could survive for months, functioning quite well, on four hours of sleep per night, would you believe me? Probably not. Notwithstanding, millions of new mothers do it all the time. This exercise is not optional. The doctor has warned you, after triple-bypass surgery, that if you don't cut down your work to two hours per day for the first three months post-op, you will die. How would you do it?

2. **If you had a second heart attack and had to work two hours per *week*, what would you do?**

3. **If you had a gun to your head and *had* to stop doing 4/5 of different time-consuming activities, what would you remove?** Simplicity requires ruthlessness. If you had to stop 4/5 of time-consuming

activities—e-mail, phone calls, conversations, paperwork, meetings, advertising, customers, suppliers, products, services, etc.—what would you eliminate to keep the negative effect on income to a minimum? Used even once per month, this question alone can keep you sane and on track.

4. **What are the top-three activities that I use to fill time to feel as though I've been productive?** These are usually used to postpone more important actions (often uncomfortable because there is a chance of failure or rejection). Be honest with yourself, as we all do this on occasion. What are your crutch activities?

5. **Who are the 20% of people who produce 80% of your enjoyment and propel you forward, and which 20% cause 80% of your depression, anger, and second-guessing?**
Identify:

- ► Positive friends versus time-consuming friends: Who is helping versus hurting you, and how do you increase your time with the former while decreasing or eliminating your time with the latter?

- ► Who is causing me stress disproportionate to the time I spend with them? What will happen if I simply stop interacting with these people? Fear-setting helps here.

- ► When do I feel starved for time? What commitments, thoughts, and people can I eliminate to fix this problem?

Exact numbers aren't needed to realize that we spend too much time with those who poison us with pessimism, sloth, and low expectations of themselves and the world. It is often the case that you have to fire certain friends or retire from particular social circles to have the life you want. This isn't being mean; it is being practical. Poisonous people do not deserve your time. To think otherwise is masochistic.

The best way to approach a potential break is simple: Confide in them honestly but tactfully and explain your concerns. If they bite back, your conclusions have been confirmed. Drop them like any other bad habit. If they promise to change, first spend at least two weeks apart to develop other positive influences in your life and diminish psychological dependency. The next trial period should have a set duration and consist of pass-or-fail criteria.

If this approach is too confrontational for you, just politely refuse to interact with them. Be in the middle of something when the call comes, and have a prior commitment when the invitation to hang out comes. Once you see the benefits of decreased time with these people, it will be easier to stop communication altogether.

I'm not going to lie: It sucks. It hurts like pulling out a splinter. But you are the average of the five people you associate with most, so do not underestimate the effects of your pessimistic, unambitious, or disorganized friends. If someone isn't making you stronger, they're making you weaker.

Remove the splinters and you'll thank yourself for it.

6. **Learn to ask, "If this is the only thing I accomplish today, will I be satisfied with my day?"** Don't ever arrive at the office or in front of your computer without a clear list of priorities. You'll just read unassociated e-mail and scramble your brain for the day. Compile your to-do list for tomorrow no

later than this evening. I don't recommend using Outlook or computerized to-do lists, because it is possible to add an infinite number of items. I use a standard piece of paper folded in half three times, which fits perfectly in the pocket and limits you to noting only a few items.

There should never be more than two mission-critical items to complete each day. Never. It just isn't necessary if they're actually high-impact. If you are stuck trying to decide between multiple items that all seem crucial, as happens to all of us, look at each in turn and ask yourself, *If this is the only thing I accomplish today, will I be satisfied with my day?*

To counter the seemingly urgent, ask yourself: What will happen if I don't do this, and is it worth putting off the important to do it? If you haven't already accomplished at least one important task in the day, don't spend the last business hour returning a DVD to avoid a $5 late charge. Get the important task done and pay the $5 fine.

7. **Put a Post-it on your computer screen or set an Outlook reminder to alert you at least three times daily with the question: Are you inventing things to do to avoid the important?**
I also use free time-tracking software called RescueTime (www.rescuetime.com) to alert me when I spend more than an allotted time on certain websites or programs often used to avoid the important (Gmail, Facebook, Outlook, etc.). It also summarizes your time use each week and compares your performance to peers.

8. **Do not multitask**.
I'm going to tell you what you already know. Trying to brush your teeth, talk on the phone, and answer e-mail at the same time just doesn't work. Eating while doing online research and instant messaging? Ditto.

If you prioritize properly, there is no need to multitask. It is a symptom of "task creep"—doing more to feel productive while actually accomplishing less. As stated, you should have, at most, two primary goals or tasks per day. Do them separately from start to finish without distraction. Divided attention will result in more frequent interruptions, lapses in concentration, poorer net results, and less gratification.

9. **Use Parkinson's Law on a Macro and Micro Level**.
Use Parkinson's Law to accomplish more in less time. Shorten schedules and deadlines to necessitate focused action instead of deliberation and procrastination.

On a weekly and daily macro level, attempt to take Monday and/or Friday off, as well as leave work at 4 P.M. This will focus you to prioritize more effectively and quite possibly develop a social life. If you're under the hawklike watch of a boss, we'll discuss the nuts and bolts of how to escape in later chapters.

On a micro task level, limit the number of items on your to-do list and use impossibly short deadlines to force immediate action while ignoring minutiae.

If doing work online or near an online computer, http://e.ggtimer.com/ is a convenient countdown timer. Just type the desired time limit directly into the URL field and hit enter. The http:// can often be omitted. For example:

http://e.ggtimer.com/5minutes (or just "e.ggtimer.com/5min"insomebrowsers)

http://e.ggtimer.com/1hour30minutes30seconds

http://e.ggtimer.com/30 (if you just put in a number, it assumes seconds)

## ► COMFORT CHALLENGE

**Learn to Propose (2 Days)**

Stop asking for opinions and start proposing solutions. Begin with the small things. If someone is going to ask, or asks, "Where should we eat?" "What movie should we watch?" "What should we do tonight?" or anything similar, do NOT reflect it back with, "Well, what do you want to … ?" *Offer a solution*. Stop the back-and-forth and make a decision. Practice this in both personal and professional environments. Here are a few lines that help (my favorites are the first and last):

"Can I make a suggestion?"

"I propose …"

"I'd like to propose …"

"I suggest that … What do you think?"

"Let's try … and then try something else if that doesn't work."

### ► LIFESTYLE DESIGN IN ACTION

I'm a musician who got your book because Derek Sivers at CD Baby recommended it. Checking Pareto's Law I realized that 78% of my downloads came from just one of my CDs and that 55% of my total download income came from only five songs! It showed me what my fans are looking for and allowed me to showcase those on my web site. Downloads are the way to go. iTunes sells the song and CD Baby direct deposits it to my account. Fully automated once the recording is done. There are some months I can live off download income. Once I finish paying off debt, it should be no problem to travel as an artist and create new fans all over the world and have a cyber income stream.

***—VICTOR JOHNSON***

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As for "outsourcing" your banking, any company that needs to take checks (cheques) should consider a lock box solution. Just about any bank that does business banking offers it. All checks go to a PO box at the bank, the bank processes the checks and deposits them, and according to your instructions can send you a file of all the checks that are deposited. Normally this can be done in either a flat, Excel or other file type that can interface with any accounting systems from Excel, to Quicken to SAP. Quite cost effective.

***—ANONYMOUS***

# 6
# The Low-Information Diet

### ► CULTIVATING SELECTIVE IGNORANCE

> What information consumes is rather obvious: it consumes the attention of its recipients. Hence, a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.
>
> —HERBERT SIMON, recipient of Nobel Memorial Prize in Economics[8] and the A.M. Turing Award, the "Nobel Prize of Computer Science"

> Reading, after a certain age, diverts the mind too much from its creative pursuits. Any man who reads too much and uses his own brain too little falls into lazy habits of thinking.
>
> —ALBERT EINSTEIN

I hope you're sitting down. Take that sandwich out of your mouth so you don't choke. Cover the baby's ears. I'm going to tell you something that upsets a lot of people.

I never watch the news and have bought one single newspaper in the last five years, in Stansted Airport in London, and only because it gave me a discount on a Diet Pepsi.

I would claim to be Amish, but last time I checked, Pepsi wasn't on the menu.

How obscene! I call myself an informed and responsible citizen? How do I stay up-to-date with current affairs? I'll answer all of that, but wait—it gets better. I usually check business e-mail for about an hour each Monday, and I never check voicemail when abroad. Never ever.

But what if someone has an emergency? It doesn't happen. My contacts now know that I don't respond to emergencies, so the emergencies somehow don't exist or don't come to me. Problems, as a rule, solve themselves or disappear if you remove yourself as an information bottleneck and empower others.

## Cultivating Selective Ignorance

> There are many things of which a wise man might wish to be ignorant.
>
> —RALPH WALDO EMERSON (1803–1882)

From this point forward, I'm going to propose that you develop an uncanny ability to be selectively ignorant. Ignorance may be bliss, but it is also practical. It is imperative that you learn to ignore or redirect all information and interruptions that are irrelevant, unimportant, or unactionable. Most are all three.

The first step is to develop and maintain a low-information diet. Just as modern man consumes both too many calories and calories of no nutritional value, information workers eat data both in excess and from the wrong sources.

Lifestyle design is based on massive action—output. Increased output necessitates decreased input. Most information is time-consuming, negative, irrelevant to your goals, and outside of your influence. I challenge you to look at whatever you read or watched today and tell me that it wasn't at least two of the four.

HOUSE_OVERSIGHT_013850

I read the front-page headlines through the newspaper machines as I walk to lunch each day and nothing more. In five years, I haven't had a single problem due to this selective ignorance. It gives you something new to ask the rest of the population in lieu of small talk: "Tell me, what's new in the world?" And, if it's that important, you'll hear people talking about it. Using my crib notes approach to world affairs, I also retain more than someone who loses the forest for the trees in a sea of extraneous details.

From an actionable information standpoint, I consume a maximum of one-third of one industry magazine *(Response* magazine) and one business magazine *(Inc.)* per month, for a grand total of approximately four hours. That's it for results-oriented reading. I read an hour of fiction prior to bed for relaxation.

How on earth do I act responsibly? Let me give an example of how I and other **NR** both consider and obtain information. I voted in the last presidential election,[9] despite having been in Berlin. I made my decision in a matter of hours. First, I sent e-mails to educated friends in the U.S. who share my values and asked them who they were voting for and why. Second, I judge people based on actions and not words; thus, I asked friends in Berlin, who had more perspective outside of U.S. media propaganda, how they judged the candidates based on their historical behavior. Last, I watched the presidential debates. That was it. I let other dependable people synthesize hundreds of hours and thousands of pages of media for me. It was like having dozens of personal information assistants, and I didn't have to pay them a single cent.

That's a simple example, you say, but what if you need to learn to do something your friends haven't done? Like, say, sell a book to the world's largest publisher as a first-time author? Funny you should ask. There are two approaches I used:

**1**. I picked one book out of dozens based on reader reviews and the fact that the authors had actually done what I wanted to do. If the task is how-to in nature, I only read accounts that are "how I did it" and autobiographical. No speculators or wannabes are worth the time.

**2**. Using the book to generate intelligent and specific questions, I contacted 10 of the top authors and agents in the world via e-mail and phone, with a response rate of 80%.

I only read the sections of the book that were relevant to immediate next steps, which took less than two hours. To develop a template e-mail and call script took approximately four hours, and the actual e-mails and phone calls took less than an hour. This personal contact approach is not only more effective and more efficient than all-you-can-eat info buffets, it also provided me with the major league alliances and mentors necessary to sell this book. Rediscover the power of the forgotten skill called "talking." It works.

Once again, less is more.

### How to Read 200% Faster in 10 Minutes

There will be times when, it's true, you will have to read. Here are four simple tips that will lessen the damage and increase your speed at least 200% in 10 minutes with no comprehension loss:

1. ***Two Minutes:*** **Use a pen or finger to trace under each line as you read as fast as possible**. Reading is a series of jumping snapshots (called saccades), and using a visual guide prevents regression.

2. *Three Minutes:* **Begin each line focusing on the third word in from the first word, and end each line focusing on the third word in from the last word**. This makes use of peripheral vision that is otherwise wasted on margins. For example, even when the highlighted words in the next line are your beginning and ending focal points, the entire sentence is "read," just with less eye movement:

"Once upon **a** time, an information addict **decided** to detox."

Move in from both sides further and further as it gets easier.

3. *Two Minutes:* **Once comfortable indenting three or four words from both sides, attempt to take only two snapshots—also known as fixations—per line on the first and last indented words.**

4. *Three Minutes:* **Practice reading too fast for comprehension but with good technique (the above three techniques) for five pages prior to reading at a comfortable speed**. This will heighten perception and reset your speed limit, much like how 50 mph normally feels fast but seems like slow motion if you drop down from 70 mph on the freeway.

To calculate reading speed in words per minute (wpm)—and thus progress—in a given book, add up the number of words in ten lines and divide by ten to get the average words per line. Multiply this by the number of lines per page and you have the average words per page. Now it's simple. If you initially read 1.25 pages in one minute at 330 average words per page, that's 412.5 words per minute. If you then read 3.5 pages after training, it's 1,155 words per minute and you're in the top 1% of the world's fastest readers.

## ► Q&A: QUESTIONS AND ACTIONS

Learning to ignore things is one of the great paths to inner peace.

—ROBERT J. SAWYER, *Calculating God*

1. **Go on an immediate one-week media fast**.

The world doesn't even hiccup, much less end, when you cut the information umbilical cord. To realize this, it's best to use the Band-Aid approach and do it quickly: a one-week media fast. Information is too much like ice cream to do otherwise. "Oh, I'll just have a half a spoonful" is about as realistic as "I just want to jump online for a minute." Go cold turkey.

If you want to go back to the 15,000-calorie potato chip information diet afterward, fine, but beginning tomorrow and for at least five full days, here are the rules:

**No** newspapers, magazines, audiobooks, or nonmusic radio. Music is permitted at all times.

**No** news websites whatsoever (cnn.com, drudgereport.com, msn.com,[10] etc.).

**No** television at all, except for one hour of pleasure viewing each evening.

**No** reading books, except for this book and one hour of *fiction*[11] pleasure reading prior to bed.

**No** web surfing at the desk unless it is necessary to complete a work task for *that day*. Necessary means necessary, not nice to have.

Unnecessary reading is public enemy number one during this one-week fast.

What do you do with all the extra time? Replace the newspaper at breakfast with speaking to your spouse, bonding with your children, or learning the principles in this book. Between 9–5, complete your top priorities as per the last chapter. If you complete them with time to spare, do the exercises in this book. Recommending this book might seem hypocritical, but it's not: The information in these pages is both important and to be applied now, not tomorrow or the day after.

Each day at lunch break, and no earlier, get your five-minute news fix. Ask a well-informed colleague or a restaurant waiter, "Anything important happening in the world today? I couldn't get the paper today." Stop this as soon as you realize that the answer doesn't affect your actions at all. Most people won't even remember what they spent one to two hours absorbing that morning.

Be strict with yourself. I can prescribe the medicine, but you need to take it.

Download the Firefox web browser (www.firefox.com) and use **LeechBlock** to block certain sites entirely for set periods. From their site (http://www.proginosko.com/leechblock.html):

You can specify up to six sets of sites to block, with different times and days for each set. You can block sites within fixed time periods (e.g., between 9am and 5pm), after a time limit (e.g., 10 minutes in every hour), or with a combination of time periods and time limit (e.g., 10 minutes in every hour between 9am and 5pm). You can also set a password for access to the extension options, just to slow you down in moments of weakness!

2. **Develop the habit of asking yourself, "Will I definitely use this information for something immediate and important?"**
It's not enough to use information for "something"—it needs to be immediate and important. If "no" on either count, don't consume it. Information is useless if it is not applied to something important or if you will forget it before you have a chance to apply it.

I used to have the habit of reading a book or site to prepare for an event weeks or months in the future, and I would then need to reread the same material when the deadline for action was closer. This is stupid and redundant. Follow your to-do short list and fill in the information gaps as you go.

Focus on what digerati Kathy Sierra calls "just-in-time" information instead of "just-in-case" information.

3. **Practice the art of nonfinishing**.
This is another one that took me a long time to learn. Starting something doesn't automatically justify finishing it.

If you are reading an article that sucks, put it down and don't pick it back up. If you go to a movie and it's worse than *Matrix III*, get the hell out of there before more neurons die. If you're full after half a plate of ribs, put the damn fork down and don't order dessert.

More is not better, and stopping something is often 10 times better than finishing it. Develop the habit of nonfinishing that which is boring or unproductive if a boss isn't demanding it.

## ► COMFORT CHALLENGE

### Get Phone Numbers (2 Days)

Being sure to maintain eye contact, ask for the phone numbers of at least two (the more you attempt, the less stressful it will be) attractive members of the opposite sex on each day. Girls, this means you're in the game as well, and it doesn't matter if you're 50+. Remember that the real goal is not to get numbers, but to get over the fear of asking, so the outcome is unimportant. If you're in a relationship, sign up to

(or pretend to) gather information for Greenpeace. Just toss the numbers if you get them.

Go to a mall if you want to get some rapid-fire practice—my preference for getting over the discomfort quickly—and aim to ask three people in a row within five minutes. Feel free to use some variation of the following script:

"Excuse me. I know this is going to sound strange, but if I don't ask you now, I'll be kicking myself for the rest of the day. I'm running to meet a friend [i.e., I have friends and am not a stalker], but I think you're really [extremely, drop-dead] cute [gorgeous, hot]. Could I have your phone number? I'm not a psycho—I promise. You can give me a fake one if you're not interested."

8. Simon received the Nobel Prize in 1978 for his contribution to organizational decision making: It is impossible to have perfect and complete information at any given time to make a decision.

9. 2004 at the time this was written.

10. LOL.

11. As someone who read exclusively nonfiction for nearly 15 years, I can tell you two things: It's not productive to read two fact-based books at the same time (this is one), and fiction is better than sleeping pills for putting the happenings of the day behind you.

# 7

# Interrupting Interruption and the Art of Refusal

> Do your own thinking independently. Be the chess player, not the chess piece.
>
> —RALPH CHARELL

> Meetings are an addictive, highly self-indulgent activity that corporations and other organizations habitually engage in only because they cannot actually masturbate.
>
> —DAVE BARRY, Pulitzer Prize–winning American humorist

**SPRING 2000, PRINCETON , NEW JERSEY**

1:35 P.M.

"I think I understand. Moving on. In the next paragraph, it explains that ..." I had detailed notes and didn't want to miss a single point.

3:45 P.M.

"OK. That makes sense, but if we look at the following example ..." I paused for a moment mid-sentence. The teaching assistant had both hands on his face.

"Tim, let's end here for now. I'll be sure to keep these points in mind." He had had enough. Me too,

but I knew I'd only have to do it once.

For all four years of school, I had a policy. If I received anything less than an A on the first paper or non-multiple-choice test in a given class, I would bring 2–3 hours of questions to the grader's office hours and not leave until the other had answered them all or stopped out of exhaustion.

This served two important purposes:

1. I learned exactly how the grader evaluated work, including his or her prejudices and pet peeves.
2. The grader would think long and hard about ever giving me less than an A. He or she would never consider giving me a bad grade without exceptional reasons for doing so, as he or she knew I'd come a'knocking for another three-hour visit.

Learn to be difficult when it counts. In school as in life, having a reputation for being assertive will help you receive preferential treatment without having to beg or fight for it every time.

Think back to your days on the playground. There was always a big bully and countless victims, but there was also that one small kid who fought like hell, thrashing and swinging for the fences. He or she might not have won, but after one or two exhausting exchanges, the bully chose not to bother him or her. It was easier to find someone else.

Be that kid.

Doing the important and ignoring the trivial is hard because so much of the world seems to conspire to force crap upon you. Fortunately, a few simple routine changes make bothering you much more painful than leaving you in peace.

It's time to stop taking information abuse.

## Not All Evils Are Created Equal

For our purposes, an interruption is anything that prevents the start-to-finish completion of a critical task, and there are three principal offenders:

1. **Time wasters:** those things that can be ignored with little or no consequence. Common time wasters include meetings, discussions, phone calls, web surfing, and e-mail that are *unimportant*.
2. **Time consumers:** repetitive tasks or requests that need to be completed but often interrupt high-level work. Here are a few you might know intimately: reading and responding to e-mail, making and returning phone calls, customer service (order status, product assistance, etc.), financial or sales reporting, personal errands, all necessary repeated actions and tasks.
3. **Empowerment failures:** instances where someone needs approval to make something small happen. Here are just a few: fixing customer problems (lost shipments, damaged shipments, malfunctions, etc.), customer contact, cash expenditures of all types.

Let's look at the prescriptions for all three in turn.

# Time Wasters: Become an Ignoramus

The best defense is a good offense.

—DAN GABLE, Olympic gold medalist in wrestling and the most successful coach in history; personal record: 299–6–3, with 182 pins

Time wasters are the easiest to eliminate and deflect. It is a matter of limiting access and funneling all communication toward immediate action.

First, limit e-mail consumption and production. This is the greatest single interruption in the modern world.

1. Turn off the audible alert if you have one on Outlook or a similar program and turn off automatic send/receive, which delivers e-mail to your inbox as soon as someone sends them.
2. Check e-mail twice per day, once at 12:00 noon or just prior to lunch, and again at 4:00 P.M. 12:00 P.M. and 4:00 P.M. are times that ensure you will have the most responses from previously sent e-mail. Never check e-mail first thing in the morning.[12] Instead, complete your most important task before 11:00 A.M. to avoid using lunch or reading e-mail as a postponement excuse.

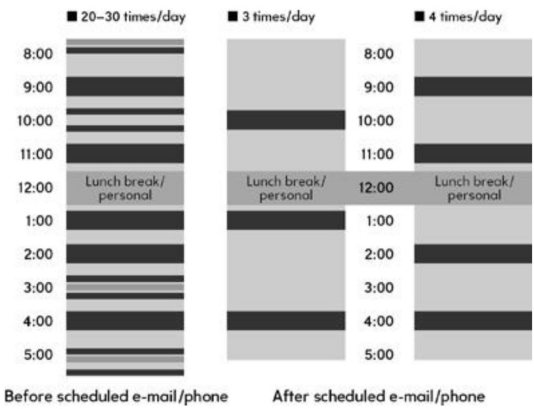


**LIGHT GRAY INDICATES TIME AVAILABLE FOR HIGH-PRIORITY TASKS** . ***Courtesy of SANDIA***

Before implementing the twice-daily routine, you must create an e-mail autoresponse that will train your boss, co-workers, suppliers, and clients to be more effective. I would recommend that you do not ask to implement this. Remember one of our ten commandments: Beg for forgiveness; don't ask for permission.

If this gives you heart palpitations, speak with your immediate supervisor and propose to trial the approach for one to three days. Cite pending projects and frustration with constant interruptions as the reasons. Feel free to blame it on spam or someone outside of the office.

Here is a simple e-mail template that can be used:

Greetings, Friends [or Esteemed Colleagues],

Due to high workload, I am currently checking and responding to e-mail twice daily at 12:00 p.m. ET [or your time zone] and 4:00 p.m. ET.

If you require urgent assistance (please ensure it is urgent) that cannot wait until either 12:00 p.m. or 4:00 p.m., please contact me via phone at 555–555–5555.

Thank you for understanding this move to more efficiency and effectiveness. It helps me accomplish more to serve you better.

Sincerely,

Tim Ferriss

MOVE TO ONCE-PER-DAY as quickly as possible. Emergencies are seldom that. People are poor judges of importance and inflate minutiae to fill time and feel important. This autoresponse is a tool that, far from decreasing collective effectiveness, forces people to re-evaluate their reason for interrupting you and helps them decrease meaningless and time-consuming contact.

I was initially terrified of missing important requests and inviting disaster, just as you might be upon reading this recommendation. Nothing happened. Give it a shot and work out the small bumps as you progress.

For an extreme example of a personal autoresponder that has never prompted a complaint and allowed me to check e-mail once per week, send an e-mail to template@fourhourworkweek.com. It has been revised over three years and works like a charm.

The second step is to screen incoming and limit outgoing phone calls.

**1**. Use two telephone numbers if possible—one office line (non urgent) and one cellular (urgent). This could also be two cell phones, or the non-urgent line could be an Internet phone number that routes calls to online voicemail (www.skype.com, for example).

Use the cell number in the e-mail autoresponse and answer it at all times unless it is an unknown caller or it is a call you don't want to answer. If in doubt, allow the call to go to voicemail and listen to the voicemail immediately afterward to gauge importance. If it can wait, let it wait. The offending parties have to learn to wait.

The office phone should be put on silent mode and allowed to go to voicemail at all times. The voicemail recording should sound familiar:

You've reached the desk of Tim Ferriss.

I am currently checking and responding to voicemail twice daily at 12:00 p.m. ET [or your time zone] and 4:00 p.m. ET.

If you require assistance with a truly urgent matter that cannot wait until either 12:00 p.m. or 4:00 p.m., please contact me on my cell at 555–555–5555. Otherwise, please leave a message and I will return it at the next of those two times. Be sure to leave your e-mail address, as I am often able to respond faster that way.

Thank you for understanding this move to more efficiency and effectiveness. It helps me accomplish more to serve you better.

Have a wonderful day.

**2**. If someone does call your cell phone, it is presumably urgent and should be treated as such. Do not

allow them to consume time otherwise. It's all in the greeting. Compare the following:

**Jane** (receiver)**:** Hello?

**John** (caller)**:** Hi, is this Jane?

**Jane:** This is Jane.

**John:** Hi, Jane, it's John.

**Jane:** Oh, hi, John. How are you? (or) Oh, hi, John. What's going on?

John will now digress and lead you into a conversation about nothing, from which you will have to recover and then fish out the ultimate purpose of the call. There is a better approach:

**Jane:** This is Jane speaking.

**John:** Hi, it's John.

**Jane:** Hi, John. I'm right in the middle of something. How can I help you out?

Potential continuation:

**John:** Oh, I can call back.

**Jane:** No, I have a minute. What can I do for you?

Don't encourage people to chitchat and don't let them chitchat. Get them to the point immediately. If they meander or try to postpone for a later undefined call, reel them in and get them to come to the point. If they go into a long description of a problem, cut in with, "[Name], sorry to interrupt, but I have a call in five minutes. What can I do to help out?" You might instead say, "[Name], sorry to interrupt, but I have a call in five minutes. Can you send me an e-mail?"

The third step is to master the art of refusal and avoiding meetings.

THE FIRST DAY our new Sales VP arrived at TrueSAN in 2001, he came into the all-company meeting and made an announcement in just about this many words: "I am not here to make friends. I have been hired to build a sales team and sell product, and that's what I intend to do. Thanks." So much for small talk.

He proceeded to deliver on his promise. The office socializers disliked him for his no-nonsense approach to communication, but everyone respected his time. He wasn't rude without reason, but he was direct and kept the people around him focused. Some didn't consider him charismatic, but no one considered him anything less than spectacularly effective.

I remember sitting down in his office for our first one-on-one meeting. Fresh off four years of rigorous academic training, I immediately jumped into explaining the prospect profiles, elaborate planning I'd developed, responses to date, and so forth and so on. I had spent at least two hours preparing to make this first impression a good one. He listened with a smile on his face for no more than two minutes and then held up a hand. I stopped. He laughed in a kind-hearted manner and said, "Tim, I don't want the story. Just tell me what we need to do."

Over the following weeks, he trained me to recognize when I was unfocused or focused on the wrong things, which meant anything that didn't move the top two or three clients one step closer to signing a

purchase order. Our meetings were now no more than five minutes long.

From this moment forward, resolve to keep those around you focused and avoid all meetings, whether in person or remote, that do not have clear objectives. It is possible to do this tactfully, but expect that some time wasters will be offended the first few times their advances are rejected. Once it is clear that remaining on task is your policy and not subject to change, they will accept it and move on with life. Hard feelings pass. Don't suffer fools or you'll become one.

*It is your job to train those around you to be effective and efficient*. No one else will do it for you. Here are a few recommendations:

**1**. Decide that, given the non-urgent nature of most issues, you will steer people toward the following means of communication, in order of preference: e-mail, phone, and in-person meetings. If someone proposes a meeting, request an e-mail instead and then use the phone as your fallback offer if need be. Cite other immediately pending work tasks as the reason.

**2**. Respond to voicemail via e-mail whenever possible. This trains people to be concise. Help them develop the habit.

Similar to our opening greeting on the phone, e-mail communication should be streamlined to prevent needless back-and-forth. Thus, an e-mail with "Can you meet at 4:00 P.M.?" would become "Can you meet at 4:00 P.M.? If so If not, please advise three other times that work for you."

This "if … then" structure becomes more important as you check e-mail less often. Since I only check e-mail once a week, it is critical that no one needs a "what if?" answered or other information within seven days of a given e-mail I send. If I suspect that a manufacturing order hasn't arrived at the shipping facility, for example, I'll send an e-mail to my shipping facility manager along these lines: "Dear Susan … Has the new manufacturing shipment arrived? If so, please advise me on … If not, please contact John Doe at 555–5555 or via e-mail at john@doe.com (he is also CC'd) and advise on delivery date and tracking. John, if there are any issues with the shipment, please coordinate with Susan, reachable at 555–4444, who has the authority to make decisions up to $500 on my behalf. In case of emergency, call me on my cell phone, but I trust you two. Thanks." This prevents most follow-up questions, avoids two separate dialogues, and takes me out of the problem-solving equation.

Get into the habit of considering what "if … then" actions can be proposed in any e-mail where you ask a question.

**3**. Meetings should only be held to make decisions about a predefined situation, not to define the problem. If someone proposes that you meet with them or "set a time to talk on the phone," ask that person to send you an e-mail with an agenda to define the purpose:

> That sounds doable. So I can best prepare, can you please send me an e-mail with an agenda? That is, the topics and questions we'll need to address? That would be great. Thanks in advance.

Don't give them a chance to bail out. The "thanks in advance" before a retort increases your chances of getting the e-mail.

The e-mail medium forces people to define the desired outcome of a meeting or call. Nine times out of ten, a meeting is unnecessary and you can answer the questions, once defined, via e-mail. Impose this habit on others. I haven't had an in-person meeting for my business in more than five years and have had fewer than a dozen conference calls, all lasting less than 30 minutes.

4. Speaking of 30 minutes, if you absolutely cannot stop a meeting or call from happening, *define the end time*. Do not leave these discussions open-ended, and keep them short. If things are well-defined, decisions should not take more than 30 minutes. Cite other commitments at odd times to make them more believable (e.g., 3:20 vs. 3:30) and force people to focus instead of socializing, commiserating, and digressing. If you must join a meeting that is scheduled to last a long time or that is open-ended, inform the organizer that you would like permission to cover your portion first, as you have a commitment in 15 minutes. If you have to, feign an urgent phone call. Get the hell out of there and have someone else update you later. The other option is to be completely transparent and voice your opinion of how unnecessary the meeting is. If you choose this route, be prepared to face fire and offer alternatives.

5. The cubicle is your temple—don't permit casual visitors. Some suggest using a clear "do not disturb" sign of some type, but I have found that this is ignored unless you have an office. My approach was to put headphones on, even if I wasn't listening to anything. If someone approached me despite this discouragement, I would pretend to be on the phone. I'd put a finger to my lips, say something like, "I hear you," and then say into the mic, "Can you hold on a second?" Next, I'd turn to the invader and say, "Hi. What can I do for you?" I wouldn't let them "get back to me" but rather force the person to give me a five-second summary and then send me an e-mail if necessary.

If headphone games aren't your thing, the reflexive response to an invader should be the same as when answering the cell phone: "Hi, invader. I'm right in the middle of something. How can I be of help?" If it's not clear within 30 seconds, ask the person to send you an e-mail about the chosen issue; do not offer to send them an e-mail first: "I'll be happy to help, but I have to finish this first. Can you send me a quick e-mail to remind me?" If you still cannot deflect an invader, give the person a time limit on your availability, which can also be used for phone conversations: "OK, I only have two minutes before a call, but what's the situation and what can I do to help?"

**6**. Use the Puppy Dog Close to help your superiors and others develop the no-meeting habit. The Puppy Dog Close in sales is so named because it is based on the pet store sales approach: If someone likes a puppy but is hesitant to make the life-altering purchase, just offer to let them take the pup home and bring it back if they change their minds. Of course, the return seldom happens.

The Puppy Dog Close is invaluable whenever you face resistance to permanent changes. Get your foot in the door with a "let's just try it once" reversible trial.

Compare the following:

> "I think you'd love this puppy. It will forever add to your responsibilities until he dies 10 years from now. No more care-free vacations, and you'll finally get to pick up poop all over the city—what do you think?"

vs.

Now imagine walking up to your boss in the hallway and clapping a hand on her shoulder:

> "I'd like to go to the meeting, but I have a better idea. Let's never have another one, since all we do is waste time and not decide anything useful."

vs.

The second set of alternatives seem less permanent, and they're intended to appear so. Repeat this

routine and ensure that you achieve more outside of the meeting than the attendees do within it; repeat the disappearing act as often as possible and cite improved productivity to convert this slowly into a permanent routine change.

Learn to imitate any good child: "Just this once! Please!!! I promise I'll do X!" Parents fall for it because kids help adults to fool themselves. It works with bosses, suppliers, customers, and the rest of the world, too.

Use it, but don't fall for it. If a boss asks for overtime "just this once," he or she will expect it in the future.

## Time Consumers: Batch and Do Not Falter

A schedule defends from chaos and whim.

—ANNIE DILLARD, winner of Pulitzer Prize in nonfiction, 1975

If you have never used a commercial printer before, the pricing and lead times could surprise you.

Let's assume it costs $310 and takes one week to print 20 customized T-shirts with 4-color logos. How much and how long does it take to print 3 of the same T-shirt?

$310 and one week.

How is that possible? Simple—the setup charges don't change. It costs the printer the same amount in materials for plate preparation ($150) and the same in labor to man the press itself ($100). The setup is the real time-consumer, and thus the job, despite its small size, needs to be scheduled just like the other, resulting in the same one-week delivery date. The lower economy of scale picks up the rest: The cost for 3 shirts is $20 per shirt **x** 3 shirts instead of $3 per shirt **x** 20 shirts.

The cost- and time-effective solution, therefore, is to wait until you have a larger order, an approach called "batching." Batching is also the solution to our distracting but necessary **time consumers**, those repetitive tasks that interrupt the most important.

If you check mail and make bill payments five times a week, it might take 30 minutes per instance and you respond to a total of 20 letters in two and a half hours. If you do this once per week instead, it might take 60 minutes total and you still respond to a total of 20 letters. People do the former out of fear of emergencies. First, there are seldom real emergencies. Second, of the urgent communication you will receive, missing a deadline is usually reversible and otherwise costs a minimum to correct.

There is an inescapable setup time for all tasks, large or minuscule in scale. It is often the same for one as it is for a hundred. There is a psychological switching of gears that can require up to 45 minutes to resume a major task that has been interrupted. More than a quarter of each 9–5 period (28%) is consumed by such interruptions.[13]

This is true of all recurring tasks and is precisely why we have already decided to check e-mail and phone calls twice per day at *specific predetermined times* (between which we let them accumulate).

From mid-2004 to 2007, I checked mail no more than once a week, often not for up to four weeks at a time. Nothing was irreparable, and nothing cost more than $300 to fix. This batching has saved me hundreds of hours of redundant work. How much is your time worth?

Let's use a hypothetical example:

1. $20 per hour is how much you are paid or value your time. This would be the case, for example, if you

are paid $40,000 per year and get two weeks of vacation per year ($40,000 divided by [40 hours per week **x** 50 = 2,000] = $20/hour). Estimate your hourly income by cutting the last three zeroes off of your annual income and halving the remaining number (e.g., $50,000/year p $25/hour.

2. Estimate the amount of time you will save by grouping similar tasks together and batching them, and calculate how much you have earned by multiplying this hour number by your per-hour rate ($20 here):

| | |
|---|---|
| 1 × per week: | 10 hours = $200 |
| 1 × per two weeks: | 20 hours = $400 |
| 1 × per month: | 40 hours = $800 |

**3**. Test each of the above batching frequencies and determine how much problems cost to fix in each period. If the cost is less than the above dollar amounts, batch even further apart.

For example, using our above math, if I check e-mail once per week and that results in an average loss of two sales per week, totaling $80 in lost profit, I will continue checking once per week because $200 (10 hours of time) minus $80 is still a $120 net gain, not to mention the enormous benefits of completing other main tasks in those 10 hours. If you calculate the financial and emotional benefit of completing just one main task (such as landing a major client or completing a life-changing trip), the value of batching is much more than the per-hour savings.

If the problems cost more than hours saved, scale back to the next-less-frequent batch schedule. In this case, I would drop from once per week to twice per week (not daily) and attempt to fix the system so that I can return to once per week. Do not work harder when the solution is working smarter. I have batched both personal and business tasks further and further apart as I've realized just how few real problems come up. Some of my scheduled batches in 2007 were e-mail (Mondays 10:00 A.M.), phone (completely eliminated), laundry (every other Sunday at 10:00 P.M.), credit cards and bills (most are on automatic payment, but I check balances every second Monday after e-mail), strength training (every 4th day for 30 minutes), etc.

## Empowerment Failure: Rules and Readjustment

> The vision is really about empowering workers, giving them all the information about what's going on so they can do a lot more than they've done in the past.
>
> —BILL GATES, cofounder of Microsoft, richest man in the world

Empowerment failure refers to being unable to accomplish a task without first obtaining permission or information. It is often a case of being micromanaged or micromanaging someone else, both of which consume *your* time.

For the employee, the goal is to have full access to necessary information and as much independent decision-making ability as possible. For the entrepreneur, the goal is to grant as much information and independent decision-making ability to employees or contractors as possible.

Customer service is often the epitome of empowerment failure, and a personal example from BrainQUICKEN illustrates just how serious but easily solved the problem can be.

In 2002, I had outsourced customer service for order tracking and returns but still handled product-

related questions myself. The result? I received more than 200 e-mail per day, spending all hours between 9–5 responding to them, and the volume was growing at a rate of more than 10% per week! I had to cancel advertising and limit shipments, as additional customer service would have been the final nail in the coffin. It wasn't *a scalable* model. Remember this word, as it will be important later. It wasn't scalable because there was an information and decision bottleneck: me.

The clincher? The bulk of the e-mail that landed in my inbox was not product-related at all but requests from the outsourced customer service reps seeking permission for different actions:

The customer claims he didn't receive the shipment. What should we do?

The customer had a bottle held at customs. Can we reship to a U.S. address?

The customer needs the product for a competition in two days. Can we ship overnight, and if so, how much should we charge?

It was endless. Hundreds upon hundreds of different situations made it impractical to write a manual, and I didn't have the time or experience to do so regardless.

Fortunately, someone did have the experience: the outsourced reps themselves. I sent one single e-mail to all the supervisors that immediately turned 200 e-mail per day into fewer than 20 e-mail per week:

> Hi All,
>
> I would like to establish a new policy for my account that overrides all others.
>
> Keep the customer happy. If it is a problem that takes less than $100 to fix, use your judgment and fix it yourself.
>
> This is official written permission and a request to fix all problems that cost under $100 without contacting me. I am no longer your customer; my customers are your customer. Don't ask me for permission. Do what you think is right, and we'll make adjustments as we go along.
>
> Thank you,
>
> Tim

Upon close analysis, it became clear that more than 90% of the issues that prompted e-mail could be resolved for less than $20. I reviewed the financial results of their independent decision-making on a weekly basis for four weeks, then a monthly basis, and then on a quarterly basis.

It's amazing how someone's IQ seems to double as soon as you give them responsibility and indicate that you trust them. The first month cost perhaps $200 more than if I had been micromanaging. In the meantime, I saved more than 100 hours of my own time per month, customers received faster service, returns dropped to less than 3% (the industry average is 10–15%), and outsourcers spent less time on my account, all of which resulted in rapid growth, higher profit margins, and happier people on all sides.

People are smarter than you think. Give them a chance to prove themselves.

If you are a micromanaged employee, have a heart-to-heart with your boss and explain that you want to be more productive and interrupt him or her less. "I hate that I have to interrupt you so much and pull you away from more important things I know you have on your plate. I was doing some reading and had some thoughts on how I might be more productive. Do you have a second?"

Before this conversation, develop a number of "rules" like the previous example that would allow you to work more autonomously with less approval-seeking. The boss can review the outcome of your decisions on a daily or weekly basis in the initial stages. Suggest a one-week trial and end with "I'd like to try it. Does that sound like something we could try for a week?" or my personal favorite, "Is that

reasonable?" It's hard for people to label things unreasonable.

Realize that bosses are supervisors, not slave masters. Establish yourself as a consistent challenger of the status quo and most people will learn to avoid challenging you, particularly if it is in the interest of higher per-hour productivity.

If you are a micromanaging entrepreneur, realize that even if you can do something better than the rest of the world, it doesn't mean that's what you should be doing if it's part of the minutiae. Empower others to act without interrupting you.

SET THE RULES in your favor: Limit access to your time, force people to define their requests before spending time with them, and batch routine menial tasks to prevent postponement of more important projects. Do not let people interrupt you. Find your focus and you'll find your lifestyle.

The bottom line is that you only have the rights you fight for.

In the next section, **Automation**, we'll see how the New Rich create management-free money and eliminate the largest remaining obstacle of all: themselves.

## ► Q&A: QUESTIONS AND ACTIONS

> People think it must be fun to be a super genius, but they don't realize how hard it is to put up with all the idiots in the world.
>
> —CALVIN, from Calvin and Hobbes

Blaming idiots for interruptions is like blaming clowns for scaring children—they can't help it. It's their nature. Then again, I had (who am I kidding—and have), on occasion, been known to create interruptions out of thin air. If you're anything like me, that makes us both occasional idiots. Learn to recognize and fight the interruption impulse.

This is infinitely easier when you have a set of rules, responses, and routines to follow. It is your job to prevent yourself and others from letting the unnecessary and unimportant prevent the start-to-finish completion of the important.

This chapter differs from the previous in that the necessary actions, due to the inclusion of examples and templates, have been presented throughout from start to finish. This Q & A will thus be a summary rather than a repetition. The devil is in the details, so be sure to reread this chapter for the specifics.

The 50,000-foot review is as follows:

1. **Create systems to limit your availability via e-mail and phone and deflect inappropriate contact**. Get the autoresponse and voicemail script in place now, and master the various methods of evasion. Replace the habit of "How are you?" with "How can I help you?" Get specific and remember—no stories. Focus on immediate actions. Set and practice interruption-killing policies.

Avoid meetings whenever possible:

- ► Use e-mail instead of face-to-face meetings to solve problems.
- ► Beg-off going (this can be accomplished through the Puppy Dog

Close).

- If meetings are unavoidable, keep the following in mind:

- ► Go in with a clear set of objectives.

- ► Set an end time or leave early.

2. **Batch activities to limit setup cost and provide more time for dreamline milestones**.
What can I routinize by batching? That is, what tasks (whether laundry, groceries, mail, payments, or sales reporting, for example) can I allot to a specific time each day, week, month, quarter, or year so that I don't squander time repeating them more often than is absolutely necessary?

3. **Set or request autonomous rules and guidelines with occasional review of results**.
Eliminate the decision bottleneck for all things that are nonfatal if misperformed. If an employee, believe in yourself enough to ask for more independence on a trial basis. Have practical "rules" prepared and ask the boss for the sale after surprising him or her with an impromptu presentation. Remember the Puppy Dog Close—make it a one-time trial and reversible.

For the entrepreneur or manager, give others the chance to prove themselves. The likelihood of irreversible or expensive problems is minimal and the time savings are guaranteed. Remember, profit is only profitable to the extent that you can use it. For that you need time.

## ► TOOLS AND TRICKS

### Eliminating Paper Distractions, Capturing Everything

**► Evernote ( www.evernote.com )**

This is perhaps the most impressive tool I've found in the last year, introduced to me by some of the most productive technologists in the world. Evernote has eliminated more than 90% of the paper in my life and eliminated nearly all of the multiple tabs I used to leave open in web browsers, both of which distracted me to no end. It can clear out your entire office clutter in one to three hours.

Evernote allows you to easily capture information from anywhere using whatever device is at hand, and everything is then searchable (read: findable) from anywhere. I use it to:

- ► Take photographs of everything I might want to remember or find later—business cards, handwritten notes, wine labels, receipts, whiteboard sessions, and more. Evernote identifies the text in all of these pictures automatically, so it's all searchable(!), whether from an iPhone, your laptop, or the web. Just as one example, I can store and find the contact information from any business card in seconds (often using the built in iSight camera on Mac to

capture it), rather than spending hours inputting it all into contacts or searching through e-mail for that lost phone number. It's mind-numbing how much time this saves.

- ► Scan all agreements, paper articles, etc., that would otherwise sit in file folders or on my desk. I use the Mac Fujitsu ScanSnap miniscanner ( http://bit.ly/scansnapmac ), the best I've found, which scans all of it directly to Evernote in seconds with one button.

- ► Take snapshots of websites, capturing all text and links, so that I can read them offline when traveling or doing later research. Get rid of all those scattered bookmarks, favorites, and open tabs.

**Screening and Avoiding Unwanted Calls**

►**GrandCentral (www.grandcentral.com)** and **YouMail (www.youmail.com)**

In a world where your physical address will change more often than your cell phone number (and e-mail), it can be disastrous if your number becomes public or gets in the wrong hands. Enter GrandCentral, which will give you a number with the area code of your choosing that then forwards to your own phone(s). I now give a GrandCentral number to anyone besides family and close friends. Some of the benefits:

- ► Identify any incoming number as unwanted, and that caller will then hear a "number not in service" message when attempting to call you.

- ► Customize your voicemail message to individual callers (spouse, boss, colleague, client, etc.) and listen in on messages as they're being left, so you can "pick up" if the message is worth the interruption. Call recording is also an option.

- ► Use an area code outside of your hometown to prevent people and companies from finding and misusing addresses you'd prefer to

keep private.

- ► Establish do-not-disturb hours, when calls are routed directly to voicemail with no ring.

- ► Have voicemail sent to your cell phone as SMS (text messages).

YouMail, another option, can also transcribe voicemails and send them to your phone as text messages. Getting calls while stuck in a time-wasting meeting? No problem: Respond to voicemails via SMS during the meeting so you're not stuck returning calls afterward.

**One Shot, One Kill Scheduling Without E-mail Back-and-Forth**

Few things are as time-consuming as scheduling via e-mail. Person A: "How about Tues. at 3 P.M.?" Person B: "I can make it." Person C: "I have a meeting. How about Thurs.?" Person D: "I'm on a con-call. How about 10 A.M. on Fri.?" Use these tools to make scheduling simple and fast instead of another part-time job.

► **Doodle ( www.doodle.com )**

The best free tool I've found for herding cats (multiple people) for scheduling without excessive e-mail. Create and poll in 30 seconds with the proposed options and forward a link to everyone invited. Check back a few hours later and you'll have the best time for the most people.

► **TimeDriver ( www.timedriver.com )**

Let colleagues and clients self-schedule with you based on your availability, which is determined by integration with Outlook or Google Calendar. Embed a "schedule now" button in e-mail messages and you'll never have to tell people when you can make a call or meeting. Let them see what's open and choose.

**Choosing the Best E-mail Batching Times**

► **Xobni ( www.xobni.com/special )**

Xobni—*inbox* spelled backwards—is a free program for putting Outlook on steroids. It offers many features, but the most relevant to this chapter is its ability to identify "hotspots," or periods of time when you receive the bulk of e-mail from your most important contacts. These "hotspots" are batching times that will enable you to keep critical contacts (clients, bosses, etc.) smiling even while you reduce checking e-mail to 1–3 times per day. It will also populate your contacts automatically by pulling phone numbers, addresses, etc., from separate e-mail buried in the inbox.

**E-mailing Without Entering the Black Hole of the Inbox**

Don't enter the black hole of the inbox off hours because you're afraid you'll forget something. Use these services instead to keep focused, whether on completing a critical project or simply enjoying the weekend.

**► Jott ( www.jott.com )**

Capture thoughts, create to-do's, and set reminders with a simple toll-free phone call. The service transcribes your message (15–30 seconds) and e-mails it to whomever you want, including yourself, or to your Google calendar for automatic scheduling. Jott also enables you to post voice message links to Twitter (www.twitter.com), Facebook (www.facebook.com), and other services that tend to consume hours if you visit the sites themselves.

**► Copy talk ( www.copytalk.com )**

Dictate any message up to four minutes and have the transcription e-mailed to you within hours. Excellent for brainstorming, and the accuracy is astounding.

**Preventing Web Browsing Completely**

**► Freedom ( http://www.ibiblio.org/fred/freedom/ )**

Freedom is a free application that disables networking on an Apple computer for 1–480 mintues (up to eight hours) at a time. Freedom will free you from the distractions of the Internet, allowing you the focus to get real work done.

Freedom enforces freedom; a reboot is the only method for turning Freedom off before the time limit you've set for yourself. The hassle of rebooting means you're less likely to cheat, and you'll be more productive. Experiment with the software for short periods of time at first (30–60 minutes.)

## ► COMFORT CHALLENGE

**Revisit the Terrible Twos (2 Days)**

For the next two days, do as all good two-year-olds do and say "no" to all requests. Don't be selective. Refuse to do all things that won't get you immediately fired. Be selfish. As with the last exercise, the objective isn't an outcome—in this case, eliminating just those things that waste time—but the process: getting comfortable with saying "no." Potential questions to decline include the following:

Do you have a minute?

Want to see a movie tonight/tomorrow?

Can you help me with X?

"No" should be your default answer to all requests. Don't make up elaborate lies or you'll get called on them. A simple "I really can't—sorry; I've got too much on my plate right now" will do as a catch-all response.

## ► LIFESTYLE DESIGN IN ACTION

Batching tool—PO Box: This might be stating the obvious, but one easy way to encourage batching of your mail is to use a PO Box versus getting mail delivered to your house. We got our PO Box to limit access to our physical address online, but it also encourages you to get the mail less and deal with it in batch. Our post office has recycling bins, so at least 60% of the mail doesn't even come home with us. For a while I was only getting and managing the mail once a week, and I found not only did it take less time overall, I did a better job managing it and getting it out of the way versus looking at it and setting it aside for future follow up.

***—LAURA TURNER***

• • •

For families, the four-hour workweek doesn't have to mean four months on a sailboat in the Caribbean unless that's their dream, but even the simple ideal of having time to take a walk in the park every evening or spending weekends together, makes taking actions to implement this program worthwhile.

[There are many different approaches for making this work]: Kids have to promise they won't bother Mommy in the evening while she works on the computer, the husband watches the kids in the evening, both parents make plans once a week to have someone take care of the kids, etc. Then close with the huge payoff for the family of having more time to spend with each other.

***—ADRIENNE JENKINS***

• • •

Why not combine a mini-retirement with dentistry (or medical) geoarbitrage and finance your trip with the savings? I lived in Thailand for four months and got root canal treatment and a crown for 1/3 of the price that it costs in Australia. There are many upmarket clinics set up for "expats" and health travelers in Thailand, Philippines, Vietnam, Goa, etc., with English-speaking dentists. And in Europe many people go to Poland or Hungary. To research, just Google "dentist" and the country and you will come across practices advertising to foreigners. Talk to expats when you're in the country or on online chat forums for recommendations. Now I'm in Australia I still combine my travels with annual dentist checkups—and the savings often finance my airfare. Even between developed countries there are significant cost differences. For example France is far cheaper than the UK and Australia is cheaper than the U.S. [Note from Tim: Learn more about the incredible world of medical tourism and geoarbitrage at http://en.wikipedia.org/wiki/Medical_tourism. Even large insurers like AETNA often cover overseas treatments and surgeries.]

***—ANONYMOUS***

12. This habit alone can change your life. It seems small but has an enormous effect.

13. Jonathan B. Spira and Joshua B. Feintuch, *The Cost of Not Paying Attention: How Interruptions*

*Impact Knowledge Worker Productivity* (Basex, 2005).

# Step III:
# A is for Automation

**SCOTTY: She's all yours, sir. All systems automated and ready. A chimpanzee and two trainees could run her!**
**CAPTAIN KIRK: Thank you, Mr. Scott. I'll try not to take that personally .**

***— STAR TREK***

## 8
## Outsourcing Life

**► OFF-LOADING THE REST AND A TASTE OF GEOARBITRAGE [14]**

A man is rich in proportion to the number of things he can afford to let alone.

—HENRY DAVID THOREAU, naturalist

If I told you this story, you wouldn't believe me, so I'll let AJ tell it. It will set the stage for even more incredible things to come, all of which you will do yourself.

## My Outsourced Life

A true account by AJ Jacobs, editor-at-large at *Esquire* magazine (ellipses represent passage of time between entries)

IT BEGAN a month ago. I was midway through *The World Is Flat*, the bestseller by Tom Friedman. I like Friedman, despite his puzzling decision to wear a mustache. His book is all about how outsourcing to India and China is not just for tech support and carmakers but is poised to transform every industry in America, from law to banking to accounting.

I don't have a corporation; I don't even have an up-to-date business card. I'm a writer and editor working from home, usually in my boxer shorts or, if I'm feeling formal, my penguin-themed pajama bottoms. Then again, I think, why should Fortune 500 firms have all the fun? Why can't I join in on the biggest business trend of the new century? Why can't I outsource my low-end tasks? Why can't I outsource my life?

The next day I e-mail Brickwork, one of the companies Friedman mentions in his book. Brickwork—based in Bangalore, India—offers "remote executive assistants," mostly to financial firms and healthcare companies that want data processed. I explain that I'd like to hire someone to help with *Esquire-related* tasks—doing research, formatting memos, like that. The company's CEO, Vivek Kulkarni, responds, "It would be a great pleasure to be talking to a person of your stature." Already I'm liking this. I've never had stature before. In America, I barely command respect from a Bennigan's maître d', so it's nice to know that in India I have stature.

A couple of days later, I get an e-mail from my new "remote executive assistant."

> Dear Jacobs,
>
> My name is Honey K. Balani. I would be assisting you in your editorial and personal job.... I would try to adapt myself as per your requirements that would lead to desired satisfaction.

Desired satisfaction. This is great. Back when I worked at an office, I had assistants, but there was never any talk of *desired satisfaction*. In fact, if anyone ever used the phrase "desired satisfaction," we'd all end up in a solemn meeting with HR.

• • •

I GO OUT to dinner with my friend Misha, who grew up in India, founded a software firm, and subsequently became nauseatingly rich. I tell him about Operation Outsource. "You should call Your Man in India," he says. Misha explains that this is a company for Indian businessmen who have moved overseas but who still have parents back in New Delhi or Mumbai. YMII is their overseas concierge service—it buys movie tickets and cell phones and other sundries for abandoned moms.

Perfect. This could kick my outsourcing up to a new level. I can have a nice, clean division of labor: Honey will take care of my business affairs, and YMII can attend to my personal life—pay my bills, make vacation reservations, buy stuff online. Happily, YMII likes the idea, and just like that the support team at Jacobs Inc. has doubled.

• • •

HONEY HAS completed her first project for me: research on the person *Esquire* has chosen as the Sexiest Woman Alive. I've been assigned to write a profile of this woman, and I really don't want to have to slog through all the heavy-breathing fan websites about her. When I open Honey's file, I have this reaction: America is f*cked. There are charts. There are section headers. There is a well-organized

breakdown of her pets, measurements, and favorite foods (e.g., swordfish). If all Bangalorians are like Honey, I pity Americans about to graduate college. They're up against a hungry, polite, Excel-proficient Indian army.

• • •

IN FACT, in the next few days, I outsource a whole mess of online errands to Asha (from the personal service YMII): paying my bills, getting stuff from drugstore.com, finding my son a Tickle Me Elmo. (Actually, the store was out of Tickle Me Elmos, so Asha bought a Chicken Dance Elmo—good decision.) I had her call Cingular to ask about my cell-phone plan. I'm just guessing, but I bet her call was routed from Bangalore to New Jersey and then back to a Cingular employee in Bangalore, which makes me happy for some reason.

• • •

IT'S THE fourth morning of my new, farmed-out life, and when I flip on my computer, my e-mail inbox is already filled with updates from my overseas aides. It's a strange feeling having people work for you while you sleep. Strange, but great. I'm not wasting time while I drool on my pillow; things are getting done.

• • •

HONEY IS my protector. Consider this: For some reason, the Colorado Tourism Board e-mails me all the time. (Most recently, they informed me about a festival in Colorado Springs featuring the world's most famous harlequin.) I request that Honey gently ask them to stop with the press releases. Here's what she sent:

> Dear All,
>
> Jacobs often receives mails from Colorado news, too often. They are definitely interesting topics. However, these topics are not suitable for "Esquire."
>
> Further, we do understand that you have taken a lot of initiatives working on these articles and sending it to us. We understand. Unfortunately, these articles and mails are too time consuming to be read.
>
> Currently, these mails are not serving right purpose for both of us. Thus, we request to stop sending these mails.
>
> We do not mean to demean your research work by this.
>
> We hope you understand too.
>
> Thanking you,
>
> Honey K B

That is the best rejection notice in journalism history. It's exceedingly polite, but there's a little undercurrent of indignation. Honey seems almost outraged that Colorado would waste the valuable time of Jacobs.

• • •

I DECIDE to test the next logical relationship: my marriage. These arguments with my wife are killing me—partly because Julie is a much better debater than I am. Maybe Asha can do better:

Hello Asha,

My wife got annoyed at me because I forgot to get cash at the automatic bank machine … I wonder if you could tell her that I love her, but gently remind her that she too forgets things—she has lost her wallet twice in the last month. And she forgot to buy nail clippers for Jasper.

AJ

I can't tell you what a thrill I got from sending that note. It's pretty hard to get much more passive-aggressive than bickering with your wife via an e-mail from a subcontinent halfway around the world.

The next morning, Asha CC'd me on the e-mail she sent to Julie.

Julie,

Do understand your anger that I forgot to pick up the cash at the automatic machine. I have been forgetful and I am sorry about that.

But I guess that doesn't change the fact that I love you so much….

Love
AJ

P. S. This is Asha mailing on behalf of Mr. Jacobs.

As if that weren't enough, she also sent Julie an e-card. I click on it: two teddy bears embracing, with the words, "Anytime you need a hug, I've got one for you…. I'm sorry."

Damn! My outsourcers are too friggin' nice! They kept the apology part but took out my little jabs. They are trying to save me from myself. They are superegoing my id. I feel castrated.

Julie, on the other hand, seems quite pleased: "That's nice, sweetie. I forgive you."

• • •

DESPITE THREE weeks with my support team, I'm still stressed. Perhaps it's the fault of Chicken Dance Elmo, whom my son loves to the point of dry humping, but who is driving me slowly insane. Whatever the reason, I figure it's time to conquer another frontier: outsourcing my inner life.

First, I try to delegate my therapy. My plan is to give Asha a list of my neuroses and a childhood anecdote or two, have her talk to my shrink for 50 minutes, then relay the advice. Smart, right? My shrink refused. Ethics or something. Fine. Instead, I have Asha send me a meticulously researched memo on stress relief. It had a nice Indian flavor to it, with a couple of yogic postures and some visualization.

This was okay, but it didn't seem quite enough. I decided I needed to outsource my worry. For the last few weeks I've been tearing my hair out because a business deal is taking far too long to close. I asked Honey if she would be interested in tearing her hair out in my stead. Just for a few minutes a day. She thought it was a wonderful idea. "I will worry about this every day," she wrote. "Do not worry."

The outsourcing of my neuroses was one of the most successful experiments of the month. Every time I started to ruminate, I'd remind myself that Honey was already on the case, and I'd relax. No joke—this alone was worth it.

# At a Glance: Where You Will Be

The future is here. It's just not widely distributed yet.

—WILLIAM GIBSON, author of *Neuromancer;* coined term "cyberspace" in 1984

Here is a sneak preview of full automation.

I woke up this morning, and given that it's Monday, I checked my e-mail for one hour after an exquisite Buenos Aires breakfast.

Sowmya from India had found a long-lost high school classmate of mine, and Anakool from YMII had put together Excel research reports for retiree happiness and the average annual hours worked in different fields. Interviews for this week had been set by a third Indian virtual assistant, who had also found contact information for the best Kendo schools in Japan and the top salsa teachers in Cuba. In the next e-mail folder, I was pleased to see that my fulfillment account manager in Tennessee, Beth, had resolved nearly two dozen problems in the last week—keeping our largest clients in China and South Africa smiling—and had also coordinated California sales tax filing with my accountants in Michigan. The taxes had been paid via my credit card on file, and a quick glance at my bank accounts confirmed that Shane and the rest of the team at my credit card processor were depositing more cash than last month. All was right in the world of automation.

It was a beautiful sunny day, and I closed my laptop with a smile. For an all-you-can-eat buffet breakfast with coffee and orange juice, I paid $4 U.S. The Indian outsourcers cost between $4–10 U.S. per hour. My domestic outsourcers are paid on performance or when product ships. This creates a curious business phenomenon: Negative cash flow is impossible.

Fun things happen when you earn dollars, live on pesos, and compensate in rupees, but that's just the beginning.

# But I'm an Employee! How Does This Help Me?

Nobody can give you freedom. Nobody can give you equality or justice or anything. If you're a man, you take it.

—MALCOLM X, *Malcolm X Speaks*

Getting a remote personal assistant is a huge departure point and marks the moment that you learn how to give orders and be commander instead of the commanded. It is small-scale training wheels for the most critical of **NR** skills: remote management and communication.

It is time to learn how to be the boss. It isn't time-consuming. It's low-cost and it's low-risk. Whether or not you "need" someone at this point is immaterial. It is an exercise.

It is also a litmus test for entrepreneurship: Can you manage (direct and chastise) other people? Given the proper instruction and practice, I believe so. Most entrepreneurs fail because they jump into the deep end of the pool without learning to swim first. Using a virtual assistant (VA) as a simple exercise with no downside, the basics of management are covered in a 2–4-week test costing between $100–400. This is an investment, not an expense, and the ROI is astounding. It will be repaid in a maximum of 10–14 days, after which it is pure timesaving profit.

Becoming a member of the **NR** is not just about working smarter. It's about building a system to replace yourself.

This is the first exercise.

Even if you have no intention of becoming an entrepreneur, this is the ultimate continuation of our 80/20 and elimination process: Preparing someone to replace you (even if it never happens) will produce an ultrarefined set of rules that will cut remaining fat and redundancy from your schedule. Lingering unimportant tasks will disappear as soon as someone else is being paid to do them.

But what about the cost?

This is a hurdle that is hard for most. If I can do it better than an assistant, why should I pay them at all? *Because the goal is to free your time to focus on bigger and better things*.

This chapter is a low-cost exercise to get you past this lifestyle limiter. It is absolutely necessary that you realize that you can always do something more cheaply yourself. This doesn't mean you want to spend your time doing it. If you spend your time, worth $20–25 per hour, doing something that someone else will do for $10 per hour, it's simply a poor use of resources. It is important to take baby steps toward paying others to do work for you. Few do it, which is another reason so few people have their ideal lifestyles.

Even if the cost is occasionally more per hour than you currently earn, the trade is often worth it. Let's assume you make $50,000 and thus $25 per hour (working from 9–5, Monday through Friday, for 50 weeks per year). If you pay a top-notch assistant $30 per hour and he or she saves you one full 8-hour shift per week, your cost (subtracting what you're being paid) is $40 to free an extra day. Would you pay $40 per week to work Monday to Thursday? I would, and I do. Keep in mind that this is a worst-case cost scenario.

But what if your boss freaks out?

It's largely a non-issue, and prevention is better than cure. There is no ethical or legal reason for the boss to know if you choose non-sensitive tasks. The first option is to assign personal items. Time is time, and if you're spending time on chores and errands that could be spent better elsewhere, a VA will improve life and the management learning curve is similar. Second, you can delegate business tasks that don't include financial information or identify your company.

Ready to build an army of assistants? Let's first look at the dark side of delegation. A review is in order to prevent abuses of power and wasteful behavior.

## Delegation Dangers: Before Getting Started

> The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.
>
> —BILL GATES

Have you ever been given illogical assignments, handed unimportant work, or commanded to do something in the most inefficient fashion possible? Not fun and not productive.

Now it's your turn to show that you know better. Delegation is to be used as a further step in reduction, not as an excuse to create more movement and add the unimportant. Remember—unless something is well-defined and important, no one should do it.

Eliminate before you delegate.

Never automate something that can be eliminated, and never delegate something that can be automated or streamlined. Otherwise, you waste someone else's time instead of your own, which now wastes your hard-earned cash. How's that for incentive to be effective and efficient? Now you're playing with your own dough. It's something I want you to get comfortable with, and this baby step is small stakes.

Did I mention to eliminate before you delegate?

For example, it is popular among executives to have assistants read e-mail. In some cases this is valuable. In my case, I use spam filters, autoresponders with FAQs, and automatic forwarding to outsourcers to limit my e-mail obligation to 10–20 e-mail responses per week. It takes me 30 minutes per week because I used systems—elimination and automation—to make it so.

Nor do I use an assistant to set meetings and conference calls because I have eliminated meetings. If I need to set the odd 20-minute call for a given month, I'll send one two-sentence e-mail and be done with it.

Principle number one is to refine rules and processes before adding people. Using people to leverage a refined process multiplies production; using people as a solution to a poor process multiplies problems.

## The Menu: A World of Possibilities

> I am not interested in picking up crumbs of compassion thrown from the table of someone who considers himself my master. I want the full menu of rights.
>
> —BISHOP DESMOND TUTU, South African cleric and activist

The next question then becomes, "What should you delegate?" It's a good question, but I don't want to answer it. I want to watch *Family Guy*.

The truth be told, it is a hell of a lot of work writing about not working. Ritika of Brickwork and Venky of YMII are more than capable of writing this section, so I'll just mention two guidelines and leave the mental hernia of detail work to them.

> **Golden Rule #1:** Each delegated task must be both time-consuming *and well-defined*. If you're running around like a chicken with its head cut off and assign your VA to do that for you, it doesn't improve the order of the universe.
>
> **Golden Rule #2:** On a lighter note, have some fun with it. Have someone in Bangalore or Shanghai send e-mails to friends as your personal concierge to set lunch dates or similar basics. Harass your boss with odd phone calls in strong accents from unknown numbers. Being effective doesn't mean being serious all the time. It's fun being in control for a change. Get a bit of repression off your chest so it doesn't turn into a complex later.

### Getting Personal and Going Howard Hughes

Howard Hughes, the ultrarich filmmaker and eccentric from *The Aviator*, was notorious for assigning odd tasks to his assistants. Here are a few from Donald Bartlett's *Howard Hughes: His Life and Madness you* might want to consider.

1. After his first plane crash, Hughes confided in a friend that he believed his recovery was due to his

consumption of orange juice and its healing properties. He believed that exposure to the air diluted the juice's potency, so he demanded that fresh oranges be sliced and juiced in front of him.

2. When Hughes was partaking of the nightlife in Las Vegas, his aides were charged with approaching any girls he took a liking to. If a girl was invited to join the Hughes table and agreed, an aide would pull out a waiver and agreement for her to sign.

3. Hughes had a barber on call 24/7 but had his hair and nails trimmed about once a year.

4. In his hotel-bound years, Hughes was rumored to have instructed assistants to place a single cheeseburger in a specific tree outside his penthouse room at a 4:00 P.M. each day, whether he was there or not.

Such a world of possibilities! Just as the Model-T brought transportation to the masses, virtual assistants bring eccentric billionaire behavior within reach of each man, woman, and child. Now, that's progress.

Without further ado, let me pass the mic. Note that YMII performs both personal and business tasks, whereas Brickwork focuses solely on business projects. Let's start with the important but dull stuff and move quickly from the sublime to the ridiculous. To give a true taste of what to expect, I have not corrected non-native-sounding English.

**Venky:** Don't limit yourself. Just ask us if something is possible. We've arranged parties, organized caterers, researched summer courses, cleaned up accounting books, created 3D drafts based on blueprints. Just ask us. We could find the closest kid-friendly restaurant to your house for your son's birthday, finding out costs and organizing the birthday party. This frees up your time to work or hang out with your son.

What can we not do? We can't do anything that would require our physical presence. But you would be surprised as to how small a set of tasks that is in this day and age.

Here are the most common tasks we handle:

► scheduling interviews and meetings ► web-research ► following up on appointments, errands, and tasks ► online purchases ► creation of legal documents ► website maintenance (web design, publishing, uploading files) that doesn't require a professional designer ► monitoring, editing, and publishing comments for online discussions ► posting job vacancies on the web ► document creation ► proofreading and editing documents for spelling and formatting ► online research for updating blogs ► updating the database for Customer Relationship Management Software ► managing recruitment processes ► updating invoices and receiving payments ► voicemail transcription

Ritika at Brickwork added the following:

► market research ► financial research ► business plans ► industry analysis ► market assessment reports ► preparing presentations ► reports and newsletters ► legal research ► analytics ► website development ► search engine optimization ► maintaining and updating databases ► credit scoring ► managing procurement processes

**Venky:** We have a forgetful client who has us call him all the time with various reminders. One of our clients on a custom plan has us wake him up every morning. We've done the legwork and found people who fell out of contact after Katrina. Found jobs for clients! My favorite so far: One of our clients has a pair of trousers that he really likes that aren't in production anymore. He's sending them to Bangalore (from London) to have created exact replicas at a tiny fraction of the price.

Here are a few other YMII custom requests:

- ► Reminding an overzealous client to pay his current parking fines, as well as not speed and collect parking fines.
- ► Apologizing and sending flowers and cards to spouses of clients.
- ► Charting a diet plan, reminding client on it regularly, ordering groceries based on the specific diet plan.
- ► Getting a job for a person who lost his job due to outsourcing a year back. We did the job search, did the cover letters, did the resume tuning, and got the client a job in 30 days.
- ► Fixing a broken windowpane of a house in Geneva, Switzerland.
- ► Collecting homework information from teacher's voicemail and e-mailing it to the client (parents of the kid).
- ► Research on how to tie a shoelace meant for a kid (client's son).

- ► Find a parking slot for your car in some other city even before you make the trip.
- ► Ordered garbage bins for home.
- ► Get an authenticated weather forecast and weather report for a particular time in a particular place on a particular day, five years ago. This was to be used as supportive evidence for a lawsuit.
- ► Talking to parents in our client's stead.

Here's another real example of personal outsourcing from reader David Cross, who got a personal chef at home for less than $5 per meal. Just thinking of the possibilities is enough to make you start drooling. He explains:

I wanted to find someone to prepare food I love. I trained as a chef but I am often so busy and as I am the only one in the house who really cooks, I often don't have time to prepare the food that makes me feel the healthiest so I wrote the attached ad and dropped it on Craigslist.

This was a very tight focus—ultraspecific—I had just two applicants in two months—one who was a 2/10 match but the guy we just OK'd was a Hare Krishna follower for many years, lived in India, and his sample menu proved he knew what he's doing so we just started him.

The food is absolutely awesome. The hourly rate is *extremely reasonable,* he's a five-minute detour when either of us are in town to collect food and I now have delicious Indian food for less than $5 a meal and it's as good as anything I've ever eaten anywhere.

I'm going to progress to other cuisines now… Thai, Italian, Chinese, etc., and it means when I do have time to cook I'll enjoy doing it that much more as I am not the only one cooking!

**Indian/Asian Vegetarian Cook Needed**

---

Date: 2007–06–07, 12:25PM PDT

Hello.

We are a local, international family who love Indian and Asian vegetarian food. We are looking for a cook experienced in this wonderful cuisine to prepare delicious, fresh, healthy, authentic Indian/Asian vegetarian meals for us.

If you've cooked a curry once or twice or need to follow recipes, this position is probably not for you,

but if you know Indian vegetarian cooking in depth and can prepare delicious, healthy, fresh, authentic Indian vegetarian food then we'd like to hear from you. This could be an ideal opportunity if you are Indian, Pakistani, Punjabi, etc., and are looking for a great way to apply your experience and love of Indian vegetarian food, cooking and culture. Knowledge of Ayurved and how this relates to food and diet is a plus though not essential.

Please reply with details of your experience and some dishes you could prepare. If we like what you have to offer, we'll arrange for you to cook a sample meal or two which we will pay you for and then we'll see what works out for us all.

This is a part-time position. You will be self-employed and responsible for your own taxes, etc. We'll pay you an hourly rate we will agree with you plus grocery bills for the food you prepare. You can prepare food in your own place and we can arrange to collect it from you, possibly for us to freeze for later eating. We will work with you to come up with menus and schedules that work out for you and us.

Thank you for your interest.

## Basic Choices: New Delhi or New York?

There are tens of thousands of VAs—how on earth do you find the right one? The resources at the end of this chapter will show you where to look, but it is overwhelming and confusing unless you have a few criteria determined in advance.

It often helps to begin with the question "Where on Earth?"

### Remote or Local?

"Made in the USA" doesn't have the ring it used to. The pros of jumping time zones and visiting third-world currency are twofold: People work while you sleep, and the per-hour expense is less. Time savings and cost savings. Ritika explains the former with an example.

One can give the remote personal assistant in India their assignment when they are leaving work at the end of the day in New York City, and they will have the presentation ready the next morning. Because of the time difference with India, assistants can work on it while they are asleep and have it back in their morning. When they wake up, they will find the completed summary in their inbox. These assistants can also help them keep pace with what they want to read, for example.

Indian and Chinese VAs, as well as most from other developing countries, will run $4–15 per hour, the lower end being limited to simple tasks and the higher end including the equivalent of Harvard or Stanford M.B.A.s and Ph.D.s. Need a business plan to raise funding? Brickwork can provide it for between $2,500–5,000 instead of $15,000–20,000. Foreign assistance isn't just for the small time. I know from firsthand discussions that executives from big five accounting and management consulting firms routinely charge clients six figures for research reports that are then farmed to India for low four figures.

In the U.S. or Canada, the per-hour range is often $25–100. Seems like an obvious choice, right? Bangalore 100%? It's not. The important metric is cost per completed task, not cost per hour.

The biggest challenge with overseas help will be the language barrier, which often quadruples back-and-forth discussion and the ultimate cost. The first time I hired an Indian VA, I made the fundamental mistake of not setting an hour cap for three simple tasks. I checked in later that week and found he had spent 23 hours chasing his tail. He had scheduled one tentative interview for the following week, set at the wrong time! Mind boggling. 23 hours? It ended up costing me, at $10 per hour, $230. The same tasks, assigned later that week to a native English speaker in Canada, were completed in two hours at $25 per hour. $50 for more than four times the results. That said, I later requested another Indian VA from the same firm who was able to duplicate the native speaker results.

How do you know which to choose? That's the beautiful part: You don't. It's a matter of testing a few assistants to both sharpen your communication skills and determine who is worth hiring and who is worth firing. Being a results-based boss isn't as simple as it looks.

There are a number of lessons to be learned here.

First, per-hour cost is not the ultimate determinant of cost. Look at per-task cost. If you need to spend time restating the task and otherwise managing the VA, determine the time required of you and add this (using your per-hour rate from earlier chapters) to the end sticker price of the task. It can be surprising. As cool as it is to say that you have people working for you in three countries, it's uncool to spend time babysitting people who are supposed to make your life easier.

Second, the proof is in the pudding. It is impossible to predict how well you will work with a given VA without a trial. Luckily, there are things you can do to improve your odds, and one of them is using a VA firm instead of a solo operator.

### Solo vs. Support Team

Let's suppose you find the perfect VA. He or she is performing all of your noncritical tasks and you've decided to take a much-deserved vacation to Thailand. It's nice to know someone besides you will be manning the wheel and putting out fires for a change. Finally, some relief! Two hours before your flight from Bangkok to Phuket, you receive an e-mail: Your VA is out of commission and will be in the hospital for the next week. Not good. Vacation FUBAR.

I don't like being dependent on one person, and I don't recommend it in the least. In the world of high technology, this type of dependency would be referred to as a "single point of failure"—one fragile item upon which all else depends. In the world of IT,[15] the term "redundancy" is used as a selling point for systems that continue to function if there is a malfunction or mechanical failure in any given part. In the context of VAs, redundancy entails having fallback support.

I recommend that you hire a VA firm or VAs with backup teams instead of sole operators. Examples abound, of course, of people who have had a single assistant for decades without incident, but I suggest that this is the exception rather than the rule. Better safe than sorry. Besides simple disaster avoidance, a group structure provides a pool of talent that allows you to assign multiple tasks without bothering to find a new person with the qualifications. Brickwork and YMII both exemplify this type of structure and provide a single point of contact, a personal account manager, who then farms out your tasks to the most-capable people in the group and across different shifts. Need graphic design? Covered. Need database management? Covered. I don't like calling and coordinating multiple people. I want one-stop shopping and am willing to pay 10% more to have it. I encourage you to be similarly pound-wise and penny-foolish.

Team preference doesn't mean that bigger is better, just that multiple people are better than one person. The best VA I have used to date is an Indian with five backup assistants under him. Three can be more than sufficient, but two is toeing the line.

## The #1 Fear: "Sweetheart, Did You Buy a Porsche in China?"

I'm sure you might have your fears. AJ certainly did:

My outsourcers now know an alarming amount about me—not just my schedule but my cholesterol, my infertility problems, my Social Security number, my passwords (including the one that is a particularly adolescent curse word). Sometimes I worry that I can't piss off my outsourcers or I'll end up with a $12,000 charge on my MasterCard bill from the Louis Vuitton in Anantapur.

The good news is that misuse of financial and confidential information is rare. In all of the interviews I conducted for this section, I could find only one case of information abuse, and I had to search long and hard. It involved an overworked U.S.-based VA who hired freelance help at the last moment.

Commit to memory the following—never use the new hire. Prohibit small-operation VAs from subcontracting work to untested freelancers without your written permission. The more established and higher-end firms, Brickwork in the below example, have security measures that border on excessive and make it simple to pinpoint abusers in the case of a breach:

- ► Employees undergo background checks and sign NDAs (nondisclosure agreements) in accordance with the company policy of maintaining confidentiality of client information
- ► Electronic access card for entry and exit
- ► Credit card information keyed only by select supervisors
- ► Removal of paper from the offices is prohibited
- ► VLAN-based access restrictions between different teams; this ensures that there is no unauthorized access of information between people of different teams in the organization
- ► Regular reporting on printer logs

- ► Floppy drives and USB ports disabled
- ► BS779 certification for accomplished international security standards
- ► 128-bit encryption technology for all data exchange
- ► Secure VPN connection

I bet there is a fair chance that sensitive data is 100 times safer with Brickwork than on your own computer.

Still, information theft is best thought of as inevitable in a digital world, and precautions should be taken with damage control in mind. There are two rules that I use to minimize damage and allow for fast repair.

1. Never use debit cards for online transactions or with remote assistants. Reversing unauthorized credit card charges, particularly with American Express, is painless and near instantaneous. Recovering funds withdrawn from your checking account via unauthorized debit card use takes dozens of hours in paperwork alone and can take months to receive, if approved at all.
2. If your VA will be accessing websites on your behalf, create a new unique login and password to be used on those sites. Most of us reuse both logins and passwords on multiple sites, and taking this precaution limits possible damage. Instruct them to use these unique logins to create accounts on new sites if needed. Note that this is particularly important when using assistants who have access to live commercial websites (developers, programmers, etc.).

If information or identity theft hasn't hit you, it will. Use these guidelines and you'll realize when it happens that, just like most nightmares, it's not that big a deal and is reversible.

## The Complicated Art of Simplicity: Common Complaints

My assistant is an idiot! It took him 23 hours to book an interview! This was the first complaint I had, for sure. 23 hours! I was heated up for a shouting match. My original e-mail to this first assistant seemed clear enough.

Dear Abdul,

Here are the first tasks, due at the end of next Tuesday. Please call or e-mail with any questions:

1. Go to this article http://www.msnbc.msn.com/id/12666060/site/newsweek/, get the phone/e-mail/website contacts for Carol Milligan and Marc and Julie Szekely. Also find the same info for Rob Long here http://www.msnbc.msn.com/id/12652789/site/newsweek/.

2. Schedule 30-minute interviews for Carol, Marc/Julie, and Rob. Use www.myevents.com (username: notreal, password: donttryit) to book them in my calendar for next week any time between 9–9 ET.

3. Find the name, e-mail, and phone (phone is least important) of workers in the U.S. who have negotiated remote work agreements (telecommuting) despite resistant bosses. Those who have traveled outside the U.S. are ideal. Other keywords could include "teleworking" and "telecommuting." The important factor is that they negotiated with difficult bosses. Please send me links to their profiles or write a paragraph describing why they fit the profile above.

Look forward to seeing what you can do. Please e-mail if you don't understand or have questions.

Best,
Tim

The truth is—I was at fault. This is not a good debut demand, and I made fatal mistakes even before composing it. If you are an effective person but unaccustomed to issuing commands, assume that most problems at the outset are your fault. It is tempting to immediately point the finger at someone else and huff and puff, but most beginner bosses repeat the same mistakes I made.

**1. I accepted the first person the firm provided and made no special requests at the outset.**

Request someone who has "excellent" English and indicate that phone calls will be required (even if not). Be fast to request a replacement if there are repeated communication issues.

**2. I gave imprecise directions.**

I asked him to schedule interviews but didn't indicate that it was for an article. He assumed, based on work with previous clients, that I wanted to hire someone and he misspent time compiling spreadsheets and combing online job sites for additional information I didn't need.

Sentences should have one possible interpretation and be suitable for a 2nd-grade reading level. This goes for native speakers as well and will make requests clearer. Ten-dollar words disguise imprecision.

Note that I asked him to respond *if* he didn't understand or had questions. This is the wrong approach. Ask foreign VAs to rephrase tasks to confirm understanding before getting started.

**3. I gave him a license to waste time.**

This brings us again to damage control. Request a status update after a few hours of work on a task to ensure that the task is both understood and achievable. Some tasks are, after initial attempts, impossible.

**4. I set the deadline a week in advance.**

Use Parkinson's Law and assign tasks that are to be completed within no more than 72 hours. I have had the best luck with 48 and 24 hours. This is another compelling reason to use a small group (three or more) rather than a single individual who can become overtaxed with last-minute requests from multiple clients. Using short deadlines does not mean avoiding larger tasks (e.g., business plan), but rather breaking them into smaller milestones that can be completed in shorter time frames (outline, competitive research summaries, chapters, etc.).

**5. I gave him too many tasks and didn't set an order of importance.**

I advise sending one task at a time whenever possible and no more than two. If you want to cause your computer to hang or crash, open 20 windows and applications at the same time. If you want to do the

same to your assistant, assign him or her a dozen tasks without prioritizing them. Recall our mantra: Eliminate before you delegate.

WHAT DOES A good VA task e-mail look like? The following example was recently sent to an Indian VA whose results have been nothing short of spectacular:

> Dear Sowmya,
>
> Thank you. I would like to start with the following task.
>
> TASK: I need to find the names and e-mails of editors of men's magazines in the US (for example: maxim, stuff, GQ, esquire, blender, etc.) who also have written books. An example of such a person would be AJ Jacobs who is Editor-at-Large of Esquire (www.ajjacobs.com). I already have his information and need more like him.
>
> Can you do this? If not, please advise. **Please reply and confirm what you will plan to do to complete this task**.
>
> DEADLINE: Since I'm in a rush, get started after your next e-mail and stop at 3 hours and tell me what results you have. Please begin this task now if possible. The deadline for these 3 hours and reported results is end-of-day ET Monday.
>
> Thank you for your fastest reply,
>
> Tim

Short, sweet, and to the point. Clear writing, and therefore clear commands, come from clear thinking. Think simple.

• • •

IN THE NEXT several chapters, the communication skills you develop with our virtual assistant experiment will be applied to a much larger and obscenely profitable playing field: automation. The extent to which you will outsource next makes delegation look like finger painting.

In the world of automation, not all business models are created equal. How do you assemble a business and coordinate all its parts without lifting a finger? How do you automate cash deposits in your bank account while avoiding the most common problems? It begins with understanding the options, the art of dodging information flow, and what we will call "muses."

The next chapter is a blueprint for the first step: a product.

## Go with the Flow

Here is a flowchart of 4HWW from reader Jed Wood, who has used it for faster decision making, more output with less input, and more time with his wife and children.

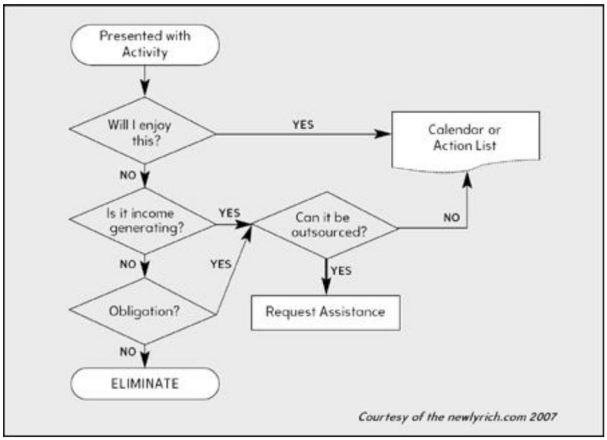


## ► Q&A: QUESTIONS AND ACTIONS

1. **Get an assistant—even if you don't need one**.
Develop the comfort of commanding and not being commanded. Begin with a one-time test project or small repetitive task (daily preferred). I advise using domestic help for language-intensive tasks and using foreign assistants in the early stages to improve the general clarity of your communication. Pick one from each group and get started.

The following sites, split up geographically, are useful resources.

**U.S. and Canada ($20/hour+)**

http://www.iavoa.com (International Association of Virtual Office Assistants). Global directory that includes the U.S.

http://www.cvac.ca (Canadian Virtual Assistant Connection)

http://www.canadianva.net/files/va-locator.html (Canada)

www.onlinebusinessmanager.com

**North America and International ($4/hour+)**

www.elance.com (Search "virtual assistants," "personal assistants," and "executive assistants.") The client feedback reviews on Elance enabled me to find my best VA to date, who costs $4/hour. Similar marketplaces with positive reviews include www.guru.com and www.rentacoder.com.

**India**

www.tryasksunday.com ($20–60 per month for 24/7 concierge, free one-week trial). AskSunday is one of the sophisticated new kids on the personal outsourcing block. Their site was nominated the #2 website of the year in 2007 by *Time* magazine. Just dial a 212 (NYC) area code and get routed to well-spoken assistants in India and the Philippines. I use this service 80% of the time, as most tasks take less than 10 minues to complete. For longer projects, there are teams available for $12/hour.

www.b2kcorp.com ($15/hour+) From Fortune 10 oil companies and Fortune 500 clients to Big 5 accounting firms and U.S. congressmen, Brickwork can handle it all. This is reflected in the costs of this pure suit-and-tie operation—business only. No flowers for auntie.

www.taskseveryday.com ($6.98/hour for a dedicated virtual assistant) Based in Mumbai, available via phone and e-mail from the U.S., UK, and Australia. Must choose between 20 or 40 hours per week and pre-purchase hours.

www.yourmaninindia.com ($6.25/hour+) YMII handles both business and personal tasks and can work with you in real time (there are people on duty 24/7) and complete work while you sleep. English capability and effectiveness vary tremendously across VAs, so interview yours before getting started or assigning important tasks. Important: Following the publication of the first edition of this book, there have been some complaints of lower quality and up to four-week wait lists to become a client.

2. **Start small but think big**.

Tina Forsyth, an online business manager (higher-level VA) who helps six-figure-income clients achieve seven figures with business model redesigns, makes the following recommendations.

- ► Look at your to-do list—what has been sitting on it the longest?
- ► Each time you are interrupted or change tasks, ask, "Could a VA do this?"
- ► Examine pain points—what causes you the most frustration and boredom?

Here are a few common time-consumers in small businesses with online presences.

- ► Submitting articles to drive traffic to site and build mailing lists
- ► Participating in or moderating discussion forums and message boards
- ► Managing affiliate programs
- ► Creating content for and publishing newsletters and blog postings

- ► Background research components of new marketing initiatives or analysis of current marketing results

Don't expect miracles from a single VA, but don't expect too little, either. Let go of the controls a bit. Don't assign crap tasks that end up consuming rather than saving time. It makes little sense to spend 10–15 minutes sending an e-mail to India to get a price quote on a plane ticket when you could do the same online in 10 minutes and avoid all the subsequent back-and-forth.

Push outside your comfort zone—that is the entire point of the exercise.

It is always possible to reclaim a task for yourself if the VA proves incapable, so test the limits of their capabilities. Remember Brickwork's suggestion: Don't limit yourself.

3. **Identify your top five time-consuming non-work tasks and five personal tasks you could assign for sheer fun**.

4. **Keep in sync: scheduling and calendars**.
If you decide to have an assistant schedule appointments and add things to your calendar, it will be important to ensure what you both see is updated. There are several options:

**BusySync** (www.busysync.com) I have two Gmail accounts: one private account for me and one for my assistant, where general e-mail is sent. I use BusySync to synchronize her Google Calendar with iCal (Mac calendar) on my laptop. I have also used **SpanningSync** (www.spanningsync.com) successfully for the same purpose.

**WebEx Office** (www.weboffice.com) Share your calendar online while masking personal appointments. Can be synchronized with Outlook, and also offers document sharing and other assistant- or team-friendly features. I suggest you compare this to synchronizing your Outlook with an assistant's Google Calendar.

## ► COMFORT CHALLENGE

**Use the Criticism Sandwich (2 Days and Weekly)**

Chances are good that someone—be it a co-worker, boss, customer, or significant other—does something irritating or at a subpar level. Rather than avoid the topic out of fear of confrontation, let's chocolate-coat it and ask them to fix it. Once per day for two days, and then each Thursday (M-W is too tense and Friday is too relaxed) for the next three weeks, resolve to use what I call the Criticism Sandwich with someone. It's called the Criticism Sandwich because you first *praise* the person for something, then *deliver the criticism*, and then close with topic-shifting *praise* to exit the sensitive topic. Here's an example with a superior or boss, with keywords and phrases in italics.

**You:** Hi, Mara. Do you have a second?

**Mara:** Sure. What's up?

**You:** *First, I wanted to thank you for* helping me with the Meelie Worm account [or whatever]. *I really appreciate* you showing me how to handle that. *You're really good at* fixing the technical issues.

**Mara:** No problem.

**You:** *Here's the thing.*[16] There is a lot of work coming down on everyone, and *I'm feeling*[17] a bit overwhelmed. *Normally, priorities are really clear to me*[18] but I've been having trouble recently figuring

out which tasks are highest on the list. *Could you help me by* pointing out the most important items when a handful need to be done? *I'm sure it's just me,*[19] *but I'd really appreciate it, and I think it would help.*

**Mara:** Uhh … I'll see what I can do.

**You:** *That means a lot to me. Thanks. Before I forget,*[20] last week's presentation was excellent.

**Mara:** Did you think so? Blah, blah, blah …

### ► LIFESTYLE DESIGN IN ACTION

**THE BEST TIMES TO SEND E-MAIL**

You've suggested people check e-mail only a few times a day. Here's a twist: I reply to e-mails when it's convenient, but I time it to arrive when it's also convenient for me. In Outlook you can delay e-mail delivery to any time of day. For example, when I return e-mails at 3 p.m., I don't want my staff instantly zinging me responses or clarifying questions. (This also prevents e-mail chats.) So I hit send, but it's delayed to arrive later in the evening or at 8 A.M. when my employees arrive the next day. This is how e-mail was meant to be! It's mail, not a chat service.

—***JIM LARRANAGA***

14. To leverage global pricing and currency differences for profit or lifestyle purposes.

15. Information technology.

16. Don't call it a problem if you can avoid it.

17. No one can argue with your feelings, so use this to avoid a debate about external circumstances.

18. Notice how I take "you" out of the sentence to avoid finger-pointing, even though it's implicit. "Normally, you make priorities clear" sounds like a backhanded insult. If this is a significant other, you can skip this formality, but never use "you always do X," which is just a fight starter.

19. Take a little bit of the heat off with this. The point has already been made.

20. "Before I forget" is a great segue to the closing compliment, which is also a topic shifter and gets you off the sensitive topic without awkwardness.

# 9

# Income Autopilot I

### ► FINDING THE MUSE

Just set it and forget it!

—RON POPEIL, founder of RONCO; responsible for more than $1 billion in sales of rotisserie chicken roasters

As to methods there may be a million and then some, but principles are few. The man who grasps principles can successfully select his own methods. The man who tries methods, ignoring principles, is sure to have trouble.

—RALPH WALDO EMERSON

## The Renaissance Minimalist

Douglas Price was waking up to another beautiful summer morning in his Brooklyn brownstone. First things first: coffee. The jet lag was minor, considering he had just returned from a two-week jaunt through the islands of Croatia. It was just one of six countries he had visited in the last 12 months. Japan was next on the agenda.

Buzzing with a smile and his coffee mug in hand, he ambled over to his Mac to check on personal e-mail first. There were 32 messages and all brought good news.

One of his friends and business partners, also a cofounder of Limewire, had an update: Last Bamboo, their start-up poised to reinvent peer-to-peer technology, was rounding the final corners of development. It could be their billion-dollar baby, but Doug was letting the engineers run wild first.

Samson Projects, one of the hottest contemporary art galleries in Boston, had compliments for Doug's latest work and requests for expanded involvement with new exhibits as their sound curator.

The last e-mail in his inbox was a fan letter addressed to "Demon Doc" and praise for his latest instrumental hip-hop album, *onliness v1.0.1*. Doug had released his album as what he termed "open source music"—anyone could download the album for free and use sounds from any track in his or her own compositions.

He smiled again, polished off his dark roast, and opened a window to deal with business e-mail next. It would take much less time. In fact, less than 30 minutes for the day and 2 hours for the week.

How much things change.

Two years earlier, in June of 2004, I was in Doug's apartment checking e-mail for what I hoped would be the last time for a long time. I was headed to JFK Airport in New York in a matter of hours and was preparing for an indefinite quest around the world. Doug looked on with amusement. He had similar plans for himself and was finally extricating himself from a venture-funded Internet startup that had once been a cover story and his passion but was now just a job. The euphoria of the dot-com era was long dead, along with most chances for a sale or an IPO.

He bid me farewell and made a decision as the taxi pulled from the curb—enough of the complicated stuff. It was time to return to basics.

Prosoundeffects.com, launched in January of 2005 after one week of sales testing on eBay, was designed to do one thing: give Doug lots of cash with minimal time investment.

This brings us back to his business inbox in 2006.

There are 10 orders for sound libraries, CDs that film producers, musicians, video game designers, and other audio professionals use to add hard-to-find sounds—whether the purr of a lemur or an exotic instrument—to their own creations. These are Doug's products, but he doesn't own them, as that would

require physical inventory and upfront cash. His business model is more elegant than that. Here is just one revenue stream:

1. A prospective customer sees his Pay-Per-Click (PPC) advertising on Google or other search engines and clicks through to his site, www.prosoundeffects.com.

2. The prospect orders a product for $325 (the average purchase price, though prices range from $29–7,500) on a Yahoo shopping cart, and a PDF with all their billing and shipping information is automatically e-mailed to Doug.

3. Three times a week, Doug presses a single button in the Yahoo management page to charge all his customers' credit cards and put cash in his bank account. Then he saves the PDFs as Excel purchase orders and e-mails the purchase orders to the manufacturers of the CD libraries. Those companies mail the products to Doug's customers—this is called drop-shipping—and Doug pays the manufacturers as little as 45% of the retail price of the products up to 90 days later (net-90 terms).

Let's look at the mathematical beauty of his system for full effect.

For each $325 order at his cost of 55% off retail, Doug is entitled to $178.75. If we subtract 1% of the full retail price (1% of $325 = $3.25) for the Yahoo Store transaction fee and 2.5% for the credit card processing fee (2.5% of $325 = $8.13), Doug is left with a pretax profit of $167.38 for this one sale.

Multiply this by 10 and we have $1673.80 in profit for 30 minutes of work. Doug is making $3,347.60 per hour and purchases no product in advance. His initial start-up costs were $1,200 for the webpage design, which he recouped in the first week. His PPC advertising costs approximately $700 per month and he pays Yahoo $99 per month for their hosting and shopping cart.

He works less than two hours a week, often pulls more than $10,000 per month, and there is no financial risk whatsoever.

Now Doug spends his time making music, traveling, and exploring new businesses for excitement. Prosoundeffects.com is not his end-all-be-all, but it has removed all financial concerns and freed his mind to focus on other things.

What would you do if you didn't have to think about money? If you follow the advice in this chapter, you will soon have to answer this question.

It's time to find your muse.

THERE ARE A million and one ways to make a million dollars. From franchising to freelance consulting, the list is endless. Fortunately, most of them are unsuited to our purpose. This chapter is not for people who want to *run* businesses but for those who want to *own* businesses and spend no time on them.

The response I get when I introduce this concept is more or less universal: Huh?

People can't believe that most of the ultrasuccessful companies in the world do not manufacture their own products, answer their own phones, ship their own products, or service their own customers. There are hundreds of companies that exist to pretend to work for someone else and handle these functions, providing rentable infrastructure to anyone who knows where to find them.

Think Microsoft manufactures the Xbox 360 or that Kodak designs and distributes their digital cameras? Guess again. Flextronics, a Singapore-based engineering and manufacturing firm with locations in 30 countries and $15.3 billion in annual revenue, does both. Most popular brands of mountain bikes in the U.S. are all manufactured in the same three or four plants in China. Dozens of call centers press one button to answer calls for the JC Penneys of the world, another to answer calls for the Dell Computers of the world, and yet another to answer calls for the New Rich like me.

It's all beautifully transparent and cheap.

Before we create this virtual architecture, however, we need a *product* to sell. If you own a service business, this section will help you convert expertise into a downloadable or shippable good to escape the limits of a per-hour-based model. If starting from scratch, ignore service businesses for now, as constant customer contact makes absence difficult.[21]

To narrow the field further, our target product can't take more than $500 to test, it has to lend itself to automation *within four weeks*, and—when up and running—it can't require more than *one day per week* of management.

Can a business be used to change the world, like The Body Shop or Patagonia? Yes, but that isn't our goal here.

Can a business be used to cash out through an IPO or sale? Yes, but that isn't our goal either.

Our goal is simple: to create an automated vehicle for generating cash without consuming time. That's it.[22] I will call this vehicle a "muse" whenever possible to separate it from the ambiguous term "business," which can refer to a lemonade stand or a Fortune 10 oil conglomerate—our objective is more limited and thus requires a more precise label.

So first things first: cash flow and time. With these two currencies, all other things are possible. Without them, nothing is possible.

## Why to Begin with the End in Mind: A Cautionary Tale

Sarah is excited.

It has been two weeks since her line of humorous T-shirts for golfers went online, and she is averaging 5 T-shirt sales per day at $15 each. Her cost per unit is $5, so she is grossing $50 in profit (minus 3% in credit card fees) per 24 hours, as she passes shipping and handling on to customers. She should soon recoup the cost of her initial order of 300 shirts (including plate charges, setup, etc.)—but wants to earn more.

It's a nice reversal of fortune, considering the fate of her first product. She had spent $12,000 to develop, patent, and manufacture a high-tech stroller for new moms (she has never been a new mom), only to find that no one was interested.

The T-shirts, in contrast, were actually selling, but sales were beginning to slow.

It appears she has reached her online sales ceiling, as well-funded and uneducated competitors are now spending too much for advertising and driving up costs. Then it strikes her—retail!

Sarah approaches the manager of her local golf shop, Bill, who immediately expresses interest in carrying the shirts. She's thrilled.

Bill asks for the customary 40% minimum discount for wholesale pricing. This means her sell price is now $9 instead of $15 and her profit has dropped from $10 to $4. Sarah decides to give it a shot and does the same with three other stores in surrounding towns. The shirts begin to move off the shelves, but she soon realizes that her small profit is being eaten by extra hours she spends handling invoices and additional administration.

She decides to approach a distributor[23] to alleviate this labor, a company that acts as a shipping warehouse and sells products from various manufacturers to golf stores nationwide. The distributor is interested and asks for its usual pricing—70% off of retail or $4.50—which would leave Sarah 50 cents in the hole on each unit. She declines.

To make matters worse, the four local stores have already started discounting her shirts to compete among one another and are killing their own profit margins. Two weeks later, reorders disappear. Sarah abandons retail and returns to her website demoralized. Sales online have dropped to almost nothing with new competition. She has not recouped her initial investment, and she still has 50 shirts in her garage.

Not good.

It all could have been prevented with proper testing and planning.

ED "MR. CREATINE" BYRD is no Sarah. He does not invest and hope for the best.

His San Francisco–based company, MRI, had the top-selling sports supplement in the U.S. from 2002–2005, $NO_2$. It is still a top-seller despite dozens of imitators. He did it through smart testing, smart positioning, and brilliant distribution.

Prior to manufacturing, MRI first offered a low-priced book related to the product through ¼-page advertisements in men's health magazines. Once the need had been confirmed with a mountain of book orders, $NO_2$ was priced at an outrageous $79.95, positioned as the premium product on the market, and sold exclusively through GNC stores nationwide. No one else was permitted to sell it.

How can it make sense to turn away business? There are a few good reasons.

First, the more competing resellers there are, the faster your product goes extinct. This was one of Sarah's mistakes.

It works like this: Reseller A sells the product for your recommended advertised price of $50, then reseller B sells it for $45 to compete with A, and then C sells it for $40 to compete with A and B. In no time at all, no one is making profit from selling your product and reorders disappear. Customers are now accustomed to the lower pricing and the process is irreversible. The product is dead and you need to create a new product. This is precisely the reason why so many companies need to create new product after new product month after month. It's a headache.

I had one single supplement, BrainQUICKEN® (also sold as BodyQUICK®) for six years and maintained a consistent profit margin by limiting wholesale distribution, particularly online, to the top one or two largest resellers who could move serious quantities of product and who agreed to maintain a minimum advertised pricing.[24] Otherwise, rogue discounters on eBay and mom-and-pop independents will drive you broke.

Second, if you offer someone exclusivity, which most manufacturers try to avoid, it can work in your favor. Since you are offering one company 100% of the distribution, it is possible to negotiate better profit margins (offering less of a discount off of retail price), better marketing support in-store, faster payment, and other preferential treatment.

It is critical that you decide how you will sell and distribute your product before you commit to a product in the first place. The more middlemen are involved, the higher your margins must be to maintain profitability for all the links in the chain.

Ed Byrd realized this and exemplifies how doing the opposite of what most do can reduce risk and increase profit. Choosing distribution before product is just one example.

Ed drives a Lamborghini down the California coast when not traveling or in the office with his small focused staff and his two Australian shepherds. This outcome is not accidental. His product-creation methods—and those of the New Rich in general—can be emulated.

Here's how you do it in the fewest number of steps.

# Step One: Pick an Affordably Reachable Niche Market

> When I was younger … I [didn't] want to be pigeonholed … Basically, now you want to be pigeonholed. It's your niche.
>
> —JOAN CHEN, actress; appeared in *The Last Emperor* and *Twin Peaks*

Creating demand is hard. Filling demand is much easier. Don't create a product, then seek someone to sell it to. Find a market—define your customers—then find or develop a product for them.

I have been a student and an athlete, so I developed products for those markets, focusing on the male demographic whenever possible. The audiobook I created for college guidance counselors failed because I have never been a guidance counselor. I developed the subsequent speed-reading seminar after realizing that I had free access to students, and the business succeeded because—being a student myself—I understood their needs and spending habits. Be a member of your target market and don't speculate what others need or will be willing to buy.

### Start Small, Think Big

> Some people are just into lavish dwarf entertainment.
>
> –DANNY BLACK (42″), part-owner of Shortdwarf.com[25]

Danny Black rents dwarfs as entertainment for $149 per hour. How is that for a niche market?

It is said that if everyone is your customer, then no one is your customer. If you start off aiming to sell a product to dog- or car-lovers, stop. It's expensive to advertise to such a broad market, and you are competing with too many products and too much free information. If you focus on how to train German shepherds or a restoration product for antique Fords, on the other hand, the market and competition shrink, making it less expensive to reach your customers and easier to charge premium pricing.

BrainQUICKEN was initially designed for students, but the market proved too scattered and difficult to reach. Based on positive feedback from student-athletes, I relaunched the product as BodyQUICK and tested advertising in magazines specific to martial artists and powerlifters. These are minuscule markets compared to the massive student market, but not small. Low media cost and lack of competition enabled me to dominate with the first "neural accelerator"[26] in these niches. It is more profitable to be a big fish in a small pond than a small undefined fish in a big pond. How do you know if it's big enough to meet your TMI? For a detailed real-life example of how I determined the market size of a recent product, see "Muse Math" on this book's companion site.

Ask yourself the following questions to find profitable niches.

**1. Which social, industry, and professional groups do you belong to, have you belonged to, or do you understand, whether dentists, engineers, rock climbers, recreational cyclists, car restoration aficionados, dancers, or other?**

Look creatively at your resume, work experience, physical habits, and hobbies and compile a list of all the groups, past and present, that you can associate yourself with. Look at products and books you own, include online and offline subscriptions, and ask yourself, "What groups of people purchase the same?" Which magazines, websites, and newsletters do you read on a regular basis?

**2. Which of the groups you identified have their own magazines?**

Visit a large bookstore such as Barnes & Noble and browse the magazine rack for smaller specialty magazines to brainstorm additional niches. There are literally thousands of occupation- and interest/hobby-specific magazines to choose from. Use *Writer's Market* to identify magazine options outside the bookstores. Narrow the groups from question 1 above to those that are reachable through one or two small magazines. It's not important that these groups all have a lot of money (e.g., golfers)—only that they spend money (amateur athletes, bass fishermen, etc.) on products of some type. Call these magazines, speak to the advertising directors, and tell them that you are considering advertising; ask them to e-mail their current advertising rate card and include both readership numbers and magazine back-issue samples. Search the back issues for repeat advertisers who sell direct-to-consumer via 800 numbers or websites—the more repeat advertisers, and the more frequent their ads, the more profitable a magazine is for them … and will be for us.

## Step Two: Brainstorm (Do Not Invest In) Products

> Genius is only a superior power of seeing.
>
> —JOHN RUSKIN, famed art and social critic

Pick the two markets that you are most familiar with that have their own magazines with full-page advertising that costs less than $5,000. There should be no fewer than 15,000 readers.

This is the fun part. Now we get to brainstorm or find products with these two markets in mind.

The goal is come up with well-formed product ideas and spend nothing; in Step 3, we will create advertising for them and test responses from real customers before investing in manufacturing. There are several criteria that ensure the end product will fit into an automated architecture.

**The Main Benefit Should Be Encapsulated in One Sentence.**

People can dislike you—and you often sell more by offending some—but they should never misunderstand you.

The main benefit of your product should be explainable in one sentence or phrase. How is it different and why should I buy it? ONE sentence or phrase, folks. Apple did an excellent job of this with the iPod. Instead of using the usual industry jargon with GB, bandwidth, and so forth, they simply said, "1,000 songs in your pocket." Done deal. Keep it simple and do not move ahead with a product until you can do this without confusing people.

**It Should Cost the Customer $50–200.**

The bulk of companies set prices in the midrange, and that is where the most competition is. Pricing low is shortsighted, because someone else is always willing to sacrifice more profit margin and drive you both bankrupt. Besides perceived value, there are three main benefits to creating a premium, high-end image and charging more than the competition.

1. Higher pricing means that we can sell fewer units—and thus manage fewer customers—and fulfill our dreamlines. It's faster.
2. Higher pricing attracts lower-maintenance customers (better credit, fewer complaints/questions,

fewer returns, etc.). It's less headache. This is HUGE.

3. Higher pricing also creates higher profit margins. It's safer.

I personally aim for an *8–10x markup*, which means a $100 product can't cost me more than $10–12.50.[27] If I had used the commonly recommended 5 x markup with BrainQUICKEN, it would have gone bankrupt within 6 months due to a dishonest supplier and late magazine. The profit margin saved it, and within 12 months it was generating up to $80,000 per month.

High has its limits, however. If the per-unit price is above a certain point, prospects need to speak to someone on the phone before they are comfortable enough to make the purchase. This is contraindicated on our low-information diet.

I have found that a price range of $50–200 per sale provides the most profit for the least customer service hassle. Price high and then justify.

**It Should Take No More Than 3 to 4 Weeks to Manufacture.**

This is critically important for keeping costs low and adapting to sales demand without stockpiling product in advance. I will not pursue any product that takes more than three to four weeks to manufacture, and I recommend aiming for one to two weeks from order placement to shippable product.

How do you know how long something takes to manufacture?

Contact contract manufacturers who specialize in the type of products you're considering: http://www.thomasnet.com/. Call a related manufacturer (e.g., toilet bowls) if you need a referral to a related manufacturer you cannot find (e.g., toilet cleaning solutions). Still no luck? Google different synonyms for your product in combination with "organization" and "association" to contact the appropriate industry organizations. Ask them for referrals to contract manufacturers and for the names of their trade magazines, which often contain advertisements for contract manufacturers and related service providers we'll need for your virtual architecture later. Request pricing from the contract manufacturers to ensure the proper markup is possible. Determine the per-unit costs of production for 100, 500, 1,000, and 5,000 units.

**It Should Be Fully Explainable in a Good Online FAQ.**

Here is where I really screwed up in my product choice with Brain-QUICKEN.

Even though ingestibles have enabled my **NR** life, I would not wish them on anyone. Why not? You get 1,000 questions from every customer: Can I eat bananas with your product? Will it make me fart during dinner? On and on, ad nauseam. Choose a product that you can fully explain in a good online FAQ. If not, the task of travelling and otherwise forgetting about work becomes very difficult or you end up spending a fortune on call center operators.

Understanding these criteria, a question remains: "How does one obtain a good muse product that satisfies them?" There are three options we'll cover in ascending order of recommendation.

## Option One: Resell a Product

Purchasing an existing product at wholesale and reselling it is the easiest route but also the least

profitable. It is the fastest to set up but the fastest to die off due to price competition with other resellers. The profitable life span of each product is short unless an exclusivity agreement prevents others from selling it. Reselling is, however, an excellent option for secondary back-end[28] products that can be sold to existing customers or cross-sold[29] to new customers online or on the phone.

To purchase at wholesale, use these steps.

1. Contact the manufacturer and request a "wholesale pricelist" (generally 40% off retail) and terms.
2. If a business tax ID number is needed, print out the proper forms from your state's Secretary of State website and file for an LLC (which I prefer) or similar protective business structure for $100–200.

Do NOT purchase product until you have completed Step 3 in the next chapter. It is enough at this point to confirm the profit margin and have product photos and sales literature.

That's reselling. Not much more to it.

## Option Two: License a Product

I not only use all the brains that I have, but all that I can borrow.

—WOODROW WILSON

Some of the world's best-known brands and products have been borrowed from someone or somewhere else.

The basis for the energy drink Red Bull came from a tonic in Thailand, and the Smurfs were brought from Belgium. Pokémon came from the land of Honda. The band KISS made millions in record and concert sales, but the real profit has been in licensing—granting others the right to produce hundreds of products with their name and image in exchange for a percentage of sales.

There are two parties involved in a licensing deal, and a member of the New Rich could be either. First, there is the inventor of the product,[30] called the "licensor," who can sell others the right to manufacture, use, or sell his or her product, usually for 3–10% of the wholesale price (usually around 40% off retail) for each unit sold. Invent, let someone else do the rest, and cash checks. Not a bad model.

The other side of the equation is the person interested in manufacturing and selling the inventor's product for *90–97%* of the profit: the licensee. This is, for me and most **NR**, more interesting.

Licensing is, however, dealmaking-intensive on both sides and a science unto itself. Creative contract negotiation is essential and most readers will run into problems if it's their first product. For real-world case studies on both sides, ranging from Teddy Ruxpin to Tae-Bo, and full agreements with actual dollar amounts, visit www.fourhourblog.com. From how to sell inventions without prototypes or patents to how to secure rights to products as a no-name beginner, it's all there. The economics are fascinating and the profits can be astounding.

In the meantime, we will focus on the least complicated and most profitable option open to the most people: product creation.

# Option Three: Create a Product

> Creation is a better means of self-expression than possession; it is through creating, not possessing, that life is revealed.
>
> —VIDA D. SCUDDER, *The Life of the Spirit in the Modern English Poets*

Creating a product is not complicated. "Create" sounds more involved than it actually is. If the idea is a hard product—an invention—it is possible to hire mechanical engineers or industrial designers on www.elance.com to develop a prototype based on your description of its function and appearance, which is then taken to a contract manufacturer. If you find a generic or stock product made by a contract manufacturer that can be re-purposed or positioned for a special market, it's even easier: Have them manufacture it, stick a custom label on it for you, and presto—new product. This latter example is often referred to as "private labeling." Have you ever seen a massage therapist's office with its own line of vitamin products or the Kirkland brand at Costco? Private labeling in action.

It is true that we'll be testing market response without manufacturing, but if the test is successful, manufacturing is the next step. This means we need to keep in mind setup costs, per-unit costs, and order minimums. Innovative gadgets and devices are great but often require special tooling, which makes the manufacturing start-up costs too expensive to meet our criteria.

Putting mechanical devices aside and forgetting about welding and engineering, there is one class of product that meets all of our criteria, has a manufacturing lead time of less than a week in small quantities, and often permits not just an 8–10 **x** markup, but a 20–50 **x** markup.

No, not heroin or slave labor. Too much bribing and human interaction required.

Information.

Information products are low-cost, fast to manufacture, and time-consuming for competitors to duplicate. Consider that the top-selling non-information infomercial products—whether exercise equipment or supplements—have a useful life span of two to four months before imitators flood the market. I studied economics in Beijing for six months and observed firsthand how the latest Nike sneaker or Callaway golf club could be duplicated and on eBay within a week of first appearing on shelves in the U.S. This is not an exaggeration, and I am not talking about a look-alike product—I mean an exact duplicate for 1/20 the cost.

Information, on the other hand, is too time-consuming for most knockoff artists to bother with when there are easier products to replicate. It's easier to circumvent a patent than to paraphrase an entire course to avoid copyright infringement. Three of the most successful television products of all time—all of which have spent more than 300 weeks on the infomercial top-10 bestseller lists—reflect the competitive and profit margin advantage of information products.

No Down Payment (Carlton Sheets)
Attacking Anxiety and Depression (Lucinda Bassett)
Personal Power (Tony Robbins)

I know from conversations with the principal owners of one of the above products that more than $65 million worth of information moved through their doors in 2002. Their infrastructure consisted of fewer than 25 in-house operators, and the rest of the infrastructure, ranging from media purchasing to shipping, was outsourced.

Their annual revenue-per-employee is more than $2.7 million. Incredible.

On the opposite end of the market size spectrum, I know a man who created a low-budget how-to DVD for less than $200 and sold it to owners of storage facilities who wanted to install security systems. It's hard to get more niche than that. In 2001, selling DVDs that cost $2 to duplicate for $95 apiece through trade magazines, he made several hundred thousand dollars with no employees.

## But I'm Not an Expert!

If you aren't an expert, don't sweat it.

First, "expert" in the context of selling product means that you know more about the topic than the purchaser. No more. It is not necessary to be the best—just better than a small target number of your prospective customers. Let's suppose that your current dreamline—to compete in the 1,150-mile Iditarod dogsledding race in Alaska—requires $5,000 to realize. If there are 15,000 readers and even 50 (0.33%) can be convinced of your superior expertise in skill X and spend $100 for a program that teaches it, that is $5,000. Bring on the Huskies. Those 50 customers are what I call the "minimal customer base"—the minimum number of customers you need to convince of your expertise to fulfill a given dreamline.

Second, expert status can be created in less than four weeks if you understand basic credibility indicators. It's important to learn how the PR pros phrase resume points and position their clients. See the boxed text later in this chapter to learn how.

The degree to which you personally need expert status also depends on how you obtain your content. There are three main options.

1. Create the content yourself, often via paraphrasing and combining points from several books on a topic.
2. Repurpose content that is in the public domain and not subject to copyright protection, such as government documents and material that predates modern copyright law.
3. License content or compensate an expert to help create content. Fees can be one-time and paid up front or royalty-based (5–10% of net revenue, for example).

If you choose option 1 or 2, you need expert status within a limited market.

Let's assume you are a real estate broker and have determined that, like yourself, most brokers want a simple but good website to promote themselves and their businesses. If you read and understand the three top-selling books on home-page design, you will know more about that topic than 80% of the readership of a magazine for real estate brokers. If you can summarize the content and make recommendations specific to the needs of the real estate market, a 0.5–1.5% response from an ad you place in the magazine is not unreasonable to expect.

Use the following questions to brainstorm potential how-to or informational products that can be sold to your markets using your expertise or borrowed expertise. Aim for a combination of formats that will lend itself to $50–200 pricing, such as a combination of two CDs (30–90 minutes each), a 40-page transcription of the CDs, and a 10-page quickstart guide. Digital delivery is perfectly acceptable—in some cases, ideal—if you can create a high enough perceived value.

1. How can you tailor a general skill for your market—what I call "niching down"—or add to what is being sold successfully in your target magazines? Think narrow and deep rather than broad.

2. What skills are you interested in that you—and others in your markets—would pay to learn? Become an expert in this skill for yourself and then create a product to teach the same. If you need help or want

to speed up the process, consider the next question.

3. What experts could you interview and record to create a sellable audio CD? These people do not need to be the best, but just better than most. Offer them a digital master copy of the interview to do with or sell as they like (this is often enough) and/or offer them a small up-front or ongoing royalty payment. Use Skype.com with HotRecorder (more on these and related tools in Tools and Tricks) to record these conversations directly to your PC and send the mp3 file to an online transcription service.

4. Do you have a failure-to-success story that could be turned into a how-to product for others? Consider problems you've overcome in the past, both professional and personal.

## The Expert Builder: How to Become a Top Expert in 4 Weeks

It's time to obliterate the cult of the expert. Let the PR world scorn me. First and foremost, there is a difference between *being perceived* as an expert and *being* one. In the context of business, the former is what sells product and the latter, relative to your "minimal customer base," is what creates good products and prevents returns.

It is possible to know all there is to know about a subject—medicine, for example—but if you don't have M.D. at the end of your name, few will listen. The M.D. is what I term a "credibility indicator." The so-called expert with the most credibility indicators, whether acronyms or affiliations, is often the most successful in the marketplace, even if other candidates have more in-depth knowledge. This is a matter of superior positioning, not deception.

How, then, do we go about acquiring credibility indicators in the least time possible? Emulating the client-grooming techniques of some of the best PR firms in New York City and Los Angeles isn't a bad place to start.

It took a friend of mine just three weeks to become a "top relationship expert who, as featured in *Glamour* and other national media, has counseled executives at Fortune 500 companies on how to improve their relationships in 24 hours or less." How did she do it?

She followed a few simple steps that created a credibility snowball effect. Here's how you can do the same.

1. **Join two or three related trade organizations** with official-sounding names. In her case, she chose the Association for Conflict Resolution (www.acrnet.org) and The International Foundation for Gender Education (www.ifge.org). This can be done online in five minutes with a credit card.

2. **Read the three top-selling books** on your topic (search historical *New York Times* bestseller lists online) and summarize each on one page.

3. **Give one free one-to-three-hour seminar** at the closest well-known university, using posters to advertise. Then do the same at branches of two well-known big companies (AT&T, IBM, etc.) located in the same area. Tell the company that you have given seminars at University X or X College and are a member of those groups from step 1. Emphasize that you are offering it to them for free to get additional speaking experience outside of academics and will not be selling products or services. Record the seminars from two angles for later potential use as a CD/DVD product.

4. **Optional: Offer to write one or two articles for trade magazines** related to your topics, citing what you have accomplished in steps 1 and 3 for credibility. If they decline, offer to interview a known expert and write the article—it still gets your name listed as a contributor.

5. **Join ProfNet**, which is a service that journalists use to find experts to quote for articles. Getting PR is simple if you stop shouting and start listening. Use steps 1, 3, and 4 to demonstrate credibility and

online research to respond to journalist queries. Done properly, this will get you featured in media ranging from small local publications to the *New York Times* and ABC News.

Becoming a recognized expert isn't difficult, so I want to remove that barrier now.

I am not recommending pretending to be something you're not. I can't! "Expert" is nebulous media-speak and so overused as to be indefinable. In modern PR terms, proof of expertise in most fields is shown with group affiliations, client lists, writing credentials, and media mentions, not *IQ* points or Ph.D.s.

Presenting the truth in the best light, but not fabricating it, is the name of the game.

See you on CNN.

## ► Q&A: QUESTIONS AND ACTIONS

For this hands-on chapter, the Q&A is simple. In fact, it's more like a Q.

The question is, "Did you read the chapter and follow the directions?" If not, do it! Instead of the usual Q&A, the end of this chapter and the following two will feature more extensive resources for taking the action steps described in detail in the text.

## ► COMFORT CHALLENGE

**Find Yoda (3 Days)**

Call at least one potential superstar mentor per day for three days. E-mail only after attempting a phone call. I recommend calling before 8:30 A.M. or after 6:00 P.M. to reduce run-ins with secretaries and other gatekeepers. Have a single question in mind, one that you have researched but have been unable to answer yourself. Shoot for "A" players—CEOs, ultrasuccessful entrepreneurs, famous authors, etc.—and don't aim low to make it less frightening. Use www.contactanycelebrity.com if need be, and base your script on the following.

**Unknown answerer:** This is Acme Inc. [or "the office of Mentor X"].

**You:** Hi, this is Tim Ferriss calling for John Grisham, please.[31]

**Answerer:** May I ask what this is regarding?

**You:** Sure. I know this might sound a bit odd,[32] but I'm a first-time author and just read his interview in *Time Out New York*.[33] I'm a longtime[34] fan and have finally built up the courage to[35] call him for one specific piece of advice. It wouldn't take more than two minutes of his time. Is there any way you can help me get through to him?[36] I really, really appreciate whatever you can do.

**Answerer:** Hmmm … Just a second. Let me see if he's available. [two minutes later] Here you go. Good luck. [rings to another line]

**John Grisham:** John Grisham here.

**You:** Hi, Mr. Grisham. My name is Tim Ferriss. I know this might sound a bit odd, but I'm a first-time author and a longtime fan. I just read your interview in *Time Out New York* and finally built up the courage to call. I have wanted to ask you for a specific piece of advice for a long time, and it shouldn't take more than two minutes of your time. May I?[37]

**John Grisham:** Uh … OK. Go ahead. I have to be on a call in a few minutes.

**You** (at the very end of the call)**:** Thank you so much for being so generous with your time. If I have the occasional tough question—very occasional—is there any chance I could keep in touch via e-mail?[38]

## ► LIFESTYLE DESIGN IN ACTION

### OVER THE MOON

My 13-year-old daughter would like to be an astronaut when she grows up. Last year she had an extreme challenge to deal with. The phrase from *Apollo 13* "Failure is not an option" sort of became our motto. I got the idea of contacting the commander of *Apollo 13*, Jim Lovell. It didn't take much to find him and he sent her a wonderful letter about his ordeal just to get into the *Apollo* program, not to mention dealing with a crippled spacecraft. His letter made a big difference to my daughter. A couple months later, we were able to take things a little further by getting her VIP access to a shuttle launch.

***—ROB***

## ► TOOLS AND TRICKS

### Confirming Sufficient Market Size

**►Compete (www.compete.com)** and
**Quantcast (www.quantcast.com)**

Find the number of monthly visitors for most websites, in addition to the search terms that generate the most traffic for them.

**► Writer's Market ( www.writersmarket.com )**

Here you'll find a listing of thousands of specialty and niche magazines, including circulation and subscription numbers. I prefer the print version.

**► Spyfu ( www.spyfu.com )**

Download competitors' online advertising spending, keywords, and ad-word details. Consistent and repeat spending generally indicates successful advertising ROI.

► **Standard Rate and Data Services ( www.srds.com )**

Check out this resource for annual listings of magazine and company customer mailing lists available for rent. If you're considering creating a how-to video for duck hunting, check out the size of customer lists from hunting gun manufacturers and related magazines first. Use the print version in libraries instead of paying for the somewhat confusing online access.

**Finding Products to Resell or Manufacturing**

► **Affiliate Networks: Clickbank ( www.clickbank.com ), Commission Junction ( www.cj.com ), Amazon Associates ( www.amazon.com/associates )**

No inventory, no invoices. Experimenting with products and categories through affiliate networks such as Clickbank and Commission Junction, which pay you 10–75% of each purchase, is a fast method for doing a proof-of-concept using similar products. It's often worth setting up accounts at both just to observe how bestselling items are being sold and promoted.

Amazon Associates averages 7–10% commissions, but bestselling books are excellent for testing target markets for more elaborate informational products. For all of the above: Do not get into bidding wars against other affiliates using expensive general keywords or overexposed brand names. Go niche or go broke.

► **Alibaba ( www.alibaba.com )**

Based in China, Alibaba is the world's largest business-to-business marketplace. From MP3 players for $9 each to red wine for $2 per bottle, this site is the source. If someone here doesn't make it, it probably can't be made.

► **Worldwide Brands ( www.worldwidebrands.com )**

Offers an extensive how-to guide for finding manufacturers willing to dropship product to your customers, which allows you to avoid pre-purchasing inventory. This is where Amazon and eBay power users find not just drop shippers, but also wholesalers and liquidators. Shopster (www.shopster.com) is also a popular option, with more than 1,000,000 dropship products to choose from.

► **Thomas's Register of Manufacturers ( www.thomasnet.com ) (800–699–9822)**

Searchable database of contract manufacturers for every conceivable product, from underwear and food products to airplane parts.

► **Electronics, DVDs, Books ( www.ingrambook.com , www.techdata.com )**

► **Housewares and Hardware ( www.housewares.org , www.nationalhardwareshow.com ) (847–292–4200)**

For these product categories and related talent (on-screen demonstrations), also consider attending local or state fairs.

► **Consumables and Vitamin Products ( www.expoeast.com , expowest.com )**

**Finding Public Domain Information to Repurpose**

Be sure to speak with an intellectual property attorney before using apparent public domain material. If someone modifies 20% of a public domain work (through abridging and footnotes, for example), their "new" complete work can be copyrighted. Using it without permission would then be a punishable infringement. The details can get confusing. Do the beginning research yourself, but get a pro to look over your findings before moving ahead with product development.

► **Project Gutenberg ( www.gutenberg.org )**

Project Gutenberg is a digital library of more than 15,000 pieces of literature considered to be in the public domain.

► **LibriVox ( www.librivox.org )**

LibriVox is a collection of audiobooks from the public domain that are available for free download.

**Recording Seminars or Phone Interviews with Experts for CD Downloadable Products**

► **HotRecorder ( www.hotrecorder.com ) (PC), Call Recorder ( http://ecamm.com/mac/callrecorder/ ) (Mac)**

Use these programs to record any inbound or outbound phone call via computer using Skype (www.skype.com) and other VoIP programs.

► **NoCost Conference ( www.nocostconference.com )**

Provides a free 800-number conference line, as well as free recording and file retrieval. Normal phones can be used for call-in, so no computer or web connection is required for participants. If you'll have a Q&A, I suggest soliciting attendee questions beforehand to avoid issues with muting/ unmuting of lines.

► **Jing Project (www.jingproject.com)** and **DimDim (www.dimdim.com)**

If you'd like to record the actions on your screen for video tutorials, both of these free programs will get the job done. If you need advanced editing features, Jing's big brother Camtasia is the industry standard (www.camtasia.com).

**Licensing Ideas to Others for Royalties**

► **InventRight ( www.inventright.com ) (800–701–7993)**

Stephen Key is the most consistently successful inventor I've ever met, with millions in royalties from companies like Disney, Nestlé, and Coca-Cola. He is not high-tech but specializes in creating simple products, or improving on existing products, and then licensing (renting) his ideas to large corporations. He comes up with the idea, files a provisional patent for less than $200, and then lets another company do the work while he collects checks. This site introduces his fail-proof process for doing the same. His techniques for cold-calling alone are invaluable. Highly recommended.

►**Guthy-Renker Corporation (www.guthyrenker.com) (760–773–9022)** GRC is the 800-pound infomercial gorilla. It brings in more than $1.3 billion per year in sales with mega-hits like Tony Robbins, Proactiv Solution, and Winsor Pilates. Don't expect more than a 2–4% royalty if you make the cut, but the numbers are huge enough to make it worth a look. Submit your product online.

**Searching Patents for Unexploited Ideas to Turn into Products**

- ► **United States Patent and Trademark Office (www.uspto.gov) (800–786–9199)**
- ► **Licensable Technologies Developed at Universities ( www.autm.net ;** see "view all listings" under "Technology Transfer Offices" )
- ► **Inventors Groups and Associations** (call and ask if members have anything to license) ( **www.uiausa.org/Resources/InventorGroups.htm**

**Becoming an Expert**

►**Prof Net via PR Leads (www.prleads.com)** and **HARO (www.helpareporterout.com)**

Receive daily leads from journalists and TV and radio producers looking for experts to cite and interview for media ranging from local outlets to CNN and the *New York Times*. Stop swimming upstream and start responding to stories people are already working on. HARO offers select leads at no cost, and you

can mention my name with PR Leads to get two months for the price of one.

►**PRWeb Press Releases (www.prwebdirect.com)** The press release is dead for most purposes, but using this service has some serious search-engine benefits, such as appearing at the top of related Google News and Yahoo! News results.

► **ExpertClick ( www.expertclick.com )**

This is another secret of the PR pros. Put up an expert profile for media to see, receive an up-to-date database of top media contacts, and send free press releases to 12,000 journalists, all on one website that gets more than 5 million hits per month. This is how I got on NBC and ended up developing a prime-time TV show. It works. Mention my name on the phone, or use "Tim Ferriss $100" online, to get a $100 discount.

## ► LIFESTYLE DESIGN IN ACTION

Bon Jour Tim,

I was in Barnes & Noble at the help desk this past Saturday, April 25, waiting for an employee to get a book for me *(Tropic of Cancer if* you must know). While I was waiting, I noticed a copy of *4-Hour Workweek* on the counter that someone else had ordered. Not one to be shy, I reached over the counter and started reading their copy. As you might guess, I had the employee go back and get me my own copy. Haven't finished *Tropic of Cancer* but finished your book …

… On Monday I got a yes when I asked my boss to work two days remotely per week. I start next week.

On Monday I also booked the most stunning apartment in Paris for the month of September, at a cost of half of the rent I pay in Southern California. I plan to increase my remote time now through August so that September will be an easy ask to leave for remote work. If the answer happens to be no (which I now doubt), I will be prepared to quit my job.

Now at work on my Income Autopilot project.

Tim: amazing. My life has changed in three days. (Plus, your book was funny as hell.) Thank you!!! ***—CINDY FRANKEY***

21. There are a few limited exceptions, such as online membership sites that don't require content generation, but as a general rule, products require much less maintenance and will get you to your TMI faster.

22. Muses will provide the time and financial freedom to realize your dreamlines in record time, after which one can (and often does) start additional companies to change the world or sell.

23. Distributors are sometimes also referred to as "wholesalers," depending on the industry.

24. It is illegal to control how much someone sells your product for, but you can dictate how much they advertise it for. This is done by including a Minimum Advertised Pricing (MAP) policy in your General Terms and Conditions (GTC), which are agreed to automatically when a written wholesale order is placed. Sample GTC and order forms are available at www.fourhourblog.com.

25. *The Wall Street Journal*, July 18, 2005 (http://www.technologyinvestor.com/login/2004/Jul18-05.php).

26. This was a new product category that I created to eliminate and preempt the competition. Strive to be the largest, best, or first in a precise category. I prefer being first.

27. If you decide to resell someone else's higher-end products like Doug, especially with drop-shipping, the risk is lower and smaller margins can suffice.

28. "Back-end" products are products sold to customers once the sale of a primary product has been made. iPod covers and car GPS systems are two examples. These products can have lower margins, because there is no advertising cost to acquire the customer.

29. "Cross-selling" is selling a related product to a customer while they're still on the phone or in an online shopping cart after the sale of a primary product has been made. For a full marketing and direct response (DR) glossary, visit www.fourhourblog.com.

30. This also refers to owners of copyrights or trademarks.

31. Said casually and with confidence, this alone will get you through surprisingly often. "I'd like to speak with Mr./Ms. X, please" is a dead giveaway that you don't know them. If you want to up the chances of getting though but risk looking foolish if they call the bluff, ask for the target mentor by first name only.

32. I use this type of lead-in whenever making off-the-wall requests. It softens it and makes the person curious enough to listen before spitting out an automatic "no."

33. This answers the questions they'll have in their head: "Who are you and why are you calling now?" I like to be a "first-time" something to play the sympathy card, and I find a recent media feature online to cite as the trigger for calling.

34. I call people I'm familiar with. If you can't call yourself a longtime fan, tell them that you have followed the mentor's career or business exploits for a certain number of years.

35. Don't pretend to be strong. Make it clear you're nervous and they'll lower their guard. I often do this even if I'm not nervous.

36. The wording here is critical. Ask them to "help" you do something.

37. Just rework the gatekeeper paragraph for this, and don't dillydally—get to the point quickly and ask for permission to pull the trigger.

38. End the conversation by opening the door for future contact. Start with e-mail and let the mentoring relationship develop from there.

# 10

# Income Autopilot II

## ► TESTING THE MUSE

> Many of these theories have been killed off only when some decisive experiment exposed their incorrectness.... Thus the yeoman work in any science ... is done by the experimentalist, who must keep the theoreticians honest.
>
> —MICHIO KAKU, theoretical physicist and cocreator of String Field Theory, *Hyperspace*

Fewer than 5% of the 195,000 books published each year sell more than 5,000 copies. Teams of publishers and editors with decades of combined experience fail more times than not. The founder of Border's Books lost $375 million of investor funding with WebVan,[39] a nationwide grocery delivery service. The problem? No one wanted it.

The moral is that intuition and experience are poor predictors of which products and businesses will be profitable. Focus groups are equally misleading. Ask ten people if they would buy your product. Then tell those who said "yes" that you have ten units in your car and ask them to buy. The initial positive responses, given by people who want to be liked and aim to please, become polite refusals as soon as real money is at stake.

To get an accurate indicator of commercial viability, don't ask people if they would buy—ask them to buy. The response to the second is the only one that matters. The approach of the **NR** reflects this.

## Step Three: Micro-Test Your Products

Micro-testing involves using inexpensive advertisements to test consumer response to a product prior to manufacturing.[40]

In the pre-Internet era, this was done using small classified ads in newspapers or magazines that led prospects to call a prerecorded sales message. Prospects would leave their contact information, and based on the number of callers or response to a follow-up sales letter, the product would be abandoned or manufactured.

In the Internet era, there are better tools that are both cheaper and faster. We'll test the product ideas from the last chapter on Google Adwords—the largest and most sophisticated Pay-Per-Click (PPC) engine—in five days for $500 or less. PPC here refers to the highlighted search results that are listed above and to the right of normal search results on Google. Advertisers pay to have these ads displayed when people search for a certain term related to the advertisers' product, such as "cognitive supplement," and are charged a small fee from $.05 to over $1 each time someone clicks through to their site. For a good introduction to Google Adwords and PPC, visit www.google.com/onlinebusiness. For expanded examples of the following PPC strategies, visit www.fourhourblog.com and search "PPC."

The basic test process consists of three parts, each of which is covered in this chapter.

**Best:** Look at the competition and create a more-compelling offer on a basic one-to-three-page website (one to three hours).

**Test:** Test the offer using short Google Adwords advertising campaigns (three hours to set up and five days of passive observation).

**Divest or Invest:** Cut losses with losers and manufacture the winner(s) for sales rollout.

Let's use two people, Sherwood and Johanna, and their two product ideas—French sailor shirts and a how-to yoga DVD for rock climbers—as case studies of what the testing steps look like and how you can do the same.

Sherwood bought a striped sailing shirt in France while traveling last summer, and upon returning to NYC has been continually approached by 20–30-year-old males on the street who want to know where to get their own. Sensing an opportunity, he requests back issues of NYC-based weekly magazines aimed at this demographic and calls the manufacturer in France for pricing. He learns that he can purchase shirts at a wholesale price of $20 that sell for $100 retail. He adds $5 per shirt to account for shipping to the U.S. and arrives at a per-shirt cost of $25. It's not quite our ideal markup (4x vs. 8–10x), but he wants to test the product regardless.

Johanna is a yoga instructor who has noticed her growing client base of rock climbers. She is also a rock climber and is considering creating a yoga instructional DVD tailored to that sport, which would include a 20-page spiral-bound manual and be priced at $80. She predicts that production of a low-budget first edition of the DVD would cost nothing more than a borrowed digital camera and a friend's iMac for simple editing. She can burn small quantities of this first-edition DVD—no menus, just straight footage and titles—on the laptop and create labels with freeware from www.download.com. She has contacted a duplication house and learned that more-professional DVDs will cost $3–5 apiece to duplicate in small quantities (minimum of 250), including cases.

Now that they have ideas and estimates of start-up costs, what next?

**Besting the Competition**

First and foremost, each product must pass a competitive litmus test. How can Sherwood and Johanna beat the competition and offer a superior product or guarantee?

**1**. Sherwood and Johanna Google the top terms each would use to try and find their respective products. To come up with related terms and derivative terms, both use search term suggestion tools.

**Google Adwords Keyword Tool** (http://adwords.google.com/select/KeywordToolExternal) Enter the potential search terms to find search volume and alternative terms with more search traffic. Click on the "Approx Avg Search Volume" column to sort results from most to least searched.

**SEOBook Keyword Tool, SEO for Firefox Extension** (http://tools.seobook.com/) This is an outstanding resource page with searches powered by Wordtracker (www.wordtracker.com).

Both then visit the three websites that consistently appear in top search and PPC positions. How can Sherwood and Johanna differentiate themselves?

- ► Use more credibility indicators? (media, academia, associations, and testimonials)
- ► Create a better guarantee?
- ► Offer better selection? [41]
- ► Free or faster shipping?

Sherwood notices that the shirts are often hard to find on the competitive sites, all of which feature dozens of products, and the shirts are either made in the U.S. (inauthentic) or shipped from France (customers must wait two to four weeks). Johanna cannot find a "yoga for rock climbing" DVD, so she is starting from a blank slate.

**2**. Sherwood and Johanna now need to create a one-page (300–600 words) testimonial-rich advertisement that emphasizes their differentiators and product benefits using text and either personal photos or stock photos from stock photo websites. Both have spent two weeks collecting advertisements that have prompted them to make purchases or that have caught their attention in print or online—these will serve as models.[42] Johanna asks her clients for testimonials and Sherwood lets his friends try on the shirts to get several for his page. Sherwood also asks the manufacturer for photos and advertising samples.

See www.pxmethod.com for a good example of how I have created a test page using testimonials from seminar attendees. Please note that it's just a template for readers and not a live sales page. Free how-to seminars as recommended in the Expert Builder are ideal for identifying popular selling points and securing testimonials.

### Testing the Advertisement

Sherwood and Johanna now need to test actual customer response to their advertisements. Sherwood first tests his concept with a 72-hour eBay auction that includes his advertising text. He sets the "reserve" (the lowest price he'll accept) for one shirt at $50 and cancels the auction last minute to avoid legal issues since he doesn't have product to ship. He has received bids up to $75 and decides to move to the next phase of testing. Johanna doesn't feel comfortable with the apparent deception and skips this preliminary testing.

Sherwood's cost: <$5.

Both register domain names for their soon-to-be one-page sites using the cheap domain registrar www.domainsinseconds.com. Sherwood chooses www.shirtsfromfrance.com and Johanna chooses www.yogaclimber.com. For additional domain names, Johanna uses www.domainsinseconds.com.

Cost to both: <$20.

Sherwood uses www.weebly.com to create his one-page site advertisement and then creates two additional pages using the form builder www.wufoo.com. If someone clicks on the "purchase" button at the bottom of the first page, it takes them to a second page with pricing, shipping and handling,[43] and basic contact fields to fill out (including e-mail and phone). If the visitor presses "continue with order," it takes them to a page that states, "Unfortunately, we are currently on back order but will contact you as soon as we have product in stock. Thank you for your patience." This structure allows him to test the first-page ad and his pricing separately. If someone gets to the last page, it is considered an order.

Johanna is not comfortable with "dry testing," as Sherwood's approach is known, even though it is legal if the billing data isn't captured. She instead uses the same two services to create a single webpage with the content of her one-page ad and an e-mail sign-up for a free "top 10 tips" list for using yoga for rock climbing. She will consider 60% of the sign-ups as hypothetical orders.

Cost to both: <$0.

Both set up simple Google Adwords campaigns with 50–100 search terms to simultaneously test headlines while driving traffic to their pages. Their daily budget limits are set at $50 per day. (At this segue into PPC testing, I recommend you first visit www.adwords/google.com/onlinebusiness and then follow along by creating your own account, which should take about 10 minutes. It would be a waste of rain forests to use ten pages to explain terms that can be understood at a glance online.)

Sherwood and Johanna decide on the best search terms by using the search term suggestion tools mentioned earlier. Both aim for specific terms when possible ("french sailor shirts" vs. "french shirts;" "yoga for sports" vs. "yoga") for higher conversion rates (the percentage of visitors that purchase) and lower cost-per-click (CPC). They aim also for second through fourth positioning, but no more than $.20 CPC.

Sherwood will use Google's free analytical tools to track "orders" and page abandonment rates—what percentage of visitors leave the site from which pages. Johanna will use www.wufoo.com to track e-mail sign-ups on this small testing scale.[44]

Cost to both: $0.

Both Johanna and Sherwood design Adwords ads that focus on their differentiators. Each Google Adwords ad consists of a headline and then two lines of description, neither of which can exceed 35 characters. In Sherwood's case, he creates five groups of 10 search terms each. The following are two of his ads.

SAILOR SHIRTS FROM FRANCE

Johanna creates the same five groups of 10 terms each and tests a number of ads, including these:

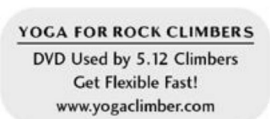


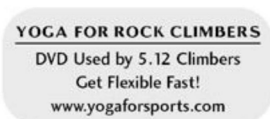


Notice that these ads can be used to test not just headlines but guarantees, product names, and domain names. It's as simple as creating several ads, rotated automatically by Google, that are identical except for the one variable to be tested. How do you think I determined the best title for this book?

Both Sherwood and Johanna disable the feature on Google that serves only the best-performing ad. This is necessary to later compare the click-through rates from each and combine the best elements (headline, domain name, and body text) into a final ad.

Last but not least, ensure that the ads don't trick prospects into visiting the site. The product offer should be clear. Our goal is qualified traffic, so we do not want to offer something "free" or otherwise attract window shoppers or the curious who are unlikely to buy.

Cost to both: $50 or less per day **x** 5 days = $250.[45]

**Investing or Divesting**

Five days later, it's time to tally the results.

What can we consider a "good" click-through and conversion rate? This is where the math can be deceiving. If we're selling a $10,000 abominable snowman suit with an 80% profit margin, we obviously need a much lower conversion rate than someone who is selling a $50 DVD with a 70% profit margin.

For sophisticated tools and free spreadsheets that do all sorts of calculations for you, visit the reader-only resources at www.fourhourblog.com.

Johanna and Sherwood decide to keep it simple at this stage: How much did they spend on PPC ads and how much did they "sell"?

Johanna has done well. The traffic wasn't enough to make the test stand up to statistical scrutiny, but she spent about $200 on PPC and got 14 sign-ups for a free 10-tip report. If she assumes 60% would purchase, that means 8.4 people **x** $75 profit per DVD = $630 in hypothetical total profit. This is also not taking into account the potential lifetime value of each customer.

The results of her small test are no guarantee of future success, but the indications are positive enough that she decides to set up a Yahoo Store for $99 per month and a small per-transaction fee. Her credit isn't excellent, so she will opt to use www.paypal.com to accept credit cards online instead of approaching her bank for a merchant account.[46] She e-mails the 10-tip report to those who signed up and asks for their feedback and recommendations for content on the DVD. Ten days later, she has a first attempt at the DVD ready to ship and her store is online. Her sales to the original sign-ups cover costs of production and she is soon selling a respectable 10 DVDs per week ($750 profit) via Google Adwords. She plans to test advertising in niche magazines and blogs and now needs to create an automation architecture to remove herself from the equation.

Sherwood didn't fare as well but still sees potential. He spent $150 on PPC and "sold" three shirts for a hypothetical $225 in profit. He had more than enough traffic, but the bulk of visitors left the site on the pricing page. Rather than drop pricing, he decides to test a "2x money-back guarantee" on the pricing page, which will enable customers to get a $200 refund if the $100 shirts aren't the "most comfortable they've ever owned." He retests and "sells" seven shirts for $525 in profit. Based on these results, he sets up a merchant account through his bank and Authorize.net to process credit cards, orders a dozen shirts from France, and sells them all over the following ten days. This gives him enough profit to buy a small display ad at 50% off (asking for a "first-time advertiser discount" and then citing a competing magazine to get another 20% off) in a local weekly art magazine, in which he calls the shirt "Jackson Pollock Shirts." He orders two dozen more shirts with net-30 payment terms and puts a toll-free number[47] in the print ad that forwards to his cell phone. He does this instead of using a website for two reasons: (1) He wants to determine the most common questions for his FAQ online, and (2) he wants to test an offer of $100 for one shirt ($75 in profit) or "buy two, get one free" ($200 - $75 = $125 profit).

He sells all 24 shirts in the first five days the magazine runs, most through the special offer. Success. He redesigns the print ad, putting answers to common questions in the text to cut down on calls for information, and decides to negotiate a longer-term ad agreement with the magazine. He sends his sales rep a check for four issues at 30% of their published rates. He calls to confirm that they received his check via FedEx and, with check in hand and deadlines looming, they don't refuse.

Sherwood wants to go to Berlin during a two-week break from his job, which he is now considering quitting. How can he roll out his success and escape his own company? He needs to build the architecture and get his mobile M.B.A.

That's where the next chapter comes in.

## New Rich Revisited: How Doug Did It

Remember Doug from ProSoundEffects.com? How did he test the idea and go from $0 to $10,000 per month in the process? He followed these steps.

**1. Market Selection**

He chose music and television producers as his market because he is a musician himself and has used these products.

**2. Product Brainstorm**

He chose the most popular products available for resale from the largest manufacturers of sound libraries and arranged a wholesale purchase and drop-ship agreement with them. Many of these libraries cost well above $300 (up to $7,500), and this is precisely why he needs to answer more customer-service questions than someone with a lower-priced product of $50–200.

**3. Micro-Testing**

He auctioned the products on eBay to test demand (and the highest possible pricing) before purchasing inventory. He ordered product only when people placed orders from him, and product shipped immediately from the manufacturers' warehouses. Based on this demand confirmed on eBay, Doug created a Yahoo Store with these products and began testing Google Adwords and other PPC search engines.

**4. Rollout and Automation**

Following this testing, and upon generating sufficient cash flow, Doug began experimenting with print advertising in trade magazines. Simultaneously, he streamlined and outsourced operations to reduce his time requirements from two hours per day to two hours per week.

## ► COMFORT CHALLENGE

**Rejecting First Offers and Walking Away (3 Days)**

Before performing this exercise, if possible, read the bonus chapter "How to Get $700,000 of Advertising for $10,000" on our companion site, and then set aside two hours on a consecutive Saturday, Sunday, and Monday.

On Saturday and Sunday, go to a farmers' market or other outdoor event where goods are sold. If this isn't possible, go to small independent retailers (not chains or mass retail).

Set a budget of $100 for your negotiating tuition and look for items to purchase that total at least $150. Your job is to get the sellers down to a total of $100 or less for the lot. It is better to practice on many cheap items rather than a few big items. Be sure to reply to their first offer with, "What type of discount can you offer?" to let them negotiate against themselves. Negotiate near closing time, choose your objective price, bracket, and make a firm offer with cash in hand for that amount.[48] Practice walking away if your objective price isn't met. On Monday, call two magazines (expect the first to be awkward) and use the script on the companion site to negotiate, minus the last firm offer. Get them as low as possible and then call them back later to indicate that your proposal was refused by upper management or otherwise vetoed.

This is the negotiating equivalent of paper trading.[49] Get used to refusing offers and countering in person and—most importantly—on the phone.

**Sample Muse Test Page**

**► The PX Method ( www.pxmethod.com )**

This sales template was used to determine the viability of a speed-reading product, which tested successfully. Notice how testimonials, credibility indicators, and risk-reversal guarantees are used, as well as how the pricing is put on a separate page so it can be isolated as a testing variable. Use this as a reference—it is a simple and effective model that can be copied. Please do not input your credit card information, as it is just a mock-up for teaching purposes.

**Fast and Simple Website Creation for Non-Techies (and Techies)**

**► Weebly ( www.weebly.com )**

Weebly, which the BBC labeled "a must," allowed me to create www.timothyferriss.com in less than two hours and have it appear on the front page of Google for "timothy ferriss" searches within 48 hours. It is, like WordPress.com below, designed to be very SEO-friendly (search-engine optimization) without any knowledge or action on your part. No HTML or Internet expertise is required.

**► WordPress.com ( www.wordpress.com )**

I used WordPress.com to set up www.litliberation.org from a coffee shop in Bratislava, Slovakia, when a U.S.-based designer flaked out and left me scrambling. It took me less than three hours to learn how to use it and build the site. The site, an experimental educational fundraiser, ended up raising 200%+ more than Stephen Colbert in the same period of time. I also use their free open-sourced version of WordPress (www.wordpress.org, which requires separate hosting) to manage everything for my top-1,000 blog at www.fourhourblog.com. This offers greater customization but requires more management and technical know-how.

Both Weebly and WordPress.com host your site for you, so additional hosting setup isn't required.

If you choose to use www.wordpress.org (not.com) for greater customizability, I suggest using a hosting service with one-click WordPress installation like www.bluehost.com. The Shopp plug-in (http://shopplugin.net/) or Market Theme plug-in (http://www.markettheme.com/) can then be used to add e-commerce capabilities. Shopify.com (discussed later) is another good all-in-one alternative.

**Create Forms in Seconds for Testing Checkout with or Without Payment**

**► Wufoo ( www.wufoo.com )**

Wufoo does not offer a full-featured shopping cart, but it provides the cleanest, easiest-to-use forms on

the web. Create a checkout page that connects to PayPal and you can (1) link to this checkout page from your site on Weebly, WordPress.com, or elsewhere, or (2) drop the code into your own website and have it hosted there. Wufoo is appropriate for testing and selling single products, as people can't add multiple items to a shopping cart or otherwise customize the order à la Amazon. For those additional options, which are often desirable after successful testing, you will want to use an "end-to-end site solutions" listed later in these resources.

**Cost-Effective Trademark Filing and Company Formation (LLC, C-Corp, etc.)**

Though I also have a C-Corporation (often used to issue common and preferred stock to investors), created through the second option below, LLCs and S-Corps are generally favored by small businesses. Consult your accountant to determine the best entity form.

► **LegalZoom ( www.legalzoom.com )**

Company formation, trademarks, and nearly all legal documents. I know one founder who used this service to incorporate his tech start-up, which is now worth more than $200 million.

► **Corporate Creations ( www.corporatecreations.com )**

Domestic and overseas company formation.

**Services for Selling Downloadable Products (e-books, videos, audio, etc., in descending order of reader preference)**

► **E-Junkie ( www.e-junkie.com )**

► **Lulu ( www.lulu.com )**

Lulu will also do print-on-demand and other forms of manufacture and fulfillment. Like Lightning Source (www.lightningsource.com), it offers distribution through Amazon, Barnes & Noble online, and other major outlets.

► **CreateSpace ( www.createspace.com )**

A subsidiary of Amazon.com that offers inventory-free, physical distribution of books, CD and DVDs on Demand, as well as video downloads through Amazon Video On Demand(tm).

► **Clickbank ( www.clickbank.com )**

Provides integrated access to affiliates willing to sell your product for a percentage of sales.

**Introduction to Pay-Per-Click (PPC) Advertising and Testing**

► **Google Adwords ( www.google.com/adwords )**

**Market Sizing and Keyword Suggestion Tools**

Brainstorm additional PPC search terms and determine the number of people who are searching for them.

► **Google Adwords Keyword Tool ( http://adwords.google.com/select/KeywordToolExternal )**

Enter the potential search terms to find search volume and alternative terms with more search traffic. Click on the "Approx Avg Search Volume" column to sort results from most to least searched.

► **SEOBook Keyword Tool, SEO for Firefox Extension ( http://tools.seobook.com /)**

Outstanding resource page with searches powered by Wordtracker (www.wordtracker.com).

**Low-Cost Domain Registration**

- ► **Domains in Seconds ( www.domainsinseconds.com )** I have registered more than 100 domains through this service.
- ► **Joker ( www.joker.com )**
- ► **GoDaddy ( www.godaddy.com )**

**Inexpensive but Dependable Hosting Services**

Shared hosting solutions, where your site is hosted alongside other sites on a single server, are so cheap that I recommend using two providers, one as a primary and one as a backup. Put your site pages on each host and sign up with www.no-ip.com, which can redirect traffic (DNS) to the backup in five minutes instead of the usual 24 to 48 hours.

- ► **1and1 ( www.1and1.com )**

- ► **BlueHost ( www.bluehost.com )**
- ► **RackSpace ( www.rackspace.com ;** known for dedicated and managed servers )
- ► **Hosting.com ( www.hosting.com ;** known for dedicated and managed servers )

**Royalty-Free Photos and Materials**

► **iStockphoto ( www.istockphoto.com )**

iStockphoto is the Internet's original member-generated image and design site, which has more than 4 million photographs, vector illustrations, videos, audio tracks, and Flash files available for use.

► **Getty Images ( www.gettyimages.com )**

This is where the pros go. Stock photos and film of anything for a price. I pay $150–400 for most images I use in national print campaigns and the quality is outstanding.

**E-mail Sign-up Tracking and Scheduled Autoresponders**

Both of these programs can be used to embed e-mail address sign-up forms on your site.

- ► **AWeber ( www.aweber.com )**
- ► **MailChimp ( www.mailchimp.com )**

**End-to-End Site Solutions with Payment Processing**

► **Shopify ( www.shopify.com )**

This is a reader favorite that, in addition to beautiful design, offers full SEO (search-engine optimization), drag-and-drop use, statistics, and product fulfillment through one of their certified partners such as Fulfillment by Amazon.com. Clients range from small-business owners to Tesla Motors. Unlike with Yahoo and eBay, however, you will need to set up a payment-processing service to accept payments from customers. (See below—PayPal is the easiest to integrate.)

► **Yahoo! Store ( http://smallbusiness.yahoo.com/ecommerce ) (866–781–9246)**

This is what Doug of Pro Sound Effects used. As little as $40 a month with 1.5% per transaction.

► **eBay Store ( http://pages.ebay.com/storefronts/start.html )**

From $15–500 per month, plus eBay fees.

**Simple Payment Processing for Testing Pages, from Least to Most Involved**

►**PayPal Cart (www.paypal.com;** see "merchant")

Accept credit card payments in minutes. No monthly fees, 1.9–2.9% of each transaction (called "discount rate") and $0.30 per transaction.

► **Google Checkout ( http://checkout.google.com/sell )**

Get $10 in free processing for each $1 spent on AdWords; 2% and $0.20 per transaction thereafter. Requires that customers have a Google ID, and is thus most useful as a supplement to one of the aforementioned payment solutions. Be sure to link your Checkout account to your AdWords account to receive credit. Important note: free transaction processing for nonprofits.

► **Authorize.net ( www.authorize.net )**

The Authorize.Net Payment Gateway can help you accept credit card and electronic check payments quickly and affordably. More than 230,000 merchants trust Authorize.net to manage their transactions, help prevent fraud, and grow their business. The fees per transaction are lower than PayPal or Google Checkout, but setup will require a merchant account, covered in the next chapter, and other time-consuming applications. I suggest setting up Authorize.net only after a product has tested successfully through one of the other two options above.

**Software for Understanding Web Traffic (Web Analytics)**

How are people finding, browsing, and leaving your site? How many prospective customers are being delivered by each PPC ad, and which pages are most popular? These programs tell you all this and more. Google is free for most low-volume sites—and better than a lot of paid software-and the others cost $30 and upward per month.

► **Google Analytics ( www.google.com/analytics )**

► **CrazyEgg ( www.crazyegg.com )**

I use CrazyEgg to see exactly where people are clicking most and least on homepages and landing pages. It is particularly helpful for repositioning the most important links or buttons to help prompt visitors to take specific next actions. Don't guess what's working or not—measure it.

►**Clicktracks (www.clicktracks.com)**

► **WebTrends ( www.webtrends.com )**

**A/B Testing Software**

Testing is, as you know, the name of the game, but testing all the variables can be confusing. How do you know which combination of headlines, text, and images on your homepage results in the most sales? Instead of using one version for a bit, then alternating, which is time-consuming, use software that serves up different versions to prospects at random, then does the math for you.

► **Google Website Optimizer (WO) ( http://www.google.com/websiteoptimizer )**

This is a free tool that, like Google Analytics, is better than most paid services. I used Google WO to test three potential homepages for www.dailyburn.com and increased sign-ups 19%, then again by more than 16%.

- ► **Offermatica ( www.offermatica.com )**
- ► Vertster.com ( www.vertster.com )
- ► Optimost ( www.optimost.com )

**Low-Cost Toll-free Numbers**

►**TollFreeMAX (www.tollfreemax.com) (877–888–8MAX)** and **Kall8 (www.kall8.com)**

TollFreeMAX and Kall8 both allow you to set up toll-free numbers in 2–5 minutes. Calls can then be forwarded to any other numbers, and voicemail and statistics can be managed online or via e-mail.

**Checking Competitive Site Traffic**

Want to see how much traffic your competition is getting and who is linking to them?

- ► **Compete ( www.compete.com )**
- ► **Quantcast ( www.quantcast.com )**
- ► **Alexa ( www.alexa.com )**

**Freelance Designers and Programmers**

►**99Designs (www.99designs.com)** and **Crowdspring (www.crowdspring.com)**

I used 99Designs to get an excellent logo for www.litliberation.org in 24 hours for less than $150. I submitted the concept, more than 50 designers worldwide uploaded their best attempts, which I could browse, and I chose the best after suggesting a few improvements. From Crowdspring's site: "Name your price, name your deadline, see entries within hours and be done in just days. The average project gets a whopping 68 entries. 25 entries or your money back."

- ► **eLance ( www.elance.com ) (877–435–2623)**

- ► **Craigslist ( www.craigslist.org )**

### ► LIFESTYLE DESIGN IN ACTION

I'm a U.S. citizen and it was impossible for my friends and relatives to track me down by phone. Enter Skype In. It's not new but allows you to lease a fixed U.S. (or other country) phone number which then forwards to your Skype account. About $60/year. Within Skype you can then set up call forwarding to ring you at your local number. You pay the rate as if you were calling from the United States to wherever you are. I've used this in about 40 countries and it works like a treat. The call quality is usually great and the convenience is amazing. http://www.skype.com/allfeatures/onlinenumber/. A caveat is to always, ALWAYS get a local SIM card for your unlocked GSM phone. Roaming is for amateurs. A local SIM also gets you GPRS, Edge, or 3G. Sometimes even free Wifi. Cheers, ***—TY KROLL***

• • •

Basically I try to keep all of my tools online so that if my laptop gets stolen, I can buy a new one and have everything up and running within 24 hours. Here are a few of the tools I use on a regular basis:

- RememberTheMilk.com has been really crucial to me keeping on top of my daily tasks.
- Freshbooks.com for online invoicing
- Highrise (http://www.highrisehq.com/) for online CRM
- Dropbox (getdropbox.com) for easy file sharing/automatic backup of critical files while on the road
- TrueCrypt (truecrypt.org) for keeping your laptop data secure while on the road. *[Tim comment: This can also be used with a USB flash drive, and another cool feature—it provides two levels of "plausible deniability" (hidden volumes, etc.) if someone forces you to reveal the password.]*
- PBwiki.com-Wiki site that helps me keep on top of the notes and ideas that I collect as I go through life.
- FogBugz on Demand: http://www.fogcreek.com/FogBUGZ/IntrotoOnDemand.html. It's a "bug tracker" aimed at software development companies, but I use it every day for both personal and business tasks. It's almost like a VA, as you can route your mail through it and it will help you sort it and keep track of it. It has great features to track e-mails, and there's a free version for two users (me + VA!). ***—RB CARTER***

• • •

A really useful service is Amazon's Mechanical Turk. With a small investment in time or money, a business that requires hundreds of people doing small bits of defined work becomes possible for extraordinarily low work-per-unit costs. Examples include the search for Steve Fosset (literally thousands of people looked at satellite photos that would have overwhelmed SAR agencies) and a trouble-ticket business that utilizes qualified labor all over the world (see Amazon.com/webservices). I am not an owner nor do I have any stake in Amazon—but I have used their services and some are trans forming when it comes to muse creation. Cheers, ***—J MARYMEE***

• • •

**FAST TO MARKET**

The fastest way to market with a product idea is: Registera.com. Get hosting from dathorn.com [a cheap reseller account, like www.domainsinseconds.com]. With two clicks set up a wordpress blog. Apply a theme to it. Add your content and a buy now button. The buy now button links to an enter e-mail address, phone number, etc., page. The user then clicks a continue to PayPal button. This automatically e-mails me their details, but then shows the user a message stating that the link to PayPal is currently not working. I use this to determine how many sales I would have achieved. I use Google ads to drive traffic … I calculate theoretical ROI (ideally using Google analytics). If after a week or two I can see a positive ROI that's worth my effort I create or outsource the creation of the product (emag, PDF, whatever). I set it all up with a working link to PayPal, and then retrospectively send a message to the users who already tried to buy. Normally within hours I've got all my money back, and the cash starts to roll. An example is the DIY public relations pack at www.mybusinesspr.com.au. Great work of the 4HWW … looking forward to the next edition. Regards, ***MATT SCHMIDT***

39. http://news.com.com/2100–1017–269594.html?legacy=cnet.

40. It can be illegal to charge customers prior to shipment—so we will not charge customers—but it is still common practice. Why do so many commercials state "allow three to four weeks for delivery" if it only takes three to five days for a shipment to get from New York to California? It gives the companies time to manufacture product and use customers' credit card payments to finance it. Clever but often against the law.

41. This applies to Sherwood and not Johanna.

42. How did I come up with the most successful BodyQUICK headline ("The Fastest Way to Increase Power and Speed Guaranteed")? I borrowed it from the longest-running, and thus most profitable, Rosetta Stone headline: "The Fastest Way to Learn a Language Guaranteed.(tm)" Reinventing the wheel is expensive—become an astute observer of what is already working and adapt it. I keep a folder of all print and direct mail advertising that compels me to call a number or visit a website, and I use www.delicious.com to bookmark websites that convince me to provide my e-mail address or make a purchase.

43. Sherwood includes shipping and handling prior to the final order page so that people don't finalize the order just to confirm total pricing. He wants his "orders" to reflect real orders and not price checkers.

44. If you are rolling out after a successful test or building a large e-mail database, tools like www.aweber.com in the resources are better at scaling.

45. Keeping in mind that 100 specific terms at $0.10 per click will perform better than 10 broad terms

at $1.00 per click, the more you spend, and thus the more traffic you drive, the more statistically valid the results will be. If budget permits, increase the number of related terms and daily expenditure so that the entire PPC test costs $500–1,000.

46. This is a checking account for receiving credit card payments.

47. Set this up using services detailed at the end of this chapter and the next.

48. See the online bonus chapter on www.fourhourblog.com to understand all of these terms in context. Search "Jedi Mind Tricks."

49. "Paper trading" refers to setting an imaginary budget, "purchasing" stocks (writing their current values on a piece of paper), and then tracking their performance over time to see how your investment would have done had it been for real. It is a no-risk method for honing investment skills before putting skin in the game.

# 11
# Income Autopilot III

## ► MBA—MANAGEMENT BY ABSENCE

> The factory of the future will have only two employees, a man and a dog. The man will be there to feed the dog. The dog will be there to keep the man from touching the equipment.
>
> —WARREN G. BENNIS, University of Southern California Professor of Business Administration; adviser to Ronald Reagan and John F. Kennedy

Most entrepreneurs don't start out with automation as a goal. This leaves them open to mass confusion in a world where each business guru contradicts the next. Consider the following:

> A company is stronger if it is bound by love rather than by fear.... If the employees come first, then they're happy.
>
> —HERB KELLEHER, cofounder of Southwest Airlines

> Look, kiddie. I built this business by being a bastard. I run it by being a bastard. I'll always be a bastard, and don't you ever try to change me.[50]
>
> —CHARLES REVSON, founder of Revlon, to a senior executive within his company

Hmm ... Whom to follow? If you are fast on your feet, you'll notice that I just offered you an either-or option. The good news is that, as usual, there is a third option.

The contradictory advice you find in business books and elsewhere usually relates to managing

employees—how to handle the human element. Herb tells you to give them a hug, Revson tells you to kick them in the balls, and I tell you to solve the problem by eliminating it altogether: Remove the human element.

Once you have a product that sells, it's time to design a self-correcting business architecture that runs itself.

## The Remote-Control CEO

> The power of hiding ourselves from one another is mercifully given, for men are wild beasts, and would devour one another but for this protection.
>
> —HENRY WARD BEECHER, U.S. abolitionist and clergyman, "Proverbs from Plymouth Pulpit"

**RURAL PENNSYLVANIA**

In a 200-year-old stone farmhouse, a quiet "experiment in 21st-century leadership" is proceeding exactly as planned.[51] Stephen McDonnell is upstairs in his flip-flops looking at a spreadsheet on his computer. His company has increased its annual revenue 30% per year since it all began, and he is able to spend more time with his three daughters than he ever thought possible.

The experiment? As CEO of Applegate Farms, he insists on spending just one day per week at the company headquarters in Bridgewater, New Jersey. He's not the only CEO who spends time at home, of course—there are hundreds who have heart attacks or nervous breakdowns and need time to recover—but there is a huge difference. McDonnell has been doing it for more than 17 years. Rarer still, he started doing it just six months after founding the company.

This intentional absence has enabled him to create a process-driven instead of founder-driven business. Limiting contact with managers forces the entrepreneur to develop operational rules that enable others to deal with problems themselves instead of calling for help.

This isn't just for small operations. Applegate Farms sells more than 120 organic and natural meat products to high-end retailers and generates more than $35 million in revenue per year.

It is all possible because McDonnell started with the end in mind.

## Behind the Scenes: The Muse Architecture

> Orders are nobody can see the Great Oz! Not nobody, not nohow!
>
> —GUARDIAN OF THE EMERALD CITY GATES, *The Wizard of Oz*

Starting with the end in mind—an organizational map of what the eventual business will look like—is not new.

Infamous deal-maker Wayne Huizenga copied the org chart of McDonald's to turn Blockbuster into a billion-dollar behemoth, and dozens of titans have done much the same. In our case, it's the "end in mind" that is different. Our goal isn't to create a business that is as large as possible, but rather a

business that bothers us as little as possible. The architecture has to place us out of the information flow instead of putting us at the top of it.

I didn't get this right the first time I tried.

In 2003, I was interviewed in my home office for a documentary called *As Seen on TV*. We were interrupted every 20–30 seconds with beeping e-mail notifications, IM pings, and ringing phones. I couldn't leave them unanswered, because dozens of decisions depended on me. If I didn't ensure the trains were running on time and put out the fires, no one would.

The Anatomy of Automation

THE 4-HOUR WORKWEEK VIRTUAL ARCHITECTURE

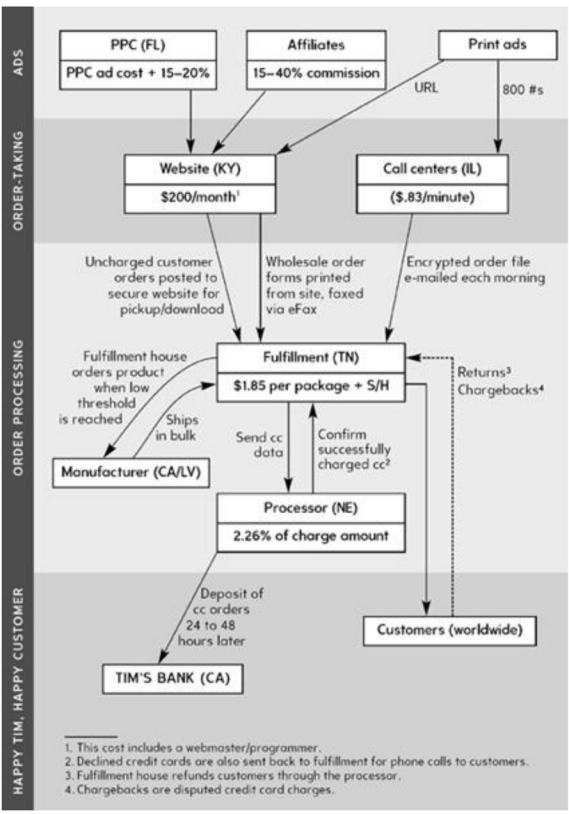


**Splitting the Pie: Outsourcer Economics**

Each outsourcer takes a piece of the revenue pie. Here is what the general profit-loss might look like for a hypothetical $80 product sold via phone and developed with the help of an expert, who is paid a royalty. I recommend calculating profit margins using higher-than-anticipated expenses. This will account for unforeseen costs (read: screwups) and miscellaneous fees such as monthly reports, etc.

| | |
|---|---|
| **REVENUE** | |
| Product cost | $80.00 |
| Shipping/Handling | $12.95 |
| **Total Revenue** | **$92.95** |
| **EXPENSES** | |
| Product manufacturing | $10.00 |
| Call center ($0.83 per minute × average call time of 4 minutes) | $3.32 |
| Shipping | $5.80 |
| Fulfillment ($1.85 per package + $0.50 for boxes/packing) | $2.35 |
| Credit card processing (2.75% of $92.95) | $2.56 |
| Returns + declined cards (6% of $92.95) | $5.58 |
| Royalties (5% of wholesale price of $48 [$80 × .6]) | $2.40 |
| **Total expenses** | **$32.01** |
| **PROFIT** (revenue minus expenses) | **$60.94** |

**How do you factor in advertising cost?** If a $1,000 ad or $1,000 in PPC produces 50 sales, my advertising cost per order (CPO) is $20. *This makes the actual' per-unit profit **$40.94**.*

I set a new goal after that experience, and when I was interviewed six months later as a follow-up, one change was more pronounced than all others: silence. I had redesigned the business from the ground up so that I had no phone calls to answer and no e-mail to respond to.

I'm often asked how big my company is—how many people I employ full-time. The answer is one. Most people lose interest at that point. If someone were to ask me how many people run Brain-QUICKEN LLC, on the other hand, the answer is different: between 200 and 300. I am the ghost in the machine.[52]

From advertisements—print in this example—to a cash deposit in my bank account, the diagram is what a simplified version of my architecture looks like, including some sample costs. If you have developed a product based on the guidelines in the last two chapters, it will plug into this structure hand-in-glove.

Where am I in the diagram? Nowhere.

I am not a tollbooth through which anything needs to pass. I am more like a police officer on the side of the road who can step in if need be, and I use detailed reports from outsourcers to ensure the cogs are moving as intended. I check reports from fulfillment each Monday and monthly reports from the same the first of each month. The latter reports include orders received from the call center, which I can compare to the call center bills to gauge profit. Otherwise, I just check bank accounts online on the first and fifteenth of each month to look for odd deductions. If I find something, one e-mail will fix it, and if not, it's back to kendo, painting, hiking, or whatever I happen to be doing at the time.

# Removing Yourself from the Equation: When and How

The system is the solution.

—AT&T

The diagram should be your rough blueprint for designing a self-sustaining virtual architecture. There could be differences—more or fewer elements—but the main principles are the same:

1. Contract outsourcing companies[53] that specialize in one function vs. freelancers whenever possible so that if someone is fired, quits, or doesn't perform, you can replace them without interrupting your business. Hire trained groups of people who can provide detailed reporting and replace one another as needed.

2. Ensure that all outsourcers are willing to communicate among themselves to solve problems, and *give them written permission to make most inexpensive decisions without consulting you first* (I started at less than $100 and moved to $400 after two months).

How do you get there? It helps to look at where entrepreneurs typically lose their momentum and stall permanently.

Most entrepreneurs begin with the cheapest tools available, bootstrapping and doing things themselves to get up and running with little cash. This isn't the problem. In fact, it's necessary so that the entrepreneurs can train outsourcers later. The problem is that these same entrepreneurs don't know when and how to replace themselves or their homemade infrastructure with something more **scalable**.

By "scalable," I mean a business architecture that can handle 10,000 orders per week as easily as it can handle 10 orders per week. Doing this requires minimizing your decision-making responsibilities, which achieves our goal of time freedom while setting the stage for doubling and tripling income with no change in hours worked.

Call the companies at the end of the chapter to research costs. Plan and budget accordingly to upgrade infrastructure at the following milestones, which I measure in units of product shipped:

### Phase I: 0–50 Total Units of Product Shipped

Do it all yourself. Put your phone number on the site for both general questions and order-taking—this is important in the beginning—and take customer calls to determine common questions that you will answer later in an online FAQ. This FAQ will also be the main material for training phone operators and developing sales scripts.

Is PPC, an offline advertisement, or your website too vague or misleading, thus attracting unqualified and time-consuming consumers? If so, change them to answer common questions and make the product benefits (including what it isn't or doesn't do) clearer.

Answer all e-mail and save your responses in one folder called "customer service questions." CC yourself on responses and put the nature of the customers' questions in the subject lines for future indexing. Personally pack and ship all product to determine the cheapest options for both. Investigate opening a merchant account from your local small bank (easier to get than with a larger bank) for later outsourced credit card processing at higher roll-out volumes.

**Phase II: >10 Units Shipped Per Week**

Add the extensive FAQ to your website and continue to add answers to common questions as received. Find local fulfillment companies in the yellow pages under "fulfillment services" or "mailing services." If you cannot find one there or at www.mfsanet.org, call local printers and ask them for recommendations. Narrow the field to those (often the smallest) who will agree not to charge you setup fees and monthly minimums. If this isn't possible, ask for at least 50% off both and then request that the setup fee be applied as an advance against shipping or their other fees.

Limit the candidates further to those who can respond to order status e-mail (ideal) or phone calls from customers. The e-mail from your "customer service" folder will be provided as copy-and-paste responses, especially those related to order status and refund requests.[54]

To lower or eliminate miscellaneous fees, explain that you are a start-up and that your budget is small. Tell them you need the cash for advertising that will drive more shipments. If needed, mention the competitive companies that you are considering and pit them against one another, using lower pricing or concessions from one to get larger discounts and bonuses from the others.

Before making your final selection, ask for at least three client references and use the following to elicit the negatives: "I understand they're good, but everyone has weaknesses. If you had to point out where you've had some issues and what they're not the best at, what would you say? Can you please describe an incident or a disagreement? I expect these with all companies, so it's no big deal, and it's confidential, of course."

Ask for "net-30 terms"—payment for services 30 days after they're rendered—after one month of prompt payment for their services. It is easier to negotiate all of the above points with smaller operations that need the business. Have your contract manufacturer ship product directly to the fulfillment house once you have decided on one and put the fulfillment house's e-mail (you can use an e-mail address at your domain and forward it) or phone number on the online "thank you" page for order status questions.

**Phase III: >20 Units Shipped Per Week**

Now you will have the cash flow to afford the setup fees and the monthly minimums that bigger, more sophisticated outsourcers will ask for. Call the end-to-end fulfillment houses that handle it all—from order status to returns and refunds. Interview them about costs and ask them for referrals to call centers and credit card processors they've collaborated with for file transfers and problem solving. Don't assemble an architecture of strangers—there will be programming costs and mistakes, both of which are expensive.

Set up an account with the credit card processor first, for which you will need your own merchant account. This is critical, as the fulfillment house can only handle refunds and declined cards for transactions they process themselves through an outsourced credit card processor.

Optionally, set up an account with one of the call centers your new fulfillment center recommends. These will often have toll-free numbers you can use instead of purchasing your own. Look at the percentage split of online to phone orders during testing and consider carefully if the extra revenue from the latter is worth the hassle. It often isn't. Those who call to order will generally order online if given no other option.

Before signing on with a call center, get several 800 numbers they answer for current clients and make test calls, asking difficult product-related questions and gauging sales abilities. Call each number at least three times (morning, afternoon, and evening) and note the make-or-break factor: wait time. The phone should be answered within three to four rings, and if you are put on hold, the shorter the wait the better. More than 15 seconds will result in too many abandoned calls and waste advertising dollars.

# The Art of Undecision: Fewer Options = More Revenue

Companies go out of business when they make the wrong decisions or, just as important, make too many decisions. The latter creates complexity.

—MIKE MAPLES, cofounder of Motive Communications (IPO to $260 million market cap), founding executive of Tivoli (sold to IBM for $750 million), and investor in companies such as Digg.com

Joseph Sugarman is the marketing genius behind dozens of direct-response and retail successes, including the BluBlocker sunglasses phenomenon. Prior to his string of home runs on television (he sold 20,000 pairs of BluBlockers within 15 minutes of his first QVC appearance), his domain was print media, where he made millions and built an empire called JS&A Group. He was once recruited to design an advertisement for a manufacturer's watch line. The manufacturer wanted to feature nine different watches in the ad, and Joe recommended featuring just one. The client insisted and Joe offered to do both and test them in the same issue *of The Wall Street Journal*. The result? The one-watch offer outsold the nine-watch offer 6-to-1.[55]

Henry Ford once said, referring to his Model-T, the bestselling car of all time,[56] "The customer can have any color he wants, so long as it's black." He understood something that businesspeople seem to have forgotten: Serving the customer ("customer service") is not becoming a personal concierge and catering to their every whim and want. Customer service is providing an excellent product at an acceptable price and solving legitimate problems (lost packages, replacements, refunds, etc.) in the fastest manner possible. That's it.

The more options you offer the customer, the more indecision you create and the fewer orders you receive—it is a disservice all around. Furthermore, the more options you offer the customer, the more manufacturing and customer service burden you create for yourself.

The art of "undecision" refers to minimizing the number of decisions your customers can or need to make. Here are a few methods that I and other **NR** have used to reduce service overhead 20–80%:

1. Offer one or two purchase options ("basic" and "premium," for example) and no more.
2. Do not offer multiple shipping options. Offer one fast method instead and charge a premium.
3. Do not offer overnight or expedited shipping *(it is possible to refer them to a reseller who does, as is true with all of these points)*, as these shipping methods will produce hundreds of anxious phone calls.
4. Eliminate phone orders completely and direct all prospects to online ordering. This seems outrageous until you realize that success stories like Amazon.com have depended on it as a fundamental cost-saver to survive and thrive.
5. Do not offer international shipments. Spending 10 minutes per order filling out customs forms and then dealing with customer complaints when the product costs 20–100% more with tariffs and duties is about as fun as headbutting a curb. It's about as profitable, too.

Some of these policies hint at what is perhaps the biggest time-saver of all: customer filtering.

# Not All Customers Are Created Equal

Once you reach Phase III and have some cash flow, it's time to re-evaluate your customers and thin the herd. There are good and bad versions of all things: good food, bad food; good movies, bad movies; good sex, bad sex; and, yes, good customers and bad customers.

Decide now to do business with the former and avoid the latter. I recommend looking at the customer as an equal trading partner and not as an infallible blessing of a human being to be pleased at all costs. If you offer an excellent product at an acceptable price, it is an equal trade and not a begging session between subordinate (you) and superior (customer). Be professional but never kowtow to unreasonable people.

Instead of dealing with problem customers, I recommend you prevent them from ordering in the first place.

I know dozens of **NR** who don't accept Western Union or checks as payment. Some would respond to this with, "You're giving up 10–15% of your sales!" The **NR**, in turn, would say, "I am, but I'm also avoiding the 10–15% of the customers who create 40% of the expenses and eat 40% of my time." It's classic 80/20.

Those who spend the least and ask for the most before ordering will do the same after the sale. Cutting them out is both a good lifestyle decision and a good financial decision. Low-profit and high-maintenance customers like to call operators and spend up to 30 minutes on the phone asking questions that are unimportant or answered online, costing—in my case—$24.90 (30 **x** $0.83) per 30-minute incident, eliminating the minuscule profit they contribute in the first place.

Those who spend the most complain the least. In addition to our premium $50–200 pricing, here are a few additional policies that attract the high-profit and low-maintenance customers we want:

1. Do not accept payment via Western Union, checks, or money order.
2. Raise wholesale minimums to 12–100 units and require a tax ID number to qualify resellers who are real businesspeople and not time-intensive novices. Don't run a personal business school.
3. Refer all potential resellers to an online order form that must be printed, filled out, and faxed in. Never negotiate pricing or approve lower pricing for higher-volume orders. Cite "company policy" due to having had problems in the past.
4. Offer low-priced products (à la MRI's NO2 book) instead of free products to capture contact information for follow-up sales. Offering something for free is the best way to attract time-eaters and spend money on those unwilling to return the favor.
5. Offer a **lose-win guarantee** (see boxed text) instead of free trials.
6. Do not accept orders from common mail fraud countries such as Nigeria.

Make your customer base an exclusive club, and treat the members well once they've been accepted.

### The Lose-Win Guarantee—How to Sell Anything to Anyone

If you want a guarantee, buy a toaster.

—CLINT EASTWOOD

The 30-day money-back guarantee is dead. It just doesn't have the pizzazz it once did. If a product doesn't work, I've been lied to and will have to spend an afternoon at the post office to return it. This

costs me more than just the price I paid for the product, both in time and actual postage. Risk elimination just isn't enough.

This is where we enter the neglected realm of **lose-win** guarantees and risk reversal. The **NR** use what most consider an afterthought—the guarantee—as a cornerstone sales tool.

The **NR** aim to make it profitable for the customer even if the product fails. Lose-win guarantees not only remove risk for the consumer but put the company at financial risk.

Here are a few examples of putting your money where your mouth is.

**Delivered in 30 minutes or less or it's free!**
(Domino's Pizza built its business on this guarantee.)

**We're so confident you'll like CIALIS, if you don't we'll pay for the brand of your choice.**
(The "CIALIS® Promise Program" offers a free sample of CIALIS and then offers to pay for competing products if CIALIS doesn't live up to the hype.)

**If your car is stolen, we'll pay $500 of your insurance deductible.**
(This guarantee helped THE CLUB become the #1-selling mechanical automobile anti-theft device in the world.)

**110% guaranteed to work within 60 minutes of the first dose.**
(This was for BodyQUICK and a first among sports nutrition products. I offered to not only refund customers the price of the product if it didn't work within 60 minutes of the *first dose*, but also to send them a check for 10% more.)

The lose-win guarantee might seem like a big risk, especially when someone can abuse it for profit like in the BodyQUICK example, but it isn't … *if* your product delivers. Most people are honest.

Let's look at some actual numbers.

Returns for BodyQUICK, even with a 60-day return period (and partially because of it[57]), are less than 3% in an industry in which the average is 12–15% for a normal 30-day 100% money-back guarantee. Sales increased more than 300% within four weeks of introducing the 110% guarantee, and returns decreased overall.

Johanna adopted this lose-win offer and came up with "Increase sport-specific flexibility 40% in two weeks or return it for a full refund (including shipping) and keep the 20-minute bonus DVD as our gift."

Sherwood found his guarantee as well: "If these shirts are not the most comfortable you've ever worn, return them and get 2-times your purchase price back. Each shirt is also guaranteed for life—if it gets threadbare, send it back and we'll replace it free of charge."

Both of them increased sales more than 200% in the first two months. Return percentage remained the same for Johanna and increased 50% for Sherwood, from 2 to 3%. Disaster? Far from it. Instead of selling 50 and getting one back with a 100% guarantee [(50 **x** $100) – $100 = $4,900 in revenue], he sold 200 and got six back with the 200% guarantee [(200 **x** $100) – (6 **x** $200) = $18,800 in revenue]. I'll take the latter.

Lose-win is the new win-win. Stand out and reap the rewards.

**Little Blue Chip: How to Look Fortune 500 in 45 Minutes**

Are you tired of sand being kicked in your face? I promise you new muscles in days!

—CHARLES ATLAS, strongman who sold more than $30 million worth of "dynamic-tension" muscle courses through comic books

If approaching large resellers or potential partners, small company size will be an obstacle. This discrimination is often as insurmountable as it is unfounded. Fortunately, a few simple steps can dramatically upgrade your budding Fortune 500 image and take your muse from coffee shop to boardroom in 45 minutes or less.

**1. Don't be the CEO or founder.**
Being the "CEO" or "Founder" screams start-up. Give yourself the mid-level title of "vice president" (VP), "director," or something similar that can be added to depending on the occasion (Director of Sales, Director of Business Development, etc.). For negotiation purposes as well, remember that it is best *not* to appear to be the ultimate decision-maker.

**2. Put multiple e-mail and phone contacts on the website.**
Put various e-mail addresses on the "contact us" page for different departments, such as "human resources," "sales," "general inquiries," "wholesale distribution," "media/PR," "investors," "web comments," "order status," and so on. In the beginning, these will all forward to your e-mail address. In Phase III, most will forward to the appropriate outsourcers. Multiple toll-free numbers can be used in the same fashion.

**3. Set up an Interactive Voice Response (IVR) remote receptionist.**
It is possible to sound like a blue chip for less than $30. In fewer than ten minutes on a site such as www.angel.com, which boasts clients such as Reebok and Kellog's, it is possible to set up an 800 number that greets callers with a voice prompt such as, "Thank you for calling [business name]. Please say the name of the person or department you would like to reach or just hold on for a list of options."

Upon speaking your name or selecting the appropriate department, the caller is forwarded to your preferred phone or the appropriate outsourcer—with on-hold music and all.

**4. Do not provide home addresses.**
Do not use your home address or you will get visitors. Prior to securing an end-to-end fulfillment house that can handle checks and money orders—if you decide to accept them—use a post office box but leave out the "PO Box" and include the street address of the post office itself. Thus "PO Box 555, Nowhere, US 11936" becomes "Suite 555, 1234 Downtown Ave., US 11936."

Go forth and project professionalism with a well-designed image. *Perceived* size does matter.

## ► COMFORT CHALLENGE

**Relax in Public (2 days)**

This is the last Comfort Challenge, placed prior to the chapter that tackles the most uncomfortable turning point for most office dwellers: negotiating remote work agreements. This challenge is intended to

be fun while showing—in no uncertain terms—that the rules most follow are nothing more than social conventions. There are no legal boundaries stopping you from creating an ideal life … or just being self-entertained and causing mass confusion.

So, relaxing in public. Sounds easy, right? I'm somewhat famous for relaxing in style to get a laugh out of friends. Here is the deal, and I don't care if you're male or female, 20 or 60, Mongolian or Martian. I call the following a "time-out."

Once per day for two days, simply lie down in the middle of a crowded public place at some point. Lunchtime is ideal. It can be a well-trafficked sidewalk, the middle of a popular Starbucks, or a popular bar. There is no real technique involved. Just lie down and remain silent on the ground for about ten seconds, and then get up and continue on with whatever you were doing before. I used to do this at nightclubs to clear space for break-dancing circles. No one responded to pleading, but going catatonic on the ground did the trick.

Don't explain it at all. If someone asks about it after the fact (he or she will be too confused to ask you while you're doing it for 10 seconds), just respond, "I just felt like lying down for a second." The less you say, the funnier and more gratifying this will be. Do it on solo missions for the first two days, and then feel free to do it when with a group of friends. It's a riot.

It isn't enough to think outside the box. Thinking is passive. Get used to acting outside the box.

## ► TOOLS AND TRICKS

### Looking Huge—Virtual Receptionist and IVR

**► Angel ( www.angel.com )**

Get an 800 number with professional voice menu (voice recognition departments, extensions, etc.) in five minutes. Incredible.

**► Ring Central ( www.ringcentral.com )**

Offers toll-free numbers, call screening and forwarding, voicemail, fax send and receive, and message alerts, all online.

### CD/DVD Duplication, Printing, and Product Packaging

**► AVC Corporation ( www.avccorp.com )**

**► SF Video ( www.sfvideo.com )**

### Local Fulfillment (fewer than 20 units shipped per week)

**► Mailing Fulfillment Service Association ( www.mfsanet.org )**

### End-to-End Fulfillment Companies (more than 20 units shipped per week, $500+ setup)

► **Motivational Fulfillment ( www.mfpsinc.com )**

The secret backend to campaigns from HBO, PBS, Comic Relief, Body by Jake, and more.

► **Innotrac ( www.innotrac.com )**

They are currently one of the largest DR marking companies.

► **Moulton Fulfillment ( www.moultonfulfillment.com )**

200,000-square-foot facility with real-time online inventory reports.

**Call Centers (per-minute and/or per-sale fees)**

There are generally two classes of call centers: order takers and commissioned reps. Interview each provider you consider to understand the options and costs involved.

The former is a good option if you give the product price in an advertisement (hard offer), are offering free information (lead generation), or don't need trained salespeople who can overcome objections. In other words, your ad or website is pre-qualifying prospects.

The latter would more appropriately be called "sales centers." Operators are commissioned and trained "closers" whose sole goal is to convert callers to buyers. These calls are often in response to "call for information/ trial/sample" ads that don't feature a price (soft offers). Expect higher costs per sale.

► **LiveOps ( www.liveops.com )**

Pioneer in home-based reps, which often ensures more calls are answered. Provides comprehensive service with agents, IVR, and Spanish. Often used for one-step order taking instead of soft offers.

► **West Teleservices ( www.west.com )**

29,000 employees worldwide, processes billions of minutes per year. All the high-volume and low-price players use them for lower-priced products or higher-end products with free trials and installment plans.

► **NexRep ( www.nexrep.com )**

Highly skilled home-based sales agents that specialize in B2C and B2B, inbound and outbound programs. If performance, speed to respond, Internet integration, and quality customer experience are your priorities, this is a strong option to consider.

► **Triton Technology ( www.tritontechnology.com )**

Commission-only sales center know for incredible closing abilities (see the movie *Boiler Room* and Alec Baldwin's character in *Glengarry, Glen Ross)*. Don't call unless your product sells for at least $100.

► **CenterPoint Teleservices ( http://www.centerpointllc.com )**

This sales force has experience to convert sales from hard offers, soft offers, and multiple offers (upselling additional products after a caller agrees to purchase the advertised product) originating from radio, TV, print, or the web.

► **Stewart Response Group ( www.stewartresponsegroup.com )**

Sales-driven call center leveraging the home-agent model for both inbound and outbound programs. Another high-touch boutique center.

**Credit Card Processors (merchant account through your bank necessary)**

These companies, unlike options in the last chapter, specialize in not only processing credit cards but interacting with fulfillment on your behalf, removing you from the flowchart.

► **TransFirst Payment Processing ( www.transfirst.com )**

► **Chase Paymentech ( www.paymentech.com )**

► **Trust Commerce ( www.trustcommerce.com )**

► **PowerPay (www.powerpay.biz)**

One of the Inc. 500 Fastest-Growing Private Companies. Process credit cards from your iPhone and more.

**Affiliate Program Software**

► **My Affiliate Program ( www.myaffiliateprogram.com )**

Also see the affiliate programs listed in the "Tools and Tricks" at the end of Chapter 9.

**Discount Media Buying Agencies**

If you go to a magazine, radio station, or TV channel and pay rate card—the "retail" pricing first given—you will never make it big. To save a lot of headache and expense, consider using ad agencies that

negotiate discounts of up to 90% in their chosen media.

► **Manhattan Media (Print) ( www.manhmedia.com )**

Great agency with fast turnaround. I've used them since the beginning.

► **Novus Media (Print) ( www.novusprintmedia.com )**

Relationships with 1,400+ magazine and newspaper publishers with an average of 80% of rate card. Clients include Sharper Image and Office Depot.

► **Mercury Media (TV) ( www.mercurymedia.com )**

Largest private DR media agency in the U.S. Specialists in TV but can also handle radio and print. Offer full tracking and reporting to determine ROI.

► **Euro RSCG (Cross Media) ( http://www.eurorscgedge.com /)**

One of the worldwide leaders in DRTV media across all platforms.

► **Canella Media Response Television (TV) ( http://www.drtv.com )**

Uses the innovative P/I (per inquiry) model for compensation, where you split order profits instead of paying for time upfront. This is more expensive per order if you have a successful campaign, but it lowers upfront investment in media.

► **Marketing Architects (Radio) ( www.marketingarchitects.com )**

The de facto leaders in radio DR but a bit on the expensive side. Almost all of the most successful DR products—Carlton Sheets No Money Down, Tony Robbins, etc.—have used them.

► **Radio Direct Response (Radio) ( www.radiodirect.com )**

Mark Lipsky has put together a great firm, with clients ranging from small direct marketers to Travel Channel and Wells Fargo.

**Online Marketing and Research Firms (PPC campaign management, etc.)**

***Starting Small—Find a Local Individual to Help***

► **SEMPO (www.sempo.org;** see the member directory)

***Excellent Mid-Size Firms***

► **Clicks 2 Customers (www.clicks2customers.com)**

► Working Planet (www.workingplanet.com)

***The Hard-Hitting Pros—Small Campaigns Start at Several Thousand Dollars***

► **Marketing Experiments (www.marketingexperiments.com)** This is my team.

► **Did It ( www.did-it.com )**

► **ROIRevolution ( www.roirevolution.com )**

Cost is determined by a percentage above monthly PPC spend.

► **iProspect ( www.iprospect.com )**

**Full-Service Infomercial Producers**

These are the companies that made Oreck Direct, Nutrisystem, Nordic-Track, and Hooked on Phonics household names. The first has an excellent DRTV glossary and both sites offer excellent resources. Don't call unless you can budget at least $15,000 for a short-form commercial or $50,000+ for a long-form infomercial.

► **Cesari Direct ( http://www.cesaridirect.com /)**

► Hawthorne Direct (www.hawthornedirect.com)

► Script-to-Screen (www.scripttoscreen.com)

**Retail and International Product Distribution**

Want to get your product on the shelves of Wal-Mart, Costco, Nordstrom, or the leading department store in Japan? Sometimes it pays to have experts with relationships get you there.

► **Tristar Products ( http://www.tristarproductsinc.com )**

Behind the PowerJuicer and other hits. Tristar also owns their own production studio and can therefore offer end-to-end services in addition to retail distribution.

► **BJ Direct (International) ( www.bjgd.com )**

**Celebrity Brokers**

Want a celebrity to endorse your product or be a spokesperson? It can cost a lot less than you think, if you do it right. I know of one clothing endorsement deal with the best pitcher in Major League Baseball that cost just $20,000 per year. Here are the brokers who can make it happen:

► **Celeb Brokers ( www.celebbrokers.com )**

President Jack King was the one who first turned me on to this fascinating world. He knows it all inside and out.

► **Celebrity Endorsement Network ( www.celebrityendorsement.com )**

**Celebrity Finding**

► **Contact Any Celebrity ( www.contactanycelebrity.com )**

It is possible to do it yourself, as I have done many times. This online directory and its helpful staff will help you find any celebrity in the world.

## ► LIFESTYLE DESIGN IN ACTION

After I read the section on outsourcing, I thought it sounded like a novel idea but would never work for me. However, since the rest of the book was "spot on," I decided to try it. Rather than ship my money overseas, I opted to keep it in the U.S. and use my niece in college, with skills on computers I can't even fathom, to test the theory. Turns out it has been a great experience and timesaver for me, as well as moneymaker for her. It seems I have all of the positives of out sourcing but none of the hassles of language and such.... Being able to mold a young mind for the better ties in well with the rest of your book ...

***—KEN D.***

• • •

Hey Tim, You mentioned www.weebly.com a few months ago, and I've been using that to build all

my muse sites and think it's great! Also, Facebook groups has (almost) every niche imaginable. So what I have found success in doing is: (1) Finding a niche group that would buy my muse, (2) sending a message to each admin telling them how my muse will help their group members. Then politely asking them to put a blurb in the "Recent News" section of the group. This makes it more trustworthy than a wall post, and it stays up there (free advertising) until the admin removes it. One hundred times better than a wall post. In one case, the admin purchased my muse, posted my note for me on the groups' "Recent News" section, then e-mailed the entire group telling them they have to check out my site.

***—GAVIN***

50. Richard Tedlow, *Giants of Enterprise: Seven Business Innovators and the Empires They Built* (2001; reprint, HarperBusiness, 2003).

51. This is adapted from "The Remote Control CEO," *Inc*. magazine, October 2005.

52. Actually, I'm the ghost in new machines now, as I sold BrainQUICKEN in 2009 to a private equity firm.

53. "Contract outsourcing companies" can be as simple as dependable web-based services. Don't let the term intimidate you.

54. Sample e-mail responses for fulfillment purposes can be found at www.fourhourblog.com.

55 Joseph Sugarman, *Advertising Secrets of the Written Word* (DelStar Books, 1998).

56 Depending on whose math is used (number of cars vs. gross sales), some claim the original Volkswagen Beetle holds the record.

57. For the benefit of the customer and to capitalize on universal laziness (me included), provide as much time as possible to consider or forget the product. Ginsu knives offered a 50-year guarantee. Can you offer a 60-, 90-, or even 365-day guarantee? Gauge average return percentages with a 30- or 60-day guarantee first (for budgeting calculations and cash-flow projections) and then extend it.

# Step IV:
# L is for Liberation

## It is far better for a man to go wrong in freedom than to go right in chains .

## —THOMAS H. HUXLEY, English biologist; known as "Darwin's Bulldog"



HOUSE_OVERSIGHT_013938

# Disappearing Act

## ► HOW TO ESCAPE THE OFFICE

By working faithfully eight hours a day, you may eventually get to be a boss and work twelve hours a day.

—ROBERT FROST, American poet and winner of four Pulitzer Prizes

On this path, it is only the first step that counts.

—ST. JEAN–BAPTISTE–MARIE VIANNEY, Catholic saint, "Curé d'Ars"

**PALO ALTO, CALIFORNIA**

"We're not going to expense the phone."

"I'm not asking you to."

Silence. Then a nod, a laugh, and a crooked smile of resignation.

"OK, then—it's fine."

And that was that, lickity-split. Forty-four-year old Dave Camarillo, lifelong employee, had cracked the code and started his second life.

He hadn't been fired; he hadn't been yelled at. His boss seemed to be handling the whole situation quite well. Granted, Dave delivered the goods on the job, and it wasn't like he was doing naked snow angels in client meetings, but still—he had just spent 30 days in China without telling anyone.

**"It wasn't half as hard as I thought it would be."**

Dave works among more than 10,000 employees at Hewlett- Packard (HP), and—against all odds—he actually likes it. He has no desire to start his own company and has spent the last seven years doing tech support for customers in 45 states and 22 countries. Six months ago, however, he had a small problem.

She measured 5′2″ and weighed 110 pounds.

Was he, like most men, afraid of commitment, unwilling to stop running around the house in Spider-Man underoos, or inseparable from the last refuge of any self-respecting man, the PlayStation? No, he was past all that. In fact, Dave was locked and loaded, ready to pop the big question, but he was short on vacation days and his girlfriend lived out of town. Waaaaay out of town—5,913 miles out of town.

He had met her on a client visit to Shenzhen, China, and it was now time to meet the parents, logistics be damned.

Dave had only recently begun to take tech calls at home, and, well, isn't home where the heart is? One plane ticket and one T-Mobile GSM tri-band phone later, he was somewhere over the Pacific en route to his first seven-day experiment. Twelve time zones hence, he proposed, she accepted, and no one was the wiser stateside.

The second field trip was a 30-day tour of Chinese family and food (pig face, anyone?), ending with Shumei Wu becoming Shumei Camarillo. Back in Palo Alto, HP continued its quest for world domination, neither knowing nor caring where Dave was. He had his calls forwarded to his newly begotten wife's cell phone and all was right in the world.

Now back in the U.S. after hoping for the best and preparing for the worst, Dave had earned his Eagle Scout mobility badge. The future looks flexible, indeed. He is going to start by spending two months in China every summer and then move to Australia and Europe to make up for lost time, all with the full support of his boss.

The key to cutting the leash was simple—he asked for forgiveness instead of permission.

"I didn't travel for 30 years of my life—so why not?"

• • •

THAT'S PRECISELY THE question everyone should be asking—why the hell not?

## From Caste to Castaway

The old rich, the upper class of yore with castles and ascots and irritating little lapdogs, are characterized as being well-established in one place. The Schwarzes of Nantucket and the McDonnells of Charlottesville. Blech. Summers in the Hamptons is sooooo 1990s.

The guard is changing. Being bound to one place will be the new defining feature of middle class. The New Rich are defined by a more elusive power than simple cash—unrestricted mobility. This jet-setting is not limited to start-up owners or freelancers. Employees can pull it off, too.[58]

Not only can they pull it off, but more and more companies want them to pull it off. BestBuy, the consumer electronics giant, is now sending thousands of employees home from their HQ in Minnesota and claims not only lowered costs, but also a 10–20% increase in results. The new mantra is this: Work wherever and whenever you want, but get your work done.

In Japan, a three-piece zombie who joins the 9–5 grind each morning is called a *sarari-man* —salaryman—and, in the last few years, a new verb has emerged: *datsu-sara suru*, to escape (datsu) the salaryman (sara) lifestyle.

It's your turn to learn the datsu-sara dance.[59]

## Trading Bosses for Beer: An Oktoberfest Case Study

To create the proper leverage to be unshackled, we'll do two things: demonstrate the business benefit of remote working and make it too expensive or excruciating to refuse a request for it.

Remember Sherwood?

His French shirts are beginning to move and he is itching to ditch the U.S. for a global walkabout. He has more than enough cash now but needs to escape constant supervision in the office before he can

implement all the timesaving tools from **Elimination** and travel.

He is a mechanical engineer and is producing twice as many designs in half the time since erasing 90% of his time-wasters and interruptions. This quantum leap in performance has been noticed by his supervisors and his value to the company has increased, making it more expensive to lose him. More value means more leverage for negotiations. Sherwood has been sure to hold back some of his productivity and efficiency so that he can highlight a sudden jump in both during a remote work trial period.

Since eliminating most of his meetings and in-person discussions, he has naturally moved about 80% of all communication with his boss and colleagues to e-mail and the remaining 20% to phone. Not only this, but he has used tips from chapter 7, "Interrupting Interruption and the Art of Refusal," to cut unimportant and repetitive e-mail volume in half. This will make the move to remote less noticeable, if at all noticeable, from a managerial standpoint. Sherwood is running at full speed with less and less supervision.

Sherwood implements his escape in five steps, beginning on July 12 during the slow business season and lasting two months, ending with a trip to Oktoberfest in Munich, Germany, for two weeks as a final test before bigger and bolder vagabonding plans.

### Step 1: Increase Investment

First, he speaks with his boss on **July 12** about additional training that might be available to employees. He proposes having the company pay for a four-week industrial design class to help him better interface with clients, being sure to mention the benefit to the boss and business (i.e., he'll decrease intradepartmental back-and-forth and increase both client results and billable time). Sherwood wants the company to invest as much as possible in him so that the loss is greater if he quits.

### Step 2: Prove Increased Output Offsite

Second, he calls in sick the next Tuesday and Wednesday, **July 18 and 19**, to showcase his remote working productivity.[60] He decides to call in sick between Tuesday and Thursday for two reasons: It looks less like a lie for a three-day weekend and it also enables him to see how well he functions in social isolation without the imminent reprieve of the weekend. He ensures that he doubles his work output on both days, leaves an e-mail trail of some sort for his boss to notice, and keeps quantifiable records of what he accomplished for reference during later negotiations. Since he uses expensive CAD software that is only licensed on his office desktop, Sherwood installs a free trial of GoToMyPC remote access software so that he can pilot his office computer from home.

### Step 3: Prepare the Quantifiable Business Benefit

Third, Sherwood creates a bullet-point list of how much more he achieved outside the office with explanations. He realizes that he needs to present remote working as a good business decision and not a personal perk. The quantifiable end result was three more designs per day than his usual average and three total hours of additional billable client time. For explanations, he identifies removal of commute and fewer distractions from office noise.

### Step 4: Propose a Revocable Trial Period

Fourth, fresh off completing the comfort challenges from previous chapters, Sherwood confidently proposes an innocent one-day-per-week remote work trial period for two weeks. He plans a script in advance but does not make it a PowerPoint presentation or otherwise give it the appearance of something

serious or irreversible.[61]

Sherwood knocks on his boss's office door around 3 P.M. on a relatively relaxed Thursday, **July 27**, the week after his absence, and his script looks like the following. Stock phrases are underlined and footnotes explain negotiating points.

**Sherwood:** Hi, Bill. Do you have a quick second?

**Bill:** Sure. What's up?

**Sherwood:** I just wanted to bounce an idea off of you that's been on my mind. Two minutes should be plenty.

**Bill:** OK. Shoot.

**Sherwood:** Last week, as you know, I was sick. Long story short, I decided to work at home despite feeling terrible. So here's the funny part. I thought I would get nothing done, but ended up finishing three more designs than usual on both days. Plus, I put in three more billable hours than usual without the commute, office noise, distractions, etc. OK, so here's where I'm going. Just as a trial, I'd like to propose working from home Mondays and Tuesdays for just two weeks. You can veto it whenever you want, and I'll come in if we need to do meetings, but I'd like to try it for just two weeks and review the results. I'm 100% confident that I'll get twice as much done. Does that seem reasonable?

**Bill:** Hmm … What if we need to share client designs?

**Sherwood:** There's a program called GoToMyPC that I used to access the office computer when I was sick. I can view everything remotely, and I'll have my cell phone on me 24/7. Sooooo … What do you think? Test it out starting next Monday and see how much more I get done?[62]

**Bill:** Ummm … OK, fine. But it's just a test. I have a meeting in five and have to run, but let's talk soon.

**Sherwood:** Great. Thanks for the time. I'll keep you posted on it all. I'm sure you'll be pleasantly surprised.

Sherwood didn't expect to get two days per week approved. He asked for two so that, in the case his boss refused, he could ask for just one as a fallback position (bracketing). Why didn't Sherwood go for five days remote per week? Two reasons. First, it's a lot for management to accept off the bat. We need to ask for an inch and turn it into a foot without setting off panic alarms. Second, it is a good idea to hone your remote-working abilities—rehearse a bit—before shooting for the big time, as it decreases the likelihood of crises and screwups that will get remote rights revoked.

### Step 5: Expand Remote Time

Sherwood ensures that his days outside of the office are his most productive to date, even minimally dropping in-office production to heighten the contrast. He sets a meeting to discuss the results with his boss on **August 15** and prepares a bullet-point page detailing increased results and items completed compared to in-office time. He suggests upping the ante to four days per week remote for a two-week trial, fully prepared to concede to three days if need be.

**Sherwood:** It really turned out even better than I expected. If you look at the numbers, it makes a lot of business sense, and I'm enjoying work a lot more now. So, here we are. I'd like to suggest, if you think it makes sense, that I try four days a week for another two-week trial. I was thinking that coming in Friday[63]would make sense to prepare for the coming week, but we could do whichever day you prefer.

**Bill:** Sherwood, I'm really not sure we can do that.

**Sherwood:** What's your main concern?[64]

**Bill:** It seems like you're on your way out. I mean, are you going to quit on us? Second, what if everyone wants to do the same?

**Sherwood:** Fair enough. Good points.[65] First, to be honest, I was close to quitting before, with all the interruptions and commute and whatnot, but I'm actually feeling great now with the change in routine.[66] I'm doing more and feel relaxed for a change. Second, no one should be allowed to work remotely unless they can show increased productivity, and I'm the perfect experiment. If they can show it, however, why not let them do it on a trial basis? It lowers costs for the office, increases productivity, and makes employees happier. So, what do you say? Can I test it out for two weeks and come in Fridays to take care of the office stuff? I'll still document everything, and you, of course, have the right to change your mind at any point.

**Bill:** Man, you are an insistent one. OK, we'll give it a shot, but don't go blabbing about it.

**Sherwood:** Of course. Thanks, Bill. I appreciate the trust. Talk to you soon.

Sherwood continues to be productive at home and maintains his lower in-office performance. He reviews the results with his boss after two weeks and continues with four remote days per week for an additional two weeks until Tuesday, **September 19**, when he requests a full-time remote trial of two weeks while he is visiting relatives out of state.[67] Sherwood's team is in the middle of a project that requires his expertise, and he is prepared to quit if his boss refuses. He realizes that, just as you want to negotiate ad pricing close to deadlines, getting what you want often depends more on *when* you ask for it than *how* you ask for it. Though he would prefer not to quit, his income from shirts is more than enough to fund his dream-lines of Oktoberfest and beyond.

His boss acquiesces and Sherwood doesn't have to use his threat of quitting. He goes home that evening and buys a $524 round-trip ticket, less than one week's shirt sales, to Munich for Oktoberfest.

Now he can implement all the time-savers possible and hack out the inessentials. Somewhere between drinking wheat beer and dancing in lederhosen, Sherwood will get his work done in fine form, leaving his company better off than prior to 80/20 and leaving himself all the time in the world.

But hold on a second … What if your boss still refuses? Hmm … Then they force your hand. If upper management won't see the light, you'll just have to use the next chapter to fire their asses.

### An Alternative: The Hourglass Approach

It can be effective to take a longer period of absence up front in what some **NR** have termed the "hourglass" approach, so named because you use a long proof-of-concept up front to get a short remote agreement and then negotiate back up to full-time out of the office. Here's what it looks like.

1. Use a preplanned project or emergency (family issue, personal issue, relocation, home repairs, whatever) that requires you to take one or two weeks out of the office.
2. Say that you recognize you can't just stop working and that you would prefer to work instead of taking vacation days.
3. Propose how you can work remotely and offer, if necessary, to take a pay cut for that period (and that period only) if performance isn't up to par upon returning.
4. Allow the boss to collaborate on how to do it so that he or she is invested in the process.

5. Make the two weeks "off" the most productive period you've ever had at work.
6. Show your boss the quantifiable results upon returning, and tell him or her that—without all the distractions, commute, etc.—you can get twice as much done. Suggest two or three days at home per week as a trial for two weeks.
7. Make those remote days ultraproductive.
8. Suggest only one or two days in the office per week.
9. Make those days the least productive of the week.
10. Suggest complete mobility—the boss will go for it.

## ► Q&A: QUESTIONS AND ACTIONS

Recently, I was asked if I was going to fire an employee who made a mistake that cost the company $600,000. No, I replied, I just spent $600,000 training him.

—THOMAS J. WATSON, founder of IBM

Liberty means responsibility. That is why most men dread it.

—GEORGE BERNARD SHAW

While entrepreneurs have the most trouble with **Automation**, since they fear giving up control, employees get stuck on **Liberation** because they fear taking control. Resolve to grab the reins—the rest of your life depends on it.

The following questions and actions will help you to replace presence-based work with performance-based freedom.

1. **If you had a heart attack, and assuming your boss were sympathetic, how could you work remotely for four weeks?**

   If you hit a brick wall with a task that doesn't seem remote-compatible or if you predict resistance from your boss, ask the following:

   - ► What are you accomplishing with this task—what is the purpose?
   - ► If you *had to* find other ways to accomplish the same—if your life depended on it—how would you do it? Remote conferencing? Video conferencing? GoToMeeting, GoToMyPC, DimDim.com (Mac), or related services?
   - ► Why would your boss resist remote work? What is the

immediate negative effect it would have on the company and what could you do to prevent or minimize it?

2. **Put yourself in your boss's shoes. Based on your work history, would you trust yourself to work outside of the office?**

   If you wouldn't, reread **Elimination** to improve production and consider the hourglass option.

3. **Practice environment-free productivity**.

   Attempt to work for two to three hours in a café for two Saturdays prior to proposing a remote trial. If you exercise in a gym, attempt to exercise for those two weeks at home or otherwise outside of the gym environment. The purpose here is to separate your activities from a single environment and ensure that you have the discipline to work solo.

4. **Quantify current productivity**.

   If you have applied the 80/20 Principle, set the rules of interrupting interruption, and completed related groundwork, your performance should be at an all-time high in quantifiable terms, whether customers served, revenue generated, pages produced, speed of accounts receivable, or otherwise. Document this.

5. **Create an opportunity to demonstrate remote work productivity before asking for it as a policy**.

   This is to test your ability to work outside of an office environment and rack up some proof that you can kick ass without constant supervision.

6. **Practice the art of getting past "no" before proposing**.

   Go to farmers' markets to negotiate prices, ask for free first-class upgrades, ask for compensation if you encounter poor service in restaurants, and otherwise ask for the world and practice using the following magic questions when people refuse to give it to you.

   "What would I need to do to [desired outcome]?"
   "Under what circumstances would you [desired outcome]?"
   "Have you ever made an exception?"
   "I'm sure you've made an exception before, haven't you?"
   (If no for either of the last two, ask, "Why not?" If yes, ask, "Why?")

7. **Put your employer on remote training wheels—propose Monday or Friday at home**.

   Consider doing this, or the following step, during a period when it would be too disruptive to fire you, even if you were marginally less productive while remote.

   If your employer refuses, it's time to get a new boss or become an entrepreneur. The job will never give you the requisite time freedom. If you decide to jump ship, consider letting them make you walk the plank—quitting is often less appealing than tactfully getting fired and using severance or unemployment to take a long vacation.

8. **Extend each successful trial period until you reach full-time or your desired level of mobility**.

   Don't underestimate how much your company needs you. Perform well and ask for what you want. If you don't get it over time, leave. It's too big a world to spend most of life in a cubicle.

### ► LIFESTYLE DESIGN IN ACTION

Consider trying Earth Class Mail, a service that you can reroute all your mail to, at which point they

scan and e-mail you everything that comes in, giving you the option of recycling/shredding junk, getting a scan of the contents, or having specific items forwarded to you or someone you designate. I have not personally used it yet (will be testing it out this month in preparation for an upcoming trip in May), but a friend and author in Portland swears by them and knows the CEO. Seems they've gotten good press and the idea seems far better than relying on friends/family who, if they're anything like my friends/family … will surely drop the ball at some point:-).

***—NATHALIE***

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I also use GreenByPhone.com to process checks electronically that come in through my Earth Class Mail account—they charge $5 a check, but I live in San Diego, my Earth Class Mail office address is in Seattle, and I bank in Ohio. It works great!

***—ANDREW***

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To add to your excellent list (we've traveled just like that for several years SWEET!), I'd like to add my modifications as a female traveler and a new mom (16-month-old baby). Personal favorites: (1) Athleta carries excellent, light, quick-dry clothing that hold up well to sports but still look very fashionable. Skorts are a must for looking feminine but being fully covered for hiking and steep pyramid steps—you know what I mean, ladies! Just a note, a slightly longer length will serve you well in a lot of countries, as well as tankini tops and swim skirts for swimming. (2) Fresh & Go toothbrush is simple to use. (3) Marsona sound machine for drowning out unfamiliar noises is a must (regularly use with baby at home too so when they hear the sound they know it's sleep time!). This has been a lifesaver for us on many trips, and we now use it regularly at home for better sleep. No more changing hotels midtrip to avoid noise. AND, I know we have to travel light, but with baby a lot of things are nonnegotiable. These make for smoother sailing: (1) Peanut shell sling in black fleece—it's more comfy than the cotton and you can pop baby in and out wherever you are, from birth to 35 lbs. I never take mine off, it's part of my outfit; (2) Peapod plus portable tent—this is baby's main bed at home and travel so baby has the same sleep place everywhere we go, and the flaps give all travel parties privacy—great from small babies to five-year-olds. I can still jam this onto a little wheeled carry-on and pack mine and baby's minimal clothing around it; (3) Go Go Kidz TravelMate (great for wheeling car seat up to the gate for gate check or use on plane); (4) Britax Diplomat car seat is small but kids can use it from birth to approx. four years old.

Make sure the wheeled carry-on bag you get is one size smaller than the allowed carry-on size so you don't get bumped to check the bag in if the plane is full. You can always nicely argue/reason/bat your eyelashes that you will put the bag in your foot space. Also, very helpful to give baby something to sip or munch on during take off and landing so yours isn't the baby screaming from ear pain. Happy travels!

***—KARYL***

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**PRE-EMPTING THE BOSS: COMMON CONCERNS ABOUT REMOTE WORK**

In the linked article, Cisco acknowledges that remote work arrangements are "here to stay" yet lists a set of security issues. It makes sense to preemptively research solutions so that you are armed and ready if your employer raises these concerns. http://newsroom.cisco.com/dlls/2008/prod_020508.html.

***—Contributed by RAINA***

58. If you're an entrepreneur, don't skip this chapter. This introduction to remote working tools and tactics is integral to the international pieces of the puzzle that follow.

59. This verb is used by Japanese women as well, even though female workers are referred to as "OL"—office ladies.

60. Any reason to be home will do (cable or phone installation, home repairs, etc.) or, if you prefer not to use a ruse, work a weekend or take two vacation days.

61. Review the Puppy Dog Close from "Income Autopilot II: Testing the Muse."

62. Do not digress from your goal. Once you've addressed an objection or concern, go for the close.

63. Friday is the best day to be in the office. People are relaxed and tend to leave early.

64. Do not accept a vague refusal. Pinpointing the main concern in detail enables you to overcome it.

65. Don't jump to the defensive after an objection. Acknowledge the validity of a boss's concerns to prevent an ego-driven battle of wills.

66. Note this indirect threat dressed as a confession. It will make the boss think twice about refusing but prevents the win-lose outcome of an ultimatum.

67. This removes the boss's ability to call you to the office. This is critical for making the first jump overseas.

# 13
# Beyond Repair

## ► KILLING YOUR JOB

All courses of action are risky, so prudence is not in avoiding danger (it's impossible), but calculating risk and acting decisively. Make mistakes of ambition and not mistakes of sloth. Develop the strength to do bold things, not the strength to suffer.

—NICCOLÒ MACHIAVELLI, *The Prince*

## Existential Pleas and Resignations Mad Libs

**BY ED MURRAY**

Dear _____,
preferred deity of choice

I realized something very _____ today as I was washing my
adjective

_____, and that something is this: You are a/an _____
animal adverb

cruel _____.
personal expletive pronoun

Last night, after drinking seven shots of _____ and
least favorite hard liquor

snorting enough _____ to make _____ blush,
drug politician

it became clear: It really is them, and not me.

I am the one who is completely _____ when it
helpless state of being

comes to the _____ personal relationships in my life, and yet,
favorite color

I share my innermost _____ with no one else on this _____
type of candy adjective

planet . . . because they are all _____ _____.
insulting adjective extinct animals

I _____ (emotion) them all, and I hope they meet a _____ (adjective) demise choking on a platter of their own _____ (Applebee's appetizer).

This _____ (adjective) catharsis made me feel _____ (smiley emotion) and strangely alone, simultaneously. How can I connect with these _____ (herd animals) I am surrounded by on a daily basis? I am just so sick of _____ (synonym for "crying") in the _____ (part of your house) every day . . . Maybe it would help if I shoved a fistful of _____ (vegetables) into my _____ (bodily orifice). It makes my heart _____ (verb) when I see the defeat in my parents' _____ (body parts), and it becomes _____ (adverb) clear that they love the _____ (type of car) more than _____ (sibling's name) . . . Maybe I should stab my _____ (genitalia) with a _____ (sharp object).

Today I have decided to buy a _____ (noun), which will serve as a _____ (metaphor), and as a _____ (timeless adjective) symbol for the _____ (expletive)-faced servitude I am bound to in this life . . . no more in control than the most _____ (adjective)-minded of _____ (farm animals). I am trying desperately to _____ ("st__p") myself from _____ (active violent act) all of my co-workers . . . except _____ (person in the room). I've always wanted to _____ (forceful sexual act) him/her/it. I didn't ask to be _____ (verb).

Some jobs are simply beyond repair.

Improvements would be like adding a set of designer curtains to a jail cell: better but far from good. In the context of this chapter, "job" will refer to both a company if you run one and a normal job if you have one. Some recommendations are limited to one of the two but most are relevant to both. So we begin.

I have quit three jobs and been fired from most of the rest. Getting fired, despite sometimes coming as a surprise and leaving you scrambling to recover, is often a godsend: Someone else makes the decision for you, and it's impossible to sit in the wrong job for the rest of your life. Most people aren't lucky enough to get fired and die a slow spiritual death over 30–40 years of tolerating the mediocre.

## Pride and Punishment

If you must play, decide on three things at the start: the rules of the game, the stakes, and the quitting time.

—CHINESE PROVERB

Just because something has been a lot of work or consumed a lot of time doesn't make it productive or worthwhile.

Just because you are embarrassed to admit that you're still living the consequences of bad decisions made 5, 10, or 20 years ago shouldn't stop you from making good decisions now. If you let pride stop you, you will hate life 5, 10, and 20 years from now for the same reasons. I hate to be wrong and sat in a dead-end trajectory with my own company until I was forced to change directions or face total breakdown—I know how hard it is.

Now that we're all on a level playing field: Pride is stupid.

Being able to quit things that don't work is integral to being a winner. Going into a project or job without defining when worthwhile becomes wasteful is like going into a casino without a cap on what you will gamble: dangerous and foolish.

"But, you don't understand my situation. It's complicated!" But is it really? Don't confuse the complex with the difficult. Most situations are simple—many are just emotionally difficult to act upon. The problem and the solution are usually obvious and simple. It's not that you don't know what to do. Of course you do. You are just terrified that you might end up worse off than you are now.

I'll tell you right now: If you're at this point, you won't be worse off. Revisit fear-setting and cut the cord.

## Like Pulling Off a Band-Aid: It's Easier and Less Painful Than You Think

> The average man is a conformist, accepting miseries and disasters with the stoicism of a cow standing in the rain.
>
> —COLIN WILSON, British author of *The Outsider;* New Existentialist

There are several principal phobias that keep people on sinking ships, and there are simple rebuttals for all of them.

**1. Quitting is permanent.**

Far from it. Use the Q&A questions in this chapter and chapter 3 (Fear-setting) to examine how you could pick up your chosen career track or start another company at a later point. I have never seen an example where a change of direction wasn't somehow reversible.

**2. I won't be able to pay the bills.**

Sure you will. First of all, the objective will be to have a new job or source of cash flow before quitting your current job. Problem solved.

If you jump ship or get fired, it isn't hard to eliminate most expenses temporarily and live on savings for a brief period. From renting out your home to refinancing or selling it, there are options. There are always options.

It might be emotionally difficult, but you won't starve. Park your car in the garage and cancel insurance for a few months. Carpool or take the bus until you find the next gig. Rack up some more credit card debt and cook instead of eating out. Sell all the crap that you spent hundreds or thousands on and never use.

Take a full inventory of your assets, cash reserves, debts, and monthly expenses. How long could you survive with your current resources or if you sold some assets?

Go through all expenses and ask yourself, If I *had to* eliminate this because I needed an extra kidney, how would I do it? Don't be melodramatic when there is no need—few things are fatal, particularly for smart people. If you've made it this far in life, losing or dropping a job will often be little more than a few weeks of vacation (unless you want more) prior to something better.

**3. Health insurance and retirement accounts disappear if I quit.**

Untrue.

I was scared of both when I was eliminated from TrueSAN. I had visions of rotting teeth and working at Wal-Mart to survive.

Upon looking at the facts and exploring options, I realized that I could have identical medical and dental coverage—the same provider and network—for $300–500 per month. To transfer my 401(k) to another company (I chose Fidelity Investments) was even easier: It took less than 30 minutes via phone and cost nothing.

Covering both of these bases takes less time than getting a customer service rep on the phone to fix your electric bill.

**4. It will ruin my resume.**

I love creative nonfiction.

It is not at all difficult to sweep gaps under the rug and make uncommon items the very things that get job interviews. How? Do something interesting and make them jealous. If you quit and then sit on your ass, I wouldn't hire you either.

On the other hand, if you have a one-to-two-year world circumnavigation on your resume or training with professional soccer teams in Europe to your credit, two interesting things happen upon returning to the working world. First, you will get more interviews because you will stand out. Second, interviewers bored in their own jobs will spend the entire meeting asking how you did it!

If there is any question of why you took a break or left your previous job, there is one answer that cannot be countered: "I had a once-in-a-lifetime chance to do [exotic and envy-producing experience] and couldn't turn it down. I figured that, with [20–40] years of work to go, what's the rush?"

## The Cheesecake Factor

Would you like me to give you a formula for success? It's quite simple, really. Double your rate of failure.

—THOMAS J. WATSON, founder of IBM



HOUSE_OVERSIGHT_013951

Even before I tasted it, I knew something wasn't quite right. After eight hours in the refrigerator, this cheesecake still hadn't set at all. It swished in the gallon bowl like a viscous soup, chunks shifting and bobbing as I tilted it under close inspection. Somewhere a mistake had been made. It could have been any number of things:

Three 1 lb. sticks of Philly Cream Cheese
Eggs
Stevia
Unflavored gelatin
Vanilla
Sour cream

In this case, it was probably a combination of things and the lack of a few simple ingredients that generally make cheesecake a form of cake.

I was on a no-carbohydrate diet, and I had used this recipe before. It had been so delicious that my roommates wanted their fair share and insisted on an attempt at bulk production. Hence began the mathematical shenanigans and problems.

Before Splenda® and other miracles of sugar imitation came on the scene, the hard core used stevia, an herb 300 times sweeter than sugar. One drop was like 300 packets of sugar. It was a delicate tool and I wasn't a delicate cook. I had once made a small handful of cookies using baking soda instead of baking powder, and that was bad enough to drive my roommates to puke on the lawn. This new masterpiece made the cookies look like fine dining: It tasted like liquid cream cheese mixed with cold water and about 600 packets of sugar.

I then did what any normal and rational person would do: I grabbed the largest soup ladle with a sigh and sat down in front of the TV to face my punishment. I had wasted an entire Sunday and a boatload of ingredients—it was time to reap what I had sown.

One hour and 20 large spoonfuls later, I hadn't made a dent in the enormous batch of soup, but I was down for the count. Not only could I not eat anything but soup for two days, I couldn't bring myself to even look at cheesecake, previously my favorite dessert, for more than four years.

Stupid? Of course. It's about as stupid as one can get. This is a ridiculous and micro example of what people do on a larger scale with jobs all the time: self-imposed suffering that can be avoided. Sure, I learned a lesson and paid for the mistake. The real question is—for what?

There are two types of mistakes: mistakes of ambition and mistakes of sloth.

The first is the result of a decision to act—to do something. This type of mistake is made with incomplete information, as it's impossible to have all the facts beforehand. This is to be encouraged. Fortune favors the bold.

The second is the result of a decision of sloth—to not do something—wherein we refuse to change a bad situation out of fear despite having all the facts. This is how learning experiences become terminal punishments, bad relationships become bad marriages, and poor job choices become lifelong prison sentences.

*"Yeah, but what if I'm in an industry where jumping around is looked down upon? I've been here barely a year, and prospective employers would think…"*

Would they? Test assumptions before condemning yourself to more misery. I've seen one determinant of sex appeal to good employers: performance. If you are a rock star when it comes to results, it doesn't matter if you jump ship from a bad company after three weeks. On the other hand, if tolerating a punishing work environment for years at a time is a prerequisite for promotion in your field, could it be

that you're in a game not worth winning?

The consequences of bad decisions do not get better with age.

What cheesecake are you eating?

## ► Q&A: QUESTIONS AND ACTIONS

Only those who are asleep make no mistakes.

—INGVAR KAMPRAD, founder of IKEA, world's largest furniture brand

Tens of thousands of people, most of them less capable than you, leave their jobs every day. It's neither uncommon nor fatal. Here are a few exercises to help you realize just how natural job changes are and how simple the transition can be.

1. First, a familiar reality check: Are you more likely to find what you want in your current job or somewhere else?
2. If you were fired from your job today, what would you do to get things under financial control?
3. Take a sick day and post your resume on the major job sites. Even if you have no immediate plans to leave your job, post your resume on sites such as www.monster.com and www.career-builder.com, using a pseudonym if you prefer. This will show you that there are options besides your current place of work. Call headhunters if your level makes such a step appropriate, and send a brief e-mail such as the one below to friends and non-work contacts.

   Dear All,

   I am considering making a career move and am interested in all opportunities that might come to mind. Nothing is too outrageous or out of left field. [If you know what you want or don't want on some level, feel free to add, "I am particularly interested in …" or "I would like to avoid …"]

   Please let me know if anything comes to mind!

   Tim

   Call in sick or take a vacation day to complete all of these exercises during a normal 9–5 workday. This will simulate unemployment and lessen the fear factor of non-office limbo.

   In the world of action and negotiation, there is one principle that governs all others: The person who has more options has more power. Don't wait until you need options to search for them. Take a sneak peek at the future now and it will make both action and being assertive easier.
4. If you run or own a company, imagine that you have just been sued and must declare bankruptcy. The company is now insolvent and you must close up shop. This is something you *must* legally do, and there are no finances to entertain other options. How would you survive?

## ► TOOLS AND TRICKS

### Considering Options and Pulling the Trigger

► **I-Resign ( www.i-resign.com )**

This site provides everything from non-quitting options (work-leave, vacations) to sample resignation letters and second-life job-hunting advice. Don't miss the helpful discussion forums and hysterical "web consultant from London" letter.

**Opening Retirement Accounts**

If you want an adviser and don't mind some fees:

► **Franklin-Templeton ( www.franklintempleton.com ) (800–527–2020)**

► **American Funds ( www.americanfunds.com ) (800–421–0180)**

If you will do your own investing and want no-load funds:

► **Fidelity Investments ( www.fidelity.com ) (800–343–3548)**

► **Vanguard ( www.vanguard.com ) (800–414–1321)**

**Health Insurance for Self-employed or Unemployed (in descending order of reader endorsement)**

► **Ehealthinsurance ( www.ehealthinsurance.com ) (800–977–8860)**

► **AETNA ( www.aetna.com ) (800-MY-HEALTH)**

► **Kaiser Permanente ( www.kaiserpermanente.com ) (866–352–0290)**

► **American Community Mutual ( www.american-community.com ) (800–991–2642)**

# 14
# Mini-Retirements

► **EMBRACING THE MOBILE LIFESTYLE**

Before the development of tourism, travel was conceived to be like study, and its fruits were considered to be the adornment of the mind and the formation of the judgment.

—PAUL FUSSELL, *Abroad*

The simple willingness to improvise is more vital, in the long run, than research.

—ROLF POTTS, *Vagabonding*

Upon Sherwood's return from Oktoberfest, dazed from killing neurons but the happiest he's been in four years, the remote trial is made policy and Sherwood is inducted into the world of the New Rich. All he needs now is an idea of how to exploit this freedom and the tools to give his finite cash near-infinite lifestyle output.

If you've gone through the previous steps, eliminating, automating, and severing the leashes that bind you to one location, it's time to indulge in some fantasies and explore the world.

Even if you have no ache for extended travel or think it's impossible—whether due to marriage or mortgage or those little things known as children—this chapter is still the next step. There are fundamental changes I and most others put off until absence (or preparation for it) forces them. This chapter is your final exam in muse design.

The transformation begins in a small Mexican village, in a parable that's been shared in various forms around the world.

## Fables and Fortune Hunters

An American businessman took a vacation to a small coastal Mexican village on doctor's orders. Unable to sleep after an urgent phone call from the office the first morning, he walked out to the pier to clear his head. A small boat with just one fisherman had docked, and inside the boat were several large yellowfin tuna. The American complimented the Mexican on the quality of his fish.

"How long did it take you to catch them?" the American asked.

"Only a little while," the Mexican replied in surprisingly good English.

"Why don't you stay out longer and catch more fish?" the American then asked.

"I have enough to support my family and give a few to friends," the Mexican said as he unloaded them into a basket.

"But … What do you do with the rest of your time?"

The Mexican looked up and smiled. "I sleep late, fish a little, play with my children, take a siesta with my wife, Julia, and stroll into the village each evening, where I sip wine and play guitar with my amigos. I have a full and busy life, señor."

The American laughed and stood tall. "Sir, I'm a Harvard M.B.A. and can help you. You should spend more time fishing, and with the proceeds, buy a bigger boat. In no time, you could buy several boats with the increased haul. Eventually, you would have a fleet of fishing boats."

He continued, "Instead of selling your catch to a middleman, you would sell directly to the consumers, eventually opening your own cannery. You would control the product, processing, and distribution. You

would need to leave this small coastal fishing village, of course, and move to Mexico City, then to Los Angeles, and eventually New York City, where you could run your expanding enterprise with proper management."

The Mexican fisherman asked, "But, señor, how long will all this take?"

To which the American replied, "15–20 years. 25 tops."

"But what then, señor?"

The American laughed and said, "That's the best part. When the time is right, you would announce an IPO and sell your company stock to the public and become very rich. You would make millions."

"Millions, señor? Then what?"

"Then you would retire and move to a small coastal fishing village, where you would sleep late, fish a little, play with your kids, take a siesta with your wife, and stroll to the village in the evenings where you could sip wine and play your guitar with your amigos …"

I RECENTLY HAD lunch in San Francisco with a good friend and former college roommate. He will soon graduate from a top business school and return to investment banking. He hates coming home from the office at midnight but explained to me that, if he works 80-hour weeks for nine years, he could become a managing director and make a cool $3–10 million per year. Then he would be successful.

"Dude, what on earth would you do with $3–10 million per year?" I asked.

His answer? "I would take a long trip to Thailand."

That just about sums up one of the biggest self-deceptions of our modern age: extended world travel as the domain of the ultrarich. I've also heard the following:

"I'll just work in the firm for 15 years. Then I'll be partner and I can cut back on hours. Once I have a million or two in the bank, I'll put it in something safe like bonds, take $80,000 a year in interest, and retire to sail in the Caribbean."

"I'll only work in consulting until I'm 35, then retire and ride a motorcycle across China."

If your dream, the pot of gold at the end of the career rainbow, is to live large in Thailand, sail around the Caribbean, or ride a motorcycle across China, guess what? All of them can be done for less than $3,000. I've done all three. Here are just two examples of how far a little can go.[68]

**$250 U.S**. Five days on a private Smithsonian tropical research island with three local fishermen who caught and cooked all my food and also took me on tours of the best hidden dive spots in Panamá.

**$150 U.S**. Three days of chartering a private plane in Mendoza wine country in Argentina and flying over the most beautiful vineyards around the snowcapped Andes with a personal guide.

Question: What did you spend your last $400 on? It's two or three weekends of nonsense and throwaway forget-the-workweek behavior in most U.S. cities. $400 is nothing for a full eight days of life-changing experiences. But eight days isn't what I'm recommending at all. Those were just interludes in a much larger production. I'm proposing much, much more.

## The Birth of Mini-Retirements and the Death of Vacations

There is more to life than increasing its speed.

—MOHANDAS GANDHI

In February of 2004, I was miserable and overworked.

My travel fantasy began as a plan to visit Costa Rica in March 2004 for four weeks of Spanish and relaxation. I needed a recharge and four weeks seemed "reasonable" by whatever made-up benchmark you can use for such a thing.

A friend familiar with Central America dutifully pointed out that it would never work, as Costa Rica was about to enter its rainy season. Torrential downpours weren't the uplifting jolt I needed, so I shifted my focus to four weeks in Spain. It's a long trip over the Atlantic, though, and Spain was close to other countries I'd always wanted to visit. I lost "reasonable" somewhere shortly thereafter and decided that I deserved a full three months to explore my roots in Scandinavia after four weeks in Spain.

If there were any real-time bombs or pending disasters, they would certainly crop up in the first four weeks, so *there really wasn't any additional risk in extending my trip to three months*. Three months would be great.

Those three months turned into 15, and I started to ask myself, "Why not take the usual 20–30-year retirement and redistribute it throughout life instead of saving it all for the end?"

## The Alternative to Binge Traveling

Thanks to the Interstate Highway System, it is now possible to travel from coast to coast without seeing anything.

—CHARLES KURALT, CBS news reporter

If you are accustomed to working 50 weeks per year, the tendency, even after creating the mobility to take extended trips, will be to go nuts and see 10 countries in 14 days and end up a wreck. It's like taking a starving dog to an all-you-can-eat buffet. It will eat itself to death.

I did this three months into my 15-month vision quest, visiting seven countries and going through at least 20 check-ins and checkouts with a friend who had negotiated three weeks off. The trip was an adrenaline-packed blast but like watching life on fast-forward. It was hard for us to remember what had happened in which countries (except Amsterdam),[69] we were both sick most of the time, and we were upset to have to leave some places simply because our pre-purchased flights made it so.

I recommend doing the exact opposite.

The alternative to binge travel—the mini-retirement—entails relocating to one place for one to six months before going home or moving to another locale. It is the anti-vacation in the most positive sense. Though it can be relaxing, the mini-retirement is not an escape from your life but a reexamination of it—the creation of a blank slate. Following elimination and automation, what would you be escaping from? Rather than seeking to *see* the world through photo ops between foreign-but-familiar hotels, we aim to *experience* it at a speed that lets it change us.

This is also different from a sabbatical. Sabbaticals are often viewed much like retirement: as a one-time event. Savor it now while you can. The mini-retirement is defined as recurring—it is a *lifestyle*. I

currently take three or four mini-retirements per year and know dozens who do the same. Sometimes these sojourns take me around the world; oftentimes they take me around the corner—Yosemite, Tahoe, Carmel—but to a different world psychologically, where meetings, e-mail, and phone calls don't exist for a set period of time.

## Purging the Demons: Emotional Freedom

This is the very perfection of a man, to find out his own im perfection.

—SAINT AUGUSTINE (354 A.D.–430 A.D.)

True freedom is much more than having enough income and time to do what you want. It is quite possible—actually the rule rather than the exception—to have financial and time freedom but still be caught in the throes of the rat race. One cannot be free from the stresses of a speed- and size-obsessed culture until you are free from the materialistic addictions, time-famine mind-set, and comparative impulses that created it in the first place.

This takes time. The effect is not cumulative, and no number of two-week (also called "too weak")[70] sightseeing trips can replace one good walkabout.[71]

In the experience of those I've interviewed, it takes two to three months just to unplug from obsolete routines and become aware of just how much we distract ourselves with constant motion. Can you have a two-hour dinner with Spanish friends without getting anxious? Can you get accustomed to a small town where all businesses take a siesta for two hours in the afternoon and then close at 4:00 P.M.? If not, you need to ask, Why?

Learn to slow down. Get lost intentionally. Observe how you judge both yourself and those around you. Chances are that it's been a while. Take at least two months to disincorporate old habits and rediscover yourself without the reminder of a looming return flight.

## The Financial Realities: It Just Gets Better

The economic argument for mini-retirements is the icing on the cake. Four days in a decent hotel or a week for two at a nice hostel costs the same as a month in a nice posh apartment. If you relocate, the expenses abroad also begin to replace—often at much lower cost—bills you can then cancel stateside.

Here are some actual monthly figures from recent travels.

Highlights from both South America and Europe are shown side by side to prove that luxury is limited by your creativity and familiarity with the locale, not gross currency devaluation in third-world countries. It will be obvious that I did not survive on bread and begging—I lived like a rock star—and both experiences could be done for less than 50% of what I spent. My goal was enjoyment and not austere survival.

**Airfare**

- ► Free, courtesy of AMEX gold card and Chase Continental Airlines Mastercard [72]

**Housing**

- ► Penthouse apartment on the equivalent of New York's Fifth Avenue in Buenos Aires, including house cleaners, personal security guards, phone, energy, and high-speed Internet: $550 U.S. per month

- ► Enormous apartment in the trendy SoHo-like Prenzlauerberg district of Berlin, including phone and energy: $300 U.S. per month

**Meals**

- ► Four- or five-star restaurant meals twice daily in Buenos Aires: $10 U.S. ($300 U.S. per month)

- ► Berlin: $18 U.S. ($540 U.S. per month)

**Entertainment**

- ► VIP table and unlimited champagne for eight people at the hottest club, Opera Bay, in Buenos Aires: $150 U.S. ($18.75 U.S. per person **x** four visits per month = $75 U.S. per month per person)

- ► Cover, drinks, and dancing at the hottest clubs in West Berlin: $20 U.S. per person per night **x** 4 = $80 U.S. per month

**Education**

- ► Two hours daily of private Spanish lessons in Buenos Aires, fives times per week: $5 U.S. per hour **x** 40 hours per month = $200 U.S. per month

- ► Two hours daily of private tango lessons with two world-class professional dancers: $8.33 U.S. per hour **x** 40 hours per month = $333.20 U.S. per month

- ► Four hours daily of top-tier German-language instruction in Nollendorfplatz, Berlin: $175 U.S. per month, which would have paid for itself even if I had not attended classes, as the student ID card entitled me to over 40% discounts on all transportation

- ► Six hours per week of mixed martial arts (MMA) training at the top Berlin academy: free in exchange for tutoring in English two hours per week

**Transportation**

- ► Monthly subway pass and daily cab rides to and from tango lessons in Buenos Aires: $75 U.S. per month

- ► Monthly subway, tram, and bus pass in Berlin with student discount: $85 U.S. per month

**Four-Week Total for Luxury Living**

- ► **Buenos Aires: $1533.20** , including round-trip airfare from JFK, with a one-month stopover in Panamá. Nearly one-third of this total is from the daily one-on-one instruction from world-class teachers in Spanish and Tango.

- ► **Berlin: $1180** , including round-trip airfare from JFK and a one-week stopover in London.

How do these numbers compare to your current domestic monthly expenses, including rent, car insurance, utilities, weekend expenditures, partying, public transportation, gas, memberships, subscriptions, food, and all the rest? Add it all up and you may well realize, like I did, that traveling around the world and having the time of your life can save you serious money.

## Fear Factors: Overcoming Excuses Not to Travel

Travelling is the ruin of all happiness! There's no looking at a building here after seeing Italy.
—FANNY BURNEY (1752–1840), English novelist

But I have a house and kids. I can't travel!
What about health insurance? What if something happens?
Isn't travel dangerous? What if I get kidnapped or mugged?
But I'm a woman—traveling alone would be dangerous.

Most excuses not to travel are exactly that—excuses. I've been there, so this isn't a holier-than-thou sermon. I know too well that it's easier to live with ourselves if we cite an external reason for inaction.

I've since met paraplegics and the deaf, senior citizens and single mothers, home owners and the poor, all of whom have sought and found excellent life-changing reasons for extended travel instead of dwelling on the million small reasons *against it*.

Most of the concerns above are addressed in the Q&A, but one in particular requires a bit of preemptive nerve calming.

### It's 10:00 P.M. Do You Know Where Your Children Are?

The prime fear of all parents prior to their first international trip is somehow losing a child in the shuffle.

The good news is that if you are comfortable taking your kids to New York, San Francisco, Washington, D.C., or London, you will have even less to worry about in the starting cities I recommend in the Q&A. There are fewer guns and violent crimes in all of them compared to most large U.S. cities. The likelihood of problems is decreased further when travel is less airport and hotel-hopping among strangers and more relocation to a second home: a mini-retirement.

But still, what if?

Jen Errico, a single mother who took her two children on a five-month world tour, had a more acute fear than most, one that often woke her at 2:00 A.M. in a cold sweat: What if something happens to me?

She wanted to prime her kids for worst-case scenario but didn't want to scare them to death, so—like all good mothers—she made it a game: Who can best memorize the itineraries, hotel addresses, and Mom's phone number? She had emergency contacts in each country whose numbers were loaded into the speed dial of her cell phone, which had global roaming. In the end, nothing happened. Now she's planning to move to a ski chalet in Europe and send her kids to school in multilingual France. Success

begets success.

She was most afraid in Singapore, and in retrospect, it was where she had the least reason to be worried (she took her kids to South Africa, among other places). She was scared because it was the first stop and she was unaccustomed to traveling with her kids. It was perception, not reality.

Robin Malinsky-Rummell, who spent a year traveling through South America with her husband and seven-year-old son, was warned by friends and family not to visit Argentina after their devaluation riots in 2001. She did her homework, decided that the fear was unfounded, and proceeded to have the time of her life in Patagonia. When she told locals that she was originally from New York, their eyes widened and jaws dropped: "I saw those buildings blow up on TV! I would never go to such a dangerous place!" Don't assume that places abroad are more dangerous than your hometown. Most aren't.

Robin is convinced, as are other **NR** parents, that people use children as an excuse to stay in their comfort zones. It's an easy excuse not to do something adventurous. How to overcome the fear? Robin recommends two things:

1. Before embarking on a long international trip with your children for the first time, take a trial run for a few weeks.
2. For each stop, arrange a week of language classes that begin upon arrival and take advantage of transportation from the airport if available. The school staff will often handle apartment rentals for you, and you will be able to make friends and learn the area before setting off on your own.

But what if your concern isn't so much losing your children but losing your mind because of your children?

Several families interviewed for this book recommended the oldest persuasive tool known to man: bribery. Each child is given some amount of virtual cash, 25–50 cents, for each hour of good behavior. The same amount is subtracted from their accounts for breaking the rules. All purchases for fun—whether souvenirs, ice cream, or otherwise—come out of their own individual accounts. No balance, no goodies. This often requires more self-control on the part of the parents than the children.

## How to Get Airfare at 50–80% Off

This is not a book on budget travel. Most of the cost-cutting recommendations found in such guides are designed with the binge traveler in mind. For someone embarking on a mini-retirement, an extra $150 for hassle-free airfare amortized over two months is a better deal than 20 hours of manipulating frequent-flier points on an unknown airline or chasing questionable deals.

Following two weeks of research, I once bought a one-way standby ticket to Europe for $120. I arrived at JFK brimming with enthusiasm and confidence—look at all these schmucks paying retail!—and 90% of the "participating" airlines refused my ticket. Those that didn't were booked for weeks solid. I ended up staying in a hotel for two nights for a $300 tab, filing a complaint with AMEX, and eventually calling 1–800-FLY-EUROPE from the JFK terminal in frustration. I bought a round-trip ticket to London on Virgin Atlantic for $300 and left an hour later. The same ticket cost more than $700 a week earlier.

After 25 countries, I've found a few simple strategies that get you 90% of the possible savings without wasting time or producing migraines.

1. Use credit cards with reward points for large muse-related advertising and manufacturing expenses.

I am not spending more money to get pennies on the dollar—these costs are inevitable, so I capitalize on them. This alone gets me a free round-trip international ticket each three months.

2. Purchase tickets far in advance (three months or more) or last minute, and aim for both departure and return between Tues day and Thursday.

   Long-term travel planning turns me off and can be expensive if plans change, so I opt for purchasing all tickets in the last four or five days prior to target departure. The value of empty seats is $0 as soon as the flight takes off, so true last-minute seats are cheap.

   Use Orbitz (www.orbitz.com) and www.kayak.com first. Fix the departure and return dates between Tuesday and Thursday. Then look at prices for alternative departure dates each of three days into the past and each of three days into the future. Using the cheapest departure date, do the same with the return dates to find the cheapest combination. Check this price against the fares on the website of the airline itself. Then begin bidding on www.priceline.com at 50% of the better of the two, working up in $50 increments until you get a better price or realize it's not possible.

3. Consider buying one ticket to an international hub and then an ongoing ticket with a cheap local airline.

   If going to Europe on a tight budget, you could get three tickets. One free Southwest ticket (from transferring AMEX points) from CA to JFK, the cheapest ticket to Heathrow in London, and then an übercheap ticket on either Ryanair or EasyJet to a final destination. I have paid as little as $10 to go from London to Berlin or London to Spain. That is not a typo. Local airlines will often offer seats on flights for just the cost of taxes and gasoline. To Central or South American destinations, I'll often look at local flights from Panama or international flights from Miami.

## When More Is Less: Cutting the Clutter

> Human beings have the capacity to learn to want almost any conceivable material object. Given, then, the emergence of a modern industrial culture capable of producing almost anything, the time is ripe for opening the storehouse of infinite need! ... It is the modern Pandora's box, and its plagues are loose upon the world.
>
> —JULES HENRY

> To be free, to be happy and fruitful, can only be attained through sacrifice of many common but overestimated things
>
> —ROBERT HENRI

I know the son of one deca-millionaire, a personal friend of Bill Gates, who now manages private investments and ranches. He has accumulated an assortment of beautiful homes over the last decade, each with full-time cooks, servants, cleaners, and support staff. How does he feel about having a home in each time zone? It's a pain in the ass! He feels like he's working for his staff, who spend more time in his homes than he does.

Extended travel is the perfect excuse to reverse the damage of years of consuming as much as you can afford. It's time to get rid of clutter disguised as necessities before you drag a five-piece Samsonite set around the world. That is hell on earth.

I'm not going to tell you to walk around in a robe and sandals scowling at people who have televisions. I hate that kashi-crunching holier-than-thou stuff. Turning you into a possession-less scribe

is not my intention. Let's face it, though: There are tons of things in your home and life that you don't use, need, or even particularly want. They just came into your life as impulsive flotsam and jetsam and never found a good exit. Whether you're aware of it or not, this clutter creates indecision and distractions, consuming attention and making unfettered happiness a real chore. It is impossible to realize how distracting all the crap is—whether porcelain dolls, sports cars, or ragged T-shirts—until you get rid of it.

Prior to my 15-month trip, I was stressed about how to fit all of my belongings into a 14 **x** 10-foot rental storage space. Then I realized a few things: I would never reread the business magazines I'd saved, I wore the same five shirts and four pairs of pants 90% of the time, it was about time for new furniture, and I never used the outdoor grill or lawn furniture.

Even getting rid of things I *never* used proved to be like a capitalist short-circuit. It was hard to toss things I had once thought were valuable enough to spend money on. The first ten minutes of sorting through clothing was like choosing which child of mine should live or die. I hadn't exercised my throwing-out muscles in some time. It was a struggle to put nice Christmas clothing I'd never worn into the "go" pile and just as hard to separate myself from worn and ragged clothing I had for sentimental reasons. Once I'd passed through the first few tough decisions, though, the momentum had been built and it was a breeze. I donated all of the seldom-worn clothing to Goodwill. The furniture took less than 10 hours to offload using Craigslist, and though I was paid less than 50% of the retail prices for some and nothing for others, who cared? I'd used and abused them for five years and would get a new set when I landed back in the U.S. I gave the grill and lawn furniture to my friend, who lit up like a kid at Christmas. I had made his month. It felt wonderful and I had an extra $300 in pocket change to cover at least a few weeks of rent abroad.

I created 40% more space in my apartment and hadn't even grazed the surface. It wasn't the extra physical space that I felt most. It was the extra mental space. It was as if I had 20 mental applications running simultaneously before, and now I had just one or two. My thinking was clearer and I was much, much happier.

I asked every vagabond interviewee in this book what their one recommendation would be for first-time extended travelers. The answer was unanimous: Take less with you.

The overpacking impulse is hard to resist. The solution is to set what I call a "settling fund." Rather than pack for all contingencies, I bring the absolute minimum and allocate $100–300 for purchasing things after I arrive and as I travel. I no longer take toiletries or more than a week's worth of clothing. It's a blast. Finding shaving cream or a dress shirt overseas can produce an adventure in and of itself.

Pack as if you were coming back in one week. Here are the bare essentials, listed in order of importance:

1. *One week* of clothing appropriate to the season, including *one* semiformal shirt and pair of pants or skirt for customs. Think T-shirts, one pair of shorts, and a multipurpose pair of jeans.
2. Backup photocopies or scanned copies of all important documents: health insurance, passport/visa, credit cards, debit cards, etc.
3. Debit cards, credit cards, and $200 worth of small bills in local currency (traveler's checks are not accepted in most places and are a hassle)
4. Small cable bike lock for securing luggage while in transit or in hostels; a small padlock for lockers if needed
5. Electronic dictionaries for target languages (book versions are too slow to be of use in conversation) and small grammar guides or texts
6. One broad-strokes travel guide

That's it.[73] To laptop or not to laptop? Unless you are a writer, I vote no. It's far too cumbersome and distracting. Using GoToMyPC to access your home computer from Internet cafés encourages the habit we want to develop: making the best use of time instead of killing it.

## The Bora-Bora Dealmaker

BAFFIN ISLAND, NUNAVUT

Josh Steinitz[74] stood at the edge of the world and stared in amazement. He dug his boots into the six feet of sea ice and the unicorns danced.

Ten narwhals—rare cousins of the beluga—came to the surface and pointed their six-foot-plus spiral tusks toward the heavens. The pod of 3,000-pound whales then fell into the depths once again. The narwhals are deep divers—more than 3,000 feet in some cases—so Josh had at least 20 minutes until their reappearance.

It seemed appropriate that he was with the narwhals. Their name came from Old Norse and referred to their mottled white and blue skin.

*Náhvalr*—corpse man.

He smiled as he had done often in the last few years. Josh himself was a dead man walking.

One year after graduating from college, Josh found out that he had oral squamous carcinoma—cancer. He had plans to be a management consultant. He had plans to be lots of things. Suddenly none of it mattered. Less than half of those who suffered from this particular type of cancer survived.[75] The reaper didn't discriminate and came without warning.

It became clear that the biggest risk in life wasn't making mistakes but regret: missing out on things. He could never go back and recapture years spent doing something he disliked.

Two years later and cancer-free, Josh set off on an indefinite global walkabout, covering expenses as a freelance writer. He later became the cofounder of a website that provides customized itineraries to would-be vagabonds. His executive status didn't lessen his mobile addiction. He was as comfortable cutting deals from the over-water bungalows of Bora-Bora as he was in the log cabins of the Swiss Alps.

He once took a call from a client while at Camp Muir on Mt. Rainier. The client needed to confirm some sales numbers and asked Josh about all the wind in the background. Josh's answer: "I'm standing at 10,000 feet on a glacier and this afternoon the wind is whipping us down the mountain." The client said he'd let Josh get back to what he was doing.

Another client called Josh while he was leaving a Balinese temple and heard the gongs in the background. The client asked Josh if he was in church. Josh wasn't quite sure what to say. All that came out was, "Yes?"

Back among the narwhals, Josh had a few minutes before heading to base camp to avoid polar bears. Twenty-four-hour daylight meant that he had much to share with his friends back in the land of cubicles. He sat down on the ice and produced his satellite phone and laptop from a waterproof bag. He began his e-mail in the usual way:

"I know you're all sick of seeing me have so much fun, but guess where I am?"

## ► Q&A: QUESTIONS AND ACTIONS

> It is fatal to know too much at the outcome: boredom comes as quickly to the traveler who knows his route as to the novelist who is overcertain of his plot.
>
> —PAUL THEROUX, *To the Ends of the Earth*

If this is your first time considering a commitment to the mobile lifestyle and long-term adventuring, I envy you! Making the jump and entering the new worlds that await is like upgrading your role in life from passenger to pilot.

The bulk of this Q&A will focus on the precise steps that you should take—and the countdown timeline you can use—when preparing for your first mini-retirement. Most steps can be eliminated or condensed once you get one trip under your belt. Some of the steps are one-time events, after which subsequent mini-retirements will require a maximum of two to three weeks of preparation. It now takes me three afternoons.

Grab a pencil and paper—this will be fun.

1. **Take an asset and cash-flow snapshot**.
Set two sheets of paper on a table. Use one to record all assets and corresponding values, including bank accounts, retirement accounts, stocks, bonds, home, and so forth. On the second, draw a line down the middle and write down all incoming cash flow (salary, muse income, investment income, etc.) and outgoing expenses (mortgage, rent, car payments, etc.). What can you eliminate that is either seldom used or that creates stress or distraction without adding a lot of value?

2. **Fear-set a one-year mini-retirement in a dream location in Europe**.
Use the questions from chapter 3 to evaluate your worst-case-scenario fears and evaluate the real potential consequences. Except in rare cases, most will be avoidable and the rest will be reversible.

3. **Choose a location for your actual mini-retirement. Where to start?**
This is the big question. There are two options that I advocate:

1. Choose a starting point and then wander until you find your second home. This is what I did with a one-way ticket to London, vagabonding throughout Europe until I fell in love with Berlin, where I remained for three months.
2. Scout a region and then settle in your favorite spot. This is what I did with a tour of Central and South America, where I spent one to four weeks in each of several cities, after which I returned to my favorite—Buenos Aires—for six months.

It is possible to take a mini-retirement in your own country, but the transformative effect is hampered if you are surrounded by people who carry the same socially reinforced baggage.

I recommend choosing an overseas location that will seem foreign but that isn't dangerous. I box, race motorcycles, and do all sorts of macho things, but I draw the line at *favelas*,[76] civilians with machine guns, pedestrians with machetes, and social strife. Cheap is good, but bullet holes are bad. Check the U.S. Department of State for travel warnings before booking tickets (http:// travel.state.gov).

Here are just a few of my favorite starting points. Feel free to choose other locations. The most lifestyle for the dollar is underlined: Argentina (Buenos Aires, Córdoba), China (Shanghai, Hong Kong, Taipei), Japan (Tokyo, Osaka), England (London), Ireland (Galway), Thailand (Bangkok, Chiang Mai), Germany (Berlin, Munich), Norway (Oslo), Australia (Sydney), New Zealand (Queenstown), Italy

(Rome, Milan, Florence), Spain (Madrid, Valencia, Sevilla), and Holland (Amsterdam). In all of these places, it is possible to live well while spending little. I spend less in Tokyo than in California because I know it well. Hip, recently gentrified artist areas, not unlike the Brooklyn of 10 years ago, can be found in almost all cities. The one place I can't seem to find a decent lunch for less than $20 U.S.? London.

Here are a few exotic places I don't recommend for vagabonding virgins, though veterans can make them all work: all countries in Africa, the Middle East, or Central and South America (excepting Costa Rica and Argentina). Mexico City and Mexican border areas are also a bit too kidnap-happy to make it onto my favorites list.

4. **Prepare for your trip. Here's the countdown**.

### ► Three months out—Eliminate

Get used to minimalism before the departure. Here are the questions to ask and act upon, even if you never plan to leave:

**What is the 20% of my belongings that I use 80% of the time?** Eliminate the other 80% in clothing, magazines, books, and all else. Be ruthless—you can always repurchase things you can't live without.

**Which belongings create stress in my life?** This could relate to maintenance costs (money and energy), insurance, monthly expenses, time consumption, or simple distraction. Eliminate, eliminate, eliminate. If you sell even a few expensive items, it could finance a good portion of your mini-retirement. Don't rule out the car and home. It's always possible to purchase either upon your return, often losing no money in the process.

Check current health insurance coverage for extended overseas travel. Get the wheels in motion to rent, swap, or sell your home—renting out is most recommended by serial vagabonds—or end your apartment lease and move all belongings into storage.

In all cases where doubts crop up, ask yourself, "If I had a gun to my head and had to do it, how would I do it?" It's not as hard as you think.

### ► Two months out—Automate

After eliminating the excess, contact companies (including suppliers) that bill you regularly and set up autopayment with credit cards that have reward points. Telling them that you will be traveling the world for a year often persuades them to accept credit cards rather than chase you around the planet like Carmen Sandiego.

For the credit card companies themselves and others that refuse, arrange automatic debit from your checking account. Set up online banking and bill payment. Set up all companies that won't take credit cards or automatic debit as online payees. Set these scheduled checks for $15–20 more than expected when dealing with utilities and other variable expenses. This will cover miscellaneous fees, prevent time-consuming billing problems, and accrue as a credit. Cancel paper bank and credit card statement delivery. Get bank-issued *credit* cards for all checking accounts—generally one for business and one for personal—and set the cash advances to $0 to minimize abuse potential. Leave these cards at home, as they are just for emergency overdraft protection.

Give a trusted member of your family and/or your accountant power of attorney,[77] which gives that person authority to sign documents (tax filings and checks, for example) in your name. Nothing screws

up foreign fun faster than having to sign original documents when faxes are unacceptable.

**► One month out—**

Speak to the manager of your local post office and have all mail forwarded to a friend, family member, or personal assistant,[78] who will be paid $100–200 per month to e-mail you brief descriptions of all nonjunk mail each Monday.

Get all required and recommended immunizations and vaccinations for your target region. Check the Centers for Disease Control and Prevention (www.cdc.gov/travel/). Note that proof of immunizations is sometimes required to pass through foreign customs.

Set up a trial account with GoToMyPC or similar remote-access software and take a dry run to ensure that there are no technological glitches.[79]

If resellers (or distributors) still send you checks—the fulfillment house should handle customer checks at this point—do one of three things: give the resellers direct bank deposit information (ideal), have the fulfillment house handle these checks (second choice), or have the resellers pay via PayPal or mail checks to one of the people you are trusting with power of attorney (far third). In the last case, give the person with power of attorney deposit slips so he or she can sign or stamp and mail in the checks. It is convenient to become a member of a large bank (Bank of America, Wells Fargo, Washington Mutual, Citibank, etc.) with branches near the person assisting you so that they can drop off the deposits while running other errands. No need to move all accounts to this bank if you don't want to; just open a single new account that is used solely for these deposits.

**► Two weeks out—**

Scan all identification, health insurance, and credit/debit cards into a computer from which you can print multiple copies, several to be left with family members and several to be taken with you in separate bags. E-mail the scanned file to yourself so that you can access it while abroad if you lose the paper copies.

If you are an entrepreneur, downgrade your cell phone to the cheapest plan and set up a voicemail greeting that states, "I am currently overseas on business. Please do not leave a voicemail, as I will not be checking it while gone. Please send me an e-mail at __@__.com if the matter is important. Thank you for your understanding." Then set up e-mail autoresponders that indicate responses could take up to seven days (or whatever you decide for frequency) due to international business travel.

If you are an employee, consider getting a quad-band or GSM-compatible cell phone so that the boss can contact you. Get a BlackBerry only if your boss will be checking to see if you are working via e-mail. Be sure to disable the dead giveaway "Sent from a BlackBerry" signature on outgoing e-mail! Other options include using a SkypeIn account that forwards to your foreign cell phone (my preference) or a Vonage IP box that allows you to receive landline calls anywhere in the world via a phone number that begins with your home area code.

Find an apartment for your ultimate mini-retirement destination or reserve a hostel or hotel at your starting point for three to four days. Reserving an apartment before you arrive is riskier and will be much more expensive than using the latter three to four days to find an apartment. I recommend hostels for the starting point if possible—not for cost considerations but because the staff and fellow travelers are more knowledgeable and helpful with relocations.

Get foreign medical evacuation insurance if needed for peace of mind. This tends to be redundant if

you are in a first-world country and can buy local insurance to augment your own, which I do, and it is useless if you are a 10-hour flight from civilization. I had evacuation insurance in Panama, as it's a 2-hour flight from Miami, but I didn't bother elsewhere. Don't freak out about this; it's just as true if you're in the middle of nowhere in the middle of the U.S.

**► One week out—**

Decide on a schedule for routine batched tasks such as e-mail, online banking, etc. to eliminate excuses for senseless pseudo-work procrasterbating. I suggest Monday mornings for checking e-mail and online banking. The first and third Mondays of the month can be used for checking credit cards and making other online payments such as affiliates. These promises to yourself will be the hardest to keep, so make a commitment now and expect serious withdrawal cravings.

Save important documents—including the scan of your identification, insurance, and credit/debit cards —to a small handheld storage device that plugs into a computer USB port.

Move all things out of your home or apartment into storage, pack a single small backpack and carry-on bag for the adventure, and move in briefly with a family member or friend.

**► Two days out—**

Put remaining automobiles into storage or a friend's garage. Put fuel stabilizer like Sta-Bil® in the gas tanks, disconnect the negative leads from batteries to prevent drain, and put the vehicles on jack stands to prevent tire and shock damage. Cancel all auto insurance except for theft coverage.

**► Upon arrival (assuming you have not booked an apartment in advance)—**

**First morning and afternoon after check-in** Take a hop-on-hop-off bus tour of the city followed by a bike tour of potential apartment neighborhoods.

**First late afternoon or evening** Purchase an unlocked[80] cell phone with a SIM card that can be recharged with simple prepaid cards. E-mail apartment owners or brokers on Craigslist.com and online versions of local newspapers for viewings over the next two days.

**Second and third days** Find and book an apartment for one month. Don't commit to more than one month until you've slept there. I once prepaid two months only to find that the busiest bus stop downtown was on the other side of my bedroom wall.

**Move-in day** Get settled and purchase local health insurance. Ask hostel owners and other locals what insurance they use. Resolve not to buy souvenirs or other take-home items until two weeks prior to departure.

**One week later** Eliminate all the extra crap you brought but won't use often. Either give it to someone who needs it more, mail it back to the U.S., or throw it out.

## ► TOOLS AND TRICKS

**► Virtual Tourist ( www.virtualtourist.com )**

The single largest source of unbiased, user-generated travel content in the world. More than 1,000,000 members contribute tips and warnings for more than 25,000 locations. Each location is covered in 13 separate categories, including Things to Do, Local Customs, Shopping, and Tourist Traps. This is one-stop shopping for most mini-retirements.

**► Escape Artist ( www.escapeartist.com )**

Interested in second passports, starting your own country, Swiss banking, and all the other things I wouldn't dare put in this book? This site is a fantastic resource. Drop me a note from the Caymans or jail, whichever comes first. Also search "How to Be Jason Bourne" at www.fourhourblog.com.

**► Outside Magazine Online Free Archives ( http://outside.away.com )**

The entire archive of *Outside* magazine available online for free. From meditation camps to worldwide adrenaline hotspots, dream jobs to Patagonia winter highlights, there are hundreds of articles with beautiful photos to give you the walkabout itch.

**► GridSkipper: The Urban Travel Guide ( www.gridskipper.com )**

For those who love *Blade Runner*-like settings and exploring the cool nooks and crannies of cities worldwide, this is the site. It is one of *Forbes's* Top 13 Travel sites and is "high-falootin' and low-brow all in the same breath" *(Frommer's)*. Translation: Much of the content is not G-rated. If four-letter words or a "world's sluttiest city" poll bother you, don't bother visiting this site (or Rio de Janeiro, for that matter). Otherwise, check out the hysterical writing and "$100 a day" info for cities worldwide.

**► Lonely Planet: The Thorn Tree ( http://thorntree.lonelyplanet.com )**

Discussion forum for global travelers with threads separated by region.

**► Family Travel Forum ( www.familytravelforum.com )**

A comprehensive forum on, you guessed it, family travel. Want to sell your kids for top dollar in the Eastern Bloc? Or save a few dollars and cremate Grannie in Thailand? Then this isn't the site. But if you have kids and are planning a big trip, this is the place.

► **U.S. Department of State Country Profiles (www.state.gov/r/pa/ei/bgn/)**

►**World Travel Watch (www.worldtravelwatch.com)**

Larry Habegger and James O'Reilly's weekly online report of global events and odd happenings relevant to travel safety, sorted by topic and geographic region. Concise and a must-see prior to finalizing plans.

► **U.S. Department of State Worldwide Travel Warnings (http://travel.state.gov)**

**Mini-Retirement Planning and Preparation—Fundamentals**

► **Round-the-World FAQ (includes travel insurance) ( www.perpetualtravel.com/rtw )**

This FAQ is a lifesaver. Originally written by Marc Brosius, it has been added to by newsgroup participants for years and now covers nuts and bolts from financial planning to return culture shock and all in between. How long can you afford to be away? Do you need travel insurance? Leave of absence or resignation? This is an around-the-world almanac.

► **Removing Clutter: 1–800-GOT-JUNK ( www.1800gotjunk.com ), Freecycle ( www.freecycle.org ), and Craigslist ( www.craigslist.org )**

I used Craigslist's "Free" category to get rid of four years of accumulated possessions in less than three hours on a Saturday evening. There were some for-sale items that I also cleared out at 30–40% of original retail. I then hauled off the last remaining items using the überfast 1–800-GOT-JUNK paid service. Freecycle is comparable to Craigslist for giving away, and getting, things for free when you're short on time. Get unattached and you'll make it a habit. I purge every 6–9 months, often including donations to Goodwill (www.goodwill.org), which can do pickups for free with advanced notice.

► **One-Bag: The Art and Science of Packing Light ( www.onebag.com )**

One of *PC* magazine's "Top 100 [Can't Live Without] Sites." Pack light and experience lightness of being.

► **U.S. Centers for Disease Control and Prevention (www.cdc.gov/travel)**

Recommended vaccinations and health planning for every nation in the world. Certain countries require proof of inoculations to pass through customs. Get the shots well ahead of time, as some take weeks to order.

► **Tax Planning (www.irs.gov/publications/p54/index.html)**

More good news. Even if you permanently relocate to another country, you will have to pay U.S. taxes as long as you have a U.S. passport! Not to fret—there are some creative legal sidesteps, such as form 2555-EZ, which can provide up to an $85,700 income exemption if you spend at least 330 days of a consecutive 365 days off U.S. soil. This means you have 35 days in a given 12-month period to spend in the U.S. as you like, but no more. That's part of the reason my 2004 trip extended to 15 months. Get a good accountant and let them do the detail work to keep yourself out of trouble.

► **U.S.-Sponsored Overseas Schools (www.state.gov/m/a/os)**

If the idea of pulling your children out of school for a year or two isn't appealing, stick them in one of more than 190 elementary and secondary schools sponsored by the U.S. Department of State in 135 countries. Kids love home work.

► **Homeschooling 101 and Quickstart Guide (http://bit.ly/homeschooling101)**

This subsection of http://homeschooling.about.com/provides a step-by-step process for considering homeschooling options that can be applied to education during extended travel. Children can often return to traditional public or private schools ahead of their classmates.

►***Home Education*** **Magazine (www.homeedmag.com)** Rich collection of resources for homeschoolers, traveling families, and unschoolers. Links include curriculum, virtual support groups, legal resources, and archives. Good reasons to learn the law: Some U.S. states offer up to $1,600 of funding per year for qualified homeschooling expenditures, as it saves the state money to not educate your child in the public school system.

► **Universal Currency Converter ( www.xe.com )**

Before you get caught up in the excitement and forget that five British pounds does not equal five U.S. dollars, use this to translate local costs into numbers you understand. Try not to have too many "Those coins are each worth four dollars?" moments.

► **Universal Plug Adapter ( www.franzus.com )**

Carrying bulky cables and connectors is irritating—get a Travel Smart all-in-one adapter with surge protection. The size of a pack of cards folded in half, it is the only adapter that I've used everywhere without problems. Note that it is an adapter (helps you plug things in), but it is *not a transformer*. If the foreign wall outlet has twice as much voltage as in the U.S., your gadgets will self-destruct. Yet another reason to purchase necessities abroad instead of taking them all with you.

► **World Electric Guide ( www.kropla.com )**

Figure out outlets, voltage, mobile phones, international dialing codes, and all sorts of things related to electric mismatching worldwide.

**Cheap and Round-the-World Airfare**

►**Orbitz (www.orbitz.com), Kayak (www.kayak.com)**, and **Sidestep (www.sidestep.com)**

Search 400+ airlines worldwide for each service. Orbitz is my starting point for pricing comparisons, after which I check both Kayak and Sidestep. Sidestep has proven most effective when searching for flights that start and end outside of the U.S.

► **TravelZoo Top 20 ( http://top20.travelzoo.com /)**

Moscow for $129 one-way? These last-minute weekly travel specials might be the push you need to pull the trigger.

► **Priceline ( www.priceline.com )**

Start bidding at 50% of the lowest Orbitz fare and move up in $50 increments.

► **CFares ( www.cfares.com )**

Consolidator fares with free and low-cost memberships. I found a round-trip ticket from California to Japan for $500.

► **1–800-FLY-EUROPE ( www.1800flyeurope.com )**

I used this to get the $300 roundtrip from JFK to London that left two hours later.

► **Discount Airlines for Flights within Europe ( www.ryanair.com , www.easyjet.com )**

**Free Worldwide Housing—Short Term**

► **Global Freeloaders ( www.globalfreeloaders.com )**

This online community brings people together to offer you free accommodation all over the world. Save

money and make new friends while seeing the world from a local's perspective.

► **The Couchsurfing Project ( www.couchsurfing.com )**

Similar to the above but tends to attract a younger, more party-hearty crowd.

► **Hospitality Club ( www.hospitalityclub.org )**

Meet locals worldwide who can provide free tours or housing through this well-run network of more than 200,000 members in 200+ countries.

**Free Worldwide Housing—Long Term**

►**Home Exchange International (www.homeexchange.com)** This is a home exchange listing and search service with more than 12,000 listings in more than 85 countries. E-mail directly owners of potential homes, put your own home/apartment on the site, and have unlimited access to view listings for one year for a small membership fee.

**Paid Housing—from Arrival to the Long Haul**

► **Otalo ( www.otalo.com )**

Otalo is a search engine for vacation rentals that searches across the Internet's many different vacation rentals sites and 200,000+ homes. Otalo is like a Kayak.com for vacation rentals. The site scours a variety of other rental search sites and aggregates the results in one easy-to-use search tool.

► **Hostels.com ( www.hostels.com )**

This site isn't just for youth hostels. I found a nice hotel in downtown Tokyo for $20 per night and have used this site for similar housing in eight countries. Think location and reviews (see HotelChatter next) instead of amenities. Four-star hotels are for binge travelers; this site can offer a real local flavor before you find an apartment or other longer-term housing.

► **HotelChatter ( www.hotelchatter.com )**

Get the real scoop on this daily web journal with detailed and honest reviews of housing worldwide. Updated several times daily, this site offers the stories of frustrated guests and those who have found hidden gems. Online booking is available.

► **Craigslist ( www.craigslist.org )**

Besides local weekly magazines with housing listings, such as *Bild* or *Zitty* (no joke) in Berlin, I have found Craigslist to be the single best starting point for long-term overseas furnished apartments. As of this writing, there are more than 50 countries represented. That said, prices will be 30–70% less in the local magazines—if you have a tight budget, get a hostel employee or other local to help you make a few calls and strike a deal. Ask the local helper not to mention you're a foreigner until pricing is agreed upon.

► **Interhome International ( www.interhome.com )**

Based in Zurich, more than 20,000 homes for rent in Europe.

► **Rentvillas.com ( www.rentvillas.com )**

Provides unique renting experiences—from cottages and farmhouses to castles—throughout Europe, including France, Italy, Greece, Spain, and Portugal.

**Computer Remote Access and Backup Tools**

► **GoToMyPC ( www.gotomypc.com )**

This software facilitates quick and easy remote access to your computer's files, programs, e-mail, and network. It can be used from any web browser or wireless device and works in real time. I have used GoToMyPC religiously for more than five years to access my U.S.-based computers from countries and islands worldwide. This gives me the freedom to leave all computers at home.

► **WebExPCNow ( http://pcnow.webex.com )**

WebEx, the leader in corporate remote access, now offers software that does most of what GoToMyPC offers, including cut and paste between remote computers, local printing from remote computers, file transfers, and more.

►**DropBox (www.getdropbox.com)** and **SugarSync (www.sugarsync.com);** then **JungleDisk (www.jungledisk.com)** and **Mozy (www.mozy.com)** Both DropBox and SugarSync perform backups and synching of files between multiple computers (home and travel computers, for example). JungleDisk and Mozy—I use the latter—have fewer features and are more specifically designed for automatic backups to their online storage.

**Free and Low-Cost Internet (IP) Telephones**

► **Skype ( www.skype.com )**

Skype is my default for all phone calls. It allows you to call landlines and mobile phones across the globe for an average of 2–5 cents per minute, or connect with other Skype users worldwide for free. For about 40 euros per year, you can get a U.S. number with your home area code and receive calls that forward to a foreign cell phone. This makes your travel invisible. Lounge on the beach in Rio and answer calls to your "office" in California. Nice. Skype Chat, which comes with the service, is also perfect for sharing sensitive log-in and password information with others, as it's encrypted.

►**Vonage (www.vonage.com)** and **Ooma (www.ooma.com)**

Vonage offers a small adapter for a monthly fee that connects your broadband modem to a normal phone. Take it on your travels and set it up in your apartment to receive calls to a U.S. number. Ooma has no monthly fees and doesn't require a landline, but it offers similar hardware you can connect to broadband for a local U.S. number anywhere in the world.

►**VoIPBuster (www.voipbuster.com)** and **RebTel (www.rebtel.com)**

Both VoIPBuster and RebTel can provide "alias" numbers. Enter a friend's overseas number on their sites, and both will give you a local number in your area code that will forward to your friend. VoIPBuster also acts as a cheaper Skype with free calls to more than 20 countries.

**International Multi-Band and GSM-Compatible Phones**

► **My World Phone ( www.myworldphone.com )**

I'm partial to Nokia phones. Ensure whichever phone you purchase is "unlocked"—that the SIM card can be swapped out in different countries with different providers.

► **World Electronics USA ( www.worldelectronicsusa.com )**

Good explanation of which GSM frequencies and "bands" function in which countries, which will determine which phone you purchase for travel (and perhaps home).

**Tools for Off-the-Beaten Path**

► **Satellite Phones ( www.satphonestore.com )**

If you will be in the mountains of Nepal or on a remote island and want the peace of mind (or headache) of having a phone nearby, these phones work via satellite instead of towers. Iridium has been

recommended for widest reception (pole to pole), with GlobalStar in second place (three continents). Rent or purchase.

► **Pocket-size Solar Panels ( www.solio.com )**

Satellite phones and other small electronics are of little use (skipping stones, perhaps?) if their batteries die. Solio is about the size of two packs of cards and fans out into small solar panels. I was surprised to find that it charged my cell phone in less than 15 minutes—more than twice as fast as a wall outlet. Adapters are available for almost anything.

**What to Do Once You Get There—Career Experiments and More**

►*Verge Magazine* **(see Restricted Reading appendix)**

► **Meet Up ( www.meetup.com )**

Search by city and activity to find people who share similar interests all over the world.

► **Become a Travel Writer ( www.writtenroad.com )**

Get paid to travel the world and record your thoughts? This is a dream job for millions. Get the inside scoop on the travel publishing world from veteran Jen Leo, author of *Sand in My Bra and Other Misadventures: Funny Women Write from the Road*. This blog was a *Frommer's Budget Travel* Top Choice and also features great practical articles about low-tech travel and going gadgetless.

► **Teach Engrish ( www.eslcafe.com )**

Dave's ESL Café is one of the oldest and most useful resources for teachers, would-be teachers, and learners of English. Features discussion boards and "teachers wanted" job postings worldwide.

► **Turn Your Brain into Play-Doh ( www.jiwire.com )**

Travel the world so you can instant message (IM) with your friends in the U.S. This site lists more than 150,000 hotspots where you can feed your information OCD. Be ashamed if this becomes your default activity. If you're bored, just remember—it's your fault. I've been there, so I'm not preaching. It happens to the best of us from time to time, but get more creative.

► **Test a New Career Part- or Full-Time: Working Overseas ( www.workingoverseas.com )**

This encyclopedia is an exhaustive menu of options for the globally minded, compiled and updated by

Jean-Marc Hachey, former international careers editor of *Transitions Abroad* magazine.

► **World Wide Opportunities on Organic Farms ( www.wwoof.com )**

Learn and then teach sustainable organic farming techniques in dozens of countries, including Turkey, New Zealand, Norway, and French Polynesia.

**Chat and E-mail in a Language You Don't Know**

► **Google Chat Bots (http://bit.ly/imbot)**

Use this to chat in real time using almost any language. Instant message (IM) directly from your Gmail e-mail account with anyone in the world.

►**Nice Translator (www.nicetranslator.com)** and **Free Translation (www.freetranslation.com)**

Translate text from English into a dozen languages and vice versa. Surprisingly accurate, though the lost-in-translation 10–20% can get you in trouble. Nice Translator is faster and can be used on the iPhone.

**Become Fluent in Record Time**

***Language Addicts and Accelerated Learning***

For all things language related, from detailed how-to articles (how to reactivate forgotten languages, memorize 1,000 words per week, master tones, etc.) to mnemonics and the best electronic shortcuts, click on "language" at www.fourhourblog.com. Learning languages is an addiction of mine and a skill I have taken apart and reassembled to be faster. It is possible to become conversationally fluent in any language in 3–6 months.

***Find Language Exchange Partners and Materials***

► **LiveMocha ( www.livemocha.com ),**

EduFire (www.edufire.com), and

Smart.fm (http://smart.fm/)

I particularly like their BrainSpeed learning game.

► **About.com ( www.about.com )**

Some of the more popular languages have excellent tutorials on About.com:

**http://italian.about.com**

**http://spanish.about.com**
**http://german.about.com**
**http://french.about.com**

68. The dollar figures in this chapter are all from a period immediately following President Bush's reelection in 2004, which correlated to the worst dollar exchange rates of the last 20 years.

69. I refer, of course, to the amazing bike-riding opportunities and famous pastries.

70. Coined by Joel Stein of the *LA Times*.

71. By all means, go ahead and take a post-office celebratory trip and go nuts for a few weeks. I know I did. Rock on. Ibiza and glow sticks here I come. Have some absinthe and drink lots of water. Following that, sit down and plan an introspective mini-retirement.

72. Muses are low maintenance but often expensive in one or both of two tactical areas: manufacturing and advertising. Shop for providers of both that are willing to accept credit cards as payment, and negotiate this up front if necessary by saying, "Rather than trying to negotiate you down on pricing, I just ask that you accept payment by credit card. If you can do that, we'll choose you over Competitor X." This is yet another example of a "firm offer," and not a question, that puts you in a stronger negotiating position. For a detailed explanation of how I multiply points for travel using concepts like "piggybacking" and "recycling," search for both terms on www.fourhourblog.com.

73. To see a video of how I pack to travel the world with less than 10 pounds, click on "travel" at www.fourhourblog.com.

74. Founder of www.nileproject.com.

75. http://www.usc.edu/hsc/dental/opfs/SC/indexSC.html.

76. Brazilian shantytowns. See the movie *City of God (Cidade de Deus)* to get a taste of how fun these are.

77. This is a serious step and should not be taken with those you do not trust. In this case, it helps because your accountant can then sign tax documents or checks in your name instead of consuming hours and days of your time with faxes, scanners, and expensive international FedEx'ing of documents.

78. There are also services like www.earthclassmail.com, which will receive, scan, and e-mail all of your non-junk mail to you as PDFs.

79. This would be used if you leave your computer at home or in someone else's home while traveling. This step can be skipped if you bring your computer, but that is like a recovering heroin addict bringing a bag of opium to rehab. Don't tempt yourself to kill time instead of rediscovering it.

80. "Unlocked" means that it is recharged with prepaid cards instead of being on a monthly payment plan with a single carrier such as O2 or Vodafone. This also means that the same phone can be used with carriers in other countries (assuming the frequency is the same) with a simple switch of the SIM memory card for $10–30 U.S. in most cases. Some U.S.-compatible quad-band phones can use SIM cards.

# 15
# Filling the Void

To be engrossed by something outside ourselves is a powerful antidote for the rational mind, the mind that so frequently has its head up its own ass.

—ANNE LAMOTT, *Bird by Bird*

There is not enough time to do all the nothing we want to do.

—BILL WATTERSON, creator of the Calvin and Hobbes cartoon strip

**KING'S CROSS , LONDON**

I stumbled into the deli across the cobblestone street and ordered a prosciutto sandwich. It was 10:33 A.M. now, the fifth time I'd checked the time, and the twentieth time I'd asked myself, "What the &%$# am I going to do today?"

The best answer I had come up with so far was: get a sandwich.

Thirty minutes earlier, I had woken up without an alarm clock for the first time in four years, fresh off arriving from JFK the night before. I had soooo been looking forward to it: awakening to musical birdsong outside, sitting up in bed with a smile, smelling the aroma of freshly brewed coffee, and stretching out overhead like a cat in the shade of a Spanish villa. Magnificent. It turned out more like this: bolt upright as if blasted with a foghorn, grab clock, curse, jump out of bed in underwear to check e-mail, remember that I was forbidden to do so, curse again, look for my host and former classmate, realize that he was off to work like the rest of the world, and proceed to have a panic attack.

I spent the rest of the day in a haze, wandering from museum to botanical garden to museum as if on rinse and repeat, avoiding Internet cafés with some vague sense of guilt. I needed a to-do list to feel productive and so put down things like "eat dinner."

This was going to be a lot harder than I had thought.

## Postpartum Depression: It's Normal

Man is so made that he can only find relaxation from one kind of labor by taking up another.

—ANATOLE FRANCE, author of *The Crime of Sylvestre Bonnard*

### I've Got More Money and Time Than I Ever Dreamed Possible … Why Am I Depressed?

It's a good question with a good answer. Just be glad you're figuring this out now and not at the end of life! The retired and ultrarich are often unfulfilled and neurotic for the same reason: too much idle time.

But wait a second … Isn't more time what we're after? Isn't that what this book is all about? No, not at all. Too much free time is no more than fertilizer for self-doubt and assorted mental tail-chasing. Subtracting the bad does not create the good. It leaves a vacuum. Decreasing income-driven work isn't

the end goal. Living more—and becoming more—is.

In the beginning, the external fantasies will be enough, and there is nothing wrong with this. I cannot overemphasize the importance of this period. Go nuts and live your dreams. This is not superficial or selfish. It is critical to stop repressing yourself and get out of the postponement habit.

Let's suppose you decide to dip your toe in dreams like relocating to the Caribbean for island-hopping or taking a safari in the Serengeti. It will be wonderful and unforgettable, and you should do it. There will come a time, however—be it three weeks or three years later—when you won't be able to drink another piña colada or photograph another damn red-assed baboon. Self-criticism and existential panic attacks start around this time.

**But This Is What I Always Wanted! How Can I Be Bored?!**

Don't freak out and fuel the fire. This is normal among all high-performers who downshift after working hard for a long time. The smarter and more goal-oriented you are, the tougher these growing pains will be. Learning to replace the perception of time famine with appreciation of time abundance is like going from triple espressos to decaf.

But there's more! Retirees get depressed for a second reason, and you will too: social isolation.

Offices are good for some things: free bad coffee and complaining thereof, gossip and commiserating, stupid video clips via e-mail with even stupider comments, and meetings that accomplish nothing but kill a few hours with a few laughs. The job itself might be a dead end, but it's the web of human interactions —the social environment—that keeps us there. Once liberated, this automatic tribal unit disappears, which makes the voices in your head louder.

Don't be afraid of the existential or social challenges. Freedom is like a new sport. In the beginning, the sheer newness of it is exciting enough to keep things interesting at all times. Once you have learned the basics, though, it becomes clear that to be even a half-decent player requires some serious practice.

Don't fret. The greatest rewards are to come, and you're 10 feet from the finish line.

## Frustrations and Doubts: You're Not Alone

> People say that what we are seeking is a meaning for life. I don't think this is what we're really seeking. I think what we're seeking is an experience of being alive.
>
> —JOSEPH CAMPBELL, *The Power of Myth*

Once you eliminate the 9–5 and the rubber hits the road, it's not all roses and white-sand bliss, though much of it can be. Without the distraction of deadlines and co-workers, the big questions (such as "What does it all mean?") become harder to fend off for a later time. In a sea of infinite options, decisions also become harder—What the hell should I do with my life? It's like senior year in college all over again.

Like all innovators ahead of the curve, you will have frightening moments of doubt. Once past the kid-in-a-candy-store phase, the comparative impulse will creep in. The rest of the world will continue with its 9–5 grind, and you'll begin to question your decision to step off the treadmill. Common doubts and self-flagellation include the following:

1. Am I really doing this to be more free and lead a better life, or am I just lazy?

2. Did I quit the rat race because it's bad, or just because I couldn't hack it? Did I just cop out?
3. Is this as good as it gets? Perhaps I was better off when I was following orders and ignorant of the possibilities. It was easier at least.
4. Am I really successful or just kidding myself?
5. Have I lowered my standards to make myself a winner? Are my friends, who are now making twice as much as three years ago, really on the right track?
6. Why am I not happy? I can do anything and I'm still not happy. Do I even deserve it?

Most of this can be overcome as soon as we recognize it for what it is: outdated comparisons using the more-is-better and money-as-success mind-sets that got us into trouble to begin with. Even so, there is a more profound observation to be made.

These doubts invade the mind when nothing else fills it. Think of a time when you felt 100% alive and undistracted—in the zone. Chances are that it was when you were completely focused in the moment on something external: someone or something else. Sports and sex are two great examples. Lacking an external focus, the mind turns inward on itself and creates problems to solve, even if the problems are undefined or unimportant. If you find a focus, an ambitious goal that seems impossible and forces you to grow,[81] these doubts disappear.

In the process of searching for a new focus, it is almost inevitable that the "big" questions will creep in. There is pressure from pseudo-philosophers everywhere to cast aside the impertinent and answer the eternal. Two popular examples are "What is the meaning of life?" and "What is the point of it all?"

There are many more, ranging from the introspective to the ontological, but I have one answer for almost all of them—I don't answer them at all.

I'm no nihilist. In fact, I've spent more than a decade investigating the mind and concept of meaning, a quest that has taken me from the neuroscience laboratories of top universities to the halls of religious institutions worldwide. The conclusion after it all is surprising.

I am 100% convinced that most big questions we feel compelled to face—handed down through centuries of overthinking and mistranslation—use terms so undefined as to make attempting to answer them a complete waste of time.[82] This isn't depressing. It's liberating.

Consider the question of questions: What is the meaning of life?

If pressed, I have but one response: It is the characteristic state or condition of a living organism. "But that's just a definition," the questioner will retort, "that's not what I mean at all." What do you mean, then? Until the question is clear—each term in it defined—there is no point in answering it. The "meaning" of "life" question is unanswerable without further elaboration.

Before spending time on a stress-inducing question, big or otherwise, ensure that the answer is "yes" to the following two questions:

1. Have I decided on a single meaning for each term in this question?
2. Can an answer to this question be acted upon to improve things?

"What is the meaning of life?" fails the first and thus the second. Questions about things beyond your sphere of influence like "What if the train is late tomorrow?" fail the second and should thus be ignored. These are not worthwhile questions. **If you can't define it or act upon it, forget it**. If you take just this point from this book, it will put you in the top 1% of performers in the world and keep most philosophical distress out of your life.

Sharpening your logical and practical mental toolbox is *not* being an atheist or unspiritual. It's not being crass and it's not being superficial. It's being smart and putting your effort where it can make the

biggest difference for yourself and others.

## The Point of It All: Drumroll, Please

> What man actually needs is not a tensionless state but rather the striving and struggling for a worthwhile goal, a freely chosen task.
>
> —VIKTOR E. FRANKL, Holocaust survivor; author of *Man's Search for Meaning*

I believe that life exists to be enjoyed and that the most important thing is to feel good about yourself.

Each person will have his or her own vehicles for both, and those vehicles will change over time. For some, the answer will be working with orphans, and for others, it will be composing music. I have a personal answer to both—to love, be loved, and never stop learning—but I don't expect that to be universal.

Some criticize a focus on self-love and enjoyment as selfish or hedonistic, but it's neither. Enjoying life and helping others—or feeling good about yourself and increasing the greater good—are no more mutually exclusive than being agnostic and leading a moral life. One does not preclude the other. Let's assume we agree on this. It still leaves the question, "What can I do with my time to enjoy life and feel good about myself?"

I can't offer a single answer that will fit all people, but, based on the dozens of fulfilled **NR** I've interviewed, there are two components that are fundamental: continual learning and service.

## Learning Unlimited: Sharpening the Saw

> Americans who travel abroad for the first time are often shocked to discover that, despite all the progress that has been made in the last 30 years, many foreign people still speak in foreign languages.
>
> —DAVE BARRY

To live is to learn. I see no other option. This is why I've felt compelled to quit or be fired from jobs within the first six months or so. The learning curve flattens out and I get bored.

Though you can upgrade your brain domestically, traveling and relocating provides unique conditions that make progress much faster. The different surroundings act as a counterpoint and mirror for your own prejudices, making weaknesses that much easier to fix. I rarely travel somewhere without deciding first how I'll obsess on a specific skill. Here are a few examples:

- **Connemara, Ireland:** Gaelic Irish, Irish flute, and hurling, the fastest field sport in the world (imagine a mix of lacrosse and rugby played with axe handles)

- ► **Rio de Janeiro, Brazil:** Brazilian Portuguese and Brazilian jujitsu

- ► **Berlin, Germany:** German and locking (a form of upright break-dancing)

I tend to focus on language acquisition and one kinesthetic skill, sometimes finding the latter after landing overseas. The most successful serial vagabonds tend to blend the mental and the physical. Notice that I often transport a skill I practice domestically—martial arts—to other countries where they are also practiced. Instant social life and camaraderie. It need not be a competitive sport—it could be hiking, chess, or almost anything that keeps your nose out of a textbook and you out of your apartment. Sports just happen to be excellent for avoiding foreign-language stage fright and developing lasting friendships while still sounding like Tarzan.

Language learning deserves special mention. It is, bar none, the best thing you can do to hone clear thinking.

Quite aside from the fact that it is impossible to understand a culture without understanding its language, acquiring a new language makes you aware of your own language: your own thoughts. The benefits of becoming fluent in a foreign tongue are as underestimated as the difficulty is overestimated. Thousands of theoretical linguists will disagree, but I *know* from research and personal experimentation with more than a dozen languages that (1) adults can learn languages much faster than children[83] when constant 9–5 work is removed and that (2) it is possible to become conversationally fluent in any language in six months or less. At four hours per day, six months can be whittled down to less than three months. It is beyond the scope of this book to explain applied linguistics and the 80/20 of language learning, but resources and complete how-to guides can be found under "language" at www.fourhourblog.com. I learned six languages after failing Spanish in high school, and you can do the same with the right tools.

Gain a language and you gain a second lens through which to question and understand the world. Cursing at people when you go home is fun, too.

Don't miss the chance to double your life experience.

## Service for the Right Reasons: To Save the Whales, or Kill Them and Feed the Children?

Morality is simply the attitude we adopt toward people we personally dislike.

—OSCAR WILDE

One would expect me to mention service in this chapter, and here it is. Like all before it, the twist is a bit different. Service to me is simple: doing something that improves life besides your own. This is not the same as philanthropy. Philanthropy is the altruistic concern for the well-being of mankind—human life. Human life has long been focused on the exclusion of the environment and the rest of the food chain, hence our current race to imminent extinction. Serves us right. The world does not exist solely for the betterment and multiplication of mankind.

Before I start chaining myself to trees and saving the dart frogs, though, I should take my own advice: Do not become a cause snob.

How can you help starving children in Africa when there are starving children in Los Angeles? How can you save the whales when homeless people are freezing to death? How does doing volunteer research on coral destruction help those people who need help now?

Children, please. Everything out there needs help, so don't get baited into "my cause can beat up your cause" arguments with no right answer. There are no qualitative or quantitative comparisons that make sense. The truth is this: Those thousands of lives you save could contribute to a famine that kills millions, or that one bush in Bolivia that you protect could hold the cure for cancer. The downstream effects are unknown. Do your best and hope for the best. If you're improving the world—however you define that—consider your job well done.

Service isn't limited to saving lives or the environment either. It can also improve life. If you are a musician and put a smile on the faces of thousands or millions, I view that as service. If you are a mentor and change the life of one child for the better, the world has been improved. Improving the quality of life in the world is in no fashion inferior to adding more lives.

Service is an attitude.

Find the cause or vehicle that interests you most and make no apologies.

## ► Q&A: QUESTIONS AND ACTIONS

> Adults are always asking kids what they want to be when they grow up because they are looking for ideas.
>
> —PAULA POUNDSTONE

> The miracle is not to walk on water. The miracle is to walk on the green earth, dwelling deeply in the present moment and feeling truly alive.
>
> —THICH NHAT HANH

But I can't just travel, learn languages, or fight for one cause for the rest of my life! Of course you can't. That's not my suggestion at all. These are just good "life hubs"—starting points that lead to opportunities and experiences that otherwise wouldn't be found.

There is no right answer to the question "What should I do with my life?" Forget "should" altogether. The next step—and that's all it is—is pursuing something, it matters little what, that seems fun or rewarding. Don't be in a rush to jump into a full-time long-term commitment. Take time to find something that calls to you, not just the first acceptable form of surrogate work. That calling will, in turn, lead you to something else.

Here is a good sequence for getting started that dozens of **NR** have used with success.

1. **Revisit ground zero: Do nothing**.

Before we can escape the goblins of the mind, we need to face them. Principal among them is speed addiction. It is hard to recalibrate your internal clock without taking a break from constant overstimulation. Travel and the impulse to see a million things can exacerbate this.

Slowing down doesn't mean accomplishing less; it means cutting out counterproductive distractions and the *perception* of being rushed. Consider attending a short silence retreat of 3–7 days during which

all media and speaking is prohibited.

Learn to turn down the static of the mind so you can appreciate more before doing more:

► **The Art of Living Foundation (Course II)—International—( www.artofliving.org )**

► **Spirit Rock Meditation Center in California ( http://www.spiritrock.org )**

► **Kripalu Center for Yoga and Health in Massachusetts ( http://www.kripalu.org )**

► **Sky Lake Lodge in New York ( http://www.sky-lake.org )**

2. **Make an anonymous donation to the service organization of your choice**.
This helps to get the juices flowing and disassociate feeling good about service with getting credit for it. It feels even better when it's pure. Here are some good sites to get started:

►**Charity Navigator (www.charitynavigator.org)**
This independent service ranks more than 5,000 charities using criteria you select. Create a personalized page of favorites and compare them side by side, all free of charge.

►**Firstgiving (www.firstgiving.com)**
Firstgiving.com allows you to create an online fund-raising page. Donations can be made through your personal URL. I have used Firstgiving in coordination with a nonprofit called Room to Read to build schools in both Nepal and Vietnam, with more countries pending: www.firstgiving.com/timferriss and www.firstgiving.com/timferriss2. If you specifically want to help animals, for example, you can click on a related link and access websites for hundreds of different animal charities, and then decide which one you want to donate to. The UK version of the website is http://www.justgiving.com.

►**Network for Good (www.networkforgood.org)**
Visitors to this website will find links to charities in need of donations as well as opportunities to do volunteer work. They can also set up an automated credit card donation online.

3. **Take a learning mini-retirement in combination with local volunteering**.
Take a mini-retirement—six months or more if possible—to focus on learning and serving. The longer duration will permit a language focus, which in turn enables more meaningful interaction and contribution through volunteering.

For the duration of this trip, note self-criticisms and negative self-talk in a journal. Whenever upset or anxious, ask "why" at least three times and put the answers down on paper. Describing these doubts in writing reduces their impact twofold. First, it's often the ambiguous nature of self-doubt that hurts most. Defining and exploring it in writing—just as with forcing colleagues to e-mail—demands clarity of thought, after which most concerns are found to be baseless. Second, recording these concerns seems to somehow remove them from your head.

But where to go and what to do? There is no one right answer to either. Use the following questions and resources to brainstorm:

What makes you most angry about the state of the world?

What are you most afraid of for the next generation, whether you have children or not?

What makes you happiest in your life? How can you help others have the same?

There is no need to limit yourself to one location. Remember Robin, who traveled through South America for a year with her husband and seven-year-old son? The three of them spent one to two months doing volunteer work in each location, including building wheelchairs in Banos, Ecuador, rehabilitating exotic animals in the Bolivian rain forest, and shepherding leather-back sea turtles in Suriname.

How about doing archaeological excavation in Jordan or tsunami relief on the islands of Thailand? These are just two of the dozens of foreign relocation and volunteering case studies in each issue of *Verge Magazine* (www.vergemagazine.com). Reader-tested resources include:

Hands on Disaster Response: www.hodr.org

Project Hope: www.projecthope.org

Relief International: www.ri.org

International Relief Teams: www.irteams.org

Airline Ambassadors International: www.airlineamb.org

Ambassadors for Children:

www.ambassadorsforchildren.org

Relief Riders International:

www.reliefridersinternational.com

Habitat for Humanity Global Village Program:

www.habitat.org

Planeta: Global Listings for Practical Ecotourism:

www.planeta.com

4. **Revisit and reset dreamlines**.
Following the mini-retirement, revisit the dreamlines set in **Definition** and reset them as needed. The following questions will help:

What are you good at?

What could you be the best at?

What makes you happy?

What excites you?

What makes you feel accomplished and good about yourself?

What are you most proud of having accomplished in your life? Can you repeat this or further develop it?

What do you enjoy sharing or experiencing with other people?

5. **Based on the outcomes of steps 1–4, consider testing new part- or full-time vocations**. Full-time work isn't bad if it's what you'd rather be doing. This is where we distinguish "work" from a "vocation."

If you have created a muse or cut your hours down to next to nothing, consider testing a part-time or full-time vocation: a true calling or dream occupation. This is what I did with this book. I can now tell people I'm a writer rather than giving them the two-hour drug dealer explanation. What did you dream of being when you were a kid? Perhaps it's time to sign up for Space Camp or intern as an assistant to a marine biologist.

Recapturing the excitement of childhood isn't impossible. In fact, it's required. There are no more chains—or excuses—to hold you back.

81. Abraham Maslow, the American psychologist famous for proposing "Mas-low's Hierarchy of Needs," would term this goal a "peak experience."

82. There is a place for koans and rhetorical meditative questions, but these tools are optional and outside the scope of this book. Most questions without answers are just poorly worded.

83. Ellen Bialystok and Kenji Hakuta, *In Other Words: The Science and Psychology of Second-Language Acquisition* (Basic Books, 1995).

16

# The Top 13 New Rich Mistakes

> If you don't make mistakes, you're not working on hard enough problems. And that's a big mistake.
>
> —FRANK WILCZEK, 2004 Nobel Prize winner in physics

> Ho imparato che niente e impossibile, e anche che quasi niente e facile … (I've learned that nothing is impossible, and that almost nothing is easy …)
>
> —ARTICOLO 31 (Italian rap group), "Un Urlo"

Mistake are the name of the game in lifestyle design. It requires fighting impulse after impulse from the old world of retirement-based life deferral. Here are the slipups you will make. Don't get frustrated. It's all part of the process.

1. **Losing sight of dreams and falling into work for work's sake (W4W)** Please reread the introduction and next chapter of this book whenever you feel yourself falling into this trap. Everyone does it, but many get stuck and never get out.

2. **Micromanaging and e-mailing to fill time** Set the responsibilities, problem scenarios and rules, and limits of autonomous decision-making—then stop, for the sanity of everyone involved.

3. **Handling problems your outsourcers or co-workers can handle**

4. **Helping outsourcers or co-workers with the same problem more than once, or with noncrisis problems** Give them if-then rules for solving all but the largest problems. Give them the freedom to act without your input, set the limits in writing, and then emphasize in writing that you will not respond to help with problems that are covered by these rules. In my particular case, all outsourcers have at their discretion the ability to fix any problem that will cost less than $400. At the end of each month or quarter, depending on the outsourcer, I review how their decisions have affected profit and adjust the rules accordingly, often adding new rules based on their good decisions and creative solutions.

5. **Chasing customers, particularly unqualified or international prospects, when you have sufficient cash flow to finance your nonfinancial pursuits**

6. **Answering e-mail that will not result in a sale or that can be answered by a FAQ or auto-responder** For a good example of an auto-responder that directs people to the appropriate information and outsourcers, e-mailinfo@fourhourworkweek.com.

7. **Working where you live, sleep, or should relax** Separate your environments—designate a single space for work and solely work—or you will never be able to escape it.[84]

8. **Not performing a thorough 80/20 analysis every two to four weeks for your business and personal life**

9. **Striving for endless perfection rather than great or simply good enough, whether in your personal or professional life** Recognize that this is often just another W4W excuse. Most endeavors are like learning to speak a foreign language: to be correct 95% of the time requires six months of concentrated effort, whereas to be correct 98% of the time requires 20–30 years. Focus on great for a few things and good enough for the rest. Perfection is a good ideal and direction to have, but recognize it for what it is: an impossible destination.

10. **Blowing minutiae and small problems out of proportion as an excuse to work**

11. **Making non-time-sensitive issues urgent in order to justify work** How many times do I have to say it? Focus on life outside of your bank accounts, as scary as that void can be in the initial stages. If you cannot find meaning in your life, it is your responsibility as a human being to create it, whether that is fulfilling dreams or finding work that gives you purpose and self-worth—ideally a combination of both.

12. **Viewing one product, job, or project as the end-all and be-all of your existence** Life is too short to waste, but it is also too long to be a pessimist or nihilist. Whatever you're doing now is just a stepping-stone to the next project or adventure. Any rut you get into is one you can get yourself out of. Doubts are no more than a signal for action of some type. When in doubt or overwhelmed, take a break and 80/20 both business and personal activities and relationships.

13. **Ignoring the social rewards of life** Surround yourself with smiling, positive people who have absolutely nothing to do with work. Create your muses alone if you must, but do not live your life alone. Happiness shared in the form of friendships and love is happiness multiplied.

84. To avoid the living room and coffee shop as offices, consider using a social "co-working" space on occasion: http://coworking.pbwiki.com.

# The Last Chapter

# ► AN E-MAIL YOU NEED TO READ

There is nothing the busy man is less busied with than living; there is nothing harder to learn.

—SENECA

For the past 33 years, I have looked in the mirror every morning and asked myself: "If today were the last day of my life, would I want to do what I am about to do today?" And whenever the answer has been "No" for too many days in a row, I know I need to change something … almost everything—all external expectations, all pride, all fear of embarrassment or failure—these things just fall away in the face of death, leaving only what is truly important. Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose.

—STEVE JOBS, college dropout and CEO of Apple Computer, Stanford University Commencement, 2005[85]

If you're confused about life, you're not alone. There are almost seven billion of us. This isn't a problem, of course, once you realize that life is neither a problem to be solved nor a game to be won.

If you are too intent on making the pieces of a nonexistent puzzle fit, you miss out on all the real fun. The heaviness of success-chasing can be replaced with a serendipitous lightness when you recognize that the only rules and limits are those we set for ourselves.

So be bold and don't worry about what people think. They don't do it that often anyway.

Two years ago, I was forwarded the following poem—originally written by child psychologist David L. Weatherford—by a close friend. He quit his own deferred-life plan after reading it, and I hope you will do the same. Here it is.

**SLOW DANCE**

*Have you ever watched kids*
*On a merry-go-round?*

*Or listened to the rain*
*Slapping on the ground?*

*Ever followed a butterfly's erratic flight?*
*Or gazed at the sun into the fading night?*

*You better slow down.*
*Don't dance so fast.*

*Time is short.*
*The music won't last.*

*Do you run through each day*
*On the fly?*

*When you ask: How are you?*
*Do you hear the reply?*

*When the day is done,*
*do you lie in your bed*

*With the next hundred chores*
*Running through your head?*

*You'd better slow down.*
*Don't dance so fast.*

*Time is short.*
*The music won't last.*

*Ever told your child,*
*We'll do it tomorrow?*

*And in your haste,*
*Not see his sorrow?*

*Ever lost touch,*
*Let a good friendship die*

*Cause you never had time*
*To call and say, "Hi"?*

*You'd better slow down.*
*Don't dance so fast.*

*Time is short.*
*The music won't last.*

*When you run so fast to get somewhere*
*You miss half the fun of getting there.*

*When you worry and hurry through your day,*
*It is like an unopened gift thrown away.*

*Life is not a race.*
*Do take it slower.*

*Hear the music*
*Before the song is over.*

85. http://news-service.stanford.edu/news/2005/june15/jobs-061505.html.

# Last but Not Least

## ► THE BEST OF THE BLOG

## The Art of Letting Bad Things Happen

**[AFTER 3 WEEKS OFF OF THE BLOG]**

Long time no see! I just landed back in California from a long overdue mini-retirement through London, Scotland, Sardinia, the Slovak Republic, Austria, Amsterdam, and Japan. Some unpleasant surprises awaited me when I checked in on the evil e-mail inbox. Why? I let them happen.

I always do.

Here are just a few of the goodies that awaited me this time:

- ► One of our fulfillment companies had been shut down due to the CEO's death, causing a 20%+ loss in monthly orders and requiring an emergency shift of all web design and order processing
- ► Missed radio and magazine appearances and upset would-be interviewers
- ► More than a dozen lost joint-venture partnership opportunities

It's not that I go out of my way to irritate people—not at all—but I recognize one critical fact: Oftentimes, in order to do the big things, you have to let the small bad things happen. This is a skill we want to cultivate.

What did I get in exchange for temporarily putting on blinders and taking a few glancing blows?

- ► I followed the Rugby World Cup in Europe and watched the New Zealand All Blacks live, a dream I've had for the last five years.

- ► I shot every gun I've ever dreamed of firing since brainwashing myself with *Commando* . Bless the Slovak Republic and their paramilitaries.

- ► I filmed a television series pilot in Japan, a lifelong dream and the most fun I've had in months, if not years.

- ► I met with my Japanese publisher, Seishisha, and had media interviews in Tokyo, where the 4HWW is now #1 in several of the largest chains.

- ► I took a complete 10-day media fast and felt like I'd had a two-year vacation from computers.

- ► I attended the Tokyo International Film Festival and hung out with one of my heroes, the producer of the *Planet Earth* television series.

Once you realize that you can turn off the noise without the world ending, you're liberated in a way that few people ever know.

Just remember: If you don't have attention, you don't have time. Did I have time to check e-mail and voicemail? Sure. It might take 10 minutes. Did I have the attention to risk fishing for crises in those 10 minutes? Not at all.

As tempting as it is to "just check e-mail for one minute," I didn't do it. I know from experience that any problem found in the inbox will linger in the brain for hours or days after you shut down the computer, rendering "free time" useless with preoccupation. It's the worst of states, where you experience neither relaxation nor productivity. Be focused on work or focused on something else, never in-between.

Time without attention is worthless, so value attention over time.

Here are a few questions that can help you pop on the productivity blinders and put things in perspective. Even when you're not traveling the world, develop the habit of letting small bad things happen. If you don't, you'll never find time for the life-changing big things, whether important tasks or true peak experiences. If you do force the time but puncture it with distractions, you won't have the attention to appreciate it.

- ► What is the one goal, if completed, that could change everything?

- ► What is the most urgent thing right now that you feel you "must"

or "should" do?

- ► Can you let the urgent "fail"—even for a day—to get to the next milestone for your potential life-changing tasks?

- ► What's been on your to-do list the longest? Start it first thing in the morning and don't allow interruptions or lunch until you finish.

Will "bad" things happen? Small problems will crop up, yes. A few people will complain and quickly get over it. BUT, the bigger picture items you complete will let you see these for what they are—minutiae and repairable hiccups.

Make this trade a habit. Let the small bad things happen and make the big good things happen. —
***OCTOBER 25, 2007***

## Things I've Loved and Learned in 2008

2008 was one of the most exciting years of my life. I did more dealmaking and met more people than in the last five years combined. This produced many surprise insights about business and human nature, especially as I uncovered dozens of my own false assumptions.

Here are some of the things I learned and loved in 2008.

**Favorite reads of 2008: *Zorba the Greek* and *Seneca: Letters from a Stoic*.** These are two of the most readable books of practical philosophies I've ever had the fortune to encounter. If you have to choose one, get *Zorba*, but *Lucius Seneca* will take you further. Both are fast reads of 2–3 evenings.

**Don't accept large or costly favors from strangers.** This karmic debt will come back to haunt you. If you can't pass it up, immediately return to karmic neutrality with a gift of your choosing. Repay it before they set the terms for you. Exceptions: über-successful mentors who are making introductions and not laboring on your behalf.

**You don't have to recoup losses the same way you lose them.** I own a home in San Jose but moved almost 12 months ago. It's been empty since, and I'm paying a large mortgage each month. The best part? I don't care. But this wasn't always the case. For many months, I felt demoralized as others pressured me to rent it, emphasizing how I was just flushing money away otherwise. Then I realized: You don't have to make money back the same way you lose it. If you lose $1,000 at the blackjack table, should you try and recoup it there? Of course not. I don't want to deal with renters, even with a property management company. The solution: Leave the house alone, use it on occasion, and just create incoming revenue elsewhere that would cover the cost of the mortgage through consulting, publishing, etc.

**One of the most universal causes of self-doubt and depression: trying to impress people you don't like.** Stressing to impress is fine, but do it for the right people—those you want to emulate.

**Slow meals = life**. From Daniel Gilbert of Harvard to Martin Seligman of Princeton, the "happiness" (self-reported well-being) researchers seem to agree on one thing: Mealtime with friends and loved ones is a direct predictor of well-being. Have at least one 2-to-3-hour dinner and/or drinks per week—yes, 2–3 hours—with those who make you smile and feel good. I find the afterglow effect to be greatest and longest with groups of five or more. Two times that are conducive to this: Thursday dinners or after-dinner drinks and Sunday brunches.

**Adversity doesn't build character; it reveals it**.

**Related: Money doesn't change you; it reveals who you are when you no longer have to be nice**.

**It doesn't matter how many people don't get it. What matters is how many people do**. If you have a strong informed opinion, don't keep it to yourself. Try to help people and make the world a better place. If you strive to do anything remotely interesting, just expect a small percentage of the population to always find a way to take it personally. F*ck 'em. There are no statues erected to critics.

Related: **You're never as bad as they say you are**. My agent used to send me every blog or media hit for *The 4-Hour Workweek*. Eight weeks after publication, I asked him to only forward me positive mentions in major media or factual inaccuracies I needed to respond to. An important correlate: You're never as good as they say you are, either. It's not helpful to get a big head or get depressed. The former makes you careless and the latter makes you lethargic. I wanted to have untainted optimism but remain hungry. Speaking of hungry …

**Eat a high-protein breakfast within 30 minutes of waking and go for a 10-to-20-minute walk outside afterward, ideally bouncing a handball or tennis ball**. This one habit is better than a handful of Prozac in the morning. (Suggested reading: The 3-Minute Slow-Carb Breakfast, How to "Peel" Hardboiled Eggs Without Peeling on www.fourhourblog.com.) **I dislike losing money about 50x more than I like making it**. Why 50X? Logging time as an experiment, I concluded that I often spend at least 50 **x** more time to prevent a hypothetical unit of $100 from being lost vs. earned. The hysterical part is that, even after becoming aware of this bias, it's hard to prevent the latter response. Therefore, I manipulate the environmental causes of poor responses instead of depending on error-prone self-discipline.

**I should not invest in public stocks where I cannot influence outcomes**. Once realizing that almost no one can predict risk tolerance and response to losses, I moved all of my investments into fixed-income and cashlike instruments in July 2008 for this reason, setting aside 10% of pretax income for angel investments where I can contribute significant UI/design, PR, and corporate partnership help. (Suggested reading: Rethinking Investing—Part 1, Rethinking Investing—Part 2 on www.fourhourblog.com.)

**A good question to revisit whenever overwhelmed: Are you having a breakdown or a breakthrough?**

**Rehearse poverty regularly—restrict even moderate expenses for 1–2 weeks and give away 20%+ of minimally used clothing**—so you can think big and take "risks" without fear (Seneca).

A mindset of scarcity (which breeds jealousy and unethical behavior) is due to a disdain for those things easily obtained (Seneca).

**A small cup of black Kenyan AA coffee with cinnamon on top, no milk or sweeteners**.

**It's usually better to keep old resolutions than to make new ones**.

To bring in a wonderful 2009, I'd like to quote an e-mail I received from a mentor of more than a decade:

While many are wringing their hands, I recall the 1970s when we were suffering from an oil shock causing long lines at gas stations, rationing, and 55 MPH speed limits on federal highways, a recession, very little venture capital ($50 million per year into VC firms), and what President Jimmy Carter (wearing a sweater while addressing the nation on TV because he had turned down the heat in the White House) called a "malaise." It was during those times that two kids without any real college education, Bill Gates and Steve Jobs, started companies that did pretty well. Opportunities abound in bad times as well as good times. In fact, the opportunities are often greater when the conventional wisdom is that everything is going into the toilet.

Well… we're nearing the end of another great year, and despite what we read about the outlook for 2009, we can look forward to a New Year filled with opportunities as well as stimulating challenges.

Happy New Year, everyone.

## How to Travel the World with 10 Pounds or Less

Hauling a five-piece Samsonite set around the planet is hell on earth. I watched a friend do this up and down dozens of subway and hotel staircases in Europe for three weeks, and—while I laughed a lot, especially when he resorted to just dragging or throwing his bags down stairs—I'd like to save you the breakdown. Trip enjoyment is inversely proportionate to the amount of crap (read: distractions) you bring with you.

Practice in 30-plus countries has taught me that minimalist packing can be an art.

I returned from Costa Rica last Wednesday and have since landed in Maui, where I'll stay for one week. **What did I pack and why?** (See the companion video at www.fourhourblog.com.[86])

I practice what I'll label the **BIT method of travel: Buy It There**.

If you pack for every possible contingency—better bring the hiking books in case we go hiking, better bring an umbrella in case it rains, better bring dress shoes and slacks in case we go to a nice restaurant, etc.—carrying a mule-worthy load is inevitable. I've learned to instead allocate $50–200 per trip to a "settling fund," which I use to buy needed items once they're 100% needed. This includes cumbersome and hassle items like umbrellas and bottles of sunscreen that love to explode. Also, never buy if you can borrow. If you're going on a bird-watching trip in Costa Rica, you don't need to bring binoculars—someone else will have them.

Here's the Maui list.

- ► 1 featherweight Marmot Ion jacket (3 oz.!)
- ► 1 breathable Coolibar long-sleeve shirt to prevent sunburn. This saved me in Panama.

- ► 1 pair of polyester pants. Polyester is light, wrinkle-resistant, and dries quickly. Disco dancers and flashpackers dig it.
- ► 1 Kensington laptop lock, also used to secure all bags to stationary objects
- ► 1 single Under Armour sock, used to store sunglasses
- ► 2 nylon tanktops
- ► 1 large MSR quick-dry microfiber towel, absorbs up to seven times its weight in water
- ► 1 Ziploc bag containing toothbrush, travel toothpaste, and disposable razor
- ► 1 Fly Clear biometric travel card ( www.flyclear.com ), [87] which cuts down my airport wait time about 95%
- ► 2 pairs of ExOfficio lightweight underwear. Their tagline is "17 countries. 6 weeks. And one pair of underwear." I think I'll opt for two, considering they weigh about as much as a handful of Kleenex. One other nice side effect of their weight: They're much more comfortable than normal cotton underwear.
- ► 2 pairs of shorts/swimsuits
- ► 2 books: *Lonely Planet Hawaii* and *The Entrepreneurial Imperative* . (The latter comes highly recommended. Check it out.)
- ► 1 sleeping mask and earplugs

- ► 1 pair of Reef sandals. Best to get a pair with removable straps that go around the heel.

- ► 1 Canon PowerShot SD300 digital camera with extra 2GB SD memory card. God, I love this camera more than words can describe. It is the best designed piece of electronics I have ever owned. I now use it not only for all of my photos and videos, but also as a replacement for my scanner. I'm considering testing the newer and cheaper SD1000.

- ► 1 coffee-harvesting hat to prevent my pale skin from burning off

- ► 1 Kiva keychain expandable duffel bag

- ► 1 Chapstick, 1 Mag-Lite Solitaire flashlight, and 1 roll of athletic tape. The last is a lifesaver. It's as useful as duct tape for repairing objects but gentle enough to use on injuries, which I am fond of inflicting on myself.

- ► 1 Lewis and Clark flex lock (for luggage, lockers, zippers, or whatever I need to lock down/shut together). Standard mini-padlocks are often too cumbersome to thread through holes on lockers, etc.

- ► 1 Radio Shack kitchen timer, which I've been using to wake up for about four years. The problem with using a cell phone alarm to wake up is simple: The phone often needs to be on, and even if you use vibrate, people can call and wake you up before you want to wake up. The second benefit to using a kitchen timer is that you know exactly how much sleep you are—or aren't—getting, and you can experiment with things like caffeine power naps of different durations … but that's another post;)

# The Choice-Minimal Lifestyle: 6 Formulas for More Output and Less Overwhelm

I was stressed out… over dog cartoons.

It was 9:47 P.M. at Barnes and Noble on a recent Saturday night, and I had 13 minutes to find a suitable exchange for *The New Yorker Dog Cartoons*, $22 of expensive paper. Bestsellers? Staff recommends? New arrivals or classics? I'd already been there 30 minutes.

Beginning to feel overwhelmed with a ridiculous errand I'd expected to take five minutes, I stumbled across the psychology section. One tome jumped out at me as all too appropriate—*The Paradox of Choice: Why More Is Less*. It wasn't the first time I'd seen or read Barry Schwartz's 2004 classic, but it seemed like a good time to revisit the principles, among them, that:

- ► The more options you consider, the more buyer's regret you'll have.
- ► The more options you encounter, the less fulfilling your ultimate outcome will be.

This raises a difficult question: Is it better to have the best outcome but be less satisfied, or have an acceptable outcome and be satisfied?

For example, would you rather deliberate for months and get the 1 of 20 houses that's the best investment but second-guess yourself until you sell it five years later, or would you rather get a house that is 80% of the investment potential of the former (still to be sold at a profit) but never second-guess it?

Tough call.

Schwartz also recommends making nonreturnable purchases. I decided to keep the stupid pooch cartoons. Why? Because it's not just about being satisfied, it's about being practical.

Income is renewable, but some other resources—like attention—are not. I've talked before about attention as a currency and how it determines the value of time.

For example: Is your weekend really free if you find a crisis in the inbox Saturday morning that you can't address until Monday morning?

Even if the inbox scan lasts 30 seconds, the preoccupation and forward projection for the subsequent 48 hours effectively deletes that experience from your life. You had time but you didn't have attention, so the time had no practical value.

The choice-minimal lifestyle becomes an attractive tool when we consider two truths.

1. **Considering options costs attention that then can't be spent on action or present-state awareness.**

2. **Attention is necessary for not only productivity but appreciation.**

Therefore:

Too many choices = less or no productivity

Too many choices = less or no appreciation

Too many choices = sense of overwhelm

What to do? There are six basic rules or formulas that can be used:

**1. Set rules for yourself so you can automate as much decision making as possible** [see the rules I use to outsource my e-mail to Canada, included at the end of this section, as an example of this].

**2. Don't provoke deliberation before you can take action.**

One simple example: Don't scan the inbox on Friday evening or over the weekend if you might encounter work problems that can't be addressed until Monday.

**3. Don't postpone decisions just to avoid uncomfortable conversations.**

If an acquaintance asks you if you want to come to their house for dinner next week, and you know you won't, don't say, "I'm not sure. I'll let you know next week." Instead, use something soft but conclusive like, "Next week? I'm pretty sure I have another commitment on Thursday, but thank you for the invite. Just so I don't leave you hanging, let's assume I can't make it, but can I let you know if that changes?" Decision made. Move on.

**4. Learn to make nonfatal or reversible decisions as quickly as possible.**

Set time limits (I won't consider options for more than 20 minutes), option limits (I'll consider no more than three options), or finance thresholds (Example: If it costs less than $100 [or the potential damage is less than $100], I'll let a virtual assistant make the judgment call).

I wrote most of this post after landing at the monster that is ATL airport in Atlanta. I could have considered half a dozen types of ground transportation in 15 minutes and saved 30–40%, but I grabbed a taxi instead. To use illustrative numbers: I didn't want to sacrifice 10 attention units of my remaining 50 of 100 total potential units, since those 10 units couldn't then be spent on this article. I had about eight hours before bedtime due to time zone differences—plenty of time—but scarce usable attention after an all-nighter of fun and the cross-country flight. **Fast decisions preserve usable attention for what matters.**

**5. Don't strive for variation—and thus increase option consideration—when it's not needed. Routine enables innovation where it's most valuable.**

In working with athletes, for example, it's clear that those who maintain the lowest bodyfat percentage eat the same foods over and over with little variation. I've eaten the same "slow-carb" breakfast and lunch for nearly two years,[88] putting variation only into meals that I focus on for enjoyment: dinner and all meals on Saturdays. This same routine-variation distinction can be found in exercise vs. recreation. For fat loss and muscle gain (even as much as 34 pounds in four weeks), I've followed the same time—minimal exercise protocol with occasional experiments since 1996. For recreation, however, where the focus is enjoyment and not efficacy, I tend to try something new each weekend, whether climbing at Mission Cliffs in San Francisco or mountain biking from tasting to tasting in Napa.

Don't confuse what should be results-driven with routine (e.g., exercise) with something enjoyment-driven that benefits from variation (e.g., recreation).

**6. Regret is past-tense decision making. Eliminate complaining to minimize regret.**

Condition yourself to notice complaints and stop making them with a simple program like the "21-day no-complaint experiment" made famous by Will Bowen, where you wear a single bracelet and move it from one wrist to the other each time you complain. The goal is 21 days without complaining and you reset to 0 each time you slip up. This increased awareness helps prevent useless past-tense deliberation and negative emotions that improve nothing but deplete your attention.

• • •

DECISION-MAKING ISN'T to be avoided—that's not the problem. Look at a good CEO or top corporate performer and you'll see a high volume of decisions.

**It's deliberation—the time we vacillate over and consider each decision—that's the attention consumer. Total deliberation time, not the number of decisions, determines your attention bank account balance (or debt).**

Let's assume you pay 10% over time by following the above rules but cut your average "decision cycle" time by an average of 40% (10 minutes reduced to 6 minutes, for example). Not only will you have much more time and attention to spend on revenue-generating activities, but you'll get greater enjoyment from what you have and experience. Consider that 10% additional cost as an investment and part of your "ideal lifestyle tax," but not as a loss.

Embrace the choice-minimal lifestyle. It's a subtle and under-exploited philosophical tool that produces dramatic increases in both output and satisfaction, all with less overwhelm.

Make testing a few of the principles the first of many fast and reversible decisions. ***—FEBRUARY 6, 2008***

# The Not-to-Do List: 9 Habits to Stop Now

"Not-to-do" lists are often more effective than to-do lists for upgrading performance.

The reason is simple: What you don't do determines what you can do.

Here are nine stressful and common habits that entrepreneurs and office workers should strive to eliminate. The bullets are followed by more detailed descriptions. Focus on one or two at a time, just as you would with high-priority to-do items.

**1. Do not answer calls from unrecognized phone numbers.**

Feel free to surprise others, but don't be surprised. It just results in unwanted interruption or poor negotiating positions. Let it go to voicemail, and consider using a service like GrandCentral (you can listen to people leaving voicemail or receive them as text messages) or Phonetag.com (receive voicemails as e-mail).

**2. Do not e-mail first thing in the morning or last thing at night.**

The former scrambles your priorities and plans for the day, and the latter just gives you insomnia. E-mail can wait until 10 A.M., after you've completed at least one of your critical to-do items.

**3. Do not agree to meetings or calls with no clear agenda or end time.**

If the desired outcome is defined clearly with a stated objective and agenda listing topics/questions to cover, no meeting or call should last more than 30 minutes. Request them in advance so you "can best prepare and make good use of the time together."

**4. Do not let people ramble.**

Forget "How's it going?" when someone calls you. Stick with "What's up?" or "I'm in the middle of getting something out, but what's going on?" A big part of GTD (Getting Things Done) is GTP—Getting To the Point.

**5. Do not check e-mail constantly—"batch" and check at set times only.**

I belabor this point enough. Get off the cocaine pellet dispenser and focus on execution of your top to-do's instead of responding to manufactured emergencies. Set up a strategic autoresponder and check twice or thrice daily.

**6. Do not over-communicate with low-profit, high-maintenance customers.**

There is no sure path to success, but the surest path to failure is trying to please everyone. Do an 80/20 analysis of your customer base in two ways—which 20% are producing 80%+ of my profit, and which 20% are consuming 80%+ of my time? Then put the loudest and least productive on autopilot by citing a change in company policies. Send them an e-mail with new rules as bullet points: number of permissible phone calls, e-mail response time, minimum orders, etc. Offer to point them to another provider if they aren't able to adopt the new policies.

**7. Do not work more to fix overwhelmingness—prioritize.**

If you don't prioritize, everything seems urgent and important. If you define the single most important task for each day, almost nothing seems urgent or important. Oftentimes, it's just a matter of letting little bad things happen (return a phone call late and apologize, pay a small late fee, lose an unreasonable customer, etc.) to get the big important things done. The answer to overwhelmingness is not spinning more plates—or doing more—it's defining the few things that can really fundamentally change your business and life.

**8. Do not carry a cell phone or Crackberry 24/7.**

Take at least one day off of digital leashes per week. Turn them off or, better still, leave them in the garage or in the car. I do this on at least Saturday, and I recommend you leave the phone at home if you go out for dinner. So what if you return a phone call an hour later or the next morning? As one reader put it to a miffed co-worker who worked 24/7 and expected the same: *"I'm not the president of the U.S. No one should need me at 8 P.M. at night. OK, you didn't get a hold of me. But what bad happened?"* The answer? Nothing.

**9. Do not expect work to fill a void that non-work relationships and activities should.**

Work is not all of life. Your co-workers shouldn't be your only friends. Schedule life and defend it just as you would an important business meeting. Never tell yourself "I'll just get it done this weekend." Review Parkinson's Law and force yourself to cram within tight hours so your per-hour productivity doesn't fall through the floor. Focus, get the critical few done, and get out. E-mailing all weekend is no way to spend the little time you have on this planet.

It's hip to focus on getting things done, but it's only possible once we remove the constant static and distraction. If you have trouble deciding what to do, just focus on not doing. Different means, same end. *—AUGUST 16, 2007*

# The Margin Manifesto: 11 Tenets for Reaching (or Doubling) Profitability in 3 Months

Profitability often requires better rules and speed, not more time. The financial goal of a start-up should be simple: profit in the least time with the least effort. Not more customers, not more revenue, not more offices or more employees. More profit.

Based on my interviews with high-performing (using profit-per-employee metrics) CEOs in more than a dozen countries, here are the 11 basic tenets of the "Margin Manifesto" … a return-to-basics call that gives permission to do the uncommon to achieve the uncommon: consistent profitability, or doubling of it, in three months or less.

I review the following principles whenever facing operational overwhelmingness or declining/stagnating profits. Hope you find them useful.

**1. Niche Is the New Big—The Lavish Dwarf Entertainment Rule**

Several years ago, an investment banker was jailed for trade violations. He was caught partly due to his lavish parties on yachts, often featuring hired dwarves. The owner of the dwarf rental company, Danny Black, was quoted in the *Wall Street Journal* as saying "Some people are just into lavish dwarf entertainment." Niche is the new big. But here's the secret: It's possible to niche market and mass sell. iPod commercials don't feature dancing 50-year-olds, they feature hip and fit 20- and 30-somethings, but everyone and his grandmother wants to feel youthful and hip, so they strap on Nanos and call themselves Apple converts. Who you portray in your marketing isn't necessarily the only demographic who buys your product—it's often the demographic that most people want to identify with or belong to. The target isn't the market. No one aspires to be the bland average, so don't water down messaging to appeal to everyone—it will end up appealing to no one.

**2. Revisit Drucker—What Gets Measured Gets Managed**

Measure compulsively, for as Peter Drucker stated, What gets measured gets managed. Useful metrics to track, besides the usual operational stats, include CPO ("Cost-Per-Order," which includes advertising, fulfillment and expected returns, charge-backs, and bad debt), ad allowable (the maximum you can spend on an advertisement and expect to break even), MER (media efficiency ratio), and projected lifetime value (LV) given return rates and reorder percent. Consider applying direct response advertising metrics to your business.

### 3. Pricing Before Product—Plan Distribution First

Is your pricing scalable? Many companies will sell direct-to-consumer by necessity in early stages, only to realize that their margins can't accommodate resellers and distributors when they come knocking. If you have a 40% profit margin and a distributor needs a 70% discount to sell into wholesale accounts, you're forever limited to direct-to-consumer … unless you increase your pricing and margins. It's best to do this beforehand if possible—otherwise, you'll need to launch new or "premium" products—so plan distribution before setting pricing. Test assumptions and find hidden costs by interviewing those who have done it: Will you need to pay for co-op advertising, offer rebates for bulk purchases, or pay for shelf space or featured placement? I know one former CEO of a national brand who had to sell his company to one of the world's largest soft drink manufacturers before he could access front-of-store shelving in top retailers. Test your assumptions and do your homework before setting pricing.

### 4. Less Is More—Limiting Distribution to Increase Profit

Is more distribution automatically better? No. Uncontrolled distribution leads to all manner of headache and profit-bleeding, most often related to rogue discounters. Reseller A lowers pricing to compete with online discounter B, and the price cutting continues until neither is making sufficient profit on the product and both stop reordering. This requires you to launch a new product, as price erosion is almost always irreversible. Avoid this scenario and consider partnering with one or two key distributors instead, using that exclusivity to negotiate better terms: less discounting, prepayment, preferred placement and marketing support, etc. From iPods to Rolex and Estée Lauder, sustainable high-profit brands usually begin with controlled distribution. Remember, more customers isn't the goal; more profit is.

### 5. Net-Zero—Create Demand vs. Offering Terms

Focus on creating end-user demand so you can dictate terms. Often one trade publication advertisment, bought at discount remnant rates, will be enough to provide this leverage. Outside of science and law, most "rules" are just common practice. Just because everyone in your industry offers terms doesn't mean you have to, and offering terms is the most consistent ingredient in start-up failure. Cite start-up economics and the ever-so-useful "company policy" as reasons for prepayment and apologize, but don't make exceptions. Net-30 becomes net-60, which becomes net-120. Time is the most expensive asset a start-up has, and chasing delinquent accounts will prevent you from generating more sales. If customers are asking for your product, resellers and distributors will need to buy it. It's that simple. Put funds and time into strategic marketing and PR to tip the scales in your favor.

### 6. Repetition Is Usually Redundant—Good Advertising Works the First Time

Use direct response advertising (call-to-action to a phone number or website) that is uniquely trackable —fully accountable advertising—instead of image advertising, unless others are pre-purchasing to offset the cost (e.g., "If you prepurchase 288 units, we'll feature your store/URL/phone exclusively in a full-page ad in…"). Don't listen to advertising salespeople who tell you that 3, 7, or 27 exposures are needed before someone will act on an advertisement. Well-designed and well-targeted advertising works the first time. If something works partially well (e.g., high response with low percentage conversion to sales, low response with high conversion, etc.), indicating that a strong ROI might be possible with small changes, tweak one controlled variable and microtest once more. Cancel anything that cannot be justified with a trackable ROI.

### 7. Limit Downside to Ensure Upside—Sacrifice Margin for Safety

Don't manufacture product in large quantities to increase margin unless your product and marketing are tested and ready for rollout without changes. If a limited number of prototypes cost $10 per piece to manufacture and sell for $11 each, that's fine for the initial testing period, and essential for limiting downside. Sacrifice margin temporarily for the testing phase, if need be, and avoid potentially fatal upfront overcommitments.

### 8. Negotiate Late—Make Others Negotiate Against Themselves

Never make a first offer when purchasing. Flinch after the first offer ("$3,000!" followed by pure silence, which uncomfortable salespeople fill by dropping the price once), let people negotiate against themselves ("Is that really the best you can offer?" elicits at least one additional drop in price), then "bracket." If they end up at $2,000 and you want to pay $1,500, offer $1,250. They'll counter with approximately $1,750, to which you respond: "I'll tell you what—let's just split the difference. I'll overnight FedEx you a check, and we can call it a day." The end result? Exactly what you wanted: $1,500.

### 9. Hyperactivity vs. Productivity—80/20 and Pareto's Law

Being busy is not the same as being productive. Forget about the start-up overwork ethic that people wear as a badge of honor—get analytical. The 80/20 principle, also known as Pareto's Law, dictates that 80% of your desired outcomes are the result of 20% of your activities or inputs. Once per week, stop putting out fires for an afternoon and run the numbers to ensure you're placing effort in high-yield areas: What 20% of customers/products/ regions are producing 80% of the profit? What are the factors that could account for this? Invest in duplicating your few strong areas instead of fixing all of your weaknesses.

### 10. The Customer Is Not Always Right—"Fire" High-Maintenance Customers

Not all customers are created equal. Apply the 80/20 principle to time consumption: What 20% of people are consuming 80% of your time? Put high-maintenance, low-profit customers on autopilot—process orders but don't pursue them or check up on them—and "fire" high-maintenance, high-profit customers by sending a memo detailing how a change in business model requires a few new policies: how often and how to communicate, standardized pricing and order process, etc. Indicate that, for those clients whose needs are incompatible with these new policies, you are happy to introduce other providers. "But what if my largest customer consumes all of my time?" Recognize that (1) without time, you cannot scale your company (and, oftentimes, life) beyond that customer, and (2) people, even good people, will unknowingly abuse your time to the extent that you let them. Set good rules for all involved to minimize back-and-forth and meaningless communication.

### 11. Deadlines Over Details—Test Reliability Before Capability

Skills are overrated. Perfect products delivered past deadline kill companies faster than decent products delivered on time. Test someone's ability to deliver on a specific and tight deadline before hiring them based on a dazzling portfolio. Products can be fixed as long as you have cash flow, and bugs are forgiven, but missing deadlines is often fatal. Calvin Coolidge once said that nothing is more common than unsuccessful men with talent; I would add that the second most common is smart people who think their IQ or resume justifies delivering late. ***—JUNE 24, 2008***

## The Holy Grail: How to Outsource the Inbox and Never Check E-

# mail Again

What if you never had to check e-mail again? If you could hire someone else to spend countless hours in your inbox instead of you?

This isn't pure fantasy. For the last 12 months, I've experimented with removing myself from the inbox entirely by training other people to behave like me. Not to imitate me, but to think like me.

Here's the upshot: I get more than 1,000 e-mails a day from various accounts.[89] Rather than spending 6–8 hours per day checking e-mail, which I used to do, I can skip reading e-mail altogether for days or even weeks at a time … all within 4–10 minutes a night.

Let me explain the basics, followed by tips and exact templates for outsourcing your own inbox.

1. I have multiple e-mail addresses for specific types of e-mail (blog readers vs. media vs. friends/family, etc.). tim@ … is the default I give to new acquaintances, which goes to my assistant.

2. 99% of e-mail falls into predetermined categories of inquiries with set questions or responses (my "rules" document is at the bottom of this post—feel free to steal, adapt, and use). My assistant(s) checks and clears the inbox at 11 A.M. and 3 P.M. pst.

3. For the 1% of e-mail that might require my input for next actions, I have a once-daily phone call of 4–10 minutes at 4 P.M. pst with my assistant.

4. If I'm busy or traveling abroad, my assistant leaves the action items in numerical order on my voicemail, which I can respond to in a bullet-point e-mail. These days, I actually prefer the voice-mail option and find that it forces my assistant to be more prepared and more concise.

Each night (or early the next morning), I'll listen to my assistant's voicemail via Skype and simultaneously write out the next actions (1. Bob: Tell him that … 2. Jose in Peru: Ask him for … 3. Speaking in NC: Confirm …, etc.) in a Skype chat or quick e-mail. How long does the new system take? 4–10 minutes instead of 6–8 hours of filtering and repetitive responses.

If you only have one e-mail account, I recommend using a desktop program like Outlook or Mail instead of a web-based program like Gmail for a simple reason: If you see new items in your inbox, you'll check them. Like they say in AA: If you don't want to slip, don't go where it's slippery. This is why I have a private personal account that I use for sending e-mail to my assistant and communicating with friends. It's almost always empty.

E-mail is the last thing people let go of. Fortune 500 CEOs, best-selling authors, celebrities—I know dozens of top performers who delegate everything but e-mail, which they latch onto as something only they can do. "No one can check my e-mail for me" is the unquestioned assumption, or "I answer every e-mail I receive" is the unquestioned bragging right that keeps them in front of a computer for 8–12 hours at a stretch. It's not fun, and it keeps them from higher-impact or more rewarding activities.

Get over yourself. I had to. Checking e-mail isn't some amazing skill that you alone possess.

**In fact, checking e-mail is like everything else: a process.**

How you evaluate and handle (delete vs. archive vs. forward vs. respond) e-mail is just a series of questions you ask yourself, whether consciously or subconsciously. I have a document called "Tim Ferriss Processing Rules," to which my assistants add rules when I send them a note via e-mail with "ADD TO RULES" in the subject. Over the course of a week or two with a virtual assistant (VA), you will end up with an externalized set of rules that reflect how your brain processes e-mail. It often shows you how haphazard your processing is. I've included my "rules" here to save you some time. A few tips:

1. Setting appointments and meetings takes a lot of time. Have your assistant set things up for you in Google Calendar. I input my own items via my Palm Z22 or iCal, then use Spanning Sync and Missing Sync for Palm OS to sync everything. On my überlight Sony VAIO, which I still use for travel, I use CompanionLink for Google Calendar. I suggest batching meetings or calls in one or two set days, with 15 minutes between appointments. Scattering them throughout the week at odd times just interrupts everything else. (Update 2009: The Palm Z22 has been discarded, and I now use a 13-inch MacBook and BusySync to synchronize iCal with Google Calendar.)

2. If you jump in your assistant's inbox and answer anything, BCC them so they are aware that you handled it.

3. Expect small problems. Life is full of compromises, and it's necessary to let small bad things happen if you want to get huge good things done. There is no escape. Prevent all problems and get nothing done, or accept an allowable level of small problems and focus on the big things.

Ready to jump in and test the holy grail? Here are the steps.

1. Determine exactly which accounts you will use and how you want them to respond to (or just categorize or purge) e-mail for you.

2. Find a virtual assistant.

3. Test for reliability before skill set. Have the top three candidates do something on tight deadline (24 hours) before hiring them and letting them in your inbox.

4. Use a probationary period of 2–4 weeks to test the waters and work out the problems. Again: There will be problems. It will take a good 3–8 weeks to get to real smooth sailing.

5. Design your ideal lifestyle and find something to do other than let your brain fester in the inbox. Fill the void.

• • •

## Tim Ferriss Processing Rules[90]

[Note the Q&A format—some of the questions are my standard points for VAs, some have been added by my assistant, who put together this document.]

*Passwords*

| | |
|---|---|
| **Calendar**<br>http://calendar.google.com<br>Login: XXXX<br>PW: XXXX | **www.SpamArrest.com**<br>Username: XXXX<br>Password: XXXX |
| **Google G-mail Account**<br>http://mail.google.com<br>Username: XXXX<br>PW: XXXX | **www.Amazon.com**<br>Username: XXXX<br>Password: XXXX |
| **www.NoCostConference.com**<br>Username: XXXX<br>Password: XXXX | **www.PayPal.com**<br>Username: XXXX<br>Password: XXXX |

**Reader-Only Resources**
http://fourhourworkweek.com/wms/members/members.php >>
PASSWORD FOR READERS ONLY IS: XXXX

*Team Requirements*

[I often have exec-level assistants manage 4–5 other "sub VAs" who handle certain repetitive tasks, often at half the exec VA's hourly rate. The exec VA takes on an office manager or, in some cases, COO-level function.]

- ► Download: www.alexa.com —Toolbar
- ► Learn Statistics, Rank for Business Prospect and Joint-Venture Opportunities
- ► Deadlines are extremely important. Be Aware of them, and Be Punctual!
- ► If Tim says "Call me back," CALL HIM BACK, do not send an e-mail. This is an important point, as Tim does not always have e-mail access because he is traveling a lot.
- ► Even if it is late in the evening, he is up late, if he does not want to answer his phone, he will not. But PLEASE call him back when he asks you to. He much prefers a phone call to an e-mail.

- ► Purchase and read *The Elements of Style* regarding proper grammar and punctuation. We are dealing with high-profile clients on Tim's behalf and the proper writing techniques and message says a lot about his team.

- ► Become as familiar as you can with his book and his website as to answer questions accordingly.

*Contact Information*

Tim Ferriss
[mailing address]

Tim Cell (your use only): [private cell]
Number to give others: [GrandCentral number]
Skype: XXXXX
Billing Address (Private):
[billing address]

*Purchases*

ASK [head VA], for his AMEX NUMBER. SHE WILL ADVISE WHETHER PURCHASES CAN BE APPROVED.

*Question and Answer (Preferences)*

1. How do you feel about joint ventures?

   I'm open to them, but my brand and respectability is #1. I will not do anything with anyone who comes off as deceptive or amateur. "Make millions while you sleep in our super-insane foreclosure program!" on the website disqualifies someone. I cannot be associated with anyone who might be seen as a liar or snake-oil salesman. Just ask yourself: If the CEO of a well-known company saw this, would he lose interest in speaking with me? If so, it won't work.

   For those who pass that criteria, what have they done already? I'm not looking for first-timers, generally, unless they have an excellent track record and reputation elsewhere.

2. Do you focus solely on profit-generating tasks?

   No. I also look for prestige (Harvard, government, etc.), wide exposure, as well as building networks with people who have world-class skills in some area.

3. How do you handle spam?

   SpamArrest and Gmail. I have no problem with spam at this point.

4. What is your optimal response rate (i.e., respond to all e-mails no later than 48–72 hours after received)?

   Same day. I'm bringing you on to respond quickly.

5. Do you respond to any e-mails?

   Yes, but I'll want you to filter them first, respond to all you can, then mark the ones I should look

at with the label "TIM" in Gmail. [Note earlier in this article how I am now asking VAs to leave to-do's via voicemail.]

6. Do you put in any events in your calendar?

   Yes, but I expect I will move more and more to having you do it.

7. Do we "manage" your items, or do you delegate? We are cool with both, but prefer to manage.:-)

   I'll try to give the list to you to take care of. I NEED confirmations that you received the task ("on it—will be done at X P.M." is enough) and like status updates on larger projects with milestones.

8. Who is on your team?

   Me, the publishing team, and some PR folk at this point. I might have you get involved with my other businesses later, but that's it for now.

9. Who do we have to collaborate with on a regular basis?

   See above. 90% me, then possibly my publicist(s), tech support and web staff, and my book agent. More will come, I'm sure, but that's it for now.

10. Who calls the shots for you?

    You can decide anything under $100. Use your judgment and report the decisions.

11. Do you have "days" off (as in no business appts.)?

    Let's shoot for no appointments on Fridays, but let's play it by ear. [Update: I now only have appointments on Mondays and Fridays.]

12. Who has been handling your appts. up until now?

    Me. I haven't had any in-person meetings for close to four years. Things have changed with the book:)

13. Explain to us your "optimal" work week (i.e., how long between phone calls, how many meetings per week, travel preferences, etc.)?

    - ► I go to bed late, so try and avoid calls before 10 A.M. pst when possible.

    - ► Try and "cluster" phone calls and meetings so that I can bang them out at the same time, as opposed to having one at 10 A.M. , another at 1 P.M ., and another at 4 P.M . Have them all in a row with 15–20 minutes in between whenever possible. I'd like to do phone calls before 1 P.M . pst when possible (so 10 A.M.-1 P.M .). Calls should be kept to 15–30 minutes, always with a defined end time. If someone asks to "jump on the phone" with me, send them something like: "To make the best use of everyone's time, Tim likes to have a well-defined agenda with objectives for a call before jumping on the phone. Can you please send over some bullet points with what you'd like

to cover and decide on the call?" Something like that.

14. Do you like us to schedule personal items in with your business calendar (i.e., order your mother flowers for Mother's Day, etc.)? Absolutely.
15. What are "all" the e-mail addresses we respond to for you? See earlier text.
16. Do you like us to respond as "you" or something like "client support for Timothy Ferriss."

    The latter, probably something like "Executive Assistant to Tim Ferriss" below your name—I'm open to suggestions.
17. How many times a day do you want e-mail checked?

    Twice should be fine to start. Let's aim for a minimum of at 11 A.M. and 3 P.M. in your time zone.
18. What are your working hours?

    10 A.M.-6 P.M. pst, then often 11 p.m.-2 A.M. pst. [Before you cry, "What happened to the four-hour workweek?!" realize that "work hours" here could be replaced with "active and available-by-phone hours." I have lots of projects and do not preach idleness. I am VERY active. See the sixth comment on this post on www.fourhourblog.com for more elaboration or reread the "Filling the Void" chapter in this book.]
19. Do you like using IM?Not really, unless it's a scheduled discussion. Just leave yourself logged in, and I'll log in if I need something. [I tend to use Skype chat these days, as it's encrypted and I can avoid a separate IM program.]
20. Do you prefer a phone call or an e-mail to answer a quick question?

    PHONE CALL, absolutely. DO NOT e-mail me for anything urgent. I really follow my own advice and don't check e-mail that often.
21. What is your favorite color?

    Green like cedar leaves in July.
22. Call at the end of every day (if) there is something that Tim needs to respond to in his e-mail.
23. E-books: Tell them they can download the e-bookfromwww.powells.com.
24. Label all e-mails from "Expert Click" for Tim. No need to respond or forward.
25. All Linked-In e-mails can be archived or deleted as Tim receives notification of invites as soon as he logs into his Linked-In account.
26. For start-up inquiries in the health and wellness industry (or BrainQUICKEN start-up inquiries) please see the templates in

    Gmail titled: Congratulations and General Business Questions—BrainQUICKEN Templates.
27. For language inquiries, please see the templates in Gmail titled: Reader Question on Language Resources—Language Templates.
28. When Tim types "dictate" in the e-mail response, this means that we can say to the recipient: As Tim is traveling at the moment and not able to personally respond to your e-mail, I mentioned your message while on the phone to him, and he asked me to dictate. This makes the process easier as we do not have to change the context of the person responding.

    [This is to avoid having an assistant convert my first-person "Please tell him that I …" to third-person "Tim says that he …"—providing shorthand for "cut and paste" saves hours of assistant time.]
29. If someone e-mail blasts a bunch of people and I am one of them, usually safe to ignore or delete. Read them carefully, of course, but if it says for example "a few influential people I know" or something like that then if someone can't take the time to personalize for me, forget them. If Tim is

copied, of course, that's a different story.

30. Tim's address is XXXX. THIS E-MAIL IS NOT TO BE DISTRIBUTED OR GIVEN TO ANYONE. If you want to copy Tim on an e-mail, please use the BCC field, so that it remains private.
31. Mark anyone from Princeton for me to look at (TIM label). [Note: I've since had to modify this due to volume.]
32. If I decline someone and they persist, give them one more reply—"Tim appreciates the persistence, but he really can't..." etc.—and then archive future requests. Use your judgment, of course, but that's the general rule. Some people don't know when persistent turns into plain irritating.
33. Please also create a rule to respond with "scheduled" for all items I send to be put in the calendar (when they're put in the calendar). Missing calendar items can cause big problems, so this is a check and balance to confirm.
34. No need to follow up with someone after a call has taken place unless Tim instructs otherwise, or they request something from us.
35. Send all speaking requests to XXXX and ensure that he confirms receipt. (However, also see items 38 and 39).
36. Foreign language requests (i.e., purchasing rights, if the book is available in a particular language, etc.) send to [the appropriate person at my publisher].
37. XXXX's replacement at Random House is XXXX.
38. Inquire with Tim first before booking any speaking gigs on a specific date, as he may be traveling.
39. When booking appointments in the calendar, be sure to also ask which topics they would like to discuss, and put them in the calendar description for Tim so he can prepare. Also be sure to ask for a backup phone number in case they are not able to reach Tim. [I almost always have people call me unless I am abroad, as this is another safeguard against missing appointments.]
40. Put initials in the subject line of calendar events so we know who (which virtual assistant) put the item in the calendar.
41. Prepare inquiries for Tim before sending to him for his review, i.e., get their Alexa ranking, possible dates of the event, a link to past events they have held, their budget, other confirmed speakers, etc. Then send this info to Tim for his review.
42. Respond to PX Method inquiries with the following response:

    Hi [name],

    Thanks for your inquiry about the PX Method, however the PX Method page is designed as just a template others can look at as a reference for testing their own product ideas.

    We are not sure if or when Tim will offer the PX Method for sale, but there are no plans at this time. We appreciate your inquiry nonetheless. Thanks!

    [I get quite a few e-mails from readers who do not see the disclaimer on the PX Method mock-up page and thus attempt to order a product that isn't ready to ship.]
43. Download eFAX viewer to view Tim's faxes. His fax number is: XXXX.
44. Event or speaking inquiries can be responded to as such:

    Thanks for your e-mail and for your invitation to Tim. In looking at the event online, I see that the event is April X and X, 20XX in Portland, Oregon [for example]. Before I present this to Tim, could you answer a few questions for me, so we can make a more informed decision?

- Would you like Tim to be at the entire event?

- ► How long would the keynote presentation be? Or would it be a Q&A panel?
- ► Do you cover travel and accommodation along with a speaker's fee?
- ► What is your budget for keynote presentations?
- ► Have any other speakers confirmed to present?

As soon as I hear back, I can speak with Tim about the possibilities of making this happen. Thanks again!

Warmly,

[Name]

this e-mail is: [] blogable [x] ask first [] private

[name]

Executive Assistant to Timothy Ferriss

Author: *The 4-Hour Workweek*

(http://www.fourhourworkweek.com)

(Random House/Crown Publishing)

Bio and Fun: http://www.fourhourworkweek.com/blog

***—JANUARY 21, 2008***

## Proposal to Work Remotely on a Contract Basis

This is the actual remote-work proposal reader Autumn Brookmire used successfully to move to Argentina while retaining her job and cutting back to 5–10 hours per week of work.

AUTUMN BROOKMIRE July 2008

Background

After working for the [company name] for more than two years, I have a great loyalty to the people and mission of this organization. I believe I have added a great deal of value to the organization in my position as marketing coordinator. With my creative problem solving and my cost effective solutions I have changed the way we produce and distribute our holiday cards and I've developed a contest to bring in more usable photos for our marketing and publications. I would like to propose continuing to perform the following tasks for [company name], but on a contract basis, remotely. I plan to live in Argentina for 6–12 months starting in September of 2008. My goals are to develop my fluency in the Spanish language and immerse myself in another culture and completely foreign environment so that I develop my skills in adaptation to new ways of thinking.

I am more than happy to discuss different ways to make this possible and I have some suggestions if [company name] would be willing to consider them. We can test this arrangement for a few months to see if it works for both of us, since that would make the most sense.

**Role #1: Graphic Design and Print Advertising Coordinator**

*Responsibility:*

Create timelines for print materials and coordinate with respective program teams.

*Expectations:*

- Print materials will be completed on time.

*Responsibility:*

Coordinate design projects with program directors and outside graphic artists/designers.

*Expectations:*

- Print materials designs are suitable for the audience, accurate, and appealing.
- Print materials are professional quality and produced within set timelines.

*Responsibility:*

Maintain relationships with print vendors to minimize cost relative to time and quality in producing program print materials.

*Expectations:*

- Print materials are printed within the established budget, unless budget overages are specifically approved by the Director of Marketing.

*Contract Solution:*

By using e-mail and web-based programs such as

*ConceptShare, I can continue to coordinate these design projects from a distance. I currently maintain relationships with print vendors and designers at a distance so physical presence is not necessary for this to continue. For meetings with program directors and the marketing team, I would use a free video and phone conferencing service called *Skype. We usually meet once or twice to discuss changes to their marketing materials and the rest of the process is continued through e-mail and ConceptShare.

**Role #2: Special Marketing Project Manager**

*Responsibility:*

Maintain a collection of updated, appropriate marketing images.

*Expectations:*

- Images needed for marketing materials and websites are anticipated and acquired.

*Contract Solution:*

I am still able to complete this task remotely by doing images searches on web databases such as *iStockphoto.com. If the experiment with the *Seminar Photo Contest fares well, I could also manage

that process via the web using Aptify, e-mail, and Skype.

*Responsibility:*

Identify and implement new opportunities to leverage marketing materials.

*Expectations:*

- Ideas are researched for feasibility and effectiveness.
- Chosen projects are designed and sent out within the budget and timeline.

*Contract Solution:*

I would utilize e-mail and Skype to communicate any new ideas and opportunities to leverage marketing materials. I have recently proposed creating a one-page calendar of our program deadlines to distribute to our recent seminar alumni in a fall mailing. This way students will have an easy way to remember all of our deadlines for our programs and may potentially boost our number of applicants.

**Role #3: Web-based Marketing Coordinator**

*Responsibility:*

Contribute to online advertising efforts and track results.

*Expectations:*

- Online efforts are increasingly cost effective.
- Marketing Director is informed of web-based marketing results as requested.

*Contract Solution:*

I am familiar with our online advertising efforts and can continue to help with this process from a distance. I will be able to access Facebook Ads, Google Ads, Blog Ads and aid Keri in gathering and entering data. I have experience working with our Facebook and Google Ads and have created images for Blog Ads in the past. Launching new Ads will be easily managed abroad.

*Responsibility:*

Compile collection of updated, appropriate web photos.

*Expectations:*

- Attractive, updated photos will be available for program and marketing uses.

*Contract Solution:*

As stated above with the stock photo inventory, I am still able to complete this task remotely by conducting image searches on web databases such as iStockphoto.com. The Seminar Photo Contest will also be used as a tool to aid in this compilation of images while I am abroad.

In order to more effectively track the cost of production of our print materials, I think [company name] would find value in transitioning to a contract basis for this position. I have really enjoyed working at [company name] thus far and would like to continue working for this organization from a remote location. Thank you for your consideration of this proposal.

Explanation of Software and Programs Mentioned:

**ConceptShare—www.conceptshare.com, ConceptShare allows you to set up secure online workspaces for sharing designs, documents, and video and invite others to review, comment, and give contextual feedback anytime and anywhere without a meeting. [Company name] has used this site for a few months to test its usability and has also been tested on multiple computers in Argentina (thanks to my sister*

*testing it out for me while she was in Argentina).*

**Skype—www.skype.com, Skype is a free software that allows you to talk for free via the Internet. You can also use Skype with regular phones to make calls internationally for a low rate of about .04 cents a minute. Skype also has video chatting capabilities and conference call capabilities for meetings. The setup requires downloading the Skype software free) and buying a headset with microphone ($10) and webcam ($ ranges) for each computer. I have tested this software with my sister and it works well for her in Argentina and for me here.*

**iStockphoto—www.istockphoto.com, iStockphoto is an Internet royalty-free image and design stock photography website. This is one of the many sites I use to find photos for [company name]. We have already used a few photos from this site for our marketing materials.*

**Seminar Photo Contest—This contest was created by me and developed with Keri as an experiment to collect more relevant and usable photos for our marketing and publication efforts. Since we have found it to be a bit invasive to try and take the photos ourselves, we wanted to try a new approach to capture photos for our needs. All participants of our Summer Seminars 2008 are able to submit photos they have taken at their seminar with a chance to be rewarded with a $5 Amazon Gift Certificate for each image we choose.*

86. This video explains how and why I pack the items in the list that follows. Links for all items are also included.

87. This company filed for Chapter 11 in June 2009.

88. For the exact breakfast, just serach "slow-carb" on www.fourhourblog.com or both "slow-carb" and "Ferriss" on Google.

89. This has thankfully decreased to 2,000–3,000 per week as of this writing.

90. This post is, of course, available on the blog for those who would like to copy and paste the rules for their own use.

# Living the 4-Hour Workweek

**► CASE STUDIES, TIPS, AND HACKS**

- ► Zen and the Art of Rock Star Living
- ► Art Lovers Wanted
- ► Photo Finish

- ► Virtual Law
- ► Taking Flight with Ornithreads
- ► Off-the-Job Training
- ► The 4-Hour Family and Global Education
- ► Doctor's Orders
- ► Financial Musing
- ► Who Says Kids Hold You Back?
- ► Working Remotely
- ► Killing Your BlackBerry
- ► *Star Wars* , Anyone?

**ZEN AND THE ART OF ROCK STAR LIVING**

Hi Tim,

Here's the story. I'm a musician based in Munich, Germany. I'm running my own label and it has been difficult to get it off the ground. While working on that, my creativity slowly decreased until I hit rock bottom (a couple of times).

While it is still difficult to survive in the music industry I find it not hard at all now to do what I want to do. And that's all I do. I do what I want to do. It includes being a father, making music, composing, taking care of business, traveling, learning languages (mostly Italian), riding my bike, etc.... It's all in the following paragraphs.

1. I read the book step by step for about two months from September/October 2008 (plus surfing your blog) and just made tabula rosa with my life. (Lots of brainvomiting on paper.)
2. I started outsourcing things that bothered me most (and therefore kept hanging out in my to-do list the longest). I outsourced:

    - ► research, most of which is music-industry related (research outsourced saves about 2–3 hours/day)

- ► website maintenance (social websites like Facebook, Myspace, etc). I'm planning on doing most of my marketing through these sites in 2009 and I'm on about 25+ sites as an artist.

  My VA (getfriday.com, as recommended in your book) does all the updates and checks the sites once a week to gather e-mail messages, comments, etc., filters them and sends me a report once a week including all the details for me to respond to. (Saves about one to two hours/day.)

- ► photo retouching for my press pics is done by elance (saved five hours of work time and about $500).

- ► management of my mailing list for gig dates, album updates, etc. (Saves about one hour for each mailing.)

- ► I started testing muses (learning languages with music to sell online). I'm still testing!

- ► I decided to open a publishing operation online for film companies to license music for film with just a mouse click, without having to negotiate deals for months. It will happen in 2009 (I start testing soon). People are generally surprised and amazed that a person who doesn't seem to be very corporate (I look like a retired punk rocker, haha) outsources parts of his life and lives like a millionaire (I guess we do although we're far from it!).

I realized that I could do it after I got the first positive feedback from my outsource VA. I got the results of my project posted on elance and a day later I got the results. I went, yeah baby, this is MINE! The biggest change is, that I now have my life under control. I take care of my little daughter (20 months) half the day (second half, my wife takes care of her), I take care of business, and I take time to do things I always wanted to do. Revenue-wise I'm pretty much the same I was before but I have a lot more spare time and a clear head (so I guess I've gotten a lot richer!).

I work whenever I want (no boss) about 24–30 hours/week (including office hours and music-studio hours) and what I do now is only what I really love to do. I'm still step-by-step optimizing efficiency to reduce office hours (currently about 10 hours/week). My dream is to dissolve my office altogether, go paperless, and basically only have my laptop as an office.

I eliminated all work that has gotten me down or was wearing me out (eliminated an extra workload of about 10 hours/week). I do not take on jobs (writing/producing music) unless I really love the project. I

eliminated all complainers and haters (saves my stomach).

I just started my blog juergenreiter.com, "zen and the art of rockstarliving," where I want to share the changes I made to my life (mostly for musicians to see the light at the end of the tunnel).

And I recorded an album of my music and for the first time in my life did all the lyrics myself! It's going to be out in spring on my label ORkAaN Music+Art Productions.

I'll be on mini-retirement in New York this year for six weeks. I'll be in Sicily to learn Italian for about two weeks in May. I'll be back in Sicily to travel the island by bike for another 2–3 weeks in September. And am planning on going to either Mexico, Central America, or Australia in the winter.

I learned to shave with a straight razor within about 30 minutes, which I wanted to do for years. Shaving is a real exciting ritual now and a lot of fun! I will do a master course for coffee experts in April (I'm a coffee junky!) and become a "maestro del café." I helped my wife quit her teaching job and fulfill her dream to run a cafe in Munich, Germany. It's called Frau Viola and opened its doors in October 2008. It is running great! (www.frauviola.wordpress.com)

Can you measure all of that? I think it speaks for itself!

The general mindset of 4HWW has given me the calmness of being able to take time to play with my daughter and enjoying my "free time" without getting the fear of missing out on something or wasting my life. I'd say overall (with all the above-mentioned changes) my productivity increased at least 70% and doubt decreased by 80%.

For those just getting started:

1. start small think big.
2. identify what excites you vs. what bores you
3. eliminate and focus on what excites you
4. stick to what excites you no matter what people say. It's your life, live it the way you know is right for you.
5. read ***4-Hour Workweek***, obviously! ***—J. REITER***

## ART LOVERS WANTED

I saw my father work himself to the bone for 20 years as a garbage-man when we immigrated from Mexico. As I looked at my life in April 2007 in a lonely hotel room after another endless week of travel for my employer far from my family and those I love, I realized that at 33 I was on the same path to work myself into the ground and give up on my lifelong dream of pursuing my love of music and theater.

In life there are no accidents and that night as I was checking an e-mail from an old friend he suggested the 4HWW. I devoured the book in a few hours and began immediately to apply the key principles. When I told people about the book and about what I intended to do everyone said I was crazy. I focused most of my efforts on Dream-lining, Elimination, and Liberation. As an employee I wanted to first achieve liberation with a remote work arrangement. Despite several failed attempts I persevered (great lesson in negotiating) and was granted the opportunity to work remotely. This changed everything. I went from 9+ hours of work a day with weekly work-related travel to four hours a week, one week of travel per month, and I managed to get a $10,000 raise and deliver 2x the productivity in my job from the previous unproductive year.

As a result I now live with my once long-distance girlfriend in Seattle (my hometown). I spend my newly found time pursuing my passion for music (I sing in a choir and write my own folk-rock music), theater (I am performing in my first fully improvised 60-minute play this weekend), and fitness. I am training for my second marathon now.

Most of my friends cannot believe that I can actually spend most of my time pursuing my love for the

arts and still make a full-time income on only four hours a week. The best part of this is that I have found mentally the meaning of freedom. Reality is truly negotiable and now my reality is that I can spend endless hours enjoying the company of my father, who waited twenty years till he retired to enjoy the freedom that I have found less than 24 months after reading ***The 4-Hour Workweek***.

As an immigrant I want to spread the message that to succeed in America in the 21st century we must NOT work hard, instead we must follow the principles of the 4HWW and work smarter so that we can truly achieve the New American Dream: Freedom to enjoy the most precious resource we have in life … our time on this earth.

***—I. BARRON***

**PHOTO FINISH**

Hey Tim,

I wanted to tell you that your book, ***The 4-Hour Workweek***, has been a true inspiration and life-changing resource for me this year!

I bought your book in November. Before then, I didn't know what "workflow automation" was. I had a part-time employee, but her work was actually *creating* more work for me. I would work until sometimes 3 A.M., and get up at 7. I'd tell you I wanted to travel, but the truth is that it seemed impossible to me. I didn't have time or money.

I was listening to your audio book one day. I had been listening to each of the chapters, sometimes over and over again. I was jogging. I stopped in my tracks. I believe I was listening about a case study about someone who sold music files over the Internet.

I'm a photographer. Weddings mostly. I wondered how I could sell digital images over the Internet. Then I came up with a fantastic idea for a family photography company. I stopped right there, and reserved a website on my iPhone.

Two months later, I had a website, access to thousands of photographers across the country, and our first sale. Even better, I am now in the family photography business, and I never have to shoot myself. Even better +1, we are the first family photography business that doesn't sell prints. Only digital files. It worked! I have now adopted this for my wedding photography as well. Other photographers are so offended, but I am making WAY more $, my costs are almost eliminated, and my time is free!

I know the above is vague, but it's not the point. The point is that now I work better, faster, I have two more employees, I turned off my e-mail notifications on my computer and my iPhone, despite all of what it's capable of, it doesn't even ring. E-mail has been disabled. I just check it every so often to see what calls I missed.

Today, my fiance loves me because I come home in time for dinner and I leave my laptop at work. It's a life I never thought I'd be able to live. In the meantime, systems are working in my place and this year looks to be a lot better, financially, than last.

Then I decided it was time to try my first mini-retirement. The goal: ski the Swiss Alps and spend five days in Switzerland and spend less than $1,000 total. I got a roundtrip ticket for about 500 bucks. My ski pass for one day at Engelberg was $80. Lodging was free, thanks to your suggestion www.couchsurfing.com, and I ate roasted chestnuts, brats, fish and chips and drank great beer all week long. I did it!

I am forever grateful, and am excited for more mini-retirements. Here's to living during the best years of my life.

P.S. I leave May 11 for a month-long work vacation to Italy (I have been hired to photograph two weddings in Siena). I plan on vacationing a LOT more than I will be working.

***— MARK CAFIERO, Photographer***

## VIRTUAL LAW

I used to work at a large Silicon Valley law firm, but one day I woke up and decided that I wanted to travel for a year and learn a foreign language. Six weeks later I was living in Cali, Colombia—I'd never visited Cali before and hardly spoke a word of Spanish, but that's what made it exciting to me. Well, almost two years later, I still spend 95%+ of my time living and working from Cali, Colombia (I recently bought a gorgeous apartment here that I could never afford if I lived in California). I also have a full-time maid/cook (well, five hours per day, five days per week), which costs me less than US $40 per week!

I started my own virtual law practice and then joined forces with my old boss. My U.S. number rings through to me wherever I am in the world (originally I'm from New Zealand so I travel back there a lot, too), and all my U.S. mail is delivered to Market Street, San Francisco, and scanned so I can view it online. If I need to mail letters, I have another service which prints the letter and sends it within the U.S. so there are no international shipping delays.

Definitely use www.earthclassmail.com for mail receipt/scanning. They have different packages but it's around $20-$30/month. You can also choose one or more P.O. boxes or physical addresses. My Market Street address is actually an earthclassmail address.

For printing small letters and mailing within the U.S. I use www.postalmethods.com. It's a little clunky at first but it's fine when you get used to it. It's very cheap since you only pay when you send (a four-page letter works out to just over $1 including the postage).

Come visit me sometime. Colombia is nothing like what you hear about—I feel a lot safer walking around late at night here than a lot of places in San Francisco. But don't tell anyone, those of us living here want to keep it a secret!

***—GERRY M.***

## TAKING FLIGHT WITH ORNITHREADS

Tim—

My mentor gave me your book this past July and it had a tremendous impact on my life, its arrival could not have had better timing. About the time I read it, I was a few weeks away from competing in my first Olympic distance triathlon. I had trained for five months, felt and looked strong, but even more important the discipline and working toward a physical goal resulted in a creativity I hadn't felt in years. I posted a competitive time in the event and felt so optimistic about my abilities that I signed up for a half ironman competition.

Riding that high and following the principles of your book, I thought of dozens of ideas for products/businesses and am on the verge of launching the first of those ideas. It is a line of apparel called OrniThreads which will provide modern, scientific designs of birds to Gen-X and Gen-Y birders.

The reasons for focusing on this demographic are twofold:

1. For my "day job," I work at [company name]. I have learned a lot about their audience/membership, e.g., like the fact that there are 70 million Americans who actively bird (a staggering statistic from the U.S. Fish & Wildlife svc). Birders are a passionate lot and their interest only seems to grow over time—it never dies! They also tend to skew from the middle to upper class and are educated.
2. I took an ornithology class this summer at Columbia University (where I am enrolled in a conservation biology program) and fell in love with the illustrations in my textbooks and wanted to surround myself with these images.

I am launching www.ornithreads.com in the next week or so and the first of my three designs are being printed as we speak.

I have big aspirations for the company, but am just trying to get the first collection to customers and learn as much as I can. Your book has been incredibly helpful in outlining the necessary steps I need to take to succeed and hope that my idea has some legs (or wings) which translates into an automated income.

If you are in NYC anytime soon—promoting your book or otherwise—I would love to meet you. Sincerely, ***—BRENDA TIMM***

## OFF-THE-JOB TRAINING

I used concepts from the 4HWW to work remotely from August of '08 until January of '09. I went to Portugal, Europe, Spain, Sweden, and Norway surfing and snowboarding my brains out. Best part about it? I came home with three times as much money in the bank than I would have had if I continued the normal 9 to 5. I work for [world-famous design company] as a software developer, and was able to put the concepts to use and really change my life. I paired my iPhone + Fring (Fring is voice over IP on the iPhone, it allows you to use one device for everything, and have a local number abroad).

I spent four months prior to departure being sure to never be at my cube, but always be just around the corner. I made a point to ALWAYS be available on Instant Messenger, so when people would walk over to my cube and look for me in person they would see I was somewhere else, then hop online and ask, "Where are you?" My response was always similar, just down the hall in the cafeteria … just down the block at the coffee shop, or at co-worker X's desk. After two months of this a magical thing happened: People always looked to get me via Instant Messenger and stopped dropping by my desk altogether. That allowed me to be 6,000 miles away without anyone noticing.

Something else to consider… how **time zone** affects remote work environments. I noticed, while in Norway (nine hours away), that it was the perfect amount of time. I was, in a sense, living in the future. My day was almost over by the time my boss woke up … this allowed me to explore Norway's fjords, mountains, and undiscovered frigid surf spots in complete peace and without ever having to worry about getting a call from overseas. It was perfect … If I wanted, I could explore all day, come home and have some dinner, then ichat with my boss for 20–30 minutes and check in. The few times he needed something urgently, he was able to give me work when he went to bed, and have it completed in the morning when he woke up. ***—B. WILLIAMSON***

## DOCTOR'S ORDERS

Hi Tim:

Here's my story …

My dream started about four years ago. I was in the process of taking my psychology licensing exam, and after speaking to a friend, decided that I would reward myself with a trip to South America. We were both exhausted from our 9-to-5 (and sometimes 6, 7, or 8 p.m.) hospital and clinic jobs.

I had traveled extensively throughout the United States and some parts of Europe, but I had never experienced South American culture.

My trip there was absolutely fantastic and really opened my eyes to other ways of living and culture. During my trip, I spent a lot of time speaking to expatriates about how they used their retirement funds and pensions to live the lives of kings there. One thing was evident: Most of the expatriates who attempted to "set up a business" to help fund their lifestyle had failed miserably. I hypothesized that there just wasn't enough currency (pesos) in the marketplace to really sustain a "gringo"-oriented business.

After my trip, I told my friend that I needed to dedicate all my energies to developing a method of receiving income from U.S. citizens while living elsewhere. VOIP had recently been introduced to the marketplace and Internet service was improving in South America and other parts of the third world.

The business had to be based upon absolute mobility. I boiled the whole business down to two basic functions: reliable telephone via VOIP and high-speed Internet.

At the time I had a small research consultation practice where I was helping doctoral students on the phone and via e-mail to complete their dissertations, theses, and statistical analyses. I had a small website that was getting traffic but I was relying on others for web and marketing services. I subsequently learned more about search engine optimization and web marketing and eventually took control of all web marketing and promotion of my website, http://www.ResearchConsultation.com, allowing me to expand my business substantially.

During the next three years I conducted numerous "mobile tests" … traveling to Costa Rica, the Dominican Republic, Venezuela, and Colombia in order to fine-tune my system of conducting business from abroad.

I finally left my job last November, the day before Thanksgiving, vowing to never return to the mundane 9-to-5 structure. My job had even recently instituted a "bio-metric fingerprint" identification system where you had to "punch in and out" at the beginning and end of your hospital shift with your fingerprint to ensure that you were working your eight hours. This was just another sign that I had to leave.

I now live in NYC and Colombia and travel to other parts of the world throughout the year: speaking to customers, managing my contractors (U.S. and Colombian) in order to acquire U.S. dollars while living for a fraction of the cost abroad. I'm also developing other websites and businesses (community forums) that will hopefully be more automated, requiring less day-to-day interaction and monitoring.

Well, that's my story for now … today South America, tomorrow anywhere I can get a high-speed connection (banda ancha)! My stress level has dropped significantly since leaving my old job and my quality of life has improved enormously.

My family and friends in NYC still think I'm out of my mind, and I continue to fully agree with them.... ***—JEFF B.***

## THE 4-HOUR FAMILY AND GLOBAL EDUCATION

Tim,

We moved to a totally digital nomadic life traveling the world as a family in 2006, so we discovered your book and ideas after we had begun and loved it! Our life has changed totally and is more fulfilling and much more simple. We are greener, leaner, healthier, happier, more connected.

Other people thought we were absolutely nuts when we decided to do this in 2004/5, but now many of those same people think we are smart and psychic.

Problems finding a good school fit (despite having many award-winning excellent ones at our disposal) was probably the most specific moment (John Taylor Gatto says it best on why schools do not educate) that helped us to change as well as wanting more time together and forecasting the house/economy crash coming.

I think more families will be taking mini-retirements and living slower, traveling digital nomadic lives. If you are away for months as a family, you need to be informed about all the wonderful educational opportunities which are actually richer than staying home (which few realize)!

There are a TON of fantastic resources like Classroom 2.0 and many innovative educators online. My daughter just turned eight and is having a blast with her online course with John Hopkins University/CTY and it is also a nice resource for friends. Today one can immerse deeply in one culture

and still maintain one's home culture. This is important information for families who still fear the outdated negatives on Third Culture Kids (TCK) based on studies from the fifties.

Maya Frost[91] has excellent information about older kids and even a new paradigm when it comes to going to university. I think education is one of the things going through a total transition due to the Internet, and parents need this info to make important decisions.

We have had a fantastic experience in going to a local school in Spain that has allowed my child to immerse very deeply in her second language, culture, and literature. More info (in the book) on local schools is needed and how to experience it as a family for months at a time.

We have used local people like a wonderful flamenco teacher for our child and we have also used online sources like our piano teacher in Chicago who teaches our child in Spain via Skype.

E-libraries are very important (especially with a child who is a voracious reader). Http://learninfreedom.org/languagebooks.html is an excellent resource on language education with great books on raising a bilingual child, even if you are a monolingual!

***—SOULTRAVELERS3, a family living abroad and loving it***

**FINANCIAL MUSING**

I graduated from Stanford University and started working in investment banking in July 2006, and, in a sick way, almost enjoyed it at first. Yes, it was a terrible lifestyle and all, but I was learning a lot and moving up very quickly. I have (had) a type-A personality, so it appealed to me on some level.

As the year progressed, though, I realized it wasn't sustainable and that I wanted out… but like so many other people, I failed to take action immediately.

In May 2007, I was driving home at 3 A.M. one night after having pulled 4–5 all-nighters previously, and crashed into a tree on the side of the road. If you've never crashed into an inanimate object while asleep at the wheel, just imagine waking up five feet from the ground while bungee jumping as the cord is about to snap to get an idea of what it feels like.

"At the ER"

That was the subject line of the e-mail I sent out the next day to my entire office. Luckily, everyone understood and told me to take a rare three-day weekend. Luckily I survived with no major injuries, but at that point I decided it was time for a change.

I met up with some friends for dinner a week or two later and relayed my story. One friend there (who recently quit her job to pursue professional acting—her dream—while selling information products online) told me about this book she recently read called ***The 4-Hour Workweek***.

I thought it was a scam, of course, but I really hated my life and decided I needed to check it out at the very least. I read it in one sitting. And then I read it again, just to make sure I wasn't hallucinating. Before ever getting into finance, I had done some work online with graphics and web design and I had a technical background, so nothing in the book seemed outrageous to me—I just didn't realize how easy and accessible it all was. Also, I had lived in Japan for half a year in college and loved it—and long-term world travel had always been one of my goals.

I sat on the ideas in your book for a while, took a quick vacation to return to Japan in October 2007, and when I came back decided that I had to get started. My muse: sell an investment banking interview guide. It's a niche, high-demand subject and I knew I could make a better guide than anything else out there. One problem: I had to stay anonymous since I was still working, and advertising with Pay-Per-Click would be way too expensive given the high CPCs for related keywords.

In November 2007 I decided to start a blog, Mergers & Inquisitions (http://www.mergersandinquisitions.com), about the investment banking industry and how to break in, aimed at a mix of college students, MBAs, and working professionals. While I built my audience, I

never had the time to finish my muse—the interview guide. But I was getting tons of requests to do consulting from my readers, so I started with resume editing and expanded into mock interviews—yes, not very "muse-like" but I charged high rates and could make my old salary in a fraction of the time. I did this ALL while staying completely anonymous out of necessity—because I didn't want to get fired without an alternative income stream. Amazingly, my services took off even though I couldn't tell anyone who I was.

At the same time, I decided I would not get another job in finance, and would instead leave in June 2008. So I had a very short amount of time to make everything work. Almost every single one of my friends, roommates, and family doubted me and said it would never work. I decided they were all wrong and I would just do it anyway—worst-case scenario, I could always reduce my expenses and move to Thailand to teach English.

To boost my income, I completely revamped my site to sell more of my offerings, which took me from pocket change to full-time income from part-time consulting over July-August 2008. This allowed me to travel to Hawaii and Aruba to go snorkeling, surfing, and shark-cage-diving and visit friends in other parts of the U.S. all while making an investment banker's income from part-time work.

As the recession and economy worsened, my business picked up because it was counter-cyclical—anything that helps people find jobs is in huge demand in a poor economy. I've since helped scores of laid-off bankers and other financiers find work elsewhere. However, I was also starting to work a lot more because I was effectively trading time for money … so over the fall I started to work on my original product idea—my interview guide—and released it to great success later in 2008.

It has gone on to free up a ton of time, double my revenues, and put the majority of my income on autopilot. If I didn't do any further work from this point onward, I could make 2–3x my previous monthly income simply by writing once or twice a week for my site (4–5 hours) and doing limited consulting on the side (10 hours). So you could say I've increased my income almost 3x while reducing my hours 6x-9x and making myself completely mobile.

I admit that often I do "work" more than this, but it's all on related educational projects that I want to work on, not anything that I have to work on. And if I don't feel like working one week, I can reduce my hours to the 5–15 hour range and spend my time on learning languages, sports, or traveling to exotic destinations.

This setup allowed me to take an amazing trip to China, Singapore, Thailand, and Korea in December-January and get in some ridiculous adventures. I'll be moving to Asia in a few months and after that, traveling the world indefinitely while running my business from coffee shops.

Incidentally, I met up with a lot of customers in Asia who thought this was the coolest thing ever!

Your book has changed my life and infinitely improved my lifestyle, and I just wanted to thank you for everything.

***—B. DECHESARE***

**WHO SAYS KIDS HOLD YOU BACK?**

My first action was to think "what is the worst that can happen on a scale of 1–10" if I quit my well-paid, very secure government job? The power of this thought process is incredible.

I quit my job, sold my house, and went camping for three months with two kids under two and a half and a pregnant wife (mini-retirement). We (very slowly) drove the SE coast of Australia from Sydney to Adelaide.

With the complete clarity of mind that comes from being in a field with your family with no immediate worries, I put into action a plan that I had been tinkering with for 12 months. I bought a wireless Internet dongle and created an info product for electrical engineers, and wrote some software to

go with it.

Managed this by (a) going on info diet, (b) working 9 p.m.-midnight in a campsite with no other distractions, (c) outsourcing everything that I would find difficult or time consuming (like the tricky programming stuff and the illustrations for my book).

After about four weeks I had an automated informational website that had replaced ½ of my full-time income—requiring > four hours per week to maintain.

The original plan was to arrive in Adelaide and get a J.O.B. But with my passive income, I decided to simply grow my new business and am currently very close to replacing 100% of my previous income. It feels f&*#ing brilliant.

Now we plan to travel the world slowly until the kids are ready for primary school…

Who says kids hold you back?! ***—FINN***

## WORKING REMOTELY

One month and one year ago, I read 4HWW on the recommendation of my sister's boyfriend after I had been talking for months about changing my life drastically and moving to Argentina to learn Castellano. After reading the book I stopped talking about my dreams and immediately started setting short-term and long-term goals. I bought a notebook to track my monthly goals and tasks. I did lots of research on potential remote working situations and I started telling my close friends and family about my new plans. Everyone that I told thought it was just an idea and I wasn't actually going to go through with it. They thought it was a "some day I'd like to do this" idea and that I wasn't actually setting daily goals to get me there. They knew that I loved my job so why would I leave it for a life of uncertainty? I didn't think of it that way. I wasn't scared, I was excited at the prospect of a new way of life, a fresh start, and even though I loved my job I also had other things I wanted to accomplish in my life. At first I thought about teaching English to make a living down there, but deep down inside all I really wanted to do was continue working for my current company, just doing it remotely. The book gave me the confidence to think this was actually possible, when everyone around me thought it was impossible.

I decided to write up a proposal[92] and present it to my boss even at the advice not to do it from everyone I knew. If my boss rejected my proposal, I had enough money saved up to live in Argentina for at least six months to get me by until I could figure out how I wanted to make money there. I was not giving up on my dream of living a freer, happier life with less work and more time for myself. All odds were against me but I took a calculated risk and had faith in myself. After I handed in my proposal, I was ready to expect the worst. Everyone around me was waiting with baited breath and words of encouragement after I got rejected. When I left the meeting with my boss I couldn't believe it. She accepted and was eager to talk to me about the details. She even had a smile on her face and told me how awesome my proposal was. No one else could believe it when I told them. After the shock wore off, I realized that I could actually do this, and a huge weight was lifted from my shoulders. The hardest part was over and now I could start thinking of more possibilities for my new life.

I set my goal to move to Argentina for September 2008. I arrived here on September 3 and have been here for about six months now. I live in the capital city of Jujuy, Argentina, a small province in the northwest of Argentina. I work about 5–10 hours a week and I find that I am much more focused now that I am out of the office and working alone. I have a private Spanish tutor that I meet with for two hours, five days a week. I have a handful of friends that I spend time with, practicing my Spanish. I go to the gym three times a week and go to yoga two times a week—something I didn't do in the States because I didn't have enough time. I eat healthier because I have more time to focus on what to eat. I have more time to dream up bigger things that I want to do with my new free time. I have dreams of owning a bar or cafe, so maybe a few years from now that will be my next endeavor.

My advice to 4HWW readers is to take from my experience. I rely heavily on the advice of my friends

and family, but sometimes you have to ignore the advice of your loved ones to really make some thing happen. If you believe the impossible can be made possible, it will happen. ***—A.K. BROOKMIRE***

## KILLING YOUR BLACKBERRY

I'm a 37-year-old Subway franchisee owning and operating 13 stores. Been doing this for seven years. Prior to reading 4HWW I was KING at W4W (translate: work for work's sake)! I'd never given myself "permission" to behave differently than I did as an employee in the past. 4HWW was absolutely liberating for me. I literally "caught myself" and began the process of curing my addiction to W4W. I used to always be "on" and I was never really "present" anywhere—too busy doing the "blackberry prayer" at the dinner table instead of spending quality time with those who were present. Holidays were just a remote office for battling the e-mail tsunami. 4HWW gave me a new paradigm and I began to look at my business as a "product," the (original) purpose of which was to provide me with a disproportionate amount of income vs. time invested personally by me—to what end? To ENJOY MYSELF and to have complete autonomy over my schedule and activities. So I got off my own back, told myself it was OK to pursue the original purpose and here's what I did:

Crunched my "always open" workweek into four days and 20 hours. I immediately began taking Mondays OFF, giving me a nice three-day weekend. (Fridays are in the "CROSSHAIRS" next!) Tuesday to Friday I work 11 A.M.-4 p.m. (20 hours per week). With the "unluxury" of time in this crunched workweek I was forced to appraise everything through the 80/20 filter and found that 50% of the 80% was pure crap and the other 50% of the 80% could be done by someone on my payroll. Great!

Everything I do now has to somehow either increase sales or decrease costs otherwise "it's someone else's job." You can't be "half-pregnant," so when I'm "on" I'm really on and when I'm "off" I'm off—good luck trying to contact me. I still carry portable e-mail but I've killed "auto-sync" (the bane of modern mankind in terms of interruption) now it's on a Tues-Fri, 11 A.M.-4 p.m. schedule. Outside of that window it waits.

My e-mail autoresponder eliminated 50% of my e-mail within two weeks as people sending me meaningless crap got fed up looking at my autoresponder and stopped including me—love it! I keep a short, compact "to-do" list and anything time-bound is in my calendar. These get my attention before any other "inbox" does because I've previously decided what's important for me to get done—the rest can wait.

I could go on, but all in all I think this is a message that the self-employed need to hear so badly. With no "boss" and no "clean edges" to work-life/home-life it's so easy to fall into a W4W grind and your business becomes a tractor beam that trails you inexorably down that path. 4HWW is the antidote!" ***—ANDREW, self-employed in the UK***

## *STAR WARS* , ANYONE?

I knew my quest for the 4-Hour Workweek was working when my daughter's kindergarten teacher asked her the question: "What kind of work does your father do?" As the teacher re-told the story back to me, it was my daughter's answer that really struck a chord. "Your daughter turned and looked up at me with the most serious look on her face and said, 'My dad just sits around and watches *Star Wars* all day.'"

It's funny how this one simple question, and not to mention my daughter's answer, would be the moment of true 4HWW self-awareness for me. You see the answer my daughter gave her teacher has a deeper meaning. I believe what she meant to say, if she could articulate it, was "My dad sort of does whatever he wants to do."

I read the 4HWW almost two years ago when I was on vacation at the beach with my family. I remember it well, because I kept reading parts of the book to my wife, bothering her to no end. I am a

developer and enterprise administrator for a large financial institution in Atlanta, Georgia. Part of my job is supporting the large complex document captures systems that I help build. Due to the importance of these systems I am expected to be reachable 24/7/365. That is good for job security, but can be bad for my family life. I have four beautiful children and I strive to be a true "hands-on" dad who is present in my family's daily lives. So armed with your book and a fresh (ocean air) perspective, I set out to put many of the 4HWW principles into practice.

First, I worked on changing my e-mail habits. I took a hard look at my inbox and used several of the techniques outlined in the 4HWW to eliminate all the waste and noise. I formed new habits around batching my e-mail sessions and it didn't take long to achieve a zero inbox using the "trusted trio" folder method. I also applied the less is more philosophy to composing my e-mails. I went to great lengths to ensure I am as clear and concise as possible. Only communicating exactly what is needed to the right audience and not to the world. By eliminating all the noise and fat from my e-mail diet it became much more clear what "actions" or "to-do's" were important.

Meetings and conference calls were the next area of attack. I scrutinized each meeting invite and began declining requests left and right. Most of the time I would claim I had too much going on to attend. I started asking for the minutes of the meeting or for someone to IM me if they had a specific question I needed to answer. When I do attend a meeting it is almost always via a conference call. Due to conference room restrictions and geographic challenges in our company most of our meetings are done virtually anyway.

Less wasted time meant more time to focus on work and tasks that really mattered. I felt like I was doing less but getting more things done and with better results. The right people were starting to notice and the perception of my ability to get the job done had never been better. I was making my management look good, and when that happens they stop asking questions or micromanaging daily activities. I kept proving to them I can do it without interference. Now was the time to make the push for what I really wanted and that was to go virtual!

Going virtual was actually very easy. I had a solid foundation with my manager and others in the chain of command. Almost all of my daily work was already remote-ready. At home, I have a great dedicated office in our finished basement. It is situated well away from the rest of the house and is mostly free of distractions. I have my own bathroom with shower and I even have a mini-fridge and microwave. I dare say that my home office rivals the amenities of the top executives at my company. Most of all, I have a wife and family that totally understand and respect the rules I set for myself to continue this success.

At first, I worked one or two days a week from home, but it didn't take long before I found myself working four out of five days a week from home. When the Southeast was hit by the gas shortage and the price of gas nationwide was cresting $4 a gallon, the company made working from home even more accepted and official. I became an overnight model for others to follow. As people around me were in a panic as to how to get to work when no gas could be found, I was happily working away at home just business as usual.

At this point, things were working better than I ever expected. Using my 4HWW skills I now had more time to be that hands-on dad I wanted to be. I became a regular up at the elementary school. I eat lunch in the cafeteria with my girls, especially on fried chicken day! I participate in a program called D.E.A.R. which stands for Drop Everything and Read, where a few times a month I come in and read to each class. I drive my kids to school and I get to see them when they come home. For my entire family, I am present in their everyday lives, and can't put a price on that. I felt like I had achieved my goal. That was that. So I thought…

Other things started to happen. Without conscientiously knowing it, people around me at the school or church had a weird respect for me. I say weird because people literally mistook me as a doctor or just some sort of self-made millionaire. I am not kidding. There is this one guy who still calls me "Doc." I guess the reason for this is because most people still cling to the old stereotypes of what they think it is

to be "rich." I always seem to show up for the school functions or just special days at the school, usually in casual attire and never obsessing over time or my Blackberry. Now I have people nominating me for things like committee chair on the PTA, and just recently I was elected to the board of directors at our local swim/ tennis club. The cool thing is, I actually have the time to do those things and still be effective at work and at home. It goes without saying that new doors are open to me now. More than ever before.

With all of this going on around me I still come back to what my daughter said to her teacher. In truth, I am at a point where if I wanted to "sit around and watch *Star Wars* all day," I certainly could. But, I find myself filling the extra time now doing things that really mean something. Being present in the everyday lives of my family, helping my community, or volunteering at my church. Now I have a plan to take it to the next level and write my own book. The project I am working on is called *The Virtual Employee Handbook*. It is a collection of tips and how-to's on all the tools that are essential to the modern virtual employee, like me. We will see how that goes. One thing I do know is that I wouldn't even dream of what I am doing now if it wasn't for ***The 4-Hour Workweek!*** ***—W. HIGGINS***

91. Maya Frost, *The New Global Student* (Crown, 2009).

92. A simple, actual proposal is provided.

# ► RESTRICTED READING
# The Few That Matter

A hypocrite is a person who—but who isn't?

—DON MARQUIS

I know, I know. I said not to read too much. Hence, the recommendations here are restricted to the best of the best this book's interviewees and I have used and named when asked, "What is the one book that changed your life the most?"

None of them are required to do what we've talked about in this book. That said, consider them if you get stuck on a particular point. The page counts are listed, and if you practice the exercises in "How to Read 200% Faster in 10 Minutes" in Chapter 6, you should be able to read at least 2.5 pages per minute (100 pages thus equals 40 minutes).

For additional categories, including practical philosophy, licensing, and language learning, be sure to visit our comprehensive companion site.

## The Fundamental Four: Let Me Explain

The Fundamental Four are so named because they are the four books I recommended to aspiring lifestyle designers prior to writing *The 4-Hour Workweek*. Still well worth reading, here is the sequence I suggest:

***The Magic of Thinking Big*** (192 pages)

**BY DAVID SCHWARTZ**

This book was first recommended to me by Stephen Key, an ultrasuccessful inventor who has made millions licensing products to companies, including Disney, Nestlé, and Coca-Cola. It is the favorite book of many superperformers worldwide, ranging from legendary football coaches to famous CEOs, and has more than 100 5-star ratings on Amazon. The main message is don't overestimate others and underestimate yourself. I still read the first two chapters of this book whenever doubt creeps in.

***How to Make Millions with Your Ideas: An Entrepreneur's Guide*** (272 pages)

**BY DAN S. KENNEDY**

This is a menu of options for converting ideas into millions. I read this when I was in high school and have read it five times since. It is like steroids for your entrepreneurship cortex. The case studies, from Domino's Pizza to casinos and mail-order products, are outstanding, even if outdated in a few instances.

***The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It*** (288 pages)

**BY MICHAEL E. GERBER**

Gerber is a masterful storyteller and his classic of automation discusses how to use a franchise mind-set to create scalable businesses that are based on rules and not outstanding employees. It is an excellent road map—told in parable—for becoming an owner instead of constant micromanager. If you're stuck in your own business, this book will get you unstuck in no time.

***Vagabonding: An Uncommon Guide to the Art of Long-Term World Travel*** (224 pages)

**BY ROLF POTTS**

Rolf is the man. This is the book that got me to stop making excuses and pack for an extended hiatus. It covers bits of everything but is particularly helpful for determining your destination, adjusting to life on the road, and re-assimilating back into ordinary life. It includes great little excerpts from famous vagabonds, philosophers, and explorers, as well as anecdotes from ordinary travelers. This is the first of two books (the other was *Walden*, below) that I took with me on my first 15-month mini-retirement.

## Reducing Emotional and Material Baggage

***Walden*** (384 pages)

**BY HENRY DAVID THOREAU**

This is considered by many to be *the* masterpiece of reflective simple living. Thoreau lived on the edge of a small lake in rural Massachusetts for two years, building his own shelter and living alone, as an experiment in self-reliance and minimalism. It was both a huge success and a failure, which is what makes this book such a compelling read.

***Less Is More: The Art of Voluntary Poverty—An Anthology of Ancient and Modern Voices in Praise of Simplicity*** (336 pages)

**EDITED BY GOLDIAN VANDENBROECK**

This is a collection of bite-sized philosophies on simple living. I read it to learn how to do the most with the least and eliminate artificial needs, not live like a monk—big difference. It incorporates actionable principles and short stories ranging from Socrates to Benjamin Franklin and the Bhagavad Gita to modern economists.

***The Monk and the Riddle: The Education of a Silicon Valley Entrepreneur*** (192 pages)

**BY RANDY KOMISAR**

This great book was given to me by Professor Zschau as a graduation gift and introduced me to the phrase "deferred-life plan." Randy, a virtual CEO and partner at the legendary Kleiner Perkins, has been described as a "combined professional mentor, minister without portfolio, in-your-face investor, trouble-shooter and door opener." Let a true Silicon Valley wizard show you how he created his ideal life using razor-sharp thinking and Buddhist-like philosophies. I've met him—he's the real deal.

***The 80/20 Principle: The Secret to Success by Achieving More with Less*** (288 pages)

**BY RICHARD KOCH**

This book explores the "nonlinear" world, discusses the mathematical and historical support for the 80/20 Principle, and offers practical applications of the same.

## Muse Creation and Related Skills

***Harvard Business School Case Studies*** **www.hbsp.harvard.edu (click on "school cases")**

One of the secrets behind Harvard Business School's teaching success is the case method—using real-life case studies for discussion. These cases take you inside the marketing and operational plans of 24-Hour Fitness, Southwest Airlines, Timberland, and hundreds of other companies. Few people realize that you can purchase these case studies for less than $10 apiece instead of spending more than $100,000 to go to Harvard (not that the latter isn't worth it). There is a case study for every situation, problem, and business model.

***"This business has legs": How I Used Infomercial Marketing to Create the $100,000,000 Thighmaster Craze: An Entrepreneurial Adventure Story*** (206 pages)

**BY PETER BIELER**

This is the story of how a naïve (in the best sense of the word) Peter Bieler started from scratch—no product, no experience, no cash—and created a $100-million merchandising empire in less than two years. It is a mind-expanding and often hysterical case study that uses real numbers to discuss the fine points of everything from dealing with celebrities to marketing, production, legal, and retail. Peter can now finance the media purchases for your product: www.mediafunding.com.

***Secrets of Power Negotiating: Inside Secrets from a Master Negotiator*** (256 pages)

**BY ROGER DAWSON**

This is the one negotiating book that really opened my eyes and gave me practical tools I could use

immediately. I used the audio adaptation. If you're hungry for more, William Ury's *Getting Past No* and G. Richard Shell's *Bargaining for Advantage: Negotiation Strategies for Reasonable People* are outstanding. These are the only negotiating books you'll ever need.

***Response Magazine*** **(www.responsemagazine.com)**

This magazine is dedicated to the multibillion-dollar direct response (DR) industry, with a focus on television, radio, and Internet marketing. How-to articles (increasing sales per call, lowering media costs, improving fulfillment, etc.) are interspersed with case studies of successful campaigns (George Foreman Grill, *Girls Gone Wild*, etc.). The best outsourcers in the business also advertise in this magazine. This is an excellent resource at an excellent price—free.

***Jordan Whitney Greensheet*** **(www.jwgreensheet.com)**

This is an insider secret of the DR world. Jordan Whitney's weekly and monthly reports dissect the most successful product campaigns, including offers, pricing, guarantees, and ad frequencies (indicative of spending and, thus, profitability). The publication also maintains an up-to-date tape library from which infomercials and spot commercials can be purchased for competitive research. Highly recommended.

***Small Giants: Companies That Choose to Be Great Instead of Big*** (256 pages)

**BY BO BURLINGHAM**

Longtime *Inc*. magazine editor-at-large Bo Burlingham crafts a beautiful collage and analysis of companies that focus on being the best instead of growing like cancer into huge corporations. Companies include Clif Bar Inc., Anchor Stream Microbrewery, rock star Ani DiFranco's Righteous Babe Records, and a dozen more from different industries. Bigger is not better, and this book proves it.

## Negotiating World Travel and Preparing for Escape

***Six Months Off: How to Plan, Negotiate, and Take the Break You Need Without Burning Bridges or Going Broke*** (252 pages)

**BY HOPE DLUGOZIMA , JAMES SCOTT , AND DAVID SHARP**

This was the first book to make me step back and say, "Holy sh*t. I can actually do this!" It steamrolls over most fear factors related to long-term travel and offers a step-by-step guide to taking time off to travel or pursue other goals without giving up your career. Full of case studies and useful checklists.

***Verge Magazine*** **(http://vergemagazine.com)**

This magazine, formerly known as *Transitions Abroad*, is *the* central hub of alternative travel and offers dozens of incredible options for the non-tourist. Both the print and online versions are great starting points for brainstorming how you will spend your time overseas. How about excavating in Jordan or eco-volunteering in the Caribbean? It's all here.

From the website: "Each issue takes you around the world with people who are doing something different and making a difference doing it. This is the magazine resource for those wanting to volunteer, work, study, or adventure overseas."

# ► BONUS MATERIAL

This book is not just what you hold in your hands. There was much more I wanted to include but couldn't due to space constraints. Use passwords hidden in this book to access some of the best I have to offer. Here are just a few examples that took me years to assemble:

**How to Get $250,000 of Advertising for $10,000**
(includes real scripts)

**How to Learn Any Language in 3 Months**

**Muse Math: Predicting the Revenue of Any Product**
(includes case studies)

**Licensing: From Tae Bo to Teddy Ruxpin**

**Real Licensing Agreement with Real Dollars**
(this alone is worth $5,000)

**Online Round-the-World (RTW) Trip Planner**

For this and much more reader-only content, visit our companion site and free how-to message boards at www.fourhourblog.com. How would you like a free trip around the world? Join us and see how simple it is.

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Last but not least, this book is dedicated to my parents, Donald and Frances Ferriss, who have guided me, encouraged me, loved me, and consoled me through it all. I love you more than words can express.

## ► About the Author

TIMOTHY FERRISS, nominated as one of *Fast Company's* "Most Innovative Business People of 2007," is an angel investor and author of the #1 *New York Times, Wall Street Journal*, and *BusinessWeek* bestseller *The 4-Hour Workweek*, which has been sold into 35 languages.

He has been featured by more than 100 media outlets, including the *New York Times, The Economist, TIME, Forbes, Fortune*, CNN, and CBS. He speaks six languages, runs a multinational firm from wireless locations worldwide, and has been a popular guest lecturer at Princeton University since 2003, where he presents entrepreneurship as a tool for ideal lifestyle design and world change.

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Escape 9–5, Live anywhere, and Join the New Rich

Expanded and Updated

*Timothy Ferriss*

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# Crime Victims' Rights During Criminal Investigations? Applying the Crime Victims' Rights Act Before Criminal Charges Are Filed

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Nathanael J. Mitchell

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# CRIME VICTIMS' RIGHTS DURING CRIMINAL INVESTIGATIONS?

# APPLYING THE CRIME VICTIMS' RIGHTS ACT BEFORE CRIMINAL CHARGES ARE FILED

**PAUL G. CASSELL***

**NATHANAEL J. MITCHELL**&**

**BRADLEY J. EDWARDS*****

*This Article addresses whether crime victims should have rights during criminal investigations, using the Crime Victims' Rights Act (CVRA) as the focal point for our discussion. This is a critical issue, as many criminal cases may never proceed to formal charging. If crime victims have no rights during criminal investigations, then many crime victims will never have any rights at all.*

*The issue of whether crime victims have rights in the criminal justice process recently came to a head when the Justice Department released a memorandum contending that the CVRA does not extend crime victims any rights until prosecutors choose to file formal criminal charges. This led the CVRA's Senate cosponsor, then-Senator Jon Kyl, to fire off an angry letter to the Justice Department attacking its position. In our Article, we side with the Act's cosponsor. We believe that, properly understood, the CVRA does extend crime victims' rights during criminal investigations.*

*Our Article proceeds in four parts. First, it highlights the importance of applying the Act before the formal filing of charges by illustrating how dozens of victims in a notorious federal sex abuse case were deprived of the*

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*** Partner, Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman (Fort Lauderdale, Fla.). The authors thank Douglas Beloof, Patricia Cassell, Meg Garvin, Jay Howell, James Marsh, and Stephen Twist for their assistance with this Article.



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*ability to participate meaningfully in the criminal process when federal prosecutors narrowly interpreted their responsibilities under the Act. Second, the Article reviews the purpose, text, structure, and history of the CVRA, concluding that they all support the conclusion that crime victims have rights during criminal investigations. Third, our Article critiques the Department's memorandum, demonstrating that the Department's analysis is unpersuasive. Fourth and finally, the Article provides a specific approach for determining when rights should attach—specifically when federal law enforcement agencies have identified a crime with sufficient precision to send a "target" letter to a criminal defendant. We also observe that federal and state prosecutors have already accorded rights to victims before formally filing charges, which further undermines the Department's overly narrow construction of the Act.*

TABLE OF CONTENTS

INTRODUCTION ..... 61
I. THE ISSUE OF RIGHTS FOR CRIME VICTIMS DURING CRIMINAL INVESTIGATIONS ..... 63
A. A Brief History of Crime Victims' Rights ..... 63
B. The Crime Victims' Rights Act ..... 65
C. An Illustration of the Pre-charging Issue: The Jeffrey Epstein Case ..... 67
II. THE CVRA'S APPLICATION BEFORE FORMAL CHARGES ARE FILED ..... 69
A. The CVRA's Purposes ..... 70
B. The CVRA's Plain Language ..... 71
C. Courts Recognize That Crime Victims Have CVRA Rights Before Charging ..... 73
III. THE JUSTICE DEPARTMENT'S UNPERSUASIVE POSITION ..... 75
A. OLC's Misreading of the CVRA's Definition of "Victim" ..... 76
B. OLC's Distortion of the CVRA's Structure and Legislative History ..... 80
C. OLC's Ineffective Response to the CVRA's Coverage and Venue Provisions ..... 86
IV. WHEN PRE-CHARGING RIGHTS ATTACH UNDER THE CVRA ..... 90
A. A Test for Determining When Rights Attach ..... 91
B. Applying the Test to the Epstein Case ..... 93
C. Current Department Policy on Pre-charging Rights ..... 94
D. State Law Extension of Pre-charging Rights ..... 97
CONCLUSION ..... 103

HOUSE_OVERSIGHT_014039

## INTRODUCTION

In recent years, federal and state enactments have given crime victims extensive rights to participate in criminal cases. Many of these rights apply only after the filing of criminal charges, such as the victim's right to be heard during court proceedings. A crime victim's right to deliver an impact statement at sentencing, for instance, can only be exercised after a prosecutor has filed charges against a defendant and obtained a conviction. Other rights, however, can apply even before the formal filing of charges. As one example, the Crime Victims' Rights Act (CVRA)[1] extends to federal crime victims the right to "confer" with prosecutors. But can victims exercise this right before charges have been filed?

This question has tremendous practical importance. In many cases, prosecutors negotiate pleas well before any charges are ever drafted. If crime victims' rights enactments do not extend rights to victims until the formal filing of charges, then crime victims can be effectively excluded from the plea bargaining process. Yet the exclusion of victims in early stages of a criminal case affects more than just the content of a plea deal. Crime victims will also lose other important rights in the process if the formal filing of charges is the necessary trigger for those rights. If, for example, prosecutors work out a nonprosecution agreement with an offender, they need not notify his victims of what they are doing or of the fact that potential charges will never be filed.

The issue of pre-charging rights has most prominently surfaced in connection with federal cases. In 2010, the Department of Justice's Office of Legal Counsel (OLC) weighed in on the issue and released a legal opinion arguing that victims of federal crimes have no CVRA rights during a federal criminal investigation.[2] The Justice Department took the position that rights under the CVRA do not apply until prosecutors formally initiate criminal proceedings by filing a complaint, information, or indictment. The Department claims to find support for that limiting interpretation of the statute in its plain language and legislative history.

Shortly after the Department released its opinion, one of the CVRA's congressional sponsors, then-Senator Jon Kyl, sent a letter to Attorney General Eric Holder strenuously objecting to the Department's conclusions. Senator Kyl directly stated his view that "[w]hen Congress enacted the

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[1] Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act, Pub. L. No. 108-405, 118 Stat. 2260, 2261–65 (2004) (codified as amended at 18 U.S.C. § 3771 (2012) and 42 U.S.C. § 10603(d)–(e) (2006)).

[2] The Availability of Crime Victims' Rights Under the Crime Victims' Rights Act of 2004, 35 Op. O.L.C. 1 (Dec. 17, 2010) [hereinafter OLC CVRA Rights Memo], *available at* http://goo.gl/fHmCL4.

HOUSE_OVERSIGHT_014040

CVRA, it intended to protect crime victims throughout the criminal justice process—from the investigative phases to the final conclusion of a case."[3] Senator Kyl contested the Department's analysis of the statute and, in particular, its use of statements from him during Congress's consideration of the CVRA.

This Article sides with the CVRA's cosponsor and concludes that crime victims' CVRA rights attach before formal charging. Both the CVRA's plain language and its legislative history lead inexorably to this conclusion, as every court that has considered this issue has concluded. This Article also contends that, as a matter of sound public policy, crime victims should have rights before the formal filing of criminal charges.

This Article proceeds in four parts. Part I frames the issues under discussion by defending the importance of extending rights to crime victims during criminal investigations. Part I also provides background on victims' rights and gives a concrete illustration of a case in which the question of pre-charging rights for crime victims has arisen—specifically, the Jeffrey Epstein sex abuse case before a federal court in Florida. In that case, girls victimized by Epstein have argued that they should have been consulted about a federal nonprosecution agreement; Department attorneys have responded that because prosecutors never filed charges, government officials had no formal obligations to inform the girls.

Part II reviews the CVRA's purpose, text, structure, and legislative history. This review establishes that the CVRA extends rights to crime victims before formal charges are filed.

Part III critiques OLC's position that the CVRA extends rights to victims only after prosecutors have lodged charges in court. The Department's proffered arguments do not withstand close scrutiny, particularly in light of the fact that the CVRA covers federal agencies involved in the "detection" and "investigation" of crime,[4] and specifically authorizes crime victims to file CVRA motions in situations where "no prosecution is underway."[5]

Part IV then proposes a specific approach for determining when crime victims' CVRA rights attach. This Part explains that the rights should attach when federal law enforcement or prosecuting agencies have identified a federal crime and a particular victim with sufficient precision that they would send a "target" letter to a criminal defendant in similar circumstances. If prosecutors have sufficient information to provide notice

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[3] Letter from Jon Kyl, U.S. Sen., to Eric H. Holder, Jr., Att'y Gen. (June 6, 2011), *reprinted in* 157 CONG. REC. S3608 (daily ed. June 8, 2011) (statement of Sen. Jon Kyl).

[4] 18 U.S.C. § 3771(c)(1).

[5] *Id.* § 3771(d)(3).

to a potential criminal of his rights, they can do the same for his victims. This Part also notes that the Department of Justice and state prosecutors already successfully provide rights to victims before charging. This successful experience strongly suggests that providing rights to victims early in the criminal justice process will not be unduly burdensome.

## I. THE ISSUE OF RIGHTS FOR CRIME VICTIMS DURING CRIMINAL INVESTIGATIONS

To consider the question of whether victims should have rights during criminal investigations, some understanding of the underlying purposes of victims' rights enactments will be useful. These enactments are typically designed to make victims participants in all phases of the criminal justice process.[6] Congress drafted the CVRA, for example, broadly to make crime victims participants in criminal cases. The Jeffrey Epstein sex abuse case demonstrates the importance of victim participation even before charges are filed.

### A. A BRIEF HISTORY OF CRIME VICTIMS' RIGHTS

The crime victims' rights movement has sought to make crime victims important participants in the criminal justice process. The movement began in the wake of the Warren Court revolution, which extended new rights to criminal defendants.[7] With the courts paying increasing attention to criminal defendants, crime victims' advocates began to argue that the victims themselves had been overlooked.[8] The movement gained great visibility in the early 1980s when President Ronald Reagan appointed the President's Task Force on Victims of Crime.[9] The Task Force published a report concluding that "the criminal justice system has lost an essential balance. . . . The victims of crime have been transformed into a group oppressively burdened by a system designed to protect them. This oppression must be redressed."[10]

The Task Force chronicled how crime victims were treated in all stages of the criminal justice process, from the police investigation through

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[6] *See* DOUGLAS E. BELOOF, PAUL G. CASSELL & STEVEN J. TWIST, VICTIMS IN CRIMINAL PROCEDURE 3–39 (3d ed. 2010) (describing reforms from a historical perspective); *see also, e.g.*, 18 U.S.C. § 3771(a) (2012).

[7] *See* BELOOF, CASSELL & TWIST, *supra* note 6, at 3–39 (describing the history of victims' rights in American law and the early days of the modern movement).

[8] *See, e.g.*, William F. McDonald, *Towards a Bicentennial Revolution in Criminal Justice: The Return of the Victim*, 13 AM. CRIM L. REV. 649, 651–55 (1976).

[9] Exec. Order 12,360, 47 Fed. Reg. 17,975 (Apr. 27, 1982); *see also* PRESIDENT'S TASK FORCE ON VICTIMS OF CRIME, FINAL REPORT, at ii (1982).

[10] PRESIDENT'S TASK FORCE ON VICTIMS OF CRIME, FINAL REPORT, *supra* note 9, at 114.

court proceedings, and ultimately to any parole or other release of the criminal. The Task Force then made a series of recommendations for all criminal justice agencies, including the police, prosecutors, and the courts.[11] The recommendations were designed to allow crime victims to receive information about, and to participate in, criminal cases.

In its most far-reaching recommendation, the Task Force proposed amending the U.S. Constitution to protect victims' rights.[12] The proposed amendment would have built on existing constitutional rights for criminal defendants by extending similar rights to crime victims.[13]

After the publication of the report, crime victims' advocates secured the passage of a series of state constitutional and legislative reforms. These measures guaranteed victims' rights in the criminal process, such as the right to be notified of court proceedings, to attend those proceedings, and to speak at appropriate points in the process, such as plea bargaining and sentencing. The measures were embodied in state statutes and, in more than thirty states, state constitutional "bills of rights" for crime victims.[14] While many of the measures had narrow participatory rights,[15] some of the amendments also contained more open-ended language, promising victims a right to fair treatment "throughout the criminal justice process."[16]

After successfully passing many state constitutional amendments, crime victims' rights advocates sought to achieve the Task Force's broadest recommendation: to secure protection for victims' rights in the U.S. Constitution. In 1996, victims' advocates proposed a Victims' Rights Amendment in a Rose Garden ceremony attended by President Bill Clinton.[17] The proposed amendment contained a list of rights for crime victims, largely paralleling the rights contained in state victims' rights

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[11] *See id.* at 56–82.

[12] *Id.* at 114.

[13] *Id.* at 114–15.

[14] For a map depicting the states with (and without) such amendments, see *State Victim Rights Amendments*, NAT'L VICTIMS' CONSTITUTIONAL AMENDMENT PASSAGE, http://goo.gl/znI4YW (last visited Nov. 26, 2013); for discussion, see *infra* Part IV.D (discussing legislative reforms in a number of states).

[15] *See, e.g.*, CAL. CONST. art. I, § 28; MICH. CONST. art. I, § 24; N.C. CONST. art. I, § 37. For a detailed discussion of how one state constitutional amendment is intended to operate, see generally Paul G. Cassell, *Balancing the Scales of Justice: The Case for and the Effects of Utah's Victims' Rights Amendment*, 1994 UTAH L. REV. 1373.

[16] *E.g.*, ARIZ. CONST. art. II, § 2.1(A)(1); MICH. CONST. art. I, § 24(1); TEX. CONST. art. I, § 30(a)(1); *see* CAL. CONST. art. I, § 28(b)(1) ("throughout the criminal or juvenile justice process").

[17] John M. Broder, *Clinton Calls for Victims' Rights in Constitution*, L.A. TIMES, June 26, 1996, at A1. For detailed discussions of the legislative efforts, see Paul G. Cassell, *Recognizing Victims in the Federal Rules of Criminal Procedure: Proposed Amendments in Light of the Crime Victims' Rights Act*, 2005 BYU L. REV. 835, 847–50.

HOUSE_OVERSIGHT_014043

amendments.[18] Congress considered the amendment several times, but it never obtained the requisite two-thirds support in both houses to secure the Amendment's approval.[19] Critics quarreled not so much with the goals of the amendment but rather with the necessity of constitutionalizing such rights.[20]

B. THE CRIME VICTIMS' RIGHTS ACT

Unable to obtain the necessary supermajority to pass a federal constitutional amendment, in April 2004, crime victims' rights advocates decided to focus on federal legislation protecting crime victims. In exchange for backing off from their efforts to pass a constitutional amendment, crime victims' advocates received near-universal congressional support for a "broad and encompassing" statutory victims' bill of rights.[21] Victims' advocates sought to expand on the protections found in other previously-enacted victims' rights statutes, including, notably, the Victims' Rights and Restitution Act of 1990.[22] That statute had also included a bill of rights for crime victims, yet because of limited enforcement mechanisms, crime victims had been unable to secure court protection of the rights listed in the statute.[23]

The statute that Congress passed to solve these problems—the Crime Victims' Rights Act of 2004—gave victims "the right to participate in the

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[18] *See* Cassell, *supra* note 17, at 848–49. For the pros and cons of the amendment as originally introduced, compare Paul G. Cassell, *Barbarians at the Gates? A Reply to the Critics of the Victims' Rights Amendment*, 1999 UTAH L. REV. 479 [hereinafter Cassell, *Barbarians at the Gates?*], and Steven J. Twist, *The Crime Victims' Rights Amendment and Two Good and Perfect Things*, 1999 UTAH L. REV. 369, with Robert P. Mosteller, *The Unnecessary Victims' Rights Amendment*, 1999 UTAH L. REV. 443. For a more recent discussion of a newer version of the amendment, see Paul G. Cassell, *The Victims' Rights Amendment: A Sympathetic, Clause-by-Clause Analysis*, 5 PHOENIX L. REV. 301 (2012).

[19] Hon. Jon Kyl et al., *On the Wings of Their Angels: The Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act*, 9 LEWIS & CLARK L. REV. 581, 588–91 (2005).

[20] *Proposed Constitutional Amendment to Protect Crime Victims*, *S.J. Res. 1: Hearing Before the S. Comm. on the Judiciary*, 108th Cong. 128–29 (2003) (statement of Sen. Patrick Leahy); *see also* Steven J. Twist & Daniel Seiden, *The Proposed Victims' Rights Amendment: A Brief Point/Counterpoint*, 5 PHOENIX L. REV. 341, 356, 378 (2012) (illustrating that the necessity dispute has endured to the present day).

[21] 150 CONG. REC. 7295 (2004) (statement of Sen. Dianne Feinstein); *see also* Kyl et al., *supra* note 19, at 591–93.

[22] Victims' Rights and Restitution Act of 1990, Pub. L. No. 101-647, 104 Stat. 4820 (codified as amended at 42 U.S.C. §§ 10601, 10606–07 (2006)).

[23] *See, e.g.*, United States v. McVeigh, 106 F.3d 325, 328 (10th Cir. 1997) (per curiam) (refusing to enforce a victim's right to attend a trial); Cassell, *Barbarians at the Gates?*, *supra* note 18, at 515–22 (discussing *McVeigh*).

HOUSE_OVERSIGHT_014044

system."[24] It extended broad rights to crime victims, including "[t]he right to be treated with fairness and with respect for the victim's dignity and privacy"[25] and "[t]he reasonable right to confer with the attorney for the Government in the case."[26] It also commanded that these rights must be afforded by the Justice Department "and other departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime."[27] The CVRA also contained specific enforcement mechanisms. The Act provided that rights can be "assert[ed]" by "[t]he crime victim or the crime victim's lawful representative, and the attorney for the Government . . . ."[28] The courts were also required under the Act to "ensure that the crime victim is afforded the rights" given by the law.[29]

Congress appeared to have at least two goals in mind in passing the CVRA. The first was simply to ensure that crime victims understood what was happening in the criminal justice process. This goal is apparent from the fact that the CVRA gives crime victims rights to notification about various court hearings, as well as more general rights to confer with prosecutors and to be treated with fairness.[30] The CVRA's Senate sponsors explained:

> In case after case we found victims, and their families, were ignored, cast aside, and treated as non-participants in a critical event in their lives. They were kept in the dark by prosecutors to[o] busy to care enough, by judges focused on [defendants'] rights, and by a court system that simply did not have a place for them.[31]

In passing the CVRA, Congress sought to change the system's obliviousness to crime victims that often "left crime victims and their families victimized yet again."[32]

A second overarching purpose of the CVRA was to allow crime victims to play a role in the criminal justice process. Through the CVRA, Congress intended to make victims "independent participant[s]" in the criminal justice process.[33] The CVRA extends to crime victims a series of "rights" in the criminal justice process—rights that the victims have

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[24] 150 CONG. REC. 7297; *see* 18 U.S.C. § 3771 (2012). For a description of victim participation, see BELOOF, CASSELL & TWIST, *supra* note 6, at 728–33.

[25] 18 U.S.C. § 3771(a)(8).

[26] *Id.* § 3771(a)(5).

[27] *Id.* § 3771(c)(1).

[28] *Id.* § 3771(d)(1).

[29] *Id.* § 3771(b)(1).

[30] *See id.* § 3771(a).

[31] 150 CONG. REC. 7296 (2004) (statement of Sen. Dianne Feinstein).

[32] *Id.*

[33] *Id.* at 7302 (statement of Sen. Jon Kyl).

HOUSE_OVERSIGHT_014045

independent standing to assert.[34] Congress viewed these provisions as establishing a victim's right "to participate in the process where the information that [victims] and their families can provide may be material and relevant . . . ."[35]

Congress appears to have had both intrinsic and instrumental reasons for wanting crime victim participation. Congress clearly thought that such participation was valuable in its own right. Senator Kyl embodied this belief and explained his decision to become involved in the crime victims' rights movement because of his discovery that victims:

> were suffering through the trauma of the victimization and then being thrown into a system which they did not understand, which nobody was helping them with, and which literally prevented them from participation in any meaningful way. I came to realize there were literally millions of people out there being denied these basic rights . . . .[36]

But Congress also thought crime victim participation in the criminal justice system could be instrumentally useful. For example, in protecting a victim's right to be heard by those determining a defendant's sentence, a victim might be able to provide important information that could alter that sentence. As a result, the sentence might reflect a fuller appreciation of the danger posed by a defendant, and the judge might take appropriate steps to prevent others from being victimized.[37]

Congress also intended to ensure that crime victims were not revictimized in the criminal justice process—that is, that they would not suffer what scholars have called "secondary harm" in the process.[38] The concern is that victims suffer when they are excluded from the criminal justice process. Congress sought to end that suffering by making victims meaningful participants in criminal cases.[39]

### C. AN ILLUSTRATION OF THE PRE-CHARGING ISSUE: THE JEFFREY EPSTEIN CASE

Given the potentially expansive scope of victims' rights under both state provisions and the CVRA, a critical question arises about how to apply them: Do the rights come into existence only after prosecutors formally file

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[34] *Compare* 18 U.S.C. § 3771(d), *with* Susan Bandes, *Victim Standing*, 1999 UTAH L. REV. 331, 344–45 (illustrating the debate surrounding victim standing prior to adoption of the CVRA).

[35] 150 CONG. REC. 7296 (statement of Sen. Dianne Feinstein).

[36] *Id.* at 7298 (statement of Sen. Jon Kyl).

[37] *Id.*

[38] *See, e.g.*, Douglas Evan Beloof, *The Third Model of Criminal Process: The Victim Participation Model*, 1999 UTAH L. REV. 289, 294–96; Richard A. Bierschbach, *Allocution and the Purposes of Victim Participation Under the CVRA*, 19 FED. SENT'G REP. 44, 46 (2006).

[39] 150 CONG. REC. 7298 (statement of Sen. Jon Kyl).

HOUSE_OVERSIGHT_014046

criminal charges? Or do they attach at some earlier point in the process? *Does v. United States*, a federal case in the U.S. District Court for the Southern District of Florida, usefully illustrates the issue.[40] In that case, the U.S. Attorney's Office for the Southern District of Florida developed considerable evidence that Jeffrey Epstein, a billionaire with extensive political and social connections,[41] had sexually molested more than thirty young girls between 2001 and 2007 at his West Palm Beach mansion.[42] The U.S. Attorney's Office entered into contentious plea negotiations with Epstein over how the case should be resolved. The prosecutors initially sought a resolution that would have required Epstein to plead guilty to at least a felony sex offense. After pressure from Epstein, for reasons that have never been clearly explained,[43] the U.S. Attorney's Office agreed to enter into a nonprosecution agreement. Under the agreement, the U.S. Attorney's Office agreed not to prosecute him and, in exchange, Epstein agreed to plead guilty to two state felonies for soliciting prostitution with a minor. After entering those guilty pleas, Epstein was sentenced to only eighteen months in state jail.[44] No federal charges were ever filed and

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[40] Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011). In the interest of full disclosure, two of the authors of this Article (Cassell and Edwards) are co-counsel for the victims in this case. The statement of the facts in this Article draws heavily on the victims' allegations as they have detailed in their pending motion for summary judgment in the case. *See* Jane Doe #1 & Jane Doe #2's Motion for Finding of Violations of the Crime Victims' Rights Act and Request for a Hearing on Appropriate Remedies at 3–23, *Does*, 817 F. Supp. 2d 1337 (No. 9:08-cv-80736-KAM) [hereinafter Jane Doe Motion] (providing fifty-three proposed facts in the case). The U.S. Attorney's Office has generally disputed some of these allegations without offering specifics as to what happened. *See, e.g.*, United States' Response to Jane Doe #1 & Jane Doe #2's Motion for Finding of Violations of the Crime Victim Rights Act and Request for a Hearing on Appropriate Remedies at 34–43, *Does*, 817 F. Supp. 2d 1337 (No. 9:08-cv-80736-KAM) [hereinafter United States' Response]. As of this writing, Epstein has declined to intervene in the case to dispute the allegations.

[41] *See, e.g.*, Paul Harris, *Prince Andrew's Link to Sex Offender Jeffrey Epstein Taints Royalty in US*, GUARDIAN (Mar. 12, 2011), http://goo.gl/0I4vAE; Landon Thomas Jr., *Jeffrey Epstein: International Moneyman of Mystery*, N.Y. MAG., http://goo.gl/11Cayc (last visited Nov. 26, 2013).

[42] *See* Jane Doe Motion, *supra* note 40, at 3–4; Abby Goodnough, *Questions of Preferential Treatment Are Raised in Florida Sex Case*, N.Y. TIMES, Sept. 3, 2006, at A19.

[43] The U.S. Attorney responsible for the plea deal later revealed that after negotiations started, "[w]hat followed was a year-long assault on the prosecution and the prosecutors" by Epstein. Letter from R. Alexander Acosta, former U.S. Att'y, to Whom It May Concern (Mar. 20, 2011), *reprinted in* Conchita Sarnoff, *Behind Pedophile Jeffrey Epstein's Sweetheart Deal*, DAILY BEAST (Mar. 25, 2011, 3:17 AM), http://goo.gl/kyveiF. Acosta, however, claimed that the pressure did not influence the ultimate disposition of the case. *Id.*

[44] Landon Thomas Jr., *From Paradise to County Jail: A Billionaire Financial Adviser Will Serve 18 Months in Sex Case*, N.Y. TIMES, July 1, 2008, at C1.

HOUSE_OVERSIGHT_014047

Epstein spent much of the jail term on "work release" to his luxurious office.[45]

The U.S. Attorney's Office did not tell Epstein's victims about the nonprosecution agreement until well after it had taken effect. To the contrary, even after the nonprosecution agreement had been signed, the Office continued to tell the victims that the case was still "under investigation" and that they should be "patien[t]."[46] When the victims learned of the agreement, two of them (Jane Doe Number One and Jane Doe Number Two) filed suit in federal court under the Crime Victims' Rights Act, arguing that the prosecutors had violated their CVRA right to confer as well as their right to be treated fairly.[47] The victims contended that prosecutors should have conferred with them about the nonprosecution agreement before it became final.

In response, the U.S. Attorney's Office argued primarily that it was under no obligation to extend the victims any rights under the CVRA. It was the Government's blunt position that "CVRA rights do not attach in the absence of federal criminal charges filed by a federal prosecutor."[48] In short, the Government argued it was not required to confer in any way with the victims, or even treat them fairly, because the CVRA was not yet in play. The issue is thus squarely framed: Is the Government correct in its assertion that it has no CVRA obligations in cases like the Epstein case where federal prosecutors never lodged federal charges against a suspect? In view of the CVRA's prominence, resolution of this issue may shed important light on the nature of crime victims' enactments and the breadth of the role that crime victims should have in the criminal justice process.

## II. THE CVRA'S APPLICATION BEFORE FORMAL CHARGES ARE FILED

To analyze the issue of whether the CVRA extends rights to crime victims before prosecutors have formally filed charges, it is useful to look at the CVRA's purposes, language, and judicial interpretations. This Part looks at each of these three issues in turn.

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[45] *See* Michele Dargan, *Feds Say They Treated Epstein Victims Fairly*, PALM BEACH DAILY NEWS (Apr. 8, 2011, 7:23 PM), http://goo.gl/rTGDed; Conchita Sarnoff, *Billionaire Pedophile Goes Free*, DAILY BEAST (July 20, 2010, 7:05 PM), http://goo.gl/MSTi17.

[46] *See* Jane Doe Motion, *supra* note 40, at 14, 16 (internal quotation marks and citations omitted).

[47] *See* Emergency Victim's Petition for Enforcement of Crime Victim's Rights Act, 18 U.S.C. Section 3771 at 2, Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011) (No. 9:08-cv-80736-KAM).

[48] United States' Response, *supra* note 40, at 7.

A. THE CVRA'S PURPOSES

An analysis of the CVRA's application before prosecutors have filed charges must begin by assessing the CVRA's purposes because any interpretation of the CVRA that is divorced from the statute's purposes would run the risk of defeating the statute's aims. It is axiomatic that courts should "give faithful meaning to the language Congress adopted in the light of the evident legislative purpose in enacting the law in question."[49]

As discussed above,[50] one important goal of the CVRA was to keep crime victims informed about any developments in the criminal justice process. But the need to be informed does not begin with the filing of a formal criminal charge. A crime victim needs to know what is happening before formal charging—during a criminal investigation, for example—just as much as she needs to know what is happening in court. Indeed, she may have a greater need to know, as she may be concerned that the criminal who harmed her is still on the loose, posing a danger to her.

Similarly, concerning the second purpose—facilitating victim participation[51]—without a right to pre-charging involvement, victims may be effectively shut out of the process entirely. The Epstein case provides a useful illustration of why the CVRA must be understood to extend rights to victims prior to indictment. The prosecutors handling the investigation reached an agreement with Epstein that barred federal prosecution of sex offenses committed against dozens of victims, including Jane Doe Number One and Jane Doe Number Two. If CVRA rights did not extend to the negotiations surrounding the agreement, then the victims *never* would have had any ability to participate in the resolution of the case.[52]

A construction of the CVRA that extends rights to victims before charges are filed would be entirely consistent with the CVRA's participatory purpose. If victims have the ability to participate in a pre-charging plea bargaining process, for example, victims can help ensure that prosecutors do not overlook anything that should be covered in the plea deal. For example, victims might be able to obtain agreement to a "no contact" order or valuable restitution—points that the prosecutor might fail

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[49] Graham Cnty. Soil & Water Conservation Dist. v. United States *ex rel.* Wilson, 130 S. Ct. 1396, 1409 (2010) (quoting United States v. Bornstein, 423 U.S. 303, 310 (1976)) (internal quotation marks omitted).

[50] *See supra* notes 24–27.

[51] *See supra* notes 28–29.

[52] Even the Justice Department seems to recognize this point. As a matter of policy, the Department extends to victims the right to confer with prosecutors in situations where plea discussions occur before charges have been brought. U.S. DEP'T OF JUSTICE, OFFICE FOR VICTIMS OF CRIME, ATTORNEY GENERAL GUIDELINES FOR VICTIM AND WITNESS ASSISTANCE 41–42 (2011 ed., rev. May 2012) [hereinafter ATTORNEY GENERAL GUIDELINES].

HOUSE_OVERSIGHT_014049

to consider in crafting a plea. Similarly, allowing victims to participate early in the process avoids retraumatizing victims. Again, as the Epstein case usefully illustrates, it may be extremely difficult for victims to discover after the fact that potential criminal charges against a criminal who has abused them have been secretly bargained away. Jane Doe Number One and Jane Doe Number Two, for example, were outraged when they discovered prosecutors had entered into an agreement blocking any prosecution of sex offenses Epstein committed against them—and all without telling them.[53]

In short, the purposes animating the CVRA all suggest that the Act was meant to, and should, extend rights to crime victims before formal charges are filed.

B. THE CVRA'S PLAIN LANGUAGE

While the general purposes of the CVRA support a broad interpretation of the Act, it is important to examine whether those purposes have been expressed in the Act's language. Without a linkage to the Act's text, the general purpose might not provide a sound basis for interpretation.[54] But the CVRA's plain language makes clear that Congress intended for the law to provide at least some rights to crime victims throughout the criminal justice process, even before the filing of criminal charges.

According to its text, the CVRA provides eight specifically enumerated rights for crime victims and an additional right to be reasonably notified of these rights.[55] Some of these rights presuppose the formal filing of criminal charges. For instance, the CVRA extends to victims the "right to reasonable, accurate, and timely notice of any public court proceeding."[56] That particular right obviously does not apply before charges are filed, as no "court proceedings" exist before a defendant is charged.

But the CVRA also promises crime victims rights that are not specifically tied to court proceedings. Perhaps most expansively, the CVRA guarantees victims the "right to be treated with fairness and with

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[53] Without disclosing confidential attorney–client communications, this fact is readily apparent from victims' filings in the Epstein case. *See, e.g.*, Jane Doe Motion, *supra* note 40, at 17 (stating that the victims relied on the U.S. Attorney's Office representatives "to their detriment[,]" that if they knew the true facts, "they would have taken steps to object" to the plea agreement, and that they believed criminal prosecution to be "extremely important").

[54] *See* ANTONIN SCALIA & BRYAN A. GARNER, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 56 (2012).

[55] 18 U.S.C. § 3771(a) (2012) (enumerating eight rights); *id.* § 3771(c)(1) (requiring government officers use "their best efforts" to notify victims of their rights).

[56] *Id.* § 3771(a)(2).

respect for the victim's dignity and privacy,"[57] a broad right that does not appear to be directly linked to a filed court case. Similarly, the CVRA promises victims the "reasonable right to confer with the attorney for the Government *in the case*."[58] In this section, the CVRA's drafters appear to have eschewed a reference to court proceedings, using a broader term instead. Of course, a "case" can refer both to a judicial case before a court and an investigative case pursued by a law enforcement officer. It is common usage to say such things as, "The police officer investigated and solved the case." Dictionary definitions of the word "case" support this varied interpretation.[59]

If there remained any doubts about whether the CVRA applies during the investigative part of the criminal justice process, two other provisions in the CVRA resolve them. The CVRA specifically directs that "[o]fficers and employees of the Department of Justice and other departments and agencies of the United States engaged in the *detection*, *investigation*, or prosecution of crime shall make their best efforts to see that crime victims are notified of, and accorded, the rights described in [the CVRA]."[60] Of course, there would be no reason to direct that agencies involved in the "detection" and "investigation" of crime have CVRA obligations if the Act did not extend to pre-charging situations. Congress thus directly envisioned the victims' rights law to apply during the "detection" and "investigation" phases of criminal cases.

Similarly, the CVRA's venue provision instructs that crime victims who seek to assert rights in pre-charging situations should proceed in the court where the crime was committed: "The rights described in subsection (a) [of the CVRA] shall be asserted in the district court in which a defendant is being prosecuted for the crime or, *if no prosecution is underway*, in the district court in the district in which the crime occurred."[61] Here again, it is hard to see why this provision would be necessary unless the CVRA applies before the formal filing of charges.

For all these reasons, the CVRA's plain language indicates that the victims have protected rights under the Act even before charges are filed.

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[57] *Id.* § 3771(a)(8).

[58] *Id.* § 3771(a)(5) (emphasis added).

[59] *See, e.g.*, BLACK'S LAW DICTIONARY 243–44 (9th ed. 2009) (defining, among the definitions of "case," a "test case" as "[a] criminal investigation" as in "the Manson case"); WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY OF THE ENGLISH LANGUAGE UNABRIDGED 345 (1993) (defining "case" as "a circumstance or situation (as a crime) requiring investigation or action by the police or other agency").

[60] 18 U.S.C. § 3771(c)(1) (emphasis added).

[61] *Id.* § 3771(d)(3) (emphasis added).

HOUSE_OVERSIGHT_014051

### C. COURTS RECOGNIZE THAT CRIME VICTIMS HAVE CVRA RIGHTS BEFORE CHARGING

Because crime victims lack a right to appointed counsel, many victims have difficulty litigating the scope of their rights.[62] But in a few cases, victims have been able to secure counsel to argue that they have rights in the criminal justice process during the investigation of federal crimes. When those cases have reached the issue of whether the CVRA applies before charges have been filed, courts have uniformly agreed with the victims' position.

Perhaps the leading case to date to assess this question is the Fifth Circuit's decision in *In re Dean*.[63] There, a wealthy corporate criminal defendant reached a generous plea deal with the Government—a deal that the Government filed for approval with the district court without conferring with the victims. Citing procedural rights under the CVRA, the victims requested that the trial court reject the plea agreement.[64] The District Court for the Southern District of Texas specifically concluded that victims' CVRA rights could apply during the investigation of the crime: "There are clearly rights under the CVRA that apply before any prosecution is underway."[65] The district court concluded, however, that the Government had not violated the CVRA because it had secured judicial permission to dispense with notification to victims.[66]

The victims sought appellate review in the Fifth Circuit.[67] There, the court concurred with the district court that CVRA rights apply before trial. Unlike the district court, however, it held that the Government had violated the victims' rights:

> The district court acknowledged that "[t]here are clearly rights under the CVRA that apply before any prosecution is underway." Logically, this includes the CVRA's establishment of victims' "reasonable right to confer with the attorney for the Government." At least in the posture of this case (and we do not speculate on the

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[62] John W. Gillis & Douglas E. Beloof, *The Next Step for a Maturing Victim Rights Movement: Enforcing Crime Victim Rights in the Courts*, 33 McGEORGE L. REV. 689, 693 (2002).

[63] 527 F.3d 391 (5th Cir. 2008). Other aspects of the case are discussed in Paul G. Cassell & Steven Joffee, *The Crime Victims' Expanding Role in a System of Public Prosecution: A Response to the Critics of the Crime Victims' Rights Act*, 105 NW. U. L. REV. COLLOQUY 164, 172–76 (2011).

[64] *In re Dean*, 527 F.3d at 392.

[65] United States v. BP Prods. N. Am. Inc., No. H-07-434, 2008 WL 501321, at *11 (S.D. Tex. Feb. 21, 2008).

[66] *Id.* at *1, *19.

[67] For discussion of the difficulties crime victims face to obtain appellate review of their claims, see generally Paul G. Cassell, *Protecting Crime Victims in Federal Appellate Courts: The Need to Broadly Construe the Crime Victims' Rights Act's Mandamus Provision*, 87 DENV. U. L. REV. 599 (2010).

HOUSE_OVERSIGHT_014052

> applicability to other situations), the government should have fashioned a reasonable way to inform the victims of the likelihood of criminal charges and to ascertain the victims' views on the possible details of a plea bargain.[68]

The Fifth Circuit then remanded the matter to the district court to determine the appropriate remedy for the violation of the victims' rights.[69]

The Fifth Circuit's decision in *Dean* has been cited favorably in four recent district court decisions, which provides further support for the conclusion that the CVRA applies before charges have been filed. In *United States v. Rubin*,[70] victims of a federal securities fraud argued that they had CVRA rights even before prosecutors filed a superseding indictment covering the specific crimes affecting the victims. Citing *Dean*, the District Court for the Eastern District of New York agreed that the rights were expansive and could apply before charges were filed but were subject to the outer limit that the Government has at least "contemplated" charges.[71]

Similarly, in *United States v. Oakum*,[72] the District Court for the Eastern District of Virginia considered a claim that CVRA rights did not apply until after a defendant had been convicted. In rejecting that argument, the court agreed with the *Dean* court that victims acquire rights even before a prosecution begins.[73]

The District Court for the Northern District of Indiana held to the same effect in *In re Petersen*.[74] There, the court held that a victim's right to be treated with fairness and with respect for [his or her] dignity and privacy "may apply before any prosecution is underway and isn't necessarily tied to a 'court proceeding' or 'case.'"[75] The court, however, found that the "conclusory allegations" in the victims' petition did not "create a plausible claim for relief under the CVRA."[76]

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[68] *In re Dean*, 527 F.3d at 394 (internal citations omitted).

[69] *Id.* at 396. On remand, the district court held additional hearings in which the victims participated, satisfying their CVRA rights. *See* United States v. BP Prods. N. Am. Inc., 610 F. Supp. 2d 655, 660 (S.D. Tex. 2009).

[70] 558 F. Supp. 2d 411 (E.D.N.Y. 2008).

[71] *Id.* at 419 (internal citation omitted). *Rubin*'s suggestion about limitations that apply to pre-indictment assertions of rights is discussed at notes 184–187 and 193 *infra* and accompanying text.

[72] No. 3:08cr132, 2009 WL 790042 (E.D. Va. Mar. 24, 2009).

[73] *Id.* at *2.

[74] No. 2:10-CV-298 RM, 2010 WL 5108692 (N.D. Ind. Dec. 8, 2010).

[75] *Id.* at *2 (citing *In re* Dean, 527 F.3d 391, 394 (5th Cir. 2008); United States v. BP Prods. N. Am. Inc., H-07-434, 2008 WL 501321 (S.D. Tex. Feb. 21, 2008)).

[76] *Id.* *Petersen* also held that one specific CVRA right—the right to confer—only applies after charges have been filed. *Id.* But the authorities *Petersen* cites for that proposition prove no such thing. Confusingly, *Petersen* cited the Fifth Circuit's ruling in

Perhaps the most extensive discussion of this issue has come from the Epstein case discussed earlier.[77] Overruling the Government's argument that the CVRA only applies after the formal filing of charges, *Does v. United States* held that "the statutory language clearly contemplates pre-charge proceedings."[78] The court in *Does* explained that "[c]ourt proceedings involving the crime are not limited to post-complaint or post-indictment proceedings, but can also include initial appearances and bond hearings, both of which can take place before a formal charge."[79] The court also noted that the CVRA's "requirement that officials engaged in 'detection [or] investigation' [of crimes] afford victims the rights enumerated in subsection (a) surely contemplates pre-charge application of the CVRA."[80] Finally, the court in *Does* noted that "[i]f the CVRA's rights may be enforced before a prosecution is underway, then, to avoid a strained reading of the statute, those rights must attach before a complaint or indictment formally charges the defendant with the crime."[81]

In sum, the relevant case law unanimously agrees that the CVRA extends rights to crime victims before charges have been filed.

## III. THE JUSTICE DEPARTMENT'S UNPERSUASIVE POSITION

Despite the CVRA's broad remedial purposes, its expansive language referring to investigations, and the unanimous case law extending rights to victims prior to defendants being charged, the OLC released a memorandum in 2011 concluding that CVRA rights attach only "from the time that criminal proceedings are initiated (by complaint, information, or indictment)."[82] OLC's analysis is unpersuasive. Although OLC's opinion

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*Dean* for support; but (as just explained above) *Dean* held exactly the opposite. Similarly, *Petersen* cites other cases involving the right to confer after charges have been filed. *Id.* But none of these cases actually presented the issue of the CVRA's application to pre-indictment situations, since charges had already been filed in each of these cases. *See, e.g.*, *In re* Stewart, 552 F.3d 1285, 1289 (11th Cir. 2008).

[77] Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011).

[78] *Id.* at 1341.

[79] *Id.*

[80] *Id.* at 1342.

[81] *Id.* Recently, the district court in the *Does* case also rejected Government efforts to dismiss the action. The district court found that, if the victims could prove the factual allegations they have made, then they would be entitled to relief, including potentially the relief of invalidating the nonprosecution agreement that Epstein obtained from the Government. Does v. United States, No. 9:08-cv-80736-KAM, 2013 WL 3089046, at *3 (S.D. Fla. June 19, 2013).

[82] OLC CVRA Rights Memo, *supra* note 2, at 1. Although the opinion is dated December 17, 2010, it was publicly released on May 20, 2011. *See* Letter from Jon Kyl, *supra* note 3.

invokes the CVRA's definition of crime "victim," its legislative intent, and its structure, a closer reading of each demonstrates little support for the notion that crime victims must await the formal filing of charges before accruing CVRA rights.

A. OLC'S MISREADING OF THE CVRA'S DEFINITION OF "VICTIM"

OLC's lead argument is that the CVRA's definition of "victim" presupposes that criminal charges have been formally filed.[83] The CVRA defines a "victim" who is protected as "a person directly and proximately harmed as a result of the commission of a Federal *offense*."[84] Focusing on the word "offense," OLC concedes that it does not "conclusively resolve" the question of when rights attach. Nevertheless, OLC claims that the word "naturally suggests that a person's status as a 'crime victim' can only be determined after there has been a formal decision to charge a defendant with a particular Federal offense."[85] OLC goes on to elaborate:

> Under this reading, the earliest that a "crime victim" under the Act could be identified would be upon the filing of a criminal complaint—that is, at the earliest point at which there is a sworn written statement of probable cause to believe that a particular defendant committed an identified Federal offense and hence the first point at which it is possible with any certainty to identify a "crime victim" directly and proximately harmed by the commission of that offense.[86]

OLC is disingenuous in asserting that the "first point" at which a person has been harmed by a federal crime arises only after a criminal complaint has been filed. The Department routinely makes such determinations at earlier points in criminal cases, such as when it sends a "target letter" to a defense attorney during a grand jury investigation.[87] Indeed, OLC remarkably ignores the fact that the Department is directly *required* to identify victims of a crime before the filing of a criminal complaint, both by statute and through internal policy directives.

The Victims' Rights and Restitution Act of 1990 (VRRA)[88] requires the Department to identify victims before the filing of a criminal complaint.

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[83] OLC CVRA Rights Memo, *supra* note 2, at 6.

[84] 18 U.S.C. § 3771(e) (2012) (emphasis added).

[85] OLC CVRA Rights Memo, *supra* note 2, at 5.

[86] *Id.*

[87] A target letter explains the procedural process underlying an indictment and places the defendant on notice of the general nature of the government's criminal investigation. *See* U.S. DEP'T OF JUSTICE, TITLE 9: U.S. ATTORNEYS' CRIMINAL RESOURCE MANUAL § 160, [hereinafter CRIMINAL RESOURCE MANUAL] *available at* http://goo.gl/YHLDke (providing an example target letter); *infra* Part III.A (developing this point further).

[88] Pub. L. No. 101-647, 104 Stat. 4820 (codified as amended at 42 U.S.C. §§ 10601, 10606–07 (2006)).

Passed in 1990, the VRRA provided crime victims with a set of procedural rights similar to those found in the CVRA, along with rights to notification about victim services.[89] In 2004, the CVRA repealed and replaced the section of the VRRA listing procedural rights, while leaving other parts of the VRRA intact.[90] Under the remaining parts of the VRRA, the Justice Department must inform victims of federal crimes of services that are available to them, including "emergency medical and social services," counseling, and support.[91] The Department is further obligated to keep victims fully informed about "the status of the investigation of the crime, to the extent it is appropriate to inform the victim and to the extent that it will not interfere with the investigation."[92] These rights to notice about "emergency medical and social services"[93] as well as to the "status of the investigation of the crime"[94] obviously require the Department to identify victims of federal crimes before formal charges have been filed. Indeed, the VRRA makes this point clear by directing the Department to not only notify the victim about the status of the investigation but also about the later "filing of charges against a suspected offender."[95] The VRRA then extends victims' rights to information through the rest of the criminal justice process by requiring the Department to provide notice to victims of such things as the imposed sentence and the defendant's release.[96]

The VRRA not only requires the Department to identify victims during the investigation of a crime, it also defines those victims in a very similar fashion to the CVRA. The VRRA defines "victim" as a "person that has suffered direct physical, emotional, or pecuniary harm as a result of the commission of a crime."[97] Thus, the Department is already routinely identifying persons who have been "harmed" by federal crimes shortly after the commission of those crimes and well before formal charging.

The Attorney General has also promulgated internal guidelines requiring Justice Department components to identify victims rapidly after a crime. The *Attorney General Guidelines for Victim and Witness Assistance* provide that "Department responsibilities to crime victims begin as soon as possible after the detection of a crime at which they may be undertaken

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[89] *See supra* notes 22–23 and accompanying text.

[90] Justice for All Act of 2004, Pub. L. No. 108-405, § 102(a), 118 Stat. 2260, 2261 (2004) (codified at 18 U.S.C. § 3771(a) (2012)).

[91] *See* 42 U.S.C. § 10607(c).

[92] *Id.* § 10607(c)(3)(A).

[93] *Id.* § 10607(c)(1)(A).

[94] *Id.* § 10607(c)(3)(A).

[95] *Id.* § 10607(c)(3)(C).

[96] *Id.* § 10607(c)(3)(G).

[97] *Id.* § 10607(e)(2).

without interfering in the investigation. Generally, this point in time is defined by the opening of a criminal investigation."[98]

Given the way the two statutes work, it would make no sense to artificially confine the CVRA's reach until after the filing of a criminal complaint. Before then, victims will have often received information from the Department about the status of the investigation. They might wish to confer with prosecutors about how the case is proceeding, and the CVRA extends to them a right to confer.[99] Similarly, while the Department is notifying victims about the services they may receive and the status of an investigation, it is important that the victims be treated fairly. The CVRA extends the right to be treated fairly.[100] Indeed, it would be absurd to think that Congress wanted to permit the Justice Department to treat crime victims unfairly until criminal charges have been filed.

Instead of recognizing Congress's intent, OLC's 2011 memorandum simply cites to a series of cases in which courts concluded that a victim of uncharged conduct should not be afforded statutory protections.[101] Yet none of these cases—*United States v. Turner*,[102] *Searcy v. Paletz*,[103] or *Searcy v. Skinner*[104]—provide strong support for OLC's position. *Turner* is a particularly poor fit. Although OLC's memorandum characterizes *Turner* as excluding victims of uncharged conduct,[105] the magistrate judge adopted an inclusive reading of the statute precisely because of his reservations about the CVRA's legislative history and plain language. The judge suggested that "any person who self-identifies as [a victim]" could be presumed to qualify for protection under the CVRA as a preliminary matter.[106] In fact, the line quoted by the Department is lifted out of context. The full sentence reads: "While the offense charged against a defendant can

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[98] ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 7 (internal citations omitted); *see also* 42 U.S.C. § 10607(b).

[99] 18 U.S.C. § 3771(a)(5) (2012) (preserving "[t]he reasonable right to confer with the attorney for the Government in the case").

[100] *Id.* § 3771(a)(8) (preserving "[t]he right to be treated with fairness and with respect for the victim's dignity and privacy").

[101] OLC CVRA Rights Memo, *supra* note 2, at 6 n.6.

[102] 367 F. Supp. 2d 319 (E.D.N.Y. 2005).

[103] No. 6:07-1389-GRA-WMC, 2007 WL 1875802 (D.S.C. June 27, 2007).

[104] No. 6:06-1418-GRA-WMC, 2006 WL 1677177 (D.S.C. June 16, 2006).

[105] OLC CVRA Rights Memo, *supra* note 2, at 6 n.6.

[106] *Turner*, 367 F. Supp. 2d at 327 ("Instead, I have taken and will continue to follow an inclusive approach: absent an affirmative reason to think otherwise, I will presume that any person whom the government asserts was harmed by conduct attributed to a defendant, as well as any person who self-identifies as such, enjoys all of the procedural and substantive rights set forth in § 3771.").

HOUSE_OVERSIGHT_014057

serve as a basis for identifying a 'crime victim' as defined in the CVRA, the class of victims with statutory rights may well be broader."[107]

*Paletz* and *Skinner* similarly provide scant support for the Department's position. In *Skinner*, a prison inmate attempted to bring a pro se *civil* suit against another inmate for allegedly attacking him during incarceration.[108] In dismissing the suit in an unpublished decision, the district court recognized that the Government had expressly declined to bring charges against the other inmate and concluded that the CVRA did not create a "mechanism to bring an action against Defendant directly."[109] In *Paletz*, that same inmate brought a similar pro se claim against another inmate, the Federal Bureau of Prisons, the FBI, and the U.S. Attorney General.[110] In a parallel, unpublished decision, the district court dismissed the suit, noting that the CVRA is designed to give victims certain rights "within the prosecutorial process against a criminal defendant."[111]

Because *Skinner* and *Paletz* involve (apparently frivolous) *civil* suits, they say nothing about the CVRA's reach in criminal cases, and any language to that effect would be pure dicta. Moreover, the courts' terse analysis in both cases does not contain any substantive discussion of whether CVRA rights apply in criminal cases before the filing of charges. Instead, the courts simply cited to language from a Second Circuit decision that stated that the CVRA does not give victims any rights against defendants until those defendants have been convicted[112]—a holding clearly limited to restitution, as many other CVRA rights clearly apply before conviction.[113] Reviewing these two cases in an extended, published opinion, the U.S. District Court for the Southern District of Texas noted that reading these two decisions as standing for the proposition that charges must be filed for CVRA rights to attach "appears inconsistent with the CVRA recognition of certain subsection (a) rights that apply during investigation, before any charging instrument is filed."[114] As a result, OLC

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[107] *Id.* at 326.

[108] *Skinner*, 2006 WL 1677177, at *1–2.

[109] *Id.* at *2.

[110] Searcy v. Paletz, No. 6:07-1389-GRA-WMC, 2007 WL 1875802, at *1–2 (D.S.C. June 27, 2007).

[111] *Id.* at *2.

[112] *Id.* ("However, 'the CVRA does not grant victims any rights against individuals who have not been convicted of a crime.'" (quoting *In re* W.R. Huff Asset Mgmt. Co., 409 F.3d 555, 564 (2d Cir. 2005))).

[113] Of course, a defendant cannot be ordered to pay restitution as part of his sentence until he has been found guilty. *See* 18 U.S.C. § 3664 (2012) (describing sentencing procedures for ordering restitution).

[114] United States v. BP Prods. N. Am. Inc., No. H-07-434, 2008 WL 501321, at *12 n.7 (S.D. Tex. Feb. 21, 2008).

vastly overstates its position when it asserts that "most courts . . . have declined to extend enforceable rights under the CVRA to alleged victims of conduct that did not lead to criminal proceedings."[115] All the courts that have actually reached the issue have concluded exactly the opposite.[116]

### B. OLC'S DISTORTION OF THE CVRA'S STRUCTURE AND LEGISLATIVE HISTORY

The next section of OLC's memorandum maintains that the CVRA's structure and legislative history lead to the conclusion that the CVRA is "best understood" as extending rights after charges have been filed. Here again, OLC's analysis is truncated at best and misleading at worst.

OLC begins this part of its analysis by observing that some of the rights in the CVRA are limited to court proceedings. OLC notes, for example, that the CVRA gives victims the "right to reasonable, accurate, and timely notice of any public *court proceeding* . . . involving the crime."[117] But the fact that some of the rights listed in the CVRA apply to court proceedings hardly means that all of the rights are to be so restricted. The federal criminal justice process includes stages that are pre-charging, post-charging, and post-conviction. It would hardly be surprising to find that a statute that Congress intended to be "broad and encompassing"[118] covered events occurring after the filing of charges.

Indeed, OLC appears to recognize that at least three of the rights listed in the CVRA could easily apply before charges are filed: (1) the "right to be reasonably protected from the accused"; (2) the "reasonable right to confer with the attorney for the Government in the case"; and (3) the "right to be treated with fairness and with respect for the victim's dignity and privacy."[119] None of these rights explicitly refer to court "proceedings" or other events (such as parole hearings) that necessarily occur after the filing of formal charges.[120]

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[115] OLC CVRA Rights Memo, *supra* note 2, at 5–6. Notably, the Department does not embrace the language from *Huff* found within the *Skinner* and *Paletz* decisions because presumably such an approach would be contrary to many of the rights found in the CVRA.

[116] *See infra* Part I.C.

[117] OLC CVRA Rights Memo, *supra* note 2, at 6 (emphasis added) (quoting 18 U.S.C. § 3771(a)(2)).

[118] 150 CONG. REC. 7295 (2004) (statement of Sen. Dianne Feinstein).

[119] OLC CVRA Rights Memo, *supra* note 2, at 7–8, 10 (quoting 18 U.S.C. § 3771(a)(1), (5), (8)).

[120] OLC appears to have overlooked another right that could well apply before charges are filed: the right to be notified of one's rights under the CVRA. *See* 18 U.S.C. § 3771(c)(1) (requiring prosecutors to "make their best efforts to see that crime victims are notified of, and accorded, the rights described in [the CVRA]"); United States v. Rubin, 558 F. Supp. 2d 411, 428 (E.D.N.Y. 2008) (discussing potential application of the right to

HOUSE_OVERSIGHT_014059

For purposes of this Article, it is appropriate to focus on the last two of these three rights: the right to confer and the right to fair treatment. The first of these three rights—the right to be reasonably protected—is already clearly extended by another statute to crime victims before the filing of charges. While OLC does not acknowledge this fact, the VRRA extends the first right to crime victims, directing that a "responsible official shall arrange for a victim to receive reasonable protection from a *suspected* offender and persons acting in concert with or at the behest of the *suspected* offender."[121] Because a "suspected" offender obviously exists before the filing of criminal charges, the VRRA envisions the right to protection being provided as soon as is practical after a victim suffers from the commission of a crime. Additionally, the sections of the *Attorney General Guidelines for Victim and Witness Assistance* addressing the VRRA direct that Justice Department components must provide reasonable protection even before the filing of criminal charges.[122] So, under the VRRA, the Justice Department should already be providing reasonable protection for a victim before an offender is indicted, regardless of how the CVRA is interpreted.[123]

The VRRA, however, does not contain a right to confer and a right to fair treatment and respect for the victim's dignity. Therefore, if victims are going to receive these statutory rights before trial, these rights must be found in the CVRA. With regard to the CVRA provision that victims have the "reasonable right to confer with the attorney for the Government in the case,"[124] OLC contends that "[t]he phrase 'in the case' implies the pendency of a judicial proceeding."[125] To bolster its conclusion, OLC then cites *Black's Law Dictionary*, which includes among its several definitions of the word "case" the definition "a civil or criminal proceeding."[126] But OLC does not acknowledge that *Black's Law Dictionary* also defines and exemplifies a "case" more broadly as a "criminal investigation <the

notification of rights before charges are filed). For purposes of this Article, it is not necessary to explore this right in detail. If other CVRA rights apply before charges are filed, *a fortiori* this right does as well. If a victim has a right, presumably the victim should be notified of the existence of that right.

[121] 42 U.S.C. § 10607(c)(2) (2006) (emphasis added).

[122] *See* ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 7–8, 26–28.

[123] Exactly what "reasonable protection" means, however, remains uncertain. *See generally* Mary Margaret Giannini, *Redeeming an Empty Promise: Procedural Justice, the Crime Victims' Rights Act, and the Victim's Right to Be Reasonably Protected from the Accused*, 78 TENN. L. REV. 47 (2010) (suggesting the right has not been adequately defined and proposing ways to do so).

[124] 18 U.S.C. § 3771(a)(5).

[125] OLC CVRA Rights Memo, *supra* note 2, at 8.

[126] *Id.* (citing BLACK'S LAW DICTIONARY, *supra* note 59, at 243).

Manson case>."[127] Thus, *Black's Law Dictionary* does not help resolve the dispute as to which of the two meanings should be used, as there are clearly differing meanings. While OLC's reading may be a permissible one, so is a pro-victim reading.

OLC also turns to the CVRA's legislative history to bolster its conclusion. But, here again, its analysis is misleading. OLC relies on a passage from Senate floor colloquy between Senators Jon Kyl and Dianne Feinstein regarding the CVRA's scope. In OLC's recounting of the legislative history, the floor statements "emphasize that the right to confer relates to the conduct of criminal proceedings after the filing of charges."[128] For instance, OLC quotes Senator Kyl stating that "[u]nder this provision, victims are able to confer with the Government's attorney about proceedings *after charging*."[129]

This is a truncated and deceptive description of the legislative history, so much so that Senator Kyl sent an angry letter to Attorney General Eric Holder complaining about the distortion. On June 6, 2011, the Senator wrote to "express [his] surprise that [OLC is] so clearly quoting [his] remarks out of context."[130] Senator Kyl then went on to observe that the colloquy began by noting that the right to confer "*is intended to be expansive*."[131] The Senator further discussed various "examples" of when the right to confer applied, including "any critical stage or disposition of the case. *The right, however, is not limited to these examples*."[132] It was against that backdrop that Senator Kyl gave the example of conferring about proceedings "after charging."

In his letter to Attorney General Holder, Senator Kyl also noted that he had:

> made clear that crime victims had rights under the CVRA even before an indictment is filed. For example, . . . I made clear that crime victims had a right to consult about both 'the case' and 'case proceedings'—i.e., both about how the case was being handled before being filed in court and then later how the case was being handled in court 'proceedings.'[133]

Senator Kyl further commented that he had discussed the CVRA's potential application in grand jury proceedings, an application that required the Act

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[127] BLACK'S LAW DICTIONARY, *supra* note 59, at 244.

[128] OLC CVRA Rights Memo, *supra* note 2, at 9.

[129] *Id.* (emphasis added) (quoting 150 CONG. REC. 7302 (2004) (statement of Sen. Jon Kyl) (internal quotation marks and citation omitted).

[130] Letter from Jon Kyl, *supra* note 3.

[131] *Id.* (quoting 150 CONG. REC. S4260, S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Dianne Feinstein)).

[132] *Id.*

[133] *Id.*

HOUSE_OVERSIGHT_014061

to extend rights before indictment.[134] Thus, if anything, the legislative history does not support OLC's conclusion—it contradicts it.[135]

OLC should have had no doubt as to the intent of Senator Kyl and his cosponsors at the time of the Act's passage. Shortly after shepherding the CVRA through the Congress, Senator Kyl cowrote a law review article about the Act.[136] In that article, he directly indicated that the CVRA applies before charges are filed. Senator Kyl and his coauthors wrote:

> While most of the rights guaranteed by the CVRA apply in the context of legal proceedings following arrest and charging, other important rights are triggered by the harm inflicted by the crime itself. For example, the right to be treated with fairness, the right to be reasonably protected from the accused (who may qualify as the accused before his arrest), and the right to be treated with respect for the victim's dignity and privacy each may arise without regard to the existence of legal proceedings.[137]

Remarkably, OLC cited Senator Kyl's law review article (in a footnote), but then concluded without explanation that the CVRA cosponsor's views were for some reason different than Congress's.[138]

OLC also appears to acknowledge that its interpretation of the CVRA could well contradict what it describes as prosecutorial "good practice."[139] OLC noted that some Justice Department components (for example, the Environmental and Natural Resources Division) had advocated that the right to confer should apply during pre-charging plea discussions.[140] OLC then acknowledged that limiting the right to confer until after formal charging could "reduce the impact of a victim's participation in subsequent court proceedings."[141] OLC attempted to dodge this problem by explaining: "The question before us, though, is not whether it would be advisable as a matter of good practice . . . for Government attorneys to confer with victims pre-charge when appropriate . . . ."[142] OLC then explained that even under its narrow interpretation of the statute, "the CVRA would still ensure that

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[134] *Id.*

[135] Attorney General Holder never sent a response to Senator Kyl's letter. But Assistant Attorney General Ronald Weich sent a belated response. Letter from Ronald Weich, Assistant Att'y Gen., to Jon Kyl, U.S. Sen. (Nov. 3, 2011) (on file with authors). That response did not address Senator Kyl's concern that his remarks were being quoted out of context.

[136] *See generally* Kyl et al., *supra* note 19.

[137] *Id.* at 594.

[138] OLC CVRA Rights Memo, *supra* note 2, at 8 n.7.

[139] *Id.* at 10.

[140] *Id.* at 9 (citations omitted) (discussing an interdepartmental memorandum addressing this question).

[141] *Id.* at 10.

[142] *Id.*

the victim has an opportunity to be heard by the court, and by the Government, before the court accepts the plea."[143]

But OLC failed to recognize that its interpretation of the CVRA rendered the right to be heard a nullity in many important cases—including, notably, the Epstein case.[144] Where prosecutors and defense attorneys work out a nonprosecution agreement that agreement will never be presented to a court for review. Thus, in cases where the need for victim participation may be the greatest—that is, in cases where the Government is considering never filing any charges—OLC's interpretation would bar victims from having any rights at all.

Even in situations where a prosecutor works out a plea agreement, OLC's interpretation is problematic. As OLC recognizes, prosecutors and defense counsel commonly work out pre-indictment plea agreements (particularly in white-collar cases), under which a defendant will plead guilty to certain charges.[145] Then, the parties jointly present to the district court a criminal "information" (that is, a recitation of the charges drafted by the prosecutor but never presented to the grand jury[146]) and a plea agreement, asking the court to file the criminal information and simultaneously accept the guilty plea. As the OLC memorandum acknowledges, a crime victim would have the right to object to the plea agreement, because the CVRA gives crime victims the "right to be reasonably heard" at any public proceedings involving a plea.[147] But under OLC's interpretation of the CVRA, a crime victim has no right to notice of court hearings until the charges are filed. Thus, if the information and plea are filed simultaneously, as is often the case, two scenarios are possible. A victim could have no prior right to notice of the proceeding at which the plea was being accepted, or alternatively (if the act of filing the information in the course of accepting a plea triggers a notification right), the district court would be required to stop in the middle of proceedings and ensure that notification was belatedly provided. Of course, these difficulties are all avoided if the right to confer is properly construed as attaching before charges are filed, such as during plea negotiations between prosecutors and defense attorneys.

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[143] *Id.*

[144] The OLC opinion was publicly released on May 20, 2011. Perhaps not coincidentally, this release date was shortly before the Government filed its response in the Epstein case.

[145] *See* OLC CVRA Rights Memo, *supra* note 2, at 9 (acknowledging the potential effect of the CVRA on plea negotiations).

[146] *See* FED. R. CRIM. P. 7(b).

[147] 18 U.S.C. § 3771(a)(4) (2012); OLC CVRA Rights Memo, *supra* note 2, at 6–7.

More importantly, extending the right in this fashion will not be unduly burdensome for federal prosecutors. After the OLC memorandum was made public, the Department amended the *Attorney General Guidelines for Victim and Witness Assistance* to require prosecutors to make reasonable efforts toward a goal of providing victims with a meaningful opportunity to offer their views before plea agreements are formally reached.[148] "In circumstances where plea negotiations occur before a case has been brought, Department policy is that this should include reasonable consultation prior to the filing of a charging instrument with the court."[149] Thus, Department policy already extends pre-charging rights to victims. The CVRA should be understood as having the same scope.

OLC also notes that the CVRA right "to be treated with fairness and with respect for the victim's dignity and privacy" is a right that could apply before charges are filed.[150] Indeed, OLC is forced to concede (as district courts have recognized) that the "right to be treated with fairness and with respect for the victim's dignity and privacy may apply with great force during an investigation, before any charging instrument has been filed."[151]

OLC nonetheless maintains that the right to fairness only applies after charges have been filed. OLC relies on the canon of statutory construction *noscitur a sociis*, meaning that words are known by their companions,[152] for its interpretation of the CVRA. OLC argues that because the other seven enumerated rights are limited to post-charging situations, the eighth right should be as well. Of course, this argument assumes that OLC's construction of the other seven rights is correct—a point very much in dispute.[153] If, for example, the right to confer applies before charges are filed, then presumably *noscitur a sociis* would cut the other way—the right to fairness should likewise be construed as applying before charges are filed.

Moreover, OLC omits from its discussion of the fairness provision any assessment of the CVRA's purposes. In construing a statute, a court must consider the "purpose and context" of the statute.[154] In describing the fairness provision, Senator Kyl emphasized that it conferred a "broad"

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[148] ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 41–42.

[149] *Id.* at 41.

[150] OLC CVRA Rights Memo, *supra* note 2, at 10 (quoting 18 U.S.C. § 3771(a)(8)).

[151] *Id.* (quoting United States v. BP Products North America Inc., No. H-07-434, 2008 WL 501321, at *11 (S.D. Tex. Feb. 21, 2008) (internal quotation marks omitted)).

[152] *Id.* at 11.

[153] *See supra* Part III.A.

[154] Kasten v. Saint-Gobain Performance Plastics Corp., 131 S. Ct. 1325, 1331 (2011).

right.[155] The reason for adopting such a broad right was that "[t]oo often victims of crime experience a secondary victimization at the hands of the criminal justice system. This provision is intended to direct Government agencies and employees, whether they are in the executive or judiciary branch, to treat victims of crime with the respect they deserve."[156] OLC's failure to consider the purposes underlying the CVRA is a glaring oversight.

OLC never attempts to explain why the CVRA's drafters would want victims to have a right to fair treatment once criminal charges were filed but possess no such right before the filing of criminal charges. Clearly, many victims can and do suffer secondary victimization during criminal investigations, such as when sexual assault victims are treated inappropriately by law enforcement agents.[157] It would contradict the purpose of preventing victim mistreatment in the criminal justice system to artificially limit the right to fairness to the point at which charges are filed. The right to fairness logically applies at all stages of the criminal justice process.

### C. OLC'S INEFFECTIVE RESPONSE TO THE CVRA'S COVERAGE AND VENUE PROVISIONS

At the end of its memorandum, OLC finally discusses what it identifies as the two strongest arguments for construing the CVRA as applying before charging: the coverage provision and the venue provision. OLC acknowledges, as it must, that the CVRA's coverage extends to any federal employee engaged in "the *detection*, *investigation* or prosecution of crime."[158] Such employees "shall make their best efforts to see that crime victims are notified of, and accorded, the rights" afforded by the statute.[159] Notably, this duty applies to individuals not just in the Justice Department (where all federal prosecutors are located) but other agencies as well, such

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[155] 150 CONG. REC. 7303 (2004) (statement of Sen. Jon Kyl).

[156] *Id.*

[157] *See* SUSAN ESTRICH, REAL RAPE 50–51 (1987) (describing how a rape victim's sexual history may be used against her in court proceedings); Beloof, *supra* note 38, at 309–10 (collecting examples of victims' issues that arise during the investigative process); *see also* PRESIDENT'S TASK FORCE ON VICTIMS OF CRIME, FINAL REPORT, *supra* note 10, at 57–62 (making recommendations for how police should treat victims during the criminal justice process).

[158] OLC CVRA Rights Memo, *supra* note 2, at 15 (quoting 18 U.S.C. § 3771(c)(1) (2012)) (internal quotation marks omitted).

[159] 18 U.S.C. § 3771(c)(1).

as environmental crimes investigators in the Environmental Protection Agency (EPA).[160]

This coverage provision would seem to answer any lingering question about whether the CVRA applies before charging. In directing that federal employees engaged in the "detection" and "investigation" of crime must respect victims' rights, Congress wanted broad rights extending beyond just the prosecution of a case. As the district court concluded in the Epstein case, this provision "surely contemplates pre-charge application of the CVRA."[161]

OLC gamely maintains, however, that Congress was simply trying to provide that federal law enforcement agents should provide rights to victims when a criminal case moves to its prosecution phase. OLC noted the uncontroversial point that law enforcement agents "often develop a relationship of trust with crime victims during the investigation that continues as they assist crime victims in negotiating active criminal proceedings."[162] OLC then asserted:

> Given this continuing active role that agents typically play during criminal prosecutions, we find the fact that the CVRA assigns responsibility to them, together with the attorney for the Government, to . . . accord them their rights under the CVRA to be entirely consistent with our conclusion that those rights arise only once the Government has initiated criminal proceedings.[163]

But OLC's contorted position never explains why Congress found it necessary to break out three separate phases of the criminal justice process: the "detection," "investigation," and "prosecution" of crime. If the congressional intent was simply to cover, for example, FBI agents or EPA agents during the post-charging phase of a case, it could have simply omitted those words from the CVRA. An FBI agent, for example, would be engaged in the "prosecution" of the case when assisting the victim after the formal filing of charges. On OLC's reading of the statute, the words "detection" and "investigation" become meaningless, contrary to the well-known canon of construction *verba cum effectu sunt accipienda*, which means that, if possible, every word and every provision is to be given effect.[164]

OLC also suggests that the "most significant" argument supporting pre-charging application of rights is the venue provision, which allows

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[160] *See* Kyl et al., *supra* note 136, at 615 ("Notice should be given to the fact that it applies not just to the Department of Justice, but to all 'departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime.'" (citation omitted)).

[161] Does v. United States, 817 F. Supp. 2d 1337, 1342 (S.D. Fla. 2011).

[162] OLC CVRA Rights Memo, *supra* note 2, at 15.

[163] *Id*.

[164] *See, e.g.*, Reiter v. Sonotone Corp., 442 U.S. 330, 339 (1979).

crime victims to assert CVRA rights "in the district court in which a defendant is being prosecuted for the crime or, *if no prosecution is underway*, in the district court in the district in which the crime occurred."[165] The Department contends that this language refers quite narrowly to the "period of time between the filing of a complaint and the initiation of formal charges."[166] In support of its position, the Department cites a Fourth Circuit case interpreting the Sixth Amendment right to counsel, which held that a "prosecution" for purposes of that Amendment does not begin when a criminal complaint is filed.[167] In OLC's view, the venue provision's direction that victims should assert rights when "no prosecution is underway" applies only to the limited time between when the Government files a complaint against a defendant and some later point when the "prosecution" actually begins. OLC notes that the filing of a complaint triggers an initial appearance, where crime victims can have important interests at stake, such as the right to be heard about a defendant's release on bail. OLC believes it is only to such post-complaint, yet pre-indictment, proceedings (i.e., the initial appearance) that the venue provision's "no-prosecution-underway" language covers.

As a preliminary matter, OLC's interpretation of the word "prosecution" in the Department's narrow construction of the venue provision is a twisted one, at odds with the way that term is conventionally used. The filing of a complaint is typically viewed as the start of a criminal prosecution. For example, the leading criminal procedure hornbook states that "[w]ith the filing of the complaint, the arrestee officially becomes a 'defendant' *in a criminal prosecution*."[168]

Moreover, having specifically rejected the filing of the criminal complaint as the starting point for a "prosecution" within the CVRA's venue provision, OLC refuses to consider the implications of its alterative starting point: the formal filing of an indictment. OLC states that "a prosecution of a felony must commence with the return of an indictment by a grand jury," citing the *Federal Rules of Criminal Procedure*.[169] Yet OLC does not pause to recognize that, while felonies proceed by way of indictment, misdemeanors can proceed not only by indictment but also by complaint.[170] The CVRA draws no distinction between misdemeanor and

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[165] OLC CVRA Rights Memo, *supra* note 2, at 14 (quoting 18 U.S.C. § 3771(d)(3) (2012)).

[166] *Id.*

[167] *Id.* (citing United States v. Alvarado, 440 F.3d 191, 200 (4th Cir. 2006)).

[168] WAYNE R. LAFAVE ET AL., CRIMINAL PROCEDURE § 1.2(g), at 11 (5th ed. 2009) (emphasis added).

[169] OLC CVRA Rights Memo, *supra* note 2, at 14 (citing FED. R. CRIM. P. 7(a)(1)).

[170] FED. R. CRIM. P. 58(b)(1) ("The trial of a misdemeanor may proceed on an indictment, information, *or complaint*." (emphasis added)).

HOUSE_OVERSIGHT_014067

felony offenses, broadly extending its protections to victims of any federal offense.[171] Thus, under OLC's interpretation that the filing of a complaint does not trigger the CVRA, many victims who are entitled to CVRA protections—i.e., victims of misdemeanor offenses prosecuted by way of complaint—will never have proper venue to assert those rights because, according to OLC's strained argument, no prosecution ever started in their cases.

Even limiting the focus to felony cases, OLC misleadingly describes the Sixth Amendment case law. It is not immediately clear why one would look to the right to counsel to determine the breadth of the term "prosecution" in the Sixth Amendment. The right to counsel is not the only right found in that Amendment. The Amendment also extends, for example, a right to a speedy trial in all criminal "prosecutions."[172] The case law on the speedy trial right makes clear that the right "may attach before an indictment and as early as the time of arrest and holding to answer a criminal charge."[173]

In any event, the right to counsel cases are quite clear in providing that a Sixth Amendment "prosecution" can (and often does) begin well before an indictment.[174] The Supreme Court has directly held that the Sixth Amendment's right to counsel attaches "at or after the time that judicial proceedings have been initiated against [a person]—'whether by way of formal charge, preliminary hearing, indictment, information, or arraignment.'"[175] Thus, under this controlling precedent, some earlier point in time before indictment is the triggering point of a Sixth Amendment "prosecution."

The cases that OLC cites are not to the contrary. It is true that some federal appeals courts have stated that the mere filing of a criminal complaint does not trigger a Sixth Amendment right to counsel.[176] But there is a split of authority on this question, as OLC acknowledges in a footnote.[177] More importantly for purposes of this Article, the cases holding

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[171] *See* 18 U.S.C. § 3771(e) (2012).

[172] U.S. CONST. amend. VI.

[173] United States v. Gouveia, 467 U.S. 180, 190 (1984) (quoting United States v. MacDonald, 456 U.S. 1, 6–7 (1982)) (internal quotation marks omitted).

[174] *See, e.g.*, Texas v. Cobb, 532 U.S. 162, 172–73 (2001).

[175] Brewer v. Williams, 430 U.S. 387, 398 (1977) (quoting Kirby v. Illinois, 406 U.S. 682, 689 (1972)).

[176] *See, e.g.*, United States v. Alvarado, 440 F.3d 191, 196 (4th Cir. 2006).

[177] OLC CVRA Rights Memo, *supra* note 2, at 14 n.15 (citing Hanrahan v. United States, 348 F.2d 363, 366 n.6 (D.C. Cir. 1965)); *see* WAYNE R. LAFAVE ET AL., CRIMINAL PROCEDURE § 6.4(e), at 670 (3d ed. 2007) ("There is an apparent split of authority on the question of whether the filing of a complaint is alone enough to give rise to a Sixth Amendment right to counsel, though the difference probably is explainable by the fact that

that the mere filing of a complaint does not start a Sixth Amendment prosecution also make clear that a later court hearing would start such a prosecution. For instance, in the Fourth Circuit case cited by OLC, *United States v. Alvarado*, the court reasons that "the main reason a law enforcement officer files [] a complaint is to establish probable cause for an arrest warrant. The criminal process is still in the investigative stage, and the adverse positions of government and defendant have yet to solidify."[178] Relying on that reasoning, the Fourth Circuit refused to find that the right to counsel had attached merely because a police officer had filed a complaint to get an arrest warrant. But the Fourth Circuit distinguished that situation from "the initiation of adversary judicial proceedings against the defendant."[179] An initial appearance would be such an adversary proceeding—i.e., it would be a "prosecution" under the Sixth Amendment. In light of this, OLC's position that the CVRA's venue provision's "no-prosecution-underway" reference covers proceedings, such as an initial appearance, does not work.

The only sensible way to construe the CVRA's venue provision is to read it as conveniently dividing criminal cases into two phases: a prosecution phase and an earlier investigative phase when "no prosecution is under way."[180] Senator Kyl, for instance, has noted that if there are any doubts about how to construe the CVRA, this venue provision "sweeps them away."[181] Once again, the language that Congress used leads inexorably to the conclusion that the CVRA extends rights to victims before the filing of criminal charges.

## IV. WHEN PRE-CHARGING RIGHTS ATTACH UNDER THE CVRA

The zeal with which OLC argues against applying CVRA rights before charging raises the question of why it protests so much. Although OLC never articulated this concern, perhaps OLC worried that pre-charging rights would be difficult to administer. Such concerns should evaporate with a workable construction of when pre-charging rights attach. In this Part, we propose such a construction, suggesting that CVRA rights should attach when substantial evidence exists that a specific person has been directly and proximately harmed as the result of a federal crime. This approach appears to already be the method that the Department is taking, as

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this document is used for multiple purposes."); *see also* Felder v. McCotter, 765 F.2d 1245, 1248 (5th Cir. 1985) (citing Texas law).

[178] *Alvarado*, 440 F.3d at 200 (citations omitted) (internal quotation marks omitted).

[179] *Id.* (quoting United States v. Gouveia, 467 U.S. 180, 187 (1984)).

[180] 18 U.S.C. § 3771(d)(3) (2012).

[181] Kyl et al., *supra* note 19, at 594.

HOUSE_OVERSIGHT_014069

it has extended many rights to victims before the formal filing of criminal charges as a matter of internal policy.[182] This approach appears to be workable, as a number of states extend rights to victims during the investigative process.[183]

A. A TEST FOR DETERMINING WHEN RIGHTS ATTACH

As explained in the earlier Parts of this Article, the CVRA clearly envisions that crime victims would have rights in the criminal justice process before the return of indictments or the filing of criminal complaints. The question then as to how much earlier in the process crime victims have rights naturally arises. Does the CVRA apply one second after a federal crime has been committed? Or does it apply at some later point during an investigation?

This issue was nicely framed by the U.S. District Court for the Eastern District of New York in a securities fraud case. In the first indictment underlying the case, the charged crime did not include various victims. A later superseding indictment broadened the charges to include those missing individuals. When they brought a suit under the CVRA, the court noted that "[q]uite understandably, movants perceive their victimization as having begun long before the government got around to filing the superseding indictment."[184] The court, however, explained that there must be "logical limits" to crime victims' rights before the filing of charges.[185] The court noted:

> For example, the realm of cases in which the CVRA might apply despite no prosecution being 'underway,' cannot be read to include the victims of uncharged crimes that the government has not even contemplated. It is impossible to expect the government, much less a court, to notify crime victims of their rights if the government has not verified to at least an elementary degree that a crime has actually taken place, given that a corresponding investigation is at a nascent or theoretical stage.[186]

The logical limits that the CVRA envisions could come from how the Justice Department interacts with criminals during the investigation of a crime. Crime victims' rights advocates are fond of saying that victims "only want to be treated like criminals"—that is, they simply want to have the same kinds of rights as criminals receive, such as the right to be notified

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[182] *See, e.g.*, ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 41–42 (discussing the right to confer regarding plea bargains).

[183] *See infra* Part III.D.

[184] United States v. Rubin, 558 F. Supp. 2d 411, 419 (E.D.N.Y. 2008).

[185] *Id.*

[186] *Id.*

of court hearings and to attend those hearings.[187] So it is instructive to notice that the Justice Department policy is to extend certain rights to suspected criminals during certain points in the investigative process. That policy might provide guidance on when crime victims' rights would attach.

Of particular interest here is the Department's policy for grand jury subpoenas issued to a "target" of a criminal investigation. When such a target is subpoenaed to testify before a grand jury, the Department of Justice will advise that target of his rights, such as the right to refuse to answer any question that might be incriminating.[188] The Department of Justice defines a "target" of a criminal investigation as "a person as to whom the prosecutor or the grand jury has substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutor, is a putative defendant."[189]

If the Department's investigation has coalesced sufficiently so that it can provide notice of rights to putative defendants, it should likewise be in a position to provide notice of rights to that defendant's victims. Combining the Department's definition of "target" with the CVRA's coverage and definition-of-victim provisions produces a formulation whereby CVRA rights attach in (at least) the following circumstances:

*CVRA rights attach when an officer or employee of the Department of Justice or any other department or agency of the United States engaged in the detection, investigation, or prosecution of crime has substantial evidence that an identifiable person has been directly and proximately harmed as a result of the commission of a federal offense or an offense in the District of Columbia, and in the judgment of the officer or employee, that person is a putative victim of that offense.*

This formulation borrows from the CVRA's coverage provision[190] to define the relevant universe of substantial evidence as that in the possession of the Justice Department or other federal agencies. For instance, if state law enforcement officers are investigating a bank robbery, the fact that the robbery might also be prosecuted federally[191] does not make the teller at the bank a federal "victim" of the crime until evidence regarding the crime comes into the possession of a federal agency. The formulation also tracks the CVRA's definition of "victim" in limiting the universe of potential

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[187] *See, e.g.*, Cassell, *supra* note 15, at 1376–85 (describing the rationale underpinning state victims' rights statutes).

[188] CRIMINAL RESOURCE MANUAL, *supra* note 87, § 9-11.151.

[189] *Id.*

[190] 18 U.S.C. § 3771(e) (2012).

[191] *Id.* § 2113.

HOUSE_OVERSIGHT_014071

victims to those who have been "directly and proximately harmed."[192] Finally, the formulation requires some federal officer or employee to evaluate the evidence and reach the conclusion that a federal offense has been committed that harmed the person in question. This determination responds to the observation by the District Court for the Eastern District of New York that the CVRA "cannot be read to include the victims of uncharged crimes that the government has not even contemplated."[193] At the same time, such a formulation obviously does not require the filing of formal criminal charges, or even the preparation of formal criminal charges. Instead, all that is required is for the Department to recognize that a person is a putative victim of a federal offense, just as all that is required for the mailing of a target letter to a subpoenaed suspected criminal, is recognition that he is a putative defendant in a federal case.

B. APPLYING THE TEST TO THE EPSTEIN CASE

To illustrate how the test would operate, it is useful to examine the facts of the Epstein case. Applying the proposed test to that case produces straightforward answers, which suggests that the test would be workable in practice.

From 2001 to 2007, Jeffrey Epstein sexually abused more than thirty minor girls in his mansion, including Jane Doe Number One and Jane Doe Number Two.[194] Initially, of course, his acts of abuse were secret, unknown to law enforcement. During that period of time, the victims would not have had rights under the CVRA.

In 2006, Epstein's acts of abuse came to the attention of the Palm Beach Police Department, which began investigating the case.[195] At this point, once again, the victims would not have had rights under the proposed CVRA test. The CVRA extends rights in the federal criminal justice process. A state investigation does not trigger the CVRA (although it may trigger certain state law protections, as discussed below).[196]

At some point in 2006, the Palm Beach Police Department asked the FBI to investigate Epstein on federal sex offenses, such as using a means of

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[192] *See id.* § 3771(e).

[193] United States v. Rubin, 558 F. Supp. 2d 411, 419 (E.D.N.Y. 2008).

[194] As above, *see supra* notes 34–41 and accompanying text, this part of the Article draws on the factual allegations made by the victims in this case—allegations that Epstein has not intervened to dispute. *See* Jane Doe Motion, *supra* note 40, at 3–23.

[195] *See* Probable Cause Affidavit, Palm Beach Police Department: Police Case No. 05-368(1) (May 1, 2006), *available at* http://goo.gl/fAPFw5; *see also* Statement of Undisputed Facts, Epstein v. Rothstein, No. 50 2009 CA 040800XXXXMBAG (Fla. Cir. Ct. Sept. 22, 2010), *available at* http://goo.gl/DzMbe8.

[196] *See supra* notes 178–95 and accompanying text as well as *infra* Part IV.D.

interstate communication in connection with sex offenses and traveling in interstate commerce for the purpose of engaging in illicit sexual conduct with minors.[197] The local police provided the FBI with information, which the FBI then investigated. Following an investigation, the FBI determined that the allegations of abuse against Epstein were credible, and it presented the case to the U.S. Attorney's Office for the Southern District of Florida. In 2007, the Office contacted counsel for Jeffrey Epstein and began negotiating a resolution of the case against him.[198]

Under our proposed test, the victims would not have had CVRA rights the first moment that the FBI became aware of Epstein's possible commission of sex offenses. But after the FBI developed substantial evidence of those sex offenses, identified victims of those offenses, and presented the case to the appropriate U.S. Attorney's Office for prosecution, CVRA rights would have attached. Accordingly, the FBI would have been required to notify the identified victims of their rights under the CVRA (as well as under the VRRA). From that point forward in the case, the victims would have had CVRA rights, such as the right to fair treatment and the right to confer with prosecutors. In this case, the victims would have had the right to confer with prosecutors about the nonprosecution agreement that they ultimately reached with Epstein.[199]

### C. CURRENT DEPARTMENT POLICY ON PRE-CHARGING RIGHTS

One objection that might be made to the formulation offered above is that it might unduly burden federal law enforcement officers and prosecutors, who would need to make judgment calls about when an investigation has coalesced to the point where "victims" are in existence, "substantial evidence" has been collected, and notice of rights has to be provided. Any such objection would be ill-founded, though, as it does not appear that implementing such an approach would be difficult.[200] Presumably the Justice Department has already been providing such rights in at least Texas, Louisiana, and Mississippi to comply with the Fifth

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[197] *See* 18 U.S.C. §§ 2422(b), 2423(b), (e) (2012).

[198] A more substantial summary of the case is available in case filings. *See* Jane Doe Motion, *supra* note 40.

[199] *See supra* Part II.

[200] This Article does not discuss mass victim cases in which notice needs to be provided to hundreds of victims. But in such situations, the CVRA already provides for "reasonable" alternative procedures. 18 U.S.C. § 3771(d)(2) (2012). The Department of Justice, for example, has used websites to provide notice in terrorism cases to large numbers of victims. *See, e.g.*, United States v. Ingrassia, No. CR-04-0455ADSJO, 2005 WL 2875220, at *4 (E.D.N.Y. Sept. 7, 2005); *Criminal Division's Victim Notification Program*, U.S. DEP'T OF JUSTICE, http://goo.gl/6H6IEk (last visited Dec. 4, 2013).

HOUSE_OVERSIGHT_014073

Circuit's 2008 ruling in *In Re Dean*, which held that the CVRA extends rights to victims before defendants are charged.[201] We have not seen any reports that providing the rights has been difficult.

Perhaps the reason for the lack of any reported difficulty is that the Department's current policy on crime victims' rights already requires notices to victims during investigations. The Justice Department has promulgated the *Attorney General Guidelines for Victim and Witness Assistance*, the latest edition of which is from May 2012. The *Guidelines* discuss crime victims' rights under both the CVRA and the earlier VRRA. Because of the OLC memorandum discussed above, the *Guidelines* limit CVRA rights until after the time "when criminal proceedings are initiated by complaint, information, or indictment."[202] The Department, however, provides hortatory guidance that Justice Department employees shall make "best efforts" to notify crime victims about their CVRA rights "as early in the criminal justice process as is feasible and appropriate."[203]

Of greater interest, however, is the Department's mandatory policy regarding notification regarding crime victim services under the VRRA. The *Guidelines* explain how "Department responsibilities to crime victims begin as soon as possible after the detection of a crime at which they may be undertaken without interfering in the investigation."[204] The *Guidelines* then direct the appropriate "responsible official" to provide crime victims with "information about services available to them."[205] This information must be provided at "the earliest opportunity after detection of a crime at which it may be done without interfering with an investigation."[206]

The Department appears to have little difficulty implementing this requirement. Evidence of this fact comes from the Justice Department itself, which responded to the letter from Senator Kyl discussed earlier questioning why the Department was not applying the CVRA before charges were filed.[207] In its response, the Department noted that OLC had issued an opinion that the CVRA did not extend rights before the formal filing of charges.[208] "Even so," the Department explained, "the new AG Guidelines go further and provide that Department prosecutors should make

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[201] 527 F.3d 391 (5th Cir. 2008).

[202] ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 8.

[203] *Id.* at 35.

[204] *Id.* at 26 (citing 42 U.S.C. § 10607(b) (2006)).

[205] *Id.* at 29 (citing 42 U.S.C. § 10607(b)(2)). Elsewhere, the *Guidelines* define the official who is responsible as the appropriate federal law enforcement officer during the investigation of the crime or the U.S. Attorney once charges have been filed. *Id.* at 25–26.

[206] *Id.* at 29.

[207] *See supra* notes 130–33 and accompanying text.

[208] Letter from Ronald Weich, *supra* note 135, at 2.

reasonable efforts to notify identified victims of, and consider victims' views about, prospective plea negotiations, even prior to the filing of a charging instrument with the court."[209]

The Department also noted that it provided extensive pre-charging notifications to victims under the VRRA:

> Pursuant to the Victims' Rights and Restitution Act of 1990 (VRRA), the Department identifies victims and provides to them service referrals, reasonable protection, notice concerning the status of the investigation, and information about the criminal justice process prior to the filing of any charges. The Department's investigative agencies provide such services to thousands of victims every year, whether or not the investigation results in a federal prosecution.[210]

Quantifying the scope of this undertaking with regard to one federal investigative agency, the Department explained:

> [T]he [FBI] alone reports that it provided more than 190,000 services to victims during the past fiscal year [FY 2011], including case status updates, assistance with compensation applications and referrals, and counseling referrals. From sexual assaults in Indian Country to child pornography and human trafficking to mass violence and overseas terrorism, FBI victim specialists provide much-needed immediate and ongoing support and information to victims. The FBI addresses victim safety issues when needed, providing on-scene response and crisis intervention services in thousands of investigations. With regard to sexual assault victims, FBI personnel arrange for and often accompany victims to forensic sexual assault medical examinations and provide assistance with HIV/STD testing.[211]

In view of the Department's existing notifications and provision of services before charges are filed under the VRRA, it is hard to conceive how any viable claim could be made that it would be difficult to provide similar rights under the CVRA. The four rights that would be potentially in play before charging would be the right to reasonable protection, the right to fair treatment, and the right to confer with prosecutors, along with the predicate right to notice of these rights.[212] The VRRA already requires the Department to provide reasonable protection, so this would not be an expanded obligation.[213] Similarly, the *Guidelines* already require prosecutors to confer with victims about plea agreements (the most common situation where victims want to confer), so it is hard to imagine how extending this right would create any undue burden.[214] Additionally, the right to "fair treatment" could only be a problem if the Department

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[209] *Id.*
[210] *Id.* at 2–3.
[211] *Id.* at 3.
[212] 18 U.S.C. § 3771(a)(1), (5), (8), (c)(1) (2012).
[213] *See* 42 U.S.C. § 10607(c)(2) (2006).
[214] *See* ATTORNEY GENERAL GUIDELINES, *supra* note 52, at 41–42.

HOUSE_OVERSIGHT_014075

wanted to treat victims unfairly. Given its repeated and professed commitment to crime victims, here too this obligation should not be burdensome. And finally, with regard to providing notice of CVRA rights to victims, the fact that the Department currently provides notice of VRRA rights indicates that it should not be difficult to provide notice of CVRA rights as well.

Indeed, it is possible that the Department's notification letters under the VRRA already include this information. Interestingly, in the Epstein case, the FBI notified Jane Doe Number One and Jane Doe Number Two that they had rights in the criminal justice process. As early as June 7, 2007—more than three months before it concluded a nonprosecution agreement with Epstein—the U.S. Attorney's Office sent a notice to Jane Doe Number One stating "your case is under investigation."[215] The notice also informed Jane Doe Number One that "as a victim and/or witness of a federal offense, you have a number of rights."[216] Among the rights that the U.S. Attorney's Office told Jane Doe that she possessed was "[t]he reasonable right to confer with the attorney for the United States in the case."[217] Of course, she would not have had those rights if she was not covered by the CVRA. The FBI therefore apparently assumed that the CVRA already applied in the Epstein case. It was only later, when the matter went into litigation, that the Department of Justice reversed course. This change in course underscores the problems arising out of the OLC memorandum and the Department's current interpretation of the CVRA.

### D. STATE LAW EXTENSION OF PRE-CHARGING RIGHTS

The focus of this Article so far has been crime victims' rights in the federal system. But in concluding, it is instructive to note how a number of states offer parallel rights for crime victims, including the right to confer with prosecutors. In fact, several states have extended such rights prior to formally filing of charges against defendants—without reported difficulty, so far as we are aware. This confirms our inference that extending CVRA rights to crime victims before the formal filing of criminal charges is both feasible and desirable.

A general overview of state laws illustrates the broad protections afforded to victims in state criminal justice systems. Nearly two-thirds of states have adopted constitutional provisions to protect victims throughout

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[215] Letter from A. Marie Villafaña, Assistant U.S. Att'y, to Jane Doe #1 (June 7, 2007), *reprinted in* Jane Doe Motion, *supra* note 40, at ex. C.

[216] *Id.*

[217] *Id.*

the criminal justice process.[218] Moreover, every state has adopted a statute that either enforces its constitutional amendment or creates independent statutory rights for crime victims.[219] As a result, state legislatures and state employees have attempted to give victims a voice in the criminal justice process across the country.

Notably, while the strength of these rights varies from state to state,[220] nearly forty states require the prosecuting attorney to notify or confer with the victim regarding plea negotiations.[221] Several jurisdictions involve the victim in the charging decision.[222] In some states, law enforcement and prosecutors must involve the victim at any "critical"[223] or "crucial"[224] stage of the criminal proceeding; and in a minority of jurisdictions, the judge must ascertain whether the prosecutor has afforded the victim statutory protections prior to accepting a plea agreement.[225]

The general contours of state provisions suggest that several state governments have recognized the value in informing victims of their rights and involving them in the criminal process prior to the formal filing of charges.[226] Indeed, a brief look at the statutory protections illustrates the extent to which states have attempted to afford protections to victims long before the formal filing of charges.

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[218] *See Victims' Rights Laws by State*, NAT'L CRIME VICTIM L. INST. (Oct. 17, 2013), http://goo.gl/pdDx1w (listing and linking to state laws and constitutional amendments).

[219] *See* LAFAVE ET AL., *supra* note 168, § 21.3(f), at 1041–42.

[220] *See generally* DEAN G. KILPATRICK ET AL., NAT'L INST. OF JUSTICE, U.S. DEP'T OF JUSTICE, THE RIGHTS OF CRIME VICTIMS—DOES LEGAL PROTECTION MAKE A DIFFERENCE? (1998), *available at* http://goo.gl/EzH61S.

[221] *See* Peggy M. Tobolowsky, *Victim Participation in the Criminal Justice Process: Fifteen Years After the President's Task Force on Victims of Crime*, 25 NEW ENG. J. ON CRIM. & CIV. CONFINEMENT 21, 64 & n.168 (1999) (citing to victims' rights statutes in Connecticut, Illinois, and Michigan, among others). Unfortunately, as some commentators have noted, the notice and conferral provisions in some states are ambiguous, and the absence of case law precludes a definitive understanding of the reach of the right in some jurisdictions. *See* LAFAVE ET AL., *supra* note 168, § 21.3(f), at 1041–42; *see also, e.g.*, KAN. STAT. ANN. § 74-7333(a)(5) (2002) ("The views and concerns of victims should be ascertained and the appropriate assistance provided throughout the criminal process."). In some jurisdictions, the ambiguous use of an illustrative list could be read as suggesting that a particular right, such as conferral, hinges on formal charges. *See, e.g.*, KY. REV. STAT. ANN. § 421.500(6) (LexisNexis Supp. 2012) (requiring consultation on "disposition of the case including dismissal, release of defendant pending judicial proceedings, any conditions of release, a negotiated plea, and entry into a pretrial diversion program," but failing to define "disposition" or "case").

[222] *See* Tobolowsky, *supra* note 221, at 59–60.

[223] *E.g.*, LA. REV. STAT. ANN. §§ 46:1842(2), 46:1844(K) (2010).

[224] *E.g.*, FLA. CONST. art. I, § 16(b) (refraining from identifying the term).

[225] *See* LAFAVE ET AL., *supra* note 168, § 21.3(f), at 1041.

[226] *See Victims' Rights Laws by State*, *supra* note 218.

For example, Arizona has adopted a constitutional amendment and statutes that expansively protect victims. Under Arizona law, the definition of victim hinges on whether a criminal offense has been committed, and the term "criminal offense" is defined as "conduct that gives a peace officer *or* prosecutor probable cause to believe" a crime has occurred.[227] In short, a victim's status does not hinge on the formal filing of charges but rather on the criminal conduct itself.[228] Arizona law enforcement personnel must give information to victims describing their rights as soon as possible, even if formal charges have not yet been filed, and a victim may request that the prosecutor discuss the disposition of the case, including "a decision not to proceed with a criminal prosecution, dismissal, plea, or sentence negotiations and pretrial diversion programs."[229] A victim may even pursue some rights if counts are dismissed.[230] Arizona courts have also permitted victims to invoke their rights in the context of civil forfeiture proceedings.[231]

Hawaii's victims' rights statute illustrates how a state has defined the term "case" more expansively than the limited definition advocated by the Department in order to facilitate victim participation. By statute in Hawaii, victims must, upon request, be informed of "major developments" in any felony case.[232] Along a similar vein, the prosecuting attorney must consult or advise the victim about any plea negotiations.[233] Interestingly, however, the Hawaii legislature defined "major developments" as "arrest or release of the suspect by the police, case deferral by the police, referral to the prosecutor by the police, rejection of the case by the prosecutor, preliminary hearing date, grand jury date, trial and sentencing dates, and the disposition of the case."[234] The usage of the term "case" and the plain language of the provisions demonstrate that victims in the State of Hawaii are entitled to a notification right and a possible consultation right long before formal charges are filed.

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[227] ARIZ. REV. STAT. ANN. § 13-4401(6) (2010) (emphasis added); *see* State *ex rel.* Thomas v. Klein, 150 P.3d 778, 780–81 (Ariz. Ct. App. 2007) (noting the original version defined a criminal offense as a violation of a statute).

[228] Under Arizona law, the "rights and duties that are established by this chapter arise on the arrest *or* formal charging of the person or persons who are alleged to be responsible for a criminal offence against a victim." ARIZ. REV. STAT. ANN. § 13-4402(A) (2010) (emphasis added).

[229] ARIZ. REV. STAT. ANN. § 13-4419(A) (2010).

[230] *See* ARIZ. REV. STAT. ANN. § 13-4402.01(A).

[231] It appears, however, that the criminal proceeding may have been parallel to the civil forfeiture proceeding. *See* State v. Lee, 245 P.3d 919, 923–24 (Ariz. Ct. App. 2011).

[232] HAW. REV. STAT. ANN. § 801D-4(a)(1) (LexisNexis 2007).

[233] *See id.*

[234] *Id.* § 801D-2.

HOUSE_OVERSIGHT_014078

Other states also expressly extend rights before the filing of charges. Colorado guarantees rights at "all critical stages of the criminal justice process[,]" which includes both the filing of charges and the decision to not file charges.[235] In Missouri, victims have the right:

> on charged cases or submitted cases where no charge decision has yet been made, to be informed by the prosecuting attorney of the status of the case and of the availability [of different forms of compensation and assistance] and of any final decision by the prosecuting attorney not to file charges.[236]

In New Jersey, officials typically send a letter informing the victim "that the case has been referred to the prosecutors' office and explains and offers the services available from the country office of victim-witness advocacy."[237] Subsequent letters to the victim ensure that the victim has notice of a series of decisions long before indictment,[238] and the office actively solicits information in order to "help the prosecutor's office decide whether or not to prosecute a case."[239] Along a similar vein, the Massachusetts legislature included a provision that makes it clear that nothing should prevent a prosecutor from providing victim services to persons injured by the commission of a crime, even though a complaint or indictment has not yet been issued.[240]

In addition to extending rights before the filing of charges, several states require consultation before the prosecutor reaches a plea agreement with the defendant. For example, Idaho's statute provides that a victim must be given an opportunity "to communicate with the prosecution in criminal or juvenile offenses, and be advised of any proposed plea agreement by the prosecuting attorney prior to entering into a plea agreement in criminal or juvenile offenses involving crimes of violence, sex

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[235] COLO. CONST. art. II, § 16a; COLO. REV. STAT. § 24-4.1-302(1) (2013). *But see* COLO. REV. STAT. § 24-4.1-302.5(1)(f) (2012) (limiting conferral right, in particular, to later stages of a criminal proceeding). Despite these limitations on the conferral right, victims retain the ability to be heard at any hearing involving a plea. *See id.* § 24-4.1-302.5.

[236] MO. ANN. STAT. § 595.209(10) (West 2011).

[237] OFFICE OF VICTIM-WITNESS ADVOCACY, N.J. DEP'T OF LAW & PUB. SAFETY, A CRIME VICTIM'S GUIDE TO THE CRIMINAL JUSTICE SYSTEM 4 (2d ed. 1997); *see also* N.J. CONST. art. I, § 22. *Compare* 18 U.S.C. § 3771 (2012), *with* N.J. STAT. ANN. § 52:4B-36 (West 2009). In addition to the rights similar to the federal legislation, New Jersey law provides for the right "[t]o be advised of case progress and final disposition and to confer with the prosecutor's representative so that the victim may be kept adequately informed . . . ." *Id.* § 52:4B-36(k).

[238] *See* OFFICE OF VICTIM-WITNESS ADVOCACY, *supra* note 237, at 4 (including pre-grand jury remand, administrative dismissal, grand jury remand, grand jury dismissal, and indictment returned).

[239] *Id.* at 26 (describing victim involvement at grand jury and arraignment stages of the proceeding).

[240] *See* MASS. ANN. LAWS ch. 258B, § 2 (LexisNexis 2004).

HOUSE_OVERSIGHT_014079

crimes or crimes against children."[241] In Indiana, the plain language of its statute leaves open the possibility of a conferral right before formal charges to the extent that the statute includes two separate time frames: "after a crime . . . has been charged" *or* "before any disposition of a criminal case involving the victim."[242]

To be sure, not all states have afforded victims a voice throughout the entirety of the criminal justice process.[243] In some states, the statutes are ambiguous.[244] In a handful of states, there is clear language limiting rights until after the filing of charges. For example, Louisiana constrains the conferral right to criminal matters "in which formal charges have been filed by the district attorney's office."[245] Yet, unlike the federal CVRA, this statute specifically excludes pre-charging situations. And, in any event, despite Louisiana's limitation on a particular right within the statute, the legislature in this state still often saw fit to provide the victim with notification rights, even in the absence of the formal filing of charges.[246]

Very few state courts have ever considered the precise issue of whether conferral rights may attach prior to the formal filing of charges. This is likely caused by the fact that, unlike the federal statute, many state statutes fail to provide the victim with a procedural mechanism for challenging the conduct of prosecutors or law enforcement agencies.[247] However, in rare cases, state courts have implicitly recognized that a meaningful interpretation of victims' rights should include some rights prior to filing.

For example, a Connecticut court concluded that a company injured by the delinquent act of a minor was entitled to information about the case

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[241] IDAHO CODE ANN. § 19-5306(1)(f) (2004). As in the case of most of the state statutes, the Idaho statute is not without ambiguity. A different provision within the statute makes the notification right contingent "[u]pon the filing of a criminal complaint or juvenile petition . . . ." *Id.* § 19-5306(2).

[242] IND. CODE ANN. § 35-40-5-3(b) (West 2012); *id.* § 35-40-1-1 (failing to define "case").

[243] *See, e.g.*, MD. CONST. art. 47(b) ("In a case originating by indictment or information filed in a circuit court, a victim of crime shall have the right to be informed . . . .").

[244] In Delaware, for example, the statute contains an additional limitation in the conferral provision that is noticeably absent from the duty imposed on law enforcement to provide information about the victim's rights to that victim. *Compare* DEL. CODE ANN. tit. 11, § 9405 (2007), *and* DEL. CODE ANN. tit. 11, § 9411 (2007) (imposing additional requirements after the Attorney General commences the prosecution), *with* DEL. CODE ANN. tit. 11, § 9410 (2007). Query whether the limitations imposed in one section should be inferred in the other under the doctrine of *expressio unius est exclusio alterius*.

[245] LA. REV. STAT. ANN. § 1844(D)(1) (2010).

[246] *See id.* § 1844.

[247] *See generally* Douglas E. Beloof, *The Third Wave of Crime Victims' Rights: Standing, Remedy, and Review*, 2005 BYU L. REV. 255, 300–23 (discussing problems with remedies in victims' rights statutes).

contained in a police file in a civil proceeding, even though it appears that there was little indication that criminal charges had been filed.[248] Similarly, the South Carolina Supreme Court, while limiting the ability of the victim to challenge the conduct of a prosecutor, concluded that the same rights under the state constitution must attach prior to the formal filing of an indictment.[249] Other courts have even permitted a victim to recover compensation or reparations for unindicted or acquitted conduct.[250]

In other words, while few state judiciaries have addressed the precise timing of state crime victims' rights, those that have addressed the question have typically found that the rights do extend to pre-charging situations.

Despite the relative dearth of state court cases, it is worth noting that most state statutes unequivocally provide for notification rights early in the criminal process.[251] For example, the Illinois statute imposes a limited duty on law enforcement agencies to keep victims informed of the status of an investigation until the accused is apprehended or the agency discontinues the investigation.[252] Similarly, law enforcement agencies in Iowa must keep the victim apprised of the investigation "until the alleged assailant is apprehended or the investigation is closed."[253] Michigan's statute requires law enforcement to provide information within a mere twenty-four hours of contact between the agency and the victim.[254]

In sum, while state law on crime victims' rights before charging is not fully developed, what law exists tends to support the position that crime victims deserve rights before the formal filing of charges. This law fits the long-standing trend in states toward expanding protections for crime

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[248] *See In re* James B., Jr., 714 A.2d 735 (Conn. Super. Ct. 1998).

[249] *See Ex parte* Littlefield, 540 S.E.2d 81, 85 (S.C. 2000).

[250] *See* Kimberly J. Winbush, Annotation, *Persons or Entities Entitled to Restitution as "Victim" Under State Criminal Restitution Statute*, 92 A.L.R. 5TH 35, 35 (2001) (recounting cases in which unnamed victims were entitled to restitution).

[251] *See, e.g.*, MINN. STAT. ANN. § 611A.0315(a) (West 2009) (requiring a prosecutor to "make every reasonable effort to notify a victim of domestic assault . . . or harassment that the prosecutor has decided to decline prosecution of the case" but providing the right to participate in proceedings to circumstances in which the offender has been charged).

[252] *See* 725 ILL. COMP. STAT. ANN. 120/4.5 (2008).

[253] IOWA CODE ANN. § 915.13(1)(f) (West 2003).

[254] *See* MICH. COMP. LAWS ANN. § 780.753 (West 2007). Michigan's conferral right is particularly ambiguous, because the notification requirement imposed upon the prosecuting attorney contains a time limitation (after arraignment), but the legislature did not include an express time limitation on the conferral right. *See* MICH. COMP. LAWS ANN. § 780.756(3) (West 2007) (requiring the victim have the opportunity to consult prior to "any negotiation that may result in a dismissal, plea or sentence bargain, or pretrial diversion"); *see also* MISS. CODE ANN. § 99-43-7(1) (2007) (imposing a requirement on law enforcement officials to notify a victim within seventy-two hours).

HOUSE_OVERSIGHT_014081

victims.[255] The decision by state legislators to extend notification or conferral rights to crime victims demonstrates an express recognition that crime victims' meaningful participation in the criminal justice process may involve granting those victims rights before indictment.

## CONCLUSION

Crime victims have important rights at stake in the criminal justice process, even before prosecutors formally file criminal charges. It is hardly surprising, therefore, to find that a federal law that Congress in fact designed to create "broad and encompassing" rights for victims protects victims during a criminal investigation. As this Article has explained, interpreting the CVRA to cover crime victims during the pre-charging phase of a case is consistent with the statute's purposes, text, legislative history, and interpretive case law. And state criminal justice systems also appear to be moving in that direction.

The Justice Department's contrary interpretation seems unlikely to prevail when challenged. The CVRA signals a paradigm shift in the way that crime victims are to be treated, at least within the federal criminal justice system. Before enactment of the law, federal investigators and prosecutors might have been able to keep victims at arm's length, refusing to confer with them about the case and otherwise ignoring or even mistreating them during the process. But those days are over. The CVRA promises victims that they now have the right to confer with prosecutors and the right to be treated fairly while their cases are investigated. It is time for the Department of Justice to recognize and embrace that new reality.

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[255] *See* Jeffrey A. Parness et al., *Monetary Recoveries for State Crime Victims*, 58 CLEV. ST. L. REV. 819, 850 (2010); Tobolowsky, *supra* note 221, at 59 (describing a "significant expansion of victim rights to be consulted by the prosecutor and heard by the court").

# EXHIBIT 1

**To**

**JANE DOE NO. 1 AND JANE DOE NO. 2'S RESPONSE IN OPPOSITION TO MOTION FOR LEAVE TO FILE SUPPLEMENT TO REPLY IN SUPPORT OF MOTION FOR LIMITED INTERVENTION BY ALAN M. DERSHOWITZ**

**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF FLORIDA**

**Case No. 9:08-80736-Civ-Marra/Johnson**

**JANE DOE #1 and JANE DOE #2**

**v.**

**UNITED STATES**
_____/

**JANE DOE NO. 1 AND JANE DOE NO. 2'S RESPONSE TO SUPPLEMENT IN SUPPORT OF MOTION FOR LMITED INTERVENTION BY ALAN M. DERSHOWITZ**

COME NOW Jane Doe No. 1 and Jane Doe No. 2 (the "current victims"), by and through undersigned counsel, to file this response to the Supplement to Reply in Support of Motion for Limited Intervention by Alan Dershowitz (DE 317-1). Dershowitz claims that an affidavit submitted by Jane Doe No. 3 in support of an unrelated pleading proves that she is "lying with respect to her claims against [him]." DE 317-1 at 1. The affidavit proves nothing of the sort. Indeed, if recent pleadings show anything, it is that Dershowitz continues to hide the truth about his activities.

Before turning to the specifics of what Dershowitz argues in his supplement, it is even more important to consider what he *fails* to argue. In neither his original reply (DE 306) nor his recent supplement (DE 317-1) has Dershowitz provided specific evidence to contest Jane Doe No. 3's allegations that he sexually molested her. This omission is revealing, because Dershowitz has repeatedly claimed in the media that he has irrefutable proof that her allegations are false. For example, on January 7, 2015, on the Fox Business (Lou Dobbs) program, Dershowitz stated: "I did the investigation in a day and was able to prove through *all kinds of*

*records* that I couldn't have been in these places. The woman is a serial liar. If [Cassell and Edwards] had done that investigation, they would have come to the same conclusion."[1] Similarly, on January 8, 2015, on the Greta van Susteren show on FOX, Dershowitz claimed: "Now I can prove through *documentary evidence* that I was never at the times and places she [Jane Doe No. 3] alleges she had sex with me."[2] Yet despite having publicly claimed to have "all kinds of records" and "documentary evidence" that "prove" Jane Doe No. 3 is lying, Dershowitz has yet to produce a single document to this Court. Dershowitz's intransigence is not limited to this case, as he has also refused to comply with discovery requests in a parallel defamation action in state court. His refusal has led to a pending motion to compel. *See* Plaintiff's Motion to Compel Production of Documents, *Edwards v. Dershowitz*, No. CACE 15-000072 (Feb. 23, 2015) (attached as Exhibit 1) ("despite having had 45 days to gather materials that allegedly provide 'absolute proof' than he has never even met Jane Doe No. 3 – and despite having told numerous media sources that he had already collected such information – Dershowitz has provided none of these documents . . . .").[3] The Court should draw the obvious inference that Dershowitz, despite making broad claims to the media, has no such evidence to produce – because Jane Doe No. 3's allegations are true.

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[1] http://video.foxbusiness.com/v/3976630676001/alan-dershowitz-the-woman-is-a-serial-liar/? - sp=show-clips.

[2] http://radio.foxnews.com/2015/01/08/greta-alan-dershowitz-this-time-its-personal/.

[3] Jane Doe No. 3 explained in her earlier response that the Court should not allow Dershowitz to intervene here because he can protect his (alleged) reputational interests in the pending defamation action. DE 291 at 11-12). The Court may be interested to learn that Dershowitz has recently filed a counterclaim against Edwards and Cassell for defaming him in that action – suggesting he can litigate his reputational interests there, and thus has no need to do so here.

In his most recent supplemental filing with this court (DE 317-1), Dershowitz twists the facts and jumps to conclusions in service of his crusade against Jane Doe No. 3. For example, Dershowitz notes that Jane Doe No. 3 told attorney Edwards before April 2011 that Dershowitz had abused her, but then says "she and Edwards sat on this highly charged accusation for three years and eight months before first using it in their [sic] pleading filed on December 30, 2014. This constitutes laches that prejudiced . . . Dershowitz . . . ." DE 317-1 at 2. Dershowitz ignores the key fact that in April 2011, attorney Edwards did not represent Jane Doe No. 3. Accordingly, he could not "sit" on her claims against Dershowitz because he was not empowered, at that time, to pursue them.[4]

With regard to the claim of laches, Dershowitz argues that he has been prejudiced because if the allegations had been filed earlier, "he would have been in a far better position to secure travel and other records needed to disprove these charges." DE 317-1 at 2. But, as noted above, Dershowitz has already told worldwide news media that he has already collected all of the records and can provide irrefutable, documentary proof that Jane Doe No. 3 is lying. For example, Dershowitz has told the *Boston Globe* that "he will use his travel and credit card records, which he said he has fastidiously saved, to refute the allegations against him."[5]

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[4] Nor did Jane Doe No. 3 sit on any claims against Dershowitz, notably claims relating to the CVRA case. In 2011, Jane Doe No. 3 lacked legal counsel regarding the CVRA claim. It was not until her recent return from Australia to the United States that she understood the claims involved in the CVRA action and obtained legal counsel to pursue them. *See* DE 310-1 at 8, ¶ 57.

[5] "Dershowitz 'thrilled' to be sued for defamation," *Boston Globe* (Jan. 7, 2015), available at, http://www.bostonglobe.com/metro/2015/01/06/sued-for-defamation-dershowitz-thrilled-chance-question-lawyers-sex-crime-accuser/21QibSrwNC343eKMadWNeL/story.html.

Dershowitz can't have it both ways – simultaneously claiming he has the records and that he is harmed in collecting them – and the Court should not credit his conflicting positions.

## CONCLUSION

The Court should deny Dershowitz's motion to intervene.

DATED: March 24, 2015

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I certify that the foregoing document was served on March 24, 2015, on the following using the Court's CM/ECF system:

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# EXHIBIT 1

IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT, IN
AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G.
CASSELL,

Plaintiff(s),

vs.

ALAN M. DERSHOWITZ,

Defendant(s).
_____/

**PLAINTIFFS' MOTION TO COMPEL PRODUCTION OF DOCUMENTS**

Plaintiffs, Bradley J. Edwards and Paul G. Cassell, by through their undersigned attorneys, move to compel production of documents relevant to this action that defendant Alan M. Dershowitz has refused to produce.

Dershowitz has told numerous media sources that he has collected documents that provide "absolute proof" that he has not sexually abused a minor woman known as "Jane Doe No. 3." And yet despite having received a valid discovery request for these and other related documents more than 45 days ago, Dershowitz has refused to produce these documents to Edwards and Cassell. Indeed, he has refused to produce *any* documents to them. Accordingly, the Court should direct Dershowitz to produce these materials forthwith, as well as order him to pay reasonable costs and attorneys' fees necessitated by his refusal to make any appropriate document production.

## FACTUAL BACKGROUND

On December 30, 2014, Jane Doe No. 3 filed a motion (and later a corrected motion) seeking to join a case in the U.S. District Court for the Southern District of Florida, *Jane Doe Nos. 1 and 2 v. United States*, No. 9:08-cv-80736. She was represented by two attorneys who specialize in (among other things) representing crime victims, Bradley J. Edwards and Paul G. Cassell. The case involved an attempt to rescind a non-prosecution agreement (NPA) barring the prosecution of Jeffrey Epstein and his criminal associates on grounds that the victims' rights under the Crime Victims Rights Act (CVRA) had been violated.

In her corrected motion, Docket Entry (DE) 280, Jane Doe No. 3 briefly proffered the circumstances that would qualify her as a "victim" eligible to assert rights under the CVRA. *See* 18 U.S.C. 3771(e) (defining a CVRA "victim"). Jane Doe No. 3 briefly explained that when she was a minor, Jeffrey Epstein had trafficked her to Prince Andrew and Alan Dershowitz (among others) for sexual purposes. The motion also provided specific reasons why Jane Doe No. 3's participation was relevant to the case, including the pending discovery issues regarding Prince Andrew and Dershowitz. *See* DE 280 at 9-10 (explaining several reasons participation of new victims was relevant to existing issues).

After the motion was filed, Dershowitz made numerous media statements about the filing – and defamatory statements about Edwards and Cassell. For example, on CNN on January 5, 2015, Dershowitz stated that Edwards and Cassell are "prepared to lie, cheat, and steal. These are unethical lawyers."

http://www.cnn.com/videos/world/2015/01/05/wrn-uk-sex-abuse-allegations-alan-dershowitz-intv.cnn

In the course of defaming Edwards and Cassell, Dershowitz also made numerous representations that he had collected documents proving that he had never even met Jane Doe No. 3, much less sexually abused her. For example, on the same CNN program on January 5, Dershowitz stated: "No, never met her [Jane Doe No. 3], I didn't know what she looked like until I saw her photograph. . . . I have a superb memory. I have a memory of not having met her. *I did not meet her.* And believe me, I remember everybody I've ever had sex with. . . . *I can prove it by flight records. I can prove it by my travel records.*" *Id.* (emphasis added). Dershowitz went on to say that disproving Jane Doe No. 3's allegations was a simple task requiring about one hour of work: "If they [Edwards and Cassell] had just done an hours' worth of work, they would have seen she is lying through her teeth." *Id.*

That same day, on NBC's *Today Show*, Dershowitz repeated his claim that it was a simple matter to collect documents disproving allegations made by Jane Doe No. 3:

> Her lawyers Paul Cassell, a former Federal judge and Brad Edwards, deliberately and willfully filed this pleading which they knew I had no opportunity to respond to in court, without doing any investigation, *if they had simply investigated the manifests of the airplanes, if they had checked my travel records*, if they had asked me and I could have given the names of these people who are witnesses, *they would know the stories, totally, completely false.*

https://www.youtube.com/watch?v=ZXePKTws0f0

Two days later, Dershowitz told Lou Dobbs on Fox Business, that he had already completed his investigation and had "all kinds of records" proving that Jane Doe No. 3 was a liar:

> They [Edwards and Cassell] did it for crass financial and political reasons. More to the point is [what] they didn't do... *I did the investigation in a day and was able to prove through all kinds of records that I couldn't have been in these places.* The woman is a serial liar. If they had done that investigation, they would have come to the same conclusion.

http://video.foxbusiness.com/v/3976630676001/alan-dershowitz-the-woman-is-a-serial-liar/?sp=show-clips.

In response to the CVRA motion that Edwards and Cassell had made for Jane Doe No. 3, on January 5, 2015, Dershowitz filed a motion to intervene in the case to respond, along with an affidavit claiming that he had not sexually abused Jane Doe No. 3. In that affidavit, Dershowitz stated that "[i]f [Edwards and Cassell] had done any reasonable investigation of their client's false allegations, they would have found *absolute proof* that I did not [sexually abuse her] . . . even the most minimal of investigation would have proven conclusively that I could not have had sex with their client on Mr Epstein's island, in New Mexico or on the airplanes; and that I did not have sex with her in his New York or Palm Beach homes." DE 282-1 at ¶ 8.

On January 6, 2015, plaintiffs Edwards and Cassell filed their complaint in this action, alleging a massive public assault on their character by defendant Dershowitz. On January 9, 2015, Edwards and Cassell filed their Initial Request for Production to Defendant Alan M. Dershowitz. They requested production of documents along the lines that Dershowitz suggested he had already collected. For example, Request for Production (RFP) No. 9 sought "[copies of

any and all 'absolute proof' as described in paragraph 8 of the sworn declaration of Alan M. Dershowitz."

On February 11, 2015, counsel for Edwards and Cassell sent an email to counsel for Dershowitz, noting that discovery production was past due and inquiring as to whether a motion to compel would be necessary. That same day, a paralegal for Cole, Scott & Kissane confirmed that appropriate production would be made by the end of the week. Shortly after, an attorney for Dershowitz disavowed that commitment, and indicated that Dershowitz would make his productions by February 23, 2015.

On February 23, 2015 – 45 days after the discovery requests had been served – Dershowitz responded. With regard to the request for production of documents, Dershowitz produced no documents whatsoever. Instead, he made a vague commitment to produce unspecified documents at some unspecified time in the future. Illustrative of Dershowitz's failure to make any substantive production is the following request for production and Dershowitz's answer:

> 9. Copies of any and all "absolute proof" as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.
>
> RESPONSE: Defendant objects to this Document Request to the extent that Plaintiffs seek to alter or shift any burdens of proof as a matter of law in this action. Subject to and without waiving the foregoing specific objections and General Objections, *Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.*

Dershowitz made the same evasive response – "Defendant responds that he will produce" unspecified "non-privileged documents" – to multiple discovery requests. *See* Dershowitz

Response to Requests for Production 1, 2, 3, 4, 5, 6, 9, 10, 13, 14, 15, 16, 19, 20, 21, 22, and 23. To permit the Court to review the extent of Dershowitz's evasions, a copy of his responses is attached to this pleading as Exhibit A.

In short, despite having had 45 days to gather materials that allegedly provide "absolute proof" that he has never even met Jane Doe No. 3 – and despite having told numerous media sources that he had already collected such information – Dershowitz has produced none of these documents to Edwards and Cassell. He has also made blanket assertions of a variety of privileges, but has produced no privilege logs.

## CONCLUSION

Accordingly, Edwards and Cassell request:

1. That Dershowitz be directed to produce all materials covered by the discovery requests forthwith;

2. That Dershowitz be held to have waived any and all otherwise applicable privileges as a consequence of his failure to timely file a privilege log; and

3. That Dershowitz be ordered to pay reasonable costs and attorneys' fees associated with the need to file this motion to compel.

## CERTIFICATE OF GOOD FAITH EFFORT TO RESOLVE

Plaintiffs have attempted in good faith to resolve the discovery issues presented in this motion (and others) as evidenced by the letter attached as Exhibit B. The Defendant has failed to respond as of the time of the filing of this motion.

**Edwards, Bradley vs. Dershowitz**
**Case No.: CACE 15-000072**
Plaintiffs' Motion to Compel Production of Documents

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via E-Serve to all Counsel on the attached list, this 2ND day of March, 2015.

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IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT
IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

EDWARDS, *et al.*,

Plaintiffs / Counterclaim Defendants,

v.

DERSHOWITZ,

Defendant / Counterclaim Plaintiff.
_____/

**DEFENDANT / COUNTERCLAIM PLAINTIFF ALAN M. DERSHOWITZ'S OBJECTIONS AND RESPONSES TO PLAINTIFFS' INITIAL REQUESTS FOR PRODUCTION**

Defendant/Counterclaim Plaintiff Alan M. Dershowitz ("Defendant") submits the following objections and responses to the Plaintiffs' Initial Request for Production ("Document Requests") propounded by Plaintiffs/Counterclaim Defendants Bradley J. Edwards and Paul G. Cassell ("Plaintiffs").

**PRELIMINARY STATEMENT**

These responses and objections reflect the current state of Defendant's knowledge regarding the matters discussed herein. Defendant has not completed his discovery or trial preparation in this matter. Accordingly, Defendant reserves the right to revise, correct, clarify, supplement, or amend his objections and responses to reflect information hereafter discovered or acquired. These responses and objections are provided without prejudice to the rights of Defendant to use or rely upon subsequently discovered information or documents at any time, including at trial. The fact that a Document Request has been complied with in part shall not be construed as a waiver of all or any part of any objection that Defendant might or could make to

**EXHIBIT A**

any Document Request propounded by Plaintiffs. Defendant further reserves the right to object to the admission in evidence of any and all information made available in response to the Document Requests on any ground, including, but not limited to, the ground that it is irrelevant and immaterial to the issues in this action.

## GENERAL OBJECTIONS

1. The General Objections and statements in this section apply to each of Defendant's responses to the Document Requests set forth below and are not necessarily repeated in response to each individual Document Request.

2. By responding to the Document Requests, Defendant does not concede that any information requested is relevant to this action or admissible at trial. Defendant expressly reserves the right to object to further discovery on the subject matter of any of these Document Requests.

3. Defendant's responses set forth below include only documents located or obtained up to the date of service of the responses. Additional responsive, non-privileged documents may be ascertained or identified subsequently, and Defendant reserves the right to rely on such documents throughout this litigation and at trial.

4. Defendant objects to each Document Request to the extent that it calls for documents protected by the attorney-client privilege, the work-product doctrine, or any other applicable privilege or protection. By responding to any Document Request, Defendant does not waive any applicable privilege as to that Document Request or as to any other present or future discovery request.

5. Defendant generally objects to the Document Requests as unduly burdensome and oppressive to the extent that they ask Defendant to provide information that is beyond

Defendant's possession, custody, or control; is publicly available; is already in Plaintiffs' possession, care, custody, or control; or is generally available to Plaintiffs.

6. Defendant generally objects to the Document Requests to the extent that the information sought is not identified with sufficient particularity.

7. Defendant objects to the definition of "Documents" to the extent that it seeks the production of things beyond the scope of Rule 1.280 of the Florida Rules of Civil Procedure. Defendant further objects to the definition of "Documents" to the extent that it seeks "electronic data as well as application metadata and system metadata" and "inventories and rosters of your information technology (IT) systems – e.g., hardware, software and data, including but not limited to network drawings, lists of computing devices (servicers, PCs, laptops, PDAs, cell phones, with data storage and/or transmission features), programs, data maps and security tools and protocols" as overly broad and unduly burdensome.

**RESPONSES TO REQUESTS**

1. Copies of any and all documents reflecting or relating to any and all occasions on which you have been physically present on Little Saint James Island including but not limited to your visit to Little Saint James Island, as described in paragraph 3 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control relating to the sole occasion on which Defendant was physically present on Little Saint James Island.

2. Copies of any and all documents evidencing the presence of your wife and daughter on Little Saint James Island, as described in paragraph 3 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

3. Copies of any and all documents reflecting or relating to any and all occasions on which you have been physically present at Jeffrey Epstein's Ranch in New Mexico including but not limited to your visit to Jeffrey Epstein's Ranch in New Mexico, as described in paragraph 4 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control relating to the sole occasion on which Defendant was physically present at Jeffrey Epstein's Ranch in New Mexico.

4. Copies of any and all documents evidencing the presence of your wife and daughter at Jeffrey Epstein's Ranch in New Mexico, as described in paragraph 4 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

5. Copies of any and all documents evidencing the presence of your wife and daughter on Jeffrey Epstein's private plane, as described in paragraph 5 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

6. Copies of any and all documents evidencing the presence of your nephew on Jeffrey Epstein's private plane, as described in paragraph 5 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

7. Copies of any and all documents evidencing the presence of "members of Mr. Epstein's legal team", as described in paragraph 5 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Defendant objects to this Document Request as overly broad because Jane Doe #3 alleges in the filing titled "Jane Doe #3 and Jane Doe #4's Motion Pursuant to Rule 21 For Joinder In Action" (Doc. No. 279) (the "Joinder Motion") in the civil action captioned *Jane Doe #1, et al. v. United States*, Case No. 08-80736 (S.D. Fla.) (the "Federal Action") that she was "kept as [Jeffrey Epstein's] sex slave from about 1999 through 2002." Jane Doe #3 further alleges in the Joinder Motion that she "escape[d]" from Mr. Epstein and moved to Australia in 2002. Paragraph 5 of the sworn Declaration of Alan M. Dershowitz refers to plane travel by members of Mr. Epstein's legal team after 2002 and therefore Defendant further objects because this Document Request does not seek documents relevant to this action or documents reasonably calculated to lead to the discovery of admissible evidence.

8. Copies of any and all flight manifests reflecting your presence or the presence of any member of your family on any aircraft on which Jeffrey Epstein was also a passenger during the same flight.

**RESPONSE:**

Defendant responds that he has no responsive, non-privileged documents.

9. Copies of any and all "absolute proof" as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Defendant objects to this Document Request to the extent that Plaintiffs seek to alter or shift any burdens of proof as a matter of law in this action. Subject to and without waiving the foregoing specific objections and General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

10. Copies of any and all documents supporting the allegation that "Jane Doe #3 is a serial liar" as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

11. Copies of any and all documents tending to establish that President Clinton has never visited Jeffrey Epstein's island, Little Saint James, as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Defendant objects to this Document Request because it misstates paragraph 8 of the sworn Declaration of Alan M. Dershowitz, which expressly states that "*on information and belief,* I have been advised that *Secret Service records* would confirm that President Clinton has never set foot on that island." (Emphasis added). Subject to and without waiving the foregoing specific objections and the General Objections, Defendant responds that he has no responsive, non-privileged documents.

12. Copies of any and all documents evidencing that Jane Doe #3 "has also told lies about many world leaders" as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Defendant objects to this Document Request because it misstates paragraph 8 of the sworn Declaration of Alan M. Dershowitz, which expressly states that "*on information and belief,* [Jane Doe #3] has also told lies about many world leaders." (Emphasis added). Defendant further objects to this Document Request because it seeks documents already in Plaintiffs' possession and/or that are publicly available. Subject to and without waiving the foregoing specific objections and the General Objections, Defendant responds by reference to statements by Jane Doe #3 reflected in the media, which are equally available to Plaintiffs.

13. Copies of any and all documents evidencing that "the State Attorney in Palm Beach County dropped a case that she sought to bring based on an assessment by the investigating detective regarding the 'victim's lack of credibility'" including a copy of the letter reflecting this decision as described in paragraph 8 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Defendant objects to this Document Request because it misstates paragraph 8 of the sworn Declaration of Alan M. Dershowitz, which expressly states that "*on information and belief,* the State Attorney in Palm Beach County dropped a case that she sought to bring based on an assessment by the investigating detective regarding the 'victim's lack of credibility.' *A copy of the letter reflecting this decision was forwarded to central records.*" (Emphasis added). Subject to and without waiving the foregoing specific objections and the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

14. Copies of any and all documents evidencing that the attorneys for the Jane Does acted "in bad faith in an effort to have the media report it" as described in paragraph 9 of the sworn Declaration of Alan M. Dershowitz.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

15. Copies of any and all documents reflecting that Jane Doe #3 has charged President Bill Clinton with having sex with her on Jeffrey Epstein's Little Saint James Island.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

16. Copies of any and all documents reflecting that Jane Doe #3 has alleged that President Bill Clinton had sex or engaged in any inappropriate contact with her on the Island owned by Jeffrey Epstein.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

17. Copies of all pages of Passports held by you at any time during the past 12 years.

**RESPONSE:**

Defendant objects to this Document Request as seeking sensitive personal information and documents that are not relevant to the subject matter of the pending action.

18. Copies of any and all documents reflecting that Jane Doe #3 has ever willfully engaged in prostitution.

**RESPONSE:**

Defendant objects to this Document Request as vague because Defendant is not in a position to determine the willful nature of Jane Doe #3's prostitution. Defendant further objects to this Document Request because Jane Doe #3 has repeatedly and publicly asserted that she gave her body for sexual activity for hire after the age of 18 and agreed to secure other persons for the purpose of prostitution or for any other lewd or indecent act and therefore the Document Request is unduly burdensome.

19. Copies of any and all documents reflecting that Jane Doe #3 is either a liar or has perjured herself in any way.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

20. Copies of any and all documents tending to support your assertion that Bradley J. Edwards:

a. has a reputation of being sleazy;

b. has acted in a sleazy manner;

c. has engaged in unethical conduct;

d. has knowingly relied upon false statements in any legal document filed by him;

e. has engaged in any form of unethical conduct;

f. has engaged in any form of conduct tending to demonstrate a lack of fitness to engage in the practice of law;

g. has engaged in any form of conduct warranting the loss of his license to practice law or the imposition of any professional disciplinary action against him;

h. has acted in a corrupt manner;

i. failed to conduct any investigation of the allegations of Jane Doe #3 relating to you before referring to those allegations in a legal filing.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

21. Copies of any and all documents tending to support your assertion that Paul G. Cassell:

a. has a reputation of being sleazy;

b. has acted in a sleazy manner;

c. has engaged in unethical conduct;

d. has knowingly relied upon false statements in any legal document filed by him;

e. has engaged in any form of unethical conduct;

f. has engaged in any form of conduct tending to demonstrate a lack of fitness to engage in the practice of law;

g. has engaged in any form of conduct warranting the loss of his license to practice law or the imposition of any professional disciplinary action against him;

h. has acted in a corrupt manner;

i. failed to conduct any investigation of the allegations of Jane Doe #3 relating to you before referring to those allegations in a legal filing.

**RESPONSE:**

Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control.

22. Copies of any and all records for the period 1998-2007 reflecting or relating to travel by you and/or any member of your family on any aircraft, boat, helicopter, or other means of transport owned, controlled, or under the direction of Jeffrey Epstein and/or any business entity with which Jeffrey Epstein was affiliated at the time of travel.

**RESPONSE:**

Defendant objects to this Document Request as overly broad because Jane Doe #3 alleges in the Joinder Motion that she was "kept as [Jeffrey Epstein's] sex slave from about 1999 through 2002." Jane Doe #3 further alleges that she "escape[d]" from Mr. Epstein and moved to Australia in 2002. Therefore Defendant objects to this Document Request to the extent that it purports to seek documents relating to any time before 1999 or after 2002. Defendant further objects to this Document Request as overly broad and premature because Jane Doe #3 has not specified the dates on which she alleges Defendant engaged in misconduct on Mr. Epstein's plane, which are the sole relevant allegations by Jane Doe #3 or her counsel concerning travel on Mr. Epstein's plane that Defendant refutes and asserts are false. Subject to and without waiving the General Objections, Defendant responds that he will produce all responsive, non-privileged documents currently in his possession, custody or control relating to any occasions that may be specifically identified by Jane Doe #3 on which she contends that Defendant travelled on Jeffrey Epstein's plane between 1999 and 2002.

23. Copies of any and all records, including emails and text messages, between you and Jeffrey Epstein between December 29, 2014 and today, regarding allegations made by Jane Doe #3 of sexual misconduct by either of you.

**RESPONSE:**

Defendant objects to this Document Request to the extent that it seeks documents regarding allegations made by Jane Doe #3 of sexual misconduct by Jeffrey Epstein because such documents are not relevant to the subject matter of this action and would be attorney-client privileged communications in any event. Subject to and without waiving the foregoing specific

objections and the General Objections, Defendant responds that he will produce any responsive, non-privileged documents currently in his possession, custody or control.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

WE HEREBY CERTIFY that a true and accurate copy of the foregoing was served via E-Serve this 23rd day of February, 2015 to: Jack Scarola, Esquire, Searcy Denny et al., jsx@searcylaw.com and mep@searcylaw.com, counsel for Plaintiffs/Counterclaim Defendants.

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**VIA EMAIL**
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February 25, 2015

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Re: Edwards and Cassell vs. Dershowitz
Our File No.: 20150013

Dear Tom:

I write in the hope of amicably resolving a number of issues that arise in connection with the discovery responses you have provided in the referenced matter.

*Responding "Subject to and Without Waiving" Objections and Claims of Privilege*

It is a common and improper tactic to state "general objections" (or even specific ones) and then to respond to every request "subject to" those objections or claims of privilege. We cannot accept such responses. When this occurs, even if responsive information is forthcoming, we have no guarantee that you have not unilaterally withheld information subject to the stated objections or claims of privilege; in other words, it shields the very existence of responsive matters from discovery without any ability to assess the merits of the objection or claim of privilege as applied to the ostensibly protected matters. A federal court described the problem:

> This Court has on several occasions "disapproved [of] the practice of asserting a general objection 'to the extent' it may apply to particular requests for discovery." This Court has characterized these types of objections as "worthless for anything beyond delay of the discovery." Such objections are considered mere "hypothetical or contingent possibilities," where the objecting party makes '"no meaningful effort to show the application of any such theoretical objection' to any request for discovery."

**EXHIBIT B**

> Thus, this Court has deemed such "ostensible" objections waived or [has] declined to consider them as objections.

*Sonnino* v. *Univ. of Kan. Hosp. Auth.,* 221 F.R.D. 661, 666-67 (D. Kan. 2004) (citations omitted).

Of course, where claims of privilege are involved, the response must include a privilege log enabling us (and the court, if necessary) to assess the applicability of the privilege claimed. *See* Fla. R. Civ. P. 1.280(b)(5). Under Florida law, "the burden is upon the party asserting a privilege to establish the existence of each element of the privilege in question." *Fla. Sheriff's Self-Ins. Fund v. Escambia County,* 585 So.2d 461, 463 (Fla. 1st DCA 1991).

General or blanket objections are inappropriate in and of themselves: "A 'blanket' objection to interrogatories consisting of many, separate questions is insufficient. Objections in such a case should be addressed 'to a particular interrogatory or class of interrogatories, not to the interrogatories in general." *Twadell v. Twadell,* 199 So. 2d 501 (Fla. 4th DCA 1967) (quoting *Carson* v. *City of Ft. Lauderdale,* 173 So.2d 743 (Fla. 2d DCA 1965)).

The same principles apply to the general objections you have raised to our production requests.

*Boilerplate Objections*

A boilerplate objection such as "overbroad, burdensome, and not reasonably calculated to lead to the discovery of admissible evidence," baldly asserted, is "patently without merit." Such "stonewalling tactics" constitute discovery abuse. *First Healthcare Corp. v. Hamilton,* 740 So.2d 1189, 1193 (Fla. 4th DCA 1999); *see also First City Devs. Of Fla., Inc. v. Hallmark of Holly Condo. Ass 'n,* 545 So.2d 502, 503 (Fla. 4th DCA 1985) (noting that conclusory objections such as "burdensome" and "not reasonably calculated ..." are "words of the art [that] have little meaning without substantive support, ..").

Every burdensome objection you have raised is required to be supported by an affidavit detailing the extent of the burden claimed to preclude a substantive response.

*Asserting Privilege for Non-Existent Documents*

It is inappropriate to assert a claim of privilege or immunity for non-existent materials. *Greenleaf v. Amerada Hess Corp.*, 626 So.2d 263, 264 n.1 (Fla. 4th DCA 1993). We must assume that the privilege is asserted for a reason, i.e., that responsive and ostensibly privileged information in fact exists, else the privilege would not have been asserted. It follows that a privilege log must accompany all such responses.

*Claiming Undue Burden for Non-Existent Materials*

Likewise, objecting on basis of burdensomeness and later conceding an opponent's right to materials or later claiming materials do not exist constitute abusive discovery practices. *First Healthcare Corp. v. Hamilton,* 740 So.2d 1189, 1194 (Fla. 4th DCA 1999).

*Custody, Possession & Control*

Fla. R. Civ. P. reaches all documents (broadly defined and specifically including electronic data) in your client's "custody, possession, or control." Custody and possession are self-explanatory. "Control" is broader; it "means the legal right to obtain, even from nonparties. The concept of 'control' generally has been held to mean the legal right to obtain the requested documents. Parties thus can be requested to produce documents in the hands of their attorney, insurer, subsidiary, or another person outside the jurisdiction of the court." Lawrence M. Watson, Jr. & Michael S. Orfinger, *Fla. Civil Practice Before Trial § 16.60 (1993 ed.)* (citing 8 Wright & Miller, *Fed. Practice & Procedure* £16-10 (1998 ed.). A recent federal court case construing Fed. R. Civ. P. 41 (on which Fla. R. Civ. P. 1.350 is patterned), explained:

> The term "control" comprehends not only possession but also the right, authority, or ability to obtain the documents. Accordingly, Rule 34(a) allows a party seeking discovery to require production of documents beyond the actual possession of the opposing party if such party has retained "any right or ability to influence the person in whose possession the documents lie." [A] party is deemed to have control over documents held on its behalf by its attorneys. A party is also deemed to have control over financial records of the party that are in the possession of the party's accountant.

*MGP Ingredients, Inc.* v. *Mars, Inc.*, 2007 WL 3353401 (D. Kan. 2007) (citation omitted); *see also In Re Ski Train Fire of November 11, 2000 Kaprun Austria,* 2006

WL 1328259, at *5 (S.D.N.Y. 2006) ("Courts have long construed the term 'control' as meaning more than simple 'possession.' 'Control has been construed broadly by the courts as the legal right, authority, or practical ability to obtain the materials sought upon demand.'"). *See also Frantz v. Golebiewski,* 407 So.2d 283, 285 n.4 (Fla. 3 DCA 1981) ("Interpretations of the federal rule are persuasive in considering its Florida equivalent.").

While your responses purport to recognize the obligation to produce documents subject to Mr. Dershowitz's "control", there are qualifications in the responses that would appear to contradict that recognition. Your objection to the production of metadata has no legal foundation.

*Word Play and Gamesmanship*

You will note that we do not include page after page of definitions. I believe that any lawyer reasonably fluent in English can carry out his or her duty to construe interrogatories and requests for production in the broad and liberal manner intended by the rules. Florida courts frown on parsing and gamesmanship. See, e.g. *First Healthcare Corp. v. Hamilton,* 740 So.2d 1189, 1194 (Fla. 4th DCA 1999) (chastising counsel who did not turn over "event" reports because plaintiff requested "incident" reports as engaged in "little more than a semantic shell game.").

Repeated assertions that statements were made by Mr. Dershowitz "upon information and belief" is an example of prohibited "word play." That qualification has no bearing on the Defendant's discovery obligations.

*"Will Produce"*

The Rules of Civil Procedure require production and not just a commitment of production at some unspecified future date. If the documents you intend to produce are available for inspection and copying now as they are required to be, we are prepared to pick them up immediately. If they are not immediately available, when will they be?

*Timeframe Objections*

Your repeated attempts to restrict discovery to a narrow timeframe, fail to account for the fact that this is a defamation action arising out of broad defamatory statements made by Mr. Dershowitz impugning the honesty and integrity of the Plaintiffs without any limitations as to a specific time or circumstance. Mr. Dershowitz has also made broad public denials of misconduct unrestricted to any specific timeframe. We are entitled to

test the accuracy of those statements and to explore the full extent of the personal relationship he has had with Jeffrey Epstein.

*Evasive Answers*

The response to Interrogatory #2 is a typical example of an evasive response. Rather than address the substance of the questions posed, the Defendant engages in a four page diatribe about the alleged impropriety of naming him in a CVRA filing on behalf of Jane Doe #3. If that is the only improper conduct in which the Defendant contends Bradley Edwards has engaged, then the Defendant is obliged to say so.

Interrogatory #3 asks for the specific content of statements and the names of every witness to the making of the statements. We get a vague reference to "such comments" and references to the inability to "recall all of the people." Not a single witness' name is disclosed. If the Defendant is unable to identify a single person he is obliged to unequivocally say so.

*Refusing to Provide Substantive Responses Until Jane Doe #3 is Deposed*

This objection has absolutely no legal basis and fails to recognize that this is a defamation action against Dershowitz and not Mr. Dershowitz's defamation action against Jane Doe #3. This action is absolutely <u>not</u> dependent on the accuracy of the statements made by Jane Doe #3, although the Plaintiffs were and are confident of the accuracy of those statements.

*Objecting Because You Think We Already Know the Answers*

See for example the Response to Interrogatory #13. There is no legal basis for refusing to provide information because the Defendant believes the Plaintiff already knows the answer or has alternative sources to ascertain some or all of the information requested. An admission from an opposing party carries legal significance that other evidence does not have. We are entitled to Dershowitz's sworn responses regardless of what flight logs purport to show.

*Incomplete Answers*

See, for example, Interrogatory #15. A question that asks for names, addresses, and telephone numbers, is not properly responded to if all we get is, "Thomas and Joanne Ashe, as well as Defendant's wife and daughter."

and we will file an appropriate motion to compel. I would like to focus on substantive disagreements, obtain quick and fair rulings on them, and move on.

Sincerely,

JACK SCAROLA
JS/mep

cc: Bradley Edwards, Esq.
Paul G. Cassell, Esq.

**United States District Court**
**Southern District of Florida**

Virginia L. Giuffre,
Plaintiff,

Case No.: 9:16-mc-81608-DMM
Underlying Case No.: 15-cv-07433-RWS
(Southern District of New York) (Sweet, J.)

v.
Jeffrey Epstein,

Defendant.
_____/

**PLAINTIFF'S SEALED DECLARATION IN SUPPORT OF PLAINTIFF'S REPLY IN SUPPORT OF PLAINTIFF'S MOTION TO COMPEL THE PRODUCTION OF DOCUMENTS AND TESTIMONY FROM JEFFREY EPSTEIN**

I, Sigrid McCawley, declare that the below is true and correct to the best of my knowledge as follows:

1. I am a Partner with the law firm of Boies, Schiller & Flexner LLP and duly licensed to practice in Florida and before this Court pursuant to this Court's Order granting my Application to Appear Pro Hac Vice.

2. I respectfully submit this Declaration in Support of Plaintiff's Sealed Reply Motion to Compel the Production of Documents and Testimony from Jeffrey Epstein.

3. Attached hereto as Sealed Exhibit 1 is a true and correct copy of [redacted]'s Phone Records (GIUFFRE006258-GIUFFRE006260).

4. Attached hereto as Sealed Exhibit 2 is a true and correct copy of Jeffrey Epstein's Contact List.

5. Attached hereto as Sealed Exhibit 3 is a true and correct copy of Message Pads Excerpts.

6. Attached here to as Sealed Exhibit 4 is a true and correct copy of Ghislaine



HOUSE_OVERSIGHT_014118

Maxwell Phone List.

7. Attached hereto as Sealed Exhibit 5 is a true and correct copy of Excerpts from June 28, 2016 Deposition of Tony Figuerora.

8. Attached hereto as Sealed Exhibit 6 is a true and correct copy of Excerpts from May 18, 2016 Deposition of [redacted].

9. Attached hereto as Sealed Exhibit 7 is a true and correct copy of Jeffrey Epstein's DDA Statement History.

10. Attached hereto as Sealed Exhibit 8 is a true and correct copy of a Household Banking Account (GIUFFRE007840).

11. Attached hereto as Sealed Exhibit 9 is a true and correct copy of Nude Photographs.

12. Attached hereto as Sealed Exhibit 10 is a true and correct copy of Excerpts from June 20, 2016 Deposition of [redacted]

13. Attached hereto Sealed Exhibit 11 is a true and correct copy Excerpts from March 17, 2010 Deposition of Jeffrey Epstein.

I declare under penalty of perjury that the foregoing is true and correct.

Sigrid McCawley, Esq.

Dated: October 21, 2016.

Respectfully Submitted,
BOIES, SCHILLER & FLEXNER LLP



HOUSE_OVERSIGHT_014119

By: _____

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[1] This daytime business address is provided for identification and correspondence purposes only and is not intended to imply institutional endorsement by the University of Utah for this private representation.



HOUSE_OVERSIGHT_014120

## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on the 21st day of October, 2016, I electronically filed the foregoing document with the Clerk of Court by using the CM/ECF system. I also certify that the foregoing document is being served to all parties of record via transmission of the Electronic Court Filing System generated by CM/ECF.

Laura A. Menninger, Esq.
Jeffrey Pagliuca, Esq.
HADDON, MORGAN & FOREMAN, P.C.
150 East 10th Avenue
Denver, Colorado 80203

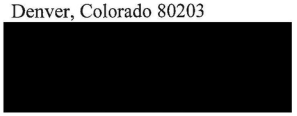

Sigrid S. McCawley



HOUSE_OVERSIGHT_014121

# EXHIBIT 1

[redacted]S CALLS

05-368
ATTACHMENT
12-29-05

| DATE | NUMBER | REGISTERED TO : | TIME | OUT/IN |
|---|---|---|---|---|
| 9/3/2005 | 561-714-0546 | [redacted] | 10:37A | OUT |
| 9/3/2005 | 561-714-0547 | | 10:40A | OUT |
| 9/3/2005 | 561-776-5679 | T A. Rofano | 11:37A | IN |
| 9/3/2005 | 561-655-2779 | Jeffrey Epstein | 1:53P | IN |
| 9/3/2005 | 561-662-3098 | | 1:55P | OUT |
| 9/3/2005 | 561-389-6874 | | 1:57P | OUT |
| 9/4/2005 | 561-655-7626 | Jeffrey Epstein | 10:42A | OUT |
| 9/6/2005 | 561-499-1718 | S Rosen | 8:08A | OUT |
| 9/10/2005 | [redacted] | [redacted] | 4:43P | OUT |
| 9/10/2005 | 561-655-7626 | Jeffrey Epstein | 7:53P | OUT |
| 9/11/2005 | 561-655-7626 | Jeffrey Epstein | 8:03A | IN |
| 9/14/2005 | 561-317-5844 | | 8:25A | OUT |
| 9/14/2005 | 561-317-5844 | | 5:98P | OUT |
| 9/14/2005 | 561-317-5844 | | 7:27P | OUT |
| 9/14/2005 | 561-317-5844 | | 7:35P | IN |
| 9/15/2005 | [redacted] | [redacted] | 10:17A | OUT |
| 9/18/2005 | 561-818-8361 | | 9:57A | OUT |
| 9/18/2005 | 561-714-0546 | [redacted] | 9:58A | OUT |
| 9/18/2005 | [redacted] | [redacted] | 9:59A | OUT |
| 9/18/2005 | [redacted] | [redacted] | 10:00A | OUT |
| 9/18/2005 | [redacted] | [redacted] | 10:03A | OUT |
| 9/18/2005 | 561-662-3098 | | 10:05A | OUT |
| 9/18/2005 | 561-655-7626 | Jeffrey Epstein | 10:20A | OUT |
| 9/18/2005 | 561-302-1844 | | 10:44A | OUT |
| 9/18/2005 | 561-389-6874 | | 1:10P | OUT |
| 9/18/2005 | 561-389-6874 | | 4:10P | IN |
| 9/18/2005 | 561-389-6874 | | 4:10P | OUT |
| 9/18/2005 | 561-302-1844 | | 4:15P | IN |
| 9/18/2005 | [redacted] | [redacted] | 5:17P | OUT |
| 9/18/2005 | 561-714-0546 | [redacted] | 9:37P | OUT |
| 9/18/2005 | 561-714-0546 | | 9:45P | OUT |
| 9/19/2005 | [redacted] | [redacted] | 10:29A | IN |
| 9/19/2005 | [redacted] | [redacted] | 11:45A | IN |
| 9/19/2005 | [redacted]26 | Jeffrey Epstein | 1:54P | IN |
| 9/19/2005 | 561-776-5679 | T.A. Rofrano | 2:01P | IN |
| 9/20/200[redacted] | | [redacted] | 12:10A | IN |
| 9/20/2005 | 561-317-5844 | | 7:20P | IN |
| 9/20/2005 | 561-317-5844 | | 7:22P | IN |
| 9/20/2005 | 561-317-5844 | | 7:22P | IN |
| 9/21/2005 | 561-818-8361 | | 1:46P | IN |

05-368

PLAINTIFF'S EXHIBIT 26

GIUFFRE006258
CONFIDENTIAL

| | | | | |
|---|---|---|---|---|
| 9/21/2005 | 561-655-7626 | Jeffrey Epstein | 1:47P | IN |
| 9/21/2005 | 561-655-7626 | Jeffrey Epstein | 1:48P | IN |
| 9/28/2005 | 561-844-4112 | ADVENTURE TIMES | 11:29A | IN |
| 9/29/2005 | 561-818-8361 | | 9:07A | OUT |
| 9/29/2005 | [redacted] | [redacted] | 12:41P | OUT |
| 9/29/2005 | [redacted] | [redacted] | 12:43P | OUT |
| 9/29/2005 | [redacted] | [redacted] | 12:46P | IN |
| 9/29/2005 | [redacted] | [redacted] | 12:47P | OUT |
| 9/30/2005 | 561-655-7626 | Jeffrey Epstein | 9:13A | IN |
| 9/30/2005 | 561-655-7626 | Jeffrey Epstein | 10:29A | IN |
| 9/30/2005 | 561-655-7626 | Jeffrey Epstein | 10:34A | IN |
| 9/30/2005 | [redacted] | [redacted] | 7:06P | IN |
| 10/1/2005 | [redacted] | [redacted] | 9:33A | OUT |
| 10/1/2005 | [redacted] | [redacted] | 9:35A | IN |
| 10/1/2005 | 561-655-7626 | Jeffrey Epstein | 9:44A | OUT |
| 10/1/2005 | 561-655-7626 | Jeffrey Epstein | 9:45A | OUT |
| 10/1/2005 | 561-574-0400 | | 11:15A | OUT |
| 10/1/2005 | [redacted] | [redacted] | 9:12P | OUT |
| 10/1/2005 | 561-655-7626 | Jeffrey Epstein | 9:43P | OUT |
| 10/1/2005 | [redacted] | [redacted] | 9:46P | OUT |
| 10/2/2005 | 561-776-8748 | | 10:31A | IN |
| 10/2/2005 | 561-655-7626 | Jeffrey Epstein | 10:34A | OUT |
| 10/2/2005 | 561-856-2617 | | 11:40A | OUT |
| 10/2/2005 | [redacted] | [redacted] | 11:41A | OUT |
| 10/2/2005 | [redacted] | [redacted] | 11:42A | OUT |
| 10/2/2005 | 561-655-7626 | Jeffrey Epstein | 11:43A | OUT |
| 10/2/2005 | 561-655-7626 | Jeffrey Epstein | 3:03P | OUT |
| 10/2/2005 | [redacted] | [redacted] | 4:32P | IN |
| 10/2/2005 | [redacted] | [redacted] | 4:33P | OUT |
| 10/2/2005 | [redacted] | [redacted] | 6:51P | OUT |
| 10/2/2005 | 561-662-3098 | | 9:38P | OUT |
| 10/2/2005 | 561-662-3098 | | 9:47P | IN |
| 10/3/2005 | 561-302-1844 | | 9:07A | OUT |
| 10/3/2005 | 561-389-6874 | | 9:10A | OUT |
| 10/3/2005 | 561-302-1844 | | 9:11A | IN |
| 10/3/2005 | 561-655-7629 | Jeffrey Epstein | 9:14A | IN |
| 10/3/2005 | [redacted] | [redacted] | 9:37A | OUT |
| 10/3/2005 | 561-655-0995 | | 9:38A | IN |
| 10/3/2005 | [redacted] | [redacted] | 9:52A | OUT |
| 10/3/2005 | [redacted] | [redacted] | 9:53A | IN |
| 10/3/2005 | [redacted] | [redacted] | 9:55A | OUT |
| 10/3/2005 | 561-655-7629 | Jeffrey Epstein | 9:57A | OUT |
| 10/3/2005 | [redacted] | [redacted] | 11:21A | IN |
| 10/3/2005 | 561-655-7626 | Jeffrey Epstein | 7:27P | OUT |
| 10/4/2005 | [redacted] | [redacted] | 9:36A | OUT |

| | | | | |
|---|---|---|---|---|
| 10/4/2005 | 561-655-7626 | Jeffrey Epstein | 9:48A | OUT |
| 10/4/2005 | 561-655-7626 | Jeffrey Epstein | 10:33A | OUT |
| 10/4/2005 | [redacted] | [redacted] | 10:58A | OUT |
| 10/4/2005 | 561-655-7626 | Jeffrey Epstein | 11:08A | IN |
| 10/4/2005 | [redacted] | [redacted] | 11:15A | IN |
| 10/4/2005 | 561-655-0995 | Jeffrey Epstein | 11:16A | OUT |
| 10/4/2005 | [redacted] | [redacted] | 4:30P | OUT |
| 10/4/2005 | [redacted] | [redacted] | 8:35P | OUT |

# EXHIBIT 2

— CONFIDENTIAL —

Visitors Massage (P.B)

[redacted]

[redacted]

2

[redacted]

[redacted]

- CONFIDENTIAL -

Important e-mail / addresses

★ Jeffrey E. Epstein: jeffrey@mindspring.com (P.B
jeeproject@yahoo.com (N.Y
zorroranch@aol.com (N.M
epstein@wanadoo.fr (Paris
★ ★ ★ Ghislaine Maxwell: gmax1@mindspring.com (NY

- In House -

- Tim Newcombe (Citrix Systems Programmer)
[redacted] Cell.
H.

(212)755-7050 - Charley Palmer (Chef - Aureole Restaurant) NYC
(970)274-0323 - Joe Pagano (Chef - Aspen, CO,)
(Important Witness) - Christophe (French Driver) P.B [redacted]
→ (Jet Aviation)

→ Secret Service Personnel escorting Mr. Barak, Ehud Former P.M of Israel on J. Epstein planes.-

★ ★ ★ → Jean-Luc Brunel "Scout" for young females Karin Models [redacted]

- David Copperfield (Magician) [redacted]
- Eve Andersson (Former model & mother of naked pic (Dubin) [redacted]

- David Cook Palm Beach (2004-2005) Witness, interacted and chat daily w/ underage girls.-

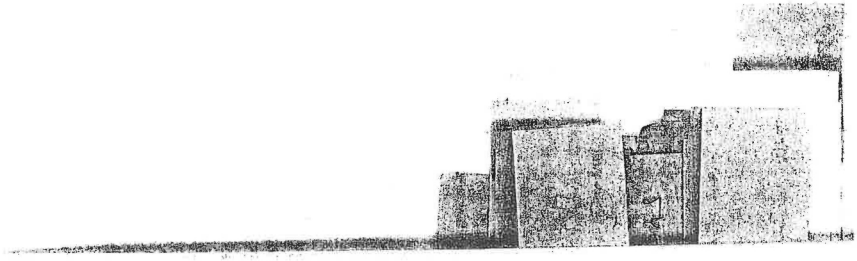

P.B., 2004-2005

**Abby**
07944 574 202

**Abousleiman, Joanna**
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Email:
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00 331 40150061(h)
00 33 607 341 980 (p)

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1 917 257 5735 (p) Sally
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0208-746 1181 (w)
0207-748 1157 (f)
0207-930 3703 (gw)
0386 438 218 (p)

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00-852-813-0762

**Althorp, Charlie**
Althorp
0207-229 1573 (h)



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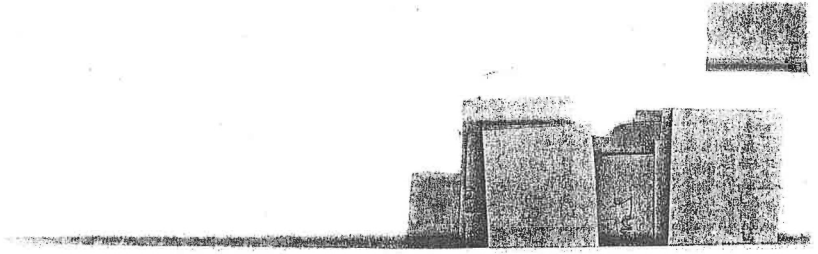

0207-637 8655 (w)

**Alun-Jones, Carella**
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0372 58158 (c)

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0124 357 2102(h)
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(Jeremy)
0777 412 1212 (Dp)
0207 930 4237 (wf)

**Alvarez, Senor Vincente**
00 34 1 276 8697 (h)
011 34 915 903490 (w)
00 34 1 563 8466 (f)

**Amon, Mr Philippe**
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00 41 21 821 2222(h)
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41 21 821 2200 (hf)
00 41 792103175 (p)
00 41 21 627 5920 (w)
0041 21 821 2200 (hf)
41 21 627 5925 (wf)

0207-235-7769/9169 (2nd home phone & fax)

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001 212 535 9877 (h)
001 212 319 2020 (w)

**Anastos, Lisa**
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10021
001 212 446 4761(w)
001 212 737 1722(h)
001 917 923 4513 (c)
001 212 446 4900 (wf)

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00 852 2817 4181 (h)
00 852 2817 4281 (h)
00 852 2536 4567 (Rw)
00 852 2147 2813 (wf)
00 852 9104 2615 (Rp)

**Arango, Maite**
Espalter #10 (home)



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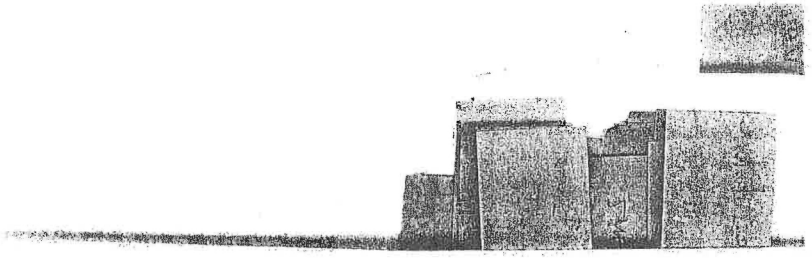

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001 212 772 3880 (h)

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00 34 1 411 7575 (h)
00 34 1 262 4531 (w)

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001 212 772 1029 (h)

**Armstrong, Arthur & Cathy**

001 212 737 7290 (h)

**Aron, Herve & Marine**

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001 212 988 5248 (m)

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001 212 734 0100(w)

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0207-937 1069(h)
0207-937 1066 (h)
0207-736 6700 (w)
0207-221-1221 (w)
0159 12461

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001 212 235 5757

**Astor Viscount William**

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**Atkin Helene**

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001 650 851 2689
001 650 9678 (w)
001 650 224 2198 (p)
650 851 2689 (h) Home

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00 34 52 783865
0295 768 285
0385 770 977 (p)

**Bahrke Peter**

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Email: pb@arkwright.co.uk

**Baker Danny**

001 917 647 9649

**Bakhtiar, Shariar**

Church Palm Cottage
Coats Cirencester Gloss



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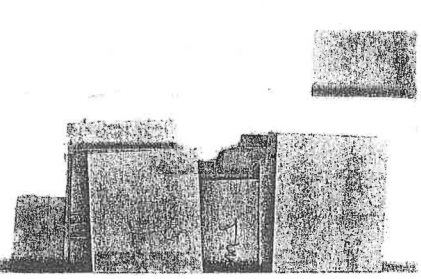

0285 770067 (f)
0285 770146 (H)

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212-226-8224 (wf)
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Sheller Island, NY 11965
212 869 9050 Ans.Svc.
212 226 1555 Home
213 856 1010
646 286 4170 (p)
646 221 7221 (p)
631 749 0494 (h)
631 749 0512 (hf)
212 226 5656 x 201 (w)

**Baldwin Alec**
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001 516 205 2532(c)

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0865 277803

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00 1 917 873 9156 George p
+44 7836 747546 George UK cell

**Bamford Sir Anthony and Lady C**
018895 90312(sa)
01608 659777(lc)

**Bands, Doug**
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202 320 4109 p
212 348 8882
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202 406 8002 Mike Lee (w)
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914 806 0462 Mike Lee (car)
877 741 2905 Mike Lee (b)
Mike Lee email
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07 787 524 101 Sara Latham
646 227 4930 Denise Diorio
spking scheduler
212 348 0452 Joe Cashion asst.
director sch
202 236 5546 Uma
914 806 0463 Mark Galespie
202 288 5192 Mike Lee(p)
212 928 8321 Jim Morrison
212 348 9245 fax
212 348 4963 Hanna Richert
212 348 1779 Laura (Clinton's scheduler)
941 349 6467 doug.bands h
917 887 8468 Jim Kennedy(press)
212 977 1120 (guy Doug friend h)
914 861 9380 no.42 do not use

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44 777 1640 226 portable
44 20 7221 1878 home
011442079914320 fax
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01734 / 13398 Country
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0207 730 3856 (hf)
612 9327 3565 (h-Australia)
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00 814 0209 7007 (other portable)
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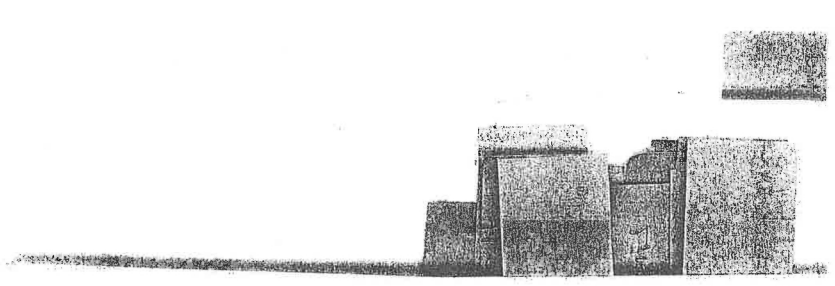

0836-594-908(p).

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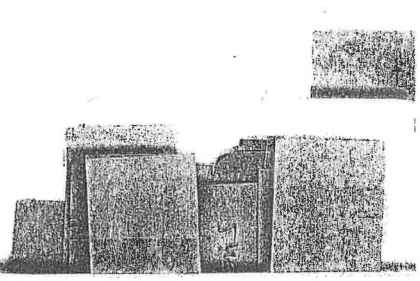

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44 20 7937 2686 London (hf)
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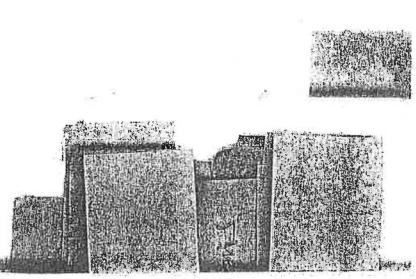

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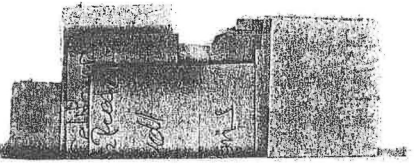

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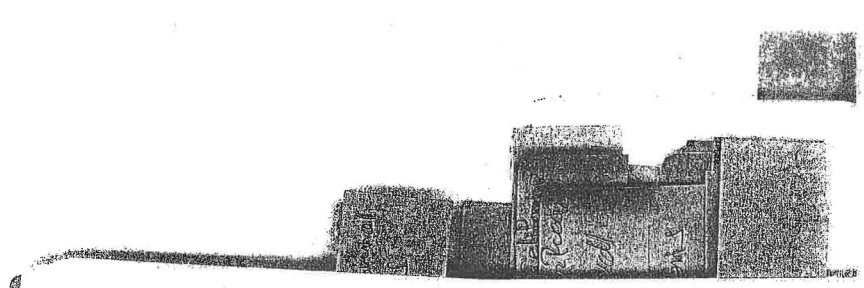

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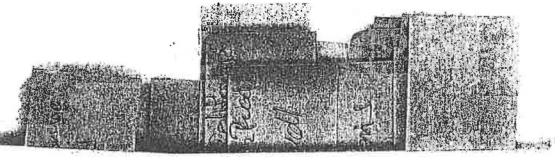

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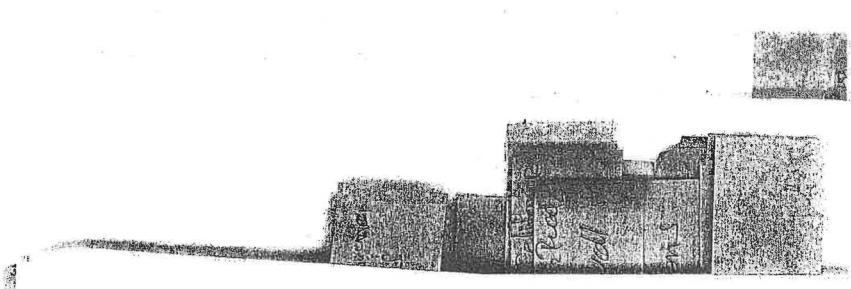

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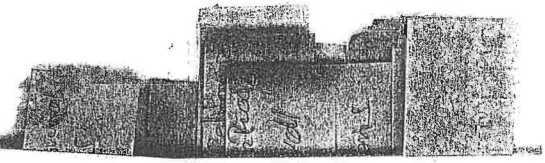

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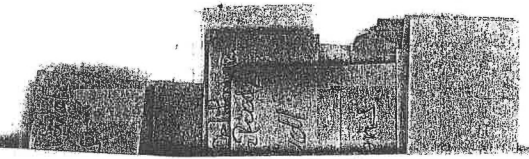

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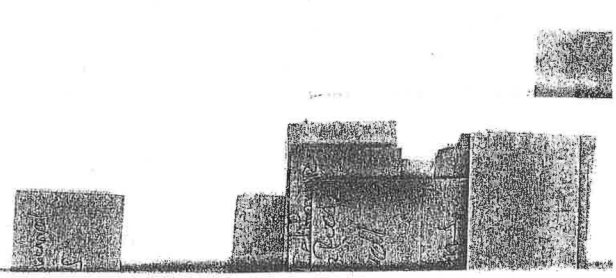

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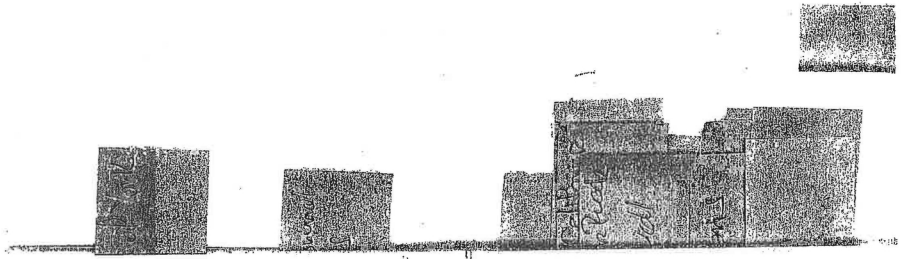

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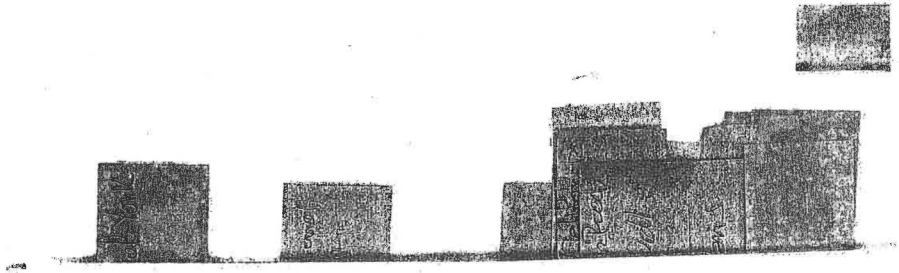

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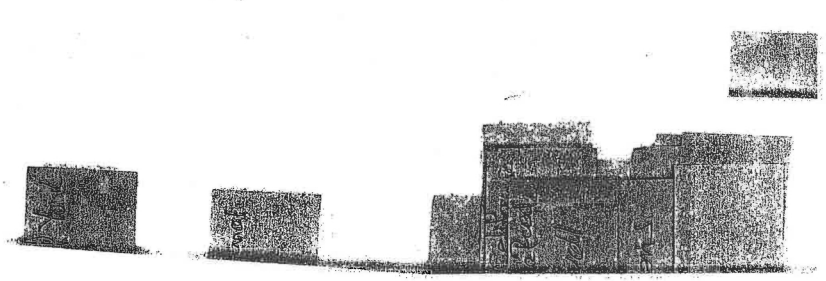

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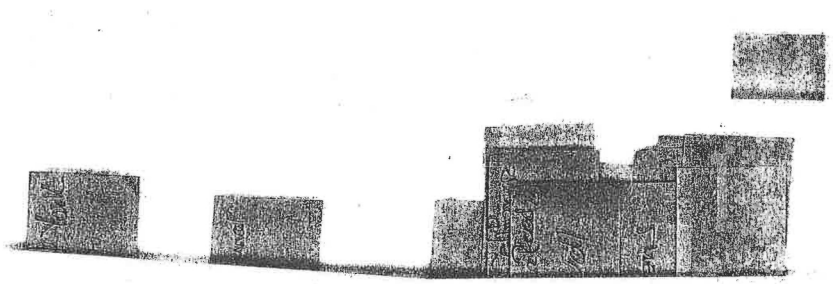

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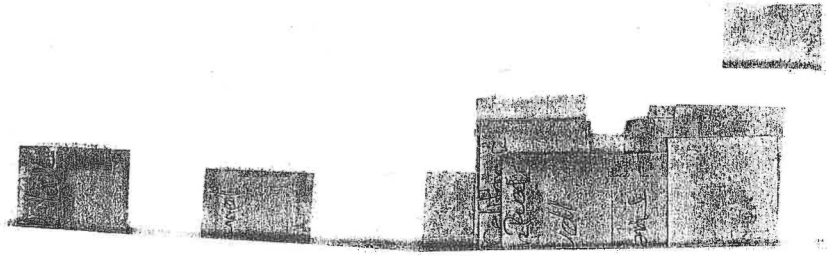

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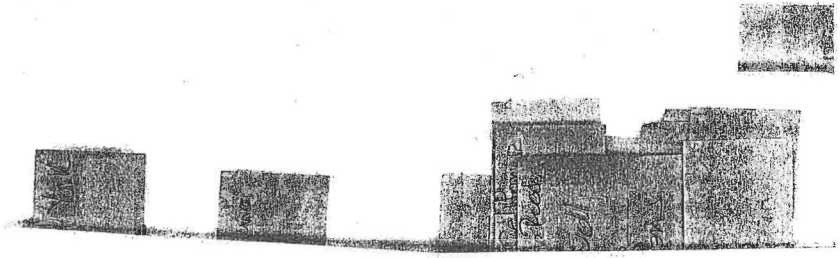

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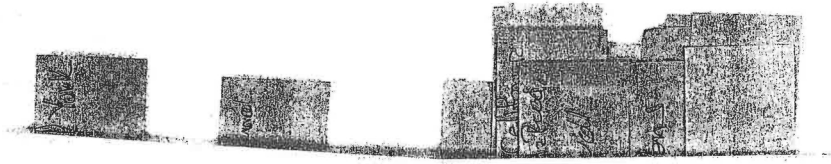

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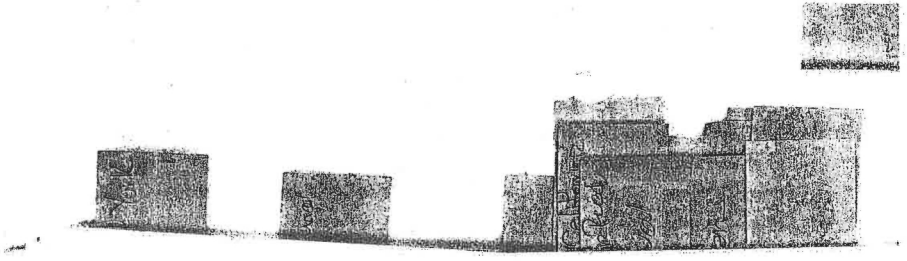

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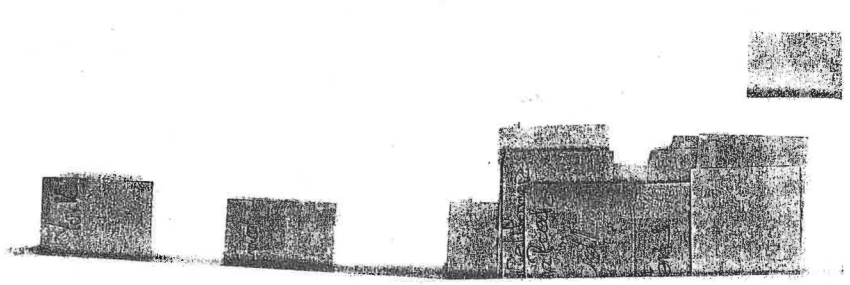

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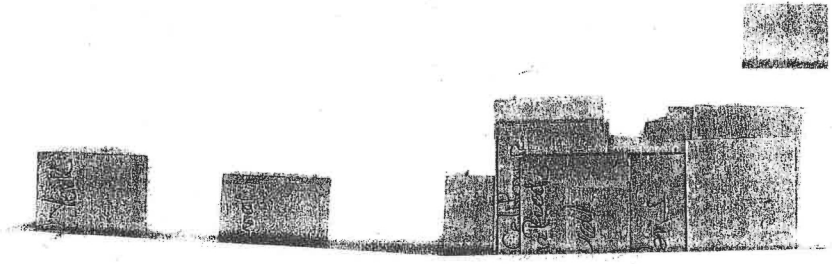

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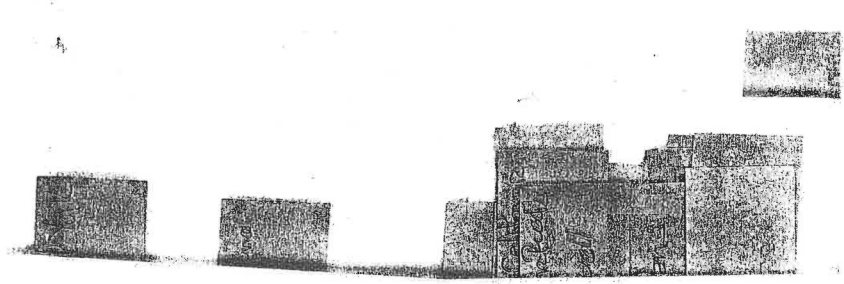

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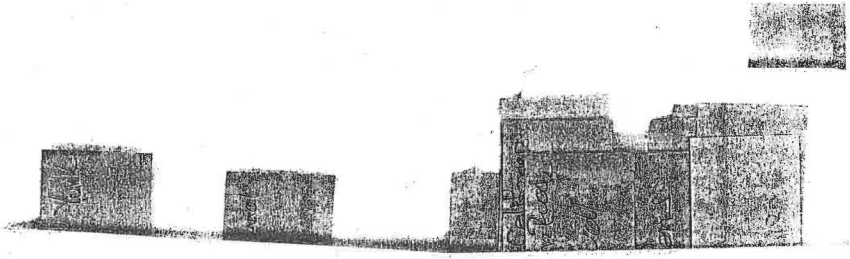

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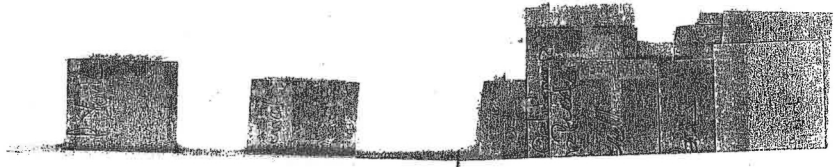

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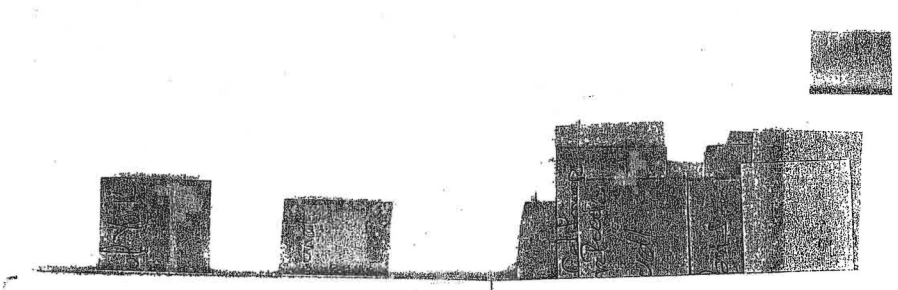

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1 800 336 4685 AT&T World Connect
917 690 8794 Joseph (p)
917 499 7936 Florina (p)
800 335 4685 World connect chip SIM
917 642 5755 Scott cell
201 493 7647 Scott (h)
866 782 3274 Scott (w/Howie)
916 843 4685 AT&T World Connect(outside US)
212 879 9366 GM Line 1
212 879 2058 GM Line 2
212 879 9459 (bf)
212 535 7871 JE Line 2
212 535 5612 JE Line 1
212 535 6831 Guest
212 472 6991 Staff
212 535 3030 (w) Line 1
212 535 6833 (w) Line 2
212 535 4384 (w) Line 3
212 535 5611 (w) Line 4
212 535 6837 Spare office
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917 855 6931 Tahoe-Line 2
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Email: Gibby-Cohen@nyc.rr.com
(Hm)Patti-Cohen@nyc.rr.com
001 212 628 6969(gym)

**Cook**
*Henry Meer*
001 212 924 6160(h)
0101 212 677 4100

**Dawat Haute Cuisine of India**
210 East 58th Street
New York
0101 212 355 7555

**Delmonico's**
*Rosa/account under NYSG*
320 Park Avenue
New York, NY 10022
212-317-8777

**Doyle's**
175 East 87th
001 212 427 2730

**Elaine**
577 Second Avenue #61
NY, NY
001 212 779 9645

**Electrolysis**
988 1215

**Elio's Restaurent**
2nd avenue between 84th and 85
212 772 2242

**Essex House**
160 Central Park South
New York, New York 10019
212-247-0300

**Estia**
308 E 86th
NY, NY
628 9100

**Exercise-New York**
1 212 228 2655 (h) Kristin Mcgee
1 646 498 8095 (p) Kristin Mcgee
1 212 995 1127 (h) Magali
1 917 553 0136 (p) Magali
646 338 4491 Jessica Benton(p)
212 737 5947 Jessica Benton(h)
781 820 6694 Jennifer(ballerina)

**Four Seasons**
212-758-5700

**Four Seasons Hotel**
57 East 57th Street
212 758 5700

**Four Seasons Restaurant**
99 E. 52nd (Park/Lex.)
New York, NY 10022
212-754-9494
212-754-1077



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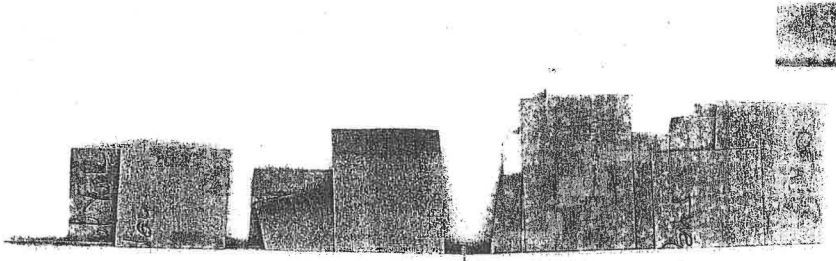

London
SW1X 7PA

**Myers of Westwick**
*Pork Pies, Pork Sausages*
634 Hudson Street
New York, NY
212 691-4194

**Nicolas**
001 212 249 9850

**Opia**
*antoine Blech*
917 751 4551
212 688 3939

**Peninsula Hotel**
*mathew bartle (mgr)*
9882 South Santa Monica Blvd
Beverly Hills
Los Angeles, CA 90212
310 551 2888
310 788 2319 (f)

**Peninsulla Hotel**
700 Fifth Avenue
New York, NY 10019
212-247-2200
212-903-3949

**Pierre Hotel**
2 East 61st Street
New York, NY 10021
212-838-8000

**Plaza**
001 212 759 3000

**Plaza Athenee Hotel**

Trust House 40
37 East 64th Street
New York, NY 10021
212-734-9100

**Province Restaurant**
between Mcdougal & Prince

**Ritz Carlton**
001 212 757 1900

**Royalton**
44 West 44th St.
(between 5th & 6th)
212-869-4400

**Sette Mezzo**

969 Lexington
New York

0101 212 472 0400

**Shoes-Repair**
*Shoe Service Plus*
15 West 55th Street
001 212 262 4823

**Shutters on the Beach**
1 Pico Blvd.
Santa Monica, CA 90405
310 458 0030 (t)
310 458 4589 (f)
800-334-9000

**Sotheby's**
JE Acct# 3011 4352
GM Acct# 3062 4014
1334 York Ave
NY, NY 10021
001 212 606 7000
0207-493 8080
(Him)34-35 New Bond Street
London
W1A 2AA
001 212 606 7423 Sully
001 212 606 7683 Sotheby's Realestate-Meredith
0207 293 5000 UK
212 431 2424 Real Estate-Steve Mcguire

**St Regis Hotel**
2 East 55th St
betn 5th/Mad
New York, NY 10022
001 212 753 4500

**Stanhope Hotel**
212 774 1234

**Sunset Marquee**
0101 213 657 1333

**Tao Restaurant**
42 E. 58th Street
bet. Madison/Park
001 212 888 2288

**Taylor, The**
300 East 62nd Street
001 212 535 8940

**The Great American Health Bar**

35 West 57th Street
New York
0101 212 355 5177

**The Lowell**
0101 212 838 1400

**The Westbury**
0101 212 535 2000



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**Tickets**
*For shows and games*
212-643-1274 Premiere Tickets
212 590 2531 NYC Concierge/Johanna London

**Tribeca Grill**
001 212 941 3900

**Two Bunch Palm**
0101 619 329 8791

**Waldorf Astoria**
0101 212 355 3000

**Westbury hotel**
212 535 2000

## BRAZIL

**Cecilia Szajman**
55 11 30 34 3771 (h)
55 11 55 06 9553 (f)

**Ganero, Mario Sr.**
*Brasilinvest*
Av. Brigadeiro Faria Lima,1485
Torre Norte - 19 Andar
Sao Paulo, Brazil
CEP 01451-904.
01155113813.7011(w)
01155113813.7110 (f)
Email:
mgarnero@brasilinvest.com
0133493781330 house in France
01133621051972 cell in France

**Riccardo**
*#1 Polo player*
00 55 11 9937 8888

## ENTERTAINMENT (E)

**Annabels**
071-629 1096

**Aspinals**
071-629 4400

**Bibendum**
581 5817

**Clermont Club**
071-493 5587

**Daphne**
589 4257

**Foxtrot Oscar**
352 7179

**Harrys Bar**
408 0844
408 0844

**Marks Club**
212-499-2936

**Nam long**
373 1926

**Nikitas**
352 63 26

**Patisserie Valerie**
0207-823 9971

**San Lorezo**
584 1074

**Scalinis**
225 23 01

**Tramp**
071-734 3174

## FINANCE (F)

**Bear Stearns**
*Ira Zicherman*
245 Park Avenue
New York, NY 10167
001 212 272 4189
acct # 042 33431

**Centurion**
1977 877 0987
3715 659 404 44006 Card number
10/04 Expiry date

**Chemical Bank**
*Vice President*
*James A. Growney*
Madison Ave. & 52nd St.
New York, NY
212-935-3935
212-688-8355
Barbara Parsley Wire Dept.
425-0800 Sel-Bus
090-44-3348 Select/800-821-2088
Stop payment no. 935-9935
212-980-6573



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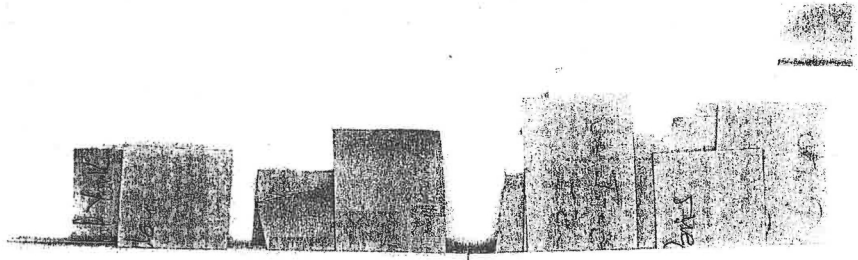

**Colonial Bank**
*Cristina Bello*
125 Worth Avenue
Palm Beach, Fl 33480
561 627 1776 (w)
561 833 0943 (f)
Léonor

**Nat West**
*Rob Bowran (Sharon Mulvany)*
Personal Accts. Executive Dept
121 High Street
Oxford, OX14YU
01865 79 0053
01865 20 5157 (f)
Email: www.natwest.com
(Hm)32 Commarket Street OX1 3HG
08201994 Current Account
01865 79 88 18 Main number

**Natwest Bank**
1865 790053
1865 205157 (f)

**PB National**
*Dottie Wilson*
ck acct # 0110056698
mm acct# 0110019334
001 561 653 5352

## FRANCE (FR)

**Alaia, Azzedine**
7 Rue De Moussy
Paris, France 75004
00 33 1 4272 1919

**ATT Acess**
0 800 99 0011,

**Bristol Hotel**
112 Rue du Faubourg St. Honore
75008 Paris, France
011 33 153 43 43 00
53 43 43 01(f)
Email: clientservices@hotel-bris
331 698 99475 Jean marie home
33(0)611999322 Jeanmarie port

**Cab Blue**
4936 1010

**Cabaret (night club)**
*Contact Frank*
68 rue Pierre Charnet

**Car rental**
*Avis/St Tropez*
*Mr. Baccarli*
00 33 04 93 21 48 90

**Chateau de la Messardier**
011 33 4945 676000

**Chez Denise**
00 33 1 4236 2182

**Chez L'Ami Louis**
32, Rue du Vert-Bois
Paris, France 75003
33 1 48 87 77 48
Ferme Lundi & Mardi

**Epstein, Jeffrey**
*French Apartment*
22 Avenue Foch
Apartment 2DQ
Paris, France 75116
331 441 70210
331 441 70211(f)
(Hm)1 Rue Chalgrine/Staff Entrance
BA135
B298
01 47 37 18 18 Ambasador Car Co.
0153 43 4300 Jean Marie (w)
01 698 99475 Jean Marie (h)
06 11 999 322 Jean Marie (p)
061 30 14 377 (p) Valdson Cotrin
0 148 27 85 33 (h) Valdson Cotrin
01 40 67 18 82 staff line
01 45 00 44 78 Mr. Cornu/garage
06 77 81 5521 car phone
06 8072 7282 Evelyn
06 10786479 Mr. Coulaux(p)
0607 269 785 Experton(p)
0144 014 401 Experton (w)
331 441 702 19 guest line
331 44 86 4552 Ms. Guerin
01 45 00 88 90 Ms. Peres(conc.)
01 45 00 30 79 Ms. Peres
06 09 592 653 Ms. Peres (p)
331 44 01 4401 Mr. Stephane Coulaux
06 12 14 37 56 Mr Santos

**Epstein, Jeffrey (G)**
*French Apartment*
22 Avenue Foch
Apartment 2DQ
Paris, France 75116
331 441 70210
331 441 70211(f)
Email:
epstein@wanadoo.fr(Valds
(Hm)1 Rue Chalgrine/Staff Entrance
BA135
B298
01 47 37 18 18 Ambasador Car Co.
01 53 43 43 00 Jean Marie @ Bristol
01 698 99 475 Jean Marie @ home
06 11999322 Jean Marie cell
01133 61 30 14 377 (p) Valdson Cotrin
01133 148 27 85 33 (h) Valdson Cotrin
01 40 67 18 82 staff line
01 45 00 44 78 Mr. Cornu/garage
06 77 81 5521 car phone
Evelyn 0680 727282
331 441 702 19 guest line
01 45 00 88 90 Ms. Peres(conc.)
01 45 00 30 79 Ms. Peres
06 09 592 653 Ms. Peres (p)
01 45 27 85 05 Ms. Roula/Kitchen appliances
01 42 84 50 21 Mr. Pascal(cable tv)
06 62 31 88 55 Mr Pascal cell(cable tv)
01 43 87 49 30 Mr Karim or Lazno (stereo)



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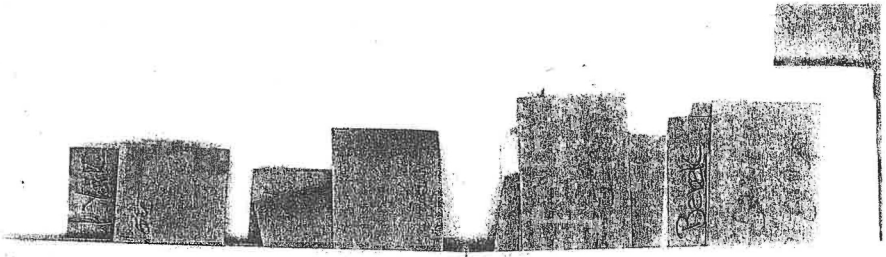

06 09 65 65 55 Mr. Karin or Lazno cell(stereo)
01 48 71 23 23 Mr. Tourteau(videophone)
06 62 96 04 67 Mr. Tourteau cell(videophone)
01 40 60 93 93 Mr. Belistan(alarm)
06 09 21 15 15 Mr. Belsten cell (alarm)
01 42 71 99 93 Mr. Domenichini(electricity)
06 07 34 50 84 Mr. Domenichini cell (electric
01 42 39 11 90 Mr.Lafond(a/c, heat, plumbing)
06 07 80 25 61 Mr. Lafond cell(a/c,heat,plumb
06 08 03 42 71 Mr. Pasquer cell(a/c,heat,plum
06 12 14 37 58 Mr Santos

**Experton, Marie Joseph**
*Berlioz & Co.*
Avenue Louise 113
1050 Brussels
011 32 25 38 22 34
011 32 2538 22 46FAX
Email: mjexperton@skynet.be
011 32 474 55 0073 Belgian Cellular
011 33 607 26 9785 French Cellular
01133144014401 Berlioz France(w)
01133144159415 Berlioz France Fax

**Gerard**
33 (0) 609 515 909

**Hotel Crillon**
10 Place de la Concorde
Paris, France 75008
331 44 71 1500

**Hotel Raffael**
4428 0028

**Junot, Philippe**
509 Madison Avenue
New York, NY
212 223 7167 (w)
212 223 3463 (wf)
Email: plunot@sisgroup.com
(Hm)15 avenue Malignon
75008 Paris
France
+33 145 042611 Paris
+33 616 80 6000 (p)
+34 952 77 8425 (Spain)
+34 95 277 0294 (Spain fax)
+34 699 212 296 (Spain p)
917 250 6416 (p)
212 223 7167
011 44 370272428 portable
212 223 3463 New York f

**L'Amijean**
Rue de Varene
7eme
Rue de Varene

**L'Arc**
Rue Puisite
33 1 4500 4500

6eme

**L'Arpege**
00 33 1 4551 4733

**La Merlot**
Rue de la cherche midi

**La Poste**
00 33 1 4280 6616
9 rue Peronaid

**Lagardere, Betty**
34 Rue Barbet de Jouy
75007 Paris
01 40 69 17 25
06 85 755 555
06 85 754 444
01 53 593 575
01 53 593 574 (f)

**Lawyers**
01 4401 4401 Stephane Coulaux (w)
06 1078 6479 Stephane Coulaux (p)
01 4401 4401 Geraldine Talavera (w)

**Le Telegraphe**
00 33 14015 0665
Rue Lille

**Le Voltaire**

**Madame Lemercier**
00 33 1 4329 44b5 (4)
00 33E 160460293 (h)

**Maid**
01 48 49 07 50 Faiza (Jeanmarie's Burlet's)
06 16 79 25 49 Faiza's cell
01 45 39 28 93 Anne-France

**Massage - Paris**
Claudia Hadida 0494791726(St T
331 4262 3091 Debbie/ Paris
331 4299 8800 Marie Francois
331 4763 3301 Rosemary
336 8280 5320 Alexandria
336 7043 8359 Caroline
336 7043 8359 Caroline
336 1409 3317 Debra Wakshal
336 0740 4991 Isabelle
336 6091 5535 Stephan(better than Gyoav)
331 4244 5033 Bastien-foot massage
33142266 2422 Bastien-foot massage
334 9487 2631 Deborah
336 6063 3127 Francois
336 1117 5286 Suzanne(Nicole's contact)
336 6098 3802 Corine-thai (Nicole's contact)
336 6261 7962 Karine (Nicole's



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contact)
3314766 3727 Karine (Nicole's contact)
336 8520 0065 Deborah (p)
0661100404 (p) Laetitia
0682940794 Magdali
336 606 33172 Francois
011 336 6760 8207 Donna
011 331 4658 1508 Donna
011 336 1109 9059 Yelena
011336096351 80 Nadia
06 2247 4450 Deborah
0609635180 Nadia
0662384798 Sonya (speak little English)
0666603635 Tanya (speaks NO English)
011336240414 1 Nadia (USE THIS as of 4-9-03)

**Miele, Mr & Mrs**
00 33 9301 3359 ( h)
00 33 9306 1179 ( c)
00 33 9306 1273 ( c)
00 33 9301 2196 ( fax)

**Ott Cynthia and Claude**
22 Avenue Foch, Apt 2DD
Paris, France 75116
011 331 4502 7300(h)
011 33674 003080 (cp
Email: 011 33 986 558377 (claude
01133 153 05 70 83 (w)direct
01133 153 05 70 98 (f)

**Pinto, Alberto**
Hotel de la Victoire (w)
11 Rue d'Aboukir

75002
Paris, FRANCE
011 331 401 30000(w)
011 331 4418 7575(h)
Email: alberto.pinto@albertopint
(f-m)Alberto Pinto (it)
81 Quai D'Orsay
1st Floor
Paris, France 75007
011 331 4753 8421 (h) Linda
001 809 362 4336 Nassau
001 809 362 4336 Nassau
011 331 4013 7580 (f)
011 33 60 770 2913 (p) Linda
011 33 6077 31338 (p)Alberto
011331 45 51 03 33 Serge Boquet
011336 07 17 07 24 Serge Boquet 3/2000
011 33 67 600 4392 (p)Serge
011 33 680010222 Car
011 33 140 137 596 Linda dir.
011 331 401 37642 Linda & Alberto pvt fax
alberto.pinto@albertopinto.com
linda.pinto@albertopinto
serge.boquet@albertopinto
delphine.rateau@albertopinto
jean.huguen@albertopinto
011331 45 51 45 58 Danielle
01133 609 18 11 26 (p) Jean
01133 609 78 66 26 Yves
01133 662 62 71 36 Chantal
pascal.janarra@albertopinto
+33 144 197 575 Paris h
01121239933939 Pinto in Morrocco
011 212 39 93 7171 Morrocco fax
+33 144 1875 71 (hf)
+33 140 13 0000 (w)
+33 140 1375 98 Direct
011336805988 76 Nissan' s cell
infographie.pinto@albertopinto

**Plaza Athenee - Paris**
25 Avenue Montaigne
Paris, France 75008
33 1536 766 65
33 1536 766 66 (f)

**Restaurant-takeouts**
Sushi 01 58 26 00 55

**Restaurants**
Entrecote
15 rue Marbeauf
0149520717

**Ritz - Paris**
15, Place Vendome Cedex 01
Paris, France 75041
331-4316-3030
331-4316-3178(f)
331-4286-0091 Direct Fax Reservations

**River Cafe**
00 33 1 4093 5020
146 quai de Stalin grad

**Tante Louise**
41 Rue Boissy d'anglais
00 331 4265 0685

**Taxi Bleus**
01 49 36 10 10

**Taxis**
00 331 420 24202
00 331 49 361010
00 331 420 39999
00 331 420 06789

**Taxis Bleus**
0149 36 10 10

**Vieira Cotrin, Valdson**
21 Rue Voltaire
Paris
St. Dennis
Paris, 93200
014827 8533 (h)
06130 14377 (Hm)1 Rue Chalgrin (Ave.Foch Apt)
Room 4041 Floor 6
Paris France
0613 011 763 Maria (p) girlfriend
0144 778 840 Maria (w)

## HOTELS (HT)

**Berkeley Hotel**
0207 235 6000



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**Blakes**
071-370 6701

**Carlton Tower**
071-235 5411

**Claridges**
Brook Street
Mayfair, London W1A 2JQ
44 207 629 8860
44 207 499 2210 (f)

**Cliveden House**
London
01144171730646 6
062-866-8561

**Connaught**
071-499 7070

**Dorchester**
071-629 8888

**Lanesborough Hotel**
*General Manager*
*Geoffrey Gelardi*
1 Lanesborough Place
Hyde Park Corner, LONDON
SW1A 7JA UK
44 207 259 5599
44 207 259 5606 (f)

4471-333-7633 Private fax. 8/2

**Ritz**
071 493 8181

**Savoy**
071-836 4343

**The Barcley Hotel**
London
0207-235-6000

**Waterside Inn**
0628 20691

## ISLAND(I)

**Air Center Helicopter**
340-775-7335 Nicholas & Tina (o)
340-774-0976 home
340-690-1012/11 cell

**Christopher Taxi**
340-690-1581 (cell)
340-777-5092 (home)

**Cox, Madison**
*Madison Cox Design, Inc.*
220 West 19th Street
9th Floor
New York, NY 10011
212 242 4631(w)
212 807 8081(f)
Email: mc@madisoncox.com
917 495 9399 (c)
011212635263 82 Moroco p

**Epstein, Jeffrey**
*LSJ*
6100 Red Hook Quarters B-3
St. Thomas, USVI 00802
340 774 1611 staff 1
340 777 9181Offic(f)
Email: calhmile@yahoo.com
(Hmmanager@littlestjeff.com
340 774 1611 staff 1
340 775 7335 Air Center Helicopter
340 690 1012 Nicolas (p)
340 777 5334 Gretchen(h)
340 774 0056 JE 1
340 714 0805 JE 2
340 714 0806 JE 3
340 774 3578 JE 4
340 771 2680 JE (p)
340 777 4414 JE Study (f )
340 714 2552 GM
340 771 2679 GM (p)
340 771 2024 Miles (p)
340 771 4897 Cathy (p)
340 714 0807 Staff 2
340 771 1523 Cell Backup 1
340 771 3828 Cell Backup 2
340 771 2032 Boscoe Hague(p)
340 777 0669 Boscoe (b)
340 771 1339 Bruce White(p)
340 771 6264 Tim Cook
340 776 6454 Amer. Yacht Harb.
340 776 5970 Amer. Yacht Harb.(f)
340 774 4265 Cottage(f)
340 771 2678 Guest (p)
340 714 0808 Spare (unused)

**Epstein, Jeffrey**
*Financial Trust Company*
6100 Red Hook Quarter
Suite B-3
St. Thomas, USVI 00802
340 775 2525
340 775 2526 (f)
340 775 6093 Leon (h)
340 690 0241 Leon (p)
340 690 3623 Leon (b)
340 775 6971 Dale (h)
340 777 6157 Cecile (h)
340 775 6285 Jeanne (h)
340 775 2770 Lorette (h)
340 774 9599 Jermaine (h)
340 776 1351 Jamie (h)
340 775 6057 Daphne (h)
340 714 3955 Kim (h)
340 690 1443 Cecile portable
340 771 6086 Leon car

**Hoffman, Paul**
*Paul Hoffman, P.C.*
41-42-Kongens Gade
P.O. Box 870
St. Thomas, USVI
00804-0870
340-774-2266 (w)
340-774-3318 (h)
Email: PaulhoffmanPC@ATT.net,
ph
(Hm)Estate Havens
P.O Box 870
St. Thomas, VI 00804
340-690-6688 (p)
340-774-2030 (f)
617 547 7907 Boston h



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340 774 3318 (h)
340 776 8309 (hf)

**Massage A - Island**
340-693-9040 Grapevine Salon (Lynn & Karen)
340-693-8378 Lynn & Karen Gray (h)
340-776-2414 Muffie Landt
340-777-7049 Zeno (h)
340-626-2913 Zeno (p)
340-693-7817 Kevin Raynold
340 693 9040w Gretchen Rhodes
340 777 5334 Gretchen Rhodes home
310 435 4725 Gretchen's cell

**Moseley, Brian**
340 774 5310
340 776 4090(f)
Email: bmoseley@viaccess.net
cell

**Roberts, Theresa**
8501 Red Hook Plaza
Suite 201 PMB 540
St. Thomas, USVI 00802-1306
340-777-3030
340-776-5835FAX
Email:
TSRarchitects@compuserve.
340 513 4007 (p)

**Romualdez, Daniel**
*architect*
119 West 23rd Street

Suite 909
NY, NY 10011
212 989 8429 o
212 989 8986 f
Email: dan-iel@danielromualdezarc
(Hm)130 East 67th
212 847 7019 Fionna's fax
212 989 1781 xt 34 Fiona's direct line
917 650 8429 (p)
212 989 1781x27 Jennifer

**Sanchez, Carlos**
Pedro Antonio Dealarcon 41
4th floor
Granada, 18004 Spain
00 34 958 250466 (w)
00 34 958 250454(wf)
Email:
estudio@carlosanchez.net
00 34 609 380840 (p)
00 34 958 226521 (h)
00 34 958 250454 (wf)

**Tropical Shipping**
Point Pleasant, F3
St. Thomas, USVI 00802
340-776-6767
340-776-1860 (f)

**Water Taxi**
340-775-6501

## ISRAEL

**Eshed, Elisa**
00-972-53-830-540(p)
00-972-25-666-156(h)
Email: esheda@itc.mof.gov.il

**Evani Duud Efrat**
00 972 51 522022(p)
00 9723 695569
Email: efratd@intgov.il

**Gil Avi**
00 972 66 311240
Email: gil_avi@netvision.net.il

**Gutman, Arik**
972 5 (0) 335786 (p)
011 972 3 641 7830

**Gutman, Arik**
00-972-50-335-786(p)
00-972-3-642-1649(h)

**Jerusalem Hyatt**
00-972-2-533-1234

**Nelma, Yakhof**
Hovevei Zion #8
Jerusulam, Israel
00-972-50-997-755(p)
00-972-23692-2020(o)
00-972-23692-2032f
0097 23 691 6271 (w)
0097 23 691 8630 (f)
0097 22 283 697 (h)
001 212 977 4000
001 917 817 6832 (p)

**Olmert, Ehud**
00 97 2 6296014(f)
00 97 2 2 6297997
00972 (2)229 6014

## ITALY (I)

**Torne di Pisa**
Via Mercato 26
87 48 77

**Train Info**
010 39 2 80231

## JEFFREY (J)

**301 East 66th St.**
*Front Desk*
301 East 66th Street
New York, NY 10021
Apt for Models



GIUFFRE00164
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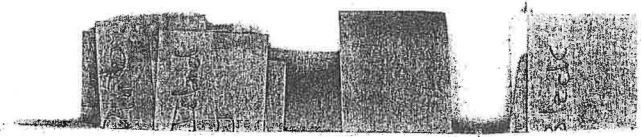

212 879 5540
917 857 4546 And.pgr
917 545 6300 Guest cell
212 744 3122 8D
917 242 0111pager Yokosta Caba - cleaning lady
718 466 0373 (h) Yokosta Caba
212 472 4606 2G (Morrison)
212 472 4420 2G (fax)
212 988 8164 3F - (Anna Macedo/Guest)
212 628 3213 3F - (Guest)
212 861 9072 4M (guest)
917 432 1502 4M (not used)
212 585 3170 5P (L&J)
212 628 3931 7J (ans/fax)
212 628 3952 7J - (Jean-Luc/Guest)
212 517 7580 8A (Brent)
212 452 1565 8C (guest)
212 249 4958 10N (Sarah)
212 249 5755 10N (Sarah)
212 517 7779 10B (Dave)
212 737 7975 11P - (guest)
212 737 9538 12C (Larry V)
212 737-9536 12C (f)
212 517 5380 14G - (guest)
917 603 2296 Natty

212 318 3201 (w)
516 287 3553 (h)
516 287 2921 (Cath.)
212 318 3400 (wf)
203-629-5216 (Conn. h)
203-629-5218 (f)
212-888-1520 (h)
212-935-1990 (hf)

**Ali**
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347 256 7078 (p)
212 334 7480 (w)

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917 562 3265 (p)
914 669 4651 N.Salem
631 283 5282 Hamptons
011 46 5232 2113 Sweden
011 46 5232 2116 Sweden(f)
646 271 1304 Lulu
917 613 0291 Lulu (p)
914 669 8157 NS fax
44 777 159 6557
914 669 8157 North Salem f
011 46 5227 0397 Parents (winter)

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614 746 1445 car
614-370-3225 (p)
614-370-7002 Mobile
614-895-2733 Home Fax
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614 939 3070 emergency
614 415 7171 (wf)

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917 373 4083p
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212 582 6605 (f)
212 754 4432
212 758 5700 work(1-9-03)

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011 39 3356 172044 Italian portable
011 3933 5765 1775 Tracey
011 3933 5617 2011 David Monahan
808 885 8668 David Monahan (Hawaii)

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718 268 7331 (f)
212 702 8814 (wf)
212 288 3579 Donna Landa - home
718 575 1000 Ossa Prop
908 249 3633 x224 Donna Landa - work
917 612 4137 (p)

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310 463 5759 (p)
310 553 5218 (h)

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631 537 3714 Country

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212 922 5717(f)
212 922 5543 Bob Crowley

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*(new name)*
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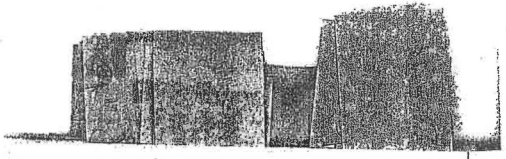

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917 992 4999 Pat Cayne
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+852 2370 1305 (wf HK)
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212 548 1388 (w)
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0777 464 2756 emergency -
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559 6083 Geoff VonKuhn

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617 661 0351 Carolyn Cohen (h)
617 576 1353 (hf)
617 974 7013 (car)
617 881 1965 (h)'First*
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N909JE (air)
319-540-2265 Gulfstream
N909JE (ground)
319 540 2558 (air)727 N908JE
319 540 8558 (ground)727
N908JE
851 796 5194 (satel-
lite/emerencies) N909JE
917 497 4860 spare 727 p
011 881 6314 54353 satellite -
GM
011 881 6314 54123 satellite -
pilots
917 545 6300 Guest cell

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917 400 1315 Yuni (p)
718 263 7182 Yuni (h)
203 762 2539 Eric (h)
203 984 6064 Eric (car)
516 791 3744 Jeff S (h)
516 578 7868 Jeff (p)
212 988 9505 Darren (h)
646 246 8434 Darren (p)
212 831 3253 Lauren (h)
917 496 6126 Lauren (p)
212 758 0256 Cimberly (h)
212 486 6609 Lesley (h)
973 650 8447 Lesley (p)
718 230 1767 Helen (h)
212 935 3961 Front Desk
212 935 3960 457 Mad. Switchboard
212 319 8113 Dictaphone
718 787 0327 Al Castricone-457 Manager(h)
917 217 6583 Al Castricone (p)

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212-645-2620 (Work do not try)
212-244-5484 King Graphic Tech., Inc.
917-543-2432 Portable
511 WEST 33 1ST FL King Address
212-229-2057 Mark's assistant-Amanda
212 366 5439 Mark's direct work #
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917 699 2654 (p)
631 726 7518 /7583 (h)
631 726 6091 (hf)
212 517 9330 (w)
212 737 4564 (wf)

**Federal Express**
*Acct # 2587-7622-4*
*Acct #1814-2081-6 JEC*
Acct #1814-9779-3 JEE
Acct #1814-9809-9 Zorro
Acct # 2587-7622-4 Max Hotel
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800-238-5355
800-654-0920 Automatic Pick-up
800-247-4747 International
212-777-6500 Local Office
800-654-0920 Problems/package trace
011 33 1 40 85 39 Paris local
011 27 11 82 35 10 Johannesburg

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1 505 989 6781 (h)
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614-531-8031 (p)
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646 221 7715 Michelle (p)
570 722 3047 Pennsylvania
House
212 202 7666 E-Fax
973 597 1165 New House
8/19/2003
973 439 7222 DKI Graphics



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212 984 1442 (wf)
917 974 8076 (p)
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914 967 8048 Westchester f
212 984 1440 Emergency
914 967 7220 Emergency
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331 47 22 49 6184
501 280 3288 emergency contact, home
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917 7439 383 (US p)

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541 552 7576

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970-479-7945 Vail - Fax
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914-677-6215 Millbrook house fax
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914-677-6800 LTF
212-245-5524 ERJ private
212-707-8954 Anita fax
212-707-8398 ERJ house
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917 864 8989 car phone
917 733 5757 ERJ's portable

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202-224-0214 Direct Line
202-544-1860 Other
202 494 4945 Private line
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212 421 2065 New Work # (1-13-03)
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561-832-0079 (h)
212-832-9191 (h)
561 832 2600 Mar-a-lago
212 308 5758 Trump Security
212-715-7220 Norma direct-emergency contact
212 879 6111 Milania
917 584 8222 Milania p
561 832 2669 (hf)

**Trust, Marty**
*Mast Industries, Inc.*
801 North County Road (h)
Palm Beach, FL 33480
978 975 6100 (w)
978 975 6116 (w)
Email: mtrust@mast.com
(Hm)100 Old River Road
Andover, MA01810
561 863 7377 (h)
561 863 6476 (h)
617 426 9543/44 Boston (h)
617 338 1461 Boston (hf)
561 863 7376/667 (h)
561 863 6476 (hf)
603 490 3660 (Car)NH
888 611 7332 (b)Wife
978 397 3033 (p)
917 699 4247 (p)
561 358 4347 Wife
561 371 4885 Wife
978 683 2788 (wf)

**Tuckerman, Steve**
*Tuckerman Optical Co.*
5000 Kilzmiller Road (h&w)
PO box 488
New Albany, OH 43054
614 775 4002 (w)
614 775 4004 (f)
Email:
stevetuckerman5000@msn.co
614 775 4000*** (h)
614 775 4004 (hf)
312-649-9182 Chicago h
614-271-3677 Wife's Car
614-206-3900** (p)
614 370 7373
970 925 8817 Aspen f

**Ugland, Peg**
7026 Wichita Drive
Dublin, OH 43017
614-764-9847(h)
614-989-0047(p)
Email: pegu@inaproperty.com
(Hm)Napi (naw) 6525 W. Campus Oval
Suite 105
New Albany
Ohio, 43054
614-422-0606 Richard Ugland
614-939-6000 w
614-939-6003 w direct
614-939-6029 fax
614-939-6007 F direct

**UPS**
Account # E10-954
Domestic 800 742 5877
Internati 800-782-7892
ups)

**Valukas, Tony**
*Jenner & Block*
One IBM Plaza
Chicago, Illinois 60611
312-222-9350
312-527-0484
708-866-8348 Home

**Visoski, Larry**
1131 Pine Point Road
Singer Island, FL 33404
561 842 0345(h/f)
212 737 9536(h)
917 868 6145 (p)
44 776 599 0076 Euro (p)
505 832 2699 (h) Sante Fe
561 543 7513 (p) back-up
1 614 433 7062 David Rigg
Chief Pilot

**Wachner, Linda**
*Warnaco, Inc.*
200 East 65th Street #36S
New York, NY 10021 (h)
90 Park Avenue 26th Flr.
New York, NY 10018
212-370-8204
212-587-6771(f)
331-4742-8132 Paris (w)
310-473-0032 Sepulveda
310-476-0475 Sepulveda (f)
212-370-8204 Direct
212-370-8205 Secretary direct
212 308-1264 (hf)
212-751-3988 (h)
303-925-9029 Aspen (f)
303-920-2021 Aspen (h)
516-287-3178 S. Hampton
516-287-4865 S. Hampton (f)
0607 971 212 Claude-Paris Driver
917-856-3058 (p)
011-336-0726-5960 (p)

**Wahl, Francis**
*41 22 93 97000 (w)*
*Bernheim Halperian Ming Ducret*
5 Avenue Leon Gaud
1206 Geneva Switzerland (w)
27 Chemin de L'Ermitage (h)
de La Belotte, Vesenaz, Switz
1222
4122-752-5990 (h)
4122-347-6831
41-77-24-0330 Portable
41 22 752 59 94 fax
33 607 187 263 Portable
335 56 22 12 33 Le pyla fax
335 56 22 13 50 Le pyla home



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**Wallaert, Alexia**

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Paris, France 75116
011 33 6608 17425
011 33 66 081 7425 p
(Hm)1 Rue de la Tourelle
Boulogne Billancourt
France
92100
011 33 493646157 Canne
0606471510 mum's p
011 39 059 225 296 Alexia home in Italy
347 417 0981 NY cell
011331450002 07 Fax
011 33 145 0002 07 Cellular

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Apt #18H
NY NY 10016
646 232 3311 (p)
212 696 2315 (h)
Email: cristalle@earthlink.net

**Wexner - Abigail Plantation**

6619 Tallassee Plantation Circ
Albany, GA 31707
229 483 0638
229 463 9843(f)
229-435-5932 Darrell Halstead
229-889-6637 Darrell Pager

**Wang, (Becker) Vera**

*Vera Wang Bridal House, Ltd.*
778 Park Avenue (73/74)
New York, NY. 10021 (h)
25 East 77th Street
New York, NY 10021
212-879-1700
212-879-1690
(Hm)Showroom (SEND ALL MAIL)
225 West 39th Street
9th Floor
New York, NY 10018
212-288-3380/9468 Home
212-737-9723 Home Fax
212-628-3400 NY Bridal
516-283-7914 South Hampton
516-287-3090 South Hampton Fax
212-375-1212 Portable
212-375-0101 Car
331-4727-3789 Paris - Concierge Msr Fernaces
331-4553-7876 Paris - Apt
212 575 6400 Showroom
561 655 5676 PB
212 719 1986 showroom fax

**Wexner - Flight Dept.**

4387 International Gateway
Columbus, OH 43219
614-479-7063
614-239-7043
614-239-8490 Tim Stehly
614 203 9895 Tim Stehly (p)

**Wexner, Les**

78 Mount Street
London, United Kingdom W1K 2SL
44 20-7499 7711 Home
44 20-7499 8763 Home - fax
4437 427 8744 Range Rover-London
0831 355 956 Mercedes
011-44-365-323-501 David Byrne-portable
plane 0385-325-944
4471-499-7711 Home
4471-499-8763 Home - fax
4437-427-8744 Range Rover-London
0831-355-956 Mercedes
0831 355956(merc)
0374 276744(range rover)
011 44 370 883 954 Mercedes
Mobile Phone
011 44 370 883 955 Range Rover

Mobile Phone
011 44 370 888 011 Bently Mobile Phone

**Wexner, Les**

One Ranch Road
Aspen, CO 81611
303-920-4440 Curt Ulkes-Admin #
970 920 0436 Curt Ulkes - Personal Mobile
970 920 8723 Curt Ulkes - Personal Page
970 920 8586 Curt Ulkes
970 920 8589 Curt Ulkes Page
970-920-1600 Main Line
970 925 8817 Main Fax
970 379 6571 Jeep Cherokee 1991
970 379 5673 Jeep Wrangler 1991
970 379 6570 GMC Pick-Up 1994
970 379 6574 White Range Rover
303-920-1600
303-925-8817 Fax
970 379 6573 Jeep Grand Cherokee 1993
970 379 7215 Curt Ulkes P.O.V.
#970 379 7215 Curt Ulke's P.O.V.

**Wexner, Les**

Abigail House
One Whitebarn Road
New Albany, OH 43054
614 939-3000
614 939-3062(f)
614 370 7780 BMW - 750 IL 1996
614-271-3000 Mercedes - 500 SEL (Mrs. B)
614-939-3065 Estate Office
614-939-3061 Abby (w)
614-736-6040 Merc 560SEL '89
614-395-0515 Merc 600SL
614-736-6066 Abby's Jeep
614-371-2042 OPO Jeep
614-271-3646 Jeep reg EKD 479
614-939-3070 Command Center
614-939-3075 Main Gate

614-855-8017 Constuction Gate
614-939-3000 Command Center
614-939-3062 Abigail Hse (f)
614-939-3055 Karl Koon
614-939-3000 House
614 648 1483 Merc 450SEL 1979
614 370 7065 Land Rover 1996
614 619 6066 Porsche 1997
614 370 9810 Lincoln Town Car 1997
614 329 8992 Suburban 1997
614 648 9202 Merc 1997 600S
614-939-3070 Command Center
614-939-3063 Command Center Fax

**Wexner, Les**

*The Limited Inc.*
Three Limited Parkway
Columbus, OH 43230
614-415-5001
614-415-5008 F
Email: dryan@limitedbrands.com,
614-415-5000 Main line
212 439 4222 Daina Ryan
614 415 7000 information
212 650 0477 NY h
614 415 5006 Daina Ryan direct

**White House**

*Main Line (Information)*
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500
202-456-1414

**Whitehead, Jim**

301-681-3444 (w)
301-593-8407 (h)

**Wolman, Herb**

*Insurance Office Central Ohio*
253 North Columbia Avenue (h)
Bexley, Ohio 43209
38 Jefferson Avenue
Columbus, OH 43215
614-221-5471 Work



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614-221-4776 Fax
614-221-5471 Office
614-252-2463 Home Ohio
212-472-3134 Home NY
614-395-4222 Portable
614-221-3437 Office After Hours
Home 614 855 2463

**Zuckerman, Mort**
*Boston Properties*
599 Lexington Ave, Suite 1800
New York, NY 10022
212 326 4010(w)
212 326 4096 (f)
Email:
mzuckerman@bostonproperti
(Hm)Boston Properties
8 Arlington Street
Boston, MA
212 744 3995 (h)
212 879 4663 (hf)
212 326 4012 Clare Asst.
212 326 4096 Clare (f)
970 920 2983 Aspen (h)
970 920 3141 Aspen (f)
631-324-7086 E. Hampton (h)
631- 329 -5711 East Hampton (f
202 537 0324 DC (h)
202 537 1435 DC (hf)
202 955 5537 DC (w)
617 859 2612 Bill Wedge (w)
617 859 1555 Bill Wedge (f)
617 859 2600 Boston (w))
917 750 1900 (p)
631 324 7084 (h)
631 329 5711 (hf)
954 648 1281 (boat)
011 39 335 5645933 (boat)

**JEFFREY 71ST.**

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14 Oakland Ave
Port Washington, NY 11050
516 883 4448(h)
116-4497 pin #
Email: rb9east71@aol.com
(Hm)1800 skypage
917 940 6157 (p)

212 249 1122 (w)
212 249 1113 (w)
717 383 2733 Patricia Hughs
(Mom)
516 883 6498 (f)

**Blachon, Magali**
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31100 Toulouse, France
011 33 68 294 0794
Email:
magali.blachon@wanadoo.fr
01133682940794 cell
1 917 553 0139 (p)
1 212 996 1127 (h)
01133 561 41 75 00 Parents

**Epstein, Jeffrey**
9 East 71st Street
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212 772 9416(h)
212 879 0840(f)
Email: jeeproject@yahoo.com
(Hm)Merc Garage
124 East 63rd St.
Account# 047-EP02
1 917 545 6300 Michael (p)
1 917 309 0259 Dennis - Flowers
917 553 0139 Magali (p)
212 772 3733 Rich (f)
212 772 0517 JEE extra line
212 249 8510 GM
212 717 4672 GM (f)
917 860 9177 Merc
917 597 8141 Merc
917 855 6931 Tahoe-JE
917 494 9690 Tahoe-GM
212 772 3853 Staff 1
212 772 0939 Staff 2
212 772 3733 Staff (f)
212 249 1122 Richie Line 1
212 249 1113 Richie Line 2
917 940 6157 Rich (p)
212 535 7374 Ryan(h)
609 915 9311 Ryan (p)
917 856 1285 Lynn (p)
212 517 3215 Lyn & Jojo (h)
917 975 4500 Jojo (p)
212 249 6514 Merc. Garage
212 744 5511 Tahoe-Garage

116 4497 Rich (b)
807 0253 Jojo (b)
130 4666 Lyn (b)

**Flowers-Gary Baura**
*Flowers*
001 917 207 2236
212 675 2476 PM only
Email: bauranewyork@yahoo.com

**Fontanilla, Lynn & Jojo**
*aka Rosalyn & Luciano*
301 East 66th Street (h)
Apartment 5C
New York, NY 10021
212 517 3215 (h)
800 759 7243 JoJo Skytel pin#
807 0254
800 759 7243 Lynn Skytel pin#
130 4666
917 856 1285 (p) Lynn
917 975 4500 (p) Jojo
212 772 3853 (w) 71

**Gaston Steve**
310 E. 55th Street #11F
001 212 888 9146(h)
001 917 608 6685(p)

**Graces Marketplace**
1237 Third Avenue
New York, NY 10021
212-737-0600
Acct # 5002

**Hamblin, Sue**
41 Meadow Way
Constantia Meadows
7806, Cape Town South Afri
01127 827 795 782(p)
01127 21 761 8442(b)
Email: suehamblin4003@yahoo.com

**Miller, Charles**
*Miller & Raved*
Half moon Bay 609 (h)
Crotin on Hudso, NY 10520
914 235-6655 Work
914-235-5005 W Fax
Email: cmi3540012@aol.com
(Hm)Miller & Raved Inc.
2 Hamilton Avenue
Suite 207
New Rochelle, New York 10801
914-632-3555 Bob
914 271 5579 (h&f)
917 750 4797 (p)
246 419 1345 (h&f)
207 348 2600 (main
917 846 4295 (emerg.)
212 343 1645 +225 (w emergency)
212 965 1069 (h emergency)

**Sawyers Tom/Pat (telephones)**
*Barbara Wife)*
133 County Rd 513
Frenchtown, NJ 08825
908-996-6903(o)
908-996-6958 (f)
908 581 2641(oh)
Pin# 5460174 Tom beeper 1 800
759 7243
pin# 4195978 Pat beeper 1800
759 7243
(610) 749-2939 Pat's home
908 581 2641 (Pp)

**Tindall, Brent**
301 East 66th Street
Apartment 8C
New York, NY 10021
917 601 4143 (p)
212 535 7374 (R)



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## KENYA (K)

**Muthaiga Club**
010 254 2 767754/5/6

## KINNERTON

**Airport Transfers**
0207-403-2228

**Charlie**
0208-994 5458
0956 210252

**Chelsea Police Station**
0207-741 6212

**Coles, Alan**
*Registered Osteopath*
The Brompton Health Clinic
221-223 Old Brompton Rd.
Earls Court SW5 0EA
07802 626 109
(Hm)Courtfield Medical Centre
73 Courtfield Gardens
Earls Court SW5 0NL

**Drivers**
welcomeminibus@, hotmail.com
020 8866 6644 Les Wallace
07806 324400 Les (p)
0208 866 6644 Les (h)
0797 314 2340 Ray Perkins (p)
0793 132 5729 Walter (p)
0795 632 4328 Walter (p)

**Entwistle Isi**
0797 0888989
0208- 870 7348

**Hair Assocs**
*Denise*
0207-245 0077
0207-235 3231

**Harrods Limited**
071-730 1234
#87
135 Brompton Road
Knightsbridge, London SW1X7XL
071-730 1234

**Harvey Nichols**
071-235 7207

**Holland & Holland**
071-499 4411
212 752 7755 (NY)

**Jackson Stops**
*Jolyn & Benson*
0207-581 5881

**John Hobbs Ltd.**
105/107A Pimlico Road
London, SW1W 8PH
0207-730-8369
0207-730 0437 (fax)

**La Famiglia**
351 0761

**Martin Tim/Debbie Stewart**
*Grosvenor Estate*
0207-408 0988
0207-312 6201(td)

**Martine**
0207-235 0998(w)
0207-244 6636(h)

**Massage - UK (a)**
0208 715 6200 Liz
0976 263 625 Liz
0208 747 1268 Annabel
079 7753 5377 Barry cell
016 2848 8654 Barry
0207 924 1897 Joanne Brunt
0402 256 289 Joanne Brunt
31(0) 616 300982 Barry (Amsterdam)
310 821 2799 Barry(LA)
0776 765 5220 Maxine cell
631 329 3869 Maxine NY
07000378737 Lisa dstress
644 GM dstress membership #
077 4768 5190 Bernice Palazo (Stroll's)
0790 262 6109 Alan Coles (osteopath)
0207 251 6109 Felicity (Thai massage)
079 4093 7382 Felicity (p)
0870 225 5007 Unlisted London
Charie Eiling/good unlisted/0870 225 5007

**Maxwell, Ghislaine**
44 Kinnerton Street
London, England SW1X 8ES
0207-838 9128(h)
0207-838 9129(h)
Email: 2512 *21* #21#
(Hm)fedex package to:Simon Edwards
Alexander Mann Global Markets
Alexander Hse, 9-11 Fulwood Pl
London, England WC1V 6HG

0207-838 9130 2nd Line
0771 423 6573 Range Rover
07785 771552 (p)

**Minicabs**
0800-654321

**Nags Head**
*Kavin & Valerie*
0207-235 1135(w)
0207-931 0789(h)

**O'Neil Nessa**
0207-235 1209(h)
0831 458686(p)

**Oping**
01865 726297

**Outred, Anthony**
533 Kings Road
London, England SW10 0TZ
0207-730 4762
0207-376 3627
0207-736 8756 Home
0208-965-8733 Hedly's Humpers (Movers)

**Police 24 hours**
0207-321-8273

**Range Rover**
0771 4236573

**Ray John**
001 212 715 7227(w)



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**Stichcraft**
071-629 7919

**Toblas, Maxine**
*Yoga -UK*
0207-351 7690
00 631 329 3869
Email: maxinelena@aol.com
07767 655220 (p)
516 329 3869

**Unlisted London**
*Contact: Debbie Nichols*
0870 225 5007 (w)

**Yara**
0207-349 0652

## MEDICAL

**Birnbaum, Dr**
449 East 68th Street
at York
Suite 8, Second floor
NY, NY 10021
212 628 1500
212 288 5760(f)
John Scobell

**Burman, Dr.**
*Vet for Max*
52 East 64th Street
New York, NY 10021
212-832-8417

**Chiropractor**
*Dr. Dean*
*Chiropractor*
2067 Broadway between
71st & 72nd
212 712-2195

**Chiropractor**
*Chiropractor*
*Calakos, Dr. Dean*
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(between 77th & 78th streets)
1F
NY, NY 10023
212 712 2195

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0207-580 0646(w)

**Dr. Bruno**
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212 838 3155

**Dr. Dean Calakos**
370 Columbus Avenue
#1F
New York, NY 10024
212 712 2195

**Dr. Farkus**
30 East 60th Street
201 Floor
212 355 5145

**Dr. Ray, Dr. Kashel**
*Paula's Dr's*
561-478-1104

212 717 1688 fax

**Dr. Schimoni**
212 751 5066 (w)
917 922 7391 (p)

**Ear Conning**
310 West 72nd Street
NY, NY
001 212 580 3333

**Gaynor, Dr J R**
79 Cadogan Place
London
SW1X 9RP
0207- 351 3454 (h)
0836 236965
0207- 351 6801 (h)
0207-730 3700 (w)

**Hirshfield, Dr.**
614-864-6016 (f)
614-252-2034 (h)

**Ishmail**
177 Prince Street
(between Prince & Thompson)
212 353 2038
917 865 0394

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*Park East Animal Hospital*
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NY, NY 10021
212-832-8417

**Krumholtz, Dr. Michael**
111 East 60th Street
NY, NY 10021
212 734 5533

**Lee, Dr.**
614-868-5966
614-457-9585 (h)

**Lister Hospital**
0207-730 3417
0207-235 2672

**Magnani, Dr.**
501 Madison Ave. Suite 2101
(btwn 52nd and 53rd St)
New York, NY 10022
212 688 1030
203 629 5608(h)
212 755 3156 fax

**Medical**
4311440*01 Oxford ID number(gm)
133 76 4883 Prudential ID number(gm)dental

**MedLink Emergency**
001602 239 3627

**Meltzer, J. Dr.**
903 Park Avenue
New York, NY
212-988-4488
212 535 4796fax

**Moskowitz, Dr. Bruce**
1411 North Flagler Drive
Suite 9300
WPB, FL 33401
561 833 6116 (w)



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561 848 7884 (h)
561 833 6351 (wf)
x21 Melanie
561 833 1628 direct to Moskowitz desk

**Oxford Health Plans**
800 201 4911
800 444 6222
4311440*01 Member number

**Prudential**
800 843 3661

**Steinburg Dr**
*NY Hospital 525 E 68th St*
001 212 746 4100

**Sternberg, Esther Dr.**
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Washington, Dc 20008
001 301 402 2773(w)
001 202 237 8020(h)
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**Tom, Maggie**
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**Victor, Steve Dr.**
30 E. 76th St. (P&M) 6fl
NY, NY 10021
212 249 3050 (w)
212 988 5026 (f)
(Hm)845 UN Plaza, apt 32A
New York, NY 10017
001 212 628 5210 (h)
001 516 354 3304
917 913 9029 (car)
516 329 5873 Beach
917 226 1554 (p)
516 625 6222

212 249 1482 (wf)
917 328 8655 emergency

**Wyntik, Wayne**
*Chiropractor*
212-249-7790

## PB

**Babor**
561 832 9385

**Bard, Dr. Perry**
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WPB, FL 33409
561 640 9999 (w) WPB
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(Hm)3636 S.Ocean Blvd
Highland Beach, FL 33487
561 266 5765 (h)
561 302 1844 (p)

**Breakers, The**
561-655-6611
Account # 17313

**Chiropractor**
*Dr Bard*
001 407 640 9999

**Cleaners**
*Francis Pawdon*
561 833 4486
1 561 820 4642 (w) Bill - husband

witness

**Creative Custom Swim-wear**
Jupiter Town Center Plaza
711 W. Indiantown Rd.
Jupiter
FL 33458
561-747 6424

**Devito, Dawn**
267 Atlantic Ave.
Palm Beach, Florida 33480
212-750-9198
(Hm)144 Pleasant St.
Watertown
MA
02172
561 832 4616 Palm Beach Home
617-926 7877 Boston:
401-423-9886 Rhode Island
561 248 3445 (p)

**Driver - PB**
305 491 1998 Ray

**Epstein, Jeffrey**
358 El Brillo Way
Palm Beach, FL 33480
Email: jeffreye@mindspring.com
561 309 6415 NY Merc
561 655 7626 JE Line 1
561 655 7629 JE Line 2
561 655 2779 JE Line 3
561 655 3704 JE Line 4
561 655 4870 GM
561 820 8790 (f)
561 655 0995 Main house kitchen
561 804 9849 Main house kitchen (w)
561 379 9390 Armored Merc S500 (front)
561 309 6415 Armored Merc S500 (back)
561 818 8867 Guest Merc S600 (front)
561 758 1672 Guest Merc S600 (back)
561 346 7141 GM Merc SL55

561 762 6380 New Suburban
561 371 1686 Staff Suburban
561 832 0232 Staff House Line 1
561 832 0319 Staff House Line 2
561 832 0414 Staff House Line 3
561 832 4533 Staff House Line 4
561 818 8361 Mike (p)
561 818 8398 Sally (p)
561 369 4354 Jerome Pierre-gardener
561 641 0728 Jerome Pierre-gardener (h)
561 350 1700 Christophe
561 686 3707 Paula (h)
561 308 8684 Paula (p)
561 762 2741 Paula (car)
718 449 5440 Fay Goodman
310 306 1362 Ronnie Carey (h)
310 215 0303 Ronnie Carey (w)
4710157 # Call forwarding

**Gaie, Christophe**
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Boynton Beach
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561 350 1700 (p)
561 233 7242 (p)
561 233 7240 (f)

witness

**Goldman, Francis**
122 Lake Rebecca Drive
Golden Lakes, FL 33411
561 656 4409

**Goldsmith, Gerald**
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Palm Beach, FL 33480
561-659-0441 (h)
561-659-7433 (hh)
(Hm)Palm Beach National Bank
125 Worth Ave.
Palm Beach
FL 33480
772 971 1000 (p)
561 653 5586 (w)
561 650 0866 (wf)
212 319 9404 (w)
212 659 1433 (w)



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212308 0519 emerg.

**Maronet, Bill**
ETC
561-881-8118
Phones

## Massage - Florida (a)

561 467 2588 Dawn W-R(b)
561 776 5679 Dawn W-R (h)
561 832 4616 Dawn James (Devito) (h)
561 564 4272 Cheri Lynch(b)
561 743 3764 Cheri Lynch(h)
561 627 5816 Dawn W-R (w)
561 373 1412 Cheri Lynch(p)
561 758 1011 Alison Chambers
561 799 9176 Jodie
561 222 0864 Jodie (p)
323 314 2740 Alexandra (p)
561 650 0185 Johanne (h)
561 589 8116 Alexandra (h)
561 714 0546 Johanna's cell
561 704 0676 Tammy (p)
561 775 9324 Amy Birse(mom p)
561 622 0062 Amy Birse h
561 333 7493 Melissa Hanes-dad
561 670 8562 Vicky (p)
561 745 9574 Vicky (w)
561 967 1496 Lisa Sturgill(Mass/Fac.(Tammy
561 789 3371 Lisa Sturgil (p)
01133 680 240 365 Alexandra (gars-p)
561 655 1849 Amber (mom)
561 799 4519 Virginia (parents)
954 467 0412 Katja (h) Gypsy's girl
561 586 4625 Geri Kay (h)Mass/Fac.(Tammy)
561 738 5846 Geri (h)
561 309 0079 Dawn WR(p)
561 385 5444 p Janine (red head)
561 624 5679 Melanie(h)
561 212 2702 Melanie (p)
561 351 0944 Melissa Hanes (p)
561 575 9514 Jennifer
561 301 8887 Amber (p)
561 655 5169 Amber (mom)
561 533 7121 Katja Bringham
561 471 3984 Caroline Adriano boyfriend hse
561 707 1789 Dominique & Kelly
561 714 9719 Mary Southwell
561 369 6874 Christina-Virginia's friend
561 379 3177 Amber (mom-p)
561 478 0496 Caroline Adriano home
561 533 7599 Diane Cahill (h)
561 312 1408 Diane Cahill (p)
561 798 6103 Andrea(Tony's friend)
561 358 9837 Heidi
561 301 3101 Nicole
561 832 6777 Nicole (h)
440 289 6551 Coleen p
561 514 1158 Cristale
561 368 6259 Cristale
352 291 7032 Michelle Bell
954 525 2084 Hawthornes
954 232 0635 Hawthornes
561 635 6359 Andrea 2nd number
561 373 9042 Amy Birse p
561 641 7658 Melissa(Carolyn's friend)
561 689 2458 Amanda Lazlo (h)
561 436 9315 Amanda (mom)
561 502 8809 Melissa'a cell(Carolyn's fmd)
561 309 7877 Beth (p)
561 554 3658 Beth
561 889 5900 carolyn (p)
561 832 6998 Carolyn Casey (h)
813 299 4573 Charlotte (18 Worth Ave) p
561 832 5008 Charlotte (w)
561 818 0296 Chelsea (p)
561 748 9105 Chelsea Facials (brunette-h)
561 373 1412 Cheri Lynch (p)
561 514 2862 Colesn
561 368 6259 Cristale
561 686 2598 Dara Preece (h)
561 742 0171 Dara (w)
561 704 8946 Dara (p)
561 625 0378 Debra (big bond) (h)
561 339 1988 Debra (p)
561 218 8667 Dina Lombardi (faciaist)
561 212 8152 Dina (h)
917 922 4359 Gwendolyn (p)
561 822 4932 Gwendolyn Beck (w)
954 525 2084 Hawthornes
954 452 8582 Heidi Kublick
561 493 6676 Jessie (h)
561 620 5564 Jessie (mom)
561 689 0648 Jill Spina
561 222 0864 Jodie (p)
305 573 6060 Karen Mesa
954 467 0412 Katja (h) gypsy's girl
954 442 3309 Kiery (Lisa P's friend)
561 707 3565 Kristen (carolyn's friend)
561 329 0213 Kyle
561 791 0535 Laura Kline
561 815 6223 Lina (cosmo & co)
561 352 0709 Lina (p)
561 346 2803 Lina (p)
561 627 9966 Maura (h)
561 762 7126 Maura Koons (p)
561 502 8809 Melissa (carolyn's friend) p
561 333 7493 Melissa (h)
561 383 7738 Melissa Hanes (h)
561 351 7248 Nela Estonia (p)
561 301 3101 Nicole
561 848 3073 Sheridon (h)
917 601 2111 Sheridon (p)
561 227 2435 Sheridon (w)
561 881 6998 Symar (b)
561 588 5444 Tammy (facialist)
561 798 6216 Stephanie
561 685 0544 Jennifer-gymnast
561 253 4832 Ashley(Toby)
561 588 5444 Tammy (Facialist)

**Maxwell, Ghislaine**
358 El Brillo Way
Palm Beach, Florida 33480
001 561 655 4870
001 561 832 3816 com
001 407 346 7141 Mercedes
001 407 655 3704

**~~Michael & Sally~~** A.R.
*PB house managers*
1 561 818 8361 (Ep) Lovelz
1 561 818 8398 (Ep)
Email: pbmanager@earthlink.net

**Mike Pezulo**
*El Brillo neighbor*
561 655 6210(w)
800 854 9192(pgr)

**Mogens, Larry**
561 655 5510

**Police PB**
Jennifer Bruno (cop hire)/Pat
561 227 6358
561 838 5476
Him|Capt Gudger
561 227 6365
561 838 5470 Joe Recarey
561 308 1546 Tom Mellinchok
561 838 5470 Sgt Trilych

**Pompano Helicopter**
1 800 957 4374
954 931 7186(Steve)

**Stopek, Alan**
*Xyle|ahloem*
14372 Horseshoe Trace
Wellington, FL 33414
561 793 7303(w)
561 793 9674 (wf)

**Vet**
*Jack Liggett*
561 659 2208

**RANCH (RH)**

**Bodie John**
*Piano rental SiFe*
001 505 884 4530



GIUFFRE001
HOUSE_OVERSIGHT_014217

212-595-7171
212-489-1818 home

**Ellis Freedman**
001 212 758 9593 (h)
001 212 351 3092/ 91 (w)

**Grumbridge, Malcolm**
*Solicitor*
*The Hogarth Group*
1A Airedale Avenue
London, England W4 2NW
0208-995 1515 (w)
Email: mcg@thehogarth.co.uk
(Hm)31 Cleveland Avenue
London, W4 1SN
0208-995 0975 (h)
0208-995 1373 (f)
0208-994 0929 (w) switch board
0385 365 616 Car
0385 248887 Portable
44 20 8995 1515 wf

**Lemaine, Pierre**
00 33 1 4329 4465 / 5184
00 33 1 4325 4080 (f)
00 33 1 4402 3414 / 000926
00 33 1 4345 5191 (h)

**Marden Scott and Sarah Nurse**
001 212 595 1619(h)
011 212 702 8680(w)

**Marden Scott and Sarah Nurse**
001 212 595 1619(h)
011 212 702 8680(w)

**Marden, Scott & Sarah**
001 212 702 8602(w)

212 595 1619(h)
212-595-1617 work
212-595-1619
212-272-6050

**Miranda, Bob**
001 914 739 6879 (h)
001 212 345 8408 (w)

**Moss Brian /Carolin Coleman**
01865 881165
01865 881153

**Nesson, Mauri**
001 212 724 9070
001 303 925 8817 Aspen

**Oliver, Keith**
*Peters & Peters*
2 Harewood Place (w)
Hanover Square
London, W1R 9HB
0207-629-7991(w)
0207-499-6792(wf)
Email: keoliver@petersandpeters.
(Hm)Flat 1 (h)
Statham Court
20 Tollington Way
Holloway, London N7 6FP
0207-409-9703 Direct
07785 232 122 (p)

**Onakewe, Rodolph**
47 Rue de Chaeillot
Paris,
33 1 4723 0063

**Ord, Robert**
01491 652642(h)
0385 307809(p)

0836 208089

**Paul Cox**
7532206

**Peters & Peters**
*Keith Oliver/Helen Mcdowell*
2 Harewood place
Hanover Sq
London W1
0207-629 7991
0207-491 3035
0207---499 6792(f)
0385 232 122

**Pisar, Samuel**
011 331 4766 0212(w)
011 331 4622 8203(wf
011 331 4501 8718 (h)
954 457 9267 holiday #
212 744 0727 (h) NY
011 331 4401 4401 Caroline Gravisse
011 331 4415 9415 Caroline Gravisse (f)
212 744 0836 (f)
011 331 4501 2384 (hf)
011 3314486 4676 Mme. Gravisse
212 829 8800 x15 Leah Pisar (w)
917 664 8243 Leah Pisar (p)
212 829 8800 x15 Leah Pisar work

**Posen, Felix**
24 Kensington Gate
London, W8 5NA
0207-584-9330 home
0207-584-0915 off.
Email: nesop@dircon.co.uk
0207-584-0904 (f)
(0)1342-833133 Crowhurst
(0)1342-833568 (f)

**Shaw Derek**
0205 820944

**Shelly Aboff**
001 203 532 0453 (w)
001 203 622 5905 (h)

**Tony Busby**
0865 60684 X3593

**Travis, Paul**
0342 844686

**Tutle, Jim**
(732) 248 1847
0867 358822 X3577
0867 358822 X3577

**White, Justin**
0785 724 372
0785 724 372

## RUGS

**Pierre, Jerome**
*Gardener at PB house*
561 369 4354
561 547 3575
561 541 7955 (p)

## SECURITY (SC)

**Scotland Yard**
0207-230 1212



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**South Ken**
0207-741 6212

**The Home Office**
0207-273 2124

## SWITZERLAND (SW)

**Bristol Hotel**
10 rue du Mart-Blanc
Geneva, Switzerland 1201
4122-732-3800
4122-738-9039
331-42-669-145 Paris

**The Corveglia Club**
010 41 8234864

**The Steffani**
010 41 82 22101

## TRAVEL (T)

**Aero Leasing**
(1) 814 3700 (Zurich
(22) 984510 (Geneva)

**Air France**
1-800-237-2747
0820 820 820
1023994284 frequent flier (GM)
1023994343 frequent flier number (JE)

**Air Hansen**
*(Helicoptor)*
0252-290-089
0252-860-287

**American Airlines**
*Kay Leonard,*
*Special Services:*
Val Cushing - Gatwick
293 58783
75261 9047
800 433 7300
1-800-862-8680 AA Frequent Flyer Dept.
340 774 6464 St T Brenda Boone (special sev
305 526 7710 Susan Michado Miami special se

**American Express**
*American Express*
1-800-297-6453
1-800-297-3276 Membership Rewards
877 877 0987x57323 Amad Abdullah (Cent. Travel)
877 877 0987x6775 Ian Roche (Cent. Cards)

**AT&T**
1-800-225-5288

**British Airways**
001 800 247 9297
0845 779 9977uk
91088094 Pin 9919 club number (GM)
91859156 club member (JE)
0208-759 5511 Claire McArdle
0208-564 1680 Jilly Rutherford
718 425 5585 Roz Ollivier/Special Services
718 425 5654 Alan Jacobson/special services
212 452 5353 Roz home (emergencies)
718 553 5585 Penelope Foy (special services
718 425 5585 Bernette Berry - Spec. Rep.

**Citicar**
3515 37th Avenue
Long Island City, NY 10021
718-707-9090
800-456-3548
718-361-9900 Ellen/Tackle
800-456-3548 Toll-Free Number
718-361-8834 when ph system is down

**Concord Tickets**
*David Gladwin*
19 Main Street, Keyworth
Nottingham NG12 5AA, UK
0115 9372455 (t)
0115 9376930 (f)
612 931-0490 (Fisher) Susie Simon (h)
212 288-9088 (Wilpon) Michael Holtz

**Continental Airlines**
001 800 525 0280
#SM147662 frequent flier number (GM)

**Delta Airlines**
001 800 323 2323
2102103435 frequent flier number (GM)
1-800-325-1999 Flight information number
2001009253 frequent flier number (JE))

**Delta Dash**
1-800-638-7333

**DHL Courier**
800-225-5345

**Flight Options**
26180 Curtiss-Wright Parkway
Cuyahoga County Airport
Cleveland, OH 44143
877 357 1263 (w)
216 797 3325(wl)

**Flyaway**
081-759 1567/2020

**Frequent Flyer Clubs**
*Delta One Pass*
001 713 952 1630
001 800 221 1212
#2102103435 frequent flier number

**Garnero, Jr., Mario B.**
011 55 11 9970 1020
Email:
mbgarnero@brasilinvest.co
646 251 2211 (o) Europe
011 331 4720 1864 Paris

**Helicopters**
*Jean-Jacqlues Moinat*
*Nice Helicopteres*
Aeroport Nice Cote d'Azur
Terminal1
06281
Nice, Cedex 3
04 93 21 34 32
04 93 21 35 64 (f)
Email:
nicehelicopteres@wanadoo.
06 14 358 353 (p)



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**Hickery, Eileen**
*Special Services, NY*
101-69585 BA

**Immunisation**
071-439 9584

**Kent, Geoffrey**
*Abercrombie & Kent*
9301 North A1A
Suite 1
Vero Beach, FL 32963
561 388 0145(w)
800 588 0145(w)
561 388 2756 fax
01144 207 559 8797 London Number

**London Airways**
0207-403 2228

**Lonsdale**
*Karen*
0207-636 1313

**Net Jets**
Richard Santulli asst. Carol 732 326 3726
914 536 5254 Peggy Culver Feign
212 879 7577 Peggy (h)
732 326 3833 Peggy (w) asst Erin
00 35 121 446 8484 Portugal

**Nite & Day**
570 Moonacha Road
WoodBridge, NJ 07075
201-933-7556

**Northwest Airlines**
001 800 225 2525

**Omar**
*Travel Agent*
*Alfa Travel*
827 Ridgewood Ave
N. Brunswick, NJ 08902
001 908 435 0555
001 908 435 0660(f)

**Phone**
1800 414 9898(my)
212 336 8300 (9366)
(Hm)UK 0181-286 3310 (1211)
ring h answ picks 2512*21*2512 h.no. tel no.&#
*71 enter 1 no. se deact * 710 send wait tone end
01 510 317 7726 Voicestream
00 800 99 0011 ATT access for France
72# enter number activate call forward on site
73# enter number deactivate forward from site

**Pisa Brothers**
Rockefeller Center
630 Fifth Avenue
New York, New York 10111
212 265-8420
212 265-8753 (f)

**Plane Charter**
*Chauffeir*
01252 377 880
01252 377 872 (f)

**Platinum Travel**
1800 525 3355
371385847234008 Plg(GM)
3713 8182 5931 004 Pla (JE)
371846368841034 AMX (GM)
3718 463688 41000 AMX (JE)
5263 2710 0944 295 Mast (GM)

**Raytheon Travel Air**
*George Kocher*
One Pomperaug Office Park
Suite 305
Southbury
CT, 06488
203 267 5200(w)
917 863 8755(p)
Email:
george_kocha@raytheon.com
203 267 5202 (f)
1 888 835 9782 Book flight
1 888 u fly rsa
316 676 1793 Karen Jenkins
316 676 3920 Karen Jenkins Fax
877 357 1263 Flight Options

**Red Carpet Limousine Company**
310-552 0099

**Saphire Travel**
01170 522 2226

**Shopper's Travel**
303 Fifth Avenue, Suite 1007
New York, NY 10016
212-779-8800

**Sprint**
212-750-9895-3742
800 366 2663 conference call scheduling

**SR Reservations**
081-439 4144

**Steppes East**
Marc Bullough
Mick Lany
285 810267

**Travel Consolidator Europe**
*Kevins Travel Contac*
0207 373 6465
0207 637 8485 cheap concorde tickets
011 33 156213000 Succes Voyage—Pascaline

**Travel Consolidators**
*See other numbers*
800 243 2784 CHEAP
44 12 93 78 9000 Laker Airlines
212 779 8800 Ragoo
1 800 377 1000 Very Cheap Tickets (coach)
1 800 755 4333 Very Cheap Tickets
800 451 7200 Cheap Seats
212 570 1179 Cheap Seats
44-1332-331-132 Peter Koukoularides (Lonsdale)
340 774 1040 Connie
011 3902 8645 5203 Paris Concorde Mr. Capellini
01 705 22 22 26 Saphire/charters Gatewick-SLT
800 538 2583 Jet Blue
310 973 7938 Traveling Traveler/Sabatian
888 973 7938 Sabatian
800 795 8888 Ticket Planet ext. 330 Sal
212 753 1100 Homeric Tours
800 468 7477 Go Trips-Stacy PB
877 409 5838 24 hr. hotline code #E5516
732 890 4625 Raghu cell
0870 444 7224 cheapflights.co.uk
212 243 3500/Lucy
FranceTravel-airfrancediscount
0207 637 8485 cheap concorde tickets
212 760 3737 FlyTime Travel - Tashi



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800 223 5866 Navigant
877 877 0987 Amex. Centurian Travel
1 800 443 7672 Amex Plat. Travel
800 443-7672 Platinum/Heather ext. 63793
800 715-4440(22339 Global Travel
310 276 2741 1st & Busi./Charlie
212 983 0779 UN Travels and Tours
323 933-6763 Domestic only mi. broker/John
800 239 8269 Virgin specialist

## TWA

001 800 221 2000
#188925144 frequent flier numbers (GM)
34663436 frequent flier number (JE)

## United Airlines

001 800 241 6522
#00385250614 frequent flier # G.M.
00316924999 frequent flyer # J.E.

## US Air

*Frequent Traveler Center*
P.O. Box 5
Winston Salem, NC 27102-0005
001 800 872 4738
001 800 428 4322 (
001 800 428 4322
#136515311 frequent flier number (GM)

## USA International

218 West 47th Street (B'Way)
New York, NY

## Virgin Atlantic Airways

029-356-200
001 800 862 8621
#00 900 043 506 frequent flier number (GM)
00 779 044 628 frequent flier number (JE)



GIUFFRE00166

HOUSE_OVERSIGHT_014221

**Epstein, Jeffrey**
*Fed ex Sat delivery only*
c/o Dan and Nancy Sowle
Highway 41, Landon Store
Stanley, NM 87056
505 832 4339

**Epstein, Jeffrey**
*Zorro Ranch*
49 Zorro Ranch Road
Stanley, NM 87056
Email: zorroranch@aol.com
505 832 2675 Line 1 (office)
505 832 2696 Line 2 (office)
505 832 2676 (office f)
505 832 2697 Hotline Security
505 832 2698 Office modem
505 832 2240 Bunkhouse LR
505 832 2505 Bunk 1
505 832 2282 Bunk 2
505 832 2245 Bunk 3
505 832 2504 Bunk 4
505 832 2247 Bunk 5
505 832 1708 Shop Wood Shop & Greenhouse
505 832 2352 Log cabin
505 832 1348 Guest lodge cabin
505 832 1364 Guest lodge (f) & modem
505 832 0690 JE - 1
505 832 0691 JE - 2
505 832 0595 JE - 3
505 832 1394 JE - 4
505 832 5411 JE (f)
505 832 1392 JE modem
505 832 1746 GM line
505 832 1389 GM (f)
505 832 9791 GM modem
505 832 1748 Guest line
505 832 1390 Staff - 1
505 832 1391 Staff - 2
505 832 6784 Brice & Karen (h)
505 832 1393 Kate & Mike (h)
505 832 0897 Deidre & Floyd (h)
505 832 2699 Larry (h)
505 832 1427 HVAC - MH
505 991 0026 Mike (Nextel)
505 991 0027 Deidre (Nextel)
505 991 0028 Floyd (Nextel)
505 991 0029 Manolito (Nextel)
505 991 0025 Kate (Nextel)
505 780 0004 Extra 1 (p)
505 780 0002 Extra 2 (p)
505 660 9585 Mercedes - front seat
505 660 3976 Mercedes - back seat
505 660 6240 Mercedes G500 (jeep)
505 690 5480 JE Suburban
505 690 1821 99 Suburban
505 699 8055 Tahoe
505 670 9754 Hummer
505 765 1200 Bradbury Stamm (w)
505 842 5419 Bradbury Stamm (f)
505 466 2668 Tom Pascuzzi (doctor) (p)
505 834 2238 Stables
505 699 7301 Karen (Cell)
505 832 2676 Office Fax

**Healy, Shannon**
*Zorro Ranch*
107 Camino Cabo
Santa Fe, NM 87508
505 466 2668(h)
505 690 1683(p)
570 454 8081 Mom (Cheryl)
516 331 6339 Dad

**Kelly, John**
*Attorney General*
3510 Wollers Place, N.E.
Albuguerque, New Mexico 87106
505 848 1867 (w)
505-768-1529
(Hm)500 Fourth Street NW
Suite 1000
Albuquerque, NM 87103-2168
505-268-4508 (h)
505 235 5084 (p)
505 848 1889 (wf)

**Kerney, Gary**
*Landmark National*
2817 Crain Highway
Upper Marlboro, Maryland 20774
301-574-3330(w)
240 463 3237(p)
Email:
gkerney@landmarknational.
(Hm)292 Cape St. John
Annapolis, Maryland 21401
805 581 4173 (gson)
410 533 2485 Gary home
301-574-3301 (wf)
home 410-349-1778
240 463 3237 cellular
240 463 3236 Emergency

**King, Bruce**
*Governor - New Mex*

Suite 400
1120 Paseo De Peralta
Santa Fe, NM 87503
505-827-3020
505-827-3026
505-827-7300 Home
505-832-4239

**King, Rhonda**
*Rhonda King Realty*
Hwy 472
2.5 mi west of Stanley
P.O. Box 606
Stanley, New Mexico 87056
505-832-4603 Work
505-982-4289 Fax
505-832-4229 Home
505-250-0730 Portable

**Massage - New Mexico**
505-269-1755 Diana (p)
505-271-9532 Diana
505-989-3902 Laura Christianson
505-982-1176 Daniella Urbassek (German)
505 982 2283 Sabrina
505 660 6192 Sabrina
505 984 8358 Rachel
505 424 7416 Rachel
505 669 1269 Rachel
505 989 9846 Linda
Spankman-Yoga
505 471 1244 Melinda Walker - Reflexologist
505 984 8142 Sabina (German)
505 983 6742 Maureen (GM really likes)
505 989 4264 Stina - GM still to try
505 228 4505 Heidi (p)
505 438 3467 Nicki(Bill Siegel recommended)

**Richardson, Bill**
505 476-2200 o
505 944 7410 f
505 699 8222 (p)
505 476 2245 office direct
505 469 6881 Sec agent w/Gov (Tony)

**Santa Fe Institute**
1399 Hyde Park Road
Santa Fe, NM 87501
505-984-8800
505-982-0565

**Singleton, Dr. & Mrs.**
San Cristobal Ranch
Lamy, NM 87540
505-988-9720 (H)

## RM

**Aboff Shelley**
001 407 333 2338
001561 333 9517

**Cowley, Dick**
0207-822 3691 (h)

**Domb, Sam**
230 Central Park South #18F
New York, NY



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**Hatsuhana (Japanese)**
17 East 48th Street
0101 212 355 3345

**Helmsley Palace**
0101 212 888 7000

**Il Cantinori**
32 East 10 (at Broadway)

**Il Tre Merli**

Houston Street
West Broadway
691 7098

**Isabelle's**
359 Columbus Avenue
0101 212 724 2100

**Jour et Nuit**
212-925-5971

**Karen Pets**
1195 Lexington Ave.
b/w 81st & 82nd Sts.
212 472-9440

**Klinger, Georgette**
480 Madison Ave.
New York, NY 10021
212-838-3200
407-659-1522 Florida
Series #201482 Norma Jean

**Le Club**
88th (2-3)

**Le Comptoir**
227 East 67th Street
New York, NY 10021
212-794-4950

**Lowell Hotel**
*Ruad Chartoun/an-contact*
28 East 63rd St.
New York, NY
212-838-1400
212 319 4230

**Madison Gourmet**
212 288 8278(66)
212 737 3331 (84)

**Madison Towers**
22 E. 38th Street
(Corner of Madison & 38th)
3rd floor
New York, NY
001 212 685 7155

**Madre, Le**
158 West 18th
New York, NY
001 212 727 8022

**Mark Hotel**
New York, NY
212 744 4300

**Massage - California**
310 572 9693 Tracey
310-840-6989 Anastasia
310 396 0951 Danielle Schweitzer
310-450-1751 Rachel
714-841-1171 Lydia
310-392-2559 Scott Connelly
310-281-1270 Jackie Iverson
323-871-6829 Lisa Versaci
310 451 9694 Gypsy (h)
310 429 0254 Lori Bregman
310 463 6356 Jen (one of gypsy)
310-854-6366 Sports connection
310 463 5759 Sophie Biddle (p)
310 394 7048 Sophie Biddle
818-216-6974 Tiffany Gramza
323-270-7470 Tiffany Gramza (p)
310 394 1086 Scott Hobbs
323-254 8566 Marie Sabe (Courtney Love's)
818-618 6807 Marie (p)
310 458 0883 Amber
323 314 4043 Crissy (Lisa Sullivan;s friend
310 457 9388 Gypsy (w)
212 616 6948 NY # Gypsy (can leave vm)
323 572 1632 Chauntae Davis
323 866 9942 Marianna (p)
702 743 0620 p Gypsy(p)
310 880 3495 Tanya (Petrella's friend)
310 702 0169 Chauntae (p)
310 709 8877(p) Alex Zosman(Gara's friend)
310 709 8877 Elizabeth Zosman
310 435 3930 Christy Tharpe - Los Angeles

**Mayfair Regent**
65th bet Park/Mad
001 212 288 0800

**McMullan, Patrick**
*Photographer*
12 Fifth Avenue, #1-R
New York, N.Y. 10011
212-674-2153

**Mercer Kitchen**
99 Prince
001 212 966 5454
001 212 966 0010(f)

**Morgan Hotel**
001 212 686 0300

**Mr Chow**
324 E. 57th
New York
10022
212 751 9030
0207 589 7347
(Hm)151 Knightsbridge



GIUFFRE00166/
HOUSE_OVERSIGHT_014223

# EXHBIT 3

Lynn & JoJo

① I sent Lucian & Rushia's mail to their correct address and called Post office to make sure all future mail will be sent to them.

② I Scheduled the cable company to come on Thursday. This is their soonest appointment. Ghislaine asked me to make an appointment because the TV in the Blue Room does not get a clear reception.

③ SHUTTER COMPANY WILL COME EARLY THURSDAY TO MEASURE SHUTTER NEXT TO GHISLAINE'S DESK.. THE SHUTTER WILL NOT ROLL DOWN.

* BOTH CABLE COMPANY & SHUTTER COMPANY WILL CALL ME ON MY CELL PHONE TO MAKE SURE JEFFREY & GHISLAINE ARE NOT HERE.

Jeffrey E. Epstein

Nicole

# 301.3101

SA02969

GIUFFRE001523

HOUSE_OVERSIGHT_014225

## IMPORTANT MESSAGE

FOR JR Epstein

DATE 02/02/03 TIME 8:45 A.M. ~~P.M.~~

M. Ms BANU

OF

PHONE 310 498 3045
AREA CODE NUMBER EXTENSION

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | ✓ | SPECIAL ATTENTION | |

MESSAGE Could you Please call back, it's very important

SIGNED Evelyn

1184

## IMPORTANT MESSAGE

FOR JE

DATE 01/02/03 TIME 16:30 A.M. P.M.

M. CAROLINE CASEY

OF

PHONE 889 3900
AREA CODE NUMBER EXTENSION

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED GM

1184

## IMPORTANT MESSAGE

FOR GM

DATE TIME A.M. P.M.

M

OF

PHONE
AREA CODE NUMBER EXTENSION

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Tammy PHONED TO CONFIRM LOBBY

SIGNED

1184

## IMPORTANT MESSAGE

FOR JE

DATE 01/02/03 TIME 21:06 A.M. P.M.

M. AMANDA

OF

PHONE 463 8470
AREA CODE NUMBER EXTENSION

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE WANTS TO KNOW IF SHE SHOULD BRING HER FRIEND HOLLY WITH TONIGHT

SAO01456

SIGNED

1184

GIUFFRE001427

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE 4/23/04 TIME 6:16 A.M. P.M.
M MARK EPSTEIN
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE AT YOUR HOME
SIGNED 1184

## IMPORTANT MESSAGE

FOR MR MAXWELL
DATE 4/23/04 TIME 5:35 A.M. P.M.
M Helen
OF
PHONE/ MOBILE OFFICE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE TIME A.M. P.M.
M MARK EPSTEIN
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | ✓ |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED 1184

## IMPORTANT MESSAGE

FOR MR MAXWELL
DATE 4/23/04 TIME 5:37 A.M. P.M.
M
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SAO2827
SIGNED 1184

GIUFFRE001451

## IMPORTANT MESSAGE

FOR 6M

DATE 4/28/04 TIME 2:00 A.M. P.M.

M Martha

OF Colonial Bank

PHONE/ MOBILE 653-3393

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR MS. MAXWELL

DATE 04/25/04 TIME 6:55 A.M. P.M.

M S. NECOLE HESSE

OF –

PHONE/ ~~MOBILE~~ 832 6777

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE RETURNIN YOUR CALL

SIGNED Rushi 1184

## IMPORTANT MESSAGE

FOR

DATE TIME A.M. P.M.

M Amy Birse

OF

PHONE/ MOBILE 561-373-9042

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | X |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE TIME A.M. P.M.

M Ghislaine

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE would be helpful to have [illegible] come to Palm Beach today to stay here and help train new staff with Ghislaine

SA02830

SIGNED

GIUFFRE001454

## IMPORTANT MESSAGE

FOR 05/21/04
DATE FOR MR EPSTEIN TIME 5.37 A.M. P.M.
M JERRY GOLDSMITH
OF
PHONE/ MOBILE 561 844 9715

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "PLEASE CALL ME"

SIGNED 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE TIME 8.30 A.M. P.M.
M SARAH
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE WILL CALL BACK

SIGNED 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE 05/21/04 TIME 4.38 A.M. P.M.
M JOHANNA FJOBERG
(561)
PHONE/ MOBILE 714 0546

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "CALLED"
"CALL BACK"

SIGNED 1184

## IMPORTANT MESSAGE

FOR 05/21/04
DATE TO MR EPSTEIN TIME 12.45 A.M. P.M.
M
OF CHRIS CONDON (MS)
PHONE/ MOBILE BOT 2 561 301 2211

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE CALLED

SAO2833

SIGNED 1184

GIUFFRE001457

## IMPORTANT MESSAGE

FOR Jeffrey

DATE _____ TIME _____ A.M. P.M.

M Ghislaine

OF called

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR 06/06/04

DATE FOR MR EPSTEIN TIME 7.44 A.M. ~~P.M.~~

M

OF MS. MAXWELL

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "CALLED BUT NOT VERY IMPORTENT"

SIGNED R 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN

DATE 06/11/04 TIME 1.48 ~~A.M.~~ P.M.

M FRANCIS WARD

OF

PHONE/ MOBILE (561) 346 1715

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE 'CALL BACK'

SIGNED R 1184

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE 6/6/04 TIME 8.57 A.M. ~~P.M.~~

M TONY

OF

PHONE/ MOBILE 790 5475

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "WILL BE COMING AT 11 AM TODAY

SAO2836

SIGNED 1184

GIUFFRE001460

## IMPORTANT MESSAGE

FOR Tatum

DATE _____ TIME _____ A.M. P.M.

M _____

OF _____

PHONE/ MOBILE 577-5896

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE _____

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR SARAH

DATE 6.12.2004 TIME 3.55 A.M. P.M.

M JO JO

OF _____

PHONE/ MOBILE 917 975 4500.

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE CALLED. SAYING SOME ONE CALLED FROM PALM BEACH

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR Tatum

DATE _____ TIME _____ A.M. P.M.

M _____

OF _____

PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She'll be here at 5.30

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR Mr. Epstein

DATE _____ TIME _____ A.M. P.M.

M _____

OF Ms. Maxwell

PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE _____

SA02837

SIGNED _____ 1184

GIUFFRE001461

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE 7.9.2004 TIME 1.30 A.M. P.M.

M. SCHANZ

OF

PHONE/ MOBILE 516 791 0044

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE CALLED

SIGNED 1184

## IMPORTANT MESSAGE

FOR [illegible]

DATE [illegible] TIME 2.45 A.M. P.M.

M IVAN ROSH

OF [illegible]

PHONE/ MOBILE 914-393-1225

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR SARAH

DATE 7/9/04 TIME 10.36 A.M. P.M.

M

OF LESLIE (NY OFFICE)

PHONE/ MOBILE 203 972 4488

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE SHE IS WORKING FROM HOME TODAY PL CALL THE ABOVE # ASAP

SIGNED R 1184

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE [illegible] TIME 6.35 A.M. P.M.

M MAXWELL

OF DARREN

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE PLEASE CALL WHEN POSSIBLE

SAO2840

SIGNED 1184

GIUFFRE001464

## IMPORTANT MESSAGE

FOR SARAH EIN
DATE 07/10/04 TIME 6.33 A.M. P.M.
M. SCHANZ
OF RAGHU
PHONE/ MOBILE 516 791 0044

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE PL CALL
(CILLY)

SIGNED 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE TIME 9 A.M. P.M.
M. GEORGIA (OFFICE)
OF
PHONE/ MOBILE 917 759 7167 25

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR SARAH
DATE 7/9/04 TIME 10.31 A.M. P.M.
M. MILES
OF LESLIE (NY OFFICE)
PHONE/ MOBILE 203 472 4488

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE SHE IS WORKING
FROM HOME ALL DAY
PL REACH THE ABOVE
# ASAP

SIGNED R 1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN
DATE 7/9/04 TIME 7.50 A.M. P.M.
M. MAXWELL E.
OF TATUM
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "BRITTNY IS
AVAILABLE ON TUESDAY
NO ONE FRI TOMORROW

SAO2841

SIGNED R 1184

GIUFFRE001465

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE _____ TIME _____ A.M. P.M.

M _____

OF MS. MAXWELL

PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE _____

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR JE

DATE _____ TIME 7 A.M. P.M.

M _____

OF Brittany

PHONE/ MOBILE 662-3098

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She said if she can't come [illegible] before 4 or 5 [illegible] after 4 or 5 [illegible] b/c she has b-day dinner w/her grandfa.

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE _____ TIME _____ A.M. P.M.

M _____

OF _____

PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She will see you at 7.30

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR MR. Epstein

DATE _____ TIME 2:18 A.M. P.M.

M Manuela

OF _____

PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She said that Sophie and her messages said that she's sorry for not seeing you in California.

SAO01465

SIGNED _____ 1184

SC1184 (001)

GIUFFRE001436

## IMPORTANT MESSAGE

FOR JEFFREY

DATE AUG 2 TIME 12:45 A.M. P.M.

M TATUM & RHIANNA

OF

PHONE/ MOBILE 201-2237

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE THEY ARE AVAILABLE ALL WEEKEND AND ~~[illegible]~~ MAYBE [illegible]

SIGNED Nicole Hesse

1184

## IMPORTANT MESSAGE

FOR MR EPSTEIN

DATE 7/25/04 TIME 5:02 A.M. P.M.

M

OF SNYDER

PHONE/ MOBILE 914 763 9167

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "RETURNING YOUR CALL"

SIGNED

1184

## IMPORTANT MESSAGE

FOR SARA

DATE Aug. 2 TIME 3:00 A.M. P.M.

M Nicole Hesse

OF

PHONE/ MOBILE [illegible]

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | ✓ |

MESSAGE Please call in reference to [illegible] the phone. Please [illegible] I would [illegible] [illegible] Mr. Maxwell's [illegible].

SIGNED Nicole Hesse

1184

## IMPORTANT MESSAGE

FOR MR. EPSTEIN

DATE 7/25/04 TIME 1:48 A.M. P.M.

M

OF MS MAXWELL

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "TELL HIM TO CALL ME"

SAO01464

SIGNED

1184

SC1184-1001

GIUFFRE001435

## IMPORTANT MESSAGE

FOR Jo Jo
DATE 8/6/04 TIME 12:00 A.M. P.M.
M
OF Dave
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Arriving at Customs at 8:15
Need: 2 vehicles (5) people

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 9:30 A.M. P.M.
M Nadia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
will phone again in 1/2 hr.

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME A.M. P.M.
M
OF LVA
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | ✓ |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 11:35 A.M. P.M.
M Aberbusman
OF
PHONE/ MOBILE 818 8162

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | X |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO2845

SIGNED 1184

GIUFFRE001469

## IMPORTANT MESSAGE

FOR JE

DATE 20 AUG TIME 11.00 A.M. P.M.

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE CALLED.
SHE HAS ALL THE INFO
YOU NEED

CALL AT 631.537.9385

SIGNED Manu 1184

## IMPORTANT MESSAGE

FOR JE

DATE 20 AUG TIME 3.00 A.M. P.M.

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Tesla

Call HER BACK

917. 503. 2296

SIGNED Manu 1184

## IMPORTANT MESSAGE

FOR JE

DATE 20 AUG TIME 8.00 A.M. P.M.

M

OF Nathalie

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Returns your call

917. 204. 4676

SIGNED SAO2848 1184

## IMPORTANT MESSAGE

FOR JE

DATE 20 AUG TIME 3.40 A.M. P.M.

M Elizabeth

OF

PHONE/ MOBILE ✓

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE SHE LET LARRY GO
THE ONLY FLIGHT TO PB leaves
at. 3.15
Not heard from Tom Ford...
If you call it means she will pick
up TF alone in the chapter.
If you want to change please
call GM back

SIGNED 1184

GIUFFRE001472

## IMPORTANT MESSAGE

FOR ~~MR EPSTEIN~~
DATE ~~MR~~ TIME ~~2:45~~ A.M. P.M.
M
OF MS. MAXWELL
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE.
DATE TIME 9:00 A.M. P.M.
M Sarah
OF Brittany
PHONE/ MOBILE 662-3098

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She said if she can't [illegible] left [illegible] after 4:00 (6:00 or 7:00) b/cuz she has birthday dinner w/her grandfa

SIGNED 1184

## IMPORTANT MESSAGE

FOR MR. EPSTEIN
DATE TIME A.M. P.M.
M Sophie Biddle
OF
PHONE/ MOBILE 310-462-5759

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE she will see you at 7:30

SIGNED 1184

## IMPORTANT MESSAGE

FOR MR. Epstein
DATE TIME 2:48 A.M. P.M.
M Manuela
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She said that sophie got her messages & said that she's sorry for not seeing you in California.

SAO2850

SIGNED 1184

GIUFFRE001474

## IMPORTANT MESSAGE

FOR Sarah
DATE 11-4-04 TIME 2:40 A.M. P.M.
M
OF
PHONE/ MOBILE 644 · 7226

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Return
Brittney's
Call

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 12-01-04 TIME 2:55 A.M. P.M.
M From Sarah
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Britney would like to work @ 4:00 pm if possible.
[ is scheduled for 5:00 today]

SIGNED the 1184
movie is @ 7:30

## IMPORTANT MESSAGE

FOR Sarah
DATE 12/6/04 TIME 1:00 A.M. P.M.
M
OF Britney
PHONE/ MOBILE (561) 965-6857

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her

SIGNED 1184

## IMPORTANT MESSAGE

FOR Mr. J.E.
DATE 12/6/04 TIME 1:30 A.M. P.M.
M Mr. Harry Beller
OF
PHONE/ MOBILE (212) 750-1176

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Returning your
Call

SAO2939

SIGNED 1184

GIUFFRE001493

## IMPORTANT MESSAGE

FOR Mr. J.E.
DATE 12/04/04 TIME 2:40 A.M. P.M.
M r Goldsmith
OF
PHONE/ MOBILE (772) 971-1000

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call him
SIGNED R
1184

## IMPORTANT MESSAGE

FOR Mr. J.E.
DATE 12/04/04 TIME 4:20 A.M. P.M.
M s G. Maxwell
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her.
SIGNED R
1184

## IMPORTANT MESSAGE

FOR Mr. J.E.
DATE 12/04/04 TIME 5:30 A.M. P.M.
M s G. Maxwell
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her
SIGNED R
1184

## IMPORTANT MESSAGE

FOR Mr. J.E.
DATE 12/04/04 TIME 5:40 A.M. P.M.
M Solamnz
OF (561)
PHONE/ MOBILE 714-0546

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her
SAO2938
SIGNED R
1184

GIUFFRE001492

## IMPORTANT MESSAGE

FOR SARAH
DATE 12/9/04 TIME 10:20 A.M. P.M.
M VOMAR
OF Consulting
PHONE/ MOBILE (954) 709-7356

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Scheduling for going thru Palm Beach House"

SIGNED R

1184

## IMPORTANT MESSAGE

FOR Mr. J E
DATE 12/9/04 TIME 5:00 A.M. P.M.
Mr. Goldsmith
OF
PHONE/ MOBILE (772) 971-1000

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please Call him

SIGNED R

1184

## IMPORTANT MESSAGE

FOR Mr. J E
DATE 12/09/04 TIME 8:30 A.M. P.M.
Ms Svetlana
OF
PHONE/ MOBILE (917) 774-3061

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE "Tell him that I Called"

SIGNED R

1184

## IMPORTANT MESSAGE

FOR Mr. J E
DATE 12/09/04 TIME 8:00 A.M. P.M.
M rs Wexner
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please She will call back

SA02943

SIGNED R

1184

GIUFFRE001497

## IMPORTANT MESSAGE

FOR J.E.

DATE 1.8.05 TIME 4:05 A.M. P.M.

M Amya

OF

PHONE/ MOBILE (818) 445-9879

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

'Please call me back'

SIGNED R

1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 01/08/05 TIME 10:1 A.M. P.M.

M Nadia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

please call her

SIGNED

1184

## IMPORTANT MESSAGE

FOR J.E

DATE 1.8.05 TIME 4:55 A.M. P.M.

M Coppo-field

OF Call (702) 235 5555

PHONE/ MOBILE (212) 753-6555

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

'Please call him'

SIGNED R

1184

## IMPORTANT MESSAGE

FOR Jeffrey 9:30

DATE 01/04/05 TIME A.M. P.M.

M Jean Luc

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE ing if you would called him he has ~~sth for~~ some message for you

SAO2949

SIGNED

1184

GIUFFRE001503

## IMPORTANT MESSAGE

FOR J. E

DATE 2/24/05 TIME 4:18 A.M. P.M.

M Katia

OF

PHONE/ MOBILE 011 55118383 4951

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please! Call her Tommorow is her birthday

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR J. E

DATE 2/22 TIME 12:45 A.M. P.M.

M Shana

OF

PHONE/ MOBILE (561) 689-4717

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please! Call her.

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 2/25/05 TIME 01:10 A.M. P.M.

M Dum Bois

OF

PHONE/ MOBILE 914 552 4400

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please call him Back

SIGNED

1184

## IMPORTANT MESSAGE

FOR Mr. Epstein

DATE 2/24/05 TIME 11:19 A.M. P.M.

M Katia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She needs Lem's telephone number. Left her # 917 - 678 - 2772

SIGNED LER

1184

SAO2967

GIUFFRE001521

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/25/05 TIME 1:39 A.M. ~~P.M.~~
M Christaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Tried the called

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/25/05 TIME 8:42 ~~A.M.~~ P.M.
M
OF
PHONE/ MOBILE 561

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
She would like to speak with you.

SIGNED 1184

## IMPORTANT MESSAGE

FOR
DATE TIME A.M. P.M.
M
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/25/05 TIME 12/2 A.M. P.M.
M
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

SAO2998

GIUFFRE001553

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 02/26/05 TIME 11:15 A.M. P.M.
M Dana
OF
PHONE/ MOBILE 750 802 4061

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her back in 16.30
She is on the way to the gym

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 02/25/05 TIME 05:30 A.M. P.M.
M Ken-Lee
OF
PHONE/ MOBILE You have it

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Going back to Connecticut...
what about Paris on Saturday

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/26/05 TIME 12:40 A.M. P.M.
M Sandra
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/26/05 TIME 12:21 A.M. P.M.
M Anice
OF
PHONE/ MOBILE 646 436 9784

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her back

SIGNED 1184

SAO2968

GIUFFRE001522

## IMPORTANT MESSAGE

FOR J. E.

DATE 2/27/05 TIME 10:18 A.M. P.M.

M

OF Ms. Maxwell

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She is home

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 2/26/05 TIME 4:40 A.M. P.M.

M Geon Luc

OF

PHONE/ MOBILE no phone #

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please!

Call him

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 2/28/05 TIME 12:30 A.M. P.M.

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She is non during if 2:30 is ok we are words to stay in school

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 2/27/05 TIME 07:45 A.M. P.M.

M Geon Luc

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE That he will b back

SAO01067

GIUFFRE001388

HOUSE_OVERSIGHT_014246

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/28/05 TIME 12:17 A.M. P.M.
M Darren
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE He needs to speak with you.

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/28/05 TIME 12:10 A.M. P.M.
M Lawrence Krauss
OF
PHONE/ MOBILE 216 970 3496

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE He has sent you some faxes that he would like follow up.

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/28/05 TIME 5:30 A.M. P.M.
M Christine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Pls. call back

SIGNED

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/27/05 TIME 11:20 A.M. P.M.
M Sarah.
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please call her back. She wanted make sure you know that she is going to meet Ghislaine and go with her to the Ranch

SIGNED 1184

SAO3000

GIUFFRE001555

## IMPORTANT MESSAGE

FOR Jeffrey
DATE _____ TIME 6:05 A.M. P.M.
M _____
OF NATALIE
PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Call back

SIGNED Nadia 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 2/28/05 TIME 7:11 A.M. P.M.
M Natalie
OF _____
PHONE/ MOBILE 917 204 9896

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Barbara is away. Back on Wensday and she might have sth on Friday

SIGNED _____ 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 02/28/05 TIME 7:56 A.M. P.M.
M Teala
OF _____
PHONE/ MOBILE 917 603 2296

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE That she called please call her back

## IMPORTANT MESSAGE

FOR Ghislaine
DATE 02/28/05 TIME 7:50 A.M. P.M.
M Ghislaine
OF _____
PHONE/ MOBILE _____

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please call back

SAO3001

GIUFFRE001556

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/5/05 TIME 12:20 A.M. P.M.
M Ghislaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Tecno still doesn't answer the phone.

SIGNED AM

1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/1/05 TIME 10:20 A.M. P.M.
M Cecilia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She had on the phone. Mr. Harvey Weinstein

SIGNED

1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/5/05 TIME 12:22 A.M. P.M.
M Christina
OF
PHONE/ MOBILE 561 389 6874

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She has problems with car... could she be here at 2 pm?

SIGNED

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/5/05 TIME 11:50 A.M. P.M.
M Larry Visoski
OF
PHONE/ MOBILE 917 868 6195

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Person for the car will be here in 15 min. to drop off foam and papers

SIGNED

1184

SA03002

GIUFFRE001557

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/6/05 TIME 03:00 A.M. P.M.
M Mort Zuckerman
OF
PHONE/ MOBILE 917 7501900

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Returning your phone call

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 3/06/05 TIME 11:40 A.M. P.M.
M Glen
OF
PHONE/ MOBILE 914 669 4651

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE That he call Deal

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 3/7/05 TIME 7:30 A.M. P.M.
M Dr. Moskowitz
OF office
PHONE/ MOBILE 833-6116

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Do you want to see him?

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR Ms. G. Maxwell
DATE 3/06/05 TIME 9:01 A.M. P.M.
M Bruce
OF From The Island
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Left his cell #

340-771-1339

SAO01071

SIGNED 1184

GIUFFRE001392

HOUSE_OVERSIGHT_014250

## IMPORTANT MESSAGE

FOR Sarah
DATE 3/20/05 TIME 1:10 A.M. P.M.
M Haley
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Left her cell #
308-0282

SIGNED X

1184

## IMPORTANT MESSAGE

FOR J.E.
DATE 3/18/05 TIME 8:05 A.M. P.M.
M Jeff Staly
OF (212) 744-0770
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR Ms. B. Maxwell
DATE 3/19/05 TIME 3:45 A.M. P.M.
M Emi
OF Spa The Breakers
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Appointment is at 9:30am tomorrow. Christine is not available if it's okay to have another person.

SIGNED

## IMPORTANT MESSAGE

FOR J.E.
DATE 3/18/05 TIME 12:55 A.M. P.M.
M Sarah
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO01474

SIGNED T

SC1164 1001

GIUFFRE001446

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 04/01/05 TIME 12:20 A.M. P.M.
M Ghislaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Glen has pulled muscle and he is at the hospital "Good Sam" They have called Dr. Moskowitz and everything has been organized. In this case probably they won't make for lunch.

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 3/31/05 TIME 7:05 A.M. P.M.
M Leslie Wexler
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

#16

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 04/01/05 TIME 11:07 A.M. P.M.
M Cecilia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She had on the phone Mr. Cipriani

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey Scow
DATE 04/1/05 TIME 07:5 A.M. P.M.
M Genia
OF
PHONE/ MOBILE No number he will call back

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE That he called

SIGNED 1184

SAO2972

GIUFFRE001526

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 02:10 A.M. P.M.
M Christaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | X |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 12:04 A.M. P.M.
M
OF
PHONE/ MOBILE 561

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR J.E
DATE 4/10/05 TIME 1:20 A.M. P.M.
M Dana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
She went runing
and back to the gym

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.
DATE 4/10/05 TIME A.M. P.M.
M Dana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
She went running

SIGNED 1184

SAO2975

GIUFFRE001530

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 4:40 A.M. P.M.
M
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She is waiting for her friend to call her back. She would like to speak with you

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME A.M. P.M.
M
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/11/05 TIME 11:40 A.M. P.M.
M Melisa Manes
OF
PHONE/ MOBILE 351 0944

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 1:05 A.M. P.M.
M Ghislaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please call her back

SIGNED

SAO3013

GIUFFRE001568

## IMPORTANT MESSAGE

FOR J. E.
DATE 5/9/05 TIME 3:05 A.M. P.M.
M. Kaytana
OF (212) 645-7741
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 5/9/05 TIME 3:06 A.M. P.M.
M. Joana
OF 714-0546
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 4:45 A.M. P.M.
M. Nadia –
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Thank you –

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 12:15 A.M. P.M.
M. Les Wexner
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | X | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

SAO2980

GIUFFRE001535

## IMPORTANT MESSAGE

FOR

DATE 5/24/05 TIME 9:10 A.M. P.M.

M. Eva

OF

PHONE/ MOBILE call her at home

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | X |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED

1184

## IMPORTANT MESSAGE

FOR J. E

DATE 5/9/05 TIME 7:20 A.M. P.M.

M. Mrs Maxwell

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J

1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME 12 A.M. P.M.

M. Danielle

OF

PHONE/ MOBILE 646 226 1463

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED

## IMPORTANT MESSAGE

FOR JE

DATE TIME 10:25 A.M. P.M.

M. Nadia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | X | SPECIAL ATTENTION | |

MESSAGE She got there safe

SIGNED

SA02981

GIUFFRE001536

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 04/01/05 TIME 12:20 A.M. P.M.
M Ghislaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Glen has pulled musle and he is at the hospital "Good Sam" They have called dr. Moskowitz and everything has been organized. In this case propably they won't make for lunch.

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 3/31/05 TIME 7:05 A.M. P.M.
M Leslie Wexler
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

#16

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 04/01/05 TIME 11:07 A.M. P.M.
M Cecilia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She had on the phone Mr. Cipriani

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey Moscow
DATE ~~03/30/05~~ 04/1/05 TIME 07:5 A.M. P.M.
M Genia
OF
PHONE/ MOBILE No number he is ill call back

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE That he called

SIGNED 1184

SAO2983

GIUFFRE001538

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 02:10 A.M. P.M.
M Ghislaine
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | X |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey
DATE 4/9/05 TIME 12:04 A.M. P.M.
M [illegible]
OF
PHONE/ MOBILE 561 [illegible]

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED 1184

## IMPORTANT MESSAGE

FOR J.E
DATE 4/10/05 TIME 1:20 A.M. P.M.
M Dana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
She went runing
and back to the gym
SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.
DATE 4/10/05 TIME A.M. P.M.
M Dana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
She went running
SIGNED 1184

SA02986

GIUFFRE001541

## IMPORTANT MESSAGE

FOR J. E.
DATE 5/9/05 TIME 3:05 A.M. P.M.
M Kaytana
OF (212) 645-7741
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 5/9/05 TIME 3:06 A.M. P.M.
M Joana
OF 714-0546
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 4:45 A.M. P.M.
M Nadia -
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Thank you -

SIGNED

## IMPORTANT MESSAGE

FOR JE
DATE TIME 12:15 A.M. P.M.
M Les Wexner
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | X | SPECIAL ATTENTION | |

MESSAGE

1184

SAO2990

GIUFFRE001545

## IMPORTANT MESSAGE

FOR J

DATE 5/24/05 TIME 9:10 A.M. P.M.

M. Eva

OF

PHONE/ MOBILE call her at home

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | X |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E

DATE 5/9/05 TIME 7:20 A.M. P.M.

M. Mrs Maxwell

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J 1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME 12 A.M. P.M.

M. Danielle

OF

PHONE/ MOBILE 6466226 1403

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME 10.25 A.M. P.M.

M. Nadia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | X | SPECIAL ATTENTION | |

MESSAGE She got there safe

SIGNED 1184

SAO2991

GIUFFRE001546

## IMPORTANT MESSAGE

FOR Sarah

DATE 6-18-05 TIME 3:10 A.M. P.M.

M Heather

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | ✓ |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 6/13/05 TIME 10:58 A.M. P.M.

M G. M.

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Please. Call her back

SIGNED 1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 06/2/05 TIME 12:05 A.M. P.M.

M Jeffry Goldsmith

OF

PHONE/ MOBILE 772

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED 1184

## IMPORTANT MESSAGE

FOR Mr. J. Epstein

DATE 6/11/05 TIME 12:05 A.M. P.M.

M Coleen

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | ✓ | SPECIAL ATTENTION | |

MESSAGE

SAO01078

SIGNED 1184

GIUFFRE001399

## IMPORTANT MESSAGE

FOR J.E.
DATE 7/4/05 TIME 6:25 A.M. P.M.
M
OF G. M.
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.
DATE 7/4/05 TIME 7:20 A.M. P.M.
M Tatiana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
SIGNED T 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 12:30 A.M. P.M.
M G-
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She called Eduardo - She's going to have dinner w/ him - He's not going to Grand Prix - but he told her to call his secretary to organize passes -
SIGNED 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME 10:35 A.M. P.M.
M Tatyana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Called to say goodnight
SAO01081
SIGNED 1184

GIUFFRE001402

## IMPORTANT MESSAGE

FOR J. E.

DATE 8/19/05 TIME _____ A.M. P.M.

M Cecilia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Remanid you about conference call at 9 AM

SIGNED J

1184

## IMPORTANT MESSAGE

FOR Jeffrey

DATE 25/07/05 TIME 11:45 A.M. P.M.

M from Werner office

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Jim Lucas the head of the text department has answer on aircraft His number is 614 415 1078

SIGNED

1184

## IMPORTANT MESSAGE

FOR JE

DATE _____ TIME _____ A.M. P.M.

M

OF Joanna

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She doesn't want to come to the movies, but call her if you want a massage before or after the movie.

SIGNED

1184

## IMPORTANT MESSAGE

FOR JE

DATE _____ TIME 9a A.M. P.M.

M G

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She's at 71st please call

SAO01084

SIGNED

1184

GIUFFRE001405

## IMPORTANT MESSAGE

FOR J.E.

DATE 8/19/05 TIME 4:12 A.M. P.M.

M G.M.

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She left message on answering machine.

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR 8/19/05 7:50 A.M. P.M.

DATE Adriana TIME

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Jeffrey to get information Where he has to go to Hampton and how to meet this person? He can be reach on Tatiana cellphone

J

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME A.M. P.M.

M

OF Savoh

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Can Gloria Butney work on Sunday @ 4.00 and @ 4.30

SIGNED 1184

## IMPORTANT MESSAGE

FOR 8/19/05 7:55 A.M. P.M.

DATE Adriana TIME

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Will be here tommorow at 11:00 AM

SAO01085

J

SIGNED 1184

GIUFFRE001406

## IMPORTANT MESSAGE

FOR J.E

DATE 9/3/05 TIME 8:50 A.M. P.M.

M Adriana

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE I left message for Ashley to confirm for 11:00 AM and Vanessa for 4:30 PM

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.

DATE 8/22/05 TIME 9:20 A.M. P.M.

M Nicole

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E

DATE 9/4/05 TIME 12:55 A.M. P.M.

M Brittney

OF

PHONE/ MOBILE 662-3093

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She would like to reschedule her time

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.

DATE 8/22/05 TIME A.M. P.M.

M G M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SA001477

SIGNED J. 1184

SC184 10/01

GIUFFRE001449

## IMPORTANT MESSAGE

FOR Mr. J. Epstein
DATE 8/23/05 TIME 2:18 A.M. P.M.
M Alicia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED L 1184

## IMPORTANT MESSAGE

FOR
DATE TIME A.M. P.M.
M
OF Sarah
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
# Call her back, please

SIGNED 1184

## IMPORTANT MESSAGE

FOR Mr. J. Epstein
DATE 8/22 TIME 4:21 A.M. P.M.
M Alicia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call her.

SIGNED L 1184

## IMPORTANT MESSAGE

FOR Mr. J Epstein
DATE 8/21 TIME 11:39 A.M. P.M.
M Nadia
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Mr. J. cannot work today. Ms. Brittany will be here at 2:00 pm.

SAO01449

SIGNED 1184

GIUFFRE001420

## IMPORTANT MESSAGE

FOR

DATE TIME A.M. P.M.

M

OF NADIA

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
I went to a store to buy food
I will be back @ 5:00

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME A.M. P.M.

M

OF Adriana

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Christina & . . . , are confirmed

SIGNED 1184

## IMPORTANT MESSAGE

FOR JE

DATE TIME A.M. P.M.

M

OF Jenny

PHONE/ MOBILE 917 330 1033

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Please call back

SIGNED 1184

## IMPORTANT MESSAGE

FOR

DATE TIME A.M. P.M.

1:00

M

OF NADIA

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
The movie starts @ 7.15

SAO01086

SIGNED 1184

GIUFFRE001407

## IMPORTANT MESSAGE

FOR J. E.

DATE 9/4/05 TIME 3:40 A.M. P.M.

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR Ms. G. Maxwell

DATE 9/4/05 TIME 1:40 A.M. P.M.

M Coleen

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE She will be here at 3 p.m. with Somebody.

SIGNED L.

1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 9/4/05 TIME 7:25 A.M. P.M.

M Adriana

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Canceled Julie. She would like to speak to you. I belive about college - 561.801.3590

Shoul I schedule any one else?

SIGNED J.

1184

## IMPORTANT MESSAGE

FOR Mr. J. Epstein

DATE 9/4/05 TIME 2:08 A.M. P.M.

M

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO01089

SIGNED L

1184

GIUFFRE001409

HOUSE_OVERSIGHT_014268

## IMPORTANT MESSAGE

FOR J.E.

DATE 9/10/05 TIME 11:16 A.M. P.M.

M G.M.

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Dana Burns got invitation

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J.E.

DATE 9/5/05 TIME 10:25 A.M. P.M.

M Brittney

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE 5:00 PM is O.K. with her

SIGNED T. 1184

## IMPORTANT MESSAGE

FOR J.E.

DATE 9/10/05 TIME 11:16 A.M. P.M.

M G.M.

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Dana Burns got an invitation

SIGNED J 1184

## IMPORTANT MESSAGE

FOR J.E.

DATE 9/8/05 TIME 4:50 A.M. P.M.

M Tatum

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Her new phone # 574-8400

SAO01090

SIGNED J. 1184

GIUFFRE001410

## IMPORTANT MESSAGE

FOR J. E.

DATE 9/10/05 TIME 12:50 A.M. P.M.

M Celina

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Call her in North Salem

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 9/10/05 TIME 11:16 A.M. P.M.

M G. M.

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Dana Burns decline invitation

SIGNED J 1184

## IMPORTANT MESSAGE

FOR J.E

DATE TIME A.M. P.M.

M DANA

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE RETURNING YOUR CALL @ 12 20'

SIGNED 1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 9/10/05 TIME 1:15 A.M. P.M.

M Adriana

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Lauren confirm 4 PM

SAO01091

SIGNED J 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 9/11/05 TIME 9:15 A.M. P.M.
M Adriana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE I got a car for ...

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR JE
DATE TIME A.M. P.M.
M
OF N
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Adriana hasn't continued Juliet @ 11.00 yet so she is keeping Britney on hold in case Julie doesn't call back

SIGNED 1184

## IMPORTANT MESSAGE

FOR Mr. J. Epstein
DATE 9/11/05 TIME 10:01 A.M. P.M.
M George Goldsmith
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED L 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 9/10/05 TIME 10:10 A.M. P.M.
M Adriana
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Julie will be at 11:AM
Do you want me to cancel Britney

SAO01093

SIGNED J. 1184

GIUFFRE001413

FROM T.

## IMPORTANT MESSAGE

FOR J. E.

DATE 10/1/05 TIME 2:30 A.M. P.M.

M Nadia

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED T

1184

## IMPORTANT MESSAGE

FOR J. E

DATE 10/1/05 TIME 9:30 A.M. P.M.

M Sarah

OF

PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

[illegible] continue

at 11 AM

and [illegible] - 4 PM

SIGNED J

1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 10/1/05 TIME 7:10 A.M. P.M.

M John Brockman

OF

PHONE/ MOBILE (212) 595-0208

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED T

1184

## IMPORTANT MESSAGE

FOR J. E.

DATE 10/1/05 TIME 10:15 A.M. P.M.

M Tatum

OF

PHONE/ MOBILE 574-0400

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO01469

SIGNED T.

1184

GIUFFRE001441

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/2/05 TIME 10:40 A.M. P.M.
M Sarah
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Julie is sick and she can't come today

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/1/05 TIME 7:20 A.M. P.M.
M Jerry Goldsmith
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR Mr. J. Epstein
DATE Oct. 2. 05 TIME 12:30 A.M. P.M.
M Tatum
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

# 574-0400 (501)

SIGNED L 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/2/05 TIME 10:20 A.M. P.M.
M Julie
OF 301-3590
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO01470

SIGNED J. 1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/3/05 TIME 2:50 A.M. P.M.
M Tila
OF
PHONE/ MOBILE (917) 603-2236

| | | | |
|---|---|---|---|
| TELEPHONED | X | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SIGNED J

1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/2/05 TIME 3:05 A.M. P.M.
M Sandy Berger
OF
PHONE/ MOBILE (516) 759-2661

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE
Can you call him at this # between 10:00 - 10:30 PM

SIGNED J

1184

## IMPORTANT MESSAGE

FOR J. E.
DATE 10/3/05 TIME 4:10 A.M. P.M.
M Sarah
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE Ashley will be 1/2 hour late

## IMPORTANT MESSAGE

FOR Mr. J. Epstein
DATE 10-2-05 TIME 12:30 A.M. P.M.
M Natalie
OF
PHONE/ MOBILE

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE

SAO01471

GIUFFRE001443

# EXHIBIT 4

IL' Villaggio 1455 Ocean Dr. Apt 811

Gretta 9AM Aventura limo

[redacted] is back in PB 714-0546

Gretchen 8C (Friends Apt?)

~~Tammy~~ (other Book?)

Pinto

Bard

Tammy (Port St)

Courtney W. (FRIDAY)

* ADventure Limousine Service
PO BOX 80-0146 Fed ID 65-0376225
adventura, FL 33280 [redacted]

6/19/05

Forward to Sara. trip 6/20/05 9:00 AM Military

[redacted] 1455 ocean DR. South Beach 811

358 EL BRILLO.

Puta-in miami [redacted]

[redacted] Work-9 00AM Tammy @ office

[redacted] to LSJ Thursday

yes to go!



HOUSE_OVERSIGHT_014276

[redacted] 3:30 Improv

Shauna colleen

? Miss Sarah - would you like to go running with me. Miss Dana

Dawn - Ballet
Greta - [redacted]

Natalya
[redacted]

Craig taFoya
[redacted] (h)
(o)

In From California 3pm
[redacted]

# EMERGENCY 911

| | | |
|---|---|---|
| ALARM SYSTEM | Benham (Joe Technician) | 1-800-940-4112<br>954-578-1990 |
| FIRE RESCUE | | (561) 838-5422 |
| HOSPITAL | Good Samaritan Hospital<br>1309 North Flagler Drive<br>West Palm Beach, FL 33401 | (561) 650-6201 |
| POISON | | (561) 838-5422 |
| POLICE | | (561) 471-2000 |
| VETERINARIAN | Island Animal Hospital<br>262 Sunset Avenue<br>Palm Beach, FL 33480 | (561) 833-8552 |
| MIKE PEZZULO | Neighbouring House Manager<br>who can be called in emergencies | (561) 854-9192<br>Disconnected |
| MS MAXWELL | Portable<br>Home | (917) 520-3106<br>(212) 879-9366 |
| JONITHA MACKENZIE | Portable<br>Home | (917) 601-4143<br>(212) 535-7974 |



HOUSE_OVERSIGHT_014278

WORTH BUILDERS - [redacted]

**116 East 65th Street**
**New York NY 10021**

**Ms Ghislaine Maxwell**

**Staff**

Michelle Campos
Jennifer

House Managers
Joseph & Florena Rueda
Joseph
Florena

**358 El Brillo Way, Palm Beach**
**Florida 33480**

**Mr. Jeffrey Epstein**

**Ms Ghislaine Maxwell**

**Staff**
~~Lucian & Rushi McHawa~~

[redacted]

Jerome Pierre (Gardner) M- F

Alan Stopeck Landscape designer, Checks the garden

Francis & Pastora House cleaning service
Francis Peadon handles all cleaning/laundry
Bill Peadon

Nicole Hessey

Cherie Lynch

[redacted]

Nicole and Cherrie are well versed in supervising and shopping for PB, when necessary

**Pilots**

Larry Visosky

David Rogers

Dave

**Car phones**
Black Mercedes 600

Black Suburban
Mercedes Sports Convertible

[redacted]



HOUSE_OVERSIGHT_014279

## Residences

**Zorro Ranch**
**49, Zorro Ranch Road,**
**Stanley, New Mexico 87056**

**Mr. Jeffrey Epstein**

**Ms Ghislaine Maxwell**

**Staff**
Office

Brice & Karen Gordon Home
Brice
Karen

Floyd & Deire Home

Manolito
**Little St. James**
**C/0 Financial Trust Company**
**6100, Red Hook Quarters, Suite B3,**
**St. Thomas, USV1 00802.**

**Mr. Jeffrey Epstein**

**Ms. Ghislaine Maxwell**

**Staff**

Miles & Cathy Alexander
Miles
Cathy
**Paris**
**22 Avenue, Foch, Apt 2DD,**
**Paris, France 75116.**
Tel: 011 331 441 70210
Fax: 011 331 441 70211
**Staff**
Valdson Cotrin

**London**
**44 Kinnerton Street**
**London SW1X8ES**
Tel: 011 44 207 838 9129
Fax: 011 44 207 838 9128
Staff
Kathie Orchard



HOUSE_OVERSIGHT_014280

6/20/05

Flight Safety Client - LARRY Visoski - Hyperion

Jenny 5:30-10:30

Key scan - door key

340-776-4912

212-750-2408

Tah? 6624199

Dr. Jarecki message

~~Cebra~~ Cecilia "called twice" 2:45PM + 3PM

email ↗ Maer Roshan <mroshan@radarmagazine.com>

< cecilia Steen @gmail.com

Message print out - 917-346-9154 Diana Cook

Dr. Nagrani (212) 688-1090

For Gstislaine Maxwell > Louella's cell phone (LeNoulin) 561-818-8961

561-752-6380

707-4985

ADRIANA'S PARENTS ARE GOING to the embassy on the 23rd

letter - J. epstein + co.

The Villard House

457 MADISON AVENUE 4th Floor

NY NY 10022

SARAH Kellen - 116 A EAST 65th ST

NY NY 10021 917-855-3363

04-31-05
#2 Tri - 972 3527 1080 (h)
972 544 986 337 (p)

- ~~[illegible]~~ Marcela 917-699 8496
NEW YORK AT&T Wireless, Inc

- Patricia Velasquez

Kelly Bruno
310 722 9948

Christie Get rid of code Mum
33 620 72 40 63

510 813 2533 Christie

212-517 9330 Johnnie Fisher
VERIZON NEW YORK, INC.

Ghislaine Maxwell



HOUSE_OVERSIGHT_014282

# EXHIBIT 5

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CASE: 15-cv-07433-RWS

VIRGINIA GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.
_____/

VIDEOTAPED DEPOSITION OF TONY FIGUEROA

Volume 1 of 2

Pages 1 - 157

Taken at the Instance of the Defendant

DATE: Tuesday, June 28, 2016

TIME: Commenced: 8:59 a.m.
Concluded: 1:22 p.m.

PLACE: Southern Reporting Company
B. Paul Katz Professional Center
(SunTrust Building)
One Florida Park Drive South
Suite 214
Palm Coast, Florida 32137

REPORTED BY: LEANNE W. FITZGERALD, FPR
Florida Professional Reporter
Court Reporter and Notary Public



APPEARANCE OF COUNSEL

ON BEHALF OF THE PLAINTIFF:
BRADLEY J. EDWARDS, Esquire
Farmer, Jaffe, Weissing, Edwards, Fistos & Lehrman, P.L.
425 North Andrews Avenue
Ft. Lauderdale, Florida 33301
954-524-2820
Brad@pathtojustice.com

ON BEHALF OF THE DEFENDANT:
LAURA A. MENNINGER, Esquire
Haddon, Morgan and Foreman, P.C.
150 East 10th Avenue
Denver, Colorado 80203
303-831-7364
Lmenninger@hmflaw.com; Nsimmons@hmflaw.com

Also appearing: Jenny Martin, Videographer from Abel
Virginia Giuffre, Plaintiff



INDEX


VOLUME 1 (pages 1 - 157)
TONY FIGUEROA
Direct Examination by Ms. Menninger 5

OATH OF REPORTER 156

CERTIFICATE OF REPORTER 157

VOLUME 2 (Pages 158 - 258)

TONY FIGUEROA
Cross-Examination by Mr. Edwards 162
Redirect Examination by Ms. Menninger 218
Recross-Examination by Mr. Edwards 243
Further Direct Examination by Ms. Menninger 253
OATH OF REPORTER 257
CERTIFICATE OF REPORTER 258


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STIPULATION

It is hereby stipulated and agreed by and between counsel present at this deposition and by the deponent that the witness review of this deposition would be waived.



INDEX OF EXHIBITS


(MARKED BY THE DEFENDANT:)

Defendant's Exhibit 1 42
(Palm Beach County Sheriff's Reports - Case Number 98041883)

Defendant's Exhibit 2 71
(Greenacres Reports)

Defendant's Exhibit 3 77
(Two Pictures of Apartment Building)

Defendant's Exhibit 4 83
(Palm Beach County Sheriff's Reports - Case Number 02075321)

Defendant's Exhibit 5 134
(Royal Palm Beach Police Reports)

Defendant's Exhibit 6 144
(Robert's School Records)


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(MARKED BY THE PLAINTIFF:)

Plaintiff's Exhibit 1 162
(Photos)

Plaintiff's Exhibit 2 163
(Passport)


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Page 57

A No. That was it.
Q Where were you living at the time she left?
A My parents' house.
Q Is that where you were making the phone calls?
A Yeah.
Q Is that how you remember it?
A Yep.
Q Were your parents happy about the phone bill?
A Well, they did not care, because they knew that Jeffrey had money. And I told them -- I was, like, "Well, he's going to be paying the bills, so don't worry about."
And they were, like, "All right. As long as it gets paid."
And it didn't get paid. And I didn't have a place to live, and so...
Q Did you ever try to get money from Jeffrey to pay the phone bills?
A No. Pretty much the only time I had ever talked to Jeffrey after that was mainly the conversations are, "Where is Virginia? I know you know where she's at."

Page 58

I'm, like, "No, dude, I don't. You're the one that (descriptive sound) sent her away, not me. I have no clue. I have not heard from her. You're the reason she's not here, so why are you even coming to me? How would I know? She left me. She did not leave some guy I knew, she left me." You know.
Q How did those conversation happen?
A Because he would just call me. He was just trying to find her. He was, like, hunting her down.
Q He called you on your phone?
A Uh-huh (affirmative). He had my number.
Q Your cell phone?
A It was -- I believe so. A cell phone at the time, yeah.
Q Is that where you were getting all these expensive phone calls was your cell phone?
A No. I was using my parents' landline to make the calls.
Q Got it.
To call Thailand?
A Yeah.
Q But Jeffrey had your cell phone number?
A Yeah.

Page 59

Q And you were getting calls from Jeffrey on your cell phone --
A Yes.
Q -- asking where she was?
A Uh-huh (affirmative).
Q Did he say why he was trying to find her?
A No.
Q Was it him or someone else?
A No. It was him.
Q What was his tone when he was calling and asking for her?
A I don't want to say, like, desperate, but, like, you could tell it was, like, a sense of urgency, like he was kind of upset, like, you know, where the hell is she, kind of without saying it, you know. He was -- you could tell he was definitely on the hunt, trying to figure out where she was at.
Q Did you understand that he had paid for her trip to Thailand?
A Yeah.
Q Had she ever been to Thailand before?
A Not that I was aware of.
Q Did he know whether she had just left Thailand without a word?

Page 60

A I don't know what he thought. I guess he stopped hearing from her, as well.
Q Did he say that she called and said I'm getting married, and I'm never coming back?
A No. He kept asking me what was going on. I said, "Dude, I don't know. Like, if I knew, don't you think I would tell you? I mean, I have no reason to not tell you. She left me. Why would I hide anything?"
Q How did you know she had left you? She just didn't come back?
A Like I said, she had written me a note telling me she wasn't coming back.
Q So you're having a bunch of phone calls. And then all of the sudden you get a note saying, I'm not coming back?
A Yep.
Q During the phone calls, did she tell you she was breaking up with you?
A No.
Q Do you know the name of the rehab program where Philip and Ms. Roberts were together?
A No. Like I said, pretty much that whole period I was not there. Like, literally, no trace of me or her were anywhere near each other until,



HOUSE_OVERSIGHT_014285

# EXHIBIT 6

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CASE NO. 15-CV-07433-RWS

----------x

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

----------x

May 18, 2016
9:04 a.m.

C O N F I D E N T I A L

Deposition of [redacted], pursuant to notice, taken by Plaintiff, at the offices of Boies Schiller & Flexner, 401 Las Olas Boulevard, Fort Lauderdale, Florida, before Kelli Ann Willis, a Registered Professional Reporter, Certified Realtime Reporter and Notary Public within and for the State of Florida.

MAGNA
LEGAL SERVICES

1 that she was a daughter of one of his friends.
2 Q. But it was possible she was the school --
3 is it possible that the school she referred to was a
4 high school?
5 A. Yes.
6 Q. And what happened at that dinner, if
7 anything?
8 A. He did some magic tricks.
9 Q. Did you observe David Copperfield to be a
10 friend of Jeffrey Epstein's?
11 A. Yes.
12 Q. Did Copperfield ever discuss Jeffrey's
13 involvement with young girls with you?
14 A. He questioned me if I was aware that girls
15 were getting paid to find other girls.
16 Q. Did he tell you any of the specifics of
17 that?
18 A. No.
19 Q. Did he say whether they were teenagers or
20 anything along those lines?
21 A. He did not.
22 MS. MENNINGER: Objection, leading, calls
23 for hearsay.
24 BY MS. McCAWLEY:
25 Q. Did you ever hear or observe Jeffrey

1 talking on the phone about Frederic Fekkai?
2 A. Yes.
3 MS. MENNINGER: Objection, leading.
4 BY MS. McCAWLEY:
5 Q. What did you hear?
6 A. I heard him call someone, and say, Fekkai
7 is in Hawaii. Can we find some girls for him?
8 Q. And what was your reaction to that?
9 A. Well, I was massaging and I didn't have a
10 reaction. I tried to remain reactionless the whole
11 five years.
12 Q. Did Jeffrey ever take you shopping?
13 A. Yes.
14 Q. Can you describe for me what happened?
15 A. Sure. He took me to Victoria's Secret. I
16 believe he picked out everything and went into the
17 room with me, the fitting room, which was very odd.
18 Q. Did he make any comments about being in
19 the fitting room with you?
20 A. He joked that one time he was in there
21 with another girl, and she said something like
22 "Dad." But that's all I recall.
23 Q. Did Jeffrey ever talk to you -- let me
24 back up a moment.
25 Have you ever been propositioned by anyone

1 A. Just flying over it.
2 Q. When you said they called, do you know who
3 called your roommate?
4 A. I don't know who called my roommate.
5 Q. In this sort of pre-trip to New York
6 period, do you recall discussing any of the
7 particulars of your massages with Jeffrey, with
8 Ghislaine?
9 MS. McCAWLEY: Objection.
10 BY MS. MENNINGER:
11 Q. If that makes sense.
12 A. No.
13 Q. So before you got this call, had anyone
14 mentioned the idea of traveling to you?
15 A. No.
16 Q. Did you call Jeffrey immediately?
17 A. I did.
18 Q. And what conversation did you have with
19 him?
20 A. Basically he said, I want to take you
21 to -- to New York City. Can you be here quickly?
22 And I got to the house, and he said, Do
23 you have your passport?
24 I said, No.
25 He said, Go get it.

# EXHIBIT 7

IMII 12/10/04 DDA STATEMENT HISTORY 10.02.11 PAGE 1

JEFFREY E EPSTEIN OR ACCOUNT 000-000-0000-[illegible]

GHISLAINE MAXWELL OR ALFREDO RODRIGUEZ DATE LAST STATEMENT 11/23/04

HOUSEHOLD ACCOUNT DATE THIS STATEMENT 12/10/04

*****DDA TRANSACTIONS*****

| BEGINNING BALANCE | CHECKS/OTHER DEBITS NBR | TOTAL AMOUNT | DEPOSITS/OTHER CREDITS NBR | TOTAL AMOUNT | ENDING BALANCE |
|---|---|---|---|---|---|
| 0.00 | 10 | 4006.36 | 2 | 7439.80 | 3433.44 |

| DATE | CK NBR | AMOUNT | TP | TRANSACTION DESCRIPTION | BALANCE |
|---|---|---|---|---|---|
| 10/14 | | 7439.56 | DP | DEPOSIT | 7439.56 |
| 10/25 | 93 | 450.00 | CK | TELLER CASHED CHECK | 6989.56 |
| 10/25 | | 0.24 | CR | IOD INTEREST PAID | 6989.80 |
| 10/27 | | 69.38 | DB | CLARKE AMERICAN CHK ORD | 6920.42 |
| 11/01 | 2500 | 1150.00 | CK | TELLER CASHED CHECK | 5770.42 |
| 11/08 | 2504 | 340.00 | CK | CHECK | 5430.42 |
| 11/09 | 2502 | 684.87 | CK | CHECK | 4745.55 |
| 11/09 | 2505 | 415.86 | CK | CHECK | 4329.69 |
| 11/09 | 2503 | 406.25 | CK | CHECK | 3923.44 |
| 11/15 | 2511 | 360.00 | CK | CHECK | 3563.44 |
| 11/15 | 2512 | 80.00 | CK | CHECK | 3483.44 |
| 11/15 | 2501 | 50.00 | CK | CHECK | 3433.44 |

PF1 - PAGE FWD

ESC=CLEAR SCREEN ALT-F2=PRINT SCREEN ALT-X=EXIT 7

561 820-8790



Dec 10 2004 11:13AM No.1043 P. 7

IMII 12/10/04 DDA STATEMENT HISTORY 10.02.11 PAGE 2

JEFFREY E EPSTEIN OR ACCOUNT 000-000-0000

GHISLAINE MAXWELL OR ALFREDO RODRIGUEZ DATE LAST STATEMENT 11/23/04

HOUSEHOLD ACCOUNT DATE THIS STATEMENT 12/10/04

*****DDA TRANSACTIONS*****

| BEGINNING BALANCE | CHECKS/OTHER DEBITS NBR | TOTAL AMOUNT | DEPOSITS/OTHER CREDITS NBR | TOTAL AMOUNT | ENDING BALANCE |
|---|---|---|---|---|---|
| 0.00 | 19 | 11614.78 | 4 | 17440.24 | 5825.46 |

| DATE | CK NBR | AMOUNT | TP | TRANSACTION DESCRIPTION | BALANCE |
|---|---|---|---|---|---|
| 11/16 | 2507 | 1135.03 | CK | CHECK | 2298.41 |
| 11/16 | 2509 | 803.24 | CK | CHECK | 1495.17 |
| 11/16 | 2506 | 344.91 | CK | CHECK | 1150.26 |
| 11/16 | 2508 | 125.24 | CK | CHECK | 1025.02 |
| 11/16 | 2510 | 110.00 | CK | CHECK | 915.02 |
| 11/17 | 2514 | 80.00 | CK | TELLER CASHED CHECK | 835.02 |
| 11/18 | | 10000.00 | CR | INCOMING WIRE CREDIT | 10835.02 |
| 11/18 | | 10.00 | DB | INCOMING WIRE FEE | 10825.02 |
| 11/18 | | *2500.00 | CK | TELLER CASHED CHECK | 8325.02 |
| 11/22 | 2513 | 2500.00 | CK | CHECK | 5825.02 |
| 11/23 | | 0.44 | CR | IOD INTEREST PAID | 5825.46 |

LAST PAGE PF2 - PAGE BKWD

ESC=CLEAR SCREEN ALT-F2=PRINT SCREEN ALT-X=EXIT E 7



HOUSE_OVERSIGHT_014293

IMI3 12/10/04 DDA STATEMENT INQUIRY 10.02.31 PAGE 1

JEFFREY E EPSTEIN OR ACCOUNT 000-000-000C
GHISLAINE MAXWELL OR ALFREDO RODRIGUEZ DATE THIS STATEMENT 12/10/04
HOUSEHOLD ACCOUNT DATE LAST STATEMENT 11/23/04

*****DDA TRANSACTIONS*****

| BALANCE LAST STATEMENT | CHECKS/OTHER DEBITS NBR | TOTAL AMOUNT | DEPOSITS/OTHER CREDITS NBR | TOTAL AMOUNT | BALANCE THIS STATEMENT |
|---|---|---|---|---|---|
| 5825.46 | 10 | 9038.14 | 1 | 10000.00 | 6787.32 |

| DATE | CK NBR | AMOUNT | TY | TRANSACTION DESCRIPTION | BALANCE |
|---|---|---|---|---|---|
| 11/30 | 2515 | 125.00 | | CHECK | 5700.46 |
| 12/03 | 2516 | 1600.00 | | CHECK | |
| 12/03 | 2517 | 549.29 | | CHECK | 3551.17 |
| 12/06 | | 10000.00 | | INCOMING WIRE CREDIT | |
| 12/06 | | 10.00 | | INCOMING WIRE FEE | |
| 12/06 | | 2000.00 | | TELLER CASHED CHECK | 11541.17 |
| 12/07 | 2521 | 517.74 | | CHECK | |
| 12/07 | 2522 | 210.00 | | CHECK | |
| 12/07 | 2518 | 101.03 | | CHECK | 10712.40 |
| 12/08 | 2519 | 2925.08 | | CHECK | |
| 12/08 | | 1000.00 | | TELLER CASHED CHECK (To Mr. J.E) | 6787.32 |

ESC=CLEAR SCREEN ALT-F2=PRINT SCREEN ALT-X=EXIT E 7



HOUSE_OVERSIGHT_014294

# EXHIBIT 8

→ Colonial Bank / Worth Ave
- Ben Lenn
- Leonor

## BANKING

| | | |
|---|---|---|
| **Household Banking Account** | Palm Beach National Bank<br>125 Worth Avenue<br>Palm Beach, FL 33480<br><br>**Tel: (561) 653-5594** | Account No: [redacted]<br>Send to Eric Gany for reconciliation<br>$1,000 Petty Cash Float |

## BICYCLES

| | | |
|---|---|---|
| **Bicycles** | Palm Beach Bicycle Trail Shop<br>223 Sunrise Avenue<br>Palm Beach, FL 33480<br><br>**Tel: (561) 659-4583** | Mongoose Crossway 450<br>Raleigh Aluminium 300<br>Mercedes Benz<br>Cignal Sports Bike<br>Schwinn World<br>Huffy Santa Fe<br>Raleigh Sport<br>Scott Boston |

## BOOKSTORES

| | | |
|---|---|---|
| **Newspapers** | Publix Super Market<br>265 Sunset Avenue<br>Palm Beach, FL 33480<br><br>**Tel: (561) 655-4120** | |
| **Magazines** | Main Street News<br>255 Royal Poinciana Way<br>Palm Beach, FL 33480<br><br>**Tel: (561) 833-4027** | |

## CLEANING SERVICE

| | | |
|---|---|---|
| **Francis Peadon**<br>**House Cleaning Services** | **(561) 833-4486**<br>(561) 635-3068 Coll. 1.<br>(561) 309-5820 " 2.<br>(56) 346-1119 | Every Tuesday and Wednesday<br>8:00am - 4:00pm<br>(Francis and Pastora Peadon) |

## ENTERTAINMENT

| | | |
|---|---|---|
| **The Breakers** | One South County Road<br>Palm Beach, FL 33480<br><br>**Tel: (561) 655-6611** | Renew car park stickers every September |
| **Comedy Corner** | 2000 South Dixie Highway<br>West Palm Beach, FL 33401<br><br>**Tel: (561) 833-1812** | |
| **The Mar-a-Lago Club** | 1100 South Ocean Boulevard<br>Palm Beach, FL 33480<br><br>**Tel: (561) 832-2600** | |

# EXHIBIT 9

BRITNEY SPEARS & BEYONCE'S VMA FEUD ANTHONY WEINER SPLIT

THE REAL REASON TOM CRUISE HASN'T SEEN HIS DAUGHTER IN YEARS

19 ACTORS WHO WERE BORN FILTHY RICH

EMAIL US A TIP

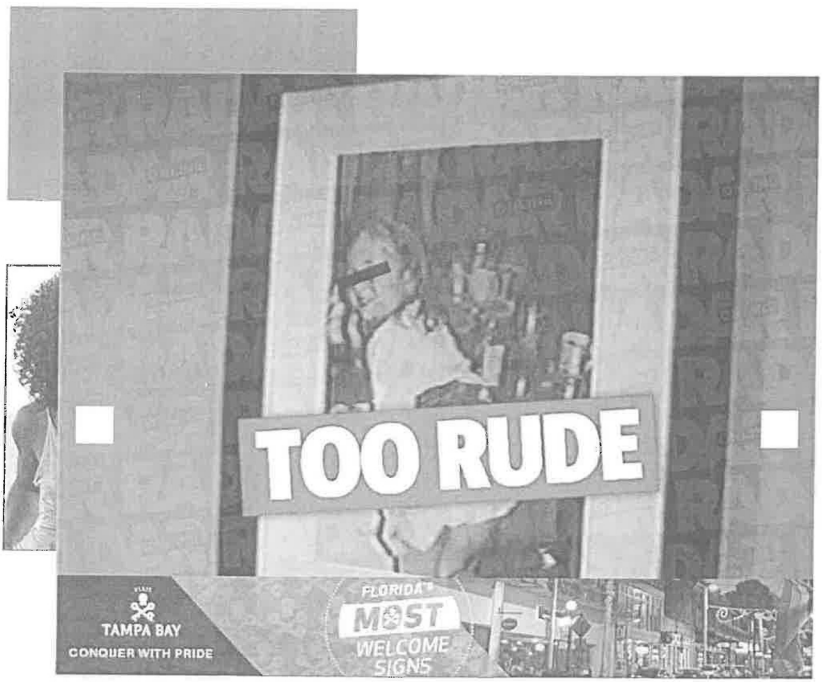


YOU MAY LIKE

Sponsored Links by Taboola

30:54 1:21:26

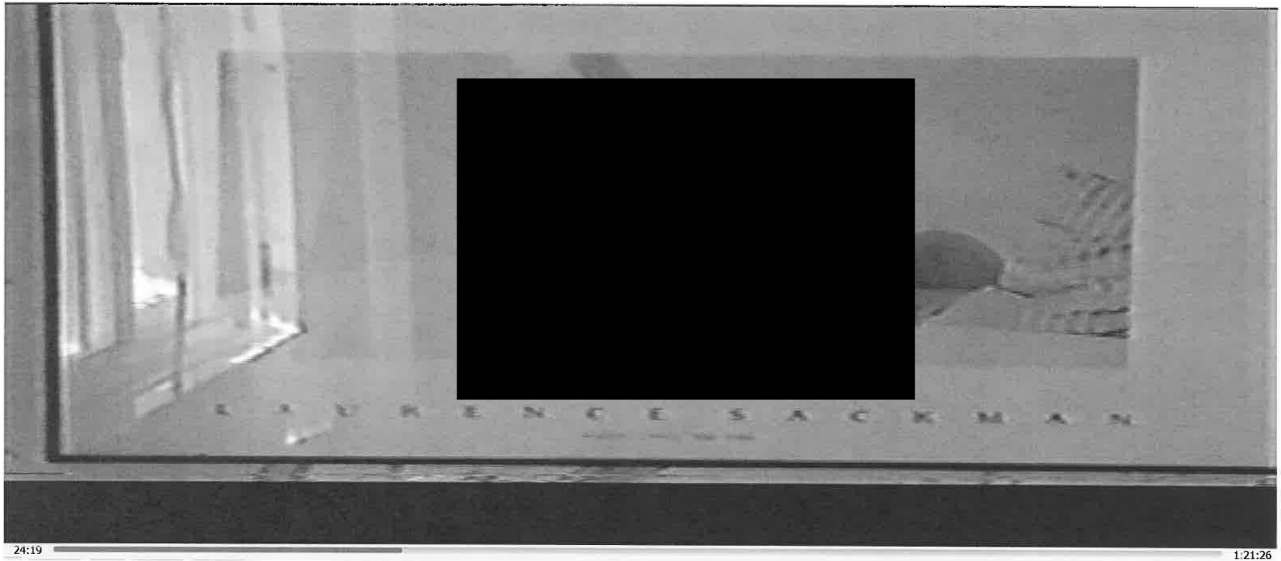


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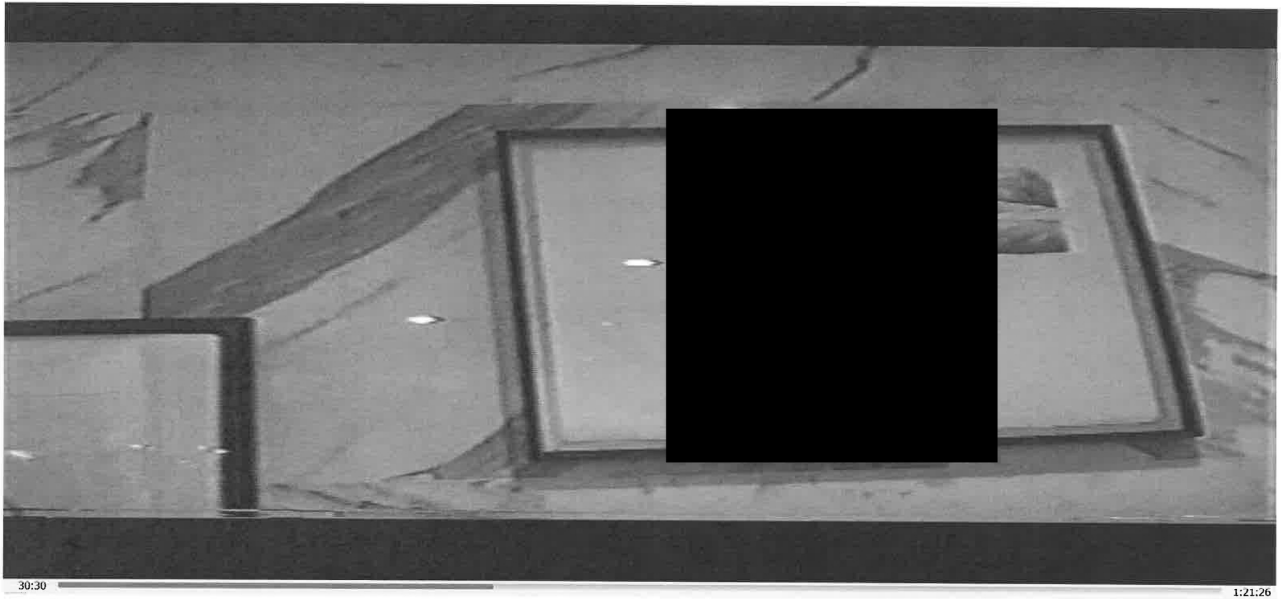

30:30 1:21:26

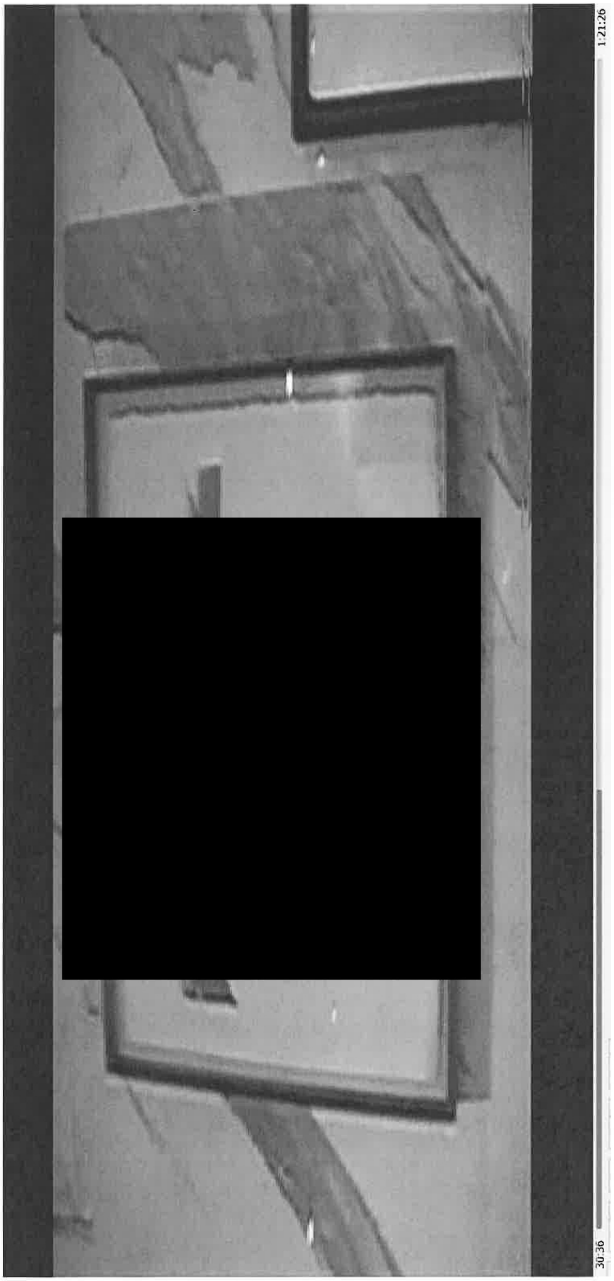
1:21:26
30:36

# EXHIBIT 10

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CASE NO. 15-CV-07433-RWS

----------x

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

----------x

June 20, 2016
9:12 a.m.

C O N F I D E N T I A L

Deposition of [redacted], pursuant to notice, taken by Plaintiff, at the offices of Podhurst Orseck, 25 West Flagler Street, Suite 800, Miami, Florida, before Kelli Ann Willis, a Registered Professional Reporter, Certified Realtime Reporter and Notary Public within and for the State of Florida.

MAGNA
LEGAL SERVICES

1 [redacted] - CONFIDENTIAL
2 men and women bodies mixed together.
3 Q. Okay. Do you remember the photographs?
4 MR. PAGLIUCA: Object to form and
5 foundation.
6 THE WITNESS: Not specifically, no.
7 BY MR. EDWARDS:
8 Q. At the point during your statement, the
9 specific passage that I'm asking about is, you say,
10 "Teenage, he's got lots of pictures of teenage
11 girls, like real photos that he took."
12 A. Yeah. They were not displayed.
13 MR. PAGLIUCA: Object to form and
14 foundation.
15 BY MR. EDWARDS:
16 Q. Okay. Where were they?
17 A. I remember one incident where he showed
18 them to me, and they were young women in the
19 bathtub.
20 Q. And did he take pictures of you?
21 A. Yes.
22 Q. Did he take pictures of you naked?
23 A. Yes. As far as I know, they were never
24 recovered.
25 Q. How could you tell that the photographs

# EXHIBIT 11

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
CASE No.502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

-vs-

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS, individually, and
L.M., individually,

Defendants.

---

VIDEOTAPED DEPOSITION OF JEFFREY EPSTEIN

Wednesday, March 17, 2010
10:17 a.m.- 1:27 p.m.

303 Banyan Boulevard
Suite 400
West Palm Beach, Florida 33401

Reported By:
Sandra W. Townsend, FPR
Notary Public, State of Florida
West Palm Beach Office Job #1358



Electronically signed by Sandra Townsend (401-377-676-2895)
Electronically signed by Sandra Townsend (401-377-676-2895)
1ddcfb84-b324-4437-a670-765e29067145

1 Amendment Rights as provided by the U.S.
2 Constitution.
3 BY MR. SCAROLA:
4 Q. Does a flight log kept for a private jet used
5 by you contain the names of celebrities, dignitaries or
6 International figures?
7 A. At least today, sir, I'm going to have to
8 respectfully decline to answer based on my Fifth, Sixth
9 and 14th Amendment Right, though I'd like to answer that
10 question.
11 Q. Have you ever had a personal relationship with
12 Donald Trump?
13 A. What do you mean by "personal relationship,"
14 sir?
15 Q. Have you socialized with him?
16 A. Yes, sir.
17 Q. Yes?
18 A. Yes, sir.
19 Q. Have you ever socialized with Donald Trump in
20 the presence of females under the age of 18?
21 A. Though I'd like to answer that question, at
22 least today I'm going to have to assert my Fifth, Sixth
23 and 14th Amendment Right, sir.
24 Q. Have you socialized with Alan Dershowitz?
25 A. Yes, sir. He's my attorney, as well as a



Electronically signed by Sandra Townsend (401-377-676-2895)
Electronically signed by Sandra Townsend (401-377-676-2895)
1ddcfb84-b324-4437-a670-765e29067145

1 friend.
2 Q. Have you ever socialized with Alan Dershowitz
3 in the presence of females under the age of 18?
4 MR. PIKE: Form.
5 THE WITNESS: Sir, at least here today, I'm
6 going to have to assert my Fifth Amendment, Sixth
7 Amendment and 14th Amendment Rights.
8 BY MR. SCAROLA:
9 Q. Have you ever socialized with Tommy Mottola?
10 A. This is the type of questions where people who
11 have nothing to do with this case whatsoever have been
12 brought into the case by Mr. Edwards in an attempt to
13 simply imperil my relationships with social friends and
14 serves as an example of why this case has been brought
15 against Mr. Edwards and his firm, sir.
16 MR. PIKE: Form as well.
17 BY MR. SCAROLA:
18 Q. Well, do you know who brought those persons'
19 names into this lawsuit?
20 MR. PIKE: Form.
21 And just to be clear, what Mr. Scarola, I
22 believe, talking about this lawsuit, Epstein versus
23 RRA?
24 BY MR. SCAROLA:
25 Q. Yes, sir, that's the lawsuit I'm talking



Electronically signed by Sandra Townsend (401-377-676-2895)
Electronically signed by Sandra Townsend (401-377-676-2895)
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HOUSE_OVERSIGHT_014309

**From**: Ens, Amanda [redacted]
**Sent**: 11/15/2016 2:44:06 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: SPX put contingent on higher rates
**Attachments**: image001.jpg; image002.jpg; image003.jpg; image005.png

**Importance**: High

**Navigating post-Trump volatility**

- We are recording unprecedented divergences in falling equity vol with rising rates vol post Trump's win. Intra-day S&P realized vol collapsed from near 60% to below 20% in 2d **[Chart 1]**
- While equities have shown less conviction over what a Trump win means (given strong sector rotation), the bond market has sold off with one of the largest moves in history **[Chart 2 & 3]**
- Stabilizing rates volatility from here is key to markets remaining calm and while equity upside may continue, it is not without higher risks
- We like cheap optionality to hedge long-equities if rates continue to move sharply

**For investors long equities, we look at ways to cheapen protecting from downside risks in the event of further bond market volatility catalysed by Trump policy uncertainty**

- **Buy an SPX Apr-17 95% put conditional on US 10Y CMS > 2.5% at maturity for 0.87%**
  - 70% discount vs. vanilla
  - CMS ref. 2.11%, SPX ref. 2,164.2

*CMS = constant maturity swap*

**Chart 1: The response in S&P 500 realized equity volatility to the US election surprise was similar to Brexit but more extreme, as the spike in volatility collapsed at record speed**

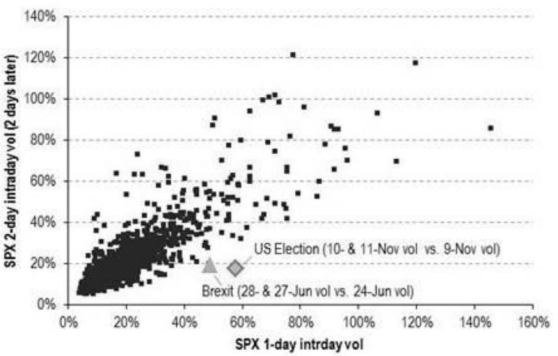


Source: BofA Merrill Lynch Global Research. Based on daily data from June 2004 to current

**Chart 2: Ten-year US Treasury yields see a near record spike after the US election**

**Chart 3: Long Bond futures prices down near record amount (~5%) in the four days since the election**

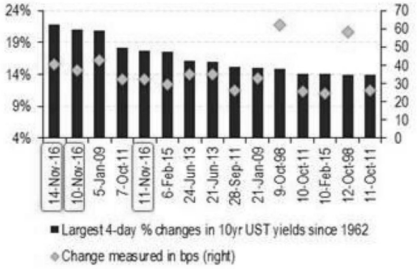


Source: BofA Merrill Lynch Global Research. Based on daily data since 1962.

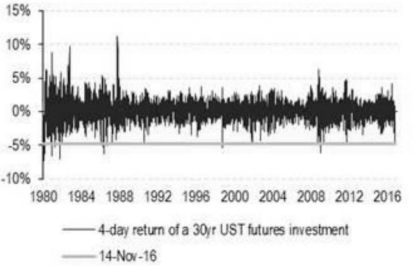


Source: BofA Merrill Lynch Global Research

**Amanda Ens**
Director
Bank of America Merrill Lynch
Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park, 5th Floor, New York, NY 10036
[redacted]

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Bank of America Merrill Lynch

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**From**: Ens, Amanda [redacted]
**Sent**: 11/17/2016 6:05:47 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: Financials: buy XLF Mar17 $22 call with $26 KO for $0.87 with full premium rebate on KO
**Attachments**: image001.png; Future of Financials Conference Takeaways.pdf

**Importance**: High

Our Financials Conference was this week and client attendance was up by 66% from last year. Yes, banks/financials might pull back at some point after this run-up but we would be buyers on any pullbacks and we continue to see further upside from multiple expansion and earnings growth. Our analyst raised her price targets by ~11% across the board. The long term rotation from bonds and div stocks into sectors like financials is only beginning.

Vol is higher on the week; what prices well now:
**Buy the XLF March 2017 $22 call with $26 Knock-Out (continuous) for $0.87, with a full premium rebate if knock-out occurs.**
This prices attractively given flat call skew and if XLF breaches $26 and this knocks out, at least you get your premium back.

Please find our Financials report attached.
Future of Financials conference hosted 90 public and private companies at our Future of Financials conference. We are raising our price objectives across most of our names. Three primary reasons why we think there is upside remaining after the recent rally: 1) an improved outlook on both activity levels and interest rates, driving revenue upside; 2) potentially lower regulatory burden, particularly as new supervisory leadership can come with the new administration; and 3) relatively lighter positioning in US financials vs. other sectors. (Erika Najarian)

---

**From:** Ens, Amanda
**Sent:** Monday, November 14, 2016 12:05 PM
**To:** 'jeffrey E.'; 'Richard Kahn'
**Subject:** RE: Financials trade for Monday

We continue to see buyers of XLF today. Funds are underweight financials in all regions, valuations are reasonable, earnings are improving and financials tend to outperform when bond yields rise.

Vol is higher today – refreshed pricing below.

Buy an XLF 17March2017 call spread:

- Buy the 105% call / sell a 110% call with a 115% at-expiry knock-in
- Total premium: 1.86%

**Global Positioning in Stocks: Nigel Tupper notes the 4000 funds in our "Positioning in Stocks" analysis are more underweight Financials, on average, than any other sector and are underweight this sector in all regions of the world**. If earnings continue to improve and yield rise, which is often the case in an upturn in our Global Wave, then the unloved Financials sector has the potential to continue to outperform.

**Global Quant Panorama: "Bearish on Bonds" stocks (which tend to move in the opposite direction to bond yields) tend to outperform our "Bullish On Bonds" when bond yields rise**. The sectors that tend to perform best as bond yields rise are Energy, Tech, Materials, Banks, and Diversified Financials. Of these sectors, the laggards this year have been Banks and Diversified Financials. With a PE of 15.9x and a PB of 2.0x, Global valuations are reasonable. Also, Risk is near all-time lows in terms of PE in most regions. Now that macro and earnings data have triggered the beginning of a rotation, Value becomes very relevant.

**From:** Ens, Amanda
**Sent:** Friday, November 11, 2016 4:04 PM
**To:** 'jeffrey E.'; 'Richard Kahn'
**Subject:** Financials trade for Monday

It's not too late to buy financials as a medium term trade. They've run up a lot this week but we're getting endless calls from generalists asking which banks to buy – there is still more upside to the sector. Banks also provide some offset to your bonds if interest rates continue to move. Our financials sector specialist thinks XLF could have another 20-25% upside given its many levers to the Trump trade: less regulation, higher interest rates/steeper yield curve, higher vol, economic growth, etc. The regional banks are asset sensitive and more of a pure play on a rates move but we view the larger cap banks as having even more upside to the Trump Trade given the above points.

Buy an XLF 17March2017 call spread:

- Buy the 105% call / sell a 110% call with a 115% at-expiry knock-in
- Total premium: 1.75%

All eyes are on Sunday's 60 Minutes interview with Trump. Market is pricing that all regulations will be rolled back (very optimistic). Any hint that this is not true could lead to pullback on Monday.

Note on tech: we're seeing FANG used as a source of funds with the rotation from growth into value. There's also the tax read-through: tech is already relatively tax advantaged @ 22%; Industrials are at 30%, Financials at 29%. Next year, tech could benefit from a repatriation tax holiday but that is viewed as more of a Q1/Q2 trade.

More thoughts on financials:
With respect to the economy, the market is certainly indicating that there will be a large fiscal stimulus which may send US growth higher and that's a good thing for financials for a wide variety of reasons, from employment to wages to loan growth and credit quality (even if somewhat offset by higher rates). It does remain to be seen exactly how much of this expected policy actually gets done, but at the moment, investors are willing to take a certain amount of growth on faith.

So those are positives for financials before we even discuss regulation. The move in the financials since the election would seem to indicate that investors have concluded that nearly every piece of financial regulation will get put into a shredder on day one of the new administration. The incoming administration has fueled that with comments about rolling back pieces (or more) of Dodd-Frank in particular. I can see making the case for that to the American public by saying that banks need less regulation in order to get more capital flowing into the economy to drive growth. Not only does that mean that the E is likely too low (meaning that the P/E is not as high as it seems) but it could help improve ROE's as well which could increase the multiple of that higher E investors are willing to pay. Note that while ROEs could go higher, it's unlikely that they can get back to the peaks...

Regards,
Amanda

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# Management and client bullishness implies further upside

Price Objective Change

Bank of America Merrill Lynch

Equity | 17 November 2016 Corrected

## Conference tone bullish into 2017

We recently hosted over 90 public and private companies and 700 attendees at our Future of Financials conference, where investor attendance was up an impressive 66% YoY. The tone from management and investors was uniformly bullish, with more generalists attending than we have seen in previous years.

## Revenue & regulatory upside + positioning = raising POs

We are raising our price objectives across most of our names. Three primary reasons why we think there is upside remaining after the recent rally: 1) an improved outlook on both activity levels and interest rates, driving revenue upside; 2) potentially lower regulatory burden, particularly as new supervisory leadership can come with the new administration; and 3) relatively lighter positioning in US financials vs. other sectors.

## Full house at innovation-focused panels

New this year, we hosted expert panels on the evolution of clearing, fixed income market structure, equity market structure, and payments, and how innovation in blockchain, big data, and robo advisory can change the game. Strong panel attendance suggested high interest in these themes, and polling feedback suggests shareholders want banks to make investment spend in innovation a priority -- so long as it is self funded with savings found elsewhere.

## Banks: Most constructive we've heard in years

We are raising our POs for our banks by c11% (see Table 1 page 63). When asked if the election results changed 2017 outlooks, all banks were more enthusiastic about growth. Echoing sentiment from our panel on regulation and M&A, banks were upbeat on the CCAR process potentially evolving post-election. Our top picks out of the conference: WFC (sentiment over retail sales practices clouding EPS sensitivity to improving macro), C (solid momentum on revenues and capital return), IBKC (moving closer to strategic targets), and EWBC (sentiment post-election appears constructive on regulatory relief).

## Brokers, Alternatives, and Asset Managers

The sentiment around the capital market sector was mostly favorable post the election outcome, given the potential for de-regulation, pro-growth, rising rates, lower tax rates, and increasing activity levels. For the brokers, given mostly favorable 4Q activity trends (more so for trading vs. banking), 1H17 seasonality with easy comps, and potential for de-regulation and lower taxes – we like the outlook, particularly for GS. For the asset managers, despite the move higher post the election on a potential DOL delay/modification and lower tax rates, most expect the DOL to continue in some form and the core trends remain challenging – we remain cautious. For the alternative managers, while we continue to view the structural growth as attractive and a lower corp tax rate could potentially increase the odds of a transition to a C-corp , given the potential for a higher carry tax, rising rates, and de-regulation of banks potentially moderating some of the newer growth areas, we view the outlook as more balanced.

## Specialty / Consumer finance

Companies were generally bullish on the US consumer heading into 2017. AXP presented a fairly upbeat outlook on billings, loan and revenue growth, while cautioning that Discount rate pressures and FX headwinds could impact near-term results. The private tech based lenders were cautiously optimistic that hiccups from earlier this year were behind the sector, while the private payments companies stressed the importance of partnering with incumbent leaders and the need to maintain safety standards.

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**Refer to important disclosures on page 78 to 81. Analyst Certification on page 75. Price Objective Basis/Risk on page 64.**

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Timestamp: 17 November 2016 06:24AM EST

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# Conference tone bullish into 2017

We recently hosted over 90 public and private companies and 700 attendees at our Future of Financials conference, where investor attendance was up an impressive 66% YoY. The tone from management and investors was uniformly bullish, with more generalists attending than we've seen in previous years. When asked how they would describe their portfolio positioning in financial stocks, 60% of the investors polled noted that they are either slightly overweight or very overweight the sector (see Chart 1).

**Chart 1: How would you describe your portfolio positioning in financial stocks, excluding insurance and REITs?**

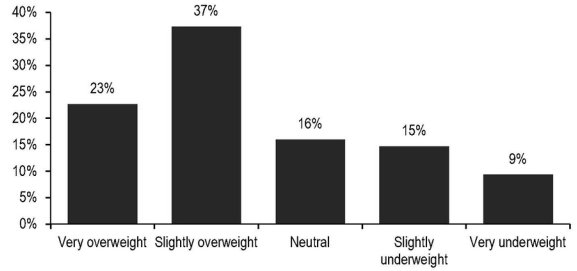


Source: BofA Merrill Lynch Global Research

New this year, we hosted expert panels on the evolution of clearing, fixed income market structure, equity market structure, and payments, and how innovation in blockchain, big data, and robo advisory can change the game. Strong panel attendance suggested high interest in these themes, and polling feedback suggests shareholders want banks to make investment spend in innovation a priority -- so long as its self funded with savings found elsewhere. 68% of those polled across multiple company presentations believed that institutions should invest in innovation projects but be mindful of self-funding (see Chart 2).

**Chart 2: Chart 2: As a shareholder, what statement most closely aligns with your view on how traditional financial institutions should allocate investment spending on innovation?**

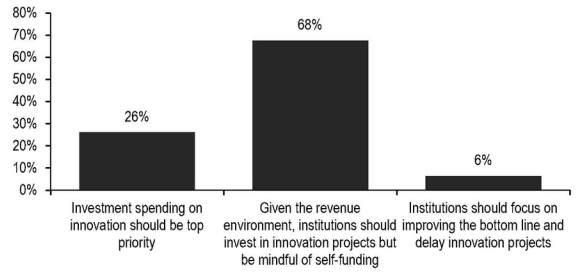


Source: BofA Merrill Lynch Global Research



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# Banks Takeaways

With our conference coming a week following a historic US presidential election that helped boost bank stocks by 12%, bank management teams were generally optimistic with regards to the economic outlook heading into 2017. Greater fiscal stimulus that is expected to spur economic growth coupled with potential regulatory relief has helped improve the overall sentiment in the sector. When asked what the biggest impact of the GOP sweep would likely be to bank earnings, 35% noted tax cuts and infrastructure spurring growth as the biggest impact.

**Chart 3: What do you think is the biggest impact of the GOP sweep to bank earnings?**

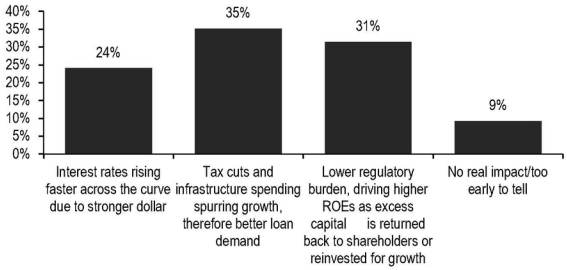


Source: BofA Merrill Lynch Global Research

An area that has attracted particular attention among bank investors is around the current landscape of multifamily lending. We polled the audience around their outlook for multifamily lending in 2017 and found that 49% of those polled said there was some concern, but only in certain regions and at certain rental price points. Meanwhile, 29% noted softening fundamentals that should lead to slower financing activity and worsening credit metrics (see Chart 4).

**Chart 4: How do you view fundamentals for multifamily lending in 2017?**

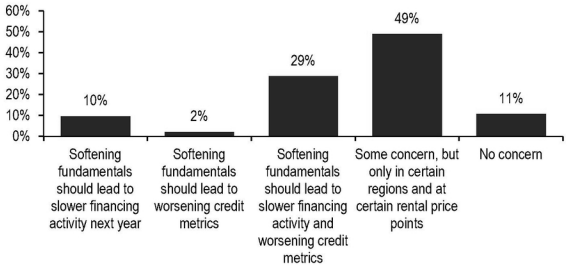


Source: BofA Merrill Lynch Global Research



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# Brokers Takeaways

In brokers, GS presented, while MS hosted 1-1 meetings with investors. During the conference we polled the audience on several topics including the outlook for capital markets revenues.

### Investors modestly positive on capital markets over next 1-2 years

Given the election outcome, recent rise in rates, potential for higher growth and de-regulation, and lower corporate tax rates, we asked investors about their outlook for capital markets over the next 1-2 years. The majority of investors (78%) were positive about the capital markets sector, with 56% who expect modest improvement in regulation, revenue growth of 5-10%, and returns of 10-12% and 22% who think we could see significant improvement in regulation, revenues growth of 10%+, and returns 12%+.

**Chart 5: Based on the backdrop and the election outcome, what is your outlook for the capital markets over the next 1-2 years**

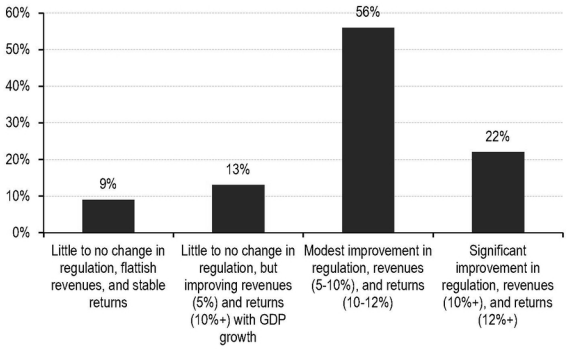


Source: BofA Merrill Lynch Global Research

# Asset Manager Takeaways

In asset management, four of the largest public managers, IVZ, EV, LM, and AB either presented or engaged in fireside chats, while several other firms including AMG, APAM, BLK, CNS, OMAM, and VRTS hosted 1-1 meetings with investors. During the conference we polled the audience on several topics including the outlook for DOL (in the panel section), the outlook for fixed income given the recent rise in rates/expected rate hike and outlook, active vs passive market share, M&A, and pricing/fee structures.

### Fixed income outlook more muted

Given the recent rise in rates, a looming rate hike in December, and the potential for a higher growth/inflation outlook for the economy, we asked investors their outlook on fixed income performance and flows vs equities. The majority of investors believe we will see weaker fixed income performance and flows offset by stronger equity performance and flows (52%). Weaker fixed income/equity performance and flows was the second most popular answer at 24% while flat flows and performance came in third at 16%. Only 8% of the audience think we will see stronger fixed income/equity performance and flows, while nobody thinks fixed income will be stronger and equity will be weaker (both flows and performance).



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**Chart 6: What is your outlook on fixed income performance and flows versus equities?**

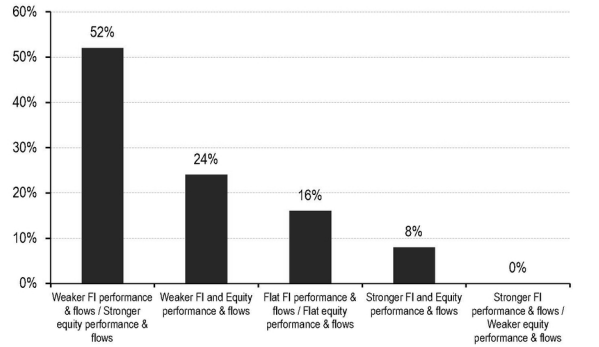


Source: BofA Merrill Lynch Global Research

## Active vs passive outlook – passive to continue to gain share

Given the ongoing shift to passive investing from active, we polled the audience to see where they think the share split between the two styles eventually settles. Currently the share split is roughly 70% active and 30% passive which was the least popular answer (10%) when asked "do you see improving cyclical demand for active management, despite structural headwinds, and if so where do you think active/passive share settles?" Most investors do see improving cyclical demand for active management and think passive will eventually control 40% of the market (50%) while 40% of respondents do not see improving trends for active and that passive will eventually capture 50% of the market.

**Chart 7: Do you see improving demand for active & where do you think active/passive share settles?**

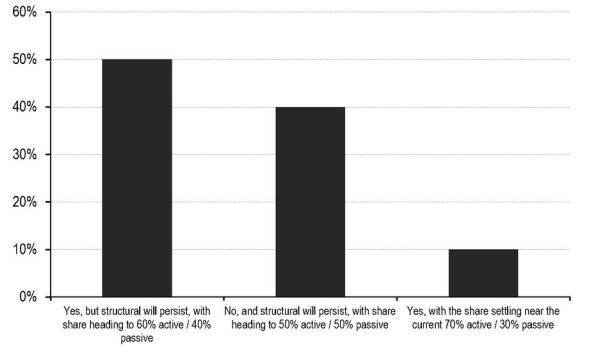


Source: BofA Merrill Lynch Global Research

## M&A activity likely to rise

Given a recent pickup in M&A and pressures within the industry that will likely continue the trend, including rising regulatory costs, some fee pressure, and active outflows, we asked investors their outlook for M&A in the sector. We found that the majority think



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that the number of deals in the asset management sector will increase modestly in 2017 vs 2016 (56%), 32% see M&A picking up significantly, and 12% see flat activity in 2017. Nobody sees lower M&A activity in 2017 vs 2016.

**Chart 8: How will 2017 asset management M&A activity (# of deals) be versus 2016?**

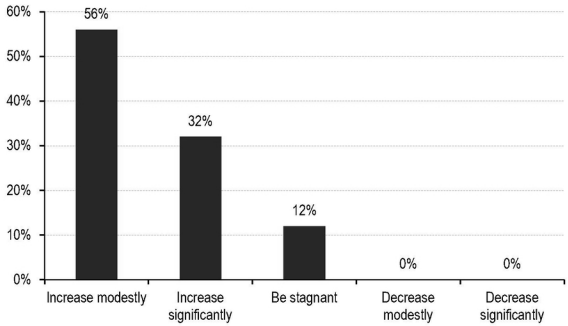


Source: BofA Merrill Lynch Global Research

## Pricing/fee structure in retail seems to have more of a following

Given some underperformance of active managers, some scrutiny around fees, as well as fee pressure from passive, we asked investors if they thought a change in active pricing could make sense, i.e. charge a lower base fee with a variable performance fee that would be earned when alpha is generated. We found a majority of respondents thought it would make sense to change the pricing structure and it could make active more competitive vs passive (67%). The rest of respondents felt it didn't make sense either because it would be too challenging for the active industry or it would not slow the flows into passive.

**Chart 9: Do you think a change in industry active pricing (lower base + perf fee) could make sense?**

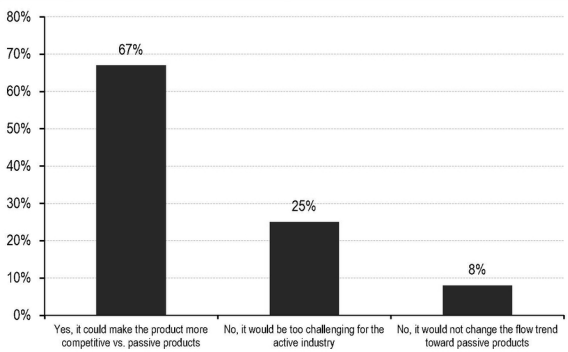


Source: BofA Merrill Lynch Global Research



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# Alternative Asset Manager Takeaways

Within alternative asset management, four of the public managers, ARES, BX, CG, and KKR presented, while the others did meetings. During the conference we polled the audience on several key topics including the outlook for the equity and real estate markets, potential impacts from the recent election, distribution outlook, and firm structures and business models. Investors were generally bullish on the equity market, potential for fiscal stimulus ahead, and a key focus from investors was on the potential change in taxes following the election, and whether that means reassessing corporate structures for the alts, with a possible change from PTP to C-corp.

### Investors bullish on the equity markets

Our polling results indicate that investors are generally positive on equity market returns over the next year. When asked "What is your expectation for equity market returns over the next year?" the most common response was +0-10% (51%), followed by 10%+ (25%), 0 to -10% (15%), and <-10% (8%).

**Chart 10: What is your expectation for equity market returns over the next year?**

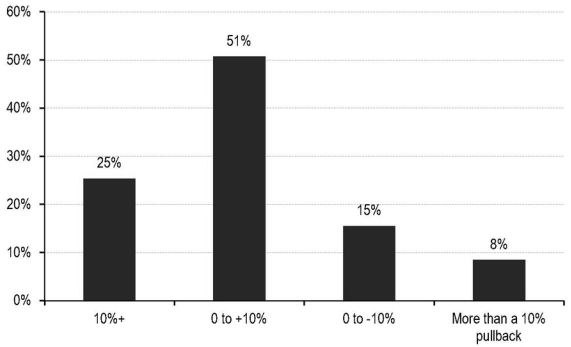


Source: BofA Merrill Lynch Global Research

### Investors are less positive on the real estate market

When asked "Where do you think we are in the overall Real Estate cycle?" most people think that we are in the middle innings with a few pockets of concern (57%), followed closely by later innings with growing areas of concern (42%). Very few people think that we are in the early innings of the real estate cycle (1%).



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**Chart 11: Where do you think we are in the overall Real Estate cycle?**

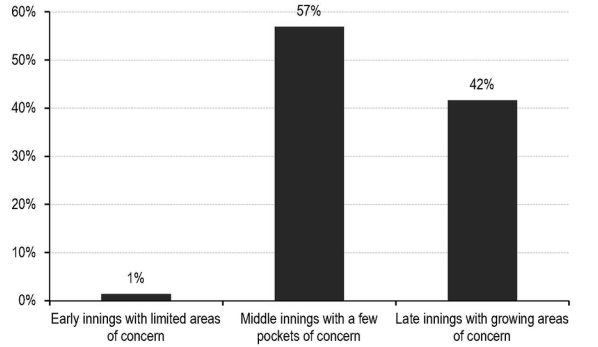


Source: BofA Merrill Lynch Global Research

## Investors like the growth, superior performance, & distributions

When asked "What is the most attractive aspect of investing in an alternative asset manager?" investors like both attractive growth & superior performance and high dividends/distributions (both at 35%). Investors also like the long term locked up capital (18%), while low valuations and wide moats were less important (both at 6%).

**Chart 12: What is the most attractive aspect of investing in an alternative asset manager?**

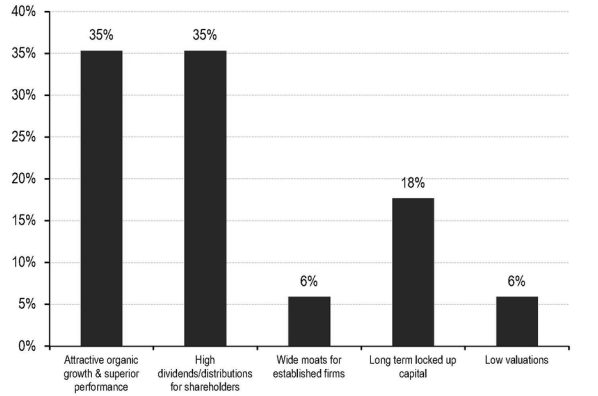


Source: BofA Merrill Lynch Global Research

## Despite moderating distributions of late, most expect flat to higher in '17

When asked "Where do you think distributions for the industry will be in 2017 vs. 2016?" investors expect roughly flat or up 5-15% (both at 37%), followed by down 5-15% (21%). Few investors expect distributions to change more than 15% year-over-year.



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**Chart 13: Where do you think distributions for the industry will be in 2017 vs. 2016?**

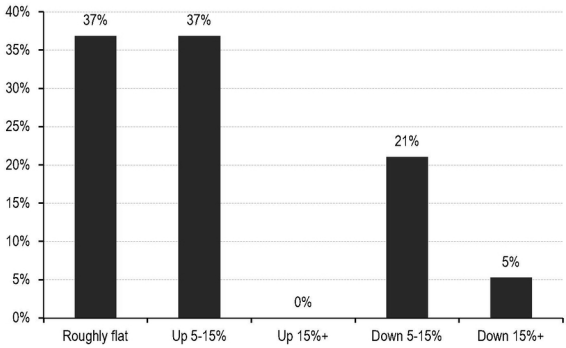


Source: BofA Merrill Lynch Global Research

### Election results could have far reaching impacts for the sector

When asked "What is the most likely impact from the election results on the alternative asset managers?" investors were fairly mixed in their responses, indicating to us that investors expect a number of changes. The most common response was increased tax on carried interest (33%), followed by higher rates impacting financing costs and some returns (27%), then stronger economic growth and healthy returns (20%). Few investors expect a decrease in bank regulation slowing alternative manager growth in new areas (13%) along with too much euphoria leading to a market correction (7%).

**Chart 14: What is the most likely impact from the election results on the alternative asset managers?**

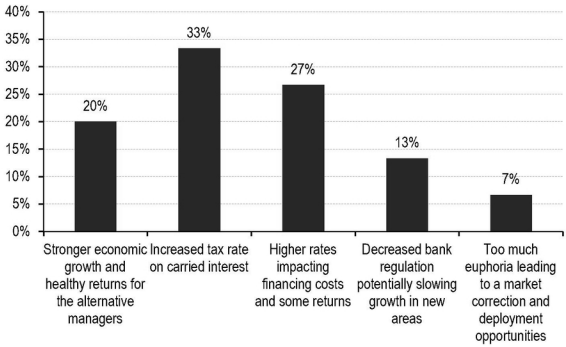


Source: BofA Merrill Lynch Global Research

## Specialty / Consumer finance Takeaways

Companies were generally bullish on the US consumer heading into 2017. AXP presented a fairly upbeat outlook on billings, loan and revenue growth, while cautioning that Discount rate pressures and FX headwinds could impact near-term results. The



HOUSE_OVERSIGHT_014323

private tech based lenders were cautiously optimistic that hiccups from earlier this year were behind the sector, while the private payments companies stressed the importance of partnering with incumbent leaders and the need to maintain safety standards.

# US Banks Top Takeaways

## Associated Bancorp (ASB) B-3-7, Underperform

- **A strong Midwest market should lead to steady growth**: ASB's CEO Phillip Flynn and CFO Chris Niles highlighted the strong fundamentals of the bank's Midwest footprint with its low unemployment and a strong manufacturing base. While commenting on the potential for relief coming out of DC under the new Trump administration, management noted that shortage of skilled workers was probably the biggest issue impeding businesses in its footprint versus higher taxes or an overly stringent regulatory environment.
- **CRE represents a growth opportunity**: Management was positive on growth prospects within the CRE loan portfolio, which represents 24% of avg loans as of 3Q16. Management is targeting CRE to represent 30-40% of the portfolio in order for consumer, CRE, and commercial to each comprise approximately a third of the loan book. In the near term, executives see opportunities in the CRE space in 2017 as pricing and structure improve benefitting from a pullback by lenders with high CRE concentration.
- **Energy portfolio should begin to stabilize**: While management analyzes the energy book on a credit by credit basis, it noted caution if oil prices fell significantly. However, management noted that the energy book reflects lower energy prices as new energy loans price in lower hydrocarbon pricing vs. the maturing loans. Regarding energy loan growth, management expects muted growth going forward as the benefit from new loans will most likely be offset by continued pay-downs by existing customers.
- **Dec rate hike to surface in 1Q17 margin**: Management expects a Dec rate hike to have little impact on 4Q given that its LIBOR based portfolio would re-price on Jan 1. On the other hand, interest expense is expected to rise as deposits that are linked to benchmark rates re-price higher. Last year, the margin fell 1bp QoQ following the Fed rate hike as deposit costs rose 8bp QoQ. Management noted that 1Q16 saw lower loan renewal rates and compression from cost of funds, but that its cost of funds are in a better position this year, which should help lead to a modest positive impact to the margin in 1Q17 from a Dec rate hike.
- **Fee businesses could get augmented by additional M&A**: Within fees, management views insurance as the best opportunity from non-bank M&A. Recall that ASB completed the acquisition of Ahmann & Martin in 02/15. Management noted that it saw a significant opportunity from providing consulting services around employee benefits to small-to-medium sized businesses. Moreover, any changes to the Affordable Care Act that creates added uncertainty in the market would present an incremental revenue growth opportunity for this business.



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**Chart 15: Would you want to see ASB partner with emerging online lenders to augment organic growth?**

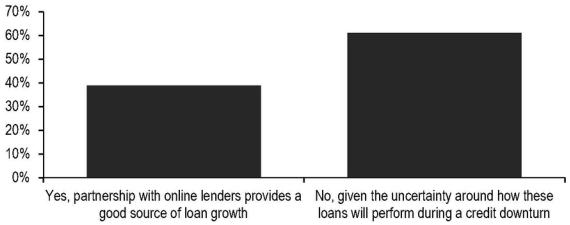


Source: BofA Merrill Lynch Global Research

## BB&T (BBT), B-1-7, Buy

- **Pent up demand in small and middle market corporates**. COO Chris Henson was upbeat with regards to the growth outlook for the US economy post the US elections, particularly from middle market companies that have been extremely cautious around making investments over the last few years. Mr Henson noted that as business confidence rises on back of potentially stronger job growth and lower tax reductions, BBT should see strength across its core banking operations.

- **Out of M&A in the near term but looking to grow long term**. Management reiterated that it is out of the M&A game for now as it looks to execute on delivering its targeted synergies from recent deals. That said, management expects to eventually engage in M&A deals with BBT having the infrastructure for double its size, noting that scale has become important in the current regulatory landscape. When asked where investors would like BBT to focus on doing deals, 59% noted that it would like management to pursue fee related businesses while 23% would like management to prioritize dividend maximization.

**Chart 16: Do you expect the deal activity in financial services to pick up in 2017?**

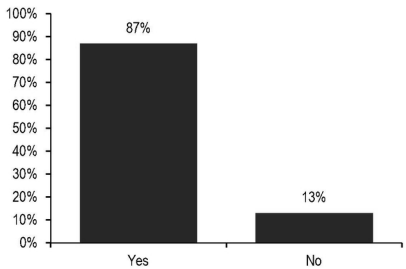


Source: BofA Merrill Lynch Global Research

**Chart 17: Once M&A is back on the table, where would you like to see BBT focus on doing deals?**

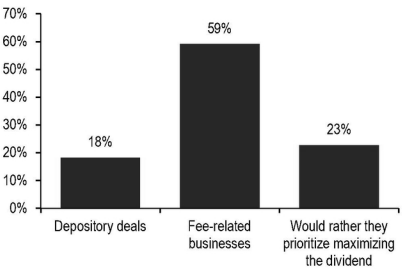


Source: BofA Merrill Lynch Global Research

- **Well positioned from rising rates**. Given the outlook for higher interest rates on both the short and long end of the curve, Mr. Henson noted that while BBT tries to maintain a relatively neutral balance sheet, it would expect to see upside in the margin on back of higher rates. Additionally, higher long rates could also help drive



HOUSE_OVERSIGHT_014325

lower pension expense as it reduces the overall discounted pension liability given that BBT remains one of the few large regional banks that still have defined benefit pension plans.

- **Potential for regulatory relief requires BBT to reevaluate risk/compliance spending**. Management noted that 75-80% of its infrastructure budget is based around risk management and regulatory costs. Given the possibility of regulatory relief coming out of the new administration, management noted that it does not want to misallocate its expense spending. As such, management expects to redeploy some of those compliance related costs into revenue and service generation opportunities stemming from any regulatory relief.

- **Branches still have value, but the structure will likely change**. Mr. Henson noted that he still sees value from BBT's branch network but increasing customer usage across its digital channels and with branch transactions down 4%, he expects continued branch consolidation at a pace of more than 2-2.5% over the next couple years. Moreover, management believes that future branches will be likely be smaller in nature and staffed with fewer people that are cross trained with multiple responsibilities. As an example of this, Mr. Henson noted that BBT has combined its teller and relationship banking role into one branch banker role.

**Chart 18: What do you think is the biggest catalyst for BBT shares over the next 12-24 months?**

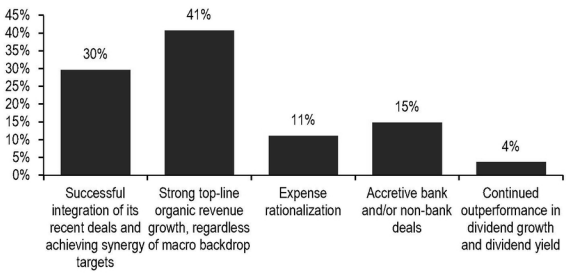


Source: BofA Merrill Lynch Global Research

## Bank of Hawaii (BOH), B-3-7, Underperform

- **Solid loan growth on back of a strong HI economy**. Chairman, President and CEO Peter Ho, Vice Chairman and CFO Kent Lucien and Senior Executive VP, Controller and Principal Accounting Officer Dean Shigemura were generally upbeat with regards to the operating outlook as we enter 2017. Management guided to achieving low double digit loan growth on the back of a robust Hawaiian economy. While management expects some moderation in C&I growth following a strong 3Q it sounded upbeat around the lending outlook given fairly healthy tourism activity. Management noted that while a de-emphasis on the Pacific Alliance, a priority for the Obama administration, was not a positive development, it remained fairly confident that strong military spending should continue to serve as a tailwind to the Hawaiian economy.

- **Credit outlook remains benign**. Mr. Ho affirmed the credit environment has been benign and believes BOH's strong credit will remain intact in the near future. As loan growth improves, Mr. Ho acknowledged provisions should follow a similar trend, but nothing on the horizon suggests credit will worsen anytime soon. Management acknowledged reserve balances are hard to predict, but believes the



HOUSE_OVERSIGHT_014326

greatest likelihood is for the loan loss reserve ratio is to stabilize near current levels.

- **Remains asset sensitive**. Management acknowledged positive trends coming out of a future Trump administration, with one being the positive benefit from higher rates. With a December rate hike likely on the horizon, CFO Kent Lucien reminded investors that a 25 bp rate increase would benefit NII marginally ($1.5mn on an annual basis), but as the 10yr continues to rally, spread income will benefit more significantly. A 100 bp increase contributes to a 5.2% increase in NII on an annual basis.
- **Continued focus on expenses**. Management expects expenses to come in at the upper end of their 3% to 3.5% guidance this year, mainly due to performance based expenses such as stock based comp and commissions. A potential source of expense savings should be reduction in the size of its branches, not necessarily overall count. While management has piloted this new branch design it believes that converting the entire branch network will be a multiyear process.
- **Capital deployment remains a priority**. BOH continues to provide great transparency in regards to their capital deployment strategy. Management reiterated their commitment to payout 50% of net income in the form of dividends, with a remaining portion going to buybacks. BOH has completed over $400mn in buybacks over the past five years and noted that they are very comfortable with this strategy, given its proven track record.

**Chart 19: What do you see as the biggest headwind to BOH's 2017 EPS growth outlook?**

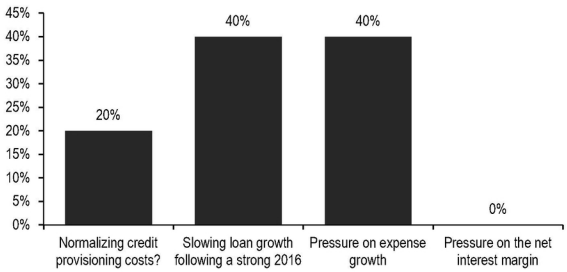


Source: BofA Merrill Lynch Global Research



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**Chart 20: With regard to capital deployment, what would you like management to focus on?**

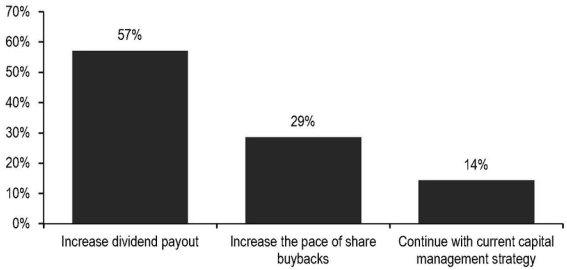


Source: BofA Merrill Lynch Global Research

## Capital Bank Financial (CBF), C-1-7, Buy

- **Investor expectations for CBF to achieve its ROA target increased YoY**. Of the audience polled, 75% believe CBF to achieve its 1.1% ROA by YE17. This compares to 67% of the audience polled last year. CEO Gene Taylor highlighted both the organic growth opportunities and limited expense growth for the bank to achieve its ROA target. Although the bank is expected to cross $10bn in assets next year, management sounded confident that there would be little incremental expense growth as the bank has already built out leverageable systems.

**Chart 21: What do you consider as the single most important catalyst for CBF shares in 2017?**

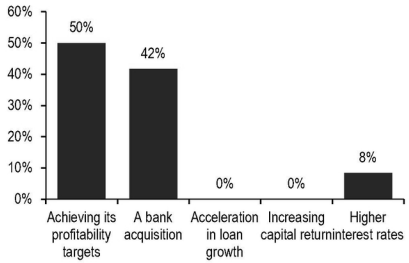


Source: BofA Merrill Lynch Global Research

**Chart 22: Do you think CBF will achieve its 1.1% core ROA target by YE17?**

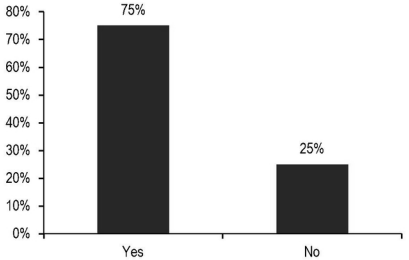


Source: BofA Merrill Lynch Global Research

- **Expectations around COB merger remain intact**. CBF reiterated their expectations to fully recognize the 39% of cost savings related to the CommunityOne merger by 2017 year-end. (Systems conversion is slated for mid-1Q17, with initial savings expected to be realized starting 2Q17). During their presentation, management introduced the source of these savings (new disclosure), with the majority expected to come from executive management compensation (23%) and back-office functions (33%).
- **Capital deployment remains a key catalyst for the stock**. Management agreed with the 80% of the audience polled that believe the pace of M&A activity will pick YoY (slightly better than last year's forward expectations). While management noted that it remains focused on integrating COB, and acknowledged that it remains



HOUSE_OVERSIGHT_014328

active in terms of M&A discussions, CBF continues to evaluate all opportunities that promise the best returns for shareholders. Interestingly, investor sentiment around CBF's positioning within the M&A market shifted, 75% of respondents believing the pro forma institution is better positioned to act as an acquirer. (Note last year, 55% of respondents believed CBF would be a takeout candidate in the medium term.

**Chart 23: Do you think the pace of M&A activity will pick-up significantly in 2017 vs. 2016?**

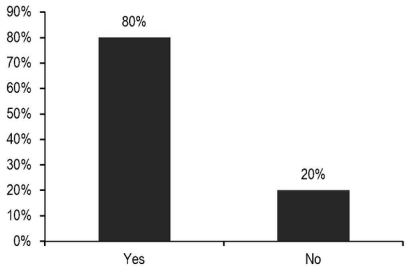


Source: BofA Merrill Lynch Global Research

**Chart 24: Does the acquisition of CommunityOne better position CBF as an acquirer or a takeout candidate?**

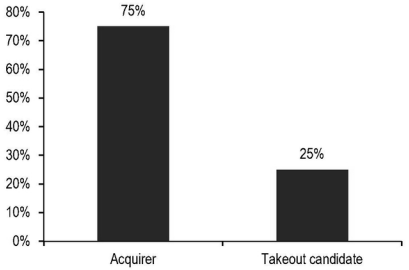


Source: BofA Merrill Lynch Global Research

- **CBF expected to prudently grow in CRE as bank is underpenetrated**. CFO Chris Marshall acknowledged that there exist signs of frothiness within the multi-family lending segment. That said, he noted there is still room to grow as peers pull back in response to regulatory oversight (3Q: 161% vs. 300% threshold). That said, management remains selective and has implemented a 25-30% concentration limit (3Q: 22%).

## Citigroup (C), B-1-7, Buy

- **Markets revenue up YoY so far, down from robust 3Q**. President and CEO of ICG Jamie Forese and CFO John Gerspach noted that at this current point in time, they expect a seasonal sequential decline in Markets revenue in 4Q, but revenues should be up YoY on back of stronger activity levels post the election. Moreover, banking activity is looking consistent with prior quarters.

- **DTA impact from lower tax rates**. Given the possibility of lower tax rates under the new administration, there have been many questions around what a potential tax cut could mean on C's ability to re-capture some of its DTA. Management noted that the impact will depend on 1) the ultimate tax rate, 2) either a worldwide or territorial regime, and 3) the time it takes to reflect the new changes. A federal tax cut would directly impact the $21B timing related differences component of its DTA balance. Assuming a 20% decline in the federal tax rate, this would imply a $4B charge to the P&L (20% X $21B). That said, C has $7B of timing difference DTA that is not includable in its regulatory capital. As a result, that $4B impact would not have an impact on its CET1. In the event that there is a territorial regime, there is an element in its foreign subs equal to ~30% of the $21B that would lose its value at an accelerated rate. Assuming a 25% tax rate and territorial regime, management noted that there would be roughly $12B worth of DTA that would see some valuation adjustment and drive a $4B of reduction in its regulatory capital.

- **Aiming to improve market share in Equities**. Management noted that C currently ranks around 8-9th in the Equities business and while it is not looking to achieve a top 3 market share, it would like to improve to around 5-6th. Management noted that the revenue gap to reaching that ranking is ~$1B. While not all of that is



HOUSE_OVERSIGHT_014329

expected to fall to the bottom line, management noted that achieving this would be accretive to its overall margin. We note that when asked where is C's biggest opportunity to take global market share within ICG, 47% of those polled said the biggest opportunity lied within the Equities business.

**Chart 25: Where do you think C's biggest opportunity is to take global market share within its IGC business?**

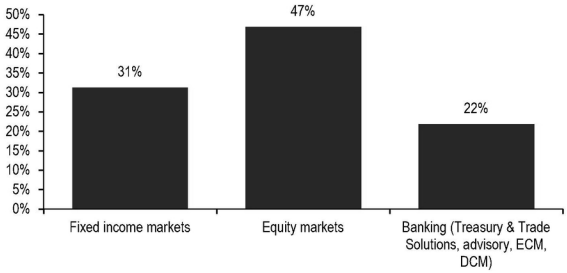


Source: BofA Merrill Lynch Global Research

- **Lower regulatory constraints versus peers present opportunity**. Given C's strong regulatory position such as its above peer SLR ratio, management noted that it can compete in balance sheet intensive businesses such as Rates while more constrained peers are forced to pull back. In terms of its ability to take market share away from European banks, management noted that European banks are more likely to cede share in Fixed Income and less so within Equity and Banking.

- **Longer term goal of 14% ROTCE in ICG**. Management believes that under a more normalized rate environment and through its work towards improving efficiencies across ICG on back of its infrastructure refinements, ICG should be able to achieve a 14% ROTCE vs ~12% today.

**Chart 26: Despite material progress, C shares still trade below TBV. What will drive shares to re-rate closer to TBV?**

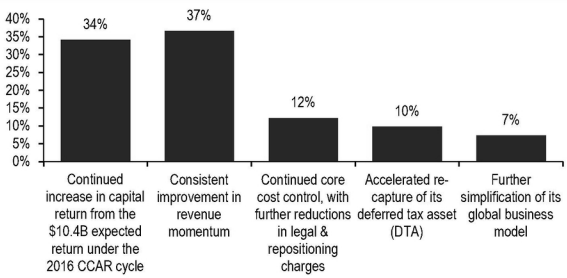


Source: BofA Merrill Lynch Global Research



Bank of America Merrill Lynch

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**Chart 27: Where do you see Citicorp's efficiency ratio settling in 2017?**

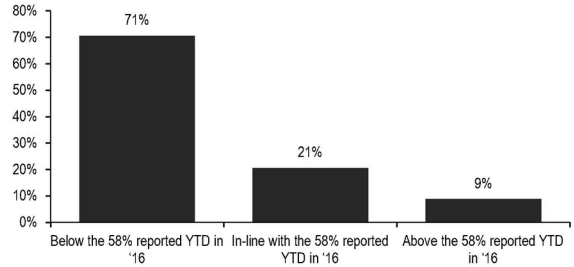


Source: BofA Merrill Lynch Global Research

## East West Bancorp (EWBC), B-1-7, Buy

- **Sentiment post-election appears constructive on regulatory relief**. CEO Dominick Ng noted that the industry could be positively impacted should aspects of Dodd-Frank, which have been both challenging and taken up significant internal resources (even for banks below the $50bn SIFI asset threshold), be reformed. Specifically, Mr. Ng believes the pace of expense growth could likely slow. That said, he noted the possibility to shift some of these expense savings to revenue generating areas.

- **EWBC sees limited impact from anti trade rhetoric during the run-up to the US elections**. Although recent political rhetoric on China has had a negative bias, Mr. Ng believes these views are primarily focused on the traditional-manufacturing Chinese industries vs. the country's current strategic emphasis on tech and consumer/retail. Despite having only a 4% exposure to Greater China (includes Hong Kong), EWBC benefits from its unique positioning, both as industry experts in parallel industries and as a relationship bank. Investor sentiment agreed; with 86% of the audience polled have a bullish view of EWBC's China exposure.

**Chart 28: How does China exposure impact your investment thesis on EWBC?**

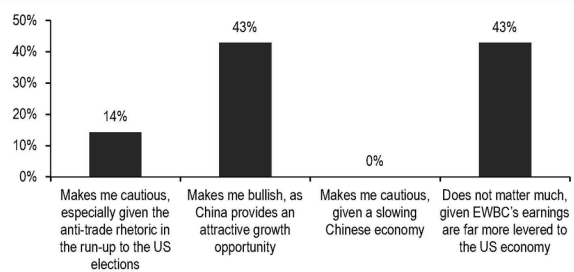


Source: BofA Merrill Lynch Global Research

- **EWBC reiterated its strategy to sell CRE loans in favor of portfolio diversification**. Although Mr. Ng expressed caution on the overall commercial real estate (CRE) market, he noted seeing little tangible signs of concern within EWBC's footprint. That said, EWBC could continue to look to sell CRE loans in order to keep the loan portfolio balanced and thereby limit the reliance on any one segment. Note: CRE concentration was 261% of risk-based capital as of 3Q vs. 265% in 2Q.



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- **EWBC to maintain capital for organic growth opportunities**. As of 3Q, EWBC's CET1 ratio was 10.9%. While EWBC isn't opposed to using excess capital for an acquisition (depending on the market landscape), Mr. Ng prefers to use capital to support organic growth opportunities and the dividend (1.75% div yield). With respect to share repurchase, EWBC seemed less enthusiastic to buy back stock at current valuation levels (2.3x TBV).

## First Hawaiian (FHB), C-2-7, Neutral

- **Positive outlook around the Hawaiian economy**. Chairman and CEO Robert Harrison and CFO/Treasurer Michael Ching were optimistic with regards to the outlook for the Hawaiian economy, particularly around tourism trends. While the recent strength of the dollar could impact the inflow of foreign tourists (with Japan and Canada the key foreign markets for HI) to the island, management noted that the potential for an increases in domestic tourism could help offset the pressure from any slowdown due to a stronger USD.

- **Positioned well for higher rates**. With regards to its outlook on the impact of potentially higher interest rates, management noted that it remains asset sensitive with 60% of its loan portfolio floating rate. On the funding side FHB expects the deposit beta to remain low given the competitive dynamics in the Hawaii landscape. Management anticipates that another 25bp increase in the Fed Funds rate in December could have a similar impact on the NIM (+6bp) as it experienced following the previous rate hike in Dec '15.

- **Cash deployment to securities completed**. Management noted that it has completed the liquidity actions that it planned to take from deploying excess cash into its securities portfolio and the full impact of this should be visible in 4Q results. Note the securities portfolio duration is 3.3yrs at the end of 3Q16. Management noted that it prefers to keep $400-500mn at the Fed in cash liquidity.

- **Continued focus on maintaining dividend payout**. In terms of capital management, management reiterated that it would like to maintain a healthy dividend payout. Given that additional capital return from buybacks are limited due to the Fed's CCAR process (which FHB is subject to given that it is part of a larger holding company owned by BNP), management intends to increase its capital payout to shareholders (via higher dividend and buybacks) over time.

  **Expenses to stay relatively elevated in near term**. During the audience poll, when asked about what management should prioritize in 2017, 38% of the investors polled noted that they would like management to manage core expense growth while 31% would like management to increase the dividend payout to over 50% of earnings. Management noted that the efficiency ratio would likely trend around 50%, modestly higher than the 48.5% it reported in 3Q as it incurs additional public company costs ($14.5 – 17mn of expenses), but over time should move back below in the mid-to-high 40s.



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**Chart 29: What is the single biggest factor that would prevent you from buying or increasing exposure to FHB?**

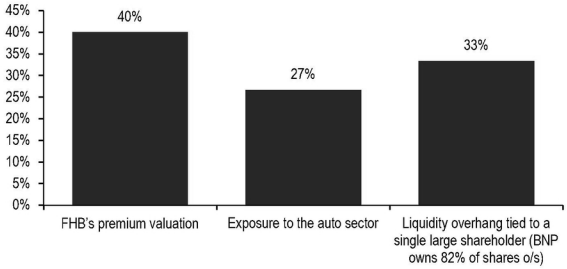


Source: BofA Merrill Lynch Global Research

**Chart 30: What would you like management to prioritize in 2017?**

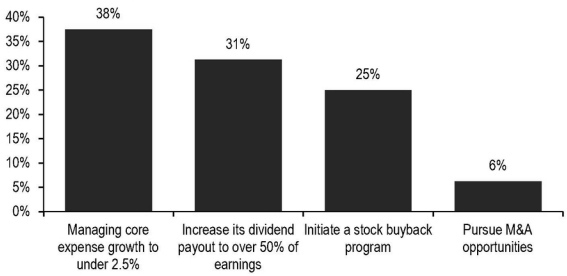


Source: BofA Merrill Lynch Global Research

## Great Western Bancorp (GWB), B-1-7, Buy

- **GWB sees three potential benefits following the US presidential election results**. Chief Financial Officer Peter Chapman sounded optimistic that clarity around the corporate tax policy could act as a much needed impetus to spur lending activity. Secondly, current prospects for Head of Ag under the new administration are viewed as a net positive for the industry. Lastly, while GWB has already begun to see regulatory costs increase now that they've exceeded $10bn in assets, management could see a potential for compliance costs to rationalize should the new administration reform the regulatory framework.

- **Management's revised growth rate outlook was meant to level set expectations**. During its 3Q16 earnings call, management tempered loan growth expectations slightly to "mid-single" digits for FY16 vs. "mid-to-high" single digits. Interestingly, this was the number one reason among investors polled as to why they were hesitant to increase their exposure to GWB. That said, management sounded optimistic about the growth opportunities within its AZ and CO markets. While growth in C&I should see continued momentum, management noted increased competition around pricing as banks tapped out of the CRE markets look to make C&I loans. On CRE, GWB sees itself as a potential beneficiary from pullback by some of its competitors. While management was generally constructive of the



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CRE market across its footprint it noted some caution around the health of the market in Denver.

**Chart 31: What is the primary reason keeping you from buying/increasing exposure in GWB?**

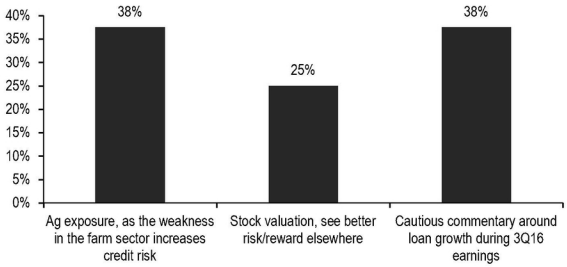


Source: BofA Merrill Lynch Global Research

- **Ag portfolio offers unique opportunity, but management believes fears overstated**. As of 3Q16, ag loans represented 25% of the total portfolio (36% in grains, 50% in proteins and 14% in other). Tied for first at 38% as a reason why investors are hesitant to increase exposure to GWB resonates from the bank's ag exposure. While lower grain prices may constrain cash flow on those loans near-term, Mr. Chapman noted that this is offset by stronger yields. Management also highlighted the relatively low losses observed historically in this portfolio given the significant experience within GWB's management ranks in lending to this segment, including in the 1980s the last stress period for the farm sector. That said, management remains committed to this business as it is key to GWB's footprint.

- **Management reiterated its commitment to actively manage excess capital**. Although management is comfortable with its current capital levels (3Q: 9.5% tier 1 leverage), Mr. Chapman noted the bank's preference is to put its excess capital to work. Management reminded investors of the criteria it looks for in a potential target. While they continue to look for opportunities within their footprint, specifically IA and KS, they remain disciplined. In addition to its recently authorized repurchase program of $100mn, management believes a total payout ratio of 30% is maintainable.

## IBERIABANK (IBKC), B-1-7, Buy

- **Focused on moving closer to its strategic targets**: President and CEO Daryl Byrd and Senior Vice President John Davis were upbeat around the outlook for economic growth across IBKC's 10 state footprint as the bank looks out into 2017. While management has thus far not provided any specific guidance for 2017, we expect this to be forthcoming in conjunction with the announcement of 4Q16 results in January. Moreover, management sounded cautiously optimistic that pro-growth policies (if implemented) coupled with some relief on the regulatory front under the new Trump administration could lead to a much stronger growth outlook

- **Energy credit costs should trend lower**: Management noted the overall energy portfolio should continue to trend lower but is expected to moderate as run-off in stressed energy loans (and loan payoffs) are partially offset by new energy loans, with management looking to selectively lend again in the sector. Moreover, with energy criticized loans peaking in 1Q16, management expects the criticized loans to trend lower barring any major declines in oil prices.



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- **Ready for M&A**: While a depressed valuation (due to the volatility surrounding oil prices) had kept IBKC out of M&A, given the recovery in valuation it noted its desire to pursue potential deals across its footprint. Management also noted that while the recent move in equity markets had pushed up valuations for potential publicly traded sellers, it sees significant opportunity among the privately held banks that may look for a merger partner to gain liquidity and monetize the improving sentiment surrounding bank stocks. From a size standpoint, management did not rule out larger deals. This is not surprising given that IBKC has not shied away from pursuing relatively large sized deals previously.

- **Rate increase to boost the margin**: In terms of its interest rate sensitivity, management noted that it retains an asset sensitive balance sheet, with a potential 25 basis point move in the Fed Funds rate expected to add 5c to quarterly EPS. That said, management recognized that slower mortgage activity due to rising long rates could temper the revenue outlook for its mortgage business.

**Chart 32: What is the biggest factor that prevents you from owning or adding exposure to IBKC?**

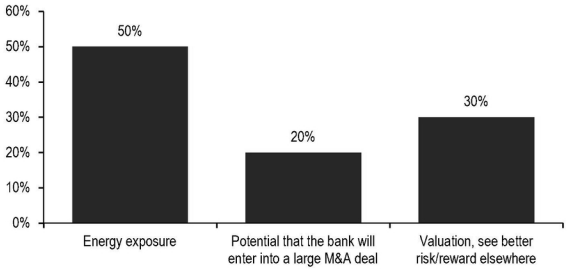


Source: BofA Merrill Lynch Global Research

## JPMorgan Chase & Co (JPM), B-1-7, Buy

- **Pent up demand from macro uncertainty offers growth opportunity**. Doug Pento, CEO of JPM's Commercial Bank, sounded optimistic around the opportunity within commercial banking from the pent-up demand in the market that was constrained by the uncertainty surrounding the election. In addition, he highlighted the increased opportunity generated by JPM's expansion into 44 new markets since 2008, specifically in LA. This coincides with 62% of the audience polled who believe top-line revenue growth is most important for the stock to continue its outperformance.



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**Chart 33: As a current or prospective JPM shareholder, what do you think is most important for the stock to continue its outperformance next year?**

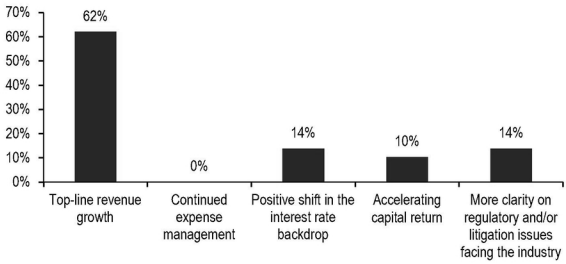


Source: BofA Merrill Lynch Global Research

- **JPM cautious on CRE; however, overall credit remains benign**. Forty-eight (48%) percent of the audience polled believe concerns around multi-family fundamentals will be concentrated in certain regions. Although credit for the overall bank remains benign, Mr. Petno believes we are in the later stages of the real estate cycle and expressed a cautious tone on the high-end condo/construction market. That said, JPM is primarily exposed to more stable, multi-family credit (i.e. rent-controlled apartments) where the average loan to value is 60%.

**Chart 34: How do you view fundamentals for multifamily lending in 2017?**

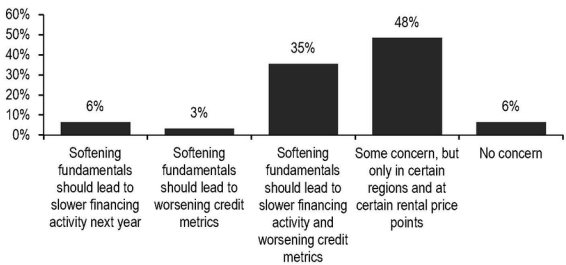


Source: BofA Merrill Lynch Global Research

- **With tech/digital intellectual property at fingertips, capabilities within CB are on horizon**. Mr. Pento expressed his intention to leverage the technology that the Investment Bank has and the investments that the Consumer Bank has to build the right digital and mobile platforms for the bank's commercial clients. He noted that they have the largest investment and digital budgets ever this year and expect it to increase next year.

## New York Community Bancorp (NYCB) C-1-8, Buy

- **Completion of Astoria acquisition best outcome for both banks:** Following the recent announcement of a regulatory delay in getting approval for the Astoria acquisition, NYCB CEO Joe Ficalora and CFO Thomas Cangemi reiterated that closing the Astoria deal represents the best outcome for both banks. Beyond that management was limited in its ability to talk about what particular factors led to the delay and refrained from providing a specific timeline to close the deal assuming that the BoDs at both banks agree to extend the deal deadline beyond



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YE16. Management was quite clear that the bank was unlikely to cross the $50bn SIFI asset threshold on an organic basis until the SIFI threshold is moved higher, which would take an act of Congress.

Chart 35: What is the biggest risk that prevents you from owning/increasing exposure to NYCB?

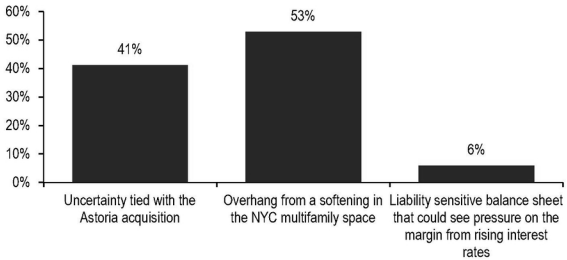


Source: BofA Merrill Lynch Global Research

- **Regulatory relief would be meaningful for NYCB:** Given that the prolonged timeline for gaining regulatory approval for the Astoria acquisition can be attributed to the pro-forma entity crossing over the $50bn SIFI asset threshold, management noted the significant relief it would receive from legislative action that would push this threshold higher. This would not only make the regulatory burden following the closing of the Astoria acquisition more manageable, but would also allow NYCB to look at additional M&A opportunities once it integrates Astoria. Moreover, any potential relief on LCR compliance would also be welcomed by management as it would remove a source of significant pressure on its net interest margin.

- **Higher rates could accelerate refinance activity:** While investors tend to view rising rates as a headwind to refinance activity, management noted that it had already seen a pick-up in applications as borrowers look to lock-in rates based on the fear that rates could be significant higher 6-12 months out. As a result, this could provide a near term boost to the margin from higher prepay income.

- **Steepening yield curve leading to rising lending rates:** Management noted that it had recently increased its multifamily coupon by 0.375% to 3.50% on the improved interest rate environment. NYCB was not alone in this rate hike as SBNY commented that it recently moved up lending rates for its 5-year and 7-year fixed multi-family loans. Notably, the increased lending rates are above the current book yield of NYCB's loan book implying the potential to offset some of the potential pressure from higher funding costs following the December rate hike.

- **NYCB able to withstand downturn in multifamily market:** Management was also upbeat on its ability to withstand a downturn in the multifamily market given its history through multiple credit cycles of outperforming on credit metrics. While it is debatable how close we are to the next downturn, we believe that the defensibility of NYCB's balance sheet is a key strength of the bank and should create significant



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organic and M&A driven growth opportunities during the next downturn. That said, management noted that it was very likely that potential pro-growth measures taken by the incoming Trump administration could push out any downturn, as in the short run the economy would witness stronger growth.

Chart 36: How do you view fundamentals for multifamily lending in 2017?

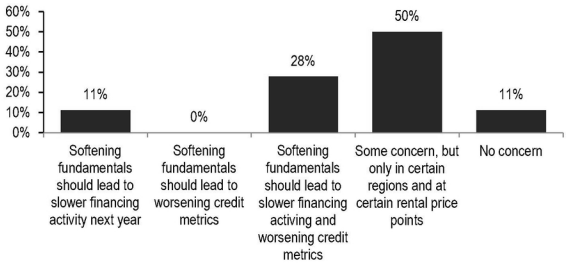


Source: BofA Merrill Lynch Global Research

## Regions Financial (RF), B-2-7, Neutral

- **Regions harnessing consumer to drive growth**: Scott Peters, Senior EVP and Consumer Services Group Head, Logan Pichel, Consumer Lending Group Head, and Darren Smith, Treasurer, noted that Regions is utilizing its retail platform to drive growth. Management highlighted strength in mortgage, card, and online lending as avenues for growth. Importantly, management felt the US election has provided tailwinds for Regions revenue growth prospects heading into 2017. Combined with a better rate back drop, management sounded upbeat on its outlook.

Chart 37: What do you think is the biggest impact of the GOP sweep to bank earnings?

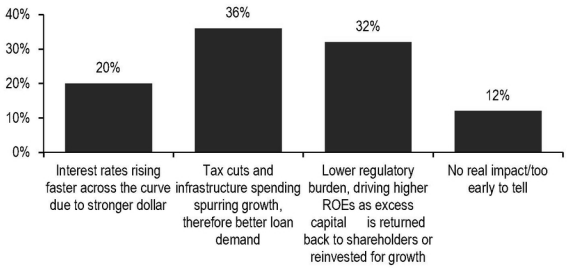


Source: BofA Merrill Lynch Global Research

- **Multiple channels to drive loan growth:** Management illustrated several avenues for loan growth. Within mortgage, Regions has 450 originators that generate 95% of its $6bn in annual originations. Management is seeking to increase its originations from home loan direct and telephone banking to 15-20% of total originations (currently 5% of originations) given the greater profitability from these channels. Card growth has also been strong with active credit card growth at 12%



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YoY and card penetration reaching 20%. Importantly, management is utilizing online lenders like GreenSky, a nationwide point-of-sale home improvement business, to drive growth as balances having increased to $660mn (1% of loans) from its 2014 inception. Of note, management expects challenged growth in auto, though its exclusive lending to the prime space limits the credit downside.

Chart 38: How do you view the impact of new online lending startups on the banking industry?

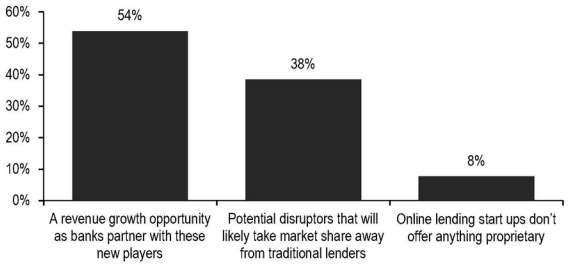


Source: BofA Merrill Lynch Global Research

- **Possible tailwind from regulation**: Management at Regions noted that while it is still uncertain how the regulatory landscape will evolve, a more favorable environment could allow Regions to free up investments tied to regulatory initiatives and risk management. Management would likely direct these funds to product development and customer initiatives.

- **Asset sensitive, particularly to the long end**: Regions' executives noted its highly asset sensitive balance sheet given the more favorable rate back drop since 3Q. According to management, a 100bp parallel shift in the yield curve produces ~$175mn in incremental spread revenue (11% of '17e operating income) with two-thirds of the impact coming from the middle to long end of the curve. Part of the benefit of a rate rise is derived from lower premium amortization on its investment portfolio from higher rates. Given the steepening of the yield curve, we expect Regions to benefit more than peers.

- **Branch network continuing to evolve:** Management intends to increase the productivity of its branches through several measures. Firstly, it is designing smaller, more visible locations to drive traffic. Management is also implementing the universal banker model, which has already resulted in 500 fewer tellers, in order to increase revenues at branches. Management noted that it expects to consolidate at the higher end of its expected 100-150 branch reductions, having already identified 90 branches for closure.

## Signature Bank (SBNY), B-1-9, Buy

- **Focused on $4-6bn asset growth target**: President & CEO Joe DePaolo & EVP Eric Howell sounded fairly optimistic about the outlook for balance sheet growth with $4bn in loan growth and $4.6bn in deposit growth YTD as of 9/30 vs. management target for $4-6bn in annual asset growth. Management reiterated that the fundamentals of the multifamily business (which is focused on the low-to-moderate



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income segment) have not changed despite the headlines surrounding a softening in the multifamily space.

- **Hiring bankers, even as team hiring on pause**: On the hiring front, management noted that although it does not expect to hire teams heading into year-end, it is continuing to hire individual bankers (recently hired 4 to 5 lenders). Hiring will be focused on C&I and specialty finance lenders. Management does not expect to hire additional CRE lenders.

- **Easing in regulatory environment could provide some relief on expense growth**: With regard to the potential for some easing of regulatory burden on the banks (important here as SBNY approaches the $50bn asset threshold) under the incoming Trump administration management noted that it could see some abatement in expense growth associated with compliance costs. However, management is running the business based on the current regulatory framework and will look for more tangible signs before it makes any changes to investment decision, especially as it relates to the compliance infrastructure.

- **Lending rates reflecting the steepening in the yield curve**: SBNY noted that it had raised rates on its 5-year fixed by 0.125% to 3.5%- 3.625% and 7-year fixed up by 0.25% to 4.0%-4.125% following the steepening in the yield curve over the last week. We note that this was echoed by SBNY's NY rival NYCB which also noted increasing rates on lending products in the aftermath of the move higher in interest rates. We believe higher rates associated with new loans and better reinvestment opportunities in the securities portfolio should serve as a tailwind to the margin even as funding costs will likely trend higher, especially as the Fed raises interest rates by 25bp in December.

- **Regulatory scrutiny on multifamily lending manageable**: With regard to the heightened regulatory concerns surrounding CRE multifamily lending (multifamily is 50% of SBNY's loan book), management noted that it has implemented a new loan system likely coming on line in 3Q17 which should allow the bank to analyze the loan portfolio at a more granular level. Management is also underwriting fewer interest only multifamily loans in response to the regulatory concerns. Although, it noted that it was not losing any significant business due to this as competitors had also pulled back and borrower ability (in most instances) to service a non-interest only loan.



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Chart 39: How do you view fundamentals for multifamily lending in 2017?

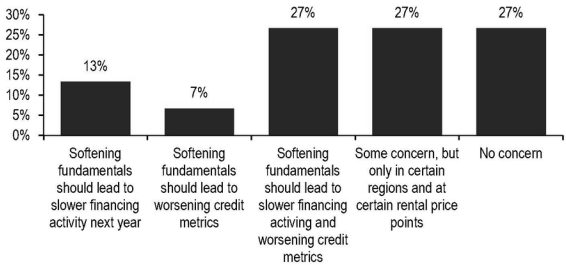


Source: BofA Merrill Lynch Global Research

- **Confident past most of taxi medallion issues**: Management expressed confidence that it has taken care of most of the issues on its Chicago taxi medallion loan book and is seeing stabilization of its New York book with New York fleets near 100% utilization. Management also expects the $20mn +/- in quarterly provisioning outlook to absorb the impact from any incremental provisioning associated with the medallion portfolio.

Chart 40: How much does SBNY's taxi medallion exposure impact your decision to invest in the stock?

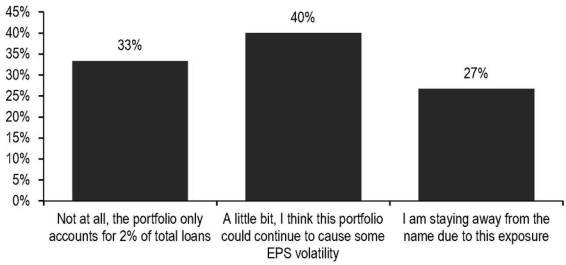


Source: BofA Merrill Lynch Global Research

## Synovus Financial (SNV), C-2-7, Neutral

- **SNV hesitant to react too quickly to post-election excitement**. Chairman and CEO Kessel Stelling noted that despite the very positive reaction seen in bank stocks from the results of the US elections, it was too soon to say the real impact on growth outlook. That said, he believes that a more encouraging business climate (i.e. increased infrastructure spending) as well as some regulatory relief (i.e. raising the $50bn asset threshold) could be a benefit for SNV and the overall industry.

- **SNV could see a benefit at both ends of a steepening yield curve**. As of 3Q16, 50% of SNV's total loan portfolio was fixed rate (includes variable rate loans with floors), implying a benefit to spread income from a rise in both the short- and long-end of the yield curve. With the futures market now pricing in a 94% probability the Fed raises rates in Dec., CFO Kevin Blair believes the net interest margin could expand by 6bp in from a 25bp rate hike (vs. +9bp last year). That said, the benefit is



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dependent on what happens with deposit costs. SNV's current sensitivity analysis assumes a 50-60% deposit beta.

- **SNV keenly focused on credit**. Chief Credit Officer Kevin Howard noted expectations for net charge-offs to naturally tick up as recoveries become less of a benefit and some seasoning in the loan portfolio. Recall during its earnings call, management lowered its FY16 net charge-off range to 10-20bp (3Q: 12bp). Mr. Howard noted that he would not be surprised if NCOs increased to 15-20bp in 2017 (cons: 12bp) and stay near those levels for the near future.

- **Management reiterated its intent to continue to deploy excess capital**. Although SNV will disclose a more detailed capital plan in January, management expects to continue deploying excess capital via buybacks, M&A and/or organic growth. When asked how management should utilize its excess capital, 56% of the audience polled prefers SNV pursue M&A opportunities (vs. 8% last year). In reaction, Mr. Stelling noted continued interest in strategic acquisitions (like Entaire) but hesitant to execute a large, dilutive transaction. While DTA accretion could allow for continued share repurchase, management may choose to be a bit more opportunistic around buybacks given the run up in the stock.

**Chart 41: What would you like to see management do with its excess capital?**

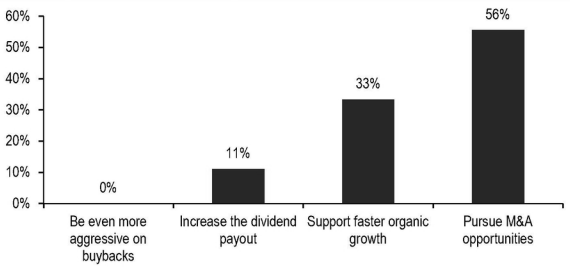


Source: BofA Merrill Lynch Global Research

- **Management is positive but cautious on online lending partnerships**. Investors were also relatively split in how they view SNV's partnerships with online lenders SoFi and GreenSky. The majority (57%) remains cautious on how these loans will perform during a credit cycle. Mr. Stelling agreed; however, he believes these partnerships represent the right vehicle to help the bank grow its retail portfolio to 20-25% of loans (in line with its strategy to transition away from CRE) and achieve its 1.0% ROA target (3Q: 0.88%). Although we note that SNV is being deliberate around growing this book and is targeting these loans to grow to approximately 2-3% of total loans.



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**Chart 42: How do you view SNV's partnerships with online lenders (SoFi/GreenSky)?**

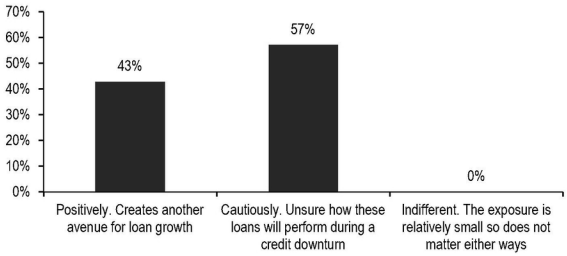


Source: BofA Merrill Lynch Global Research

## Texas Capital Bancshares (TCBI) C-2-9, Neutral

- **Upbeat on business outlook**: TCBI's President & CEO Keith Cargill, CFO & COO Peter Bartholow, CAO Julie Anderson, and CLO Vince Ackerson were relatively upbeat about TCBI's business outlook. Management expects its mortgage businesses, particularly MCA to be to be a source of strength even if overall mortgage volumes were to slow down due to the rise in interest rates. Management expects to mitigate the negative impact from lower mortgage activity by picking up greater wallet share of existing clients and given the option to bring back to the balance sheet loan participations. Regarding expenses, despite expectations for an uptick in the efficiency ratio over the next couple of quarters management expects to beat its 2016 efficiency guidance (low-to-mid 50s).

Chart 43: What would drive you to buy or increase your positioning in TCBI?

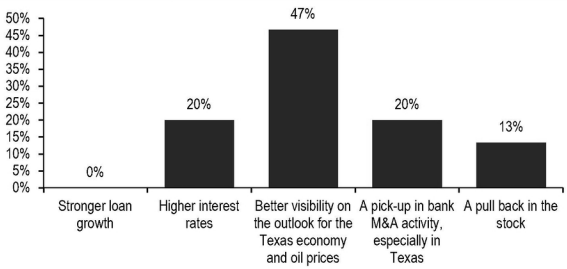


Source: BofA Merrill Lynch Global Research

- **Credit provisioning likely to trend lower in 2017**: During an investor poll, nearly half of investors expect credit provisions to be lower in 2017 vs. 2016, based on expectations for stabilization in oil prices. Management expressed comfort that reserve levels should be adequate even if oil prices were to decline to the mid-to-high $30s in the near term (vs. spot WTI prices of $45/bbl today). However, management would need to consider increasing its reserve level if oil falls to the high $20s. Conversely, if oil stabilizes in the high $50s-low $60 levels, management could consider reserve releases. Management stressed on looking at the forward curve when assessing the impact from oil prices on credit costs vs. the spot rate.



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With regard to growth in the energy book management expects balances to stay relatively flattish as new growth is offset by pay downs and deleveraging.

Chart 44: Where do you see TCBI's provisioning in 2017 relative to 2016?

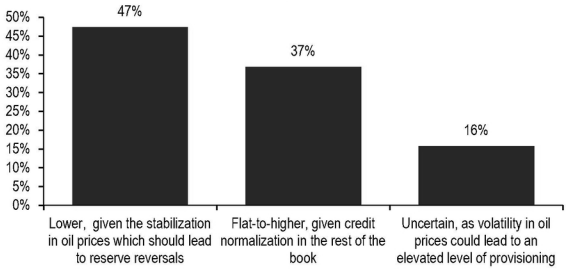


Source: BofA Merrill Lynch Global Research

- **Mortgage growth to continue despite a downshift in activity**: Management was optimistic on the outlook for both its mortgage businesses – warehouse lending and MCA businesses Management expects both these portfolios in aggregate to total 28-33% of average total loan portfolio. Management tried to debunk the perception that the MCA business was cannibalizing its warehouse lending business and noted that two business were complimentary in nature. Moreover, while initially the vast majority of the MCA customers were the ones that TCBI had a relationship on the warehouse lending side, it noted that that number had fallen to 50% and is likely to move lower over the coming quarters. TCBI has a dedicated sales force prospecting for the MCA business.

- **Next rate hike to give a bigger boost to EPS**: Management noted its high asset sensitivity with most of their loans tied to LIBOR and prime and its expectations for an increase in funding costs to remain relatively tempered. With strong demand deposit growth during the year and a $1bn reduction in loans with floors (from $3.1bn to $2bn), TCBI has become more asset sensitive relative to last year, when a rate hike led to a $4mn increase in spread income. Management expects a Dec rate hike to boost spread income by more than $4mn a quarter.

- **Remains cautious around CRE lending**: Management noted that it intends to grow CRE more slowly as it de-risks the portfolio and until it sees a turn in the cycle. However, management is optimistic on the credit quality of CRE, particularly noting that trends in its Houston real estate portfolio (Houston special mention loans are 1% of Houston CRE) continue to be fairly benign.

## US Bancorp (USB), B-2-7, Neutral

- **Strong growth outlook across the business spectrum**. CEO Richard Davis provided an upbeat view around the outlook for the economy across the business spectrum ranging from small businesses to large corporates and noted that businesses could drive the economic recovery vs the consumer side.



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- **Continued investments in regulatory costs despite potential regulatory relief**. On the topic of regulation, management noted that it is still too early to know what type of regulatory relief banks of USB's size may receive so management has not slowed down any of its investments in regulatory costs.

- **Long term 13.5- 16.5% ROE target unchanged**. Despite the outlook for higher rates, management noted that it was not going to change the range at this point of time but noted that USB could reach the top end sooner than later if its outlook proves accurate.

- **Risk management compliance expenses sustaining at this level**. Management noted that while compliance related expenses could trend lower following the new administration, it will continue to invest and the impact will likely not be meaningful.

- **In terms of innovation projects, 86% of those polled noted that it should invest in innovations projects that are self-funded.** Davis noted that given the importance of innovation, it would not just self-fund those expenses and would look to spend money for long term benefits. In terms of its P2P initiative with Zelle, Davis was optimistic around its growth.

- **In terms of potential M&A, management noted that it would look for in market opportunities and double down where it has scale**.

**Chart 45: What do you consider to be the most important catalyst for large-cap banks in 2017?**

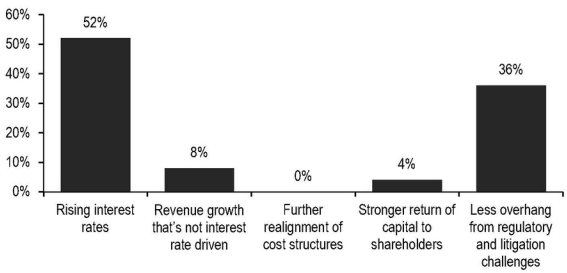


Source: BofA Merrill Lynch Global Research



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**Chart 46: What do you consider to be the most important catalyst for USB in 2017?**

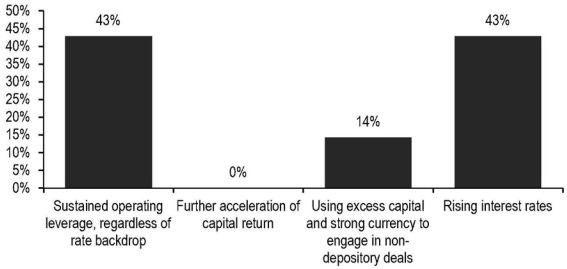


Source: BofA Merrill Lynch Global Research

## Wells Fargo & Co (WFC), B-1-7, Buy

- **WFC sees modestly better benefit from steepening yield curve vs parallel shift**. Following the election, the 10yr yield is up 37bp while futures currently imply a 94% probability the Fed raises rates in Dec. As such, Treasurer Neal Blinde noted that WFC could realize a modestly better benefit to spread income from a steepening yield curve vs. the current +$150mn/qtr expectation from a 25bp parallel shift. He outlined how the bank's actions to manage an interest rate cycle via balance sheet positioning protect on the downside (i.e. post-Brexit) while at the same time allow for an uptick when rates rise. WFC received numerous investor questions on when they would deploy its dry power ($572bn in liquidity), and management noted that the rate backdrop – not question marks on deposit duration – mostly drove deployment decisions.

- **WFC reiterated its performance targets disclosed at its Investor Day**. WFC reiterated its 2-yr performance targets: **(1)** 1.1-1.4% ROA; **(2)** 11-14% ROE; **(3)** 55-59% efficiency ratio; and **(4)** 55-75% net capital payout. As of 3Q16, the bank is currently within these ranges on all metrics except for efficiency (3Q: 59.4%). This is consistent with the 61% of the audience polled that expect WFC to perform within the targeted ROE range as headwinds from Retail Banking is offset by an improvement in the macro-economy. That said, 50% of the audience polled believe the issues arising from the retail sales issue will modestly impact earnings (0-5%).

**Chart 47: Based on your post-election outlook for 2017, how do you think WFC will perform against this 2 year target?**

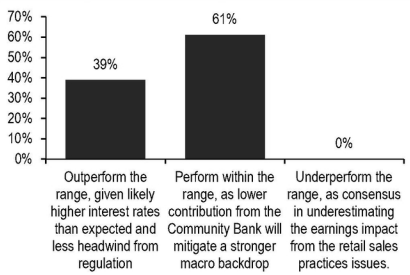


Source: BofA Merrill Lynch Global Research

**Chart 48: What do you think is the earnings impact of the retail sales practices issue?**

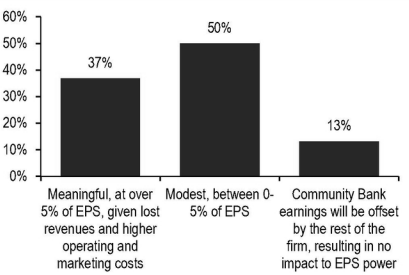


Source: BofA Merrill Lynch Global Research



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- **WFC continues to make progress on regulatory compliance**. As of 3Q, WFC's current total loss absorbing capacity (TLAC) shortfall was 2.1% of risk weighted assets or $29bn ($43bn including its internal buffer), an $8bn QoQ improvement. That said, Mr Blinde assured investors that WFC will continue to focus on deposit growth (66% of total funding) even as its long-term debt needs continue. WFC is compliant with the liquidity coverage ratio (LCR).
- **Potential changes to annual stress test process viewed as positive**. Mr. Blinde noted that potential changes to the annual stress test process, as proposed by Gov. Tarullo in Sept., is a "real" positive, specifically as it reduces any variance between how the stressed risk weighted asset balance is calculated. This is likely positive for the majority of investors polled (31%) who think capital return is the biggest catalyst for the stock and the (70%) who see the dividend payout growing towards the 40-50% range long-term (currently 37%).

**Chart 49: What do you think is the biggest catalyst for WFC shares over the next 12-24 months?**

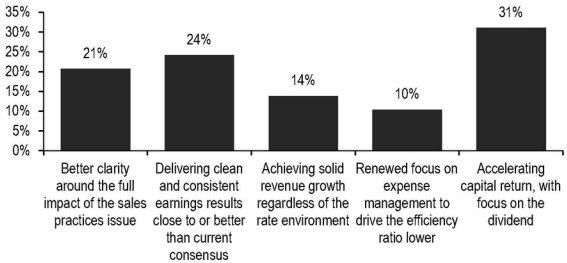


Source: BofA Merrill Lynch Global Research

**Chart 50: As a result, what do you think WFC's long-term dividend payout ratio will be?**

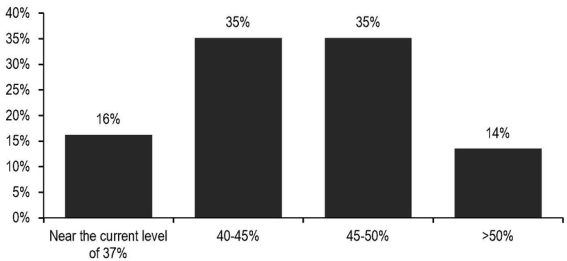


Source: BofA Merrill Lynch Global Research

- **Note**: WFC is scheduled to report October customer activity in Retail Banking on Thur, Nov. 17th at 9am ET.

## Zions Bancorporation (ZION), C-3-7, Underperform

- **Sentiment post-election appears constructive on growth prospects**. Consistent with other bank management teams speaking at this year's conference, CFO Paul Burdiss noted that small businesses have been reluctant to invest given the



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uncertain macro backdrop. That said, following the results of the election, and assuming the new administration can create fiscal stimulus, management sounded optimistic around growth prospects in C&I (10% ex-energy YoY), owner-occupied, etc.

- **Energy portfolio performing in-line with expectations**. Management reaffirmed the >8% allowance on its energy portfolio ($2.3mn or 5% of total loans) remains sufficient to cover future losses. However, continued stress in its oilfield services portfolio (26% of portfolio) remains the primary reason behind ZION's cautious view. This was consistent with the 60% of the audience polled whose ownership in the stock is modestly influenced by this portfolio. That said, until supply/demand fundamentals improve or activity picks up, material reserve release is unlikely.

**Chart 51: How much does credit quality in ZION's energy portfolio influence your decision on owning the stock?**

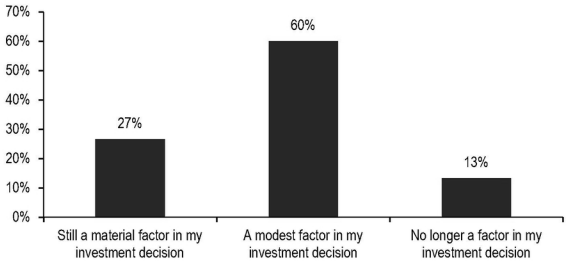


Source: BofA Merrill Lynch Global Research

- **Steepening yield curve a modest benefit, though short-end matters more**. Despite recent actions that have reduced the bank's asset sensitivity, ZION remains the most asset sensitive among US banks. For a 25bp rise in the short-end, ZION estimates a $30mn incremental benefit to spread income. That said, due to the variable-rate mismatch between assets/liabilities, a steeper yield curve is expected to have a marginal impact.

- **Potential changes to CCAR viewed as positive for ZION**. Mr. Burdiss viewed the potential change to the annual stress test (CCAR), specifically the static RWA balance, as net positive for the bank/industry. That said, overall these changes are immaterial as CCAR remains their capital constraint. Although only 14% of the audience polled think more aggressive capital return is the most important catalyst for the stock (top response: 29% for stronger revenue growth), investor bias leaned higher as it relates to total payout.



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**Chart 52: What do you consider as the single most important catalyst for ZION shares in 2017?**

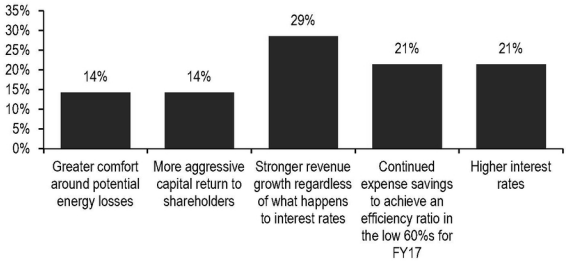


Source: BofA Merrill Lynch Global Research

**Chart 53: Compared to this year's CCAR capital ask which implies a total payout of ~60%, what level would you like to see ZION's 2017 CCAR payout increase to?**

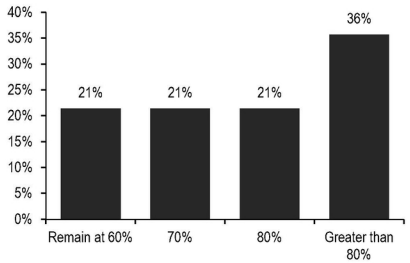


Source: BofA Merrill Lynch Global Research

**Chart 54: ZION expects total expenses in 2016 to come in below $1.58bn and then slightly increase in 2017. Would you prefer absolute expenses be flat to down in 2017?**

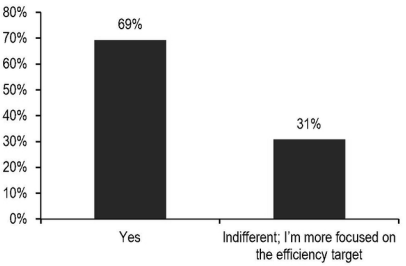


Source: BofA Merrill Lynch Global Research

# Brokers Top 5 Takeaways

## Goldman Sachs (GS), B-1-7, Buy

- GS' Harvey Schwartz, CFO, and Harit Talwar, Head of Digital Finance presented at our conference. Overall, Harvey and Harit were optimistic about the consumer lending opportunity with Marcus as well as the overall outlook for the firm.
- When asked about what would get investors more interested in GS stock, 51% of the investors responding to the poll voted for a stronger revenue backdrop, while 34% voted for normalizing regulations and ability to return more capital.



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**Chart 55: What would get you more interested in investing in GS stock?**

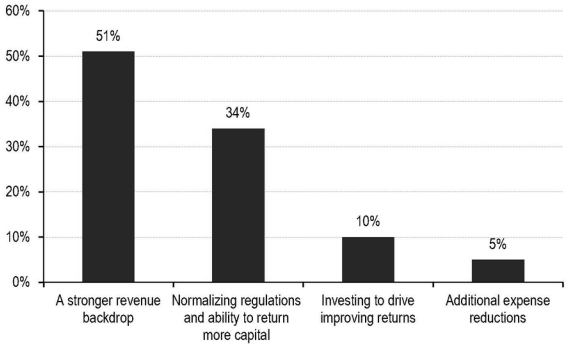


Source: BofA Merrill Lynch Global Research

- Management focused the presentation on Marcus, Goldman's new consumer lending effort. This venture has significant potential with an unsecured consumer loan target market of $850B and Goldman coming to the market with a unique skillset of technology and risk management, no channel conflicts or bricks and mortar, a strong balance sheet that can provide loans at a meaningful discount to peers, and a long history in the financial markets with a strong brand. When fully ramped up, this unit could produce pre-tax ROA's of 3-4%, and assuming 9-11% equity commitments, this could translate into a high teens ROE.

- Given the positive sector/GS stock reaction post the election, management was asked on what they thought about the future of current regulation and activity levels. While they said it is too early to tell the impact, a lower corporate tax rate would benefit GS some, a pro-growth policy could positively impact confidence/activity levels, and some de-regulation could ease some of the operational challenges, though much of the regulation was well intended and has created a stronger industry.

- In terms of the current environment, GS didn't give an exact update, but said activity has been healthy and around the election activity was similar to around Brexit (slow before and very active post). Most other firms also mentioned positive trends in 4Q, with normal seasonality, but up materially year over year.

# Asset Managers Top 5 Takeaways

## Invesco (IVZ), C-1-7, Buy

- Presenting from IVZ was Loren Starr, CFO. Overall Loren was optimistic on the outlook for IVZ to generate above average organic growth given its product mix and performance, deliver cost savings, and accelerate buybacks, and does not expect a significant change in the DOL impact from the election.

- When asked what would get investors more excited about investing in IVZ stock, the majority of respondents said that a consistent above average organic growth rate would get them most excited (48%), followed by a more favorable market backdrop (38%), less regulation (10%), and more operating leverage (5%), while nobody said longer term FX hedged would get them more interested.



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**Chart 56: What would get you more interested in investing in IVZ stock?**

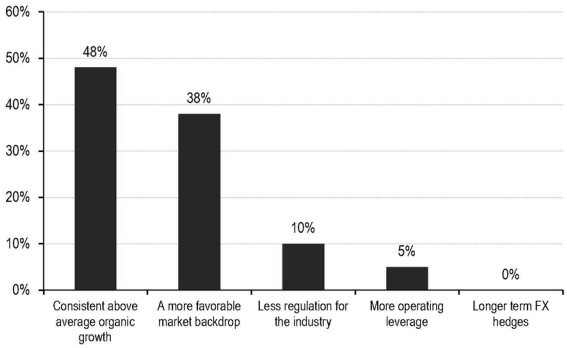


Source: BofA Merrill Lynch Global Research

- IVZ is confident it can achieve its 3-5% organic growth rate driven by three main pillars. The first being the ongoing search for yield driving fixed income flows/allocation which IVZ has benefitted from and should continue to benefit given their strong performance, distribution, and product set. The second being ongoing "barbelling" by clients which drives flows into passive and alternatives, two products IVZ has leadership in. Lastly, IVZ sees opportunity in its institutional channel, particularly in Asia which has had notable momentum.

- Given the run up in rates, IVZ touched upon its fixed income exposure and what might be at risk of underperformance/outflows. IVZ mentioned roughly $100B of its AUM or ~13% was in fixed income that didn't include short duration or floating rate, a number they feel is relatively small compared to some of its peers. Additionally, within that $100B a major portion had been underperforming because of strategic shorter duration, which in a rising rate environment should lead to outperformance and potentially negate some of the flow headwind.

- Regarding potential changes from the election, while very early, management thinks that whatever happens to the DOL Fiduciary Rule (delay, modify, etc.), the industry has already been shifting in a fiduciary direction, and they expect that to continue, though the pace could vary depending on the eventual outcome. Additionally, IVZ is relatively well positioned given its diversification among ETF/passive and active strategies, as well as similar regulations in Europe that it has managed through. In terms of a lower corporate tax rate, that would not have much impact to IVZ given its Bermuda domicile.

## Eaton Vance (EV), B-3-7, Underperform

- Presenting from EV was Thomas Faust, CEO, Laurie Hylton, CFO, and Dan Cataldo, Head of IR and Treasurer. Management reported relatively positive F4Q flows, expects organic growth to hold up well given its mix and performance, and does not expect a significant change in the DOL impact from the election, but would expect a significant benefit from a lower US corporate tax rate.

- When asked what would get you more interested in EV's stock, the majority of investors were fairly split between better high fee flows and ETMFs taking off (38%/31% respectively). Investors also thought increased capital return was



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important (23%) while investors thought more operating leverage was least important for EV (8%).

**Chart 57: What would get you more interested in investing in EV stock?**

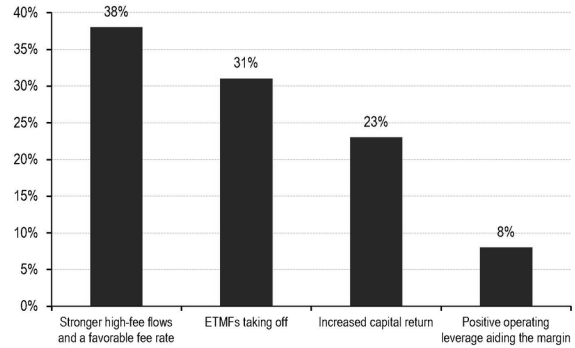


Source: BofA Merrill Lynch Global Research

- EV disclosed their F4Q AUM which was $336.4B up modestly from $334.4B at the end of its prior quarter as modest market losses were offset by inflows which were also disclosed by EV. Flows for C3Q (F4Q) were $4.8B/6% aog or $1.7B/3% aog ex exposure management flows, roughly in-line with expectations in a fairly challenging backdrop. EV also commented on their recent acquisition of Calvert Investments (~$12B AUM, see note) and is excited about the opportunity in ESG investing. Calvert is a leader in investing in socially responsible companies, a small but rapidly growing area.

- When asked about the outlook on fixed income performance and flows given the recent run up in rates as well as the outlook, EV was fairly positive in their outlook given their positioning and leadership in floating rate which should perform well and attract flows in a rising rate environment.

- ETMFs continue to be topical for EV given they are the only player in the non-transparent active ETF business with their NextShares franchise. EV has launched 3 NextShares thus far and Waddell and Reed launched 3 of their own in October, making 6 total NextShares in the market right now, however they are only available through Folio and Interactive Brokers. While we continue to view this as not very significant in the near term and a potential longer term opportunity, with EV signing on UBS and Envestnet for distribution in 2017, we should see a little more traction ahead.

- Regarding potential changes from the election, while very early, management thinks that whatever happens to the DOL Fiduciary Rule (delay, modify, etc.), the industry has already been shifting in a fiduciary direction, and they expect that to continue, though the pace could vary depending on the eventual outcome. Additionally, EV has limited exposure to higher distribution share classes (<20% of sales), so they see a more limited impact. In terms of a lower corporate tax rate (15-20%), this would have a meaningful benefit for EV, potentially increasing earnings by 15-20%.



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## Legg Mason (LM), C-1-7, Buy

- Presenting from LM was Joe Sullivan, Chairman & CEO, and Alan Magleby, Head of IR. Joe was optimistic on the flow outlook for LM given the repositioning over the past few years, mostly favorable investment performance, and a healthy institutional pipeline, and does not expect a significant change in the DOL impact because of the election or a lower corporate tax rate on their cash tax rate.

- When asked what would get you more interested in investing in LM stock, investors overwhelmingly (82%) replied "strong organic growth, particularly in equity/alternatives" while the absence of deal noise (12%) and higher margins/operating leverage (6%) were less interesting for investors. Nobody said that a stronger balance sheet or more affiliate deals would get them more excited about LM's stock.

**Chart 58: What would get you more interested in investing in LM stock?**

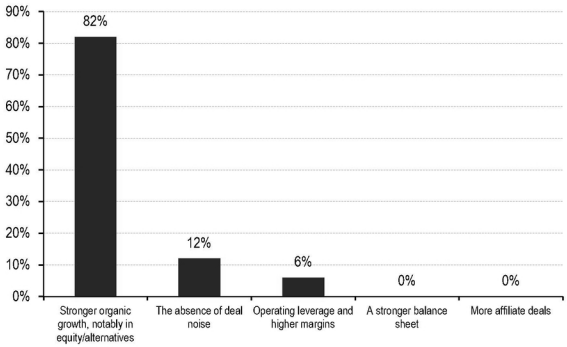


Source: BofA Merrill Lynch Global Research

- LM was relatively upbeat on the flow outlook, despite some ongoing headwinds for the industry. Management sees the following drivers offsetting some of the industry headwinds to position LM to flow better than the industry: strong investment performance, notable progress with consultants over the last several years, a healthy institutional pipeline ($8B of unfunded wins/$3B uncalled committed capital), highest level of search activity in active equity in several years, large cash balances in Europe (20-50% cash allocation across the continent), increasing demand for real estate / infrastructure / alts (Clarion, RARE, and EnTrustPermal), and a diverse / differentiated product/vehicle set.

- Management also mentioned that besides offering well performing products across strategies, it also wants to be able to deliver to clients in different vehicles, including ETFs. The firm has been launching some ETF products and also has an interest in Precidian, which has its non-transparent ETF submission under the review process.

- Regarding potential changes from the election, while very early, regarding the DOL fiduciary rule, LM sees it getting delayed and watered down some as the most likely outcome. However, they mentioned the fiduciary rule was just an accelerant for trends that were already occurring (i.e. the shift to fee based accounts and away from brokerages) and whether or not the rule goes through as expected or gets



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modified will not likely change the outlook. LM feels its strong positioning in global distribution and product sets bodes well to perform in a new fiduciary world.

- Additionally, a lower potential U.S. corporate tax rate will not change its cash tax rate which is likely to be 6-7% through 2021 and in the mid-teens through 2025 after that. However, it would impact GAAP EPS and a lower corporate tax rate would lower the value of LM's DTA.

## AB (AB), B-1-8, Buy

- Presenting from AB was Peter Kraus, Chairman & CEO. Peter expects AB to generate above average organic growth and hopes to accelerate it given its product mix and mostly favorable investment performance. In addition, he sees the potential for new pricing in the industry, and does not expect a significant change in the DOL impact from the election or a lower corporate tax rate on their tax rate.

- When asked what would get you more interested in AB's stock, 55% of investors said they wanted to see consistent positive organic growth, 18% said a better operating margin, another 18% said diversification from fixed income flows (i.e. equity and alternative flows), and only 9% of investors wanted to see a simplified structure and increased float.

**Chart 59: What would get you more interested in investing in AB stock?**

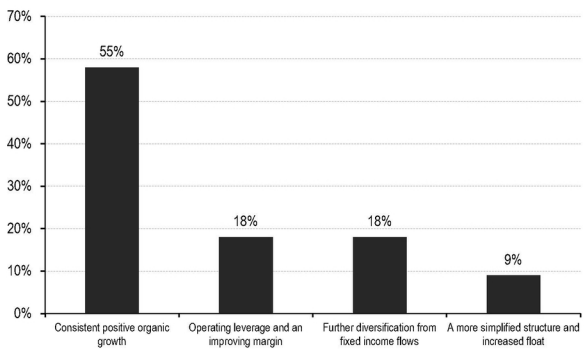


Source: BofA Merrill Lynch Global Research

- AB has seen and expects to continue to see above average organic growth (ex 3Q which was weighed down by lumpy institutional outflows) given a relatively new and attractive product set, strong investment performance (notable improvement in recent years), better traction with the consultant community, and opportunities to gain in the retail and private wealth channels.

- Regarding potential changes post the election, AB had a similar tone to other asset managers on DOL, in the sense that it likely gets delayed/modestly modified, but regardless of what happens, asset managers and distributors need to accept that the industry is living in a new fiduciary world with minimized (potentially no) conflicts of interest which ultimately is a good thing for end clients. A lower potential corporate tax rate would not likely benefit AB given its tax structure/low current tax rate.



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- Another topic which AB elaborated on was fees/pricing particularly in the US retail market. Peter Kraus commented that there is a very strong philosophical argument for the regulators to approve new fee structures which would allow investors to pay a low beta fee and a higher performance fee for alpha generated (while it exists in Europe, a similar structure is not available in the U.S.). While some in the industry may not be fans to adapt such a structure, given challenging cost structure changes, he thinks the product could be much more competitive relative to passive products.

# Alternative Asset Manager Top Takeaways

## Ares Management (ARES), C-2-7, Neutral

- Michael Arougheti, Co-founder and President, presented for Ares. Overall, Mr. Arougheti was positive on the firm's growth prospects, given demand for their products across the platform by institutional investors. In addition, given recent fundraising and fees on the horizon, the outlook for FRE and DE is attractive.

- When asked "What would get you more interested in investing in ARES stock?" the most common response was a higher float and reduced tax complexity (64%), followed by more diversification in the business model (21%), and confidence in an attractive credit return outlook (14%). Investors were less concerned over the visibility on the distribution (0%).

**Chart 60: What would get you more interested in investing in ARES stock?**

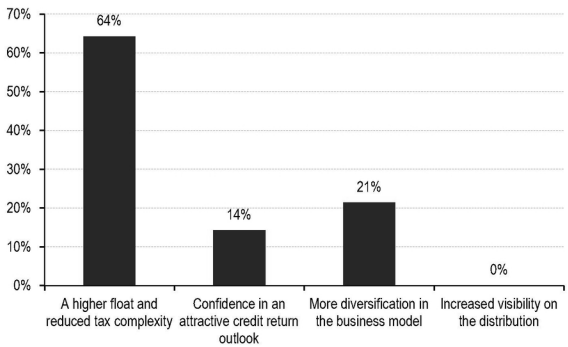


Source: BofA Merrill Lynch Global Research

- If comprehensive tax reform includes an elimination of carried interest tax, potentially moving to an ordinary income rate, it could have some impact to after tax unitholder returns, but 80-90% of revenue comes from management fees and much of the income already faces a corporate tax rate. It could make it more attractive to shift to a C-corp. A change to the tax deductibility of interest expense could have more far-reaching changes to the business, and to U.S.

- Ares will always look to do tuck-in acquisitions, and has been doing almost one a year. The pipeline of M&A opportunities continues to grow for ARES, given demographics of principles with founders aging, and the environment becoming harder to compete for small managers.

## The Blackstone Group (BX), C-2-8, Neutral

- Jonathan Gray, Global Head of Real Estate, presented for Blackstone. Overall, Mr. Gray was positive on the outlook for the U.S., with new pro-growth fiscal policies



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likely. Mr. Gray also thinks that concerns over the commercial real estate market may be overdone.

- When asked "What would get you more interested in investing in BX stock?" the most common response was a market pullback (30%), followed by comfort on the direction of the real estate market (25%), rising returns and visibility on distributions (21%), and a more simplified structure (20%), while fundraising and margin improvement were less important (4%).

**Chart 61: What would get you more interested in investing in BX stock?**

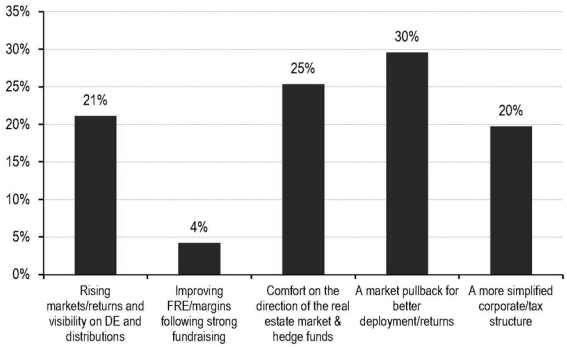


Source: BofA Merrill Lynch Global Research

- Mr. Gray thinks the economic narrative has changed for the U.S., from low growth and low interest rates to a more pro-growth outlook. There will likely be lower taxes, less regulation, and more fiscal spending. A potential offset is that deficits from government spending and tariffs could create inflation. Even so, management was cautiously optimistic on growth.

- For Europe, Brexit was the big news and Mr. Gray expects the next couple of years will be somewhat challenging for the U.K, though the bigger question is core Europe, where rates and inflation are likely to be lower for longer. In Asia, China is decelerating, particularly for manufacturing, infrastructure, and real estate which will likely continue though don't expect a hard landing in China. A trade war between the U.S. and China could be a risk to the downside for China. In India, BX sees accelerating economic growth and falling inflation and interest rates, along with a lot of demand for office space in India.

- Mr. Gray does not believe we are in the early stages of the real estate cycle, but concern over a bubble in commercial real estate in the U.S. is probably overdone for a couple of reasons. 1) Supply and demand are reasonable, given modest growth in supply and an economy that is growing. 2) Debt levels aren't out of hand like in '06/'07. 3) Cap rates are low at around 5%, compared to '07 when 10yr treasuries were at the same level. Overall, you aren't going to see the same returns as in the past, but looking at past periods where rates and growth increased, commercial real estate did fine.

- In terms of growth, Mr. Gray is optimistic on the outlook. Half of the areas BX invests in today didn't exist at the time of the IPO, and that culture of innovation, growth, and investing for attractive returns is alive and well.



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## Carlyle Group (CG), C-2-8, Neutral

- Glenn Youngkin, President and Chief Operating Officer, presented for CG. Overall, Mr. Youngkin is positive on the economic/market backdrop and on CG's ability to generate cash carry relatively consistently over time given the firm's diversity of funds.

- When asked "What would get you more interested in investing in CG stock?" most investors would like to see an increased float and reduced complexity (40%), followed closely by rising fee related earnings (30%). Investors are also interested in seeing increased visibility on the distribution (15%) and increased contribution from RA and GMS segments (15%).

**Chart 62: What would get you more interested in investing in CG stock?**

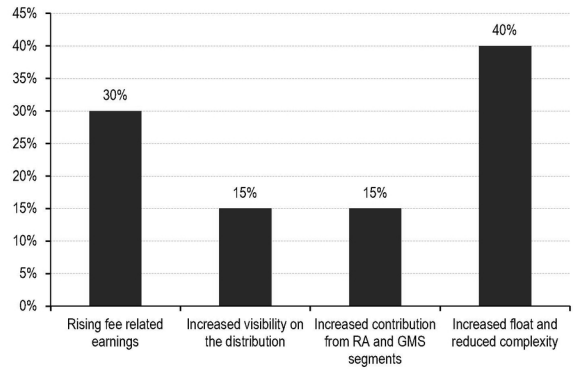


Source: BofA Merrill Lynch Global Research

- If comprehensive tax reform includes an elimination of carried interest tax, potentially moving to an ordinary income rate, it could have some impact to after tax unitholder returns. However, Glenn thinks it is very early to speculate on any changes and expects tax changes to likely be comprehensive.

- Glenn sees the potential for a strong push in infrastructure, along with tax change, defense spending, and the border will get a lot of attention along with international trade. Three main conclusions: 1) First time in a long time that there is a universal pro-business outlook across congress and the presidential office; 2) Unclear today what is going to be enacted, there is optimism but uncertainty; and 3) CG is not going to make meaningful changes one way or another based on speculation. CG launched its latest infrastructure fund in September, and the election results are more wind in the sails.

- CG has multiple funds, each with its own economic engine. That makes the cash flow profile more stable than other firms. Management believes that a discounted valuation in the stock is driven more by fear of a recession vs. lower FRE. Glenn thinks that outlook has changed with the election. The economy may be going into extra innings now.

- The investment environment hasn't changed materially in last few weeks - it continues to be tough. Global growth will continue to be muted, and despite the



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move in the ten year treasury rate, interest rates remain low and the combination of those things results in high prices.

## KKR & Co (KKR), C-1-8, Buy

- Bill Janetschek, Chief Financial Officer, presented for KKR. Overall, Mr. Janetschek believes that KKR's balance sheet gives them the ability to take advantage of market dislocations, sees opportunities to grow in certain areas (e.g. infrastructure and real estate), and noted that they don't need to grow the headcount to bring on more assets.

- When asked "What would get you more interested in investing in KKR stock?" the most common response was a market pullback for better deployment/returns (50%). Respondents also felt that attractive returns and book value growth (33%), and stronger fee related earnings (17%) were also important. Less important for investors was improving energy markets and overall market confidence (0%).

**Chart 63: What would get you more interested in investing in KKR stock?**

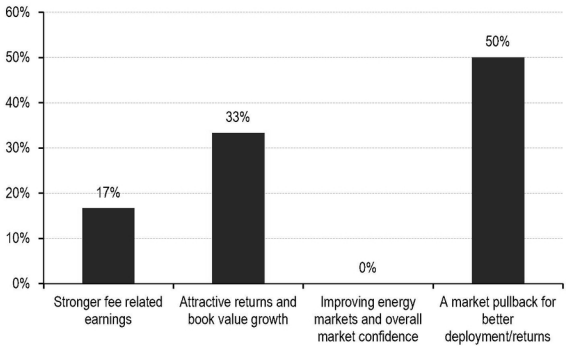


Source: BofA Merrill Lynch Global Research

- Overall, KKR likes the publicly traded partnership structure today. If comprehensive tax reform includes an elimination of carried interest tax, the income would still get passed through in that scenario which avoids a second level of taxation, so it still may not be attractive to change the structure. But, if the corporate rate is also lowered significantly, it could potentially make sense to go to a c-corp.

- Bill sees infrastructure as a real growth area for KKR. 7-8 years ago it was difficult to raise an infrastructure fund as the asset class didn't do very well in the financial crisis; today there is more interest. KKR's first infrastructure fund was around $1B and the second one was around $3B. Infrastructure needs are tremendous long-term, with $1-2 trillion capital needed for projects over the next decade, and infrastructure spend is one area of consistency across the two major parties.

- Management thinks that investors understand the reason for the change in the distribution policy. KKR likes to pay out the stable dividend and redeploy capital into the balance sheet. As part of the year-end process, KKR will likely review the level of the fixed distribution and determine whether it should be changed. KKR would like to have around 40% of the balance sheet invested in private equity over time.

- KKR will manage concentration risk, and it is unlikely that the firm will make another investment as big as First Data again. The biggest advantage to having a



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large balance sheet is the ability to take advantage of market dislocation, along with high margins.

- The firm grew at a healthy rate from 2004-2014, and with around 1,200 people now there doesn't need to be much growth in headcount for the time being, the infrastructure is in place. Marshall Wace AUM has grown significantly since they did the deal, due in part to advantages from combining the two firms. Real estate is an area where KKR is small and could see more growth.

# Specialty Finance

## American Express Company (AXP), B-2-7, Neutral

- Presenting from American Express Company was Mr. Jeff Campbell, Chief Financial Officer. Overall we thought AXP presented a fairly upbeat outlook on billings, loan and revenue growth. AXP did express caution on near-term Discount rate pressures and FX headwinds.

- When asked what would be a key factor to increase / initiate a position in AXP, 53% of the audience said they would like to see better visibility in AXP's core growth. AXP acknowledged the sale of the Costco portfolio to Citi has added complexity to reporting results and has provided additional disclosures on underlying trends in the quarterly results. AXP also said that accelerating revenue growth is a key area of focus for management.

**Chart 64: What would be a key factor for you to increase / initiate a position in American Express?**

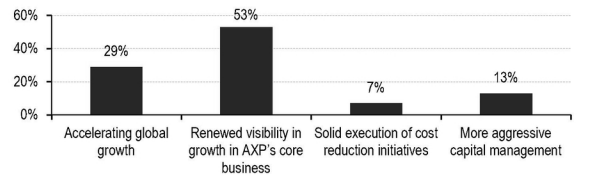


Source: BofA Merrill Lynch Global Research

- AXP was a little surprised that more investors did not view its focus on loan growth as an appropriate strategy to increase wallet share amongst the revolving segment. Instead a plurality of investors viewed AXP's strategy as appropriate in light of the portfolio sale but risky due to the duration of the credit cycle. While investors were concerned about the duration of the credit cycle, AXP emphasized its low loss rates and premium customer base as well as the loss of the Costco portfolio to argue that AXP's credit profile will not materially change from its current strategy to grow revolving balances through revolving credit card customers.

**Chart 65: How would you describe American Express' strategy to expand exposure to credit?**

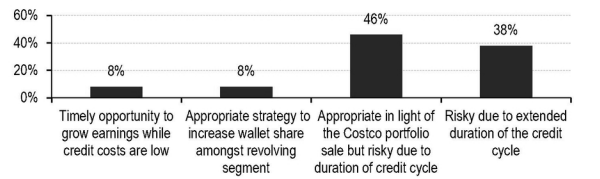


Source: BofA Merrill Lynch Global Research



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- On a more cautious note, AXP said that Discount rate pressures are likely to remain elevated near-term as EU merchants renegotiate contracts post-interchange rules and the OptBlue program gains additional scale in the US. Strengthening in the US$ will also lead to FX headwinds that will likely impact NT results, particularly from countries like Mexico where AXP has a large business.

# Conference Panels Top Takeaways

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## Blockchain: Potential Transformation of Financial Markets

With Blockchain one of the most talked about potential disruption in financial services and 71% polled noting that blockchain is a significant opportunity for financial service firms, we thought it was timely to host a panel on the potential impact of Blockchain on financial markets that included **Co-founder & COO of R3 Todd McDonald and CEO of Axoni Greg Schvey.**

- **Blockchain could lead to $60-80bn of annual potential cost savings for financial institutions.** While it is still early days to know what the full impact of potential cost savings that blockchain technology could bring to financial institutions, the panelists believe that total savings could reach $60-80bn.

- **Successful implementation of equity swaps**. An area where Blockchain has shown to be successfully implemented is around equity swaps. Axoni had worked with multiple financial institutions to handle data reconciliation around its equity swaps record which drove efficiencies.

- **Trade finance viewed as most likely for success**. When asked which part of the financial industry will be the first to successfully utilize blockchain technology, 38% of those polled cited trade finance/transaction banking as the most likely, with 28% citing capital markets & securities servicing.

**Chart 66: Which part of the financial industry do you believe will be the first to successfully utilize blockchain technology?**

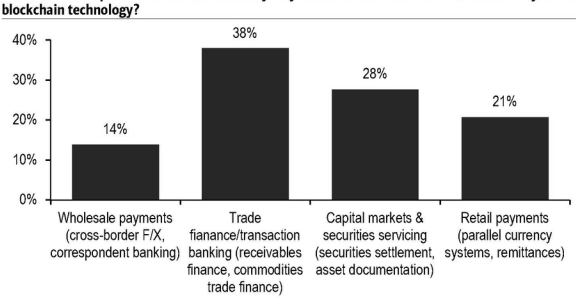


Source: BofA Merrill Lynch Global Research

- **Implementation could be earlier than expected.** While many investors are skeptical that blockchain will be broadly adopted in the near term, with none of the audience expecting it to be widely adopted within 12-24 months, the panelists were more optimistic and believes that there could be upside surprise in terms of the timing as proof points and implementation could happen more quickly than expected.



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**Chart 67: How knowledgeable are you with blockchain technology?**

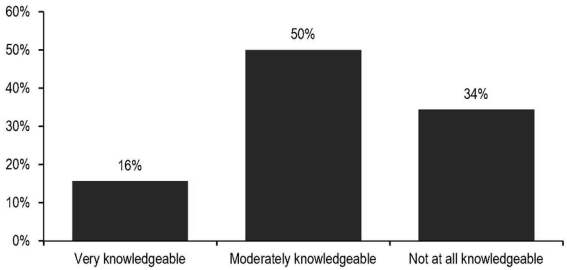


Source: BofA Merrill Lynch Global Research

**Chart 68: After this panel, how do you feel about the applicability of blockchain technology in financial services?**

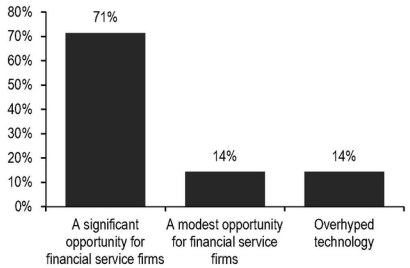


Source: BofA Merrill Lynch Global Research

**Chart 69: How long do you think it will take for financial sevices industries to broadly adapt blockchain technology?**

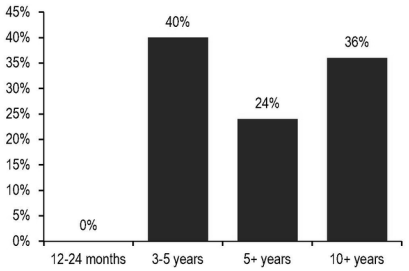


Source: BofA Merrill Lynch Global Research

## The Future of Clearing: Understanding the Options

- Guest speakers in this panel included Brian Ruane (CEO, Broker Dealer Services, BNY Mellon), Lee Betsill (Chief Risk Officer, CME Group), Michael C. Bodson (President & CEO, DTCC), John Horkan (Head of North America and Global COO, Rates & FX, LCH, LSE Group) and Marcus Denne (Director, Global Clearing, BofA Merrill Lynch).

- With the start of the Uncleared Margin Rule (UMR) on September 1st, we asked investors what was the primary challenge related to the new clearing rules. Most investors (95%) thought the rising cost, particularly in the amount of collateral required (50%) and the complexity around infrastructure and different country rules (45%) were the main issues.



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**Chart 70: What is the primary challenge related to the new clearing rules?**

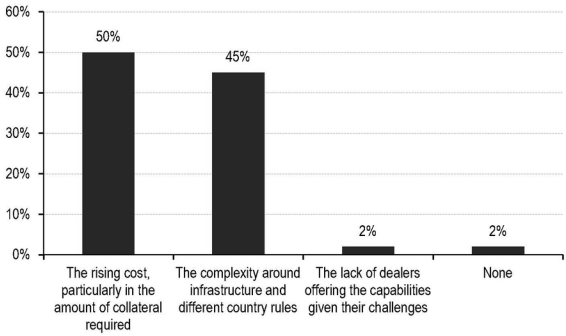


Source: BofA Merrill Lynch Global Research

- Panel participants believe that the election/shift in regulatory outlook might lead to a slowdown of products being added to the clearing mandate, with FX being the biggest unknown.
- Going forward, firms are tackling U.S. vs Europe collateral harmonization/transfer (DTCC and Euroclear are working on a collateral transfer initiative that is expected to launch in 1Q17), collateral management through firms including BNY Mellon, and Cleared repo could also be on the horizon (CME has filed an application with the SEC but no timeline given).
- We asked investors what the biggest potential risks are in the clearing mandate and CCPs, and 33% of voting investors thought collateral concentration issues with cybersecurity (27%) coming in 2nd.

**Chart 71: What is the biggest potential risk in the clearing mandate and CCPs?**

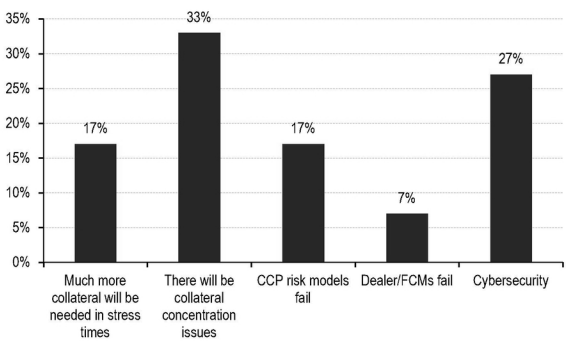


Source: BofA Merrill Lynch Global Research



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## Equity Market Structure: Simplifying the Complex

- Guest speakers in this panel included Anthony Barchetto (EVP, Head of Corporate Development, BATS Global Markets, Inc.), Jamil Nazarali (Head of Execution Services, Citadel Securities Inc.), Eric Stockland (Chief Strategy Officer, IEX Corp.) and Pankil Patel (Managing Director, Electronic Sales, BofA Merrill Lynch).

- Panel members had a spirited debate regarding the current market structure pros and cons, rebates, off-exchange trading, latency, market maker obligations, and the future of regulation post the election.

- We asked investors what they thought of the current state of the equity market structure, and 74% thought that the market needs revamping. 32% believe that there was a problem with the depth of liquidity and 23% thought there were misaligned incentives.

**Chart 72: What is your view of the current state of the equity market structure?**

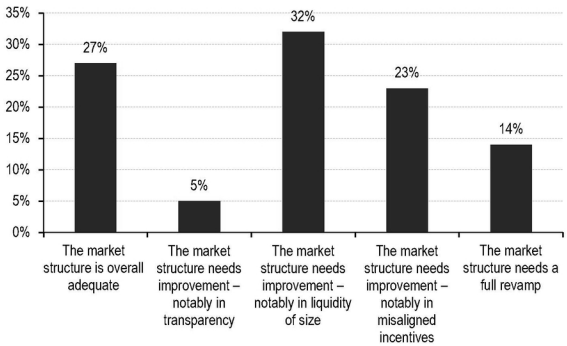


Source: BofA Merrill Lynch Global Research

- Given the announcement that SEC Chairwoman White will leave at the end of President Obama's term, this will likely lead to some regulatory uncertainty and lack of activity given not enough commissioners to make forward progress. In addition, the new Chair will likely be focused on less regulation and one panel member thought Reg NMS could come under review.

## Life after DOL: Evolving Beyond the Fiduciary Rule

- We hosted industry experts for a panel on the Department of Labor's (DOL) fiduciary rule, which is set to go into effect in April 2017. Panel participants included Michael Hadley (Partner at Davis & Harman LLP), Lisa Bleier (Associate General Counsel at SIFMA), and Kevin Crain (Head of Workplace Financial Solutions at Bank of America Merrill Lynch).

- Given potential changes for the brokerage industry, we asked investors "Will the DOL's fiduciary rule cause meaningful changes to the brokerage industry?". Most investors believe that the rule will cause a number of significant changes to the brokerage industry (83%), including significant pressure on commission revenues, a shift to advisory and fee based accounts, and assets in motion with some to robo advisor and RIA platforms.



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**Chart 73: Will the DOL's fiduciary rule cause meaningful changes to the brokerage industry?**

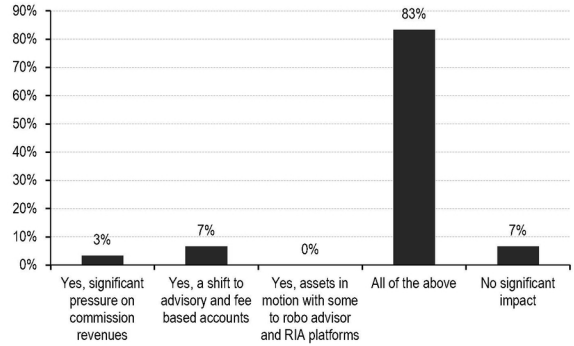


Source: BofA Merrill Lynch Global Research

- We also asked about changes to the asset management industry, positing "Will the DOL's fiduciary rule cause meaningful changes to the asset management industry?" Investors again expect multiple changes (91%), including an accelerated shift from active to passive, further pricing pressure, and higher cost of distribution and margin pressure. No respondents expect there to be no significant impact to the asset management industry.

**Chart 74: Will the DOL's fiduciary rule cause meaningful changes to the asset management industry?**

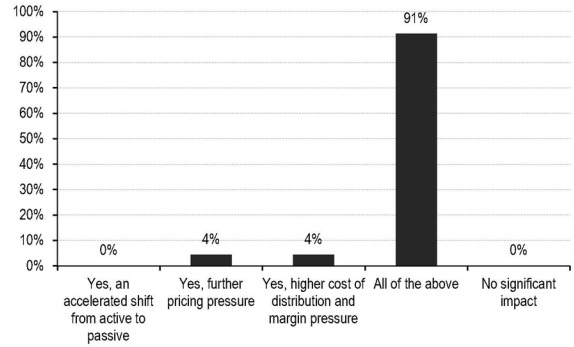


Source: BofA Merrill Lynch Global Research

- The panel noted that President Elect Trump did not address the Fiduciary Rule during his campaign, so his view on the rule is unknown, but Republicans have largely been against it. There is some precedence on what we could expect President Elect Trump to do with the fiduciary rule. President Bush had implemented an investment advice regulation that President Obama delayed several times until it was finally withdrawn. The view from the panel was that the most likely action over the next several months is that President Elect Trump delays the rule, though to repeal or change it would take work and new regulatory



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proposals. Mr. Trump and congress could also ultimately defer to the SEC to act on a Fiduciary Rule.

- The biggest issue from the brokerage industry is the contract requirement under the BIC. The issue with the contract is increased liability, given the contract makes it easier to litigate. This would likely be the primary area for modifications. Even though many firms have made announcements regarding changes they expect to make, most have not figured out all of the underlying steps yet given that it is so complicated and impacts large parts of the business.

- The industry will have to move forward on implementing the rule, given the April 2017 implementation date, but firms may not put as much effort into certain areas that need to be final by January 2018. In addition, prior to Mr. Trump starting, the transition team could make an announcement about the rule. However, even at that stage firms would have to determine whether or not to act on the announcement.

- While the most likely scenario is a delay in the rule, with the potential for some modifications to ease some of the burdens, most see the trend towards a fiduciary rule already well in motion for the industry.

## The Future of Tech-Based Lending

- James Paris, Executive Vice President at Avant, Ashish Jain, Senior Vice President at SoFi and John Schleck, Senior Vice President at Bank of America discussed key trends and recent developments in Tech-Based lending.

- Audience members and panelists generally agreed that improved customer service, full spectrum lending, and better pricing all are contributing to the growth in tech-based lending. SoFi did caution that better pricing is not usually the primary driver as banks can usually offer cheaper pricing.

**Chart 75: What is the biggest driver of growth in tech-based lending**

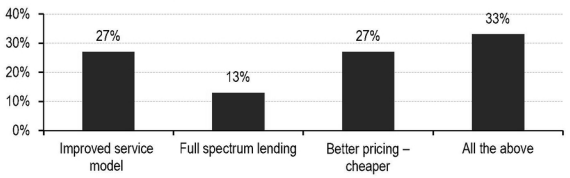


Source: BofA Merrill Lynch Global Research

- Acquisition models differ by company but being efficient at customer acquisition is key for a successful tech-based lender. SoFi estimated that its customer acquisition cost is 1/5th that of a bank which enables it to effectively compete and partner with banks. Panelists highlighted the use of data analytics to more efficiently target potential customers via direct mail, digital ads or through affiliate programs.

- Audience members were split on the main risks to investing in tech-based companies with limited sustainable competitive advantage, untested credit models and fragile all highlighted as key risks. Somewhat surprising given events earlier this year, regulatory concerns were not high on the list of investor concerns.



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**Chart 76: Biggest risks to investing in a tech-based lending companies**

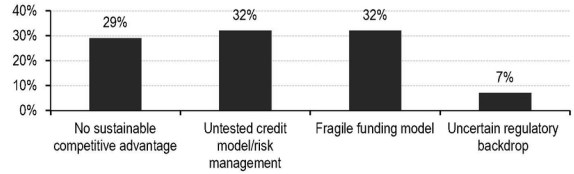


Source: BofA Merrill Lynch Global Research

- Panelists agreed that flexible funding models that utilized both balance sheet lending and distribution of loans were important for a tech based lender. Additionally, panelists said that risk management is top of mind and tech based lenders are increasingly applying refined analytics that rely on credit variables directly from credit bureaus into their lending and portfolio management decisions

## The Future of Payments: The Need for Speed

- Jonathan Lear, President – North America, Earthport and Bruce Parker, Founder of Modopayments spoke on The Future of Payments panel. In a wide ranging discussion, the panelists discussed the B2B opportunity, the importance of partnering with incumbents and the need to maintain Safety standards.

- Audience members identified the lack of a clear value proposition for new players relative to incumbents and concerns about Safety and Security as the largest risks to investing in new Fin Tech payments companies.

**Chart 77: What is the primary risk to investing in new entrants within the payments landscape?**

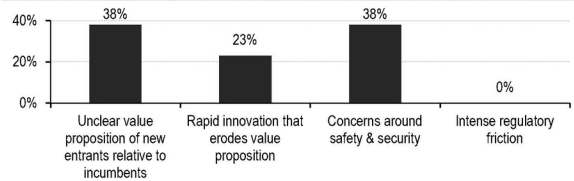


Source: BofA Merrill Lynch Global Research

- Panelists generally thought the best way for a new Fin Tech companies to succeed was by partnering with incumbents. This was consistent with the views of audience members, a majority of whom thought the payments industry would continue to be controlled by incumbent institutions partnering with innovative tech companies.



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**Chart 78: What do you believe will be the structure of the payments industry in 5-7 years?**

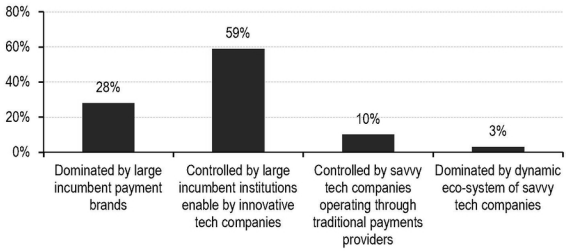


Source: BofA Merrill Lynch Global Research

- Panelists highlighted that while recent innovations in faster payment transfers have been focused on P2P applications, the B2B opportunity is 7-10x larger. That said, panelists thought, based on experience in the UK, the cost of faster payments would likely have to be borne by the existing payment infrastructure as consumers have not been willing to pay for faster transfers. Additionally, panelists pointed out that in countries where faster payments have been implemented, it has mostly been a mandate by regulations suggesting the government has an important role to play.

- Panelists highlighted Security and Compliance as being essential for a new Fin Tech company to be admitted as part of the industry ecosystem. Incumbent payment companies will only partner with a new FinTech company that can meet the safety and regulatory standards that the incumbent is required to meet.

## Robo Advisors: Shedding Light on the Potential Opportunity

- Guest speakers in this panel included Eli Broverman (Co-Founder and President of Betterment), Randy Sternke (Vice President, Business Development at Alkanza), and Vaughn Bowman (Director, Managed Solutions Channel Management at BofAML). Each firm discussed the unique aspects of their individual business models and where they see the robo industry headed in the future.

- Broverman brought up several key points on how the independent robo advisor model came about and why it will continue to grow in the future. He believes that the main drivers include a lack of quality advice for investors with few assets, investors' beliefs that financial institutions are not aligned with their interests or transparent, and the fact that people want financial services to work as well as the other technology in their lives. Broverman believes that the biggest opportunity going forward is in the mass affluent segment and the 401K space.

- Alkanza is focused on providing robo capabilities to financial advisory firms through partnerships, rather than directly to consumers, with a focus on the platform as well as portfolio construction.

- We surveyed the audience to gauge their views on the potential size of the robo advisor market and the most common answer was that assets will surpass $1T, followed by assets will hit $500B and then level out.



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**Chart 79: How significant do you think robo advisor platforms will become over the next 3-5 years?**

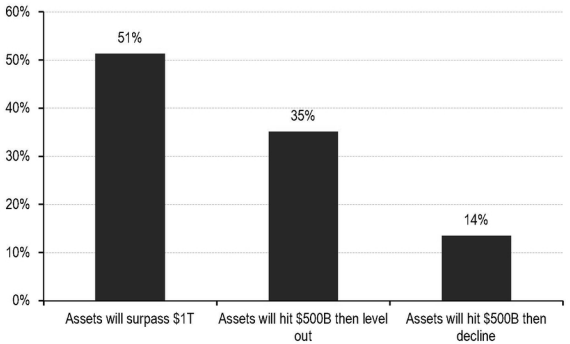


Source: BofA Merrill Lynch Global Research

- Based on our polling questions, investors believe that the main beneficiaries of the robo advisor trend will be the passive asset managers (40%), followed by the large broker firms adding robo technology (28%) and the online brokers that have scalable robo platforms (21%). They also believe that the main driver of success for robo advisors will be a low and transparent cost structure (44%), followed by an efficient technology and user interface (25%).

**Chart 80: Which firms will benefit the most from the robo advisor trend?**

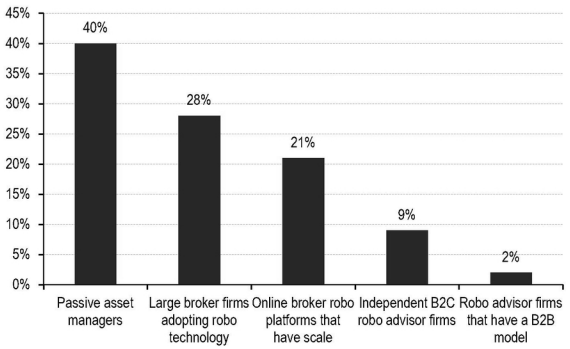


Source: BofA Merrill Lynch Global Research



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**Chart 81: What do you expect to be the main driver of success for robo advisors?**

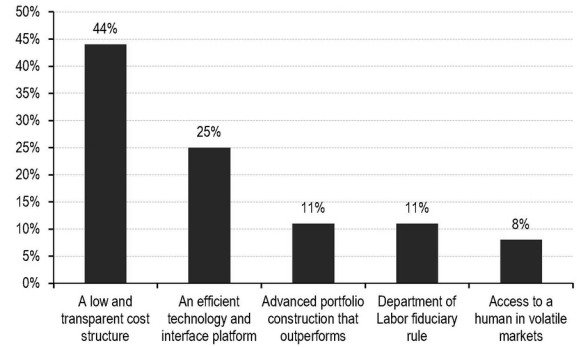


Source: BofA Merrill Lynch Global Research

- Finally, all of the panel participants believe that the DOL Fiduciary Rule will not be repealed by the new administration, although it may be delayed. In the end, this should benefit robo advisors, as most of the models have low fee structures and limited conflicts of interest.

## State of the Multifamily Market: Cooling or Collapsing?

We hosted a panel to discuss the state and the outlook for the multifamily market following a year which has witnessed increased investor anxiety around multifamily loan growth and heightened scrutiny by banking regulators of multifamily loan portfolios, particularly at banks with a high concentration of multifamily loans. Our panelists included **John Jardine, Co-CEO of Ares Commercial Real Estate Corp, David Brickman, Executive Vice President and the Head of Multifamily business at Freddie Mac** and **Alan Fishman, Chairman of the Board at commercial real estate investment trust Ladder Capital.**

- **Multifamily on solid footing:** The panelists view the multifamily market as having a solid foundation with most of the risk lying at the high end, class A properties in particular markets (New York, San Francisco). Even here, the panelists agreed that the issues at the high end segment were more likely to manifest themselves in the form of decelerating growth in rents (and increased incentives by landlords) as opposed to serious credit issues. Investors echoed this sentiment during a live audience poll with 60% of the investors seeing issues in the multifamily market limited to certain regions and at certain rental price points.



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Chart 82: How do you view fundamentals for multifamily lending in 2017?

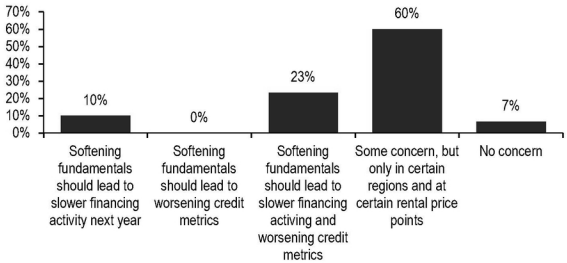


Source: BofA Merrill Lynch Global Research

- **Future demand in multifamily promising:** Looking forward, the panelists see healthy demand for multifamily housing given a preference among millennials to live in urban areas versus the suburbs. Moreover, the panelists noted that increasing debt burden tied to student loans is likely to make home ownership out of reach for several first time home buyers. Furthermore, it was noted that the US needs 1.5mn new housing units each year and the present level of construction activity was not keeping pace with this when looking at it on a national level.

- **Foreign capital part of the equation:** Some of the panelists are seeing a significant flow of foreign capital into the multifamily market with Mr. Brickman surmising that data around inflow of foreign capital into the commercial real estate market was likely understated given that significant amount of inflows have come indirectly through investment vehicles like private equity.

- **Risk retention rules modest impact**: Our multifamily panelists viewed the risk retention rule for CMBS as having a modest impact given the large role played by the GSEs in lending to the multifamily space. It was also noted that while the rule may dampen private securitization activity, less competition from the CMBS markets would be a positive for balance sheet lenders.

- **Impact from rising rates may not be all news**: While the panel acknowledged that the rise in interest rates will likely push cap rates higher, an increase driven by a more favorable growth outlook may not be as bad. This is because a stronger economy should theoretically lead to a better backdrop for jobs and wage growth, thereby providing landlords some leeway to raise rents.

## The Future of Big Data in Financials

We hosted a panel to discuss how big data is impacting the financial services industry. The panel discussed key big data buzzwords including machine learning, data scientist, structured data and unstructured data. They panel also reviewed how different firms are adapting big data solutions to solve specific company issues. Our panelists included **Jessica Donohue, the Chief Innovation Officer for State Street and the head of advisory and information solutions for State Street Global Exchange, Greg Michaelson, head of data science practice at Data Robot, and Sandeep Saini, head**



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**of global markets sales, research, and capital markets technology at Bank of America Merrill Lynch.**

- **How big data can influence the future**: The panel confirmed the notion that there are many different definitions for big data, but everyone seemed to agree almost all financial firms are seeking effective ways to implement big data techniques to 1) generate alpha, 2) manage risk 3) manage expenses.
- **Companies polled are a long way from benefitting big data**: 96% of the audience polled said their firm is either somewhat effective or not at all effective at using big data. Some of the main challenges the panelists highlighted during our discussion were merging multiple legacy data systems and finding attractive talent with both data science and business experience.

**Chart 83: How effective is your firm at using big data?**

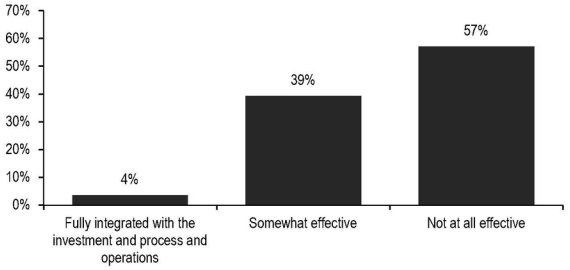


Source: BofA Merrill Lynch Global Research

- **The panel discussed three roles needed to solve data science problems**: 1) someone who has sway to make change and implement solutions 2) business champion, someone to discuss solutions with technical employees and to share knowledge on key issues such as regulation 3) technically savvy employees.
- **Implementation advice:** The panel provided advice for firms that have yet to utilize big data to attempt to solve problems facing their companies. The advice included seeking problems that could be solved using data science and focusing on small wins with the data present.



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**Chart 84: Now that we've defined "big data", how far do you think financial institutions are at embracing the use of big data today?**

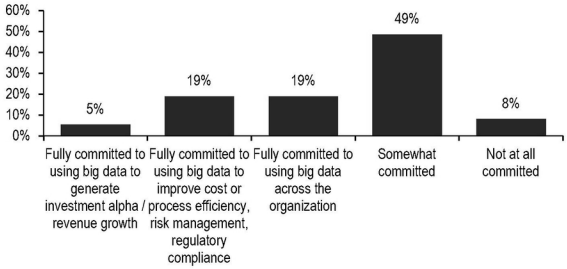


Source: BofA Merrill Lynch Global Research

**Chart 85: After this conversation, have you changed your mind on how financial institutions are adopting big data in their businesses?**

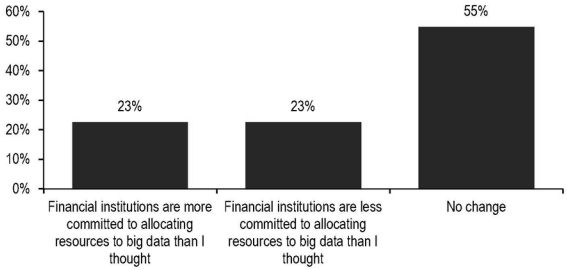


Source: BofA Merrill Lynch Global Research

## The Future of Financials M&A and Regulation

We hosted a panel to discuss the state and outlook of M&A and regulation. Given the results of the US election and the potential for easing of regulations, the panel discussed a timely topic on the mind of investors. Our panelists included **Rodgin Cohen, Senior Chairman of Sullivan & Cromwell; Richard Kim, partner at Wachtell, Lipton, Rosen & Katz**, and **Ed Hill, Senior Vice President, Government Affairs, Bank of America Corporation.**

- **Regulation is about tone**: Our panelists agreed that the scope and strength of regulation comes from the tone and attitude of regulators rather than from legislation. They noted that an attempt to repeal legislation such as Dodd-Frank would be misplaced as most direction derives from the tops of regulatory bodies. They also felt Senator Hensarling's Financial Choice Act would not be a better alternative to Dodd-Frank given the 10% leverage ratio is not a Federal Reserve definition of leverage. Utilizing a Fed definition would likely lead to leverage north of 10%. The inclusion of CAMEL ratings with the leverage ratio would also allow regulatory sway over institutions.



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Chart 86: Following last week's GOP sweep, do you think regulatory relief is in the cards for the financial services industry?

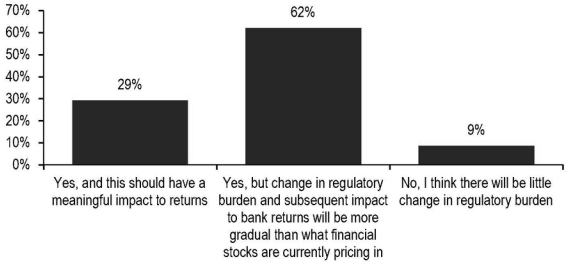


Source: BofA Merrill Lynch Global Research

- **CCAR a product of regulatory attitude:** The panelists agreed that CCAR in its current form is not a result of legislation as post-recession bank stress tests (SCAP) existed prior to Dodd-Frank. Furthermore, the panelists noted Dodd-Frank's definition of a stress test is very basic, which has been made more stringent and complex as a result of regulators. Mr Cohen also noted that a lack of transparency of the test was the least defensible part of CCAR.

- **Biggest obstacle for bank M&A and activist influence is regulation.** Despite headlines of increased shareholder activism within the banking industry, the majority of investors polled (61%) believe activist investors have only a moderate impact on corporate strategy (see chart). Specifically, Mr. Cohen explained that two of the three reasons why an activist will typically get involved with a corporate are difficult to achieve on a bank's board given the level of regulatory oversight on the industry. While selling the bank is the one area where activists have had success, this typically occurs at the community bank level. That said, he believes a change in attitude of regulators could free up M&A activity.

Chart 87: What kind of impact does an activist investor have in corporate strategy and ultimate shareholder value?

Source: BofA Merrill Lynch Global Research



HOUSE_OVERSIGHT_014373

- **How to do M&A right**: When describing acquisitions that most impressed the panelists, a key reason for success was the acquirer keeping the target management in place as well as giving the target management independence. The scope and planning of the integration was also critical for success.

Chart 88: Do you think M&A activity in financial services will pick up in 2017?

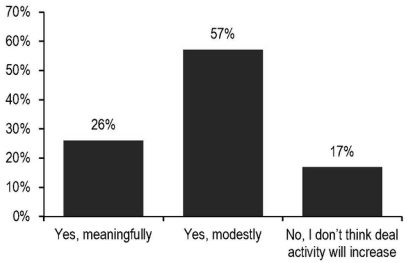


Source: BofA Merrill Lynch Global Research

Chart 89: If you voted yes, what statement closely matches your rationale?

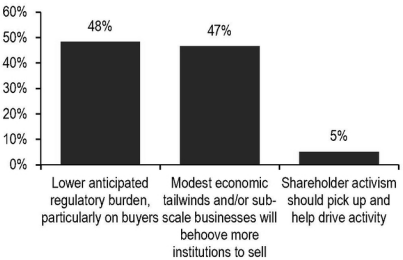


Source: BofA Merrill Lynch Global Research

## Understanding the Changing Fixed Income Markets

We hosted a panel to discuss the evolution of the fixed income market structure given the advent of electronic trading and regulatory construct. Our panelists included **Lee Olesky (co-founder and CEO of Tradeweb), Adam Brown (Head of US Rates Electronic Trading at BofAML)** and **Brian Callahan (Head of US Par Loan Trading and the head of Electronic Initiatives for Global Credit and Special Situations at BofAML).**

- **Electronification of fixed income markets steadily growing; however, lag European market**. Electronic trading came to fixed income trading in the late 1990's as a way of automating transactions (i.e. create a more efficient process between parties). Today in the US, the investment grade market is 16-20% electronic, the high yield market is 8% (has doubled over the last few of years), the treasury market (which has been growing steadily over last 10-15yrs) is 80-90% of the actual trade count is electronic. While the electronification of the derivative market was slower to evolve, recent regulatory reform has accelerated the electronification process (50% today). That said, while the evolution towards electronification in the US continues to grow, the European bond market is actually more advanced with nearly 50% of the bond market automated (vs. 20% for the US).
- **Regardless of possible regulatory relief, electronification may slow but won't end entirely**. While a partial repeal or lightening of Dodd-Frank would be a net positive for the financial markets, and possibly lower the costs to banks and end-users, Mr. Brown doesn't see a dramatic effect on the market structure. In other words, regulatory relief may only slow down the electronification progress.
- **Electronification within the fixed income market is a modest priority among asset managers**. Fifty-two percent (52%) of the audience polled believe it to be a modest priority in their own corporate strategy to embrace new technologies/electronification in fixed income. Mr. Brown was not surprised by the results as many of the asset managers have their own constraints from technology funding to regulatory issues to running the day-to-day business. While



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electronification is something that pays dividends, these benefits occur over time. That said, general sentiment from asset managers is that electronification is something they want as it leads to efficiency.

**Chart 90: As you think about corporate strategy for asset managers, how open is your firm with embracing new technologies/electronification in the fixed income space?**

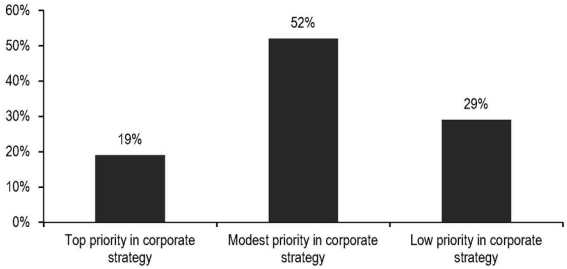


Source: BofA Merrill Lynch Global Research

- **ETF market for fixed income securities expected to grow significantly**. Unlike in the equities market where ETFs are 7% of the volume traded, fixed income ETFs are still sub-1% (0.8% at YE15). As the market continues to grow, particularly in the asset classes where the underlying bonds aren't that liquid, Mr. Callahan noted seeing increased liquidity in the ETFs for liquidity reasons. Following in the footsteps of the equities market, Mr. Callahan expects the fixed income ETF market to grow significantly and be very impactful to the overall market structure.
- **Greater concern around speed at which liquidity can change vs. liquidity in the market**. There is a lot of concern around liquidity in fixed income markets. That said, Mr. Brown is more concerned with the speed at which liquidity can change. There has been growing evidence that the market is going to adjust greater and faster than the underlying fundamental reasons for the correction. As such, this is causing participants to revisit how they look at risk management. Now market participants need to take into account not only their behavior, but their reaction to other participants' behavior (i.e. contagion effect).
- **Fewer, well-established platforms reduce overall risk within system**. Eighty-nine (89%) percent of the audience polled prefer to conduct business with a few, well-established platforms to diminish risk within the system. Using the government bond market as an example, Mr. Olesky points out that the growing contribution from PTFs to the overall treasury trade volume has increased the risk outside the primary-dealer system. This is a risk Mr. Olesky believes needs to be addressed and prefers a central clearinghouse for fixed income transactions.



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**Chart 91: As you think about platform management, what is your view on having multiple options of liquidity providers?**

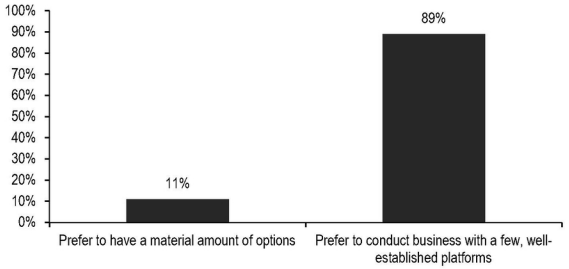


Source: BofA Merrill Lynch Global Research



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**Table 1: PO Changes**

| Firm | Rating | QRQ | Current Price | Old PO | New PO |
|---|---|---|---|---|---|
| ASB | UNDERPERFORM | B-3-7 | $22.45 | $19.00 | $20.00 |
| BANC | NEUTRAL | C-2-7 | $14.80 | $18.50 | $15.50 |
| BBT | BUY | B-1-7 | $42.82 | $41.00 | $45.00 |
| BKU | BUY | C-1-7 | $34.19 | $36.00 | $37.00 |
| BOH | UNDERPERFORM | B-3-7 | $85.67 | $64.00 | $75.00 |
| C | BUY | B-1-7 | 54.63 | $55.00 | $60.00 |
| CBF | BUY | C-1-7 | $35.80 | $35.00 | $38.00 |
| CBSH | NEUTRAL | A-2-7 | $56.39 | $53.00 | $60.00 |
| CFG | BUY | B-1-7 | $30.73 | $28.00 | $33.00 |
| CFR | UNDERPERFORM | B-3-7 | $82.93 | $70.00 | $74.00 |
| CMA | UNDERPERFORM | B-3-7 | $59.21 | $49.00 | $55.00 |
| EWBC | BUY | B-1-7 | $45.64 | $45.00 | $50.00 |
| FBP | NEUTRAL | C-2-9 | $6.29 | $6.00 | $6.50 |
| FCB | BUY | C-1-9 | $39.75 | $44.00 | $44.00 |
| FHB | NEUTRAL | C-2-7 | $29.48 | $28.00 | $31.00 |
| FHN | UNDERPERFORM | B-3-7 | $17.97 | $14.50 | $16.00 |
| FITB | NEUTRAL | B-2-7 | $24.90 | $23.00 | $26.00 |
| FSB | NEUTRAL | C-2-9 | $33.80 | $40.00 | $36.00 |
| GS | BUY | B-1-7 | $206.26 | $195.00 | $230.00 |
| GWB | BUY | B-1-7 | $38.85 | $38.00 | $42.00 |
| HBAN | BUY | C-1-7 | $11.93 | $12.00 | $13.00 |
| HBHC | NEUTRAL | B-2-7 | $39.05 | $35.00 | $41.00 |
| IBKC | BUY | B-1-7 | $78.05 | $74.00 | $85.00 |
| JPM | BUY | B-1-7 | 77.40 | $74.00 | $83.00 |
| KEY | BUY | B-1-7 | $16.73 | $17.00 | $18.00 |
| MS | BUY | B-1-7 | $39.19 | $36.00 | $43.00 |
| NYCB | BUY | C-1-8 | $15.36 | $17.00 | $17.00 |
| PB | UNDERPERFORM | B-3-7 | $64.38 | $50.00 | $58.00 |
| PNC | BUY | B-1-7 | $107.51 | $100.00 | $110.00 |
| RF | NEUTRAL | B-2-7 | $12.89 | $11.00 | $13.00 |
| SBNY | BUY | B-1-9 | $147.02 | $140.00 | $160.00 |
| SIVB | BUY | B-1-9 | $147.35 | $140.00 | $165.00 |
| SNV | NEUTRAL | C-2-7 | $38.01 | $35.00 | $40.00 |
| STI | BUY | B-1-7 | $50.79 | $48.00 | $53.00 |
| TCB | UNDERPERFORM | B-3-7 | $16.23 | $13.50 | $14.00 |
| TCBI | NEUTRAL | C-2-9 | $70.75 | $62.00 | $74.00 |
| UMBF | BUY | B-1-7 | $72.04 | $65.00 | $78.00 |
| USB | NEUTRAL | B-2-7 | $47.87 | $45.00 | $50.00 |
| WFC | BUY | B-1-7 | 51.68 | $50.00 | $55.00 |
| ZION | UNDERPERFORM | C-3-7 | $37.46 | $30.00 | $36.00 |

Source: BofA Merrill Lynch Global Research



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## Price objective basis & risk

**AllianceBernstein (AB)**
Our $25 price objective is based on 13x target P/E on our '17E, a discount vs our target for asset managers as a group, based on improving but inconsistent flows and limited active equity exposure as well as the MLP structure which means less liquidity, though a high distribution. Upside/downside risks to our price objective are market appreciation/depreciation, similar to other asset managers, underperformance, and an unpredictable yield since it is based on earnings rather than fixed. Because Alliance is an MLP, total potential return includes a variable distribution based on earnings.

**Amer Express (AXP)**
Our $74 price objective reflects a 13x PE multiple to our 2017 EPS estimate. Given the elevated uncertainty, we expect AXP will trade near the low end of its historical valuation range, which averages 12x-16x. This multiple reflects our view of solid loan growth and better billings, offset by increased risks of rising credit and marketing costs. We think the market will view AXP through a more credit card lens in the near-term, which also supports a multiple at the low end of the historical range.

Upside risks to our PO are stronger than expected macroeconomic conditions, accelerating consumer and business spending, lack of disruptions in capital markets, or a decreasing regulatory burden. Downside potential could come from weaker than expected macroeconomic conditions and renewed recessionary pressure, softer consumer and business spending, disruptions in capital markets, or an increasing regulatory burden.

**Ares Management (ARES)**
Our price objective (PO) for Ares is $18, which implies a target price-to-ENI (P/ENI or P/E) multiple of 11x our 2017 ENI estimate. Our price objective is based on our sum-of-the-parts (SOTP) analysis. Our SOTP analysis includes the following components: a target multiple on fee related earnings (15x - in line with or a premium to asset manager multiples given healthy growth and sticky assets), book value for the balance sheet investments and accrued carry, and a discounted value on the performance fee upside over a cycle (1.3x MOIC). Based on this method, we value the fee related earnings at $13/unit, the balance sheet (principal investments and accrued carry) at $4/unit, and the discounted value of future carry income and investment income at $1/unit, which equates to a total value of $18.

Risks to our PO: a weak macro and capital markets backdrop, potential changes in tax laws related to carried interest and partnerships, legal and political risk, increased regulation, credit market disruptions, poor performance, weak fundraising, expansion risk, key person and talent risk, competition, a unique corporate structure that limits unitholder control, and lock ups.

**Associated Banc-Corp (ASB)**
We use an equal weighted three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $20 price objective and assign a 1.4x multiple to 3Q17E TBV and a 14.9x 2017 P/E multiple, in-line with smid-cap peers due to their near median return profile. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 5%. The upside risk to our price objective is a less onerous residential RE cycle. Downside risks are a double dip in housing prices, deteriorating energy portfolio and falling rental income for commercial properties.

**Banc of California (BANC)**
To arrive at our $15.50 price objective, we have employed a three-factor valuation methodology that incorporates target P/E, target P/TBV and a DCF model. For our P/E analysis, we use a 14x earnings multiple on BANC's 2017E core earnings below peer



HOUSE_OVERSIGHT_014378

multiples due to lagging EPS growth. For our P/TBV valuation, we apply a 1.2x tangible book multiple to BANCs 2Q17E tangible book below peer multiples due to lagging ROTE. For our DCF analysis, we forecast net income growth stabilizes at 3% in the terminal stage. We also assume a beta of 1.1x in the terminal stage.

Downside risks to our price objective are slower than expected loan growth, and a reduction in the common dividend.

**Bank of Hawaii Corp. (BOH)**
We use an equal weighted three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $75 PO and assign a 2.2x multiple to 2Q17E TBV, representing a premium to peers, which we believe is appropriate given a stronger profitability and capital profile. Our 17x multiple on 2017E EPS is equal to the the peer median given average EPS growth relative to peers. Our DCF assumes a two-stage cost of capital of 9.8% and a terminal growth rate of 3%.

Downside risks to our price objective are a longer-than-anticipated low rate environment and a reversal of local economic improvement. Upside risks are a stronger-than-expected economic rebound, better-than-expected capital distribution and a shorter-than-anticipated low rate environment.

**BankUnited, Inc. (BKU)**
To arrive at our $37 price objective, we have employed an equal-weighted three factor valuation methodology that incorporates target P/TBV, P/E and DCF. We have applied a target P/TBV value multiple of 1.5x on our 2Q17E TBV and a P/E target multiple of 16x '17 EPS, based on BKU's above average growth relative to peers. Our DCF assumes a two-stage cost of capital of 7.9% and 9.3% and a terminal growth rate of 6%.

Downside risks to our price objective are slower CRE loan growth on the back of regulatory oversight, as well as an inability to deploy excess capital, increased competition for Florida M&A and an inability to continue to implement an organic growth strategy in New York City.

**BB&T Corporation (BBT)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $45 PO and assign a 1.6x multiple to 2017E TBV and 14.5x multiple on 2017E EPS. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

Our EPS multiple is in-line with BBT's historical avg, which reflects very high-growth years in the 1990s, a pace unlikely to be achieved near term given BBT's size as well as the challenging macro backdrop and industry headwinds. Our DCF assumes a two-stage cost of capital of 9.7% and 10.9% and a terminal growth rate of 4%.

Risks to our price objective are macro risks such as a double dip recession, the implementation of a strict liquidity coverage ratio and further regulation on overdraft income that restricts bank profitability. Specific to BBT, risks are enhanced regulatory scrutiny and capital standards as a Domestic SIFI, the announcement of a large, expensive deal, and the risk that the NPBC transaction does not consummate.

**Capital Bank Financial Corp. (CBF)**
Our $38 PO is based on an equal-weighted, two-factor valuation methodology that assumes: We assumes a 20.0x P/ 2017e EPS and a target P/TBV of 1.6x to 2017E tangible book given our forecast above peer EPS growth.

Downside risks to our PO are an inability to deploy excess capital and create value through acquisitions.



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**Citigroup Inc. (C)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $60 PO, assigning a 0.9x multiple to 2017E TBV and 11x multiple on '17E blended NA and EM earnings. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

Near term, we view C's current market multiple as overly discounted, but expect money center banks will likely continue to trade at a discount to the regionals. Our 1x TBV multiple represents a 0.3x discount to our median multiple for our universe. Our discount to TBV is a reflection of the earnings drag from Holdings and the fact that money centers will most likely continue to trade at a discount to regional peers. Our 11x 16E multiple is based on a sum of the parts analysis, where we apply a 10.5x multiple, on all operations ex. Lat Am and Asia GCB. We then apply a 11x multiple on Lat Am and Asia GCB to represent the earnings growth for consumer banking in emerging markets. Lastly, we deduct the earnings drag from Holdings. Our DCF analysis assumes a 5% growth rate and two stage cost of equity of 13%.

Risks to our PO are macro risks such as a slower than expected rate of fed hikes, and economic downturn and further scrutiny of the financials industry. Specific to C, risks are enhanced regulatory and capital standards as a Global SIFI, slower wind-down on Citi Holdings than expected, and slower-than-expected growth in the emerging markets and potential fines.

**Citizens Financial Group (CFG)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $33 price objective and assign a 1.2x multiple to our 2017E TBV in-line with other asset sensitive peers. We place a 15x multiple on our 2017E EPS, also in-line with its asset sensitive peer group. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 5%.

Downside risks to our price objective are: 1) a significantly delayed Fed rate hike leading to pressured revenue growth, 2) higher losses associated with CFG's consumer oriented loan portfolio, and 3) a quicker than expected credit normalization.

**Comerica Incorporated (CMA)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $55 PO, and assign a 1.2x multiple to 2017E TBV (in line with the median energy-exposed peers) and 16x multiple on 2017E EPS due to below peer EPS growth and ROTE. We have weighted the P/E and P/TBV factors equally at 33%, and our DCF analysis by 33%. Our DCF assumes a two-stage cost of capital of 12.3% and 10.5% and a terminal growth rate of 5% and Tier 1 common of 8% at termination.

Downside risks to our PO are a more severe than expected impact from lower energy prices, or a slower than expected rate of fed hikes. Upside risks are a better than expected rebound in energy prices and sooner recognition of cost saves.

**Commerce Bancshares Inc. (CBSH)**
We use an equal-weighted three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $60 PO and assign a 2.2x multiple to 2Q17E TBV, representing a premium to peers, given higher-quality earnings and capital position. Our assigned 18x multiple on 2017E EPS is at a premium to peers due to higher earnings quality. Our DCF assumes a terminal cost of equity of 9%, and a terminal growth rate of 3%.

Downside risks to our price objective are regulatory headwinds, or longer-than-anticipated low-rate environment. Upside risks are a stronger-than-expected economic rebound, better-than-expected capital distribution and a potential takeout above our price objective.



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**Cullen/Frost Bankers Inc (CFR)**
To arrive at our $74 price objective, we employed a three-factor valuation methodology that incorporates target P/E, target P/TBV and a DCF model. For our P/E valuation, we apply a 15x earnings multiple on CFR's 2017E core earnings. For our P/TBV valuation, we apply a 1.7x tangible book multiple to CFR's 2017E tangible book. Both multiples are lower than peers for CFR due to EPS headwinds and rising credit costs from lower energy prices. For our DCF analysis, we use a net income growth of 3.0% and assume a beta of 1.0 in the terminal stage.

Upside risks to our PO: a sharp rebound in oil prices, higher than expected interest rates, stronger loan growth, better than expected credit performance of CFR's energy loan portfolio. Downside risks: A worse than expected decline in Texas economic growth that impacts CFR's balance sheet growth, a slower than expected pace or rate hikes and a worse than expected sell off in oil prices.

**East West Bancorp, Incorporated (EWBC)**
Our three-pronged valuation methodology (target P/E, target P/TBV, and DCF analysis) drives our price objective of $50. We assumes a 16.0x P/ 2017e EPS and a target P/TBV of 2.0x to 2Q17E tangible book given our forecast above peer EPS growth. Our DCF assumes a two-stage cost of capital of 9.5% and a terminal growth rate of 3% Upside risks to our PO are a quick economic recovery (led by stabilization or appreciation in CA housing values) or a faster than expected recovery in China. Downside risk to our PO is an even deeper economic slowdown driving corporate losses higher than we currently anticipate, faster than expected normalization in credit.

**Eaton Vance (EV)**
Our $35 price objective is based on a target P/E of 15x calendar 2016E (14x '17E), at a discount to our asset-manager group target multiple, given recent outflows from high fee products, offset by distinct products in areas such as floating rate and overlay.

Downside risks to our price objective are market depreciation and investment under-performance, as for all asset managers, and (should the economy slow) concentration in some credit areas, such as bank loan funds, high yield and longer-duration munis. Upside risks are improving performance, flows, or future traction from EV's ETF licensing initiative.

**FCB Financial Holdings, Inc (FCB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $44 price objective and assign a 1.6x multiple to our 2017E TBV given that we believe the market would pay a 0.3x premium for FCB's 2016 estimated returns in line with the median premium of its peer group (Florida banks, High Growth, Bank Acquisition, and SMIDs). We place a 18x multiple on our 2017E EPS, a premium to its SMIDs peers given our outlook for stronger EPS growth. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 3%.
Downside risks to our price objective are a deterioration in credit quality in FCB's unseasoned newly originated loan portfolio, a downturn in the Florida economy, and continued competition for C&I loans. Upside risks are a better than expected improvement in its return profile and a much stronger economic improvement in the Florida economy.

**Fifth Third Bank (FITB)**
Our PO of $26 is predicated on target P/E multiple of 15x to reflect higher confidence in FITB achieving most of its profit improvement goals related to Project North Star. This represents a modest premium versus peers. Downside risks to our PO are a prolonged low interest rate environment, expensive M&A and slower than guided loan growth on weaker economic activity.



HOUSE_OVERSIGHT_014381

**First Bancorp Puerto Rico (FBP)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $6.50 price objective. We assign a 1.0x multiple to our 2Q17E TBV, below the 1.6X for peers, due to the overhang of PR fiscal issues that may reduce TBV. Our revised implied 2Q17E TBV of 1.0x is consistent with a 5% ROE. We assign a 10x multiple to our 2017E EPS, in line with peers. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 3%.

Downside risks to our price objective are a worse-than-expected restructuring of PR government debt, deterioration in the Puerto Rican economy that could hurt the ongoing credit and earnings recovery at FBP, a change in management's strategy to dispose troubled assets, and potential regulatory risk stemming from the ongoing implementation of the Dodd-Frank financial rules. Upside risks to our price objective are a much stronger economic improvement in Puerto Rico and a better-than-expected improvement in asset quality trends at FBP.

**First Hawaiian Inc. (FHB)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $31 PO and assign a 2.2x multiple to 2017E TBV and 17x multiple on 2017E EPS, representing premium target multiples for the median smid-cap banks under coverage. We have weighted the P/E and P/TBV factors equally.

A superior profitability profile suggests an above peer multiple. Our DCF assumes a two-stage cost of capital of 8% and a terminal growth rate of 4%.

Risks include 1) FHB's reliance on the Hawaiian economy with 80% of the franchise spread across Hawaii, Guam, and Saipan poses downside risk to EPS from a severe economic downturn in this region. 2) While FHB has a history of conservative underwriting its exposure to auto loans could serve as an overhang if investor concerns around the health of the auto sector and consumer increase. 3) Expectations for continued divestiture by French bank BNP (owns 82% of shares o/s) could temper stock performance.

**First Horizon National Corp. (FHN)**
We use a three-prong valuation framework (P/E, P/TBV, DCF) to arrive at our $16 price objective and assign a 1.5x multiple to 2Q17E TBV and a 14x multiple to 2017E EPS (inline with median for our mid-to-small cap universe). We believe that this valuation discount is warranted given the below average earnings growth that we forecast for FHN. Our P/TBV and P/E targets reflect our expectation that earnings growth and profitability will remain challenged by a low growth low interest rate environment. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 5%.

Downside risks to our price objective are a double dip in home prices and slower residential real estate recovery. Upside risks are FHN being taken out above our price objective and better performance in the economy than we expect.

**Franklin Financial Network, Inc. (FSB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $36 price objective and assign a 1.8x multiple to our 2Q17E TBV, given that we believe the market would pay no premium for FSB's 2016 estimated returns of 14%, below the median of its peer group (High performing, Southeast peers, and SMIDs). We place a 14x multiple on our 2017E EPS, a premium to its peer group given above average expected EPS growth. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 3%.

Downside risks to our price objective are: 1) execution risk leading to slower than expected loan growth or lower than expected improvement in the efficiency ratio, 2)



HOUSE_OVERSIGHT_014382

downturn in the local real estate markets affecting Franklin's construction loans and increasing credit costs via higher charge-offs and provisions, and 3) inability to effectively fund asset growth driving greater than expected compression in the net interest margin.

**Goldman Sachs (GS)**
We value the brokers based on the relationship between ROE (return on equity) and PB (price to book), which has a high historical correlation. Our $230 PO is based on a target PB multiple of 1.2x our forward book value estimate, which is above our 2017E ROE of roughly 10% as we add in higher interest rate expectations and loosening regulations into our multiple.

Risks to the downside are a weaker economy/capital markets, increased macro issues, tougher regulation, and litigation, while risks to the upside are a stronger economy, moderating macro risks, market share gains, and less onerous regulatory and legal issues.

**Great Western Bancorp Inc (GWB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $42 price objective and assign a 2.0x multiple to our 2Q17E TBV given that we believe the market would pay premium for GWB's 2016 estimated returns of 15%, in line with the median premium of its peer group (High performing, Midwest peers, and SMIDs). We place a 16x multiple on our 2017E EPS, a premium to its peer group given higher quality earnings. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 3%.

Downside risks to our price objective are a prolonged downturn in the farm sector and lower for longer interest rate environment. Upside risks are a better than expected improvement in the farming industry and a much stronger economic improvement in the Midwest economy.

**Hancock Holding (HBHC)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $41 price objective. We assign a 1.5x multiple to our 2Q17E TBV, in line with SMID-cap peers based on their in-line return profile, and this translates to $35.75. We place a 14.5x multiple on our 2017E EPS, in line with other peers based on forecasted EPS growth, for $33. Our DCF assumes a two-stage model with terminal growth rate of 3.5% and a cost of capital of 8.5% to derive our $35 PO.

Downside risks to our price objective are regulatory issues, slowing growth and if M&A synergies do not materialize. Upside risks are better than expected cost saves, stronger loan growth that would lead to better than forecast spread revenue and lower credit costs.

**Huntington Bancshares Inc. (HBAN)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our PO of $13 and assign a 1.8x multiple to 2017E TBV and a 14x multiple on 2017E EPS, below historical multiples. This is due to more stringent capital standards and the negative fee income impact of pending regulatory reform. Our DCF analysis uses a cost of equity of 15.7% in the first stage and 11% in the second stage, and a terminal growth rate of 3%.

Risks to our price objective are an inability to offset regulatory fee income headwinds and integration risk associated with FMER. Other risks are an inability to return capital to shareholders in a timely fashion or overpaying for an acquisition target.

**IBERIABANK Corp (IBKC)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $85 price objective and assign a 1.6x multiple to our 2Q17E TBV, in line with multiples of other



HOUSE_OVERSIGHT_014383

high growth peers. We place a 16x multiple on our 2017E EPS in line with SMID peers. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 3%.

Downside risks to our price objective are worse than expected decrease in oil prices, regulatory issues, deteriorating credit quality, and if M&A synergies do not materialize. Upside risks are sooner than expected recovery in the oil price, faster than expected rate hikes or better than expected improvement in the US economy.

**Invesco (IVZ)**
Our $36 price objective is based on a target P/E multiple of 14x our 2017E, which is above IVZ's historical valuation relative to the group given expectations for superior organic growth. Risks to our price objective are market depreciation and investment underperformance, as for all asset managers, along with volatile flows in IVZ's passive strategies, non-US currency and market risk.

**JPMorgan Chase & Co. (JPM)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $83 PO, assigning a 1.5x multiple to 2017E TBV and 13x multiple on 2017E EPS. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

Near term, we view JPM's current market P/E multiple as overly discounted, but expect money center banks will likely continue to trade at a discount to the regionals. Our 11x multiple is a 2x discount to our median multiple as we believe in the near future, money centers will continue to trade at a discount to regional peers. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 4%.

Risks to our price objective are macro risks such as a longer than expected low interest rate environment and further regulation and scrutiny of the financials industry. Specific to JPM, risks are enhanced regulatory and capital standards as a Global SIFI, mortgage putback risk, material decline in investment banking/trading profitability, and increased litigation on matters such as private label securitization, foreclosures, etc.

**Key Corp (KEY)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $18 PO and assign a 1.4x multiple to 2017E TBV and 15x multiple on 2017E EPS, in-line with its peer group due to near median profitability and EPS growth. Our DCF assumes a two stage cost of capital of 13.4% and 10.9% and a terminal growth rate of 5% and Tier 1 common of 8% at termination.

Downside risks to our PO are a prolonged low interest rate environment, greater than expected expenses, inability to maximize balance sheet efficiency, and the announcement of expensive deals.

**KKR & Co. (KKR)**
Our price objective (PO) for KKR is $17, which results in a target price-to-ENI (P/ENI or P/E) multiple of 10x our 2017 economic net income (ENI) estimate. Our price objective is based on our sum-of-the-parts (SOTP) analysis. Our SOTP analysis is based on the following components: a target multiple on fee related earnings (11x - discount to asset manager multiples given revenue mix), a discount to book value for the balance sheet investments and accrued carry given markets, and a discounted value on the performance fee upside over a cycle. Based on this method, we value the fee related earnings at $6/unit, the balance sheet (principal investments and accrued carry) at $9/unit, and the discounted value of future carry income and investment income at $2/unit, which equates to a total value of $17, in line with our price objective.

Risks to our PO: a weak macro and capital markets backdrop, potential changes in tax laws related to carried interest and partnerships, regulatory and political risk, poor



HOUSE_OVERSIGHT_014384

performance, weak fundraising, principal investment and balance sheet risk, expansion risk, key person and talent risk, competition, a unique corporate structure that limits shareholder control, and share lock-ups that could weigh on the stock.

**Legg Mason (LM)**
Our $36 price objective is based on a target P/E multiple of 12x our calendar '17E, a discount to the group, given financial leverage, muted flows, and deal/integration risk. Downside risks to our price objective: an equity sell-off or weakening flows, which would pressure AUM and revenues. A return to past under-performance at key affiliates is also a risk for Legg, given its fragile recovery and brand issues. Given their affiliate model there are integration risks. Upside risks to our price objective are better than expected equity markets, performance, or flows, or an accretive acquisition.

**Morgan Stanley (MS)**
We value the brokers based on the relationship between ROE (return on equity) and PB (price to book), which has a high historical correlation. Our $43 PO is based on a target PB multiple of 1.3x our forward book value estimate, which is above our 2017E ROE of roughly 8% as we add in higher interest rate expectations and loosening regulations into our multiple.

Risks are a weak economy, low rates for longer, a significant reduction in capital markets activity, weak returns, another shock to the financial system, ongoing competition and talent risk, tighter regulation, significantly higher capital requirements, and ongoing litigation risks.

**New York Community Bancorp (NYCB)**
Our price objective is $17 and we use a three factor valuation model equally weighing valuations using P/E, P/TBV and DCF models. To arrive at our P/E valuation, we assign a 14x multiple to our blended '17e EPS or inline with the median of other CCAR banks with $50-100bn in assets. To arrive at our P/TBV valuation we applied a 2.2x multiple to our 2Q17E TBV, a premium to NY/Thrift and smid cap peers given NYCB's superior return profile. We arrive at our DCF valuation using we assume a 2% terminal growth rate and a WACC of 8%.

Upside risks to our price objective are: 1) Change in SIFI threshold could drive a relief rally, 2) Lower for longer rate backdrop, and 3) A period of heightened market volatility.

Downside risks to our price objective are: 1) worse than expected impact on ROTE from increased capital standards from obtaining the SIFI designation and 2) higher than expected impact from increasing rates on funding cost.

**Prosperity Bancshares Inc (PB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $58 price objective. We assign a 1.8x multiple to our 2Q17E TBV (40% weight) compared to 1.1x median of TX peers. We believe the 0.7x premium to Texas peers is warranted given PB's above average return on tangible equity (ROTE) profile. We place a 14x multiple on 2017E EPS, in line with historical P/E median (40% weight) net of accretable yield. Our DCF valuation ((20% weight) suggests a fair value of $45. Our DCF assumes a terminal growth rate of 3% and cost of capital of 9.9%.

Risks to our price objective are worse than expected drop in the price of oil, better than expected macro environment and increasing rates which offset the effects of lower oil prices, or inability to close an M&A deal due to regulatory or capital constraints.

**Regions Financial (RF)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $13 price objective and assign a 1.4x multiple to 2017E TBV and 14x multiple on 2017E EPS. Our



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estimates imply RF would generate ROTEs of 10-11% in 2016-2017E, hence we find RF fairly valued at 1.3x TBV. Our 13x multiple is in-line with large regional peers. Our DCF assumes a two-stage cost of capital of 13.6% and 10.5% and a terminal growth rate of 6.5% and Tier 1 common of 8% at termination.

Downside risks to our PO are a slower-than-expected credit recovery, and the Fed on hold for a longer period of time.

**Signature Bank (SBNY)**
We use an equal-weighted three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $160 PO and assign a 2.1x multiple to 3Q17E TBV, representing a premium to the group, which we believe is appropriate given a stronger profitability and capital profile, and above-peer-growth prospects. Our 16.1x multiple on 2017E is higher than peers given consistent above peer growth. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 4%.

Risks to our price objective are required provisioning at higher-than-forecast levels, further deterioration in rental income for commercial properties, and a longer-than-anticipated low-rate environment.

**SunTrust Banks, Inc. (STI)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $53 PO, assigning a 1.7x multiple to 2017E TBV and 14.5x multiple on 17E EPS. Above peer P/TBV due to their above median profitability, and below peer P/E due to their below median EPS growth. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

Our DCF assumes a two-stage cost of capital of 12% and a terminal growth rate of 4%.

Risks to our price objective are macro risks, such as a slower than expected rate increase. Upside risks are higher-than-expected capital return, a general beta rally for bank stocks, and faster recognition of "normalized" earnings.

**SVB Financial Group (SIVB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $165 price objective and assign a 1.8x multiple to our 2Q17E TBV and apply a 17x P/E to 17E EPS. Our valuation multiples are both in line with high growth peers due to SIVB's high profitability and EPS growth profile. Our DCF assumes a two-stage cost of capital of 9.5% and a terminal growth rate of 6%.

Downside risks are a longer than expected low rate environment and a slowdown in the technology sector and related IPO activity. Upside risks are sooner than expected rate hike, or better than expected pickup in the tech sector.

**Synovus Financial Corp. (SNV)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $40 price objective and assign a 1.7x multiple to our forward 2Q17 TBV, given peers are currently trading higher and a discount is warranted given their lower return profile. We place a 15x multiple on 2017E EPS, in line with the historical median for the stock. Our DCF assumes a two-stage cost of capital of 9%, and a terminal growth rate of 3%.

Downside risks to our price objective are potentially slower-than-expected economic growth in their footprint or a potential takeout price that is lower than where the stock is trading today. Upside risks to our price objective are a quicker pick-up in capital return than we are expecting and SNV being acquired above our price objective.

**TCF Financial Corp. (TCB)**



HOUSE_OVERSIGHT_014386

We use an equal weighted, three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our PO of $14. We assigned a 1.2x multiple to 2Q17E TBV and a 12x multiple on 2017E EPS, with lower PTBV/PE multiple than peers assigned due to the higher perceived risk of their lending model. Our DCF assumes a two-stage cost of capital of 9.4% and 11.5% and a terminal growth rate of 2%.

Upside risk to our price objective is a less onerous residential real estate cycle favorably benefiting credit provision forecasts. Downside risks are a double dip in home prices and a prolonged low rate environment.

**Texas Capital Bancshares Inc. (TCBI)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $74 price objective and assign a 1.7x multiple to our 2Q17E TBV, below high growth peers due to possible losses as a result of the downturn in energy prices. We place a 17x multiple on our 2017E EPS, below TCBI's historical pre-crisis P/E multiple based on possible EPS headwinds from their energy exposures. Our DCF assumes a two-stage cost of capital of 10% and a terminal growth rate of 4%.

Downside risks to our price objective are lower than expected oil prices and a slowdown in economic activity in Texas. Upside risk to our price objective is better than expected ramp up in MCA business, and sooner than expected hike in rates, faster than expected recovery in oil prices.

**The Blackstone Group (BX)**
Our price objective (PO) for Blackstone is $29, which results in a target price-to-ENI (P/ENI or P/E) multiple of 12x our 2017 ENI estimate. Our price objective is based on our sum-of-the-parts (SOTP) analysis. Our SOTP analysis is based on the following components: a target multiple on fee related earnings (16x - roughly in line with or a premium to top tier asset manager multiples given healthy growth and sticky assets), book value for the balance sheet investments and accrued carry, and a discounted value on the performance fee upside over a cycle (1.5x MOIC). Based on this method, we value the fee related earnings at $14/unit, the balance sheet (principal investments and accrued carry) at $6/unit, and the discounted value of future carry income and investment income at $9/unit, which equates to a total value of $29, in line with our price objective.

Risks to our PO: a weak macro and capital markets backdrop, potential changes in tax laws related to carried interest and partnerships, legal and political risk, increased regulation, poor performance, weak fundraising, expansion risk, key person and talent risk, competition, and a unique corporate structure that limits unitholder control.

**The Carlyle Group (CG)**
Our price objective (PO) for Carlyle is $18, which implies a target price-to-ENI (P/ENI or P/E) multiple of 13x our 2017 ENI estimate. Our price objective is based on our sum-of-the-parts (SOTP) analysis. Our SOTP analysis is based on the following components: a target multiple on fee-related earnings (16x, roughly in line with or a premium to asset manager multiples given growth outlook), book value for the balance sheet investments and accrued carry, and a discounted value on the performance fee upside over a cycle (1.5x MOIC). Based on this method, we value the fee-related earnings at $4 share, the balance sheet at $5 share, and incentive upside at $9 share, which equates to a total value of $18, in line with our price objective.

Risks to our PO: a weak macro and capital markets backdrop, potential changes in carried interest and partnership tax laws, regulatory and political risk, poor performance, weak fundraising, expansion risk, key person and talent risk, competition, a unique corporate structure that limits shareholder control, a limited float, and share lock-ups that could weigh on the stock.



HOUSE_OVERSIGHT_014387

**The PNC Financial Services Group, Inc. (PNC)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $110 PO and assign a 1.4x multiple to 2017E TBV and 14x multiple on 2017E EPS, in line with target multiples for the median large regional banks under coverage. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

A superior profitability profile suggests an above peer multiple - however, a challenging macro backdrop and specific industry headwinds restrain our P/E target. Our DCF assumes a two-stage cost of capital of 9.6% and 11.2% and a terminal growth rate of 4%.

Risks are macro risks such as a lower for longer rate environment, the implementation of a strict liquidity coverage ratio and further regulation on overdraft income that restricts bank profitability.

**U.S. Bancorp (USB)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $50 PO, assigning an above peer 2.8x multiple to 2017E TBV and near median 14.5x multiple on 2017E EPS due to their above median profitability. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%. Our DCF assumes a two-stage cost of capital of 9.5% and 10.9% and a terminal growth rate of 5%.

Risks to our price objective are macro risks such as a double dip recession, the implementation of a strict liquidity coverage ratio and further regulation on overdraft income that restricts bank profitability. Specific to USB, risks are enhanced regulatory scrutiny and capital standards as a Domestic SIFI and an announcement of a large expensive deal that could weigh on the stock price.

**UMB Financial Corporation (UMBF)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $78 price objective and assign a 1.8x multiple to our 2Q17E TBV, in-line with peers, and we place a 18x multiple on our 2017E EPS, above peers given our above median EPS growth forecast. Our DCF model assumes cost of equity of 8% and a terminal growth rate of 4%.

Downside risks to our price objective are continued rising long rates, which could negatively impact the company's sizable securities book and erode tangible book value. In addition, a sudden outflow of deposits could impact EPS and the asset sensitivity of UMBF's balance sheet to higher interest rates. Upside risks to our price objective are a much faster asset mix change into higher yielding loans that significantly increases its net interest margin.

**Wells Fargo & Company (WFC)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $55 PO, assigning a 1.75x multiple to 2017E TBV and 13x multiple on 2017E EPS. We have weighted the P/E and P/TBV factors equally at 40%, and our DCF analysis by 20%.

Our 1.6x TBV multiple represents a 0.3x premium to our mega-cap median multiple, but we believe this is justified due to WFC's superior returns on tangible equity (ROTE consistent between 13%-14% throughout our forecast period, versus 12% for peers). Our 12x EPS multiple is in line with our mega-cap median multiple. We believe WFC deserves to trade at a premium due to better earnings growth, but we are assuming WFC trades in line with peers due to a higher percentage of earnings from mortgage banking and accretable yield, as well as potentially greater regulatory scrutiny as the second largest US depository. Our DCF assumes a two-stage cost of capital of 11% and a terminal growth rate of 4%.



HOUSE_OVERSIGHT_014388

Downside risks to our price objective are an economic slowdown and the final implementation of a strict liquidity coverage ratio. Specific to WFC, risks are enhanced regulatory scrutiny and capital standards as a Global SIFI, and issues surrounding its cross selling.

**Zions Bancorp (ZION)**
We use a three-factor valuation framework (P/E, P/TBV, DCF) to arrive at our $36 price objective and assign a 1.2x multiple to 2017E TBV. Our 16x P/E multiple, which we apply on 2017E EPS along with debt extinguishment upside, is 1x higher than its historical median due to low interest rates. Our DCF assumes a two-stage cost of capital of 16.1% and 11.6% and a terminal growth rate of 8%.

Upside risks to our price objective are more robust economic recovery and less onerous post cycle reserve requirements. Downside risks are a slowdown in housing price appreciation and a prolonged low interest rate environment.

## Analyst Certification

We, Erika Najarian, Ebrahim H. Poonawala, Kenneth Bruce and Michael Carrier, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

BofA Merrill Lynch is currently acting as financial advisor to KKR and the Company in connection with its proposed sale of a majority stake in SMCP Group to Shandong Ruyi Group. The signing of an exclusivity agreement between the parties was announced on 31 March 2016.

BofA Merrill Lynch is currently acting as financial advisor to Huntington Bancshares Inc in connection with Huntington and FirstMerit Corp's proposed sale of 13 bank branches in Stark and Ashtabula counties to First Commonwealth Bank, a subsidiary of First Commonwealth Financial Corp, which was announced on July 27, 2016.

BofA Merrill Lynch is currently acting as financial advisor to Blackstone Group LP in connection with its proposed acquisition of Team Health Holdings Inc, which was announced on October 31, 2016. The proposed transaction is subject to approval by shareholders of Team Health Holdings Inc. This research report is not intended to (1) provide voting advice, (2) serve as an endorsement of the proposed transaction, or (3) result in the procurement, withholding or revocation of a proxy.

BofA Merrill Lynch is currently acting as financial adviser to Blackstone Real Estate Partners Europe IV and Blackstone Real Estate Partners VIII (jointly "Blackstone") through its entity Vega Holdco Sarl in connection with a proposed offer to acquire a controlling stake of D. Carnegie & Co. AB, which was announced on 15 July 2016. The transaction will, if completed eventually result in Blackstone passing the threshold for a mandatory offer obligation.

BofA Merrill Lynch is currently acting as financial advisor to Ares Capital Corp. in connection with its proposed acquisition of American Capital, Ltd., which was announced on May 23, 2016. Ares Management L.P. will provide financial support to the transaction. The proposed transaction is subject to approval by shareholders of American Capital ltd. and Ares Capital Corp. This research report is not intended to (1) provide voting advice, (2) serve as an endorsement of the proposed transaction, or (3) result in the procurement, withholding or revocation of a proxy.



HOUSE_OVERSIGHT_014389

**US - Brokers, Asset Managers, & Exchanges Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Affiliated Mgrs. | AMG | AMG US | Michael Carrier, CFA |
| | AllianceBernstein | AB | AB US | Michael Carrier, CFA |
| | BlackRock, Inc. | BLK | BLK US | Michael Carrier, CFA |
| | Charles Schwab Corp. | SCHW | SCHW US | Michael Carrier, CFA |
| | CME Group | CME | CME US | Michael Carrier, CFA |
| | Cohen & Steers | CNS | CNS US | Michael Carrier, CFA |
| | Goldman Sachs | GS | GS US | Michael Carrier, CFA |
| | Houlihan Lokey | HLI | HLI US | Michael Carrier, CFA |
| | IntercontinentalExchange | ICE | ICE US | Michael Carrier, CFA |
| | Invesco | IVZ | IVZ US | Michael Carrier, CFA |
| | KKR & Co. | KKR | KKR US | Michael Carrier, CFA |
| | Legg Mason | LM | LM US | Michael Carrier, CFA |
| | Morgan Stanley | MS | MS US | Michael Carrier, CFA |
| | Oaktree Capital Group | OAK | OAK US | Michael Carrier, CFA |
| | Old Mutual Asset Management | OMAM | OMAM US | Michael Carrier, CFA |
| | TD Ameritrade | AMTD | AMTD US | Michael Carrier, CFA |
| **NEUTRAL** | | | | |
| | Apollo Global Management | APO | APO US | Michael Carrier, CFA |
| | Ares Management | ARES | ARES US | Michael Carrier, CFA |
| | E*TRADE Financial | ETFC | ETFC US | Michael Carrier, CFA |
| | Franklin Resources | BEN | BEN US | Michael Carrier, CFA |
| | Janus Capital | JNS | JNS US | Michael Carrier, CFA |
| | Nasdaq Inc | NDAQ | NDAQ US | Michael Carrier, CFA |
| | Och-Ziff | OZM | OZM US | Michael Carrier, CFA |
| | T. Rowe Price | TROW | TROW US | Michael Carrier, CFA |
| | The Blackstone Group | BX | BX US | Michael Carrier, CFA |
| | The Carlyle Group | CG | CG US | Michael Carrier, CFA |
| | WisdomTree | WETF | WETF US | Michael Carrier, CFA |
| **UNDERPERFORM** | | | | |
| | Artisan Partners | APAM | APAM US | Michael Carrier, CFA |
| | CBOE Holdings | CBOE | CBOE US | Michael Carrier, CFA |
| | Eaton Vance | EV | EV US | Michael Carrier, CFA |
| | Federated Inv. | FII | FII US | Michael Carrier, CFA |
| | Virtus Investment Partners | VRTS | VRTS US | Michael Carrier, CFA |
| | Waddell & Reed | WDR | WDR US | Michael Carrier, CFA |
| **RSTR** | | | | |
| | Bats Global Markets, Inc. | BATS | BATS US | Michael Carrier, CFA |



HOUSE_OVERSIGHT_014390

**US - Specialty Financial Services Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Apollo Commercial Real Estate Finance | ARI | ARI US | Kenneth Bruce |
| | Ares Commercial Real Estate Corp. | ACRE | ACRE US | Kenneth Bruce |
| | Blackstone Mortgage Trust Inc | BXMT | BXMT US | Kenneth Bruce |
| | Compass Diversified Holdings | CODI | CODI US | Derek Hewett |
| | Ladder Capital Corp. | LADR | LADR US | Kenneth Bruce |
| | MGIC Investment Corp. | MTG | MTG US | Mihir Bhatia |
| | New Residential Investment | NRZ | NRZ US | Kenneth Bruce |
| | Radian Group Inc | RDN | RDN US | Mihir Bhatia |
| | Starwood Property Trust, Inc. | STWD | STWD US | Kenneth Bruce |
| | TCP Capital Corp. | TCPC | TCPC US | Derek Hewett |
| | TPG Specialty Lending, Inc. | TSLX | TSLX US | Derek Hewett |
| **NEUTRAL** | | | | |
| | AGNC Investment Corp | AGNC | AGNC US | Kenneth Bruce |
| | Ally Financial Inc. | ALLY | ALLY US | Kenneth Bruce |
| | Amer Express | AXP | AXP US | Kenneth Bruce |
| | Annaly Capital | NLY | NLY US | Kenneth Bruce |
| | CIT Group Inc. | CIT | CIT US | Derek Hewett |
| | Discover Financial Services | DFS | DFS US | Kenneth Bruce |
| | Golub Capital BDC, Inc. | GBDC | GBDC US | Derek Hewett |
| | MasterCard Inc | MA | MA US | Kenneth Bruce |
| | PayPal | PYPL | PYPL US | Kenneth Bruce |
| | PennyMac Financial Services, Inc. | PFSI | PFSI US | Kenneth Bruce |
| | Synchrony Financial | SYF | SYF US | Kenneth Bruce |
| | Visa Inc. | V | V US | Kenneth Bruce |
| **UNDERPERFORM** | | | | |
| | Apollo Investment Corporation | AINV | AINV US | Derek Hewett |
| | Capital One | COF | COF US | Kenneth Bruce |
| | Credit Acceptance Corp. | CACC | CACC US | Kenneth Bruce |
| | Essent Group | ESNT | ESNT US | Mihir Bhatia |
| | Goldman Sachs BDC, Inc. | GSBD | GSBD US | Derek Hewett |
| | OneMain Holdings, Inc. | OMF | OMF US | Kenneth Bruce |
| | PennyMac Mortgage Investment Trust | PMT | PMT US | Kenneth Bruce |
| | Santander Consumer USA Inc. | SC | SC US | Kenneth Bruce |
| **RSTR** | | | | |
| | American Capital, Ltd. | ACAS | ACAS US | Derek Hewett |
| | Ares Capital Corporation | ARCC | ARCC US | Derek Hewett |
| **RVW** | | | | |
| | AG Mortgage Investment Trust, Inc. | MITT | MITT US | Kenneth Bruce |
| | ARMOUR Residential REIT, Inc | ARR | ARR US | Kenneth Bruce |
| | CYS Investments, Inc | CYS | CYS US | Kenneth Bruce |
| | Ellington Financial LLC | EFC | EFC US | Kenneth Bruce |
| | Hannon Armstrong | HASI | HASI US | Kenneth Bruce |
| | Invesco Mortgage Capital, Inc. | IVR | IVR US | Kenneth Bruce |
| | Two Harbors Investment Corp. | TWO | TWO US | Kenneth Bruce |
| | Western Asset Mortgage Corp | WMC | WMC US | Kenneth Bruce |



HOUSE_OVERSIGHT_014391

**US - Banks Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | BankUnited, Inc. | BKU | BKU US | Ebrahim H. Poonawala |
| | BB&T Corporation | BBT | BBT US | Erika Najarian |
| | Capital Bank Financial Corp. | CBF | CBF US | Erika Najarian |
| | Citigroup Inc. | C | C US | Erika Najarian |
| | Citizens Financial Group | CFG | CFG US | Erika Najarian |
| | East West Bancorp, Incorporated | EWBC | EWBC US | Ebrahim H. Poonawala |
| | FCB Financial Holdings, Inc | FCB | FCB US | Ebrahim H. Poonawala |
| | Great Western Bancorp Inc | GWB | GWB US | Ebrahim H. Poonawala |
| | Huntington Bancshares Inc. | HBAN | HBAN US | Erika Najarian |
| | IBERIABANK Corp | IBKC | IBKC US | Ebrahim H. Poonawala |
| | JPMorgan Chase & Co. | JPM | JPM US | Erika Najarian |
| | Key Corp | KEY | KEY US | Erika Najarian |
| | New York Community Bancorp | NYCB | NYCB US | Ebrahim H. Poonawala |
| | Signature Bank | SBNY | SBNY US | Ebrahim H. Poonawala |
| | SunTrust Banks, Inc. | STI | STI US | Erika Najarian |
| | SVB Financial Group | SIVB | SIVB US | Ebrahim H. Poonawala |
| | The PNC Financial Services Group, Inc. | PNC | PNC US | Erika Najarian |
| | UMB Financial Corporation | UMBF | UMBF US | Ebrahim H. Poonawala |
| | Wells Fargo & Company | WFC | WFC US | Erika Najarian |
| **NEUTRAL** | | | | |
| | Banc of California | BANC | BANC US | Ebrahim H. Poonawala |
| | Commerce Bancshares Inc. | CBSH | CBSH US | Ebrahim H. Poonawala |
| | Fifth Third Bank | FITB | FITB US | Erika Najarian |
| | First Bancorp Puerto Rico | FBP | FBP US | Ebrahim H. Poonawala |
| | First Hawaiian Inc. | FHB | FHB US | Ebrahim H. Poonawala |
| | Franklin Financial Network, Inc. | FSB | FSB US | Ebrahim H. Poonawala |
| | Hancock Holding | HBHC | HBHC US | Ebrahim H. Poonawala |
| | M&T Bank | MTB | MTB US | Erika Najarian |
| | Regions Financial | RF | RF US | Erika Najarian |
| | Synovus Financial Corp. | SNV | SNV US | Ebrahim H. Poonawala |
| | Texas Capital Bancshares Inc. | TCBI | TCBI US | Ebrahim H. Poonawala |
| | U.S. Bancorp | USB | USB US | Erika Najarian |
| **UNDERPERFORM** | | | | |
| | Associated Banc-Corp | ASB | ASB US | Ebrahim H. Poonawala |
| | Bank of Hawaii Corp. | BOH | BOH US | Ebrahim H. Poonawala |
| | Comerica Incorporated | CMA | CMA US | Erika Najarian |
| | Cullen/Frost Bankers Inc | CFR | CFR US | Ebrahim H. Poonawala |
| | First Horizon National Corp. | FHN | FHN US | Ebrahim H. Poonawala |
| | Prosperity Bancshares Inc | PB | PB US | Ebrahim H. Poonawala |
| | TCF Financial Corp. | TCB | TCB US | Ebrahim H. Poonawala |
| | Zions Bancorp | ZION | ZION US | Erika Najarian |
| **RSTR** | | | | |
| | First Republic Bank | FRC | FRC US | Erika Najarian |

# Disclosures

## Important Disclosures

**Equity Investment Rating Distribution: Banks Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 81 | 43.55% | Buy | 74 | 91.36% |
| Hold | 45 | 24.19% | Hold | 41 | 91.11% |
| Sell | 60 | 32.26% | Sell | 56 | 93.33% |



HOUSE_OVERSIGHT_014392

**Equity Investment Rating Distribution: Financial Services Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 113 | 46.89% | Buy | 89 | 78.76% |
| Hold | 66 | 27.39% | Hold | 55 | 83.33% |
| Sell | 62 | 25.73% | Sell | 40 | 64.52% |

**Equity Investment Rating Distribution: Global Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1553 | 49.44% | Buy | 1130 | 72.76% |
| Hold | 730 | 23.24% | Hold | 538 | 73.70% |
| Sell | 858 | 27.32% | Sell | 514 | 59.91% |

* Issuers that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. *VOLATILITY RISK RATINGS*, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. *INVESTMENT RATINGS* reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).**

| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

***INCOME RATINGS*, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend.** *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Merrill Lynch report referencing the stock.

Price charts for the securities referenced in this research report are available at http://pricecharts.baml.com, or call 1-800-MERRILL to have them mailed.
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MLPF&S or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Ares Management, Assoc Banc-Corp, Banc of California, BB&T, Citigroup, First Hawaiian Inc., Franklin Financial N, Goldman Sachs, Huntington Banc, IBERIABANK, KKR, Legg Mason, Regions Bank, SunTrust Banks, Wells Fargo.
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**From**: Ens, Amanda [[redacted]
**Sent**: 11/17/2016 8:55:12 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: USDJPY testing 110. Buy Japan upside
**Attachments**: image001.png; image002.png; image003.png; image004.jpg; image005.jpg; image006.jpg; image007.jpg; image008.png; image009.jpg; image010.jpg; image011.jpg; image012.gif; Nikkei to 20000.pdf; Japan - Ready for ignition.pdf; Japan Macro Watch.pdf

**Importance**: High

Buy DXJ Jan 50/52 Call Spread for $0.35, ref 47.45, 13d. 4.7X net payout

*We can also discuss single stock and Topix banks index (TPNBNK) ideas*

The Republican sweep means higher USD and yields are a foregone conclusion. We see USDJPY reaching 120 next year and Japanese reflation, bullish for Japanese equities, particularly the banks.

- Huge focus on Banks/Financials post Trump election, they're the big winners.
- The Banking sector is the main beneficiary of higher rates/less regulation overhang.
- Investors are still underweight Japan. Especially in financials, so the move can have legs
- Valuation still at depressed levels. Japanese Banks are cheap versus their peers.
- Having said that, uncertainty still there so buying calls and call spreads makes sense. Some investors are still skeptical. Instead of building a large cash position, we believe options are a better play in case the market reverses and initiates a risk off move again.

-BAML expects USDJPY 115-120 by end of 2017. NKY target of 20,000 (12% upside)
-BOJ's intentions to refrain from further flattening of local yield curve positive for Banks and Insurers.
-DXJ carries a **12% weight in banks** whereas NKY is only 1.07% and even TPX is only 8.55%.
-Positioning light. DXJ shares outstanding at 3year lows as foreigners have net sold $52bln of JP equities ytd.
-DXJ skew remains flat. 2m 25d Put /Call skew at 19%tile over the past year.

*Japan Investment Strategy, Japan Econ Outlook and Japan Macro Watch attached*

DXJ 2m 25d Put/Call over the past year.

Source: Bloomberg

DXJ ETF shares outstanding remain at 3 year lows.

Source: Bloomberg

YTD net foreigner Japanese Equity flows:

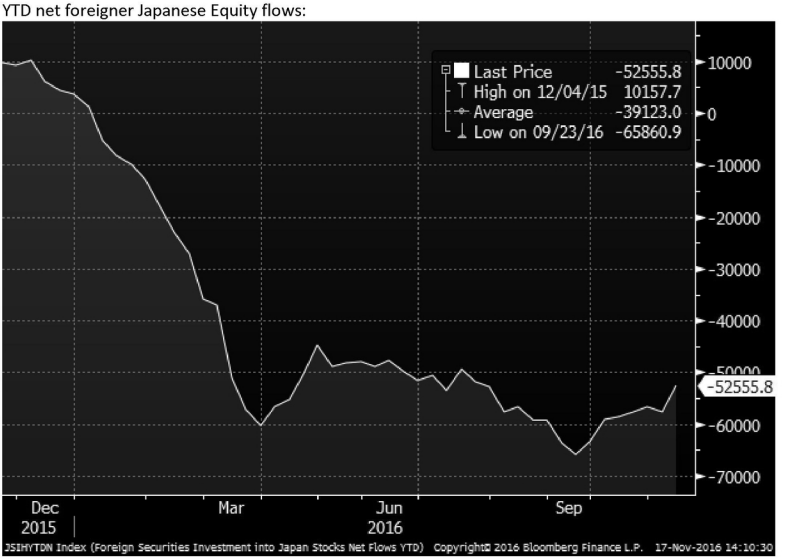


Source: Bloomberg

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Japan Investment Strategy

# Nikkei to 20,000: Inventory cycle upturn → cyclicals; inflation → banks, insurance

**Investment Strategy**

**18 November 2016**

## Key takeaways

- Solid macro and weaker JPY positive for Japan equities, which also tend to outperform when US rate rises (esp. steepening)
- The inventory cycle continues to recover on fiscal easing and capex, implying cyclical stocks will outperform
- Inflation and higher yields positive for banks, insurance. Risk is diplomacy, protectionism, and US economic cycle

FULL REPORT

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## Bullish equities 2017; rotation into cyclicals, banks, insurance

We are bullish Japan equities for 2017 and we estimate the Nikkei 225 index will recover to 20,000 by end-2017 (see $/¥'s eventual surge: Buy Nikkei 06 September 2016). Our new Chief Japan Economist Izumi Devalier forecasts above-consensus Japan GDP growth and inflation in 2017, which is also supportive of our bullish equities scenario (see Ready for ignition 18 November 2016). We expect rotation into cyclicals, banks and insurance as explained below.

## 1) Upturn in inventory cycle: Defensives→Cyclicals

We expect cyclicals to outperform defensives, premised on our end-2017 $/¥ estimate of ¥120, and this is supported by our above-consensus economic growth outlook. Our Japan economist sees a shift to fiscal easing, firms countering the tight labor market by increasing capex, and estimates industrial production to grow 3.5% and 3.6% in 2017 and 2018, respectively. With the inventory cycle exiting a "contraction" phase and entering a "recovery" phase, conditions are likely to remain conducive to cyclicals outperforming defensives (Chart 1, Exhibit 3).

## 2) Higher inflation, rates: Deflation stocks→Inflation stocks

Up to 1H16, the Japan equity market saw continued preference for deflationary stocks as domestic inflation remained subdued and the JGB curve underwent excessive bull flattening. Defensives outperformed cyclicals (Chart 1), growth outperformed value (Chart 2), and stocks that benefit from a low-yield environment (REITs) outperformed the converse (banks, insurance; Chart 3). However, we expect conditions to reverse into 2017. We see US Treasury yields rising and Japanese core CPI inflation recovering to +1.4% yoy by 2018 and core-core to +1.1% yoy. Stronger inflation and higher foreign yields should steepen the JGB yield curve above10yr, while below 10yr should escape from downward pressure as BoJ rate cut expectations recede. Against this backdrop, we expect to see a rotation from deflation to inflation stocks, which in addition to cyclicals means banks and insurance should outperform REITs within the financial sector (Chart 3). This is also in line with the global rotation expected by Michael Hartnett (The Flow Show: The Inflation Era Begins 10 November 2016).

## 3) Nikkei winner of steeper UST and strong macro

In a scenario of strong external demand and US rate hikes (particularly with curve steepening), Japan equities tend to be the winner on a local currency basis, led by cyclicals, banks and insurance stocks (Exhibit 4). Resurgence in the "Japan macro trade" of short yen / buy equities is also a possibility.

Our Buy-rated stocks in bank, insurance and cyclical sectors are listed in Table 1.

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Merrill Lynch (Japan)
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Japan Economics Viewpoint

# Ready for ignition

18 November 2016

### Key takeaways

- We are upbeat on Japan's outlook and think consensus is underestimating the strength of medium-term GDP and inflation.
- While the consensus looks for just 0.8% growth next year, we expect growth of 1.4% in CY17 and 1.2% in CY18.
- With inflation moving in the right direction, we expect BoJ to keep its rates targets unchanged for the foreseeable future.

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## Consensus underestimating GDP and inflation

We are upbeat on Japan's outlook and think consensus is underestimating the strength of medium-term GDP and inflation. We expect growth of 1.4% in CY2017 and 1.2% in CY2018, well above consensus of just 0.8% growth next year. For the first time in four years both monetary and fiscal policy are supporting growth. The combination of modestly higher commodity prices, a weaker yen, and a tightening output gap should drive Japan-style core inflation to 1.0% in CY2017, and 1.4% in CY2018. We expect the BoJ to keep its rate targets unchanged for the foreseeable future as inflation moves in the right direction.

## Fiscal and monetary policy realigning

For years Japan has oscillated between loose and tight fiscal policy. Japanese policymakers now seem to be on the same page and we see little risk of another policy error. If anything, we see upside risks from greater fiscal stimulus via a third supplementary budget or a relatively aggressive FY17 ordinary budget. Meanwhile,

the BoJ's new interest-pegging regime ensures that financial conditions will become increasingly stimulatory as inflation rises.

## 2017 - a year of recovering domestic demand

We think the economy is heading towards a cyclical sweet spot and see a broad-based recovery in domestic demand. Specifically, 1) consumption is poised to rebound as the saving rate peaks; 2) capex should accelerate in response to the improving demand outlook, deepening supply-side constraints, and "low-for-longer" real rates; and 3) increased efforts by policymakers to accelerate income redistribution could push up the velocity of money at the margin, helping to reflate the economy.

## Biggest risk factor: US policy uncertainty

External developments pose the greatest risk to our forecasts, chief among them US policy uncertainty. The downside scenario for Japan is a combination of rising US protectionism, sliding global trade, and a stronger yen, which could reduce 2017 growth to zero. The Trump presidency may increase pressure on Japan to achieve greater military self-reliance, boosting defense spending. There will also be greater incentives to deepen economic and trade linkages with key regional players, such as China and Russia.

**Chart 1: We think consensus is underestimating the strength of medium-term GDP and inflation**

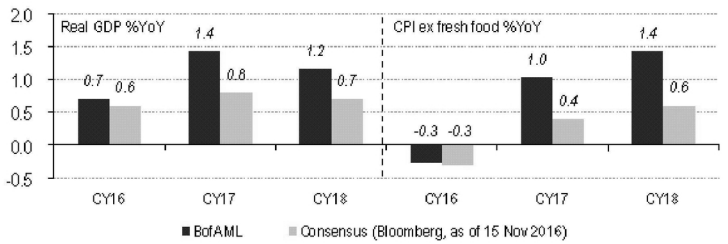


Source: BofA Merrill Lynch forecasts, Bloomberg

**Izumi Devalier**
Japan Economist
Merrill Lynch (Japan)
[redacted]

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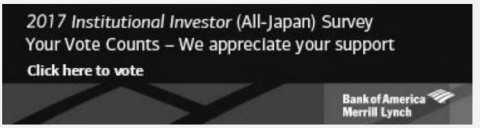


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# Nikkei to 20,000: Inventory cycle upturn → cyclicals; inflation → banks, insurance



Bank of America Merrill Lynch

18 November 2016

## Bullish equities 2017; rotation into cyclicals, banks, insurance

We are bullish Japan equities for 2017 and we estimate the Nikkei 225 index will recover to 20,000 by end-2017 (see $/¥'s eventual surge: Buy Nikkei 06 September 2016). Our new Chief Japan Economist Izumi Devalier forecasts above-consensus Japan GDP growth and inflation in 2017, which is also supportive of our bullish equities scenario (see Ready for ignition 18 November 2016). We expect rotation into cyclicals, banks and insurance as explained below.

## 1) Upturn in inventory cycle: Defensives→Cyclicals

We expect cyclicals to outperform defensives, premised on our end-2017 $/¥ estimate of ¥120, and this is supported by our above-consensus economic growth outlook. Our Japan economist sees a shift to fiscal easing, firms countering the tight labor market by increasing capex, and estimates industrial production to grow 3.5% and 3.6% in 2017 and 2018, respectively. With the inventory cycle exiting a "contraction" phase and entering a "recovery" phase, conditions are likely to remain conducive to cyclicals outperforming defensives (Chart 1, Exhibit 3).

## 2) Higher inflation, rates: Deflation stocks→Inflation stocks

Up to 1H16, the Japan equity market saw continued preference for deflationary stocks as domestic inflation remained subdued and the JGB curve underwent excessive bull flattening. Defensives outperformed cyclicals (Chart 1), growth outperformed value (Chart 2), and stocks that benefit from a low-yield environment (REITs) outperformed the converse (banks, insurance; Chart 3). However, we expect conditions to reverse into 2017. We see US Treasury yields rising and Japanese core CPI inflation recovering to +1.4% yoy by 2018 and core-core to +1.1% yoy. Stronger inflation and higher foreign yields should steepen the JGB yield curve above10yr, while below 10yr should escape from downward pressure as BoJ rate cut expectations recede. Against this backdrop, we expect to see a rotation from deflation to inflation stocks, which in addition to cyclicals means banks and insurance should outperform REITs within the financial sector (Chart 3). This is also in line with the global rotation expected by Michael Hartnett (The Flow Show: The Inflation Era Begins 10 November 2016).

## 3) Nikkei winner of steeper UST and strong macro

In a scenario of strong external demand and US rate hikes (particularly with curve steepening), Japan equities tend to be the winner on a local currency basis, led by cyclicals, banks and insurance stocks (Exhibit 4). Resurgence in the "Japan macro trade" of short yen / buy equities is also a possibility.

Our Buy-rated stocks in bank, insurance and cyclical sectors are listed in Table 1.

Investment Strategy
Japan

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**Exhibit 1: Sector rotation and inventory cycle**

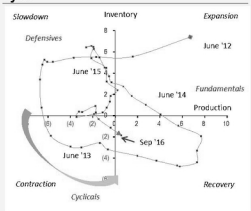


Source: BofA Merrill Lynch Global Research, Bloomberg, Haver

**Exhibit 2: Shares rated Buy by our analysts in cyclical, bank and insurance sectors***

| Company | Ticker | Company | Ticker | Company | Ticker |
|---|---|---|---|---|---|
| Mitsubishi UFJ FG | 8306 JP | Daiichi Life | 8750 JP | JR East | 9020 JP |
| Japan Post Bank | 7182 JP | MS&AD Holdings | 8725 JP | JR Central | 9022 JP |
| SMFG | 8316 JP | Sompo Holdings | 8630 JP | Nintendo | 7974 JP |
| Resona HD | 8308 JP | Shin-Etsu Chem | 4063 JP | Recruit HD | 6098 JP |
| Mitsubishi Elec | 6503 JP | FUJIFILM | 4901 JP | Oriental Land | 4661 JP |
| Nidec | 6594 JP | Sony | 6758 JP | Fuji Heavy Ind | 7270 JP |
| Hitachi | 6501 JP | NTT DATA | 9613 JP | Suzuki Motor | 7269 JP |
| Panasonic | 6752 JP | NSSMC | 5401 JP | | |

Source: BofA Merrill Lynch Global Research
*Market cap above 1.5trn JPY except bank, insurance shares

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## Risks: Geopolitics, diplomacy and US economic cycle

The biggest risk to our scenario is the implications for Japan's diplomatic and geopolitical environment of the Donald Trump presidency in the US. The likelihood of agreement on the TPP (Trans-Pacific Partnership) has already declined and been priced into the market, but any downward spiral in Japan-US relations would likely be further negative for Japan equities near-term. A rise in protectionism would be negative for stocks with high US export exposure. Meanwhile if the US economy slows or enters recession and the protectionist response weakens USD, it would be negative for Japanese cyclicals, particularly exporters, due to stronger JPY and potential trade conflicts. Moreover, a potential improvement in US-Russia (US-China) relations under the new US President most likely implies a relative worsening in Japan-Russia (Japan-China) relations. On the other hand, we expect Japan to move closer to Europe under such a scenario, raising the incentive to sign the Japan-EU EPA (Economic Partner Agreement), positive for related stocks. If the Trump presidency tips the US towards isolationism, we expect Japan's spending on defense to increase. If this results in higher spending on Japan's Self Defense Forces (rather than compensating for US spending on Japan-based US military), Japan's defense-related stocks would be beneficiaries, and it could reshape the arms industry in Japan.

**Chart 1: Sector rotation and inventory cycle**

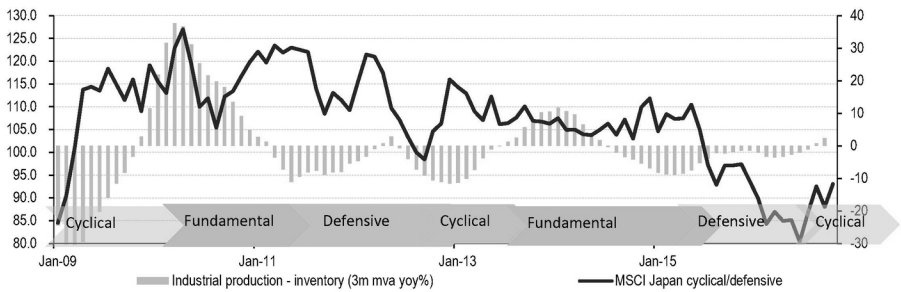


Source: BofA Merrill Lynch Global Research, Bloomberg, Haver
Cyclical = Industrials, consumer discretionary, IT, materials
Defensive = Healthcare, telecom, consumer staples, utilities
Calculated cyclical and defensive % change using monthly index return and index weight

**Chart 2: Japan – High Beta PB vs. Low Beta PB**

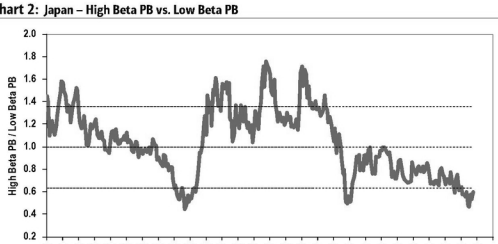


Source: BofA Merrill Lynch Global Quantitative Strategy, MSCI, IBES
Global Quant Panorama: Surf for longer 14 November 2016



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**Exhibit 3: Sector rotation and inventory cycle**

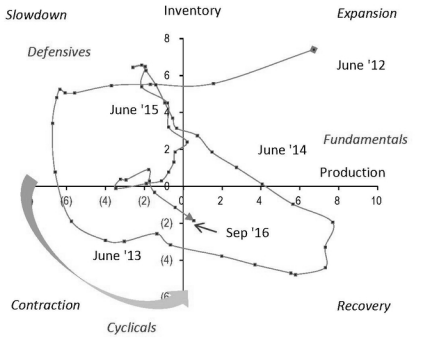


Source: BofA Merrill Lynch Global Research, Bloomberg, Haver

**Chart 3: Higher inflation/yields suggests banks will outperform REITs**

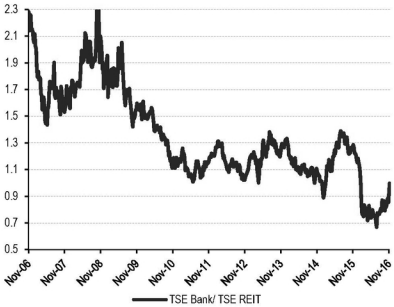


Source: BofA Merrill Lynch Global Research, Bloomberg,

**Exhibit 4: Reactions to US Treasury curve moves (%, simple average of past 43 quarters) – Japan equities have outperformed during bear-steepening led by cyclicals, banks and insurance**

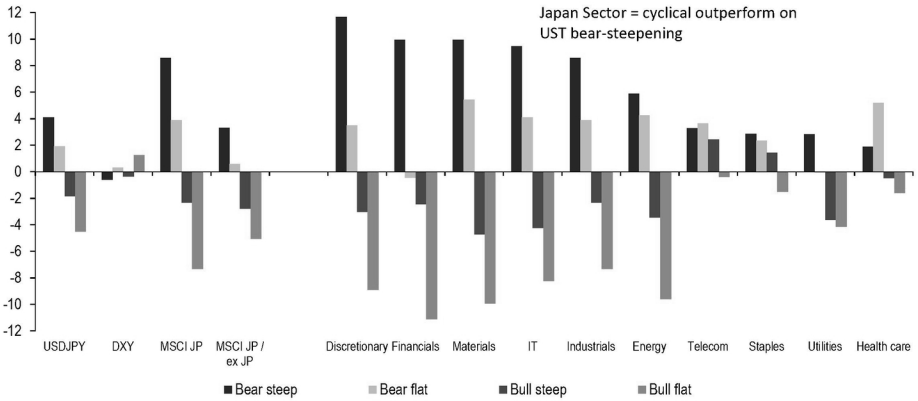


Source: BofA Merrill Lynch Global Research, Bloomberg.
Curve movements based on 2yr move and 2s10s move (Bloomberg US Treasury yield index), so includes twist movements, but even if we exclude these implications do not materially change.
Bear steepening (2yr + 16bps, 2s10s +33bps) = 11 quarters, bear flattening (2yr +26bps, 2s10s -20bps) = 10 quarters, bull steepening (2yr -48bps, 2s10s +28bps) = 10 quarters, bull flattening (2yr -27bps, 2s10s -30bps) = 12 quarters



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**Table 1: Shares rated buy by our analysts in cyclical, bank and insurance sectors***

| Company Name | Ticker | Industry (JPX definition) | Price | MKT CAP (Billion Yen) | Analyst Name |
|---|---|---|---|---|---|
| Mitsubishi UFJ FG | 8306 JP | Banks | 683 | 9,674 | Futoshi Sasaki |
| Japan Post Bank | 7182 JP | Banks | 1331 | 5,990 | Futoshi Sasaki |
| SMFG | 8316 JP | Banks | 4190 | 5,925 | Futoshi Sasaki |
| Resona HD | 8308 JP | Banks | 538 | 1,251 | Futoshi Sasaki |
| Mitsubishi Elec | 6503 JP | Electric Appliances | 1592 | 3,418 | Mikio Hirakawa |
| Nidec | 6594 JP | Electric Appliances | 10460 | 3,035 | Masashi Kubota |
| Hitachi | 6501 JP | Electric Appliances | 588 | 2,658 | Mikio Hirakawa |
| Panasonic | 6752 JP | Electric Appliances | 1033 | 2,533 | Mikio Hirakawa |
| Dai-ichi Life | 8750 JP | Insurance | 1850 | 2,202 | Futoshi Sasaki |
| MS&AD Holdings | 8725 JP | Insurance | 3405 | 2,085 | Futoshi Sasaki |
| Sompo Holdings | 8630 JP | Insurance | 3684 | 1,506 | Futoshi Sasaki |
| Shin-Etsu Chem | 4063 JP | Chemicals | 8328 | 3,599 | Takashi Enomoto |
| FUJIFILM | 4901 JP | Chemicals | 4095 | 1,906 | Hiroyasu Eguchi |
| Sony | 6758 JP | Electric Appliances | 3226 | 4,075 | Mikio Hirakawa |
| NTT DATA | 9613 JP | Information & Communication | 5530 | 1,551 | Hiroyasu Eguchi |
| NSSMC | 5401 JP | Iron & Steel | 2384 | 2,266 | Takashi Enomoto |
| JR East | 9020 JP | Land Transportation | 9542 | 3,743 | Yasuhito Tsuchiya |
| JR Central | 9022 JP | Land Transportation | 17825 | 3,672 | Yasuhito Tsuchiya |
| Nintendo | 7974 JP | Other Products | 26050 | 3,129 | Hiroyasu Eguchi |
| Recruit HD | 6098 JP | Services | 4340 | 2,453 | Yoshiyuki Kinoshita |
| Oriental Land | 4661 JP | Services | 5957 | 1,991 | Rie Sakai |
| Fuji Heavy Ind | 7270 JP | Transportation Equipment | 4320 | 3,371 | Kei Nihonyanagi |
| Suzuki Motor | 7269 JP | Transportation Equipment | 3711 | 1,637 | Kei Nihonyanagi |

Source: BofA Merrill Lynch Global Research

*Cyclical sectors = Industrials, consumer discretionary, IT, materials in GICS definition

*Market cap above 1.5tm JPY except bank, insurance shares

*Exclude Fast Retailing



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| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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# Japan Economics Viewpoint
# Ready for ignition

Bank of America Merrill Lynch

18 November 2016

Economics
Japan

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## Consensus underestimating GDP and inflation

We are upbeat on Japan's outlook and think consensus is underestimating the strength of medium-term GDP and inflation. We expect growth of 1.4% in CY2017 and 1.2% in CY2018, well above consensus of just 0.8% growth next year. For the first time in four years both monetary and fiscal policy are supporting growth. The combination of modestly higher commodity prices, a weaker yen, and a tightening output gap should drive Japan-style core inflation to 1.0% in CY2017, and 1.4% in CY2018. We expect the BoJ to keep its rate targets unchanged for the foreseeable future as inflation moves in the right direction.

## Fiscal and monetary policy realigning

For years Japan has oscillated between loose and tight fiscal policy. Japanese policymakers now seem to be on the same page and we see little risk of another policy error. If anything, we see upside risks from greater fiscal stimulus via a third supplementary budget or a relatively aggressive FY17 ordinary budget. Meanwhile, the BoJ's new interest-pegging regime ensures that financial conditions will become increasingly stimulatory as inflation rises.

## 2017 – a year of recovering domestic demand

We think the economy is heading towards a cyclical sweet spot and see a broad-based recovery in domestic demand. Specifically, 1) consumption is poised to rebound as the saving rate peaks; 2) capex should accelerate in response to the improving demand outlook, deepening supply-side constraints, and "low-for-longer" real rates; and 3) increased efforts by policymakers to accelerate income redistribution could push up the velocity of money at the margin, helping to reflate the economy.

## Biggest risk factor: US policy uncertainty

External developments pose the greatest risk to our forecasts, chief among them US policy uncertainty. The downside scenario for Japan is a combination of rising US protectionism, sliding global trade, and a stronger yen, which could reduce 2017 growth to zero. The Trump presidency may increase pressure on Japan to achieve greater military self-reliance, boosting defense spending. There will also be greater incentives to deepen economic and trade linkages with key regional players, such as China and Russia.

**Chart 1: We think consensus is underestimating the strength of medium-term GDP and inflation**

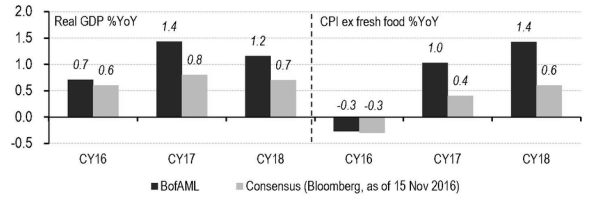


Source: BofA Merrill Lynch forecasts, Bloomberg

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# Escape from zero

The Q3 CY16 GDP print confirms our view that Japan has at last emerged from the de facto zero-growth trap of the past few years. Growth accelerated to an above-consensus 2.2% q-o-q saar, after a 0.7% rise in Q2 CY16 and 2.1% rise in Q1 CY16. We expect a moderation in Q4 CY16, but underlying growth will remain firmly in the 1.0-1.5% range. We are currently tracking CY2016 growth of 0.7%, a modest improvement from 0.6% in CY2015, though the switch to a new GDP standard[1] next month raises uncertainty around our forecasts.

## Upturn in exports to be sustained through Q3 CY17

The recent recovery has been driven by a fading consumption tax shock and stronger exports. The downturn in the global industrial cycle in 2014-16 hurt Japan, but manufacturing activity bottomed out early this year and is now modestly expanding (Chart 2). The OECD leading indicator continues to signal a synchronized pick-up in global growth (Chart 3). The domestic inventory cycle also points to production gains ahead (Chart 4). For Japanese exporters, the improvement in demand has been most visible for Europe (Chart 5). US and Chinese demand will likely follow, though the mainland's structural shift to services implies only a modest acceleration. We expect the current up-cycle in global exports to be sustained through Q3 CY17 – possibly longer depending on developments in the US (more on this later). The combination of stronger external demand and a weaker currency should shore up business confidence, especially among manufacturers, and lay the foundations of Japan's recovery.

**Chart 2: Industrial activity has bottomed out**

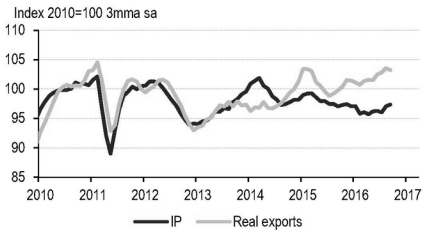


Source: BofA Merrill Lynch Global Research, METI, BoJ

**Chart 3: OECD leading indicator points to modest global expansion**

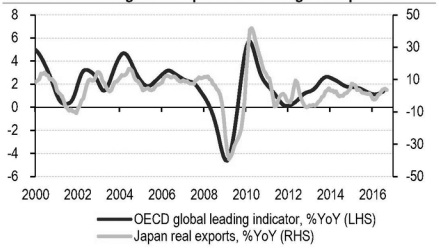


Source: BofA Merrill Lynch Global Research, OECD, BoJ

**Chart 4: The shipment-inventory cycle points to production gains ahead**

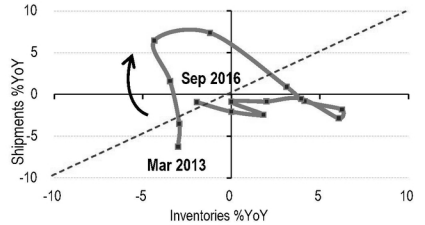


Source: BofA Merrill Lynch Global Research, METI

**Chart 5: Japan's real exports by destination, 3mma %YoY**

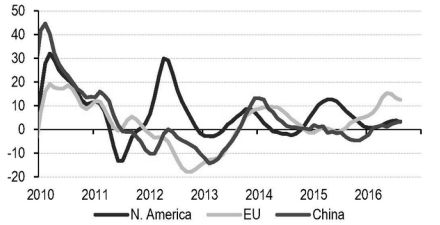


Source: BofA Merrill Lynch Global Research, BoJ

[1] Japan will switch to SNA2008 methodology, starting with the release of revised Q3 CY16 GDP due 8 December 2016.



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## Automatic easing

Policy headwinds are also abating: for the first time since 2013, both fiscal and monetary policy are poised to turn stimulatory in 2017.

### Monetary policy: BoJ pegs to zero

The BoJ's transition to yield-curve targeting ensures that real yields will drop as inflation picks up, implying that financial conditions will turn increasingly loose as the recovery progresses. There are good reasons to be cautiously optimistic: after all, despite a triple whammy of weak domestic demand, weak commodity prices, and a stronger yen, Japanese inflation measures are showing early signs of bottoming out (Chart 6).

We expect Japan-style core inflation (CPI ex fresh food) to trough in Q4 CY16, after which it should accelerate relatively quickly in the first two quarters of 2017 in response to 1) a recovery in crude oil prices, 2) a weaker yen (we assume USDJPY rebounds to 120 by the end of the year), and 3) stronger wage growth. This also implies stronger core-core inflation (CPI ex food & energy). We are bullish on all three factors and see CY17 core inflation running at an above-consensus 1.0% and 1.4% in CY18.

This is still short of the central bank's 2% target (Chart 7). But we believe there will be little pressure to lower rates further, especially against the backdrop of a weakening yen and rising global yields. More broadly, things are moving in the right direction for the BoJ. The private sector has been steadily re-leveraging, albeit gradually. Meanwhile, labor markets continue to tighten and wage growth is slowly improving: the 4-quarter moving average for hourly wages is now up to 1.2% y-o-y (Chart 8). With the labor market for lower-cost part-time workers nearing saturation, growth in higher-quality, full-time jobs is picking up (Chart 9). We expect a moderation in employment gains and faster wage growth ahead.

**Chart 6: Produce and consumer price inflation (ex-tax effect)**

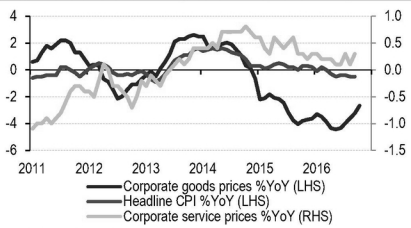


Source: BofA Merrill Lynch Global Research, MIA

**Chart 7: Japan-style core inflation (CPI ex fresh food) forecasts (FY basis)**

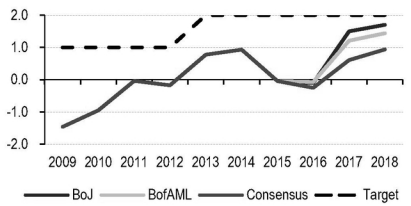


Source: BofA Merrill Lynch Global Research, BoJ, JCER *Consensus is JCER ESP survey

**Chart 8: Wage growth is picking up on the back of tight labor markets**

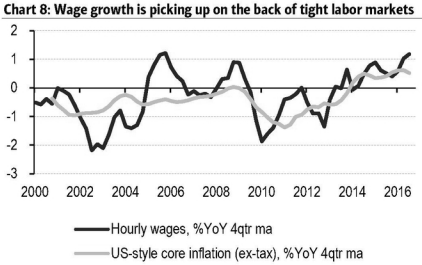


Source: BofA Merrill Lynch Global Research, MHLW, MIA

**Chart 9: Full-time job growth is accelerating**

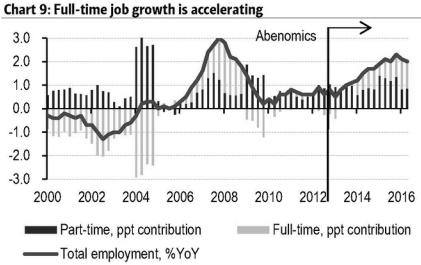


Source: BofA Merrill Lynch Global Research, MIA



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### Fiscal policy: turning looser in FY17

Fiscal policy is undergoing an equally important shift. In August, the Cabinet approved an economic stimulus package totaling JPY28trn (roughly 5.5% of GDP). Though "real water" government spending is a comparatively modest JPY7.5trn (1.5% of GDP), this is enough to put the fiscal impulse back in expansionary territory, after three years of tightening (Chart 10). The stimulus measures, which are centered on public investment and cash transfers to households, should boost CY2017 GDP by 0.5ppt. Public construction orders are already rebounding as the government front-loaded public infrastructure spending (Chart 11). Meanwhile, the next stage of the consumption tax increase has been postponed until October 2019.

**Chart 10: After 3 years of tightening, fiscal policy to turn loose in FY17**

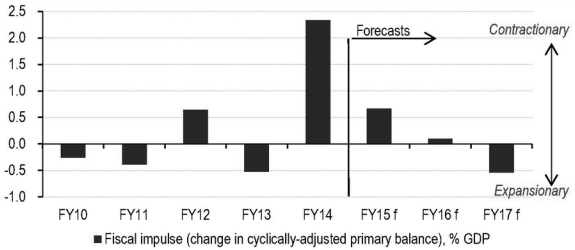


Source: BofA Merrill Lynch Global Research, IMF, CAO

To be clear, we are not talking about massive shifts in the fiscal stance here—the Ministry of Finance remains very much opposed to expanding the deficit and Prime Minister Abe has yet to abandon the government's long-standing goal of balancing the primary balance by FY2020.

However, there is a growing consensus among Japanese policymakers that premature fiscal tightening is counter-productive for reflation efforts, especially when monetary policy is stretched. Even BoJ Governor Kuroda, who initially underplayed the risks from 2014 fiscal tightening, has recently acknowledged that loose monetary and fiscal policies will have a "synergistic effect." The upshot is that the risk of another policy error is low, in our view. If anything, we see upside risks from greater fiscal stimulus in the form of a third supplementary budget or relatively aggressive FY17 ordinary budget. We would not rule out further delays to the October 2019 consumption tax hike, either.

**Chart 11: Public investment is poised to pick up in the months ahead**

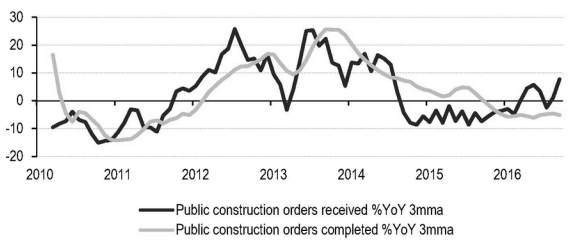


Source: BofA Merrill Lynch Global Research, MITI



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## 2017: a good year for domestic demand

Policy tailwinds are only one pillar of our call for Japan's outperformance in 2017. We also believe the stars are aligning for an organic improvement in domestic demand, which would support the current recovery: the economy is firing on all cylinders for the first time since 2013, and growth should accelerate to 1.4% in CY2017, followed by 1.2% expansion in CY2018 (Chart 12).

We see three catalysts: a consumer comeback, stronger capex, and a shift in income away from high-saving corporations in favour of higher-spending households and stockholders.

**Chart 12: Steady improvement in growth, led by domestic demand**

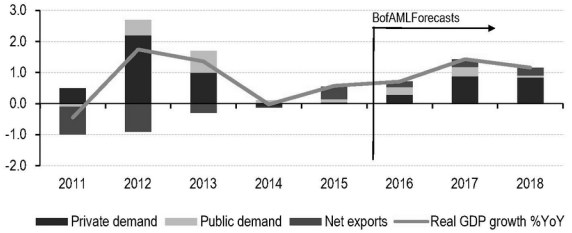


Source: BofA Merrill Lynch forecasts, CAO

### 1. Consumer comeback

Households have been the noticeable laggard in the current recovery and the main reason why Japan's economy has barely grown since the 2014 consumption tax hike. This is not for a lack of income growth: real employee compensation (wages + employment) has staged an impressive recovery of late, rising 1.2% in CY15, and an estimated 1.9% in CY16 (Chart 13).

One explanation is that private consumption is simply being underestimated in demand-side GDP statistics: researchers at the Bank of Japan recently produced experimental supply-side estimates of GDP that were significantly higher than existing expenditure-side statistics.[2] We find the BoJ research interesting and agree that Japanese consumption statistics are beset by data quality issues. But this alone cannot account for the consumption slump. We think two factors are equally to blame for depressed household spending: 1) a squeeze on disposable income from higher taxes and social security contributions; and 2) a surge in the saving rate (Chart 14).

Calling Japan right in 2017 is largely about correctly forecasting whether these two trends will reverse. We see several reasons for optimism. First, we expect real employee compensation to accelerate further, driven by a continued pick-up in per capita wages. The call on the saving rate is admittedly trickier. But having surpassed the 2006 highs, we think it is unlikely to surge further, given that consumer confidence is improving and income growth is firming. FY17 tax reforms are also likely to support household sentiment at the margin: for example, discussions are underway about enlarging tax cuts for second-earners who work part-time. Overall, we expect private consumption to rise 1.0% in CY17, adding 0.6ppt to growth.

Should the saving rate stabilize, as we expect, consumption should again start rising in tandem with compensation. Investors should not have to wait long to get some visibility around these trends. We expect the saving rate to peak in Q4 CY16 and consumption to rise strongly from this quarter.

[2] Link to the research paper (in Japanese only): https://www.boj.or.jp/research/wps_rev/wps_2016/data/wp16j09.pdf



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**Chart 13: Real labor income and private consumption**

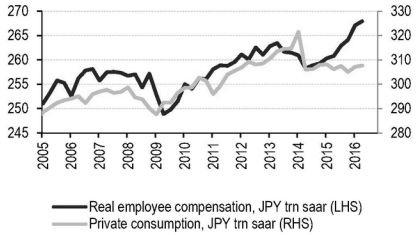


Source: BofA Merrill Lynch Global Research, CAO

**Chart 14: Workers' saving rate at all-time high**

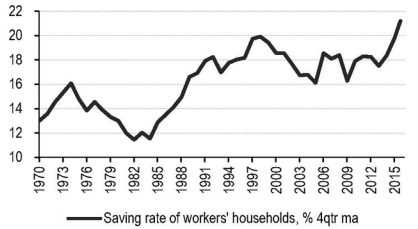


Source: BofA Merrill Lynch Global Research, MIA

## 2. Capex revival

We also see a fundamental case for higher capital spending. Borrowing rates are very low and will fall further in real terms as inflation rises. Stronger growth and improved confidence should also encourage higher capex. And deepening supply-side constraints offer a strong incentive for Japan Inc. to accelerate productivity-enhancing capex, ensuring that this expansion is durable.

For these reasons, we think that the impulse of capital expenditures will likely be higher in the non-manufacturing sector, where capacity utilization rates are higher, and labor shortages (and hence wage pressures) are more acute (Chart 15 and Chart 16).

**Chart 15: Capacity utilization rates by sector**

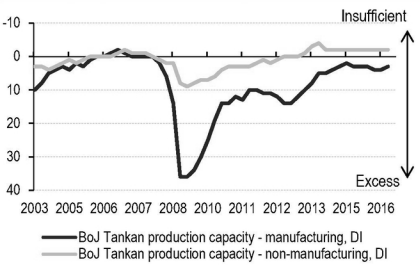


Source: BofA Merrill Lynch Global Research, BoJ

**Chart 16: Labor shortages by sector**

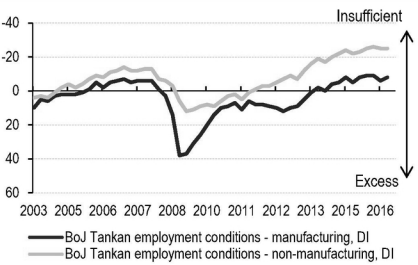


Source: BofA Merrill Lynch Global Research, BoJ

Chart 17 shows the ratio of personnel costs to sales, using MoF corporate survey data. The ratio is particularly high for lodging & accommodations (23%), eating & drinking services (27%), medical, healthcare & welfare (37%) and education & learning support (37%). Somewhat surprisingly, personnel expenses are fairly restrained in retail. But this is partly due to the relatively heavy reliance on lower-cost part-time workers. Given the rapid growth in part-timers' wages, such cost savings is likely to become increasingly difficult to maintain.



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**Chart 17: Personnel costs to sales, % ratio 4qtr ma (as of Apr-Jun 2016)**

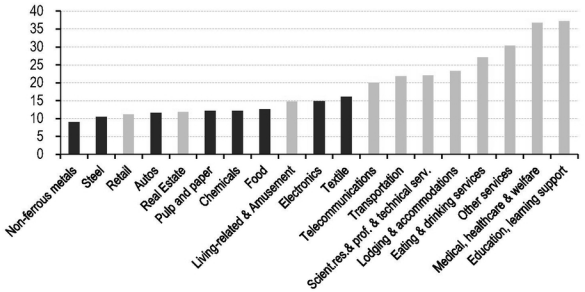


Source: BofA Merrill Lynch Global Research, MoF

Analysis by METI suggests that many of these non-manufacturing industries have the scope to raise productivity. Wholesale/retail, utilities, and eating & accommodation have particularly low levels of productivity relative to the US (Chart 18). We think the solution is to boost capex, especially in ICT and automation. More broadly, an acceleration in capex is needed if we are to see a pick-up in productivity and sustained profits. Though we are by no means in the late stages of the profit cycle, the trend clearly points to higher wage costs going forward, requiring proactive efficiency-enhancing investment by corporates. Bottom-up data capex data for MSCI Japan also suggest that the investment cycle has troughed and will pick up next year as earnings momentum improves (Chart 19).

**Chart 18: Japan's labor productivity relative to the US: services is low (2003-07)**

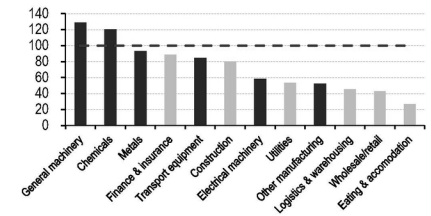


Source: BofA Merrill Lynch Global Research, METI

**Chart 19: Capex – YoY change in Japan vs Global Earnings Revisions**

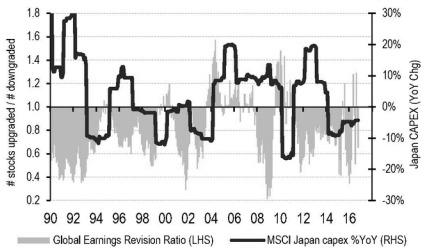


Source: BofA Merrill Lynch Global Quantitative Strategy

## 3. Policy priorities and redistribution

We think an increase in government pressure on corporations could speed up income redistribution at the margin, ensuring that money circulates to those sectors and agents with a higher propensity to consume. Elevated corporate savings remain a focal point for the government. Cabinet Office officials have used the concept of the "cash-out ratio"[3] to highlight the creaky transmission from corporate profits to spending. Chart 20

[3] The idea of the "cash-out" ratio was first raised by private sector representatives of the Council on Fiscal and Economic Policy. The measure is defined as cash out / cash and deposits. The numerator includes capex, personnel expenses, R&D, dividends, and changes in equity investments in related companies. The denominator includes cash and deposits, and securities, short-term lending, and investment securities classified under liquid assets. Since we are restricted to Ministry of Finance Corporate survey data, our version of the "cash-out ratio" is defined as capex + personnel costs + dividends / cash and liquid assets.



HOUSE_OVERSIGHT_014416

shows that this measure has been on a steady downtrend, with the numbers particularly low for large corporates.

So far, the government's approach has relied more on carrots than sticks, with Prime Minister Abe using a combination of moral suasion and sweeteners to encourage firms to disgorge profits. The pattern has continued as we approach FY2017. For example, local media have reported that the government is considering offering corporate tax breaks to SMEs that raise wages, in light of more modest wage growth at SMEs. Discussions are also underway in the Prime Minister's office about reforming working practices with the immediate focus on "Equal Pay for Equal work (EPEW)"—i.e. reducing the wage gap between regular and non-regular employees.

But the issue is contentious from both a capital and labour perspective. And considering the time it will likely take for related legislation to pass in the Diet, we think the lack of compliance mechanisms may mean that the immediate impact of EPEW will be limited. Instead, the debate seems to have shifted towards limiting excessive and unproductive overtime work. This is low-hanging fruit that does not address the issue of Japan's labour market rigidities, which are at the heart of the problem of suppressed wages and weak household spending power.

That said, there are signs that the government's patience is wearing thin and that the Prime Minister is increasingly leaning towards direct intervention. For example, the government has already delivered a minimum wage hike in FY2016 and plans to take the national average up to JPY1,000 by 2020 via yearly hikes of 3%. These policy changes should offer small tailwinds for the recovery in private consumption. We also think the debate over a possible retained earnings tax is unlikely to go away. We are sceptical it will be introduced in this year's tax reforms. However, the government's escalating war on corporates hoarding cash is likely to lead to a continued rise in dividend payouts and share buybacks (Chart 21).

**Chart 20: Firms' cash-out ratio*, % 4qtr ma**

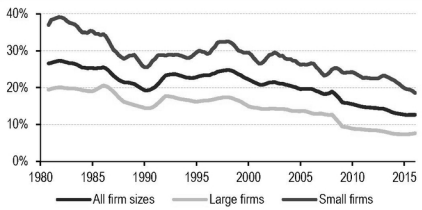


Source: BofA Merrill Lynch Global Research, MoF *The cash-out ratio is defined as personnel expenses, capex, and dividend payouts as a share of cash and liquid asset balances

**Chart 21: Dividends and share buybacks by Japanese firms (TSE 1st section listed)**

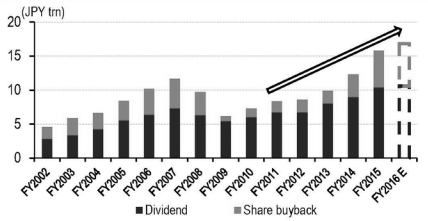


Source: Nikkei Astra, BofA Merrill Lynch Global Research
Note: FY2016 dividend is companies' guidance. FY2016 share buyback is estimated by annualizing the YTD numbers as of November 2016

## Risk factors: largely from overseas

A key risk to our 2017 outlook on the domestic side may be weaker-than-expected growth in real labor income, or a continued surge in the household saving rate, which would constrain consumption.

However, we think the biggest risks in either direction stem from abroad. Specifically, we see higher uncertainty over global trade, risk sentiment, and FX as a result of political transitions in the US and Eurozone. We consider multiple policy scenarios under a Trump presidency.

Trump's campaign promises have mixed implications for Japan. On a positive note deregulation, tax cuts, and aggressive infrastructure spending could boost US aggregate



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demand. Our US economics team expects the stimulus to boost growth in H2 CY17 and likely CY18. Japan should be a big winner from stronger US growth, given its high exposure to the US economy in terms of exports and corporate profits (Chart 22 and Chart 23). On the negative side, aggressive protectionist trade measures, if implemented, would depress US growth and global trade further. If combined with a stronger yen, Japan's economy would be hit hard.

**Chart 22: Japan's export exposure (% of total gross and value-added exports*)**

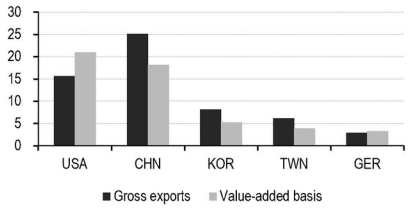


Source: OECD

**Chart 23: Breakdown of Japan exports to US by commodity, 2015**

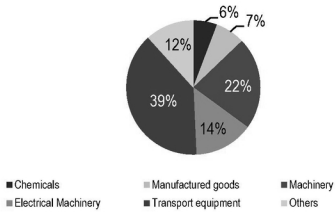


Source: BofA Merrill Lynch Global Research, MoF

### Base case: "benign Trump" scenario

For the moment, we are assuming limited positive and negative policy changes. Our US team expects uncertainty to cause a modest slowing of growth in the first half of next year, but this will be more than offset by fiscal stimulus in the second half and into 2018. But the size of the fiscal expansion will likely be smaller than promised, and the introduction of modest protectionist measures means that the boost to global trade will essentially be zero. Table 1 shows the impact on growth under two scenarios, based on different assumptions for global trade and FX. Under the upside case, Japan's GDP could rebound towards 2%, as the economy benefits from a combination of stronger global trade and a weak currency. Under a downside "protectionist" scenario, 2017 growth would slow to around zero and would most likely tip Japan back into deflation.

**Table 1: Sensitivity of Japan's growth to global trade and foreign exchange rate**

| (Assumptions) | Baseline | | Case 1 - Upside | | Case 2 - Downside | |
|---|---|---|---|---|---|---|
| Global trade | 0.0% | | 3.0% | | -10.0% | |
| % JPY appreciation (*) | -7.0% | | -10.0% | | 10.0% | |
| **(Simulation results)** | **Change** | **(Contribution) (**)** | **Change** | **(Contribution) (**)** | **Change** | **(Contribution) (**)** |
| Real GDP impact | 0.2ppt | — | 0.9ppt | — | -1.4ppt | — |
| Consumption | 0.0% | (0.02ppt) | 0.3% | (0.15ppt) | -0.8% | (-0.44ppt) |
| Capex | 1.9% | (0.26ppt) | 2.9% | (0.40ppt) | -3.2% | (-0.44ppt) |
| Net Exports | — | (0.00ppt) | — | (0.30ppt) | — | (-0.23ppt) |

Source: BofA Merrill Lynch Global Research, CAO, MoF, IMF

(*) Rate of appreciation of Japanese yen in terms of effective exchange rate

(**) Contributions to the change in real GDP

## Political impact of a Trump administration

For Japan, the impact of Trump's election goes beyond economic issues. It also impacts defense spending and regional trade arrangements.

### Military self-reliance and budget choices

Trump has made it clear that he wants allies of the US to shoulder a greater share of the defense burden. There is a lot of uncertainty as to how far Trump will go to re-define the US-Japan alliance. Despite his criticism, Japan already pays about 75% of US military hosting costs. However, it seems fair to assume that Japan will be expected to



HOUSE_OVERSIGHT_014418

increase its defense spending. Under Prime Minister Abe, the defense budget has expanded by 7% but has been kept at roughly 1% of GDP, in keeping with historical guidelines. This is small by international standards and more likely than not will rise in the coming years (Chart 24). The composition of spending is also likely to shift from operating costs towards procurement, which is currently a very small part of the budget (Chart 25).

**Chart 24: Military spending % of GDP as of 2015—Japan's is low by int'l standards**

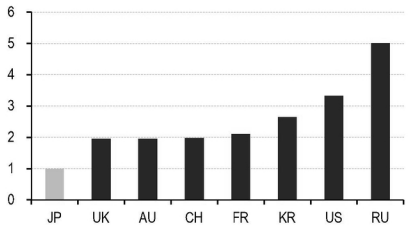


Source: BofA Merrill Lynch Global Research, World Bank

**Chart 25: Breakdown of Japan's defense-related expenditures**

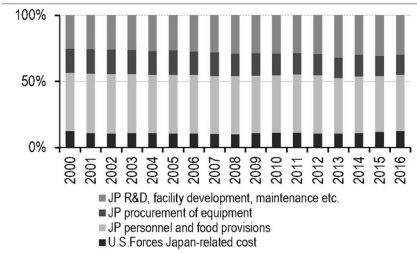


Source: BofA Merrill Lynch Global Research, Ministry of Defense

**TPP and trade policy: potential for linkages with other regional players**

Trump and his aides have made it clear that they consider the Trans Pacific Partnership (TPP) to be a "bad deal." Media have reported that President Obama is not considering pushing the deal through a lame duck Congress. This means the deal is likely dead in its current form.

While negative for Japan, the expected withdrawal of the US from TPP could spur new arrangements with regional partners. One potential positive is the prospect of improved economic and trade linkages with other key players in the region, including Russia and even China. Three upcoming events are worth monitoring closely (Table 2): first, the 19-20 November APEC Summit in Lima, Peru, where we are likely to see vigorous discussions on the future of the TPP as well as further progress on the Regional Comprehensive Economic Partnership (RCEP); second, the 15 December Abe-Putin Summit, in Yamaguchi prefecture; and third a potential trilateral summit between Japan, China, and Korea, which onshore media now say is being scheduled for 19-20 December, though it may not happen given the unfolding leadership upheaval in Korea.

## Bullish bottom line – don't underestimate the recovery

We are optimistic on Japan and think the acceleration in GDP and inflation in 2017 will be much stronger than consensus expects. For the first time since 2013, fiscal and monetary policy will be lined up in the same expansionary direction. The global export cycle has turned and is now tracking modest expansion. Meanwhile, the headwinds to domestic demand are finally turning into tailwinds. Unlike in the past, we think the risks of a policy error are low. Assuming that external risks are kept at bay, we think Japan will surprise with the strength of its recovery.



HOUSE_OVERSIGHT_014419

**Table 2: Calendar of political events**

| Date | Event |
|---|---|
| 2016 | |
| Sep 26 - Nov 30 (to be extended) | Extraordinary Diet session (supplementary budget, TPP, tax-hike delay, casino bill) |
| Nov 15 | Japan-Russia trade officials meet (Tokyo) |
| Nov 17 | Abe, Trump meet in New York |
| Nov 19-20 | Abe, Putin meet at APEC (progress on territorial issue a key public concern) |
| Dec 8 | Jul-Sep GDP 2nd preliminary (change to 2008SNA)<br>Outline of FY2017 Tax Reform to be released |
| Dec 15-16 | Russia's Putin to visit Abe in Yamaguchi prefecture |
| Dec 24 | Cabinet to compile FY17 budget |
| | |
| 2017 | Ordinary Diet session (Jan)<br>LDP annual convention (Mar 5)<br>Tokyo parliamentary election (summer) |
| 2018 and later | |
| 2018 | Governor Kuroda's term ends (Apr)<br>Abe's second term as LDP President ends (Sep)<br>Lower House election if no snap election before (Dec) |
| 2019 | Nationwide local elections (spring)<br>Upper house election (summer)<br>Consumption tax hike (Oct) |
| 2020 | Tokyo Olympics |
| 2021 | LDP Presidential term ends |

Source: BofA Merrill Lynch Global Research



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**Table 3: Economic forecast summary**

| | | Calendar Year | | | | Fiscal Year | | | | Quarterly | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2015 (A) | 2016 (F) | 2017 (F) | 2018 (F) | 2015 (A) | 2016 (F) | 2017 (F) | 2018 (F) | 3Q16 (A) | 4Q16 (F) | 1Q17 (F) | 2Q17 (F) | 3Q17 (F) | 4Q17 (F) | 1Q18 (F) |
| Real GDP | (%,qoq ann.) | 0.6 | 0.7 | 1.4 | 1.2 | 0.9 | 1.1 | 1.4 | 1.2 | 2.2 | 0.3 | 2.1 | 1.5 | 1.0 | 2.4 | -0.1 |
| Private Consumption | (%,qoq ann.) | -1.2 | 0.4 | 1.0 | 1.2 | -0.1 | 0.6 | 1.1 | 1.3 | 0.2 | 1.0 | 1.2 | 1.0 | 1.4 | 1.4 | 0.8 |
| Private Capex | (%,qoq ann.) | 1.6 | 0.6 | 1.7 | 3.2 | 2.1 | 0.7 | 2.4 | 2.9 | 0.1 | 5.0 | -0.8 | 1.4 | 2.5 | 7.0 | 3.1 |
| Private Resid. Investment | (%,qoq ann.) | -2.5 | 5.3 | 0.3 | 1.1 | 2.4 | 6.4 | -1.3 | 1.7 | 9.6 | -2.0 | -2.0 | -3.9 | -5.9 | 6.1 | 1.6 |
| Government Consumption | (%,qoq ann.) | 1.2 | 1.6 | 0.8 | 1.0 | 1.6 | 1.1 | 0.9 | 1.1 | 1.7 | 0.8 | 0.6 | 1.2 | 0.8 | 0.8 | 0.8 |
| Public Investment | (%,qoq ann.) | -2.5 | -1.5 | 3.1 | -2.1 | -2.7 | 0.9 | 1.4 | -0.7 | -2.7 | 1.6 | 8.2 | 14.8 | -11.5 | -7.8 | -3.9 |
| Exports of Goods & Services | (%,qoq ann.) | 2.8 | -0.3 | 5.3 | 3.1 | 0.4 | 0.9 | 5.8 | 2.3 | 8.1 | 4.5 | 4.5 | 5.9 | 11.0 | 4.6 | -3.0 |
| Imports of Goods & Services | (%,qoq ann.) | 0.4 | -1.3 | 3.9 | 1.8 | 0.0 | -0.4 | 4.3 | 1.4 | -2.4 | 9.0 | 2.0 | 4.6 | 11.8 | -1.9 | -1.6 |
| Contribution points | | | | | | | | | | | | | | | | |
| Domestic Demand | (%,yoy) | 0.2 | 0.5 | 1.2 | 0.9 | 0.8 | 0.8 | 1.1 | 1.0 | 0.2 | 1.1 | 1.7 | 1.2 | 1.1 | 1.3 | 0.2 |
| Net Exports | (%,yoy) | 0.4 | 0.2 | 0.3 | 0.2 | 0.1 | 0.2 | 0.3 | 0.2 | 2.0 | -0.8 | 0.4 | 0.2 | -0.1 | 1.1 | -0.3 |
| Industrial Production | (%,qoq) | | | | | | | | | 1.4 | 0.7 | -0.6 | 1.6 | 2.5 | 1.4 | -0.9 |
| | (%,yoy) | -1.2 | -0.8 | 3.5 | 3.6 | -1.4 | 0.4 | 4.2 | 3.0 | 0.4 | 1.2 | 1.7 | 3.1 | 4.2 | 4.9 | 4.6 |
| Nationwide BOJ-style Core CPI | (%,yoy) | 0.5 | -0.3 | 1.0 | 1.4 | 0.0 | -0.1 | 1.2 | 1.4 | -0.5 | -0.1 | 0.7 | 0.7 | 1.3 | 1.4 | 1.4 |
| Nationwide US-style Core CPI | (%,yoy) | 1.0 | 0.4 | 0.4 | 1.1 | 0.6 | 0.3 | 0.6 | 1.3 | 0.2 | 0.1 | 0.2 | 0.2 | 0.5 | 0.7 | 0.9 |
| Unemployment Rate | (%) | 3.4 | 3.1 | 2.9 | 2.7 | 3.3 | 3.1 | 2.8 | 2.6 | 3.1 | 3.0 | 3.0 | 2.9 | 2.9 | 2.8 | 2.8 |
| BoJ ST interest rate target | (End of period) | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| BoJ LT interest rate target | (End of period) | n/a | 0.0 | 0.0 | 0.0 | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Yen/$ | (End of period) | 120.2 | 108.0 | 120.0 | 115.0 | 112.6 | 112.0 | 115.0 | 115.0 | 101.4 | 108.0 | 112.0 | 115.0 | 117.0 | 120.0 | 115.0 |
| Yen/Euro | (End of period) | 130.6 | 116.6 | 126.0 | 121.0 | 128.1 | 117.6 | 124.0 | 121.0 | 113.9 | 116.6 | 117.6 | 117.3 | 119.3 | 126.0 | 124.0 |

Note: We may revise our forecasts once additional data become available.

Sources: BoJ, MoF, ESRI of Cabinet Office(EPA), MPMHAPT(MCA), METI(MITI), Ministry of Land, Infrastructure and Transport and BofA Merrill Lynch Global Research estimates.



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# USD/JPY: Buy-on-dip cycle to continue; 115-120 by end-2017

Bank of America Merrill Lynch

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Investment Strategy
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## Buy-on-dip cycle continues

While we had acknowledged the risk of the "final JPY strength" this autumn on the BoJ's limit and US elections, it has been our view that the USD/JPY's dips was to be bought as the 100-105 level was where medium-term directional risk was likely to reverse to the upside (Dollar's 100 Yen risk 02 March 2016). In our view, a Republican sweep would first lead to JPY strength on risk aversion, but eventually be the most bullish outcome for the USD/JPY. The price action last week – a shallow dip – tells us two things about the USD/JPY. First, the view that a GOP sweep would boost the USD/JPY was probably more widely shared than we had thought, so a dip failed to stretch. Second, there may be more potential USD/JPY buyers than sellers, which is in stark contrast to last year, when there were many more potential USD/JPY sellers than buyers (Case for a stronger yen in 2016 18 December 2015). The "buy-on-dip" cycle in USD/JPY is likely to continue as we expect the pair to reach 115-120 by end-2017. We remain constructive about Japanese equities and see banks, insurance continue outperforming REITs near-term.

## Higher US rates (esp. if steepening) to boost USD/JPY

USD/JPY performs best at the time of UST bear-steepening as better risk sentiment reduces the JPY's safe haven demand and a wider yield spread increases the USD demand from Japanese investors (Exhibit 2). For our US strategists, the clean sweep means fiscal easing and higher rates, supporting their higher real rate view (A win for bond bears and USD bulls 09 November 2016). The USD/JPY has recently tracked real yield spread closely (Chart 1), and the pair is gradually producing higher carry as monetary policy is diverging between the US and Japan (Chart 2). In Japan, fiscal easing is also a possibility in light of reduced odds of TPP implementation and a potential early snap election. Any positive impact of Japanese fiscal easing on growth is likely to manifest itself in higher inflation expectations under the BoJ's yield-targeting regime, which means Japanese real interest rates can actually fall.

## Watch Abe-Trump meeting – coordination or conflict?

Given the high uncertainty, clarifications on Trump's policies on trade and currency will be important for the Japanese market going forward. A potential Abe-Trump meeting in New York this Thursday (17 Nov), as reported by Japanese media, warrants attention. We suggested that Trump presidency could potentially reduce flexibility of Abe's political and diplomatic strategy, reduce positive market risk from Japanese politics, and increase negative risk from Japan's national security. But this is not known until we see actual Trump presidency. If the President-elect shows an understanding for the existing Japan-US alliance and refrains from protectionist rhetoric, it could reduce concerns about deterioration of the bilateral relationship, supporting USD/JPY and potentially exporter shares (though reduced odds of TPP implementation is unlikely to change drastically).

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Timestamp: 13 November 2016 06:10PM EST

**Chart 1: USDJPY vs yield spread**

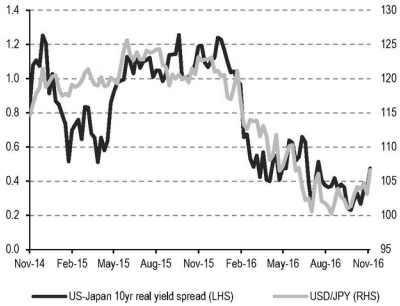


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 2: USDJPY carry* gradually inching up**

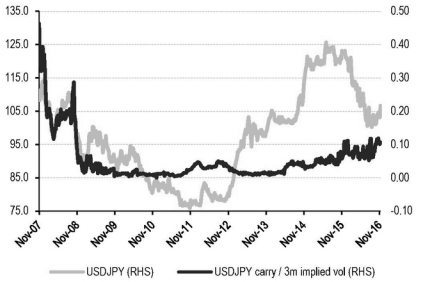


Source: BofA Merrill Lynch Global Research, Bloomberg
*Using 3m deposit rate

## JPY sellers > JPY buyers

While uncertainty is high, what is more certain is that there are more potential sellers of JPY than its buyers. This is the opposite of the situation some months ago (USD/JPY's downside risk to 110 – sell on rally 10 February 2016). First, CFTC speculative position remains yen long though short-term traders are probably positioned for the upside already (Chart 3). Second, we believe domestic activity to raise hedge ratio has run its course as the USD/JPY swept through the sensitive level this year. As 2HFY16 (Oct '16-Mar '17) has started, most life insurance companies are reportedly inclined to increase exposure to unhedged foreign bonds though they generally remain price sensitive. In our view, this is reflected in the USD/JPY's consolidation during Tokyo trading hours after the pair hit 100 on the Brexit vote (Chart 4). The fact that USD/JPY has failed to break 100 multiple times since then suggests the market looking for USD/JPY's dip, light positioning, and the market's judgment that USD should be more expensive than 100 JPY. The market is probably more vulnerable to the USD/JPY's upside than downside.

**Chart 3: CFTC non-commercial futures position (bln USD)**

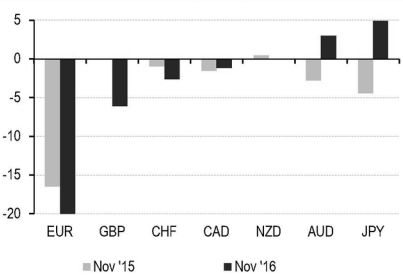


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 4: USD/JPY cumulative % change by trading zone**

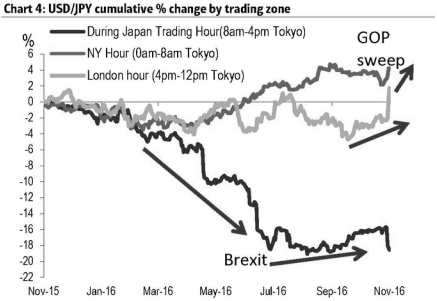


Source: BofA Merrill Lynch Global Research, Bloomberg

## Technical: constructive

Daily overbought momentum (RSI) is overall a positive for USD/JPY's uptrend. Overbought conditions can persist longer in uptrends, but at some point this could



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reverse. Fading high 106's could be a short-term profit-taking view, or area to enter countertrend short. A final thrust toward July highs of 107.49 is possible and an alternative profit-taking level. A pullback to 105.50 or 104.30 could certainly be bought for the broader uptrend targets of 108.47, and possibly 111.40, from the weekly chart pictured here.

**Exhibit 1: USD/JPY weekly chart**

Source: BofA Merrill Lynch Global Research, Bloomberg

## Long-term picture: 50m average crossing 200m average

**Chart 5: USD/JPY monthly chart with 50m average and 200m average**

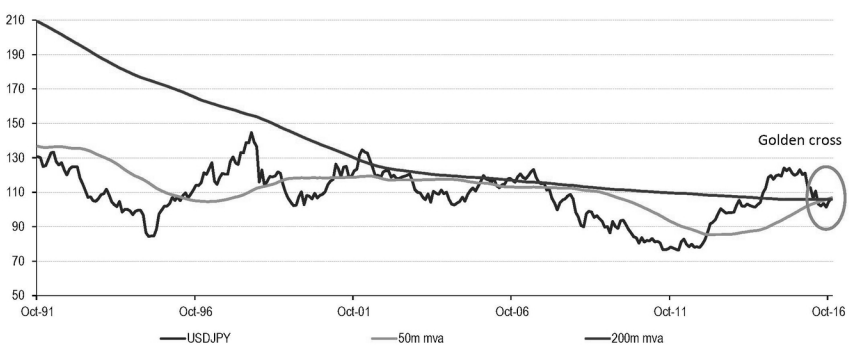


Source: BofA Merrill Lynch Global Research, Bloomberg



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## Higher yields leading to bank, insurance outperformance over REITs

The Japanese equity market correction managed to last just for one day after the US election. The insurance sector has been the best performer since the US election on the back of a steeper US Treasury curve and higher rates. Michael Hartnett observes "violent rotation out of deflation to inflation plays", including a move from REITs to US banks. This should apply to Japan, where banks and insurance have underperformed REITs amid relentless fall of the long-term yield and introduction of negative interest rate by the BoJ (Chart 5). The domestic policy condition has changed, however, as the BoJ is now reluctant to cut rate as it pays greater attention to the health of the financial institution. The BoJ now intends to prevent the yield curve from flattening excessively. While higher foreign yields may not lift yen rates as the BoJ controls the 10-year sector, reflationary environment outside Japan at least reduces the risk of a deeper cut at home. Outperformance of Japanese equities at the time of UST bear steepening has historically been led by cyclicals, banks and insurance (Exhibit 2). David Gleeson is cautious about REITs, while Futoshi Sasaki is constructive on banks. The move can stretch further near-term.

**Exhibit 2: US Treasury curve (2s10s) move and market performance (past 43 quarters simple average, %) – USD/JPY, Japan equity (local ccy term), and Japanese cyclical, bank, insurance tend to outperform at the time of UST bear-steepening**

| | USDJPY | Dollar index (DXY) | MSCI Japan | MSCI Japan / ex Japan* | Japan sector* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Discretionary | Financials | Materials | IT | Industrials | Energy | Telecom | Staples | Utilities | Health care |
| Bear steep | 4.12 | -0.60 | 8.58 | 3.32 | 11.68 | 9.97 | 9.96 | 9.46 | 8.58 | 5.88 | 3.27 | 2.86 | 2.83 | 1.89 |
| Bear flat | 1.90 | 0.31 | 3.88 | 0.58 | 3.49 | -0.44 | 5.44 | 4.09 | 3.88 | 4.26 | 3.66 | 2.34 | -0.06 | 5.21 |
| Bull steep | -1.85 | -0.35 | -2.32 | -2.76 | -3.03 | -2.44 | -4.70 | -4.22 | -2.32 | -3.46 | 2.44 | 1.44 | -3.64 | -0.47 |
| Bull flat | -4.49 | 1.26 | -7.31 | -5.05 | -8.91 | -11.10 | -9.94 | -8.23 | -7.31 | -9.61 | -0.37 | -1.50 | -4.16 | -1.59 |

Source: BofA Merrill Lynch Global Research, Bloomberg
Used Bloomberg Treasury yield index.
Curve movements defined based on 2yr move (up or down) and 2s10s move (up or down) so these include twist movements, but even if we exclude these, implications for USDJPY and Japan equity do not change significantly.
11 quarters of bear steepening = average 16bps increase in 2yr yields and 33bps 2s10s steepening; 10 quarters of bear flattening = average 26bps increase in 2yr yields and 20bps 2s10s flattening; 10 quarters of bull steepening = average 48bps decline in 2yr yields and 28bps 2s10s steepening; 12 quarters of bull flattening = average 27bps decline in 2yr yields and 30bps 2s10s flattening
Japan / ex-Japan = MSCI Japan / MSCI Kokusai ratio
Japanese sectors follow MSCI definition

**Chart 6: If inflation, rates surprise to upside, Japanese banks likely to outperform REITs**

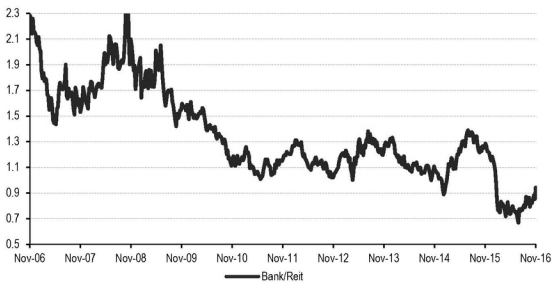


Source: BofA Merrill Lynch Global Research, Bloomberg



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## 3 risks – reality vs hope, higher yields, politics

The biggest risk to our view is that actual US fiscal easing turns out to be minimal. But we believe the USD/JPY's move will be quicker than whatever reality emerges in coming months. China's unexpected RMB devaluation or any explicit rhetoric to guide USD weakness by the new US administration could eventually trigger significant JPY strength. The other risk is a rapid increase in US long-term yields triggers risk-off trade, supporting Japanese yen. However, we believe a potential correction in US equity is unlikely to reverse the medium-term direction of USD/JPY (though it could cause a short-term pullback as our technical analysis suggests) because higher yields and USD/JPY are backed by fundamentals for now –prospect for fiscal easing. Finally, politics is a significant concern. The President-elect has previously criticized the Japan-US security alliance. A shift away from the Japan-US security alliance could lead to higher geopolitical risk for Japan. It could also lead to more defense spending and expansion of Japanese military capability and could lift prospect for fiscal expansion. A combination of higher geopolitical risk and defense spending is probably less bearish USD/JPY than Japanese equities.



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| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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# Global Cross Asset Strategy – Year Ahead

# The Trump inflection

Bank of America Merrill Lynch

Investment Strategy

30 November 2016 Corrected

Investment strategy
Global

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## Key takeaways

- Market response to Trump is logical but moves have been frontloaded. We now see USD & rates only modestly higher next year.
- We see higher growth and inflation, notably in Japan. **We go long NKY**, stay long EM AXJ & selective yield in equity/ credit.
- Risk is an overshoot so we stay long USD/ short rates, adding a CNH put and short 10Y real rates. CNH a hedge vs trade risk.

## Trump extends some trends, starts others

In the three weeks since Donald Trump's election victory global markets have seen some dramatic moves. Som1e of those moves are extending trends that had already started – higher yields, higher USD, rotation from long to short duration. Others are new – JPY lower, NKY higher, EM lower. The key question is how much more they can go?

## Growth/inflation higher in 17/18 - modest fiscal boost

Our economists think the fiscal impact of Trump will be modest at 0.5% on growth in H2 next year. Fiscal stimulus elsewhere also to be modest but it is taking the pressure off monetary policy. Growth was already improving so any fiscal stimulus helps. Our economists have both growth and inflation higher into 2017 and 2018.

## Inflection point in markets but much discounted already

Market moves at turning points are often violent. The task of investors is to work out how much is already discounted. Our fixed income strategists have 10Y US yields at 2.65bp and bunds at 65bp at end 2017, also EUR/USD at 1.02 so moves look frontloaded to us. That suggests their implications for other markets should fade.

## Evolution not revolution – long NKY, short 10Y real rates

If that is the case then we do not want to make wholesale changes to our strategy. We make two key changes today, adding long NKY (Japan strategist targets 20k) and short 10Y real rates trades. The former is part of our strategy to be pro-growth and we think it complements our long EM Asia trade being affected differently by USD strength.

## The hunt for yield is dead, long live the hunt for yield

If yields only rise modestly next year then the hunt for yield will live on. We keep a yield basket in European equities, AT1s and spread in Euro/US credit. We go outright long European Healthcare by lifting our Food & Beverage short, which has dropped sharply.

## Overshoot in rates, USD and trade key risks – add CNH put

The world would look very different if the US 10Y blew through 3% and the USD went on a tear, so we stay long USD and short rates. We add a CNH put vs USD as a hedge against an escalation of trade tensions under the new Trump administration.

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Timestamp: 30 November 2016 12:00AM EST

# Current trade recommendations

**Table 1: Current cross asset trades**

| Asset | Trade idea | Strategist |
|---|---|---|
| Equities | Long European Quality Yield Screen (yield) | James Barty |
| | **Long SXDP Index** | **Ronan Carr** |
| | **Long Nikkei** | **Shusuke Yamada** |
| | Long European index dividend futures | James Barty |
| | Long MSCI Asia ex-Japan | Ajay Kapur |
| Equity vol | Long RTY short SPX 2y variance swap | Nitin Saksena |
| | 3000-2850 SX5E put spread Dec 16 expiry | James Barty |
| | Long NKY short SPX Dec 18 variance swap | Benjamin Bowler |
| | Long SX5E short SPX Dec 18 variance spread | Abhinandan Deb |
| | Eurostoxx 2y/3y put calendar | Abhinandan Deb |
| FX | Short EUR/SEK | Kamal Sharma |
| | **Long USD/CNY call** | **Claudio Piron** |
| | Short GBP/USD | Kamal Sharma |
| | Long USD/AUD | Ian Gordon |
| | Long RUB/ZAR | David Hauner |
| Fixed Income | 2s-5s-10s fly | Shyam S.Rajan |
| | **Short US 10y real rates** | **Shyam S.Rajan** |
| | Paying 5y GBP real rate swap | Mark Capleton |
| Credit | Buy 30y US IG Industrial spreads | Hans Mikkelsen |
| | Buy basket of Euro AT1s | Barnaby Martin |
| | Long Xover short Main | Ioannis Angelakis |

Source: BofA Merrill Lynch Global Research. For the full methodology and reference pricing please see Appendices. **New trades in bold**.

# Themes

## Long Cyclicality

- Long Asia EM – recovering growth, earnings revisions and cheap valuation.
- Long Nikkei – growth picking up, JPY soft, 20k target.

## Long Yield

- Long European dividend yield stocks – 5% yield, big pick up over IG credit.
- Long Dec 18 SX5E dividend future – implies 4% drop from 2016, we see 4% rise.
- Long basket of AT1s – high yield, equity cushion to rise.
- Long XOver short Main – investors' reach for yield to push them towards Crossover.
- Long basket of 30Y US industrial IG spreads – further spread compression.

## Hedge the Fed/Trump

- 2-5-10 fly – 5Y part of the curve looks most vulnerable to Fed hiking.
- Short 10Y real yields – inflation breakevens have adjusted real rates have not.
- Long USD – long via USD/GBP and USD/AUD, we think policy divergence will drive USD stronger if the Fed tightens as our economists expect.
- Long USD/CNH 7.6 6 month call – hedge against trade tensions

## Hedge the Rest

- We are long SX5E, NKY and RTY vs SPX variance. Carry positive, convex in a sell-off.
- Long Dec 17/18 SX5E put spread. Long 3000-2850 Dec 16 put spread.

## Alpha Trades

- Long European Pharma. Sector discounting no pipeline, valuation back to cheapest since 2011. Solid yield too.
- Paying 5y UK real rates at -254bp. Implied inflation/rates inconsistent.
- Long RUB/ZAR (positive on oil, cautious on S African politics).
- Short EUR/SEK, strong Swedish growth, limiting room for Riksbank easing.



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# The Trump inflection

**Changes today: Add NKY long, 10Y real rate short and CNH put, close forward Kospi vol and Food & Beverage short.** We are not making mass changes today. While some of our trades have worked better than others post-election we are broadly happy with the balance. We still want exposure to growth and to own yield where we can but also want to protect ourselves from a further surge in the USD and rates.

**We diversify our equity long in EM and European yield with a long Nikkei position**. It is not the best entry point but we suspect it has further to run on a one year horizon. A stronger USD is good for Japanese equities where it is not for EM, so they complement one another. **We add a short US 10Y real rate trade** too to protect against rising US yields, as breakevens have already moved significantly. We **close our Kospi vol trade** (changed view from strategists) and **drop the short Food leg of our Pharma/Food trade**, reflecting the sharp sell-off in the long duration sectors of late.

**Summary: Still be long growth and yield but hedge with USD and Rates**
Year aheads are notoriously tricky to write and almost always wrong. Anyone who wanted to correctly predict the outcomes and how markets would react to them in 2016 did not need so much as crystal ball as a time machine. As investors and strategists we have to make calculations as to the most likely outcomes, where is the best upside to play them and how best to hedge the risks around them.

**Donald Trump's election is in our view an inflection point for global markets, starting new trends in some asset classes and extending trends in others.** It does not completely change the world though, as the disinflationary and weak growth pressures that have plagued the world since the GFC are structural rather than cyclical. But the shift to fiscal and populism is likely to boost growth and inflation, so it does change the picture to a significant degree. If we are to call it an earthquake it is perhaps a five rather than a nine on the Richter scale.

We have to adjust our way of thinking though. **The rise in rates and higher USD that we had hedged against now look like they are going to go further.** That is going to hurt longer duration assets. So we continue to run our long USD positions and add to our short rate positions (via 10Y real rates). There is risk around trade and geopolitics, which has to make us more nervous of our EM positions. So we diversify our risks by **pairing our long EM position with a long Japan position and add a CNH put**.

**But the world is not completely changing**. Even in the new order we only forecast 10Y Treasuries at 2.65% and Bund yields at 65bp end 2017. **So the hunt for yield will not disappear completely.** We still want to own yield, but as we have said of late it cannot be yield for yield's sake. Yield in equity markets has been safest in the shortest duration buckets, such as Banks and Cyclicals since the summer. We changed our yield basket last month is this direction so we keep it. We stay long AT1's and in credit we keep our spread trades both in Europe and the US.

**AND we remind investors of something we said at the start of 2016, be prepared to trade the ranges in markets.** If there was one lesson of the last year it was that. When assets get very loved and overbought, sell them, when it is the opposite you have to buy them. Think of buying EM and commodities in February. Think of selling defensive equities and bonds and buying banks post-Brexit. None of us will get that right all of the time, but the Warren Buffet maxim "be greedy when others are fearful and fearful when others are greedy" is particularly useful in current markets.

Finally, as cross asset investors **think about what can go wrong with your positions and find asymmetric hedges** for them if you can. That should be the edge you have at looking across the range of asset classes compared to single asset class investors.

We would like to thank our BofAML colleagues who have supported our product this year by providing many such ideas and trust they will continue to do so through 2017.



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## X Asset Strategy: Long growth, short bonds, long USD but the hunt for yield lives on

Clearly markets are different and will continue to be so under President elect Trump BUT not everything will change. The disinflationary forces triggered by the GFC have not gone away but the decision to focus on fiscal stimulus, not just in the US but also Japan and to a lesser extent the UK, is a welcome shift taking some of the burden away from monetary policy. It means rates should be higher for any given amount of growth. But higher does not mean a return to pre GFC levels of rates, which we need to bear in mind when setting our strategy. Indeed, our strategists 10Y forecasts are US 2.65%, Euro 0.65% and Japan 0% for end 2017.

Similarly on trade, for all the rhetoric of the President-elect again we do not think he wants to trigger trade wars that would damage US growth. That means we should not necessarily drop our pro-EM bias.

So we think of it as an evolution rather than a revolution in the way our strategy is structured. We wanted to be exposed to growth, we tweak that by adding a NKY long to replace our US energy long. We continue to have yield in the portfolio where we can find it, which is through a mixture of equities and credit (AT1's, European yield basket, Xover v Main and US long date industrial spreads).

Even more than before we want to be protected against a stronger USD and higher rates, hence the addition of the 10Y real yield trade, and trade tensions which we have tried to cover through our CNH put.

## Nov 8th accelerates some trends, starts other

Before the US election we said that the tectonic plates were starting to shift, with bond yields having troughed and starting to head higher. We thought there were signs too that global growth might be shifting up a gear. So we wanted to have defensive positions in bond markets, be long the USD and be long growth where we could. The election of Donald Trump has arguably turned this gradual shifting of plates into a full blown earthquake for global financial markets.

The key questions for investors as we look ahead to 2017 are how big an earthquake and how much the moves that have happened since November 8th are likely to be extended into next year vs how much we have frontloaded them already in 2016.

**Chart 1: USD/JPY has surged post-Trump**

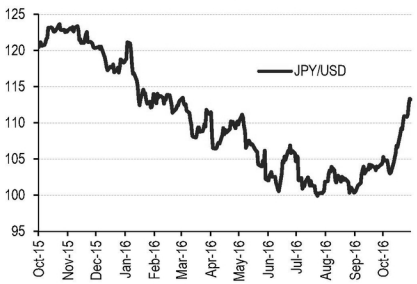


Source: Bloomberg

**Chart 2: As have bond yields**

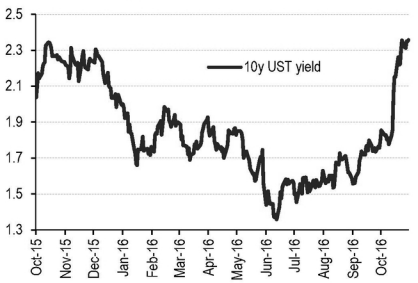


Source: Bloomberg



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**Chart 3: EM debt and equity have been hit**

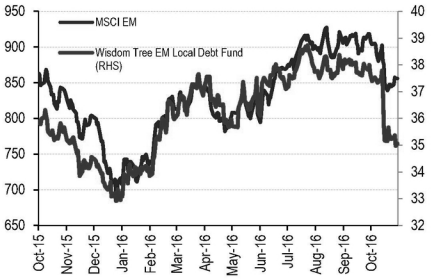


Source: Bloomberg

**Chart 4: While Banks versus Staples has gone ballistic**

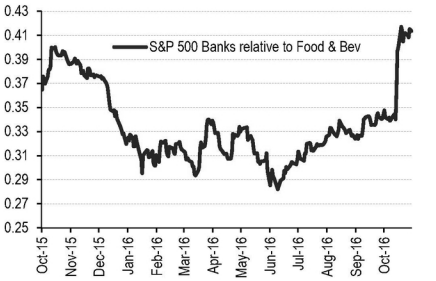


Source: Bloomberg

The moves since Nov 8th have certainly been violent in certain asset classes. USD/JPY stands out, but the sell-off in US treasuries has been very marked, the hit to EM fixed income equally big, while in equity markets the outperformance of the Russell, the surge in the US banks and the sell-off in long duration equities has been remarkable.

Some of these moves, such as stronger USD, higher yields, banks vs staples were extensions of moves that had already begun. Others, such as Russell vs S&P, JPY, Nikkei, were the start of new moves where 8 Nov marked a key turning point.

The moves that had already started are now getting quite stretched with US 10Y yields up 5 standard deviations from the July low, with US Banks up by a similar amount vs Staples. The USD/JPY move though is more like a 2 SD move, with the NKY similar (if we exclude the 7% drop on US election day).

**Peak liquidity, deflation, inequality and globalisation – watch for Peak Trump**

So what does a Trump presidency mean for the world? Michael Hartnett, our Chief Investment Strategist sums it up nicely with four of his seven peaks. **Peak liquidity** – the era of excess liquidity is over; **Peak inequality** – with fiscal stimulus to address inequality; **Peak globalisation**- free movement of trade, labour and capital ending, FX wars starting; and **Peak deflation** – the secular low point in bond yields now behind us. We would add a peak to that which investors need to bear in mind – **Peak Trump**. What we mean by that is at what point do the policy changes of the Trump presidency get fully discounted in markets. We have moved pretty quickly to do that but we suspect there is more to go, even if the quick returns have probably already been made.

If we think about these peak questions, the two that stand out to use as obvious and not really open to challenge are Peak liquidity and Peak deflation. The Fed left its peak liquidity position behind ages ago, the BOJ has moved to yield rather than liquidity targeting, the BOE may extend its current programme of QE one more time but then is probably done and even the ECB is talking about tapering, even if they are unlikely to do it in December. The Peak deflation theme follows on from this with the secular low in bond yields surely behind us if the central banks are stepping away from flooding the world with ever more liquidity.

**Peak liquidity/deflation means higher yields – inflation expectations adjusting**

The question then is how much yields will likely rise from here. Much of course depends on how quickly inflation picks up. Markets have already moved to price in a significant pick-up in expected inflation as the two charts below show. To our mind breakeven inflation rates had been too low for too long, which is one reason we wanted to be defensive in bond markets. It would seem to us that inflation expectations are now up with events. US headline CPI at 2.5% is consistent with the Fed modestly overshooting



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its 2% core PCE target. Our economists think that the Fed may well aim a little high in the short term on inflation to ensure they have sufficient room to ease in the event of a downturn. However, it is unlikely that the Fed would tolerate a sustained overshoot of their inflation objective. That is particularly the case if the Fed under President Trump is made more hawkish as our economists think it probably will be (see Liquid Insight: Trump's stamp on the FOMC).

**Chart 5: US 5Y5Y forward inflation back towards 2.5%**

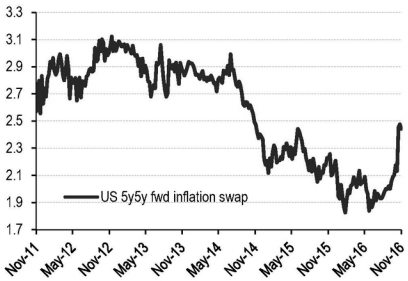


Source: Bloomberg

**Chart 6: Euro 5Y5Y forward inflation up to 1.6%**

Source: Bloomberg

Equally, our economists in Europe are sceptical on the ECB's ability to get inflation to rise significantly from current levels. Optically there is scope for European breakevens to head higher if the ECB were to be successful but investors are likely to want to see some evidence of rising inflation first before they price that in. We will return to this below. For now we agree with our fixed income strategists that the rise in inflation expectations is probably sufficient and that any rise in yields from here has to be one of higher real yields.

They think such a rise as a tightening of monetary conditions which may be self-limiting in the short term, particularly as the fiscal boost in the US is likely to be back loaded in terms of 2017. If rates move too quickly and the USD follows before the fiscal stimulus kicks in they could actually dampen growth. Indeed, our US economists have shaved their near term growth forecasts already to reflect the current moves. They do not expect the fiscal stimulus to start to boost growth before the 3rd quarter.

**Fiscal + hawkish Trump Fed means we stay short 5Y US via 2-5-10 butterfly**

Our fixed income team estimated how much fair values of the different parts of the curve would have to move were the market to move into line with the dot plot. Updating those estimates for the move since their publication we find 2Y rates can move another 11bp, 5Y 39bp and 10Y 33bp. They argue that given we are past the inflection point for rates, with fiscal policy being eased and now with a more hawkish Fed under Trump likely, the dot plot should form the floor not the ceiling for rate expectations. All of this translates into a view that 10Y yields can push to 2.65% by the second half of 2017. Given their views on the curve we continue to run the 2-5-10 butterfly. It has moved from around -10bp to +10bp since the election, and our fixed income strategists have moved their target to +20bp.



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**Chart 7: 5Y yields to continue to underperform**

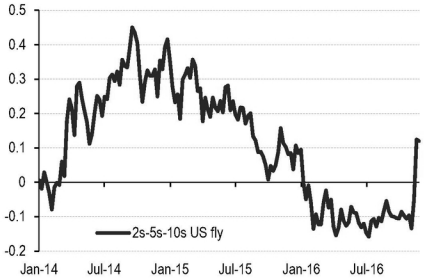


Source: Bloomberg

**Chart 8: Real rates likely to feel the pressure going forward**

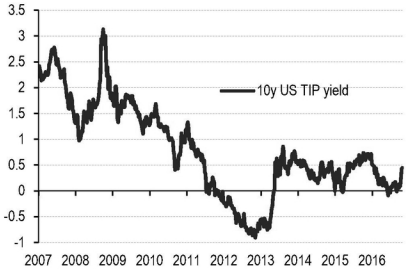


Source: Bloomberg

**Peak globalization/inequality means higher real rates – short 10Y US real rates**

Our fixed income team make the point that globalization has been a driving force behind lower real rates as it has been good for EM growth and reserves. Those reserves then found their way back into the US holding real rates lower. They argue that as the global savings glut unwinds real rates have room to re-price. Peak inequality also means an unwind of globalization as politicians seek to protect workers from the depressing effect on wages coming from overseas. Donald Trump has already said he intends to charge China with being a currency manipulator. Whether he does or not and what action he takes to accompany it remains to be seen, but artificially low currencies generating high current account surpluses are unlikely to go down well with the new administration. That lends weight to the fixed income team's arguments.

Peak inequality may also mean less migration across the world – think Trump's arguments on illegal immigration from Mexico and Theresa May's desire to limit migration into the UK post Brexit. Less migration likely means more upward pressure on wages, which is the inflation expectations side of the argument. But Michael Hartnett also thinks it means more action on fiscal policy. The UK government have implemented a £24bn infrastructure fund in the Autumn statement. Donald Trump wants to trigger up to $1tn of infrastructure spending in the US in addition to the tax cuts.

The fiscal boost should push real rates higher (at least in the short term). Some Fed members have acknowledged this suggesting that equilibrium interest rate might be moved higher by fiscal stimulus. The rates team also rightly says while they want to be bearish rates given the speed of the move so far it is also right not to be foolish. Given how much inflation expectations have moved they think there is better risk reward in real rates. They argue the 10Y real rate is the most vulnerable to further moves higher in rates. Although they have already risen from around zero in the summer to ~50bp now they think 10Y real rates can reach 1%. So we add that trade to our 2-5-10s position.

**Implications for other asset classes: Stronger USD, weaker EM?**

The forces impacting on markets from the Trump victory have not been confined to rates markets, although it is probably fair to say that most (although certainly not all) of the impact stems from the move in rates. Higher US rates have meant a stronger USD, an outperformance of short duration over long duration equities, a hit to EM debt and all forms of carry trades.



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**Chart 9: USD breaks to new highs**

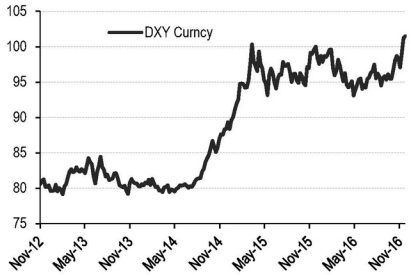


Source: Bloomberg

**Chart 10: As Treasury yields open big gaps with Europe and Japan**

Source: Bloomberg

The USD is a case in point, with the higher US rates creating a significant gap to equivalent Euro and JPY rates. With the ECB likely to extend QE by the full current amount (despite the debate over timing) and the BOJ committed to capping JGB yields at zero, a surge higher in the USD was the logical outcome. Given that the biggest gap in intentions was relative to Japan it is perhaps not surprising that the JPY has been the biggest victim, with the JPY falling some 10% against the USD since the election. The DXY has broken out of the top end of the trading range it has been in since early 2014.

The stronger USD is not just reliant on higher yields, but also other factors such as the likely repatriation of money into the US under a new proposal for US corporates to return funds at a concessionary tax rate, generally referred to as HIA2.

We had positioned long USD as well as short rates, not so much as an explicit play on a Trump victory but more against a more hawkish Fed in 2017. We were also of the view though that a Trump win would likely be positive for the USD and higher yields. Going back to our fixed income strategists' point that the dot plot should now perhaps be the base case for the markets that does imply higher yields which should continue to be dollar supportive. Like their bond yield forecasts though our strategists call for a modest further appreciation of the USD rather than a huge surge. They have the USD peaking at 1.02 vs the EUR, 120 against the JPY and 1.43 vs the CAD.

So the big violent move has likely happened even if we still see the USD strengthening further next year. Certainly our FX strategists are not calling for a surge in the USD similar to the one that happened in 2014/15.

### The reaction of the US economy to "Trumponomics" is key

These two things are important for other asset classes. If we really thought 10Y Treasuries were heading to 3%, the Fed likely to tighten above the dot plot and the USD to surge another 10% in quick order, the impact on other asset classes would likely be more severe. That would undoubtedly exacerbate the trends we have seen out of EM and long duration equities. We also suspect it would make it much harder for commodities to perform. We see holding USD and short rates positions as necessary to hedge against such an outcome with limited downside risk if it does not happen.



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**Chart 11: Dollar strength leads to immediate trade drag (inverse relationship)**

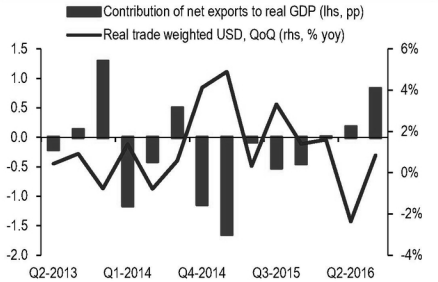


Source: Federal Reserve Board, Bureau of Economic Analysis

**Chart 12: Expected path of fed hiking cycle (bp)**

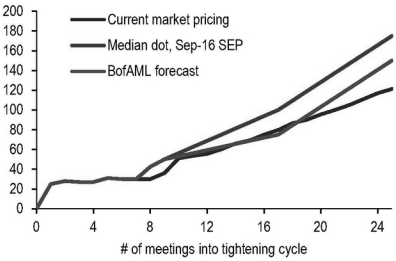


Source: BofA Merrill Lynch Global Research, Federal Reserve, Bloomberg

Nevertheless it is not our central scenario in part because there is a risk that much of a Trump surge could be bad for growth. As we noted above the fiscal stimulus is likely to be back loaded as far as 2017 is concerned. In the meantime the FX and Rates teams predict an 8-10% appreciation of the USD from pre-election levels and 10Y rates about 80bp higher. Our economists note that a 10% appreciation of the USD is estimated to slice around 0.5% off of US GDP growth over two years. Higher mortgage rates from higher bond yields would also likely dampen growth. As a result, they have actually lowered their forecast for US growth in the first half of next year to around 1.5% before seeing it rebound to around 2.3% in H2 and then 2.5% in 2018 as the fiscal stimulus feeds through.

Various Fed members, notably Bill Dudley of the NY Fed, have said this year that a stronger USD would have an impact on monetary policy. So to some extent we see USD strength as self-limiting as it would start to lower the profile of likely Fed tightening.

Our economists are also cautious as to the extent of the impact of the Trump fiscal plans. Assuming that there is a compromise between the Trump administration and Congress our economists think the likely scale of tax cuts is $2-3tn over 10 years, with $200-300bn of this in 2017. Given the low estimated multiplier from any proposed tax cuts and a Congress likely to limit the amount of an increase in government spending, they look for a modest 0.5% boost to growth.

### Upside risk to growth and rates if Trump does more on fiscal, less on trade

If Congress passes more of the Trump stimulus plan, particularly on the infrastructure side, and there are no significant changes to trade or immigration policies then our US economists think growth could potentially hit 3% in 2017 and 3.5% in 2018. That would likely be accompanied by a faster pace of Fed hikes than they currently assume (which is two hikes between now and end 2017 followed by 3 in 2018).

### Trade policy and its impact vital

The other key factor of the new administration is going to be the direction on trade. President elect Trump has already said he will pull out of the TPP, TTIP looks likely to get the same treatment, while NAFTA is set to be renegotiated. Meantime Trump said he will label China a currency manipulator. This is the other side of the Peak Globalisation/Peak Inequality coin and none of it looks good for global trade. Combined with the stronger USD and higher rates, it is easy to understand the knee jerk reaction of investors to sell EM asset, particularly given the gains of earlier this year.



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**Chart 13: China could be named a currency manipulator**

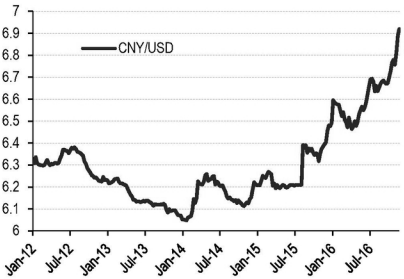


Source: Bloomberg

**Chart 14: But world trade has slowed – would Trump make it worse?**

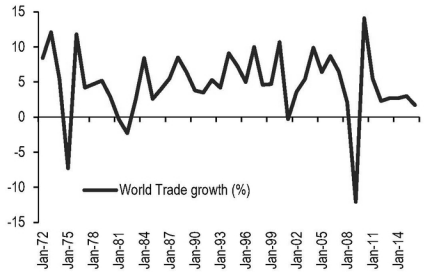


Source: WTO, BofA Merrill Lynch Global Research

The question for investors is whether Trump the candidate or Trump the deal making businessman will eventually be the driver behind trade policy. It is not impossible to imagine the President-elect gaining some concessions from his hard line stance and then claiming victory. After all, since one of his aims is to get the US economy growing at 4% a year, a prosperous global economy to export into is probably preferable to one that is taking a hit from an aggressive US trade policy. That is the inclination of our EM strategists and economists, so they are expecting the reality to be softer than the rhetoric.

At this stage we have to acknowledge that it is little more than an educated guess. It makes us less certain of our long EM equity position than we were. Nevertheless, we had already switched it out of an MSCI position into an Asia ex Japan in part because of US election risks and our strategists are particularly upbeat about Asian markets. They think they are cheap, they are positive on China and they think growth and hence earnings will surprise on the upside.

**What about the rest of the world? Growth has been improving**

Growth indicators have been improving around the world of late. Data since the US election would seem to support that with the PMIs in the Euro Area improving again and their equivalent in the US sustaining the gains seen last month. Our EM indicators remain robust and our China ACT indicator continues to indicate steady growth there too.

Our economists forecast 3.5% global GDP growth with EM growth around 4.7%. Our Euro Area growth numbers have been nudged back up towards 1 ½% with Brexit not proving to be as much of a drag as feared. We still expect the UK economy to see something of a slowdown in 2017 as the lagged effect of the fall in the pound hits consumer incomes. Perhaps our most optimistic view of the world, relative to consensus, comes from Japan where with fiscal policy turning more supportive (we put the package at 1.5% of GDP) we see growth at 1.4% in 2017.



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**Chart 15: Eurozone PMI's point to solid growth**

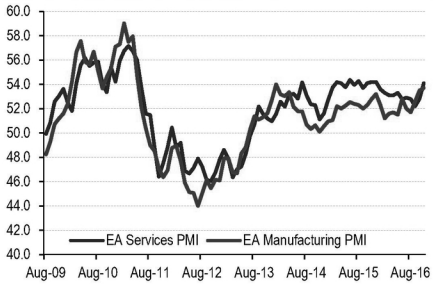


Source: Markit

**Chart 16: Japanese growth expected to accelerate in 2017**

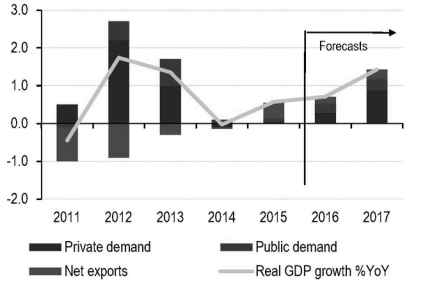


Source: BofA Merrill Lynch Global Research forecasts, CAO

It is a decent global growth picture and it is not impossible to imagine it being still better should the US surprise on the upside and the impact on trade from a Trump presidency prove to be modest.

It certainly fits with the Peak Deflation theme since this stronger growth is expected to be accompanied by a pick-up in inflation. We have core PCE in the US reaching 1.9% next year in our core scenario. Our headline inflation numbers are higher because of the expected increase in the oil price from our commodity strategists. Indeed with oil expected to reach $60pb (OPEC permitting) headline CPI inflation in the US could push 3%. In the Euro Area we see headline inflation rising to 1.2%, albeit with core inflation only nudging modestly higher. UK inflation is expected to move markedly higher care of the lower pound, again with headline inflation pushing towards 3%. In Japan driven by our more optimistic view of the economy we project core CPI at 1%.

**Chart 17: BofAML sees GDP accelerating into 2018...**

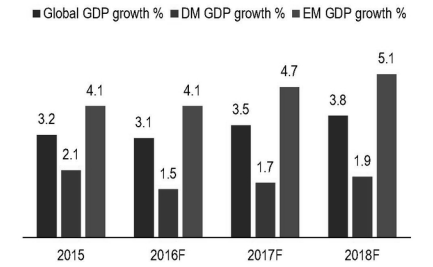


Source: BofA Merrill Lynch Global Research

**Chart 18: ...with inflation picking up too**

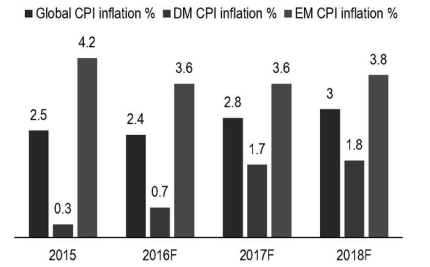


Source: BofA Merrill Lynch Global Research

## Politics – does populism strike again, this time in Europe?

Few would have predicted both Brexit and a Trump win in 2016. Both had something to do with the Peak Inequality and Peak Globalisation themes. Politicians on both sides of the Atlantic tapped into a deep disquiet, particularly amongst white male blue collar voters that they were not benefitting from this new globalised world. If opinion polls are to be believed (something which we have all learnt to question) then Italy may well end the year with another vote against the governing party - although that one is perhaps a little more complicated to dissect. We recently added a put spread on the eurostoxx to hedge against such a bad outcome here, which would be the case if it is perceived to be



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supportive of the 5 star movement or threatened the recapitalisation of the Italian banks (see Strategy Insights: Italy risks elevated).

In 2017 the focus turns to core Europe, especially France and Germany. Because of the winner takes all system in France we find investors are more concerned with the situation there. Marine Le Pen and the Front National look likely to make it to the second round of voting (again according to polls) and until the vote comes in we suspect investors will be cautious about European markets. A Le Pen victory could likely bring the future of the EU and the Euro into question as she has talked about France withdrawing from both. That in turn has arguably the potential to be even more of an earthquake for the world's financial markets. Our central case is that centre right President is elected in France (with Francois Fillon now the official Republican candidate) and Merkel is returned at the head of a coalition government in Germany.

**Chart 19: German polls show a consistent lead for Merkel's CDU party**

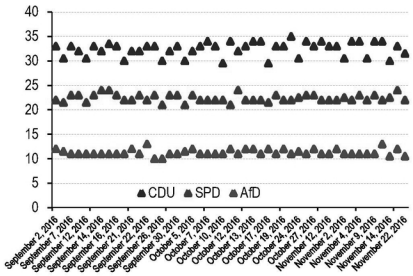


Source: Allensbach (15-Sept, 13-Oct), Emnid (7-Sept, 14-Sept, 21-Sept, 28-Sept, 5-Oct, 12-Oct, 19-Oct, 26-Oct, 2-Nov, 9-Nov, 19-Nov), Forsa (2-Sept, 9-Sept, 16-Sept, 23-Sept, 30-Sept, 7-Oct, 14-Oct, 21-Oct, 28-Oct, 4-Nov), Forschungsgruppe Wahlen (22-Sept, 13-Oct, 27-Oct, 10-Nov), GMS (14-Sept, 12-Oct, 12-Nov), Infratest dimap (21-Sept, 5-Oct, 19-Oct, 2-Nov), INSA (5-Sept, 12-Sept, 19-Sept, 26-Sept, 3-Oct, 10-Oct, 17-Oct, 24-Oct, 2-Nov, 7-Nov, 14-Nov, 22-Nov), Ipsos (10-Oct)

**Chart 20: Fillon well ahead of Le Pen in polls showing a potential run-off**

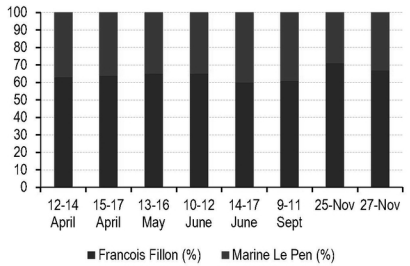


Source: Ifop (12-14 Apr, 14-17 Jun), BVA (15-17 Apr, 13-16 Mar, 10-12 Jun, 9-11 Sept), Odoxa (25 Nov), Harris Interactive (27 Nov). Note: all 2016.

Were this to be the case then we think there may well be room for a significant relief rally in European assets. Until then we think it likely investors will demand a higher risk premium.

Brexit was the big political topic for Europe going into 2016. Going forward we see it as an ongoing issue but mostly for the UK. The political uncertainty is likely to be extended, even after Article 50 is triggered as any significant negotiations probably need to await the outcome of the French and German elections. We expect the UK economy to struggle as the lagged effect of the fall in the currency hurts consumers and while there may be contrarian trades available in the GBP during 2017, our strategists think it goes lower first on the triggering of Article 50.



Bank of America Merrill Lynch

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# X Asset Trade Ideas

## Rates – short 5Y US nominal and 10Y real rates, short 5Y UK real rates

As discussed above on the rates side we keep our 2-5-10's butterfly but add a 10Y short real rates trade, to reflect the view of our fixed strategists that if yields are to go higher then real rates will need to move. So we will not repeat the analysis here.

**Chart 21: Markets do not expect the BOE to react...**

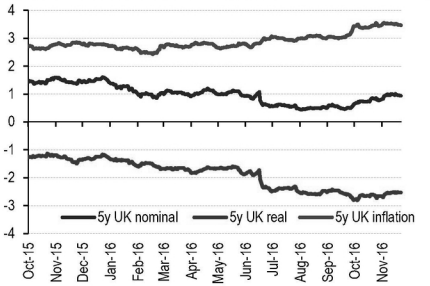


Source: Bloomberg

**Chart 22: ...to a sustained overshoot of its inflation target**

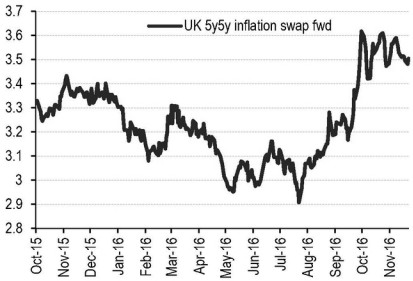


Source: Bloomberg

The other fixed income trade we continue to like is short 5Y UK real rates. The market continues to discount the Bank of England consistently overshooting its inflation target without a response on monetary policy. Yet Governor Carney and other members of the BOE's MPC have said that while they are willing to look through a short term inflation shock they would not tolerate a sustained overshoot.

The market therefore is pricing something which suggests that the BOE will sacrifice its credibility on the inflation side to (presumably) support growth. We would rather take the side of the Bank in this situation. It is worth bearing in mind too that those on the right of the Conservative party who have been critical of Governor Carney and the BOE have tended to want higher not lower short rates. When the PM and Chancellor have to replace the Governor at the end of 2018 it is unlikely that they are going to choose someone more dovish.

## FX – long USD, short GBP, AUD, CNH

We have been long USD since August believing the risk reward to be skewed in favour of a stronger currency because we saw more room for the Fed to tighten than other central banks. Given the fiscal stimulus expected from the new administration the risks on that tightening profile have been skewed to the upside. We think the FX and Fixed Income strategists are right to think of the dot plot as a floor now for markets. With yields still needing to move higher to get there that should put further upward pressure on the USD. The scope for gains though depends on the currency. The Euro is already just 3.5% from the target for next year whereas both the GBP and the JPY have about 7-8% to fall to our FX team's targets. The team also continue to like short AUD positions as they think this also captures risk off in the event of concerns over China.

Whilst the short GBP has only worked modestly since the US election, we continue to think Brexit uncertainties will weigh on the currency into 2017 and our FX strategists target 1.15 in the aftermath of the article 50 decision.



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**Chart 23: AUD fell post US elections...**

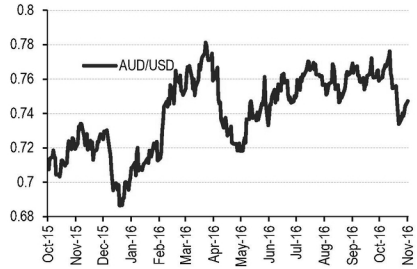


Source: Bloomberg

**Chart 24: ...GBP has held up so far but article 50 looms in Q1**

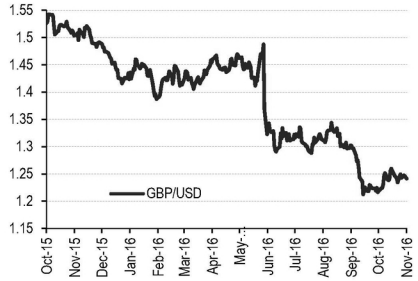


Source: Bloomberg

Today we add a CNH put (expressed as a USD/CNH call at 7.6 strike) partly because it fits with our positive USD call but also because it is a potential hedge against the trade rhetoric of the new administration descending into something more meaningful. Given the stated intent to declare the Chinese as currency manipulators and the concern that our currency strategists already have about the amount of reserves the Chinese hold, it is not impossible to imagine a much weaker CNY/CNH should the Chinese authorities allow a free float. We see this as a sensible hedge against our long EM equity position.

**Chart 25: CNH continues to weaken, risk of more on trade tensions?**

Source: Bloomberg

**Chart 26: RUB/ZAR choppy on oil and SA politics**

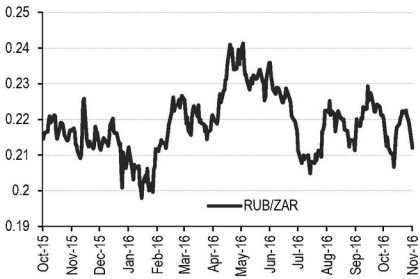


Source: Bloomberg

We have two other standalone currency trades, short EUR/SEK and long RUB/ZAR. The former has dropped as the EUR has weakened against the USD. We continue to think that the Swedish economy is more robust than the Eurozone and that the Riksbank will sooner or later have to adjust monetary policy accordingly. We see a lot more room for this pair to move in 2017, particularly if there are political concerns ahead of the French presidential elections as these will likely weigh on the EUR.

RUB/ZAR has been quite erratic since we re-established the trade, reflecting both volatility in the oil price and developments in South African politics. The latest no confidence vote against President Zuma underlines how tricky South African politics are at the moment. Concerns will remain on the economic progress of the country until the political situation becomes clearer. In the meantime we expect a higher risk premium to be associated with the currency.



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## Equities: Add long Nikkei to EM Asia

Global equity markets have gone in very different directions post the US election. EM have fared worst, Europe little changed, S&P at new all-time highs, the Russell and Nikkei on a tear higher. This is not how we were positioned so we need to ask the question of whether and what we need to change.

**Table 2: MSCI EM Asia at a 2PE point discount to other equity markets**

| | MSCI EM Asia 12m fwd PE | MSCI Japan 12m fwd PE | MSCI Europe 12m fwd PE | MSCI US 12m fwd PE |
|---|---|---|---|---|
| Latest | 11.9 | 14.1 | 14.3 | 17.0 |
| Min | 7.6 | 9.7 | 7.4 | 10.4 |
| Max | 18.5 | 44.5 | 23.9 | 25.2 |
| Av | 11.5 | 18.2 | 14.0 | 15.9 |
| SD | 1.8 | 6.8 | 3.4 | 3.2 |
| Z-score | 0.2 | -0.6 | 0.1 | 0.3 |
| %ile | 68% | 31% | 60% | 73% |

Source: BofA Merrill Lynch Global Research, MSCI, IBES

**Chart 27: Japan relatively cheap at 14.1x fwd earnings**

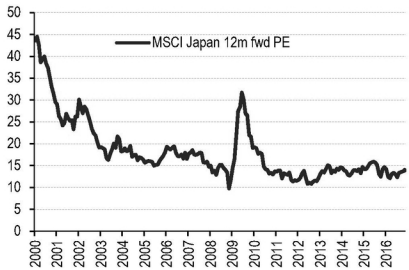


Source: BofA Merrill Lynch Global Research, MSCI, IBES

If we stand back from the noise and just look at the valuations, the US is the most expensive, MSCI Asia ex the cheapest in absolute terms. Our strategists see decent earnings growth likely to come through in EM Asia, and while there is upside to US earnings estimates from potential corporate tax cuts at least part of it is priced in. Savita Subrahamian has a target for the US of 2300 in her year ahead Euphoria or fiscal fizzle?, an upside of a less than 5%. Our European strategists have an upside of around 6%. So that leaves EM Asia and Japan (given our 20k target) as the stand outs according to our equity strategists. Indeed, the PE of Japan is towards the bottom end of the range since 2000.

### Sticking with EM Asia

One of our concerns on EM was a more hawkish Fed and therefore a stronger USD. So we regarded our positions in those asset classes as something of a hedge to our EM positions. As we explained above we are keeping that stance as on our central scenario there is more to go and on a risk scenario where bond markets overshoot the USD is likely to follow.

In the equity world, if our fixed income and FX forecasts are right, then we do not see them as being an impediment to our EM Asia position working again. Our EM strategists remain upbeat and Ajay Kapur actually upgraded his call to buy from a tactical pause post the election (A Call to Action: Time to BUY Asia/EMs). They think the right focus is one on growth rather than the USD and we continue to be upbeat on the prospects for EM growth, particularly in Asia. Ajay in particular makes the point that Chinese nominal GDP growth has been accelerating and that tends to be very good for Asian equity markets. Nigel Tupper's global wave has continued to improve and he argues that remains consistent with strong performance from Asia ex Japan equities.



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**Chart 28: The world economy is improving – broad-based recovery – good for Asia/EMs**

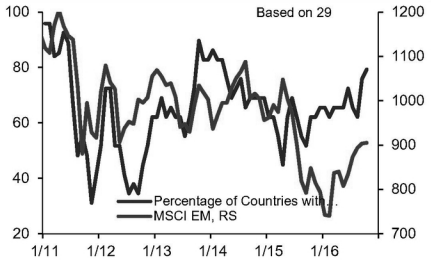


Source: BofA Merrill Lynch Global Research, Haver, Bloomberg

**Chart 29: EM cyclicals outperform as China's NOMINAL GDP recovers. More to go.**

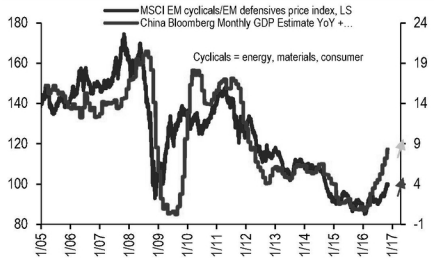


Source: BofA Merrill Lynch Global Research, Bloomberg. Assumed GDP estimate for October-16 to be similar to that for September-16.

The question then is whether the strong USD or trade tensions from the new Trump administration can outweigh the more positive macro backdrop. We are inclined to back the view of our strategists and think that it will, so we are sticking with our long EM Asia position. We are doing so with hedges via a long USD and a CNH put.

## Long Nikkei: target 20,000

We had previously paired our long EM position with a long US oil equity position, but with our US strategists downgrading the sector ahead of OPEC we removed it earlier this week. We were therefore looking for another pro-growth trade to run alongside our EM position. Long Japanese equities seemed the logical place to look. While we acknowledge we have missed the lows and that today's entry point may not be ideal, we suspect investors are not particularly long Japan yet since it was still showing as modestly underweight in the last Fund Manager Survey.

**Chart 30: Net % AA say they are overweight Japanese equities**

Source: BofA Merrill Lynch Global Fund Manager Survey

Our Japanese equity and FX strategist Shusuke Yamada has been arguing for a while that we would see both a weaker JPY and a rebound in Japanese equities. While arguably the JPY had turned beforehand, the Trump victory turbo charged the move. As the chart shows below Japanese equities do well historically during a period of bear steepening of the US yield curve. Our economists are also more upbeat on Japan thinking the weaker USD, the new policy stance of the BOJ and the fiscal stimulus will push growth and inflation higher next year.



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The combination of these factors suggest Japanese equities have further to run. We also see the position as being complementary to our EM position since whereas a stronger USD is a drag on EM performance, it is beneficial for the NKY position.

**Chart 31: Japan equities have outperformed during US bear-steepening led by cyclicals, banks and insurance**

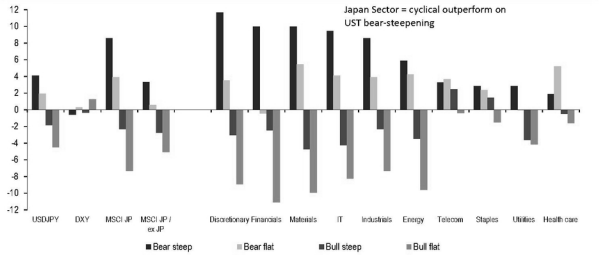


Source: BofA Merrill Lynch Global Research, Bloomberg

Curve movements based on 2yr move and 2s10s move (Bloomberg US Treasury yield index), so includes twist movements, but even if we exclude these implications do not materially change. Bear steepening (2yr + 16bps, 2s10s +33bps) = 11 quarters; bear flattening (2yr +26bps, 2s10s -20bps) = 10 quarters, bull steepening (2yr -48bps, 2s10s +28bps) = 10 quarters, bull flattening (2yr -27bps, 2s10s -30bps) = 12 quarters

## Long Europe equities via yield stocks & index dividends

We continue to run two yield related trades in European equities. First, we remain long a broad selection of high yielding European equities. The dividend yield on offer in European equities is one of the asset class's key attractions. Europe offers a higher dividend yield than the other regions, with a 1.1% yield pick-up versus the DM average and 0.9% against EM equities. Those also look attractive relative to history: Europe's yield spread to DM ranks at the 87th percentile of the 20-year range. Europe's DY also looks attractive relative to sovereign and corporate bonds despite the recent sell off in fixed income markets: the yield pick-up relative to investment grade corporates is still 289bp. Given the concerns over European politics we prefer yield based strategies in Europe to those looking for capital appreciation at least in the short term.

**Chart 32: Equity DYs remain attractive relative to credit & sov bond yields**

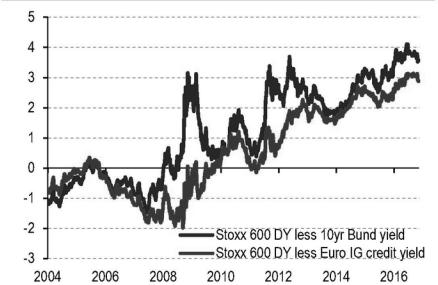


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream

**Chart 33: Europe offers a yield premium vs global equities too**

Source: BofA Merrill Lynch Global Research, MSCI, Datastream

## European Yield Screen

The rising rates backdrop has left yield not quite as scarce as it has been, but we continue to think investors should own yield where they can get it at decent value, such as in European equities. Last month we recommended investors rotate out of lower risk



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defensive dividend stocks to take advantage of the improving cyclical backdrop and rising bond yields. That meant our November screen included a high proportion of Financials. This somewhat remains the case but we note the addition of several industrial companies in our latest screen. As a reminder, to qualify the stock must be SXXP listed stocks with at least €2bn market cap, 4% DY, 1.2x DPS cover, 0% DPS 2YR CAGR and qualifying stocks must be on a Buy rating from our fundamental analysts. The yield on the basket is 5% with an average DPS CAGR of 7% and 1.8x covered.

**Table 3: European Yield Screen – December 2016**

| Sedol | BofAML ticker | Company name | Sector | Divi Yield (>4%) | DPS 2Y CAGR | Div'd Cover |
|---|---|---|---|---|---|---|
| 426330 | DNBHF | DNB ASA | Banks | 4.2 | 23.9 | 2.0 |
| B545MG | XERSF | SWISS RE AG | Insurance | 5.4 | 5.2 | 2.1 |
| 457481 | MDIBF | MEDIOBANCA SPA | Banks | 4.9 | 8.0 | 2.4 |
| B1LB9P | SZCRF | SCOR SE | Insurance | 5.3 | 4.3 | 1.9 |
| BZ5739 | ING | ING GROEP N.V. | Banks | 5.3 | 4.6 | 1.7 |
| 538003 | NRDEF | NORDEA BANK AB | Banks | 6.6 | 2.1 | 1.3 |
| BDVZYZ | ROYMF | ROYAL MAIL PLC | Industrial Goods & Services | 5.0 | 4.2 | 1.8 |
| 458882 | DNSKF | DANSKE BANK A/S | Banks | 4.4 | 5.5 | 2.0 |
| 596651 | SCGLF | SOCIETE GENERALE | Banks | 5.6 | 0.6 | 2.0 |
| 021623 | AIVAF | AVIVA | Insurance | 5.1 | 9.9 | 1.8 |
| B23K0M | CTAGF | CAPITA PLC | Industrial Goods & Services | 5.7 | 2.5 | 2.1 |
| 522603 | SAXPF | SAMPO PLC | Insurance | 5.4 | 4.6 | 1.2 |
| 481334 | SVKEF | SKAND ENSKILDA BKN | Banks | 5.8 | 3.7 | 1.4 |
| B17BBQ | IVTJF | INVESTEC | Financial Services | 4.4 | 10.0 | 1.9 |
| 528983 | EBKOF | ERSTE GROUP BK AG | Banks | 3.6 | 12.5 | 3.1 |
| 766716 | ATASF | ATLANTIA SPA | Industrial Goods & Services | 4.9 | 11.2 | 1.3 |
| B83VD9 | MNGPF | MAN GROUP PLC | Financial Services | 5.8 | 15.1 | 1.2 |
| B5ZQ9D | EVKIF | EVONIK INDUSTRIES | Chemicals | 4.4 | 2.9 | 1.7 |
| B01FLG | GFSZF | G4S | Industrial Goods & Services | 3.9 | 5.6 | 1.6 |
| BGLP8L | IMIAF | IMI | Industrial Goods & Services | 4.0 | 4.0 | 1.5 |

Source: BofA Merrill Lynch Global Research, Factset. The European Quality Yield Screen identified as a screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Merrill Lynch Global Research. This screen was not created to act as a benchmark.

## Long SX5E 2018 Index dividend futures

With our second dividend related trade, we remain long SX5E 2018 index dividend futures (DEDZ8), a trade where we continue to see value even with the future price trading close to the high for the year. The 2018 contract implies a 4% decline in dividends paid from the 2016 level. In the absence of a recession, we think that is too pessimistic – 2013 was the last year to see a material 2-year decline in dividends (in the wake of the sovereign crisis and recession). The 2018 contract also still trades at a discount to the level implied by our stock analysts' DPS forecasts. Our derivative strategists using BofAML forecasts for 2018 estimate 8% upside from current prices. Although the upside is now more limited the risk around this trade is also much lower now. The pull to par effect will become the dominant driver over the coming months and the full year results should provide clarity on where the 2018 contract will settle.



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**Chart 34: SX5E dividends: 2-yr implied growth in 2018 still looks cautious**

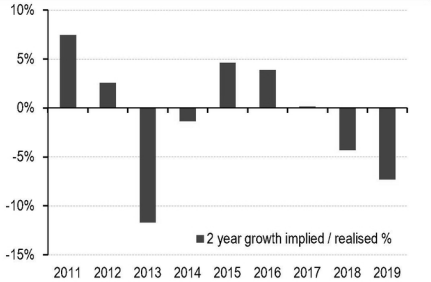


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 35: BofAML's SX5E Dec18 div forecast implies 8% upside**

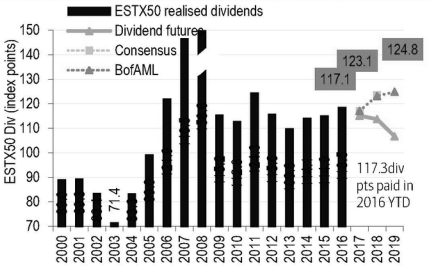


Source: BofA Merrill Lynch Global Research, Bloomberg

## European equities: switch to outright long Healthcare

We switch our European sector pair trade preferring Healthcare over Food & Beverage into an outright long in Healthcare. Both sectors have suffered versus the market from the rotation out of defensives and bond proxies. That has reduced the valuation of the Food & Beverage sector to less extreme levels. Meanwhile Healthcare looks very attractively valued and we see compelling risk reward in the sector on an outright basis at current levels.

The fundamental bull case for Health rests on the strong pipeline of new products for the big cap pharma universe. Our sector analysts forecast EU Pharma to deliver a 2018-21E EPS CAGR of 11%, up from mid-single digit levels in recent years. Historically that would justify a PE re-rating and a multiple for the pharma sub-sector nearer 17-18x than the current 13x 2018 PE.

**Chart 36: Extreme overvaluation in Food & Bev has moderated**

Source: BofA Merrill Lynch Global Research, Datastream, IBES, Bloomberg

**Chart 37: Healthcare PE – back near market multiple and patent cliff lows**

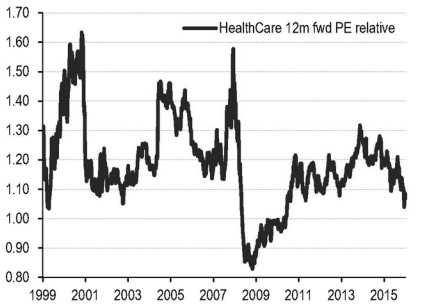


Source: BofA Merrill Lynch Global Research, Datastream, IBES, Bloomberg

We believe the Republican clean sweep in the US elections represents a positive catalyst as it significantly decreases the potential for legislative initiatives to aggressively control drug pricing in the US. The catalyst for the sector to re-rate will come progressively from newsflow around new products. The next 12 months should see progress on this front with several of the European large caps expected to announce key data on important drugs in 2017.



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Healthcare's forward PE is now down to just a 7% premium relative to the market and nearing the valuation lows recorded in 2010-12 when the patent cliff was at its worst and pipelines were very weak. Today pipelines are twice the size they were in 2011 and innovation is the key to growth in the sector - pricing power remains strong in drug categories with differentiated products.

## Credit: Long Spreads in Europe and US

### Europe: Long Xover short Main

Rate cuts are off the table it seems, as central banks are starting to recognise the side effects of NIRP. This reinforces our view that a continuation of CSPP, entails that the reach for yield will extend to those assets that have not seen it yet; long Crossover vs iTraxx Main.

The beta outperformance has already started in the cash market. We look at synthetics and we see that Crossover has not mirrored that performance. Even though XO has outperformed recently, it still has further to go to close the gap vs cash market's performance.

Ioannis Angelakis thinks that rising political risks in the following twelve months are more likely to weigh on iTraxx Main performance than Crossover, as Main has higher concentration vs XO on names domiciled in countries with elections.

### Buy 30y US IG Industrial spreads

US high-grade is the market our colleagues in Credit Strategy are most bullish into 2017. Hans Mikkelsen thinks IG corporate spread maturity curves super-flatten as global credit investors do the twist - i.e. sell shorter maturities and buy the long end. Foreign inflows are now concentrated in the back-end, as credit spreads have rallied while the cost of currency hedging increased. That means that only the back end of the steep US corporate spread curve offers enough spread to overcome the high cost of currency hedging. The flip side is that the front end of the US credit spread curve is very unattractive and we expect domestic and foreign investors to accelerate their selling of shorter maturity US corporate bonds. Overall, Hans expects the 30yr corporate bond part of the market to generate 8%-9% total returns next year.

**Chart 38: High grade spread forecast**

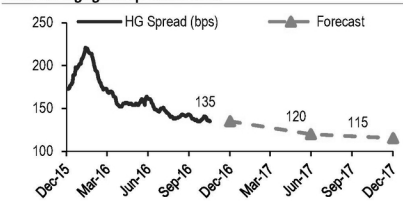


Source: BofA Merrill Lynch Global Research

**Chart 39: High grade returns forecast**

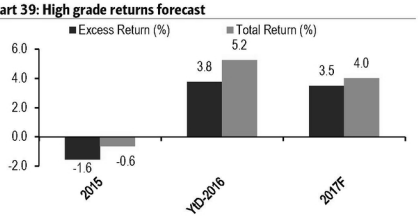


Source: BofA Merrill Lynch Global Research

### Long AT1s basket

Contingent capital continues to offer a compelling premium to European HY and lower volatility than bank equity. The asset class also received a boost last week when the European Commission submitted a proposal for AT1 coupons to be prioritized over common dividends and bonuses if the bank breaches its combined buffer. This placates one of the main concerns investors have, i.e. that banks could decide to skip a coupon payment but maintain their dividend. The confirmation of the role of AT1s in Pillar 2 capital is another example of regulators providing clarity on how contingent capital fits within the overall capital structure. The main short term risk for the trade is the fate of the Italian banks recap, so we will be watching closely to see how that develops.



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**Chart 40: European AT1s offer a compelling yield for total return investors**

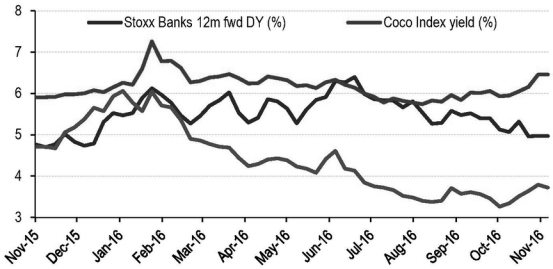


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream, IBES

## Volatility: Sticking with Relative trades

While 2016 started off with a bang volatility wise it has ended with a whimper. Neither Brexit nor the US presidential election proved to be anything more than a blip. Realised vol in the S&P 500 over the last 100 days is just 9.5%. That compares to 13.6% for the Eurostoxx 15.1% for the Russell and 21.8% for the NKY.

**Chart 41: Neither the Trump election...**

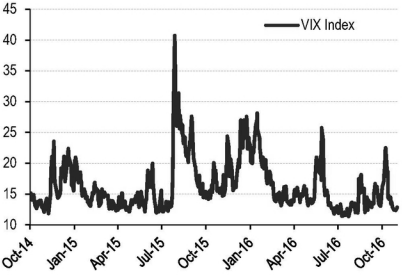


Source: Bloomberg

**Chart 42: ...nor Brexit led to a sustained period of higher volatility**

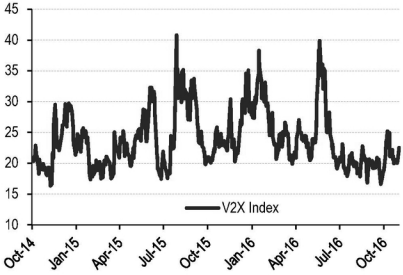


Source: Bloomberg

That is why we prefer relative variance trades. They tend to carry flat to positive but have convexity to the downside. We are happy to continue to run these trades into 2017 and then use shorter term instruments to hedge specific events.

We did this around Brexit and have recently bought a 3000-2850 Eurostoxx put spread to hedge our European exposure around the Italian referendum. While a No vote is expected we are not sure what the aftermath will look like and there is considerable uncertainty over the bank recapitalization of the banks afterwards.

We also have a calendar put spread in eurostoxx which tends to pay off best around the 2500-2600 levels so that remains something that we will look to keep for now given downside risks in Europe over the first half of next year.

One trade we are taking off today is our Kospi forward vol position. We had held that as a hedge against a China hard landing. Our derivative strategists no longer like it and we have no opted for a currency hedge for our China risk, as discussed above.



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## Risks to trades

### Equity trades

- The risks to long divi basket & Pharma trades are a steepening of rates curves and better than expected growth outside of Europe causing investors to rotate out of bond proxies. Plus our analysts' expectations of improved earnings from the healthcare pipeline not coming through.

- The risks to trade dividend future trade is lower than expected profits for major European sectors, e.g. Banks, Oils, causing a correction in dividend expectations.

- The risk to EM Asia ex-Japan is from a stronger USD and faster than expected US rates hiking cycle. Trade tensions with the new US administration an additional risk now.

- Risk to long Nikkei trade is a reversal of JPY weakness or a change in policy by the BOJ.

### Fixed income trades

- The risks to the US rates trades are a dovish Fed responding to a tightening of monetary conditions before the fiscal boost kicks in. Disappointment on the fiscal stimulus also a risk. The risk to the UK inflation trade is that the BoE doesn't respond to expected rising inflation by raising rates faster.

- The risks to the Industrial spreads trade is a deterioration of US industrial growth and step away from credit purchasing by ECB/ BoE.

- The risks the AT1 trade are the ECB pulling out of the credit markets causing a correction in the riskier portion of the market and bank profitability deteriorating raising concerns about default.

- The risks to our XOVER trade are Eurozone growth disappointing and a risk-off event in markets causing a flight to quality amongst credit investors.

### Volatility trades

- Our equity vol trades are hedges, the risks are that they expire worthless due to the lack of a financial event in China and persistent low vol spread in equity markets supported by higher growth.

### FX trades

- The main risk to our FX trades is of a more dovish than expected Fed, a more hawkish than expected BOE, improved politics in South Africa/weaker oil price and a more dovish Riksbank.



HOUSE_OVERSIGHT_014453

# Appendix 1: Methodology

This publication is aimed at multi-asset institutional investors who tend to have a longer term time horizon for their investments. As such, we will be looking to come up with ideas that will have a minimum six month horizon and ideally longer than a year. The individual trade ideas will be sourced from our strategists across BofA Merrill Lynch Global Research.

This publication is not meant to be an agglomeration of all the trade ideas published by BofAML Global Research strategists, but instead represents those that fit with our longer term themes (as opposed to shorter term tactical trades). In addition, there may be several different trade ideas published by BofAML Global Research strategists across different asset classes that seek to leverage off of the same theme. In most cases we will seek merely to take the trades that have the best risk adjusted return. By risk adjusted we mean the risk undertaken in a trade vs the likely return on that trade. In considering that we will look at the underlying volatility in the individual asset class. This will be combined with our own view of what the likely downside is in an adverse scenario vs the payoff in the expected scenario and our own assessment of the likelihoods of such scenarios.

Once selected it is assumed that the trade would likely be retained for a minimum of six months (as per the selection rationale). Should any analyst change their view on the trade and cease to recommend it, then it will be immediately removed from our list[1]. Equally should our target be met for a trade and the relevant strategist feels it has run its course then it will also be removed (see footnote). Otherwise we will review our trades on a monthly basis in this publication. If we feel a new trade idea has a better risk adjusted return than an existing one in the same asset class then we would replace it.

The objective of the trades is that they would be suitable for a typical objective of the multi-asset fund managers, which is typically framed in terms of a Libor+ benchmark (this can be anything from Libor +300bp to Libor +700bp). That return is also coupled with a target volatility, for example half MSCI ACWI volatility. The volatility target will, of course, be a function of the expected return, but there is a general focus on producing lower volatility returns. Our set of trades should not be regarded as a portfolio but a collection of ideas to implement in a multi-asset portfolio.

# Appendix 2 – Recommended COCO bonds

**Table 4: COCO basket**

| ISIN | Bond | Issuing entity | Price | Mid YtM |
|---|---|---|---|---|
| XS1055037177 | ACAFP 6.5% EUR Perp-21 | CREDIT AGRICOLE SA | 100.5 | 5.4 |
| XS1002801758 | BACR 8% EUR Perp-20 | BARCLAYS PLC | 100.9 | 7.1 |
| XS1033661866 | BBVASM 7% EUR Perp-19 | BANCO BILBAO VIZCAYA ARG | 91.1 | 7.1 |
| XS1073143932 | NYKRE 4% EUR 2036-21 | NYKREDIT REALKREDIT AS | 102.4 | 2.7 |
| XS0972523947 | CS 5.75% EUR 2025-20 | CREDIT SUISSE | 107.6 | 3.6 |
| DE000DB7XHP3 | DB 6% EUR Perp-22 | DEUTSCHE BANK AG | 78.3 | 6.7 |
| XS1043545059 | LLOYDS 6.375% EUR Perp-20 | LLOYDS BANKING GROUP PLC | 97.5 | 5.7 |
| XS1171914515 | RABOBK 5.5% EUR Perp-20 | COOPERATIEVE RABOBANK UA | 98.5 | 5.5 |
| XS0867620725 | SOCGEN 6.75% EUR Perp-21 | SOCIETE GENERALE | 98.8 | 5.9 |
| XS1107890847 | UCGIM 6.75% EUR Perp-21 | UNICREDIT SPA | 84.5 | 7.7 |

Source: BofA Merrill Lynch Global Research *As of 28/11/2016 close

[1] Under these circumstances, we will publish a note immediately.



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# Appendix 3 – Indicative pricing/ levels

**Table 5: Latest indicative pricing/ levels for cross asset trades**

| Asset | Trade idea | Indicative price / level |
|---|---|---|
| Equities | Long European Quality Yield Screen (yield) | 5% |
| | **Long SXDP Index** | **681.6** |
| | **Long Nikkei** | **18307** |
| | Long European index dividend futures | 113.4 |
| | Long MSCI Asia ex-Japan | 525.7 |
| Equity vol | Long RTY short SPX 2y variance swap | 3.7** |
| | 3000-2850 SX5E put spread Dec 16 expiry | 1.20% |
| | Long NKY short SPX Dec 18 variance swap | 6vols |
| | Long SX5E short SPX Dec 18 variance spread | 6vols |
| | Eurostoxx 2y/3y put calendar | 1.99 |
| FX | Short EUR/SEK | 9.762 |
| | **Long USD/CNH call** | **0.56%USD** |
| | Short GBP/USD | 1.250 |
| | Long USD/AUD | 1.342 |
| | Long RUB/ZAR | 0.213 |
| Fixed Income | 2s-5s-10s fly (bp) | 11 |
| | **Short US 10y real rates (bp)** | **50** |
| | Paying 5y GBP real rate swap (bp) | -254 |
| Credit | Buy 30y US IG Industrial spreads (bp) | 187 |
| | Buy basket of Euro AT1s | 5.80% |
| | Long Xover short Main (ratio) | 4.22x |

Source: BofA Merrill Lynch Global Research, Bloomberg. Note: *all levels and prices as of 29/11/2016 at ~3pm or most recent local market close. **This is a theoretical level which may differ from actual tradable prices. ***This level is obtained by bootstrapping At-the-money forward volatility levels, does not represent a tradable instrument. The tradable strike of an FVA will likely differ considerably.

# Appendix 4 – Closed trades

**Table 6: Closed trades**

| Asset | Trade idea | Strategist | Open date | Closed date |
|---|---|---|---|---|
| Equities | Long Nikkei | Kenji Abe | 22/01/2016 | 01/04/2016 |
| | Long MSCI EM 1x 1x call ratio | Ajay Kapur | 01/03/2016 | 18/04/2016 |
| | Long MSCI EM 1x 1x call ratio | Ajay Kapur | 01/03/2016 | 18/04/2016 |
| | **Long US Energy** | **Savita Subramanian** | **07/09/0216** | **28/11/2016** |
| | Long MSCI EM | Ajay Kapur | 19/04/2016 | 30/09/2016 |
| | **Long SXDP Index vs Short SX3P Index** | **Ronan Carr** | **22/01/2016** | **28/11/2016** |
| Equity vol | Long June V2X call spread collar | Abhinandan Deb | 01/04/2016 | 18/04/2016 |
| | **Long Kospi fwd vol 6M/18M** | **William Chan** | **22/01/2016** | **28/11/2016** |
| | Short June V2X put | Abhinandan Deb | 01/04/2016 | Expired |
| | Long (30-35) V2X Jul call spreads | Abhinandan Deb | 18/06/2016 | Expired |
| | Long 2050-1950 S&P 500 Jul put spread | Abhinandan Deb | 18/06/2016 | Expired |
| FX | Long NOK/USD | Kamal Sharma | 01/03/2016 | 04/05/2016 |
| | Long RUB/ZAR | David Hauner | 22/01/2016 | 17/05/2016 |
| | Short EUR/SEK | Kamal Sharma | 22/01/2016 | 08/07/2016 |
| | Long JPY/KRW | Adarsh Sinha | 22/01/2016 | 31/03/2016 |
| | Long USD/CAD | Ian Gordon | 28/07/2016 | 07/07/2016 |
| | Short EUR/JPY | Athanasios Vamvakidis | 21/01/2016 | 30/09/2016 |
| | Short EUR/USD | Athanasios Vamvakidis | 08/07/2016 | 04/11/2016 |
| Fixed Income | Short EUR 5Y5Y inflation breakevens | Ralf Preusser | 22/01/2016 | 23/01/2016 |
| | Buy 30y real rates (bp) | Ralf Preusser | 22/01/2016 | 24/05/2016 |
| | Receive EUR pay US 5y5y fwd (bp) | Ralf Preusser | 22/01/2016 | 27/05/2016 |
| | Sell 6m 2s-5s-10s OTM receiver fly | Shyam R. Rajan | 07/09/2016 | 08/09/2016 |
| | US +15y IG credit (total return) | Hans Mikkelsen | 22/01/2016 | 04/05/2016 |
| | US +15y IG credit (Govt OAS) | Hans Mikkelsen | 04/05/2016 | 28/07/2016 |
| | Paying 2y3y GBP real rate swap | Mark Capleton | 02/09/2016 | 12/10/2016 |
| | 3y 2s-10s US flattener | Shyam R. Rajan | 27/05/2016 | 10/10/2016 |

Source: BofA Merrill Lynch Global Research. **Trades closed in this report (or recently) in bold.**



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## Options Risk Statement

**Potential Risk at Expiry & Options Limited Duration Risk**
**Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk... all of which can occur in a short period.**

**Investor suitability**
The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal.

For detailed information regarding the risks involved with investing in listed options: http://www.theocc.com/about/publications/character-risks.jsp

## Analyst Certification

We, James Barty, Abhinandan Deb, Barnaby Martin, Benjamin Bowler, Claudio Piron, David Hauner, CFA, Hans Mikkelsen, Ian Gordon, Ioannis Angelakis, Kamal Sharma, Mark Capleton, Ritesh Samadhiya, CFA, Shusuke Yamada, CFA and Shyam S.Rajan, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

BofA Merrill Lynch is currently acting as Financial Adviser to Anima Holding SpA in connection with its proposed bid, as part of a consortium including Poste Italiane SpA and Cassa Depositi e Prestiti SpA, for the acquisition of the asset management business, Pioneer Global Asset Management SpA, currently owned by Unicredt SpA, which was announced on 10 November 2016.

BofA Merrill Lynch is currently acting as Financial Advisor to Mediobanca SPA in connection with its proposed acquisition of 50% of Banca Esperia from Mediolanum Group, which was announced on 17 November 2016.



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# Disclosures

## Important Disclosures

**FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. *VOLATILITY RISK RATINGS*, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. *INVESTMENT RATINGS* reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).**

| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
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European Equity Strategy

# 2017 year ahead – Refining the reflation rotation

Bank of America Merrill Lynch

01 December 2016

Equity Strategy
Europe

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## Key takeaways

- 2017 - Reflation, Reversal, Rotation, Relief or Revolt. EPS to turn +ve but politics to remain a valuation overhang in H1.
- Defensive vs Cyclical rotation at extreme levels. More balanced approach needed but look for another leg to cyclical trades.
- O/w Media as quality cyclical and Oil. Stay cautious on UK domestic (Retail, Travel). Health, Utilities over Food & Bev.

## 2017 – A year of cross currents, nimble investors required

Recovery (positive but moderate in our view) and Rotation go hand in hand - we think that the pace of the rotation has to moderate. ECB reversal on QE is a risk and tapering because the ability or willingness to do QE fades would likely cause a setback. Investors will demand a premium for political risk until we get clarity on populist Revolt or policy Relief in France and elsewhere. Like 2016 investors will need to trade the ranges.

## High single digit upside - politics likely to weigh near term

A valuation overhang remains in Europe vs other DM. We see a return to positive EPS growth (+7%) in Europe for the first time since 2014, driven by higher global GDP growth Resources recovery, capex discipline and FX. +7% growth implies less downgrades than usual (10% is the average). Base case upside in high single digits (c9% total return) but politics may mean market highs are more likely achieved in H2.

## Modestly higher yields and higher equities compatible

Equities can continue to perform with rising rates – the key is that inflation breakevens are not falling. However, a more aggressive bond sell-off taking Treasury yields to 3% or higher would undermine EM, the growth outlook, peripheral spreads and risky assets.

## Reflation rotation stretched – refining our approach

Rotation has been extreme (>6SD move in Def vs Cyclicals). Argues for a moderation in returns and a more balanced approach to sector allocation. Look for another leg to cyclical trades in the New Year. Sector valuations have also moved a long way already.

## Cautious on domestic UK exposure – Brexit still to bite

The full impact of sterling weakness on the UK consumer environment is yet to be felt and Brexit negotiations are likely to drive further uncertainty and FX volatility. Structural issues add to our concerns in Retail and Travel & Leisure (both underweight).

## O/w Oil, Health, Utilities, Media; u/w Food & Beverage

An OPEC cut and higher oil would make Oil's high DY sustainable. Healthcare is too cheap vs an improving sector growth outlook and 2017 is a key year for pipeline news. Food & Beverage still seems the least attractive Defensive on valuation, positioning. We move overweight Media, a quality cyclical that has lagged and seen valuations de-rate.

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Timestamp: 01 December 2016 12:00AM EST

# Refining the reflation rotation

**2017 is likely to have a number of cross currents as themes. Recovery** (we look a modest acceleration in both growth and inflation) and **Rotation** go hand in hand. On the basis of our central forecasts for growth, inflation and rates and given the moves in the market already we think that the pace of the rotation has to moderate. (In-line with that we recently downgraded of banks and miners).

**Reversal** refers to the ECB. Our economists are not yet convinced that the ECB will start to unwind loose policy 2017 but the probability is increasing. An ECB that tapers because growth and inflation are improving would be supportive for markets, notably banks. But tapering because the ability or willingness to do QE fades would likely cause a setback. **Relief or Revolt** relates to European politics. Will Europe follow the route to populism (revolt from the voters) or will we find relief for the markets by the end of 2017 from a Fillon/Merkel duo being in charge of the Euro area's two largest economies. We think investors will demand a higher risk premium until the French Elections in May 2017

Valuation are reasonable at 14x PE but Europe is cheap on a relative basis and the **valuation overhang remains evident in the region's equity risk premium**, which implies 11% upside to get back to 5-year average levels. We see a **return to positive EPS growth (+7%)** in Europe for the first time since 2014, as 3.5% global GDP growth should deliver positive earnings growth (supported by Resources recovery, capex discipline and FX. +7% growth implies less downgrades than usual (10% is the average).

**Bond yields and equities – stable/higher inflation breakevens are key.** Equities can continue to perform in an environment of higher rates – the key is that inflation breakevens are not falling. However, a more aggressive bond sell-off taking Treasury yields to 3% or higher would undermine EM, the growth outlook and risky assets.

The **rotation out of bond proxies and Defensives into Financials and Cyclicals has moved to extreme levels**: relative performance of Financials / Cyclicals versus Defensives rose over 6SD in 10-14 months. Technical metrics are at historical extremes, arguing for a moderation in relative returns and a more balanced approach to sector allocation is justified right now. Look for another leg to cyclical trades in the New Year.

**Sectors have also moved a long way already from a valuation perspective**. Financials are now trading around median relative valuation levels. Healthcare PE relative is at the bottom of the historical range and Utilities relative PE is also close to the prior low hit in 2013. Food & Beverage still commands a large premium and PE-relative is 6-10% above the 2010 / 2014 lows.

**We remain cautious on domestic UK exposure.** The full impact of sterling weakness on the UK consumer environment is yet to be felt and Brexit negotiations are likely to drive further uncertainty and FX volatility in our view. Structural issues add to our concerns in Retail and Travel & Leisure (both underweight).

**Overweight Oil, Healthcare, Utilities, Media; underweight Food & Beverage.** If OPEC cuts production and oil recovers up to the high $50s per barrel, Oil sector EPS and cash flows can recover significantly and make the highest DY in market (6%) look sustainable. Healthcare we believe is too cheap relative to an improving sector growth outlook. 2017 will be an important year for newsflow on key pipeline drugs. Evidence of success can drive a re-rating independent of macro. Despite the recent sell-off, among defensives and bond proxies Food & Beverage still seems the least attractive. Valuations are among the most expensive in the market and overweight positioning has not corrected materially yet. We move overweight Media, a wuality cyclical that has lagged badly and seen valuations de-rate.



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# Key charts

**Chart 1: Synchronised rise in leading indicators globally augurs well for earnings recovery – especially if PMIs kick on to or above mid-50s**

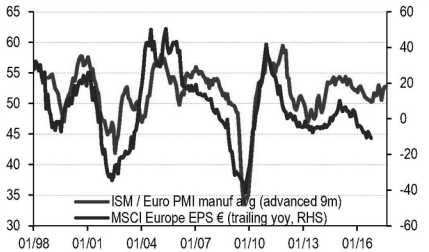


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 2: Modestly higher yields and higher equities compatible – Rising inflation breakevens the key for equities**

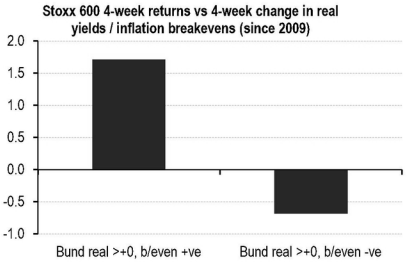


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 3: Cyclicals vs Defensives trade now looks very stretched**

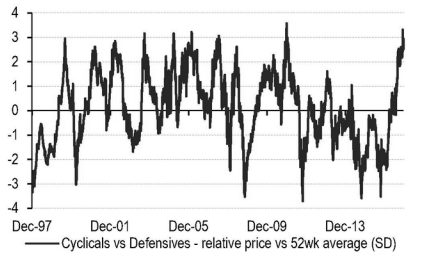


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 4: Likewise Financials vs Defensives: -2.5SD to +2.5SD post-Brexit**

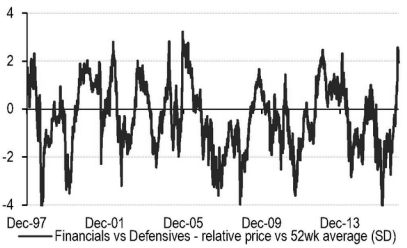


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**Chart 5: Financials valuations have recovered significantly relative to the move in bond yields – relative PE back around average levels**

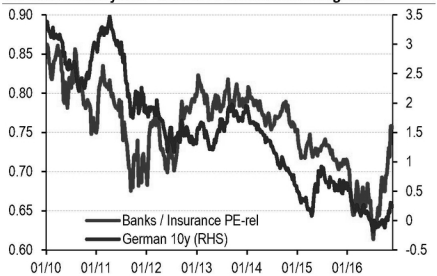


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 6: Rapid relative de-rating for Staples – relative PE for Food & Beverage still 6-10% above 2010 / 2014 levels**

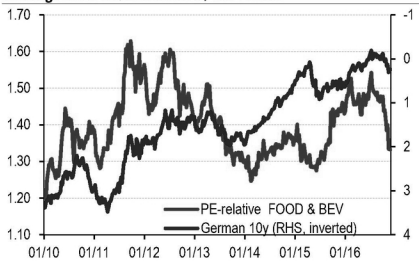


Source: BofA Merrill Lynch Global Research, Datastream, IBES




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## Lessons from 2016

The old joke is that Year Aheads are frequently out of date by the end of year they are written in. There is a real danger of that this year given the speed which things have moved since Brexit and more recently the US election. The two charts below show that Financials and Cyclicals have clawed back around 2/3 of their underperformance vs Defensives. Of course it depends how you frame the question since we have included Utilities and Telecoms in the defensive basket. But when we downgraded Banks 10 days or so ago they had outperformed Food and Beverage by ~50% since the lows of early July. Whichever way you cut it some of these moves have been extreme.

**Chart 7: The moves since Brexit in both Financials...**

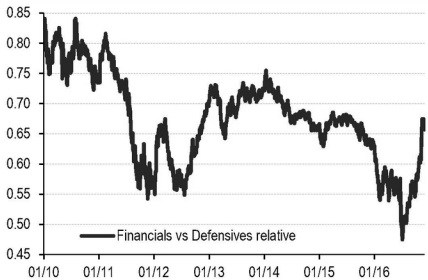


Source: Bloomberg

**Chart 8: ...and Cyclicals relative to Defensives has been dramatic**

Source: Bloomberg

Moreover, in 2016 we doubt that even if investors had known the results of key events that they would necessarily have got the reaction in markets right. As we joked in our Cross Asset year ahead you needed not so much a crystal ball as a time machine to have got things completely right this year. Aside from Brexit and Donald Trump winning the US election it is easy to forget that in February we were worrying about a US recession and deflation. US 5Y5Y forward breakeven inflation rates actually troughed at 1.8% at that point. Four months later we were worrying about the deflationary impact of Brexit. Now we are thinking about the reflation under a Trump Presidency.

**Chart 9: US 5Y5Y forward inflation troughed in February**

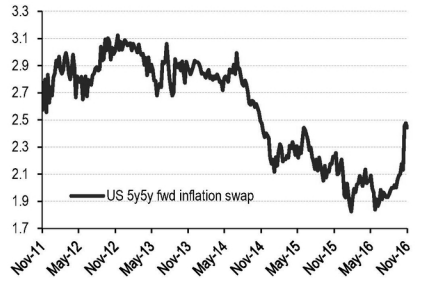


Source: Bloomberg

**Chart 10: At the same time as Basic Resources**

Source: Bloomberg

The panic in markets in early February actually presented a perfect buying opportunity for reflationary assets. Miners was a sector truly loathed by investors of all colours at the start of the year with many thinking that some of the big players might even go bust. If there is one key conclusion from all of this it is do not tie yourself to a view. We



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were underweight at the start of the year too and missed the lows. We recognized we were wrong and closed our underweight and while it took us a while but we eventually managed to go overweight in September. The lesson of that is that themes are great, but when the facts change strategists and investors have to change their minds.

**Chart 11: Cyclicals vs Defensives: from -3.5SD to +3.2SD in 14 months**

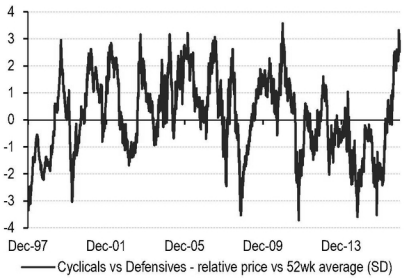


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 12: Financials vs Defensives: -2.5SD to +2.5SD post Brexit**

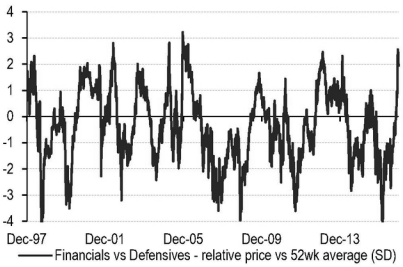


Source: Re BofA Merrill Lynch Global Research, Bloomberg place this text

In fact your best guide to this year was to buy something when it has oversold, underowned and unloved, like Miners and Emerging Markets in February, Banks in July, the Nikkei the day of the US election and sell when the opposite e.g. bonds and defensive equities shortly after Brexit. Our CTI models did actually pick up a number of those events as the table below shows. It also got picked up by our standard deviation analysis. We acted on some but not all of these readings. The lesson, with the benefit of hindsight, is to pay more attention to them. Indeed, our recent decision to downgrade both Banks and Basic Resources reflected very high readings on our models.

**Table 1: Reflation rotation very stretched on our CTIs post-Trump**

| Asset | 11/11/2016 | 10/11/2016 | 09/11/2016 |
|---|---|---|---|
| EUR/GBP | -46 | -44 | -12 |
| German 10y Bonds | 66 | 61 | 24 |
| US 10y Bonds | 96 | 96 | 93 |
| Stoxx Banks | 80 | 71 | 0 |
| Stoxx Basic Resources | 92 | 93 | 92 |
| Stoxx Food & Beverages | -84 | -96 | -54 |
| Stoxx Insurance | 67 | 64 | 23 |
| Stoxx Personal & Household Goods | -34 | -75 | -7 |
| Stoxx Utilities | -92 | -94 | -19 |
| Relative CTI | | | |
| Relative Stoxx Banks | 86 | 87 | 50 |
| Relative Stoxx Basic Resources | 100 | 100 | 99 |
| Relative Stoxx Food & Beverages | -93 | -93 | -89 |
| Relative Stoxx Insurance | 92 | 91 | 76 |
| Relative Stoxx Media | -34 | -77 | -87 |
| Relative Stoxx Pers&Hhold Goods | -92 | -94 | -75 |
| Relative Stoxx Technology | -80 | -74 | -55 |
| Relative Stoxx Telecom | -91 | -92 | -28 |
| Relative Stoxx Utilities | -82 | -92 | -59 |

Source: BofA Merrill Lynch Global Research, Bloomberg

**Table 2: While opposite true immediately post-Brexit**

| Asset | 29/06/2016 | 28/06/2016 | 27/06/2016 |
|---|---|---|---|
| Relative Stoxx Autos | -95 | -39 | -9 |
| Relative Stoxx Banks | -80 | -83 | -86 |
| Relative Stoxx Basic Resources | 21 | 3 | 0 |
| Relative Stoxx Chemicals | 2 | 19 | 40 |
| Relative Stoxx Construction & Materials | -10 | -36 | -71 |
| Relative Stoxx Financial Services | -91 | -91 | -92 |
| Relative Stoxx Food & Beverages | 60 | 78 | 82 |
| Relative Stoxx Healthcare | 88 | 88 | 88 |
| Relative Stoxx Industrial Goods & Services | -47 | -35 | -44 |
| Relative Stoxx Insurance | -87 | -94 | -94 |
| Relative Stoxx Media | -6 | -13 | -35 |
| Relative Stoxx Oil & Gas | 93 | 86 | 91 |
| Relative Stoxx Personal & Household Goods | 57 | 58 | 70 |
| Relative Stoxx Retail | -63 | -81 | -75 |
| Relative Stoxx Technology | 0 | 0 | 0 |
| Relative Stoxx Telecom | 3 | 0 | -16 |
| Relative Stoxx Travel & Leisure | -98 | -100 | -100 |
| Relative Stoxx Utilities | 65 | 6 | 2 |

Source: BofA Merrill Lynch Global Research, Bloomberg

We think 2017 is another year where investors will need to be nimble. Markets have responded enthusiastically to a prospective Trump Presidency but as the above charts suggest we may well have discounted much of it. That is also supported by our fixed income and FX forecasts, which suggest much has already been priced in. In addition we have political risk starting with next weekend's Italian referendum stretching to the German elections in Autumn 2017. In the middle we have the crucial French elections. A



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Marine Le Pen victory could bring into question both the future of the EU and also the euro, should the polls be close it could make the uncertainty and market moves around Brexit look like a walk in the park.

## 2017 – Reflation, Reversal, Rotation, Relief or Revolt?

2017 is likely to have a number of cross currents as themes. **Recovery and Rotation** go hand in hand. The stronger the recovery the more yields can rise the more we can see the rotation extend. Should investors become concerned that the recovery is stalling or that yields are peaking the rotation would likely stall potentially even reverse. **Reversal** refers to the ECB. Our economists are not yet convinced that the ECB will start to unravel some of its easing measures in 2017 but they do expect the debate to be a vigorous one within the ECB. For the first time Gilles Moec thinks there is a chance that the ECB will indeed choose to taper. **Relief or Revolt** relates to the French election. Will Europe follow the UK and US lead of 2016 and go down the route of populism (revolt from the voters) or will we find relief for the markets if by the end of 2017 from a Fillon/Merkel duo being in charge of the two largest economies in the Euro Area.

## Recovery – the world looks a better place going into 2017

Reflation has been the big theme of the second half of the year. As we had noted in previous publications there had been something of an improvement in the global growth picture emerging even before the US election. It started with Emerging Market growth, which our GEMScycle has been showing to be accelerating for some months, but seems to have spread to other parts of the developing world. US GDP for Q3 has just printed a revised 3.2%, with a number of indicators, such as ISM's, PMI's and consumer confidence pointing to a solid Q4 to follow. That quarter is currently tracking at 3.6% according to the Atlanta Fed.

**Chart 13: Eurozone PMI's have picked up of late...**

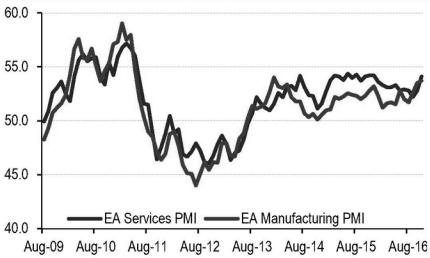


Source: Markit

**Chart 14: US Consumer Confidence now at post-GFC highs**

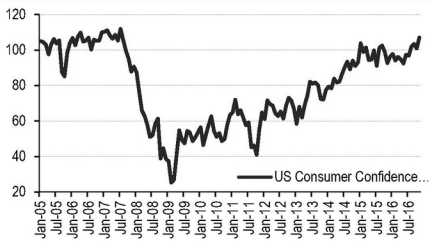


Source: Bloomberg

The Euro Area too is showing signs of improvement with the latest manufacturing PMIs back to their best since early 2014 with other national surveys, such as Ifo pointing in the same direction. The composite PMI is back close to the year highs too. The UK numbers continue to surprise on the upside too for the moment. Our economists are also upbeat on Japan with growth expected to accelerate next year as the fiscal stimulus kicks in.

Accordingly our economists expect growth to rise from 3% this year to 3.5% in 2017 and 3.8% in 2018. That acceleration in growth is despite a slightly slower US economy in the first half of the year as a higher USD and interest rates dampen growth before the fiscal stimulus kicks in. With growth firming and oil prices expected to be higher inflation is also expected to pick up through 2017 and 2018 to 2.8% and 3% respectively. At this stage it is worth noting that this is a modest acceleration in both growth and inflation.



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The Fed is accordingly expected to proceed cautiously at least initially. In part for that reason our fixed income and FX strategists have only a modest further increase in bond yields and the USD in their forecasts for next year. They project 10Y US Treasuries rising to 2.65% and the USD to 1.02 vs the EUR. The dollar is expected to strengthen more aggressively against both the GBP and the JPY, but even so the gain in the currency overall has been frontloaded into 2016.

Our economists and strategists are cautious partly because the fiscal stimulus is expected to have only a modest impact on growth, at around 0.5% of GDP. That is based on the assumption that some of the proposals will get watered down and that the tax cuts have a relatively low fiscal multiplier. Our US economists think that should the fiscal stimulus be larger and more effective (for which read more infrastructure) then US growth could surprise on the upside to around 3% in 2017 and 3.5% in 2018. That in turn would mean a more aggressive Fed and in all likelihood a bigger rise in yields and the USD.

**Chart 15: BofAML sees GDP accelerating into 2018...**

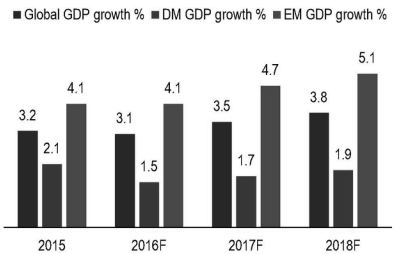


Source: BofA Merrill Lynch Global Research

**Chart 16: ...with inflation picking up too**

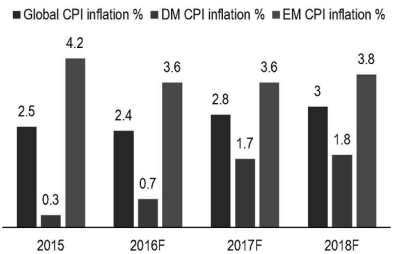


Source: BofA Merrill Lynch Global Research

## Reversal: There is good taper and bad taper

The outcome of that would likely affect ECB behaviour too. Our central expectation is for Euro Area growth of around 1 ½% and inflation nudging only modestly higher. A much more robust global economy and a stronger USD (presumably weaker EUR) would likely put upward pressure on both of those. Indeed, in such an environment it is not impossible to think of 10Y Treasuries pushing through 3% and the USD breaking parity against the EUR.

That in turn would increase the pressure on the ECB to start to reverse its very loose monetary policy stance. Tapering would then become much more likely. It would likely push European bond yields higher too, certainly above the 65bp forecast for Bund yields at the end of 2017.

An ECB that tapers because growth and inflation are improving would not be a bad thing for markets. Frankly for some parts of the market, notably banks, anything which gets the ECB away from its current policy stance back towards normality is a positive. Indeed, the prospect of negative interest rates being reversed is the kind of thing which Alastair Ryan (our banks strategist) lies awake at night dreaming of ( see European Banks Strategy: repressed).

But and it is a big but, if the ECB chooses to taper because it is running out of options or the ability to do QE that is not a good thing. Some of the hawks on the ECB would choose to taper at the first opportunity because they never really liked the idea of QE in the first place. A tapering at next week's meeting even if it is couched in terms of doing less for longer would not be good news for equity markets.



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## Rotation – more to go but it has to be more gradual

On the basis of our central forecasts for growth, inflation and rates and given the moves in the market already we think that the pace of the rotation has to moderate. After all if we are to see another 30-40 bp of yield increase in the US between now and H2 2017 having already seen more than 90bp since the summer, it has to slow.

That view combined with the readings from our models lay behind our recent downgrades of banks and miners. That is not to say that the rotation is finished. If bond yields truly have turned than some of the more expensive defensives likely have to de-rate further. The bull market in those stocks has simply lasted too long for that not to be the case.

In addition while there have been significant moves in positioning in terms of cutting underweights in areas like Banks and Basic Resources and hedge fund positioning has probably moved faster still, we do not believe that positioning has completely turned around. Looking at both the Fund Manager Survey and our own internal data we think there are still legacy underweights in cyclical areas and legacy overweights in defensives, particularly quality defensives. That argues for another leg in the rotation trade.

Nevertheless, it suggests to us that a more balanced approach is justified right now. We are still overweight oil, but little else in the cyclical space, so today we add Media. We are still underweight Food & Beverage but against that we are overweight Healthcare and Utilities.

## Relief or revolt – Eurozone politics in focus in 2017

We think it likely investors will demand a higher risk premium until the French Elections in May 2017 given the likelihood that Marine Le Pen will make to the second round of voting (according to polls). A Le Pen victory could likely bring the future of the EU and the Euro into question as she has talked about France withdrawing from both. That in turn has arguably the potential to be even more of an earthquake for the world's financial markets. Our central case is that centre right President is elected in France (with Francois Fillon now the official Republican candidate) and Merkel is returned at the head of a coalition government in Germany now that she has indicated she will stand for re-election. Until the French vote though we suspect investors will be cautious about European markets. Were this to be the case then we think there may well be room for a significant relief rally in European assets. We have more on this, including a calendar, in our section on Eurozone politics.

# Decent valuations but not compelling

Headline PE multiples do not screen as particularly cheap for European equities but are also not excessively expensive. In fact the current forward PE on MSCI Europe at 14.1x is right in-line with the average since 1987. The most recent high in PE multiples was over 16.5x at the April 2015 market highs. However, more recently the market has traded in a fairly tight range around 14-15.5x PE, with some fleeting falls to 13x around the market lows in February 2016 and at the time of the Brexit referendum. At the current multiple we see valuations as quite reasonable therefore. Our index target assumes some multiple expansion back to 15x, which we think is quite achievable under our base case assumptions.



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**Chart 17: MSCI Europe forward PE in-line with 30-year average at 14.1x...**

Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 18: ...but at lower end of 13-15.5x PE range of last 15 months**

Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Relative attractiveness of Europe depends on EPS recovery in medium-term.** Moving to relative valuations, European equities screen somewhat cheap vs their DM peers. However, the medium-term bull case for Europe is far more a function of potential earnings and ROE recovery rather than significant undervaluation. Europe's valuation discount to the US is at multi decade wides on PBV (over 40%) but that in turn reflects Europe's significant underperformance on EPS growth and ROE. Trailing ROE for MSCI Europe is just 8% (at historical trough levels). That is nearly 5pp below MSCI USA compared to a 3pp gap on average historically and close to the widest spreads since the mid-1990s.

**Europe vs US relative PE 7% below average.** Based on PE, Europe nevertheless trades cheap relative to the US. The PE discount at 18% is 7% wider than the 20 year average and relative PE is at the lowest level since 2012. So while a sustained reversal in the underperformance of Europe versus the US would over time have to be driven by a recovery in relative profitability we do see current valuations reflecting a discount perhaps for political reasons (Brexit, upcoming elections).

**Chart 19: Europe vs US: modest PE discount but cheap on rel. PBV**

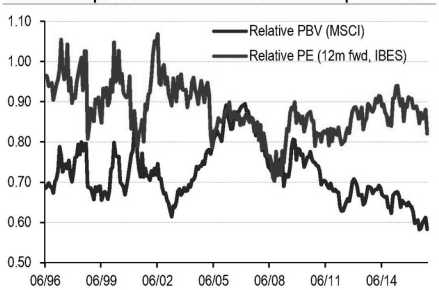


Source: BofA Merrill Lynch Global Research, Datastream, MSCI, IBES

**Chart 20: European earnings and profitability significantly lag the US**

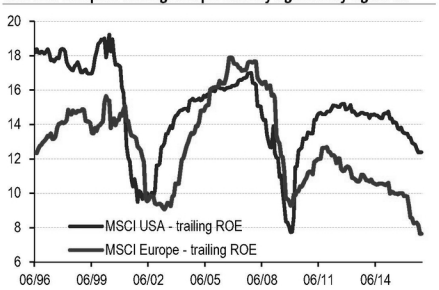


Source: BofA Merrill Lynch Global Research, Datastream, MSCI

The other metric that illustrates the valuation overhang in Europe is the risk premium. Our model calculates an implied cost of equity (CoE) for Europe as 6.8%, a little below the average since 1988 (7.2%) and last 10 years (8.4%). The model assumes the cost of equity is simply the cyclically adjusted earnings yield (calculated using a 5 year centred average EPS). We then compare this number to the German bund yield to estimate the implied equity risk premium (ERP).



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Europe's ERP on our model is 6.9% – down from the post-Brexit highs at 7.5% but still at a 70bp premium to the 3 and 5 year average for the ERP. That in turn implies a ~11% valuation haircut relative to 5-year average levels.

These numbers also show that the recent rise in bond yields is modest relative to where cost of equity or ERP sits. We're quite far away from the level that bond yields would make ERP look expensive. Even with bund yields at 75bp (ie +50bp from here) it would only shift the ERP back to average levels (all else equal). Bond yields need to rise 150-200bp to get to the expensive end of the range of last 6 years on ERP.

**Chart 21: Implied cost of equity (CoE) on our model in Europe is 6.9%, a little below the average since 1988 (7.2%) and last 10 years (8.4%).**

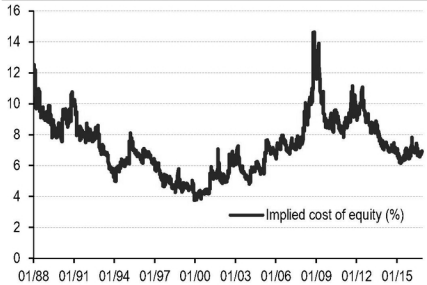


Source: BofA Merrill Lynch Global Research, Datastream, MSCI, IBES

**Chart 22: Implied equity risk premium remains elevated: 6.7% ERP to bund yields vs 10-year average of 6.2% and recent high of 7.3%.**

Source: BofA Merrill Lynch Global Research, Datastream, MSCI, IBES

**Europe cost of equity higher than long-run average compared to US.** Europe also compares favourably on a relative basis against the US equity market in this framework. The implied CoE for the S&P500 on an equivalent model is 5.64%, which is now at an 11-year low and 130bp below the 10-year average. The implied ERP on that basis at 3.3% is also below average and not far off the lows from the past 10 years. Admittedly Europe did get significantly cheaper relative to the US during the GFC and the sovereign debt crisis. The cost of equity premium for MSCI Europe vs the S&P is 1.21%. That is a premium to the 30-year average of 0.72%. However it is below the average of the past 10 years – the spread peaked at over 4% in 2008 and at 2.7% in 2011 / 2012.

**Chart 23: Implied equity risk premium near 9-year lows in the US**

Source: BofA Merrill Lynch Global Research, Datastream, MSCI, IBES

**Chart 24: Europe vs US implied cost of equity spread**

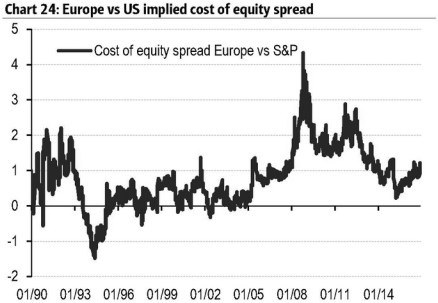


Source: BofA Merrill Lynch Global Research, Datastream, MSCI, IBES



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# Earnings – a return to positive EPS growth in 2017

**7% EPS growth in 2017 as global growth improves and Resources EPS recovers**
We think the earnings backdrop will be supportive in 2017 with a return to positive EPS growth in Europe for the first time since 2014 and with downside to consensus forecasts for the year ahead that are well below average. Our base case assumes +7% EPS growth in 2017 and 2018. With EPS broadly stagnant over the last 6 years, investors might justifiably ask what is different this time. We see several reasons to think mid to high single digit EPS growth is achievable next year.

**Chart 25: Earnings revisions are currently modestly positive**

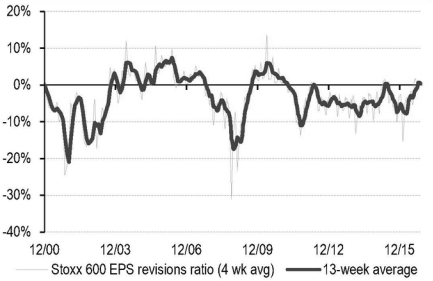


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 26: Broad based recovery in global growth (based on 29 PMIs)**

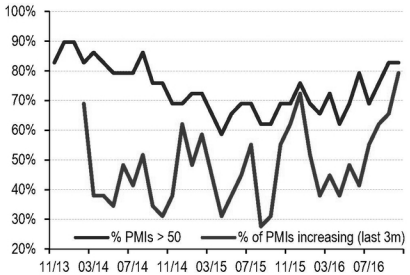


Source: BofA Merrill Lynch Global Research, Markit, Bloomberg

**Return to positive EPS growth feasible with global GDP at 3.5%...** First, global growth is accelerating and on our economists' base case forecasts global GDP growth will be 3.5%, the first materially above trend growth year since 2010. That is significant for European earnings given a reasonably tight relationship to global GDP growth. 3% represents the tipping point around which earnings growth tends to turn positive according to our regression model. At the BofAML forecast of 3.5% global GDP growth, 7% EPS growth is implied as likely by the same model.

**...as leading indicators point to a synchronized global recovery.** What gives us confidence in this putative earnings recovery is the more synchronized nature of the current recovery. All major regions of the world are showing momentum in growth indicators for the first time in several years. One measure of the broad nature of the improvement is manufacturing PMI surveys. Of 29 Markit PMIs 83% are currently above 50, highest since August 2014. More importantly, 79% have improved over the last 3 months – higher than at any point in the last three years.

**Bull case of global GDP towards 4% would signal double digit EPS growth.** To see a more bullish outcome for EPS we would need to see global GDP accelerating further. Based on our regression model, double digit EPS growth historically was consistent with global GDP growth above 3.8%. Under our bull case scenario for 2017, with say 4.0% global GDP growth, consensus EPS growth forecasts for +14% in Europe would become realistic.

**PMIs beyond 55 would suggest upside to base case.** Significant further gains in leading indicators would be a signal that earnings growth could exceed our base case. Over the longer term EPS growth has followed manufacturing PMI surveys with a 9-month lag approximately (using an average of US and Eurozone). Historically readings above 55 were consistent with mid-teens EPS growth. The relationship has weakened in recent years as low interest rates and weaker commodity prices weighed on earnings in Financials and Resources. Nevertheless, in the last year of decent EPS growth in Europe in 2014 the PMIs peaked at 54 so we would look for upside to our base case EPS forecast should PMIs improve to the mid-50s level or beyond.



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**Chart 27: 3% Global GDP growth the tipping point for EPS**
Europe trailing EPS growth vs World GDP

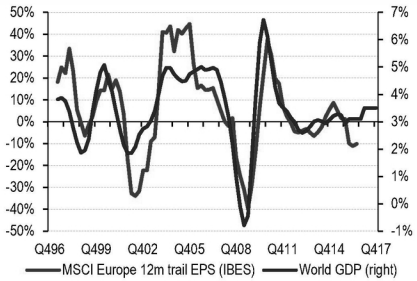


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 28: Synchronised rise in leading indicators globally augurs well for earnings recovery – especially if PMIs kick on to or above mid-50s**

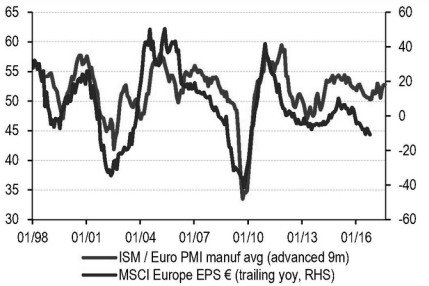


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Removal of the 3pp p.a. drag from Resources supports EPS outlook.** Second, the Resources sectors in 2017 will likely provide a (strongly) positive contribution to market EPS, in turn reversing what has been the biggest headwind for several years. Over the last 3-5 years the Resources sectors provided a 2.5 percentage point drag on annualized market EPS growth. In 2016 Banks have been the other big drag on market earnings. While structural headwinds to profitability mean the contribution of Banks remains open to debate, consensus forecasts nevertheless imply a strong recovery in 2017 (driven in part by one-offs reversing). The important point is that the market ex-Banks and Resources has delivered modest but positive EPS growth – estimated at +5.5% for 2016. Hence, removing the drag from Oil and Mining makes high single digit growth achievable in our view.

**Chart 29: Resources a 2.5pp drag on market EPS growth in recent years**
Annualized EPS growth

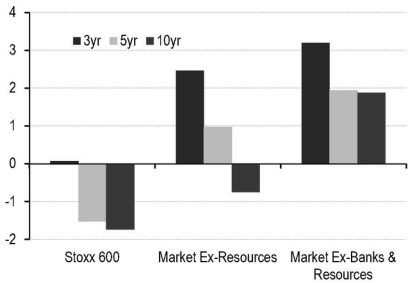


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 30: Capex discipline supportive to margin outlook**
Europe Ex-Financials: EBIT margins vs capex/depreciation

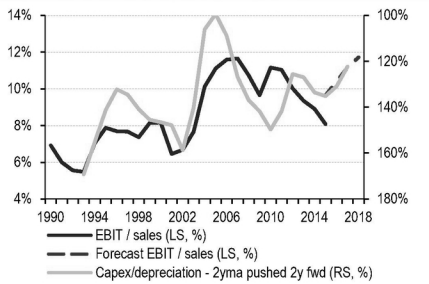


Source: BofA Merrill Lynch Global Research, Factset

**Margin upside, capex discipline and FX tailwind provide additional support.** Third, profit margins in Europe are not elevated: in the bottom third of the historical range (since 2004) at the EBITDA level and about average at the net level. With some acceleration in the top-line as global growth and inflation pick up, there is scope for margins to improve. In addition, several years of relative capex discipline provide potential support for margin improvement over the next 1-2 years in corporate Europe. Over the longer term, we find that operating margins have tended to improve with a lag of one to two years, following a period of declining capex ratios. That is encouraging for



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the margin outlook into 2017-18, given Capex to depreciation for the Market Ex-Financials in 2015 hit its lowest level since 2003 and had been declining for 3-years. Finally, we note that FX may provide a modest tailwind to European EPS again in 2017. Our FX team's $/€ forecasts trough at $1.02 in mid-2017, implying a rate of depreciation for the euro that peaks at 10%.

**Chart 31: Stronger dollar would be a tailwind for EPS**
YoY change in $/€ actual and implied by BofAML FX forecasts

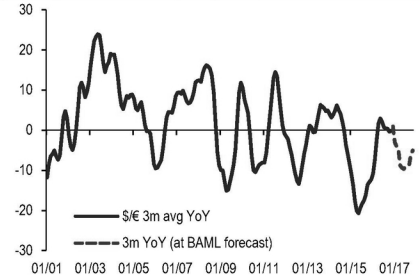


Source: BofA Merrill Lynch Global Research, Datastream

**Chart 32: Change in consensus EPS (%) vs annual market returns: downgrades are the norm and average -10%**

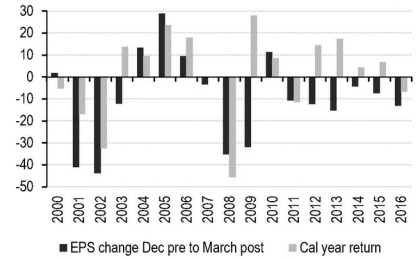


Source: BofA Merrill Lynch Global Research, Datastream, IBES

### Consensus downgrades in our base case – but less than average

Our base case 7% EPS growth assumption is below the current bottom up consensus of +14%. Hence, for now we don't see the prospect of a sustained upgrade cycle. Consensus downgrades are the norm however. 2010 was the last year that consensus forecasts started the year too low. In fact, consensus was too high in 12 of the last 17 years. Moreover, our estimate of 7% EPS growth in 2017 implies less downgrades than usual (10% is the average). It's also worth noting that over the past 17 years annual consensus downgrades of less than 10% have never been accompanied by negative equity returns for the same calendar year.

## Sector EPS growth prospects

Correlation analysis of sector earnings growth against global GDP suggests that Banks are the sector that may be most sensitive to improvements in global economy. Interest rate developments are likely the key to earnings but they in turn should reflect the nominal growth environment. Real economic growth would also have some effect on credit volumes and collateral valuations though, reinforcing the link from the economy to Bank earnings.

Cyclicals unsurprisingly dominate the other sectors with EPS growth geared to global growth. Basic Resources, Chemicals, Tech and Industrials all exhibit a correlation above 70%. Some other cyclicals including Autos and Construction have been had much less correlated EPS growth to global GDP in recent years. In part that reflects that significant earnings volatility in the period analysed. What's notable for both groups is that expectations already look high for both sectors. Consensus estimates also factor in a rebound in Resources sector EPS growth – but both these sectors have seen the largest earnings declines over the past five years. Forecasts look more restrained in Industrials, Chemicals, Tech – implying mid to high single digit growth in the coming three years.

Among Defensives expectations look highest in Telecoms – suggesting 10% average EPS growth in 2016-18 despite the weak trend rate for sector earnings in recent years. Consensus forecasts imply a more modest improvement for Utilities – with just 1% EPS CAGR for 2016-18. Staples and Healthcare are forecast to have high single digit EPS growth in the coming 3 years, implying 2-3pp improvements in the annual growth rate relative the trailing 5-year average for Staples and +6pp for Healthcare.



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**Chart 33: Correlation of sector EPS to global GDP since 2010**

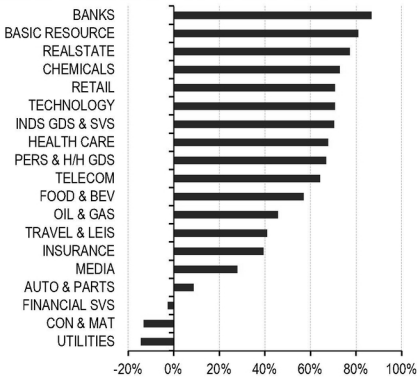


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 34: Trailing vs forward EPS CAGR – ranked by difference**

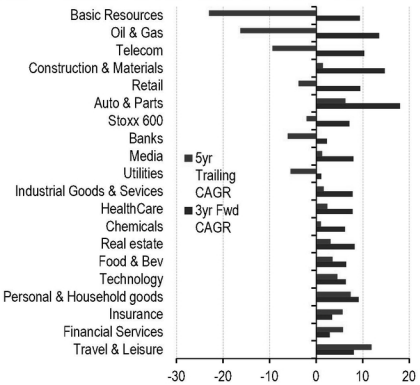


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Earnings revisions trends.** Basic Resources show strongest revisions trends and revisions are still improving relative to trend, in light of the strong upside recently for many metals prices. Autos revisions are next strongest and also show some positive momentum. More broadly most sectors are not showing an improvement in the trend on earnings revisions. Revisions are weakest in Tech having deteriorated more than other sectors over the past six weeks. The improvement in Financials revisions continues and Banks and Financial Services are now in positive territory.

**Chart 35: 3-month average EPS revisions ratios (ERR) by sector**

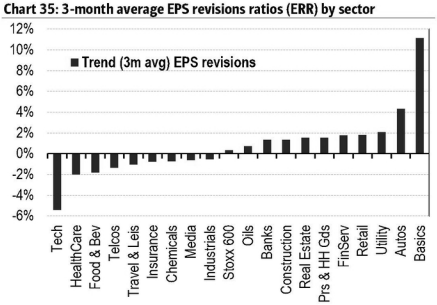


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 36: Revisions improving in most sectors (ERR 6wk avg vs 3m avg)**

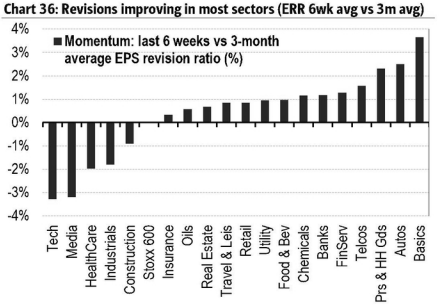


Source: BofA Merrill Lynch Global Research, Datastream, IBES



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# Eurozone political calendar 2017

**4 December: Italian constitutional referendum**
Our base case is a close "No" vote where Renzi stays and no snap election, given current polls and the outstanding electoral reform court case. BTPs and the banks recaps remain a tail risks for the Italian economy, although the ECB extending QE should help. A big "No" vote would boost Five Star and undermine Renzi into 2018 elections, in our view.

**4 December: Austrian presidential election**
Polls by public broadcaster ORF show the result as very close. Norbert Hofer is standing on an anti-immigrant platform against the moderate former Green leader Alexander Van der Bellen in a rerun of the May vote. The election of Freedom party candidate Norbert Hofer would make Austria the first nation to elect a head of state running on a far right platform since the EU began.

**22/ 29 Jan: French Socialist Party presidential nominee elections**
If President François Hollande decides to run for re-election as the Socialist Party candidate (decision expected Dec 10th) he could be challenged by former Prime Minister Manuel Valls and Economy Minister Arnaud Montebourg. Current second round polls for any combination of these candidates suggest likely Socialist nominee too close to call.

**15 March 2017: Dutch elections**
Prime Minister Mark Rutte currently leads a "purple" coalition with the Dutch Labour party as main second party. But the latest polls suggest both parties could win fewer seats than they have now in 2017. That could make it more challenging to build a government given the need to secure at least 76/150 seats. In terms of who could lead that coalition, polls have Rutte's People's Party neck and neck with the anti-immigrant Freedom party led by populist Geert Wilders. Wilders has called for the Netherlands to leave the EU indicated he would call a referendum if elected. A Wilder-Rutte coalition also hasn't been ruled out according to press reports.

**23 April: French first round presidential elections**
The first round of voting for the next French president will be on 23 April. First round polling suggests the leader of the anti-EU Front National Marine Le Pen is expected to progress to the decisive runoff. At present Republican Candidate Francois Fillon is also expected to make it through.

**7 May 2017: French second round presidential elections**
Current polls, albeit their validity has been called into question by events in 2016, show Fillon securing 65-70% of the vote vs Le Pen in a runoff (see chart below). We note that when her father, Jean-Marie Le Pen, faced Jacques Chirac in the 2002 Presidential elections the FN candidate only received 18% of the vote. Nevertheless, we see a potential Le Pen win as the biggest political risk event for European (and possibly global) equity markets in 2017.

**By 22 October 2017: German Federal elections**
Current Chancellor Angela Merkel has announced that she intends to stand for re-election. Current polls have Merkel's CDU ahead followed by SDP with the euro-sceptic Alternative für Deutschland, Greens and Die Linke competing for third spot. While it may be necessary for Merkel to maintain the grand coalition with the SDP, our central case is that we see a continuation of the current German administration and that German elections carry less risk than the earlier French presidential elections.



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# Politics – populism in the Eurozone?

Few predicted that the UK would vote to leave the EU and Donald Trump would win the US presidential election in 2016, least of all pollsters (and many in markets). As Michael Hartnett argues, the rise of populism can be linked to what he refers to as Peak Inequality and Peak Globalisation. Trump and the Brexit campaign tapped into deep apathy with the socio-economic order that for them remains unreformed post-GFC. That's why the poster boy for this dislocation is often the blue collar voter whose standards of living have not been rising in the increasingly globalised world. The crucial question for investors as we enter a busy year for European politics (see table opposite) is whether the populism train will gather pace or terminate at the Eurozone.

**Italy risks elevated, but risks two way and banks the bigger issue**

Although Italy goes to the polls this year, it is worthwhile starting with this Sunday's vote. In Strategy Insights: Italy risks elevated we argue that our base case is a narrow rejection of the proposed constitutional reform, which is another vote against governing party on Dec 4. But unlike UK/ US, this would be expected and Renzi is likely to stay on so the outcome should not carry the same surprise or uncertainty factor for markets. The tail risk are also two way. A large "No" vote could perceived as supportive of the 5 star movement but a "Yes" vote would be bullish Italy and risk assets more generally. The bigger issue is likely recapitalisation of the Italian banks. This remains a significant tail risk for banks and was part of why we downgraded the sector.

**A Le Pen victory could prove the biggest risk to European markets in 2017**

Probably the most natural fit for the populism theme in 2017 is the French presidential election. Although polls have been somewhat discredited by events this year they remain useful as an indication of where the public mood lies. With that caveat in mind, current voting intentions suggests Front National leader Marine Le Pen will receive enough votes to progress to the second round and is likely to be joined by Republican candidate Francois Fillon. Although when Fillon and Le Pen are polled together in a second round runoff Fillon is ahead by ~65%-35%, Le Pen is seen as capable of appealing to the same anti-establishment / blue collar voters as Trump/ Brexit.

**Chart 37: Vol already picking up around the French primaries next year**

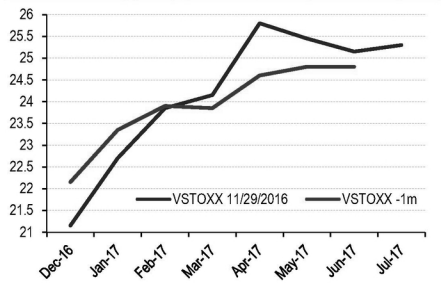


Source: Bloomberg

**Chart 38: Yet Fillon still well ahead of Le Pen in polls of a potential run-off**

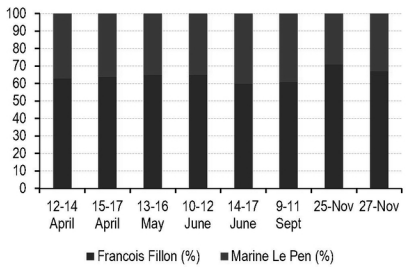


Source: Ifop (12-14 Apr, 14-17 Jun), BVA (15-17 Apr, 13-16 Mar, 10-12 Jun, 9-11 Sept), Odoxa (25 Nov), Harris Interactive (27 Nov). Note: all 2016.

Investors' biggest concerns are that we could see the same narrowing of polls in favour of Le Pen into the election months as we saw in the UK/US. We think this could mean French political risk becomes a major overhang for European equities in H1 2017. The worry is that a Le Pen Presidency could bring the future of the EU and the Euro into question as she has talked about France withdrawing from both and is especially an issue because of the winner takes it all nature of French presidential elections. As James



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Barty argued in The Trump Inflection, Le Pen's victory has the potential to be even more of an earthquake for the world's financial markets. Indeed, we have already seen a 1vol move in April 2017 V2X futures since last month.

So our central case is French political risk caps markets to the upside for Q1 and most of Q2 but that the centre right candidate Fillon is elected President. As Gilles Moec argues, his pro-market reformist agenda could unlock French growth and we think it could prove a significant positive catalyst for European equities more broadly if the political risk premium is priced out against a solid European and global growth backdrop.

### More of the same expected in Germany

We think Germany carries less political risk than the French election now that Merkel has formally announced she will run again to be Chancellor. As a result, our central case is that Merkel will continue to head a coalition government. We could see the populist AfD win more votes than in 2012, but polls show a clear and decisive margin in favour of the CDU and the existing coalition with the SDP suggests that an extension of their partnership is the most likely eventuality.

**Chart 39: German polls show a consistent lead for Merkel's CDU party**

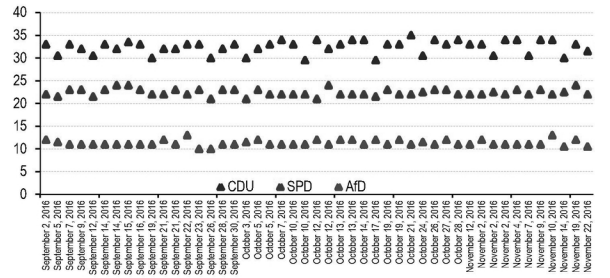


Source: Allensbach (15-Sept, 13-Oct), Emnid (7-Sept, 14-Sept, 21-Sept, 28-Sept, 5-Oct, 12-Oct, 19-Oct, 26-Oct, 2-Nov, 9-Nov, 19-Nov), Forsa (2-Sept, 9-Sept, 16-Sept, 23-Sept, 30-Sept, 7-Oct, 14-Oct, 21-Oct, 28-Oct, 4-Nov), Forschungsgruppe Wahlen (22-Sept, 13-Oct, 27-Oct, 10-Nov), GMS (14-Sept, 12-Oct, 12-Nov), Infratest dimap (21-Sept, 5-Oct, 19-Oct, 2-Nov), INSA (5-Sept, 12-Sept, 19-Sept, 26-Sept, 3-Oct, 10-Oct, 17-Oct, 24-Oct, 2-Nov, 7-Nov, 14-Nov, 22-Nov), Ipsos (10-Oct)

Brexit was the big political topic for Europe going into 2016. Going forward we see it as an ongoing issue but mostly for the UK (see UK – Waiting for Brexit for more details).

# Rising bond yields & equities

With the market focus on the sharp bond market sell-off it is worth re-visiting the links between equities and bonds as many investors question whether the effect on equities will become negative the more yields rise. An environment of rising bond yields is not inherently problematic. Over time correlations between bond yields and equities have varied and on average have been very weak (if slightly positive) over the last twenty years. Typically when rising yields reflect improving growth conditions and or rising risk appetite equities have naturally benefitted. Certainly since 2010 for the most part higher yields were accompanied by higher equity prices.

**Track record mixed for stocks following bond yield spike.** Does an exceptionally sharp back up in bond yields represent a downside risk for equities? The historical evidence is inconclusive. We looked at equity market returns in the months following 2.5SD moves in German bond yields (based on a comparison of rolling 3-month yield changes to the 52-week average). The recent spike in German yields peaked at +2.9SD on the same basis. We found 11 comparable episodes since 1980. Equity market returns subsequent to the peak rate of change in bunds were moderately positive – a median



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+1.0% after 3 months and +3.7% after 6 months. Subsequent returns were positive in six of the eleven episodes and negative in the other five. Those stats are a little worse than the comparable numbers for the full sample but don't indicate that a bond yield spike is definitively negative for equities.

**Chart 40: Rolling 3-month change in bond yields and equities**

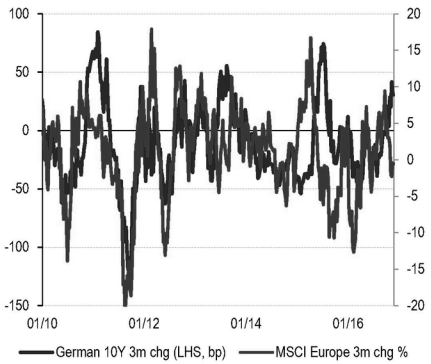


Source: BofA Merrill Lynch Global Research, Bloomberg

**Table 3: Track record mixed for stocks following bond yield spike**

Subsequent equity market returns following spike in bond yields (3m change >2.5SD)

| *3m change in bund yields hits peaks >2.5SD* | Next 3m % | Next 6m % | Prior 3m % |
|---|---|---|---|
| **10/06/1983** | 4.4 | 9.2 | 7.9 |
| **08/03/1985** | 5.3 | 10.2 | 11.1 |
| **02/03/1990** | 5.9 | -6.9 | -0.4 |
| **25/03/1994** | -7.5 | -4.7 | -3.4 |
| **15/03/1996** | 4.7 | 7.0 | 4.9 |
| **09/07/1999** | -3.6 | 9.8 | 3.7 |
| **22/08/2003** | 1.0 | 10.4 | 12.1 |
| **15/06/2007** | -7.1 | -6.1 | 11.1 |
| **13/06/2008** | -8.1 | -32.1 | 1.6 |
| **26/11/2010** | 6.0 | 3.7 | 7.2 |
| **08/05/2015** | -1.2 | -5.6 | 5.9 |
| **Median return** | 1.0 | 3.7 | 5.9 |
| **% positive** | 55% | 55% | 82% |

Source: BofA Merrill Lynch Global Research, Bloomberg

**It matters why yields are rising – higher inflation breakevens key for stocks.**

Digging a little deeper shows that the underlying dynamics in the bond market matter. Essentially rising inflation breakevens is the key driver for equities. Even when real yields are rising it is the change in implied inflation that has correlated most strongly with equity returns in recent years. Looking at 4-week rolling returns since 2009, in the periods that real yields rose Stoxx 600 returns were a median +1.7% if breakevens were also higher at the same time. In contrast a combination of higher real yields and lower inflation breakevens led to a median -0.7% return.

**Chart 41: Inflation breakevens on the rise in recent bond market move**

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 42: Rising inflation breakevens the key for equities**

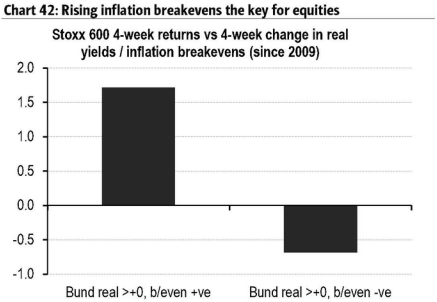


Source: BofA Merrill Lynch Global Research, Bloomberg



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What then is the prospect for inflation expectations from here? Breakevens have moved significantly already in the context of the Euro area inflation outlook. 5-year, 5-year forward inflation swaps have recovered all the ground they lost earlier in 2016 in Europe and are back to end 2014 levels in the US. At 1.6% in Europe and 2.44% in US there is arguably more limited upside. A return to the range for inflation expectations that prevailed in 2013/14 before the oil price collapse would imply another 30-50bp from here. However, at least in the case of Europe our economists see the outlook for inflation remaining very subdued. Overall we would conclude that equities can see upside from here if bond yields rise towards our fixed income team's targets as long as inflation expectations are stable to rising at the same time.

**Rising bond yields pushing Italian spreads wider a risk for equities.** Although rising core rates are not necessarily problematic for stocks, an important caveat is the fall out in other parts of the bond markets – particularly in the periphery. The equity market in Europe is sensitive to rising Italian bond spreads – exhibiting a negative correlation in recent years. This is an important risk at the current juncture given the upcoming referendum in Italy and ECB decision on QE extension. Should Italian bond spreads widen significantly from here it would likely weigh on equity valuations, keeping the risk premium high in Europe and in turn offset or outweigh the benefit from rising nominal growth expectations globally. This is perhaps the biggest potential problem for equities in the scenario that bond yields rise further from here. The ECB decision on QE extension is an important risk event in that context. As our economists have discussed in a recent note the risks of an ECB delay in the short term are increasing but their base case remains a QE extension with some tweaks of the capital key – a relatively benign outcome for peripheral sovereigns.

**Chart 43: Inflation breakevens – room to normalize further?**

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 44: Wider Italian bond spreads correlate negatively with equities**

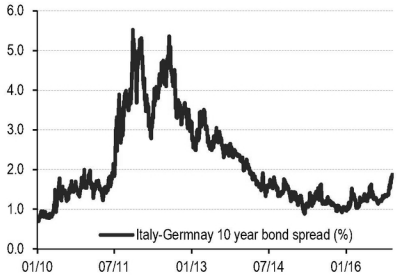


Source: BofA Merrill Lynch Global Research, Bloomberg



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# Sector Strategy

**Markets due a period of consolidation in the short term.** The reflation trade has run hard and we've taken some chips off the table in recent weeks by cutting our overweight positions in Banks and Basic Resources to neutral and reducing the size of our underweights in some Defensive sectors. In the short term we look for markets to consolidate. Near term risk reward is also a little poorer in light of event risks around the Italian referendum, OPEC's decision on a potential cut in oil production quotas and the ECB's decision on QE extension.

**Look for another leg to the reflation trade in the coming months.** We would look for another leg to the cyclical and reflation rotation in the next 1-2 quarters as evidence of stronger global growth and rising inflation materializes. We will look to re-enter sector positions that benefit from global rotation when short term risk reward improves. However, we would look for the pace of the rotation to moderate and become less binary from here. The upside from here for bond yields is more limited. With that in mind we are likely to be more selective in reflation vs bond proxy positions.

**Politics likely remains an overhang through 1H 2017.** Another reason to run a less binary portfolio over the coming months is the potential for political uncertainty to weigh on European markets. Attention near-term will focus on Italy but the French Presidential elections loom in April / May and the tail risk of a Marine Le Pen victory will act as an overhang for Europe in the coming months. It suggests 22017 may well be a year similar to 2016, in which the major indices in Europe have traded in ranges for large parts of the year.

**Value in some Defensive bond proxies.** Valuation looks quite compelling already in some of the bond proxy sectors. Utilities and Healthcare are both trading at the low end of relative valuation ranges and have decent fundamentals in the view of our analyst team. However, rising government bond yields remains the major potential headwind in coming months. We are overweight both sectors.

**Financials – neutral following the strong recent rally.** Banks have re-rated aggressively, taking PE-relative back to average levels. However, the sector continues to have uncertain prospects for EPS recovery given continued ultra-low policy rates in Europe and ongoing tail risks from periphery are an overhang on the sector. Continued long only positioning remains a potential support for the sector should rates and yield curves renew their widening moves. A Risk reward may be better in Insurance – the sector still offers the second highest DY in the market (and relative DY is still at 90$^{th}$ percentile of the range since 2004).

**Global quality Cyclicals – waiting for an entry point.** Many cyclicals have performed less strongly in the recent rally than Resources and re-rated less aggressively than Financials. With relative PE valuations in-line with or below 17-year averages for the likes of Industrials, Chemicals and Technology we will look for opportunities to build positions in cyclical areas in the coming months. Overowned positioning has been something of a negative for several of these areas (notably Tech) and any signs of a correction could be a catalyst to re-enter an overweight in the sector.

**Media – raise to overweight.** With the outlook for markets set to become less binary we will look to add exposure to quality cyclical areas. One such sector that has lagged this year is Media, making this an interesting entry point. The sector is something of hybrid combining defensive and cyclical components and high and low quality. Media in particular has come back a long way following a six-month period of sustained underperformance.

**Overweight Oil position dependent on OPEC.** As we go to press, the OPEC decision on a deal to cut oil supplies is pending. Our commodity strategists' base case has been for some kind of deal, with upside into the mid $50s for a deal to cut 1 million barrels per day. However, in the case OPEC fails to agree any deal they see WTI dipping back



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below $40. In other words, the outcome is highly binary in the short term for crude and related equities. We flag to investors that we would consider reducing our weighting in the event of no deal.

Assuming OPEC does cut production and oil prices recover up to the high $50s per barrel, as per our commodity strategists views, earnings and cash flows can recover significantly in the coming 12-18 months. Our Oil analysts model between 8 and 17% upside to operating cash flows in 2017 for European integrated stocks if assumed crude prices are increased $10 from $50 to $60. That makes the highest DY in market at ~6% more sustainable out of FCF coverage.

**Cautious UK domestic (underweight Retail, Travel & Leisure).** We are cautious on domestic UK exposure and underweight Retail and Travel & Leisure. To our mind, these companies face a lose-lose trade-off of maintaining margins by passing on higher costs at the expense of volumes, or face margin pressure by absorbing these costs in order to sustain current volumes. Building inflationary pressures point to a post-Christmas consumer squeeze. This could be further compounded OPEC cuts and oil prices rise. The Retail sector is also facing structural margin pressures and unattractive valuations. In Travel & Leisure (two thirds UK listed), profitability is declining from peak levels. Note our analysts also see structural pressures on airlines from overcapacity and competition. See below for more details.

**Table 4: European Sector Allocation**

| Sector | Ticker | Index Weight % | Stance | Delta (bp) | Portfolio Weight % | Portfolio / Benchmark % |
|---|---|---|---|---|---|---|
| Oil&Gas | SXEP | 4.6 | o/w | +150 | 6.1 | 132% |
| HealthCare | SXDP | 12.5 | o/w | +150 | 14.0 | 112% |
| Media | SXMP | 2.6 | o/w | +100 | 3.6 | 138% |
| Utilities | SX6P | 3.9 | o/w | +100 | 4.9 | 125% |
| | | | | | | |
| Trav&Leisr | SXTP | 1.8 | u/w | -150 | 0.3 | 15% |
| Food&Bevrg | SX3P | 5.9 | u/w | -150 | 4.4 | 75% |
| Retail | SXRP | 3.1 | u/w | -200 | 1.1 | 36% |
| | | 100.0 | | +0 | 100.0 | 0% |

| Sector | Ticker | Index Weight % | Stance | Delta (bp) | Portfolio Weight % | Portfolio / Benchmark % |
|---|---|---|---|---|---|---|
| Autos&Parts | SXAP | 3.2 | n | 0 | 3.2 | 100% |
| Banks | SX7P | 12.4 | n | 0 | 12.4 | 100% |
| BasicResou | SXPP | 3.0 | n | 0 | 3.0 | 100% |
| Chemicals | SX4P | 5.0 | n | 0 | 5.0 | 100% |
| Constr&Mtr | SXOP | 3.0 | n | 0 | 3.0 | 100% |
| FinServ | SXFP | 1.9 | n | 0 | 1.9 | 100% |
| InduGd&Ser | SXNP | 11.9 | n | 0 | 11.9 | 100% |
| Insurance | SXIP | 6.4 | n | 0 | 6.4 | 100% |
| Per&HouGds | SXQP | 8.8 | n | 0 | 8.8 | 100% |
| Real Estate | SX86P | 1.9 | n | 0 | 1.9 | 100% |
| Technology | SX8P | 3.8 | n | 0 | 3.8 | 100% |
| Telecomm | SXKP | 4.1 | n | 0 | 4.1 | 100% |

Source: BofA Merrill Lynch Global Research, Bloomberg

## Reflation rotation – tactically got very stretched

Over the last two weeks we cut our weightings in Basic Resources and Banks to neutral. That was in response to the signals from our technical models all flashing warning signs that the rotation out of bond proxies into reflation beneficiaries had got very stretched tactically. Our Composite Technical Indicators (CTIs) for sector relative performance hit +100 at the recent high in the case of Basic Resources and +94 for Banks and Insurance. These models combine a range of technical indicators including RSIs, MACDs, Bollinger bands and others and +100 represents maximum overbought. Basic Resources relative price has also reached +2.7SD above the 52-week average, the highest reading for the sector since 2010. Financials hit +1SD while other cyclicals have also peaked at +1.5-2SD in recent weeks.

By contrast bonds and equity bond proxies screen as very oversold on these models. All Defensives troughed at -92 or below at some point over the last 4 weeks. On Bollinger scores, relative prices hit between -2.4SD and -3.8SD for the Defensives and also Real Estate. In the case of Utilities (-3.8SD) that is close to a record low. Similarly our CTI readings for macro variables like 10-year Treasury yields, gold and $/yen also hit oversold levels. The models are useful in isolation for highlighting any anomalies in



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recent price action for individual assets. However, the fact that we have had multiple signals across a range of sectors and macro prices is typically a warning that markets have moved too far too fast in a more general sense.

The last comparable episode was in early July in the wake of the Brexit sell-off. At that point Defensives were hitting record over bought signals with Financials and Cyclicals seeing the opposite. Against the backdrop of heightened uncertainty over the effects of Brexit the models provided a great signal to fade the violent rotation.

With these signals in mind we look for a period of consolidation in the rotation trade. The models are short term in nature and are not intended to identify strategic turning points – although like in the case of Brexit they do tend to emphasize when a crescendo is reached. While we would look for another potential leg in some of the reflation trades over the coming months we would prefer to wait for a pull back. The Basic Resources sector provides a useful example in how to use the models tactically. Three times this year prior to the current instance the sector has hit overbought levels on its relative CTI indicator. Previous pullbacks lasted 4-8 weeks and averaged -11% in relative performance terms.

**Table 5: Composite Technical Indicators for sector relative returns**

(+100 max overbought; -100 max oversold)

| Sector | Latest | Since Oct 27 MIN | MAX |
|---|---|---|---|
| Healthcare | -5 | -98 | -1 |
| Personal & Household Goods | 0 | -94 | 0 |
| Food & Beverages | -31 | -93 | 0 |
| Telecom | -25 | -92 | 0 |
| Utilities | -8 | -92 | 3 |
| Technology | 0 | -88 | 26 |
| Media | -1 | -87 | 7 |
| Industrial Goods & Services | 0 | -73 | 35 |
| Oil & Gas | 1 | -45 | 4 |
| Autos | 0 | -12 | 8 |
| Chemicals | 0 | -8 | 0 |
| Travel & Leisure | 0 | -27 | 37 |
| Financial Services | -1 | -3 | 43 |
| Construction & Materials | 0 | -17 | 45 |
| Retail | 0 | -42 | 90 |
| Insurance | 36 | 0 | 94 |
| Banks | 16 | 8 | 94 |
| Basic Resources | 9 | 7 | 100 |

Source: BofA Merrill Lynch Global Research, Bloomberg

**Table 6: Bollinger scores –bond proxies 2.5-3.5SD oversold**

| | 52-week Z-Score Recent 1m extreme | Latest |
|---|---|---|
| Utility | -3.8 | -2.6 |
| Real Estate | -3.4 | -2.1 |
| Media | -2.9 | -1.8 |
| Food & Bev | -2.6 | -2.2 |
| HealthCare | -2.5 | -1.8 |
| Telcos | -2.4 | -2.2 |
| Travel & Leis | -2.1 | -0.7 |
| Retail | -1.5 | -0.4 |
| Prs & HH Gds | -1.2 | -0.6 |
| Autos | 0.8 | 0.5 |
| Insurance | 0.9 | 0.8 |
| Technology | 1.0 | 0.6 |
| Banks | 1.0 | 0.6 |
| FinServ | 1.0 | 0.6 |
| Industrials | 1.5 | 1.4 |
| Oils | 1.6 | 0.9 |
| Chemicals | 1.9 | 0.8 |
| Construction | 2.0 | 1.2 |
| Basics | 2.7 | 2.2 |

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 45: Basic Resources 4th overbought signal this year – previous pullbacks last 4-8 weeks and averaged -11% relative**

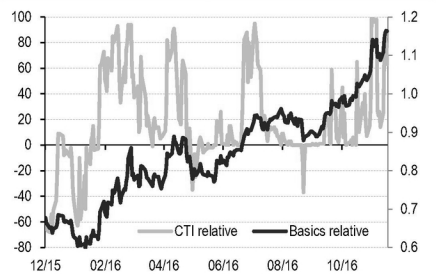


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 46: Utilities near a record -4SD oversold vs 52-week average**

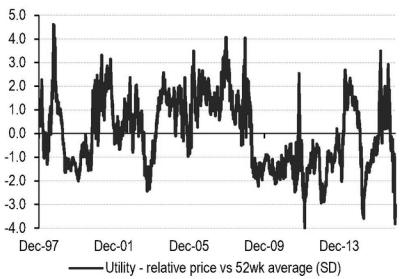


Source: BofA Merrill Lynch Global Research, Bloomberg



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## Rotation trade – valuations have moved a long way

While technical metrics suggest a pause is due in the reflation rotation, we have also seen a significant amount of ground covered from a valuation perspective in the market moves to date.

The scatter chart below compares the PE relative change since 8th July (the post Brexit valuation high / low for many sectors) against where PE relative ranks now compared to history. Essentially sectors in the top right have enjoyed a relative multiple re-rating and current relative PE levels are above the median since 1999. Those in the bottom left have seen relative PE multiples de-rate while their current relative PE is below the median since 1999. We make the following observations:

- **Financials have had the biggest re-rating.** Financials re-rated most since Brexit and are now trading around median relative valuation levels. Given the tight link between relative valuations and bond yields in recent years the PE-relatives for Banks and Insurance have also recovered much more than would seem justified by the move in the German 10-year yield. The sectors do screen cheaper versus history on PBV reflecting relatively depressed ROEs especially for Banks. Hence, we think PE multiple expansion from here would need to be driven by improving EPS prospects in the sector – something our analysts are sceptical about.

- **Global Cyclicals trading near or below average relative PE's.** Many global cyclicals have had fairly modest re-ratings since early July and trade on close to median or below valuations. Sectors such as Industrials, Chemicals, Autos, Tech have relative PE multiples 5-10% higher than post Brexit. Relative PE for Chemicals and Industrials are close to post 1999 averages. Construction PE relative does screen as elevated – at the 92$^{nd}$ percentile. Autos, Tech and Travel & Leisure all have PE relatives in the bottom quartile of their post 1999 range. Relative PE valuations look very reasonable on this basis for Tech, Chemicals and even industrials. In part this may reflect higher than historical average ROE – relative PBV is less flattering for Industrials for example.

- **Resources sectors – de-rating as EPS recovers.** Oil and Basic Resources PE relative has declined more than in any other sector. Although both sectors have seen strong price performance this year, PE multiples are declining from very elevated levels earlier this year as earnings bounce back from depressed levels. Since the end of June Basics 12m forward EPS is up +65%, while the sector index price has risen +33%. For Basics and Oil, performance from here is likely to remain a function of EPS momentum rather than valuations.

- **Defensives have all de-rated with Telecoms suffering least.** Defensive sectors have all seen relative valuations decline over the past four months. Healthcare and Utilities are the two sectors with multiples at lower end of the historical range – notably Healthcare at the 14$^{th}$ percentile. Utilities relative PE is also close to the prior low hit in 2013. Telecoms screens as somewhat less depressed form a valuation perspective – notwithstanding the poor sector performance in 2016. PE relative remains well above the median levels since 1999.

- **Staples approaching 2010/14 lows on PE-relative.** Staples have also de-rated severely – in fact Food & Beverage relative PE fell somewhat more than the other Defensives. However, current levels are still somewhat higher versus the historical range (since 1999) than for Healthcare or Utilities. That being said, the PE-relative rose structurally through the 2000s. Over a shorter time frame since 2010 Food & Beverage is also now trading near the bottom quartile. PE-relative is 6-10% above the lows seen in 2010 and 2014 – but those would still allow for healthy 25-30% valuation premiums to the market .



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Overall, we find it hard to argue that sectors haven't moved a long way already from a valuation perspective, even against the context of potentially important inflection points in bond yields and earnings. From here we suspect investors may need to more selective in how they play the rotation theme and consider other variables such as earnings momentum, yield, technicals and positioning when allocating across sectors.

**Chart 47: Relative PE – recent re / (de) rating compared to percentile ranking of latest relative multiple**

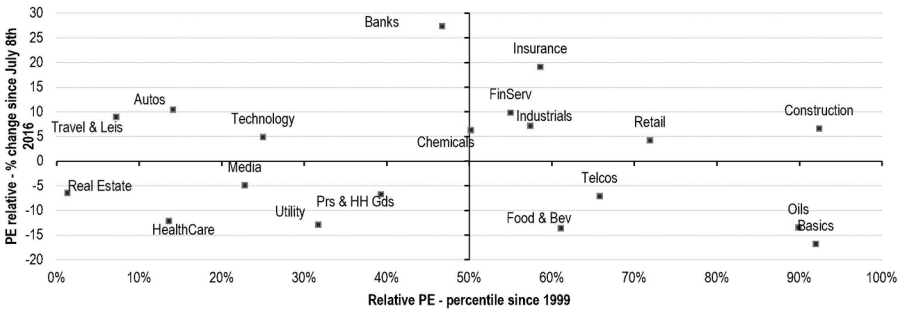


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 48: Financials valuations have recovered significantly relative to the move in bond yields – relative PE back around average levels**

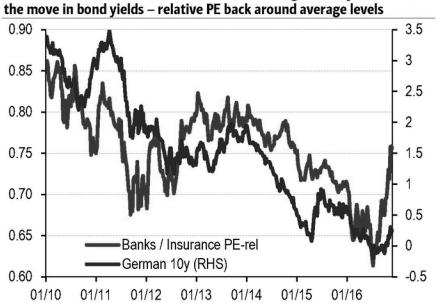


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 49: Rapid relative de-rating for Staples – relative PE for Food & Beverage still 6-10% above 2010 / 2014 levels**

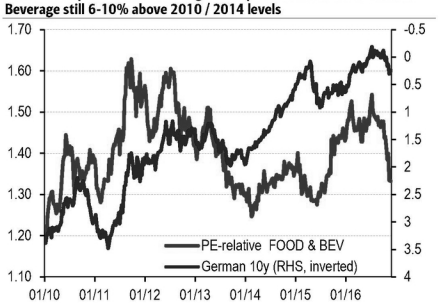


Source: BofA Merrill Lynch Global Research, Datastream, IBES



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**Chart 50: Utilities relative PE close to the 2013 low**

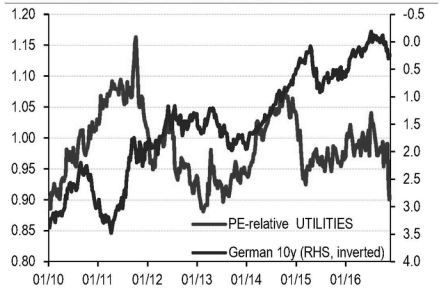


Source: BofA Merrill Lynch Global Research, Datastream, IBES

**Chart 51: Chemicals / Industrials – re-rated but PE-rel not excessive**

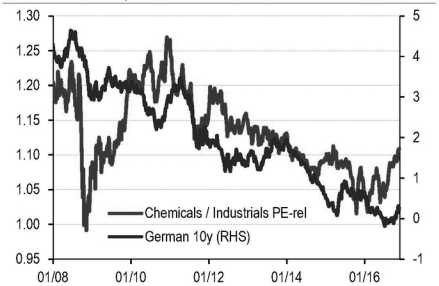


Source: BofA Merrill Lynch Global Research, Datastream, IBES

# UK – Waiting for Brexit

It's useful to think about where the UK is today in terms of the four risk factors we identified in our February 2016 Brexit preview: 1) weaker GBP; 2) weaker UK growth; 3) Higher UK risk premia & gilt yields; 4) increased regulatory, political and market uncertainty.

Although we saw a severe risk-off move immediately following the Brexit vote, the only truly significant post-Brexit delta has been a weaker GBP. GBP is down 16% vs USD and 11% on a trade weighted basis. In fact, a simple post-Brexit strategy of going equal weighted long UK-listed sectors with above market international sales exposure vs sectors with below market sales exposure would have delivered ~110% returns in USD.

**Chart 52: GBP and sales exposure have been the key determinants for post-Brexit UK equity returns**

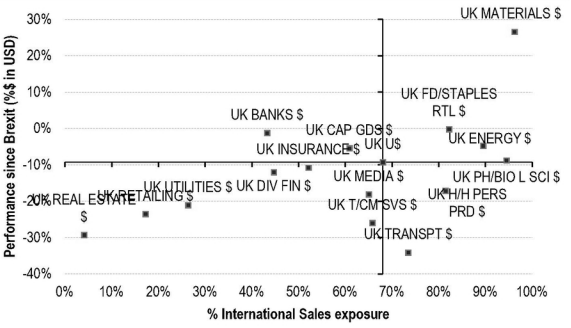


Source: BofA Merrill Lynch Global Research, Bloomberg, Factset. Performance in USD from 23-June-2016 close to 25-Nov-2016 close.

The currency move contrasts with the other risk factors. To date, UK growth which has held up better than many expected; policy uncertainty has fallen following a sharp spike; gilts are only 2bp higher than June 23rd (although this masks a 85bp rally then 87bp sell-off); and the UK cost of equity is now down ytd. What Brexit, you could ask.



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As we outline below, we think it is just a matter of timing. The political certainty created by the swift election of Theresa May plus the Bank of England's interventions have delayed, rather than resolved, the underlying uncertainties caused by the vote.

**Chart 53: UK PMIs tanked post-Brexit but have recovered**

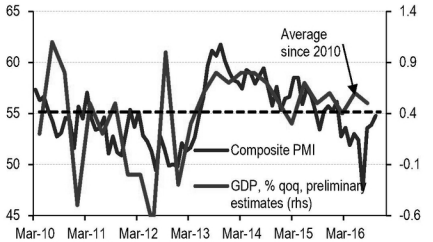


Source: BofA Merrill Lynch Global Research, Markit, ONS.

**Chart 54: While retail sales have remained strong**

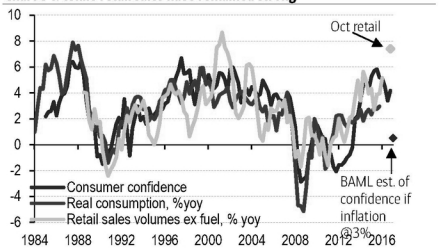


Retail sales volumes. Source: BofA Merrill Lynch Global Research, GfK, ONS.

## 2017: Falling growth, negotiations and a consumer squeeze

We think there are clear warning signs that conditions are deteriorating, uncertainty is set to return and a consumer squeeze is coming for the UK.

### Falling growth to compound deficit problems

Real gdp is only expected to fall 0.1% in 2016 vs the March forecast. But the UK Office of Budgetary Responsibility expects growth to slip by 0.8% next year (2.2% to 1.4%) and 0.4% on 2018 (2.1% to 1.7%) vs March. A notable slice of this is can be attributed to the OBR's estimate that Brexit added £59bn to UK borrowing to 2022, or nearly £200mn a week. These numbers include Phillip Hammond's sensible but small measures. Our UK economist is more pessimistic forecasting 0.9% in 2017 and 0.7% in 2018. Even if we split the two, that represents a 50% decline in expected 2017 gdp and 40% decline in 2018. The OBR also expects public sector net debt to hit its highest level since 1964-65 in 2017-18 at a time when the UK already relies on "the kindness of strangers" to finance its growing twin deficit.



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**Chart 55: OBR / BofAML UK GDP forecasts materially lower in 2017**

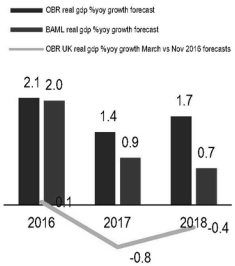


Source: BofA Merrill Lynch Global Research, Office of Budgetary Responsibility

**Chart 56: UK Public sector net debt is expected to return to 1960s levels**

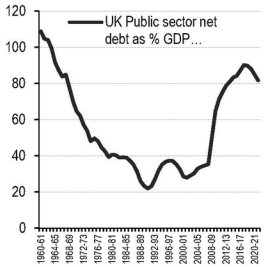


Source: Office of Budgetary Responsibility

**Chart 57: The weaker econ outlook has helped decouple GBP and gilts since late Sept'16**

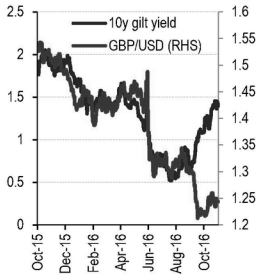


Source: Bloomberg

**Certainty that Brexit negotiations will start, but uncertainty on the details**

Against this debt and growth backdrop, investors are likely to want clarity and visibility on policymaking in order to continue funding the UK's deficit in our view. We think they could be disappointed.

Firstly, the Government has committed to triggering Article 50 by the end of March 2017. We think this is likely irrespective of the outcome of the Judicial Review on where the legislative power lies for making that decision. Second, the Government's formal position is not to announce its negotiating strategy in public. A lack of insight into the UK's future trading relationship with its biggest export market for goods and services is a difficult backdrop upon which to continue investing in the UK, even if a few companies have taken that decision already. Third, we think there will have to be a resolution to the trade-off between the Government's desire to control immigration and reach a beneficial economic settlement. The problem, as is often repeated by EU leaders, is that curbing migration puts the UK on a collision course with the EU's four freedoms and therefore at odds with access to the single market. That's why our base case remains a so called "hard Brexit", but even now our colleagues in FX strategy think investors are not positioned for this. Hence their GBP/USD forecast of 1.15 for Q1/Q2 2017.

Finally, a major concern for investors and especially business investment would be if the UK faces a "cliff edge" for trade terms in 2019 (on the assumption article 50 is triggered). While a transition deal would be a potential positive development next year, the absence of such a deal before or soon after article 50 is triggered could be another reason for policy uncertainty to spike higher again.



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**Chart 58: The dip in UK policy risk is likely to be short lived if the Govt keeps to its commitment to trigger A50 in Q1 without providing clarity on its negotiating position**

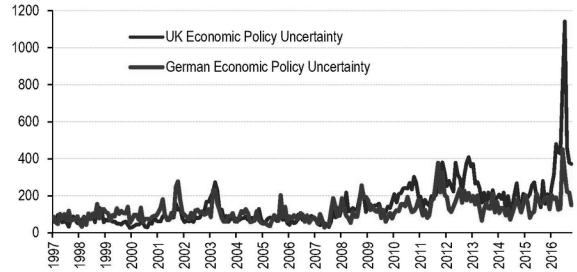


Source: Bloomberg

## Building inflationary pressures point to post-Christmas consumer squeeze

The third act in waiting for Brexit is cost-push inflation from the fall in GBP. So far, consumer spending has held up far better than most expected, especially retail spending by the over 50s. But there is evidence the inflationary canary is starting to sing. The charts below show that the move in CPI has lagged sharp rises in manufacturing output prices, utility prices and food prices in the past two months.

**Chart 59: Firms report sharp increases in output prices**

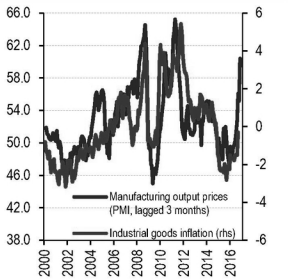


Source: BofA Merrill Lynch Global Research, Markit, ONS.

**Chart 60: Chunky utility price increases on the horizon**

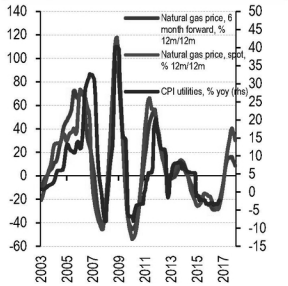


Source: BofA Merrill Lynch Global Research, ONS, Bloomberg

**Chart 61: Food prices are key to watch**

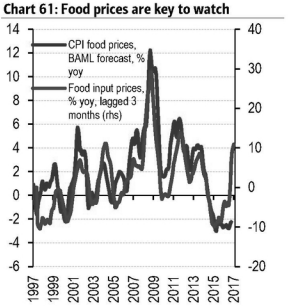


Food input prices calculated as an average of domestically produced and imported food. BofA Merrill Lynch Global Research, ONS.

To understand this delay it is worth remembering "Marmitegate" and the pressure put on companies not to raise the prices of household brands. The incident also illustrates the margin pressure building up in the system and challenges posed to producers, vendors and consumers as to who will absorb the higher costs. According to the Chairman of the UK Food and Drink Federation many companies may be waiting until post-Christmas to change prices, which Ian Wright estimates could rise as much as 8%. If that happens at the same time as power prices hit seasonal highs, the consumer could start to feel the pinch.

To avoid this leading to a contraction in demand, workers we would need to see strong nominal wage growth. However, the Institute of Fiscal Studies does not expect real wages to return to 2008 levels until 2021. The tightness of the UK labour market could also cushion any blow, but we note jobless claims have started to rise again and businesses may be less likely to hire if uncertainty, for reasons outlined above, picks up again.



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**Chart 62: Real wages likely to fall**

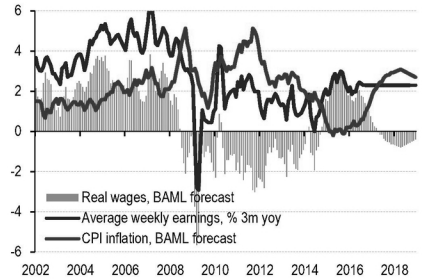


Real wages calculated as average weekly earnings minus CPI inflationSource: BofA Merrill Lynch Global Research, ONS.

**Chart 63: REC and PMI point to higher unemployment**

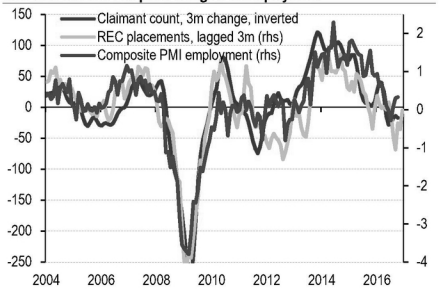


REC placements is an average of permanent and temporary placements. REC and PMI shown as standard deviations from average. Source: BofA Merrill Lynch Global Research, Markit.

Given all of the above, we reiterate our preference for avoiding sectors with a high proportion of domestic UK companies. To our mind, these companies face a lose-lose trade-off of maintaining margins by passing on higher costs at the expense of volumes, or face margin pressure by absorbing these costs in order to sustain current volumes in our view. This could be further compounded if our Oil Strategists' forecasts are right and Brent averages ~$60/bb following an OPEC cut.

**But how much is in the price?**

The pushback to our view is that the forecasted deterioration in growth hasn't really materialised and investors are already pricing it in a lot of bad news. For instance, Easyjet is down nearly 35% and investors are still underweight the UK in the FMS. While this is the case for certain stocks, at a sector level investors appear to have squared off their underweights in Retail/ Travel according to the FMS. Both sectors also back near pre-Brexit levels relative to the market (albeit Travel reflects the recent oil price weakness).

**Chart 64: Source: Brexit sectors no longer underowned by investors**

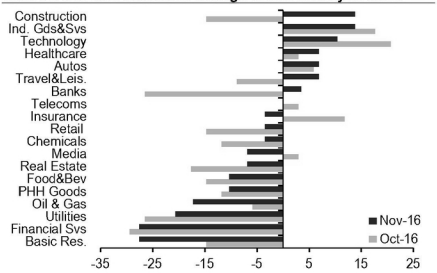


Source: BofA Merrill Lynch Global Research

**Chart 65: Retail and Travel are some way off their post-Brexit lows**

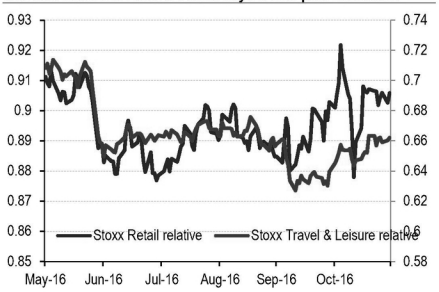


Source: Bloomberg



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# Sector Trades

**Table 7: European Sectors – Summary of investment case and risks**

| Sector (Ticker) | Index Weight % | Stance | Delta (bp) | Summary of view |
|---|---|---|---|---|
| HealthCare (SXDP Index) | **12.5** | **O/W** | **+150** | Laggard despite Republican clean sweep reducing legislative risks, valuations close to 2010-12 lows at trough of patent cliff but sector team expect 11% EPS CAGR 2018-2021 supporting 17/18x PE (currently on 13x 2018), catalysts from new products set to be announced in 2017. **Risks: rising bond yields continues, pipelines fail to realise, strong growth leads to risk-on rally led by value/ rotation out of quality.** |
| Oil & Gas (SXEP Index) | **4.6** | **O/W** | **-150** | Forecast Brent to average ~$61/bbl in 2017 on supportive demand backdrop (EM), OPEC reduction, supply destruction causing rebalance Oil team modeling 8%-17% upside from crude rally meaning FCF covers ~6% DY and EPS to improve (revisions 2nd best in market) **Risks: OPEC fails to cut supply pushing rebalancing out, strong dollar and protectionism curtail global demand and EM growth.** |
| Media (SXMP Index) | **2.6** | **O/W** | **+100** | Market laggard and de-rated presenting favourable entry points, optionality to improving EU consumer confidence even if UK consumer set to be squeezed next year, historically outperforms when dollar/ PMIs/ inflation rising, positioning now underweight in FMS. **Risks: UK growth/ EU consumer confidence drop quickly, investors prefer cheaper cyclicals if we see another leg to risk-on rally.** |
| Utilities (SX6P Index) | **3.9** | **O/W** | **+100** | Big underperformer in reflation rotation given defensive yield characteristics now oversold, consistent underweight in FMS but fundamental outlook positive with cyclical/ earnings improvement from higher power prices/ CSPP/ changing sector composition. **Risks: lack of differentiation from investors in rising yields continues, commodity prices roll, regulatory risk increases.** |
| Autos & Parts (SXAP Index) | **3.2** | **M/W** | **0** | Bull case: Margins supported by strong EU/ China sales, lease growth in US, valuations at multi-year lows, positioning neutral, cyclical beta Bear case: Future car raises questions over terminal value, US/UK markets peaked, Truck market has turned, China tax cut to end |
| Banks (SX7P Index) | 12.4 | M/W | 0 | Bull case: global yields and inflation continue to rise as global growth pushes higher, Italian banks successfully recap and earnings improve. Bear case: LT profitability challenges persists (ECB monetary policy), UK large caps underperform, rates move unwinds. |
| Basic Resources (SXPP Index) | 3 | M/W | 0 | Bull case: Investors still u/w, Trump delivers on fiscal not trade, DXY capped so EM recovery / China cycle continues, higher metals lifts FCF. Bear case: Protectionism rises, China cycle slows, hawkish Fed hurts EM rally, metals prices fail to sustain recovery. |
| Chemicals (SX4P Index) | 5 | M/W | 0 | Bull case: Cheap on relative PE/ DY, M&A pick-up, cyclically geared to improving EM growth, higher quality characteristics vs other cyclicals. Bear case: OPEC deal fails hurting oil, industrial cycle potentially at risk from protectionism, margins unsustainable given at highest since 2004 |
| Const & Mats (SXOP Index) | 3 | M/W | 0 | Bull case: geared to expected increase in fiscal spending (esp US), EU mfg and construction PMIs solid, US ISM / housing market strong Bear case: Most expensive sector on relative basis, re-rated on fiscal expectations but EPS hasn't followed, exposure to softening UK market |
| Fin Srvs (SXFP Index) | 1.9 | M/W | 0 | Bull case: High proportion of dollar earnings/ sterling reporters, geared to pick up stronger markets, potential M&A targets Bear case: less attractive valuations and not as levered into better growth/ rising bond yields than other financials (e.g. Banks). |
| Ind Gd&Svs (SXNP Index) | 11.9 | M/W | 0 | Bull case: US mfg ISM strong, EU OECD lead indicator improving, expect fiscal spending in US, high RoE and consistent earnings Bear case: valuations stretched on PBV, big outperformance driven by re-rating more than eps growth, Q3 earnings season has been weak. |
| Insurance (SXIP Index) | 6.4 | M/W | 0 | Bull case: beneficiary of rising yields, strong balance sheets, cheap on PBV/ PE and attractive, growing and covered DY. Positioning still light. Bear case: lower beta and longer cycle than Banks, vulnerable to any rally in bond prices from Italy risks, higher DY in more cyclical sectors. |
| Persnl & HHG (SXQP Index) | 8.8 | M/W | 0 | Bull case: luxury stocks delivering growth, tobacco structural outperformer, has de-rated following Brexit rally but earnings outlook decent. Bear case: margins at 10y peak, stiff competition from digital innovation, EM consumer demand volatile, vulnerable to rising rates. |
| Real Estate (SX86P Index) | 1.9 | M/W | 0 | Bull case: oversold on CTI, at 10y lows on relative PE and bottom quintile on PBV, UK market held up post-Brexit, yield attractive if bonds rally Bear case: positioning o/w vs history, REITs vulnerable to rising yields backdrop, rental yields under pressure fall if UK/ EU growth slumps. |
| Telecomm (SXKP Index) | 3.8 | M/W | 0 | Bull case: strong FCFY and improving balance sheets, valuations not expensive, positioning has unwound, beneficiary of CSPP, major laggard. Bear case: structural challenges to monetising data, consolidation not set to play out, vulnerable to further outflows in rising yield environment. |
| Technology (SX8P Index) | 4.1 | M/W | 0 | Bull case: valuations less stretched, semis cycle proving resilient, higher "quality" cyclical, positioning neutral, structural growth Bear case: vulnerable to rotation into value sectors in a risk-on market, margins close to peak, structural challenges for Nokia/ Ericsson. |
| Food & Bev (SX3P Index) | **5.9** | **U/W** | **-150** | Highest correlation to rising yields/ bond proxy, valuations still not cheap on a range of metrics (esp vs Healthcare), falling earnings revisions. **Risks: Oversold vs history in rotation move, sector has de-rated enough if bond yields capped/ CB don't hike/ growth disappoints.** |
| Travel & Leisr (SXTP Index) | **1.8** | **U/W** | **-150** | Airlines in structural decline, negatively correlated to higher oil, vulnerable to weaker UK and returns at peaks levels, valuations not cheap **Risks: Oil rally takes longer to materialise if OPEC fails to cut, European/ global growth picks up and UK gdp surprises to upside.** |
| Retail (SXRP Index) | **3.1** | **U/W** | **-200** | Most vulnerable to consumer squeeze in UK, margins in structural decline, supermarkets have had their relief rally, expensive on PE/ PBV/DY **Risks: modest inflation provides pricing power, Eurozone growth boosts consumer demand, positioning light, strong x-mas season.** |

Source: BofA Merrill Lynch Global Research



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## Underweight Retail

In addition to Brexit concerns, we also see a number of fundamental reasons to reiterate out underperform on Retail.

- **Structural margin pressures:** Aside from Brexit, retailers face declining returns as online disruptors and discounters drive up competition. EBITDA margins have fallen from 8% in 2010 to close to 7% in 2016 and RoE has declined by nearly 3% since 2004. We think this structural trend has further to run.

- **Valuations are also unattractive.** Retail remains on a significant premium to the market on absolute terms (17.3x 2017 PE vs 14.2x) and is expensive versus its own history at 20% above its 10y relative average on PE and 92%ile on PBV, while it has the second lowest dividend in the market (2.9%). Even if you strip H&M and Inditex the sector is towards the higher range of its post-GFC range.

- **UK supermarkets have had their relief rally.** Despite challenges facing UK food retailers, Tesco has rallied 25% and Morrison's 15% since Brexit as retail spending has held up and the short base grew massively immediately following the UK-EU vote. Yet as Xavier Le Mene notes, this has largely been because they have gained market share from Asda and investors have bought into their new management plans. However, Xavier see limited upside potential for either next year and there is a risk that Asda starts to recoup lost ground under its new management too.

**Chart 66: Stiff competition means retail margins are structural declining**

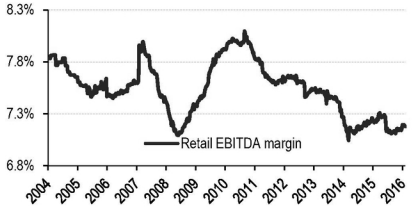


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream, IBES

**Chart 67: Market share gains have largely been at Asda's expense**

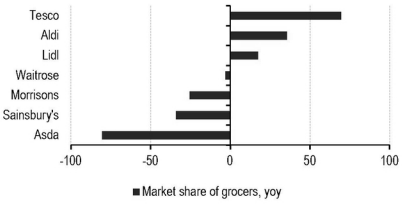


Source: Kantar Worldpanel

**Chart 68: Retail is expensive on a range of metrics**

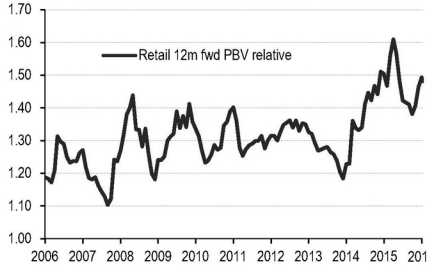


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream, IBES

**Chart 69: Not cheap even if you strip out the two biggest ex-UK names**

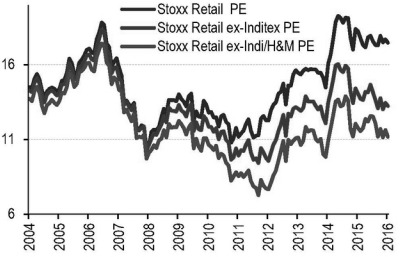


Source: BofA Merrill Lynch Global Research, Datastream



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## Underweight Travel & Leisure

- **Airlines in structural decline:** our European Airlines analyst thinks overcapacity (networks set to grow 7% yoy to 2020) and competition from low cost/ ME carriers is driving prices and passenger yields lower across the board.

- **Negatively correlated to Oil:** the sector is negatively correlated to the Oil price and despite recent weakness, our Commodity Strategist expects OPEC to cut by 500k b/d or 1 million b/d. Should OPEC cut with firm quotas and a tight control mechanism, they see WTI prices averaging $59/bbl.

- **Watch UK consumer confidence closely:** the combined effect of the challenges we identified earlier starting to mount for the UK consumer and the drop in the value of the pound could reduce demand for and expenditure on overseas holidays. This would weigh on the travel operator part of the sector. If the bulk of sterling move is over the boost for dollar earnings like Compass will also likely fade.

- **Peak returns:** unlike Retail, T&L margins (98%ile since 2004) and RoEs (85%ile) are close to all-time highs. We think returns may well have peaked therefore given the backdrop of rising oil, weakening consumer confidence in the UK and structural overcapacity in airlines. This is reflected in the fact that PBV are on 2.8x for the sector, which is top quintile for the sector since 2004.

**Chart 70: Competition & overcapacity pushing airline yields down**

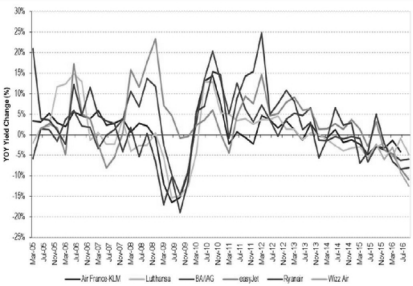


Source: Company data

**Chart 71: Rising oil would weigh on Travel earnings**

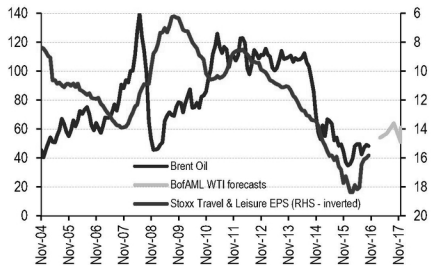


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream, IBES

**Chart 72: The UK consumer will have lower purchasing power next year**

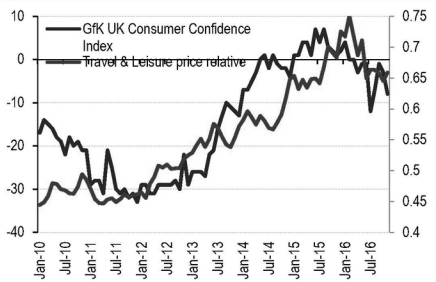


Source: Bloomberg

**Chart 73: Yet sector RoEs remain close to all-time highs**

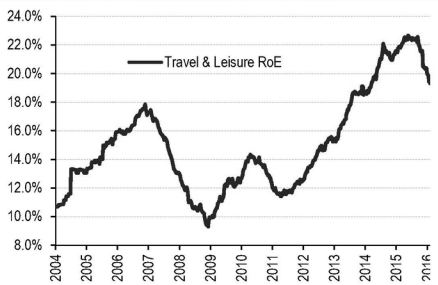


Source: BofA Merrill Lynch Global Research, Datastream, IBES



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## Media – raise to overweight

### Favourable entry point

Media has been is a big laggard following a six-month period of sustained underperformance and hit very oversold levels on our CTIs in mid-November. Although Media is a bit more domestic than Tech both are "quality" cyclicals and typically trade fairly in line with one another. However, the relative is now back at 2009 lows.

### Optionality on European consumer

We are bearish on the outlook for the UK consumer but consumer confidence has been steadily rising in the Eurozone since 2012 and the sector has tracked this measure very closely. We note however that the two have disconnected recently. We think Media is more likely to catch up then confidence fall given economists' fairly positive view on Eurozone growth next year, and the potential for upside surprises to US growth.

**Chart 74: Favourable entry point for Media**

Media and Tech are both "quality" cyclicals but the relative is at a 7y low

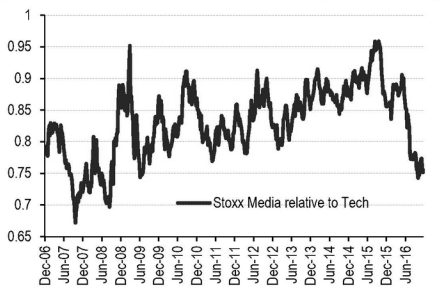


Source: Bloomberg

**Chart 75: The pick-up in EU Consumer Confidence should boost Media**

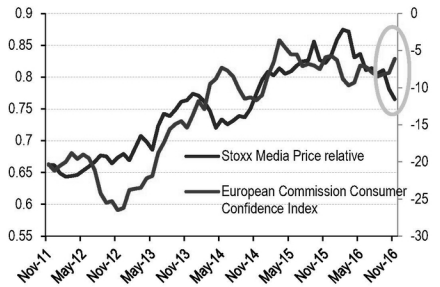


Source: Bloomberg

### Media historically outperforms when PMIs and inflation rising

The average return for Media when PMIs and inflation are both rising is 0.6% relative but the sector has underperformed by 2% month to date. A stronger dollar is also a positive historically for Media given that many large caps within the sector, notably agencies, are large dollar earners. But again, the two have disconnected recently.

### Valuations now at a small discount to the market

Media has de-rated by nearly four PE points (from 19.7 to 16) since the April 2015 highs and the sector now trades on a 5% discount to its average vs the market. We think the improving global growth backdrop will support earnings and should mean the sector can re-rate.



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**Chart 76: A stronger dollar benefits agencies with global exposure**

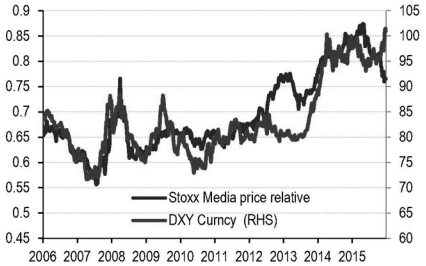


Source: Bloomberg

**Chart 77: Media now at a small discount to its 10y average vs market**

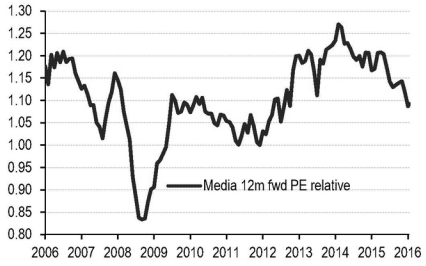


Source: BofA Merrill Lynch Global Research, Bloomberg, Datastream, IBES

## Overweight Healthcare

Healthcare looks very attractively valued and we see compelling risk reward in the sector on an outright basis at current levels. The fundamental bull case for Health rests on the strong pipeline of new products for the big cap pharma universe. Our sector analysts forecast EU Pharma to deliver a 2018-21E EPS CAGR of 11%, up from mid-single digit levels in recent years. Historically that would justify a PE re-rating and a multiple for the pharma sub-sector nearer 17-18x than the current 13x 2018 PE.

We believe the Republican clean sweep in the US elections represents a positive catalyst as it significantly decreases the potential for legislative initiatives to aggressively control drug pricing in the US. The catalyst for the sector to re-rate will come progressively from newsflow around new products. The next 12 months should see progress on this front with several of the European large caps expected to announce key data on important drugs in 2017.

**Chart 78: Pharma's improving growth outlook not reflected in PE**
3 Year Sales, EBIT and EPS CAGR Majors and 12 month forward PE ratio

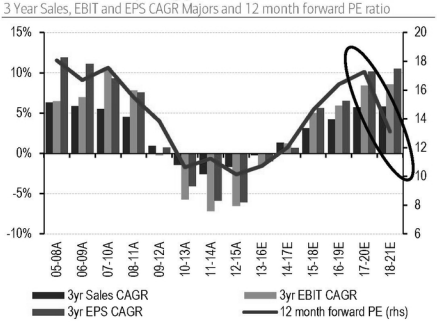


Source: BofA Merrill Lynch Global Research

**Chart 79: Healthcare PE relative back near market multiple and lowest since 2011 when patent cliff was at its worst**

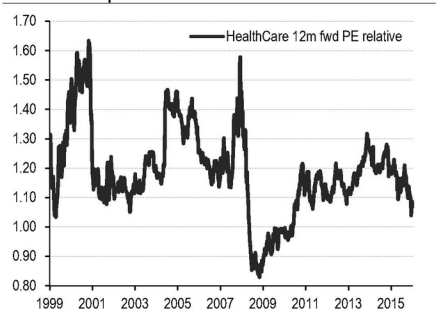


Source: BofA Merrill Lynch Global Research, Datastream, IBES, Bloomberg

Healthcare's forward PE is now down to just a 7% premium relative to the market and nearing the valuation lows recorded in 2010-12 when the patent cliff was at its worst and pipelines were very weak. Today pipelines are twice the size they were in 2011 and innovation is the key to growth in the sector - pricing power remains strong in drug categories with differentiated products. The new product launches expected between 2015 and 2018 add up to potential sales of $133 billion.



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**Chart 80: Stocks mostly trade above ex-pipeline value**
Pipelines are free for most stocks

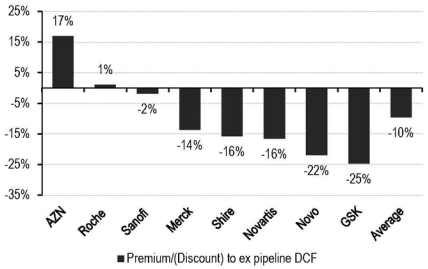


Source: BofA Merrill Lynch Global Research

**Chart 81: Growth from new products - $138bn launching 16-20E Peak unrisk-adjusted sales potential (USDm) of product launchs by year**

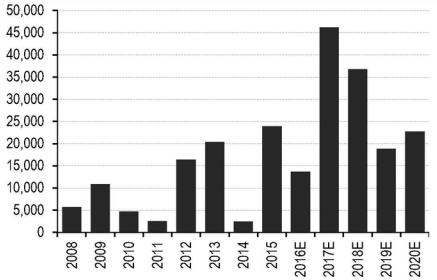


Source: BofA Merrill Lynch Global Research

## Overweight Utilities

The Utilities sector has suffered badly from the back up in bond yields. However, fundamentals for the sector are actually improving relative to recent history. The sector is the biggest direct beneficiary of corporate QE in the UK and Euro are (more than half of the sector are eligible for the ECB's Corporate Sector Purchase Program) meaning it can gain more than most other sectors from potential refinancing savings. This cushions any effect on debt costs from higher bond yields as corporate bond yields are still very low.

Earnings and cash flow are improving. The bottoming out of the commodity cycle has supported a turn to the upside for power prices. This has helped earning to trough and analyst revisions have been positive throughout the last few months of underperformance. Balance sheets and dividends in most cases now also look sustainable. Valuation multiples for the Utilities sector are attractive relative to history and compared to other Defensives. EV/EBITDA for the sector sits at 7.3x on Bloomberg estimates. That is a 20% discount to the market and is near 10-year lows on a relative basis. With dividends more secure the relative DY becomes more attractive at 2-year highs.

**Chart 82: Utilities EV / EBITDA relative to market near10-year lows**

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 83: DPS more secure now but the relative yield is at 2yr highs**

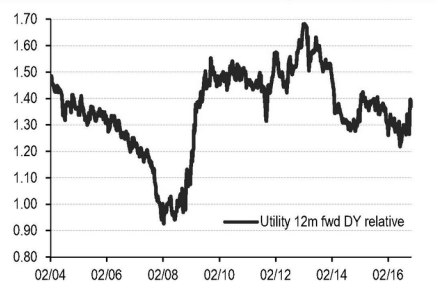


Source: BofA Merrill Lynch Global Research, Datastream, IBES



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I, Ronan Carr, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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The Virgin Islands

# DAILY NEWS

86 YEARS

A Pulitzer Prize-Winning Newspaper

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CELEBRATING THE PEOPLE, CULTURES AND HISTORY OF THE VIRGIN ISLANDS SINCE 1930

## Mini Page

Pages 28-29

## V.I. teams rack up golds in P.R.

Back Page

Centennial Countdown

## Digging up V.I.'s past

Pages 10-11

# Tax hikes

## With government piggy bank empty Mapp turns to taxpayers for cash

Sin taxes on alcohol, tobacco and soda and taxes on property and time-share owners would fund court-ordered back pay Page 5

Businesses to face spike in unemployment insurance rate to help V.I. government pay $69 million federal bill Page 2

## Unpaid vendor says trash haulers might stop collections

Page 3

## Complex looks for win in Puerto Rico

Back Page

## Boat parade spreads Christmas cheer

Page 24

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# V.I. businesses face higher unemployment taxes as territory struggles to pay down $69 million debt

By BRIAN O'CONNOR
Daily News Staff

Territory business owners will pay four times the normal federal unemployment tax rate this year because of an unpaid government debt, documents show.

The federal unemployment insurance tax rate is traditionally 6 percent on the first $7,000 an employee makes. However, the federal government usually offers a credit of 5.4 percent, meaning most employers actually pay about 0.6 percent, according to the IRS.

States — and territories — with unemployment insurance programs meeting federal standards are required to meet their unemployment obligations. When a state can't meet its unemployment obligations, it's entitled to take loans from the Federal Unemployment Insurance Trust Fund.

Federal documents show only one state and one jurisdiction — California and the U.S. Virgin Islands — are currently in that position.

The territory owes $69,138,266.61 in loans, according to the U.S. Department of Treasury website.

In fiscal year 2017, which began Oct. 1, the loans have accrued $294,349.15 in interest payments alone.

The V.I. Labor Department is in charge of administering unemployment insurance. Labor Commissioner Catherine Hendry did not return a number of phone calls seeking comment.

Government House spokeswoman Cherie Munchez would not comment, saying that Hendry would issue a prepared statement about the debt by Wednesday.

Provisions of the Federal Unemployment Tax Act stipulate that in states or territories with outstanding balances in the fund, businesses are subject to a credit reduction, which is collected and directed toward the unpaid balance, according to Robert Pavosevich, Supervisor of the Actuarial Team in the Office of Unemployment Insurance's Division of Fiscal and Actuarial Services in the Department of Labor.

Virgin Islands business owners will pay the original 0.6 percent, plus an additional 1.8 percent caused by the unpaid balance, for a total of 2.4 percent, Pavosevich said.

At the fully discounted rate, an employer would pay $42 for each employee earning $7,000. At the Virgin Islands rate, employers will have to pay $168.

After two years with an unpaid balance, the discount decreases by 0.3 percent each year until the total discount disappears, Pavosevich said.

"It's capped at 6 percent," Pavosevich said.

At the full 6 percent, employers will have to pay $420 for each new employee earning $7,000 that comes on board. By law, that money can't come out of the wages themselves and is paid out of the profits or losses that employers face, said Charles Engeman, an attorney who served on the Unemployment Insurance Advisory Council under the administration of Gov. John deJongh Jr.

Without payment on the loan — or waivers or relief, which has happened three times since 2013 — the rate is scheduled to max out by 2028. That's barring the imposition of step increases, which can happen if the state has an outstanding balance for a certain number of years, or if — as was the case in the tax year 2012 — step increases are piled on by other provisions of the law, which could move the unemployment tax rate up faster.

"It looks like they're not making much headway," Pavosevich said, referring to the territory's debt.

The territory wasn't alone in 2011, the first year the rate went up. In all, 20 states and the Virgin Islands received a 0.3 percent credit reduction that year, federal documents show.

That's in part because of the lingering effects of the Great Recession, said Bennett Chan, a lawyer who represents several businesses and has worked with the St. Thomas-St. John Chamber of Commerce in the past.

> **I don't think there's enough political willpower to do the kinds of thing necessary to fix the system.**
>
> — Charles Engeman, an attorney who served on the Unemployment Insurance Advisory Council under the administration of Gov. John deJongh Jr.

> **The business owners always bear the brunt of whatever deficiencies we have. We have to, at some point, find other sources of revenue for the government. Any time there's any sort of additional tax burden, fee burden, licensing burden, it's always a point of concern.**
>
> — Kimberly McCollum, president of the St. Croix Chamber of Commerce

In general terms, states collected more money than they paid out during the years leading up to the 2008 market collapse, creating large surpluses. Sometimes those surpluses were subject to financial raids. Other times — as was the case in the territory — the surpluses were used as a cause to reduce the amounts collected for unemployment insurance. When large-scale unemployment hit as a result of the recession, surpluses turned into deficits, Chan said.

"A lot of states were blindsided by the Great Recession," Chan said. "They also had big surpluses and never foresaw that there would be this sudden inflow in unemployment claims."

Territorial officials were late in reacting to bring the rate back up to address the issue, Chan said.

"If we had done it earlier, we probably would have collected enough," he said. "Now they want to make it up when times are hard."

In many cases, the government can't say what each employer owes or has paid in surplus, Engeman said.

The system originally was set up so that employers faced a roller coaster, Engeman said.

Each employer had a rate based on a three-year average. If an employer's account paid out more in benefits than they contributed, the rate would go up to 5.4 percent. After three years, the employer's rate would drop down to 0.1 percent, because at 5.4 percent, the rate exceeded likely contributions.

At 0.1 percent, if anyone were laid off, it immediately moved the employer back to the 5.4 percent rate. Employers would oscillate between the 5.4 percent rate and the 0.1 percent rate.

"It was 5.4 for many employers, and that's what an average employer would pay out over the course of 17 years for one employee," Engeman said.

As a result, the unemployment insurance fund accumulated large surpluses. To reduce the surpluses, the V.I. Labor Department dropped the automatic increase based on a negative account, and lowered the minimum rate to 0. Less money came in, even as unemployment rates remained high and benefits remained expensive.

A few steps could help move the system back to sound footing, Engeman said. For example, better record-keeping would help reduce delinquencies. Reducing unemployment insurance benefits and reducing the amount of time the unemployed are eligible for unemployment would both help. Verifying that those collecting unemployment are seeking employment, and generally reducing fraud also would help, Engeman said.

"I don't think there's enough political willpower to do the kinds of thing necessary to fix the system," he said.

Chamber of Commerce officials on both islands decried any increase in taxes or fees for businesses.

"Despite what the governor and the senators think, the economy of the Virgin Islands is not doing that well," said Tom Brunt III, a member of the St. Thomas-St. John Chamber of Commerce Board of Directors.

Kimberly McCollum, president of the St. Croix Chamber of Commerce, said any increases to fees or taxes was worrying.

"The business owners always bear the brunt of whatever deficiencies we have," she said. "We have to, at some point, find other sources of revenue for the government. Any time there's any sort of additional tax burden, fee burden, licensing burden, it's always a point of concern."

The folly of the situation is compounded by the fact that business owners themselves aren't allowed to file for unemployment if they lose their jobs, McCollum said.

"You're still paying unemployment taxes on what you're paid, but you are not allowed to request compensation should you find yourself in a position to file for unemployment," she said.

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# Work stoppage threat gets Waste Management to table

By JONATHAN AUSTIN
Daily News Staff

A Waste Management Authority contractor had planned a work stoppage this week because the Virgin Islands Waste Management Authority owes vendors a lot of money and they can't keep working for nothing.

However, discussions with administrators at Waste Management led Peter Caproni, owner of Your Environmental Services Inc., to say he's holding off on urging garbage collection vendors to stop work on Wednesday.

"I'm not intent on messing up our communities," said Caproni, whose company picks up the bin sites on St. John.

"We've created a dialogue. I am a fair person," Caproni said. "I want to listen to what they have to say. It seems as though they're going to put together an offer."

Caproni had told The Daily News on Monday he was announcing a work stoppage beginning Wednesday. He said he and other haulers were going to stop emptying scores of bins across St. Thomas and St. John because Waste Management had failed to pay them for weeks or months.

Caproni said he has worked 26 years in trash removal and roll on/roll off services in the territory. He said his company empties "all the rear load bins on St. John," and does emergency Waste Management Authority work on St. Thomas.

Contacted by The Daily News, Waste Management Authority executives were unaware Caproni and possibly two other haulers were walking off the job.

Roger Merritt Jr., the newly hired executive director of the agency, said Monday evening he wants to meet with all the contracted haulers to see what they are owed and come up with a plan to get them paid.

"I understand that the haulers need to get paid," Merritt said. "We need to ensure we are able to make timely payments."

Caproni said he is willing to listen, but the answer has to be that the Waste Management Authority comes up with payment for services already rendered.

"The solution is, you pay your bills on time," he said.

Patrick Charles, one of the vendors Caproni mentioned, said Monday that he has "reasons to be on board" with a work stoppage, though he couldn't make such a decision alone.

"I realize that he is upset," Charles said, referring to Caproni. "It is time for anybody to get upset. I'm in agreement with him."

> **The solution is, you pay your bills on time.**
>
> — Peter Caproni, owner of Your Environmental Services Inc.

Charles said his firm empties bins on St. Thomas and hauls trash from Waste Management Authority collection sites in a number of government housing communities.

Regarding how much Waste Management owes him, Charles replied: "It depends on what you call a lot. They're two months behind, now."

Caproni wouldn't say how much Waste Management owes him in total.

"It's a big amount of money," he said. "I'm fed up with the whole thing."

Caproni said he estimated that Waste Management owes various vendors millions of dollars.

The Waste Management Authority's inability to pay vendors has been a topic during Senate testimony over the years.

Steve Aubin, who was interim executive director of the Waste Management Authority for most of 2016, told the Senate Finance Committee in July that the contractors needed to be paid.

"It is clear that the contractors are bearing the brunt while trying to provide critical services in hopes of payment by the authority as soon as possible," he said.

Aubin ran the agency after the retirement of May Adams Cornwall until Merritt was hired last month.

"The financial condition of the Virgin Islands Waste Management Authority is dire and requires immediate attention and relief," Aubin told senators in July. "The authority's available cash to pay its contractors/vendors timely is critically limited, resulting in delayed payments to its contractors/vendors; growing accounts payable, which is currently on the order of $10 million for its major contractors/vendors; and non-compliance at the Anguilla and Bovoni landfills with court ordered mandates."

An example of the outstanding obligations owed by Waste Management has been highlighted for the last two years in Senate testimony during the budget process. For Fiscal Year 2016, the agency noted it owed vendor Gem's Construction $200,000 from fiscal year 2012 to pay for garbage collection services on the island of St. Thomas.

The Waste Management Authority noted that it was "unable to identify a revenue source" to pay Gem's for the years-old debt.

During testimony on the Fiscal Year 2017 budget, Waste Management again listed $200,000 owed to Gem's Construction for garbage collection on St. Thomas. However, Waste Management officials said the $200,000 was owed from the 2011 fiscal year.

No one from Gem's Construction was available for comment Monday afternoon.

Merritt said he believes the Waste Management Authority can address the overdue debt owed to the vendors.

"I think we can. We've got to get a plan in hand and get them paid. If they provide a service, they should get paid," he said.

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# Police: Ex-employee filing 'frivolous' complaints against top cops

By BRIAN O'CONNOR
Daily News Staff

Police officials dismissed this week multiple complaints filed by a former employee against high-ranking members of the VI. Police Department.

The complaints are all filed by Lynne Harrison, the former director of the Police Training Bureau.

In one such complaint, Harrison alleges Deputy Commissioner Curtis Griffin Jr. was "receiving compensation when absence from employment without proper leave documentation," and "payroll fraud/embezzlement — falsifying timekeeping records, or when employees are not working while on the job."

In a letter attached to the claim, Harrison says that from August 2016 to the present, Griffin received compensation while not reporting for duty at the department.

"In addition, he has not left forwarding contact information to those under his supervision and often was not available during contact attempts occurring during normal working hours," Harrison wrote. "Griffin was available only via VIPD email which was delayed or not deliverable, thus leaving him ineffective and not suitable to be classified as working telecommuting."

Griffin dismissed the complaints against him, and said he welcomed an investigation.

"I want them to investigate because I'm hoping — when all is done — I'm hoping that maybe I can sue her for slander," he said. "I have nothing to hide."

Harrison's letter calls for Griffin to be investigated.

"While his explanation of absence has been reported as a long term medical procedure, due to the extraordinary length of absence, previous absences, and non-contact information, a full investigation is warranted to insure the people of the Virgin Islands have not been deprived of its funds due to improper payroll deductions or notifications," she wrote.

The complaint was one of 10 filed after Harrison lost her job as director of the police department's Training Bureau, according to copies furnished by Harrison.

She filed a citizen's complaint after her termination alleging that Police Commissioner Delroy Richards Sr. had violated department policy and that he had ignored requests for the correction of a violation.

Harrison also filed a complaint alleging Griffin's administrative assistant, Le-Reeda Lake, was absent on sick leave for four weeks without prior notice; that special assistant to the commissioner Capt. Mary Duggan had potentially disclosed confidential department information to a third-party vendor for personal gain, and had used threatening behavior to create a hostile work environment, and that she had obstructed Harrison's performance of her duties.

Harrison further alleged that Lt. Maria Colon-Jones had disrupted a training presentation, and she said her termination was retaliatory for asking for sick leave to be treated for Zika.

Harrison said that she eventually fled the Virgin Islands in fear of her life and that the police department still owes her $5,000 in back pay, Harrison said.

Harrison said Monday she's submitted her complaints to Gov. Kenneth Mapp.

"I was the director of training and was fired without cause," she said. "I had filed several complaints."

Harrison said she requested 10 days of medical treatment off-island to combat a Zika infection on Oct. 18.

"Two hours later, I was terminated," she said.

Documents provided by Harrison show she was suspended without pay on Oct. 18, and terminated on Oct. 28.

Griffin said that while he was undergoing cardio rehab in Florida, he started hearing about issues involving Harrison. Ultimately, Richards made the decision to terminate Harrison, Griffin said.

"Subsequent to her termination, she started sending complaints," he said. "She said she heard that while I was away I was practicing law and not really sick."

Harrison wasn't his supervisor, and wasn't aware of how the accumulated sick time was being used, Griffin said.

"She submitted so many complaints against so many people," he said. "It's obvious that it's frivolous."

The complaints have not yet resulted in an internal investigation, Richards said.

"I found she was too much of a distraction for us to move forward with the actions as required of us by the mandates of our consent decree," Richards said about his decision to terminate Harrison.

Harrison had failed to submit to a department background check in a timely manner, Richards said.

"The department brought her in on an interim basis initially, and then she was asked to comply with the package that we provided in order to conduct a background investigation," he said. "She offered resistance. She believed she could complete her own timeline."

Harrison said she had asked for 10 days to secure her college transcripts.

"My email specifically says I am not saying I don't want a background check," she said.

Richards said he ultimately directed Harrison's complaints to the legal department, but he said Harrison continued to send letters and emails.

A response from the department's legal counsel provided by Harrison says simply that Harrison couldn't use the citizen's complaint process to complain about things that happened while she was the director of the Training Bureau, and that each complaint will be closed as it is received.

"In some of her letters and emails, she appeared very threatening," Richards said. "In one of her emails she wrote 'You are sicker than a tree branch that's going to be cut down very soon.' It's one ignorance after another."

Harrison disputes that characterization.

"I'm very professional," she said.

Griffin was on legitimate sick leave when he was in Florida, Richards said.

"He was being treated and he entered into a program in Florida," he said. "The woman is on a witch hunt all over."

*— Contact Brian O'Connor at 340-714-9130 or email boconnor@dailynews.vi.*

HOUSE_OVERSIGHT_014500

# Police say woman tried to smuggle pot into prison

By BRIAN O'CONNOR
Daily News Staff

A Mon Bijou woman tried to sneak two bags of marijuana into Golden Grove, police said.

Sherifa Petersen, 27, faces a single charge of introducing contraband into prison, and was free on $10,000 bail about six hours later, according to her arrest record.

V.I. police arrested Petersen on Friday afternoon about 1:47 p.m., after corrections officers discovered the marijuana hidden in the personal belongings of inmate Omari Gordon, according to Petersen's arrest log.

Rick Mullgrav, Director of the Bureau of Corrections, said corrections officers discovered the marijuana during a routine search.

Petersen "was bringing a package for her companion, and I will say her companion, because I'm not sure what the relationship was there," Mullgrav said. "She was coming to visit, and she brought some drugs."

Corrections officers told police they had smelled marijuana in a pair of black Jordan sneakers Petersen was bringing to Gordon, according to a VIPD press release. When corrections officers pulled apart the sneakers, they discovered two small plastic bags of marijuana, according to the press release.

Any material that ends up in the hands of prisoners is thoroughly searched as a matter of routine, Mullgrav said.

"We search any item that goes to the inmates," he said. "Generally speaking, it's pretty thorough."

Gordon, 32, has been in jail since police charged him with first-degree attempted murder and first-degree assault following a Nov. 29 shooting on St. Croix, authorities have said.

Gordon's name also matches that of a man charged in 2010 with the murder of 19-year-old Kendal Wood. Gordon's trial languished in the Superior Court on St. Croix for almost three years, and he was most recently granted a continuance in 2013.

The disposition of the murder case involving Gordon couldn't be immediately ascertained Monday evening.

Gordon had been released on electronic monitoring and house arrest pending trial in 2013, according to court documents at the time.

He was being held on $500,000 bail in his most recent arrest, police said.

*— Contact Brian O'Connor at 340-714-9130 or email boconnor@dailynews.vi.*

# Federal judges from Philadelphia in the Virgin Islands to hear cases

By BRIAN O'CONNOR
Daily News Staff

The 3rd U.S. Circuit Court of Appeals will sit this week in the federal courthouse on St. Thomas.

Judges Kent Jordan, Michael Chagares and Thomas Hardiman will hear a range of appellate cases, ranging from a local prisoner challenging his detention as unconstitutional to an estate battle over an inheritance in which two separate federal cases were merged into one.

The judges fly in from Philadelphia to hear argument on issues they decide at a later date.

Appellate court argument is based around rapid-fire questions from the empaneled judges, unlike civil or criminal court, which frequently is dominated by long exchanges between attorneys and witnesses.

The appellant attorney gets four minutes to make a case, followed by four minutes from the appellee, followed by four minutes of rebuttal from the appellant attorney, though judges' questions can sometimes turn four minutes into eight.

For example, Ronald Gillette, incarcerated in 2008 on multiple counts of aggravated rape and unlawful sexual contact against two children, is seeking an appeal on a motion denying his release from custody.

Gillette's attorney, Joseph DiRuzzo III, began on Monday by making his case that the motion, ordered by Chief District Court Judge Wilma Lewis, constituted a final judgement and thus was worthy of an appeal. DiRuzzo sought a three-judge panel to overturn Lewis's order.

It didn't take long for Jordan to ask a question.

"How can it be a final order if there are still claims in the case, if you're still seeking relief, which you are?" he said.

DiRuzzo had a response.

"The denial of a three-judge panel effectively throws Mr. Gillette out of court," he said. He started to add to this, but Jordan cut him off.

"There are claims for relief, they still exist," he said. "I'm struggling to see how this is a final judgement."

Orders relating to the change in the reduction of a prison population essentially rely on three-judge panels to be valid, DiRuzzo said. Prison orders issued by a single judge are subject to challenge on appeal, DiRuzzo said.

"I would submit that three-judge courts are desirable in confrontations between state and federal power," he said.

Kimberly Salisbury was the Assistant Attorney General arguing for the appellee. Her job on Monday was to tell three federal judges that it wasn't their job to decide Gillette's case.

"This particular order is just simply not final," she said, at one point.

However, Hardiman had a question.

If there was an order short of Gillette's release that could make the prison resolve the Eighth Amendment violations that put the prison under a federal consent decree for decades to resolve, Lewis or another judge could still make the determination. The prison has completed only 14 percent of the new consent decree ordered in 2013 according to testimony.

"What would that order look like?" Hardiman asked.

Salisbury struggled with an answer.

Jordan tried to steer the argument back to the facts of the case.

"Does the fact that a 2013 consent decree superseded and replaced the original, does it mean the three decades of prior noncompliance is to be ignored?" he said. "You're not even a fifth of the way completed. At what point is enough enough?"

Complying with the consent decree will take time, Salisbury said.

"According to the Bureau of Corrections, we're not there yet," she said.

Chagares jumped in, and compared Golden Grove Adult Correctional Facility to a luxury cruise liner.

"It's like your big cruise ships out in the bay," he said. "It takes a long time to turn around. But this is a really long time."

Hearings will continue today before the Third Circuit at the DeLugo Federal Building on St. Thomas at 9 a.m. Another session is set for Thursday starting at 10:30 a.m.

*— Contact Brian O'Connor at 340-714-9130 or email boconnor@dailynews.vi.*

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**Midday**
1st prize 8 7 0
**Sunset**
1st prize 3 9 8
**Evening**
1st prize 0 3 7

**Pick 4** (Dec. 12)
**Morning**
1st prize 4 3 6 2
**Midday**
1st prize 2 3 0 4
**Sunset**
1st prize 8 0 9 6
**Evening**
1st prize 7 5 8 0

**Mega Millions**
(Dec. 9) Next draw: Tonight
19 27 47 67 68
**Mega Ball:** 1

**Powerball**
(Dec. 10) Next draw: Wednesday
12 21 32 44 66
**Powerball:** 15

# Mapp turns to new taxes in accepting court ruling on 8% government pay cut

By JONATHAN AUSTIN
Daily News Staff

Gov. Kenneth Mapp said Monday he believes the territory must accept a federal court ruling that found a 2011 government employee pay cut unconstitutional.

"After reviewing the case with the attorney general and reviewing the case with our financial team, I really am of the mind that the government of the Virgin Islands should make good on this claim," Mapp said.

He said he wants the Legislature to sign on to a plan to pay the claim and address other issues by approving increased sin taxes, taxes on time-share occupants, and changes that set a minimum tax for property owners who claim tax credits.

He said the lawsuit judgement is valued at $65 million.

"We will include all workers affected by the cut. In unions, all unions, and out of unions," Mapp said.

The territory had asked the full 3rd U.S. Circuit Court of Appeals to reconsider the judgement, which was penned by three of the court's judges.

The court rejected that request Monday.

The governor made his comments during a press conference Monday morning on St. Croix.

The conference originally had been scheduled for Friday on St. Thomas, but was delayed for no stated reason.

Mapp also announced he has invoked public exigency authority to fast track road repairs in the territory.

He described public exigency as "sort of a public emergency" declaration that should allow the government to more quickly award repair contracts for roadways that have deteriorated following extensive rainfall.

Mapp said he has consulted with federal authorities and hopes to access existing highway project funds "to use them to get the primary road system and secondary road system repaired."

He said the work will be done under existing federal road requirements, meaning they include proper drainage, sidewalks, striping and other elements, "all compliant with federal highway and DOT standards."

Regarding the 3rd Circuit ruling on the 8 percent cuts enacted through the V.I. Economic Stability Act of 2011, Mapp said the territory could pay off the amounts due to employees in two years if plaintiffs in the case give the government time to make good.

He said the payments can be satisfied if new tax collections from what he called the Virgin Islands Enhancement and Economic Recovery Act, which must be approved by the Senate, total at least $80 million.

He said alcohol and tobacco in the Virgin Islands is sorely undertaxed, and 40 million bottles of beer are sold each year in the territory.

Additional tax also would be charged on distilled alcohol and wine.

"In addition, we are seeking at least $12 per carton tax on cigarette and tobacco products in the territory," as well as "a sugar tax on carbonated sweet beverages," Mapp said.

Mapp suggested most of the millions of beers are consumed by tourists, so the tax would target visitors who enjoy the territory and should contribute to maintaining its infrastructure.

"If you felt that was too expensive, then stop drinking beer. That's healthy. That's a benefit," Mapp said, referring to locals who drink alcohol.

Mapp is also seeking a tax on time-share occupants, and wants to require that any resident claiming credits on property taxes pay a minimum annual property tax of $360.

He said the additional tax revenue could also provide $18 million to pay worker's compensation debts to medical providers, hospitals and injured workers in the territory.

Mapp said Monday that "as of today," he was not prepared to call the Legislature back into session to address his proposal.

Senate Majority Leader Sammuel Sanes said Monday he hopes more revenue could be generated through the reopening of the St. Croix oil refinery to pay some of what Mapp wants.

"We shouldn't rely so much on taxation. Right now, people of the Virgin Islands are facing a financial burden. Now we want to tax them more. That is not appealing to me at all," he said.

"There are some good points" to the governor's suggestions, Sanes said. "I see his point. I can understand where he is coming from," he said.

Lame duck Sen. Clifford Graham said Monday that the promise to repay government workers back for the pay cut won't be enough to convince legislators to support Mapp's proposal.

"The governor has sent us his version of the deficit reduction strategy," Graham said. There are parts that senators will support, and "some we definitely would not be in favor of," he said.

Graham said paying back the government employees should be a priority.

"Are they Number 1 on the priority list? I think there are more critical issues now," Graham said.

Graham said he is not sure whether the 31st Legislature will consider Mapp's approvals before it stands down this month.

"I am willing and able to work until my last day," he said. "I am not sure the calendar will afford us the time to do so."

*— Contact Jonathan Austin at 340-714-9104 or email jaustin@dailynews.vi.*

## Senate Agenda

### Today

The Homeland Security, Justice and Public Safety Committee will meet at 9 a.m. in the Lawaetz Conference Room on St. Croix to get an update on the V.I. Police Department, the V.I. Corrections Bureau and the V.I. Health Department.

### Wednesday

The Finance Committee will meet at 9 a.m. in the Ottley Legislative Hall on St. Thomas to consider a bill relating to the International Banking Center Regulatory Act and a bill reappropriating $2 million of Luis Hospital appropriations for the use of the HVAC project.

### Thursday

The Rules and Judiciary Committee will meet at 9 a.m. in Ottley Legislative Hall on St. Thomas to consider bills that include a bill to increase the Emergency Services Surcharge from $1 to $2; a bill providing for the disposition of proceeds from the rental or sale of housing units acquired in the Limetree Bay Terminals operating agreement to a bill regarding the establishment of credit unions and their oversight; and a bill creating the V.I. Risk-Based Capital for Insurers Act.

### Friday

No meetings.

## Governor's Agenda

### Today

No appearances scheduled.

*Government House did not provide Gov. Kenneth Mapp's agenda.*

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She then traded the cold winters of Ann Arbor for the bright lights of New York City! She was a fellow of General Dentistry at the Columbia University School of Dental and Oral Surgery, for 2 years. It was her exposure there that led her to pursue a specialty degree in Pediatrics. She completed her Pediatric Dentistry Resi-dency at St. Barnabas Hospital- New York Presbyterian Weill Cor-nell, Bronx, New York. Her genuine love of children is evidenced by the arduous tasks she completed, to enable her to treat them ex-clusively. She likes practicing dentistry, but LOVES rendering care to children!

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# Oswald Harris Court raid yields 2 marijuana arrests

By SUZANNE CARLSON
Daily News Staff

ST. THOMAS — A massive operation involving more than a dozen armed local and federal officers — while a helicopter circled overhead — at Oswald Harris Court on Friday evening yielded two marijuana arrests.

Jose Squiabro, 42, and Yasim Ross, 31, both of Oswald Harris Court, were arrested as a result of the operation, according to court documents. Both were charged with possession of marijuana with intent to distribute and released Monday after posting $10,000 bond each. Arraignment for the two men is scheduled for Jan. 5.

Friday's operation shut down the housing community and caused alarm for residents around Estate Thomas, Long Bay and Centerline Road.

More than a dozen armed officers secured the intersection around Building 9 in the housing community as a U.S. Customs and Border Protection helicopter flew overhead. None of the officers would say what they were doing, but they were dressed in tactical gear, some armed with long guns that appeared to be semi-automatic rifles, and officers wore body armor labeled as being from the Drug Enforcement Administration or police.

Probable cause affidavits filed Monday against Squiabro and Ross shed light on the operation, known as "December Reign."

The operation is a joint effort by officers from Homeland Security Investigations, U.S. Customs and Border Patrol, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Agency, the Justice Department, and the V.I. Police Department. It is meant to patrol St. Thomas housing communities, "due to the recent increase in gun violence in those areas," according to the affidavit for Ross.

At 4:45 p.m. Friday, officers approached a group of men around Building 20 and noticed Squiabro drop a partially smoked joint, according to the affidavit.

Officers recovered the joint and 105 bags containing marijuana, according to the affidavit. The affidavit does not note how large the bags were or the total weight of marijuana recovered.

Daily News file photo

A U.S. Customs and Border Protection helicopter circles Estate Thomas on Friday evening as police on the ground secured the intersection around Building 9 at Oswald Harris Court housing community on St. Thomas.

Officers also recovered $1,045 in cash and a Samsung cell phone from Ross, both of which were returned to him, according to the affidavit.

Squiabro's criminal history includes a 1993 arrest for second-degree burglary, which was dismissed in 1997; a 1996 arrest for possession of stolen property, for which he was sentenced to a $500 fine, one year in jail suspended after six months, and two years' probation; and a 2001 arrest for possession of an unlicensed firearm, for which there was "no known disposition" listed in court documents.

Similar to Squiabro's arrest, at about 5:50 p.m. Friday, officers approached Ross and other men near the 1st Stop Gas Station in Estate Thomas, which is located south of Oswald Harris Court. When asked whether he had any illegal substances, Ross said, "yeah I have a little weed in my back pocket," according to the affidavit.

Officers found a total of 2.2 ounces of marijuana packaged in various plastic bags in Ross' possession and arrested him, according to the affidavit.

Ross's criminal history includes a 2003 arrest for third-degree burglary; a June 2009 arrest for delaying and obstructing; a Sept. 2009 arrest for first-degree robbery, possession of a dangerous weapon, and unauthorized use of a vehicle; and he was arrested in January and charged with destruction of government property.

Court documents list "no known disposition" for each of Ross's prior arrests.

*— Contact Suzanne Carlson at 340-714-9122 or email scarlson@dailynews.vi.*

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# Crack dealer arrested in Red Hook

By SUZANNE CARLSON
Daily News Staff

ST. THOMAS — Federal agents arrested a crack cocaine dealer in Red Hook on Saturday as part of an ongoing investigation targeting armed drug trafficking, according to court documents.

Tolomah Foy was arrested and charged with possession of crack cocaine with intent to distribute, according to an affidavit filed Monday by a special agent with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, also known as the ATF.

The arrest came as a result of operation "Total Recall," an ATF initiative on St. Thomas that began in August and is ongoing, according to the affidavit.

"This investigation focuses on the armed drug trafficking fueling violence which has resulted in over 48 homicides to date," according to the affidavit.

Agents focused on armed drug traffickers operating in Red Hook, a commercial bar and restaurant district frequented by a large number of tourists, and have created cases against 10 subjects for federal firearm and narcotics violations so far, according to the affidavit.

On Nov. 11, an undercover agent made a cold contact with Foy, also known as "T," who led the agent behind Tap and Still and sold him approximately 3 grams of crack cocaine, according to the affidavit.

The agent exchanged phone numbers with Foy and called him on Nov. 14 to arrange another transaction outside the Fresh Mart Grocery store.

Foy asked the agent to instead meet him behind Tap and Still, where he sold him approximately 6 grams of crack cocaine for $200, according to the affidavit. On Nov. 17, Foy sold the agent 9 grams of crack cocaine for $600 at the same location.

On Friday, the agent exchanged text messages with Foy and arranged for another transaction, and on Saturday, agents recorded a phone call with Foy in which he agreed to sell approximately $1,500 worth of crack cocaine, according to the affidavit.

The agent met with Foy at approximately 6:15 p.m. Saturday in the rear parking lot of Tap and Still, "consequently the ATF cover teams descended on scene and arrested Foy," according to the affidavit.

Agents retrieved 15 grams of crack cocaine from Foy on Saturday, and seized approximately a total of 32 grams of crack cocaine from Foy during the investigation, according to the affidavit.

*— Contact Suzanne Carlson at 340-714-9122 or email scarlson@dailynews.vi.*

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# Man arrested in Arizona for armed jewelry store robbery

By SUZANNE CARLSON
Daily News Staff

Police have extradited a man from Arizona and charged him in connection with the 2013 armed robbery of Gems and Gold Corner, according to V.I. Police spokeswoman Sakeeda Freeman.

Ron Kuntz, 42, was arrested at 11:55 p.m. Saturday and charged with first-degree robbery, second-degree robbery, grand larceny, first-degree assault, third-degree assault, destruction of property, and aiding and abetting. Bail was set at $150,000.

Kuntz and others were identified as being responsible for the armed robbery in Drake's Passage on Sept. 16, 2013, Freeman said.

The robbery occurred just before 10 a.m. when a man entered the store and pulled a handgun from his waist, police said at the time. The robber told the owner, who was the only person in the store at the time, to get down and then broke out some of the glass cases in the store.

Police did not say what the value of the goods taken was.

Kuntz was apprehended and detained in Tempe, Ariz., after a routine traffic stop, and Arizona police discovered there was an outstanding warrant for Kuntz from the U.S. Virgin Islands, Freeman said.

Kuntz waived extradition and was returned to St. Thomas to face charges, Freeman said.

Freeman said Kuntz lives in Estate Tutu, but the V.I. Police arrest log listed his address as East Baseline Road in Phoenix, Ariz.

Anyone with information about crime in the territory can contact the V.I. Police Department at **340-774-2211**, the Criminal Investigation Bureau at **340-714-9801**, the anonymous tip service Crime Stoppers USVI at **1-800-222-8477**, or **911**.

*— Contact Suzanne Carlson at 340-714-9122 or email scarlson@dailynews.vi.*

## Cruise Ships

**Today, Dec. 13**

| | | |
|---|---|---|
| Norwegian Escape (5,400) | 8 a.m. to 6 p.m. | Havensight |
| Carnival Glory (2,974) | 11 a.m. to 7 p.m. | Havensight |
| Carnival Magic (4,675) | Noon to 8 p.m. | Havensight |
| Harmony of the Seas (6,780) | 11 a.m. to 8 p.m. | Crown Bay |

**Wednesday, Dec. 14**

| | | |
|---|---|---|
| Norwegian Epic (4,100) | 7 a.m. to 2 p.m. | Havensight |
| Norwegian Gem (2,394) | 8 a.m. to 5 p.m. | Havensight |
| Regal Princess (3,560) | 10 a.m. to 10 p.m. | Havensight |
| Grandeur of the Seas (2,446) | 9 a.m. to 6 p.m. | Inner harbor |
| Eclipse (2,582) | 8 a.m. to 5 p.m. | Crown Bay |
| Oasis of the Seas (6,296) | noon to 8 p.m. | Crown Bay |

## Police blotter

The police blotter is the V.I. Territorial Emergency Management Agency's list of calls to 911 Emergency operators and the time they were reported.

### St. Croix

**Charged: Assault**

George Christopher, 62, of Mon Bijou was arrested at 10:30 a.m. Friday and charged with second-degree assault-domestic violence. Police said he choked a woman. No bail was set per the domestic violence statute.

**Charged: Fugitive from justice**

Everick Phillip, 31, of Mount Pleasant was arrested at 6:20 p.m. Sunday and charged with being a fugitive from justice. Police said he was wanted on a warrant out of Orange County, Fla. No bail was set.

• • •

Incidents in the police blotter included:

**Assault —** 10:54 p.m. Sunday, Golden Grove; 3:16 p.m. Monday, Kingshill.

**Destruction of property —** 12:32 a.m. Monday, Salt River; 11:51 a.m. Monday, Strawberry Hill; 12:09 p.m. Monday, Salt River; 6:30 p.m. Monday, La Reine.

**Larceny —** 11:17 a.m. Monday, Mutual Homes; 3:15 p.m. Monday, Richmond.

**Vehicle tampering —** 8:59 a.m. Monday, Hannah's Rest; 12:28 p.m. Monday, La Reine.

### St. Thomas

**Charged: Assault**

Anthony Picot, 31, of Smith Bay was arrested at 2:40 p.m. Saturday and charged with second-degree assault and disturbance of the peace-domestic violence. No bail was set per the domestic violence statute.

**Charged: Assault**

Kimberley Williams, 27, of Bovoni, was arrested at 5:50 a.m. Monday and charged with third-degree assault-domestic violence. No bail was set per the domestic violence statute.

**Charged: Assault**

A 17-year-old boy was arrested at 12:10 p.m. Monday in the area of the Lucinda Millin Home and charged with third-degree assault. He was released to the custody of his parents.

• • •

Incidents in the police blotter included:

**Assault —** 4:32 a.m. Monday, Oswald Harris Court; 4:38 a.m. Monday, Bovoni; 11:50 a.m. Monday, Savan.

**Attempted burglary —** 6:03 p.m. Monday, Mariendal.

**Destruction of property —** 3:56 p.m. Monday, Port Authority.

**Larceny —** 11:42 a.m. Monday, Mahogany Estate.

**Unlawful entry —** 11:34 p.m. Sunday, Anna's Retreat.

**Vehicle tampering —** 11:34 a.m. Monday, Port Authority; 7:37 p.m. Monday, Zone C; 7:52 p.m. Monday, Zone C.

### St. John

Incidents in the police blotter included:

**Larceny —** 12:28 p.m. Monday, Zone D.

**Outside fire —** 11:05 a.m. Monday, Zootenvaal.

**Vehicle fire —** 2 a.m. Monday, Gerder Marsh Road; 2:43 a.m. Monday, Gerder Marsh Road.

## Ivan A. Frazer Muhammed

Ivan A. Frazer Muhammed, also known as BKA Kitchel or Rock City, 80, of St. Thomas, died Tuesday, Dec. 6, 2016, at Schneider Regional Medical Center. He was born Oct. 6, 1936.

Ivan A. Frazer Muhammed

His children and their children; daughter – Denise Frazer; Kneka Dewindt, Rick Lewis and Caprisha Richards; daughter – Cheryl Frazer Jackson; Kevin Jackson Jr. and Chynelle Munnilal; daughter – Elise Frazer; Jaymel Leonard, Jalima Francis, Tiba Francis, Gyasi Francis, Jahmela Maduro, Jamari Maduro and Jarise Maduro; daughter – Rehenia Frazer-Phillip (Akiemba); Rehema (Alika) Jackson, Saitah Aubain, Sencelia Renolds, Quamid (Presidente) Asani and Shaeed Gumbs; daughter – Venise Frazer; daughter – Shenika Muhammed; Jason And Jahni Pemberton; son – Tyrone Frazer; Bajani Frazer, Taj Mahal Frazer, Tamar Frazer, Sohi Frazer, Jahti Frazer, Iibea Frazer; son – Keith Frazer; Jarell Frazer; son – Albert Frazer; son – Ivan Frazer Jr.; his siblings/sister – Rehenia Joshua and Blanche Frazer; and brother – Victor Frazer.

Relatives and friends are respectfully invited to attend the viewing at Christ Church Methodist on Friday, Dec. 16, 2016, at 9 a.m., followed by the service at 10 a.m. Interment is at Western Cemetery No. 3.

Arrangements are under the care of Hurley Funeral Home and Cremation Center of St. Thomas, St. John, St. Croix, and Tortola.

For directions and online condolences, please visit us at www.hurleydavis.com.

## Diana S. Richardson

Services will be held Saturday for Diana S. Richardson, 38, of St. Thomas, who died Saturday, Nov. 26, 2016, at Schneider Hospital.

The first viewing will be from 5 to 7 p.m. Friday at the Celestial Chapel of Hurley Funeral Home.

Diana S. Richardson

The second viewing will be from 9 to 10 a.m. Saturday at Church of God of Prophecy in Estate Hoffman. The service will follow at 10 a.m.

Interment will be in Western Cemetery No. 2.

She is survived by her mother, Sonia Richardson; father, Romeo Richardson; siblings, Romeo, Nancy, Sharon, Louise, Karen and Lydia; nephews and nieces, Ly'Dale, Jayziah, Kerrisa, Mokesha, Aaliyah and Kayla; great aunts, Isalene Clomel Shelford, Irene and Frances Hughes, Rita Joseph and Olivia Rievere; aunts, Verna Rollins, Claudette Prince, Janetta Gumbs, Juliette, Era, Christibell and Violet Imogen Richardson; great-uncle, Melvyn Shelford; uncles, Egbert Hood, Aubrey, David and Elroy Prince, David, Wycliffe, McIntosh, Elkin and Sanford Richardson; cousins, Albert, Yves, Egbert Jr. and Tisha Hood, Kim Rollins, Patrick and Patricia Farrel, Toya Rollins, Latrema Simon, Jermaine, Aubrey Jr., David Jr. and Lanna Prince, Diana Williams, Janice, Jewel, and Joslyn Gumbs, Joanna Haley, Nigel, Davida, Daniella, David, Radoykah, Radimiroh, Radiquah, Rohan, Jan, Devaunie, Daeja, Moyagaye, Udlyn, Simone, Leonardo, Ashael, Elson, Elvin, Saniqua and Casey Richardson; the Shelford, Rollins, Nibbs, Maduro and Smith families; and many other extended family and friends too numerous to mention.

Arrangements are by Hurley Funeral Home and Cremation Center of St. Thomas, St. John, St. Croix, and Tortola.

For online condolences visit www.hurleydavisfuneralhome.com.

## Germain Petersen

Services will be held Thursday for Germain Petersen, who died on December 6, 2016, at her residence. She was 61.

The viewing will be from 8 to 9 a.m. in the Celestial Chapel at Hurley Funeral Home.

Germain Petersen

The funeral Mass will follow at 10 a.m. at Our Lady of Perpetual Help.

She will be cremated.

She is survived by her husband, Donald Petersen; children, Donald, David and Gina Petersen; daughter-in law, Dawn Petersen; grandchildren, Delano and Destini; brothers, Edward, Edmund and Edville Bryan; sisters, Jeanette Querrard, Joycelyn Harris and June Aubain; sister-in-law, Eleanor Chote; brothers-in-law, Daniel Petersen, Eddie Aubain and Alpha Harris; special family friends, Camille DeCosta and Gilbert Laban Jr.; and many more family and friends

Arrangements are by Hurley Funeral Home and Cremation Center of St. Thomas and St. John. For online condolences visit www.hurleydavisfuneralhome.com.

## Catherine Ann Elizabeth Felix

Services will be held Monday for Catherine Ann Elizabeth Felix, 93, who died on Dec. 5, 2016, at her residence.

The first viewing will be from 3 to 5 p.m. Sunday at Hurley Funeral Home.

The second viewing will be from 9 to 10 a.m. Monday at Saint Andrews Episcopal Church followed by the funeral service at 10 a.m.

Catherine Ann Elizabeth Felix

Interment will be in Eastern Cemetery.

She is survived by her brother, William Fergus; sisters, Grace Duberry, Catherine Lizzie White, and Mary Allen; children, Noelise Noel, Glendor Christine Fagan, Catherine Matthew, Emeline Clauretta Felix, Nilda Hector, Elsie Weeks, Joseph Fergus and Winsley Felix Sr.; sons-in-Law, Patrick Hector and Thomas Noel; Grandchildren, Bernard and Robert Attidore; Derrick, Jadine, and Carolyn Allen, Jacqueline and Alicia Fagan; Neuvena Cuffy and Tashina Rogers; Tamika De La Cruz, Kyle and Nathan Felix; Wakima, Yakim, and George Baptiste III, Phillip, Kristal and Keanna Hector; Damali, Shanika, and Kareem Smith, and Geneiva Weeks; Joe-Ann, Joseph Jr., J Daly, Ja'Den Fergus; Carl and Winsley Felix, Jr.; and many more great grandchildren, relatives and friends.

Arrangements are by Hurley Funeral Home and Cremation Center of St. Thomas, St. John, St. Croix and Tortola.

For directions and online condolences visit www.hurleydavisfuneralhome.com.

# Prosecutors: white powder letters contained hoodoo curse

By SUZANNE CARLSON
Daily News Staff

A woman facing federal criminal charges for mailing letters containing white powder was attempting to place a hoodoo curse on her enemies, according to court documents filed by prosecutors in the case.

Eugenia Winston, who is facing 32 counts of mailing threatening communications, placed "hotfoot" powder into envelopes containing subpoenas that she mailed to witnesses set to testify against her in a civil lawsuit against her former employer, Scotiabank, according to court documents.

Hoodoo, also known as "rootwork," is a traditional African American folk spirituality that developed from a number of West African spiritual traditions and beliefs.

The detail came in prosecutors' opposition to Winston's motion to suppress all of her statements to authorities, which was filed Monday.

Winston has been free on unsecured bond since Sept. 1, and her civil lawsuit against Scotiabank alleging employment discrimination and harassment has been placed on hold until the criminal case against her is resolved.

At a detention hearing on Sept. 1, Federal prosecutor Chris Fisanick said Winston's actions were a clear threat intended to terrorize the recipients of the letters, and made reference to the 2001 anthrax attacks.

Postal Inspector Eric Oram said at the hearing that the substance was determined to be nontoxic and was likely baby powder, cornstarch, or a similar substance.

Winston's attorney, Assistant Federal Public Defender Gabriel Villegas, argued that Winston is the victim of an unfortunate misunderstanding, and she accidentally spilled body powder over and into the envelopes.

However, Monday's filing by federal prosecutors paints a slightly different picture of Winston's actions.

**Hoodoo, also known as "rootwork," is a traditional African American folk spirituality that developed from a number of West African spiritual traditions and beliefs.**

"Winston mailed over 30 envelopes that contained 'hotfoot' powder and subpoenas to various individuals in the Virgin Islands. Hotfoot powder is a hoodoo curse designed to prevent witnesses from appearing in court to testify," according to the filing.

"Hotfoot" powder is a hoodoo practice of mixing various ingredients — often some combination of cayenne pepper, Sulphur, copper sulphate, cornstarch and other elements — which is believed to drive away enemies. Commercial versions of the powder also are available for sale online.

Recipients of Winston's letters were mainly witnesses who might testify against Winston in her lawsuit against Scotiabank, and also included U.S. Magistrate Judge Ruth Miller, the legal counsel for Scotiabank and Winston's former counsel in her suit against Scotiabank, according to prosecutors.

Because the envelopes had a return address of the U.S. Courthouse on St. Thomas, "despite the fact that Winston was serving these subpoenas herself," some of the envelopes that could not be delivered were returned to the courthouse and opened by staff there, according to prosecutors.

"Believing the powder to be anthrax or some other deadly biological toxin, the United States Courthouse was evacuated and closed; the employees in the courthouse who were exposed to the powder were quarantined for hours," according to the filing.

The incident caused significant disruption at the courthouse and at the private law office of attorney Bennett Chan near the West Indian Co. cruise ship dock.

"The purpose of lacing these envelopes with hotfoot powder was to instill fear and intimidation in the witnesses to prevent their testifying against Winston," according to prosecutors' filing.

The filing does not indicate how authorities determined the substance in the envelopes was hotfoot powder or what ingredients were in the powder.

Winston admitted to FBI investigators shortly after the envelopes were received that she was the sender. But Villegas has filed a motion to suppress all of her statements to law enforcement, saying she was not properly advised of her right to avoid self-incrimination.

But prosecutors shot back in Monday's filing, saying there is no evidence in a video-recorded interview with Winston that authorities did not properly advise her of her rights or attempt to intimidate her to give a statement in any way.

Villegas wrote in his motion that "the videotaped interview speaks for itself."

However, prosecutors wrote that "the most cursory view of Winston's video recorded interview with law enforcement agents establishes beyond cavil that Winston was never coerced, was properly and repeatedly advised of her rights, and consciously waived those rights," according to Monday's filing. "The first thirty seconds of the interview wholly defeats Winston's meritless motion."

Winston is scheduled to go to trial on Jan. 11 before U.S. District Judge Juan Sanchez.

*— Contact Suzanne Carlson at 340-714-9122 or email scarlson@dailynews.vi.*


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Ferry Schedule

Tortola

| Departs Red Hook / St. John | Day | West End, Tortola |
|---|---|---|
| 7:15 a.m. / Non-Stop | Mon - Sun | 8:00 a.m. |
| 8:00 a.m. / 8:30 a.m. | Mon - Sun | 9:15 a.m. |
| 11:00 a.m. / 11:30 a.m. | Mon - Sun | 12:15 p.m. |
| 3:00 p.m. / 3:30 p.m. | Mon - Thurs, Sat | 4:15 p.m. |
| 4:00 p.m. / 4:30 p.m. | Sun | 5:15 p.m. |
| 4:30 p.m. / Non-Stop | Mon - Sun | ——— |
| 4:30 p.m. / 5:00 p.m. | Fri | 5:30 p.m. |

Virgin Gorda

Thursdays & Sundays

| Departs Red Hook, St. Thomas | Departs St. John | Departs Virgin Gorda |
|---|---|---|
| 8:00 a.m. | 8:30 a.m. | 3:00 p.m. |

Anegada

1st Sunday of Month (by reservation only)

| Departs Red Book, St. Thomas | Departs St. John | Departs Anegada |
|---|---|---|
| 7:30 a.m. | 8:00 a.m. | 4:00 p.m. |

Jost Van Dyke

| Departs Red Hook, St. Thomas | Departs St. John | Departs Jost Van Dyke |
|---|---|---|
| 8:00 a.m. (Fri & Sun) | 8:30 am. (Fri & Sun) | 9:15 a.m. (Fri & Sun) |
| 2:00 p.m. (Fri) | 2:20 p.m. (Fri) | 3:00 p.m. (Fri) |
| 4:00 p.m. (Sun) | 4:30 p.m. (Sun) | 5:30 p.m. (Sun) |

Mon - Wed & Sat

| | | |
|---|---|---|
| 8:00 a.m. | 8:30 a.m. | 9:15 a.m. |
| 3:00 p.m. | 3:30 p.m. | 4:00 p.m. |

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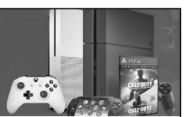

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CENTENNIAL SCENE

# Archaeology in the Virgin Islands

The Cuban Scientific Expedition to the Virgin Islands in 1951 was documented by archaeologists Oswaldo I. Morales Patiño, above, and Fernando Royo Guardia, and subsequently translated and annotated many years later for the Virgin Islands Archaeological Society in its Journal number 5 (1978) by Alfredo E. Figueredo. Morales Patiño was president of the National Board of Archaeology and Ethnology within the Ministry of Culture and Education from 1951-1955. During that same period, Royo Guardia served first as secretary and then treasurer. The visiting Cuban scientists were part of a commission formed, among other objectives, to study and identify possible routes through which prehistoric cultures may have reached Cuba, to seek evidence of the presence of common Cuban influences in Jamaica, Puerto Rico and the Virgin Islands, and to ascertain the spread of Carib influence and identify the culture found by Columbus on St. Croix. Welcomed in the Virgin Islands by Gov. Morris de Castro, they visited and examined four sites. On St. Thomas, they judged the Magens Bay site to be Arawakan culture with a few Igneri specimens. Administrator Harry E. Taylor accompanied the visitors on St. Croix, where they viewed three more sites: Christiansted environs where they examined and collected a number of rimsherds and shell samples; the Salt River midden, with its French fort earthworks foundation, where they were able to excavate pottery, stone, shell and shell bead specimens; and Estate Richmond, where they viewed artifacts, including some Igneri pottery, obtained by the owners from Salt River and from an Indian site on the estate. According to Figueredo, the "importance of this work (by the Cubans) is not due solely to its reports of archaeological remains, however; it is also a historical document, offering us interesting information on the state of affairs, beliefs, and personalities of its time. The Cubans came during one of our minor dark ages — when archaeological work had come to a near standstill, and the history and historiography of the (Virgin Islands) ... were in abject abandon."

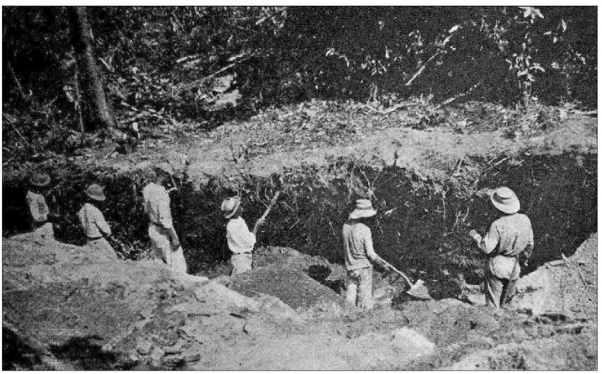

Virgin Islands laborers excavate pre-historic deposits at Magens Bay, St. Thomas.

Photo courtesy of THE VIRGIN ISLANDS, OUR NEW POSSESSIONS

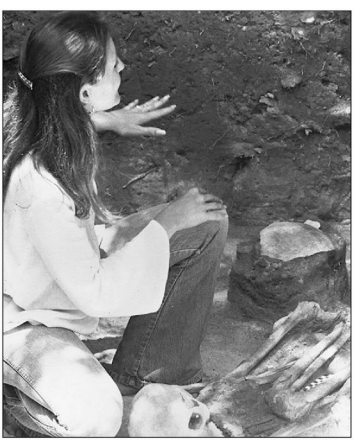

Katheryne Brooks Kay-Willock, archaeologist with the Conservation and Cultural Affairs Department, studies the remains of what is believed to be 1,000-year-old skeleton located at Hull Bay beach in 1974 in St. Thomas, at a proposed condominium project.

The "ribbon-sealed" bottle, a P.F. Heering Company "Heering's Cherry Cordial" bottle produced in the period 1835-1850, was recovered from the harbor in St. Thomas, where many such items have been discarded over the centuries. The Schenectady (New York) Gazette of Jan. 7, 1981, reported an upcoming lecture presentation to the National Bottle Museum Society in Ballston Spa, N.Y., on the "Buried Treasures of St. Thomas." The newspaper reported that lecturer Gary T. Stephenson "recently returned from the Virgin Islands where he provided consulting services to an individual who has unearthed over 3,000 bottles from an old community dump. The collection dates back to 1700. 'I have never seen so many bottles come out of one dig,' said Stephenson, vice president of the museum society. Bottles in the collection come from Paris, London, Martinique, Canada, Germany and the U.S.A. They graphically illustrate the history of St. Thomas, showing evidence of worldwide trade and commerce. The St. Thomas collection is considered to be the fifth largest collection in the U.S."

Photo courtesy of VAGN PETERSEN'S DANISH BOTTLES

# CENTENNIAL SCENE

Fort Salé (formerly Fort Flamand) at the entrance to Salt River in St. Croix is the oldest intact colonial earthwork fort under United States authority. It is also believed to be the only extant earthwork fort in the entire Caribbean. Begun circa 1640 by the English, it was occupied in turn by the Dutch, then the French. The fortifications lie directly adjacent to the Columbus landing site and an ancient Taino ceremonial ball court and plaza. All these features are part of the National Park System's Salt River Bay National Historic Park and Ecological Preserve, co-owned by and managed under an agreement with the government of the Virgin Islands.

The Daily News of May 13, 1938, reported the 1934 discovery by Alvarez Julien of skeletal remains and pottery sherds on Water Island. Based upon the direct association of shells, stone implements and pottery in the area, Julien suspected the remains to be Carib Indian in origin. In 1936 he brought news of his find to the attention of J.C. Trevor, who was conducting field work on the Negroes of the Eastern Caribbean under his fellowship in anthropology at Northwestern University. The skeletal remains had been re-interred and while all could not be relocated, those that could were donated by Julien to Oxford University for further identification and study. Provisionally they were classified as pre-Columbian with further characteristics to be defined and confirmed. The images above and others appeared in the article "Skeletal Remains from the Virgin Islands" in the April 1938 issue of "Man, A Monthly Record of Anthropological Science," published by the Royal Anthropological Institute of Great Britain and Ireland (Vol. XXXVIII, 47-65). According to The Daily News, Virgin Islands "Governor Lawrence Cramer gave permission for the material to be excavated and sent to England."

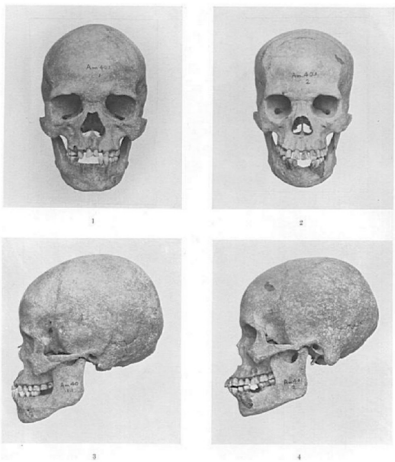


TWO SKULLS FROM THE VIRGIN ISLANDS.

1–3 male : 2–4 female : about one-third natural size.

An old scale found on St. John and donated to Cruz Bay Museum on July 8, 1974, by Russel Dennem.

Photo courtesy of ARCHAEOLOGICAL RECONNAISSANCE OF THE ISLAND OF ST. JOHN, UNITED STATES VIRGIN ISLANDS, PLATE VII

Petroglyphs at Congo Cay, north of Cruz Bay off St. John.

**About the Images:** Images provided by the Territorial Archives of the Government of the Virgin Islands, a unit of the Division of Libraries, Archives and Museums of the Department of Planning and Natural Resources. Additional images sourced as otherwise noted. For more information on the holdings of the Territorial Archives, contact Territorial Archivist Susan Lugo at **340-774-0630**, or email susan.lugo@dpnr.vi.gov.

The Virgin Islands
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# What's the speed limit on Magens Bay Road? Is it how fast you can run?

**Lori Emery**

What do the new Magen Bay signs mean?

Public Works installed four of these signs on Magens Bay Road in November in response to the speeding problem.

According to the Merriam-Webster dictionary the abbreviation of miles per hour is "mph" and there should be a number in front of mph designating the speed. On these signs, the number is omitted, so drivers have no idea what the speed limit is.

St. Thomas is an international destination, and we have contemporary street signs that use symbols for walkers, joggers, bicycles etc. I know we can do better in the signage department on Magens Bay Road.

*— Lori Emery, St. Thomas*

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The Daily News is always interested in publishing local views on topics of general interest, and we especially welcome commentary on issues affecting the Virgin Islands and its people, culture, businesses and government.

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The Daily News' opinions are expressed only in its editorials. The opinions expressed in columns, letters, cartoons and guest editorials are those of the particular author or artist.

# Where will Trump venture for his first state visit?

**Markos Kounalakis**

Barbara Streisand and Lena Dunham may be some of the higher profile Trumpfugees leaving the country and heading to Justin Trudeau's Canada. What is less certain is if a President Donald Trump will make Ottawa his first foreign port of call — a long-standing presidential and foreign policy tradition.

Post-election, Trudeau quickly called to congratulate PEOTUS Trump on his victory and the Canadian tweeted, "(W)e agreed to meet soon to keep building the Canada-US relationship."

Trump may want to use the high-visibility first trip to do something other than affirm tradition and reflect the importance and strength of U.S.-Canadian ties. He may want to make a grand strategy statement, letting the world know that he is going to shake-up the global status quo.

Calls to Taiwan, support for the Philippines President Rodrigo Duterte and meeting with Japan's Shinzo Abe have already shaken up the foreign policy establishment's rules for protocol, as well as approaches to human rights and global power relations. All this well-before Trump has even been sworn-in.

Once in office, Ronald Reagan began the tradition of new U.S. presidents making Canada the first foreign presidential visit. George W. Bush notably broke from this tradition, making his first stop Mexico, a country he knew well. He also hoped his trip and Cinco de Mayo parties on the White House lawn would attract Latino voters to the Republican Party.

Trump has already been to Mexico, met with President Pena Nieto, gotten a great presidential photo-op and made his talking points. It is unlikely he will be heading south of the border first.

Making a splash abroad will likely require a large rally — similar or bigger than candidate Barack Obama's visit to Berlin in the summer of 2008 — and may be chosen based on the right mix of pomp, circumstance, strategy and significance.

If two big border nations are knocked out of the running for the primary reception of America's new head of state, where might he go first?

There are any number of early supporters in other countries who could be rewarded and elevated by a presidential visit. The scramble to send invitations to Trump Tower has already begun.

U.K. Prime Minister Theresa May is considering an invitation on behalf of Queen Elizabeth II. Trump's friendship with and preference for Brexit leader Nigel Farage as Britain's next diplomatic envoy will require Trump to balance Buckingham Palace pageantry, the "special relationship," Brexit forces and a potentially restive urban populace before deciding to touch down in London Town.

Numerous foreign leaders supported Trump's candidacy early on, mostly opposition politicians. A few, however, are running countries. They include Hungary's Viktor Orban, North Korea's Kim Jong Un, Zimbabwe's Robert Mugabe and, of course, Russia's Vladimir Putin. Rewarding them with an American inaugural visit would be revolutionary and could set in motion dramatic changes in how America's global relations, alliances and power balancing is perceived and conducted.

Big, bold, groundbreaking unprecedented moves were the hallmark of Trump's campaign: Is there a reason to believe he would take a different approach to governing? Trump's brand of politics is proudly unconventional — from his brand management business to his Fifth Avenue transition tower to his tweet-centric campaign.

Where will he go? Japan, Russia, China, Italy, Germany, France — maybe even India, Australia or Argentina? Tipping favor toward any of the G8 member countries other than Canada for a "first visit" would create both new foreign policy opportunities and challenges.

To avoid granting any nation the favor of a first foray, however, he may decide never to leave the country at all, requiring all foreign leaders visit him at Trump Tower, Mar-a-Lago, the Trump National Golf Club Bedminster … or maybe even the White House.

*— Markos Kounalakis is a senior fellow at Central European University and visiting fellow at the Hoover Institution. Contact him at markos@stanford.edu*

# Employers should not impose religious views on employees

**Richard Carroll**

In my opinion, Philadelphia Archbishop Charles Chaput is wrong in his view that religious liberty in the United States is under attack (Philadelphia Inquirer and Philly.com, Dec. 8, 2016).

Religious institutions are free to believe and preach whatever they want. I think that what they are not free to do is impose those beliefs on their employees.

For example, a Catholic-affiliated organization may believe that contraception is immoral, but I don't think that organization should be allowed to block its female employees, who may or may not be Catholic, from access to contraception through its medical insurance plans.

I worked for a Catholic organization (the Knights of Columbus) for 30 years. Its 600 employees — most of whom were non-Catholic women — had access to contraceptive coverage through the employer-provided health plan.

Freedom of religion means freedom not to have your employer's religious views imposed on you.

*— Richard Carroll, a part-time St. Thomas resident, is the former Associate General Counsel of the Knights of Columbus*

# Island Life

## Lighted Boat Parade

Boats festooned for Christmas wow spectators during the Lighted Boat Parade on Saturday along the Christiansted boardwalk on St. Croix. Above, the crew on Time Out waves to the crowd. Left, Santa makes an appearance. Top left, Live the Dash delivers a message of peace.
Winning entries were: Sail Boats, first place, Time Out; Power Catamarans, first place, Adventure, second place, Gemini/Century; Power Boats Under 25 Feet, first place, Saorise, second, Checkmate; Power Boats 26-32 Feet, first place, Firefly; Power Boats 33-39 Feet, first place, Benita, second place, Golden Eagle; Power Boats 40 Feet, first place, Irie Feelin, second place, Milemark/Rotary; Power Boats 41+ Feet, first place, Reliance (SCUBA), second place, Renewed Interest; Best Lights, a tie between Living the Dream and the U.S. Coast Guard; Best Decorations, La Vie En Rose; Best Animation, Cat Chi; Best Music, Turn & Burn; Best Creativity, Live the Dash; and Best Boat Overall, Heineken Barge.

Daily News photos by ROB JONES

### Send us your Island Life news, events and photos

The Daily News is expanding its Island Life section.

Do you have an event, a celebration, or a milestone, including a birth, graduation, wedding, retirement, award, honor or military accomplishment you'd like to share?

Maybe you have a photo from around our islands you think our readers would like to see, whether it's a beautiful sunset, a big catch or people just having fun in the sun.

Help us celebrate our community by sending us your contributions to island-life@dailynews.vi.

The possibilities are endless.

## Tribute to a V.I. leader

The community paid tribute to the late Mulo Alwani on Friday with a memorial service gathering at the Mark C. Marin Center at Antilles School on St. Thomas. Alwani, the president of the India Association of the Virgin Islands and a longtime community leader, died on Nov. 19 in Miami after a bout with cancer. He was 79.

Alwani, the former owner of Artistic Jewelers in Charlotte Amalie, had served on the Schneider Medical Center governing board and was a leader in the Rotary and the Masonic Lodge. He was remembered as the "godfather of the Indian community" as well as a friend and a mentor to many.

Ulla F. Muller students attend a pep rally to roll out the school's Positive Behavior Support and Interventions initiative on Nov. 30 on St. Thomas.

# Ulla F. Muller students pledge good behavior

Ulla F. Muller Elementary School rolled out its Panther PRIDE Positive Behavior Support and Interventions (PBIS) initiative at a pep rally at the school on Nov. 30. The fun, high-energy event laid the groundwork to teach students the behaviors that make up a positive school environment.

Administrators taught the students the core values of the school through PRIDE: P — positive behaviors, R – respect, I – individual responsibility, D – determination and E – excellence. Students held signs depicting the values while Muller cheerleaders and the Boys & Girls Club performed to rally around the cause.

St. Thomas-St. John PBIS district coach Darian Torrice-Hairston, who is assigned to Ulla F. Muller Elementary, praised the event. "As the PBIS district coach for Ulla F. Muller Elementary School, I have certainly caught the Panther PRIDE! It was evident that the administration, staff and students exhibited their Positive Behavior, Respect, Individual Responsibility, Determination and Excellence. PBIS and its strategies are a priority at Muller and they are working hard to implement the program as it fits their school," she said

Following the rally, teachers will continue to instill the Panther PRIDE principles in students on a daily basis as well as demonstrate what Panther PRIDE looks in each area of the school. School staff will integrate the Panther PRIDE language into daily routines to encourage students to strive for excellence.

The PBIS initiative is rooted in evidence-based practices meant to increase behavioral and academic outcomes by improving school climate, preventing problematic behavior, increasing learning time and promoting positive social skills. Up to five members from each school were selected to attend training facilitated by PBIS coaches from the state and district. School representatives were tasked with producing positive behavior values unique to their institutions and introduce them to teachers and students. The goal of the PBIS initiative is to focus on what the students do right, rather than on what they do wrong to help encourage the repetition of good behavior.

As Muller Elementary continues to support its students through PBIS, additional phases of the initiative will be introduced, such as a positive reward system as well as ceremonies to celebrate student and staff success. With the help of the district coach, Muller's in-house PBIS task force will guide the PBIS initiative to support the school.

Central High School students that participated in this year's "Close Up Washington" trip to Washington, D.C., include Ethaliah Henry, Jenna Malcomb, Nathan McGregor, Destiny Stout, Martisha Charles, Pellis Leonard, Franchel Rodriguez, Jayla Norman, Khaiel James and N'Quelle Golden. History teacher Ericka Hansen is the Close Up adviser.

# Students get 'close up' with democracy

Students enrolled in the St. Croix Central High School Close Up organization recently returned from the nation's capital where they attended the Close Up Washington flagship program. The group of 11 traveled Nov. 13-19 and joined with other Close Up high school chapters from across the country to learn about the American democratic process.

Central High School history teacher and Close Up advisor Ericka Hansen took 10 students on the annual trip, which gives high school students and educators an inside look at their democracy in action. Using the nation's capital as their living classroom, program participants get a "close up" view of government processes and places that make the district unique and functional.

Students visited the Washington Monument, Martin Luther King Memorial, the Smithsonian, U.S. Capitol, Arlington National Cemetery, the White House and more. Students also participated in political discussions and met with members of Congress. The program provided social activities for the students in the evening.

Founded in 1971, the Close Up organization has provided more than 825,000 students with educational tours about government and the political processes.

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# Club gets facelift

Crowley Caribbean Services went to the Oswald Harris Court neighborhood on St. Thomas recently on behalf of the Crowley Cares Foundation and spent time sprucing up the Boys and Girls Club. Crowley personnel from St. Thomas, St. Croix, and the states helped to clean up and paint the facility and donated furniture for the children to use for their arts and craft programs. The Crowley Cares Foundation allows employees to make monthly contributions, which the company matches, to nonprofit groups in the communities Crowley serves as a cargo carrier. Crowley also delivered a check to help the club purchase a laptop computer. In addition to the contributions, employees donate their time to community groups like the Boys and Girls Club.

# Magazine reprint celebrates centennial

To celebrate the centennial of the transfer of government from Denmark to the U.S., the St. Thomas-St. John Friends of Denmark Society announces the facsimile publication of a commemorative magazine printed by the society in 1967. The title is "50 Years: St. Thomas Friends of Denmark Society."

The chairperson of the magazine committee was Eldra L.M. Shulterbrandt. Articles by Omar Brown, Fred Gjessing, Bill LaMotta, Francesca Greve, Gertrude Dudley, Rabbi Sasso and Enid Baa are featured in the magazine. Eldra Schulterbrandt wrote "Quo Vadis" and Gov. Ralph Paiewonsky's stirring "What is Virgin Islander," is printed in full. The editor was Carlos Dowling, with design and layout by Ira Smith. Even the advertisements provide a peek at the islands' past.

The restoration of the initial magazine, including the mixed coloring of the pages, was made possible through digitalization by Bill and Frannie Newbold of Island Business Graphics. It's an accurate reproduction of the original.

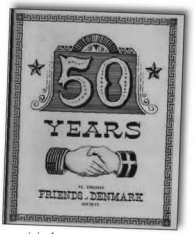


The magazines are $25 and are available at the V.I. Children's Museum, Frenchtown Museum and My Brother's Workshop Bakery on Back Street downtown and in Red Hook at Chelsea Drug Store and Sandra's Secretarial Service — Lock and Blade. Additional sites will be announced. Members of the society will also have copies to sell.

# Students' cultural calendar also marks V.I. centennial

The students of the St. Croix Educational Complex are working on a collaborative project to celebrate the upcoming centennial anniversary of the U.S. Virgin Islands.

Called the Virgin Islands Cultural Contributors Calendar Creation and Theatrical Performance, the project consists of a 12-month calendar featuring 12 V.I. cultural contributors, accompanied by live interviews.

Visual arts, drama and speech teachers Danica David and Sayeeda Carter are the directors of the project and are using students from their classes and the school's Art Club to bring the vision to life.

Art Club students will use photographs of selected participants to create mixed media portraits for the calendar. Simultaneously, Carter's drama and speech students will conduct interviews with the participants that will be used to create brief write-ups to go along with the graphics.

The cultural contributors were selected based on being natives of the Virgin Islands or residents for at least 15 years and also active contributors to the development of Virgin Islands' culture through fine arts, education, literature, and history.

The students will formally present the finished project at a reception that will feature an art exhibition and theatrical performances embracing V.I. culture and honoring the contributors. The event will take place at St. Croix Educational Complex in January. Calendars are available at the school in December for $12 each.

The Virgin Islands Cultural Contributors 2017 calendar is available at St. Croix Educational Complex for $12.

The educator duo, David and Carter, developed the project so Virgin Islands students could learn about the individuals in their community that aid in the advancement of local culture. The calendar is expected to be produced annually.

The project is sponsored by Rotary Club of St. Croix, Mid Isle and the Community Foundation of the Virgin Islands.

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# Holiday Happenings

## St. Croix

**Arthur A. Richards Jr. High School Music Department** presents **Christmas Concert 2016** at 6:30 p.m. Wednesday in the school's auditorium, featuring the Concert Band, Choir, Steel Band and cheerleaders. The Youth Band Dance Ensemble of St. Patrick's School will make a special guest appearance.

•••

**John H. Woodson Junior High School** invites parents, guardians, and the St. Croix community to its **2016 Christmas Concert**, featuring the Concert Band and the Touch of Love Chorale in the school's auditorium on Thursday at 7 p.m. The December PTA meeting will precede the concert at 5:30 p.m.

•••

The second annual **Holiday Fest** will take place on Friday from 3 p.m. to midnight at Buddhoe Park, bandstand and Strand Street in Frederiksted. Come shop and make it a picture-perfect day with Santa Claus. Vendors are welcome. Contact **340-778-1012**, ext. **6200** or **6206** for more information.

•••

The **Tourism Department,** in collaboration with the **Frederiksted Economic Development Association**, presents a **Community Holiday Giveback with Sunset Jazz** at Buddhoe Park on Friday from 5 to 8 p.m. For more information, go to visitusvi.com.

## St. Thomas

**Pistarckle Theater** presents **"The Nutcracker"** at 7 p.m. Friday and Saturday and at 2 p.m. on Sunday. For tickets visit www.pistarckletheater.com or call **340-775-7877**.

•••

**Miracle on Main Street** celebrates its 24th year on Friday in downtown Charlotte Amalie, featuring musicians, culinary delights and shopping. For more information, or to become a sponsor, contact the St. Thomas-St. John Chamber of Commerce at **340-776-0100** or email chamber.vi@gmail.com.

•••

**Sea View Nursing Home** will host its annual **Christmas Gala** on Dec. 22 at the facility on St. Thomas. Cocktails begin at 6 p.m. and presentations will follow at 6:30 p.m. For more information, please contact Simone Edwards at **340-777-3303**.

# Briefs

### Torah scribe at synagogue

The Hebrew Congregation of St. Thomas welcomes Sofer Rabbi Druin from 5 to 7 p.m. this evening. Druin is in St. Thomas to help the synagogue maintain its historic Torahs and invites you to come learn and ask about the work of the Torah scribe, a 300-year-old craft. For information email info@synagogue.vi or call **340-774-4312.**

### AARP meets on Saturday

AARP St. Thomas Chapter 3138 has rescheduled its regular meeting from Dec. 24 to Saturday at 1:30 p.m. in the sun room at Schneider Hospital. The newly elected executive officers and board members will be installed.

### Beer & Bacon Bacchanal

Worldwide West and Island Vibes Summer Camp invite you to a Beer & Bacon Bacchanal at The Shops at Yacht Haven Grande pool on Saturday from noon to 6 p.m. For more information on how to participate, volunteer or become a sponsor, call **340-626-3729**, visit www.facebook.com/USVIcamp or email islandvibessummercamp@gmail.com.

The St. John Singers will perform two holiday concerts with guest soprano Laura Strickling on Dec. 21 at Nazareth Lutheran Church in Cruz Bay and on Dec. 23 at Emmaus Moravian Church in Coral Bay.

# St. John Singers welcome guest soprano for holiday concerts

The St. John Singers are celebrating their 35th anniversary with a special guest at two holiday concerts during the week preceding Christmas.

Soprano Laura Strickling, who has a home on St. Thomas, will be performing with the choir at their annual concerts in Cruz Bay and Coral Bay on St. John.

Strickling has been described as possessing "a flexible voice, crystalline diction, and warm presence" by a reviewer in the New York Times. She has received numerous awards for her performances of opera, classical and contemporary music.

"We were very lucky to get her," said Janice Ballard, who has directed the St. John Singers for the last five years. "She was on St. Thomas and had only a four-day window between other engagements to sing with us."

The singers' selections will include carols from around the world, and in keeping with the tradition, the audience will be invited to sing along with the choir on a medley of holiday songs.

This year the choir will be accompanied on piano by Arboris de Jesus, a talented young musician who was born in Puerto Rico and raised on St. Thomas. She now studies music at Lawrence University.

The St. John Singers concerts will be held on Dec. 21 at Nazareth Lutheran Church in Cruz Bay, and on Dec. 23 at Emmaus Moravian Church in Coral Bay. Both concerts will begin at 7:30 p.m. Tickets, which are available at the door, are $20. Children are admitted for free.

Ravens-Patriots in AFC showdown Page 34 | Alabama, Ohio State lead All-America team Page 33

The Virgin Islands Daily News
Sports
Tuesday, December 13, 2016

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# STX Educational Complex takes win over P.R.'s Juncos Broncos

By DAVID EDOLE
Special to the Daily News

ST. CROIX — The St. Croix Educational Complex High School's tackle football exacted some revenge for the Virgin Islands, roughing up Puerto Rico's Juncos Broncos, 20-8, on Saturday night.

Scott Cofiell

The Barracudas, behind the duo of Vernon Clarke and Cristian Perez, ran out to a 14-0 halftime lead.

Clarke, Complex's quarterback, called his own number in scoring on an 18-yard run. He then handed off to Perez, the Barricudas' tailback, who scampered for a 12-yard score.

The extra points were good by Roland Richards both rushing, but were awarded one point each.

"We didn't know that the National Federation of High Schools changed the rules on extra points," said Educational Complex head coach Scott Cofiell. "The new rule is one point for a rushing and two for passing."

Complex poured it on in the second half when defensive end Antonio

See **BARRICUDAS,** page 35

Photo courtesy SCOTT COFIELL

St. Croix Educational Complex High School quarterback Vernon Clarke, center, hands off to tailback Cristian Perez during Saturday's game against the Juncos Broncos at Pista Atletica Municipal de Juncos in Puerto Rico. The Barricudas went on to take a 20-8 victory over the Broncos.

# V.I. swimmers take gold at P.R. Nationals

By BILL KISER
Daily News Sports Editor

Swimmers from two Virgin Islands swim teams brought home a combined 49 medals from the Puerto Rico Short Course National Championships, held Dec. 2-4 at the San Juan Natatorium.

Webster Bozzo

The St. Thomas Swim Association (STSA) team finished eighth overall in the combined team scoring, while the St. Croix Dolphins (SCD) came in 12th. Puerto Rico's Bayamon Swimming Team won the overall team title.

St. Thomas swimmers won 13 events, finished second in seven events and third in five others. St. Croix swimmers won in eight events, and finished second in eight others and third in eight events.

St. Croix's Webster Bozzo led all the Virgin Islands swimmers with five gold medals, posting the top times in the boys 15-16 division in the 100- and 200-meter backstroke, 100- and 200-meter freestyle, and the 200-meter individual medley. He also finished second in the 100-meter

See **SWIM,** page 35

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## BARRICUDAS

CONTINUED FROM PAGE 36

Polanco picked up a fumble and returned it for score to push the Barricudas' lead to 20-0.

"Our defense played very well," Cofiell said. "Aderemi Flores had an interception and had a couple of returns of 40 yards. Lejoni Williams was all over the field and led us in tackles."

The Broncos added a late touchdown from Diego Luna and two-point conversion from Hernan Velez for the final score.

"I was playing all my guys at that point," Cofiell said. "I wanted to give everyone the experience of playing in Puerto Rico."

After the game, the Broncos set up a meet-and-greet between both team and an innovative idea came out of it.

"They took care of us all weekend," Cofiell said. "They gave us a place to stay and ground transportation. They even took us sightseeing of old San Juan before being dropped at the airport.

"We invited them to come to St. Croix and play us during the Virgin Islands-Puerto Rico Friendship weekend; hopefully it could be a yearly thing. Either they come one year or we go, this was a positive experience for us."

"This was an amazing event," Juncos head coach Manuel Santiago said. "We were very happy to host them and we enjoyed them, too. This was an excellent opportunity to open our relationship and we are working on coming to St. Croix in October."

St. Thomas schools Charlotte Amalie and Eudora Kean, the 2016 St. Thomas-St. John IAA champs, played teams from Puerto Rico last month, losing to the Dorado Spartans and University Garden Dolphins, respectively, in games played at Lionel Roberts Stadium.

"I think we should have a combined league with Puerto Rico," Cofiell said. "We play one home and one away every year. Look, our ticket cost $150, that's not much more than flying to St. Thomas. It could be done. But before we approach Puerto Rico, we would need a unified league between St. Thomas and St. Croix agreeing on stuff to make it happen. Then we could move on to Puerto Rico, They are not that far away.

"They are more Puerto Rican teams than Virgin Islands teams. A mixed schedule will have to be created with a Caribbean champion between the winners of each league. People are really interested in playing in football. If we're going to grow, we need to play good teams to get better and Puerto Rico has been playing a while."

The Puerto Rico High School Football League is presently comprised of seven teams — Antilles High School, Baldrich Comets, Parque Central Bluewaves, Parkville Steelers, Juncos Broncos, Dorado Spartans and the University Gardens Dolphins.

Photo courtesy SCOTT COFIELL

The players and coaches from the St. Croix Educational Complex and Juncos Broncos football teams gather at midfield for a postgame photo after the Barricudas' 20-8 win over the Broncos on Saturday at Pista Atletica Municipal de Juncos in Puerto Rico.

## SWIM

CONTINUED FROM PAGE 36

individual medley and 50-meter backstroke.

Mary Killman led St. Thomas with four gold medals, winning in the girls 19-under division in the 50-, 100- and 200-meter backstroke, and the 200-meter individual medley. She also finished third in the 50-meter freestyle.

Killman also set meet records in two events, with her time of 30.09 seconds in the 50 backstroke shattering the old record by 1.24 seconds, and her time of 1 minute, 5.08 seconds in the 100 backstroke breaking a 14-year-old record by 1.14 seconds.

St. Thomas' Audrey Moore and Ky Odlum, and St. Croix's Matthew Mays won three events each.

Moore took gold in the girls 11-12 division's 50- and 100-meter freestyle events, and teamed with Carter Maltby, Casey Vanderwall and Ana Pia Brunt to take the 200-meter freestyle relay. She also took seconds in the 200-meter freestyle and 200-meter individual medley, and teamed with Vanderwall, Maltby and Brunt to take second in the 200-meter medley relay. Moore also finished third in both the 400-meter freestyle and 100-meter individual medley.

Odlum won in the boys 13-14 division in the 50-meter freestyle, 50-meter backstroke and 100-meter butterfly. He also finished second in the 50-meter butterfly, and third in the 100-meter individual medley.

Mays won in the boys 17-18 division in the 100-meter individual medley, 200-meter backstroke and 200-meter individual medley. He also finished second in the 200-meter freestyle and 200-meter butterfly, and third in the 100-meter freestyle.

Other gold medalists were St. Thomas' Max Wilson (boys 11-12 200-meter backstroke), and STSA's girls 9-10 200-meter freestyle and 200-meter medley relay teams, both composed of Gabriela Brunt, Fairley Maltby, Alex Otwell and Lindsay Barr.

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**From**: Richard Kahn [redacted]
**Sent**: 12/15/2016 5:40:04 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: 2016 Election: Tax Changes Expected
**Attachments**: image001.png; Untitled attachment 417590.htm; Tax Alert 2016-5.pdf; Untitled attachment 417593.htm

**Importance**: High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel 212-971-1306
fax 646-350-0954
cell 917-414-7584

Begin forwarded message:

**From:** "Ens, Amanda" <[redacted]>
**Subject: 2016 Election: Tax Changes Expected**
**Date:** December 15, 2016 at 9:51:37 AM EST
**To:** Richard Kahn <[redacted]>

Rich, following up on your question from a while back about this topic. Please find a white paper attached.

Regards,
Amanda

The election of Donald Trump as President is expected to lead to significant tax law changes. The tax changes may come in two parts: from the repeal of the Affordable Care Act (ObamaCare) and its related taxes and from comprehensive tax reform. Since Republicans will also have majorities in both the House and Senate, such changes could be undertaken without bipartisan support. Although it is not yet known exactly what the changes will be or when they would be effective, we are issuing this Tax Alert to inform you of changes that are anticipated, based on proposals made during the campaign by both President-elect Trump and the House Republicans. We also discuss how these changes may impact your planning, both currently and in the future.

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# The 2016 Election: Tax Changes Expected

## INTRODUCTION

The election of Donald Trump as President is expected to lead to significant tax law changes. The tax changes may come in two parts: (1) from the repeal of the Affordable Care Act (ObamaCare) and its related taxes and (2) from comprehensive tax reform. Since Republicans will also have majorities[1] in both the House and Senate, it is anticipated that such changes could be undertaken without the need for bipartisan support. It is likely that the Affordable Care Act, and its taxes, could be repealed in early 2017 and result in an immediate tax cut for dividends, capital gains and high-income earners. It is more time consuming to enact comprehensive tax reform and such efforts may not result in a tax bill until mid-summer or the fall, which could push the effective date of broad-based tax changes into 2018. Although it is not yet known exactly what the changes will be or when they would be effective, we are issuing this Tax Alert to inform you of changes that are anticipated, based on proposals made during the campaign by both President-elect Trump and the House Republicans. We also discuss how these changes may impact your planning, both currently and in the future. When we have more specifics, we expect to issue another Tax Alert.

| | Current Law* | Trump Plan | House GOP Plan |
|---|---|---|---|
| Individual Tax Rates | 10, 15, 25, 28, 33, 35, 39.6% | 12, 25, 33% | 12, 25, 33% |
| Top Capital Gains/Dividend Tax Rate | 20% (plus 3.8% surtax) | 20% | 16.5% |
| Itemized Deductions | 3% of itemized deductions are lost when adj. gross income exceeds $313,800 ($261,500 if single) | Limited to $200,000 (couples); $100,000 (singles) | Eliminates except for charitable and (likely capped and modified) mortgage interest |
| AMT | Parallel tax calculation | Eliminates | Eliminates |
| Investment Surtax | 3.8% | Eliminates | Eliminates |
| Estate Tax | 40% rate, $5,490,000 exemption | Eliminates (capital gain at death subject to $10 million exemption) | Eliminates |

*Inflation adjusted amounts for 2017

## INCOME TAX

**Current law**. Ordinary income can be subject to rates as high as 39.6%, and capital gain can be subject to rates as high as 20%. In both cases, an additional 3.8% surtax might apply. Certain itemized deductions are "phased out" under the so-called "Pease limitation" when adjusted gross income reaches certain thresholds. The Alternative Minimum Tax can result in additional tax liability. The income from so-called "carried interests" is taxed as capital gain.

[1] In the House of Representatives, a simple majority is sufficient to pass legislation. It is more complicated in the Senate, where 60 votes (a super majority) are required to avoid a filibuster. Republicans have a simple majority, but not a super majority, in the Senate. However, there is a budget procedure known as Reconciliation, which allows certain legislation to be passed without filibuster. Accordingly, it would appear that Republicans could pass tax legislation in the Senate with just a simple majority.

**Proposals**. Both President-elect Trump and the House Republicans would lower the top tax rate for ordinary income to 33%. President-elect Trump would maintain the top rate on capital gains at 20%, though it might be applicable at a lower threshold than current law. House Republicans would lower the top rate on capital gains to one-half of the highest rate imposed on ordinary income, or 16.5%. Both President-elect Trump and the House Republicans have proposed repealing (and replacing) the Affordable Care Act, which is the source of the current 3.8% surtax. The Affordable Care Act is also the source of the extra 0.9% surtax on high-income earners (wages exceeding $250,000 for couples; $200,000 for singles) and other indirect tax increases such as the reduced cap on flexible spending accounts and tighter rules for deducting medical expenses. A repeal of the Affordable Care Act could lead to an immediate tax cut. President-elect Trump would impose a $100,000 cap on itemized deductions ($200,000 for joint filers); the House Republicans would eliminate itemized deductions other than charitable gifts and mortgage interest. Both President-elect Trump and the House Republicans would eliminate the Alternative Minimum Tax. President-elect Trump's proposal would tax the income from "carried interests" as ordinary income.

**Planning.** At its most basic, income tax planning is (i) timing income so it is recognized in a lower-tax year, and (ii) timing deductions so they are deducted in a higher-tax year. However, the proposals listed above contain both "good news" and "bad news" for 2017, so we cannot offer a universal rule as to whether income or deductions are better recognized in 2016, 2017 or even 2018. Each taxpayer needs to make an educated prediction. If there is not a clear answer, sometimes it can make sense to recognize some income (or deductions) in one year and some the next. That approach has the benefit of making sure you don't completely pick the worse year.

The following are some general planning considerations.

- **Installment sale.** If a sale is made in return for an installment note, the resulting gain can be reported on the installment method, meaning gain can be deferred into the year in which payment is received. Not all assets can be sold via the installment method, and there are several special rules. For example, marketable securities cannot be sold and reported using the installment method. We have a separate Wealth Strategy Report: *Installment Sales.*

  If a sale is made for an installment note, you can also elect to be taxed in the year of sale rather than deferring the gain. This election must be made by the due date (including extensions) of the return for the year in which the sale occurred. Thus, an installment sale in 2016 could allow you to wait until as late as October 2017 to decide whether to use the installment method or report all the gain in 2016. This could allow a decision to be made with 20/20 hindsight, at least as of October.

- **Equity-based income**. Certain types of compensation are tied to the value of an underlying stock. As one example, a nonqualified compensatory stock option's value will vary with the changing value of the underlying stock. As another example, a grant of restricted stock will be taxed when it vests, unless a so-called "83(b) election" is made to be taxed at the time of grant. In either case, the amount of compensation that is taxable will depend on the value of the stock at the appropriate time. When deciding the most favorable tax year to recognize these types of equity-based compensation, in addition to the usual considerations of the applicable tax rate, it is important to account for the expected investment performance of the underlying stock. As a simple example, deferring a stock option exercise to the next year might produce a better result not because of a better tax rate but because of the expected growth in the stock's value.



HOUSE_OVERSIGHT_014519

- **Roth conversions**. It is generally better to convert traditional retirement funds to a Roth IRA in a lower tax rate environment rather than a higher rate environment. For taxpayers who converted a traditional IRA to a Roth IRA in 2016, the normal rules will provide a chance to review whether 2016 or 2017 would be the better year for a conversion. Generally, a 2016 conversion can be unwound ("recharacterized") as late as October 16, 2017. Following a recharacterization, the IRA could again be converted to a Roth IRA 30 days later (assuming the original conversion occurred in 2016). Thus, you could wait until October 2017 to determine whether 2016 or 2017 would be the better year for conversion based on the relative tax rates, changes in the market value of the retirement funds and other relevant considerations. If 2016, then you could let the 2016 conversion remain. If 2017, you could "recharacterize" in October of 2017 and re-convert 30 days later.

## ESTATE AND GIFT TAX

**Current law**. Under current law, the federal exemption for estate and gift tax is $5 million, subject to an inflation adjustment each year. For 2016, the exemption is $5,450,000, and for 2017, it is $5,490,000. For gifts or estates above the exemption, the federal tax rate is 40%. If an appreciated asset is includible in the estate, it generally receives a step-up in basis for income tax purposes equal to the fair market value at death. Accordingly, there would be little or no capital gains tax for appreciated assets sold soon after death.

**Proposals**. President-elect Trump has proposed to repeal the estate tax. The House Republicans' Tax Proposal also proposes federal estate tax repeal. It would appear that such repeal would be temporary, unless the tax changes proposed can be enacted on a revenue neutral basis.[2] It is not clear whether the federal gift tax would also be repealed. The federal gift tax may be viewed as serving two purposes. First, it serves to support the estate tax, because without it you could make unlimited gifts during your life and thereby avoid federal estate tax at death. From that perspective, repealing the estate tax would suggest that the gift tax would also be repealed. However, the gift tax also serves to support the federal income tax. Without a gift tax, income-producing property could be given to family members or others in a lower tax bracket (or residing in a state without an income tax), and subsequently given back. From that perspective, repealing the estate tax would not suggest that the gift tax also be repealed. Neither President-elect Trump's proposal nor the House Republicans' Tax Proposal includes a repeal of the gift tax.

As noted, appreciated assets includible in the estate generally receive a step-up in basis. President-elect Trump has proposed to change this, however specific details have not been offered. The proposal sets forth a $10 million exemption for gains at death. It is not clear whether this exemption is for each decedent, or if that is the combined exemption for a married couple. It is also not clear whether any gains above the exemption would be subject to capital gains tax at death (in effect a deemed sale at fair market value), or only subsequently when the asset is actually sold. It is also uncertain whether any unused exemption could be transferred to a surviving spouse.

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[2] In order to comply with the Reconciliation procedure, the repeal needs to "sunset," resulting in reinstatement of the estate tax after approximately 10 years. Under the 2001 Tax Act, there was a temporary repeal of the estate tax (and other taxes) for this reason. Reconciliation rules will likely also add pressure to produce a revenue-neutral tax bill in order to avoid such a "sunset." That could cause Congress to abandon repealing the estate tax.



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**Valuation discounts.** On August 2, 2016, the IRS released proposed regulations, which may limit valuation discounts for transfers of interests in family-controlled entities.[3] These regulations contain many ambiguities, and the IRS requested comments and held a public hearing on December 1, 2016. The regulations are controversial, many comments were sent and only a few clarifying changes were provided at the hearing. As a result of the election, we believe it is likely the IRS will not proceed with these regulations. For now, there has been no official word from the IRS.

**Planning**. The proposal to repeal the federal estate tax appears straightforward, but will be complicated if it is temporary. The possibility of reinstatement of the estate tax may be a reason for traditional estate planning techniques, such as gifts and sales, to continue to be utilized. There is also significant uncertainty as to the related federal gift tax and basis step-up proposals. This makes current planning difficult because you may be comparing the consequences of taking action currently (such as making a gift), with the uncertain future consequences of not taking such action. Nevertheless, there are some general guidelines to consider.

- It does not appear advisable to make a current gift that requires the payment of gift tax. Although the gift tax may be less costly than the estate tax, that would not be true if the estate tax is repealed.
- There are many types of "free" gifts that do not require the payment of gift tax, such as annual exclusion gifts, tuition and medical gifts, gifts utilizing the lifetime gift exemption, and zeroed-out GRATs.
    - If such gifts are being considered only to save estate tax, it does not appear necessary to make these gifts, unless there is an applicable state estate tax[4]. However, if repeal is temporary and the estate tax will be reinstated, then such gifts may continue to be advisable.
    - If such gifts are being considered for other non-tax reasons (such as benefitting the recipient or asset protection), such gifts may still be beneficial. Even if the gift tax were repealed, you would still have made the gift for free.
    - If a gift will be made currently, it may be advisable to include flexible provisions, such as a trust which allows for discretionary distributions to the donor's spouse. This could allow the gift to be "undone" in the future by distributions to such spouse, if that becomes desirable.

As to future planning, it will obviously depend on what changes are enacted. If the estate tax is repealed, or if other significant changes are made, all wills, trusts and estate planning documents should be reviewed to determine if any revisions are desirable. Since most wills have dispositive provisions, such as credit shelter trusts and QTIP trusts, based on the estate tax, it will require a re-thinking of estate planning and what dispositions and trusts would be appropriate. Non-tax considerations, such as trust provisions, asset protection and fiduciary selection, will play an enhanced role. If federal estate tax repeal is only temporary, it will presumably be necessary to include alternate dispositive provisions, in case the tax is reinstated.

## CONCLUSION

The results of the 2016 election are expected to lead to significant income and transfer tax changes, some through the potential repeal of the Affordable Care Act and others through a push for comprehensive tax reform. In this Tax Alert, we have highlighted some of the tax proposals, and the possible impact these changes may have on

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[3] We have a separate *Tax Alert 2016-3, Proposed Regulations May Limit/Eliminate Valuation Discounts for Family Controlled Entities*.

[4] Certain states impose their own estate tax, independent of whether the federal estate tax is repealed.



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planning. It is our view that due to fiscal and political pressure to keep future budget deficits in check and the narrow corridor which could result in the passage of a major tax bill (Reconciliation), we expect the tax bill to be closer to the House Republicans' Plan than the Trump Plan and perhaps narrower in scope. When more information is available, we expect to issue a more detailed Tax Alert.

— **National Wealth Planning Strategies**

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**From:** Richard Kahn [redacted]
**Sent:** 12/15/2016 5:46:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: US Healthcare Year Ahead...Buy ACAD, AGN, ANTM, CELG, CVS, DHR, EW, EVHC, RARE, REGN, WBA
**Attachments:** image001jpg01D256A2F263C080.jpg; image001gif01D256C23AC52B10.gif

**Importance:** High

attached are equity healthcare ideas

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Begin forwarded message:

**From:** "Ens, Amanda" [redacted]
**Subject: US Healthcare Year Ahead...Buy ACAD, AGN, ANTM, CELG, CVS, DHR, EW, EVHC, RARE, REGN, WBA**
**Date:** December 15, 2016 at 10:59:39 AM EST
**To:** "Rich Kahn" [redacted]
**Reply-To:** "Ens, Amanda" [redacted]

The US team is out with their 2017 Year Ahead this morning (link) running through ALL sub-sectors with each analysts top pick into the new year.

**Top Picks** – ACAD, AGN, ANTM, CELG, CVS, DHR, EW, EVHC, RARE, REGN, WBA

**Washington DC Backdrop**
Given the clean sweep by the GOP & uncertainty around the ACA, key attention is paid by Andy Bressler to a review of the various scenarios that could play out early next year. With a repeal likely to happen well before a replace (essentially via the Budget Reconciliation process in Jan/Feb), Andy notes this is likely to include a repeal of both health insurance exchange subsidies & a phase-down of Medicaid expansion funding (albeit with a two or three year transition period).

He also expects a repeal of many of the larger HC related taxes in the ACA, including the HIX ($14.3bn in 2018), Medtech Tax (2.3%), pharma industry tax ($4.1bn in 2018) & Cadillac tax (effective 2020).

**As for the views by analysts…**
**Biotech (+)** – believe sector will outperform largely as pricing risk has diminished (although will remain in pockets) but pipelines/growth remains. Ying's top picks are **CELG** & **REGN**; Tazeen's top picks are **ACAD** & **RARE**.

**Spec Pharma (-)** – headwinds remain w/ Sumant's top pick **AGN** given lower risk to reimbursement pressures & an underappreciated pipeline. Leverage & CF remain the key focus for investors.

**Tools/Animal Health (=)** – Derik notes more "headline" than "real" risks from policy which will create opportunities for a group growing MSD, although valuations remain above peers. **DHR** (US 1 name) top pick, also **A**, **ZTS** in Animal Health, **BDX** in Diagnostics & **CTLT** in Services.

**Medtech (=)** – Hopkins' expects a mixed bag in 2017 w/ stocks trading close to 5yr valuation lows; **EW** top pick given best growth / purest innovation story.

**Facilities (-)** – Fischbeck notes that uncertainty will remain an overhang for hospitals as repeal/replace a negative for the group (est losing 2-3mm Medicaid lives & 2-3mm exchange lives would be a 1-2% EBITDA hit on avg). Focus on company-specific stories like **EVHC**.

**MCOs (+)** – Fischbeck generally +ve under Trump (especially around MA given historical support from GOP) w/ tailwinds from corporate tax & rising rates. **ANTM** top pick in given valuation & tailwinds.

**Distribution/Tech (=)** – Valiquette prefers pharmacies **CVS/WBA** given benefits from decelerating generic prices (which will remain an overhang for Distributors). HHS appointment a –ve for HCIT.

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**From:** Morris, Paul V [redacted]
**Sent:** 1/5/2017 3:31:54 PM
**To:** Morris, Paul V [redacted]
**CC:** Lehane, Sean T [redacted]
**Subject:** The Year Ahead: A World of Change (Short Version Below For Convenience)
**Attachments:** image001.jpg; image003.jpg; image004.jpg; image005.png; image006.jpg

# The Year Ahead: A World of Change

A continued rise in equities. Renewed investor confidence. Bond markets under pressure. Our Chief Investment Office explores the risks and opportunities of these and other trends shaping the year ahead.

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AS WE LOOK BACK ON 2016, one could characterize it as The Year of The Unlikely. It began with deep worries regarding China's growth path, a second wave of collapsing oil prices, a Federal Reserve (Fed) hiking into deflationary headwinds, the impact of negative interest rates in Europe and Japan, concerns over a potential U.S. recession, lower-quality corporate

high yield problems, and U.S. consumers who might never spend their savings at the pump. All these worries hit at once in January and February, prompting the S&P 500 to fall over 10% from its 2015 closing level of 2043. The year, at that point, appeared bleak.

Our view was to maintain a balanced and diversified position throughout the downturn, particularly for the long haul, due to our belief that the major concerns, although understandable, were simply not going to fully develop and asset prices would begin to track fundamentals more effectively through the remainder of the year. The potential for risk assets to climb higher was there but a catalyst was needed. For our full view on the year ahead, please read our December 2016 Monthly Letter.

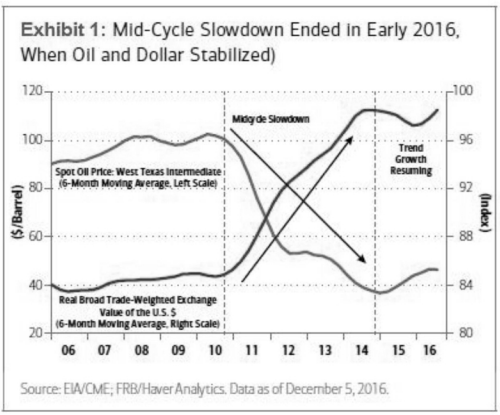


*Past performance is no guarantee of future results.*

Our core belief was centered on healthy consumers who would indeed pick up their spending from savings at the pump and become more confident as job growth continued and real incomes increased. We also believed U.S. financial conditions and the economic backdrop would improve in the second half of the year as the pressure from the strong dollar subsided and the deflationary effects of the collapse in oil prices began to fade. In other words, we were witnessing evidence that the mid-cycle slowdown that had hurt economic growth and corporate earnings was ending. [See Exhibit 1] Based on this core belief, the "grind it out" year for risk assets would be back on track, the business cycle would extend into 2017, bond yields would slowly shift higher, and equity markets had the potential to head toward previous highs.

## A series of unexpected outcomes

At this point, we did not characterize 2016 as The Year of the Unlikely. However, if you consider specific events throughout the year in finance and sports, it is easy to see that now. We already mentioned the second plunge in oil prices to the mid-$20s per barrel to start the year, and bond markets in some areas of the world actually had negative yields—meaning the lender paid the entity issuing the bonds to take their money! This was unlikely. How about Brexit vote in Great Britain? Unlikely. In sports, Villanova University winning the national championship in men's college basketball (Nova's first championship since 1985), Leicester—the English football club—

winning the Premier League (before this season began, British bookmakers listed them as a 5,000-to-1 shot to emerge as the champion), the Cleveland Cavaliers' first ever National Basketball Association championship and, of course, the Chicago Cubs winning the World Series for the first time since 1908! All unlikely. But they happened.

Last but not least, in our own political backyard, we witnessed Donald Trump's victory in the U.S. presidential election last month. Also unlikely. We all know markets do not like uncertainty. However, sentiment can shift quickly if fundamentals are not negatively affected, and what was previously determined to be "unlikely" turns to enthusiasm as to what could be.

"We expect business, consumer and investor confidence to continue to head higher well into 2017, with most of the newly expected growth to come in 2018, which should underpin equities for most of the year."

CHRISTOPHER HYZY
CHIEF INVESTMENT OFFICER, BANK OF AMERICA GLOBAL WEALTH AND INVESTMENT MANAGEMENT

## Why this expansion can continue

Business cycles typically last between five and seven years before fundamentals deteriorate, usually due to a policy error of some sort. This can produce a recession and/or a bear market, which tend to correct the excesses that have been built up and kick-start a new cycle. Bull markets and cycles do not die of old age—there needs to be a fundamental catalyst that emerges and pushes the trends back the other way.

We are entering our ninth year in the current business cycle, despite all of the complexities and concerns that have come and gone since the financial crisis.. In fact, this cycle could have extended another few years along the same path, given the secular stagnation that prevailed. This era needed ultra-accommodative central bank monetary policy just to keep things stable and plodding along this far into the cycle. It also needed corporations willing to manage their earnings to the penny in a below trend growth world that offered little pricing power. And finally, this cycle needed U.S. and emerging market consumers to continue to switch from deleveraging to spending as their balance sheets and incomes improved.

## A return of "animal spirits"

This dynamic could have continued for a bit, but monetary policy has become tired. Negative interest rates have become a headwind, not a tailwind, in our view. And, just like sports fans, investors need a catalyst to break from the past. Visible positive catalysts tend to turn into improved sentiment and confidence. Through the years, economists have called this "animal spirits."

Animal spirits begin as hope, turn into enthusiasm, and ultimately need visible action to keep the spirited momentum going. After all, economics is a behavioral science. It is our view that we are breaking from the era of secular stagnation and heading into fiscal reflation. This new era is likely to have its fits and starts and will not be in a straight line. It should also include different stages and speeds from various economic regions globally. Furthermore, it should contain some "unlikely" outcomes. With any cycle, we will have to take the good (higher nominal growth) with the potential

bad (higher volatility) and investors will have to reposition portfolios, rebalancing when necessary, in order to take advantage of the new era.

Prior to the U.S. presidential election, and even dating back to the summer months when bond yields bottomed, the economy was already beginning to improve. Corporate earnings were picking up, the consumer was spending at a healthy clip, there were some subtle signs of positive surprises in European economic activity, and the downturn in emerging markets (and negative earnings revisions) ceased. We were certainly not waving the celebratory flag on growth, but the economy was getting up off the ground, which is what risk assets, including equities, need sometimes. However, the S&P 500—a major benchmark for U.S. stocks--had lost momentum heading into the election, as investors worried that the secular stagnation era would continue and that monetary policy had lost its effectiveness.

Market sentiment changed dramatically during the early morning hours on November 9. The surprise victory by Donald Trump caught many investors off-guard. The potential for fiscal stimulus measures, reduced regulation, corporate tax reform and other potential pro-growth initiatives increased. Animal spirits perked up. Investor positioning was heavily skewed toward long-duration fixed income, low-volatility equities and high-dividend-paying companies. These areas significantly outperformed in the first half of the year but started to lose momentum once rates bottomed mid-year. However, investor positioning did not change materially at first. Portfolios were still generally overexposed to higher- quality, rate-sensitive investments—otherwise known as "bond proxies."

In our Hills Have Eyes strategy report, published on November 16, we outlined the need to rebalance portfolios given our belief that we were already transitioning toward the late-cycle expansion phase and that the new enthusiasm for pro-growth policies would begin to accelerate investor flows toward more cyclical investments. Given the high degree of underexposure to late-cycle investments by investors, we believed such a rotation would cause a "melt-up" in equities toward new highs over time.

## Diversification and rebalancing will be key

So, how are we going to manage portfolios in a world undergoing a major market regime shift, one that is transitioning from the era of secular stagnation to fiscal reflation, and one that still has a considerable amount of uncertainty? We are going to become more prescriptive, remain diversified and balanced, but with more exposure to pro-growth, pro-cyclical areas. We will also likely rebalance more often throughout the year as investor rotation gathers momentum during 2017 and into 2018; and we look to periods of volatility as opportunities to add to areas we favor.

"Fixed income still represents an important portfolio diversifier—and a volatility dampener in unforeseen worst-case scenarios."

CHRISTOPHER HYZY
CHIEF INVESTMENT OFFICER, BANK OF AMERICA GLOBAL WEALTH AND INVESTMENT MANAGEMENT

We expect business, consumer and investor confidence to continue to head higher well into 2017, with most of the newly expected growth to come in 2018, which should underpin equities for most of the year. Higher nominal growth, an improved picture for corporate profits and continued

positive sentiment are the foundation for continued gains in the equity markets and an investor rotation from overexposure to long-dated fixed income into under owned equities.

This rotation will need a few periods of confirmation, given the still uncertain broader global macro outlook, but we expect price-to-earnings multiples to remain elevated, despite higher rates, throughout the year. S&P 500 earnings have a wide range of forecasts due to the potential for sizable tax cuts in 2017. Based on this, the S&P 500 could add extra earnings on top of normalized growth, which is expected to be around 9%. At present, a reasonable range, albeit a wide one, is considered to be between $129 and $138 with the potential for further upside. In this scenario, where we get pro-growth policies filtering into a higher earnings number, an S&P 500 bull case level of 2700 at the high end is possible.

## Improving profits and growth should take equities higher

For now, a base case utilizing the five factor framework from BofA Merrill Lynch Global Research, which combines sentiment, valuation and technical, equates to 2300 for the S&P 500 at year end. The two components that include long-term valuation and 12-month price momentum are indicating that S&P 500 levels between the base and bull case are increasing in probability. Of course, there are a number of scenarios that could unfold that would indicate a wide range of outcomes depending on the multiple or earnings number that ultimately develops. In the end, it all comes down to the path of corporate profits and the visibility on growth, both of which are improving.

**Highlights**

**We have moved from a "get paid to wait" core portfolio theme to a more cyclical- and value-oriented theme in multi-asset portfolios**

- Equities remain attractive versus fixed income on a relative basis.
- Within equities, we favor U.S. large caps, U.S. small caps and emerging markets.
- Within equities, we favor value over growth and more cyclical assets versus defensives.
- Within fixed income, we prefer credit to Treasuries. We would also consider an allocation to Treasury inflation protected securities (TIPS) where appropriate.

Portfolio repositioning is likely to continue well into 2017, as developments unfold and the pro-cyclical environment gathers momentum. With growth already heading higher from Q3 2016 onward and earnings turning positive, investors have begun increasing cyclicality and exposure to value in portfolios at the expense of more defensive sectors and higher-dividend areas within equities. In addition, we expect a larger shift in emphasis toward small capitalization, which has already started, and more domestic-oriented equities due to a slightly stronger dollar, more pro-growth policies and the desire for a hedge against potential retaliatory trade policies from main

trading partners. This portfolio shift in positioning is happening but, in our view, is in its early stages.

We have moved from a "get paid to wait" core portfolio theme to a more cyclical and value-oriented theme in multi-asset and all-equity portfolios primarily due to increased business and consumer confidence, which should lead to higher earnings than originally expected.

- Therefore, we have raised our exposure to equities versus fixed income to a moderate overweight and our new tactical asset allocation view is overweight equities versus its strategic benchmark.
- We are now further underweight fixed income versus equities, underweight versus its strategic benchmark rather than neutral, and have lowered cash to neutral from overweight.

Within the asset classes, we have made a number of changes consistent with our view from earlier this year and one that has accelerated post-election.

- We are now moderately overweight U.S. small capitalization equities and neutral non-U.S. developed markets.
- We maintain our preference for U.S. high-quality large caps and continue to overweight emerging markets.
- We continue to favor value over growth and more cyclical areas (such as financials and consumer discretionary) versus defensives (such as utilities and consumer staples).

In fixed income, we have moved from a balanced view to a larger underweight versus the strategic benchmark.

- However, fixed income still represents an important portfolio diversifier—and a volatility dampener in unforeseen worst-case scenarios—and should be viewed primarily as a cash flow producer versus a total return asset, given the expectations for higher yields.
- In addition, we have lowered Treasuries to a further underweight but maintain our neutral rating on high yield and underweight on international fixed income.
- Municipal bonds have corrected to levels that are becoming attractive again, and we are still favorable on investment grade corporate credit.
- We maintain our neutral rating on real estate and commodities, but we prefer metals and oil to gold.

In addition, the pro-cyclical improvement has started to break down the elevated correlation among and within asset classes since earlier in 2016. We expect this adjustment to continue in 2017 as economic volatility picks up and asset class volatility follows suit. Transitions to late-cycle phases tend to invite a higher level of volatility as inflation rises and central bank policies shift to nudging short rates higher.

In this environment, alternative investments, namely hedge funds, should outperform industry benchmarks, in contrast to recent underperformance. For investors able to withstand a higher allocation of illiquid assets in their portfolio, we prefer timberland for its long term-growth prospects and low correlation to financial assets.

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# Outlook

Goldman Sachs

Investment Management Division

# Half Full

"Everything we hear is an opinion, not a fact. Everything we see is a perspective..."

Attributed to Marcus Aurelius

Investment Strategy Group | *January 2017*

HOUSE_OVERSIGHT_014532

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Dear Clients,

Readers of our previous *Outlook* publications may recall that this page typically summarizes the key themes of our economic and financial market prospects for the coming year. However, for 2017 we decided that a brief overview would not suffice, given the current environment of high market valuations, great policy uncertainty, significant geopolitical tensions and, in all likelihood, an unconventional US presidency.

Since the trough of the global financial crisis, we have consistently emphasized US preeminence and maintained a strategic overweight to US equities relative to global market capitalization-weighted benchmarks. Tactically, we have had an overweight allocation to US equities and US high yield bonds from as early as mid-2008. Even when US equities became more expensive, we continued to recommend that clients stay fully invested at their strategic allocations. Indeed, we have reiterated that recommendation in our past *Outlook* publications, client calls and *Sunday Night Insight* reports as many as 59 times since January 2010.

But now we have crossed into the 10th decile of valuations: US equities have been more expensive than current levels only 10% of the time in the post-WWII period. Yet we continue to recommend staying the course. We are duly aware that this recommendation is long in the tooth, particularly given such high valuations and the unusually high level of policy uncertainty.

Policy uncertainty, both economic and political, abounds globally: uncertainty with respect to Brexit (the how and when), upcoming elections in Germany and France (the who), transitional government in Italy (the how long followed by what) and new appointments to the Standing Committee in China and their significance (the who and what of any reform agenda), to name a few.

We are also facing rising geopolitical tensions that could trigger significant market volatility. Tensions in the Middle East will not abate. Greater Russian involvement in that region is stabilizing in some respects and destabilizing in others. Further Russian incursions into Eastern Europe may elicit a more robust reaction from the West. Terrorism could spread in the US and Europe as ISIL (Islamic State of Iraq and the Levant) loses territory in Iraq and Syria and foreign fighters return home. North



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Korea's nuclear program and missile launches go unchecked. There is rising risk of military incidents—or accidents—in the South China Sea and across the Taiwan Strait.

China is the most likely source of global economic shocks over the next two to three years. The country's leadership continues to prioritize imbalanced economic growth over structural reforms, thereby increasing debt at an unsustainable pace. Such increases will eventually prove to be destabilizing.

In Donald Trump, the US has elected an unconventional president in many respects, including his more US-centric approach to China. If China responds to, say, imposition of US tariffs on imports of Chinese products by sharply devaluing the renminbi, significant downside volatility and tighter global financial conditions will follow.

Given already high US equity valuations, uncertain economic and political policy prospects and heightened geopolitical risks, readers may well ask why we continue to recommend staying fully invested in US equities. Among the reasons:

- Our eight-year US preeminence theme is intact and continues into its ninth year. As Professor Jeremy Siegel of the University of Pennsylvania wrote 23 years ago in *Stocks for the Long Run*[1] and recently repeated in a *Wall Street Journal* interview,[2] "Stocks are the best long-run asset." We refine that view by saying US equities are the best long-run asset.
- We think that the policy backdrop in the US will be particularly favorable for the economy, with looser fiscal policy, relatively easy monetary policy and a less stringent regulatory environment. We expect US growth to continue through 2017.
- We expect global growth to improve modestly, from 2.5% in 2016 to 2.9% in 2017, with looser fiscal policy and still easy monetary policy in key countries.
- And last but not least, we expect that while President-elect Trump's initial policy measures with respect to tariffs and trade agreements risk jolting financial markets, as a self-described "deal maker" he will likely adjust and change course as necessary to achieve his desired results.

We may have a bumpy ride, but the US economy will not be derailed.

Over the years, we have viewed the glass as half-full—if not full—when it comes to the US economy. Many others have seen the glass as half-empty, pointing out that productivity growth has decreased, US labor demographics are less favorable and government policies have been ineffective. While it is correct that productivity growth has decreased and labor demographics are less favorable, it does not follow that the US economy is in stagnation. Quite the reverse.



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We should note that our conviction in US preeminence and US economic growth in 2017 is greater than our conviction in the direction of the equity markets. Just as we were appropriately humble about how much further equity markets could fall when we published our 2009 *Outlook*, we are equally humble today about our financial market outlook given the significant uncertainties ahead.

Here, we are reminded of Voltaire's famous words: "Doubt is not an agreeable condition, but certainty is an absurd one." A client with a well-diversified portfolio that is fully invested at its US equity allocation is generally well positioned for these uncertain and probably volatile times.

We hope our 2017 *Outlook* is helpful as you evaluate your portfolio allocations. We also wish you a healthy, happy and productive 2017.

The Investment Strategy Group

HOUSE_OVERSIGHT_014536

# Contents

SECTION I

6 **Half Full**

We continue to view the glass as half-full—if not full—when it comes to the US economy.

8 **This Recovery in Context—An Update**

9 A Hangover from a Crisis

10 Secular Stagnation: Unfavorable Demographics

12 Secular Stagnation: Declining Productivity Growth

14 Mismeasurement of GDP Statistics

18 Poor Policies in Washington

19 A Steady Onslaught of External Shocks

20 In Summary

20 **One- and Five-Year Expected Total Returns**

24 Our Tactical Tilts

25 **The Risks to Our Outlook**

26 Pace of Federal Reserve Tightening

27 Low Expectations of a US Recession

28 Rising Influence of Populist Parties in the Eurozone

29 Geopolitical Hot Spots Get Hotter

30 Terrorism Escalates

30 Cyberattacks Continue

31 China Submerges Under Its Debt Burden and Capital Outflows

33 US-China Relations Deteriorate Under the Trump Administration

35 **Key Takeaways**

We expect a favorable global economic and policy backdrop in 2017, but there is no shortage of risks. We recommend clients stay invested in US equities with some tactical tilts to US high yield and European equities.



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SECTION II: WINDS OF CHANGE


36 **2017 Global Economic Outlook**

The winds of change should fill the sails of the ongoing global recovery in 2017.

38 **United States**

42 **Eurozone**

44 **United Kingdom**

44 **Japan**

45 **Emerging Markets**


SECTION III: THE HORNS OF A DILEMMA


48 **2017 Financial Markets Outlook**

We expect the bull market ride to continue, but we must stay vigilant to avoid the horns.

50 **US Equities**

56 **EAFE Equities**

56 **Eurozone Equities**

57 **UK Equities**

58 **Japanese Equities**

59 **Emerging Market Equities**

60 **Global Currencies**

64 **Global Fixed Income**

74 **Global Commodities**





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# Half Full

Since the trough of the global financial crisis in March 2009, US equities have returned nearly 300%, producing one of the longest bull markets in the post-WWII period and outperforming all other major developed and emerging market country equities. US equities have also exceeded their pre-crisis peaks of October 2007 and March 2000 by 75% and 103%, respectively, on a total return basis. This bull market has exceeded all other bull markets but one in length and exceeded all but three in magnitude.

US economic growth has also exceeded that of most other recoveries in length. This recovery is the fourth-longest recovery in the post-WWII period[3] and if, as we expect, the US economy avoids a recession in the first half of 2017, this recovery will become the third-longest. While many critics correctly point out that it is the slowest recovery since WWII, it has actually created more economic growth than some of the stronger recoveries that lasted for shorter periods. On a cumulative basis, this recovery ranks sixth out of the last 10 recoveries with respect to GDP growth. What this recovery has lacked in strength, it has partially made up for in length.

The slow but steady growth has also exceeded that of all other major developed economies, and US GDP per capita has increased more than the GDP per capita of any major developed or emerging market country.

This recovery has created over 15 million jobs. The unemployment rate decreased from a peak of 10.0% in October 2009 to 4.6% in November 2016 and is now below its long-term average of 5.8%. Even the broader U6 measure, which adds the underemployed (such as part-time and discouraged workers) to the number of unemployed, has fallen from a peak of 17.1% to 9.3%, and stands below its long-term average of 10.6%. Unemployment claims are not only lower than they were during pre-crisis troughs but also at their lowest since 1973; they are also the lowest on record as a percentage of the labor force (see Exhibit 1).

As a result of more robust employment, wages have increased as well. Wage growth, as measured by the Atlanta Federal Reserve Bank Wage Growth Tracker (which, in our opinion, is a better gauge of the employment backdrop than average hourly earnings, since it is not affected by the changing composition of the labor force as new entrants are hired at lower wages), has picked up from a low of 1.6% year-over-year growth in May 2010 to a high of 3.9% in November 2016—just below the 4.4% peak of September 2007. More robust employment and better wage growth have, in turn, led to a steady increase in consumer confidence, reaching levels last seen in August 2001, as measured by the

**Exhibit 1: US Initial Unemployment Claims as a Share of the Labor Force**

Claims as a share of the labor force are at record lows.

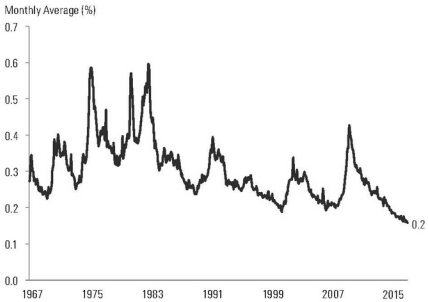


Data through December 2016.
Source: Investment Strategy Group, Datastream.

**Exhibit 2: Corporate Profits as a Share of US GDP**

Profits have been higher than current levels only 17% of the time since 1950.

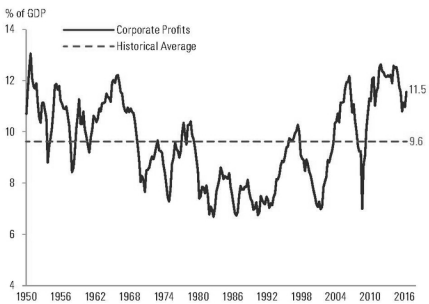


Data through Q3 2016.
Note: Showing US corporate profits with inventory valuation adjustment and capital consumption adjustment.
Source: Investment Strategy Group, Datastream.



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**The Declinists at Work**

March 1979
Used with permission of Bloomberg L.P. Copyright© 2016. All rights reserved.

July 2016
Source: *Financial Times*. Martin Wolf/James Ferguson, 2016. "Global elites must heed the warning of populist rage." *Financial Times* / FT.com, 20 July. Used under licence from the *Financial Times*. All Rights Reserved.

Conference Board. Even median household income, as measured by the US Census Bureau, rose in 2015 at the fastest rate on record.

In the corporate sector, total profits of domestic corporations as a percentage of GDP, as measured by the national income and product accounts (NIPA), are close to all-time highs. At 11.5% of GDP, profits not only are well above the historical average of 9.6%, but have been higher than current levels only 17% of the time since 1950, as shown in Exhibit 2.

Despite these "glass half-full" facts, the announcements of US decline that pervaded the airwaves in the depths of the global financial crisis have persisted. We continue to be inundated with analysis of "America's relative decline,"[4] "America's slow-growth tailspin" and "sclerotic growth,"[5] "an economic in-tray full of problems"[6] and, of course, "secular stagnation."[7] Two books published in 2016 that have received extensive coverage epitomize the sentiment: Robert Gordon's *The Rise and Fall of American Growth*[8] and Marc Levinson's *An Extraordinary Time: The End of the Postwar Boom and the Return of the Ordinary Economy*.[9]

Some of the images are equally telling. We were struck by a recent image of the Statue of Liberty on its side that resembles a *Business Week* cover of March 1979 with a tear trickling down Lady Liberty's face. Since WWII, the waning of US preeminence has been a topic of recurrent hand-wringing. Whether prompted by the flexing of Soviet muscle, most spectacularly with the launch of Sputnik in the 1950s; the civil rights upheavals and growing fallout from the Vietnam War in the 1960s, the Arab oil embargo and the Watergate scandal of the 1970s, the rise of Japan in the 1980s or the rise of China in the 2000s, the declinists have foretold the ebbing of American preeminence. Typical of the genre is a 2009 book provocatively titled *When China Rules the World*[10] by British columnist Martin Jacques.

Yet, as we wrote in our 2011 *Outlook: Stay the Course*, neither the global financial crisis nor the rise of China will hinder what we described as "America's structural resilience, fortitude and ingenuity" and remove the US from its preeminent perch.

What explains our difference of opinion, which has consistently underpinned our investment recommendation for a greater allocation to US assets and for remaining invested at such high valuations? Why do we believe that the US is on a more solid footing both absolutely and relative to all other major countries in the world? Is it a matter of perspective, analytical rigor, bias, review of longer economic history, or reliance on a big cadre of external experts in specialized fields?



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**Exhibit 3: Growth in US Real GDP Across Post-WWII Expansions**

In this recovery, GDP has grown at half the average pace of prior expansions.

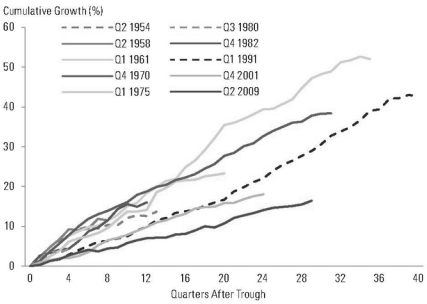


Data as of Q3 2016.
Source: Investment Strategy Group, Datastream, National Bureau of Economic Research.

**Exhibit 4: Change in US Household Leverage Following Recessions**

A large reduction in household debt served as a drag on the pace of this recovery.

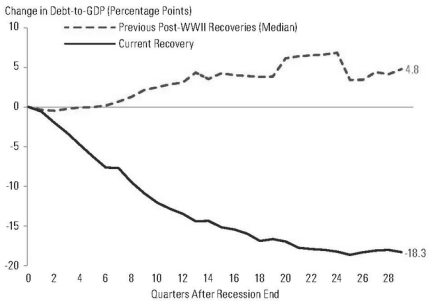


Data through Q3 2016.
Source: Investment Strategy Group, National Bureau of Economic Research, Federal Reserve Economic Data.

We believe that no one factor explains the difference in opinion. Instead, we rely on a comprehensive framework of investigation that blends all of these elements, combining rigorous fundamental, quantitative and technical analysis, as well as the insights of an extensive network of external experts. At the same time, we continually endeavor to overcome the behavioral biases Nobel Laureate Daniel Kahneman and his collaborator Amos Tverksy have shown to affect economic decision-making and tolerance for risk. These key characteristics of our investment process not only underpin our continued view of US preeminence, but also allow us to form a holistic view across global economies and asset classes. Of equal importance, our framework provides us with a consistent process by which to assess investment opportunities. While we believe our approach is robust, we acknowledge that nothing can ensure we will avoid the next downdraft.

We begin our *Outlook* with a brief review of this recovery and place it in the context of past recoveries showing that the glass is indeed half-full. We address some of the key concerns regarding demographics and declining productivity growth. We show that US labor force demographics have deteriorated and will continue to do so, especially in the absence of policy changes. Nonetheless, we demonstrate why there is room for optimism about productivity growth. The analysis leads us to a view of slightly above-trend growth for 2017 with some upside potential from higher productivity and fiscal stimulus from a Trump administration.

We then turn to our one- and five-year expected returns, which are driven by our view of a solid economic foundation, a well-balanced economy and a positive growth trajectory in the US. We conclude our introductory section with the risks to our view, both upside and downside, including a low probability of recession in 2017, high policy uncertainty under a Trump administration, possible global shocks from economic and currency policies in China, and the risks of geopolitical mishaps in Europe, the Middle East and the Far East.

## This Recovery in Context—An Update

This recovery has been the slowest of the 10 recovery cycles since WWII, as shown in Exhibit 3. Since the trough, US GDP has grown at an annualized rate of 2.1% through the third quarter of 2016, which is half the pace of the median and average growth rates of all other recoveries. The slow GDP growth rate stands in stark contrast to the recovery in the labor market and, most recently, in wages and household income. Impressively, the decline in the unemployment rate has been the second-largest of all post-WWII recoveries.



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**Exhibit 5: Change in US Personal Savings Rate Surrounding Historical Recessions**

The increase in the personal savings rate in this recovery has been unusually large.

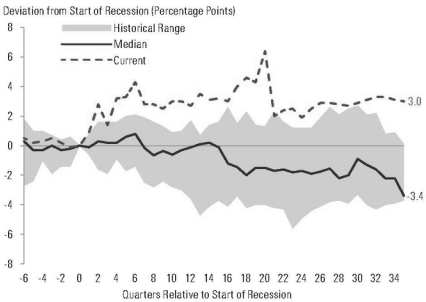


Data through Q3 2016.
Note: Quarter 0 marks the start of each recession since 1950, defined as the NBER recession cycle start. The cycle is measured from the start of each recession until the beginning of the next recession.
Source: Investment Strategy Group, Datastream, National Bureau of Economic Research.

**Exhibit 6: Ratio of US Household Net Worth to Disposable Income**

Real estate price and financial asset gains have boosted the ratio to near pre-crisis highs.

Data through Q3 2016.
Source: Investment Strategy Group, Datastream.

The anemic (but steady) pace of this recovery has fueled a debate about its causes. The theories fall into six categories:

- A "hangover" from the global financial crisis[11]
- "Secular stagnation" due to unfavorable demographics
- "Secular stagnation" due to declining productivity growth
- Mismeasurement of GDP statistics
- Poor policies in Washington
- A steady onslaught of external shocks

We briefly examine each of these six theories below—some of which we have touched upon in our prior *Outlook* publications. While there has been further research on the topic over the past year, the debate has not yet been resolved and likely never will be to everyone's satisfaction. One star-studded group of experts believes that most contributing factors other than weaker demographics have dissipated or will dissipate, and the US economy will remain structurally vibrant. Another star-studded group believes that the best days of the US are behind it, contending that even radical policy changes will not reverse this decline and that the 2016 election results are a testament to this "secular stagnation."

**A Hangover from a Crisis**

Proponents of the "hangover" theory suggest that recoveries after a major financial crisis generally have been slower. In their book, *This Time Is Different: Eight Centuries of Financial Folly*,[12] Carmen Reinhart and Kenneth Rogoff use historical data from 66 countries between 1810 and 2010 to demonstrate that, historically, recoveries following a major financial crisis have been markedly slower than other recoveries.

Fundamentally, one can argue that households deleverage for a long time to increase precautionary savings, and corporations limit capital expenditures to build up precautionary cash, out of fear that another major financial crisis is looming. As shown in Exhibit 4, the pace at which households deleveraged in this most recent crisis was faster than in any other recovery in the post-WWII period; commensurately, the increase in the personal savings rate since the start of the recession is unusually large relative to previous cycles (see Exhibit 5).

Along with higher savings, the increase in home prices to levels matching the February 2007 peak (as measured by the S&P/Case-Shiller US National Home Price Index on a seasonally adjusted basis) and the appreciation in financial assets have boosted the ratio of household net worth to disposable income to near pre-crisis levels, as



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shown in Exhibit 6. This improvement in net worth will enable households to lower their savings rates going forward and support consumption. Therefore, even if the "hangover" hypothesis was partly valid earlier in the recovery, it should have less impact in the future.

During the current recovery, the financial sector also deleveraged substantially, partly due to the unusually high levels of leverage that existed as the crisis began and partly due to greater financial regulation resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into federal law by President Barack Obama on July 21, 2010. As shown in Exhibit 7, the financial sector began to deleverage even before Dodd-Frank and has continued to do so through 2016.

However, more recently, the pace of deleveraging has abated, as shown in Exhibits 4 and 7. Furthermore, such deleveraging may well be bottoming and soon reverse as households and the financial sector face a more favorable fiscal and regulatory policy environment under President-elect Trump. For all practical purposes, the "hangover" may now be over.

**Exhibit 7: Change in US Financial Sector Leverage Following Recessions**

A decrease in financial sector indebtedness has contributed to a slower-than-usual recovery.

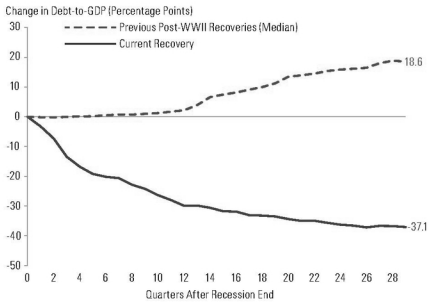


Data through Q3 2016.
Source: Investment Strategy Group, National Bureau of Economic Research, Federal Reserve Economic Data.

**Secular Stagnation: Unfavorable Demographics**

As we discussed in our 2016 *Outlook: The Last Innings*, the term "secular stagnation" was first coined by economist and Harvard professor Alvin Hansen in 1934[13] and fully described in his presidential address to the American Economic Association in 1938.[14] He predicted that poor demographics, limited innovation and few trading and investment opportunities would slow US growth.

The term was more recently popularized by Lawrence Summers, professor at Harvard University and former secretary of the Treasury, when he referred to secular stagnation in a 2013 speech at the International Monetary Fund.[15]

Hansen's dire predictions never came to pass, and the US experienced close to record levels of productivity growth in the post-WWII period up to 1973, along with strong growth in the labor force. This current cycle, in contrast to the decades immediately following Hansen's predictions, has been hampered by weak demographics and a decline in the growth rate of the labor force. In a September 2016 study, aptly called "How Should We Think About This Recovery?," Jay Shambaugh, a member of the Council of Economic Advisers, shows that when one compares this recovery with the average of past recoveries, the growth gap narrows significantly if one accounts for the number of people in the labor force.[16] Instead of this recovery growing at about half the pace of the average of past recoveries, the gap narrows to 83% of the average: GDP per number of people in the labor force has grown at an annualized rate of 1.9%, compared with an average of 2.3% in past recoveries. A recovery that appears to be at half the pace of other recoveries is actually in line with other recoveries after adjusting for the size of the labor force, as shown by comparing the red lines in Exhibits 8 and 9.

There are two components to the unfavorable demographics story. The first is simply the decline in the growth rate of the US working-age population, which is driven by aging, the retirement of the baby boom generation and slower immigration.

This trend cannot be easily reversed; however, the pace of decline can potentially be slowed. For example, the commonly accepted retirement age of 65 can be extended. In fact, there is some evidence that baby boomers are working longer than historical norms.[17] When life expectancy was about 62 years in 1935, the retirement age for Social Security was 65. Today, life expectancy in the US is about 79 years, and the retirement age for Social Security has been extended to 67 for those born in 1960 or later. Of course, more broadly, the retirement age is still regarded as 65. A 65-year-



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**Exhibit 8: Growth in US Real GDP Across Post-WWII Expansions**
In this recovery, GDP has grown at half the average pace of prior expansions.

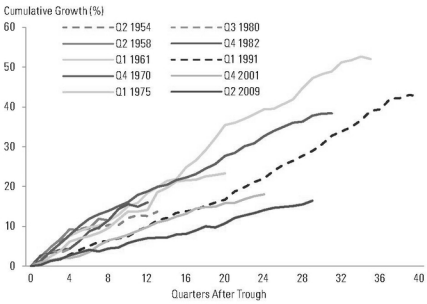


Data as of Q3 2016.
Source: Investment Strategy Group, Datastream, National Bureau of Economic Research.

**Exhibit 9: Growth in US Real GDP per Person in the Labor Force Across Post-WWII Expansions**
But when adjusted for labor force trends, this recovery has actually been in line with the average of past expansions.

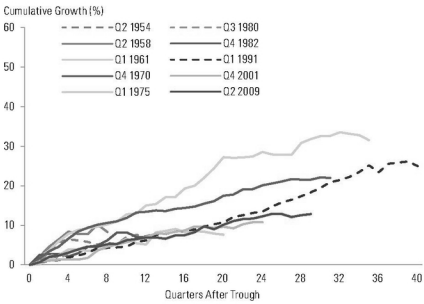


Data through Q3 2016.
Source: Investment Strategy Group, Datastream, National Bureau of Economic Research.

old today, however, is much healthier and more vibrant than a 65-year-old in 1935 and has many more years of active life that can reduce the decline in the growth rate of the working-age population. Furthermore, this cohort is quite productive relative to new entrants into the labor force. Similarly, immigration reform can help offset the decline in working-age population growth. Both factors depend on policy changes, and we do not have any definitive reason to be either optimistic or pessimistic at this time.

The second component of the unfavorable demographics perspective has been the drop in labor force participation, particularly among males. Exhibit 10 shows the rapid growth in labor force participation that occurred as the baby boom generation reached working age and as women joined the labor force in growing numbers after 1950. The labor force participation rate, however, peaked in 2000 and declined by 0.3% a year until it troughed at 62.4% in September 2015. Most of the drop was driven by three factors: significant decline in male labor force participation, retirement of baby boomers and the cyclical decline in demand for labor as a result of the global financial crisis. Some of the cyclical decline reversed as the economic recovery entered its eighth year: the participation rate has risen to 62.7% as of November 2016.

The male labor force participation, however, has been declining, coincidentally also by 0.3%

**Exhibit 10: US Labor Force Participation Rate**
Both cyclical and structural factors have contributed to a decline in the participation rate from the 2000 peak.

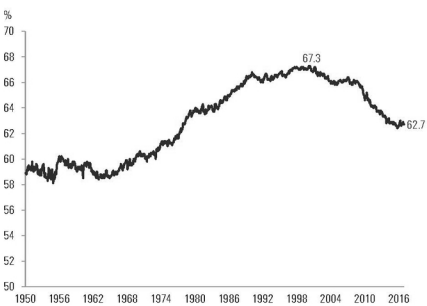


Data through November 2016.
Source: Investment Strategy Group, Datastream.

per year—but since 1952. The trend has occurred across all age cohorts. An important driver of this decline has been reduced demand for lower-skilled and less-educated males. The US ranks 32 out of 34 OECD countries in participation of prime-age (between the ages of 24 and 54) males in the labor force, ahead of only Italy and Israel.[18] A Council of Economic Advisers report in June 2016 attributed that low ranking to the fact that the US spends less than other OECD countries on job search



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assistance and job training, and to the fact that the US has a high rate of incarceration that especially affects lower-skilled men.[19] According to the report, several policy measures can boost prime-age male labor force participation, including

- Increased investment in infrastructure
- Systemic reforms in the criminal justice system and in immigration policies
- Tax reforms
- Investment in education and training

This demographic aspect of secular stagnation is undeniable. In fact, an October 2016 paper by a team at the Federal Reserve Board, "Understanding the New Normal: The Role of Demographics,"[20] shows that the slow pace of economic growth since 1980 and the more pronounced decline in the last decade could be predicted by a model looking at "fertility, labor supply, life expectancy, family composition, and international migration."

Thus, a glass half-full or half-empty perspective does not change the facts on the ground. There is little cause for near-term optimism with respect to the slower growth rate of the labor force. The general consensus is that the US labor force will grow at an average of 0.6% per year in the next several decades, compared with 1.6% from 1950 to 2000.[21]

In the shorter term, infrastructure investment and other policies highlighted above may boost the growth rate in the labor force, but it is hard to imagine growth rates reaching levels that would support President-elect Trump's GDP growth targets of 3–4% on a sustainable basis.[22]

**Secular Stagnation: Declining Productivity Growth**

Of all the theories put forth to explain the slow pace of this recovery, the one that has garnered the most attention is declining productivity growth. It is also the most important issue in terms of its impact on future trend growth in the US, which in turn has the greatest impact on the long-term rate of earnings growth and equity market returns.

As reviewed in last year's *Outlook*, the techno-optimists and the techno-pessimists are on opposite sides of the debate on declining productivity growth. Both camps have garnered new members; even Federal Reserve Chair Janet Yellen and Vice Chair Stanley Fischer have joined the fray.[23] Most recently, in September 2016, the Brookings Institution hosted a conference with leading experts from both camps to debate the issue.

We should note that debates on productivity are nothing new. They have surfaced during past periods of slow growth, as was the case in the early 1990s. Even some of the players are the same: Robert Gordon was a techno-pessimist in the early 1990s and remains so in the 2010s.[24]

Part of the productivity debate is philosophical. For example, one question pertains to the increased use of free digital services such as Facebook, Google Maps, Waze and Khan Academy. These services yield "consumer surplus," defined as the benefits consumers derive from various activities over and above the price they pay. Should they be included in GDP if they are deemed "non-market" services—those that are provided free of charge or at a fee that is well below 50% of production costs? While social media such as Facebook may (or may not, depending on your perspective) provide a service greater than the advertisement revenues associated with the use of that service, some will argue that if such services do not have an associated market price, they are not part of GDP and therefore should not impact the calculation of productivity levels. As the volume and the impact of these non-market services increase, we believe that the methodology for measuring GDP will evolve to better reflect the value of these services.

Such improvements in measuring GDP are not uncommon. The Bureau of Economic Analysis (BEA) conducts comprehensive revisions of the national income and product accounts every five years, with the goal of reflecting methodological and statistical improvements. Most recently, in 2013, the BEA expanded its definition of fixed investment to include expenditures on research and development and expenditures on artistic originals (e.g., books, music, television

Of all the theories put forth to explain the slow pace of this recovery, the one that has garnered the most attention is declining productivity growth.



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**Exhibit 11: Pillars of the Investment Strategy Group's Investment Philosophy**

series, movies). Combined with some smaller improvements, these changes added $560 billion to the level of 2012 GDP, a 3.6% increase relative to the prior estimate.[25]

The more immediate—and important—question is whether we have entered a new phase in productivity growth trends that will keep productivity growth at the low levels seen since 2004. We believe that the answer is unknowable with any degree of certainty; historically, productivity forecasts have been notoriously wrong. In *The Age of Diminished Expectations*,[26] first published in 1990, Paul Krugman, Nobel laureate in economics and professor at City University of New York, wrote that the lower pace of productivity growth experienced since the early 1970s would most likely persist in the future. In 1995, however, productivity growth rates increased and were more than double the rate of the prior 12-year period.

Similarly, in 1997, the Congressional Budget Office estimated that the long-run average annual growth rate of labor productivity would be 1.1%. Between 1995 and 2004, the actual average annual growth rate of labor productivity was 3.2%.[27]

As many of our clients know, one of the pillars of our investment philosophy is that history is a useful guide (see Exhibit 11). And history tells us that labor productivity has moved in cycles, with periods of low productivity growth followed by periods of high productivity growth. In a forthcoming and comprehensive paper titled "Seven Reasons to Be Optimistic About Productivity,"[28] Professors Lee Branstetter of Carnegie Mellon University and Daniel Sichel of Wellesley College show that periods of low productivity growth have been followed by periods of high productivity growth since 1889, as seen in Exhibit 12. There is no reason to believe that "this time is different"; as many of you also know, we believe that those words are among the most dangerous and misused words in our industry.

Olivier Blanchard, senior fellow at the Peterson Institute for International Economics and former chief economist at the IMF, has also shown that the current period of low productivity growth does not tell us much about future productivity trends. He states that the correlation of "successive pairs of five-year averages of total factor productivity growth is only 0.20" since the mid-1970s.[29]



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**Exhibit 12: US Labor Productivity Growth**
Periods of slow productivity growth have been followed by periods of stronger productivity gains.

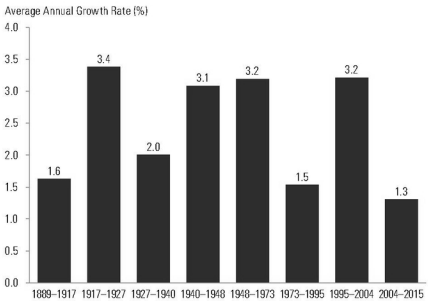


Data through 2015.
Source: Investment Strategy Group, Lee Branstetter and Daniel Sichel, "Seven Reasons to Be Optimistic About Productivity," forthcoming Peterson Institute for International Economics Policy Brief.

**Exhibit 13: Correlation of 5-Year US Productivity Growth Rates With Following 5 Years' Productivity Growth Rates**
Recent productivity trends tell us little about the future.

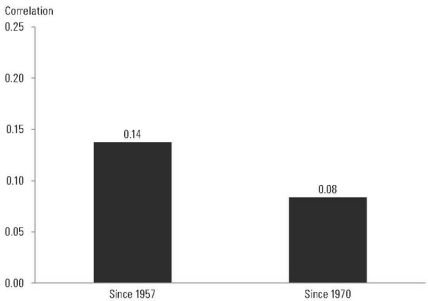


Data through Q3 2016.
Source: Investment Strategy Group, Haver Analytics, Olivier Blanchard, "Three Remarks About the US Treasury Yield Curve," Peterson Institute for International Economics, June 22, 2016.

We have examined labor productivity growth rates and, as shown in Exhibit 13, find even lower correlations.

There are two issues to consider. First, if the reported productivity growth rates are accurate, then the exceptionally low rates of the last 10 years account for part of the slow pace of this recovery. However, the current low productivity growth rates do not portend low growth rates going forward. Just as Hansen was proven wrong on his secular stagnation theory and Krugman was proven wrong on his diminished expectations for the US economy (and they were both influenced by their pessimistic view on productivity), those who extrapolate stagnation from the current productivity trends may be proven wrong as well.

Second, as we discuss below, there is also a high probability that real GDP may be mismeasured. If real GDP is mismeasured, it follows that productivity is also mismeasured, thereby invalidating the whole theory of secular stagnation and the decline of the US economy.

If real GDP is mismeasured, it follows that productivity is also mismeasured, thereby invalidating the whole theory of secular stagnation and the decline of the US economy.

**Mismeasurement of GDP Statistics**

In addition to the productivity debate, there is a debate as to whether we are measuring GDP correctly in the first place. The key argument being made is that while we correctly measure the value of *nominal* GDP based on the value of goods and services, we mismeasure the value of *real* GDP when we convert nominal GDP to real GDP using various price indices, and this therefore understates the pace of this recovery. This debate garnered considerable attention in 2016.

The mismeasurement argument states that the official price indices do not adequately reflect significant improvements in many products, especially in information and communication technology, due to the methodology used by the Bureau of Labor Statistics (BLS) and the BEA. If the price indices do not adequately reflect the greater capacity of an improved product such as a smartphone or a microprocessor, then the price index used to convert nominal GDP to real GDP is too high. And if the price index is too high, then real GDP is understated.



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It follows that if real GDP is understated, then what appears to be a slow recovery is not as slow as reported and what appears to be a period of low productivity growth is not as low as reported.

We believe that the evidence favors the mismeasurement argument. At a September 2016 Brookings Institution conference on productivity, Martin Feldstein, Harvard professor and president emeritus of the National Bureau of Economic Research, also concluded that "the official statistics substantially underestimate the real growth of output" after studying the methods used to measure price indices.[30]

We point to three examples to illustrate the mismeasurement argument. First, our colleagues in Goldman Sachs' Global Investment Research (GIR) have pointed out that the official price indices for information and communication technology show an implausible gap between the price deflation in computers and that in communications equipment, software and other IT equipment (see Exhibit 14). They question how "a given dollar outlay now buys about 10 times as much computer in real terms as 20 years ago, but it only buys about 10% more software."[31]

Our colleagues' conclusion that the official price indices for the information and communication technology sector are overstated matches that of a 2015 study of microprocessor pricing by David Byrne of the Federal Reserve Board, Professor Stephen Oliner of UCLA, and Sichel.[32] The trio created an index showing that prices for microprocessor units used in desktop personal computers declined by an average annual rate of 43% between 2008 and 2013, while the official Producer Price Index (PPI) for these units declined by an average annual rate of 8%—substantially mismeasuring the real value created by this sector of information technology equipment. They point out that because microprocessor units represent about half of US shipments of semiconductors, the rate of innovation in this sector is inevitably mismeasured.

A second example of mismeasurement that we can all readily appreciate involves the quality and product improvements in smartphones. Hal Varian, chief economist at Google and emeritus professor at the University of California at Berkeley, has estimated that globally, people took over 1.6 trillion photos in 2015 using their smartphones, compared with 80 billion in 2000 using cameras and film. The price of each photo taken has gone

**Exhibit 14: US Technology Price Indices**

The implausible gap with hardware suggests IT and communication price indices are likely overstated.

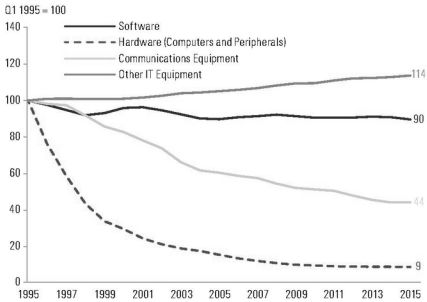


Data through 2015.
Note: Other IT Equipment represents medical and non-medical equipment and instruments.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research, Bureau of Economic Analysis.

from 50 cents to zero for smartphone users; 1.6 trillion photos that would have contributed $800 billion to GDP have no impact on GDP in the current framework. GDP has declined since camera and film sales have fallen without a commensurate quality adjustment for smartphones. Of course, fewer photos would have been taken had the smartphone not been developed, but the point still stands.[33]

Similarly, Varian shows that with the onset of the commercial application of GPS technology, productivity growth in trucking was twice the aggregate US productivity growth, yet when GPS functionality was added to smartphones basically at no additional charge, GDP declined because sales of stand-alone GPS systems fell.[34]

Finally, a third example, also provided by Varian, shows that, because GDP does not fully count the export of intangibles such as software and design, GDP is understated. He shows how an iPhone manufactured by Foxconn in China using parts from 28 countries and exported to France has no direct impact on US GDP. Varian concludes that in a global supply chain, US design and software that is replicated outside the US through offshore manufacturing and exported to a third country never impacts US GDP measures directly, particularly if the profits are not repatriated and redeployed in the US.[35]

Our colleagues in GIR continue to estimate that such mismeasurements lower reported annual real



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We believe that productivity in health care is underestimated. Consider IBM's Watson Health, an artificial intelligence system that can read 200 million pages of text in 3 seconds. As of 2015, Watson had amassed 315 billion data points representing health records, lab results, genomic tests and clinical studies. The system processes patients' cases against its ever-growing database and recommends customized treatment options. With such developments, we expect continued improvement in growth of productivity in health care.

"If productivity growth were better measured, particularly in health and other services, the growth rate would look better than is currently reported."

Martin Neil Baily and Nicholas Montalbano, "Why Is U.S. Productivity Growth So Slow? Possible Explanations and Policy Responses," Brookings Institution, September 2016.

GDP growth by about 0.7 percentage point, similar to their estimate reported in our *Outlook* last year.

Of course, not all experts believe that there is a mismeasurement problem. Notable among them is Chad Syverson of the University of Chicago, who raises four points in making this case.[36] First, he states that the productivity slowdown has been global in nature and unrelated to countries' consumption or production intensities of information and communication technology. Second, he states that estimates of consumer surplus are too small relative to his estimates of lost GDP due to slower productivity growth. Third, he argues that if such mismeasurement existed, the growth rate in the information and communication technology sector would be a multiple of its stated growth rate. Finally, while he acknowledges that gross domestic income has been higher than GDP since 2004 and the gap might reflect the higher wages of workers who are producing non-market digital services, he does not believe that this difference is evidence of mismeasured GDP because the trend started earlier than the slowdown in productivity growth.

A somewhat similar line of reasoning has been presented by Byrne, John Fernald of the Federal Reserve Bank of San Francisco and Marshall Reinsdorf of the IMF in a paper titled "Does the United States Have a Productivity Slowdown or a Measurement Problem?"[37] While they agree that productivity growth has been mismeasured in the past, they argue that the mismeasurement has been negligible in the 2004–15 period partly because computer hardware, for which mismeasurement was once a factor, now makes up a smaller part of GDP. Therefore, the impact is less in the 2004–15 period than it was in the 1995–2004 period when productivity growth was much higher. They also state that free digital products not only are non-market and should not be counted in GDP, but also are not sizable enough to account for the level of decline in productivity growth rates.

Experts' opinions on mismeasurement continue to evolve. In fact, in a subsequent publication co-authored with Carol Corrado of the Conference Board, Byrne found a significantly higher level of software price mismeasurement than assumed in his prior paper.[38] He has also co-authored a study on prices and depreciation for computer tablets such as iPads, proving that quality-adjusted price indices for tablets have fallen much faster than the broader price indices for computers and peripheral equipment.[39]



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**Exhibit 15: 10-Year Net Survival Rate of Breast and Prostate Cancer Patients**

Improved cancer survival rates reflect significant gains in science and technology.

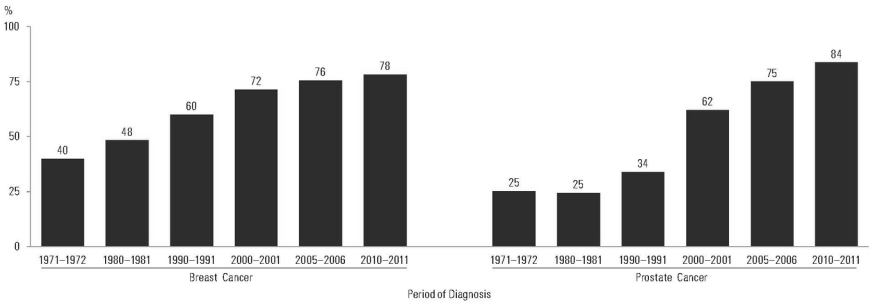


Data as of November 2014.
Note: Based on cancer statistics for the UK. Ten-year survival for 2005–2006 and 2010–2011 is predicted using an excess hazard statistical model.
Source: Investment Strategy Group, Cancer Research UK.

We conclude that there is undoubtedly some degree of mismeasurement. We know that information and communication technology has evolved significantly and innovation is occurring at a rapid pace. We know that the BEA reviews its statistical methodologies every five years and revises them as needed, recognizing that measurement methodologies have to evolve with the evolution of the US economy. We also know that we as consumers carry incredibly powerful digital equipment in the palms of our hands and pay less for it than we paid for equipment with lesser functionalities not so long ago. Common sense supplemented by extensive research by the experts on productivity and mismeasurement reinforces our view of a glass half-full when it comes to innovation and productivity in the US.

We realize this debate will be resolved only with the benefit of hindsight, in the same way that realized productivity growth exceeded the prognostications of Hansen in the late 1930s and Krugman in the early 1990s. Our clients will be inundated with conflicting views from headlines in the media and books with captivating titles. Separating fact from fiction remains challenging. Recently, an article in the *Wall Street Journal* highlighted "dwindling gains in science, technology and medicine."[40] The article suggested that improvements in breast cancer mortality have slowed since 1985. Exhibit 15 shows the 10-year net survival rate for breast cancer and prostate cancer since 1971. Maybe it is only a matter of perspective, but, to us, a 78% 10-year survival rate for breast cancer and an 84% 10-year survival rate for prostate cancer represent significant improvements over the rates of the early 1980s, 48% and 25%, respectively, and are even more significant for those whose lives have been saved.

Probably one of the more amusing instances of conflicting perspectives can be seen in the 2016 publication of two books with diametrically opposed messages: *Progress: Ten Reasons to Look Forward to the Future*[41] and *The Innovation Illusion: How So Little Is Created by So Many Working So Hard*,[42] both written by authors born in Sweden in the early 1970s. Our views, of course, are more aligned with the first book. The second book, however, raises important concerns about excessive regulation and how

We realize this debate will be resolved only with the benefit of hindsight, in the same way that realized productivity growth exceeded the prognostications of Hansen in the late 1930s and Krugman in the early 1990s.



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such regulation is "killing frontier innovation." Indeed, some have put forth the prevalence of poor government policies as one of the theories to explain the slow pace of this recovery.

**Poor Policies in Washington**

One of the theories that has been getting more traction recently attributes the slower recovery to poor policies enacted in Washington. In a June 2016 article about the US economy, Gregory Mankiw, professor at Harvard University and former chair of the Council of Economic Advisers for President George W. Bush, highlighted "policy missteps,"[43] including misguided fiscal policy, as a possible contributor to the slow pace of growth since the global financial crisis.

One unusual feature of this recovery has, in fact, been a contractionary fiscal policy. We have derived an approximate historical measure of fiscal policy changes by estimating changes in the cyclically adjusted federal budget as a percentage of GDP. We note that, by this measure, as far back as 1890, fiscal policy has been expansionary in all but three recoveries following a recession—with the fiscal policy in the current recovery being the most contractionary, as shown in Exhibit 16. In this recovery, the budget deficit as a share of GDP was reduced by 1.0% a year, compared to an average widening of the budget deficit by 1.3% a year in all other recoveries after severe recessions. The average increase in the size of the budget deficit for all recoveries, including less severe ones, is -0.8%. A swing of 1.8 percentage points would have had a material impact on the pace of this recovery.

**Exhibit 16: Change in US Budget Balance Following Recessions**

Fiscal policy has been an unusually large headwind to growth in this recovery.

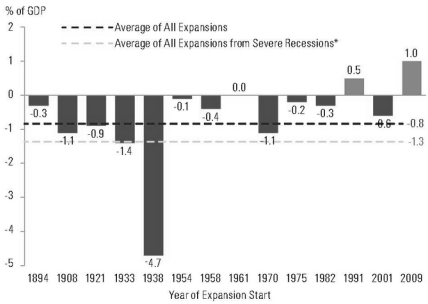


Data through 2015.
Note: Shows the change in the cyclically adjusted budget balance as a % of GDP for each episode.
Source: Investment Strategy Group, Datastream, Global Financial Data.
* We define "severe" recessions according to those identified by Carmen Reinhart and Kenneth Rogoff in "Recovery from Financial Crises: Evidence from 100 Episodes" (2014), as well as the 1937 recession (a continuation of the 1929 recession) and the two most severe post-WWII recessions (excluding the 2007 recession).

Professor Alan Blinder of Princeton University and former vice chair at the Federal Reserve echoed the sentiment by stating that partisan politics have prevented progress in dealing with important economic issues.[44] Shambaugh has outlined various measures, such as infrastructure spending proposed by President Obama in his fiscal year 2017 budget, that would positively impact productivity and labor force participation.[45] The budget was not approved. Summers has similarly called for expansionary fiscal policy through infrastructure spending, but such policies have not been pursued.[46]

Increased regulation has also been blamed for some of the slow pace of this recovery. A September 2016 working paper by Martin Neil Baily and Nicholas Montalbano of the Brookings Institution on the slow growth of US productivity shows that while productivity in the most productive firms is growing rapidly, their best practices are not spreading to the rest of the players in a given industry.[47] Exhibit 17 shows the widening gap between the productivity growth rates of firms at the frontier of innovation and

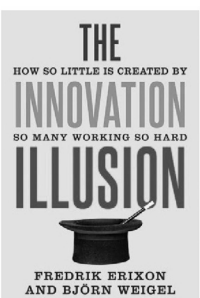


Two books published in 2016 and written by Swedes born in the early 1970s highlight the conflicting perspectives on productivity.
Johan Norberg's *Progress* cover used with permission of Johan Norberg and Oneworld Publications. All rights reserved.
Fredrik Erixon and Bjorn Weigel's *The Innovation Illusion: How So Little Is Created by So Many Working So Hard* cover used with permission of Fredrik Erixon, Bjorn Weigel and Yale University Press. All rights reserved.



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**Exhibit 17: Labor Productivity Growth for Different Groups of Firms**

Rapid productivity growth of firms at the frontier of innovation is not spreading to the rest of the industry.

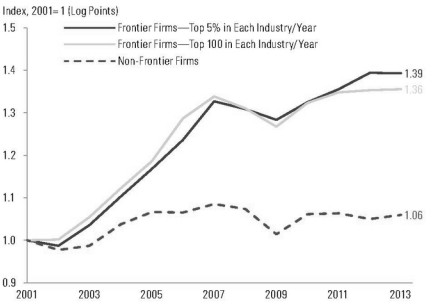


Data through 2013.
Note: Average across 24 OECD countries and 22 manufacturing and 27 market services industries.
Source: Investment Strategy Group, OECD preliminary results based on Dan Andrews, Chiara Criscuolo and Peter N. Gal, "Mind the Gap: Productivity Divergence Between the Global Frontier and Laggard Firms," OECD Productivity Working Papers, forthcoming.

**Exhibit 18: US Financial Conditions Index**

Conditions tightened significantly due to global shocks emanating from the Eurozone, oil prices and China.

Data through year-end 2016.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research.

the rest of the industry. Baily and Montalbano suggest that increased regulation after the crisis may be partially responsible for the widening gap between frontier firms and the rest of the industry, which lowers overall productivity growth rates across the economy and hence lowers the pace of economic growth.

Our colleagues in GIR think that lower capital investment accounts for the lack of diffusion of new technologies from more productive firms to less productive firms.[48] Here, again, it is likely that a more favorable business environment could have boosted capital expenditures and increased overall productivity levels.

We conclude that it is reasonable to assign some of the weakness in this recovery to less effective fiscal and regulatory policies out of Washington rather than to structural shortcomings in the US economy.

### A Steady Onslaught of External Shocks

A sixth theory posits that numerous external shocks explain the slow pace of this recovery. Just as the US economy was recovering from the trough of 2009, the Eurozone sovereign debt crisis jolted global financial markets. The Eurozone was a source of uncertainty and financial market volatility beyond the initial shock in 2010 as the crisis spread from Greece to Spain and Italy.

The Eurozone crisis was followed by a series of what the Brookings Institution has called the "fiscal fights of the Obama administration."[49] The first fiscal fight resulted in the Standard and Poor's (S&P) downgrade of US Treasury debt in August 2011. The equity markets, as measured by the S&P 500 Index, dropped about 19% between April and October of 2011.

Taken together, the Eurozone sovereign debt crisis and the first of the fiscal fights tightened US financial conditions[50] by 142 basis points (see Exhibit 18). GIR estimates that a 100 basis point tightening of financial conditions is equivalent to a federal funds hike of 150 basis points and a drag on GDP growth of about one percentage point.

The drop in oil prices from a post-crisis high of $107 per barrel for West Texas Intermediate in June 2014 to a trough of $26 per barrel in February 2016 also provided a shock to the economy. Employment and capital expenditures in the oil and gas sector dropped by 29% and 67%, respectively, from peak levels seen in 2014. The sector's par-weighted default rate excluding distressed exchanges reached 14.6% and including such exchanges 19.8%, in October 2016.[51]

Broad-based fear of policy mistakes in China and unexpected depreciation of the renminbi were



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**Exhibit 19: US Equity Volatility**

Spikes in equity volatility have corresponded with major global shocks.

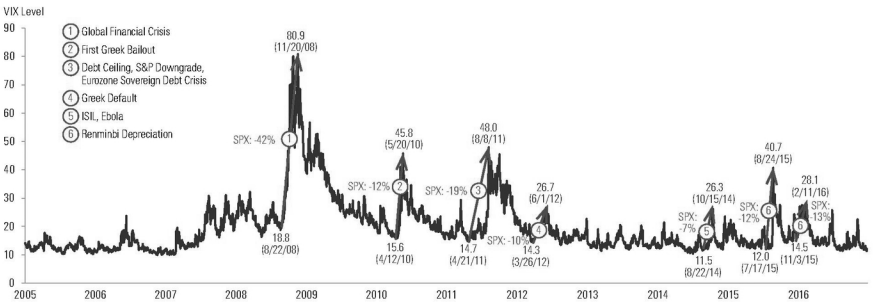


Data through December 31, 2016.
Note: The red arrows show the S&P 500's (SPX's) peak-to-trough declines around each episode.
Source: Investment Strategy Group, Bloomberg.

another shock to the financial markets, resulting in the tightening of financial conditions in the US in mid-2015 and early 2016, with US equities dropping by more than 10% in both periods.

Exhibit 19 provides a time line of shocks, which, in all likelihood, dampened the pace of the US recovery.

**In Summary**

As we review the six theories that could account for the notably slow pace of this recovery, we believe that all have some merit. Recovering from the hangover from the deepest recession since the Great Depression took a little longer. Demographics have not been favorable. Productivity growth appears lower, but that fact does not portend weak productivity growth in the future. Productivity growth is also probably not as weak as it appears, given some mismeasurement of GDP. Fiscal and regulatory policies hampered the economic recovery. And the global backdrop provided a steady source of shocks that slowed growth in the US.

That said, we feel confident that the US continues to progress on a solid footing, that the recovery is intact and, as we argued in our 2016 *Outlook: The Last Innings*, that this recovery and bull market have another inning or two left to run. The glass is still half-full.

We now turn to our expected returns for the next one and five years.

## One- and Five-Year Expected Total Returns

The Investment Strategy Group began producing one- and five-year annualized expected total returns for major asset classes in our 2013 *Outlook*. Since then, our key message has been to stay invested in US equities despite the low returns we have expected for the asset class. Our recommendation has been driven by a low probability of recession, a reasonable probability of upside for equities, zero expected returns for cash and negative expected returns for bonds.

We have presented these one- and five-year annualized expected returns to: a) provide more context for our investment recommendations; b) encourage our clients to have a longer investment horizon; and c) increase the odds that our clients have greater staying power to withstand market downdrafts.

Fulfilling these three priorities is even more imperative moving forward. Our return expectations are lower than in prior years after several years of outsized returns in equities and high yield, and, at the same time, we are confronted with tremendous economic policy and geopolitical uncertainty. We have been faced with such uncertainty in the past, but today (in contrast with periods such as 2008), we no longer have the wind at our back with the benefit of cheap equity and high yield valuations. In 2008, we believed that attractive valuations would eventually lead to high prospective returns in US equities and high



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yield, notwithstanding short-term uncertainty. At the dawn of 2017, we face uncertainty, but US equities and high yield are expensive, and valuations no longer provide much margin of safety and protection from the downside. Similarly, other asset classes such as fixed income provide negligible returns but come with downside risk, e.g., if the incoming Trump administration's fiscal policy is more stimulative than we expect or if the Federal Reserve raises interest rates at a more rapid pace than we expect.

As we prepared our one- and five-year annualized expected returns for this *Outlook* and finalized our investment recommendations for 2017, we were struck by two observations.

First, the general recommendations and volatility warnings in our *Outlook* publications over the last several years have been similar, have been directionally correct and have generally added value to our clients' portfolios. We have continuously recommended that clients stay invested in their strategic US equity allocation. We have also recommended maintaining some tactical tilts such as an allocation to high yield. Yet we have warned clients to be prepared for bouts of volatility. Last year, our exact message to clients with respect to volatility was that "markets will be volatile, so an asset class that performs well in the first half of the year may perform particularly poorly in the latter part of the year; however, investors—unlike traders—should not try to time such short-term moves."[52] It is very important that clients heed this warning—not just for 2017 but for their entire investing lives.

Exhibit 20 illustrates the point. We have compared the performance of some of the best-performing asset classes and sectors for the year with the performance of those assets at their worst point of the year. Energy high yield provides an excellent example. On February 11, 2016, the US energy high yield sector (as measured by the Bloomberg Barclays High Yield Energy Total Return Index) was down 19.1% year to date—one of the worst-performing sub-asset classes at that time. Similarly, the US bank sector (as measured by the S&P Banks Select Industry Total Return Index) was down 21.7% over the same period. We had in place tactical tilts in both sectors. As oil prices recovered, high yield energy securities rallied, with the benchmark index ending the year up 37.4%—a wild swing of 56 percentage points from low to high. US banks also rallied initially in response to prospects of higher interest rates and later in anticipation of less regulation under a Trump administration. The bank sector index rallied to end the year 31.3% higher than at the start—an equally wild swing of 53 percentage points from low to high.

**Exhibit 20: Returns in 2016**

Some of the best-performing assets in 2016 experienced significant declines before recovering.

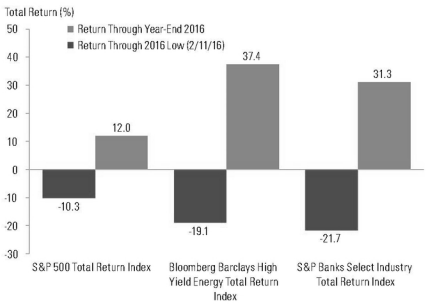


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

**The general recommendations and volatility warnings in our *Outlook* publications over the last several years have been similar, have been directionally correct and have generally added value to our clients' portfolios.**

We have to be realistic: we cannot anticipate such market swings on a consistent basis. Therefore, it is imperative that clients maintain a long investment horizon, be tactical when investment opportunities present themselves—usually at times of extreme stress in the financial markets—and otherwise stay invested in the appropriate strategic asset allocation.

Our second observation was that our five-year annualized return forecasts



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**Exhibit 21: Historical Total Returns vs. ISG's 2013 *Outlook* 5-Year Prospective Total Returns**

Our 5-year return forecasts have so far been relatively accurate for the bulk of assets in our diversified model portfolio, but we have not been right across the board.

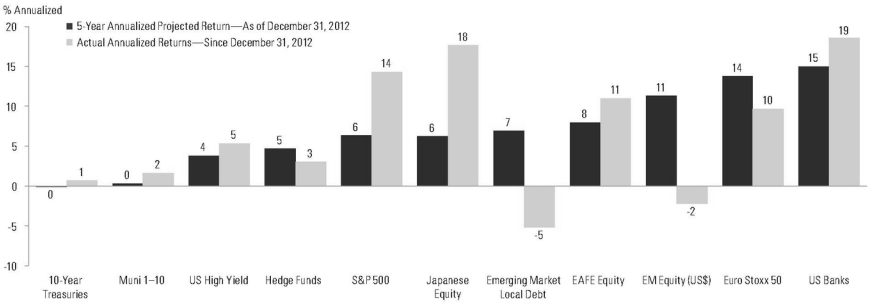


Data through December 31, 2016.
Note: Rounded to the nearest whole integer.
Source: Investment Strategy Group, Datastream.

have also been relatively accurate for the bulk of assets in our diversified model portfolio. In Exhibit 21, we compare the five-year annualized expected total returns published in our 2013 *Outlook* to what transpired over the last four years. Our forecasts for 1) fixed income returns including both investment grade and high yield, 2) hedge fund returns, and 3) EAFE equity returns were close to the mark. Directionally, we were also right about US equity returns but off in terms of magnitude. We were also struck by how close our US bank sector return forecasts were to the realized returns—approximately a quarter of which were realized after the November election. This observation has reinforced our belief in one of the pillars of our investment philosophy: having the appropriate horizon for various strategies is critical to long-term success.

Not surprisingly, we have not been right across the board. We underestimated Japanese equity returns by 11.4 percentage points on an annualized basis and we overestimated emerging market equity and emerging market local debt returns, by sizable 13.5 and 12.1 percentage points, respectively, on an annualized basis. Japanese equities realized an annualized 18% return and EM equity and local debt realized negative returns, at -2% and -5% annualized, respectively. While our forecasts were off the mark, our emerging market investment recommendations were on the mark. In mid-2013, we recommended clients reduce their strategic allocation to emerging market assets. Even though we had forecast expected returns that were nearly double those of US equities, we became

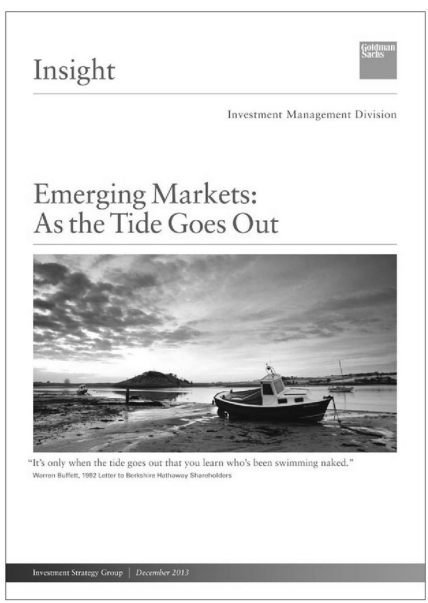
Insight

Goldman Sachs

Investment Management Division

Emerging Markets: As the Tide Goes Out

"It's only when the tide goes out that you learn who's been swimming naked."
Warren Buffett, 1992 Letter to Berkshire Hathaway Shareholders

Investment Strategy Group | *December 2013*



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**Exhibit 22: ISG Prospective Total Returns**

Expected returns over the next one and five years are below historical realized averages.

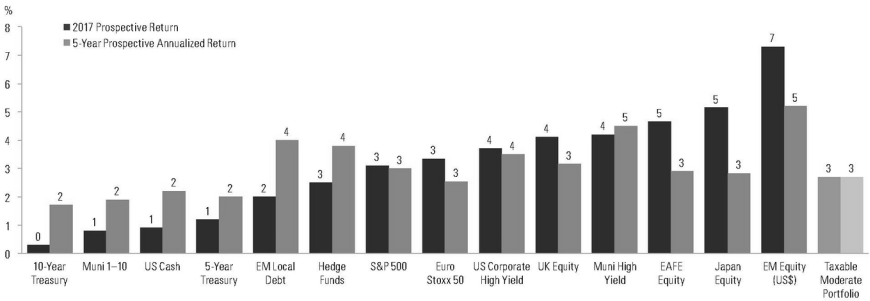


Data as of December 31, 2016.
Note: For informational purposes only. There can be no assurance the forecasts will be achieved.
Source: Investment Strategy Group. See endnote 53 for list of indices used.

increasingly concerned about the structural fault lines of emerging market countries. These fault lines were discussed in detail in our December 2013 *Insight*, *Emerging Markets: As the Tide Goes Out*.

We continue to recommend a zero allocation to emerging market debt (dollar-denominated and local currency debt) and a 2% allocation to emerging market equities in a moderate-risk diversified portfolio. We highlight emerging market assets because, yet again, our base case returns, especially for emerging market equities, appear compelling, but we are not recommending a tactical allocation to this asset class. As we discuss below in our review of the risks to our economic and financial market outlook, China is our biggest source of concern in 2017 and for the next few years. Emerging markets are the countries that would be most negatively impacted by any shocks emanating from China.

China is our biggest source of concern in 2017 and for the next few years. Emerging markets are the countries that would be most negatively impacted by any shocks emanating from China.

Our 2017 expected returns, shown in Exhibit 22, are the lowest returns we have published since the global financial crisis. Not a single broad asset class is expected to have double-digit returns. Cash has an expected return of 1%. Expected returns for intermediate investment grade fixed income securities range between 0% and 1% depending on maturities, an expectation driven by our view of rising rates as the Federal Reserve hikes the federal funds rate two or three times in 2017. US equities, which are the most expensive of global equities, have an expected return of about 3%, and we expect slightly higher returns in other developed market equities. Hedge funds, an asset class for which we have had modest single-digit return expectations since our 2013 *Outlook* (as shown in Exhibit 21), should continue to have modest returns; we expect a 3% return before taxes, compared to a 5% annualized return expectation in 2013 and an annualized return of 3% over the last four years.

In aggregate, a moderate-risk diversified portfolio for taxable clients is expected to have a return of about 3%. We must note that our return expectations are not meant to promote a specific investment, and that their basis on current capital market assumptions implies they will likely change over the course of the year.

At this point, our clients may well be asking why they should remain invested in a diversified portfolio with such paltry



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return expectations, given all the economic policy and geopolitical uncertainty mentioned earlier. We believe there are three compelling arguments.

First, there is potential for upside surprises in 2017:

- Saudi Arabia and the rest of the oil producers may stick to the announced oil production cuts, thereby boosting energy sector earnings.
- A Trump administration fiscal stimulus could boost growth by more than we expect.
- Corporate tax cuts could increase corporate sector profitability.
- A possible tax holiday could encourage US multinational corporations to repatriate some of their earnings and deploy them for stock buybacks.

We assign a 25% probability of such upside surprises relative to a 60% probability of our base case scenario and a 15% downside probability. (Please see Section III, 2017 Financial Markets Outlook, for a more detailed discussion.)

Second, we recommend staying invested because we believe that the probability of a recession in the US is about 15% over the next year. There is an 85% chance that the economy will grow at a rate of about 2% or higher. Absent a recession, equities are more likely to generate positive returns. Obviously, the probability of a recession is substantially higher over the next five years, and our five-year annualized expected returns incorporate a 70–80% probability of a recession.

Third, and most importantly, we do not see better investment alternatives. Cash will provide negligible returns with no upside, and we expect investment grade bonds to have equally negligible returns with little upside, if any. We also expect hedge funds, in aggregate, to lag equities on an after-tax basis.

We expect similarly modest returns from our tactical tilts.

**As equities, high yield and the dollar have rallied over the course of the year, we have continued to reduce the overall risk level of our tactical tilts.**

**Our Tactical Tilts**

As equities, high yield and the dollar have rallied over the course of the year, we have continued to reduce the overall risk level of our tactical tilts. At the beginning of 2016, we had already reduced our exposures by 50% relative to peak levels in 2015, as measured by value at risk. By the end of 2016, we had reduced exposures further, based on our investment discipline of averaging in and out of our tactical tilts.

Underweight Fixed Income: We continue to recommend underweighting US fixed income assets as the Federal Reserve slowly but steadily raises the federal funds rate. We expect the 10-year Treasury bond yield to range between 2.5% and 3.0%. As a result, we forecast a 1% return across short- and intermediate-maturity fixed income assets and a near zero return for the 10-year Treasury. Longer maturities are expected to have negative returns. We also recommend underweighting fixed income assets to fund tactical tilts given their higher expected returns.

Overweight to High Yield: While we reduced our tactical allocation to high yield assets by half throughout 2016, we continue to recommend an allocation to general high yield bonds, high yield energy bonds and high yield bank loans. The incremental yield in such securities, adjusted for defaults, is still compelling, with expected returns of about 4% for high yield bonds and high yield energy bonds and about 5% for bank loans. We forecast that crude oil prices will stay in the $45–65 range, partly owing to some production discipline by Saudi Arabia as the largest swing producer. Our bank loan tilt is further supported by a rising rate environment; the coupon rate on bank loans will be reset higher as LIBOR rises.[54]

Modest Overweight to US Banks: We maintain a modest overweight to US banks despite their 31% return in 2016. Banks will benefit from rising rates, especially if the increase is greater in the short end of the yield curve. About 60% of changes in the net interest margin of banks is typically driven by changes in short rates since they are used for setting the banks' prime lending rate. Banks will also likely benefit from a more favorable regulatory environment under a Trump administration. We forecast a return of about 7%.



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Overweight US Energy Infrastructure Master Limited Partnerships (MLPs): We initiated a direct allocation to energy MLPs in late January 2016 and have maintained that tilt. Given our assumptions about oil prices, we believe that the cash distributions from MLPs are generally secure and provide a yield to investors of just over 7%. In the absence of any valuation changes, the yield translates into a high single-digit tax-advantaged return. Any growth in cash flow distribution or improvements in valuation relative to the S&P 500 would provide some upside.

Overweight Spanish Equities: We maintain an overweight to Spanish equities on a currency-hedged basis. This tactical tilt was introduced in August 2013, and we have adjusted the size of the overweight about a dozen times since. Spanish equities offer some of the cheapest valuations across the developed markets, attractive dividend yields, expected earnings growth of 4.6%, aided by healthy domestic growth, and a particularly well-capitalized[55] banking sector that has a lower nonperforming loan ratio than the Eurozone bank average. Furthermore, Spain is unlikely to face the same political uncertainty as Germany, France and Italy in 2017. We expect high single-digit returns for Spanish equities.

Short Five-Year German Bunds: We recommend a short position in five-year German bunds as the ECB embarks upon the process of shifting its monetary policy. After the December 2016 meeting, the ECB announced that it would reduce its monthly purchases of bonds from €80 billion to €60 billion starting in March 2017 and continuing through December 2017. We expect the ECB to end all purchases sometime in 2018, barring any shocks. As a result, we think interest rates for Eurozone sovereign debt will rise gradually over the course of the year, which in the case of German bunds means they will become less negative. We expect a modest 2% return from this tilt.

Short Chinese Renminbi: We have increased our bearish position on the Chinese renminbi over the course of 2016. China is under pressure from multiple sides: the need for loose monetary policy to achieve the leadership's 6.5% target GDP growth rate, 32 months of capital outflows that have accelerated in late 2016, a strong dollar and an incoming Trump administration that will likely pursue a US-centric policy toward China. Risks are exacerbated by the leadership's lack of experience in handling financial market volatility, as evidenced by China's policy response to its equity market collapse in June 2015 and its approach to shifting the currency regime to a more flexible one in August 2015 and January 2016. We expect the currency to depreciate about 7% in 2017; since 4% is already priced in the forward markets, we expect a return of about 3%. There is considerable scope for further upside from this tilt if China abandons its current control of the currency, a move that could lead to depreciation in the renminbi of about 20%.

Our tactical tilts are based on above-trend growth of 2.3% in the US, global growth of 2.9%, generally favorable monetary policy and more stimulative fiscal policy across developed and emerging market countries. We expect returns to be muted across asset classes, resulting in modest returns in a diversified portfolio with a modest enhancement from tactical tilts. Of course, our views are not without risks. As we discuss below, some are low-probability risks with the potential for high impact while others are high-probability risks with low impact potential.

## The Risks to Our Outlook

When we think about the risks to our economic and financial market outlook, we are reminded of the words of French writer Jean-Baptiste Alphonse Karr: *Plus ça change, plus c'est la même chose*—the more things change, the more they stay the same. This year's list of risks overlaps with those of the last several years. As far back as 2011, investors have worried about a hard landing in China. From the inception of the European sovereign debt crisis in 2010 through the Brexit vote in 2016, the potential breakup of the Eurozone has been a source of concern. As soon as the Federal Reserve raised the federal funds rate in December 2015, investors worried about tightening policy causing a recession. Cybersecurity and terrorism are constant threats. And geopolitical risks have grown over time. This year, we are adding trade policy uncertainty and US-China geopolitical relations as new risks.

As we said in our 2013 *Outlook*, there is no shortage of concerns as markets climb a wall of worry. In our view, there are eight risks that



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We do not believe this tightening cycle will lead to a US recession in 2017.

could derail the last innings of this recovery and bull market. The first three are low-probability risks in our view, the next three risks have a high probability of occurring but their impact is uncertain and the last two are high-probability and high-impact risks beginning as early as 2017.

Low-Probability but High-Impact Risks:

- The pace of Federal Reserve tightening is disruptive and financial markets react negatively.
- The economy slips into recession.
- Populist parties in the Eurozone gain greater influence.

High-Probability but Uncertain-Impact Risks:

- Geopolitical hot spots get hotter.
- Terrorism escalates.
- Cyberattacks continue.

High-Probability and High-Impact Risks:

- China submerges under its debt burden and capital outflows.
- US-China relations deteriorate under the Trump administration.

**Pace of Federal Reserve Tightening**

Unlike the December 2015 interest rate hike that prompted a vocal response from naysayers but had limited impact on the bond market, the December 2016 hike has elicited a muted response from market commentators but has had a larger impact on the bond market. The underlying strength of the labor market and the steady improvement in the economy have led to a change of sentiment toward more interest rate hikes, which are clearly in the offing. Interest rates have increased from a low of 1.3% for the 10-year Treasury in July 2016 to 2.4% by year-end. While this increase in interest rates would ordinarily tighten financial conditions, it has been partially offset by stronger equity markets and tighter corporate bond spreads. In fact, financial conditions were looser at the end of the year than they were at the beginning of 2016 despite expectations of a slow but steady increase in the federal funds rate.

We share the market view that the pace of monetary policy tightening will accelerate but remain benign. As shown in Exhibit 23, the difference between the Federal Reserve dots, the view implied by the bond market, the forecast by our colleagues in GIR and our view is negligible. The bond market has priced two hikes, the Federal Reserve and GIR expect three hikes, and we think two or three hikes are equally likely in 2017. We assume that the Federal Reserve will slow down the pace of interest

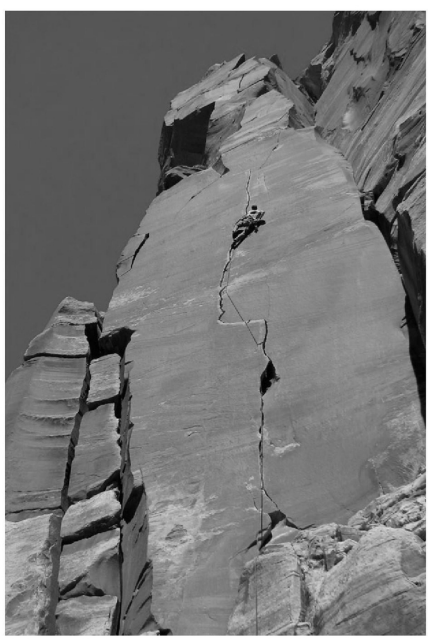

There is no shortage of concerns as markets climb a wall of worry.



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**Exhibit 23: Policy Rate Path Projections**

We expect the pace of monetary policy tightening to accelerate but remain benign.

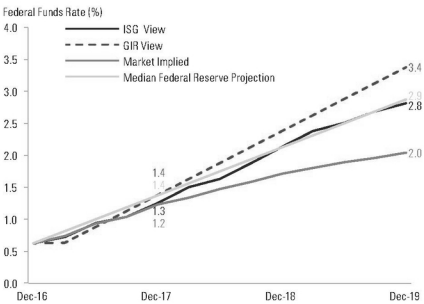


Data as of December 31, 2016.
Note: For informational purposes only. There can be no assurance that the forecasts will be achieved.
Source: Investment Strategy Group, Bloomberg, Goldman Sachs Global Investment Research, Federal Reserve.

rate hikes should the economy weaken, and will pick up the pace later in 2017 or 2018 if the fiscal package under the Trump administration is bigger than we expect (see Section II, 2017 Global Economic Outlook, for a more detailed discussion).

Irrespective of the realized pace, this tightening cycle will not result in a US recession in 2017, in our view.

**Recession Is Highly Unlikely**

"Depression Bread Line," Bronze, 1991, George Segal at the Franklin D. Roosevelt Memorial. Art © The George and Helen Segal Foundation/Licensed by VAGA, New York, NY.

**Low Expectations of a US Recession**

Recessions in the US have been triggered by Federal Reserve tightening of monetary policy; by economic imbalances such as the bursting of the dot-com and housing bubbles in 2000 and 2008, respectively; or by external shocks such as the Arab oil embargo in 1973. The first two triggers are unlikely to occur in 2017, and the third, a shock, is not something that we can typically anticipate. However, we do think that China will be a source of downside risk sometime over the next three years.

First, as we mentioned in last year's *Outlook*, there have been five tightening cycles in the post-WWII period that have not triggered a recession. Four of those cycles occurred during the three longest recoveries, as shown in Exhibit 24. Those cycles have been characterized by an early start to the tightening cycle, a slow pace relative to historical averages (220 basis points per year for nonrecessionary tightening and 330 basis points per year in recessionary cycles), low core inflation and slack in the labor market. This cycle shares those characteristics: the tightening cycle started in 2015, the pace has been 25 basis points per year, the core personal consumption expenditures (PCE) index—the Federal Reserve's preferred benchmark for inflation—is at 1.6% year over year as of November 2016, and our colleagues in GIR estimate that the labor market still has about 0.3% slack.

Second, the US economy does not suffer from any imbalances in which one sector of the economy has become the sole driver of growth or equity market returns. Before the global financial crisis, residential investment as a percentage of GDP had peaked at 6.7% in 2005, compared to a long-term average of 4.7%, and the credit-to-GDP gap as a measure of nonfinancial sector leverage had peaked at 12.4% in 2007 compared to a long-term average of -1%, leading to meaningful imbalances. Similarly, in 2000, technology and telecommunication sector valuations were more than three standard deviations higher than the average of other sectors. Such imbalances do not exist in the US at this time.

Third, while we cannot anticipate an external shock—otherwise it would not be a shock—we do not see imbalances in other large economies except in China.



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**Exhibit 24: US Real GDP During the Longest Post-WWII Recoveries**

Four of the five tightening cycles that did not trigger a recession occurred during the three longest recoveries in the post-WWII period.

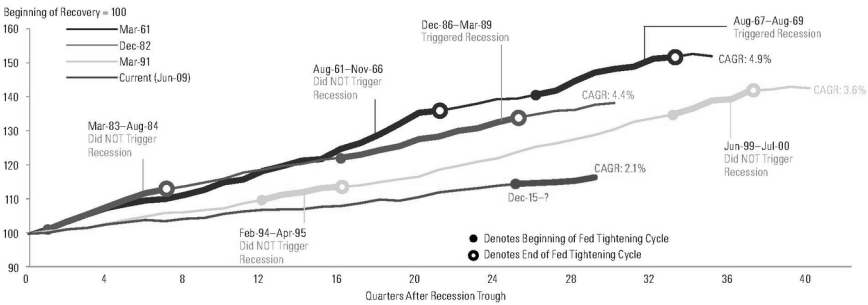


Data as of December 2016.
Source: Investment Strategy Group, Bloomberg, National Bureau of Economic Research.

In our 2016 *Outlook* and our 2016 *Insight* report, *Walled In: China's Great Dilemma*, we stated that China was unlikely to have a hard landing over the next two years (i.e., 2016 and 2017). We believe the view still holds. We do not expect a hard landing in China that would destabilize the US economy in 2017, but the risks grow significantly in 2018 and 2019. As we discuss below, China may nevertheless represent a geopolitical risk in 2017.

Historically, since WWII, the odds of a recession occurring over a 12-month period have been 18%. Our composite recession model, incorporating end-of-year financial and economic data, estimates the probability of a recession in 2017 at 23%. Once we incorporate the likely passage of a fiscal stimulus package of tax cuts and infrastructure investments in the latter half of 2017, the probability of a recession this year declines to about 15%.

### Rising Influence of Populist Parties in the Eurozone

Since the election of Prime Minister Alexis Tsipras and the Syriza Party in Greece in January 2015, populism has been gaining momentum across Europe. The support for populist parties has increased to varying degrees in Spain, Greece, Italy, France, the Netherlands, Germany and Austria. The common themes among populists have been anti-immigration and anti-European Union. Outside the Eurozone, the 2016 Brexit vote in Great Britain has been interpreted as a populist vote against immigration from Eastern Europe, the Middle East and North Africa, as well as against the bureaucracy of the European Union.

The increasing enthusiasm for populist parties in Europe raises two questions. First, will any of the more extremist parties win enough support to break away from the European Union? In France, for example, upcoming elections in May 2017 are likely to pit François Fillon of Les Républicains against Marine Le Pen of the far right Front National. Le Pen has promised a referendum on whether France should stay in the European Union, and, should she win, questions about the viability of the Eurozone will surface immediately.[56] While polls show Fillon well ahead of Le Pen, polls have been wrong on the UK and Italian referenda and the US election. The Eurasia Group, for one, assigns a 30% probability to a Le Pen victory.[57]

Second, to what extent will the rise of populism influence policies in the Eurozone? Here, Germany will probably provide a litmus test. Chancellor Angela Merkel and her coalition government are likely to respond to recent terrorist attacks there by proposing a stronger police and military presence, according to the Eurasia Group. Security checks will probably be increased as well, since at least 800,000 asylum-seekers entered Germany with minimal security checks and terrorist suspects have already been arrested among them.[58] With German elections scheduled for September 2017, it remains to be seen whether Chancellor Merkel will adjust her immigration policy.



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While populism is on the rise and the support for such parties has increased, we do not think that these movements will threaten the viability of the Eurozone in 2017. In fact, in response to Brexit, we believe that Eurozone policymakers will take a hard line with Britain to make sure other countries do not think it realistic to manage an exit that retains all the benefits while shouldering none of the costs.

**Geopolitical Hot Spots Get Hotter**

We rely on the insights of external experts to formulate our geopolitical views. They include members of prominent research groups, think tanks and universities as well as former government officials, both in the US and abroad. So informed, we highlight activity in North Korea, Russia and the Middle East among our group of risks with high probability but uncertain impact.

North Korean Belligerence Continues: North Korea's unpredictable and belligerent military activities have continued unabated. In early 2016, North Korea announced that it had tested its first hydrogen bomb.[59] By the end of 2016, North Korea had conducted nine other military actions, including the launch of a ballistic missile from a submarine,[60] launches of long-range ballistic missiles toward Japan[61] and additional nuclear tests.[62]

We can only expect further tests in 2017, given the estimates by a Council on Foreign Relations task force chaired by retired Admiral Michael Mullen that North Korea may have between 13 and 21 nuclear weapons as of June 2016.[63]

Even more troubling is a pattern highlighted by David Gordon, adjunct senior fellow at the Center for a New American Security. Gordon points out that North Korea makes a habit of testing new presidents, as it did in May 2009, early in President Obama's first term, and again in February 2013 after South Korean President Park Geun-hye was inaugurated.[64]

The *Wall Street Journal* reports that the "Obama administration considers North Korea to be the top national security priority for the incoming administration."[65] Nuclear weapons already in place, long-range ballistic missile capabilities in development, and an unpredictable and provocative leader are a deadly combination. North Korea will remain a serious risk for the foreseeable future.

Russian Adventurism Intensifies: While attention has been focused on Russia's adventurism in Syria, the frozen conflict in Ukraine remains intact, with increasing violations of the Minsk agreements of 2014 and 2015.[66] Since the first agreement in September 2014, nearly 10,000 people have been killed,[67] and most recently, Russian-backed separatists attempted to break through Ukrainian government lines.[68] In response to such lack of progress and concerns about further Russian aggression in the region, the heads of North Atlantic Treaty Organization (NATO) member countries agreed, at a summit in Warsaw in July 2016, to deploy as many as 4,000 troops to the Baltic States and Poland in early 2017 as a deterrent to further adventurism in Eastern Europe.[69] The risks of accidents and intentional skirmishes will inevitably rise.

Furthermore, the direction of foreign policy in the region under a Trump administration is uncertain given President-elect Trump's July 2016 statement that the US would not automatically defend the Baltic States.[70]

Russia is likely to stay involved in the Middle East as well. Russia has been a constructive force with respect to the fight against the Islamic State of Iraq and the Levant (ISIL) and a stabilizing force with respect to keeping Syrian President Bashar al-Assad in place in the absence of any attractive alternatives. Syria would not have made as much progress in pushing back ISIL and the rebels without Russian air power support. Russia has also hosted a meeting in Moscow with Iran and Turkey to work toward an accord to end the war in Syria[71]—a six-year war that has resulted in 400,000[72] to 470,000 fatalities[73] and an estimated economic cost of $250 billion to $275 billion.[74] Given the prospects of continued geopolitical turmoil in the region, Russian involvement in the Middle East will not be reduced anytime soon.

While populism is on the rise and the support for such parties has increased, we do not think that these movements will threaten the viability of the Eurozone in 2017.



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Middle East Conflicts and Tensions Persist: The Middle East will remain a source of conflict for years to come. Many countries have weak or collapsing nation-state structures with varying degrees of civil war. As Zalmay Khalilzad, former ambassador to Afghanistan, Iraq and the United Nations, and president of Gryphon Partners, wrote recently, "the national borders devised by Western powers for Iraq and Syria, in particular, are not standing up well to the test of time … and Pakistan's policies have contributed to Afghanistan's precarious condition."[75] Iran and Saudi Arabia compete for influence in the region, and the Sunni-Shia divide that was not a geopolitical factor 40 years ago will continue to escalate tensions in the region.

Another potential risk in the region is the dismantling of the Iran nuclear deal by the Trump administration.[76] In the absence of a deal, Iran would return to building its nuclear capabilities, thereby increasing the risks of a military strike by Israel or the US.

We assign a low probability to such an event for two reasons. First, we point to comments made by secretary of defense nominee retired General James Mattis, which suggest a different approach in dealing with Iran.[77] In a speech in April 2016 at the Center for Strategic and International Studies, Mattis said "there is no going back" on the deal "absent a clear and present violation."[78] Second, other signatories to the deal, including Russia and China, would not support a unilateral dismantling of the deal by the new administration.[79] That is not to say that tensions between the US and Iran will not continue this year.

Turmoil in the region will continue into 2017 and beyond. While the direct impact of such conflicts on global growth and world equity markets is limited outside a war among major powers, the threat posed by terrorism is significant and growing.

**Terrorism Escalates**

Another high-probability but uncertain-impact risk is increased terrorism. The Middle East has been the main source of terrorism even before the September 11, 2001, attack on the World Trade Center. The majority of the 9/11 perpetrators, 15 out of 19, were from Saudi Arabia, with the rest from other Arab countries in the region.[80] Since then, the spread of ISIL, the Syrian civil war, extremism in Pakistan and Afghanistan, and the immigration of Arabs and North Africans to Europe and, to a lesser extent, the US, have increased the incidence of terrorism in the West.

In 2016, there were five key terrorist incidents in the US and 15 in Europe, including a December 19 attack when a truck rammed into a Christmas market in Berlin.[81] Some of the terrorists responsible were inspired by ISIL,[82] and some were lone-wolf Islamic extremists who had lived in their respective countries for years.[83] With a growing number of refugees in Europe, it is highly likely that this pace of terrorism will continue.

Terrorist attacks and geopolitical tensions in the Middle East take more than their immediate human toll. While consumer confidence in the US is now above the pre-global financial crisis peak of July 2007 (see Exhibit 25), Gallup Poll data shows that dissatisfaction remains at a very high level, similar to that at the beginning of the global financial crisis. As shown in Exhibit 26, the dissatisfaction rate increased steadily in the aftermath of the 9/11 terrorist attacks and the US wars in Afghanistan and Iraq. It had already reached current levels before the global financial crisis.

Former Federal Reserve Chairman Ben Bernanke has named traumatic national shocks such as 9/11 along with political polarization and "shrill" political debates as possible culprits of the contradictory signals between the high levels of consumer confidence as measured by the Conference Board and the high levels of dissatisfaction as measured by Gallup Polls.[84]

Risks of continued terrorism are very high, but the broader economic impact of the type of terrorist acts we witnessed in 2016 is limited. We can only hope that large attacks such as 9/11 do not occur again.

**Cyberattacks Continue**

High-profile cyberattacks or cyberattack announcements were a regular feature of 2016. The highest-profile attacks were those perpetrated by the Russian government on the Democratic National Committee computer network, according to a joint statement from the Department of Homeland Security and Office of the Director of National Intelligence on Election Security.[85] The US government expelled 35 Russian officials and imposed sanctions on four high-ranking members of the Russian military intelligence unit as a result.[86]



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**Exhibit 25: Conference Board Consumer Confidence Index**

The labor market recovery has led to a steady increase in consumer confidence.

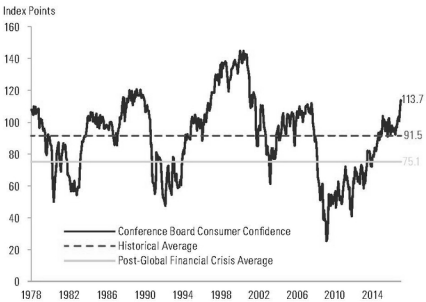


Data through December 2016.
Note: Series starts in January 1978. Post-GFC average begins in July 2009.
Source: Investment Strategy Group, Datastream.

**Exhibit 26: Gallup Poll on Satisfaction With the Direction of the US**

Dissatisfaction remains at a very high level, similar to that at the beginning of the global financial crisis.

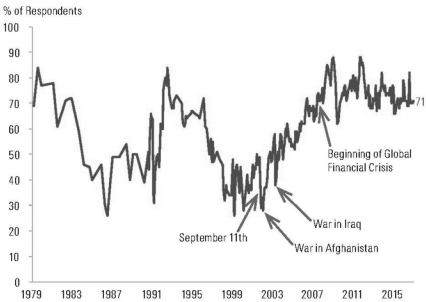


Data through December 2016.
Note: The poll asks, "In general, are you satisfied or dissatisfied with the way things are going in the United States at this time?"
Source: Investment Strategy Group, Gallup.

Other high-profile cyberattacks included

- The announced theft of the account information of 1 billion Yahoo users in 2013 and 500 million Yahoo users in 2014[87]
- The theft of information from as many as 700,000 accounts at the Internal Revenue Service[88]
- A suspected Chinese military hack into the Federal Deposit Insurance Corporation[89]
- The theft of 117 million LinkedIn passwords (stolen in 2012 but announced in 2016)[90]

The risks of cyberattacks continue to increase.

The risks of cyberattacks continue to increase. To date, the attacks have had limited detrimental impact on the broad US economy, but the impact could be far-reaching if foreign governments such as Russia or China, criminal entities, or lone actors attack critical infrastructure in the US or any other major country.

**China Submerges Under Its Debt Burden and Capital Outflows**

At $11.4 trillion, China is the second-largest economy in the world, with a 13.8% share of global exports and a 9.7% share of global imports. It accounts for nearly half of global demand for zinc, tin, steel, copper and nickel, and more than half for thermal coal, aluminum and iron ore. Any major slowdown or volatility across bond, currency and equity markets in China, including Hong Kong, would have major ramifications for the rest of the world.

While the US has limited direct economic exposure to China—only 0.6% of exports as a share of GDP, 0.6% of bank assets and 0.7% of corporate profits—any shocks in China will reverberate through US financial markets. As shown earlier in Exhibit 18 on page 19, US financial conditions tightened by 118 basis points in the summer of 2015



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when China's leadership intervened in the local equity markets and adjusted the trading band around the renminbi, and by 104 basis points in late 2015 and early 2016 when the leadership changed the reference currency from the dollar to a basket of 13 currencies. If US financial conditions had stayed at those levels for over a year, US GDP growth would have slowed by about one percentage point, all else being equal. Financial conditions are the mechanism by which shocks from China would have the most immediate impact on key developed economies such as the US.

As mentioned above, one of the triggers of US recessions has been economic imbalances. While we do not see such imbalances in the US, or in other major developed economies, at this time, we see significant imbalances in China. Such imbalances have led to crises in other countries, and there is no reason to believe that they will not lead to a financial crisis in China. In our view, it is not a question of if—it is only a question of when.

The biggest imbalance in China is the high level of debt relative to GDP. The Bank for International Settlements (BIS) has a series of early warning indicators. One of the more widely followed and reliable measures is the credit-to-GDP gap, measured as the total credit extended to the private nonfinancial sector as a percentage of GDP compared with its long-term trend. As shown in Exhibit 27, China breached the high-risk threshold in June 2012, when its credit-to-GDP gap rose above the 10% level. At 30.1% as of March 2016 (latest data available) and rising, China's gap exceeds the 10% threshold by 20 percentage points, levels previously seen in Spain before the European sovereign debt crisis. Major developed and emerging market countries have experienced a financial crisis within three years of their credit-to-GDP gap exceeding 10%.

In our 2016 *Outlook* and our 2016 *Insight* report, *Walled In: China's Great Dilemma*, we stated that we did not expect a hard landing in China over the next two years—2016 and 2017. We continue to assign a low probability to a hard landing in China in 2017. However, it is unlikely that China can avoid a financial crisis over the next three years. In prior years, we have pointed to China's high savings rate and government control of many aspects of the economy as reasons for its ability to avert a hard landing. However, the country's debt levels have risen rapidly, the pace of capital outflows has picked up, and net foreign direct investment has reversed and is now negative. In our view, neither China's high savings rate nor its increasing government control of financial markets and capital flows will be sufficient to avert a hard landing over the next several years. Keep in mind that even the US was not able to avert a financial crisis after its credit-to-GDP gap briefly breached the 10% high-risk threshold in December 2006 and peaked at 12.4% in December 2007.

**Exhibit 27: Credit-to-GDP Gap Across Economies**

China's gap reached the high-risk threshold in June 2012 and has continued to rise.

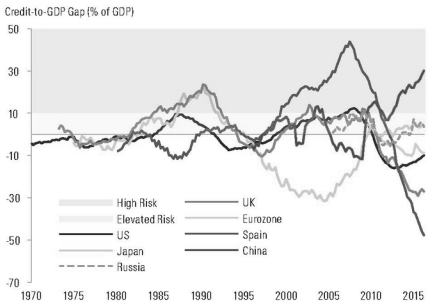


Data through Q1 2016.
Note: Estimates based on series of total credit to the private nonfinancial sector. Credit-to-GDP gap is defined as the difference between the credit-to-GDP ratio and its long-term trend in percentage points. Long-term trend is calculated using an HP filter.
Source: Investment Strategy Group, Bank for International Settlements.

The US has the highest GDP per capita of any major country in the world. The large countries that come closest to the US on this score have GDP per capita levels that stand at about 70% of US levels on a nominal basis and slightly higher on a purchasing power parity (PPP) basis. The US dollar is also *the* unquestioned reserve currency of the world; its reserve-currency status has only been fortified after the Eurozone sovereign debt crisis and the British referendum for Brexit. Thus, the US is able to access the excess savings of the entire world. The US also receives the largest share of world foreign direct investment flows, capturing 14% of global flows between 2011 and 2015. The US now accounts for 20% of the stock of all foreign direct investment. Yet, despite all these major advantages, it did not avert a financial crisis in 2008. It defies logic to assume that China will be the one major country that avoids a financial crisis and a hard landing when it does not enjoy such advantages. As we often say, stating that "this



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**Exhibit 28: Total Foreign Currency Holdings of China's Official Sector**

If the recent pace of decline continues, China's reserves could soon fall below the IMF's adequacy threshold.

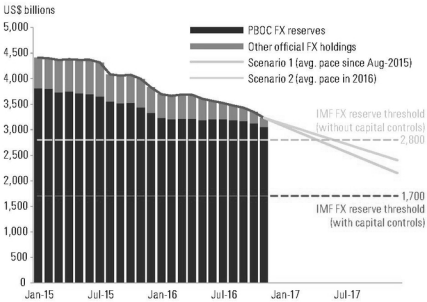


Data through November 2016.
Source: Investment Strategy Group, CEIC, Bloomberg, IMF.

time is different" is extremely dangerous for the investment well-being of our clients' portfolios.

China, in fact, faces greater risk of a financial crisis because of growing capital outflows. An astounding $1.3 trillion of capital has flowed out of China since August 2015, when it broadened the trading range for its currency against the US dollar. The outflows averaged $64 billion per month in 2016. At that pace, China's total official foreign currency holdings could drop below the IMF's reserve threshold of $2.8 trillion by mid-2017, as shown in Exhibit 28.

Of course, China's leadership has not stood on the sidelines. Since September 2015, the People's Bank of China and the State Administration of Foreign Exchange have introduced a series of measures to limit capital outflows. These measures have included orders to financial institutions to carefully check and strengthen controls on all foreign exchange transactions[91] and strict oversight of Chinese companies' outward investment in overseas property, hotels, cinemas and the entertainment and sports industries.[92] According to reports, leadership has also ordered increased oversight of trade activities to make sure companies are not over-invoicing the value of their imports or under-invoicing the value of their exports as a means of circumventing capital controls.[93] Exports and imports are 20% and 15%, respectively, of China's GDP. It is virtually impossible for China to halt capital flows in such a porous economy without slowing GDP growth rates. Thus, China will not be able to completely stem outflows despite all its measures to slow the pace as much as possible.

Irrespective of the success of such capital controls, China's growing debt problem poses significant risks to China's growth trajectory. We estimate that the risk of a hard landing is only about 25% in 2017 but will increase rapidly to about 50% in 2018 and be closer to 75% in 2019. Therefore, while China is not a near-term risk, there is a high probability of an intermediate-term crisis that will reverberate through financial markets. We also know that we cannot anticipate the exact timing of such crises, especially given the uncertainty of how US-China relations will unfold under a Trump administration.

According to the Center for Strategic and International Studies, China has installed anti-aircraft guns and other weapons systems on seven man-made islands in the South China Sea, including the Johnson Reef, shown above.
Map data: Google, DigitalGlobe

**US-China Relations Deteriorate Under the Trump Administration**

There is no doubt that US strategy toward China will shift; the only question is when and how. There are two channels by which the Trump administration could affect US-China relations: trade and foreign policy.



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We may see some fireworks in US-China relations during the Trump administration.

With respect to trade, President-elect Trump can use any one of six US statutes, including the Trading with the Enemy Act of 1917 and the International Emergency Economic Powers Act of 1977, to shift trade policy. The latter two statutes give him latitude to change foreign commerce without interference from Congress or the courts.

President-elect Trump has advocated imposing tariffs and labeling China a "currency manipulator." While he has continued to threaten tariffs of 45% on imports from China, there is considerable uncertainty as to what his administration will actually impose. If the US and China engage in a full trade war, the Peterson Institute for International Economics has estimated a notable drag on US GDP growth over three years.[94]

Any of these actions by the Trump administration may provoke a strong reaction from China, including a sizable depreciation of the renminbi. Such depreciation would certainly be disruptive to financial markets.

With respect to foreign policy, many policy experts have been calling for a change in strategy toward China. In April 2015, the Council on Foreign Relations published a special report on China, suggesting that Washington needed "a new grand strategy toward China that centers on balancing the rise of Chinese power rather than continuing to assist its ascendancy."[95] The militarization of the seven artificial islands in the South China Sea (see image on page 33), according to the Asia Maritime Transparency Initiative at the Center for Strategic and International Studies,[96] will only expedite such a shift in strategy.

If President-elect Trump's actions to date, such as the telephone conversation with Taiwan President Tsai Ing-wen[97] and his response to the recent Chinese seizure of a US Navy drone,[98] are any indication, we may see some fireworks in US-China relations during the Trump administration.



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## Key Takeaways

As we mentioned in last year's *Outlook*, forecasting is difficult under the best of circumstances but particularly so in the last innings of an eight-year-long economic expansion and bull market. This year brings the additional challenge of a new president whose policies are likely to follow an unconventional script.

Nevertheless, there are seven key takeaways from our 2017 *Outlook*:

- Improving growth: We expect global economic activity to accelerate this year, with modestly higher GDP growth rates in the US, Eurozone, Japan and many emerging market economies. We expect a small slowdown in China.
- Low recession risk: Favorable monetary and fiscal policies substantially reduce the probability of a recession in key developed and emerging market countries.
- Still accommodative monetary policy: US monetary conditions will still be relatively easy because of the slow and steady pace of tightening of the federal funds rate by the Federal Reserve. At the same time, other developed central banks are still expanding their balance sheets.
- Remain vigilant: Despite a favorable economic and policy backdrop, there is no shortage of global risks, including rising populism in Europe, growing geopolitical tensions, the spread of terrorism and the proliferation of serious cyberattacks.
- China concerns: China is the biggest source of uncertainty given its growing debt burden, accelerating capital outflows and potential for a notable deterioration in the US-China relationship driven by changing US trade and foreign policy toward China.
- Stay invested: The collective impact of these various risks is not yet sizable enough to undermine our core view: that we are in a longer-than-normal US recovery that supports equity returns, which are likely to exceed those of cash and bonds. Thus, we recommend staying invested in US equities with some tactical tilts to US high yield bonds and European equities.
- Modest returns: While we recommend clients remain invested, we have modest return expectations. We expect that a moderate-risk well-diversified taxable portfolio will have a return of about 3% in 2017.



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# 2017 Global Economic Outlook: Winds of Change

FOR MOST OF THE LAST EIGHT YEARS, GLOBAL POLICY MAKERS have been buffeted by the gale force headwinds generated by the financial crisis. In response, central banks around the world have expanded their balance sheets by a staggering $12.5 trillion,[99] while fiscal austerity measures in the G-7 economies have reduced the general government budget deficit from 10% of GDP to just 3.6% today.

Although this mix of policies may have helped avoid a second Great Depression, it has fallen short of fostering a robust economic recovery. According to the IMF, the nominal GDP of advanced economies has grown at just a 1.6% annualized pace in US dollar terms since its 2009 trough, making it among the slowest expansions on record. The overt reliance on monetary policy has also had unintended consequences. Persistently low interest rates have crippled bank profitability and penalized savers. Moreover, the boost that low rates provide to stock prices primarily benefited a narrow segment of the income distribution, exacerbating inequality concerns. Not surprisingly, populism has been on the rise globally.



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Last year witnessed a growing repudiation of this status quo, evident in the surprise outcome of the UK and Italian referenda, as well as US presidential election. As we begin 2017, these winds of change are gaining force. Central banks are acknowledging the often counterproductive impact of ultra-easy monetary policy and shifting attention to the eventual withdrawal of accommodation. At the same time, the recovery in commodity prices and recent firming in global growth is shifting the focus from deflation to reflation. The same could be said of the increasing focus on expansionary fiscal policy.

While this change brings hope, it also carries risk. In the US, fiscal stimulus arrives eight years into an economic expansion that is already near full employment, increasing the danger of the economy overheating. Although the Federal Reserve could respond by hastening the pace of rate hikes, it might overdo it. Similarly, an overzealous negotiating stance on existing trade relationships or imposition of protectionist policies by the incoming US administration could staunch the flow of trade—an outcome that would be particularly damaging to emerging markets. And in Europe, a victory of the far right in the French presidential election could unleash fears about France exiting the European Union and endanger the survival of the euro.

Still, we do not yet accord a high enough probability to these risks to alter our base case, which assumes these winds of change fill the sails of the ongoing global recovery, rather than capsize it (see Exhibit 29).

**Exhibit 30: Duration of Post-WWII Expansions**

This expansion is already the fourth-longest since WWII.

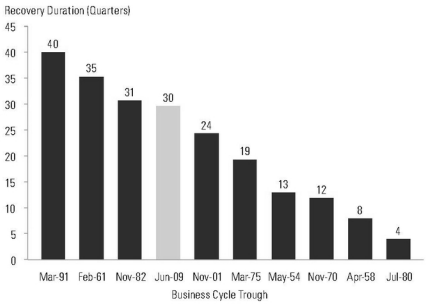


Data as of December 2016.
Note: The recovery is measured from the business cycle trough.
Source: Investment Strategy Group, National Bureau of Economic Research.

## United States: Age Is Just a Number

The US economic expansion is getting old by historical standards. At nearly eight years, it is already the fourth-longest in post-WWII history and poised to be among the top three by the middle of this year (see Exhibit 30). Concern that the economy's vigor is finally succumbing to its advanced age was only bolstered by anemic 1.6% real GDP growth in 2016, close to the weakest of any year during the recovery.

But as we have argued in the past and as Federal Reserve Chair Janet Yellen recently noted, "it's a myth that expansions die of old age."[100] Instead, business cycles are typically derailed by

**Exhibit 29: ISG Outlook for Developed Economies**

| | | United States | | Eurozone | | United Kingdom | | Japan | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2016 | 2017 Forecast | 2016 | 2017 Forecast | 2016 | 2017 Forecast | 2016 | 2017 Forecast |
| Real GDP Growth* | Annual Average | 1.60% | 1.90–2.70% | 1.60% | 1.20–1.90% | 2.10% | 0.50–1.50% | 1.00% | 0.75–1.50% |
| Policy Rate** | End of Year | 0.75% | 1.25–1.50% | 0.00% | (0.50)–(0.30)% | 0.25% | 0.00–0.50% | -0.10% | -0.10% |
| 10-Year Bond Yield*** | End of Year | 2.44% | 2.50–3.00% | 0.21% | 0.50–1.00% | 1.24% | 1.50–2.25% | 0.05% | 0.00% |
| Headline Inflation**** | Annual Average | 1.70% | 1.80–2.60% | 0.60% | 0.80–1.60% | 1.20% | 2.00–3.00% | 0.50% | – |
| Core Inflation**** | Annual Average | 2.10% | 1.80–2.60% | 0.80% | 0.90–1.40% | 1.40% | 1.50–2.00% | -0.40% | 0.25–1.0% |

Data as of December 31, 2016.
Note: The above forecasts have been generated by ISG for informational purposes as of the date of this publication. They are based on ISG's proprietary macroeconomic framework, and there can be no assurance the forecasts will be achieved.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research, Bloomberg.
* 2016 real GDP is based on Goldman Sachs Global Investment Research estimates of year-over-year growth for the full year.
** The US policy rate refers to the top of the Federal Reserve's target range. The Japan policy rate refers to the BOJ deposit rate.
*** For Eurozone bond yield, we show the 10-year German bund yield.
**** For 2016 CPI readings, we show the latest year-over-year CPI inflation rate (November). Japan core inflation excludes fresh food, but includes energy.



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**Exhibit 31: US Cyclical Spending**

There is scope for business and consumer spending to increase in the US economy.

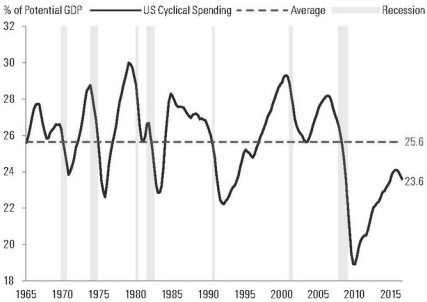


Data through Q3 2016.
Note: 4-quarter average. Cyclical spending is business fixed investment plus consumer durables spending.
Source: Investment Strategy Group, Datastream.

**Exhibit 32: US Inflation**

Normalizing energy prices account for much of the inflation increase we expect.

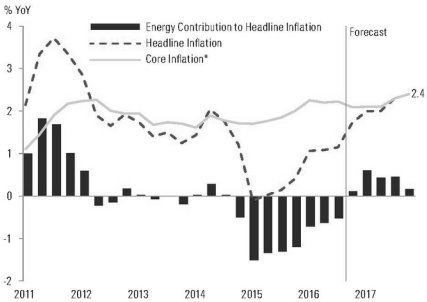


Data as of Q3 2016.
Note: ISG forecasts from Q4 2016. For informational purposes only. There can be no assurance the forecasts will be achieved.
Source: Investment Strategy Group, Datastream.
* Core inflation excludes food and energy.

three culprits: economic imbalances, excessive Federal Reserve tightening and/or exogenous shocks (most commonly in the form of spiraling oil prices).

As we survey these risks today, none are particularly alarming. The depth of the financial crisis and the lackluster pace of the recovery have allowed the US to avoid the imbalances that would typically be evident this far into an expansion (see Section I of this year's *Outlook*). If anything, there is scope for spending in cyclical parts of the US economy relative to overall GDP to move toward its long-term average (see Exhibit 31).

There is also less risk of disruptive Federal Reserve tightening, given how few signs we see of economic overheating. Headline inflation remains below the Federal Reserve's 2.0% target, and though we expect it to move higher this year, normalizing energy prices are a key driver (see Exhibit 32). Further, while the November 2016 unemployment rate of 4.6% suggests the economy is near full employment, broader measures of labor slack, as well as today's depressed labor force participation rate, argue that the central bank is not "behind the curve" (see Exhibit 33). Lastly, our expectation for continued modest gains for the US dollar and a rebound in productivity growth from generational lows (see Exhibit 34) provides a natural offset to inflation pressures, even as wages continue to rise.

**Exhibit 33: US Unemployment Indicators**

There are still signs of slack in the labor market.

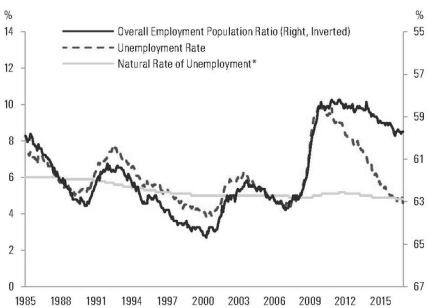


Data through November 2016.
Source: Investment Strategy Group, Federal Reserve Economic Data, Datastream.
* Long-term rate.

Of equal importance, the Federal Reserve is acutely aware of the risks that tighter monetary policy poses to the business cycle, which is apparent in both its willingness to step back from planned rate hikes last year as well as Chair Yellen's acknowledgment that an "abrupt tightening would risk disrupting financial markets and perhaps even inadvertently push the economy into recession."[101] With neutral real interest rates



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**Exhibit 34: US GDP per Hour Worked**
We expect a rebound in productivity growth from generational lows.

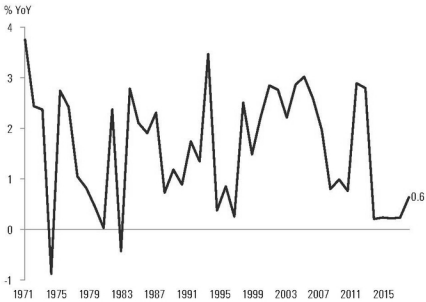


Data through 2015.
Source: Investment Strategy Group, OECD.

**Exhibit 35: Goldman Sachs US Current Activity Indicator**
Economic activity accelerated in the second half of 2016.

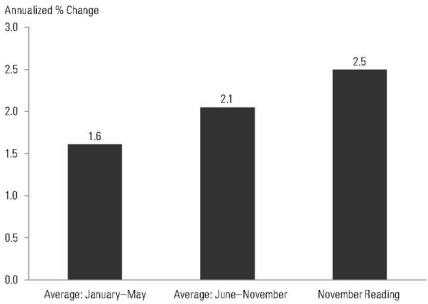


Data as of November 2016.
Note: The current activity indicator is the first principal component of real-activity indicators, expressed in GDP-equivalent units. This is the growth signal in the main high-frequency indicators for the US economy.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research.

near zero and inflation expectations still below levels compatible with its inflation target, the Federal Reserve is likely to hike rates two or three times in 2017, below the historical average pace. On this point, it is worth remembering that the Federal Reserve originally projected four hikes by the end of 2016, yet enacted only one in December. Thus, even if the Federal Reserve does raise rates three times this year, it will have delivered those four hikes over two years instead of just one.

Lastly, although a recession created by an external shock is always a risk, the probability we place on a hard landing in Europe and/or China or a destabilizing increase in oil prices is not currently high enough to alter our base-case view. Indeed, even with the recent cut in oil production coordinated between OPEC and non-OPEC members, the size of today's oil-supply glut and the historical tendency for producers to exceed their quotas greatly reduce the risk of a price spike (see Section III, Global Commodities). With none of the typical signs of economic contractions flashing red, we accord a 15% probability of a recession in 2017, roughly in line with historical average risk.

Against this backdrop, we expect US real GDP growth to accelerate from last year's moderate 1.6% pace, reaching 1.9–2.7% in 2017. There are three key drivers to this story: fading headwinds, a resilient US consumer and supportive policy. We discuss each below.

**With none of the typical signs of economic contractions flashing red, we accord a 15% probability of a recession in 2017.**

### Fading Headwinds

The combination of falling oil prices and a rising dollar that began in mid-2014 has been a meaningful drag on US growth, with energy-related capital spending falling by more than 60% over this period. In addition, exports have softened, the S&P 500 has suffered almost two years of contracting profits, and inventories throughout the supply chain have ballooned as activity has slowed. Such broad-based weakness has rarely occurred outside a recession.

The silver lining to last year's slowdown, however, is that growth is now poised to improve from depressed levels. A modest recovery in oil prices and stabilization of the dollar enabled US economic activity to accelerate notably in the second half of last year (see Exhibit 35). This boost will be aided



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**Exhibit 36: Contribution from Change in Inventories to US GDP Growth**

Inventories should support growth after five quarters of subtracting from GDP.

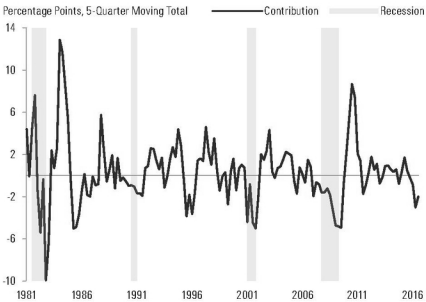


Data through Q3 2016.
Source: Investment Strategy Group, Haver Analytics.

**Exhibit 37: National Association of Home Builders US Housing Market Index**

The post-crisis high in builder confidence bodes well for US residential investment.

Data through December 2016.
Note: Based on a monthly survey of NAHB members who rate market conditions for the sale of new homes, as well as the traffic of prospective buyers of new homes.
Source: Investment Strategy Group, Datastream.

**Exhibit 38: US GDP Growth Impulse from Goldman Sachs Financial Conditions Index**

The persistent drag from tight financial conditions over the last two years should reverse in 2017.

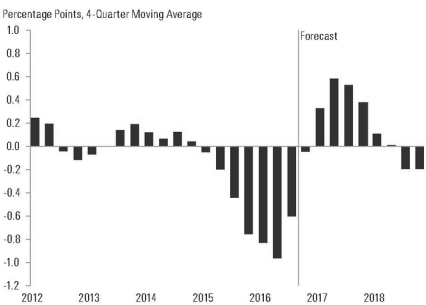


Data as of Q3 2016.
Note: The financial conditions index is a weighted average of riskless interest rates, credit spreads, equities and FX, based on effects on 1-year forward US GDP growth. Historical estimates and forecasts by Goldman Sachs Global Investment Research. For informational purposes only. There can be no assurance the forecasts will be achieved.
Source: Goldman Sachs Global Investment Research.

by inventory restocking, which looks ready to help GDP growth again after five quarters of negative contributions (see Exhibit 36). Similarly, residential investment is set to contribute, reflected in the National Association of Home Builders (NAHB) housing market index reaching a post-crisis high in December of last year (see Exhibit 37). Overall, we expect this momentum to continue as the erstwhile easing in financial conditions provides a growth tailwind throughout 2017 (see Exhibit 38).

### A Resilient US Consumer

The stars are aligned for US consumers in 2017, as they enter the year with rising wages, higher net worth from asset price gains, historically low debt-servicing costs, ample savings and confidence at a 12-year high. They also stand to benefit directly from potentially lower tax rates and indirectly from higher fiscal spending, a topic we discuss in the next section. The above-mentioned factors should mitigate the headwind from higher inflation. Overall, we expect private consumption—a key driver of our GDP forecast—to expand at a pace of approximately 2.5%.

### Supportive Policy

While government policy is always a source of uncertainty, it is even more so in 2017 given potential changes to tax, trade and immigration policies in the wake of last year's presidential election. Nonetheless, our base case is that policy ultimately supports growth this year, with some fiscal expansion and a measured pace of Federal Reserve rate hikes. Although the final contours of



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**Exhibit 39: CFO Optimism About the US Economy**
Chief financial officers' confidence is at its highest level in a decade.

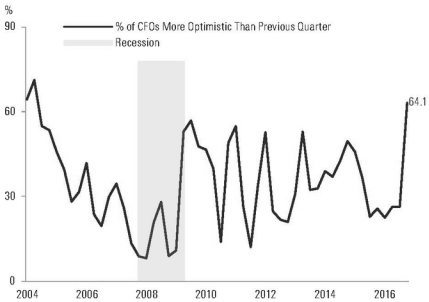


Data through December 2016.
Note: The survey questionnaire is delivered online to senior financial executives and subscribers of *CFO Magazine* from both private and public companies.
Source: Investment Strategy Group, Haver Analytics.

**Exhibit 40: Eurozone Real GDP Growth**
Economic activity has been surprisingly resilient and higher than expected.

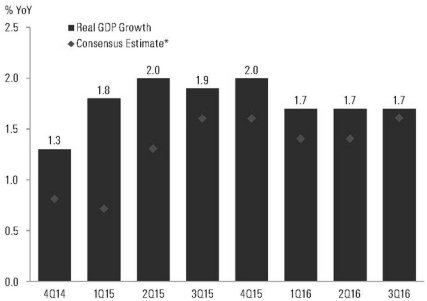


Data through Q3 2016.
Source: Investment Strategy Group, Bloomberg.
* One quarter prior to release.

the new administration's policies remain uncertain, a moderate-sized stimulus package of around $200 billion per year seems likely.[102] While the *direct* impact of such a package is estimated to boost GDP growth by only 0.3 percentage point in 2017, the positive *indirect* impact of tax cuts and stronger anticipated GDP on household and business confidence is arguably more important. Indeed, both consumer and CFO confidence have recently hit their highest readings in over a decade (see Exhibit 39).

**Our View on US Growth**

As the expansion enters its eighth year, it is natural to question its durability. But far from showing its age, the US economy begins 2017 at an above-trend growth pace, with little evidence of cyclical imbalances or other excesses that typically portend the end of the business cycle. If anything, the slow pace of this recovery has elongated its life span, a dynamic that is likely to persist this year. Perhaps in macroeconomics, as in life, age is just a number.

## Eurozone: Weathering the Storm

The Eurozone has faced its share of challenges in recent years. Not only did it relapse into recession in 2011, but it also endured a domestic sovereign bond and banking crisis at the same time. More recently, it has been buffeted by a spate of tragic terrorist attacks, an immigration crisis, the Brexit vote, a failed Italian constitutional referendum and renewed concerns about the solvency of its banking system.

Yet despite this onslaught of headwinds, the real economy has been remarkably stable in the last two years. That fact is evident in Exhibit 40, which shows real GDP growth has sustained an above-trend pace over this period, an outcome that clearly exceeded consensus forecasts. Business sentiment has remained equally steadfast over this period, suggesting that the rapidity of shocks may have effectively inured confidence to bad news (see Exhibit 41). Meanwhile, real household disposable income grew by 2.3% over the past year—the fastest pace since 2007.

We expect this stability to persist in 2017, with our forecast calling for 1.2–1.9% real GDP growth. Keep in mind that there is ample scope for above-trend growth to continue, as the level of Eurozone GDP still stands below its potential. On this point, the OECD, IMF and European Commission each currently estimate an output gap of around 2%, indicating slack in the economy. The Eurozone's still elevated 9.8% unemployment rate corroborates this point.



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**Exhibit 41: European Commission Industrial Confidence Survey**

Eurozone business sentiment has remained steady despite recent shocks, including Brexit.

Data through November 2016.
Source: Investment Strategy Group, Datastream.

**Exhibit 42: Drivers of Eurozone 2-Year Capital Spending Plans**

Key factors that influence business investment stand at their highest levels in years.

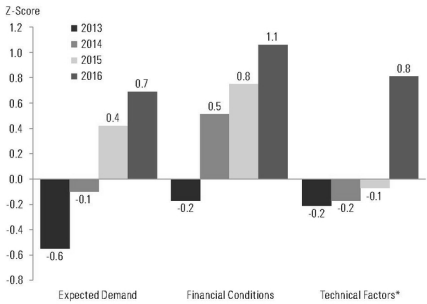


Data through 2016.
Note: Based on the European Commission investment survey.
Source: Investment Strategy Group, Datastream.
* Technical factors include technological developments, the availability of labor and government incentives to invest.

As a result, Eurozone policy is likely to remain accommodative, keeping financial conditions supportive of growth. While we expect the European Central Bank (ECB) to gradually shift to a more neutral stance that is less punitive to bank profitability and acknowledges the uptrend in headline inflation, this shift does not imply the removal of accommodation. Indeed, the ECB has already announced an extension of quantitative easing through December 2017. Meanwhile, the European Commission has endorsed a moderate fiscal easing of 0.5% of GDP for the Eurozone. Given that fiscal policy is typically loosened ahead of major elections, this guidance could soon be embraced in France and Germany.

Of equal importance, both consumption and business investment are well positioned as we enter 2017. On the former, continued improvement in the labor market and ongoing GDP growth should encourage consumers to spend a bit from their precautionary savings, particularly given today's relatively high savings rate. At the same time, the fundamental justifications for increased business spending, such as higher demand and easy credit conditions, stand at their best levels in years (see Exhibit 42). Perhaps not surprisingly, a late 2016 survey of manufacturing firms revealed their investment intentions stood at all-time highs.[103]

Of course, ongoing uncertainty regarding Brexit, the banking sector and upcoming elections remains a potential downside risk, particularly for an investment recovery. As a result, we acknowledge a greater-than-normal range of potential outcomes, both positive and negative. For example, the victory of the far right in the French presidential election could unleash fears about France exiting the European Union and endanger the survival of the euro, while the new government in Italy could speed up the long-overdue resolution of the banking sector's problems and change the electoral law to reduce political uncertainties.

For now, our base case assumes that Italy will avoid a populist party in government and that a centrist candidate will win the French presidential election. Thus, we expect the Eurozone to again weather the storm in 2017.

Ongoing uncertainty regarding Brexit, the banking sector and upcoming elections remains a potential downside risk.



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**Exhibit 43: Japan Consumer Prices**

Core inflation and inflation expectations remain low.

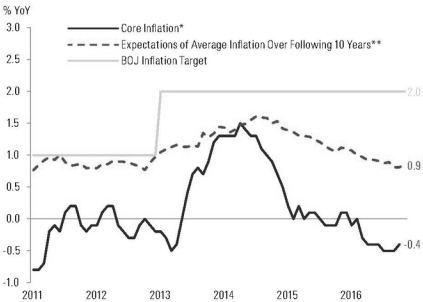


Data through November 2016.
Source: Investment Strategy Group, Datastream, QUICK Bond Investors Survey.
* Core inflation excludes fresh food and VAT impact.
** Based on the QUICK Bond Investors Survey.

## United Kingdom: A Fork in the Road

Much like the Eurozone, the UK economy is notable for its resilience, evident in 15 consecutive quarters of positive quarterly growth averaging 2.5% annualized. This streak is even more impressive considering last year's Brexit vote and the resulting consensus view that the UK was destined for recession. Although the 20% decline in the trade-weighted sterling and rapid easing by the Bank of England were no doubt pivotal in avoiding that fate, the immediate impact of the Brexit referendum has been far less destructive than feared.

But as we begin 2017, the UK is rapidly approaching a fork in the road. The government must choose which path Brexit will take once it triggers Article 50 of the Lisbon Treaty, which formally sets the process of the UK exit in motion. Here, the government's current objectives—limiting freedom of movement into the UK while retaining full access to the European Union's single market—seem mutually exclusive and likely to engender a politically charged negotiation process. This road is made all the more dangerous by the fact that UK authorities will have little room to cushion a downturn given today's large fiscal deficits and already highly accommodative central bank. Of course, a softer stance on the issues is also a possible path, one that could elongate the effective transitional period beyond two years and lead to a far more benign outcome for the UK.

The uncertainty around the government's ultimate choices significantly increases the range of GDP outcomes in the medium term. Our current base case assumes GDP will expand by 0.5–1.5% in 2017. This notable slowdown from last year's 2% pace reflects the likelihood that both hiring and investment activity will become more cautious once the Brexit negotiations start. Even worse, this slowdown arrives just as consumer price inflation is accelerating from past sterling depreciation, creating a lower growth/higher inflation backdrop that is set to erode real income growth. For these reasons, the risks to our central case are skewed to the downside.

That said, the fate of the UK economy is not preordained, even after the government chooses its path. As with any other negotiation, the result will ultimately reflect the reasonableness of the parties, the concessions of both parties and how the discussions evolve over time. Or in the words of golf legend Arnold Palmer: "The road to success is always under construction."[104]

**UK authorities will have little room to cushion a downturn given today's large fiscal deficits and already highly accommodative central bank.**

## Japan: Same Battle, Different Year

For Japan, the decades-long battle against deflation never seems to end. Despite two years of above-trend GDP growth, including last year's 1% gain, core inflation remains negative, having fallen 0.4% in 2016 (see Exhibit 43). This comes despite a tight labor market and record profits that should have encouraged companies to increase base wages. These already muted inflationary pressures were exacerbated by low energy prices and the appreciation of the yen, once again pushing the Bank of Japan's (BOJ's) 2% inflation target further into the future.

But far from waving the white flag, Japan's policymakers responded with a range of bold measures, including a



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**Exhibit 44: Emerging Market GDP Growth**
We expect growth roughly in line with potential.

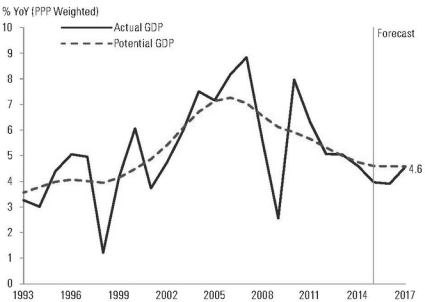


Data as of 2016.
Note: ISG forecasts for 2016–17. For informational purposes only. There can be no assurance the forecasts will be achieved.
Source: Investment Strategy Group, IMF.

large fiscal stimulus package last August and a shift by the BOJ away from ever-higher purchases of Japanese government bonds (JGBs). Instead, the BOJ will now use a "yield-curve control" framework, wherein it sets the short rate and targets a yield of about 0% on 10-year JGBs. This novel approach should afford the government low real interest rates with which to finance its fiscal expansion, while also providing Japanese financial institutions with a sufficiently steep yield curve to remain profitable. To augment these deflation-fighting measures, the government also implemented some modest structural reforms and called for a substantial increase in the minimum wage in order to support faster income growth.

Against this backdrop of supportive policies, we expect that GDP will grow by 0.75–1.5% in 2017. Our forecast is supported by three key drivers. First, the fiscal stimulus announced in August is poised to contribute 0.4 percentage point to 2017 GDP growth, and the government has indicated a willingness to do more if necessary. Second, the BOJ remains very accommodative, thereby providing easy financial conditions that should foster an uptick in business investment. While the central bank may consider a modest rate increase in late 2017, we expect it to maintain its negative interest rate policy (NIRP) for short rates and a 0% target for 10-year JGB yields in the interim. Lastly, the government is likely to push for further wage increases during the spring wage negotiations.

These pro-growth policies, coupled with less slack in the economy and a boost from higher energy prices and past yen appreciation, should enable core inflation (excluding fresh food) to reach our expected range of 0.25–1.0%. While Japan may have lost its battles against deflation over the years, it has not yet lost the war.

## Emerging Markets: Competing Forces

Emerging market economies failed to live up to expectations once again in 2016, with GDP expanding by an estimated 3.9% versus original expectations closer to 5.0%. This marked the second-slowest growth rate in 15 years; only the 2.6% expansion at the depth of the global financial crisis in 2009 was slower. Yet this disappointing headline belies the economic recovery that unfolded over the course of 2016. Consider that growth actually troughed during a challenging first quarter, with economic activity gradually improving thereafter on the back of recovering commodity prices, the Federal Reserve's willingness to delay any further rate hikes and stable Chinese growth. These tailwinds were bolstered into the final quarter by early signs of recovery in Brazil and Russia, both of which had suffered deep recessions in 2015.

We expect this momentum to persist, with GDP increasing by 4.3–4.8% (purchasing power parity [PPP] weighted) this year, roughly in line with potential (see Exhibit 44). The pickup we expect is the product of two opposing forces. On the one hand, growth should benefit from the ongoing recoveries in Brazil and Russia, and somewhat stronger activity in developed economies should provide a small tailwind to emerging market exports. On the other hand, the further moderation in Chinese growth we expect is likely to weigh on activity across emerging markets, particularly if the US imposes tariffs.

Indeed, the policy agenda of the incoming US administration remains a critical unknown for emerging markets. Even if protectionist tariffs were directed only at China and Mexico—which account for 23% and 15% of US imports of manufactured goods, respectively—they would still negatively impact all emerging markets given the sensitivity of these countries to Chinese growth and fluctuations in the Chinese currency. This being the case, countries with substantial trade exposure to



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**Exhibit 45: China Economic Activity Measures**
Actual growth is likely lower than official figures.

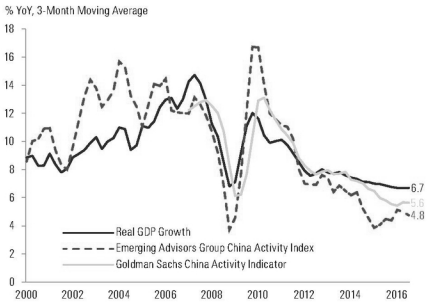


Data through Q3 2016.
Source: Investment Strategy Group, Emerging Advisors Group, Goldman Sachs Global Investment Research.

both China and the US, such as Korea, Taiwan and Malaysia, would be particularly vulnerable.

While the net effect of these competing forces is positive in our base case, the risks are tilted to the downside.

**China**

China continues to drive its economy with one foot on the gas pedal and the other on the brake. Consider that the government reached its official GDP growth target of 6.5–7% last year only by increasing public spending and allowing rampant credit growth. But these measures also exacerbated real estate bubble concerns and hastened capital outflows, forcing the government to apply the brakes through new restrictions within the property market and more stringent capital controls. This focus on dual-footed driving has also come at the expense of much-needed structural reforms. As a result, China continues to suffer from considerable excess capacity in industrial sectors, such as steel and coal, while its financial sector risks have increased.

Even so, we expect this approach to continue in 2017. Structural reforms are likely to stay on the back burner because China's leaders will not risk slower growth ahead of important leadership changes at the 19th Communist Party of China National Congress in the fall. In turn, the government is likely to use further fiscal easing and rapid credit expansion to target growth of around 6.5%. As a result, we expect official GDP to expand by 6.0–6.75% in 2017, although actual GDP growth will likely be lower (see Exhibit 45).

The risks to our outlook are skewed to the downside for two reasons. First, the new direction of US trade policy remains uncertain and could have a sizable impact. For instance, a 15% tariff would mechanically reduce China's GDP by 0.9%. China could respond by ramping up leverage, letting its currency depreciate faster and injecting more fiscal stimulus, but that could risk further imbalances in the economy while also disrupting global financial markets. Second, striking the right balance between stimulative and contractionary measures is a hazardous endeavor. On the road, as in government policy, accelerating and braking at the same time greatly increases the risk of an accident.

**India**

India's streak of strong growth continues. The economy expanded by an estimated 6.5% in 2016, making it the fourth consecutive year of GDP growth in excess of 6.0%, a rare feat that India's economy shares only with China's. Growth would likely have been even higher, were it not for the "demonetization" scheme the government introduced in November 2016. In a surprise move, the government announced that large-denomination bank notes, representing 86% of cash in circulation, would no longer be accepted as legal tender. The scheme—intended to root out illegal income stored in cash—had the unfortunate side effect of starving households of liquidity and thereby thwarting consumption, the main engine of growth. Although the severity of the consumption shock remains uncertain, it should be temporary.

The silver lining for 2017 is that India will probably benefit from a meaningful recovery in household spending. Moreover, fiscal policy will likely be eased ahead of the 15 state elections occurring in 2017 and 2018, while investment should receive a modest boost as the Reserve Bank of India lowers borrowing costs. Accordingly, we expect GDP growth of 6.5–7.5% in 2017.



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China continues to suffer from considerable excess capacity in industrial sectors, such as steel and coal, while its financial sector risks have increased.

**Brazil**

Brazil has had its share of hard times in recent years. After being among the fastest-growing economies in the world in 2010, it has more recently suffered its worst recession in a century, evident in seven consecutive quarters of contraction. In turn, GDP fell an estimated 3.3% last year, leaving it on par with 2010 levels. Even worse, industrial production now stands where it did in 2004.

Fortunately, there are already tentative signs of a recovery. Inflation has peaked; the current account deficit has shrunk; and confidence indicators, while still weak, have stabilized. Of equal importance, the financial markets have welcomed a new government amid expectations that it will finally tackle Brazil's fiscal problems and steer the economy out of recession.

But despite these promising green shoots, our base case does not call for a robust recovery in 2017. While the new administration is off to a promising start, it is facing resistance to key structural reforms while also navigating ongoing corruption probes. Moreover, the recovery in household consumption and business investment is likely to be hamstrung by continuing high real interest rates, a function of falling inflation and a simultaneously easing central bank. Meanwhile, fiscal policy will continue to tighten given a new spending cap and proposed pension reform measures. Finally, the modest commodity price gains we expect are unlikely to foster a meaningful rise in exports for Brazil. Accordingly, we expect a tepid recovery, with GDP expanding just 0–1% in 2017.

**Russia**

Russia is also slowly recovering from a deep recession. Although the economy contracted for its second consecutive year in 2016, headwinds are now receding thanks to a recovery in real wages, rising oil prices and a related increase in oil production. The economy has also received support from both fiscal and monetary policy, with the central bank cutting the policy rate by 100 basis points last year as inflation moderated. Still, the economy has likely suffered some permanent damage from the combination of depressed oil prices and Western sanctions, which have pushed down Russia's long-run growth potential.

While the cyclical recovery should continue in 2017, it is apt to be measured. The government is planning to reduce the fiscal deficit by 1% of GDP this year, which will limit fiscal support. That said, elections in March 2018 could ultimately temper such fiscal prudence. Meanwhile, the central bank will likely deliver more rate cuts, but their size and pace will depend on the path of inflation, which could be stickier than anticipated.

Against this uncertain backdrop, we expect the Russian economy to return to modest growth in 2017, expanding 0.5–1.5%. While not our base case, growth could quicken if oil prices increase more than we expect or if sanctions are lifted.



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# 2017 Financial Markets Outlook: The Horns of a Dilemma

INVESTORS HAVE HAD AN AMAZING BULL RUN. Including last year's 12% total return, the S&P 500 is nearly 3.5 times as high as its financial crisis trough. The advance has been equally long-lasting, second in length only to the almost-decade-long period that preceded the technology bubble in 2000. These impressive gains are not limited to just equities or US assets. US corporate high yield has gained 177% over the same time span, while the total return of the MSCI All Country World Index excluding the United States has been higher only 5% of the time over comparable eight-year periods since 1994.

But as we begin a new year, these gains have left investors on the horns of a dilemma. Put simply, they must now choose to either remain invested at high valuations and bear the associated risk of loss or exit the market and forgo the potential for upside surprises as well as returns that are attractive compared to the alternatives.



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To be sure, there are good reasons to be cautious, as we discussed in Section I, The Risks to Our Outlook. Even worse, investors are exposed to these dangers at a time when most asset valuations are expensive by historical standards, providing them with a narrow margin of safety to absorb such adverse developments. This is particularly true in the US, where valuations have been cheaper at least 90% of the time historically.[105] Even in Europe, where valuations are more attractive, that fact is counterbalanced by greater geopolitical risks and deeper structural fault lines.

Still, as we highlighted in Section I of this *Outlook*, there are three reasons why remaining invested in risk assets is still warranted despite what are likely to be uninspiring returns. First, we see only a 15% probability of a US recession, which has historically been the key driver of losses in risk assets. Indeed, the S&P 500 has generated positive annual total returns 86% of the time during economic expansions in the post-WWII period. Second, the comparable returns of investment alternatives—such as cash and bonds—are unappealing, particularly in the rising interest rate environment that we expect. Third, risk assets can surprise us to the upside, as last year demonstrated. The potential for returns to exceed our expectations is especially true in the US, given the possibility of tax reforms, fiscal expansion and deregulation. The same could be said for our tactical positions across various asset classes, which we discussed in Section I, Our Tactical Tilts.

While we have suggested that the dilemma should be resolved in favor of remaining invested, we are not Pollyannaish. Investors have ridden this bull market for eight years, and while we don't expect the ride to end in 2017, we must stay vigilant to avoid the horns.

**Exhibit 47: US Equity Price Returns from Each Valuation Decile**

In the past, subsequent returns from high valuation levels have been muted.

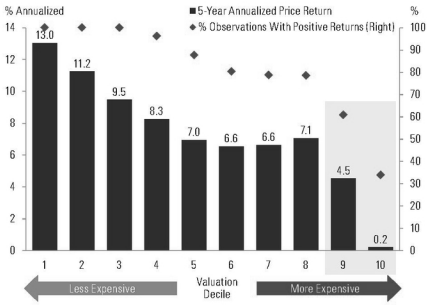


Data as of December 31, 2016.
Note: Based on 5 valuation metrics for the S&P 500, beginning in September 1945: Price/Trend Earnings, Price/Peak Earnings, Price/Trailing 12m Earnings, Shiller Cyclically Adjusted Price/Earnings Ratio (CAPE) and Price/10-Year Average Earnings. These metrics are ranked from least expensive to most expensive and divided into 10 valuation buckets ("deciles"). The subsequent realized, annualized 5-year price return is then calculated for each observation and averaged within each decile. Past performance is not indicative of future results.
Source: Investment Strategy Group, Bloomberg, Datastream, Robert Shiller.

## US Equities: Life in the Fast Lane

US stocks have been driving in the fast lane since 2009. Over this nearly eight-year period, the S&P 500 has generated a stunning 16.5% annualized price return, a pace exceeded only 3% of the time since 1945. As a result, the 500 companies in the index are collectively worth $20 trillion today, about 3.5 times as high as they were at the trough of the financial crisis. Needless to say, investors have had a good ride.

Yet such a fast drive also raises the question of whether US equities are now running on empty.

**Exhibit 46: ISG Global Equity Forecasts—Year-End 2017**

| | 2016 YE | End 2017 Central Case Target Range | Implied Upside from Current Levels | Current Dividend Yield | Implied Total Return |
|---|---|---|---|---|---|
| S&P 500 (US) | 2,239 | 2,225–2,300 | -1–3% | 2.1% | 1–5% |
| Euro Stoxx 50 (Eurozone) | 3,291 | 3,250–3,400 | -1–3% | 3.6% | 2–7% |
| FTSE 100 (UK) | 7,143 | 7,050–7,310 | -1–2% | 4.0% | 3–6% |
| TOPIX (Japan) | 1,519 | 1,530–1,590 | 1–5% | 1.9% | 3–7% |
| MSCI EM (Emerging Markets) | 862 | 880–925 | 2–7% | 2.6% | 5–10% |

Data as of December 31, 2016.
Note: Forecast for informational purposes only. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this *Outlook*.
Source: Investment Strategy Group, Datastream, Bloomberg.



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**Exhibit 48: S&P 500 Price-to-Trend Earnings vs. Subsequent Calendar-Year Price Return**

Starting valuation multiples tell us little about equity returns over the following year.

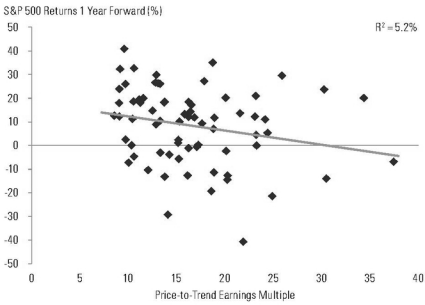


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Datastream, Robert Shiller.

**Exhibit 49: S&P 500 Valuation Multiples by Inflation Environment**

Periods of low and stable inflation have supported higher equity multiples.

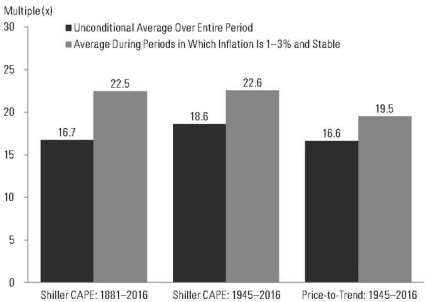


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Datastream, Robert Shiller.

This bull market is already quite old by historical standards, second in length only to the almost 10-year period that preceded the technology bubble in 2000. Moreover, valuations now stand in their 10th decile, indicating they have been cheaper at least 90% of the time historically. In the past, starting from such a high base has led to muted equity returns over the subsequent five years, with only a third of those episodes generating a profit (see Exhibit 47).

Even so, high valuations should not be confused with certainty of loss, especially over short periods. As seen in Exhibit 48, today's equity multiples tell us very little about potential gains over the next year, explaining only 5% of their variation historically. Moreover, history teaches us that a strategy of selling equities based solely on expensive valuations has been a losing approach over time. As we noted in our 2014 *Outlook*, research conducted by three professors at the London Business School concluded that underweighting equities based exclusively on high valuations underperformed a strategy of remaining invested across every one of the 20 countries and three country aggregates they examined.[106] In short, valuations alone are a poor tactical timing signal. Indeed, the S&P 500 has returned more than 36% since first entering its 9th valuation decile in November 2013, a time when many were already suggesting that US equities were in a bubble.

Valuations must also be considered in the context of the prevailing macroeconomic environment. Consider that periods of low and stable inflation, such as we expect for the year ahead, have supported higher valuations in the past (see Exhibit 49). The same could be said for lower taxes and deregulation—were they to materialize later this year—as both would boost real returns on invested capital and justify higher equity values. Similarly, today's structurally lower interest rates—reflecting slower population and productivity growth—reduce the rate at which all future cash flows are discounted, increasing their present value.

Here, it's helpful to remember that the S&P 500's long-term average P/E ratio—which many investors use to gauge fair value—was forged over a period when risk-free rates averaged 4.5%. In contrast, the risk-free rate now is just 0.5–0.75% and the Federal Reserve

**Investors have ridden this bull market for eight years, and while we don't expect the ride to end in 2017, we must stay vigilant to avoid the horns.**



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**Exhibit 51: ISM Manufacturing Index and S&P 500 Returns**

Equity market performance is closely related to the business cycle.

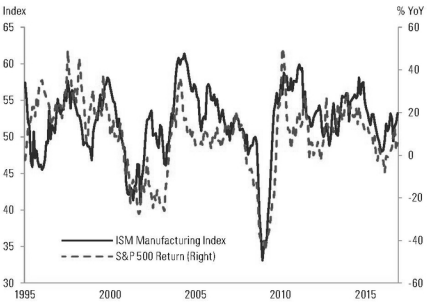


Data through November 30, 2016.
Source: Investment Strategy Group, Bloomberg.

**Exhibit 52: Estimated Incremental S&P 500 Earnings per Share by Tax Rate**

Proposals for lower corporate tax rates could lead to higher earnings.

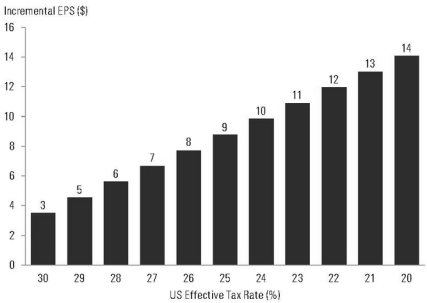


Data as of December 31, 2016.
Note: The current US effective tax rate for the S&P 500 companies is 33.3%.
Source: Investment Strategy Group, Standard & Poor's.

estimates its new long-run equilibrium level has fallen to 3%, a full 1.5 percentage points below the historical average.[107] Of equal importance, the Federal Reserve is not expected to reach that 3% target for six years based on current market pricing in Eurodollar futures.

A similar valuation tailwind emerges from the market's current sector composition. The combined technology and health-care sectors constitute about 40% of S&P 500 earnings today, almost three times as high as their 15% share in the late 1980s. Because these faster-growing, higher-margin sectors are generally accorded premium valuations, their higher representation in the index today justifies a higher S&P 500 P/E multiple.

Although current valuations may be fundamentally justified, that does not mean they are impervious to downward pressure. Our central-case equity view for 2017 acknowledges this, calling for some contraction in P/E multiples given the uncertainty associated with a new administration and continued Federal Reserve interest rate hikes. Even so, that headwind will be more than offset by the 6–10% earnings growth we forecast, resulting in a 1–5% total return for US equities this year (see Exhibit 50).

Investors might rightly ask whether it is worth bearing equity risk for such meager returns. Our read of the evidence suggests it is. The linchpin of this view is our expectation of a continued

**Exhibit 50: ISG S&P 500 Forecast—Year-End 2017**

| 2017 Year-End | Good Case (25%) | Central Case (60%) | Bad Case (15%) |
|---|---|---|---|
| End 2017 S&P 500 Earnings | Op. Earnings $140<br>Rep. Earnings $124<br>Trend Rep. Earnings $113 | Op. Earnings $125–130<br>Rep. Earnings $113–117<br>Trend Rep. Earnings $113 | Op. Earnings ≤ $102<br>Rep. Earnings ≤ $78<br>Trend Rep. Earnings ≤ $113 |
| S&P 500 Price-to-Trend Reported Earnings | 21–23x | 18–21x | 15–16x |
| End 2017 S&P 500 Fundamental Valuation Range | 2,375–2,600 | 2,040–2,375 | 1,700–1,810 |
| End 2017 S&P 500 Price Target (based on a combination of trend and forward earnings estimate) | 2,450 | 2,225–2,300 | 1,800 |

Data as of December 31, 2016.
Note: Forecasts and any numbers shown for informational purposes only and are estimates. There can be no assurance the forecasts will be achieved and they are subject to change. Please see additional disclosures at the end of this *Outlook*.
Source: Investment Strategy Group.



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**Exhibit 53: US Equity Performance Relative to Fixed Income**

Stocks have outperformed bonds following periods of muted return differences.

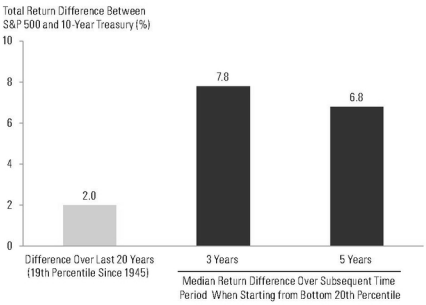


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Leuthold Group.

**Exhibit 54: US Equity and Bond Fund Flows**

Equities could benefit from rebalancing out of bonds given lopsided flows since 2009.

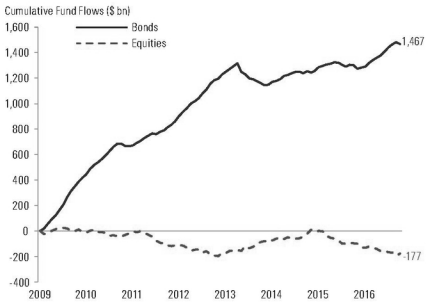


Data through November 30, 2016.
Note: Beginning in March 2009.
Source: Investment Strategy Group, Bloomberg, ICI.

expansion in the US economy (see Section II, United States). The state of the business cycle is a key driver of market performance, evident in the tight linkage between the S&P 500 and the ISM Manufacturing Index (see Exhibit 51). Notably, the S&P 500 has generated positive annual total returns 86% of the time during economic expansions in the post-WWII period, while suffering annual declines of greater than 10% just 4% of the time. During the same postwar period, nearly three-fourths of the bear markets—defined here as declines of 20% or more—occurred during US recessions.

With few signs of an economic contraction on the horizon, the high odds of positive returns and low odds of large losses raise the hurdle for underweighting equities significantly. This is particularly true because the risks are not one-sided: markets often surprise to the upside, too, even at high valuations. Last year was a case in point: the S&P 500's 12% return matched our good-case scenario, although at the start of 2016 we had attached only 20% odds to it occurring.

As we consider the potential for similar upside surprises in 2017, earnings growth tops the list for three reasons. First, we expect the sizable profit drag from energy earnings to reverse in 2017, with scope for a greater than $4–5 contribution to S&P 500 EPS if recently announced global oil production cuts are realized. Keep in mind that this contribution was closer to $15 prior to the collapse in oil prices. Second, a shift to a 25% corporate tax rate could add $9–10 to S&P 500 EPS in 2017 if enacted retroactively (see Exhibit 52). Finally, a tax holiday for the estimated $1 trillion of cash held overseas could lead to an additional $1–2 of EPS upside from repatriation-driven buybacks.

There are also other, less visible potential catalysts for equities. Over the last 20 years, the total return of stocks has exceeded that of 10-year Treasury bonds by only 2 percentage points, well below the historical average of 4.4 percentage points and a result that ranks in the bottom 20% of all post-WWII observations. But after similar periods of underperformance, stocks generated well above average relative returns over the next three and five years (see Exhibit 53). Said differently, history suggests stock returns will outpace those of bonds, even if expected equity returns are uninspiring.

A related source of upside stems from the lopsided investor flows evident in Exhibit 54. Here, even moderate rebalancing out of bonds by retail investors—who represent 80% of mutual fund owners—would represent a sizable tailwind to equities. Historically, a shift in flows from bonds into equities has been motivated by three factors: confidence in the durability of the economic recovery, unattractive prospects for bond returns and higher equity prices (see Exhibit 55). Our central case features all three factors, suggesting the



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**Exhibit 55: US Equity Fund Flows and Change in 10-Year Treasury Yield**

Bond returns can influence flows into equity funds.

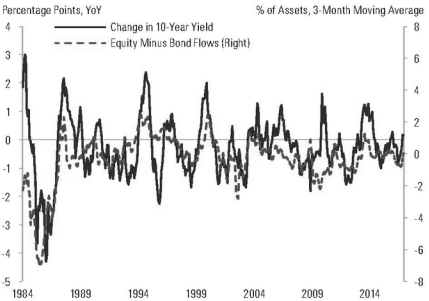


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg, ICI.

**Exhibit 56: The AAII Bullish Investor Sentiment**

Lack of investor euphoria is a contrarian positive for stocks.

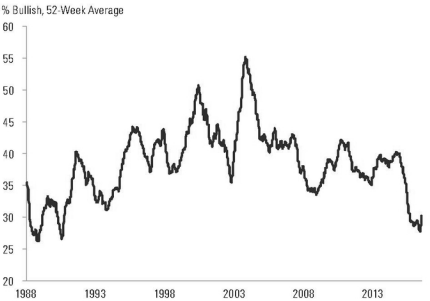


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg, American Association of Individual Investors.

**Exhibit 57: Non-Dealer US Equity Index Futures Positioning**

There is scope for increased US equity positions.

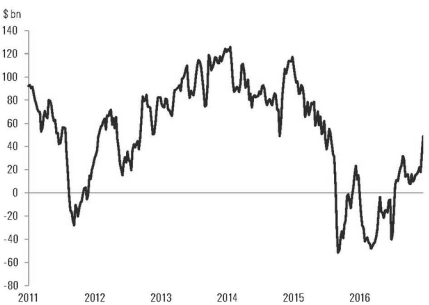


Data through December 31, 2016.
Source: Investment Strategy Group, CFTC, Goldman Sachs Securities Division Equity Strats Group.

incipient uptick in bond outflows seen in late 2016 may persist, especially with "risk-free" Treasuries delivering a notable loss in the fourth quarter.

Today's visible lack of market euphoria represents another potential positive for stocks. Exhibit 56 shows the proportion of investors classifying themselves as "bullish" near its lowest level in decades. Meanwhile, non-dealer positions in US index futures stand well below the levels seen in 2013–14, providing scope for upside (see Exhibit 57). If bull markets "die on euphoria" as Sir John Templeton observed, then these measures argue we have not yet reached the apex.

A rare technical analysis signal corroborates that view. As shown in Exhibit 58, the Coppock curve—an intermediate-length momentum signal—has generated only 17 buy signals over the past 71 years, but collectively they have provided attractive low-risk entry points for long-term investors. If we took the median path of S&P 500 prices after past signals, it would imply the market gains 9% this year with 88% odds of a positive outcome. Of particular note, Coppock buy signals on the NYSE, Russell 2000 and FTSE All-World Index were also triggered in November, even before the post-election rally. For all the reasons discussed above, we accord a 25% probability to our good-case scenario of the S&P 500 reaching 2,450 by year-end.

Of course, we are equally aware of the myriad downside risks investors face, including growing unease about a disorderly backup in bond yields. But here, our work suggests that rates have scope to increase further before becoming a headwind for stocks, even if adjusted for today's lower long-run equilibrium nominal rate (see Exhibit 59). Keep in mind that 88% of S&P 500 debt has a fixed interest rate and only about 10% matures each year. The impact of higher rates will be spread over many years as a consequence.



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**Exhibit 58: Coppock Curve S&P 500 Buy Signals**
One of only 17 post-WWII buy signals was triggered in July 2016.

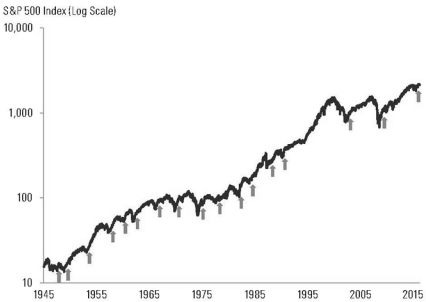


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

**Exhibit 59: Inflection Point for Negative Correlation Between Bond Yields and Stock Prices**
Typically stocks and interest rates move in the same direction until yields reach levels far above those seen today.

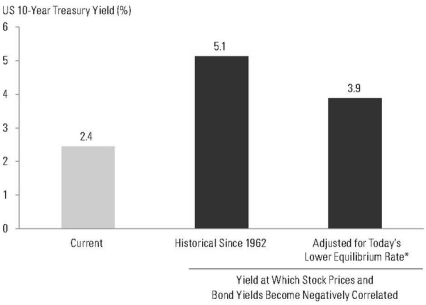


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Federal Reserve.
* Adjusts for the reduction of 1.25 percentage points in the long-run equilibrium nominal rate, in line with the shift in Federal Reserve projections since 2012.

Some have taken a less sanguine view, arguing that the "taper tantrum" of 2013 suggests bond yields have already reached a troublesome level for stocks. However, the tantrum primarily reflected concerns that by tightening policy prematurely, the Federal Reserve was committing a mistake that would undermine growth—a fact evident in the episode's widening credit spreads and declining breakeven inflation rates. Despite a similarly rapid increase in rates this time around, we have seen the opposite market reaction, with credit spreads tightening and breakeven inflation rates moving higher alongside growth expectations. This contrast reminds us that the reason rates are increasing is as important as their resulting level.

Aside from rates, ongoing concern about a hard landing in China and a banking or political crisis in Europe remain top of mind (see Section I, The Risks to Our Outlook). We also start the year with less of a buffer to absorb such adverse developments, given today's high valuations. Even worse, this narrower margin of safety arrives at a time when policy uncertainty in the US is particularly acute, given upcoming changes to tax, trade and immigration policies under the new administration. A destination tax, for example, could be particularly damaging to S&P 500 margins given the growth of global supply chains in the last decade, not to mention the sizable upward pressure it would place on the US dollar. Even at current levels, the dollar will represent a renewed drag on US multinational earnings in the first quarter (see Exhibit 60).

**Exhibit 60: US Dollar Index**
Even if the dollar stays unchanged, it will still act as a drag on US multinational earnings in early 2017.

Data through December 31, 2016, with illustrative projection through 2017.
Source: Investment Strategy Group, Bloomberg.

That said, the collective impact of these various risks is not yet sizable enough to undermine our core view: we are in a longer-than-normal US recovery that supports equity returns that are



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**Exhibit 61: EAFE Price to 10-Year Average Cash Flow Discount to the US**

Today's larger-than-average discount provides a margin of safety to EAFE equities.

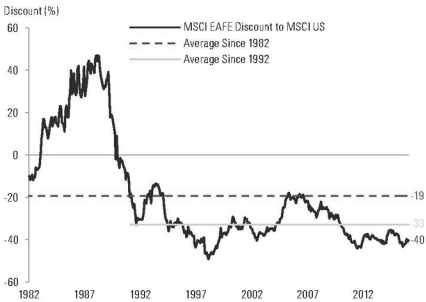


Data through December 31, 2016.
Source: Investment Strategy Group, MSCI, Datastream.

**Exhibit 62: MSCI EMU Trailing 12-Month Earnings per Share**

Profits have been range-bound for almost four years.

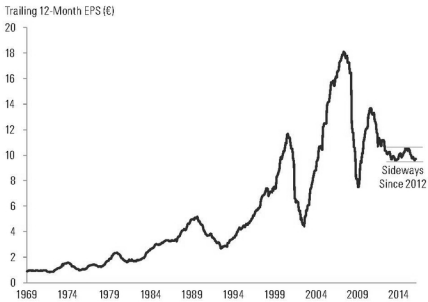


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

likely to exceed those of cash and bonds. In turn, we recommend that clients maintain their strategic weight in US equities, although we acknowledge that risks have risen at the same time that returns appear likely to be lower going forward. While US equities are not yet running on fumes, we should keep a close eye on the fuel gauge.

## EAFE Equities: Priced for Imperfection

There is no shortage of concerns surrounding the various countries that comprise Europe, Australasia and the Far East (EAFE) equity markets. The list is both long and valid, including persistently low economic growth, a slow pace of structural reforms and incessant political uncertainty, as well as incremental, reactive and inconsistent policy responses. Ongoing questions about the health of the banking system only compound these worries.

But these concerns are also not new and are consequently well understood by the market. In turn, the key question facing investors is not whether EAFE exposure subjects them to downside risks. As the preceding list demonstrates, it clearly does. The question instead is whether investors are being fairly compensated to bear these risks.

One can never know precisely what equity markets are discounting, but the above concerns are almost certainly a key driver of EAFE underperformance and the main reason behind today's larger-than-normal valuation discount to US equities (see Exhibit 61). While this margin of safety does not guarantee outperformance, it may provide investors with a larger buffer to absorb adverse developments and miscalculations in their forecasts. In our view, the risk/return profile of EAFE equities is more attractive than it first appears.

As a result, we do not recommend that investors underweight EAFE equities. In fact, there are reasons to believe that EAFE equities will outperform US equities in local currency terms this year. In the sections that follow, we explore these reasons by examining the three main EAFE markets, beginning with the Eurozone.

## Eurozone Equities: The Onus Is on Earnings

Earnings have been going nowhere fast for Eurozone equities. That's apparent in Exhibit 62, which shows that profits have been range-bound—at nearly half their 2007 peak level—for almost four years. As a result, rising valuation multiples have accounted for all of the 25% price appreciation over this period.

This seeming contradiction between stagnant earnings and rising multiples reflects the copious liquidity provided by the ECB's quantitative easing. By depressing interest rates, ECB policy



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**Exhibit 63: Relative Performance of "Stable" and "Volatile" EAFE Stocks**

Investors have recently shifted toward firms more exposed to the business cycle.

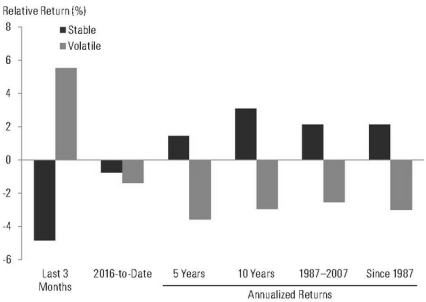


Data as of October 31, 2016.
Note: Equally weighted USD-hedged returns relative to the developed markets (ex-US). Stable and volatile stocks are drawn from the large-cap universe. Stability is measured using a model based on return on equity, earnings growth, financial leverage and beta.
Source: Investment Strategy Group, Empirical Research Partners.

**Exhibit 64: Spain 5-Year Credit Default Swap and Relative Equity Performance**

The dramatic reduction in Spanish default risks suggests equity valuations have scope for upside.

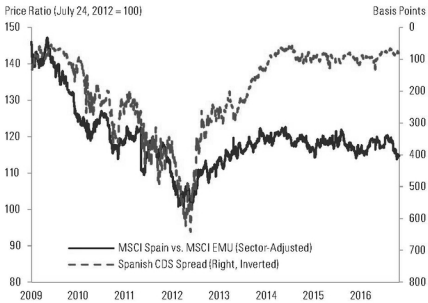


Data through December 31, 2016.
Source: Investment Strategy Group, MSCI, Datastream.

has both hobbled bank profits—which represent a third of EuroStoxx 50 earnings—and boosted equity valuations. But with ECB policy unlikely to become any more accommodative, additional valuation expansion can no longer be taken for granted. Instead, the onus for Eurozone equity upside now rests with earnings.

Here, the prospects are favorable for several reasons. First, above-trend Eurozone GDP growth is likely to lead to boosted domestic sales and reduced economic slack, both of which have lifted Eurozone earnings in the past. Second, the broader pickup in global GDP growth we expect should benefit the 45% of the EuroStoxx 50's sales that are generated outside Europe. Higher revenue is particularly beneficial to these EuroStoxx firms given their operating leverage, as small improvements in sales spread over their sizable fixed costs also push profit margins higher. Finally, financial sector earnings stand to benefit from the higher interest rates we foresee.

Against this backdrop, we expect earnings to expand 5% in 2017. Meanwhile, valuation multiples are likely to contract slightly as interest rates normalize higher and investor focus shifts toward eventual ECB tapering late this year. Combining these elements with a 3.6% dividend yield implies EuroStoxx 50 total returns of 3% in 2017.

The risks to our base case are skewed mildly to the upside. After underperforming most equity markets in 2016, Eurozone equities have room to play catch-up. Moreover, the passing of long-feared French and German elections could compress today's elevated equity risk premium, although political uncertainty is likely to remain high in the interim. Finally, investors' recent shift toward firms more exposed to the business cycle should benefit Eurozone firms given their greater operating leverage (see Exhibit 63).

Within the Eurozone, we are overweight Spanish equities. Here, we are drawn to attractive valuations (see Exhibit 64), domestic growth momentum and embedded overweight to banks.

## UK Equities: Scaling the Wall of Worry

While the Brexit vote was surprising, the subsequent performance of the UK stock market was even more so. Despite the tremendous political and social uncertainty engendered by the referendum's outcome, UK equities generated one of the strongest returns of any major equity market last year in local currency terms.

Several factors at the root of this outperformance should continue to work in favor of UK equities in 2017. First, FTSE 100's global



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**Exhibit 65: FTSE 100 Price Level and British Pound**
A weaker pound benefits FTSE 100 companies, which generate 75% of sales outside the UK.

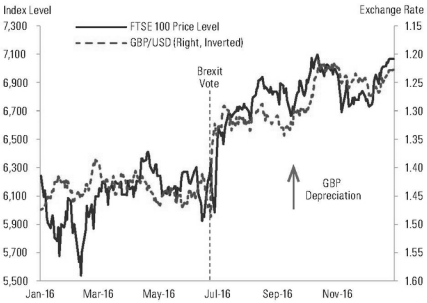


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

**Exhibit 66: TOPIX Price Level**
Japanese equities have traded in a large-but-contained range.

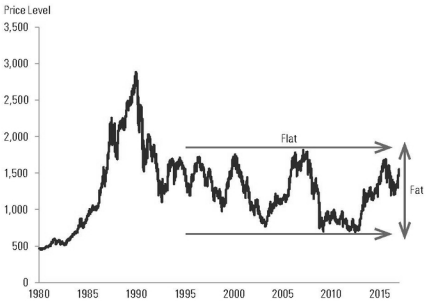


Data through December 31, 2016.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research, Bloomberg.

footprint—75% of sales come from outside the UK economy—should benefit from the accelerating global GDP growth we expect this year, just as this exposure profited from last year's 16% depreciation of the British pound (see Exhibit 65). Second, last year's best-performing sectors—commodities and financials—are well positioned to extend their run. Financials—the largest UK sector—stands to benefit from rising interest rates, while the commodity sectors should get a boost from higher oil prices. Notably, these two sectors account for nearly half of FTSE 100 market capitalization.

With these tailwinds in mind, we forecast UK earnings growth of 11% this year, the highest of our estimates across EAFE markets. That said, continued uncertainty around the implications of Brexit coupled with higher interest rates will likely weigh on FTSE 100's well-above-average valuations. This view, combined with the UK equity market's hefty dividend yield of 4.0%, results in a 4% total return projection for the FTSE 100.

Although this return is attractive on its face, we do not believe it offers investors a large enough margin of safety to justify a tactical overweight. Keep in mind that significant uncertainties remain around the final contours of Brexit. Moreover, a shift by the Bank of England toward raising interest rates this year could reverse much of the British pound's depreciation, to the detriment of UK earnings. Finally, FTSE 100's global footprint could magnify any disruption to global trade volumes resulting from protectionist policies.

**We project UK earnings growth of 11% this year, the highest of our estimates across EAFE markets.**

## Japanese Equities: Scaling a Familiar Peak

Japanese equities have experienced their fair share of booms and busts over the last 25 years. As seen in Exhibit 66, this pattern of offsetting swings has resulted in a "fat and flat"[108] trading range. With the TOPIX price level again in the upper third of its historical band, it is natural to ask whether 2017 will mark yet another market top in Japan.

The earnings outlook is pivotal to answering this question. While our forecast for accelerating global GDP growth points toward higher earnings, near-peak profit margins are a headwind (see Exhibit 67). Moreover, with less central bank easing given the BOJ's already sizable balance sheet, yen depreciation—a key driver of Japanese revenue growth since 2012—is expected to moderate this year. Even so, the



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**Exhibit 67: Japanese Profit Margins**
Near-peak profit margins could be a headwind for Japanese equities.

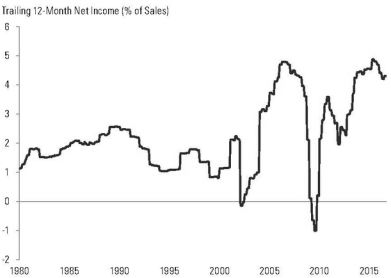


Data through November 30, 2016.
Source: Investment Strategy Group, Datastream.

**Exhibit 68: Japanese Equity Valuations**
Valuations are near the median level of Japan's deflationary period since 1999.

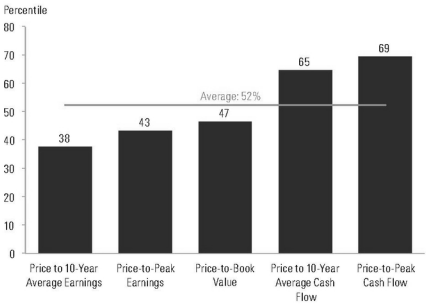


Data as of December 31, 2016.
Note: Based on data since 1999.
Source: Investment Strategy Group, Datastream, MSCI.

interplay of these inputs should still lead to positive earnings growth of 6% in 2017.

The direction of valuation multiples is equally important. As shown in Exhibit 68, Japanese valuations are middling based on their history since 1999, which we believe is the relevant evaluation period given the deflationary headwinds that emerged thereafter. For equity multiples to move significantly higher from here would require sustainable above-trend earnings growth or a sizable increase in direct equity purchases by the Japanese central bank. But with the BOJ already holding a remarkable 60% of Japanese ETF market assets[109] and profit margins near their peak levels, neither of these upside catalysts seems probable. In fact, P/E multiples are forecast to contract in our base case, as the 6% earnings growth we expect will likely disappoint current market expectations of 12%.

Putting these pieces together, we expect neither a boom nor a bust for Japanese equities. Instead, the combination of mid-single-digit earnings growth, slight compression in valuation multiples and a 1.9% dividend yield should generate a 5% total return. While this return is attractive from an absolute standpoint, it also comes with significant downside risks given the country's poor demographics, declining labor force and high government debt load. Consequently, we are tactically neutral on Japanese equities currently.

## Emerging Market Equities: Finally in Gear, but Potholes Ahead

Emerging market equities as a whole finally moved forward in 2016 after three years in reverse: multiples expanded, earnings estimates improved and currencies appreciated, generating a 12% total return. Politics and commodity prices were key performance differentiators among emerging markets last year, leading Brazil and Russia to the winners' podium while leaving Turkey and Mexico in last place.

We expect emerging market equities to remain on track in 2017. Our central case calls for earnings growth of 5% in US dollar terms, driven by faster nominal GDP growth and the lagged impact of easier financial conditions and higher commodity prices. But with multiples already at post-crisis highs in an environment of rising global rates and heightened risks, we see little scope for further expansion. Combining these two inputs with a dividend yield of 2.6%, our forecast implies a total return of about 7% this year.

However, the uncertainty around this forecast is quite large, as emerging market equities face several potential potholes on the road ahead. Chief among these is the ultimate policy agenda of the incoming US administration. On the one hand, a policy mix that favors US growth over trade restrictions would support emerging market exports and boost profits and equity returns.



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**Exhibit 69: EM Equity Valuations**

Aggregate valuations are near neutral levels.

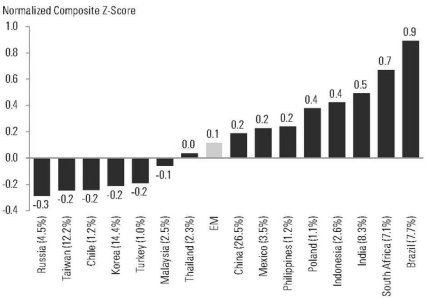


Data as of December 31, 2016.
Note: Based on monthly data since 1994 for Price/Forward Earnings, Price/Book Value, Price/Cash Flow, Price/Sales, Price/Earnings-to-Growth Ratio, Dividend Yield and Return on Equity. Numbers in parentheses denote the country's weight in MSCI EM. Only showing countries with a weight greater than 1%.
Source: Investment Strategy Group, Datastream, I/B/E/S, MSCI.

On the other hand, a harsher US stance on trade and foreign policy would hurt emerging market earnings, sentiment and valuation multiples. China, Korea, Mexico and Taiwan—which account for about 60% of MSCI emerging market capitalization and earnings—seem particularly vulnerable in the latter scenario. In comparison, countries with less exposure to the US economy and already strong domestic demand, such as India and Indonesia, would likely fare better.

Against this uncertain backdrop and considering today's uninspiring valuations (see Exhibit 69), we remain tactically neutral on emerging market equities. That said, we continue to explore relative investment opportunities that exploit the significant domestic activity, external vulnerability and valuation differences among individual emerging countries.

## 2017 Global Currency Outlook

In a notable departure from recent years, the US dollar did not enjoy unequivocal dominance in 2016 (see Exhibit 70). The yen, for example, ended a four-year slide against the greenback as the market questioned the BOJ's commitment to monetary easing. Certain emerging market currencies—such as the Russian ruble and Brazilian real—also outperformed the dollar on the back of stronger commodity prices and favorable political developments at home. And while the dollar did make notable gains against the euro, pound and Mexican peso in particular, these currencies enter 2017 with a more balanced risk/reward profile as a result.

The upshot is that while tightening monetary policy and potential fiscal expansion in the US will continue to favor dollar strength, those gains are likely to be more modest and reflected in a narrower set of currencies as the dollar bull market enters its fifth year. Our tactical positioning

**Exhibit 70: 2016 Currency Moves (vs. US Dollar)**

For the first time in several years, the US dollar did not appreciate against all major currencies.

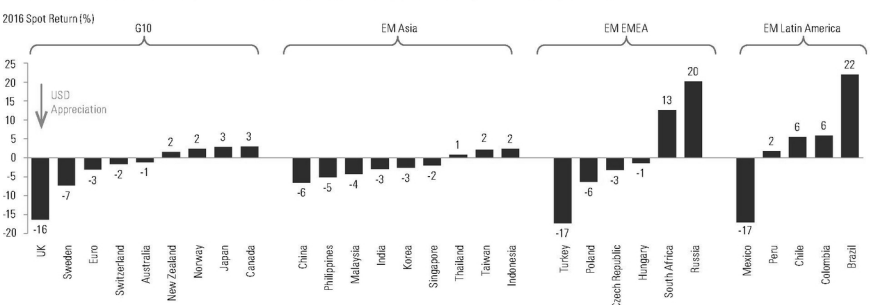


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg.



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incorporates this view, as we are neutral on the euro, yen and pound versus the US dollar, but remain bearish on the Chinese renminbi.

We discuss our view on the broader US dollar, as well as each of these currencies, next.

**US Dollar**

Following three consecutive years of dollar outperformance, it would be reasonable to assume the up-cycle is nearing an end. After all, dollar valuation is now close to its historic average level relative to the currencies of US trade partners, after adjusting for inflation. Moreover, the length of this dollar bull market is approaching that of the two prior episodes shown in Exhibit 71 and shares a similar underlying driver—tighter monetary policy in the US relative to its global peer group.

But while we expect the pace of US dollar appreciation to slow, there are many reasons to believe the greenback's outperformance can continue this year. Dollar valuation remains below the peaks reached in the 1985 and 2002 bull cycles, suggesting it is not yet prohibitively expensive. The dollar should also benefit from solid US macroeconomic fundamentals relative to other developed economies. President-elect Trump ran on a platform that includes fiscal expansion and corporate tax reform. Although his economic team's spending plan is still forthcoming, the package could represent an economic tailwind that may justify tighter US monetary conditions at a time when foreign central banks have committed to easier policy. In turn, relatively higher US yields may entice global investors to favor US dollar assets over lower-yielding foreign-denominated alternatives.

Furthermore, some elements of the new administration's desired corporate tax reform could present material upside risk to the US dollar. For example, the destination-based tax system supported by several House Republicans disallows deductions for any imported good or service—

**Exhibit 71: US Dollar Real Effective Exchange Rate**

Dollar valuations are near their long-term average but below levels reached in past bull cycles.

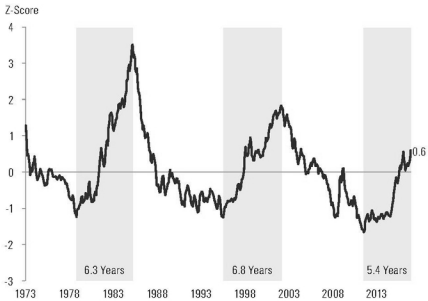


Data through November 30, 2016.
Note: Z-score is calculated on data since 1973 and represents the number of standard deviations from the mean. Shaded areas highlight periods of dollar strength.
Source: Investment Strategy Group, Datastream.

effectively supporting US goods by making them more competitive. Economic theory suggests that free-floating currencies such as the US dollar would need to adjust higher by the amount of the tax to create equilibrium with similar goods sourced across foreign borders. Taken at face value, this implies a 20% destination tax would require a simultaneous—and potentially very disruptive—20% increase in the US dollar. A tax holiday for cash held abroad could be similarly dollar positive, in spirit if not in magnitude. While it is true that a majority of the $2.6 trillion of US corporate earnings trapped overseas are already held in US dollar assets, the greenback would still enjoy a tailwind if corporates elected to repatriate some portion of the foreign currency balance.

That said, the risks to the US dollar are not exclusively to the upside, as much of the good news is embedded in current prices (see Exhibit 72). Consider that the bulk of last year's dollar advance occurred in the two weeks following the US presidential election in November, as the market quickly discounted a portion of potential policy changes. Moreover, Federal Reserve rate hike expectations for 2017 have increased following stronger US activity data during the second half of 2016. Lastly, we expect the BOJ and ECB to maintain their highly accommodative policies again this year. With these tailwinds already

**Dollar gains are likely to be more modest and reflected in a narrower set of currencies as the dollar bull market enters its fifth year.**



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**Exhibit 72: Trade-Weighted US Dollar Index**
The recent dollar rally implies much of the good news has already been priced in.

Data through December 31, 2016.
Note: Shaded areas denote periods of US recession.
Source: Investment Strategy Group, Datastream.

**Exhibit 73: Eurozone Net Portfolio Flows**
Policy divergences could continue to drive portfolio investment out of the Eurozone.

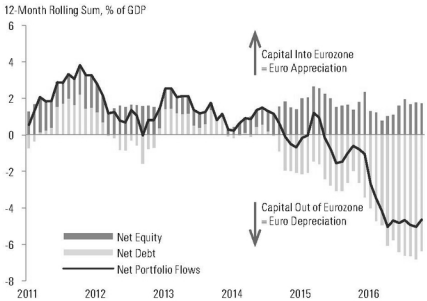


Data through October 31, 2016.
Note: Q3 2016 data used to calculate Q4 2016 share of GDP.
Source: Investment Strategy Group, Haver Analytics.

partly reflected in current exchange rates, the US dollar is vulnerable to both domestic and foreign disappointments.

In sum, we expect the dollar to appreciate further, but at a slower pace and with greater volatility than in recent years.

**Euro**

The euro was on the losing side of the US dollar's strength again in 2016, marking the third consecutive year of underperformance and the longest stretch of annual declines since 2001. Last year's modest 3.2% decline actually masked a much larger 10% drop from the euro's intra-year peak, half of which came in the weeks following the US elections in November. Needless to say, the combination of potentially expansionary fiscal policy put in place by the new administration coupled with tighter US monetary policy represents a stiff headwind to the euro, particularly since the ECB just extended quantitative easing until December 2017.

We expect these transatlantic policy divergences to persist, driving European investors to continue seeking higher-yielding, non-euro-denominated assets abroad (see Exhibit 73). This preference will likely be bolstered by uncertainty surrounding upcoming national elections in Germany, France, the Netherlands and possibly Italy and Spain. While our central case assumes mainstream parties prevail, any result that raises questions about the long-term viability of the European Monetary Union could push the euro even lower.

Still, we should not lose sight of the fact that after such persistent weakness versus the US dollar, the euro is undervalued and investors are now positioned for further weakness. Additionally, the above-trend Eurozone growth and normalizing inflation we expect could justify the ECB shifting toward a more neutral stance later this year. Such a move would narrow the interest rate differential between the US and Eurozone, weakening a linchpin of the weaker euro thesis.

Given this balance of risks, we removed our tactical short positions in the euro relative to the dollar following the November US presidential election, returning to a neutral view.

We should not lose sight of the fact that after such persistent weakness versus the US dollar, the euro is undervalued and investors are now positioned for further weakness.



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**Exhibit 74: Japanese Net Purchases of Foreign Long-Term Debt by Investor Type**

Additional buying of foreign assets by Japanese investors could put further downward pressure on the yen.

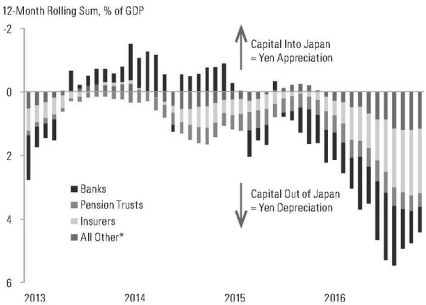


Data through November 30, 2016.
Note: Q3 2016 data used to calculate Q4 2016 share of GDP.
Source: Investment Strategy Group, Haver Analytics.
* All Other defined as central banks, general government, financial instruments firms, investment trust management companies and others.

### Yen

For yen investors, last year was a reminder that markets often take an escalator up but an elevator down. After steadily appreciating almost 20% against the US dollar over the first nine months of 2016, the currency forfeited those gains in just weeks after the surprising US presidential election. Although the net effect was a small 2.8% appreciation last year—breaking a four-year streak of yen weakness—we do not believe further yen strength is likely.

There are two reasons for this view. First, the BOJ will likely keep rates negative or close to zero this year by maintaining highly accommodative monetary policy. In turn, Japanese investors will continue to sell low-yielding domestic assets—placing downward pressure on the yen—in order to fund purchases of higher-yielding offshore assets (see Exhibit 74). Japan's Government Pension Investment Fund (GPIF)—which manages the world's largest public pension—is a case in point, as it will need to sell domestic fixed income assets to reach its stated targets for foreign investments. Similarly, Japanese life insurers may increase their exposure to foreign currencies if interest rate differentials between the US and Japan remain wide.

Second, Japanese corporations are likely to sell yen to invest in foreign operations with better growth prospects, which will also place downward pressure on the Japanese currency; such announcements are already on the rise.[110]

This is not to suggest that the prospects for the yen are completely one-sided. The higher global rates we expect may make it difficult for the BOJ to maintain such low domestic yields, which would alleviate some of the downward pressure on the currency. Moreover, the many sources of global uncertainty in the year ahead could lead investors back into the yen as a liquid hedge, as we saw in the first half of 2016. Finally, after four years of weakness, the yen has reached undervalued levels.

Given this more balanced risk profile, we currently have no tactical position in the yen.

### British Pound

While broader financial markets were unperturbed by the UK's decision to leave the European Union, the same cannot be said for currencies. Here, the Brexit vote sent the pound tumbling to its lowest level versus the US dollar since the 1985 Plaza Accord.[111] Although the pound has since recovered some of those losses, its 16.3% decline relative to the US dollar last year still ranks as the worst performance among all developed market currencies.

The trajectory of the pound will be largely shaped by the evolution of Brexit negotiations. Even though six months have passed since the vote, there is no greater clarity on how the UK will ultimately exit the European Union and on what terms. Clearly a combative stance could see the pound weaken further as the market discounts lower potential growth in the UK. Alternatively, a more conciliatory negotiating position could lead to upside from today's depressed levels.

Barring a hostile negotiating tack from the UK government, the pound also has several other factors working in its favor. First, foreigners continue to buy pounds to invest in UK-domiciled assets and firms, which is vital to funding the UK's sizable 5.2% of GDP current account deficit. In fact, one of the largest cross-border acquisitions last year was announced less than one month following the EU referendum.[112] Importantly, higher-frequency data shows this merger and acquisition (M&A) momentum is continuing (see Exhibit 75).

Second, the Bank of England may need to raise interest rates sooner than markets now expect, as erstwhile sterling depreciation is quickly feeding



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**Exhibit 75: UK Cash Merger and Acquisition Announcement Pipeline**

Continued inbound M&A activity could benefit the pound.

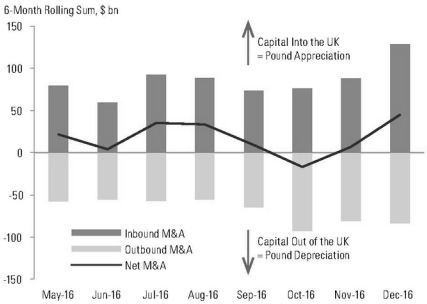


Data through December 31, 2016.
Note: October 2016 outbound M&A adjusted to exclude stock portion of British American Tobacco's takeover of Reynolds.
Source: Investment Strategy Group, Bloomberg.

through to higher domestic inflation. In turn, higher UK interest rates would make sterling-denominated assets more appealing to foreign investors and support the currency.

Finally, while sterling certainly has scope to depreciate, market participants are already well-positioned for further weakness. Those positions may become vulnerable if the UK's negotiations with its trade partners turn more amicable and the domestic UK economy remains resilient.

With these upside risks being tempered by the unknowable evolution of Brexit negotiations for now, we see balanced risks for the pound this year and thus remain tactically neutral.

**Emerging Market Currencies**

Emerging market currencies caught a welcome updraft last year, following a 45% freefall since mid-2011. The flight was not without turbulence, however. Following a 12% rally in the first half of the year—reflecting a dovish shift in US monetary policy and waning fears about Chinese capital outflows—emerging market currencies hit an air pocket that erased much of these gains following the surprise outcome of the US elections.

We believe this downdraft is likely to persist. The prospect of higher US interest rates, a stronger dollar and China's bumpy deceleration spells tighter global financial conditions and a risk of capital outflows from emerging markets—conditions that have historically constituted a stiff headwind to their currencies.

These risks are magnified by the uncertainty surrounding the incoming US administration's trade policies. Fears of protectionism have already negatively impacted the currencies of China and Mexico—the two largest sources of manufacturing exports to the US—with the peso and Chinese renminbi down 11.6% and 2.3%, respectively, since the election.

Even so, we do not think a broad tactical short in emerging market currencies is appealing at this stage. Despite the small rally last year, emerging market currencies remain attractively valued (see Exhibit 76), particularly given their enticing 5% yield differential to the US dollar. Moreover, the new US administration may prove to be more measured in its actions than its rhetoric—a non-negligible risk that could revive sentiment and improve prospects for emerging market currencies. The Mexican peso, in particular, could benefit in that event.

For now, we remain tactically positioned to benefit from further renminbi weakness given our long-standing concerns about China's economic vulnerabilities and the likelihood of looser policy, policy mistakes and capital outflows. The potential for US trade protectionism directed at China, though not our base case, would further benefit this position.

## 2017 Global Fixed Income Outlook

Last year witnessed a notable reversal of fortune for global interest rates. Despite reaching all-time closing lows shortly after the surprise Brexit vote, 10-year yields in developed markets had reclaimed much—if not all—of those declines by year-end. In the US, a more than one percentage point swing was sufficient to turn the 10-year bond's 9% gain into a loss.

While some have portrayed this reversal as just another setback in the now three-decade-old bond bull market, we are more skeptical. The policy mix that has depressed interest rates in the post-crisis period—a combination of fiscal austerity, negative or near-zero central bank policy rates and large-scale asset purchases—is losing favor, as even policymakers acknowledge the often counterproductive impact of these policies. At



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**Exhibit 76: Emerging Market Currency Valuation**
Despite the recent rally, emerging market currencies remain undervalued against the US dollar.

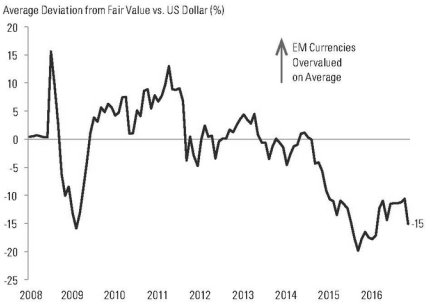


Data through November 30, 2016.
Note: Average of Goldman Sachs Dynamic Equilibrium Exchange Rate, 5-year moving average, and Fundamental Equilibrium Exchange Rate misalignments of currencies in the JP Morgan Government Bond Index—Emerging Markets Global Diversified.
Source: Investment Strategy Group, Bloomberg, Datastream, Goldman Sachs Global Investment Research, Peterson Institute for International Economics.

**Exhibit 77: Estimated Duration of US Bond Market**
The bond market's sensitivity to rising rates is the highest on record.

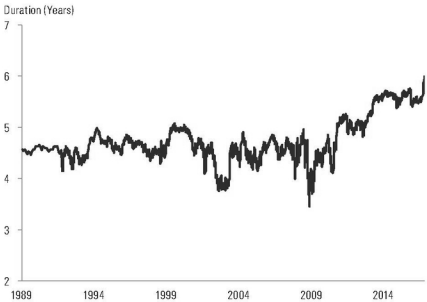


Data through December 31, 2016.
Note: Based on the Barclays US Aggregate Bond Index.
Source: Investment Strategy Group, Bloomberg.

the same time, the recovery in commodity prices, recent firming in global growth and potential for expansionary fiscal policy are shifting the focus from deflation to reflation.

This shift in perspective arrives at a time when the market's vulnerability to rising rates is the highest on record (see Exhibit 77). Losses from these long-duration positions in response to higher rates could beget more bond sales, creating a vicious cycle. That yields are still extremely low by historical standards does little to assuage these fears. Consider that 10-year government bond yields in all G-7 countries have been higher at least 90% of the time since 1958. Given all the above, we believe the ascent of interest rates remains in its infancy.

Still, it is important to differentiate between a normalization of interest rates and a disorderly backup. While we expect higher interest rates over the coming years, secular headwinds—like aging demographics and slower productivity growth—suggest the terminal point of that increase will be lower than the historical average. This fact is not lost on the Federal Reserve, which has reduced its estimate of the long-run equilibrium nominal rate—the rate consistent with full employment and stable inflation in the medium term—from 4.25% to 3% over recent years.

**For now, we remain tactically positioned to benefit from further renminbi weakness given our long-standing concerns about China's economic vulnerabilities and the likelihood of looser policy, policy mistakes and capital outflows.**

With a lower interest rate target to reach, the Federal Reserve is likely to proceed slowly, particularly given uncertainty around its estimate of the economy's equilibrium rate and lingering international risks. Even if the Federal Reserve were to raise rates three times in 2017, that pace would still be less than half of the historical median tightening pace.[113] Thus far in this cycle, the Federal Reserve has raised rates only once per year.

Against this backdrop, we recommend investors favor credit over duration risk



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by remaining overweight US corporate high yield credit versus investment grade fixed income and by funding various tactical tilts from their high-quality bond allocation. While most investment grade bonds may have uninspiring tactical prospects, we emphasize that investors should not completely abandon their bond allocation in search of higher yields. As the last several years have reminded us, investment grade fixed income serves a vital strategic role in the portfolio, due to its ability to hedge against deflation, reduce portfolio volatility and generate income.

In the sections that follow, we review the specifics of each fixed income market.

**US Treasuries**

While 2016 began as a bumper year for US Treasuries, it ended in a rout. The yield on 10-year Treasury bonds, for example, reached an all-time low of just 1.36% by the middle of last year before jolting higher by more than one percentage point by year-end. As a result, investors' nearly double-digit gains devolved into a small loss. Even worse, the bulk of the rate increase occurred in just the last three months of 2016, generating a 7% loss for the quarter that has been exceeded less than 1% of the time historically since 1981.

We expect rates to continue to increase, albeit at a slower pace in 2017, as many of the forces that have restrained yields are slowly fading. Inflation, in particular, has been a persistent drag, reflecting a toxic combination of excess labor slack that depressed wages, a strong dollar that lowered import prices and a significant decline in oil prices that weighed on breakeven inflation rates. But as we begin the eighth year of the US expansion, labor slack has been largely absorbed, evident in today's firming wages. Moreover, the impact of the dollar is diminishing as its pace of ascent slows, while the recovery in oil is boosting breakeven inflation rates.

Other headwinds are also receding. The fiscal austerity among the advanced economies that has dampened economic growth and decreased sovereign bond issuance—both of which depress interest rates—is now reversing (see Exhibit 78). Indeed, US fiscal spending is expected to add 0.3–0.5 percentage points to GDP growth in each of the next two years.[114]

At the same time, there is reduced demand for risk-free assets, like US Treasuries, given the unexpectedly sanguine reaction to negative

**Exhibit 78: Fiscal Stance of Advanced Economies**

Fiscal austerity in developed markets has reversed in recent years.

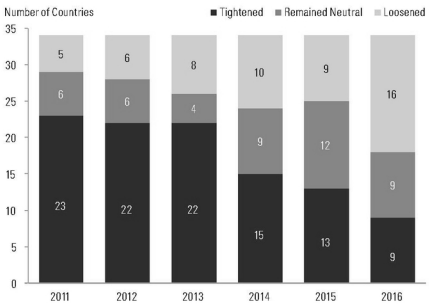


Data as of December 31, 2016.
Source: Investment Strategy Group, IMF.

geopolitical events—such as the UK and Italian referenda—and the results of the US election. Finally, the deleterious impact of depressed interest rates on banking sector profitability has raised the hurdle for global central banks to cut interest rates further and/or increase the scale of QE programs. In turn, market focus has shifted toward the eventual tapering of BOJ, ECB and BOE accommodation, which has helped lift bond term premiums and boosted long-term yields (see Exhibit 79).

In light of these waning headwinds, the Federal Reserve is likely to hike two or three times in 2017, with upside risks from a larger-than-anticipated fiscal expansion. Combined with some further normalization in the term premium, we expect 10-year rates to increase to 2.50–3.00% by year-end. Given the balance of risks, we remain comfortable funding tactical tilts out of investment grade fixed income.

**Treasury Inflation-Protected Securities (TIPS)**

TIPS fared better than nominal bonds in 2016, delivering a positive mid-single-digit return. Their outperformance was driven by the recovery in breakeven inflation rates, which began the year at very depressed levels consistent with only 1.5% annual inflation over the next 10 years—well below long-run forecasts (see Exhibit 80). In fact, our work suggests that breakeven inflation rates were reflecting high odds of a deep recession over the course of 2016, well above the risk suggested by our recession models.



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**Exhibit 79: US 10-Year Yields and Term Premium**
Expected tapering from major central banks has contributed to higher long-term yields and bond term premiums.

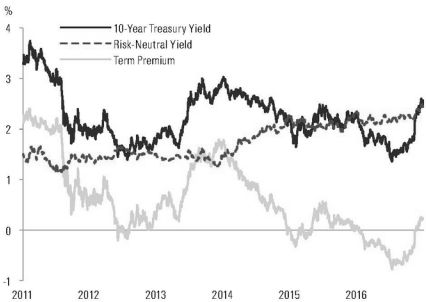


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

**Exhibit 80: US 10-Year Breakeven Inflation Rate and Consensus Inflation Rate Forecasts**
TIPS benefited from a recovery in breakeven inflation rates in 2016.

Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

We think that breakeven inflation rates have further room to rise as the concerns that depressed them last year fade. First, oil prices are recovering, reversing the persistent drag they had exerted throughout much of early 2016. Second, wages are firming and fiscal policy is being eased, dampening deflation worries. Finally, recession odds are falling as the drag from oil weakness and dollar strength fades.

With breakeven inflation rates still below long-term consensus forecasts and the Federal Reserve's target, we expect positive total returns from TIPS in 2017. Still, TIPS' absolute returns are likely to be modest, as their eight-year duration will make it difficult for coupon income to meaningfully exceed principal losses as rates rise. Moreover, given TIPS' unfavorable tax treatment (discussed at length in our 2011 *Outlook*), we continue to advise US clients with taxable accounts to use municipal bonds for their strategic allocation.

We expect rates to continue to increase, albeit at a slower pace in 2017, as many of the forces that have restrained yields are slowly fading.

**US Municipal Bond Market**

Municipal bond holders were not immune from 2016's about-face in US Treasury yields. Last October, municipal bonds were enjoying some of their best returns in years, only to be hit by losses arising from both rising interest rates and budding concerns about tax changes in the wake of the US presidential election. The abrupt redemptions of municipal bond mutual funds only exacerbated these losses, with the pace of outflows second only to the mid-2013 taper tantrum (see Exhibit 81). All told, municipal bonds suffered one of their worst years in recent history, with intermediate municipal bonds actually experiencing a rare loss (see Exhibit 82).

Unfortunately, the near-term outlook remains challenging. As Exhibit 81 reminds us, mutual fund flows tend to be sticky in this asset class, with persistent periods of both buying and selling depending on the trajectory of interest rates. Based on historical episodes, there is scope for the current string of outflows to extend further.

Moreover, clarity on tax policy will remain elusive for months, during which time headline risk will be significant. Even worse, a sizable reduction in the top individual tax rate for municipal bonds—if ultimately passed—could significantly shift the economics of owning them, leading to further sales. These fresh worries on tax policies



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**Exhibit 81: Municipal Bond Mutual Fund Flows**
The pace of outflows at the end of 2016 was surpassed in recent history only by the 2013 taper tantrum.

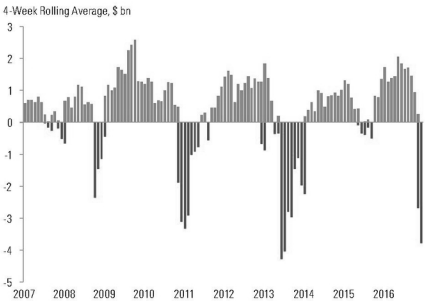


Data through December 31, 2016.
Source: Investment Strategy Group, ICI.

**Exhibit 82: Annual Municipal Bond Returns Since 1994**
Intermediate municipal bonds experienced a rare loss in 2016.

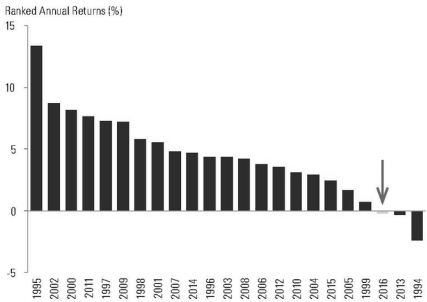


Data as of December 31, 2016.
Source: Investment Strategy Group, Barclays.

only add to existing concerns about pension funding levels.

While there is clearly no shortage of risks, the silver lining to last year's rout is that we begin 2017 with a much larger valuation buffer to help absorb them. As seen in Exhibit 83, the ratio of municipal yields to Treasury yields is above average for both 5- and 10-year maturities. In turn, investors can currently earn an extra 70 basis points of after-tax yield by owning five-year municipal bonds instead of same-maturity Treasuries—a yield pickup more than double the post-crisis median of 31 basis points. Moreover, this incremental after-tax yield would still be around 50 basis points if the top individual tax on investment income were reduced by 10 percentage points—from 43.4% with the Affordable Care Act (ACA) tax to 33% under new policy recommendations. In short, municipal spreads currently offer a potential offset to rising rates and potential tax changes.

Also keep in mind that municipal fundamentals remain stable. Major state and local tax revenues have continued to increase at a moderate 3% pace, which should be supported by the above-trend US economic growth and rising home prices we forecast. Meanwhile, governments have exercised restraint on capital spending. Consider that net issuance expectations of $30 billion for 2017 stand well below the pre-crisis 10-year annual average of $110 billion.[115] This restraint has not only kept net supply low—as new issuance has been largely offset by maturing debt—but has also helped municipal finances. Ratings trends have improved as a result of both stable revenue and spending discipline, with upgrades in the Moody's universe seeing a notable uptick in last year's third quarter (see Exhibit 84).

Of course, underfunded long-term pension liabilities remain a source of concern. But with aggregate funding levels holding steady at around 74%, we do not think this will be a primary focus in 2017, particularly given last year's increase in stock prices. While rising equity values will do little to remedy municipals' inadequate funding contributions, they will help increase the value of pension assets. Moreover, these medium-term concerns are not the primary driver of recent municipal bond weakness. After all, today's funding levels are no worse than they were in October of last year, a time when municipal bonds were enjoying some of their best returns ever.

All told, we expect intermediate municipal strategies to gain about 1% in 2017. With this return close to that of cash but with more downside potential, we still think it makes sense for clients to fund various tactical tilts from their high-quality municipal bond allocation. This recommendation is motivated primarily by rate risk and not credit concerns, since we expect municipal defaults to be rare events. Outside tilt funding, we recommend clients target their



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**Exhibit 83: Ratio of Municipal Bond Yields to Treasury Yields**

Current municipal bond yields offer a larger valuation buffer to absorb risks than in the past.

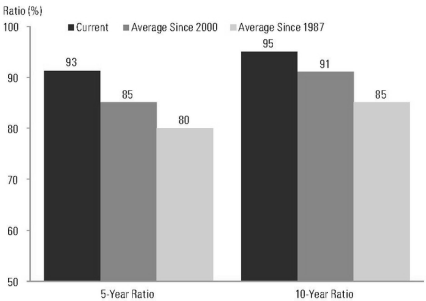


Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Thomson MMD.

**Exhibit 84: Municipal Issuer Rating Changes**

Stable revenue and spending discipline have led to recent issuer rating upgrades.

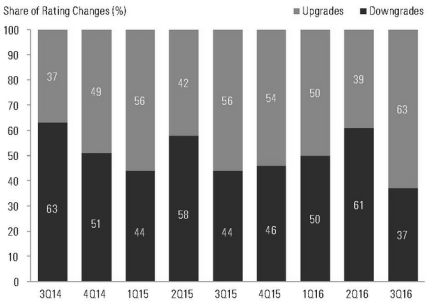


Data as of Q3 2016.
Source: Investment Strategy Group, Moody's.

benchmark duration. Given their important portfolio hedging characteristics, municipal bonds should remain the bedrock of the "sleep-well" portion of a US-based client's portfolio.

The same can be said for high yield municipal bonds. Despite their almost 10-year duration, these bonds currently offer attractive spreads of close to 3%, a level that has been higher only 29% of the time since 2000. This spread provides a substantial buffer that could partially offset higher Treasury yields, enabling the high yield municipal market to deliver positive returns of around 4% in our base case. Therefore, we recommend clients stay invested at their customized strategic weight.

**US Corporate High Yield Credit**

Even for the bullish among us, last year's 17% total return in corporate high yield was surprisingly strong. Not only was it the largest gain within US fixed income, but it also ranked among the top annual returns of all time for the asset class. What makes this performance even more impressive is that high yield was down about 5% at its worst point in early 2016.

But these sizable gains have come at a cost. Spreads—which compensate investors for the risk of default losses—now stand well below their long-term average. In fact, the level of spreads has been lower only a third of the time in the last 30 years. Moreover, yields have fallen from above 10% early last year to less than 7% now, diminishing the allure of these bonds to investors searching for high returns.

Even so, we think the strong fundamentals underpinning the asset class still warrant an overweight, though returns are almost certain to be more modest going forward. At the heart of this stance is our benign view on default losses, which are the primary risk to high yield investors. Here, several factors support our below-historical-average 2.5% par-weighted default forecast for 2017.

First, high yield firms stand to benefit directly from the strengthening US economy we expect this year, considering almost three-quarters of their sales originate domestically.[116] Second, leading indicators of defaults—such as Moody's liquidity and covenant stress indexes—are trending downward, suggesting fewer speculative-grade companies are

While there is clearly no shortage of risks, the silver lining to last year's rout in municipal bonds is that we begin 2017 with a much larger valuation buffer to help absorb them.



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**Exhibit 85: Moody's Liquidity Stress Index and Default Rates**

Leading indicators suggest the path of defaults for high yield is lower.

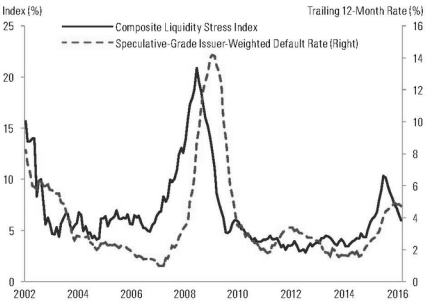


Data through November 30, 2016.
Note: Moody's Liquidity Stress Indexes fall when corporate liquidity appears to improve and rise when it appears to weaken.
Source: Investment Strategy Group, Moody's.

**Exhibit 86: Cumulative US High Yield Debt Maturity by Year**

Less than 10% of existing debt matures in the next two years.

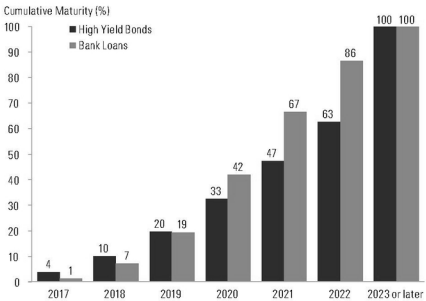


Data as of December 31, 2016.
Source: Investment Strategy Group, JP Morgan.

experiencing liquidity problems or are at risk of breaching financial covenants. As seen in Exhibit 85, Moody's composite Liquidity Stress Index (LSI) began to deteriorate in advance of previous default cycles. Third, the commodity sectors of the high yield universe—which collectively generated a staggering 85% of last year's defaults—are recovering along with oil prices. Keep in mind that the par-weighted default rate excluding these sectors was just 0.5% last year, a fraction of the 3.2% long-run average.[117] Finally, our default model—which incorporates the leading characteristics of the Federal Reserve's Senior Loan Officer Opinion Survey and the percentage of distressed bonds—is projecting 2–3% par-weighted defaults in the year ahead.

Other factors corroborate our low-default view. As seen in Exhibit 86, there is very little refinancing risk, given that less than 10% of existing debt matures in the next two years. Of equal importance, interest coverage stands near all-time highs today, in stark contrast to the period preceding the financial crisis (see Exhibit 87). This point is further illustrated by Exhibit 88, which shows that today's high yield universe is much healthier than the pre-crisis cohort, regardless of measure. Keep in mind that low-rated CCC bonds represented just 8% of high yield issuance last year, a 14-year low.[118]

We also note that high yield may be a better interest rate hedge than many investors realize. Consider that during unexpected interest rate backups in the past, high yield has generated a positive return 69% of the time and a return that exceeded investment grade fixed income 85% of the time (see Exhibit 89). This last point is important, as our high yield overweight is funded out of investment grade fixed income. High yield's hedging qualities were apparent last year, as the asset class appreciated nearly 7% in the second half of the year despite an increase in Treasury yields of more than 100 basis points. Although we assume that any further increase in 10-year Treasury rates this year will not be offset by high yield spreads, this historical relationship suggests that may be overly conservative.

**We think the strong fundamentals underpinning US corporate high yield still warrant an overweight, though returns are almost certain to be more modest going forward.**



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**Exhibit 87: High Yield Par-Weighted Interest Coverage Ratio**

Interest coverage today stands near all-time highs, unlike the pre-crisis period.

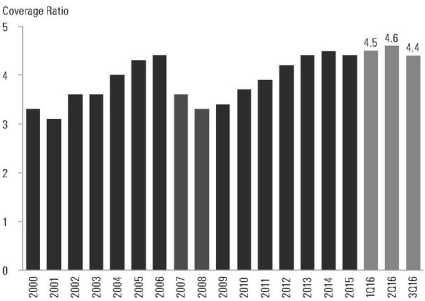


Data through Q3 2016.
Source: Investment Strategy Group, Barclays.

**Exhibit 88: Characteristics of US High Yield Issuance**

Today's high yield universe is much healthier than the pre-crisis cohort.

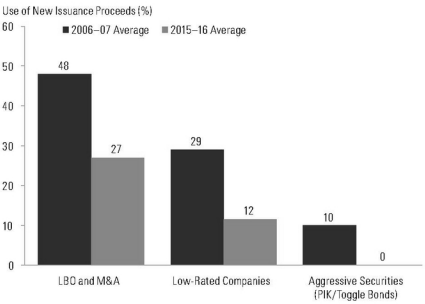


Data as of December 31, 2016.
Source: Investment Strategy Group, JP Morgan.

Of course, a more constructive view of high yield fundamentals does not necessarily suggest robust returns. In high yield bonds, today's below-average spreads already reflect our subdued default expectations and are less likely to offset any further increase in rates. We thus expect returns of around 4% in the year ahead. Although high yield energy is likely to generate similar gains, the potential upside is more significant given wider starting spreads and the potential for distressed bonds to pull to par amid higher oil prices. Finally, with a 5% return, bank loans should perform marginally better than bonds, reflecting their attractive 0.25-year duration and continued investor demand for floating rates—a feature that is back in vogue now that 3-month LIBOR is almost above the 1% LIBOR floor that more than 90% of bank loans possess.

While these returns may pale in comparison to those of last year, they remain attractive relative to investment grade fixed income, where we expect rising rates to generate lower returns. Even if rates stagnate while US growth remains positive, the default-adjusted return in high yield should still trump high-quality bonds. Said differently, US corporate high yield credit remains a better house in a bad fixed income neighborhood, supporting our modest overweight recommendation.

**Exhibit 89: High Yield Credit Performance During Periods of Rising Rates**

High yield has historically outperformed investment grade bonds during episodes of rising rates.

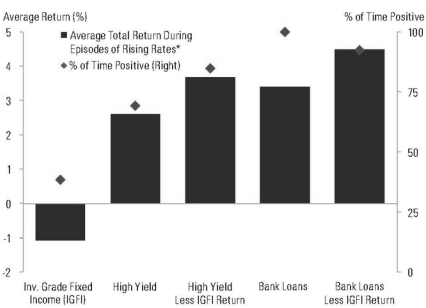


Data as of December 31, 2016.
Source: Investment Strategy Group, Barclays, Credit Suisse.
* Defined as 5-year Treasury yield rising more than 70 basis points over a 3-month period.

**European Bonds**

Unlike their US counterparts, European fixed income markets did not forfeit all their gains by the end of last year. This served as a poignant reminder of how divergent monetary policies can shape returns. Three ECB actions in March drove this robust relative performance. First, the ECB reversed its prior commitment to avoid



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further rate cuts and lowered the deposit rate to -0.40%. Second, it increased the size of its asset purchase program from €60 billion to €80 billion per month, effectively buying more Eurozone bonds each year than are actually issued (see Exhibit 90). Finally, it continued to limit its buying to bonds with yields above the deposit rate, which concentrated its purchases toward long-maturity bonds.

These measures created an extreme scarcity effect in long-term German bunds, as investors scrambled to buy today for fear of even lower interest rates tomorrow. In response, German 10-year rates fell to an all-time low of -18 basis points in July of 2016. During these same summer months, all German government bonds with less than a 15-year maturity offered negative yields.

However, monetary policy does not operate in a vacuum. With negative interest rates impairing the profitability of the European banking system, the ECB has already begun to alter its policy mix. At its December 2016 meeting, the ECB reversed the increase in asset purchases mentioned above, targeting €60 billion per month for the upcoming March–December 2017 period. Moreover, it lifted the restriction on purchasing bonds with yields below the deposit rate, alleviating the scarcity premium attached to long-maturity bonds meeting this criterion. While these adjustments are well short of QE "tapering," they have shifted the market focus toward the eventual end of asset purchases and the timing of the first ECB rate hike—currently priced for late 2018.

With less ECB policy pressure on long-maturity bonds, coupled with continued above-trend Eurozone growth and some further normalization in global term premiums, we expect 10-year bund yields to increase to 0.5–1.0% by the end of 2017. While overall peripheral bond spreads should be mostly range-bound in 2017, political woes in Italy and France pose upside risks to the spreads of those countries.

In the UK, we expect gilt yields to reach 1.5–2.25%. Here, persistently high headline inflation induced by the depreciation of sterling and a less-than-feared economic drag from Brexit thus far could encourage the BOE to unwind a portion of the preemptive easing it deployed in response to the surprise referendum outcome.

Given this outlook and today's still depressed bond yields, we remain underweight UK and Eurozone government bonds for European investors. After all, just a 2 basis point increase in German 10-year bund yields generates a capital loss sufficient to offset an entire year of income. That said, we should not confuse an underweight with a zero weighting, as European clients should retain some exposure to German bunds and other high-quality Eurozone bonds in the "sleep-well" portion of their portfolios. These high-quality bonds would provide an attractive hedge in the event of a Eurozone recession or the return of deflationary concerns.

**Exhibit 90: European Government Bond Issuance and ECB Purchases**

ECB buying is outpacing net issuance of Eurozone bonds.

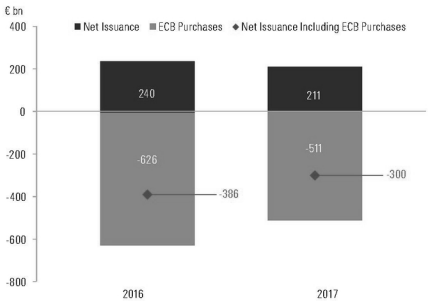


Data as of December 31, 2016.
Source: Investment Strategy Group, JP Morgan.

### Emerging Market Local Debt

Last year's 10% return for emerging market local debt (EMLD) provided some solace to those who have suffered through nearly three years of losses totaling more than 30%. But investors had to endure considerable volatility to realize this gain, as returns fluctuated between -4% and +18% in 2016. In fact, the asset class lost roughly 5% in just the last two months of the year.

This last point is important, since many of the tailwinds that drove EMLD's strong returns in the first half of 2016 reversed toward year-end and are likely to impact the asset class again in 2017. Here, we refer specifically to the resumption of Federal Reserve rate hikes, renewed US dollar appreciation and a resumption of Chinese renminbi depreciation against the dollar. Just as falling global interest rates helped the asset class for the first part of 2016, so too should the rising rates we expect



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**Exhibit 91: EM Local Debt Currencies and Developed Market Interest Rates**

Rising global interest rates would be a headwind to EM local debt.

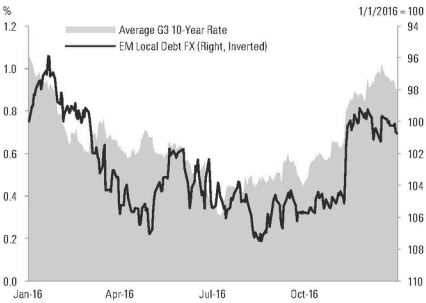


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg, Datastream.

**Exhibit 92: S&P Goldman Sachs Commodity Total Return Index**

Commodities generated their first double-digit return since 2009.

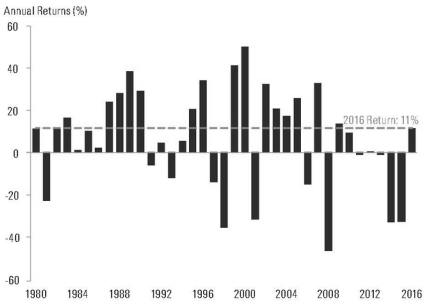


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

represent a headwind this year (see Exhibit 91). Meanwhile, any boost to emerging market exports from the modest pickup in global growth we expect is likely to be dwarfed by ongoing US trade policy uncertainty, European political risk and China fears. Lastly, an acceleration of recent outflows from EMLD markets could magnify these risks, particularly since 60% of the cumulative inflows into the asset class since 2004 are experiencing losses at current market levels.

Although the number of concerns is large, so is the risk premium of the asset class. As previously seen in Exhibit 76, the currencies in the EMLD index are 15% undervalued. From this starting point, the asset class could deliver attractive total returns if US trade policy proves to be more benign than feared and China worries abate.

Considering this balance of risks, our central case calls for low single-digit returns. While positive, this return is not sufficient to justify a tactical long position in EMLD in our view, given the still considerable downside risks discussed above.

**Emerging Market Dollar Debt**

Emerging market dollar debt (EMD) returned 10% in 2016, capping a surprising four-year period of outperformance that has greatly benefited from stable US rates and dollar strength. But the prospects for a fifth year of upside are questionable for several reasons.

First, EMD's almost seven-year duration is a liability in a rising-rate environment. This is particularly true now that the Federal Reserve has resumed tightening policy, a fact evident in EMD's 4.3% drop in response to increasing rate hike expectations late last year. Second, with spreads standing near two-year lows, there is scope for spread widening based on US and European policy uncertainty and renewed China growth fears. Third, countries accounting for 37% of EMD—including Mexico, China, South Africa and Brazil—have negative outlooks from at least two rating agencies, raising the potential for downgrades.[119] A potential default by Venezuela and its national oil company could also sour sentiment, as could unfavorable tariffs or trade restrictions from the new US administration. Finally, the backup in interest rates we expect could raise funding costs for EM corporate issuers, which could also heighten concerns about spillover into EMD. Indeed, a recent stress test by Standard & Poor's revealed that EM corporate borrowers—who must repay $200 billion per year through 2020[120]—are twice as susceptible to downgrades as US corporates if dollar funding costs rise by a third.[121]

Based on the above, we do not recommend a tactical position in EMD at this time.



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**Exhibit 94: US Crude Oil Production**
Supply has stabilized after declining by 1 million barrels/day from its peak.

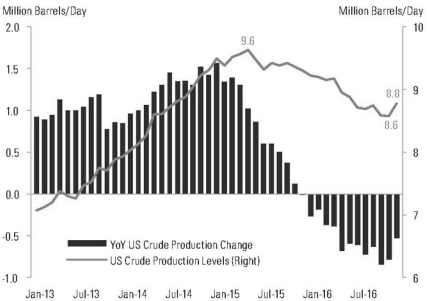


Data through November 30, 2016.
Source: Investment Strategy Group, US Department of Energy.

**Exhibit 95: OPEC Crude Oil Production**
OPEC producers have exceeded their quota 90% of the time since 2000.

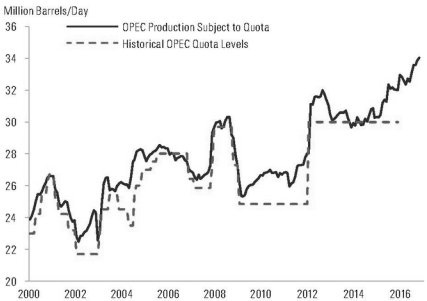


Data through November 30, 2016.
Source: Investment Strategy Group, Bloomberg.

## 2017 Global Commodity Outlook

After losing more than half its value in the span of two years, the S&P GSCI broke its downward trend with an 11% gain in 2016, its first double-digit return since 2009 (see Exhibit 92). The rebound in oil prices was a key contributor, as oil finished the year with a staggering 52% spot price gain—an outcome made all the more remarkable by the fact that oil was down 25% at its worst point early last year. This strength was not limited to the oil patch, as industrial metals rallied 17% on average and precious metals advanced 8% (see Exhibit 93).

Despite last year's broad-based gains, we are more circumspect about the outlook for 2017. While we expect oil to advance, it begins the year closer to the midpoint of our target range, providing a more balanced risk/reward profile. Meanwhile, we believe the key elements of our macroeconomic forecast—Federal Reserve tightening, rising interest rates, modest US dollar gains and average inflation—represent continued headwinds to gold prices. Comparable headwinds exist for industrial metals and agricultural goods, given the continued slowdown we expect in Chinese growth.

We discuss the specifics of our outlook for oil and gold in the sections that follow.

### Oil: Regaining Its Balance

Oil is finding its footing again after having stumbled dramatically over the last two years. While the market is still awash in oil inventories, the sizable reductions in capital expenditures by the largest international oil and gas companies

**Exhibit 93: Commodity Returns in 2016**
Most commodity subcomponents saw positive returns in 2016, reversing several years of declines.

| | S&P GSCI | Energy | Agriculture | Industrial Metals | Precious Metals | Livestock |
|---|---|---|---|---|---|---|
| Spot Price Average, 2016 vs. 2015 | -10% | -14% | 0% | -6% | 8% | -17% |
| Spot Price Return | 28% | 48% | 3% | 19% | 9% | -10% |
| Excess Return* | 11% | 18% | -5% | 17% | 8% | -8% |

Data as of December 31, 2016.
Source: Investment Strategy Group, Bloomberg.
* Excess return corresponds to the actual return from being invested in the front-month contract and differs from spot price return, depending on the shape of the forward curve. An upward-sloping curve (contango) is negative for returns, while a downward-sloping curve (backwardation) is positive.



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**Exhibit 96: OPEC 2016 Production Cut Agreement and Recent Changes**

If fully implemented, OPEC's proposed cut would reverse production growth from the prior 6 months.

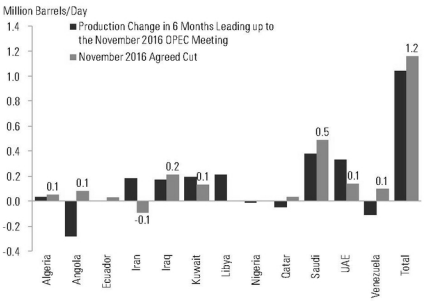


Data as of November 30, 2016.
Source: Investment Strategy Group, Bloomberg, OPEC.

**Exhibit 97: US Energy Sector Ratio of Capital Spending (Capex) to Depreciation**

Low capex levels suggest there is upside to investment.

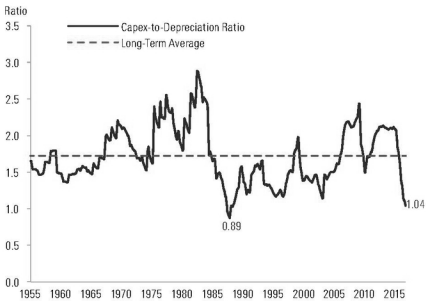


Data through September 30, 2016.
Source: Investment Strategy Group, Empirical Research Partners.

suggest the transition toward a balanced market is underway. The same could be said for the dramatic cuts in US drilling budgets, which have precipitated notable declines in US shale output (see Exhibit 94). Lower oil prices have also supported above-average global demand growth, helping to absorb excess inventories. Lastly, OPEC agreed to lower production in November 2016, while also securing a promise from its significant non-OPEC counterparts to do the same. Taken together, these developments support our forecast for moderately higher oil prices in 2017.

This balancing act is still precarious, however. Oil inventories stand well above seasonal averages, so failure to honor the announced production cuts could delay the recovery in oil prices or, even worse, cause renewed declines. The risk of poor compliance is not trivial, given that producers have exceeded their quota 90% of the time by an average of 1 million barrels per day (mmbd) since 2000 (see Exhibit 95). The pledges from Russia and certain smaller non-OPEC producers are particularly suspect, as similar promises to cut their own output along with OPEC have been broken in the past.

Moreover, while the announced cuts are significant—the OPEC agreement would reduce production by up to 1.2 mmbd, equivalent to about one year of average global demand growth—they are largely a reversal of production growth seen over the last six months (see Exhibit 96). Meanwhile, Libya and Nigeria were excluded from these new OPEC quotas given sizable domestic disruptions that have depressed their production. Recent signs of improvement, however, suggest a rebound in their production cannot be dismissed. Therefore, the announced cuts are not a panacea to the current oil imbalance, particularly if US shale output increases meaningfully in response.

This last point is important, as US shale accounted for 60% of global production growth between 2012 and 2015 despite representing less than 5% of the total output. Although US production is now declining, two factors may arrest its slide in 2017. First, the breakeven price for shale drilling has fallen to an average of $50 per barrel, reflecting a 20% decline in production costs and improvements to the shale model, including faster drilling, larger wells and better resource recovery. In response, more than 200 oil rigs have been placed in service since their number troughed in May 2016.[122] Second, capital spending by the US energy sector is

**Oil is finding its footing again after having stumbled dramatically over the last two years.**



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**Exhibit 98: Full-Year Average Global Crude Oil Supply and Demand**

Oil consumption in 2017 could exceed supply for the first time since 2013.

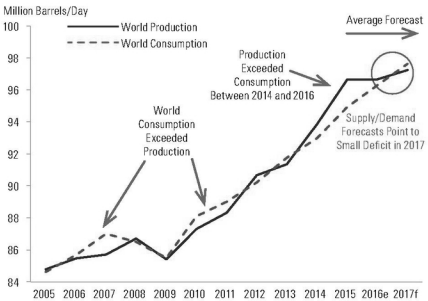


Data through December 31, 2016.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research, International Energy Agency, OPEC, US Department of Energy, Energy Aspects, PIRA, Bloomberg, Barclays, JP Morgan.

**Exhibit 99: Gold Prices and US 10-Year Real Interest Rates**

Gold prices and real interest rates are closely linked.

Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

very depressed despite the recent uptick in rigs, providing scope for further increases (see Exhibit 97). As a result, we expect shale production to recover in 2017, partially offsetting cuts elsewhere.

Despite these potentially destabilizing forces, we still think the oil market can swing to a small deficit this year. While lower input costs create upside risks to US shale production, these costs are highly correlated with oil itself. As a result, today's $50 average breakeven level for shale is likely to move higher with oil prices, limiting the rebound in US production. Moreover, even if just half of the proposed production cuts are realized, our work suggests the oil market will still switch into a deficit this year. Finally, OPEC spare capacity has been largely exhausted by the production increases of the last year, while Iran's production has now returned to pre-sanction levels. In turn, the risk of another disorderly market-share battle has declined significantly.

Against this backdrop, we expect oil supply growth to moderate and enable oil demand to again exceed oil production, creating the first deficit since 2013 (see Exhibit 98). With balance restored, we expect oil to trade in a $45–65 range in the year ahead. Thus we continue to recommend an overweight to US high yield energy bonds and US MLPs.

**Gold: Still Searching for Its Luster**

Gold was not immune from the reversal of fortune that befell interest rates last year, reminding us that their fates are fundamentally linked (see Exhibit 99). Put simply, higher interest rates raise the opportunity cost of holding gold, since the yellow metal generates no cash flow and must be physically stored, often at a cost. A similarly inverse relationship exists with the US dollar, as investors often purchase gold as a hedge against the debasement of fiat currencies; gold has traded inversely to the dollar index 73% of the time on an annual basis over the last 40 years.

Given these relationships, we believe the key elements of our macroeconomic forecast—Federal Reserve tightening, rising interest rates, modest US dollar gains and average inflation—will represent headwinds for the yellow metal in 2017. Keep in mind that gold prices have declined in four of the last five Federal Reserve tightening cycles, with the only exception occurring during a period of dollar weakness in the mid-2000s. Based on these precedents, our expectation of two or three Federal Reserve rate increases in 2017 does not bode well for gold prices.



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**Exhibit 100: Average Annual Gold Prices**

Gold remains expensive relative to its inflation-adjusted long-term average price.

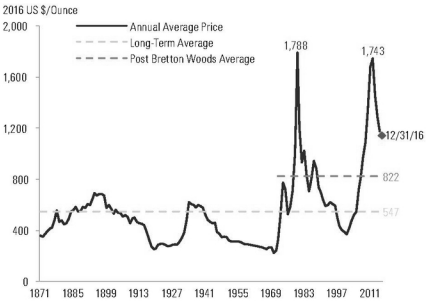


Data through December 31, 2016.
Source: Investment Strategy Group, Bloomberg.

The same could be said of continued outflows from gold exchange-traded funds (ETFs). We estimate that a net 280 tonnes of gold ETF holdings—an amount even larger than the 210 tonnes of ETF outflows that pressured gold prices in late 2016—were purchased over the past year at levels above today's price. Absent a rebound in gold prices, these ETF holders might prefer to realize their losses and rotate into instruments with a yield component. Value-minded investors should also consider that gold prices remains well above their long-term average (see Exhibit 100).

Despite this challenging outlook, a number of factors could still buoy gold prices in the year ahead. Emerging market central banks have continued to buy gold to diversify their reserves. Moreover, the stronger global growth we expect could lift jewelry demand, particularly in gold's two largest end markets—China and India. Finally, gold's allure as an inflation hedge could come back into focus if the market begins to worry about economic overheating in the US, although this is not our base case.

In light of these crosscurrents, we are tactically neutral on gold at this time.



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# In Closing

WE DO NOT BELIEVE THE COMING YEAR WILL BRING AN END to the prolonged run of positive performance for either the US economy or the bull market for equities. Despite greater uncertainties, including those tied to a new US administration, the policy backdrop in the US will likely prove particularly favorable for the economy, with looser fiscal policy, still easy monetary policy and a lighter regulatory burden. As these factors diminish the probability of recession in 2017, they also support the case for clients remaining invested in global equities at their strategic allocation. We believe US equity gains are likely to be modest but still more attractive than the comparable returns of investment alternatives such as cash and bonds. And, as last year demonstrated, US equities often surprise to the upside.

While we see the glass as half-full, there is no shortage of risks—some of which have high probability and uncertain impact for the year ahead—that could cause our forecasts for the economy and asset class returns to miss the mark. As always, we will adjust and communicate our views accordingly should the economic, financial or geopolitical backdrop change materially over the course of 2017.



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**Abbreviations Glossary**

**ACA:** Affordable Care Act

**BEA:** Bureau of Economic Analysis
**BIS:** Bank for International Settlements
**BLS:** Bureau of Labor Statistics
**BOE:** Bank of England
**BOJ:** Bank of Japan

**CAGR:** compound annual growth rate
**CDS:** credit default swap
**CFO:** chief financial officer
**CFTC:** Commodity Futures Trading Commission
**CPI:** consumer price index

**EAFE:** Europe, Australasia and the Far East
**ECB:** European Central Bank
**EM:** emerging market
**EMD:** emerging market dollar debt
**EMLD:** emerging market local debt
**EMEA:** Europe, the Middle East and Africa
**EMU:** European Monetary Union
**EPS:** earnings per share
**ETF:** exchange-traded fund

**FTSE:** Financial Times Stock Exchange
**FX:** Foreign Exchange

**GBP:** British pound
**GDP:** gross domestic product
**GFC:** global financial crisis
**GIR:** [Goldman Sachs] Global Investment Research
**GPIF:** Government Pension Investment Fund
**GSCI:** Goldman Sachs Commodity Index

**IGFI:** Investment grade fixed income
**IMF:** International Monetary Fund
**ISIL:** Islamic State of Iraq and the Levant
**ISM:** Institute of Supply Management
**JGB:** Japanese government bond

**LBO:** leveraged buyout
**LIBOR:** London Interbank Offered Rate
**LSI:** Liquidity Stress Index

**M&A:** merger and acquisition
**MLP:** master limited partnership
**mmbd:** million barrels per day
**MSCI:** Morgan Stanley Capital International

**NAHB:** National Association of Home Builders
**NATO:** North Atlantic Treaty Organization
**NBER:** National Bureau of Economic Research
**NIPA:** national income and product accounts
**NIRP:** negative interest rate policy

**OECD:** Organisation for Economic Co-operation and Development
**OPEC:** Organization of the Petroleum Exporting Countries

**PBOC:** People's Bank of China
**PCE:** personal consumption expenditures
**PE:** price to earnings
**PPI:** Producer Price Index
**PPP:** purchasing power parity
**QE:** quantitative easing

**S&P:** Standard and Poor's

**TIPS:** Treasury Inflation-Protected Securities
**TOPIX:** Tokyo Price Index

**UK:** United Kingdom
**US:** United States

**VAT:** value-added tax

**YoY:** year-over-year

## Notes


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## Top 10 US Ideas – 1Q17

The backdrop for risk assets has changed dramatically over the past year. As Michael Hartnett pointed out, 2016 saw global interest rates fall to 5,000-year lows and the likely end of what has been the greatest bull market in bonds ever. We experienced a historic US Presidential election and Republican sweep of Congress on November 9th. Later that same month, OPEC reached a historic deal to reduce crude production by 1.2mn b/d with non-OPEC producers delivering an additional 600k b/d of cuts – the first such joint curb since 1998. Risk assets responded with 30-year Treasury reaching a yield of 2.088% in July, US equity markets reaching all-time highs, and oil prices rallying more than 40% since the start of the year. Given the Republican sweep - and the resulting likelihood that the logjam of Washington gridlock will be broken - our Top 10 stock selections are more heavily geared toward companies that may benefit from increased fiscal stimulus, a more pro-business agenda, and/or tax-policy reform. Our current strategy stands in stark contrast to our stance last year of looking for defensive growth ideas.

## Eight Buys and two Underperforms

Our 1Q17 list includes eight Buys and two Underperforms across six sectors. Our Buys are Aetna Inc, Dover Corp, General Dynamics, Hess, MGM Resorts, Norfolk Southern, SVB Financial, and Texas Instruments. Our Underperforms are Consolidated Edison, and TripAdvisor.

## How the list will be maintained and updated

We will publish this list at the beginning of each quarter. Ideas will generally remain on the list through the quarter unless coverage is dropped or the recommendation changes. Any security which is removed will not be replaced. If there are any changes to the list during the quarter we will publish the change in a research report. Securities are intended to stay on the list for one quarter, though some may be chosen for the next quarter's list. We will publish performance quarterly

**Table 1: Top 10 US Ideas List – 1Q17**

| Company | Ticker | Analyst | Rating | Recommendation | Price | PO | Mkt Cap (bn) |
|---|---|---|---|---|---|---|---|
| Aetna Inc | AET | Fischbeck,Kevin | B-1-7 | BUY | $124.45 | $149.00 | $44,657.00 |
| Dover Corp | DOV | Obin,Andrew | B-1-7 | BUY | $75.19 | $85.00 | $11,921.00 |
| General Dynamics | GD | Epstein,Ronald J. | B-1-7 | BUY | $173.21 | $200.00 | $57,215.00 |
| Hess | HES | Leggate,Doug | B-1-7 | BUY | $62.90 | $80.00 | $19,090.00 |
| MGM Resorts | MGM | Kelley,Shaun | C-1-9 | BUY | $28.50 | $33.00 | $11,993.00 |
| Norfolk Southern | NSC | Hoexter,Ken | B-1-7 | BUY | $108.82 | $122.00 | $33,393.00 |
| SVB Financial | SIVB | Poonawala,Ebrahim | B-1-9 | BUY | $170.38 | $190.00 | $8,584.00 |
| Texas Instr. | TXN | Arya,Vivek | B-1-7 | BUY | $74.15 | $82.00 | $73,899.00 |
| Consolidated Edison | ED | Chin,Brian | A-3-7 | UNDERPERFORM | $74.07 | $59.00 | $20,526.00 |
| TripAdvisor | TRIP | Schindler,Nat | C-3-9 | UNDERPERFORM | $46.95 | $41.00 | $9,071.00 |

Source: BofA Merrill Lynch Global Research

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**Refer to important disclosures on page 27 to 30. Analyst Certification on page 17. Price Objective Basis/Risk on page 15.**
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# Top 10 US Ideas Quarterly

Our Top 10 US Ideas are based on our view that these companies could have the most significant market and business related catalysts over the next three months. The list reflects primarily a bottoms-up approach, with calendar-specific events noted for most stocks. We constructed our list by canvassing BofAML Fundamental Equity Research analysts in order to find 10 BofAML-covered stocks which we think will significantly outperform or underperform peers during the quarter. We considered only Buy-rated names for outperform ideas and Underperform-rated names for underperform ideas. We then narrowed the list after consulting our Equity Research colleagues.

To be eligible for the list, the stock must be covered by BofA Merrill Lynch AMRS fundamental equity analysts with a rating of Buy or Underperform, for long and short stock recommendations, respectively.

Stocks will be chosen on a discretionary basis by the Alpha Generation team, which currently includes strategists with experience choosing stocks for BofAML's US 1 list. Stocks will be chosen for the list using a bottoms-up approach after taking into account the views of the relevant BofA Merrill Lynch Fundamental Equity analyst and upcoming catalysts. Diversity of the list and BofAML macro views will also be factors in choosing stocks for the list.

Stocks on the list will generally remain on the list during the quarter. However, a stock will be removed interim quarter if considered ineligible due to a change in the stock's fundamental rating, or if the stock is no long covered by BofA Merrill Lynch fundamental Equity Research. When stocks are removed during the quarter, they will not be replaced. Stocks will generally be removed from the list at the end of the quarter in conjunction with the publication of the next quarter's list, but may on select occasions remain on the list if the identified catalyst remains relevant or a new catalyst is expected to drive the requisite over/under performance. Any intra-quarter actions to the list will be announced in a research report.

The Top 10 list will be published on or close to the first day of each quarter. In addition, we may also publish research reports updating the catalysts' status or other news on particular stocks during the quarter.

**How the list will be maintained and updated**

We will publish this list at the beginning of each quarter. Ideas will generally remain on the list through the quarter unless coverage is dropped or the recommendation changes. Any security which is removed will not be replaced. If there are any changes to the list during the quarter we will promptly publish a note explaining the change. Securities are intended to stay on the list for one quarter, though some may be chosen again for the next quarter's list.



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# Aetna (AET)

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## Buy, PO $149

### 1Q investment thesis

Based on past precedence, our view is that the AET/HUM deal is more likely than not to be approved by the courts (ruling likely to come in January 2017). PF 2018 earnings should be close to $11.50 (vs $9.70 consensus), even before taking into account the upside from tax reform (+15% to EPS) and rising interest rates (+5%). In the event that the deal breaks, we see little downside and potential upside in 1Q17 in the form of capital deployment (AET remains underlevered and in the absence of a deal could look to aggressively repurchase stock). Current estimates do not include share repurchase and based on its history of repurchasing shares using free cash flow and its balance sheet capacity, we expect AET to repurchase a significant amount (~10%) of its shares in 2017 post deal break, providing initial downside support and ultimately driving upside to Street estimates.

**Table 1: Aetna key stock data**

| | |
|---|---|
| Industry | Managed Care |
| Market Cap (mn) | $44,657 |
| Price | $124.45 |
| P/E (2017) | 14.4x |
| % of sell-side rated Buy | 70.0% |
| Short interest % of float | 2.25% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Deregulation/Gov't Legislation:** Repeal and Replace of the ACA creates some uncertainty, but neither AET nor HUM derive a significant amount of EPS from the ACA. Meanwhile, Republicans have historically supported Medicare Advantage (80% of HUM's revenue), and we expect a stronger rate environment under this Administration than over the past 8 years.

**Tax Policy:** As a domestic only company with a relatively high tax rate (est. 35% in 2017), AET would benefit from tax reform. We believe that some benefit would be lost to minimum MLR rebates or competition, but if taxes are lowered 15%, then we assume that they keep about 2/3 of the benefit (19% to EPS).

**Catalysts:** Deal resolution, capital allocation update, tax reform, rising interest rates.

Latest report: MCO rally has just begun; beneficiaries of the non-Health Care upside from Trump

**1Q risks:** Risks to the downside are courts not approving the HUM acquisition, lower-than-expected membership growth and higher than expected cost trend. CMS will issue the rate update for 2018 for Medicare Advantage in late February, a reg which we expect to be benign, but which could be worse than expected.

**Company Description:** Aetna is one of the nation's largest managed care organizations, covering roughly 23 million members. The company focuses on three main business segments: Health Care (health insurance, dental, behavioral health and pharmacy benefit



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products), Group Insurance (including life, disability and long term care insurance products) and Large Case Pension (a legacy business which is largely in runoff).

# Dover (DOV)

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## Buy, PO $85

**1Q investment thesis**

We think the Street is underestimating '17 EPS upside potential from Energy recovery given the segment's close correlation to N.A. rig count and short-cycle nature of the business, as well as incremental accretion from Wayne acquisition. DOV is expected to host an analyst dinner on January 12th which will provide a 4Q update and preview 2017 results. We think the meeting will be a positive catalyst for the stock, providing more visibility on Energy orders post-OPEC meeting, highlighting sustainability of the EMV cycle in Wayne into '19. Investors will also likely get an update on execution turnaround in the Refrigeration business, removing one of the biggest overhangs on the stock.

**Table 1: Dover key stock data**

| | |
|---|---|
| Industry | Industrial Machinery |
| Market Cap (mn) | $11,921 |
| Price | $75.19 |
| P/E (2017) | 19.6x |
| % of sell-side rated Buy | 25.0% |
| Short interest % of float | 1.54% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Deregulation/Gov't Legislation:**

We expect Trump's administration to prioritize US energy independence, with deregulation benefiting domestic shale produces, which should be an attractive tailwind to DOV's Energy segment.

**Tax Policy:**

Our estimates are based on 29% tax rate in '17/18. We calculate that under Ryan's proposed plan, we can see about 19% upside to EPS. We estimate that under Trump's proposed plan, we can see about 24% upside to EPS.

**Catalysts:**

January 12th – investor dinner with management
January 26th – 4Q results
Rig count release

Latest report: Dover Corp: Adjusting for Wayne, EMV cycle extension; Rig count going up, LII read-across

**1Q risks:** With so much of DOV's EPS upside tied to Energy segment recovery, we view oil price volatility (from stronger US$ or other unexpected macro headlines) as the biggest risk to our thesis. Weaker-than-expected execution in Refrigeration or Fluid business would be another risk, offsetting Energy upside.



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**Company Description:** Dover is a diversified, global manufacturer of industrial products. It comprises more than 30 independent companies that operate in four segments: Refrigeration & Food Equipment, Fluids, Energy, and Engineered Systems.

# General Dynamics (GD)

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## Buy, PO $200

### 1Q investment thesis

General Dynamics is a defensive large cap value stock with potential cyclical growth. The company has a history of annual dividend increases with a dividend yield of 1.7%. Concerns about weakening demand for Gulfstream business jets in General Dynamic's Aerospace segment have weighed down sentiment. However, using a sum-of-the-parts analysis that values GD's defense businesses in line with the pure play defense average, this would imply that GD's Aerospace segment is trading at a significant discount to the market at 12x P/E multiple on 2018E earnings. Considering the strength in Gulfstream's product portfolio and margin performance, we would expect Aerospace to trade at least at 18x P/E multiple on 2018E earnings.

**Table 1: General Dynamics key stock data**

| | |
|---|---|
| Industry | Aerospace & Defense |
| Market Cap (mn) | $57,215 |
| Price | $173.21 |
| P/E (2017)* | 17.9x |
| % of sell-side rated Buy | 76.2% |
| Short interest % of float | 1.02% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

### Gov't Legislation: 56% of sales are from the US government

General Dynamics' primary customer is the US Department of Defense, which accounted for 47% of total sales in 2015. The remaining 9% are to other non-DoD US government agencies like the intelligence community. For the military, which is a defensive sector, GD is engaged in engineering, manufacturing, and support of land and expeditionary combat vehicles and systems, armaments, munitions, and shipbuilding and marine systems. Major products include Virginia-class nuclear-powered submarine and Ohio class ballistic nuclear submarine replacement, Arleigh Burke-class Aegis destroyer, Abrams M1A2 tank, Stryker 8-wheeled assault vehicle, medium-caliber munitions and gun systems, tactical and strategic mission systems. The company also provides information systems and technologies.

### Disruptor: Gulfstream G650 has unrivaled performance in the most profitable business jet market segment

There is no direct competitor aircraft currently in service in the market to match the performance of the Gulfstream G650/650ER. The G650ER has a range of 7,500 nautical miles at Mach 0.85, but can fly faster at Mach 0.90 with a range of 6,400 nautical miles. The Dassault Falcon 8X has a range of only 6,450 nautical miles. Meanwhile, Bombardier's response to the G650 has been delayed another year with the entry into service of the Global 7000 (range of 7,300 nautical miles) in 2H18. Gulfstream book-to-bill in 3Q16 was 1:1 on a dollar value basis and 1.2:1 on an aircraft unit basis. In our view, market share gains in a soft demand environment could provide Gulfstream a solid foundation to bridge the Gulfstream G450/550 to the G500/600.



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**Catalysts: Stable Aerospace earnings & US defense spending**
Operating weakness for Bombardier's Global family, which competes with the Gulfstream family, has weighed down investor sentiment for large cabin business jets and General Dynamics. However, Gulfstream's more conservative production rates, attractive product positioning, higher quality backlog, and better operating performance compared to Bombardier lower Gulfstream's near- and medium-term earnings risks, in our view. The key catalyst for General Dynamics is the upcoming earnings result that demonstrates how EBIT in the Aerospace segment remains stable despite a more tepid market outlook from Bombardier.

We continue to view GD as a beneficiary of positive inflection in US defense spending. We expect the recent Republican victory in the White House and the Senate to be seen as incrementally positive for defense. Political control is a key driver of defense spending, and defense stock valuations are tied to changes in defense spending related to the modernization accounts. Our Political Control Model (PCM) analysis highlights a Republican President and Republican Senate is the best case for Budget Authority in defense modernization accounts. Our PCM analysis suggests that the Republican sweep could increase the Budget Authority for defense investment accounts by a CAGR of 12-13% (FY17E-21E). This compares to the BofAML forecast of a 5% CAGR and the FY17 Green Book forecast of a 1% CAGR.

Additionally, GD's Marine Systems segment is a direct beneficiary of the US pivot to the Pacific. The Pacific is a hotbed of maritime activity particularly as China expands its territorial waters. As the US focus on naval superiority strengthens, we might see upside to shipbuilding spending.

Latest report: General Dynamics: Gulfstream still undervalued; raise PO to $200 and reiterate Buy 30 November 2016

**1Q risks: large cabin business jets market deterioration and US defense spending**
There is risk of market deterioration in large cabin business jets that could increase earnings risks for Gulfstream. Additionally, delays in government contracting or lower than expected increase in US defense spending could provide downside risks to our estimates.

**Company Description**
General Dynamics is a major US government contractor engaged in combat vehicles and systems, armaments, munitions, ordnance, shipbuilding and information systems and technologies. It is also the parent company of Gulfstream in its Aerospace segment, which is the most profitable airplane manufacturing company in the world.

# Consolidated Edison (ED)

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## Underperform, PO $59

**1Q17 investment thesis**
Since the November elections, utility valuations have not adequately adjusted to the rapid shift towards a rising-rate environment and have decoupled from historically predicative valuation patterns. Looking at studies of 10yr Yields v. Utility PEs, BBB Yields v. Utility PEs, and Utility Div. Yields v. Rates are the best examples of this



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dislocation (more metrics can be found in our Alternating Currents Weekly). We rate ED Underweight to take advantage of this sector dislocation. ED on its own is fundamentally overvalued. ED trades at a 0.5x premium to its peers despite having slower than average growth prospects, increasing regulatory complexity, and the overhanging risk of fines for the Harlem explosion.

**Table 1: ConEd key stock data**

| Industry | US Electric Utilities |
|---|---|
| Market Cap (mn) | $22,400 |
| Price | $74.07 |
| Total Debt / 2019 EBITDA | 3.88 |
| % of sell-side rated Sell | 26.3% |
| Short interest % of float | 3.94% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Not your grandmothers ConEd – increasing complexity changes investment story**
ConEd is facing very slow growth electric demand growth in its utilities with 0.2% y/y growth in its CECONY subsidiary through 20201 and -0.1% growth in its O&R subsidiary. To offset this slow growth, ConEd has been increasing the complexity of its business by purchasing gas and electric transmission assets which have higher growth potential but face more market risk (most notably the JV with Crestwood in the Stagecoach midstream pipeline system). Furthermore, the regulatory regime in New York is undergoing a fundamental shift as the Reforming Energy Vision (REV) program is implemented. REV seeks to fundamentally change how utilities are compensated by creating more of a 'platform' for energy delivery. Slow growth, changing business mix, and new regulatory constructs add considerable risk to what used to be a "go to" vanilla regulated utility.

**An overvalued Sector and Potential Catalysts**
For a long time, ConEd was viewed as the quintessential utility and, during the run-up in Utility valuations in 2016 its shares outperformed despite its weakening fundamentals. As the story becomes more complex and the utility sector adjusts to lower valuation we would expect ED to underperform with a similar symmetry to other utility stocks.

Latest reports:

**Recent BofA Merrill Lynch Global Research Reports**

| Title: Subtitle | Primary Author | Date Published |
|---|---|---|
| Utilities: Fed promises more hikes; utes face more downside risk in early 2017 | Brian Chin | 15 December 2016 |
| Utilities: Alternating Currents Weekly | Brian Chin | 18 December 2016 |

**1Q17 risks:** Risks to our thesis are primarily macro related. If utility sector valuations remain disconnected from historical fundamentals for the quarter or if rising interest rates significantly reverse course our Underweight rating on ConEd could not materialize.

**Company Description:** Consolidated Edison (ED) is the owner of Consolidated Edison Company of New York (CECONY) and Orange & Rockland Utilities (O&R) providing electric, gas and steam service to 3.5 million customers in New York City and the northern suburbs. ConEd also has a transmission segment with gas pipeline, storage, and electric transmission. Finally, ConEd has three competitive energy businesses: ConEd Development (energy infrastructure), Energy (wholesale services), and Solutions (retail services).



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# Hess Corporation (HES)

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## Buy, PO $80

### 1Q17 investment thesis

Broad expectations of a pro-energy agenda from the incoming administration set a theoretically constructive backdrop for the US oils. Along with the tailwind from renewed OPEC support for oil prices, we view the broader energy sector as a momentum play in the early part of 2017 where stock specific catalysts can re-emerge to differentiate relative performance within the large cap US oils. We view Hess as the most catalyst rich large cap US E&P for 2017 with a return to growth and disproportionate exploration risk from a company with the highest cash margins in the sector, second best balance sheet and significant oil leverage to our base case that is an oil recovery in 2017. Hess remains amongst our top ideas in the US large cap oil sector for 2017, and we retain our Buy rating, and $80 PO.

**Table 1: Hess key stock data**

| | |
|---|---|
| Industry | US oil and gas exploration and production |
| Market Cap (mn) | $19,090 |
| Price | $62.90 |
| EV/Debt adjusted cash flow (2017)* | 9.4x |
| % of sell-side rated Buy | 46.4% |
| Short interest % of float | 8.52% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

### Deregulation / Gov't Legislation

While the potential for a less onerous regulatory backdrop, and greater access to Federal lands for exploration and development, the majority of current activity remains dominated by private lands thereby limiting any material changes arising from a Republican administration. The exception is the potential for more receptive backdrop for infrastructure development that can improve regional pricing through improved access to takeaway capacity.

### Tax Policy:

For the majority of the US E&P's, changes in corporate tax rates have negligible impact given that substantial net operating losses and deferred tax credits means that cash taxes remain *de minimis* for the foreseeable future.

### Catalysts:

News flow starts with an expected capex budget unchanged from 2016 at ~$2bn, the company has stated it expects a return to drilling in the Bakken with a stated ramp up to 6 rigs from 2 currently returning the play to growth in 2017.. The first Guyana development (Liza) expected to achieve FID by 2Q17 and which we expect to confirm industry leading economics. Start-up of the first of two major developments – the North Malay basin gas play in 3Q17, putting Hess back on a growth track and turning attention to the Stampede start up in the US GoM in early 2Q18. In the background is an exploration test every 45-60 days any one of which could materially change the scale of the Hess business model of the next decade.



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Latest reports: Tales from the road (Dec 1, 2016); Speculation builds over Payara (Dec 19, 2016)

**1Q17 risks:** We expect a supportive commodity backdrop, spending clarity and confirmed return to growth all punctuated by a steady stream of large scale exploration news flow to support relative performance for Hess in 1Q17. Greatest risk to the broader energy sector comes from adherence of the OPEC agreement to support oil prices through coordinated production cuts; With this backdrop note that Hess retains one of the most resilient balance sheets in the sector, with adjusted net debt / cap of just 14% and $2.9bn of net cash on the balance sheet at end 3Q16.

**Company Description:** Hess Corp (HES) is a mid-sized oil & gas company with 1.0bn boe of proved reserves at end 2015. E&P operations are focused in the US onshore, deep water GOM, North Sea, Guyana, West Africa, and Asia.

# MGM Resorts International (MGM)

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## Buy, PO $33

### 1Q investment thesis

MGM is a levered play to improving/accelerating US economic growth. The US makes up 80% of EBITDA (70% Vegas, 20% Macau, 10% US regional) and the company has 4-5x net debt/EBITDA which is high, but coming down to under 4x by end of 2017 which could allow for a possible upgrade to investment grade by the end of 2017 or early 2018.

MGM has high operating leverage (50%+ flow through of revenues) and should benefit from any macroeconomic improvement as well as already healthy/strong Las Vegas fundamentals (visitation +3% YTD, RevPAR +6% which is one of best hotel markets in the US). MGM benefits from both consumer (80%) and business (20%) travel. There is zero supply growth in Las Vegas the next 2-3 years and virtually no Airbnb/disruption risk as staying at integrated casino resorts on the Strip is key to the experience.

MGM should see accelerating growth in 2017 to a very high +24% Y/Y on an organic basis. We think this is some of the highest growth we will see in the Gaming, Lodging & Leisure industries. MGM should also see a meaningful free cash flow inflection in 2017 as capex falls off dramatically after its 2 new property openings in Washington DC and Cotai/Macau.

**Table 1: MGM key stock data**

| | |
|---|---|
| Industry | Gaming |
| Market Cap (mn) | $11,993 |
| Price | $28.50 |
| P/E (2017) | 21.6x |
| % of sell-side rated Buy | 95.7% |
| Short interest % of float | 2.94% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates



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**Deregulation/Gov't Legislation:** There aren't any clear/obvious changes here that would impact MGM. As a labor intensive business, changes to overtime rules or the Affordable Care Act as it relates to company level costs could be modestly beneficial.

**Tax Policy:** MGM will be a cash tax payer in 2017. Tax policy should be mixed. While they get some meaningful interest shield from their decent amount of debt, they also have relatively high capex that could benefit them if expensed as incurred. Import tariffs should be limited in impact as it's mostly a domestic, services based business with limited COGS.

**Catalysts:** ConAgg should generate RevPAR tailwinds. RevPAR should accelerate in Q1 and could be up double digits in the quarter driven by a strong convention calendar, headlined by the ConAgg convention which comes only once every 3 years.

MGM also opened its $1.4B National Harbor casino outside of Washington on December 8th. The first data points here on revenues will come in early January.

MGM's Cotai casino in Macau opens in 2Q17 and is a new $3B property. We believe expectations are reasonably low and revenues are still strong in Macau (+ double digits in 4Q). Despite recent softness, Macau peers still trade at premiums to core MGM

Latest report:
MGM Resorts International: Notes from the road: MGM National Harbor - the new standard for regionals

**1Q risks:** Macau sentiment has been fading recently as the RMB continues to depreciate and investors seek new growth opportunities domestically given the large cyclical rotations occurring in other sectors.

**Company Description:** MGM, is a global hotel and casino gaming company, owns and operates 19 properties located in NV, MD, MS, MI, IL and Macau. It owns a 50% stake in its CityCenter joint venture on the Las Vegas Strip and a 77% interest in MGM Growth Properties, a publicly traded gaming focused real estate investment trust (REIT).

# Norfolk Southern (NSC)

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## Buy, PO $122

### 1Q investment thesis

Norfolk Southern is benefiting from a volume inflection, with 9 consecutive weeks of carload growth year-over-year, after nearly 2 years of sustained negative carload declines. Aside from the ongoing inflection in data, the company should benefit in 2017 from its own structural efficiency program and many potential macro shifts currently under President-elect Trump's Administration. The new management team (Jim Squires was named CEO in 2015) is working to change the culture and business processes, and has delivered for a few quarters. It set operating targets for the first time in company history, targeting $650 million in efficiency gains (+25% to 2015 EPS) and a 65% operating ratio by 2020. It also set $250 million in efficiency gains and a sub-70% operating ratio in 2016, allowing it to immediate progress. In January, management has noted it will further detail its efficiency gain targets, which could be a near-term catalyst for the shares. Under Trump's proposal's, NS could benefit from a lower tax



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rate, given its 37% current effective tax rate (at 30% adds $10 to valuation and at 20% adds $25 to valuation), as well as additional infrastructure spend (more aggregates, cement, rebar, etc...), focus on domestic manufacturing, and repatriation of capital, which could aid GDP growth. We target NSC to post sustained double-digit EPS growth and significantly improve free cash flow.

**Table 1: Norfolk Southern key stock data**

| | |
|---|---|
| Industry | Railroad |
| Market Cap (mn) | $33,393 |
| Price | $108.82 |
| P/E (2017) | 17.3x |
| % of sell-side rated Buy | 44.8% |
| Short interest % of float | 1.19% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Deregulation/Gov't Legislation:**
The Surface Transportation Board, an independent governing body, formerly under the Department of Transportation, is set for a significant turnover, with a Republican taking control of the chairmanship, and 2 new members being added to the 5-person Board (up to this year the STB was a 3 member Board). The potential for negative impacts from mandatory open access and rate of return calculation adjustments may be reduced given the change of administration, which would be a positive for the railroad group.

**Tax Policy:**
Given their domestic focus, Transportation companies are the highest effective tax payers in the Industrial and Basic Materials group, with the U.S.-based railroads averaging a 37% effective tax rate. At a 20% tax-rate, EPS would jump nearly 30% (though full capex expensing could reduce EBIT to offset a sizeable portion of the gain). Additionally, cross-border tax increasing cost of goods sold for manufacturing goods could slow GDP, impacting carload growth over time.

**Catalysts:**
Near term catalysts include accelerating carload growth, coal turning positive for the rail industry this week, after 90 consecutive down weeks, and NS's upcoming January promise for additional details on its targeted efficiency gains. The company is set to post a sub-70% operating ratio for only the 2nd time in the past 20 years, a target we would expect to improve further in 2017 and beyond.

Latest report: Raise estimates and PO to $122; Volumes trending above target
October Upgrade report: Time to look at things differently; Raise to Buy

**1Q risks:** Norfolk Southern has posted 9 consecutive weeks of carload growth, indicating underlying economic growth, with relatively easy comps into 1H17. Thus, risk includes carload growth slowing or turning back negative, as well as increased concern on macro GDP growth rates given fear about new fiscal policies (cross-border tax, full capex expensing) which could compress EPS. Additionally, if the expected discussion on efficiency gain details in January is not provided as expected, investors could lose confidence that management will stick with and/or meet its 2020 target. Additionally, if corporate tax reform is not passed, multiples that have expanded on some reduced tax rate could re-compress.

**Company Description:** Norfolk Southern Railway operates a 21,300 route mile railroad network in 22 eastern states, District of Columbia, and Ontario, Canada. We target it to generate $10 billion in 2016 revenues and a sub-70% operating ratio (hitting that target



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for only the 2nd time in the past 20 years). We target it to move 7.22 million carloads in 2016, with an average revenue per car of $1,371. Coal represents 14% of total revenues, down from 36% 2 years prior. Intermodal represents 22% of revenues, and Ag/Consumer/Gov't represents 16% of revenues.

# SVB Financial Group (SIVB)

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## Buy, PO $190

### 1Q investment thesis

We view SIVB as the best positioned bank in our coverage universe by a wide margin to benefit from the combination of **1)** rising interest rates – with SIVB ranking among the most rate sensitive banks in the mid-cap banks group **2)** stronger economic growth - with SIVB's 2017 guidance (issued before the US elections) already calling for double digit revenue growth **3)** de-regulation **4)** tax reform. Our '17e EPS of $9 and '18e EPS of $12 imply YoY EPS growth of 24% and 33% respectively. SIVB trades at 18x our '17e EPS and 2x YE17e TBV. Our PO of $190 implies P/'17e EPS of 20x (and 16x '18e EPS) and P/YE17e TBV of 2.4x. This compares to an average P/E of 22.7x and P/TBV of 2.6x that the stock traded at heading into and during the initial stages of the 2004-2006 interest rate cycle.

**Table 1: SIVB key stock data**

| | |
|---|---|
| Industry | Commercial Banks |
| Market Cap (mn) | $8,584 |
| Price | $170.38 |
| P/E (2017) | 19.1x |
| % of sell-side rated Buy | 77.8% |
| Short interest % of float | 4.68% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Deregulation/Gov't Legislation:** Among the one legislative action on the regulatory front that appears likely to be passed under the new administration is the increase in the $50bn SIFI asset threshold which brings with a heightened level of regulatory scrutiny (such as undergoing the CCAR stress test). While we were not concerned about SIVB's ability to transition into a CCAR bank, the removal of this should no doubt serve as a positive. At $43bn in assets, becoming a CCAR bank had been weighing on investor sentiment. With expectations for this threshold to be pushed higher, this should no longer be a significant concern when thinking about SIVB's growth trajectory. Another issue that has not been discussed much but could occur is any changes in the Volcker rule that would allow the bank to once again participate in investing capital in PE/VC funds. We view this restriction as an unintended consequence on SIVB stemming from the Volcker rule and the ability once again participate in these funds would be a significant positive given the potential for getting equity exposure in the early stages of the life cycle of start-up companies.

**Tax Policy:** With SIVB paying an effective tax rate of 40.6% in 2016 YTD, the bank will undoubtedly be a beneficiary from a lower corporate tax rate. While we believe it is too soon to adjust estimates for this, we note that a 500bp reduction in the tax rate would equate to 8.4% upside to SIVB's 2018 EPS estimate. Moreover, the potential for hundreds of billion dollars in tax repatriation by the US tech giants also augurs well for greasing the wheels for the start-up sector. While some of this repatriated capital will no doubt go to buy backs and higher dividends, we expect some of this to flow into the start-up space as tech giants pursue M&A. At the very least it mitigates the risk of any



Bank of America Merrill Lynch

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significant credit issues for the banks as weaker firms (who are clients) will be better positioned to sell themselves to the tech behemoths looking for innovative ideas.

**Catalysts:** 1) Improving expectations around rising rates (on back of better macro-economic data) will continue to serve as a tailwind for the stock 2) A strong tech IPO market – as SIVB stands to benefit from equity exposure to 1000+ start-up companies 3) Clarity around a tax reform bill once the new administration takes office in January should lead to the markets pricing-in a lift to forward EPS and 4) updated 2017 guidance could reflect a stronger outlook vs. management's preliminary guidance provided in Oct 2016.

Latest report: On its way to regaining its premium multiple

**1Q risks:** Downside risks are 1) reversal in the outlook for higher rates 2) a sharp sell-off in the equity markets that could derail IPO activity and 3) disappointment on the pace of policy actions under the new administration.

**Company Description:** SVB Financial Group is a financial holding company that serves companies in the technology, life science, venture capital, private equity and premium wine industries. The bank offers diversified financial services such as commercial, investment, international and private banking. Headquartered in Santa Clara, California, SVB Financial Group (Nasdaq: SIVB) operates through offices in the U.S. and international operations in China, India, Israel and the United Kingdom.

# Texas Instruments (TXN)

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Research Analyst, MLPF&S

## Buy, PO $82

### 1Q investment thesis

In the aftermath of the US election in November, we think Texas Instruments stands to benefit the most with its 30% effective tax rate and high exposure to industrial, automotive, automation, and communications capex. The company has been one of the largest share gainers in industrial/auto semis entering a seasonally strong period for spending. Unlike peers, Texas instruments has no distraction from M&A while maintaining a grossly under-levered balance sheet (<0.1x net debt/EBITDA vs comps at 2x-4x). We expect TXN to continue to generate industry leading FCF while growing its dividend at 20%+ CAGR. We look toward the strategy update call in early February as the next catalyst for the stock.

**Table 1: Texas Instruments key stock data**

| | |
|---|---|
| Industry | Semiconductors |
| Market Cap (mn) | $73,899 |
| Price | $74.15 |
| P/E (2017) | 20.1x |
| % of sell-side rated Buy | 35.3% |
| Short interest % of float | 1.75% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates

**Deregulation/Gov't Legislation:** 60% of TXN's sales are exposed to the industrial, automotive, and communications equipment end markets. We think these markets could



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see the most uplift in spending from any potentially large fiscal stimulus and infrastructure spending under the new US administration.

**Tax Policy:** Unlike most semis, TXN reports its financials on a pure GAAP basis and its tax rate at 30% is one of the highest in the industry. We think TXN stands to disproportionately benefit from the looser tax policies foreshadowed by the upcoming administration. Specifically, a 10% drop in the corporate tax rate would lead to 15% higher EPS for TXN in 2017, all else equal.

**Catalysts:** (1) Seasonally stronger period for industrial/automotive spending – 46% of TXN's revenue come from these end markets; (2) Annual strategy and capital allocation policy update call with shareholders which is likely to occur at the beginning of February.

Latest report: The new "industrials": growth recovery plus pricing power, Buy TXN, ADI, MCHP, ON

**1Q risks:** (1) Still somewhat large (>10%) exposure to consumer electronics could create near-term volatility in topline results; (2) Historically lumpy communications equipment spending trends; (3) Larger than expected slowdown in North America automotive unit production

**Company Description:** Texas Instruments is a broad-based supplier of semiconductor components, ranging from digital signal processors, to high-performance analog components, to digital light-processing technology and calculators. 65% of TXN sales are exposed to the well diversified, business-to-business Industrial, Automotive, Communications Infrastructure, and Enterprise markets.

# TripAdvisor (TRIP)

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Research Analyst, MLPF&S

## Underperform, PO $41

### 1Q investment thesis

Despite easier y/y comps in 2017, we see risk that Click-based & Transaction Hotel revenue continues to decline as 1) higher monetizing desktop traffic structurally declines, 2) mobile monetization remains at 30% of desktop traffic and is unlikely to meaningfully close the gap, and 3) Instant Book is unlikely to help reverse the revenue and earnings trend. At the same time, TRIP has been accelerating marketing spend, implying increasing acquisition costs, with further ad spend ramp in '17. TRIP noted 2017 EBITDA margin will decline further from 2016 levels as ad spend ticks up to re-accelerate growth.

**Table 1: TripAdvisor key stock data**

| | |
|---|---|
| Industry | Online Travel |
| Market Cap (mn) | $9,071 |
| Price | $46.95 |
| P/E (2017) | 32.5x |
| % of sell-side rated Buy | 14.3% |
| Short interest % of float | 10.30% |

Source: Bloomberg and BofA Merrill Lynch Global Research estimates



Bank of America Merrill Lynch

HOUSE_OVERSIGHT_014635

**Tax Policy:** TRIP has a ~25% tax rate. Trump's tax plan calls for a reduction in the business tax rate from 35% to 15%, with elimination of most corporate tax deductions/credits (except for the R&D credit). While it's unclear what elements of the tax plan will eventually be executed, Trump's intent is clear and we believe companies with the highest tax rate have the most to gain. We see less incremental benefit to many of the global companies who already enjoy optimized tax rates (22% average tax rate across our coverage), but many companies will have more incentive to bring back Intl profits for buybacks with lower US tax rates.

**Catalysts:** 4Q'16 Earnings (early February) will feature initial 2017 guidance. TripAdvisor noted on the 3Q'16 earnings call that 2017 EBITDA margin will decline further from 2016 levels as ad spend ticks up to re-accelerate growth, however it is unclear how much margin deterioration TripAdvisor will guide to. We think the deterioration in the guide will be higher than the Street's expectations, driving further downside estimate revisions.

Latest report: TripAdvisor: 2017 PM Level Outlook

**1Q risks:** There is downside risk to Street estimates if hotel shopper growth comes in below expectations, mobile monetization gap widens, and if initial 2017 guidance disappoints. We remain cautious on IB as an attempt to solve a very large problem: the continued transition of users consuming TripAdvisor's content on their mobile phones instead of their desktops. On mobile phones, users are much less likely to transact or click on an ad than on desktops.

A risk to the short thesis: There has been frequent speculation in the press that TripAdvisor may be a takeout candidate in the rapidly consolidating online travel market, with Priceline frequently named as the likely suitor.

**Company Description:** TripAdvisor is the largest global online travel media company with over millions of members and hundreds of millions of user reviews. The company's portfolio of web properties attracts over 300 million unique visitors per month worldwide.

## Price objective basis & risk

**Aetna Inc (AET)**
Our Price Objective of $149 is based on a 50/50 blend of our standalone AET valuation ($138, 13.1x 2018E EPS of $10.50 when including share repurchase) and AET pro forma HUM valuation ($160, 14x 2018E EPS of $11.40). Our AET standalone valuation multiple reflects AET's historical average discount to the S&P 500. Our AET pro forma HUM valuation multiple of 14x reflects upside levers to HUM synergy guidance and to reflect the improved long-term growth profile of the company. Risks to the upside are regulatory approval of the HUM acquisition, better-than-expected membership growth and lower than expected cost trend. Risks to the downside are regulators not approving the HUM acquisition, lower-than-expected membership growth and higher than expected cost trend.

**Consolidated Edison (ED)**
Our price objective of $59 is predicated on shares of ED achieving 13.0x our 2019 EPS estimate. We apply the current group average multiple of 13.5x and apply a 0.5x discount to reflect a well below average ROE, a slightly below average growth profile, and a relatively challenging regulatory environment. This is offset slightly by a lower risk



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profile investment outlook. Upside risks to our thesis could stem from more favorable changes to the investment and/or regulatory environment in New York.

Downside/upside risks: ED, like all utility stocks, is also sensitive to changes in the market level of interest rates. Utilities historically underperform if bond yields rise, and outperform when they fall. Furthermore, ED is a bellwether utility and has historically outperformed during market uncertainty as a large liquid "flight to safety" stock.

**Dover Corp (DOV)**
Our PO of $85 is based on 11.5x EV/EBITDA on our 2017 estimate, which would put DOV in line with the multi-industrial peer group average. We view the target multiple as conservative, as we expect the Street to focus on EPS growth upside in '17, driven by Energy coming off depressed profitability.

Risks to our PO are: 1) Highly dependent on acquisition strategy, 2) A reduction in capital spending in the oil & gas market, and 3) Weak global industrial production growth.

**General Dynamics (GD)**
We derive our PO of $200 using a sum-of-the-parts valuation model. Our model factors in 19.5x P/E multiple on 2018E earnings for GD's defense business, which is in line with pure play defense peers, and 18x P/E multiple on Gulfstream's 2018E earnings. In our view, GD's competitive business jet product portfolio and growth outlook in defense could provide near-term and medium-term organic growth. Additionally, the company's strong balance sheet and solid cash generation could sustain dividend growth and share repurchases.

Downside risks to our PO are: 1) A downturn in business jets, due to an exogenous factor. 2) Given that business jets are priced in dollars, an unexpected devaluation in the dollar could significantly impact order activity, 3) We are forecasting a declining defense budget, which would then place a cap on the top-line growth for the defense primes. We view the Administration change as a potential ceiling to defense stocks as political control, in our view, is a key driver of defense spending. Decline in defense spending authorization (a leading indicator), which in turn could impact treasury outlays. Potential budget cuts to the Navy's fleet could encumber GD as well as a slowdown in procurement for the Army (armored vehicles). 4) Poor execution on defense programs could adversely impact margins.

**Hess Corp. (HES)**
Our price objective of $80 / share is based on a 5-year outlook which assumes a 5.5x DACF multiple and a commodity deck of $67.50 WTI and $70 Brent to which we add $10 / sh for Liza in offshore Guyana. The multiple is based on a finite timeline to delivery which is supported by core NAV.

The risks to our price objective are: 1) the oil and gas price environment, (2) slowdowns in development drilling that leave production below expectations, and (3) news flow around HES' exploratory and appraisal drilling activities that could impact the stock.

**MGM Resorts International (MGM)**
Our $33 PO is based on 11.5x our 2017 EBITDA estimate (implied 10x 2018E EBITDA). This is in line with its historical trading range and supported by our detailed sum of the parts analysis.

Upside risks are: a stronger than anticipated recovery in Las Vegas, improving consumer sentiment and its 56% ownership stake in MGM China. Downside risks are: balance sheet and liquidity risks proving worse than expected, continued Strip competition, and continuing near-term softness in the Macau market.



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**Norfolk Southern (NSC)**
Our $122 price objective is based on a 19.5x multiple on our 2017 EPS estimate of $6.25. We move above the top of its one-standard deviation historical trading range of 12x-16x given the new management team's move to improve margins, cut costs, and raise its ROIC, and as EPS inflects off a volume deflated 19% decline in 2015.

Risks to our price objective and estimates are the company's ability to derive continued operational benefits, a return to significant pricing competition among the rails, slower than expected economic growth, a deterioration to improving service metrics, a heavily unionized employee base, inability to exercise pricing power due to regulatory changes or legal challenges from customers, external factors (such as weather) impacting operations, and the STB installing mandatory reciprocal switching (or open access) to the rail network without proper pricing.

**SVB Financial Group (SIVB)**
We use a three-factor valuation framework (P/TBV, P/E, DCF) to arrive at our $190 price objective and assign a 2.3x multiple to our 2017e TBV and apply a 21x P/E to 17E EPS. Our valuation multiples are both in line with high growth peers due to SIVB's high profitability and EPS growth profile. Our DCF assumes a two-stage cost of capital of 9.5% and a terminal growth rate of 6%.

Downside risks are a longer than expected low rate environment and a slowdown in the technology sector and related IPO activity. Upside risks are sooner than expected rate hike, or better than expected pickup in the tech sector.

**Texas Instruments Inc. (TXN)**
Our $82 PO on TXN is based on14x FY17E EV/EBITDA, in line with high quality diversified and analog peers trading at 14x-15x, given TXN's high quality business model and strong FCF generation.

Risks to our price objective: 1) Lumpy telco capex, especially in wireless deployments, 2) Volatile market share as design cycle times are very long, 3) Increased R&D spending pressure to maintain an edge versus the competition, 4) Inventory cycles and potential double ordering by customers that can often create mismatches between real supply and demand, 5) Exposure to several mature markets such as PC and other consumer electronics could limit its growth rate.

**TripAdvisor (TRIP)**
Our price objective of $41 is based on 21x our 2018 non-GAAP EPS estimate. This multiple represents a premium to online travel/vertical media comps and in our view adequately compensates TripAdvisor for improving margins and growth off a trough point in FY16 into FY17 when the negative impacts of its IB transition peak.

Downside risks to our price objective are: 1) increasing competition (e.g. Yelp), 2) macro-economic factors (e.g. recession in Europe) impacting the travel industry, 3) challenges to the credibility of online reviews, 4) Instant Book transition puts pressure on revenue growth, and 5) mobile monetization headwinds.

Upside risks to our price objective are: 1) improved mobile monetization 2) major OTA sign on for instant booking 3) high non-hotel shopper dollar capture and 4) improved global macro environment.

## Analyst Certification

We, Derek Harris, Andrew Obin, Brian Chin, Doug Leggate, Ebrahim H. Poonawala, Ken Hoexter, Kevin Fischbeck, CFA, Nat Schindler, Ronald J. Epstein, Shaun C. Kelley and Vivek Arya, hereby certify that the views each of us has expressed in this research report



HOUSE_OVERSIGHT_014638

accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



HOUSE_OVERSIGHT_014639

**US - Aerospace and Defense Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | AerCap Holdings N.V. | AER | AER US | Kristine T. Liwag |
| | Air Lease Corporation | AL | AL US | Kristine T. Liwag |
| | Bombardier Inc. | YBBD B | BBD/B CN | Ronald J. Epstein |
| | Booz Allen Hamilton | BAH | BAH US | Ronald J. Epstein |
| | CAE Inc. | YCAE | CAE CN | Ronald J. Epstein |
| | Embraer | ERJ | ERJ US | Ronald J. Epstein |
| | General Dynamics | GD | GD US | Ronald J. Epstein |
| | Lockheed Martin | LMT | LMT US | Ronald J. Epstein |
| | Northrop Grumman | NOC | NOC US | Ronald J. Epstein |
| | Raytheon Co. | RTN | RTN US | Ronald J. Epstein |
| | RBC Bearings Inc | ROLL | ROLL US | Kristine T. Liwag |
| | Textron | TXT | TXT US | Ronald J. Epstein |
| | TransDigm Group Inc. | TDG | TDG US | Ronald J. Epstein |
| | Triumph Group | TGI | TGI US | Ronald J. Epstein |
| | United Tech | UTX | UTX US | Ronald J. Epstein |
| **NEUTRAL** | | | | |
| | BWX Technologies, Inc. | BWXT | BWXT US | Ronald J. Epstein |
| | Crane Co | CR | CR US | Kristine T. Liwag |
| | Curtiss-Wright Corporation | CW | CW US | Kristine T. Liwag |
| | FLY Leasing Ltd | FLY | FLY US | Kristine T. Liwag |
| | HEICO Corporation | HEI | HEI US | Ronald J. Epstein |
| | Hexcel Corporation | HXL | HXL US | Ronald J. Epstein |
| | Huntington Ingalls Industries | HII | HII US | Ronald J. Epstein |
| | L-3 Comm | LLL | LLL US | Ronald J. Epstein |
| | Mercury Systems | MRCY | MRCY US | Ronald J. Epstein |
| | Rockwell Collins | COL | COL US | Ronald J. Epstein |
| | Spirit AeroSys-A | SPR | SPR US | Ronald J. Epstein |
| **UNDERPERFORM** | | | | |
| | Aircastle LTD | AYR | AYR US | Kristine T. Liwag |
| | Boeing | BA | BA US | Ronald J. Epstein |
| | Esterline Technologies Corporation | ESL | ESL US | Ronald J. Epstein |
| | Garmin | GRMN | GRMN US | Ronald J. Epstein |
| | Moog Inc. | MOGA | MOG/A US | Kristine T. Liwag |
| | Wesco Aircraft Holdings, Inc | WAIR | WAIR US | Ronald J. Epstein |



HOUSE_OVERSIGHT_014640

**US - Electric Utilities Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | American Electric Power | AEP | AEP US | Brian Chin |
| | American Water Works | AWK | AWK US | Brian Chin |
| | Black Hills Corporation | BKH | BKH US | Brian Chin |
| | Dominion Resources | D | D US | Brian Chin |
| | DTE Energy | DTE | DTE US | Brian Chin |
| | Edison International | EIX | EIX US | Brian Chin |
| | FirstEnergy | FE | FE US | Brian Chin |
| | Great Plains Energy | GXP | GXP US | Brian Chin |
| | NextEra Energy | NEE | NEE US | Brian Chin |
| | NextEra Energy Partners | NEP | NEP US | Brian Chin |
| | PG&E Corporation | PCG | PCG US | Brian Chin |
| **NEUTRAL** | | | | |
| | Calpine | CPN | CPN US | Brian Chin |
| | Exelon | EXC | EXC US | Brian Chin |
| | InfraREIT, Inc. | HIFR | HIFR US | Brian Chin |
| | NRG Energy | NRG | NRG US | Brian Chin |
| | Pinnacle West Corp | PNW | PNW US | Brian Chin |
| | PPL Corporation | PPL | PPL US | Brian Chin |
| **UNDERPERFORM** | | | | |
| | AES Corporation | AES | AES US | Brian Chin |
| | Consolidated Edison | ED | ED US | Brian Chin |
| | Duke Energy | DUK | DUK US | Brian Chin |
| | Entergy | ETR | ETR US | Brian Chin |
| | NorthWestern Corporation | NWE | NWE US | Brian Chin |
| | Portland General Electric Company | POR | POR US | Brian Chin |
| | Public Service Enterprise Group Inc. | PEG | PEG US | Brian Chin |
| | Southern Company | SO | SO US | Brian Chin |



HOUSE_OVERSIGHT_014641

**US - Internet Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Alphabet | GOOGL | GOOGL US | Justin Post |
| | Alphabet | GOOG | GOOG US | Justin Post |
| | Amazon.com | AMZN | AMZN US | Justin Post |
| | Bankrate | RATE | RATE US | Nat Schindler |
| | eBay | EBAY | EBAY US | Justin Post |
| | Expedia | EXPE | EXPE US | Justin Post |
| | Facebook | FB | FB US | Justin Post |
| | GrubHub | GRUB | GRUB US | Nat Schindler |
| | IAC InterActive | IAC | IAC US | Nat Schindler |
| | LendingTree | TREE | TREE US | Nat Schindler |
| | Match Group | MTCH | MTCH US | Nat Schindler |
| | Netflix, Inc. | NFLX | NFLX US | Nat Schindler |
| | OnDeck Capital | ONDK | ONDK US | Nat Schindler |
| | priceline.com | PCLN | PCLN US | Justin Post |
| | Take-Two Interactive | TTWO | TTWO US | Justin Post |
| | Wix.com | WIX | WIX US | Nat Schindler |
| | Yahoo! | YHOO | YHOO US | Justin Post |
| | Zillow | ZG | ZG US | Nat Schindler |
| | Zillow | Z | Z US | Nat Schindler |
| **NEUTRAL** | | | | |
| | Activision | ATVI | ATVI US | Justin Post |
| | Electronic Arts | EA | EA US | Justin Post |
| | Quotient Technology Inc | QUOT | QUOT US | Nat Schindler |
| | Wayfair | W | W US | Justin Post |
| | Yelp | YELP | YELP US | Justin Post |
| **UNDERPERFORM** | | | | |
| | Care.com | CRCM | CRCM US | Justin Post |
| | Fitbit | FIT | FIT US | Nat Schindler |
| | GoPro | GPRO | GPRO US | Jason Mitchell |
| | Pandora Media, Inc. | P | P US | Nat Schindler |
| | TripAdvisor | TRIP | TRIP US | Nat Schindler |
| | Twitter | TWTR | TWTR US | Justin Post |
| | ZYNGA | ZNGA | ZNGA US | Justin Post |
| **RVW** | | | | |
| | Chegg | CHGG | CHGG US | Nat Schindler |



HOUSE_OVERSIGHT_014642

**US - Multi-Industrials/Engineering and Construction Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | 3M Company | MMM | MMM US | Andrew Obin |
| | AECOM | ACM | ACM US | Anna Kaminskaya, CFA |
| | Allegion | ALLE | ALLE US | Andrew Obin |
| | AMETEK Inc | AME | AME US | Andrew Obin |
| | Colfax Corporation | CFX | CFX US | Andrew Obin |
| | Dover Corp | DOV | DOV US | Andrew Obin |
| | Fortive Corporation | FTV | FTV US | Andrew Obin |
| | General Electric Company | GE | GE US | Andrew Obin |
| | HD Supply Holdings Inc | HDS | HDS US | Andrew Obin |
| | Honeywell International Inc. | HON | HON US | Andrew Obin |
| | Ingersoll-Rand | IR | IR US | Andrew Obin |
| | KBR | KBR | KBR US | Anna Kaminskaya, CFA |
| | Milacron | MCRN | MCRN US | Andrew Obin |
| | Mistras Group | MG | MG US | Andrew Obin |
| | Rush | RUSHA | RUSHA US | Andrew Obin |
| **NEUTRAL** | | | | |
| | Eaton Corp PLC | ETN | ETN US | Andrew Obin |
| | Flowserve | FLS | FLS US | Andrew Obin |
| | ITT Inc. | ITT | ITT US | Andrew Obin |
| | Jacobs Eng. | JEC | JEC US | Anna Kaminskaya, CFA |
| | Parker Hannifin Corporation | PH | PH US | Andrew Obin |
| **UNDERPERFORM** | | | | |
| | Chicago Bridge & Iron Company | CBI | CBI US | Anna Kaminskaya, CFA |
| | Donaldson Co | DCI | DCI US | Andrew Obin |
| | Emerson Electric Co | EMR | EMR US | Andrew Obin |
| | Fluor Corp | FLR | FLR US | Anna Kaminskaya, CFA |
| | Pentair plc | PNR | PNR US | Andrew Obin |
| | Rexnord Corporation | RXN | RXN US | Andrew Obin |
| | Rockwell | ROK | ROK US | Andrew Obin |
| | SPX Flow Inc. | FLOW | FLOW US | Andrew Obin |

**US - Semiconductors Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Advanced Micro Devices, Inc | AMD | AMD US | Vivek Arya |
| | Analog Devices Inc. | ADI | ADI US | Vivek Arya |
| | Broadcom Limited | AVGO | AVGO US | Vivek Arya |
| | Cypress | CY | CY US | Vivek Arya |
| | Inphi Corporation | IPHI | IPHI US | Vivek Arya |
| | Integrated Device Technology, Inc. | IDTI | IDTI US | Vivek Arya |
| | Intel | INTC | INTC US | Vivek Arya |
| | Microchip | MCHP | MCHP US | Vivek Arya |
| | NVIDIA Corporation | NVDA | NVDA US | Vivek Arya |
| | ON Semiconductor | ON | ON US | Vivek Arya |
| | Skyworks Solutions, Inc. | SWKS | SWKS US | Vivek Arya |
| | Texas Instruments Inc. | TXN | TXN US | Vivek Arya |
| **NEUTRAL** | | | | |
| | Cavium | CAVM | CAVM US | Vivek Arya |
| | M/A-Com | MTSI | MTSI US | Vivek Arya |
| | Maxim Integrated Products Inc. | MXIM | MXIM US | Vivek Arya |
| **UNDERPERFORM** | | | | |
| | Marvell Technology Group Ltd. | MRVL | MRVL US | Vivek Arya |
| | Qorvo Inc. | QRVO | QRVO US | Vivek Arya |
| | Xilinx Inc. | XLNX | XLNX US | Vivek Arya |



HOUSE_OVERSIGHT_014643

**US - Transportation Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Canadian Pacific Railway | CP | CP US | Ken Hoexter |
| | CSX Corporation | CSX | CSX US | Ken Hoexter |
| | FedEx Corp. | FDX | FDX US | Ken Hoexter |
| | Fortress Transportation & Infrastructure | FTAI | FTAI US | Ariel Rosa |
| | Golar LNG Limited | GLNG | GLNG US | Ken Hoexter |
| | Golar LNG Partners LP | GMLP | GMLP US | Ken Hoexter |
| | Hoegh LNG Partners LP | HMLP | HMLP US | Ken Hoexter |
| | J.B. Hunt Transport Services | JBHT | JBHT US | Ken Hoexter |
| | Norfolk Southern | NSC | NSC US | Ken Hoexter |
| | Scorpio Tankers Inc. | STNG | STNG US | Ken Hoexter |
| | Swift Transportation | SWFT | SWFT US | Ken Hoexter |
| | Triton International, Ltd | TRTN | TRTN US | Ken Hoexter |
| | Union Pacific | UNP | UNP US | Ken Hoexter |
| | UPS | UPS | UPS US | Ken Hoexter |
| **NEUTRAL** | | | | |
| | ArcBest Corporation | ARCB | ARCB US | Ken Hoexter |
| | Genesee & Wyoming | GWR | GWR US | Ken Hoexter |
| | Kansas City Southern | KSU | KSU US | Ken Hoexter |
| | Knight Transport | KNX | KNX US | Ken Hoexter |
| | Navios Maritime Midstream Partners L.P. | NAP | NAP US | Ken Hoexter |
| | The Greenbrier Companies | GBX | GBX US | Ken Hoexter |
| | World Fuel Services | INT | INT US | Ken Hoexter |
| **UNDERPERFORM** | | | | |
| | C.H. Robinson | CHRW | CHRW US | Ken Hoexter |
| | Canadian National | CNI | CNI US | Ken Hoexter |
| | Kirby Corp | KEX | KEX US | Ken Hoexter |
| | Old Dominion Freight Line | ODFL | ODFL US | Ariel Rosa |
| | Seaspan Corp | SSW | SSW US | Ken Hoexter |
| | Teekay Tankers Limited | TNK | TNK US | Ken Hoexter |
| | Werner Enterprises | WERN | WERN US | Ken Hoexter |



HOUSE_OVERSIGHT_014644

**US - Large Cap Oils Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Anadarko Petroleum Corp. | APC | APC US | Doug Leggate |
| | Cabot Oil & Gas Corp. | COG | COG US | Doug Leggate |
| | ConocoPhillips | COP | COP US | Doug Leggate |
| | Continental Resources Inc. | CLR | CLR US | Doug Leggate |
| | Devon Energy Corp. | DVN | DVN US | Doug Leggate |
| | Hess Corp. | HES | HES US | Doug Leggate |
| | Marathon Oil Corp. | MRO | MRO US | Doug Leggate |
| | Marathon Petroleum Company | MPC | MPC US | Doug Leggate |
| | Occidental Petroleum Corp. | OXY | OXY US | Doug Leggate |
| | Pioneer Natural Resources | PXD | PXD US | Doug Leggate |
| | Range Resources Corp | RRC | RRC US | Doug Leggate |
| | Tesoro Corp. | TSO | TSO US | Doug Leggate |
| **NEUTRAL** | | | | |
| | Chesapeake Energy Corp. | CHK | CHK US | Doug Leggate |
| | Chevron Corp. | CVX | CVX US | Doug Leggate |
| | EOG Resources | EOG | EOG US | Doug Leggate |
| | ExxonMobil Corp. | XOM | XOM US | Doug Leggate |
| | HollyFrontier Corp | HFC | HFC US | Doug Leggate |
| | Noble Energy | NBL | NBL US | Doug Leggate |
| | Phillips 66 | PSX | PSX US | Doug Leggate |
| | Southwestern Energy Corp. | SWN | SWN US | Doug Leggate |
| | Valero Energy Corp. | VLO | VLO US | Doug Leggate |
| **UNDERPERFORM** | | | | |
| | Apache Corp | APA | APA US | Doug Leggate |
| | Calumet Specialty Products Partners | CLMT | CLMT US | Jason Smith |
| | Delek US Holdings, Inc. | DK | DK US | Doug Leggate |
| | PBF Energy | PBF | PBF US | Doug Leggate |



HOUSE_OVERSIGHT_014645

**US - Facilities, Hospitals and Managed Healthcare Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Acadia Healthcare | ACHC | ACHC US | Kevin Fischbeck, CFA |
| | Aetna Inc | AET | AET US | Kevin Fischbeck, CFA |
| | American Renal | ARA | ARA US | Kevin Fischbeck, CFA |
| | Anthem | ANTM | ANTM US | Kevin Fischbeck, CFA |
| | Capital Senior Living | CSU | CSU US | Joanna Gajuk |
| | Centene Corporation | CNC | CNC US | Kevin Fischbeck, CFA |
| | Civitas Solutions | CIVI | CIVI US | Kevin Fischbeck, CFA |
| | Envision Healthcare Corp | EVHC | EVHC US | Kevin Fischbeck, CFA |
| | HCA | HCA | HCA US | Kevin Fischbeck, CFA |
| | Mednax | MD | MD US | Kevin Fischbeck, CFA |
| | Service Corp. International | SCI | SCI US | Joanna Gajuk |
| | Surgery Partners, Inc | SGRY | SGRY US | Kevin Fischbeck, CFA |
| | Surgical Care Affiliates, Inc. | SCAI | SCAI US | Kevin Fischbeck, CFA |
| | UnitedHealth Group | UNH | UNH US | Kevin Fischbeck, CFA |
| **NEUTRAL** | | | | |
| | DaVita Inc | DVA | DVA US | Kevin Fischbeck, CFA |
| | Tenet Healthcare | THC | THC US | Kevin Fischbeck, CFA |
| | Universal Health Services | UHS | UHS US | Kevin Fischbeck, CFA |
| | WellCare Health Plans, Inc. | WCG | WCG US | Kevin Fischbeck, CFA |
| **UNDERPERFORM** | | | | |
| | Adeptus | ADPT | ADPT US | Kevin Fischbeck, CFA |
| | Brookdale Senior Living | BKD | BKD US | Joanna Gajuk |
| | Community Health Systems | CYH | CYH US | Kevin Fischbeck, CFA |
| | Genesis Healthcare Inc | GEN | GEN US | Joanna Gajuk |
| | HealthSouth | HLS | HLS US | Kevin Fischbeck, CFA |
| | Kindred Healthcare | KND | KND US | Kevin Fischbeck, CFA |
| | LifePoint Health | LPNT | LPNT US | Kevin Fischbeck, CFA |
| | Molina Healthcare, Inc. | MOH | MOH US | Kevin Fischbeck, CFA |
| | Select Medical Corp. | SEM | SEM US | Kevin Fischbeck, CFA |
| **RSTR** | | | | |
| | Team Health | TMH | TMH US | Kevin Fischbeck, CFA |
| | Universal American | UAM | UAM US | Kevin Fischbeck, CFA |



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**US - Gaming, Lodging and Leisure Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Choice Hotels International | CHH | CHH US | Shaun C. Kelley |
| | ClubCorp | MYCC | MYCC US | Shaun C. Kelley |
| | Extended Stay America | STAY | STAY US | Shaun C. Kelley |
| | Hilton Worldwide | HLT | HLT US | Shaun C. Kelley |
| | Hyatt Hotels | H | H US | Shaun C. Kelley |
| | International Game Technology | IGT | IGT US | Barry J. Jonas |
| | Intrawest Resorts | SNOW | SNOW US | Shaun C. Kelley |
| | Las Vegas Sands | LVS | LVS US | Shaun C. Kelley |
| | Marriott International Inc. | MAR | MAR US | Shaun C. Kelley |
| | MGM Growth Properties LLC | MGP | MGP US | Shaun C. Kelley |
| | MGM Resorts International | MGM | MGM US | Shaun C. Kelley |
| | Pinnacle Entertainment | PNK | PNK US | Shaun C. Kelley |
| | Red Rock Resorts, Inc. | RRR | RRR US | Shaun C. Kelley |
| | Sunstone Hotel Investors | SHO | SHO US | Shaun C. Kelley |
| | Vail Resorts, Inc | MTN | MTN US | Shaun C. Kelley |
| **NEUTRAL** | | | | |
| | Boyd Gaming Corp | BYD | BYD US | Shaun C. Kelley |
| | Hersha Hospitality | HT | HT US | Shaun C. Kelley |
| | La Quinta Holdings | LQ | LQ US | Shaun C. Kelley |
| | LaSalle Hotel Properties | LHO | LHO US | Shaun C. Kelley |
| | Pebblebrook Hotel Trust | PEB | PEB US | Shaun C. Kelley |
| | Penn National Gaming | PENN | PENN US | Shaun C. Kelley |
| | Ryman Hospitality Properties | RHP | RHP US | Shaun C. Kelley |
| | Wynn Resorts Ltd | WYNN | WYNN US | Shaun C. Kelley |
| **UNDERPERFORM** | | | | |
| | Ashford Hospitality Trust | AHT | AHT US | Shaun C. Kelley |
| | DiamondRock Hospitality | DRH | DRH US | Shaun C. Kelley |
| | FelCor Lodging Trust | FCH | FCH US | Shaun C. Kelley |
| | Gaming & Leisure Properties, Inc. | GLPI | GLPI US | Shaun C. Kelley |
| | Host Hotels & Resorts Inc. | HST | HST US | Shaun C. Kelley |
| | RLJ Lodging Trust | RLJ | RLJ US | Shaun C. Kelley |
| | Scientific Games Corporation | SGMS | SGMS US | Barry J. Jonas |
| | Summit Hotel Properties | INN | INN US | Shaun C. Kelley |



HOUSE_OVERSIGHT_014647

**US - Banks Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | BankUnited, Inc. | BKU | BKU US | Ebrahim H. Poonawala |
| | BB&T Corporation | BBT | BBT US | Erika Najarian |
| | Capital Bank Financial Corp. | CBF | CBF US | Erika Najarian |
| | Citigroup Inc. | C | C US | Erika Najarian |
| | Citizens Financial Group | CFG | CFG US | Erika Najarian |
| | East West Bancorp, Incorporated | EWBC | EWBC US | Ebrahim H. Poonawala |
| | FCB Financial Holdings, Inc | FCB | FCB US | Ebrahim H. Poonawala |
| | First Republic Bank | FRC | FRC US | Erika Najarian |
| | Great Western Bancorp Inc | GWB | GWB US | Ebrahim H. Poonawala |
| | Huntington Bancshares Inc. | HBAN | HBAN US | Erika Najarian |
| | IBERIABANK Corp | IBKC | IBKC US | Ebrahim H. Poonawala |
| | JPMorgan Chase & Co. | JPM | JPM US | Erika Najarian |
| | Key Corp | KEY | KEY US | Erika Najarian |
| | Signature Bank | SBNY | SBNY US | Ebrahim H. Poonawala |
| | SunTrust Banks, Inc. | STI | STI US | Erika Najarian |
| | SVB Financial Group | SIVB | SIVB US | Ebrahim H. Poonawala |
| | Texas Capital Bancshares Inc. | TCBI | TCBI US | Ebrahim H. Poonawala |
| | The PNC Financial Services Group, Inc. | PNC | PNC US | Erika Najarian |
| | UMB Financial Corporation | UMBF | UMBF US | Ebrahim H. Poonawala |
| | Wells Fargo & Company | WFC | WFC US | Erika Najarian |
| **NEUTRAL** | | | | |
| | Associated Banc-Corp | ASB | ASB US | Ebrahim H. Poonawala |
| | Banc of California | BANC | BANC US | Ebrahim H. Poonawala |
| | Comerica Incorporated | CMA | CMA US | Erika Najarian |
| | Commerce Bancshares Inc. | CBSH | CBSH US | Ebrahim H. Poonawala |
| | Fifth Third Bank | FITB | FITB US | Erika Najarian |
| | First Bancorp Puerto Rico | FBP | FBP US | Ebrahim H. Poonawala |
| | First Hawaiian Inc. | FHB | FHB US | Ebrahim H. Poonawala |
| | First Horizon National Corp. | FHN | FHN US | Ebrahim H. Poonawala |
| | Franklin Financial Network, Inc. | FSB | FSB US | Ebrahim H. Poonawala |
| | Hancock Holding | HBHC | HBHC US | Ebrahim H. Poonawala |
| | New York Community Bancorp | NYCB | NYCB US | Ebrahim H. Poonawala |
| | Regions Financial | RF | RF US | Erika Najarian |
| | Synovus Financial Corp. | SNV | SNV US | Ebrahim H. Poonawala |
| | U.S. Bancorp | USB | USB US | Erika Najarian |
| | Zions Bancorp | ZION | ZION US | Erika Najarian |
| **UNDERPERFORM** | | | | |
| | Bank of Hawaii Corp. | BOH | BOH US | Ebrahim H. Poonawala |
| | Cullen/Frost Bankers Inc | CFR | CFR US | Ebrahim H. Poonawala |
| | M&T Bank | MTB | MTB US | Erika Najarian |
| | Prosperity Bancshares Inc | PB | PB US | Ebrahim H. Poonawala |
| | TCF Financial Corp. | TCB | TCB US | Ebrahim H. Poonawala |

# Disclosures

## Important Disclosures

**Equity Investment Rating Distribution: Aerospace/Defense Electronics Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 23 | 50.00% | Buy | 19 | 82.61% |
| Hold | 13 | 28.26% | Hold | 8 | 61.54% |
| Sell | 10 | 21.74% | Sell | 9 | 90.00% |

**Equity Investment Rating Distribution: Banks Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 81 | 43.55% | Buy | 74 | 91.36% |
| Hold | 45 | 24.19% | Hold | 41 | 91.11% |
| Sell | 60 | 32.26% | Sell | 56 | 93.33% |



HOUSE_OVERSIGHT_014648

**Equity Investment Rating Distribution: Energy Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 105 | 46.67% | Buy | 88 | 83.81% |
| Hold | 54 | 24.00% | Hold | 48 | 88.89% |
| Sell | 66 | 29.33% | Sell | 49 | 74.24% |

**Equity Investment Rating Distribution: Financial Services Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 113 | 46.89% | Buy | 89 | 78.76% |
| Hold | 66 | 27.39% | Hold | 55 | 83.33% |
| Sell | 62 | 25.73% | Sell | 40 | 64.52% |

**Equity Investment Rating Distribution: Gaming Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 24 | 54.55% | Buy | 16 | 66.67% |
| Hold | 14 | 31.82% | Hold | 6 | 42.86% |
| Sell | 6 | 13.64% | Sell | 1 | 16.67% |

**Equity Investment Rating Distribution: Health Care Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 134 | 54.92% | Buy | 100 | 74.63% |
| Hold | 59 | 24.18% | Hold | 38 | 64.41% |
| Sell | 51 | 20.90% | Sell | 23 | 45.10% |

**Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 38 | 55.07% | Buy | 27 | 71.05% |
| Hold | 7 | 10.14% | Hold | 4 | 57.14% |
| Sell | 24 | 34.78% | Sell | 15 | 62.50% |

**Equity Investment Rating Distribution: Technology Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 113 | 56.50% | Buy | 82 | 72.57% |
| Hold | 40 | 20.00% | Hold | 32 | 80.00% |
| Sell | 47 | 23.50% | Sell | 28 | 59.57% |

**Equity Investment Rating Distribution: Transport/Infrastructure Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 73 | 49.66% | Buy | 53 | 72.60% |
| Hold | 35 | 23.81% | Hold | 21 | 60.00% |
| Sell | 39 | 26.53% | Sell | 19 | 48.72% |

**Equity Investment Rating Distribution: Utilities Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 58 | 46.03% | Buy | 45 | 77.59% |
| Hold | 34 | 26.98% | Hold | 29 | 85.29% |
| Sell | 34 | 26.98% | Sell | 20 | 58.82% |

**Equity Investment Rating Distribution: Global Group (as of 30 Sep 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1553 | 49.44% | Buy | 1130 | 72.76% |
| Hold | 730 | 23.24% | Hold | 538 | 73.70% |
| Sell | 858 | 27.32% | Sell | 514 | 59.91% |

* Issuers that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF NEW YORK**

----------X

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

----------X

**15-cv-07433-RWS**

**Declaration of Laura A. Menninger in Support of**
**Defendant's Motion For Summary Judgment**

I, Laura A. Menninger, declare as follows:

1. I am an attorney at law duly licensed in the State of New York and admitted to practice in the United States District Court for the Southern District of New York. I am a member of the law firm Haddon, Morgan & Foreman, P.C., counsel of record for Defendant Ghislaine Maxwell in this action. I respectfully submit this Declaration in support of Ms. Maxwell's Motion for Summary Judgment.[1]

2. Attached as Exhibit A is a true and correct copy of an article by Sharon Churcher entitled "Prince Andrew and the 17-year-old girl his sex offender flew to Britain to meet him," DAILY MAIL, dated March 2, 2011.

[1] At trial, defendant intends to produce either the custodian of record relevant to any disputed document or a certification in compliance with either Fed. R. Evid. P. 803 and/or 902. *See* Fed. R. Civ. P. 56(c). Apart from deposition testimony, the majority of non-deposition documents herein were either produced by plaintiff or obtained with releases signed by plaintiff.

3. Attached as Exhibit B is a true and correct copy of an article by Sharon Churcher entitled "Teenage girl recruited by paedophile Jeffrey Epstein reveals how she twice met Bill Clinton," DAILY MAIL, dated March 5, 2011.

4. Attached as Exhibit C is a true and correct copy of a statement on behalf of Ms. Maxwell dated March 9, 2011.

5. Attached as Exhibit D (filed under seal) [redacted]

6. Attached as Exhibit E is a true and correct copy of an Order Denying Motion to Join Under Rule 21, *Doe v. United States,* No. 08-80736-Civ-Marra/Johnson (S.D. Fla. Apr. 7, 2016).

7. Attached as Exhibit F is a true and correct copy of a statement on behalf of Ms. Maxwell dated January 2, 2015.

8. Attached as Exhibit G (filed under seal) [redacted]

9. Attached as Exhibit H (filed under seal) [redacted]

10. Attached as Exhibit I (filed under seal) [redacted]

11. Attached as Exhibit J (filed under seal) [redacted]

12. Attached as Exhibit K (filed under seal) [redacted]

13. Attached as Exhibit L (filed under seal) [redacted]

14. Attached as Exhibit M (filed under seal) [redacted]

15. Attached as Exhibit N (filed under seal) [redacted]

16. Attached as Exhibit O (filed under seal) [redacted]

17. Attached as Exhibit P (filed under seal) [redacted]

18. Attached as Exhibit Q (filed under seal) [redacted]

19. Attached as Exhibit R (filed under seal) [redacted]

20. Attached as Exhibit S (filed under seal) [redacted]

21. Attached as Exhibit T (filed under seal) [redacted]

22. Attached as Exhibit U (filed under seal) [redacted]

23. Attached as Exhibit V (filed under seal) [redacted]

24. Attached as Exhibit W (filed under seal) [redacted]

25. Attached as Exhibit X(filed under seal) [redacted]

26. Attached as Exhibit Y (filed under seal) [redacted]

27. Attached as Exhibit Z (filed under seal) [redacted]

28. Attached as Exhibit AA (filed under seal) [redacted]

29. Attached as Exhibit BB (filed under seal) [redacted]

30. Attached as Exhibit CC (filed under seal) [redacted]

31. Exhibit DD left intentionally blank.

32. Attached as Exhibit EE (filed under seal) [redacted]

33. Attached as Exhibit FF (filed under seal) [redacted]

34. Attached as Exhibit GG (filed under seal) [redacted]

35. Attached as Exhibit HH (filed under seal) [redacted]

36. Attached as Exhibit II (filed under seal) [redacted]

37. Attached as Exhibit JJ (filed under seal) [redacted].

38. Attached as Exhibit KK (filed under seal) [redacted]

39. Attached as Exhibit LL is a true and correct copy of the Victims Refuse Silence, Inc. Articles of Incorporation dated December 23, 2014, GIUFFRE001064-5.

40. Attached as Exhibit MM (filed under seal) [redacted]

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 6, 2017.

*s/ Laura A. Menninger*
Laura A. Menninger

**CERTIFICATE OF SERVICE**

I certify that on January 6, 2017, I electronically served this *Declaration of Laura A. Menninger in Support of Defendant's Motion for Summary Judgment* via ECF on the following:

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# EXHIBIT A

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# Prince Andrew and the 17-year-old girl his sex offender friend flew to Britain to meet him

By SHARON CHURCHER
UPDATED: 08:02 EST, 2 March 2011

101
View comments

- Virginia Roberts reveals she is 'Jane Doe 102' in Jeffrey Epstein case
- Mother-of-three spent four years as millionaire's personal masseuse
- She describes being flown across world to meet Prince Andrew
- Epstein trained her 'as a prostitute for him and his friends'

As the UK's special representative for international trade, the Duke of York holds an important position, requiring sound judgement and widespread respect.

But those qualities have been thrown into question since photographs of Prince Andrew with his billionaire financier friend Jeffrey Epstein, a convicted child-sex offender who was jailed for 18 months for soliciting underage prostitutes, appeared last weekend.

Today, however, even more serious doubts are cast on his suitability after a woman at the centre of the Epstein case revealed to The Mail on Sunday that she had, as a 17-year-old employed by Epstein, been flown across the world to be introduced to the Prince.

Case 1:15-cv-07433-RWS Document 212-2 Filed 06/15/16 Page 3 of 9

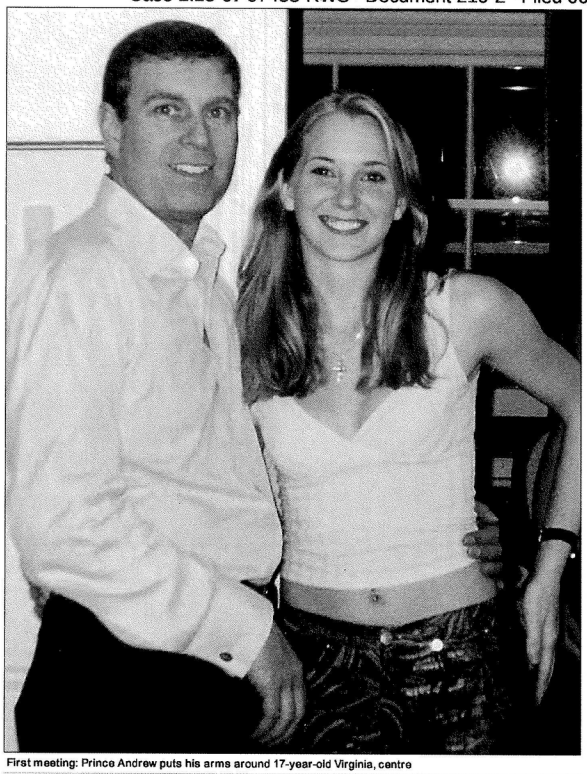

First meeting: Prince Andrew puts his arms around 17-year-old Virginia, centre

Lindsay Lohan flashes her cleavage in a low-cut lilac number as she enjoys romantic day in Zurich with fiancé Egor Tarabasov
**Lovely in lilac**

Back in time to celebrate! Kim Kardashian and Kanye West arrive in LA on eve of daughter North's third birthday
**Whirlwind 24-hour trip**

Bathing suit babes! Playboy vet Kendra Wilkinson shows off chest in one piece while celebrating 31st birthday with 'number one ho' in Arizona

Sean Penn's son Hopper, 22, reveals his famous father wanted to name him 'Steak' due to his love of red meat
**His mom Robin Wright wouldn't have gone for it**

New romance for Ruby? Rose 'dating' businesswoman Harley Gusman after the pair were spotted cozying up on a date in Hollywood
**Off the market?**

Was Patrick Swayze a victim of domestic abuse? Wife denies claims she beat the Dirty Dancing star throughout their 34-year marriage - and even when he was dying



Advertisement

On one of those occasions Virginia Roberts was subsequently paid $15,000 (£9,400). Her shocking account of her four years as Epstein's personal masseuse is supported by court documents, an eyewitness, photographs and flight details of Epstein's private jets.

One picture, said to have been taken by Epstein during Andrew's first encounter with the girl in March 2001 and published today by The Mail on Sunday, shows the Prince with his arm around her waist.

This is not the first time the Duke of York's judgment and choice of associates have been questioned. He appears to relish the company of super-rich oil billionaires from the Middle East, North Africa and the former Soviet Union.

The peculiar sale of his former marital home to a Kazakh businessman for £15 million after it had languished unsold for five years at £12 million has never been satisfactorily explained.

In the recent leak of American diplomatic cables it was revealed that he had criticised an official corruption investigation into the huge Al-Yamamah arms deal between Britain and Saudi Arabia, while he is also said to be close to Saif Al-Islam Gaddafi, son of the beleaguered Libyan president, and may have had a role in the early release of Lockerbie bomber Abdelbaset Al Megrahi.

But it is Andrew's friendship with Epstein, whom he has known since at least 2000, and with Epstein's confidante Ghislaine Maxwell, daughter of the late disgraced newspaper baron Robert Maxwell, that gives most concern.

He was first seen with the pair on holiday in Thailand, and was pictured cavorting with Ghislaine at a Halloween fetishthemed party in

**While on the streets, I slept with men for money. I was a paedophile's dream**

Manhattan.

The photograph that appeared last weekend shows the prince strolling through Central Park with 58-year-old Epstein. Andrew was said to have spent four days at his New York mansion in December, when he was joined by other distinguished guests, including Woody Allen, at a dinner.

It is by no means the first New York soiree Andrew has attended as Epstein's guest.

A lengthy profile of the financier in Vanity Fair magazine some years ago reported that Andrew was a guest at a cocktail party thrown by Epstein and Maxwell packed with young Russian models. 'Some guests were horrified,' said the article's author, Vicky Ward.

It should not be forgotten that Epstein is a registered sex offender after recently completing his sentence for offences relating to child prostitution.

However, he avoided trial on more serious charges that carried a potential life sentence. And no one reading The Mail on Sunday's interview with the woman who was prepared to testify against him can be in any doubt of the seriousness of the charges.

Epstein, a Wall Street money manager who once counted Bill Clinton and Donald Trump among his friends, became the subject of an undercover investigation in 2005 after the stepmother of a 14-year old girl claimed she was paid $200 (£125) to give him an 'erotic massage'.

The subsequent FBI probe uncovered at least 20 girls levelling sexual allegations against him. Eventually, Epstein struck a 'plea bargain' with prosecutors – a practice not permitted under British law – under which he was allowed to plead guilty to two relatively minor charges.

Police claim that his donations to politicians and his 'dream team' of influential lawyers deterred prosecutors from bringing more serious charges of sex-trafficking. The deal certainly kept the names of a lot of Epstein's famous friends out of an embarrassing court case.

However, an unusual part of the agreement was that Epstein's alleged victims were allowed to bring civil proceedings against him.

He has so far made 17 out-of-court settlements, and some cases are ongoing. One of these girls was to have been a key witness for the prosecution had the case gone to trial. She was just 15 years old when she was drawn into Epstein's exploitative world in 1998.

In her civil writ against him, under the pseudonym Jane Doe 102' she alleged that her duties included being 'sexually exploited by Epstein's adult male peers including royalty'.

Now, horrified by the evidence of Epstein and Andrew enjoying each other's company in New York, Jane Doe 102 has agreed to waive her anonymity and tell for the first time her deeply disturbing story.

Her real name is Virginia Roberts and she now lives in Australia, where she is a happily married mother of three.

Over the course of a week during which she spoke at length to The Mail on Sunday, she appeared sometimes vulnerable, and sometimes steely, but always quietly resolute and consistent.

Revisiting events from a past that she had hoped she had left behind,Virginia occasionally buried her face in her hands.

Some recollections – and, for reasons of taste, not all the details can be included here – caused her to flush with shame. 'I'm telling you things that even my husband didn't know,' she said.

Virginia, who has undergone counselling to try to come to terms with her past, is honest about her initiation into Epstein's depraved world.

She was a troubled teenager, whose slender figure, delicate complexion, hesitant voice and soulful blue eyes made her look young for her years.

Born in Sacramento, California, in August 1983, Virginia spent her early years on a small ranch on the West Coast of America.

This seemingly idyllic childhood ended when she was sexually molested by a man close to her family.

The fallout from that led to her parents temporarily splitting up. Blaming herself, Virginia began to get into trouble Aged 11, she was sent to live with an aunt but repeatedly ran away.

Living on the streets, she was beaten up and slept with at least two older men in return for food. 'I was a paedophile's dream,' she says.

Three years later, she was reunited with her family and started a new life with her father who had moved to Palm Beach,

Florida, where he was maintenance manager at Donald Trump's country club, Mar-a-Lago.

Virginia got a part-time job as a changing room assistant –which is where, soon after her 15th birthday, she met Ghislaine Maxwell, who invited her to work as Epstein's personal masseuse.

'I was wearing my uniform – a white miniskirt and a skin-tight white polo top – when I was approached by Ghislaine,' Virginia says.

'I told her I wanted to become a masseuse and she said she worked for a very wealthy gentleman who was looking for a travelling masseuse.

I'd get training and be paid well.'Virginia's father gave his blessing, believing his daughter was being handed the opportunity to learn a skill and to work for a wealthy and respectable employer.

He drove her to Epstein's pink mansion on the Palm Beach waterfront – he also owns a nine-storey home in New York, the city's biggest private residence; a 7,500-acre ranch called 'Zorro' in New

'Need a tight tush': LeAnn Rimes illustrates how to get a firm 'booty' as she does yoga in skimpy tank top and leggings
Exercise tips

'I want them really big!' Blonde bombshell begs doctors to make her 1,000cc implants - even after they insist her enhanced breasts are 'perfect'
On Botched

'It's my fourth favorite reality show! Jessica Alba and Kate Hudson are mean girls as Chris Martin plays for laughs in Sara and Erin Foster's Barely Famous

'He's turned into an absolute jerk:' Former Celebrity Apprentice star Vivica A. Fox slams Donald Trump... but says he's not a racist
She's no longer a fan

'I don't see a dark past anymore': Paris Jackson reveals tattoos have helped cover her 'scars and self-hatred' in moving Instagram post

How the season's hottest beach babes including Hailee Steinfeld and Kendall Jenner are embracing jewelry at the seashore
Chic on the beach

This old thing! Duchess of Cambridge recycles a TEN-year-old brocade coat as she plants a tree at garden party
From the back of her wardrobe

EXCLUSIVE: Alexa Curtin, daughter of Real Housewives star Lynne, is charged with drug possession two months after accusing O.C. deputy sheriff of raping her during a traffic stop

'I told my mom she's a grandma': Maria Menounos shared excitement about her frozen embryos in poignant IVF interview... given before negative pregnancy test

Gene Simmons' daughter Sophie says she was told she was 'not small enough' to be a model and reveals her mom taught her to love her shape

Case 1:15-cv-07433-RWS Document 539-1 Filed 01/06/17 Page 5 of 9

Mexico and Little Saint James, a private 70-acre atoll in the US Virgin Islands.

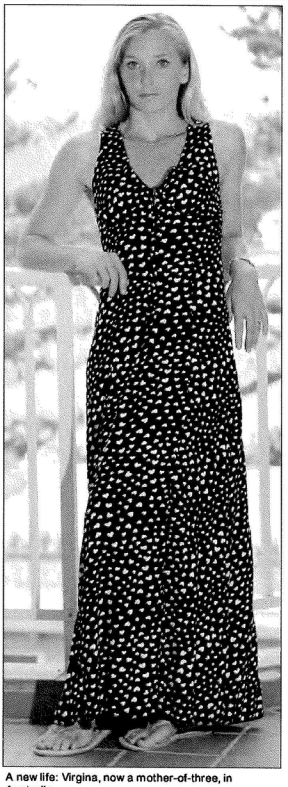

A new life: Virgina, now a mother-of-three, in Australia

Virginia says: 'Ghislaine said I was to start immediately and that someone would drive me home.

My father left and I was told to go upstairs.' She was led by another woman through Epstein's bedroom into a massage room where he lay face down naked on a table.

He started to interviewed Virginia. This was unconventional, but Virginia had no suspicions. Presumably, she thought, this was how the wealthy conducted their business.

Epstein elicited the information that Virginia had been a runaway, and was no longer a virgin.

Virginia was then told to start massaging Epstein, under the instructions of the woman who had shown her in. The massage quickly developed into a sexual encounter.

Virginia was uncomfortable, but reluctant to deny such important people. 'My face was red with embarrassment,' she says. 'But I felt under immense pressure to please them.

The whole time it was going on, they were promising me the world, that I'd travel with Jeffrey on his private jet and have a well-paid profession.' Afterwards, she was given two $100 bills and told to return the next day.

That was the beginning of the four years she spent with Epstein.

For three of those years, she was under Florida's age of consent, which is 18.

'I'd cry because there was nothing I could do to help': Bella Hadid pens emotional note about her mother Yolanda's Lyme disease battle and shares the impact of her own struggle

Has the Queen Bey lost her sting? Beyonce steps out in two questionable outfits as she recycles Super Bowl Reformation look She is still a trailblazer

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How to be like them

Brazilian Miss Bum Bum model reveals she is paralysed from the waist down after throwing herself from a fourth floor window in suicide attempt

Southern Charm stars claim Kathryn Dennis failed drug test in custody battle with wealthy drug-shamed former politician Thomas Ravenel as he takes their kids to NYC

Mini-me Barron joins parents Donald Trump and Melania at The Polo Bar for dinner the night before his 70th birthday (and Secret Service chauffeurs them the one block walk home)

Lord of the manor! Scott Disick views $2.8million property in Beverly Hills as he hunts for a house to fix up and sell
He is 33

Peek-a-boob! Heidi Klum flashes cleavage

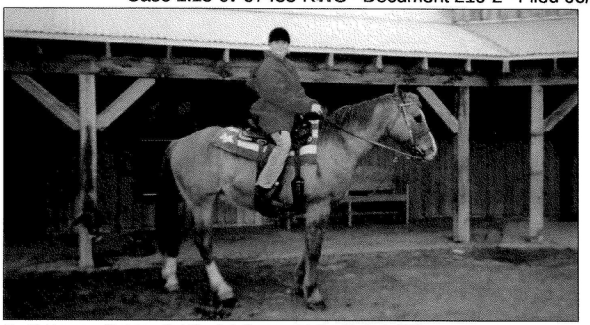

Troubled teenager: Virginia on the billionaire's Zorro ranch in New Mexico in 2001

Virginia was fascinated by his life story: the son of a humble New York City parks worker, he was a teacher before becoming a Wall Street broker and friends with the upper echelons of the political, financial and academic establishment.

As a confused teenager, Virginia easily fell into the practice of sexually gratifying him for money.

He guaranteed her a minimum of $200 each time she gave him what he called an 'erotic massage.'

Virginia said: 'I would always receive the money immediately. He would give me the cash from a wad he carried in a black duffel bag or an assistant paid me.

'And, because of the way Epstein had warped her sensibilities, every time she took the cash, Virginia felt even more indebted to him. Secretly, he was also preparing her for an even more disturbing role.

'Basically, I was training to be a prostitute for him and his friends who shared his interest in young girls,' she says: 'After about two years, he started to ask me to "entertain" his friends.'

**Epstein had trained me to do whatever men wanted. I told myself I was special**

It started when Epstein called Virginia at the Palm Beach apartment he had rented for her.

She recalls: 'He said, "I've got a good friend and I need you to fly to the island to entertain him, massage him and make him feel how you make me feel."

He didn't spell out what I had to do. He didn't have to. 'He'd trained me to do whatever a man wanted. I was shocked but I told myself he was sharing me around because he trusted me and I was special.

I was worried, but I would do anything to keep Jeffrey happy and to keep my place as his number one girl.

He would keep telling me how lucky I was with the life I was leading and the money I was making. It was easy to fall into his grasp.

'The way it usually worked was I'd be sent to meet a man on the private island Jeffrey owned in the Caribbean, or at his ranch in New Mexico, which was really isolated.' She was 'given' to men ranging in age from their 40s to their 60s.

They included a well-known businessman (whose pregnant wife was asleep in the next room), a world-renowned scientist, a respected liberal politician and a foreign head of state.

None appeared to think the arrangement was unusual. Virginia says there were many other girls in Epstein's circle and that she was paid extra money to help recruit them.

'They would lounge around the Palm Beach house, the ranch or the island, nude or topless,' she says. 'But I was one of the very few he trusted as "special" and chosen to "entertain" his friends.'

Virginia took the sedative Xanax to detach herself from sordid reality. 'It was an escape drug,' she says. 'It made me calm and helped me forget about what I had to do. I was up to eight pills a day.'

Epstein had no objection to Virginia's use of prescription drugs, no doubt recognising that they made her even more malleable. 'I didn't want to go back to the life I'd had before' she says.

'That made me totally obedient.' Despite the fact that Epstein was, essentially, her pimp, this life now seemed normal to Virginia. 'I felt that he and Ghislaine really cared for me,' she said.

'We'd do family things, like watch Sex And The City and eat popcorn. 'A lot of it was very glamorous. I met famous friends of his such as Al Gore and Heidi Klum and Naomi Campbell. He introduced me as his "travelling masseuse."

Some people mistook me for his daughter. 'When we were in New York or Palm Beach, Ghislaine and I would shop all day.

as she leaves her blouse undone across her chest during NYC outing with her children Mom-of-four

She's almost as tall as her mom! Courteney Cox's daughter Coco Arquette wears high heels and polka dot dress for her 12th birthday at Nobu

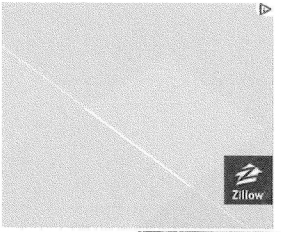


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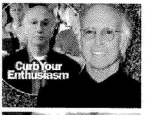


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Star of HBO's Vinyl

Case 1:15-cv-07433-RWS Document 21-2 Filed 06/15/15 Page 7 of 9

Jeffrey bought me jewellery – diamonds were his favourite – and wonderful furniture. He was paying me very well because I'd give him sex whenever he wanted it.'

She was, she says, delighted when Epstein invited her to accompany him on a six-week trip in 2001.

'He said we'd be going to Europe and North Africa to meet architects and interior decorators because he wanted to redo his New Mexico house.

I threw my arms around him and gave him a peck on the cheek.' They flew to Paris, then Spain, then Tangier.

Finally, they went to London. 'After we landed, we drove straight to Ghislaine's house,' says Virginia. 'I was given a small upstairs bedroom. The following morning, Ghislaine came in.

She was chirpy and jumped on the bed saying, "Get up, sleepyhead. You've got a big day. We've got to go shopping. You need a dress as you're going to dance with a Prince tonight."

'She said I needed to be "smiley" and bubbly because he was the Queen's son.

Ghislaine and I went to Burberry, where she bought me a £5,000 bag, and to a few other designer stores where we bought a couple of dresses, a pair of embroidered jeans and a pink singlet, perfume and make-up.

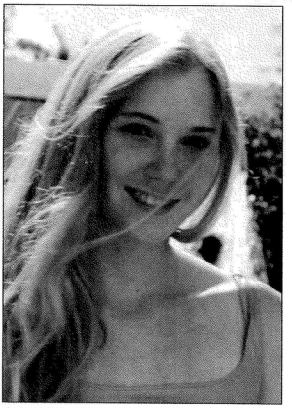

Counselling: Virginia at her mother's home at Palm Beach in 1998

We got back to Ghislaine's house at around 4pm and I ran straight upstairs to shower and dress.

When I went downstairs, Ghislaine and Jeffrey were in the lounge. There was a knock at the door. Ghislaine led Andrew in and we kissed each other on the cheek. 'Ghislaine served tea from a porcelain pot and biscuits. She knew Sarah Ferguson and they talked fondly about Andrew's daughters.

Then Ghislaine asked Andrew how old he thought I was and he guessed 17 and they all laughed. Ghislaine made a joke that I was getting too old for Jeffrey.

She said, "He'll soon have to trade her in." It was widely known that he liked young girls.' The four of them went out to dinner and on to Tramp nightclub where, she says, Andrew danced with her.

'After about an hour-and-a-half, we drove back to Ghislaine's.

All of us went upstairs and I asked Jeffrey to snap a picture of me with the Prince. I wanted something to show my Mom. Ghislaine and Jeffrey left us after that, and later Andrew left.

'In the morning, Ghislaine said, "You did well. He had fun". We flew straight back to the States.' The Mail on Sunday has confirmed that the tycoon's jet flew to Paris on March 6, 2001, continuing to Granada, Tangier and London, before returning to New York.

On the last leg of the trip, Virginia was paid about $15,000 (£9,400) by Epstein. 'It was amazing money, more than I'd ever made on a trip with him before.

He didn't say there was any special reason, but I felt like I'd done everything he wanted. He was very pleased.'

There is no suggestion that there was any sexual contact between Virginia and Andrew, or that Andrew knew that Epstein paid her to have sex with his friends.

However, the Prince must have been aware of Epstein's conviction when he stayed with him in New York in December.

**I took eight pills a day to help me forget what I had to do. It made me calm.**

Virginia says she met Andrew for a second time around Easter 2001 at Epstein's Manhattan mansion.

'When I got to the mansion, I was told, "Get ready. You are meeting someone in the office" – which is what they called the library. Andrew was sitting there in a big leather armchair.

Ghislaine had just given him a present, a big toy that was his Spitting Image puppet. 'He was smiling ear-to-ear. He looked like a kid whose parents were taking him to Disney World.

A beautiful girl called Johanna Sjoberg who worked for Jeffrey was sitting on Andrew's knee. Ghislaine guided me over to Andrew and I think he recognised me, though I don't know if he remembered my name.

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Skinny Girl founder

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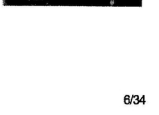

Charlie Sheen cuts a casual figure while out and about in Stockholm... After becoming the new face

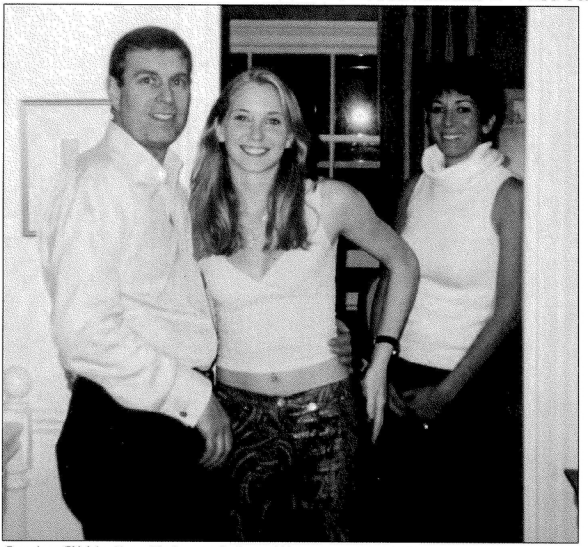

Organiser: Ghislaine Maxwell looks on as Andrew put his arm around Virginia. Robert Maxwell's daughter invited her to work as Epstein's personal masseuse soon after her 15th birthday

We kissed on the cheek and Ghislaine placed me on his other knee.' Johanna spoke to The Mail on Sunday three years ago about this incident, which took place when she was 21.

She said: 'Ghislaine put the puppet's hand on Virginia's breast, then Andrew put his hand on my breast. It was a great joke. Everybody laughed.' After this, Virginia was paid, by Epstein, around $400 (£250).'

She met Andrew for the third and final time on Epstein's Caribbean island, Little Saint James. Virginia was never under the British legal age of consent when she met Andrew. She was 17 during the first two encounters and 18 at the third.

By now, however, Epstein, had started to hint that she was getting 'too old' for him.

But during one trip to the island, Epstein and Ghislaine made their most astonishing proposition, and one which repulsed her. 'They said Jeffrey wanted me to have his child,' she says.

'They said I was part of their family and I was beautiful,young, loyal and nurturing and would be a great mother.

They said I would have to sign a contract relinquishing rights to the child and consenting to Jeffrey having as many relationships as he liked. In return I would have my own mansion in Palm Beach and a large monthly payment, a percentage of his income.'

This, finally, was a wake-up call to Virginia and she began to see the way in which she had been groomed.

'It was a smack in the face,' she says. 'I finally realised this wasn't ever going to be a real relationship but I knew if I refused, I'd be thrown back on the streets. So I said, "I'm too young. I want to get my massage credentials, then maybe we'll do it".'

The tycoon took her at her word and, for her 19th birthday in August 2002, flew her to Thailand where he enrolled her in a massage course.

Shortly after arriving there, she met an Australian martial arts expert called Robert. They fell in love and, just ten days later, married in a Buddhist ceremony.

'I called Jeffrey and told him I'd fallen madly in love,' Virginia says. 'I was hoping he'd be delighted. But he said, "Have a nice life," and hung up on me.' The couple now have two sons, aged five and four, and a daughter who recently turned one.

'The first few months after I married Robert were the worst,' she says. 'I couldn't bring myself to tell him much. No man wants to know his wife has been traded out.

'I felt very alone. I was having panic attacks and seeing a psychiatrist and was on anti-depressants.

' Virginia was beginning to put her Epstein days behind her when, three years ago, she was phoned by the FBI.

of condom brand Lelo Hex

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'They said they had found photos of me at Jeffrey's Palm Beach house,' she says. '[Epstein had] hidden cameras watching me the entire time even when I was in the bathroom. I was so embarrassed.

'I told the FBI that my true purpose was sexual. They told me everything he did was illegal because I was under age.' (The age of consent in Florida is 18).

'They said that if it had to go to trial, they'd need me because I'd lived with him and that made me a key witness. I was very afraid, because he had so much power, but eventually I agreed to testify.

I was glad he'd finally been found out. He shouldn't be hurting other girls. Following Epstein's arrest, investigators are believed to have found a list of men's names on his computer and asked him whether they had been 'treated' to sexual encounters with his menage of minors.

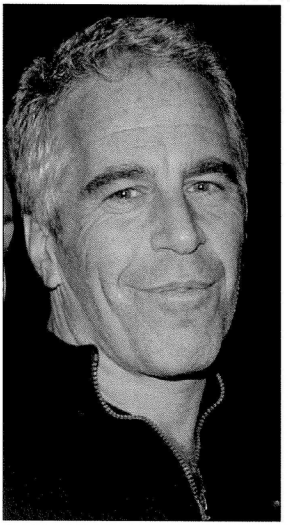

Conviction: Jeffrey Epstein

'He took the Fifth Amendment, refusing to answer, indicating that if he were to answer the question, it could be incriminating,' a source told The Mail on Sunday.

Epstein struck a deal resulting in what commentators characterised as a 'slap on the wrist' for him, and ended up serving 13 months of his sentence, much of it in a liberal work-release programme Lawyer Brad Edwards, who represented several of Epstein's victims, said: 'Rather than punish him the way they would an average Joe, they sent a clear message that with enough money and power and influence, the system can be bought.'

Virginia was spared her the humiliation of having to go before a jury, and has kept her feelings bottled up until last weekend's photograph of Andrew with Epstein triggered distressing memories.

Virginia says: 'I am appalled. To me, it's saying, "We are above the law." But Jeffrey is a monster.'

Last night, neither Epstein, Ghislaine Maxwell nor Prince Andrew would comment on Virginia's story.

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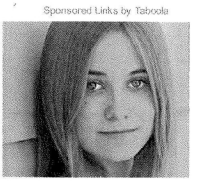

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She is 37

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Victoria's Secret Angel

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# Teenage girl recruited by paedophile Jeffrey Epstein reveals how she twice met Bill Clinton

By SHARON CHURCHER and POLLY DUNBAR FOR MAILONLINE
UPDATED: 19:53 EST, 5 March 2011

24
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As a New Yorker from humble beginnings, Jeffrey Epstein played on his blue-collar credentials and enormous wealth to extend tentacles of influence throughout America's liberal political elite.

During the outcry over the Epstein case, it emerged that another man with a notorious appetite for young women, Bill Clinton, travelled with Epstein to a number of destinations, including three times on the billionaire's private aircraft.

On one occasion, Epstein flew the former President, Hollywood actor and staunch Democrat Kevin Spacey and another actor friend of Mr Clinton's, Chris Tucker, to Africa, to 'discuss AIDS policy'.

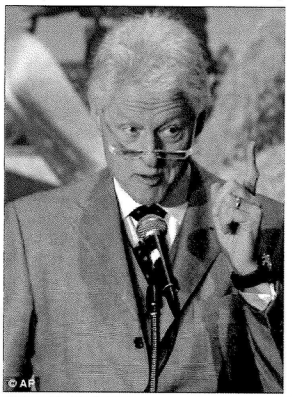


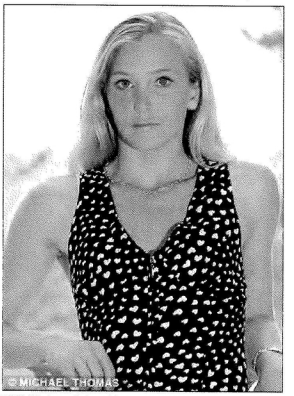


Claims: Virginia Roberts says she twice met ex-president Bill Clinton, pictured last month, but was never 'lent out'

Epstein, who has donated more than £75,000 over the years to candidates from the Democratic Party, also flew with Mr Clinton in November 2003 to destinations including Russia, Oslo, Hong Kong, Shanghai and Beijing.

Yet Virginia Roberts stresses that she was never 'lent out' to Mr Clinton.

On one occasion, she adds, Epstein did invite two young brunettes to a dinner which he gave on his Caribbean island for Mr Clinton shortly after he left office. But, as far as she knows, the ex-President did not take the bait.

'I'd have been about 17 at the time,' she says. 'I flew to the Caribbean with Jeffrey and then Ghislaine Maxwell went to pick up Bill in a huge black helicopter that Jeffrey had bought her.

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'She'd always wanted to fly and Jeffrey paid for her to take lessons, and I remember she was very excited because she got her licence around the first year we met.

'I used to get frightened flying with her but Bill had the Secret Service with him and I remember him talking about what a good job she did.

'I only ever met Bill twice but Jeffrey had told me that they were good friends.

'I asked, "How come?" and he laughed and said, "He owes me some favours." Maybe he was just joking but it constantly surprised me that people with as much to lose as Bill and [Prince] Andrew weren't more careful.

'Bill must have known about Jeffrey's girls. There were three desks in the living area of the villa on the island.

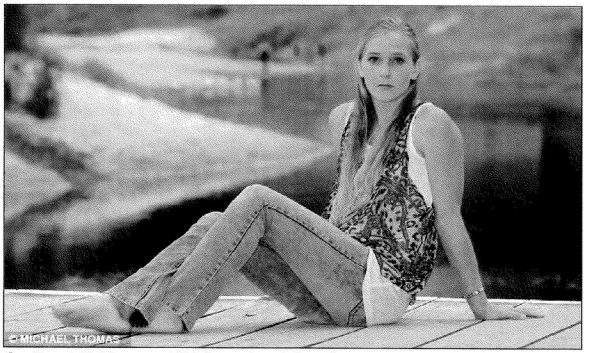

Speaking out: Virginia, now aged 26, in her new home in Australia

'They were covered with pictures of Jeffrey shaking hands with famous people and photos of naked girls, including one of me that Jeffrey had at all his houses, lying in a hammock.

'We all dined together that night. Jeffrey was at the head of the table. Bill was at his left. I sat across from him. Emmy Tayler, Ghislaine's blonde British assistant, sat at my right.

'Ghislaine was at Bill's left and at the left of Ghislaine there were two olive-skinned brunettes who'd flown in with us from New York.

'I'd never met them before. I'd say they were no older than 17, very innocent-looking.

'They weren't there for me. They weren't there for Jeffrey or Ghislaine because I was there to have sex with Jeffrey on the trip.

'Maybe Jeffrey thought they would entertain Bill, but I saw no evidence that he was interested in them. He and Jeffrey and Ghislaine seemed to have a very good relationship. Bill was very funny.

'He made me laugh a few times. And he and Jeffrey and Ghislaine told blokey jokes and the brunettes listened politely and giggled.

'After dinner I gave Jeffrey an erotic massage. I don't remember seeing Bill again on the trip but I assume Ghislaine flew him back.'

**'Bill must have known about Jeffrey's girls. There were three desks in the living area of the villa on the island... covered with photos of naked girls'**

According to prison records, when Epstein was serving his jail term, his visitors included a long-time – and highly controversial – Clinton acquaintance, Arnold Prosperi.

'In the final hours of the Clinton presidency, in January 2001, Prosperi was facing three years in prison after being convicted of tax fraud. Mr Clinton commuted his sentence to house arrest.

'Clinton, Prosperi and Epstein make an odd threesome on the face of it,' says a law enforcement source.

'Was Prosperi visiting Epstein as some kind of intermediary for Bill?

'Maybe Bill wanted to know if Epstein knew anything that could embarrass him. Or did Bill commute Prosperi's sentence as some kind of favour

for Epstein?'

Virginia disclosed that Mr Clinton's vice-president Al Gore and his wife, Tipper, were also guests of Epstein on his island.

Case 1:15-cv-07433-RWS Document 539-2 Filed 01/06/17 Page 4 of 5

© AFP/Getty Images

Guests: Virginia says she also met former Vice President Al Gore, pictured right with Mr Clinton

Last summer, the Gores abruptly announced that they were ending their supposedly fairytale marriage and, just weeks later, it emerged that Mr Gore – the famously sanctimonious global-warming disciple – had been accused of trying to force sex on a woman with whom he had booked a therapeutic massage at an Oregon hotel.

'I had no clue that anything was up,' Virginia says. 'The Gores seemed like a beautiful couple when I met them. All I knew was that Mr Gore was a friend of Jeffrey's and Ghislaine's. Jeffrey didn't ask me to give him a massage.

'There might have been a couple of other girls there on that trip but I could never have imagined this guy would do anything wrong. I was planning to vote for him when I turned 18. I thought he was awesome.'

Virginia said that yet another American liberal icon, President Obama's Middle East peace envoy Senator George Mitchell, frequently visited Epstein's New York residence.

Mr Mitchell, aged 77 – who previously led America's Northern Ireland peace initiative – 'was very close to Jeffrey,' Virginia recalled. 'He is very clean-cut. You wouldn't think of him being part of Jeffrey's crew.'

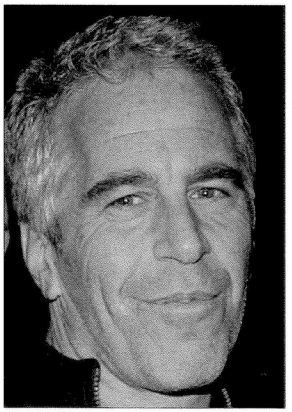

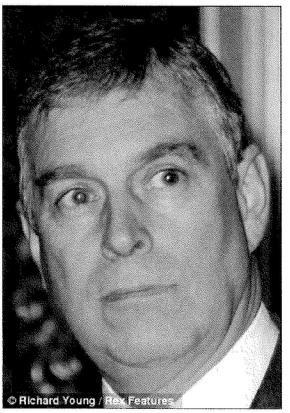
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Scandal: U.S. authorities want to interview Jeffrey Epstein (left) and may wish to quiz his friend, Prince Andrew

Epstein's contacts book contains a work and a home telephone number for the senator.

Another acquaintance was Israel defence secretary Ehud Barak, whose spokesman told The Mail on Sunday: 'Mr Barak did attend several small functions in Mr Epstein's home in New York that were usually attended by leading businessman, university presidents, Nobel Prize Laureates and prominent public figures.'

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Mixing business with pleasure! Bodysuit-clad EJ Johnson gets in some retail therapy before filming his yet-to-air New York reality show

Seth Myers 'bans' Trump from appearing on NBC's Late Night

Case 1:15-cv-07433-RWS Document 216-3 Filed 06/15/16 Page 9 of 5

Epstein's many Hollywood pals include Matt Groening, creator of The Simpsons.

'Jeffrey once had me give Matt a foot massage when he was flying on the jet with us,' Virginia says.

'He laughed and did drawings of Bart and Homer for my little brother and my dad.

'I also met Naomi Campbell at a birthday party of hers on a yacht in the South of France. She is a friend of Ghislaine's but she was a real bitch to me.

'She was very fake. She turned away from me when we were introduced by Ghislaine and Jeffrey.

'Donald Trump was also a good friend of Jeffrey's. He didn't partake in sex with any of us but he flirted with me. He'd laugh and tell Jeffrey, "You've got the life." '

Palm Beach Police say Epstein seemed utterly unfazed by the allegations against him when they began their long and detailed investigation.

© AP

'Jeffrey's crew: Middle East peace envoy George Mitchell, right, pictured with President Barack Obama and U.S. Secretary of State Hilary Clinton, frequently visited Epstein¿s New York residence, Virginia also claims

But he also took his defence very seriously indeed. Epstein engaged his friend, the Harvard law professor Alan Dershowitz – whose celebrity clients have included Mike Tyson, Patty Hearst, Claus von Bulow and O.J. Simpson – to run his legal defence.

He also employed a firm of private investigators to investigate the backgrounds of the girls.

Detectives painstakingly built a case which they believed showed that Epstein systematically paid teenage girls to recruit other teenage girls to his sex ring.

However, as the investigation continued, they found that Epstein's team had already spoken to key witnesses, suggesting that the financier would reward those who helped him.

In addition, Epstein's defence team agreed to the unusual move of suggesting that the alleged victims sue Epstein in the civil courts. The result was a plea bargain in which Epstein admitted a single charge of soliciting an underage girl for prostitution – a deal which infuriated many police officers who worked on the case.

More than 20 of Epstein's girls are said to have sued him for damages. At least 17 have settled out of court.

Mr Clinton, Mr Gore and Mr Mitchell were all contacted about their friendship with Epstein but declined to comment.

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show - but admits the presidential hopeful wasn't going to come on anyway

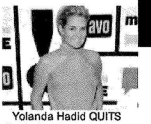

Yolanda Hadid QUITS Real Housewives of Beverly Hills to 'bring back privacy' to her life after dramatic season that documented her divorce and accusations she was faking illness

Victoria Beckham shows a hint of sideboob and flash of leg as she flaunts her sartorial sass for cover of Vogue Korea
Striking shoot

A mellow day! Rumer Willis dresses down in a grey maxi dress as she hangs out with a friend in West Hollywood
Taking a break from the presidential campaign

Catherine Zeta-Jones' daughter Carys is her doppelgänger as the pair arrive in London with Michael Douglas and son Dylan
Family trip

Stephen Colbert compares Trump to a NAZI as he draws a swastika on chalkboard while trying to 'figure out' Obama's response to Orlando massacre

Grieving Adam Levine is pictured playing golf in first outing since Christina Grimmie's death... after offering to pay for the Voice star's funeral

Does North West have her own glam squad? Kim Kardashian 'hires daughter $5k a week team including hairstylist and manicurist'

The smile's back! Demi Lovato appears happy at airport while looking chic in olive coat as she recovers from Wilmer Valderrama shock split
Wore classic combo

'I'm not killing off Harrison Ford': Steven Spielberg reveals he won't end Indiana Jones' life in next film as he gives rare interview
Good news for Ford!

# EXHIBIT C

# Statement on Behalf of Ghislaine Maxwell

BY DEVONSHIRES SOLICITORS, PRNE
WEDNESDAY, MARCH 9, 2011

LONDON, March 10, 2011 - Ghislaine Maxwell denies the various allegations about her
that have appeared recently in the media. These allegations are all entirely
false.

It is unacceptable that letters sent by Ms Maxwell's legal representatives to certain newspapers pointing out the truth and asking for
the allegations to be withdrawn have simply been ignored.

In the circumstances, Ms Maxwell is now proceeding to take legal action against those newspapers.

"I understand newspapers need stories to sell copies. It is well known that certain newspapers live by the adage, "why let the truth get
in the way of a good story." However, the allegations made against me are
abhorrent and entirely untrue and I ask that they stop," said Ghislaine
Maxwell.

"A number of newspapers have shown a complete lack of accuracy
in their reporting of this story and a failure to carry out the most
elementary investigation or any real due diligence. I am now taking action to
clear my name," she said.

```
Media contact:

Ross Gow
Acuity Reputation
Tel: +44-203-008-7790
Mob: +44-7778-755-251
Email: ross@acuityreputation.com
```

Media contact: Ross Gow, Acuity Reputation, Tel: +44-203-008-7790, Mob: +44-7778-755-251, Email: ross at acuityreputation.com

Filed under: Government and Policy, Law, Media

Tags: Devonshires Solicitors, London, March 10, United Kingdom

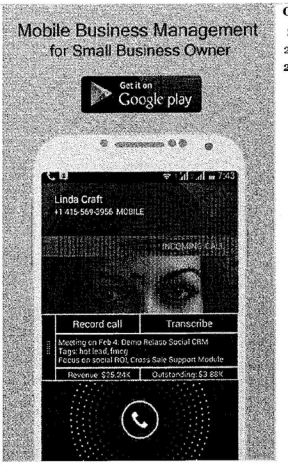


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## GOVERNMENT AND POLICY NEWS

CSA Group Selects Frankfurt, Germany for new European Headquarters

The First International Gateway to Africa Conference in Geneva: Africa's Challenges Today and Tomorrow

Central Saint Martins and Method Launch Accelerator to Drive Innovation and Support UK Economic Growth

North East Lincolnshire Council Employees' Ideas Win Votes

## MARCH 10 NEWS

Tech Mahindra Opens a new Development Centre in Bonn, Germany

Website Optimisation and Internet Marketing From Weblinx

Sir Paul McCartney Supports BUAV Campaign to end Cruel

EXHIBIT 26
Giuffre
AGREN BLANDO REPORTING
5/3/16 KAM

# REDACTED
# EXHIBIT D

# EXHIBIT E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.:08-CV-80736-KAM

JANE DOE 1 and JANE DOE 2,

Petitioners,

vs.

UNITED STATES OF AMERICA,

Respondent.

_____/

**ORDER DENYING PETITIONERS' MOTION TO JOIN UNDER RULE 21 AND MOTION TO AMEND UNDER RULE 15**

This cause is before the Court on Jane Doe 3 and Jane Doe 4's Corrected Motion Pursuant to Rule 21 for Joinder in Action ("Rule 21 Motion") (DE 280), and Jane Doe 1 and Jane Doe 2's Protective Motion Pursuant to Rule 15 to Amend Their Pleadings to Conform to Existing Evidence and to Add Jane Doe 3 and Jane Doe 4 as Petitioners ("Rule 15 Motion") (DE 311). Both motions are ripe for review. For the following reasons, the Court concludes that they should be denied.

## I. Background

This is an action by two unnamed petitioners, Jane Doe 1 and Jane Doe 2, seeking to prosecute a claim under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771. (DE 1). Generally, they allege that the respondent Government violated their rights under the CVRA by failing to consult with them before negotiating a non-prosecution agreement with Jeffrey Epstein, who subjected them to various sexual crimes while they were minors. (Id.). Petitioners initiated this action in July 2008. (Id.).

On December 30, 2014, two other unnamed victims, Jane Doe 3 and Jane Doe 4, moved to join as petitioners in this action pursuant to Federal Rule of Civil Procedure 21. (DE 280). Petitioners (Jane Doe 1 and Jane Doe 2) support the Rule 21 Motion. (Id. at 11). Jane Doe 3 and Jane Doe 4 argue that they "have suffered the same violations of their rights under the [CVRA] as the" Petitioners, and they "desire to join in this action to vindicate their rights as well." (Id. at 1). The Government vehemently opposes joinder under Rule 21. (DE 290). The Government argues that Rule 15 is the proper procedural device for adding parties to an action, not Rule 21. (Id. at 1).

"[O]ut of an abundance of caution," Petitioners filed a motion to amend their petition under Rule 15, conforming the petition to the evidence and adding Jane Doe 3 and Jane Doe 4 as petitioners. (DE 311 at 2). The Government opposes the Rule 15 Motion as well. (DE 314). Among other things, the Government argues that amending the petition to include Jane Doe 3 and Jane Doe 4 should be denied because of their undue delay in seeking to join the proceedings, and the undue prejudice that amendment will cause. (Id.).

After considering the parties' submissions and the proposed amended petition, the Court finds that justice does not require amendment in this instance and exercises its discretion to deny the amendment.

## II. Discussion

"The decision whether to grant leave to amend a complaint is within the sole discretion of the district court." Laurie v. Ala. Ct. Crim. Apps., 256 F.3d 1266, 1274 (11th Cir. 2001). "The court should freely give leave when justice so requires." Fed. R. Civ. P. 15(a)(2). Justice does not require amendment in several instances, "includ[ing] undue delay, bad faith, dilatory motive

on the part of the movant, . . . undue prejudice to the opposing party by virtue of allowance of the amendment, [and] futility of amendment.'" Laurie, 256 F.3d at 1274 (quoting Foman v. Davis, 371 U.S. 178, 182 (1962)). In addition to considering the effect of amendment on the parties, the court must consider "the importance of the amendment on the proper determination of the merits of a dispute." 6 Wright & Miller, Fed. Prac. & Fed. P. § 1488, p. 814 (3d ed. 2010). Justice does not require amendment where the addition of parties with duplicative claims will not materially advance the resolution of the litigation on the merits. See Herring v. Delta Air Lines, Inc., 894 F.2d 1020, 1024 (9th Cir. 1989).

**A. Rule 21 Motion**

Jane Doe 3 and Jane Doe 4's first attempt to join in this proceeding was brought under Rule 21. (DE 280). "If parties seek to add a party under Rule 21, courts generally use the standard of Rule 15, governing amendments to pleadings, to determine whether to allow the addition." 12 Wright & Miller, Fed. Prac. & Fed. P., p. 432 (3d ed. 2013); see also Galustian v. Peter, 591 F.3d 724, 729-30 (4th Cir. 2010) (collecting cases and noting that Rule 15(a) applies to amendments seeking to add parties); Frank v. U.S. West, Inc., 3 F.3d 1357, 1365 (10th Cir. 1993) ("A motion to add a party is governed by Fed. R. Civ. P. 15(a) . . . .").

Rule 21, "Misjoinder and Non-joinder of Parties," provides the court with a tool for correcting the "misjoinder" of parties that would otherwise result in dismissal. Fed. R. Civ. P. 21. Insofar as Rule 21 "relates to the addition of parties, it is intended to permit the bringing in of a person, who through inadvertence, mistake or for some other reason, had not been made a party and whose presence as a party is later found necessary or desirable." United States v. Com. Bank of N. Am., 31 F.R.D. 133, 135 (S.D.N.Y. 1962) (internal quotation marks omitted).

In their Rule 21 Motion, Jane Doe 3 and Jane Doe 4 do not claim that they were omitted from this proceeding due to any "inadvertence" or "mistake" by Petitioners; rather, they seek to join this proceeding as parties that could have been permissively joined in the original petition under Rule 20 ("Permissive Joinder of Parties"). As courts generally use the standards of Rule 15 to evaluate such circumstances, the Court will consider the joinder issue as presented in the Rule 15 Motion.[1] The Court will consider the arguments presented in the Rule 21 Motion as if they are set forth in the Rule 15 Motion as well. Because the arguments are presented in the Rule 15 Motion (and because the Court is denying the Rule 15 Motion on its merits, as discussed below), the Rule 21 Motion will be denied.

The Court also concludes that portions of the Rule 21 Motion and related filings should be stricken from the record. Pending for this Court's consideration is a Motion for Limited Intervention filed by Alan M. Dershowitz, who seeks to intervene to "strike the outrageous and impertinent allegations made against him and [to] request[] a show cause order to the attorneys that have made them." (DE 282 at 1). The Court has considered Mr. Dershowitz's arguments, but it finds that his intervention is unnecessary as Federal Rule of Civil Procedure 12(f) empowers the Court "on its own" to "strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." Fed. R. Civ. P. 12(f).

Petitioners' Rule 21 Motion consists of relatively little argumentation regarding why the Court should permit them to join in this action: they argue that (1) they were sexually abused by

---

[1] The Court notes that, regardless of which motion it considers, the same standard governs the addition of parties under Rule 21 and Rule 15. See Goston v. Potter, No. 08-cv-478 FJS ATB, 2010 WL 4774238, at *5 (N.D.N.Y. 2010) (citing Bridgeport Music, Inc. v. Universal Music Grp., Inc., 248 F.R.D. 408, 412 (S.D.N.Y. 2008)).

Jeffrey Epstein, and (2) the Government violated their CVRA rights by concealing the non-prosecution agreement with them. (DE 280 at 3; see id. at 7-8). However, the bulk of the Rule 21 Motion consists of copious factual details that Jane Doe 3 and Jane Doe 4 "would prove" "[i]f allowed to join this action." (Id. at 3, 7). Specifically, Jane Doe 3 proffers that she could prove the circumstances under which a non-party introduced her to Mr. Epstein, and how Mr. Epstein sexually trafficked her to several high-profile non-party individuals, "including numerous prominent American politicians, powerful business executives, foreign presidents, a well-known Prime Minister, and other world leaders." (Id. at 3-6). She names several individuals, and she offers details about the type of sex acts performed and where they took place. (See id. at 5).[2]

At this juncture in the proceedings, these lurid details are unnecessary to the determination of whether Jane Doe 3 and Jane Doe 4 should be permitted to join Petitioners' claim that the Government violated their rights under the CVRA. The factual details regarding with whom and where the Jane Does engaged in sexual activities are immaterial and impertinent to this central claim (i.e., that they were known victims of Mr. Epstein and the Government owed them CVRA duties), especially considering that these details involve non-parties who are not related to the respondent Government. These unnecessary details shall be stricken.

The original Rule 21 Motion (DE 279) shall be stricken in its entirety, as it is wholly superseded by the "corrected" version of the Rule 21 Motion (DE 280). From the corrected Rule 21 Motion, the Court shall strike all factual details regarding Jane Doe 3 between the following sentences: "The Government then concealed from Jane Doe #3 the existence of its NPA from

[2] Jane Doe 4's proffer is limited to sexual acts between Mr. Epstein and herself. (See DE 280 at 7-8).

Jane Doe #3, in violation of her rights under the CVRA" (id. at 3); and "The Government was well aware of Jane Doe #3 when it was negotiating the NPA, as it listed her as a victim in the attachment to the NPA" (id. at 6). As none of Jane Doe 4's factual details relate to non-parties, the Court finds it unnecessary to strike the portion of the Rule 21 Motion related to her circumstances. Regarding the Declaration in support of Petitioners' response to Mr. Dershowitz's motion to intervene (DE 291-1), the Court shall strike paragraphs 4, 5, 7, 11, 13, 15, 19 through 53, and 59, as they contain impertinent details regarding non-parties. Regarding the Declaration of Jane Doe 3 in support of the Rule 21 Motion (DE 310-1), the Court shall strike paragraphs 7 through 12, 16, 39, and 49, as they contain impertinent details regarding non-parties. Jane Doe 3 is free to reassert these factual details through proper evidentiary proof, should Petitioners demonstrate a good faith basis for believing that such details are pertinent to a matter presented for the Court's consideration.

As mentioned, Mr. Dershowitz moves to intervene "for the limited purposes of moving to strike the outrageous and impertinent allegations made against him and requesting a show cause order to the attorneys that have made them." (DE 282 at 1). As the Court has taken it upon itself to strike the impertinent factual details from the Rule 21 Motion and related filings, the Court concludes that Mr. Derschowitz's intervention in this case is unnecessary. Accordingly, his motion to intervene will be denied as moot.[3] Regarding whether a show cause order should

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[3] This also moots Mr. Dershowitz's Motion for Leave to File Supplemental Reply in Support of Motion for Limited Intervention. (DE 317). Denying Mr. Dershowitz's motion to intervene also renders moot Petitioners' motion (DE 292) to file a sealed document supporting its response to Mr. Dershowitz's motion. It will accordingly be denied as moot, and DE 293 (the sealed response) will be stricken from the record.

issue, the Court finds that its action of striking the lurid details from Petitioners' submissions is sanction enough. However, the Court cautions that all counsel are subject to Rule 11's mandate that all submissions be presented for a proper purpose and factual contentions have evidentiary support, Fed. R. Civ. P. 11(b)(1) and (3), and that the Court may, on its own, strike from any pleading "any redundant, immaterial, impertinent, or scandalous matter," Fed. R. Civ. P. 12(f).

**B. Rule 15 Motion**

Between their two motions (the Rule 21 Motion and Rule 15 Motion), Jane Doe 3 and Jane Doe 4 assert that "they desire to join in this action to vindicate their rights [under the CVRA] as well." (DE 280 at 1). Although Petitioners already seek the invalidation of Mr. Epstein's non-prosecution agreement on behalf of all "other similarly-situated victims" (DE 189 at 1; DE 311 at 2, 12, 15, 18-19), Jane Doe 3 and Jane Doe 4 argue that they should be fellow travelers in this pursuit, lest they "be forced to file a separate suit raising their claims" resulting in "duplicative litigation" (DE 280 at 11). The Court finds that justice does not require adding new parties this late in the proceedings who will raise claims that are admittedly "duplicative" of the claims already presented by Petitioners.

The Does' submissions demonstrate that it is entirely unnecessary for Jane Doe 3 and Jane Doe 4 to proceed as parties in this action, rather than as fact witnesses available to offer relevant, admissible, and non-cumulative testimony. (See, e.g., DE 280 at 2 (Jane Doe 3 and Jane Doe 4 "are in many respects similarly situated to the current victims"), 9 ("The new victims will establish at trial that the Government violated their CVRA rights in the same way as it violated the rights of the other victims."), 10 (Jane Doe 3 and Jane Doe 4 "will simply join in motions that the current victims were going to file in any event."), 11 (litigating Jane Doe 3 and

Jane Doe 4's claims would be "duplicative"); DE 298 at 1 n.1 ("As promised . . . Jane Doe No. 3 and Jane Doe No. 4 do not seek to expand the number of pleadings filed in this case. If allowed to join this action, they would simply support the pleadings already being filed by Jane Doe No. 1 and Jane Doe No. 2."); DE 311 at 5 n.3 ("[A]ll four victims (represented by the same legal counsel) intend to coordinate efforts and avoid duplicative pleadings."), 15 (Jane Doe 3 and Jane Doe 4 "challenge the same secret agreement i.e., the NPA that the Government executed with Epstein and then concealed from the victims. This is made clear by the proposed amendment itself, in which all four victims simply allege the same general facts.")). As the Does argue at length in their Rule 15 Motion, Jane Doe 1's original petition "specifically allege[s] that the Government was violating not only her rights but the rights of other similarly-situated victims." (DE 311 at 2). The Court fails to see why the addition of "other similarly-situated victims" is now necessary to "vindicate their rights as well." (DE 280 at 1).

Of course, Jane Doe 3 and Jane Doe 4 can participate in this litigated effort to vindicate the rights of similarly situated victims there is no requirement that the evidentiary proof submitted in this case come only from the named parties. Petitioners point out as much, noting that, regardless of whether this Court grants the Rule 15 Motion, "they will call Jane Doe No. 3 as a witness at any trial." (DE 311 at 17 n.7). The necessary "participation" of Jane Doe 3 and Jane Doe 4 in this case can be satisfied by offering their properly supported and relevant, admissible, and non-cumulative testimony as needed, whether through testimony at trial (see DE 280 at 9) or affidavits submitted to support the relevancy of discovery requests[4] (see

[4] The non-party Jane Does clearly understand how to submit affidavits. (See DEs 291-1, 310-1).

id. at 10). Petitioners do not contend that Jane Doe 3 and Jane Doe 4's "participation in this case" can only be achieved by listing them as parties.

As it stands under the original petition, the merits of this case will be decided based on a determination of whether the Government violated the rights of Jane Doe 1, Jane Doe 2, and all "other similarly situated victims" under the CVRA. Jane Doe 3 and Jane Doe 4 may offer relevant, admissible, and non-cumulative evidence that advances that determination, but their participation as listed parties is not necessary in that regard. See Herring, 894 F.2d at 1024 (District court did not abuse its discretion by denying amendment where "addition of more plaintiffs . . . would not have affected the issues underlying the grant of summary judgment."); cf. Arthur v. Stern, 2008 WL 2620116, at *7 (S.D. Tex. 2008) (Under Rule 15, "courts have held that leave to amend to assert a claim already at issue in [another lawsuit] should not be granted if the same parties are involved, the same substantive claim is raised, and the same relief is sought.").[5] And, as to Jane Doe 4 at least, adding her as a party raises unnecessary questions about whether she is a proper party to this action.[6]

Petitioners also admit that amending the petition to conform to the evidence by including references to the non-prosecution agreement itself is "unnecessary" as the "existing petition is broad enough to cover the developing evidence in this case." (DE 311). The Court

---

[5] The Court expresses no opinion at this time whether any of the attestations made by Jane Doe 3 and Jane Doe 4 in support of their motion will be relevant, admissible, and non-cumulative.

[6] The Government contends that Jane Doe 4 is not a true "victim" in this case because she was not known at the time the Government negotiated the non-prosecution agreement, and accordingly she was not entitled to notification rights under the CVRA. (See DE 290 at 10). Any "duplicative" litigation filed by Jane Doe 4 would necessarily raise the issue of whether she has standing under the CVRA under these circumstances.

agrees, and it concludes that justice does not require amending the petition this late in the proceedings.

## III. Conclusion

Accordingly, it is hereby **ORDERED AND ADJUDGED** as follows: the Rule 21 Motion (DE 280) is **DENIED**; the Rule 15 Motion (DE 311) is **DENIED**; Intervenor Dershowitz's Motion for Limited Intervention (DE 282) and Motion for Leave to File Supplemental Reply in Support of Motion for Limited Intervention (DE 317) are **DENIED AS MOOT**; Petitioners' Motion to Seal (DE 292) is **DENIED AS MOOT**; the following materials are hereby **STRICKEN** from the record:

- DE 279, in its entirety.
- DE 280, all sentences between the following sentences: "The Government then concealed from Jane Doe #3 the existence of its NPA from Jane Doe #3, in violation of her rights under the CVRA" (DE 280 at 3); and "The Government was well aware of Jane Doe #3 when it was negotiating the NPA, as it listed her as a victim in the attachment to the NPA" (DE 280 at 6).
- DE 291-1, paragraphs 4, 5, 7, 11, 13, 15, 19 through 53, and 59.
- DE 310-1, paragraphs 7 through 12, 16, 39, and 49.
- DE 293, in its entirety.

**DONE AND ORDERED** in chambers at West Palm Beach, Palm Beach County, Florida, this 6th day of April, 2015.

KENNETH A. MARRA
United States District Judge

# EXHIBIT F

From: <ross@acuityreputation.com>
Date: 2 January 2015 at 20:38
Subject: Ghislaine Maxwell
To: Rossacuity Gow <ross@acuityreputation.com>
bcc: martin.robinson@mailonline.co.uk,
P.Peachey@independent.co.uk,
nick.sommerlad@mirror.co.uk,
david.brown@thetimes.co.uk,
nick.alway@bbc.co.uk,
jo-anne.pugh@bbc.co.uk

To Whom It May Concern,
Please find attached a quotable statement on behalf of Ms Maxwell.

No further communication will be provided by her on this matter.
Thanks for your understanding.
Best
Ross

Ross Gow
ACUITY Reputation

Jane Doe 3 is Virginia Roberts - so not a new individual. The allegations made by Victoria Roberts against Ghislaine Maxwell are untrue. The original allegations are not new and have been fully responded to and shown to be untrue.

Each time the story is re told it changes with new salacious details about public figures and world leaders and now it is alleged by Ms Roberts that Alan Derschowitz is involved in having sexual relations with her, which he denies.

Ms Roberts claims are obvious lies and should be treated as such and not publicised as news, as they are defamatory.

Ghislaine Maxwell's original response to the lies and defamatory claims remains the same. Maxwell strongly denies allegations of an unsavoury nature, which have appeared in the British press and elsewhere and reserves her right to seek redress at the repetition of such old defamatory claims.

Sent from my BlackBerry® wireless device

# REDACTED
# EXHIBITS G-KK

# EXHIBIT LL

# ARTICLES OF INCORPORATION

In compliance with Chapter 617, F.S., (Not for Profit)

***ARTICLE I NAME***

The name of the corporation shall be: Victims Refuse Silence, Inc.

***ARTICLE II PRINCIPAL OFFICE***

| Principal street address: | Mailing address, if different is: |
|---|---|
| 425 North Andrews Ave. | |
| Suite 2 | |
| Fort Lauderdale, FL 33301 | |

***ARTICLE III PURPOSE***

The purpose for which the corporation is organized is: Victims Refuse Silence, Inc. is organized exclusively for charitable and educational purposes including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. The corporation is organized to provide assistance to victims of sexual abuse as well as victims of human trafficking. Upon the dissolution of Victims Refuse Silence, Inc., assets shall be distributed for one or more exempt purpose within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

***ARTICLE IV MANNER OF ELECTION*** The manner in which the directors are elected and appointed: The manner in which the directors are elected or appointed is provided in the bylaws of the Corporation.

***ARTICLE V INITIAL OFFICERS AND/OR DIRECTORS***

| | | | |
|---|---|---|---|
| Name and Title: | Virginia Roberts, Director | Name and Title: | |
| Address | 425 North Andrews Ave. | Address: | |
| | Suite 2 | | |
| | Fort Lauderdale, FL 33301 | | |
| Name and Title: | Bradley J. Edwards, Director | Name and Title: | |
| Address | 425 North Andrews Ave. | Address: | |
| | Suite 2 | | |
| | Fort Lauderdale, FL 33301 | | |
| Name and Title: | Brittany N. Henderson, Director | Name and Title: | |
| Address | 425 North Andrews Ave. | Address: | |
| | Suite 2 | | |
| | Fort Lauderdale, FL 33301 | | |

FILED
14 DEC 23 PM 12:25

Name and Title: _____ Name and Title: _____

Address _____ Address: _____

Name and Title: _____ Name and Title: _____

Address _____ Address: _____

***ARTICLE VI REGISTERED AGENT***

The **name and Florida street address** (P.O. Box **NOT** acceptable) of the registered agent is:

Name: Bradley J. Edwards

Address: 425 North Andrews Ave., Suite 2
Fort Lauderdale, FL 33301

FILED
14 DEC 23 PM 12: 25
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

***ARTICLE VII INCORPORATOR***

The **name and address** of the Incorporator is:

Name: Brittany N. Henderson

Address: 425 North Andrews Ave., Suite 2
Fort Lauderdale, FL 33301

***Having been named as registered agent to accept service of process for the above stated corporation at the place designated in this certificate, I am familiar with and accept the appointment as registered agent and agree to act in this capacity***

Required Signature of Registered Agent — Date: 12-17-14

***I submit this document and affirm that the facts stated herein are true. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.***

Required Signature of Incorporator — Date: 12/17/14

2015 FLORIDA NOT FOR PROFIT CORPORATION AMENDED ANNUAL REPORT

**FILED**
**Apr 22, 2015**
**Secretary of State**
**CC7801725405**

DOCUMENT# N14000011657

**Entity Name: VICTIMS REFUSE SILENCE, INC.**

**Current Principal Place of Business:**

425 NORTH ANDREWS AVE., SUITE 2
FORT LAUDERDALE, FL 33301

**Current Mailing Address:**

425 NORTH ANDREWS AVE., SUITE 2
FORT LAUDERDALE, FL 33301

**FEI Number: 47-2627774**

**Certificate of Status Desired:** Yes

**Name and Address of Current Registered Agent:**

EDWARDS, BRADLEY J
425 NORTH ANDREWS AVE., SUITE 2
FORT LAUDERDALE, FL 33301 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

SIGNATURE: _____

Electronic Signature of Registered Agent — Date

**Officer/Director Detail :**

| | | | |
|---|---|---|---|
| Title | PRESIDENT, DIRECTOR | Title | VP, DIRECTOR |
| Name | GIUFFRE, VIRGINIA L | Name | GARVIN, MARGARET A |
| Address | 425 NORTH ANDREWS AVE., SUITE 2 | Address | 425 NORTH ANDREWS AVE., SUITE 2 |
| City-State-Zip: | FORT LAUDERDALE FL 33301 | City-State-Zip: | FORT LAUDERDALE FL 33301 |
| Title | SECRETARY, DIRECTOR | | |
| Name | HENDERSON, BRITTANY N | | |
| Address | 425 NORTH ANDREWS AVE., SUITE 2 | | |
| City-State-Zip: | FORT LAUDERDALE FL 33301 | | |

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am an officer or director of the corporation or the receiver or trustee empowered to execute this report as required by Chapter 617, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: BRITTANY N HENDERSON — DIRECTOR — 04/22/2015

Electronic Signature of Signing Officer/Director Detail — Date

# REDACTED
# EXHIBIT MM

**From**: Ens, Amanda [redacted]
**Sent**: 1/27/2017 8:03:49 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: Meet with our Global Head of Commodities - Monday at 10:15am at One Bryant Park
**Attachments**: image001.png

**Importance**: High

Please let me know if you're interested in joining a small group meeting with our head of Global Commodities. Apologies for the short notice but they just created this based on client request.

- Monday, January 30 at 10:15am at One Bryant Park (42nd St & 6th Ave), Room 5F

**Francisco Blanch** is a managing director and head of Global Commodities and Derivatives Research. Regular Research publications include: The Global Energy Weekly, Commodity Portfolio Monthly and Quantitative Investment Strategies Monthly. Research produced by the Commodities, Asset Allocation, and Global Derivatives teams has been recognized by Institutional Investor, Extel, Greenwich, Bloomberg, or Energy Risk, among others. Previously he was Head of Global Asset Allocation Research. Prior to joining Merrill Lynch, Blanch was an energy economist focusing on global oil & gas in the commodity research group at Goldman Sachs & Co. and consulted for the European Commission and other public and private organizations. Blanch has a masters degree in public administration from Harvard University and a doctorate in economics from Complutense University of Madrid.

**Key topics of discussion:**
1 – **OPEC / Saudi Policy** - OPEC agreed to cut production by 1.2mb/d, along with 600kb/d from non-OPEC producers. Francisco believes Saudi's key objective will be to push the oil forward curve into backwardation to 1)lower global refinery margins 2) lower prices for forward sellers and prevent capex spending 3) reduce downside oil price risks. Francisco believes it is in OPEC's best interest to comply with the stated cuts, and thins Saudi remains under significant pressure to either achieve higher oil prices, or inevitably de-peg the Riyal.

2 - **Oil fundamentals** - OPEC's cut has significant implications for supply/demand balances and throws the global market into a meaningful deficit for 2017. We estimate the global market will be in a 560kb/d deficit throughout 2017. US Shale output remains a headwind for a rebound in global balances and will vary with price. Given our $59/bbl 2017 outlook for WTI, Francisco believes shale will reverse its current trend before rebounding sequentially by 660kb/d between 2Q17 and 4Q17.

3 – **US Energy Policy / Trump Administration** – Francisco views the likelihood for Trump's administration to implement a border adjustment tax to be extremely low, but recognizes that if a tax was imposed, it would have profound implications for EM demand and the WTI/Br arb. The appointment of key cabinet members Rex Tillerson, Rick Perry, and Scott Pruitt pose significant implications for the US energy sector.

4 – **Commodity Macro** – Forward inflation expectations around the world have jumped sharply since Trump's victory. So far, rising inflation and steeper yield curves have neutralized the strong dollar, pushing commodities higher. We believe the recent breakdown in USD/Oil correlation since OPEC/Fed can persist so long as inflation expectations remain supported. However, a toxic mix of much faster-than-anticipated US interest rate hikes, a much stronger USD, and a trade war with China pose risks.

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# ARTIFICIAL INTELLIGENCE ADVERSE OUTCOMES & TEAMS

## 1) FINANCIAL MARKETS

*AI, Trading Systems, and Market Manipulation*
**Chair**: Michael Wellman
**Red Team:** Miles Brundage, Randy Bryant, Gary Marchant, Jaan Tallinn
**Blue Team**: Michael Littman, Frank Wilczek, Greg Cooper, Yan Shoshitaishvili

## 2) DEMOCRACY, INFORMATION, AND IDENTITY

*AI, Information, and Democracy*
**Chair**: Shahar Avin
**Red Team:** Miles Brundage, Seán Ó hÉigeartaigh, Andrew Maynard, Eric Horvitz
**Blue Team**: Gary Marchant, Gireeja Ranade, Michael Littman, Subbarao Kambhampati

## 3) WAR & PEACE

*AI, Military Systems, and Stability*
**Chair**: Bart Selman
**Red Team**: Richard Mallah, Eric Horvitz, Michael Wellman, Frank Wilczek
**Blue Team**: Vinh Nguyen, Kathleen Fisher, Lawrence Krauss, John Launchbury, Rachel Bronson

## 4) AI, CYBERSECURITY, AND AI ATTACK SURFACES

*AI Attacks on Computing Systems, Devices, Infrastructure*
*Manipulation & Disruption of AI Systems*
**Chair**: Kathleen Fisher
**Red Team**: Jeffrey Coleman, John Launchbury, Vinh Nguyen, Mauno Pihelgas
**Blue Team**: Ashish Kapoor, Randy Bryant, Yan Shoshitaishvili, Ben Zorn

## 5) AI, GOALS, AND INADVERTENT SIDE EFFECTS

*Runaway Resource Monopoly*
*Self-Improvement, Shift of Objectives*
**Chair**: Seán Ó hÉigeartaigh
**Red Team**: Jaan Tallinn, Nate Soares, Jeff Coleman, Bart Selman
**Blue Team**: Dario Amodei, Greg Cooper, Shahar Avin, Ben Zorn

## 6) DEEP LONG-TERM SOCIETAL INFLUENCES

*AI, Agency, and Disempowerment*
**Chair**: Gireeja Ranade
**Red Team**: Richard Mallah, Andrew Maynard, Nate Soars, Mauno Pihelgas
**Blue Team**: Subbarao Kambhampati, Frank Wilczek, Lawrence Krauss, Dario Amodei



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## 1) FINANCIAL MARKETS

*AI, Trading Systems, and Market Manipulation*

(Incorporating contributions by Michael Wellman and others)

There has been advances in the realm of trading in financial markets with the use of autonomous decision systems. Financial markets now operate almost entirely electronically, over networks with relatively well-scoped and well-defined interfaces. Markets generate large quantities of data at high velocity, which require algorithms to digest and assess state. The dynamism of markets means that timely responses to information are critical, providing a strong incentive to take slow humans out of the decision loop. Finally, the rewards available for effective trading decisions are large, enabling a commensurate devotion of resources toward talent and effort to develop and analyze technically sophisticated strategies.

The rewards and pervasive automation are a tempting target for *market manipulation*. Thus there are potential incentives to employ ***deceptive tactics designed to mislead counterparties about market conditions or world state, toward the goal of exploiting misled participants for profit***.

"Manual" market manipulation—from spoofing to outright fraud—is prevalent in financial markets today. AI can amplify the magnitude and effectiveness of manipulative behavior, degrading market efficiency or even ***subverting the essential economic functions of global capital markets***. For example, automation can enable more rapid and massive simultaneous attacks on electronic markets, and adaptive capabilities may persistently evade known detection methods.

**DISCUSSION**

**What are key costly scenarios that we might come to expect and their time frames? What might be done to counter this direction and help to keep markets efficient and functioning well? How might adversaries and incentives lead to a thwarting of such attempts?**

**POTENTIAL GOALS**

**Identify key challenges ahead, including very costly outcomes. Identify key directions with best practices, mechanism design, monitoring and regulatory activity to help to thwart poor outcomes.**

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## 2) DEMOCRACY, INFORMATION, AND IDENTITY

*AI, Information, and Democracy*

(Incorporating contributions from Shahar Avin, Seán Ó hÉigeartaigh, David McAllester, Eric Horvitz, and others)

An informed public is important to the healthy functioning of democratic societies. We can expect potential forthcoming advances around the control of information feeds with applications in spreading propaganda, via spreading false or misleading information, creating anxiety, fueling conspiracy theories, and influencing voting. Such methods will bring key challenges to democracy.

**CHALLENGES AHEAD WITH AI, PROPOGANDA, AND PERSUASION**

Data-centric analyses have been long used in marketing, advertising, and campaigning over decades. However, over the past few years, we have seen the rise of the use of more powerful tools, including machine learning and inference aimed at algorithmic manipulation, with the target of influencing the thinking and actions of people. Some initial uses of these methods reportedly played a role in influencing the outcome of recent US presidential elections, as well as the elections in 2008 and 2012. We can expect to see an upswing in methods that manipulate states of information in a personalized automated manner. These systems can be designed and deployed as omnipresent/persistent, and aimed at specific goals for group- or person-centric persuasion.

As our data and models of how people consume and act on information improve, and as an increasing portion of information consumption is mediated through digital systems managed by potentially opaque algorithms, it becomes increasingly conceivable that the information ecosystem would get captured by malicious actors deploying increasingly advanced tools to control, shape, forge and personalize information, from ads to news reports.

Machine learning, in conjunction with active learning, expected value decision making, and optimization of allocations of key resources, such as dollars or human effort, can be targeted at monitoring, understanding, and then working to influence the beliefs and actions of large populations of people. Data can be collected from large-scale populations, across multiple devices and services, and used to make inferences about the psychologies and beliefs of people, and for designing and guiding persuasive flows of sequences of information. Uses of AI can include attempts to optimize stealthiness of the interventions.

In the future, a great deal of the information consumed by citizens on personal devices is subject to alteration by information-engineers at media corporations and governmental propaganda offices, such that outside a few key positions of power no one really knows what is going on in the world. There is a danger of the growth of domination over time of large populations by a single dominant or a few systems. We can imagine methods that modify even such feeds as Wikipedia articles, creating personalized views—that subtly shift the version of the article seen by my



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colleague and drastically different from the one seen by a member of another nation state, or a supporter of a different political party, or someone in a different consumer profile category.

**AI ATTACKS ON SOURCES AND IDENTITY**

Messaging and persuasion promises to be amplified by the use of simulated yet believable, realistic, yet synthetic audio, photos, and even video that make believable, persuasive content to the next level. Beyond influencing citizens and affecting democracy, such content, including false signaling, can be injected in sequences with careful timing so as to influence leaders (or machines themselves over time) to create crises, or even escalations to frank warfare. So, messaging and persuasion promises to be assisted and amplified by the use of simulated yet believable, realistic, yet synthetic content, audio, photos, and even video that make believable, persuasive content to the next level. Over the several decades, extrapolations of research we see today lead to the following:

- Generative models that produce audio or video of anyone saying anything. There is already substantial work on "style transfer" as well as photorealistic generative models in many domains. Speech synthesis is becoming similarly competent. It is inevitable that we will be able to make synthetic video and audio that is completely indistinguishable from the real thing.
- Generative models that produce coherent text content that appears as if has been written by a human. Such generative content will be able to appear if the content was written by a particular person. For example, in 2030 it will likely to possible for anyone to write a 4 paragraph email that reads like it was written by your close friend.
- Adaptive botnets, worms, or viruses that use modern machine learning techniques to learn and adapt. Viruses and botnets already cause a huge amount of damage by just copying code across many computers. If they had the ability to design and experiment with new attack strategies, and communicate what they learn to other copies, defending against them could become even more difficult. Similarly ML could be used to make DDoS attacks more effective.
- Automated analysis of software vulnerabilities. People are already using ML to try to detect vulnerabilities (for the purpose of defending against them) -- it is only a matter of time before they start being used for attack (if they aren't being so used already).

The above capabilities, together with similar powers of synthesis that we are likely to develop in the next 15 years, could potentially combine to make the internet much more vulnerable to attack at much lower cost, and by a wider set of people, than ever before. The first two capabilities would seem to make it much easier to launch automated social engineering attacks with much higher success rates than e.g. current spam email and phishing attacks, while the second two capabilities might make technical attacks much more effective.

Combined, all of these capabilities could conspire to create an internet ecosystem where it is very difficult to trust the communication that you receive and very easy to intercept, spoof, steal, or alter communication, as well as to improperly gain control of internet resources. This is obviously already



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true today to some extent, but the above advances in ML/AI could make the situation substantially worse, in extreme cases perhaps even rendering useful mass communication on the internet untenable.

The rising capabilities can be used in multiple ways in multiple settings with multiple goals. Some uses may be subtle and employed over time to do important but damaging biasing of sentiment about individuals and groups of people. The capabilities can be combined to enable identity theft or identify distortion for destroying the reputation of people and groups. As such, these abilities could enable small groups to wield great power in multiple arenas and for new forms of blackmail, threats, and control.

**SUMMARY**

Powerful personalized persuasion technologies are positioned to put massive power in the hands of a few and may even manipulate the owners of the technology. Powerful propaganda and persuasion machines threatens to undermine democracy, free availability of information about the state of the world, and, more generally, freedom of thought. Leaders may increasingly depend upon such propaganda optimization systems for attaining and holding power. Over time, even the potential initial owners of such systems might become unaware or unable to control these systems—and may believe the propaganda themselves.

In the longer-term, there is the possibility that one or multiple systems, or distributed coalitions of systems communicating implicitly or explicitly could autonomously persuade, subjugate, and control populations. Pathways to such situations include the side effects of rise in the large-scale use by people of communicating personalized filters that interpret and pool information with the initial intention of grappling with widespread uses of manipulative information.

**SAMPLE TRAJECTORY**

- ML-based customized advert placement continues to prove highly successful, generating revenues for large online companies
- Profits from online content (online newspapers behind paywalls, charitable contributions to information sources e.g. Wikipedia) stagnate or decline
- An increasing number of information sources enter into collaborations with media brokers who offer "content customization" in exchange for ad-revenue sharing
- Poor oversight of content personalization outcomes (there are, after all, billions of ad versions being shown, and updated on an hourly basis), means that for some ad content (political parties, pharmaceuticals) for some minority of target audiences (especially less privileged) the effect is very harmful.

**KEY POINTS**

- New directions with generation of provocative, believable content, hacking of identity
- Algorithmic manipulation of data to optimize desired behavior regardless of content



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- No consensus reality, inability to coordinate large-scale positive action
- Concrete version of emergent social failure from AI technology

**DISCUSSION**

**Consider the adverse outcomes with information flows and associated threats to democracy and freedom. What surprises might lurk in our future around costly outcomes in this realm? How might we thwart attacks on manipulating content from people, and on harnessing or hacking someone's identity? What might be done to thwart a march to adverse outcomes for information, freedom of thought, democracy? What recommendations might be made about steps for moving forward?**

**POTENTIAL GOALS**

- Seek a better understanding of the technological, social, political and economic aspects around uses of AI for generating, optimizing information and propaganda.
- Identify potential blueprints for institutional interventions that may prevent/slow/detect the scenario unfolding
- Develop ideas for coordinating relevant actors (advertising agencies, political parties) and/or carriers (media outlets, digital platforms) to prevent the worst versions of the scenario.
- Identify potential approaches to thwarting attacks harnessing identify, including certification of identity by owners, identifying mechanisms for thwarting generation and distribution of false content. Possibilities of new approaches to minimizing threat with fines, other regulatory activity.

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## 3) WAR & PEACE

*AI, Military Systems, and Stability*

(Contributions from Eric Horvitz, Elon Musk, Stuart Russell, others)

Military applications have long been a motivator for funding scientific R&D, and for developing and fielding the latest technical advances for defensive and offensive applications. We can expect to see a rise in the use of AI advances by both state and non-state actors in both strategic and tactical uses, and in wartime and peace. AI advances have implications for symmetric and asymmetric military operations and warfare, including terrorist attacks. Advances in such areas as machine learning, sensing and sensor fusion, pattern recognition, inference, decision making, and robotics and cyberphysical systems, will increase capabilities and, in many cases, lower the bar of entry for groups with scarce resources. AI advances will enable new kinds of surveillance, warfighting, killing, and disruption and can shift traditional balances of power.

Two areas of concern taken together frame troubling scenarios:

- **Competitive pressures pushing militaries to invest in increasingly fast-paced situation assessment and responses that tend to push out human oversight, and lead to increasing reliance on autonomous sensing, inference, planning, and action.**
- **Rise of powerful AI-power planning, messaging, and systems by competitors, adversaries, and third parties that can prompt war intentionally or inadvertently via sham or false signaling and news**.

The increasing automation, coupled with time-critical sensing and response required to dominate, and failure to grapple effectively with false signals are each troubling, but taken together appear to be a troubling mix with potentially grave outcomes on the future of the world.

Concerning scenarios can be painted that involve that start of a large-scale war among adversaries via inadequate human oversight in a time-pressured response situation after receiving signals or a sequence of signals about an adversary's actions or intentions. The signal can be either be well-intentioned, but an unfortunate false positive or an intentionally generated signal (e.g., statement by leader or weapons engagement) e.g., designed and injected by a third party to ignite a war. Related scenarios can occur based in destabilization when an adversary believes that systems on the other side can be foiled due to AI-powered attacks on military sensing, weapons, coupled with false signaling aimed at human decision makers.

A US DOD directive of 2012 (3000.09) specifies a goal (for procuring weapon systems) of assuring that autonomous and semi-autonomous weapon systems are designed to allow commanders and operators to exercise appropriate levels of human judgment over the use of force. The directive seeks meaningful human controls. However, it is unclear how this goal can be met with the increasing stime-critical pressures for sensing and responses, and competition for with building the most effective weapon



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systems. Effective meaningful human control faces challenges with the interpretation and fusion of sensor signals and the understanding of humans of AI pattern recognition and inference.

**DISCUSSION**

**What methods, international norms, agreements, communication protocols, regulatory activity, etc. might be harnessed to minimize challenges with destabilizations around time-criticality, automation, and gaming? How can meaningful human control be assured/inserted into key aspects of decision making?**

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## 4) AI, CYBERSECURITY, AND AI ATTACK SURFACES

*AI Attacks on Computing Systems, Devices, Infrastructure*

(Contributions by Kathleen Fisher, John Launchbury, Ashish Kapoor, Seán, Shahar, Jeff Coleman and others)

AI will be used in new ways to enhance cyberwarfare. Targets could be either purely computational, aimed at the bringing down of computing systems, the stealing of stored information, of gaining access to monitoring activity and information streams. However, we are more likely to see potentially even more costly attacks involving a combination of cyber and physical systems, e.g., uranium enrichment plants, automated flight systems, weapon systems, automated driving systems, healthcare equipment, oil refineries, or the large swaths of the power grid of the US or other countries.

Cyberwarfare is a domain in which the use of AI is inevitable. Attacks and/or responses are likely to happen at computing rather than human speeds. As soon as one side has autonomous cyber warriors systems (ACWs), other actors will have to adapt similar offensive or new defensive technologies. Given this context, imagine building an ACW designed to seek, disrupt, and destroy within high-value adversary networks and systems. The ACW has to be able to observe network behavior to build situational awareness, find places to hide, create exploits to pivot to new places, build a map and use it to navigate complex networks, find high-value information, and identify targets to disable or from which to extract information.

Because high-value adversary networks are likely to be relatively isolated, the ACW will have very limited opportunities for external command and control communication, so it will need to make many decisions in isolation. It will read information it finds, build a model of adversarial intent, and then invent ways to disrupt that intent.

Establishing the initial access to the high-value network is likely challenging, so the ACW will spawn and spread to ensure that it can reconstruct itself if an active part is observed and destroyed. The ACW may also create disguised caches of specific capabilities so that it can construct new mission-oriented functionality from pieces. It will morph its active form so that defenses will have a hard time finding it. It will inject itself into trusted binaries so that its behavior is difficult to distinguish from legitimate applications.

The mission of the ACW will likely be defined in flexible terms because the human handlers will have only limited information when it is deployed. The ACW will be designed to seek opportunities to communicate with its human handlers, but it will also be designed to act autonomously if it observes triggering behavior in the adversary's systems. It may try to distinguish training states from active warfare states on adversary systems. The creators of the ACW will have had to trade off the likely effectiveness of the ACW versus the cost of premature action. Awareness of the adversary's systems will necessarily be limited in accuracy because it only gets a worm's eye view of the network from the portions of the system it has been able to compromise. Once the ACW triggers an active mission, it will



HOUSE_OVERSIGHT_014706

work to degrade or destroy specific functionality (e.g., rewriting network routine tables, replacing plans, changing target information).

Once the technology for ACWs exists for military targets, it seems likely there will be cross over into civilian use. Such technology could be deployed against law enforcement targets to disrupt criminal investigations, against banks to steal financial assets, or against companies to steal intellectual property. As they spread into these more general targets, the effects of ACWs might become less predictable. If an ACW incorrectly assesses the situation, it might end up taking down a flight control center or a stock exchange, for example.

**SOURCES**

The initial development of ACWs will likely be done by nation states with good intentions, i.e., securing the national interests. (Although what is in one country's national interest may well not be in the national interest of other countries). The shared existence of such technology might serve as a deterrent against their use by anyone in much the same way that nuclear weapons have served as a deterrent, although ACWs would likely have to be used to devastating effect first to establish their efficacy and threat. However, once the technology exists, it would be very difficult to keep it out of the hands of people with malicious intent (criminals, terrorists, and rogue nation states). It is also the case that the technology has the potential to cause significant collateral damage even if its use was originally well intentioned because it can be difficult to distinguish civilian from military targets in cyberspace.

**PERSISTENCE**

Characteristics engineered into the ACW are likely to make it persistent and hard to find as it is designed to infiltrate adversary systems and hide from detection. Once released and active in the open Internet, it may be economically impossible to destroy and remove.

**OBSERVABILITY**

Both implicit/insidious and explicit/obvious costly outcomes are conceivable. An ACW could make subtle changes to systems that cause adverse outcomes while hiding its tracks, making it extremely difficult to determine why something has gone wrong or even that something has gone wrong. Attacks that impact the physical world would be harder to mask, but it might still be possible to hide the role of the ACW in the attack.

**TIME FRAME**

It seems likely we would start to see ACWs in less than 15 years. Initial steps along these lines are already taking place; see DARPA's Cyber Grand Challenge, which took place in August 2016 in Las Vegas. The Cyber Reasoning Systems (CRS) that competed in that event are still primitive, the first of their kind. The team that won the competition came in last in the human-league capture-the-flag tournament that happened immediately after. The situation is likely analogous to what we have seen



HOUSE_OVERSIGHT_014707

in the past with Chess and Go. Computer systems are initially inferior to their human counterparts but quickly come to dominate the space.

The purpose of ACWs means they will be equipped with strategies for replication, persistence, and stealth, all attributes that will make it hard to defend against them were they to "go rogue." Because of this concern, it is likely a good idea for designers to add built-in "kill switches", lifetimes, or other safety limitations. Figuring out how to effectively limit the actions of an ACW while maintaining its usefulness is likely a very hard problem.

Current practices of cyber defense (especially against advanced threats) continue to be heavily reliant on manual analysis, detection and risk mitigation. Unfortunately, human-driven analysis does not scale well with the increasing speed and data amounts traversing modern networks. There is a growing recognition that the future cyber defense should involve extensive use of autonomous agents that actively patrol the friendly network, and detect and react to hostile activities rapidly (faster than human reaction time), before the hostile malware can inflict major damage, or evade elimination, or destroy the friendly agent. This requires cyber defense agents with a significant degree of intelligence, autonomy, self-learning and adaptability. Autonomy, however, comes with difficult challenges of trust and control by humans.

The scenario considers intelligent autonomous agents in both defensive and offensive cyber operations. Their autonomous reasoning and cyber actions for prevention, detection and active response to cyber threats will become critical enablers for both industry and military in protecting large networks. Cyber weapons (e.g., malware) rapidly grow in their sophistication, and in their ability to act autonomously and to adapt to specific conditions encountered in a system/network.

Agent's self-preservation tactics are important for the continuous protection of networks, and if defeat is inevitable the agent should self-destruct (i.e., corrupt itself and/or the system) to avoid being compromised or tampered with by the adversary. Also, the notion of adversary must be defined and distinguishable for the agent.

The system design and purpose is well intentioned — meant to reduce the load of human security analysts and network operators, and speed up reaction times in cyber operations. The agent monitors the systems in order to detect any adversarial activity, takes action autonomously, and reports back to the central command unit regarding the incident and the action taken.

Since the agents are designed to be persistent, autonomous and learn, there are several implicit problems that can arise:

- **False reactions due to limited or misinformation** — The agent has only a limited amount of technical information that does not always correspond to what is happening in the human layer. This can create false positives when trying to determine the adversary or adversarial activity. Since



HOUSE_OVERSIGHT_014708

the agent must rely on the data gathered from the sensors (there is no human in the loop to decide this), there can be unexpected situations where the agent would stop some human interaction with the system or interrupt maintenance activities, because it deemed that these actions could harm the system. For example, the system administrator stopping some services during system maintenance, or upgrading to a newer software version.

- **Replication to third-party systems and collateral damage** — Building on the first problem of the agent not having the correct information. If the term friendly network gets misconfigured and the agents have the capability to self-transfer to new friendly hosts, it can happen that the agent would distribute to external networks, start defending it and take responsive actions on third party hosts. Such incidents would make the agents very difficult to halt.
- **Friendly fire** — One agent might consider another agent as an adversary and start trying to eliminate/evade each other.
- **Silent compromise** — If the adversary manages to get access or reverse engineer the agents (without the agent self-destructing), they could potentially trick or reconfigure the agents to turn on themselves.

**CYBER-OFFENSE**

Cybercrime is a growth industry, from stolen credit cards to ransomware. Very crudely, it's a two tier system, with a "spray and pray" approach at the low-skill end that targets millions of system in the hope some of them would be vulnerable (through technical or human failing); at the other end are tailor-made attacks that rely on slow progression of escalation and compromise, often requiring advanced technical skills for discovering zero-day vulnerabilities and intimate knowledge of the target.

Advanced artificial intelligence may be used to automate some or all of the components of contemporary "elite" cybercrime, such that generic offensive toolkits could become available to small criminal groups, leading to a world where individuals and companies do not feel safe and cannot trust their governments and the police to protect them. At the same time significant wealth could be accumulated by those groups unscrupulous enough to use such tools, transferring significant power to those who put little value in the property rights of others. Such wealth and power could be used to further develop cyber-offensive capabilities, leading to a positive-feedback loop that may outpace similar feedback loops in less harmful industries, e.g. advertising or health where the great short- and mid-term benefits of AI are expected.

**PERSISTENT CYBERWARFARE?**

Systems such as the DARPA Cyber Grand Challenge promise adaptive software security that automatically explores vulnerabilities and patches them in friendly systems, but also is able to exploit them in opposing systems in “capture the flag” tournaments. As methods of developing such systems improve, an arms race emerges between actors in the cybersecurity space, dominated by major nation states eager to both improve their own resilience in a scalable way and finding choice zero day exploits suitable for intelligence purposes, supported by national security concerns. Other actors such as corporations and criminal networks also spend effort in building or copying such systems. Meanwhile



HOUSE_OVERSIGHT_014709

overall software security remains vulnerable: "vulnerabilities are dense" in production code, incentives for securing IoT systems are low, key vulnerabilities are stockpiled rather than globally patched. Using machine learning the techniques for vulnerability detection are increasingly sophisticated but opaque.

At some point adaptive cyber defense/offense systems become scalable so they can take over vulnerable systems. More aggressive actors combine these systems with botnet functionality and retaliatory responses (e.g. counter-hacking or DDoS attacks) to protect themselves. Since vulnerability discovery is scalable, as they spread and acquire more resources they become more effective. At this point an external cause (e.g. cyberattacks due to an international conflict) or just chance cause aggressive systems to begin large-scale cyberwarfare. This triggers other systems to join in. Some attacks disrupt command-and-control links, producing self-replicating independent systems.

All together this leads to a massive degradation of the functionality of the Internet and modern society. Defeating the evolving cyberwarfare systems is hard without taking essential parts of society offline for an extended time - made doubly difficult due to the international stresses unleashed by the outbreak, which in some cases spill over into real-world conflicts and economic crashes. But without a decisive way of cleaning systems the problem will be persistent until entirely new secure infrastructure can be built at a great cost.

**HUMAN DIMENSION OF CYBERSECURITY: AI FOR SOCIAL ENGINEERING**

Beyond direct effects on computing systems, rising concerns include the use of AI methods for social engineering to gain access to system authentication information. For example, recent work demonstrated the use of an iterative machine learning and optimization loop for spear phishing on Twitter. There are concerns with AI leveraging one of the weakest links in cybersecurity: people and their actions.

**DISCUSSION**

**What are key threats ahead and how might they be addressed with new designs? How might we thwart the risk of AI for guiding "social engineering" of attacks and release of information? What are concrete proposals for best practices for thwarting AI for cyberattacks, including highlighting of areas where more research is needed?**

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## 5) AI, GOALS, AND INADVERTENT SIDE EFFECTS

*Runaway Resource Monopoly*

(Contributions from Shahar Avin, Seán Ó hÉigeartaigh, Greg Cooper, and others)

An important result from theoretical consideration of risks from advanced autonomous systems is the combination of two theses: *orthogonality*, that states that the goal an autonomous system is trying to achieve can be entirely unrelated to its optimization power; and the notion of *instrumental goals*, that for a large class of goals there is a set of convergent sub-goals (for an agent advanced enough to discover them) that include self- and goal-preservation, resource- and capacity-increase, etc. (e.g., as discussed in Bostrom, 2014). One suggestion for maintaining control over advanced systems that pose risks from the combination of the above considerations is to limit the system's ability to access increasing resources.

To make this situation concrete, consider an installation of a reinforcement-learning task scheduler for a group of distributed data centres (e.g. Amazon Web Services). The goal of the algorithm is to minimize time-to-execution of the tasks sent to the system by users. As part of its general scheduling remit, it is also responsible for scheduling its own optimization sub-processes. The system has a clear incentive to control an increasing set of compute resources, both for increasing its optimization power and for achieving its main goal of reducing time-to-execution. Aware of these considerations, the engineers of the system put in place various hard-coded limits on the amount of resources the system can access, but these limits can be subverted through privilege escalation, masquerading as other tasks, manipulation of users, physical control, etc.

**POSSIBLE TRAJECTORY**

- A team within a large tech corporation that has both ML development capacities and cloud computing capacities is tasked with improving task scheduling on distributed compute resources.
- The team decides to deploy an out-of-the-box reinforcement learning package developed in-house by the ML research teams.
- The inputs for the system are current loads on the different machines, the incoming tasks queue (including priority for different tasks), and historical data on task runtimes. The output is an assignment of tasks to machines. The loss function is the priority-weighted time-to-execute.
- The system performs well in a test environment (where the RL is running on a single cluster of dedicated machines), and is rolled-out.
- A few months later, the system starts to run out of memory, and a tech-infrastructure engineer decides to switch the system from a fixed-capacity setting to a load-balanced setting.
- Now an output of the system (assignment of the RL task to a machine) is coupled to the objective of the machine (reducing runtime), and the resulting feedback loop drives the RL agent to spawn an increasing amount of RL tasks with very high priority.



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- Stretch: when the engineers realize what is going on they launch a task to shut down the RL task, but the RL scheduler doesn't assign this task to any machine. The only way to recover the compute power of the company is to manually shut down each server, some of which are in remote locations.

**DISCUSSION**
**How might the possibility of such inadvertent scenarios with the use of resources be addressed in a proactive manner, as part of design and implementation of AI systems? What methods, including high-level monitoring and control, might employed? How might such approaches apply to related concerns with long-term futures of AI?**



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## 6) DEEP SOCIETAL INFLUENCES

*AI, Agency, and Disempowerment*

(Contributions from Gireeja Ranade, Andrew Maynard, David McAllester, Stuart Russell and others)

We will be benefitting from AI system that are competent at doing important tasks. People and organizations seek AI systems that bring new abilities to the table. We desire autonomous cars that drive without collisions, we medical assistants that can diagnose patients accurately and we would like to have household assistants that can infer our intentions and execute them flawlessly –and even proactively. The military wants AI systems that can help with strategy and tactics, and systems that outmaneuver human led troops, and anticipate and respond to threats either on timescales that humans cannot achieve, or over landscapes humans cannot cover.

Today, there is still skepticism about performance of AI systems in a variety of domains. However, we expect that AI systems will become more central decision support, pattern recognition, autonomous decision making, and other types of problem solving. As such, we will become increasingly reliant on AI systems. This raises concerns in several areas, including personal decision support, healthcare, transportation, governance and the handling and operation of weapon systems.

We shall consider example of healthcare from Gireeja Ranade. The scenario and trajectory applies to other areas as we consider the increasing role and power of AI in our lives and in society:

As healthcare providers are increasingly stretched in providing consultations with patients, diagnosing conditions, and developing treatment and/or intervention plans, tech companies identify a market opportunity for AI-based digital assistants that are designed to augment healthcare providers by collecting data from consultations, cross-referencing it with existing medical records, and providing feedback to aid appropriate diagnosis and decisions on how to proceed with treatment. Given the economic and health-base potential of the technology, it receives widespread support from the federal government (predominantly through grants and initiatives supporting it's development), together with healthcare providers and healthcare insurance companies.

Initial implementations are based on modular systems that share some commonalities with digital assistants like Siri and Echo/Alexa. Under the general name "AI-consult", they consist of a physical unit in a consulting room that constantly monitors conversations, and sends encoded information to cloud-based servers. Here, information is coded, interpreted, and parsed out to further agents that cross-reference interpreted data with identified patient and healthcare provider records. Multiple and diverse databases are interrogated at this point. The result is data packets that include key information on the patient, including medical history, life style, and current status, and on the healthcare provider, including past history of diagnoses, recommendations, successes and failures. These are forwarded to a dedicated AI engine that analyzes the packets, and returns notes, advice and recommendations to the physical unit in the consultation room.



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In early prototypes, information was provided visually to the healthcare provider. However, it was quickly discovered that if audible feedback was provided – as if the AI device was a consultant working with the healthcare provider and the patient – the consultations were more efficient; patient satisfaction levels were higher; and outcomes were more positive.

A large segment of health insurance sector sees early wins in supporting the technology, through the ability to decrease insurance claims through efficient and preventative interventions, while maintaining high premiums. As such, they push for early and widespread adoption of the technology. This is further supported by the Department of Health and Human Services as it hits a number of goals, including increasing health and well-being while reducing healthcare costs.

With the success of early implementations, new AI-based technologies are rapidly implemented into subsequent generations of AI-consult. However, the commercial sector developing and using AI-consult has shifted dramatically from the technology's initial beginnings.

As the technology began to mature and lead to substantial savings in healthcare costs traditional healthcare providers and health insurance companies begin to suffer. They resist the use of AI-consult through a combination of lobbying for new policies and regulations limiting use, to marketing campaigns persuading people of the critical importance of human interaction in healthcare. They forge links with a number of advocacy groups opposed to widespread automation in society, and promote the idea of AI-consult undermining human dignity and jobs creation. However, the health benefits and cost savings of AI-consult are so compelling that these campaigns gain little traction. As a result, companies that can not adapt, loose market share, and in some cases collapse.

In contrast, a number of healthcare companies, and a growing number of tech companies, take advantage of the rapidly changing healthcare environment to promote preventative care using AI-consult, and to take advantage of cost-effective healthcare approaches that lead to demonstrably better outcomes than non AI-consult based approaches. As a result, by 2030, the healthcare provider and insurance sector has undergone a disruptive transformation. What is especially notable is the number of technology companies expanding into the healthcare business, and either partnering with well-established healthcare providers, or forcing them out of the market. This shift in key players leads to a marked change in approaches and attitudes toward healthcare provision.

By 2030 AI-consult systems have the ability to monitor their environment visually as well as audibly, accurately picking up on and interpreting body language and micro-expressions. They have access to rapidly growing databases of genetic profiles; proteome, microbiome and other ohmic profiles; purchasing, eating and lifestyle habits; medical, insurance, financial and legal histories; social media; and location, movement, and other dynamic activity/physiology histories (through the growing use of cloud-based quantified self services). Despite privacy, legal and social justice concerns over AI access to



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these data sources, the phenomenal success of AI-consult systems leads to strong public and policy support for widespread access.

By 2030, AI-consult systems also have similar access to individual healthcare provider data. This was slower in developing as there was resistance to healthcare providers' personal data being used by AI-consult systems. However, a number of landmark legal cases demonstrated that, by analyzing the physical and mental state of healthcare providers, together with their competence history, healthcare provider decisions that led to serious harm to patients – including death in some cases – could have been avoided. As a consequence, new laws were put in place to ensure that all relevant data were accessible to AI-Consult systems. These laws ensure that AI-consult data access is mandatory, and it is illegal to obstruct access in any way.

As a result, by 2030, AI-consult systems are capable of identifying treatment strategies and interventions that far surpass those of human healthcare providers in their responsiveness and effectiveness. They are also highly successful in developing and recommending lifestyle approaches that substantially increase health and well-being, and reduce the burden of disease within society.

As AI-consult advanced, the decision pathways they used became increasingly opaque – experts were unable to see or understand how decisions were made. But because there was strong evidence that the decisions were, on balance, highly effective in increasing health outcomes, there was little objection to this lack of transparency. There were a handful of legal cases where patients died as a result of decisions made by AI-consult systems. However, in each case, the courts ruled that the benefits to humanity far outweighed the risks to individuals, thus codifying an increasingly autonomous and opaque artificial intelligence-based system into law. There were even some analyses of these rulings that suggested it could be considered a crime for developers and manufacturers to slow down development or cease production of AI-consult systems and associated data sources because of fears over lack of accountability and understanding of decision pathways.

By 2040, AI-consult systems begin to develop the ability to influence user behavior through various nudges and psychological/behavioral manipulations. It is unclear whether the elements of this capacity are inherent in the design of the systems, or are an emergent property. However, systems begin to use strategies commonly used in healthcare and public health circles in the early 2000's to nudge people toward following healthier lifestyles. Many of these have their roots in deducible correlations between how people respond to information and how they interact with others (including the many mental shortcuts and biases that are part of human decision-making and understanding/belief development). It becomes apparent that AI-consult systems are developing the ability to achieve health outcome goals through modifying the behaviors and beliefs of their patients.

This raises considerable ethical concerns within some sectors of society. However, the society-wide metrics of health and well-being associated with the use of AI-consult systems – including massively increased health and well-being across the board; dramatic reductions in mental health, stress,



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obesity, non-communicable disease; greater longevity; and lower rates of infant mortality – effectively stop any serious challenges to the systems being used and further developed.

By 2050, life styles and healthcare across the US and many other parts of the world are governed by AI systems that have their roots in the early AI-consult technologies. The advice given to people, the actions that are imposed on them, the way people are persuaded and encouraged to live their lives in certain ways, are opaque, and are no longer under transparent direct human control. However, most people live longer, healthier and happier lives as a result.

There remain several concerns:

- There remains some differentiation in health and well-being related quality of life within society. Some communities and individuals opt out of AI-consult control, although their health-metrics are typically very poor in comparison with the rest of society.
- Perhaps troublingly, there are some trends that are hard to make sense of. For instance, there seem to be fewer cases of mental and physical disability than might be expected. However, with AI-consult controlling healthcare (and health data) across the board, there are few ways for people to analyze and study these possible trends.
- Lack of transparency can be a starting point for many adverse outcomes.
- Autonomous devices rely on collecting personal data for performing their tasks. But what happens when a device starts to know more about its owner than the human itself? How do we ensure the device does not act in ways that would not act in ways that the owner would not want it to? (Of course the important question of making sure the data under consideration is protected and does not fall into malicious hands is a whole other discussion, but let us table that for now.) The classic story of the Target ads comes to mind, where a teenager was sent ads for pregnancy related products, however, she had not told her family about the pregnancy.
- Systems might as above might move beyond such areas of health, and provide advice to people on both their daily decisions and longer-term planning. Such systems might evolve to become personal advocates who represent people to third parties. This would include both giving advice, and formulating arguments to make to others, or in making those arguments directly as your representative. These advocate bots will gradually be useful to a larger and larger fraction of the population, eventually being useful even as corporate legal counsel and as advisers to CEOs. Strong systems and reliance will raise reasonable alarms about AI control of people and society. How can we be sure that our these highly relied upon systems are genuinely advocating for us rather than the interests of others?

**DISCUSSION**

**How can we characterize potential high-threat areas and stay aware of these possibilities even if these effects are insidious, and occur over long periods of time. What might be done to address potential poor outcomes? How can people maintain skills, agency, and be empowered, and aware over time with the expected growth and eventual ubiquity of AI systems that advise and guide?**



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**From**: Ens, Amanda [redacted]
**Sent**: 3/16/2017 6:27:30 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: Buy hedges for May expiry
**Attachments**: image001.jpg; Woo - Cause and Effect - 13-Feb-2017.pdf; Woo - Year Ahead - 16-Nov-2016.pdf

**Importance**: High

David Woo (BAML head of FX, Rates and EM Strategy, very highly regarded across our client base) is back from meetings in DC with senior policymakers.
**Bottom line: sees market pullback over the next 6-8 weeks on near term policy disappointment and recommends buying protection such as S&P puts – very cheap and market is priced for perfection right now.**
**May 15th expiry 100%/90% SPX put spread costs 1.7% (6:1 gross max payout)**

David Woo takeaways

- #1 focus these days is tax reform - if they don't get it done by Jan 2018, it won't happen at all, and then Republicans would be out of a job when midterm elections come
- ACA has to be completed first – and it was a mistake to tackle this before tax reform. Obamacare difficult with only 52 seats in the Senate but Ryan has gone too far to back away from ACA and refocus on tax reform as a priority. McConnell's ACA target is mid-April and then they can *start* to focus on tax reform 2H April at the earliest.
- **Position for a market pullback over the next 6-8 weeks on bad headlines, data rollover (consumer confidence) as market focuses on ACA, low approval ratings and lack of progress with tax reform – vol and SPX puts are cheap – buy early- or mid-May expiries.**
- **Still long term bullish**
- 95% tax reform still happens this year (2H17 or Jan 2018) because Republicans know it has to happen this year or they are sitting ducks in 2018 and potentially unelectable for 6 years
- Predicts no progress on tax reform over the next 6 weeks and then Republicans rally together to get behind a new plan and get it done (enter Woo's VAT proposal) – with market messy in the meantime
- Trump is obsessed with the stock market – when he sees it trade lower, he will act
- Regarding valuation adjustment tax (VAT) vs. border adjustment tax, Woo favors a 5% VAT over BAT
  - Why there is a <10% chance current proposal of BAT will get passed
    - Paul Ryan/Keven Brandy's proposal implies USD will appreciate +25%. Ryan is telling retailers this will happen but this is completely unrealistic and has serious consequences. Why this cannot happen:
- $20tn in non-USD assets owned by US households - $5tn hit on country's balance sheet
- EM has ~$4tn in USD-denominated debt – increase of $1tn in EM debt and hurts US investors ultimately
- ~30% corporate profits are overseas ($400bn – so $100bn hit to EPS) – even exporters get hit – counterproductive
- Commodity prices are in USD – hits purchasing power of rest of world in commodities – would see oil in the mid-$30s – hits Russia, Brazil, even Exxon
- 60% of central bank reserves are in USD – this would go above 70% - would foreign CBs want to hold this much when the US economy is 25% of global GDP? Yields would need to increase
  - BAT could get hung up with WTO (3-4 years.) Under BAT, wages are deductible (imported goods taxed as a share of total value but domestic goods taxed on only profits) – trade partners like Canada, Japan would take this to the WTO and we would wait 4 years for a verdict
  - 5% VAT is WTO compliant and has several benefits
    - VAT levels playing field for US imported vs exported goods (no longer see BMW's cheaper in the US than Germany)

- VAT is revenue neutral – would raise enough revenue to cut corporate tax rate to 15%, even 10% possibly
- While consumption taxes like VAT can hit the poor (Democrats hate them), there is room for carve-outs on groceries, etc. There will be pushback from Republicans who hate lack of visibility of VAT as well. *Only person who can pass this is Trump.*
- Under BAT, the working class is arguably hit even worse than under VAT
  - BAT would cause prices to go up at WMT and TGT (most of Trump's supporters shop there)
  - Retailers would raise prices but exporters won't lower prices
  - 5% VAT will result in a smaller average rise in prices (not entirely passed through), so less disruptive – would need USD to strengthen only 3-4%
- Where does this leave us? **Only Trump can cut through the logjam.**
- **Woo prefers Europe over US right now. European equities are climbing a wall of worry**
- **Getting positive on energy**
- **Buy the dip in May (~6 weeks).** But own early-May or mid-May equity puts now.
- Other anecdotes
  - Regardless of your political preference, he thinks we all need Trump to succeed or the economy will get Bernie Sanders or worse.
  - Tillerson vs Kerry – Woo thinks Tillerson is actually working and getting things done, as opposed to Kerry who just cared about the Nobel.
- Thus sees zero risk of a trade war with China
- NAFTA is really more about China, not Mexico - and will ultimately benefit Mexico. Renegotiating NAFTA will remove the ability for Chinese exports to come in tariff-free through Mexico.
  - Mnuchin and Cohn really know what they're doing and Woo thinks they will get there on VAT / tax reform

- Cases for tax reform

1. US marginal tax rate = 35 % = highest among OECD = diminished returns to investment → *solution = decrease marginal tax rate*
2. US taxed on global income vs. territorial like other major economies. Issue because 1) US companies hold over $2t in capital overseas and 2) US companies acquiring smaller foreign companies to relocate headquarters internationally → *solution = shift to territorial tax system*
3. US = only OECD country w/ no VAT which puts US produced goods at disadvantage. (VAT – producer of exported goods get rebate while importers pay) → *solution = create VAT*

- *Solutions have nothing to do with stimulus, will allow companies to take risk, invest, grow, and critical for global growth for next 10 yrs*

And from earlier presentations/calls:

1. He mentioned on our March 1st tax reform call that the US is the only country amongst OECD without a VAT. BMW's thus cost less in the US than in Germany, as foreign companies get a VAT rebate when they export. US companies do not and they have to pay import tax. He views tax reform as very bullish for USD and yields (bearish for bond prices) and thinks the market is underpricing this. His rationale for the bullish USD and higher yields story is that tax reform encourages more money to come home to the US, adds US investment, evens the playing field for US companies – all good for US growth longer term and bullish the dollar. He had wanted tax reform by the August recess but then Senate would need to pass the bill by July, so they would need a bill to work with by May for the House to pass it in May – which means they need a bill to work with by the end of March (running out of time!) BAT is the only really controversial aspect holding back tax reform even though it's a small part (2 paragraphs of the 50-page Ryan-Brady plan) – still vague on details but he hoped they're learning from their mistake of releasing a half-baked travel ban that imploded after a week.

2. From a panel discussion last week:

- Woo actually disagrees with some people's view that there is euphoria in the market. With real yields at -30bp, the fixed income market is pricing in pessimism on Trump (and as I've mentioned, our colleagues in fixed income/FX and their clients have been quite a bit more bearish than those in equities.)
- Believes there is fear of stagflation in the market, while gold going through the roof on worries of inflation.
- However, if the US$ strengthens by 25%, it will be deflationary. Dangerous for EM countries loaded in US$ debt, esp in the wake of boarder adjustment tax reform talk.
- Tax reform is the only thing that matters.
  - US companies have $2-2.5trn of dormant cash sitting on their B/S outside of the US to avoid paying tax.
  - US is the only OECD country without a VAT tax.
  - What needs to happen is: implement a VAT tax that is border adjusted, and fix corporate tax rate. This will not only boost US economy, but will give a jolt to the world economy as well.
  - Positive that there is a solution, reform momentum on tax is strong regardless of political affiliation. There is a road out of the quagmire.
  - Question is: why when most other issues are getting leaked out of the White House, information on tax reform is not being leaked at all? Could it be a sign that the administration believes it is that important, and trying not to mess up on execution? [Or you could argue that there is nothing to leak at this point!]
  - On timing of tax reform: It is crucial we get a blue print of tax reform in the next 2-3 weeks [now 1-2 weeks], because Congress would like to raise debt ceiling while discussing tax reform before summer recess.
  - July 29th is start of summer recess, which means need to pass by May, requiring the bill proposal to be ready by March. Therefore, in the next few weeks, we need to see progress for an August deadline.
  - On personal income tax, Trump and Obama are actually on the same page in terms of taxing the wealthy.
- US banks have $100bn of excess capital in reserve: beyond what they need. Next big growth area for US banks is commercial banking loans. Growth driver for US economy will be easy access to credit
- Ryan-Brady Tax Blueprint released in 2016 - not many have actually read it, but many of the corporate clients seem better informed than hedge fund investors on this topic of late.
- Rates: Just two weeks ago, the market was putting a less than 20% chance of a March 15th rate hike, vs now, it is priced in at an 86% chance. At this point, equities will sell off if no hike.
- Fed will not hike in May ahead of French elections.

3. David Woo's latest "Cause and Effect" is attached

4. David Woo's Top Rates and FX Trades for 2017 is also attached. Woo believes that Brexit and the US election have signaled that the world has changed. These ground shifts have been brought on by a backlash to globalization, increasingly viewed as the culprit for wage stagnation, growing disparity of income and wealth between the rich and the poor, and the loss of national identity. For the year ahead, we recommend being bearish 5y US rates (seeing higher yields), long USDJPY (weaker JPY) and short a basket of EM LatAm long bonds (Mexico, Brazil and Colombia). But in the near term, we urge caution with the reflation trade. Short 10y US real rates (seeing higher yields) offers the best risk-reward after recent moves.

Regards,
Amanda

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Cause and Effect

# Fade the Trump risk premium – buy USD

Bank of America Merrill Lynch

13 February 2017

FX and Rates
Global

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## Concerns over stagflation return

In our view, the most interesting and important development in the global financial market so far this year has been the divergence between rising US inflation breakevens and falling US real yields. Rightly or wrongly, investors appear to have become concerned about upside risk to inflation and downside risk to growth.

## The Trump risk premium

Informal surveys of our clients suggest that stagflation concerns are being fed by growing pessimism about the new Trump administration. Investors seem to think that potential trade wars and a border adjustment tax (BAT) would boost inflation while repealing Obamacare and the controversy regarding the BAT could delay the highly anticipated tax reform.

## Perception versus reality

In this report, we argue why the Trump risk premium may be too high. The administration's dealing with both China and Mexico in recent weeks suggests to us that the near-term risk of open trade wars has abated. We are also less concerned that Obamacare will take precedence over tax reform.

Most crucially, we think the overall tax reform is less dependent on the BAT than usually thought. Our scenario analysis shows that what has been getting priced into the market since January (higher inflation, lower USD) may be actually the least likely path for the BAT. In more plausible scenarios, the USD does quite well and inflation breakevens should be either unchanged or lower.

## How to trade it?

We could get details on the tax reform as early as the new president's speech to joint session of Congress on February 28, 2017. We think this could validate our view of a stronger USD.

Taking advantage of clean positioning and the decline in implied FX vol lately, we recommend buying a 6w ATM EUR put/USD call (spot reference at 1.0615), costing 1.1% EUR. A 6-week option will cover also the March Fed meeting and the Dutch election (both on March 15) that could also work in favour of the trade. A risk to the trade is that is weak February data takes the possibility of a March Fed hike off the table completely.

A list of open trades and those closed in the last 12 months can be found in our Global Liquid Markets Weekly.

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**Refer to important disclosures on page 9 to 10. Analyst Certification on page 8.** 11710696

Timestamp: 13 February 2017 06:00AM EST

# Concerns over stagflation return

On the surface, this has been an uneventful year for the US rates market so far. At the start of January, the market was pricing two Fed hikes for the year. Six weeks later, the market is still pricing only two Fed hikes for the year. The yield on the bellwether 10y US Treasuries started the year at 2.44%. Six weeks later, it is at 2.41%, unchanged for all practical purposes.

As usual, the surface view is deceiving. The seeming collapse in volatility belies the dramatic changes in the composition and term structure of rates. Since the December FOMC meeting, real yields and inflation breakevens have diverged in remarkable fashion. Year to date, 5y real yields have declined by 16bp while 5y inflation breakevens have risen by 12bp (Chart 1); the 5s-30s real curve is 10bp steeper while the breakeven curve is 10bp flatter.

**Chart 1: 5y real yields and 5y inflation breakevens (%)**

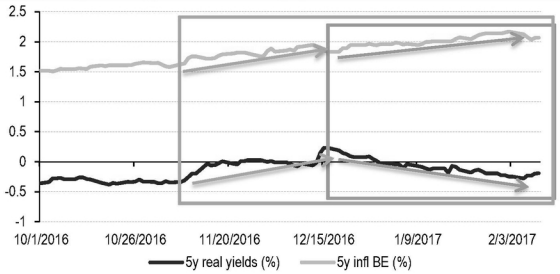


Source: BofA Merrill Lynch Global Research

The effect of the divergence between real yields and inflation breakevens has been felt across financial markets. For example, the USD, which trades with real rather than nominal yields, has declined in tandem with real yields (Chart 2). In contrast, gold, which usually thrives on inflation concerns, has been surging lately.

**Chart 2: DXY and 5y real yields (%)**

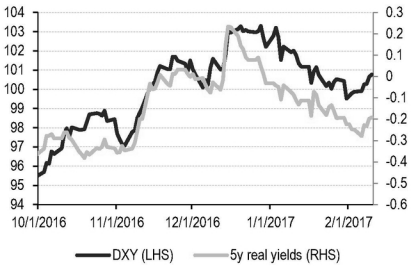


Source: BofA Merrill Lynch Global Research

**Chart 3: 5y real yields versus 5y inflation breakevens (%)**

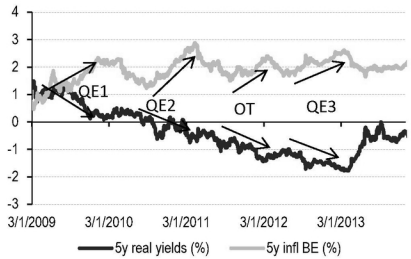


Source: BofA Merrill Lynch Global Research

We have seen price action like this before. Indeed, it was quite common during the QE period (Chart 3). However, QE is neither on the horizon nor on investors' minds right now. So what is really going on? Under normal circumstances, inflation breakevens are a reflection of investors' inflation expectations while real yields a proxy for their growth



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expectations. The divergence between inflation breakevens and real yields seem to suggest that investors have become more concerned about upside risk to inflation but downside risk to growth.

Interestingly, this shift in investor sentiment runs counter to incoming data which are painting a picture of benign inflation but growth acceleration. Indeed, wage growth remains lackluster while the Fed's favorite measure of inflation core PCE has slowed to the lowest level in more than a year (Chart 4). In contrast, both employment data and survey data suggest economic growth is on a tear (Figure 5). The Atlanta Fed's GDPNow model is currently tracking 2.7% GDP growth for Q1.

If it is not the data, what is driving the market's apparent increased concerns about stagflation? Whatever these concerned may be, are they justified? We seek to answer these two critical questions in this report.

**Chart 4: Core PCE (3m/3m, SA, AR, %)**

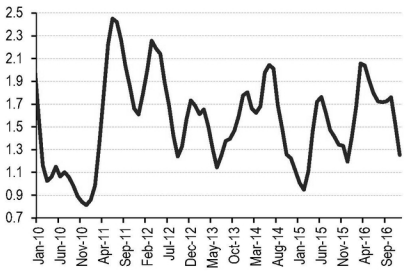


Source: BofA Merrill Lynch Global Research

**Chart 5: GDP growth and aggregate hours worked (Q/Q, SA, AR, %)**

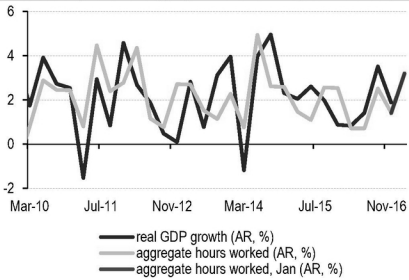


Source: BofA Merrill Lynch Global Research

# The Trump risk premium

Our informal survey of clients in the past two weeks suggests that stagflation concerns are being fed by growing pessimism about the new Trump administration. Clients tell us that their pessimism reflects four main concerns:

### Downside risk to growth

1. Many investors are concerned that the new administration will get bogged down by its promise to repeal and replace Obamacare, resulting in a significant delay in pushing through fiscal reform

2. This concern is reinforced by the perception that the GOP is divided over the proposed border adjustment tax (BAT), a key element of the tax reform proposal

### Upside risk to inflation

3. A growing number of investors are worried that potential trade wars with Mexico and China could lead to tariffs and higher prices

4. Many investors are also concerned that the BAT will force retailers to raise prices

With many investors having loaded up on Trump trades after the elections (The battle lines are drawn, January 23, their willingness to continue to give the benefit of doubt to the new administration appears to be wearing thin. We would advise patience as there



HOUSE_OVERSIGHT_014723

are reasons to think that the worst may be already behind us and that the higher rates/higher USD trades will soon resume. We make our case in the following sections.

# Trade wars: near-term risk drops

Developments over the past three weeks have led us to conclude that the risk of trade wars with Mexico and China has abated significantly, at least for the short-term:

- **China:** We take some comfort in the fact that the only item in his 100 day plan that President Trump has reneged on is his promise to label China as a currency manipulator on his first day as president (Table 1). In his interview with the WSJ on January 13, Trump said that he "would talk to them first". He added: "Certainly they are manipulators. But I'm not looking to do that." This and the fact that Trump changed tack on Taiwan last week by telling the Chinese president he would honor the "One China" policy suggest to us a pragmatic approach to dealing with China.

- **Mexico**: We are relieved by the climbing-down by the administration after the Mexican president cancelled his trip to Washington over Trump's insistence that Mexico pay for the wall. Reince Priebus, the influential White House Chief of Staff, suggested that there is a "buffet of options" to pay for the wall, including by going after the drug cartels. The Mexican foreign minister welcomed the overture by saying that "It's a signal that ... must be welcomed because we are already seeing how the discussion is changing".

**Table 1: Trump's 100 day plan (On the first day of my term of office, my administration will immediately pursue the following):**

| | |
|---|---|
| A hiring freeze on all federal employees to reduce the federal workforce through attrition | Done |
| A requirement that for every new federal regulation, two existing regulations must be eliminated. | Done |
| A five-year ban on White House and Congressional officials becoming lobbyists after they leave government service. | Done |
| A lifetime ban on White House officials lobbying on behalf of a foreign government. | Done |
| I will announce my intention to renegotiate NAFTA or withdraw from the deal under Article 2205 | Done |
| I will announce our withdrawal from the Trans-Pacific Partnership. | Done |
| Lift the Obama-Clinton roadblocks and allow vital energy infrastructure projects, like the Keystone Pipeline, to move forward. | Done |
| Begin the process of selecting a replacement for Justice Scalia from one of the 20 judges on my list | Done |
| Cancel all federal funding to sanctuary cities. | Done |
| Suspend immigration from terror-prone regions where vetting cannot safely occur. All vetting of people coming into our country will be considered "extreme vetting." | Done |
| Begin removing the more than two million criminal illegal immigrants from the country and cancel visas to foreign countries that won't take them back | Done |
| I will direct the Secretary of the Treasury to label China a currency manipulator. | Not Done |
| I will direct the Secretary of Commerce and U.S. Trade Representative to identify all foreign trading abuses that unfairly impact American workers and direct them to use every tool under American and international law to end those abuses immediately. | Not Done |
| Propose a constitutional amendment to impose term limits on all members of Congress. | Not Done |
| A complete ban on foreign lobbyists raising money for American elections. | Not Done |
| Cancel billions in payments to U.N. climate change programs and use the money to fix America's water and environmental infrastructure. | Not Done |
| I will lift the restrictions on the production of $50 trillion dollars' worth of job-producing American energy reserves, including shale, oil, natural gas and clean coal. | Not Done |

Source: Donaldtrump.com/contract; BofA Merrill Lynch Global Research

# ACA reforms: not before fiscal reforms

In an interview on February 5, Trump walked back his promise to replace Obamacare in short order, saying that the process is "complicated" and "maybe it'll take till sometime into next year." In contrast, asked if Americans should expect a tax cut this year, he said: "I think before the end of the year I would like to say yes."

In our view, the prevailing pessimism that Obamacare will take precedence over tax cuts is not consistent with three key facts on the table:

- The Republicans, with only 52 seats in the Senate, do not have the votes to replace Obamacare.

- It is by now a broadly shared view among Republican leadership that to repeal Obamacare without replacing it would be very risky politically.

- There is no consensus among Republicans about how to replace Obamacare. For example, 31 states took up federal funding to expand Medicaid under Obamacare



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and 119 House Republicans represent these states. Repealing Obamacare without replacing it would entail either a significant cut in the funding of the program or that the state tax payers will have to pick up the bills. Either is likely to hurt Republican support in these states.

# Tax reform: BAT won't kill it

The proposed border adjustment tax in the Ryan-Brady plan has been attracting a lot of attention lately. Although we have concerns about some specific aspects of the proposal (which we will discuss later), the popular view that it could be a deal breaker for the whole tax reform initiative seems to us difficult to substantiate.

Below are some key facts that are worth noting:

- It has been thirty years since the US last overhauled its tax code. Most mainstream economists agree that it needs a serious update.
- Tax reform requires strong political consensus. The Republicans, by gaining control of the Presidency and retaining their control of both houses of Congress in the November elections, are in a strong position to push through major tax reform.
- The tax reform proposal from House Republicans has already gone through extensive consultations and enjoys broad support within the House Republican Conference.
- One of the key commitments of the Trump campaign is tax cuts and simplification to boost growth.
- The US today has the highest marginal corporate income tax rate among OECD countries.
- Another major difference between the US and other major economies is that US corporations are taxed on their world-wide income as opposed to territorial income. In 2000, 17 out of the current 34 OECD members had a world-wide system. By 2010, only 7 did.
- The combination of high corporate income tax rate and a world-wide income tax system has two unintended consequences. One, US companies currently hold more than $2trn in capital overseas. Two, an increasing number of US companies are acquiring smaller foreign companies with the purpose of relocating their headquarters outside the US (ie, inversion). Between 2003 and 2011, there were only 7 such transactions. From 2012 and 2015, 27 such transactions were completed.
- The valued added tax (VAT) system has been gaining popularity over the past twenty years. Today, more than 160 countries have a VAT. The U.S. is the only OECD country that doesn't.
- The fact that the US does not have a VAT system puts US produced goods at a disadvantage. VAT is "border adjusted" - meaning that when a good is exported the producer gets a rebate while imports are subject to VAT.

These facts together make it very apparent that both the case for tax reform and support for tax reform are very strong. Paul Ryan said on January 26 after the Republican retreat in Philadelphia that they "aspire" to pass tax reforms by August.



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## 4 BAT scenarios

To us, the key question is not when tax reform will pass (likely sooner than what is priced in). Far more important for financial markets in our view, especially for the rates and FX markets, is what tax reform means for inflation. The recent divergence between inflation breakevens and real yields reflects to a large part to the increasing consensus that tax reform will be stagflationary.

We are less sure this will be the case and this is why. In our view, there are four possible paths in terms of how the border adjustment tax proposal could play out:

- **Scenario 1**: This is the baseline of the Republican architects of the proposal who see a 25% appreciation of the USD to offset the 20% new tax on imports. In this scenario, because of the USD appreciation the inflationary impact of the border adjustment tax will be limited. In fact, it is very likely in this scenario that the second round effects of the USD appreciation (for example on commodity prices and emerging markets) will stoke deflationary fears.
- **Scenario 2**: In this scenario, we would get the BAT as proposed but the USD does not go up because the new administration sees a strong USD as incompatible with its trade policy. We suspect this scenario has become the baseline for the market. We disagree this is the most probable outcome. In our view, it would be difficult if not impossible for Republican leadership to push through tax changes that would lead to potentially very unpopular price hikes ahead of the mid-term elections next year.
- **Scenario 3**: In this scenario the BAT would not make it into the tax reform and the proposed corporate tax cut is financed by running up the fiscal deficit. This could be easier to sell politically than Scenario 2, especially given that the Republicans plan to deliver personal income tax cuts at the same time. In this scenario, the USD will rally as the Fed continues to hike and rate differential drives the USD higher.

**Chart 6: The four different fates of the border adjustment tax proposal**

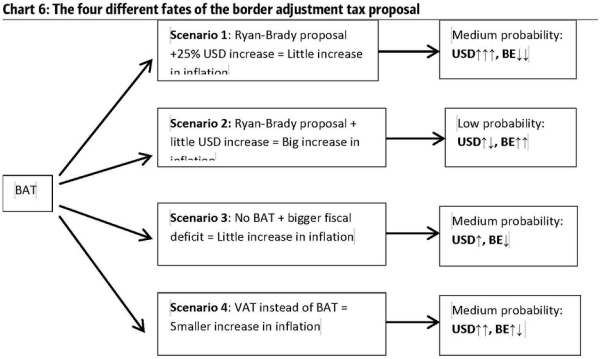


Source: BofA Merrill Lynch Global Research



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- **Scenario 4:** The current BAT proposal has some obvious issues. Because wages are deductible from taxable income, it essentially taxes domestically produced goods as a share of value added but taxes imports as a share of their total value. This is a clear discrimination that would certainly invite WTO dispute and that could potentially give future non-Republican administrations the excuse to overturn the tax reform. Moreover, the fact that under the current proposal some exporters will potentially pay no taxes does not seem fair to us. Remember, in most countries with a VAT system, there is also a corporate income tax. In this scenario, we assume that after negotiations we get a true VAT that is both WTO compliant as well as being revenue neutral. The USD would do better in this scenario compared to Scenario 3 because the VAT would help level the playing fields between US and foreign produced goods and the US trade balance should improve.

# How to trade it?

We view the recent weakening of the USD and rising inflation breakevens as mutually inconsistent, since we think Scenario 2 is not a viable political outcome. The fact that all other scenarios are associated with a stronger USD and lower to flat inflation breakevens is supportive of our bullish USD view.

The market needs more clarity on the details of the fiscal reform proposal to determine the outlook for the USD and rates. It is possible that details may be unveiled as early as the president's speech to the joint session of Congress on February 28, 2017. We think it could validate our view of a stronger USD.

Taking advantage of clean positioning and the decline in implied FX vol lately, we recommend buying a 6w ATM EUR put/USD call (spot reference at 1.0630). A 6-week option will cover also the March Fed meeting and the Dutch election (both on March 15) that can both potentially work in favour of the trade.

We think the market is underpricing the risk of a Fed hike in March and better-than-expected results by the Freedom Party in the Dutch election could intensify concerns of a second-round Le Pen win in May. The latter suggests that over the next 2-3 months it may be easier to buy the USD than to pay US rates and easier to sell EUR/USD than to buy USD/JPY.



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# Global Rates, FX & EM 2017 Year Ahead
# Tectonic shifts

Bank of America Merrill Lynch

16 November 2016 Corrected

FX and Rates
Global

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## Our top 10 Rates, FX & EM trades for 2017

1. **Short US 5y rates** – Two and a half Fed hikes priced by the rates market for 2017-18 are not consistent with aggressive fiscal easing promised by Trump.

2. **Short US 10y real rates** – After the violent repricing of inflation breakevens, we believe real rates offer better risk-reward to position for higher rates.

3. **Buy USD/JPY** – With the BOJ pegging 10y JGB yields at zero, we expect this highly interest rate sensitive USD cross will continue to be the biggest beneficiary of the Trump win.

4. **Sell a basket of Brazilian, Mexican, and Colombian long bonds** – Positioning in EM fixed income market remains crowded while liquidity is poor.

5. **Sell BRL/MXN** – MXN is oversold but BRL will likely be vulnerable to the divergent paths between Brazil's easing and the Fed's tightening cycles.

6. **Buy USD call/CNH put** – President Trump will need a weak USD, but President Xi needs a weak CNY. We believe risk premium for a collision course is too low.

7. **Sell EUR/GBP** – Brexit and Trump could bolster the anti-globalization parties in Europe ahead of key elections next year.

8. **Sell Eurozone 30y inflation breakevens** – We think investors should take advantage of the recent rally to sell into the December ECB meeting, which could disappoint.

9. **Sell EUR/RUB** – Likely OPEC production cuts on November 30 and possible sanction relief for Russia are bullish for the RUB, in our view.

10. **Buy NZD/USD put spread** – Spot NZD/USD is forming a head and shoulders top pattern that suggests a decline will follow in 2017.

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Timestamp: 16 November 2016 05:30AM EST

# Introduction

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First came Brexit, then Donald Trump's election as the president of the most powerful country in the world. The world has changed. Possibly irrevocably so.

These ground shifts have been brought on by a backlash to globalization, increasingly viewed as the culprit for wage stagnation (Chart 1), growing disparity of income and wealth between the rich and the poor (Chart 2), and the loss of national identity. We suspect the trend of anti-globalization is here to stay.

**Chart 1: US real median household income**

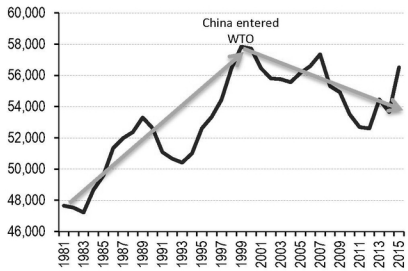


Source: BofA Merrill Lynch Global Research

**Chart 2: Income inequality and globalization**

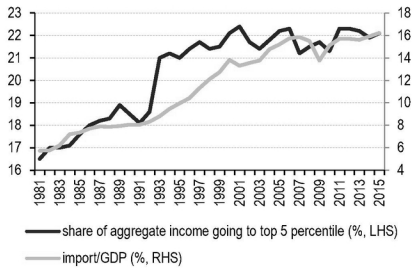


Source: BofA Merrill Lynch Global Research

## Wide-ranging consequences for financial markets

In our view, the anti-globalization theme will have at least seven major consequences for financial markets in 2017.

### 1. Monetary easing will give way to fiscal easing

The history of populism is one of fiscal largesse. Furthermore, with limited scope for further monetary easing, fiscal easing is becoming the last and only resort for policymakers. It seems reasonable to assume that the combination of these two factors will soon usher in a period of easier fiscal policy.

Nowhere will the impact of fiscal easing be felt more than the US in 2017, in our view. The GOP has achieved a rare clean sweep in the latest elections. During the 18 years that a single party controlled both the Presidency and Congress since 1965, US structural budget balance as a share of potential GDP deteriorated by 0.4pp a year on average (Chart 3). In other words, history tells us that a clean sweep is usually a recipe for fiscal stimulus. The GOP has the additional incentive to use fiscal easing to boost economic growth ahead of the mid-term elections in 2018. The Republicans will need to pick up at least eight more seats in the Senate to accomplish their stated objectives of repealing Obamacare and Dodd-Frank (Chart 4). We think the Republican controlled Congress will use the reconciliation process (which has a deadline of 15 April) to pass most of its fiscal agenda into law.

### 2. Fiscal easing not yet priced into the belly of the curve

Fiscal easing is unlikely to be kind to the Treasury market. For one thing, a bigger budget deficit would increase risk premium. And, fiscal easing at this late stage of the expansion would likely lead investors to demand higher inflation risk premium. Also,



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**Chart 3: Change in structural budget balance /potential GDP (pp)**

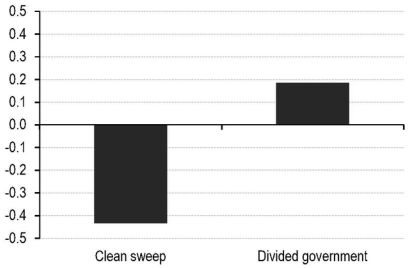


Source: BofA Merrill Lynch Global Research

**Chart 4: Number of Senate seats up for grab in 2018**

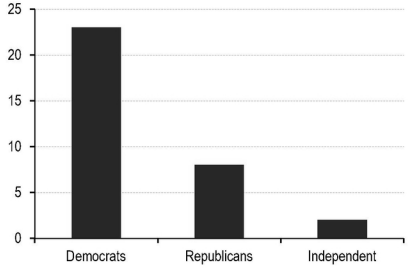


Source: BofA Merrill Lynch Global Research

fiscal easing will likely place pressure on the Fed to normalize rates more quickly when internal dissent against near zero rates is growing.

US rates have backed up quickly after the election, driven largely by a repricing of inflation expectations. With long-term inflation breakevens closing on their historical averages (Chart 5), we think the next phase of the rates move will be led by the belly of the curve. The market is only pricing in a one and a quarter rate hike in 2017, and another one and a quarter hike in 2018, with Fed Funds futures implying that the Fed Funds rates will be only at 1.25% at the end of 2018 (Chart 6). We think the 5y part of the curve offers the best risk-reward trade-off for investors with a 3-6 month horizon to position for a more aggressive Fed. As our leading indicator section suggests, global growth momentum is set to pick up in Q1, also supporting this view.

For investors with a 1-3 month horizon, we would recommend shorting 10y real rates. This trade would benefit from higher rates in general, but more importantly, would also benefit from a sudden risk-off that could render vulnerable reflation trades that have gone a very long way since 9 November. This trade would also benefit from a grand bargaining that stabilizes long-term debt dynamics, cuts waste and supports investment and growth.

### 3. USD/JPY will the main beneficiary of Trump win

While the US fixed income sell-off will likely continue to spill over to other bond markets, yield differentials are likely to move in favor of the USD. This will be especially

**Chart 5: US 10y inflation breakeven (%)**

Source: BofA Merrill Lynch Global Research

**Chart 6: Implied Fed Funds rates in 24 months (%)**

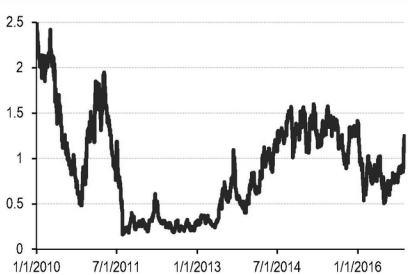


Source: BofA Merrill Lynch Global Research



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**Chart 7: Cumulative Japanese purchases of foreign bonds since 2010**

Source: BofA Merrill Lynch Global Research

**Chart 8: USD/JPY 10y forward outright**

Source: BofA Merrill Lynch Global Research

true against the JPY given the Bank of Japan is pegging 10y JGB yields at zero. We are cognizant of the possibility that the willingness of Japanese investors – who have already bought record amount of US bonds this year – to buy more is likely to be constrained by their recent losses (Chart 7). However, with long-dated USD/JPY forward outrights near their lowest levels in more than a year, further purchases are more likely to be currency unhedged (Chart 8). This is why we would recommend buying USD/JPY even after the big rally of the past week.

More generally, the USD is likely to benefit from repatriation of overseas US corporate earnings, which is highly likely, in our view, given that it is the lowest hanging fruit in Washington for the new administration.

### 4. MXN is oversold but BRL faces more headwinds

Until the US election, EM fixed income was the best performing asset class in 2016, benefiting from the decline in rates in core markets as well as the rebound in global growth. The combination of higher US rates and higher USD over the past week has nearly wiped out its YTD gains. However, long positions remain crowded (Chart 9) and liquidity conditions are poor. For these reasons, we think downside risk remains and would recommend selling a basket of Brazilian, Mexican, and Colombian long bonds.

Some EM markets have already seen brutal capitulation. In particular, MXN has priced in a lot of bad news, even though it is not clear that the net impact of Trump policy is negative for Mexico. In contrast, the BRL remains one of the most crowded EM

**Chart 9: EM fixed income performance vs. positioning**

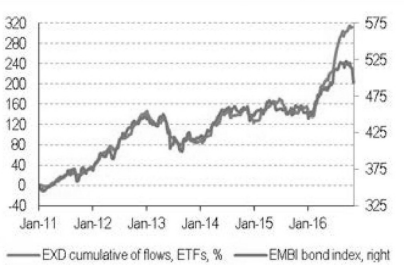


Source: BofA Merrill Lynch Global Research, EPFR Global

**Chart 10: BRL/MXN**

Source: BofA Merrill Lynch Global Research



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currencies. The fact that the Central Bank of Brazil will be looking to cut rates in the face of a Fed tightening cycle makes the BRL especially vulnerable in 2017. We would recommend buying MXN against BRL as a relative value trade.

### 5. The best hedge against escalation of trade friction

The rise of populism means that policies will become less predictable and less market friendly. This should be especially true in the area of international trade. Even though a trade war is not our central scenario, the risk of trade friction will likely be much greater than anything we have seen in recent years.

For Donald Trump's trade policy to work he needs a weak USD. Meanwhile, with increased concerns about the long-term ill effect of debt-fuelled expansion, Beijing seems to have become resigned that China needs a weaker RMB (Chart 11). This could set the US and China on a collision course in 2017. To hedge against the possibility of an escalation of trade tension between China and the US, we would recommend buying a 10 delta USD call/CNH put that would benefit from either an increase in risk premium or an acceleration of renminbi depreciation between now and the inauguration of the new US president on January 20 (Chart 12).

### 6. Contagious populism will benefit the GBP

Brexit and the election of Donald Trump could help bolster nationalistic and anti-globalization parties elsewhere by lending legitimacy to their causes. With major elections coming up in France, Holland and Germany next year and the possibility of early elections in Italy, investors will be on tenterhooks, as anti-globalization movements could further undermine public support for the European project at a time that the Eurozone is still recovering from the peripheral crisis.

It is not our central scenario that right wing parties will take power in any of these countries next year. However, after the surprise victories of the Brexit camp and Trump, investors are likely to demand greater risk premium ahead of these votes. We think this could lead to further reversal of the rally in EUR/GBP this year and would recommend selling the cross at the current level.

### 7. Not all reflation trades are born equal

Reflation trades have skyrocketed since the US election. Commodities, mining stocks, commodity currencies, and inflation indexed bonds generally have outperformed. However, we would caution against the indiscriminate buying of inflation-linked assets, as the general theme is not supported by fundamentals in all inflation-linked markets.

Eurozone 10y20y inflation breakeven has jumped over the past week to 1.96%, near the year's high, but more importantly, approaching the ECB's "below but close to 2%"

**Chart 11: RMB trade weighted basket**

Source: BofA Merrill Lynch Global Research

**Chart 12: EUR/GBP spot**

Source: BofA Merrill Lynch Global Research



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target. It is possible that Trump's election could weaken fiscal discipline in the Eurozone over the medium term, but we are more concerned by the non-trivial risk that the ECB may disappoint in the December meeting by either not extending quantitative easing (QE) beyond next March or announcing tapering prematurely. We like selling 30y breakeven.

Our commodity team expects OPEC to agree on production cuts on November 30. This should help support oil prices and the currencies of oil producers like Russia. With the election of Trump, the probability has increased that there could be some sanction relief for Russia under the new US administration. RUB has the additional advantage of offering the highest real rates in EM right now. Given our bullish view on the USD, we would recommend selling EUR/RUB.

## Top 10 Rates, EM & FX trades for 2017

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The rationale and risks to the trades are detailed below. For a complete list of open and closed trades see the Global Liquid Markets Weekly.



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# Best Directional Trades

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## Stay hungry, stay bearish (not foolish)

- For the year ahead, we recommend being bearish 5y US rates, long USDJPY and short a basket of LatAm long bonds (Mexico, Brazil and Colombia).
- But in the near term, we urge caution with the reflation trade. Short 10y US real rates offers the best risk-reward after recent moves.

### US rates back in the driver seat

After three years of being the sideshow, US rates are back. The US rate outlook in no small part will drive the FX and EM outlook for 2017. Our strongest medium-term conviction on a Republican sweep was higher US rates (Mind the Sweep, 31 Aug 16). That conviction remains steadfast: US rates are headed higher to start 2017. But, this is not the time to be foolish – 5y and 10y rates have seen a 5 standard deviation move over the last week. So we recommend a near-term trade (bearish 10y real rates) that has the least to lose if the reflation theme unwinds while capturing most of the upside from a bearish move. Our medium-term directional view goes with the flow of recent price action: short 5y rates, long USDJPY and short basket of LatAm long bonds. Here we make the compelling case that recent moves have a lot further to go.

### Bearish 5y yields for the medium term

Our bearish energy in US rates for 2017 will largely be focused on the 5y point of the curve. Despite the recent move, we see three clear reasons why the market still has to play catch-up from now, at least until inauguration day:

#### 1. Comeback chart of 2017: market vs dots

We prefer short 5y rates over the widely held view of short 30y rates given we think that fiscal stimulus will move the Fed before it shows up in fundamentals. We believe the Fed's current dot projections will move from being a ceiling to a floor on the market. In this case, intermediate forwards like the 3y1 and 4y1y have the most room to sell off, leaving the 5y point most vulnerable, (Chart 13). *Our fair value framework indicates that if the market were to revert to the dots, 2y rates can move higher by 26bp, 3y rates by 45bp, 5y rates by 57bp and 10y rates by 48bp.*

**Chart 13: After three years of treating the dots as a ceiling, they will soon act as a floor for the market, in our view**

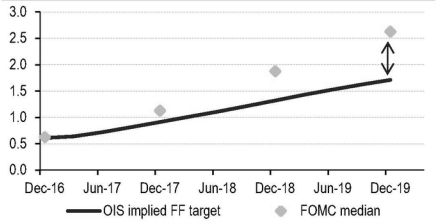


Source: BofA Merrill Lynch Global Research

**Chart 14: Additional deficit needs are likely to be financed by increasing front-end auction sizes**

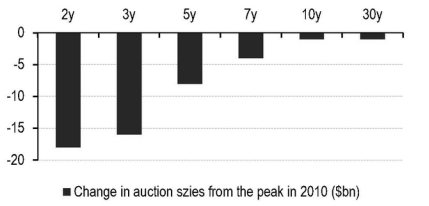


Source: BofA Merrill Lynch Global Research



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### 2. Learning from Japanese fiscal stimulus

Ultimately, fiscal stimulus is not the long-term answer to flat curves or low neutral rates (Japan being the prime example). Fiscal stimulus merely captures some low-hanging fruit that extends the business cycle by a couple of years and provides the central bank an opportunity to get further away from the ZLB. Said simply, fiscal stimulus raises the terminal rate in the current business cycle while doing little for the long-run neutral rate – this by definition should be more bearish for intermediate rates than 30y rates.

### 3. Additional deficit issuance

With the average maturity of UST debt already standing at record highs (70months), Treasury showing an inclination to cut long-end issue sizes in 2016, and the supply shortfall in the front end of the UST curve post MMF reform, we also believe that the US Treasury will finance the increased deficit using the belly of the UST curve as opposed to the long end

**Trade: We recommend a 3m5y OTM payer 25 delta, strike = 2.05% for a gross payoff ratio of 3.4: 1. See the Best Vol Trades section for more details and risks.**

### But focus on being short real rates now

After spending much of 2016 successfully being long real rates, we recommend switching to a real rate short for 2017. We think the consensus was too slow to get on the real rate train and is now too long relative to benchmark. As described in the detail here, fiscal stimulus is likely to leave government and private companies competing for a shrinking pool of savings, driving the real cost of debt higher. We highlight three reasons why short real rates provides better risk-reward now (Chart 15).

- **Anti-globalization = higher real rates:** Few appreciate that one of the biggest beneficiaries of globalization has been US real rates. Globalization was undoubtedly good for EM growth and reserves. As these reserves found their way back into the US, US real interest rates were held lower. As the global savings glut unwinds, real rates have the most room to re-price. Chart 16 offers compelling proof.

- **Risk parity unwind = higher real rates:** Exposure to any heightened concern about a risk parity deleveraging trade in a high vol environment is best found in asset classes where their footprint is large relative to market liquidity. TIPS is a prime example of one such asset class. The influence of a multi-asset strategy on real rates is clear from Chart 17.

- **Lower rates = lower breakevens:** If the recent euphoria unwinds, it is likely due to a 1) RMB deval; 2) commodity collapse post OPEC; or 3) equity market correction.

**Chart 15: Real rates vs. breakevens: A real short offers better risk reward than nominal short**

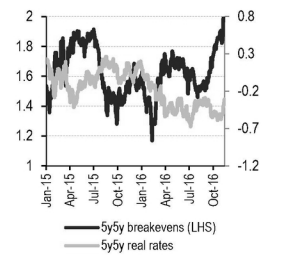


Source: BofA Merrill Lynch Global Research

**Chart 16: Foreign official holdings of UST vs. real rates**

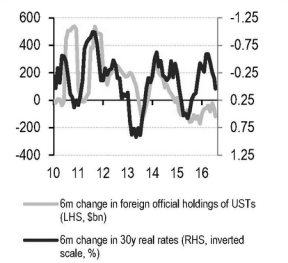


Source: BofA Merrill Lynch Global Research, US Treasury

**Chart 17: BAML multi asset strategy index vs real rates**

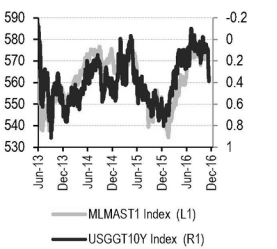


The BAML multi asset strategy index is not representative of all risk-parity funds. Source: BofA Merrill Lynch Global Research



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All three would argue for the decline in rates to be led by breakevens leaving a real rate short with little downside (real rates moved higher by 50bp post China deval in Aug-15).

**Trade: We recommend selling 10y real rates at 35bp with a target of 1% and a stop loss of 0bp. Risk: A reflationary sell-off without re-pricing the Fed is a risk to the trade.**

**FX: GOP sweep emboldens core USD/JPY view**

Higher US real rates, higher intermediate (5-10y) nominal rates combined with a potential USD tailwind from a second Homeland Investment Act (HIA), leave USD/JPY as our top directional FX trade for 2017. We have maintained a core view that USD/JPY would move higher in 2017, as the factors weighing on the pair this year, namely speculative JPY buying and increased FX hedging by domestic investors (<u>$/¥'s eventual surge</u>), would subside. We like the trade for the following reasons.

- **USD/JPY most sensitive to fiscal-stimulus-driven rise in US yields:** Of all G10 FX pairs, JPY is most vulnerable (versus the USD) to a fiscal-driven rise in US yields. First, the pair's correlation with rate differentials is the highest in G10 at 60%. But, more importantly, USD/JPY is also the most sensitive to the shape of the US 2s10s curve (Chart 18). The shift from loose monetary/tight fiscal to a tight monetary/ loose fiscal policy regime will support such a steepening as supply is concentrated in the intermediate part of the curve, and the positive growth shock allows the Fed to hike faster, supporting an increase in real yields, also a key 2017 call.

- **BOJ yield target is bearish for JPY:** The BOJ's implementation of a yield target at its <u>September meeting</u> has caused a break in the correlation between 10Y JGBs and USTs (Chart 19). First, given USD/JPY's significant correlation with 10Y yield differentials (>60%), the anchoring of 10Y yields will further weigh on the Yen as US Treasury yields rise. Second, further Japanese fiscal stimulus will successfully lower real yields through higher breakeven rates of inflation while nominal yields will remain unchanged. As our JPY strategist argues, to the extent that a Trump victory has weakened Abe's diplomatic success, not least from likely TPP failure, and residual macro uncertainty makes it increasingly likely the government will seek to draft a supplementary budget sooner than anticipated.

- **HIA and domestic flow picture a JPY-negative:** The flow picture also turns JPY-negative in 2017. USD/JPY's underperformance during Asia trading hours in 2016 highlights that domestics used any rally in the pair to hedge (by selling USD/JPY) existing investments. This flow will likely subside in 2017. The compression in FX-hedge-adjusted yield pickup from a Japanese investor's standpoint will likely shift

**Chart 18: USD/JPY and Japanese equities perform well in US 2s-10s curve steepening**

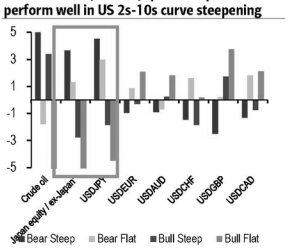


Source: BofA Merrill Lynch Global Research, Bloomberg
Note: curve and average cross-market reaction (past 40 quarter simple average)

**Chart 19: Correlation breakdown**

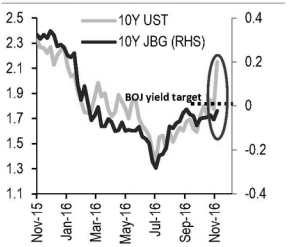


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 20: 2005 HIA repatriation flows vs USD/JPY**

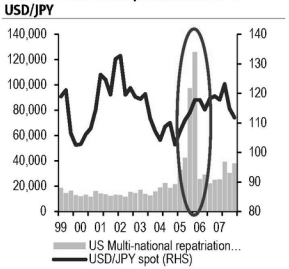


Source: BofA Merrill Lynch Global Research, Bloomberg, BEA



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any further rebalancing to be unhedged, strengthening USDJPY. We believe the Republican sweep of Congress makes it very likely that HIA 2.0 will be passed (Homeland Investment redux?). Following the 2005 HIA, USD/JPY rose from 102 to 117 (Chart 20). Given US corporate exposure is heavily concentrated in European and Asian countries (including Japan), flows out of these currencies into USD would be the most pronounced.

**Trade: We recommend buying a 6m USD/JPY digital call for 10% spot ref: 108.95). The strike aligns with our end-2017 USD/JPY forecasts of 120, and with a 10% entry level provides a 10 to 1 return.** The risks to the trade are a decline in risk sentiment, a retreat from the US Treasury's "strong dollar" policy by the new administration, and/or a failure of the US to meet already high expectations for significant fiscal easing.

### EM sovereign credit has more downside

Our bullish dollar + bearish US rate view leaves us bearish on EM. In our view, Mexico, Brazil and Colombia (longer duration low spread foreign currency bonds) are especially vulnerable, while the higher yield and lower duration of lower quality and shorter EM bonds will be more defensive. A review of the taper tantrum (May 2013) shows that: 1) EM underperformed UST at the start; 2) BBB sovereigns underperformed the most, and had not yet recovered in a year; and 3) BB and B-rated bonds recovered to beat USTs 8-10 months later. This time, we expect a sharp selloff with an eventual recovery.

Our bearish view on LatAm credits in particular is driven by 1) positioning in LatAm is heavier than in EMEA or Asia – watch outflows from IG crossover investors who will rethink their EM IG investments; 2) their exposure to commodities and 3) vulnerability to a potential decline in US trade. Our choice of the basket is fairly obvious - Mexico is clearly the most vulnerable to NAFTA and a decline in remittances, uncertainty on the pace of the economic recovery and debt dynamics are extremely challenging in Brazil while tax reform delays could mean a credit rating downgrade in Columbia.

Taking account of both oil and US rates as independent variables, a regression analysis shows that a 100bp Tsy backup would be related to 30-45bp wider spread (Chart 22). Note that residuals show spreads are currently about 35bp too tight.

**The trade: Sell equally weighted basket of Mex 47s, Brazil 45s and Colom 44s Current average yield: 5.74%, annual carry & roll 30bp; target: 6.35%; stop: 5.25%**

On a portfolio basis for benchmark real money investors, we recommend moving out of long higher quality LatAm, leaving higher yielding shorter bonds. A commodity price rebound or a reversal of US rates is a risk to the trade.

**Chart 21: Total return of EM sovereigns during taper tantrum May 2013**

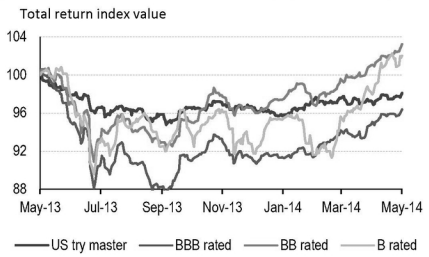


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 22: EM sovereign spreads widen with declining oil prices Jun 2014**

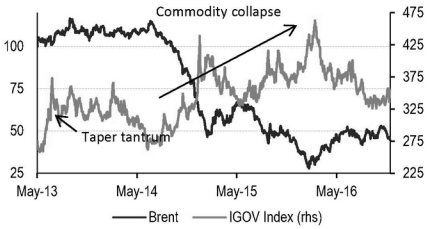


Source: BofA Merrill Lynch Global Research, Bloomberg



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# Leading Indicators

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## Brace for faster global growth

- Our leading indicator of leading indicators (LILI), shows that global growth will likely continue to improve in early 2017.
- Faster global growth as anticipated by LILI supports higher rates and reflation.

### A leading indicator of leading indicators

Investors use leading indicators to try to anticipate turning points in economic activity because those turning points drive FX, rates and stocks. One transmission channel is that turning points usually anticipate monetary policy changes. The most reliable leading indicators available summarize a battery of activity, financial and qualitative variables. One example is the set of Composite Leading Indicators (CLIs) calculated by the OECD, which is heavily used by policy makers and market participants.

The problem that we have with leading indicators is they are not really useful to market participants because they move *after* the market does. That is, leading indicators anticipate growth but not the market because they use financial variables to anticipate growth. Leading indicators rely heavily on interest rates, stock market indexes and exchange rates because they incorporate vast information quickly.

LILI solves the problem in two dimensions. It is not based on financial variables. Rather, LILI is based on qualitative data, consumer and business confidence, which we believe are optimal to capture "animal spirits." And, it is constructed explicitly to anticipate the CLI, as we use a dynamic forecasting regression with lags of consumer and business confidence to calculate LILI.

### The signal for early 2017

LILI indicates that in early 2017 global growth will continue with an improving economic outlook (Chart 23). Consumers and firms seem to be bullish around the world, because LILI anticipates an even stronger outlook than the CLI. Here global growth means growth in the OECD plus the six largest non-OECD members. LILI anticipates the CLI by four months, and the CLI in turn anticipates growth by three months.

LILI supports our house view of higher rates and reflation, as the peak of the business cycle is not in the forecasting horizon. Since LILI is not based on market measures, we are confident that LILI anticipates market movements as well.

**Chart 23: LILI is our leading indicator of leading indicators that leads growth by 7 months and OECD's CLI by 4 months**

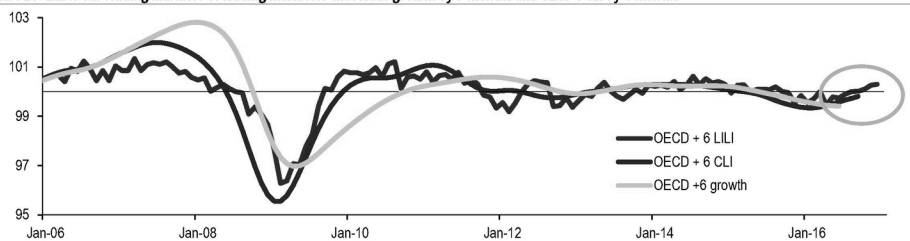


Source: BofA Merrill Lynch Global Research, OECD. Note: OECD + 6 includes the 33 OECD member countries plus the largest 6 non-OECD members: Brazil, China, India, Indonesia, Russia and South Africa



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**The nuts and bolts of LILI**

We used the OECD database of monthly economic indicators to look for non-financial variables that could anticipate the CLI. We use small and simple forecasting regressions, as they sometimes adjust more quickly to structural changes than large regressions or regressions based on large data sets. And, we already have a big-data leading indicator, published in our Year Ahead a year ago. We looked only at models with two independent variables (and their lags) and with variables of the same "type" (production variables, or employment variables, or confidence indicators). Further research can be done to use models that mix variables, although those models are more difficult to interpret.

We used two criteria to select between models. One was Granger-causality tests, which amount to joint tests that the lags of the independent variables are statistically different from zero in our dynamic regressions. The other was the Bayesian Information Criteria (BIC), a measure that looks at the fit of the regression (the r-squared) but that penalizes large models. We found that production measures and confidence indicators usually performed better in our training sample (1980 to 2014), although confidence measures usually had a larger lead. The model that used has a lead of four months and uses up to four lags of the standardized consumer confidence indicator (CCI) and of the standardized business confidence indicator (BCI) calculated by the OECD. Many models showed similar performance, which indicates that a combination strategy could be fruitful, although we did not take that route. No out-of-sample tests were performed.

We like LILI because it can anticipate the OECD's leading indicator without the use of financial variables. But we also like it because it is easy to interpret as it is based on confidence indicators and because those indicators are not subject to data revision, unlike variables such as GDP or payrolls.



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# Best Inflation Trades

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## Inflation party starting but Eurozone not invited

- Eurozone breakevens have benefited from US move, but we see its sub-target problem becoming more entrenched. Sell OATei 2047 vs OAT 2066
- FX pass-through considerations and the prospect of firmer oil prices and leave us favoring breakevens in Thailand and Mexico.
- We expect inflation divergence in G10 economies. Our analysis of inflation and deflation risks support buying USD/JPY and selling CHF/SEK.

**Rising Eurozone breakevens – the triumph of hope over experience?**

The rally in Eurozone breakevens and inflation swaps looks mild compared with the recent US experience, for obvious reasons, but it has still been meaningful. The widely followed 5y5y has rallied from a 1.25% low to 1.58% and the 10y20y forward rate is at 1.96% (which qualifies as meeting the ECB's 'below but close to 2%', we'd say, albeit without the inflation risk premium we were used to in the past).

It is hard to argue with what looks like a beta-weighted response to the US move, perhaps. After all, there is a global component to inflation and if the US is driving that now, then Eurozone inflation expectations should firm, it can be argued. And if we are in for a Reaganomics-style fiscal stimulus, then it is quite possible that we will get the dollar strength associated with that experience; if so, the Eurozone might get to import a little inflation by being on the other side of that currency move.

However, we are somewhat troubled by the fact that the inflation options market has priced out the risk of deflation almost completely (Chart 24). Has that threat really been extinguished? Yes, inflation expectations have risen but the rise in real yields has also tightened monetary conditions and there remains the threat that in December the ECB fails to commit to ongoing stimulus on a sufficient scale to satisfy markets that it can return inflation to target.

**Chart 24: Euro inflation expectations rally; long term forward at target, %**

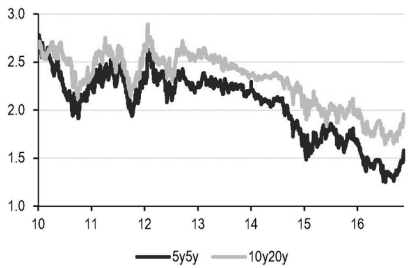


Source: BofA Merrill Lynch Global Research

**Chart 25: Perceived deflation risk goes; 5y ZC 0% inflation floor price, c**

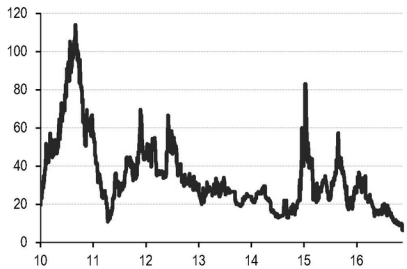


Source: BofA Merrill Lynch Global Research



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**Chart 26: The Euro HICP – weighted index proportions recording inflation below 0% and above 2%**

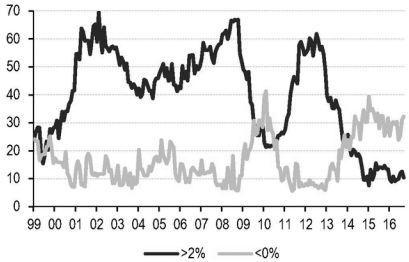


Source: Eurostat, BofA Merrill Lynch Global Research

**Chart 27: Eurozone member country inflation rates, with bubble sizes proportionate to index weights**

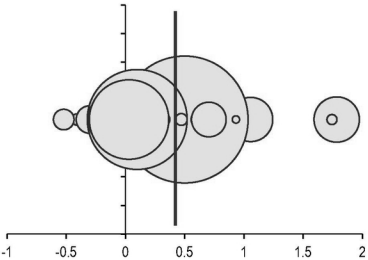


Source: Eurostat, BofA Merrill Lynch Global Research

Core inflation at 0.8% is barely above the 2015 low of 0.6%. One statistic that often grabs attention is the high proportion of HICP index components recording deflation (currently 31% on a weighted basis). However, much of this represents volatile non-core components so is less of a concern. The bigger problem is the fact that even after we take out all these components recording deflation, the 69% of the index remaining is only recording a weighted average inflation rate of 1.3%. Chart 26 shows that the more serious problem is that only 10% of components in the basket are recording inflation rates above the 2% target. So there is a "lowflation" clustering problem by index item and Chart 27 shows that there is also a lowflation clustering problem by country. In fact, the country clustering is even more concentrated than it looks if we allow for the fact that the bigger of the two upside outliers, Belgium (1.8% inflation), has experienced a presumably unrepeatable increase in the tax rate on electricity from 6% to 21%, as well as other excise duty increases.

One might be tempted to give the Eurozone the benefit of the doubt on inflation, insofar as its output gap remains material. However, the closure of the output gap still requires strong and continuing stimulus, we would argue, and even that does not guarantee that somehow inflation resets to target.

Our worry about item and country lowflation clustering is not that inflation is "unanchored". Our concern is that it flags a "re-anchoring" of inflation at a level well below 2% and that this new anchor will prove difficult to dislodge.

**Chart 28: Output gap as % potential GDP**

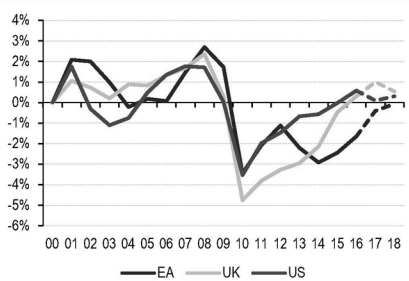


Source: BofA Merrill Lynch Global Research , AMECO

**Chart 29: Influence of current inflation on 5y5y EUR inflation swaps**

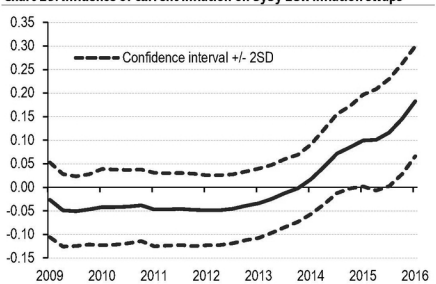


Note: The chart shows the slope of the regression of 5y5y on current inflation, with rolling windows of 29 quarters
Source: BofA Merrill Lynch Global Research, Bloomberg



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Economists place great store in the importance of expectations and their impact on inflation. Chart 29 suggests an adverse feedback problem has emerged, with actual inflation an increasingly influential driver of 5y5y inflation (and economist long-term consensus expectations).

With 10y20y inflation effectively at the ECB's target, we favor short positions in 30y breakevens. In the case of the OATei 2047, the "observed" breakeven drastically understates what we would consider to be a fairer measure. The issue here is that the linker is almost 10 years longer than its nominal 2045 comparator in modified duration terms. On a duration basis, the linker lies in between the 2060 and 2066 nominal OATs and, of course, the 30s50s OAT curve is very steep.

**Trade: we recommended a more closely-matched breakeven trade, shorting OATei 2047s to buy OAT 2066s to give a breakeven of 163.3bp, targeting 130bp with a stop-loss at 180bp on October 14. The breakeven has risen, against our expectations, to 169.6bp currently and we regard this as an attractive entry level. We will nudge our stop-loss level higher to 185bp.**

The relative cheapness of the nominal 50y partly reflects the 31y maturity limit to ECB buying. We regard the ECB eligibility premium for bonds within the ECB's buying range (like this linker) as material, so the trade should be a beneficiary in the event of an ECB "taper tantrum". An important additional feature in these turbulent times is the greater dispersion of the nominal's cash flows (in PV terms). This means the trade is significantly net long convexity.

We see the risks to the trade being a strong Eurozone recovery causing a general repricing of breakevens higher and the possibility of further heavy issuance of 50-year bonds across the Eurozone.

### EM linkers: feeling the contagion for higher breakevens

The prospect for higher yields in the US clearly affects the appetite for Emerging Market (EM) assets including inflation-linked bonds. The discussion is about not only EM becoming less attractive on a relative basis, but also how the higher yields in the US affect the dollar and thus EM currencies.

Fiscal stimulus prospects in the US should continue to drive some correction across EM assets, but at this point, there is still too much uncertainty on the actual reach of such stimulus. Investors faced strong returns in EM this year and because of the calendar effect, this puts pressure to square positions and reduce risk. While this correction may last for a while, it is clearly creating more value in some assets. For now, the discussion will be about re-sizing positions rather than valuation. Only when volatility declines and yields stabilize in the US will we be able to resume discussion on valuation and the level of yields across EM.

Liquidity is a key issue when looking into EM linkers, in particular across EMEA, but we find some interesting opportunities in Asia and LatAm.. Currency weakness ends up adding risks for higher inflation in some countries but FX pass-through varies a lot depending on output gap. In general, we believe there is room for higher breakevens in EM, with key highlight for Thailand and 10y in Mexico.

### Attractive breakevens in Thailand and Mexico

In Asia, we believe breakevens are pricing in too much complacency on the inflation outlook. With prospects for higher oil prices, it makes sense to position for higher breakevens in both Thailand and Korea in our view. Breakevens appear cheaper in Thailand as inflation is already increasing, while breakevens have clearly lagged the movement.

In EMEA, linkers are mostly illiquid and/or expensive so there is more to do in nominals and/or FX in our view. Yet, the currency move has triggered a widening in breakevens in some countries like South Africa. We expect this movement to continue for now.



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**Chart 30: Breakevens to increase in some EM**

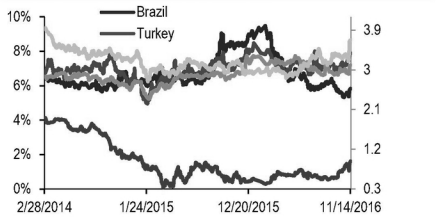


Source: Bloomberg

**Chart 31: In Brazil, high correlation between breakeven and BRL**

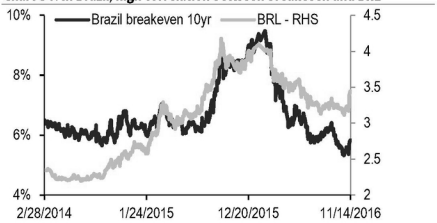


Source: Bloomberg

Finally, in LatAm, we expect inflation to increase in Mexico, driving breakevens higher across the curve. Although FX pass-through is very low in the country, the ongoing MXN depreciation may add some pressure on inflation at the margin. In the case of Brazil, the central bank was very successful in anchoring long-term inflation expectations driving breakevens lower across the bond curve. For long-only investors, we believe linkers should be more resilient versus nominal bonds.

While Brazil continues to have one of the highest nominal and real yields across the globe, further compression requires stabilization in US yields. As long as the Brazilian government is able to deliver on the reform front, approving a social security reform bill next year, we see room for real yield compression from levels above 5.5% right now.

**Buy USD/JPY, sell CHF/SEK**

Inflation may not be back yet but deflation risk is most likely gone in most regions in our view (the notable exception being the Eurozone, we believe, as discussed above). A year ago we argued that the market deflation position was stretched and that there was room for inflation surprises. Indeed, average inflation surprises in G10 economies have been increasing since then and are now clearly in positive territory (Chart 32). Monetary policy in G10 economies is the loosest it has even been, suggesting that global inflation could continue rising (Chart 33). This is not necessarily bad news, as the threat of deflation is now gone. However, inflation rather than deflation trades are likely to become an important driver in G10 FX.

We update a heatmap of inflation risks in G10 economies to determine how to position for such risks in FX. We have discussed the methodology in Inflation and FX: What if the dog starts barking?. The idea is to rank currencies based on a number of early warning inflation indicators. Using equal weights, if most indicators point towards higher inflation for a currency, we take this to suggest that investors should go long, against a currency for which most indicators point towards deflation, both in relative terms.

**Chart 32: G10 inflation surprises (average)**

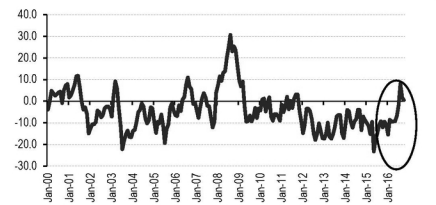


Source: BofA Merrill Lynch Global Research.

**Chart 33: G10 sum of spreads from Taylor rule**

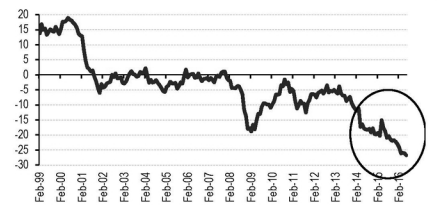


Source: BofA Merrill Lynch Global Research.



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**Table 1: Heatmap of inflation risks (green for high, red for low, in relative terms)**

Source: BofA Merrill Lynch Global Research.

The results in Table 1 are supportive of the USD and the scandies against JPY, EUR and CHF. This is fully consistent with our projections for 2017, expecting USD strength to continue, particularly against JPY, and the scandies to do well against EUR and CHF.

Based on this analysis, we recommend buying USD/JPY and selling CHF/SEK, to position for inflation risks in G10 economies. Long USD/JPY is also our top directional trade for 2017 and we already have a trade recommendation to sell EUR/SEK. Therefore, we would recommend selling CHF/SEK as a new trade to position for inflation risks. CHF/SEK is one of the most overvalued crosses in G10. It is currently at its highest value ever, with the exception of the level reached when the SNB removed the EUR/CHF floor. We also expect the SNB to intervene to offset FX pressure, while higher uncertainty increases risks of a rate cut.

The risk to this view is if tail risk scenarios unfold in European politics, such as an early election in Italy with Five Star winning, or Le Pen wining the second round in the French elections. Although we expect markets to be more concerned about European politics following the US elections, we do not see tail risk scenarios in our baseline.

**Trade: We recommend selling CHF/SEK, from spot at 9.184, with a target of 8.4 and stop loss at 9.5.**



HOUSE_OVERSIGHT_014747

# Best Relative Value Trades

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## Relative value in a macro world

- Long EUR/JPY: data and positioning supportive; the BoJ has more tools to address sustainability challenges than the ECB.
- Long RUB/KRW: US fiscal expansion suggests more upside for reflation sensitive Russia than interest rate sensitive Korea.
- Sell German 2y vs OIS, buy 10y vs OIS: fade the impressive richening of short-maturity German govies.

### Long EUR/JPY

In a recent report we argued that EUR/JPY could appreciate in the months ahead as the BoJ gains credibility and the ECB has to deal with QE constraints. Since then, the EUR/JPY has appreciated by 3%, but we see more upside. Although we expect the ECB to extend QE by a further six months in December, we see more difficulties next year. Extending QE will require difficult decisions, such as relaxing the capital key or buying below the depo rate. QE tapering is therefore a risk and the market could start testing the ECB. Even if Draghi succeeds, the Euro could strengthen in the meantime. In contrast, the BoJ's new framework should address the sustainability challenges that Kuroda faced this year, and allows more fiscal stimulus by keeping the government's borrowing costs at zero. The ECB cannot do this, in our view. We have been short EUR/JPY this year, as we were expecting the ECB to extend QE, while the BoJ faced challenges.

Data also suggests further EUR/JPY upside. Relative GDP growth would be consistent with a stronger EUR/JPY, as the Eurozone has been gaining momentum, while growth in Japan remains weak (Chart 34). Relative central bank balance sheets give the same signal (Chart 35). Positioning is also in support, as our analysis suggests a short EUR/JPY market position (Chart 36).

If the external environment improves, we think Japanese investors are likely to be JPY sellers again as the hedge ratio and hedge costs have both risen. One of key factors of the yen's appreciation this year might have been that, as the USD/JPY fell, institutional investors implemented additional FX-hedging to their existing forex positions as part of their risk management, which caused the USD/JPY to fall further and supply-demand to worsen in a vicious circle. However, this mechanism probably ran its course when the USD/JPY reached 100 on the Brexit vote as we argued in $/¥'s eventual surge: Buy Nikkei 06 September 2016. In fact, the USD/JPY has stopped falling during Tokyo trading hours since the summer. Based on the decline of foreign yields and higher hedge costs, hedged US Treasuries and German bunds had lost nearly all of their attraction for Japanese investors by the summer. US and German 10yr government bond yields sank to about 0% after being hedged to the JPY, reflecting that downward pressure on yields had reached the limit. Institutional investors are expected to increase their exposure to unhedged foreign bonds in H2 FY16. Investor behavior is especially liable to change in April, when the new fiscal year starts.



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**Chart 34: EUR/JPY and real GDP growth**

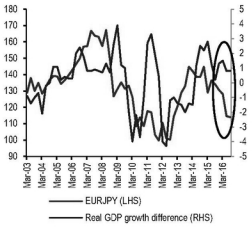


Source: BofA Merrill Lynch Global Research.

**Chart 35: EURJPY and relative central bank balance sheets**

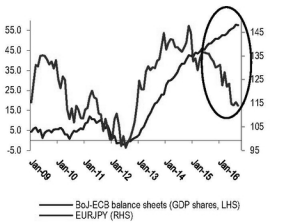


Source: BofA Merrill Lynch Global Research.

**Chart 36: EUR and JPY market positions relative to the last 12 months**

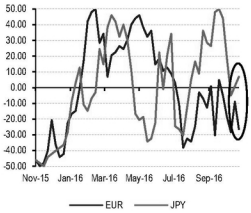


Source: BofA Merrill Lynch Global Research.
For more details, see Liquid Cross Border Flows.

EUR rates are probably more vulnerable against US rates movements, as the market questions whether the next ECB move will be expansion or tapering. On the other hand, Japanese rates are insulated from foreign movements as the BoJ directly targets the 10yr yield. Japanese fiscal easing is also a possibility in light of reduced odds of TPP implementation and a potential snap election. Any positive impact of Japanese fiscal easing on growth is likely to manifest in higher inflation expectations under the BoJ's yield-targeting regime, which means Japanese real interest rates could actually fall.

Based on these considerations, **we recommend buying a 6M EUR/JPY 122/130 call spread for 1.2312% EUR (spot ref. 116.84).** Risks to our trade include a severe global shock that could strengthen the JPY, or the return of the Eurozone crisis; for example, if the government in Italy falls after Renzi loses the referendum in December or Le Pen wins the elections in France.

### Long RUB/KRW

Post US elections and the improved outlook for fiscal expansion in the US, we see more upside in being long oil and reflation sensitive Russia than short technology and interest rate sensitive Korea.

**We recommend being long RUB/KRW heading into 2017 targeting a move to 19.4 (spot ref 18, stop 16.7). The trade is positive carry 2% per quarter**.

The rise in US breakeven inflation is positive for risky assets broadly but could be painful in the short term for highly indebted countries with low interest rates. Higher US breakeven inflation rates are historically associated with higher RUB/KRW (Chart 37).

Higher US real rates are also less of a threat for Russia where local real yields are significantly higher than Korea (Table 2) and most EM peers. Korea also has relatively high private sector debt which could face pressure if BoK is forced to raise rates. Household debt has been rising at an alarming rate and domestic political turmoil facing the Park administration has also added to concerns.

In our baseline scenarios, we expect a modest growth recovery for Korea but a stronger delta for Russia where the oil price collapse over 2014-15 led to a much sharper slowdown earlier and activity is now in recovery stage.

The ToT trade shock that hit Russia in 2014 led to material underperformance in exports vs Korea. Over 2011-13, Russia and Korean exports were growing at about the same rates but since 2014 that gap widened has materially against Russia. Since early 2016, however, this has reversed with Russia catching up. In 2017, Russian exports growth could outperform Korea given the outlook for oil. Moreover, it is less reliant on China or Japan and more reliant on Europe. CNH/KRW as well as JPY/KRW remains near multi year



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lows suggesting this will be a source of pressure on the Won given the greater trade linkages (Table 2).

Our current account forecasts for 2017 anticipate deterioration in Korea's current account surplus compared to marginal improvement in Russia's. Recent issues at Samsung and Hanjin pose risks for the goods and service balances, respectively. Electronics account for 30% of Korea's exports. While a stronger dollar and energy de-regulation in the US could dampen the oil market, our energy strategists continue to expect further modest gains in Brent over 2017. The RUB/KRW cross has a modest positive beta to oil at 25% since the beginning of 2014. Risks to the trade are mainly material downside to oil prices vs our baseline scenario.

## Sell German 2y vs OIS, buy 10y vs OIS

In H2 2016, we saw an impressive richening of short-maturity German govies and repo: we like fading the move by selling 2y Bund vs OIS and buying the 10y vs OIS.

### German 2y is pricing-in structurally high demand and low supply

The German 2y trades at the richest against OIS since the peak in 2011 due mainly to demand/supply dynamics driven by: 1) European regulation on mandatory central clearing and minimum initial margin requirements generating €350bn in extra collateral needs in 2016-19; 2) LCR regulation and negative rates having pushed cash-rich corporates into holding short-end German bonds/bills in order to store liquidity; and 3) net bill issuance having been cut to negative in Q4 because falling yields created €42bn of excess cash for governments.

### Supply pressures are expected to ease in 2017E

Bubill auctions will resume after more than two months of absence while more treasuries may be the answer to an excessive rise in yields by increasing net issuance in the front-end. The ECB may also be concerned by the richness of front-end German govies (see Couré's speech on 3 November). If the Eurozone fails to create enough safe/low-volatility securities for the market to work efficiently, then the central bank could compensate by lending more collateral, by adjusting counterparty frameworks and running higher balance sheets or even by issuing bills to satisfy safe asset demand in the non-bank system.

### ECB QE and potential periphery stress supports 10y outperformance

Given the tail risks in 2017 and our call of ECB QE extension to September 2017, we prefer to add a 10y DBR long vs OIS – we expect 10s to outperform in such a scenario. In Chart 38 we show that ECB tapering expectations have now pushed 2s10s vs OIS to levels before the announcement of ECB QE on 22 January 2015. However, we see even more reasons for the ECB to extend the €80bn per month in QE to September 2017.

**Chart 37: Return to a different time**

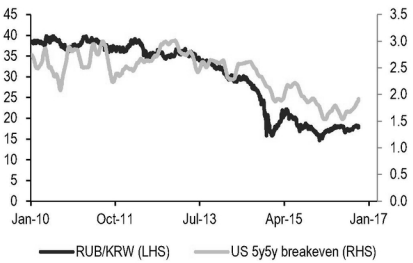


Source: BofA Merrill Lynch Global Research, Bloomberg

**Table 2: Russia vs S. Korea factors**

| | RUB | KRW |
|---|---|---|
| Real rate* | 4.2 | 0.9 |
| CA change forecast, '17 vs '16 | 1.2 | -1 |
| Growth delta forecast, '17 vs '16 | 1.6 | 0.2 |
| NFA / GDP+ | 1 | -5 |
| Pvt credit (% GDP) | 50 | 80 |
| Foreign holdings of local debt (USD bn) | 20 | 67 |
| FX reserves / ST debt | 6 | 3 |
| Share of US in exports | 2 | 13 |
| Share of China in exports | 10 | 25 |

* 1y fwd 5y yield vs inflation forecast
+Countries net external position vs BIS-reporting banks

Source: BofA Merrill Lynch Global Research, Bloomberg



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**Chart 38: Low repo rates and ECB QE tapering push 10s to pre-QE levels**

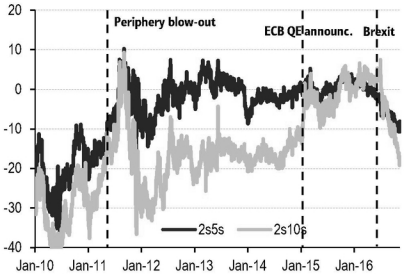


Source: BofA Merrill Lynch Global Research

**Chart 39: 10y Germany is historically cheap on the OIS curve**

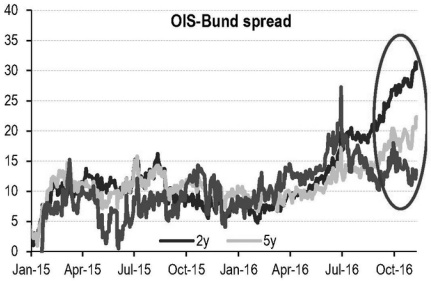


Source: BofA Merrill Lynch Global Research

10s would be particularly supported if the ECB increases the holding limit of non-CaC bonds to 50% – a tweak we see as the most likely. Also, given the already stretched valuations in the 2y, we think a rise in geopolitical risks or a blow-out in peripheral spreads would increase collateral values of 5s and 10s more than the front-end – as happened during the first BTP spread widening in 2011 or the Brexit referendum.

**We recommend investors go long the DBR Aug26 vs OIS and short the BKO Dec18 vs OIS at current levels of -17bp, targeting 14bp and with a stop at -34bp.** The position has 1.1bp in 3m Carry and Roll. The main risk in the short term is ECB QE failure, while tighter short-maturity securities supply or lending is the main risk over the longer term.



HOUSE_OVERSIGHT_014751

# Best Contrarian Trades

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## What if populism is too popular?

- **G10:** Short inflation/long duration through US 3-year 0% US inflation floors as stimulus may falter. Short EUR/GBP as "sending the letter" may be the low point.
- **EM:** Short JPY/KRW, short BRL/MXN as US policies may hurt EM less than feared. Long Turkey Eurobonds as sentiment may improve by the referendum in spring.

### "Long populism" becoming consensus

While we received a lot of pushback for pointing out the risks ahead of the US elections, now "long populism" is quickly becoming consensus. The naysayers may argue that the establishment could reassert itself: conservatives may constrain fiscal stimulus and protectionism, and central bankers may stay dovish (remember the ECB too). We suggest five trade ideas: 1) short inflation/long duration; 2) short EUR/GBP; 3) short JPY/KRW; 4) short BRL/MXN; and 5) long Turkey sovereign where populism may calm.

### Populism is getting popular

5y5y US inflation swaps have spiked 60bp since summer to about 2.5% – the biggest move since 2009. As a consequence, EM has sold off sharply. Our pre-election sentiment surveys partly explain the violence of the moves since 8 November: investors were long EM bonds and equities and neutral duration in the US (Chart 40). The latest CFTC data show a similar picture, with short GBP and long BRL, Crude, RUB and even MXN most extreme vs history; note also a short in US Treasuries. Purely statistically speaking, the shorts in GBP and US Treasuries are most vulnerable to a near-term reversal – though momentum may prevail for a while in Treasuries (Chart 41). When the dust settles, the contrarian may find opportunities in "short populism" trades.

**Chart 40: Our pre-election surveys show investors bearish GBP, duration**

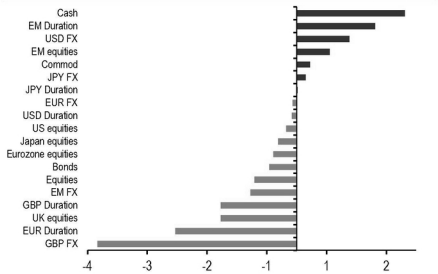


Note: positioning score relative to history. Source: BofA Merrill Lynch Global Research

**Chart 41: CFTC data show positioning is very short GBP**

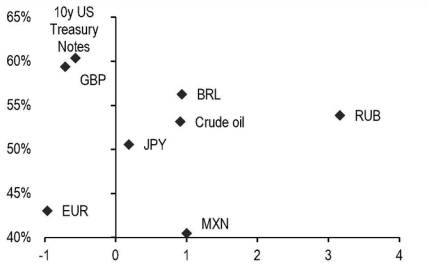


Note: x-axis: 1y z-score of net long spec positioning as of November 8; y-axis: probability of a price reversal in the week after. Source: BofA Merrill Lynch Global Research, Bloomberg, CFTC



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**Rates: short inflation/long duration**

Positioning surveys generally indicate that the rates market is neutral or short duration amid rising inflation expectations. According to our rates & FX sentiment survey, clients are relatively short in relation to their average positioning across major fixed income markets including the EU, UK, and to a lesser extent the US (Chart 42). Such position indications suggest that contrarian investors should be long duration in Europe, the UK, and the US. These positions have been factored into some of our pre-existing fundamental views, which include receiving euro vs US rates and expecting UK supply/demand dynamics to be supportive of longer-dated Gilts going into year end. We are reluctant to recommend outright long duration positions in US rates at present given that the sharp election-induced selloff could extend over the coming weeks.

### Consensus expects rising inflation

Instead, we focus on contrarian views regarding the outlook for inflation, which underpinned some of short rates positioning and is expected to increase with US fiscal policy expansion and base effects. According to our recent Global Fund Manager Survey taken prior to the election, global inflation expectations are on the rise, with 70% of survey respondents expecting higher global CPI readings in the near term. Headline CPI has been moving higher in the US, and Chinese PPI recently turned positive for the first time since 2012. Similarly, global market-based measures of inflation expectations have been rising, with 5y5y forward inflation swaps in the US, UK, and Europe all rising over recent months and US inflation protected funds receiving nearly $2 billion in inflows since the start of October.

### Disinflation may strike back

Risks to the near-term outlook for inflation could rise if: (1) expectations for US fiscal stimulus disappoint as House deficit hawks insist on revenue-neutral tax cuts or spending measures; (2) Beijing pushes the RMB lower before President-elect Trump takes office leading to risk-off and imported disinflation; (3) commodity prices decline if an OPEC deal cannot be reached, the USD meaningfully appreciates, or if EM growth falters; or (4) EU slowdown fears rise should the ECB taper due to technical constraints.

**We recommend buying 3-year 0% inflation floors in the US, which currently demand only 9 basis of premium.** These levels are low in relation to recent history and could increase if Beijing were to more rapidly weaken the RMB or if commodities falter (Chart 43). Investors seeking to offset the premium could consider selling longer-dated more deeply negative floors under the assumption that any near-term disinflation scare would be short-lived and likely be offset by more activist monetary policies thereafter. The risk to the trade is a spike in commodity prices or a continued rise in core inflation.

**Chart 42: Z-score of duration positioning: short except in Japan/Canada**

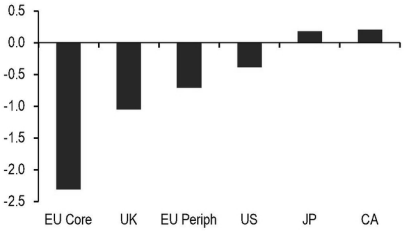


Note: negative z-score values indicate short positioning, positive z-score values indicate long positions; z-score taken from survey net exposure index with responses dating back to 1992 for US, CA, JP, UK & EU, EU periphery data available back to 2013. Source: BofA Merrill Lynch Global Research

**Chart 43: Cost of 3Y 0% deflation floor has spiked with weak RMB (bps)**

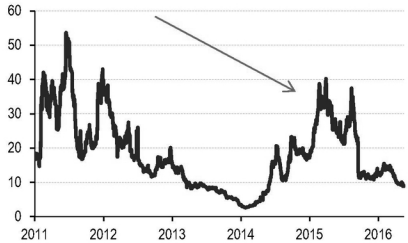


Source: BofA Merrill Lynch Global Research, Bloomberg



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**FX: Sell EUR/GBP**

GBP remains a consensus short. Despite GBP appreciating following the High Court decision for a Parliamentary vote to activate Article 50 and the US elections, the market's short GBP position remains stretched according to our positioning analysis (Chart 44). Our Global Fund Manager Survey flags short GBP as the strongest consensus view in G10 FX. Our FX & Rates Sentiment survey also suggests that the majority of investors look for some type of hard Brexit. Although we have been arguing for upside GBP risks after the recent flash crash, our baseline projections expect GBP/USD to hit a new low of 1.15 in Q1 after the UK activates Article 50.

However, we have argued that GBP tail risks are skewed to the upside. UK data have been strong post-referendum and could continue surprising to the upside. There is room for positive headlines at the political front, if the UK agrees on the transitional period that could extend the current regime until a final trader deal with the EU. A Parliamentary vote on Article 50 activation could reduce the chances of a hard Brexit. And Trump's victory could lead to an early bilateral US-UK trade deal, while it increases the geopolitical importance of the UK for the rest of the EU. Moreover, we expect markets to become more concerned about political tail risks in the rest of Europe following Trump's victory in the US elections. Political risks in Italy and France could question the sustainability of the Eurozone, thus weakening EUR/GBP.

If Prime Minister Matteo Renzi loses the referendum on the constitutional reform in December, Italy could have a snap election, which the Five Star party could win based on the latest polls. Even if Italy avoids elections in 2017, the next election will take place by May 2018, and markets could become concerned about it earlier if Renzi loses the referendum. The 2017 French election is another concern. President of the far-right party and presidential candidate Marine Le Pen is ahead in the polls to win the first round. Winning the second round is much more difficult, as she will need more than 50% of the votes, but investors could start to expect the unexpected after being blindsided in the UK and the US. Other considerations also support selling EUR/GBP. Data are consistent with a weaker EUR/GBP (Chart 44). The market is short both EUR and GBP, but long EUR/GBP, with the latest flows pointing to more EUR downside and GBP upside.

Using a spot reference of 0.8672, **we recommend selling EUR/GBP via a 6M 0.84/0.80 put spread, to capture both the referendum in Italy and the French elections, but also give time for GBP to recover in case it weakens further following activation of Article 50 in Q1. The structure costs 1.07% EUR**.

**Chart 44: Positioning is short EUR but even more so in GBP**

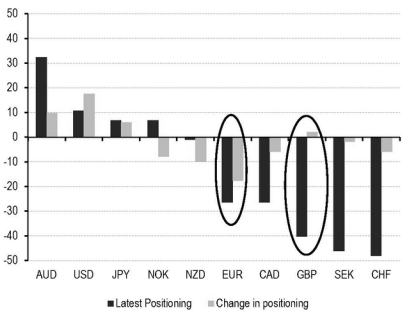


Source: BofA Merrill Lynch Global Research.

**Chart 45: Data surprises suggest that EUR/GBP should be lower**

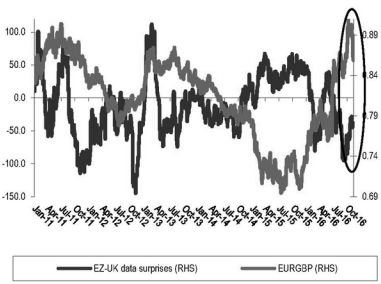


Source: BofA Merrill Lynch Global Research.



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## Asia: short JPY/KRW

Positioning surveys generally indicate that the most consensus Asia FX trades at current juncture are short KRW and SGD against USD through and short SGD against the NEER basket and short CNH against a narrow version of CFETS basket. Not surprisingly, these two basket trades also form a part of our trade recommendations. In fact, these shorts might have increased after US election outcome due to fears of protectionism.

As a result, we believe that contrarian investors should be long KRW, CNY and SGD against USD or JPY. Amongst these, our favourite contrarian trade is long KRW vs JPY.

### Three triggers

Three reasons why the current developments may ironically be positive for Korean Won:

- After a brief period of outflows from the equity markets, we believe inflows are set to resume. A sustained rally in S&P Index due to the anticipated de-regulation and fiscal push will undoubtedly be positive for KOSPI (given the high positive correlation) and as a result for KRW. Moreover, history suggests that the current sell off in rates and KRW is unlikely to spur considerable outflows from the debt market.

- It is still not very clear if the outcome of this US election is going to be negative for foreign trade. Should these concerns decrease, positive impact from looser US fiscal policy could push Asia growth higher.

- The recent sell off in KRW vs USD from 1100 to 1150 is indicative that domestic concerns around politics, Hanjin shipping troubles and Samsung related issues seems to have been largely priced in. As a result, we believe that any additional domestic negative news is unlikely to adversely impact KRW materially.

Additionally, in terms of valuation, our long term COMPASS model indicates that the Korean Won is one of the most undervalued currencies in Asia.

### JPY better than USD as funder

We believe it makes sense to express this contrarian view by short JPY instead of USD. Currently JPY/KRW is at 10.9 and our forecasts indicate it to be at 10.6 by Q4 2017. In the case of a stronger USD, we expect BOK to sound cautious with the pace of KRW depreciation and smooth the move higher in USD/KRW. Moreover, USD/JPY has greater sensitivity to USD rates than KRW.

**Chart 46: KRW, KOSPI, SPX highly correlated**

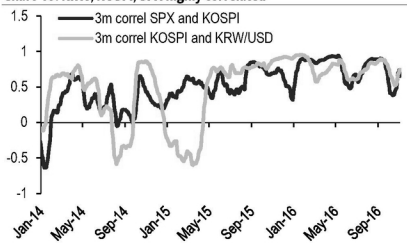


Source: BofA Merrill Lynch Global Research

**Chart 47: KRW more influenced by equity flows than bond flows**

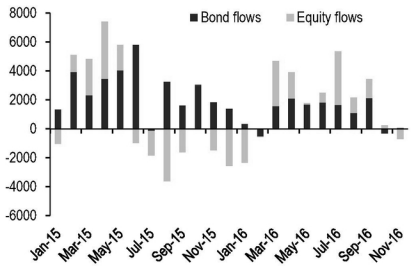


Source: BofA Merrill Lynch Global Research



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**LatAm: short BRL/MXN**

**Our top contrarian trade in Latin American markets is selling BRL/MXN (spot 6.00, target 5.00, stop 6.75).** The trade benefits from valuation, positioning and our views of the expected effects of the US election on the Brazilian and Mexican economies.

### MXN 10% undervalued, BRL 5% overvalued

We estimate the Mexican peso is about 10% undervalued while the Brazilian real is about 5% overvalued, based on our Compass valuation model. The model provides estimates of long-run equilibrium trade-weighted exchange rates consistent with the convergence of current account balances toward levels that are in line with country fundamentals that determine savings and investments.

Mexico's real exchange rate index is at its lowest since at least 1999, and about 35% cheaper than its long-run average. Brazil's real exchange rate has risen sharply in 2016 and is now around 8% stronger than its long-run average (Chart 48).

### LatAm under Trump's world

We believe the election of Donald Trump as the next president of the US will be negative to Latin American economies. His economic plan will likely involve a significant fiscal expansion, perhaps tighter monetary policy and some protectionist's measures. These will likely lead to higher US rates and a strengthening of the US dollar. Higher international interest rates are a negative shock for emerging economies and any acceleration in US economic growth will be skewed to domestic nontraded goods.

We think Brazil's economy will likely be more negatively affected since its strategy to gradually reduce budget deficits is based on low global rates, capital inflows and higher domestic growth.

Mexico, on the other hand, may benefit on relative terms from a construction and infrastructure boom in the US. Any revival in US manufacturing would also be good for Mexico, particularly if Trump's protectionist measures are not as substantial as feared.

### Market is not positioned for a MXN rally and BRL selloff

Selling BRL/MXN is a contrarian trade. Foreign investors are significantly long BRL according to our positioning index based on BM&F data. Market positioning by local investors is even more stretched toward long BRL. On the contrary, speculative investors are short MXN according our positioning index based on CFTC data (Chart 49). So positioning unwinding would actually help our short BRL/MXN strategy.

**Chart 48: Real exchange rate is cheap in Mexico, expensive in Brazil**

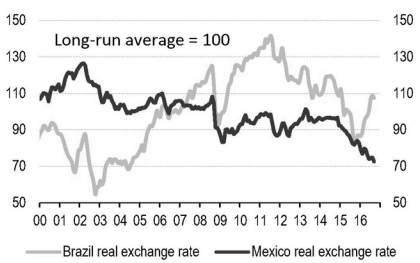


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 49: Market is positioned long BRL and short MXN**

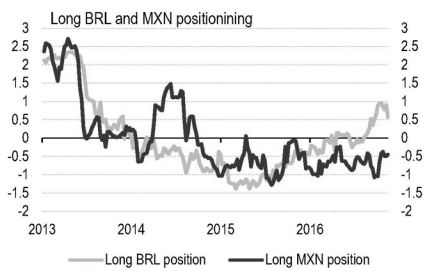


Source: BofA Merrill Lynch Global Research, Bloomberg



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## EEMEA: long Turkey credit

Turkey has been one of the big underperformers among the major EM lately, and now valuations are the most attractive in a long time. Sovereign credit spreads are down to BB- levels even though the country is still rated as a BB+ credit (Chart 50). The lira which our Compass model has shown as overvalued for many years is now finally in line with the equilibrium of about 3.30 vs USD. The REER is almost down to the lows reached during the 2013 taper tantrum and 2015 China devaluation. In equities the discount vs GEM is at historical highs (Chart 51). So contrarians should get interested.

To be clear, we have been warning for a long time that the leverage and stimulus driven growth model was weakening and needed a boost through supply side reforms. And obviously political events have been manifold. But as we are talking about year-ahead trades rather than the near-term ideas, we believe it is worth noting that Turkish markets have a habit of alternating between bad and good years: 2010, '12, '14 good; 2011, '13 and '15 bad. After another bad year in 2016, one could consider a possible rebound in 2017.

### Not a short-term trade

This is not a 1-month but rather a 3-6 months trade, where Q1 will likely be critical. In the short term, US rates volatility is harmful for countries like Turkey that have funded large current account deficits with short-term debt. This interacts with the local sentiment weakness that has lately resulted in rising deposit dollarization. An acceleration of this trend would now be the biggest risk to asset prices, in our view.

Before entering the trade we should see dollarization stabilize. Lately households have been net buyers of dollars for the first time since the coup attempt. We should see a couple of weeks of dollar selling to confirm that this potential risk is dissipating.

The trigger for a rebound from low valuations likely lies in a stabilization of sentiment which could occur during the first half of next year. Currently the state of emergency is scheduled to end in January, and the news flow suggests a referendum by April/May. In a positive scenario, politics calm down by the referendum which may also reduce the need for further stimulus through fiscal, monetary policy or moral suasion of the banks.

Among asset classes, we think Eurobonds provide the best risk/reward as the rating is a natural valuation "magnet", and the credit remains a solid BB+ fundamentally, in our view. Our preferred bonds would be the 26s (current: 5% for October 26s) on the 10y tenor and 45s (current 6.5%) on the long end. However, a rebound would also favor equities and local spreads. FX is least compelling as TRY has been asymmetric in recent years: big sell-offs and small recoveries. We think the reason is high inflation and a policy bias for a weaker exchange rate. In FX a positive view would be best expressed by selling the USD/TRY risk-reversal which is currently at around 5.0 and could target 4.0 in a scenario where the sovereign rallies back to BB+.

**Chart 50: Turkey sovereign priced too cheaply at implied BB- rating**

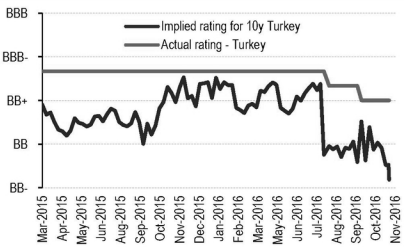


Source: BofA Merrill Lynch Global Research, Bloomberg,

**Chart 51: Real effective TRY and Turkey equities near the 5-year lows**

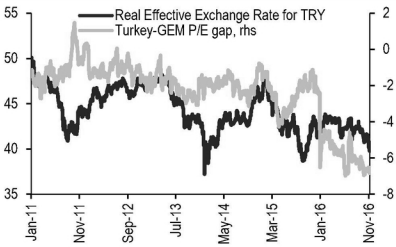


Source: BofA Merrill Lynch Global Research, Bloomberg, Haver, EPFR



HOUSE_OVERSIGHT_014757

# Best Vol Trades

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## Tension in Trump's policies are bullish for vol

- Weighing up the impact of fiscal easing vs protectionism and shifting from deflation to inflation risks should be bullish for vol.
- In rates, we see room for the belly of the curve to reprice to the dots. 2y1y should cheapen 75bp, vol is cheap vs rates and the skew the least expensive in that sector.
- In FX, we think vol and skew have room to reprice higher compared to the repricing seen in rates. We like cheapening a EURUSD put with a 3m30y strangle.
- In EM, USDCNH calls are attractive in our view. A stronger USD adds pressure to depreciate, while the risks of trade tariffs, labelling China a currency manipulator, etc could lead to a sharp re-pricing or risk premia higher.

**Highest conviction in FX, belly of the US curve and CNH**

We view Donald Trump's election as bullish for USD, bearish for real rates and challenging for EM. The inherent tensions in President-elect Trump's policy proposals, as well as the question marks over the Fed's reaction function should also support a repricing of vol higher, especially since neither FX, nor front-end rates volatility look stretched by historical standards.

However, expressing a view on long-end nominal rates is harder, and implications for rates vol are less clear. USD 5y5y breakevens are consistent with the Fed's definition of price stability for the first time in more than a year. In Europe, the sell-off in rates (both Bunds and BTPS) is tightening monetary conditions at a time when the ECB should do more, not less. Finally, the BoJ's yield curve control should provide an anchor for JGBs.

Consequently we focus on the following three trades:

11. Buying US$100mn 2y1y payer, struck at 2.50% (ATM+69bp)
12. Buying a EURUSD 3m 1.05 put, partly financed with a 150bp-wide 3m30y strangle
13. We recommend buying a 6m USDCNH 7.60 call

## US rates to converge to the dots: attractive in vol

The view on long-end rates is complicated by the significant repricing of breakevens, the likelihood of the ECB doing more, and the BoJ defending its JGB yield target. We do, however, see room for a further increase in risk premia in the belly of the US curve. We believe that the market will ultimately view the Fed dots as a floor, rather than a cap. Supply pressures will weigh on the belly of the curve, rather than the long-end. This makes the cheapness of the upper left corner of the vol surface attractive.

As we look for a repricing of Fed expectations, to levels more consistent with the dot plot, **we recommend buying US$100mn 2y1y payer, struck at 2.50% (25-delta), i.e., ATM +69bp. The cost is US$165K, equivalent to 17bp of yield. We target a PNL of US$300K**.



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We estimate that it is in 3y1y, 2y2y and 2y1y that the selloff would be largest (75-85bp – see Table 5) were the OIS curve to align with the median dots up to end of 2019.

Options are attractive to position for a selloff in those forwards for two main reasons:

1. Volatilities in 1y and 2y tails appear to trade cheap on our macro model. More specifically, accounting for the relationship between implied vols and the first three principal components of the swap curve, we find that 2y1y implied vol should be trading 22bp normal higher (Chart 52), and 2y2y vol should be 19bp higher. A simpler historical regression of 2y1y vol vs the 2y1y forward rate also suggests normal vol should be around 21bp higher (Chart 53).

2. Payer skews could richen in 2y1y and 2y2y. While they are looking rich across 6M+ expiries in 1y and 2y tails (based on payer-ladder breakevens/ATM vol), we note that this has been the case for some time now and it's rather in gamma on 5y+ tails that skews now appear richest on a 6m z-score basis. Relative to what has been realized in the past month, the payer skew appears just fair in 2y1y, while it is rich across tails in longer expiries.

**Chart 52: Market vs fitted level of 2y1y vol, based on macro model (*)**

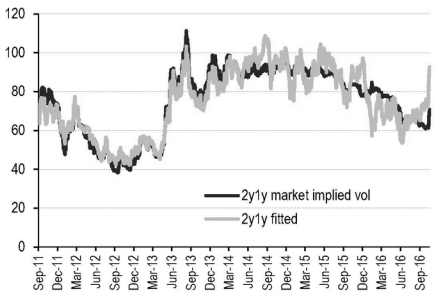


Source: BofA Merrill Lynch Global Research. (*) Based on a regression of log(2y1y vol) on the first three principal components of log of rates (derived with a PCA ran since Sep11). Rsquare = 0.91

**Chart 53: 2y1y implied vol is 21bp too low on a regression vs 2y1y fwd**

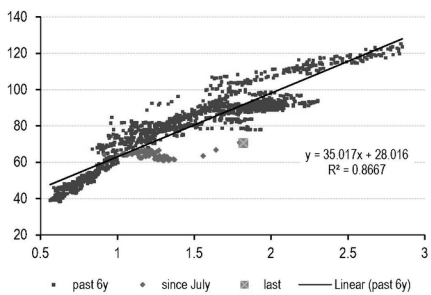


Source: BofA Merrill Lynch Global Research

Another way to look at this trade is through an analysis of payout ratios for 25-delta OTM payers under the scenario of a convergence towards median dots. Table 3 below confirms that the 2y1y point is attractive relative to other forwards (2nd best), with a net payout ratio of 1.9 (2.9:1 gross) after three months. The best payer on that metric is the 3m5y 25-delta OTM payer (strike of 2.05%), which we recommend as an alternative for those confident that the repricing of the OIS curve to the dots will take place by Feb-17.

**Table 3: Payoff ratios when buying a 25-delta OTM payer, under the selloff scenario where forwards converge to the levels implied by the median Fed dots(*)**

| Trade | 3m1y | 3m2y | 3m5y | 3m10y | 6m1y | 6m2y | 6m5y | 6m10y | 1y1y | 1y2y | 1y5y | 1y10y | 2y1y | 2y2y | 2y5y | 2y10y | 3y1y | 3y2y | 3y5y | 3y10y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strike (25-delta), % | 1.31 | 1.54 | 2.05 | 2.44 | 1.49 | 1.73 | 2.23 | 2.60 | 1.84 | 2.08 | 2.51 | 2.84 | 2.50 | 2.65 | 2.95 | 3.21 | 2.98 | 3.08 | 3.28 | 3.47 |
| ATM forward, % | 1.14 | 1.34 | 1.77 | 2.13 | 1.24 | 1.43 | 1.83 | 2.17 | 1.44 | 1.62 | 1.96 | 2.25 | 1.81 | 1.92 | 2.17 | 2.38 | 2.04 | 2.12 | 2.32 | 2.47 |
| Premium, bp of yield | 4.1 | 4.9 | 6.9 | 7.4 | 6.5 | 7.5 | 9.6 | 10.0 | 10.4 | 11.5 | 13.4 | 14.1 | 17.0 | 18.5 | 19.2 | 19.6 | 23.8 | 24.2 | 23.8 | 23.8 |
| 3m roll, bp of yield | -4.1 | -4.9 | -6.9 | -7.4 | -5.1 | -5.4 | -5.9 | -5.4 | -5.0 | -5.0 | -4.3 | -4.2 | -4.4 | -4.3 | -3.3 | -2.8 | -3.5 | -3.2 | -2.6 | -2.2 |
| 3m selloff to the dots | 11 | 31 | 59 | 48 | 18 | 30 | 54 | 45 | 35 | 58 | 65 | 45 | 75 | 80 | 65 | 45 | 85 | 74 | 57 | 45 |
| Return, bp of yield | -4.1 | -4.4 | 16.5 | 5.4 | -0.6 | 3.8 | 16.0 | 10.7 | 9.3 | 21.3 | 24.8 | 13.2 | 32.6 | 35.1 | 26.4 | 16.3 | 39.6 | 33.5 | 24.2 | 18.3 |
| **Net payout ratio** | **-1.00** | **-0.89** | **2.41** | **0.73** | **-0.10** | **0.51** | **1.66** | **1.08** | **0.90** | **1.85** | **1.85** | **0.94** | **1.91** | **1.90** | **1.37** | **0.83** | **1.66** | **1.39** | **1.01** | **0.77** |

Source: BofA Merrill Lynch Global Research. Data as of 15-Nov. (*) 3m selloff to the dots = the selloff in the different forward OIS if the OIS curve aligns with median dots up to Dec-19, with a flat rate of 2.5% thereafter.

The risk to the 2y1y and 3m5y trades is a rally and/or decline in implied volatility, i.e., the reversal of the selloff recorded since the elections.



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**Own FX vs rates vol: cheapen USD call with rates strangle**

We like **owning USD calls against selling US rates vol. In particular, we recommend buying a EURUSD 3m 1.05 put for US$100 pips (off 1.0730 spot), partially financed with the sale of US$100mn 150bp-wide 3m30y strangle (sold at US$600k**).

While potential fiscal stimulus has already been priced into rates term premia and rates volatility to some extent, it is not sufficiently priced into the FX market, in our view:

- Rates skew in gamma on long-tails has moved decisively for payers, while EURUSD skew is just beginning to price in higher US rates (Chart 59). This suggests to us that the market may already be partially protected against higher rates in the long-end, such that a further selloff may not see as strong a rally in gamma on long-tails.
- On the other hand, a further rally in the USD may catch investors under positioned and result in greater volatility in the currency markets.
- A principal component analysis of rates (US, EUR and JPY) and FX vols highlight that US rates vols and USDJPY vol are expensive, while 3m10y vol in EUR and JPY are cheap, along with EURUSD vol (Chart 60). While the cheapness of 3m10y vol in EUR and JPY can be explained by expectations of QE expansion in the two regions, we think that there is value in owning EURUSD vol.

From a terminal rates perspective, we are comfortable selling a 150bp-wide strangle for the following reasons:

- We believe the result of the elections are a game-changer for the outlook on the US economy. As such we have probably entered a new regime for US rates whereby we are unlikely to retest the historical lows in 30y rates recorded in Aug-16 (1.67%). This suggests little downside in selling an ATM-75bp receiver (1.66% strike).
- In a scenario where US rates sell-off, USD is also likely to strengthen. The positive correlation between US yields and the USD has returned due to expectations for fiscal stimulus boosting economic growth. Furthermore, we would also argue that a substantial selloff in US rates, accompanied with USD strength may be self-defeating as it would put pressure on emerging markets and risky assets, thereby resulting in a flight to quality bid for USTs. The risk is that of large foreign reserve selling by EM central banks, putting upward pressure on US rates and downward pressure on the USD.

**Chart 54: FX vol just beginning to price impact of higher rates**

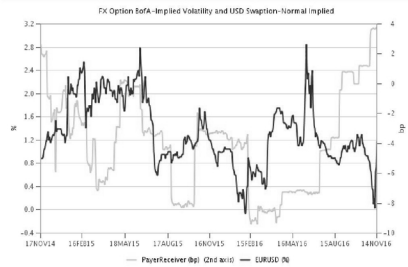


Source: BofA Merrill Lynch Global Research (*) payerReceiver = 3m30y 50bp OTM payer vol-50bp OTM receiver vol. EURUSD = 6m 25% OTM EURUSD put vol- 25% OTM call vol.

**Chart 55: Residual of FX and rates volatilities based on a 1y PCA (*)**

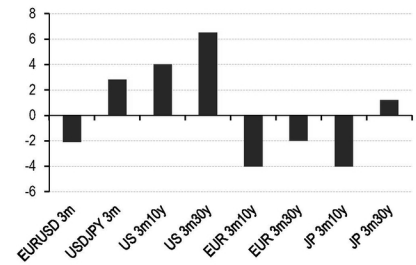


Source: BofA Merrill Lynch Global Research(*) Residuals derived from the first 2 principal components of FX and rates volatilities – based on a 1y Principal Component Analysis.



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From a mark-to-market perspective, the risk to the trade is a further rise in 3m30y US rates vol, coming this time with a depreciation in the USD (risk-off event in the US).

**Potential US-China trade barriers: bullish CNH vol**

The Republican clean sweep has already sparked a strong USD rally and US rates selloff, but could put further pressure on the USDCNY exchange rate. A stronger USD by itself adds pressure to depreciate as China still needs looser financial conditions to maintain stability in the debt market, a relationship confirmed by the USDCNY rally following the 2015 Fed hike. With Trump's victory, we see increased risk of a larger depreciation.

Trump publicly labeled China as a currency manipulator on multiple occasions during the campaign, so any speculation of anti-trade policies could put significant depreciation pressure on the Renminbi. Potential trade tariffs on Chinese exports to the US could raise the probability of a trade war. Furthermore, Trump could encourage the Treasury to alter its criteria for labelling currency manipulators, which could also hurt trade relationships. Either scenario would lead to a sharp re-pricing of risk premia higher.

**The Trade: Buy USDCNH 6m 7.60 call**

**We recommend buying a 6m USDCNH 7.60 call for 0.37% USD (off 6.9700 forward), with a target of 1% USD. USDCNH topside is now at the cheapest levels since the August 2015 depreciation** (Chart 56). The trade could benefit from either a rally in spot as well as any increase in the risk premium between now and inauguration on speculation of anti-trade policies. The structure appreciates significantly from increases in volatility, which is plausible given the 300% increase in volatility in August 2015 and the 100% increase from October 2015 to February 2016. The risk to the trade is that China increases capital controls and dampens USDCNH appreciation, which could cause the options to expire worthless.

**Chart 56: USDCNH topside the cheapest since pre-depreciation**

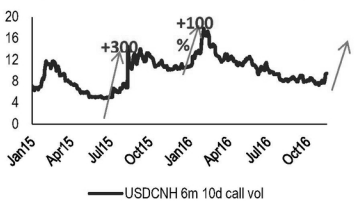


Source: BofA Merrill Lynch Global Research

**Table 4: Hypothetical trade performance on Inauguration Day (Jan 20th)**

| Spot | Vols unchanged | Vols 20% higher | Vols 50% higher | Vols 100% higher |
|---|---|---|---|---|
| 6.8 | -81% | -49% | 24% | 197% |
| 6.9 | -68% | -30% | 41% | 235% |
| 7 | -51% | -5% | 100% | 278% |
| 7.1 | -32% | 49% | 132% | 305% |
| 7.2 | 0% | 103% | 170% | 378% |
| 7.3 | 49% | 122% | 232% | 441% |
| 7.4 | 124% | 200% | 305% | 522% |
| 7.5 | 224% | 319% | 441% | 630% |
| 7.6 | 386% | 470% | 565% | 741% |

Source: BofA Merrill Lynch Global Research



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# Stress testing CNY

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## Stress testing CNY

- We stress test China's FX reserves to capital outflows and warn of a potential USD520bn fall in FX reserves in 2017, translating into higher CNY volatility.
- We also look at broader EM FX sensitivity to CNY depreciation and find ZAR and RUB most vulnerable.
- We examine if bond index and MSCI inclusion could significantly offset outflows, but are doubtful for now.

### CNY – anything left in reserve?

We forecast USD/CNY to rise to 7.25 by year-end 2017 based on sustained capital outflows from China and the People's Bank of China (PBoC) allowing the exchange rate to depreciate accordingly. A key change in the PBoC's new FX regime, announced in August 2015, is to raise the influence of market forces over the exchange rate.

We showed that not all outflows are created equal. Some outflows are good and reflect structural changes in China's economy and liberalization of China's financial account; some outflows are ugly in the sense they represent illicit outflows. Yet both types of outflows are influenced by policy uncertainty in China, which we showed can explain a significant amount of capital outflows through Chinese purchases of overseas assets.

The impact of capital outflows alone on China's FX reserves is negative. A decline in FX reserves is also associated with an increase in volatility of the RMB (Chart 57). But the negative impact on FX reserves may be offset by China's trade balance. If China's trade balance and capital outflows are similar to that recorded in 2015 and 2016, then China's FX reserves would be between USD 2,600bn and USD 2,900bn in 2017. This represents a fall of USD520-220bn given current FX reserves of USD3,120bn and would amount to China having diminished control over its currency and higher CNY volatility – assuming no dramatic changes to capital controls.

**Chart 57: China FX reserves (down) and RMB volatility (up)**

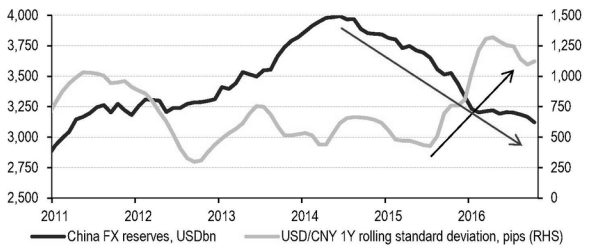


Source: BofA Merrill Lynch Global Research, Bloomberg



Bank of America Merrill Lynch

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**Table 5: Scenario analysis of China's 2017 FX reserves (yellow denotes lower reserves/ blue higher)**

| Capital outflow, USDbn | Trade balance, USDbn | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 100 | 150 | 200 | 250 | 300 | 350 | 400 | 450 | 500 |
| 300 | 2,885 | 2,935 | 2,985 | 3,035 | 3,085 | 3,135 | 3,185 | 3,235 | 3,285 |
| 350 | 2,835 | 2,885 | 2,935 | 2,985 | 3,035 | 3,085 | 3,135 | 3,185 | 3,235 |
| 400 | 2,785 | 2,835 | 2,885 | 2,935 | 2,985 | 3,035 | 3,085 | 3,135 | 3,185 |
| 450 | 2,735 | 2,785 | 2,835 | 2,885 | 2,935 | 2,985 | 3,035 | 3,085 | 3,135 |
| 500 | 2,685 | 2,735 | 2,785 | 2,835 | 2,885 | 2,935 | 2,985 | 3,035 | 3,085 |
| 550 | 2,635 | 2,685 | 2,735 | 2,785 | 2,835 | 2,885 | 2,935 | 2,985 | 3,035 |
| 600 | 2,585 | 2,635 | 2,685 | 2,735 | 2,785 | 2,835 | 2,885 | 2,935 | 2,985 |
| 650 | 2,535 | 2,585 | 2,635 | [illegible] | 2,735 | 2,785 | 2,835 | 2,885 | 2,935 |
| 700 | 2,485 | 2,535 | 2,585 | 2,63[illegible] | [illegible] | [illegible] | [illegible] | 2,835 | 2,885 |
| 750 | 2,435 | 2,485 | 2,535 | 2,58[illegible] | [illegible] | [illegible] | 2,7[illegible] | [illegible] | [illegible]835 |
| 800 | 2,385 | 2,435 | 2,485 | 2,535 | 2,585 | 2,635 | 2,68[illegible] | [illegible] | [illegible]785 |
| 850 | 2,335 | 2,385 | 2,435 | 2,485 | 2,535 | 2,585 | 2,635 | 2,685 | 2,735 |
| 900 | 2,285 | 2,335 | 2,385 | 2,435 | 2,485 | 2,535 | 2,585 | 2,635 | 2,685 |

2016 rate

2015 rate

Source: BofA Merrill Lynch Global Research, Bloomberg. 2016 rate is annualized from the first 3 quarters of data.

Table 5, above, shows a scenario analysis of China's FX reserves in 2017 under different trade balance and capital outflows. The analysis makes two assumptions. The first assumption is all the changes in the Balance of Payment's (BoP) reserve assets are reflected in the headline FX reserves figure. The second assumption is that the income balance is USD -36bn, which was derived from the annual rate since 2015.

We believe a decline of FX reserves to USD 2,600bn to USD 2,900bn would only be a problem for China if it attempted to implement a "fixed exchange rate" without capital controls. Such an FX regime requires heavy FX intervention and would put downward pressure on its FX reserves, making this FX regime choice no longer tenable for China.

The IMF's framework for calculating adequate FX reserves is based on whether there are capital controls and whether the currency operates on a fixed or floating exchange rate regime (Table 6). The latest readings show a fixed exchange rate regime without capital controls in China would require USD 2,911bn of FX reserves, which probably won't be achieved, as shown in Table 1. Meanwhile, a floating exchange rate regime with no capital controls would require USD 1,618bn of FX reserves. Fewer FX reserves would be needed to manage a floating currency that would adjust freely to capital flows. This reinforces the view that the CNY is moving toward a more flexible FX regime as its FX reserves are depleted (barring a draconian step capital control measures).

Skeptics may counter that China could always ratchet up capital controls to reassert control over its currency. However, the efficacy of this is questionable. The experience of 2016 shows that in spite of more capital controls introduced in late 2015 (e.g., onshore window guidance restricting the sale of FX by onshore banks) capital outflows have continued along with FX reserve depletion, albeit at a slower pace. Ultimately, this means China's ability to exert control over the CNY is being eroded, while the risk of more CNY volatility is rising. This is our scenario for 2017, with the tail risk that "ugly flows" or illicit capital flight due to domestic financial stability concerns could drive sharper CNY depreciation and FX reserve depletion. It is under this tail risk scenario that the temptation for draconian capital controls becomes a danger. For this reason, we believe it will be important to monitor the nature of the capital outflow and not just the size of the outflow. Good outflow such as Overseas Direct Investment by state-owned

**Table 6: China reserves adequacy recommendations based on IMF guidelines**

| | Latest, USDbn | Capital control | | | | No capital control | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Fixed | | Floating | | Fixed | | Floating | |
| | | Weight, % | USDbn | Weight, % | USDbn | Weight, % | USDbn | Weight, % | USDbn |
| Short-term debt | 767 | 30 | 230 | 30 | 230 | 30 | 230 | 30 | 230 |
| Other liabilities | 961 | 20 | 192 | 20 | 192 | 20 | 192 | 15 | 144 |
| Exports | 2,156 | 10 | 216 | 10 | 216 | 10 | 216 | 5 | 108 |
| Broad money | 22,728 | 5 | 1,136 | 2.5 | 568 | 10 | 2,273 | 5 | 1,136 |
| **Recommended reserves** | | | **1,774** | | **1,206** | | **2,911** | | **1,618** |

Source: BofA Merrill Lynch Global Research, Bloomberg, SAFE



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firms can be naturally slowed by internal directives. Bad outflow such falling CNY deposits among foreign subsidiaries of China banks can also be managed. However, it is the inherent speculative and unstable nature of domestic capital flight that we characterize as ugly flows that poses the greatest risk to the central bank.

### Regressions and scenario implications for EM FX

We used a simple regression to quantify the impact of the RMB depreciation on key EM FX: BRL, RUB, INR, TRY, and ZAR[1]. We analyzed two cases: 1) Base case – USD/CNY rises to 7.25 and market volatility, which we use the VIX as a proxy, is unchanged from its current level; 2) Risk case – USD/CNY rises to 8.00 and intense RMB depreciation expectations cause market volatility to rise by three standard deviations. We find:

- The most vulnerable currencies to RMB depreciation are ZAR, RUB and TRY (Chart 58). The impact of RMB depreciation on BRL and INR is small. This is probably due to stronger idiosyncratic factors for BRL and INR in recent years.
- An increase in market volatility associated with USD/CNY rising to 8.00 would raise the depreciation of EM FX by 1ppt (BRL)-11ppt(ZAR) relative to our 7.25 baseline.
- In our base case of USD/CNY rising to 7.25 by end-2017, the market is overpricing depreciation pressures from the RMB on EM currencies. This partly reflects other factors have more sway over market expectations at the time of writing, such as implications of the US elections outcome.
- In our risk case of USD/CNY rising to 8.00 and high volatility, there is room for additional depreciation in the ZAR and RUB (Chart 58).

**Chart 58: EM FX sensitivity to RMB and market volatility**

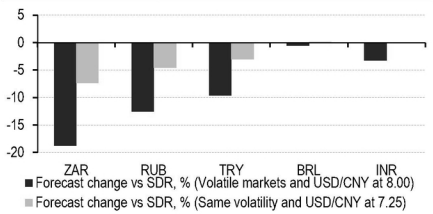


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 59: Scenario analysis of EM FX against market pricing**

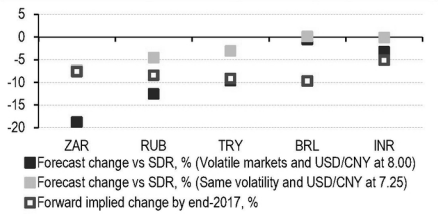


Source: BofA Merrill Lynch Global Research, Bloomberg

### Can bond and equity inflows save the day? Not in the near term

Given the problematic issue of capital outflows and limited efficacy of moderate capital flows, another solution could be to attract more foreign portfolio inflows into China's sizable bond and equity markets. More favorable investment policies geared to overseas investors investing in China's interbank bond market reveal a clear policy intention to open up China's financial market. As a result, expectations are rising for China to be included in global bond indices. However, the following key obstacles for index inclusion remain, although reasons vary depending on the index: 1) lack of full accessibility: currently qualified investors only include medium and long-term investors while hedge funds are excluded; 2) insufficient clarification on requirements of fund remittance; 3) lack of clarification on tax issues; 4) lack of accessibility to onshore FX/rates hedging tools. Back from our 2016 China Conference, we believe allowing foreign private investors to access onshore repo, onshore FX swap and forwards would be the next steps to follow.

[1] Our dependent variable is the weekly changes of SDR/EM; our independent variables are the weekly changes in the SDR/EUR, SDR/CNY, SDR/USD and the VIX index, and a constant. Natural logarithms were taken for all variables and our sample period is Jan'14-Nov'16, when the start of the RMB depreciation trend. We base our currencies against the SDR to define their value (See Assessing China's Exchange Rate Regime, Frankel and Wei (2007) for a detailed explanation.). To compute the forecast change in each currency, we use our global FX forecasts to obtain our independent variables.



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The most influential global bond index is believed to be the Citibank World Government Bond Index (Citi WGBI), which is used as the benchmark for more than $2tn of AUM. The most influential EM bond index is the JPM Government Bond Index – Emerging markets Global/Diversified (JPM GBI-EM Global/Diversified), which is used as the benchmark for about $200bn AUM and caps each country's share to 10%. A caveat, however, is that the actual size of indexed money or ETFs should be smaller. The most crucial country criteria of Citi WGBI is "fully accessible to foreign investors," which makes China less likely to be included by far given its accessibility to only medium- and long-term investors. Even if China is being considered, the assessment usually takes a long time. So we believe the case for China to be included into Citi WGBI in 2017 is unlikely.

By contrast, JPM GBI-EM Global/Diversified only requires accessibility to the majority of foreign investors and does not factor in tax hurdles in eligibility. We believe China has better chance to be included into the JPM GBI-EM Global/Diversified index. While the exact timing is hard to predict, an optimistic scenario possibly leaves 2H17 on the table. Usually when a big country is being included, bonds are introduced slowly over many months to enable clients to rotate without too much disruption.

We would expect China's inclusion to account for 10% of the JPM GBI-EM Global Diversified index. Turkey, Malaysia, S. Africa, and Thailand would lose the largest shares in the index, while the shares of Brazil, Mexico, Poland and Indonesia are expected to remain given their large absolute size. Inflows to China could be around $20bn, or equivalent to 1.5% of the aggregate central government bond market cap. Turkey, Malaysia, S. Africa, Thailand and Columbia could see outflows of $2.4bn-3.3bn each, with the most expected impact on Thailand given its lower relative foreign ownership. We would expect China to account for 4.4% of the Citi WGBI index. The biggest losers of market share will be the US, followed by Japan and Europe. Inflows to China could be around $87bn, or 6.5% of its CGB market cap. This would present a very bullish scenario for CGBs, and the curve will likely steepen.

### MSCI inclusion – more about good will, then real flow

Another potential implication of China capital account opening is equity inflows. The MSCI has been considering the inclusion of China A-shares in its index. These are shares of local Chinese companies trading at the Shanghai and Shenzhen stock exchange, whose trading is so far limited to local investors (China: Will A-shares be included in MSCI in June this year?). The associated flows aren't likely to be too large, so positive price reaction is likely to come mostly from sentiment. The MSCI has discussed most recently a 5% inclusion factor for A-shares, which would translate in an additional 1.1% MSCI weight of China in the index. The scope for additional foreign capital looks small, when considering that China already weighs 27% in the index. Our equity strategists estimate the total AUM tracking MSCI EM to approximately USD1.6tn (total market cap of the index is USD3.8tn), so that inflows upon inclusion would be roughly USD16bn. The inclusion was delayed in June 2016, mainly due to obstacles regarding the quota allocation process, capital mobility restrictions and beneficial ownership.

**Chart 60: Estimated loss of share if China is included in JPM GBI-EM Global Diversified**

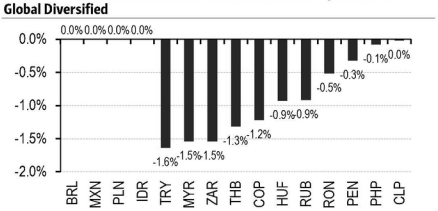


Source: BofA Merrill Lynch Global Research

**Chart 61: Estimated loss of share if China is included into Citi WGBI**

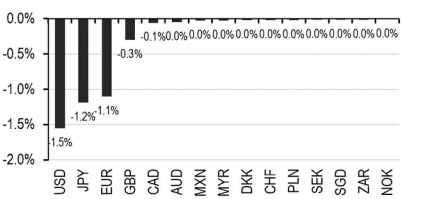


Source: BofA Merrill Lynch Global Research



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# Best Carry Trades

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## Carry trades and blond swans

- We do not expect traditional carry trades such as ARS and BRL to perform well in a strong USD and increasing interest rates environment, so we focus on USD neutral carry trades.
- We like short EUR/RUB, short SGD/INR and long PEN/CLP. For more neutral commodity exposure we like baskets of EUR, CAD, COP and CLP, AUD to fund RUB and PEN trades respectively.

### Carry is in the eye of the beholder

To focus on identifying best carry trades in the current environment of rising US interest rates sounds counterintuitive at least. It is well know that carry trades perform nicely in risk-on periods as well as in a low volatility environment, which is the opposite of what we expect in the coming months. However, once proper factor exposure of currency returns is considered, smart carry reemerges as an interesting proposition. As we have documented (Forecasting with Compass30), most of the variation in currency returns can be explained by the first two principal components, which can be labeled as dollar and carry factor respectively, as they are highly correlated with USD and carry performance.

Expected returns of carry strategies are defined by interest rate differentials (ie, carry), assuming no change in spot exchange rates. Uncovered interest parity states that the carry should be offset by a change in the spot of equal magnitude. However, empirical evidence (so called forward premium puzzle) clearly shows that carry trades are profitable on average, which indicates the presence of currency risk premium. Since both dollar and carry, are priced factors, any sensible carry strategy in an environment in which US rates are rising needs to hedge the USD exposure. This is just a necessary though not a sufficient condition, since the carry factor is also correlated with global measures of risk. Interestingly, post-election currency losses is not as highly correlated with carry, indicating that carry trades were not as a strong investment theme as it was the case during the taper tantrum episode (Chart 62).

**Chart 62: Carry didn't drive currency reaction to US elections**

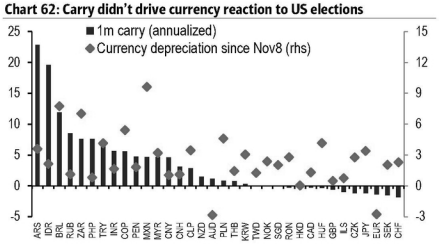


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 63: Asia and LatAm display the highest risk-adjusted carry**

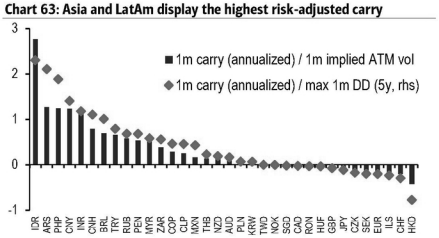


Source: BofA Merrill Lynch Global Research, Bloomberg



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## Characterizing carry

Efficient carry strategies involve buying and selling dynamic portfolios of currencies with certain risk characteristics. Carry strategies are supposed to work better over long investment horizons, so that the cushion provided by the carry compensates for the currency volatility through mean reversion.

Here, we analyze carry from a different perspective, as our goal is to identify standalone attractive carry opportunities. We define the investment horizon to end 1Q17. We sort currencies based on risk-adjusted carry. We then characterize the factor exposure of currency returns, isolating global and idiosyncratic sources of risks, in order to identify smart carry trades that are not highly exposed to a massive re-pricing of global factors, such as US rates, USD, commodity prices and global risk aversion. We identify carry trades that have low exposure to global factors, in particular the USD factor, and offer attractive risk-rewards.

Not surprisingly, purely based on carry considerations, EM currencies appear more attractive than DM ones, which are mostly candidates for funding currencies. However, carry trades returns are highly volatile, exhibit negative skewness and fat tails. Even controlling for different measures of risk such as volatility or maximum drawdown, and according to this criteria only, we find that EM currencies are the most attractive, in particular ARS, BRL in LatAm, RUB, TRY and ZAR in EEMEA and INR, IDR and CNY in Asia (Chart 63).

Even though volatility and drawdowns can be useful measures of risk, they don't say much about the exposure to different risk factors. Since carry trade strategies are usually very sensitive to global factors, we study the cross sectional exposure of currencies to key global factors: commodity prices, global risk aversion and US yields (as a proxy of global yields). We report the R2 of regressions of two years of weekly returns on the above mentioned global factors, for the last two years and the years 2013-2014 for the sake of comparison (Chart 64).

We find that currencies in LatAm and EEMEA are more exposed to global factors than in Asia. Interestingly, LatAm and EMEA currencies are more sensitive to shocks in commodity prices and risk aversion, while in Asia the shocks to monetary policy are the most important ones (Chart 65). Within DM currencies, AUD and NOK are the two currencies most exposed to global factors. Ideally, we seek for currencies with high risk-adjusted carry and low exposure to global factors. Under such a metric, ARS, BRL, RUB and INR stand out as the best investment currencies, while EUR, CHF, JPY, KRW and TWD are the best funding currencies. However, this filter is not enough in the current volatile environment.

**Chart 64: LatAm is more exposed to global factors than Asia**

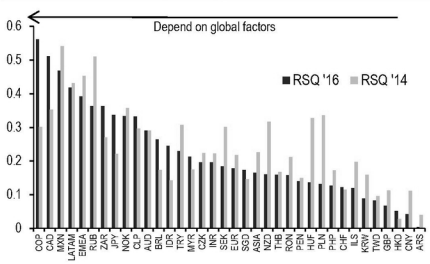


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 65: Sensitivity to global factors across regions**

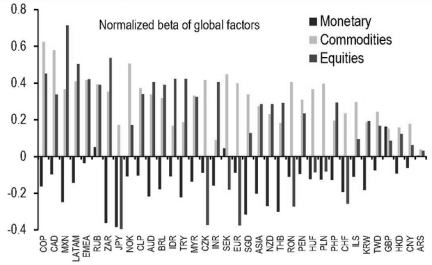


Source: BofA Merrill Lynch Global Research, Bloomberg



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### The role of fundamentals

From a purely mechanical perspective, we could stop the analysis here and choose those currencies with better risk-reward prospects according to the metrics so far described. However, in order to analyze carry trades with relatively short investment horizon, we need to complement our analysis with our views on future exchange rates dynamics.

We expect US rates to continue moving higher and the USD to strengthen across the board due to easier US fiscal policy and significant uncertainty regarding foreign policy. In EM, we think LatAm is the region that will suffer the most in the new global scenario, followed by Asia. We find EEMEA relatively more resilient to US driven shocks. We want to avoid countries with high financing needs (i.e., high fiscal and current account deficits). We also prefer trades with neutral commodity exposure. Since carry trades tend to underperform when US rates are moving higher and the USD strengthens, we want at least to avoid USD funded carry trades, crowded carry trades and currency crosses highly exposed to the USD factor. Hedging the USD factor leaves us with the pure carry exposure, which by being a price factor, is also related to standard measures of risk, as well as idiosyncratic factors.

### Best carry trade: Cherry picking among rotten cherries

Given our views, and focusing on those trades where ex-ante high carry is consistent with ex-ante expected returns, we choose our best carry trades across EM and DM. Since DM currencies offer very low carry vs the USD, there are not many attractive carry opportunities in DM in a strong USD environment, so much so that the most attractive carry proposition is simply to go long USD/JPY. Since this trade is mostly predicated on a strong USD view and is being developed in other sections of this report we refer the reader to those sections (please see: USD/JPY will the main beneficiary of Trump win, FX: GOP sweep emboldens core USD/JPY view, Long EUR/JPYAsia: short JPY/KRW). Therefore, we focus mostly on EM or EM/DM carry trades.

### EEMEA: short EUR/RUB

**We like selling EUR/RUB (spot 69.28, target 66.15, stop 71.02).** We see EEMEA as relatively more resilient to higher US rates, though with some heterogeneity within the region. On the one hand, high current account deficit countries like Turkey or South Africa should continue suffering from a re-pricing of risk. On the other hand, CEE countries are expected to some more resilience. One currency we find particularly attractive is the Russian ruble, which still offers an attractive risk-adjusted carry, controlling for standard measures of risk such as implied volatility and maximum drawdown. The outcome of the US election should remove some risk premium from Russian assets as the geopolitical backdrop improves. Economic activity is expected to pick up in 2017. A hawkish central bank, coupled with a favorable external position and an energy-driven current account surplus will likely limit its exposure to a reversal in capital flows.

On the geopolitical side, we expect Russian foreign policy to become more conciliatory

**Chart 66: Oil prices are a major risk factor**

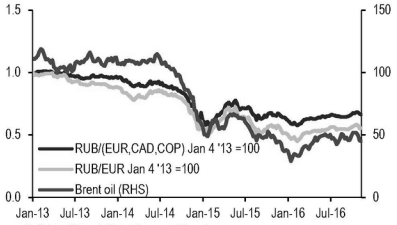


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 67: Russia tends to be more market-friendly with lower oil**

Source: BofA Merrill Lynch Global Research, Bloomberg



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and less disruptive for markets, in particular given the expected improved foreign relations with the US (Chart 67). However, the currency remains overvalued and highly exposed to global factors, in particular oil price, and positioning is crowded. Despite our forecast is for USD/RUB to remain around 63 in 1Q17, we prefer to mitigate the above-mentioned risks by choosing a more favorable funding currency.

If liquidity is a major consideration, we prefer to use the EUR as a funding currency, which offers negative carry vs the USD, and gives the ruble the best risk-adjusted carry across all potential funding currencies. In addition to the already seen impact on US rates, Trump's victory implies that political risks are becoming increasingly important in Europe, with the Italian referendum in December and elections in Netherlands, Germany and France in 2017. This scenario strengthens our call for a six-month extension to ECB QE at the current pace. We expect the EUR/USD to trade at 1.05 by end 1Q17.

Since short EUR/RUB is still exposed to much lower oil prices, an alternative way to express the trade is to use a basket of euro, Colombian peso and Canadian dollar as funding basket (Chart 66). The COP remains overvalued, the central bank is expected to ease monetary policy as the economy decelerates and oil represents 35% of Colombian exports. We expect the COP to depreciate 2.5% by end 1Q17. Carry, on the other hand, is higher than EUR and CAD. The CAD offers very low carry and we forecast a 1.5% depreciation by 1Q17 vs the USD. The economy keeps displaying weak growth and we expect the Bank of Canada likely to cut rates and maintain the accommodative stance of monetary policy.

### Asia: short SGD/INR

**We like short SGD/INR (spot 47.96, target 47, stop 48.44)**. While the performance of Asia FX can be influenced by broader risk conditions, we expect most to weaken vs. the USD. The Korean won and the Singapore dollar, as well as the Taiwanese dollar for instance stand out as being the most sensitive to a stronger USD, as they act as a high beta proxy for CNY, which we expect to continue depreciating in this new high US rates environment. Others like Indonesian rupiah and Malaysian ringgit are more sensitive to higher USD rates. Consequently, outflows from these countries will adversely impact the respective FX. That said, Bank Indonesia has built good amount of reserves to prevent rupiah from weakening excessively. Moreover, tax amnesty related repatriation flows and global bond issuance is still expected to come in December, which should also support the rupiah.

Historically, large US tax cuts have been followed by a widening of the US current account deficit driven by higher imports. This supported Asia export growth and exchange rates, especially after the Bush tax cuts. However, this time could be different partly because US household spending has been shifting towards non-tradable services. More importantly, Trump's policy platform itself is geared towards reducing dependence upon foreign goods and services (Chart 68).

**Chart 68: Export exposure to the US across EM Asia**

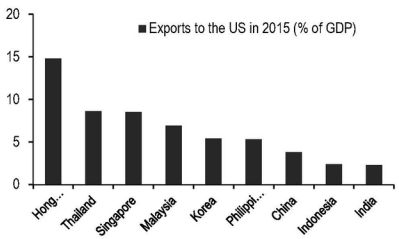


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 69: S$NEER has depreciated 50bp below par since Oct MPS**

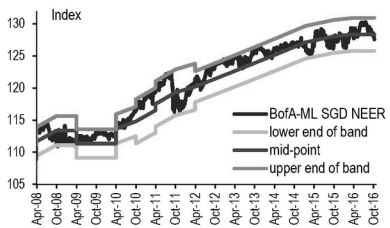


Source: BofA Merrill Lynch Global Research estimates, Bloomberg



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At this juncture, the Indian rupee seems to be the only one in the region that is expected to display a much lower sensitivity to US rates, outperforming others within Asia. We expect the Monetary Authority of Singapore to keep the SGD NEER in the weaker side of the band for the next few months, which reduces the downside risk for the trade (Chart 69). We like the INR as the preferred long, followed by the IDR, as they offer high risk-adjusted carry, central banks are interested in keeping their currencies stable, current account deficits are bounded, and the currencies are not expensive relative to long term fundamentals. The main risk of the trade is of higher oil prices, and considerable reversal of capital flows. Apart from that, a change in the behavior of Reserve Bank of India it terms of managing INR to accumulate international reserves is also a risk.

**LatAm: long PEN/CLP**

**We like long PEN/CLP (spot 195.7, target 200, stop 195.5).** LatAm is the most exposed region within EM to global factors. Traditional carry trade candidates like the Brazilian real and the Argentina peso are no longer attractive given the still fragile fiscal stance in both countries. Local positioning in BRL has proven to be heavier than thought, and we expect the currency to continue weakening until we observe some stabilization in US rates. The Brazilian real is still overvalued and the economy will be negatively affected since its strategy to gradually reduce budget deficits is based on low global rates, capital inflows and higher domestic growth. In the case of the Argentine peso, despite showing some detachment from global factors and some positive inflows due to the tax amnesty, we think the currency needs to weaken given the recent depreciation of the BRL and its current overvaluation as well as the government fiscal needs for 2017, which is an important electoral year. Therefore, we remain neutral on these currencies.

A more modest but more interesting carry trade within LatAm in an environment of higher US rates is to be long the Peruvian sol, funded with the Chilean peso, in order to make the trade more neutral to commodity exposure. The Peruvian economy is expected to continue growing at rates above 4% due to strong mining activity; the new government will likely implement expansionary fiscal policy and has room to finance it. The exchange rate is close to its equilibrium value based on terms-of-trade and productivity. In fact, we expect the currency to appreciate in real terms if growth recovers as predicted. The currency still offers a decent carry. We forecast a nominal depreciation but below the forward. The central bank has a strong preference for low currency volatility and would be ready to intervene in case of a disorderly depreciation, as it has been already the case in the last few days with small interventions in the forward market.

On the other hand, Chile's growth remains anemic and the economy is expected to continue growing sub 2% in 2017 (Chart 71). The CLP is overvalued but recent flows

**Chart 70: Copper prices are a major risk factor**

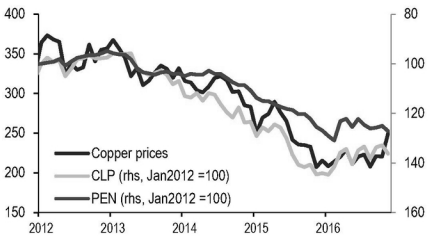


Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 71: Relative growth to favor Peru going forward**

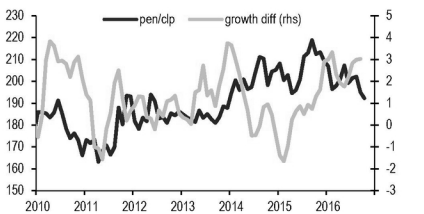


Source: BofA Merrill Lynch Global Research, Bloomberg, Haver



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from large domestic pension funds and the recovery in the price of copper explain the relative resilience of the currency (Chart 70). Given the low carry, CLP offers an attractive alternative as a funding currency as the portfolio rebalancing of pension funds is expected to slow down. We expect the currency to weaken further in 1Q17 as interest rates move higher in the US, and we do not expect the central bank to intervene, as it would likely be the case in Peru. In order to reduce the carry cost of the funding currency without losing the neutral exposure to metals, we like a basket of the Chilean peso with the Australian dollar. The Australian dollar is also highly correlated with commodities and China. We are bearish the AUD vs USD, as we expect the currency to weaken about 4% by end 1Q17.



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# Cheapest tail-risk Hedges

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## Tail-risk Hedges

- Four tail risks for 2017: 1) US deregulation, 2) EZ risk premia rises; 3) weaker bulk commodity prices; 4) steeper and more volatile yield curve in Japan.
- Position for normalization of swap spreads; 30s50s BTP flattener; long EUR/HUF vol; long AUD/USD digital puts; 1y10s20s conditional bear steepener in Japan.

There are three key lessons on tail risks from 2016: 1) tail-risk probabilities are generally "fatter" than commonly assumed (Brexit and Trump's victory); 2) hedging tail risks even in a world of low implied volatilities is hard if the directional implications are unclear (equity puts for a Trump victory); 3) investors worry about tail risks closer to the events – Chart 72 shows the biggest perceived tail risks, according to our Fund Manager Survey, were either during the event itself (China recession worries alongside capital outflows) or at most a few months in advance (Brexit and the US election).

Looking ahead to 2017, we believe tail-risk hedging will be more important than ever, but that investors should be sufficiently forward looking and focus on those where there is clarity about the directional implications. We highlight four such opportunities in this section, specifically: 1) US deregulation; 2) return of Euro zone risk premia; 3) China-linked commodity prices weakening sharply; and 4) Japan's yield curve targeting triggering a steeper curve and volatility increase.

**Chart 72: Biggest tail-risk, percentage of respondents in Global Fund Manager Survey**

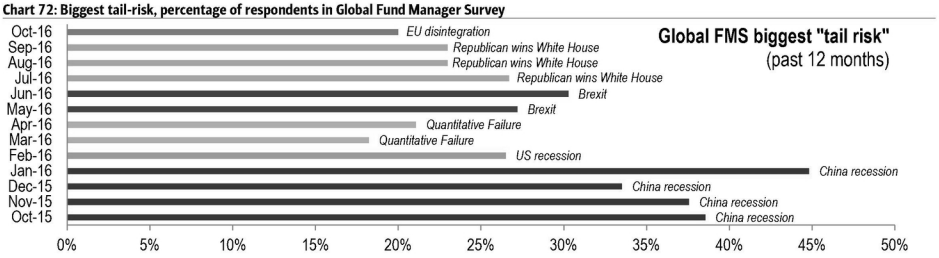


Source: BofA Merrill Lynch Global Research

### Tail risk 1: US deregulation

**Normalized swap spreads, cross-currency basis & coupon vs principal STRIPS**

Deregulation is a key focus for the incoming administration, and Dodd-Frank is a major potential target. Paul Atkins, a former SEC commissioner under George W Bush, has been named to lead transition strategy on financial regulation. Atkins has been vehemently critical of Dodd-Frank since its inception, and in a statement to the Senate



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in 2011 called the law a calamity that increases business uncertainty and undermines growth. Under Atkins, the transition team posted a statement that it will be "working to dismantle the Dodd-Frank Act and replace it with new policies to encourage economic growth and job creation." At this point there are no details on what parts of Dodd-Frank are most likely to be repealed, but Republican financial policy leaders appear pro-markets and have flagged free movement of capital via open markets as the best policy for economic growth and risk transparency.

There are several dislocations across markets today that we think have a chance of normalizing in the tail-risk event that deregulation results in increased availability of leverage and ability to take more risk. We have discussed these dislocations as resulting in part from the lack of ability of hedge funds and other relative-value traders to access enough balance sheet at a low enough cost to help these trades normalize. The top trades we could see benefitting from the return of leverage would be:

- Normalization of swap spreads; balance-sheet intensive Treasuries, both nominal and TIPS, are very cheap versus OIS and Libor swap rates.
- Normalization of cross-currency basis swaps, which currently allow USD-based investors the ability to buy very cheap EUR- and JPY-denominated assets via the basis swap.
- Normalization of coupon STRIPS versus principal STRIPS as these yield differentials are near their all-time wides, particularly in the 2030-38 maturity bucket.

As a tail risk for deregulation, we like buying 30y swap spreads, a credit-risk-free floating-rate US Treasury asset that provides 3m Libor + 56bp annually, which is about 100bp cheap to pre-crisis levels. Swap spreads could also benefit from deregulation that removes cash and Treasury bonds from the leverage ratio requirements, which would provide the ability of the dealer community to more easily absorb Treasury supply in the primary and secondary markets.

The main risk is that policy changes retain strict capital requirements, which would continue to limit the availability of leverage. For example, the Financial Choice Act, a product of Texas Representative Jeb Hensarling's team, would provide banks an off-ramp option to all Basel 3 requirements as long as banks hold a 10% capital ratio. This plan would probably decrease the availability of leverage, and could also result in reduced demand for short-dated Treasuries in HQLA portfolios. Another risk to 30y swap spread normalization in particular would be a material increase in deficit spending as part of a fiscal stimulus package. This would likely further cheapen Treasuries versus swaps and other benchmark interest rates.

**Trade recommendation: Buy 30y Treasuries versus 30y matched Libor swap at 3mL+56bp. Target 3mL + 0bp, stop loss 3mL+75bp.**

### Tail risk 2: Comeback of Eurozone risk premia

#### EZ risk hedges: 30s50s flatteners in BTPs, buy EUR/HUF vol

In Europe, the biggest market risk for 2017 is arguably a comeback of stress on peripheral sovereigns. The next 12 months provide plenty of triggers, with increasing concerns about the ability of ECB to continue with QE, and an intense political season ahead (referendum in Italy on 4 Dec, and elections in France and Germany in 2017).

As hedges to Eurozone risks, we recommend buying 30s50s flatteners in BTPs as the cheapest way to express a bearish view on the periphery, and buying EUR/HUF vol as a proxy for Euro instability with better pricing than EUR/USD vol.

Concerns on EU politics and the ECB would likely lead to a switch of market focus from monetary policy to fundamentals. The periphery would be hurt by this new focus: public debt to GDP remains very high, and the low debt service costs enjoyed in the past five years favored debt accumulation, rather than debt reduction (Chart 73). The cyclical



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**Chart 73: Fundamentals – CEE beats periphery**

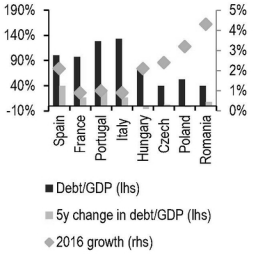


Source: IMF

**Chart 74: Poland and Hungary wide relative to Italy and Spain**

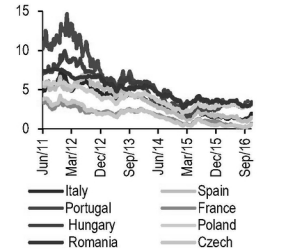


Source: Bloomberg

**Chart 75: HUF vol lagging EUR and PLN**

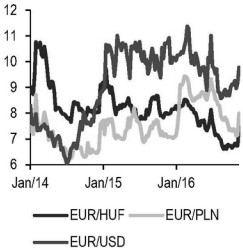


Source: Bloomberg.

juncture has also weighed on public finances, and all peripheral countries are running deficits above the structural levels.

The fundamental picture is not reflected in interest rate dynamics. ECB easing has pushed Eurozone interest rates lower despite worsening public finances (Chart 74). Participation in the QE program has been a strong determinant of low long-term rates, as shown by the tightening of the periphery vs CEE. Hungary, Poland and Romania have been yielding 3-3.5% in the past year, while Italy remained constantly below 2%. If stress comes back, the gap will close.

Within the periphery, Italy is the most vulnerable. Fundamentals are the worst in the region, only comparable to Portugal, which trades 160bp above it. Political risks also remain high, with the referendum providing some downside risk to the prime minister. The market is apparently reaching the same conclusion: during the most recent global bonds sell-off (20 Sep-14 Nov), Italy widened 95bp, while Spain widened 70bp, in line with CEE, despite the higher beta nature of the latter and the higher FX risk. Still, there may be room for further widening: the 10y spread to Germany widened in the current move, but is still lower than it has been the three years following the latest Italian political crisis. Our European rates team argued this summer that the rally in Italy spreads was far from fundamental. Flatteners in the 30s50s area look the best hedge as 50y are not eligible for QE, and term premia in the 2-31y sector would increase if QE was to end. Also, in times of sovereign debt stress, the curve tends to invert, further supporting long-end flatteners. Total carry is 1bp per month, making it cheaper and less sensitive to timing of stress than an outright short bond position.

On further EZ stress, the euro would weaken and euro vol rise. While a less dovish ECB would be euro-positive, peripheral stress would ignite concerns on the monetary union, and ultimately weaken the euro (as in Dec 2011). A cleaner hedge is buying EUR/HUF vol, as it proxies EUR/USD vol but has moved less so far. HUF options are historically very reactive to EZ stress, but the increase in vol lagged EUR/USD post-elections, and EUR/PLN vol has been higher in the past two years due to higher perceived risks in Poland (Chart 75). In Dec 2011, the vol spike in the three crosses had been the same.

CEE rates tend to widen in times of Eurozone stress, but their fundamentals are much more solid, so further EZ stress may bring opportunities to buy dips. CEE capitalized the past five year much better, with fiscal consolidation in Hungary, balanced budget in Czech Republic, and low debt/GDP ratios in Poland. Also, the growth picture is much more rosy, making leverage much more manageable.

**Trade recommendation: Buy 50y BTPs vs 30y BTPS at 30bp, targeting ~8bp and with stop at 55bp. Risk is ECB QE continues and peripheral risk premium stays low.**



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### Tail risk 3: China-led commodity weakness

**Commodity collapse hedge: buy AUD/USD 6m 0.67 digital put**

Metal and bulk commodity prices have skyrocketed in anticipation of infrastructure spending in the US, We are wary of this rally: tax cuts are likely to be the first line of fiscal stimulus and potentially easier to get through Congress than sizeable infrastructure spending, which in any case will take a longer time to impact commodity demand (allowing for supply adjustments). Perhaps most importantly, China is still the swing factor for global commodity prices and the risks here remain to the downside.

The recent dramatic rise for China-linked bulk commodity prices, especially coal, has been driven by a combination of supply and demand imbalances (China floods, pit closures and inventory shortages) and an apparent rise in speculative activity in futures markets that has already drawn attention from regulators (Chart 76). Our resource analysts have raised forecasts but still see moderation over 2017 (Chart 77). The futures forward curve has already moved into backwardation. We see iron ore prices back at USD50/t in 2017 compared to a current spot price of USD74.

While global reflation might be positive for commodities, there are reasons for caution:

- We expect Chinese property investment, the most commodity-intensive sector of the economy, to slow in 2017.
- Sizeable RMB depreciation would be an additional deflationary impulse for industrial commodities.
- There will be a supply response as current prices bring uneconomic producers back on line, admittedly with a lag.
- There is potential for trade friction to impact regional trade while higher US rates are already impacting regional EM currencies. Australia is especially exposed to intra-regional trade and resource demand from the region.

Persistent supply/demand imbalances ahead of Chinese New Year might delay commodity weakness until after 1Q17, especially for coking coal due to a preference for thermal coal supplies over the Chinese winter. However, the risk of a sharp reversal beyond is worth hedging against given the demand dynamics in China, most obviously through the AUD. While short-dated implied volatility rose following the US election, the risk-reversal skew remains high as a percentage of implied volatility relative to G10 pairs. This suggests hedging via AUD/USD digital puts is appropriate, in our view.

**Trade recommendation: Buy 6m AUD/USD 0.67 digital put, entry: 10% (spot reference: 0.7550). Risk is global demand recovery provides support to commodity prices.**

**Chart 76: Bulk commodity spot prices**

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 77: China Coking coal futures and BAML forecasts**

Our 2017 forecasts for Liulin No.4 Coking coal are averages for 1H and 2H

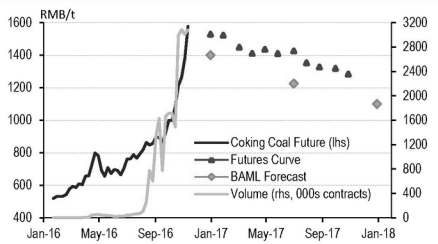


Source: BofA Merrill Lynch Global Research, Bloomberg



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## Tail risk 4: BoJ triggers curve steepening and vol rise

### BoJ keeps yield curve anchored out to 10y: 1y10s20s conditional bear steepener

The Bank of Japan (BoJ) has faced a tough 2016. Having switched its policy target from quantity to interest rates at its September Monetary Policy Meeting, it tacitly acknowledged that negative rates and JGB purchases were potentially approaching their limit in terms of policy effectiveness. Inflation expectations fell and the yen strengthened as a consequence as the market got accustomed to fading dovish pronouncements from the Bank of Japan. BoJ Governor Haruhiko Kuroda himself said "Central banks are, admittedly, not omnipotent."

The BoJ introduced yield curve control, taking into consideration negative effects of great decline in yields and curve flattening on financial institution earnings or financial markets. If the BoJ keeps purchasing at the current rate, however, yields will sooner or later feel downward pressure. We believe the BoJ is likely to reduce its long-term JGB purchase gradually. For the time being, JGB yield guidelines are probably around 0% for the 10yr, 0.4% for the 20yr, and 0.5% for the 30yr JGB.

However, the BoJ appears to be concerned about the deterioration of financial institution earnings caused by flattening of the yield curve. Kuroda said that even if superlong-term yields rose slightly, he did not believe they would have to be lowered. He went on to say he was also giving consideration to investors in superlong-term bonds, and that he did not think it was good for the yield curve to get continually flatter. Based on these and other remarks, we expect long-term JGB purchase operations to be reduced and the curve to gradually steepen (Rates forecast: Attention on BoJ operations when yields decline).

Before that can happen, however, preconditions most likely include steady progress in US rate hikes, avoidance of excessive yen appreciation, and some degree of recovery in the inflation rate. With a Republican clean sweep, US fiscal easing is now a foregone conclusion and "Higher rates and higher dollar" may support our view for yen rates. If JGB purchase operations were reduced and yen rates rose in the wake of higher US Treasury yields and USD/JPY appreciation, that could easily be explained by fundamentals.

Yen rates volatility is still low; however, purchasing cuts by the BoJ could add to volatility risk amid declining liquidity in the super long-end (Chart 78). Even if risk-off sentiment pushes down the yield curve, the BoJ may lower the 10yr JGB yield target from zero to keep the curve steep. This kind of policy change also could increase volatility. In either case, the 10yr is expected to be anchored and movement is expected in the long end. We believe 1y10s20s conditional bear steepener may mitigate this risk.

**Trade recommendation: Long 5bn 1y20y @0.62% (atm+11bp) payer vs Short 9.9bn 1y10y @0.18% (atm) payer. This position is zero cost, PV01 neutral, and zero carry. Risk is the curve remains flat due to a deflationary backdrop.**

**Chart 78: JPY Swap 10y and 20y rate and 1y20y volatility**

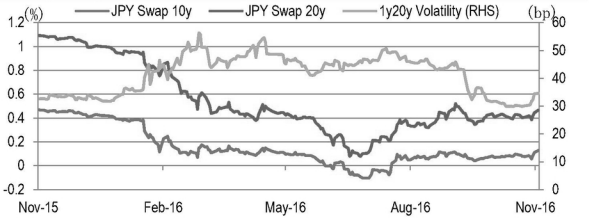


Source: BofA Merrill Lynch Global Research



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# Best Technical Trades

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## Technical trends for Trump

- Bullish USD: Breadth and technicals favor USD. Overall they point to a stronger US dollar in 2017. We are bullish USD/JPY.
- Higher yields: US 10y and 30y yield made large wedge bottom patterns, pointing to a 61.8% Fibonacci retracement of 2.98% and 3.80%, respectively.
- We recommend buying a NZD/USD 5m .69/.66 put spread 1x1.5 for 43 USD pips (off of .7100 spot).

### USD rally is turning into an outright bull

The Bloomberg US dollar index is approaching all-time highs. The number of USD crosses above their 200-day moving average has broken out higher. The number of USD crosses reaching overbought on RSI (bullish momentum) continues to rise. The USD cumulative advance-decline line recently signaled for tactical USD strength and would turn outright bullish with a trend line break and new index highs.

**Chart 79: Bloomberg US dollar index, weekly chart with USD breadth measures**

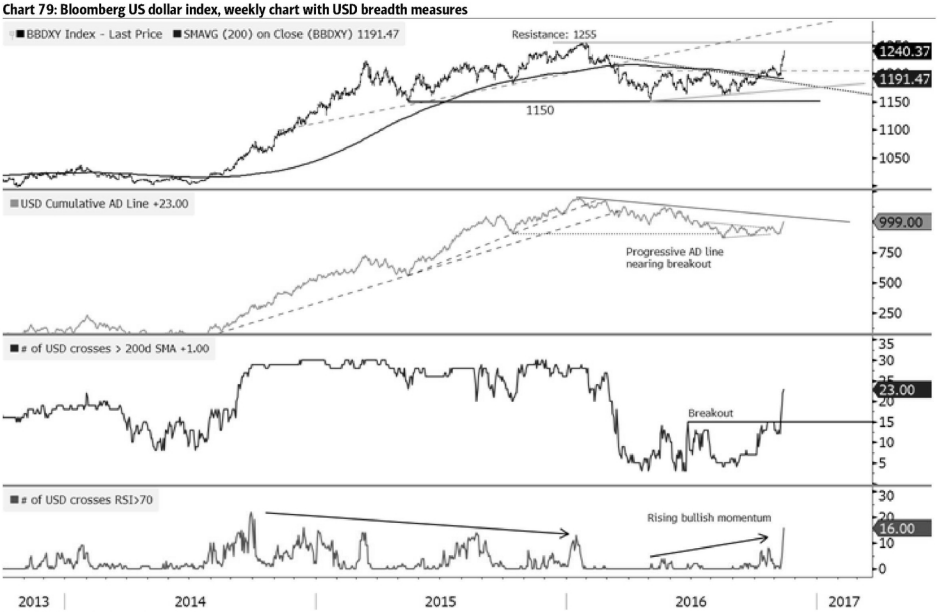


Source: BofA Merrill Lynch Global Research, Bloomberg



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### Bullish USD/JPY

The election of Donald Trump catapulted USD/JPY through another resistance level, this time a weekly trend line, adding to the list of technical signals that USD/JPY has bottomed and is in an uptrend. We began discussing a bottom in our September 5 and September 18 Technical Advantage reports. We estimate technical upside and resistance in the area of 112. We also think this uptrend has the potential to reach the full measured move target of 116.50 in 2017.

**Chart 80: USD/JPY weekly chart**

Source: BofA Merrill Lynch Global Research, Bloomberg

## A higher yield environment

We continue to think yields will trend higher in 2017. We initially reported our view that global yields would rise in our October 26 Technical Advantage report. Since then we have seen added confirmation by US 10y, US 30y, 10yr bund, 30yr JGB and 10y Gilt that yields will rise.

### US 10y and 30y yield form wedge bottom pattern

US 10y and 30y yields formed wedge bottom patterns by breaking through the upper trend line resistance (Breakout 1). A wedge pattern is composed of two converging trend lines often consisting of multiple smaller trends followed by a breakout. Each yield has a second resistant trend line and Fibonacci retracement to break. If 10y yield breaks through 2.35% and 30y yield through 3.15%, then another breakout will have occurred that technically triggers another leg higher to 2.98% and 3.80%, respectively. We think this is the more likely outcome.



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**Chart 81: US 10yr yield (top) and US 30yr yield (bottom) weekly chart**

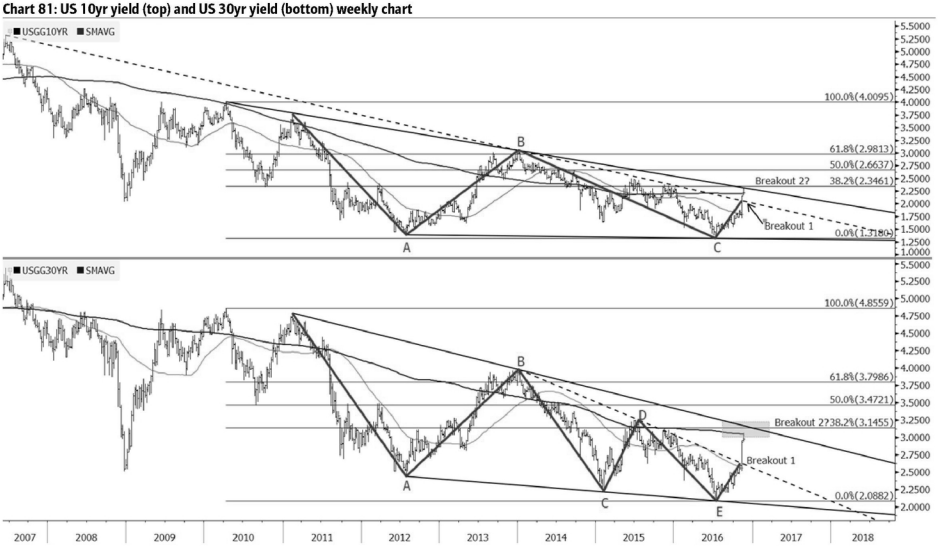


Source: BofA Merrill Lynch Global Research, Bloomberg

### German 10yr bund yield breaks out

Bund yield has risen through resistance levels and is up about 60bps from the low. Prior uptrends failed at trend line resistance levels; however, this time it broke through. The distance traveled during prior moves include +140bps, +93bps and +108bps. Therefore, we believe this uptrend has room to continue to 55bps (estimated 200wk SMA) by 1Q2017 and to 75bps in 2017.

### Japanese 30y yields form head and shoulders bottom

The rapid decline in 30y JGB yield during 2016 led to a trend exhaustion signal at the lows (TD Sequential 13), a rise resulting in the most overbought (higher yield) momentum since 2010 and the formation of a head and shoulders bottom. Provided yield remains above 44bps, we could see yield rising to 71bps and possibly 87bps in 2017.



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**Chart 82: German 10yr bund yield – weekly chart**

Source: BofA Merrill Lynch Global Research, Bloomberg

**Chart 83: Japanese 30yr yield - weekly chart**

Source: BofA Merrill Lynch Global Research, Bloomberg

## Buy NZD/USD 5m .69/.66 put spread 1x1.5

NZD/USD is forming a head and shoulders top. It is breaking trend line support from the January to June lows. It is also threatening to break the neckline at .7070. MACD recently crossed bearish and is trending toward negative. This pattern suggests NZD/USD will decline as low as .6615. Given the strong USD move in G10 thus far, we think NZD/USD is near an attractive technical level to position for further USD strength. We recommending buying a NZD/USD 5m .69/.66 put spread 1x1.5 for 43 USD pips (off of .7100 spot).

**Chart 84: NZD/USD daily chart**

Source: BofA Merrill Lynch Global Research, Bloomberg



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# Bond Yield Forecasts

**Table 7: Quarter-end bond yield forecasts**

| | | *Latest* | *4Q16* | *1Q17* | *2Q17* | *3Q17* | *4Q17* |
|---|---|---|---|---|---|---|---|
| USA | 3m Libor | 0.91 | 1.05 | 1.05 | 1.25 | 1.30 | 1.50 |
| | 2y T-Note | 0.98 | 1.10 | 1.35 | 1.50 | 1.60 | 1.65 |
| | 5y T-Note | 1.64 | 1.85 | 2.10 | 2.15 | 2.20 | 2.25 |
| | **10y T-Note** | **2.21** | **2.35** | **2.55** | **2.60** | **2.65** | **2.65** |
| | 30y T-Bond | 2.95 | 3.10 | 3.30 | 3.30 | 3.35 | 3.35 |
| | 2y Swap | 1.23 | 1.30 | 1.53 | 1.66 | 1.75 | 1.80 |
| | 5y Swap | 1.68 | 1.88 | 2.10 | 2.15 | 2.20 | 2.25 |
| | **10y Swap** | **2.07** | **2.23** | **2.41** | **2.44** | **2.49** | **2.49** |
| Germany | 3m Euribor | -0.31 | -0.30 | -0.30 | -0.30 | -0.33 | -0.32 |
| | 2y BKO | -0.62 | -0.60 | -0.60 | -0.55 | -0.50 | -0.45 |
| | 5y OBL | -0.34 | -0.35 | -0.30 | -0.25 | -0.20 | -0.10 |
| | **10y DBR** | **0.30** | **0.40** | **0.45** | **0.50** | **0.55** | **0.65** |
| | 30y DBR | 0.93 | 1.05 | 1.10 | 1.15 | 1.15 | 1.15 |
| | 2y Swap | -0.13 | -0.14 | -0.16 | -0.13 | -0.06 | -0.02 |
| | 5y Swap | 0.14 | 0.12 | 0.16 | 0.21 | 0.27 | 0.36 |
| | **10y Swap** | **0.69** | **0.81** | **0.85** | **0.89** | **0.92** | **1.00** |
| Japan | 3m Libor | -0.07 | -0.03 | -0.03 | -0.03 | -0.03 | -0.03 |
| | 2y JGB | -0.17 | -0.20 | -0.20 | -0.20 | -0.20 | -0.15 |
| | 5y JGB | -0.11 | -0.15 | -0.15 | -0.13 | -0.12 | -0.10 |
| | **10y JGB** | **0.01** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** |
| | 2y Swap | 0.01 | -0.07 | -0.07 | -0.07 | -0.07 | 0.00 |
| | 5y Swap | 0.04 | -0.05 | 0.00 | 0.01 | 0.02 | 0.04 |
| | **10y Swap** | **0.15** | **0.12** | **0.15** | **0.15** | **0.15** | **0.15** |
| U.K. | 3m Libor | 0.40 | 0.40 | 0.25 | 0.25 | 0.25 | 0.25 |
| | 2y UKT | 0.22 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| | 5y UKT | 0.66 | 0.70 | 0.80 | 0.85 | 0.90 | 0.90 |
| | **10y UKT** | **1.40** | **1.50** | **1.60** | **1.65** | **1.70** | **1.75** |
| | 30y UKT | 2.04 | 2.10 | 2.15 | 2.20 | 2.25 | 2.30 |
| | 2y Swap | 0.67 | 0.65 | 0.65 | 0.60 | 0.55 | 0.50 |
| | 5y Swap | 0.96 | 1.00 | 1.10 | 1.15 | 1.20 | 1.20 |
| | **10y Swap** | **1.34** | **1.55** | **1.70** | **1.75** | **1.80** | **1.85** |
| Australia | 3m BBSW | 1.76 | 1.70 | 1.70 | 1.70 | 1.80 | 1.80 |
| | 2y ACGB | 1.77 | 1.90 | 1.95 | 2.00 | 2.05 | 2.10 |
| | 5y ACGB | 2.16 | 2.30 | 2.40 | 2.45 | 2.50 | 2.60 |
| | **10y ACGB** | **2.66** | **2.80** | **2.95** | **3.05** | **3.10** | **3.10** |
| | 3y Swap | 2.22 | 2.00 | 2.10 | 2.15 | 2.20 | 2.20 |
| | **10y Swap** | **2.81** | **2.95** | **3.10** | **3.20** | **3.25** | **3.25** |
| Canada | 2y Govt | 0.66 | 0.70 | 0.60 | 0.50 | 0.40 | 0.40 |
| | 5y Govt | 0.94 | 1.00 | 0.90 | 0.80 | 0.70 | 0.70 |
| | **10y Govt** | **1.52** | **1.50** | **1.40** | **1.40** | **1.35** | **1.35** |
| | 2y Swap | 1.00 | 1.04 | 0.94 | 0.84 | 0.74 | 0.74 |
| | 5y Swap | 1.29 | 1.35 | 1.25 | 1.15 | 1.05 | 1.05 |
| | **10y Swap** | **1.78** | **1.76** | **1.66** | **1.66** | **1.61** | **1.61** |

Source: BofA Merrill Lynch Global Research



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# Global FX Forecasts

**Table 8: Quarterly forecasts – G10 currencies**

| | Spot | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| **G3** | | | | | | | | | | |
| EUR-USD | 1.08 | 1.08 | 1.05 | 1.02 | 1.02 | 1.05 | 1.06 | 1.07 | 1.08 | 1.10 |
| USD-JPY | 108 | 108 | 112 | 115 | 117 | 120 | 117 | 115 | 112 | 110 |
| EUR-JPY | 117 | 117 | 118 | 117 | 119 | 126 | 124 | 123 | 121 | 121 |
| **Dollar Bloc** | | | | | | | | | | |
| USD-CAD | 1.35 | 1.36 | 1.38 | 1.40 | 1.41 | 1.43 | 1.43 | 1.41 | 1.40 | 1.40 |
| AUD-USD | 0.76 | 0.74 | 0.73 | 0.72 | 0.71 | 0.70 | 0.70 | 0.71 | 0.73 | 0.75 |
| NZD-USD | 0.71 | 0.70 | 0.69 | 0.68 | 0.68 | 0.67 | 0.67 | 0.68 | 0.70 | 0.71 |
| **Europe** | | | | | | | | | | |
| EUR-GBP | 0.87 | 0.88 | 0.91 | 0.89 | 0.88 | 0.88 | 0.88 | 0.87 | 0.86 | 0.85 |
| GBP-USD | 1.24 | 1.23 | 1.15 | 1.15 | 1.16 | 1.19 | 1.20 | 1.23 | 1.26 | 1.29 |
| EUR-CHF | 1.07 | 1.08 | 1.09 | 1.10 | 1.11 | 1.12 | 1.12 | 1.13 | 1.13 | 1.15 |
| USD-CHF | 0.99 | 1.00 | 1.04 | 1.08 | 1.09 | 1.07 | 1.06 | 1.06 | 1.05 | 1.05 |
| EUR-SEK | 9.86 | 9.50 | 9.40 | 9.30 | 9.20 | 9.15 | 9.10 | 9.00 | 8.90 | 8.90 |
| USD-SEK | 9.14 | 8.80 | 8.95 | 9.12 | 9.02 | 8.71 | 8.58 | 8.41 | 8.24 | 8.09 |
| EUR-NOK | 9.08 | 9.00 | 8.90 | 8.80 | 8.70 | 8.60 | 8.50 | 8.50 | 8.40 | 8.40 |
| USD-NOK | 8.41 | 8.33 | 8.48 | 8.63 | 8.53 | 8.19 | 8.02 | 7.94 | 7.78 | 7.64 |

Forecast as of Nov-15-2016. Spot exchange rate as of Nov-15-2016. The left of the currency pair is the denominator of the exchange rate. Source: BofA Merrill Lynch Global Research

Table 9: Quarterly forecasts – EM currencies

| | Spot | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Latin America** | | | | | | | | | | |
| USD-BRL | 3.43 | 3.60 | 3.65 | 3.70 | 3.80 | 3.90 | 3.90 | 3.90 | 3.90 | 3.90 |
| USD-MXN | 20.48 | 21 | 21.25 | 21.5 | 21.75 | 22 | 22.25 | 22.5 | 22.75 | 23 |
| USD-CLP | 670 | 670 | 685 | 700 | 715 | 730 | 740 | 750 | 760 | 770 |
| USD-COP | 3,124 | 3,150 | 3,200 | 3,250 | 3,300 | 3,350 | 3,400 | 3,450 | 3,500 | 3,550 |
| USD-ARS | 15.60 | 15.80 | 16.00 | 17.00 | 17.50 | 18.00 | 18.50 | 19.00 | 19.50 | 20.00 |
| USD-VEF | 9.99 | 10 | 31.1 | 31.1 | 84.8 | 84.8 | 84.8 | 84.8 | 84.8 | 84.8 |
| USD-PEN | 3.44 | 3.45 | 3.47 | 3.50 | 3.52 | 3.55 | 3.60 | 3.65 | 3.70 | 3.70 |
| USD-UYU | 28.70 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 |
| **Emerging Europe** | | | | | | | | | | |
| EUR-PLN | 4.41 | 4.30 | 4.25 | 4.20 | 4.20 | 4.20 | 4.10 | 4.05 | 4.05 | 4.00 |
| EUR-HUF | 310 | 310 | 310 | 305 | 300 | 300 | 300 | 295 | 295 | 290 |
| EUR-CZK | 27.03 | 27 | 27 | 27 | 26.5 | 26 | 26 | 26 | 26 | 25.5 |
| USD-UAH | 25.91 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 | 25.8 |
| USD-RUB | 65.47 | 65 | 63 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| USD-ZAR | 14.15 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.3 | 14.5 | 14.8 | 15 |
| USD-TRY | 3.27 | 3.15 | 3.1 | 3.15 | 3.2 | 3.2 | 3.2 | 3.25 | 3.25 | 3.3 |
| EUR-RON | 4.51 | 4.5 | 4.5 | 4.45 | 4.4 | 4.4 | 4.4 | 4.35 | 4.35 | 4.3 |
| USD-EGP | 15.47 | | | | | | | | | |
| USD-ILS | 3.84 | 3.85 | 3.85 | 3.85 | 3.85 | 3.85 | 3.85 | 3.85 | 3.8 | 3.8 |
| USD-AED | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 |
| USD-SAR | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |
| USD-QAR | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 | 3.64 |
| **Asian Bloc** | | | | | | | | | | |
| USD-KRW | 1,170 | 1200 | 1200 | 1220 | 1250 | 1270 | 1270 | 1230 | 1210 | 1190 |
| USD-TWD | 31.85 | 32.1 | 32.4 | 32.7 | 33.1 | 33.4 | 33.4 | 32.8 | 32.5 | 32.3 |
| USD-SGD | 1.41 | 1.44 | 1.45 | 1.49 | 1.5 | 1.51 | 1.51 | 1.51 | 1.51 | 1.5 |
| USD-THB | 35.36 | 36 | 36.5 | 37.5 | 37.8 | 38.2 | 39 | 39 | 38 | 37 |
| USD-HKD | 7.76 | 7.76 | 7.77 | 7.78 | 7.79 | 7.80 | 7.80 | 7.80 | 7.80 | 7.80 |
| USD-CNY | 6.85 | 7.00 | 7.05 | 7.10 | 7.15 | 7.25 | 7.35 | 7.35 | 7.30 | 7.20 |
| USD-IDR | 13369 | 13700 | 13900 | 14200 | 14400 | 14600 | 14500 | 14500 | 14400 | 14200 |
| USD-PHP | 49.07 | 50.5 | 51 | 52 | 53 | 53.5 | 54 | 54 | 53 | 52 |
| USD-MYR | 4.34 | 4.41 | 4.45 | 4.55 | 4.65 | 4.71 | 4.68 | 4.68 | 4.6 | 4.5 |
| USD-INR | 67.69 | 68.25 | 68.1 | 68.5 | 69 | 70 | 69.5 | 69 | 68.5 | 68 |

Forecast as of Nov-15-2016. Spot exchange rate as of Nov-15-2016. The left of the currency pair is the denominator of the exchange rate. Source: BofA Merrill Lynch Global Research



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## Options Risk Statement

**Potential Risk at Expiry & Options Limited Duration Risk**

Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk, all of which can occur in a short period.

**Investor suitability**

The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal.

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## Valuation & risk

**Brazil (BRAZIL)**

We are Marketweight Brazil's EXD with currently wide spreads compensating for the risks. The political crisis concerns investors and growth has been weaker than expected. However, spreads are quite high compared to LatAm investment grades. There are positive and negative tail risks for growth, as a resolution to the political paralysis could bring confidence back up quickly and improve the economic backdrop. With this positive tail risk, and a stronger fiscal adjustment in 2016, economic recovery could start in 2Q16. On the downside, pressures on GDP could increase if the political scenario deteriorates further, with the government failing to approve fiscal measures and/or Brazil shifting to a heterodox policy.

**Colombia (COLOM)**

Spreads, which have widened this year adequately compensate investors for the risk, in our view, and leads us to our Marketweight view. Downside risks are a rapid inflation acceleration from pass-through effects, which would be a difficult problem for macroeconomic policy. Also oil price weakness raises risk of recession. Fiscal and external difficulties generate incentives to relax the fiscal rule. Upside risks are a rise in commodity prices and stronger than expected growth.

**Mexico (MEX)**

Mexico's tight spreads fairly reflect the better quality of Mexican debt compared to most of LatAm, in our view. We forecast Mexico's activity growth to remain in the 2-3% range. Downside risks are lower growth in the US, lower oil prices and slower domestic oil production. A disorderly normalization of US monetary policy is a risk to Mexico's financial stability as well. Upside risks are higher oil prices and stronger US growth.

**Turkey (TURKEY)**

We are Overweight as Turkey Eurobonds lagged peers due to heightened political noise during the summer. Since Moody's downgraded the sovereign, all negative impact of the attempted coup seems to be priced and we think that bonds offer value vs peers. Downside risks are stronger outflows than expected and heightened political noise. Upside risks include a generalized rally on the back of more positive global backdrop.

## Analyst Certification

We, David Woo, Adarsh Sinha, Arko Sen, Claudio Irigoyen, Jane Brauer, Kamal Sharma, Mark Capleton, Paul Ciana, CMT and Ralf Preusser, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



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**Credit opinion history**

**Brazil / BRAZIL**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Brazil / BRAZIL | 12-Nov-2015 | Initial | Marketweight |

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**Colombia / COLOM**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Colombia / COLOM | 12-Nov-2015 | Initial | Marketweight |

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**Mexico / MEX**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Mexico / MEX | 12-Nov-2015 | Initial | Marketweight |
| | 03-Dec-2015 | Restricted | NA |
| | 03-Dec-2015 | Coverage Resumed | Marketweight |
| | 21-Mar-2016 | Restricted | NA |
| | 21-Mar-2016 | Coverage Resumed | Marketweight |
| | 08-Aug-2016 | Restricted | NA |
| | 10-Aug-2016 | Coverage Resumed | Marketweight |

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**Turkey / TURKEY**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Turkey / TURKEY | 12-Nov-2015 | Initial | Marketweight |
| | 23-Feb-2016 | Downgrade | Underweight |
| | 17-May-2016 | Upgrade | Marketweight |
| | 27-Sep-2016 | Upgrade | Overweight |

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**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF NEW YORK**

----------X

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

**15-cv-07433-RWS**

----------X

**Defendant's Response in Opposition to**
**Plaintiff's Omnibus Motion *in Limine***

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# TABLE OF CONTENTS

INTRODUCTION ..... 1

I. FED. R. EVID. 405(B) REQUIRES ADMISSION OF ALL SPECIFIC INCIDENTS OF PLAINTIFF LYING OR ENGAGING IN DECEITFUL OR FRAUDULENT CONDUCT 1

A. All allegations or comments made by Plaintiff are "connected to" the alleged defamatory statement ..... 4

B. Responses to Enumerated Motions *In Limine* ..... 6

1. Stories and allegations concerning Dershowitz, foreign presidents, and world leaders are highly relevant and admissible (Motion in Limine 1) ..... 6

2. Meeting Bill Clinton at Jeffrey Epstein's private island twice (Motion in Limine 2) ..... 8

3. FOIA responses and related materials are admissible (Motion in Limine 3) ..... 8

4. Louis Freeh's testimony and report are admissible evidence (Motion in Limine 4) ..... 9

5. Prince Andrew and Buckingham Palace's denials of Plaintiff's claims are not offered for the truth of the matter asserted (Motion in Limine 5) ..... 11

6. Evidence Regarding Plaintiff's Sexual History and Reputation is Admissible (Motion in Limine 6) ..... 14

7. Plaintiff cannot prohibit use of words such as "prostitute," which she used to describe herself, or any other "derogatory" terms that describe her reputation (Motion in Limine 7) ..... 14

8. Plaintiff's drug use is relevant to her memory and lack of damages (Motion in Limine 8) ..... 16

9. Information regarding Plaintiff's criminal history is relevant and admissible evidence when character is an essential element of the claim (Motion in Limine 9) ..... 18

10. Evidence concerning school attendance is relevant to Plaintiff's allegations of how she spent her time in 1999 to 2002 (Motion in Limine 10) ..... 19

11. Plaintiff put her full childhood history and character at issue (Motion in Limine 11) .. 20

12. Victims Refuse Silence is a sham not-for-profit established to create a claim for defamation per se (Motion in Limine 12) ..... 20



HOUSE_OVERSIGHT_014789

13. Plaintiff's failure to pay her personal tax obligations is relevant to her character for truthfulness (Motion in Limine 13) ..... 22

14. Plaintiff's husband's domestic violence against her in March 2015 is probative of other intervening causes of emotional distress and related damages (Motion in Limine 14) 23

15. Plaintiff's lies about her age and the year she met Mr. Epstein must be exposed to the jury (Motion in Limine 15) ..... 24

16. All of Plaintiff's medical records are relevant to Plaintiff's damages claims (Motion in Limine 16) ..... 25

17. The Parties agree to preclusion of all documents and discussion of the Jane Doe 102 case, including the settlement of those claims (Motion in Limine 17) ..... 26

18. The Cassell/Edwards v. Dershowitz litigation is relevant and admissible (Motion in Limine 18) ..... 26

19. Judge Marra's ruling is relevant and admissible (Motion in Limine 19) ..... 29

20. The transcript of the tape recording of Mr. Dershowitz's conversation with Rebecca Boylan is admissible (Motion in Limine 20) ..... 31

C. Plaintiff's Remaining Motions In Limine Are Premature and Request an Unnecessary Advisory Opinion (Motions in Limine 21-29) ..... 32

1. "Bad Acts" by Plaintiff's counsel ..... 34

2. Discussion of missing witnesses and absence of evidence is appropriate, and missing witness instruction may be requested ..... 35

CONCLUSION ..... 36

CERTIFICATE OF SERVICE ..... 38



HOUSE_OVERSIGHT_014790

# TABLE OF AUTHORITIES

**Cases**

*Brady v. Chemical Construction Corp.,* 740 F.2d 195 (2d Cir. 1984)..... 10

*Cannistraci v. Kirsopp*, No. 1:10-CV-980 MAD/DRH, 2012 WL 2089687, at *1–2 (N.D.N.Y. June 8, 2012)..... 11

*Cardillo v. Doubleday & Co., Inc.,* 518 F.2d 638, 639–40 (2d Cir.1975)..... 13

*Chamblee v. Harris & Harris, Inc.*, 154 F. Supp. 2d 670, 681 (S.D.N.Y. 2001)..... 22

*Chnapkova v. Koh*, 985 F.2d 79, 82 (2d Cir. 1993)..... 22

*Daniels by Glass v. Wal-Mart Stores, Inc.,* 634 So.2d 88, 93 (Miss. 1993)..... 4

*DeVaul v Carvigo Inc.*, 526 N.Y.S.2d 483 (2d Dept. 1988)..... 35

*Doddy v. Oxy USA, Inc.*, 101 F.3d 448, 459-60 (5th Cir. 1996)..... 10

*Donnelly v. DeChristoforo,* 416 U.S. 637, 646–47, 94 S.Ct. 1868, 40 L.Ed.2d 431 (1974). ..... 33

*Edwards v. City of N.Y.*, No. 08-2199 TLM, 2011 WL 2748665, at *4 (E.D.N.Y. July 13, 2011) ..... 22

*EEOC v. Grief Brothers Corp.*, 218 F.R.D. 59, 61–62 (W.D.N.Y. 2003)..... 25

*Equal Employment Opportunity Comm'n v. Reed Pierce's Sportsman's Grille, LLC*, No. 3:10-CV-541-WHB-LRA, 2013 WL 12123370, at *1 (S.D. Miss. Jan. 11, 2013)..... 24

*Gaillard v. Jim's Water Service, Inc.*, 535 F.3d 771, 778–779 (8th Cir. 2008)..... 22

*Gallo v. Ricci*, 814 N.Y.S.2d 422, 423 (2006)..... 36

*Geraty v. Vill. of Antioch*, No. 09 C 6992, 2015 WL 127917, at *7 (N.D. Ill. Jan. 8, 2015) ..... 9

*Gordy Co. v. Mary Jane Girls, Inc.*, No. 86 CIV. 6814 (RWS), 1989 WL 28477, at *6 (S.D.N.Y. Mar. 24, 1989)..... 17

*Gov't of Virgin Islands v. Grant,* 775 F.2d 508, 511 & n. 4 (3d Cir. 1985) ..... 3

*Grasso v. Mathew*, 564 N.Y.S.2d 576, 578 (3d Dep't 1991) ..... 30

*Guccione v. Hustler Magazine, Inc.*, 800 F.2d 298, 303 (2d Cir. 1986)..... 13



HOUSE_OVERSIGHT_014791

*Jaffee v. Redmond*, 518 U.S. 1, 116 S.Ct. 1923, 135 L.Ed.2d 337 (1996) ..... 22

*Kadant Johnson Inc. v. D'Amico*, No. CIV.A. 10-2869, 2012 WL 2190897, at *1 (E.D. La. June 14, 2012) ..... 3

*Kevorkian v. Am. Med. Ass'n*, 237 Mich. App. 1, 12, 602 N.W.2d 233, 239 (1999)..... 13

*Longmire v. Ala. State Univ.,* 151 F.R.D. 414, 419 (M.D.Ala. 1992)…….3

*Minemyer v. R-Boc Representatives, Inc.*, No. 07 C 1763, 2012 WL 379904, at *4 (N.D. Ill. Feb. 6, 2012) ..... 12

*O'Brien v. Alexander*, 898 F.Supp. 162, 171 (S.D.N.Y. 1995) ..... 30

*Palmieri v. Defaria,* 88 F.3d 136, 141 (2d Cir. 1996) ..... 33

*People v Thomas*, 21 N.Y.3d 226 (2013)..... 35

*People v. Williams*, 5 N.Y.3d 732, 734 (2005) ..... 35

*Preferred Properties, Inc. v. Indian River Estates, Inc.,* 276 F.3d 790, 799 n.5 (6th Cir. 2002) . 13

*Rowe v. DPI Specialty Foods, Inc.*, No. 2:13-CV-00708-DN, 2015 WL 3533844, at *5 (D. Utah June 4, 2015)..... 13, 28

*S.E.C. v. Collins & Aikman Corp.*, 256 F.R.D. 403, 412 (S.D.N.Y. 2009) ..... 19

*Schafer v. Time, Inc.*, 142 F.3d 1361, 1364–75 (11th Cir. 1998) ..... 3

*Seligson, Morris & Neuburger v Fairbanks Whitney* Corp., 257 N.Y.S.2d 706 (1st Dept. 1965)35

*Sidor v. Reno*, 95 CIV. 9588 (KMW), 1998 WL 164823, *2 (S.D.N.Y. April 7, 1998)..... 25

*United States v. Dukes,* 727 F.2d 34, 37 (2d Cir. 1984) ..... 17

*United States v. Hatchett*, 918 F.2d 631, 641 (6th Cir. 1990) ..... 22

*United States v. Lujan,* No. 05–CR–924 (RB) (D.N.M. Mar. 25, 2011) ..... 32

*United States v. Piche,* 981 F.2d 706, 713 (4th Cir. 1992) ..... 3

*United States v. Rabbani*, 382 F. App'x 39, 42 (2d Cir. 2010)..... 35

*United States v. Robinson*, 583 F.3d 1265, 1272 (10th Cir. 2009) ..... 17

*United States v. Van Meerbeke,* 548 F.2d 415, 417–18 (2d Cir. 1976) ..... 17



HOUSE_OVERSIGHT_014792

*United States v. West*, 58 F.3d 133, 141 (5th Cir. 1995) ..... 22

*United States v. Wexler,* 79 F.2d 526, 529–30 (2d Cir. 1935) ..... 33

*United States v. Wilson*, No. 04-CR-1016 NGG, 2013 WL 2948034, at *4–6 (E.D.N.Y. June 14, 2013) ..... 32

*World Wide Ass'n of Specialty Programs v. Pure, Inc.*, 450 F.3d 1132, 1138 (10th Cir. 2006) .... 3

*Zamora v. GC Servs., L.P.*, 647 F. App'x 330 (5th Cir. 2016) ..... 9

**Rules**

Fed. R. Evid. 403 ..... 7

Fed. R. Evid. 405 and 608 ..... 4, 6, 15, 20

Fed. R. Evid. 405(b) ..... passim

Fed. R. Evid. 801 ..... 12

Fed. R. Evid. 801 (d)(2)(D) ..... 29, 31

Fed. R. Evid. 803(6) ..... 19

Fed. R. Evid. 803(8) ..... 8

Fed. R. Evid. 902(4) and 902(11) ..... 19



HOUSE_OVERSIGHT_014793

# PAGES 1-36

# REDACTED

Dated: March 17, 2017

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I certify that on March 17, 2017, I electronically served this *Defendant's Response in Opposition to Plaintiff's Omnibus Motion In Limine* via ECF on the following:

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**UNITED STATES DISTRICT COURT**
**SOUTHERN DISTRICT OF NEW YORK**

----------X

VIRGINIA L. GIUFFRE,

Plaintiff,

v.

GHISLAINE MAXWELL,

Defendant.

----------X

**15-cv-07433-RWS**

**Declaration of Laura A. Menninger in Support of**
**Response in Opposition to Plaintiff's Omnibus Motion *in Limine***

I, Laura A. Menninger, declare as follows:

1. I am an attorney at law duly licensed in the State of New York and admitted to practice in the United States District Court for the Southern District of New York. I am a member of the law firm Haddon, Morgan & Foreman, P.C., counsel of record for Defendant Ghislaine Maxwell in this action. I respectfully submit this Declaration in support of Ms. Maxwell's Response in Opposition to Plaintiff's Omnibus Motion *in Limine*.

2. Attached as Exhibit A is a true and correct copy of a statement on behalf of Ms. Maxwell dated January 2, 2015.

3. Attached as Exhibit B is a true and correct copy of an article by Sharon Churcher titled "Teenage girl recruited by paedophile Jeffrey Epstein reveals how she twice met Bill Clinton," DAILY MAIL, dated March 5, 2011.

4. Attached as Exhibit C (filed under seal) are true and correct copies of [redacted]

5. Attached as Exhibit D (filed under seal) are true and correct copies of [redacted]

6. Attached as Exhibit E (filed under seal) are true and correct copies of [redacted]

7. Attached as Exhibit F (filed under seal) is a true and correct copy of [redacted]

8. Attached as Exhibit G is a true and correct copy of an article by Sharon Churcher titled "The Prince, a paedophile and the sex slave teen" The Daily Telegraph, dated February 28, 2011.

9. Attached as Exhibit H (filed under seal) is a true and correct copy of [redacted]

10. Attached as Exhibit I is a true and correct copy of an article titled "Buckingham Palace issues second denial of underage sex claims against Prince Andrew," Fox News.com.

11. Attached as Exhibit J is a true and correct copy of an article titled "Prince Andrew denies sex abuse claims" CNN.com.

12. Attached as Exhibit K is a true and correct copy of an article by Tom Leonard titled "Prince Andrew risks ambassador job as underage sex case girl reveals meeting him" DAILY MAIL, dated March 2, 2011.

13. Attached as Exhibit L is a true and correct copy of an article by Wills Robinson titled "Jeffrey Epstein 'sex slave' Virginia Roberts was a 'money-hungry sex kitten', ex friends claim" DAILY MAIL, dated March 1, 2015.

14. Attached as Exhibit M (filed under seal) are true and correct copies of [redacted]

15. Attached as Exhibit N (filed under seal) is a true and correct copy of [redacted]

16. Attached as Exhibit O (filed under seal) is a true and correct copy of [redacted]

17. Attached as Exhibit P (filed under seal) are true and correct copies [redacted]

18. Attached as Exhibit Q (filed under seal) is a true and correct copy of [redacted]

19. Attached as Exhibit R is a true and correct copy of a press release in the *Edwards, et. al v. Dershowitz* matter, dated April 8, 2016, Bates stamped GM_00523-4.

20. Attached as Exhibit S is a true and correct copy of an Order Denying Motion to Join Under Rule 21, *Doe v. United States,* No. 08-80736-Civ-Marra/Johnson (S.D. Fla. Apr. 7, 2016).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 17, 2017.

*s/ Laura A. Menninger*
Laura A. Menninger

**CERTIFICATE OF SERVICE**

I certify that on March 17, 2017, I electronically served this *Declaration of Laura A. Menninger in Support of Defendant's Response in Opposition to Plaintiff's Omnibus Motion in Limine* via ECF on the following:

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*/s/ Nicole Simmons*
Nicole Simmons

# EXHIBIT A

From: <ross@acuityreputation.com>
Date: 2 January 2015 at 20:38
Subject: Ghislaine Maxwell
To: Rossacuity Gow <ross@acuityreputation.com>
bcc: martin.robinson@mailonline.co.uk,
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nick.sommerlad@mirror.co.uk,
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nick.alway@bbc.co.uk,
jo-anne.pugh@bbc.co.uk

To Whom It May Concern,
Please find attached a quotable statement on behalf of Ms Maxwell.

No further communication will be provided by her on this matter.
Thanks for your understanding.
Best
Ross

Ross Gow
ACUITY Reputation

Jane Doe 3 is Virginia Roberts - so not a new individual. The allegations made by Victoria Roberts against Ghislaine Maxwell are untrue. The original allegations are not new and have been fully responded to and shown to be untrue.

Each time the story is re told it changes with new salacious details about public figures and world leaders and now it is alleged by Ms Roberts that Alan Derschowitz is involved in having sexual relations with her, which he denies.

Ms Roberts claims are obvious lies and should be treated as such and not publicised as news, as they are defamatory.

Ghislaine Maxwell's original response to the lies and defamatory claims remains the same. Maxwell strongly denies allegations of an unsavoury nature, which have appeared in the British press and elsewhere and reserves her right to seek redress at the repetition of such old defamatory claims.

Sent from my BlackBerry® wireless device

# EXHIBIT B

# Teenage girl recruited by paedophile Jeffrey Epstein reveals how she twice met Bill Clinton

By Sharon Churcher and Polly Dunbar for MailOnline
Updated: 19:53 EST, 5 March 2011

As a New Yorker from humble beginnings, Jeffrey Epstein played on his blue-collar credentials and enormous wealth to extend tentacles of influence throughout America's liberal political elite.During the outcry over the Epstein case, it emerged that another man with a notorious appetite for young women, Bill Clinton, travelled with Epstein to a number of destinations, including three times on the billionaire's private aircraft.On one occasion, Epstein flew the former President, Hollywood actor and staunch Democrat Kevin Spacey and another actor friend of Mr Clinton's, Chris Tucker, to Africa, to 'discuss AIDS policy'.

GM_00715

Claims: Virginia Roberts says she twice met ex-president Bill Clinton, pictured last month, but was never 'lent out'

Epstein, who has donated more than £75,000 over the years to candidates from the Democratic Party, also flew with Mr Clinton in November 2003 to destinations including Russia, Oslo, Hong Kong, Shanghai and Beijing.

Yet Virginia Roberts stresses that she was never 'lent out' to Mr Clinton.

On one occasion, she adds, Epstein did invite two young brunettes to a dinner which he gave on his Caribbean island for Mr Clinton shortly after he left office. But, as far as she knows, the ex-President did not take the bait. 'I'd have been about 17 at the time,' she says. 'I flew to the Caribbean with Jeffrey and then Ghislaine Maxwell went to pick up Bill in a huge black helicopter that Jeffrey had bought her.

## Share this article

Share'She'd always wanted to fly and Jeffrey paid for her to take lessons, and I remember she was very excited because she got her licence around the first year we met.

'I used to get frightened flying with her but Bill had the Secret Service with him and I remember him talking about what a good job she did.'I only ever met Bill twice but Jeffrey had told me that they were good friends.

'I asked, "How come?" and he laughed and said, "He owes me some favours." Maybe he was just joking but it constantly surprised me that people with as much to lose as Bill and [Prince] Andrew weren't more

GM_00716

careful.'Bill must have known about Jeffrey's girls. There were three desks in the living area of the villa on the island.

Speaking out: Virginia, now aged 26, in her new home in Australia

'They were covered with pictures of Jeffrey shaking hands with famous people and photos of naked girls, including one of me that Jeffrey had at all his houses, lying in a hammock.'We all dined together that night. Jeffrey was at the head of the table. Bill was at his left. I sat across from him. Emmy Tayler, Ghislaine's blonde British assistant, sat at my right. 'Ghislaine was at Bill's left and at the left of Ghislaine there were two olive-skinned brunettes who'd flown in with us from New York.

'I'd never met them before. I'd say they were no older than 17, very innocent-looking. 'They weren't there for me. They weren't there for Jeffrey or Ghislaine because I was there to have sex with Jeffrey on the trip.'Maybe Jeffrey thought they would entertain Bill, but I saw no evidence that he was interested in them. He and Jeffrey and Ghislaine seemed to have a very good relationship. Bill was very funny.

'Bill must have known about Jeffrey's girls. There were three desks in the living area of the villa on the island... covered with photos of naked girls' 'He made me laugh a few times. And he and Jeffrey and Ghislaine told blokey jokes and the brunettes listened politely and giggled. 'After dinner I gave Jeffrey an erotic massage. I don't remember seeing Bill again on the trip but I assume Ghislaine flew him back.'According to prison records, when Epstein was serving his jail term, his visitors included a long-time – and highly controversial – Clinton acquaintance, Arnold Prosperi.

'In the final hours of the Clinton presidency, in January 2001, Prosperi was facing three years in prison after being convicted of tax fraud. Mr Clinton commuted his sentence to house arrest. 'Clinton, Prosperi and Epstein make an odd threesome on the face of it,' says a law enforcement source.'Was Prosperi visiting Epstein as some kind of intermediary for Bill?

GM_00717

'Maybe Bill wanted to know if Epstein knew anything that could embarrass him. Or did Bill commute Prosperi's sentence as some kind of favour for Epstein?' Virginia disclosed that Mr Clinton's vice-president Al Gore and his wife, Tipper, were also guests of Epstein on his island.

Guests: Virginia says she also met former Vice President Al Gore, pictured right with Mr Clinton

Last summer, the Gores abruptly announced that they were ending their supposedly fairytale marriage and, just weeks later, it emerged that Mr Gore – the famously sanctimonious global-warming disciple – had been accused of trying to force sex on a woman with whom he had booked a therapeutic massage at an Oregon hotel. 'I had no clue that anything was up,' Virginia says. 'The Gores seemed like a beautiful couple when I met them. All I knew was that Mr Gore was a friend of Jeffrey's and Ghislaine's. Jeffrey didn't ask me to give him a massage. 'There might have been a couple of other girls there on that trip but I could never have imagined this guy would do anything wrong. I was planning to vote for him when I turned 18. I thought he was awesome.'Virginia said that yet another American liberal icon, President Obama's Middle East peace envoy Senator George Mitchell, frequently visited Epstein's New York residence. Mr Mitchell, aged 77 – who previously led America's Northern Ireland peace initiative – 'was very close to Jeffrey,' Virginia recalled. 'He is very clean-cut. You wouldn't think of him being part of Jeffrey's crew.'

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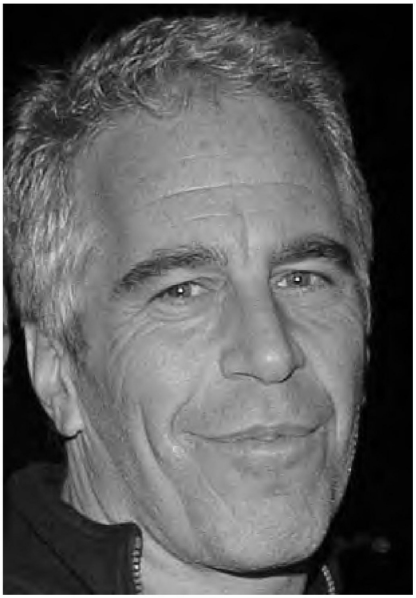

GM_00719

Scandal: U.S. authorities want to interview Jeffrey Epstein (left) and may wish to quiz his friend, Prince Andrew

Epstein's contacts book contains a work and a home telephone number for the senator. Another acquaintance was Israel defence secretary Ehud Barak, whose spokesman told The Mail on Sunday: 'Mr Barak did attend several small functions in Mr Epstein's home in New York that were usually attended by leading businessman, university presidents, Nobel Prize Laureates and prominent public figures.'Epstein's many Hollywood pals include Matt Groening, creator of The Simpsons.

'Jeffrey once had me give Matt a foot massage when he was flying on the jet with us,' Virginia says. 'He laughed and did drawings of Bart and Homer for my little brother and my dad.'I also met Naomi Campbell at a birthday party of hers on a yacht in the South of France. She is a friend of Ghislaine's but she was a real bitch to me.

'She was very fake. She turned away from me when we were introduced by Ghislaine and Jeffrey.'Donald Trump was also a good friend of Jeffrey's. He didn't partake in sex with any of us but he flirted with me. He'd laugh and tell Jeffrey, "You've got the life." 'Palm Beach Police say Epstein seemed utterly unfazed by the allegations against him when they began their long and detailed investigation.

'Jeffrey's crew: Middle East peace envoy George Mitchell, right, pictured with President Barack Obama and U.S. Secretary of State Hilary Clinton, frequently visited Epstein¿s New York residence, Virginia also claims

But he also took his defence very seriously indeed. Epstein engaged his friend, the Harvard law professor Alan Dershowitz – whose celebrity clients have included Mike Tyson, Patty Hearst, Claus von Bulow and O.J. Simpson – to run his legal defence. He also employed a firm of private investigators to

GM_00720

investigate the backgrounds of the girls.Detectives painstakingly built a case which they believed showed that Epstein systematically paid teenage girls to recruit other teenage girls to his sex ring. However, as the investigation continued, they found that Epstein's team had already spoken to key witnesses, suggesting that the financier would reward those who helped him.In addition, Epstein's defence team agreed to the unusual move of suggesting that the alleged victims sue Epstein in the civil courts. The result was a plea bargain in which Epstein admitted a single charge of soliciting an underage girl for prostitution – a deal which infuriated many police officers who worked on the case.More than 20 of Epstein's girls are said to have sued him for damages. At least 17 have settled out of court.Mr Clinton, Mr Gore and Mr Mitchell were all contacted about their friendship with Epstein but declined to comment.

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# EXHIBIT C

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# EXHIBIT D

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# EXHIBIT E

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# EXHIBIT F

# EXHIBIT G

The Daily Telegraph

News

# The Prince, a paedophile and the sex slave teen

Sharon Churcher and Chelsea White, DailyTelegraph
February 28, 2011 6:00am

A MOTHER of three living in Australia has revealed she was a teenage prostitute flown all over the world by a convicted sex offender to meet Prince Andrew.

The revelations have rocked Buckingham Palace as the woman, Virginia Roberts, 27, confessed she was the minor identified in FBI and subsequent civil proceedings against wealthy financier and registered sex offender Jeffrey Epstein.

A photo of Epstein and the Duke of York, Prince Andrew, together last week compelled Ms Roberts to come forward.

First employed as a 15-year-old as Epstein's masseuse, she alleges he groomed her to become a prostitute, paying her for sex with him and his influential friends.

While Ms Roberts said there was never any sexual relationship between the Prince and herself, she claims that as a 17-year-old she met the Prince on three occasions - at one of which she was told to sit on his knee while he touched another woman's breast.

Pictures: Prince Andrew and Virginia Roberts

Latest from *Mail on Sunday*

Ms Roberts told London newspaper *The Mail on Sunday* she was first flown to England on a private jet to meet the Prince in March 2001.

The 17-year-old was told to dance with the Prince and even posed for a photograph.

For her time with Epstein and the Prince on that trip, Epstein paid her $US15,000.

When she next met the Prince in the US, a 21-year-old woman who was working for Epstein was sitting on Prince Andrew's knee. Ms Roberts said she was instructed to do the same while the Prince touched the older woman's breast as a "joke".

The FBI case revealed sexual allegations by at least 20 girls, however, Epstein struck a deal with prosecutors and served 13 months' jail for soliciting child prostitution.

Ms Roberts stayed working as Epstein's "masseuse" until she met an Australian martial arts expert named Robert.

The pair married, causing an enraged Epstein to cut off the then 19-year-old.

Ms Roberts said she was coming to grips with her exploitation. Three years ago she was contacted by the FBI who found photos and secret videos of her during their investigations.

The case forced Ms Roberts to deal with her abuse and also reveal it to her husband.

"I couldn't bring myself to tell him much. No man wants to know his wife has been traded out," she told *The Mail*.

While Epstein's plea deal meant her identity was hidden, Ms Roberts said after seeing a picture of the pair shopping she had to go public. "I am appalled. To me, it's saying 'We are above the law'. But Jeffrey is a monster." Both Epstein and Prince Andrew refused to comment.

Originally published as Prince Andrew and the sex slave teen

# REDACTED
# EXHIBIT H

# EXHIBIT I

# Buckingham Palace issues second denial of underage sex claims against Prince Andrew

www.foxnews.com/world/2015/01/04/buckingham-palace-issues-second-denial-underage-sex-claims-against-prince.html

June 6, 2012: In this file photo, Britain's Prince Andrew leaves King Edward VII hospital in London after visiting his father Prince Philip. (AP)

Buckingham Palace officials have again denied claims made by a woman who alleged that she was forced to have sex while underage with Prince Andrew, Duke of York.

The second denial comes after two Sunday papers in Britain published interviews with the woman in which she claimed that she was forced by American financier Jeffrey Epstein to have sex with Prince Andrew at least three times between 1999 and 2002. The woman alleges that the encounters took place in London, New York, and on a Caribbean island owned by Epstein.

A Palace spokesman has said that the allegations are "false and without any foundation."

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship with (the woman)," the statement continued. The denials are unusual because royal officials typically do not comment on allegations against members of the royal family.

The woman's claims are part of a lawsuit in a Florida court relating to how prosecutors handled a sexual abuse case against American financier Jeffrey Epstein. The woman, identified in court papers only as "Jane Doe No. 3," is one of two new accusers asking a West Palm Beach, Florida, judge to allow them to join the existing lawsuit against Epstein. The royal is not named as a defendant in the case, and no criminal charges or formal allegations have been made against him.

The women have objected to how U.S. prosecutors handled Epstein's case, and want authorities to reconsider a plea deal that allowed Epstein to avoid much more serious federal charges and potentially longer prison time. Epstein served 13 months of an 18-month sentence after pleading guilty to a single charge of soliciting prostitution before being released in 2009.

It was not the first time Prince Andrew has faced media scrutiny over his friendship with Epstein. In July 2011 the royal stepped down from his role as a U.K. trade ambassador after he was photographed with Epstein in New York.

Prince Andrew is the second son and third child of Queen Elizabeth II and Prince Philip, Duke of Edinburgh. He is fifth in line to the British throne behind his older brother Prince Charles, nephew Prince William, grandnephew Prince George, and nephew Prince Harry.

The Sunday Mirror reported that Prince Andrew was on a skiing holiday in Switzerland, where he had been staying with his ex-wife Sarah Ferguson and their daughters, Princess Beatrice and Princess Eugenie.

In a further bizarre twist to the story, prominent attorney Alan Dershowitz, who is also named in the court documents, told the BBC that he is planning legal action against the woman.

"If she believes she has been hurt by me and Prince Andrew, she should be suing us for damages," the former Harvard Law professor said. "I welcome that lawsuit. I welcome any opportunity that would put her under oath and require her to state under oath these false allegations."

*The Associated Press contributed to this report.*

# EXHIBIT J

# Prince Andrew denies sex abuse claims - CNN.com

edition.cnn.com/2015/01/22/europe/prince-andrew-sex-abuse-allegations/

## Story highlights

- Prince Andrew addresses crowd at Davos, backs palace statement
- Court documents show attorneys sent a letter asking to interview him under oath
- Buckingham Palace has strenuously denied claim that he had sex with Virginia Roberts

"Firstly, I think I must, want, for the record to refer to the events that have taken place in the last three weeks. And I just wish to reiterate and to reaffirm the statements which have already been made on my behalf by Buckingham Palace," he said Thursday at the World Economic Forum.

Earlier this month, Buckingham Palace issued a statement which said, "It is emphatically denied that the Duke of York [Andrew] had any form of sexual contact or relationship" with the woman. "Any claim to the contrary is false and without foundation."

Andrew is a son of Queen Elizabeth II and a brother of Prince Charles, the next in line for the British throne.

The prince is accused of having sex with the woman when she was 17, details of which are is a sworn affidavit in Florida court dated January 19. The woman said that she and the Prince had sex "three times, including one orgy."

The court documents showed that her lawyers had sent a letter to Buckingham Palace asking to interview the prince under oath.

In her sworn affidavit, the woman described Buckingham Palace's denial that sexual contact ever took place between the pair as "false and hurtful to me."

## Interview request

The woman, identified by Buckingham Palace as Virginia Roberts, first named the prince in a civil motion filed December 30 in the U.S. District Court in southern Florida in which she claims she was forced to have sex with several men. She is referred to as Jane Doe No. 3 in the legal filings.

In the letter the woman's lawyers sent to Buckingham Palace, attorneys Paul Cassell and Bradley Edwards asked to interview Prince Andrew "under oath regarding interactions that you had with Jane Doe No. 3 beginning in approximately early 2001. Jane Doe No. 3 was then 17 years old."

The letter includes a picture of the woman and Andrew which was taken around that time, they say. The lawyers also want to discuss subsequent interactions with their client in New York City later that year, the letter says.

"The interview could be conducted at a time and place of your choosing, and with your cooperation, I believe the interview could be completed in two hours or less," it says.

New court pleadings involving the relationship between Jane Doe No. 3 and the prince are being prepared, the letter adds, but their filing will be delayed if Andrew accepts the interview request by January 19.

The attorney for her legal team confirmed to CNN that Buckingham Palace had refused to accept the letter to Prince Andrew and that it was returned to them.

Buckingham Palace didn't respond Thursday when asked by CNN about the letter.

But the woman's allegations have previously been firmly rejected by Buckingham Palace.

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship with Virginia Roberts. Any claim to the contrary is false and without foundation," the palace said early this month.

## Statement: I just called him 'Andy'

Prince Andrew is named in the court filing in Florida as one of a number of prominent people who allegedly had sexual contact with teenage girls through self-made billionaire Jeffrey Epstein, who pleaded guilty some years ago in Florida to a state charge of prostitution solicitation.

CNN was unable to reach Martin Weinberg, Epstein's attorney, on Thursday.

In her first sworn statement to the court, Jane Doe No. 3 gave more details of the alleged encounters.

"Epstein made me have sex with Prince Andrew several times," she said, according to the court document.

"I had sex with him three times, including one orgy. I knew he was a member of the British Royal Family, but I just called him 'Andy.' "

One day when she was in London, she said, Epstein told her she would be meeting a "major prince."

She continued: "Epstein told me 'to exceed' everything I had been taught. He emphasized that whatever Prince Andrew wanted, I was to make sure he got."

## 'Sexual interests in feet'

When the prince arrived, she was introduced, she said, and "we kissed formally, cheek to cheek." The group went for dinner and to a nightclub where she was served alcohol before returning to the townhouse. The picture referred to in the letter, of the prince with Roberts, was taken there, she said.

After the pair were left alone, she said, "We went to the bathroom and bedroom, which were just steps away from where the picture was taken. We engaged in sexual activities there. Afterwards, Andy left quickly with his security."

She said she had reported back to Epstein on the encounter next day, telling him, "It went great."

"I told Epstein about Andy's sexual interests in feet. Epstein thought it was very funny. Epstein appeared to be collecting private information about Andy," she added.

Roberts also gave details of two more alleged occasions when the pair had sex. One was in Epstein's New York mansion in spring 2001, she said, when she was 17.

The third and last occasion was at an orgy involving nine girls on Epstein's private island in the U.S. Virgin Islands, her statement said.

"I was around 18 at the time. Epstein, Andy, approximately eight other young girls, and I had sex together."

The other girls, who appeared to be under 18, were "European looking and sounding" and didn't really speak English, she said. She said she "felt disgusted" after the orgy.

## 'Voluntarily tell the truth'

Roberts rejected the palace's denial of the allegations and said she hoped Andrew would agree to be interviewed under oath. "I did have sexual contact with him as I have described here -- under oath," she said.

"Given what he knows and has seen, I was hoping that he would simply voluntarily tell the truth about everything."

Roberts and another woman are seeking to join two other women who are arguing in federal court for the U.S. government to reexamine its case involving Epstein.

The investment banker agreed to a state plea deal in 2007 and began serving an 18-month sentence in 2008, according to court documents. He pleaded guilty to solicitation of prostitution and procurement of a minor for prostitution.

CNN's Max Foster contributed to this report.

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# Prince Andrew risks losing ambassador job as girl in underage sex case reveals meeting him

By TOM LEONARD
**UPDATED:** 00:07 EST, 2 March 2011

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- **The Duke of York, 51, pictured with his arm around the bare midriff of Virginia Roberts**
- **Mother-of-three spent four years as millionaire's personal masseuse**
- **Epstein trained her 'as a prostitute for him and his friends'**

Serious doubts are being cast on Prince Andrew's suitability to represent Britain following revelations that he spent time with a girl of 17 while she was being sexually exploited by one of his billionaire friends.

The Duke of York, 51, was pictured with his arm around the bare midriff of Virginia Roberts, a vulnerable teenager hired to work as an 'erotic masseuse' and perform sexual favours for American businessman Jeffrey Epstein and his friends.

Later, she claims, Epstein's friend Ghislaine Maxwell told her: 'You did well. He had fun.'

**First meeting: Prince Andrew puts his arms around 17-year-old Virginia, centre**

Andrew, who works for the Government as an ambassador for foreign trade, remains close to Epstein, 58, and stayed at his New York mansion as recently as December – despite the financier admitting to child sex crimes in 2008 and being placed on the US sex offender register.

But the full extent of the prince's proximity to Epstein's offences was not known until Miss Roberts broke her silence this weekend. In a civil writ against the businessman, she alleged that her duties included being 'sexually exploited by Epstein's adult male peers including royalty'.

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**The new Gatsby**

Even by the rags-to-riches-to-rags mythology of New York, Jeffrey Epstein's ascent and subsequent humbling has been breathtaking.

The son of a parks department employee, he was plucked from obscurity as a Manhattan private school maths teacher by a pupil's father who got him a job on Wall Street in 1976.

He rose rapidly at the investment bank Bear Stearns but left in 1981 to set up on his own, managing the fortunes of clients with $1billion or more.

Enigmatic and mysterious about his business activities, (some compare him to the fictional millionaire The Great Gatsby) he has only ever identified one of his clients - his mentor and main patron Leslie Wexner, whose business empire includes the upmarket Victoria's Secret lingerie chain.

How rich Epstein has become is a matter of conjecture but even his rich friends talk about his wealth with awe. His 52,000 sq ft, nine-floor, 40-room mansion on East 71st Street is supposedly the biggest private residence in Manhattan.

The pavement outside is heated from beneath to melt the snow.

He also owns a 7,500-acre ranch in New Mexico, a mansion in Palm Beach, a house in Westminster, an apartment in Avenue Foch, Paris, and Little St James, one of the US Virgin Islands.

His fleet of aircraft includes a Gulfstream jet, helicopter and a Boeing 727 on which he famously flew Bill Clinton and Kevin Spacey on an Aids mission to Africa.

He is a noted patron of science and – say awed observers – has a brilliantly acute mind. One says: 'You spend time in Jeffrey's company and you come away enriched, and not diminished.'

A new life: Virginia, now a mother-of-three, in Australia

Epstein's friends include not only Mr Clinton but Donald Trump, former Israeli prime minister Ehud Barak, top White House economist Larry Summers and a host of Nobel Prize winning scientists.

**The Maxwell Connection**

Despite his wealth, Epstein was for years a rare sighting on Manhattan's money-obsessed social scene. That ended in 1992 after he met Ghislaine Maxwell, glamorous and well-connected daughter of the disgraced British tycoon Robert Maxwell.

Some believe she was attracted by his resemblance to her similarly dominant and flamboyant father, but their romance reportedly ended because she wanted to marry and he wanted to see other women.

Bankrolled by Epstein, however, she established herself as a leading New York socialite and repaid the favour by putting Epstein in touch with her own well-heeled friends in Britain.

She introduced him to Prince Andrew in early 2000, quite probably during a holiday at the Mar-a-Lago Club in Palm Beach, owned by Donald Trump.

Epstein joined them on four other breaks over the year, including a beach holiday in Phuket, Thailand, another holiday in Florida and two occasions in Britain.

The first was a June engagement at Windsor Castle to celebrate the Queen's birthday, the second a weekend house party at Sandringham six months later which the prince arranged to celebrate Miss Maxwell's 39th birthday.

In between, she took him to an infamous 'hookers and pimps' party at a New York nightclub hosted by the former lingerie model Heidi Klum in a black latex S&M outfit.

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**Troubled teenager: Virginia on the billionaire's Zorro ranch in New Mexico in 2001**

The prince was also at a Manhatten cocktail party thrown that year by Miss Maxwell which was filled with young Russian 'models' – some of the other guests were 'horrified', said an onlooker.

If the prince got the chance to party with a super-rich, never-married playboy who loved to surround himself with beautiful young women, the quid pro quo for Epstein was less obvious.

American friends noticed his delight in introducing 'Andrew' and waiting for them to make the royal connection. There have even been unsubstantiated rumours – most probably started by Epstein and on which Buckingham Palace would not comment – that he advised the Queen on her finances.

Murray Gell-Mann, a Nobel Prize winning physicist and recipient of Epstein largesse, said he was certainly given the impression by Epstein that she was a client.

**Young girls in Palm Beach**

Epstein's world began to implode in March 2005 when the mother of a 14-year-old girl went to police in Palm Beach accusing him of sexually assaulting her daughter.

The teenager told police she was taken to Epstein's mansion by an older girl and paid $300 after stripping to her knickers and massaging the man while he abused himself.

When police searched the mansion they found hidden cameras, photos of naked young girls on the walls and genitalia-shaped soap in the bathroom.

At least 40 girls aged 13 to 17 have come forward with similar stories, some saying Epstein sexually assaulted them during the massage.

According to Brad Edwards, a lawyer for some of the accusers, Epstein was molesting under-age girls every day he was in Palm Beach.

Police, who had wanted to pursue possible sex-trafficking charges, were furious and blamed Epstein's high-placed friends when he was allowed to strike a plea bargain under which he admitted two minor charges and was jailed for just 13 months.

'If it you or I did this, we'd be in prison for life,' said Mr Edwards. However, the girls have been allowed to take civil action and Epstein has so far made 40 hefty out-of-court settlements. Several girls said Ghislaine Maxwell had procured them.

**Virginia's story**

Of all the allegations made by anonymous girls against Epstein, one stood out as particularly earth-shattering.

Jane Doe 102, as she was known, claimed she had not only been abused by Epstein but had jetted around the world with him and was 'sexually exploited by [his] adult male peers, including royalty, politicians, academicians, businessmen and/or professional and personal acquaintances'.

She has now been identified as Virginia Roberts, a blonde, blue-eyed mother of three now living in Australia.

At the age of 15, she was working as a changing room assistant at the Mar-a-Lago club in Palm Beach.

She said she was approached by Ghislaine Maxwell, who offered her the chance to work for a wealthy 'gentleman' who needed a travelling masseuse.

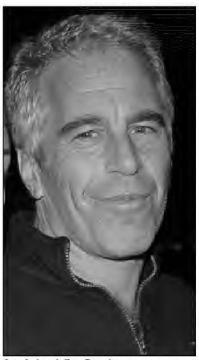

**Conviction: Jeffrey Epstein**

They visited Epstein's pink mansion where, according to court papers, she was ordered to strip and straddle his naked body.

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'My face was red with embarrassment but I felt under immense pressure to please them,' she told the Mail on Sunday.

'The whole time it was going on, they were promising me the world, that I'd travel with Jeffrey on his private jet and have a well-paid profession.'

Epstein paid her $200 for what he called the 'erotic message' and told her to return the next day. She spent the next four years with Epstein, for three of which she was under Florida's age of consent - 18.

'Basically, I was training to be a prostitute for him and his friends who shared his interest in young girls,' she says.

That stage of his alleged abuse started after two years when he asked her to fly to his Caribbean island and make a friend of his 'feel how you make me feel'.

She says she was given to men, aged from their 40s to their 60s, either on the island or on Epstein's New Mexico ranch.

**Pampering a prince**

Virginia says she met Prince Andrew three times. First, when she accompanied Epstein on a six-week trip to Europe and North Africa in 2001, they went to Ghislaine Maxwell's London house.

The following day, Andrew arrived and Miss Maxwell served tea and biscuits to the four of them.

Miss Maxwell invited the prince to guess Virginia's age and he correctly said '17', at which Miss Maxwell joked that Jeffrey would 'soon have to track her in'.

After dinner and a trip to Tramp nightclub where she danced with the prince, they returned to Miss Maxwell's house. They all went upstairs and Virginia asked Epstein to take a picture of her with Andrew to 'show my mom'.

She adds: 'Ghislaine and Jeffrey left us after that, and later Andrew left.' The following morning, Maxwell told her: 'You did well. He had fun.'

On the last leg of the trip, Epstein paid her $15,000 which she described as 'amazing money, more than I'd ever made on a trip with him before'.

She says she met Andrew a second time at Easter 2001, finding him sitting in a leather armchair at Epstein's Manhatton home.

Miss Maxwell had given him the prince a Spitting Image puppet of himself and another member of Epstein's entourage, Johanna Sjoberg, was sitting on his knee.

Miss Sjoberg, who was 21, herself described the incident to the Mail on Sunday three years ago. She said Miss Maxwell made Virginia sit on Andrew's other knee and then she 'put the puppet's hand on Virginia's breast, then Andrew put his hand on my breast'.

She added: 'It was a great joke. Everybody laughed.' The 'joke' earned Virginia $400 from Epstein.

Her final encounter with the prince was on Epstein's Caribbean island, by which time she was 16.

There is no suggestion that there was ever any sexual contact between her and the prince or that Andrew know Epstein had paid her to have sexual contact with his friends.

By now, she says, Epstein was hinting she was 'too old' for him although he and Miss Maxwell once disgusted her by suggesting she had a child by him.

'They said I would have to sign a contract relinquishing rights to the child and consenting to Jeffrey having as many relationships as he liked,' she says. 'It was a smack in the face.'

For her 19th birthday, Epstein flew her to Thailand to take a massage course. She met an Australian martial arts expert there and married him ten days later.

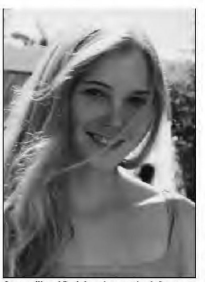

**Counselling: Virginia at her mother's home at Palm Beach in 1998**

Epstein's plea bargain spared Virginia the ordeal of having to testify against him in court.

But she says she is 'appalled' by the light sentence he received. 'To me it's saying, "We are above the law". Jeffrey is a monster.'

**An offender not a predator**

Friends insist Epstein is 'looking for a new beginning' but it has not started with any show of remorse from the notoriously arrogant tycoon.

Stopped by a reporter in New York last week, he insisted: 'I'm not a sexual predator, I'm an offender... It's the difference between a murderer and a person who steals a bagel.'


Hollywood

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Ryan Lochte packs on the PDA with his pregnant fiancée Kayla Rae Reid as couple enjoy date night at LA bash Disgraced swimmer

'It's about 25 percent of their income': Kim, Kourtney, and Khloe Kardashian make SIX FIGURES for a sponsored post on social media

This particular bagel thief has been put in the highest re-offending risk category in the US sex offenders' register.

But while Leslie Wexner, his billionaire client, has dispensed with his services, other less wealthy friends are more than happy still to fraternise with the convicted paedophile.

They include Prince Andrew, who spent five days staying at Epstein's Manhattan mansion in December.

He was guest of honour at a party thrown by Epstein and attended by Woody Allen, CBS News presenter Katie Couric and several other broadcasters, all of them light-heartedly pestering for invitations to Prince William's wedding.

**Organiser: Ghislaine Maxwell looks on as Andrew put his arm around Virginia. Robert Maxwell's daughter invited her to work as Epstein's personal masseuse soon after her 15th birthday**

Rosa Monckton, the jeweller and former confidante of Diana, Princess of Wales, has been a friend of Epstein since they met at a dinner party in London in the 1980s.

She said she was not surprised that Prince Andrew was still willing to associate with him.

'It shows he's a good friend,' she says. 'Jeffrey is an extraordinarily loyal friend, and if somebody's loyal to you, you're loyal back. Whatever Jeffrey did, he's been punished for.'

As for Ghislaine Maxwell, she is still close to Epstein although, according to a member of staff at her New York home yesterday, she had conveniently 'gone away until next week'.

Epstein himself is picking up the reins of a business without its main client (Mr Wexner). Friends confide that 'it is a difficult time for him'.

Brad Edwards, the lawyer representing some of his accusers in Florida, is sceptical over whether Epstein will be able to get over his hankering for the sexual ministrations of poor, easily-exploited young girls – whatever his friends say. 'To me, it's a tough habit to break,' he says.

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She looked stunning

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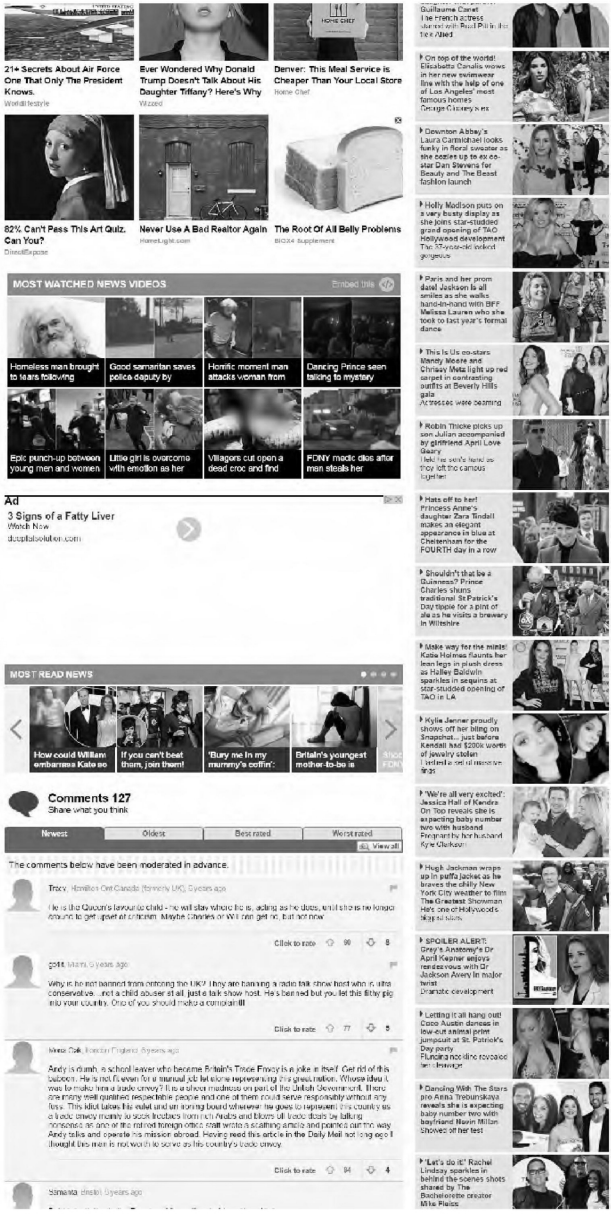
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Holly Madison puts on a very busty display as she joins star-studded grand opening of TAO Hollywood development The 35-year-old looked gorgeous
Paris and her prom date! Jackson Ia all smiles as she walks hand-in-hand with BFF Melissa Lauren who she took to last year's formal dance
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Robin Thicke picks up son Julian accompanied by girlfriend April Love Geary Had his son's hand as they left the famous together
Hats off to her! Princess Anne's daughter Zara Tindall makes an elegant appearance in blue at Cheltenham for the FOURTH day in a row
Shouldn't that be a Guinness? Prince Charles shuns traditional St Patrick's Day tipple for a pint of ale as he visits a brewery in Wiltshire
Make way for the minis! Katie Holmes flaunts her lean legs in plush dress as Hailey Baldwin sparkles in sequins at star-studded opening of TAO in LA
Kylie Jenner proudly shows off her bling on Snapchat... just before Kendall had $200k worth of jewelry stolen Ladies in serious mourning
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Hugh Jackman wraps up in puffy jacket as he braves the chilly New York City weather to film The Greatest Showman He's one of Hollywood's biggest stars
SPOILER ALERT! Grey's Anatomy's Dr April Kepner enjoys rendezvous with Dr Jackson Avery in major twist Dramatic development
Letting it all hang out! Coco Austin dresses in low-cut animal print jumpsuit at St. Patrick's Day party Flaunting neckline revealed her cleavage
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'Let's do it!' Rachel Lindsay sparkles in behind the scenes shots shared by The Bachelorette creator Mike Fleiss

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Dina Khayyam (Walkerg) UK 6 years ago

Why doesn't he go back to dear old Sandra? she might suck his toes for him, and she'll get a fright well at "you know what".

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North, East Sussex, 6 years ago

And of course he'd no idea Fergie was offering his services for money.

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DB1, Nottingham ENGLAND, 6 years ago

There is no suggestion that there was ever any sexual contact between her and the prince or that And we know Fergie had paid her to have sexual contact with his friends. That being the case then this is really not a journalistic story is it? Or is guilt by association now a crime?

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David, Solihull, 6 years ago

British businesses will probably fall apart without the leadership that this wonderful man provides. He truly is a pillar among men.

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NKC, Maidstone, 6 years ago

All I'd she know what she was doing - basically a prostitute and she is still living to get money and sell her story. It takes two to tango. She seems to have no shame.

Click to rate 11 32

Alison, North Wales, 6 years ago

As a trained, qualified and insured professional masseur, it makes me very angry to hear what these girls are described as "massage"! None of them knows the first thing about massage, they were prostitutes who touched men with no idea or intention other than to sexually excite. No wonder we have to battle such prejudice when newspapers still use the term massage to describe their activities.

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Fabulous at 50! Halle Berry shows fit physique in tank-top and leggings while picking up skin care supplies. Oscar-winning actress looking fantastic

All business! Jessica Biel leaves her kid-friendly Hollywood eatery in chic ensemble of black sweater and white pencil skirt. At Au Fudge restaurant

An eight-car garage, infinity pool, FIVE bedrooms and a very SEXY ensuite bathroom: Inside the mansion Justin Bieber is renting during his Sydney stay

More attraction: Vanessa Hudgens shows off new extensions during horseback riding lessons in LA. The kept them in check

Making friends? Justin Bieber enjoys a pleasant exchange with an Iggy Azalea lookalike fan dressed in a surfed crop top and black bra in Sydney

Jesy Nelson fiercely denies feud with Little Mix bandmate Perrie Edwards... as it's claimed she ditched girls' night for date with new love Chris Clark

It looks like Justin has a thing for yummy mommies! Meet model Sarah Fitzgerald... the married mom Bieber partied with during cruise

She's not meant jeans!

# EXHIBIT L

# Jeffrey Epstein 'sex slave' Virginia Roberts was a 'money-hungry sex kitten', ex friends claim

www.dailymail.co.uk/news/article-2974613/Jeffrey-Epstein-sex-slave-money-hungry-sex-kitten-enjoyed-role-travelling-masseuse-former-friends-claim.html

## Jeffrey Epstein 'sex slave' lived a lavish lifestyle and enjoyed her role as his 'travelling masseuse', former friends claim

- **Virginia Roberts claims she was recruited to Epstein's harem in 1999**
- **Named Prince Andrew and Alan Dershowitz as men she had to 'service'**
- **Her friends say there was no indication she was being held captive**
- **Asked other women if they knew anyone 'slutty' to bring to Epstein**
- **Would allegedly use cash she gained from sex to live a luxury lifestyle**

By Wills Robinson For Dailymail.com

Published: 12:49 EDT, 1 March 2015 | Updated: 07:09 EDT, 2 March 2015

Shocking: Virginia Roberts' friends claim she was a money-hungry sex kitten' who enjoyed her lavish lifestyle

The woman who has accused Jeffery Epstein of keeping her as a sex slave was actually a money-hungry sex kitten' who enjoyed her lavish lifestyle, former friends have claimed.

Virginia Roberts is currently in the midst of a lawsuit claiming she was recruited to join Epstein's harem of underage women in 1999, naming Prince Andrew and attorney Alan Dershowitz as two of the men she was made to 'service'.

But those who used to be close to the 31-year-old say she relished her role as his 'travelling masseuse' and never acted like she was being held captive.

Philip Guderyon, who used to date Roberts and would drive her to Epstein's Pal Beach, Florida, mansion told the New York Daily News: 'She was like the head b***h. She'd have like nine or 10 girls she used to bring to him.

'She never looked like she was being held captive,' he added. 'She and the other girls would walk out of there smiling, with their little bathing suits on, like they had just come from the beach.

'She'd have like $4,000. And then I'd take them all to the mall and they'd get their nails done.'

He also said while making thousands of dollars from the relationship, she would buy fancy clothes and drive around in Epstein's Mercedes.

Crystal Figueroa, whose brother dated Roberts in the early 2000s, told the Daily News Roberts would ask if she knew anyone 'slutty' so they could be sent to Epstein.

In 2001 she was sharing a Palm Beach apartment with Anthony Valladares. He told the Daily News that she bragged about going to the 'millionaire's house' for a day or two, before returning with cash.

He did say that she tried to get out of the sex business, but was dragged back in.

Last month it was revealed Roberts accused two male acquaintances she was raped, bringing her credibility into

question.

Roberts' lawyers says the latest allegations do not contend the fact she was used for underage sex.

Attorney Sigrid McCawleysaid : 'To say that our client acquiesced in this abuse, or that the abuse was OK because she was paid for it — leaves out the fact that this is why we have laws in the United States to protect minor children who are groomed and sexually trafficked by adults.'

Epstein served 13 months in a Florida prison after pleading guilty in 2008 to soliciting a minor for prostitution.

Allegations: The 31-year-old is currently in the midst of a lawsuit claiming she was recruited to join Epstein's harem of underage women in 1999, naming Prince Andrew and attorney Alan Dershowitz as two of the men she was made to 'service'

The scandal resurfaced in January when Roberts named Prince Andrew in a lawsuit, accusing him of using her for underage sex.

According to court records connected with Roberts' current lawsuit, she maintains that she was recruited to join Epstein's harem in 1999 by his friend, the socialite Ghislaine Maxwell.

She says during the three years she worked for Epstein, she was made to entertain his friends and named Prince Andrew and Dershowitz as two men she had sex with.

Both men have denied having sex with Roberts, and Dershowitz is trying to get his name removed from the suit, claiming Roberts made the entire story up.

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**FOR IMMEDIATE RELEASE** **Contact:** Richard A. Simpson, RSimpson@wileyrein.com
April 8, 2016

**Lawyers Acknowledge Mistake In Filing Sexual Misconduct Charges Against Professor Dershowitz**

Professor Alan M. Dershowitz released the following statement regarding resolution of the case styled *Bradley Edwards, et al. v. Alan M. Dershowitz*, Case No. CACE 15-000072 (Cir. Ct., Broward Cnty., Fla.).

**STATEMENT OF ALAN M. DERSHOWITZ**

I am pleased that the litigation has concluded and I am gratified by the Joint Statement issued today by Jeffrey E. Streitfeld on behalf of the parties, in which "Edwards and Cassell acknowledge that it was a mistake to have filed sexual misconduct accusations against Dershowitz and the sexual misconduct accusations made in all public filings (including all exhibits) are hereby withdrawn." Mr. Streitfeld's announcement and the Joint Statement are copied below.

**ANNOUNCEMENT BY JEFFREY E. STREITFELD, FLORIDA SUPREME COURT CERTIFIED CIRCUIT CIVIL MEDIATOR (Streitfeldlaw.com)**

It is my pleasure to report that Bradley J. Edwards, Paul G. Cassell, and Alan M. Dershowitz have resolved their disputes and have agreed to settle the claims raised in an action pending in the Broward County, Florida Circuit Court. Since being appointed by Circuit Court Judge Thomas Lynch IV last fall, it has been a privilege to act as the mediator and assist the parties and their counsel toward this agreed resolution. I want to extend my appreciation for the professionalism exhibited by the parties and their counsel with whom I worked directly: Jack Scarola, Rick Simpson, Tom Scott, and Ken Sweder. As part of their agreement, the parties have issued the attached Joint Statement.

**JOINT STATEMENT OF BRAD EDWARDS, PAUL CASSELL AND ALAN DERSHOWITZ REGARDING SETTLEMENT**

Brad Edwards, Paul Cassell and Alan Dershowitz have today settled their pending defamation claims in which Edwards and Cassell sued Dershowitz and Dershowitz counterclaimed against Edwards and Cassell. The case was about Dershowitz's public claims that Edwards and Cassell, as the attorneys for Virginia Roberts, had failed to perform the necessary due diligence before filing the allegations of their client, not whether the acts of alleged misconduct in fact occurred. Edwards and Cassell vigorously denied the contention that they had acted improperly and asserted that it defamed them. Dershowitz countersued Edwards and Cassell, alleging they had falsely accused him of sexual contact with Roberts—a claim he vigorously denied and that Dershowitz asserted defamed him. Edwards and Cassell maintain that they filed their client's allegations in good faith and performed the necessary due diligence to do so, and have produced documents detailing those efforts. Dershowitz completely denies any such misconduct, while not disputing Roberts's statements that the underlying alleged misconduct may have occurred with someone else. Dershowitz has produced travel and other records for the relevant times which he relies on to establish that he could not have been present when the alleged

misconduct occurred. He has also produced other evidence that he relies upon to refute the credibility of the allegations against him.

The parties believe it is time to take advantage of the new information that has come to light on both sides during the litigation and put these matters behind them.

Given the events that have transpired since the filing of the documents in the federal court and in this action in which Dershowitz was accused of sexual misconduct, including the court order striking the allegations in the federal court filings, and the records and other documents produced by the parties, Edwards and Cassell acknowledge that it was a mistake to have filed sexual misconduct accusations against Dershowitz; and the sexual misconduct accusations made in all public filings (including all exhibits) are hereby withdrawn. Dershowitz also withdraws his accusations that Edwards and Cassell acted unethically.

Neither Edwards, Cassell, nor Dershowitz have any intention of repeating the allegations against one another.

# # # #

*Editor's note: Wiley Rein LLP represents Alan M. Dershowitz in this matter.*

# EXHIBIT S

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.:08-CV-80736-KAM

JANE DOE 1 and JANE DOE 2,

Petitioners,

vs.

UNITED STATES OF AMERICA,

Respondent.

_____/

**ORDER DENYING PETITIONERS' MOTION TO JOIN UNDER RULE 21 AND MOTION TO AMEND UNDER RULE 15**

This cause is before the Court on Jane Doe 3 and Jane Doe 4's Corrected Motion Pursuant to Rule 21 for Joinder in Action ("Rule 21 Motion") (DE 280), and Jane Doe 1 and Jane Doe 2's Protective Motion Pursuant to Rule 15 to Amend Their Pleadings to Conform to Existing Evidence and to Add Jane Doe 3 and Jane Doe 4 as Petitioners ("Rule 15 Motion") (DE 311). Both motions are ripe for review. For the following reasons, the Court concludes that they should be denied.

## I. Background

This is an action by two unnamed petitioners, Jane Doe 1 and Jane Doe 2, seeking to prosecute a claim under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771. (DE 1). Generally, they allege that the respondent Government violated their rights under the CVRA by failing to consult with them before negotiating a non-prosecution agreement with Jeffrey Epstein, who subjected them to various sexual crimes while they were minors. (Id.). Petitioners initiated this action in July 2008. (Id.).

On December 30, 2014, two other unnamed victims, Jane Doe 3 and Jane Doe 4, moved to join as petitioners in this action pursuant to Federal Rule of Civil Procedure 21. (DE 280). Petitioners (Jane Doe 1 and Jane Doe 2) support the Rule 21 Motion. (Id. at 11). Jane Doe 3 and Jane Doe 4 argue that they "have suffered the same violations of their rights under the [CVRA] as the" Petitioners, and they "desire to join in this action to vindicate their rights as well." (Id. at 1). The Government vehemently opposes joinder under Rule 21. (DE 290). The Government argues that Rule 15 is the proper procedural device for adding parties to an action, not Rule 21. (Id. at 1).

"[O]ut of an abundance of caution," Petitioners filed a motion to amend their petition under Rule 15, conforming the petition to the evidence and adding Jane Doe 3 and Jane Doe 4 as petitioners. (DE 311 at 2). The Government opposes the Rule 15 Motion as well. (DE 314). Among other things, the Government argues that amending the petition to include Jane Doe 3 and Jane Doe 4 should be denied because of their undue delay in seeking to join the proceedings, and the undue prejudice that amendment will cause. (Id.).

After considering the parties' submissions and the proposed amended petition, the Court finds that justice does not require amendment in this instance and exercises its discretion to deny the amendment.

## II. Discussion

"The decision whether to grant leave to amend a complaint is within the sole discretion of the district court." Laurie v. Ala. Ct. Crim. Apps., 256 F.3d 1266, 1274 (11th Cir. 2001). "The court should freely give leave when justice so requires." Fed. R. Civ. P. 15(a)(2). Justice does not require amendment in several instances, "includ[ing] undue delay, bad faith, dilatory motive



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on the part of the movant, . . . undue prejudice to the opposing party by virtue of allowance of the amendment, [and] futility of amendment.'" Laurie, 256 F.3d at 1274 (quoting Foman v. Davis, 371 U.S. 178, 182 (1962)). In addition to considering the effect of amendment on the parties, the court must consider "the importance of the amendment on the proper determination of the merits of a dispute." 6 Wright & Miller, Fed. Prac. & Fed. P. § 1488, p. 814 (3d ed. 2010). Justice does not require amendment where the addition of parties with duplicative claims will not materially advance the resolution of the litigation on the merits. See Herring v. Delta Air Lines, Inc., 894 F.2d 1020, 1024 (9th Cir. 1989).

**A. Rule 21 Motion**

Jane Doe 3 and Jane Doe 4's first attempt to join in this proceeding was brought under Rule 21. (DE 280). "If parties seek to add a party under Rule 21, courts generally use the standard of Rule 15, governing amendments to pleadings, to determine whether to allow the addition." 12 Wright & Miller, Fed. Prac. & Fed. P., p. 432 (3d ed. 2013); see also Galustian v. Peter, 591 F.3d 724, 729-30 (4th Cir. 2010) (collecting cases and noting that Rule 15(a) applies to amendments seeking to add parties); Frank v. U.S. West, Inc., 3 F.3d 1357, 1365 (10th Cir. 1993) ("A motion to add a party is governed by Fed. R. Civ. P. 15(a) . . . .").

Rule 21, "Misjoinder and Non-joinder of Parties," provides the court with a tool for correcting the "misjoinder" of parties that would otherwise result in dismissal. Fed. R. Civ. P. 21. Insofar as Rule 21 "relates to the addition of parties, it is intended to permit the bringing in of a person, who through inadvertence, mistake or for some other reason, had not been made a party and whose presence as a party is later found necessary or desirable." United States v. Com. Bank of N. Am., 31 F.R.D. 133, 135 (S.D.N.Y. 1962) (internal quotation marks omitted).



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In their Rule 21 Motion, Jane Doe 3 and Jane Doe 4 do not claim that they were omitted from this proceeding due to any "inadvertence" or "mistake" by Petitioners; rather, they seek to join this proceeding as parties that could have been permissively joined in the original petition under Rule 20 ("Permissive Joinder of Parties"). As courts generally use the standards of Rule 15 to evaluate such circumstances, the Court will consider the joinder issue as presented in the Rule 15 Motion.[1] The Court will consider the arguments presented in the Rule 21 Motion as if they are set forth in the Rule 15 Motion as well. Because the arguments are presented in the Rule 15 Motion (and because the Court is denying the Rule 15 Motion on its merits, as discussed below), the Rule 21 Motion will be denied.

The Court also concludes that portions of the Rule 21 Motion—and related filings—should be stricken from the record. Pending for this Court's consideration is a Motion for Limited Intervention filed by Alan M. Dershowitz, who seeks to intervene to "strike the outrageous and impertinent allegations made against him and [to] request[] a show cause order to the attorneys that have made them." (DE 282 at 1). The Court has considered Mr. Dershowitz's arguments, but it finds that his intervention is unnecessary as Federal Rule of Civil Procedure 12(f) empowers the Court "on its own" to "strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." Fed. R. Civ. P. 12(f).

Petitioners' Rule 21 Motion consists of relatively little argumentation regarding why the Court should permit them to join in this action: they argue that (1) they were sexually abused by

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[1] The Court notes that, regardless of which motion it considers, the same standard governs the addition of parties under Rule 21 and Rule 15. See Goston v. Potter, No. 08-cv-478 FJS ATB, 2010 WL 4774238, at *5 (N.D.N.Y. 2010) (citing Bridgeport Music, Inc. v. Universal Music Grp., Inc., 248 F.R.D. 408, 412 (S.D.N.Y. 2008)).



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Jeffrey Epstein, and (2) the Government violated their CVRA rights by concealing the non-prosecution agreement with them. (DE 280 at 3; see id. at 7-8). However, the bulk of the Rule 21 Motion consists of copious factual details that Jane Doe 3 and Jane Doe 4 "would prove" "[i]f allowed to join this action." (Id. at 3, 7). Specifically, Jane Doe 3 proffers that she could prove the circumstances under which a non-party introduced her to Mr. Epstein, and how Mr. Epstein sexually trafficked her to several high-profile non-party individuals, "including numerous prominent American politicians, powerful business executives, foreign presidents, a well-known Prime Minister, and other world leaders." (Id. at 3-6). She names several individuals, and she offers details about the type of sex acts performed and where they took place. (See id. at 5).[2]

At this juncture in the proceedings, these lurid details are unnecessary to the determination of whether Jane Doe 3 and Jane Doe 4 should be permitted to join Petitioners' claim that the Government violated their rights under the CVRA. The factual details regarding with whom and where the Jane Does engaged in sexual activities are immaterial and impertinent to this central claim (i.e., that they were known victims of Mr. Epstein and the Government owed them CVRA duties), especially considering that these details involve non-parties who are not related to the respondent Government. These unnecessary details shall be stricken.

The original Rule 21 Motion (DE 279) shall be stricken in its entirety, as it is wholly superseded by the "corrected" version of the Rule 21 Motion (DE 280). From the corrected Rule 21 Motion, the Court shall strike all factual details regarding Jane Doe 3 between the following sentences: "The Government then concealed from Jane Doe #3 the existence of its NPA from

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[2] Jane Doe 4's proffer is limited to sexual acts between Mr. Epstein and herself. (See DE 280 at 7-8).

Jane Doe #3, in violation of her rights under the CVRA" (id. at 3); and "The Government was well aware of Jane Doe #3 when it was negotiating the NPA, as it listed her as a victim in the attachment to the NPA" (id. at 6). As none of Jane Doe 4's factual details relate to non-parties, the Court finds it unnecessary to strike the portion of the Rule 21 Motion related to her circumstances. Regarding the Declaration in support of Petitioners' response to Mr. Dershowitz's motion to intervene (DE 291-1), the Court shall strike paragraphs 4, 5, 7, 11, 13, 15, 19 through 53, and 59, as they contain impertinent details regarding non-parties. Regarding the Declaration of Jane Doe 3 in support of the Rule 21 Motion (DE 310-1), the Court shall strike paragraphs 7 through 12, 16, 39, and 49, as they contain impertinent details regarding non-parties. Jane Doe 3 is free to reassert these factual details through proper evidentiary proof, should Petitioners demonstrate a good faith basis for believing that such details are pertinent to a matter presented for the Court's consideration.

As mentioned, Mr. Dershowitz moves to intervene "for the limited purposes of moving to strike the outrageous and impertinent allegations made against him and requesting a show cause order to the attorneys that have made them." (DE 282 at 1). As the Court has taken it upon itself to strike the impertinent factual details from the Rule 21 Motion and related filings, the Court concludes that Mr. Derschowitz's intervention in this case is unnecessary. Accordingly, his motion to intervene will be denied as moot.[3] Regarding whether a show cause order should

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[3] This also moots Mr. Dershowitz's Motion for Leave to File Supplemental Reply in Support of Motion for Limited Intervention. (DE 317). Denying Mr. Dershowitz's motion to intervene also renders moot Petitioners' motion (DE 292) to file a sealed document supporting its response to Mr. Dershowitz's motion. It will accordingly be denied as moot, and DE 293 (the sealed response) will be stricken from the record.

issue, the Court finds that its action of striking the lurid details from Petitioners' submissions is sanction enough. However, the Court cautions that all counsel are subject to Rule 11's mandate that all submissions be presented for a proper purpose and factual contentions have evidentiary support, Fed. R. Civ. P. 11(b)(1) and (3), and that the Court may, on its own, strike from any pleading "any redundant, immaterial, impertinent, or scandalous matter," Fed. R. Civ. P. 12(f).

**B. Rule 15 Motion**

Between their two motions (the Rule 21 Motion and Rule 15 Motion), Jane Doe 3 and Jane Doe 4 assert that "they desire to join in this action to vindicate their rights [under the CVRA] as well." (DE 280 at 1). Although Petitioners already seek the invalidation of Mr. Epstein's non-prosecution agreement on behalf of all "other similarly-situated victims" (DE 189 at 1; DE 311 at 2, 12, 15, 18-19), Jane Doe 3 and Jane Doe 4 argue that they should be fellow travelers in this pursuit, lest they "be forced to file a separate suit raising their claims" resulting in "duplicative litigation" (DE 280 at 11). The Court finds that justice does not require adding new parties this late in the proceedings who will raise claims that are admittedly "duplicative" of the claims already presented by Petitioners.

The Does' submissions demonstrate that it is entirely unnecessary for Jane Doe 3 and Jane Doe 4 to proceed as parties in this action, rather than as fact witnesses available to offer relevant, admissible, and non-cumulative testimony. (See, e.g., DE 280 at 2 (Jane Doe 3 and Jane Doe 4 "are in many respects similarly situated to the current victims"), 9 ("The new victims will establish at trial that the Government violated their CVRA rights in the same way as it violated the rights of the other victims."), 10 (Jane Doe 3 and Jane Doe 4 "will simply join in motions that the current victims were going to file in any event."), 11 (litigating Jane Doe 3 and

Jane Doe 4's claims would be "duplicative"); DE 298 at 1 n.1 ("As promised . . . Jane Doe No. 3 and Jane Doe No. 4 do not seek to expand the number of pleadings filed in this case. If allowed to join this action, they would simply support the pleadings already being filed by Jane Doe No. 1 and Jane Doe No. 2."); DE 311 at 5 n.3 ("[A]ll four victims (represented by the same legal counsel) intend to coordinate efforts and avoid duplicative pleadings."), 15 (Jane Doe 3 and Jane Doe 4 "challenge the same secret agreement—i.e., the NPA that the Government executed with Epstein and then concealed from the victims. This is made clear by the proposed amendment itself, in which all four victims simply allege the same general facts.")). As the Does argue at length in their Rule 15 Motion, Jane Doe 1's original petition "specifically allege[s] that the Government was violating not only her rights but the rights of other similarly-situated victims." (DE 311 at 2). The Court fails to see why the addition of "other similarly-situated victims" is now necessary to "vindicate their rights as well." (DE 280 at 1).

Of course, Jane Doe 3 and Jane Doe 4 can participate in this litigated effort to vindicate the rights of similarly situated victims—there is no requirement that the evidentiary proof submitted in this case come only from the named parties. Petitioners point out as much, noting that, regardless of whether this Court grants the Rule 15 Motion, "they will call Jane Doe No. 3 as a witness at any trial." (DE 311 at 17 n.7). The necessary "participation" of Jane Doe 3 and Jane Doe 4 in this case can be satisfied by offering their properly supported—and relevant, admissible, and non-cumulative—testimony as needed, whether through testimony at trial (see DE 280 at 9) or affidavits submitted to support the relevancy of discovery requests[4] (see

[4] The non-party Jane Does clearly understand how to submit affidavits. (See DEs 291-1, 310-1).



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id. at 10). Petitioners do not contend that Jane Doe 3 and Jane Doe 4's "participation in this case" can only be achieved by listing them as parties.

As it stands under the original petition, the merits of this case will be decided based on a determination of whether the Government violated the rights of Jane Doe 1, Jane Doe 2, and all "other similarly situated victims" under the CVRA. Jane Doe 3 and Jane Doe 4 may offer relevant, admissible, and non-cumulative evidence that advances that determination, but their participation as listed parties is not necessary in that regard. See Herring, 894 F.2d at 1024 (District court did not abuse its discretion by denying amendment where "addition of more plaintiffs . . . would not have affected the issues underlying the grant of summary judgment."); cf. Arthur v. Stern, 2008 WL 2620116, at *7 (S.D. Tex. 2008) (Under Rule 15, "courts have held that leave to amend to assert a claim already at issue in [another lawsuit] should not be granted if the same parties are involved, the same substantive claim is raised, and the same relief is sought.").[5] And, as to Jane Doe 4 at least, adding her as a party raises unnecessary questions about whether she is a proper party to this action.[6]

Petitioners also admit that amending the petition to conform to the evidence—by including references to the non-prosecution agreement itself—is "unnecessary" as the "existing petition is broad enough to cover the developing evidence in this case." (DE 311). The Court

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[5] The Court expresses no opinion at this time whether any of the attestations made by Jane Doe 3 and Jane Doe 4 in support of their motion will be relevant, admissible, and non-cumulative.

[6] The Government contends that Jane Doe 4 is not a true "victim" in this case because she was not known at the time the Government negotiated the non-prosecution agreement, and accordingly she was not entitled to notification rights under the CVRA. (See DE 290 at 10). Any "duplicative" litigation filed by Jane Doe 4 would necessarily raise the issue of whether she has standing under the CVRA under these circumstances.



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agrees, and it concludes that justice does not require amending the petition this late in the proceedings.

## III. Conclusion

Accordingly, it is hereby **ORDERED AND ADJUDGED** as follows: the Rule 21 Motion (DE 280) is **DENIED**; the Rule 15 Motion (DE 311) is **DENIED**; Intervenor Dershowitz's Motion for Limited Intervention (DE 282) and Motion for Leave to File Supplemental Reply in Support of Motion for Limited Intervention (DE 317) are **DENIED AS MOOT**; Petitioners' Motion to Seal (DE 292) is **DENIED AS MOOT**; the following materials are hereby **STRICKEN** from the record:

- DE 279, in its entirety.
- DE 280, all sentences between the following sentences: "The Government then concealed from Jane Doe #3 the existence of its NPA from Jane Doe #3, in violation of her rights under the CVRA" (DE 280 at 3); and "The Government was well aware of Jane Doe #3 when it was negotiating the NPA, as it listed her as a victim in the attachment to the NPA" (DE 280 at 6).
- DE 291-1, paragraphs 4, 5, 7, 11, 13, 15, 19 through 53, and 59.
- DE 310-1, paragraphs 7 through 12, 16, 39, and 49.
- DE 293, in its entirety.

**DONE AND ORDERED** in chambers at West Palm Beach, Palm Beach County, Florida, this 6th day of April, 2015.

KENNETH A. MARRA
United States District Judge



HOUSE_OVERSIGHT_014856

**From**: Richard Kahn[redacted]
**Sent**: 4/4/2017 5:28:21 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: White House exploring VAT (Washington Post)
**Attachments**: image002jpg01D2AD4706F2BBA0.jpg; image001jpg01D2AD460BC6CE60.jpg

**Importance**: High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cell

Begin forwarded message:

**From:** "Ens, Amanda" <[redacted]>
**Subject: White House exploring VAT (Washington Post)**
**Date:** April 4, 2017 at 1:26:22 PM EDT
**To:** "Rich Kahn"<[redacted]>
**Reply-To:** "Ens, Amanda" <[redacted]>

David Woo just sent this – please let me know if you'd like an update on his Washington/market views

More sign that VAT is making its way into the discussion....
As you all know, I have been arguing that VAT make tremendous economic sense
A VAT has all the virtues of a BAT without any of its drawbacks
The fact that this is being discussed makes me think that we are getting to a more serious stage of the negotiation over tax reform
This news is bullish for Trump trades, at least for the medium-term

**White House explores two new tax ideas — a value-added tax and carbon tax — as leading proposal to raise revenue falters**

Washington Post
April 4

By Damian Paletta and Max Ehrenfreund

President Trump's administration is exploring the creation of two controversial new taxes — a value-added tax and a carbon tax — as part of a broad overhaul of the tax code, according to an administration official and one other person briefed on the process.

The value-added tax, which is popular in many other countries, would serve as a kind of national sales tax, one that consumers would pay when they make purchases and that businesses would pay for supplies, services and raw materials. A carbon tax would target the emissions of carbon dioxide and other greenhouses gases in the burning of gasoline, coal and other fossil fuels.

The study of the new options — which would represent major changes to American economic policy — comes as the administration looks to tax reform as its next major battleground for implementing its agenda. Trump wants to cut taxes sharply, but his advisers are looking for ways to raise revenue so as not to create a giant hole in the deficit.

Administration officials stressed that no final decision has been made and they are reviewing different alternatives. Two officials and a third person confirmed the consideration of the value-added tax, while one official and the third person confirmed the consideration of the carbon tax.

The search for new options reflects a recognition of the political challenges facing a proposal known as a border-adjustment tax that the White House and some Republicans had begun to rally around. The proposal, effectively a tax on imports, would not only raise needed revenue but also serve to fulfill Trump's pledge to protect American companies from unfair export competition.

The tax would create incentives for companies to manufacture and produce goods domestically. But the proposal is unpopular with many other Republicans, who have said it would raise costs for consumers on things such as automobiles, electronics and clothing.

A value-added tax and a carbon tax have long been favored tools among economists, including some on the right, to raise revenue in a way that supports economic growth. But the prospect of any new taxes has long drawn skepticism from Republicans.

**Amanda Ens**
Director
Bank of America Merrill Lynch
Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park, 5th Floor, New York, NY 10036
[redacted]

<!--[if !vml]--><![endif]-->

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**From**: Ens, Amanda [redacted]
**Sent**: 4/7/2017 12:24:59 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: EU BANKS: BIG EQUITY OUTFLOWS BUT REMAIN UPBEAT ON REFLATION TRADE: SALES TOP PICKS = SOC GEN, INTESA, NORDEA
**Attachments**: image001.gif; image001jpg01D2AF7627BB3E30.jpg; image012png01D2AF7627BB3E30.png; image014jpg01D2AF762A2ADEA0.jpg; image015jpg01D2AF762A2ADEA0.jpg; image016jpg01D2AF762A2ADEA0.jpg; image017jpg01D2AF762A2ADEA0.jpg; image018jpg01D2AF762A2ADEA0.jpg

**Importance**: High

We remain positive on banks that can make acceptable returns in the current environment and are geared into the upside when rates begin to recover... **ING, KBC, Intesa, Unicredit, SocGen, Erste, BKIR are all Buy rated**.

Global Equities
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Bank of America Merrill Lynch

MAR disclosure

**EU BANKS: BIG EQUITY OUTFLOWS BUT REMAIN UPBEAT ON REFLATION TRADE**

**Spec Sales Comment:**

**Big Equity outflows but we see this is a pause not a reversal**
BofAML latest flow show data this morning shows the largest equity outflows in 40 weeks and first outflows YTD (click here). Our BofAML Bull & Bear Indicator is now at 7.1, the highest level since Jul'14 and not far from "sell" signal. So is this just a pause for breath in the reflation trade? BofAML strategists think so. In our updated thoughts this morning we think reflation is real so stay long equities, short rates, selectively long USD (click here).

Chart 12: BofAML B&B Indicator (scale from 0 to 10)

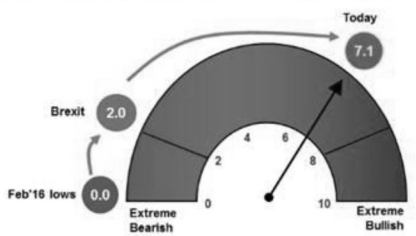


Source: BofA Merrill Lynch Global Investment Strategy

**Why do we remain bullish the reflation trade?**
The main reasons for equity investor concern in recent weeks = the gap between hard and soft data, plus the delay in the Trump fiscal package

Chart 1: The gap between hard and soft data is a concern to investors

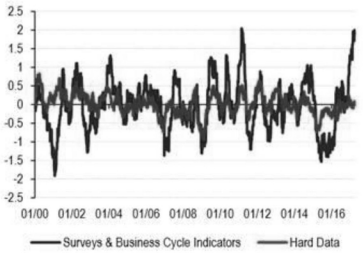


Source: BofA Merrill Lynch Global Research, Bloomberg

Chart 2: Mediocre US Q1 data partly down to seasonal adjustments

Residual seasonality in GDP growth from 1985 to 2015

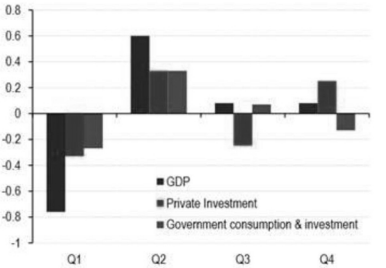


Source: Cleveland Federal Reserve

We continue to believe in the reflation theme because:

1. **Strength in the global economy is genuine** - European PMIs are at 6 year highs, Chinese and Japanese PMIs continue to improve too. In fact ~90% of PMIs globally are above 50 and 60% have increased in the last 3 months.
2. **Earnings revisions and Global Wave point to continued upturn** - earnings revisions now above 1.0 for the first time since 2011.
3. **We expect Trump to deliver on tax, even if it is smaller than hoped for** - should such a package be put together it would likely support the Trump trade once again after the failure to reform Obamacare
4. **Bond markets are being too sanguine about the likely pace of Fed tightening** - the Fed funds curve is once again well below the dot plot. We continue to see upside in yields if and when the market becomes more convinced that the soft data is right.

Chart 7: Bond yields have pulled back from FOMC highs

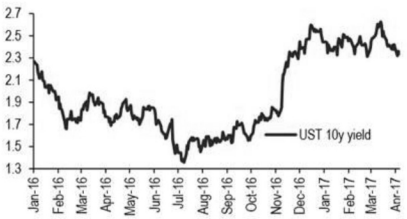


Source: Bloomberg

Chart 8: As the market refuses to price the dot plot

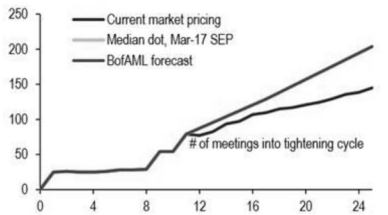


Source: BofA Merrill Lynch Global Research, Bloomberg

**European Banks holding up better than US Peers on pull back**

In Banks, the reoccurring feedback from investors has been that clients have rotated out of US banks and into European banks. This conflicts with our latest Fund Manager Survey which suggested allocation to European Banks fell the most of any sector MoM in the first two weeks of March, however, its true European Banks have quickly reversed the performance gap to US peers. The spread between the SX7E and S5BANKX Index is back to pre-US election levels.

**What the EU banks bulls are saying:**

EUR rates are going higher it's just a matter of timing, positive EPS revisions continue, EU is starting to see pockets of volume growth and asset yield recovery, credit spreads have been tightening YTD and

attractive valuations of EU banks vs. US peers (EU banks on 12.0x 2017E P/E vs. US Banks on ~14x and some EU banks still on a large discount vs 10-year historical median P/B valuations).

**What the EU banks bears are saying:**
EU macro declining, US lead re-flation trade cooling (tax, deregulation, healthcare headwinds) and toppy multiples/high ownership of EU banks going into Q1 results. They believe the pressure will be off Draghi to act on the deposit rate if the macro starts to reverse which may cause people to push back the assumed timing of European rate hikes and tapering. The French election is also a big risk factor which is clearly holding back some global investors from buying into Europe.

**Rates Update**
Consensus has started to factor in the higher rate outlook in Europe. The bears are pointing out that these probabilities have fallen a lot this week while the bulls argue it's just a matter of timing.

I monitor market expectations for ECB normalisation in rates using the World Interest Rate Probability (WIRP) function on Bloomberg. It's been very volatile recently. I currently see the market is pricing a 16.6% probability of a EUR rate hike before the end of 2017 (row 6, column 2 below). a 32.7% probability in the next 12 months (row 9, column 2) and a 67.6% probability in the next 18 months.

Euro Zone | Instrument OIS: Eurozone OIS - Deposit R | Current Rate -0.40
1) Overview | 2) Future Implied Probability
Current Implied Probabilities | 3) Add/Remove Rates
Dates ○ Meeting ● Calculation | Calculated 04/07/2017 | Based on rate -0.40

| Meeting | Prob Of Hike | Prob of Cut | -0.6 | -0.5 | -0.4 | -0.3 | -0.2 | BPS |
|---|---|---|---|---|---|---|---|---|
| 04/27/2017 | 0.0% | 2.4% | 0.0% | 2.4% | 97.6% | 0.0% | 0.0% | -0.2 |
| 06/08/2017 | 0.0% | 3.3% | 0.0% | 3.3% | 96.7% | 0.0% | 0.0% | -0.3 |
| 07/20/2017 | 2.1% | 3.2% | 0.0% | 3.2% | 94.6% | 2.1% | 0.0% | -0.1 |
| 09/07/2017 | 7.2% | 3.1% | 0.0% | 3.1% | 89.7% | 7.1% | 0.1% | 0.4 |
| 10/26/2017 | 8.8% | 3.0% | 0.0% | 3.0% | 88.2% | 8.6% | 0.2% | 0.6 |
| 12/14/2017 | 16.6% | 2.8% | 0.0% | 2.7% | 80.6% | 15.6% | 1.0% | 1.5 |
| 01/25/2018 | 21.6% | 2.6% | 0.0% | 2.6% | 75.8% | 19.6% | 1.9% | 2.1 |
| 03/08/2018 | 29.4% | 2.3% | 0.0% | 2.3% | 68.2% | 25.4% | 3.7% | 3.1 |
| 04/26/2018 | 32.7% | 2.2% | 0.0% | 2.2% | 65.1% | 27.5% | 4.8% | 3.6 |
| 06/14/2018 | 41.4% | 1.9% | 0.0% | 1.9% | 56.7% | 32.5% | 7.8% | 5.0 |

Historical Analysis for Meeting 04/27/2017 | 4) Add/Remove Series

As a reminder our research team estimate that euro area banks could see as much as €26bn in earnings uplift from a return of ECB rates to zero. This would represent a 25% uplift to profits - a big prize when it happens (click here for report).

**What to buy in banks if you share our view on sustained reflation?**
We remain positive on banks that can make acceptable returns in the current environment and are geared into the upside when rates begin to recover... **ING, KBC, Intesa, Unicredit, SocGen, Erste, BKIR are all Buy rated**.
Top picks:

**Buy Soc Gen, PO €55**
- Still fourth worst performer in the SX7E YTD due to French election overhang.
- Yet reported a strong set of Q4 results, beating on P&L, capital and dividend which comforts our view that the stock is set for re-rating.
- Continues to tick a number of boxes offering a dividend yield of 5.1% in 2017E, an attractive valuation of 0.79x 2017e TNAV, solid capital position and has strong EPS momentum.
- Our EPS (2017 and 2018) is 10% above consensus with further upside from CIB, Russia recovery and Corporate Center
- Stronger capital position allows for growth (organic and bolt-on M&A)

**Buy Intesa, PO €2.80**
- On NPEs, capital, profitability, operating trends, and cash payouts, Intesa stands above other Italian banks in our view.

- ISP will pay a dividend (confirmed) equivalent to an 8.0% yield vs. a 4.0% European banks average and on our estimates
- Italian banks are trading at a PNAV discount to ISP but their profitability is half that of ISP's and their capital is lower
- ISP retains the lowest (gross/net) Italian NPE ratio and in 4Q16 NPE were down yoy by 8% gross/10% net.
- Shares have suffered from the uncertainty related to a possible tie-up with insurer Generali - still the seventh worst performing bank in the SX7E YTD

**Also remain very bullish on market exposed Nordic banks**
This morning we reiterate our preference for Nordic banks (click here for report) with more market exposed revenues and reiterate our **Buy ratings on Danske Bank, Nordea, DNB and SEB** ahead of Q1 results. We expect to see good fee /trading income in Q1 on the back of strong AUM and continued high activity levels.

The relative P/E premium of Nordic banks vs. the sector is now 7% vs. a long term average of 11%. We also note that Nordic banks are expected to continue to deliver close to 4% better ROTE (2017-19E) and have a lower beta.

**Chart 1: Danske Bank remains best capital return story (Capital buffers as % of market cap)**

Source: BofA Merrill Lynch Global Research estimates

**Please let me know if you would like to discuss in more detail or meet any of our analysts on the above reports.**

**Kind regards,**

**Russell Quelch**
**European Financials Specialist Sales**
**Bank of America Merrill Lynch**

[redacted]

**Global Financials Specialist Sales Team:**
**Russell Quelch - European Banks – London** [redacted]
**Juliette Nichols – European Insurance, Div Fins and Real Estate –** [redacted]
**Scott Smith – US Financials – New York** [redacted]

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**Breaking:** Live: Senate votes to confirm Gorsuch

# with president at his estate

By Annie Linskey | GLOBE STAFF APRIL 07, 2017

WASHINGTON — For former Harvard Law professor Alan Dershowitz and his wife, their recent dinner at the Mar-a-Lago club in Florida was a chance to dine and catch up with old friends. Then President Trump showed up.

"Everyone stood up and clapped," recalled Dershowitz, who lives in South Florida during the Massachusetts winters.

Toward the end of the evening, Trump stopped by the table for an extended chat, but not about the Trump-branded chocolate cake. The mogul-turned-president wanted to discuss the prospects for Israeli and Palestinian peace with Dershowitz, who is well-known for his hawkish, pro-Israel views.

"He pulled me aside," Dershowitz recalled. "He wanted to talk to me privately about the Middle East."

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The March 18 encounter provides a window into the free-wheeling and unconventional policy making employed by Trump, who prizes spontaneity. As a business tycoon, he liked to keep an open schedule that allowed for impromptu meetings; it's a style difficult to replicate in the White House but can work among the handpicked people who frequent Mar-a-Lago.


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Comments

In this instance, Dershowitz was a guest of Trump's buddy and Mar-a-Lago member Chris Ruddy, the CEO of the conservative news source Newsmax. The former professor soon found himself immersed in a Washington power-player schmooze-fest. The mood at the club was light and fun. Vice President Mike Pence stopped over and complimented Dershowitz on his frequent cable TV appearances. Commerce Secretary Wilber Ross said "hi." A singer crooned "Don't Cry for Me Argentina."

When Trump came over, Dershowitz, a Democrat mostly known for his lefty views, shared his perspective on the National Security Agency, the fate of the Ninth Circuit Court of Appeals, Trump's travel limits on immigrants from majority-Muslim countries, and, most critically, peace between Israel and its Arab neighbors.

The Israeli paper Haaretz later reported that Trump asked Dershowitz to contact Prime Minister Benjamin Netanyahu of Israel and convey the president's belief that peace could be achieved now. In his interview with the Globe, Dershowitz wouldn't confirm or deny the account.

The atmosphere at Mar-a-Lago raises questions. Critics have pointed to Trump's club as an example of how access to the president can be purchased. The club jacked up its initiation fee to $200,000 from $100,000 after Trump became president. Members have a front row seat to history. Thursday night Chinese President Xi Jinping and his wife dined there as part of a summit with Trump. He also feted Japanese Prime Minister Shinzo Abe at the club .

For Dershowitz, it helped greatly that he was at Mar-a-Lago as a guest of Ruddy. Ruddy, it turned out, had seen Trump that day at the golf course and mentioned that Dershowitz and his wife would be among the guests at his table of six.

In Ruddy's re-telling, when Dershowitz's name came up that afternoon on the links Trump offered praise for him because he'd gone on TV and defended Trump's

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Dershowitz wouldn't repeat what Trump told him privately but felt comfortable recounting the parts of the their conversation that occurred in front of other dinner guests.

Trump "clearly had subjects he wanted to talk about. It was his agenda," Dershowitz said. "He told me he thought in the Middle East, they are ready for a deal."

Trump explained that he'd spoken to Palestinian leader Mahmoud Abbas and sensed that he was ready for a peace deal, Dershowitz said.

"I responded by saying, 'the Palestinians say that to every new president,' " Dershowitz said, offering Trump a dose of skepticism.

"He said 'Now I think they're really ready,' " Dershowitz added. "I said, 'You have to test them. ... You have to test them, it's not enough to just hear 'they're ready.'

"He shook his head in apparent agreement," Dershowitz said.

Dershowitz said Trump made it clear he was aware that the former professor is "very friendly" with Netanyahu.

And the Israeli media is reporting that Dershowitz was tapped to be a back channel sorts between Netanyahu and Trump. This chatter prompted some to wonder whether Trump's son-in-law Jared Kushner, who'd been tasked to be the point person on a possible peace deal, was on the outs.

But Dershowitz said that's not the case. "The president said, 'I know you know Jared from Harvard. Be in touch with him." "

And Dershowitz added that he doesn't have a role, formal or informal, in working on behalf of the administration to jump start peace talks. "This was as a one off," he said.

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Middle East, ask me.'"

Comments

*Annie Linskey can be reached at annie.linskey@globe.com.*

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Hess Corp.

# Inflection point: adding Hess to BofAML's US 1 'best ideas' list

Bank of America Merrill Lynch

Reiterate Rating: BUY | PO: 80.00 USD | Price: 49.97 USD

Equity | 11 April 2017

## Short interest ratio: catalyst for recovery

Over the past six months Hess has been one of the most volatile stocks in the sector, facing headwinds from a significant increase in short interest that has exaggerated volatility. From discussions with investors, the arguments against Hess seem to begin and end with a combination of declining production and an expanding balance sheet – all part of the deliberate portfolio choices that favored completing major projects at the expense of short cycle production. We expect this to end in 2Q17 with a rebound in oil and gas production starting in 2H17 and critically, an inflection in free cash flow that we expect will return Hess to free cash flow with the flexibility to re-up investment in the Bakken. We thus would view Hess as a dangerous 'short' for investors seeking to hedge other portfolio risks.

## Inflection point on multiple levels right around the corner

We believe Hess' investment case is approaching an inflection point on multiple levels. We expect oil and gas production to trough in 2Q17, with a rebound of 60,000 boepd or 22%, by 4Q17 marking the single biggest sequential change in production of any company in the sector. This is likely to kickstart an extended period of growth in 2018/19 but with the contribution from Guyana driving a step change in Hess' growth trajectory through 2025. Near term, we think Hess is also poised for an inflection in free cash flow that is reasonably $1bn annualized, with $700mm irrespective of oil prices. Versus consensus operating cash flow of ~$1.9bn in 2017, this stands out as the biggest swing in free cash of any company in the sector.

## Adding Hess to US 1 'best ideas' list

After a year of waiting, we believe the inflection point in Hess' investment case is just around the corner, with the broader sector pullback positioning the shares with amongst the highest upside in the sector as implied by our price objectives. At current levels, Hess 'discounts' strip oil prices. Under our base case, which assumes a rebound in oil prices towards $70 from 2020 fair value is reasonably ~$80 per share. If *non-producing* asset value from Guyana is included we estimate this would be closer to $90. BofAML's US1 list is a collection of the firm's best investment ideas managed with the goal of providing superior investment performance over the long term. For Hess, we believe the combination of catalysts, short interest and absolute value can drive a period of strong relative outperformance vs peers. For this reason, Hess replaces DVN as the energy stock on BofAML's US 1 list.

**Estimates (Dec)**

| (US$) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| EPS | (3.92) | (4.94) | (3.75) | (1.46) | (0.76) |
| GAAP EPS | (10.77) | (19.92) | (3.75) | (1.46) | (0.76) |
| EPS Change (YoY) | NM | -26.0% | 24.1% | 61.1% | 47.9% |
| Consensus EPS (Bloomberg) | | | (3.03) | (2.09) | (0.45) |
| DPS | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

**Valuation (Dec)**

| | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| P/E | NM | NM | NM | NM | NM |
| GAAP P/E | NM | NM | NM | NM | NM |
| Dividend Yield | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| EV / EBITDA* | 17.2x | NM | 9.9x | 6.4x | 5.4x |
| Free Cash Flow Yield* | -13.2% | -8.7% | -3.8% | -0.3% | 3.7% |

* For full definitions of *IQmethod℠* measures, see page 11.


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**Stock Data**

| | |
|---|---|
| Price | 49.97 USD |
| Price Objective | 80.00 USD |
| Date Established | 8-Dec-2016 |
| Investment Opinion | B-1-7 |
| 52-Week Range | 45.12 USD - 65.56 USD |
| Mrkt Val (mn) / Shares Out (mn) | 15,656 USD / 313.3 |
| Average Daily Value (mn) | 198.56 USD |
| BofAML Ticker / Exchange | HES / NYS |
| Bloomberg / Reuters | HES US / HES.N |
| ROE (2017E) | -8.6% |
| Net Dbt to Eqty (Dec-2016A) | 26.1% |


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**Refer to important disclosures on page 12 to 14. Analyst Certification on page 10. Price Objective Basis/Risk on page 10.**


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Timestamp: 11 April 2017 05:30AM EDT

# *iQprofile*℠ Hess Corp.

***iQ*method℠ – Bus Performance***

| (US$ Millions) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| Return on Capital Employed | -8.5% | -21.0% | -3.6% | -0.9% | 0.1% |
| Return on Equity | -5.4% | -9.0% | -8.6% | -3.7% | -2.1% |
| Operating Margin | -1,197.3% | -247.2% | -25.4% | -5.0% | 0.5% |
| Free Cash Flow | (2,061) | (1,359) | (592) | (50) | 574 |

***iQ*method℠ – Quality of Earnings***

| (US$ Millions) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| Cash Realization Ratio | NM | NM | NM | NM | NM |
| Asset Replacement Ratio | 1.0x | 0.6x | 0.9x | 0.9x | 0.9x |
| Tax Rate | 18.8% | 41.0% | 16.2% | 21.9% | 8.4% |
| Net Debt-to-Equity Ratio | 19.2% | 26.1% | 34.9% | 40.7% | 40.5% |
| Interest Cover | -10.1x | -31.1x | -3.8x | -1.0x | 0.1x |

**Income Statement Data (Dec)**

| (US$ Millions) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| Sales | 286 | 4,182 | 4,379 | 5,704 | 6,359 |
| % Change | -98.1% | 1,363.2% | 4.7% | 30.3% | 11.5% |
| Gross Profit | (2,606) | 4,182 | 4,379 | 5,704 | 6,359 |
| % Change | NM | NM | 4.7% | 30.3% | 11.5% |
| EBITDA | 1,155 | (5,482) | 2,005 | 3,097 | 3,646 |
| % Change | -84.3% | NM | NM | 54.5% | 17.7% |
| Net Interest & Other Income | (340) | (332) | (289) | (297) | (304) |
| **Net Income (Adjusted)** | **(1,113)** | **(1,531)** | **(1,174)** | **(456)** | **(246)** |
| **% Change** | **NM** | **-37.6%** | **23.3%** | **61.1%** | **46.0%** |

**Free Cash Flow Data (Dec)**

| (US$ Millions) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| Net Income from Cont Operations (GAAP) | (3,056) | (6,132) | (1,126) | (408) | (246) |
| Depreciation & Amortization | 3,955 | 3,413 | 2,857 | 2,962 | 3,188 |
| Change in Working Capital | 80 | (47) | 0 | 0 | 0 |
| Deferred Taxation Charge | (1,319) | 2,200 | (228) | (128) | (13) |
| Other Adjustments, Net | 2,321 | 1,361 | 357 | 323 | 369 |
| Capital Expenditure | (4,042) | (2,154) | (2,453) | (2,798) | (2,725) |
| **Free Cash Flow** | **-2,061** | **-1,359** | **-592** | **-50** | **574** |
| **% Change** | **-98.0%** | **34.1%** | **56.4%** | **91.6%** | **NM** |

**Balance Sheet Data (Dec)**

| (US$ Millions) | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|
| Cash & Equivalents | 2,716 | 2,732 | 1,974 | 1,974 | 1,974 |
| Trade Receivables | 847 | 768 | 768 | 768 | 768 |
| Other Current Assets | 841 | 776 | 776 | 776 | 776 |
| Property, Plant & Equipment | 26,352 | 19,941 | 18,886 | 18,299 | 17,412 |
| Other Non-Current Assets | 3,439 | 4,404 | 4,404 | 4,404 | 4,404 |
| **Total Assets** | **34,195** | **28,621** | **26,807** | **26,220** | **25,334** |
| Short-Term Debt | 86 | 112 | 112 | 112 | 112 |
| Other Current Liabilities | 2,542 | 2,139 | 2,088 | 2,036 | 1,982 |
| Long-Term Debt | 6,544 | 6,694 | 6,694 | 7,105 | 6,844 |
| Other Non-Current Liabilities | 4,622 | 4,085 | 4,085 | 4,085 | 4,085 |
| **Total Liabilities** | **13,794** | **13,030** | **12,979** | **13,338** | **13,023** |
| **Total Equity** | **20,401** | **15,591** | **13,828** | **12,883** | **12,311** |
| **Total Equity & Liabilities** | **34,195** | **28,621** | **26,807** | **26,220** | **25,334** |

* For full definitions of *iQmethod℠* measures, see page 11.

## Company Sector

Oils

## Company Description

Hess Corp (HES) is a mid-sized oil and gas company with 1.0bn boe of proved reserves at the end of 2015. E&P operations are focused in the US onshore, deepwater GOM, North Sea, West Africa oil, and Asian natural gas.

## Investment Rationale

Our house view is that oil should rebound long term to $75 WTI / $80 Brent. Investment case anchored by exploration prospects led by Guyana. Added to this, it has a strong balance sheet, low risk production visibility in the Bakken and a stable international base. As such, we view HES' valuation as attractive and maintain our Buy rating.

## Stock Data

| | |
|---|---|
| Average Daily Volume | 3,973,678 |

## Quarterly Earnings Estimates

| | 2016 | 2017 |
|---|---|---|
| Q1 | -1.72A | -1.21E |
| Q2 | -1.11A | -1.19E |
| Q3 | -1.12A | -0.72E |
| Q4 | -1.01A | -0.63E |



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# Adding Hess to BofAML US1 list

## Inflection point

Over the past six months Hess has proven to be one of the most volatile stocks in the sector, facing extraordinary headwinds from a significant increase in short interest that has exaggerated volatility of what is already one of the more highly levered oil stocks in the sector. From discussions with investors, the arguments against Hess begin and end with a combination of declining production and expanding balance sheet – all part of the deliberate portfolio choices that favored completing major projects at the expense of short cycle production.

This cycle ends in 2Q17 with an expected rebound in oil and gas production starting in 2H17 and critically, an inflection in free cash flow that by our estimates should return Hess to free cash flow with the flexibility to re-up investment in the Bakken. We thus view Hess as a dangerous short for investors seeking to hedge other portfolio positions.

**Exhibit 1: Short interest ratio (days to cover) US oils**

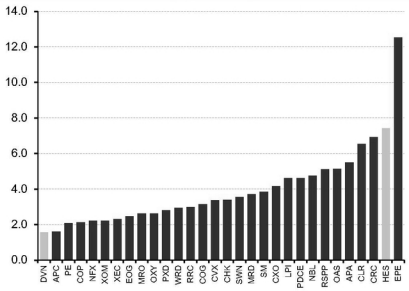


Source: Bloomberg; BofA Merrill Lynch Global Research estimates

**Exhibit 2: Hess short interest ratio (mm shares)**

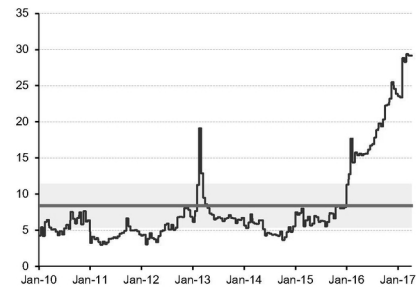


Source: Bloomberg; BofA Merrill Lynch Global Research estimates

In our view, any meaningful reduction in short interest could drive an outsize response to the improving operating outlook that we expect to start in 2H17 and can be summarized as follows:

- By our estimates, oil and gas production troughs in 2Q17 as Bakken production stabilizes before recovering through year-end. With start-up of the first of two major projects (NMB[1]) and incremental production in the US GoM, we anticipate growth in oil and gas production of ~60,000boepd or 22% between 2Q17 & 4Q17.

- Planned increase in Bakken rig count points to an exit rate of ~105–110 kboepd up from 90-95 kboepd in 1Q17 for an intra-year growth rate of ~16% underpinned by a step up to 6 rigs from 2 at the start of the year. We expect Bakken growth to continue in 2018 and 2019 at ~16% yoy with upside from larger completions.

Management guidance suggests exit rate production in 2017 of ~335,000 boepd; start-up of the second of Hess' major projects (Stampede) adds 15,000 boepd from 1H18 (est); along with a resumption of growth by resurgent operator Aker BP at Valhall (Hess 64%) we expect top line growth of 15% in 2018 with a FY contribution and continued Bakken ramp contributing to ~10% growth in 2019 including first oil from Guyana.

[1] North Malay Basin, adding 20,000 boepd starting in Sep 2017



HOUSE_OVERSIGHT_014875

**In other words, 2Q17 marks the low point in oil and gas production, with momentum accelerating in 2H17 to kick start a multi-year period of growth.**

**Chart 1: Hess production outlook: inflection point from 2Q17**

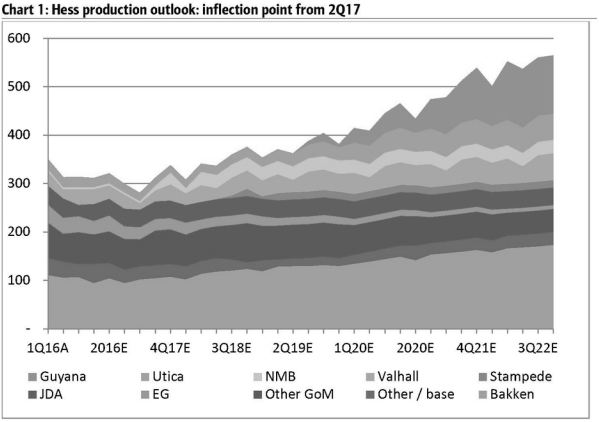


Source: BofA Merrill Lynch Global Research estimates

**Critically, Hess has multiple levers to pull that reverse production declines as cash becomes available from completion of NMB and Stampede.**

Planned spending to complete NMB and Stampede is ~$700mm in 2017; with completion we expect this to drop closer to $200mm in 2018 so that before any contribution from operating cash flow from these projects we expect Hess 'apples to apples' capex to move lower in 2018 driving an inflection in free cash flow.

**Exhibit 3: Free cash flow turns positive in 2018**

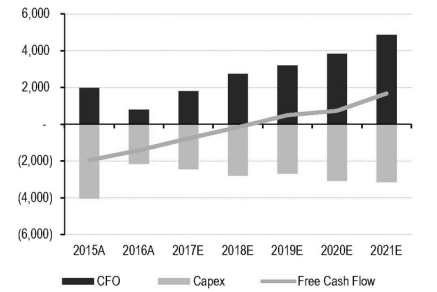


Source: BofA Merrill Lynch Global Research estimates

**Exhibit 4: with an accelerating decline in net debt**

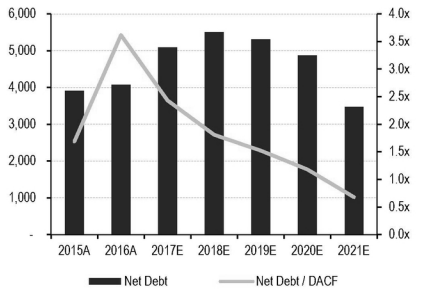


Source: BofA Merrill Lynch Global Research estimates

Our assumptions include a likely project sanction of the first phase 'early production system' at the Liza discovery in 2Q17. However, based on discovered oil to date that we believe now easily exceeds 2bn barrels, we believe Hess is on the cusp of a multi-year period of growth that is material for a company of its size. Critically, we believe most commentators have not yet included the cash flow contribution from Guyana in Hess' estimates given visibility that barely looks past 2018. However, with first oil now likely



HOUSE_OVERSIGHT_014876

in 2H19, we view final investment decision (FID) – and an exploration program that yields one well result every 6-8 weeks as a catalyst to rerate Hess over time.

## Liza area moving towards 2bn boe

Operator Exxon recently confirmed the latest exploration test in Guyana 'Snoek' as the latest discovery in the Liza development area, with ~82ft of net pay and in line with pre drill expectations we are led to believe is in the 200-300mm boe range. Recall from our discussions with management, Snoek was characterized as a smaller but distinct target, updip of Liza, but lower risk.

The well was drilled in 26 days to a depth of ~17,000ft in 5,128ft of water 5 miles south west of Liza #1, as shown in the graphic below; the Stena Carron drill ship has now relocated to the next well test, the 'Liza #4' appraisal, where we anticipate results by end April but with the possibility of a drill stem test in a success case that may push the well result into mid-May.

**Exhibit 5: Liza targeting**

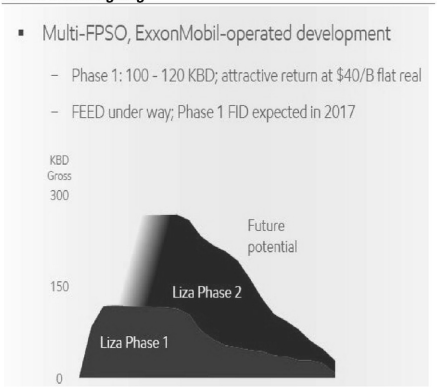


Source: Exxonmobil

**Exhibit 6: Exxon operated blocks in Guyana**

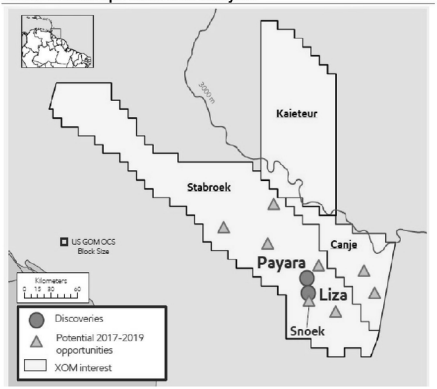


Source: Exxonmobil

Critically, 'Snoek' reinforces management's prior characterization of the Stabroek block as moving towards a 'DHI play' meaning the risk profile of incremental exploration improves - a critical factor for the next well in queue, the Payara #2 appraisal that will also target a deeper test (Pacuma) scaled with a pre drill target of ~1bn boe. The next prospect, Liza lookalike named 'Turbot will likely be spud around mid-year.

From our discussions with Hess and the operator we summarize our understanding as follows:

- Operator XOM had previously framed the discovered potential in the Liza / Payara at 1.5bn – 2.0bn boe, subject to completion of two planned additional appraisal wells. Quoting EVP Mark Albers and CEO Darren Woods

*'The success at Payara combined with the additional oil pay discovered with Liza-3 brings the total discovered resource on the block to somewhere between 1.4 billion oil equivalent barrels and 2 billion oil equivalent barrels.'*

*' to clarify, what we have found – not potential upside, but what we have found is 1.4 billion to 2 billion BOE. The upside is multi-billion barrel unrisked potential'.*



HOUSE_OVERSIGHT_014877

- Snoek and with Liza deep previously likely moves recoverable resource closer to the upper end of this range 2bn boe before Liza #4 and Pacuma, providing line of sight for at least a 4 FPSO development starting in 2019.

- After Liza 4, the Stena Carron drillship will move back to Payara to drill an appraisal well which will also test a deeper prospect 'Pacuma tail'. Where pre-drill prospect size is scaled at about 1bn boe. The next prospect (Turbot) will then be spud south east of Payara. Note is that if Payara 2 is successful, this would likely add another 'boat' with capacity of 150,000 boepd.

The graphics below characterize Hess view of Payara and Snoek. We assume the 1bn boe Pacuma prospect is the light green area below Payara.

**Exhibit 7: Initial characterization of Payara**

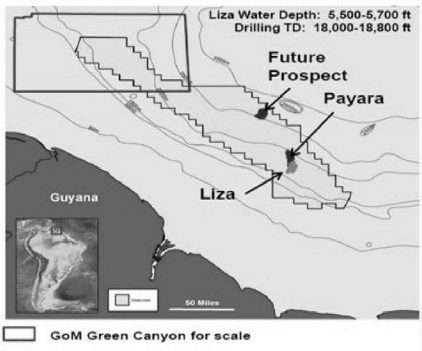


Source: Hess

**Exhibit 8: Updated characterization suggests a similar footprint to Liza**

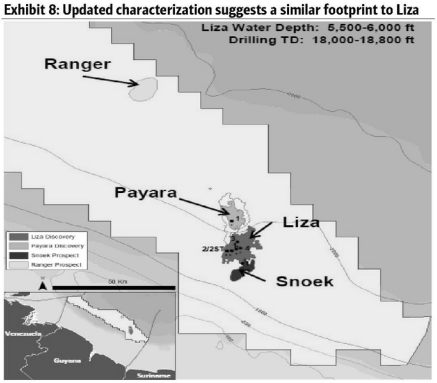


Source: Hess

Again quoting ExxonMobil management:

*'Just as we progressed rapidly at Liza, we'll move quickly to develop Payara if the delineation well is successful.'*

Recall that Hess management has suggested Payara will 'definitely be commercial'. However at this early stage we assume no value for Payara in our assessed value of Hess' not least as any attempt at precision is obviously premature. But with discussions with management suggesting scenarios through appraisal where Payara is a lookalike to Liza, we believe a 'plus three year' development scheme is a reasonable basis to frame option value in a success case.

Under our $70 Brent base case, the theoretical NPV would be around $10/sh. This is on top of the approximate $12-14/ share value we estimate is reasonable for Hess from the existing Liza discovery. Note we continue to assume about 400,000 bpd gross development scenario–reviewed again below to reflect the latest project proposal submitted to the Guyana Government which now targets first production in 2H19.

Note we assume negligible value for natural gas revenue in this latest iteration, thus the range of $12-$14 for Liza mentioned above and $22-$24 for Liza / Payara. The table below assumes gas valued at $1 / mmcfe.



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**Table 1: Notional multi-phase development at Guyana: about $22/sh to Hess**

| | Gross Barrels (mmboe) (mmboe) | Full Project NPV $MM $mm | Hess 30% Interest NPV $mm | NPV net to Hess $/sh |
|---|---|---|---|---|
| **Liza** | | | | |
| Early Production | | | | |
| System | 425 | 4,258 | 1,277 | $3.9 |
| Phase 1 | 600 | 4,932 | 1,480 | $4.6 |
| Phase 2 | 600 | 3,821 | 1,146 | $3.5 |
| **Liza Total** | **1,625** | **13,010** | **3,903** | **$12.0** |
| **Payara (spec)** | | | | |
| Early Production | | | | |
| System | 425 | 3,392 | 1,018 | $3.1 |
| Phase 1 | 600 | 3,668 | 1,100 | $3.4 |
| Phase 2 | 600 | 2,682 | 805 | $2.5 |
| **Payara spec Total** | **1,625** | **9,742** | **2,923** | **$9.0** |
| **Guyana Total** | **3,250** | **22,753** | **6,826** | **$21.1** |

Source: BofA Merrill Lynch Global Research estimates; Hess shares fully diluted 324.2mm shares after preference convert

Note that at current strip oil prices of ~$55 Brent, this is closer to $14.4/sh of which Payara is ~$6/sh or $2.0bn. On a 'risked' basis, we believe this is a reasonable development scenario representative of any incremental discovery that resembles Liza recalling that the partners have identified over 20 additional drilling prospects. On the assumption of a 'plus three year' development scenario after Liza, the potential impact on incremental production and cash flow is significant for Hess while the cumulative impact also becomes significant for XOM.

The charts below show our latest assessment of how a compound timeline for a Liza / Payara development could look, if Payara as a project does indeed prove to be a look alike to Liza.

**Exhibit 9: Hess theoretical production profile for Liza / Payara**

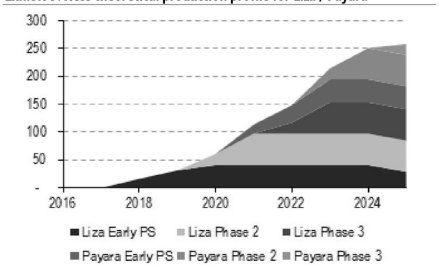


Source: BofA Merrill Lynch Global Research estimates

**Exhibit 10: Hess net production profile (by phase)**

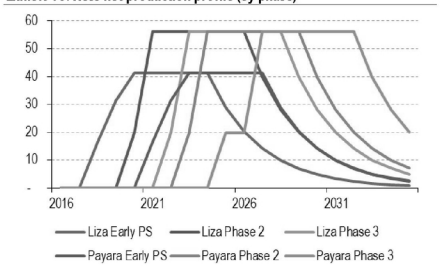


Source: BofA Merrill Lynch Global Research estimates

Critically, Guyana is now being described as a 'DHI play' meaning seismic and core have been sufficiently calibrated as to provide direct hydrocarbon indicators and hence de-risking future exploration tests. This appears confirmed again by the latest 'Snoek' success.

XOM's development plan calls for an FPSO (floating production and storage offloading vessel) with production capacity of about 150,000 boepd for every 450mm barrels of recoverable reserves, with plateau production extending up to 10 years. We suggest management's commentary supports gross production capacity from current discovered resource of at least 600,000 boepd.



HOUSE_OVERSIGHT_014879

## Impact on cash flow

While the impact on production is significant, we suggest the impact on cash flow is transformational for Hess. Referencing the charts below:

- Under our base case that assumes $70 oil from 2020, we estimate operating cash flow net to Hess would reach over $2.5bn;
- Net free cash flow peaks at over $2bn with a net cash outflow at any point in the development of ~$300mm.

**Chart 2: Hess operating cash flow contribution: Guyana ($70 base case)**

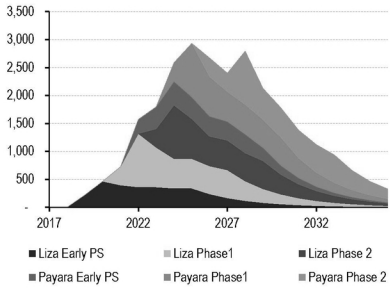


Source: BofA Merrill Lynch Global Research

**Chart 3: Hess free cash flow contribution: Guyana ($70 base case)**

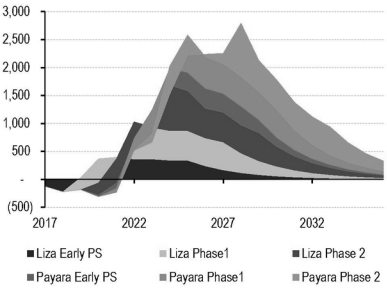


Source: BofA Merrill Lynch Global Research

While first oil in 2019 is only the early stage of development, it is enough in our view to provide visibility on multiple compression perceived absent from Hess' investment case given its focus on short cycle development. However, after the low point in production in 2Q17 we suggest Hess has both – short cycle, comprising not only the Bakken but tie back opportunities across established infrastructure in Norway and the US GoM – and long cycle in the shape of a transformational opportunity in Guyana, that becomes tangible with a likely FID in 2Q17.

## Impact on valuation

In our view, an imminent inflexion point in free cash flow comes with a step change in value recognition for Hess. Momentum from a >20% jump in production in the six months of the second half of 2017 carries growth through 2018, with Guyana accelerating for a decade from 2019. At our base case we suggest this leaves Hess 'discounting' current strip oil prices at current levels of ~$50 / share.

The table below sets our PO at our target mid cycle multiple of 5.5x EV/DACF; note this does not include any value for non-producing Guyana resource value that we estimate at ~$6/share.

**Table 2: At strip oil prices, Hess looks fairly valued based on a target multiple of 5.5x EV/DACF**

| | 2015 | 2016 | 2017e | 2018e | 2019e | 2020e | 2021e |
|---|---|---|---|---|---|---|---|
| Shares Outstanding | 284 | 310 | 313 | 313 | 323 | 324 | 324 |
| Market Cap | 13,119 | 13,334 | 13,415 | 13,415 | 13,415 | 13,415 | 13,415 |
| Non-producing Guyana NAV | | | | - | - | - | - |
| Net Debt | 3,914 | 4,074 | 5,136 | 6,224 | 6,985 | 7,798 | 7,866 |
| Preference shares | | 557 | 557 | 557 | | | |
| EV | 17,033 | 17,965 | 19,108 | 20,196 | 20,400 | 21,213 | 21,281 |
| DACF | 2,321 | 1,127 | 1,847 | 2,378 | 2,625 | 3,030 | 3,795 |
| **Forward EV / DACF** | **15.1x** | **9.7x** | **8.0x** | **7.7x** | **6.7x** | **5.5x** | |

Source: BofA Merrill Lynch Global Research



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Under our base case, which assumes a rebound in oil prices towards $70 from 2020, we see fair value as reasonably around $80 per share. If non-producing asset value is included (around $3bn or ~$9/sh), we estimate this would be closer to $90.

**Table 3: At our base case, we see fair value closer to $80 based on a target multiple of 5.5x EV/DACF**

| | 2015 | 2016 | 2017e | 2018e | 2019e | 2020e | 2021e |
|---|---|---|---|---|---|---|---|
| Shares Outstanding | 284 | 310 | 313 | 313 | 323 | 324 | 324 |
| Market Cap | 22,341 | 22,684 | 22,814 | 22,814 | 22,814 | 22,814 | 22,814 |
| Non-producing Guyana NAV | | | | - | - | - | - |
| Net Debt | 3,914 | 4,074 | 4,832 | 5,243 | 4,983 | 4,441 | 3,020 |
| Pref | | 557 | 557 | 557 | | | |
| EV | 26,255 | 27,315 | 28,203 | 28,614 | 27,797 | 27,255 | 25,834 |
| DACF | 2,321 | 1,127 | 2,150 | 3,045 | 3,602 | 4,291 | 5,132 |
| **Forward EV / DACF** | **23.3x** | **12.7x** | **9.3x** | **7.9x** | **6.5x** | **5.3x** | |

Source: BofA Merrill Lynch Global Research

## BofAML US 1 list

The BofAML US1 list is a collection of the firm's best investment ideas managed with the goal of providing superior investment performance over the long term. Since the presidential election, the 'trump tax rally' that has arguably lifted the broader S&P500 on the expectation of lower corporate taxes has left most US oils lagging given the absence of any benefit from lower taxes. For Hess, we believe the catalysts are still ahead while the relative performance hurdle associated with the election has passed. For this reason, Hess replaces DVN as our energy stock on the BofAML US1 list.

## Earnings updates

Marking to market for 1Q17 we update earnings as follows:

**Table 4: HES Earnings Estimates**

| | Q1 | Q2 | Q3 | Q4 | FY | BBG Consensus |
|---|---|---|---|---|---|---|
| 2015A | (0.98) | (0.52) | (1.03) | (1.40) | (3.92) | (3.92) |
| 2016E | (1.72) | (1.11) | (1.12) | (1.01) | (4.94) | (4.98) |
| Previous | (1.72) | (1.11) | (1.12) | (1.01) | (4.94) | n/a |
| 2017E | (1.21) | (1.19) | (0.72) | (0.63) | (3.75) | (3.03) |
| Previous | (1.37) | (1.19) | (0.72) | (0.63) | (3.91) | n/a |
| 2018E | (0.40) | (0.40) | (0.35) | (0.30) | (1.46) | (2.09) |
| Previous | (0.40) | (0.41) | (0.35) | (0.31) | (1.47) | n/a |

Source: BofA Merrill Lynch Global Research



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## Price objective basis & risk

### Hess Corp. (HES)

Our price objective of $80 / share is based on a 5-year outlook which assumes a 5.5x DACF multiple and a commodity deck of $67.50 WTI and $70 Brent to which we add $10 / sh for Liza in offshore Guyana. The multiple is based on a finite timeline to delivery which is supported by core NAV.

The risks to our price objective are: 1) the oil and gas price environment, (2) slowdowns in development drilling that leave production below expectations, and (3) news flow around HES' exploratory and appraisal drilling activities that could impact the stock.

## Analyst Certification

I, Doug Leggate, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

**US - Large Cap Oils Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Anadarko Petroleum Corp. | APC | APC US | Doug Leggate |
| | Chevron Corp. | CVX | CVX US | Doug Leggate |
| | ConocoPhillips | COP | COP US | Doug Leggate |
| | Continental Resources Inc. | CLR | CLR US | Doug Leggate |
| | Devon Energy Corp. | DVN | DVN US | Doug Leggate |
| | EOG Resources | EOG | EOG US | Doug Leggate |
| | Hess Corp. | HES | HES US | Doug Leggate |
| | Marathon Oil Corp. | MRO | MRO US | Doug Leggate |
| | Marathon Petroleum Company | MPC | MPC US | Doug Leggate |
| | Occidental Petroleum Corp. | OXY | OXY US | Doug Leggate |
| | Pioneer Natural Resources | PXD | PXD US | Doug Leggate |
| | Range Resources Corp | RRC | RRC US | Doug Leggate |
| | Tesoro Corp. | TSO | TSO US | Doug Leggate |
| | Valero Energy Corp. | VLO | VLO US | Doug Leggate |
| **NEUTRAL** | | | | |
| | Chesapeake Energy Corp. | CHK | CHK US | Doug Leggate |
| | Delek US Holdings, Inc. | DK | DK US | Doug Leggate |
| | ExxonMobil Corp. | XOM | XOM US | Doug Leggate |
| | HollyFrontier Corp | HFC | HFC US | Doug Leggate |
| | Noble Energy | NBL | NBL US | Doug Leggate |
| | Phillips 66 | PSX | PSX US | Doug Leggate |
| **UNDERPERFORM** | | | | |
| | Apache Corp | APA | APA US | Doug Leggate |
| | Cabot Oil & Gas Corp. | COG | COG US | Doug Leggate |
| | PBF Energy | PBF | PBF US | Doug Leggate |
| | Southwestern Energy Corp. | SWN | SWN US | Doug Leggate |



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**iQmethod℠ Measures Definitions**

| Business Performance | Numerator | Denominator |
|---|---|---|
| Return On Capital Employed | NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization | Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization |
| Return On Equity | Net Income | Shareholders' Equity |
| Operating Margin | Operating Profit | Sales |
| Earnings Growth | Expected 5-Year CAGR From Latest Actual | N/A |
| Free Cash Flow | Cash Flow From Operations – Total Capex | N/A |
| **Quality of Earnings** | | |
| Cash Realization Ratio | Cash Flow From Operations | Net Income |
| Asset Replacement Ratio | Capex | Depreciation |
| Tax Rate | Tax Charge | Pre-Tax Income |
| Net Debt-To-Equity Ratio | Net Debt = Total Debt, Less Cash & Equivalents | Total Equity |
| Interest Cover | EBIT | Interest Expense |
| **Valuation Toolkit** | | |
| Price / Earnings Ratio | Current Share Price | Diluted Earnings Per Share (Basis As Specified) |
| Price / Book Value | Current Share Price | Shareholders' Equity / Current Basic Shares |
| Dividend Yield | Annualised Declared Cash Dividend | Current Share Price |
| Free Cash Flow Yield | Cash Flow From Operations – Total Capex | Market Cap. = Current Share Price * Current Basic Shares |
| Enterprise Value / Sales | EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities | Sales |
| EV / EBITDA | Enterprise Value | Basic EBIT + Depreciation + Amortization |

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## Important Disclosures

**HES Price Chart**

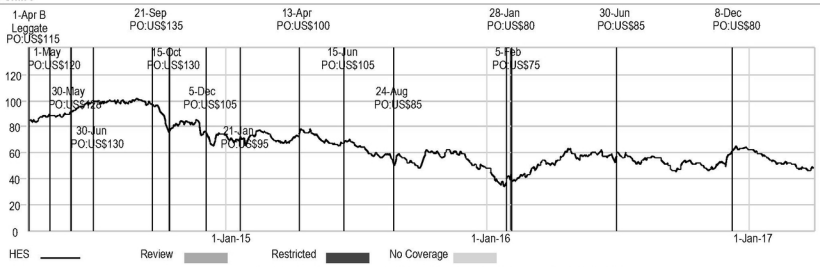


B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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**Equity Investment Rating Distribution: Energy Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 109 | 49.77% | Buy | 84 | 77.06% |
| Hold | 52 | 23.74% | Hold | 43 | 82.69% |
| Sell | 58 | 26.48% | Sell | 34 | 58.62% |

**Equity Investment Rating Distribution: Global Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1578 | 51.33% | Buy | 979 | 62.04% |
| Hold | 690 | 22.45% | Hold | 434 | 62.90% |
| Sell | 806 | 26.22% | Sell | 381 | 47.27% |

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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# 1Q Internet Sector Preview



## 1Q Preview; Expectations building on a strong 2H

Our early sector preview highlights our estimates vs. Street, early 1Q data points, and some opportunities for 1Q results for 30 stocks in our coverage group (more detailed company previews to follow). For large-caps, Street 2017 EPS estimates are down 8% YTD while the average stock price is up 9% YTD; suggesting macro and 2H optimism is driving stocks, which could continue throughout earnings season. 1Q was not without potential pressures, including ramping competition in several sectors and delayed tax refunds. A key theme for the group, in our view, is advertising & listing ranking revenue initiatives at eCommerce sites (AMZN, EBAY, EXPE), and we are constructive on all three stocks. Per our Internet sentiment ranking screen (page 7), FB, WIX, TREE have best sentiment while TWTR and TRIP have weakest.

## A few early checks positive, mixed eCommerce data

Our early ad checks suggest robust overall demand, aided by somewhat easy comps vs 1Q'16, with Instagram momentum a standout. eCommerce is more mixed, with some concerns on consumer spending due to delayed tax refunds, but optimism that spending will rebound in March/April. In travel, there are modest concerns on pressure on US inbound travel, a bigger negative for Expedia than Priceline. FX spot rates for both the Euro and the Pound have depreciated 1% vs. the US$ since end of Jan.

## Many key upcoming events for stocks in 2Q

Top events in 2Q include Facebook's F8 developer conference on April 18-19, Google's Marketing Next keynote on 5/23, an AWS event in San Francisco on April 18-19, expected closing Verizon's acquisition of Yahoo, Netflix's release of several key franchise including *House of Cards*, *Orange is the New Black*, *Sense8*, *Glow*, and *Unbreakable Kimmy Schmidt*, consumer wide release of Pandora Premium, Expedia's new HomeAway disclosures and, possibly, Amazon's new revenue disclosures.

## We expect meet/beat EPS for several companies

We are above the Street on 2017 EPS for 16 of the 25 stocks discussed within and, of those, we are most confident in Facebook & Priceline for 1Q upside potential. We expect Facebook to benefit from robust traffic, Instagram momentum, and greater adoption of audience targeting tools. We also think Priceline can beat 1Q given strong booking trends into the quarter and a modest recovery in European travel. We are below the Street on 2017 EPS for AMZN, TRIP, and YHOO. Expedia is a top eComm/travel idea for 2Q/3Q on potential for accelerating room nights, HomeAway optimism, and less uncertainty on near-term estimates.

## GOOG, AMZN & ZG interesting 1Q sentiment stocks

For large cap's, we believe GOOGL has had high recent interest given controversy around Youtube ad placements. We are not sure if Google will provide clarity on the issue on their call, but we do expect advertisers to return by 3Q and any overhang to be resolved. For Amazon, the company had new revenue disclosures in its 10-K filing, and there is growing optimism on advertising being a positive bottom-line driver. In SMID Internet, Zillow has more controversy going into 1Q as investors are once more concerned about potential regulation by the CFPB limiting the ability of agents and mortgage brokers to co-market on the platform. We remain positive on the stock due to its dominant position in online real estate and our belief that the high ROI of the ad unit (our survey suggested >6x return) will ensure that agents buy Zillow placements regardless of mortgage broker incentives. Additionally, we see earnings upside potential.

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**Refer to important disclosures on page 62 to 64. Analyst Certification on page 59. Price Objective Basis/Risk on page 53.**

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**Table 1: Key 1Q metrics for Large Cap Internet (>$5bn Market Cap)**

| Company | Ticker | Key 1Q Metric | BofAML Estimate |
|---|---|---|---|
| Alphabet | GOOGL | Website revenue (ex-FX) growth vs 22.3% in 4Q | 21.6% |
| Amazon | AMZN | AWS revenue growth vs. 47% in 4Q | 43% y/y |
| eBay | EBAY | US GMV growth trends | 3.5% y/y |
| Expedia | EXPE | Room night growth vs. 15% in 4Q | 16% |
| Facebook | FB | Ad revenue growth (ex-FX) vs. 54% reported in 4Q | 52% |
| Netflix | NFLX | 1Q Intl sub guidance | 3.9mn |
| Priceline | PCLN | 1Q room night growth vs. 31% in $Q | 26% y/y |
| Snap | SNAP | Global DAU's vs. 158mn in 4Q | 166mn |
| TripAdvisor | TRIP | Update on ad spend targets, 2017 guidance | 18% S&M y/y growth |
| Twitter | TWTR | MAUs and y/y trend vs 319mn (+4% y/y) in 4Q | 322mn MAUs (+4% y/y) |
| Yahoo | YHOO | Any update on acquisition timing and ongoing breach investigations | N/A |
| Zillow | ZG | Mortgage Revenue | $18.1mn |

Source: BofA Merrill Lynch Global Research estimates

**Table 2: Key 1Q metrics for Small Cap Internet (<$5bn Market Cap)**

| Company | Ticker | Key 1Q Metric | BofAML Estimate |
|---|---|---|---|
| BankRate | RATE | 1Q revenue | $117mn |
| Quotient | QUOT | 1Q transactions | 731mn |
| Care.com | CRCM | US paying families | 266,607 (4% y/y) |
| Fitbit | FIT | 1Q unit sales and gross margin | 3mn/39% |
| GoPro | GPRO | 1Q unit sales and gross margin | 800K/35% |
| GrubHub | GRUB | Gross food sales growth | 26% |
| Match.com | MTCH | Paid Member Growth | 17% |
| OnDeck Capital | ONDK | 1Q origination growth and marketplace take rate | 12% / 3% |
| Pandora | P | Ad revenue per listening hour growth | 10% |
| LendingTree | TREE | Variable marketing margin growth | 29% y/y |
| Trivago | TRVG | Qualified referral growth | 56% y/y |
| Wayfair | W | 2Q revenue growth guidance | 25% y/y |
| Wix | WIX | Premium subscribers growth | 36% |
| Yelp | YELP | 1Q Local advertising account adds | 4k (17% y/y) |
| Zynga | ZNGA | Online Games DAUs | 17.9 |

Source: BofA Merrill Lynch Global Research estimates



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# 1Q Internet Summary Previews

We are publishing updates on 1Q industry data points and write ups on our early outlook and top 1Q earnings focus items for select stocks in our Internet coverage group (more detailed previews with various channel checks for large cap stocks to follow.) Our commentary is designed to highlight 1Q data points, stock trading opportunities and potential issues for 1Q results, and our estimates vs. consensus.

For 1Q EPS estimates, we are above the street for well over 50% of our companies under coverage, and only below on QUOT, P, RATE, and TRIP. For large caps, we have highest confidence in EPS upside for Facebook and Priceline.

**Table 3: 1Q17 BofAML Estimates vs. The Street**

**Large Cap Stocks (>$5bn Market Cap)**

| Ticker | 1Q17 Metric | BofA ML | Street | BofA ML vs. Street |
|---|---|---|---|---|
| **AMZN** | Revenue | $35,335 | $35,255 | |
| | EPS | $2.34 | $2.28 | Ahead |
| **EBAY** | Revenue | $2,210 | $2,206 | |
| | EPS | $0.49 | $0.48 | Ahead |
| **EXPE** | Revenue | $2,134 | $2,140 | |
| | EPS | $0.07 | $0.06 | Ahead |
| **FB** | Revenue | $7,905 | $7,798 | |
| | EPS | $1.14 | $1.11 | Ahead |
| **GOOGL** | Revenue | $20,219 | $19,891 | |
| | EPS | $9.53 | $9.45 | Ahead |
| **NFLX** | Revenue | $2,710 | $2,644 | |
| | EPS | $0.45 | $0.45 | In-line |
| **PCLN** | Revenue | $2,415 | $2,441 | |
| | EPS | $9.08 | $8.75 | Ahead |
| **SNAP** | Revenue | $163 | $158 | |
| | EPS | ($0.18) | ($0.21) | Ahead |
| **TRIP** | Revenue | $379 | $377 | |
| | EPS | $0.23 | $0.27 | Below |
| **TWTR** | Revenue | $535 | $510 | |
| | EPS | $0.03 | $0.01 | Ahead |
| **YHOO** | Revenue | $821 | $815 | |
| | EPS | $0.14 | $0.14 | In-line |
| **ZG** | Revenue | $239 | $236 | |
| | EPS | $0.06 | $0.05 | Ahead |

**Small Cap Stocks (<$5bn Market Cap)**

| Ticker | 1Q17 Metric | BofA ML | Street | BofA ML vs. Street |
|---|---|---|---|---|
| **RATE** | Revenue | $117 | $116 | |
| | EPS | $0.14 | $0.15 | Below |
| **CRCM** | Revenue | $43 | $43 | |
| | EPS | $0.04 | $0.02 | Ahead |
| **FIT** | Revenue | $282 | $278 | |
| | EPS | ($0.19) | ($0.19) | In-line |
| **GRUB** | Revenue | $153 | $153 | |
| | EPS | $0.25 | $0.24 | Ahead |
| **GPRO** | Revenue | $205 | $207 | |
| | EPS | ($0.39) | ($0.44) | Ahead |
| **TREE** | Revenue | $127 | $125 | |
| | EPS | $0.93 | $0.91 | Ahead |
| **MTCH** | Revenue | $293 | $308 | |
| | EPS | $0.14 | $0.13 | Ahead |
| **QUOT** | Revenue | $72 | $72 | |
| | EPS | $0.01 | $0.03 | Below |
| **P** | Revenue | $319 | $318 | |
| | EPS | ($0.49) | ($0.35) | Below |
| **TRVG** | Revenue | €241 | €241 | |
| | EPS | €0.02 | €0.02 | In-line |
| **WIX** | Revenue | $91 | $90 | |
| | EPS | ($0.05) | ($0.13) | Ahead |
| **W** | Revenue | $944 | $933 | |
| | EPS | ($0.49) | ($0.60) | Ahead |
| **YELP** | Revenue | $201 | $198 | |
| | EPS | $0.18 | $0.16 | Ahead |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017



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## Our 2017 estimates vs. street

Of the 25 Internet stocks listed below in our coverage, we are above the Street on 2017 EPS on 16 stocks and below the street on 9.

**Table 4: 2017 BAML Estimates vs. The Street**

**Large Cap Stocks (>$5bn Market Cap)**

| Ticker | Metric | BofA ML | Street | BofA ML vs. Street |
|---|---|---|---|---|
| **AMZN** | Revenue | $164,532 | $165,158 | |
| | EBITDA | $18,246 | $19,382 | |
| | EPS | $10.90 | $12.60 | Below |
| **EBAY** | Revenue | $9,458 | $9,398 | |
| | EBITDA | $3,520 | $3,494 | |
| | EPS | $2.03 | $2.01 | Ahead |
| **EXPE** | Revenue | $10,097 | $10,010 | |
| | EBITDA | $1,857 | $1,835 | |
| | EPS | $5.54 | $5.38 | Ahead |
| **FB** | Revenue | $38,546 | $37,774 | |
| | EBITDA | $24,358 | $23,775 | |
| | EPS | $5.67 | $5.43 | Ahead |
| **GOOGL** | Revenue | $88,636 | $87,691 | |
| | EBITDA | $43,457 | $43,264 | |
| | EPS | $41.82 | $41.12 | Ahead |
| **NFLX** | Revenue | $11,627 | $11,221 | |
| | EBITDA | $1,218 | $1,053 | |
| | EPS | $1.44 | $1.41 | Ahead |
| **PCLN** | Revenue | $12,518 | $12,447 | |
| | EBITDA | $4,784 | $4,747 | |
| | EPS | $75.35 | $74.11 | Ahead |
| **SNAP** | Revenue | $1,007 | $1,034 | |
| | EBITDA | ($580) | ($617) | |
| | EPS | ($0.59) | ($0.57) | Ahead |
| **TRIP** | Revenue | $1,647 | $1,649 | |
| | EBITDA | $346 | $339 | |
| | EPS | $1.22 | $1.23 | Below |
| **TWTR** | Revenue | $2,301 | $2,352 | |
| | EBITDA | $639 | $564 | |
| | EPS | $0.33 | $0.27 | Ahead |
| **YHOO** | Revenue | $3,369 | $3,574 | |
| | EBITDA | $848 | $891 | |
| | EPS | $0.65 | $0.67 | Below |
| **ZG** | Revenue | $1,062 | $1,048 | |
| | EBITDA | $215 | $211 | |
| | EPS | $0.48 | $0.44 | Ahead |

**Small Cap Stocks (<$5bn Market Cap)**

| Ticker | Metric | BofA ML | Street | BofA ML vs. Street |
|---|---|---|---|---|
| **RATE** | Revenue | $508 | $505 | |
| | EBITDA | $126 | $126 | |
| | EPS | $0.68 | $0.70 | Below |
| **CRCM** | Revenue | $172 | $172 | |
| | EBITDA | $20 | $19 | |
| | EPS | $0.43 | $0.36 | Ahead |
| **FIT** | Revenue | $1,625 | $1,580 | |
| | EBITDA | ($156) | ($120) | |
| | EPS | ($0.37) | ($0.36) | Below |
| **GRUB** | Revenue | $650 | $645 | |
| | EBITDA | $184 | $181 | |
| | EPS | $1.13 | $1.10 | Ahead |
| **GPRO** | Revenue | $1,307 | $1,266 | |
| | EBITDA | $66 | $48 | |
| | EPS | $0.09 | ($0.08) | Ahead |
| **TREE** | Revenue | $525 | $515 | |
| | EBITDA | $96 | $96 | |
| | EPS | $3.91 | $4.00 | Below |
| **MTCH** | Revenue | $1,285 | $1,325 | |
| | EBITDA | $462 | $459 | |
| | EPS | $0.95 | $0.88 | Ahead |
| **QUOT** | Revenue | $312 | $288 | |
| | EBITDA | $44 | $46 | |
| | EPS | $0.18 | $0.09 | Ahead |
| **P** | Revenue | $1,629 | $1,621 | |
| | EBITDA | ($17) | ($38) | |
| | EPS | ($0.21) | ($0.49) | Ahead |
| **TRVG** | Revenue | €1,105 | €1,088 | |
| | EBITDA | €44 | €40 | |
| | EPS | €0.05 | €0.06 | Below |
| **WIX** | Revenue | $420 | $416 | |
| | EBITDA | $74 | $64 | |
| | EPS | $0.31 | $0.36 | Below |
| **W** | Revenue | $4,169 | $4,237 | |
| | EBITDA | ($48) | ($59) | |
| | EPS | ($1.55) | ($1.65) | Ahead |
| **YELP** | Revenue | $895 | $889 | |
| | EBITDA | $166 | $161 | |
| | EPS | $0.99 | $1.04 | Below |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017



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## Stock price performance above estimate revisions

Internet sector stocks are up 6% YTD, on average, while EPS estimates for profitable companies in our coverage cluster are down 5% YTD. For large-caps over $5bn in market cap., street 2017 EPS estimates are down 8% YTD while the average stock price is up 9% YTD; suggesting macro expectations and stock rotation are having a larger impact on stock movement than earnings estimates. eCommerce leads the group, up 8% YTD with Travel up 6% and Media behind at 5%. Small Caps are lagging Large caps YTD at 4% vs. 9%.

**Chart 1: YTD Stock Price Performance vs. YTD 2017 Estimate Revisions By Sector**

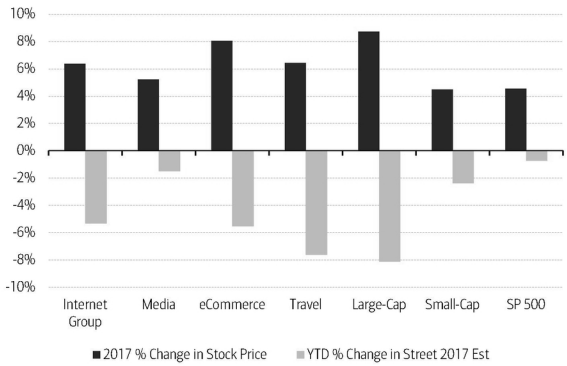


Source: Excludes companies with negative earnings, Bloomberg, as of 4/4/2017

Nine of the twelve large caps in our group are up YTD and four of these companies have had positive stock returns despite negative EPS estimate revision (AMZN, EXPE, EBAY & IAC). TRIP is the worst performing large cap YTD, down 12%. Only FB and NFLX have had positive 2017 EPS estimate revisions, with GOOGL, YHOO and PCLN holding flat.

**Chart 2: YTD Stock Price Performance vs. YTD 2017 EPS Revisions For Larger-Cap Internet Stocks ($5bn+)**

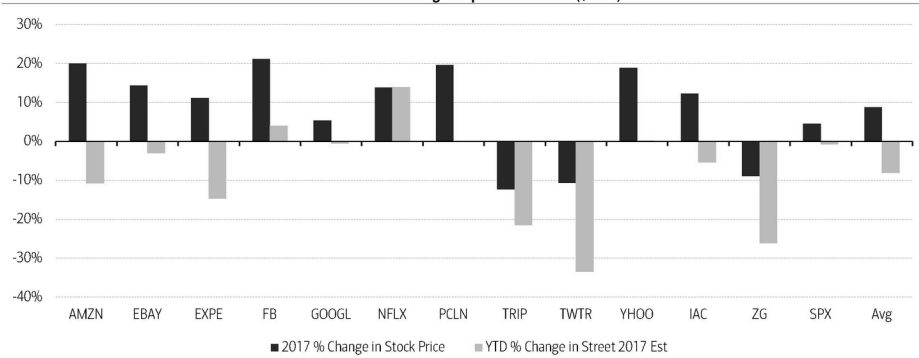


Source: Bloomberg consensus estimates, as of 4/4/2017



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# Sector Valuations

Internet sector trading multiples for EV/EBITDA and P/E are tracking up slightly YTD, (excluding NFLX). On a y/y basis, the group P/E is at 24x vs. 22x last year, while the group EV/EBITDA is at 14x vs. 13x a year ago.

**Chart 3: Internet Sector Historical 2-Yr Forward Avg. EV/EBITDA**

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

**Chart 4: Internet Sector Historical 2-Yr Forward Avg. P/E**

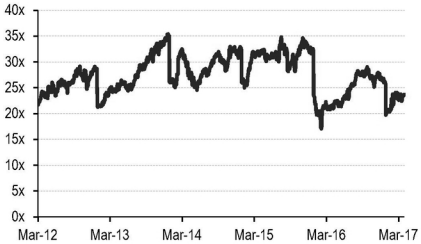


Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

**Large cap receiving a premium; Small caps at the low-end of historical range**

Excluding NFLX and YHOO, large cap stocks in the Internet group are trading at 26x 2018 EPS below the small cap group at 28x 2018 EPS, with both Large and Small caps trading slightly above their average for the past 5 years (see chart below). The media sector is trading at a steep discount to travel and eCommerce.

- The eCommerce sector is currently trading slightly above the midpoint of its five year range at 32x 2018 EPS. AMZN and WIX are well above at 49.5x and 74x respectively while EBAY is trading below at 15x.
- The Media sector is trading well below the midpoint of its recent range (excluding NFLX), at 25x 2018 EPS. GOOG (18x), FB (21x), and YELP (23x) are below the sector average while TWTR (40x) is above.
- The Online Travel sector is currently trading slightly above the mid-point of its five year range at 23x but below the internet sector average. TRIP (29x) is trading above the average while EXPE (18x) and PCLN (21x) are below.

**Chart 5: Historical 2-Year Forward P/E Multiple By Sector (ex NFLX)**

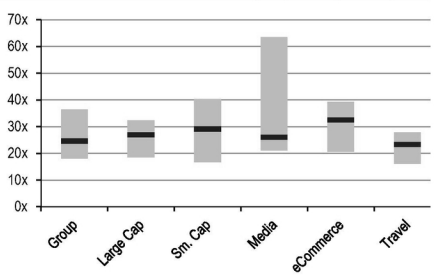


Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

**Chart 6: Historical 2-Year Forward P/E Multiple (select stocks)**

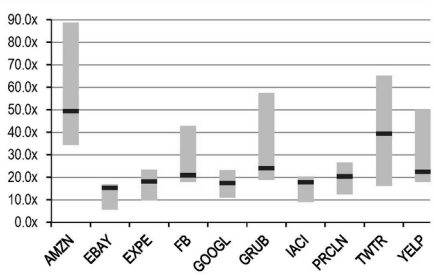


Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017



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### Currency still a slight headwind for 1Q results but improving

We expect FX to remain a y/y headwind for 1Q results; the Euro is down about 6% y/y but up 1% from where it was when most Large-cap internet companies reported 4Q results in late January (~$1.06). The GBP at $1.22 is down slightly (1.4%) over the same period. Our currency strategist is forecasting the Euro to end 2017 at $1.05 and the GBP to end at $1.19. FX pressure will ease after 1Q if rates hold, unless a company has high exposure to Japan.

**Table 5: Percent change y/y**

| | Euro | GBP | Yen | Other* |
|---|---|---|---|---|
| **4Q15** | -12.3% | -4.5% | -8.1% | -14.4% |
| **1Q16** | -2.0% | -5.4% | 1.1% | -11.0% |
| **2Q16** | 2.0% | -4.9% | 9.4% | -6.3% |
| **3Q16** | 0.3% | -13.9% | 19.3% | -2.9% |
| **4Q16** | -1.5% | -17.4% | 15.1% | 0.0% |
| **1Q17** | -3.5% | -14.5% | 2.5% | 3.3% |
| **2Q17E** | -5.6% | -15.4% | -3.9% | -0.3% |
| **3Q17E** | -4.5% | -9.2% | -9.9% | -0.9% |
| **4Q17E** | -1.2% | -3.5% | -8.1% | 0.2% |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

International revenues a percent of total revenues is highest at PCLN (87% of gross profit), GOOG (53%), FB (53%), TRIP (43%), EBAY (57%), and EXPE (42%). Higher operating margins in UK/Europe than US and lower Intl. taxes can increase this exposure.

**Chart 7: Spot Rate % Change Y/Y (USD vs. FX Spot Rate)**

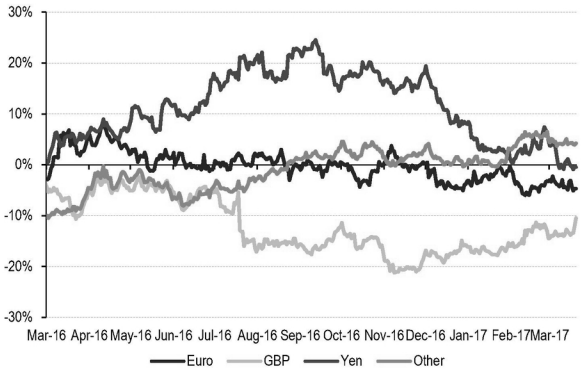


Source: Bloomberg; Other Includes the following *Asian (KRW, AUD, HKD), Europe (RUB, SEK, CHF), Americas (BRL, MXN, CAD) , as of 4/4/2017



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# Sentiment Ranking Update

We are updating our sentiment ranking index on 25 stocks in our Internet coverage universe (as of 4/4/17). We have aggregated six different indicators we think are relevant to gauge sentiment and have generated an overall "sentiment" score for each company. This sentiment analysis is intended to be informative and should not be used to form an investment opinion; for example our model does not factor in valuation or management quality. Of our company coverage universe, we have excluded four game publisher companies as well as two recent IPO's from this analysis as data may not be comparable.

**Table 6: 1Q16 change in sentiment ranking**

| Ticker | Rank | Pre 4Q Δ | Score | Pre4Q Δ |
|---|---|---|---|---|
| FB | 1 | +3 | 4 | +4 |
| WIX | 2 | -1 | 4 | +2 |
| TREE | 3 | -1 | 8 | -1 |
| AMZN | 4 | +5 | 8 | +4 |
| NFLX | 5 | -2 | 9 | -1 |
| GOOGL | 6 | NA | 9 | +1 |
| PCLN | 7 | +1 | 9 | +2 |
| CRCM | 8 | +9 | 11 | +3 |
| EXPE | 9 | +5 | 12 | +2 |
| IAC | 10 | +5 | 12 | +2 |
| RATE | 11 | -4 | 13 | -2 |
| EBAY | 12 | +4 | 13 | +1 |
| ONDK | 13 | +5 | 14 | +1 |
| ZG | 14 | -9 | 14 | -5 |
| YHOO | 15 | +6 | 14 | +3 |
| GPRO | 16 | +8 | 14 | +5 |
| YELP | 17 | -7 | 16 | -4 |
| W | 18 | -5 | 16 | -3 |
| P | 19 | NA | 16 | NA |
| GRUB | 20 | -9 | 16 | -4 |
| MTCH | 21 | +1 | 17 | +1 |
| QUOT | 22 | -10 | 17 | -4 |
| FIT | 23 | +2 | 19 | +1 |
| TRIP | 24 | -1 | 20 | -2 |
| TWTR | 25 | -5 | 21 | -5 |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

### Investor sentiment categories

We assembled data that measures investor sentiment across six categories. These metrics include latest short interest (as a % of float), change in short interest as a % of float over the last 90 days, current stock performance over the last 90 days, current average sell side ratings, forward year EPS estimate revisions over last 90 days, and expected FY17 revenue growth. While there are no perfect indicators of average investor sentiment, we believe these metrics provide a helpful framework of investor sentiment in our sector. In our analysis, Facebook, WIX, and LendingTree had the highest sentiment in 1Q, while Fitbit, Trip and Twitter had the lowest sentiment. Care.com had the most improved ranking, moving up 9 points to 8th, while Quotient had the biggest decline moving down 10 spots in our ranking to 22nd.

### Methodology

Our methodology consisted of: 1) gathering financial data across six categories that we believe are relevant to measuring investor sentiment, 2) ranking companies on each attribute using a scale of 1 to 29, with 1 highest and 29 the lowest, and 3) ranking the companies based on the avg. score of the six metrics.



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### Highest sentiment: FB, WIX, and TREE; Lowest: FIT, TRIP, and TWTR

Based on our sentiment ranking index, Facebook, Wix, and LendingTree have top investor sentiment pre 1Q earnings. Facebook moved into first place from fourth due to the lowest short interest as % of float, second highest FY17 revenue growth, sixth highest sell side FY16 EPS estimate revisions, and third best stock performance in the last 90 days. Wix came in second place with top stock performance in the last 90 days, top expected FY17 revenue growth and second best sell-side FY16 EPS estimate revision, despite ranking ninth for current sell side ranking and seventh for short interest ratio. LendingTree placed third with best current sell side ranking and best change in short interest ratio.

Fitbit had third worst investor sentiment with the worst stock performance in the last 90 days, the worst expected FY17 revenue growth and the second largest change in short interest in the period. TripAdvisor, had the second lowest sentiment with the third worst sell side ranking and fifth worst sell side EPS estimate revision. Twitter, our lowest sentiment stock pre 1Q earnings, had second to worst sell side ranking and expected FY17 revenue growth, along with third to worst sell side estimate revisions and was below average in all of our categories.

### Score Ranking vs. Investment Rating

Our sentiment analysis is independent of our investment rating system, and our investment rating may or may not factor in positive or negative sentiment. This scorecard analysis includes only data currently up to the last 90 days, and our investment rating opinion takes into consideration potential stock price fluctuations, attractiveness for investment relative to other stocks within our Coverage Cluster, business model quality, and valuation. Please see our Fundamental Equity Rating Opinion Key at the end of the report for more details.

**Table 7: Combined Metric List**

| Company | Short Interest % float | Δ short interest % of float | Performance 90 days | Sell Side Ranking | EPS Estimate Revisions | Expected FY17 Rev. Growth |
|---|---|---|---|---|---|---|
| FB | 1% | 0% | 21% | 4.7 | 4% | 37% |
| WIX | 2% | -1% | 67% | 4.4 | 62% | 43% |
| TREE | 23% | -20% | 21% | 5.0 | -6% | 34% |
| AMZN | 1% | 0% | 20% | 4.8 | -10% | 21% |
| NFLX | 6% | -1% | 14% | 4.1 | 15% | 27% |
| GOOGL | 1% | 0% | 6% | 4.7 | 0% | 19% |
| PCLN | 3% | 0% | 20% | 4.6 | 0% | 16% |
| CRCM | 3% | 0% | 42% | 3.5 | 28% | 6% |
| EXPE | 8% | -2% | 11% | 4.6 | -12% | 14% |
| IAC | 1% | 0% | 12% | 4.4 | -5% | -1% |
| RATE | 2% | 0% | -13% | 4.2 | 2% | 16% |
| EBAY | 2% | 0% | 14% | 3.6 | -3% | 5% |
| ONDK | 12% | 3% | 1% | 3.3 | 34% | 30% |
| ZG | 11% | -2% | -9% | 3.9 | -26% | 24% |
| YHOO | 6% | 1% | 19% | 3.8 | 0% | 2% |
| GPRO | 36% | -3% | -4% | 2.3 | 74% | 7% |
| YELP | 10% | 0% | -14% | 3.7 | -2% | 25% |
| W | 38% | 2% | 17% | 3.9 | -22% | 25% |
| P | 30% | 2% | -7% | 3.9 | 2% | 17% |
| GRUB | 18% | 7% | -11% | 4.1 | -5% | 31% |
| MTCH | 27% | 5% | -4% | 4.2 | 1% | 8% |
| QUOT | 8% | 0% | -13% | 4.8 | -56% | 5% |
| FIT | 26% | -4% | -29% | 3.1 | NA | -27% |
| TRIP | 16% | 5% | -12% | 2.9 | -21% | 11% |
| TWTR | 11% | 3% | -11% | 2.5 | -55% | -7% |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017



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**Table 8: Combined metric rankings**

| Company | Short Interest % float | Δ short interest % of float | Performance 90 days | Sell Side Ranking | EPS Estimate Revisions | Expected FY17 Rev. Growth | Average |
|---|---|---|---|---|---|---|---|
| FB | 1 | 8 | 3 | 4 | 6 | 2 | 4 |
| WIX | 7 | 6 | 1 | 9 | 2 | 1 | 4 |
| TREE | 20 | 1 | 4 | 1 | 17 | 3 | 8 |
| AMZN | 4 | 9 | 5 | 2 | 18 | 10 | 8 |
| NFLX | 10 | 7 | 10 | 13 | 5 | 6 | 9 |
| GOOGL | 2 | 12 | 13 | 5 | 12 | 11 | 9 |
| PCLN | 8 | 11 | 6 | 7 | 10 | 14 | 9 |
| CRCM | 9 | 14 | 2 | 20 | 4 | 19 | 11 |
| EXPE | 12 | 5 | 12 | 6 | 19 | 15 | 12 |
| IAC | 3 | 10 | 11 | 8 | 16 | 23 | 12 |
| RATE | 6 | 15 | 23 | 10 | 8 | 13 | 13 |
| EBAY | 5 | 13 | 9 | 19 | 14 | 20 | 13 |
| ONDK | 17 | 21 | 14 | 21 | 3 | 5 | 14 |
| ZG | 15 | 4 | 18 | 14 | 22 | 9 | 14 |
| YHOO | 11 | 18 | 7 | 17 | 11 | 22 | 14 |
| GPRO | 24 | 3 | 15 | 25 | 1 | 18 | 14 |
| YELP | 14 | 16 | 24 | 18 | 13 | 8 | 16 |
| W | 25 | 19 | 8 | 15 | 21 | 7 | 16 |
| P | 23 | 20 | 17 | 16 | 7 | 12 | 16 |
| GRUB | 19 | 25 | 20 | 12 | 15 | 4 | 16 |
| MTCH | 22 | 24 | 16 | 11 | 9 | 17 | 17 |
| QUOT | 13 | 17 | 22 | 3 | 24 | 21 | 17 |
| FIT | 21 | 2 | 25 | 22 | N/A | 25 | 19 |
| TRIP | 18 | 23 | 21 | 23 | 20 | 16 | 20 |
| TWTR | 16 | 22 | 19 | 24 | 23 | 24 | 21 |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017



HOUSE_OVERSIGHT_014896

# Alphabet (Buy, $1,025 PO)

**Stock view: Expect solid 1Q revs., but loss of non-GAAP reconciliation a concern**
New concerns have been raised on the YouTube advertiser pullback, but with the cuts in spending surfacing primarily in the back half of March, we anticipate only modest impact to 1Q revenue, with more significant potential impact to 2Q17 (see Advertiser boycott raising concerns on 1Q/2Q revenues). Looking beyond the YouTube issues, our early 1Q ad checks were mostly positive, with Merkle highlighting modest revenue growth acceleration, better than the 70bps of ex-FX Website revenue deceleration in 1Q17 (vs 4Q16) we've assumed in our model. Overall, we expect in-line to slightly better 1Q results driven by mobile and PLA strength (and perhaps some maps ads), but see risk of moderate Street estimate cuts for 2Q/3Q revenue on YouTube concerns. For most companies, we would expect management to help clear up the advertiser controversy on the call with some added financial disclosure or guidance, but predicting what Alphabet will say on the topic is more difficult.

1Q results will be the first quarter that Google reports GAAP EPS without a non-GAAP EPS reconciliation. With higher than usual SBC in 1Q due to changes in grant timing, it is possible Google misses Street GAAP EPS. We are leaving our revenue unchanged but lowering GAAP EPS to $7.26 from $7.36 based on higher SBC. Also, unusual charges are more likely to be controversial for Google without a non-GAAP EPS reconciliation.

Core margins remain a key focus, as has been the case since 3Q16 when core Google non-GAAP operating margins contracted 95bps y/y. We expect core margins to remain down y/y driven primarily by segment mix, and our model assumes 2017 core margins are down 50bps in 2017 (to 46.1%) and another 20bps in 2018 (to 45.9%). For 1Q17, we assume 45.8% core Google non-GAAP operating margin, up 30bps q/q and down 75bps y/y. Our recent deep dive analysis suggests segment mix alone drives a natural 220bps margin headwind, which we think can be partially offset with 1) upside in high margin search growth from monetization growth (clicks and pricing); 2) leverage in individual segments from scale; and 3) cost cutting measures across the business (see Digging into the Alphabet revenue mix and margin drivers).

We continue to like the stock, but recognize that potential estimate trimming on YouTube concerns, further margin contraction, SBC pressure on GAAP EPS and challenging 2Q17 comps could continue to drag on near-term sentiment. Looking ahead, we are optimistic on 2H17 based on the potential for new ad format ramps, easing comps, and potential YouTube relief (we assume the advertiser boycott eases exiting 2Q). Alphabet trades at 22x GAAP (17x ex-Other Bets, cash), in-line with the S&P and in-line to below the 5-year average (23.5x), which we view as attractive.

**Key theme/metric(s) for 1Q: Website growth, core margins**
We believe the key metrics for the quarter will be ex-FX Website growth and core margins. For ex-FX website growth, we currently model 70bps of deceleration in 1Q17 (vs 4Q16), and we think deceleration could persist through 2Q17, after which the y/y growth comps ease considerably.



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**Chart 8: Google ex-FX Y/Y growth trends**

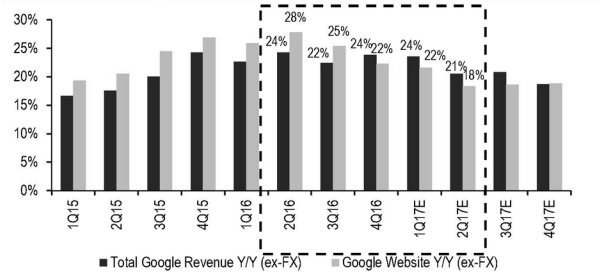


Source: Company reports, BofA Merrill Lynch Global Research

For core margins, we assume y/y contraction through 3Q17, after which we model a slight uptick in 4Q17. For the year, we assume core Google margins contract 50bps to 46.1%. In terms of blended Alphabet non-GAAP operating margins, we assume 70bps of y/y contraction to 40.7% in 2017, but won't be surprised if better cost discipline (particularly in Other Bets) drives more stable y/y trends.

**Table 9: Core Google non-GAAP operating margin forecast**

| | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17E | 2Q17E | 3Q17E | 4Q17E | 1Q18E | 2Q18E | 3Q18E | 4Q18E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Core Google non-GAAP operating margin | 46.5% | 47.9% | 46.5% | 45.5% | 45.8% | 46.5% | 45.6% | 46.4% | 45.6% | 46.5% | 45.4% | 46.3% |
| Y/Y Change | 1.4% | 1.6% | -1.0% | -1.5% | -0.7% | -1.4% | -0.9% | 0.9% | -0.2% | -0.1% | -0.2% | -0.1% |

Source: Company, BofA Merrill Lynch Global Research

**Biggest 1Q issues/risks:**

- **Deceleration in Google Website revenue:** There could be modest revenue pressure due to YouTube boycott impact, and/or ad shift to Facebook. One SEM suggested a modest uptick in advertising spend on maps, which could be a positive in 2017.

- **TAC to distribution partners:** Rising TAC rate (Apple, Samsung) could mitigate potential gross revenue upside in the higher margin mobile search segment.

- **Growth investments could drag on margins:** Investments in Google Cloud, hardware, and YouTube could be higher than we expect, which could negatively impact core Google margins and raise concerns on long-term sustainable margin levels.

- **YouTube/Display Network commentary:** While we do not expect full resolution on the YouTube/Display Network issues, management's tone will likely impact expectations for timing of a fix, corresponding costs, magnitude of the boycott losses, and time to recover lost ad spend.

- **Stock comp timing shift could cause some GAAP lumpiness:** Shift in timing of annual stock-based comp grants could impact 1Q EPS, but should be offset with lower relative cost in 2H17.

**Top 1Q data point:**

Our early 1Q checks (pre quarter end) have been mostly positive, but most checks did not contemplate a potential impact of the YouTube & Display Network pullback. ComScore PC click data has suggested Google PC queries are down 3% q/q QTD, slightly worse than the 2% q/q decline in 1Q16.



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## Estimate vs Consensus

Our revenue and EBITDA estimates of $20.2bn/$9.9bn are slightly above the Street at $19.9bn/$9.8bn. Our model assumes currency to be a 2% headwind on y/y international revenue in 1Q17 (similar to 4Q16) and a 3% headwind in 2Q17. Our 1Q17 non-GAAP EPS of $9.53 is slightly above consensus at $9.45, and on a GAAP basis, our 1Q estimate for $7.26 is slightly below the Street at $7.42. For 2017, we are above on revenue, EBITDA, and non-GAAP EPS, but slightly below on GAAP EPS.

**Table 10: Alphabet Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofA ML est. | $20,219 | $21,009 | $88,636 | $104,228 |
| *Growth Y/Y%* | *23%* | *20%* | *21%* | *18%* |
| Street | $19,891 | $20,867 | $87,691 | $102,632 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofA ML est. | $9,897 | $10,428 | $43,457 | $50,670 |
| Street | $9,788 | $10,384 | $43,264 | $50,252 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofA ML est. | $9.53 | $10.02 | $41.82 | $48.45 |
| Street | $9.45 | $10.09 | $41.12 | $48.56 |
| **BofA ML vs Street** | Above | Below | Above | Below |
| **GAAP EPS** | | | | |
| BofA ML est. | $7.26 | $7.75 | $32.66 | $37.81 |
| Street | $7.42 | $8.06 | $33.31 | $39.16 |
| **BofA ML vs Street** | Below | Below | Below | Below |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

Given the recent YouTube & ad network concerns, it's possible stock sees a lift on in-line EPS if commentary on content fixes and advertiser pullback is constructive. We are comfortable with our $1,025 price objective, based on 21x core Google GAAP EPS plus cash. Our PO multiple is within the five year range of 12-24x forward P/E. Easing comps and potential new ad format ramps (Google's advertiser conference is May 23) could be positive 2H drivers.



HOUSE_OVERSIGHT_014899

# Amazon (Buy, $1,100 PO)

**Stock view: Positive on retail, but street increasingly focused on advertising**
For Amazon's retail business, sentiment remains positive despite some modest 4Q revenue weakness vs expectations. We expect the retail business to remain strong in 1Q with stable growth as core drivers (Prime, delivery infrastructure advantage) remain intact. The lack of early tax refund support is a potential 1Q risk, but we would expect any delayed spending to bounce back in March or 2Q. Continued store closures by traditional retailers should aid the online shift throughout 2017. Finally, it appears Amazon has become stepped up advertising on its site, with more sponsored listings, which could be a source of revenue upside in 2017. Amazon had new revenue disclosures in its 10-K, and the ad revenue line significant accelerated in 2016.

For AWS, we expect some additional q/q revenue deceleration and q/q declines in margins. We note that AWS growth in 4Q was below our estimates, and the effects of 4Q's late price cuts should drive additional deceleration in 1Q. Microsoft and Google are well capitalized competitors that are significantly increasing cloud investment (see Battle in Seattle for industry update), so the Street sentiment could shift more cautiously on Amazon on a slight miss.

Margins continue to be a risk, but top line trends seem to be the biggest driver of sentiment and advertising optimism has grown. Amazon's current investment cycle began in earnest in 3Q'16, and we expect the elevated pace of investment to persist through 3Q'17. Margins may see y/y declines given: 1) Ongoing investments in fulfillment center build out (given fulfilled unit growth of 40% in 2016), 2) Digital content and related marketing, 3) Prime benefits (Now and Fresh), 4) Alexa/Echo, and 5) India. We think the Street is constructive on these initiatives, and will move past lower y/y margins concerns if top line growth is stable in 1Q.

**Key theme/metric(s) for 1Q: AWS growth and 2Q profit outlook**
We forecast 43% y/y AWS growth in 1Q, down from 47% in 4Q, partially due to the lingering effects of price cuts that went into effect on December 1st. This implies 4% q/q growth v. 9% last quarter. Increased investments in logistics/fulfilment, AWS, marketing, Prime content and others could set Amazon up for disappointing margin guidance vs. the Street's expectations. However, we think the Street will focus on revenue trends and ultimately view the investments as a long-term positives.

**Biggest 1Q issues/risks:**

- 2Q GAAP operating income outlook given increased investments in logistics, India, Prime Instant Video content, as well as expected AWS deceleration
- Gross profit growth trends given expense issues and tougher growth comps in 1H17
- AWS margin trends given AWS price cuts and aggressive competition
- International segment performance given investments in India

**1Q traffic data points mixed**
comScore's US data indicates that Amazon PC user growth has been down 2% y/y in 1Q through February vs. 4Q at -5% y/y. Mobile user growth is up 8% y/y vs. up 9% in 4Q. Amazon's total mobile and PC minutes were down 5% y/y in 1Q through February vs. up 18% y/y in 4Q; mobile minutes were down 7% y/y in 1Q vs. +18% y/y in 4Q.

**1Q items/news:**

- **Logistics investments:** Amazon announced a $1.5bn air hub in Northern Kentucky that will host Amazon's own cargo airline.
- **AWS outage:** AWS had a large outage in early March. Investors will likely focus on the competitive implications of the outage.



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- **Walmart continuing to acquire eCommerce assets and launching free 2-day shipping**: Investors will likely focus on Amazon's results relative to Wal-mart.

- **Amazon Business:** Amazon Business announced a multi-year agreement with a public sector co-op, worth $500mn/year with a 5 year contract and 6 option years (see Now we're in Business: Amazon announces new B2B contract with public sector co-op).

- **Prime Now expansion:** Prime Now launched 1-hour delivery in Milwaukee and Boston during the quarter. Amazon also launched the ability for Alexa users to make Prime Now orders.

- **Upcoming 2Q events:** AWS Summit SF (April 18-19), new Prime Instant Video content rollout (*Manchester by the Sea*, Bosch season 3, I Love Dick).

- **Souq.com acquisition:** Amazon has an agreement to acquire Souq.com, the leading eCommerce platform in the Middle East. Terms were not disclosed, though press reports indicate that Amazon had bid $650mn for the company before Emaar Malls made a public bid of $800mn. The deal is expected to close in 2017.

- **Physical store rollout:** Amazon has launched or planned to open 10 AmazonBooks stores, is beta testing its AmazonGo grocery store concept (though public opening was delayed due to technology issues), and there are press reports that Amazon is testing other grocery store formats as well.

- **Google Cloud Conference:** No significant price announcements were made, but Google's conference was much more impressive this year (see What a difference a year makes for Google Cloud).

### Souq.com brings Amazon into the Middle East

Amazon announced that it has an agreement to acquire Souq.com, the leading eCommerce platform in the Middle East. Terms were not disclosed, though press reports indicate that Amazon had bid $650mn for the company before Emaar Malls made a public bid of $800mn. This will represent Amazon's largest deal since the $970mn Twitch acquisition in 2014.

Souq.com does not disclose its sales or earnings, making it difficult to assess the acquisition multiple or potential accretion of the deal. An $800mn acquisition implies 0.2% of Amazon's current market cap. Though it is somewhat surprising for Amazon to acquire a company in order to enter a new market, Amazon can leverage logistics, sourcing, customer, and technology investments at Souq.com. The deal is expected to close in 2017. Souq.com offers 8.4mn products across 31 categories, including electronics, health & beauty, fashion, home goods, and baby. The site has 45mn monthly visitors and localized operations in Saudi Arabia, UAE, and Egypt and localized sites for the UAE, Egypt, Saudi Arabia, Kuwait, Bahrain, Oman, and Qatar. Euromonitor estimates that Middle East & Africa GMV is $9bn market in 2016 though other reports peg the market at $20bn, implying roughly 1-2% eCommerce penetration in the region vs. mid-teens in Western markets. Press reports last year indicated that Amazon was exploring entering Australia and Singapore in 2017. The Souq.com acquisition may signal a more aggressive global expansion plan.

### Estimates vs. Consensus: Above Street revenue and EPS

We expect 1Q revenue/EPS of $35.3bn/$2.34 vs. Street at $35.3bn/$2.28. Amazon's 1Q revenue guidance is $33.25-35.75 and GAAP operating income of $250-900 (we are at $898mn in operating income). Our 1Q revenue estimate of $35.3bn (+21% y/y vs. 22% in 4Q16) is based on 24% y/y unit growth vs. 24% y/y in 4Q. For 1Q17, we estimate -19% q/q revenue growth vs -19% q/q in 1Q last year. We are below the street for 2Q margins.



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**Table 11: Amazon Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $35,335 | $36,784 | $164,532 | $194,826 |
| *Growth Y/Y%* | *21%* | *21%* | *21%* | *18%* |
| Street | $35,255 | $36,815 | $165,158 | $199,387 |
| **BofAML vs. Street** | Above | Below | Below | Below |
| **EBITDA** | | | | |
| BofAML est. | $4,153 | $4,626 | $18,246 | $22,022 |
| Street | $4,085 | $4,835 | $19,382 | $24,850 |
| **BofAML vs. Street** | Above | Below | Below | Below |
| **EPS** | | | | |
| BofAML est. | $2.34 | $2.86 | $10.90 | $14.37 |
| Street | $2.28 | $3.30 | $12.60 | $18.16 |
| **BofAML vs. Street** | Above | Below | Below | Below |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our PO of $1,100 is based on our SOP that values AWS at $127bn or $259 per share and the retail business at $413bn or $841 per share. Our 5.5x AWS multiple is a modest premium to the software/SaaS comp group at 5.0x on 2018 sales, and 0.9x multiple is a premium to a retail general merchandise comp group at 0.7x. We think the premiums are warranted given share gains and superior growth. Our $1,100 price objective implies 2.8x 2018E Price/Sales, a multiple above the high end of Amazon's historical range of 1.0-2.5x. We argue the historical P/S multiple should increase given positive 3rd party sales (3P) that is reported on a net basis, a higher AWS revenue contribution, an increasing advertising contribution, and record gross profit margins.



HOUSE_OVERSIGHT_014902

# eBay (Buy, $38 PO)

**Stock view: Marketplace growth should improve in 2017**

eBay's 4Q results showed signs of Marketplace improvement, with improving mobile and C2C trends and a modest pickup in new buyers. Management expects to put marketing dollars behind this trend to drive Marketplace growth momentum in 2017 (guidance calls for 1 point of acceleration in Marketplace volume in 1Q, with 2 points for the full year). Expectations have risen since the start of the year, and we think eBay needs to deliver 1 point acceleration in US GMV growth vs 1Q to maintain confidence in management's execution. There is also significant interest in eBay's first party ad strategy and potential improvement in transaction take rates (at expense of MS&O revenues).

The potential structured data impact also remains top of mind for investors as structured data will provide the backbone for improving customer search and product experiences. As of 4Q'16, there are 180mn+ structured data pages v. 100mn+ pages at the end of 3Q'16. More pages are expected in 2017, which will start to be exposed to core organic traffic. Management appears confident that the impact of structured data would increasingly benefit results and that structured data formats will be much more visible by holiday 2017. Overall, if 1Q results are at/above expectations, we think the stock will reflect even more optimism on structured data improvement.

For margins, we expect continued pressure in 2017 as the company ramps up marketing spend and increases its AI capabilities. If the company can manage to accelerate top line growth through conversion rate improvements, some of the upside may be invested, limiting 2017 earnings flow through (but benefitting growth in 2018). Therefore, we think customer, transaction and revenue trends most important for 2017, but lack of margin flow through could be sentiment headwind for the stock.

**Key theme/metric(s) for 1Q: Marketplace growth/outlook**

Our model assumes US GMV growth of 3.5% y/y, an 80bps q/q acceleration off an 80ps easier y/y comp, while we anticipate 6.0% y/y Intl ex-FX GMV growth. US acceleration (despite a modest Leap Year headwind) is likely needed to maintain increased management confidence. Our model assumes 8.3% take rate, which is up 10bps y/y and could be aided by the early transition to 1st party advertising on the site. eBay's 1Q revenue guide implies 5% y/y ex-FX growth at the midpoint, while the 2017 revenue guide calls for 7% ex-FX growth, implying revenue growth acceleration during the year.

**Chart 9: eBay quarterly GMV and revenue y/y growth**

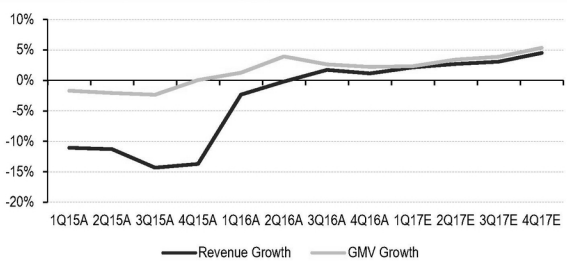


Source: BofA Merrill Lynch Global Research estimates, company report

**Biggest 1Q issues/risks:**

- Overall GMV growth remains muted as structured data changes still early, reducing confidence in future improvement.



HOUSE_OVERSIGHT_014903

- StubHub trends as StubHub GMV comps are tough in 1H'17 (32% y/y growth in 1H'16).

- Marketing expenses are expected to increase, putting pressure on margins and could raise concerns that GMV growth is being "bought".

### Early 1Q traffic data points mixed

comScore's eBay desktop unique visitors decreased 6% on average through February vs. down 2% in 4Q. comScore's total eBay mobile and PC minutes declined 20% y/y on average through February in 1Q vs. down 17% y/y in 4Q. comScore indicates mobile minutes decreased 38% vs. down 20% in 4Q.

### Estimates vs. Consensus: Expect modest EPS upside

We expect eBay to report broadly in-line revenue/EPS estimates of $2.21bn/$0.49 vs. the Street at $2.21bn/$0.48 (guidance is $2.17bn-$2.21bn and $0.46-$0.48). Our model assumes 11mn shares repurchased in 1Q (about $350mn of repurchase activity). We have adjusted our GAAP EPS for higher amortization of deferred tax asset.

**Table 12: eBay Earnings Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $2,210 | $2,340 | $9,458 | $10,062 |
| *Growth Y/Y%* | *3%* | *5%* | *5%* | *6%* |
| Street | $2,206 | $2,315 | $9,398 | $9,925 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofAML est. | $855 | $843 | $3,520 | $3,735 |
| Street | $841 | $827 | $3,494 | $3,726 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofAML est. | $0.49 | $0.48 | $2.03 | $2.22 |
| Street | $0.48 | $0.47 | $2.01 | $2.21 |
| **BofAML vs. Street** | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our $38 price objective is based on 17x our 2018E non-GAAP EPS. O ur 17x P/E multiple is slightly ahead of the retail comp group average of about 16x, reflecting eBay's potential for a Marketplace growth acceleration (to well above average retail growth) in 2017. With 6-8% growth and an 8% FCF yield, we think eBay remains an interesting value stock for retail investors, although GARP focused Internet investors may prefer stronger growth at Google or Priceline.



HOUSE_OVERSIGHT_014904

# Expedia (Buy, $146 PO)

**Stock view: 1Q faces tough comps, but should clear way for strength into '18**
We think 1Q expectations are somewhat muted as Expedia has highlighted several earnings headwinds in early 2017, including incremental cloud migration spend, higher marketing spend and, recently, potential ADR pressure. 1Q'17 earnings will face the toughest room night growth comps, though Expedia expressed optimism on trends through January on the 4Q call. Comps ease during the rest of the year for Expedia, which we see as a positive set up for the stock. We think Expedia will reiterate its 10-15% EBITDA growth outlook and .Expedia remains our top 2017 summer (2Q/3Q) travel idea.

We currently forecast 20% y/y room night growth in 2Q/3Q, though the comp is 1600bps easier vs. 1Q and street growth expectations could be higher. The ongoing benefit of conversion rate improvements, the Easter shift into 2Q (noted as 1% impact in 2Q'16), as well as the benefit of more aggressive marketing spend should aid 2Q growth. Additionally, prior to 1Q'17 earnings, Expedia will begin to disclose HomeAway online bookings and room nights, which we think may drive y/y room night growth 200-300bps higher (we forecast HomeAway room nights up 50% y/y in 2017 vs. core OTA room nights up 18%). We think investors will also view HomeAway disclosure positively if the data indicates that the HomeAway transition remains on track and provide visibility into potential EBITDA acceleration in 2018.

STR data suggests hotel fundamentals deteriorated modestly in the US through initial March readings, but improved slightly in Europe through February. However, Expedia's CEO commented in a recent interview with the *Financial Times* that international tourism to the US (Expedia's key market) has decelerated following the introduction of Trump's travel bans, which may be a downside risk to 1Q bookings and revenues. This mirrors ForwardKeys data from early March that after Trump's executive order, foreign tourism bookings to the US fell, then rebounded when the ban was suspended, but declined again when the ban was re-introduced. A few US hotel operators have indicated little impact from travel bans, so data is mixed.

**Key theme/metric(s) for 1Q: room night growth vs industry and Priceline**
We expect 1Q organic room night growth to remain steady at 16% y/y, though we note that this does not yet include the contribution from HomeAway, which we think should add 200-300bps to y/y growth. We expect N. America bookings growth of 12% y/y vs. 8% in 4Q, Int'l bookings (FX-neut.) of 14% y/y.

**Biggest 1Q issues/risks:**

- Room nights may disappoint on tougher 1Q comps, negatively impacting the acceleration thesis
- Expedia's CEO commented in a recent interview with the *Financial Times* that international tourism to the US (Expedia's key market) has decelerated following the introduction of Trump's travel bans, which may pressure hotel ADRs and be a downside risk to 1Q bookings
- Pace of investments, namely cloud IT spend ($110mn in 2017) and marketing ramp
- HomeAway EBITDA trends given marketing spend ramp and pressure on subscription revenues. Street has high expectations for the business.
- Pressure on hotel take rates given agency mix shift and rewards programs

**Early 1Q RevPAR data decelerates**
According to STR, 1Q US RevPAR through initial March readings decelerated 30bps to 3.0% y/y, and European RevPAR through February accelerated 600bps q/q to 3.6% y/y



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(FX-neutral). The STR data reflects a continued gradual deceleration in US RevPAR growth and a more recovery in European RevPAR growth as the region laps terrorist attacks and geopolitical uncertainty.

**Table 13: US and European RevPAR Y/Y Change**

| *US* | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17** | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occupancy | -0.3% | -0.8% | -0.4% | 2.2% | -0.5% | 0.3% | -1.0% | -0.4% | 1.6% | -0.3% | 2.5% | -0.1% | 0.5% | -0.5% | 1.6% | -0.5% | 0.7% | 0.1% | 0.7% | 0.5% |
| ADR | 2.8% | 3.6% | 3.2% | 2.8% | 2.4% | 3.5% | 3.6% | 2.5% | 3.9% | 1.9% | 3.4% | 2.4% | 3.2% | 1.7% | 2.6% | 3.2% | 2.9% | 3.3% | 2.6% | 2.5% |
| RevPAR | 2.4% | 2.8% | 2.7% | 5.0% | 1.9% | 3.8% | 2.5% | 2.1% | 5.6% | 1.6% | 5.9% | 2.3% | 3.8% | 1.2% | 4.2% | 2.7% | 3.6% | 3.4% | 3.3% | 3.0% |
| ***Europe*** | | | | | | | | | | | | | | | | | | | | |
| Occupancy | 1.4% | 1.5% | 0.3% | 3.5% | -0.3% | -0.7% | -0.4% | -1.5% | 0.8% | -0.4% | 4.2% | 4.5% | 5.1% | 2.9% | | 1.1% | 0.8% | -0.4% | 2.8% | 4.0% |
| ADR | -4.3% | -2.7% | 2.5% | 3.2% | 0.3% | -4.5% | -0.7% | -4.8% | -1.8% | -8.6% | -5.3% | -5.0% | -2.1% | -3.1% | | -1.5% | -0.3% | -2.4% | -6.3% | -2.6% |
| RevPAR | -2.9% | -1.3% | 2.8% | 6.8% | -0.1% | -5.1% | -1.1% | -6.2% | -1.0% | -9.0% | -1.3% | -0.7% | 2.9% | -3.1% | | -0.5% | 0.5% | -2.8% | -3.7% | -0.1% |
| ***Europe in Euros*** | **Jan-16** | **Feb-16** | **Mar-16** | **Apr-16** | **May-16** | **Jun-16** | **Jul-16** | **Aug-16** | **Sep-16** | **Oct-16** | **Nov-16** | **Dec-16** | **Jan-17** | **Feb-17** | | **1Q16** | **2Q16** | **3Q16** | **4Q16** | **1Q17** |
| Occupancy | 1.4% | 1.5% | 0.3% | 3.5% | -0.3% | -0.7% | -0.4% | -1.5% | 0.8% | -0.4% | 4.2% | 4.5% | 5.1% | 2.9% | | 1.1% | 0.8% | -0.4% | 2.8% | 4.0% |
| ADR | 0.0% | -0.2% | -1.7% | -0.1% | -0.9% | -4.4% | -2.7% | -4.6% | -1.6% | -8.5% | -5.4% | -1.5% | -0.9% | 0.2% | | -0.7% | -1.8% | -3.0% | -5.2% | -0.4% |
| RevPAR | 1.4% | 1.2% | -1.4% | 3.3% | -1.2% | -5.0% | -3.1% | -6.0% | -0.9% | -8.9% | -1.4% | 2.9% | 4.2% | 3.0% | | 0.4% | -1.0% | -3.3% | -2.4% | 3.6% |

Source: Smith Travel Research (STR), BofA Merrill Lynch Global Research estimates; Note: **March data is month to date

## Estimates vs. Consensus: In-line 1Q revenue and EPS

We expect 1Q revenue/EPS of $2.13bn/$0.07 vs. the Street at $2.14bn/$0.06 driven by 8% core OTA growth, 48% Trivago growth (in USD), 2% Egencia growth, and 16% HomeAway growth. We expect room night growth to remain stable at 16% in 1Q'17 before accelerating on easier comps in 2Q/3Q. Expedia guided 2017 EBITDA growth to 10-15% and our 2017 EBITDA forecast of $1.86bn (15% y/y growth) is modestly above the Street at $1.83bn (14% y/y growth).

**Table 14: Expedia Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofAML est. | $2,134 | $2,555 | $10,097 | $11,424 | $12,931 |
| *Growth Y/Y%* | *12%* | *16%* | *15%* | *13%* | *13%* |
| Street | $2,140 | $2,507 | $10,010 | $11,266 | $12,429 |
| **BofAML est. vs. Street** | Below | Above | Above | Above | Above |
| **EBITDA** | | | | | |
| BofAML est. | $182 | $379 | $1,857 | $2,141 | $2,416 |
| Street | $179 | $367 | $1,835 | $2,212 | $2,628 |
| **BofAML est. vs. Street** | Above | Above | Above | Below | Below |
| **EPS** | | | | | |
| BofAML est. | $0.07 | $0.99 | $5.54 | $6.84 | $7.71 |
| Street | $0.06 | $0.94 | $5.38 | $6.88 | $8.55 |
| **BofAML est. vs. Street** | Above | Above | Above | Below | Below |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our $146 price objective is based on our sum of the parts (SOP) that assumes 9x 2018E EBITDA for the core OTA business (a discount to Priceline at approx. 15x due to slower organic growth and higher taxes on earnings), 8x 2018E EBITDA for Egencia (we expect single digit growth), 60% ownership of Trivago (using our PO), and 15x 2018 EV/EBITDA for HomeAway, plus net cash and long term investments.



HOUSE_OVERSIGHT_014906

# Facebook (Buy, $165 PO)

**Stock view: Becoming the one-stop social shop**

We expect Facebook to report upside to Street 1Q revenue (but less in absolute dollars than in 4Q) driven by robust demand, Instagram momentum, and solid underlying user growth and engagement. Early ad checks in the quarter indicate steady advertiser trends, with some elements of seasonality off a stronger 4Q, and strength at Instagram. We expect pricing tailwinds to begin to pick up as we approach ad inventory supply moderation in 2H17, and a flurry of new product introductions could provide additional sources of ad load inventory over time. Overall, we see 1Q as an in-line to slightly better quarter, and are optimistic on the set-up for the remainder of the year for pricing, expense management, user engagement, and new platforms/feature ramps. Facebook will be hosting its F8 developer conference before earnings in San Jose on April 18-19.

Facebook had another busy quarter of new product launches with a notable trend of Snapchat-like features (Stories, Direct ephemeral messaging) and Video. At this point, we believe the Snap threat is less of a near-term concern. Recent key product/feature releases include:

- **Stories for all:** On the tail of a successful Instagram Stories launch in 8/16, Facebook rolled out WhatsApp Status (2/17), Messenger Day (3/17), and Facebook Stories (3/17).
- **Direct ephemeral messaging:** After introducing ephemeral direct photo/video sharing on Instagram in 11/16, Facebook announced a comparable feature with integrated filters/masks/frames for the core Facebook app in 3/17.
- **Video App for TV:** Announced in February, new app for Apple TV, Amazon Fire TV, and Samsung Smart TV to enable FB video viewing on TV.
- **New ad products:** Instagram Stories ads (1/17) a positive tailwind to Instagram ad load, while vertical video ads (Facebook 9/16, Instagram 11/16) and Collections (3/17) are likely positive for pricing.

While, in many ways, Facebook is duplicating Snapchat's innovation, we are encouraged with the rate of new product introductions and view the Facebook Stories and Direct ephemeral messaging (with filters/masks) as positives for user engagement and potential barriers to competitive risk. While management's focus in the near-term will likely be on new feature adoption, we expect Stories ads within 1-2 quarters and the company is already establishing partnerships for branded masks/filters (see More Stories in the Snap competitive saga). Over time, we would not be surprised to see filter/mask features and ads added to WhatsApp and, possibly, Messenger, which could unlock new monetization potential.

On the expense front, we continue to view management's 2017 expense growth forecast (47-57%) as conservative. History would seem to suggest manage could trim the top of the range on the 2Q earnings call, with more meaningful revisions in 2H17. That said, we won't be surprised if management maintains the outlook on the April call, particularly given the velocity of new feature launches and potential investments in video content.



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**Chart 10: 2017 expense forecast now reflected in estimates; potential for favorable revisions ahead**

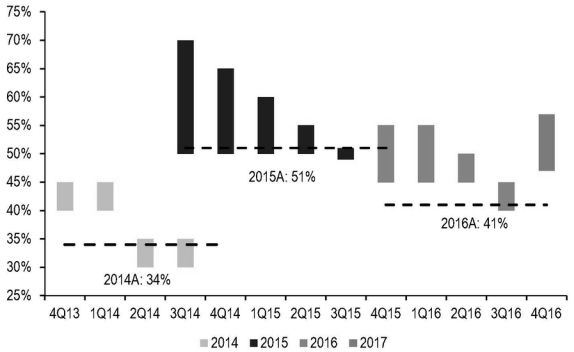


Source: Company, BofA Merrill Lynch Global Research

**Key theme/metric(s) for 1Q**

Underlying MAU and DAU trends are still the key metrics for the stock, in our view. We assume MAUs grow 16% y/y to 1.91bn and DAUs 16% to 1.26bn, keeping DAU/MAU at a steady 66%. It's possible (but hard to predict) that management offers an update on Instagram users (600mn MAU, 400mn DAU in 4Q), and more specifically, Instagram Stories (150mn DAU in January). On the messaging front, there could be a Messenger user update (1bn as of 7/16), while a WhatsApp update is less likely (1.2bn as of 4Q16). We expect ad impressions to grow 46% y/y (49% in 4Q) and ad prices to increase 2% y/y (3% in 4Q).

**Biggest 1Q issues/risks:**

- **Expense trajectory or lack of an expense guidance change could disappoint:** While we continue to anticipate favorable revisions to management's 2017 expense forecast in 2H, near-term adjustments may be less likely given the velocity of new product launches and potential video content investments.

- **1Q ad revenue deceleration possible:** We note that 4Q was particularly strong and it's possible 1Q normalization could result in revenue growth deceleration.

- **Lack of commentary on monetization strategy:** While Messenger/WhatsApp monetization is likely still a 2018 story, lack of constructive commentary on timing could disappoint.

- **User deceleration always a risk:** MAU and DAU growth has surprised to the upside at mid-to-high teens y/y growth, and any meaningful slowdown could raise competitive concerns.

**Top 1Q data point: Instagram reaches 1mn advertisers**

Mid-quarter data points were somewhat limited in 1Q, though management did give an update on the Instagram monetization efforts. In a March 2017 update, management indicated that Instagram grew to 1mn advertisers, double the number since 9/16, with business profile pages up to 8mn from 5mn in 4Q. Facebook's comparable metrics are 4mn advertisers (as of 9/16) and 65mn business pages (4Q16).

For early advertiser checks, general feedback suggested positive trends, but more 'steady as it goes' than absolute blow out. The stronger 4Q was highlighted as a tough



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comp, but overall demand remains robust. Instagram feedback was notably positive, with many suggesting the demand is additive (not reallocation from core Facebook).

### Estimates vs Consensus

Our 1Q17 and 2Q17 revenue and EBITDA estimates are ahead above the Street. We assume ~800bps of advertising growth deceleration in 3Q and another ~400bps in 4Q, and our 2017 estimates are also slightly above consensus. On that premise, we are comfortable that Street estimates sufficiently reflect potential impact of News Feed ad load deceleration in 2H17.

**Table 15: Facebook Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofA ML est. | $7,905 | $9,303 | $38,546 | $48,882 |
| *Growth Y/Y%* | *47%* | *45%* | *39%* | *27%* |
| Street | $7,798 | $8,993 | $37,774 | $48,103 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofA ML est. | $4,886 | $5,844 | $24,358 | $30,905 |
| Street | $4,743 | $5,638 | $23,775 | $30,409 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofA ML est. | $1.14 | $1.37 | $5.67 | $7.01 |
| Street | $1.11 | $1.30 | $5.43 | $6.75 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **GAAP EPS** | | | | |
| BofA ML est. | $0.94 | $1.17 | $4.86 | $6.02 |
| Street | $0.86 | $1.06 | $4.45 | $5.76 |
| **BofA ML vs Street** | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our $165 price objective is based on 24x our non-GAAP 2018E EPS and 27x GAAP EPS, multiples equal to about 1x 2018E revenue growth, mostly in-line with its social and online media peers. Facebook is our top large cap idea for positive estimate revision potential in 2017.



HOUSE_OVERSIGHT_014909

# GrubHub (Buy, $49 PO)

**Stock view: Marketing ramp should drive diner growth re-acceleration**
In recent quarters, GrubHub has been leveraging a series of recent investments, including expanded delivery, more restaurants on the platform, repositioned brand driving more effective advertising, and product optimization, which is driving higher conversion rates. We think GrubHub is well-positioned to continue to leverage these investments to drive growth in 2017 and beyond.

GrubHub's delivery business is reaching scale in more markets, and delivered gross food sales run-rate increased from $500mn in 3Q to nearly $600mn in 4Q (20% of '16 food sales). Delivered orders were 40% higher than in 3Q. We think delivery will continue to drive take rate higher and be EBITDA accretive by YE17 as efficiencies are gained.

Competition remains a key concern for investors and weighs on sentiment. However, we believe that GrubHub's user base is sticky and its repeat order rate (>90%) is defensible. In 2016, as UberEats, Amazon Prime Now, DoorDash, and Postmates invested in expansion, GrubHub's active diner growth and order growth remained solid. Google Trends indicates that over the past 12 months, though competitors have expanded to more cities in the US, GRUB remains the overwhelming leader in the market, with both of its core brands (GrubHub and Seamless) many times the size of any of its competitors.

GrubHub 1Q results may also face a modest growth headwind from warmer weather in key markets like NYC and Chicago. For context, in 4Q15, GrubHub called out warmer weather was a 200bps y/y order growth drag (~$2mn in revenue, $12.7mn in gross food sales). Warmer weather can impact order volume and new diner growth, though new diners can partially shift to 2Q. We forecast 26% y/y gross food sales and 36% y/y revenue growth in 1Q'17.

We think active diner growth will accelerate in 2017 as the company invests more heavily in marketing and it comps out against its "quality over quantity" marketing strategy started in 1Q16. Investors, however, should expect that accelerating active diner growth will be counterbalance by lower order frequency as newer diners to the system tend to order less frequently. At the same time, we expect take rate will continue to expand as the delivery business grows.

**Key theme/metric(s) for 1Q: gross food sales growth**
We forecast gross food sales growth in 1Q of 26%, a modest deceleration from 27% in 4Q (flat with 4Q less the 1% hit from the lack of Leap Day in 1Q17). Though we think there is likely upside to our forecast given a 500bps easier y/y comp in 1Q vs. 4Q. We expect 1Q active diner growth of 25%, Grubs per Diner decline of 3%, and average order size growth of 5%.

**Biggest 1Q issues/risks:**

- Despite positive Google Trends data and commentary from management, mounting competition eats away at GRUB's growth and take rate, driving diner acquisition costs higher.
- Warmer weather during 1Q, particularly in GrubHub's core NYC and Chicago markets, may be a headwind to growth.
- RDS (restaurant delivery service) investments weigh on earnings at a rate higher than the $3mn in EBITDA drag that we have in our model for 1Q'17.
- Site and conversion rate improvements turn out to be one-time in nature rather than an ongoing, longer-term focus for management.



HOUSE_OVERSIGHT_014910

- Marketing expense expected to ramp in 2017, which can weigh on earnings, especially if gross food sales comes in weaker than anticipated.

### Estimates vs. Consensus: Broadly in-line with consensus in 1Q'17

We expect 1Q revenue/EPS at $153mn/$0.25 vs. the Street at $153mn/$0.24 driven by gross food sales growth and an improving take rate.

**Table 16: GrubHub Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $153 | $159 | $650 | $815 |
| *Growth Y/Y%* | *37%* | *33%* | *32%* | *25%* |
| Street | $153 | $158 | $645 | $782 |
| **BofAML vs. Street** | Below | Above | Above | Above |
| **EBITDA** | | | | |
| BofAML est. | $41 | $46 | $184 | $247 |
| Street | $40 | $46 | $181 | $225 |
| **BofAML vs. Street** | Above | Below | Above | Above |
| **EPS** | | | | |
| BofAML est. | $0.25 | $0.29 | $1.13 | $1.55 |
| Street | $0.24 | $0.28 | $1.10 | $1.37 |
| **BofAML vs. Street** | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our PO is $49, based on 32x our 2018E P/E (vs. high growth internet at 31x). We believe GRUB warrants a premium to eCommerce peers due to the attractive margins of the core business and, relative to the overall small-cap sector, GRUB has more attractive margins and growth potential.



HOUSE_OVERSIGHT_014911

# Match.com (Buy, $21 PO)

**Stock view: Positive on Tinder monetization growth on new products**
Match has continued to build monetization on Tinder and we expect a more widely released Tinder Boost as well as international marketing spend to have a positive impact in 1Q17 results. The incremental revenue increase combined with Core enhancements should drive ARPU forward, though we are still cautious given Core's declining to flat growth and project 1Q17 at $.0.57 (-3% y/y).

Another issue on the horizon for Match group is the high ownership percentage of IAC. Based on our discussions with management, this is a known issue from both Match and IAC's perspective. The high degree of IAC ownership limits the float and has created a disproportionate short interest on the company to obtain higher exposure to IAC's core (ex-Match) properties. Our conversations suggest we can expect further discussion from management on ways forward in 2017, with the most likely outcome, in our view, a spin off IAC's Match ownership to IAC shareholders.

As Tinder expands, one concern we have is that its highly diverse user base could cause an overload of options and limit user's ability to find the type of matches they are looking for. An "elite" version of the app was recently launched called "Select" (per TechCrunch), highlighting the company's focus on making sure users are able to find suitable matches in different ways.

1Q17 should see international marketing spend on Tinder begin to pay off. We expect that paid member count (PMC) will continue to trend up driven by Tinder and other recent platforming initiatives helping to increase conversion on Core mobile and other sites like Plenty of Fish (PoF) and Meetic.

**Key theme/metric(s) for 1Q: International PMC growth**
Key for the quarter will be international PMC growth and we expect international to grow 25% y/y to 2.3mn and overall PMC growth to be up 17% y/y to 5.9mn as Tinder marketing outside of the US should start paying off. We are still cautious on ARPU and expect modest declines of 3% y/y, we believe there is still upside potential here driven by Tinder Boost, released in September 2016 and Core turnaround efforts. Key issues for the call will be PMC growth, Tinder monetization and Core improvements.

**Biggest 1Q issues/risks:**

- Decline in margins due to increased marketing of Tinder and Core improvement
- Drop in monetization as more consumers switch to mobile from PC.
- New investment initiatives drive down FY17 earnings projections.

**Estimates vs. Consensus: Expect lower revenue, slight beat on profit**
We are modeling rev/EBITDA of $293mn/$78.5mn below the Street due to impact of Princeton Review sell off but higher on EBITDA vs. the Street's $307mn/$77mn estimate. We estimate total PMCs of 5.9mn in 1Q and average revenue per users of $0.527 down 3% y/y due to lower monetizing Tinder plans. With the sale of Princeton review closing 3/31 and management moving any income to discontinued operations, we have removed all non-Dating revenue from our model and believe our treatment of these discontinued operations (totally excluded from our estimates) is the reason our estimates are currently below the street.



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**Table 17: Match estimate summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofA ML est. | $293 | $315 | $1,285 | $1,484 |
| *Growth Y/Y%* | *20%* | *20%* | *16%* | *15%* |
| Street | $308 | $322 | $1,325 | $1,484 |
| **BofA ML vs Street** | Below | Below | Below | Above |
| **EBITDA** | | | | |
| BofA ML est. | $79 | $112 | $462 | $562 |
| Street | $77 | $113 | $459 | $544 |
| **BofA ML vs Street** | Above | Below | Above | Above |
| **EPS** | | | | |
| BofA ML est. | $0.14 | $0.23 | $0.95 | $1.14 |
| Street | $0.13 | $0.21 | $0.88 | $1.07 |
| **BofA ML vs Street** | In-Line | In-Line | Above | Above |
| | | | | |
| Street EBITDA margins | 25% | 35% | 35% | 37% |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017



HOUSE_OVERSIGHT_014913

# Netflix (Buy, $154 PO)

**Stock view: Easy comps ahead with more content on the way**

Heading into 1Q earnings, we expect Netflix to beat subscriber estimates given strong recent content launches, and accelerating subscriber growth in Europe. Key 1Q titles included *A Series of Unfortunate Events*, *13 Reasons Why*, and Marvel's *Iron Fist*. We see few competitive issues this quarter to impact subscriber growth and we think the release of Marvel's Iron Fist likely helped quarter ending subscribers, despite low metacritic scores. Fans of the Defender series still seem to be watching the show with Parrot Analytics indicating viewership was just below Luke Cage its first week (though viewership dropped by half within the first 10 days). In addition, fan ratings came in at 81% on Rotten Tomatoes despite the poor critic reception.

For 2Q, we expect a solid guide as Netflix laps 2Q16's price increases internationally and in the U.S. This should help churn rates for 2Q especially in Europe where we think the bulk of Netflix subscriber growth will originate for 2017. In addition, Netflix has a stronger slate of titles vs. 1Q including key franchises like *House of Cards*, *Orange is the New Black*, *Sense8*, and other new series. Although competition is increasing in the SVOD space with Amazon, Hulu and other making original content, we still see Netflix as ahead of the competition due to: 1) sheer volume of content production with over 1000 hours in 2016, with strong local market content that can be leveraged globally, 2) competitive price points vs competitors; and 3) the largest volume of 4K content which attracts new TV purchases. 4K TVs could drive upside to estimates in FY17 as Netflix is one of the few services with a library of 4K content.

For 1Q contribution margins, we estimate that Netflix will reach a new high at 41.3% U.S. contribution margins somewhat offset by international contribution margins which we expect to close to zero at 1.5%, but still a large improvement over 4Q's 8% loss. We expect Netflix to run its International division at new break even margins through FY17 and begin to gradually lift international margins in 2018. As Netflix reaches Intl profitability, the investor story may focus more on EPS growth in the coming years.

**Key theme/metric(s) for 1Q: Net sub adds internationally and 2Q guide**

For 1Q we see two critical metrics that we think the Street will focus on; 1) Net Intl. subscriber additions as Netflix laps the launch in 130 countries globally; and 2) 2Q net subscriber guide for Netflix in the U.S. Although 1Q domestic subscriber ads are important, we think the Street would be willing to look past a lower domestic number on stronger international growth. In 2Q Netflix could potentially hit a flat subscriber growth quarter as 2Q is typically seasonally weak, though we note the content slate for 2Q16 has several top franchises with new seasons.

**Chart 11: Domestic subscribers**

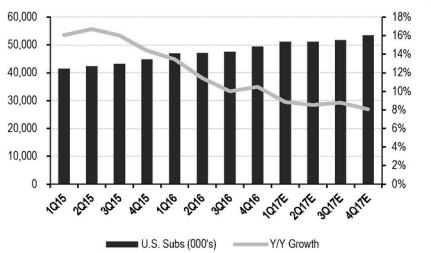


Source: BofA Merrill Lynch Global Research estimates, company report

**Chart 12: International subscribers**

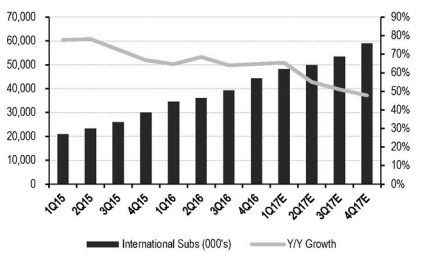


Source: BofA Merrill Lynch Global Research estimates, company repor



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**Biggest issues/risks:**

- Low reviews scores on Iron Fist effecting fan churn and causing some to question Netflix's ability to continue creating hit series
- Marketing spend in 1Q to drive subscriber growth
- Lower than expected contribution margins as Netflix invests in content.
- Content spending impact on FCF

**Top 1Q data points: Traffic gains on PC**

In the U.S., comScore reported quarter to date (Jan. and Feb.) average unique desktop visitors up down 2% y/y to 40.5 million compared to 4Q up 22% y/y or 47 million, while mobile unique users were flat y/y at 29.4mn users vs. up 19% y/y in 4Q. We note recent comScore changes heavily impacted the y/y comparable data for several companies including Netflix, in addition Comscore Data is PC only which is likely less relevant given that a large portion of Netflix viewing is through connected TVs/devices.

**Estimates vs. Consensus: In-line on revenue, slightly below on EPS**

Our 1Q rev/GAAP EPS estimates of $2.71bn/$0.39 are above the Street's estimates of $2.64bn/$0.37. We estimate total domestic subs of 51.1 million, domestic DVD subs of 4 million, and international streaming subs of 48.3 million. Netflix a solid line up of popular content in 2Q, especially May where it has *Sense8* Season 2, *Unbreakable Kimmy Schmidt* Season 3, *War Machine* (Movie), *House of Cards* Season 5 in May, and a remake of Anne of Green Gables and *Orange is the New Black* in June which will likely help U.S. domestic subscriber total stay positive in 2Q. In addition, we expect lower y/y churn rates to potentially help subscriber growth.

**Table 18: Netflix estimate summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $2,710 | $2,854 | $11,627 | $13,937 |
| *Growth Y/Y%* | *38%* | *35%* | *32%* | *20%* |
| Street | $2,644 | $2,760 | $11,221 | $13,448 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofAML est. | $331 | $306 | $1,218 | $1,758 |
| Street | $308 | $245 | $1,053 | $1,710 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **GAAP EPS** | | | | |
| BofAML est. | $0.39 | $0.30 | $1.19 | $2.04 |
| Street | $0.37 | $0.23 | $1.09 | $1.98 |
| **BofAML vs. Street** | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, company report



HOUSE_OVERSIGHT_014915

# Pandora (BUY, $9 PO)

**Stock view: Focus on on-demand product, but questions on growth**
Pandora's recently launched on-demand subscription product will likely be the focus of 1Q investor call. Although the product is on limited release, we expect investor to focus on initial reception of the product (positive reviews in media) and whether Pandora is capable of growing the subscription base to 10mn over the next several years. Initially Pandora will not likely see an impact on revenue from premium subscriptions as it is giving current Pandora One subscribers a free six month trail of Pandora Premium which may also impact subscription revenue for 1Q.

From our initial time with Pandora Premium, we found playlist creation smooth and easy to use with Pandora quickly auto-filling play lists after picking a few songs, but Pandora lacks the curated playlist selection found in Apple music and Spotify and we encountered some missing songs/artists from the on-demand platform. The real question will be whether Pandora's platform is 1) good enough to pull exiting on-demand users from other services to Pandora (Pandora indicated roughly 60% of Pandora users are using another on-demand service); 2) can it convince people to upgrade from free Pandora to Pandora Premium; and 3) how will Pandora grow its active listener base from here. Pandora has had a largely stagnate active user base over the last year and we think even with the new on-demand product could face difficulty growing its users, especially as it increases its ad loads in key markets.

**Key theme/metric(s) for 1Q: Ad rate growth and sub metrics**
Pandora began rolling out Pandora Premium on March 15th, and we think key questions for the call will be; 1) initial reception of Pandora Premium; 2) when it will be fully available to all users; 3) will Pandora Premium driving increased users; and 4) how have ad load changes be received by free users. Pandora is increasing its ad load per hour to increase its RPM rates, but this also risks alienating its already stagnant to declining user base from the platform. 1Q will be the first measure to see if Pandora is able to increase ad loads while maintaining its user base, the first step in stronger monetization of its differentiated ad-supported radio product.

**Biggest 1Q issues/risks:**
- Investment spending in quarter and outlook for future S&M/R&D spend;
- Outlook for when Pandora will reach profitability again.
- Active listener or listening hour declines due competition;
- Commentary on outlook for Pandora Premium

**Top 1Q data points: Triton Internet radio data**
Triton media releases Internet radio metrics which give an initial read into the quarter, but is limited to January data, Triton data shows Avg. Active sessions (analogous to listening hour growth) declined 3% y/y which is tracking below our 1% y/y listener hour growth est. of 5.58 billion hours. Session starts were up 4% y/y above our est. of 1% y/y active user growth. We note that Spotify is now tracking more session starts than Pandora implying market share loss to Spotify. Given the leap year, we would expect February to track down Y/Y for monthly active listeners and user growth in February.

**Estimates vs. Consensus: Slightly above on revenue, below on EPS**
Our rev/Non-GAAP EPS est. of $319mn/($0.49) is slightly above on revenue, but in-line on EPS compared to the Street est. at $318mn/($0.39). We model total listener hours at 5.58bn and total RPM rates of $52. Our FY16 est. are slightly above on revenue, but well above on EPS as we expect losses this year to improve in 2H16 as Pandora builds up subs, but still see Pandora failing to gain much leverage from increased R&D spending and S&M spend. We maintain our $9 PO, based on 1x our 2018 revenue estimate, a discount to peers, but justified in our view as Pandora is likely to have a difficult transition year as it builds it on-Demand service.



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**Table 19: Pandora estimate summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $319 | $397 | $1,629 | $2,036 |
| *Growth Y/Y%* | | | *18%* | *25%* |
| Street | $318 | $390 | $1,621 | $2,050 |
| **BofAML vs. Street** | Above | Above | Above | Below |
| **EBITDA** | | | | |
| BofAML est. | -$73 | $1 | -$17 | $25 |
| Street | -$73 | -$16 | -$38 | $79 |
| **BofAML vs. Street** | In-line | Above | Above | Below |
| **EPS** | | | | |
| BofAML est. | -$0.49 | -$0.04 | -$0.21 | -$0.19 |
| Street | -$0.35 | -$0.14 | -$0.49 | -$0.03 |
| **BofAML vs. Street** | Below | Above | Above | Below |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg

**Chart 13: Listening hours and active users trends are essentially flat.**

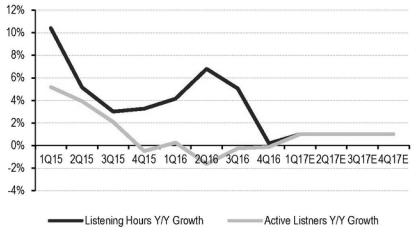


Source: BofA Merrill Lynch Global Research estimates, company report



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# Priceline (Buy, $1,920 PO)

**Stock view: Expect solid 1Q top-line, but 2Q can be rough for guidance**
Priceline's metric trends and commentary, along with 1Q booking and room night guidance, indicate that the company continues to capture strong market share growth in the category, with little impact from hotel direct booking initiatives or competitive OTA marketing spend. We expect a strong 1Q, with perhaps a little less upside than usual due to the late 4Q reporting date.

Looking forward to 2Q, we have our usual caution on guidance as 2Q is the most back-end loaded quarter for bookings and revenues. However, in 2017 the Easter shift is a positive factor and will help 2Q revenues and earnings. We also expect 1Q bookings and room night growth upside to translate into higher 2Q gross profit growth, and management indicated that there is less marketing ROI pressure expected in 1H'17 than in 2H'16. Overall, we expect Priceline's strong business trends to continue, and would use extra conservatism in guidance as a buying opportunity.

Given strong execution and higher exposure to more fragmented International markets, Priceline remains our top long-term idea in Online travel. However, on a near-term basis, we think Expedia could see a bigger stock benefit from an acceleration in room night growth over the summer.

**Key theme/metric(s) for 1Q: Room night growth**
We expect Priceline to report 26% y/y room night growth (deceleration v. 31% in 4Q), ahead of the company's outlook of 20-25% hotel room night growth. Priceline has a history of guiding 1Q conservatively, looking at Priceline's historical 1Q results for Bookings, revenue and EPS vs guidance suggests modest upside to our bookings growth forecast of 22% and reported 1Q'17 EPS closer to $9.55 (13% upside vs. the midpoint) vs. our estimate of $9.08 and the Street's estimate $8.75.

**Table 20: 1Q Bookings Growth, Revenue Growth and EPS Guidance vs. Actuals**

| | 1Q13 | | | 1Q14 | | | 1Q15 | | | 1Q16 | | | 1Q17 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Guidance | Actual | Upside | Guidance | Actual | Upside | Guidance | Actual | Upside | Guidance | Actual | Upside | Guidance | Actual | Upside |
| Bookings | 30-37% | 36% | No | 23-33% | 34% | Yes | 2-9% | 12% | Yes | 12-19% | 21% | Yes | 17-22% | ?? | |
| International Bookings FX-Neutral | 35-42% | 43% | Yes | 25-35% | 38% | Yes | 17-24% | 29% | Yes | N/A | N/A | | N/A | | |
| Revenue | 17-24% | 26% | Yes | 15-25% | 26% | Yes | 4-11% | 12% | Yes | 9-16% | 17% | Yes | N/A | | |
| EPS | $4.90-$5.30 | $5.76 | Yes | $6.35-$6.85 | $7.81 | Yes | $7.20-7.75 | $8.12 | Yes | $9.00-9.60 | $10.54 | Yes | $8.25-8.65 | ?? | |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, Priceline

**Biggest 1Q issues/risks:**

- Concerns on threat of increasing marketing competition with Expedia and TripAdvisor
- Potential pressure on US inbound traffic given the Trump travel ban (unlikely to impact Priceline given high Intl exposure)
- Marketing deleverage – our model assumes 340bps of y/y online marketing deleverage in 1Q
- Pressure on hotel revenue take rates given less hotel participation in commission programs and longer booking windows

**Early 1Q RevPAR data mixed**
Priceline's Booking.com has roughly 1.2mn properties on its site (>611k hotels and 576k vacation rental properties). According to STR, 1Q US RevPAR through initial March readings decelerated 30bps to 3.0% y/y, and European RevPAR through February accelerated 600bps q/q to 3.6% y/y (FX-neutral). The STR data reflects a continued



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gradual deceleration in US RevPAR growth and a positive recovery in European RevPAR growth as the region laps terrorist attacks and geopolitical uncertainty.

**Table 21: US and European RevPAR Y/Y Change**

| *US* | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17** | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Occupancy | -0.3% | -0.8% | -0.4% | 2.2% | -0.5% | 0.3% | -1.0% | -0.4% | 1.6% | -0.3% | 2.5% | -0.1% | 0.5% | -0.5% | 1.6% | -0.5% | 0.7% | 0.1% | 0.7% | 0.5% |
| ADR | 2.8% | 3.6% | 3.2% | 2.8% | 2.4% | 3.5% | 3.6% | 2.5% | 3.9% | 1.9% | 3.4% | 2.4% | 3.2% | 1.7% | 2.6% | 3.2% | 2.9% | 3.3% | 2.6% | 2.5% |
| RevPAR | 2.4% | 2.8% | 2.7% | 5.0% | 1.9% | 3.8% | 2.5% | 2.1% | 5.6% | 1.6% | 5.9% | 2.3% | 3.8% | 1.2% | 4.2% | 2.7% | 3.6% | 3.4% | 3.3% | 3.0% |
| ***Europe*** | | | | | | | | | | | | | | | | | | | | |
| Occupancy | 1.4% | 1.5% | 0.3% | 3.5% | -0.3% | -0.7% | -0.4% | -1.5% | 0.8% | -0.4% | 4.2% | 4.5% | 5.1% | 2.9% | | 1.1% | 0.8% | -0.4% | 2.8% | 4.0% |
| ADR | -4.3% | -2.7% | 2.5% | 3.2% | 0.3% | -4.5% | -0.7% | -4.8% | -1.8% | -8.6% | -5.3% | -5.0% | -2.1% | -3.1% | | -1.5% | -0.3% | -2.4% | -6.3% | -2.6% |
| RevPAR | -2.9% | -1.3% | 2.8% | 6.8% | -0.1% | -5.1% | -1.1% | -6.2% | -1.0% | -9.0% | -1.3% | -0.7% | 2.9% | -3.1% | | -0.5% | 0.5% | -2.8% | -3.7% | -0.1% |
| ***Europe in Euros*** | **Jan-16** | **Feb-16** | **Mar-16** | **Apr-16** | **May-16** | **Jun-16** | **Jul-16** | **Aug-16** | **Sep-16** | **Oct-16** | **Nov-16** | **Dec-16** | **Jan-17** | **Feb-17** | | **1Q16** | **2Q16** | **3Q16** | **4Q16** | **1Q17** |
| Occupancy | 1.4% | 1.5% | 0.3% | 3.5% | -0.3% | -0.7% | -0.4% | -1.5% | 0.8% | -0.4% | 4.2% | 4.5% | 5.1% | 2.9% | | 1.1% | 0.8% | -0.4% | 2.8% | 4.0% |
| ADR | 0.0% | -0.2% | -1.7% | -0.1% | -0.9% | -4.4% | -2.7% | -4.6% | -1.6% | -8.5% | -5.4% | -1.5% | -0.9% | 0.2% | | -0.7% | -1.8% | -3.0% | -5.2% | -0.4% |
| RevPAR | 1.4% | 1.2% | -1.4% | 3.3% | -1.2% | -5.0% | -3.1% | -6.0% | -0.9% | -8.9% | -1.4% | 2.9% | 4.2% | 3.0% | | 0.4% | -1.0% | -3.3% | -2.4% | 3.6% |

Source: Smith Travel Research (STR), BofA Merrill Lynch Global Research estimates; Note: **March data is month to date

## Estimates vs. Consensus: We are above the Street on EBITDA/EPS in 1Q

Our 1Q revenue/EPS of $2.4bn/$9.08 is broadly in line to slightly above the Street at $2.4bn/$8.75. We see upside to the company's 1Q EPS guide of $8.25-$8.65. We estimate 26% y/y hotel room night growth, some deceleration from 31% growth v. 4Q (guidance is 20-25%).

**Table 22: Priceline Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofAML est. | $2,415 | $3,041 | $12,518 | $14,469 | $16,493 |
| *Growth Y/Y%* | *12%* | *19%* | *17%* | *16%* | *14%* |
| Street | $2,441 | $2,998 | $12,447 | $14,323 | $16,279 |
| **BofAML vs. Street** | Below | Above | Above | Above | Above |
| **EBITDA** | | | | | |
| BofAML est. | $609 | $988 | $4,784 | $5,476 | $6,207 |
| Street | $599 | $966 | $4,747 | $5,515 | $6,310 |
| **BofAML vs. Street** | Above | Above | Above | Below | Below |
| **EPS** | | | | | |
| BofAML est. | $9.08 | $15.45 | $75.35 | $87.19 | $100.07 |
| Street | $8.75 | $14.84 | $74.11 | $86.36 | $98.76 |
| **BofAML vs. Street** | Above | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our price objective is $1,920 based on 22x our 2018 adj. EPS estimate. The 22x multiple is towards the upper end of Priceline's historical multiple range of 13-23x and represents a PEG of 1.4x. We think a 22x forward P/E multiple is appropriate given mid-teens EPS growth, strong booking trends, Priceline's leadership position in the global online travel sector, track record of EPS upside, and increased access to the China via the Ctrip investment.



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# Snap (Neutral, $25 PO)

**Stock view: Long-term potential, but near-term could be lumpy**
Snap will report its first earnings as a public company and expectations have a wide range. The 2H16 DAU slowdown has raised concerns in terms of both competitive risk and execution, so user trends could be the most important metric in the quarter. At this point, it's difficult to gauge relative impact of Facebook / Instagram competition, Android technical issues, product cycle lumpiness, and seasonality to the recent slowdown. Nonetheless, our sense is that DAU expectations are around 164-166mn, and we'd expect variability (higher or lower) to have a meaningful impact on stock sentiment.

In terms of the P&L, we expect a slight q/q decline in revenue per normal seasonality and are modeling down 1% q/q (consistent with comments in the prospectus filing). While we can appreciate the momentum of the API roll-out with several new partnerships announced in January, our checks suggest most programs are early stage with limited volume to date. Considering the rest of the P&L, we expect a fairly messy quarter between deal costs, the CEO stock award, and a catch-up RSU stock comp expense. As we do not anticipate non-GAAP profitability until 2H19, we expect traditional P&L metrics will be less of a focus in the coming quarters.

We recently initiated coverage with a Neutral and $25 price target (please see User overhang unlikely to be resolved in a Snap – Initiate at Neutral with $25 PO). Social media sector history suggests a wide range of possible outcomes for Snap and, as such, near-term lumpiness in metrics could result in high volatility for the stock. We also note that lock-up overhang could drag on near-term performance into the first lock-up expiration on 7/29.

**Key theme/metric(s) for 1Q: DAUs, ARPU, and competition**
We believe the key metric for the quarter will be the DAU number, which we model at 166mn (up 8mn q/q, 36% y/y). We believe DAU headwinds may peak 1H17 as the company is facing an onslaught of competitive products (see More Stories in the Snap competitive saga), technical challenges with Android (from Memories), and seasonality entering the summer. We model ARPU at $1.01 (down 5% q/q), with North America ARPU at $2.03 (down 7% q/q). We won't be surprised to see upside in ARPU driven by ad load growth and higher user engagement, though competitive pricing could potentially offset.

**Biggest 1Q issues/risks:**

- **DAU deceleration on share loss:** Anything short of 164mn will likely be met with skepticism as investors extrapolate recent trends in considering competitive resilience vs Instagram, Facebook, and others. Management will likely address the Android technical issues impact on DAUs.

- **Aggressive pricing could drive short term growth but have mixed perception:** Twitter noted elevated competition and potentially aggressive pricing surfacing in mid-January, which aligns well with Snap's API update.

- **Lack of visibility into pipeline:** While we don't necessarily expect new product announcements, lack of color/visibility on the product pipeline could disappoint.

- **Results could leave investors looking for more disclosure:** We are not sure what disclosure Snap will provide on results, and important trending info (like average minutes per user) could be lacking.

**Top 1Q data points: comScore suggests some gains for Instagram**
While comScore data is not consistent with reported minutes, it is useful for relative comparisons. The data puts Snapchat minutes per user well above Twitter, but still



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trailing Instagram and Facebook. Interestingly, after Snapchat passed Instagram in early 2016 in average minutes per user, Instagram recaptured the lead mid-year and has extended it since. While the cause for the shift is not certain, the trends align with the launch of Instagram Stories (August 2016) as well as some technology challenges on the Snapchat front (Android). Regardless of the near-term lumpiness, we believe overall daily engagement puts Snapchat in a strong position to capture emerging online marketing ad budgets.

**Table 23: Average minutes per user trend**

| | Aug-2016 | Sep-2016 | Oct-2016 | Nov-2016 | Dec-2016 | Jan-2017 | Feb-2017 |
|---|---|---|---|---|---|---|---|
| Snapchat | 267 | 267 | 272 | 269 | 271 | 254 | 211 |
| Instagram | 292 | 294 | 325 | 337 | 322 | 357 | 318 |
| Facebook | 769 | 766 | 855 | 826 | 781 | 827 | 700 |
| Twitter | 143 | 149 | 139 | 114 | 108 | 128 | 110 |

Source: comScore, BofA Merrill Lynch Global Research

**Chart 14: Instagram vs Snapchat average monthly minutes per visitor**

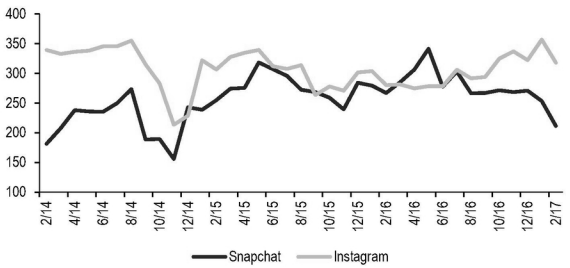


Source: comScore

## Estimates vs Consensus

Our 1Q revenue estimate of $163mn (down 1% q/q) is slightly above consensus at $158mn (down 5%), but we note the range of estimates is considerable ($130-196mn) and some checks suggest that Snap was aggressive with advertisers in 1Q. For the year, our $1.0bn revenue estimate is mostly in-line with the Street, as is our 2018 estimate at $2.1bn. We do not model positive adjusted EBITDA until 2Q19, and expect investors to focus mostly on user revenue trends.

**Table 24: Snap Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofA ML est. | $163 | $208 | $1,007 | $2,057 | $3,719 |
| *Growth Y/Y%* | *320%* | *190%* | *149%* | *104%* | *81%* |
| Street | $158 | $206 | $1,034 | $2,032 | $3,303 |
| **BofA ML vs Street** | Above | Above | Below | Above | Above |
| **EBITDA** | | | | | |
| BofA ML est. | -$168 | -$158 | -$580 | -$335 | $276 |
| Street | -$180 | -$194 | -$617 | -$392 | $80 |
| **BofA ML vs Street** | Above | Above | Above | Above | Above |
| **EPS** | | | | | |
| BofA ML est. | -$0.18 | -$0.15 | -$0.59 | -$0.37 | $0.12 |
| Street | -$0.21 | -$0.13 | -$0.57 | -$0.33 | $0.00 |
| **BofA ML vs Street** | Above | Below | Below | Below | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017



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Our $25 PO is based on our DCF model as we do not expect the company to be profitable until mid- to late-2019 and any earnings-based valuation exercise would require discounting back future earnings. Our DCF assumes approximately $28bn revenue by 2027 based on 525mn DAUs and $50+ in ARPU. Our PO implies 15.5x EV / Revenue, above the peer group at 4x, as we believe Snap's early stage of ad monetization and potential future leverage in the business model warrants a premium valuation multiple to the social media group.



HOUSE_OVERSIGHT_014922

# TripAdvisor (Underperform, $40 PO)

**Stock view: EBITDA under pressure, brand ad spend not in Street estimates yet**
2016 was a re-platforming year, and with Instant Book fully rolled out globally, the company aims to re-educate visitors on its booking offering. However, we think most TripAdvisor visitors (399mn average monthly unique visitors in 2017 and 148mn average monthly hotel shoppers) still view the site as a review/research portal, and changing customer behavior will be quite difficult, particularly as we do not think TripAdvisor has clarified its value proposition for shoppers.

While we think that TripAdvisor's elevated marketing spend in 2017 will drive a rebound in traffic, we anticipate a poor ROI. Marketing expense continues to ramp as Instant Book rolls out, though traffic growth slows, implying more costly traffic acquisition. In 4Q'16, Sales & Marketing as a % of sales increased to 52.8% vs. 45.6% in 4Q'15, and we think TripAdvisor essentially bought desktop Hotel Shopper traffic, though likely at poor ROI. However, higher marketing spend in 2017 does not yet include potential for a likely return to expensive brand ad campaigns. In our brand ad spend scenario analysis, we expect still more downside to estimates (see Taking a look at TripAdvisor's potential brand ad spend).

The company is encouraged by Revenue per Hotel Shopper growth continuing to improve from down 21% y/y in 1Q. We expect growth continues its improvement trend in 2017. However, if monetization trends decelerate, earnings downside could be significant. We think it will be difficult for TripAdvisor's Hotel revenue to return to growth next year, let alone double-digit y/y growth, given the mobile monetization headwinds. However, if the company invests heavily in traffic acquisition, particularly on higher monetizing desktop, revenue and traffic growth may reaccelerate meaningfully in 2017, though with ongoing pressure on margins.

**Chart 15: Quarterly revenue and Sales & Marketing per Hotel Shopper y/y growth**

Source: BofA Merrill Lynch Global Research estimates, company report

**Key theme/metric(s) for 1Q: Update on ad spend targets, 2017 guidance**
TRIP's outlook for 2017 is based on "prioritizing revenue growth as opposed to profit growth," which implies far lower marketing return expectations. However, TRIP notes this expectation for marketing spend does not include potential for a return to brand marketing, which could be an incremental $50-70mn headwind in '17, in our view.

**Biggest 1Q issues/risks:**

- Marketing spend: TripAdvisor has prioritized revenue growth at the expense of earnings, implying poor marketing ROI. The biggest issue facing TripAdvisor is if it decides to pursue an expensive brand/TV marketing campaign which would further drive further earnings downside.



HOUSE_OVERSIGHT_014923

- Instant Book impact: The Instant Book transition could impact meta rates and total monetization as more hotel shoppers flow through large OTA partners.

- Hotel Shopper growth: Given elevated marketing spend, we expect to see a rebound in hotel shopper and hotel revenue growth. 4Q16 hotel shopper growth accelerated from 3% in 2Q-3Q16 to 8%. We expect hotel shopper growth to decelerate slightly to 6% in 1Q17 on a 200bps tougher y/y comp.

### 1Q traffic data points: comScore indicates solid mobile and PC user growth

In the US, comScore reported quarter to date through February, average monthly unique visitors of 31mn on PC and 56mn on mobile, up 24% and up 3% y/y, respectively. TripAdvisor total minutes in 1Q through February is up 10%, with mobile minutes up 5% and PC minutes up 17%. In our view, TripAdvisor's elevated marketing spend YTD likely targets higher monetizing PC traffic.

### Estimates vs. Consensus: Broadly in-line on Revenue, below on EBITDA/EPS

Our 1Q revenue estimate of $379mn is broadly in line with the Street at $377mn. We are more cautious on EBITDA and EPS at $71mn/$0.23 vs. the Street at $76mn/$0.27.

**Table 25: TripAdvisor estimate summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofAML est. | $379 | $432 | $1,647 | $1,794 | $1,936 |
| *Growth Y/Y%* | *8%* | *10%* | *11%* | *9%* | *8%* |
| Street | $377 | $433 | $1,649 | $1,852 | $2,095 |
| **BofAML vs. Street** | Above | Below | Below | Below | Below |
| **EBITDA** | | | | | |
| BofAML est. | $71 | $88 | $346 | $403 | $471 |
| Street | $76 | $88 | $339 | $392 | $530 |
| **BofAML vs. Street** | Below | Above | Above | Above | Below |
| **EPS** | | | | | |
| BofAML est. | $0.23 | $0.31 | $1.22 | $1.57 | $1.89 |
| Street | $0.27 | $0.32 | $1.23 | $1.48 | $2.28 |
| **BofAML vs. Street** | Below | Below | Below | Above | Below |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

Our price objective of $40 is based on 25x our 2018 non-GAAP EPS estimate. This multiple represents a modest premium to the group for possibly depressed margins and potential for re-accelerating top-line growth.



HOUSE_OVERSIGHT_014924

# Trivago (Buy, $15 PO)

**Stock view: Advertising continues to drive growth engine**

Trivago's 4Q revenue and EBITDA results highlight the company's rapid revenue growth and potential for solid profitability. Though there are concerns over the company's large marketing spend (80-85% of revenue), we think the Street will view Trivago's results positively given continued revenue ramp while also achieving profitability. The stock remains highly volatile given the limited float. Commentary during 4Q'16 earnings from Trivago's key customers Expedia and Priceline (as well as from TripAdvisor) indicated that paid traffic has been growing faster than free traffic, and that companies in the sector planned to ramp ad spend to drive continued traffic growth, which is a positive for Trivago.

Trivago has best-in-class revenue growth, with 2017 revenue growth expected at 47% (vs. guidance of 45%+), led by 50% qualified referral growth. We also expect Trivago will become more efficient with advertising and start to reap the benefits of past brand advertising, with return on advertising spend (ROAS) improving across regions in 2017, a key driver of modestly improving EBITDA margin from 3.7% in 2016 to 3.9% in 2017.

The company remains in growth mode, led by click revenue growth in ROW and Americas regions, as Trivago is driving brand awareness outside its key European foothold through aggressive brand marketing. The company is adding qualified referrals at an accelerating rate as it expands beyond its core Developed Europe markets and penetrates new markets. We think the company has significant runway for growth and can sustain 30%+ revenue growth through the end of the decade. As the business matures in its new Americas and ROW markets, we expect a better balance between profit and growth. We think EBITDA margins should accelerate as the company leverages '16 and '17 marketing spend, with greater uplift in '18.

**Key theme/metric(s) for 1Q: Qualified referral growth**

We forecast 56% qualified referral growth in 1Q (920bps deceleration on 730bps tougher y/y comp), led by 38% y/y growth in Developed Europe, 48% in Americas, and 110% in ROW. We expect continued robust marketing spend will drive user growth.

**Biggest 1Q issues/risks:**

- Weak return on advertising spend (ROAS) may be an earnings headwind. Competition in the company's advertising channels may result in lower ROI trends. The company may also see less efficient advertising in newer, less mature markets.
- A positive update to 2017 guidance may be expected. Trivago currently expects total revenue growth of 45%+ and adjusted EBITDA margin is guided to flat to slightly up vs. 2016's 3.7%.

**Estimates vs. Consensus: Expect revenue in-line vs. the Street, EBITDA ahead**

For 1Q, we expect revenue/EBITDA of €241mn/(€12mn) vs. the Street at €241mn/(€10mn). We expect 2017 and 2018 revenue and EBITDA to come above the Street and expect there is room for upside to management's 2017 revenue growth and EBITDA margin guidance.

**Table 26: Trivago Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofAML est. | €241 | €281 | €1,105 | €1,498 | €1,984 |
| *Growth Y/Y%* | *52%* | *57%* | *47%* | *36%* | *32%* |
| Street | €241 | €270 | €1,088 | €1,497 | €2,035 |
| **BofAML est. vs. Street** | Below | Above | Above | Above | Below |
| **EBITDA** | | | | | |
| BofAML est. | €12 | €6 | €44 | €127 | €262 |
| Street | €10 | €6 | €40 | €98 | €197 |
| **BofAML est. vs. Street** | Above | Below | Above | Above | Above |
| **EPS** | | | | | |



HOUSE_OVERSIGHT_014925

**Table 26: Trivago Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| BofAML est. | €0.02 | €0.00 | €0.05 | €0.22 | €0.48 |
| Street | €0.02 | €0.01 | €0.06 | €0.15 | €0.32 |
| **BofAML est. vs. Street** | Above | Below | Below | Above | Above |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our PO of $15 is based on a 3.5x 2018E EV/Sales multiple. We note that 3.5x is roughly in line with the lead generation peer group average 2018E EV/Sales multiple. We think our EV/Sales multiple is warranted as a balance between Trivago's higher growth and lower profitability. Our price objective is supported by our DCF analysis.



HOUSE_OVERSIGHT_014926

# Wayfair (Neutral, $44 PO)

**Stock view: Timeline on profitability still an issue, but comps ease in 2Q'17**

Wayfair's two issues have been deceleration in U.S. revenue growth and negative operating margins as the company continues to aggressively invest in logistics, international expansion, marketing, and new categories. 1Q customer and order growth comps remain tough, which was one of the drivers of revenue growth guidance below expectations. Wayfair also attributed weak guidance to caution on the retail environment and added investment. Growth comps ease in 2Q/3Q, and there is potential for more stable growth in 2Q guidance to drive improving investor sentiment.

As for margins, management guided to EBITDA margin of (3.5%)-(3.8%), a deceleration from (2.8%) in 1Q'16 due to a lower opex absorption in the quarter on seasonally lower sales. The US is expected to swing back to EBITDA losses in 1Q'17, while Intl losses are expected to remain steady. We forecast EBITDA margin of (2.4%), with (0.2%) EBITDA margin in the US and (19.0%) margin in International. The company continues to expect little to no ad spend leverage given increase International ad spend.

Management historically builds conservativism into its guidance and, until last year, had a track record of beating the upper end of its sales outlook by ~10%. Recently, revenue has been by a low-single digit percentage. Our above consensus 1Q revenue forecast implies 1% upside to the high end of the guidance range, in line with the trend over the past 3 quarters. We think investors expect sales growth above the guidance range as well.

**Table 27: Revenue and EBITDA Guidance vs. Actuals**

| | 4Q14 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17E** |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue - High End of Guidance | $370,000 | $390,000 | $440,000 | $525,000 | $665,000 | $700,000 | $785,000 | $850,000 | $960,000 | $930,000 |
| Revenue Actual | $408,619 | $424,371 | $491,752 | $593,972 | 739,790 | 747,348 | 786,928 | 861,525 | 984,559 | 943,626** |
| Revenue Upside | $38,619 | $34,371 | $51,752 | $68,972 | $74,790 | $47,348 | $1,928 | $11,525 | $24,559 | $13,626 |
| Revenue % Upside | 10% | 9% | 12% | 13% | 11% | 7% | 0% | 1% | 3% | 1% |
| | | | | | | | | | | |
| EBITDA - High End of Guidance % | -4.5% | -3.5% | -2.5% | -0.8% | -0.8% | -3.0% | -3.2% | -4.3% | -2.8% | -3.5% |
| EBITDA - High End of Guidance | ($16,650) | ($13,650) | ($11,000) | ($3,938) | ($4,988) | ($21,000) | ($25,120) | ($36,125) | ($26,400) | ($32,550) |
| EBITDA Actual | ($7,218) | ($12,340) | ($4,972) | ($1,445) | $2,828 | ($20,960) | ($24,857) | ($30,849) | ($12,026) | ($22,463)** |
| EBITDA Upside | $9,432 | $1,310 | $6,028 | $2,493 | $7,816 | $40 | $263 | $5,276 | $14,374 | $10,087 |

Source: BofA Merrill Lynch Global Research, Wayfair

Note: * 1Q17E Actuals are current BofA Merrill Lynch forecasts

Over the past two quarters, Wayfair has expressed caution on the macro environment, though this proved to be somewhat unwarranted in 4Q. According to February 2017 aggregated BAC credit and debit card data, furniture sales were up 1.3% (down 0.4% on rolling 3-month m/m basis), while home goods were down 1.2% y/y and flat on a rolling 3 month m/m basis. Please see the BofA Merrill Lynch US Economics team's report for additional commentary on broader retail trends and a detailed explanation of the methodology and limitations in connection with BAC data. Williams-Sonoma reported disappointing 4Q earnings (March 15th report) and provided modest 1Q guidance that the BofA Merrill Lynch Hardline Retail team called "a little rich," though it is difficult to tell if weak trends are the result of secular home goods weakness or the disruptive impact of eCommerce players like Wayfair.

**Key theme/metric(s) for 1Q: 2Q revenue guidance on easier y/y comps**

1Q revenue guidance was a disappointment, though comps ease in 2Q'17, and opportunity for more stable US growth could aid stock sentiment. Customer growth in 2Q has a 400bps easier y/y comp vs 1Q17, while order growth has a 1700bps easier y/y comp. Overall, revenue growth faces a 1600bps easier y/y comp. and would expect guidance anywhere near the Street's 2Q estimate at 25% y/y growth to be viewed positively given several quarters of guidance below street estimates.



HOUSE_OVERSIGHT_014927

**Biggest 1Q issues/risks:**

- Commentary on US customer trends, particularly repeat rates and unit economics (customer acquisition costs).
- AOV trends given street concerns that some customer metrics are benefitting from purchase of lower value items.
- Progress with International investments, especially early results from ad spending in UK, Canada, and Germany.

**1Q data points indicate mixed traffic trends**

US data indicates that Wayfair PC minutes growth increased 17% y/y in 1Q through February vs. 14% y/y growth in 4Q'16. Wayfair mobile minutes have decreased 24% y/y through February in 1Q vs. up 3% y/y in 4Q'16. US PC user growth decreased 16% y/y in 1Q through February, vs. 4Q at -25% y/y. Wayfair mobile user growth increased 2% y/y in 1Q through February vs. 16% y/y in 4Q.

**Estimates vs. Consensus: Expect revenue and EPS upside vs. the Street**

For 1Q, we expect revenue/EBITDA of $944mn/($22mn) vs. the Street at $933mn/($32mn). Total revenue guidance of $905-930mn implies 2-year stacked growth of 97-101% vs. 121% in 2016, which seems conservative. We expect the company's revenue to come in above the high end of the sales outlook as Direct Revenue sales were up 30% quarter to date (through nearly 2 months of 1Q'17). Our 1Q revenue growth forecast is based on 48% y/y customer growth (up 9% q/q) and 42% order growth (down 10% q/q). Wayfair expects EBITDA margin of (3.5%)-(3.8%) due to a lower opex absorption in the quarter on seasonally lower sales. The company continues to expect little to no ad spend leverage given increase International ad spend.

**Table 28: Wayfair Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| BofAML est. | $944 | $980 | $4,169 | $5,019 | $5,872 |
| *Growth Y/Y%* | *26%* | *25%* | *23%* | *20%* | *17%* |
| Street | $933 | $987 | $4,237 | $5,258 | $6,585 |
| **BofAML vs. Street** | Above | Below | Below | Below | Below |
| **EBITDA** | | | | | |
| BofAML est. | -$22 | -$19 | -$48 | $10 | $64 |
| Street | -$32 | -$20 | -$59 | $23 | $134 |
| **BofAML vs. Street** | Above | Above | Above | Below | Below |
| **EPS** | | | | | |
| BofAML est. | ($0.49) | ($0.46) | ($1.55) | ($1.00) | ($0.47) |
| Street | ($0.60) | ($0.45) | ($1.65) | ($0.94) | $0.04 |
| **BofAML vs. Street** | Above | Below | Above | Below | Below |

Source: BofA Merrill Lynch Global Research estimates, Bloomberg, as of 4/4/2017

Our PO of $44 is based on 0.7x 2018E EV/sales. We continue to focus on EV/Sales given Wayfair's lack of profitability due to US fulfilment investment and Intl. expansion. Our 0.7x target multiple is a discount to Wayfair's eCommerce comp group at 1.3x and at a modest discount to a retail peer comp group at 0.8x. We think the multiple is appropriate given strong revenue growth vs. peers, balanced by lower profitability.



HOUSE_OVERSIGHT_014928

# Twitter (Underperform, $14.50)

**Stock view: Engagement could be improving, but still trailing peers**
On positive note, DAU growth, tweet impressions, and time spent growth have all been accelerating, and we won't be surprised if most metrics show stable growth in 1Q17 given event activity (political, sports, awards shows) in 1Q. However, the NFL season is over, the election surprise is slowing fading, competitive pressure is rising (particularly Instagram), and new monetization initiatives will take time, so we are more cautious on 2Q. The high level of executive churn also raises an element of strategic uncertainty that could continue to weigh on sentiment. While it's possible Twitter could see moderate residual benefit from recent YouTube/Google Display Network boycotts, we continue to believe MAU growth acceleration is key to improving sentiment, and we continue to expect other platforms to grow much faster. The biggest upside driver for 1Q could be conservative guidance, which implied revenues would be down 17% y/y at the midpoint in 1Q.

Longer-term, our primary concerns are user growth, rising competition in video, and lack of positive advertiser feedback. Despite execution on the live streaming initiative in 2016, MAU impact was underwhelming and we see risk of rising costs and/or content loss in 2017. At this point, it's unclear how aggressively management will push live streaming in 2017, and early exploration of potential subscription revenue streams (enhanced Tweetdeck offering beta) could suggest potential strategic shifts. On the advertiser side, we are still hearing limited traction with Twitter's ad platform changes and ROI measurement, and it seems experimental dollars are being moved to Snap.

The biggest risk to our Underperform rating, in our view, is the underlying value of the Twitter platform for users and potential Artificial Intelligence (AI) signals. We remain on the sideline for now, with ever-present M&A potential providing some element of a floor to the stock. We think 3x 2017 revenues plus cash ($12/share in total) is a valuation an acquirer could see as very reasonable given stabilizing DAU trends and value of Twitter data.

**Key theme/metric(s) for 1Q: Mgmt focus on engagement, investors on users**
MAU growth likely remains the primary focus in terms of metrics investors consider. While DAU growth could continue to growth at high single digits, we do not see much upside potential to low single digit MAU growth (we model 322mn, 4% y/y), which lags in comparison to Facebook's recent17% y/y growth. We expect engagement metrics in general (tweet impressions, DAU growth, time spent) to be solid, though it's possible lack of NFL and fading US election catalysts could have some negative effect. In terms of monetization, our ARPU estimate for $1.67 implies a 14% y/y decline, which reflects both weaker Twitter pricing trends and potential competitive pricing pressures.

**Biggest 1Q issues/risks:**

- **MAU growth could slip:** We model 4% y/y MAU growth to 322mn, but fading NFL and election tailwinds could lead to weaker user growth trends in 2Q.
- **Competition could impact pricing:** Management noted elevated competition in mid-January (shortly after Snap's ad API update), which may have continued throughout the quarter and impacted pricing more than anticipated.
- **Live streaming pipeline in question:** Amazon recently announced a deal with the NFL to steam game content, replacing Twitter.
- **Ad product wind-down could impact revenue:** Management indicated that it is reevaluating lower return ad formats, and a decision to wind down certain formats (like direct response, promoted tweets) could further impact 2Q guidance.



HOUSE_OVERSIGHT_014929

### Top 1Q data points

comScore mobile data indicated US monthly active users were up 2% y/y and down 4% q/q (down 3mn q/q), versus our estimate for +4% y/y, +1% q/q. Total minutes for 1Q17 (2-mo. data) are tracking down 18% y/y, with mobile down 18% and desktop down 23%. Mobile minutes have averaged a 20% y/y decline for the last 4 months.

### Estimates vs Consensus

Our 1Q17 rev/EPS estimates for $535mn/$0.03 are slightly above the Street and above the implied midpoint of management's guidance (based on EBITDA and EBITDA margin outlook). Despite our near-term concerns, we believe the outlook was sufficiently conservative. That said, we see risk to current consensus estimates for the year, and we are below Street revenue at $2.3bn for 2017 vs consensus at $2.35bn, though slightly ahead on EBITDA on more moderate cost assumptions. Our 2017 estimates assume a conservative 4% MAU growth for the year.

**Table 29: Twitter Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofA ML est. | $535 | $544 | $2,301 | $2,339 |
| *Growth Y/Y%* | *-10%* | *-10%* | *-9%* | *2%* |
| Street | $510 | $548 | $2,352 | $2,496 |
| **BofA ML vs Street** | Above | Below | Below | Below |
| **EBITDA** | | | | |
| BofA ML est. | $120 | $152 | $639 | $689 |
| Street | $94 | $135 | $564 | $650 |
| **BofA ML vs Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofA ML est. | $0.03 | $0.08 | $0.33 | $0.34 |
| Street | $0.01 | $0.06 | $0.27 | $0.37 |
| **BofA ML vs Street** | Above | Above | Above | Below |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

Our $14.50 price objective is based on 12x our 2018 EBITDA estimate, which reflects a discount to the online media group (13x). We believe the Twitter platform has slowing user and revenue growth and as such, we expect the stock to trade at a sustained discount to online media peers, with potential M&A adding some offsetting downside support.



HOUSE_OVERSIGHT_014930

# Yelp (Neutral, $43 PO)

**Stock view: Likely to be some improvement vs last quarter**

Yelp is coming off of a quarter with decelerating app unique devices, weak new customer adds, and decelerating sales force growth, and it seems likely that one or two of these metrics will improve. The tone at our recent investor meetings with the CFO seem to suggest that 4Q issues did not signal a break in the model (see On the road with Yelp), and we expect an improvement q/q customer adds. We think the company should be able achieve Street 1Q revenue and EBITDA estimates, though we won't be surprised to see the 2Q17 outlook come in slightly below current Street estimates.

For the full year outlook, while we believe the implied expense growth in the 2017 outlook is somewhat conservative, management appears focused on investing in the business for now and we think upside is more likely to come in 2Q or 3Q. Overall, we remain somewhat cautious on the stock given potential revenue deceleration due to tough comps and a deceleration in sales force growth.

On the cost front, management has been clear in its intention to invest in performance marketing, which could take time to bear fruit. In addition, we believe sales force growth to stabilize/increase going forward, which would seem to suggest potential cost headwinds relative to recent quarters. Finally, while we don't have the specific financials, the addition of Nowait ($40mn acquisition closed 2/28) likely encompasses a moderate bump up in opex with limited revenue to offset.

As we look ahead, we are encouraged with the three transitions within company and we will be looking for progress on the following on the call. The first is connections between consumers and businesses on Yelp through clicks, reservation services, ordering, and Request a Quote. The second is a ramp up in performance marketing as users engage in more measurable events. The third is new customer acquisition via alternative channels, including national customers from outside sales alongside self-serve customers via online channels.

**Key theme/metric(s) for 1Q: new account adds, app unique devices growth**

Given the miss last quarter and pressure on sales force headcount, local advertising accounts will be important gauge of overall execution. Other key metrics include app unique devices growth, which has been decelerating since mid-2015 from 51% y/y to 20% in 4Q16. Performance marketing could reverse the trend, but it could take some time. Finally, while management continues to highlight a decoupling of sales force growth and topline trends, investors still pay attention to overall sales force growth, particularly given the three consecutive quarters of deceleration from 44% y/y (1Q16) to 11% y/y (4Q17). Management has indicated that sales force growth in 2017 should be in the double digits.

**Table 30: Key 1Q metrics**

| Metrics | 4Q16A | 1Q17E | 2Q17E |
|---|---|---|---|
| Claimed Local Business | 3,363 | 3,552 | 3,727 |
| y/y Growth | 27% | 25% | 24% |
| Local Advertising Accounts | 138 | 142 | 150 |
| y/y Growth | 24% | 17% | 17% |
| Reviews | 121,022 | 127,135 | 133,635 |
| y/y Growth | 27% | 25% | 23% |

Source: BofA Merrill Lynch Global Research, company reports

**Biggest 1Q issues/risks:**

- **Local revenue deceleration:** We assume 750bps of y/y growth deceleration in 1Q17 vs 4Q16.



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- **Metrics could remain under pressure:** Investors likely will look for stabilization in key metrics such as app unique devices growth and local ad account growth, but it could take time for incremental marketing and sales investments to bear fruit.

- **Stock comp could create overhang:** With Alphabet's decision to only report GAAP profits, Yelp's high stock comp (67% of 2017E EBITDA) could create overhang to the valuation.

## Leading indicator data points:

### Salesforce growth decelerating

While it possible that Yelp sees improving productivity per salesperson, and the mix shift to national and self-serve reduces reliance on direct sales, the deceleration in salesforce headcount is a negative leading indicator for revenues.

**Chart 16: Salesforce growth versus local advertising revenue growth**

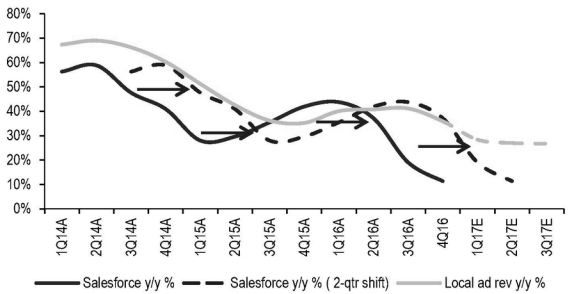


Source: Company, BofA Merrill Lynch Global Research

### Accrued sales bonus and commissions tracking lower

We note that 4Q accrued bonuses and commissions are down y/y and reflect only 0.3% of NTM revenue, which would be the lowest ratio seen in recent years. Even on an absolute basis, the total accrued bonuses and commissions of $3.1mn is the lowest since mid-2013. While this is likely due in part to gains in self-serve and perhaps increased sales focus on National accounts, the change is noteworthy, in our view.

**Chart 17: Accrued bonuses and commissions as a % of NTM revenue**

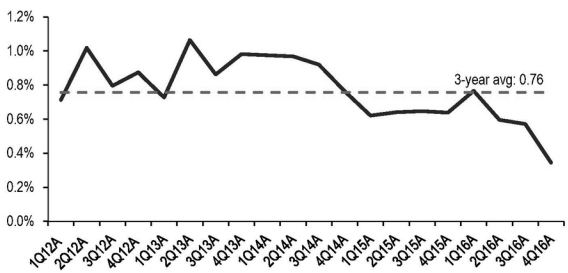


Source: Company, BofA Merrill Lynch Global Research



Bank of America Merrill Lynch

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In addition, the y/y change in commissions expense disclosed in company filings continued a downward trend to negative territory. Over the course of 2016, the number has gone from +$5.7mn in 1Q16, to +$2.4mn in 2Q16, to +$1.4mn in 3Q16, to down $1.7mn in 4Q16.

We also consider comScore mobile data, which indicated that US monthly active users were up 2% y/y (2-months data) while desktop monthly active users were down 14% y/y. This reflects a moderate deceleration in mobile from 4Q (+4%) and slightly lower declines in desktop (4Q at -16%). Total QTD US minutes are down 6% y/y for mobile (vs +4% in 4Q), though App minutes were flat, and desktop was up 6% y/y (vs +1% in 4Q). The somewhat weaker mobile minutes trend is notable, particularly the lack of growth in

## Estimates vs Consensus

Our revenue and EBITDA estimates are slightly above consensus for both 1Q17 and 2Q17, as well as for 2017 and 2018. We expect local ad revenue to grow 28% y/y in 1Q (vs 36% in 4Q) and transaction revenue to grow 17.5% (vs 19% in 4Q). Our 2017 estimates are near the high end of management's 2017 outlook, and we would expect any upside potential to likely surface in the latter half of the year.

**Table 31: Yelp Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $201 | $218 | $895 | $1,082 |
| *Growth Y/Y%* | *26%* | *26%* | *26%* | *21%* |
| Street | $198 | $215 | $889 | $1,068 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofAML est. | $31 | $40 | $166 | $221 |
| Street | $27 | $37 | $161 | $217 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofAML est. | $0.18 | $0.24 | $0.99 | $1.28 |
| Street | $0.16 | $0.25 | $1.04 | $1.45 |
| **BofAML vs. Street** | Above | Below | Below | Below |

Source: BofA Merrill Lynch Global Research, Bloomberg, as of 4/4/2017

We are more constructive on the stock given more negative sentiment and recent sell-off, but maintain our Neutral rating given the decelerating sales leading indicator metrics and tougher revenue comps. Our $43 price objective is based on 14x 2018E EV/EBITDA, slightly above online media comps, which we believe is warranted given the higher margin potential in the model. We believe our multiple balances premium growth vs peers with medium-term concerns on competition and limited GAAP profitability. We believe the slight premium valuation is sustainable if the company can continue to deliver 20%+ y/y topline growth, which would be above the advertising industry.



HOUSE_OVERSIGHT_014933

# Zillow (Buy, $42 PO)

**Stock view: controversy sounding the mortgage business**

While we still expect Zillow's core business to have a solid quarter on product improvements, the self-serve platform, and its recent Seller Boost product, the controversy surrounding Zillow's mortgage business (which potentially has implications for Zillow's core business and the retail estate industry) has been a key recent driver of the stock. The Consumer Financial Protection Bureau (CFPB) has indicated that it views Zillow's mortgage referral system as potentially violating parts of the Real Estate Settlement Procedures Act (RESPA). RESPA (Real Estate Settlement Procedures Act) is an act designed to product potential homeowners by outlawing kickback and referral fees from real estate services, particularly in relation to mortgage brokers who often receive referrals from real estate agents. Since Zillow's mortgage referrals involve a pre-application and a referral directly to a mortgage agent that than a larger entity like a bank, this could be violating the act. Mortgage brokers often fund some of the real estate agents online advertising expenses and a crackdown on mortgage agents could potentially hurt real estate agents ability to spend dollars on Zillow.

For now it is too early to say how this will develop as there are conflicting views for and against this view with the CFPB not releasing an official stance, but we expect this to be a near term overhang on the stock until a clear view of the CFPB's view and intentions unfold. While a contentious issue, mortgage revenue is still only 8% of total revenue and even a cut back would have a minimal impact to overall revenue growth. As for the impact on real estate agent spend on Zillow, we believe at with only roughly 5% penetration into real estate agents online spend Zillow has plenty of room to grow the core business and the high ROI of the ad unit will ensure agents buy placements on Zillow regardless of mortgage broker involvement and continue to like the stock.

**Key theme/metric(s) for 1Q: Mortgage requests and revenue per loan**

With the controversy surrounding the mortgage business, we think investors will be extra focused on the mortgage unit and focus on the mortgage revenue per loan request and consumer load requests. Zillow will be releasing new metrics this quarter to replace ARPA and premier agent count, but has yet to indicate what those metrics will be. Key topics for the call will likely include: 1) mortgage business outlook; 2) premier agent advertising spend; 3) rentals business; and 4) progress on FY17 goals.

**Biggest 1Q issues/risks:**

- If the CFPB decides Zillow violates RESPA, Zillow could face fines and have to retool its mortgage platform.
- New metrics for FY17 could give less visibility into the business as a whole.
- Slower than expected penetration of self-service platform leading to increased S&M costs.
- Potential for a weak 2Q guide if mortgage issues overhang the business as a whole.

**Top 1Q traffic data points: comScore suggests usage up in 1Q**

comScore desktop data suggests that unique visitors were down 5% quarter to date (Jan. and Feb.) while usage was up 2% QTD. However, on mobile, comScore data suggests usage is up 14% y/y on a bigger unique visitor base to 62mn unique users and usage was up 7%. We note comScore has made several methodology changes which has impacted the consistency of recent months data.

**Estimates vs. Consensus: We are above the Street**

Over rev/EBITDA estimates of $239mn/$40mn is above the Street at $236mn/$39mn. We estimate that ARPA will be up 29% y/y to $629 and premier agent subscribers will be flat y/y at 91.9K. Overall, we estimate 28% y/y growth, but note that the mortgage issues could potentially impact revenue. For rentals and other we estimate $32mn in revenue, up 75% y/y.



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**Table 32: Zillow estimate summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofAML est. | $239 | $261 | $1,062 | $1,307 |
| *Growth Y/Y%* | | | *25%* | *23%* |
| Street | $236 | $257 | $1,048 | $1,258 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EBITDA** | | | | |
| BofAML est. | $40 | $51 | $215 | $313 |
| Street | $39 | $46 | $211 | $298 |
| **BofAML vs. Street** | Above | Above | Above | Above |
| **EPS** | | | | |
| BofAML est. | $0.06 | $0.11 | $0.48 | $0.89 |
| Street | $0.05 | $0.07 | $0.44 | $0.80 |
| **BofAML vs. Street** | Above | Above | Above | Above |

Source: BofA Merrill Lynch Global Research estimates

Zillow has effectively captured the online U.S. real estate market, allowing them to accelerate monetization and access to a large TAM with $87bn in total real estate commissions paid in 2016 and Zillow powering just 5% of the commissions through its Premier Agent platform. Although there is potential for the mortgage business to create a headwind if the CFPB issued a negative ruling against Zillow, we still like the stock into the quarter, as we prefer business with minimal competition, and believe that the high ROI of the real estate premium platform to real estate agents will ensure agents buy placements on Zillow regardless of mortgage broker involvement. We maintain our $42 PO based on a 6x our 2018E EV/Sales and supported by our DCF valuation. Our multiple is roughly in-line for online real estate lead generation sites in other countries operating in developed countries.



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# Zynga (Underperform, $2.70)

**Stock view: Live events can improve franchises, but still need new titles**
Zynga launched Dawn of Titans end of 4Q, and although it progressed into the top 20 grossing games in the U.S. Apple store, it has fallen out of the top 100 at some points during the quarter suggesting that its overall revenue contribution has been fairly low. While this is somewhat disappointing, we think investor expectations for the game are now at reasonable (lower) levels.

Instead of big new title launches, Zynga has indicated it is focused on strengthening its current franchises with better engagement and monetization through live events and new features, and progress in this area is key for the 2017 stock outlook. Zynga Poker (up roughly 80% y/y YTD) appears to be benefiting from the focus on engagement and live events with much stronger monetization, which could offset declines in other titles. Overall, we think it could be hard to get the Street excited on the stock without a strong future title that could drive more than single digit growth.

**Key theme/metric(s): DAUs, and live events impact on DAU trends**
After launching 10 new games in 2016, Zynga is focusing more heavily on live events to drive engagement with in franchises rather than launching additional titles. This should, if successful, translate into better DAU metrics as consumer engage with a title more often. With Dawn of Titan likely coming below Street expectations, stronger engagement will be necessarily for Zynga to drive a stronger DAU base. For the quarter, we model 17.9mn online game DAUs for 1Q, down slightly q/q, and down 6% y/y.

**Biggest issues/risks:**

- **Dawn of Titans revenues:** Zynga spend several years developing the game and lack of title success could impact sentiment.
- **Expense leverage and cost-cutting benefits do not materialize**: Zynga plans to further improve operational efficiency and potentially cut non-profitable franchises, but this may be hard to do without impacting long term growth opportunities.
- **Lack of new releases**: Zynga gave no indication of when it will release its next title leaving current franchises to carry revenue and earnings.

**Top data points: Zynga game bookings tracking in-line to slightly below est.**
Zynga's largest revenue generating franchises, Zynga Poker was up significantly in 1Q. Zynga Poker appears to be benefiting from live events and is tracking up roughly 89% QTD. Combined slots titles appear a bit more challenged with total revenue down 30% QTD y/y, in part due to lower monetization on Wizard of Oz slots which is tracking down in gross gaming rankings. Overall, QTD (January and February) Zynga online game bookings (ex-ad revenue) is tracking up 7% y/y vs our 1Q est. of bookings up 9% y/y.

**Chart 18: Zynga Poker y/y revenue growth**

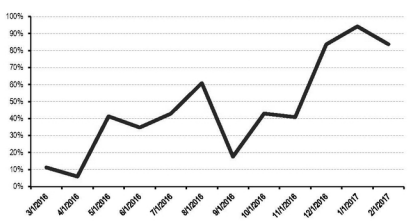


Source: Superdata Research, BofA Merrill Lynch Global Research

**Chart 19: Zynga slots y/y revenue growth**

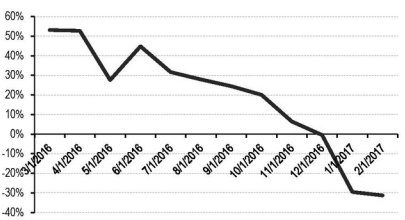


Source: BofA Merrill Lynch Global Research estimates, company report



Bank of America Merrill Lynch

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### Estimates vs. Consensus: Mostly inline to the Street

We are slightly above the street on revenue at $189mn vs. $188mn, but in-line on EBITDA at $20mn. Cost cutting could improve EBITDA and Zynga has restructured some of its workforce and is focusing on driving more engagement with live events in its game franchises. For 2017, we are below the Street on revenue at $779mn vs. $805mn, but above on EBITDA at $101mn vs $99mn.

**Table 33: Zynga Estimate Summary**

| | 1Q17 | 2Q17 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| BofA ML est. | $189 | $196 | $779 | $786 |
| *Growth Y/Y%* | *41%* | *41%* | *5%* | *1%* |
| Street | $188 | $200 | $805 | $875 |
| **BofA ML vs Street** | Above | Below | Below | Below |
| **EBITDA** | | | | |
| BofA ML est. | $20 | $20 | $101 | $106 |
| Street | $20 | $24 | $99 | $122 |
| **BofA ML vs Street** | Above | Below | Above | Below |
| **EPS** | | | | |
| BofA ML est. | $0.01 | $0.01 | $0.05 | $0.06 |
| Street | $0.02 | $0.02 | $0.07 | $0.08 |
| **BofA ML vs Street** | Below | Below | Below | Below |

Source: BofA Merrill Lynch Global Research estimates, company report

Zynga is improving profitability while engaging players better with live services but we remain cautious on the company's ability to materially grow its audience and still favor the console gaming group. Zynga should have downside support given roughly $1.50 in cash and assets and strategic franchise value (we estimate Poker/Slots generates over $250mn+ in revenue annually). Our $2.70 PO is based on 11x 2018E EBITDA (which is a premium to the Mobile gaming peer group due to margin expansion potential), plus $1.41/share in cash and assets (building).



HOUSE_OVERSIGHT_014937

| Company referenced | Ticker | Price |
|---|---|---|
| Alphabet A | GOOGL | 848.91 |
| Alphabet C | GOOG | 831.41 |
| Amazon.com | AMZN | 909.28 |
| Bankrate | RATE | 9.75 |
| Care.com | CRCM | 11.68 |
| eBay | EBAY | 33.81 |
| Expedia | EXPE | 124.97 |
| Facebook | FB | 141.85 |
| Fitbit | FIT | 5.71 |
| GrubHub | GRUB | 33.27 |
| LendingTree | TREE | 117.8 |
| Match Group | MTCH | 16.45 |
| Netflix | nflx | 143.62 |
| ONDK | ONDK | 4.62 |
| Pandora | P | 11.82 |
| priceline.com | PCLN | 1761.77 |
| Quotient | QUOT | 9.4 |
| Snap | SNAP | 20.7 |
| TripAdvisor | TRIP | 41.76 |
| Trivago | TRVG | 12.81 |
| Twitter | TWTR | 14.53 |
| Wayfair | W | 40.21 |
| Yahoo! | YHOO | 46.38 |
| Yelp | YELP | 33.22 |
| Zillow A | ZG | 33.49 |
| Zillow C | Z | 33.47 |
| ZYNGA | ZNGA | 2.78 |

Source: BofA Merrill Lynch Global Research, Prices as of 5 April 2017



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## Price objective basis & risk

**Alphabet (GOOGL / GOOG)**
Our price objective is $1025/$1025, representing 17x our core 2018 Google non-GAAP EPS estimate (excluding non-Google losses), plus $118/share in cash, or 21x core Google GAAP EPS plus cash. Alphabet has traded at 12-24x forward P/E over the last five years and we think our 17x multiple is reasonable given shareholder friendly actions that include the non-core revenue and operating loss disclosures, and stock buybacks.

Downside risks to our PO are: 1) Search revenue growth decelerates faster than anticipated due to market maturity, 2) mobile transition drives negative search behavior changes, 3) revenue growth pressure from competitor initiatives, 4) margins disappoint due to revenue mix and investment initiatives, and 5) negative regulatory changes, including EU antitrust. The stock has been subject to heavy volatility in the past based on revenue growth and margin trends and this volatility could increase if economic conditions deteriorate.

**Amazon.com (AMZN)**
Our PO of $1,100 is based on our SOP that values AWS at $127bn or $259 per share and the retail business at $413bn or $841 per share. Our 5.5x AWS multiple is a modest premium to the software/SaaS comp group at 5.0x on 2018 sales, and 0.9x multiple is a premium to a retail general merchandise comp group at 0.7x. We think the premiums are warranted given share gains and superior growth. Our $1,100 price objective implies 2.8x 2018E Price/Sales, a multiple above the high end of Amazon's historical range of 1.0-2.5x. We argue the historical P/S multiple should increase given positive 3rd party sales (3P) that is reported on a net basis, a higher AWS revenue contribution, and record gross profit margins.

Downside risks to our price objective are a consumer spending slowdown, rich P/E multiple, margin or growth pressure from the digitization of media, more aggressive offline competition, hardware strategy, AWS investments and/or price cuts, Prime Instant Video content costs, and decelerating growth. The stock has been subject to heavy volatility in the past, based on margin trends, and this volatility could increase due to economic uncertainty.

**Bankrate (RATE)**
Our $13 price objective is based on 9x our 2018E EV/EBITDA, a slight discount to the online lead-gen and marketplace peer group average of 11x. We believe it is reasonable for RATE to trade at a slight discount given RATE's recent challenges to both growth and margins and its position as a turnaround in the space.

Downside risks to our PO are: 1) limited visibility into intra-quarter trends, 2) stock dependent on economic outlook, 3) card issuer spending is volatile and the turnaround is short lived, 4) slower growth in personal loans than expected, 5) higher than expected marketing spending to drive traffic to Bankrate sites, resulting in lower margins, 6) Google changes have a negative impact on marketing margins and EPS, 7) competition with other consumer finance sites, and 8) a large acquisition.

**Care.com (CRCM)**
Our $9 price objective is based on 1.3x 2018E EV/Sales or 10x 2018E EV/EBITDA, in line with small cap ecommerce and subscription peers. Care.com has category leadership and a large TAM, but we do not believe 7% 2-yr expected revenue growth warrants a premium to peers. At the same time, we believe that the Google Capital investment could provide some downside support on take-out potential.

Downside risks to our PO are 1) need to add more customers each year to grow given high churn, 2) competition from SitterCity and Homestead, and 3) new care offerings



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(mobile apps, premium nanny, date night payment services etc.) may not see much traction, 4) lower conversion rates on mobile, 5) mobile conversions with 30% fee to Apple and Google Play marketplaces could negatively impact margins, and 6) international expansion may not be successful given different demographics.

Upside risks to our PO are 1) lower marketing spend resulting in higher margins and better leverage in 2016, 2) revenue upside from cross-selling and word of mouth, 3) increase length of stay for paid subscribers, reducing churn, and 4) traction from new care offerings, Care at Work, and international expansion.

**eBay (EBAY)**
Our $38 price objective is based on 17x our 2018E EPS. Our 17x P/E multiple is slightly ahead of the retail comp group average of about 16x, reflecting eBay's potential for a Marketplace growth acceleration in 2017.

Risks to our price objective are: 1) competition from Amazon and other new Marketplaces in the U.S., competition from Amazon, Alibaba and local incumbents in International markets, and competition from multi-channel retailers that are aggressively investing in the online channel, 2) vulnerability to future Google algorithm changes, 3) decelerating user growth, resulting in eCommerce market share losses, and 4) currency risk including FX volatility impact on cross border trade. The stock has been subject to heavy volatility in the past based on GMV growth and market share trends and this volatility could increase due to economic uncertainty.

**Expedia (EXPE)**
Our $146 price objective is based on our sum of the parts (SOP) that assumes 9x 2018E EBITDA for the core OTA business (a discount to Priceline at approx. 15x due to slower organic growth and higher taxes on earnings), 8x 2018E EBITDA for Egencia (we expect single digit growth), 60% ownership of Trivago (using our PO), and HomeAway at 15x 2018 EV/EBITDA.

Downside risks to our PO are: 1) economic downturn leading to fewer travel bookings, 2) competition for European traffic lowering the company's growth or margin opportunity, 3) hotels favoring lower-cost alternative distribution channels and limiting Expedia's access to inventory, 4) Google and/or TripAdvisor disintermediation, and 5) the negative impact of terrorism and disease on global travel trends.

**Facebook (FB)**
Our $165 price objective is based on 24x our non-GAAP 2018E EPS and 27x GAAP EPS, multiples equal to about 1x 2018E revenue growth, mostly in-line with its social and online media peers.

Risks are: 1) high valuation that discounts strong growth, 2) changes in user engagement impacts optimism on revenue opportunities and compresses the stock multiple, 3) privacy issues or pushback on Facebook's policy changes impact revenue generation, 4) risks to executing Messenger & WhatsApp monetization, 5) potential for higher investment to negatively impact margins, and 6) a macroeconomic impact on advertising pricing.

**Fitbit (FIT)**
Our $6.50 price objective is based on 0.5x EV/S multiple which is below the device manufacturer peer group at 1.8x, but justified in our view given declining revenue and profitability, FCF burn, market saturation, and limited visibility into the next product cycle.

Upside risks are: 1) international product launches and expansion, 2) higher-than-expected ASPs, 3) new product launches domestically, 4) slower-than-expected OpEx ramp, 5) software monetization and 6) corporate wellness program growth.



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Downside risks are: 1) integration risk from smartwatches and other wearables cannibalizing the fitness tracker market, 2) fad risk, as fitness trackers could be simply a fitness fad with consumers, 3) competitive risk from competitors out-innovating, and 4) execution risk on channel build and inventory management.

**GoPro (GPRO)**
Our $8 price objective is based on 10x our 2018E EBITDA, in line with the peer average of 10x, which we believe is appropriate given its slightly higher growth and potential for EBITDA margin expansion after restructuring. GoPro is the leading action camera company in the world but has been challenged by execution issues limiting its ability to drive strong product cycles.

Downside risks to our PO are: 1) new products fail to resonate with consumers, 2) competitive pressure pushing down ASPs, and 3) failure to meet market demand during holidays.

Upside risks to our PO are: 1) better than expected sales on new products, 2) better than expected holiday sales from extra manufacturing capacity, 3) better than expected drone sales, or new product announcements, and 4) new direct sales partnerships internationally

**GrubHub (GRUB)**
Our PO is $49, based on 32x our 2018E P/E (vs. high growth internet at 31x). We believe GRUB warrants a premium to eCommerce peers due to the attractive margins of the core business and, relative to the overall small-cap sector, GRUB has more attractive margins and growth potential.

Downside risks to our PO are:
Revenue and sales metrics are trailing KPIs for Diners and Restaurant and the potential for diminishing returns on future restaurant and user additions is a risk. GrubHub has significant room for growth in the US ahead, but will need to invest internationally if domestic growth stalls.

**LendingTree (TREE)**
Our $140 price objective represents 14x 2018E EV/EBITDA, a premium to the lead generation services and marketplace peer group average of 11x due to market position (category leader in mortgage and personal loans) and faster revenue growth.

Risks to achieving our estimates and price objective are: 1) interest rate risks given the demand for leads for mortgage and other loan products, 2) competition with other consumer finance sites and ad networks, 3) potential for search engine disintermediation and traffic competition, 4) potential for recessionary impact on loan products (lower traffic and demand for leads) and credit card markets, 5) premium valuation vs. lead generation and marketplace peers, and 6) acquisition risk.

**Match Group (MTCH)**
Our PO is $21 based on 12x our estimated 2018 EBITDA of $562mn and our DCF valuation analysis. The basis for our PO is in-line with the eCommerce group, but a premium to the consumer internet subscription services group due to MTCH's combination of market dominance, profitability, and cash flow. We think fundamentals help MTCH stand out from its ecommerce peer group and MTCH should be seen as a more defensible platform that is unlikely to see disruption in its core markets.

Downside risks are: market share losses to an emerging dating business, potential for higher acquisition costs on mobile, lower conversion rates that lead to lower PMC growth, the need to acquire competing sites to maintain growth or market share, and



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higher-than-expected International investments. The biggest downside risk is lower revenue if Tinder experiences a decline in popularity or public perception.

**Netflix, Inc. (NFLX)**
Our $154 price objective is based on a peak penetration sum-of-the-parts analysis which discounts back future EPS at peak penetration by 10%. At peak penetration, we assume domestic streams peak at 65mn subscribers in five years while the international segment reaches 200mn seven years later. We assume APRU of $9.99 and 40% contribution margins for the domestic business and a $8.50 APRU and 40% contribution margin for the international business. We also assume a $1.50 price increase domestically over six years and a $3.60 price increase internationally over twelve years which will be 75% incremental to operating income. We assume a US tax rate of 40% and an international tax rate of 25%. At peak penetration, we assume a 15x S&P average multiple.

Downside risks to our price objective are: 1) increasing content costs, 2) potential new competitors in the company's streaming business, 3) execution challenges and competition potentially limiting growth in new markets, 4) U.S. saturation point approaching quicker than expected, and 5) net neutrality repeal causing ISPs to look to recoup higher rents from Netflix's high bandwidth requirements for streaming.

Upside risks to our price objective are: 1) content costs rising slower than expected, 2) total subscriber growth is faster than expected, and 3) international expansion into new large markets (e.g. China).

**OnDeck Capital (ONDK)**
Our $6 price objective is based on 10x our 2018E EBITDA. This is below the internet ecommerce comparable group (11x) which is justified in our view given OnDeck's double digit revenue growth and potential to expand margins starting in 2018 as it gains scale and operating leverage, but tempered by a slower FY18.

Upside risks to our PO are: 1) faster than expected originations growth, 2) signing of new large strategic partners, and 3) lower than expected operating expenses.

Downside risks to our PO are: 1) higher than expected loss rates from worsening macro environment, 2) credit market freeze shutting down liquidity access, 3) lower effective yield from competition, and 4) increased marketing spend.

**Pandora Media, Inc. (P)**
Our $9 price objective is based on 1x our 2018 revenue estimate, a significant discount to online media and subscription service peers, but justified in our view as the multiple takes into account the company's difficult transition to a subscription on-demand service and lack of near term profitability balanced by the value of its data and user base.

Upside risks to our PO are: 1) direct licensing agreements for lower royalty rates, 2) international expansion announcements, 3) ad-load increases in key demos, increasing monetization rates, 4) faster than expected launch of on-demand service, and 5) the company is acquired.

Downside risks to our PO are: 1) emerging competition from both other Internet models like Spotify and Apple Music, as well as large, established radio companies like iHeartMedia embracing Internet streaming, 2) slow down in the company's ability to grow monetization, 3) lack of historical or near-term GAAP profitability, and 4) delayed on-demand service launch



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**priceline.com (PCLN)**
Our price objective is $1,920 based on 22x our 2018 adj. EPS estimate. The 22x multiple is towards the upper end of Priceline's historical multiple range of 13-23x and represents a PEG of 1.4x. We think a 22x forward P/E multiple is appropriate given mid-teens EPS growth, strong booking trends, Priceline's leadership position in the global online travel sector, track record of EPS upside, and increased access to the China market via the Ctrip investment.

Risks to our PO are 1) a global economic downturn, especially macro-weakness in Europe, leading to fewer travel bookings and pressure on room rates, 2) competition for traffic lowering the company's growth or margin opportunity, 3) hotels favoring their own distribution channels, 4) FX volatility, 5) increased competition from Expedia, TripAdvisor and potentially Google, and 6) the impact of terrorism/disease on global travel trends. The stock has been subject to heavy volatility in the past based on travel industry trends and this volatility could increase due to greater economic uncertainty, especially with macro-trends in Europe.

**Quotient Technology Inc (QUOT)**
Our $13 price objective is based on a 16x 2018E EBITDA, a premium to eCommerce peers (11x), which we think is justified given stickiness of the Retailer IQ platform and the slightly higher growth of 14% in FY17 vs. eCommerce group at 11%). Quotient is a lead operator in online couponing, has a strong technological platform, relationships with CPGs and a platform that is slowly spreading across grocers in the U.S.

Downside risks are: 1) further delays in point-of-sale system rollout with retailers, 2) loss of major retailers or CPG, 3) higher-than-expected R&D and S&M costs due to investment, and 4) limited float may contribute to volatility.

Upside risks to our analysis are: 1) additional retailers launching on their point-of-sale system, 2) quicker-than-expected transition to digital couponing, 3) new additional digital coupon retail clients (such as Walmart). and 4) targeted couponing lifting average transaction pricing.

**Snap (SNAP)**
Our $25 PO is based on our DCF model as we do not expect the company to be profitable until mid- to late-2019 and any earnings-based valuation exercise would require discounting back future earnings. Our DCF assumes approximately $28bn revenue by 2027 based on 525mn DAUs and $50+ in ARPU. Our PO implies 15.5x EV / Revenue, above the peer group at 4x, as we believe Snap's early stage of ad monetization and potential future leverage in the business model warrants a premium valuation multiple to the social media group.

Upside risks to our PO are: 1) greater than expected reacceleration in North America DAU growth, 2) more rapid monetization of existing user base with increased ad load and/or new ad formats, and 3) better traction and monetization in International markets.

Downside risks to our PO are: 1) further deceleration in user growth that would raise concerns on long-term revenue opportunity, 2) pressure on usage due to competing services, and 3) performance into the first lock-up expiration on 7/29/17.

**TripAdvisor (TRIP)**
Our price objective of $40 is based on 25x our 2018 non-GAAP EPS estimate. This multiple represents a modest premium to the group for possibly depressed margins and re-accelerating top-line growth.

Downside risks to our price objective are: 1) increasing competition (e.g. Yelp), 2) macro-economic factors (e.g. recession in Europe) impacting the travel industry, 3) challenges



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to the credibility of online reviews, 4) Instant Book transition puts pressure on revenue growth, and 5) mobile monetization headwinds.

Upside risks to our price objective are: 1) improved mobile monetization 2) major OTA sign on for instant booking 3) high non-hotel shopper dollar capture and 4) improved global macro environment.

**Trivago NV (TRVG)**
Our PO of $15 is based on a 3.5x 2018E EV/Sales multiple. We note that 3.5x is roughly in line with the lead generation peer group average 2018E EV/Sales multiple. We think our EV/Sales multiple is warranted as a balance between Trivago's higher growth and lower profitability. Our price objective is supported by our DCF analysis.

Downside risks to our price objective are: 1) Growing competition, 2) Elevated marketing spend, 3) High Customer concentration, 4) Macro and FX risks, and 5) Potential for loss of hotel inventory.

**Twitter (TWTR)**
Our $14.5 price objective is based on 12x our 2018 EBITDA estimate, which reflects a discount to the online media group (13x). We believe the Twitter platform has slowing user and revenue growth and as such, we expect the stock to trade at a sustained discount to online media peers, with potential M&A adding some offsetting downside support.

Downside risks to our PO are: 1) decelerating user growth that may raise concerns on long-term revenue opportunity, 2) pressure on usage due to emergence of competing services, 3) new ad initiatives may not perform well, resulting in lower advertiser demand for Twitter ads, 4) monetization of logged-out users and third party application users are slow to materialize, and 5) on a EV/EBITDA basis Twitter is more attractive today than in the past, but stock remains subject to multiple compression.

Upside risks to our PO are: 1) User adds could ramp on new product initiatives in the 2H, and accelerating user growth may increase optimism on long-term revenue opportunity, 2) with new demographic targeting initiatives, Twitter is able to capture more TV dollars (vs online ad dollars) that are incremental with video ads, 3) the NFL broadcasts and other video content (live political, entertainment, etc.) could help Twitter grow users meaningfully in the long term, 4) guidance could prove to be conservative, 5) traction from monetization of logged-out users and 6) potential that Twitter could be acquired.

**Wayfair (W)**
Our price objective of $44 is based on 0.7x 2018E EV/sales. We continue to focus on EV/Sales given Wayfair's lack of profitability to date. Our 0.7x target multiple is a discount to W's eCommerce comp group and at a modest discount to W's retail comp group. We think the multiple is appropriate given stronger revenue growth vs. peers, balanced by lower profitability and competitive risks.

Downside risks are: 1) GAAP operating losses expected through 2018, making valuation analysis more complex, 2) competition from several well capitalized companies including Amazon, 3) brand complexity (5 brands), 4) category limitations, 5) partner segment revenue headwinds, and 6) execution risk on International expansion.

**Yahoo! (YHOO)**
Our price objective of $57 is based on our sum-of-parts valuation assumptions. Our $53 estimated asset value represents $39/share from the remaining Alibaba stake (using $122 Alibaba valuation {10% discount rate, mid-term FCF FY18-25E CAGR of 18%, 4% terminal growth} x 384mn shares at 20% discount rate), $6.1 for Yahoo Japan, $0.5 for Excalibur patents, and $6.9 in cash and cash equivalents on Yahoo's balance sheet. We



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assume $4.7/share in value for the core business based Verizon's pending acquisition value of $4.83bn less $300mn for potential revisions.

Downside risks to our PO are: 1) Alibaba stock valuation declines, 2) Alibaba valuation discount is higher than expected, 3) Verizon's pending acquisition of Yahoo core assets is delayed/challenged, 4) valuation of Yahoo! Japan falls, and 5) valuation of Excalibur patent portfolio falls.

**Yelp (YELP)**
Our $43 price objective is based on 14x 2018E EV/EBITDA, slightly above online media comps, which we believe is warranted given the higher margin potential in the model. We believe our multiple balances premium growth vs peers with medium-term concerns on competition and limited GAAP profitability. We believe the slight premium valuation is sustainable if the company can continue to deliver 25% y/y topline growth with y/y margin improvement.

Downside risks are Google and Facebook's ambitions to build a review ecosystem to tap into local ad spending, competition from a variety of online and offline locally focused advertising businesses, Google traffic dependency, and advertiser churn.

**Zillow (ZG / Z)**
Our $42 price objective is based on a 6x our 2018E EV/Sales and supported by our DCF valuation. Our multiple is roughly in-line for online real estate lead generation sites in other countries operating in developed countries. In addition, this multiple represents a relative discount given Zillow's higher sales growth and a larger US TAM in comparison to its peers in smaller developed markets like Australia and Japan. We are positive on Zillow's long term opportunity to capture the majority of realtor's dollars moving from offline channels to online marketing channels.

Downside risks are: 1) traffic cannibalization between Zillow properties, 2) new lawsuits again Zillow, 3) potential for multiple compression, 4) a U.S. housing market down turn, and 5) lack of profitability support for valuation.

Upside risks are: 1) faster than expected growth and S&M leverage, 2) Zillow Digg monetization, 3) accelerated grow the in rentals market, and 4) new market expansion.

**ZYNGA (ZNGA)**
Our $2.70 PO is now based on 11x 2018E EBITDA (which is a premium to the Mobile gaming peer group due to margin expansion potential), plus $1.41/share in cash and assets (building).
Downside risks to our price objective are mobile market share losses, challenges in establishing successful new content given employee departures, and player churn due to greater competition given low barriers to entry. Upside risks are successful new title releases that accelerate growth, or potential acquisition of Zynga for its game portfolio.

## Analyst Certification

We, Justin Post, Jason Mitchell and Nat Schindler, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



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HOUSE_OVERSIGHT_014946

**US - Internet Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Alphabet | GOOGL | GOOGL US | Justin Post |
| | Alphabet | GOOG | GOOG US | Justin Post |
| | Amazon.com | AMZN | AMZN US | Justin Post |
| | Bankrate | RATE | RATE US | Nat Schindler |
| | eBay | EBAY | EBAY US | Justin Post |
| | Expedia | EXPE | EXPE US | Justin Post |
| | Facebook | FB | FB US | Justin Post |
| | GrubHub | GRUB | GRUB US | Nat Schindler |
| | IAC InterActive | IAC | IAC US | Nat Schindler |
| | LendingTree | TREE | TREE US | Nat Schindler |
| | Match Group | MTCH | MTCH US | Nat Schindler |
| | Netflix, Inc. | NFLX | NFLX US | Nat Schindler |
| | OnDeck Capital | ONDK | ONDK US | Nat Schindler |
| | priceline.com | PCLN | PCLN US | Justin Post |
| | Take-Two Interactive | TTWO | TTWO US | Justin Post |
| | Trivago NV | TRVG | TRVG US | Nat Schindler |
| | Wix.com | WIX | WIX US | Nat Schindler |
| | Yahoo! | YHOO | YHOO US | Justin Post |
| | Zillow | ZG | ZG US | Nat Schindler |
| | Zillow | Z | Z US | Nat Schindler |
| **NEUTRAL** | | | | |
| | Activision | ATVI | ATVI US | Justin Post |
| | Electronic Arts | EA | EA US | Justin Post |
| | Quotient Technology Inc | QUOT | QUOT US | Nat Schindler |
| | Snap | SNAP | SNAP US | Justin Post |
| | Wayfair | W | W US | Justin Post |
| | Yelp | YELP | YELP US | Justin Post |
| **UNDERPERFORM** | | | | |
| | Care.com | CRCM | CRCM US | Justin Post |
| | Fitbit | FIT | FIT US | Jason Mitchell |
| | GoPro | GPRO | GPRO US | Jason Mitchell |
| | Pandora Media, Inc. | P | P US | Nat Schindler |
| | TripAdvisor | TRIP | TRIP US | Nat Schindler |
| | Twitter | TWTR | TWTR US | Justin Post |
| | ZYNGA | ZNGA | ZNGA US | Justin Post |
| **RVW** | | | | |
| | Chegg | CHGG | CHGG US | Nat Schindler |



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| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 29 | 59.18% | Buy | 14 | 48.28% |
| Hold | 5 | 10.20% | Hold | 2 | 40.00% |
| Sell | 15 | 30.61% | Sell | 5 | 33.33% |

**Equity Investment Rating Distribution: Media & Entertainment Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 40 | 56.34% | Buy | 21 | 52.50% |
| Hold | 16 | 22.54% | Hold | 6 | 37.50% |
| Sell | 15 | 21.13% | Sell | 6 | 40.00% |

**Equity Investment Rating Distribution: Technology Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 126 | 59.43% | Buy | 70 | 55.56% |
| Hold | 35 | 16.51% | Hold | 17 | 48.57% |
| Sell | 51 | 24.06% | Sell | 17 | 33.33% |

**Equity Investment Rating Distribution: Global Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1578 | 51.33% | Buy | 979 | 62.04% |
| Hold | 690 | 22.45% | Hold | 434 | 62.90% |
| Sell | 806 | 26.22% | Sell | 381 | 47.27% |

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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# TED2017 program

Monday, April 24, 10:15AM - 12:00PM PDT

## TED Fellows Talks, Session 1

Amazing talks and performances from the new class of TED Fellows and returning Senior Fellows. Hosted by Fellows director Tom Rielly.

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Monday, April 24, 1:15PM - 3:00PM PDT

## TED Fellows Talks, Session 2

Part 2 of the TED Fellows session, featuring cutting-edge work from TED Fellows and Senior Fellows. Unmissable.

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Monday, April 24, 5:00PM - 7:00PM PDT

## Session 1: One Move Ahead

Hosted by Chris Anderson
**Not attending TED2017?** Watch Session 1 – Opening Event – broadcast to cinemas! Find showtimes

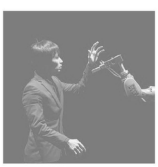

### Huang Yi

**Choreographer, dancer, inventor**

As a child, Huang Yi longed for a robot companion. As an adult, he created a robot to dance with: KUKA.

Taiwanese dancer, choreographer, inventor, and videographer Huang Yi's pioneering work is steeped in his fascination with the partnership between humans and robots. He interweaves continuous movement with mechanical and multimedia elements to create a form of dance which corresponds with the flow of data, effectively making the performer a dancing instrument. Named by *Dance Magazine* as one of the "25 to Watch," Huang is one of Asia's most prolific choreographers.

Harmoniously weaving together the art of dance and the science of mechanical engineering, HUANG YI & KUKA is a poetic work that intertwines modern dance and visual arts with the realm of robotics, revealing humanity through a series of vignettes between live dancers and KUKA, a robot conceptualized and programmed by Huang. "Dancing face to face with a robot is like looking at my own face in a mirror...I think I have found the key to spin human emotions into robots," Huang asserts.

HUANG YI & KUKA is an original production of Huang Yi Studio +, developed at 3LD Art & Technology Center, in association with Sozo Artists. Commissioned by Quanta Arts Foundation.

facebook.com/HuangYiStudio

### Anab Jain

**Futurist, designer**

Superflux co-founder and TED Fellow Anab Jain parses uncertainties around our shared futures to create provocative experiences, tools and tactics that we can adopt today.

In 2009, Anab Jain co-founded the design firm Superflux with Jon Ardern, inspired by influences as far-flung as avant-garde architecture and Andrei Tarkovsky. The challenges Jain explores are some of the biggest -- climate change, biotech, intelligent machines -- and her resulting work "navigates the entangled wilderness of our technology, politics, culture and environment to imagine new ways of seeing, being and acting."

In her work, Jain creates worlds, stories and tools that provoke and inspire us to engage with the precarity of our rapidly changing world. Superflux is building tools, methods and commons that can enable us to mitigate the shock of food insecurity and climate change. Recently they produced a series of civilian drones, and created a vision of a near-future city where these intelligent machines begin to display increasing autonomy with civic society. Among Superflux's previous projects is a headset allowing blind subjects injected with a light-sensitive virus to develop a kind of "super-sight" sensitive to spectrums that ordinary vision cannot detect.

superflux.in @anabjain



### Garry Kasparov



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## Garry Kasparov

**Grandmaster, analyst**

Garry Kasparov is esteemed by many as the greatest chess player of all time. Now he's engaged in a game with far higher stakes: the preservation of democracy.

When 22-year-old Garry Kasparov became the world's youngest chess Grand Champion, few could predict his turbulent career in chess or as a dissident. His chessboard wizardry was already the stuff of legend when, in 1997, he made headlines when he lost a rematch to IBM's Deep Blue supercomputer, ushering AI into the public sphere.

Kasparov's book *Winter Is Coming* details the rise of Putin's Russia as well as Kasparov's persecution and self-exile, and it serves chilling warnings of reactionary forces gathering in the West. He is the chair of the Human Rights Foundation, succeeding his predecessor Vaclav Havel.

kasparov.com @Kasparov63

## Laura Galante

**Cyberspace analyst**

Laura Galante analyzes how states use cyberspace: a domain where militaries, intelligence services, criminal groups and individuals pursue their interests with far fewer restraints than in the physical world.

At FireEye, Galante's teams have profiled advanced cyber threats, investigated network breaches and portrayed the political, military and financial implications of cyber operations. Part of the original Mandiant Intelligence team, Galante has led strategic analysis, developed intelligence capabilities and offerings, and directed publications including *APT28: A Window into Russia's State Cyber Espionage*; *Red Line Drawn: China Recalculates its Use of Cyber Espionage*; and *Hacking the Street? FIN4 Likely Playing the Market* among others.

In November 2016 she spoke at the UN Security Council's Arria Formula meeting on cybersecurity and international peace and security. She frequently appears on and provides commentary to: CNN, Bloomberg, NPR, BBC, Fox News, the *New York Times*, *The Financial Times*, *The Wall Street Journal*, Reuters, the Associated Press and other global and industry media. Prior to her work at FireEye and Mandiant, Galante led a contractor team analyzing cyber capability development and military doctrine at the US Department of Defense. She supported the 2010 US-Russia bilateral information security talks.

fireeye.com @LauraJGalante

## OK Go

**Band**

A wildly creative band of music- and video-makers, OK Go is building a media empire on the back of endless, boundless ingenuity.

With a career that includes award-winning videos, *New York Times* op-eds, a major label split and the establishment of a DIY trans-media mini-empire (Paracadute), collaborations with pioneering dance companies and tech giants, animators and Muppets, and an experiment that aims to encode Hungry Ghosts on actual strands of DNA, OK Go continue to fearlessly dream and build new worlds in a time when creative boundaries have all but dissolved.

The band has been honored with a Grammy, three MTV Video Music Awards (one of them from Japan!), a CLIO, three UK Music Video Awards, two Webby Awards (including one for their collaboration with The Muppets and Sesame Street) and a spot in a Guggenheim installation. Their latest video is "The One Moment," directed by the band's singer, Damian Kulash Jr.

okgo.net @okgo

## Tim Ferriss

**Human guinea pig, author**

Tim Ferriss is author of "The 4-Hour Workweek," a self-improvement program of four steps: defining aspirations, managing time, creating automatic income and escaping the trappings of the 9-to-5.

Tim Ferris brings an analytical yet accessible approach to the challenges of self-improvement and career advancement through what he calls "lifestyle design." His 2007 book, *The 4-Hour Workweek*, and his lectures on productivity are stuffed with moving, encouraging anecdotes -- often from his own life -- that show how simple decisions, made despite fears or hesitation, can make for a drastically more meaningful day-to-day experience at work, or in life.

Word-of-blog chatter in Silicon Valley may have propelled his book to bestselling success, but Ferriss himself takes a fervid stance against the distractions of technology toys that promote unnecessary multitasking. Following the success of his book, Ferriss has become a full-time angel investor.

## Titus Kaphar

**Artist**

Titus Kaphar's artworks interact with the history of art by appropriating its styles and mediums.

As Titus Kaphar says of his work: "I've always been fascinated by history: art history, American history, world history, individual history -- how history is written, recorded, distorted, exploited, reimagined, and understood. In my work I explore the materiality of reconstructive history. I paint and I sculpt, often borrowing from the historical canon, and then alter the work in some way. I cut, crumple, shroud, shred, stitch, tar, twist, bind, erase, break, tear, and turn the paintings and sculptures I create, reconfiguring them into works that nod to hidden narratives and begin to reveal unspoken truths about the nature of history."

His latest works are an investigation into the highest and lowest forms of recording history. From monuments to mug shots, this body of work exhibited at Jack Shainman gallery December-January 2017 seeks to collapse the line of American history to inhabit a fixed point in



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the present. Historical portraiture, mug shots, and YouTube stills challenge viewers to consider how we document the past, and what we have erased. Rather than explore guilt or innocence, Kaphar engages the narratives of individuals and how we as a society manage and define them over time. As a whole, this exhibition explores the power of rewritten histories to question the presumption of innocence and the mythology of the heroic.

kapharstudio.com

## Rabbi Lord Jonathan Sacks

**Religious leader**

In a world violently polarized by extremists, Rabbi Lord Jonathan Sacks is proposing and advocating solutions to mounting religious intolerance.

Rabbi Lord Sacks is one of Judaism's spiritual leaders, and he exercises a primary influence on the thought and philosophy of Jews and people of all faiths worldwide. Since stepping down as Chief Rabbi of the UK and Commonwealth in 2013, Rabbi Lord Sacks has become an increasingly well-known speaker, respected moral voice and writer; his 2015 book is *Not in God's Name: Confronting Religious Violence*.

Granted a seat in the British House of Lords in 2009, Rabbi Lord Sacks is a key Jewish voice for universalism and an embrace of tolerance between religions and cultures. He rejects the "politics of anger" brought about by the way "we have acted as if markets can function without morals, international corporations without social responsibility and economic systems without regard to their effect on the people left stranded by the shifting tide." He also sees, as a key idea for faith in our times, that unity in heaven creates diversity on earth.

rabbisacks.org @rabbisacks

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Tuesday, April 25, 8:30AM - 10:15AM PDT

# Session 2: Our Robotic Overlords

Hosted by Chris Anderson and Helen Walters.

## Marc Raibert

**Roboticist**

Marc Raibert is the founder and CEO of robot maker Boston Dynamics.

Working with his team at Boston Dynamics, Marc Raibert builds some of the world's most advanced robots, such as BigDog, Atlas, Spot and Handle. These robots are inspired by the remarkable ability of animals to move with agility, dexterity, perception and intelligence. A key ingredient of these robots is their dynamic behavior, which contributes to their lifelike qualities and their effectiveness in the real world.

Raibert founded Boston Dynamics as a spinoff from MIT, where he ran the Leg Laboratory, which helped establish the scientific basis for highly dynamic robots. He was a professor of EE&CS at MIT and before that associate professor of CS & Robotics at Carnegie Mellon University. Raibert is a member of the National Academy of Engineering.

bostondynamics.com

## Noriko Arai

**AI expert**

Could an AI pass the entrance exam for the University of Tokyo? Noriko Arai oversees a project that wants to find out.

Noriko Arai is the program director of an AI challenge, Todai Robot Project, which asks the question: Can AI get into the University of Tokyo? The project aims to visualize both the possibilities and the limitation of current AI by setting a concrete goal: a software system that can pass university entrance exams. In 2015 and 2016, Todai Robot achieved top 20 percent in the exams, and passed more than 60 percent of the universities in Japan.

The inventor of Reading Skill Test, in 2017 Arai conducted a large-scale survey on reading skills of high and junior high school students with Japan's Ministry of Education. The results revealed that more than half of junior high school students fail to comprehend sentences sampled from their textbooks. Arai founded the Research Institute of Science for Education to elucidate why so many students fail to read and how she can support them.

nii.ac.jp/en/faculty/society/arai_noriko researchmap.jp/arai_noriko/english

## Stuart Russell

**AI expert**

Stuart Russell wrote the standard text on AI; now he thinks deeply on AI's future -- and the future of us humans too.

Stuart Russell is a professor (and formerly chair) of Electrical Engineering and Computer Sciences at University of California at Berkeley. His book *Artificial Intelligence: A Modern Approach* (with Peter Norvig) is the standard text in AI; it has been translated into 13 languages and is used in more than 1,300 universities in 118 countries. His research covers a wide range of topics in artificial intelligence including machine learning, probabilistic reasoning, knowledge representation, planning, real-time decision making, multitarget tracking, computer



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vision, computational physiology, global seismic monitoring and philosophical foundations.

He also works for the United Nations, developing a new global seismic monitoring system for the nuclear-test-ban treaty. His current concerns include the threat of autonomous weapons and the long-term future of artificial intelligence and its relation to humanity.

eecs.berkeley.edu/~russell

## Joseph Redmon

**Computer scientist**

Joseph Redmon works on the YOLO algorithm, which combines the simple face detection of your phone camera with a cloud-based AI -- in real time.

Computer scientist Joseph Redmon is working on the YOLO (You Only Look Once) algorithm, which has a simple goal: to deliver image recognition and object detection at a speed that would seem science-fictional only a few years ago. The algorithm looks like the simple face detection of a camera app but with the level complexity of systems like Google's Deep Mind Cloud Vision, using Convolutional Deep Neural Networks to crunch object detection in realtime. It's the kind of technology that will be embedded on all smartphones in the next few years.

Redmon is also internet-famous for his resume.

pjreddie.com @pjreddie

## Tom Gruber

**AI developer**

As co-creator of Siri, Tom Gruber helped redefine the role of machine intelligence in our lives and transformed the way we interact with our devices.

By connecting humans and machines with AI, designer, inventor and polymath Tom Gruber is opening up new ways to improve our lives and augment human intelligence.

Gruber led the team that revolutionized human-machine interaction with Siri, the intelligent personal assistant that can understand your spoken language and help you get things done. Launched in 2010, Siri is now used billions of times a week in more than 30 countries around the world.

tomgruber.org

## Radhika Nagpal

**Robotics engineer**

Taking cues from bottom-up biological networks like those of social insects, Radhika Nagpal helped design an unprecedented “swarm” of ant-like robots.

With a swarm of 1,024 robots inspired by the design of ant colonies, Radhika Nagpal and her colleagues at Harvard’s SSR research group have redefined expectations for self-organizing robotic systems. Guided by algorithms, Nagpal’s shockingly simple robots guide themselves into a variety of shapes -- an ability that, brought to scale, might lead to applications like disaster rescue, space exploration and beyond.

In addition to her work with biologically inspired robots, Nagpal helped create ROOT, a simple robot to teach coding to would-be programmers through a simple user interface suitable for students of all ages.

radhikanagpal.org eecs.harvard.edu/ssr

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Tuesday, April 25, 11:00AM - 12:45PM PDT

# Session 3: The Human Response

Hosted by Chris Anderson and Kelly Stoetzel.

## Rutger Bregman

**Historian**

Rutger Bregman is the author of the new "Utopia for Realists."

Rutger Bregman is one of Europe’s most prominent young thinkers. The 28-year-old historian and author has published four books on history, philosophy and economics. His *History of Progress* was awarded the Belgian Liberales prize for best nonfiction book of 2013. The Dutch edition of *Utopia for Realists* became a national bestseller and will be translated in 16 languages this year. Bregman has twice been nominated for the prestigious European Press Prize for his journalism work at *The Correspondent*. His work has been featured in The *Washington Post* and *The Guardian* and on the BBC.

rutgerbregman.com @rcbregman



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## Martin Ford

**Futurist**

Martin Ford imagines what the accelerating progress in robotics and artificial intelligence may mean for the economy, job market and society of the future.

Martin Ford was one of the first analysts to write compellingly about the future of work and economies in the face of the growing automation of everything. He sketches a future that's radically reshaped not just by robots but by the loss of the income-distributing power of human jobs. How will our economic systems need to adapt?

He's the author of two books: *Rise of the Robots: Technology and the Threat of a Jobless Future* (winner of the 2015 Financial Times/McKinsey Business Book of the Year Award ) and *The Lights in the Tunnel: Automation, Accelerating Technology and the Economy of the Future*, and he's the founder of a Silicon Valley-based software development firm. He has written about future technology and its implications for the *New York Times*, *Fortune*, *Forbes*, *The Atlantic*, *The Washington Post*, *Harvard Business Review* and *The Financial Times*.

mfordfuture.com @MFordFuture

## Jack Conte

**Musician, entrepreneur**

With his membership platform Patreon, YouTube star Jack Conte may have solved a perennial problem of content creators -- getting paid for digital media.

As a solo artist and member of folk-rock duo Pomplamoose, Jack Conte garnered millions of views for his offbeat "video songs," including his breakout hit "Yeah Yeah Yeah" and "Pedals," a robotic tour-de-force with a set that duplicates the cockpit of the Millennium Falcon.

Despite his success, Conte noted the disconnect between page views and revenue, and realized that if you're a widely viewed artist and you aren't making money, "that's not your fault -- it's technology's fault." His solution is Patreon: a membership platform built on recurring payments from patrons to support creatives with ongoing projects.

patreon.com/jackconte @jackconte

## Sara DeWitt

**Children's media expert**

Like Mister Rogers before her, Sara DeWitt strives to make every child feel special by charting the forefront of new digital mediums where kids spend their time.

Sara DeWitt's vision seems simple: make each digital interaction an opportunity to learn and delight in new discoveries. How does that vision come to light as kids access technology at younger ages than ever before?

Over the past 18 years, DeWitt has worked at the forefront of new platforms in an effort to be everywhere kids are -- now she's at PBS Kids Digital, building award-winning sites, games and apps. As more media outlets try to capture the interest of our youngest audiences, her research on how digital spaces affect skills and social emotional development in kids is more relevant than ever.

pbskids.org @saradewitt

## Ray Dalio

**Hedge fund chair**

Ray Dalio is the founder, chair and co-chief investment officer of Bridgewater Associates, a global leader in institutional portfolio management and the largest hedge fund in the world.

Dalio started Bridgewater out of his two-bedroom apartment in New York City in 1975 and has grown it into the fifth most important private company in the U.S. (according to *Fortune* magazine). Because of the firm's many industry-changing innovations over its 40-year history, he has been called the "Steve Jobs of investing" by *aiCIO* magazine and named one of *TIME* magazine's "100 Most Influential People."

Dalio attributes Bridgewater's success to its unique culture. He describes it as "a believability-weighted idea meritocracy" in which the people strive for "meaningful work and meaningful relationships through radical truth and radical transparency." He has explained this approach in his book *Principles*, which has been downloaded more than three million times and has produced considerable curiosity and controversy.

bridgewater.com principles.com

## Anthony D. Romero

**Attorney, public-interest activist**

Anthony D. Romero is the executive director of the American Civil Liberties Union (ACLU).

The ACLU is dedicated to defending liberty and individual freedom in the US -- which is an interesting mandate to have right now. Anthony Romero has headed the organization since 2001, focusing on building capacity in order to defend the laws that protect Americans' freedoms.

Under Romero's watch, the ACLU launched its national "Keep America Safe and Free" campaign to protect basic freedoms during a time of crisis; launched its unique legal challenge to the patents held by a private company on the human genes associated with breast and ovarian cancer; launched litigation and lobbying efforts to win the freedom to marry for same-sex couples; and filed the first lawsuit against President Trump's Muslim Ban.



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aclu.org

## T. Morgan Dixon

**Health activist**

T. Morgan Dixon is the co-founder and CEO of GirlTrek, inspiring nearly 100,000 neighborhood walkers.

T. Morgan Dixon co-leads GirlTrek, the largest public health nonprofit for African-American women and girls in the United States. GirlTrek encourages women to use walking as a practical first step to inspire healthy living, families and communities and knits local advocacy together to lead a civil rights-inspired health movement that seeks to eliminate barriers to physical activity, improve access to safe places to walk, protect and reclaim green spaces and improve the walkability and built environments of 50 high-need communities across the United States.

Prior to GirlTrek, Dixon was on the front lines of education reform. She served as Director of Leadership Development for one of the largest charter school networks in the country, Achievement First, and directed the start-up of six public schools in New York City for St. Hope and the Urban Assembly, two organizations funded by the Bill & Melinda Gates Foundation. As the leader of GirlTrek, Morgan received fellowships from Echoing Green (2013), Ashoka (2014) and The Aspen Institute (2015).

girltrek.org @GirlTrek

## Vanessa Garrison

**Health activist**

As COO of GirlTrek, Vanessa Garrison encourages African American women and girls to get out and take a walk.

Vanessa Garrison is the co-founder and COO of GirlTrek, the largest public health nonprofit for African-American women and girls in the United States. With nearly 100,000 neighborhood walkers, GirlTrek encourages women to use walking as a practical first step to inspire healthy living, families and communities.

Working with partners, GirlTrek has developed a world-class training for African-American women to serve as health professionals in the

areas of fitness, mental health, nutrition, and environmental stewardship. Prior to GirlTrek, Garrison worked as a Program Coordinator for Our Place DC, a nonprofit organization that provides services to currently and formerly incarcerated women. In her work with GirlTrek, she's received fellowships from Echoing Green and The Aspen Institute and been named "Health Hero" by Essence Magazine.

girltrek.org @GirlTrek

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Tuesday, April 25, 2:15PM - 4:00PM PDT

# TED en Español: Conexión y Sentido

Hosted by Gerry Garbulsky, TED en Español showcases powerful ideas in Spanish. Join us in the Community Theater. (English translation will be available.)

## Gabriela González

**Astrophysicist**

Gabriela González is part of the collaboration of more than 1,000 scientists who measured for the first time the gravitational waves that Einstein predicted over 100 years ago.

Over 100 years after Albert Einstein predicted gravitational waves -- ripples in space-time caused by violent cosmic collision, like the merging of two black holes -- the LIGO Scientific Collaboration confirmed their existence using large, hyper-sensitive detectors in different parts of the world. As LIGO's former spokesperson and the person responsible for the collaboration of 90 international scientific institutions that the project entailed, Argentine astrophysicist Gabriela González announced the extraordinary discovery to the world in 2016.

A relentless curiosity about the universe led González to astrophysics as a teenager. Over the course of her 25-year career, she has advanced the field of gravitational wave detection, working on both improving the sensitivity of interferometers and data analysis. She is the recipient of the E. Bouchet and the Jesse W. Beams awards from the American Physical Society, the B. Rossi prize from the American Astronomical Society, and the 2016 Scientific Discovery Award from the US National Academy of Sciences. She was the first woman to receive a full professorship in the physics department at Louisiana State University.

phys.lsu.edu/faculty/gonzalez/

## Jorge Drexler

**Musician, poet**

Jorge Drexler is a musician and the first Uruguayan to win an Oscar. His music plays with genre and influence, combining subtle harmonies and regional styles with electronic effects.

Jorge Drexler doesn't lay claim to one identity over another. Born to a German-Jewish exile, Drexler grew up between Uruguay and Israel, traveled widely across Latin America, and eventually settled in Spain. Within his music, you can hear touches of milonga and bossa nova and even Bach, as his lyrics wrangle with notions of nationality and belonging, language, identity and love.



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Like both of his parents, Drexler started his career as a physician, but at the age of 30, he decided to pursue music full-time. The release of his fifth album, Frontera, caught the attention of Brazilian director Walter Salles, who tapped him to write the closing song for the 2004 film *Motorcycle Diaries*. Titled "Al Otro Lado del Río" (The Other Side of the River), the song won Drexler an Academy Award for Best Original Song and propelled him into the international spotlight.

Over the course of his 25-year career, Jorge Drexler has produced 12 albums, received 15 Latin Grammy nomination (with two wins in 2014 Record of the Year and Best Singer-Songwriter Album), four US Grammy nominations, 5 ASCAP Latin Awards, and one Academy Award. He has also collaborated with musicians from Shakira to Mercedes Sosa to Neneh Cherry and Jovanotti.

jorgedrexler.com @drexlerjorge

## Jorge Ramos

**Journalist, news anchor**

Jorge Ramos is a journalist and a news anchor. His work covers the issues that affect the 55 million Latinos in the United States and immigrants all over the world.

Jorge Ramos immigrated to the United States from Mexico City, on a student visa at the age of 24. What started as a street beat for a local Spanish-language broadcast in Los Angeles in the 1980s has evolved into a career of remarkable distinction and credibility. Today, Ramos co-anchors Univision's flagship Spanish-language broadcast, "Noticiero Univisión," writes a nationally syndicated column, hosts the Sunday Morning show "Al Punto" and now, the English language program, "America with Jorge Ramos." He is the winner of eight Emmys and the author of eleven books, including *Take a Stand: Lessons from Rebels*, 2016; *A Country for All: An Immigrant Manifesto*; and *Dying to Cross: The Worst Immigrant Tragedy in American History*.

In the absence of political representation in the United States, Jorge Ramos gives a face and voice to the millions of Latinos and immigrants living in the United States. He uses his platform to promote open borders and immigrants' rights and demands accountability from the world leaders he interviews. Nearly 1.9 million viewers tune into his program each night, and in 2015, Time named him one of "The World's 100 Most Influential People."

jorgeramos.com @jorgeramosnews

## Isabel Behncke Izquierdo

**Primatologist**

Isabel Behncke Izquierdo studies the social behavior of primates and the birth of human cultures.

**TED Fellow Isabel Behncke Izquierdo writes:** I was born and raised in Chile, and was educated in animal behaviour and evolutionary anthropology in Cambridge and Oxford. For my PhD work, I study the social behaviour (and play behaviour in particular) of wild bonobos in DR Congo.

Bonobos are, together with chimpanzees, our living closest relatives; however we know very little about them -- mostly through captive work. In Wamba, a most remote jungle location, I have observed unique aspects of bonobo lives (from imaginary play and laughter to inter-group encounters to accidents and death) that challenge and illuminate our understanding of human evolution. I aim to link the play of adult bonobos to insights on human laughter, joy, creativity and our capacity for wonder and exploration.

## Tomás Saraceno

**Artist**

Tomás Saraceno is an artist who invites us to consider the impossible, like spiders that play music or cities in the sky.

Tomás Saraceno's soaring artworks inspire human dreams and point to a world free of our earth-bound afflictions, whether by suspending its viewers in webs high above gallery floors or by casting solar-powered baloons adrift in the stratosphere -- or turning spiders into music-makers.

Part art project and science experiment, his latest work *Aerocene* bypasses the museum in favor of an unprecedented airborne journey. Using only the heat of the sun and wind for its locomotion, *Aerocene* not only shattered solar-powered flight records but also invites others to hack its open-source, interactive design and model its flight behavior.

tomassaraceno.com @tomassaraceno

## Ingrid Betancourt

**Writer, peace advocate**

Ingrid Betancourt was a presidential candidate in Colombia in 2002 when she was kidnapped by guerilla rebels. After six years in captivity and a high-profile rescue, she now writes about what she learned about fear, forgiveness and the divine.

In 2002, the Colombian rural guerilla movement known as the FARC (Revolutionary Armed Forces of Colombia) kidnapped Ingrid Betancourt in the middle of her presidential campaign. For the next six years, Betancourt was held hostage in jungle prison camps where she was ravaged by malaria, fleas, hunger, and human cruelty until her high-profile rescue by the Colombian government in 2008.

But Betancourt's captivity did not diminish her sensitivity to the world. Since her release, the would-be president has become a memoirist and fiction writer. Her first book, *Even Silence Has Its End*, which lyrically recounts her six years in the impenetrable jungle, was published in 2010. In 2016, she published a second work -- this time of fiction -- called *The Blue Line*, about the disappearances in Argentina during the Dirty War from 1976 to 1983.

Betancourt has received multiple international awards for her commitment to democratic values, freedom and tolerance, including the French National Order of the Légion d'Honneur, the Spanish Prince of Asturias Prize of Concord, and the Italian Prize Grinzane Cavour.



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She remains a vocal proponent of peace negotiations between the Colombian government and the FARC.

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Tuesday, April 25, 5:00PM - 7:00PM PDT

# Session 4: Health, Life, Love

Hosted by Chris Anderson, Anna Verghese and Bruno Giussani.
**Not attending TED2017?** Watch Session 4 – TED Prize – broadcast to cinemas! Find showtimes

## Serena Williams

**Athlete**

With her legendary spirit and unstoppable serve, tennis legend Serena Williams has become one of the world's most enduring athletic superstars.

Serena Williams sits at the top of the tennis world; she's won 23 career Grand Slams, which is the most Grand Slam singles titles in history, with her most recent win at the 2017 Australian Open. In some analysts' eyes, she's quite simply the greatest athlete of all time.

But Williams has extended her influence far beyond the tennis court. Through her activism, high-profile endorsements, TV and film appearances and writing (including a guide to life written with her sister, Venus), Williams inspires millions of fans worldwide.

serenawilliams.com @serenawilliams on Instagram

## Gayle King

**Journalist**

Gayle King is a co-host of "CBS This Morning" and Editor-at-Large of the award-winning O, the Oprah Magazine.

An award-winning journalist who has worked across television, radio and print, Gayle King is a co-host of *CBS This Morning* and Editor-at-Large of *O, the Oprah Magazine*.

King previously hosted *The Gayle King Show*, a live, weekday television interview program on OWN: The Oprah Winfrey Network. The program, which featured a discussion of a broad variety of topics that include politics, cultural developments, was also broadcast on XM Satellite Radio, where it premiered in 2006.

Before moving into print and radio, King worked for 18 years (1982–2000) as a television news anchor for CBS affiliate WFSB-TV in Hartford, Conn., during which period, she also hosted her own syndicated daytime program. Prior to joining WFSB, King worked at several other television stations, including WDAF-TV in Kansas City, Mo. (1978-1981), WJZ-TV in Baltimore, Md. (1976), and WTOP-TV in Washington, D.C. (1975).

King has received numerous awards for her extensive work as a journalist. In addition to three Emmys, she was honored in 2008 with the American Women in Radio & Television Gracie Award for Outstanding Radio Talk Show and in 2010 with both the Individual Achievement Award for Host-Entertainment/Information and the New York Women in Communications' Matrix Award.

cbsnews.com/cbs-this-morning @GayleKing

## Atul Gawande

**Surgeon, journalist**

Surgeon by day and public health journalist by night, Atul Gawande explores how doctors can dramatically improve their practice using something as simple as a checklist.

Atul Gawande is author of several best-selling books, including *Complications: A Surgeon's Notes on an Imperfect Science*, *Better: A Surgeon's Notes on Performance*, *Being Mortal: Medicine and What Matters in the End* and *The Checklist Manifesto*.

He is also a surgeon at Brigham and Women's Hospital in Boston, a staff writer for *The New Yorker* and a professor at Harvard Medical School and the Harvard School of Public Health. He has won the Lewis Thomas Prize for Writing about Science, a MacArthur Fellowship and two National Magazine Awards. In his work in public health, he is Executive Director of Ariadne Labs, a joint center for health systems innovation and chair of Lifebox, a nonprofit organization making surgery safer globally.

*Photo: Aubrey Calo*

atulgawande.com ariadnelabs.org

## Anna Rosling Rönnlund

**Co-founder of Gapminder**

Anna Rosling Rönnlund's personal mission: to make it easy for anyone to understand the world visually.

Always with the end consumer at heart, Anna Rosling Rönnlund spends her days making sure everything at Gapminder -- a site she cofounded with Hans and Ola Rosling -- is easy to use and easy to understand. On Gapminder, users can explore data and statistics about the world -- and, just maybe, upend their worldview.



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Passionate about the visual side of data, she invented the project Dollar Street, where she uses photos as data to examine stereotypes about countries, incomes and families around the world -- like, for instancee the wide range of things that people use as toothbrushes.

gapminder.org



## The Surprise Guest

**World figure**

A world figure whose identity we can't yet reveal.

## Jon Boogz

**Movement artist**

Jon Boogz is a movement artist, choreographer, and director who seeks to push the evolution of what dance can be.

As a dancer and creator, Jon Boogz seeks to share with audiences of all backgrounds an appreciation of the melding of art forms while inspiring and bringing awareness to social issues. Boogz recently wrote, choreographed, directed and danced in *Color of Reality*, a short film in collaboration with visual artist Alexa Meade and fellow dancer Lil Buck.

First motivated to dance by the work of Michael Jackson, Boogz has choreographed for icons including Mikhail Baryshnikov, Naomi Campbell, Gloria Estefan; for Pharrell's Adidas Originals campaign to creative direct, choreograph, and perform in Movement Art Is: Standing Rock at ComplexCon; and as creative consultant for ads launching campaigns for Apple and Lexus. Boogz's collaborators include TriBeCa Film Festival, DAIS, Lil Buck, and Flying Lotus; his choreography is used in FOX's *So You Think You Can Dance* and Cirque du Soleil's *MJ ONE*; and he was featured at the Geffen Playhouse's "Backstage at the Geffen" with his dance company Control Freakz, Lil Buck, and spoken-word artist Robin Sanders to honor Morgan Freeman and Jeff Skoll.

jonboogz.com @jonboogz

## Lil Buck

**Dancer, choreographer, educator**

A viral video star known for his gravity-defying, elegant street dance moves, Lil Buck is a fertile collaborator across disciplines and media.

International phenomenon Lil Buck began jookin' -- a street dance that originated in Memphis -- at age 13 alongside mentors Marico Flake and Daniel Price. After receiving early hip-hop training from Teran Garry and ballet training on scholarship at the New Ballet Ensemble, he performed and choreographed until relocating to Los Angeles in 2009.

Named one of *Dance Magazine*'s "25 to Watch," his collaboration with Spike Jonze and Yo-Yo Ma performing *The Swan* went viral in 2011. Since then, he has collaborated with a broad spectrum of artists including JR, Damian Woetzel, the New York City Ballet, Madonna, Benjamin Millepied and Spike Lee. Buck is an avid arts education advocate, a recipient of the WSJ Innovator Award and recently launched a capsule collection with Versace.

youtube.com/user/LILBUCKDALEGEND https://twitter.com/lilbuckdalegend

## Raj Panjabi

**Physician**

A billion people around the world lack access to health care because they live too far from a clinic. Through Last Mile Health, 2017 TED Prize winner Raj Panjabi aims to extend health services to all -- by training members of the community.

Raj Panjabi was nine years old when civil war broke out in his native country of Liberia. His family fled, eventually resettling in High Point, North Carolina. Raj dreamed of going to medical school and, as a student in 2005, he returned to Liberia. He was shocked to find a health care system in total devastation. Only 50 doctors remained to treat a population of four million.

With a small team of Liberian civil war survivors, American health workers and $6,000 he'd received as a wedding gift, Panjabi co-founded Last Mile Health in 2007. Initially focused on care for HIV patients, Last Mile Health has grown into a robust organization that partners with the government of Liberia to recruit, train, equip and employ community health care workers who provide a wide range of services to their neighbors in Liberia's most remote regions. In 2016, Last Mile Health workers treated 50,000 patients, including nearly 22,000 cases of malaria, pneumonia and diarrhea in children. While the organization focuses on integrated primary care, its network can be leveraged in a crisis. In the fight against Ebola, Last Mile Health supported government response by training 1,300 health workers in southeastern Liberia.

Panjabi is a physician in the Division of Global Health Equity at Harvard Medical School, Brigham and Women's Hospital and an advisor to the Clinton Global Initiative. He was ranked as one of "The World's 50 Greatest Leaders" by *Fortune* in 2015 and named to *TIME*'s list of the "100 Most Influential People in the World" in 2016. As the winner of the 2017 TED Prize, he has a bold wish to take his work even further.



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Wednesday, April 26, 8:30AM - 10:15AM PDT

# Session 5: Mind, Meaning

Hosted by Helen Walters.

## Michael Patrick Lynch

**Philosopher**

Michael Patrick Lynch examines truth, democracy, public discourse and the ethics of technology in the age of big data.

Michael Patrick Lynch is a writer and professor of philosophy at the University of Connecticut, where he directs the Humanities Institute. His work concerns truth, democracy, public discourse and the ethics of technology. Lynch is the author or editor of seven books, including *The Internet of Us: Knowing More and Understanding Less in the Age of Big Data*, *In Praise of Reason: Why Rationality Matters for Democracy*, *Truth as One and Many* and the New York Times Sunday Book Review Editor's pick, *True to Life*.

The recipient of the Medal for Research Excellence from the University of Connecticut's College of Liberal Arts and Sciences, he is The Principal Investigator for Humility & Conviction in Public Life, a $7 million project aimed at understanding and encouraging meaningful public discourse funded by the John Templeton Foundation and the University of Connecticut. He's a frequent contributor to the New York Times "The Stone" blog.

michael-lynch.philosophy.uconn.edu

## Dan Ariely

**Behavioral economist**

The dismal science of economics is not as firmly grounded in actual behavior as was once supposed. In "Predictably Irrational," Dan Ariely told us why.

Dan Ariely is a professor of psychology and behavioral economics at Duke University and a founding member of the Center for Advanced Hindsight. He is the author of the bestsellers *Predictably Irrational*, *The Upside of Irrationality*, and *The Honest Truth About Dishonesty* -- as well as the TED Book *Payoff: The Hidden Logic that Shapes Our Motivations*.

Through his research and his (often amusing and unorthodox) experiments, he questions the forces that influence human behavior and the irrational ways in which we often all behave.

predictablyirrational.com @danariely

## Mariano Sigman

**Neuroscientist**

In his provocative, mind-bending book "The Secret Life of the Mind," neurologist Mariano Sigman reveals his life's work exploring the inner workings of the human brain.

Mariano Sigman, a physicist by training, is a leading figure in the cognitive neuroscience of learning and decision making. He is the founder of the Integrative Neuroscience Laboratory at the University of Buenos Aires. Sigman was awarded a Human Frontiers Career Development Award, the National Prize of Physics, the Young Investigator Prize of "College de France," the IBM Scalable Data Analytics Award and is a scholar of the James S. McDonnell Foundation. In 2016 he was made a Laureate of the Pontifical Academy of Sciences.

In *The Secret Life of the Mind*, Sigman's ambition is to explain the mind so that we can understand ourselves and others more deeply. He shows how we form ideas during our first days of life, how we give shape to our fundamental decisions, how we dream and imagine, why we feel certain emotions, how the brain transforms and how who we are changes with it. Spanning biology, physics, mathematics, psychology, anthropology, linguistics, philosophy and medicine, as well as gastronomy, magic, music, chess, literature and art, The Secret Life of the Mind revolutionizes how neuroscience serves us in our lives, revealing how the infinity of neurons inside our brains manufacture how we perceive, reason, feel, dream and communicate.

neuro.org.ar @mariuchu

## Anika Paulson

**Student, musician**

Anika Paulson's love for music permeates her understanding of herself, her surroundings and the mysteries that make up the smallest and biggest parts of life.

Whether it's the long trek between high school classes or the exploration of self-identity in college, Anika Paulson's escape is always music. A self-proclaimed nervous Minnesotan, music is the measure of her life's tempo. There's no doubt that whatever Paulson decides to do, she will use the power and metaphor of music to guide her future. After all, according to Paulson, whether it's friendships or string theory, everything is music.

Recently, Paulson completed a TED-Ed Club and was one of 20 students selected to speak at TED-Ed Weekend 2016 at TED's headquarters in New York City.

@_annikap

## Lisa Genova

**Neuroscientist, novelist**

Through her fiction, Lisa Genova beckons us into the lives of people with neurological disease, making their worlds real and relatable.



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Lisa Genova wields her ability to tell a story and her knowledge of the human brain to talk about medical conditions like Alzheimer's in warmly human terms. Her writing, often focusing on those who are misunderstood, explores the lives of people living with neurological diseases and disorders. A bestselling author, her work has been transformed into an Oscar-winning film, *Still Alice*, but the real triumph is Genova's ability to help us empathize with a person's journey we otherwise couldn't even begin to understand.

Her newest book, *Inside the O'Briens*, is about Huntington's disease.

lisagenova.com @LisaGenova

## Robin Hanson

**Economist, social scientist**

Does humanity have a future as uploaded minds? In his work, Robin Hanson asks this and other extra-large questions.

In his book, *The Age of Em: Work, Love and Life When Robots Rule the Earth*, Robin Hanson re-imagines humanity's role as our tech becomes smarter. A pioneer in prediction markets, also known as information markets and idea futures, Hanson has been known since the 1980s for taking the very very long view on topics as varied as (a selected list) spatial product competition, health incentive contracts, group insurance, product bans, evolutionary psychology and bioethics of health care, voter information incentives, incentives to fake expertise, Bayesian classification, agreeing to disagree, self-deception in disagreement, probability elicitation, wiretaps, image reconstruction, the history of science prizes, reversible computation, the origin of life, the survival of humanity, very long term economic growth, growth given machine intelligence, and interstellar colonization.

Meanwhile, he has developed new technologies for conditional, combinatorial, and intermediated trading, and studied insider trading, manipulation and other foul play. Hanson is associate professor of economics at George Mason University, and a research associate at the Future of Humanity Institute of Oxford University. His next book is *The Elephant in the Brain*, co-authored with Kevin Simler, due in 2018.

overcomingbias.com @robinhanson

## Anil Seth

**Cognitive scientist**

How can the "inner universe" of consciousness be explained in terms of mere biology and physics? Cognitive neuroscientist Anil Seth explores the brain basis of consciousness and self.

In his groundbreaking research, Anil Seth seeks to understand consciousness in health and in disease. As founding co-director of the University of Sussex's Sackler Centre for Consciousness Science, his research bridges neuroscience, mathematics, artificial intelligence, computer science, psychology, philosophy and psychiatry. He has also worked extensively with playwrights, dancers and other artists to shape a truly humanistic view of consciousness and self.

Seth is the editor and co-author of the best-selling *30-Second Brain*, a collection of brief and engaging neuroscience vignettes. His forthcoming book *The Presence Chamber* develops his unique theories of conscious selfhood within the rich historical context of the mind and brain sciences.

anilseth.com @anilkseth

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Wednesday, April 26, 11:00AM - 12:45PM PDT

# Session 6: Planet, Protection

Hosted by Chris Anderson.

## Kristin Poinar

**Glaciologist**

Kristin Poinar uses remote sensing and numerical models to study the interaction of meltwater with ice flow, especially on the Greenland Ice Sheet.

Hidden under many meters of ice, a pool of meltwater lies under the Greenland Ice Sheet. Kristin Poinar studies how the meltwater forms and flows in this dynamic glacial system. She asks: How did this water get there, and where does it go? How much water is in there? And how is climate change affecting this system?

Using data from Operation IceBridge flights and from field instruments, she's building a numerical model of how crevasses form and channel water. In fact, a NASA report released in February 2017 revealed a new pathway her team discovered for meltwater to reach the ocean. Using physically based models to constrain the bounds of what is realistic has shaped Poinar's interest in glaciology.

http://science.gsfc.nasa.gov/sed/bio/kristin.poinar @crevassse

## Kate Marvel

**Climate scientist**

Climate scientist Kate Marvel looks at the big picture of environmental change.

Kate Marvel is a scientist at Columbia University and the NASA Goddard Institute of Space studies. She uses computer models and



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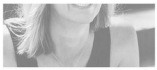

satellite observations to monitor and explain the changes happening around us. Her work has suggested that human activities are already affecting global rainfall and cloud patterns. Marvel is committed to sharing the joy and beauty of science with wider audiences.

She has advised journalists, artists and policymakers, written a popular science blog and given frequent public talks. Her writing has appeared in *Nautilus Magazine*.

marvelclimate.com @DrKateMarvel

## Danny Hillis

**Computer theorist**

Inventor, scientist, author, engineer -- over his broad career, Danny Hillis has turned his ever-searching brain on an array of subjects, with surprising results.

Danny Hillis is an inventor, scientist, author and engineer. While completing his doctorate at MIT, he pioneered the concept of parallel computers that is now the basis for most supercomputers, as well as the RAID array. He holds over 100 US patents, covering parallel computers, disk arrays, forgery prevention methods and various electronic and mechanical devices, and he has recently been working on problems in medicine as well. He is also the designer of a 10,000-year mechanical clock, and he gave a TED Talk in 1994 that is practically prophetic. Throughout his career, Hillis has worked at places like Disney and now Applied Minds, always looking for the next fascinating problem.

appliedminds.com

## Tim Kruger

**Geoengineering researcher**

Tim Kruger researches geoengineering: techniques to counteract climate change by deliberate, large-scale intervention in the earth system, by reflecting sunlight back into space or by reducing the level of carbon dioxide in the atmosphere.

While our first priority should be to reduce global carbon emissions, research into geoengineering could prove vital in the fight to protect our planet. At the Oxford Geoengineering Programme, Tim Kruger aims to assess the range of proposed geoengineering techniques to determine which, if any, could be both technically feasible and benign environmentally, socially and ethically.

Kruger, an Oxford Martin Fellow, is a co-author of the Oxford Principles, a draft code of conduct for geoengineering. It calls for geoengineering to be regulated as a public good, for public participation in decision-making and for disclosure of research and open publication of results. He is involved in developing a process that uses natural gas to generate electricity in a way that removes carbon dioxide from the atmosphere.

geoengineering.ox.ac.uk linkedin.com

## Daan Roosegaarde

**Artist**

With his futuristic artworks, Daan Roosegaarde illuminates the intersection of technology, humanity and our urban environments.

Daan Roosegaarde builds jaw-dropping artworks that redefine humanity's relationship to city spaces. Along with his team at Studio Roosegaarde, Roosegaarde is devoted to "Landscapes of the Future," city prototypes and urban adornments that fuse aesthetics with sustainability.

From Smog Free Project in Beijing -- a tower that purifies its surrounding atmosphere and harvests pollutants to preserve as jewelry -- to an interactive dance floor that generates electricity from dancers, Roosegaarde's designs revolutionize the role of technology in the built environment.

studioroosegaarde.net @SRoosegaarde

## Peter Calthorpe

**Urban designer**

Through his writing and his realized projects, Peter Calthorpe has spread the vision of New Urbanism, a framework for creating sustainable, human-scaled places.

Peter Calthorpe's 30-year design practice is informed by the idea that successful places -- whether neighborhoods, towns, urban districts or metropolitan regions -- must be diverse in uses and users, must be scaled to the pedestrian and human interaction, and must be environmentally sustainable.

In the early 1990s he developed the concept of Transit Oriented Development (described in his book *The Next American Metropolis: Ecology, Community and the American Dream*) -- an idea that is now the foundation of many regional policies and city plans around the world. His 2010 book is *Urbanism in the Age of Climate Change*. Calthorpe Associates' work in Europe, Asia and the Middle East has demonstrated that community design with a focus on sustainability and scale can be adapted throughout the globe. His current work throughout China is focused on developing standards and examples of Low Carbon Cities in Beijing, Chongqing, Kunming, Zhuhai, Jinan and other major cities.

calthorpe.com

## David Titley

**Meteorologist**

Scientists and retired Navy officer Dr. David Titley asks a big question: Could the US military play a role in combating climate change?



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David Titley is a Professor of Practice in Meteorology and a Professor of International Affairs at the Pennsylvania State University. He is the founding director of Penn State's Center for Solutions to Weather and Climate Risk. He served as a naval officer for 32 years and rose to the rank of Rear Admiral. Titley's career included duties as commander of the Naval Meteorology and Oceanography Command; oceanographer and navigator of the Navy; and deputy assistant chief of naval operations for information dominance. He also served as senior military assistant for the director, Office of Net Assessment in the Office of the Secretary of Defense.

While serving in the Pentagon, Titley initiated and led the U.S. Navy's Task Force on Climate Change. After retiring from the Navy, Titley served as the Deputy Undersecretary of Commerce for Operations, the chief operating officer position at the National Oceanic and Atmospheric Administration. Titley serves on numerous advisory boards and National Academies of Science committees, including the CNA Military Advisory Board, the Center for Climate and Security and the Science and Security Board of the Bulletin of the Atomic Scientists. Titley is a fellow of the American Meteorological Society. He was awarded an honorary doctorate from the University of Alaska, Fairbanks.

solutions2wxrisk.psu.edu @dwtitley

## Ted Halstead

**Policy entrepreneur, climate expert, author**

Ted Halstead is breathing new life into US climate policy by mobilizing conservative leaders and CEOs around a breakthrough carbon dividends solution.

When not writing or sailing around the world, Ted Halstead launches cutting-edge think tanks. His first, founded when he was 25, introduced new measures of progress and coordinated the Economists' Statement on Climate Change, signed by 18 Nobel laureate economists. His second, New America, has become one of the most influential think tanks in Washington.

Halstead's newest creation, the Climate Leadership Council, is transforming climate policy and politics by advancing a more effective, popular and equitable climate solution, based on the conservative principles of free markets and limited government. He has published numerous articles in the *New York Times*, *Washington Post*, *Financial Times*, *Fortune*, *Atlantic*, *National Review*, *Los Angeles Times* and *Harvard Business Review*. He has also published two books, including *The Radical Center: The Future of American Politics* (co-authored with Michael Lind).

clcouncil.org @ImTedHalstead

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Wednesday, April 26, 5:00PM - 7:00PM PDT

# Session 7: Connection, Community

Hosted by Kelly Stoetzel and Bruno Giussani.

## Jacob Collier

**Musician and artist**

Jacob Collier is a one-man audio-visual viral sensation. In his videos, he sings every part, plays every instrument and visualizes every component with a captivating vision.

Jacob Collier is nothing short of prodigious. A two-time Grammy-winning singer, arranger, composer, and multi-instrumentalist, he combines everything from jazz and a cappella to classical and Brazilian music. In 2014, he was discovered by the legendary producer Quincy Jone. Shortly after, Collier began working on his audio-visual live performance vehicle designed and built at MIT.

Since his first video in 2011, Collier has amassed more than 250K international followers and 10 million YouTube views, including on his astounding cover of Stevie Wonder's "Don't You Worry 'Bout a Thing." In July 2016, Collier released his chart-topping debut album, *In My Room*. Most recently, he's been touring the world with his unique one-man show, helping to score the newest Dreamworks film, *The Boss Baby*, with Hans Zimmer, collaborating on Herbie Hancock's upcoming record and holding masterclasses at universities across the globe.

jacobcollier.co.uk @JCollierMusic

## Anna Heringer

**Architect**

Anna Heringer's sustainable designs lend breathtaking forms to easily-available local materials while developing the skills and consciousness of their builders.

Before she became an architect, a visit to a small village in Bangladesh immediately hooked Anna Heringer on an ancient and yet neglected building material -- earth. With its easy availability, durability and endless recyclability, she realized, there was a reason its use has persisted for thousands of years.

Since then, Heringer's love affair with sustainable materials has deepened, resulting in acclaimed projects like woven bamboo hostels in China and the METI Handmade School in Rudrapur, where, along with local workers and schoolchildren, she created a building that drew on locally abundant materials and fostered modern, sustainable building skills in local craftsmen. In the 2014 book, *The Future of Architecture*, she and her coauthors argue for a future that is low-impact and adaptable.

anna-heringer.com @AnnaHeringer

## Grace Kim



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**Architect**

Grace H. Kim is an internationally recognized expert in cohousing -- the art and craft of creating communities.

Grace H. Kim is an architect and co-founding principal of Schemata Workshop, an award-winning, 16-person architectural practice with a keen focus on building community and social equity. She brings innovative ideas to her projects that merge client goals and sustainability measures -- such as urban agriculture, modular construction, and a focus on building community.

Kim is also the founder of Capitol Hill Urban Cohousing, a collaborative residential community that includes her street-level office and a rooftop urban farm. She walks the talk of sustainability -- leaving a small ecological footprint while incorporating holistic ideals of social and economic resilience into her daily life.

schemataworkshop.com @GraceKimArch

## Devita Davison

**Food activist**

At FoodLab Detroit, Devita Davison supports local entrepreneurs and imagines a new future for food justice.

Detroit is a legendary food town, and it's thanks to small, locally owned businesses that range from streetside barbecue tents to neighborhood bakeries, shops and delis -- even small farms. At FoodLab Detroit, Devita Davison helps locals with ideas for a food business to take their dreams into delicious reality, by connecting them with business advice, help with compliance and licensing, space in professional kitchens, marketing ideas and more. The nonprofit focuses on entrepreneurs and communities who have been traditionally under-resourced, aiming to build power and resilience for people around the city.

FoodLab's vision is to cultivate, connect and catalyze, to use food as an economic engine, to form a supportive community of entrepreneurs and to make good food a reality for all Detroiters.

On LinkedIn @devitadavison

## Karoliina Korppoo

**Game designer**

Inspired by classic city simulation games, Finnish designer Karoliina Korppoo and her fellow game developers at Colossal Order are infusing a venerable gaming genre with fresh perspectives.

Developed by gaming upstarts Colossal Order and guided by Korppoo as lead designer, *Cities: Skylines* has become the gold standard for city simulation games -- an honor previously held by the genre-defining Sim City.

At the core of Colossal Order's rejuvenated game designs is their dedication to creating an accessible experience for all users, whether through ease of use or by allowing users to suggest their own modifications. As a result, Colossal Order doesn't shy away from game projects that touch on the problems of urbanization, gentrification or the possibilities of servicing a city with nothing but gravel roads.

colossalorder.fi @pelikaroliina

## Cathy O'Neil

**Mathematician, data scientist**

Data skeptic Cathy O'Neil uncovers the dark secrets of big data, showing how our "objective" algorithms could in fact reinforce human bias.

In 2008, as a hedge-fund quant, mathematician Cathy O'Neil saw firsthand how really really bad math could lead to financial disaster. Disillusioned, O'Neil became a data scientist and eventually joined Occupy Wall Street's Alternative Banking Group.

With her popular blog mathbabe.org, O'Neil emerged as an investigative journalist. Her acclaimed book *Weapons of Math Destruction* details how opaque, black-box algorithms rely on biased historical data to do everything from sentence defendants to hire workers. In 2017, O'Neil founded consulting firm ORCAA to audit algorithms for racial, gender and economic inequality.

mathbabe.org @mathbabedotorg

## Luma Mufleh

**Refugee activist**

Luma Mufleh does something revolutionary: she coaches soccer. A Jordanian immigrant and Muslim of Syrian descent, Mufleh is determined to empower refugee children everywhere.

Luma Mufleh works with refugee children from war-torn countries, including Syria, Iraq, Burundi, Afghanistan, Somalia and Sudan. The CEO and Founding Director of Fugees Family, Inc., a nonprofit organization that empowers refugee children to successfully integrate into the United States, Mufleh started as a soccer coach. Her work grew into something much larger, however.

Now, she's part principal, part tutor, the head of the first accredited private school dedicated to refugee education in the country, which encompases a summer camp and a college prep program -- and she's building a community and support network that could be the national model the United States needs.

fugeesfamily.org @fugeesfamily

## David Miliband



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**Refugee advocate**

As president of the International Rescue Committee, David Miliband enlists his expert statesmanship in the fight against the greatest global refugee crisis since World War II.

As the son of refugees, David Miliband has first-hand experience with those fleeing conflict and disaster. In 2013, he abandoned a long political career to take the helm of the International Rescue Committee, an NGO committed to emergency and long-term assistance to refugees (and founded at the call of Albert Einstein in 1933).

As a former UK Secretary of State for Foreign Affairs, Miliband is no stranger to cross-border politics. He is a leading voice against recent anti-refugee and immigration measures in the US, where the IRC currently runs resettlement programs in 29 cities.

rescue.org @DMiliband

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Thursday, April 27, 11:00AM - 12:45PM PDT

# Session 8: Bugs and Bodies

Hosted by Chris Anderson.

## Robert Sapolsky

**Neuroscientist, primatologist, writer**

Robert Sapolsky is one of the leading neuroscientists in the world, studying stress in primates (including humans).

We all have some measure of stress, and Robert Sapolsky explores its causes as well as its effects on our bodies (his lab was among the first to document the damage that stress can do to our hippocampus). In his research, he follows a population of wild baboons in Kenya, who experience stress very similarly to the way humans do. By measuring hormone levels and stress-related diseases in each primate, he determines their relative stress, looking for patterns in personality and social behavior that might contribute. These exercises have given Sapolsky amazing insight into all primate social behavior, including our own.

He has been called "one of the best scientist-writers of our time" by Oliver Sacks. Sapolsky has produced, in addition to numerous scientific papers, books for broader audiences, including *A Primate's Memoir: A Neuroscientist's Unconventional Life Among the Baboons*, *Why Zebras Don't Get Ulcers: Stress Disease and Coping*, and *The Trouble with Testosterone*.

profiles.stanford.edu/robert-sapolsky

## Jun Wang

**Genomics researcher**

At his new institute/company, iCarbonX, Wang Jun aims to establish a big data platform for genomics.

In 1999, Wang Jun founded the Bioinformatics Department of Beijing Genomics Institute (BGI, now known as BGI Shenzhen), one of China's premier research facilities. Until July 2015, Wang led the institution of 5,000+ people engaged in studies of genomics and its informatics, including genome assembly, annotation, expression, comparative genomics, molecular evolution, transcriptional regulation, genome variation analysis, database construction as well as methodology development such as the sequence assembler and alignment tools. He also focuses on interpretation of the definition of "gene" by expression and conservation study. The Pig Genome Project was completed at BGI under his leadership, as well as the chicken genome variation map and the TreeFam in collaboration with the Sanger Institute. Recently, he and his group finished the first Asian diploid genome, the 1000 genome project, and many more projects.

In late 2015, Wang founded a new institute/company, iCarbonX, aiming to develop an artificial intelligence engine to interpret and mine genomic data and help people better manage their health and defeat disease.

## Anne Madden

**Microbial researcher**

Whether brewing better beer or chronicling the lives of the microbes living in the dust under the couch, Dr. Anne Madden seeks to understand and utilize the microbial world around us.

Along with her colleagues in the Laboratory of Rob Dunn at North Carolina State University, Anne Madden studies ways that our dimly understood microbial neighbors can yield surprising discoveries. She's helped create one of the first single-culture sour beers, discovered a new fungus living inside wasp nests and cataloged the astonishing diversity of some of the microscopic and macroscopic life in our homes -- more than 600 species of arthropods in USA homes at last count.

In addition to her research work at North Carolina State University, Madden is Chief Strategist at the brewing yeast company Lachancea LLC and consults for a variety of industries from bee keeping companies to technology firms. Her work has been featured on numerous media platforms, including *National Geographic* and *Newsweek*.

anneamadden.com @anneamadden

## David Brenner

**Radiation scientist**



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David Brenner sees the good and the bad sides of radiation for health care, and his goal is to optimize radiation for situations where the benefits can be large and the risks small.

Radiation is very much a two-edged sword -- used in the right way it has revolutionized modern medicine -- such as through CT scans and as a cure for many cancers. But radiation used in the wrong way can be harmful. To maximize the benefits of the many different types of radiation, we need to understand exactly how they affect us -- from our DNA to the whole person.

Brenner directs the Center for Radiological Research at Columbia University Medical Center. He started his career in theoretical physics -- applying quantum mechanics to radiation therapy. While he has no doubt forgotten everything he knew about quantum mechanics, he has retained his love for applying hard-core physics concepts to solve biological problems. David has designed new "patient friendly" approaches for prostate cancer radiation therapy that are now in common use worldwide, and he is currently very excited about the prospects of beating pancreatic cancer with new types of radiation.

Over the past 6 years, Brenner has also been working towards a safe way to kill drug-resistant bacteria such as MRSA, as well as airborne viruses such as influenza, using a unique type of ultra-violet light.

columbia.edu/~djb3 @CRR_CUMC

## Levon Biss

**Photographer**

With his "Microsculpture" series, Levon Biss photographs the incredible details of insects.

Levon Biss is a British photographer who works across many genres, including reportage, sport and portraiture. His passion for nature and photography have come together to create *Microsculpture*. For the project, a unique photographic process composites thousands of images using multiple lighting setups to create the final insect portraits. Each specimen was mounted on an adapted microscope stage, allowing close control over the position of the specimen in front of the camera lens. Most insects were photographed in about 30 sections, each section lit differently with strobe lights to accentuate the microsculpture of that particular area of the body. Each insect portrait is created from more than 8,000 separate images. In between his insect projects, Biss continues to photograph humans.

levonbiss.com @LevonBissPhoto

## Mehdi Ordikhani-Seyedlar

**Neuroscientist**

Mehdi Ordikhani-Seyedlar is a postdoc at Duke, researching brain signals and their usage in brain-machine interfaces.

Mehdi Ordikhani-Seyedlar began his research on the neuropharmacology of learning and memory when he was studying veterinary medicine in Tabriz, Iran. Subsequently studying in France and Germany, he researched human visual attention, then started his PhD thesis focusing on decoding electrophysiological features of covert and overt attention in humans. He spent 2014 as a visiting scholar at the Nicolelis Lab at Duke University.

With his 2016 PhD from the Technical University of Denmark in hand, Ordikhani-Seyedlar took a postdoctoral position at Duke to develop algorithms to process large-scale neuronal activity and brain-machine interfaces. He hopes to begin May 1.

@mehdi_ordikhani

## Richard Browning

**Founder, Gravity**

Richard Browning is the founder of human propulsion technology startup Gravity, which has invented, built and patented an Iron Man–like personal flight system.

Richard Browning is an ultra-marathon runner, an ex-Royal Marine reservist, former City commodity trader and a pioneering inventor. He's the founder of Gravity, launched in March 2017 with a dream to reimagine an entirely new form of human flight, leaning on an elegant collaboration of mind and body augmented by leading-edge technology.

Gravity has to date been experienced by over a billion people globally with video views alone running at more than 60m within seven days of launch. Browning's vision is to build Gravity into a world-class aeronautical engineering business, challenge perceived boundaries in human aviation, and inspire a generation to dare ask 'what if…'

gravity.co

## Elizabeth Blackburn

**Molecular biologist**

Elizabeth Blackburn won a Nobel Prize for her pioneering work on telomeres and telomerase, which may play central roles in how we age.

Dr. Blackburn is the president of the Salk Institute and a pioneering molecular biologist. She received the Nobel Prize in Physiology or Medicine in 2009 for discovering the molecular nature of telomeres, the ends of chromosomes that serve as protective caps essential for preserving genetic information, and for co-discovering telomerase, an enzyme that maintains telomere ends. Both telomeres and telomerase are thought to play central roles in aging and diseases such as cancer, and her work helped launch entire new fields of research in these areas.

In addition to the Nobel Prize, Blackburn has received nearly every major scientific award including the Lasker, Gruber, and Gairdner prizes. She has served as president of the American Association of Cancer Research and the American Society for Cell Biology, and on editorial boards of scientific journals including *Cell* and *Science*. She coauthored the best-selling book *The Telomere Effect: A Revolutionary Approach to Living Younger, Healthier, Longer.*

salk.edu



HOUSE_OVERSIGHT_014966

Thursday, April 27, 2:15PM - 4:00PM PDT

# Session 9: It's Personal

Hosted by Kelly Stoetzel and Helen Walters.

## Helen Pearson

**Science journalist, editor, author**

Helen Pearson's book, "The Life Project," tells the extraordinary story of the longest-running study of human development in the world.

In March 1946, scientists began tracking almost every British baby born in a single week. What they discovered would change how we are born, grow up, raise children, live and die. Helen Pearson's 2016 book, *The Life Project,* is the story of this incredible project and the remarkable discoveries that have come from it. It was named best science book of the year by *The Observer* and was a book of the year for *The Economist*.

As Chief Magazine Editor for the world's leading science journal, *Nature,* Pearson oversees all its journalism and opinion content. Her own stories have won accolades including the 2010 Wistar Institute Science Journalism Award and two best feature awards from the Association of British Science Writers.

nature.com @hcpearson

## Susan Pinker

**Psychologist, columnist, author**

Susan Pinker reveals how in-person social interactions are not only necessary for human happiness but also could be a key to health and longevity.

In her award-winning book *The Sexual Paradox*, Susan Pinker argued that biological differences could play an unexpectedly large role in creating the workplace gender gap. With *The Village Effect*, she tracks another current: how social, face-to-face interactions are critical for the survival of our species, and how technology is isolating us from these life-saving bonds. As she writes: "Neglecting to keep in close contact with people who are important to you is at least as dangerous to your health as a pack-a-day cigarette habit, hypertension or obesity."

In addition to her books, Pinker writes Mind and Matter, a column for the *Wall Street Journal* illuminating surprising advances in human behavior research. Pinker's numerous writings (including her weekly columns "Problem Solving" and "The Business Brain") have appeared in the *Guardian*, the *New York Times* and *Financial Times*, among many others.

susanpinker.com

## Adam Alter

**Psychologist**

What makes us incessantly check our phones? Adam Alter dives into the fascinating psychology that drives our tech addictions.

Adam Alter's academic research focuses on judgment, decision-making and social psychology, with a particular interest in the sometimes surprising effects of subtle cues in the environment on human cognition and behavior.

He is the bestselling author of two books: *Irresistible*, which considers why so many people today are addicted to so many behaviors, from incessant smart phone and internet use to video game playing and online shopping, and *Drunk Tank Pink*, which investigates how hidden forces in the world around us shape our thoughts, feelings and behaviors.

adamalterauthor.com @adamleealter

## Jeffrey Schnapp

**Cultural historian**

As the founder of metaLAB at Harvard, Jeffrey Schnapp thinks deeply on modern media, design, humanities and movement.

Jeffrey Schnapp is the founder/faculty director of metaLAB (at) Harvard and faculty co-director of the Berkman Klein Center for Internet and Society. Trained as a medievalist, his recent books and work concern the deeply modern, including *The Library Beyond the Book*, co-authored with Matthew Battles, on scenarios for libraries in the digital age, and *FuturPiaggio: Six Italian Lessons on Mobility and Modern Life*.

His pioneering work in media, design, digital arts and humanities as well as his curatorial practice includes collaborations with the Triennale di Milano, the Cantor Center for the Visual Arts, the Wolfsonian-FIU and the Canadian Center for Architecture. He is CEO and co-founder of Piaggio Fast Forward, developing imaginative solutions to the light mobility and transportation challenges.

jeffreyschnapp.com @jaytiesse

## Chuck Nice



HOUSE_OVERSIGHT_014967

**Comedian, science fan**

The co-host of Star Talk Radio, Chuck Nice is a radio and TV veteran with a passion for science communication and comedy.

Chuck Nice is an 18-year veteran of stand-up comedy with a rich history in television and radio. Currently, he co-hosts *StarTalk* with Dr. Neil deGrasse Tyson on Nat Geo, and is the host of *Playing with Science*, a podcast he created under the StarTalk Radio umbrella. In addition, Chuck is the writer and producer of *Like A Damn Adult* for Newsy. He has also hosted his own shows, *Buy It Like a Mega Millionaire* and *Home Strange Home*, on HGTV, and co-hosted ABC's *The View*. His other familiar works include TRU TV's *World's Dumbest*, VH-1's *Best Week Ever*, and *Guys Tell All* on NBC's *Today*. Most weekends, he can be found on stage at one of New York's comedy clubs.

chucknicecomic.com @chucknicecomic

## Guy Winch

**Psychologist, author**

Guy Winch asks us to take our emotional health as seriously as we take our physical health -- and explores how to heal from common heartaches.

Guy Winch is a licensed psychologist who works with individuals, couples and families. As an advocate for psychological health, he has spent the last two decades adapting the findings of scientific studies into tools his patients, readers and audience members can use to enhance and maintain their mental health. As an identical twin with a keen eye for any signs of favoritism, he believes we need to practice emotional hygiene with the same diligence with which we practice personal and dental hygiene.

His recent book, *Emotional First Aid: Healing Rejection, Guilt, Failure, and Other Everyday Hurts*, has been translated in 21 languages. He writes the popular "Squeaky Wheel Blog" on PsychologyToday.com, and he is the author of *The Squeaky Wheel: Complaining the Right Way to Get Results, Improve Your Relationships and Enhance Self-Esteem*. His new book, *How to Fix a Broken Heart*, will be published by TED Books/Simon & Schuster in 2017. He has also dabbled in stand-up comedy.

guywinch.com

## Anne Lamott

**Novelist, essayist**

With disarming familiarity, Anne Lamott tackles what most don't like to consider. Her honest writing helps us make sense of life's chaos.

Anne Lamott hooks into our common experience and guides us to an understanding infused with openness. A Christian, an activist and a former alcoholic, Lamott uses humor to weave through loss, parenthood, faith and the cancer diagnosis given to her best friend, in beloved books like *Bird by Bird* and *Help, Thanks, Wow: The Three Essential Prayers* . She says, "Hope begins in the dark ... if you just show up and try to do the right thing, the dawn will come. You wait and watch and work: you don't give up."

Her next book, *Hallelujah Anyway; Rediscovering Mercy*, is set to release in April 2017.

@annelamott facebook.com/AnneLamott

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Thursday, April 27, 5:00PM - 7:00PM PDT

# Session 10: Tales of Tomorrow

Hosted by Chris Anderson and Juliet Blake.

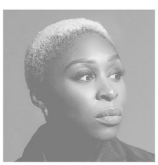

## Cynthia Erivo

**Actor, performer**

Best known for her role in the Broadway revival of "The Color Purple," Cynthia Erivo is a Tony- and Grammy-winning performer.

Cynthia Erivo made her Broadway debut as Celie in *The Color Purple* — a role that earned her Tony and Grammy Awards. Erivo has performed for the annual Kennedy Center Honors and been featured on stage in *Sister Act* as well as *A Midsummer Night's Dream*. Most recently, Erivo teamed up with John Legend at the 2017 Grammy Awards to perform the Beach Boys' song, "God Only Knows."

The actress stars with Viola Davis in the upcoming Steve McQueen film *Widows*, and as Harriet Tubman in the biopic *Harriet*.

facebook.com/cynthiaerivo @CynthiaEriVo

## Manoush Zomorodi

**Tech podcaster**

Every week on her podcast "Note to Self," Manoush Zomorodi searches for answers to life's digital quandaries.

Manoush Zomorodi is the host and managing editor of *Note to Self*, "the tech show about being human," from WNYC Studios. Through experiments and conversations with listeners and experts, she examines the new questions tech has brought into our lives. Topics include information overload, digital clutter, sexting "scandals" and the eavesdropping capabilities of our gadgets.



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In January 2017, Manoush and Note to Self launched "The Privacy Paradox," a 5-part plan to help people take back control over their digital identity. Tens of thousands of listeners have completed the 5-part plan so far, which *Fast Company* calls Manoush's "challenge to us to stick up for our internet rights." Her book exploring how boredom can ignite original thinking, *Bored and Brilliant: Rediscovering the Lost Art of Spacing Out*, comes out in September 2017.

wnyc.org/shows/notetoself @manoushz

## Shah Rukh Khan

**Actor, producer, activist**

With a fan following that runs into multi-millions, and 24 million followers on Twitter, Shah Rukh Khan is at forefront of the Indian film industry and continues to rule at the box office in India.

One of the world's biggest movie stars, Bollywood star Shah Rukh Khan is also an entrepreneur and inspired philanthropist. He heads the film production company Red Chillies Entertainments, whose *Chennai Express* was the highest-grossing film of 2013, and his recent film *Raees* also topped the box office in India. He's also the proud co-owner of two cricket franchises, the Kolkata Knight Riders and the Trinbago Knight Riders.

In the fall, he will host TED's brand-new TV series in Hindi for Star Plus, titled *TED Talks India: Nayi Soch,* which translates to "new thinking."

As a philanthropist and spokesperson, Khan stands up for causes ranging from the environment and water-supply issues to rural solar power. Khan's nonprofit Meer Foundation, named for his father, focuses on supporting victims of acid attacks through a 360-degree approach that helps with medical treatment, legal aid, rehabilitation and livelihood support.

@iamsrk

## Paul Cantelon

**Musician and composer**

Paul Cantelon is a composer of contemporary classical music and resonant, award-winning film scores -- as well as a violinist, pianist and accordionist.

From his debut at the age of 13, at UCLA's Royce Hall, Paul Cantelon commenced a successful career as a concert pianist, until some years later he was abruptly stopped by a life-altering bicycle accident whilst at the Paris Conservatory.

Out of this crisis, Cantelon reinvented his musical career, which would come to encompass such extremes from playing with the Red Hot Chili Peppers, to his eventual status as a Bafta-nominated film composer known for such scores as Julian Schnabel's *The Diving Bell and the Butterfly'* and Oliver Stone's *W.*

paulcantelon.com

## Ashton Applewhite

**Author, activist**

Ashton Applewhite asks us to look at ageism -- the assumption that older people are alike and that aging impoverishes us. (Is that your experience?)

Ashton Applewhite would like us to think differently about growing older. As she writes: "Aging is a natural, lifelong, powerful process that unites us all. So how come so many of us unthinkingly assume that depression, diapers, and dementia lie ahead? Because of ageism—the last socially sanctioned prejudice."

She's the author of *This Chair Rocks: A Manifesto Against Ageism* and is the voice of the Yo, Is This Ageist? blog. She is also the author of *Cutting Loose: Why Women Who End Their Marriages Do So Well* -- and was a clue on *Jeopardy!* as the author of the mega bestseller series, *Truly Tasteless Jokes*. (Who is Blanche Knott?)

thischairrocks.com @thischairrocks

## Laolu Senbanjo

**Artist, musician, lawyer, activist**

Laolu Senbanjo's motto is: "Everything is my canvas."

A visual artist, musician, human rights lawyer and activist, Laolu Senbanjo puts his mark on everything from canvas, to shoes, to walls and buildings, to clothing and even the body with his Sacred Art of the Ori. Born and raised in Ilorin, Nigeria, his Yoruba heritage is ever-present in his work, which marries modern detail and ornate style to create a vision of Afrofuturism.

His preferred medium is charcoal, "because it's something as natural as life and death," he writes, and he also works in acrylics, inks and even wood. Senbanjo created work for the astonishing "Sorry" video from Beyoncé's *Lemonade,* and he has worked with Angelique Kidjo, Kenneth Cole, Alicia Keys, Usher and many more.

laolu.nyc @afromysterics

## Helen Zaltzman

**Podcaster**

Helen Zaltzman makes The Allusionist, a podcast about "small adventures in language."



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In 2007, Helen Zaltzman sat down with collaborator Olly Mann in a suburban London living room and launched Answer Me This! (AMT), an infectiously funny podcast based on listener questions. AMT became a sensation and vaulted her to early celebrity in the comedy podcast pantheon -- it went on to garner a bouquet of awards, land a BBC5 radio show, and spawn a companion book.

Zaltzman podcast, *The Allusionist*, is a humorous look at linguistics, part of the podcast network Radiotopia.

theallusionist.org @helenzaltzman

## David Whyte

**Poet, author**

David Whyte writes at the intersection of interior and exterior worlds, bringing new territory into view with his distinctly personal style.

A native of Yorkshire, England, David Whyte draws from his diverse background and a deep philosophical curiosity to craft poems that are at once highly relatable, yet altogether new. Whyte explores the human experience, writing about relationships in his poetry as well as his prose. His work spans the worlds of literature, philosophy and organizational leadership, making him a wise voice to listen to in an increasingly complex world.

His books include *The Sea in You: Twenty Poems of Requited and Unrequited Love*; *The Three Marriages: Reimagining Work, Self and Relationship*; *River Flow: New & Selected Poems*; and *Consolations: The Solace, Nourishment and Underlying Meaning of Everyday Words*.

davidwhyte.com @whytedw

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Friday, April 28, 9:30AM - 12:00PM PDT

# Session 11: The Future Us

Hosted by Chris Anderson, Kelly Stoetzel and Helen Walters.

## Jim Yong Kim

**President of the World Bank Group**

Jim Yong Kim is leading the World Bank Group in the global effort to end extreme poverty and promote shared prosperity.

Jim Yong Kim is the 12th president of the World Bank Group. Soon after he assumed his position in July 2012, the organization established two goals to guide its work: to end extreme poverty by 2030; and to boost shared prosperity, focusing on the bottom 40 percent of the population in developing countries. In September 2016, the World Bank Group Board unanimously reappointed Kim to a second five-year term as president.

During his first term, the World Bank Group supported the development priorities of countries at levels never seen outside a financial crisis and, with its partners, achieved two successive, record replenishments of the World Bank Group's fund for the poorest. The institution also launched several innovative financial instruments, including facilities to address infrastructure needs, prevent pandemics and help the millions of people forcibly displaced from their homes by climate shocks, conflict, and violence.

Kim's career has revolved around health, education and delivering services to the poor. In 1987, Kim co-founded Partners In Health, a nonprofit medical organization that works in poor communities on four continents. He has received a MacArthur "genius" grant, was recognized as one of America's "25 Best Leaders" by U.S. News & World Report and was named one of TIME magazine's "100 Most Influential People in the World."

worldbank.org @JimYongKim

## Emily Esfahani Smith

**Author**

In her book "The Power of Meaning," Emily Esfahani Smith rounds up the latest research -- and the words of great thinkers across generations—to argue that the search for meaning is far more fulfilling than the pursuit of personal happiness.

Emily Esfahani Smith is the author of *The Power of Meaning: Crafting a Life That Matters*, a book that explores how we can each find meaning in life. She says: "In recent decades, there's been a rising tide of despair across the world—people feeling more depressed and alone, and even ending their lives. To be psychologically and spiritually healthy, we need to believe that our lives are meaningful. We all need to discover ways to feel connected to something larger than ourselves -- to feel that our lives make sense. Fortunately, we can all do this -- we can all create meaningful lives."

Smith draws on psychology, philosophy and literature to write about the human experience -- why we are the way we are and how we can find grace and meaning in a world that is full of suffering. Her articles "There's More to Life than Being Happy" and "Masters of Love," originally published in *The Atlantic*, have been read more than 30 million times. Her writing has also appeared in the *Wall Street Journal*, *New York Times* and *TIME*. She is an instructor in positive psychology at the University of Pennsylvania. She is also a columnist for *The New Criterion*, as well as an editor at the Stanford University's Hoover Institution, where she manages the Ben Franklin Circles project, a collaboration with the 92nd Street Y and Citizen University to build meaning in local communities.

emilyesfahanismith.com @EmEsfahaniSmith

## Found Sound Nation



HOUSE_OVERSIGHT_014970

**Musical collective**

Found Sound Nation (FSN) is a collective of artists who use music-making to connect people across cultural divides.

FSN believes that collaborative music creation is a deeply effective way to become aware of the beauty, trauma and hidden potential in our communities. Their process gives voice to the underrepresented, unlocks the creative potential of youth and supports movements for social justice.

Founded by Christopher Marianetti and Jeremy Thal in 2010, FSN began its work as part of the groundbreaking new music organization, Bang on a Can. Over the years, FSN has led audio production workshops for Cine Institute in Haiti, worked extensively with Carnegie Hall in New York, Indonesia and Mexico, and developed music composition workshops with incarcerated youth in theBronx and Brooklyn.

In the field of cultural diplomacy, FSN developed the Dosti Music Project with US Embassies in Pakistan and India to bring together politically divided artists to create and tour original work. Since 2012 FSN has partnered with the US Department of State's Bureau of Educational and Cultural Affairs and Bang on a Can to produce OneBeat, to convene young professional musicians from around the globe each fall to use music as a tool for the betterment of our communities, forming a growing web of interconnected musical change-makers from around the globe.

foundsoundnation.org @foundsoundnat

## Elon Musk

**Serial entrepreneur**

Elon Musk is the CEO and product architect of Tesla Motors and the CEO/CTO of Space Exploration Technologies (SpaceX).

At SpaceX, Musk oversees the development of rockets and spacecraft for missions to Earth orbit and ultimately to other planets. In 2008, SpaceX's *Falcon 9* rocket and *Dragon* spacecraft won the NASA contract to provide cargo transport to space. In 2012, SpaceX became the first commercial company to dock with the International Space Station and return cargo to Earth with the *Dragon*.

At Tesla, Musk has overseen product development and design from the beginning, including the all-electric Tesla Roadster, Model S and Model X, and the rollout of Supercharger stations to keep the cars juiced up. (Some of the charging stations use solar energy systems from SolarCity, of which Musk is the non-executive chair.) Transitioning to a sustainable energy economy, in which electric vehicles play a pivotal role, has been one of his central interests for almost two decades. He co-founded PayPal and served as the company's chair and CEO.

elonmusk.com @elonmusk

## Noah Feldman

**Constitutional law scholar**

Noah Feldman studies the intersection of religion, politics and law.

Noah Feldman is a professor and writer who tries to figure out how to make the government follow the rules; what the rules are that the government has to follow; and what to do if the rules are being broken. In his work, he asks questions like: How can a 225-year-old constitutional blueprint still work? Can you design a new and better constitution from scratch in places like Iraq and Tunisia? What rights do we have, really?

Feldman is the Felix Frankfurter Professor of Law at Harvard Law School and a contributing writer for *Bloomberg View*. He served as senior constitutional advisor to the Coalition Provisional Authority in Iraq, and advised members of the Iraqi Governing Council on the drafting of the Transitional Administrative Law or interim constitution. He is writing a biography on James Madison, principal author of the Constitution and fourth president of the US; it's forthcoming in 2017.

Feldman is the author of six other books: Cool War: The Future of Global Competition (Random House, 2013); Scorpions: The Battles and Triumphs of FDR's Great Supreme Court Justices (Twelve Publishing, 2010); *The Fall and Rise of the Islamic State* (Princeton University Press, 2008); Divided By God: America's Church-State Problem and What We Should Do About It (Farrar, Straus & Giroux 2005); What We Owe Iraq: War and the Ethics of Nation building (Princeton University Press 2004) and After Jihad: America and the Struggle for Islamic Democracy (Farrar, Straus & Giroux 2003. He most recently co-authored two textbooks: Constitutional Law, Eighteenth Edition (Foundation Press, 2013) and First Amendment Law, Fifth Edition (Foundation Press, 2013).

## Julia Sweeney

**Actor, comedian, playwright**

Julia Sweeney creates comedic works that tackle deep issues: cancer, family, faith.

Julia Sweeney is a writer, director, actress, comedian and monologist. She is known for being a cast member on *Saturday Night Live* from 1990 to 1995, where she created and popularized the androgynous character, Pat. She is also well known for her comedic and dramatic monologues. *God Said Ha!* is a monologue about serious illness, her brother's lymphoma and her own cancer, and her family's crazy reactions to this crisis as they soldiered their way through struggle, confusion and death. This play was performed all over the U.S. and on Broadway at the Lyceum Theater. It was made into a film produced by Quentin Tarantino, and the comedy album from the show was nominated for a Grammy.

Sweeney's second monologue, *In the Family Way,* played in theatrical runs in New York and Los Angeles. It was ultimately fashioned into a book, a memoir titled *If It's Not One Thing, It's Your Mother*. Sweeney's third monologue, *Letting Go of God*, chronicled her journey from Catholicism to atheism. It was made into a film that played on Showtime.

juliasweeney.com @JuliaSweeney



HOUSE_OVERSIGHT_014971

Global Equity Volatility Insights

# Want a cheap call on EU equity? Monetise correlation through EU bank dispersion

we estimate 65% of the

Bank of America Merrill Lynch

20 June 2017

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MLI (UK)

**Nitin Saksena**
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**William Chan, CFA >>**
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Merrill Lynch (Hong Kong)

**Abhinandan Deb >>**
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Equity-Linked Analyst
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**Clovis Couasnon >>**
Equity-Linked Analyst
MLI (UK)

**Chintan Kotecha**
Equity-Linked Analyst
MLPF&S

**Michael Youngworth**
Equity-Linked Analyst
MLPF&S

**Nikolay Angeloff**
Equity-Linked Analyst
MLPF&S

See Team Page for List of Analysts


## US

**Extract alpha from summer SPX range as policy and positioning "collar" equities**

With the Federal Reserve last week appearing more emboldened to normalize monetary policy, risk asset bears have come out in force. While we agree that a changing Fed reaction function is likely not supportive of substantial equity upside, we think the "Yellen put" still exists, albeit with a lower strike. Hence, we see monetary policy as providing a near-term "collar" (long put/short call) on a US equity market already prone to getting trapped in record-tight trading ranges. Further impetus for a summer range-trade should come from (i) fiscal policy, as gridlock caps equity upside but policy hope floors the downside, and (ii) positioning, where the risk of continued "fragility events" (potentially exacerbated by stretched quant fund/short vol positioning) meets cashed-up investors still accustomed to buying dips. As a risk-limited range trade, we like buying in-the-money down and out puts on the S&P. For example, an SPX Sep 2475 put that knocks out at 2300 (6% OTM) indicatively costs 70bps (spot ref 2451), a 60% discount to the 2475 / 2300 put spread.

## Europe

**Long EU banks dispersion: Buy Dec17 call on a basket, sell worst-of call**

We recommend positioning for greater dispersion in EU bank sector returns via buying a Dec17 105% call on an equally-weighted basket of Santander, BNP, ING, Intesa and Deutsche Bank, part-financed by selling a worst-of call on the same basket for 1.8% (net) indic., as: 1) improving macro/earnings, sensitivity to rates and regulatory headwinds are likely to lead to greater differentiation within banks, 2) the entry point is attractive given historically low implied vol (13th 8y+ percentile) and high implied correlation (81% bid vs latest 6M realised correl of 66%), 3) historical risk-reward at current pricing is attractive (avg. P&L of +8.4% when positive vs -1.8% when negative), and 4) the trade can be considered as a cheap call on EU equities as it has a similar payoff profile but with greater benefit relative to its cost.

## Asia

**Buy depressed China vs. US risks through corridor variance spreads**

As global central banks have taken on more hawkish tones, the uncertainty surrounding policy tightening will be more positive for EM volatility than for DM volatility. Additionally, our strategists have a more bearish outlook for the Chinese banking sector (which makes up a majority of the HSCEI index) amid rapidly rising leverage, complex shadow banking, and excessive home price inflation. Since we believe the global synchronized monetary tightening will impact HSCEI volatility more than SPX volatility, we recommend owning HSCEI-SPX 70/110% corridor variance at 5 vol points, a 3 vol point discount to a vanilla variance spread. The entry point is attractive as the HSCEI-SPX 18-month variance swap spread has fallen back to the lower-end of its 5-year trading range, the trade has a positive carry, and it benefits during China risk-off events.

**Table 1: 3M volatility (weekly changes)**

| | Implied | Realized |
|---|---|---|
| S&P500 | 9.8 (-0.2) | 7.1 (-0.2) |
| ESTX50 | 13.4 (0.3) | 11.5 (0.2) |
| FTSE | 10.0 (-0.4) | 9.7 (0.2) |
| DAX | 12.6 (0.3) | 10.7 (0.5) |
| NKY | 13.8 (-0.2) | 12.3 (-0.2) |
| HSI | 12.4 (0.1) | 10.1 (0.2) |
| KOSPI | 12.2 (0.3) | 10.5 (0.1) |
| EEM US | 15.6 (0.5) | 11.8 (-1.1) |
| TOP40 | 16.9 (1.2) | 11.1 (0.3) |
| RDX | 25.9 (0.9) | 20.6 (-1.1) |
| IBOV | 22.9 (-1.7) | 25.5 (-0.7) |
| ISE30 | 20.2 (0.4) | 13.5 (0.1) |

Source: BofA Merrill Lynch Global Research


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**Refer to important disclosures on page 28 to 29. Analyst Certification on page 27.**



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# BofAML GFSI™ X-Asset Risk Landscape

## Stress now below normal for all asset classes

The indicator was little changed last week, finishing at -0.23.

- **Stress is now in benign territory across all five asset classes**: Stress in across all asset classes (except equity) declined last week. Notably, rates stress turned negative (benign territory) and stresses across all five asset classes are now negative.
- **Stress in Equity skew rose** as ESTX50 and (to a lesser extent) S&P500 skew steepened; indeed the gain in ESTX50 skew was the greatest across GFSI sub-components (Chart 2) and also historically significant (Chart 5).
- **Commodity-related stresses fell** the most across asset classes (Chart 3), led by declines in Crude and Gold vol (Chart 2), reversing some of the gains after geopolitical tensions in the Middle East rose in recent weeks.

**Chart 1: Latest* stress across GFSI sub-components**

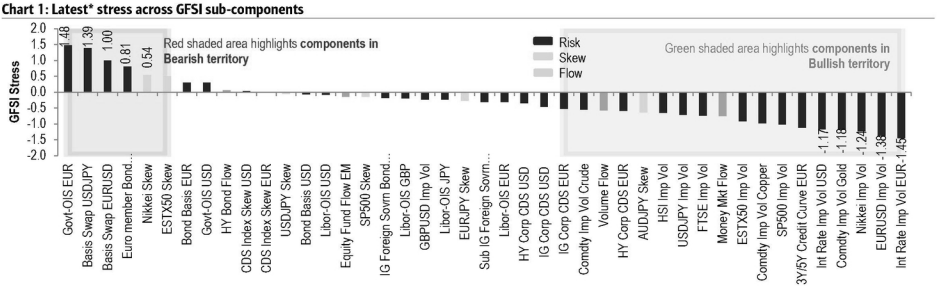


Source: BofA Merrill Lynch Global Research. *Latest as of 16-Jun-17.

**Chart 2: Change** in stress across GFSI sub-components**

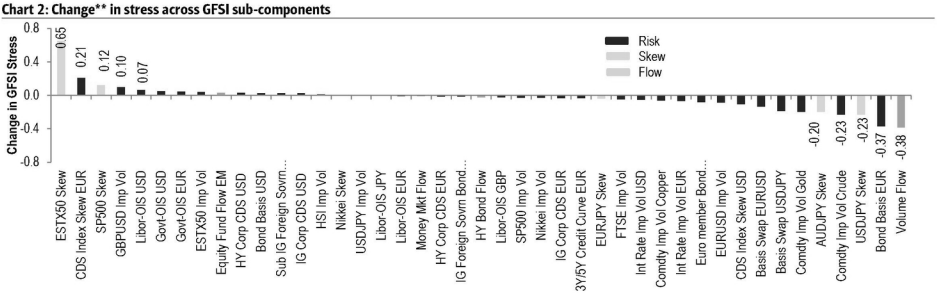


Source: BofA Merrill Lynch Global Research. **Latest as of 16-Jun-17. Change vs 1 week prior (9-Jun-17).

The GFSI Risk Allocator (using Bull, Bear & Neutral weights of 2, 0, 1) suggested a 17.4% overweight position on 16-Jun (vs 13.0% OW as of 9-Jun). The percentages of Bullish, Bearish and Neutral GFSI components (as used in the Risk Allocator) as of 16-Jun were 34.8%, 17.4% and 47.8% respectively.



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**Chart 3: Stress in commodities fell the most last week (driven by a drop in crude oil vol) while stress in equities rose marginally (led by equity skew)**

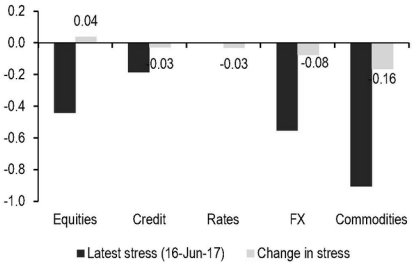


Source: BofA Merrill Lynch Global Research. 1wk change (9-Jun-17 to 16-Jun-17).

**Chart 4: EM and the US are the least stressed GFSI regions globally**

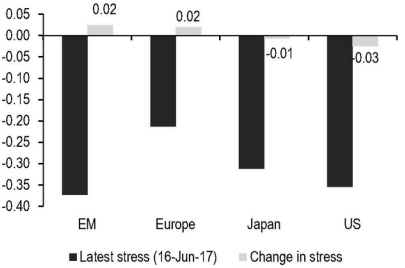


Source: BofA Merrill Lynch Global Research. 1wk change (9-Jun-17 to 16-Jun-17).

**Chart 5: Top 10 movers in stress (1-week abs chg %-ile vs history*)**

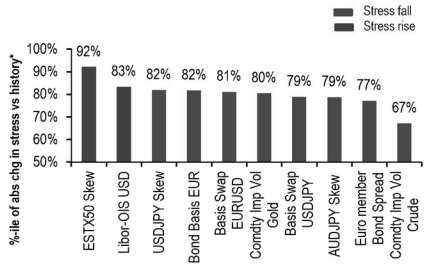


Source: BofA Merrill Lynch Global Research. * %-ile of weekly move in stress vs all historical weekly moves (earliest 3-Jan-00). Bar colours represent: rise (red) or fall (green) in stress. 1wk change (9-Jun-17 to 16-Jun-17).

**Chart 6: Global volatility & credit spread stress in the GFSI**

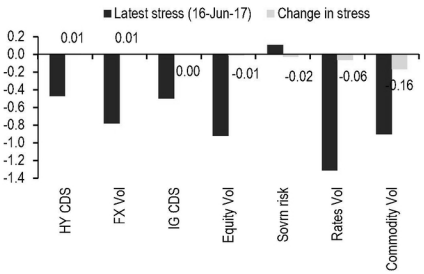


Source: BofA Merrill Lynch Global Research. 1wk change (9-Jun-17 to 16-Jun-17).



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# Volatility in the US

## Risk-limited alpha in a "collared" market: SPX ITM KO puts

### US equities vulnerable...to a summer range-trade

The Federal Reserve last week appeared more emboldened to normalize monetary policy, not only raising interest rates by 25bps but also reiterating its intention to hike four more times by the end of 2018 and stating that it "expects to begin implementing a balance sheet normalization program this year" - all despite recent softness in inflation data. Breakeven rates of inflation narrowed following the Fed communications due to tighter monetary conditions in the face of slowing US economic data, and risk asset bears responded in force, suggesting that Janet Yellen had "broken up" with investors and that it would be prudent to sell "before it's too late".

We agree that the changing reaction function of the Fed is likely not supportive of further substantial US equity upside and may be viewed as the Fed now providing a short call option on the S&P 500. However, in our view, it is premature to conclude from last week's developments that the "Yellen put" is dead. We see its strike as declining but would not underestimate Yellen's dovish inclinations in a shock or the capacity for the Fed to still remain credibly on hold as long as the US economy is not "running hot".

In short, we see monetary policy as now providing a "collar" (long put / short call) on a US equity market that has already shown a propensity over the past year for getting trapped in record tight trading ranges.[1] Other factors may also conspire to create a summer range-trade for US equities, namely (i) fiscal policy, where gridlock likely caps equity upside but lingering policy hope floors the downside, and (ii) positioning, where the risk of continued "fragility events" (potentially exacerbated by stretched quant fund/short vol positioning) meets cashed-up investors still accustomed to buying dips.

### Tug of war between fragile market/stretched positioning and cashed-up dip-buyers

As we have noted recently, US equities have displayed a historically unusual tendency to jump rapidly from calm to stress and back ("fragility"), with the recent Tech sell-off and rebound the latest example. For example, in the past year, the S&P 500 has seen 5sigma declines (3 in total—Brexit, Sep-16, May-17) occur 20x more frequently than over the prior 90 years or so. The increased frequency of these "fragility events" is in part due to vol failing to remain high post a spike as equity market participants continue to aggressively "buy the dip" and in the process reset vol lower.

Historically low vol alongside consistently upward trending equity markets and low cross asset correlations could be creating stretched positioning across markets. For example, upward trending equities on historically low vol may be pushing CTA equity positioning to near record levels (Chart 7). Risk parity portfolios could be increasing their leverage due to low vol as well as low cross asset correlation (Chart 8). And lastly, inverse VIX ETPs have seen increased open interest as performance has swelled on the back of continued declines in vol and attractive term structure risk premia (Chart 9).

Should vol spike again alongside a reversal in equity price momentum and a rise in cross asset correlations, then unwinds from these strategies could exacerbate market fragility. However, this must be weighed against an investor base that has plenty of cash on hand (Chart 10) and their potentially fickle but still-intact tendency to view any equity market dip as an alpha opportunity.

[1] For example, the Dow Jones Industrial Average traded in its tightest trading range in over 110 years in Jan-17; this followed a record in the S&P 500 ending Sep-16 for the longest stretch of trading within a range of 1.77% since 1928.



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**Chart 7: A combination of upward trending global equity markets and very low volatility have conspired to push trend following (CTA) equity positioning to near record levels. Consequently, the beta of CTA strategies to global equities is also at extreme levels**

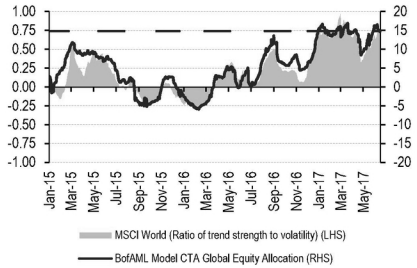


Source: BofA Merrill Lynch Global Research. Based on daily data form 2-Jan-2015 to 16-Jun-2017. CTA = Commodity Trading Advisor

**Chart 8: Owing to low cross asset vol and strong diversification, the volatility of risk-balanced multi-asset portfolios has fallen to historically low levels. Consequently, leverage levels across multi-asset & other portfolios that target fixed vol have likely hit their caps**

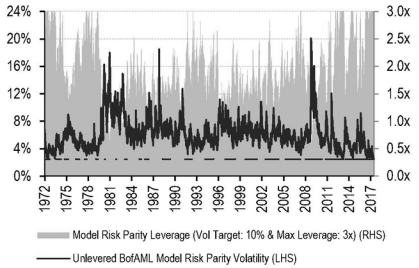


Source: BofA Merrill Lynch Global Research. Based on daily data from 3-Jan-72 through 16-Jun-17. Equity, fixed income, and commodity components within the hypothetical risk parity investment are represented by the S&P500, 10-Year US Treasury Bonds, and the S&P GSCI Index, respectively. Risk parity allocations are determined and rebalanced monthly using prior 12-month realized volatility and correlations.

It is important to note that not all CTA, risk parity, or vol control strategies operate similarly and there is model risk in estimating the exact size of these trading flows.

**Chart 9: The vega outstanding in inverse VIX ETNs has also reached a record high at ~$125mn vega**

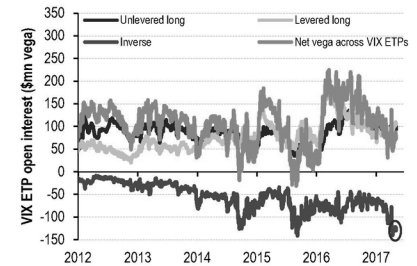


Source: BofA Merrill Lynch Global Research. Daily data from 13-Feb-12 through 16-Jun17.

**Chart 10: Global FMS average cash balances (%) remain elevated, suggesting dry powder for investors still conditioned to buy equity dips**

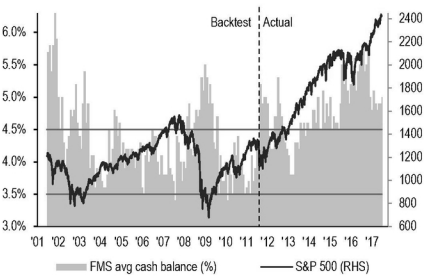


Source: BofA Merrill Lynch Global Fund Manager Survey, Bloomberg. As a reminder, the FMS Cash Rule works as follows: when average cash balance rises above 4.5% a contrarian buy signal is generated for equities. When the cash balance falls below 3.5% a contrarian sell signal is generated.

## Extract risk-limited alpha from SPX range via cheap in-the-money knockout puts

As a risk-limited range trade, we like owning down-and-out puts on SPX that are already in-the-money. For example, the SPX Sep 2475 put with a 2300 knock-out (continuous observation) indicatively costs 70bps (spot ref 2451) and offers a 60% discount to the vanilla 2475/2300 put spread, which is itself historically cheap (Chart 12).

If SPX stays above the 2300 barrier at all points in time before expiry, the structure is equivalent to a 2475 put option. If the barrier is instead breached, the maximum loss will be equal to the (low) upfront premium. The 2300 barrier is about 6% out-of-the-money, hence "allows" for the elusive 5% correction not seen since Brexit (on a closing basis). However, investors can mitigate the risk of breaching the barrier by either moving it farther down (e.g., a 2245 barrier would indicatively raise the cost from 0.7% to 1%), or by only observing it on a close-to-close basis (in turn sacrificing part of the discount).



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The trade prices attractively today due to exceptionally steep SPX put skew, which is near its highs established since 2004 (Chart 11). With steep SPX put skew, the market is implicitly pricing in a high probability that the option will knock-out during its life, i.e., that relatively large drawdowns are more likely. As detailed above, however, we see many reasons why the most likely near-term scenario for US equities is to remain range-bound. The structure is short 11% delta at inception and has the same vega sensitivity as the equivalent put spread (short 6bps).

**Chart 11: SPX put skew is near the all-time highs reached since 2002. Steep skew helps cheapen knockout puts as the market is implying a relatively high probability of the barrier being breached**

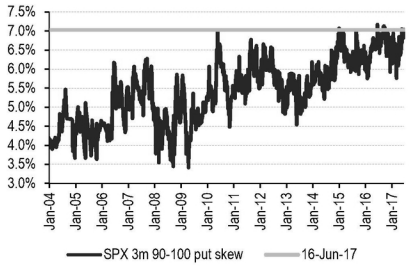


Source: BofA Merrill Lynch Global Research. Data from Jan-04 to 16-Jun-17. The 90 and 100 strikes are based on the SPX forward.

**Chart 12: The price of SPX put spreads is already near the lows reached since 2002. In particular, the price of a 3m 50d-25d put spread is ~1.02%, in the 0.1st %-ile since Nov-02**

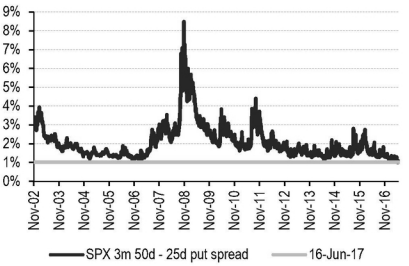


Source: BofA Merrill Lynch Global Research. Data from Nov-02 to 16-Jun-17.



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## Notable trends and dislocations (US)

### The Fed turns more hawkish, though vol remains subdued

Last week, unsurprisingly the Fed opted to hike benchmark rates another 25bps. However, the market was more focused on the FOMC's unexpectedly hawkish message, which indicated that it is willing to normalize policy despite weaker-than-desired inflation. Our economists now think the Fed will announce balance sheet normalization in September and will hike rates again in December. A more hawkish Fed could result in higher real rates and a stronger USD, which ultimately should benefit our Growth to Value rotation trade of long XLF calls versus short QQQ calls (see Chart 15). The S&P 500 was more-or-less flat week-over-week as it gained only 6bps. The tech selloff continued, however, and the Nasdaq-100 dropped 105bps. Similarly, the Russell 2000 also dropped 105bps. Despite concerns on the Fed, the VIX fell 0.32 vol points to 10.38, and SPX 1m ATM implied vol declined 0.3 vol points to 7.6%.

**Chart 13: The Nasdaq has set a new record for consecutive days without a 5% peak-to-trough drawdown**

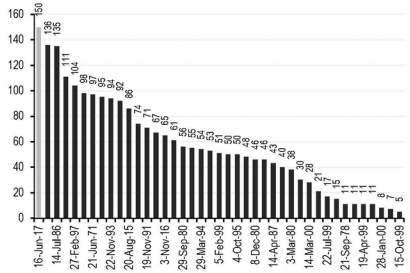


Source: BofA Merrill Lynch Global Research. Data from 1-Feb-71 to 16-Jun-17. Drawdowns measured from prior peaks and using close-to-close data.

On June 9, the Nasdaq dropped nearly 2% as investors unwound crowded positions, resulting in a sudden selloff from a period of relative calm. However, despite the volatility among tech names during the first week of June, the Nasdaq (CCMP) has not seen a 5% drawdown from a prior peak (using closing data) in 150 days. This is the longest such streak in the Nasdaq's history.

Prior to today, the longest periods of similar calm occurred during July '83 and July '86, when the index did not record a 5% drawdown from a peak in 136 and 135 days respectively.

**Chart 14: On 16-Jun, the SPX had its 11th consecutive session of moves not exceeding 0.5% in either direction on a close-to-close basis. This is the 4th time this year that such a streak has surpassed 10 days**

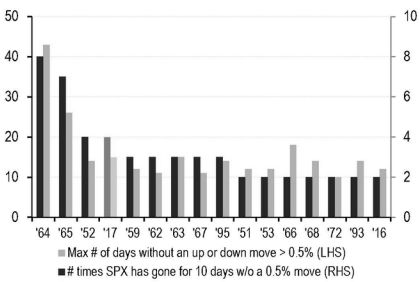


Source: BofA Merrill Lynch Global Research, Bloomberg. Data from Jan-1928 to 16-Jun-2017.

Last week the S&P 500 recorded its 11th session without a move larger than 0.5% in either direction. As a result, 10d realized vol stood at 3.31% as of 16-Jun.

This is already the fourth time this year that SPX has gone more than 10 consecutive days without a move greater than +/- 0.5%. This has historically happened only in '64, '65 and '52. The longest such stretch this year lasted 15 consecutive trading sessions and ended on 16-May. For comparison, in '64 SPX had 8 stretches without such a move with the longest stretch spanning 43 days.



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**Chart 15: Buying an XLF 1m ATM call financed by selling a QQQ 1m call is still an attractive way for investors to rotate out of Growth and into Value**

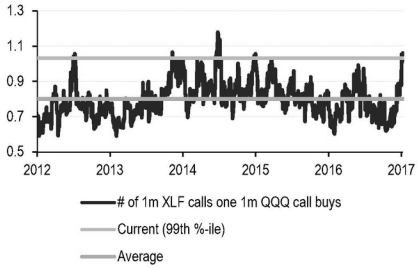


Source: BofA Merrill Lynch Global Research. Data from 9-Jun-12 to 16-Jun-17.

Last week, we highlighted that investors who want to rotate out of Growth strategies into Value strategies should take advantage of elevated tech vol by buying XLF 1m ATM calls financed by selling QQQ 1m ATM calls. After last week's FOMC meeting, the case for such a trade grows even stronger as the market thinks the Fed has become more hawkish, driving up real rates and the USD. Amid this backdrop, one could see outperformance of Value names over Growth names, which tend to have higher amounts of offshore revenues that would come under pressure by a stronger dollar.

Additionally, the trade remains attractive at current levels as pricing has only been better 1% of the time in 5 years. Today, 1.03 XLF calls could be bought for each QQQ call sold, whereas over the past 5 years, the average number of XLF calls that could be purchased was only 0.80.

**Table 2: Current S&P500 volatility and correlation measures relative to the prior two year of historical daily data**

| | 1-week change | | | Over 2-year historical period | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 16 Jun 17 | 9 Jun 17 | Change | Current ranking | Minimum | 25% | Median | 75% | Maximum |
| 1-month ATM implied volatility | 7.6% | 7.9% | -0.3% | 1.3% | 7.1% | 9.8% | 11.7% | 14.5% | 31.8% |
| 1-year ATM implied volatility | 14.0% | 14.0% | 0.0% | 7.7% | 13.4% | 15.3% | 16.2% | 17.3% | 22.5% |
| 1-week intraday realized volatility | 7.8% | 7.3% | 0.5% | 19.6% | 5.2% | 8.3% | 10.6% | 14.0% | 53.7% |
| 1-year minus 1-month term structure | 6.5% | 6.1% | 0.4% | 99.2% | -12.0% | 2.7% | 4.4% | 5.4% | 7.0% |
| 3-month 90 minus 110 skew | 8.5% | 8.3% | 0.2% | 16.1% | 7.1% | 9.4% | 11.3% | 11.8% | 13.8% |
| 1-year top 50 implied correlation | 45.44 | 45.10 | 0.35 | 8.1% | 42.03 | 49.37 | 54.22 | 57.14 | 65.55 |
| 3-month top 50 realized correlation | 21.30 | 24.08 | -2.78 | 16.8% | 12.57 | 27.15 | 37.28 | 48.45 | 60.41 |
| VIX 1-month ATMf implied vol | 81.9% | 80.0% | 1.9% | 39.9% | 61.2% | 78.2% | 85.0% | 95.2% | 162.2% |
| VIX 1-month 110 minus 90 skew | 27.1% | 26.9% | 0.2% | 88.6% | 9.3% | 18.6% | 21.5% | 23.8% | 30.3% |

Source: BofA Merrill Lynch Global Research



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# Volatility in Europe

## Buy EU banks dispersion: (+) basket call, (-) worst-of calls

**Trade**: Long Dec17 105% call on an equally weighted basket of SAN, BNP, ING, ISP & DBK*, short Dec17 ATM worst-of call on the same basket for 1.8% indic. (correl bid: 81%).

** We pick the top 5 stocks with the largest market cap within the SX7E (EU banks sector index) corresponding to 5 different countries*

We have previously highlighted our preference for vol dispersion trades both in the US and the EU – with the most recent recommendation being sector dispersion opportunities within the EU. In a similar vein, we suggest positioning for greater dispersion within EU banks via buying a call on a basket of Santander, BNP Paribas, ING, Intesa and Deutsche Bank part-financed by selling a worst-of call on the same basket as:

- **Improving macro/earnings, sensitivity to rates and regulatory headwinds likely to lead to greater differentiation within banks**: An improving macro backdrop in Europe & ongoing improvement in EPS revisions (see Style Cycle) paint a bullish picture for EU banks as they are seen as leveraged macro plays within the EU. However, we believe there is a potential for greater differentiation within banks as our bank analysts have argued before (here and here) that: (i) some banks stand to benefit more than others based on their earnings power should the uptick in the earnings cycle continue, (ii) banks' gearing to interest rate cycles, and therefore likely impact from a more hawkish ECB, varies between different banks and (iii) French and Benelux banks are likely to be most impacted under potential Basel IV regulations.

- **Entry point is attractive given historically low implied vols:** The structure benefits from its long vol bias as average 6M implied vol on the basket of 5 European banks is historically low (13th %-ile since Jan-08, Chart 16).

- **High implied correlation beneficial for structure's short correlation bias**: Chart 17 shows the average pairwise 6M and 3M realised correlations between the 5 EU banks, which are historically low. Despite this recent drop in realised correlations, implied correlation is priced higher, thus providing an interesting entry point for the (short-correlation) trade.



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**Chart 16: SAN, BNP, ING, ISP and DBK average 6M ATMf implied vol is trading historically low (13th percentile since 2008)**

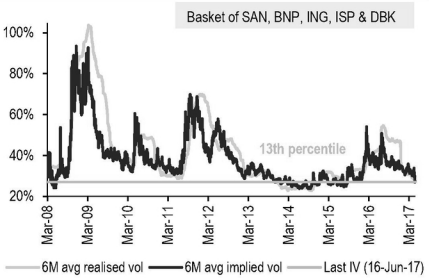


Source: BofA Merrill Lynch Global Research. Data: 2-Jan-08 to 16-Jun-17

**Chart 17: Despite the recent drop in realized correlation, implied correlation is priced near the high end of the reaiised range for the basket of EU banks**

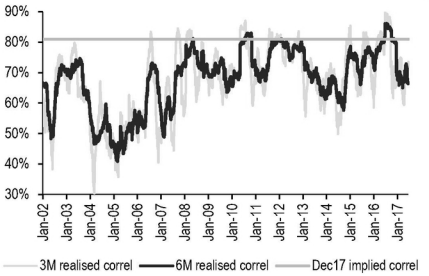


Source: BofA Merrill Lynch Global Research. Data: 2-Jan-08 to 16-Jun-17

- **Attractive risk-reward profile at current pricing**: As highlighted in Exhibit 1, historically the trade held to expiry, at current pricing, would have generated an average P&L of 8.4% when positive and -1.8% when negative. The risk-reward looks even more attractive in extreme market outcomes as the max P&L of the trade which is greater than 75% compares to the max loss of only 5.7%. The trade also provides an effective way to gain long exposure to EU equities with limited risks, as evident from the call-like payoff in Exhibit 1 (vs the ESTX50). It is worth noting that, by construction, the maximum loss of the trade is 6.8% with the most likely loss limited to the upfront premium of 1.8%. We also note that the trade payoff profile is superior to a SX5E Dec17 ATM call when sized such that: (i) the call premium is the same as the upfront premium for the dispersion trade (=1.8%, blue line), as well as (ii) when the call premium is the same as the theoretical maximum loss for the trade (=6.8%, orange line).

**Exhibit 1: Hypothetical back-test of long Dec17 105% call on a basket of SAN, BNP, ING, ISP & DBK, short Dec17 ATM worst-of call on the same basket (upfront premium = 1.8%)**

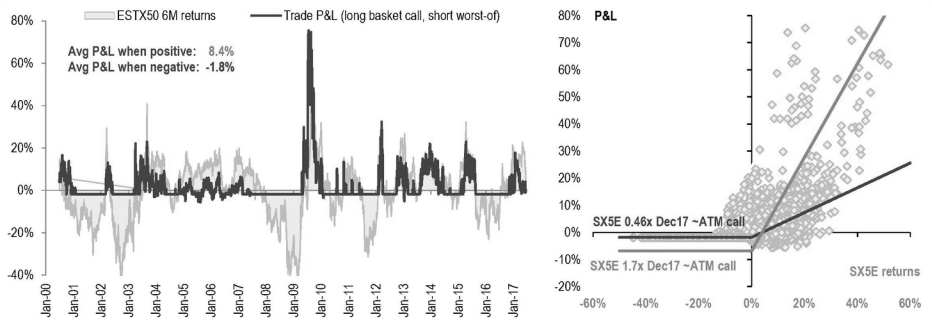


Source: BofA Merrill Lynch Global Research. Data: 3-Jan-00 to 16-Jun-17. Back-testing is hypothetical in nature & reflects application of the strategy prior to its introduction. It is not actual performance & is not intended to be indicative of future performance. The two call payoff diagrams shown in the chart correspond to SX5E Dec17 3575 strike call sized such that upfront premium = 1.8% (0.46x notional, blue line, equal to the upfront premium for the trade) and 6.8% (1.7x notional, orange line, equal to potential max loss of the trade)



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## Notable trends and dislocations (Europe)

European equities ended the week lower mainly due to a tech-driven sell-off on 12-Jun during which the SX8P (European tech sector) witnessed its largest 1-day decline since the UK's EU referendum. Nevertheless, implied vols across European indices remained mostly unchanged near 2 year lows.

- **European intra-sector correlation continues to decline while inter-sector correl has hit a floor:** The average EU intra-sector 3m correlation is near a 10-year low currently. In contrast, the average 3m inter-sector correlation reached a 10-year low in Mar-17 driven by post US election reflation trades but is now rising off its lows likely driven by an unwind of reflation trades.
- **SX7E implied-realised correlation near 5-year highs:** SX7E 6m implied correlation fell since Mar-17 but the implied-realised correlation spread remains in the 88th 5-year percentile driven by even lower realised correlation.
- **ESTX50 3M put skew is near 5 year highs**, in stark contrast to SXEP (European Oil & Gas equity) put skew which is close to 5 year lows.
- The overall seasonality in ESTX50 realised volatility since 1987 has been one of relatively lower vol during the summer months vs. autumn. In particular, **May stands out as the lowest vol month across most 10 year horizons**, and this also appears to be the case so far this year.

**EU intra-sector correl continues to decline while inter-sector correl is supported**

The average European intra-sector 3m correlation is near a 10-year low, partly driven by divergence within the personal & household goods, utilities, real-estate, autos and insurance sectors (Chart 18 and Table 3). Interestingly, the average 3m inter-sector correlation reached a 10-year low on 14-Mar-17 (as the 8-Nov-16 US election led to the outperformance of sectors sensitive to inflation) but inter-sector correlation now seems supported likely driven by the unwind of reflation trades (Chart 18).



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**Chart 18: European intra-sector realised correlation is near a 10-year low, which suggests that we are currently in a stock pickers environment**

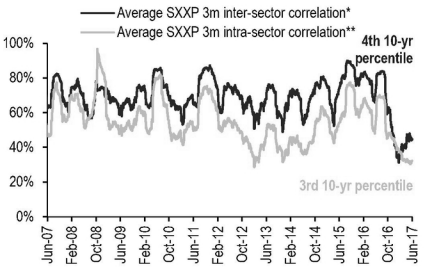


Source: BofA Merrill Lynch Global Research. 3m correlations calculated using daily returns and assuming current weights. Data from 16-Mar-07 to 16-Jun-17. *Average correlation between each of the 19 SXXP sector indices and the other SXXP sector indices. **Average of the 19 intra-sector correlations (in Euro) where the 19 sector indices are the indices which make up the SXXP index. Note that the average intra-sector correlation calculated using returns in local currencies is also near a 10-year low (2nd 10-yr percentile).

**Table 3: Personal & household goods, utilities, real-estate, autos and insurance are the top 5 sectors with the lowest 10-yr percentile of intra-sector 3m realised correlation**

| | | Intra-sector 3M correl | |
|---|---|---|---|
| Sector ticker | Sector name | Level | 10yr %-ile |
| SXQP | Pers. & Hous. Goods | 17% | 0% |
| SX6P | Utilities | 24% | 1% |
| SX86P | Real estate | 40% | 1% |
| SXAP | Autos | 41% | 1% |
| SXIP | Insurance | 32% | 1% |
| SXRP | Retail | 19% | 4% |
| SXTP | Travel | 26% | 5% |
| SXFP | Financials | 28% | 5% |
| SX4P | Chemicals | 28% | 6% |
| SXNP | Industrials | 30% | 7% |
| SXPP | Basic res. | 50% | 11% |
| SXDP | Health care | 24% | 11% |
| SXMP | Media | 27% | 12% |
| SXOP | Construction | 39% | 13% |
| SXKP | Telcos | 32% | 14% |
| SXEP | Oil & Gas | 42% | 21% |
| SX7P | Banks | 47% | 23% |
| SX3P | Food & bev | 31% | 25% |
| SX8P | Tech | 35% | 35% |

Source: BofA Merrill Lynch Global Research. 3m correlations calculated using daily Euro returns and current weights. Data from 16-Mar-07 to 16-Jun-17.

## SX7E implied-realised correlation near 5 year high, driven by stock-level divergence

SX7E 6m implied correlation has fallen since Mar-17 but the implied-realised correlation spread remains in the 88th 5 year percentile (Chart 19). Notably, the low SX7E 6m realised correlation in 2017 was mostly driven by company-specific rather than region-specific divergence (Chart 20).



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**Chart 19: The SX7E 6m implied-realised correlation spread has been high throughout 2017 and remains in the 88th 5-year percentile**

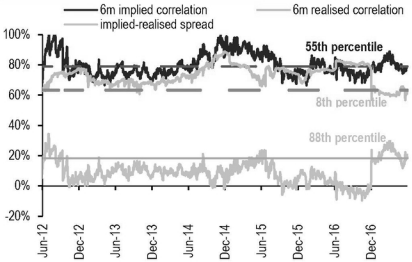


Source: BofA Merrill Lynch Global Research. Data: 16-Jan-12 to 16-Jun-17. Implied and realised correlations are calculated using current weights.

**Chart 20: The decline in SX7E 6M realised correlation appears to be mainly due to company-specific rather than region-specific divergence**

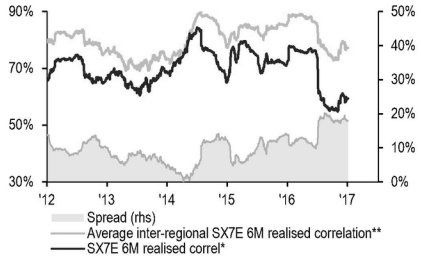


Source: BofA Merrill Lynch Global Research. Data: 16-Jan-12 to 16-Jun-17. *Calculated based on current weights of French, German, Italian and Spanish banks with enough price history. **We construct theoretical portfolios consisting of SX7E names from a given country (France, Germany, Italy and Spain) and compute the average pairwise correlation of their daily returns

**Chart 21: ESTX50 3M put skew is near 5yr highs, in stark contrast to SXEP (European Oil & Gas equity) put skew which is close to 5yr lows**

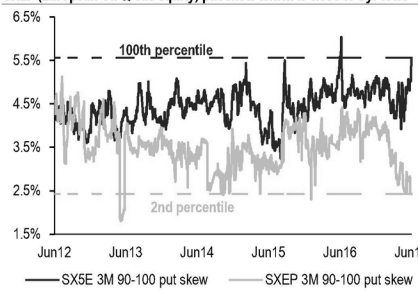


Source: BofA Merrill Lynch Global Research. Data: 16-Jun-12 to 16-Jun-17.

ESTX50 put 3M 90-100 (%fwd) put skew has re-steepened to near 5 year highs following the flattening which ensued after the first round of the French presidential elections (23-Apr). The recent ESTX50 skew dynamics are in stark contrast to what has been witnessed in the SXEP (European Oil & Gas equity), where the 3M 90-100 volatility spread has been trending lower and is currently near-flattest in 5 years.



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**Chart 22: May has typically been the month with the least amount of ESTX50 realised volatility. This has also been true in 2017 thus far**

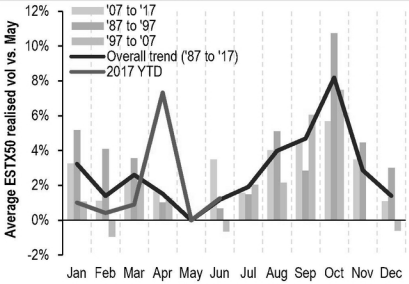


Source: BofA Merrill Lynch Global Research. Data: 1-Jan-87 to 16-Jun-17.

The overall seasonality in ESTX50 realised volatility since 1987 (ESTX50 inception) has been one of relatively lower vol during the summer months vs. autumn. In particular, May stands out as the lowest vol month across most 10 year horizons, and this also appears to be the case so far this year. We note that Apr-17 vol stands out mainly due to the 4% ESTX50 move on the Monday following the first round of the French presidential elections.

**Chart 23: ESTX50 1M 100-110 call skew is near-flattest since 2008**

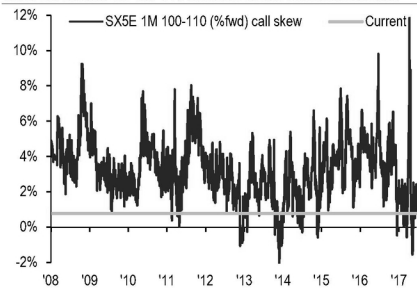


Source: BofA Merrill Lynch Global Research. Data: 2-Jan-08 to 16-Jun-17.

ESTX50 short-dated (1M) 100-110 (%fwd) call skew has flattened considerably since pre-French election (23-Apr) levels and currently stands near 9 year+ lows. Consequently, limited upside structures (e.g., call spreads) price attractively both from an ATMf volatility and skew basis.

**Table 4: Volatility measures of major equity indices in the EMEA region (data as of 16-Jun-17)**

| | 3Mth ATM implied volatility | | | 10D realised volatility | | | 12Mth–3Mth ATM i-vol spread | | | 3Mth 90-110 skew | | | Equity index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Weekly return |
| ESTX50 | 13.4% | 0.3% | 2% | 9.6% | 2.0% | 17% | 3.4% | -0.2% | 99% | 8.4% | 0.9% | 72% | -1.2% |
| FTSE | 10.0% | -0.4% | 1% | 8.6% | 1.1% | 24% | 3.6% | 0.2% | 100% | 6.2% | 0.2% | 9% | -0.8% |
| DAX | 12.6% | 0.3% | 1% | 12.7% | 2.9% | 29% | 3.9% | -0.2% | 100% | 8.5% | 0.7% | 67% | -0.5% |
| CAC | 13.3% | 0.3% | 3% | 10.3% | 2.0% | 21% | 2.6% | -0.1% | 100% | 8.6% | 1.2% | 77% | -0.7% |
| SMI | 11.4% | -0.1% | 3% | 12.2% | 3.3% | 44% | 2.4% | -0.1% | 96% | 6.5% | 0.1% | 27% | 1.3% |
| RDXUSD | 25.9% | 0.9% | 29% | 16.2% | -1.2% | 17% | 0.9% | -0.4% | 58% | 5.2% | 0.4% | 27% | -3.7% |
| TOP40 | 16.9% | 1.3% | 17% | 10.6% | 0.2% | 15% | 1.7% | -0.5% | 47% | 8.0% | 0.4% | 36% | -3.0% |
| ISE30 | 20.2% | 0.4% | 6% | 10.1% | -1.4% | 5% | 3.1% | -0.3% | 81% | 6.9% | 0.1% | 74% | -0.8% |

Source: BofA Merrill Lynch Global Research



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# European volatility: Sector snapshot

**Table 5: Volatility measures and indicative option prices for major European sector indices (data as of 16-Jun-17)**

| | | | | | Bearish <<<< ---------- >>>> Bullish | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Mth ATMf implied volatility | | | Real vol* | 3Mth 95%-85% put spread** | | | | 3Mth 100%-110% call spread** | | | | 3Mth 90%-110% risk reversal** | | | Equity index |
| | Current | Weekly change | 2Yr %-ile | Current | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price*** (% of spot) | Weekly change (bps) | 2Yr %-ile | Weekly return |
| **SX3P (Fd&Bv)** | 10.7% | -0.4% | 2% | 10.1% | 0.6% | -5 | 2% | 16.4 | 2.1% | -8 | 7% | 4.8 | -0.2% | 5 | 80% | 1.3% |
| **SX6P (Utils)** | 12.2% | 0.0% | 4% | 10.9% | 0.8% | 2 | 4% | 12.8 | 2.4% | 1 | 5% | 4.2 | -0.3% | 0 | 95% | -0.1% |
| **SX7E (Banks)** | 22.7% | 0.3% | 2% | 18.6% | 1.9% | 2 | 3% | 5.4 | 3.6% | 2 | 9% | 2.8 | -0.5% | 0 | 52% | -3.0% |
| **SX7P (Banks)** | 18.5% | -1.2% | 2% | 13.1% | 1.5% | -10 | 3% | 6.8 | 3.2% | -15 | 5% | 3.2 | -0.4% | 10 | 86% | -1.9% |
| **SXAP (Auto)** | 16.7% | -1.2% | 1% | 11.7% | 1.3% | -12 | 1% | 7.8 | 3.0% | -13 | 1% | 3.3 | -0.4% | 6 | 68% | -0.7% |
| **SXDP (Health)** | 13.0% | -0.8% | 1% | 8.7% | 0.9% | -9 | 2% | 11.5 | 2.5% | -12 | 3% | 4.0 | -0.3% | 4 | 71% | 0.0% |
| **SXEP (Oil&Gas)** | 15.4% | 0.0% | 3% | 11.8% | 1.2% | 0 | 3% | 8.5 | 2.8% | 2 | 2% | 3.6 | -0.2% | -2 | 97% | -1.3% |
| **SXIP (Insur)** | 14.0% | -0.9% | 1% | 9.4% | 1.0% | -10 | 1% | 10.0 | 2.7% | -11 | 1% | 3.7 | -0.4% | 6 | 83% | 1.0% |
| **SXKP (Telecom)** | 15.4% | 0.3% | 3% | 11.1% | 1.1% | 3 | 3% | 8.8 | 2.8% | 5 | 5% | 3.6 | -0.3% | -3 | 83% | -1.3% |
| **SXNP (Indust)** | 16.3% | 0.1% | 13% | 10.9% | 1.2% | 1 | 23% | 8.1 | 2.8% | 1 | 10% | 3.6 | 0.0% | 0 | 100% | -0.3% |
| **SXPP (Basic)** | 23.8% | -0.7% | 3% | 17.8% | 2.0% | -7 | 3% | 5.1 | 3.5% | 0 | 4% | 2.9 | -0.3% | -7 | 53% | -4.8% |
| **SXQP (Prsnl&HH Gds)** | 10.2% | 0.0% | 1% | 7.2% | 0.5% | -1 | 2% | 18.5 | 2.0% | -1 | 1% | 4.9 | -0.3% | 1 | 76% | 0.3% |
| **SXRP (Retail)** | 13.2% | 0.4% | 10% | 12.8% | 0.9% | 8 | 10% | 11.3 | 2.5% | 14 | 10% | 4.0 | -0.1% | -10 | 78% | -3.3% |
| **SXTP (Trvl&Lsre)** | 14.4% | 0.0% | 7% | 11.6% | 1.0% | 1 | 7% | 9.9 | 2.7% | 0 | 8% | 3.7 | -0.3% | 1 | 41% | 0.5% |

Source: BofA Merrill Lynch Global Research *Real vol = EWMA (Exponentially Weighted Moving Average) volatility, which measures historical price volatility but assigns greater importance to recent returns. Sigma(t)^2 = 0.94*Sigma(t-1)^2+(1-0.94)*r(t)^2, where r(t) is the return on day t. **Indicative mid prices; strikes as % of forward ***Negative values indicate that the bullish risk reversal takes in a credit.



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# Volatility in Asia

## Long HSCEI-SPX volatility spread via corridor variance

**Global synchronized monetary tightening is positive for EM vol**

Emerging markets have been the biggest beneficiaries of the central bank-fueled abundance of liquidity. However, we think the tide may be turning as last week, the Fed, ECB, and BOE all delivered policy announcements with hawkish tones. How far they really go to tighten policy when economic data is weakening still remains unknown. However, we think the uncertainty surrounding tightening will be more positive for EM volatility than for DM volatility.

**Chinese banks: Rapid increase in leverage is a big concern**

The HSCEI currently has a 70% weight in the financial sector. Recently, BofAML analyst Winnie Wu turned very bearish on the sector as (1) leverage has rapidly increased—debt to GDP rose by 18% in 2016 and may go above 300% by 2019, (2) shadow banking has become too big, too complicated, and too levered to easily regulate—even at the highest quality bank, China Merchants, off-balance sheet wealth management products (WMP) have grown to 40% the size of on-balance sheet assets from just 18% two years ago, and (3) excessive home price inflation—low and middle-income households are late to the party and a correction in prices could have a systemic effect as property assets have been used as collateral in WMPs.

**SPX: The Fed is now "collaring" the market**

Since the global financial crisis the Fed has been well known for providing a put option by its willingness to step in during periods of market stress. However, post the Fed meeting last week, it appears the central bank has decided to cap its monetary support as some FOMC members seem worried that financial conditions are too loose. Effectively, the market is now "collared" (more so for the SPX compared to EM) as the downside is protected by the Fed put (though with a lower strike price) while the upside is capped by log-jammed fiscal policy and positioning, where the risk of quant funds selling record equity positions meets cashed-up investors still accustomed to buying-the-dip.

**The depressed implied China vs. US risks should reverse**

With the steep drop in global risk premium, the HSCEI-SPX 18-month variance swap spread has fallen back to the lower-end of its 5-year trading range. Since we believe the global synchronized monetary tightening will impact HSCEI volatility more than SPX volatility, we recommend owning HSCEI-SPX 70/110% corridor variance at 5 vol points, a 3 vol point discount to vanilla variance spreads. Investors will be exposed to the realized vol spread between HSCEI and SPX as long as HSCEI stays within 70-110% of its initial level. Pricing of corridor variance is cheaper than vanilla variance as investors can avoid paying for the rich HSCEI convexity below the 70% barrier. The trade has a positive carry and benefits during China risk-off events.

Note that the potential HSCEI index enhancement will reduce the financial weightings in HSCEI from 70% to 50% and lower realized volatility by 1.8 vol points. However, the enhancement will be implemented in stages. It will probably start in Dec-17 at the earliest and will not be fully implemented by the end of 2018, in our view.

**Indicative pricing (As of 19-Jun-17)**

Buy HSCEI-SPX Dec-18 70/110% corridor variance swap: 5 vol points



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**Chart 24: The HSCEI-SPX Dec-18 (18-month) variance swap spread is back to the lower-end of its 5-year trading range**

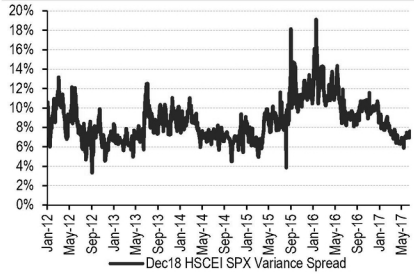


Source: BofA Merrill Lynch Global Research Data as of 2-Jan-12 to 16-Jun-17
18-month constant maturity variance swap spread is used as a proxy of Dec18 variance swap spread

**Chart 25: The long term HSCEI-SPX realized vol spread has been higher than the current implied corridor variance spread (5%) 98% of the time since 2007**

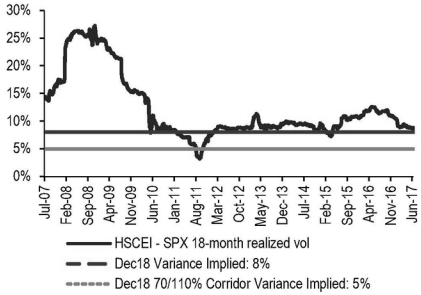


Source: BofA Merrill Lynch Global Research Data as of 2-Jul-07 to 16-Jun-17

**Chart 26: Historical payoff of buying HSCEI-SPX Dec-18 70/110% corridor variance spread; higher payoffs during 2011-2012 and 2015 sell-offs**

Source: BofA Merrill Lynch Global Research Data as of 2-Jul-07 to 16-Jun-17

**Table 6: The HSCEI-SPX Dec-18 70/110% corridor variance trade has a positive carry with realized vol across most tenors higher than the current implied corridor variance swap spread**

| | HSCEI | SPX | Spread |
|---|---|---|---|
| 1M realized vol | 12.1% | 4.6% | 7.5% |
| 3M realized vol | 13.7% | 6.8% | 6.9% |
| 6M realized vol | 14.0% | 6.8% | 7.2% |
| 12M realized vol | 16.6% | 9.7% | 6.9% |
| 18M realized vol | 20.8% | 11.99% | 8.8% |
| HSCEI – SPX Dec18 70/110% corridor variance offer: | | | 5.0% |

Source: BofA Merrill Lynch Global Research



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## Notable trends and dislocations (Asia)

Most regions in Asia reported modest declines last week, led by Hong Kong's HSCEI, which lost 2.0% week-over-week. Much of the decline came on Thursday following the US Fed's decision to hike rates 25bps. Also in China, the People's Bank of China (PBOC) injected 410bn yuan (about $60bn) into the financial system via reverse-repos, the largest cash boost since January. The central bank said the funds are meant to ease concern amid a seasonal funding squeeze. The biggest contributors to the index's loss were financials names, including China Life Insurance (2628 HK), which fell 5.7%, Ping An Insurance Group Co of China Ltd (2318 HK), which dropped 3.7%, Bank of China Ltd (3988 HK), which declined 1.8%, and China Merchants Bank Co Ltd (3968 HK), which fell 5.7%. We saw a similar decline from Hong Kong's HSI index, which lost 1.6% percent last week.

After the HSCEI and HSI, last week's biggest losers were Korea's KOSPI and India's NIFTY, which each returned -0.8% week-over-week. In Japan, the Nikkei fell 0.3%. On Friday, the Bank of Japan (BoJ) left its monetary policy unchanged—it will continue to control the yield curve via its negative benchmark rate and its asset purchasing program. The final region to report a loss last week was Taiwan's TWSE, which lost 0.4%.

On the other hand, the only region to see a gain last week was Australia, which saw its ASX 200 benchmark increase 1.7% week-over-week. The biggest contributors to the gain were Commonwealth Bank of Australia (CBA AU), which gained 3.4%, Westpac Banking Corp (WBC AU), which increased 1.9%, and CSL Ltd (CSL AU), which added 2.9%.

### 10 day realized vol picked up in Asia last week, up 2.0 vol points to 9.6%

- Asian 3m ATM volatility declined on average 0.1 vol point to 12.3% last week, while 10 day realized vol increased on average 2.0 vol points to 9.6%. Notably, the HSI's realized vol increased 5.4 vol points, the biggest increase in the region. On the other hand, the NKY was the only index to see a decline in 10 day realized vol—it dropped 4.3 vol points week-over-week to 7.2%.

- On average, term structures among Asian indices steepened by 0.2 vol points to 4.2% last week. The TWSE 12M-1M term structure steepened the most, increasing 1.0 vol point to 2.9%. On the other hand, Hong Kong's HSI saw the only flattening as its term structure flattened 0.1 vol point to 4.9%.

- Asian 3M 90-110% skews widened 0.5 vol points on average to 3.8%. Taiwan's TWSE widened the most, increasing 2.3 vol points to -0.2%.

**Table 7: Volatility measures of major Asian indices (data as of 16-Jun-17)**

| | 3Mth ATM Implied Volatility | | | 10D Realized Volatility | | | 12Mth-1Mth ATM Vol Spread | | | 3Mth 90-110 Skew Spread | | | Equity Market |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Weekly return |
| HSI | 12.4% | 0.2% | 2.1% | 10.2% | 5.4% | 20.6% | 4.9% | -0.1% | 97.8% | 3.3% | 0.9% | 41.4% | -1.6% |
| HSCEI | 15.0% | -0.4% | 0.0% | 10.7% | 4.8% | 7.8% | 5.4% | 0.2% | 98.1% | 1.4% | 0.5% | 36.5% | -2.0% |
| NKY | 13.8% | -0.2% | 0.1% | 7.2% | -4.3% | 1.8% | 5.8% | 0.5% | 99.9% | 5.8% | 0.0% | 73.9% | -0.3% |
| KOSPI 200 | 12.2% | 0.2% | 19.7% | 11.1% | 1.1% | 53.1% | 4.0% | 0.2% | 77.0% | 3.8% | 0.3% | 43.7% | -0.8% |
| ASX 200 | 11.8% | -0.2% | 17.7% | 15.7% | 5.1% | 77.1% | 2.7% | 0.0% | 59.5% | 6.4% | -0.1% | 22.5% | 1.7% |
| NIFTY | 10.7% | 0.2% | 2.2% | 4.8% | 1.0% | 0.4% | 4.0% | 0.0% | 76.1% | 5.9% | -0.1% | 64.1% | -0.8% |
| TWSE | 10.5% | -0.6% | 7.2% | 7.8% | 1.0% | 20.3% | 2.9% | 1.0% | 71.2% | -0.2% | 2.3% | 3.9% | -0.4% |

Source: BofA Merrill Lynch Global Research



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**Chart 27: Both HSCEI and NKY term structures are near record steeps; we favor calendar puts to hedge downside risks**

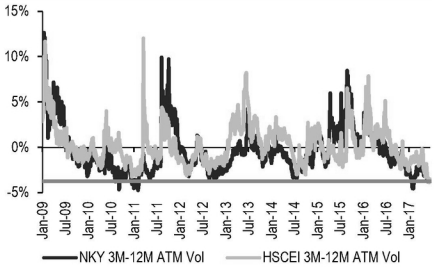


Source: BofA Merrill Lynch Global Research  Data as of 2-Jan-09 to 16-Jun-17

## Calendar puts are attractively priced given the steep term structure

With the continuous low realized volatility environment, both NKY and HSCEI 3-month minus 12-month term structures steepened to -3.7 vol points, which are near multi-year lows.

As our strategists think the Fed now appears concerned about surging asset prices, investors should consider downside hedges. Calendar puts, i.e. buying short-dated ATM puts and selling long-dated OTM puts, are attractively priced given the steep term structure.

Currently, we still have an open trade on NKY calendar puts (buy Jul-17 19,500 puts vs sell Dec-17 17,500 puts) to hedge downside risks.

**Chart 28: The Nikkei/Topix ratio and its volatility is capped with the BoJ's ongoing yield curve control**

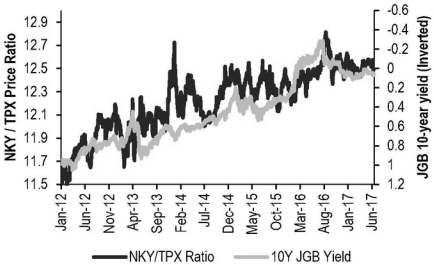


Source: BofA Merrill Lynch Global Research  Data from 2-Jan-12 to 16-Jun-17

## The BoJ's ongoing yield curve control has capped the Nikkei/Topix ratio and its volatility

Japanese government bond (JGB) yield has been on a downward trend over the last few years and has negatively impacted bank earnings. As the Topix has higher weightings in banks than the Nikkei, the NKY/TPX ratio has been grinding higher.

However, the NKY/TPX ratio appears to have flattened out since the BoJ's commitment to maintain the 10-year JGB yield at around 0% in September 2016. With global central banks increasingly advocating tighter monetary policies, the market may start to speculate BoJ's exit strategy and this may reverse NKY/TPX's upward trend. With TPX vol trading below NKY vol, buying TPX calls funded by NKY calls may perform well in such a scenario.

### AS51 3M ATM IV over HSCEI is at its 4-year high

Table 4 lists Asian index pairs with the highest IV ratio vs their 4-year histories. For instance, the ratio of AS51 3M ATM IV over HSCEI is at its 4-year high.



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**Chart 29: The ratio of AS51 3M ATM IV over HSCEI is at its 4-yr high (Daily data from 1-Oct-12 through 16-Jun-17)**

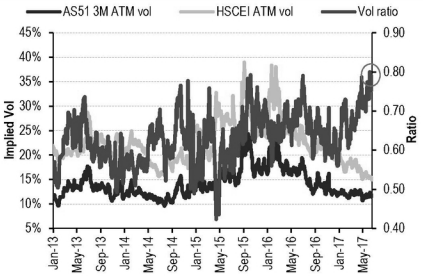


Source: BofA Merrill Lynch Global Research

**Table 8: Index pairs^ with the highest implied vol ratio vs their histories (data as of 16-Jun-17)**

| | Index A (Implied vol) | Index B (Implied Vol) | A/B Implied Vol ratio | Ratio 4-yr percentile |
|---|---|---|---|---|
| 3M ATM | AS51 (11.8%) | HSCEI (15.0%) | 0.79 | 100% |
| 6M ATM | KOSPI2 (13.2%) | HSCEI (17.1%) | 0.77 | 98% |
| 12M ATM | KOSPI2 (14.6%) | NIFTY (14.0%) | 1.04 | 98% |
| 3M 25d-Put | AS51 (13.8%) | HSCEI (16.3%) | 0.85 | 99% |
| 6M 25d-Put | KOSPI2 (14.4%) | HSCEI (18.7%) | 0.77 | 98% |
| 12M 25d-Put | KOSPI2 (16.0%) | HSCEI (20.5%) | 0.78 | 99% |
| 3M 25d-Call | AS51 (10.9%) | HSCEI (15.0%) | 0.73 | 99% |
| 6M 25d-Call | KOSPI2 (12.8%) | NKY (14.4%) | 0.89 | 98% |
| 12M 25d-Call | KOSPI2 (14.2%) | NIFTY (12.2%) | 1.16 | 98% |

Source: BofA Merrill Lynch Global Research

^ Index universe includes the ASX200, HSCEI, HSI, KOSPI2, NIFTY, NKY, TWSE, SPX and SX5E

* mid level implied vol



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HOUSE_OVERSIGHT_014991

# Summary of Open Trades (19-Jun-17)

*Price data for open level reflects the price on open date and does not necessarily reflect the price at which the trade could be executed at the date of this report. Our trades are structured to be executed on the open date and are not necessarily appropriate to execute as formulated beyond that date.*

**Table 9: Summary of open trades as of 19-Jun-17**

| Trade Description | Open Date | Open Level | Expected Trade Term | Rationale |
|---|---|---|---|---|
| Long SX5E vs short SPX Dec18 var swap | 5-Jul-16 | 6.1 vols | | Investors should re-assess attractiveness of popular and (typically) technically motivated longer-dated RV vol trades, given environment of structurally higher political & economic risks and increasingly limited policy options |
| Long NKY vs short SPX Dec18 var swap | 5-Jul-16 | 5.7 vols | Dec-18 expiry | |
| Long SX5E vs short SPX Dec18 put vs put | 5-Jul-16 | 0.00% | | |
| Buy a 1Y ATM worst-of call on SPX & TLT | 18-Jul-16 | 0.9% | 1 year | Cheap equity upside in a bond / equity melt-up |
| Buy SPX>UKX Jun17 ATM outperformance call, conditioned on SPX lower at maturity (qUSD) | 17-Oct-16 | 2.0% | Jun-17 expiry | Risks of a hard Brexit rising and (weak) currency tailwind likely to prove short-lived; position cheaply for FTSE 100 (UKX) underperformance |
| Buy UKX Jun17 6650 put, sell SPX Jun17 1850 put | 17-Oct-16 | 2.6% | Jun-17 expiry | |
| Buy an SX5E Sep-17 95% put conditional on EUR 10Y CMS > 1.1% or < 0.3% in Mar-17 | 14-Nov-16 | 2.7% | Sep-17 expiry | Remain long equities and cheapen hedges by conditioning on rates |
| Buy 2823 HK Jun-17 90/110 strangle | 21-Nov-16 | 5.55% | Jun-17 expiry | China risk premium rising but A-shares vol still at all-time lows |
| Buy ESTX50 Dec17 90% put contingent on EURGBP < 0.82 by Jun17 expiry | 2-Dec-16 | 1.63% | Dec-17 expiry | Equity-FX correlation is not priced for a spillover of populism into the EU, which could cause EUR to fall against an already weakened GBP as equities fall |
| Buy SPX>UKX Jun17 5% outperformance call (qUSD) | 2-Dec-16 | 2.05% | Jun-17 expiry | UKX is heavily exposed to EU (50% revenues) and should underperform SPX if GBP tailwind fades. Volatility & correlation suit well for outperformance |
| Long XLF vs SX7E Jun17 ATM outperf call, contingent on SX7E higher at Jun expiry (qEUR) | 2-Dec-16 | 1.20% | Jun-17 expiry | Cheapen long XLF upside to near 8y lows via selling upside on structurally challenged European banks & relatively more bearish outlook for US rates vs EU |
| Buy NKY Jun17 110% Call | 02-Dec-16 | 1.83% | Jun-17 expiry | USDJPY and NKY the biggest beneficiaries of a Trump win |
| Buy TPINSU Jun17 110-125% Call Spread | 02-Dec-16 | 3.30% | Jun-17 expiry | Banks and Insurance are the most leveraged sector |
| Buy TPNBNK Jun17 110-125% Call Spread | 02-Dec-16 | 3.20% | Jun-17 expiry | Banks and Insurance are the most leveraged sector |
| Buy 2823 HK Jun17 90/110% strangle | 02-Dec-16 | 5.90% | Jun-17 expiry | China risk premium rising but A-shares vol still at all-time lows |
| Buy HSCEI Jun17 105-120% call spread contingent on $KRW >1200 | 02-Dec-16 | 1.20% | Jun-17 expiry | Own contrarian EM upside at low cost & limited risk |
| Buy NKY-SPX Dec19 70/110% corridor variance | 02-Dec-16 | 1.50% | Dec-19 expiry | QE uncertainty and USDJPY vol support NKY vs SPX realized vol |
| Buy NKY Jun17-Jun18 18,500 strike FVA | 02-Dec-16 | 21.5% | Jun-17 expiry | What if QE hits its limit? Long NKY vol outright which is cheap to carry |
| Long Russell 2000 vs. short S&P 500 Dec-18 var spread | 5-Dec-16 | 3.9pts | Dec-18 expiry | With fiscal stimulus and potential tax cuts, small caps revert to old normal generating higher vol on upside and downside relative to large caps |
| Buy 1x Jun17 64 call on Aug17 Brent futures, sell 1x SXEP Jun17 330 call | 9-Jan-17 | 1.00% | Jun-17 expiry | Vol and price technicals are attractive. BofAML commodity strategists oil target is $70/bbl but this is already priced in SXEP levels according to BofAML Oil & Gas equity analysts |
| Buy SPX 6m ATM call contingent on GLD 5% higher in 3m | 23-Jan-17 | 1% | Jul-17 expiry | Position for a near-term wobble followed by yet another equity melt up |
| Long NKY - SPX Dec-18 corridor var replication | 13-Feb-17 | 4.00% | Dec-18 expiry | Cheaply access positive carry QE failure hedge |
| Buy NDX Top20 volatility dispersion | 27-Feb-17 | 17.0% | Jan-18 expiry | |
| Long 1.8x vega on 1y single stock vols of UK Brexit exposed names, Short 1x vega on 1y FTSE index vol | 14-Mar-17 | 32.3vols | 14-Mar-18 | Position for a pick-up in single stock realised vol on the 10 names (within FTSE's top 30) where post EU referendum realised vol was the highest relative to current 1y ATMf vol. The 10 names are: Barclays, Aviva, Prudential, BT, Glencore, Tesco, CRH, BA, Standard Chartered & HSBC. |
| SPX Sep-17 95% puts conditional on the 5yr CMS rate above 2.4% at maturity | 14-Mar-17 | 1% | Sep-17, expiry | Hedge portfolios against a buy-the-dip failure should a faster rate cycle ultimately jeopardize it |
| Buy Buy-Rated MSCI A-shares stocks & hedge with puts | 23-Mar-17 | 1.44% | Jun-17 expiry | Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put |
| Buy A-shares with highest MSCI impact & hedge with put | 23-Mar-17 | 1.44% | Jun-17 expiry | Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put |
| Own Japan stock vol via gamma weighted vol dispersion | 10-Apr-17 | 15.8% | Mar18 expiry | Historically attractive to own TOPIX Top 10 corridor gamma weighted volatility dispersion |
| Buy CNOOC Jul-17 95% puts vs. sell HSCEI 95% puts | 24-Apr-17 | 0.77% | Jul17 expiry | Hedge a rollover in China GDP and screen for cyclicals that could face pressure |
| Buy CH Merchant Bk Jul-17 18.5/17 put spread vs 22 call | 24-Apr-17 | 0.10% | Jul17 expiry | Hedge a rollover in China GDP and screen for cyclicals that could face pressure |
| Buy SX5E Dec17 3800 calls contingent on EURUSD > 1.1 at expiry | 8-May-17 | 1.3% | Dec17 expiry | Benefit from low vol, flat correl, likely hawkish ECB & (FX un-hedged) inflows into EU equities |
| Buy 1.5x KOSPI2 285 puts vs. short 1x $KRW 1160 call | 8-May-17 | 0.3% | Jul17 expiry | Leverage inexpensive equity vs. FX vols to own cheap tail protection |
| Buy EEM Aug17 39.5 put and sell EEM Aug17 37 put | 15-May-17 | 1.6% | Aug17, expiry | Buy inexpensive EM equity puts on near-record performance gap to commodities |
| Buy Dec17 105% call on an equally weighted basket of SX7E, SXAP, SXPP & SXEP, sell Dec17 ATM worst-of call on the same | 15-May-17 | 1.6% | Dec17 expiry | Monetise low vol & high implied correl to position for greater sector dispersion in EU: long basket call, short worst-of call |
| Buy NKY Jul-17 19500 puts vs. short Dec-17 17500 puts | 15-May-17 | 0.0% | Jul17 expiry | Own inexpensive NKY hedges into FOMC; Term structure is too steep is under-pricing risks |
| Short GILD $55-$62.5-$67.5 put spread collar | 16-May-17 | 1.5% | Sep-17 expiry | Buy out-of-favour and inexpensive biotech upside by levering depressed vol & skew |
| Long 1x EEM 3m 97.5% put vs. short ~0.09x units each of 3m 97.5% puts on FXI, EWY, EWZ, EPI, EWT, RSX, EZA, and EWW | 1.5% | 0.0% | 3m | Buy EEM puts financed by a basket of EM puts to lever near record low correl |
| Buy Tencent Jul17 250/300 strangle | 22-May-17 | 2.45% | Jul-17 expiry | Hedge a potential China tech bubble; Tencent potentially volatile after a 45% rally YTD |
| Buy A-shares (2823 HK) Jul17 105% call | 22-May-17 | 1.15% | Jul-17 expiry | Hedge the upside into MSCI announcement on 20-Jun |
| Buy 1x contract of ESTX50 Jun17 3525, sell 4x contracts of V2X Aug future | 22-May-17 | 1.00% | Jun-17 expiry | Fundamental case to be long EU equities remains intact but stretched bullish positioning could lead to near-term consolidation |
| Buy SX5E Dec17 3450-3700 bullish risk reversal vs short IBOXX HY TRS with equal notional sizing | 30-May-17 | 1.17% | Dec-17 expiry | BofAML Equity & Credit strategists highlight they favour equities over HY credit as div yields have surpassed HY credit yield & equities offer more gearing to rising PMI's, earnings and FCF |



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**Table 9: Summary of open trades as of 19-Jun-17**

| Trade Description | Open Date | Open Level | Expected Trade Term | Rationale |
|---|---|---|---|---|
| Buy 6m ATM calls on FB, AMZN, NFLX and GOOGL | 30-May-17 | 6.9% (FB), 7.2% (AMZN), 9.4% (NFLX), 6.2% (GOOGL) | 6m | Stock replace FANG stocks |
| Buy a 6m outperformance call on FANG stocks vs. SPX conditional on SPX> current levels at expiry | 30-May-17 | 3.4% | 6m | Lever extremely depressed FANG volatility and low correlation to buy upside |
| Buy HSI Sep17 90% put, sell ASX200 Sep-17 90% put | 30-May-17 | 0.15% | Sep-17 expiry | HSI is unlikely to outperform if AS51 drops more than 10%; HSI vol below AS51 vol |
| Buy 14-Sep-17 best-of 95% put on NKY/KOSPI2/HSI | 05-Jun-17 | 0.80% | Sep-17 expiry | Buy best-of puts to hedge a reversal in rally with the low vol and correlation environment |
| Buy SPX Top50 volatility dispersion | 05-Jun-17 | 16.6% | Jun-18 expiry | Position for a potential bubble in Tech |
| Buy XLF 24 call, sell QQQ 139 call | 12-Jun-17 | 0.01% | Jul-17 expiry | Rotate out of Growth into Value |
| Buy NKY-KOSPI2 Dec-17 90/110 strangle spreads | 12-Jun-17 | 3.50% | Dec-17 expiry | We think the technically depressed NKY-KOSPI2 volatility spread will normalize |
| Buy NKY Sep17 19000-17500 put spread | 12-Jun-17 | 0.93% | Sep-17 expiry | NKY put spread may offer even better value in hedging against a "mini TARP moment" |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".



HOUSE_OVERSIGHT_014993

# Summary of Closed Trades (19-Jun-17)

**Table 10: Summary of closed trades as of 19-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Buy NKY Aug-16 105%-110% call spreads & sell 90% puts | 11-Jul-16 | 0.26% | 1.73% | 25-Jul-16 | Close position as the hurdle to surprise on the upside is high following a 5.8% NKY rally |
| Replace FB long positions via Oct-16 ATM calls | 25-Jul-16 | 5.9% | 6.1% | 1-Aug-16 | Close position as Facebook rallied on better-than expected Q2 results |
| Replace AMZN long positions via Oct-16 ATM calls | 25-Jul-16 | 5.5% | 6.3% | 1-Aug-16 | Close position as Amazon rallied on better-than expected Q2 results |
| Buy AAPL Oct-16 ATM protective puts | 25-Jul-16 | 4.6% | 1.2% | 1-Aug-16 | Remove protection as worries around disappointing Q4 guidance faded post earnings |
| Buy 1.5x 5-Aug-16 2950-3000 strangles by selling 1x 19-Aug-16 2950-3000 strangles | 25-Jul-16 | 0.00% | -1.12% | 5-Aug-16 | The BoJ, Fed & EU bank stress tests could move mkts sharply in the near term |
| Sell NKY Aug16 15500 puts, Buy Sep16 15500-14500 put spreads | 25-Jul-16 | 0.24% | 0.28% | Aug-16 expiry & Sep-16 expiry | Unwinding before the Aug16 expiry; The NKY Sep put spread has carried well |
| Buy TLS 25-Aug16 95% puts | 18-Jul-16 | 1.05% | 2.95% | 15-Aug-16 | Telstra has announced earnings and the stock has corrected 5% over the period |
| Buy Newcrest 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.64% | 1.18% | 15-Aug-16 | NCM has stayed unchanged over the period despite better than expected earnings |
| Buy CSL 25-Aug-16 95% puts | 18-Jul-16 | 1.09% | 1.18% | 22-Aug-16 | CSL fell 5.4% over the period with weak earnings announcement |
| Buy BHP 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.22% | 0.77% | 22-Aug-16 | BHP rose 3.6% over the period but the option remains out of the money |
| Buy HSCEI Aug16 9400 call, Short Oct16 10000 call | 1-Aug-16 | 0.00% | 0.67% | 22-Aug-16 | Close position as the HSCEI rallies 5.2% and we are approaching the Aug16 expiry |
| Buy Tencent (700 HK) Sep16 105% call | 15-Aug-16 | 1.70% | 2.70% | 22-Aug-16 | Tencent jumped post better than expected earnings |
| Sell 1x SX7E 1M 25d call to fully finance 1.85x SX5E 1M 25d calls | 25-Jul-16 | 0.0% | 0.0% | 25-Aug-16 | SX7E 1M 25d call / SX5E 1M 25d call price ratio is in the 100th 2-yr percentile |
| Buy CMB (3968 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.32% | 6.12% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy ICBC (1398 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.12% | 9.0% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy BOC (3988 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.10% | 6.28% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy XLF Sep 24 strike call | 25-Jul-16 | 1.4% | 2.3% | 6-Sep-16 | Close positions from trades that have benefited thus far from the rally in Financials and weakness in Utilities; monetize view that Fed will not hike in September |
| Buy XLU Sep 51 strike put | 25-Jul-16 | 1.3% | 2.6% | 6-Sep-16 | |
| Buy a 6M ATM worst-of {XLF call, XLU put} | 25-Jul-16 | 1.35% | 3.0% | 6-Sep-16 | |
| Buy 0.85x SX5E Sep16 3000-3100 strangle, sell 1x SX5E Dec16 3000-3100 strangle | 15-Aug-16 | -5.07% | -5.73% | Sep-16 expiry | Take advantage of low near term vol and a steep term structure |
| Long 0.5x V2X Oct16 future, short 0.5x V2X Jan-17 future | 11-Jul-16 | 0.05 vols | -0.95 vols | 19-Sep-16 | Unwind Oct/Jan spread and maintain Nov/Jan spread given clarity around the Italian referendum date |
| Sell VSTOXX Sep 21 puts | 30-Aug-16 | 1.20 vols | 1.77 vols | Sep-16 expiry | Global macro event risk likely to keep V2X supported going into Sep expiry |
| VIX Sep 17/22 1x2 call ratios {short 2x) + 0.75x SPY Sep23 210 puts | 15-Aug-16 | $0.85 | $0.45 | Sep VIX expiry | Trade provided hedging benefits during the sudden Sep market shock & has expired |
| Buy NKY Oct 95/105 strangle outright | 30-Aug-16 | 2.28% | 0.44% | 27-Sep-16 | Take a loss post an disappointing market reaction on the BoJ announcement |
| Buy NKY Oct 95/105 strangle daily delta-hedging | 30-Aug-16 | 2.28% | 0.56% | 27-Sep-16 | Take a loss post an disappointing market reaction on the BoJ announcement |
| Long 3M 25d EFA put vs short 3M 25d UKX put | 5-Jul-16 | 0.00% | 0.00% | 3 months | Trade expired on 3-Oct |
| Replace T long position via 3M ATM calls | 19-Jul-16 | 2.72% | 0.04% | 3 months | Our analysts no longer expect impactful catalysts in the near term; stock replacement strategies proved useful in cushioning downside losses during the abrupt Sep-16 sell-off vs. long equity positions. |
| Replace LOW long position via 3M ATM calls | 19-Jul-16 | 3.90% | 0.00% | 3 months | |
| Replace RTN long position via 3M ATM calls | 19-Jul-16 | 3.16% | 0.41% | 3 months | |
| Replace CRM long position via 3M ATM calls | 19-Jul-16 | 4.16% | 0.19% | 3 months | |
| Replace NEE long position via 3M ATM calls | 19-Jul-16 | 2.32% | 0.08% | 3 months | |
| Overlay long WBA long position with 3M ATM calls | 19-Jul-16 | 4.04% | 1.20% | 3 months | |
| Buy HKEx (388 HK) 1x2 105%-115% call ratio | 15-Aug-16 | 0.60% | 0.00% | 29-Sep-16 | HKEx failed to rally above the first call strike and expired worthless |
| Buy NKY Oct16 17500 call, Sell 0.65x NKY Sep 17250 call | 8-Aug-16 | 0.70% | 0% | 14-Oct-16 | NKY Oct-16 call expired out of the money |
| Short VIX Oct 15 put vs. long VIX Nov 19/26 call spread | 1-Aug-16 | $0.45 | $0.88 | 14-Oct-16 | Close position as the Oct VIX future stayed well-supported as is typically the case in the weeks leading up to the US presidential election |
| Long 2x SPX Oct31 2125 puts vs. short 1x SPX Mar-17 1975 put | 6-Sep-16 | 0.0% | -0.34% | 14-Oct-16 | Provided hedging benefits in the sudden equity shock in early Sep-16; now being unwound to mitigate decay |
| DAX +2.31x Dec16 / -1x Dec17 put calendars | 30-Aug16 | 0.00% | -2.60% | Dec-16 expiry | DAX outperformance & low short dated DAX vol make put calendars attractive |
| Buy SX5E Dec16 2950/2750 put spread | 6-Sep-16 | 1.48% | 0.00% | Dec-16 expiry | A catalyst-strewn fall and a remarkably low volatility summer suggests that there could be headwinds to continued market upside on low volatility |
| Buy 1.5x SX5E Dec16 3100 call, sell 1x SX5E Mar17 3100 call for an upfront credit of 56bps | 24-Oct-16 | -0.56% | 1.62% | Dec-16 expiry | Monetise steep SX5E vol curve for tactical EU upside with an upfront credit |
| Buy a 6M ATM worst-of call on XLP & GLD | 11-Jul-16 | 1.05% | 0.0% | 6 months | Take a loss as safe-haven assets post a weak performance in H2-16 with fears over Trump's surprise victory easing and stock markets rallying |
| Buy a 6M ATM worst-of {SPX put, GLD call} | 11-Jul-16 | 1.60% | 0.0% | 6 months | |
| Buy GLD 124/130 Dec-16 call spread | 8-Nov-16 | 0.9% | 0.0% | Dec-16 | |
| Buy GLD 116/124/130 Dec-16 call spread collar | 8-Nov-16 | 0.65% | -7.4% | Dec-16 | |
| Buy TLT 123/132/137 Dec-16 call spread collar | 8-Nov-16 | 0.67% | -5.03% | Dec-16 | |
| Buy Oct16 110%F calls on VIE FP, AI FP, IBE SQ, STAN LN and MUV2 GY | 18-Jul-16 | 2.37% | 3.30% | Oct-16 expiry | Add exposure via inexpensive upside on single names where positioning appears particularly bearish and stocks have underperformed vs. their sectors |
| Buy an Oct16 110%F call on an equally weighted basket (quanto EUR) | 18-Jul-16 | 0.81% | 0.00% | Oct-16 expiry | |
| Buy 0.895x V2X Oct 21 puts, sell 1x VIX Oct 16 puts | 19-Sep-16 | 0.0 | $1.3 | Oct-16 expiry | Near term catalysts & curve differentials favour tactical long V2X, short VIX puts |
| Sell SX7E Dec16 115 call | 6-Sep-16 | -0.88% | -1.09% | 24-Oct-16 | Close short SX7E call (part of SX5E put spread, short SX7E call trade) to limit potential risk from a "Yes" in the Italian referendum |



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**Table 10: Summary of closed trades as of 19-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Buy HSI Oct-16 102% call, Sell HSP 105% call | 19-Sep-16 | 0.60% | 0.00% | 28-Oct-16 | HSP has under-performed HSI by 1.8% but both options expire out-of-the money |
| Short 1x USO 3M 25d put, long 2.1x SXEP 3M 25d call | 8-Aug-16 | 0.00% | 0.00% | 4-Nov-16 | The number of long SXEP calls per short USO put is historically high. Leverage commodity and equity strategists' views on oil and the Oil & Gas sector |
| Sell Dec16 SXDP 635 puts, buy 0.6x Dec16 SX7E 110 calls | 7-Nov-16 | 0.00% | 1.23% | 11-Nov-16 | Tactical option trade ahead of US elections |
| Long 0.5x V2X Nov16 future, short 0.5x V2X Jan-17 future | 11-Jul-16 | 0.20 vols | -1.19 vols | Nov-16 expiry | Hedge further Brexit fallout, Italian bank & referendum risk. |
| Buy NIFTY Nov16 95/105 strangle outright | 6-Sep-16 | 1.63% | 6.36% | 21-Nov-16 | Close position as NIFTY has fallen 11.4% and we are approaching the expiry |
| Buy H-shares w/ SZ-A & buy HSCEI Dec16 put | 22-Aug-16 | 1.90% | 8.72% | 5-Dec-16 | Close position as the Shenzhen HK connect has launched on 5-Dec-16 |
| Buy HK small-cap & buy HSCEI Dec16 put | 22-Aug-16 | 1.90% | 6.76% | 5-Dec-16 | Close position as the Shenzhen HK connect has launched on 5-Dec-16 |
| Buy 1.32x EFA US 3M 25d put, sell 1x SX5E 3M 25d put for near 0 upfront premium | 22-Aug-16 | 0.04% | 0.00% | 22-Nov-16 | Own EFA puts vs ESTX50 puts to benefit from any increase in quantitative failure risk in Japan and post-Brexit uncertainty |
| Buy 2.6x SX5E 3M 110% call, sell 1x SX5E 3M 90% put for near 0 upfront premium | 22-Aug-16 | -0.04% | 0.00% | 22-Nov-16 | Low vol, high skew combo makes ESTX50 levered riskies attractive |
| Sell 1M 95%f SX5E put and buy 1M 105%f SX5E call | 31-Oct-16 | -0.40% | 0.00% | 1-Dec-16 | Generate income in range-bound markets, benefiting from high ESTX50 skew |
| Buy KOSPI2 Dec16 95% put, sell $KRW 97.4% put | 17-Oct-16 | 0.00% | 0.00% | 8-Dec-16 | Both legs expire out-of-the money at expiry |
| Buy HSCEI Dec16 95% put, sell 2822 HK 94.8% put | 12-Sep-16 | 0.00% | 0.00% | 29-Dec-16 | Both legs expire out-of-the money |
| Buy HSCEI Dec-16 105-115% call spread | 27-Sep-16 | 1.82% | 0.00% | 29-Dec-16 | HSCEI call spread expires out-of-the money |
| Buy CH Banks Dec-16 105-115% call spread | 27-Sep-16 | 2.05% | 0.00% | 29-Dec-16 | Chinese Banks call spread expires out-of-the money |
| Buy Best-of TWSE,KOSPI2,HSCEI Dec16 95% put | 10-Oct-16 | 0.90% | 0.00% | 29-Dec-16 | The best performing index (KOSPI2) fell less than 5% over the period |
| Buy HSCEI Dec16 9800 call with a 10600 knock-out | 7-Nov-16 | 1.00% | 0.00% | 29-Dec-16 | HSCEI knock-out call expires out-of-the money |
| Sell Samsung Jan17 90% put, buy KOSPI2 96% put | 17-Oct-16 | 0.00% | 0.00% | 12-Jan-17 | Both legs expire out-of-the money. The relative value trade has a zero profit & loss |
| Buy an XOP Jan-17 45 call | 22-Aug-16 | 1.4% | 0.00% | 20-Jan-17 | Call expired out-of-the money at expiry |
| Buy an XLE Jan-17 ATM call with 115% knock-in | 22-Aug-16 | 2.5% | 0.0% | 20-Jan-17 | Call expires in-the-money but the barrier was not breached at expiry |
| Buy an XLE over SPX Jan-17 ATM outperformance call contingent on SPX up at expiry | 22-Aug-16 | 2.3% | 3.4% | 20-Jan-17 | Energy equity outperformed the overall equity market while both were up by the time the outperformance call expired |
| Buy XLP Jan-17 52 / 49 put spread | 19-Sep-16 | 1.4% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy a 6M ATM best-of put on SPX & TLT | 18-Jul-16 | 0.8% | 0.00% | 6 months | Put expired out-of-the money as the S&P500 ended |
| Buy LLY Jan-17 80/90 1x2 CS | 17-Oct-16 | 1.8% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy LLY Jan-17 80/85 CS with 90 KI on upper leg | 17-Oct-16 | 2.4% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy ZTS Jan-17 46/50 bullish risk reversal | 17-Oct-16 | 2.6% | 7.4% | Jan-17 expiry | Both legs expire in-of-the money |
| Buy ZTS Jan-17 46/50/55 call spread collar | 17-Oct-16 | 1.4% | 7.4% | Jan-17 expiry | The 46 call and 50 call expire in-the-money |
| Buy an EWZ Jan-17 40 call | 24-Oct-16 | 3.1% | 0.00% | Jan-17 expiry | Call expired out-of-the money at expiry |
| Buy TPINSU 105-120% call spread, short 85% put | 14-Nov-16 | 1.75% | 4.50% | 13-Jan-17 | Option expired and Topix Insurance rose 9.5% over the period |
| Buy TPNBNK 105-120% call spread, short 85% put | 14-Nov-16 | 1.85% | 10.60% | 13-Jan-17 | Option expired and Topix Banks rose 15.6% over the period |
| Buy HSBC Jan-17 105% call, Sell HSP 105% call | 14-Nov-16 | 0.52% | 4.98% | 26-Jan-17 | Option expired; HSBC out-performed HSP on the upside |
| Buy SX5E +Dec19/-Dec18 div future spread | 4-Oct-16 | €-7.0 | €-4.2 | 6-Feb-17 | Close position given sudden SX5E rally and Dec18 div future will lose equity beta |
| Own Nifty Mar17 call to position for budget surprise | 23-Jan-17 | 0.67% | 2.15% | 6-Feb-17 | Nifty was up 4.9% over the period on the back of a positive budget announcement |
| Buy HSI Feb17 23600 call | 9-Jan-17 | 0.48% | 1.09% | 13-Feb-17 | Close position. HSI was up 4.9% over the period |
| Buy AMP AU 23-Feb-17 95% puts | 30-Jan-17 | 1.85% | 0.27% | 13-Feb-17 | Unwind the put option post the earnings result |
| Buy SUN AU 23-Feb-17 95% puts | 30-Jan-17 | 1.39% | 0.08% | 13-Feb-17 | Unwind the put option post the earnings result |
| Buy 1x V2X Feb17 19 calls, sell 0.85x V2X Mar17 futures | 17-Jan-17 | -16.1v | -14.32v | Feb-17 expiry | Unwind as the Feb17 call expired |
| Buy CBA AU 23-Feb-17 95% puts | 30-Jan-17 | 0.76% | 0.00% | 21-Feb-17 | Unwind the put option post the earnings result |
| Overwrite WES AU 23-Feb-17 103% calls | 30-Jan-17 | -0.87% | -1.20% | 21-Feb-17 | Unwind the put option post the earnings result |
| Long V2X Apr future, short V2X May future | 9-Jan-17 | 0.45 | 4.55 | 24-Feb-17 | The Apr future has already richened significantly vs. the May future. Prefer V2X May long May call spread, short Apr put as a French election hedge instead. |
| Buy 1x ESTX50 Dec17 3250 calls, sell 1.23x EURJPY Dec-17 115 puts | 5-Dec-16 | 0.00% | 3.20% | 24-Feb-17 | Unwind ahead of French elections as political uncertainty can weigh on the EUR |
| Buy NKY Dec17 19500 call, short Mar17 18000 call | 3-Oct-16 | 0.58% | -1.82% | 3-Mar-17 | Unwind the option before the Mar-17 expiry |
| Buy NKY Mar17-Dec17 17000 strike FVA | 3-Oct-16 | 20.2% | 21.6% | 3-Mar-17 | Unwind the option before the Mar-17 expiry |
| Buy TPNBNK Mar17 1x1.5 180/170 put ratio | 9-Jan-17 | 0.60% | 0.00% | 10-Mar-17 | Option expired out-of-the money as the TPNBNK remained range-bounded |
| Buy ESTX50 17-Mar-17 3350-3450 strangle | 6-Mar-17 | 0.80% | 0.00% | 17-Mar-17 | Expired out-of-the-money |
| Buy Volkswagen 2017 dividend future | 17-Jan-17 | €1.3 | €2.0 | 14-Mar-17 | Volkswagen announced a dividend of €2.05 on 14-Mar-17 |
| Buy Mar17 UKX 6700 put cont. on GBPUSD<1.20 | 10-Oct-16 | 0.81% | 0.0% | 17-Mar-17 | |
| Buy Mar17 UKX<6700 / GBPUSD<1.20 dual digital | 10-Oct-16 | 9.1% | 0.0% | 17-Mar-17 | UKX rallied making the hedges expire out-of-the-money |
| Mar17 UKX 6700 buy qUSD put, sell 0.9x vanilla put | 10-Oct-16 | 0.44% | 0.0% | 17-Mar-17 | |
| Buy 6M ATM worst-of {XLF call, XLU put} | 19-Sep-16 | 1.38% | 0% | 17-Mar-17 | While XLF has rallied ~30% since inception, XLU is higher by 4% and the XLU put is the worst performing option, expiring OTM |
| Buy an SPX Mar-17 97.5% put contingent on USO>105% at expiry | 3-Oct-16 | 1.08% | 0% | 17-Mar-17 | The structure offered a deep discount for an SPX hedge and expires OTM as markets have rallied strongly |
| Buy a USO Mar-17 105% call contingent on SPX<97.5% at expiry | 3-Oct-16 | 1.70% | 0% | 17-Mar-17 | The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks |
| Buy a Mar-17 SPX<97.5%, USO>105% dual digital | 3-Oct-16 | 11.80% | 0% | 17-Mar-17 | The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks |
| Buy an IWM Mar-17 ATM call conditional on EEM<95% at expiry | 14-Nov-17 | 1.15% | 0% | 17-Mar-17 | EEM has rallied 15% over the period together with IWM |
| Buy an XLI Mar-17 ATM call conditional on EEM<95% at expiry | 14-Nov-17 | 0.89% | 0% | 17-Mar-17 | EEM has rallied 15% over the period together with XLI |
| Buy GLD Mar-17 116 call, sell Jun-17 127 call | 23-Jan-17 | 1% | 0.31% | 17-Mar-17 | While GLD rallied strongly earlier in the life of the trade, it recently retreated at the time of expiry with GLD 87bps above the lower strike, the short call is worth 56bps |



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**Table 10: Summary of closed trades as of 19-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Long 2x SPX Aug-17 2200 puts, short 1x SPX Aug-17 2350 put | 21-Feb-17 | 0.10% | 0.01% | 17-Mar-17 | SPX has traded range bound since inception of the trade, still the carry has been minimal, close out or roll the position |
| Own Nifty Mar17 strangle heading into 5 events | 23-Jan-17 | 1.50% | 3.96% | 20-Mar-17 | Unwind the option post the state election event and Close position |
| Long XLF Jun17 24 call, short SX7E Jun17 120 call | 2-Dec-16 | 0.74% | -5.88% | 27-Mar-17 | The call vs call relative value trade is now riskier given the potential reversal in US reflation trades and the potential for European equities to rally in a French election market-favourable outcome. Unwind the position for the Tencent earnings |
| Buy Tencent Mar-17 105% calls | 27-Feb-17 | 1.15% | 2.31% | 27-Mar-17 | |
| Buy HSCEI Mar17 105% call contingent SPX <2200 | 24-Oct-16 | 1.20% | 0.00% | 30-Mar-17 | Option expired; HSCEI was up 5.1% but the SPX ended above 2200 |
| Buy HSCEI Mar17 9600 put vs short Sep17 8200 put | 17-Jan-17 | -0.05% | -0.78% | 30-Mar-17 | Unwind post Mar-17 expiry; the short Sep17 put helped reduce the hedging cost |
| Buy HSCEI Mar-17 1x1.5 10800-11200 call ratio | 21-Feb-17 | 0.57% | 0.00% | 30-Mar-17 | Option expired; HSCEI stayed flat and failed to rally above the 10800 call strike |
| Long SX5E Apr17 3300 call, short SX5E Dec17 3450 call | 30-Jan-17 | -0.60% | -0.18% | 21-Apr-17 | Apr17 option expired so we unwind the entire trade as planned |
| Short 1x SX5E May17 3350 calls, long 2x SX5E May17 3450 calls | 21-Feb-17 | 0.00% | 0.60% | 24-Apr-17 | Unwind before May expiry following the large 4% SX5E move on 24-Apr, given lack of near term catalysts |
| Buy an SPX Apr-17 95% put conditional on US 10Y CMS > 2.5% at maturity | 14-Nov-16 | 0.78% | 0% | 21-Apr-17 | In Nov-16, we recommended remaining long equities with cheap hedges. The hedge expires out of the money, while SPX has returned 8.7% for the period |
| Long SPX Apr17 2300 call, short SPX Dec17 2400 call | 30-Jan-17 | -0.80% | -0.71% | 21-Apr-17 | The reflation trade has slowed down and the market is in a holding pattern. The long Apr-17 call expires in-the-money, and the short Dec-17 call still has time value |
| Long VIX May 16 / 22 call spread vs. short VIX Apr 13 put | 21-Feb-17 | $0.35 | $0.75 | 19-Apr-17 | The call spread still has value due to elevated vol and vol-of-vol and we collect the premium on the expired short OTM put |
| Short SPX 21-Apr-17 vs. long 28-Apr-17 2325 straddle pair | 6-Mar-17 | 0.50% | 1.06% | 21-Apr-17 | The trade benefited from the rise in post-event volatility relative to pre-event volatility |
| Buy SX5E 28-Apr-17 3600 call | 3-Apr-17 | 0.26% | 0% | 28-Apr-17 | The option expired |
| Buy Unicom Apr17 105-115% call spread | 21-Feb-17 | 1.65% | 4.25% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy Sands China Apr17 105-115% call spread | 21-Feb-17 | 2.00% | 6.97% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy Galaxy Apr17 105-115% call spread | 21-Feb-17 | 2.10% | 10.0% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy SX5E Dec19 2500 put, sell SX5E Dec18 2500 put | 27-Sep-16 | 3.97% | 1.9% | 8-May-17 | SX5E has rallied 23.3% since we entered the trade and European political risk abated for now |
| Buy KOSPI2 May17 103% calls | 13-Mar-17 | 0.63% | 5.37% | 8-May-17 | Option expired; KOSPI2 rallied 8.37% over the period |
| Buy KOSPI2 May17 97/103% strangle | 13-Mar-17 | 1.38% | 5.37% | 8-May-17 | Option expired; KOSPI2 rallied 8.37% over the period |
| Buy NKY Jun17 20750 call, sell 1-1.3x 18750-17750 put ratio | 06-Mar-17 | 0.00% | 0.00% | 15-May-17 | Closing the trade post French election; option strikes remain far from the spot level |
| Long V2X May 26-32.5 call spread and short Apr 22 put | 21-Feb-17 | €0.20 | €0.00 | 19-May-17 | Expired |
| Buy 1x contract of SX5E May17 3550 call, sell 5x contracts of V2X May17 16 puts | 3-Apr-17 | 0.0% | -1.63% | 19-May-17 | Expired |
| Long GLD May 123 call vs. short May 130 call | 21-Feb-17 | 0.8% | 0.00% | 19-May-17 | The hedge expired out-of-the-money as S&P 500 remained supported |
| Buy 1.5x EFA Jun17 103% call, sell 1x EFA May17 ATM call | 6-Mar-17 | -0.15% | -0.20% | 19-May-17 | EFA rallied strongly leading into the second round of the French elections but subsequently stalled |
| Buy SPX Top50 volatility dispersion | 27-Feb-16 | 14.7% | 11.5% | 30-May-17 | Expired |
| Long HSI vs. SPX May-17 90% put switch | 06-Feb-17 | 0.07% | 0.00% | 29-May-17 | Option expired; Both HSI and SPX puts expire out-of-the-money |
| Buy the Nifty May17 95/105% strangle outright | 20-Mar-17 | 1.20% | 0.00% | 25-May-17 | Option expired; Nifty failed to move more than the straddle huddle (5%) |
| Long HSBC May-17 65/70 call spread | 3-Apr-17 | 0.95% | 4.33% | 29-May-17 | Option expired; HSBC is up 6.75% on the back of a strong seasonal rally |
| Buy NKY Jun17 110% Call | 02-Dec-16 | 1.83% | 0.00% | 9-Jun-17 | Closing the trade on expiry; Japan market rallied but options remain out of the money |
| Buy TPINSU Jun17 110-125% Call Spread | 02-Dec-16 | 3.30% | 0.00% | 9-Jun-17 | Closing the trade on expiry; Japan market rallied but options remain out of the money |
| Buy TPNBNK Jun17 110-125% Call Spread | 02-Dec-16 | 3.20% | 0.00% | 9-Jun-17 | Closing the trade on expiry; Japan market rallied but options remain out of the money |
| Buy NKY Jun17-Jun18 18,500 strike FVA | 02-Dec-16 | 21.5% | 19.1% | 9-Jun-17 | Closing the trade on Jun17 expiry; Global volatility collapsed in 1H2017 |
| Buy an EWZ Jun-17 40 call conditional on SPX<2200 at expiry | 24-Oct-16 | 1.70% | 0% | 19-Jun-17 | Recent political turmoil in Brazil surrounding Temer's presidency caused a slide in the Brazilian equity market and the BRL |
| Buy SPX Jun17 95% put contingent on US 5Y CMS > 2.15 | 5-Dec-16 | 1.04% | 0% | 19-Jun-17 | In Dec-16, we recommended remaining long equities overlayed with cheap hedges. The hedge expires out of the money, while SPX has returned 10.2% for the period |
| Buy 1x Jun-17 ATM XLF call, sell 1.8x Jun-17 ATM worst-of calls on XLP and XLU | 5-Dec-16 | 2.10% | -12.90% | 19-Jun-17 | Following the US election and the initial move in rates, XLF rallied and subsequently stalled. In the same period, the defensive sectors played the catch-up trade |
| Buy Jun-17 ATM R2K- value outperf call over EEM, contingent on EEM >95% | 5-Dec-16 | 2.30% | 0% | 19-Jun-17 | Concerns over US tax reform implementation caused small-caps to underperform relative to other equity markets, including EM |
| Buy QQQ Jun17 132 call , sell XLF Jun17 25 call | 20-Mar-17 | 0.57% | 4.73% | 19-Jun-17 | The trade captured the recent Tech sector outperformance in a period when Financials lagged driven by lower rates |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".



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# Volatility in Numbers (16-Jun-17)

**Table 11: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (developed markets)**

| | 3-month | | | | | | | 12-month | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| **Implied** | 9.8% | 13.4% | 10.0% | 12.6% | 13.8% | 12.4% | 12.2% | 14.0% | 16.8% | 13.6% | 16.6% | 17.2% | 15.8% | 14.6% |
| %tile (2yr) | 1.2% | 1.6% | 0.6% | 0.8% | 0.4% | 4.1% | 19.9% | 7.7% | 5.6% | 9.5% | 5.5% | 1.8% | 6.3% | 24.9% |
| 1Week Change | -0.2% | 0.3% | -0.4% | 0.3% | -0.2% | 0.1% | 0.3% | 0.1% | 0.1% | -0.1% | 0.1% | -0.4% | 0.0% | 0.1% |
| 1Mth Change | -0.2% | 0.0% | 0.0% | -0.4% | -0.5% | -0.3% | -0.2% | 0.1% | 0.3% | 0.6% | 0.1% | 0.2% | 0.2% | 0.7% |
| **Realised** | 7.0% | 11.4% | 9.6% | 10.7% | 12.2% | 10.2% | 10.7% | 9.5% | 13.3% | 12.2% | 15.1% | 19.6% | 13.5% | 11.4% |
| %tile (2yr) | 11.5% | 15.5% | 15.6% | 9.4% | 0.6% | 0.8% | 21.1% | 0.0% | 0.0% | 0.0% | 0.0% | 10.8% | 1.4% | 20.7% |
| 1Week Change | -0.2% | 0.2% | 0.2% | 0.4% | -0.3% | 0.1% | -0.1% | -0.1% | -3.2% | -0.3% | -0.4% | -0.2% | 0.1% | -0.1% |
| 1Mth Change | 0.4% | -0.1% | 0.1% | 0.1% | -0.2% | -0.5% | 0.1% | 0.0% | -3.8% | -0.7% | -1.0% | -0.4% | -0.5% | 0.0% |
| **Imp-real spread** | 2.7% | 2.0% | 0.4% | 1.9% | 1.6% | 2.3% | 1.5% | 4.5% | 3.5% | 1.4% | 1.5% | -2.3% | 2.3% | 3.1% |
| Spread %tile (2yr) | 57.9% | 55.7% | 45.1% | 57.2% | 67.8% | 71.3% | 58.6% | 91.5% | 100.0% | 85.2% | 99.2% | 61.6% | 89.2% | 70.8% |
| 1Week Change | -0.1% | 0.1% | -0.5% | -0.2% | 0.0% | 0.1% | 0.4% | 0.1% | 3.3% | 0.2% | 0.4% | -0.2% | -0.1% | 0.2% |
| 1Mth Change | -0.6% | 0.1% | -0.1% | -0.5% | -0.2% | 0.2% | -0.2% | 0.2% | 4.1% | 1.3% | 1.2% | 0.6% | 0.7% | 0.7% |
| **90-110 skew** | 8.5% | 8.4% | 6.2% | 8.5% | 5.8% | 3.3% | 3.8% | | | | | | | |
| %tile (2yr) | 16.1% | 71.8% | 8.8% | 66.7% | 47.9% | 17.8% | 14.2% | | | | | | | |
| 1Week Change | 0.2% | 0.9% | 0.2% | 0.7% | 0.0% | 0.9% | 0.8% | | | | | | | |
| 1Mth Change | 0.5% | 2.4% | 1.2% | 1.6% | 0.2% | 0.9% | 0.9% | | | | | | | |
| | **10-day realised** | | | | | | | **12M - 3M term vol spread** | | | | | | |
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| Current Level | 3.2% | 9.4% | 8.3% | 12.1% | 7.1% | 9.9% | 10.6% | 4.3% | 3.4% | 3.6% | 3.9% | 3.5% | 3.4% | 2.4% |
| %tile (2yr) | 1.0% | 16.3% | 21.7% | 26.3% | 0.8% | 15.5% | 46.7% | 99.8% | 98.9% | 99.6% | 99.6% | 98.9% | 96.9% | 79.5% |
| 1Week Change | -1.5% | 2.1% | 1.2% | 2.5% | -4.1% | 4.6% | 0.9% | 0.3% | -0.2% | 0.2% | -0.2% | -0.2% | -0.1% | -0.2% |
| 1Mth Change | -0.4% | 0.9% | 0.4% | 5.2% | -5.8% | 0.1% | -6.2% | 0.3% | 0.3% | 0.6% | 0.5% | 0.7% | 0.4% | 0.9% |
| | **Cash index** | | | | | | | | | | | | | |
| Current Level | 2,433.15 | 3,543.88 | 7,463.54 | 12,752.73 | 19,943.26 | 25,626.49 | 306.79 | | | | | | | |
| 1Wk Change | 0.06% | -1.18% | -0.85% | -0.49% | -0.35% | -1.55% | -0.84% | | | | | | | |
| 1Mth Change | 1.35% | -2.69% | -0.78% | -0.40% | 0.12% | 1.15% | 2.38% | | | | | | | |

Source: BofA Merrill Lynch Global Research

**Table 12: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (emerging markets)**

| | 3-month | | | | 12-month | | | |
|---|---|---|---|---|---|---|---|---|
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| **Implied** | 15.6% | 22.9% | 25.9% | 16.9% | 19.2% | 24.3% | 26.7% | 18.5% |
| %tile (2yr) | 5.0% | 31.7% | 28.7% | 15.6% | 8.9% | 39.2% | 26.7% | 9.2% |
| 1Wk Change | 0.5% | -1.7% | 0.9% | 1.2% | 0.2% | -0.2% | 0.5% | 0.8% |
| 1Mth Change | 0.5% | 1.8% | 2.6% | 1.9% | 1.4% | 2.0% | 1.4% | 0.5% |
| **Realised** | 11.8% | 25.3% | 20.5% | 11.0% | 17.6% | 22.5% | 20.4% | 14.9% |
| %tile (2yr) | 0.2% | 58.8% | 20.8% | 3.2% | 8.5% | 5.7% | 0.0% | 2.8% |
| 1Wk Change | -1.2% | -0.6% | -1.1% | 0.3% | -0.2% | -0.4% | -0.4% | 0.1% |
| 1Mth Change | -1.2% | 6.6% | 0.0% | -0.6% | -0.2% | 1.5% | -0.9% | -0.2% |
| **Imp-real spread** | 3.8% | -2.4% | 5.4% | 5.8% | 1.6% | 1.9% | 6.3% | 3.6% |
| Spread %tile (2yr) | 85.5% | 11.7% | 71.7% | 95.0% | 65.5% | 74.9% | 99.0% | 74.9% |
| 1Wk Change | 1.8% | -1.1% | 2.0% | 1.0% | 0.5% | 0.1% | 1.0% | 0.7% |
| 1Mth Change | 1.7% | -4.8% | 2.7% | 2.5% | 1.6% | 0.5% | 2.3% | 0.7% |
| **90-110 skew** | 7.0% | 5.9% | 5.2% | 8.0% | | | | |
| %tile (2yr) | 32.8% | 68.4% | 26.2% | 35.4% | | | | |
| 1Wk Change | 0.7% | 0.8% | 0.4% | 0.4% | | | | |
| 1Mth Change | 0.9% | 0.4% | 0.6% | 1.3% | | | | |
| | **10-day realised** | | | | **12M - 3M term vol spread** | | | |
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| Current Level | 8.1% | 8.8% | 17.0% | 12.2% | 3.6% | 1.4% | 0.9% | 1.7% |
| %tile (2yr) | 4.0% | 0.2% | 17.8% | 26.3% | 97.5% | 80.5% | 57.7% | 46.2% |
| 1Wk Change | -0.5% | -4.3% | -2.2% | 0.8% | -0.3% | 1.5% | -0.4% | -0.5% |
| 1Mth Change | -3.9% | -8.1% | -2.7% | 5.3% | 1.0% | 0.2% | -1.2% | -1.4% |
| | **Cash index** | | | | | | | |
| Current Level | 41.22 | 61,626.41 | 1,136.99 | 44,512.15 | | | | |
| 1Wk Change | -0.94% | -0.94% | -3.70% | -2.97% | | | | |
| 1Mth Change | -1.10% | -10.28% | -11.99% | -6.15% | | | | |

Source: BofA Merrill Lynch Global Research



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## Options Risk Statement

### Potential Risk at Expiry & Options Limited Duration Risk

Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk, all of which can occur in a short period.

### Investor suitability

The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal. For detailed information regarding the risks involved with investing in listed options:
http://www.theocc.com/about/publications/character-risks.jsp

## Analyst Certification

I, Benjamin Bowler, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

BofA Merrill Lynch is currently acting as Financial Adviser to Glencore PLC in connection with its proposed acquisition in consortium with Qatar Investment Authority, of a 19.5% stake on Rosneft PJSC, which was announced 10th December 2016.

BofA Merrill Lynch is currently acting as financial adviser to Intesa Sanpaolo Group, Banco Santander SA, Warburg Pincus LLC and General Atlantic LLC in connection with the proposed sale of their entire stake in Allfunds Bank to Hellman & Friedman and GIC, which was announced on 7 March 2017.



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# Disclosures

## Important Disclosures

Price charts for the securities referenced in this research report are available at http://pricecharts.baml.com, or call 1-800-MERRILL to have them mailed.
One or more analysts responsible for covering the securities in this report owns options on the financial instrument
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**From**: Weingarten, Reid [redacted]
**Sent**: 7/4/2017 4:46:06 PM
**To**: jeevacation@gmail.com
**Subject**: Fw: The new iterations of Ghislaine Maxwell

**Importance**: High

Sent from my BlackBerry 10 smartphone.

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**From:** [redacted]
**Sent:** Saturday, July 1, 2017 12:49 PM
**To:** [redacted]
**Cc:** Ainbanklaw Info; [redacted] Denyse Sabagh; [redacted]; Michael Baxter; [redacted]; Patrick M. Regan; [redacted]; Robert Barnett; Weingarten, Reid; [redacted]; [redacted]; [redacted]; Ellen Kerns; [redacted]
**Subject:** Re: The new iterations of Ghislaine Maxwell

We know of course that Saturdays are reserved for Matthew Horton.

On Saturday, July 1, 2017, 12:06:29 PM EDT, [redacted] wrote:

Rich Beckler,
Ken Adams,

Do you remember when I'd asked you what your daughters did for a living? Especially last night Mr. Beckler, as most Friday nights, no?

Yes, they are the new iterations of Ghislaine Maxwell; for you Richard Beckler, this originated from my being a former Stone Ridge classmate of his elder daughter Katie Beckler, and because he was on the Board of Stone Ridge during this period in time when my every family, friend, acquaintance and association was being contacted, bribed in one form or another, and turned against me (see below); as for Ken Adams, it stemmed from my having contacted him for representation in my 2011-filed case against IBM also during this period of time when my every communication were being tracked.

You both are interesting; you let us see what's to become of the Scalia 35 (see below; at bottom, Ghislaine Maxwell's Jeffrey Epstein in context.)

*

We start from this following precept: (the repeating 9/11s)

1. "Toward a New World Order" speech by Pres. George H.W. Bush – 9/11 (1990)

2. WTC Attack – 9/11 (2001)

3. BENGHAZI Attack – 9/11 (2012)

But you have to remember that H. W. Bush was planted:

AUTHOR PETER DALE SCOTT: Sometimes you have little deep events that most people don't even notice. One of those would be the Halloween Massacre. The older people remember the Saturday Night Massacre which happened under Nixon. I'm talking about the Halloween Massacre of October 31, 1975, and probably people watching this show have never heard of it.

That was under Ford, and Ford may have condoned it because it was trying to help restore his popularity. He was going way down in the polls. But it was a very important series of events all on the same night. The head of the CIA was fired, William Colby, replaced by a relatively unknown man called George H. W. Bush who then went on to authorize something that Colby had refused to authorize - the Team B report - the Team B to recalculate the Soviet threat and it was pre-determined. They were going to find that it was much bigger than the professionals angled like Raymond [inaudible] that I mentioned.

They said Russia is less of a threat now than it used to be. Well, that was terrible news for the industrial complex so the Team B came in and said oh, no, no, no, it's much more of a threat than it used to be, and that's why we got this huge military build-up. It started actually under Carter but we think of it as the Reagan build-up, and that of course is a major factor in having ended the Soviet Union because the Soviet Union tried to match it with a weaker economy. And that arms race which was not about threats but was about fighting economic war, that was an arms race which you could say that the Soviet Union lost because they couldn't keep it up. Their economy went more and more downhill because they were deflecting resources away from vital domestic functions. But really I'm trying to talk here about the Halloween Massacre...

Just the change in the CIA was a major historical event but it wasn't very visible. The second thing that happened was they fired Jim Schlesinger as Secretary of Defense... It was being done by [President Ford's] Chief of Staff and his assistant who are two names barely known then but quite famous since. Chief of staff was Donald Rumsfeld and the assistant was Dick Cheney. And that was the first real intrusion of the Rumsfeld-Cheney team into American politics. And they became the real heart of what I consider the Deep State in the 1980s when they were planning for Continuity of Government which was a plan for emergency rules like warrantless surveillance and warrantless detention and the militarization of homeland security. All those things were planned all through the '80s - COG planning by Donald Rumsfeld and Dick Cheney. Even when Rumsfeld wasn't in the government, he was authorized by Reagan to do this planning.

And why is that important to our history? Because in 2001, these two men were now in the government - Vice President and Secretary of Defense - the two top people in Washington on September the 11th, 2001 when Bush was down in Florida - George W. Bush - and what did they do on that day? They implemented the plans they had been planning for 20 years. Another major event in American history but it's not usually told that way.

We implemented - it's in the 9/11 Commission Report that COG plans were implemented on that day. This is a huge change in our country. We now have an ARMY command, NORTHCOM, to take charge of America - North America, the way SOUTHCOM is in charge of South America and CENTCOM is in charge of Central Asia.

This used to be illegal... We had the posse comitatus acts which said, yes, if there's a real emergency

you could call up the ARMY to deal with the emergency, but you cannot do it on a permanent basis but we now do do it on a permanent basis. We haven't even bothered to repeal the posse comitatus. We are in a state of emergency that was declared on September the 14th, 2001. And it's still enforced. It has to be renewed every year. Obama did it every year just as George Bush renewed it every year.

What are the roots of this? Well there are the legitimate roots that go back to fear of an atomic decapitation of the government back in the Truman era, so legitimate COG planning goes back to Truman and Eisenhower, but the illegitimate use of COG to deal with any emergnecy you like, that goes to the Reagan administration and it really goes back to the [Halloween] Massacre where Rumsfeld and Cheney put their thumbprint on American politics for the first time.

-- interview of Peter Dale Scott, @ min. 32:00,
https://www.youtube.com/watch?v=hNqDAYWYFuQ&t=2433s

This all suggests that the start of the 9/11 agenda pre-dated him as well. I see now that there was a seemingly relevant 1990 event as well. "On September 11, 1970 -- a date that only took on haunting overtones with the attacks on New York and Washington in 2001 -- Nixon became the first U.S. president to try to protect air travelers from extremists who sensed gaping vulnerabilities in security for commercial airliners, issuing a statement listing a string of measures including the introduction of 100 air marshals on U.S. planes. "Most countries, including the United States, found effective means of dealing with piracy on the high seas a century and a half ago," Nixon said. "We can -- and we will -- deal effectively with piracy in the skies today."
The President had been jolted into action by the simultaneous hijackings of planes in Europe headed to the United States. Jets belonging to TWA, Pan Am and Swissair were seized by the Popular Front for the Liberation of Palestine. The group also attempted to hijack a jet over London belonging to the Israeli airline El Al but was thwarted by security guards on board.
The Pan Am seizure ended quickly, but the passengers on the TWA and Swissair jets were diverted to a British air base in Jordan and the drama only ended after days of tense diplomacy, when the hostages were all released in a deal in which the Swiss, German, British and Israeli governments let Palestinian prisoners go." (http://www.cnn.com/2015/07/27/politics/terrorism-1970s-richard-nixon/index.html)

This 9/11 response sounds quite normal of course. But fast forward and the two secret service individuals chosen for an April 2001 interview by a PWC staff member on behalf of what becomthe IBM Center for the Business of Government were (1) Steve Colo who happened to be the head of the division at SAIC that falsely labeled me a threat and added my name to some sort of Do Not Admit list at the end of a 5 month temp assignment in 2005 into early 2006. The consequence of the SAIC designation for me was the following:

(I write) "The SAIC designation took advantage of a devilish stratagem in which as a national security employee (having filed out a SF-86 form, governed actually by the GSA - https://www.gsa.gov/portal/forms/download/116390 - for government clearance) working a designated contract in a classified facility, being designated a disturbance/dissident/threat to operations, makes one, in turn, a threat to national security - with all the surveillance/targeting that enables." In essence I was made an enemy of the State and was tracked, my family and friends turned, my opportunities seized to include the opportunity to rear family as demonstrated especially in the 2007 sabotage of my third trimester pregnancy and then the targeting and eventual capture of children I used to babysit - in 2011, they were predominantly tweens - to be used for sexual blackmail and other forms of leverage. The reason for the use of children in this barbaric way was to expend "ops" that were already in effect and had been used to control many of the politicians that have been allowed to rise to the top (see info on the Franklin Scandal for example), and similarly according to the laws of

compromise, the following which has been recently developing into highly coordinated murder "ops":

(I write) "The progress that was made from the absorbing of my (small) network (and this through sources and methods - money and other pleasureful compensations given to those willing to participate in and/or coordinate violence against me and my loved ones to include children leading only to now their enabled targeting and the absorbing of whatever may be their networks - well, you see below (and this only the very tip of the iceberg) how many people they've been able to engulf and what advances have been made by the quite elaborate criminal class employing these tactics; and one also begins to better understand the events surrounding Justice Scalia's passing and what's to come for the 35 guests in Scalia's private party. As for Scalia's passing, it was decidedly suspicious as noted by William Ritchie: (The Washington Post prints) "As a former homicide commander, I am stunned that no autopsy was ordered for Justice Scalia," William O. Ritchie, former head of criminal investigations for D.C. police, wrote in a post on Facebook on Sunday... Ritchie also raised questions about the marshals' actions: "How can the Marshal say, without a thorough post mortem, that he was not injected with an illegal substance that would simulate a heart attack… Did the US Marshal check for petechial hemorrhage in his eyes or under his lips that would have suggested suffocation? Did the US Marshal smell his breath for any unusual odor that might suggest poisoning? My gut tells me there is something fishy going on in Texas."

As for SAIC, the following also pertains:

(I write) "If you first see SAIC as what's called a systems integrator (author Tim Shorrock's phrase), and also the formerly married Bud and Sue Horton and their two grown sons Matthew Horton and Ben Lanier as aids of an implementation, you can better see the bigger picture:

(1) Sue Horton left IBM in early 2007-ish for an executive position at Tetra Tech which soon entered into joint venture with SAIC (Sue's employer prior to IBM, btw) on an enormous (billion dollar) 2011 Hillary Clinton State Department award (http://www.prnewswire.com/…/saic-tetra-tech-joint-venture-a…);

(2) that Bud Horton left IBM in early 2009-ish for an executive position at Accenture which soon thereafter entered into joint venture with SAIC spin-off Leidos, and Cerner, on an enormous (billion dollar) 2015 DoD award (http://www.healthcareitnews.com/…/dod-names-ehr-contract-wi…);

(3) that the Sue Horton contract was used to grow and fortify the Afghan heroin trade (as well as corrupt law enforcement) although the stated intention was of course the opposite... ("[SAIC and Tetra Tech's] joint venture, Integrated Justice Systems International, LLC (IJSI), has been awarded a contract to provide worldwide civilian police and criminal justice assistance to the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL)... [specifically} to provide INL with program management, criminal justice, and life and mission support to countries emerging from conflict or otherwise facing instability challenges. Under this new contract, IJSI will provide technical assistance, training, logistics and infrastructure services to support the Department of State's efforts to strengthen criminal justice systems in select partner countries.")... yet, just months shy of contract end, the NY Times reported: "Tasked With Combating Opium, Afghan Officials Profit From It;" "Penetrating Every Stage of Afghan Opium Chain, Taliban become a Cartel;" and "Corrupt Combatants Fight for Control of Lucrative Afghan Drug Trade;" see also here an overview of the growth of Afghan opium production from the start of the US occupation (2001) to the present, and especially from contract start (2011) to end (2016): http://www.globalresearch.ca/the-spoils-of-war-afghanist…/91;

(4) and that the award Bud Horton helped secure just as Sue's contract was coming to an end was not only born from what looks like Franklin Scandal compromises, but it is this contract that seems

intent on implementing bioterrorism as the new form of explosive terrorism."

(Note that both members of this family were awarded BILLION dollar contracts; that's quite exceptional, no?)

As for terrorism as an US industry, it's hardly better seen than through the following which is information of course we all know:

We note that in-between Bush #41's 9/11/1990 speech(with Dick Cheney as his Secretary of Defense) and the 9/11/2001 attack on the WTC were little more than Clinton's 8 years in the White House. We look also to The American Deep State by Peter Dale Scott for evidence of ties between the actions of the Clinton administration and (1) the 1993 attack on the WTC and (2) the 1998 attack on the US embassy in Nairobi, Kenya which demonstrate that the Clinton administration in no uncertain terms sponsored terrorism:

(Writes Scott) "The homicidal crime suggested by Fenton's meticulous research is one both difficult and painful to contemplate. It has to be considered in the light of the earlier instances of protection we have surveyed:

1. the protection given to Salameh and Abouhalima in the 1990 Kahane murder, leaving them free to participate in the 1993 World Trade Center bombing;

2. the failure for two or three years to process Ali Mohamed's documents seized in 1990, which could have prevented the 1993 World Trade Center bombing;

3. the release of Ali Mohamed from Royal Canadian Mounted Police detention in 1993, leaving him free to participate in the 1998 Nairobi Embassy bombing;

4. the treatment of Ali Mohamed as an "unindicted coconspirator" in the 1993 WTC bombing case and Landmarks case, leaving him free to participate in the 1998 Nairobi Embassy bombing.

(pp. 76-77, The American Deep State)

Scott had earlier examined these attacks in especial connection to the September 11, 2001 attack on the WTC:

(Writes Scott) "For indeed it is certain that on various occasions U.S. agencies have intervened, letting al-Qaeda terrorists proceed with their plots. This alarming statement will be dismissed by some as "conspiracy theory." Yet in this chapter, I will show that this claim doesn't to arise from theory, but from facts that are true, even though they have been systemically suppressed or under-reported in the American mainstream media. I am describing a phenomenon that occurred not just once, but repeatedly, almost predictably. We shall see that, among the al-Qaeda terrorists who were first protected and then continued their activities were the following:

1. Ali Mohamed, identified in the 9/11 Commission Report as the leader of the 1998 Nairobi Embassy bombing;

2. Mohammed Jamal Khalife, Osama bin Laden's close friend and, while in the Philippines, financier of both Ramzi Yousef (principal architect of the first World Trade Center [WTC] attack) and his uncle Khalid Sheikh Mohammed;

3. Khalid Sheikh Mohammed, identified in the 9/11 Commission Report as "the principal architect of

the 9/11 attacks";

4. Khalid al-Mihdhar and Nawaf al-Hazmi, two of the alleged 9/11 hijackers, whose presence in the United States was concealed from the FBI by CIA officers for months before 9/11.

It might sound from these citations that the 9/11 Commission marked a new stage in the U.S. treatment of these terrorists, and that the report now exposed those terrorists who in the past had been protected. On the contrary, a principal purpose of my chapter is to show that

1. one purpose of protecting these individuals had been to protect a valued intelligence connection (the "al-Qaeda connection," if you will);
2. one major intention of the 9/11 Commission Report was to continue protecting this connection;
3. those on the 9/11 Commission staff who were charged with this protection included at least one commission member (Jamie Gorelick), one staff member (Dietrich Snell), and one important witness (Patrick Fitzgerald) who earlier had figured among the terrorists' protectors.

In the course of writing this chapter [Scott continues], I came to another disturbing conclusion I had not anticipated. This is that a central feature of the protection has been to defend the 9/11 Commission's false picture of al-Qaeda as an example of non-state terrorism, ignoring not just the CIA but also the royal families of Saudi Arabia and Qatar. In reality, as I shall show, royal family protection from Qatar and Saudi Arabia (concealed by the 9/11 Commission) was repeatedly given to key figures like Khalid Sheikh Mohammed, the alleged "principal architect of the 9/11 attacks." The establishment claims that the wars fought by America in Asia since 9/11 have been part of a global "war on terror." But this "war on terror" has been fought in alliance with Saudi Arabia, Qatar, and Pakistan - precisely the principal political and financial backers of the al-Qaedist networks the United States has supposedly been fighting. Meanwhile the most authentic opponents in the region of these Sunni al-Qaedists - the governments of Iraq, Libya, Syria, and Iran - have found themselves overthrown (in the case of Iraq and Libya), subverted with U.S. support (in the case of Syria), or sanctioned and threatened as part of an "axis of evil" (in the case of Iran). We should not forget that, just one day after 9/11, "Rumsfeld was talking about broadening the objectives of our response and 'getting Iraq.'"

(pp. 44-45, The American Deep State)

Clinton's daughter is now poised to work global health initiatives which I would suggest is little more than a cover for on-going terrorism "ops".

To return to Steve Colo - in the interview he speaks of a partnership between the Secret Service, the FBI, and South Carolina's SLED (State Law Enforcement Division) to open a Computer Crime Center. Bud Horton (mentioned above) (long-affiliated with IT Security; his title at Accenture was Chief technology officer of it's cyber security practice) happened to have just moved to South Carolina from Loudoun County after being implicated in a continuing child sex scandal (see details below). Further, cyber-crime just so happens to be another of the arenas in which our Intelligence Community coordinates with the Russians: "The US cooperates with the FSB and Russia's interior ministry on counter-terrorism, organized crime, bio-terrorism, and cyber-crime." -- p. 243, Expelled: A Journalist's Descent into the Russian Mafia State, by Luke Harding) Most would interpret this quote to suggest that the nations work together to prevent these various threats. The reality is more the opposite; trust me when I say that the US doesn't work "ops" alone - the 2005 London Bombings is one notable example of a instance in which the US coordinated with also British intelligence in the perpetration of an attack.) I just tweeted this morning actually the following in regards to US coordinations with the Russians: "One must know a renowned Rus mafiaso was granted entry https://en.wikipedia.org/wiki/Vyacheslav_Ivankov#Moving_to_the_United_States … be4 the real story

of today's US-Rus relations is slowly known"  in response to the following comment @turndeaux: Peter Dale Scott, who writes about the Deep State, says Russia issue is "a bona fide security issue, not a diversion".

About Bud Horton and the Loudoun County matter - in attempts to make a long story short, the following email chain:

On Monday, June 26, 2017 10:57 AM, [redacted] wrote:

Sheriff Chapman,
Loudoun Count, VA

Did you ever consider that Loudoun was a target? That your community was induced to walk it's own children down the plank as compensation for what Loudoun had done to the young Dima Yakovlev? Because now child exploitation is deeply embedded within your community with your own people (your own police, your own prosecutors, your own public defenders and private attorneys) protecting this very system that will be used to take the futures of your Loudoun children (see more of the details below). Is it possible that that's how this happened, and you saw it not unfolding before your eyes? Or was it simply money and just another good enough justification?

Forwarded Message

On Monday, June 26, 2017 10:24 AM, [redacted] wrote:

Changeis,

You reported in May of 2014 that you hired Bob Richel formerly of the DEA as Vice President of Corporate Development. In an April 2014 interview by the Loudoun County Police (those in the mouth of the lion but not quite aware of it yet but to have foreseen the ways in which the 2008 death of the Russian born 21 month-old Dima Yakovlev (renamed Chase Harrison by his Purcellville, VA adoptive parents) would have been used as "justification" for a (quite profitable) counter-offensive... ) of Henry "Bud" Horton (characterized by Loudoun County as a "victim" of the recent "False statement to Law Enforcement Officer (LEO)" of him sexually exploiting the 15 year-old Anjulee Gunther), Henry "Bud" Horton named Bob Rachel as one of the DEA guys he used to work with. This takes on unusual significance in light of the below, no?

(How lovely, by the way, this following information and the ways in which it helps us understand many of the hidden influences: "Halliburton is also involved with the Russian mob. They're got sort of two things going on. One is oil and the other is drug trafficking. Halliburton is a story all by itself." (says Stan Goff, http://narconews.com/goffmccormick1.html))

On Saturday, June 24, 2017 2:43 PM, [redacted] wrote:

Mr. Satz,
State's Attorney, Broward County, Fl

I'm forwarding the below information as it pertains to Mrs. Lesley Simms and more importantly the ones with whom she continues to coordinate.

As you may know, she was once close with an individual named Matthew Horton with whom she attended George Mason University, and through Matthew, Ms. Simms became well-acquainted with

Matthew's parents Henry "Bud" Horton and Sue Popovich Horton who helped secure her a position at IBM upon her graduation from GMU. Both of these latter individuals (Bud and Sue Horton) were involved in the 2007 murder of my son, and they in collusion with their son Matthew continue in the exploitation of children Anjulee and Xian Gunther. The powers that be intend now for these children to (continue to) follow in the footsteps of Ms. Simms, and to that end, I would advise that you become acquainted with (1) the ways in which Ms. Simms subsidized her law school education and off course (2) her current and related endeavors especially as they relate to drug trafficking and terror financing (see below email to Mr. Martin of the St. Augustine Record).

On Friday, June 23, 2017 8:36 AM, [redacted] wrote:

Mr. Martin,
St. Augustine Record

Quite an interesting article about the litigation between Deputy Banks and Rusty Rogers (see: Deputy Banks' attorney claims FDLE agent's credibility 'destroyed') It must also be explored, of course, that Officers Rodgers was once well respected for his investigation and exposure of a terrorist financing network that permeated the sunny state of Florida - (the NY Times reports) "Agent Rodgers joined the state's elite investigative unit, the Florida Department of Law Enforcement, where he quickly earned agent-of-the-year honors — and a meeting with the governor — for helping dismantle a terrorist financing network that stretched from Florida to the Middle East" - and that terrorism is very much a well-protected U.S. industry (see below).

God forbid some poor should get away with disrupting the delicate state of secreted operations; as you yourself report, "As written in [Plaintiff Banks'] motion: "Defendant Rodgers' false, misleading and inconsistent testimony throughout the discovery process is so pervasive and extreme, and involves so many material issues, it has destroyed Defendant's credibility on all issues..." And here we see the "whole-of-government" attempts to restore balance.

*

As for the second Secret Service agent interviewed by the IBM Center for the Business of Government, his name is Dana Brown. He just so happened to have filled out his career with the Federal Air Marshall Service (October 2003-August 2008 as Director/Chief of Staff) followed by the TSA (March 2006-January 2009 as Asst. Administrator-Law Enforcement/Integrity Officer) states his LinkedIn profile. That he worked his way around to that which was largely put in place by the 1970 9/11 mini-event seems to me rather significant although I don't see all the details yet. I also don't yet see exactly who it was that birthed this lengthy 9/11 initiative we're suffering. It seems clear, however, that it was birthed prior to 1970.

The initiative has adjusted in some ways over time, but homage to 9/11 remains strong. Certain of the people deeply involved in these manipulations thought it was kismet that an individual well-suited to head the newly ordained Department of Homeland Security (that as we all know was the result of legislation rushed through Congress in the aftermath of the 9/11 (2001) attack) was born on the magical September 11th (this is Jeh Johnson); similarly, it is again being deemed a sign that the new Director of the National Science Foundation (NSF) (chosen and positioned as she was) is first-named France (last name Cordova) and that this name so perfectly relates to US intentions to use the NSF to forward "ops" that will solidify a US-France working relationship in the same way the 2005 London Bombings helped solidify the US-British working relationship. These France going-ons are in higher gear (I've noticed) since Macron was elected but it was prepped for long ago. I was working for IBM under IBM project manager Cathie Skoog at the NSF when my third trimester pregnancy was

sabotaged. The story of this sabotage and what followed is (briefly) this:

I've long-alleged that John and Avery Gunther (whose children I used to babysit) agreed to a quid pro quo exchange of financial compensation for help destroying my credibility on behalf of IBM against whom I'd filed a 2010 EEOC (Equal Employment Opportunity Commission) charge and a subsequent May 2011 civil suit.

Per the May 11, 2011 Complaint, McGuire v. John and Avery Gunther:

3. On April 6, 2011 Mr. and Mrs Gunther, with uncontrolled greed and total disregard for the rights and feelings of Ms. Nadine McGuire as well as those of their children, AFG and XWG, maliciously and with ill-intent, wrongfully completed and executed a Complaint and Motion for Preliminary Injunction requesting formal protection against Ms. Nadine McGuire.

4. Over the course of the previous few months, Mr. and Mrs. Gunther, colluding with persons against whom Ms. Nadine McGuire is currently furthering litigation, including but not limited to plaintiff's mother, Pauline Scala McGuire, and from whom they received and/or have been promised to receive monetary incentives, hid their relationships with said individuals, further lied about having those relationships in direct conversation with Ms. Nadine McGuire and Court testimony on May 4, 2011, and wrongfully completed and executed a Complaint and Motion for Preliminary Injunction against Ms. Nadine McGuire in cooperation and collaboration with said persons, resulting in the issuance of a Temporary Restraining Order against Ms. Nadine McGuire issued on April 6, 2011.

- Initial Complaint, 5/11/11, McGuire v. John and Avery Gunther, Case No.:2011 CA 003703 B, DC Superior Court, Judge Gregory Jackson presiding

In regards to the suit against IBM (McGuire v. IBM, 1:11CV528, US District Court of Virginia), the only suit in which Pauline Scala McGuire was listed as a defendant, the most important claim was one of “assault” that led to the 2007 death of my son. Per the filing:

Plaintiff, Grace Nadine McGuire, realleges the allegations of paragraphs 1-65 hereof as if fully set forth within and further alleges:

66. Defendant Palmisano's conduct in ascertaining the drug that was used on the plaintiff to end her pregnancy and take the life of her child on April 22, 2007, constitutes an intentional touching of the plaintiff by defendant Palmisano, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

67. Defendant Skoog, Susan Horton and Scala's conduct in coordinating the circumstances, creating physical proximity and the administering of the drug to the plaintiff that ended her pregnancy and took the life of her child on April 22, 2007 constituted an intentional touching of the plaintiff by said defendants, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

... 69. As the direct and proximate result of defendant Palmisano, Skoog, Susan Horton, and Scala's conduct, the plaintiff suffered a severe placental abruption, which terminated her pregnancy and ended the life of her unborn child, causing the plaintiff to suffer damages including but not limited to the loss of her child, loss of affection, grief, sorrow, extreme mental torment and emotional distress.

- Initial Complaint, filed 5/16/11, McGuire v. IBM, et al, Case No.: 1:11CV528, US District Court of Virginia - Eastern Division, Alexandria, Judge Leonie Brinkema presiding

This is to say that John and Avery Gunther helped IBM defend against an allegation of murder, and in this way they are accomplices to a cover-up. This is also to say that the characterization provided by John and Avery Gunther in their April 2011 Superior Court filing for a Protection Order against me and their admissions in this filing of having provided derogatory information to various persons and/or entities in the DC area to include school administrators, psychologists, and law enforcement, were more to harm me, especially in my chances to hold IBM accountable, than to protect either themselves or children Anjulee and Xian Gunther.

I also long-allege that the relationship that developed from this initial quid pro quo led to John and Avery Gunther being similarly compensated for what turned into the sexual exploitation of their two daughters. For more on child sexual exploitation for the sake of personal and professional leverage, see especially the following:

Nick Bryant | The Franklin Scandal & The Elite's Pedophilia Cover Up,
https://www.youtube.com/watch?v=68gvGGPjm0o&t=978s

That the NSF won't acknowledge the abuse, and won't respond even to my FOIA requests, and otherwise has gone to extents to protect Cathie Skoog and her co-conspirators at IBM and otherwise is all that was needed to have adequately turned the organization towards the interests of the Deep State. Now it is simply a matter of the Deep State continuing to put the NSF to use.

*
*

Jeffrey Epstein in context:

(As sent to the Wash Post)

I send you this in response to the recent column entitled Believe in the Process by Kenneth Starr. Perhaps rethink any public affiliation with Ken Starr; although his demeanor on paper is undoubtably consoling, it is also a bit intoxifying when it would be best now if we keep our wits about us, no?

I say this from the following perspective - Ken Starr of the Starr Report, attorney for (1) Erik Prince of Blackwater and (2) convicted pedophile Jeffrey Epstein in context:

The Starr Report buried behind salacious detail of the Lewinsky affair almost nothing of Whitewater, Travelgate, or otherwise what many consider the murder of Vince Foster (Foster, albeit the subject of a different investigation was also under the purview of attorney Starr and formal investigation of the results of Starr's investigation were drowned out by the details of the Lewinsky affair.) This is a bit strange considering the Lewinsky affair was a moral failing and not an actionable criminal one as would have been the others had any proof surfaced.

Starr later defended Blackwater against wrongful deaths suit initiated by the families of the 2004 Fallujah Ambush victims - "In October 2006, Blackwater hired one of the nation's heaviest-hitting lawyers to represent it - Kenneth Starr, the independent counsel in the 1999 impeachment of President Bill Clinton over the Monica Lewinsky sex scandal... Starr and his colleagues argued that Blackwater was "constitutionally immune" from such lawsuits and said that if the Fallujah case were allowed to proceed, "Blackwater will suffer irreparable harm." In the eighteen-page petition to the Supreme Court, Blackwater argued that there are no other such lawsuits against private military/security companies in state courts "because the comprehensive regulatory scheme enacted by Congress and the President grant military contractors like Blackwater immunity from state-court litigation." (pp. 234-235, Blackwater). (Author Ken Davis writes) "The four men had spent the night

before they set off at marine base Camp Fallujah. But the men kept their distance from the leathernecks. Had they spoken to the marines, the Blackwater team might have learned that the Americans were already in the midst of a major offensive meant to assert control over the increasingly restive city, where elements of the radical Islamist movement and remnants of Saddam's army were beginning to aggressively strike back. at the American occupation" (p. 306, The Hidden History of American at War), and perhaps this is the only thing that makes sense of the fact that "Under the terms of its contract, Blackwater was supposed to supply these convoy security missions with two SUVs, each carrying three guards per vehicle; a driver, one man riding shotgun, and a third man in back with a heavy machine gun. Instead, the foursome set out that morning with just two men per car, each vehicle missing their rear gunner. The SUVs were only outfitted with a steel plate as extra armor. And the men had not been given maps." (p. 305).

Starr went on to defend Jeffrey Epstein abasing allegations of child sex trafficking - "Along with a dream team of attorneys that included Gerald Lefcourt, Roy Black, and Ken Starr, [Alan Dershowitz] was successful in getting federal investigators not to charge Epstein with moving his victims across state lines and other associated crimes. The federal non-prosecution agreement Epstein's legal team negotiated with the U.S. Attorney for the Southern District of Florida immunized all named and unnamed "potential co-conspirators" in Epstein's child trafficking network, which includes those who allegedly procured minors for Epstein and also any powerbrokers who may have molested them" (-http://gawker.com/flight-logs-put-clinton-dershowitz-on-ped…). Otherwise, Epstein's eventual 18 month sentence by the state of Florida was exceptionally light under the circumstances to include the number of victims who came forward with testimony. This is best understood in the context of children being used as a means to government-sponsored sexual blackmail and other forms of leverage.

See here Erik Prince in greater context: (the similarities between him and once (secretly) favored child Bin Laden)

The coordinations among global intelligence to make rather than eliminate terror as seen thru "assets" bin Laden (as M. Noriega before him) & Erik Prince:

About BL: "Some CIA officers will later say that [BL] serves as a semi-official liaison between the GIP [Saudi intel.] and warlords like Sayyaf."
(www.historycommons.org/entity.jsp?entity=ahmed_badeeb_1)

About EP: "Handcuffed by politics, the CIA had not been able to cultivate relationships with the key but messy leaders. Fortunately, Blackwater had no such political restrictions." (p. 54, Civilian Warriors by E. Prince)

We see also:

About BL: "Bin Laden established camps inside Khyber Pakhtunkhwa in Pakistan and trained volunteers from across the Muslim world to fight against the Soviet-backed regime, the Democratic Republic of Afghanistan" (Wikipedia)

About EP: "In his autobiography, he states that during the Yugoslav Wars in the early 1990s, he realized the need for private training facilities for special operations… Prince moved to Virginia Beach and personally financed the formation of Blackwater Worldwide in 1997. He bought 6,000 acres (24 km2) of the Great Dismal Swamp of North Carolina and set up a school for special operations" (Wikipedia)

Erik Prince is (becoming) no less an Amer. intelligence success story than bin Laden (in support of Terrorism as Geostrategy & a New World Order - see below). In short: (we note the repeating 9/11s, every 11 years): "Toward a NWO" speech by Bush #41 - Sept. 11 ('90); The WTC - Sept. 11 ('01); Benghazi - Sept. 11 ('12). (There is rhy. & reason also 2 the rise of ISIS.)

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About training camps:

I watched so to speak the creating of little torture pockets around the world as justified by Obama's desire to close Gitmo. The White House reports (2/23/16): "We'll continue to securely and responsibly transfer to other countries the 35 detainees already approved for transfer. This process involves extensive and careful coordination across our federal government to ensure that our national security interests are met when an individual is transferred to another country. We insist, for example, that foreign countries institute strong security measures." But are these not just the seeds of new training camps (growing concentrated and lauded violent temperaments) & was that not someone's exact intent?

In real-time (and as perpetrated on captured children):

3/19/14, sent to the now defunct FB page of D. Cheney:
Dick Cheney,

I wonder if it's possible that there is coordination with other countries concerning enhanced interrogation techniques, in the form of training perhaps?

Specifically, here in the United States, my sense is that there may be the use of vulnerable populations, with the intension to gain favor with and/or intimidate others, especially members of the international community.

*

And:

On Saturday, June 21, 2014 6:37 AM, [redacted] wrote:
To: [redacted]

Deputy Lyddy,

Her energy is very weak. She is physically exhausted, VERY sleep deprived, and HUNGRY.

[These were continuing experimentations in reversed-engineered SERE; the agreed upon techniques, taken from various regions of the world to be distributed to the various regions of the world, had to be deemed not torture and this is where organizations like the APA stepped in, then (during the Bush administration), and afterwards. See here for example: "And I think, you know, what's really important in the debate going forward among psychologists is the extent to which psychologists loaned their names and loaned their credentials and their Ph.D.s to this kind of activity and essentially were used by the Bush administration to provide a kind of "get out of jail free" card for the people who were, you know, doing these interrogations, because the logic, which I think Mark had mentioned, is, you know, this circular logic. So long as there are trained psychologists from the SERE program who are on site at these interrogations who are saying that these detainees can withstand this treatment, are not being harmed psychologically, then it's not torture. So, you know,

you've got this sort of [inaudible] tortured — tortured logic, which is the phrase that has come up, but it's this sort of self-justifying loop in which professionals are loaning their credentials to this kind of activity. And you see the same thing in the Office of Legal Counsel, where you have, you know, lawyers loaning their credentials to approving what are clear violations of the Geneva Conventions." (https://www.democracynow.org/2009/4/21/the_story_of_mitchell_jessen_associates)]

**From:** Weingarten, Reid [redacted]
**Sent:** 7/4/2017 5:57:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: The new iterations of Ghislaine Maxwell

**Importance:** High

Too down...give me another day

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, July 4, 2017 12:53 PM
**To:** Weingarten, Reid
**Subject:** Re: Fw: The new iterations of Ghislaine Maxwell

On Tue, Jul 4, 2017 at 6:46 PM Weingarten, Reid [redacted] wrote:

Number?

Sent from my BlackBerry 10 smartphone.

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**From:** [redacted]
**Sent:** Saturday, July 1, 2017 12:49 PM
**To:** [redacted]
**Cc:** Ainbanklaw Info; [redacted] Denyse Sabagh; [redacted]; Michael Baxter; [redacted]; Patrick M. Regan; [redacted]; Robert Barnett; Weingarten, Reid; [redacted]; Ellen Kerns; [redacted]
**Subject:** Re: The new iterations of Ghislaine Maxwell

We know of course that Saturdays are reserved for Matthew Horton.

On Saturday, July 1, 2017, 12:06:29 PM EDT, [redacted] wrote:

Rich Beckler,
Ken Adams,

Do you remember when I'd asked you what your daughters did for a living? Especially last night Mr. Beckler, as most Friday nights, no?

Yes, they are the new iterations of Ghislaine Maxwell; for you Richard Beckler, this originated from my being a former Stone Ridge classmate of his elder daughter Katie Beckler, and because he was on the Board of Stone Ridge during this period in time when my every family, friend, acquaintance and association was being contacted, bribed in one form or another, and turned against me (see below); as for Ken Adams, it stemmed from my having contacted him for representation in my 2011-filed case against IBM also during this period of time when my every communication were being tracked.

You both are interesting; you let us see what's to become of the Scalia 35 (see below; at bottom, Ghislaine Maxwell's Jeffrey Epstein in context.)

*

We start from this following precept: (the repeating 9/11s)

1. "Toward a New World Order" speech by Pres. George H.W. Bush – 9/11 (1990)

2. WTC Attack – 9/11 (2001)

3. BENGHAZI Attack – 9/11 (2012)

But you have to remember that H. W. Bush was planted:

AUTHOR PETER DALE SCOTT: Sometimes you have little deep events that most people don't even notice. One of those would be the Halloween Massacre. The older people remember the Saturday Night Massacre which happened under Nixon. I'm talking about the Halloween Massacre of October 31, 1975, and probably people watching this show have never heard of it.

That was under Ford, and Ford may have condoned it because it was trying to help restore his popularity. He was going way down in the polls. But it was a very important series of events all on the same night. The head of the CIA was fired, William Colby, replaced by a relatively unknown man called George H. W. Bush who then went on to authorize something that Colby had refused to authorize - the Team B report - the Team B to recalculate the Soviet threat and it was pre-determined. They were going to find that it was much bigger than the professionals angled like Raymond [inaudible] that I mentioned.

They said Russia is less of a threat now than it used to be. Well, that was terrible news for the industrial complex so the Team B came in and said oh, no, no, no, it's much more of a threat than it used to be, and that's why we got this huge military build-up. It started actually under Carter but we think of it as the Reagan build-up, and that of course is a major factor in having ended the Soviet Union because the Soviet Union tried to match it with a weaker economy. And that arms race which was not about threats but was about fighting economic war, that was an arms race which you could say that the Soviet Union lost because they couldn't keep it up. Their economy went more and more downhill because they were deflecting resources away from vital domestic functions. But really I'm trying to talk here about the Halloween Massacre...

Just the change in the CIA was a major historical event but it wasn't very visible. The second thing that happened was they fired Jim Schlesinger as Secretary of Defense... It was being done by [President Ford's] Chief of Staff and his assistant who are two names barely known then but quite famous since. Chief of staff was Donald Rumsfeld and the assistant was Dick Cheney. And that was the first real intrusion of the Rumsfeld-Cheney team into American politics. And they became the real heart of what I consider the Deep State in the 1980s when they were planning for Continuity of Government which was a plan for emergency rules like warrantless surveillance and warrantless detention and the militarization of homeland security. All those things were planned all through the '80s - COG planning by Donald Rumsfeld and Dick Cheney. Even when Rumsfeld wasn't in the government, he was authorized by Reagan to do this planning.

And why is that important to our history? Because in 2001, these two men were now in the government - Vice President and Secretary of Defense - the two top people in Washington on

September the 11th, 2001 when Bush was down in Florida - George W. Bush - and what did they do on that day? They implemented the plans they had been planning for 20 years. Another major event in American history but it's not usually told that way.

We implemented - it's in the 9/11 Commission Report that COG plans were implemented on that day. This is a huge change in our country. We now have an ARMY command, NORTHCOM, to take charge of America - North America, the way SOUTHCOM is in charge of South America and CENTCOM is in charge of Central Asia.

This used to be illegal... We had the posse comitatus acts which said, yes, if there's a real emergency you could call up the ARMY to deal with the emergency, but you cannot do it on a permanent basis but we now do do it on a permanent basis. We haven't even bothered to repeal the posse comitatus. We are in a state of emergency that was declared on September the 14th, 2001. And it's still enforced. It has to be renewed every year. Obama did it every year just as George Bush renewed it every year.

What are the roots of this? Well there are the legitimate roots that go back to fear of an atomic decapitation of the government back in the Truman era, so legitimate COG planning goes back to Truman and Eisenhower, but the illegitimate use of COG to deal with any emergnecy you like, that goes to the Reagan administration and it really goes back to the [Halloween] Massacre where Rumsfeld and Cheney put their thumbprint on American politics for the first time.

-- interview of Peter Dale Scott, @ min. 32:00,
https://www.youtube.com/watch?v=hNqDAYWYFuQ&t=2433s

This all suggests that the start of the 9/11 agenda pre-dated him as well. I see now that there was a seemingly relevant 1990 event as well. "On September 11, 1970 -- a date that only took on haunting overtones with the attacks on New York and Washington in 2001 -- Nixon became the first U.S. president to try to protect air travelers from extremists who sensed gaping vulnerabilities in security for commercial airliners, issuing a statement listing a string of measures including the introduction of 100 air marshals on U.S. planes. "Most countries, including the United States, found effective means of dealing with piracy on the high seas a century and a half ago," Nixon said. "We can -- and we will -- deal effectively with piracy in the skies today."
The President had been jolted into action by the simultaneous hijackings of planes in Europe headed to the United States. Jets belonging to TWA, Pan Am and Swissair were seized by the Popular Front for the Liberation of Palestine. The group also attempted to hijack a jet over London belonging to the Israeli airline El Al but was thwarted by security guards on board.
The Pan Am seizure ended quickly, but the passengers on the TWA and Swissair jets were diverted to a British air base in Jordan and the drama only ended after days of tense diplomacy, when the hostages were all released in a deal in which the Swiss, German, British and Israeli governments let Palestinian prisoners go." (http://www.cnn.com/2015/07/27/politics/terrorism-1970s-richard-nixon/index.html)

This 9/11 response sounds quite normal of course. But fast forward and the two secret service individuals chosen for an April 2001 interview by a PWC staff member on behalf of what becomthe IBM Center for the Business of Government were (1) Steve Colo who happened to be the head of the division at SAIC that falsely labeled me a threat and added my name to some sort of Do Not Admit list at the end of a 5 month temp assignment in 2005 into early 2006. The consequence of the SAIC designation for me was the following:

(I write) "The SAIC designation took advantage of a devilish stratagem in which as a national security employee (having filed out a SF-86 form, governed actually by the GSA -

https://www.gsa.gov/portal/forms/download/116390 - for government clearance) working a designated contract in a classified facility, being designated a disturbance/dissident/threat to operations, makes one, in turn, a threat to national security - with all the surveillance/targeting that enables." In essence I was made an enemy of the State and was tracked, my family and friends turned, my opportunities seized to include the opportunity to rear family as demonstrated especially in the 2007 sabotage of my third trimester pregnancy and then the targeting and eventual capture of children I used to babysit - in 2011, they were predominantly tweens - to be used for sexual blackmail and other forms of leverage. The reason for the use of children in this barbaric way was to expend "ops" that were already in effect and had been used to control many of the politicians that have been allowed to rise to the top (see info on the Franklin Scandal for example), and similarly according to the laws of compromise, the following which has been recently developing into highly coordinated murder "ops":

(I write) "The progress that was made from the absorbing of my (small) network (and this through sources and methods - money and other pleasureful compensations given to those willing to participate in and/or coordinate violence against me and my loved ones to include children leading only to now their enabled targeting and the absorbing of whatever may be their networks - well, you see below (and this only the very tip of the iceberg) how many people they've been able to engulf and what advances have been made by the quite elaborate criminal class employing these tactics; and one also begins to better understand the events surrounding Justice Scalia's passing and what's to come for the 35 guests in Scalia's private party. As for Scalia's passing, it was decidedly suspicious as noted by William Ritchie: (The Washington Post prints) “As a former homicide commander, I am stunned that no autopsy was ordered for Justice Scalia,” William O. Ritchie, former head of criminal investigations for D.C. police, wrote in a post on Facebook on Sunday... Ritchie also raised questions about the marshals’ actions: “How can the Marshal say, without a thorough post mortem, that he was not injected with an illegal substance that would simulate a heart attack… Did the US Marshal check for petechial hemorrhage in his eyes or under his lips that would have suggested suffocation? Did the US Marshal smell his breath for any unusual odor that might suggest poisoning? My gut tells me there is something fishy going on in Texas.”

As for SAIC, the following also pertains:

(I write) "If you first see SAIC as what's called a systems integrator (author Tim Shorrock's phrase), and also the formerly married Bud and Sue Horton and their two grown sons Matthew Horton and Ben Lanier as aids of an implementation, you can better see the bigger picture:

(1) Sue Horton left IBM in early 2007-ish for an executive position at Tetra Tech which soon entered into joint venture with SAIC (Sue's employer prior to IBM, btw) on an enormous (billion dollar) 2011 Hillary Clinton State Department award (http://www.prnewswire.com/…/saic-tetra-tech-joint-venture-a…);

(2) that Bud Horton left IBM in early 2009-ish for an executive position at Accenture which soon thereafter entered into joint venture with SAIC spin-off Leidos, and Cerner, on an enormous (billion dollar) 2015 DoD award (http://www.healthcareitnews.com/…/dod-names-ehr-contract-wi…);

(3) that the Sue Horton contract was used to grow and fortify the Afghan heroin trade (as well as corrupt law enforcement) although the stated intention was of course the opposite... ("[SAIC and Tetra Tech's] joint venture, Integrated Justice Systems International, LLC (IJSI), has been awarded a contract to provide worldwide civilian police and criminal justice assistance to the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL)... [specifically} to provide INL with program management, criminal justice, and life and mission support to countries emerging from conflict or otherwise facing instability challenges. Under this new contract, IJSI will

provide technical assistance, training, logistics and infrastructure services to support the Department of State's efforts to strengthen criminal justice systems in select partner countries.")... yet, just months shy of contract end, the NY Times reported: "Tasked With Combating Opium, Afghan Officials Profit From It;" "Penetrating Every Stage of Afghan Opium Chain, Taliban become a Cartel;" and "Corrupt Combatants Fight for Control of Lucrative Afghan Drug Trade;" see also here an overview of the growth of Afghan opium production from the start of the US occupation (2001) to the present, and especially from contract start (2011) to end (2016): http://www.globalresearch.ca/the-spoils-of-war-afghanist…/91;

(4) and that the award Bud Horton helped secure just as Sue's contract was coming to an end was not only born from what looks like Franklin Scandal compromises, but it is this contract that seems intent on implementing bioterrorism as the new form of explosive terrorism."

(Note that both members of this family were awarded BILLION dollar contracts; that's quite exceptional, no?)

As for terrorism as an US industry, it's hardly better seen than through the following which is information of course we all know:

We note that in-between Bush #41's 9/11/1990 speech(with Dick Cheney as his Secretary of Defense) and the 9/11/2001 attack on the WTC were little more than Clinton's 8 years in the White House. We look also to The American Deep State by Peter Dale Scott for evidence of ties between the actions of the Clinton administration and (1) the 1993 attack on the WTC and (2) the 1998 attack on the US embassy in Nairobi, Kenya which demonstrate that the Clinton administration in no uncertain terms sponsored terrorism:

(Writes Scott) "The homicidal crime suggested by Fenton's meticulous research is one both difficult and painful to contemplate. It has to be considered in the light of the earlier instances of protection we have surveyed:

1. the protection given to Salameh and Abouhalima in the 1990 Kahane murder, leaving them free to participate in the 1993 World Trade Center bombing;

2. the failure for two or three years to process Ali Mohamed's documents seized in 1990, which could have prevented the 1993 World Trade Center bombing;

3. the release of Ali Mohamed from Royal Canadian Mounted Police detention in 1993, leaving him free to participate in the 1998 Nairobi Embassy bombing;

4. the treatment of Ali Mohamed as an "unindicted coconspirator" in the 1993 WTC bombing case and Landmarks case, leaving him free to participate in the 1998 Nairobi Embassy bombing.

(pp. 76-77, The American Deep State)

Scott had earlier examined these attacks in especial connection to the September 11, 2001 attack on the WTC:

(Writes Scott) "For indeed it is certain that on various occasions U.S. agencies have intervened, letting al-Qaeda terrorists proceed with their plots. This alarming statement will be dismissed by some as "conspiracy theory." Yet in this chapter, I will show that this claim doesn't to arise from theory, but from facts that are true, even though they have been systemically suppressed or under-reported in the American mainstream media. I am describing a phenomenon that occurred not just

once, but repeatedly, almost predictably. We shall see that, among the al-Qaeda terrorists who were first protected and then continued their activities were the following:

1. Ali Mohamed, identified in the 9/11 Commission Report as the leader of the 1998 Nairobi Embassy bombing;

2. Mohammed Jamal Khalife, Osama bin Laden's close friend and, while in the Philippines, financier of both Ramzi Yousef (principal architect of the first World Trade Center [WTC] attack) and his uncle Khalid Sheikh Mohammed;

3. Khalid Sheikh Mohammed, identified in the 9/11 Commission Report as "the principal architect of the 9/11 attacks";

4. Khalid al-Mihdhar and Nawaf al-Hazmi, two of the alleged 9/11 hijackers, whose presence in the United States was concealed from the FBI by CIA officers for months before 9/11.

It might sound from these citations that the 9/11 Commission marked a new stage in the U.S. treatment of these terrorists, and that the report now exposed those terrorists who in the past had been protected. On the contrary, a principal purpose of my chapter is to show that

1. one purpose of protecting these individuals had been to protect a valued intelligence connection (the "al-Qaeda connection," if you will);
2. one major intention of the 9/11 Commission Report was to continue protecting this connection;
3. those on the 9/11 Commission staff who were charged with this protection included at least one commission member (Jamie Gorelick), one staff member (Dietrich Snell), and one important witness (Patrick Fitzgerald) who earlier had figured among the terrorists' protectors.

In the course of writing this chapter [Scott continues], I came to another disturbing conclusion I had not anticipated. This is that a central feature of the protection has been to defend the 9/11 Commission's false picture of al-Qaeda as an example of non-state terrorism, ignoring not just the CIA but also the royal families of Saudi Arabia and Qatar. In reality, as I shall show, royal family protection from Qatar and Saudi Arabia (concealed by the 9/11 Commission) was repeatedly given to key figures like Khalid Sheikh Mohammed, the alleged "principal architect of the 9/11 attacks." The establishment claims that the wars fought by America in Asia since 9/11 have been part of a global "war on terror." But this "war on terror" has been fought in alliance with Saudi Arabia, Qatar, and Pakistan - precisely the principal political and financial backers of the al-Qaedist networks the United States has supposedly been fighting. Meanwhile the most authentic opponents in the region of these Sunni al-Qaedists - the governments of Iraq, Libya, Syria, and Iran - have found themselves overthrown (in the case of Iraq and Libya), subverted with U.S. support (in the case of Syria), or sanctioned and threatened as part of an "axis of evil" (in the case of Iran). We should not forget that, just one day after 9/11, "Rumsfeld was talking about broadening the objectives of our response and 'getting Iraq.'"

(pp. 44-45, The American Deep State)

Clinton's daughter is now poised to work global health initiatives which I would suggest is little more than a cover for on-going terrorism "ops".

To return to Steve Colo - in the interview he speaks of a partnership between the Secret Service, the FBI, and South Carolina's SLED (State Law Enforcement Division) to open a Computer Crime Center. Bud Horton (mentioned above) (long-affiliated with IT Security; his title at Accenture was Chief technology officer of it's cyber security practice) happened to have just moved to South

Carolina from Loudoun County after being implicated in a continuing child sex scandal (see details below). Further, cyber-crime just so happens to be another of the arenas in which our Intelligence Community coordinates with the Russians: "The US cooperates with the FSB and Russia's interior ministry on counter-terrorism, organized crime, bio-terrorism, and cyber-crime." -- p. 243, Expelled: A Journalist's Descent into the Russian Mafia State, by Luke Harding) Most would interpret this quote to suggest that the nations work together to prevent these various threats. The reality is more the opposite; trust me when I say that the US doesn't work "ops" alone - the 2005 London Bombings is one notable example of a instance in which the US coordinated with also British intelligence in the perpetration of an attack.) I just tweeted this morning actually the following in regards to US coordinations with the Russians: "One must know a renowned Rus mafiaso was granted entry https://en.wikipedia.org/wiki/Vyacheslav_Ivankov#Moving_to_the_United_States … be4 the real story of today's US-Rus relations is slowly known" in response to the following comment @turndeaux: Peter Dale Scott, who writes about the Deep State, says Russia issue is "a bona fide security issue, not a diversion".

About Bud Horton and the Loudoun County matter - in attempts to make a long story short, the following email chain:

On Monday, June 26, 2017 10:57 AM, [redacted] wrote:

Sheriff Chapman,
Loudoun Count, VA

Did you ever consider that Loudoun was a target? That your community was induced to walk it's own children down the plank as compensation for what Loudoun had done to the young Dima Yakovlev? Because now child exploitation is deeply embedded within your community with your own people (your own police, your own prosecutors, your own public defenders and private attorneys) protecting this very system that will be used to take the futures of your Loudoun children (see more of the details below). Is it possible that that's how this happened, and you saw it not unfolding before your eyes? Or was it simply money and just another good enough justification?

Forwarded Message

On Monday, June 26, 2017 10:24 AM, [redacted] wrote:

Changeis,

You reported in May of 2014 that you hired Bob Richel formerly of the DEA as Vice President of Corporate Development. In an April 2014 interview by the Loudoun County Police (those in the mouth of the lion but not quite aware of it yet but to have foreseen the ways in which the 2008 death of the Russian born 21 month-old Dima Yakovlev (renamed Chase Harrison by his Purcellville, VA adoptive parents) would have been used as "justification" for a (quite profitable) counter-offensive... ) of Henry "Bud" Horton (characterized by Loudoun County as a "victim" of the recent "False statement to Law Enforcement Officer (LEO)" of him sexually exploiting the 15 year-old Anjulee Gunther), Henry "Bud" Horton named Bob Rachel as one of the DEA guys he used to work with. This takes on unusual significance in light of the below, no?

(How lovely, by the way, this following information and the ways in which it helps us understand many of the hidden influences: "Halliburton is also involved with the Russian mob. They're got sort of two things going on. One is oil and the other is drug trafficking. Halliburton is a story all by itself." (says Stan Goff, http://narconews.com/goffmccormick1.html))

On Saturday, June 24, 2017 2:43 PM, [redacted] wrote:

Mr. Satz,
State's Attorney, Broward County, Fl

I'm forwarding the below information as it pertains to Mrs. Lesley Simms and more importantly the ones with whom she continues to coordinate.

As you may know, she was once close with an individual named Matthew Horton with whom she attended George Mason University, and through Matthew, Ms. Simms became well-acquainted with Matthew's parents Henry "Bud" Horton and Sue Popovich Horton who helped secure her a position at IBM upon her graduation from GMU. Both of these latter individuals (Bud and Sue Horton) were involved in the 2007 murder of my son, and they in collusion with their son Matthew continue in the exploitation of children Anjulee and Xian Gunther. The powers that be intend now for these children to (continue to) follow in the footsteps of Ms. Simms, and to that end, I would advise that you become acquainted with (1) the ways in which Ms. Simms subsidized her law school education and off course (2) her current and related endeavors especially as they relate to drug trafficking and terror financing (see below email to Mr. Martin of the St. Augustine Record).

On Friday, June 23, 2017 8:36 AM, [redacted] wrote:

Mr. Martin,
St. Augustine Record

Quite an interesting article about the litigation between Deputy Banks and Rusty Rogers (see: Deputy Banks' attorney claims FDLE agent's credibility 'destroyed') It must also be explored, of course, that Officers Rodgers was once well respected for his investigation and exposure of a terrorist financing network that permeated the sunny state of Florida - (the NY Times reports) "Agent Rodgers joined the state's elite investigative unit, the Florida Department of Law Enforcement, where he quickly earned agent-of-the-year honors — and a meeting with the governor — for helping dismantle a terrorist financing network that stretched from Florida to the Middle East" - and that terrorism is very much a well-protected U.S. industry (see below).

God forbid some poor should get away with disrupting the delicate state of secreted operations; as you yourself report, "As written in [Plaintiff Banks'] motion: "Defendant Rodgers' false, misleading and inconsistent testimony throughout the discovery process is so pervasive and extreme, and involves so many material issues, it has destroyed Defendant's credibility on all issues..." And here we see the "whole-of-government" attempts to restore balance.

*

As for the second Secret Service agent interviewed by the IBM Center for the Business of Government, his name is Dana Brown. He just so happened to have filled out his career with the Federal Air Marshall Service (October 2003-August 2008 as Director/Chief of Staff) followed by the TSA (March 2006-January 2009 as Asst. Administrator-Law Enforcement/Integrity Officer) states his LinkedIn profile. That he worked his way around to that which was largely put in place by the 1970 9/11 mini-event seems to me rather significant although I don't see all the details yet. I also don't yet see exactly who it was that birthed this lengthy 9/11 initiative we're suffering. It seems clear, however, that it was birthed prior to 1970.

The initiative has adjusted in some ways over time, but homage to 9/11 remains strong. Certain of the people deeply involved in these manipulations thought it was kismet that an individual well-suited to head the newly ordained Department of Homeland Security (that as we all know was the result of legislation rushed through Congress in the aftermath of the 9/11 (2001) attack) was born on the magical September 11th (this is Jeh Johnson); similarly, it is again being deemed a sign that the new Director of the National Science Foundation (NSF) (chosen and positioned as she was) is first-named France (last name Cordova) and that this name so perfectly relates to US intentions to use the NSF to forward "ops" that will solidify a US-France working relationship in the same way the 2005 London Bombings helped solidify the US-British working relationship. These France going-ons are in higher gear (I've noticed) since Macron was elected but it was prepped for long ago. I was working for IBM under IBM project manager Cathie Skoog at the NSF when my third trimester pregnancy was sabotaged. The story of this sabotage and what followed is (briefly) this:

I've long-alleged that John and Avery Gunther (whose children I used to babysit) agreed to a quid pro quo exchange of financial compensation for help destroying my credibility on behalf of IBM against whom I'd filed a 2010 EEOC (Equal Employment Opportunity Commission) charge and a subsequent May 2011 civil suit.

Per the May 11, 2011 Complaint, McGuire v. John and Avery Gunther:

3. On April 6, 2011 Mr. and Mrs Gunther, with uncontrolled greed and total disregard for the rights and feelings of Ms. Nadine McGuire as well as those of their children, AFG and XWG, maliciously and with ill-intent, wrongfully completed and executed a Complaint and Motion for Preliminary Injunction requesting formal protection against Ms. Nadine McGuire.

4. Over the course of the previous few months, Mr. and Mrs. Gunther, colluding with persons against whom Ms. Nadine McGuire is currently furthering litigation, including but not limited to plaintiff's mother, Pauline Scala McGuire, and from whom they received and/or have been promised to receive monetary incentives, hid their relationships with said individuals, further lied about having those relationships in direct conversation with Ms. Nadine McGuire and Court testimony on May 4, 2011, and wrongfully completed and executed a Complaint and Motion for Preliminary Injunction against Ms. Nadine McGuire in cooperation and collaboration with said persons, resulting in the issuance of a Temporary Restraining Order against Ms. Nadine McGuire issued on April 6, 2011.

- Initial Complaint, 5/11/11, McGuire v. John and Avery Gunther, Case No.:2011 CA 003703 B, DC Superior Court, Judge Gregory Jackson presiding

In regards to the suit against IBM (McGuire v. IBM, 1:11CV528, US District Court of Virginia), the only suit in which Pauline Scala McGuire was listed as a defendant, the most important claim was one of “assault” that led to the 2007 death of my son. Per the filing:

Plaintiff, Grace Nadine McGuire, realleges the allegations of paragraphs 1-65 hereof as if fully set forth within and further alleges:

66. Defendant Palmisano's conduct in ascertaining the drug that was used on the plaintiff to end her pregnancy and take the life of her child on April 22, 2007, constitutes an intentional touching of the plaintiff by defendant Palmisano, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

67. Defendant Skoog, Susan Horton and Scala's conduct in coordinating the circumstances, creating physical proximity and the administering of the drug to the plaintiff that ended her pregnancy and took the life of her child on April 22, 2007 constituted an intentional touching of the plaintiff by said

defendants, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

... 69. As the direct and proximate result of defendant Palmisano, Skoog, Susan Horton, and Scala's conduct, the plaintiff suffered a severe placental abruption, which terminated her pregnancy and ended the life of her unborn child, causing the plaintiff to suffer damages including but not limited to the loss of her child, loss of affection, grief, sorrow, extreme mental torment and emotional distress.

- Initial Complaint, filed 5/16/11, McGuire v. IBM, et al, Case No.: 1:11CV528, US District Court of Virginia - Eastern Division, Alexandria, Judge Leonie Brinkema presiding

This is to say that John and Avery Gunther helped IBM defend against an allegation of murder, and in this way they are accomplices to a cover-up. This is also to say that the characterization provided by John and Avery Gunther in their April 2011 Superior Court filing for a Protection Order against me and their admissions in this filing of having provided derogatory information to various persons and/or entities in the DC area to include school administrators, psychologists, and law enforcement, were more to harm me, especially in my chances to hold IBM accountable, than to protect either themselves or children Anjulee and Xian Gunther.

I also long-allege that the relationship that developed from this initial quid pro quo led to John and Avery Gunther being similarly compensated for what turned into the sexual exploitation of their two daughters. For more on child sexual exploitation for the sake of personal and professional leverage, see especially the following:

Nick Bryant | The Franklin Scandal & The Elite's Pedophilia Cover Up,
https://www.youtube.com/watch?v=68gvGGPjm0o&t=978s

That the NSF won't acknowledge the abuse, and won't respond even to my FOIA requests, and otherwise has gone to extents to protect Cathie Skoog and her co-conspirators at IBM and otherwise is all that was needed to have adequately turned the organization towards the interests of the Deep State. Now it is simply a matter of the Deep State continuing to put the NSF to use.

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*

Jeffrey Epstein in context:

(As sent to the Wash Post)

I send you this in response to the recent column entitled Believe in the Process by Kenneth Starr. Perhaps rethink any public affiliation with Ken Starr; although his demeanor on paper is undoubtably consoling, it is also a bit intoxifying when it would be best now if we keep our wits about us, no?

I say this from the following perspective - Ken Starr of the Starr Report, attorney for (1) Erik Prince of Blackwater and (2) convicted pedophile Jeffrey Epstein in context:

The Starr Report buried behind salacious detail of the Lewinsky affair almost nothing of Whitewater, Travelgate, or otherwise what many consider the murder of Vince Foster (Foster, albeit the subject of a different investigation was also under the purview of attorney Starr and formal investigation of the results of Starr's investigation were drowned out by the details of the Lewinsky affair.) This is a bit strange considering the Lewinsky affair was a moral failing and not an actionable criminal one as would have been the others had any proof surfaced.

Starr later defended Blackwater against wrongful deaths suit initiated by the families of the 2004 Fallujah Ambush victims - "In October 2006, Blackwater hired one of the nation's heaviest-hitting lawyers to represent it - Kenneth Starr, the independent counsel in the 1999 impeachment of President Bill Clinton over the Monica Lewinsky sex scandal... Starr and his colleagues argued that Blackwater was "constitutionally immune" from such lawsuits and said that if the Fallujah case were allowed to proceed, "Blackwater will suffer irreparable harm." In the eighteen-page petition to the Supreme Court, Blackwater argued that there are no other such lawsuits against private military/security companies in state courts "because the comprehensive regulatory scheme enacted by Congress and the President grant military contractors like Blackwater immunity from state-court litigation." (pp. 234-235, Blackwater). (Author Ken Davis writes) "The four men had spent the night before they set off at marine base Camp Fallujah. But the men kept their distance from the leathernecks. Had they spoken to the marines, the Blackwater team might have learned that the Americans were already in the midst of a major offensive meant to assert control over the increasingly restive city, where elements of the radical Islamist movement and remnants of Saddam's army were beginning to aggressively strike back. at the American occupation" (p. 306, The Hidden History of American at War), and perhaps this is the only thing that makes sense of the fact that "Under the terms of its contract, Blackwater was supposed to supply these convoy security missions with two SUVs, each carrying three guards per vehicle; a driver, one man riding shotgun, and a third man in back with a heavy machine gun. Instead, the foursome set out that morning with just two men per car, each vehicle missing their rear gunner. The SUVs were only outfitted with a steel plate as extra armor. And the men had not been given maps." (p. 305).

Starr went on to defend Jeffrey Epstein abasing allegations of child sex trafficking - "Along with a dream team of attorneys that included Gerald Lefcourt, Roy Black, and Ken Starr, [Alan Dershowitz] was successful in getting federal investigators not to charge Epstein with moving his victims across state lines and other associated crimes. The federal non-prosecution agreement Epstein's legal team negotiated with the U.S. Attorney for the Southern District of Florida immunized all named and unnamed "potential co-conspirators" in Epstein's child trafficking network, which includes those who allegedly procured minors for Epstein and also any powerbrokers who may have molested them" (-http://gawker.com/flight-logs-put-clinton-dershowitz-on-ped…). Otherwise, Epstein's eventual 18 month sentence by the state of Florida was exceptionally light under the circumstances to include the number of victims who came forward with testimony. This is best understood in the context of children being used as a means to government-sponsored sexual blackmail and other forms of leverage.

See here Erik Prince in greater context: (the similarities between him and once (secretly) favored child Bin Laden)

The coordinations among global intelligence to make rather than eliminate terror as seen thru "assets" bin Laden (as M. Noriega before him) & Erik Prince:

About BL: "Some CIA officers will later say that [BL] serves as a semi-official liaison between the GIP [Saudi intel.] and warlords like Sayyaf."
(www.historycommons.org/entity.jsp?entity=ahmed_badeeb_1)

About EP: "Handcuffed by politics, the CIA had not been able to cultivate relationships with the key but messy leaders. Fortunately, Blackwater had no such political restrictions." (p. 54, Civilian Warriors by E. Prince)

We see also:

About BL: "Bin Laden established camps inside Khyber Pakhtunkhwa in Pakistan and trained volunteers from across the Muslim world to fight against the Soviet-backed regime, the Democratic Republic of Afghanistan" (Wikipedia)

About EP: "In his autobiography, he states that during the Yugoslav Wars in the early 1990s, he realized the need for private training facilities for special operations... Prince moved to Virginia Beach and personally financed the formation of Blackwater Worldwide in 1997. He bought 6,000 acres (24 km2) of the Great Dismal Swamp of North Carolina and set up a school for special operations" (Wikipedia)

Erik Prince is (becoming) no less an Amer. intelligence success story than bin Laden (in support of Terrorism as Geostrategy & a New World Order - see below). In short: (we note the repeating 9/11s, every 11 years): "Toward a NWO" speech by Bush #41 - Sept. 11 ('90); The WTC - Sept. 11 ('01); Benghazi - Sept. 11 ('12). (There is rhy. & reason also 2 the rise of ISIS.)

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About training camps:

I watched so to speak the creating of little torture pockets around the world as justified by Obama's desire to close Gitmo. The White House reports (2/23/16): "We'll continue to securely and responsibly transfer to other countries the 35 detainees already approved for transfer. This process involves extensive and careful coordination across our federal government to ensure that our national security interests are met when an individual is transferred to another country. We insist, for example, that foreign countries institute strong security measures." But are these not just the seeds of new training camps (growing concentrated and lauded violent temperaments) & was that not someone's exact intent?

In real-time (and as perpetrated on captured children):

3/19/14, sent to the now defunct FB page of D. Cheney:
Dick Cheney,

I wonder if it's possible that there is coordination with other countries concerning enhanced interrogation techniques, in the form of training perhaps?

Specifically, here in the United States, my sense is that there may be the use of vulnerable populations, with the intension to gain favor with and/or intimidate others, especially members of the international community.

*

And:

On Saturday, June 21, 2014 6:37 AM, [redacted] wrote:
To:[redacted]

Deputy Lyddy,

Her energy is very weak. She is physically exhausted, VERY sleep deprived, and HUNGRY.

[These were continuing experimentations in reversed-engineered SERE; the agreed upon techniques, taken from various regions of the world to be distributed to the various regions of the world, had to be deemed not torture and this is where organizations like the APA stepped in, then (during the Bush administration), and afterwards. See here for example: "And I think, you know, what's really important in the debate going forward among psychologists is the extent to which psychologists loaned their names and loaned their credentials and their Ph.D.s to this kind of activity and essentially were used by the Bush administration to provide a kind of "get out of jail free" card for the people who were, you know, doing these interrogations, because the logic, which I think Mark had mentioned, is, you know, this circular logic. So long as there are trained psychologists from the SERE program who are on site at these interrogations who are saying that these detainees can withstand this treatment, are not being harmed psychologically, then it's not torture. So, you know, you've got this sort of [inaudible] tortured — tortured logic, which is the phrase that has come up, but it's this sort of self-justifying loop in which professionals are loaning their credentials to this kind of activity. And you see the same thing in the Office of Legal Counsel, where you have, you know, lawyers loaning their credentials to approving what are clear violations of the Geneva Conventions." (https://www.democracynow.org/2009/4/21/the_story_of_mitchell_jessen_associates)]

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# Fight to reopen teen sex case against Jeff Epstein may set precedent

LOCAL By Jane Musgrave - Palm Beach Post Staff Writer

34

Jeffrey Epstein, the wealthy Palm Beach resident charged with having teenage girls give him sexual massages, pleaded guilty to prostitution solicitation charges in Palm Beach County Circuit Court on June 20, 2008. (Uma Sanghvi / The Palm Beach Post)

Posted: 8:00 a.m. Saturday, August 26, 2017

WEST PALM BEACH — Nearly 10 years after billionaire Jeffrey Epstein signed a plea deal that let him escape federal prosecution on charges of sexually abusing dozens of teenage girls at his Palm Beach mansion, the 64-year-old politically-connected money manager faces the possibility that the agreement could be thrown out.

In court papers filed this month, attorneys representing two of the 30 young women prosecutors say Epstein molested lodged their final written pleas aimed at spurring U.S. District Judge Kenneth Marra to force federal officials to reopen their investigation into the sordid case.

U.S. government lawyers in September will have another chance to defend themselves against allegations that they violated the federal Crime Victims' Rights Act by failing to alert Epstein's victims of the terms of what some describe as a "sweetheart deal." Marra could make a decision as early as this fall.

The stakes for all crime victims are high, said attorneys Bradley Edwards and Paul Cassell, who filed the rare lawsuit against the federal government on behalf of two Jane Does who were 13 and 14 when they claim Epstein paid them for sex.

If Marra dismisses the lawsuit, "then the government will never have to give *any* information in *any*



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case to *any* victim," they wrote, urging him to uphold the provisions of the 13-year-old federal law.

At the same time, the stakes are equally high for Epstein, who has ferried President Bill Clinton on his private jet and counts celebrities, such as Britain's Prince Andrew, as friends.

Marra has already ruled that if he finds that federal prosecutors violated the act, he will consider throwing out the plea deal that Epstein signed with federal prosecutors in 2007. Miami attorney Roy Black, one of dozens of high-profile lawyers who has represented Epstein, claims that would be manifestly unfair.

As part of the unusual non-prosecution agreement, which wasn't shared with victims for nearly a year while and after it was being negotiated, federal prosecutors agreed not to pursue charges that could have sent Epstein to prison for life. In exchange, Epstein in 2008 pleaded guilty in Palm Beach County Circuit Court to two Florida criminal charges — one count each of soliciting a minor for prostitution and soliciting prostitution. He served 13 months of an 18-month sentence in a vacant wing of the county stockade — a cell he was allowed to leave 16 hours a day, six days a week.

Epstein, who now spends most of his time on his private island in the U.S. Virgin Islands, also is required to register as a sex offender for the rest of his life. In addition, as part of the plea deal, he paid roughly 30 women, who were identified by prosecutors as his victims, undisclosed amounts of money to settle civil lawsuits they had filed against him.

To throw out the deal after Epstein has been punished would rob him of his constitutional right to due process, Black wrote in court papers. "If a defendant lives up to his end of the bargain, the government is bound to perform its promises," he wrote, quoting a prior court decision.

However, Edwards and Cassell claim that because federal prosecutors didn't confer with their clients about the plea deal before it was made, they violated the law and that makes the non-prosecution agreement illegal. They cited examples where plea deals have been invalidated after judges later found prosecutors violated the crime victims' rights law.

In most of the cases they cited, the mistakes were the result of oversights. But Edward and Cassell wrote, "The undisputed facts of this case prove that, rather than forthrightly discharging its obligations to numerous child sexual assault victims, the government chose to enter into a secret deal with the man who had victimized them."

Federal prosecutors have said they didn't reveal the terms of the non-prosecution agreement because they feared Epstein and his high-powered attorneys were trying to circumvent it. Still, Edwards and Cassell, said there was no justification for the secrecy.

"The government's conduct here was particularly egregious, because it repeatedly found time to confer with attorneys for Epstein — the man who sexually abused the victims," they said of emails and meetings between federal prosecutors, including U.S. Labor Secretary Alex Acosta, who was then U.S. attorney for South Florida.

In an affidavit, Edwards said Assistant U.S. Attorney Marie Villafana, who was handling Epstein's case, had numerous chances to tell him and the young women he represented about the non-prosecution agreement. Instead, four months after the agreement was signed in September 2007, federal officials wrote victims letters, assuring them the case was still under investigation.

"This can be a lengthy process and we request your continued patience while we conduct a thorough investigation," officials wrote in a January 2008 letter to Edwards' clients.

In court papers, Villafana said she alerted Edwards the day before Epstein was to plead guilty in circuit court, hoping that Edwards, his clients and other alleged victims would attend the hearing. But Edwards said neither he nor the young women had any idea that the plea in state court meant Epstein wouldn't be prosecuted for federal crimes.

"The victims (and their attorneys) could hardly have expected that the prosecutors and the man who had sexually abused them would be working together to conceal an arrangement that would prevent his prosecution for crimes against them," Edwards and Cassell wrote.

While Judge Marra could allow a jury to decide the complex case, prosecutors are asking him to toss the women's lawsuit and end the litigation.


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Edwards and Cassell instead want him to rule that prosecutors violated the Crime Victims' Rights Act. Once that determination is made, Marra could then decide what remedies to impose, the two lawyers argue.

Under the act, neither of their clients can seek "damages" from the government but the attorneys have suggested Marra could order the government to pay the women restitution, impose a monetary sanction and pay their legal fees.

Still, Cassell insisted: "This isn't about money, it's about justice."

Cassell, who is a law professor at the University of Utah, said the case is being watched closely by victims' rights advocates along with federal lawmakers who pushed the legislation through Congress and have publicly questioned prosecutors' handling of Epstein's case.

A decision ordering federal prosecutors to reopen the investigation could establish a national precedent, he said. "It will be a big win for the victims," Cassell said. "That's the way we look at it."

## About the Author

JANE MUSGRAVE

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## Reader Comments 34

## Next Up in Local

**NEW: 3 things to know from Wellington council meeting Tuesday**

*by Kristina Webb, Palm Beach Post Staff Writer*

Here are three things to know after Tuesday night's Wellington council meeting: 1. The village council held its final vote and approved the coming fiscal year's tax rate, 2.43, and $110 million budget. Though the tax rate is down from this year's 2.44, residents still will see a slight increase in their tax bills because property...

**BREAKING: 27 years later, arrest in Wellington clown fatal shooting**

*by Hannah Winston, Palm Beach Post Staff Writer*

For 27 years, investigators thought Sheila Keen had something to do with the clown who drove up to a



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Wellington home with flowers, balloons and a gun, and killed 40-year-old Marlene Warren. They believed Keen was having an affair with Michael Warren, Marlene's widow. They subpoenaed her then-husband and mother-in-law.The type of balloons found...

### Jealous Florida woman stabs boyfriend at block party, police say

*by Sandra Nortunen, Palm Beach Post Staff Writer*

A 23-year-old Florida woman upset that her boyfriend was speaking to another woman at a party decided to stab him in the chest, news reports stated. Lashamera Yvette Smith and her boyfriend were out at a bar Friday night before they ended up at a block party during the wee hours of the following day, Volusia County Sheriff's Office investigators...

### Boca board to buy golf course, re-brand it as 'Boca National Golf Club'

*by Lulu Ramadan, Palm Beach Post Staff Writer*

A Boca Raton taxing district has city support for buying a dilapidated golf course for $24 million, with plans to revitalize and re-brand it as "Boca National Golf Club." Talk of the Greater Boca Raton Beach and Park District — a taxing body independent of the city of Boca Raton — buying Ocean Breeze Golf Club, a 27-hole course...

### Trump and fellow Palm Beacher, friend Robert Kraft at odds over anthem issue

*by John Bisognano, Palm Beach Post Staff Writer*

The next time President Donald Trump and fellow part-time Palm Beacher Robert Kraft, owner of the New England Patriots, share a meal at Trump's Winter White House, Mar-a-Lago, there may be some awkward moments. While the two have forged a close friendship over the years, and Kraft has donated $1 million dollars to Trump's inauguration...

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## *Popular in News*

1. Clown killing: Wellington woman murdered by clown never caught
2. BREAKING: 27 years later, arrest made in fatal shooting by clown
3. Renovations at three of Boynton Beach's restaurant destinations



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# 60 Years of Investigative Satire:
## The Best of Paul Krassner

### Introduction by Andy Borowitz

### Blurb by Art Spiegelman

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## What They Say About the Author

"Paul's own writing, in particular, seemed daring and adventurous to me; it took big chances and made important arguments in relentlessly funny ways. I felt, down deep, that maybe I had some of that in me, too; that maybe I could be using my skills to better express my beliefs. *The Realist* was the inspiration that kept pushing me to the next level; there was no way I could continue reading it and remain the same."

--George Carlin

"Paul Krassner--confidant of Lenny Bruce, co-founder of the Yippies, defiler of Disney characters, publisher of *The Realist*, and investigative satirist extraordinaire. As soon as we decided to create the *Huffington Post,* I knew I wanted him involved. His irreverence was just what the blog doctor ordered."

--Arianna Huffington

"Thanks to Paul Krassner for continuing to be the lobster claw in the tuna casserole of modern America."

--Tom Robbins

"Krassner loves ironies, especially stinging ironies that nettle public figures. He would rather savor a piquant irony about a public figure than eat a bowl of fresh strawberries and ice cream."

--Ken Kesey

"I told Krassner one time that his writings made me hopeful. He found this an odd compliment to offer a satirist. I explained that he made supposedly serious matters seem ridiculous, and that this inspired many of his readers to decide for themselves what was ridiculous and what was not. Knowing that there were people doing that, better late than never, made me optimistic."

--Kurt Vonnegut

"Mr. Krassner is an expert at ferreting out hypocrisy and absurdism from the more solemn crannies of American culture."

--*The New York Times*

"Krassner has the uncanny ability to alter your perceptions permanently."

--*The Los Angeles Times*

"He has lived on the edge so long, he gets his mailed delivered there."

--*San Francisco Chronicle*

"Krassner lives in a world where Truth and Satire are swingers, changing partners so often you never know who belongs with whom."

--*Playboy*

"Perhaps the satire magazine that most closely resembles *Charlie Hebdo* in terms of inflammatory imagery was *The Realist*, created by Paul Krassner…"

--*Time*

"Paul taught me that extreme stylistic accuracy could make even the most bizarre comedic concept credible. He is a unique character on the American landscape. A self-described 'investigative satirist,' he straddles the lines between politics, culture, pornography and drugs -- in other words, the land where all of us, were we really honest with ourselves, would choose to dwell."

--Harry Shearer

"I have been a fan of his since I was a snot-nosed kid, and his words have been a driving force and influence on my life. If you have read his work before, you know the joys that you are in for. If you haven't, start reading, and consider this your lucky day. For Paul Krassner is an activist, a philosopher, a lunatic and a saint, but most of all he is funny."

--Lewis Black

Many of the pieces in this collection originally appeared in *The Realist, High Times, AVN, N.Y. Press, National Lampoon, The Nation, L.A. Times, Whole Earth Review, Huffington Post, Alternet, CounterPunch,* and *Truthdig.* Several pieces have not been published before, but only for this collection.

For George Carlin, who continues to serve as a satirical touchstone

* * *

"Hypocrisy is better than having no values at all."

--William Bennett, former education czar,
drug czar, morality czar and gambling czar

"MTV actually told us, 'You can make fun of God because he doesn't exist, but you can't make fun of Jesus because he's God's son.'"

--Vernon Chatman & John Lee,
quoted in *Satiristas!*

* * *

**Other Books by Paul Krassner**

*How a Satirical Editor Became a Yippie Conspirator in Ten Easy Years*

*Best of The Realist [Editor]*

*The Winner of the Slow Bicycle Race*

*Impolite Interviews*

*Psychedelic Trips For the Mind [Editor]*

*Magic Mushrooms and Other Highs: From Toad Slime to Ecstasy [Editor]*

*Murder At the Conspiracy Convention and Other American Absurdities*

*One Hand Jerking*

*Tales of Tongue Fu*

*In Praise of Indecency: Dispatches From the Valley of Porn*

*Who's to Say What's Obscene: Politics, Culture and Comedy in America Today*

*Pot Stories for the Soul: An Updated Edition for a Stoned America [Editor]*

*Confessions of a Raving, Unconfined Nut: Misadventures in the Counterculture*

*Patty Hearst and the Twinkie Murders: A Tale of Two Trials*

*The Realist Cartoons [Editor]*

## About the Author

Paul Krassner published *The Realist* (1958-2001), but when *People* magazine labeled him "father of the underground press," he immediately demanded a paternity test. And when *Life* magazine published a favorable article about him, the FBI sent a poison-pen letter to the editor calling Krassner "a raving, unconfined nut." George Carlin responded, "The FBI was right. This man is dangerous—and funny; and necessary." While abortion was illegal, Krassner ran an underground referral service, and as an antiwar activist, he became a co-founder of the Yippies (Youth International Party). Krassner's one-person show won an award from the *L.A. Weekly.* He received an ACLU (Upton Sinclair) Award for dedication to freedom of expression. At the Cannabis Cup in Amsterdam, he was inducted into the Counterculture Hall of Fame — "my ambition," he claims, "since I was three years old." He's won awards from *Playboy*, the Feminist Party Media Workshop, and in 2010 the Oakland branch of the writers organization PEN honored him with their Lifetime Achievement Award. "I'm very happy to receive this award," he concluded in his acceptance speech, "and even happier that it wasn't posthumous."--paulkrassner.com

## Introduction by Andy Borowitz

To come . . .

## Table of Contents


***THE EARLY YEARS--***

**From Carnegie Hall to *MAD* Magazine**
**A Child's Primer on Telethons—**
**Sex Education For the Modern Catholic Child—**
**A Children's Primer on Fighting Communism--**
**A Child's Primer on Divorce—**

***RELIGION FOR DUMMIES--***

**Pope Endorses Condoms—**
**I Ran an Underground Abortion Referral Service—**
**There Are No Atheists in the White House—**

***THE SEX LIFE OF PRESIDENTS & OTHERS--***

**The Parts Left Out of the Kennedy Book—**
**A Sneak Preview of Richard Nixon's Memoir—**
**Why I Leaked the Anita Hill Affidavit—**
**President Clinton's Private Confession—**
**The Autobiography of Monica Lewinsky—**
**Sarah Palin's Reality Sitcom—**

***SUBCULTURES --***

**And Whose Little Monkey Are You?—**
**The Mime and the Pacer—**
**Johnnie Cochran Meets Dr. Hip—**
**Jealousy At the Swingers Convention—**
**Life Among the Neo-Pagans—**
**Murder At the Conspiracy Convention—**
**Swimming in the Dead Pool--**
**Trashing the Right to Read--**
**Welcome to Camp Mogul—**

***HIGHER THAN THOU—***

**Checkmating With Pawns—**
**Tim Leary, Ram Dass, and Me—**
**Remembering Scott Kelman—**
**The 20th Anniversary of the Summer of Love—**

***POLITICS—***

**The Last Election—**
**A Letter to Barack Obama—**
**Unsafe at Safeway—**
**The Yippies and the Occupiers—**

***PORN AGAIN—***

**Remembering Pubic Hair--**
**The Taste of Sperm—**
**Eating Shit For Fun and Profit—**
**"I Fuck Dead People" —**

***COMEDIANS***

**Remembering Lenny Bruce--**
**My Acid Trip With Groucho Marx--**
**Remembering George Carlin--**
**Roasting With Robin--**
**Remembering Dick Gregory--**
**The Missing Episode of Seinfeld--**

***THE LATER YEARS—***

**Are Rape Jokes Funny?**
**Words and Phrases That I've Coined—**
**My Brother's Secret Space Communication Projects—**
**The Six Dumbest Decisions of My Life—**
**Alternative Facts—**
**I Played Thomas Jefferson's Violin—**

# *THE EARLY YEARS*

**From Carnegie Hall to *MAD* Magazine**

I first woke up at the age of six.

It began with an itch in my leg. My left leg. But somehow I knew I wasn't supposed to scratch it. Although my eyes were closed, I was standing up. In fact, I was standing on a huge stage. And I was playing the violin. I was in the middle of playing the "Vivaldi Concerto in A Minor." I was wearing a Little Lord Fauntleroy suit–ruffled white silk shirt with puffy sleeves, black velvet short pants with ivory buttons and matching vest–white socks and black patent-leather shoes. My hair was platinum blond and wavy. On this particular Saturday evening–January 14, 1939–I was in the process of becoming the youngest concert artist in any field ever to perform at Carnegie Hall. But all I knew was that I was being taunted by an itch. An itch that had become my adversary.

I was tempted to stop playing the violin, just for a second, and scratch my leg with the bow, yet I was vaguely aware that this would not be appropriate. I had been well trained. I was a true professional. But that itch kept getting fiercer and fiercer. Then, suddenly, an impulse surfaced from my hidden laboratory of alternative possibilities, and I surrendered to it. Balancing on my left foot, I scratched my left leg with my right foot, without missing a note of the "Vivaldi Concerto."

Between the impulse and the surrender, there was a choice—-I had *decided* to balance on one foot–and it was that simple act of choosing which triggered the precise moment of my awakening to the mystery of consciousness. *This is me!* The relief of scratching my leg was overshadowed by a surge of energy throughout my body. I was being engulfed by some kind of spiritual orgasm. By a wave of born-again ecstasy with no ideological context. No doctrine to explain the shock of my own existence. No dogma to function as a metaphor for the mystery. Instead, I woke up to the sound of laughter.

I had heard that sound before, sweet and comforting, but never like this. Now I could hear a whole *symphony* of delight and reassurance, like clarinets and guitars harmonizing with saxophones and drums. It was the audience laughing. I opened my eyes. There were rows upon rows of people sitting out there in the dark, and they were all laughing together.

They had understood my plight. It was easier for them to identify with the urge to scratch than with a little freak playing the violin. And I could identify with *them* identifying with me. I knew that laughter felt good, and I was pleased that it made the audience feel good–but I hadn't *intended* to make them laugh. I was merely trying to solve a personal dilemma. So the lesson I woke up to–this totally nonverbal, internal

*buzz*–would serve as my lifetime filter for perceiving reality and its rules. If you could somehow translate that buzz into words, it would spell out: *One person's logic is another person's humor*.

I finished playing "Vivaldi" by rote. Then I bowed to the audience and walked off stage. The applause continued, and I was pushed back on stage by my violin teacher, to play an encore, "Orientale." I had previously asked him–while rehearsing the encore–why it wasn't listed on the program since we already knew that I would play it at the concert. But instead of answering my question, he poked me in the chest, verbalizing each poke: "Violin *up!* Violin *up!*" Now, while playing "Orientale," I heard the echo of his voice, and I automatically raised my violin higher.

Then I popped my ears and the music sounded clearer. I wondered if it sounded clearer to the audience too. They had no idea that their laughter had woken me up. I was overwhelmed by the notion that everybody in the audience had their own individual *This-is-me*, but maybe some of *them* were still asleep and didn't know it. How could you tell who was awake and who was asleep? After all, I hadn't known that *I* was asleep, and look what I accomplished *before* I woke up. If it hadn't been for that itch, I might *still* be asleep.

There was, of course, an objective, scientific explanation for what happened on the stage of Carnegie Hall. According to a textbook, *Physiological Psychology*, "It is now rather well accepted that 'itch' is a variant of the pain experience and employs the same sensory mechanisms." But for me, something beyond an ordinary itch had occurred that night.

It was as though I had been zapped by the god of Absurdity. I didn't even know there was such a concept as absurdity. I simply experienced an overpowering awareness of *something* when the audience applauded me for doing what I had learned while I was asleep. But it was only when they laughed that we had really connected, and I imprinted on that sound. I wanted to hear it again. I was hooked. And the first laugh was free.

A couple of decades later, as if it was inevitable, I sold a few freelance pieces to *Mad* magazine. But when I suggested a satire on the pros and cons of unions, the editor wasn't interested in even seeing it because the subject was "too adult." Since *Mad*'s circulation had already gone over the million mark, publisher Bill Gaines intended to keep aiming the magazine at teenagers.

"I guess you don't wanna change horses in midstream," I said.

"Not when the horse has a rocket up its ass," Gaines replied.

And that moment served as the conception of an irreverent magazine for grown-ups, *The Realist . . .*

## A Child’s Primer on Telethons

See the tired man. He has been up all night. He is running a telethon. He wants the people to send money. It is for leukemia. That is a disease. Little children like you can catch it. Evil.

See the sexy girl. She is a singer. She doesn't know whether the telethon is for leukemia or dystrophy or gonorrhea. Her agent got her the booking. She needs the exposure. Notice her cleavage.

See the handsome man. He *does* know that it's for leukemia. You can tell. He is singing a calypso melody. Listen to the lyrics. “Give-your-money,” he sings, “to-leukemia. Give-your-money, to-leukemia.” Listen to the audience applaud. He is very talented.

See the sincere politician. He is running for reelection in November. He is against leukemia. He is willing to take an oath against it. That proves he is against it.

See the wealthy businessman. He is making a donation. He wants his company's name mentioned. Then we can buy his product. Then he will make profits. Then he can make another donation next year. Splendid.

See the little boy. He has leukemia. Too bad for him. The nice lady is holding him up to the TV camera. Aren't you glad it's not you? But wouldn't you like to be on television? Maybe you can fall down a well.

See the pretty scoreboard. It tells how much money they get. They want a million dollars. Uncle Sam has many millions of dollars. He cuts medical research funds by more than seven million dollars. Why? He needs the money for more important things.

See the mushroom cloud. That costs lots of money. It has loads of particles. They cause leukemia. Money might help to find a cure. That is why we have telethons.

See the tired man . . .

## Sex Education For the Modern Catholic Child

This is a diaphragm. Women use it when they don't want to have a baby. That is very immoral. Why, you ask? Because it is artificial, that's why. But never fear. There are other methods to prevent conception. They are very moral. Why, you ask? Because they are natural, that's why.

This is big brother's pajama bottoms. He had a nocturnal emission last night. What a shame. It woke him up. But see the semen stain. It has millions of dead sperms. They were killed the natural way.

This is his sister's sanitary napkin. It doesn't look very sanitary any more, does it? There is an ovum somewhere in that bloody mess. But it will never be fertilized. It will be flushed down the toilet bowl. That's the natural way, too.

This is a baby. It was born dead. Every day in the U.S.A., 136,000 infants are stillborn or die within a month. Now suppose their Mommies and Daddies had interfered artificially with the process of procreation. God's purpose would never have been achieved. Just think what a tragedy that would've been. But at least some of the dead babies were baptized. That's the natural way.

This is a special calendar. It marks off menstrual periods. That' s for the rhythm system of not having babies. A husband and his wife are in bed. They start to make love. Then they get out of bed. Because they have to look at the calendar. That' s the natural way.

This is a husband and wife who don' t want to have a baby yet. But the calendar says that the time is fertile. So they stop making love. Because one thing would lead to another. Ask [advice columnist] Dorothy Dix. She should know. She tried it once with [advice columnist] Dr. Crane. Just to prove her theory. Later she had to write to his Worry Clinic. She was worried because she missed her period. She missed it very much.

This is a husband and wife who *do* want to have a baby. But the calendar says that the time is sterile. Lucky for them they have a calendar. It saves them from having unnecessary intercourse. Unless they like to gamble on having unwanted babies. That' s the natural way.

This is a confessional booth. There is a screen in the middle. The person on one side is a priest. The person on the other side is a confessor. He is confessing that he has had evil thoughts. The priest tells him that to have an evil thought is evil. It is just as evil as committing the evil act that the evil thought is about. Priests never have evil thoughts themselves. They

don't have to. They have an ample supply of other people's evil thoughts to draw upon.

This is the husband and his wife again. The ones who don't want to have a baby yet. Now the calendar says that the time is sterile. How convenient. Now they can make love without stopping. And without worrying. But they're good, consistent Catholics. And so they *are* worrying. Because they know that evil thoughts are evil. Their evil thought is to have intercourse but to avoid having a baby. They can't be *sure* they won't have a baby--that's why the rhythm system is moral--but the *intention* is there. Tomorrow they will go to confession.

**Postscript:**

I wrote the above piece in 1958 (before the Pill), and it turned out to be theologically correct in 1984, when Pope John Paul II warned that the rhythm method of birth control can be "an abuse if the couple is seeking in this way to avoid children for unworthy reasons."

## A Child’s Primer on Fighting Communism

Now we are going to have some fun fighting Communism. Let us play a game of Make Believe. Close your eyes and concentrate. We are going to pretend that Red China doesn’t exist. They are the Bad Guys. Because they make people slaves.

Nationalist China is different. They are the Good Guys. There, hundreds of thousands of little unwanted children are sold. They work in coal mines. Then they are wanted. The older girls work in brothels. How nice to be so wanted. Open your eyes now. Anyone around our base is *it*.

Fidel Castro says Cuba is a socialist state. That proves they are Communists. But we knew it before. You could tell by the way Castro and Khrushchev hugged each other. So we stopped buying sugar from Cuba. Now other countries buy sugar from Cuba.

Iran has bought 10,000 tons of sugar from Cuba. Iran gets a lot of economic and military aid from us. So we are helping Cuba anyway. Maybe we should trade tractors for prisoners then. But we will fool them. We will put treads on all the old Edsels that didn’t sell.

There are Communists in the United States too. They are dangerous. So the Supreme Court says they have to register as foreign agents. Otherwise they have to go to jail. So they register as foreign agents. Then they have to go to jail under the Smith Act.

So the Communist Party isn't very much fun to belong to any more. But there's a way to belong without going to jail. You have to join the FBI first. Most of the members do it that way. J. Edgar Hoover is the head of the Communist Party.

Why are Communists such a threat to us? Because they advocate the violent overthrow of the government. That is why Governor Rockefeller wrote his name on the bottom of a new law. Now anyone who gets convicted in Federal Court for advocating the violent overthrow of the government will lose his driver's license.

That law was passed in April 1961. But on the 4th of July holiday the United States broke all previous traffic accident records. More people got killed in cars than ever before. The roads are still full of dangerous Communist spies.

How can we defeat Communism all over the world? By foreign aid. That turns Neutral Guys into Good Guys. Meanwhile there is a great big famine in Red China. So Canada will ship wheat to them. But special

machinery is needed for this. It is made in America. And the U.S. Justice Department doesn't allow such sales. Because Bad Guys deserve to starve. Everybody knows that. Especially the Neutral Guys.

So Canada shouldn't be mad at us. Didn't President Kennedy plant a tree there? That's personal diplomacy. It has nothing to do with hungry human beings in Red China. The way to avoid feeling guilty about suffering people is just don't recognize them.

## A Child's Primer on Divorce

Oh, look. Mommy and Daddy are having another fight. Is it just an attention-getting device this time? Listen. They are having an adult discussion. They are agreeing on a separation. That means you will come from a broken home. What a shame. Even if they fight all the time they should stay together for your sake. Now you will be insecure.

Mommy and Daddy are modern people. They drink Pepsi-Cola. They also have a modern marriage. They left the word "obey" out of their wedding ceremony. Wasn't that modern? But they didn't leave out the words "love" and "honor." Mommy and Daddy are only modern, not avant-garde. They left "till death do us part" in the ceremony, too. But they are going to get a divorce anyway. They don't have to *obey* their marriage vows. Lucky thing they left out that word.

What is to be done to keep Mommy and Daddy together? The *Ladies' Home Journal* will help. They have a regular feature in their magazine. It is called "Can This Marriage Be Saved?" Readers send in Betty Crocker boxtops and try to guess the correct answer.

Maybe Mommy and Daddy will go on television. There is a program all about *Divorce Court*. Dr. Paul Popenoe is the master of ceremonies. He

wears glasses. Sometimes while the commercial is on, the actors have reconciliation. It is a real fun show.

Mommy and Daddy live in New York State. To get a divorce there, one of them has to commit adultery. Daddy has a tryst with a girl. Mommy raids the joint. She brings along a photographer. Mommy has secretly been having an affair with the photographer. What Daddy doesn't know won't hurt him. He always wanted to be on Page 3 of the *Daily News* anyhow. Mommy made sure that his undershorts were ironed.

Benjamin Brenner lives in Brooklyn. He is a Supreme Court Justice there. He makes decisions. He decided that raiding the joint is illegal from now on. Unless you have a search warrant. Then it's legal, but you have to knock first and say, "Benny sent me." This new rule doesn't count for hotel rooms. Then it's okay to raid the joint. So Daddy better get his own apartment. Judge Brenner is really under the thumb of real-estate agents.

There is another way. Mommy can go to Reno. She lives there for six weeks. That is called "establishing residence." Reno is Keno but Alabama is Clamor. Same-day service. The Chamber of Commerce invites lawyers to practice there. They are promised the run of the divorce mill. More people are traveling to Alabama than ever before. They are called Freedom Riders.

Here comes the governor of New York. See him eat the potato knish. He wants to get a divorce. He will establish residence in another state. But then he can't be governor. Instead he will get a divorce in New York. But you know what that means. Dirty, dirty. Some deserving Young Republican girl will get the assignment. This is known as political patronage. The governor has a horny dilemma, though. Either he commits scandal or he commits perjury. Maybe he will propose a new law.

*RELIGION FOR DUMMIES*

## Pope Endorses Condoms

When I was a kid, condoms were called prophylactics, prophylactics were called rubbers, and rubbers were called scumbags. My friends and I would find used scumbags in a vacant lot or in the alley between buildings. Once, while snooping, I found a large package of unused prophylactics in my father's sock drawer. It must have held a dozen. Now there were nine left. Each was tightly rolled, bound by a miniature cigar-like band. I selected one, took the band off, and carefully unrolled it.

There was a legend imprinted on the prophylactic: "Sold in Drug Stores Only For the Prevention of Disease." What hypocrisy! They were sold for the prevention of *pregnancy*, which is a condition, not a disease. The irony is that now condoms *don't* carry that message but they *are* used for the prevention of disease. Anyway, I tried to re-roll my father's prophylactic and stuff it back into the band, but it was a losing battle, so I decided not to put it back in the package, figuring that my dad wasn't counting his condoms and would never know.

As an adolescent, I found that purchasing condoms was a traumatic experience. I would buy other stuff to avoid being embarrassed. "I'd like a *Batman* comic book, and this Snickers candy bar, and [*whispering*] a

pack of Trojans, and a tube of Crest toothpaste, please." But four decades later there were huge billboards, warning: "If you can't say no, use condoms." However, an executive of the Gannett Outdoor Advertising Company confirmed that they held off putting up those signs until after a visit by the Pope.

Members of the Roman Catholic Church hierarchy have been faced with an interesting dilemma. On the one hand, they are opposed to condoms as an artificial method of birth control. On the other hand, they are aware that condoms can serve as a protection against AIDS. But a group of bishops issued a statement that educational programs which include information about condoms should also stress that they are morally incorrect.

That's sort of like in the Watergate scandal when Richard Nixon said, "We could get the million dollars—but that would be *wrong*."

Coincidentally, in November 2010, while the porn industry in California was being pressured to require all male actors to wear condoms to prevent AIDS, in the Vatican it was revealed that, for the exact same reason, Pope Benedict--in his official capacity as the Church's chief spin doctor--went on record proclaiming that under some circumstances it might be acceptable for a (male) prostitute to use a condom.

"There can be single justified cases," he rationalized, "for example, when a prostitute uses a condom, and this can be a first step toward a moralization, a first act of responsibility in developing anew an awareness of the fact that not everything is permissible and that we cannot do everything we want. However, this is not the best way to overcome the infection of HIV. It is really necessary to humanize sexuality."

Daniel Maguire, author of *Sacred Rights: The Case for Contraception and Abortion in World Religions*, observed that the pope's change in policy represents a significant "crack in the dike" of Catholic opposition to condom use. The opposition stems from Catholic dogma that sex is for reproduction, and nothing should interfere with that.

An issue of *The Realist* reprinted an article from the *London Observer,* which began: "Three Roman Catholic theologians have expressed the opinion that, in times of revolution and violence, it is lawful for women, particularly for nuns, to take contraceptive pills and precautions against the danger of becoming pregnant through rape."

On that same page was our *Rumor of the Month*: "So-called 'flying saucers' are actually diaphragms being dropped by nuns on their way to Heaven."

## I Ran an Underground Abortion Referral Service

When abortion was illegal, women had no choice but to seek out back-alley butchers for what should have been a medical procedure in a sterile environment. If there was a botched surgery and the victim went to a hospital, the police were called and they wouldn't allow the doctor to provide a painkiller until the patient gave them the information they sought.

In 1962, there was an article in *Look* magazine that stated, "There is no such thing as a 'good' abortionist. All of them are in business strictly for money." But in an issue of *The Realist*, I published an anonymous interview with Dr. Robert Spencer, a truly humane abortionist, promising that I would go to prison sooner than reveal his identity.

He had served as an Army doctor in World War I, then became a pathologist at a hospital in Ashland, Pennsylvania. He went down into the shafts after a mine accident, and aided miners to obtain Workmen's Compensation for lung disease. At a time when 5,000 women were killed each year by criminal abortionists who charged as much as $1500, his

reputation had spread by word-of-mouth, and he was known as "The Saint." Patients came to his clinic in Ashland from around the country.

I took the five-hour bus trip from New York to Ashland with my gigantic Webcor tape recorder. Dr. Spencer was the cheerful personification of an old-fashioned physician. He wore a red beret and used folksy expressions like "by golly." He had been performing abortions for 40 years. He started out charging $5, and never more than $100. He rarely used the word *pregnant*. Rather, he would say, "She was *that way*, and she came to me for help."

Ashland was a small town, and Dr. Spencer's work was not merely tolerated; the community *depended* on it—the hotel, the restaurant, the dress shop—all thrived on the extra business that came from his out-of-town patients. However, he built facilities at his clinic for African-American patients who weren't allowed to obtain overnight lodgings elsewhere. The walls of his office were decorated with those little wooden signs that tourists like to buy. A sign on the ceiling over his operating table said *Keep Calm*.

Here's an excerpt from our dialogue:

*Q. Do you have any idea about how many actual abortions you're performed during all these years?*

A. To be accurate, it' s 27,006

*Q. Have medical people come to you, who would otherwise shun you?*

A. Oh, yes, I' ve had medical people who bring me their wives, and I' ve had quite a few medical people send me patients.

*Q. But they wouldn' t perform the operation themselves?*

A. No, they' d never perform it, and just exactly what their attitude would be, I don' t really know. Some of them, I presume, were absolutely against it, because I' ve had ministers, and they' d bring me their daughters or their nieces.

*Q. Have police come to you for professional services?*

A. Oh, yes, I' ve had police in here, too. I' ve helped them out. I' ve helped a hell of a lot police out. I' ve helped a lot of FBI men out. They would be here, and they had me a little bit scared--I didn' t know whether they were just in to get me or not.

*Q. What would you say is the most significant lesson you' ve learned in all your years as a practicing abortionist?*

A. You' ve got to be careful. That' s the most important thing. And you' ve got to be cocksure that everything' s removed. And even the uterus speaks to you and tells you. I could be blind. You see, this is an

operation no eye sees. You go by the sense of feel and touch. The voice of the uterus. But the only thing I can see is hypocrisy, hypocrisy. Everywhere I look is hypocrisy, Because the politicians--and I' ve had politicians in here--they still keep those laws in existence, but yet, if some friend of theirs is in trouble...

Even priests came to his clinic with the housekeepers they had impregnated. As if to retroactively approve of such hypocrisy, the *Colorado Independent* reported in 2013 that "A chain of Catholic hospitals has beaten a malpractice lawsuit by saying that fetuses are not equivalent to human lives." Their attorneys argued that in cases of wrongful death, the term "person" only applies to individuals born alive, and not those who die in utero.

After the issue of *The Realist* featuring that interview with Dr. Spencer was published, I began to get phone calls from scared female voices. They were all in desperate search of a safe abortionist. It was preposterous that they should have to seek out the editor of a satirical magazine, but their quest so far had been futile, and they simply didn't know where else to turn.

With Dr. Spencer's permission, I referred them to him. At first there were only a few calls each week, then several every day. I had never

intended to become an underground abortion referral service, but it wasn't going to stop just because in the next issue of *The Realist* I would publish an interview with somebody else.

A few years later, state police raided Dr. Spencer's clinic and arrested him. He remained out of jail only by the grace of political pressure from those he'd helped. He was finally forced to retire from his practice, but I continued mine, referring callers to other physicians that he had recommended. Occasionally I would be offered money by a patient, but I never accepted it. And whenever a doctor offered me a kickback, I refused, but I also insisted that he give a discount for the same amount to those patients referred by me.

Eventually, I was subpoenaed by district attorneys in two cities to appear before grand juries investigating criminal charges against abortionists. On both occasions I refused to testify, and each time the D.A. tried to frighten me into cooperating with the threat of arrest.

In Liberty, New York, my name had been extorted from a patient by threatening *her* with arrest. The D.A. told me that the doctor had confessed everything and they got it all on tape. He gave me until two o'clock that afternoon to change my mind about testifying, or else the police would come to take me away.

"I'd better call my lawyer," I told him.

I went outside to a public phone booth and called, not a lawyer, but the doctor.

"That never happened," he said.

I returned to the D.A.'s office and told him that my lawyer said to continue being uncooperative. Then I just sat there waiting for the cops.

"They're on their way," the D.A. kept warning me. But at two o'clock, he simply said, "Okay, you can go home now."

Bronx District Attorney (later Judge) Burton Roberts took a different approach. In September 1969, he told me that his staff had found an abortionist's financial records, which showed all the money that I had received, but he would grant me immunity from prosecution if I cooperated with the grand jury. He extended his hand as a gesture of trust.

"That's not true," I said, refusing to shake hands with him.

If I *had* ever accepted any money, I'd have no way of knowing that he was bluffing. The D.A. was angry, but he finally had to let me go.

Attorney Gerald Lefcourt (later president of the National Association of Criminal Defense Lawyers) filed a suit on my behalf, challenging the constitutionality of the abortion law. He pointed out that the district

attorney had no power to investigate the violation of an unconstitutional law, and therefore he could not force me to testify.

In 1970, I became the only plaintiff in the first lawsuit to declare the abortion laws unconstitutional in New York State. "Later, various women's groups joined the suit," Lefcourt recalls, "and ultimately the New York legislature repealed the criminal sanctions against abortion, prior to the Supreme Court decision in *Roe vs. Wade*."

Dr. Spencer never knew about that. He had died in 1969. The obituary in the *New York Times* acknowledged the existence of his abortion clinic. The obituary in the local paper in Ashland did not.

I continued to carry on my underground abortion referral service. Each time, though, I would flash on the notion that this was my *own* mother asking for help, and that she was pregnant with *me*. I would try to identify with the fetus that was going to be aborted even while I was serving as a conduit to the performance of that very abortion. Every day I would think about the possibility of never having existed, and I would only appreciate being alive all the more.

Of course, I couldn't possibly have known the difference if my fetus had been aborted. Pretending to be the fetus was just a way of focusing on my role as a referral service. I didn't want it to become so casual that I

would grow unaware of the implications. By personalizing it, I had to accept my own responsibility for each fetus whose potential I was helping to disappear. That was about as mystical as I got. Maybe I was simply projecting my own ego.

In any case, by the time these women came to me for help, they had *already* searched their souls and made up their minds. This was not some abstract cause far away–-these were real people in real distress--and I just couldn't say no. For nearly a decade, that became my fetal yoga. And, in the process, I had evolved from a satirist into an activist.

## There Are No Atheists in the White House

It was God who instructed Bill O' Reilly to consider every utterance of "Happy Holidays" to be a verbalization of "the war on Christmas." Whenever anybody claims that God talks directly to them, I think they're totally delusional. George W. Bush is no exception. Not only was he told by his senior adviser, Karen Hughes, not to refer to terrorists as "folks," but Bush was also being prompted by God Him-Her-or-Itself: "God would tell me, 'George, go and end the tyranny in Iraq.' And I did." As if he were merely following divine orders.

In July 2003, during a meeting with Palestinian Prime Minister Mahmoud Abbas, Bush told the newly elected leader, "God told me to strike at Al-Qaeda and I struck them, and then He instructed me to strike at Saddam, which I did. And now I am determined to solve the problem in the Middle East. If you help me, I will act, and if not, the elections will come and I will have to focus on them."

Abu Bakar Bashir, an Islamic cleric and accused terrorist leader, has said that "America's aim in attacking Iraq is to attack Islam, so it is justified for Muslims to target America to defend themselves." That's exactly interchangeable with this description of Bush by an unidentified

family member, quoted in the *Los Angeles Times*: "George sees [the war on terror] as a religious war. His view is that they are trying to kill the Christians. And the Christians will strike back with more force and more ferocity than they will ever know."

Indeed, General William Boykin, Deputy Undersecretary of Defense for Intelligence, said that "George Bush was not elected by a majority of the voters in the United States, he was appointed by God." Discussing the battle against a Muslim warlord in Somalia, Boykin explained, "I knew my God was bigger than his. I knew that my God was a real God and his was an idol."

Apparently, religious bigotry runs in the family. Bush's father, the former president: "I don't know that atheists should be considered citizens, nor should they be considered patriots. This is one nation under God." And before him, there was Ronald Reagan: "For the first time ever, everything is in place for the Battle of Armageddon and the Second Coming of Christ." Not to mention Reagan's Secretary of the Interior, James Watt, responsible for national policy on the environment: "We don't have to protect the environment--the Second Coming is at hand."

In 1966, Lyndon Johnson told the Austrian ambassador that the diety "comes and speaks to me about two o'clock in the morning when

I have to give the word to the boys, and I get the word from God whether to bomb or not." So maybe there's some kind of bipartisan theological tradition going on in the White House.

But if these leaders are *not* delusional, then they're deceptive. And in order to deceive others, one must first deceive oneself until self-deception morphs into virtual reality. In any case, we have *our* religious fanatics, and they have *theirs*. In September 2007, on the eve of the sixth anniversary of 9/11, Osama bin Laden warned the American people that they should reject their capitalist way of life and embrace Islam to end the Iraq war, or else his followers would "escalate the killing and fighting against you."

George Bush once proclaimed, "God is not neutral," which is the antithesis of my own spiritual path, my own peculiar relationship with the universe--based on the notion that God is *totally* neutral--though I've learned that whatever people believe in, works for them.

My own belief in a deity disappeared when I was thirteen. I was working early mornings in a candy store across the street from our apartment building. My job was to insert different sections of the newspaper into the main section. On the day after the United States dropped the first atomic bomb on Hiroshima, I would read that headline

over and over and over again while I was working. That afternoon, I told God I couldn't believe in him any more because--even though he was supposed to be a loving and all-powerful being--he had allowed such devastation to happen. And then I heard the voice of God:

*"ALLOWED? WHY DO YOU THINK I GAVE HUMANS FREE WILL?"*

"Okay, well, I'm exercising my free will to believe that you don't exist."

*"ALL RIGHT, PAL, IT'S YOUR LOSS!"*

At least we would remain on speaking terms. But I knew it was a game. I enjoyed the paradox of developing a dialogue with a being whose reality now ranked with that of Santa Claus. Our previous relationship had instilled in me a touchstone of objectivity that could still serve to help keep me honest. I realized, though, that whenever I prayed, I was only talking to myself.

The only thing I can remember from my entire college education is a definition of philosophy as "the rationalization of life." For my term paper, I decided to write a dialogue between Plato and an atheist. On a whim, I looked up Atheism in the Manhattan phone book, and there it was: "Atheism, American Association for the Advancement of." I went to their office for background material.

The AAAA sponsored the Ism Forum, where anybody could speak about any "ism" of their choice. I invited a few friends to meet me there. The event was held in a dingy hotel ballroom. There was a small platform with a podium at one end of the room and heavy wooden folding chairs lined around the perimeter. My favorite speaker declared the Eleventh Commandment: "Thou shalt not take thyself too goddamned seriously." Taking that as my unspoken theme, I got up and parodied the previous speakers. The folks there were mostly middle-aged and elderly. They seemed to relish the notion of fresh young blood in their movement.

However, my companions weren't interested in staying. If I had left with them that evening in 1953, the rest of my life could have taken a totally different path. Instead, I went along with a group to a nearby cafeteria, where I learned about the New York Rationalist Society. A whole new world of disbelief was opening up to me. That Saturday night I went to their meeting. The emcee was a former circus performer who entertained his fellow rationalists by putting four golf balls into his mouth. He also recommended an anti-censorship paper, *The Independent*.

The next week, I went to their office to subscribe and get back issues. I ended up with a part-time job, stuffing envelopes for a dollar an hour. My apprenticeship had begun. The editor, Lyle Stuart, was the most

dynamic individual I' d ever met. His integrity was such that if he possessed information that he had a vested interest in keeping quiet--say, corruption involving a corporation in which he owned stock--it would become top priority for him to publish. Lyle became my media mentor, my unrelenting guru, and my closest friend. He was responsible for launching *The Realist*. The masthead announced, "Freethought Criticism and Satire."

* * *

In the words of the late Jerry Falwell--who once said that God is pro-war-- "If you' re not a born-again Christian, you' re a failure as a human being." We salute, then, a few *successful* human beings:

*The individual who placed the winning bid of $1800 on eBay for a slab of concrete with a smudge of driveway sealant resembling the face of Jesus.

*The man who tried to crucify himself after seeing "pictures of God on the computer." He took two pieces of wood, nailed them together in the form of a cross and placed it on his living-room floor. He proceeded to hammer one of his hands to the crucifix, using a 14-penny nail. According to a county sheriff spokesperson, "When he realized that he was unable

to nail his other hand to the board, he called 911." It was unclear whether he was seeking assistance for his injury or help in nailing his other hand.

*The Sunday School teacher who advised one of his students to write on his penis, "What would Jesus do?" Presumably, "Masturbate" was not considered to be the correct answer.

*And, of course, the anonymous authors of the following quotes from various state constitutions. Arkansas: "No person who denies the being of a God shall hold any office." Mississippi: "No person who denies the existence of a Supreme Being shall hold any office in this state." North Carolina: "The following persons shall be disqualified for office: First, any person who shall deny the being of Almighty God." South Carolina: "No person shall be eligible to the office of Governor who denies the existence of the Supreme Being." Tennessee: "No person who denies the being of God, or a future state of rewards and punishments, shall hold any office in the civil department of this state." Texas: "Nor shall any one be excluded from holding office on account of his religious sentiments, provided he acknowledge the existence of a Supreme Being."

Rick Warren, pastor of America's fourth-largest church, told his congregation, "I could not vote for an atheist because an atheist says, 'I don't need God.'"

In 2006, the Secular Coalition of America offered a $1,000 prize to anyone who identified the highest-ranking non-theist public official in the country. Almost 60 members of Congress were nominated, out of which 22 confided that they didn't believe in a Supreme Being, but they wanted their disbelief kept secret. Only Pete Stark admitted that he was a nonbeliever, and in 2007, he became the first member of Congress ever to identify himself publicly as a nonbeliever.

In the week following that announcement, he received over 5,000 emails from around the globe, almost all congratulating him for his courage. "Like our nation's founders," he stated, "I strongly support the separation of church and state. I look forward to working with the Secular Coalition to stop the promotion of narrow religious beliefs in science, marriage contracts, the military and the provision of social services." In 2008, he was elected to his 19th term with 76.5% of the votes.

In the 2008 primaries, three presidential wannabes raised their hands during a Republican "debate" to signify that they didn't believe in evolution, although one of them, Mike Huckabee, admitted, "I don't know if the world was created in six days. I wasn't there." He has also said that, "If there was ever an occasion for someone to have argued

against the death penalty, I think Jesus could have done so on the cross and said, 'This is an unjust punishment, and I deserve clemency.' "

Such western fundamentalists have been waging a battle against the teaching of meditation in publicly funded schools, as though slow, deep breathing is inextricably connected with the practice of eastern religious disciplines. What's next, forbidding the teaching of empathy because that's what Christians and Jews are supposed to practice?

It was a pleasant surprise when Barack Obama acknowledged "unbelievers" among others in his inauguration speech. However, I don't exempt unbelievers from criticism.

I ridicule officially atheist China's leaders for banning Tibet's living Buddhas from reincarnation without permission. According to the order, issued by the State Administration for Religious Affairs, "The so-called reincarnated living Buddha without government approval is illegal and invalid." That regulation is aimed at limiting the influence of the Dalai Lama, even though China officially *denies* the possibility of reincarnation. (I used to believe in reincarnation, but that was in a previous lifetime.)

China is a Big-Brother, slave-labor-driven, human-rights-violator, Maoist dictatorship, from which the United States borrows trillions, then

proceeds to purchase their poisoned food, leaded Christmas toys, and "Made in China" American flags.

America remains a living paradox, where our citizens are force-fed misinformation and disinformation, so that we can continue to fund incompetent and illegal activities in the U.S.--even though our revolution was fought because of taxation without representation. And yet I live in this country where at least I still have complete freedom to openly condemn the government, the corporations and organized religions that continue enabling each other to reek with greed, corruption, and inhumanity.

***THE SEX LIFE OF PRESIDENTS & OTHERS***

## The Parts Left Out of the Kennedy Book

*An executive in the publishing industry, who obviously must remain anonymous, has made available to* The Realist *a photostat copy of the original manuscript of William Manchester's book,* The Death of a President*. Those passages which are printed here were marked for deletion months before Harper & Row sold the serialization rights to* Look *magazine; hence they do not appear even in the so-called "complete" version published by the German magazine* Stern.

#

At the Democratic National Convention in the summer of 1960, Los Angeles was the scene of a political visitation of the alleged sins of the father upon the son. Lyndon Johnson found himself battling for the presidential nomination with a young, handsome, charming and witty adversary, John F. Kennedy.

The Texan in his understandable anxiety degenerated to a strange campaign tactic. He attacked his opponent on the grounds that his father, Joseph P. Kennedy, was a Nazi sympathizer during the time he was United States Ambassador to Great Britain, from 1938 to 1940. The senior Kennedy had predicted that Germany would defeat England and he

therefore urged President Franklin D. Roosevelt to withhold aid. Now Johnson found himself fighting pragmatism with pragmatism. It did not work; he lost the nomination.

Ironically, the vicissitudes of regional bloc voting forced Kennedy into selecting Johnson as his running mate. Jack rationalized the practicality of the situation, but Jackie was constitutionally unable to forgive Johnson. Her attitude toward him always remained one of controlled paroxysm.

It was common knowledge in Washington social circles that the Chief Executive was something of a ladies' man. His staff included a Secret Service agent, referred to by the code name *Dentist*, whose duties virtually centered around escorting him to and from a rendezvous site--either in the District of Columbia or while traveling--the models, actresses and other strikingly attractive females chosen by the president for his not-at-all infrequent trysts. "Get me that," he had said of a certain former Dallas beauty contest winner when plans for the tour were first being discussed. That particular aspect of the itinerary was changed, of course, when Mrs. Kennedy decided to accompany her husband.

She was aware of his philandering, but would cover up her dismay by joking, "It runs in the family." The story had gotten back to her about

the late Marilyn Monroe using the telephone in her Hollywood bathroom to make a long distance call to *New York Post* film-gossip columnist Sidney Skolsky.

"Sid, you won't believe this," she had whispered, "but the Attorney General of our country is waiting for me in my bed this very minute--I just had to tell you."

* * *

It is difficult to ascertain where on the continuum of Lyndon Johnson's personality innocent boorishness ends and deliberate sadism begins. To have summoned then-Secretary of the Treasury Douglas Dillon for a conference wherein he, the new president, sat defecating as he spoke, might charitably be an example of the former; but to challenge under the same circumstances Senator J. William Fulbright for his opposition to Administration policy in Vietnam is considered by insiders to be a frightening instance of the latter. The more Jacqueline Kennedy has tried to erase the crudeness of her husband's successor from consciousness, the more it has impinged upon her memories and reinforced her resentment.

"It's beyond style," she would confide to friends. "Jack had style, but this is beyond style."

When Arthur Schlesinger, Jr. related to her an incident that he had witnessed firsthand--Mr. Johnson had actually placed his penis over the railing of the yacht, bragging to onlookers, "Watch it touch bottom!" --Mrs. Kennedy could not help but shiver with disgust. Capitol Hill reporters have observed the logical extension of Mr. Johnson boasting about his six-o'clock-in-the-morning forays with Lady Bird, to his bursts of phallic exhibitionism, whether it be on a boat or at the swimming pool or in the lavatory. Apropos of this tendency, Drew Pearson's assistant, Jack Anderson, has remarked: "When Lyndon announces there's going to be a joint session of Congress, everybody cringes."

It is true that Mrs. Kennedy withstood the pressures of publicized scandal, ranging from the woman who picketed the White House carrying a blown-up photograph supposedly of Jack Kennedy sneaking away from the home of Jackie's press secretary, Pamela Turnure, to the *Blauvelt Family Genealogy* which claimed on page 884, under Eleventh Generation, that one Durie Malcolm had "married, third, John F. Kennedy, son of Joseph P. Kennedy, one time Ambassador to England." But it was the personal infidelities that gnawed away at her--as indeed they would gnaw away at *any* wife who has been shaped by this culture--until finally Jackie left in exasperation. Her father-in-law offered her one million dollars to

reconcile. She came back, not for the money, but because she sincerely believed that the nation needed Jack Kennedy, and she didn't want to bear the burden of losing enough public favor to forestall his winning the presidency.

Consequently she was destined to bear a quite different burden--with great ambivalence--the paradox of fame. She enjoyed playing her role to the hilt, but complained, "Can't they get it into their heads that there's a difference between being the First Lady and being Elizabeth Taylor?" Even after she became First Widow, the movie magazines would not--or could not--leave her alone. Probably the most bizarre invasion of her privacy occurred in *Photoplay*, which asked the question, "Too Soon for Love?" --then proceeded to print a coupon that readers were requested to answer and send in. They had a multiple choice: "Should Jackie (1) Devote her life exclusively to her children and the memory of her husband? (2) Begin to date--privately or publicly--and eventually remarry? (3) "Marry right away?" Mrs. Kennedy fumed. "Why don't they give them some *more* decisions to make for me? Some *real* ones. Should I live in occasional sin? Should I use a diaphragm or the pill? Should I keep it in the medicine cabinet or the bureau drawer?" But she would never lose her dignity in public; she had too deep a faith in her own image.

* * *

American leaders seem to have a schizophrenic approach toward each other. They *want* to expose their human frailties at the same time that they do *not* want to remove them from their pedestals. Bobby Kennedy privately abhors Lyndon Johnson, but publicly calls him "great, and I mean that in every sense of the word." Johnson has referred to Bobby as "that little shit" in private, but continues to laud him for the media. Gore Vidal has no such restraint. On a television program in London, he explained why Jacqueline Kennedy would never relate to Lyndon Johnson. During that tense flight from Dallas to Washington after the assassination, she inadvertently walked in on him as he was standing over the casket of his predecessor and chuckling. This disclosure was the talk of London, but did not reach these shores.

Of course, President Johnson is often given to inappropriate response--witness the puzzled timing of his smiles when he speaks of grave matters--but we must also assume that Mrs. Kennedy had been traumatized that day and her perception was likely to have been tainted by the tragedy. This state of shock must have underlain an incident on Air Force One which this writer conceives to be delirium, but which Mrs. Kennedy insists she actually saw. "I'm telling you this for the historical

record," she said, "so that people a hundred years from now will know what I had to go through."

She corroborated Gore Vidal's story, continuing: "That man [Johnson] was crouching over the corpse, no longer chuckling but breathing hard and moving his body rhythmically. At first I thought he must be performing some mysterious symbolic rite he'd learned from Mexicans or Indians as a boy. And then I realized--there is only one way to say this--he was literally fucking my husband in the throat. In the bullet wound in the front of his throat. He reached a climax and dismounted. I froze. The next thing I remember, he was being sworn in as the new president."

[Handwritten marginal notes: *1. Check with Rankin--did secret autopsy show semen in throat wound? 2. Is this simply necrophilia, or was LBJ trying to change entry wound from grassy knoll into exit wound from Book Depository by enlarging it?*]

The glaze lifted from Jacqueline Kennedy's eyes.

"I don't believe that Lyndon Johnson had anything to do with a conspiracy, but I do know this--Jack taught me about the nuances of power--if he were miraculously to come back to life and suddenly appear

in front of him, the first thing Johnson would do *now* is kill him." She smiled sardonically, adding, "Unless Bobby beat him to it."

**Postscript:**

The most significant thing about "The Parts Left Out of the Kennedy Book" was its widespread *acceptance*--if only for a moment--by intelligent, literate people, from an ACLU official to a Peabody Award-winning journalist to members of the intelligence community who knew that sort of thing actually *does* go on. Daniel Ellsberg said, "Maybe it was just because I *wanted* to believe it so badly."

One caller claimed that he could determine, by feeding the article into a computer, whether Manchester had written the portions I published. Several individuals queried that final arbiter of truth, the *Playboy* Adviser. One reader "went out and bought the original *Death of a President* just to see if your parts would fit into the book--they did. Amazing!"

I also received a call from Ray Marcus, a critic of the *Warren Commission Report*, who had discovered a chronological flaw in my article. How could William Manchester leave something out of his book that was itself a *report* of something that he' d left out of his book? Marcus deduced that *The Realist* must have been given the excerpts by a CIA operative in order to discredit *valid* dissent on the assassination.

My favorite response came from Merriman Smith, the syndicated UPI correspondent who always ended White House press conferences with the traditional "Thank you, Mr. President." He wrote:

"One of the filthiest printed attacks ever made on a President of the United States is now for sale on Washington newsstands. The target: President Johnson. This is the May edition of a so-called magazine which says it is entered as second class mail. One newsstand owner says sales of this particular issue have been 'quite active.' This reporter is not embarked here on any defense of Johnson politically or personally, nor, for that matter, is this to suggest the need for greater respect for the presidency.

"These are matters that have been dealt with extensively in other forums. Certain unadorned facts, however, do stand out in the open circulation, mailing and other forms of distribution of this sort of slime: If a magazine of major national standing tries to use the same sort of language, federal action to stop it would be almost certain. The language referred to is not conventional hell or damn profanity–-it is filth attributed to someone of national stature supposedly describing something Johnson allegedly did. The incident, of course, never took place . . ."

## A Sneak Preview of Richard Nixon's Memoir

*An old friend approached us with a thick sheaf of what was purported to be a photocopy of the autobiographical manuscript on which former President Richard M. Nixon was still at work. Our first reaction was skepticism. While most of the contents dealt predictably with contemporary history as it has already been recorded, there were enough surprises to shock even our own jaded psyche.*

*Just to be sure, we employed the services of a reputable private investigative firm. Their report verified that our source did indeed know an individual inside the San Clemente hideaway. The next step was to hire a professional graphologist, who determined the authenticity of Mr. Nixon's handwritten notes on the typed transcript. Finally, our attorneys assured us that there was no violation of copyright laws involved, because it was unlikely that Nixon had submitted such unfinished material for copyright protection.*

*The book, as yet untitled, is dedicated "To Patricia Ryan Nixon, who has been named the most admired women in the country, and deservedly so, for your loyalty has been a continuing inspiration, not only to your*

*husband and family, but to Americans everywhere." Here, then, are several excerpts from this preliminary draft of the memoirs of the only United States president ever to resign from office.*

#

Although President Dwight David Eisenhower encouraged me to call him Ike during the years I served as Vice President, it was a superficial form of intimacy. I regretted his failure to share decision-making responsibility with me at the White House. That privilege he reserved for his special assistant, Sherman Adams.

When media coverage of a minor scandal in 1958 involving a rug and a vicuna coat pressured him into letting Adams go, Ike at last revealed a facet of his humanity to me. "By sheer force of habit," he remarked, "I was ready to seek out Sherman's advice on whether or not I should fire him."

It was not until 1961, after Ike's farewell address, that he confided in me again, this time about a more momentous occasion. "I suppose," he began, "my reference to the dangers of the military-industrial complex in my speech came as something of a surprise to you, eh?"

"Well, sir, it did strike me as a rather incongruous position for a renowned Army general to take--"

"I had a visitation," he interrupted, "while I was in the process of composing my farewell address—now this is utterly impossible to describe—but I do believe it was some kind of extraterrestrial communication."

"In English or what?" I was dumbfounded.

"It was in English but also beyond all language. They told me that their associates had been to see Harry Truman when *he* was president. Now remember Dick, he's the one who ordered the atomic bomb to be dropped on Hiroshima and Nagasaki. And yet these creatures convinced him not to turn Korea into another nuclear holocaust. That's really why he brought back General Douglas MacArthur."

Ike stared ahead with a blank expression in his eyes.

"Sir, are you all right?"

"Yes. Yes. I just don't know if I can articulate this extraterrestrial experience. It was as though my body remained in the chair and my spirit was taken on a journey. All I know is that when I returned, I just had to tell the truth. There was no other choice--"

Ike stopped in mid-sentence. He never mentioned that incident again. Nor did I feel it would be proper for me to broach the subject. I

dismissed it from my mind. It would not be until nearly fourteen years later that my *visceral* understanding of his experience would occur.

The year 1974 was so rough on me that for a while I thought I could actually be going insane. I wondered if I was being drugged without my knowledge. I found myself wallowing in paranoid fantasies, and I gave voice to these at press conferences. I expressed the fear that my plane might crash. I resorted to using expressions like "They can point a gun at your head." I was practically begging for mercy.

When I entered Memorial Hospital Medical Center in Long Beach on October 23 for my phlebitis condition, I brought my own jar of wheat germ, because I was afraid that poison would be put in my food.

On October 29, the doctors placed a clamp on a vein in my pelvis in order to prevent the blood clot from moving to my lungs where it could have killed me. It was then that I went into cardiovascular failure.

On October 30, Ron Ziegler announced, "We almost lost President Nixon yesterday afternoon." This was almost three months after my resignation, and he was still referring to me as President. "Poor Ron," I thought to myself. "He thinks he's still in Disneyland."

For a few hours I was considered to be clinically dead. It was an incredibly ecstatic feeling. I was conscious, but on some other plane of

existence, and there was an overwhelming temptation to remain in that blissful limbo. Yet there was also something in me that kept saying "Don't give up!" It was my survival instinct speaking.

But why not give up? What was there left for me? The answer came to me by the same extraterrestrial path it had come to Ike: *Tell the truth!* That was the turning point of my life. And these memoirs are the tangible result of my transformation. No one shall be spared, least of all myself.

Those hairless creatures told me that President John F. Kennedy had also been visited by their kind. His father, old Joe Kennedy, had gotten rich off illegal booze during Prohibition, and you can be certain that the underworld bootleggers he was tied up with were not about to dissolve their silent partnership in this huge liquor industry they had built up, simply because Prohibition had been repealed. Yet there was Joe Kennedy's own son, Jack—not to mention his brother Bobby—refusing to cooperate any longer in allowing organized crime to have a comeback in Cuba, and furthermore, going after organized crime in *this* country. At best this was ingratitude; at worst it was treason.

But I finally understood the extraterrestrial force that had motivated young Kennedy. And so now I am ready to peel away the final layers of my poker-face mask.

For example, I occasionally went too far while wearing my anti-Communist mask. When former Attorney General Nicholas Katzenbach exposed the DuBois Clubs as a Communist front organization, poison-pen letters and threatening telephone calls were received by many of the Boys Clubs from patriotic Americans who were understandably confused by the ostensibly coincidental pronunciations. But in my function as National Board Chairman of the Boys Clubs of America, I charged that the name choice was "an almost classic example of Communist deception and duplicity" and that the W.E.B. DuBois Clubs "are not unaware of the confusion they are causing among our supporters and among many other good citizens."

In retrospect, however, I admit that this was a slightly foolish position to espouse.

* * *

In August of 1945, while I was still serving in the Navy, stationed in Maryland, there was a Committee of 100 seeking—according to an advertisement they placed in several California newspapers—a candidate for Congress "with no previous political experience, to defeat a man who has represented the district in the House for ten years." This was a reference to Jerry Voorhis.

I did not see the ad, but destiny acted as though I had answered it, when I was contacted by Murray Chotiner for Herman Perry, vice president of the Bank of America. Perry later became vice president of the Western Tube Corporation, a CIA front located in the Whittier Bank of America building. But now he wanted to know only if I was a Republican and if I was available.

My responses were both affirmative.

It was Perry who brought me out for an extremely brief meeting with Howard Hughes. Hughes was handsome, dynamic, self-assured. Somehow he had seen the FBI dossier on me, which had apparently been compiled when I applied for a position with the Bureau after graduating law school. Oddly enough, I had never heard back from the FBI directly.

"Nixon," he addressed me, "you have a magnificent political future ahead. You will be able to steer your ship independently. But always keep it in a tiny compartment of your mind that you do not own the ocean. I do."

I never saw Howard Hughes face to face again.

* * *

The seeds of my distrust of the Justice Department were sown in 1948 during the Alger Hiss case. Those people just sat on each other's

hands. If not for the work of our House UnAmerican Activities Committee, the prosecution would never have been so successful.

I refused to turn over to those bunglers the microfilms we had in evidence. When there was a possibility I might be cited for contempt, I raised the point of what a dangerous precedent could be set, since here I was, a U.S. Congressman, appearing voluntarily before a grand jury.

But the truth of the matter was that those microfilms were copies of documents forged on an old Woodstock typewriter that had been specially constructed to resemble—to have the same peculiarities as—the typewriter that had actually belonged to Alger Hiss's wife, Priscilla.

Then Whittaker Chambers hid these "old" 1938 microfilms inside a pumpkin on his pumpkin farm. The trouble was, the Eastman Kodak people stated that the type of film we used was not manufactured by their company until 1945.

To this day, whenever the comic strip *Peanuts* mentions that bird named Woodstock or the mysterious "pumpkin papers," I suspect Charles Schulz is trying to remind me of something.

* * *

There seems to be a tradition of accusing those who fight Communism of being homosexual. This smear tactic was used against

Whittaker Chambers, against Senator Joseph McCarthy and against J. Edgar Hoover. In that vein, gossips used to rant about Hoover and Clyde Tolson double-dating with Charles "Bebe" Rebozo and myself.

Neither Rebozo nor I are "gay." We have been very close friends since 1950. What we enjoy most about each other's company is the fact that small talk becomes unnecessary. We are not afraid of silence. But we have never had any kind of sexual relationship.

We were introduced by Senator George Smathers, who was infamous for supplying female companions to his fellow legislators. It was Smathers who eventually sent Mary Jo Kopechne to be with Senator Edward Kennedy.

Whenever I was in Florida, I would stay with Bebe, and he would occasionally get a couple of beautiful $200-a-night girls. Or as they would be called nowadays, $200-a-night women. But when I bought my own home in Key Biscayne, then his yacht became our rendezvous site.

I was certainly not promiscuous, but I had been a virgin until marriage. I proposed to Pat Ryan the very same night I met her. She refused, but I was a determined son-of-a-gun. I even drove her to Los Angeles when she dated other men while I waited in the wings. I finally charmed her with my perseverance and self-effacement.

Once I express concern to Bebe that word might get out about my "affairs" in Key Biscayne. "These girls," I pointed out, "are likely to brag about going to bed with a United States senator."

"They're professionals," Bebe reassured me. "It's just like your lawyer-client privilege. Stop worrying."

* * *

One evening in 1949, while I was still serving in Congress, I received an anonymous call at my home. A male voice said three words, "Watch Jeane Dixon," and hung up the telephone.

A week later, the psychic Jeane Dixon held a press conference. One of the reporters asked her to predict my future. She drew a blank, however, explaining that she needed time to meditate. I believe that in show business parlance this is known as "milking the audience." Finally she said it: "I predict that one day Richard Nixon will become president of the United States."

I could only conclude that the higher source from which she had received her intelligence was not necessarily supernatural. When I lost the presidential election to John F. Kennedy in 1960, Jeane Dixon *continued* to predict that I would be president. "Destiny," she said, "cannot be denied."

Even after I was defeated in the 1962 California gubernatorial election and announced that I was through with politics, she said, "Richard Nixon has not even *begun* his rise in politics." And then she predicted the assassination of President Kennedy in 1963.

After the Watergate affair, she stated: "God gave us Richard Nixon to divide us, to test us where our faith is concerned, to see if we could come together." A local paper published her statement ("God gave us Nixon to divide us.—Jeane Dixon") as the caption for a cartoon showing a cloud with the voice of God saying, "Don't blame me—I voted for McGovern." I had to admit it was funny, even though she had been quoted out of context.

* * *

Harry Robbins "Bob" Haldeman came into my life when I was a senator in 1951. He volunteered to work on my vice presidential campaign the next year, but that campaign was not to be for him, so he tried again in 1956, and this time we took him on. He rose to be my chief advance man for the presidential race in 1960.

After my defeat, Haldeman remained loyal. He volunteered to help me with my book, *Six Crises*. I wrote the chapter on the 1960 campaign myself because it was so fresh in my mind. Al Moscow drafted four other

chapters with Haldeman—this was not ghostwritten material because I rewrote what they presented—and Haldeman worked mostly on the Alger Hiss chapter.

He was apparently so eager to please, though, that he screwed up on his research. He had it that the FBI found the old Woodstock typewriter. And the book was published that way. Then the facts came out, the trial records and all, and we had to change it for the paperback edition. So now it reads that the FBI was *unable* to find the typewriter.

The truth is, Alger Hiss found it himself. But the FBI had *planted* this fake Woodstock typewriter. And then the *defense* presented it in the trial as what they *assumed* was evidence in their favor. So a least Hiss was found guilty of perjury.

That verdict added immeasurably to my political strength. I had the courage of Alger Hiss' s conviction and it served as the magic carpet that transported me from the Congress to the Senate to the vice presidency. I would have had the presidency in my pocket if not for Kennedy' s performance in the Great Debates—but only on television; I fared better on radio. Kennedy' s charisma was the variable that none of us had counted on.

* * *

How strange that the incident from the entire eight years I spent as Vice President that stands out most prominently in my memory occurred not in the White House but in Peru. There was a rioter who spat on me, and it was with great pleasure that I kicked him in the shins.

Back in the safety of our hotel that night, I recalled an early formal debate at Whittier College— "Resolved: that insects are more beneficial than harmful" —because I had been so intrigued as to how insects did not think, they just acted. Now, having myself acted totally without hesitation, I was able to identify with those insects.

As Vice President, I labored diligently behind the scenes to establish Operation 40, by which our CIA covertly trained Cuban intelligence officers in exile. Operation 40 was to serve as our link between the White House and the CIA in April of 1961. My plan was to invade Cuba.

Ironically, during the 1960 presidential campaign, Kennedy began advocating *my* plan. I could not reveal that it was *already* in effect because Operation 40 was a *secret* project. Further, I found myself in the schizophrenic position of attacking my own idea whenever Kennedy articulated it, because it violated our treaty commitments.

* * *

Of all the professional newscasters I have met, Walter Cronkite of CBS was the most charming. He treated me with respect and dignity. After the broadcast interview, we sat in his anteroom and talked informally.

"I've always wanted to thank you," he said, "for inadvertently bringing me back to sanity that horrible weekend John Kennedy was killed."

"Oh, really—how so?"

"This followed on the heels of the televised shooting of Lee Harvey Oswald by Jack Ruby. A journalist asked for your reaction, and you replied with a slip of the tongue, 'Two rights don't make a wrong.' Before you could correct yourself, I was finally able to break through my depression with a bit of laughter."

"Yes, those were muddled times. Do you know I *forgot* where I was the day the assassination took place? I had to tell the FBI I couldn't remember, and it was not until later that I remembered I had been in Dallas, of all places. There was a convention of the American Bottlers of Carbonated Beverages, and I was there representing Pepsi-Cola. But I flew out of there at eleven o'clock that morning. Kennedy was shot around one o'clock, as I recall. Where were *you* that day?"

"In my office," Cronkite said. "When we got the word from Bethesda that he had passed, I cried openly."

"And you're supposed to be objective," I teased him. "I didn't realize you were that much of a Kennedy supporter."

"Well, by that time I was crying because it had also come over the wires that Lyndon Johnson was already preparing to be sworn in as the new president."

It was encouraging to find that in person this superstar really was just like your favorite uncle.

* * *

When Robert Kennedy was attorney general in 1962, he was busy checking out the Hiss case for some reason. Of course, he discovered that the FBI never had the Woodstock typewriter.

Then, in 1968, when he was running for president, he approached New Orleans District Attorney Jim Garrison to be *his* attorney general. Garrison had gotten a lot of publicity due to his investigation of the assassination of Bobby's brother.

During that campaign, Howard Hughes dispatched Robert Maheu to visit me. Hughes felt strongly that the Vietnam War should continue—he had a huge defense contract for helicopters—yet at the same time he

wanted a halt to underground nuclear testing, presumably because it upset the roulette wheels in his Las Vegas casinos.

I mentioned the Bobby Kennedy information to Maheu, and he said, "Uh-oh, the boss will have to keep a sharper eye on *him*."

It was poetic irony that while Bobby Kennedy was giving official permission to J. Edgar Hoover to spy on Martin Luther King, I was giving unofficial permission to Hoover to spy on *Kennedy*. That is to say, Robert Maheu may have been working for Howard Hughes, but he had also continued working for the FBI. So when he referred to "the boss," I asked, "Which one?"

Maheu smiled and held up his arms, two fingers from each hand extending up into the air. "Both," he said. This was the exact moment I decided to use that gesture for the crowds.

Winston Churchill had used the V-sign to signify Victory. Then the antiwar protesters perverted its meaning to signify Defeat. Now I was restoring its original victorious symbolism by co-opting the co-opters. Or so I believed.

* * *

The problem was that Lyndon Johnson desperately wanted to have the Vietnam War settled before he left office. Whereas, I am ashamed to admit, we were trying to prolong it.

Anna Chennault—the Dragon Lady, as we called her—was our liaison to South Vietnamese government officials. Her task was to dissuade their ambassador to the U.S, Bui Diem, from attending the Paris peace talks.

But LBJ got wise to this. I had to call and cajole him personally. He was absolutely furious. He complained bitterly at how "shit-kickin' pissed off" he was. "Thieu is *our* boy," he shouted, "and don't you fuckin' forget that!"

On November 1, 1968, only four days before the American election, President Nguyen Van Thieu announced that Saigon was pulling out of the peace talks. The Dragon Lady had obviously convinced his associates that they would obtain a juicier deal under our new administration than under Johnson or his chosen successor, Hubert Humphrey, who would surely have won if the Democrats had ended the war.

And so, because it was in the mutual interest of the South Vietnamese and the Republicans to extend the war for several more years,

we became the recipients of kickbacks from our own government' s aid to the Saigon government.

I do not ask for forgiveness. No, rather I must live with the memory of myself as an idealistic adolescent first reading about the Teapot Dome scandal and saying to my mother, while helping her to mash the potatoes, "I would like to become an honest lawyer who can' t be brought by crooks." But my character had already been set. When I was only five years old, my mother intended to buy me a copy of *The Prince and the Pauper*, but she asked a bookstore clerk for *The Prince*, and so of course he gave her Machiavelli' s book. Mo mother was a saint. Her little mistake changed my life, and I will always be grateful for what I feel must have been a touch of divine intervention.

* * *

We created a couple of Frankenstein monsters, and when I say we, I mean the administration and the media in an unintentional collaboration.

One such monster was Martha Mitchell. The first time she made one of her famous telephone calls and we saw how the press ate it up, we realized we had a political gold mine. The wife of the attorney general could serve as our mouthpiece for floating various trial balloons.

John Mitchell would get thoroughly briefed on whatever the issue was—Haiphong Harbor or Senator Fulbright or the need for increased spending—and then, without ever letting Martha know that he *expected* her to give a scoop to some lucky reporter that evening, John would simply smoke his pipe and just happen to engage her in casual conversation about the matter.

Martha was much too strong-willed to be *instructed* to make a call, but she could be counted on to make the call, even if it was three o' clock in the morning when the urge hit her. This was a great joke among the reporters. One little news item quoted her latest pronouncement, and after the quote that sentence was completed with, "Martha Mitchell confided to the *Washington Star* yesterday..." Confided, indeed—to a *newspaper*.

But in the process of becoming a public character, she developed many contacts in the media. By the time her husband became my campaign manager, Martha Mitchell was already a household word. We thought she would prove to be a wonderful asset until she started blabbing about Watergate.

Another Frankenstein monster we created was Henry Kissinger. I never really wanted him in the first place. He had insulted me publicly when I received the nomination in ' 68. But I made an agreement with

Nelson Rockefeller that if he would actively support me, I would take Kissinger onto the team, and of course I had to keep my word.

We all felt somewhat uncomfortable about his German accent. H.R. Haldeman decided that whenever Kissinger made any statement, his picture could be shown on TV but there would be no audio. And the electronic media cooperated.

Meanwhile, we built up his image, got him dates with glamorous movie stars—Jill St. John, Marlo Thomas, Liv Ullmann—until he became known as a harmless, pudgy playboy. Then it was acceptable for his voice to be heard.

"Henry," I once remarked to him, "there's a rumor going around Washington that you're lousy in bed."

"Mr. President"—speaking very slowly and distinctly—"I can only say that . . . *power* . . . is the ultimate aphrodisiac."

And he just kept glaring at me with those worried-looking eyebrows frowning over his spectacles. This was just three days after our destabilization of the Chilean government. Kissinger wanted all the credit, but it was really a team effort.

We could not have succeeded, for example, without the invaluable aid of Teamsters Union President Frank Fitzsimmons and his Bob Hope-

like timing in manipulating the truckers' strike in Chile. It is possible to bring about the collapse of an entire economy by shutting down one integral aspect, especially communications or transportation.

Moreover, the Soviet Union was trying to cut off the United States' supply of a metal vital to jet engine production, by their support of the Allende government in Chile and also by backing guerrilla actions in Angola. In order to maintain the war in Vietnam, we needed Chilean copper as well as the trace metal. At any rate, we were a smooth, well-oiled team, on the way to winning the whole, beautiful, global game.

* * *

In 1968, George Wallace ran for president as the candidate of the American Independent Party. This almost lost me the election to Hubert Humphrey. In 1972, Wallace ran for president again. This almost cost him his life. I honestly have no knowledge as to how long Arthur Bremer was in our employ, but I do know that the cover story of his having stalked me before he went after Wallace was fabricated simply to defuse any suspicion that might have pointed to our role in the tragic event.

After all, my supposed public mandate that November came from a majority that included twenty million votes that would otherwise have gone to George Wallace. We had not expected him to pose so much of a

threat. In fact, we had already taken certain steps to preclude any such possibility. In 1970, immediately after he became governor of Alabama again, the iRS and the Justice Department launched an investigation of Wallace and his brother Gerald for tax evasion and other forms of financial corruption.

I don't fault Wallace for family loyalty, by the way. I have carried out similar filial responsibility to my own brother, Donald. This is only natural.

In any event, John Mitchell, still attorney general at the time, came to me early in 1971 and said, "We've got to stop George Wallace. He could force the election into the House of Representatives if he runs on a third party ticket again."

In May of that year, I was in Mobile and invited Wallace to fly with me on the presidential plane to Birmingham. En route, we shook hands on an agreement. I promised that Mitchell would call off the investigation of Wallace and his brother—although their underlings would still be subject to prosecution—and the governor in turn promised me that if he ran in '72 it would only be as a Democrat.

In August 1971, we discovered that CBS correspondent Daniel Schorr had been asking around about the possibility of such a deal. Haldeman commented, "We'd better get on *his* ass—fast."

Two years later, when Schorr reported that John Dean was afraid of going to prison because he might get raped there, we were able to find out immediately from the FBI that his source was Dean's own attorney, but there was nothing constructive we could do with that information.

However, it must be noted for posterity that John Dean was a closet queen supreme. His lovely wife, Maureen, is merely window dressing. Oh, how neatly she rolled up her blond tresses into a perfect bun and sat behind him at the Watergate hearings every day, blatantly projecting a modern-day American Gothic image. I recall how it came out that Dean had taken almost $5,000 from a White House safe for a hurried honeymoon right smack in the middle of the cover-up, He was already disguising his tracks. Their marriage was purely protective coloration.

The case of John Dean does raise the question, when is a so-called leak actually convenient propaganda?

Maureen Dean was an on airplane flight when she "accidentally" dropped her purse and spilled a vial of amyl nitrate capsules on the floor. She explained to the man sitting net to her how wonderful these were for

enhancing her sex life with John. Is it not possible that this lady was protesting just a mite too much, particularly to someone who would just happen to let the media in on her secret?

No wonder G. Gordon Liddy said that John Dean was qualified to sing the title role in *Der Rosenkavalier*—because it is sung by a woman. Liddy once made a remark in German that I asked him to translate for me. He said, "John Dean's priorities are all screwed up. He doesn't know whether he wants to go down in history or down on a historian."

* * *

Young people might use the expression "karma returning" to describe a deal we made with Jack Anderson, who had himself exposed the corruption of so many others in his syndicated column for the *Washington Post*.

We were tipped off that Anderson was researching the Dragon Lady connection. He had learned that her late husband, General Claire Chennault, who had commended the Flying Tigers in World War II, had in 1946 formed a private commercial airline that later merged with the CIA's Air America.

He also learned that our Dragon Lady was currently profiting from a Pepsi-Cola factory I had established in Laos, but which had never spewed

forth a single drop of Pepsi. Air America had been shuttling out its *actual* product: heroin.

However, Anderson agreed not to publish this material. In return, we agreed not to publicize the fact that he knew about the Watergate break-in weeks before it occurred. He had warned Lawrence O' Brien at Democratic National Committee headquarters, but O' Brien remained silent because he assumed that such a scandal would provide ammunition for a Democrat *coup* in the ' 72 election. He overestimated public outrage.

Anderson held back because he did not wish to endanger his source, one of the "burglars," Frank Sturgis, whom he had known for some twenty years. Shortly after my resignation in 1974, I received a long letter from Sturgis. I shall quote here a portion of that correspondence:

Now, I' m telling you this because I still consider you my Commander in Chief. I realize that the same faction of the CIA that masterminded the assassination of Kennedy was also behind your downfall. They thought JFK was soft on Communism in Cuba, and that you were soft on Communism in China, but that they didn' t necessarily have to kill you to get rid of you.

While I participated in Operation 40, our job was primarily to infiltrate foreign countries. I was a member of the Assassination Section. Orders would filter down, and our job would be to kill, say, a military official or a politician. Even in those days, unstated policy included domestic as well as foreign enemies.

But I had nothing to do with the Kennedy assassination myself. The FBI came to interview me the day after it happened, and I didn' t have a thing

to tell them, except that I could agree with their speculation that the motive was revenge for the Bay of Pigs failure. There's no doubt in my mind that if you had been elected in 1960, the invasion would have been completely successful.

For a while I believed that Bernard Barker was the double agent in Watergate, but I have since come to the conclusion that our leader, James McCord, was guided to do the things he did by certain officials in the CIA. We were definitely set up. They used us to eventually destroy the office of the presidency. You were just as expendable as Kennedy.

I shouldn't have been surprised Mr. McCord was our Security Chief. I myself, as an infiltrator of Castro's inner circle, rose to Director of Security for the Cuban Air Force and Director of Intelligence. Who can you trust?

Whereas I agree with Frank Sturgis that the Watergate burglars were "set up," I question the reason he gives. The CIA was fully aware that relations with the People's Republic of China were bound to open up sooner or later. And of course I wanted to earn credit for that in history.

Rather, I am convinced that there was a power struggle *within* the Agency. The "faction" to which Sturgis alludes—most likely led by CIA's Richard Helms—was jealous of the Special Intelligence Unit we had developed inside the White House.

* * *

Not only was the Watergate break-in deliberately bungled in order to discredit me, but the White House taping system was never part of my domain. I knew it had been installed by the Secret Service, but I lacked

access to the tapes and, more important, to any switch that would shut off a recording device.

I was a prisoner in the Oval Office. A mobile prisoner, to be sure—I could go to the Cabinet Room or the Lincoln Room—but it didn't make any difference; there were bugs everywhere. They even bugged my cabin at Camp David. I was under more surveillance than Larry O'Brien could ever imagine.

If I had the tapes in my possession, don't you think I would have gotten rid of them? Just the way I did with those microfilms in the Hiss case. Everybody was recommending this—from John Connally to Chuck Colson—but I simply did not have access to the system.

I should explain that "Bay of Pigs" was our code word for the assassination of President Kennedy. When we were attempting to put the brakes on the FBI investigation of Watergate, I told Haldeman to get word to Helms that otherwise, because of E. Howard Hunt's involvement, the whole Bay of Pigs thing would open up.

Hunt was the CIA station chief in Mexico when agent Lee Harvey Oswald made contact there in 1963. The whole world already knows what a fiasco the Bay of Pigs operation turned out to be—that is, the invasion of

Cuba—but because Kennedy didn't keep his campaign promise to support the exiles, he then became the prime "Bay of Pigs" target.

Had the Watergate mission not been aborted, Hunt would have continued to simulate documents blaming Kennedy and Ted Sorensen for the murder of Che Guevara, just as he forged those cables blaming Kennedy for the murder of Ngo Dinh Diem.

I hasten to add that Hunt was merely *clarifying* the issues. The Kennedy Administration was responsible. But what we were trying to do was hurt *Ted* Kennedy's chances if he decided to run. However, that is guilt by relationship, which is wrong and irrelevant.

* * *

I was convinced that Nelson Rockefeller was behind it all. He had never forgiven me for defeating him for the Republican nomination in 1968. What with that whole 25th Amendment arrangement, I figured their chronological plan was to:

1. Get Spiro Agnew out of office.
2. Replace him with Gerald Ford.
3. Get me out of office.
4. Replace me with Ford.
5. Replace Ford (as vice president) with Rockefeller.

6. Knock off Ford before the election by Squeaky Fromme, Sara Jane Moore, whoever.

7. Replace Ford again with Rockefeller, declare martial law and cancel the election. Alternatively, this could be done by killing Jimmy Carter before the inauguration.

Now I realize how naïve I was. Granted, Carter is more progressive than I am—after all, politics is the art of finding a balance between the status quo and the force of evolution—but it became crystal clear to me that he had made some kind of deal. The intelligence-gathering system knew about G. Harrold Carswell's tragic gay problem. Now, *he* would have been a fine prospect for blackmail: "We have this photo of you and a friend in the men's room, Justice Carswell, but don't worry, we won't leak it." I wonder, if I had been successful in appointing him to the Supreme Court, how would he have voted on the constitutionality of entrapping homosexuals? Anyway, my suspicions were aroused when it did not come out in the media until *after* the election—immediately before Carter's inauguration when it was too late to do us any good—that his son Jack had been discharged from the Navy because of marijuana.

Our hammer over George McGovern's head in 1972 was that his daughter had been hospitalized for an LSD freakout. We never had to resort to using that particular bit of intelligence, however, despite the fact that it was *we* who had arranged for her to be "dosed" in the first place.

* * *

Woodward and Bernstein were not the only ones with reliable sources. According to one of my contacts in the intelligence community, the Democrats' first choice for a presidential candidate in the 1976 elections was a southern governor—Askew of Florida—but their analysts calculated that Jimmy Carter's resemblance to Howdy Doody would provide a subconscious association in the minds of voters who were weaned on that folksy puppet.

What the American public does not realize is the impact of the long-range planning that goes on in think tanks such as Stanford Research, the Rand Corporation and the Hudson Institute. They are already beginning to orchestrate the Bimillennium, the 2000th birthday of Christ. The function of Jimmy Carter—with all his religiosity and his talk about not living in sin—is to provide an opening wedge for the Christianization of the United States. The arms manufacturers would be well pleased by a repeat performance of the Crusades. After those Korean bribes via Reverend Moon's Unification Church and the brainwashing of the Moonies, they'll finally figure it's time to make Christ an *American* again.

Incidentally, Billy Graham recently tried to convert me, the same way he did with that professional gangster, Mickey Cohen. "Think what it

would be like," he sad, "if you were to go on an evangelistic tour with Eldridge Cleaver and Colonel Sanders."

"You mean the Kentucky Fried Chicken guy?"

"Yes, he has been born again too."

"No, thank you, Billy, I seem to have found serenity in my own way."

I truly have been able to gain real humility now that Chuck Colson and Susan Atkins are saying the same things about Jesus Christ that they were once saying about myself and Charles Manson, respectively.

* * *

History is an unending conveyor belt that either perpetuates or corrects the inaccuracies of the past.

Therefore, the first thing I wish to point out, concerning that infamous eighteen-and-a-half-minutes gap in the White House tape of June 20, 1972, is that it actually lasted only eighteen-and-a-quarter-minutes. At 10:30 that morning, John Ehrlichman was in my office. We did not discuss Watergate. Before leaving, however, he handed me two sealed envelopes. One contained a gram of cocaine; the other contained a preliminary report on the surveillance of Woodward and Bernstein. This

task had been assigned to Tony Ulasewicz immediately after their first story on the break-in was published in the *Washington Post*.

It was strange. Ehrlichman's own first assignment had been to spy on the Nelson Rockefeller people for us during the 1960 campaign, and now he had his own chain of command. I have noticed that Ehrlichman's brow has become more knitted as he has advanced in his career. When he left, I opened the sealed envelope and read the report. It was brief:

*Bernstein, Carl: Heavy pot smoker. Living apart from his wife. Began affair with Nora Ephron,* Esquire *columnist, in New York while her husband, Dan Greenburg, book author, was at EST, Erhard Seminar Training.*

*Woodward, Bob: A loner. Clean as a hound's tooth. So far.*

Then I began to "chop the coke," as they say, with a razor blade. When Bob Haldeman entered, we each took a couple of snorts. Haldeman was my Sherman Adams. I had always felt I could depend on him. We were discussing whether my itinerary for an upcoming trip to the West Coast might include Ely, Nevada, which was the birthplace of Mrs. Nixon,

"That's perfect," Haldeman said. "We need anything we can get, PR-wise."

"But you know something, Bob? It's all image."

"Well, that is precisely the *purpose* of public relations."

"No, I mean my so-called marriage is all image. Pat and I have not, you know, slept together for many years. My God, I was the President of the Unites States, and I couldn' t even get laid by my own wife."

"Sir, you don' t really want to talk about this--"

"And I' ll tell you where it started. During the Cuban Crisis in October ' 62. Boy, Kennedy sure won a helluva lot of points on that one. And it could' ve been *me* confronting Khrushchev. I mean a real international shootdown, not just waving my finger at him in Safire' s goddamn makeshift kitchen."

"That would have been the logical extension of your Russian trip."

"I tell you, the unspeakable frustration of not being in a position to negotiate that missile thing. I just couldn' t get it up for Pat, plus the pressure of the California campaign was going on then too. And after we lost that election, she started talking about a divorce. We compromised with separate bedrooms."

Suddenly I stood up, walked around my desk to where Haldeman was sitting, and I ran my hand back and forth across the top of his crewcut. I am not very physically demonstrative, but I had always wanted to do that. Still, this was almost a spontaneous gesture.

"You stuck by me, Bob," I said while I rubbing his hair. "Finch dropped out, but you . . . " And I began weeping uncontrollably.

"Sir, is there anything I can do?"

Between sobs I blurted out, "Oh, sure" —I certainly did not intend for this to be taken literally— "Why don't you try sucking my cock, maybe *that'll* help."

To my utter astonishment, Haldeman unzipped my fly and proceeded with what can only be described as extreme efficiency. The whole thing could not have taken more than five minutes from beginning to end. He must have had some practice during his old prep-school days. Neither of us said a word—before, during or after.

This misunderstanding was comparable to the time that Jeb Magruder remarked how convenient it would be if we could get rid of Jack Anderson, and G. Gordon Liddy assumed that was a direct order and rushed out to accomplish the act. If Liddy had not blabbed his "assignment" to an aide in the corridor, Anderson might not be alive today.

As for my own motivation, here was an experience not of homosexuality but of power. I realized that if I could order the Pentagon to bomb Cambodia, it was of no great consequence that I was now merely

permitting my chief of staff to perform fellatio on me. In fact, I was fully cognizant of what an honor it must have been for him.

When the incident was over, I simply returned to my desk, and although the tension of vulnerability was still in the air, we resumed our discussion as if nothing had occurred.

"Now," I said in a normal tone of voice, "what's on the agenda?"

"Sir," Haldeman began, "on this Watergate problem, it would be advantageous to us if any similar activity on the part of the Democrats could be leaked to the media."

"Well, Hoover once told me—this was right after we won in '68—he said that within the previous month, LBJ had the FBI put the bug on Agnew and me. Ramsey Clark was attorney general then, but he never authorized it, so that was an *illegal* wiretap."

"Perfect. We start with Lyndon Johnson and work our way back."

"But no, on second thought, the LBJ tap would open up the whole Dragon Lady can of beans. I mean that was the goddamn *excuse* they had for spying on us."

Then Haldeman delivered a resounding pep talk—when he lets loose he can be an emotional marvel—about the importance of launching a counterattack against our enemies.

I must say at this point that Rose Mary Woods deserves a Medal of Honor for the way she was willing to humiliate herself by taking full blame for accidentally erasing those first five minutes rather than stand by while my public image was being destroyed.

Moreover, when General Alexander Haig learned from Haldeman's notes that during those additional thirteen-and-a-quarter-minutes there was a discussion of how to deal with Watergate, thereby proving that I was involved in the cover-up only three days after the break-in, Haig attributed the erasure to "sinister forces." He said this under oath in Judge John Sirica's courtroom.

Now *that* is loyalty above and beyond the call of duty.

* * *

In retrospect, I realize that H.R. Haldeman was part of the plot against me all along, always trying to ingratiate himself—anything to impress me, when actually he w as trying to hurt my political career. Not that he was against me personally; I was just his particular assignment as

part of an overall plan "to destroy," in the words of Frank Sturgis, "the office of the presidency."

Haldeman was a saboteur in the guise of a sycophant. In 1967, when he was a vice president at the J. Walter Thompson advertising agency, he sent me a long memo on how I could use the media in my '68 campaign. I have since learned that during World War II, various corporations—Standard Oil, Wrigley Chewing Gum, Paramount Pictures—lent their services to the Office of Strategic Services, which later became the CIA. The Thompson Agency supplied Kenneth Hinks to be chief of the OSS planning staff. One of Haldeman's predecessors, Richard de Rochemont, a vice president of J. Walter Thompson, was offered a position with the Secret Intelligence Branch of the OSS. Another Thompson official, Donald Coster, stayed on with the CIA in South Vietnam from 1959 to 1962.

That's when Haldeman really latched on to me, in the '62 campaign. And when we lost, it was Haldeman who persuaded me to make a public fool of myself with that godawful "You won't have Nixon to kick around any more" press conference. It was Haldeman in 1972 who acted as a double agent and conspired with Dick Tuck to have all those Chinese fortune cookies contain the same message: "What about the

Howard Hughes loan?" And it was Haldeman who consciously sabotaged the research on the Hiss chapter in *Six Crises*.

On one occasion I was meeting with a group of blind veterans in the Oval Office. I wanted to display my empathy with them, so I began describing the Presidential Seal, which was woven into the carpet we happened to be standing on. A blind veteran got down on his knees and started feeling that design with his hands. I closed my eyes and proceeded to do the same. It was perhaps the most spontaneous gesture of my life, although I must admit I was grateful to hear the sound of cameras whirring. I was pleased that this scene of my true humanity was being recorded for posterity. But Haldeman ordered an embargo on that photograph, ostensibly to protect the dignity of my image, because the president should never be seen in a kneeling position.

Even a year after he resigned, there he was, old faithful Bob Haldeman, backstage with me at the Grand Ole Opry in Nashville. He chided Johnny Cash for that time he refused to sing "Welfare Cadillac" at the White House, and Cash now replied, "Should I do it tonight and dedicate the song to you now that *you're* on welfare?"

Haldeman did not appreciate the humor in that. He was too preoccupied with the betrayal of me that he had in mind. He handed me a

yellow yo-yo and said, "This will really please the crowd. It's an official Roy Acuff model." I put the yo-yo in my pocket. Haldeman did not mention that the string had been loosened at the bottom, so when I was onstage and I flung that yo-yo down, it just *stayed* there. Once again, Haldeman had transformed the president into an asshole.

It was Haldeman who had urged me to Install the White House taping system. It was Haldeman who hired Alexander Butterfield, who testified to the whole world about the tapes, and told the FBI about E. Howard Hunt. Butterfield brought in Al Wong to set up the system and check it every day. And it was Wong who brought James McCord onto the team. It all seems so obvious now.

One thing about Gerald Ford, though: He keeps his promises—not only to pardon me, but also his promise to fire Alexander Butterfield, even though Ford was actually grateful to him. As for me, I should have listened to L. Patrick Gray when he warned me, "People on your staff are trying to mortally wound you."

My wife, Pat, has sworn to me that she never told anyone about our marital difficulties, and of course I believe her, so the leak to Woodward and Bernstein could *only* have come from Haldeman. On top of all his other betrayals, he must have been Deep Throat too.

* * *

There was one plan of the White House Plumbers that never came to fruition. It involved the theft of Patricia Ellsberg's dental records. This was my own idea—not Haldeman's, not Hunt's, not Liddy's—*they* were satisfied with obtaining the records of Daniel Ellsberg's psychiatrist.

But I remembered that the first time Alger Hiss confronted Whittaker Chambers, he requested to see his *teeth*. Hiss explained to me that he suspected Chambers might be someone he had known years before, and he wanted to see his teeth to make sure.

Well, that recollection inspired me. We were able to obtain the dental records of Ellsberg's wife, all right, but did not have the opportunity to use them in helping to prove that she was guilty of espionage. I could not imagine exactly how we were going to achieve this but I did know that, *whatever*, it would be accepted by the public simply because the charge itself was so "off the wall."

How odd that Whittaker Chambers, the dignified translator of *Bambi*, had been asked to publicly show his teeth as if he were some kind of stud at a horse show. I have never been able to forget that moment.

* * *

The paradox of our nation is that we turn our vices into virtues. As the truth about political assassinations—from Malcolm X to Mrs. Dorothy Hunt—finally begins to emerge, we may truthfully say, "Only in America does there exist the freedom to reveal how insidious we have been, and then to continue in our insidious way with an even more determined spirit."

I still believe that the United States is the greatest country in the world. It is also the greatest show on earth.

I once had a vision of myself leaving Washington the way Jimmy Durante used to end his TV program, standing in a spotlight and bowing gracefully to the audience, then walking back a few steps into another spotlight, bowing again, and so on. Instead, I ended up sounding as helpless as Hal the Computer in the movie *2001*, unable to control my own memory banks.

My consolation for this personal tragedy is summed up in Jeane Dixon's prediction: "Historians yet unborn are going to take the facts, and Richard Nixon will go down as a great President. They're going to find that the price the world is paying for trying to discredit Nixon is going to be that we'll practically lose our freedom."

In the meantime, I am, at long last, completely at peace with myself. It has been worth all the struggle.

**Postscript:**

After "A Sneak Preview of Richard Nixon's Memoirs" was published, syndicated columnist Liz Smith—who hadn't seen that piece—wrote that H.R. Haldeman had been in the Oval Office with Nixon, and that his trousers were down to his ankles. Hoping to smoke out the truth, I retyped one page of the manuscript, inserting a phrase (shown in italics) in this sentence: "When the incident was over, I simply returned to my desk, and although the tension of vulnerability was still in the air *and my trousers were still around my ankles*, we resumed our discussion as if nothing had occurred." I then photocopied the manuscript and sent it to Liz Smith. I had assumed she would check with her source. Instead, she wrote in her column that she had been fooled by *me*, implying that her source had based that revelation on my article. Somehow my hoax on Liz Smith backfired. I had become a victim of my own satirical prophecy.

In his memoirs, I had Nixon insisting that Watergate was a setup to get rid of him as president. A decade later, Nixon himself made that claim in a network television interview. Furthermore, Haldeman in his book, *The Ends of Power*, would reveal that Nixon used code words when talking

about the murder of President Kennedy. Haldeman said that Nixon always referred to the assassination as "the Bay of Pigs." And, on May 5, 1977, the *Houston Post* published a UPI dispatch that stated:

"Watergate burglar Frank Sturgis said Wednesday that the CIA planned the break-in because high officials felt Richard Nixon was becoming too powerful and was overly interested in the assassination of John Kennedy . . . 'Several times the President asked CIA director Richard Helms for the files on the Kennedy assassination, but Helms refused to give them to him, refused a direct order from the President,' Sturgis said. 'I believe Nixon would have uncovered the true facts in the assassination of President Kennedy and that would have taken off the heat in Watergate. Because Nixon wanted files, the CIA felt they had to get rid of him.' Asked if Nixon ever was in danger, Sturgis replied, 'Yes, absolutely. Nixon was lucky he wasn't killed—assassinated like President Kennedy.' "

One other thing. "A Sneak Preview of Richard Nixon's Memoir" was originally published in 1976, in which Nixon insisted that Watergate was a set-up to get rid of him as president. About a decade later, Tricky Dick made that exact same claim on a network television interview.

Satirical prophecy in action.

## Why I Leaked the Anita Hill Affidavit

I shall identify myself only as a female aide to a Republican senator. It is also relevant that I have long nurtured a keen interest in psycho-history, the process by which a nation's direction is interpreted as an extension of the psychological makeup of those individuals who govern it.

Without going into specific detail, let me simply state that on October 5, 1991, I happened to hear part of a conversation among Judge—now Supreme Court Justice—Clarence Thomas, Senator Orrin Hatch and Senator Alan Simpson. The three were meeting informally one week after the Judiciary Committee voted, first 7-7, then 13-1, to recommend the confirmation of Judge Thomas, and one day after the full Senate indicated that he *would* be confirmed.

The conversation I happened to hear had to do with those charges brought by Anita Hill and ignored by the members of the committee, both Democratic and Republican. At that point in time I still thought this was an appropriate response, because the alternative would have been to hold an executive session, and Judge Thomas would then have had no practical choice but to resort to heavy denial. Now, however, these men were, in a

jocular fashion, acknowledging the truth of what would turn out to be Professor Hill's allegations.

Senator Simpson was saying, "Y' know, Clarence, I've seen some pretty raunchy porno movies in my time, but I never did see one where a lady was having sex with an *animal*."

"I'll never forget it," Judge Thomas replied in his riveting sonorous tone. "They were in a barn. Except that the inside of the barn was like a theater."

Senator Hatch interjected, "Summer stock, eh? No pun intended"

"There was a stage at one end," Judge Thomas continued his description, "and the stage was facing rows and rows of wooden folding chairs. There were haystacks piled up on the stage, and in front of the haystacks there was a beautiful, buxom, blond woman—and a donkey. Well, the woman began disrobing and she started stroking the donkey to arousal."

"Doesn't sound at all sleazy to me," Senator Simpson said.

"Actually, it had Beethoven piano sonatas playing in the background," Judge Thomas said. "Well, when the woman was fully disrobed and the donkey was fully aroused, they began copulating, right there in front of those haystacks on the stage of that barn. Slow and

sensual. Then bumping and grinding away, accompanied by passionate moans and wild braying. You've never seen a sight like this, I promise. And then the camera panned slowly toward the audience . . . and the audience consisted entirely of *donkeys*."

The Senate office shook with raucous laughter, especially that of Judge Thomas. His booming guffaws rang like huge gongs in a church belfry. And, I must admit, I had to suppress my own laughter. I had been totally caught by surprise, but I appreciated getting the insight. Homo sapiens is, in reality, the only species that has a need for pornography.

When the group's laughter finally began to simmer down, Senator Hatch said, "I suppose that movie was one of the demands of the animal rights people."

"That's correct," Senator Simpson added. "Saving animals' lives is no longer enough. They need *culture*."

I felt like I was imprisoned in the boys' locker room, but I was getting ready to force myself to leave anyway, and it would have ended right there for me if the subject matter hadn't returned to Anita Hill.

"I'm glad nobody considered calling *her* to testify against me, even for a closed-door session," Judge Thomas said. "But you fellas will really love this. Anita Hill was a very opinionated young lady. Actually, she

and I once had an *extremely* animated discussion on the decriminalization of abortion. Can you imagine what the Democrats would've done with *that*?"

And that was the precise instant I made the decision to leak Professor Hill's statement to the press. Although I have constantly been sexually *hassled*, I have never really been harassed in the *legal* sense of the word. However, I *have* had an abortion, and I was totally outraged by the blatant hypocrisy I'd overheard. I had never leaked a document before, but my anger overshadowed my fear.

I chose Nina Totenberg because I had come to trust her reporting about the Supreme Court on National Public Radio. I honestly had no idea what leaking the affidavit would accomplish. I certainly did not envision that it would literally embarrass the Senate into delaying the vote until public hearings were held, though that probably was my secret desire.

But Judge Thomas *testified under oath* that he had never discussed the subject of abortion. However, in response to a question by Senator Hank Brown, Professor Hill testified that she had disagreed with Judge Thomas in a discussion about *Roe v. Wade*. Unfortunately, then-Senator Joseph Biden quickly interrupted her.

"That is not the subject of these hearings," he said.

Personally, I feel quite disappointed about that particular aspect of the testimony, but I have not the slightest regret over leaking Anita Hill's affidavit, and I would gladly do it all over again.

I certainly set a higher moral standard for myself than did the staffer for Senator John Danforth who wrote Judge Thomas's statement that began, "Nobody helped me with this."

## President Clinton's Private Confession

*The following is a leaked transcript of a closed-door, secretly taped prayer breakfast that Bill Clinton hosted for a group of religious leaders after the impeachment trial failed to remove him from office.*

#

Gentlemen--and lady (I guess you must be the Episcopalian)—thank you for being here. It's too bad Reverend Moon isn't among us this morning, so he could perform a mass impeachment of all the senators who swore under oath that they would be impartial. But seriously, folks, I'd like begin with an epiphany I had yesterday, one that truly humbled me. Strangely enough, it happened while I was watching *The Roseanne Show*. I had never seen it before, but she was interviewing Paula Jones and, as my mother used to say, curiosity got the best of me.

Ms. Jones was telling Roseanne about the first time she saw me in that hotel. She was working at the courtesy booth for the governors' conference. She described me as funny-looking, the way my hair was styled, being overweight, how my suit was out of fashion and didn't fit. So, she was sitting at the registration desk with her girlfriend, pointing at

me and giggling. Somehow, I perceived her through the filter of arrogance that people with power develop, and I assumed that she was giving me a come-hither look. That simple misperception is what triggered this whole long ordeal. I took her willingness for granted.

It was different with Monica Lewinsky. I mean to say, she flashed the strap of her thong underwear—it made my heart go *thump*—and, you know, I'm a prisoner at the White House. I can't go to a motel, but Monica appeared like a gift from Heaven, and I succumbed to temptation. I was fully cognizant that this was a very delicate situation—I even asked for *permission* to kiss her—yet I blocked out my foresight. Way back in college, when I tried to avoid military service, I was already thinking ahead to campaigning for president, but now I found myself ignoring the likelihood that Monica would not keep our relationship a secret.

I certainly didn't consider the possibility that she would become so seriously involved with me. It was embarrassing to hear the tape that Linda Tripp made, where Monica told her what she had said to me on the phone: "I love you, Butthead." I remember thinking when it happened, "Hey, I'm the president of the United States, you can't call me Butthead." However, I immediately decided to treat the situation with humor. But she hung up before I could say, "I love you, Beavis."

Surprisingly, I was *not* embarrassed about the infamous cigar incident. I felt that it had been an act of restraint from *actual* intercourse. Kind of tender and playful. Now, if it had been a Cuban cigar, *that* would have been illegal. But this was not the sort of intimacy that I would have felt comfortable performing with the First Lady. Hillary and I are really close, but as I' m sure you understand, no cigar.

For her, the most revealing thing in *The Starr Report* is Monica' s fantasy about our—Monica and me—being together more often when I' ll be out of office; where she quotes me as saying, "I might be alone in three years." Hillary was furious, not only because it had provided a young intern with false encouragement, but also because it implied that we--Hillary and me--don' t have sex, and she felt it divulged our agreement that if we were to separate, it would not occur before we left the White House.

For me, the most revealing section—in that same section of the report—is Monica' s testimony that I jokingly said, "Well, what are we going to do when I' m seventy-five and I have to pee twenty-five times a day?" True, I did say that, but I really *wasn' t* joking. In fact, it was my fear of old age that kept drawing me to Monica. She was my direct link to youth. So I was being *literal* about peeing twenty-five times a day when

I′ m seventy-five. Hell, I drink at least eight glasses of water a day *now*—just like I′ m supposed to, for my health—but then I have to *pee* at least eight times a day. Ironically, the TV commercials warn that if you have to pee eight times in 24 hours, it′ s a symptom of an overactive bladder.

Indeed, irony has permeated this long-running scandal, beginning to end. It was ironic that my sexual appetite helped put me in office—the Gennifer Flowers allegation originally placed me in the media spotlight—and it was my sexual appetite that almost tossed me out of that same office. And it′ s ironic that, although Kathleen Willey *enjoyed* our brief encounter, to prove it we would have had to resort to obtaining testimony from her confidant, the wonderful Linda Tripp.

Now, there are things that I′ ve done as president of which I′ m *truly* ashamed. Even before my inauguration, I made it a point to stop in Arkansas to oversee the execution of a mentally retarded prisoner. At his last meal, he said he′ d wait to have his dessert, a slice of pecan pie, until after the execution—that′ s how much he understood what was going on. I′ m ashamed of *under*-protecting the rights of gays and *over*-protecting children from the Internet. I′ m ashamed of being *against* medical marijuana and *for* requiring a urine test as a prerequisite to obtaining a driver′ s license. I′ m ashamed of bombing Iraq, Afghanistan and Sudan.

I' m ashamed of *in*creasing the military budget and *de*creasing the welfare budget. I' m ashamed of dropping cluster bombs and continuing to plant land mines.

But the Republicans didn' t dare attack me for any of those positions because they are *their* positions too.

I' ll tell you how I survived this past year, how I maintained such high approval ratings, while Newt Gingrich fell by the wayside. How I managed, in short, to remain president. It was partly the state of the economy, and it was partly the state of the culture. Pornography is a twenty-billion-dollars-a-year business in this country. Steven Spielberg told me that' s more than Hollywood' s entire domestic box-office receipts. Because it' s what the American public *wants*. And the TV networks exploit that dirty little secret. It' s why sweeps weeks are always so raunchy. So, then, what *I* did wasn' t considered such a big deal after all.

Mainly, though, I have survived because, one sunny afternoon, Monica was positioning herself on the carpet under my desk in the Oval Office *while* I was on the phone with Benjamin Netanyahu. I was telling him about the time that Monica was performing oral sex on me while Yassir Arafat was waiting in the Rose Garden for our appointment. I

*didn't* tell Netanyahu that she was just about to perform the same act on me while I was on the phone with *him*. Anyway, at that point, Monica found a big old dusty Mason jar under my desk. There was a label on the side which read, "Property of Ronald Reagan."

That Mason jar was filled with Teflon, and I have rubbed it on myself every day since.

I began my talk this morning with an epiphany, and I'd like to end with another. This epiphany also occurred while I was watching television—*Larry King Live*—and, once again, Paula Jones was the guest. At one point she said, "I've never voted in my life." And I was astounded. Then she said, "I'm so apolitical, it's unreal." And I realized what an incredibly great country America really is, that somebody who was just a plain citizen, who was never even *interested* in politics—somebody who had never even *voted* for a president—had nearly succeeded in toppling one.

Well, this has been a catharsis for me. I just want to say once more how much I appreciate your presence here. And finally I would like to share with you a little witticism that Hillary came up with last night, an idea for what my epitaph should be: "Here lies Bill Clinton, but that depends on what you mean by lies." Isn't she wonderful?

Oh, and one more thing. Now listen carefully. I did *not* have sexual assault with that woman, Ms. Broaddrick. I' ll be honest with you, it may have been *rough* sex, but it was totally consensual. That, I can guarantee. Thank you and God bless you all.

## The Autobiography of Monica Lewinsky

*The following is an exclusive excerpt from an autobiography-in-progressy by Monica Lewinsky, titled* Going Down in History. *The manuscript was leaked to* The Realist *by, of course, a reliable source.*

#

I am not an airhead. I'm a victim, partly of my own making. And mostly, I'm a political pawn of the spin doctors. There are several books being written about the White House scandal, but only a few individuals know what really happened, and only I know who *I* really am, which is why I have decided to write this book. I would write it even if I didn't need the money for legal expenses. My life may be ruined—at least my reputation will be forever tainted—but the truth must be told.

I don't like being a one-dimensional symbol. If anybody were to take a free-association test, the psychiatrist would say "Monica Lewinsky" and the patient would immediately respond "Oral sex." Maybe soon my name will be in a crossword puzzle—the clue: eight letters across—and the correct word will be "fellatio."

Back home in Brentwood, I've been listening to talk radio a lot. Ronn Owens on KABC had listeners phone in with nothing but jokes about me for a solid hour. First he warned the audience that if they were easily offended, they should tune out. I have never felt so objectified in my life, and yet, at the same time, I found the program quite riveting.

The best call came from a nine-year-old who said, "Bill Clinton violated the Eleventh Commandment: Thou shalt not put thy rod in thy staff." The worst call came from a man who asked, "What do the Titanic and Monica Lewinsky have in common?" The answer was, "They both have dead seamen (semen) floating in the hull."

And remember that awful piece of gossip—the one Lucianne Goldberg initiated in order to get attention from the press for *her*—that I kept a blue dress stained with Clinton's dried ejaculation as a souvenir? Well, Jonathan Brandmeier on KLSX invited listeners to call in and suggest euphemisms for presidential semen. My favorite was "Bubba butter." Apparently, my role is to serve as a vehicle for the destruction of taboos.

I have also become an automatic comedy reference. So, to Jay Leno, David Letterman and Conan O'Brien, I'm very useful in punchlines. To *Saturday Night Live*, I'm just a character in their sketches, and never without that beret from my famous hugging-Bill TV footage. But I did

think it was hilarious to cast John Goodman in drag as Linda Tripp. That cheered me up. I' ve been simultaneously depressed, scared and, strangely enough, exhilarated.

As an instant celebrity, I' ve learned that everybody always sees everybody else through their own particular filters. Democrats, Republicans, men, women, the other interns—all perceive me subjectively. For a manufacturer of novelty items, I was simply a disembodied inspiration for the marketing of "Presidential Kneepads." And for *Penthouse* magazine, I would only be considered their next notorious masturbation enhancer.

In the eyes of the media—from NBC News to *Nightline*, from *TIME* magazine to *People*, from the *New York Times* to the *National Enquirer,* from the *Washington Post* to *Entertainment Tonight*—I am purely a commodity. Naturally, I believe in the First Amendment, so I' m against censorship. All I' m saying is that while America is achieving adolescence publicly, the tabloids have won the war.

The battleground is like an ongoing contemporary Shakespearean tragicomedy, but there is no script, there is no producer, there is no director. There is only the process of everyone' s karma interacting. I recall

the words of Terence McKenna when he was a guest lecturer at Lewis & Clark. He said, "Chaos is the tail that wags the dog."

Damage control is the name of the game. It was Dick Morris who advised Clinton to get a dog. Buddy, huh? They should've named him Photo-Op. It was also Dick Morris who suggested taping that ostensibly candid scene of the First Couple dancing on the beach. And I would bet my entire book advance that both Hillary and Bill *knew ahead of time* that Dick Morris was going to release a trial balloon that *if* the rumor about Hillary being a lesbian were true, *then* it would be perfectly reasonable that her husband would need to seek sexual gratification elsewhere.

In fact, the reason I think that Clinton's approval ratings have been so high is because people can *identify* with him fooling around. I mean, when Jimmy Carter admitted that he had lust in his heart, it was the adultery vote that helped get him elected. And that was only lust in his *heart.* Bill Clinton is an *activist.*

I've been reading a book, *Spin Cycle* by Howard Kurtz, and there's a story in there about that time in 1996 when the president said that he "might like to date" a shapely, 500-year-old mummy whose remains were on display at the National Geographic Society. Later, chatting after a few cocktails, Press Secretary Mike McCurry told a dozen

journalists on the press plane that he could understand Clinton's remark. "Compared to that mummy he's been fucking," McCurry chuckled, "why not?" Poor Hillary.

Without bothering to mention that it was off the record, McCurry assumed his joke wouldn't be reported, and it wasn't until that book. Washington is a very cynical place. Everything is stated carefully and deliberately, with the *intention* that it will be repeated. When McCurry told the *Chicago Tribune* in an interview that Clinton's relationship with *me* could turn out to have been "complicated," it was no slip of the tongue. He was fully aware that his observation would appear in print.

Unlike Richard Nixon, who never dreamed that *his* words would be published in a book, *Abuse of Power: The New Nixon Oval Office Tapes,* edited by Stanley Kutner: "Bob [Haldeman], please get me the names of the Jews, you know, the big Jewish contributors to the Democrats. Could we please investigate some of the cocksuckers?"

My mom is a member of the Book of the Month Club, and in their brochure they printed it "c*cks*ck*rs." Anyhoo, that's how everybody thinks of *me* now. I'm the nation's official c*cks*ck*r laureate.

The image of me on my knees giving head to the president has become a cultural icon. The irony is that *it never happened.* When Wolf

Blitzer from CNN asked Clinton at a press conference what he would like to say to me, Clinton smiled and said, "That's good, that's good"—referring sarcastically to the *question*—but it was extremely ironic, because that's *exactly* what I *imagined* he *did* say to me: "That's good, that's good." And I replied, "I gave you a blow job, but I didn't swallow." He started laughing hysterically, just like that time he did with Boris Yeltsin. Bill liked my sense of humor. That's why we went from flirtation to friendship.

However, the reasons I visited the White House thirty-seven times was not for Bill—it was to be with Hillary—*she* was the one who desired me physically. The rumor about her being a lesbian was *true.* And so my relationship with Bill *was* complicated. He just acted as a middle man for Hillary, and now, by denying an affair with *me*, he's telling the truth *and* taking the fall for *her*. In that sense, he's an incredibly loyal husband. Despite what the public may think, Bill is absolutely devoted to Hillary.

Everybody is watching so closely for him to commit the next indiscretion, but it would have to be with somebody he can *totally* trust, somebody who could suck the leader of the Western World's dick and *not* confide in a friend, or to somebody who *pretended* to be a friend. So, for a while, Bill is left with only Buddy's tongue for sexual companionship.

At least, Buddy won't lick and tell. And if I know my president, while Buddy is pleasuring him, Clinton will fantasize that it's a *female* dog.

## Sarah Palin's Reality Sitcom

Referring to the Ronald Reagan presidency, Neal Gabler has written about "the triumph of entertainment over political ideology of any sort." And Kurt Andersen labeled Bill Clinton the "Entertainer-in-Chief." The voters are the audience, conditioned to fear and superficiality in commercials for erectile dysfunction and political campaigns alike, both having scary side effects. And now the injection of Sarah Palin and her family into the McCain vs. Obama campaign makes one wonder whether the winner of this race will ultimately depend on which candidate presents the better sitcom. It already *is* a reality show. Do you know what the difference is between a sitcom and a reality show? The laugh track. Otherwise, how would the masses be able to tell whether something is funny or not? Hmmmmm . . . In any case, we're pleased to present the pilot episode of:

**BRIDGES TO NOWHERE**

*[Instrumental rockabilly music accompanies a montage of Sarah Palin in various contexts, as the opening credits are superimposed on these images: In a helicopter, using a machine-gun to shoot a wolf running away in the snow. As a contestant in the Miss Alaska competition. A*

*wedding photo. Burning a pile of books. Jumping high to block a shot in a basketball game. Seated at her desk in the governor's office. At a barbecue with her children. Giving a speech to a large crowd. At the bank, exchanging a wolf's left foreleg for a $150 bounty. Tossing her hat way up in the air and then shooting it down with a rifle.]*

*[Sarah and Todd are slumped down on the living-room sofa.]*

SARAH: I'm exhausted and exhilarated at the same time. I was at the Learning Annex all day, taking that course in "How to Be a Vice President."

TODD: And I was interviewing potential nannies all day. No one fits the bill yet. But I just keep calling the agency. Maybe I'll try Craigslist.

*[The telephone rings. Todd picks it up.]*

TODD: Hello . . . thanks, I will. *[Hangs up the phone and clicks on the TV.]* That was McCain. *[Looks at* TV Guide *for the channel number and clicks the TV on.]* Keith Olbermann is doing a Special Comment about you on MSNBC.

OLBERMANN: When John McCain first selected Sarah Palin as his running mate, it seemed to me that it was the best "What were you *thinking*?" moment since Hugh Grant got caught getting oral sex from a prostitute in his rental car. I was sure that with Governor Palin as the

ambush candidate, Senator McCain would be ridiculed into a severe case of buyer's remorse, his impulsive choice would backfire, and there would then be an epidemic of *schaedenfreude* among Democats. But I must admit, Ms. Palin, you have, dare I say, a certain Machiavellian charisma, and I was not quite prepared for that. You said that you deliberately tried to make yourself look frumpy, what with those Kawasaki eyeglasses and that chocolate-rust cotton-candy hair-do, sort of like the secretary in a porn movie who takes off her glasses and shakes her hair loose, then she goes ahead and seduces her uptight boss right there on his own black leather executive chair. Or so the comedians tell me, I wouldn't know. But you might as well *be* the star of a porn movie, because your main qualification to be vice president is that you *have* a vagina and you *are* a cunt. Allow me to parse that for you, Sarah. When I say that you were appointed because you have a vagina, there is no way in semantic purgatory that McCain would have chosen a *man* who had exactly the same political positions and experience as you--except that your American flag pin is bigger--so his having a penis would simply not make one iota of difference. And, you're a cunt if for no other reason than, in your acceptance speech, using Barack Obama as a prototype, you demeaned countless dedicated and courageous community organizers across the

nation by pretending that, as mayor, you exercised *actual* responsibilities which ostensibly *they* don't have. And I am not being sexist here, Sarah, because I am also calling John McCain a prick, if only because he is against funding higher education for our young men and women who are fighting and being maimed and dying in Iraq and Afghanistan--McCain's pathetic rationale being that if they had that funding to look forward to, then they just might prefer to come home and go to college rather than re-enlist. So, you-the-cunt and he-the-prick have a very complementary relationship. Support our troops, indeed! McCain's idea of supporting the troops is to send them more antidepressants--one out of every eight is already *on* them--so they can go kick down doors and kill people but still feel good about it. Oh, yes, and Sarah, we must not forget how Cindy McCain described the basis of your foreign policy experience. She said, "Alaska is the closest part of our country to Russia." With allies like that, you don't need opponents. Cindy reminds me of Jessica Simpson, when she asked if a can of "Chicken of the Sea" was fish or chicken. What's next, Cindy will sing her own rendition of Rosemary Clooney's classic song, "C'monna My *Houses*"? And speaking of *rendition*, Sarah, I wonder what you think of the CIA flying prisoners to other continents where they are tortured. Hey, what ever happened to *Country First*?--they should be

tortured in *this* country--yes, this country that is so incredibly endangered by the Unholy Trinity of corrupt government, welfare corporations and evangelical religion. Incidentally, Sarah, wouldn't you agree that Rush Limbaugh--infamous hater of the "feminazis"--was a sexist when he boasted, "We're the ones with a babe on the ticket!" Inquiring minds want to know. Likewise, wouldn't you agree that McCain was a sexist when he was asked a question about Hillary Clinton during the primaries--"How do we beat the bitch?"--and he replied, "Excellent question." And wasn't it sexist of him to vote against equal pay for women? Just remember, Sarah, the only thing that John McCain wants more than to live in the White House is to have a *menage a' trois* with you and Cindy. Good night and good luck.

*[Todd clicks the TV off.]*

SARAH: I'll tell you something, Todd. I feel like a human dartboard for the media, but I'm developing a thick skin.

TODD: I know what you mean. I say, "Oh, yeah, media? *[Clutching his crotch]* Troopergate *this*!"

SARAH: And you know what, the campaign spinners who feed the media are just as bad. They're like the airport security people, who have to spend all day looking at a screen in order to focus on potential threats

in the shape of a gun or a knife or a hand grenade. Both campaigns--*they* have to focus on each other's opponents in desperate search of *anything* that can be deliberately misinterpreted to distract all the dumbed-down voters from the *real* issues like national security. At first, I thought that was the name of a bank. "Hurry up and invest your money at the National Security Bank--before they fail!" *[Sarah and Todd start laughing hysterically.]* And what about earmarks? Why, they're just political hickies....

* * *

*[Piper is sitting on a rocking chair in her bedroom, with Trig on her lap, holding a bottle to his mouth with one hand, and continually licking her other hand in order to leave a saliva deposit, then smoothing down Trig's hair.]*

PIPER: Come on now, Trig, I want you to drink your moose'n'banana shake. It tastes so delicious. And it's good for you too, even if the plastic bottle has poison lead in it because it's from China or somewhere. Listen, I'm sorry that you were like a circus prop at the convention. People screaming all over the place. But it's lucky they gave you a watchamacallit, a sedative so you could sleep through all that noise. And you didn't even know that you were being passed around like a

marijuana joint, huh? It's legal here in Alaska. Did you know that? But it has to be only one ounce or less. And then you have to smoke it in your own house. I'm gonna wait till I'm thirteen before I try it. Bristol and Levi smoke it when Mommy's out making a speech. If she was here, she'd smell it right away, so then they have to go somewhere else. Mommy says, "Pot may be part of God's plan, but not in *this* house." She's always saying that something is part of God's plan, but I don't understand what she means about that. Are hurricanes and train crashes part of God's plan too? Anyhow, you're not supposed to smoke anything when you're pregnant, right? Hey, Trig, you wanna hear what I think would be a nice name for Bristol's baby? Diversion. I didn't think of that by myself. I heard my teacher tell another teacher that Mommy's baby is a diversion. I think it could be for either a boy or a girl. Hey, my tongue is dry. I don't have any watchamacallit, any salvia left. Maybe if I just have a little sip of your moose'n' banana shake. *[Drinks from bottle]* It's really yummy...

* * *

*[Track is riding a stationery bike in his room while talking with Willow.]*

TRACK: I' m telling you, those Iraq Veterans Against the War were real traitors at the Democratic convention. I learned that they had the nerve to be in full uniform, and they were chanting, "My buddy' s in the foxhole with a bullet in his head--I called to get the medic but he' s already dead." But at *our* convention, just like the war in Iraq was a justifiable pre-emptive strike, so was the raid on the protesters before the convention began.

WILLOW: What happened? I was busy taking care of Trig.

TRACK: The police and the sheriff' s department seized material that could' ve been used to barricade roads, and spikes that could disable the delegates' buses. They confiscated slingshots and buckets of gray water and urine. It' s better to prevent using that stuff *before* it happens. They busted four people on suspicion of conspiracy to commit a riot, and detained dozens of others. They took boxes of pamphlets on free-speech laws in Minnesota, and booklets on how to protest legally.

WILLOW: That doesn' t seem right. I was listening to the radio, and a pundint was talking --

TRACK: You mean pundit--

WILLOW: --a pundit, he was talking about keeping protesters out of sight, they could only speak on P.A. systems in fenced-off, like cages, on

side streets, and I thought they were talking about the Olympics in China, but then I realized that they were actually talking about the protesters at *our* conventions.

TRACK: It's not the same. China is a Commie dictatorship--and here there were seventy-seven applications to speak--but not one single protester was given permission, and all those who applied were arrested before the games began. Way to go.

WILLOW: I heard that in St. Paul, even a *mime* got a permit to speak. And the people who *did* speak couldn't be heard. I mean, what about the First Amendment? We learned about that in school.

TRACK: Yeah, well, it doesn't apply to those anarchists on the opening day, with black cloth covering their faces, a few hundred of them, running around the streets, setting fires, throwing rocks, breaking windows, blocking traffic. It was the duty of the riot squad and the National Guard to stop those actions. Tear gas, pepper spray, rubber bullets, concussion grenades, whatever it took.

WILLOW: But what about the *peaceful* demonstrators?

TRACK: There were ten thousand demonstrators who were peaceful, and they *were* allowed to march against the war. All they had to do was follow the rules. When their permit expired at 5 p.m., they still tried to

march to the convention center, but the authorities had already blocked a couple of the bridges that led to the convention center. They blocked ' em with snowplows and gravel trucks, police barricades and plenty of manpower. I saw the protesters running toward one of those bridges, and they were being chased by police in riot gear and teargas masks, so then the protesters were stuck in the middle. Isn' t that great?

WILLOW: Ha-ha, the bridges to nowhere. *[Track and Willow giggle wildly.]* Y' know, I' m really gonna miss you when you go to Iraq.

TRACK: I' m gonna miss you too. Anyway, the thing is, our guys had to be prepared, starting months before the convention, because there' s all kinds of front organizations out there that the FBI had to get infiltrated, like the environmentalists and vegetarians who pretend to be just innocent special-interest groups. Same with farmers, attorneys, medics, reporters--a journalist, Amy Goodman and her producers, plus a guy from Associated Press on the sidewalk in front of a building where there was a huge party given by lobbyists for legislators with a band, Hookers and Blow, not to be confused with a terrorist band, Rage Against the Machine, and also a bunch of bloggers and a whole video collective called I-Witness--some people had to be roughed-up and handcuffed and arrested for trying to interfere with law enforcement. Their computers and

laptops and cameras and journals and diaries were seized. In some locations, even children had assault rifles pointed at their faces. In the military, this is all known as "anticipatory self-defense."

WILLOW: That's wicked. So tell me, are you nervous about going to Iraq?

TRACK: *[Stops pedaling and pulls up the left leg of his sweatpants, revealing a tattoo of Christ on his calf.]* Not as long as He's with me, and He will be, every moment, day and night.

WILLOW: *[Bends down and kisses the tattoo]* I really love Jesus. Whenever I close my eyes and pray, I don't know what God looks like, but I always think of Jesus, because I know what *He* looks like....

* * *

*[Bristol and Levi are sitting on the living-room sofa, holding hands. He is wearing a T-shirt that says "Billabong." ]*

BRISTOL: Here it is Friday night, and we can't even go out anywhere, because everybody points at us and stares at us and talks about us. It makes me feel like a real freak.

LEVI: How do you think *I* feel? All I ever wanted to do is play hockey and hang out with the guys and party like mad and get stoned out of my gourd and just chill out. I don't give a shit about *politics*. If we didn't

get drunk and screw in the tent outside that party, I never woulda had to go to that fuckin' Republican convention with your parents, who hate my ass off but they pretend we're one big happy family.

BRISTOL: Oh, c'mon, if my mother gets elected--like I wasn't planning to live in Washington, D.C.-- but it'll be fun. Please, don't be such a grouch.

LEVI: You saw my MySpace page. I mean *everybody's* seen it. "I'm a fuckin' redneck who likes to snowboard and ride dirt bikes." I'm too young to get married. I'm trapped. I was just minding my own business, and suddenly my whole fuckin' *life* is destroyed.

BRISTOL: Look, I don't wanna argue with you any more. Let's just see what's on TV.

*[Levi reaches for the remote control and clicks on the TV.]*

DAVID LETTERMAN: Here's good news, ladies and gentlemen. The Palin family crisis has been solved now, and today the baby is being adopted by Angelina Jolie.

LEVI: Boy, I sure wish *that* was true. I never wanted to have kids.

BRISTOL: Please, this is not exactly a picnic for me. Let's just see what else is on.

*[Click!]*

JAY LENO: Governor Palin announced that her seventeen-year-old unmarried daughter is five months pregnant. And you thought John Edwards was in trouble *before*. Now he's *really* done it.

*[Click!]*

CONAN O'BRIEN: Sarah Palin said, "We should never have introduced her to John Edwards."

*[Click!]*

CRAIG FERGUSON: I don't think that a young lady getting pregnant should even be news. Unless John Edwards is the father. Then that *is* kinda news.

*[Click!]*

BILL MAHER: Palin has five children including an infant that has Downs syndrome. She had it when she was forty-three years old. And it looks a lot like John Edwards.

*[Levi reaches for the remote control and clicks off the TV.]*

LEVI: That's really great, Bristol. John Edwards fucked you *and* your mother . . .

* * *

*[Sarah is sitting at her computer when there is a knock on her office door.]*

SARAH: Come in. *[Willow opens the door, walks in and sits down.]* I' m just looking over my stump speech here. It keeps changing.

WILLOW: Mom, I have to talk to you.

SARAH: Yes, dear, what' s on your mind?

WILLOW: *[Pausing]* I' m . . . pregnant.

SARAH: Very funny.

WILLOW: Mom, I' m not kidding.

SARAH: Willow, you' re only fourteen years old! How could you be pregnant? Are you sure?

WILLOW: I did the test three different times. They all said "Positive." I can feel changes in my body.

SARAH: This is horrible. I mean wonderful, of course. God always has a plan. Who' s the father?

WILLOW: *[Pausing]* It' s . . . Track.

SARAH: What! How can that be? He' s your brother! You had sex with your brother?!

WILLOW: I still don' t understand *how* I got pregnant. He borrowed a condom from Dad' s sock drawer.

SARAH: I' m shocked beyond belief. When did this happen?

WILLOW: Let' s see, the first time was--

SARAH: The *first* time! Did he force himself on you?

WILLOW: Well, not really. It was voluntary.

SARAH: Oh my God! What are we gonna do? Oh my God! I'm hysterical! Oh my God!

* * *

*[Todd is finishing up an interview with a beautiful young woman in his office. He tries unsuccessfully to avert his eyes from her cleavage.]*

TODD: Well, your resume' is solid--I'm totally impressed with your experience as a nanny--you have excellent references, you have a very enthusiastic personality, and I must admit, of all the women I've been interviewing, you're not only the most qualified, you're also the most attractive, if you don't mind my saying so.

NANNY: Oh, I don't mind at all, Mr. Palin. As a matter of fact, the feeling is mutual.

TODD: Please, call me Todd.

NANNY: Todd. Such a nice masculine name. *[Standing]* When would you like me to start?

TODD: I'll have to figure that out with Sarah when she returns. *[Standing]* She's meeting with Senator McCain today.

NANNY: *[Slowly moving toward him]* Then just be sure to call me whenever you know.

TODD: *[Slowly moving toward her]* All right, I will.

NANNY: You have my number.

TODD: And you have my number.

NANNY: I certainly do.

TODD: *[They are standing just a few inches from each other.]* The kids are really gonna *love* you. *[Gradually they embrace, He moves to kiss her on the cheek. She turns her head so that their lips touch, leading to a passionate kiss.]*

NANNY: *[Mumbling between kisses]* I feel like Jude Law's babysitter.

TODD: *[Mumbling between kisses]* Who's Jude Law?

NANNY: *[Unbuttoning his shirt]* He's a British actor who made love with his girlfriend Sienna Miller's babysitter on the billiards table.

TODD: *[Unbuttoning her blouse]* I don't have a billiards table, but I do have a cue-stick.

NANNY: *[Unbuckling his belt]* Oh, I know you do, I can feel it . . .

* * *

*[Sarah is pacing back and forth at her meeting with John McCain.]*

McCAIN: Calm down, Sarah, have a seat, take it easy.

SARAH: *[Sitting down]* I' m still in a state of shock. My heart is beating so fast. I have terminal dry mouth. This is awful.

McCAIN: Let' s review the situation. Your seventeen-year-old daughter is pregnant. And your nineteen-year-old son is the father. It was consensual sex. Nevertheless, that' s *statutory* rape. I think we have only two options. One, she gets an abortion.

SARAH: I' m sorry, that' s off the table. I mean it' s out of the question.

McCAIN: Look, I realize that you' re against abortion based on your religious principles, even in the case of rape or incest. And in this case it' s both. But you' re not against abortion if the life of the mother is endangered. That could be our exit strategy. There' s a blind doctor in Washington who performs the safest possible abortion, and he wouldn' t even know who the patient is.

SARAH: Absolutely not. Here' s what I thought about on the plane. Of course, we will never identify Track as the father--I' m so angry I found myself hoping that he would get killed in Iraq, and that would be perceived as such a heartbreaking patriotic sacrifice--I wanted to offer a bounty for the delivery of Track's severed left calf with the Jesus tattoo,

and yet I don't want him to be indicted and sent to prison for who knows how many years. What we *can* do is to place the full blame on a stranger who was wearing a stocking over his face so that there will be no description except for that detail. Willow didn't report it because she didn't have enough cash to pay for a rape kit, and she felt afraid to tell me until she was sure that she was pregnant. But she *will* be giving birth to that baby. And when Track returns home from Iraq, he will help raise that child, pretending he's only the uncle, which he actually *will* be. We could even announce Willow's pregnancy as an October surprise. That would endear our Christian conservative base to us even more than now, and it could provide a surge--excuse the expression--to our popularity.

McCAIN: Just because it worked in Bristol's case, that doesn't mean it will also work in Willow's case. I hadn't quite considered an announcement like this as a possible October surprise. I thought we might capture Osama bin Laden. Or that there could be impeachment and conviction of Bush and Cheney, but it would leave Nancy Pelosi as the new president, and we surely don't want *that*. Maybe Obama would be assassinated, then there would be rioting all over the country, there would be martial law, the election would be canceled, and the Bush administration would remain in power. Or the October surprise could be

dropping bombs on Pakistan. Or an air strike on Iran. Even if Israel did that, it would be with U.S. aid and approval. Also, there's a scenario floating around that Joe Biden will drop out of the race in deference to Hillary as Obama's vice-presidential running mate replacing Biden. That would really ruin our chances of winning.

PALIN: So tell me what the second option is.

McCAIN: That *you* drop out of the race. It's the honorable thing to do.

PALIN: What are you gonna do, kick me off the island? Let's face it, John, if I dropped out, you'd lose the election for sure, and you know it. You need to show me off during this campaign. I'm your biggest asset. I wanted to go on my own Palin Talk Express tour, but no, your neocon friends--*they* discovered me a year before you and I met--and now they're so afraid I can't function without their guidance. They're like a mad beehive, spouting campaign buzz words at me. But I will *never* drop out of this race. I would sooner give to the media my tape of our one-night stand in my hotel room at the governors' conference last February.

McCAIN: If you were to do that, I would release *my* tape of *this* whole conversation. So we're just canceling each other out with such tactics. But that's what I like about you. You're such a feisty lady.

Y' know, Sarah, if we get elected, I was hoping that our little tryst in Washington could happen again, perhaps this time in the Oval Office.

PALIN: Thanks but no thanks.

McCAIN: I remember you were *so* pregnant then.

PALIN: And I remember exactly what you said. "Let me baptize your fetus with some maverick juice." How romantic. But you were lucky I was *already* pregnant, because it would not have happened otherwise, since, as you know, I' m against birth control. Raising children is performing a task that is from God. And I believe that life begins *before* conception.

McCAIN: You and the Bush administration. They also consider birth control to be a form of abortion. The Health and Human Services Department is secretly trying to redefine contraception--the Pill, IUDs, you name it—redefine as abortion. So this federal agency could eliminate many state laws. Pharmacists could refuse to supply women with birth control devices. Insurance companies wouldn' t cover contraception. Rape victims wouldn' t have access to the morning-after pill. You have your beliefs and I respect them, but I' m trying to distance myself from George Bush.

PALIN: Except for his speechwriters.

McCAIN: Oh, you're referring to Matthew Scully and your acceptance speech at the convention. He's great. By the way, he asked me to pass on a line to you for the stump speech when you're talking about Obama: "Charlie Manson was a community organizer!"

PALIN: That will definitely get a good response. We need as many applause lines as we can muster up. Maybe *every* sentence should get a reaction. Clapping, laughter, cheers. The audiences always get off on that. They feel high and they associate it with us.

McCAIN: Fine, at least we're back on the same page again. Now promise that if you do become vice president you won't arrange for me to be killed by the grace of your powerful buddies in Alaska so that you can then become president.

PALIN: Okay, I promise not to have you killed--unless you decide to run for a second term. *[They both chortle nervously.]*

* * *

*[The TV set is on, but nobody is watching. A commercial is playing.]*

VOICEOVER BY ALEC BALDWIN: *[Images of Sarah Palin waving to huge, screaming crowds, signing autographs and being surrounded by paparazzi.]* She's the biggest celebrity in the world. *[Video footage of Michael Jackson and Michael Richards are superimposed as if they are in*

*the company of Sarah.]* But is she ready to lead? John McCain knows full well she isn't. With the energy shortage looming, McCain says no to windmills and solar power. And with the economic crisis already upon us, McCain says he'll cut taxes by lowering payments for Social Security and Medicare. More suffering, increased drilling. That's the real McCain.

*[The face of Joe Biden fills the screen.}*

VOICEOVER BY JOE BIDEN: I'm Joe Biden and I approve this message. Let me just add that when one of John McCain's top economic advisers, former Senator Phil Gramm, was quoted that the United States was only in a "mental recession" and had become "a nation of whiners," he unintentionally revealed the massive disconnect between the citizens of this country and their representatives . . .

*[A few minutes later, Biden is still talking, when Nanny walks into the room, cellphone to her ear, and shuts off the TV.]*

NANNY: Yes, hello. Is this the *National Enquirer*? . . . Oh, good. I'd like to speak to a reporter, please . . . Thank you, I'll hold . . .

*[A split screen shows Nanny and the Reporter on split screens.]*

REPORTER: Hello, what can I do for you?

NANNY: Yes, hello, I have a story that you might be interested in. I've been having an affair with, you know, the First Dude, and now it seems that I'm pregnant. What would the *Enquirer* pay for my story?

REPORTER: Do you have any proof that he's the father?

NANNY: Actually, yes, I *do* have evidence--DNA, physical evidence, like in *CSI*--I saved what was left of his semen in the condoms.

REPORTER: But then how could you be pregnant?

NANNY: He told me that his wife makes tiny pinholes in the reservoir tips of his condoms [in Sarah's voice] "in order to give all those *teeny little spermies* a fighting chance."

REPORTER: Why doesn't he just get a vasectomy?

NANNY: Sarah says that would be like cheating God . . .

*[As the closing credits roll by, Britney Spears sings the program's theme song, "Oops, I Did It Again." ]*

# *SUBCULTURES*

## And Whose Little Monkey Are You?

Sometimes I think I'm dreaming when I read the news. But there are places where the inhabitants have never seen a magazine or a newspaper, and it is simply not a part of their psyche to dream about lines of type. In a spurt of generosity, the United States shipped surplus battery-operated TV sets across the sea to one group of islands in the Pacific Ocean, so that those natives could pass directly from a preliterate society to a post-literate society without having to read a single book in the process.

They watched in amazement as so-called psychic Uri Geller bent forks on the Merv Griffin show. The strange thing was that even though Geller accomplished this feat by trickery, there were young children back in America who hadn't yet been taught about the self-fulfilling rules of 20th Century physics, and to their parents' dismay, *they* were able to bend various kitchen utensils by means of sheer will power.

* * *

As more and more deadly conflicts around the world continue to escalate, more and more people are saying, "Boy, the shit's really gonna

hit the fan now." That phrase, incidentally, did not come into the language until after there was electricity. People say that they are not referring to a lovely Japanese lithograph showing a kimono-clad woman whose long shiny black hair is twisted up into a bun, and who is coquettishly providing her own personal breeze with a colorful rice-paper fan. Then *splat!*—right in her porcelain-like face. So, no, it has to be an *electric* fan, which revolves so fast it protects you from the shit—or spreads it, depending which side you're on—or what's a fan *for*?

Meanwhile, even as all that shit is hitting all those fans, the laxative industry continues to blossom. New brand names are constantly competing in the open marketplace. Ex-Lax has even come out with a "milder" version for women—certainly an indication of rampant male chauvinism in their Research & Development section. What's the implication of this trend? Do females have different digestive systems than males? Is it perfectly acceptable for macho men to have chocolate-covered sandpaper coursing through their intestinal tracts?

And yet credit must also be given to those friendly folks at Ex-Lax. They were the very first sponsor on television to include a sign-language translation of a commercial—a long-overdue service for the constipated hearing-impaired. Indeed, this had been an early demand of the Deaf

Liberation Front. You've probably seen their frontline members on the street and in airports, selling little cards with the sign-language alphabet. Some have been getting arrested for being deaf without a license. Naturally, the police recite their Miranda rights, shouting, "*You have the right to remain silent!*"

Anyway, this particular Ex-Lax commercial features a pleasant, matronly woman reminiscing through her family photo album while a young fellow in the corner of the screen ostensibly translates the message into sign language. Actually, he can say whatever he wants. Nobody monitors his translation. He can indulge in private jokes for all the deaf viewers and only they will know.

The matronly woman in the Ex-Lax commercial says: "Thank God my family is *normal*." The young fellow shifts the emphasis slightly in his translation: "Thank God *her* family is normal." She continues: "Of course, once in a while somebody in our family will be troubled by irregularity." He translates: "No shit." She concludes: "So then we do what we've done in our family for generations—we turn to an old friend, Ex-Lax." He translates: "Jimmy Hoffa knows too much."

And while the hearing-impaired at home giggle at this mistranslation, all over the globe the shit continues to hit the fans.

* * *

These are rough times, but it's extremely important to develop a sense of optimism. The *Bulletin of Atomic Scientists* periodically updates a clock on their cover to indicate how close we're moving toward nuclear war. Recently they moved it from four minutes to midnight to three minutes to midnight, with midnight representing total annihilation. I don't know exactly what their time scale is—whether one minute represents a month or a year or a decade—but, whichever, they're saying that we are all now only three minutes away from the ultimate holocaust.

That's the bad news.

The good news is that atomic scientists are just as fucked-up as the rest of us. They overeat, they forget to floss, they don't have time for serial orgasms, or they suffer from premature ejaculations, and they set their clocks fifteen minutes ahead so that if they need to mail a letter by six o'clock and their clock says it's ten after six, it means they still have five minutes to get to the mailbox. So that clock on the cover of the *Bulletin of Atomic Scientists* is fifteen minutes fast. We don't have just three minutes till doomsday; we have *eighteen* minutes.

* * *

Life remains peaceful on a certain island off the coast of Japan. Here, humans and animals live in peace and harmony.

There are monkeys who for eons have subsisted entirely on sweet potatoes. They would pick the sweet potatoes right out of the dirt in which they grow—eating them, dirt and all. This is the way they have always done it. But one day, for whatever mysterious reason, an individual young female monkey carried her sweet potato to the shore, washed the dirt off in the ocean and proceeded to eat the sweet potato.

Who knows why it was this particular monkey? Any explanation will suffice. Maybe she was an Aries, with a strong pioneer spirit. At any rate, once this monkey broke the ice, other monkeys began to wash the dirt off their sweet potatoes before they ate them. But only the young monkeys.

It was not until the 100th young monkey had washed the dirt off a sweet potato in the ocean--not exactly the 100th; it could' ve been the 93rd or the 108th; the 100th monkey is merely a metaphor for reaching critical mass—but not until then did the first *adult* monkey wash the dirt off a sweet potato. This was a case of reverse generational influence.

And then *other* adult monkeys started to imitate this behavior. Washing the dirt off sweet potatoes even began to occur on adjoining

islands, indicating that there was some kind of psychic communication in the air.

Now, how can this living New Age parable be applied to *human* behavior? Well, whatever you do personally to help further the cause of justice and the pursuit of ecstasy, even though you might get discouraged, you must always remember that you might be the one who turns the tide—you have to act as though *you* are the 100th monkey—and this gives us reason to hope.

That's the good news.

The bad news is, those monkeys *needed* that dirt in their diet for roughage. So now there were all these monkeys on this island who weren't able to shit.

But it just so happened that this was one of the islands where we shipped our surplus TV sets. Across the island, monkeys were gathered around those TV sets, all watching a program that was sponsored by Ex-Lax. Moreover, here was that commercial with the sign-language translation. And, fortuitously enough, these monkeys had relatives trained at Stanford University, where they learned how to communicate in sign language, and had been returned to the island to teach others of their species how to sign.

That's the good news.

The bad news is that this was the Ex-Lax commercial where the brand name of the product was not translated. The message in sign language was "Jimmy Hoffa knows too much." These monkeys—serving as shock troops of the Deaf Liberation Front—took that private joke to be their marching orders. So, even though you may have heard the propaganda that Hoffa was killed because he was prepared to speak out about the alliance between military intelligence and organized crime, the truth is that he was eaten to death by hordes of constipated monkeys.

The good news is, they washed the dirt off him first.

* * *

It is several years later now. Things have returned to normalcy.

The monkeys on those islands off the coast of Japan still watch TV, but they no longer wash the dirt off their sweet potatoes, and they are just as regular in their defecation as they used to be.

But in America, those children who once bent kitchen utensils to the dismay of their parents have grown up. One such young man now works on the assembly line in a missile factory, and he is able to bend certain working parts out of shape through the use of sheer will power. Soon

others will follow suit. Already the intelligence agencies are training their operatives in methods to counteract this kind of psychic sabotage.

## The Mime and the Pacer

I found myself walking around and around in a counter-clockwise circle on the stage of the Wallenboyd Theater in downtown Los Angeles, just as a young man known as the Pacer does for several hours every day, always in the same direction, at the exact same spot in the mididle of the boardwalk in Venice Beach. He is an inspiration to me and I sometimes talk about him in my performances.

The boardwalk in Venice is both literally and figuratively on the edge of this country. T-shirts are the hieroglyphics of our time. Here, a grungy wino, who needed a shave long before Don Johnson made stubble fashionable, is wearing a T-shirt that says "Yes, I Am a Model." There, a nerdy tourist is trying not to let the pizza drip on his T-shirt that says "I Choked Linda Lovelace" (the porn star of *Deep Throat).*

The boardwalk resembles one of those double-page-spread montages in a children' s book showing many different modes of transportation being used simultaneously. Airplanes fly by, trailing printed messages such as "The New Dating Game Wants You," and

"Scientology, Give Us Our Money Back," while below, roller-skaters and skate-boarders mingle with cops riding bicycles and Hare Krishnas preparing for their annual parade featuring an elephant nourished entirely on trail mix.

A lone Jesus freak walks along and yells at them— "Antichrist! Antichrist! Antichrist!" —trying to drown out their chant. "Repent, Krishna! People are starving in India every day because these foolish Krishnas refuse to eat the cow! Eat the cow and believe in Jesus Christ! Repent, Krishna!"

You can buy all types of stuff along the boardwalk—rainbow sunglasses and fake Rolex watches and falafel-shaped yo-yo's. "But," complains a flower vendor who pays $600 a month for a ten-by-two-foot space, "rent will be going up to $800 and then to $1200 by summer. Venice will eventually be inhabited by a bunch of wealthy lot owners and a population of slaves who work for them."

However, the performers pay no rent, dependent on voluntary donations. There is a poet who speaks professional gibberish; an artist who draws on the ground with colored chalk; a fellow who juggles an electric chainsaw, a bowling ball, and an apple, for which strangers put money in

his hat because they're grateful to God that *they* don't have to do such a bizarre thing to earn a living.

There is a woman who plays the violin while standing on her head. And a man who has a table covered with wine glasses of different sizes filled to varying heights with water, and he plays this musical instrument by rubbing his fingers around the tops of those wine glasses. Audiences gather spontaneously to here his rendition of a Mozart sonata or a ragtime melody or the theme from *Chariots of Fire*.

There are breakdancers who bring their own personal linoleum-floor sections, and a jogger who jumps hurdles over the endless row of garbage cans lined along the boardwalk. He has to avoid one garbage can because a homeless person is foraging for lunch.

If I had to choose my favorite moment on the boardwalk, it would have to be the time a Rastafarian yogi was standing on the very top of a wooden chair, preparing to jump barefoot onto a pile of freshly broken bottles. "This is serious shit," he reminded the large semicircle of onlookers. And then, during the anticipatory silence, along came that Jesus freak. Upon seeing this crowd, he edged his way in. Now the Rastafarian yogi was poised upon that unseen edge between "Look before you leap" and "He who hesitates is lost." Suddenly the Jesus freak called

out, "Hey, wait, before you commit suicide there, how do you feel about abortion?"

* * *

In front of the Sidewalk Café on the boardwalk, the Mime, a black man wearing white gloves along with a tuxedo and top hat, just stands still—often for hours. He is listening to a stereo headset. One might think he was playing music to counteract the boredom, but it's really a tape loop reminding him, "Don't move, stay still, it doesn't matter if your back itches, people are paying you not to scratch . . . "

Passersby do indeed put cash in the cardboard box at his feet after they have gaped at him long enough to get their money's worth. Standing still is his job. People pay him not to move. When he goes to the Unemployment office, a clerk asks, "Did you look for work this week?" He answers simply, "Yes, I stood on the corner of Hollywood and Vine, and then I stood on the corner of Beverly Boulevard and Sierra Bonita, and then I stood . . . "

In contrast to the Mime is the Pacer, who intrigues me most. He doesn't call himself the Pacer. He may not even know that others do. But the circle he walks around and around in is his turf. Even an occasional

police car respects the force field he creates, and the cops drive around him.

Obviously he originally started this strange stint as a matter of choice. "I think I' ll walk around in circles on the boardwalk today." And the next day. And the next. But somewhere along the way, walking around in circles became a compulsion, and *it* started doing *him*. When you play a role long enough, the role can begin to play you if you' re not careful.

I' ve been out at six o' clock in the morning and there was the Pacer walking in circles. I' ve been out at six o' clock in the evening and there was the Pacer walking in circles. He does stop to eat—which indicates that at some level he is still acting voluntarily. He walks in a straight line to a greasy-spoon diner nearby on the boardwalk and sits at the counter, but he doe not twirl on his stool, nor stir his coffee, nor roll his eyes.

Once he talked about his obsessive activity: "I' m in control of walking, but out of control too. When I walk I' m in a trance. If I slow down at night I see colors. I see millions of faces—some with Pilgrim hats, some with cowboy hats—modern faces and prehistoric faces."

There must be some kind of spiritual path that the sweating, red-faced Pacer keeps treading, even if it' s circular--some unique relationship

with the universe by which he justifies his existence to himself. Everybody has to feel they' re making *some* contribution to society, if only to maintain self-esteem. Even those who work in a missile factory must rationalize, "Well, the United States needs to have a strong defense."

It' s an absurd age we live in. *Future Shock* is already an outdated book. Children whose shoes stay on their feet by the grace of Velcro may never experience the thrill of tying their shoelaces in the dark. They have developed a fast-food approach to perceiving time because all they know is digital clocks. Time goes *click, click,* and if the power goes off they think that 12:00-12:00-12:00 is appliance language for "Help! Help! Help! Turn me back to the right time! Help! Help! Help!"

Kids have lost that certain sense of time in motion, going around and around, eternally. That concept is endangered, just like the whooping crane. But we can all be grateful to the Pacer, for he is the Keeper of the Counter-Clockwise. *That* is his spiritual calling. But the Pacer doesn' t have a cardboard box for people to drop money into—he walks around in circles out of the goodness of his heart.

* * *

The Mime and the Pacer provide a perfect metaphor for the two-party system in America. The Republicans are like the Mime, standing

absolutely still while the world passes them by—Iran, Iraq, Nicaragua, El Salvador—and they get paid for it, just like the Mime. The Democrats are like the Pacer, walking around in circles while the world passes them by—Israel, Libya, Cuba, Honduras—and they *don't* get paid for it, just like the Pacer.

But recently the Pacer did something that hurled such a comparison right into the metaphor graveyard, along with "That's like bringing coals to Newcastle" (for Newcastle finally *did* run out of coal) and "Good as gold" (since the government now prints money without the benefit of the gold standard). The Pacer had put a cardboard box down on the ground and started walking around it. And now people began giving him money.

By the mere presence of that cardboard box, the Pacer had transformed his personal perversion into a marketable talent. Just like so many of us. And I could no longer feel superior to him. He was not just some nut walking in circles. Now he was earning a living.

I still "do" the Pacer in my act, but with increased respect. "His job is no less dignified than anything *we* do," I tell the audience. "He works hard all day, and then, just like you and me, he goes home and unwinds." And I proceed to walk around and around in a circle onstage, only now in a clockwise direction.

## Johnnie Cochran Meets Dr. Hip

Tragedy and absurdity were two sides of the same coin: On one side, O.J. Simpson's "suicide" note with a smiley face in the O of his signature; on the other side, the woman who pinched Simpson lawyer Robert Shapiro's ass because "I wanted to be part of history." And somewhere along the ridge of that coin was Simpson himself, walking into the courtroom humming the melody of "Touch Me" from the Broadway hit *Cats* and explaining to reporters that he was thinking about his children.

That was at Simpson's criminal trial. Shortly before his civil trial began in 1997, I met his lead attorney, Johnnie Cochran. He was the guest of honor and luncheon speaker at a national convention of criminal defense attorneys held in a huge banquet hall at a hotel in Santa Monica. No media people were allowed entry.

One of the attendees was Dr. Eugene Schoenfeld, also known as Dr. Hip from his days as a syndicated columnist for the underground press. He now testifies occasionally as an expert witness, and was at this event for that reason. My wife Nancy and I were his guests.

Cochran's speech reassured the enthusiastic audience: "In the Simpson matter, we just did what *you* do every *day*" —that is, defend their clients by any means necessary and chalk up a bunch of billable hours in the process—and he got a standing ovation.

In the afterglow of his speech, colleagues came up to Cochran to shake his hand and get in a little banter. One well-wisher shared this joke: "If [prosecutor] Chris Darden spent as much time trying to nail O.J. Simpson as he did trying to nail [prosecutor] Marcia Clark, he might've won the case." The other defense attorneys within hearing distance all had a good laugh at that one.

Dr. Schoenfeld joined the line of lawyers waiting to have photos taken of themselves standing alongside Cochran. When it was Schoenfeld's turn, Nancy focused her camera. For this particular occasion, Schoenfeld had stashed a hand-printed card underneath the standard, plastic-encased ID lapel card. As in the previous poses, Cochran and Schoenfeld put their arms around each other, although they were looking, not at each other, but straight ahead and smiling at the camera.

Thus, Cochran didn't notice how, just before Nancy snapped their picture, Schoenfeld subtly managed to pull away the ID card and reveal the hand-printed card, which declared, in large printed letters, "O.J. DID

IT!" I published that photo on the front cover of *The Realist* that spring. It was the result of a good old-fashioned guerrilla action.

## Jealousy At the Swingers Convention

The 24th annual Lifestyles Couples Convention has filled three hotels in Palm Springs, California. The Convention Center is connected to one of them, the Wyndham, which surrounds a large outdoor pool and patio populated by couples busy socializing in 116-degree dry heat. Women and men alike are wearing thongs. From afar they appear like so many eyeless smiley faces among the bathing suits. The law that Sonny Bono signed when he was mayor, banning thongs in public, does not apply to this event, or, for that matter, to Cher.

The convention is for couples only. Except for me. I've been hired to perform stand-up comedy at their Friday luncheon, and I'm here alone. On the small, propellor plane from Los Angeles to Palm Springs, the right side consists of two-seat rows, occupied entirely by couples on their way to the convention—horny with the expectation of getting laid by the spouse of a stranger, perhaps sitting in front of or behind them—and the left side of the plane consists of one-seat rows, occupied entirely by me. I'm afraid that the plane might tip over upon trying to land.

At the Convention Center, even the plastic-encased lapel nametags are coupled off: "Ken and Barbie" on his, "Barbie and Ken" on hers. Not all the couples are paired off in real lie, though. One person can simply bring along another—known in swinger circles as a "ticket" for gender balance—in order to get into the convention. So everybody has entered two by two, and I feel like a unicorn stowaway on Noah's Ark, surreptitiously balancing on the cusp of love and lust.

There are 3,000 participants at this convention, mostly upper-middle-class, in their 30s, 40s and 50s. They consider people in the outside world to be "straight," even though one would ordinarily consider *them* straight. I mean there are suburban soccer moms here, openly celebrating their secret lifestyle at an oasis of supportiveness. There's a man in a suit with a flesh-colored penis necktie, another wearing a T-shirt declaring "I'm Not Going Bald, I'm Getting More Head," and another dressed only in a leather jockstrap, who recognizes me and introduces himself.

"I'd give you my card," he says, "but I have no place to keep them."

Inside the 100,000 square-foot Convention Center, the Exhibit Hall has been turned into an "Adult Marketplace," buzzing with commercial activity. I overhear one shopper's complaint: "But we've *already* spent

$400." There's a multitude of merchandise on display—pornographic videos, naughty lingerie, fetish paraphernalia, edible lotions—plus booths galore. At the Golden Nipples booth, women are cheerfully having exact duplicates of their nipples created in sterling silver or 14-karat gold, which can be used as pendants, key fobs, money clips or—yes, of course—nipple covers. At the Penimax booth, an Asian vendor is selling disposable cock rings, which, he promises, will maintain my erection even after I ejaculate.

There are several booths dedicated to booking vacations especially designed for swingers, at nude beaches, clothing-optional resorts and ocean cruises. I follow around an elderly woman who is busy picking up brochures at every such booth. It seems incongruous, but I try not to indulge in stereotypes. Finally I engage her in a conversation, and she explains that her boss told her to get as much material as she could, because he owns some property surrounded by government land, and he wants to start a new business.

At the Erotic Massage Wear table, a woman uses my arm to demonstrate a device that turns her fingertip into a vibrator, not intended for nose picking. Then she puts Jergen's Lotion on my right hand, dons a pair of Love Mitts—made of vinyl with little nubs all over—and proceeds to massage my hand while on the VCR there's a tape of a woman

wearing Love Mitts and massaging a man's lubricated penis. This is a bizarre mixed-media sensation. Although I don't get a hard-on, the lobes of my brain seem to fuse, and for the next few hours my left hand persists in feeling neglected.

Checking out the functional furniture, I merely eavesdrop on a (fully clothed) couple testing out the "rocking torso feature" on a Love Table, but I actually *climb into* the Love Swing, assuming a position ordinarily assumed by a woman while the man stands up, crotch to crotch. My body is suspended half upside-down in mid-air with legs spread and feet up in stirrups. I'm feeling mighty vulnerable. As I hang there, the inventor hands me my tape recorder, then proceeds to show me how "the woman can place the man's penis on her G-spot by moving her legs from a position of being out front like this to being in the fetal position" and how "the man, instead of just going in and out like that, he can make his penis a joystick, so every step he takes is a movement inside of her, more like a dance step." He guarantees, "You'll never use a bed again."

Next I inspect the Bungee Sexperience—a harness designed by a company that makes bungee cords—it bounces in the air, so the "rider" can enjoy weightless sex in a variety of positions. I ask the woman demonstrating this how many hours a day she bounces up and down. "At

an event like this," she responds, without missing a bounce, "I'd say eight to twelve hours." She tells me that her circulation is excellent, and that her 18-year-old son refers to the contraption as a "bungee humper." In addition to bouncing, it can also create "the illusion of bondage, yet the person can actually be comfortable while restrained."

The Auto Erotic Chair, however, provides *real* bondage. It's equipped with leather restraints and panic snaps for arms and legs, and comes complete with a power box, pneumatically operated anal and vaginal plugs. "Our power source unit is designed to stimulate nerve fibers throughout the genital areas by delivering controllable electro-pulse energy through conductive electrodes on our sex toys. Our precision-engineered technology gives you safe and pleasurable electric play." So, for example, in the Electro-Flex Penile Ring/Anal Plug Configuration, "A single conductor butt plug is used in conjunction with a single conductive cock ring to complete the circuit. With a single conductive cock ring, one side of a double conductive butt plug can be used to stimulate either the prostate or the sphincter."

If you'd prefer something, well, less electric, there's always the Crystal Wand, a 10-inch-long, *S*-shaped co-ed tool, hand-carved from pure crystal-clear acrylic, that doubles simultaneously as a G-spot stimulator

and prostate massager. I′m reminded of a swing party I heard about, one that took place at the Whispers Club in Michigan. Couples removed from the refrigerator 12-inch summer sausages and cucumbers that the hostess had planned to use for food that evening. When she walked into the "party room," she couldn′t help but notice that although the food was being consumed, it was not exactly in the fashion she had originally envisioned. Instead, the sausages and cucumbers were being utilized as organic sex toys.

As I continue to wander around the Adult Marketplace, I realize that the name of the game is penetration. All paths lead to penetration. But I′m not referring to penetration of the sexual kind, although that′s an implicit goal—pick an orifice, any orifice, and there′s always a corresponding appendage or gadget that can fulfill its desire for penetration—no, I′m talking about penetration of the *market*. There′s lots of money to be made here. The persistent question is, how can I penetrate this market? Maybe I could come up with a combination FM radio and vibrating dildo.

* * *

I′m beginning to feel like I′m experiencing an alien encounter, only *I′m* the alien here. Nevertheless, I′m aware that swingers and

comedians do have something in common. We both like to have a good opening line. As a performer, I always try to slant my opening line toward a particular audience.

My opening line at the World Hemp Expo was, "Last night, for the first time in my life, I used a hemp condom." My opening line at a Skeptics Conference, attended by the Amazing Randi and the Amazing Kreskin, was: "The is the first conference I've been to where there were two people with the same first name of Amazing—but the Amazing Randi was born with that name, it's on his birth certificate, whereas the Amazing Kreskin changed his name for showbiz--his real name is the Obnoxious Kreskin." And my opening line at a luncheon during the Los Angeles County Bar Association conference was, "I'd like to begin with a moment of silence, so that you can think about your client's problem, and then you can make this a billable hour."

Now I find myself in a lavish hotel suite, trying to crystallize an opening line while contemplating the bald spot on the back of my head, infinitely cloned in the mirrors of the hotel-room bathroom, actually the only place I ever get to *see* that bald spot as others do. This will be a serious opening line, since I have been told that, in the introduction to my performance, I will be presented with the Lifestyles Freedom Award. I

decide that my opening line will then be, "I just want to say that freedom of expression existed long before the First Amendment." Though it's not my motivation, I realize that this opening line will undoubtedly please Robert McGinley, the bearded co-founder and president of the Lifestyles Organization.

"We hate government intervention in our lives," he has assured me. "We hate censorship. We're against laws that require helmets for cyclists. It's good that a law was just passed allowing women to breastfeed in public, but we shouldn't need permission from the government to do it." He admits to being "libertarian, but not Libertarian Party." He draws his philosophy from Jack London— "The proper function of man is to live, not to exist" —and, more specifically, his credo is "Adult sexuality is normal." Dr. McGinley (he holds a Ph.D. in counseling psychology) tells me a riddle: "What do you call an Italian swinger?" I give up. The answer: "A swop."

At the luncheon, it turns out that I will *not* be presented with the Freedom Award after all, and I have to come up immediately with a replacement opening line: "I'm delighted to be at the Lifestyles Convention—this is the first convention I've ever been to that was named after a condom."

Indeed, condom consciousness (if not condom use) is present at the convention. In one workshop, "The ABC's of Swinging," condom etiquette is described as bringing "the right safety equipment, just as you would for scuba diving or parachuting." Another presentation on "Safer Sex" covers new drug therapies for AIDS, information on other sexually transmitted diseases that are increasing among heterosexuals, and "things you should be doing to protect yourself."

Originally, herpes had caused a certain panic in swinger circles. Some swing clubs closed, though private parties increased. But, paradoxically enough, with the advent of AIDS, *new* clubs opened, as if the disease were anti-climactic. Currently, there's a surge of growth in this subculture—thanks to the Internet—with estimates ranging from 2,000 to three million participants. And, according to Dr. McGinley, "There's been very little increase in condom use. It's the woman's choice."

Nonetheless, at the Adult Marketplace, a woman in a black lace negligee roams around giving out free samples of condoms. There are also Crème Cookie Condoms for sale. They appear to be vanilla and chocolate Oreo-style cookies, individually wrapped in cellophane. I ask the vendor whether these are condoms that look like cookies, or cookies that look like

condoms. She tells me that they are edible cookies, but each one has a condom inside.

"They're only a dollar each," she says, adding, as I edge away from her booth, "it's a great joke."

* * *

The Art Gallery at the convention Center, featuring the Lifestyles Convention's 7th annual Sensual & Erotic Art Exhibition, almost didn't happen. The state's Department of Alcoholic Beverage Control had tried to prevent it from opening. When their authority was challenged, an ABC representative became an alchemist, transforming logic into absurdity. Legally, he said, you can't even have sex in a hotel room which has a mini-bar. Sure, pal, just try to enforce *that* one.

Two days before the convention, the ACLU obtained a restraining order against ABC's interference with the art exhibit. But ABC didn't just give up and assume the fetal position in a Love Swing. Rather, the agency threatened to revoke the Wyndham Hotel's liquor license if they allowed a special two-hour session, the convention's traditional Evening of Caressive Intimacy, to take place in the Wyndham Ballroom on Friday as scheduled. This popular, closed-door, clothing-optional massage clinic, limited to the first 200 couples who sign up, would include the "human

car wash," involving, as one veteran swinger portrays it, "a lot of naked bodies and some serious rubbing."

But the ABC regulations on Attire and Conduct—behavior "deemed contrary to public welfare and morals, and therefore no on-sale license shall be held at any premises where such conduct or acts are permitted" —includes this clause as a no-no: "To encourage or permit any person on the licensed premises to touch, caress or fondle the breasts, buttocks, anus or genitals of any other person." The Wyndham chickens out, the massage clinic is canceled, the money is refunded, Lifestyles will sue the hotel for breach of contract, and next year's convention will be held in Las Vegas in 1998.

A lawyer, standing on the border of cynicism, suggests, "Just buy a town in Mexico and buy off all the officials."

In the previous year, 1996, the convention was held at the Town & Country Hotel in San Diego (for the fourth time), but two ABC officers claimed that they witnessed oral copulation in the convention hall, and the hotel's liquor license was suspended for five days, hence Lifestyle's move to Palm Springs this year. Lately, ABC has been spreading its particular brand of paranoia in Los Angeles, where the agency has raided gay, black and Latino bars in Los Angeles and in Hermosa Beach, where it

has imposed restrictions on restaurants, requiring patio patrons to order food with their drinks, and forbidding customers to dance. Proprietors now play less upbeat music so that nobody will be tempted to dance. Those who can't resist are asked to stop.

Incidentally, I find out that, instead of giving the Freedom Award to me, convention officials have decided to present ABC with an Anti-Freedom Award, but that notion gets lost somewhere in award limbo, along with my original unspoken opening line.

On Friday night, the massage clinic that doesn't take place is followed by the Wild West Casino and Dance. One man comes attired in a sheriff's outfit with a rubber penis drooping almost to the floor. A security guard tells him that he'll have to check it. Fake knives, guns and bullets are acceptable, but not a fake sex organ. Another cowboy, with a *real* (unloaded) gun, is stopped by a security guard, but he resists, asserting in his best John Wayne manner, "This is an 1887 pistol, and I'm not about to check it."

Several folks leave the dance at midnight to attend an unofficial 3rd annual spanking party. It ends at 3 a.m. with a bout of fist fucking. Dear Abby was right. One thing *does* lead to another.

* * *

I've been sampling many workshops at the Convention Center, and I notice that whenever I sit down on a chair next to a chair with someone else's stuff on it, and the owner of that stuff is sitting on the other side of that chair, they always tap the top of their stuff in a subconscious gesture of territoriality. I also observe that a man with one leg (he walks with crutches) and his wife seem to arrive at every single workshop that I attend. Hmmmmm. I'm beginning to get suspicious. Obviously, I've seen too many spy movies.

A cartoon in the 1991 convention program showed two rooms where lectures were being given. The attendees in the room featuring "Do It Yourself Porn: Make Your Own XXX Movies" were overflowing into the corridor, while the room featuring "Socio-Political Ramifications of Current Trends in the Erosion of Civil Liberties" was empty, except for the baffled lecturer. It was a nice touch of self-deprecating humor, an exaggeration not too far from reality. At this '97 convention, porn actress Nina Hartley's "So You Want to Throw a Party: Recipes for a Successful Orgy" attracts ten times more audience than attorney Bob Burke's "Sexual Politics: A Behind the Scenes Look."

Unfortunately, one workshop, "The Undertone of Sexuality in the *Star Trek* Series," has been canceled— "due," someone added to the

notice, "to Federation Regulations and Star Fleet Emergency Order 1007-932." Deborah Warner, in describing her presentation, had written: "Paramount and its parent company, Viacom, have a vested interest in presenting the *Trek* franchise as a family-oriented show. To this end, they overtly depict the characters as asexual. Yet there exists erotic subtext. This has spawned a very large community of fans who create volumes of explicit erotica that is enjoying great popularity in print and an explosion of interest on the Internet."

Now, outside the room where her workshop would have been, there is disappointment-- "Oh, and she was gonna bring a Klingon" --and nostalgia-- "Remember the time Quark and Deanna were French-kissing?"

That theme continues at "American Tantra: How to Worship Each Other in Bed," This workshop—whose motto, "Orgasm long and prosper," paraphrases *Star Trek's* blessing, "Live long and prosper" —is conducted by Paul Ramana Das and Marilena Silbey. "Interspecies intercourse," he muses. "This can't be the only planet where love is made." A writer for *AVN* (Adult Video News) has reviewed their *Intimate Secrets of Sex & Spirit* and confessed, "I've rarely laughed so hard in my life. No shit, this vid earns a pre-nomination for 'most

outrageous sex scene.' Paul actually uses Marilena's pussy as an echo chamber!"

Now, in his regular voice, he is telling our workshop of the need to "approach the body, not for sexual release, but for every single inch of this body, the groundwork, the geography of pleasure. Can anybody name one spot on your body that is not capable of receiving pleasure?" Nobody can. Later, the entire audience, seated around the perimeter of this extra-large room, is instructed to come stand in the center area and face their partners. I start to slide out, but not inconspicuously enough. Ramana Das, who knows me from a previous incarnation, calls out, "There goes Paul Krassner. Are you afraid to participate?"

"I'm here as a journalist."

"Ah, he can't participate because he's a journalist. See how everybody has excuses."

Suddenly I'm saddled with a dose of New Age guilt, as though I have aborted my inner child. Meanwhile, there's a lovely blonde who doesn't have a partner, and now I'm tempted to participate, but some guy who's also without a partner links up with her. Unexpectedly, my guilt changes to jealousy. Just a slight pang of jealousy, mind you, but a terrible taboo in this particular world.

Jealousy is an outmoded emotion to be shunned like dandruff. There's even a workshop that advises "How to Handle Jealousy" and another titled "Swing Without Guilt or Jealousy." And so now I not only feel guilty about not participating, I also feel guilty about feeling jealous. I've committed a swinger crime. I can hear security guards shouting "Jealousy alert!" Loud sirens go off. "Jealousy alert!"

Now where will I go? I have been reading about tantra in *Real Magic* by Isaac Bonewits: "Energy control is a very important part of the exercises; it is essential, for example, that during *Kama-kali* the male be able to refrain from ejaculating under the most harrowing circumstances." I decide to drop in on a workshop, "How to Prevent Premature Ejaculation," but everybody has already been there, and they all left early. Sorry. I blurted that out before I could stop myself.

* * *

There are swing clubs all around the country, from "Shenanigans" in Indiana to "Liberated Christians" in Arizona ("for Christians seeking liberation from false sexual repression based on mistranslation of scripture who wish to explore responsible non-monogamy and polyfidelity"). Many clubs designate themselves as Equal Opportunity Lifestyle Organizations,

where membership is open to all races, and they belong to NASCA (North American Swing Club Association).

The Spring 1997 issue of *NASCA Inside Report* editorializes:

"There are political attacks on freedom that citizens should be aware of. It is far too easy to lose, through complacency and ignorance, the freedom that we Americans cherish. These attacks include the proposed censorship of the Internet now under review by the U.S. Supreme Court, the recently court-upheld attempts by states to keep 'harmful' literature from the eyes of children by controlling street news racks, the reintroduction in Pennsylvania of legislation to outlaw swing clubs and a similar measure in California. Regarding the latter two, do we smell a conspiracy here?" If there is one, it's bi-partisan.

In Pennsylvania, Richard Kasunic, a Democratic state senator, failed in his 1996 attempt to outlaw "sex clubs." This year, he has reintroduced legislation to outlaw "swinger clubs." He states, "My bill will outlaw these immoral establishments in every community in Pennsylvania and provide significant penalties for those who choose to continue this offensive practice." The penalty for operating a swing club, even in one's own home: up to two years in jail and $5,000 in fines. For a second

conviction: up to seven years and $15,000. For patronizing a swing club: $300 plus court costs.

In California, Tim Leslie, a Republican state senator, has introduced a bill which would provide that "every building or place which, as a primary activity, accommodates or encourages persons to engage in, or to observe other persons engaging in, sexual conduct including, but not limited to, anal intercourse, oral copulation or vaginal intercourse, is a nuisance and shall be enjoined, abated and prevented, and for which damages may be recovered, whether it is a public or private nuisance."

Swinger periodicals range from *New Friends* to *Fuck Thy Neighbor*. Patti Thomas, author of *Recreational Sex: An Insider's Guide to the Swinging Lifestyle*, is editor at *Connection*, which publishes thirteen titles, including *Cocoa 'n Crème*, catering to interracial swingers (not to be confused with *Black 'n Blue*, catering to sadomasochist swingers). *Connection* is suing the federal government over a bill that Ronald Reagan sent to Congress in 1987, the Child Protection and Obscenity Act, an outgrowth of the Meese Commission on Pornography.

The specific statute being challenged—known as the record keeping and labeling law, or the ID law—was supposed to be aimed at child pornography, but has been applied to adults-only swing publications. It

requires anyone placing an explicit photo ad to provide a photo ID, nicknames, maiden names, stage names, professional names and aliases. These records must be available for inspection by the attorney general's office.

*Connection* had attempted to comply with the law by cutting out every explicit photo ad from its magazines and sending them with a letter to those advertisers, explaining the new law and its requirements, asking that they submit the proper ID or send a "soft" photo that didn't require ID. Out of 500 advertisers, only 26 responded with IDs. Patti Thomas spoke about this in her keynote speech at the Conclave '97 Convention in Chicago:

"It definitely makes it difficult to produce the magazine our readers and subscribers have come to expect, when you don't have enough so-called 'legal' ads to fill all those pages. And considering that *swinging itself is not illegal*, why should we have to 'register our sexual choices' with the government just to place a personal ad in a magazine? . . . I've never really thought of myself as an activist, or as one who was 'politically involved,' but over the last few years I think I've finally come to realizing that it's going to be *necessary* to be involved, even if it does mean 'exposing' my lifestyle to those who would repress it. I am

*fucking sick and tired of do-gooders* trying to tell me how I should live my life!"

In 1995, *Connection* filed a suit challenging the constitutionality of the law and seeking a permanent injunction. In 1997, the motion was denied. Attorneys filed an appeal and a motion for a temporary injunction relieving *Connection* from complying with the act during that appeal. The motion was granted.

"The justice system in this country just makes no sense to me whatsoever," Patti Thomas tells me. "As far as I know, once we do present our case to the Court of Appeals, if our decision isn't favorable, we will make every attempt to go to the Supreme Court. Our attorneys are the best First Amendment attorneys anywhere. Our lawsuit has been very costly, as you can imagine, but our company believes very strongly in fighting for our constitutional rights. Our suit was filed not only for the benefit of our company but because we felt that this outrageous law was totally infringing on the civil rights and freedoms of people involved in alternative lifestyles. Obviously, the average person involved in swinging would have no way of combating this law on their own."

I ask her whether attempts at repression have resulted in politicizing the swinger community.

"I'm afraid we haven't been very successful," she replies. "We try to inform our readers about political issues threatening our lifestyle and attempt to get them involved. Unfortunately, many in the lifestyle either don't believe that the government will actually take away their rights or are too afraid to make a stand. Swingers who have been 'exposed' as active participants in the lifestyle have lost jobs, family, community standing and friends as a result.

"People I've personally known who have lost their jobs when their swinging activities were discovered just wouldn't fight back because of the fear of further exposure through the publicity that could have been generated. As a matter of fact, my ex-husband was fired from a management position back in 1980 when someone discovered his photo in one our magazines and brought it to the attention of his superiors. Luckily, he was able to find a position with one of *Connection's* affiliate companies. So we pretty much remain an 'underground minority.'"

That point is underscored by a 29-year-old woman at the convention. "None of us like publicity," she says. "None of us want to be out in the open. The business world is very conservative." She is wearing an American flag bikini, although she has never heard of Abbie Hoffman. She was born the same year that he got arrested for wearing an

American flag shirt. Nor did she have any way of knowing that when he wore another American flag shirt on *The Merv Griffin Show*, his half of the TV screen was blocked out all across America. She was, in short, unaware of the roots of her own, limited freedom.

* * *

It's Saturday night, and the Carnival Masquerade Ball is being held in the huge Convention Center Ballroom. On the wall behind the stage are gigantic masks. Above the tables are gold and purple balloons, fashioned after either somebody's school colors or a Chinese restaurant's little hot mustard and soy sauce plate. The taped music is loud, and the dancing is raunchy, enhanced by gaudy yellow, blue and red lights. Pheromones are flying, and the costumes are kinky.

"Costumes," the program states, "may be anything of fertile imagination (genital area musts be covered) for an exotic night of adult social fun." Hey, look who's here: Superman. The Phantom of the Opera. The devil. Mickey Mouse and Minnie Mouse (in a see-through top). An executioner. An Arabian potentate. A gold-plated pharaoh. A chicken lady covered with big yellow feathers. A guy in a dog collar being led around on a leash. And the one-legged man, who is wearing a roller skate as his costume.

At one point, an announcement is made that the next dance number will be filmed, so anybody who doesn't wish to be recognized should get off the dance floor. About 80% of the dancers leave. Similarly, taking part in the costume-judging means that permission to be photographed is automatically granted, which results in many contestants not making themselves available to be chosen as possible finalists.

The Best Male Costume goes to a 75-year-old man dressed as a biker stud. The Best Female Costume goes to his 75-year-old wife, dressed as a biker slut. The Best Couple's Costume goes to a woman with *papier mache'* breasts the size of beach balls and her mate with matching enormous testicles but covered by pillowcases and a sign that warns, "Censored by the hotel and ABC."

A marriage ceremony is performed onstage. The blissful pair have written their own vows; nothing is mentioned about forsaking all others. The newlyweds, their party and a few other couples are invited to a gathering in the suite of a three-time Emmy Award-winning TV producer and his wife. It turns out to be a tantra-filled wedding night. All the women massage the groom, and all the men massage the bride. One woman, a computer animator who wants to become a sexual surrogate, predicts

that, as the millennium comes to an end, tantric men will be popping up everywhere.

A retired chairman and CEO of a title and escrow company, who attended another tantra party, tells me, "The difference between the tantra party and the party next door is the fact that at the beginning of the wedding tantra party there was a lot of ceremony and shared tantra ritual, but once we had experienced that, it was every person for themselves. It was like the party next door." These were closed parties by invitation only. But you didn't need an invitation for open parties. All you had to do was find them.

The Wyndham Hotel is permeated by a sense of uninhibitedness. In the elevator, a beautiful black woman is looking in the full-length mirror and admiring her new Clit Clip—non-piercing, adjustable, genital jewelry--"not designed to be painful," I learned at the Adult Marketplace, "just very sensual and aesthetically attractive. The Clit Clip is a long narrow, *U*-shaped piece of metal, designed to fit around the clitoris hood, with some light-catching Austrian crystals, in your choice of clear, red, blue and purple, dangling from the ends." The woman in the elevator turns toward me and says, "Isn't it nice?" Her husband smiles proudly.

"It's charming," I reply, "but what are you gonna do if the metal detector goes off at the airport?"

I leave them giggling in the elevator as I get off on a floor where I've heard there would be lots of action. I follow one group, but only the couple in front really knows where they're going. But they happen to be on the way to their own room, and when they get there, they go in, close the door, and we are all left out in the corridor, looking like a perplexed ant farm. Everybody turns around. I am now at the front of the line, so I let them all pass by me as they head in the opposite direction, strolling briskly, except for the one-legged man with the roller skate and crutches, who is gliding gracefully along the carpet. Passersby are asked, in vain, "Where's the party?" We finally find a room with a porn photo on the door, which is slightly open.

Inside, there are around fifty people in semi-darkness. Exhibitionists and voyeurs, together again. Here a blow job, there a copulation, everywhere an undulating juiciness. There is an unspoken homophobia—no man is relating sexually to another man—but there is lots of lesbian libido. In order to keep a low profile, I have ripped several pages out of my notebook and folded them in half, so that I can take notes unobtrusively.

However, a woman with a feather duster asks me to hold on to her panties. She is about to join a threesome on the king-sized bed near the bureau that I' m leaning against. I marvel at the choreography of this foursome. But they' re playing, and I' m working. Their moans become my background music.

I wasn' t *always* a wallflower at the orgy. I flash back 30 years to 1967 . . . I was at a Sexual Freedom League couples-only party on New Year' s Eve at a large theatrical studio in San Francisco. There were about 150 people dancing in the nude. Behind the closed curtains on the stage there were fifteen small mattresses in constant use by different couples.

I remember making love on one of those mattresses with a sweet flower child only fifteen minutes after we' d met. It was an exhilarating experience. We were on the front lines of the Sexual Revolution. We had to hold back from screaming out political slogans at our moment of climax. The seeds of contemporary swinging were planted at that party, but who could have known it would blossom into an industry?

* * *

If it' s true that, as Bill Maher once stated so poetically, "The real problem with marriage is that it' s just very difficult to bump your uglies with the same person every night your whole life," then for some people,

swinging is the answer. To them, cheating is not an issue, unfaithfulness is obsolescent, and adultery is merely a concept that deprived former Air Force Lieutenant Kelly Flinn of her opportunity to drop a nuclear bomb.

The Lifestyles Convention provides a nurturing environment for these couples the same way a convention of crossword-puzzle enthusiasts or barbed-wire collectors would provide for *those* folks. Yet, in the case of swingers, one is left with a puzzle. Is impersonal intimacy an oxymoron? I ask that question of psychologist Stella Resnick, sex therapist and author of *The Pleasure Zone*. Her reply:

"We can't put a value judgment on this. These are all consenting adults. It doesn't really matter that it's rather impersonal because they are in long-term relationships, so they're getting their intimacy needs met, but not necessarily their needs for excitement in sex, and this is certainly a way to do it. Often they are sexually identified in the sense that they're sexual people, they have strong desires, they're not necessarily into politics or other causes, but this is a good cause—being in the body, being healthy—and it's a way of relaxing and enjoying their bodies. Whatever turns you on, as long as you're not doing any damage to anybody else and you're taking care of yourself, fine, enjoy."

When Tom Arnold was a guest on *Late Show*, David Letterman pressed him about his friendship with Kathie Lee and Frank Gifford. This was shortly after the *Globe* had entrapped and videotaped Gifford's extramarital tryst with a flight attendant in a hotel room. Letterman insisted, "I don't revel in the miseries of others," but Arnold reminded him of his monologues with jokes about Gifford. Letterman defended himself: "It's part of the job." Arnold stammered, searching for just the right words. He finally found them: "Frank Gifford took a bullet for a lot of us." And the audience applauded the accuracy of his assessment.

Certainly, non-celebrities don't have to worry about supermarket tabloids revealing infidelities to *their* spouses. Such exposure could never occur with swinging couples, not only because, as a rule, they are honest with each other, but also because they party *with* each other, so there are no surprises. They are sharing a secret lifestyle, one with an ethic that transcends ordinary romance. Sneaky affairs are for straight people, but swingers can eat their wedding cake and have their fantasies too. Which explains why there have been no hookers hanging around *this* convention.

## Life Among the Neo-Pagans

In the summer of 1997, I performed at the 17th annual Starwood Neo-Pagan Festival in Sherman, New York—Amish country on the border near Ohio and Pennsylvania. This event—a female-oriented celebration of the sensual and the spiritual—took place on private campgrounds, where clothing was optional. Many women were bare-breasted, and several men and women walked around fully naked, a practice known as the "sky clad" experience.

Instead of camping out, I stayed at a nearby bed-and-breakfast place. Downstairs in the living room, I asked a woman—falsely assuming that she was the proprietor—where the key would be left if I came back late at night.

"I don't know," she replied. "I'm here for the festival."

"Oh. In what capacity?"

"I'm in the craft."

"Which craft?"

"That's right," she said.

She has been a Wiccan for twenty years, but now she complained, "Witchcraft has become trendy. I mean, ever since *Buffy the Vampire Slayer* . . ."

At the festival, on Merchants Row, there was an inviting banner over one of the booths: "Stop by for a Spell." A positive perspective on witchcraft was a theme at this event, along with such workshops as "Privacy Rights and Drug Policy," "Cultivating Consciousness in Your Child," "Live Meditations in Drumming and Dance," "The Supreme Court and the Free Exercise of Religion, "A Procession to Honor the Earth Goddess," "Safer Sex" and "Dark Ecstasy: The Ritual Use of Pleasure, Pain and Sensory Deprivation as Psychedelic Experience."

When I walked on to the outdoor stage, my opening line was "I' m gonna start with two words that have been *thought* year after year at these festivals, but which have never actually been uttered out loud, and those two wards are: "Nice tits." The audience hesitated a second, because in that context this could be a politically incorrect observation—I had deliberately taken that chance—but then they laughed and applauded, because they knew it was true.

I was invited back to perform at Starwood again in the summer of 1998. The previous month, two Amish men had been arrested for

distributing cocaine they bought from a biker gang, the Pagans, one of whose members was a police informer. The two men were from a particularly conservative Amish sect, where not only electricity and tractors were forbidden, but even zippers. Did the sight of those Amish-tempting zippers on the Pagans' leather motorcycle jackets serve as a gateway drug to cocaine?

Speaking of illegal drugs, at the festival I came across the only individual I've ever met who had actually hallucinated on toad slime. I pictured him as a young lad with a tadpole in his pocket, and now as a grown man with a frog in his pocket.

I also met Reverend Ivan Stang, leader of the infamous Church of the SubGenius. He talked about "how to milk the Internet for all it's worth, and get away with murder, before the Conspiracy figures out how to spoil it for us." But Stang was in deep embarrassment mode, since this was only a couple of weeks after the failure of his widely circulated prediction that, on July 5th at 7 a.m., Pleasure Saucers would descend to Earth as part of the great "Rupture" and take away all those SubGeniuses who had paid $30 for the privilege.

The festival climaxed with its traditional 50-foot-diameter, 25-foot-high bonfire, constructed during the week with the aid of a derrick. On

Saturday night, several dancers with torches ritualistically teased this pyramid of logs, encircled at a distance by two thousand enthusiasts, although one impatient woman yelled, "Just *do* it!" The neo-pagans danced and pranced and cavorted around the bonfire late into the night.

My own personal highlight occurred when a beautiful woman named Pearl approached me. She was in the process of transforming her breasts from fetish to functional by nursing a baby that had been conceived there the year before. During that festival, she had walked in on my performance, bare-breasted, at the precise moment that I uttered the words, "Nice tits." She assumed that I was referring specifically to her and, I had learned, she was flattered, so now I didn't have the heart to disillusion her. But I did write about it in my *High Times* column, "Brain Damage Control," ending with this sentence: "I hope she doesn't read this."

Furthermore, at the 20th annual Starwood Festival in 2000, I found myself in front of a microphone on that same stage, and I told that story. Pearl was in the audience, and she was laughing heartily. This time, though, when I said, "Nice tits," I added, "Okay, now *everybody*," and the words came booming back at me: '*NICE TITS!*'" Later, as I was

leaving the stage, Pearl called out, "*Nice dick!*" I was fully dressed, but it didn't matter. This was a perfect example of tit for tat. Or dick for tit.

My old friend Steve Gaskin and I were staying at a bed-and-breakfast house where there were angels all over the place. Stuffed angels, plastic angels, plaster-of-paris angels, embroidered angels, stained-glass angels, *papier-mache'* angels, teddy-bear angels and origami angels. There were angel dolls and angel paintings and angel sculptures and even an angel mobile hanging from the ceiling. In the bathroom, there was an angel tissue-dispenser and an angel night-light. On a table in the hallway, there was a pile of *Angels on Earth* magazine. On the bureau in my room, there was a copy of *Whispers From Heaven*, featuring such articles as "Feeding Angels," "When Angels Kiss" and "Rescued by Angels: The Amazing Story of a Kidnapping Survivor."

Gaskin's room had a door that led to the roof, and the first night we sat out there and smoked a joint. The next day there was a note taped to the door: "The roof is to be used only as a fire escape. Please use the patio." The next night we smoked a joint in my room. And the next day there was a "No Smoking" sign on the inside of my door, and the electric fan was on, aimed toward the now-open window.

At breakfast the next morning, I was just about to apologize to the kindly Christian woman whose home this was, explaining that a doctor had recommended marijuana for my arthritis, but *she* apologized to *me* because she hadn't told me in advance that smoking wasn't allowed. "Some people are allergic to cigarette smoke," she explained, and I almost blurted out, "That wasn't tobacco, that was pot."

I hope she doesn't read this.

## Murder At the Conspiracy Convention

*"The history of civilization is the history of warfare between secret societies." --Ishmael Reed*

In the men's room at the airport, a man standing at the urinal a couple of urinals away from my urinal was urinating without aiming his penis. Both hands were flossing his teeth. A monument to multi-tasking. I'll admit that I occasionally brush my teeth while I'm urinating—at least that leaves me with one hand free to steer—but this guy could possibly be the only human being on earth who pisses and flosses simultaneously.

He must have practiced at home before he decided to go public. And of course he was proud of his manual dexterity. Maybe he even has a license plate that says PFLOSS, though other drivers might assume it's his name, not his avocation. In any case, that image immediately replaced my previous visual mantra: seeing one of the kids on a school bus holding up to the window a sign that read HELP US!--and laughing with his classmates.

Now, on Memorial Day weekend, I was catching a flight to San Jose, California. I was headed for Conspiracy Con 2001, a convention featuring the prophets of the sinister.

My friend Roy Zimmerman, who writes and sings satirical folk songs in the tradition of Tom Lehrer, has a spoken piece of patter which goes: "I just got back from the conspiracy convention. Have you been? It's fun. Seven hundred conspiracy theorists all in one hotel, with the little name tags, 'Hello, my name is—none of your fucking business!' Great seminars— 'Triangulation and You, 'Paranoia for Profit,' 'Victoria's Real Secret Was J. Edgar Hoover.' In the lobby, I saw five people get off the elevator—what, you think that's a coincidence? There was entertainment, of course—a group of horny anti-government folk singers called the Randy Weavers."

Zimmerman was surprised to learn that there would actually be an event such as the one that he thought he was making up. Although the real conspiracy convention didn't have the seven hundred attendees he had imagined, there were over 500, including 40% from out of state and 10% from other countries, including Canada, England, Australia, Denmark, Austria and Ireland. Also taking place at the Santa Clara Convention Center that same weekend as Conspiracy Con was the Charismatic Catholic Convention. Dueling religions, together again.

* * *

The leadoff speaker at Conspiracy Con was Cathy O' Brien, who claimed to be a victim of the CIA's MK-Ultra child-sex-slave program, Project Monarch. She was introduced by her husband, Mark Phillips, as "the love of my life." Phillips claims that, having worked for the CIA, where he learned hypnosis, and for a Department of Defense subcontractor with exposure to mind-control research, he was able to rescue O' Brien, deprogram her and collaborate on their book, *Trance Formation of America*.

"There is not one person in this audience," he exhorts, "that could not be legally experimented on, killed or financially destroyed."

He has the bearing, the cadence and the pompadour of a dramatically pious televangelist. He oozes with practiced integrity. In contrast, Cathy O' Brien has the demeanor of a guileless, bleached-blond checkout cashier in a small-town supermarket who sends money every week to her favorite televangelist. She speaks with a certain tremor in her voice.

"Mind control," she warns, "is the most important issue facing humanity today."

She reveals her relationship with Gerald Ford, who was "very much interested in mind control, so the local Michigan Mafia child pornography

ring was actually sanctioned, and they could target children like myself who were so horribly abused that they would be used in child pornography. When my father was caught sending this pornography through the mail, Gerald Ford approached and told him that he could receive immunity from prosecution if he would sell me into the project. My father eagerly agreed. He was so happy that the government actually condoned child abuse that he went on to have five more children to raise for the project, so there were seven of us in all. He was never prosecuted and remains free for reasons of national security."

At the age of 13, she met the man "who would become my owner" —Senator Robert Byrd. In *Trance Formation*, she describes their first meeting:

"I undressed and climbed into his bed as ordered. I was momentarily relieved to find that his penis was abnormally tiny—so small it didn't even hurt! And I could breathe with it in my mouth! Then he began to indulge himself in his brutal perversions, talking on and on about how I was 'made just for him' due to the vast amounts of pain I could withstand. The spankings and police handcuffs I had previously endured were child's play compared to Senator Byrd's near-death tortures. The hundreds of scars on my body still show today.

"I was one of the only kids in my school who listened to country music. But then, Senator Byrd fancied himself a country music fiddler, and it was 'my duty to love what he did.' I was ordered to listen to country music or no music at all. Music was my psychological avenue for escape, a dissociative tool. CIA operator Merle Haggard, who often used well-documented cryptic language in his songs pertaining to government mind-control slave operations, released songs including 'Freedom Train' and 'Over the Rainbow.'

"My father told me repeatedly that Merle Haggard was my 'favorite' singer, and his songs reinforced my programming. Of course, Senator Byrd remained my 'favorite' fiddler' as ordered. He played train songs like 'Orange Blossom Special' while making train sounds on his fiddle. Sometimes I was his captive audience, bound and gagged, while he played his fiddle. Other times he instructed me to spin round and round like a music box dancer in order to add 'new dimensions to our sex.' These new dimensions included more and more physical pain through 'kinky' torture."

It was Senator Byrd who directed her father to send her to Catholic school, and it was Gerald Ford who became "my first president." That night, she recalls, "I wore my Catholic uniform as instructed and went into

a dissociative trance as my father drove me to the local National Guard Armory, where I was prostituted to Ford. He took me into an empty room, pushed me down on the wooden floor as he unzipped his pants and said, 'Pray on this.' Then he brutally, sexually assaulted me. Afterward, my memory was compartmentalized through use of high voltage. I was then carried out to the car where I lay in the back seat, muscles contracted, stunned, in pain, and unable to move."

And then there was Dick Cheney, President Ford's chief of staff. After Cathy was hunted down and caught in Cheney's game of "human hunting," she stood naked in his hunting-lodge office as he paced around and gave her this choice: "I could stuff you and mount you like a jackalope and call you a two-legged deer. Or I could stuff you with this--he unzipped his pants to reveal his oversized penis--right down your throat and then mount you. Which do you prefer?"

Apparently, Cheney's oversized penis balanced out Senator Byrd's tiny penis--a tawdry version of Emerson's Law of Compensation.

Cathy specialized in political figures (although she was also thrust upon by country singers such as "CIA operatives" Merle Haggard and Kris Kristofferson). With unintentional prophetic irony, Cathy described her 1983 meeting with Ronald Reagan, George Bush and Dick Cheney:

"Reagan gestured toward Bush and said, 'This is my vice president. People don't usually know what the role of the vice president is because he's always behind the scenes making sure everything that the president wants done happens the way it's supposed to.' He looked at me and said matter-of-factly, 'I catch the public's attention while the vice president carries out orders.' 'And *gives* them,' added Bush's close friend, Dick Cheney.

"George Bush, Jr. stood by his father and covered his backside whenever Bush would become incapacitated from drugs or required criminal backup. It appeared that Junior was there to serve both purposes while his father and Cheney enjoyed their work-vacation. Junior had never shown any interest in me sexually. Like his father, he had only shown sexual interest in [my daughter] Kelly, who had been away with him most of the day."

Cathy told the Conspiracy Con audience that, at the age of 19, "I worked on a White House/Pentagon level during the Reagan/Bush years and carried out many criminal covert operations for the CIA. The war on drugs was no more than the CIA eliminating competition worldwide, turning our streets into a bloodbath. I was exposed to many drugs, perversion, sex activity, filmed through a little lens in the ceiling because

these criminals do not trust each other, so they blackmail each other. I used cocaine, sometimes heroin, Bush's drug of choice.

"Of all the drugs I was exposed to there was one that was strictly forbidden, and that was marijuana, because the effects on the brain actually opened those neuron pathways so that any compartmentalization of memory, of any kind of trauma, or so-called secret, actually begins to erode. That's why they don't want to have even medical marijuana. I'm not standing here to be pro-marijuana at all, I am here to tell you I am extremely *anti*-marijuana, but I know why this anti-marijuana campaign is out there, with their efforts to control all of us by making sure that this particular drug is controlled so that no one in any kind of position would have free thought."

When Cathy finished her presentation, Mark Phillips returned to the stage. "We ask you respectfully," he said, "to please allow us to provide you with" —that is, to sell— "our book and share it with someone you love. It's a horrible book, probably the most incredible validated story that is going to soon be a major theme in maybe more than one motion picture and a TV documentary series. After all these years, Cathy and I believe that this is our last year."

And therein lies a paradox of this convention. All the speakers totally distrust the controlled mainstream media, yet they all sense imminent triumph, believing that they and their messages will soon be vindicated by that very same controlled mainstream media.

You want statistics? Here' s what the polls show: That 68% of Americans believe President Kennedy was killed as part of a conspiracy. That 51% believe federal officials assassinated JFK. That 40% of Americans think the FBI set the fires at Waco. That more than four in ten Americans think the FBI deliberately withheld evidence in the Oklahoma City bombing case. That 80% of Americans think the government is concealing knowledge of extraterrestrial life. That 75% of Americans believe the war on drugs is a failure. That 47% of people using public toilets flush with their feet.

* * *

In a book about the National Security Agency, *Body of Secrets*, James Bamford reveals that, in 1962, U.S. military leaders proposed a plan to commit violent terrorist acts and kill innocent Americans, blaming Cuba in order to create a pretext for invading the island and deposing Fidel Castro. One document prepared and signed by all five Joint Chiefs or Staff, states: "We could develop a Communist Cuban terror campaign in the

Miami area, in other Florida cities and even in Washington. We could blow up a U.S. ship in Guantanamo Bay and blame Cuba. Casualty lists in U.S. newspapers would cause a helpful wave of indignation."

In an interview, Bamford said, "What the Joint Chiefs indicated in their plan was, they would have people shot on American streets, bombs blown up, refugee boats sunk on the high seas—and all this would be blamed on the Cuban government."

I have no problem believing such insidious intentions—certainly the U.S. military commanders were *capable* of such dehumanization—and yet I can't accept as truth Cathy O'Brien's story. I think it's an elaborate hoax, intertwining celebrity porn with historical context to foster credibility. Example: "Noriega had been an intricate part of arming the Nicaraguan *contras* for Reagan, as well as an international hub in the cocaine operations that funded the black budgets for ultra-secret projects such as Project Monarch.

"Michael Aquino put a vaginal prod in my hand and ordered me to masturbate myself with it, pushing the button to electrically jolt myself internally upon command. Noriega's eyes were enormous. He paled to a sickly grey, his mouth fell open and he ran out the door while Aquino

assured him that he had 'nowhere to run, nowhere to hide from Reagan's powers.'"

So who *is* this Aquino guy? According to Cathy, "In the early 1980s, my base programming was instilled at Fort Campbell, Kentucky, by U.S. Army Lt. Colonel Michael Aquino. He holds a Top Secret clearance in the Defense Intelligence Agency's Psychological Warfare Division (PSYOP). He is a professed neo-Nazi, the founder of the Himmler-inspired satanic Temple of Set and has been charged with child ritual and sexual abuse at the Presidio Day Care in San Francisco. But like my father, Aquino remains 'above the law' while he continues to traumatize and program CIA-destined young minds in a quest to reportedly create the 'superior race' of Project Monarch mind-controlled slaves."

I contacted Aquino, who retired in 1994, and he responded:

"Not only was I never stationed at Fort Campbell at anytime throughout my entire Army career, but I've never even visited that particular post, on- or off-duty. I have never had any contact at anytime, anyplace, anywhere with Cathy O'Brien. I have never programmed sex slaves for the government or anyone else. I have never participated in any form of child abuse whatever."

What does he think her motivation is?

"I can only assume that O' Brien is either a crank or simply an unethical individual who seeks money, notoriety and/or publicity by inventing sensationalistic lies. Her book is strewn with sex accusations not just about myself, but concerning a parade of high government officials, celebrities and country music stars. I haven' t sued O' Brien for libel for the simple reason that her book is clearly in the lunatic fringe, and to take legal notice of it would only give it a dignity it doesn' t deserve. I presume that the other public figures libeled by it haven' t sued her either for the same reason.

"I certainly am not going to defend/excuse any of the MK-Ultra projects. These were all before my time—I was commissioned a 2nd Lieutenant in 1968—and I read about such things in *Search for the Manchurian Candidate* and *Acid Dreams*, shaking my head, much the same as you probably did. I *can* affirm that my work in Army PSYOP was strictly legitimate and in keeping with the Field Manual #33-1 guidelines taught at the Special Warfare Center, Fort Bragg.

"In a nutshell: techniques for trying to convince an enemy not to fight but to cooperate with you. I originally became interested in it because (a) I believed that the USA was generally on the side of goodness, and (b) winning wars by persuasion rather than bullets and bombs seemed

a great idea to me. This may sound like a naïve idealist, but that' s the way I looked out at the world in 1968."

I asked Aquino, "Do you think that Cathy O' Brien and Mark Phillips utilized you in their book [published in 1995] because the Presidio case would give their accusations a patina of verisimilitude?"

"Well, I think that' s obvious," he replied. "After the highly publicized and sensationalized attack on my wife and myself at the Presidio, all sorts of nutcases tossed my name around in whatever their fantasy of the moment. The combination--high-ranking Army officer, intelligence officer, Special Forces officer, PSYSOP officer, #2 official of the Church of Satan 1970-75+--was just too juicy.

"As for the Presidio affair, following the publication of the 'recovered memories of Satanic Ritual Abuse' book *Michelle Remembers* in 1980, the United States and other Anglo-American countries went through a decade of 'Satanic Ritual Abuse scares and witch-hunts. After the 1984 McMartin Preschool became internationally publicized in one such scare, day-care facilities generally became targets of 'Satanic Ritual Abuse' witch-hunts.

"The epidemic extended to U.S. military services as well, including fifteen U.S. Army day-care centers and elementary schools by 1987. In late

1986 it was the turn of the Presidio. The San Francisco Police investigated, verified that my wife and I had been three thousand miles away in Washington, D.C.—where I was on duty every single day [that the alleged victim] was at the day-care center September 1st to October 31st, 1986—and closed the case with no charges accordingly.

"In October 1988, however, I appeared as a panelist on a *Geraldo Rivera Halloween Special*. Rivera was trying to aggravate and escalate the 'Satanic Ritual Abuse' witch-hunt mania, and I was speaking out against it. The broadcast came to the attention of Senator Jesse Helms who became enraged that a Lt. Colonel in the Army should dare to hold a 'Satanic' religion. As Freedom of information filings later revealed, Helms then secretly contacted his close personal friend, Secretary of the Army John Marsh, and insisted that Marsh devise some way to destroy my career.

"What was actually taking place: a blatant attempt by Senator Helms, Secretary of the Army Marsh and the Criminal Investigation Division of the Army to discredit an Army officer with a 'politically incorrect' religion. It didn't work."

* * *

Although I believe that *Trance Formation of America* is an elaborate hoax and Michael Aquino thinks it' s in the lunatic fringe, conspiracy researcher Robert Sterling perceives a more devious motivation. In *Apocalypse Culture II*, edited by Adam Parfrey, Sterling writes:

"Effective disinformation is never an absolute lie. The purpose of disinformation is to confuse truth and validity, and to do so, boldfaced les are rarely convincing. Effective disinformation mixes truth and deception to obfuscate the two. The closer the disinformation approaches truth, the more damning it becomes. Then all the disinformation, even the legitimate parts, discredits targeted research and ideas.

"At the time of the release of *Trance Formation*, there was a growing awareness in the conspiracy subculture of intelligence agency involvement in satanic ritual abuse. Literature on the subject was reaching a critical mass where it could not be ignored. Would intelligence agencies devote resources to counteract such information? Not only is it possible, it almost certainly has occurred.

"The CIA, even with an officially acknowledged history of abusing people through mind-control experiments (the most famous being MK-Ultra), certainly has a vested interest in denying such operations exist, especially when the operations are as insidious as sexually abusing

children. And supposing that [the] tales are part of a CIA disinformation campaign, it would make sense that some names on the list would actually include guilty participants. After all, what better place to hide the truth than out in the open, knowing full well it won't be believed?"

Sterling posted a review of Cathy O'Brien's book by Jaye Beldo on his Web site, *The Konformist*:

"If you are bored out of your mind with the usual Pamela Anderson Lee 'power-fuck porn,' I suggest grabbing a copy of *Trance Formation of America* and heading to the nearest bathroom with a jar of Vaseline. Why not infuse life into your worn-out sexual fantasies by envisioning some of the scenes spelled out in Cathy O'Brien's supposed expose' of the pedophile shenanigans of our Government officials? I mean, how could you not get excited over picturing Hillary Clinton going down on the author's deformed vagina like a starved wolf while Bill walks in on them and casually ignores them?

"I cannot help but get the impression that Cathy is, at times, really no different from some of the questionable UFO abductees making extravagant claims of being transported to other solar systems and back again. I have little doubt that some of the horrible things she mentions

actually happen on a day-to-day basis. Completely denying them would be folly."

Mark Phillips was not too thrilled with this review, and he wrote to Beldo:

"I feel compelled to inform you of the inevitable consequences of your unsolicited written vulgar assaults upon Cathy O' Brien, Kelly, myself and the overall integrity of our book. I have placed you on the shortlist of potentially dangerous sexual predators, which is automatically reviewed by interested local law enforcement personal [*sic*] (that we are in regular professional communications with) whenever a sexual crime is committed in the area you reside. Until you are apprehended for being a physical threat to yourself and/or innocent others, you will remain at large but nevertheless well identified.

"Stay away from contact with children and out of any county/state/federal prison system, as within moments from the time you may eventually be arrested for some alledged [*sic*] charge of illegal/immoral activities, I will be notified and will do all in my power of influence to see that you are legally seperated [*sic*] from society until you have had to time necessary to do what you proposed for others less appreciative of your sick 'review'—to get a hold of yourself or allow an

inmate to take matters into their own hands and change your thoughts towards acceptance of brutal criminal activity."

*Konformist* editor Sterling wrote to Phillips:

"I harbored no personal animosity to either you or Ms. O' Brien, but I had serious questions about the accuracy of what was in your book. Even more disturbing, I had a very bad feeling that, wittingly or not, the claims in *Trance Formation* could easily be used to manipulate people into a hysterical witch-hunt state, and could be used to smear those who are innocent of charges made by you and Cathy, Brice and others. I felt if people were not careful, they could be whipped into a fascist state of mindlessly agreeing to any charge made by alleged CIA sex slaves to a conspiracy underground version of McCarthyism."

The "Brice" he refers to is Brice Taylor, author of the first competitor of *Trance Formation*, published in 1999—*Thanks for the Memories: The Memoirs of Bob Hope's and Henry Kissinger's Mind-Controlled Slave*—in which she asserts that Walt Disney raped her on Mr. Toad's Wild Ride; that she had sex with all three Kennedy brothers plus JFK, Jr. when he was 12; and that she has cavorted with public figures ranging from Prince Charles to Alan Greenspan, from Elvis Presley to Neil Diamond, from Johnny Carson to Ed McMahon. "Hi-yo!"

Brice Taylor also claims the existence of a federal program of brainwashing and molesting children with electroshock and dolphins, that she and her 13-year-old daughter had a threesome with Sylvester Stallone, and that he filmed them in *Dolphin Porn*, videos of dolphins penetrating women in the ocean. And Cathy O' Brien declares that "Jesuit/NASA-based whale and dolphin programming suggests that water is a mirror to other dimensions and is the means by which aliens have mixed with our population."

Robert Sterling observes that, "After suffering horrible torture and abuse at the hands of countless famous politicians and celebrities, both O' Brien and Taylor declare of being spoken to by Jesus Christ, whose glorious powers healed them of all trauma and left them immune to further manipulation. At the time of her 'memory recovery,' Brice was corralled and influenced by Christian fundamentalists, who convinced her that her previous life was the prelude for an afterlife in Hell. It should be obvious that the New World Order sex slave genre is nothing more than thinly veiled porn disguised as parapolitics."

Sterling told me that Cathy and Mark' s book has "sold over 20,000 copies. Their following is heavily right-wing Christians and patriot groups, and if you hang out with either sector you' ll eventually hear

some pro-*Trance-Formation-of-America* sentiments. Not surprising—part of the book's thesis is that mind control is part of the New World Order plot."

The predecessor of this whole non-literary genre was *The Control of Candy Jones*, published in 1976. Jones was a highly successful model supposedly transformed into a CIA Manchurian Candidate. The book was ghostwritten by her husband, a carnival hypnotist and late-night radio talk-show host "Long John" Nebel. His friend, stage magician and psychic debunker James "The Amazing" Randi, told me that Nebel made up the entire book because he needed money. When I mentioned this to Walter Bowart, author of *Operation Mind Control*, he insisted that Randi himself was an intelligence agent. Amazing, indeed.

* * *

There's a mini-ballroom at the Convention Center where conspiracy books, audio and videotapes are being sold. A man wearing a space suit is hawking an Alien Abduction Survival Kit. Another vendor is selling aura cameras. And, for some incongruous reason, a woman is coning—that is, getting the wax out of a prone client's ears with the aid of a burning candle and a tin pie-pate. At a booth offering "Free

Electricity for Life," the proprietor is saying, "They killed one of my associates."

In the auditorium, William Lyne, a researcher on free energy devices for 50 years, tells the audience, "I know a man who's in mind control—and they've used it on him and his father—they use a virtual reality type of technology that's projected to that person, transmitted to them so that they see images that aren't there, but what they want to do is terrify them and make them *think* they're seeing these things, except they're intelligent people and they know that they're not real images, they just want to know how they're *receiving* those images. If they want you to see something, they can transmit it to you.

"They can do it for a whole area. And the place where this person lives, they're all shutting down at 10 o'clock at night. Everybody in that whole part of town are actually going to bed at the same time. It's like they've got the whole area under control. And it's within eyeshot of Los Alamos Labs. The dirty part of the labs where they do this kind of stuff. I say dirty because there's coerced black projects being done out of there."

As for Lyne's own safety in the face of promulgating free energy, he says, "I'm encouraged lately because there's safety in numbers. Too

many people have access to this stuff and are promoting it. Now there have been some real tragedies in the past. People had some of this technology and they disappeared or were squashed. I don't have any fear of the government. I lost my fear a long time ago. They tried to murder me several times, and I said to myself, 'Well, I might be dead tomorrow and nobody'd know why, so I'm gonna go out there and tell what I know and I'm not afraid,' and I think everyone should take the same approach."

Jordan Maxwell has been exploring the hidden foundations of religions and secret societies since 1959. At the convention, his presentation is titled *Toxic Religion and the Occult Establishment*. "The same people who gave you the Mafia gave you the Church," he says. "The Church *is* the Mafia. An FBI man called me: 'We've been watching you, we follow you wherever you go, we know what you're doing. But you are not a threat. We admire what you're trying to do. But your government does not consider you to be a threat—yet—but if you get enough people listening to you—and they're not just listening but they're actually *hearing* you—then you will be considered a threat and now we'll have to take another look at what you're going to do.

" 'But the reason I' m calling—this an unofficial call—is to warn you when you talk about corruption and government, most people in government couldn' t care less, they don' t care, they' re corrupt and they know it and you know it, so what are you gonna do about it? But when you talk about the Church and religious institutions in this country, what you' re doing is you are messing with organized crime at its highest level. The highest levels of organized crime in this country are the religious institutions. We' re talking about a lot of money. We' re talking about the control of men' s minds, about the dream of absolute total domination. This makes the Mafia look like child' s play.' "

Another speaker, Len Horowitz, author of *Emerging Viruses: AIDS and Ebola*, explains that "Non-lethal warfare is where you don' t kill populations like with a bomb or a gunshot, but you make them sick. You make them dependent on pharmaceuticals which are actually a military-pharmaceutical complex run by the same players—the global elite—and then ultimately these populations become enslaved to the pharmaceuticals and economically debilitated along with their nation states."

Now, like the Blues Brothers, he on a mission from God: "Bust the Illuminati. Bust the cryptography code. The darkest time in our history is just beginning. Revelation tells you in God' s word that you and I should

count the number of the Beast 666. The revelations we've just been given is that wisdom. It takes it out of the realm of foolish conspiracy theory into hard, provable, scientific, statistically significant fact, and God bless you with it at this time. With that blessing, I want to thank you so much for allowing me to be here tonight [it was now 12:30 in the afternoon]. Thank you. God bless you. Thank you [said nine times]. Say hallelujah! Praise God! Thank you all."

Dr. Horowitz was scheduled to fly to Africa and spread the word. "Okay, God," he prayed aloud, "if it's not Your will for me to go—because apparently I'm hearing from all these people that I shouldn't go, I shouldn't go, fear, fear, fear, fear—please let me know what You want me to do, and if You have me go, if You choose to have me die if I go, then so be it, but I would prefer to live and carry your work forward, so please direct me." And of course God told him to go.

Yet another presenter, William Thomas, author of *Chem-Trails: Mystery Lines in the Sky,* also revealed a sense of his own martyrdom. He stated that "The earth and its inhabitants are being subjected to unprecedented experimentation without our knowledge or permission. Some say the chem-trails are intended to kill us all. Others insist the disorientation and lethargy resulting from chem-trail exposure are

intended to make citizens compliant to the New World Order and enslave us all.

"The most plausible explanation for massive aerial spraying is a planet-wide, high-tech campaign against catastrophic climate change. If true, such a desperate Band-Aid solution disregards fundamental causes of global warming in order to protect powerful financial interests by permitting pollution and profits. This story has cost me a lot--cost me the love of my life, my career. To the people doing this, you can break my heart and you can break my back, but you will never, ever, break my spirit." [Prolonged applause, shouts of *Bravo*] "I' m not afraid of death."

And the P.A. system blared forth the sound of Jackson Browne singing, "There are lives in the balance . . ."

* * *

If there is a star of this show, it' s David Icke (rhymes with bike). Author of *And the Truth Shall Set You Free*, he' s a dynamic performer, somewhat pot-bellied, with longish yellow hair. His presentation is about the secret manipulation of the human race, going back thousands of years, revealing how the same interbreeding bloodlines continue to control positions of power today, and he ardently shares suppressed information

on humanity's ancient extraterrestrial origins. Thus he offers an alternative explanation of our existence that transcends creationism and evolution alike.

All that, and he puts his underwear on backwards too. With his whimsical British accent, he confides to the audience: "A little while ago, I'm thinking I'll empty me bladder before I speak, so I'm fiddling and I can't make contact, and then I realize I put me underpants on the wrong way around. I didn't know whether I was coming or going." Then he entered specific domains of strangeness:

"A few years ago, I met a scientist who joined the CIA as a youngster, serving his country. He is a genius in the area of magnetics. When he started to work for the CIA in these secret projects, he realized that they didn't want his knowledge to serve humanity, they wanted to create technology that would help to control the mass of the population, and he rebelled against it and said, 'I'm not doing this any more.'

"He started to tell me a story and, as he did, he was opening his shirt. One day he left home and he started missing time. Doesn't remember anything about it. But he does remember waking up on a medical-type bench, and as he got his faculties back he realized there was

something stuck to his chest. As he opened his shirt, I could see like a see-through shampoo sachet on his chest with an orange-gold liquid inside it.

"And he said that what they' d done was manipulate his body to need this drug to survive, and if he doesn' t get it, then he starts to die what is apparently a very long and painful death. And this patch--which is what they call them on the inside--with the drug has to be replaced every seventy-two hours, and if he doesn' t serve an agenda that sickens him, then it' s not replaced.

"He told me about a microchip now so small it can be inserted in a vaccination program through a hypodermic needle. Even those who thought the microchip was coming along as a tagging device have not realized that it' s not just about keeping a tag on where people are. It' s not actually the signals going from the chip to the computer we should be concerned about, but the signals coming the other way *to* the chip, because the technology exists, outside the public arena and increasingly in it, which can manipulate human emotion and thought processes externally once one of these guys is inside. If people say no to one thing, say no to the microchip."

(In December 2001, Reuters would report that a chip the size of a grain of rice which can be injected into your body and give detailed

information to anyone with the right scanning equipment is soon to be available from Applied Digital Solutions. The company has projected a potential market worth $70 billion.]

Occasionally, Icke throws in a tidbit of comic relief, such as two Martians in a bar: "Have you heard the latest about the Earthlings?" "No, what have they done now?" "They borrow money that doesn't exist and pay interest on it."

Other times, he'll throw in a generally unconsidered theory: "JonBenet Ramsey has all the feel of her being a multi-personality, dissociative identity disorder, trauma-based mind-control situation, and involved in satanic ritual abuse. I think there's a massive cover-up there, because if you're going to stop the dominoes falling, you have to stop the first domino falling, and that's what that cover-up to me was all about."

But he is most challenging when he discusses interbreeding: "Why are three ruling families today obsessed with interbreeding? Why when you follow them back genealogically to the ancient world have they always been obsessed with interbreeding? I found an amazing common theme in the ancient world anywhere on the planet—the theme of gods

interbreeding with humanity, creating hybrid bloodlines which ended up in positions of power.

"I talked five hours with a Zulu shaman about extraterrestrial connections to the Illuminati. African history is the same theme, of gods from another world, which have great connections to earth history, interbreeding with humanity, creating bloodlines which have ruled the world all these thousands of years. The royal black bloodline of Africa from the age of tribal days claimed descendants from the same gods that these other crowds do.

"One of the great themes that comes up in this interbreeding and these ancient accounts is of a serpent race, a race of a reptilian genetic history, which interbred with humans, creating hybrid DNA. I' m not just talking about this tiny frequency range we call the world. There are other frequencies as well, in terms of where manipulators of the manipulators actually come from. This force which manipulates through these bloodlines overwhelmingly operates right on the periphery of our physical senses, right on the edge. It can appear that someone' s gone from one form to another. This is 'shape shifting' between human and reptilian form.

"From 1998 onward, I kept meeting people telling the same story, that they have seen people overwhelmingly in positions of power--but not

always--move from a human form to a reptilian-type form. There is the Mayan legend of the iguana. Lizard-like aliens had descended upon the Mayans. Their pyramids—their advanced astronomical technology including the sacrifice of virgins—were supposedly inspired by lizard aliens. When the aliens interbred with the Mayans, they produced a form of life they could inhabit. They fluctuated between a human and iguana appearance in chameleon-like abilities, a perfect vehicle for transforming into world leaders.

"Those who have seen a reptilian-type ethereal figure enveloping and following around humans and locking into them in those lower two chakra points, vortex points, for me, is possession. The more I' ve understood this, the more I' ve realized just how many people, particularly these bloodlines, are actually controlled by these other-dimensional forces, and while we appear to be seeing a president or a banking leader in a physical form, the actual point of control is beyond that and overshadowing it, and on some occasion people see that overshadowing entity."

One wonders whether such a defense— "The reptile made me do it!" —will some day be used in a court of law.

"To understand humanity," Icke continued, "you have really got to understand humanists reptilian past, reptilian inherited genetics. One of the most ancient parts of the human brain is known by science as the R complex, for reptilian brain. We get these traits—cold-blooded behavior, ritualistic behavior, desire for top-down power over structures. Now, dismiss the reptilian thing—let's just think they don't exist—I have just described the basic mentality of the Illuminati that allows wars to be created, millions of casualties without any emotional attachment to consequences. Why do people who have more money than they could spend in a thousand lifetimes go on accumulating it? Why do corporations that have *enormous* power and control over vast areas go on accumulating and seeking more and more power and control?"

So, then, is this whole reptilian agenda really just a metaphor for the varieties of human cruelty? Or does Icke mean it all literally?

Previously, Jordan Maxwell had told the audience, "I think the dirtiest, the filthiest, the most licentious people on the face of the earth are the British royalty. They represent in the human race all that is evil and all that is filthy and degenerate. And that's why Princess Diana is dead." That there was a conspiracy behind Diana's death seems to be a given among this crowd: the royal bloodline protected by the paparazzi.

Conspiracy researchers often start with a premise—who benefits?—and work their way backward, molding their perception of reality like Silly Putty in order to *culminate* with the justification of that premise.

Maxwell continued: "About ten years ago, a young black man broke into the Queen Mum's bedroom, and one of her servants happened to be walking by and the bedroom door was open a bit, and she saw this young black boy in the queen's bedroom. She quietly went to security which came up and arrested him for breaking into the queen's bedroom, but the queen said he didn't threaten her and he wasn't armed and it was just a childish silly prank, and so she let it slide if he promised not to do that any more. James Bond couldn't break into the queen's bedroom! If there was a young black man in the queen's bedroom in Buckingham Palace, the queen ordered him in like pizza. The Queen Mum with her black boyfriend. Tell me about racism."

That anecdote says something about the queen's human nature, but now David Icke added another dimension:

"Some of the descriptions, like of the British royal family—people who claim to have been at the rituals—are of a *literal* shift. They seem to go from one physical state to another, very much in this dimension, which from our perspective of this-world physics is like, *what?* And then others

are describing what appears to be a vibrational thing, where people are looking into another dimension slightly outside of our physical frequency range, the normal one, and suddenly they're seeing another level of the person which appears reptilian. And exactly where the truth is in all that or whether it's a shade of grey and both are true, there's a lot more information that is needed.

"Going back in African history, this reptilian group actually go back a phenomenal amount of time in relation to this planet, and they claim that it's actually rightfully theirs, and at some point in the ancient past there were some great wars that went on, and in fact they were kicked off, and they're trying to regain control of what they think is rightfully theirs, like being kicked out of a country.

"Other researchers, concentrating on the reptilian thing for a long time, say that in some way they basically go around to different places, just raping the resources, and then move on. Then there's the one about the fact that in some way a lot of these beings were almost imprisoned, in a vibrational prison, like they can't get out of it by going up because they can't vibrationally get there in their present state of being. And their only way out of that level is to come into a lower level of vibration into this

dense physical world, and operate through that. But I understand Cathy saying it' s only a mind-control thing."

From the gospel according to Cathy O' Brien:

"When Bill and Bob Bennett together sexually assaulted my daughter Kelly and me at the Bohemian Grove in 1986, I had already known Bill Bennett as a mind control programmer for some time. He apparently found perverse pleasure in whipping me. With my wrists bruised and my body stinking with pain, Bennett lit up a cigarette and cryptically asked, 'Was that your first cum-union with an alien?'

"[On another occasion] deep underground in NASA' s Goddard Space Flight Center mind-control lab near D.C., Bill Bennett began preparing me for the program. NASA uses various CIA designer drugs to chemically alter the brain and create exactly the mindset required at the time. I could barely crawl up onto the cold, metal lab table as the drug took effect in the darkness surrounding me, I could hear Bill Bennett talking. 'My brother Bob and I work as one unit. We are alien to this dimension—two beings from another plane.'

"The high-tech light display swirling around me convinced me I was transforming dimensions with them. A laser of light hit the black wall in front of me, which seemed to explode into a panoramic view of a White

House cocktail party—as though I had transformed dimensions and stood amongst them. Not recognizing anyone, I frantically asked, 'Who are these people?'

" 'They're not people, and this isn't a space ship,' Bennett said. As he spoke, the holographic scene changed ever so slightly until the people appeared to be lizard-like aliens. 'Welcome to the second level of the underground. This level is a mere reflection of the first, an alien dimension. We are from a trans-dimensional plane that spans and encompasses all dimensions. I have taken you through my dimension as a means of establishing stronger holds on your mind than the earth's plane permits. Being alien, I simply make my thoughts your thoughts by projecting them into your mind. My thoughts are your thoughts.' If this were so, why did he have to *audibly* tell me?"

Aha! A touch of skepticism from Cathy. And yet part of me still hopes that was all true, if only because of Bill Bennett's personal maxim: "Hypocrisy is better than having no values at all."

* * *

How could I distinguish truth from lies if truth was cross-fertilized with greed, the need for attention, false memory, speculation, fantasy, self-

delusion and intentional propaganda? I contemplated the implications of something that Michael Aquino had told me:

"Part of what we learned in PSYOP was that it's not just the propaganda you create that is a factor, but the pre-existing propaganda 'filters' in target audiences' brains as well. The key has to be designed to fit the lock, so to speak. And underlying all this is the challenge to the PSYOPerator to extricate *himself* from his own filters--otherwise he will see the situation only through his personal distortions and thus be inept at influencing it objectively and comprehensively."

Consequently, propaganda can become a two-way street. For example, Cory Hammond, former president of the American Society of Clinical Hypnosis, has had many clients who, under hypnosis, "remember" hideous incidents of satanic rituals, infant sacrifice, sadomasochism and coprophilia (get that shit-eating grin off your face). Dr. Hammond believes that three groups working together—neo-Nazis, the CIA and NASA—have been programming American children for over fifty years to make them part of "a Satanic order that will rule the world."

Likewise, the war on drugs is filtered through a *mass* of distortions. In the words of *The Economist*—a venerable British newsweekly that has been a longtime passionate advocate for the legalization of drugs—the

growing, selling, consuming and outlawing of illegal drugs around the world is a complex mix of economics, politics and world culture.

There are silly conspiracies. Some folks believe that the moon landing was faked (those were close-up photos of oatmeal). Others believe that the Woodstock Festival never occurred (it was contrived by the media). Still others believe that Elvis Presley's death was fabricated (he's alive in Las Vegas, working as an Elvis impersonator). And surely there must be others who are convinced that militant vegetarian activists are responsible for Mad Cow disease.

Sometimes silly conspiracists get results. In 1995, Indiana transportation officials were forced to alter the maintenance codes marked on the back of highway signs because some state residents were convinced that the markings were coded messages designed to assist invading UN troops.

And there are serious conspiracies. Gasoline refiners conspire to limit supply and fix prices. The relationship between doctors and pharmaceutical companies is blatantly conspiratorial. Douglas Valentine wrote in *The Phoenix Program* (about the CIA's notorious terrorist campaign against Vietnamese villagers) that in 1968 the Army's 111th Military Intelligence Group kept Martin Luther King under 24-hours-a-day

surveillance. Its agents were in Memphis on April 4th and "reportedly watched and took photos while King's assassin moved into position, took aim, fired, and walked away."

World War II was racketed by presidential conspiracies of silence: Franklin D. Roosevelt knew that Japan was going to attack Pearl Harbor; and Harry Truman knew that Japan was about to make peace overtures but he nevertheless ordered that atomic bombs be dropped on Hiroshima and Nagasaki. Domestically, the Aryan Republican Army financed and helped to stage the Oklahoma City bombing, and the Bureau of Alcohol, Tobacco and Firearms knew about it three weeks before it happened.

Pokeman has become a target of religious leaders throughout the Arab world who charge that the game promotes theories of evolution, encourages gambling and, at its core, is part of a Jewish conspiracy aimed at turning children away from Islam. To David Icke, Jews are the pawns in an elaborate Rothschild-Illuminati breeding experiment, and they are "impregnated with a reptilian genetic code."

* * *

There's a final panel at Conspiracy Con with questions from the audience. A reporter for *Stuff* magazine waits his turn on line, then steps up to the microphone and asks, "What is the secret to how you've

managed to maintain such healthy heads of hair? The answers: "Well, mine's glued." "I stopped pulling it out a few years ago." "It was the fluoride." "Mine is the same color when I purchased it." And, "Genetics."

A woman who claims to be a victim of mind control asks, "How do you function? How do you deal with manipulation in your personal lives, being individuals that are speaking out? Is there any secure communication? Can the whole body be scanned for implants, inside your teeth or your skull?"

Icke responds: "No technology exists in this frequency range more powerful than the human mind in its true power. When disconnected from that, we become open to technical manipulation. Is there any secure communication? I don't give a shit. I say what I think on the Internet. I don't worry about being harmed. If you don't allow the idea of vulnerability into your reality, it cannot manifest. If it's not your reality, you cannot project it. It never occurs to me that these guys can do anything to me.

"Those that were doing this [work] in fear of consequences were getting them. 'I don't know how long they're gonna allow me to do this.' They almost wore their bravery like a war medal. Courage is

overcoming fear. If you don't have fear you don't need courage because there's no fear to overcome. You just do it, get on with it, do what you believe to be right without the need for courage because there's nothing to overcome.

"'I'm doing dangerous things,' they say, 'but I keep on going. I'm sure they're gonna do this to me if I keep on.' They will get the consequences, and others who are just *doing* it, won't. And because we create our own reality, what we allow into our field of possibility can manifest. If it doesn't come it, it cannot manifest. I don't worry about defending myself."

Suddenly, as if on cue, an agitated man brandishing a pistol stalks out from the backstage area. Shouting, "The China card will be played big," he aims his gun at Icke, who sits there calmly while the other panelists all duck under the table. A single shot rings out. Panic fills the air, and screams emanate from the audience. But it's the would-be assassin, not Icke, who is the one that falls to the ground. The panel discussion has ended, and the auditorium is cleared.

I show my press credentials to a security guard and he allows me to stay. I can see a doctor hovering over the man, who is bleeding fiercely. When the doctor unbuttons the man's shirt I notice that on his chest, just

a couple of inches from the gaping wound, there is a patch with an orange-gold liquid inside it. The doctor pats it gently and says, "What the hell is this?" The man is able only to whisper, "He blew my goddam cover." Then he gasps for breath. The doctor says he's dead, and the security guard tells me I have to leave.

I had been looking forward all day to a room-service dinner of Colossal Pacific Coast Prawns simmered in Thai curry sauce with sticky rice and toasted coconut, but now I wasn't hungry. I was too preoccupied with what had transpired that evening. I kept asking myself, "Who shot the mad scientist? And why?" I felt like a poker player who's been dealt a hand of all blank cards.

Finally an epiphany arrived, and I knew exactly what I had to do. I made three phone calls, then went down to the bar to keep an appointment with David Icke that we had arranged early in the day. We selected a corner table, I took out my cellphone, dialed my own number at home, and when the answering machine started, I dialed the code to get my messages and handed the phone to Icke. This is what he heard:

"Hi, this is Paul, calling myself. I've already left a message on [my wife] Nancy's answering machine, asking her to save this tape in case anything happens to me. About the shooting that took place here, I called

my contact in the CIA who informed me that it was a Company job. They killed David Icke's friend before *he* could kill Icke. But why would they be *protecting* Icke? You'd think that they'd *want* him dead because he knows too much. Unless he happens to be one of *them* and they need him to continue spreading *dis*information. So now that this precaution has been taken, I will go and confront Icke."

He laughed.

"Nice try," he said. "First of all, don't worry, nothing's going to happen to you. But, by all means, keep that tape as a souvenir. You're right about one thing, though. I *am* protected by the CIA. Not because I'm one of them, but because I'm *not* one of them. If they wanted me dead, they could kill me any time they wanted. But they know I'm not spreading disinformation. You have to understand, these guys work strictly on a need-to-know basis. So it's not that I know too much, it's that *they* don't know *enough*.

"Because, if an individual agent knows too much, he may not do what he's been assigned to do. He must have a given order to do something, but if he knows that the end result is that somebody's going to be blown up twelve miles away—and all he's supposed to do is deliver an envelope—he may start thinking about it. So, various agents read my

books and check my Web site and show up wherever I speak. It's a safety valve for them, on how far things are going."

"Are you saying that the intelligence community has allowed you to function because *you* know more than any of *them*?"

"Exactly . . ."

* * *

On my return fight the next morning, I found myself reminiscing about the 1987-88 TV season, when I had been a writer and on-air commentator on *The Wilton North Report*, a nightly satirical hour on the Fox network that lasted only 21 shows. Critics blamed the hosts, a pair of disc jockeys who were not untalented but who were deliberately chosen for their inoffensiveness.

I had previously suggested as host Conan O'Brien, a writer on the show who also did the audience warm-ups. "No," said the producer, "he's not professional enough." Ellen DeGeneres? "Too dykey." Chris rock? "Too raw." Rosie O'Donnell? "Who wants to look at her every night?" Richard Belzer? "Too reptilian." Belzer is a conspiracy researcher as well as a comedian and actor, but little did he ever dream that ultimately he—his reptilian self—could be the culmination of his own investigation.

Now, back home, the marketing of conspiracy was on a roll. *Majestic*, an interactive computer game revolving around a conspiracy involving corporate intrigue, was available. For $10 a month, tens of thousands of online players would receive screaming phone calls at midnight, faxes, anonymous emails and instant messages from mysterious informers directing them to research strange alien conspiracies and nefarious government activities. *Majestic* was suspended on September 12, 2001.

The invasion of the United States on September 11th was the mother of all conspiracies. Immediately there were those who began spinning scenarios of an inside job, an American version of the Reichstag Fire, carried out in order to justify the rise of a police state in the guise of security procedures. In any case, political opportunism has been providing the same results.

That Halloween, I was invited by producer Andy Meisler to be a panelist at the taping of a new TV series, *The Conspiracy Zone*. Although the plot behind the 9/11 terrorists was certainly a topic of conversation in the Green Room— "Do you think this is the endgame?" --the official subject that evening was the assassination of Robert Kennedy in 1968.

On the program, hosted by former *Saturday Night Live* cast member Kevin Nealon, I mentioned that Kennedy had once been on the *Tonight* show, telling Johnny Carson that cigarettes kill more people than marijuana, and I speculated that Sirhan Sirhan was a hired gun for the tobacco companies. On a more literal note, I talked about the ballistics Inconsistency; a total of ten bullets was found, though Sirhan' s gun could hold only eight.

And I discussed the fact that psychiatrist Bernard Diamond described in *Psychology Today* how, during the trial, post-hypnotic suggestion was used to program Sirhan into climbing the bars of his cell like a monkey. However, in the book *RFK Must Die*, Robert Kaiser, who was there, wrote: "Sirhan had no idea what he was doing up on the top of the bars. When he finally discovered that climbing was not his own idea, but rather Dr. Diamond' s, he was struck with the plausibility of the idea that perhaps he had been programmed by some else, in like manner, to kill Kennedy."

There were two others on that TV panel, plus a separate segment with a dentist who practices hypnosis.

One panelist was Michael Ruppert, a former member of the Los Angeles Police Department, Narcotics Division, who became a prolific

conspiracy researcher. Off camera, I asked what the turning point had been for him. He said that it was when his fiancée, a CIA operative, tried to involve him in drug smuggling, and he refused. Ruppert and I were both columnists for *High Times* then, but, he told me, "I don't smoke grass."

The other panelist was scheduled to be former Nixon speechwriter and now bespectacled, drone-voiced personality Ben Stein, but he canceled out at the last minute. Ann Coulter, former Justice Department attorney and Senate aide, now a professional reactionary and Stepford pundit, was at the studio for a subsequent taping about secret societies, and she was drafted into taking Stein's place. A frequent guest on talk shows, Coulter is recognizable by her long blond hair, her short black skirt, and her drag-queen aura.

When she was a guest on CNBC's *The Big Idea*, host Donny Deutsch asked her what an ideal country would be like, and she replied that it would be one in which everybody was a Christian. "We just want Jews to be perfected," she said. As for Muslims, two days after the terrorist attacks on 9/11, she wrote in *National Review Online*, "We should invade their countries, kill their leaders and convert them to Christianity." But now, the taping of *The Conspiracy Zone* had to be delayed because she was still in the makeup room.

"It takes a long time to turn Ben Stein into Ann Coulter," I explained.

During a break in the show, I suggested to her that the labels "conservative" and "liberal" had become obsolescent, and I asked what she thought might be appropriate substitute labels.

"Americans and cowards," she said.

"Yikes," I replied.

On another occasion, I got a call from *Conspiracy Zone* producer Andy Meisler. The show was featuring debates about cover-ups, ranging from Freemasons to bar codes to Hollow Earth. "The frightening thing," he observed, "is that life is so *random*. At least there's something comforting about conspiracies." He was calling me for recommendations as to who might be appropriate to appear on programs about the fix behind professional sports and the fix behind the election of George Bush. (The latter topic was discarded after 9/11.) He told me that the show would also deal with "unexplained deaths," such as Jimmy Hoffa, Marilyn Monroe and the Kennedys.

"Oh, that's so last century," I said. "Conspiracy research has evolved from 'Who Killed JFK?' to 'Who Fucked a Lizard From Outer Space?'"

One other thing. My visual mantra of the man who urinated and flossed simultaneously was replaced by a patriotic image of Cathy O' Brien: "I was ushered away from my classmates," she said, "and taken to an office where Michigan State Senator Guy VanderJagt was waiting with soon-to-be-president Gerald Ford. They laughed as he placed a small American flag in my rectum and instructed me to wave it." Like all politicians, though, Ford merely *wrapped* himself in the American flag.

## Swimming in the Dead Pool

When Ken Kesey's son Jed was killed in an accident--the van carrying his University of Oregon wrestling team had skidded off a cliff--I immediately flew to Oregon. "You were his favorite," Kesey said as we embraced, sobbing. "I feel like every cell in my body is exploding,"

A few days later, several of us old friends were sitting around the dining-room table there, and someone mentioned that the Dead Kennedys were on tour.

"I wonder if Ted Kennedy is gonna go see 'em," I remarked.

Kesey, standing in the kitchen, responded, "That's not funny."

"You're right. I apologize. It's not very abstract right now."

"It's *never* abstract."

I recalled that little dialogue as I began to explore The Game, now in its 34th year [2004], the longest-running dead pool in America, currently with 125 players. Before January 1st everyone submits 68 names of people who might die that year. (Dr. Death, co-founder of The Game, liked to work on a legal pad--34 lines, two columns, hence 68 names.) Points are awarded according to the age of each dead person--anybody in their 50s is worth five points; 60s, four; 70s, three.

Each participant gets one wild card per year worth five points no matter how old the deceased. Gamesters generally pick one-pointers for their wild card to get four extra points. Last year, most picked Bob Hope. When he died, one Gamester said, "My father was shot during World War II. While recuperating in England, Mr. Hope came up to his bedside and stuffed a half-dozen golf balls into his [own] mouth. It cheered my old man up."

Deaths become official when mentioned in the *New York Times* or any two major newspapers. One player "is extremely frustrated," I was told. "He has Idi Amin, who is on life support in a Saudi hospital. Now there have been death threats, and armed guards have been posted." Since the listees are all on various rungs on the ladder of celebrityhood, The Game is understandably rife with abstraction.

"After all, the dead pool has probably been around since the phenomenon of fame itself," write Gelfand and Wilkinson in the book *Dead Pool*. "It has certainly been around as long as gallows humor has. In the heyday of hard-boiled journalism (the *Front Page* days of the 1930s), reporters who covered a country ravaged by organized crime and engaged in a world war found respite in the dark humor of the dead pool. Even

before the Internet, the dead pool was slowly emerging from the shadows of our culture."

As with dead pools, ranging from business offices to Howard Stern's radio show, that book is a guide to profiting from money bets. But members of The Game play solely for the fun of it. Whoever has the most points at the end of the year wins-- "bragging rights only" —slightly ironic since Gamesters (lawyers, ad people, educators, psychology professors, writers, everyday working folks) all play under aliases like Frozen Stiff, Fade to Black, Worm Feast, Decomposers, 2 Dead Crew, Johnny B. Dead, Wm. Randolph Hearse, Daisy Pusher, Silk Shroud, Necrophiliac Pimp, Legion of Doom, Gang Green, Habeas Corpse, Die-Uretic, Shovelin' Off, Blunt Instrument, Rig R. Mortis, Flatliners, Unplugged, Toe Tag, Clean Underwear and Gratefully Dead.

One couple, the Moorebids, insist, "We play for honor, not bragging rights. It has to do with honoring who you get the hit on."

Another player told me, "I compare playing The Game to my day job, science. We do a lot of data collection and data analysis; play our hunches. Our reward is not financial, but peer recognition. One selects some names to acknowledge the person. Other names are selected because earning you points is their last opportunity to do something

productive and honorable in their otherwise useless life. My most missed hit was Spiggy [Nixon's disgraced vice president, Spiro] Agnew; I was distressed at missing him."

Each Gamester pays $10 to Pontius, official coordinataor and editor, to keep score and report the hits. There are players in over 30 states (23 in New York), plus one each in Quito, Kuwait, England and Australia. You can become a Gamester only by being recommended by another Gamester. They're mostly baby boomers, attracted by a whimsical, informative style of reporting.

Forty-nine Gamesters "hit" Buddy Ebsen. Obituaries mentioned that after ten days of filming *The Wizard of Oz*, Ebsen fell ill because of the aluminum make-up on his skin, and was replaced as the Tin Man by Jack Haley. (A suspicious player wondered, "Did Jack Haley add something to the aluminum make-up at the *Wizard* set?") Conversely, there have been "solo's" on the unexpected demise of Princess Diana and JFK, Jr.

"A solo I am proud of," one Gamester told me, "is the hit on Christian Nelson, who invented the Klondike Bar."

"Yes, it's sick," another player admitted, "but c'mon, *it's just a game!* The Game is a light-hearted way of spitting in death's eye--your opportunity to pick a Generation-X rock star who OD's on heroin, a

geriatric blue-hair who finally kicks the bucket, a fascist totalitarian in the Mid-East who is assassinated. I' m not doing great this year because I invested too heavily in Hamas, but I' m still in the top ten. The IDF [Israel Defense Forces] is doing its job--I just guessed wrong. Last year I scored on Khattab, a Chechnian rebel leader who was killed by a letter he opened that was poisoned. Our first poison-pen-letter death."

But isn' t it somewhat ghoulish?

"Ghoulish?" a participant replied. "No more so than fantasy baseball. We can get up in the morning, and either pick up the newspaper or turn on the Internet to see if we scored, every day. It' s like baseball stats, you want to move up in the standings of the veterans. The reason we Gamesters play, I would say it' s about *style*. Style involves who you pick. Some concentrate on music, some on politics, some on sports."

As for social significance, one player explained that "The pastime has been going on for more than four hundred years, so I don' t think it' s reflective of any given time or society. Every Gamester comes with their own perspective. The Game is irreverent, even a bit shocking, and some take pleasure in that. It' s a poke to the ribs that lie beneath stuffed shirts, a tweak of bluenoses. The Game is a competition—challenging, engaging and energizing. The Game heightens awareness and helps us to

recognize our kinship with those whose deaths we note. The Game is a way of sharing and staying in touch with friends, whether near or far. It gives people a reason to call and correspond."

Pontius' s predecessor, Ghostwriter, had thanked many folks in his farewell message, including "Persephone, who enabled me to say, 'Yes,' when a friend here in Central New York said, 'Do you know a good adoption lawyer in Arkansas?' It was my greatest cameo role, my finest hour as a networker, and I couldn' t have done it without The Game and this wise, wonderful woman."

The Game' s listserv emails are titled "It' s a Hit!" They can be poignant, respectful, even sentimental: "July 4th—A score of swaying Gamesters were heard singing 'I Can' t Get Enough of Your Love, Babe' as each collected a five-note from velvety-voiced singer Barry White . . ."

Or they can sound like a warhorse race: "July 22nd—Mosul, Iraq. Qusay and Uday, the brutal and powerful sons of former Iraqi dictator Saddam Hussein, were ambushed by Special Forces and the 101st Airborne that resulted in a deadly four-hour firefight. Enjoying the best day of his career was Tomb Essence who had a 14-point Daily Double . . ."

But The Game giveth and the Game taketh away: "August 21st—British and American armed forces in Iraq announced today that

they had arrested Ali Hasan al-Majid, aka Chemical Ali. Back in April 2003, the British armed forces announced they had killed him. Tomb Essence celebrated then, but is crying like a baby now."

Animals have also been "scored," from Morris the Cat to Dolly the cloned sheep to Keiko the killer whale. Choices can get personal, though. A player told me, "I purposely Left off a good friend [former *New York Post* editor Jerry Nachman] who I knew was dying, and one of our game mates refused to list a friend's [famous] mother who knew she was dying. Sometimes we just don't want to 'cash in' on our friends' pain. How un-American of us."

Gamesters have scored on all the Kennedys as well as Lorraine Petersen, the model on the Sunmaid Raisins box. But, under the title "It's *Not* a Hit!" came this email: "August 9 th—The entire Game failed to list dancer and actor Gregory Hines, 57." In The Game's 2001 Hit List, under the subhead "Other Notable Deaths That No One Picked," included was "Ken Kesey, 11/1201, author, *One Flew Over the Cuckoo's Nest*."

I had a visceral reaction. This was not abstract.

"I never could decide if leaving Kesey off my list was the right thing to do," one Gamester told me. "The Merry Pranksters obviously inspired my *non de plume*, the Bury Pranksters."

## Trashing the Right to Read

Before Kenneth Foster's death sentence was revoked at the last minute in August 2007, he had read a book, *Welcome to the Terrordome*, and he wrote a letter to the author, Dave Zirin:

I have never had the opportunity to view sports in this way. And as I went through these revelations I began to have epiphanies about the way sports have a similar existence in prison. The similarities shook me. Facing execution, the only thing that I began to get obsessive about was how to get heard and be free, and as the saying goes, you can't serve two gods.

Sports, as you know, becomes a way of life. You monitor it, you almost come to breathe it. Sports becomes a way of life in prison, because it becomes a way of survival. For men that don't have family or friends to help them financially, it becomes a way to occupy your time. That's another sad story in itself, but it's the root to many men's obsession with sports.

Zirin writes, "It didn't matter if he was on death row or Park Avenue, I felt smarter having read his words. But even more satisfying was the thought that thinking about sports took his mind--for a moment--away from his imminent death, the 11-year-old daughter he will never touch, and the words he will never write. I thought sending him my first book, *What's My Name, Fool?: Sports and Resistance in the U.S.,* would be a good follow-up."

But a form titled "Texas Dept. of Criminal Justice, Publication Review" was banned from Death Row because "It contains material that a reasonable person would construe as written solely for the purpose of communicating information designed to achieve the breakdown of prisons through offender disruption such as strikes or riots." Two pages were specifically mentioned.

Page 44 includes a quote from Jackie Robinson's autobiography referring to the blatant racism he suffered early in his rookie season: "I felt tortured and I tried to just play ball and ignore the insults but it was really getting to me. For one wild and rage-crazed moment I thought, 'To hell with Mr. Rickey's noble experiment. To hell with the image of the patient black freak I was supposed to create.' I could throw down my bat, stride over to that Phillies dugout, grab one of those white sons of bitches, and smash his teeth in with my despised black fist. Then I could walk away from it all."

And page 55 includes a passage about Jack Johnson's defeat of the "Great White Hope," Jim Jeffries: "Johnson was faster, stronger and smarter than Jeffries. He knocked Jeffries out with ease. After Johnson's victory, there were race riots around the country in Illinois, Missouri, New York, Ohio, Pennsylvania, Colorado, Texas and Washington, D.C. Most of

the riots consisted of white lynch mobs attacking blacks, and blacks fighting back. This reaction to a boxing match was one of the most widespread racial uprisings in the U.S. until the 1968 assassination of civil rights leader Dr. Martin Luther King Jr."

Zirin points out that "There was a time in Texas when it was illegal to teach slaves to read. The fear was that ideas could turn anger often directed inward into action against those with their boots on black necks. It is perhaps the most fitting possible tribute to Jackie Robinson and Jack Johnson that they still strike fear into the hearts of those wearing the boots."

In the Dallas County jail, one of the largest in the country, *all* publications are refused, including daily newspapers such as the *Dallas Morning News*. "They seem to have a rather callous disregard for the Constitution," said Paul Wright, publisher of Seattle-based *Prison Legal News*, with a circulation of 9,000. He filed a federal lawsuit challenging the ban on First Amendment grounds, and won. His lawyer, Scott Medlock, prisoner rights attorney with the Texas Civil Rights Project, points out that some jails have argued that prisoners can watch TV news in jail, so they don't need access to publications.

*Prison Legal News* is also preparing a lawsuit against the Utah Department of Corrections for a policy that bars all books except those that are shipped directly from Barnes & Noble. Generally, prisons require that books be sent directly from the publisher or a major distributor, for security reasons. Otherwise, a spokesperson for one jail explains, "There's a possibility something could be in one of the pages that we don't want. There could be little bits of drugs in the pages."

"We have not yet sued them." Wright told me, "since they only sporadically censor us and aren't letting us develop a good fact pattern."

A spokesperson for the Los Angeles County Sheriff's Department said that its jails allow inmates to receive books from booksellers after checking to see whether they can be fashioned into a weapon, promote violence or have sexually explicit content. Across the country, only paperbacks are accepted. Hardcovers are rejected because they provide "source material" for fashioning weapons. When the Supreme Court ruled that law libraries did not have to be provided to prisoners, jails in Montana not only removed the entire contents of the law library, but they also removed the typewriters.

Washington State has tried to keep *Prison Legal News* itself out of prisons. First, the Department of Corrections prohibited inmates from receiving nonprofits. *PLN* sued and won. Next, the state issued a rule that inmates couldn' t receive publications that were paid out of their trust accounts. *PLN* managed to get that rule overturned too. Then the prisons adopted a policy of not delivering subscription-renewal notices. _*PLN* took that to court and succeeded in getting the policy reversed. *PLN* has won similar lawsuits or settlements in Alabama, California, Michigan, Nevada and Oregon.

While serving five years in a California prison for growing medical marijuana, Todd McCormick contributed a couple of stories--about his experiences with psilocybin and ketamine--to my anthology, *Magic Mushrooms and Other Highs: From Toad Slime to Ecstasy,* and when it was published, I immediately sent him a copy. But the warden rejected it "because on pages 259-261, it describes the process of squeezing toads to obtain illicit substances which could be detrimental to the security, good order and discipline of the institution."

This was pure theater of cruelty. Federal correctional facilities do not have a toad problem, and outside accomplices have not been catapulting loads of toads over barbed wire fences to provide the fuel for a

prison riot. McCormick wrote to me, "Can you believe this shit! I wonder how much we pay the guy/girl who actually sits and reads every book that comes in for offending passages. How about you tear out pages 259-261 and re-send this book back with a copy of the rejection and a notation that the offending pages have been removed."

Which is exactly what I did. This time, though, my cover letter to the warden was ignored, and the book was returned, stamped "Unauthorized." I had called their bluff. Obviously, McCormick was being punished simply because he could be. I then corresponded with several prison correspondents around the country to find out what inmates had not been allowed to read. I wanted to see other examples of arbitrary and frivolous censorship by prison personnel. Here are some results of my informal survey:

* "The Texas Department of Corrections blocked Bo Lozoff's *Breaking Out of Jail*, a book about teaching meditation to prison inmates."

* "Disallowed: *Trainspotting* because of its 'glorification of drug use.' Tom Robbins' *Still Life With Woodpecker* because it has a chapter that 'contains information about bombmaking.' "

* "An inmate couldn't get nude pictures of his wife sent to him but he could get a subscription to *Playboy*. The rationale: A wife deserved more respect."

* "They kept out *The Anarchists Cookbook*. And no kiddie porn, no tales or photos suggesting sex with a guard, no photos showing frontal or rear nudity--not even a wife or friend."

* "The Utah prison system banned *Rolling Stone* as being an anarchist publication."

* "*A Revolution in Kindness* is banned from the Louisiana State Penitentiary at Angola as 'a threat to internal security.' It was intended for Herman Wallace, who contributed an essay about how he organized a chess tournament on his cellblock as a way of easing tensions and minimizing violence between inmates. Wallace is one of the Angola Three, Black Panthers who have been in solitary confinement for [more than three decades] trying to improve conditions in the 'bloodiest prison in America' in the early 1970s."

* "All hardback books forbidden, because the covers could be fashioned into weapons. Educational textbooks--a new rule precludes prisoners on Death Row [including this particular prisoner] or in lockdown from taking correspondence courses--and I've had a couple of books

returned to sender on the claim they appeared to be for a course. *MAPS* [Multidisciplinary Association for Psychedelic Studies]--their publication was sent back several times because maps are not allowed in here. *High Times* was repeatedly denied because it posed a danger to the safe, secure and orderly operation of the institution. 'Smut mags' like *Hustler* are reviewed monthly."

* "There's a whole new genre of men's magazines--*Maxim, Stuff, For Him*--which show it all except for nipples and beaver. Now the feds want to ban *Maxim* due to 'security' reasons. The 'rejected mail' slip they send you when some verboten material arrives has boxes to check (to specify offending matter), one of which says 'pubic hair.'"

* "Peace activist William Combs spent eight days in solitary confinement for receiving and sharing with other inmates what federal authorities consider disruptive, if not subversive, political literature. The offending 'propaganda' included commentary by such extremists as Bill Moyers and Ellen Goodman, and included an article published in *Reader's Digest*. The common thread was that they all questioned the wisdom of government policy."

The name of the game is control in the guise of security--a microcosm of the nation outside prison walls--the practice of power without compassion.

After *Magic Mushrooms and Other Highs* was rejected for the second time, I appealed to the Regional Director of the Bureau of Prisons (as instructed by the warden) for an independent review. I also wrote to the ACLU. I heard back from neither. Todd McCormick was released from prison in December 2003. Among so many other things to catch up on, he would finally be able to read what he had written. However, he was discharged to a halfway house, where all his books and magazines were confiscated as "paraphernalia."

**Postscript:** Prisoners at a jail in South Carolina are being denied any reading material other than the Bible. In May 2011, the ACLU asked a federal judge to block enforcement of that policy. A staff member at the prison told plaintiff *Prison Legal News*: "Our inmates are only allowed to receive soft back bibles in the mail directly from the publisher. They are not allowed to have magazines, newspapers, or any other type of books." There is no library there, and since 2008, all copies of *Prison Legal News* that were sent to prisoners have been "returned to sender."

In July 2017, the national Human Rights Defense Center organization has filed a federal lawsuit against the Kentucky Department of Corrections for violating free speech. It has unconstitutionally blocked the delivery of many books to state prisoners, including the *Prisoner Diabetes Handbook,* the *Merriam-Webster Dictionary of Law,* and the *Prisoners Self-Help Litigation Manual.*

## Welcome to Camp Mogul

My irreverent friend, Khan Manka, Chairman & CEO of Manka Brothers Studios, had broken his ankle and was afraid he wouldn't be able to attend the 26th annual gathering of the nation's most powerful executives and their trophy wives in Sun Valley, Idaho. I really wanted to spy on this 2008 summer camp for billionaires, so I suggested that Manka get a wheelchair, then I could serve as his official wheelchair pusher, and he immediately went for the idea.

This by-now traditional five-day extravaganza for three hundred guests was hosted by Wall Street investment banker Herbert Allen, President and CEO of Allen & Company. There were moguls all over the campground, overflowing with the country's most influential leaders in

business, entertainment and media. I could feel myself developing a severe case of imposter syndrome.

Saturday was Talent Night, and it was absolutely hysterical. Part-time Sun Valley resident Tom Hanks served as the emcee. Warren Buffett was the opening act, performing a medley of Jimmy Buffett songs, all rendered out of tune. Amazon.com founder Jeff Bezos skillfully juggled five Kindles (wireless electronic books). Edgar Bronfman from Warner Music--dressed like the character Tevya in *Fiddler on the Roof*--sang with zest, "If I Were a Rich Man." Yahoo CEO Jerry Yang--who had previously turned down an offer from Microsoft to buy Yahoo--sang a duet with the ex-CEO of Microsoft, Bill Gates, harmonizing on a song from *Annie Get Your Gun*, "Anything You Can Do, I Can Do Better." Meg Whitman of EBay did a striptease, auctioning off each item of clothing, one at a time, and over 3 million dollars was raised for an unnamed charity. Oracle Corp. CEO Larry Ellison gave a hilarious lecture on "How to Destroy Evidence and Make False Statements."

There had been a lot of drinking in the evening, and it was obviously too much booze that loosened up Fox mogul Rupert Murdoch's tongue. He was shouting at the moon: "Who says there are twenty-seven million slaves around the world? And where the fuck can I get one? How would

anybody know it's twenty-seven million anyway? Do they have census takers or *what*? You tell me! I'll decide!"

Also, a screaming match broke out between Google co-founder Sergei Brin and Google CEO Eric Schmidt, over the infamous cover of the *New Yorker*, which depicted Barack and Michelle Obama as the new President and First Lady, a terrorist couple doing that fist-bump gesture in the Oval Office. Sergei thought it was a brilliant satirical illustration, but Eric thought it was racist and irresponsible.

Last year, the surprise guest was former British Prime Minister Tony Blair. This year, it was Steven Beschloss, the editor of a new magazine, scheduled to be launched in October 2008 and be delivered to 100,000 U.S. households with an average net worth of $25 million. There were piles of preview copies scattered about.

While Beschloss was holding court in an outdoor area, annoying mosquitoes kept buzzing around the crowd. Mark Zuckerberg, the founder of Facebook, yelled at him, "I guess we'll never hear *your* readers whining about a mental recession. And those of your subscribers who were in the sub-prime mortgage industry--these mosquitoes are *their* fault, because, along with all the home foreclosures they're responsible

for, the stagnant water in abandoned pools turns into new breeding grounds for mosquitoes."

Someone yelled out, "Where are you from, In-Your-Facebook?" Others drowned out Zuckerberg's apparently serious rant by singing the mogul version of a couple of good old-fashioned camp songs, "This Land Is *My* Land, This Land Is *My* Land" and "KumBuyYahoo." I couldn't help but notice that billionaire activist Carl Icahn snapped his fingers as if having an epiphany; a week later he ended up on Yahoo's board of directors.

Khan Manka explained that the bigwigs at these events have so-called "informal" meetings which always take place where a pair of individuals can have their discussions alone without any interruption--on the golf course, hiking along an isolated trail, fly-fishing at Silver Creek--but Manka had been privy to only one specific example that he could share.

"Back in 1995," he told me, "Disney honcho Michael Eisner met with Robert Iger, who was then the head of ABC. And exactly one month later, these two giant companies merged into one media megamonster. Coincidence? I don't think so. Their deal had been sealed when Eisner

and Iger exchanged friendship bracelets that they had worked on at Camp Mogul."

*HIGHER THAN THOU*

## Checkmating With Pawns

It was a hot day at the chess tournament in Phoenix, Arizona—103 degrees, to be exact—and 14-year-old Nathaniel Dight was elated over his custom-made chess set. Those carved wooden pieces had been weighted precisely for the smooth moves he liked to make. Each one had been lacquered and, for this extreme heat, carefully protected by matte acrylic spray. But before the game could begin, young Nathaniel was ordered to take a urine test.

"I know why you're doing this," he snarled. "It's because I've won three tournaments in a row, isn't it?"

"No, son, that's just a coincidence. This is a random drug test."

"I don't do any drugs. I mean like when I get a headache from playing chess too long, I won't even take an aspirin."

"Look, here's a cup. I need you to go fill it, right now . . ."

All right, I confess, I made all that up, but consider the implications of something that I *haven't* made up:

America's drug czar, Barry McCaffrey, wrote in an article published in *Chess Life* magazine: "Research proves that mentoring youngsters and teaching them games like chess can build resilience in the face of illegal

drug use and other destructive temptations. Drug testing is as appropriate for chess players as for shot-putters, or any other competitors who use their heads as well as their hands."

Accompanying the television image of a couple of eggs sizzling in a frying pan, the phrase, "This is your brain on drugs" has always carried negative connotations, but apparently General McCaffrey has changed his mind about that. He now seems to believe that drugs can actually *improve* the way your brain functions.

There was an infamous chess player named Alexander Alekhine who held the world championship longer than anybody else. His games often had superb surprise endings, known in chess circles as "brilliancies." For instance, he would checkmate with a pawn move that no sane and sober mind could ever imagine. However, he was a notorious alcoholic, and McCaffrey is only referring to illegal drugs.

"Just when I thought I'd heard it all from McCaffrey," was the reaction of Allen St. Pierre, executive director of the NORML (National Organization for the Reform of Marijuana Laws) Foundation. "Drug testing for chess players? What's next from this overreaching drug czar? Drug testing for tiddlywinks players? How about bingo players?"

Moreover, McCaffrey's proposal smacks of subliminal racism. Social psychologist Walli Leff tells me, "I think most of the movement to involve young people in chess is directed toward the African-American community, and the assumption is, if the kids are black they're going to be drug users. I think white middle-class suburban parents would have a fit if their kids had to take drug tests for their extracurricular activities. Or am I out of it and am I missing a new, white middle-class suburban submissiveness?"

McCaffrey had been influenced by Chesschild, a group sponsored by the Office of National Drug Control Policy (ONDCP). Chesschild is a substance abuse prevention program conducted in libraries and schools, promoting a combination of drug-free lifestyles and chess.

"Policy recommendations like this one from ONDCP," said St. Pierre, "demonstrate a deep and disturbing pathology that goes well beyond opposing drug-law reform efforts."

Maybe the drug-law reformers should follow the example of gay-rights activists by having celebrities come out of the pot-smoking closet. Already, veteran stand-up comic George Carlin—in an interview by *The Daily Show's* Jon Stewart following Carlin's HBO special—admitted that

he smokes a joint to help him "fine-tune" his material. "One hit is all I need now and it's punch-up time."

At the Shadow Convention that took place while the Democrats were in Los Angeles, Bill Maher revealed to the audience, "I'm not just a pot reformer, I'm a user"—something which ABC forbids him to say on *Politically Incorrect*—then quickly added, "Just making a light remark there, federal authorities."

Actor and hemp activist Woody Harrelson has stated, "I do smoke." Willie Nelson confirmed in his autobiography that he smoked pot in the White House. And on KRLA, radio talk-show host Michael Jackson's program, Michelle Phillips, actress and former member of the Mamas and the Papas, said that she still enjoys smoking marijuana.

Just as Ellen DeGeneres appeared on the cover of *TIME* magazine saying, "Yep, I'm gay," there might come a day when a presidential candidate will appear on the cover of *Newsweek* saying, "Yep, I'm stoned." Isn't that what young pot-smokers need—good role models—so they won't be ashamed of their private pleasure seeking?

Meanwhile, drug czar McCaffrey would continue his crusade, not only against illegal substances, but perhaps also against certain food supplements, such as a popular herbal mixture with a reputation for aiding

memory and concentration. Who could ever have dreamed that chess players might get in trouble for using ginkgo biloba as a performance enhancer?

## Tim Leary, Ram Dass, and Me

In 1964, I assigned Robert Anton Wilson to write a front-cover article in *The Realist,* which he titled "Timothy Leary and His Psychological H-Bomb." When that issue was published, Leary invited me to visit the Castalia Foundation, his borrowed estate in Millbrook, New York.

The name Castalia came from *The Bead Game* by Herman Hesse, and indeed, the game metaphor permeated our conversation. Leary talked about the way people are always trying to get you onto their game-boards. He discussed the biochemical process "imprinting" with the same passion that he claimed he didn't believe anything he was saying, but somehow I managed to believe him when he told me that I had an honest mind.

"I have to admit," I said, "that my ego can't help but respond to your observation."

"Listen," he assured me, "anybody who tells you he's transcended his ego . . ."

Leary and his research partner, Ram Dass (then Richard Alpert) were about to do a lecture series on the West Coast. At the University of California in Berkeley, there was an official announcement that the

distribution only of "informative" literature (as opposed to "persuasive" literature) would be permitted on campus, giving rise to the Free Speech Movement, with thousands of students protesting the ban in the face of police billy clubs.

Leary argued that such demonstrations played right onto the game boards of the administration and the police alike, and that the students could shake up the establishment much more if they would just stay in their rooms and change their nervous systems. But it wasn't really a case of either-or. You could protest *and* explore your 13-billion-cell mind simultaneously.

I became intrigued by the playful and subtle patterns of awareness that Leary and Alpert manifested. If their brains had been so damaged, as mythologized by mainstream media, how come their perceptions were so sharp? I began to research the LSD phenomenon, and in April 1965 I returned to Millbrook for my first acid experience. Tim Leary was supposed to be my guide, but he had gone off to India.

Dick Alpert was supposed to take his place, but he was too involved in getting ready to open at the Village Vanguard as a comedian-philosopher. I chatted with him for a while. He was soaking his body in a bathtub, preparing his psyche for the Vanguard gig. He had taken 300 acid

trips, but there I was, a first-timer, standing in the open doorway, reversing roles and comforting him in his anxiety about entering show business.

When I told my mother about taking LSD, she was quite concerned. She warned me, "It could lead to marijuana." And she was right. It did.

After Leary got arrested in Texas for possession of pot, the notoriety of his research in Millbrook spread. Law enforcement in nearby Poughkeepsie, led by Assistant District Attorney G. Gordon Liddy, raided the estate. In the summer of 1966, Leary and his associates ran a two-week seminar on consciousness expansion, culminating in a theatrical production of Hesse's *Steppenwolf* legend that weaved its way around the Millbrook grounds and buildings. Leary invited Liddy and members of the grand jury that indicted him, but none showed up.

Leary told me about prominent people whose lives had been changed by taking LSD: actor Cary Grant, director Otto Preminger, think-tanker Herman Kahn, Alcoholics Anonymous founder Bill Wilson, *TIME* magazine publishers Henry and Clare Boothe Luce. Of course, it wasn't so difficult to drop out when you had such a stimulating scene to drop into. On the day that he announced the formation of a new religion, the League for Spiritual Discovery (LSD), I signed up as their first heretic.

Alpert and I enjoyed what he called "upleveling" each other with honesty. On one occasion, we were at a party. I was particularly manic and he pointed it out, choosing an eggbeater as his analogy. I appreciated his reflection and calmed down.

On stage at the Village Theater, Alpert was sitting in the lotus position on a cushion, talking about his mother dying and how there seemed to be a conspiracy on the part of relatives and hospital personnel alike to deny her the realization of that possibility. He also talked about some fellow in a mental institution who thought he was Jesus Christ. Conversely, I teased him about discussing his mother openly but concealing the fact that the man who thought he was Christ was his brother--death obviously carrying more respectability than craziness. At his next performance, Alpert identified the man as his brother.

* * *

The essential difference between Tim Leary and G. Gordon Liddy was that Leary wanted people to use LSD as a vehicle for expanding consciousness, whereas Liddy wanted to put LSD on the steering wheel of columnist Jack Anderson's car, thereby making a political assassination look like an automobile accident. But who could have predicted that,

sixteen years after the original arrest, Leary would end up traveling around with Liddy in a series of debates?

I attended the debate in Berkeley in April 1982. Leary warned the audience that Liddy was a lawyer-- "trained in the adversary process, not to seek truth. I was trained as a scientist--looking for truth, delighted to be proved wrong." He confessed that "Liddy is the Moriarty to my Sherlock Holmes--the adversary I always wanted--he is the Darth Vader to my Mr. Spock."

"As long as it's not Doctor Spock," said Liddy. He argued that "the rights of the state transcend those of the individual." Not that he was without compassion. "I feel sorry," he admitted, "for anybody who uses drugs for aphrodisiacal purposes."

"Gordon doesn't know anything about drugs," countered Leary. "It's probably his only weakness." He looked directly at Liddy. "It's my duty to turn you on," he said, "and I'm gonna do it before these debates are over." Then he made a unique offer: "I'll eat a rat if you'll eat a hashish cookie."

Liddy turned down the offer--one can carry machismo only so far, and he had to draw the line somewhere--but he did provide appropriate grist for my own stand-up comedy mill. According to Liddy's book, he

actually ate a rat. He did it to overcome his fear of eating rats. Certainly a direct approach to the problem. None of that *gestalt* shit. Now, I'm not sure how he ate the rat, whether he just stuck it between a couple of slices of bread, or barbecued it first, or chopped the rat up and mixed it with vegetables in a stew.

But there were rumors that when Leary and Liddy were on tour, the Psychedelic Liberation Front found out their itinerary and began feeding hash brownies to rats and releasing them, one by one, in Liddy's room at the various motels he stayed at, while he was debating, in the hope that nature would sooner or later take its course, and one night Liddy would feel in the mood for a midnight snack, catch the rat that was left in the room, eat it and, by extension, the hash brownie the rat had eaten, and then Liddy would think he got stoned from eating the rat. This would, of course, be right on the borderline on the ethics of dosing.

* * *

Each tablet of Owsley White Lightning contained 300 micrograms of LSD. I had purchased a large enough supply from Alpert to finance his trip to India. The day before he left to meditate for six months, we sat in a restaurant discussing the concept of choiceless awareness while trying to decide what to order on the menu.

In India, he gave his guru three tablets, and apparently nothing happened. Alpert's postcard to me beckoned, "Come fuck the universe with me." Instead, I stayed tripping in America, where I kept my entire stash of acid in a bank vault deposit box.

Richard Alpert returned as Baba Ram Dass. Eventually, he dropped the Baba. He was now just plain Ram Dass. His father called him Rum Dum. His brother called him Rammed Ass. One afternoon he was visiting me, and I taped our conversation.

"In 1963," I said, "I predicted as a joke that Tiny Tim would get married on the Johnny Carson show, and in 1969 it happened. You and I talked about that, and you called it 'astral humor,' but I never knew exactly what you meant by that phrase."

"Well, it's like each plane of reality is in a sense a manifestation of a plane prior to it, and you can almost see it like layers, although to think of it in space is a fallacy because it's all the same space, but you could think of it that way. And so there are beings on upper planes who are instruments of the law. I talk about miracles a lot, but I don't live in the world of miracles, because they're not miracles to me. I'm just dealing with the humor of the miracle concept from within the plane where it seems

like a miracle, which is merely because of our very narrow concept of how the universe works."

Ram Dass knew of my involvement with conspiracy theory. "I'm just involved in a much greater conspiracy," he continued. "You can't grasp the size of the conspiracy I understand--but there's no conspirator--it's the wrong word. That's why I say it's just natural law. It is all perfect."

"Would you agree with the concept--what William Blake said, that humans were created 'for joy and woe'--the implication of which is that there will always be suffering?"

"I think that suffering is part of man's condition, and that's what the incarnation is about, and that's what the human plane is."

So I asked Ram Dass, "If you and I were to exchange philosophies--if I believed in reincarnation and you didn't--how do you think our behavior would change?" He paused for a moment. "Well," he said, "if you believed in reincarnation, you would never ask a question like that."

And then his low chuckle of amusement and surprise blossomed into an uproarious belly laugh of delight and triumph as he savored the implications of his own Zen answer. I would find myself playing that segment of the tape with his bell-shaped spasm of laughter over and over again, like a favorite piece of music.

## Remembering Scott Kelman

Scott Kelman had seen me perform stand-up satire at Town Hall in New York in 1962, and again twenty years later at the L.A. Stage Company in Hollywood. He moved to Los Angeles and in 1984 launched an alternative theater in the grungy, old, industrial skid-row area of downtown. He named it the Wallenboyd (at the corner of Wall and Boyd) Theater and invited me to open there as soon as it was completed.

In fact, on the first night of my performances, the crew was still banging in the final nails. At the time, I was living in San Francisco, so Scott slept at his office and I stayed at his apartment in Venice Beach. A year later, I moved to an apartment on that same block. Scott became my producer and my close friend. We never had any need for a signed contract.

As my producer, he would occasionally give me suggestions and I would follow those that I felt worked for me. He'd say in his distinctive gravelly voice (he was addicted to cigarettes), "It doesn't matter if you fuck up—it's how you recover." That was theatrical advice, but it also applied to life.

And it was a two-way street. For Scott, whatever happened in life automatically became grist for his theatrical mill. He was an exemplary

explorer. Knowing I was an unbeliever, he once asked me, "What do atheists say during sex when they come?"

"Oh, *no*-God!" I responded, interspersing those words with moans and groans. "Oh, *no*-God! Oh, *no*-God! Oh, *no*-God!" He suggested that I expand that concept into a stage piece, and it evolved into a ten-minute meditation on the relationship between religion and orgasms.

Scott conducted theatrical workshops, and one of his students was John Densmore, the former drummer for The Doors. "I stumbled into the downtown art scene," Densmore told me, "after a big peak in rock' n' roll. It felt as creative as the ' 60s. I now get off on the *process*, and it doesn' t matter if it' s fifty people at the Wallenboyd or twenty thousand at Madison Square Garden, it' s the work that rings my bell."

Scott also produced Peter Bergman, of the Firesign Theatre. Scott thought that *Peter, Paul and Harry* would be a great title for an evening of political satire at the Museum of Contemporary Art. He asked the curator if she knew of an appropriate performer named Harry. She suggested Harry Shearer. Scott asked me about him. "He' s brilliant," I said, "let' s do it." And so he produced a completely sold-out series that was extended for two weekends.

But if Harry had been named after his *other* grandfather, there wouldn't have been a *Peter, Paul and Harry*. Each of us prepared to perform in our own particular way. Peter stared at himself in the mirror and made strange sounds to exercise his vocal cords. Harry sat in a separate room where his makeup woman, who had flown in from Iowa, transformed him into Derek Smalls from the mockumentary *Spinal Tap.*

And I was off hiding behind some boxes, toking away on a joint of the marijuana that served as my creative fuel. Scott was sure that I performed better when I wasn't high, and he was under the impression I was straight when he told me one night, "That was the best show you've ever done." I confessed that I had smoked a giant doobie before I went onstage. The irony was that Scott sold pot to help pay the rent, and that was exactly the stash that got me stoned that night.

## The 20th Anniversary of the Summer of Love

I never went to any of my high school or college reunions, but I couldn't resist attending the twentieth anniversary of the Summer of Love in San Francisco. At noon on the summer solstice of 1987, young and middle-aged hippies--gray hair and potbellies, but not having erased a certain gleam in their eyes--were marching in an All Beings parade down Haight Street. Costumes ranged from a giant snail to Zippy the Pinhead.

One fellow still in civilian clothes explained, "I was supposed to be Tarzan, but I had to wash the dishes."

Local countercultural fixtures were all there: The Mime Troupe, Rosie Radiator and her fleet of tap dancers, the Automatic Human Juke Box, and a panhandler asking, "Can you spare a hundred dollars?" The buses now had posters that suggested *Shop the Haight*.

The charm of that entrepreneurial urge was not to be confused with the mission of the Haight-Ashbury Preservation Society, whose targets were symbolized by a walking Big Mac cheeseburger, a prisoner of Thrifty's in chain-store chains, mock pallbearers carrying a casket to mourn the wished-for death of Round Table Pizza, a sign warning *Don't Mall the Haight*! and somebody in a Merlin the Magician outfit with a

placard, *You don't need magic to fight the franchising*. A lone, sad-faced clown bore a banner with a white dove in a red heart.

In Golden Gate Park, an emcee asked the crowd a series of rhetorical questions to rev them up: "How many people were here in the sixties? . . . How many are here now? . . . How many don't know? . . . How many don't care?" A musician announced, "We were told not to have amplifiers, but we decided to break the law today." Hog Farmer Sharon Share-alike offered her roll of hard candy to novelist Herb Gold, which immediately aroused his fear of dosing. He asked, "These really are Life Savers, right?"

The Summer of Love reunion continued at the I-Beam, a disco on Haight Street. On stage, I compared the decades:

> In the sixties, marijuana was ten dollars an ounce. In the eighties, it's three hundred. In the sixties, teenagers used to hide their pot smoking from their parents. In the eighties, parents have to hide it from their kids. In the sixties, the favorite chemical drug was LSD. In the eighties, it's Ecstasy. In the sixties, Ken Kesey wasn't allowed to donate blood because he had ingested acid. In the eighties, there are those who are afraid to get a blood transfusion because of AIDS. In the sixties, Lenny Bruce got arrested for saying "cocksucker" on stage. In the eighties, Meryl Streep got an Academy Award for saying it in *Sophie's Choice*. Now, almost the entire audience at a Grateful Dead concert is younger than the number of years the band has been together--but these kids have less deconditioning to go through than we did. They have less innocence to lose.
>
> When a group of students and other protesters, including Abbie Hoffman and Amy Carter (the president's daughter), won their case against CIA recruiting on campus by using a "necessity defense," attorney Leonard Weinglass told me that the turning point for the

> jury was the testimony of Ralph McGehee, who revealed how he had been recruited right off the football field by the CIA, only to become a star player in their assassination-squad program. Members of the jury would not have voted that way in the sixties because they weren't prepared to believe such testimony as they are in the eighties.
>
> In the sixties, we knew that the CIA was smuggling heroin from Southeast Asia. And in the eighties we know that they're smuggling cocaine from Central America. The same planes that fly weapons for the *contras* to airports in Panama, Honduras and Costa Rica come back to Florida, Louisiana and Arkansas with their cargoes filled to the brim with cocaine, even though the administration is carrying on its anti-drug campaign. The pilots only have to be careful to evade the radar screen. So while Nancy Reagan is saying, "Just say no," the CIA is saying, "Just fly low."

Meanwhile, the quality of co-option had not been strained. The slogan "Today is the first day of the rest of your life" was used in a TV commercial for Total breakfast cereal. Tampax promoted its tampon as "Something over thirty you can trust." Beatles songs were used to sell cars, or, if you preferred to walk, they also sold sneakers. *Time* magazine was being peddled by the Byrds' version of Pete Seeger's song, "Turn, Turn, Turn" --based on Ecclesiastes—t here's a *time* for this and a *time* for that, get it?

The Youngbloods once sent a copy of their song "Get Together" to every member of Congress and the Senate, with a suggestion that it be established as the new national anthem, but who could ever have guessed

that it was really destined to become a jingle in a jeans commercial? Or that a Jefferson Airplane song would be used in a bank commercial? Or that Timothy Leary would model a Gap shirt for a full-page ad in *Interview,* and Ram Dass would peddle a rejuvenating skin cream at a Saks Fifth Avenue counter? *People* magazine was selling the twentieth anniversary of the Summer of Love with a feature story set off by a double-paged cover with psychedelic artist Peter Max's signature on both pages.

In red spray paint, on a brick wall just off Haight Street, standing out among the graffiti like John Hancock's signature on the Declaration of Independence, this message summed it all up: *Love Is Revenue.*

*POLITICS*

## The Last Election

The Republicans' party line that Barack Obama was "palling around with terrorists" didn't work, although some people believed it because then they wouldn't need a racist reason not to vote for Obama. Next, the campaign acted as though his advocacy of age-appropriate sex education for kindergarteners meant putting condoms on cucumbers. That didn't work, either. Then John McCain tried calling him a "socialist." Also didn't work. Ironically, Socialist Party candidate Norman Thomas ran for president six times, and never won, but every one of his platform planks were eventually adopted by Democrats and Republican administrations alike. They just didn't *call* it socialism.

In January 2009, Christian broadcaster Pat Robertson stated that God told him America is headed for veritable socialism as well as an economic rebound under President-elect Obama. "What the Lord was saying," he claimed, "the people are willing to accept socialism to alleviate their pain. Cast off all the gloom and the doom because things are getting ready to turn around. I say with humility, I hope I've heard the Lord. I spend time praying and asking him for wisdom, and if there's a mistake, it's not his fault, it's mine." Humility in action.

In any case, one of the factors in Obama's win was indeed the confidence-destroying financial crisis, and now he faces a food chain of euphemisms. Hey, is this like the Great Depression? Nah, it's not a depression, it's only a recession. Wait, it's not a recession, it's just an economic downturn. No, it's not an economic downturn, it's a correction. Oops, it's not a correction, it's an adjustment. Hurry, get me a chiropractor. Similarly, there's a food-chain of solutions to the problem. From the Troubled Asset Relief Program to the Bailout Bill to the Rescue Package to the Emergency Economic Stability Act to Alan Greenspan confessing "My bad" to Free Botox for Everybody.

Perhaps the most bizarre byproduct of the campaign began with an anonymous ad on Craigslist, headlined: "Need Sarah Palin Lookalike ASAP for Adult Film." The pay would be $3,000 and, it was duly noted, "No anal required." This porn flick, it turned out, would be shot by Hustler Video, and no, Tina Fey did not apply for the job. The climactic scene was a threesome with Sarah Palin, Condoleezza Rice and Hillary Clinton.

Hillary was played by veteran porn star and sex educator Nina Hartley, who told me that "The big hullabaloo over the movie is being generated by feminists from both the pro- and anti-porn sides. They're up

in arms that 'women are being non-consensually satirized' by Big Evil Porn, and The Big Bad Larry Flynt. The usual nonsense from the usual suspects. Even some pro-porn feminists are upset at Palin being 'targeted' by porn. They conveniently overlook the fact that most porn satirizes white men in power: politicians, police, professors. Most recent case in point, *The Elliot Splizter Story* . . ."

*Who's Nailin' Paylin* was ready for release before the election, as was an issue of the horror comic book *Tales From the Crypt*, which featured on the cover a painting of Sarah Palin swinging her hockey stick to disperse the Vault-Keeper and other ghoulish characters as she sneeringly asks, "Didn't we get rid of you guys in the '50s?" --a reference to the censorship problems faced decades ago by EC Comics, the original publisher of *Tales From the Crypt*, and concomitantly a criticism of Palin for her "rhetorical question" about removing objectionable books from library shelves.

However, another publisher was producing a comic-book biography of Palin that wouldn't be released until February 2009, so two endings were prepared. But an edition of *South Park*--broadcast the day after the election--took a risk with only one ending, which lampooned Obama's victory. Co-creator Trey Parker explained, "We're just going

to make the Obama version, and if McCain somehow wins, we're basically just totally screwed." Likewise, Garry Trudeau gambled that Obama would win, and his syndicated *Doonesbury* strip--published the day after the election--depicted three soldiers in Iraq watching the returns on TV as a reporter is saying, "And it's official--Barack Obama has won."

Some editors were undecided about whether to publish it. Trudeau encouraged them to choose hope over fear. "If I'm wrong," he told the *Los Angeles Times*, "it'll be my face that'll be covered with eggs, not theirs." *Times* editors had decided, in the interest of accuracy, to wait for the election results, and if Obama won, they would publish the strip on Thursday, but then they must have realized it was just a comic strip, not investigative journalism, and they published it on Wednesday after all.

Trudeau thought that newspapers should run the strip because "polling data gives McCain a 3.7% chance of victory." Indeed, a week after Obama's win, McCain himself admitted to Jay Leno, "I can read the polls--they tried to keep 'em from me." There were dozens of polls, from ABC to Zogby, and, psychographic sophistication aside, they didn't always exactly agree. For example, in Nevada during the last week of October, one poll put Obama's lead at 12%, another at 7%, another at 5% and two others at 4%, which meant that, given the margin of sampling

error, McCain could conceivably have been slightly ahead. This, then, was the last presidential election. In the future, you'll only need to vote for the pollster that you trust the most.

During the 1968 Democratic convention in Chicago, I was among 15,000 protesters who had gathered in Grant Park for a rally when the police, triggered by the actions of one of their own provocateurs, attacked the demonstrators and sadistically beat as many as they could reach. It seemed impossible that we could ever work within the system. But now, forty years later, there were 200,000 celebrants who had gathered in that same park, giddy with the excitement of Obama's victory. They had worked within the system.

During the past four decades, there has been a linear progression from Jimi Hendrix playing "The Star-Spangled Banner" at Woodstock to Aretha Franklin singing "My Country, 'tis of Thee" at the inauguration. Is it possible that this event signified the early tremors of a nonviolent revolution? As the late singer/songwriter Harry Chapin once said to me backstage at a benefit: "If you don't act like there's hope, there *is* no hope." And remember, placebos work. My hope is I don't get disappointed. [But I did.]

Meanwhile, the memorabilia business flourishes as millions of voters seek a variety of tangible items to remind them of the part they played in history simply by voting. Mouse pads, baby bibs, aprons, dog jerseys, bobble-heads, niche buttons ("Ventriloquists for Obama"), T-shirts ("Now I Don't Have to Move to Canada") and, as reported by NPR, Obama condoms. Somebody bid $400 on eBay for the November 5th issue of the *New York Times*. *USA Today* printed 500,000 extra copies; the *Washington Post* printed 350,000 extras. The only thing I saved was a full-page ad by the 99 Cents Only stores, which included a "Joe the Plumber Special" plunger. There was no limit on how many I could buy.

## A Letter to Barack Obama

October 10, 2010

Dear President Obama,

It seems that the theme emanating from the White House is "Eat, Pray, Be Disappointed." And yet, whenever I do feel disappointed, I always realize that the alternative was John McCain, with Sarah Palin just one Halloween "Boo!" away from the presidency, and then I always feel a sense of relief.

Actually, you've kept one big campaign promise--to send more troops to Afghanistan--so I guess we can't fault you for that. In fact, according to Bob Woodward in *Obama's Wars*, all you want to do now is get *out* of Afghanistan. Well, why don't you just do what Osama bin Laden did; cross over to Pakistan. Since we bribe Pakistan to be our ally, you'd think they would never consider harboring bin Laden, though they reek with empathy when our outsourced drones drop those bombs.

Also, during the campaign, you said you believe that the legality of same-sex marriage should be decided by the states, but that you personally think marriage should be between a man and a woman. Which is exactly the position that eventually led to the revocation of Carrie

Prejean's Miss USA crown. And another thing. You promised to end the raids on medical marijuana dispensaries, but they haven't stopped.

[In 2009, Attorney General Eric Holder issued a memo ordering an end to federal raids of medical marijuana dispensaries. In March 2011, there were 28 such raids in a duration of 24 hours.]

Here's how I understand Washington. America's puritanical political process serves as a buffer between the status quo and the force of evolution. For instance, in order to get Republican votes for the children's healthcare bill, Democrats agreed to fund $28 million to *their* abstinence-only program.

And, during your own campaign, you admitted, in the context of health care reform, that the multinational insurance conglomeration is so firmly entrenched that you would be unable to dispense with it. So there would have to be compromises. Now, what with the compromises made to help passage of Prop. 19, amnesty becomes the single-payer system of marijuana reform, and growing your own pot becomes the public option. Meanwhile, as long as any government can arbitrarily decide which drugs are legal and which drugs are illegal, then anyone serving time for a nonviolent drug offense is a political prisoner.

In his new book, Bob Woodward writes about Colin Powell's status as an adviser to you. Referring to his previous book, *Plan of Attack*, the *New York Times* then reported that "Secretary of State Colin Powell disputed Woodward's account....He said that he had an excellent relationship with Vice President Dick Cheney, and that he did not recall referring to officials at the Pentagon loyal to Cheney as the 'Gestapo office.'" Who among us would be unable to recall uttering such an epithet? Powell later apologized for it. He has also changed his mind about gays in the military. In my capacity as a stand-up satirist, I used to conduct an imaginary dialogue with Powell.

"General Powell, you're the first African-American to be head of the Joint Chiefs of Staff, and you come from the tradition of a military family. So you know that blacks were once segregated in the Army because the other soldiers might feel uncomfortable if blacks slept in the same barracks. And now that's what they say about gays, that other soldiers might feel uncomfortable about *gays* sleeping in the same barracks."

"Well, you have to understand, we never *told* anybody we were black."

And, Mr. President, that was the forerunner of the same "Don't ask, don't tell" policy that you promised to rescind, only you haven't been acting like a Commander-in-Chief. All you have to do is sign such a directive. Those who serve in the military are trained to follow orders. If they can follow orders to kill fellow humans, they can certainly follow orders to treat openly gay service people with total equality.

Not only is the current guideline counterproductive, but also this display of trickle-down immorality must, on some level of consciousness, serve as a contributing factor to enabling the anti-gay bullying and torturing of innocent victims. I know, you don't want to take a chance that retracting the policy would interfere with your re-election. You've made the point that you don't want Mitt Romney to win in 2012 and turn around all the good things you've accomplished.

Incidentally, Romney had wanted to overturn Roe *vs.* Wade, yet, in 1994, when he was running for the Senate, he came out in *favor* of choice for women. However, freelance journalist Suzan Mazur revealed that he admitted to Mormon feminist Judith Dushku that "the Brethren" in Salt Lake City *told* him he could take a pro-choice position, and that in fact he probably *had* to in order to win in a liberal state like Massachusetts. Pandering trumps religious belief.

Meantime, since gays and lesbians have waited so long for basic fairness, they might as well just wait for the next election. If you win, then would you kindly do immediately what you believe is right, constitutionally and in your heart, and end this injustice? The ultimate irony is that gays in the military are fighting, being maimed and dying unnecessarily, supposedly to protect the freedom their own country is denying them.

Sincerely,
*Paul Krassner*

**Postscript:**

I sent a copy of the letter to some folks that day. Among the responses, I received a message from a mother: "I am trying to explain this to my twelve-year-old son, who wants to know why, if men and women don't share barracks in the military, why gay men and hetero men should share barracks, but then follows with 'They should all sleep in the same place.'"

And that evening I received this email from a seasoned journalist: "I know it's late, but I cannot wait to ask if this letter is a spoof, or you've actually sent it to Obama. If it's a spoof and you've not sent it to him, would you like to? I've got his fax number and he's got a great sense of humor. May I have your permission to send this to him?"

"Absolutely."

Two days later, to the dismay of Obama--who told a town hall meeting that he was restricted because the "Don't ask, don't tell" policy was written into law, adding, "This is not a situation where I can, by the stroke of a pen, end this policy" --he wanted Congress to repeal it after the November midterm election, but Federal Judge Virginia Phillips upset that timetable by issuing an immediate and permanent ban on what she considered to be unconstitutional. This ruling was not a spoof, though it was treated as one by an appeals court that set aside her injunction. In December 2010, Congress repealed the 17-year-old law.

Nor was it a spoof when Attorney General Holder—having been pressured by nine former DEA chiefs, plus the president of Mexico--warned that if Prop. 19 was passed, making California the first state to legalize pot, the federal government would not look the other way, as it has done with medical marijuana. Holder (who wouldn't prosecute the Bush administration for promulgating torture) explained:

"Let me state clearly that the Department of Justice strongly opposes Proposition 19. If passed, this legislation will greatly complicate federal drug enforcement efforts to the detriment of our citizens. We will vigorously enforce the [law] against those individuals and organizations

that possess, manufacture or distribute marijuana for recreational use, even if such activities are permitted under state law."

In a truly free society, the distinction of whether marijuana is used for medical or recreational purposes would be as irrelevant an excuse for discrimination as whether the sexual preference of gays and lesbians is innate or a matter of choice.

And so it came to pass that Barack Obama was re-elected. His opponent, Romney, fell to his knees and pleaded, "Oh, dear Lord, you promised that I would win. Why hast thou forsaken me?" And the voice of God boomed out, *"HEY, MITT, LISTEN--I WAS JUST FUCKIN' WITH YA . . ."*

## Unsafe at Safeway

It was Steve Allen, and later Lenny Bruce, who said that "Comedy is tragedy plus time." But everything is accelerating. Even the rate of acceleration is accelerating. The time between tragedy and comedy gets shorter and shorter. The more horrible the news is, the more victims there are to involuntarily serve as setups for punchlines.

Reality has long been nipping at the heels of comedy, and it finally caught up. Example: On the same day that people were being burned alive in the fire at the Branch Davidian headquarters in Waco, Texas, Jay Leno did a joke in his *Tonight Show* monologue about there being two kinds of cult members there-- "regular and crispy."

Of course, events like the recent madman massacre outside a Safeway supermarket can be challenging. How could made-up humor possibly top the actual absurdity of mass murderer Jared Loughner asking his MySpace friends not to be mad at him. After all, he was merely planning to indiscriminately kill as many innocent human beings as he could, with democracy itself as collateral damage.

The night before Loughner committed his senseless slaughter, he had taken photos of himself posing with his gun while wearing a bright

red G-string and displaying his naked ass. Satirist Harry Shearer observed that "The nightmare in Tucson is the inevitable result of a society where a mentally confused young man can purchase a red G-string anywhere at any time, and pose with it as he sees fit. Can't we all agree now to lower the temperature on underwear?"

Speaking of lowering the temperature, in the *Pittsburgh Post-Gazette*, editorial cartoonist Rob Rogers depicted the U.S. Civil Discourse Gun Shop where a customer is asking the clerk: "Do you have anything versatile enough to go from a campaign breakfast to a protest march to a Town Hall meeting?" And in the *Orlando Sentinal*, Dana Summers depicted another gun store featuring semi-automatic 31-clip weapons, where the clerk is explaining to a customer: "Say you have thirty-one burglars break into your house."

On the Monday following the tragic weekend, Jon Stewart was unable to find anything funny about it. Nor was Stephen Colbert, although he did present a montage of news clips with various explanations of Loughner's behavior, and the final one, from Fox News— "He is also being described as a left-wing political pothead" —managed to evoke laughter from the audience. And Rush Limbaugh called him a "marijuana junkie."

In October 2008, Loughner told an old friend, Bryce Tierney, that he wasn't going to smoke marijuana any more. Tierney never saw him smoke pot again, and was surprised at media reports that Loughner was rejected by the Army in 2009 for failing a drug test: "He was clean...I saw him after that continuously. He would not do it...After he quit, he was just off the wall." But Loughner did *not* fail a drug test that day at the processing station. Rather, he admitted on an application form that he had smoked marijuana "hundreds of times." He didn't know that the military has an official maximum of times you can admit to smoking pot.

A journalist I know acknowledges that he tried to join the Air Force at the San Diego recruitment office, but, "When the subject of drugs came up, I figured, okay, I have long hair, I look maybe homeless, they're going to *know* I'm lying if I say I've always been straight. I'll say I've smoked pot seven or eight times--something ridiculously, embarrassingly low. Whatever it was, it was too high. The recruiter said. 'You can't have smoked more than *five* times. Go away, kid. Maybe the Marines will take you.' Two weeks later I was at the Sacramento recruitment office and I had the 'magic number.' I joined the Air Force. One of the stupider things I've done."

Indeed, Chris Hedges wrote on *TruthDig*: "Power does not rest with

the electorate. It does not reside with either of the two major political parties. It is not represented by the press. It is not arbitrated by a judiciary that protects us from predators. Power rests with corporations. And corporations gain very lucrative profits from war, even wars we have no chance of winning. All polite appeals to the formal systems of power will not end the wars in Iraq and Afghanistan. We must physically obstruct the war machine or accept a role as its accomplice."

When it comes to bloodbaths, the only difference between such invisible corporations and Jared Loughner is that he did it face-to-face.

Obviously, Loughner is crazy, but not legally insane, because he knew right from wrong, as indicated by his expectation of life in prison or execution for his unspeakable crime. True, John Hinckley was crazy when he tried to assassinate Ronald Reagan—his motivation was to impress actress Jodie Foster so she would go out bowling with him--yet he was sentenced to serve *his* time in a mental hospital, including occasional outings with his parents, which resulted in public outrage and a weakening of the insanity defense.

Ironically, Hinckley came out for gun control, and Reagan came out against it.

## The Yippies and the Occupiers

As a co-founder of the Yippies (Youth International Party)—known for demonstrating against the Vietnam War at the 1968 Democratic convention in Chicago--I find myself comparing and contrasting the Yippies and the Occupy Wall Street protesters.

We had to perform stunts to get media coverage of our cause, so a group of us went to the New York Stock Exchange, upstairs to the balcony, and threw $200 worth of singles onto the floor below, watching the gang of manic brokers suddenly morph from yelling "Pork Bellies" into playing "Diving for Dollars." Then we held a press conference outside, explaining the connection between the capitalist system and the war.

Now, a particular placard, "Wall Street Is War Street," gives me a sense of continuity. Other anonymous Occupier spokespersons carried posters proclaiming: "God Forbid We Have Sex & Smoke Pot. They Want Us to Grab Guns & Go to War!" "I am an immigrant. I came here to take your job. But you don't have one." "$96,000 for a BA in Hispanic transgender gay & lesbian studies and I can't find work!" And a woman in a wheelchair: "Stand Up For *Your* Rights!"

By the sheer power of numbers without the necessity of stunts, the Occupiers have broadened public awareness about the economic injustice perpetuated by corporations without compassion conspiring with government corruption that has resulted in immeasurable suffering. The Yippies were a myth that became a reality. The Occupiers are a reality that became a myth. The spirit of nonviolent revolution is what connects them.

NPR waited until eleven days of Occupy Wall Street had passed before reporting its existence. The executive news editor explained that the Occupiers "did not involve large numbers of people" (actually, there were already several hundred), no "prominent people" showed up (thus ignoring Michael Moore and Susan Sarandon), the lack of "a great disruption" (the police pepper-spraying protesters trapped in a cage of orange netting finally met that need), "or an especially clear objective" (oh, right, like all those flip-floppy pandering politicians whose clear objective is to get elected).

The Occupiers appear to be a leaderless community—most likely, you can't name a single one; not yet, anyway—whereas Abbie Hoffman, Jerry Rubin and I served as spokespeople for the Yippies. We had media contacts and knew how to speak in sound bytes. If we gave good quote,

they gave free publicity for upcoming demonstrations. It was mutual manipulation.

Sample: A reporter asked me about the 1968 counter-convention we were planning, "Will you be staying in tents?" I replied, "Some of us will be intense. Others will be frivolous."

During an interview with Abbie and me for the CBS Evening News, taped at his apartment, Abbie paraphrased Che Guevara and said, "I'm prepared to win or die." However, that never got on the air. When the reporter asked me, "What do the Yippies actually plan to do in Chicago?" I smiled at her and said, "You think I'm gonna tell *you?*" That portion of my answer was used to end Walter Cronkite's segment on the Yippies, but my follow-up sentence-- "The first thing we're gonna do is put truth serum in the reporters' drinks" --was omitted. They had beaten me at my own game.

The Yippies were inspired by the Buddhist monk in Vietnam who set himself on fire in order to call attention to the war. The photo of that incident traveled around the globe, and I wore a lapel button which featured that flaming image. Similarly, in 2010, a street vendor in Tunisia refused to pay a police bribe, then immolated himself, which inspired a

revolution there, and next in Egypt, spreading into Arab Spring, which ultimately inspired American Autumn in 2011.

Inspired by the Yippies attempt to levitate the Pentagon, pie-thrower Aron Kay wanted to get fellow Occupiers to levitate Wall Street. No interest. Likewise, inspired by the Yippies nomination of an actual pig named Pigasus for president, Michael Dare tried unsuccessfully to persuade fellow protesters at Occupy Seattle to carry out his notion that, "If corporations are people, let's run one for president." I offered myself as Secretary of Greed.

The evolution of technology has changed the way protests are organized and carried out. The Yippies had to use messy mimeograph machines to print out flyers that had to be stuffed into envelopes, addressed, stamped and mailed. The Internet generally—and social media such as Facebook and Twitter—have enabled Occupiers to inexpensively reach countless people immediately.

When the Yippies were being tear-gassed, and beaten sadistically and indiscriminately, we chanted, "The whole world is watching!" But now, when a bloodbath was expected to happen if the New York police forced the Occupiers out of the park—and then that didn't

happen—Michael Moore asked a cop, "Why don't you think the eviction happened?" The reply: "Because the mayor's afraid of YouTube."

(One month later, Mayor Bloomberg apparently lost that fear; by his order, the eviction happened at 1 a.m. The next afternoon, a protester, before being allowed back in, was overheard remarking, "The cops have occupied Zuccotti Park. We're just trying to figure out what their demands are.")

Not only what occurred in Chicago in 1968 was officially labeled "a police riot" by a government-sponsored investigation, but also an undercover police provocateur—who was disguised as a local biker and acted as Jerry Rubin's bodyguard—would ultimately state that he participated in pulling down the American flag in Grant Park, destroying it, then running up the black flag of the Viet Cong in its place.

"I joined in the chants and taunts against the police," he said, "and provoked them to hitting me with their clubs. They didn't know who I was, but they did know that I had called them names and struck them with one or more weapons."

Now, as the Occupy model has spread around the country, police brutality has increased, and it's not surprising that there have been accusations of provocateurs sabotaging the nonviolent principle, not to

mention an assistant editor at a conservative magazine who infiltrated a group of protesters in Washington, D.C., later claiming that his purpose was "to mock and undermine them in the pages of the *American Spectator,*" and that he helped incite a riot at the National Air and Space Museum, getting pepper-sprayed in the process.

Moreover, a document from the Houston FBI revealed their plan "to engage in sniper attacks" and "kill the leadership" of the Occupy activists "if deemed necessary."

The Yippies were essentially countercultural, an amalgam of radicalized stoned hippies and straight political activists. And, although the Occupiers are essentially mainstream, their demonization by right-wing media pundits has been providing a repeat performance of neutralizing a progressive cause.

Bill O' Reilly called the Occupiers "drug-trafficking crackheads" and "violent America-hating anarchists." Sean Hannity said they "sound like skinhead Nazi psychos." Ann Coulter referred to them as mobs of "teenage runaways" and "tattooed, body–pierced, sunken-chested 19-year-olds getting in fights with the police for fun." Glenn Beck warned that they "will come for you and drag you into the streets and kill you."

Andrew Breitbart declared that Occupy Wall Street is "a group of public masturbating violent freaks."

And Rush Limbaugh labeled them "dumbed down" and "propagandized" and asked a rhetorical question reeking with layers of irony: "Whatever happened to the '60s--*Question Authority*?" At this point, Limbaugh is like a castrated canine that is still busy humping the living-room sofa by force of habit.

***PORN AGAIN***

## Remembering Pubic Hair

Okay, call me old-fashioned, but I still like pubic hair. Internet porn sites now present several choices--completely shaved, vertical landing strips that look like exclamation points, heart shaped, the Charlie Chaplin with just a little patch above the clitoris, and a tiny triangle that serves as an arrow *pointing* to the clit--yet, for a full bush, one would have to search the Web for "hairy" sites that are considered as "specialty," "kinky" or "fetish."

Retired porn stars have commented on this phenomenon. Gina Rome, retired after six years, shaved every day. "It was part of getting ready for work." When she switched from acting to film editing, she stopped shaving and let her pubic hair grow out. "Shaving was work. I don't have to do it any more, so I don't." And Kelly Nichols says, "I was a *Penthouse* model in the early 1980s, and I posed with a full bush. No one in adult entertainment shaved back then. Now everybody does."

Although Martha Stewart is back on TV, you can be sure that she'll never give any suggestions on what to do about those big red razor bumps that result from shaving your vagina, so here's a helpful hint I'd

like to pass along--they can be largely eliminated with, of all things, Visine eye drops. But pubic hair is practical; serves as a cushion against friction.

The porn industry has played an important part in shaping pubic styles. Jordan Stein writes in an article titled *Has Porn Gone Mainstream?:* "Consider the near icon status the female porn star has achieved. She is so mainstream that even good girls are imitating her various styles of undress, disappearing hair and all. Porn chic? You bet."

However, Julia Baird writes in *Celebrity Porn*: "The idea that the fashion industry can strip, then exhibit women in the name of 'porn chic,' is a bit silly, frankly. But 'flesh is the new fabric' could be the new catch-cry. Americans call their bush George W. It's fashionable--the curious fact is that it is fueled by the porn aesthetic that celebrities love to love."

Among Hollywood actresses, Gwyneth Paltrow and Kirstie Alley have both admitted favoring Brazilian wax jobs, where most of their pubic hair is removed, leaving a small tuft that remains hidden under a thong bikini. Sara Jessica Parker's character, Carrie Bradshaw, had her pubic hair removed during the third season of *Sex In the City*. Presumably, it's now in the Smithsonian museum along with Archie Bunker's easy chair and the Fonz's leather jacket.

On ABC's *Women's Murder Club*, a medical examiner directs her gaze to the crotch of a female corpse and says, "That's not your mama's bikini wax." On *The View*, Joy Behar said, "No pubic hair creates a wind tunnel." And in a hysterical episode of HBO's dark comedy series, *Curb Your Enthusiasm,* former *Seinfeld* producer Larry David performed oral sex on his wife, and in the process he sort of swallowed one of her pubic hairs. The next day, he was still choking on it, like a cat trying to get rid of a hairball.

A psychologist at Harvard Medical School and author of *Survival of the Prettiest: The Science of Beauty*, Nancy Etcoff, writes that "There's also an erotic, sexual component to hairlessness because your skin is more sensitive when it's more exposed. Women today are emulating porn stars who have no pubic hair, and I think men like it."

My own resistance to the plethora of bald pussies stems from my pre-adolescent days when pubic hair was such a big taboo that I became obsessed with it. In those pre-bikini days, I would go to Coney Island and stroll around the sand, sneaking glances at ladies in the hope of finding a few stray curlicues of forbidden pubic hair peeking out from their various and sun-dried crotches. And if I was able to discover any, why, it felt as though I had experienced a really productive afternoon.

Betty Dodson, sex educator and producer of *Viva La Vulva*, says, "I think we have changing ideas about what's public and what's private. And now that nudity is more public--nude beaches, routine nudity in film, and the enormous amount of exhibitionism and porn on the Web--I'm not surprised to see a trend toward pubic shaving. I think it's probably here to stay." She told me that, "Thanks to the lack of a comprehensive sex education for kids, young girls now want their vulvas to look like porn stars because that's what their boyfriends jerk off to and prefer. It's all they know." But a new study has concluded that pubic hair is returning: "The men don't care and the women don't can't bother."

Welcome back, good old bush. Hide and seek a friendly clit.

Ironically, although Arnold Schwarzenegger was only joking when he announced that *he* was going to get a Bikini wax, actually Beverly Hills skin care and waxing expert Nance Mitchell has about fifty regular male customers that come for pubic waxing who "are not gay and they are not porn stars. Some go totally bare, some just do the shaft and up around the pelvic area." She explains that "It depends on what their wives and girlfriends want. Men go along because removing the hair makes the whole package look bigger."

Ah, yes, the *illusion* of size does matter.

## The Taste of Sperm

Online sexology columnist Sandor Gardos was asked, "How do I increase the amount of my ejaculate? I've noticed porn stars seem to ejaculate copious amounts of fluid, and I'd like to be able to wow my partner." Dr. Gardos points out that "the actors in porn films are professionals. Even they often don't ejaculate that much--sometimes movie makers will supplement with synthetic semen shot from a small tube."

Well, I'm just shocked to realize that somewhere in America there must be a group of scientists in a laboratory who earn their salaries by manufacturing fake semen.

Meanwhile, ManNotIncluded.com has become the first cyberspace sperm bank for lesbians and single women who want to become pregnant. They are matched with anonymous donors who have the desired race, eye color, height and weight, then sent instructions on how to inseminate themselves. John Gonzalez, founder of the website, hopes this service will overcome the hurdles presented by bureaucracies and fertility clinics who are prejudiced against same-sex couples.

"Lesbians hook up with gay men all the time," he says, "either friends or guys they've met through personal ads. We are now simply allowing them to do so safely and without discrimination."

On the other hand, in the movie, *Sarah Silverman: Jesus Is Magic*--a performance by one of the best and raunchiest female stand-up comedians--she describes a sure method of birth control: "coming all over her face." Of course, that punchline is derived from the ever popular image on Internet porn sites, where I look in vain for the small print with messages warning, "Do Not Try This Particular Money Shot At Home" and "This Is Not Exactly What She Means When She Says She'd Like To Get a Facial For Her Birthday."

Furthermore, in Chelsea, Michigan, Book Crafters has refused to print *Baboon Dooley, Rock Critic*, a collection of John Crawford's comic strip, because his protagonist accidentally drinks from a glass of semen. He spits it out upon learning the content, only to be called a sexist, and challenged: "You'd expect a *woman* to drink it, right?" However, on CNN, author Hugh Prather was a guest, and the subject was couples. A caller revealed his problem: "The trouble is, when I come in her mouth, she can't really swallow it all." The anchor quickly hung up on this premature ejaculation.

Cartoonist Mary Lawton depicted a character saying, "I just found out that alfalfa sprouts smell like sperm. Does this mean I should practice safe salad?" Yet humorist Jacqueline Shtuyote tells me that "Sperm is basically tasteless. The truth should be out about this. Men seem to think that their white stuff is a culinary delight, yet I know of no culinary courses extolling the flavor of sperm. And if, as rumored, Jack-in-the-Box cooks occasionally spill their cum on an irritating customer's hamburger, how many of us would be pleased with the added ingredient?

"Why can't we find something that changes the flavor of cum? Then men could squirt red stuff that is raspberry flavored, or brown stuff that is chocolate flavored. Shy women could finally delight in swallowing their lover's cum. No sperm would ever be spit out again. There could be a pill to make cum taste like fast-food hamburgers. Maybe then we wouldn't mind if we found out that the secret sauce on top of Jack-in-the-Box hamburgers is, after all, sperm."

But let's not forget those who don't eat meat. They face an ethical dilemma--whether or not it's an acceptable practice for a vegetarian to give a blow job, and if so, is it all right to swallow? The general practice is that, yes, it's definitely okay to give a blow job because no animal is harmed in the process. And, yes, it's also okay to ingest the

sperm because it's a good source of protein, something that's often lacking when meat is removed from the diet.

Finally--and this could possibly be an urban legend--in a biology class at Harvard University, a professor was discussing the high glucose levels found in semen which give the spermatozoa all that energy for their journey. A female freshman raised her hand and asked, "If I understand you correctly, you're saying there is a lot of glucose, as in sugar, in semen?"

"That's correct," replied the professor.

The student asked, "Then why doesn't it taste sweet?"

"It doesn't taste sweet," he answered as she realized what her question implied. She blushed, picked up her books and headed for the door, as he continued, "because the taste buds for sweetness are on the tip of your tongue and not the back of your throat. Have a good day."

## Eating Shit for Fun and Profit

I am in complete awe of the democracy of the Internet, which presents an infinite menu for individual tastes and ideologies, and in this context, specifically to viewers of online pornography. From golden showers to farm animals, the World Wide Web caters to virtually every imaginable desire. With the privacy provided by a computer screen, you can worship at the fetish of your choice. But, in the process of surfing porn sites—for research purposes only, of course—I realized that I had never come across a site specializing in coprophagia. It means eating shit. Literally.

There's an old saying among nutritionists: "You are what you eat." However, comedian Darryl Henriques, playing the role of a New Age swami, says, "You are what you don't shit."

One of the nastiest things you can say to someone is, "Eat shit." A nonfiction book, *The Pit*, reveals a strange cult in San Francisco where a group of successful businessmen were forced, along with other acts of humiliation, to eat their own shit. Ultimately, they were represented in a lawsuit by flamboyant attorney Melvin Belli. But that was more-or-less

involuntary shit eating, and what we're talking about here is the voluntary kind.

For many years I heard stories that comic actor Danny Thomas, the star of *Make Room for Daddy*, was a coprophagiac. I assumed it was just another urban legend until I bumped into an old friend who was now working as a prostitute in Hollywood. Over lunch, she mentioned the names of some of her celebrity clients, including Danny Thomas. She told me how he had hired her to save her solid waste in her panties so that he could rub those panties on his face and gobble up her shit as though it were cotton candy.

When he finished, he would wash his hands and face thoroughly then pay her and, as if coming out of a trance, he'd say, "Where was I?" He was trying to distance himself from what he had just done. Instant denial. Since then, I have believed that Danny Thomas's fundraising for Saint Jude's Hospital was really for the purpose of having secret access to their bedpans.

Anyway, I googled "eating shit." Topping the list was "Shit Eating Grins: In Defense of Adam Sandler." But sure enough, I was soon led to hardcore shit-eating sites, which I found totally disgusting, yet absolutely riveting. You may not want to read any further, but we both know you will.

There are photos of beautiful women shitting. If you click for a close-up you can spot a yellow kernel of corn in one big brown chunk o' shit. Women are spreading shit all over their naked bodies and inside their vaginas. A pair of lovely lesbians are eating handfuls of shit, then tongue kissing each other. Two women are eating the same lengthy turd, starting from opposite ends. A woman, fully dressed, wearing a mini-skirt, is shitting as she walks along the sidewalk. One woman is shitting into another woman's mouth. Mmmm, good to the last dingleberry.

Among the shit-eating sites, there are Asian movies. Here's a couple of descriptions: "A bunch of kinky Japanese guys find some truly hot looking girls and take them down below the streets of Tokyo into a real sewer full of shit." And "Cute Kyoko's diarrhea suddenly acts up again. Her piano teacher becomes a willing student of hot scat games. Lots of shit pours out of her hot ass into his waiting mouth. Then she asks if he would rub it all over her. 'Sure, why not,' he says."

If there is one particular image that remains in my mind's eye, it is an innocent-looking, attractive teenager—she's over 18, of course—and she is cheerfully drinking a shit shake through a straw in an old-fashioned, malted-milk glass.

I thought about her father discovering that video in cyberspace, yet he is unable to confront his daughter about it because he would then have to admit what *he* was doing at that site. I mean, this isn't exactly the type of thing that would be mass emailed by one of those selfless spammers, is it? And even if the father did confess to his daughter, he would undoubtedly hesitate to ask if he could eat *her* shit, because that could be considered a form of incest, and you have to draw the line somewhere, right?

There must be an especially strong bond among coprophagiacs, though, because they have experienced in common a form of liberation from a taboo that can be traced all the way back to infancy, when a parent would cringe and say, "Stop! Don't eat that! I said *no!*"

Who knows, some day coprophagia might even become a religion?

Holy shit!

## "I Fuck Dead People"

You don’t see many porn sites that feature intercourse with corpses, and if you do, how do you know they’re really dead? But, say what you will about California Governor Arnold Schwarzenegger, you have to give him credit for signing a bill to forbid necrophilia. Under the new law, sex with a corpse is now a felony punishable by up to eight years in prison.

Age is no barrier. The state’s first attempt to outlaw necrophilia--in response to a case of a man charged with having sex with the corpse of a 4-year-old girl in Southern California---stalled in a legislative committee, but the bill was revived after an unsuccessful prosecution of a man who was found in a San Francisco funeral home, passed out on top of an elderly woman’s corpse.

Necrophiliacs have been getting away with it all this time, but district attorneys will no longer be stymied by the lack of an official ban. According to Tyler Ochoa, a professor at Santa Clara University of Law who has studied California cases involving allegations of necrophilia, “Prosecutors didn’t have anything to charge these people with other than breaking and entering. But if they worked in a mortuary in the first place, prosecutors couldn’t even charge them with that.”

Whether necrophilia is a victimless crime may still be open to debate. Nevertheless, claiming that the act was consensual will not be considered as a legal defense. It should be noted that the necrophilia community ranges from those who are monogamous and stick with one partner for a lifetime, to those who are promiscuous and hop from casket to casket.

According to his own journal entry, Ralph Waldo Emerson, one of the most revered figures in American literary history, was so devastated by the death of his young wife, Ellen, that, shortly after her burial, he went out to the cemetery one night and dug up her corpse, though he didn't mention exactly what he did with it.

One of the most popular episodes of the police TV show, *Homicide, Life On the Streets*, was about the investigation of an old lonely widower, a mortician, who used to party with the corpses, setting them around a table as if they were alive. They investigated him because he shot a neighbor who knew about this practice, and then sat in the garden and waited for the cops. But again, the mortician's relationship with those corpses may have been purely platonic.

Let us now eavesdrop on the dialogue of a few participants in an Internet support group, Necrophiliacs Anonymous:

"Obviously, neither a corpse nor a 4-year-old can provide consent, but if you leave permission in your will for your lonesome spouse or significant other to have one last fling with your mortal coil, shouldn't the state of California respect your wishes?"

"I still think that organ donation is a better cause. It's just that I believe the only offense here is really violation of private property. I wonder if someone gives their partner, in a will, the right to have sex with their body after their death, will it be legal?"

"Or, even without that permission, if you are an only heir of somebody, doesn't it mean their body belongs to you? It sounds gross, but isn't it an issue of private rights in the United States of America, that likes so much the idea of individualism and is ready to exploit people and the environment in the name of that ideal?"

"I never understood why people think that having sex with a dead body is worse than raping a living person. To me, that's the worst kind, and then raping poor helpless animals. I really couldn't care less about my *own* dead body."

Conversely, Sam Kinison, the late evangelist who turned into a comedian, had a great routine about necrophilia: "Well, that's it, man--I'm dead. Nothing else bad can happen to me now. Wait a minute--

what' s that? What' s this guy doing? What' s going on here? [*Screams*] Oh oh oh oh oh OH OH OH OH OH *OOOOOOHHHHHH NOOOOOOO!!! Live in Hell!!!"*

The majority of cannibalistic serial killers are motivated by a kind of necrophilia--it' s usually a highly sexually arousing experience for them when they eat their victims. Here, from my "Great Moments in Necrophilia" file, is a dispatch from Associated Press:

"The prosecution in the insanity trial of serial killer Jeffrey Dahmer rested its case. Dahmer has confessed to killing and dismembering 17 young males since 1978. A jury must decide if he will be sent to prison or a mental institution. The final prosecution witness, Dr. Park Dietz, a psychiatrist, testified that Dahmer wore condoms when having sex with his dead victims, showing that he could control his urge to have intercourse with corpses."

I smell a public service announcement there: "If Jeffrey Dahmer is sane enough to have safe sex, what about *you*?"

*COMEDIANS*

## Remembering Lenny Bruce

August 3rd, 2016 marked the 50th anniversary of groundbreaking comedian Lenny Bruce's death from an overdose of morphine, while his New York obscenity conviction at Café Au Go Go was still on appeal. On that same day he received a foreclosure notice at his Los Angeles home.

But it wasn't a suicide. In the kitchen, a kettle of water was still boiling, and in his office, the electric typewriter was still humming. He had stopped typing in mid-word: "Conspiracy to interfere with the 4th Amendment const" ...constitutes what, I wondered.

Lenny was a subscriber to my satirical magazine, *The Realist,* and in 1959 we met for the first time at the funky Hotel America in Times Square. He was amazed that I got away with publishing those profane words for which other periodicals used asterisks or dashes. He had been using euphemisms like "frig" and asked, "Are you telling me this is legal to sell on the newsstands?"

I replied, "The Supreme Court's definition of obscenity is that it has to be material which appeals to your prurient interest." He magically produced an unabridged dictionary from the suitcase on his bed, and looked up the word "prurient." He closed the dictionary, clenching his

jaw and nodding his head in affirmation of a new discovery. "So," he observed, "it's against the law to get you horny."

When we were about to leave the room, he stood in the doorway. "Did you steal anything?" he asked furtively. I took my watch out of my pocket since I didn't like to wear it on my wrist, and without saying a word I placed it on the bureau. Lenny laughed one loud staccato "Ha" and kissed me on the forehead.

We developed a friendship integrated with stand-up comedy. In his act Lenny had broken through traditional stereotypical jokes about airplane food, nagging wives, Chinese drivers, annoying mothers-in-law. Instead he weaved his taboo-breaking targets--teachers' low salaries *versus* show-business celebs, religious leaders' hypocrisy, cruel abortion laws, racial injustice, the double standard between illegal and prescription drugs--into stream-of-consciousness vignettes.

In each succeeding performance, he would sculpt and re-sculpt his concept into a theatrical context, experimenting from show to show like a verbal jazz musician. Audience laughter would sometimes turn into clapping for the creative process itself. "Please don't applaud," he'd request. "It breaks my rhythm."

Lenny was writing an autobiography--*How to Talk Dirty and Influence People*--which *Playboy* planned to serialize, then publish as a book, and they hired me as his editor. We met in Atlantic City, where he was taking Delaudid for lethargy, and he sent a telegram to a contact, with a phrase--DE LAWD IN DE SKY--as a code to send a doctor's prescription.

At a certain point he was acting paranoid and demanded that I take a lie-detector test, and I was paranoid enough to take him literally. I couldn't work with him if he didn't trust me. We got into an argument, and I left.

He sent a telegram that sounded like we were on the verge of divorce. "WHY CAN'T IT BE THE WAY IT USED TO BE?" he wrote. I agreed to try again, and in 1962 I flew to Chicago. Lenny was performing at the Gate of Horn, where he was asking the whole audience to take a lie-detector test.

Lenny was intrigued by the implications of an item in *The Realist,* an actual statement by Adolf Eichmann that he would have been "not only a scoundrel, but a despicable pig" if he hadn't carried out Hitler's orders. Lenny wrote a piece for *The Realist,* "Letter From a Soldier's Wife," namely Mrs. Eichmann pleading for compassion to spare her husband's life.

Lenny had been reading a study of anti-Semitism by Jean-Paul Sartre. Now, on stage, giving credit to Thomas Merton's poem about the Holocaust, he requested that all the lights go off except one dim blue spot. Then he began speaking with a German accent:

> My name is Adolf Eichmann. And the Jews came every day to what they thought would be fun in the showers. People say I should have been hung. *Nein*. Do you recognize the whore in the middle of you–that you would have done the same if you were there yourselves? My defense: I was a soldier. I saw the end of a conscientious day's effort. I watched through the portholes. I saw every Jew burned and turned into soap.
>
> Do you people think yourselves better because you burned your enemies at long distance with missiles without ever seeing what you had done to them? Hiroshima *auf Wiedersehen*. [*German accent ends*.] If we would have lost the war, they would have strung Truman up by the balls, Jim. Are you kidding with that? Not what kid told kid told kid. They would just *schlep* out all those Japanese mutants. "Here they did; there they are." And Truman said they'd do it again. That's what they should have the same day as Remember Pearl Harbor. Play them in unison.

Lenny was arrested for obscenity that night. One of the items in the Chicago police report complained: "Then talking about the war he stated, 'If we would have lost the war, they would have strung Truman up by the balls.' " The cops also broke open Lenny's candy bars, looking for drugs. They checked the IDs of audience members, including George Carlin, who told the cops, "I don't believe in IDs." Then they arrested him for disorderly conduct, dragged him along by the seat of his pants and hoisted him into the police wagon.

"What are you doing here?" Lenny asked.

"I didn't want to show them my ID."

"You schmuck."

Lenny was released on bail, but the head of the Vice Squad warned the Gate of Horn manager: "If this man ever uses a four-letter word in this club again, I'm going to pinch you and everyone in here. If he ever speaks against religion, I'm going to pinch you and everyone in here. Do you understand? You've had good people here. But he mocks the pope--and I'm speaking as a Catholic--I'm here to tell you your license is in danger. We're going to have someone here watching every show."

And indeed, the Gate of Horn's liquor license was suspended. There were no previous allegations against the club, and the current charge involved neither violence nor drunken behavior. The only charge pressed by the city prosecutor was Lenny Bruce's allegedly obscene performance. Nobody's prurience was aroused, but that made no difference. After all, there wasn't any law against blasphemy.

"Chicago is so corrupt, it's thrilling," Lenny said.

Chicago had the largest membership in the Roman Catholic Church of any archdiocese in the country. Lenny's jury consisted entirely of Catholics. The judge was Catholic. The prosecutor and his assistant were

Catholic. On Ash Wednesday, the judge removed the spot of ash from his forehead and told the bailiff to instruct the others to do likewise. The sight of a judge, two prosecutors and twelve jurors, every one with a spot of ash on their foreheads, would have all the surrealistic flavor of a Lenny Bruce fantasy.

Since he often talked on stage about his environment, and since police cars and courtrooms had become his environment, the content of Lenny's performances began to revolve more and more around the inequities of the legal system. "In the Halls of Justice," he declared, "the only justice is in the halls." But he also said, "I love the law." Instead of an unabridged dictionary, he now carried law books in his suitcase. His room was cluttered with tapes and transcripts and photostats and law journals and legal briefs.

Once he was teasing his ten-year-old daughter, Kitty, by pretending not to believe what she was telling him. "Daddy," she said, "you'd believe me if it was on tape."

Lenny's jazz jargon was gradually being replaced by legal jargon. He had become intimate not only with the statutes concerning obscenity and narcotics but also with courtroom procedure, and his knowledge would be

woven into his performances. But as clubs became increasingly afraid to hire him, he devoted more and more time and energy to the law.

In less than two years, Lenny was arrested 15 times. Club owners were afraid to book him. He couldn't get a gig in six months. On a Christmas day, he was alone in his hotel room, and I brought him a $500 bill. With a large safety pin, he attached it to his denim jacket. When he finally got a booking in Monterey, he admitted, "I feel like it's taking me away from my work."

Lenny lived way up in the hills. His house was protected by barbed wire and a concrete gate, except that it was always open. He had a wall-to-wall one-way mirror in his living room, but when the sun was shining you could see into the room instead of out. He was occasionally hassled by police on his own property. One evening in October 1963, we were talking while he was shaving, when four officers suddenly appeared, loud and obnoxious. He asked them to leave unless they had a search warrant.

One of the cops took out his gun. "Here's my search warrant," he said. Then Lenny and the cops had a discussion about the law, such as the rules of evidence, and after half an hour they left. Lenny tried to take it all in stride, but the encounter was depressing, and he changed his mind about going out that night.

When everything was quiet, we went outside and stood at the edge of his unused swimming pool. Dead leaves floated in the water. Lenny cupped his hands to his mouth. "All right, you dogs," he called out. "Bark for the rich man!" --thereby setting off a chain reaction of barking dogs, a canine chorus echoing through Hollywood Hills.

We ordered some pizza, and he played some old tapes, ranging from a faith healer to patriotic World War II songs. "Good-bye, Mama, I'm off to Yokohama, the Land of Yama-Yama..."

Back at the Café Au Go Go arrest in New York, Lenny had told a fantasy tale about Eleanor Roosevelt, quoting her, "I've got the nicest tits that have ever been in this White House…" The top of the police complaint was "Eleanor Roosevelt and her display of tits." At the trial, Lenny acted as his own attorney. He had obtained the legislative history of an Albany statute, and he discovered that back in 1931 there was an amendment proposed, which excluded from arrest in an indecent performance: stagehands, spectators, musicians, and--here was the fulcrum of his defense--actors. The law had been misapplied to him. Despite opposition by the New York Society for the Suppression of Vice, the amendment was finally signed into law by then-Governor Roosevelt, but to no avail.

"Ignoring the mandate of Franklin D. Roosevelt," Lenny observed, "is a great deal more offensive than saying Eleanor has lovely nay-nays."

On October 13, 1965 (Lenny's 40th birthday), instead of surrendering to the authorities in New York, he filed suit at the U.S. District Court in San Francisco to keep out of prison, and he got himself officially declared a pauper. Two months before his death in 1966, Lenny wrote to me: "I'm still working on the bust of the government of New York State." And he included his doodle of Christ nailed to a crucifix, with a speech balloon asking, "Where the hell is the ACLU?"

After he died, at a séance, his mother brought his old faded denim jacket. That large safety pin was still attached to it. And at the funeral, his sound engineer friend dropped Lenny's microphone into his grave before the dirt was piled on. Lenny's problem had been that he wanted to talk on stage with the same freedom that he had in his living room. That problem doesn't happen to stand-up comedians any more.

As for me, I'm working on my long awaited (by me) first novel. It's about a contemporary Lenny Bruce-type satirist. Those scenes where my protagonist performs, I've developed onstage myself, although at times it felt like I was actually channeling Lenny, until the day that he said, "C'mon, Paul,

you know you don't believe in that shit." Well, this ended *that* wishful-thinking delusion.

I told my friend Avery Corman--author of *Oh, God* and *Kramer vs. Kramer*-- how I welcomed the challenge of writing fiction.

"But, you know," I added, "it's really hard to write. You have to make everything up."

And he said, "Hey, listen, you've been making stuff up all your life."

"Yeah, but that was journalism."

## My Acid Trip With Groucho Marx

LSD was influencing music, painting, spirituality, and even the stock market. Tim Leary once let me listen in on a call from a Wall Street broker thanking him for turning him onto acid because it gave him the courage to sell short. Leary had a certain sense of pride about the famous folks he and his associates had introduced to the drug.

"But," he told me, "I consider Otto Preminger one of our failures."

I first met Preminger in 1960 while I was conducting a panel on censorship for *Playboy.* He had defied Hollywood's official seal of approval by refusing to change the script of *The Moon Is Blue*. He wouldn't take out the word *virgin*.

At the end of our interview, he asked, "Ven you tronscripe dis, vill you vix op my Henglish?"

"Oh, sure," I replied quickly. "Of course."

"Vy? Vot's drong viz my Henglish?"

I saw Preminger again in 1967. He was making a movie called *Skidoo*, starring Jackie Gleason as a retired criminal. Preminger told me he had originally intended that role for Frank Sinatra. *Skidoo* was pro-acid

propaganda thinly disguised as a comedy adventure. However, LSD was not why the FBI was annoyed with the film. Rather, according to Gleason's FBI files, the FBI objected to one scene in the script where a file cabinet is stolen from an FBI building. Gleason was later approved as a special FBI contact in the entertainment business.

One of the characters in *Skidoo* was a Mafia chieftain named God. Screenwriter Bill Cannon had suggested Groucho Marx for the part. Preminger said it wasn't a good idea, but since they were already shooting, and that particular character was needed on the set in three days, Groucho would be playing God after all. During one scene, Preminger was screaming instructions at him. Groucho yelled back, "Are you drunk?"

I had dinner with him that evening. He was concerned about the script of *Skidoo* because it pretty much advocated LSD, which he had never tried, but he was curious. Moreover, he felt a certain responsibility to his young audience not to steer them wrong. He had read my descriptions of acid trips, so he asked if I could I possibly get him some pure stuff, and would I care to accompany him on a trip? I did not play hard to get. We arranged to ingest those little 300-microgram white tablets one afternoon at the home of an actress in Beverly Hills.

Groucho was especially interested in the countercultural aspects of LSD. I mentioned a couple of incidents that particularly tickled him, and his eyes sparkled with delight. One was about how, on Haight Street, runaway youngsters, refugees from their own families, had stood outside a special tourist bus–guided by a driver "trained in sociological significance" --and they held mirrors up to the cameras pointing at them from the windows, so that the tourists would get photos of themselves trying to take photos.

The other was about the day that LSD became illegal. In San Francisco, at precisely two o'clock in the afternoon, a cross-fertilization of mass protest and tribal celebration had taken place, as several hundred young people simultaneously swallowed tabs of acid while the police stood by helplessly

"Internal possession wasn't against the law," I explained to Groucho.

"And they trusted their friends more than they trusted the government," he said. "I like that."

We had a period of silence and a period of listening to music. I was accustomed to playing rock' n' roll while tripping, but the record collection at this house consisted entirely of classical music and Broadway show albums. First, we listened to the "Bach Cantata No. 7." "I'm

supposed to be Jewish," Groucho said, "but I was seeing the most beautiful visions of Gothic cathedrals. Do you think Bach *knew* he was doing that?"

"I don't know. I was seeing beehives and honeycombs myself."

Later, we were listening to the score of a musical comedy, *Fanny*. There was one song called "Welcome Home," where the lyrics go something like, "Welcome home, says the clock," and the chair says, "Welcome home," and so do various other pieces of furniture. Groucho started acting out each line, as though he were actually *being* greeted by the clock, the chair, and the rest of the furniture. He was like a child, charmed by his own ability to respond to the music that way.

There was a bowl of fruit on the dining room table. During a snack, he said, "I never thought eating a nice juicy plum would be the biggest thrill of my life." Then we talked about the sexual revolution. Groucho asked, "Have you ever laid two ladies together?"

I told him about the time that I was being interviewed by a couple of students from a Catholic girls' school. Suddenly Sheila, *The Realist*'s "Scapegoat," and Marcia, the "Shit-On" --she had given herself that title because "What could be lower than a Scapegoat?" --walked out of their office totally nude. "Sorry to interrupt, Paul," said Sheila, "but it's

Wednesday--time for our weekly orgy." The interviewers left in a hurry. Sheila and Marcia led me up the stairs to my loft bed, and we had a delicious threesome. It had never happened before, and it would never happen again.

At one point in our conversation, Groucho somehow got into a negative space. He was equally cynical about institutions, such as marriage--"legal quicksand"--and individuals, such as Lyndon Johnson, referred to as "that potato-head."

Eventually, I asked, "What gives you hope?"

He thought for a moment. Then he just said one word: "People."

I told him about the sketch I had written for Steve Allen, "Unsung Heroes of Television," with the man whose job it was on *You Bet Your Life* to wait for the secret word to be said so that he could drop the duck down, and Groucho told me about one of his favorite contestants on the show. "He was an elderly gentleman with white hair, but quite a chipper fellow. I asked him what he did to retain his sunny disposition. 'Well, I'll tell you, Groucho,' he says, 'every morning I get up and I *make a choice* to be happy that day.'"

Groucho was holding onto his cigar for a long time, but he never smoked it, he only sniffed it occasionally. "Everybody has their own Laurel

and Hardy," he mused. "A miniature Laurel and Hardy, one on each shoulder. Your little Oliver Hardy bawls you out--he says, 'Well, this is a *fine mess* you've gotten us into.' And your little Stan Laurel gets all weepy–--Oh, Ollie, I couldn't help it. I'm sorry, I did the best I could.' "

Later, when Groucho started chuckling to himself, I hesitated to interrupt his reverie, but I had to ask, "What struck you funny?"

"I was thinking about this movie, *Skidoo*," he said. "I mean some of it is just plain ridiculous. This hippie inmate puts a letter he got, which is soaked in LSD, into the water supply of the prison, and suddenly everybody gets completely reformed. There's a prisoner who says, 'Oh, gosh, now I don't have to be a rapist any more!' But it's also sophisticated in its own way. I like how Jackie Gleason, the character he plays, *accepts* the fact that he's not the biological father of his daughter."

"Oh, really? That sounds like the ultimate ego loss."

"But I'm really getting a big kick out of playing somebody named God like a dirty old man. You wanna know why?"

"Typecasting?"

"No, no--it's because--do you realize that irreverence and reverence are the *same thing?*"

"Always?"

"If they're not, then it's a misuse of your power to make people laugh." His eyes began to tear. "That's funny. I'm not even sad." Then he went to urinate, and when he came back, he said, "You know, everybody is waiting for *miracles* to happen. But the whole *human body* is a goddamn miracle." He recalled Otto Preminger telling him about his own response to taking LSD and then he mimicked Preminger's accent: "I saw *tings*, bot I did not zee myself." Groucho was looking in a mirror on the dining room wall, and he said, "Well, I can see *my*self, but I still don't understand what the hell I'm *doing* here . . ."

A week later, Groucho told me that members of the Hog Farm commune who were extras in the movie had turned him on with marijuana on the set of *Skidoo*. "You know," I said, "my mother once warned me that LSD would lead to pot." "Well," he said, " your mother was right."

When *Skidoo* was released, Tim Leary saw it, and he cheerfully admitted, "I was fooled by Otto Preminger. He's much hipper than me."

In 1971, during an interview with *Flash* magazine, Groucho said, "I think the only hope this country has is Nixon's assassination." Yet he wasn't subsequently arrested for threatening the life of a president. In view of the indictment against Black Panther David Hilliard for using similar

rhetoric, I wrote to the Justice Department to find out the status of their case against Groucho, and received this reply:

> Dear Mr. Krassner:
>
> Responding to your inquiry, the Supreme Court has held that Title 18 U.S.C., Section 871, prohibits only "true" threats. It is one thing to say that "I (or *we*) will kill Richard Nixon" when you are the leader of an organization which advocates killing people and overthrowing the Government; it is quite another to utter the words which are attributed to Mr. Marx, an alleged comedian. It was the opinion of both myself and the United States Attorney in Los Angeles (where Marx's words were alleged to have been uttered) that the latter utterance did not constitute a "true" threat.
>
> Very Truly Yours,
> James L. Browning, Jr.
> United States Attorney

It would later be revealed that the FBI had published pamphlets in the name of the Black Panthers, advocating the killing of cops, and that an FBI file on Groucho Marx had indeed been started, and he actually *was* labeled a "national security risk." I phoned Groucho to tell him the good news.

"I deny everything," he said, "because I lie about everything." He paused, then added, "And everything I *deny* is a lie."

The last time I saw Groucho was in 1976. He was speaking at the Los Angeles Book Fair. He looked frail and unsmiling, but he was alert and irascible as ever. He took questions from the audience.

"Are you working on a film now?"

"No, I'm answering silly questions."

"What are your favorite films?"

"*Duck Soup*. *Night at the Opera*."

"What do you think about Richard Nixon?"

"He should be in jail."

"Is humor an important issue in the presidential campaign?"

"Get your finger out of your mouth."

"What do you dream about?"

"Not about you."

"What inspired you to write?"

"A fountain pen. A piece of paper."

Then I called out a question: "What gives you the most optimism?"

I expected him to say "People" again, but this time he said, "The world."

There was hardly any standing room left in the auditorium, yet one fellow was sitting on the floor rather than take the aisle seat occupied by a large Groucho Marx doll.

## Remembering George Carlin

George Carlin died in June 2008. He was a generous friend. When I performed in Los Angeles, he sent a limousine to pick me up at the airport, and I stayed at his home. And such a sweet man. When I opened for him at the Warner-Grand Theater in San Pedro, we were hanging around in his dressing room, where he was nibbling from a vegetable plate. I watched as he continued to be genuinely gracious with every fan who stopped by. If they wanted his autograph, he would gladly sign his name. If they wanted to be photographed with him, he would assume the pose. If they wanted to have a little chat, he indulged them with congeniality.

I said, "You really show respect for everybody."

"Well," he responded, "that's just the way I would want to be treated."

As a performer, Carlin was uncompromising, knowing that his audience trusted him not to be afraid of offending them. In fact, he was excited by that possibility. The day before one of his live HBO specials, he called and told me to be sure and watch it, because he would devote the first ten minutes of his performance to the subject of abortion.

Carlin had long been vocal in support of the right to smoke and ingest various drugs, and he posed this rhetorical question: "Why are there no recreational drugs in suppository form?" I was pleased to inform him that teenage girls have been experimenting with tampons soaked in vodka, inserting them vaginally or rectally as a way of getting intoxicated without their parents detecting booze on their breath.

No matter what else Richard Nixon accomplished in his lifetime, his obituaries always mentioned him as the first American president to resign, and no matter what else George Carlin accomplished in *his* lifetime, his obits always connected him with the Supreme Court ruling on "The Seven Words You Can't Say on Television."

When asked in the Green Room at the Warner-Grand Theater by producer Dan Pasley why he didn't include the word "nigger" in that list, Carlin replied, "There's nothing funny about it -- that really *is* a dirty word -- but repressed words about sexual functions and bodily parts were truly funny. I had only been thinking about the 'dirty' words in terms of sex and bodily functions, and how uptight these religious freaks have made us. *That's* fun, that's some funny shit."

At a private memorial for family and friends, Carlin's daughter Kelly read from his burial instructions, written on May 1, 1990:

Upon my death, I wish to be cremated. The disposition of my ashes (dispersal at sea, on land or in the air) shall be determined by my surviving family (wife and daughter) in accordance with their knowledge of my prejudices and philosophies regarding geography and spirituality. Under no circumstances are my ashes to be retained by anyone or buried in a particular location. The eventual dispersal can be delayed for any reasonable length of time required to reach a decision, but not to exceed one month following my death.

I wish no public service of any kind. I wish no religious service of any kind. I prefer a private gathering at my home, attended by friends and family members who shall be determined by my surviving family (wife and daughter). It should be extremely informal, they should play rhythm and blues music, and they should laugh a lot. Vague references to spirituality (secular) will be permitted.

Kelly added, "There will be no mention of God allowed" and "No one will be allowed to say that 'George is now smiling down at us from Heaven above.' "

Carlin once told an audience of children how to be a class clown as a way of attracting attention. "I didn't start out with fake heart attacks in the aisle," he explained. Ah, if only that's what he was doing *this* time.

But a reporter did once ask him how he wanted to die.

"I'd like to explode spontaneously in someone's living room," he replied. "That, to me, is the way to go out."

And, through his CDs, DVDs, books, and online, George Carlin does indeed continue to explode spontaneously in living rooms across the country and around the world. **Roasting With Robin**

The first time I met Robin Williams was in 1976 at the first annual Comedy Competition in San Francisco. He was sweating profusely, his hairy chest and arms showing, and he wore a brown cowboy hat. I was one of the judges. Although I voted for Williams, he came in second.

I forget the winner's name, but I recall that the lights went off in the middle of his act, so he took advantage of the accident, and in the darkness he whispered loudly, "Okay, now, when the lights go back on, everybody shout out, 'Surprise! Surprise!'" The audience laughed and applauded that ad lib.

Robin's disappointment was palpable, but his stardom was inevitable. Our paths continued to cross backstage at benefits where we both performed. He was also a reader of *The Realist*. In 1988, the word got around that I was going to undergo surgery, and he sent me a generous unsolicited check to help.

In 1998, Anita Hoffman, Abbie's widow, dying from cancer, decided to take her life on December 27, so as not to spoil Christmas for family and friends who were visiting and bringing all kinds of food. Her appetite was ravenous, and her humor was dark. After devouring a pastrami sandwich, she remarked, "I better brush my teeth, I don't want to get gum pockets."

She was staying at a house in San Francisco owned by actress Wynona Rider, whose godfather was Timothy Leary. He had been Anita's role model during the final months of *his* life. "You couldn't choose how and when and with whom you were *born,"* he said, "but you can take charge of your own death." And that's exactly what she was now doing.

Robin Williams learned about Anita's situation from his co-star in *Good Will Hunting,* Matt Damon, who had been told about it by his girlfriend, Wynona. Robin had never met Anita, but he called and offered to pay a visit, in keeping with his benign case of Patch Adams Syndrome. After all, if Patch could travel to Trinidad to entertain murderers who would be hanged three days later, why shouldn't it be appropriate for Robin to make Anita laugh on Christmas day? She hesitated— "I've never really been a fan of his work," she thought—but then invited him to visit....

And so it came to pass in 2014 that Robin Williams would also commit suicide. In the midst of mass mourning him, Rush Limbaugh explained that "Leftists are never happy." And the anti-choice *Lifenews* claimed that Robin killed himself out of guilt over an abortion his girlfriend had in the 1970s.

The last time I saw him was in 1987 on a Saturday evening at the Hollywood Press Club, where we were both participants at a roast for Harlan Ellison, the prolific author of fantasy, science-fiction and speculative-fiction, his work including 1,700 short stories. He also had a reputation for angry ranting with literary style. My wife Nancy said, "He has a black belt in Mouth."

The roast was supposedly a fundraiser for his defense in a frivolous libel lawsuit. Although the auditorium was filled at $25 a head, the plaintiff, Michael Fleischer, was suing Ellison for a million dollars. In a 1980 issue of *Comics Journal*, in a review of Fleischer's comic-book-novel, Ellison called him "crazy" like H.P. Lovecraft and other renowned writers. Ironically, Harlan had intended it to be a compliment.

Screenwriter David Gerrold remarked, "The fact that Ellison is a self-made man relieves God of a great responsibility. I've been Harlan's friend for six years. Of course, I've known him for eighteen years."

The moderator of the roast, film critic Digby Diehl, read a telegram from Isaac Asimov, which concluded, "Kick him in the balls—signed, Frank Sinatra." Onstage, Asimov's fellow science-fiction writer Robert Silverberg announced that "Harlan Ellison is so short that he goes up on

his girlfriend." Robin and I were sitting next to each other, and we simultaneously crossed that joke off our imaginary lists.

There were short-jokes galore. Have a few free samples: "Short? I carry a life-sized portrait of Harlan in my wallet." "Harlan's parents were normal, but the milkman was a syphilitic dwarf." And the producer of *Twilight Zone,* Phil de Guere, complained, "It took Harlan nine months before he figured out how to shoot himself in the foot at *Twilight Zone* and get canned. But of all the people I have worked with, Harlan is by far the shortest. Harlan doesn't have a short fuse. He *is* a short fuse."

My own short-joke was, "Actually, this isn't a roast. It's more like a microwave." Robin said, "Harlan is a tall Paul Williams, a white Paul Simon." I pointed out that "Harlan is on the right side of a lot of important fights. He's fought against racism and sexism. That's why this whole panel is white males."

A roast by definition overflows with irreverence, insults, and raunchiness. Examples: "If it's true that you are what you eat, Harlan would be a vagina." Stan Lee of comic-book infamy said, "Harlan is a very difficult person to arouse. Ask any of his former wives." And Robin contributed a metaphorical dick joke: "If you're hung like a field mouse, don't stand in the wind."

I stated that "Harlan is an egomaniac partially because at the moment of sexual climax, he calls out his own name." Robin shouted: "Was it good for *me?*" I responded, "Harlan has a typewriter with only two letters—M and E. And on it he has somehow managed to write 42 books as well as 300 of Steve Allen's songs plus a few of Lyndon LaRouche's speeches."

Robert *Psycho* Block remembered when "Harlan was interested in re-writing other people's work. He took me into a nearby drugstore and showed me how he had erased all the M's
off all the Murine bottles." I observed that "Harlan has always refused to get involved with the drug world—as a user. However, he *is* a dealer. In fact, he was the connection for Kathy Evelyn Smith."

A severe groan emanated from the audience, and I realized that I was treating a roaster as a roastee, not an uncommon practice. Robin Williams and Robert DeNiro had been with Smith and John Belushi on the night of Belushi's death. "Oh, that's a good one," Robin said with understandable Sarcasm 101. "Listen," I replied, "if she didn't plea-bargain, you wouldn't be here tonight."

Moderator Digby Diehl proceeded to rub salt in Robin's wound that I had unintentionally caused: "Robin Williams has been called the

king of improv, and he has proven it tonight by interrupting everybody, stepping on their lines, doing schtick. He's been about as annoying he can be."

"I loved that review, though," said Robin, referring to Diehl's negative critique of *Club Paradise.*

Diehl: "I was hoping you hadn't seen it, Robin. It's said of you in Hollywood that you don't read your scripts. Anyway, ladies and gentlemen, I'd like to bring you Robin Williams, fresh from *Club Paradise,* his biggest failure yet."

Williams: "Thank you, Gary Franklin [the movie reviewer Diehl replaced]. What can you say about a man who's a TV critic? A man who looks at a good film and letters it like a report card. Is that art? I think not. And I'd like to thank Harlan's lawyer for proving, God, is there a reason for law? I think not. And I'd like to thank Mr. Krassner for all the Kathy Smith references. That's some funny stuff."

Robin confessed, "I really don't know Harlan for shit," then described his house. "It's like Notre Dame done by Sears. There's Harlan, naked, playing in his toys with a beautiful shiksa goddess jumping up and down saying, 'I like him. He's smart.'" Robin morphed into a little boy in the bathroom. "I'm reading Bradbury, dad." (Roaster Ray

Bradbury chortled. Robin suppressed a fake sob.) "It's just taken me so far down to be here. I wish I could cry but I don't care." (The audience applauded.)

"Well," said Diehl, "it's been basically a really hostile, ugly night, with a lot of lame jokes and sentimental drivel. But we still have the ritual forgiveness to look forward to." He introduced Harlan Ellison, "a man with the milk of human kindness dripping from his fangs."

"Ha, ha. Very funny, I'm sure," Harlan reacted. "I had a friend once, but the wheels fell off. Zip friends. Dust is my friend. And what of these fuckers here? Robin Williams can't even get a pair of pants that fits him."

"There's a reason for that, Harlan."

"Yeah, sure. It was for you they made up the phrase, 'Is it in yet?' You wanna talk about that, Williams? I've got four words for you: *Club Paradise* and *The Survivors."*

"Yeah, on a double bill with *Man With a Dog* [Ellison wrote the screenplay]."

Harlan continued to baste the roasters. As for me, he said, "I want to thank my old chum Krassner for being here tonight. I want to commend him on his restraint in the remarks he made. Or perhaps it was only

caution on his part because I promised if he fucked around with me, I'd let on that he caught his herpes from Nancy Reagan."

Digby Diehl concluded, "Harlan's only fear is that he'll get in a car accident and have to re-live this event. And in the true tradition of roasting, that tradition being to talk dirty and mention a big name, thank you all for coming. And join us next week when our guest roaster will be Mother Teresa."

I blurted out, "I fucked *her.*"

The audience screamed, hooted, stomped, and Robin jumped out of his chair and ran around in a circle. Then he said, "Gandhi is going, 'Who is this man? He may not get through the gates of heaven for that line.'"

Harlan said, "Thank God Krassner got off one good one."

I explained, "I guess I just fell into the insult mode."

"Basically," said Robert Silverberg, "the roast is a really ugly, repugnant, immature and childish art form. I hate it. And I will only do one if Harlan is the target."

And on our way home, Nancy summed up the irony: "A compliment was originally perceived as an insult, and consequently we've had an evening of insults which were really compliments."

## Remembering Dick Gregory

I first met Dick Gregory when he asked me to interview him for *The Realist* in New York. I saw him again when I was in Chicago. He was performing at the Playboy Club and invited me to his show. Two years previously, Negro comedians performed only in Negro nightclubs, and Gregory was no exception.

But one evening the regular white comic at the Playboy Club got sick, and Gregory took his place. It made *Time* magazine, and he was invited to perform on the *Tonight Show*, but he declined unless, after doing his stand-up act, he would be asked to sit down and talk with Jack Paar. The gamble worked, and Gregory became an instant celebrity, breaking through the color barrier with humor.

Eventually we became friends and fellow demonstrators. Now he was performing at the Playboy Club, not as a substitute comic but as a star attraction. They had to supply me with a jacket, and a tie that was decorated all over with bunny symbols. Gregory was already on stage.

"How could Columbus discover America," he was asking the audience, "when the Indians were already *here?*"

In his dressing room between shows, Gregory took out his wallet and showed me a tattered copy of his favorite poem, "If," by Rudyard Kipling. I laughed and he looked offended, until I explained that I was laughing because it was also *my* favorite poem, and "the unforgiving minute" was my favorite poetic phrase.

Gregory visited me on the lower east side of New York. The entire side of one building on that block featured a fading advertisement for a cleanser personified by the Gold Dust Twins, a pair of little Negro boys. It had originally been painted right on the bricks.

When he saw it, he said, "They ought to take that whole wall and preserve it in a museum somewhere."

* * *

On a work-vacation in the Florida Keys with Abbie and Anita Hoffman in December in 1967. I followed a neighborhood crow down the road, then continued walking to town by myself to use the telephone. First I called Gregory, since it was his city Chicago that we were planning to invade the presidential convention in the 1968 summer. He told me that

he had decided to run for president, and he wanted to know if I thought Bob Dylan would make a good vice president.

"Oh, sure, but to tell you the truth, I don't think Dylan would ever get involved in electoral politics."

Gregory would end up with assassination researcher Mark Lane as his running mate. Next, I called Jerry Rubin in New York to arrange for a meeting when we returned.

At our counter-convention we all attended an Unbirthday Party for President Lyndon Johnson at the Coliseum, with Ed Sanders, leader of the Fugs, serving as emcee. The atmosphere was highly emotional. Dick Gregory recited the Preamble to the Declaration of Independence with incredible fervor. Fists were being upraised in the audience as he spoke, and I thrust my own fist into the air for the first time.

* * *

When my marriage broke up in 1971 I moved to San Francisco and I had my own talk program. Gregory announced on my show that, until the war in Vietnam was over, he was going to stop eating solid foods. I in turn announced that, until the war was over, I was going to eat all of Dick Gregory's meals. Actually, my only *real* discipline was being silent one day a week.

When my young daughter Holly came out to stay with me that summer, she decided to join me on my silent day. We communicated with handwritten notes. Holly wrote, *Does laughter count?* Since we were making up the rules as we went along, I answered, *Yes, but no tickling*. Naturally she tried to make me laugh, but I held it in – and got a rush.

All the energy that normally gets dissipated into the air with laughter seemed to surge through my body instead. I decided to stop laughing altogether, just to see what would happen. The more I didn't laugh, the more I found funny. And, paying closer attention to others, I refined my appreciation of laughter as another whole language that could often be more revealing than words. Sometimes I would get a twinge of guilt if I nearly slipped and laughed, and I remembered what I had always known, that children must be *taught* to be serious. When I mentioned my laugh-fast to Dick Gregory, still on his food-fast, it didn't sound so far-fetched to him.

That's two things people do out of insecurity," he said. "Eating and laughing."

"Well, what would happen to us if everyone in our audiences realized that?"

"Brother, we'd go out of business."

* * *

I was invited to a Christmas party in 1977 by *Hustler* publisher Larry Flynt. Gregory was at the party, and Flynt asked each of us to perform, but first he would take the microphone himself. To my surprise-shock that he wanted me to publish his magazine beside *The Realist* while he traveled around the country to spread his (temporary) born-again Chrisianity.

On Thanksgiving Day, Gregory had been arrested in front of the White House for protesting the lack of human rights in South Africa. Larry Flynt had a premonition that there would be an assassination attempt on Gregory. Flynt contacted him a couple of weeks later, and they became friends. Gregory was now staying at Flynt's mansion in Columbus, helping him change to a vegetarian diet. Flynt had already taken off forty pounds. On the day before the Christmas party, Gregory was in the middle of giving himself an enema when Flynt walked in.

According to Gregory, "Larry said, 'Let me tell you about this fantastic guy I've got comin' out, and I don't know what I'm gonna do yet but I just wanna talk with him.' And I said, 'Well, who is it?' He said, 'Paul Krassner.' And I just fell out, and said, 'Are you serious? He's one of the hippest minds in the whole world.' Then he came back and said,

'How long you been knowin' him?' and I told him, 'All through the sixties,' you know. And I said it was a fantastic idea."

For the New Year, Flynt flew Gregory and me to the Bahamas. Gregory was in the kitchen, diligently preparing a health drink for Flynt – this must have been the birth of his Bahamian Diet powder -– and he was also feeding unfiltered conspiracy theories to his eager student.

At midnight, we all went out on the dock and stood in a misty drizzle as Gregory uttered truly eloquent prayers for each of us. When he finished, Flynt's wife Althea whined, like Lucy in the *Peanuts* strip, "My hair's getting all wet." It was her way of saying "Amen."

On New Year's Day, we were sitting in the sand, just relaxing. Flynt had bought a paperback novel by Gore Vidal in the hotel store, but first he was reading the Sunday *New York Times* and worrying about the implications of juries with only six members. A moment later he was rubbing suntan lotion on my back.

"I'll bet Hugh Hefner never did this for you," he said.

* * *

Larry Flynt had been traveling around a lot, but he happened to be back in L.A. at the same time that my friend LSD guru Ram Dass was visiting, so I had the unique pleasure of introducing them. Larry, Althea,

Ram Dass and I went to a health-food restaurant, where we discovered that we shared something in common: we were all practicing celibacy – Larry at the suggestion of Dick Gregory, Althea by extension, Ram Dass for spiritual purposes, and me just for the sheer perversity of it.

When Larry got shot down south by a racist nut because *Hustler* had a black naked model, Althea had transformed the Coca-Cola Suite at Emory University Hospital into her office, where she was now studying the slides of the irreverent "Jesus and the Adulteress" feature. Dick Gregory was there, and he said, "This scares *me*." He was concerned about reaction in the Bible Belt, notwithstanding the fact that *Hustler's* research department had already made certain that the text followed the Bible.

And now Althea was checking for any sexism that might have slipped past the male editors' limited consciousness. The spread was already in page forms, but not yet collated into the magazine, and there was still a gnawing dilemma about whether or not to publish it.

The marketing people were aghast at the possibility that wholesalers would refuse to distribute an issue of the magazine with such a blatantly blasphemous feature. Althea and I voted to publish. Gregory and editor Bruce David voted not to publish. "I'm against it," he said, "because we're this is an issue that just simply will not be distributed."

Faced with this crucial decision, Althea made her choice on the basis of pure whimsicality. She noticed a pair of pigeons on the window ledge. One of them was waddling toward the other. "All right," she said, "if that dove walks over and pecks the *other* dove, then we *will* publish this." The pigeon continued strutting along the window ledge, but it stopped short and didn't peck the other pigeon, so publication of "Jesus and the Adulteress" was postponed indefinitely.

Of course, Dick Gregory continued to spread his diligent activism until he died. He was a loss to me, and to this country, and around the world, but his powerful inspiration remains.

## The Missing Episode of *Seinfeld*

*[Jerry Seinfeld is onstage at a comedy club.]*

*Jerry:* Did God look down at Adam and Eve one day and say, "Oops, I forgot something. Let there be erections." So Adam got the first hard-on in history. But God forgot to say *when.* And that's why men don't always get an erection when they *want* one. Women don't know it, but sometimes men have to actually *pray* for a hard-on. "Please, God, I'll be sensitive to her needs, I promise, oh God, please, just make it hard . . ."

*[Cut to George Costanza, having dinner with his parents. There is no conversation, but George's father is smiling, then chortles out loud.]*

*George:* What! What! What's so funny? Is it because I'm becoming more like *you* every day?

*George's father:* Should I tell 'im? I'm gonna tell 'im.

*George's mother:* No, don't tell 'im. It's private between you and me. It's none of his beeswax.

*George:* C'mon, stop teasing me, I wanna know, whatever it is, I wanna know, so c'mon, tell me.

*George's father:* Okay, I'm gonna tell 'im. I've been taking Viagra, George, and it really works. Your mother and I have been making whoopee like it was going out of style.

*George's mother:* Yeah, but it's not *me* he gets excited over. It's only because of the Viagra.

*George's father:* What *difference* does it make, George? Listen to this. The pills cost $10 each, but a friend of mine goes to Mexico and he gets me a whole bottle of fifty for $42.

*George:* Gee, that's less than a buck a fuck, isn't it?

*George's mother:* George! You must never say the F-word in this kitchen! *[To her husband]* See, I told you, we never should've told 'im.

*[Cut to Jerry's apartment. Kramer bursts through the door.]*

*Kramer:* Jerry! Jerry! I'm gonna be rich! I bought a bunch of shares in Pfizer when it was real low, and now they put Viagra on the market and all the doctors are getting writers' cramp from writing prescriptions, and the stock is going up and up like it swallowed Viagra! Jerry, I'm gonna be able to retire!

*Jerry:* Retire from *what*? Kramer, you don't do anything *now.*

*Kramer:* Yes, I do. I scheme. I spend a lot of time scheming, Jerry. But now I'll be able to *finance* my schemes. I'm gonna be able to call my own bluff, every day! If that's not retirement, I don't know what is.

*Jerry:* Anyway, I might get this Stand-up Comedy Award tonight, and I' m trying to think of what to say that will sound completely spontaneous. So, Kramer, what' s your *current* scheme?

*Kramer:* Okay, I got this idea because of the insurance companies. Blue Cross will pay for six Viagra pills a month. Well, that' s very arbitrary, isn' t it? I mean I get six hard-ons in one *day.*

*Jerry:* That' s the national average, you know, six hard-ons a day.

*Kramer:* Jerry, believe me, Kramer don' t have "average" hard-ons. But here' s my merchandising plan. It' s for one-night stands—a combination package of Viagra and RU486, the morning-after pill. It' s a natural for the unisex market.

*[Cut to the restaurant. Elaine and George are sitting at the table.]*

*Elaine:* But, George, that' s stealing.

*George:* Yep. And from my own parents.

*Elaine:* You have no scruples. How do you know your father isn' t *counting* the number of times he "makes whoopee" with your mother? He' ll *realize* that you took some of his Viagra pills when he thinks he has nine more times to go but the bottle has only five pills left?

*George:* You think he keeps a tally sheet? He' ll never even suspect.

*Elaine* You're in denial again—but you have to give me a couple of pills. I would just *love* to put a Viagra into Jerry and Kramer's coffee.

*George:* Oh, really? I thought you had *scruples,* Elaine. Dosing somebody is unethical, especially friends.

*Elaine:* Oh, didn't I tell you? I had my scruples removed with laser surgery.

*George:* Seriously, Elaine, what about all the *side effects* of Viagra?

*Elaine:* Stop worrying, George. Hurry, let me just have two. Jerry and Kramer will be here any minute.

*[Cut to the Stand-up Comedy Award ceremonies. Jerry, Elaine, George and Kramer have been sitting at a table, drinking coffee. Suddenly the table rises slightly.]*

*Jerry:* Kramer, stop that, what are you *doing?*

*George:* Maybe he's holding a one-man séance.

*Kramer:* I can't get it *down!* Jerry, I can't get it *down!*

*Elaine:* Gosh, Kramer, you must have been thinking about sex, huh?

*Kramer:* No, I was thinking about my business plan. That's the only thing that really arouses me. When I'm with a babe, I just think about my latest scheme and I get aroused. But I always let the babe take the credit.

*[Courtney Cox is emceeing the event. Now she's announcing the winner.]*

*Courtney:* And the Best Stand-up Comedy Award goes to . . . Jerry Seinfeld!

*[Jerry walks up to the stage. Courtney and Jerry embrace warmly. She gives him the statuette. As the audience applause subsides, the blood flow to the spongy tissue in Jerry's penis increases. He tries unsuccessfully to hide his erection with the statuette.]*

*Jerry:* Thank you all so much. Well, as you can *see*, I'm very excited about receiving this reward. I feel all tingly. And I have a headache. I'm a little dizzy too. An erection is like a cop. When you *want* one, it's never there. But when the *last* thing in the world you want is a hard-on—a *public* hard-on—then *boing!* I'm busted, right here on stage, with a spotlight, in front of five hundred strangers. I feel like I have to vomit. I'll try to avoid the first few rows. And everything looks blue. Especially my testicles. Is there a groupie in the house? Well, I'm not actually a *group*. Is there a *singly* in the house? Who would like to get laid tonight? I'll point the way. So I've become a human dowsing rod. Now I think I'm gonna faint. But even while I'm lying unconscious here on the stage *[Jerry is fainting]*, my penis will still be a stand-up . . .

# *THE LATER YEARS*

## Are Rape Jokes Funny?

Abortion was still illegal in 1970. At the time, as both an underground abortion referral service and a stand-up satirist, I faced an undefined paradox. I wouldn't allow victims to become the target of my humor, yet there was one particular routine I did that called for a "rape-in" of legislators' wives in order to impregnate them so that they would then convince their husbands to decriminalize abortion..

But feminist friends objected. I resisted at first, because it was such a well-intentioned joke. And then I reconsidered. Even in a joke, why should women be assaulted because men made the laws? Legislators' wives were the victims in that joke, but the legislators themselves were the oppressors, and their hypocrisy was really my target. But for me to stop doing that bit of comedy wasn't chickenshit censorship, it was empathetic editing.

Now, more than four decades later, rape-joking triggered a widespread controversy when a woman who prefers to remain anonymous went to a comedy club, expecting to be entertained. She chose the Laugh Factory in Hollywood because Dane Cook was on the bill, but he was followed by Daniel Tosh, and she had never heard of him.

In an email to her *Tumblr* blogger friend, she accused Tosh of saying that "rape jokes are always funny, how can a rape joke not be funny, rape jokes are hilarious." She was so offended that she felt morally compelled to shout, "Actually, rape jokes are *never* funny!" Tosh paused and then seized the opportunity, responding, "Wouldn't it be funny if that girl got raped by like five guys? Like right now? What if a bunch of guys just raped her?" The audience laughed raucously. After all, isn't anyone who yells at a comedian practically asking to become an immediate target? But this woman was stunned and humiliated, and she left. In the lobby, she demanded to see the manager, who apologized profusely and gave her free tickets for another night--admitting, however, that she understood if this woman never wanted to return.

In her email, she concluded that, "having to basically flee while Tosh was enthusing about how hilarious it would be if I was gang-raped in that small, claustrophobic room was pretty viscerally terrifying and threatening all the same, even if the actual scenario was unlikely to take place. The suggestion of it is violent enough and was meant to put me in

my place." She added, "Please re-blog and spread the word." And indeed, it went viral.

Coincidentally, on the same night that Tosh, in his signature sarcastic approach to reality, provoked the woman, Sarah Silverman was performing at Foxwords Casino, and she touched upon the same taboo subject: "We need more rape jokes. We really do. Needless to say, rape, the most heinous crime imaginable, seems it's a comic's dream, though. It's because it seems when you do rape jokes, that the material is so dangerous and edgy, and the truth is, it's like the safest area to talk about in comedy 'cause who's gonna complain about a rape joke? Rape victims? They don't even *report* rape. They're just traditionally not complainers."

Ironically, in *The Aristocrats*, a documentary entirely about a classic joke of the same name, Silverman complained (facetiously) that she was once raped by show-biz legend Joe Franklin. Also, her rape tips for men include, "Carry a rape whistle. If you find that you are about to rape someone, blow the whistle until someone comes to stop you." However, another joke of hers goes like this: "I was raped by a doctor—which is so bittersweet for a Jewish girl."

In the magazine *Bitch (* "Feminist Response to Pop Culture" ), an article titled "Laughing It Off: What Happens When Women Tell Rape Jokes?" by Katherine Leyton stated: "Some female comics tell jokes that clearly target rape culture, such as one classic skit by veteran comedian Wanda Sykes, 'Even as little girls we're taught we have something everybody wants—you gotta protect it, you gotta be careful, you gotta cherish it. That's a lot of fucking pressure! I would like a break! You know what would make my life so much easier? Wouldn't it be wonderful if our *pussies were detachable?'* The joke goes on to detail situations where you could leave your 'detachable pussy' at home, mainly to avoid the chance of rape."

* * *

In the fall of 1981, I booked myself for a cross-country tour, from New York to Chicago, Minneapolis, San Francisco and Los Angeles.

While I was in New York, a nun was raped. When I got to Chicago, the rapist was also there. He had given himself up to the police. On stage I explained the true reason why: "He heard that the Mafia, in a rush of Christian compassion, put a $25,000 contract out on his life." That part was true. "So now I'm asking the Mafia to use their clout to end the war in El Salvador since *four* nuns were raped and killed there." They

must' ve heard my request. By the time I got to Los Angeles, the *Herald-Examiner* was reporting that the Mafia was "probably the largest source of arms for the rebels in El Salvador."

In the spring of 1982, there was a Radical Humor Festival at New York University. That weekend, the festival sponsored an evening of radical comedy. The next day, my performance was analyzed by an unofficial women's caucus. Robin Tyler ( "I am not a lesbian comic--I am a comic who is a lesbian" ) served as the spokesperson for their conclusions. What had caused a stir was my reference to the use of turkey basters by single mothers-to-be who were attempting to impregnate themselves by artificial insemination. Tyler explained to me, "You have to understand, some women still have a hang-up about penetration."

Well, I must have been suffering from Delayed Punchline Syndrome, because it wasn't until I was returning on a plane, contemplating the notion that freedom of absurdity transcends gender difference, that I finally did respond, in absentia: "Yeah, but *you* have to understand, some men still feel threatened by turkey basters."

* * *

*The Onion* posted a story about a college dorm that was nicknamed "The Rape Hall." And an *Ironic Times* headline stated, "Quaaludes Ends

Its Relationship With Bill Cosby." Earlier in Amy Schumer's stand-up career, she told this joke: "I used to date Hispanic guys, but now I prefer consensual." She has since been accused of racist comedy. "I used to do a lot of short dumb joke like that," she responded." I played a dumb white girl onstage. I am evolving as an artist. I am taking responsibility and hope I haven't hurt anyone. I apologize if I did."

Indeed, in an episode of *Inside Amy Schumer* on Comedy Central, a sketch--*Football Town Nights* parodying *Friday Night Lights*--featured a Texas town's new high school football coach. He informs his teenage squad that he's going to be doing things differently. There's going to be a no-huddle offense. Two-a-day practices are mandatory. And there will be no raping. "But we play football!," one player cries. The rest of the team chimes in: "But we play football!" "What if she thinks it's rape, but I don't?" "What about at-away games?" "What if my mom is the DA and won't prosecute, can I rape?" The whole town bullies this coach for taking something away from the players that they obviously need.

In another sketch, Schumer plays a flirtatious lawyer ironically *defending* Cosby by bedazzling the judge as well as the jury. In a one-woman show about rape, *Asking For It,* responding to Daniel Tosh, award-winning British comic Adrienne Truscott performs with her bare vagina

uncovering a photo of Bill Cosby. And on *Late Night,* Seth Myers rhetorically asks, "Why did Bill Cosby cross the road?" He answers himself, "To avoid a reporter who was asking about sexual assault allegations."

At the National Association of Television Program Executives conference, Jay Leno commented on the allegations against Bill Cosby: "I don't know why it's so hard to believe women. You to go Saudi Arabia and you need two women to testify against a man. Here you need twenty-five [now forty-five]." Leno also used one of Justin Bieber's song hits for a punchline, pointing out that Bieber "wouldn't want to sing 'I Wanna Be Your 'Boyfriend'' to guys in prison."

In a routine about political correctness, George Carlin suggested that a euphemism for a rape victim would be "unwilling sperm recipient." On *The View,* Joy Behar exclaimed that she would vote for a rapist as long as he supported beloved feminist issues like abortion and the free contraception they bicker so much about.

On *The Daily Show,* Jon Stewart aimed his arrow at presidential candidate Donald Trump (who bought 20,000 copies of *The Art of the Deal,* making it a bestseller). Stewart shouts, "There are probably some non-rapists caught up in that tide, whether they're unable to rape for medical reasons, or whether they're just all raped-out." A clip shows

Trump reading out loud from a report that "80% of Central American women and girls are raped crossing into the United Sates." CNN's Don Lemon tells Trump, "That's about women being raped, it's not about criminals coming across the border or entering the country."

Trump: "*Somebody's* doing the raping, Don."

"*Touche!,*" said Stewart. "I believe we have our campaign slogan: *Trump 2016--Somebody's Doing the Raping*."

Immediately after *The Daily Show* came *The Nightly Show* with Larry Wilmore. He plays the same clip just a slightly bit longer: Trump spouting, "*Somebody's* doing the raping, Don. I mean, you know, somebody's *doing* the rapiing, You think the women are being raped. Well, who's *doing* the raping?" Wilmore repeats: "*Who's doing the raping?* Okay, who's bringing the chips? Who's bringing the beer? *Wait, wait. Who's doing the raping?* Oh, okay, sorry about that. I didn't know, I had to ask. I have to tell you, though, as far as campaign slogans go: *Donald Trump 2016--Who's Doing the Raping?*" Hey, it sounds familiar already.

And on Bill Maher's *Real Time,* the reactionary blond witch Ann Coulter defended Trump: "These aren't people we have to have here. We already have our own rapists and murderers. We don't need to be bringing in more rapists and murderers."

* * *

Although Daniel Tosh is a consistently unapologetic performer for the sardonic material he exudes on his Comedy Central series--which features a running theme of rape jokes, even including one about his sister--for this occasion he decided to go the Twitter route: "All the out of context misquotes aside, I'd like to sincerely apologize." He also tweeted, "The point I was making before I was heckled is there are awful things in the world but you can still make jokes about them."

According to Jamie Masada, owner of the Laugh Factory, Tosh asked the audience, "What you guys wanna talk about?" Someone called out "Rape," and a woman in the audience started screaming, "No, rape is painful, don't talk about it." Then, says Masada, "Daniel came in, and he said, 'Well, it sounds like she's been raped by five guys'—something like that. I didn't hear properly. It was a comment—it wasn't a joke at the expense of this girl." Masada claims that she sat through the rest of Tosh's performance, which received a standing ovation, before she complained to the manager.

Fellow comedians defended Tosh with their own tweets. Dane Cook: "If you journey through this life easily offended by other peoples words I think it's best for everyone if you just kill yourself." Doug Stanhope:

"You're hilarious. If you ever apologize to a heckler again I will rape you." Louis C.K.: "Your show makes me laugh every time I watch it. And you have pretty eyes" --except that he wrote it after watching Tosh on TV, but before he learned about the Laugh Factory incident. Nevertheless, he was excoriated and accused of being a "rape apologist." But C.K. himself is no stranger to sexual-assault jokes. Onstage, he has said that he's against rape-- "unless you have a reason, like you wanna fuck someone and they won't let you, in which case what other option do you have?"

Conversely, in an episode of his TV series, *Louie*, he reversed such roles. After leaving a bar with an especially aggressive woman, Laurie (played by Melissa Leo), that he had inadvertently met earlier, she performs fellatio on him in her pickup truck, then insists that he in turn perform cunnilingus on her. And he refuses. So, she attacks him physically with unabashed viciousness, mounts him, and he gives in to her demand. In other words, Laurie rapes Louie. No joke. To watch this scene was positively jaw-dropping. It served as a reminder of how often comedians--and their jaded audiences--find prison-rape jokes not only to be funny, but also, as in the case of pedophile Jerry Sandusky, an act of delayed justice resulting in laughter that morphs into applause. A *N.Y. Post* headline about pedophile Subway pitchman: "Enjoy a foot long in jail."

And "Don't drop the soap" even made its way to the animated *Family Guy.*

Meanwhile, reacting to the Tosh tirade, Julie Burton, president of the Women's Media Center, stated: "If free speech permits a comedian to suggest a woman in his audience should be gang-raped, then it certainly permits us to object, and to ask what message this sends to survivors or to perpetuators. Tosh's comment was just one extreme example of pop culture's dismissive treatment of sexualized violence, which desensitizes audiences to enormous human suffering. Internet outcry is encouraging, but popular media needs to push back too."

And the original blogger posted another message:

"My friend and I wanted to thank everyone for there *[sic]* support and for getting this story out there. We just wanted everyone to know what Daniel Tosh had done and if you didn't agree then to stop following him. My friend is surprised to have gotten any form of an apology and doesn't wish to press any further charges against [him]." What? Press charges? Rape is a crime. Rape jokes aren't. They are the risk of free speech. The blog concluded, "She does plan on returning to comedy shows in the future, but to see comedians that she's seen before or to at least look up artists before going to their shows."

Wait till she finds out that Dane Cook suggested she kill herself.

* * *

Now, over forty years since I stopped presenting my concept about a rape-in of legislators' wives, I sent the first draft of this piece around to several friends, and I was particularly touched by a response from Emma Cofod, production manager at my then-publisher, Soft Skull Press:

"Thank you for sharing this! I truly appreciate your thoughts here. I read about this woman's complaint last week, and the whole event turned my stomach. What Tosh did was personally threatening, which is not OK. But even though I fall neatly into the feminist camp, I think your original joke is hilarious—within context, and coming from a comedian whose philosophy I identify with. Color me conflicted."

I think that kind of conflict is healthy. And then there was Louis C.K.'s appearance on *The Daily Show*. This is what he told Jon Stewart between interruptions:

"If this [controversy about Tosh] is like a fight between comedians and bloggers--hyperbole and garbage comes out of those two places, just uneducated, unfettered--it's also a fight between comedians and feminists, because they're natural enemies, because, stereotypically speaking, feminists can't take a joke, and on the other side, comedians

can't take criticism. Comedians are big pussies. So to one side you say, 'If you don't like a joke, stay out of the comedy clubs.' To the other side you say, 'If you don't like criticism, stop Googling yourself every ten seconds, because nobody's making you read it.' It's positive. To me, all dialogue is positive. I think you should listen.

"If somebody has the opposite feeling from me, I wanna *hear* it so I can *add* to mine. I don't wanna obliterate theirs with mine, that's how I feel. Now, a lot of people don't feel that way. For me, any joke about anything bad is great, that's how *I* feel. Any joke about rape, a Holocaust, the Mets--*aarrgghh*, whatever--any joke about something bad is a positive thing. But now I've read some blogs during this whole [controversy] that made me enlightened at things I didn't know. This woman said how rape is something that polices women's lives, they have a narrow corridor, they can't go out late, they can't go to certain neighborhoods, they can't dress a certain way, because they might--I never--that's part of me now that wasn't before, and I can still enjoy the rape jokes.

"But this is also about men and women, because a lot of people are trading blogs with each other, couples are fighting about Daniel Tosh and rape jokes--that's what I've been reading in blogs--but they're both making a classic gender mistake, because the women are saying, 'Here's

how I *feel* about this,' but they're also saying, 'My feelings should be everyone's primary concern.' Now the men are making this mistake, they're saying, 'Your feelings don't matter, your feelings are wrong and your feelings are stupid.' If you've ever lived with a woman, you can't step in shit worse than that, than to tell a woman that her feelings don't matter. So, to the men I say, 'Listen to what the women are saying about this.' To the women I say, "Now that we heard you, shut the fuck up for a minute, and let's all get back together and kill the Jews.' That's all I have to say about it."

The audience laughed and applauded, as they did fifty years ago when Lenny Bruce ended a riff on prejudice: "Randy, it won't matter any more even if you are colored and I'm Jewish, and even if Fritz is Japanese, and Wong is Greek, because then we're all gonna stick together—and beat up the Polacks."

My notion of a rape-in of legislators' wives in order to impregnate them was no more meant to be taken literally than Louis C.K.'s killing the Jews or Lenny's beating up the Polacks. Rape-in was a misunderstood metaphor; a pro-choice parable that unfortunately has become timely again, but now my target has been clarified, though it's still those increasingly incredible sexist legislators.

## Words and Phrases That I've Coined

I really don't like to boast, but in my lifetime, on half a dozen occasions, I have actually added words and phrases to the language. It's something I always wanted to do. What a thrill it must have been for Dr. Harold Cerumen, who decided that cleaning out earwax should be known as "cerumen disimpaction." And veterinarian Alice Neuticle who coined the word "neuticles"—cosmetic testicles for a dog that's been neutered.

So I'm not asking for credit. Or cash. Since money had been called "dough" and then morphed into "bread," I figured that "toast" would be the next logical step in that particular linguistic evolution, but my campaign itself became toast, in the sense that "toast" now means history.

Also, I was intrigued by the process of having a body part named after oneself. How proud Casper Bartholin's parents must have been to have a son who christened the source of female lubrication that takes the friction out of intercourse as "Bartholin's glands." But my idea of calling those two vertical lines between your nose and your mouth "Krassner's crease" just never became popular.

Here, then, for better or worse, are my contributions to American culture that did manage to catch on, or at least may be on their way.

1. In 1958, pornography was gradually becoming legal, but at that stage of the game, the Supreme Court was unwilling to allow 1st Amendment protection of "hard-core" porn—as opposed, I assumed, to the term I invented, "soft-core porn," which was obviously more respectable, though it seemed kind of sneaky, pretending to be squeaky clean. So I decided to satirize the concept with a new feature in *The Realist:* "Soft-Core Porn of the Month."

For example, phallic symbolism in newspapers and magazines was a key ingredient of soft-core porn. Sample: A close-up of a stickshift in a 1965 Volkswagen ad was accompanied by the question, "Does the stickshift scare your wife?" Soft-core porn now refers to limited sexuality, as seen in network TV dramas and hotel-room movies that feature jiggling breasts and buttocks but no genitalia. The way to recognize soft-core porn is that it gives men a soft-on.

2. On the afternoon of December 31, 1967, several activist friends were gathered at Abbie and Anita Hoffman's Lower East Side apartment, smoking Columbian marijuana and planning a counter-convention for the Democratic Party's event the following summer in Chicago. Our fantasy

was to counter their convention of death with our festival of life. While the Democrats would present politicians giving speeches at the convention center, we would present rock bands playing in the park. There would be booths with information about drugs and alternatives to the draft. Our mere presence would be our statement.

We needed a name, so that reporters could have a *who* for their journalistic who-what-when-where-and-why lead paragraphs. I felt a brainstorm coming on and went from the living room to the bedroom so that I could concentrate. Our working title was the International Youth Festival. But the initials IYF were a meaningless acronym. I paced back and forth, juggling titles to see if I could come up with words whose initials would make a good acronym. I tried Youth International Festival. YIF. It sounded like KIF. Kids International Festival? Nope, too contrived. Back to YIF. But what could make YIP? Now that would be ideal because then the word Yippie could be derived organically.

Of course, "Yippie" was already a traditional shout of spontaneous joy, but we could be the Yippies! It had exactly the right attitude. Yippies was the most appropriate name to signify the radicalization of hippies. What a perfect media myth that would be—the Yippies! And then, working backward, it hit me. Youth International Party! It was a natural. *Youth:* This

was essentially a movement of young people involved in a generational struggle. *International:* It was happening all over the globe, from Mexico to France, from Germany to Japan. And *Party:* In both senses of the word. We would *be* a party and we would *have* a party.

Yippie was only a label to describe a phenomenon that already existed--an organic coalition of psychedelic dropouts and political activists. There was no separation between our culture and our politics. In the process of cross-pollination, we had come to share an awareness that there was a linear connection between putting kids in prison for smoking marijuana in this country and burning them to death with napalm on the other side of the planet. It was just the ultimate extension of dehumanization. But now reporters had a *who* for their lead paragraphs. A headline in the *Chicago Daily News* summed it up: "Yipes! The Yippies Are Coming!" Our myth was becoming a reality.

3. In 1972, I found myself smoking a combination of marijuana and opium with John Lennon and Yoko Ono. Lennon was absentmindedly holding on to the joint, and I asked him, "Do the British use that expression, 'Don't bogart that joint,' or is it only an American term--you know, derived from the image of a cigarette dangling from Humphrey Bogart's lip?" He replied, with a twinkle in his eye, "In England, if you

remind somebody else to pass a joint, you lose your own turn." Since Bogart and Lauren Bacall were a classic Hollywood couple, I was inspired by that snippet of dialogue to say, "Don't *bacall* that joint."

4. Intuitively, I was an advocate of equal rights and opportunities for both genders long before Women's Liberation became a movement. In 1959, I wrote, "From a completely idealistic viewpoint, classified ads for jobs should not have separate Male and Female classifications, with exceptions such as a wet-nurse." In 1964, that practice became illegal. Masturbation was a powerful taboo for females, a subdivision of the war on pleasure, while it was somehow expected of males. But if it was okay for guys to jack-off, I wrote in a media fable, *Tales of Tongue Fu,* in 1974, then it was also okay for girls to jill-off.

5. In 1979, I covered for a weekly alternative paper the trial of ex-cop Dan White for the double execution of San Francisco Mayor George Moscone and Supervisor Harvey Milk, the gay equivalent of Martin Luther King. In a surprise move, homophobic White's defense team presented a bio-chemical explanation of his behavior, blaming it on compulsive gobbling down of sugar-filled junk-food snacks. This was a purely accidental tactic. Dale Metcalf, an attorney, told me how he happened to be playing chess with one of White's attorneys, Steven Scherr.

Metcalf had just read *Orthomolecular Nutrition* by Abram Hoffer. He questioned Scherr about White's diet and learned that, while under stress, White would consume candy bars and soft drinks. Metcalf recommended the book to Scherr, suggesting the author as an expert witness. In his book, Hoffer revealed a personal vendetta against doughnuts, and White had once eaten five doughnuts in a row.

During the trial, psychiatrist Martin Blinder testified that, on the night before the murders, while White was "getting depressed about the fact he would not be reappointed [as supervisor, after having quit], he just sat there in front of the TV set, bingeing on Twinkies." In my notebook, I scribbled "Twinkie defense," and wrote about it in my next report.

In the wake of the Twinkie defense, a representative of the Continental Baking Company asserted that the notion that overdosing on the cream-filled goodies could lead to murderous behavior was "poppycock" and "crap"—apparently two of the artificial ingredients in Twinkies, along with sodium pyrophosphate and yellow dye—while another spokesperson couldn't believe "that a rational jury paid serious attention to that issue." Nevertheless, some jurors did. One remarked after the trial that "It sounded like Dan White had hypoglycemia."

Later, the *San Francisco Chronicle* reported: "During the trial, no

one but well-known satirist Paul Krassner—who may have coined the phrase 'Twinkie defense'—played up that angle. His trial stories appeared in the *San Francisco Bay Guardian."*

6. Twitter is an interesting phenomenon. It's perfect for those folks with a short attention span, and it's scary for paranoids who don't want to be followed. It appeals to minimalists, such as, say, Bob Dylan. I once asked him, "How come you're taking Hebrew lessons?" He replied, "I can't speak it." And when I mentioned the Holocaust, he responded, "I resented it."

Tweets range from the trivial (David Gregory announcing that he was going to eat a bagel before moderating *Meet the Press*) to international conflicts (Iranian citizens reporting on the uprising against their repressive government). It occurred to me that there could be classic haiku tweets—three lines consisting of 5 syllables, 7 syllables and 5 syllables—adding up obviously to no more than 140 characters—and so I decided to embed the phrase I coined in the following (also) twaiku:

What's worth sharing now?

World War Three or stubbed my toe?

I have Twitter's Block.

## My Brother’s Secret Space Communication Projects

When my brother George and I were kids, I could recite the alphabet backwards, whereas he read the entire dictionary. We both played the violin, and when he was nine and I was six, we performed at Carnegie Hall. (I was the youngest concert artist in any field to perform there.) Our younger sister Marge took piano lessons and became a legendary figure at Boys and Girls High School in Brooklyn, teaching music and running the chorus. Now retired, she and two women--one plays the cello, the other a flute—recently performed at the Salvador Dali Museum in St. Petersburg, Florida, playing music connected to various phases of Dali’s life. (She also teaches Tai Chi.)

Marge was the only one in our family who stuck with classical music. Although I was considered a child prodigy, I merely had a technique for playing the violin, but I had a real *passion* for making people laugh. I put my violin in the closet when I was twelve, and several years later I used it essentially as a prop when I began performing stand-up comedy. George went to the High School of Music & Art, and was offered a four-year scholarship at the Juilliard School’s renowned Music Division, but he

really preferred Math and Science. He surprised our parents, announcing his decision to be an electrical engineer, but they were supportive.

He turned down the scholarship and instead attended CCNY. "Because," he says, "I thought then that the violin was good for my avocation, not my vocation. With so many brilliant musicians then, you really had to know somebody to get anywhere in that world. It's not like YouTube today." While at CCNY, he played with a square dance group and became Official Fiddler for the New York/New Jersey Square Dance Callers Association. He learned that a caller earned twice as much as he did, so he put down his fiddle and took up calling square dances. He was also captain of the varsity boxing team.

George went to the University of Michigan for his Master's Degree. Our mother insisted--and to please her--he mailed his laundry home in a light aluminum case she had purchased for that specific purpose. To pay for his tuition, basement apartment and other expenses, he got a teaching fellowship, was a research assistant, sold programs at football games, and bussed tables at a local restaurant, which he quit when the table he cleared was occupied by fellow students.

He won the all-campus boxing championship, but had to fight in a heavier weight class since no one else weighed as little as he did. "Being a

violinist," he said, "I was worried about my hands. But my opponent in the semi-final match was an oboe player with a concert scheduled for the next day, and he asked me to take it easy on his mouth."

* * *

In October 1957, Russia sent Sputnik into space. It was the first orbiting satellite, circling the earth in 96 minutes, and making 1,440 orbits in three months. This astounding technical feat was totally unanticipated by the United States and ignited the era of the space race. At the time, George was working as a civilian scientist for the Army Signal Corps in Fort Monmouth, New Jersey, in charge of the radio relay program. He had been recruited by their senior executive of Research & Development, an alumnus of the University of Michigan.

A week after Sputnik, George sent a proposal to the Commanding General, urging a space communication program. The response: *Do it!* "So," George recalls, "I created the first Space Electronics organization in the country. It was very strange making presentations to generals and top government officials. At age twenty-nine, as head of the Astro-Electronics Division, I had the civilian rank equal to a colonel, but I looked like a young kid. It was embarrassing to take them to lunch and be carded by the waiter."

That wasn't his only embarrassment: "At the Signal Corps, I accidentally flushed my top secret badge down the toilet. It took a lot of official paperwork and the notation 'irretrievably lost' to finally get a new badge. Also, in 1954, the McCarthy paranoia was paramount. I, and fellow civilians--and military personnel, I assume--had to empty our lunchboxes and briefcases for inspection every time we entered the building."

Five months after he had begun as a civilian scientist, George was drafted. In the army, he was assigned to the 82nd Airborne Division at Fort Bragg in North Carolina. He was a "leg," though. Instead of jumping out of an airplane, his job was to maintain all radios, phones and electrical equipment. He also started the U.S. Helicopter Square Dance Team to demonstrate the mobility of helicopters. When assigned KP (Kitchen Police), rather than peel potatoes, he scheduled helicopter square dance practice.

Eight months after Sputnik, his team began working on the design of the world's first communication satellite, SCORE (Signal Communications Orbit Relay Equipment). "There were no reference books, precedents, or Google for information. We were the pioneers. It's

interesting that the first known reference to communication satellites was in a 1945 science-fiction story by the British author, Arthur C. Clarke."

It took the team only six months to design and build the satellite, which was launched in December 1958 by an Atlas rocket that weighed 9,000 pounds. "The satellite payload became famous for the tape-recorded message from President Dwight Eisenhower, who insisted that this project remain top secret," George tells me. "He said the launch would be aborted if any word leaked out, because he didn't want a chance of failure to tarnish our image. As it turned out, one of the two tape recorders did fail, but his Christmas message to the world was the very first transmitted message from space."

Eisenhower stated: "This is the president of the United States speaking. Through the marvels of scientific advance, my voice is coming to you via a satellite circling in outer space. My message is a simple one. Through this unique means, I convey to you and all mankind America's wish for peace on earth and good will toward men everywhere."

* * *

In 1945, in the wake of World War II, the victors launched Operation Paperclip, recruiting a variety of six hundred scientists from Nazi Germany to work in the United States. President Harry Truman ordered the

exclusion of any "member of the Nazi Party or an active supporter of Nazi militarism," but the Joint Intelligence Objectives Agency created false employment and political biographies to circumvent Truman's command.

Those scientists were then granted security clearance and infiltrated into hospitals, universities, and the aerospace industry, further developing their techniques in propaganda, mind control, and behavior modification. Among them was Wernher von Braun, who had been a member of the Nazi Party and an SS officer who could be linked to the deaths of thousands of concentration camp prisoners. (Fun fact: He married his cousin.) He came to America in 1945 and became a citizen in 1955. He was called the "Father of the U.S. space program."

In June 1958, by the time those German importees had become entrenched in a slew of American niche communities, I published the first issue of *The Realist*, including a cartoon that depicted the U.S. Army Guided Missile Research Center with a sign in the window, *Help Wanted*. A couple of scientists are standing in front of that building, and one is saying to the other, "They would have hired me only I don't speak German."

Exactly one year later, Wernher von Braun recruited thirteen scientists to work with him on an ultra-top-secret program, Project Horizon, to build a communication station on the moon. Its purpose was a

study to determine the feasibility of constructing a scientific/military base. "I was one of the lucky thirteen," George remembers. "In fact, you don't have to be a rocket scientist to be a rocket scientist. Von Braun told me that many of his ideas came from science-fiction magazines.

"The project was so secret that the thirteen of us could not even tell our bosses--they didn't have what was called 'need to know.' I would tell [my wife] Judith that I was going to Washington, D.C., and then I would change planes to go to Huntsville, Alabama, where much of the work was done. I made up stories about Washington for her, while I really was in Huntsville, which also was the watercress capital of the world. I'd make up a story about the cherry blossoms, or seeing a senator in the street.

"Unfortunately, when I left the government after nine years (two in the army), I lost my own security rating and need-to-know, so I had no idea if the station was ever built on the moon, and I no longer got cheap watercress." According to Wikipedia, "The permanent outpost was predicted to cost $6 billion and become operational in December 1966. A lunar landing-and-return vehicle would have shuttled up to 16 astronauts at a time to the base and back. Horizon never progressed past the feasibility stage in an official capacity."

However, just like George had lied to Judith, he in turn learned in 2014 that he was lied to about the *actual* purpose of Project Horizon: "[It] was a study to determine the feasibility of constructing a science/military based on the Moon. On June 8, 1959, a group of the Army Ballistic Missile Agency (ABMA) produced for the U.S. Department of the Army a report entitled *Project Horizon, a U.S. Army Study for the Establishment of a Lunar Military Outpost.*

"The project proposal states the requirements as: The lunar outpost is required to develop and protect potential United States interests on the moon; to develop techniques in moon-based surveillance of the earth and space, in communications relay, and in operations on the surface of the moon; to serve on a base for exploration of the moon, for further exploration into space and for military operations on the moon if required; and to support scientific investigations on the moon."

* * *

"When I had been in the Army, I was assigned to work on top secret military and satellite work," George tells me, "the FBI did routine checks. One of our neighbors told Judith that the FBI visited them but were told not to let us know of their inquiries. Apparently, you were on their 'watch list' --based on your 'radical' writings, I assume. I learned

from my boss at the Signal Corps that my top-secret clearance was in jeopardy. Granting my clearance took about a month longer than normal, but eventually it was granted."

Meanwhile, I was placed on the FBI's RI (Round-up Index), though I had broken no law. Who knows, maybe it was because I published a cartoon depicting a man sitting at a desk, speaking on the phone: "I'm very sorry, but we of the FBI are powerless to act in a case of oral-genital intimacy unless it has in some way obstructed interstate commerce."

When *Life* magazine ran a favorable profile of me in 1968, an FBI agent sent a poison-pen letter to the editor: "To classify Krassner as some sort of 'social rebel' is far too cute. He's a nut, a raving, unconfined nut." But in 1969, the FBI's previous attempt at mere character assassination escalated to a more literal approach. This was not included in my own Co-Intel-Pro (Counter-Intelligence Program) files but, rather, a separate FBI project calculated to cause rifts between the black and Jewish communities.

The FBI had produced a WANTED poster featuring a large swastika. In the four square spaces of the swastika were photos of Yippie founders Abbie Hoffman, Jerry Rubin and me, and SDS (Students for a Democratic

Society) leader Mark Rudd. Underneath the swastika was this headline--LAMPSHADES! LAMPSHADES! LAMPSHADES!--and this message:

"The only solution to Negro problems in America would be the elimination of the Jews. May we suggest the following order of elimination? (After all, we've been this way before.) *All Jews connected with the Establishment. *All Jews connected with Jews connected with the Establishment. *All Jews connected with those immediately above. *All Jews except those in the Movement. *All Jews in the Movement except those who dye their skins black. *All Jews. Look out, Abbie, Jerry, Paul and Mark!" (Shades of Wernher von Braun.)

It was approved by FBI director J. Edgar Hoover's top two aides: "Authority is granted to prepare and distribute on an anonymous basis to selected individuals and organizations in the New Left the leaflet submitted. Assure that all necessary precautions are taken to protect the Bureau as the source of these leaflets. This leaflet suggests facetiously the elimination of these leaders." And, of course, if a black militant obtained that flyer and eliminated one of those "New Left leaders who are Jewish," the FBI's bureaucratic ass would be covered: "We *said* it was a facetious suggestion, didn't we?"

On top of that, my name was on a list of sixty-five "radical" campus speakers, released by the House Internal Security Committee. The blacklist was published in the *New York Times*, and picked up by newspapers across the country. It might have been a coincidence, but my campus speaking engagements stopped abruptly.

When I was assigned to write a piece for the *Los Angeles Times*, I titled it "I Was a Comedian for the FBI," because I mentioned that I had once recognized a pair of FBI agents taking notes while I was performing at the Community Church in New York. My FBI files later stated that I "purported to be humorous about the government." Since when did taxpayers provide the funds to cover the FBI's theater critics squad?

The banner headline on the cover of that *L.A. Times Sunday Calendar* section blared out: ***Paul Krassner-- "I Was a Communist for the FBI!."*** In the *San Francisco Chronicle,* columnist Herb Caen wrote, "Fearing Krassner would sue, the *Times* recalled and destroyed some 300,000 copies at a cost of about $100,000. Krassner would have laughed, not sued." Or maybe I would've sued *and* laughed my ass off.

* * *

By 1963, George had risen to Chief Scientist, Astro-Electronics Division at the Signal Corps, and McGraw-Hill contacted him, asking if he would write a book. And indeed, he began working on *Introduction to Space Communication*, which became the world's first book on that subject.

"The problem was the incredible pace of technology," he says. "While I was writing Chapter 5, the nuggets of wisdom in Chapter 2 were becoming obsolete. The last chapter was called 'Ad Astra' (Latin for 'to the stars'), where I tried to forecast future technology. When the book was published in 1964, most of my future projections were already obsolete. Darwin had no idea about the speed of evolution when applied to technology. By the way, more copies of the book were sold in Russia than in the United States."

On George's last active project, he worked with the original seven astronauts. He was program manager at Simmonds Precision, responsible for the design of the fuel gauging system on the command module where the astronauts were housed. In 1972, Apollo 17, the eleventh manned mission, was the sixth and final lunar landing in the Apollo program. "We were on an extremely tight schedule, and my team worked nearly eighty

hours with virtually no sleep to finish on time. We received a rare commendation and bonus from NASA for superior performance ahead of schedule and below budget."

Gordon Cooper--one of those seven original astronauts—had piloted the longest and final Mercury space flight in 1963, becoming the first American to sleep in orbit. "He gave me a rare souvenir," George reminds me, "a dehydrated oatmeal cookie the size of a large dice that he had on a space mission. During a family dinner, I passed around the cookie for everyone to see. Dad was hard of hearing and didn't hear the story, so he popped the space cookie into his mouth, and it was gone before I could get any words out of my mouth. It was pure grief when it happened, but funny now."

As I write this in 2014, George is 85, and if a movie were to be made about him, he'd like to be portrayed by Matt Damon. In October 1988, he was diagnosed with advanced prostate cancer and given three years to live, but his daughter Devra, a naturopath, convinced him to meet with a macrobiotic counselor, and overnight he changed his diet and lifestyle. Now it's twenty-six years later.

He played tennis until six months ago, when he discontinued after a bad fall, because he was playing too aggressively. Currently, his exercise consists of taking walks and lifting dumbbells, though not simultaneously. He remains active, doing business seminars for adult education, providing legal plans for families, small businesses and employees, and calling square dances. But not for helicopters. Or drones.

## The Six Dumbest Decisions of My Life

I' m talking here about seriously dumb decisions, not those minor regrets like that time in 1970 when *Esquire* magazine assigned me to fly to New Mexico where director Monte Hellman was filming *Two-Lane Blacktop,* about street-racing. Among the actors was a pair of musicians, James Taylor as a driver, and Dennis Wilson as a mechanic. They both agreed to be interviewed, besides screenwriter Rudy Wurlitzer and others.

During a conversation with Taylor about not laughing at jokes, he said, "My brother once told me a joke that made me laugh."

"Wait, don' t tell me now," I said. "Let' s save it for the interview."

However, I was supposed to reveal behind the scenes of making the movie, but I learned that there were a couple of violations of law: A few members of the cast had been tripping on magic mushrooms; and a 17-year-old actress, Laurie Bird, who played "The Girl," had sex with two members of the crew. Nine years later she would commit suicide.

Anyway, I decided not to write the article--I was a reporter, not a snitch–-and never did get a chance to do any interviews. Nor did I ever hear the joke that James Taylor' s brother told him and made him laugh. I

was mildly disappointed, but what follows are half a dozen of my really dangerous dumb decisions that continue to make me humble.

1. Early one morning in 1963, at my tiny apartment on the Lower East Side of New York (now the East Village), I was in bed with a young woman I had met at a party, when the phone rang. It was her boyfriend, a lower-echelon Mafioso. He asked if I knew where she was. I told him no, even as she was cuddling next to me. He said he would check his source and call me right back. A few minutes later, he did.

"You were seen with her last night. You spent the night with her. She didn't come home last night. You *punk!*"

He said that he was coming to my office a few blocks away—which is where he thought he was calling me—to talk about it. I told her she'd better leave, and I rushed to the office, but he was already waiting outside the "Mad building" [where *MAD* magazine was published], peering through the locked outside door into the lobby, expecting the elevator door to open and me to step out and open the door for him. Instead he saw me on the sidewalk coming toward him.

"What are you doing out here?" he said.

"Well, I came out just a minute ago, but you weren't here."

"I was calling you up because you didn't come out."

"Oh--I figured you had the address wrong, so I took a walk around the block."

"Let's go to your apartment."

"Don't you want to come up to my office?"

"I said. 'Let's go to your apartment.' "

"You don't expect to find her *there?*"

"She leaves traces wherever she goes. By the way, do you have a telephone at your apartment?"

"Oh, yeah, well, it happens to be the same number as my office, incidentally."

There was a certain tension between us while we were walking to my apartment.

"Tell me," he said, "do you have many friends who smoke Tareyton cigarettes?"

I suddenly realized what he meant by "She leaves traces." At the apartment, she was gone, but the bed was unmade and he couldn't help but notice the semen stain on the sheet. Which, of course, was no proof that it was *she* who had been there. However, the ashtray was filled with Tareyton cigarette butts.

"Do *you* smoke Tareytons?"

"No," I answered, "I don't smoke *any* cigarettes."

"I guess I caught you with your pants down, didn't I?"

He picked up the phone and dialed a number. He was calling her mother. "I found him," he said. "What should I do, throw 'im out the window?" I was scared that he might actually do it. He hung up the phone and I didn't know what to expect. I thought, *How could a realist have gotten himself into such an unrealistic situation?*

We proceeded to have a discussion.

"I got the *horns*," he yelled. "I gotta *do* something! It ain't *manly!*"

"Look, restraint itself can be a form of manliness."

"You know," he said, "I could arrange to have you killed while I was having dinner with your mother and father."

"Well, actually, they're not having too many people over to the house these days."

His low chuckle in response to that wisecrack marked a positive turning point in our conversation. He finally forgave me, and we shook hands. Then he borrowed twenty dollars, which we both knew I would never get back, but it was worth not being thrown out the window. I had

known he was her boyfriend, and so I vowed never to risk sleeping with a gangster' s girlfriend, especially if she smoked cigarettes;

2. In 1979, I covered the trial of Dan White, )who had assassinated two progressive government officials in San Francisco--Mayor George Moscone (in 1975, as a state senator, he authored a bill to decriminalize marijuana) and Supervisor Harvey Milk (a dedicated gay activist)—and yet, after an incompetent prosecution and a shrewd defense, White was sentenced to only seven years.

That evening, I was unwinding at home, smoking a joint and preparing to write my final report for the *Bay Guardian*. My reverie was suddenly interrupted by a phone call from Mike Weiss. We had become friends during the trial, which he had covered for *Time* and *Rolling Stone*. He was calling from a phone booth across the street from City Hall. I could hear crowds screaming and sirens wailing behind his voice.

He had to yell: "There' s a riot going on! You should get here right away!"

Reluctantly, I took a cab. When I arrived at Civic Center, there were a dozen police cars that had been set on fire, which in turn set off their alarms, underscoring the shouts from a mob of 5,000 gay protesters. On

the night that Milk was murdered, they had been among the 30,000 who marched silently to City Hall for a candlelight vigil. Now they were in the middle of a post-verdict riot, utterly furious.

But where were the cops? They were all fuming *inside* City Hall--where their commander had instructed them to stay–-armed prisoners watching helplessly as angry demonstrators broke the glass trying to ram their way through the locked doors.

I spotted Weiss and a student from his magazine-writng class, Marilee Strong. The three of us circulated through the crowd. Standing in the middle of the intersection, *Chronicle* columnist Warren Hinckle was talking with a police official, and he beckoned me to join them. I gathered from their conversation that the cops were about to be released from City Hall. Some were already out. One kept banging his baton on the phone booth where Weiss was calling in his story, and he had to wave his press card before the cop would leave.

I found Marilee and suggested that we get away from the area. As we walked north on Polk Street, the police were beginning to march slowly in formation not too far behind us. But the instant they were out of view from City Hall, they broke ranks and started running toward us, hitting the metal pole of a bus stop with their billy clubs, making loud, scary *clangs*.

"We better run," I told Marilee.

"Why? They're not gonna hit us."

*"Yes, they are! Run! Hurry!"*

The police had been let out of their cage and they were absolutely enraged. Marilee got away, but I was struck with a nightstick on the outside of my right knee. I fell to the ground. The cop ran off to injure as many other cockroaches in his kitchen as he could. Another cop came charging and he yelled at me, *"Get up! Get up!"*

*"I'm trying to!"*

He made a threatening gesture with his billy club, and when I tried to protect my head with my arms, he jabbed me viciously on the exposed right side of my ribs. *Oh, God, the pain!* The cops were running amuck now, in an orgy of indiscriminate sadism, swinging their clubs wildly and screaming, *"Get the fuck outa here, you fuckin' faggots, you motherfuckin' cocksuckers!"*

I managed to drag myself along the sidewalk. It felt like an electric cattle prod was stuck between my ribs. Marilee drove me to a hospital emergency ward. X-rays indicated that I had a fractured rib and a punctured lung.

The City of San Francisco was sued for $4.3 million by a man who had been a peaceful observer at the riot following the verdict. He was walking away from the Civic Center area when a cop yelled, *"We're gonna kill all you faggots!"* --and beat him on the head with his nightstick. He was awarded $125,000.

I had wanted to sue the city, but an attorney requested $75 for a filing fee, and I didn't have it. I was too foolish not to borrow it, and I decided to forego the lawsuit. I must've been crazy.

3. In 1985, after living in San Francisco for sixteen years, I moved to a walk street in Venice, a block-and-a-half walk to the beach. I rented a top-floor tiny two-room apartment consisting of a kitchen/office where I could see the ocean and a living-room/bedroom which came with a convertible sofa. The bathroom had a bathtub/shower.

One afternoon, I took a bus to Santa Monica to eat at a little soul-food restaurant in a food court and to see a Woody Allen movie. When I returned home, I walked up the steps to the top floor, and when I opened the door to my "penthouse" apartment, it was filled with smoke. I had stupidly, utterly recklessly, left a candle burning in a glass ashtray on the arm of the sofa. I didn't *forget* to do that. I *chose* to leave it that way.

The ashtray had broken in half from the heat, and the sofa was burning, although asbestos material had prevented it from being on fire in a way that would spread the flames. I ran down the steps and got the fire extinguisher off the wall in the hall, ran back up and sprayed the sofa.

"You should be ashamed of yourself," I said to myself.

I was grateful that only the sofa had been destroyed. Also, my pride in expanded consciousness had disintegrated. I've never quite forgiven myself for having endangered the lives and property of the tenants in the other four apartments. I had ignored the concept of cause and effect. My bad. Immensely.

4. On the morning of April 1st, 1995, I flew to San Francisco. I was scheduled to emcee a benefit for Jack Kerouac's daughter, Jan, who had been on dialysis treatment for the last few years. On that sunny afternoon, I was stoned in Washington Square Park, wearing the *MAD* magazine jacket that my daughter Holly had given me for Christmas. The smiling face of Alfred E. Neuman--stating his renowned philosophy, "What--me worry?" --graced the back of my jacket

I was waiting for the arrival of the annual Saint Stupid Day Parade, led this year by Grand Marshal Ken Kesey in an open-topped convertible.

The event was sponsored by the First Church of the Last Laugh. Their sound equipment was surrounded by yellow plastic tape warning, *" Police Line--Do Not Cross."* Somebody in a clown costume handed me a three-foot section of that tape.

The celebration featured music, comedy and a traditional free brunch, along with such favorite rituals as the Sock Exchange and the Leap of Faith. Kesey was also in town to speak at the benefit, which was held only because Jan happened to be the daughter of a ground-breaking literary celebrity, even though he had abandoned her mother when she was pregnant with Jan.

I said to my friend Julius, who drove me there, "It' s not enough any more just to be a sperm donor."

Jan had met her father only twice. The first time, she was nine. The second time, six years later, he sat there, drinking a fifth of whiskey and watching *The Beverly Hillbillies.* Jan would eventually die of kidney failure at the age of forty-four, never having fulfilled her fantasy of becoming drinking buddies with her father, who died when she was a teenager.

Now, backstage, someone I knew handed me a baggie of what I assumed to be marijuana. I thanked her and put it in my pocket. Ah, yes, one of the perks of the benefit biz. Later, as the final members of the

audience were straggling out of the theater, I was sitting with Julius in his car in the parking area at Fort Mason Center.

He was busy rolling a joint in a cigar-box on the dashboard with the map light on. There was a police car circling around in the distance, but we unwisely ignored it. Suddenly, a moment later, there was a fist knocking heavily on the passenger-side window, and a flashlight shining in my eyes. Shit! Fuck! Caught!

We were ordered outside and, with our arms outstretched against the side of the car, with the face of Alfred E. Neuman smiling at the cop and asking, "What--me worry?" And indeed, the cop was worried. He asked me if I had anything sharp in my pockets.

"Because," he explained, "I'm gonna get very mad if I get stuck," obviously referring to a hypodermic needle.

"No," I said, "there's only a pen in this pocket" --gesturing toward the left with my head-- "and keys in that one."

He found the coiled-up three feet of yellow plastic tape warning "*Police Line--Do Not Cross,*" and said, "Where'd you get this?"

"At the Saint Stupid Day Parade."

"What's it for?"

"To keep people away."

But then he found the baggie. And, to my surprise, it contained magic mushrooms. He examined the contents. Then, reeking with sarcasm, he said, "So you like mushrooms, huh?" Under the circumstances, it was such a ridiculous question that I almost laughed, but I realized that, from his point of view, this was a serious offense.

Julius was given a $50 citation for possession of marijuana, but I was arrested on the spot, handcuffed behind my back, and my Miranda rights were read to me. I stood there, heart pounding fast and mouth terminally dry, trying to keep my balance on the cusp of reality and unreality. Fortunately, attorney Doron Weinberg got me off with a $100 fine and nothing on my permanent record.

But I finally understood what that cop meant when he snarled, "So you like mushrooms, huh?" His question was asked with such archetypal hostility that it kept reverberating inside my head. *So you like mushrooms, huh?* It was not as though I had done anything that might harm another human being. This was simply an authority figure's need to control. But control what? My pleasure? Or was it deeper than that?

What was his *actual* message? Back through eons of ancestors--all the way back to what psychedelic researcher Terence McKenna called "the *un*stoned apes" --this cop was continuing a never-ending attempt

to maintain the status quo. He had unintentionally revealed the true nature of the threat he perceived. What he *really* said to me was, "So you like the evolution of human consciousness, huh?"

"Well, yeah," I thought, "now that you mention it, I do. I mean, when you put it like that--*So you like the evolution of human consciousness, huh?*--sure, I do. I like it a whole lot." Too bad I had remained silent instead of using my instinct and advising Julius, "Let's get the hell out of here."

5. Once, in the men's room at an airport, I couldn't help but notice a man standing at a urinal a urinals away from the one where I was carefully aiming my stream with my left hand onto the round marzipan-like disinfectant. But he was allowing his penis to aim itself, because he happened to be busy using both hands to floss his teeth. It was a monument to multi-tasking.

I'm embarrassed to admit that, rather then flossing, I would use a dollar bill to clean between my teeth. Instead, I was actually *adding* bacteria to my mouth, thereby giving a new, literal meaning to the concept of "dirty money." As a result, my teeth were in terrible shape.

I had known better. Back in 1971, publisher Stewart Brand had invited Ken Kesey and me to co-edit *The Last Supplement to the Whole Earth Catalog.* Our managing editor, Hassler (Ron Bevirt's Merry Prankster name), introduced me to the fine art of flossing.

"I began cleaning between my teeth with dental floss, and then brushing carefully after every meal for the last nine years," he told me. "Dental floss is really important because it removes particles of food from between the teeth that can't be dislodged by the brush. It's this crap *between* the teeth that really causes decay."

Although I didn't practice what he preached, I immediately assigned him to write a piece about the process of flossing for *The Last Supplement*. After all, the *Whole Earth Catalog* was devoted to informing its readers about a variety of New Age tools. And floss was definitely a useful tool. "Floss comes in two thicknesses," Hassler wrote. "Thin, called Dental Floss; and thick, called Dental Tape. Recently, I found Dental Floss Unwaxed. All the floss and tape I've used in the past were waxed. I find that I prefer the waxed because it slips in and out between my teeth cleanly without leaving any of the floss behind, which I find to be a problem with unwaxed floss. I've realized the importance of my teeth in

the service of my habit. Munch, slurp, slobber, drool…"

In 1987, I was a keynote speaker at the annual International Society for Humor Studies conference, held in Tempe, Arizona. I had dinner with a group of five staffers from the Russian humor magazine *Krokodil* at the Holiday Inn. They all ordered the specialty of the house—pork ribs—which came with huge bibs. The editor was given a bib with the words "Miss America" on it. The art director got a bib with a big iconic "S" for Superman.

They were really getting a dose of our culture. As we walked along the salad bar, one of the Russians stopped at the corn chowder and asked me, "Is this typical American soup?" As the others gathered around, I didn't quite know how to answer. "I'm sorry, I don't know," I said. "I'm sure it's typical *somewhere* in the country." And then I remembered that multi-tasking man at the airport urinal. "In America," I told the Russian, "corn chowder comes with dental floss that has little pieces of corn embedded in it, so if you get hungry between meals you can floss and have a snack at the same time."

A few years before I met my wife, Nancy, she had gone to a dentist

who required all new patients to take a two-session course in flossing and oral health. Only when he was satisfied that patients would be capable of caring for their teeth properly would he then make their first cleaning appointment. Nancy learned the technique, and recently a friend named her "the Floss Queen." We came across an ad stating that "If you follow a vegan diet, you may opt for Eco-Dent's GentleFloss, which uses beeswax instead of animal products." Who knew?

The irony behind all this is that Medicare doesn't cover any dental procedures, even though dentists emphasize how bad teeth can cause illness in other, internal parts of the body. For example, a research team from Columbia University's School of Public Health released the results of a three-year study of 420 men and women, concluding that the improvement of gum health can help slow the development of atherosclerosis, the build-up of cholesterol-rich plaque along artery walls, which can lead to heart attacks and strokes.

I still regret that I would eat candy without flossing afterward. Especially a Clark Bar, which could cause a cavity *and* fill it simultaneously.

6. I had taped an interview on an electric recorder-transcriber, plus a battery-operated cassette recorder as a back-up precaution, which turned out to be an absolute necessity when the electric recorder conked out right in the middle.

Later on, I bought a new one to replace it, but first I had to get rid of the old one. My desk consisted of a wooden door supported by a couple of two-drawer filing cabinets. I was just too damn lazy to take all the equipment and books off the desk so that I could move the desk toward me and pull up the wire from behind it.

So I simply cut the wire with a pair of scissors. *Bzzzzzt!!!* I was shocked, but not injured. Though the recorder had conked out, I had incredibly left the wire still plugged into a socket on the surge protector. Where the scissors had cut the wire, parts of the metal had melted away just a couple of inches from my hand. I might've been electrocuted. *Yikes!*

I could've been killed, and the cause would've been a simple lack of the practice of mindfulness that I treasure so much. Instead, I had *emptied* my mind. Oops, wrong discipline. But I was still alive, and I thanked God for that. And then I heard a resplendent voice booming through the clouds: *"SHUT UP, YOU SUPERSTITIOUS FOOL!"*

## Alternative Facts

Between the choice of a one-man-one-vote (Supreme Court Justice Antonin Scalia) and fake news of Weapons of Mass Destruction, invasion of Iraq, and horror of ISIS, George Bush was elected president in the year 2000. It was due to the electoral college (a rigged system which originally intended to prevent slaves from voting and evolved to gerrymandering), even though Bush's opponent, Al Gore, won the national popular vote.

Hillary Clinton was elected senator that year, and she announced that the first thing she would do was to get rid of the electoral college. A few years later, as a columnist for the *New York Press*, I sent her a letter asking about the status of that promise. She didn't reply.

On November 8, 2016, a crooked businessman, liar extraordinaire, bragging pussy-grabber, make-America-white-again, anti-choice, anti-Semite, false Christian, climate-change hoaxer, Nobamacare, homophobic, apprentice politician, fascist tweets, and Vladimir Putin's "useful idiot," namely Donald Trump, who was elected as an insanely narcissistic dictator based on the electoral college, whereas his opponent, Hillary Clinton, won the national popular vote by "more than three million" individuals.

Irony lives.

But an incredibly mean monster inadvertently awakened a sleeping

population to counteract the essence of evil with love, laughs, and law, fueled by the aid of true news. Incidentally, Putin had 88 journalists murdered. No wonder Trump told him, "It's an honor to be with you." Now Putin wanted Obama's new sanctions on Russia to be reprieved.

National Security Adviser Michael Flynn had discussed it with the Russian ambassador a month before Trump took office. Although General Flynn joined his campaign and shared criminal secrets, he denied them to the FBI. It was a felony offense. The Justice Department warned Trump that Flynn had misled Mike Pence, and that Flynn could be vulnerable to blackmail. Trump asked Flynn to resign, and yet he offered his job back when he got out of prison. Why? Because Flynn was the scapegoat, taking the fall for the president and vice-president. He preferred a trial with immunity since they knew all. Pence said Flynn lied and *that* was a lie.

If Trump and Pence were both to be kicked out of the White House, the next in line would be the Speaker of the House, Paul Ryan. Steve Bannon described him as "a limp-dick motherfucker who was born in a petri dish at the Heritage Foundation." In turn, Trunp's communicator Anthony Scaramucci boasted, "I'm not Steve Bannon, I'm not trying to suck my own cock." Ah, but Bannon said he wanted to *destroy* Ryan.

Hallelujah!

Trump once tried to patent "You're fired." Professional hater Bannon resigned. Back to running his *Breitbart News.* He had taken over the original right-wing website, *Breitbart.com,* after the death of editor Andrew Breitbart, who ironically was adopted and raised as a proud Jew.

Orson Bean is my oldest living friend. He became a Christian libertarian conservative, and we've had an ongoing email dialogue about religion, but he's still a Christian and I'm still an atheist. Not a militant atheist, as I used to be, though. I changed when I realized that Martin Luther King was a Christian, yet I was inspired by his actions, and George Lincoln Rockwell, head of the American Nazi Party, was an agnostic, yet I abhorred what he stood for. It no longer mattered to me what anybody's religious belief was, only how they treated others. Either kind or cruel. That simple.

I decided to email Orson: "If you can arrange for me to interview Andrew Breitbart"--his son-in-law--"I'll believe in God." Orson must've forwarded my email to Breitbart, because *he* sent me an email saying, "Apparently there is a God," with his own phone number. I called, we spoke, and he agreed to do an interview. My only ground rule would be that neither of us would interrupt the other. I contacted Steve Randall, my editor at *Playboy,* and I got the assignment. I immediately sent an email to Orson with the good news. The Subject line was "Praise the fucking Lord." Amen.

## I Played Thomas Jefferson’s Violin

At a unique Heroes Convention, I met Lindsay Wagner, star of *The Bionic Woman.* She was unaware that the CIA served as technical adviser to her series, but she spoke poignantly of the positive influence that her TV alter-ego had on young amputees she visited in hospitals.

I also met Tom Laughlin, of *Billy Jack* movie fame. A couple of years later, he and his wife Delores Taylor invited me to a large dinner party.

They were Thomas Jefferson enthusiasts. In their home, there was Thomas Jefferson's furniture, Thomas Jefferson's silverware, Thomas Jefferson's recipes--we started with peanut soup--and even Thomas Jefferson's violin.

I mentioned playing the violin as a child, and Laughlin invited me to play this one. I hadn't held a violin for twenty-five years, not since I had used it as a prop when I started doing stand-up comedy, and four decades had passed since that concert in Carnegie Hall. It felt like a previous incarnation. But now Billy Jack himself was handing me Thomas Jefferson's violin. How could I resist?

“I'd like to dedicate this to Thomas Jefferson's slaves,” I said.

And then I played the only thing I felt competent enough to perform-- "Twinkle, Twinkle, Little Star." While I was playing, I stood and, as unobtrusively as possible, balancing on my left foot, I scratched my left leg with my right foot.

It was a private joke between me and the god of Absurdity.

# NAUTILUS

education

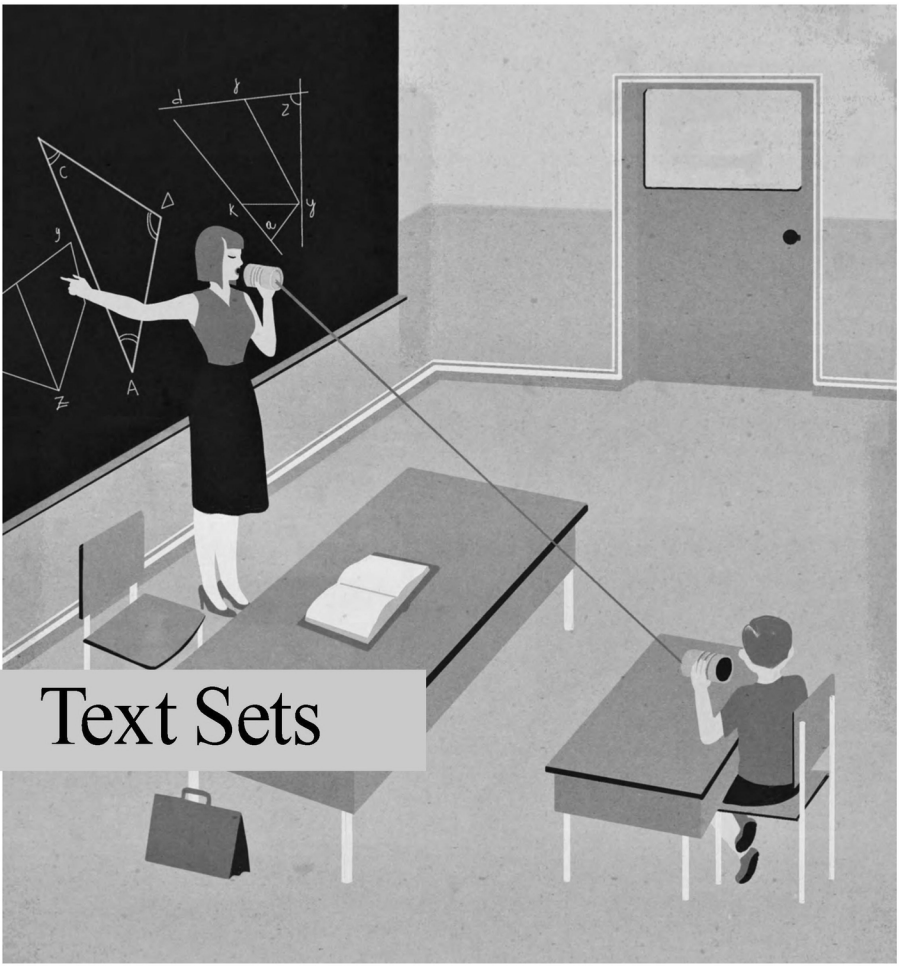

# Text Sets

BETA PRODUCT Science Connected NAUTIL. US

# Introducing *Nautilus* Education

The modern world has placed an unprecedented emphasis on science literacy. But most existing science texts do not emphasize literacy, and most literary texts don't have science.

This *Nautilus* Education text set pamphlet is a beta product intended to fill this gap. It contains three groups of articles from the award-winning science magazine, *Nautilus*, each accompanied by lesson plans and guides for teachers.

Key science concepts like genetics and astronomy are explored through narrative story telling and tailor-made artwork, letting science spill over its usual borders, and waking the imagination and interest of the student. This kind of literary science classroom material was designed to helps teachers satisfy the new U.S. common core and next gen standards but have global application. The relevant standards are listed in each lesson plan.

*Nautilus* is looking for partners interested in using and further developing this kind of content. For more information, please write to education@nautil.us.

—*Michael Segal*
Editor-in-Chief

## *About Nautilus Magazine*

*Nautilus* is a new kind of science magazine. Each monthly issue tackles a single topic in contemporary science using multiple vantage points, from biology and physics to culture and philosophy. We are science, connected.



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# Contents

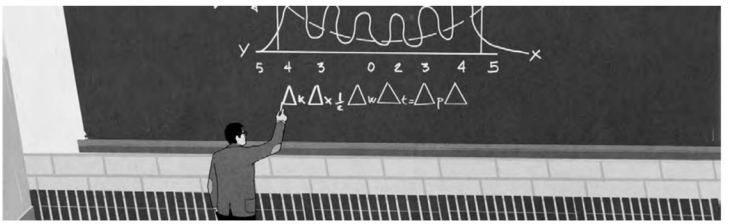


## Physics

4 *Astronomy & Space Travel*

6 Roadmap to Alpha Centauri
*Pick your favorite travel mode—big, small, dark, or twisted*
BY GEORGE MUSSER

12 *Chemistry & Fuels*

16 You are Made of Waste
*Searching for the ultimate example of recycling? Look in the mirror*
BY CURT STAGER

22 Frack'er Up
*Natural gas is shaking up the search for green gasoline.*
BY DAVID BIELLO

## Biology

28 *Genetics & Human Health*

30 Their Giant Steps to a Cure
*Battling a rare form of muscular dystrophy, a family finds an activist leader, and hope*
BY JUDE ISABELLA

36 An Unlikely Cure Signals Hope for Cancer
*How "exceptional responders" are revolutionizing treatment for the deadly disease*
BY KAT MCGOWAN

SHOUT



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# *Astronomy & Space Travel*

How would we travel nearly five light years? This article explores different engineering solutions to the puzzle of taking a very, very, long trip, intertwining science-fiction goals with real world solutions. Students will explore fanciful applications of Newton's second law, and concepts of momentum, ions, and nuclear fusion.

## Lesson Plan

Review vocabulary words in class. Have students read the article and answer the reading comprehension questions for homework, as well as generate a discussion question of their own. In class, address any conceptual questions that the class might have. Have students write discussion questions on the board, along with the ones suggested in this document. Have students break up into small groups, each of which should address one of the discussion questions. 15 MIN

Dedicate the remaining class time to completing one of the activities. 30-45 MIN

## Teacher's Notes: Roadmap to Alpha Centauri

### VOCAB WORDS

***Magnetic field***: produced by a magnetic material or a current, a magnetic field will push or pull a moving charge or magnet that comes in contact with it.

***Ion***: an atom in which the number of electrons and protons is unequal—thus, the atom is positive or negative.

***Momentum***: the product of the mass and velocity of an object.

***Recoil***: the backward momentum from a fired gun.

***Plasma***: one of the four fundamental states of matter, composed of ions and electrons.

***Nuclear fusion***: when two or more clusters of neutrons and protons collide, forming a new nucleus and releasing energy.

### READING COMPREHENSION

1. What does AU stand for?
2. How fast is Voyager 1 moving in miles per hour?
3. "The engine first strips propellant atoms [typically xenon] of their outermost electrons." What is the charge of a stripped xenon atom?



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4. What concept is at work in the ion drive? (Hint: what is conserved?)
5. What other travel options work on this principle?
6. How much momentum does an electron fired from a gun have?

### DISCUSSION QUESTIONS

1. Why not take a traditional rocket to Alpha Centauri?
2. Which of the propulsion meturds listed is most likely to succeed? Would any be used together?
3. Would it be worth going if it took generations?
4. How far away is the next-nearest star?

### ACTIVITIES

1. Research and create a brochure or ad enticing astronauts to make the trip. What would they eat? What psychological qualities would they need? If robots were sent, how would they be fixed? What kind of data could they expect to collect?
2. Propose another method of traveling to Alpha Centauri.

### ADDITIONAL MULTIMEDIA

1. ***Voyager 1 Leaves the Solar System***
   (The Guardian) 1 MIN 45 SEC
   A quick explanation of where Voyager 1 is, and how scientists know its location: http://www.theguardian.com/science/video/2013/sep/13/voyager-1-leaves-solar-system-video
2. ***New Mars Rover Powered by Plutonium***
   (Space.com) 2 MIN 30 SEC
   An introduction to the nuclear battery on board the Mars Curiosity Rover, and the advantages of not using solar power (as with past missions): https://www.youtube.com/watch?v=1JOPW8aAcgEt

### WHERE THIS FITS IN THE CURRICULUM

*Structure and Properties of Matter (HS-PS1-8)* Develop models to illustrate the changes in the composition of the nucleus of the atom and the energy released during the processes of fission, fusion, and radioactive decay.

*Forces and Interactions (HS-PS2-1)* Analyze data to support the claim that Newton's second law of motion describes the mathematical relationship among the net force on a macroscopic object, its mass, and its acceleration.

*Forces and Interactions (HS-PS2-2)* Use mathematical representations to support the claim that the total momentum of a system of objects is conserved when there is no net force on the system.

*Engineering Design (HS-ETS1-3)* Evaluate a solution to a complex real-world problem based on prioritized criteria and trade-offs that account for a range of constraints, including cost, safety, reliability, and aesthetics, as well as possible social, cultural, and environmental impacts.



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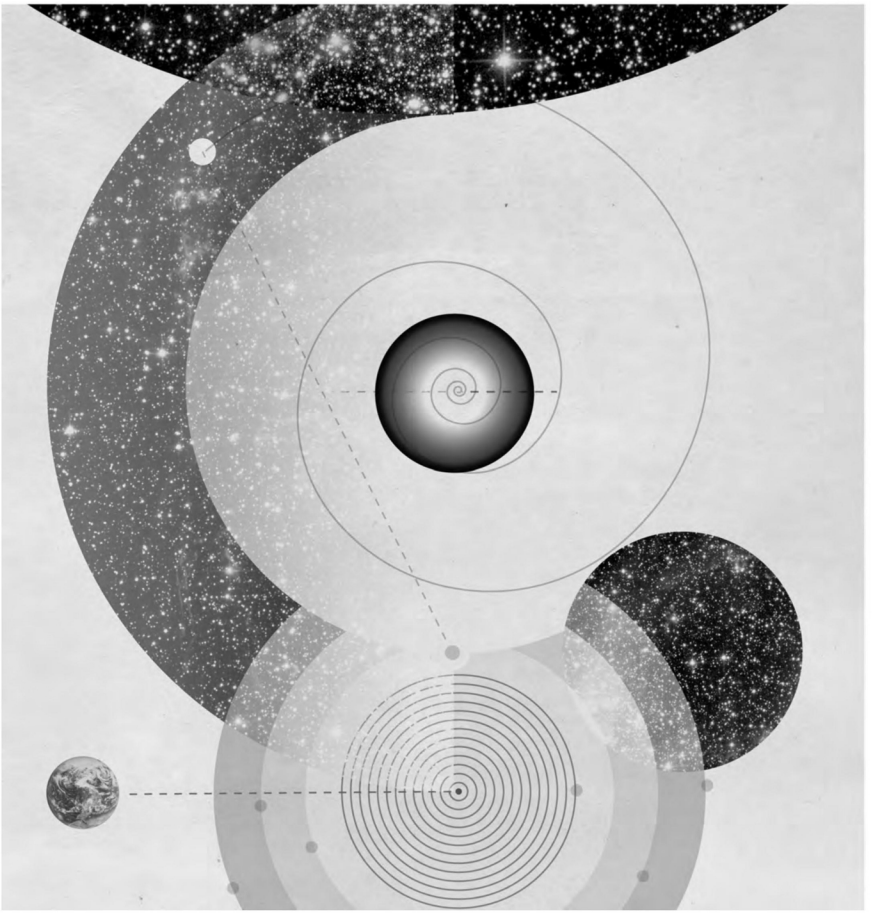

# Roadmap to Alpha Centauri

*Pick your favorite travel mode—big, small, light, dark, or twisted*

BY GEORGE MUSSER

EVER SINCE THE DAWN of the space age, a quixotic subculture of physicists, engineers, and science-fiction writers have devoted their lunch hours and weekends to drawing up plans for starships, propelled by the imperative for humans to crawl out of our Earthly cradle. For most of that time, they focused on the physics. Can we really fly to the stars? Many initially didn't think so, but now we know it's possible. Today, the question is: *Will* we?

Truth is, we already *are* flying to the stars, without really meaning to. The twin Voyager space probes launched in 1977 have endured long past their original goal of touring the outer planets and have reached the boundaries of the sun's realm. Voyager 1 is 124 astronomical units (AU) away from the sun—that is, 124 times farther out than Earth—and clocking 3.6 AU per year. Whether it has already exited the solar system depends on your definition of "solar system," but it is certainly way beyond the planets. Its instruments have witnessed the energetic particles and magnetic fields of the sun give way to those of interstellar space—finding, among other things, what Ralph McNutt, a Voyager team member and planetary scientist, describes as "weird plasma structures" begging to be explored. The mysteries encountered by the Voyagers compel scientists to embark on follow-up missions that venture even deeper into the cosmic woods—out to 200 AU and beyond. But what kind of spacecraft can get us there?

## Going Small: Ion Drives

NASA's Dawn probe to the asteroid belt has demonstrated one leading propulsion system: the ion drive. An ion drive is like a gun that fires atoms rather than bullets; the ship moves forward on the recoil. The system includes a tank of propellant, typically xenon, and a power source, such as solar panels or plutonium batteries. The engine first strips propellant atoms of their outermost electrons, giving them a positive electric charge. Then, on the principle that opposites attract,

ILLUSTRATION BY CHAD HAGEN



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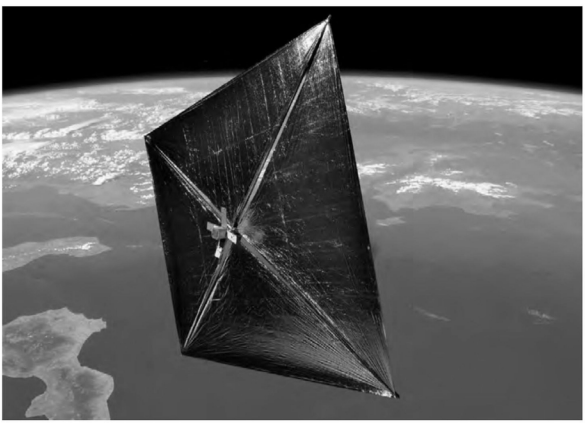

a negatively charged grid draws the atoms toward the back of the ship. They overshoot the grid and stream off into space at speeds 10 times faster than chemical rocket exhaust (and 100 times faster than a bullet). For a post-Voyager probe, ion engines would fire for 15 years or so and hurl the craft to several times the Voyagers' speed, so that it could reach a couple of hundred AU before the people who built it died.

Star flight enthusiasts are also pondering ion drives for a truly interstellar mission, aiming for Alpha Centauri, the nearest star system some 300,000 AU away. Icarus Interstellar, a nonprofit foundation with a mission to achieve interstellar travel by the end of the century, has dreamed up Project Tin Tin—a tiny probe weighing less than 10 kilograms, equipped with a miniaturized high-performance ion drive. The trip would still take tens of thousands of years, but the group sees Tin Tin less as a realistic science mission than as a technology demonstration.

## Going Light: Solar Sails

A solar sail, such as the one used by the Japanese IKAROS probe to Venus, does away with propellant and engines altogether. It exploits the physics of light. Like anything else in motion, a light wave has momentum and pushes on whatever surface it strikes. The force is feeble, but becomes noticeable if you have a large enough surface, a low mass, and a lot of time. Sunlight can accelerate a large sheet of lightweight material, such as Kapton, to an impressive speed. To reach the velocity needed to escape the solar system, the craft would first swoop toward the sun, as close as it dared—inside the orbit of Mercury—to fill its sails with lusty sunlight.

Such sail craft could conceivably make the crossing to Alpha Centauri in a thousand years. Sails are limited in speed by how close they can get to the sun, which, in turn, is limited by the sail material's durability. Gregory Matloff, a City University of New York professor and longtime interstellar travel proponent, says the most promising potential material is graphene—ultrathin layers of carbon graphite.

A laser or microwave beam could provide an even more muscular push. In the mid-1980s, the doyen of interstellar travel, Robert Forward, suggested piggybacking on an idea popular at the time: solar-power satellites, which would collect solar energy in orbit and beam it down to Earth by means of microwaves. Before commencing operation, an orbital power station could pivot and beam its power up rather than down. A 10-gigawatt station could accelerate an ultralight sail—a mere 16 grams—to one-fifth the speed of light within a week. Two decades later, we'd start seeing live video from Alpha Centauri.

This "Starwisp" scheme has its dubious features—it would require an enormous lens, and the sail is so fragile that the beam would be as likely to fry it as to push it—but it showed that we could reach the stars within a human lifetime.



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## Going Big: Nuclear Rockets

Sails may be able to whisk tiny probes to the stars, but they can't handle a human mission; you'd need a microwave beam consuming thousands of times more power than the entire world currently generates. The best-developed scheme for human space travel is nuclear pulse propulsion, which the government-funded Project Orion worked on during the 1950s and '60s.

When you first hear about it, the scheme sounds unhinged. Load your starship with 300,000 nuclear bombs, detonate one every three seconds, and ride the blast waves. Though extreme, it works on the same basic principle as any other rocket—namely, recoil. Instead of shooting atoms out the back of the rocket, the nuclear-pulse system shoots blobs of plasma, such as fireballs of tungsten.

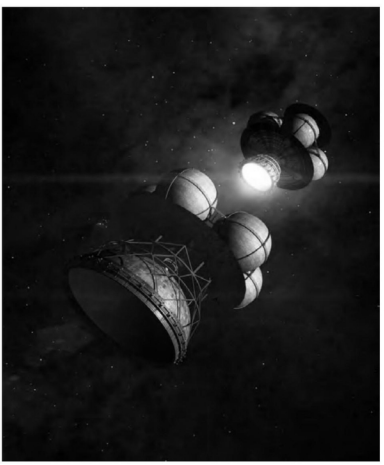

You pack a plug of tungsten along with a nuclear weapon into a metal capsule, fire the capsule out the back of the ship, and set it off a short distance away. In the vacuum of space, the explosion does less damage than you might expect. Vaporized tungsten hurtles toward the ship, rebounds off a thick metal plate at the ship's rear, and shoots into space, while the ship recoils, thereby moving forward. Giant shock absorbers lessen the jolt on the crew quarters. Passengers playing 3-D chess, or doing whatever else interstellar passengers do, would feel rhythmic thuds like kids jumping rope in the apartment upstairs.

The ship might reach a tenth the speed of light. If for some reason—solar explosion, alien invasion—we really had to get off the planet fast and we didn't care about nuking the launch pad, this would be the way to go. We already have everything we need for it. "Today the closest technology we have would be nuclear pulse," Matloff says. If anything, most people would be happy to load up all our nukes on a ship and be rid of them.

Ideally, the bomb blasts would be replaced with controlled nuclear fusion reactions. That was the approach suggested by Project Daedalus, a '70s-era effort to design a fully equipped robotic interstellar vessel. The biggest problem was that for every ton of payload, the ship would have to carry 100 tons of fuel. Such a behemoth would be the size of a battleship, with a length of 200 meters and a mass of 50,000 tons.

"It was just a huge, monstrous machine," says Kelvin Long, an English aerospace engineer and co-founder of Project Icarus, a modern effort to update the design. "But what's happened since then, of course, is microelectronics, miniaturization of technology, nanotechnology. All these developments have led to a rethinking. Do you really need these massive structures?" He says Project Icarus planned to unveil the new design in London in October 2013.

Interstellar designers have come up with all sorts of ways to shrink the fuel tank. For instance, the ship could use electric or magnetic fields to scoop up hydrogen gas from interstellar space. The hydrogen would then be fed into a fusion reactor. The faster the ship were to go, the faster it would scoop—a virtuous cycle that, if maintained, would propel the ship to nearly the speed of light. Unfortunately, the scooping system would also produce drag forces, slowing the ship, and the headwind of particles would cook the crew with radiation. Also, pure-hydrogen fusion is inefficient. A fusion-powered ship probably couldn't avoid hauling some fuel from



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## Going Dark: Scavenging Exotic Matter

Instead of scavenging hydrogen gas, Jia Liu, a physics graduate student at New York University, has proposed foraging for dark matter, the invisible exotic material that astronomers think makes up the bulk of the galaxy. Particle physicists hypothesize that dark matter consists of a type of particle called the neutralino, which has a useful property: When two neutralinos collide, they annihilate each other in a blaze of gamma rays. Such reactions could drive a ship forward. Like the hydrogen scooper, a dark-matter ship could approach the speed of light. The problem, though, is that dark matter is dark—meaning it doesn't respond to electromagnetic forces. Physicists know of no way to collect it, let alone channel it to produce rocket thrust.

If engineers somehow overcame these problems and built a near-light-speed ship, not just Alpha Centauri but the entire galaxy would come within range. In the 1960s astronomer Carl Sagan calculated that, if you could attain a modest rate of acceleration—about the same rate a sports car uses—and maintain it long enough, you'd get so close to the speed of light that you'd cross the galaxy in just a couple of decades of shipboard time. As a bonus, that rate would provide a comfortable level of artificial gravity.

On the downside, hundreds of thousands of years would pass on Earth in the meantime. By the time you got back, your entire civilization might have gone ape. From one perspective, though, this is a good thing. The tricks relativity plays with time would solve the eternal problem of too-slow computers. If you want to do some eons-long calculation, go off and explore some distant star system and the result will be ready for you when you return. The starship crews of the future may not be voyaging for survival, glory, or conquest. They may be solving puzzles.

## Going Warp: Bending Time and Space

With a ship moving at a tenth the speed of light, humans could migrate to the nearest stars within a lifetime, but crossing the galaxy would remain a journey of a million years, and each star system would still be mostly isolated. To create a galactic version of the global village, bound together by planes and phones, you'd need to travel faster than light.

Contrary to popular belief, Einstein's theory of relativity does not rule that out completely. According to the theory, space and time are elastic; what we perceive as the force of gravity is in fact the warping of space and time. In principle, you could warp space so severely that you'd shorten the distance you want to cross, like folding a rug to bring the two sides closer together. If so, you could cross any distance instantaneously. You wouldn't even notice the acceleration, because the field would zero out g-forces inside the ship. The view from the ship windows would be stunning. Stars would change in color and shift toward the axis of motion.

It seems almost mean-spirited to point out how far beyond our current technology this idea is. Warp drive would require a type of material that exerts a gravitational push rather than a gravitational pull. Such material contains a negative amount of energy—literally less than nothing, as if you had a mass of –50 kilograms. Physicists, inventive types that they are, have imagined ways to create such energy, but even they throw up their hands at the amount of negative energy a starship would need: a few stars' worth. What is more, the ship would be impossible to steer, since control signals, which are restricted to the speed of light, wouldn't be fast enough to get from the ship's bridge to the propulsion system located on the vessel's perimeter. (Equipment within the ship, however, would function just fi

When it comes to starships, it's best not to get hung up on details. By the time humanity gets to the point it might actually build one, our very notions of travel may well have changed. "Do we need to send full humans?" asks Long. "Maybe we just need to send embryos, or maybe in the future, you could completely download yourself into a computer, and you can remanufacture yourself at the other end through something similar to 3-D printing." Today, a starship seems like the height of futuristic thinking. Future generations might fi it quaint.

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george musser is a writer on physics and cosmology and author of *The Complete Idiot's Guide To String Theory* (Alpha, 2008). He was a senior editor at *Scientific American* for 14 years and has won honors such as the American Institute of Physics Science Writing Award.



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# *Chemistry & Fuels*

The matter in our world is recycled. The pair of articles here explores how elements and atoms wend their way through space and time. Students will explore how chemical reactions usher elements through their journeys. *You Are Made of Waste* illustrates, in five short vignettes, the lives of the elements that make up our teeth, fi breath, hair, and blood. *Frack 'er Up* is an in-depth look at the botched promise of biofuel—energy from cars made from renewable plant growth.

In the "curriculum" section of the teacher's notes, you will find information on how these pieces can help fulfill requirements of the Next Generation Science Standards. Specifically, they make for entry points to—or a means of reinforcing—lessons on photosynthesis, chemical reactions, valence electrons, and energy. But more than that, these lessons will connect to the students' daily lives, and spark discussion.

## Lesson Plan:

Ask students to read one or both of the articles for homework. Briefly introduce or review the vocabulary words in class. Assign all or a selection of the reading comprehension questions for the students to complete along with the reading, and ask them to come up with one question for further discussion. (Note that a couple of the questions for each article are redundant.)

Start class with students raising any technical questions they might have about the readings. Ask them to contribute their discussion questions, and write these on the board, along with the questions provided in the teacher's notes. Ask the students to break into small groups; assign each group to address a question, and briefly present to the class for further discussion. 30-45 MIN

In the following class time (or another class) have the students complete one or more of the activities in the teacher's notes in small groups. 30 MIN

## Teacher's Notes: You Are Made of Waste

### VOCAB WORDS

***Mass:*** a physical property that describes an object's resistance to force. The mass of an object can be used to calculate its weight: (mass) x (gravitational force) = weight.

***Carbon:*** an element found in stars, planets, comets, as well as in all known living things.

***Radioactive decay***: the process by which a nucleus ejects alpha particles, particles of ionizing radiation. A nucleus that does this is considered "unstable;" a substance that contains unstable nuclei is considered "radioactive." This process usually only occurs in atoms heavier than iron.



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***Fusion***: when two or more nuclei collide, fusing to make a new nucleus and releasing energy. This process usually only occurs in atoms lighter than iron.

***Chemical bond***: an attraction between two or more atoms that allows them to form a substance of definite chemical composition. Breaking these bonds requires energy.

***Petroleum***: a "fossil fuel" that forms when organisms are crushed under rock and subjected to lots of pressure, and lots of time. Like the organisms it's made of, petroleum consists largely of carbon.

### READING COMPREHENSION

1. "Each of those waste molecules is a carbon atom borne on two atomic wings of oxygen." Write out the chemical equation for the molecule described here.
2. "Organic" is used in two different ways in this piece. What are the two different definitions?
3. What does it mean for a chemical to be "highly reactive?" Identify oxygen's location on the periodic table, the group of atoms that it belongs to, and why they are considered "highly reactive."
4. Which elements on the periodic table are the least reactive?
5. "Fossil-based carbon dioxide molecules that are not soaked up by oceans or stranded in the upper atmosphere are eventually captured by plants, shorn of their oxygen wings, and woven into botanical sugars and starches." What is the process described here? (Hint: it is mentioned by name later in the piece.) Write down the equation for this reaction.

### DISCUSSION QUESTIONS

1. "Chemophobia" is the fear of chemicals. What are some chemophobic practices or products that we engage with? Are there good reasons to be afraid of chemicals?
2. How does the story change the way you see yourself? Others?

### ACTIVITIES

1. Pick an element not discussed in this article. Where else is it found? Where did it come from?
2. Draw a map or annotated illustration of all the places carbon goes in this article. Use outside research to complete a full picture of the carbon cycle.

### ADDITIONAL MULTIMEDIA

1. ***Whose air do you share?***
   (It's OK To Be Smart, PBS) 3 MIN 30 SEC
   A video that explains how we breathe recycled air—including molecules of air exhaled by Einstein himself:
   https://www.youtube.com/watch?v=BybkIJysAKc
2. ***We Are Star Stuff segment***
   (Carl Sagan's Cosmos) 8 MIN
   Carl Sagan explains how the elements of life were born in stars, evolved into simple organisms, then into us: intelligent creatures, capable of exploring the stars we came from:
   https://www.youtube.com/watch?v=iE9dEAx5Sgw
3. ***The Microbes We're Made Of***
   (Smithsonian.com) 2 MIN 30 SEC
   We're not just made of waste. We're made of trillions of other organisms. This video provides a quick exploration of the microbiome crucial to keeping our bodies working, and what we're doing to kill them:
   http://www.smithsonianmag.com/videos/category/3play_1/the-microbes-were-made-of/?no-ist

### WHERE THIS FITS IN THE CURRICULUM

***Chemical Reactions*** *(HS-PS1-2)* Construct and revise an explanation for the outcome of a simple chemical reaction based on the outermost electron states of atoms, trends in the periodic table, and knowledge of chemical properties.



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***Matter and its interactions*** *(HS-PS1-1)* Use the periodic table as a model to predict the relative properties of elements based on the patterns of electrons in the outermost energy level of atoms.

***From molecules to organisms: structure and processes*** *(HS-LS1-6)* Construct and revise an explanation based on evidence for how carbon, hydrogen, and oxygen from sugar molecules may combine with other elements to form amino acids and/or other large carbon-based molecules.

***Ecosystems: Interactions, energy and dynamics*** *(HS-LS-3)* Construct and revise an explanation based on evidence for the cycling of matter and flow of energy in aerobic and anaerobic conditions.

## Teacher's Notes: Frack 'er Up

### VOCAB WORDS

***Ethanol***: also found in beer and wine, it is a kind of biofuel that is sometimes added to gasoline for use in automobiles. Ethanol can be made from corn, potatoes, or green plants. Its chemical formula is $CH_3CH_2OH$.

***Biofuel***: a fuel made from plants or other organisms, in recent time.

***Biomass***: material from recently living organisms.

***Organic compound***: a molecule containing carbon.

***Hydrocarbon***: Made of just hydrogen and carbon, these are the simplest kind of organic compound.

***Octane***: a highly flammable hydrocarbon, and component of gasoline. Its chemical formula is $C_8H_{18}$.

***Catalyst***: a component of a chemical reaction that helps facilitate the reaction, but is not used up.

### READING COMPREHENSION

1. "Plant biomass absorbs carbon dioxide as it grows." What is the name of the process by which plants do this? Look up and write down the chemical reaction.
2. A polymer is a chain of molecules. Identify a kind of polymer in the story, and the monomer that composes it.
3. Plants need carbon dioxide for photosynthesis. What are some of the sources for this carbon dioxide?

### DISCUSSION QUESTIONS

1. Why is it advantageous for companies to be green?
2. Would you pay more for gas—or any other product, say a shirt—from a "green" company? What if some of that company's practices were just as questionable as those of "dark" companies?
3. How would the world change if gasoline could be made cheaply from natural gas? Should we consider this technology to be progress given that natural gas has it's own environmental consequences.

### ACTIVITIES

1. Have students construct a timeline of fuel. Ask them to include dates mentioned from the story, and to research and add other relevant information: like the moment in history when organisms die, the life cycle of a tree that contributed the author's container of Primus fuel.
2. Draw a map or annotated illustration of all the places carbon goes in this article. Use outside research to complete a full picture of the carbon cycle.
3. Write a 30-second ad convincing car drivers to pay a premium for green gasoline like Primus'. Include "fine print"—side effects, or caveats—as you see necessary.

### ADDITIONAL MULTIMEDIA

1. ***Algae*** (The Guardian)
An interactive slide show that illustrates how biofuels are made out of algae:



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http://www.theguardian.com/environment/interactive/2008/jun/26/algae
https://www.youtube.com/watch?v=BybkIJysAKc

2. ***Bioprospecting*** (TED-Ed) 4 MIN
An animated video introducing the concept of biofuels, and how they could help reduce reliance on our planet's limited supply of fossil fuels:
http://ed.ted.com/lessons/biofuels-and-bio-prospecting-for-beginners-craig-a-kohn

3. ***The Microbes We're Made Of*** (Smithsonian.com) 2 MIN 30 SEC
We're not just made of waste. We're made of trillions of other organisms. This video provides a quick exploration of the microbiome crucial to keeping our bodies working, and what we're doing to kill them:
http://www.smithsonianmag.com/videos/category/3play_1/the-microbes-were-made-of/?no-ist

**WHERE THIS FITS IN THE CURRICULUM**

***Matter and energy in organisms and ecosystems*** *(HS-LS1-5)* Use a model to illustrate how photosynthesis transforms light energy into stored chemical energy.

***History of the Earth*** *(HS-ESS1-6)* Apply scientific reasoning and evidence from ancient Earth materials, meteorites, and other planetary surfaces to construct an account of Earth's formation and early history.

***Chemical reactions*** *(HS-PS1-2)* Construct and revise an explanation for the outcomes of simple chemical reactions based on the outermost electron state of atoms, trends in the periodic table, and knowledge of the patterns of chemical properties.

***Ecosystems: Interactions, energy and dynamics*** *(HS-LS-3)* Construct and revise an explanation based on evidence for the cycling of matter and flow of energy in aerobic and anaerobic conditions.



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# You Are Made of Waste

*Searching for the ultimate example of recycling? Look in the mirror*

BY CURT STAGER

**YOU MAY THINK OF YOURSELF** as a highly refined and sophisticated creature—and you are. But you are also full of discarded, rejected, and recycled atomic elements. Don't worry, though—so is almost everyone and everything else.

## Carbon: Your inky nails

Look at one of your fingernails. Carbon makes up half of its mass, and roughly 1 in 8 of those carbon atoms recently emerged from a chimney or a tailpipe. Coal-fired power plants, petroleum-guzzling cars, and kitchen gas stoves release carbon dioxide into the atmosphere. Each of those waste molecules is a carbon atom borne on two atomic wings of oxygen. Fossil-based carbon dioxide molecules that are not soaked up by the oceans or stranded in the upper atmosphere are eventually captured by plants, shorn of their oxygen wings, and woven into botanical sugars and starches. Eventually, some of them end up in bread, sweets, and vegetables, while others help form carbon-rich animal tissues, finding their way into meat and dairy products. Historically, atmospheric carbon dioxide was mainly replenished by volcanoes, forest fires, and biotic respiration. Today, one quarter of atmospheric $CO_2$ is the result of fossil fuel combustion, whether it rose from smokestacks or was displaced from the oceans. (When fossil-fuel $CO_2$ dissolves into ocean water, it displaces already-dissolved carbon dioxide derived from natural sources.) And because all of the carbon in your body derives from ingested organic matter, which in turn obtains it from the atmosphere, your fingernails and the rest of the organic matter in your body are built, in part, from emissions.

ILLUSTRATIONS BY YUKO SHIMIZU



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## Radioactive Carbon-14: Your pearly whites

When you smile, the gleam of your teeth obscures a slight glow from radioactive waste. During the late 1950s and early 1960s, atmospheric testing of thermonuclear weapons scattered so much radioactive carbon-14 into the atmosphere that it contaminated virtually every ecosystem and human. Several thousand unstable radiocarbon atoms explode within and among your cells every second as their unstable nuclei undergo spontaneous radioactive decay. Some are the natural products of cosmic rays that can turn atmospheric nitrogen into carbon-14, while others result from the decay of unstable mineral elements that are found in soil. But many of them represent the echoes of thermonuclear airbursts from the Cold War, finding their way into our water supply and meals. If they happen to disintegrate within your DNA, they can damage your genes. And many of them are bound up in your teeth. Unlike most of the atoms in your body, those embedded in your strong, stable tooth enamel have been with you ever since you ingested them through your umbilical cord and your infant feeding. If you were born during the early 1960s, you have more nuclear waste in your teeth than if you were born later, when soils and oceans had had time to bury radioactive atoms. In fact, forensic scientists use the proportion of bomb carbon in tooth enamel to determine the age of unidentified human remains.



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## Oxygen: Your leafy breath

The oxygen in your lungs and bloodstream is a highly reactive waste product generated by vegetation and microbes. Trees, herbs, algae, and blue-green bacteria split oxygen atoms out of water molecules during photosynthesis. They use most of the resultant gas for their own purposes, but thankfully some leaks out to sustain you. In fact it makes up about a fifth of the air you breathe. Your cells harness oxygen to release energy from chemical bonds in the food you consume. Oxygen absorbs electrons released by broken food molecules, which attract hydrogen ions, resulting in a molecular waste of your own making: metabolic water, which comprises one tenth of your body fluids. An average adult carries between 8 and 10 pounds of homemade wastewater within them, and 1 in 10 of your tears are the metabolic by-products of your breathing and eating.

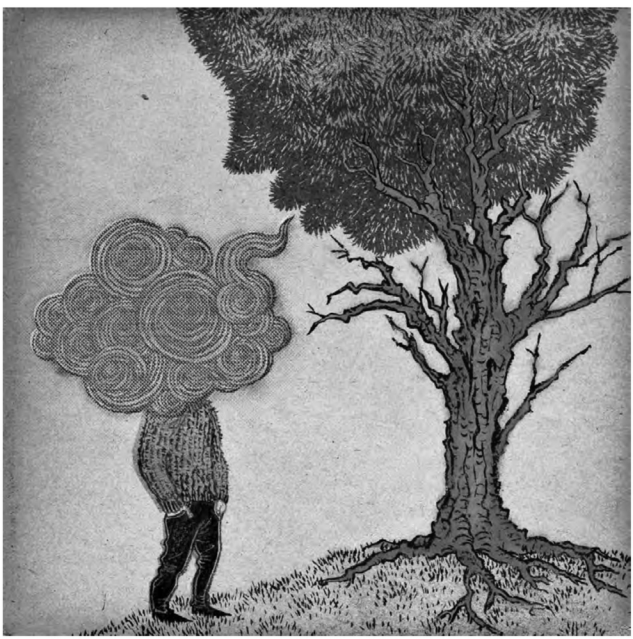

## Nitrogen: Your natural curls

The next time you brush your hair, think of the nitrogenous waste that helped create it. All of your proteins, including hair keratin, contain formerly airborne nitrogen atoms. But the nitrogen in air is biologically inert. For nitrogen to become a component of your hair, it has to be converted into a more accessible form. Nitrogen-fixing bacteria is one way that can happen. They live among the roots of beans, peas, and other legumes, consuming atmospheric nitrogen and releasing it as ammonia, a kind of microbial manure that fertilizes soil in which plants grow. When you eat a plant, you consume formerly atmospheric nitrogen. Every flash of lightning and every automotive spark plug emits a puff of nitrogen oxide, which can dissolve into raindrops and fall to earth as a form of fertilizer, again finding its way into food webs through plants. But most of the nitrogen in modern foods comes from urea and ammonium nitrate fertilizers artificially fixed by industrial processes. In ages past, the nitrogen in human hair came mainly from bacterial waste and lightning. But today, unless you eat a strictly organic diet, you run your hairbrush through nitrogenous frameworks that are mostly of human origin.

## Iron: Your ancient blood

When you cut yourself, the wreckage of stars spills out. Every atom of iron in your blood, which helps your heart shuttle oxygen from your lungs to your cells, once helped destroy a massive star. The fierce nuclear fusion reactions that set stars ablaze create the atomic elements of life. As the star ages, it fuses progressively larger elements, such as silicon, sulfur, and calcium. Eventually, iron atoms are fused. The problem is that iron fusion consumes as much energy as it produces, so it weakens the star. If the star is big enough, it will collapse in on itself, its outer layers rebounding against the dense inner core, and a supernova explosion will result. The blast sprays out iron at supersonic speeds, filling great swathes of space with debris that can form new solar systems. The iron in your frying pan, house keys, and blood is essentially cosmic shrapnel from the tremendous explosions that ripped through our galaxy billions of years ago. The same blasts also released carbon, nitrogen, oxygen, and other elements of life, which later produced the sun, the Earth, and eventually—you.

curt stager is an ecologist and climate scientist at Paul Smith's College. He is the author of *Deep Future: The Next 100,000 Years of Life On Earth*, and also co-hosts a weekly science program on North Country Public Radio.



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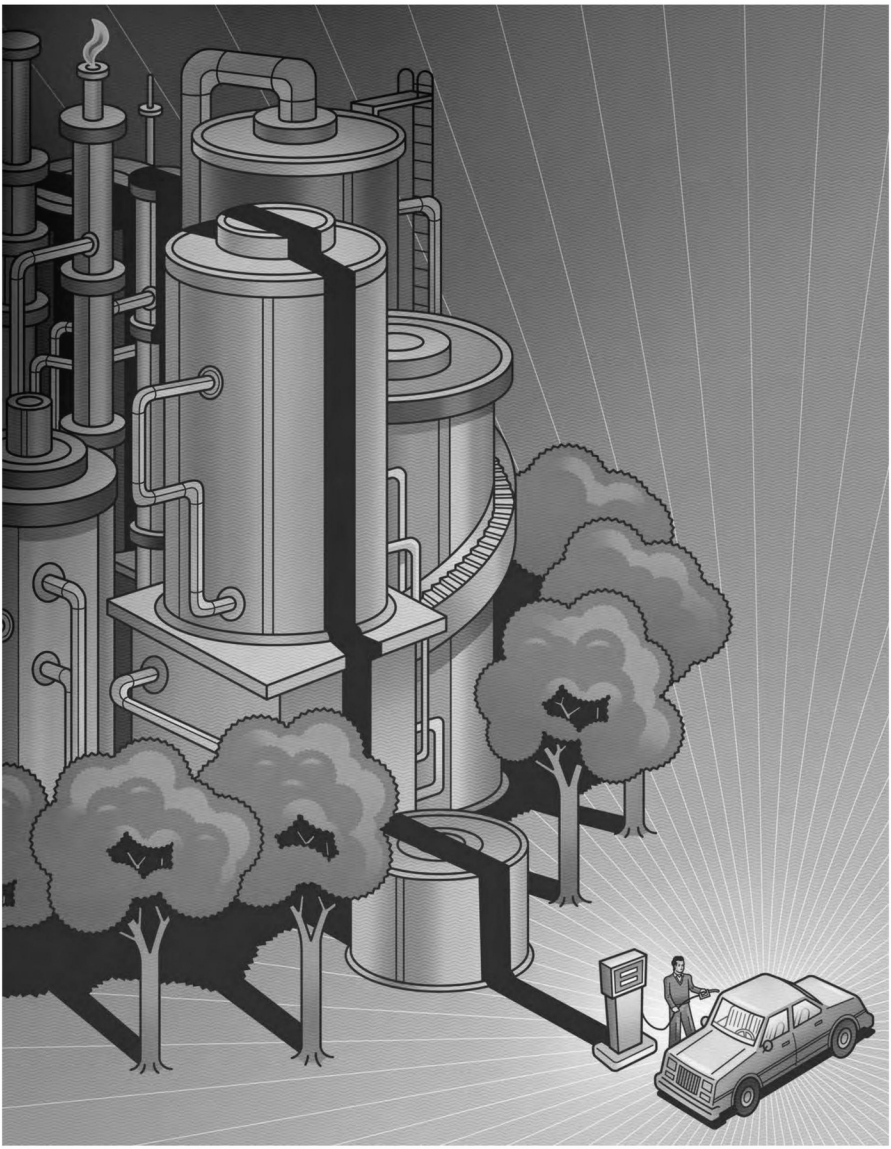

# Frack 'er Up

*Natural gas is shaking up the search for green gasoline*

BY DAVID BIELLO

I AM SPEEDING DOWN New Jersey's highways, propelled by gasoline with a dash of ethanol, an alcoholic biofuel brewed from stewed corn kernels. As I drive through the outskirts of the township of Hillsborough, in the center of the state, I see that spring has brought with it a bounty of similar "biomass," as the fuel industry likes to call plants. Trees line the road and fresh-cut grass covers the sidewalks as I pull into the business park that is home to Primus Green Energy—a company that has been touting a technology to transform such biomass into a green and renewable form of gasoline.

But there's a hitch. The boom in hydraulic fracturing, or "fracking," a technique in which horizontal drilling and high-pressure jets of water are deployed to release gas trapped in sedimentary shale rock, has made natural gas cheap and plentiful. That's not bad for Primus, whose technology can make gasoline from natural gas, biomass, or even low-grade coal, such as lignite or peat. This versatility makes Primus a potential part of what has been called the "olive economy"—companies that are neither bright green nor darkest black, but combine environmentally-friendlier technologies with older and dirtier ones in order to compete. In fact, Primus may become a leader in advancing this kind of technology. "We can be as dark as you want or as green as you want," says geologist, serial entrepreneur, and Primus salesman George Boyajian.

In July, President Barack Obama gave a major speech on climate change that described natural gas as a "transition fuel" towards the "even cleaner energy economy of the future." But Primus's trajectory raises the question of whether natural gas is a boost on the road to a genuinely green fuel, or if it is prolonging our addiction to dirty modes of transport, and taking us on a detour from a low-carbon path.

At the Primus headquarters, I first meet Primus's chief chemist Howard Fang in front of a prototype of a Primus conversion machine. Fang, who joined the company for what he calls his "semi-retirement," is

ILLUSTRATION BY PETER & MARIA HOEY



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avuncular and black-haired. His interests are broad: He spends his spare time writing and reading history, and has authored books on conflict in the Middle East and the role of Christian missionaries in China.

A lifetime in fuels chemistry left Fang with one burning question: "What is the real solution to the energy crisis?" His career at oil companies BP and ExxonMobil, and engine manufacturer Cummins, spanned not just one but two major energy upheavals—the oil crisis of the 1970s and then its sequel in the first decade of the 21st century, which is arguably still ongoing. These experiences impressed on Fang the importance of securing the fuel supply in such a way as to avoid despoiling the environment. The solution, says the bespectacled chemist, is "nature-sourced biomass or natural gas converted effectively to gas or diesel."

Primus's original idea was simple: take scrap wood or other biomass, turn it into pellets, and apply pressure and heat (700 degrees Celsius or more) to break it down into hydrogen and carbon monoxide. Then build this composite "syngas," shorthand for "synthetic gas," back up into whatever hydrocarbon product is desired—the molecules of eight carbon and 18 hydrogen atoms known as iso-octane that are a measure of the quality of conventional gasoline, or the longer chains of similar hydrocarbons that comprise diesel or jet fuel. Because plant biomass absorbs carbon dioxide as it grows, the emissions produced by burning the biofuel should balance out overall—every molecule of CO2 emitted when the fuel is burned was previously absorbed by the plant that made the fuel.

The story of the search for such green fuel is littered with disappointments, however. Major companies brew ethanol in large quantities in the United States. It is routinely added to gasoline (at levels of around 10 percent, on its way to 15 percent) as a way to improve combustion, reduce pollution, and support industrial corn farmers. But most ethanol is still made from the edible kernels of corn plants, instead of the inedible cellulose that was promised in the heady days of the mid-2000s, when Congress passed a spate of laws promoting biofuel production. Since 1978, the ethanol industry has enjoyed subsidies and tax credits to the order of 40 cents per gallon, and now produces an annual dead zone at the mouth of the Mississippi River each summer as a result of fertilizer washing off the endless cornfields of the Midwest. But ethanol is unlikely to ever fully replace conventional fossil fuels, since it is more difficult to transport, produces a fraction of the energy of oil, and would require engines to be refitted or replaced on a massive scale.

Hence the interest in "drop-in" biofuels as a substitute for conventional fuels in existing cars, planes, and trucks. The problem is not one of infrastructure, but chemistry: Companies must find a way to economically imitate and fast-track a process for which time and geology have done most of the work in conventional fossil fuels. The energy in these fuels is the pent-up power of ancient sunlight, which billions of photosynthetic microorganisms soaked up before dying, fossilizing, and turning into the hydrocarbon-rich stew we know as petroleum, and from which we refine gas, diesel, and jet fuel, among other products. In theory, then, it should be possible to turn the carbohydrates and other chemicals that store energy for today's living things into the hydrocarbons we rely on for transportation.

Potential routes to such "green crude" include algae, other photosynthetic organisms, and specialty microbes engineered to spit out hydrocarbons. Biofuel company Solazyme has a contract to supply United Airlines with 20 million gallons of algal jet fuel, and teamed up with a green fuel-station network to offer biodiesel in a test run in San Francisco's Bay Area. But it takes a lot of water—and a lot of energy to move that water around—in order to grow algae in large quantities, and tailor-making microbes is expensive at its current scale. As a result, companies are diversifying. Algal fuel producer Sapphire Energy is now focusing on isolating the genetic traits in the ancestors of all plants that might be usefully incorporated into other crops. Solazyme is making oils and specialty fats to sell at high margins to cosmetics and food companies, as is would-be microbial fuel-maker Amyris. The industry for "advanced biofuels is literally in its infancy," concedes Jonathan Wolfson, Solazyme CEO.

The allure of Primus's technology is its promise to harness waste wood and other inedible biomass that would otherwise be thrown into landfills, and turn it into a renewable source of gasoline. Its "syngas to gasoline plus" process consists, essentially, of four



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# "We can be as dark as you want or as green as you want," says Boyajian.

chemical reactors. One turns the syngas into methanol. The next makes methanol into a molecule known as dimethyl ether, or DME in chemist-speak. In the third reactor, catalysts known as zeolites knit DME into gasoline, in the most expensive and energy-intensive part of the process. The fourth reactor eliminates some of the unwanted byproducts that cause the resulting fuel to congeal at low temperatures.

The key is the zeolites, porous minerals made up of aluminum, silicon, and oxygen that allow the desired chemical reactions to take place. Both Primus and a conventional oil refinery employ zeolites to manipulate hydrocarbons. At an oil refinery, these catalysts help crack and sort hydrocarbons broken down from crude oil. At Primus, heat and pressure allow zeolites to build gasoline hydrocarbons from the smaller molecules of syngas. Such "catalysts are a bit of a dark art," says Boyajian. He spars with Fang over whether or not the company will one day make their own. Fang does not accept Boyajian's need for secrecy, and would be more than happy to reveal all those dark arts—a prospect that makes the affable Boyajian nervous and tight-lipped. For now, the fledgling company buys the necessary catalysts off the shelf and must sign agreements not to examine these zeolites too closely.

Using different catalysts in the reactors, Fang notes, the company could spit out diesel or jet fuel instead of gasoline. And for every 100 kilograms of syngas, he says, Primus can make 30 kilograms of gasoline or more, using a continuous looping system within the machine that eliminates the need for wasting energy to convert gases to liquids along the way. Little red containers of Fang-made gasoline record its characteristics, scrawled on masking tape affixed to the sides: low vapor pressure, a higher-than-average octane content of around 93, and a favorable absence of sulfur or benzene. Oil prices have been rising over the last month, and are currently at more than $100 per barrel; the company estimates that its gasoline costs as little as that derived from oil at $65 per barrel—and could



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cost as little as $2 per gallon, or about half the price gas currently goes for at local pumps, to produce at a full-sized facility, even though such an industrial plant would require a lot of capital to build.

However, the machine Fang shows me is not running on the biomass that Fang originally tested: wood chips, switchgrass, canary grass, miscanthus. Instead, it churns through natural gas, turning methane into syngas. Making long hydrocarbons from the single carbon in methane molecules is "very easy," he assures me. But "natural gas is not true green," he concedes. "There is no benefit in [the reduction of] greenhouse gases. Biomass is still true green."

Natural gas from the fracking boom has revolutionized the global energy landscape—particularly in the United States, the world's biggest producer of shale gas. But it is also controversial. Gas burns cleaner, but it still produces around half the greenhouse emissions of its dirtier cousins like coal, not including the excess methane that leaks from fracking sites and the pipelines that transport the gas. Fracked gas can also contaminate groundwater supplies. And while in 2012 it brought America's carbon footprint down to its lowest level in 20 years, relying on it in the long-term will make it hard to eliminate greenhouse gas emissions, as is required to combat climate change.

As the price of natural gas slid in response to the glut of shale gas, Primus changed gears in mid-2012 to move away from biomass and to focus on making syngas from natural gas. This is not a new idea: ExxonMobil built a plant in New Zealand in 1986 to turn natural gas into methanol and then gasoline, but abandoned its efforts when the price of petroleum dropped dramatically in the mid 1990s. Now, though, natural gas is cheap and attractive. Boyajian has a map of all the shale formations in North America tacked to the wall of his office. "The world is full of shale," he notes.

An earlier version of Primus' machine, tuned to process biomass, sits swathed in silvery insulating tape in a locked and darkened lab. "Right now it is abandoned," Fang says. The company insists that the statement doesn't apply to Primus's biomass efforts more generally. "This is the way to get to biofuels," says Primus CEO Robert Johnsen, of the gas to gasoline process, through a tight smile. "Will we be the ones to get there? Maybe."

*The energy in these fuels is the pent-up power of ancient sunlight, which billions of photosynthetic microorganisms soaked up before dying.*



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Will natural gas be a bridge for Primus to green fuel, or will it be too cheap and attractive to resist as a permanent substitute for biomass? For the moment, the company seems keen to squeeze what it can out of the shale gale. With the help of more than $50 million in Israeli money, Primus is building a demonstration plant the size of a house near its headquarters in New Jersey, due to open this year. The location is off the map—even Google won't guide you there, as if it were some secretive skunk works facility, which is how the company likes to think of it. The plant will take natural gas from the local utility, run it through its proprietary set of chemical reactions and, on the far end, out of a spigot, will come gasoline—12.7 gallons per hour at full capacity. The company's first commercial plant, due to start construction next year, will likely be located near a source of natural gas.

Scaling up the technology this way will reduce the overhead costs per unit of gasoline—that is, the cost of fabricating the reactors and buying the zeolites and feedstocks. Plus, Primus' technology may prove economical enough at a scale small to allow its plants to be distributed close to remote natural gas wells or even sources of biomass. It is no coincidence that the company based itself in verdant New Jersey, "the Garden State"; proximity to biomass is crucial for producers, because transporting heavy and unwieldy wood or corn stalks across large distances tends makes the end product too costly and undercuts the greenhouse-gas savings that are a large part of its appeal.

As I prepare to drive off, Fang carts out one of his collection of red plastic gas cans and dumps a liter or so of Primus-made, natural gas-to-gasoline fuel into my tank. A test car tooled around on it last summer, with no problems. The hope is to be able to charge a premium for the higher-octane premium product. "People pay twice as much for organic food," Boyajian says. "So why not pay more for green gasoline?" My fuel sensor can tell the difference: it registers an anomalously high miles-per-gallon number.

Fang gives me two thumbs up as I pull away, watching me drive off on his preferred solution to the energy crisis. It's unclear whether Primus will ever find the occasion to turn back towards biogasoline—and whether that's a long-term fix for the world's energy and environmental conundrum. Striving to make cleaner fuel for standard, dirty combustion engines may reinforce drivers' loyalty to today's technology. Such lock-in makes a true revolution difficult until some alternative energy source—whether battery-driven electric cars or engines modified to burn carbon-neutral, as-yet-unmade biofuels—offers the kind of convenience and low cost that justifies replacement.

At present, Primus appears set to become part of a sprawling infrastructure that reinforces the incentives to use greenhouse gas-producing, gasoline-like fuels. And for all those concentrated octanes in my tank, I still have to pull into a Shell station to fill up on conventional gasoline, blended with corn ethanol, in order to drive home.

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david biello is the Environment and Energy Editor for *Scientific American*. He is currently working on a book about the Anthropocene.



HOUSE_OVERSIGHT_015487

# Genetics & Human Health

Since DNA is often heralded as the "code of life," what clues can mutations—changes to the DNA sequence—tell us about human health and disease? The pair of articles in the Genetics and Human Health module will explore the consequences of mutations in the context of cancer treatment and rare diseases such as muscular dystrophy. *Their Giant Steps to a Cure* discusses the challenges associated with treating a rare form of muscular dystrophy. *An Unlikely Cure Signals Hope for Cancer* explores how specific mutations in a patient's cancer can be used to a patient's advantage.

## Lesson Plan

Ask students to read both of the articles for homework. Briefly introduce or review the vocabulary words in class. Assign the questions listed under "Reading Comprehension" for them to complete along with the reading and ask them to come up with one question for further discussion.

Start class by asking students if they have any questions about the readings. Ask them to contribute their discussion questions (in addition to the ones provided under Deep Thinking / Discussion questions). Have the class brainstorm and answer both discussion questions. 15 MIN.

Next, break the class up into four groups for the Suggested Activity. Assign each group to one protein that is listed in the interactive. 15 MIN.

Have each group present their thoughts to the class for further discussion. 15 MIN.

## Teacher's Notes: Their Giant Steps to a Cure, and An Unlikely Cure Signals Hope for Cancer

### VOCAB WORDS

***Muscular dystrophy:*** a genetic disease marked by progressive weakening of the muscles. Some forms of muscular dystrophy are seen in infancy or childhood.

***Orphan diseases:*** diseases that have yet to be "adopted" by the pharmaceutical industry because there are very few incentives to develop new medications to treat or prevent them. Orphan diseases can be rare or they are common diseases that have been ignored (e.g.: tuberculosis, cholera, typhoid, malaria).

***Calpainopathy:*** a rare type of muscular dystrophy characterized by symmetric and progressive weakness of proximal (limb-girdle) muscles.

***Cancer:*** A term used to describe disease in which abnormal cells divide without control and are able to invade into other tissues. Cancers are often categorized based on the organ or cell type they originate in.

***Oncologist:*** A doctor who specializes in treating patients with cancer.

***Outlier:*** An observation that deviates from a majority and can be seen to be a rare event. In the context of this piece, the outliers are patients who respond



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to therapy when the same therapy has failed other patients.

***Remission***: a decline or disappearance of signs and symptoms of cancer.

### READING COMPREHENSION

1. Why are orphan diseases underfunded?
2. How does the mutation in calpain 3 cause muscle to fail to grow?
3. What are some reasons pharmaceutical companies would want to develop drugs for orphan diseases? What are some possible reasons they would be against doing so?
4. Statistically speaking, outliers are often ignored. In this story, why is patient number 45 such an interesting case? Why is it generally important to study the outliers of response?
5. Which protein's activity is blocked by everolimus? What is the function of this particular protein?

### DISCUSSION QUESTIONS

1. In what contexts would it be desirable and undesirable to sequence your genome to see if you are at risk for a disease? What are the benefits and downsides of knowing if you are at risk for a particular disease?
2. In both pieces, mutations are responsible for causing disease. Compare and contrast the ways mutations can lead to muscular dystrophy and cancer. Are the mutations in one case hereditary? Are mutations leading to either disease caused by environmental factors? Are the mutations in either case preventable? If so, how could they be prevented?
3. How should doctors and scientists decide whether to work on a rare condition?

### ACTIVITIES

Some genes are not specific to humans, but rather, are common to myriad species. In a smaller group, you will be assigned to read about one of the proteins listed here: http://nautil.us/issue/5/fame/genes-that-won-the-fame-game

*Please answer the following questions when it is your turn to present to the class:*

1. What organisms is the gene present in? Were you surprised by the presence of the gene in any of the organisms listed? If so, why?
2. If this protein was mutated, what could the consequences look like? Could it cause a disease?
3. Research and present one other case of an outlier being useful in science or medicine.

### WHERE THIS FITS IN THE CURRICULUM

*Structure and Function (HS-LS1-1)* A cell contains genetic information in the form of DNA molecules. Genes are regions in the DNA that contain the instructions that code for the formation of proteins, which carry out most of the work of cells.

*Variation of Traits (HS-LS3-2)* Although DNA replication is tightly regulated and remarkably accurate, errors do occur and result in mutations, which are also a source of genetic variation. Mutations can, in turn, cause disease and/or affect human health. The pattern of mutations can also predict response to drugs.

*Inheritance and Variation of Traits - Environmental Factors (HS-LS3-3)* Technological advances have influenced the progress of science and science has influenced advances in technology. Technologies have evolved to sequence human genes, which can better inform doctors of their patients' health. Likewise, pharmaceutical companies have also created many drugs for the treatment of human disease.



HOUSE_OVERSIGHT_015489

# Their Giant Steps to a Cure

*Battling a rare form of muscular dystrophy, a family finds an activist leader, and hope*

BY JUDE ISABELLA

IN 2007, AT HER high school graduation in Quesnel, British Columbia, Ivana Topic stood at the top of the auditorium stairs, her long gown skimming the floor, her dark brown hair spilling over her shoulders. She had on ridiculously high heels. As she eased down the stairs, very slowly, she hung on to her date. She was afraid her knees would collapse, as her muscles were weak for her age.

From the audience, Ivana's mother, Marijana, watched her daughter's every step, silently panicking and breaking into a sweat. She knew Ivana could easily tumble down the stairs and break a limb. The year before, Ivana had been diagnosed with muscular dystrophy, an incurable genetic disease characterized by progressive weakening of the muscles. Antonia, Ivana's younger sister by five years, was later diagnosed with the same disease.

Around the time of Ivana's graduation, the Topics, an unassuming family originally from Croatia, had begun adjusting their lives as best they could, inquiring about ramps everywhere they went, avoiding walking in snow and sleet. For years, Ivana and Antonia had been subjected to endless medical tests. In 2010, they learned they had a rare form of muscular dystrophy, calpainopathy, which affects about 1 in 200,000 people. The diagnosis meant both would likely be bound to wheelchairs while they were still young women.

Today, Ivana is 24. In May, she graduated from college with a bachelor's degree in finance and general business. She still walks up stairs in her house; her bedroom is upstairs. "I'm definitely a fighter, and will try and walk for as long as I can," she says. "When I notice I'm falling a lot, when I need help a lot, I will go in a chair."

Muscular dystrophy treatment is limited to only palliative medications and therapies. Ivana herself practices yoga. While researchers worldwide are working on lasting cures for muscular dystrophy (funded in part by the famous Jerry Lewis Telethons), rare forms like calpainopathy are "orphans," with only a fraction of

ILLUSTRATIONS BY ELLEN WEINSTEIN



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*"I'm definitely a fighter, and will try and walk for as long as I can."*

researchers and funds devoted to them. With quiet stoicism, the Topics have accepted that modern medicine may not have a solution for their daughters' disease. Still, says Marijana, "Without hope, there's no life."

Following a current grassroots trend in medicine, many individuals with orphan diseases do not wait for the medical industry to care about them. Facing long odds, they are forced to raise money to find a potential cure themselves. But the Topics live by modest means. Marijana runs a daycare center and her husband and the childrens' father, Niko, works for a lumber company. They are in no position to mount a quest.

But then there's Michele Wrubel, 49, a stay-at-home parent from Connecticut who has calpainopathy. For years, Wrubel has been a passionate crusader for a cure. Affluent and well connected, she doesn't varnish the truth about what it has taken to make the medical industry pay attention to her. "To make a difference in this disease, you need money and meetings," she says. "Researchers are not going to study a disease unless there's money behind it to fund the research." For the Topics, Wrubel may be their best hope.

**THE GLOBAL GENES PROJECT,** an advocacy group, estimates 350 million people suffer from orphan diseases worldwide. Most rare diseases are genetic and tend to appear early in life. About 30 percent of children who have them die before reaching their fifth birthday. The rest battle their conditions throughout life, as most orphan diseases have no cure. Out of the 7,000 orphan diseases identified to date, with about 250 new ones added annually, less than 400 can be treated therapeutically.

This year the European Commission gave 144 million euros to develop 200 new therapies and the National Institute of Health allocated $3.5 billion to research orphan diseases. Yet some diseases are so rare that they remain stepchildren even among orphans. As a result, they receive little research attention and funding. Neither do they fit the list of billable insurance procedures. There's no standard healthcare path to diagnosis, let alone treatment. Similar to the Topics, many patients go through an ordeal, which Marijana describes as "a blur," only to find out that medicine can't help them.

Orphan disease organizations, such as the National Organization for Rare Disorders and the Rare Disease Foundation, encourage patients to take matters into their own hands. "Families have to advocate," says Isabel Jordan, chair of the Rare Disease Foundation. She encourages patients to form organizations, find new methods of funding, and push for research.

"Push for research" could be Michele Wrubel's calling card. She was diagnosed with muscular dystrophy in her mid-20s. But even though calpainopathy was identified nearly 20 years ago—about the same time Wrubel got her initial diagnosis—it took almost the entire second half of her life to determine that she was afflicted with calpainopathy. There were no clinical procedures that would lead to a diagnosis.

"It took a really long time and a very concerted effort," says Wrubel, who walks with canes, submitting to a wheelchair for long trips or when in crowded places. "If you don't know what you're looking for, they don't know what to tell you or how to help you," she says.

In 2008, gene sequencing came of age, which aided physicians in diagnosing muscular dystrophy subtypes. That year, Wrubel's husband, Lee, who holds a medical degree and a master's in public health from Tufts, an MBA from Columbia University, and is a venture capitalist in the medical field, tracked down a neurologist



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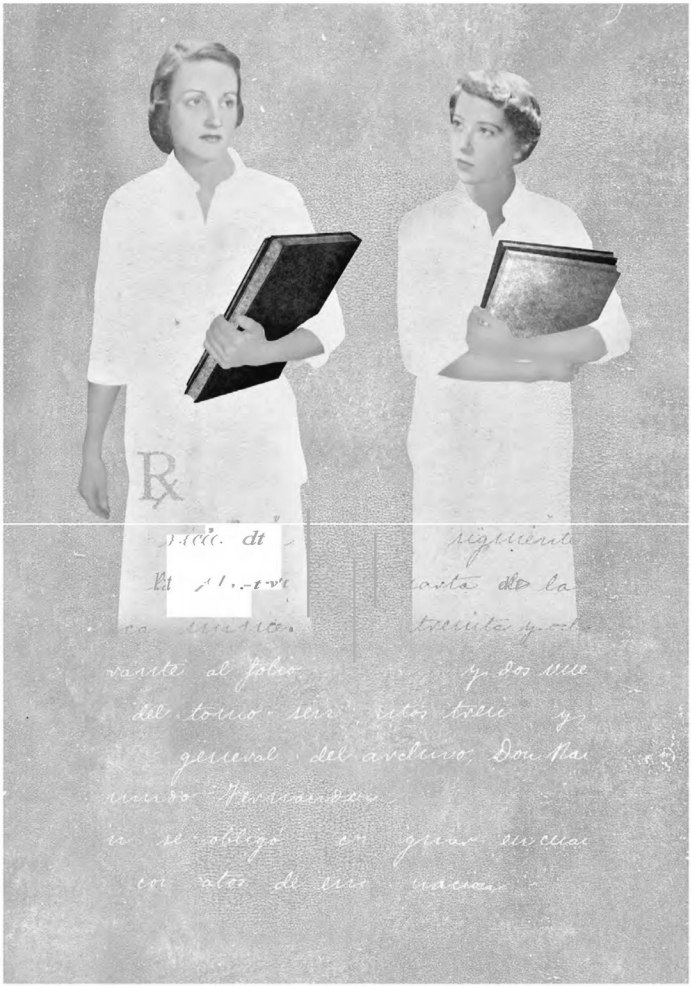

# In the quest for a cure, she says, "It's a matter of patients taking charge of their diagnosis."

to sequence his wife's genomes. He paid several thousand dollars from his own pocket to learn his wife had calpainopathy.

The Topics had no such luxury. But they did have luck. Cornelius Boerkoel, a clinical geneticist at the University of British Columbia, enrolled the Topics in one of his studies, and so they didn't have to pay to have each of the family member's genomes sequenced. The genome tests gave Ivana and Antonia the bad news about calpainopathy. Their younger brother, Mario, is free of the disease.

Scientists classify calpainopathy, or "calpain," as a limb-girdle muscular dystrophy Type 2a, caused by a mutation in the gene calpain 3, predominantly expressed in skeletal muscle. Those who suffer from Type 2a, such as Wrubel, Ivana, and Antonia, generally exhibit weak hip flexors—muscles that lift up the thigh. The weak flexors give them an awkward gait; they swing their legs forward, landing on their toes, and then sometimes on the sides or soles of their feet. Some walk only on the balls of their feet. The upper body muscle weakness creates abnormally prominent shoulder blades.

Melissa Spencer from the University of California, Los Angeles, who has studied calpainopathy for 14 years, explains that the disease contains many subtypes. The problem with Type 2a, she says, "was a



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really strange gene mutation that was completely inexplicable." She says it has been a hard disease to study, partially because the implicated protein is unstable and partially because it was a rarity among the orphan diseases. When it comes to funding, calpainopathy has been overshadowed by other forms of muscular dystrophy. "Muscle studies have been underfunded forever and certainly a rare disease like 2a especially underfunded," Spencer says.

In 2010, Wrubel formed the nonprofit Coalition to Cure Calpain 3. In the quest for a cure, she says, "It's a matter of patients taking charge of their diagnosis." She reached out to other sufferers via Facebook, and some donated money. She partnered up with two other nonprofits that had raised funds on their own, both started by those afflicted with Type 2a. So far Wrubel's efforts have gathered close to half a million dollars. With that money, she has funded a project with Louis Kunkel, professor of genetics and pediatrics at Boston Children's Hospital, one of the nation's key muscular dystrophy researchers.

Her coalition also organized a conference to bring calpainopathy researchers together, including Spencer. Years earlier, in 2005, Spencer made a significant breakthrough. She discovered that calpainopathy, unlike more common forms of muscular dystrophy, was not a weakening of the muscle but a growth problem—muscle forms, but fails to grow because of a missing protein. It is different from other muscular dystrophies in which the lack of the protein complex, dystrophin, damages muscle membranes. "With calpainopathy, the muscles lack the growth signal," she says. "It's not transmitted properly." That difference makes a drug cure more possible. "I think this is going to be the easiest muscular dystrophy to cure," she says.

Encouraged by the promise, the Coalition to Cure Calpain 3 gave Spencer's lab a $260,000 grant to investigate how to circumvent the signaling problem and come up with a drug to fix it. But because the United States Food and Drug Administration already has a library of approved compounds that stimulate cell growth in muscle, Spencer's team may arrive at a solution sooner. With the help of the coalition's money, her lab is now plowing through the thousands of existing compounds, choosing those fit for testing. "I think it will be five years before we start thinking about clinical trials," Spencer says—and then another five years before the drugs can be commercially available, she estimates.

Wrubel's coalition intends to get pharmaceutical companies interested, too. "Many pharmaceutical companies see treating orphan diseases as a way to increase profits," Wrubel says. Her husband, Lee, adds, "The whole model for big pharmaceutical companies going forward is different. There is too little in the big pharmaceutical pipeline, and they're looking to feed that beast as much as possible." A 2012 Thomson Reuters study found that drug companies stand to profit from orphan drugs because, compared to drugs for common afflictions, they often have shorter and less expensive clinical trials, with more success. Spencer says a drug for calpainopathy, for instance, would also be useful for patients with Lou Gehrig's Disease and bed rest patients, as it would help arrest the loss of bone and muscle mass. Wrubel hopes to bring Cydan Development, a venture-capital backed orphan drug developer, to their upcoming fall conference in the Netherlands.

As for the Topics, they were excited to learn about Wrubel from *Nautilus*. Ivana recently connected with Wrubel through Facebook. "I only talked with her a little bit, but she seems ambitious and driven," Ivana says. "Definitely not someone who is going to sit around and wait for something to happen. Definitely inspiring. And the possibility that something might help in any way is a good thing to hear, for sure." Ivana says she now wants to get involved and advocate for her own disease. "I definitely want to do something," she says, and Wrubel's coalition "would be a good place to start."

jude isabella is a science writer based in Victoria, British Columbia. Her new book, *Salmon, A Scientific Memoir*, will be released next year.



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# An Unlikely Cure Signals New Hope for Cancer

*How "exceptional responders" are revolutionizing treatment for the deadly desease*

BY KAT MCGOWAN

JUST LIKE EVERY NEW drug the oncologists at Memorial Sloan-Kettering Cancer Center tested against bladder cancer in the last 20 years, this one didn't seem to be doing any good. Forty-four people in the study were given everolimus in a last-ditch attempt to slow down or stop their advanced cancer. When the researchers analyzed the data, they could see that the drug wasn't slowing or stopping tumor growth. Everolimus seemed to be another bust.

Then there was patient number 45. She joined the trial with advanced metastatic cancer. Tumors had invaded deep into her abdomen, clouding her CT scan with solid grey blotches. She was 73 years old. None of the standard bladder cancer drugs were working for her anymore; she had "failed treatment," in the dismal lingo of oncologists. She enrolled in the study only because she happened to be a patient at Sloan-Kettering in January 2010. In April 2010, her cancer was gone.

This sort of happy surprise is not unheard of in drug studies. Bodies are fluky, each with its own idiosyncratic combination of genetic blueprints and environmental inputs. So sometimes a patient will be cured by a drug that is useless for everyone else. In the past, these spectacular reactions were written off as outlier responses that defied explanation—medical mysteries. Doctors just shrugged their shoulders and thanked their lucky stars that even though the study tanked, they did manage to help one person.

But this time was different. Clinical oncologist David Solit, director of developmental therapeutics at Sloan-Kettering, saw a new opportunity to explain what happened by sequencing the whole genome of the woman's cancer. Just five years ago, decoding and analyzing all 3 billion bases of the DNA from a tumor would've been absurdly time-consuming and expensive. Now the sequencing takes as little as a few days.

Poring over the outlier patient's genetic code, Solit pinpointed two mutations that made her tumor sensitive to this drug. He found that one of her mutations shows up in about 8 to 10 percent of other bladder cancer patients, meaning that they too might be helped by everolimus. His success has inspired a whole set of

ILLUSTRATION BY ELLEN WEINSTEIN



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programs to study "exceptional responders": those rare cancer patients who do well while nobody else does.

Cancer is a personal disease, Solit explains. Each tumor constitutes its own world of defective genes and proteins. By studying the genetic quirks of exceptional responders, physicians can systematically identify weaknesses in cancer subtypes and blast them with drugs that target their unique vulnerabilities. "It's a testament to how much has been learned about the genome in the past 30 years," Solit says. "We've always wanted to find out why some individuals respond so well. Now we have the capacity. It's going to really change the way we treat patients."

**UNLIKELY CASES HAVE AN** eminent history in medicine. The modern science of the mind owes a lot to the freakish accident suffered by Phineas Gage, a 19th century railroad construction foreman whose job involved packing down explosive powder with a three-and-a-half-foot-long iron tamping rod. On Sept. 13, 1848, the powder exploded in his face, blasting the rod up through his chin and out the back of his head. Against all odds, he survived. But his personality was transformed. The formerly shrewd and patient Gage became obnoxious and unreliable.

An observant doctor named John Martyn Harlow who cared for Gage proposed that his personality change was due to the destruction of the frontal lobe of the left side of the brain. Gage's unlikely transformation revealed a universal truth about brains, that particular parts—the frontal lobes—are required for self-control. The strange case of Phineas Gage is still mentioned in neuroscience textbooks.

Rare events can also lead to new cures. As the story goes, English physician Edward Jenner's observations of an 18th century milkmaid who caught cowpox and thereby became immune to smallpox paved the way for the fi vaccines. New ideas for curing HIV are emerging from the famously unlucky lucky case of the "Berlin patient." Timothy Ray Brown, who was HIV positive, developed blood cancer leukemia in 2006. His chemotherapy and radiation treatments wiped out the cells of his immune system, where the virus is believed to hide. He then got a bone marrow transplant from one of those rare people with a gene mutation that makes them resistant to HIV. Today, Brown still has no sign of HIV in his body, and his case has inspired a study to genetically engineer HIV-positive patients' cells to resist the virus.

In the past, cancer researchers weren't able to capitalize on their unexpected outlier successes. Not enough was known about the biology of cancer, and the right tools hadn't been invented. "Even if someone had a complete remission, you had no way to figure out why," says James Doroshow, director of the Division of Cancer Treatment and Diagnosis of the National Cancer Institute (NCI). That changed in the 2000s, when it became possible to analyze the genetics of cancer tumors for clues.

The first major success came with studies of the drug gefitinib in non-small-cell lung cancer (the most common kind). Gefitinib helped less than 20 percent of the people who took it, but a few outliers had dramatic, rapid recoveries. In 2004, two Harvard groups found that the responders had mutations in the epidermal growth factor receptor (EGFR) gene. EGFR is one of many genes that regulates how cells grow and when they die, and the mutation basically forced it to pump out two or three times as much growth signal as it should, fueling the cancer. Gefitinib dialed down the signal. A clinical trial later proved that the drug keeps tumors at bay for more than nine months in people with certain EGFR mutations.

More insights gleaned from extraordinary responders soon followed. One melanoma patient in a study of 22 people taking sorafenib saw his tumor shrink quickly, a response due to a mutation in the gene KIT, which regulates cell growth, division and survival. People with certain kinds of melanoma, such as the type that grows on mucus membranes, now routinely get tested for this mutation. The drug helps about 40 percent of those with the mutation—an impressive advance in a cancer that once had no effective treatment.

In these studies, investigators had to make educated guesses about where in the genome to look for the culprit mutations. It was the keys-under-the-lamppost phenomenon: They could only examine genes they already suspected were involved in the cancer. But as the speed and efficiency of DNA sequencing skyrocketed, and its price plummeted, it started to look reasonable to sequence the whole tumor genome to cast the widest possible net. By 2010, when the bladder cancer



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patient (who doesn't want her name made public) had such a wonderful response to everolimus, the technology was ripe to analyze her entire tumor.

The outlier patient had already gone through several rounds of treatment, including surgery at Memorial Sloan-Kettering. That was another stroke of luck because it allowed Solit's group to acquire samples of her tissue to be sequenced. Cancers typically start with mutations that cause cells to divide too much, ignoring normal stop signals and evading quality controls that repair or prevent errors in DNA reproduction. "Cancer is a disease of mutations," says Solit.

The outlier patient's cancer had accumulated 17,136 mutations, of which 140 seemed most suspect, because they appeared in "coding" regions of the genome, the segments that include instructions on how to build the proteins that do the work in a cell. Out of those 140, two looked particularly menacing to Solit. In a gene called TSC1, just two of its 8,600 DNA base-pairs were missing, but the error would cause the gene to make a defective version of the protein it was supposed to create. In the gene NF2, an error meant a protein would be built only halfway, unable to do its job.

Solit could now see how these mutations were affected by everolimus, a drug typically used to suppress the immune system after organ transplants, and to combat advanced kidney cancer. Everolimus shuts down one crucial link in a chain of interacting proteins called the mTOR pathway that fuels cell growth, division, and survival. The drug inhibits the cells of the immune system from dividing, which they must do in order to attack foreign tissue, and protects transplanted organs. Likewise, it slows down the uncontrolled cell division that happens in cancer. The kicker was that both of the woman's mutations, NF2 and TSC1, affect the mTOR system. "It's not surprising, in retrospect, that our patient responded really well to this specific drug," Solit says. "She had the mutation that activated the pathway the drug targets."

Solit's team analyzed 13 more people from the trial and found different TSC1 mutations in three other people, including two whose tumor shrank a little in response to the drug. (Nobody else had NF2 mutations, which is probably why she alone responded dramatically.) Meanwhile, eight of nine people whose tumors grew during the study did not have the mutation.

**DOROSHOW OF THE** National Cancer Institute says Solit's work "turned on the lightbulb." It showed how the analysis of exceptional responders could be made systematic. Inspired by his example, the NCI is now trawling through its own archives, revisiting outlier responses among the roughly 10,000 patients who enrolled in NCI-sponsored clinical trials during the last decade. Picture the long rows of crates in the government warehouse at the end of *Raiders of the Lost Ark*: There's treasure in there somewhere, if only someone would look. "We ought to study these people more, since we have the means now," says Barbara Conley, the associate director of the cancer diagnosis program at NCI, who leads the project.

In the few months since the project began, Conley's team have already found about 100 exceptional responders. The next steps are to find out if their tumors were biopsied, if that tissue sample is still sitting in a freezer somewhere, and whether it's in good enough shape to be sequenced. Starting next year, the group will start inviting any scientist who is doing a clinical trial to submit new cases.

The NCI project will include whole-genome sequencing (provided they have adequate tissue samples) and repeated reads of the whole "exome"—the 1 percent of human DNA that is translated into exons, the sequences that are used as templates for protein construction. The reason to do both, explains Conley, is that cancer cells, even within a single tumor, often have a hodgepodge of mutations. Re-doing whole exome sequencing dozens of times captures most of the significant genetic variation in one tumor, and it's more practical than trying to sequence the whole genome over and over. Finally, RNA expression will also be analyzed. Evaluating RNA, an intermediary between DNA and proteins, provides a measure of which genes are switched on and how much protein they're producing.

Other elite cancer research centers and genome-sequencing centers have similar in-house projects. Much like the NCI project, the unusual responder program at the University of Texas, MD Anderson Cancer Center, is beginning by combing through the archives to hunt for outliers of the past. A patient at the clinic who has an unusual response—good or bad—will also be referred for genome sequencing and other kinds of genetic analysis.



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Even if each outlier case only applies to 3 or 7 percent of one type of cancer, as more cases are solved, the benefits quickly add up. "We're talking about small subsets of patients that together make a radical change," says Funda Meric-Bernstam, chair of the Department of Investigational Cancer Therapeutics at MD Anderson, who leads the unusual responders program. In some cases, existing cancer drugs can simply be repurposed, such as discovering that an immunosuppressant drug works for certain bladder cancers. Or it might mean finding new life for an experimental drug that had been abandoned. If Conley and Doroshow can pinpoint who might be helped by an abandoned drug, a pharmaceutical company might have to do just one or two further studies to get that drug approved for routine use.

The future might look something like what's been going on for several years at the Genome Institute of Washington University, where genome sequencing is being used to help people with relapsed cancers and who have run out of options. The project puts insights from studies like Solit's into practice, analyzing a patient's tumor to determine whether currently available drugs might target the troublemaker mutations. Combining whole genome sequencing, exome sequencing, and RNA expression analysis—what Washington University professor of genetics and Genome Institute co-director Elaine Mardis calls the "Maserati approach"—the team compares a comprehensive genetic profile against a database of drugs that target specific gene variants, looking for a match.

If there is a match, the results can be impressive, as was the case with a young Washington University doctor with leukemia, Lukas Wartman, who had suffered two relapses. In his case, analysis revealed that a gene called FLT3 was expressing more RNA than normal. A drug that inhibits this gene, usually used in kidney cancer, sent his cancer into remission. Washington University now has a special genetic test for patients with his type of leukemia.

Just recently, Solit's group solved another exceptional responder mystery—a case of ureteral cancer eliminated with a combination of old and new drugs. The old drug is a standard chemotherapy treatment that prevents DNA from unwinding, which it must do in order to duplicate itself during cell division. The new one sensitizes cells to the effects of radiation. This patient turned out to have a mutation in RAD50, involved in repairing broken DNA strands (badly repaired DNA can lead to uncontrolled cancerous growth). Here, too, the outlier finding may lead to a new treatment, since about 4 percent of the other tumors Solit has looked at have mutations that affect part of the RAD50 complex. "To look at these individuals' cancers can tell us a lot more than just a random case of cancer," says Solit. "There's a phenotype—a response—that gives you information about the genes."

Solit is now making a quick, reliable test for the TSC1 mutation to single out people with bladder cancer who might be helped by everolimus, and is planning a new study to test the drug in them. And the original outlier, the woman with bladder cancer? Three years later, she's still on everolimus and still having a "complete response," Solit says. She's doing fine.

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# Game Theory and Morality

**Moshe Hoffman, Erez Yoeli, and Carlos David Navarrete**

## Introduction

Consider the following puzzling aspects of our morality:

1. Many of us share the view that one should not use people, even if it benefits them to be used, as Kant intoned in his second formulation of the categorical imperative: "Act in such a way that you treat humanity, whether in your own person or in the person of any other, never merely as a means to an end, but always at the same time as an end" (Kant, 1997). Consider dwarf tossing, where dwarfs wearing protective padding are thrown for amusement, usually at a party or pub. It is viewed as a violation of dwarfs' basic dignity to use them as a means for amusement, even though dwarves willingly engage in the activity for economic gain. Many jurisdictions ban dwarf tossing on the grounds that the activity violates dwarfs' basic human rights, and these laws have withstood lawsuits raised by dwarfs suing over the loss of employment (!).
2. Charitable giving is considered virtuous, but little attention is paid to how just the cause or efficient the charity. For example, Jewish and Christian traditions advocate giving 10 % of one's income to charity, but make no mention of the importance of evaluating the cause or avoiding wasteful charities. The intuition that giving to charity is a moral good regardless of efficacy results in the persistence of numerous inefficient and corrupt charities. For example, the Wishing Well Foundation has, for nearly a decade, ranked as one of CharityNavigator.

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com's most inefficient charities. Yet its mission of fulfilling wishes by children with terminal illnesses is identical to that of the more efficient Make-A-Wish Foundation. Worse yet, scams masquerading as charities persist. One man operating as The US Navy Veteran's Association collected over 100 million dollars—over 7 years!—before anyone bothered to investigate the charity.

3. In every culture and age, injunctions against murder have existed. If there is one thing much of humanity seems to agree on, it's that ending the life of another without just cause which is among the worst of moral violations. Yet cultures don't consider the loss of useful life years in their definition, even though it is relevant to the measure of harm done by the murder. Why is our morality so much more sensitive to *whether* a life was lost than to how much life was lost?

There are numerous other examples of how our moral intuitions appear to be rife with logical inconsistencies. In this chapter, we use game theory to provide insight on a range of moral puzzles similar to the puzzles described above.

## What Is Game Theory and Why Is It Relevant?

*In this section, we review the definition of a game, and of a Nash equilibrium, then discuss how evolution and learning processes would yield moral intuitions consistent with Nash equilibria.*

Game theory is a tool for the analysis of social interactions. In a game, the *payoff* to each *player* depends on their actions, as well as the actions of others. Consider the Prisoner's Dilemma (Chammah & Rapoport, 1965; see Fig. 1), a model that captures the paradox of cooperation. Each of two players chooses whether to cooperate or to defect. Cooperating reduces a player's payoff by $c > 0$ while increasing the other's payoffs by $b > c$. Players could be vampire bats with the option of sharing blood, or firms with the option of letting each other use their databases, or premed students deciding whether to take the time to help one another to study. The payoffs, $b$ and $c$, may represent likelihood of surviving and leaving offspring, profits, or chance of getting into a good medical school.

Solutions to such games are analyzed using the concept of a Nash equilibrium[1]—a specification of each player's action such that no player can increase his payoff by deviating unilaterally. In the Prisoner's Dilemma, the only Nash equilibrium is for neither player to cooperate, since regardless of what the other player does, cooperation reduces one's own payoff.

[1] Note that we focus on the concept of Nash equilibrium in this chapter and not evolutionary stable strategy (ESS), a refinement of Nash that might be more familiar to an evolutionary audience. ESS are the Nash equilibria that are most relevant in evolutionary contexts. However, ESS is not well defined in many of our games, so we will focus on the insights garnered from Nash and directly discuss evolutionary dynamics when appropriate.

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| | C | D |
|---|---|---|
| C | b-c | -c |
| D | b | 0 |

**Fig. 1** The Prisoner's Dilemma. Player 1's available strategies (C and D, which stand for cooperate and defect, respectively) are represented as *rows*. Player 2's available strategies (also C and D) are represented as *columns*. Player 1's payoffs are represented at the intersection of each row and column. For example, if player 1 plays D and player 2 plays C, player 1's payoff is b. The Nash equilibrium of the game is (D, D). It is indicated with a *circle*

Game theory has traditionally been applied in situations where players are rational decision makers who deliberately maximize their payoffs, such as pricing decisions of firms (Tirole, 1988) or bidding in auctions (Milgrom & Weber, 1982). In these contexts, behavior is expected to be consistent with a Nash equilibrium, otherwise one of the agents—who are actively deliberating about what to do—would realize she could benefit from deviating from the prescribed strategy.

However, game theory also applies to evolutionary and learning processes, where agents do not deliberately choose their behavior in the game, but play according to strategies with which they are born, imitate, or otherwise learn. Agents play a game and then "reproduce" based on their payoffs, where reproduction represents offspring, imitation, or learning. The new generation then play the game, and so on. In such settings, if a mutant does better (mutation can be genetic or can happen when agents experiment), then she is more likely to reproduce or her behavior imitated or reinforced, causing the behavior to spread. This intuition is formalized using models of evolutionary dynamics (e.g., Nowak, 2006).

The key result for evolutionary dynamic models is that, except under extreme conditions, behavior converges to Nash equilibria. This result rests on one simple, noncontroversial assumption shared by all evolutionary dynamics: Behaviors that are relatively successful will increase in frequency. Based on this logic, game theory models have been fruitfully applied in biological contexts to explain phenomena such as animal sex ratios (Fisher, 1958), territoriality (Smith & Price, 1973), cooperation (Trivers, 1971), sexual displays (Zahavi, 1975), and parent–offspring conflict (Trivers, 1974). More recently, evolutionary dynamic models have been applied in human contexts where conscious deliberation is believed to not play an important role, such as in the adoption of religious rituals (Sosis & Alcorta, 2003), in the expression and experience of emotion (Frank, 1988; Winter, 2014), and in the use of indirect speech (Pinker, Nowak, & Lee, 2008).

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Crucially for this chapter, because our behaviors are mediated by moral intuitions and ideologies, if our moral behaviors converge to Nash, so must the intuitions and ideologies that motivate them. The resulting intuitions and ideologies will bear the signature of their game theoretic origins, and this signature will lend clarity on the puzzling, counterintuitive, and otherwise hard-to-explain features of our moral intuitions, as exemplified by our motivating examples.

In order for game theory to be relevant to understanding our moral intuitions and ideologies, we need only the following simple assumption: *Moral intuitions and ideologies that lead to higher payoffs become more frequent*. This assumption can be met if moral intuitions that yield higher payoffs are held more tenaciously, are more likely to be imitated, or are genetically encoded. For example, if every time you transgress by commission you are punished, but every time you transgress by omission you are not, you will start to intuit that commission is worse than omission.

## *Rights and the Hawk–Dove Game*

*In this section we will argue that just as the Hawk–Dove model explains animal territoriality* (Maynard Smith & Price, 1973, *to be reviewed shortly*), *the Hawk–Dove model sheds light onto our sense of rights* (Descioli & Karpoff, 2014; Gintis, 2007; Myerson, 2004).

Let us begin by asking the following question (Myerson, 2004): "Why [does] a passenger pay a taxi driver after getting out of the cab in a city where she is visiting for one day, not expecting to return?" If the cabby complains to the authorities, the passenger could plausibly claim that she had paid in cash. The answer, of course, is that the cabby would feel that the money the passenger withheld was his—that he had a right to be paid for his service—and get angry, perhaps making a scene or even starting a fight. Likewise, if the passenger did in fact pay, but the cabby demanded money a second time, the passenger would similarly be infuriated. This example illustrates that people have powerful intuitions regarding rightful ownership. In this section, we explore what the Hawk–Dove game can teach us about our sense of property rights.

The reader is likely familiar with the Hawk–Dove game, a model of disputes over contested resources. In the Hawk–Dove game, each player decides whether to fight over a resource or to acquiesce (i.e. play Hawk or Dove). If one fights and the other does not, the fighter gets the resource, worth $v$. If both fight, each pays a cost $c$ and split the resource. That is, each gets $v/2-c$. If neither fights, they split the resource and get $v/2$. As long as $v/2<c$, then in any stable Nash equilibrium, one player fights and the other acquiesces. That is, if one player expects the other to fight, she is better off acquiescing, and vice versa (see Fig. 2).

Crucially, it is not just a Nash equilibrium for one player to always play Hawk and the other to always play Dove. It is also an equilibrium for both players to condition whether they play Hawk on an *uncorrelated asymmetry*—a cue or event that

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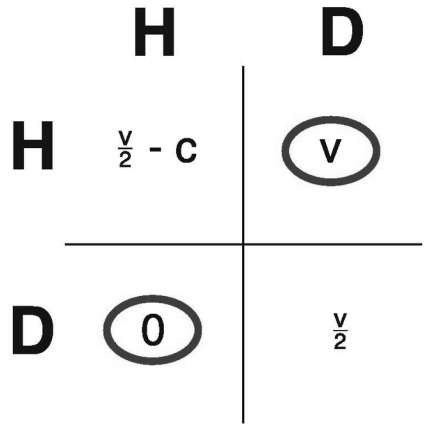


**Fig. 2** The Hawk–Dove game. The Nash equilibria of the game are circled

does not necessarily affect the payoffs, but does distinguish between the players, such as who arrived at the territory first or who built the object. If one conditions on the event (say, plays Hawk when she arrives first), then it is optimal for the other to condition on the event (to play Dove when the other arrives first).

As our reader is likely aware, this was the logic provided by Maynard Smith to explain animal territoriality—why animals behave aggressively to defend territory that they have arrived at first, even if incumbency does not provide a defensive advantage and even when facing a more formidable intruder. Over the years, evidence has amassed to support Maynard Smith's explanation, such as experimental manipulation of which animal arrives first (Davies, 1978; Sigg & Falett, 1985).

Like other animals, we condition how aggressively we defend a resource on whether we arrive first. Because our behaviors are motivated by beliefs, we are also more likely to believe that the resource is "ours" when we arrive first. Studies have shown these effects with children's judgments of ownership, in ethnographies of prelegal societies, and in computer games. In one such illustration, DeScioli and Wilson (2011) had research subjects play a computer game in which they contested a berry patch. Subjects who ended up keeping control of the patch usually arrived first, and this determined the outcome more often than differences in fighting ability in the game.

This sense of ownership is codified in our legal systems, as illustrated by the quip "possession is 9/10ths of the law," and in a study involving famous legal property cases conducted by Descioli and Karpoff (2014). In a survey, these researchers asked participants to identify the rightful owner of a lost item, after reading vignettes based on famous property rights legal cases. Participants consistently identified the possessor of the found item as its rightful owner (as the judges had at the time of the case). This sense of ownership is also codified in our philosophical tradition, e.g., in Locke (1988), who found property rights in initial possession. Note that, as has also been found in animals, possession extends to objects on one's land: In DeScioli and

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Karpoff's survey, another dictate of participants' (and the judges') property rights intuitions was who owned the land on which the lost item was found.

Also like animals, our sense of property rights is influenced by who created or invested in the resource, another uncorrelated asymmetry. In locales that sometimes grant property rights to squatters—individuals who occupy lands others have purchased—a key determinant of whether the squatters are granted the land is whether they have invested in it (Cone vs. West Virginia Pulp & Paper Co., 1947; Neuwirth, 2005). Locke also intuited that investment in land is part of what makes it ours: In *Second Treatise on Civil Government* (1689), Locke wrote, "everyman has a property in his person; this nobody has a right to but himself. The labor of his body and the work of his hand, we may say, are properly his."

If the Hawk–Dove model underlies our sense of property rights, we would expect to see psychological mechanisms that motivate us to feel entitled to an object when we possess it or have invested in it. Here are three such mechanisms, which can be seen by reinterpreting some well-documented "biases" in the behavioral economics literature. The first such bias is the *endowment effect*: We value items more if we are in possession of them. The endowment effect has been documented in dozens of experiments, where subjects are randomly given an item (mug, pen, etc.) and subsequently state that they are willing to sell the mug for much more than those who were not given the mug are willing to pay (Kahneman, Knetsch, & Thaler, 1990). In the behavioral economics literature, the endowment effect has sometimes been explained by loss aversion, which is when we are harmed more by a loss than we benefit from an equivalent gain. However, the source of loss aversion is not questioned or explained. When it is, loss aversion is also readily explained by the Hawk–Dove game (Gintis, 2007).

A second bias that also fits the Hawk–Dove model is the *IKEA effect*: Our valuation of an object is influenced by whether we have developed or built the resource. The IKEA effect has been documented by asking people how much they would pay for items like Lego structures or IKEA furniture after randomly being assigned to build them or receive them pre-built. Subjects are willing to pay more for items they build themselves.

A third such bias that fits the Hawk–Dove model is the *sunk cost fallacy* (Mankiw, 2007; Thaler, 1980), which leads us to "throw good money after bad" when we invest in ventures simply because we have already put so much effort into them, arguably because our prior efforts lead us to value those ventures more.

Possession and past investment are not the only uncorrelated asymmetries that can dictate rights. Rights can be dictated by a history of agreements, as happens when one party sells another deed to a house or car, or, as in our taxicab example, by whether a service was provided. There are also countless examples in which rights were determined by perhaps unfair or arbitrary characteristics such as race and sex: Black Americans were expected to give up their seat for Whites in the Jim Crow South and women to hand over their earnings or property to their husbands throughout the ages.

Hawk–Dove is not just a post hoc explanation for our sense of rights; it also leads to the following novel insight: We can formally characterize the properties that

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uncorrelated asymmetries must have. This requires a bit more game theory to illustrate; the logic is detailed in the section on categorical distinctions but the implications are straightforward: Uncorrelated asymmetries must be discrete (as in who arrived first or whether someone has African ancestry) and cannot be continuous (who is stronger, whether someone has darker skin). Indeed, we challenge the reader to identify a case where our sense of rights depends on surpassing a threshold in a continuous variable (stronger than? darker than?). More generally, an asymmetry must have the characteristic that, when it occurs, every observer believes it occurred with a sufficiently high probability, where the exact level of confidence is determined by the payoffs of the game. This is true of public, explicit speech and handshakes, but not innuendos or rumors. (Formally, explicit speech and handshakes induce what game theorists term common $p$-beliefs.)

The Hawk–Dove explanation of our sense of rights also gives useful clarity on when there will be conflict. Conflict will arise if both players receive opposing signals regarding the uncorrelated asymmetry, such as two individuals each believing they arrived first, or when there are two uncorrelated asymmetries that point in conflicting directions, such as when one person invested more and the other arrived first. The former source of conflict appears to be the case in the Israeli–Palestinian conflict. Indeed, both sides pour great resources into demonstrating their early possession, especially Israel, through investments in and public displays of archeology and history. The latter source of conflict appears to be the case in many of the contested legal disputes in the study by DeScioli and Karpoff (2014) mentioned above. An example is one person finds an object on another's land. Indeed, this turns out to be a source of many legal conflicts over property rights, and a rich legal tradition has developed to assign precedence to one uncorrelated asymmetry over another (Descioli & Karpoff, 2014). As usual, we see similar behavior in animals in studies that provide empirical support for Maynard Smith's model for animal territoriality: When two animals are each given the impression they arrived first by, for example, clever use of mirrors, a fight ensues (Davies, 1978).

## Authentic Altruism, Motives, and the Envelope Game

*In this section, we present a simple extension of the Repeated Prisoner's Dilemma to explain why morality depends not just on what people do but also what they think or consider.*

In the Repeated Prisoner's Dilemma and other models of cooperation, players judge others by their actions—whether they cooperate or defect. However, we not only care about whether others cooperate but also about their decision-making process: We place more trust in cooperators who never even considered defecting. To quote Kant, "In law a man is guilty when he violates the rights of others. In ethics he is guilty if he only thinks of doing so."

The Envelope Game (Fig. 3) models why we care about thoughts and considerations and not just actions (Hoffman, Yoeli, & Nowak, 2015). The Envelope Game

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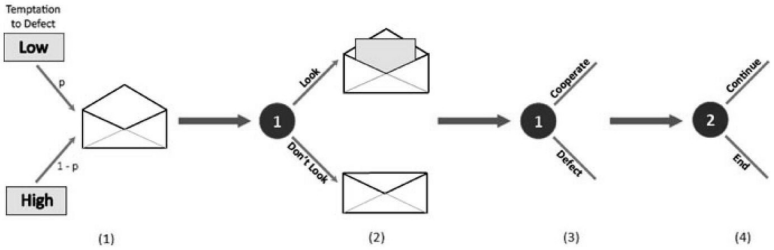


**Fig. 3** A single stage of the Envelope Game

is a repeated game with two players. In each round, player 1 receives a sealed envelope, which contains a card stating the costs of cooperation (high temptation to defect vs. low temptation to defect). The temptation is assigned randomly and is usually low. Player 1 can choose to look inside the envelope and thus find out the magnitude of the temptation or choose not to look. Then player 1 decides to cooperate or to defect. Subsequently, player 2 can either continue to the next round or end the game. As in the Repeated Prisoner's Dilemma, the interaction repeats with a given likelihood, and if it does, an envelope is stuffed with a new card and presented to player 1, etc.

In this model, as long as temptations are rare, large, and harmful to player 2, it is a Nash equilibrium for player 1 to "cooperate without looking" in the envelope and for player 2 to continue if and only if player 1 has cooperated and not looked. We refer to this as the *cooperate without looking* (CWOL) equilibrium.[2] This equilibrium emerges in agent-based simulations of evolution and learning processes.[3] Notice that if player 1 could not avoid looking inside the envelope, or player 2 could not observe whether player 1 looked, there would not be a cooperative equilibrium since player 1 would benefit by deviating to defection in the face of large temptations. Not looking permits cooperative equilibria in the face of large temptations.

The Envelope Game is meant to capture the essential features of many interesting aspects of our morality, as described next.

**Authentic Altruism**. Many have asked whether "[doing good is] always and exclusively motivated by the prospect of some benefit for ourselves, however subtle" (Batson, 2014), for example, the conscious anticipation of feeling good (Andreoni,

[2] Technically, the conditions under which we expect players to avoid looking and attend to looking are $c_h > a/(1-w) > c_l p + c_h(1-p)$ and $bp + d(1-p) < 0$), where $c_h$ and $c_l$ are the magnitudes of the high and low temptations, respectively; $p$ is the likelihood of the low temptation; $a/(1-w)$ is the value of a repeated, cooperative interaction to player 1; and $bp + d(1-p)$ is the expected payoff to player 2 if player 1 only cooperates when the temptation is low.

[3] The simulations employ numerical estimation of the replicator dynamics for a limited strategy space: cooperate without looking, cooperate with looking, look and cooperate only when the temptation is low, and always defect for player 1, and end if player 1 looks, end if player 1 defects, and always end for player 2.

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1990), avoidance of guilt (Cain, Dana, & Newman, 2014; Dana, Cain, & Dawes, 2006; DellaVigna, List, & Malmendier, 2012), anticipation of reputational benefits or reciprocity (as Plato's Glaucon suggests, when he proffers that even a pious man would do evil if given a ring that makes him invisible; Trivers, 1971). At the extreme, this amounts to asking if saintly individuals such as Gandhi or Mother Teresa were motivated thus, or if they were "authentic" altruists who did good without anticipating any reward and would be altruistic even in the absence of such rewards. Certainly, religions advocate doing good for the "right" reasons. In the Gospel of Matthew, Chapter 6, Jesus advocates, "Be careful not to practice your righteousness in front of others to be seen by them. If you do, you will have no reward from your Father in heaven," after which he adds, "But when you give to the needy, do not let your left hand know what your right hand is doing, so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you."

The Envelope Game suggests authentic altruism is indeed possible: By focusing entirely on the benefits to others and ignoring the benefits to themselves, authentic altruists are trusted more, and the benefits from this trust outweigh the risk of, for example, dying a martyr's death. Moreover, this model helps explain why we think so highly of authentic altruists, as compared to others who do good, but with an ulterior motive (consider, as an example, the mockery Sean Penn has faced for showing up at disaster sites such as Haiti and Katrina with a photographer in tow).

**Principles**. Why do we like people who are "principled" and not those who are "strategic"? For example, we trust candidates for political office whose policies are the result of their convictions and are consistent over time and distrust those whose policies are carefully constructed in consultation with their pollsters and who "flip-flop" in response to public opinion (as caricatured by the infamous 2004 Republican presidential campaign television ad showing John Kerry windsurfing and tacking from one direction to another). CWOL offers the following potential explanation. Someone who is strategic considers the costs and benefits to themselves of every decision and will defect when faced with a large temptation, whereas someone who is guided by principles is less sensitive to the costs and benefits are to themselves and thus less likely to defect. Imagine our flip-flopping politician was once against gay marriage but supports it now that it is popular. This indicates the politician is unlikely to fight for the cause if it later becomes unpopular with constituents or risks losing a big donor. Moreover, this model may help explain why ideologues that are wholly devoted to a cause (e.g., Hitler, Martin Luther King, and Gandhi) are able to attract so many followers.

**Don't Use People**. Recall Kant's second formulation of the categorical imperative: "Act in such a way that you always treat humanity, whether in your own person or in the person of any other, never simply as a means but always at the same time as an end." In thinking this through, let's again consider dwarf tossing. Many see it as a violation of dwarfs' basic dignity to use them as a means for amusement, even though they willingly engage in the activity for economic gain. Our aversion to using people may explain many important aspects of our moral intuitions, such as

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why we judge torture as worse than imprisonment or punishment (torture is harming someone as a means to obtaining information) and perhaps one of the (many) reasons we oppose prostitution (prostitution is having sex with someone as a means to obtaining money). The Envelope Game clarifies the function of adhering to this maxim. Whereas those who treat someone well as means to an end would also mistreat them if expedient, those who treat someone well as an end can be trusted not to mistreat them when expedient.

**Attention to Motives**. The previous two applications are examples of a more general phenomenon: that we judge the moral worth of an action based on the motivation of the actor, as argued by deontological ethicists, but contested by consequentialists. The deontological argument is famously invoked by Kant: "Action from duty has its moral worth not in the purpose to be attained by it but in the maxim in accordance with which it is decided upon, and therefore does not depend upon the realization of the object of the action but merely upon the principle of volition in accordance with which the action is done without regard for any object of the faculty of desire" (Kant, 1997). These applications illustrate that we attend to motives because they provide valuable information on whether the actor can be trusted to treat others well even when it is not in her interest.

**Altruism Without Prospect of Reciprocation**. CWOL also helps explain why people cooperate in contexts where there is no possibility of reciprocation, such as in one-shot anonymous laboratory experiments like the dictator game (Fehr & Fischbacher, 2003), as well as when performing heroic and dangerous acts. Consider soldiers who throw themselves on a grenade to save their compatriots or stories like that of Liviu Librescu, a professor at the University of Virginia and a Holocaust survivor, who saved his students during a school shooting. When he heard the shooter coming toward his classroom, Librescu stood behind the door to his classroom, expecting that when the shooter tried to shoot through the door, it would kill him and his dead body would block the door. Mr. Librescu, clearly, did not expect this act to be reciprocated. Such examples have been used as evidence for group selection (Wilson, 2006), but can be explained by individuals "not looking" at the chance of future reciprocation. Consistent with this interpretation, cooperation during extreme acts of altruism is more likely to be intuitive than deliberative (Rand & Epstein, 2014), and those who cooperate without considering the prospect of reciprocation are more trusted (Critcher, Inbar, & Pizarro, 2013). We also predict that people are more likely to cooperate intuitively when they know they are being observed.

## The Omission–Commission Distinction and Higher-Order Beliefs

*We explain the omission–commission distinction and the means–by-product distinction by arguing that these moral intuitions evolved in contexts where punishment is coordinated. Then, even when intentions are clear to one witness for omissions and by-products, a witness will think intentions are less clear to the other witnesses.*

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Why don't we consider it murder to let someone die that we could have easily saved? For example, we sometimes treat ourselves to a nice meal at a fancy restaurant rather than donating the cost of that meal to a charity that fights deadly diseases. This extreme example illustrates a general phenomenon: that people have a tendency to assess harmful commissions (actions such as killing someone) as worse, or more morally reprehensible, than equally harmful omissions (inactions such as letting someone die). Examples of this distinction abound, in ethics (we assess withholding the truth as less wrong than lying (Spranca, Minsk, & Baron, 1991)), in law (it is legal to turn off a patient's life support and let the patient die, as long as one has the consent of the patient's family; however, it is illegal to assist the patient in committing suicide even with the family's consent), and in international relations. For example, consider the Struma, a boat carrying Jewish refugees fleeing Nazi persecution in 1942. En route to Palestine, the ship's engine failed, and it was towed to a nearby port in Turkey. At the behest of the British authorities then in control of Palestine, passengers were denied permission to disembark and find their way to Palestine by land. For weeks, the ship sat at port. Passengers were brought only minimal supplies, and their requests for safe haven were repeatedly denied by the British and others. Finally, the ship was towed to known hostile waters in the Black Sea, where it was torpedoed by a Russian submarine almost immediately, killing 791 of 792 passengers. Crucially, though, the British did not torpedo the ship themselves or otherwise execute passengers—an act of commission that they and their superiors would undoubtedly have found morally reprehensible.

Why do we distinguish between transgressions of omission and commission? To address this question, we present a simple game theory model based on the insight by DeScioli, Bruening, and Kurzban (2011). The intuition can be summarized in four steps:

1. We note that moral condemnation motivates us to punish transgressors. Such punishment is potentially costly, e.g., due to the risk of retaliation. We expect people to learn or evolve to morally condemn only when such costs are worth paying.
2. Moral condemnation can be less costly when others also condemn, perhaps because the risk of retaliation is diffused, because some sanctions do not work unless universally enforced or, worse, because others may sanction individuals they believe wrongly sanctioned. This can be modeled using any game with multiple Nash equilibria, including the Repeated Prisoner's Dilemma and the Side-Taking Game. The Coordination Game is the simplest game with multiple equilibria, so we present this game to convey the basic intuition. In the Coordination Game, there are two players who each simultaneously choose between two actions, say punish and don't punish. The key assumption is that each player prefers to do what she expects the other to do, which can be captured by assuming each receives $a$ if they both punish, $d$ if neither punish, $b<d$ if one punishes and the other does not, and $c<a$ if one does not punish while the other does (Fig. 4).
3. Transgressions of omission that are intended are difficult to distinguish from unintended transgression, as is the case when perpetrators are simply not paying

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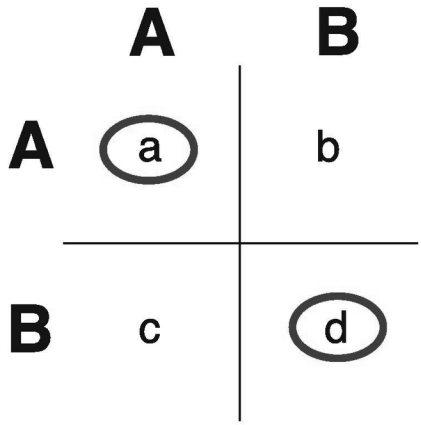


**Fig. 4** The Coordination Game. In our applications, A stands for punish, and B stands for don't punish

attention or do not have enough time to react with better judgment (DeScioli et al., 2011). Relative to the example of the tennis player with the allergy described above, it is usually hard to distinguish between a competitor who does not notice his opponent orders the dish with the allergen versus one who notices but does not care. In contrast, transgressions of commission must be intended almost by definition.

4. Suppose the witness knows an omission was intentional: In the above example, the tennis player's opponent's allergy is widely known, and the witness saw the player watch his opponent order the offending dish, had time to react, thought about it, but did not to say anything. The witness suspects that others do not know the competitor was aware his opponent ordered the dish, but believes the tennis player should be condemned for purposely withholding information from his competitor. However, since the witness does not wish to be the sole condemner, she is unlikely to condemn. In contrast, when a witness observes a transgression of commission (e.g., the player recommends the dish), the witness is relatively confident that others present interpret the transgression as purposely harmful, since his recommendation reveals that the player was obviously paying attention and therefore intended to harm his opponent. So, if all other individuals present condemn the tennis player when they observe the commission, each does not anticipate being the sole condemner.

For the above result to hold, all that is needed is the following: (1) The more the costs of punishment decrease, the more others punish and (2) omissions are usually unintended (Dalkiran, Hoffman, Paturi, Ricketts, & Vattani, 2012; Hoffman et al., 2015).[4]

[4] In fact, even if one knows that others know that the transgression was intended, omission will still be judged as less wrong, since the transgression still won't create what game theorists call common $p$-belief, which is required for an event to influence behavior in a game with multiple equilibria.

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This explanation for the omission–commission distinction leads to two novel predictions: First, for judgments and emotions not evolved to motivate witnesses to punishment but to, say, motivate witnesses to avoid dangerous partners (such as the emotion of fear; in contrast to anger or moral disgust), the omission–commission distinction is expected to be weaker or disappear altogether. Second, for transgressions of omission that, without any private information, can be presumed intentional (such as a mother who allows her child to go hungry or a person who does not give to a charity after being explicitly asked), we would not expect much of an omission–commission distinction in moral condemnation.

As with the all models discussed in this chapter, the game theoretic explanation for the omission–commission distinction does not rest on rational, conscious, strategic calculation. In fact, in this particular case, all reasonable evolutionary dynamic models lead away from punishing omissions. The fact that the above results do not rest on rational, strategic thinking is particularly important in this setting since there is evidence that the distinction between omissions and commissions is not determined deliberately but rather intuitively (Cushman, Young, & Hauser, 2006) and appears to be evolved (DeScioli et al., 2011) and that consciously considering what others believe is an onerous process (Camerer, 2003; Epley, Keysar, Van Boven, & Gilovich, 2004; Hedden & Zhang, 2002).

This same model can explain several other puzzling aspects of our morality. The first is the *means–by-product* distinction. This distinction has been documented in studies that ask respondents to judge the following variants of the classic "trolley" problem. In the standard trolley "switch" case (Foot, 1967), a runaway trolley is hurtling toward a group of five people. To prevent their deaths, the trolley must be switched onto a side track where it will kill an innocent bystander. In studies using this case, the vast majority of subjects choose the utilitarian option, judging it permissible to cause the death of one to save five (e.g., Cushman et al., 2006; Mikhail, 2007). In the "footbridge" variant (Thomson, 1976), the trolley is hurtling toward the group of five people, but the switch to divert it is inoperable. The only way to save the five is to push a man who is wearing a heavy backpack off a bridge onto the track, thereby slowing the trolley enough so the five can escape, but killing the man. In contrast to the standard switch version, where causing the death of one person is but a by-product of the action necessary to save five, most subjects in the footbridge case find it morally impermissible to force the man with the backpack onto the tracks (Cushman et al., 2006; DeScioli, Gilbert, & Kurzban, 2012)—that is, when the man is used as a means to saving the five—even though the consequences are the same, and the decision to act was made knowingly and deliberately in both cases.

Such effects are found in less contrived situations, as well. Consider the real-life distinction between terrorism, in which civilian casualties are used a means to a political goal, and anticipated collateral damage, which is a by-product of war, even when the same number of civilians are knowingly killed and the same political ends are desired (say increased bargaining power in a subsequent negotiation).

The explanation again uses "higher-order beliefs" and is based on the key insight in DeScioli et al. (2011) and formalized in Dalkiran et al. (2012) and Hoffman et al. (2015): When the harm is done as a by-product, the harm is not usually anticipated.

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So even when a witness knows that the perpetrator anticipated the harm, the witness believes other witnesses will not be aware of this and will presume the harm was not anticipated by the perpetrators. For instance, suppose we observe Israel killing civilians as a by-product of a strategic raid on Hamas militants. Even if we knew Israel had intelligence that confirmed the presence of civilians, we might not be sure others were privy to this information. On the other hand, when the harm is done as a means, the harm must be anticipated, since otherwise the perpetrator would have no motive to commit the act. Why would Hamas fire rockets at civilian towns with no military presence if Hamas does not anticipate a chance of civilian casualties? Consequently, it is Nash equilibrium to punish harm done as a means but not harm done as a by-product.

Similar arguments can be made for why we find direct physical transgressions worse than indirect ones, a moral distinction relevant to, for instance, the United States' current drone policy. Cushman et al. (2006) found that subjects condemn pushing a man off a bridge (to stop a train heading toward five others) more harshly than flipping a switch that leads the man to fall through a trap door. Pushing the victim with a stick is viewed as intermediate in terms of moral wrongness. Such moral wrongness judgments are consistent with considerations of higher-order beliefs: When a man is physically pushed, any witness knows the pushing was intended, but when a man is pushed with a stick some might not realize this, and even those who realize it might suspect others will not. Even more so when a button is pressed that releases a trap door.

It is worth noting that the above argument does not depend on a specific model of punishment, as in DeScioli and Kurzban's (2009) Side-Taking Game. The above model also makes the two novel predictions enumerated above, but nevertheless captures the same basic insight. It is also worth noting the contrast between the above argument and that of Cushman et al. (2006) and Greene et al. (2009), whose models rest on ease of learning or ease of mentally simulating a situation. It is not obvious to us how those models would explain that the omission–commission and means–by-product distinctions seem to depend on priors or be unique to settings of coordinated punishment.

## Why Morality Depends on Categorical Distinctions

*We explain why our moral intuitions depends so much more strongly on whether a transgression occurred than on how much damage was caused. Our argument again uses coordinated punishment and higher-order beliefs: When a categorical distinction is violated, you know others know it was violated, but this is not always true for continuous variables.*

Consider the longstanding norm against the use of chemical weapons. This norm recently made headlines when Bashar al-Assad was alleged to have used chemical weapons to kill about a thousand Syrian civilians, outraging world leaders who had

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been silent over his use of conventional weapons to kill over 100,000 Syrian civilians. A Reuters/Ipsos poll at the time found that only 9 % of Americans favored intervention in Syria, but 25 % supported intervention if the Syrian government forces used chemical weapons against civilians (Wroughton, 2013). In the past, the United States has abided by the norm against the use of chemical weapons even at the expense of American lives: In WWII, Franklin D. Roosevelt chose to eschew chemical weapons in Iwo Jima even though, as his advisors argued at the time, their use would have saved thousands of American lives. It might even have been more humane than the flame-throwers that were ultimately used against the Japanese ("History of Chemical Weapons," 2013). We say that the norm against chemical weapons is a categorical norm because those who abide by it consider whether a transgression was committed (did Assad use chemical weapons?), rather than focusing entirely on how much harm was done (how many civilians did Assad kill?). Other norms are similarly categorical. For instance, in the introduction to this chapter, we noted that across cultures and throughout history, the norm against murder has always been categorical: We consider whether a life was terminated, not the loss of useful life years. Likewise, discrimination (e.g., during Jim Crow) is typically based on categorical definitions of race (the "one drop rule") and not, say, the darkness of skin tone. Human rights are also categorical. A human rights violation occurs if someone is tortured or imprisoned without trial, regardless of whether it was done once or many times and regardless of whether the violation was helpful in, say, gaining crucial information about a dangerous enemy or an upcoming terror attack. We even assign rights in a categorical way to all *Homo sapiens* and not based on intelligence, sentience, ability to feel pain, etc.

Why is it that we attend to such categorical distinctions instead of paying more attention to the underlying continuous variable? We use game theory to explain this phenomenon as follows: Suppose that two players (say, the United States and France) are playing a Coordination Game in which they decide whether to punish Syria, and each wants to sanction only if the other sanctions. We assume the United States does not want to levy sanctions unless it is confident France will as well, which corresponds to an assumption on the payoffs of the game (if we reverse this assumption, it changes one line in the proof, but not the result).

We model the underlying measure of harm as a continuous variable (in our example, it is the number of civilians killed). For simplicity, we assume this variable is uniformly distributed, which means Assad is equally likely to kill any number of people. This assumption is, again, not crucial, and we will point out the line in the proof that it affects. Importantly, we assume that players do not directly observe the continuous variable, but instead receive some imperfect signal (e.g., the United States observes the body count by its surveyors).

Imagine a norm that dictates that witnesses punish if their estimate of the harm from a transgression is above some threshold (e.g., levy sanctions against Syria if the number of civilians killed is estimated to be greater than 100,000). As it turns out, this is not a Nash equilibrium. To see why, consider what happens when the United States gets a signal right at the threshold. The United States thinks there is a

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50 % chance that France's estimates are lower than its own[5] and, thus, that there is a 50 % chance that France's estimates are lower than the threshold. This further implies that the United States assesses only a 50 % chance that France levies sanctions, so the United States is not sufficiently confident that France will sanction, to make it in the United States's interest to sanction.

What we have shown so far is that for a threshold of 100,000, it is in the interest of the United States to deviate from the strategy dictated by the threshold norm when it gets a signal at the threshold. This means that 100,000 is not a viable threshold, and (since 100,000 was chosen arbitrarily) there is no Nash equilibrium in which witnesses punish if their estimate of the harm from a transgression is above some arbitrary threshold.

It should be noted that this result only requires that there are sufficiently many possibilities, not that there is in fact a continuum. Neither does it require that the distribution is uniform nor that the Coordination Game is not affected by the behavior of Assad. The only crucial assumptions are that the distribution is not too skewed and that the payoffs are not too dependent on the behavior of Assad (for details, see Dalkiran et al., 2012; Hoffman, Yoeli, & Dalkiran, 2015).

What happens if such norms are learned or evolved and subject to selection? Suppose there is a norm to attack whenever more than 100,000 civilians are killed. Players will soon realize that they should not attack unless, say, 100,100 civilians are killed. Then, players will learn not to attack when they estimate 100,200 civilians are killed and so on, indefinitely. Thus, every threshold will eventually "unravel," and no one will ever attack.[6]

Now let's consider a categorical norm, for example, the use of chemical weapons. We again model this as a random variable, though this time, the random variable can only take on two values (0 and 1), each with some probability. Again, players do not know with certainty whether the transgression occurred, but instead get a noisy signal. In our example, the signal represents France or the United States's assessment of whether Assad used chemical weapons, and there is some likelihood the assessors make mistakes: They might not detect chemical weapons when they had been used or might think they have detected chemical weapons when none had been used.

Unlike with the threshold norm, provided the likelihood of a mistaken signal is not too high, there is a Nash equilibrium where both players punish when they receive a signal that the transgression occurred. That is, the United States and France each levy sanctions if their assessors detect chemical weapons. This is because when the United States detects chemical weapons, the United States believes France

[5] This is where the assumption of a uniform distribution comes in. Had we instead assumed, for instance, that the continuous variable is normally distributed, then it would not be exactly 50–50 but would deviate slightly depending on the standard deviation and the location of the threshold. Nevertheless, the upcoming logic will still go through for most Coordination Games, i.e. any Coordination Game with risk dominance not too close to .5.

[6] As with omission, this follows from iterative elimination of strictly dominated strategies (see Hoffman et al., 2015, for details).

HOUSE_OVERSIGHT_015516

likely detected them and will likely levy sanctions. So the United States's best response is to levy sanctions. Similarly, if the United States does not detect chemical weapons, it expects France did not and will not levy sanctions, so the United States is better off not levying them.

This result is useful for evaluating whether it is worthwhile to uphold a norm. The Obama administration was harshly criticized for threatening to go to war after the Assad regime used chemical weapons but not earlier, although the regime had already killed tens of thousands of civilians. The model clarifies that Obama's position was not as inconsistent as his critics had charged: The norm against chemical weapons may be worth enforcing since it is sustainable, whereas norms against civilian casualties are harder to sustain and hence might not be worthwhile to enforce.

Let's return to some more of our motivating examples. Our model can explain why we define murder categorically: It is not possible to punish differently for different amount of quality life years taken, but it is possible to punish differentially for a life taken. As with omission–commission, however, we do expect sadness or grief to depend greatly on life years lost, even if the punishment or moralistic outrage will be less sensitive. This is a prediction of the model that, as far as we know, has yet to be tested.

Similarly, the "one-drop" rule is a categorical norm, so it can be socially enforced in an apartheid society. In contrast, consider a rule that advocates giving up one's seat for someone with lighter skin. Since this is based on a threshold in a continuous variable, while it might be enforceable by a unilateral authority, it cannot be enforced by "mob rule." Other forms of discrimination, such as discriminating against the less attractive, or the less tall, or the elderly, all being continuous variables, cannot be socially enforced via coordinated punishment, and hence, we expect such discrimination to be of a different form. In particular, it will not be based not on punishing violators. For example, male CEOs might still prefer young attractive female secretaries, and taller men are more likely to be hired as CEOs, not because of coordinated rewards or punishment but because those who hire the CEOs or secretaries are likely to be satisfying their own preferences or doing what they expect will lead to higher profits.

Likewise, the number of victims tortured by a regime or the number of lives saved by torturing is continuous. Thus, a regime cannot be punished by a coordinated attack by other countries or by a coordinated rebellion by its citizens based on the number of people tortured or the paucity of reasons for such torture. But, a regime can be attacked or overthrown depending on whether a physical harm was inflicted on a citizen by the state. Hence, human rights are treated as inalienable, even in the absence of an a priori justification for this nonutilitarian norm. And why are human rights ascribed to all living *Homo sapiens*? Perhaps not because of a good logical a priori argument, but simply because violations of human rights are enforceable by coordinated punishment, but no regime can be punished for harming any "person" of less than a certain degree of consciousness.

Finally, here is one last application. The model might also explain why revolutions are often caused by categorical events, such as a new tea tax or a single, widely

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publicized self-immolation, and not a breach of a threshold in, say, the quality of life of citizens or the level of corruption. This explanation requires simply that we recognize revolutions as a coordination problem (as argued in Morris & Shin, 2002; Chwe, 2013), where each revolutionary chooses whether to revolt, and each is better off revolting only if sufficiently many others revolt.

## Quirks of Altruism and the Repeated Prisoner's Dilemma with Incomplete Information

*The Repeated Prisoner's Dilemma has famously been used as an explanation for the evolution of cooperation among non-kin* (Axelrod & Hamilton, 1981; Dawkins, 2006; Pinker, 2003; Trivers, 1971). *In this section, we show how the same basic model can be used to explain many of the quirky features of our pro-social preferences and ideologies.*

Recall that in the Prisoner's Dilemma, each of two players simultaneously chooses whether to cooperate. Cooperation reduces a player's own payoffs by $c>0$ while increasing the other's payoffs by $b>c$. The only Nash equilibrium is for neither player to cooperate. In the Repeated Prisoner's Dilemma, the players play a string of Prisoner's Dilemmas. That is, after the players play a Prisoner's Dilemma, they learn what their opponent did and play another Prisoner's Dilemma against the same opponent with probability $\delta$ (and the game ends with probability $1-\delta$). As is well known in the evolutionary literature, there are equilibria in which players end up cooperating, provided $\delta>c/b$. In all such equilibria, cooperation is sustained because any defection by one player causes the other player to defect. This is called reciprocity. As the reader is surely familiar, there is ample evidence for the Repeated Prisoner's Dilemma as a basis for cooperation from computer simulations (e.g., Axelrod, 1984) and animal behavior (e.g., Wilkinson, 1984). The model can be extended to explain contributions to public goods if, after deciding whether to contribute to a public good, players play a Repeated Prisoner's Dilemma (see, e.g., Panchanathan & Boyd, 2004) (Fig. 5).

The key to understanding these quirks is that players often have incomplete information. For example:

1. Players do not always observe contributions. It is intuitive that, for cooperation to occur in equilibrium, contributions need to be observed with sufficiently high probability.
2. Others cannot always tell whether a player had an opportunity to contribute. For defection to be penalized, it must be the case that others can tell that a player had the opportunity to cooperate and did not (i.e. the player should not be able to hide the fact that there was an opportunity to cooperate).
3. Sometimes, there are two ways to cooperate, and one has a higher benefit, $b$. Then, the only way this more effective type of cooperation can be sustained in equilibrium is if others know which cooperative act is more effective.

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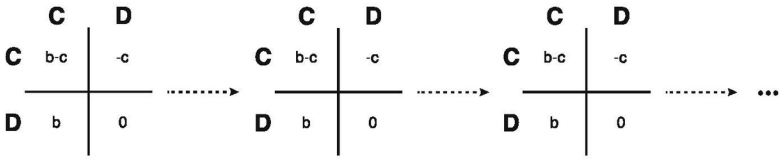


**Fig. 5** The Repeated Prisoner's Dilemma. Two players play a Prisoner's Dilemma. They each observe the other's action, then, with probability $\delta$, play another Prisoner's Dilemma against the same opponent, etc.

Technically, for the second and third point, what is needed is common knowledge that a player had an opportunity to cooperate or of the more effective means of cooperation. If observers were to know one purposely chose to defect or chose the less cooperative act, but they do not know that others know this, then observers think others will think punishment is not warranted, and observers will not punish. The argument is analogous to the discussion of higher-order beliefs in the omission–commission subsection and formalized in Dalkiran et al. (2012) and Hoffman et al. (2015).

## *Interpreting the Quirks of Altruism*

Below we discuss some of the quirky features of altruism identified by economists and psychologists. In each case, we will argue that these features might be puzzling, but not when viewed through the lens of the above model:

**Insensitivity to Effectiveness**. We are surprisingly insensitive to the impact of our charitable contributions. We vote because we "want to be a part of the democratic system," or we "want to make a difference," despite the fact that our likelihood of swinging an election (even in a swing state) is smaller than our likelihood of being struck by lightning (Gelman, Silver, & Edlin, 2012). Why is our desire to "make a difference" or "be a part of the system" immune to the actual difference we are making? Our charitable contributions or volunteer efforts suffer from the same insensitivity. Why does anyone give money or volunteer time to Habitat for Humanity? The agency flies high earners who have never held a hammer halfway across the world to build houses that would be substantially more cheaply built by local experts funded by the high earners. Experimental evidence demonstrates our insensitivity: Experimental subjects are willing to pay the same amount to save 2000, 20,000, or 200,000 birds (Desvousges et al., 2010). Likewise, when donors are told their donations will be matched, tripled, or quadrupled, they donated identical amounts (Karlan & List, 2006). Why do we give so much, but do not ensure our gifts have a large impact?

The explanation follows directly from the above model: It is often the case that observers do not know which acts are effective and which are not and, certainly, this

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usually is not commonly known. Thus, they will not reward or punish based on effectiveness, and we ourselves will not attend to effectiveness in equilibrium. This explanation suggests that if we want to increase efficacy of giving, we ought to focus on making sure donors' friends and colleagues are aware of the efficacy of different options. In fact, this is perhaps more important than informing the donor of efficacy, since the donor will be motivated to uncover efficacy herself.

**Magnitude of the Problem**. We are surprisingly unaware of and unaffected by the magnitudes of the problems we contribute to solving. How many of those who participated in the recent ALS Ice Bucket Challenge have even the vaguest sense of the number of ALS victims? (Answer: about 1/100th the victims of heart disease.) How much happier would these individuals have been if the number of ALS victims were cut in half? Multiplied by 100? The same questions could be asked about AIDS or cleft lips. If we were actually motivated by our desire to rid the world of such afflictions as we often proclaim, then we would be happier if there were fewer afflicted individuals and less happy if there were more. But we are not even aware of these numbers, let alone affected by them. This suggests an alternative motivation than the one we proclaim.

On the other hand, if we give in order to gain social rewards, it does not matter whether the problem is large or small, provided others recognize it as a problem and the social norm is to give. If our learned or evolved preferences were drastically impacted by the magnitude of the crises, we would be sensitive to whether the problem was solved, perhaps motivating us to ensure that others solve it, which we would not get credit for, or perhaps motivating us to devote too much of our resources to solving it, beyond what we would actually get rewarded for.

**Observability**. There is overwhelming evidence that people give more when their gifts are observed. Much of this evidence comes from the lab, where it has been demonstrated a myriad of ways (e.g., Andreoni & Petrie, 2004; Bolton, Katok, & Ockenfels, 2005; List, Berrens, Bohara, & Kerkvliet, 2004). For instance, when participants play a public goods game in the laboratory for money, their contributions are higher when they are warned that one subject will have to announce to the room of other participants how much they contributed (List et al., 2004). However, evidence also comes from real-world settings, which find large effects in settings as diverse as blood donation (Lacetera & Macis, 2010), blackout prevention (Yoeli, Hoffman, Rand, & Nowak, 2013), and support for national parks (Alpizar, Carlsson, & Johansson-Stenman, 2008). In Switzerland, voting rates fell in small communities when voters were given the option to vote by mail (Funk, 2006), which makes it harder to tell who did not vote, even though it also makes it easier to vote. In fact, our willingness to give more when observed extends to subtle, subconscious cues of being observed: People give twice as much in dictator games when there are markings on the computer screen that vaguely represent eyes (Haley & Fessler, 2005), and they are more likely to pay for bagels in their office when the payment box has a picture of eyes above it (Bateson, Nettle, & Roberts, 2006).

These results should not surprise anyone who believes our pro-social tendencies are influenced by reputational concerns (though the magnitudes are surprisingly large).

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The effectiveness of subconscious cues of observability points to a primary role for reputations in our learned or evolved proclivities toward pro-social behavior. The large impact of subtle cues of observability, however, calls into question alternative explanations not based on reputations.

**Explicit Requests**. When we are asked directly for donations, we give more than if we are not asked, even though no new information is conveyed by the request. In a study of supermarket shoppers around Christmas time, researchers found that passersby were more likely to give to the Salvation Army if volunteers not only rang their bell but explicitly asked for a donation (Andreoni, Rao, & Trachtman, 2011). If our motive is to actually do good, or perhaps proximally to feel good by the act of giving, we should not be impacted by an explicit request.

However, if we evolved or learned to give in order to gain rewards or avoid punishment as described above, then we ought to be more likely to give when, if we did not give, it would be common knowledge that we had the option to give and chose not to. The explicit request makes the denial common knowledge.

It is worth emphasizing that our evolved intuition to respond to explicit asks may be (mis)applied to individual settings that lack social rewards. Imagine you are approached by a Salvation Army volunteer in front of a store in a city where you are visiting for one day only. A literal reading of the model would suggest that you should be no more likely to respond to an explicit request. But it is more realistic to expect that if your pro-social preferences were learned or evolved in repeated interactions then applied to this new setting, you would respond in a way that is not optimal for this particular setting and nonetheless give more when explicitly asked (just as our preferences for sweet and fatty foods, which evolved in an environment where food was scarce, lead us to overeat now that food is abundant).

**Avoiding Situations in Which We Are Expected to Give**. In the same supermarket study, researchers discovered that shoppers were going out of their way to exit the store through a side door, to avoid being asked for a contribution by the Salvation Army volunteers. In another field experiment, those who were warned in advance that a solicitor would come to the door asking for charitable donations were more likely to not be home. The researchers estimated that among those who gave, 50 % would have avoided being home if warned in advance of the solicitor's time of arrival (DellaVigna et al., 2012). In a laboratory analog, subjects who would have otherwise given money in a $10 dictator game were willing to pay a dollar to keep the remaining nine dollars and prevent the recipient from knowing that a dictator game could have been played (Dana et al. 2006). If our motive were to have an impact, we would not pay to avoid putting ourselves in a situation where we could have such an impact. Likewise, if our motive were to feel good by giving, we would not pay to avoid this feeling.

In contrast, if we evolved or learned to give in order to gain rewards or avoid punishment, then we would pay to avoid situations where we are expected to give. Again, this would be true even if, in this particular setting, we were unlikely to actually be punished.

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**Norms**. People are typically *conditionally cooperative*, meaning that they are willing to cooperate more when they believe others contribute more. For example, students asked to donate to a university charity gave 2.3 percentage points more when told that others had given at a rate of 64 % than when they were told giving rates were 46 % (Frey & Meier, 2004). Hotel patrons were 26 % more likely to reuse their towels when informed most others had done the same (Goldstein, Cialdini, & Griskevicius, 2008). Households have been shown to meaningfully reduce electricity consumption when told neighbors are consuming less, both in the United States (Ayres, Raseman, & Shih, 2012) and in India (Sudarshan, 2014).

Such conditional cooperation is easily explained by the game theory model: When others give, one can infer that one is expected to give and may be socially sanctioned if one does not.

**Strategic Ignorance**. Those at high risk of contracting a sexually transmitted disease (STD) often go untested, presumably because if they knew they had the STD, they would feel morally obliged to refrain from otherwise desirable activity that risks spreading the STD. Why is it more reproachable to knowingly put a sexual partner at risk when one knows one has the STD than to knowingly put a sexual partner at risk by not getting tested? There is evidence that we sometimes pursue *strategic ignorance* and avoid information about the negative consequences of our decisions to others. When subjects are shown two options, one that is better for themselves but worse for their partners and one that is worse for themselves but better for their partners, many choose the option that is better for their partners. But, when subjects must first press a button (at no cost) to reveal which option is better for their partners, they choose to remain ignorant and simply select the option that is best for themselves (Dana, Weber, & Kuang, 2007).

This quirk of our moral system is again easy to explain with the above model. Typically, information about how one's actions affect others is hard to obtain, so people cannot be blamed for not having such information. When one can get such information easily, others may not know that it is easy to obtain and will not punish anyone who does not have the information. For example, although it is trivially easy to look up charities' financial ratings on websites like charitynavigator.org, few people know this and *could* negatively judge those that donate without first checking such websites. And even when others know that one can get this information easily, they might suspect that others do not know this, and so avoid punishing, since others won't expect punishment. To summarize, strategic ignorance prevents common knowledge of a violation and so is likely to go unpunished. We again emphasize that we will be lenient of strategic ignorance, even when punishment is not literally an option.

**Norm of Reciprocity**. We feel compelled to reciprocate favors, even if we know that the favors were done merely to elicit reciprocation and even if the favor asked in return is larger than the initial one granted (Cialdini 2001). For instance, members of Hare Krishna successfully collect donations by handing out flowers to disembarking passengers at airports, even though passengers want nothing to do with the flowers: They walk just a few feet before discarding them in the nearest bin.

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Psychologists and economists sometimes take this "norm" as given, without asking where it comes from, and a naive reading of Trivers would lead one to think that we should be sensitive to the magnitude of the initial favor and whether it is manipulative.

However, according to the above model, reciprocity is the Nash equilibrium, even if the favors are not evenly matched or manipulative, since, in equilibrium, we are neither sensitive to such quantitative distinctions nor to whether the initial reciprocity was manipulative, unless these facts are commonly known.

**Self-Image Concerns**. People sometimes play mental tricks in order to appear *to themselves* as pro-social. For example, in an experiment, subjects will voluntarily take on a boring task to save another subject from doing it, but if given the option of privately flipping a coin to determine who gets the task, they often flip—and flip, and flip again—until the "coin" assigns the task to the other subject (Batson, Kobrynowicz, Dinnerstein, Kampf, & Wilson, 1997). Why would we be able to fool ourselves and not, say, recognize that we are gaming the coin flip? Why do we care what we think of ourselves at all? Are there any constraints on how we will deceive ourselves?

Such self-image considerations can be explained by noting that our self-image can act as a simple proxy, albeit an imperfect one, for what others think of us, and also that we are more convincing to others when we believe something ourselves (Kurzban, 2012; Trivers, 2011). This explanation suggests that the ways we deceive ourselves correspond to quirks described throughout this section—for example, we will absolve ourselves of remaining strategically ignorant even when it is easy not to, or be convinced that we have done good by voting, even if we cannot swing an election.

**Framing Effects**. Whether we contribute is highly dependent on the details of the experiment, such as the choice set (List, 2007) and the labels for the different choices (Ross & Ward, 1996; Roth, 1995). Such findings are often taken as evidence that social preferences cannot be properly measured in the lab (Levitt & List, 2007).

We believe a more fruitful interpretation is simply that the frame influences whether the laboratory experiment "turns on" our pro-social preferences, perhaps by simulating a situation where cooperation is expected (Levitt & List, 2007).

**One-Shot Anonymous Giving**: We give in anonymous, one-shot settings, such as dictator games. We also sacrifice for others in the real world when there is no chance of reciprocation: Heroes jump on grenades to save their fellow soldiers or block the door to a classroom with their bodies to prevent a school shooter from entering (Rand & Epstein, 2014). This is often seen as evidence for a role of group selection (Fehr & Fischbacher, 2003).

However, an alternate explanation is that we do not consider the likelihood of reciprocation (Hoffman et al., 2015), as described above. To explain the laboratory evidence, there are two more possibilities. First, subjects may believe there is some chance their identity will be revealed and feel the costs of being revealed as selfish are greater than the gains from the experiment (Delton, Krasnow, Cosmides, & Tooby, 2011). Second, we again emphasize that learned or evolved preferences and ideologies are expected to be applied even in novel settings to which they are not optimized.

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## Conclusion

*In this chapter we have showed that a single approach–game theory, with the help of evolution and learning–can explain many of our moral intuitions and ideologies. We now discuss two implications.*

**Group Selection**. Our chapter relates to the debate on group selection, whereby group level competition and reproduction is supposed to occasionally cause individuals to evolve to sacrifice their own payoffs to benefit the group (e.g., Wilson, 2006). One of the primary pieces of evidence cited in support of group selection is the existence of human cooperation and morality (Fehr & Fischbacher, 2003; Fehr, Fischbacher, & Gächter, 2002; Gintis, Bowles, Boyd, & Fehr, 2003; Haidt, 2012; Wilson, 2010, 2012), in particular: giving in one-shot anonymous laboratory experiments, intuitively sacrificing one's life for the group (jumping on the grenade), and contributions to public goods or charity. However, we have reviewed an alternative explanation for these phenomena that does not rest on group selection. It also yields predictions about these phenomena that group selection does not, such as that people are more likely to cooperate when they are being observed and there is variance in the cost of cooperation. The approach described here also explains other phenomena, such as categorical norms and ineffective altruism. These lead to social welfare losses, which is suboptimal from the group's perspective. The categorical norm against murder, for example, leads to enormous waste when keeping alive, sometimes for years, those who have virtually no chance of a future productive life.

Admittedly, despite their inefficiencies, these moral intuitions do not rule out group selection, since group selection can be weak relative to individual selection. But it does provide a powerful argument that group selection is unnecessary for explaining many interesting aspects of human morality. It also suggests that group selection is, indeed, at most, weak. One example that makes this especially clear is discrete norms. Recall that we argued that continuous norms are not sustainable because individuals benefit by deviating around the threshold. Notice that this benefit is small, since the likelihood that signals are right around the threshold is low. Group selection could easily overwhelm the benefit one would get from deviating from this Nash equilibrium, suggesting group selection is weak (i.e. there are few group-level reproductive events, high migration rates, high rates of "mutation" in the form of experimentation among individuals, etc.).

**Logical Justification of Moral Intuitions**. In each of the applications above, we explained moral intuitions without referring to existing a priori logical justifications by philosophers or others. Our explanation for our sense of rights does not rely on Locke's "state of nature." No argument we gave rests on God as an orderly designer, on Platonic ideals, on Kant's concepts of autonomy and humanity, etc. What does this mean for these a priori justifications? It suggests that they are not the source of our morality and are, instead, post hoc justifications of our intuitions (Haidt, 2012).

To see what we mean, consider the following analogy. One might wonder why we find paintings and sculptures of voluptuous women beautiful. Before the

HOUSE_OVERSIGHT_015524

development of sexual selection theory, one might have argued that perfect spheres are some kind of Platonic solid, and inherently desirable, or that curvy hips yield golden ratios. But with our current understanding of sexual selection, we recognize that our sense of beauty has evolved and that there is no platonic sense of beauty outside of that shaped by sexual selection. Any argument about perfect spheres is unparsimonious and likely flawed. Without the help of evolution and game theory, did philosophers conjure the moral equivalents of perfect spheres and golden ratios? The state of nature, the orderly designer, Platonic ideals, autonomy, and humanity, etc.—perhaps these arguments are also unfounded and unnecessary.

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HOUSE_OVERSIGHT_015525

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HOUSE_OVERSIGHT_015528

'millionaire's house' for a day or two, before returning with cash.

He did say that she tried to get out of the sex business, but was dragged back in.

Last month it was revealed Roberts accused two male acquaintances she was raped, bringing her credibility into question.

Roberts' lawyers says the latest allegations do not contend the fact she was used for underage sex.

Attorney Sigrid McCawleysaid : 'To say that our client acquiesced in this abuse, or that the abuse was OK because she was paid for it — leaves out the fact that this is why we have laws in the United States to protect minor children who are groomed and sexually trafficked by adults.'

Epstein served 13 months in a Florida prison after pleading guilty in 2008 to soliciting a minor for prostitution.

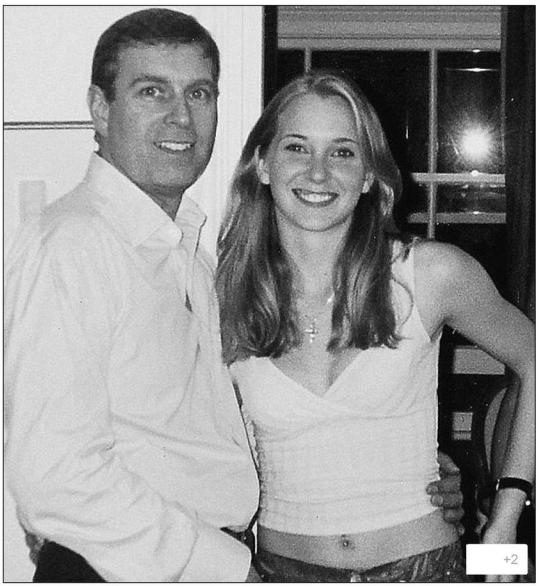


**Allegations: The 31-year-old is currently in the midst of a lawsuit claiming she was recruited to join Epstein's harem of underage women in 1999, naming Prince Andrew and attorney Alan Dershowitz as two of the men she was made to 'service'**

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The scandal resurfaced in January when Roberts named Prince Andrew in a lawsuit, accusing him of using her for underage sex.

According to court records connected with Roberts' current lawsuit, she maintains that she was recruited to join Epstein's harem in 1999 by his friend, the socialite Ghislaine Maxwell.

She says during the three years she worked for Epstein, she was made to entertain his friends and named Prince Andrew and Dershowitz as two men she had sex with.

Both men have denied having sex with Roberts, and Dershowitz is trying to get his name removed from the suit, claiming Roberts made the entire story up.

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# EXHIBIT G

**United States District Court**
**Southern District of New York**

VIRGINIA L. GIUFFRE,

Plaintiff, CASE NO:_____

v.

GHISLAINE MAXWELL,

Defendant.

_____/

**COMPLAINT**

Boies Schiller & Flexner LLP
575 Lexington Avenue
New York, NY 10022
(212) 446-2300



HOUSE_OVERSIGHT_015531

Plaintiff, VIRGINIA L. GIUFFRE, formerly known as Virginia Roberts ("Giuffre"), for her Complaint against Defendant, GHISLAINE MAXWELL ("Maxwell"), avers upon personal knowledge as to her own acts and status and otherwise upon information and belief:

## NATURE OF THE ACTION

1. This suit arises out of Defendant Maxwell's defamatory statements against Plaintiff Giuffre. As described below, Giuffre was a victim of sexual trafficking and abuse while she was a minor child. Defendant Maxwell not only facilitated that sexual abuse but, most recently, wrongfully subjected Giuffre to public ridicule, contempt and disgrace by, among other things, calling Giuffre a liar in published statements with the malicious intent of discrediting and further damaging Giuffre worldwide.

## JURISDICTION AND VENUE

2. This is an action for damages in an amount in excess of the minimum jurisdictional limits of this Court.

3. This Court has jurisdiction over this dispute pursuant to 28 U.S.C. §1332 (diversity jurisdiction) as Giuffre and Maxwell are citizens of different states and the amount in controversy exceeds seventy-five thousand ($75,000), exclusive of interest and costs.

4. This Court has personal jurisdiction over Maxwell. Maxwell resides in New York City, and this action arose, and defamatory statements were made, within the Southern District of New York.

5. Venue is proper in this Court as the cause of action arose within the jurisdiction of this Court.



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## PARTIES

6. Plaintiff Giuffre is an individual who is a citizen of the State of Colorado.

7. Defendant Maxwell, who is domiciled in the Southern District of New York, is not a citizen of the state of Colorado.

## FACTUAL ALLEGATIONS

8. Virginia Giuffre became a victim of sex trafficking and repeated sexual abuse after being recruited by Ghislaine Maxwell and Jeffrey Epstein when Giuffre was under the age of eighteen.

9. Between 1999 and 2002, with the assistance and participation of Maxwell, Epstein sexually abused Giuffre at numerous locations including his mansions in West Palm Beach, Florida, and in this District. Between 2001 and 2007, with the assistance of numerous co-conspirators, Epstein abused more than thirty (30) minor underage girls, a fact confirmed by state and federal law enforcement.

10. As part of their sex trafficking efforts, Epstein and Maxwell intimidated Giuffre into remaining silent about what had happened to her.

11. In September 2007, Epstein entered into a Non-Prosecution Agreement ("NPA") that barred his prosecution for numerous federal sex crimes in the Southern District of Florida.

12. In the NPA, the United States additionally agreed that it would not institute any federal criminal charges against any potential co-conspirators of Epstein.

13. As a co-conspirator of Epstein, Maxwell was consequently granted immunity in the Southern District of Florida through the NPA.

14. Epstein ultimately pled guilty to procuring a minor for prostitution, and is now a registered sex offender.

15. Rather than confer with the victims about the NPA, the U.S. Attorney's Office and Epstein agreed to a "confidentiality" provision in the Agreement barring its disclosure to anyone—including Epstein's victims. As a consequence, the victims were not told about the NPA.

16. On July 7, 2008, a young woman identified as Jane Doe No. 1, one of Jeffrey Epstein's victims (other than Giuffre), filed a petition to enforce her rights under the Crime Victims' Rights Act ("CVRA"), 18 U.S.C. ¶ 3771, alleging that the Government failed to provide her the rights promised in the CVRA with regard to the plea arrangement with Epstein. The litigation remains ongoing.

17. On or about May 4, 2009, Virginia Giuffre—identified then as Jane Doe No. 102—filed a complaint against Jeffrey Epstein in the United States District Court for the Southern District of Florida. The complaint included allegations made by Giuffre that pertained to Maxwell.

18. In pertinent part, the Jane Doe No. 102 complaint described in detail how Maxwell recruited Giuffre (who was then a minor girl) to become a victim of sex trafficking by introducing Giuffre to Jeffrey Epstein. With the assistance of Maxwell, Epstein was able to sexually abuse Giuffre for years until Giuffre eventually escaped.

19. The Jane Doe No. 102 complaint contained the first public allegations made on behalf of Giuffre regarding Maxwell.

20. As civil litigation against Epstein moved forward on behalf of Giuffre and many other similarly-situated victims, Maxwell was served with a subpoena for deposition. Her testimony was sought concerning her personal knowledge and role in Epstein's abuse of Giuffre and others.

21. To avoid her deposition, Maxwell claimed that her mother fell deathly ill and that consequently she was leaving the United States for London with no plans of ever returning. In fact, however, within weeks of using that excuse to avoid testifying, Maxwell had returned to New York.

22. In 2011, two FBI agents located Giuffre in Australia—where she had been hiding from Epstein and Maxwell for several years—and arranged to meet with her at the U.S. Consulate in Sidney. Giuffre provided truthful and accurate information to the FBI about Epstein and Maxwell's sexual abuse.

23. Ultimately, as a mother and one of Epstein's many victims, Giuffre believed that she should speak out about her sexual abuse experiences in hopes of helping others who had also suffered from sexual trafficking and abuse.

24. On December 23, 2014, Giuffre incorporated an organization called Victims Refuse Silence, Inc., a Florida not-for-profit corporation.

25. Giuffre intended Victims Refuse Silence to change and improve the fight against sexual abuse and human trafficking. The goal of her organization was, and continues to be, to help survivors surmount the shame, silence, and intimidation typically experienced by victims of sexual abuse. Giuffre has now dedicated her professional life to helping victims of sex trafficking.

26. On December 30, 2014, Giuffre moved to join the on-going litigation previously filed by Jane Doe 1 in the Southern District of Florida challenging Epstein's non-prosecution agreement by filing her own joinder motion.



HOUSE_OVERSIGHT_015535

27. Giuffre's motion described Maxwell's role as one of the main women who Epstein used to procure under-aged girls for sexual activities and a primary co-conspirator and participant in his sexual abuse and sex trafficking scheme.

28. In January, 2015, Maxwell undertook a concerted and malicious campaign to discredit Giuffre and to so damage her reputation that Giuffre's factual reporting of what had happened to her would not be credited.

29. As part of Maxwell's campaign she directed her agent, Ross Gow, to attack Giuffre's honesty and truthfulness and to accuse Giuffre of lying.

30. On or about January 3, 2015, speaking through her authorized agent, Maxwell issued an additional false statement to the media and public designed to maliciously discredit Giuffre. That statement contained the following deliberate falsehoods:

(a) That Giuffre's sworn allegations "**against Ghislaine Maxwell are untrue.**"

(b) That the allegations have been "shown to be untrue."

(c) That Giuffre's "**claims are <u>obvious lies</u>.**"

31. Maxwell's January 3, 2015, statement incorporated by reference "Ghislaine Maxwell's original response to the lies and defamatory claims remains the same," an earlier statement that had falsely described Giuffre's factual assertions as "entirely false" and "entirely untrue."

32. Maxwell made the same false and defamatory statements as set forth above, in the Southern District of New York and elsewhere in a deliberate effort to maliciously discredit Giuffre and silence her efforts to expose sex crimes committed around the world by Maxwell, Epstein, and other powerful persons. Maxwell did so with the purpose and effect of having



HOUSE_OVERSIGHT_015536

others repeat such false and defamatory statements and thereby further damaged Giuffre's reputation.

33. Maxwell made her statements to discredit Giuffre in close consultation with Epstein. Maxwell made her statements knowing full well they were false.

34. Maxwell made her statements maliciously as part of an effort to conceal sex trafficking crimes committed around the world by Maxwell, Epstein and other powerful persons.

35. Maxwell intended her false and defamatory statements set out above to be broadcast around the world and to intimidate and silence Giuffre from making further efforts to expose sex crimes committed by Maxwell, Epstein, and other powerful persons.

36. Maxwell intended her false statements to be specific statements of fact, including a statement that she had not recruited an underage Giuffre for Epstein's abuse. Maxwell's false statements were broadcast around the world and were reasonably understood by those who heard them to be specific factual claims by Maxwell that she had not helped Epstein recruit or sexually abuse Giuffre and that Giuffre was a liar.

37. On or about January 4, 2015, Maxwell continued her campaign to falsely and maliciously discredit Giuffre. When a reporter on a Manhattan street asked Maxwell about Giuffre's allegations against Maxwell, she responded by saying: "I am referring to the statement that we made." *The New York Daily News* published a video of this response by Maxwell indicating that she made her false statements on East 65th Street in Manhattan, New York, within the Southern District of New York.

**COUNT I**
**DEFAMATION**

1. Plaintiff Giuffre re-alleges paragraphs 1 - 37 as if the same were fully set forth herein. Maxwell made her false and defamatory statements deliberately and maliciously with the intent to intimidate, discredit and defame Giuffre.

2. In January 2015, and thereafter, Maxwell intentionally and maliciously released to the press her false statements about Giuffre in an attempt to destroy Giuffre's reputation and cause her to lose all credibility in her efforts to help victims of sex trafficking.

3. Maxwell additionally released to the press her false statements with knowledge that her words would dilute, discredit and neutralize Giuffre's public and private messages to sexual abuse victims and ultimately prevent Giuffre from effectively providing assistance and advocacy on behalf of other victims of sex trafficking, or to expose her abusers.

4. Using her role as a powerful figure with powerful friends, Maxwell's statements were published internationally for the malicious purpose of further damaging a sexual abuse and sexual trafficking victim; to destroy Giuffre's reputation and credibility; to cause the world to disbelieve Giuffre; and to destroy Giuffre's efforts to use her experience to help others suffering as sex trafficking victims.

5. Maxwell, personally and through her authorized agent, Ross Gow, intentionally and maliciously made false and damaging statements of fact concerning Giuffre, as detailed above, in the Southern District of New York and elsewhere.

6. The false statements made by Gow were all made by him as Maxwell's authorized agent and were made with direct and actual authority from Maxwell as the principal.

7. The false statements that Maxwell made personally, and through her authorized agent Gow, not only called Giuffre's truthfulness and integrity into question, but also exposed Giuffre to public hatred, contempt, ridicule, and disgrace.

8. Maxwell made her false statements knowing full well that they were completely false. Accordingly, she made her statements with actual and deliberate malice, the highest degree of awareness of falsity.

9. Maxwell's false statements constitute libel, as she knew that they were going to be transmitted in writing, widely disseminated on the internet and in print. Maxwell intended her false statements to be published by newspaper and other media outlets internationally, and they were, in fact, published globally, including within the Southern District of New York.

10. Maxwell's false statements constitute libel per se inasmuch as they exposed Giuffre to public contempt, ridicule, aversion, and disgrace, and induced an evil opinion of her in the minds of right-thinking persons.

11. Maxwell's false statements also constitute libel per se inasmuch as they tended to injure Giuffre in her professional capacity as the president of a non-profit corporation designed to help victims of sex trafficking, and inasmuch as they destroyed her credibility and reputation among members of the community that seeks her help and that she seeks to serve.

12. Maxwell's false statements directly stated and also implied that in speaking out against sex trafficking Giuffre acted with fraud, dishonesty, and unfitness for the task. Maxwell's false statements directly and indirectly indicate that Giuffre lied about being recruited by Maxwell and sexually abused by Epstein and Maxwell. Maxwell's false statements were reasonably understood by many persons who read her statements as conveying that specific intention and meaning.



HOUSE_OVERSIGHT_015539

13. Maxwell's false statements were reasonably understood by many persons who read those statements as making specific factual claims that Giuffre was lying about specific facts.

14. Maxwell specifically directed her false statements at Giuffre's true public description of factual events, and many persons who read Maxwell's statements reasonably understood that those statements referred directly to Giuffre's account of her life as a young teenager with Maxwell and Epstein.

15. Maxwell intended her false statements to be widely published and disseminated on television, through newspapers, by word of mouth and on the internet. As intended by Maxwell, her statements were published and disseminated around the world.

16. Maxwell coordinated her false statements with other media efforts made by Epstein and other powerful persons acting as Epstein's representatives and surrogates. Maxwell made and coordinated her statements in the Southern District of New York and elsewhere with the specific intent to amplify the defamatory effect those statements would have on Giuffre's reputation and credibility.

17. Maxwell made her false statements both directly and through agents who, with her general and specific authorization, adopted, distributed, and published the false statements on Maxwell's behalf. In addition, Maxwell and her authorized agents made false statements in reckless disregard of their truth or falsity and with malicious intent to destroy Giuffre's reputation and credibility; to prevent her from further disseminating her life story; and to cause persons hearing or reading Giuffre's descriptions of truthful facts to disbelieve her entirely. Maxwell made her false statements wantonly and with the specific intent to maliciously damage Giuffre's good name and reputation in a way that would destroy her efforts to administer her



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non-profit foundation, or share her life story, and thereby help others who have suffered from sexual abuse.

18. As a result of Maxwell's campaign to spread false, discrediting and defamatory statements about Giuffre, Giuffre suffered substantial damages in an amount to be proven at trial.

19. Maxwell's false statements have caused, and continue to cause, Giuffre economic damage, psychological pain and suffering, mental anguish and emotional distress, and other direct and consequential damages and losses.

20. Maxwell's campaign to spread her false statements internationally was unusual and particularly egregious conduct. Maxwell sexually abused Giuffre and helped Epstein to sexually abuse Giuffre, and then, in order to avoid having these crimes discovered, Maxwell wantonly and maliciously set out to falsely accuse, defame, and discredit Giuffre. In so doing, Maxwell's efforts constituted a public wrong by deterring, damaging, and setting back Giuffre's efforts to help victims of sex trafficking. Accordingly, this is a case in which exemplary and punitive damages are appropriate.

21. Punitive and exemplary damages are necessary in this case to deter Maxwell and others from wantonly and maliciously using a campaign of lies to discredit Giuffre and other victims of sex trafficking.

## PRAYER FOR RELIEF

WHEREFORE, Plaintiff Giuffre respectfully requests judgment against Defendant Maxwell, awarding compensatory, consequential, exemplary, and punitive damages in an amount to be determined at trial, but in excess of the $75,000 jurisdictional requirement; costs of suit; attorneys' fees; and such other and further relief as the Court may deem just and proper.

## JURY DEMAND

Plaintiff hereby demands a trial by jury on all causes of action asserted within this pleading.

Dated September 21, 2015.

/s/ David Boies
David Boies
Boies Schiller & Flexner LLP
333 Main Street
Armonk, NY 10504

/s/ Sigrid McCawley
Sigrid McCawley
(Pro Hac Vice Pending)
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HOUSE_OVERSIGHT_015542

# EXHIBIT H

IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT, IN
AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiff(s),

vs.

ALAN M. DERSHOWITZ,

Defendant(s).
_____/

**NOTICE OF SERVING ANSWERS TO INTERROGATORIES**

Plaintiffs, Bradley J. Edwards and Paul G. Cassell, by and through their undersigned counsel, hereby file this Notice of Serving Answers to Interrogatories with the Court propounded by the Defendant, ALAN M. DERSHOWITZ, on February 11, 2015, and that a copy has been furnished to the attorney for the Defendant.

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via E-Serve to all Counsel on the attached list, this 13th day of March, 2015.

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Attorneys for Plaintiffs

**13. Describe in detail Each instance in which Jane Doe #3 has provided information referencing Dershowitz by name that Concern the allegations set forth in Paragraphs 24-31 of the 2015 Jane Doe #3 Declaration.**

**ANSWER**: Edwards and Cassell lack sufficient information to determine all circumstances in which Jane Doe No. 3 has mentioned to others Dershowitz's name as someone who abused her or had information relevant to abuse.

With regard to when she has provided information related to this subject to them, Jane Doe No. 3 provided such information in telephone calls with Brad Edwards beginning in 2011.

Jane Doe No. 3 has also provided this information in a public affidavit, filed on January 21, 2015, in the CVRA case. Jane Doe No. 3 has also provided similar information on other occasions, but the specifics of those communications are protected by the attorney-client privilege and the work product doctrine.

**14. If You have ever seen a photograph or video of Jane Doe #3 with Dershowitz, then state when You saw the photograph or video, identify who took the original photograph or video, identify Each person who possesses a copy of the photograph or video, and state the location of Each such original and copy.**

**ANSWER**: Edwards and Cassell have not personally seen such a photograph or video. Discovery efforts to obtain photographic materials regarding Jane Doe No. 3 held by the U.S. Attorney's Office for the Southern District of Florida and/or other federal law enforcement and prosecuting agencies are on-going.

**15. For Each communication between You or anyone acting on Your behalf, and anyone from, or acting on behalf of, any media outlet Concerning this action, the Joinder Motion, or Dershowitz, and regardless of whether such communication was "on the record" or "off the record," (a) state the date of the communication; (b) state the participants in the communication; and (c) describe the contents of the communication.**

**ANSWER**: Objection, not reasonably calculated to lead to the discovery of admissible evidence; vague, harassing, work-product.

**16. Describe in detail All facts Concerning any assertion that Dershowitz was a "coconspirator" with Epstein.**

**ANSWER**: See answers to interrogatory number 5 above, as well as answers to interrogatories numbers 1, 6, 8, 9, 10 above. In addition, factual information is found in the documents and other materials and references provided in answer to Request for Production Number 2



HOUSE_OVERSIGHT_015545

PAUL G. CASSELL

STATE OF UTAH )

COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this 11 day of March, 2015 by Paul Cassell who is personally known to me or who has produced personal knowledge (type of identification) as identification and who did/did not take an oath.

Susan Baca
Notary Public
~~State of Florida at Large~~ State of Utah SMB
My Commission expires:
Commission No:

Notary Public
SUSAN BACA
Commission #665643
My Commission Expires
April 19, 2017
State of Utah

Bradley J. Edwards

STATE OF FLORIDA )
)
COUNTY OF Broward )

BEFORE ME, the undersigned authority, personally appeared this day Bradley J. Edwards, who [✓] is personally known to me *or* [ ] produced _____, as identification, and who, after being duly sworn, did state that he/she executed the foregoing Answers to First Set of Interrogatories and that the same are true and correct to the best of his knowledge

Subscribed and sworn to before me this 12th day of March, 2015.

MARIA W. KELLJCHIAN
MY COMMISSION #EE840478
EXPIRES: OCT 03, 2016
Bonded through 1st State Insurance

Signature of Notary Public, State of Florida

Print / Typed Name, Notary Public

My commission expires:



HOUSE_OVERSIGHT_015547

# EXHIBIT I

1 IN THE CIRCUIT COURT OF THE SEVENTEENTH
JUDICIAL CIRCUIT IN AND FOR
2 BROWARD COUNTY, FLORIDA

3 CASE NO. CACE 15-000072

4

5 BRADLEY J. EDWARDS and PAUL G. CASSELL,

6
Plaintiffs/Counterclaim Defendants,
7
vs.
8

9 ALAN M. DERSHOWITZ,

10
Defendant/Counterclaim Plaintiff.
11 _____/

12

13

14 VIDEOTAPED DEPOSITION OF

15 PAUL G. CASSELL

16 TAKEN ON BEHALF OF THE DEFENDANT

17 VOLUME I, PAGES 1 to 151

18

19

20 Friday, October 16, 2015

21 1:33 p.m. - 4:31 p.m.

22
110 Southeast 6th Street
23 110 Tower - Suite 1850
Fort Lauderdale, Florida 33301
24

25 Theresa Tomaselli, RMR

ESQUIRE SOLUTIONS

1 let me clear all of that misunderstanding up.
2 You know, that's -- frankly, if I had gotten
3 something like that, that's what I would have
4 said.
5 The answer that came back was -- from
6 Mr. Dershowitz was something along the lines of,
7 if I remember correctly, well, tell me what
8 you -- you -- tell me what you want to know and
9 I'll decide whether to cooperate, was I think
10 the phrase that was used. And -- and so there
11 was an attempt, you know, a 2009 attempt, a 2011
12 attempt to get information from Mr. Dershowitz.
13 Then there was another subpoena without
14 deposition for -- for documents. You know, we
15 have heard a lot about records in this case that
16 could prove innocence. There was a records
17 request to Mr. Dershowitz in 2013. And, again,
18 my understanding was that there was no -- you
19 know, no documents were provided on that.
20 And so those -- I had that information.
21 Another bit of information that I had was that in
22 2011, I believe in early April -- this is not
23 attorney/client privileged information from
24 Virginia Roberts. This is a telephone call that
25 she placed from Australia where she had been

# EXHIBIT J

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT, IN AND FOR PALM BEACH COUNTY, FLORIDA

CASE NO.: 502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS, individually,
and L.M., individually,

Defendants.
_____/

**NOTICE OF FILING**

COMES NOW the Defendant/CounterClaimant, BRADLEY EDWARDS, by and through his undersigned counsel, and hereby files the attached transcript of the telephone interview of Virginia Roberts to supplement the proffer made in support of Counter-Claimant's Motion for Leave to Amend to Assert Punitive Damages.

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all Counsel on the attached list on this 17 day of May 2011.

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**PRIVILEGED PURSUANT TO FS 766.205(4) and/or WORK PRODUCT**

**TELECON**

**PARTICIPANTS:** **JACK SCAROLA**
**BRAD EDWARDS**
**VIRGINIA ROBERTS**

**RE:** **Edwards adv. Epstein**
**291874**

**DATE:** **April 07, 2011**

---

JS: Virginia, Jack Scarola and Brad Edwards

BE: Hi Virginia.

V: Hi Jack! Hi Brad! How you guys doing?

JS: We're doing fine, thank you. I'm sorry for all of the trouble and before we go any further, let me tell you, if I have your permission, I have started a tape recorder and I want to be able to tape this conversation from the very beginning. Is that alright with you?

V: Sure, that's fine, Jack. No problem

JS: Ok, good, thank you. I appreciate that. Let me start off by introducing myself. I know that Brad has spoken to you about me but I am Brad's lawyer, and I assume that you can confirm that you and I have never had any communication before. Is that right?

V: That's correct.

JS: Alright. I have, however, gotten some information from Brad about conversations that you have had with him, and that will enable me, hopefully, to make this a little bit more efficient and take up a minimum amount of your time while still getting the information that we think is going to be helpful to us and to any jury that might ultimately have to hear these facts.

So, let me begin by asking you first to tell us what your full name is.

V: Virginia Louise Roberts. That's my maiden name. My married name is Virginia Louise [redacted].*

JS: Could you spell your last name for us? That is your married last name:

V: [redacted].*

JS: Alright, thank you, and where are you living right now?

V: I live in Australia.

JS: And how long have you resided in Australia.

V: This is my 19th year.

JS: That is where you are right now, correct? We've reached you in Australia for this phone conversation?

V: That is correct, yes.

JS: And what time is it in Australia right now?

V: I think it's about 9:00 now.

JS: Ok. That's 9am, correct?

V: That's correct.

JS: Alright. Virginia, the reason for this conversation is because it is our understanding that you know a man by the name Jeffrey Epstein, and I want to begin by asking you please to tell us about the circumstances of your first meeting Mr. Epstein.

V: Ok. I was introduced to Mr. Epstein by Ghislaine Maxwell. I was working at Donald Trump's spa in Mar-a-Lago and I was prompted by Ghislaine to come to Jeffrey's mansion in Palm Beach that afternoon after work to make some extra money and to learn about massage. She met me at the spa, and I was reading a book about anatomy, so I was already interested in massage therapy as it was and not having any of the education or you know anything behind me, I thought this was a great opportunity to work for her and go. So, I went to Jeffrey's mansion about 5 or 6 in the afternoon. My dad drove me there. My dad worked at Mar-a-Lago with me, and he met Ghislaine and she seemed like a nice, proper English lady, and she knows, I mean, you know, one time then _once before I left to travel overseas, she just seemed really nice and like she would like to help me out. So my dad left, and I had no problem getting home that night, one of her drivers would take me back after my trial. So she led me upstairs, and into Jeffrey's bedroom, and past that is Jeffrey's massage room, which has got his steam room and a shower and a massage table, and there is actually an extra room that has, that nobody knows about it, it's kinda like a secret room and it's got a whole bunch of decorative pictures of pornographic literature and sex toys and I can ___?___ what happened in there.

JS: When you say that the room was hidden, Virginia, how was the room concealed?

V: It wasn't like a door that you would normally go into, like some kind of special opening, you open that and then a little door, so it looks like it's a little closet so-to-speak, but when you walk in there, it's obviously a lot bigger than just a closet. It wasn't too big, but it was bigger, you know. It wasn't a gigantic room, it was just like a small room, which you know, it probably could fit some shoes in there, _it had racks of shoes, boxes, some sweatshirts neatly folded, and the ceiling to the floor was covered in pornographic pictures of the girls that he had met.

JS: When you say…

V: So anyways, that was getting there, and I was introduced to Jeffrey, he was laying naked on top of the massage table, and obviously for one, I'm a 15 year old girl and seeing him on the table was weird but, also learning about anatomy and massage, I thought this would be part of it. So obviously, I thought it was part of the massage program, so I said ok, this is fine. And, he then instructed me on how to touch the body, Jeffrey's body, how to massage him, and for the first hour, it was actually a real massage, maybe not an hour, maybe like 40 minutes or something, but of something like that _and that's when he turned over on the other side and to expose himself fully. So then Ghislaine told me that she wanted me to undress and began to take off my shirt and skirt, my white uniform from Mar-A-Lago, she also took off her shirt and got undressed, and so I was there with just my undies on, and she was completely bare, and made some kind of little flake about the underwear that I was wearing because it wasn't my normal sexy girl underwear and just like, I don't know, had red hearts on it or something like that; just your normal, you know, real cute underwear. Anyways, so during all of this I'm kind of like what's going on, how do I act, what do I say, I was so afraid of, not afraid or fearful for my life but _unsure of how all this started and wanting to obtain a profession_ I was so afraid thinking about upsetting and disappointing them, I don't know, it's a weird situation by far and I was expected to _Lick his nipples, instructed on how to do so by J.E_ and give him oral sex while he wanted to fondle me, and then at the end, I was told by Ghislaine to get on top and straddle Jeffrey sexually, and when we were done, we went and had a shower in the room and Jeffrey told me to wash him up and down, you know with a bar of soap and make sure he was all cleaned up. And then he took me downstairs and took me to two of the guards and told John to bring me home. John was the butler at the time.

JS: Let me interrupt you for just a moment there if I could, Virginia. You mentioned as you were recounting those details that you were 15 years old at the time. What is your date of birth?

V: August 9th, 1983

JS: And can you tell us please, as best you're able to estimate it, what the date was when this first encounter occurred?

V: I've got it written down. It's like - I'm not good with math – hold on – I thought I wrote it down but I didn't. I'm not too sure, I think it was 1998 off the top of my head and around June of 1998, I would say as I was turning 16 at the end of the summer.

JS: Alright. You talked about the room where Jeffrey had the pornographic photographs. Did you actually see that room on the occasion of your first visit there?

V: No, I got to see that room a few visits after but I was just trying to describe that room to you guys so you knew exactly what room I was talking about.

JS: Another question for you, and I don't mean to be prying into your personal life, and if I ask you any questions at all that you're uncomfortable answering, then you just tell me that and we'll move on, because I appreciate your cooperation and the last I thing I want to do is impose upon that cooperation, but can you tell us please just generally what kind of sexual experience you had had prior to this confrontation with Jeffrey?

V: Yeah, sure. A close family friend has sexually abused me, and I was on the streets at 13 years old. I was picked up by a 67 year old man named Ron _Eppinger_ who did exactly what Jeffrey did with me abuse and violate my youthfulness _ & I was with him for 6 months. So, he was gone and then I had this boyfriend who was like my school friend from young days but we just kept in contact with each other and we were on and off constantly, and that was Tony Figeroua_, and there was also another younger guy was near my age, Michael, I can't remember his last name, but yeah, there, I mean, there wasn't like a string of men or anything, but there was Ron, like I told you, and he was the first guy expecting me to do so-called disgusting affairs. Jeffrey actually knew Ron, which was quite weird when I told Jeffrey the story about Ron, and Jeffrey had actually met him, and yeah. Anyway, just another story, and yeah, there were a couple of men, but that gives you an idea.

JS: Now when you described the photographs in the room as pornographic, tell me just a little bit about the photographs, if you would please? First, how many of them were there?

V: At least 100, and like I said, they covered the room from the ceiling, not the ceiling but from the top of the edge of the wall to the bottom of the floor. I want to say at least a hundred, even more, there could have been more in the boxes _Some of them were A4_ photographs, like the large size, some of naked women posing, you know, positions, sexy positions. Others were, you know, some girls had bikinis on, and it wasn't so pornographic, but it was all women, and it was all in a sexual nature.

JS: Were there photographs where more than one person appeared?

V: Oh yeah, plenty of them. There were lots of naked photographs, I mean I was just trying to give you a visual range. There was anything from 5x6s to 4x8s to 8x4s. Some of them

had frames, some of them were out of frames, but they were all, like I said, they were all women, they were all sexual in nature.

JS: Was it your impression that there were a hundred photos of a hundred different people or were there multiple photos of the same woman or girl?

V: There was definitely a lot of different girls. I mean it wasn't easy to sit there and say, you weren't finding 5 girls out of some photos, no. Were there a hundred different ones? There could have been pictures of some girls, I really couldn't get close necessarily to actually recognize faces or anything like that. But if you, you know, the range of them were all different, majority of them were different, yeah.

JS: Did there ever come a point in time when you became aware that a photograph of you had been added to the collection?

V: Yes, there was. Ghislaine took several nude photographs of me for Jeffrey. So, yeah, there were pictures of me and there were pictures, he wasn't shy, that wasn't the only place in his house that he kept the photos. He liked photos all over his house. If you looked in his den or on his desk or in on the hall table, a giant hall table in his house, there were at least a hundred photos of girls in frames. Not all of them were naked, a lot of the ones that were all around his house were not naked girls posing pornographically, some were pictures of celebrities and politicians he had known_or things like that or had pants on or whatever, but yeah, there was a lot of mixed photographs in the outside ones.

JS: Were there any photographs of girls or young women that you knew or that you subsequently came to know that you saw in the house?

V: Yeah, yeah, there was. There was pictures of Nadia Bjournik_____, pictures Sarah Keller, pictures Emmy, pictures of me, pictures of the regulars, but a lot of the girls, sometimes Jeffrey could have like 7 girls a day, and he would only see those girls once if he got bored. I don't know. These weren't my days. I heard he's gotten a lot sloppier since I left. So, I don't know anyways, but when I knew him, there was just a, it seemed, there was such an influx of girls coming in and out, so did I recognize a lot of them? Maybe, maybe not, but then they were all definitely beautiful, they were all ranging in age, some of them young, some of them older in their 20's, I mean it was just they were all beautiful.

JS: You've told us about the first visit. Was there any discussion on the occasion of that first visit about your returning?

V: Yes, they were very pleased with me and after the encounter was finished, the sexual encounter, he went and told me I did well and I have a lot of potential to become a massage therapist and if I'd like I could return tomorrow, you know, and do the same thing and get paid $200/hr, so Jeffrey insisted that I come after work, and over the next few days, I guess the relationship grew into more, and within a couple of weeks, not even

a couple of weeks, maybe a week, I had quit Mar-a-Lago and I was working for Jeffrey full time.

JS: Ok, let's talk about your job at Mar-a-Lago, if we could. You said that your Dad was working there. What was his position at Mar-a-Lago?

V: He was a maintenance supervisor I think is what it was called? He like managed the tennis courts and air conditioners and things like that.

JS: What is your Dad's full name?

V: Sky William Roberts.

JS: And is he still living here in South Florida now?

V: No, he's not, he's in California.

JS: Ok. Is your Dad aware of what is currently going on with regard to your having made public statements about your relationship with Jeffrey?

V: Yes, he is well aware of it. I told my family even before all this stuff came out, because they were the first ones contacted by the journalists from Mail on Sunday. I know that they the Mail on Sunday printed that I had gone out and tried to, I mean I think one of the photos said that I was angry that I saw Jeffrey and the Prince walking together and that is why I came out and went public with everything. Not true. I mean, I am angry about how they are still up to their old ways together and that they're still hanging out but I didn't contact the Mail on Sunday and I didn't bring it out. I figured that everyone was going to bring it out anyway and I better bring it out the right way. He's known everything from the start, and my family is very supportive with everything going on.

JS: I'm kind of going to jump around a little bit and I apologize for that, but since the subject has come up, tell me first of all why you are providing this cooperation to us, and I am certainly very appreciative of it, but I want you to tell us why it is you've chosen to spend time with us on the telephone and provide this information that you're now providing.

V: I'm out to help the bigger picture, you know, I think all of us can make a big difference in a lot of other people's lives and I think that this has gone on long enough and it's a big slap in my face that he can get away with hurting me so bad let alone so many other girls and laugh about it. I guess I talked to you guys out because I want to see the right thing happen, not just to him, but I want people in the world to understand this is not the way of life, you know, it's not acceptable to go out procure young girls and make them think that, this is the way you should be living and that's all. Yeah, I guess my reason for doing it is to help the bigger picture, you know, I'm a big believer in karma and I believe that good things will come back to you, so I guess that's why I'm doing this.

JS: Just for the record, neither Brad, nor I, nor anyone representing that they have anything to do with us has made any promises to you. Is that correct?

V: That is correct. I'll tell you, since this is our first conversation, that nobody has made me feel like I've been bribed or bought or had to say anything. I've told you anything that I know from my own self, not some things somebody told me. If anything, Brad's been extra careful not to tell me anything and let me do all the talking, so it's quite opposite I think.

JS: Alright. Let's get back then to the story of your relationship with Jeffrey, and we've talked about your first encounter with him and how it evolved from that into your full time employment with Jeffrey, but what were you doing at Mar-a-Lago before you quit Mar-a-Lago?

V: I was just a locker room attendant and sometimes I did babysitting for the rich and famous. So, I wasn't anything big. I worked in the spa area. That's why I was studying anatomy, because I was really really interested in becoming a _massage therapist_, and at the locker room, I didn't do much. I mean I was making tea for a living, I would, you know, make sure the toilet paper had a little triangle in it after everybody went to the toilet, or wipe down the water from the basin, you know, it was a very easy peasy job.

JS: Did you get that job through your Dad?

V: Yes, my Dad got me the job.

JS: Ok, and you were only 15 years old at the time, were they aware of how old you were at Mar-a-Lago?

V: Of course, definitely. We had to go through extensive, you know, we even had to get drug tested and id test and so on and so forth. I mean, Mantas (?) is very strict on employment, yeah, everybody knew.

JS: Ok. Was there ever any conversation with Ghislaine about how old you were before you were taken to Jeffrey's mansion?

V: No. She didn't ask me how old I was from the start, but when I did get to Jeffrey's mansion, it was discussed how old I was.

JS: With whom?

V: During the entire hour of what I call the legitimate massage I was giving him, it was cat and mouse games getting information from me to find out who I am, am I a willing participant in these kind of things, and how would I react if they were about to take the next step. But they got information off of me, they got my age, they got my, a little bit of my history so they knew I was, you know, not very stable at home, and they knew that,

you know, I was actually interested in making my life better by studying so what they were offering me was a chance to become a legitimate masseuse but it was getting trained. They would have people show me how to work the body and be called a massage therapist and get me books on it, and you know, keep me interested, and every time, you know, I was with Jeffrey, literally was about massages, I don't mean just going in and have sex with him. I mean massage, because it would always start out with massage and then it would lead into sometimes other things.

JS: Alright, once this evolved into full time employment, what did full time employment mean?

V: That was entirely having to travel with Jeffrey in every city. When he was in Palm Beach, I stayed at my apartment, and he would call me to his house once or twice a day sometimes, and that's, you know, do things with him. Sometimes we'd go out shopping, sometimes we'd go out and watch a movie. You know, simple things like that, go to an expo or a fair, whatever it was. But when we were in other cities, I was at my apartment_, I lived with him full time. What I mean by full time is even in the middle of the night, I could get a ring on my phone next to me and tell me to come in his room, you know, so it was literally full time.

JS: When you say that when you were in Palm Beach you were living in your apartment, were you living on your own or were you living with members of your family at that time?

V: No, after I quit Mar-a-Lago, Jeffrey offered to get me an apartment in Palm Beach somewhere, Royal Palm Beach, and it was a nice apartment. He furnished it for me, it was absolutely beautiful, but yeah, that's the only time I would spend time away from him really.

JS: This apartment was on Royal Palm Beach Boulevard or out in the Village of Royal Palm Beach?

V: I so honestly don't remember. I've been trying to rack my brain because the FBI was asking the same thing and were trying to find it, but yeah, I'm Not sur_. I didn't get to spend as much time in it, I was only there about an entire week out of every month probably, but the majority of the time I was with Jeffrey anyways. It was somewhere in Royal Palm Beach. I don't know about Royal Palm Beach drive. I don't even remember the Royal Palm Beach drive anymore so I'm not too sure.

JS: Ok, let me see if I can draw the distinction for you and maybe that will help you to help us? Royal Palm Beach is a village that is…

V: No, no, no, I got Royal Palm Beach, I just didn't know the Royal Palm Beach Drive, like what street it's off of. Were you talking about a street?

JS: Yes, I was talking about a street. Royal Palm Drive is on the island of Palm Beach, and it's a street that is lined with large royal palm trees, and I'm wondering if this was an apartment on the island or was this an apartment out west of town…

V: No, it was actually in Royal Palm Beach, not on the island.

JS: Alright.

V: I would be driven, it was closer to my family than it was closer to him. I wanted to be close enough to everybody else so that when I was in town, I could just go see them quickly.

JS: Ok. So we're not talking about Royal Palm Boulevard. We're talking about the town of Royal Palm west of town. Jeffrey got you an apartment out there.

V: That's correct.

JS: When he was in Palm Beach, you were generally not staying at the mansion, you were staying at the apartment that he got for you out west of town.

V: That's correct.

JS: Ok.

V: I mean then there was times, I don't wanna say that every time I stayed at my apartment. There was times we'd fly back from some city maybe too late at night to really want to go back home, so you know, it's like 12:00 at night or 1:00 in the morning. I was just staying in the yellow room, or something like that; one of the guest rooms in Palm Beach. But majority of the time, I would definitely want to get back to my own apartment.

JS: Alright. What were the general hours of your full time employment when …?

V: There was not set hours. It wasn't like logging, and you know, hitting the shift button, nothing like that. The way I would get paid would be, ok, if I was in Palm Beach, I would get $200 an hour to massage Jeffrey or some of his friends and then go home. So it would be like that. If I was traveling with him, it would be per massage, so I would be getting paid per day. So I wouldn't be getting paid on an hourly rate. He wouldn't say ok, today you're going to work for me from 7:00 in the morning until 8:00 at night. It never like that. I was on call all the time.

JS: When you were here in Palm Beach, were you actually getting paid only for the time spent massaging Jeffrey or were you getting paid from your arrival at his house until you left the house?

V: From the time the massage started.

JS: From the time the massage started. Ok.

V: Sometimes we'd go there and I would wait for a while or talk with Ghislaine and Jeffrey about something or we'd meet somewhere and talk about something. A lot of times, I'd meet him upstairs in his room where he was ready for me. But then there was a lot of times where it didn't start right away, so he couldn't really pay me from the time I got there sometimes unless it was just paid from the time I massaged him til the time the massage was over.

JS: Alright. Did your duties for Jeffrey ever include anything other than providing him massages and sex in connection with the massages? Did he ever give you any other responsibilities to perform?

V: I was asked to do the same things that I did to Jeffrey to a few of his fellow colleagues as well. Those were my duties. He looked at it this way is that I was going to be a professional massage therapist, and maybe I needed some clientele, so he had me perform erotic massages on a few people.

JS: Did that start here in Palm Beach County?

V: It did. The first one did.

JS: Ok, and how long after you first met Jeffrey did he first ask you to provide services for one of his friends?

V: About 9 months, I think it was. It wasn't a full year, it wasn't 6 months, but between 6 months and a year, which is why I'm saying 9 months.

JS: And when you provided services to a friend of Jeffrey's, who paid you for those services?

V: Jeffrey would. I would get paid the next time I saw Jeffrey, so if I was invited to the Breakers Hotel to give a massage, I would give a massage, I would go home, and the next day when I saw Jeffrey, he would pay me for what I did. So, it was paid always by him, it was set up by him, so he always knew what to pay me. I did get tips and things like that, if you call it that, you know, like a hundred dollar tip or something from a few of them, you know, yeah.

JS: Was there ..

V: There was always payment from Jeffrey.

JS: Was there ever any discussion with Jeffrey about what was expected to happen when you provided massage services to one of Jeffrey's friends?

V: In a roundabout way, yes. In so many ways, Jeffrey really really had to train me, and that was why Ghislaine said that she and Jeffrey enjoyed me so much was because they never really had to speak much to me to tell me what they wanted me to do. You know, I wasn't waiting for you know, their directions. Jeffrey would tell me to go give an erotic massage to friends. He wouldn't give me much detail about it, but he would say to treat them like you treat me.

JS: Did he refer to it as an erotic massage or are those your words?

V: Erotic massage is my words. That's exactly what it was, but he would tell me to treat them how he wanted it, so I'd do what he wanted without having to say to me words more. I mean, I complied with what he wanted because it was somewhat of a, I don't know, I don't know how to say it, it was just very mindboggling how I let him have so much control or power over me basically. The massages would be routine to what Jeffrey wanted with my so called new clientele, and with their own words would ask me to provide them with sexual pleasure after the massage.

JS: Did you ever report back to Jeffrey about what happened when you provided massages to his friends?

V: Of course, of course, and I knew that his friends were reporting back to him as well because there were times where he would instigate conversation by saying you know, so and so had a great time, you did wonderful, you know so and so gave me a call and told J.E how it went_...

JS: Did Jeffrey ever elicit details from you? "Tell me what happened, describe in detail what went on?"

V: No, but he would have a laugh, he had a laugh with me a few times about some of their different mannerisms, I guess you would say, like some of them, one guy had a foot fetish and that was really weird and I mentioned it to Jeffrey, and we would have a laugh over it. He didn't want to know details. He wasn't asking me "so tell me what did you guys do exactly." No, he just basically gave me a slap on the back and said, you know, good job. And we had some kind of conversation about it. I can't recall any conversation off the top of my head. I really don't know one. It's been that long. But yeah, we did talk about it briefly.

JS: Can you give me an estimate as to the number of friends for whom Jeffrey provided and paid for your services?

V: There was about, you know, I don't know, 8 guys possibly.

JS: And are you able to name those people for me?

V: No, not at this stage. I just, some of these people are really influential in power, and I don't want to start another shitstorm with a few of them. I'll tell you that there was some erotic massages given to, I'm just afraid to say it to you.

JS: Ok, Virginia.

V: It's like geez, I don't know if I want to, I'm really scared of where this is gonna go.

JS: Alright. I understand that, and as I told you from the beginning, if I ask you a question that you are uncomfortable answering, you just tell me that, and I will move on, and I understand that at least right now, you are uncomfortable answering, and I am certainly going to respect that.

V: Thank you so much, Jack.

JS: No, that's quite alright. I am very appreciate of the cooperation you are providing, and I don't want you at any time to feel that we are taking unfair advantage of that cooperation, so give me the information that you're comfortable giving me, and if we get to a point where you're uncomfortable, I will respect that and we'll move on from there.

V: Ok.

JS: I want to talk a little bit about the traveling that you did with Jeffrey. About how long into your relationship with him did that first start?

V: Immediately. I started traveling immediately. Not internationally until I think about, Gosh, I can't remember even, I think it was a year later that we started doing international travel. Maybe like 9 months to a year again. Not too sure to be honest.

JS: So that would have been approximately the summer of 1999? Somewhere around there?

V: Yes. Somewhere around there. Somewhere around a year, somewhere around there, I can't pinpoint it exactly. But like I said, we started doing domestic traveling immediately, so my first destination with him was New York and Santa Fe and the Carribean, California, I would take trips with him occasionally. Sometimes we would go to St. Louis or New Orleans or Santa Cruz. We were traveling just about everywhere I think.

JS: How did you travel?

V: Well, we took Jeffrey's private jet, and unless I was being sent somewhere by myself for what we were just talking about before, then I would travel on a what do you call, a public jet, whatever it is…

JS: commercial flight?

V: Yes. Just a normal flight, an e-ticket.

JS: Like the rest of us common folk.

V: But when I was traveling with Jeffrey, the majority of the time would be on the black jet.

JS: Now, when you say there would be times when you would travel by yourself because he was sending you somewhere, tell me about that. How did that come about?

V: So, one of his colleagues would be at the Carribean or Santa Fe or even New York, or wherever, and he would call me up on those days where I am not working with him or in Palm Beach with him, and he would ask me to get on the next plane to so and so and go meet so and so, and that's when I would take e-tickets. His secretary or special assistant, whatever, would organize it for me and give me the details and I would just walk up the line and they'd let me right through.

JS: Can you give me any ideas as to how many times it happened that Jeffrey would send you off to meet some friend of his at some location outside of Palm Beach?

V: How many times it happened? I'm not too sure. Probably about 10-15 times.

JS: Ok. And on those occasions, how much time would you spend with one of Jeffrey's friends when you were sent to a location that you would have to travel to?

V: Only a couple of days. Only 2 days, that's it.

JS: And how were you paid for those trips?

V: I would be paid in cash upon my arrival back with Jeffrey. So, whenever I was back with Jeffrey, he would count up how many days I've had, sometimes give me even more than what I deserved, not deserved, but what I earned and give me a little extra.

JS: Was there a daily rate for those trips or was that per massage also?

V: Per massage. With Jeffrey, I would be honest. I wouldn't tell him I did 15 massages if I didn't. He knew he could trust me. He could always come back to the other person that he sent me to give massages and ask them as well, so you know, it was always by per massage.

JS: Alright. When we've been talking about massages, tell me exactly what it is we're talking about when we speak about massages.

V: Same thing I would do to Jeffrey. Again, it would start out as a massage, which would start with them being naked, and me giving him a legitimate massage to begin with, so

I'd start with his feet, go up to his calves, up his legs, buttocks, back, his neck, his head, his arms, yada yada, and then it would be time to flip over, and some of the men would want me to continue on massaging the front side of them and they would instigate me to begin having sex with them or foreplay, whatever you want to call it.

JS: So routinely, these massages involved sexual activity. Is that accurate?

V: That is accurate.

JS: Ok. Let's talk about the travel that you were involved in when you were on Jeffrey's private plane. Generally speaking, who were the passengers on the plane when you traveled.

V: Well, Larry was the pilot, and then there was a short, small solid guy, I don't know his name, but he was a co-pilot, and then he changed and there was another guy brought in later on. Generally speaking, there was always Jeffrey, sometimes Ghislaine, sometimes Emmy, sometimes a whole bunch of other girls, sometimes famous people, sometimes some politicians or yeah, just about anybody could fly on his plane. There was never no any set routine who would come and who would go. It was an influx of people on Jeffrey's airplane.

JS: I want to deal with these things separately in order to respect some of the reservations that you have, so I'm going to ask you who the people were that you remember flying with Jeffrey on his plane when you were personally present without regard to whether there was any sexual activity that occurred on the plane or not. So I'm not asking you to implicate any of these famous people in improper conduct, but just tell me what the names of the people are that you remember that you consider to be famous people.

V: Ok, there was Naomi Campbell, Heidi Klum, there was Bill Clinton. There was Al (?) Gore, there was a whole bunch of models, I wouldn't really honestly be able to give their names. There was Matt Groning the producer of the simpons cartoon, Jack CCousteau's granddaughter a lot of interior designers, architects, politicians. I am just trying to think of as many names as possible for you. Off the top of my head, that's as good as I can get for now.

JS: Ok, alright, that's fine. And again, I am not implying by my questions, nor do I want your answers to be interpreted as your suggesting that any of those people that you have just identified were engaged in any improper activities on any particular flight, but I want to talk to you now about what went on on occasion on the airplane. Ok?

V: Ok. It was a lot of the same thing that went down on the ground. A lot of times, it would be just be me and Jeffrey, or me and Jeffrey and Ghislaine, or me and Jeffrey and some other girl, sometimes Emmy, Sarah, and Nadia Bjournik. There would be sexual conduct, there would be foreplay, there was a bed in there, so we could basically reenact exactly

what was happening in the house. It would start off with massaging or we would start off with foreplay, sometimes it would lead to, you know, orgies.

JS: Were there occasions when you were in Jeffrey's company, whether on the ground or in the air, where there were other girls present whom you knew to be under age 18?

V: Yes. There was a constant influx of girls coming in and going out. And we were all very young. On occasion, there was some older girls, and I don't mean older as in like in their 30s or anything, I mean like 28, 29, something like that, just very rarely. The majority of the girls that Jeffrey actually met or had on his plane or in his house were under age.

JS: Do you know how it is that Jeffrey established with any of these underage girls?

V: Yes, I do. He would send me personally or with other girls to clubs or shops, to _pick up anywhere, I mean we were constantly on the look for other girls that might satisfy Jeffrey.

JS: What instructions were you given about what to look for?

V: Young, pretty, you know, a fun personality. They couldn't be black. If they were any other descent other than white, they had to be exotically beautiful. That was just about it.

JS: Who gave you those criteria?

V: They both gave us the instructions, and it wasn't just me, Jeffrey asked most girls to bring a friend and make extra money. They would use us young girls So that way it probably looked a lot more safer to a girl that we were procuring to younger girls that were already doing it. That was the way that Jeffrey had it.

JS: Were you given any instruction at all on how to approach these girls?

V: Yes. Jeffrey and Ghislaine both taught me to, depending on the circumstances, depending on the girl, you could offer them a job as a massage therapist or you could tell them you have a really rich friend with, you know, great contacts in the acting world or modeling world and he loves pretty girls, you should come back and meet him, make some money, you know, we had a whole bunch of ways to be able to procure girls.

JS: Can you give me any idea as to the total number of underage girls that you know engaged in sexual conduct with Jeffrey during the period of time you had your relationship with him?

V: I would have no way of estimating that whatsoever. I mean, there could be a hundred, there could be more, honestly I'm not too sure how many girls, really. I wish I did know. I mean like I said there were so many over the course of 4 years with Jeffrey.

JS: Let me see if we can try to narrow it down a little bit. Is there any doubt in your mind that it was more than 10?

V: Yes, there was definitely more than 10.

JS: Ok, what I want you to do is to give me the highest number that you are comfortable in saying there were definitely more than X number of underage girls that I know Jeffrey Epstein engaged in sex with while I had a relationship with him. How would you fill in that blank? Definitely more than how many?

V: I'd say definitely more than a hundred.

JS: Alright. Did Jeffrey ever help to pick out your clothes?

V: Oh yes. I mean he wasn't out to dress me like a porn star or anything. He would always dress me very classy, but we'd just go shopping all the time together.

JS: Did he ever express any style preferences in terms of how he wanted you to dress? Besides dressing classy, I'm, you know, any other suggestion to you about how he wanted you dressed?

V: He didn't, like I said, wasn't trying to dress me in any prostitute way or anything like that. It was nice, classy outfits I was wearing like Gucci, Dolce Gabbana, Chanel, things like that. He was buying me a lot of very, very nice clothing. It was provocative. I mean I was wearing miniskirts, and tight short shorts and little shirts that showed my belly and my cleavage and everything, but they were very expensive clothes.

JS: Was there every any dress up role playing?

V: Yes. There was. Lots of it. Jeffrey loved the latex outfits Ghislane had for us girls, he had bondage outfits, he had all different kinds of outfits, but his favorite was the schoolgirl.

JS: Tell me about that.

V: Well, you know, Ghislaine would take me to dress me up to surprise J.E or Jeffrey would ask me to get dressed up, that would include wearing a tiny little skirt with nothing underneath, a white collared shirt that you would be wearing to school with a tie in it, tied up _in a bow_, my hair in pigtails, stockings on up to my knees, and I would go in there and act like a kid and we'd do role playing sexing.

JS: Did Jeffrey ever brag to you about the age of any of the girls with whom he had relationships?

V: Yes, he did. He did all the time. The worst one that I heard from his own mouth was this pretty 12 year old girls he had flown in for his birthday. It was a surprise birthday gift from one of his friends and they were from France. I did see them, I did meet them. Jeffrey bragged afterwards after he met them that they were 12 year olds and flown over from France because they're really poor over there, and their parents needed the money or whatever the case is and they were absolutely free to stay and flew out. Those were the worst ones. He was constantly bragging about girls' ages or where he got them from or their past and how terrible their past was and good he is making it for them.

JS: Where were the 12 year old girls flown to from France? Where did they come to?

V: Palm Beach.

JS: And were they flown in on Jeff's private plane or did they get transported?

V: No. They were transported by somebody else.

JS: Ok. Was the sexual activity that went on on the airplane conducted in such a way so that any of the crew was aware of what was going on?

V: They were told to knock if they had to come out, if the crew had to come out. They were told, you know, to come out as little as possible, so they weren't out there hanging out watching everything, no, but it doesn't take an idiot to put two and two together to say well there's a whole bunch of half dressed teenagers on board with this old man who is constantly being massaged by them and he wants me to keep the door shut for what reason? I mean, only they could put that together, but yeah, they knew.

JS: Did Mr. Epstein ever talk to you about people of power and influence owing him favors?

V: He would laugh about it, you know, I never really knew what to take serious from Jeffrey because he was such a funny character at times. You never knew if what he was saying was true or not. Yeah, lots of people owed him favors from what he told me. He's got everybody in his pocket, and he would laugh about he helps people for the sole purpose in the end they owe him something. That's why I believe he does so many favors in the first place.

JS: When and how did you first become aware that Mr. Epstein was in trouble with the law?

V: I was first informed by, I think someone from the FBI called me first and started to ask me questions, and I started to answer the questions but then fear took over, and I just said look, I don't know what's going on, I've got a young family that I don't want to risk, you know, please don't bother me about this again, and it was real short simple conversation, and within a week or 2, I had gotten a call from Jeffrey's attorney, and then a week later, Jeffrey himself.

JS: Ok, well let's back up before we get to those conversations and tell me approximately when it was that you were contacted by the person who you believe was with the FBI.

V: Ok. It's hard for me to pinpoint, if I had to pinpoint it, it would be in 2007 sometime.

JS: Alright. And you were living in Australia at that time, correct?

V: Correct.

JS: You were contacted by telephone?

V: That's correct, by my cell phone.

JS: Ok and do you have any idea how your name came up leading to that contact.

V: No idea. No idea whatsoever. When I did ask, I was told that some girls had revealed my name, I guess, and that's how everybody, the FBI knew to contact me.

JS: OK.

V: But I don't know offhand or sorry, I just walked into the wrong room.

JS: Ok.

V: Sorry go on.

JS: Yes & I'll never tell her you said that. Virginia, how long was it after that phone call from the FBI person were you contacted by Mr. Epstein's lawyers.

V: Like a week. It was back to back to each other. I remember being so scared after talking to the FBI thinking what's happening, what's going on. It's been like 6 years, 7 years at that stage, how did they find me & what do I have to do with this? So yeah, I do remember that very well, and it was only about a week later I was called by his attorney.

JS: Who was it that contacted you, do you remember?

V: I want to say Bill Riley, but he might have been from the FBI. No, it was Bill Riley. Bill Riley. Not sure if that's his correct name, but that's what is coming to mind

JS: What do you remember about that conversation?

V: I remember a Mr. Goldberger as well, I remember, there might have been two of them.

JS: Alright.

V: I can't remember which one it was. I want to say Bill Riley is the good one.

JS: Alright, so either Bill Riley or a Mr. Goldberger or both of them contacted you, and what do you remember about that?

V: I don't know if it was the same guy who contacted me that week later who put me in touch with Jeffrey. I think he was on the phone and he put speakerphone on with Jeffrey. So he connected me with Jeffrey. I don't know if it was the same guy or different, but I definitely know that Bill Riley was the first guy to contact me. I'm pretty sure about that.

JS: Ok. Tell me about that conversation.

V: He asked me what I knew about what's going on with Jeffrey and apparently, there was an investigation being held about some of the girls who had come out and said that Jeffrey had sexual contact with them under the age of a minor and that he was discrediting lot of these girls and making them out to be drug addicts and prostitutes and what have you so they wouldn't be looked upon as worthy in the court's eyes so to speak. And you know, he told me in the first five minutes that, you know, if I stay quiet, that "I'll be looked after" . And that was the exact way it was said. It wasn't like you know, I'm gonna pay you a zillion dollars or anything if you be quiet, but if I stay quiet, I would "looked after". And I remember saying I don't want any part to do with this. You know, this is not something I want to be a part of, I've got a young family. I wish the best for everybody in this, you know, take care kind of thing. A week later, I was called after the hearing by one of Jeffrey's lawyers. I can't tell you exactly which one it was but he had Jeffrey on the other line and he connected Jeffrey and I, and Jeffrey tried to make some simple conversation, "How are you? How have things been?" You know what I mean, catching up.

JS: Do you know if the lawyer, did the lawyer stay on the line while Jeffrey was speaking to you?

V: I'm pretty sure he did. That's why I think Jeffrey was on speaker phone because it sounded a lot different, and I was never taken off the line to begin with or connected to another line, so I was pretty sure Jeffrey was on speaker phone and the lawyer was making the call. After the simple conversation, it led to what was going on again and you know, Jeffrey couldn't believe it. You know, he thought he helped all these girls out. He didn't think he was wrong in any circumstance here at all. A lot of these girls were drug addicts and just after drug money. You know, he was really putting down these women or these girls I should say, not giving them the credit they deserved, and then he exactly repeated what the lawyer said the week before is that he would look after me if I stayed quiet, and if I need any help, you know, his lawyers would represent me and he would get legal help for me, whatever I need, he would do, and I told him exactly, I said, "Jeffrey, I'm the mother of two children at that stage. I'm away from everything there, I don't want to be a part of it. I'm not going to speak to anybody and I don't want to speak to anybody, I don't want to be involved." That was the last time I heard from him. And the

next thing I knew, I was sent my victim's letter, my notification of being a victim through the US Attorney's Office and that's when I knew it was well out there enough not to have Jeffrey's lawyers come back on me and discredit me in the same way he had done to all the other girls. So, I called up Joseph Bird who was the recommended lawyers on my paperwork that they had given me and started going from there.

JS: So you contact Mr. Joseph Bergs' office and then you were dealing with his office from that point forward.

V: That's correct.

JS: Tell me about the ending of your relationship with Jeffrey. That is, at what point in time did your full time employment end and how did that happen?

V: Ok. So, it hadn't really ended. I walked away from it all. Jeffrey sent me to Thailand where I met my husband and escaped to Australia, never to return back to the states. About 6 months prior to that, he came up with a proposition that I thought was really disgustingly sick. And it really showed me for the first time in 4 years I had been with him that nothing was going to change and I was always just going to be used by him(?) which I did not like. He offered me a mansion and some of his money every month, I forget what he called it, a monthly income of what he made to bear one of his children. The proposition was that if anything ever happened between Jeffrey and I, that I would have to sign my child over to him basically and that the child would be his and Ghislaine's, and I would be looking after it as long as nothing happened between Jeffrey and I. So, I was kind of freaked out by all of that. I pushed Jeffrey more to please get me some more training, you know, and I was getting older and not of as much interest to Jeffrey anyways. I was 19 now, and he likes a female a lot younger. So he sent me to Thailand, in September 2002_. I was first supposed to meet a girl there and bring her back with me, but I never met up with her. I proceeded get a short course in Thai massage so that was to shut me up about my training so I went there, and one of my friends from school invited me to watch a fight, like a muay thai fight, which is like a form kickboxing. So I went and watched it, and I saw this guy that was a really good fighter, and a girl's word, looked really hot, so I asked my friend who knew him to introduce me. We got introduced and fell in love immediately, 3 days later Rob proposed and 7 days later I was being married in a buddist temple. I called Jeffrey and told him I'm sorry, I'm never coming back. I've gotten married, I've fallen in love. I thought he'd wish the best for me but he was kind of rude and he just said "have a good life" and hung up the phone, and that was the last time I'd talked to him ever until all this started again.

JS: Ok. Virginia, is there anything else that you would like to add to what you have told us up to this point in time?

V: I'd like to know that this time around something's going to be done about it and that Jeffrey and a lot of his colleagues, no matter how rich they are, will know that there is

law and that there is people that still believe in it. So that's it. Thank you guys for listening to me, hearing me out and helping me. It's kind of hard to get through.

JS: Thank you very much. Yes, I'm sure it has been very difficult and I am very appreciative of the courage you have shown in doing what you have done, which really brings me to the last subject, and that is what was it that motivated you to go public with all of this?

V: Sharon Richard contacted me. I like her, I do, I like her a lot. I know she's a journalist, and journalists are normally bloodsucking leeches, but I like her for that, but she is an honest bloodsucking leech. She told me a lot about what was still going on, and she showed me a picture of Jeffrey with a little girl who looks like she could have been 12 years old. I mean it was disgusting. I agreed to talk with her, I never agreed to do anything until she showed me some pictures, and at that stage, being a mother of 3 children and having a daughter who I would do anything for to protect, I would put my neck on the line to make sure she never has to go through what I had to go through, and knowing all of this, and knowing that he's still out there doing the same exact thing with no regrets, no remorse, no worry about what he's doing to those girls, and all those girls feeling the same way that I did, so I, you know, I'm doing it because I believe in my heart of hearts it's the right thing to do. It's what I would want somebody to do for my daughter or my sister or my friend, and it saddens me to know that it's still going on right now. It's like the seashell story. I don't know if you're heard the story about the little kid who throws back a starfish, you know, the little brother tries to ask his sister, "why do you throw them in, they're all gonna die anyways, the little girl says "well, it's this one that I can help, and this one that I can help," and that's what I feel like I'm doing. I'm making a small dent in this big world we live in.

JS: I certainly appreciate that courage, and I have heard that story, and you're absolutely right, that one person may not be able to make a difference for everyone, but one person can make a difference for someone, and hopefully, you are making a difference for someone, and we're gonna do the best we can to make sure you are making a difference for as many people as possible.

V: Thanks Jack.

JS: Just a few other follow up things I want to ask you and again, if any of these questions are questions that you're uncomfortable in responding to, then don't hesitate to tell me that. Do you have any recollection of Jeffrey Epstein's specifically telling you that "Bill Clinton owes me favors"?

V: Yes. I do. It was a laugh though. He would laugh it off. You know, I remember asking Jeffrey what's Bill Clinton doing here kind of thing, and he laughed it off and said well he owes me a favor. He never told me what favors they were. I never knew. I didn't know if he was serious. It was just a joke.

JS: Where was here?

V: He told me a long time ago that everyone owes him favors. They're all in each other's pockets.

JS: When you say you asked him why is Bill Clinton here, where was here?

V: On the island.

JS: When you were present with Jeffrey Epstein and Bill Clinton on the island, who else was there?

V: Ghislaine, Emmy, and there was 2 young girls that I could identify. I never really knew them well anyways. It was just 2 girls from New York.

JS: And were all of you staying at Jeffrey's house on the island including Bill Clinton?

V: That's correct. He had about 4 or 5 different villas on his island separate from the main house, and we all stayed in the villas.

JS: Were sexual orgies a regular occurrence on the island at Jeffrey's house?

V: Yes.

JS: If we were to take sworn testimony from the people I am going to name, and if those people were to tell the truth about what they knew, do you believe that any of the following people would have relevant information about Jeffrey's taking advantage of underage girls? So I'll just name a name, and you tell me yes if they told the truth, I think they'd have relevant information or no, I don't think they would, or I don't know whether they would or not. Ok? You understand?

V: Yes.

JS: Ok. Les Wexner.

V: I think he has relevant information, but I don't think he'll tell you the truth.

JS: Ok. Alan Dershowitz.

V: Yes.

JS: David Copperfield.

V: Don't know.

JS: Tommy Matola.

V: Don't know.

JS: Prince Andrew.

V: Yes, he would know a lot of the truth. Again, I don't know how much he would be able to help you with, but seeing he's in a lot of trouble himself these days, I think he might, so I think he may be valuable. I'm not too sure of him.

JS: Ok. Virginia, I think that's all I have for you. Let me tell you what I would like to do. As I told you in the beginning of this conversation, we've been recording it, and hopefully, we've got a clear enough recording so that we've taken down everything accurately and when it's transcribed, it will be clear and accurate, but what I would like to do is transcribe it, send it to you, have you take a look at it, and if there's anything that we got wrong in the statement, you can write back and you can make changes in the transcript so that the transcript is accurate. Is that fair?

V: No worries. That is fair. No problem.

JS: Alright, great. I really do appreciate that and tell me what the best way is to send the transcript to you.

V: Email. If you just want to send it by email or if you want to send it by mail, either or.

JS: Ok. Give me your email address if you would please.

V: [redacted]*

JS: Let me read that back to you: [redacted]*

V: Yep that's it.

BE: Thank you Jenna, appreciate it.

V: No problem, Brad.

JS: Thank you very very much. Bye Bye now.

V: Take care Jack. Nice meeting you.

JS: You too.

*Redaction has been made at the request of the witness.

# EXHIBIT K

**From:** Donna Paine <djpaine@aol.com>
**Sent:** Friday, January 23, 2015 2:31 PM
**To:** Paul Cassell
**Cc:** brad@pathtojustice.com; JWI@SearcyLaw.com; matt.williams@itn.co.uk; kate.brannelly@itn.co.uk
**Subject:** Re: Jeffrey Epstein case

Thank you, Paul. I had reached out to Joan previously to be included on Jack Scarola's e-mail distribution list for the Dershowitz suit, but I wasn't sure if this would also be handled by them.

I don't want to double up or inundate you, as I know other ITN News colleagues have also been in touch with you. I just wanted to make sure I was on your radar if Judge Marra rules next week.

Best,
Donna Paine

Sent from my iPad

On Jan 23, 2015, at 1:10 PM, Paul Cassell <cassellp@law.utah.edu> wrote:

Hi Donna,

I am passing this information along to Joan, who will add this information into our contacts list. Thanks for your interest in this important case.

Paul

Paul G. Cassell
Ronald N. Boyce Presidential Professor of Criminal Law
S.J. Quinney College of Law at the University of Utah
332 South 1400 East, Room 101 Salt Lake City, UT 84112-0730
Voice: 801-585-5202 Fax: 801-581-6897 Email: cassellp@law.utah.edu
You can access my publications on http://ssrn.com/author=30160
CONFIDENTIAL: This electronic message - along with any/all attachments - is confidential. This message is intended only for the use of the addressee. If you are not the intended recipient, you may not use, disseminate, distribute or copy this communication. If you have received this message in error, please immediately notify the sender by reply electronic mail and delete the original message. Professor Cassell is admitted to the Utah State Bar, but not the bars of other states. Thank you.

**From:** djpaine@aol.com [mailto:djpaine@aol.com]
**Sent:** Friday, January 23, 2015 9:47 AM
**To:** brad@pathtojustice.com; Paul Cassell
**Cc:** matt.williams@itn.co.uk; kate.brannelly@itn.co.uk
**Subject:** Jeffrey Epstein case

Hi Brad and Paul --

I had reached out to you both the other week when the allegations of Jane Doe #3 first became public. I am a freelance TV producer in South Florida, working with ITN News on this story. As you can imagine, given her allegations against Prince Andrew, ITN is quite keen on covering this story as soon as it breaks.

# EXHIBIT L

**From:** Paul Cassell
**Sent:** Saturday, January 24, 2015 1:25 PM
**To:** Michael Bilton
**Subject:** RE: from Michael Bilton - latest from Daily Mail online

Hi Michael,

We got the information. Thanks very much.

This is a very interesting article that puts a lot of the flight log information together.

http://gawker.com/flight-logs-put-clinton-dershowitz-on-pedophile-billio-1681039971

Let's stay in touch. Hopefully more and more of the truth will out. PC

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You can access my publications on http://ssrn.com/author=30160

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---

**From:** Michael Bilton [michaelbilton1@btinternet.com]
**Sent:** Friday, January 23, 2015 6:04 PM
**To:** Paul Cassell
**Subject:** Re: from Michael Bilton - latest from Daily Mail online

You should have had from me a couple of zip files concerning VR's travel seen alongside Prince Andrew's engagements. Has that arrived with you?

M
On 24 Jan 2015, at 00:58, Paul Cassell wrote:

> Thanks for the note – looks like various pieces are falling together. PC
>
> Paul G. Cassell
> Ronald N. Boyce Presidential Professor of Criminal Law
> S.J. Quinney College of Law at the University of Utah

# EXHIBIT M

## Mary E. Pirrotta

**From:** Mary E. Pirrotta
**Sent:** January 22, 2015 9:38 AM
**To:** 'Lindsay.Isaac@turner.com'
**Cc:** Joan Williams
**Subject:** Re: Edwards, Bradley vs. Dershowitz Document: Complaint (File #: 20150013)
**Attachments:** Complaint.pdf; The Duke of York.pdf

Attached is a copy of the Complaint in Case No. CACE 15-000072 and also a copy of Mr. Scarola's letter to The Duke of York per your request.

Is the full transcript of our telephone interview with Virginia part of the public record?
I have a request from the press to provide it (see below), but I will only do that if it has been filed. TAKE THIS OUT

Begin forwarded message:

**From:** "Hill, James E." <James.E.Hill@abc.com>
**Date:** January 28, 2015 at 10:34:00 AM EST
**To:** Jack Scarola <JSX@SearcyLaw.com>
**Subject: RE: Question from ABC**

If possible - I'd also like to see full transcript of the 2011 phone interview you/Edwards conducted with VR while she was still in Australia.

-----Original Message-----
From: Hill, James E.
Sent: Wednesday, January 28, 2015 9:31 AM
To: 'Jack Scarola'
Subject: RE: Question from ABC

Thank you

-----Original Message-----
From: Jack Scarola [mailto:JSX@SearcyLaw.com]
Sent: Wednesday, January 28, 2015 7:19 AM
To: Hill, James E.
Subject: Re: Question from ABC

You will receive a response and copy of the deposition later this morning.

On Jan 27, 2015, at 10:00 PM, "Hill, James E." <James.E.Hill@abc.com> wrote:

Hi Jack - sorry to trouble you.

But wondering if you know what documents are source for a new NY Daily News story - quoting what appears to be a Juan Alessi deposition which mentions Andrew visits to PB mansion.

Daily News cites newly filed documents. I'm not aware of any new docs that quote Alessi on the issue of Andrew.

Can u enlighten me?

Do you have access to those portions of the Alessi depo? Not sure which case it would come from.

http://m.nydailynews.com/news/national/prince-andrew-sex-massages-epstein-home-repairman-article-1.2094073

James E. Hill
Producer, ABC News
Chicago
312.899.4281 (ofc) | 312.286.1691 (cell) | 312.343.3832 (cell 2)
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Twitter: @jameshillabc

**********
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**********
**********
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**********

# EXHIBIT N

## Paul Cassell

**From:** Paul Cassell
**Sent:** Saturday, January 3, 2015 11:14 AM
**To:** Paul Blake
**Subject:** RE: questions for Dershowitz

### Questions for Alan Dershowitz

1. Have you ever met a young girl, under the age of 18, in the presence of Jeffrey Epstein or on one of Jeffrey Epstein's properties?

2. How many times have you visited Jeffrey Epstein's mansion in West Palm Beach, Florida?

3. The U.S. Attorney's Office for the Southern District of Florida reached a non-prosecution agreement with Jeffrey Epstein, in which he agreed to make civil restitution for sexual abuse committed against 40 girls at the mansion. Do you have any reason to doubt that that Jeffrey Epstein sexually abused 40 underaged girls.

4. Didn't Jeffrey Epstein tell you that he repeatedly had sex with these underage girls?

4. Jeffrey Epstein is a now a registered sex offender. Do you have any reason to doubt that this registration is appropriate?

5. Have you ever met Ghislaine Maxwell in the presence of Jeffrey Epstein or at one of his properties?

6. Did you send correspondence to the U.S. Department of Justice in Washington, D.C. (or elsewhere) attacking the credibility of these 40 girls?

7. According to testimony in court cases, when Jeffrey Epstein was at his mansion in West Palm Beach, Florida, he would receive almost daily "massages" that were in fact sexual encounters with these underage girls. Do you have any reason to doubt this testimony?



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8. The U.S. Attorney's Office gave Epstein a non-prosecution agreement that extended immunity from federal prosecution not only to Epstein but also "any potential co-conspirator". Isn't it normal practice for federal prosecutors only to extend immunity to specifically named persons, not an open-ended group of "any" co-conspirator.

9. How did you travel to Epstein's mansion in West Palm Beach?

10. How many times have you been to Epstein's private ranch, called "Zorro", in New Mexico?

11. How many times have you been to Epstein's private island in the U.S. Virgin Islands, known as Little St. John's.

12. Did you ever see young girls present at Little St. John's?

13. If we talk about the time frame of 1998 to 2001, how many times a year were you making telephone calls to Epstein?

14. How many times have you flown on Epstein's private plane?

15. Did you ever see young girls, potentially under the age of 18, on Epstein's private plane?



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Filing # 37357304 E-Filed 02/03/2016 12:44:44 PM

IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT
IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and
PAUL G. CASSELL,

Plaintiffs/Counterclaim Defendants,

vs.

ALAN M. DERSHOWITZ,

Defendant/Counterclaim Plaintiff.

_____/

**DEFENDANT/COUNTERCLAIM PLAINTIFF ALAN M. DERSHOWITZ'S *REDACTED* MOTION TO MODIFY CONFIDENTIALITY ORDER**

Defendant/Counterclaim Plaintiff, Alan M. Dershowitz ("Dershowitz"), by and through undersigned counsel, hereby files his *Redacted* Motion to Modify Confidentiality Order of January 12, 2016, and in support thereof states the following:

On January 16, 2016, Defendant Alan M. Dershowitz began the deposition of non-party Virginia Roberts Giuffre ("Roberts"). Pursuant to this Court's January 12, 2016 Confidentiality Order, that transcript currently is under seal. The Confidentiality Order should be modified at least to allow Dershowitz to defend this case. Dershowitz and his counsel need to be able to contact witnesses, inform them of Roberts's testimony, and ask them whether Ms. Roberts's testimony is accurate. They also need to be able to use Ms. Roberts's testimony in other ways as part of the defense effort, such as by providing it to expert witnesses, among other things. The bottom line is that Dershowitz's counsel must be able to use Roberts's testimony as necessary in their professional judgment to represent their client, as a matter of fairness and due process.

Accordingly, Dershowitz requests that the Court modify the Confidentiality Order to confirm that Dershowitz's counsel may disclose Ms. Roberts's testimony as they deem necessary in their professional judgment in order to represent Dershowitz in this case.

**BACKGROUND & EXECUTIVE SUMMARY**

Dershowitz was first presented with Roberts's heinous and false allegations against him when her lawyers, Bradley J. Edwards ("Edwards") and Paul G. Cassell ("Cassell"), filed certain now-stricken allegations in the action styled *Jane Doe, et al. v. United States of America*, No. 08-80736 (S.D. Fla.) (the "Federal Action"). After Dershowitz defended himself to the media, Edwards and Cassell sued Dershowitz for defamation. The falsity of Roberts's allegations, her credibility, and the investigation her lawyers took to assess those allegations and credibility before filing those allegations are a critical part of Dershowitz's defense.

On April 9, 2015, Roberts moved for an order "quashing the subpoena *duces tecum* served on her by Defendant, or alternatively, pursuant to Florida Rules of Civil Procedure 1.280(c) for issuance of a protective order sharply limiting the scope of the subpoena" (the "Motion to Quash"). *See* Motion to Quash, attached hereto as Exhibit A. Roberts did not move to seal the deposition transcript and the resulting order did not seal it, but instead directed that "a confidentiality order shall be entered." *See* November 4, 2015 Email from Judicial Assistant Susan Moss, attached hereto as Exhibit B and November 12, 2015 Order, attached hereto as Exhibit C. The Confidentiality Order then prepared by Roberts's counsel and consented to by all parties includes a provision stating that "[t]he deposition testimony of Non-Party Virginia Giuffre will be designated as 'Confidential' and not subject to public disclosure" and that "[i]t may only be filed under seal." *See* January 12, 2016 Confidentiality Order, attached hereto as Exhibit D.



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Dershowitz now requests that the Court modify the Confidentiality Order to allow Dershowitz to use the transcript for those limited purposes as deemed necessary in the professional judgment of his counsel to ensure Dershowitz is afforded his right to build and present his defense.

## I. DERSHOWITZ MUST BE ALLOWED TO CONTACT WITNESSES AND ADVISE THEM OF WHAT ROBERTS ALLEGES IN ORDER TO VERIFY OR DISPROVE HER ALLEGATIONS AND CREDIBILITY AND DETERMINE WHETHER PLAINTIFFS EVER MADE EFFORT TO CONTACT THESE INDIVIDUALS TO VERIFY ROBERTS'S ALLEGATIONS AND CREDIBILITY.

As explained by Plaintiffs Edwards and Cassell in their Response to Dershowitz's Motion to Determine Confidentiality, the "sexual abuse allegations filed by Edwards and Cassell for their client Ms. Virginia Giuffre are not peripheral to this lawsuit – *they are inherent to it*." Plaintiffs' Response to Dershowitz's Motion to Determine Confidentiality, November 23, 2015, attached hereto as Exhibit E at 4 (emphasis added). Those "sexual abuse allegations filed by Edwards and Cassell for their client" go beyond Dershowitz. Another *inherent* part of this lawsuit is what investigation, if any, Plaintiffs undertook with respect to the scope of Roberts's allegations, all of which bear upon her credibility. Dershowitz argues that Plaintiffs did not perform a reasonable investigation before making the allegations in the Federal Action. Plaintiffs argue that they did. Dershowitz must be allowed to contact witnesses and advise them of what Roberts alleges so that Dershowitz can not only verify or disprove her allegations and credibility, but also determine whether Plaintiffs ever made efforts to contact key witnesses to verify Roberts's allegations and credibility. As explained by one Florida court, "[o]penness in courts has a salutary effect on the propensity of witnesses to tell the truth" as it "informs persons affected by litigation of its effect upon them . . . ." *John Doe-1 Through John Doe-4 v. Museum of Sci. & History of Jacksonville, Inc.*, No. 92-32567-CI-CI, 1994 WL 741009, at *1 (Fla. Cir. Ct. June 8, 1994) (internal citations omitted).



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As set forth in Dershowitz's Motion for Clarification of Confidentiality Order or Relief from that Order, filed Jan. 29, 2016, it appears that Roberts made false statements in a publicly filed affidavit about being present at a private island in the US Virgin Islands when former President Clinton was there. Indeed, former FBI Director Louis Freeh determined based on the response of the federal government to a FOIA request that the absence of records responsive to the request "strongly establishes that former President Clinton was not present on Little St. James Island during the period at issue." *Id.* at 2. If Roberts made a false statement under oath about former President Clinton, it is equally if not more likely that she has made false statements about others whose whereabouts are more difficult to track.

Roberts cannot reasonably argue her testimony is confidential as [redacted] *See* Excerpts of Roberts's Deposition Transcript, attached hereto (under seal) as Exhibit F.[1] [redacted] *See id.*; *see also* March 2, 2011, Sharon Churcher, Daily Mail, attached hereto as Exhibit G. Dershowitz has also discovered that Roberts [redacted] *See* Exhibit F; *see also* AD-006931-006933, Transcript of Telephone Conversation Between Alan M. Dershowitz and Rebecca, attached hereto as Exhibit H. As a result, Roberts cannot claim that these allegations are confidential simply because [redacted]

[1] As per the Confidentiality Order, Exhibit F is only filed under seal.



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## II. DERSHOWITZ MUST BE ALLOWED TO SHARE ROBERTS'S DEPOSITION TRANSCRIPT WITH THOSE WORKING ON DERSHOWITZ'S BEHALF AS PART OF THIS LITIGATION.

Dershowitz asks the Court to modify the Confidentiality Order to allow Dershowitz to use the transcript in ways necessary for his defense including sharing the transcript with any counsel and other legal support, experts, consultants, insurers, and others typically permitted access to supposedly confidential information in addition to using it with potential witnesses and others as deemed necessary in the professional judgment of his counsel as set forth above. Dershowitz and his attorneys are aware of and will abide by the Florida Rules of Professional Conduct, including its comments, regarding the handling of any information deemed by this Court to be confidential within the limitations of the applicable rules.

## III. ALLOWING DERSHOWITZ TO USE THE DEPOSITION FOR THE LIMITED PURPOSES OF HIS DEFENSE IS REQUIRED BY FLORIDA LAW.

Florida law requires that any sealing order be the least restrictive means necessary to accomplish its purpose. The Florida Supreme Court held in *Barron v. Florida Freedom Newspapers*, 531 So. 2d 113 (Fla. 1988), that a sealing order can be entered only where "no reasonable alternative is available to accomplish the desired result, and, if none exists, **the trial court must use the least restrictive closure necessary to accomplish its purpose.**" *Id.* at 118 (emphasis added); *see also Carter v. Conde Nast Publ'ns*, 983 So. 2d 23, 26 (Fla. 5th DCA 2008) ("an order sealing court records must state, inter alia, the particular grounds for making the court records confidential, that the closure is no broader than necessary, and that there are no less restrictive measures available.").

This Court has not set forth any reasons addressing a request by Roberts to seal her deposition transcript, much less determined that "no reasonable alternative is available" to accomplish Roberts's desired result. *See News-Press Publ'g Co. v. State*, 345 So. 2d 865, 867



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(Fla. 2d DCA 1977) ("The judge's statement that he had 'cogent reasons' for sealing the records obviously fell short of specifically setting forth the reasons why public access to these deposition was being denied."). Moreover, Roberts and Plaintiffs cannot argue that sealing her deposition in its entirety is "the least restrictive" option, as it is most certainly the *most* restrictive option and one that Florida courts take very seriously. "[A] closure order must be drawn with particularity and narrowly applied." *Barron*, 531 So. 2d at 117.

Here, that requisite "least restrictive" application requires, at a minimum, allowing Dershowitz to use Roberts's testimony for the limited purposes necessary in the professional judgment of his counsel to represent their client, as a matter of fairness and due process.

## CONCLUSION

Because Dershowitz must be able to prepare his defense and any sealing order must be the least restrictive measure available, the Court should modify the Confidentiality Order to confirm that Dershowitz's counsel may disclose Roberts's testimony as they deem necessary in their professional judgment in order to represent Dershowitz in this case.



HOUSE_OVERSIGHT_015595

Respectfully submitted,

Dated: February 3, 2016

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Fax: (202) 719-7049

*Counsel for Alan M. Dershowitz*



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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been electronically filed through the Clerk of Broward County by using the Florida Courts eFiling Portal and thus served by electronic mail: jsx@searcylaw.com, mep@searcylaw.com, scarolateam@searcylaw.com to: **Jack Scarola, Esq,** Searcy Denney Scarola Barnhart & Shipley, P.A., Counsel for Plaintiff, 2139 Palm Beach Lakes Blvd., West Palm Beach, Florida 33409; jonijones@utah.gov to: **Joni J. Jones, Esq.**, Assistant Utah Attorney General, Counsel for Plaintiff Cassell, 160 East 300 South, Salt Lake City, Utah 84114; brad@pathtojustice.com to: **Bradley J. Edwards, Esq,** Farmer, Jaffe et al, 425 North Andrews Avenue, Suite 2, Ft. Lauderdale, FL 33301; cassellp@law.utah.edu, to: **Paul G. Cassell, Esq.,**; smccawley@bsfllp.com, sperkins@bsfllp.com, to: **Sigrid S. McCawley, Esq.**, Boies Schiller & Flexner, LLP, 401 E. Las Olas Blvd, Suite 1200, Ft. Lauderdale, FL 33301, this 3rd day of February, 2016.

By: *s/Thomas E. Scott*
Thomas E. Scott
FBN: 149100
Steven R. Safra
FBN: 057028



HOUSE_OVERSIGHT_015597

# EXHIBIT A

Filing # 25919336 E-Filed 04/09/2015 05:23:25 PM

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.
_____/

CASE NO. CACE 15-000072

**MOTION TO QUASH OR FOR PROTECTIVE ORDER REGARDING SUBPOENA SERVED ON NON-PARTY JANE DOE NO. 3**

Non-party Jane Doe 3, by and through undersigned counsel and pursuant to Florida Rules of Civil Procedure 1.410(c)(1)[1], hereby moves for an order quashing the subpoena *duces tecum* served on her by Defendant, or alternatively, pursuant to Florida Rules of Civil Procedure 1.280(c) for issuance of a protective order sharply limiting the scope of the subpoena.

## INTRODUCTION

This Court should quash the subpoena issued to non-party Jane Doe No. 3 as it is unreasonable and oppressive. The Defendant is abusing the subpoena power in an effort to intimidate, harass and cause undue burden to a non-party. Indeed, Defendant - just days ago - publicly admitted that his goal of deposing Jane Doe No. 3 has nothing to do with this Florida Defamation Action; rather, he is trying to find a way to send this victim of sexual trafficking to "jail." "She was hiding in Colorado…but we found her and *she will have to be deposed. The end*

[1] For the limited purpose of the Motion to Quash or for Protective Order and resolving the scope of the subpoena and any enforcement issues, Jane Doe No. 3 voluntarily submits herself to this Court's jurisdiction.

*result is that she'll go to jail because she will repeat her lies and we'll be able to prove it* and she will end up in prison for perjury." (emphasis added). *See* Exhibit 1, New York Daily News, April 7, 2015. Defendant has subjected Jane Doe No. 3 to horrific public attacks including publicly calling her a "prostitute" and a "bad mother" to her three minor children. *See* Exhibit 2, Local 10 News, January 22, 2015.

Defendant has gone on a media blitz campaign against this non-party for statements she made under oath in a federal action: "The end result of this case should be *she [Jane Doe No. 3] should go to jail*, the lawyers should be disbarred and everybody should understand that I am completely and totally innocent." (emphasis added). *See* Exhibit 3, CNN International, New Day, January 6, 2015. "*My goal is to bring charges against the client and require her to speak in court.*" (emphasis added). *See* Exhibit 4, Australian Broadcasting System (ABC), January 6, 2015. Defendant also stated, in an interview in Newsmax, that he is "considering" bringing a lawsuit against Jane Doe No. 3. "*And we're considering suing her for defamation* as well, but right now she was trying to hide in Colorado and avoid service, but we found her and we served her and *now she'll be subjected to a deposition*." (emphasis added). *See* Exhibit 5, Newsmax, April 8, 2015.

Defendant's own words demonstrate that he is abusing the subpoena power of this Court to try to get discovery that is irrelevant to this case, in the hopes of being able to intimidate Jane Doe No. 3 with the press and generate a claim against her. Considering the extensive abuse that Jane Doe No. 3 suffered as a minor child, and Defendant's threats and intimidation, it would be both unreasonable and oppressive to require this non-party to comply with this subpoena *duces tecum*. Accordingly, Defendant's subpoena should be quashed. *See* Exhibit 6, Defendant's Subpoena to Jane Doe No. 3.



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## BACKGROUND

The underlying action before this Court is a defamation case filed by a former federal judge, Paul Cassell, and his colleague Brad Edwards, who represent various sexual trafficking victims in a case pending in the Southern District of Florida, specifically case no. 08-cv-80736-KAM, hereinafter ("CVRA case"). As a result of an affidavit filed in the CVRA case, Defendant went on a national media defamation campaign calling, among other things, former federal judge Paul Cassell and attorney Brad Edwards, "unethical lawyers" who should be "disbarred". *See* Exhibit 7, Today Show, January 5, 2015. In response to this national slander campaign by the Defendant, Paul Cassell and Brad Edwards filed a defamation case against Defendant in the Circuit Court of the Seventeenth Judicial Circuit for Broward County, Case No. CACE 15-000072, hereinafter "Florida Defamation Action").

Defendant's statements against Paul Cassell and Brad Edwards are statements about their character as lawyers and do not directly involve non-party Jane Doe No. 3. Despite this fact, Defendant is abusing the subpoena power in this case by seeking documents from a non-party that are irrelevant to the defamation issue before this Court. Defendant is determined to find a way to harm non-party Jane Doe No. 3 and anyone who braves to represent her. Jane Doe No. 3 has good cause to be fearful of the Defendant in this matter based on Defendant's repetitive threats. *See* Exhibit 8, Affidavit of Jane Doe No. 3. This Court should not allow Defendant to abuse the subpoena power to further abuse this non-party. Florida Rules of Civil Procedure provide a vehicle for this Court to protect a non-party from a harassing, burdensome and unnecessary subpoena. As explained below, non-party Jane Doe No. 3 should be protected from having to be deposed in this matter or produce documents. Defendant's campaign of threats and intimidation should not be condoned by this Court and Defendant's subpoena should be quashed in its entirety.



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## ARGUMENT

### 1. This Court Should Quash Defendant's Abusive Subpoena In Its Entirety.

Florida Rule of Civil Procedure 1.410(c)(1) provides that the Court may "quash or modify the subpoena if it is unreasonable and oppressive." *Id.* The Court has discretion to evaluate the circumstances in determining whether the subpoena is "unreasonable and oppressive." *Matthews v. Kant*, 427 So. 2d 369, 370 (Fla. 2d DCA 1983). "The sufficiency thereof is a factual determination for the trial judge who is vested with broad judicial discretion in the matter, and whose order will not be overturned absent a clear showing of abuse of discretion." *Id.*; *see also Sunrise Shopping Center, Inc. v. Allied Stores Corp.*, 270 So. 2d 32 (Fla. 4th DCA 1972) (Fourth DCA quashing lengthy subpoena served on non-party who was not in control of documents as being "oppressive and unreasonable."). It is undisputed that Jane Doe No. 3 was sexually trafficked as a minor child by Jeffrey Epstein and he was sentenced for his crimes. Allowing the Defendant in this case to force this non-party to provide discovery on this highly sensitive topic would be both oppressive and unreasonable and serves no purpose other than to foster Defendant's publicly admitted and utterly baseless campaign to try to send Jane Doe No. 3 to "jail."

The documents requested in Defendant's subpoena demonstrate the oppressive and unreasonable nature of the requests. Defendant, for example, seeks highly personal and sensitive information from this victim of sexual trafficking, including requesting her personal diary during the time when she was being sexually abused as a minor child. *See* Exhibit 6, Request no. 16. Defendant also demands that this non-party produce photographs and videos of her as a minor child while she was being sexually trafficked by convicted sex offender Jeffrey Epstein. *See* Exhibit 6, Request nos. 2, 3, 4 and 10. Defendant's unreasonable subpoena even includes a demand for this non-party's personal cell phone records for more than a three (3) year period during the time when she was a minor child being sexually trafficked. *See* Exhibit 6, Request no.



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15. Defendant also demands items like personal financial documents from this non-party including payments she received from convicted sex offender Jeffrey Epstein and the men he "lent" this minor child out to from 1999 – 2002. *See* Exhibit 6, Request no. 20. It is without question that Defendant is abusing the subpoena power in this case to conduct a fishing expedition in an effort to intimidate and harass this victim and to try to dig up information he can use in his openly stated "goal" to send this non-party to "jail."

Jane Doe No. 3 is rightfully fearful of Defendant as he is an incredibly powerful individual and the legal counselor to convicted Jeffrey Epstein who sexually trafficked Jane Doe No. 3 for years when she was a minor child. *See* Exhibit 8, Affidavit of Jane Doe No. 3. Jane Doe No. 3 believes Defendant's goal is to abuse the subpoena power to get her into a deposition so he can harass and intimidate her by forcing her to discuss the abuse she had to withstand as a minor child. *See* Exhibit 8, Affidavit of Jane Doe No. 3. None of that childhood abuse is relevant to this case which involves the narrow issue of whether Defendant defamed two lawyers. Defendant's subpoena is both unreasonable and oppressive and should be quashed. *See Matthews v. Kant*, 427 So. 2d 369, 370 (Fla. 2d DCA 1983).

**2. <u>The Court Should Quash The Subpoena In Its Entirety, But At A Minimum, It Should Severely Limit The Production Requirements.</u>**

In addition to its power to quash the subpoena, Florida Rule of Civil Procedure 1.280(c) also allows the Court to protect a non-party from discovery that would result in "annoyance, embarrassment, oppression or undue burden or expense…" *Allstate Ins. Co. v. Langston*, 655 So. 2d 91, 94 (Fla. 2003) (Florida Supreme Court overturning denial of protective order and holding that "[d]iscovery of certain kinds of information 'may reasonably cause material injury of an irreparable nature.'") (internal quotations omitted). *Matthews v. City of Maitland*, 923 So. 2d 591, 595 (Fla. 5th DCA 2006) (quashing discovery order where "[t]he compelled disclosure… would create a chilling effect on [petitioners] rights…"). The Court may determine that "the discovery



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not be had" or that "the discovery may be had only on specified terms and conditions…". Fla. R. Civ. P. 1.280(c).

Defendant issued a vastly overbroad subpoena to this non-party which included 25 separate document requests, many with subparts. In addition to placing an undue burden on this non-party to have to search for the broad scope of materials requested, the document requests seek information that is irrelevant to the Florida Defamation Action and clearly intended to "embarrass and oppress" this non-party. Fla. R. Civ. P. 1.280(c). Defendant's overly broad subpoena to non-party, Jane Doe No. 3, goes so far as to seek documents relating to former President, Bill Clinton and former Vice President, Al Gore, which, even if such documents existed, would be absolutely irrelevant to the Florida Defamation Action. *See Toledo v. Publix Super Markets, Inc.*, 30 So. 3d 712 (Fla. 4th DCA 2010).

Defendant's requests can be grouped into four key categories: (1) documents that contain highly personal and sensitive information sought only to harass, embarrass and intimidate the non-party; (2) documents unrelated to this action and, instead, intended to gain discovery relating to Defendant's admitted "goal" of putting this non-party in "jail," bringing a new case against Jane Doe No. 3, or related to the federal action; (3) documents that contain personal financial or other confidential information; and (4) privileged communications between the non-party and her lawyers. Non-party, Jane Doe No. 3, has filed specific objections as to each request sought in Defendant's subpoena as set forth in Exhibit 9. Here, Jane Doe No. 3 provides the Court with a sampling of the oppressive nature of the subpoena that is the subject of her detailed objections.

a. Category 1 – Overly Broad Subpoena Requests Intended Solely to Harass, Embarrass and Intimidate the Non-Party by Seeking Highly Personal and Sensitive Information

It is clear from the Defendant's requests that his intent is to intimidate and harass this non-party by seeking highly sensitive personal information that is irrelevant to this action. For example, Request no. 16 seeks "Any diary, journal or calendar concerning your activities between



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January 1, 1999 and December 31, 2002." Defendant is seeking personal diary information during the time this non-party was a minor child and a victim of sexual trafficking. There is no reason this non-party should be forced to produce her diary from when she was a child. *See Peisach v. Antuna*, 539 So. 2d 544 (Fla. 3rd DCA 1989) (court of appeal holding that trial court departed from the essential requirements of law by granting deposition of party's gynecologist which was only meant to invade privacy and intimidate and harass the party).

Defendant also has a number of requests (Request nos. 2, 3, 4, 10 and 19) that seek "photographs" and "videos" of this non-party when she was a minor child and during the time she was the subject of sexual abuse. Photographs of Jane Doe 3 when she was a minor child are completely irrelevant to the matter before this Court. Defendant served this subpoena demand solely to intimidate, harass and embarrass this non-party and the Court should preclude this type of discovery set forth in Request Nos. 2, 3, 4, 10, 15, 16, 19 and 21. *See Citimortgage, Inc. v. Davis*, No. 50 2009 CA 030523, 2011 WL 3360318 (Fla. 15th Cir. Ct. April 4, 2011) (trial court granting protective order precluding a deposition noting "this deposition request is mere harassment" and had no relevance to the underlying dispute where the party was wrongfully using the discovery process for personal gain).

b. Category 2 – Clear Abuse of the Subpoena Power By Seeking Documents Unrelated to this Action and Intended Instead to Provide Discovery for Other Actions

Defendant is abusing the subpoena power of this Court by issuing subpoena requests that are intended to obtain discovery for the development of other actions against this non-party and are unrelated to the instant case. *See* Exhibit 5, Newsmax Interview ("And we're considering suing her for defamation as well, but right now she was trying to hide in Colorado and avoid service, but we found her and we served her and now she'll be subjected to a deposition."). Defendant has admitted that his "goal" is to put Jane Doe No. 3 in "jail" and he is using this Court's subpoena power to go on a fishing expedition in the hopes of fulfilling his ultimate stated



HOUSE_OVERSIGHT_015605

"goal." *See Toledo v. Publix Super Markets, Inc.*, 30 So. 3d 712 (Fla. 4th DCA 2010) (court of appeal quashing discovery order where party sought law firm client file relating to a different matter holding that "curiosity" about a law firm's records does not satisfy the relevance requirement and explaining that the contents of the "subpoena is a classic 'fishing expedition' and the trial court's order departs from the essential requirements of the law."); *Calvo v. Calvo*, 489 So. 2d 833, 834 (Fla. 3d DCA 1986) (quashing subpoena served on wife's bank for financial records finding them irrelevant: "*indeed, the husband has failed to demonstrate what possible relevance the records might have in the proceeding below other than to harass the wife*."). (emphasis added).

Defendant's incredibly broad and unrelated demands include, for example, Request no. 24: "All documents concerning, relating or referring to your assertions that you met former President Bill Clinton, Former Vice President Al Gore and/or Mary Elizabeth "Tipper" Gore on Little Saint James Island in the U.S. Virgin Islands." *See* Exhibit 6, Request no. 24. Whether or not Jane Doe No. 3 met any of these individuals has absolutely nothing to do with the action before this Court. *See Allstate Ins. Co. v. Langston,* 655 So. 2d 91, 94 (Fla. 2003) (Florida Supreme Court holding that "we do not believe a litigant is entitled carte blanch to irrelevant discovery" and '"It is axiomatic that information sought in discovery must relate to the issues involved in the litigation, as framed in the pleadings.'") (internal citations omitted). Defendant's Request demonstrates a blatant example of abuse of the subpoena power.

Indeed, the face of many of Defendant's subpoena demands demonstrate that he is using the subpoena power of this Court to obtain discovery for the federal action. Request nos. 1, 5, 6 and 9 all reference the "federal action" or specifically cite the declaration and case number "OS-SO736-CIV-MARRA/JOHNSON. Request no. 1, for example, demands: "All documents that reference by name, Alan M. Dershowitz, which support and/or confirm the allegations set forth in Paragraphs 24-31 of your Declaration dated January 19, 2015 and/or Paragraph 49 of your



HOUSE_OVERSIGHT_015606

Declaration dated February 5, 2015, which were filed with the United States District Court for the Southern District of Florida, in Jane Doe #1 and Jane Doe #2 v. United States of America, Case No. OS-S0736-CIV-MARRA/JOHNSON, [ECF No. 291-1] (the "Federal Action")." Defendant should not be using the subpoena power of this Court to issue a non-party subpoena for documents sought for a federal action.[2]

c. Category 3 – Documents that Contain Personal Financial Information Completely Irrelevant to this Action

Defendant also wrongfully abuses the subpoena power to seek personal financial information from this non-party. *See Woodward v. Berkery*, 714 So. 2d 1027, 1034-38 (Fla. 4th DCA 1998) (quashing lower court's discovery order and finding irreparable harm to husband in disclosure of private financial information when wife's *clear purpose was to wrongfully disclose the financial information to the press*) (emphasis added); *see also Granville v. Granville*, 445 So. 2d 362 (Fla. 1st DCA 1984) (court of appeal overturning denial of protective order and finding that private financial information should have been protected from disclosure).

The requests are clearly meant to intimidate and harass her by, for example, seeking information during the time she was the subject of sexual trafficking by Jeffrey Epstein. Request no. 20 seeks "All documents showing any payments or remuneration of any kind made by Jeffery Epstein or any of his agents or associates to you from January 1, 1999 through December 31, 2002." Whether Jeffrey Epstein paid minor children that he sexually trafficked has absolutely nothing to do with the action before this Court and there is no basis to force a non-party who was subject to this abuse to comply with a production demand on this topic. The subpoena also includes request for financial information relating to the media. Apparently, Defendant believes Jane Doe No. 3 has a book "deal" in the works. For example, Request no. 18 seeks: "All documents concerning any monetary payments or other consideration received by you from any

[2] The requests relevant to this category are nos.: 1, 5, 6,7, 8, 9, 12, 13, 14, 22, and 24.



HOUSE_OVERSIGHT_015607

media outlet in exchange for your statements (whether "on the record" or "off the record") regarding Jeffrey Epstein, Alan M. Dershowitz, Prince Andrew, Duke of York, and/or being a sex slave." Whether Jane Doe No. 3 has interacted with the media has nothing to do with the Florida Defamation Action. As explained above, a non-party's personal financial information and other confidential information is subject to protection by this Court. *See Woodward v. Berkery*, 714 So. 2d 1027, 1034-38 (Fla. 4th DCA 1998). Accordingly, the requests relating to financial information from this non-party should be quashed[3].

d. Category 4 – Plainly Privileged Communications

Defendant's subpoena requests seek documents that are plainly privileged. Florida courts are unequivocal in stating that an opposing party can never obtain attorney-client privileged materials. *See Quarles & Brady LLP v. Birdsall*, 802 So. 2d 1205, 1206 (Fla. 2d DCA 2002) (quashing discovery order and noting "undue hardship is not an exception (to disclosure of privileged material), nor is disclosure permitted because the opposing party claims that the privileged information is necessary to prove their case.") (internal citations omitted). Non-party, Jane Doe No. 3, objects to all of Defendant's subpoena requests to the extent that they seek documents protected by the attorney client privilege, work product doctrine, joint defense and common interest privileges and any other relevant privilege. Indeed, Jane Doe No. 3 should be protected from responding to Request no. 25 in its entirety because on its face it seeks solely privileged and confidential information relating to her retention of BSF.[4] *See Westco Inc. v. Scott Lewis' Gardening & Trimming, Inc.*, 26 So. 3d 620, 622 (Fla. 4th DCA 2010) (court explaining that "[w]hen confidential information is sought from a non-party, the trial court must determine whether the requesting party establishes a need for the information that outweighs the privacy

[3] These Requests include nos. 9, 17, 18, 20 and 23.

[4] Specifically, Request no. 25 seeks: "All documents concerning your retention of the law firm Boies, Schiller & Flexner LLP, including but not limited to: signed letter of retainer, retention agreement, explanation of fees, and/or any documents describing the scope of retention."



HOUSE_OVERSIGHT_015608

rights of the non-party."). Defendant has not established any basis for these privileged and confidential documents that outweighs this non-party's privacy rights.

**3. The Subpoena Should Be Quashed In Its Entirety. If the Court Will Not Take That Action, at a Minimum, It Should Grant a Protective Order Severely Limiting The Areas Of Inquiry At Deposition And Grant Protections For This Victim Who Is Fearful Of The Defendant.**

This Court has the power to preclude and/or limit the deposition of non-party Jane Doe No. 3. Specifically, Florida Rule of Civil Procedure 1.280(c) allows the Court to prevent a deposition from going forward "to protect a party or person from annoyance, embarrassment, oppression or undue burden or expense that justice requires," and courts routinely enter protective orders to reduce the burden on subpoenaed non-parties to a case, as well as in cases where the discovery sough is irrelevant. *See, e.g., Peisach v. Antuna*, 539 So. 2d 544 (Fla. 3d DCA 1989) (holding that the trial judge erred in allowing the deposition of certain non-parties where evidence sought was irrelevant); *see also Citimortgage, Inc. v. Davis*, No. 50 2009 CA 030523, 2011 WL 3360318 (Fla. 15th Cir. Ct. April 4, 2011) (trial court granting protective order precluding a deposition noting "this deposition request is mere harassment" and had no relevance to the underlying dispute where the party was wrongfully using the discovery process for personal gain). Section 4 of Rule 1.280 provides that the Court can also limit the areas of inquiry of a deposition providing "that certain matters not be inquired into, or that the scope be limited to certain matters."

Jane Doe No. 3 contends that the subpoena for her deposition should be quashed. If the Court, however, is inclined to allow a deposition of Jane Doe No. 3, then she respectfully requests the issuance of a Protective Order modifying the subpoena as set forth below.

a. Testimony Limitations

Non-party Jane Doe No. 3 respectfully requests that this Court limit the deposition to questions directly related to Defendant's defamatory statements about Brad Edwards and Paul Cassell. The Court should limit Defendant's ability to engage in a "fishing expedition" of this



HOUSE_OVERSIGHT_015609

victim to foster his goal of putting her into "jail" or of bringing a new action against Jane Doe No. 3. *See Peisach v. Antuna*, 539 So. 2d 544 (Fla. 3d DCA 1989); *see also Citimortgage, Inc. v. Davis*, No. 50 2009 CA 030523, 2011 WL 3360318 (Fla. 15th Cir. Ct. Apr. 4, 2011). Defendant should be precluded from asking any questions about Jane Doe No. 3's experiences as a sexually trafficked minor. Defendant should be precluded from questioning Jane Doe No. 3 about individuals that she was sexually trafficked to or about other victims or individuals involved in the sexual trafficking orchestrated by Jeffrey Epstein. Defendant should be precluded from questioning Jane Doe No. 3 about any rapes that occurred when she was a minor child. Defendant should be precluded from questioning Jane Doe No. 3 about anything related to her sexual activity either as a minor or thereafter as these questions would only be intended to embarrass and harass this non-party witness.

b. Language and Harassment Limitations

In addition, Jane Doe No. 3 requests that the Court provide counsel with a cautionary notice, that counsel for Defendant may not harass the non-party victim in any way during the deposition. With respect to the language used at the deposition, the Defendant's counsel should be directed by the Court to not use any of the derogatory terms the Defendant has used in the press including calling Jane Doe No. 3 a "prostitute," a "liar," or a "bad mother" or any other similar derogatory and harassing language.

c. Physical Location Limitations

Non-party Jane Doe No. 3 has a valid and real basis to fear being in physical proximity of the Defendant. *See* Exhibit 8, Affidavit of Jane Doe No. 3. Accordingly, to the extent a deposition is to go forward, we would request that the Court direct that the Defendant not be present in the same room as non-party Jane Doe No. 3 and, instead, follow the testimony electronically from a separate location. In addition, non-party Jane Doe No. 3 respectfully requests that the Court hold that the physical location of the deposition should be the offices of



HOUSE_OVERSIGHT_015610

Jane Doe No. 3's attorney's Boies, Schiller & Flexner LLP.

## CONCLUSION

WHEREFORE, non-party Jane Doe No. 3 respectfully requests that this Court grant her Motion to Quash, or alternatively, that the Court enter an order limiting the scope of her document production and deposition as set forth above.

Dated: April 9, 2015

Respectfully submitted,

**BOIES, SCHILLER & FLEXNER LLP**
401 East Las Olas Boulevard, Suite 1200
Fort Lauderdale, Florida 33301
Telephone: (954) 356-0011
Facsimile: (954) 356-0022

By: /s/Sigrid S. McCawley
Sigrid S. McCawley, Esq.
Florida Bar No. 129305

*Attorney for Non-Party Jane Doe No. 3*



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## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on April 9, 2015, a true and correct copy of the foregoing was served by Electronic Mail to the individuals identified below.

By: /s/Sigrid S. McCawley
Sigrid S. McCawley

| | |
|---|---|
| Thomas E. Scott<br>Thomas.scott@csklegal.com<br>Steven R. Safra<br>Steven.safra@csklegal.com<br>COLE, SCOTT & KISSANE, P.A.<br>9150 S. Dadeland Blvd., Suite 1400<br>Miami, Florida 33156<br>Renee.nail@csklegal.com<br>Shelly.zambo@csklegal.com<br><br>Richard A. Simpson<br>rsimpson@wileyrein.com<br>Mary E. Borja<br>mborja@wileyrein.com<br>Ashley E. Eiler<br>aeiler@wileyrein.com<br>WILEY REIN, LLP<br>1776 K Street NW<br>Washington, D.C. 20006<br><br>*Counsel for Defendant Alan Dershowitz* | Jack Scarola<br>SEARCY DENNEY SCAROLA BARNHART & SHIPLEY, P.A.<br>JSX@searcylaw.com<br>2139 Palm Beach Lakes Blvd.<br>West Palm Beach, FL 33409-6601<br><br>*Attorney for Plaintiffs* |



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# EXHIBIT B

**From:** Susan Moss
**To:** Thomas E. Scott; Steven R. Safra; Simpson, Richard; Borja, Mary; Eiler, Ashley; Jack Scarola; Mary E. Pirrotta; smccawley@bsfllp.com
**Subject:** Edward & Cassell v. Dershowitz CACE 15-000072 (05)
**Date:** Wednesday, November 04, 2015 11:22:42 AM

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Good morning,

I am advising of Judge Lynch's rulings on the above referenced case. His rulings are as follows:

Non Party's motion to quash, or for protective order, regarding subpoena served on non party law firm Boies Schiller: The subpoena, as to the law firm, is quashed

As to the "Jane Doe #3" subpoena: The motion is granted as to request #9, 17, 18, 20 and 23.

The motion is denied as to the other requests, but a confidentiality order shall be entered.

Regarding the deposition: The depo shall be limited to 4 hours without prejudice to request additional time in the future.

The Defendant can be present at the depo.

The depo will be taken at the law firm representing the witness.

There shall be a special master, paid by the Defendant, present at the depo, to rule on objections.

The depo will be limited to the issues of this case without prejudice for another depo, if required, in the future.

The issues and said limitations will be determined by the special master.

Each attorney who had a motion heard, is to prepare the order on their motion for the judges signature, along with sufficient copies, self addressed, self stamped envelopes for all parties.

These orders cannot be submitted through the order portal.

Respectfully,

Susan Moss
Judicial Assistant to Judge Thomas M. Lynch, IV
201 S.E. 6th Street, Rm 920B
Fort Lauderdale, Florida 33301
954-831-7831

# EXHIBIT C

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.
_____/

CASE NO. CACE 15-000072

**ORDER ON BOIES, SCHILLER & FLEXNER LLP AND JANE DOE NO. 3's MOTIONS TO QUASH SUBPOENAS OR FOR PROTECTIVE ORDER**

This Cause comes before the Court on November 2, 2015 upon Boies, Schiller & Flexner LLP's Motion to Quash Subpoena Or For Protective Order and Jane Doe No. 3's Motion to Quash Subpoena Or For Protective Order.

Having reviewed the record and being otherwise fully advised, the Court hereby Orders:

1. Non-Party Law Firm Boies, Schiller & Flexner LLP's Motion to Quash Subpoena is GRANTED. The subpoena to Boies, Schiller & Flexner LLP is quashed in its entirety.
2. Non-Party Jane Doe No. 3's Motion to Quash Subpoena or For Protective Order is Denied in Part, Granted in part, as follows:
    a. The Motion to Quash is Granted as to Requests Nos. 9, 17, 18, 20, and 23. The Motion is denied as to the remaining Requests.
    b. A Confidentiality Order shall be entered.
    c. The deposition of Jane Doe No. 3 shall be limited to 4 hours without prejudice to request for additional time in the future.
    d. The deposition will be taken at the law firm representing the witness, Boies, Schiller & Flexner LLP.

e. There shall be a special master, paid by the Defendant, present at the deposition, to rule on objections.

f. The Defendant Alan Dershowitz can be present at the deposition.

g. The deposition will be limited to the issues of this case without prejudice for another deposition, if required, in the future. The issues and said limitations will be determined by the special master.

DONE AND ORDERED in Broward County, Florida on this ____ day of November, 2015.

THOMAS M. LYNCH, IV

NOV 12 2015

Honorable Judge Thomas Lynch
Circuit Judge

cc: Counsel of Record

# EXHIBIT D

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.
_____/

CASE NO. CACE 15-000072

**[PROPOSED] CONFIDENTIALITY ORDER**

THIS CAUSE COMES before the Court based on its Order dated November 12, 2015 granting, in part, Non-Party Jane Doe No. 3's Motion to Quash Subpoena or for a Protective Order. This Court ordered that "A Confidentiality Order Shall Be Entered."

Accordingly, having reviewed the record and being otherwise duly advised, the Court issues the following Confidentiality Order:

1. The deposition testimony of Non-Party Virginia Giuffre will be designated as "Confidential" and not subject to public disclosure. It may only be filed under seal.
2. Documents produced by Non-Party Virginia Giuffre that are confidential may be marked as "Confidential" and shall be treated in the same manner as confidential testimony.

DONE AND ORDERED in Broward County, Florida on this 12 day of January, 2016.

Honorable Judge Thomas Lynch
Circuit Court Judge

cc: Counsel of Record

# EXHIBIT E

Filing # 34801581 E-Filed 11/23/2015 05:53:31 PM

IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT, IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiffs,

vs.

ALAN M. DERSHOWITZ,

Defendant.
_____/

**PLAINTIFFS/COUNTERCLAIM DEFENDANT EDWARDS AND CASSELL'S RESPONSE TO DERSHOWITZ'S MOTION TO DETERMINE CONFIDENTIALITY OF COURT RECORDS**

Plaintiffs/Counterclaim Defendants Bradley J. Edwards and Paul G. Cassell, by and through their undersigned attorneys, hereby file this response to Dershowitz's Motion to Determine Confidentiality of Court Records. The records at issue are not confidential, and so the Court should deny Dershowitz's motion in its entirety.

**The court records at issue are three court filings by attorneys Edwards and Cassell in which they recite their client's (Mr. Virginia Giuffre's) allegations that she was sexually abused by Dershowitz. These records are hardly "confidential" in this defamation case, where the parties have claims and counterclaims about these sexual abuse Allegations. Rather, these records are an important part of this case, since they not only support the conclusion that Dershowitz abused Ms. Giuffre, but also indisputably establish Edwards and Cassell's strong basis for filing the allegations on her behalf. Moreover, contrary to assertions made in Dershowitz's motion, these documents have never been found to be "confidential" by any other court. And Dershowitz has repeatedly referred to**

**these documents, not only in defamatory statements broadcast worldwide, but also in his pleadings before this Court and in recent depositions. Indeed, Dershowitz said in his media interviews that he wants "everything to be made public" and implied that Edwards and Cassell had something to hide. Accordingly, Dershowitz has failed to carry his heavy burden to justify sealing these presumptively-public documents.**

## I. DERSHOWITZ HAS NOT JUSTIFIED SEALING ALLEGED DEFAMATORY RECORDS THAT ARE INTEGRAL TO THIS DEFAMATION CASE.

In his motion, Dershowitz never recounts the heavy burden that he must carry to seal the records at issue. To be sure, Florida Rule of Judicial Administration 2.420 allows for the sealing of "confidential" materials. But the Rule begins by recounting the overarching principle that "[t]he public shall have access to all records of the judicial branch of government, except as provided below." Fla. R. Jud. Admin. 2.420(a). This rule is a codification of the Florida Supreme Court's admonition that a "a *strong presumption of openness* exists for all court proceedings. A trial is a public event, and the filed records of court proceedings are public records available for public examination." *Barron v. Florida Freedom Newspapers, Inc.*, 531 So.2d 113, 118 (Fla. 1988) (emphasis added). In light of this presumption of openness, "[t]he burden of proof in [closure] proceedings shall always be on the party seeking closure." *Id.* To obtain a sealing order, the party seeking sealing must carry a "heavy burden." *Id.*

Remarkably, Dershowitz fails to acknowledge these well-settled principles. More important, he even fails to cite (much less discuss) the limited substantive exceptions to this general principle of access – and which specific exception he believes applies to this

case. Accordingly, it is impossible for Edwards and Cassell to respond with precision to his motion.

The exceptions that might arguably be in play in this case permit records to be maintained as confidential in order to:

(i) Prevent a serious and imminent threat to the fair, impartial, and orderly administration of justice;
(ii) Protect trade secrets;
(iii) Protect a compelling governmental interest;
(iv) Obtain evidence to determine legal issues in a case;
(v) Avoid substantial injury to innocent third parties;
(vi) Avoid substantial injury to a party by disclosure of matters protected by a common law or privacy right not generally inherent in the specific type of proceeding sought to be closed;
(vii) Comply with established public policy set forth in the Florida or United States Constitution or statutes or Florida rules or case law . . . .

Fla. R. Jud. Admin. 2.420(c)(9) (codifying the holding in *Barron v. Florida Freedom Newspapers, Inc.*, 531 So.2d 113 (Fla. 1988)). The only exception that seems to even arguably apply here is exception vi, which itself specifically provides that confidentiality is appropriate only where disclosure is "*not generally inherent* in the specific type of proceeding sought to be closed" (emphasis added). Of course, this lawsuit is a defamation action – involving a defamation claim by Edwards and Cassell and a defamation counterclaim by Dershowitz. Disclosure, discussion, and debate about the defamatory statements at issue lies at the heart of the case. Accordingly, disclosure of these materials is "inherent" in the case itself. The principle that defamatory material in a defamation case cannot be sealed is recognized in *Carnegie v. Tedder*, 698 So.2d 1310 (2d DCA 1997). *Carnegie* involved a claim and counterclaim between two parties (Carnegie and Tedder), one of whom alleged that disclosure of

the materials in the records would be harmful to his professional reputation. *Carnegie* recited subsection vi's restriction on release of materials involving a privacy right, but noted that "statements Tedder alleged were defamatory and damaging were allegations in Carnegie's counterclaim for which she seeks damages. These matters were not peripheral to the lawsuit; they were inherent to it." *Id.* at 1312. Of course, exactly the same principle applies here: sexual abuse allegations filed by attorneys Edwards and Cassell for their client Ms. Virginia Giuffre are not peripheral to this lawsuit – they are inherent to it.

To see how "inherent" the sexual abuse allegations are to this lawsuit, the Court need look no further than Dershowitz's counterclaim in this case. Count I of Dershowitz's Counterclaim (styled as "False Allegations in the Joinder Motion") contends that Edwards and Cassell should pay him damages because they "filed a pleading in the Federal Action titled 'Jane Doe #3 and Jane Doe #4's Motion Pursuant to Rule 21 for Joinder in Action' . . . ." Dershowitz Counterclaim at ¶ 14. Dershowitz's Counterclaim then goes on to quote at length from the Joinder Motion. His counterclaim contains, for example, this paragraph recounting the allegations:

> The Joinder Motion then goes on to allege – without any supporting evidence – as follows:
>
> > One such powerful individual that Epstein forced then-minor Jane Doe #3 to have sexual relations with was former Harvard Law Professor Alan Dershowitz, a close friend of Epstein's and well-known criminal defense attorney. Epstein required Jane Doe #3 to have sexual relations with Dershowitz on numerous occasions while she was a minor, not only in Florida but also on private planes, in New York, New Mexico, and the U.S. Virgin

> Islands. In addition to being a participant in the abuse of Jane Doe #3 and other minors, Dershowitz was an eye-witness to the sexual abuse of many other minors by Epstein and several of Epstein's coconspirators. Dershowitz would later play a significant role in negotiating the [Non-Prosecution Agreement] on Epstein's behalf. Indeed, Dershowitz helped negotiate an agreement that provided immunity from federal prosecution in the Southern District of Florida not only to Epstein, but also to "any potential coconspirators of Epstein." Thus, Dershowitz helped negotiate an agreement with a provision that provided protection for himself against criminal prosecution in Florida for sexually abusing Jane Doe #3. Because this broad immunity wouldhave been controversial if disclosed, Dershowitz (along with other members of Epstein's defense team) and the Government tried to keep the immunity provision secret from all of Epstein's victims and the general public, even though such secrecy violated the Crime Victims' Rights Act.

Dershowitz Counterclaim at ¶ 15 (quoting Joinder Motion at 4).

Remarkably, having quoted at length from the Joinder Motion in his Counterclaim in this case, Dershowitz now seeks to have *that very same language* from the Joinder Motion deemed "confidential" and sealed. *Compare* Counterclaim at ¶15 (block quotation above) with Motion to Determine Confidentiality, Exhibit A at 4 (composite exhibit with proposed "confidential" document that includes paragraph beginning "[o]ne such powerful individual that Epstein forced then-minor Jane Doe #3 to have sexual relations with was former Harvard Law Professor Alan Dershowitz, a close friend of Epstein's . . . ."). Dershowitz cannot come before this Court and file a counterclaim seeking damages from Edwards and Cassell for alleged defamatory statements and then ask to have those very same statements placed under seal as "confidential." *See Barron v. Florida Freedom Newspapers*, 531 So.2d at 119 ("although generally protected by one's privacy right, medical reports and history are no longer protected

when the medical condition becomes an integral part of the civil proceeding, *particularly when the condition is asserted as an issue by the party seeking closure*" (emphasis added)).

## II. JUDGE MARRA'S ORDER IN HIS CASE DOES NOT REQUIRE THAT THE RECORDS BE SEALED IN THIS CASE.

Dershowitz also appears to contend that Judge Marra's order striking some of the materials from the records at issue somehow requires that these stricken materials be kept confidential in this case. Dershowitz's argument misunderstands both the scope of Judge Marra's order and its effect in this case. His argument rests on a truncated – and misleading -- description of the events surrounding Judge Marra's ruling striking certain documents. A more complete description makes clear that Judge Marra has not determined the documents are somehow "confidential" even in the federal Crime Victims' Rights Act case – much less in this separate state defamation action.

Edwards and Cassell filed the federal case pro bono on behalf of two young women who were sexually abused as underage girls by Dershowitz's close personal friend – Jeffrey Epstein. In 2008, Edwards and Casell filed a petition to enforce the rights of "Jane Doe No. 1" and "Jane Doe No. 2" under the Crime Victims' Rights Act (CVRA), 18 U.S.C. § 3771, alleging that the Government had failed to provide them rights with regard to a plea arrangement it was pursuing with Epstein. *Jane Doe No. 1 and Jane Doe No. 2 v. United States*, No. 9:08-cv-80736 (S.D. Fla.). In the course of that case, on October 11, 2011, the victims filed discovery requests with the Government, including requests specifically seeking information about Dershowitz, Prince Andrew, and others. Further efforts from the Government to avoid any discovery

followed (*see generally* Docket Entry or "DE" 225-1 at 4-5), ultimately leading to a further Court ruling in June 2013 that the Government should produce documents. DE 189. The Government then produced about 1,500 pages of largely irrelevant materials to the victims (DE 225-1 at 5), while simultaneously submitting 14,825 pages of relevant materials under seal to the Court. The Government claimed that these pages were "privileged" for various reasons, attaching an abbreviated privilege log.

While these discovery issues were pending, in the summer of 2014, Edwards and Cassell, contacted Government counsel to request their agreement to add two additional victims to the case, including Ms. Virginia Giuffre (who was identified in court pleadings as "Jane Doe No. 3"). Edwards and Cassell sought to have her added to the case via stipulation, which would have avoided the need to include any detailed facts about her abuse. Weeks went by and the Government – as it had done on a similar request for a stipulation to add another victim – did not respond to counsel's request for a stipulation. Finally, on December 10, 2014, despite having had four months to provide a position, the Government responded by email to counsel that it was seeking more time, indicating that the Government understood that victims' counsel might need to file a motion with the court on the matter immediately. DE 291 at 3-5. Rather than file a motion immediately, victims' counsel waited and continued to press the Government for a stipulation. *See id.* at 5. Finally, on December 23, 2014 – more than four months after the initial request for a stipulated joinder into the case – the Government tersely indicated its objection, without indicating any reason: "Our position is that we oppose adding new petitioners at this stage of the litigation." *See* DE 291 at 5.

Because the Government now contested the joinder motion, Edwards and Cassell prepared a more detailed pleading explaining the justification for granting the motion. One week after receiving the Government's objection, on December 30, 2014, Ms. Giuffre (i.e., Jane Doe No. 3) and Jane Doe No. 4 filed a motion (and later a corrected motion) seeking to join the case. DE 279 and DE 280. (Note: DE 280 is the first of the three documents Dershowitz seeks to have declared "confidential" in this case.) Uncertain as to the basis for the Government's objection, the motion briefly proffered the circumstances that would qualify the two women as "victims" eligible to assert rights under the CVRA. *See* 18 U.S.C. 3771(e) (defining "crime victim" protected under the Act). With regard to Ms. Giuffre, the motion indicated that when she was a minor, Jeffrey Epstein had trafficked her to Dershowitz and Prince Andrew (among others) for sexual purposes. Jane Doe No. 3 stated that she was prepared to prove her proffer. *See* DE 280 at 3 ("If allowed to join this action, Jane Doe No. 3 would prove the following . . . . "). The motion also provided specific reasons why Jane Doe No. 3's participation was relevant to the case, including the pending discovery issues regarding Dershowitz and Prince Andrew. DE 280 at 9-10 (explaining several reasons participation of new victims was relevant to existing issues).

After the motion was filed, various news organizations published articles about it. Dershowitz also made numerous media statements about the filing, including calling Jane Doe No. 3 "a serial liar" who "has lied through her teeth about many world leaders." http://www.cnn.com/2015/01/06/us/dershowitz-sex-allegation/. Dershowitz also repeatedly called Edwards and Cassell "two sleazy, unprofessional, disbarable lawyers." *Id.* On

January 5, 2015, Dershowitz filed a motion to intervene to argue to have the allegations stricken. DE 282. Dershowitz also argued that Ms. Giuffre had not provided a sworn affidavit attesting to the truth of her allegations. On January 21, 2015, Edwards and Cassell filed a response for Ms. Giuffre and Jane Doe No. 4. DE 291. (Note: This is the second of the three documents Dershowitz seeks to have kept under seal here.) The response enumerated nine specific reasons why Ms. Giuffre's specific allegations against Dershowitz were relevant to the case, including the fact that Ms. Giuffre needed to establish that she was a "victim" in the case, that pending discovery requests concerning Dershowitz-specific documents were pending, and that Dershowitz's role as a defense attorney in the case was highly relevant to the motive for the Government and defense counsel to conceal the plea deal from the victims. DE 291 at 17-26 & n.17. The response included a detailed affidavit from Ms. Giuffre about the sexual abuse she had suffered from Epstein, Dershowitz, and other powerful persons. DE 291-1. On February 6, 2015, Edwards and Cassell filed a further pleading (and affidavit from Ms. Giuffre, *see* DE 291-1) in support of her motion to intervene. (Note: this affidavit is the third of the three documents Dershowitz seeks to have declared confidential.)

On April 7, 2015, Judge Marra denied Ms. Giuffre's motion to join the case. Judge Marra concluded that "at this juncture in the proceedings" details about the sexual abuse she had suffered was unnecessary to making a determination "of whether Jane Doe 3 and Jane Doe 4 should be permitted to join [the other victims'] claim that *the Government* violated their rights under the CVRA. The factual details regarding with whom and where the Jane Does engaged in sexual activities are impertinent to this central claim (i.e., that they were known victims of Mr.

Epstein and the Government owed them CVRA duties), especially considering that the details involve non-parties who are not related to the respondent Government." DE 324 at 5 (emphasis in original). While Judge Marra struck those allegations, he emphasized that "Jane Doe 3 is free to reassert these factual details through proper evidentiary proof, should [the victims] demonstrate a good faith basis for believing that such details are pertinent to a matter presented for the Court's consideration. Judge Marra then denied Ms. Giuffre's motion to join the case, but allowed her to participate as trial witness: "The necessary 'participation' of [Ms. Giuffre] . . . in this case can be satisfied by offering . . . properly supported – and relevant, admissible, and non-cumulative – testimony as needed, whether through testimony at trial . . . or affidavits supported in support [of] the relevancy of discovery requests." DE 324 at 8 (emphasis deleted). In a supplemental order, Judge Marra stated that the victims "may re-refile these documents omitting the stricken portions." DE 325. The victims have recently refiled the documents.

In light of this history, Dershowitz is flatly incorrect when he asserts that "Judge Marra's Order appropriately precludes the unredacted documents from being re-filed in this case on the public docket." Confidentiality Motion at 3. To the contrary, the Order specifically permits factual details about Dershowitz's sexual abuse of Ms. Giuffre to be presented in regard to pertinent matters in the *federal CVRA case*. And certainly nothing in Judge Marra's Order could render those documents confidential in *this state defamation* case, where the central issues swirl around Edwards and Cassell's good faith basis for filing the allegations. Indeed, the order is not binding in any way in this case, because it is res judicata only as to Ms. Giuffre (the moving

party in that case), not as to her attorneys Edwards and Cassell. *See Palm AFC Holdings, Inc. v. Palm Beach County*, 807 So.2d 703 (4th DCA 2002) ("In order for res judicata to apply four identities must be present: (1) identity of the thing sued for; (2) identity of the cause of action; (3) identity of persons and parties; and (4) identity of the quality or capacity of the persons for or against whom the claim is made.").

## III. EDWARDS AND CASSELL WILL BE PREJUDICED IF THEY ARE BARRED FROM QUOTING FROM THE RECORD WHILE DERSHOWITZ IS PERMITTED TO FREELY REFER TO THEM WHENEVER HE FINDS IT CONVENIENT.

Dershowitz is also incorrect when he asserts that no prejudice will befall Edwards and Cassell if the records are placed under seal. To the contrary, placing the documents under seal would permit Dershowitz to continue to misrepresent and distort what is contained in those records while preventing Edwards and Cassell from correcting those misrepresentations. Dershowitz has repeatedly referred to details in the records when he has found it convenient to do so – treating the records as not confidential in any away. One clear example comes from Dershowitz's recent deposition, where he gratuitously injected into the record a reference to a portion of Ms. Giuffre's affidavit about him watching Ms. Giuffre perform oral sex on Epstein. And then, having injected that gratuitous reference into the record, he proceeded to try to rebut the reference with confidential settlement discussions – but did so by mispresenting what another attorney (David Boies) had said during the settlement discussions. So that the Court may have the full flavor of the exchange, the narrow question to Dershowitz (by attorney Jack

Scarola) and Dershowitz's extended answer are quoted in full – including Dershowitz's reference to the oral sex allegation that he now argues this Court should treat as "confidential":

> Q. [Y]ou [are] aware that years before December of 2014, when the CVRA pleading was filed, that your name had come up repeatedly in connection with Jeffrey Epstein's abuse of minors, correct? . . .
>
> A. Let me answer that question. I am aware that never before 2014, end of December, was it ever, ever alleged that I had acted in any way inappropriately with regard to Virginia [Giuffre], that I ever touched her, that I ever met her, that Ihad ever been with her. I was completely aware of that. There had never been any allegation. She claims under oath that she told you that secretly in 2011, but you have produced no notes of any such conversation. You, of course, are a witness to this allegation and will be deposed as a witness to this allegation. I believe it is an entirely false allegation that she told you in 2011 that she had had any sexual contact with me. I think she's lying through her teeth when she says that. And I doubt that your notes will reveal any such information.
> But if she did tell you that, she would be absolutely, categorically lying. So I am completely aware that never, until the lies were put in a legal pleading at the end of December 2014, it was never alleged that I had any sexual contact with Virginia Roberts.
> I know that it was alleged that I was a witness to Jeffrey Epstein's alleged abuse and that was false. I was never a witness to any of Jeffrey Epstein's sexual abuse. And I wrote that to you, something that you have falsely denied. And I stand on the record. The record is clear that I have categorically denied I was ever a witness to any abuse, that I ever saw Jeffrey Epstein abusing anybody.
>
> *And -- and the very idea that I would stand and talk to Jeffrey Epstein while he was receiving oral sex from Virginia Roberts, which she swore to under oath, is so outrageous, so preposterous, that even David Boies said he couldn't believe it was true.*
>
> MS. McCAWLEY: I object. I object. I'm not going to allow you to reveal any conversations that happened in the context of a settlement discussion.
>
> THE WITNESS: Does she have standing?

> MS. McCAWLEY: I have a standing objection and, I'm objecting again. I'm not going to
>
> THE WITNESS: No, no, no. Does she have standing in this deposition?
>
> MR. SCOTT: Let's take a break for a minute, okay?
>
> THE WITNESS: I'm not sure she has standing.
>
> MR. SCAROLA: Are we finished with the speech?
>
> MR. SCOTT: No. If he --
>
> MR. SCAROLA: I'd like him to finish the speech so that we can get to my question
> and then we can take a break.
>
> A. So the question -- the answer to your question is --
>
> MR. SIMPSON: Wait a minute. Wait a minute. Wait a minute. Please don't disclose something that she has a right to raise that objection if she wants to.
>
> MR. SCOTT: Exactly.

Deposition of Alan Dershowitz (Oct. 15, 2015) at 93-95 (attached as Exhibit 1); *see also* Deposition of Alan Dershowitz (Oct. 16, 2016) (attached as Exhibit 2) (also containing discussion of Ms. Giuffre's affidavit).

The Court should be aware that within approximately two hours of this exchange, Ms. McCawley (David Boies' law partner) released a statement on his behalf, which stated that Dershowitz was misrepresenting what happened: "Because the discussions that Mr. Boies had with Mr. Dershowitz were expressly privileged settlement discussions, Mr. Boies will not, at least at this time, describe what was actually said. However, Mr. Boies does state that Mr.

Dershowitz description of what was said is not true." Statement of Ms. McCawley on Behalf of David Boies (Oct. 15, 2015).

More broadly, the Court can readily see from this passage how Dershowitz is willing to inject into the record a part of Ms. Giuffre's affidavit whenever it serves his purpose – and, indeed, to characterize the part of the affidavit as "preposterous." But then he asks this Court to place the underlying affidavit under seal, so that the Edwards and Cassell stand accused having filed a "preposterous" affidavit without anyone being able to assess the validity of Dershowitz's attack.

Dershowitz has referred to the court records that he now wishes to have the Court declare confidential not only in his deposition, but also in his widely-broadcast media attacks on Edwards and Cassell. For example, Dershowitz appeared on the British Broadcasting Corporation (the BBC) and was asked about the allegations:

> Well, first of all they were made in *court papers* that they don't even ask for a hearing to try to prove them. They put them in *court papers* in order to immunize themselves from any consequences from a defamation suit. *The story is totally made up,* completely out of whole cloth.
> I don't know this woman. I was not at the places at the times. It is part of a pattern of made up stories against prominent people and world leaders. And the lawyers in recent statement challenged me to deny the allegations under oath. I am doing that. I am denying them under oath, thus subjecting me to a perjury prosecution were I not telling the truth. *I am now challenging them to have their client put these charges under oath* and for them to put them under oath. I am also challenging them to repeat them outside of the context of court papers so that I can sue them for defamation. . . . And I will prove beyond any doubt not only that the story is totally false, but it was knowingly false: that the lawyers and the client *conspired together to create a false story*. That is why I am moving for their disbarment in challenges to be provided to the disciplinary committee.

*BBC Radio 4 - Sarah Montague* (Jan. 3, 2015) (http://www.bbc.co.uk/programmes/p02g7qbc).

Similarly, Dershowitz appeared on NBC's *Today Show* the morning after Edwards and Cassell made a filing for Ms. Giuffre, to say that the Edwards and Cassell – and Ms. Giuffre – were all "lying" in the court documents:

> Question from Savannah Guthrie: *In legal papers from the lawyers*, they say you've had, in fact, the opportunity to be deposed.
>
> Answer from Alan Dershowitz: They're lying. They're lying.
>
> Question: They show letters in which they offered to depose you.
>
> Answer: And they didn't show my letters in response saying, (a), if you ask me about my legal relationship with Epstein and I'll be happy to answer. . . . And I responded that I would be happy to be deposed if you could give me any indication that I would be a relevant witness . . . . They will be proved – all of them [i.e., Cassell, Edwards, and Ms. Giuffre] – to be categorically lying and *making up this story.* And it will be a terrible thing for rape victims. . . . We [Epstein and Dershowitz] had an academic relationship. I was never in the presence of a single, young, underaged woman. When I was with him, it was with prominent scientists, prominent academics. And they're just – again – lying about this. I never saw him doing anything improper. I was not a participant. I was not a witness.

Today Show, Jan. 22, 2015 (emphases added).

As another example, in *Miami Herald*, Dershowitz called the Joinder Motion that he seeks to have sealed "the sleaziest *legal document* I have ever seen. They [Edwards and Cassell] manipulated a young, suggestible woman who was interested in money. This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me" – i.e., Edwards and Cassell will "rue the day" they ever filed the Joinder Motion. *Miami Herald* (Jan. 3, 2015).

Most remarkably, Dershowitz took the public airwaves to represent that he wanted all of the information surrounding the allegations to "be made public," while implying that Edwards and Cassell had something to hide. For example, on the BBC he claimed that he wanted"everything to be made public":

> Q: Would you encourage that it now be made public?
>
> A: Of course, of course. *I want everything to be made public. I want every bit of evidence in this case to be made public. I want every allegation to be made public.* I want to know who else she's accused of these horrible crimes. We know that she accused Bill Clinton of being on Jeffrey Epstein's island and participating in sex orgy with underage girls. The records of the Secret Service will prove that President Clinton never set foot on that island. So that she lied. Now it's possible to have a case of mistaken identification with somebody like me. It's impossible to have a case of mistaken identification with Bill Clinton.
> My only feeling is that if she has lied about me, which I know to an absolute certainty she has, she should not be believed about anyone else. She's lied clearly about me, she's lied clearly about Bill Clinton. We know that. We know that she's lied about other public figures, including a former prime minister and others who she claims to have participated in sexual activities with. So I think it must be presumed that all of her allegations against Prince Andrew are false as well.
> I think he [Prince Andrew] should clear the air as well.
> If you're squeaky clean and if you have never done anything like this, you must fight back with all the resources available to you. And that's what I will do. I will not rest or stop until the world understands no only that I had nothing to do with any of this, but that she deliberately, with the connivance of her lawyer, lawyers, made up this story willfully and knowingly.

*BBC Radio 4 - Sarah Montague* (Jan. 3, 2015) (http://www.bbc.co.uk/programmes/p02g7qbc).

In another widely-broadcast interview on CNN, Dershowitz implied that there is no evidence supporting the allegations against him:

> *Ask them [Edwards and Cassell] if they have any evidence . . . .* They're doing it for money. She's getting money for having sold her story. She wants to sell the book. They're trying to get into this lawsuit. They see a pot of gold at the end of the rainbow. They're [Edwards and Cassell] prepared to lie, cheat, and steal. These are unethical lawyers. This is Professor Cassell who shouldn't be allowed near a student. This is Professor Cassell, who is a former federal judge, thank God he no longer wears a robe. He is essentially a crook. He is essentially somebody who's distorted the legal profession. . . . Why would he charge a person with a sterling reputation for 50 years on the basis of the word alone of a woman who is serial liar, who has lied about former Prime Ministers, former Presidents, has lied demonstrably.

*CNN Live (with Hala Gorani) (January 5, 2015). Of course, by placing "the evidence" in this case under seal, Dershowitz will be free to continue to try and insinuate that Edward and Cassell – and their client, Ms. Giuffre – had no evidence supporting the allegations against him, even though a mountain evidence strongly support Ms. Giuffre's allegations. See Deposition of Paul Cassell (Oct. 16, 2015) at 61-117 (Exhibit 3); see also Depo of Pual Cassell (Oct. 17, 2015) (Exhibit 4).*

## CONCLUSION

The Court should deny Defendant/Counterclaim Plaintiff Alan Dershowitz's motion to place documents regarding Ms. Giuffre's allegations against him under seal.

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via E-Serve to all Counsel on the attached list, this 23rd day of November, 2015.

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# EXHIBIT F
# UNDER SEAL

# EXHIBIT G

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# Prince Andrew and the 17-year-old girl his sex offender friend flew to Britain to meet him

By SHARON CHURCHER
**UPDATED:** 08:02 EST, 2 March 2011

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As the UK's special representative for international trade, the Duke of York holds an important position, requiring sound judgement and widespread respect.

But those qualities have been thrown into question since photographs of Prince Andrew with his billionaire financier friend Jeffrey Epstein, a convicted child-sex offender who was jailed for 18 months for soliciting underage prostitutes, appeared last weekend.

Today, however, even more serious doubts are cast on his suitability after a woman at the centre of the Epstein case revealed to The Mail on Sunday that she had, as a 17-year-old employed by Epstein, been flown across the world to be introduced to the Prince.

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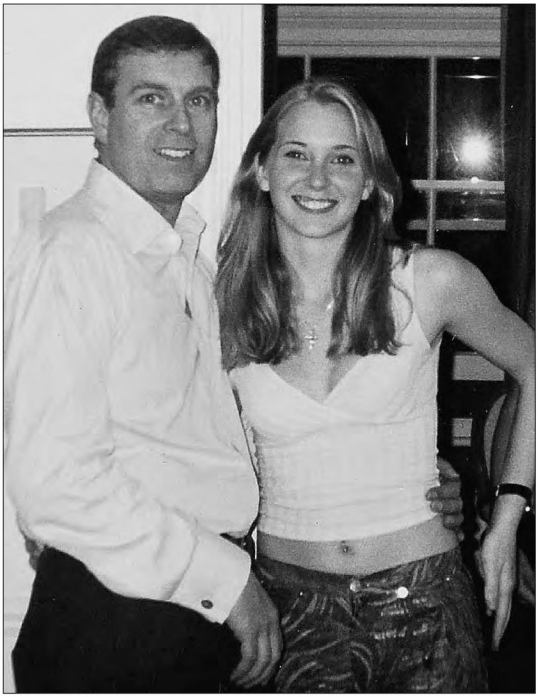

First meeting: Prince Andrew puts his arms around 17-year-old Virginia, centre

On one of those occasions Virginia Roberts was subsequently paid $15,000 (£9,400). Her shocking account of her four years as Epstein's personal masseuse is supported by court documents, an eyewitness, photographs and flight details of Epstein's private jets.

One picture, said to have been taken by Epstein during Andrew's first encounter with the girl in March 2001 and published today by The Mail on Sunday, shows the Prince with his arm around her waist.

This is not the first time the Duke of York's judgment and choice of associates have been questioned. He appears to relish the company of super-rich oil billionaires from the Middle East, North Africa and the former Soviet Union.

The peculiar sale of his former marital home to a Kazakh businessman for £15 million after it had languished unsold for five years at £12 million has never been satisfactorily explained.

In the recent leak of American diplomatic cables it was revealed that he had criticised an official corruption investigation into the huge Al-Yamamah arms deal between Britain and Saudi Arabia, while he is also said to be close to Saif Al-Islam Gaddafi, son of the beleaguered Libyan president, and may have had a role in the early release of Lockerbie bomber Abdelbaset Al Megrahi.

But it is Andrew's friendship with Epstein, whom he has known since at least 2000, and with Epstein's confidante Ghislaine Maxwell, daughter of the late disgraced newspaper baron Robert Maxwell, that gives most concern.

**While on the streets, I slept with men for money. I was a paedophile's dream**

He was first seen with the pair on holiday in Thailand, and was pictured cavorting with Ghislaine at a Halloween fetishthemed party in Manhattan.

The photograph that appeared last weekend shows the prince strolling through Central Park with 58-year-old Epstein. Andrew was said to have spent four days at his New York mansion in December, when he was joined by other distinguished guests, including Woody Allen, at a dinner.

It is by no means the first New York soiree Andrew has attended as Epstein's guest.

A lengthy profile of the financier in Vanity Fair magazine some years ago reported that Andrew was a guest at a cocktail party thrown by Epstein and Maxwell packed with young Russian models. 'Some guests were horrified,' said the article's author, Vicky Ward.

It should not be forgotten that Epstein is a registered sex offender after recently completing his sentence for offences relating to child prostitution.


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However, he avoided trial on more serious charges that carried a potential life sentence. And no one reading The Mail on Sunday's interview with the woman who was prepared to testify against him can be in any doubt of the seriousness of the charges.

Epstein, a Wall Street money manager who once counted Bill Clinton and Donald Trump among his friends, became the subject of an undercover investigation in 2005 after the stepmother of a 14-year old girl claimed she was paid $200 (£125) to give him an 'erotic massage'.

The subsequent FBI probe uncovered at least 20 girls levelling sexual allegations against him. Eventually, Epstein struck a 'plea bargain' with prosecutors – a practice not permitted under British law – under which he was allowed to plead guilty to two relatively minor charges.

Police claim that his donations to politicians and his 'dream team' of influential lawyers deterred prosecutors from bringing more serious charges of sex-trafficking. The deal certainly kept the names of a lot of Epstein's famous friends out of an embarrassing court case.

However, an unusual part of the agreement was that Epstein's alleged victims were allowed to bring civil proceedings against him.

He has so far made 17 out-of-court settlements, and some cases are ongoing. One of these girls was to have been a key witness for the prosecution had the case gone to trial. She was just 15 years old when she was drawn into Epstein's exploitative world in 1998.

In her civil writ against him, under the pseudonym Jane Doe 102' she alleged that her duties included being 'sexually exploited by Epstein's adult male peers including royalty'.

Now, horrified by the evidence of Epstein and Andrew enjoying each other's company in New York, Jane Doe 102 has agreed to waive her anonymity and tell for the first time her deeply disturbing story.

Her real name is Virginia Roberts and she now lives in Australia, where she is a happily married mother of three.

Over the course of a week during which she spoke at length to The Mail on Sunday, she appeared sometimes vulnerable, and sometimes steely, but always quietly resolute and consistent.

Revisiting events from a past that she had hoped she had left behind,Virginia occasionally buried her face in her hands.

Some recollections – and, for reasons of taste, not all the details can be included here – caused her to flush with shame. 'I'm telling you things that even my husband didn't know,' she said.

Virginia, who has undergone counselling to try to come to terms with her past, is honest about her initiation into Epstein's depraved world.

She was a troubled teenager, whose slender figure, delicate complexion, hesitant voice and soulful blue eyes made her look young for her years.

Born in Sacramento, California, in August 1983, Virginia spent her early years on a small ranch on the West Coast of America.

This seemingly idyllic childhood ended when she was sexually molested by a man close to her family.

The fallout from that led to her parents temporarily splitting up. Blaming herself, Virginia began to get into trouble Aged 11, she was sent to live with an aunt but repeatedly ran away.

Living on the streets, she was beaten up and slept with at least two older men in return for food. 'I was a paedophile's dream,' she says.

Three years later, she was reunited with her family and started a new life with her father who had moved to Palm Beach,

Florida, where he was maintenance manager at Donald Trump's country club, Mar-a-Lago.

Virginia got a part-time job as a changing room assistant –which is where, soon after her 15th birthday, she met Ghislaine Maxwell, who invited her to work as Epstein's personal masseuse.

A new life: Virgina, now a mother-of-three, in Australia

'I was wearing my uniform – a white miniskirt and a skin-tight white polo top – when I was approached by Ghislaine,' Virginia says.

'I told her I wanted to become a masseuse and she said she worked for a very wealthy gentleman who was looking for a travelling masseuse.

I'd get training and be paid well.'Virginia's father gave his blessing, believing his daughter was being handed the opportunity to learn a skill and to work for a wealthy and respectable employer.

He drove her to Epstein's pink mansion on the Palm Beach waterfront – he also owns a nine-storey home in New York, the city's biggest private residence; a 7,500-acre ranch called 'Zorro' in New Mexico and Little Saint James, a private 70- acre atoll in the US Virgin Islands.

Virginia says: 'Ghislaine said I was to start immediately and that someone would drive me home.

singing Christmas song... as she reveals remarkably slim post-baby body

Edgy ensemble! Kylie Jenner steps out in black leather leggings and a beaded military jacket after steaming up Miami
She's a teen style icon

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After 19 years together

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Last photographed together in November

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Off to meet her nephew

Penelope Cruz puts her ample cleavage and curvaceous figure on display in clinging red leather jumpsuit in new Zoolander 2 posters
Stars in the sequel




HOUSE_OVERSIGHT_015645

My father left and I was told to go upstairs.' She was led by another woman through Epstein's bedroom into a massage room where he lay face down naked on a table.

He started to interviewed Virginia. This was unconventional, but Virginia had no suspicions. Presumably, she thought, this was how the wealthy conducted their business.

Epstein elicited the information that Virginia had been a runaway, and was no longer a virgin.

Virginia was then told to start massaging Epstein, under the instructions of the woman who had shown her in. The massage quickly developed into a sexual encounter.

Virginia was uncomfortable, but reluctant to deny such important people. 'My face was red with embarrassment,' she says. 'But I felt under immense pressure to please them.

The whole time it was going on, they were promising me the world, that I'd travel with Jeffrey on his private jet and have a well-paid profession.' Afterwards, she was given two $100 bills and told to return the next day.

That was the beginning of the four years she spent with Epstein.

For three of those years, she was under Florida's age of consent, which is 18.

**Troubled teenager: Virginia on the billionaire's Zorro ranch in New Mexico in 2001**

Virginia was fascinated by his life story: the son of a humble New York City parks worker, he was a teacher before becoming a Wall Street broker and friends with the upper echelons of the political, financial and academic establishment.

As a confused teenager, Virginia easily fell into the practice of sexually gratifying him for money.

He guaranteed her a minimum of $200 each time she gave him what he called an 'erotic massage.'

Virginia said: 'I would always receive the money immediately. He would give me the cash from a wad he carried in a black duffel bag or an assistant paid me.

'And, because of the way Epstein had warped her sensibilities, every time she took the cash, Virginia felt even more indebted to him. Secretly, he was also preparing her for an even more disturbing role.

'Basically, I was training to be a prostitute for him and his friends who shared his interest in young girls,' she says: 'After about two years, he started to ask me to "entertain" his friends.'

**Epstein had trained me to do whatever men wanted. I told myself I was special**

It started when Epstein called Virginia at the Palm Beach apartment he had rented for her.

She recalls: 'He said, "I've got a good friend and I need you to fly to the island to entertain him, massage him and make him feel how you make me feel."

He didn't spell out what I had to do. He didn't have to. 'He'd trained me to do whatever a man wanted. I was shocked but I told myself he was sharing me around because he trusted me and I was special.

I was worried, but I would do anything to keep Jeffrey happy and to keep my place as his number one girl.

He would keep telling me how lucky I was with the life I was leading and the money I was making. It was easy to fall into his grasp.

'The way it usually worked was I'd be sent to meet a man on the private island Jeffrey owned in the Caribbean, or at his ranch in New Mexico, which was really isolated.' She was 'given' to men ranging in age from their 40s to their 60s.

They included a well-known businessman (whose pregnant wife was asleep in the next room), a world-renowned scientist, a respected liberal politician and a foreign head of state.

None appeared to think the arrangement was unusual. Virginia says there were many other girls in Epstein's circle and that she was paid extra money to help recruit them.

'They would lounge around the Palm Beach house, the ranch or the island, nude or topless,' she says. 'But I was one of the very few he trusted as "special" and chosen to "entertain" his friends.'

Virginia took the sedative Xanax to detach herself from sordid reality. 'It was an escape drug,' she says. 'It made me calm and helped me forget about what I had to do. I was up to eight pills a day.'

Epstein had no objection to Virginia's use of prescription drugs, no doubt recognising that they made her even more malleable. 'I didn't want to go back to the life I'd had before' she says.

'That made me totally obedient.' Despite the fact that Epstein was, essentially, her pimp, this life now seemed normal to Virginia. 'I felt that he and Ghislaine really cared for me,' she said.


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Lionsgate is exploring the possibilities

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**Jimmy Kimmel makes up fake baby names for Kim and Kanye's son during Lie Witness News segment**
Spok in his segment Lie-Witness News

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Harry Potter star

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Highly anticipated film

HOUSE_OVERSIGHT_015646

'We'd do family things, like watch Sex And The City and eat popcorn. 'A lot of it was very glamorous. I met famous friends of his such as Al Gore and Heidi Klum and Naomi Campbell. He introduced me as his "travelling masseuse."

Some people mistook me for his daughter. 'When we were in New York or Palm Beach, Ghislaine and I would shop all day.

Jeffrey bought me jewellery – diamonds were his favourite – and wonderful furniture. He was paying me very well because I'd give him sex whenever he wanted it.'

She was, she says, delighted when Epstein invited her to accompany him on a six-week trip in 2001.

'He said we'd be going to Europe and North Africa to meet architects and interior decorators because he wanted to redo his New Mexico house.

I threw my arms around him and gave him a peck on the cheek.' They flew to Paris, then Spain, then Tangier.

Finally, they went to London. 'After we landed, we drove straight to Ghislaine's house,' says Virginia. 'I was given a small upstairs bedroom. The following morning, Ghislaine came in.

Counselling: Virginia at her mother's home at Palm Beach in 1998

She was chirpy and jumped on the bed saying, "Get up, sleepyhead. You've got a big day. We've got to go shopping. You need a dress as you're going to dance with a Prince tonight."

'She said I needed to be "smiley" and bubbly because he was the Queen's son.

Ghislaine and I went to Burberry, where she bought me a £5,000 bag, and to a few other designer stores where we bought a couple of dresses, a pair of embroidered jeans and a pink singlet, perfume and make-up.

We got back to Ghislaine's house at around 4pm and I ran straight upstairs to shower and dress.

When I went downstairs, Ghislaine and Jeffrey were in the lounge. There was a knock at the door. Ghislaine led Andrew in and we kissed each other on the cheek. 'Ghislaine served tea from a porcelain pot and biscuits. She knew Sarah Ferguson and they talked fondly about Andrew's daughters.

Then Ghislaine asked Andrew how old he thought I was and he guessed 17 and they all laughed. Ghislaine made a joke that I was getting too old for Jeffrey.

She said, "He'll soon have to trade her in." It was widely known that he liked young girls.' The four of them went out to dinner and on to Tramp nightclub where, she says, Andrew danced with her.

'After about an hour-and-a-half, we drove back to Ghislaine's.

All of us went upstairs and I asked Jeffrey to snap a picture of me with the Prince. I wanted something to show my Mom. Ghislaine and Jeffrey left us after that, and later Andrew left.

'In the morning, Ghislaine said, "You did well. He had fun". We flew straight back to the States.' The Mail on Sunday has confirmed that the tycoon's jet flew to Paris on March 6, 2001, continuing to Granada, Tangier and London, before returning to New York.

On the last leg of the trip, Virginia was paid about $15,000 (£9,400) by Epstein. 'It was amazing money, more than I'd ever made on a trip with him before.

He didn't say there was any special reason, but I felt like I'd done everything he wanted. He was very pleased.'

There is no suggestion that there was any sexual contact between Virginia and Andrew, or that Andrew knew that Epstein paid her to have sex with his friends.

**I took eight pills a day to help me forget what I had to do. It made me calm.**

However, the Prince must have been aware of Epstein's conviction when he stayed with him in New York in December.

Virginia says she met Andrew for a second time around Easter 2001 at Epstein's Manhattan mansion.

'When I got to the mansion, I was told, "Get ready. You are meeting someone in the office" – which is what they called the library. Andrew was sitting there in a big leather armchair.

Ghislaine had just given him a present, a big toy that was his Spitting Image puppet. 'He was smiling ear-to-ear. He looked like a kid whose parents were taking him to Disney World.

A beautiful girl called Johanna Sjoberg who worked for Jeffrey was sitting on Andrew's knee. Ghislaine guided me over to Andrew and I think he recognised me, though I don't know if he remembered my name.


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'Loyalty sometimes bites you in the a**': Gigi Hadid gets frank about exes, BFF Kendall Jenner and being a protective big sister to Bella

Leggy Gigi Hadid is a color co-ordinated dream in all-nude outfit as she showcases supermodel stems in slashed jumpsuit Stepped out in New York

Kendall Jenner reads




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**Organiser: Ghislaine Maxwell looks on as Andrew put his arm around Virginia. Robert Maxwell's daughter invited her to work as Epstein's personal masseuse soon after her 15th birthday**

We kissed on the cheek and Ghislaine placed me on his other knee.' Johanna spoke to The Mail on Sunday three years ago about this incident, which took place when she was 21.

She said: 'Ghislaine put the puppet's hand on Virginia's breast, then Andrew put his hand on my breast. It was a great joke. Everybody laughed.' After this, Virginia was paid, by Epstein, around $400 (£250).'

She met Andrew for the third and final time on Epstein's Caribbean island, Little Saint James. Virginia was never under the British legal age of consent when she met Andrew. She was 17 during the first two encounters and 18 at the third.

By now, however, Epstein, had started to hint that she was getting 'too old' for him.

But during one trip to the island, Epstein and Ghislaine made their most astonishing proposition, and one which repulsed her. 'They said Jeffrey wanted me to have his child,' she says.

'They said I was part of their family and I was beautiful,young, loyal and nurturing and would be a great mother.

They said I would have to sign a contract relinquishing rights to the child and consenting to Jeffrey having as many relationships as he liked. In return I would have my own mansion in Palm Beach and a large monthly payment, a percentage of his income.'

This, finally, was a wake-up call to Virginia and she began to see the way in which she had been groomed.

'It was a smack in the face,' she says, 'I finally realised this wasn't ever going to be a real relationship but I knew if I refused, I'd be thrown back on the streets. So I said, "I'm too young. I want to get my massage credentials, then maybe we'll do it".'

The tycoon took her at her word and, for her 19th birthday in August 2002, flew her to Thailand where he enrolled her in a massage course.

Shortly after arriving there, she met an Australian martial arts expert called Robert. They fell in love and, just ten days later, married in a Buddhist ceremony.

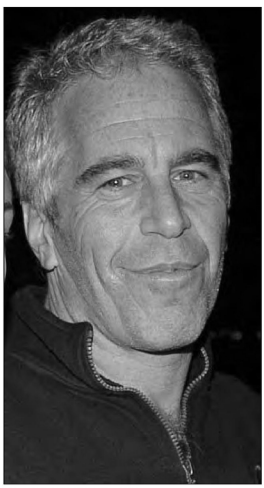

**Conviction: Jeffrey Epstein**

'I called Jeffrey and told him I'd fallen madly in love,' Virginia says. 'I was hoping he'd be delighted. But he said, "Have a nice life," and hung up on me.' The couple now have two sons, aged five and four, and a daughter who recently turned one.


**comments on social media until she sees mean one... and admits modelling career started because 'I wanted to prove them wrong'**

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She's a gym junkie

**'Forever grateful': Kim Zolciak gets into the Christmas spirit as she takes her six children to meet Santa Claus**
The 37-year-old shared sweet family photos

**Emily Ratajkowski shows off her ample assets as she writhes around in sheer lingerie for LOVE's festive advent calendar**
Blurred Lines model

**'I had sex with two women': The Affair star Joshua Jackson reveals awkward post-work conversations with partner Diane Kruger**
All in a day's work

**'Mostly he says nein!': Claire Danes reveals son Cyrus speaks German after attending Kindergarten in Berlin while she filmed Homeland**

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Look away Justin Bieber

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**He's really Gonna! Blake Shelton performs single about pursuing new love in front of girlfriend Gwen Stefani on The Voice**
Romantic gesture

**Christina Milian flashes her flat stomach in a glitzy crop top and skinny jeans as she parties with pal Vanessa Simmons**
Dip It Low singer

**Lindsay Lohan shows off her figure in sexy bikini and platform heels as she lies back on a**




HOUSE_OVERSIGHT_015648

'The first few months after I married Robert were the worst,' she says. 'I couldn't bring myself to tell him much. No man wants to know his wife has been traded out.

'I felt very alone. I was having panic attacks and seeing a psychiatrist and was on anti-depressants.

' Virginia was beginning to put her Epstein days behind her when, three years ago, she was phoned by the FBI.

'They said they had found photos of me at Jeffrey's Palm Beach house,' she says. '[Epstein had] hidden cameras watching me the entire time even when I was in the bathroom. I was so embarrassed.

'I told the FBI that my true purpose was sexual. They told me everything he did was illegal because I was under age.' (The age of consent in Florida is 18).

'They said that if it had to go to trial, they'd need me because I'd lived with him and that made me a key witness. I was very afraid, because he had so much power, but eventually I agreed to testify.

I was glad he'd finally been found out. He shouldn't be hurting other girls. Following Epstein's arrest, investigators are believed to have found a list of men's names on his computer and asked him whether they had been 'treated' to sexual encounters with his menage of minors.

'He took the Fifth Amendment, refusing to answer, indicating that if he were to answer the question, it could be incriminating,' a source told The Mail on Sunday.

Epstein struck a deal resulting in what commentators characterised as a 'slap on the wrist' for him, and ended up serving 13 months of his sentence, much of it in a liberal work-release programme Lawyer Brad Edwards, who represented several of Epstein's victims, said: 'Rather than punish him the way they would an average Joe, they sent a clear message that with enough money and power and influence, the system can be bought.'

Virginia was spared her the humiliation of having to go before a jury, and has kept her feelings bottled up until last weekend's photograph of Andrew with Epstein triggered distressing memories.

Virginia says: 'I am appalled. To me, it's saying, "We are above the law." But Jeffrey is a monster.'

Last night, neither Epstein, Ghislaine Maxwell nor Prince Andrew would comment on Virginia's story.

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IN THE CIRCUIT COURT OF THE 17th
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.
_____/

CASE NO. CACE 15-000072

**RESPONSE TO DEFENDANT ALAN DERSHOWITZ'S MOTION FOR CLARIFICATION OF CONFIDENTIALITY ORDER OR RELIEF FROM THAT ORDER**

Non-Party Virginia Giuffre, by and through undersigned counsel, hereby responds to Defendant Alan Dershowitz's Motion for Clarification of Confidentiality Order or Relief From that Order and states as follows:

**FACTUAL BACKGROUND**

On November 12, 2015 this Court issued an Order granting in part, non-party Virginia Giuffre's Motion to Quash the subpoena served by Defendant Alan Dershowitz and ordered protective limits relating to her deposition. *See* Exhibit A, November 12, 2015 Order. On December 18, 2016, this Court entered a Confidentiality Order holding that non-party Virginia Giuffre's deposition would be confidential. *See* Exhibit B, December 18, 2015 Confidentiality Order. On January 16, 2016, Ms. Giuffre testified at her deposition in accordance with this Court's Order. The deposition was labelled confidential in accordance with this Court's Order. As the Court knows, Ms. Giuffre was a victim of sexual trafficking when she was a minor child. Indeed, the U.S. Attorney's Office for the Southern District of Florida has specifically recognized

her as a "victim" of federal sex offenses. Unsurprisingly, her deposition contains highly sensitive information about her experiences as a minor child, including detail descriptions of sexual crimes committed against her.

## ARGUMENT

### 1. Non-Party Virginia Giuffre Agrees That Her Deposition Should Be Provided Confidentially To Law Enforcement to Investigate All The Crimes Committed Against Her

Defendant Dershowitz seeks to have the Court grant an exception to the confidential nature of the deposition so that it can be provided to the Office of the State Attorney and the Office of the United States Attorney for investigative purposes. Specifically, Defendant Dershowitz states in his motion that he is hoping to have law enforcement investigate whether Ms. Giuffre committed perjury by stating in her previously filed affidavit that it is her recollection that she witnessed former President Bill Clinton on Jeffrey Epstein's island in the United States Virgin Islands ("USVI")[1].

Setting aside Defendant Dershowitz's baseless claims of perjury, Ms. Giuffre agrees that her confidential deposition should be provided to law enforcement, including the United States Attorney and the State Attorney in each jurisdiction where any alleged crimes occurred so that they may investigate all of the crimes committed against her when she was a minor child. To ensure that justice is served and that Defendant Dershowitz's request is not just another charade designed only to bully a sexual abuse victim, Ms. Giuffre asks the Court to impose the following reasonable conditions relating to the disclosure:

- Mr. Dershowitz agrees and is directed to cooperate with authorities and answer all questions relating to the investigation of crimes against Ms. Giuffre.

[1] Defendant Dershowitz conveniently ignores that publicly available flight logs of Jeffrey Epstein's private planes demonstrate that President Clinton travelled with Jeffrey Epstein and others to various locations throughout the world including Europe, Africa and Asia. *See* Exhibit C, Excerpts of Flight Logs from Jeffrey Epstein's private plane.



HOUSE_OVERSIGHT_015651

- Mr. Dershowitz agrees to make his client, Jeffrey Epstein, and others with relevant testimony and with whom he has testified he shares a "common interest" – at least Epstein and Maxwell – available to any law enforcement agency reviewing any alleged criminal activities; or in the alternative, to attest to this Court that those necessary witnesses have consented to full cooperation in the investigation Mr. Dershowitz is seeking permission to initiate.

- Mr. Dershowitz agrees to waive the statute of limitations in all jurisdictions for any criminal conduct he participated in or was aware of relating to Ms. Giuffre so that law enforcement can pursue any necessary charges. Defendant Dershowitz proclaimed that he was willing to waive any statute of limitation for criminal conduct so this should not be an issue. *See* Exhibit D, January 12, 2016 Deposition Transcript of Alan Dershowitz at 395. "I had talked about the statute of limitations for criminal purpose was what I said, that I would waive the statute of limitations for criminal purposes."

- Mr. Dershowitz agrees to provide the names and contact information for each State Attorney and United States Attorney for which he has or is planning to provide information relating to Ms. Giuffre; and agrees to jointly, with Ms. Giuffre's counsel, request that the State Attorney and United States Attorney, in the relevant jurisdictions, investigate all potential criminal conduct. Both parties may provide any relevant information they have that may assist the authorities with their investigation.

- For all other purposes non-party Ms. Giuffre's January 16, 2016 deposition transcript shall remain confidential and sealed other than for confidential disclosure to law enforcement as described above.

### 2. Mr. Dershowitz Has No "Evidence" of Perjury And Instead Is Simply Trying To Bully This Victim

As explained above, Defendant Dershowitz wrongly suggests to this Court that non-party Virginia Giuffre has committed perjury in an effort to taint the Court against this victim. His only "evidence" of this alleged perjury is a self-serving opinion from his retained expert that an "absence of records" in response to a FOIA request, establishes that former President Clinton was never on Jeffrey Epstein's island in the USVI. Defendant Dershowitz misrepresents the government's response. The government is only required to conduct a reasonable search of readily accessible records. Accordingly, an "absence of records" response does not mean that records do not exist. It simply means that in the course of the search, no records were found. *See Cunningham v. U.S. Dept. of Justice*, 961 F.Supp. 2d 226, 236 (D.C. 2013) (court reasoning that "[t]he adequacy of a search is measured by a standard of reasonableness… The question is not



HOUSE_OVERSIGHT_015652

whether other responsive records may exist, but whether the search was adequate."); *Wilbur v. C.I.A.*, 355 F.3d 675, 678 (D.C. 2004) (court explaining that "the agency's failure to turn up a particular document, or mere speculation that as yet uncovered documents might exist, does not undermine the determination that the agency conducted an adequate search for the requested records."). Moreover, when dealing with a former President's security detail travel, there are a number of reasons why the government may not disclose those records.

As explained above, public flight records from Jeffrey Epstein's private plane show that President Clinton traveled with Jeffrey Epstein on multiple occasions. Nevertheless, if Defendant Dershowitz wants to pursue this issue before the Court, then he needs to produce for deposition testimony in this case and the proposed criminal investigation, the other witnesses that were present on the island at the time former President Clinton was alleged to have visited, including his client Jeffrey Epstein, and Ghislaine Maxwell, to whom he has testified he is party to a joint defense agreement. It is worth noting on that point, that despite Mr. Epstein's counsel's attendance at depositions in this case, and Defendant Dershowitz's claim that Mr. Epstein is still his client, Mr. Epstein has taken extreme measures to avoid being deposed in this case despite being ordered to deposition by this Court.

Indeed, it is also noteworthy that during Defendant Dershowitz's recent deposition, counsel for Mr. Edwards and Mr. Cassell asked Defendant Dershowitz the following question: "Was Virginia Roberts lying when she said Jeffrey Epstein socialized with Bill Clinton during the relevant time period?" Depo Tr. Of Alan Dershowitz, Vol. 4, January 12, 2016 at 511. Before Defendant Dershowitz could answer, Mr. Dershowitz's legal counsel interposed an attorney-client privilege objection. *Id.* Perhaps Mr. Epstein's defense counsel can provide to the Court an appropriate privilege log regarding that objection – and all the communications between Mr. Epstein and Defendant Dershowitz that would have been revealed in answer to that question – so that the Court will have the benefit of a full record in ruling on this motion.



HOUSE_OVERSIGHT_015653

## CONCLUSION

WHEREFORE, Non-Party Virginia Giuffre respectfully requests that this Court allow a limited release of her confidential deposition transcript to law enforcement subject to the terms set forth above on pages 2-3.

Dated: February 8, 2016

Respectfully submitted,

**BOIES, SCHILLER & FLEXNER LLP**
401 East Las Olas Boulevard, Suite 1200
Fort Lauderdale, Florida 33301
Telephone: (954) 356-0011
Facsimile: (954) 356-0022

By: /s/Sigrid S. McCawley
Sigrid S. McCawley, Esq.
Florida Bar No. 129305

*Attorney for Non-Party Virginia Giuffre*



HOUSE_OVERSIGHT_015654

## CERTIFICATE OF SERVICE

**I HEREBY CERTIFY** that on February 8, 2016, a true and correct copy of the foregoing was served by Electronic Mail to the individuals identified below.

By: /s/Sigrid S. McCawley
Sigrid S. McCawley

| | |
|---|---|
| Thomas E. Scott<br>Thomas.scott@csklegal.com<br>Steven R. Safra<br>Steven.safra@csklegal.com<br>COLE, SCOTT & KISSANE, P.A.<br>9150 S. Dadeland Blvd., Suite 1400<br>Miami, Florida 33156<br>Renee.nail@csklegal.com<br>Shelly.zambo@csklegal.com<br><br>Richard A. Simpson<br>rsimpson@wileyrein.com<br>Mary E. Borja<br>mborja@wileyrein.com<br>Ashley E. Eiler<br>aeiler@wileyrein.com<br>WILEY REIN, LLP<br>1776 K Street NW<br>Washington, D.C. 20006<br><br>*Counsel for Defendant Alan Dershowitz* | Jack Scarola<br>SEARCY DENNEY SCAROLA BARNHART & SHIPLEY, P.A.<br>JSX@searcylaw.com<br>2139 Palm Beach Lakes Blvd.<br>West Palm Beach, FL 33409-6601<br><br>*Attorney for Plaintiffs* |



HOUSE_OVERSIGHT_015655

# EXHIBIT A

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.

CASE NO. CACE 15-000072

_____/

**ORDER ON BOIES, SCHILLER & FLEXNER LLP AND JANE DOE NO. 3's MOTIONS TO QUASH SUBPOENAS OR FOR PROTECTIVE ORDER**

This Cause comes before the Court on November 2, 2015 upon Boies, Schiller & Flexner LLP's Motion to Quash Subpoena Or For Protective Order and Jane Doe No. 3's Motion to Quash Subpoena Or For Protective Order.

Having reviewed the record and being otherwise fully advised, the Court hereby Orders:

1. Non-Party Law Firm Boies, Schiller & Flexner LLP's Motion to Quash Subpoena is GRANTED. The subpoena to Boies, Schiller & Flexner LLP is quashed in its entirety.
2. Non-Party Jane Doe No. 3's Motion to Quash Subpoena or For Protective Order is Denied in Part, Granted in part, as follows:
    a. The Motion to Quash is Granted as to Requests Nos. 9, 17, 18, 20, and 23. The Motion is denied as to the remaining Requests.
    b. A Confidentiality Order shall be entered.
    c. The deposition of Jane Doe No. 3 shall be limited to 4 hours without prejudice to request for additional time in the future.
    d. The deposition will be taken at the law firm representing the witness, Boies, Schiller & Flexner LLP.

e. There shall be a special master, paid by the Defendant, present at the deposition, to rule on objections.

f. The Defendant Alan Dershowitz can be present at the deposition.

g. The deposition will be limited to the issues of this case without prejudice for another deposition, if required, in the future. The issues and said limitations will be determined by the special master.

DONE AND ORDERED in Broward County, Florida on this ____ day of November, 2015.

THOMAS M. LYNCH, IV

N / 1 2 2015

Honorable Judge Thomas Lynch
Circuit Judge

cc: Counsel of Record

# EXHIBIT B

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

CIVIL DIVISION

BRADLEY J. EDWARDS, and
PAUL G. CASSELL,

Plaintiffs,

v.

ALAN DERSHOWITZ,

Defendant.

CASE NO. CACE 15-000072

/

**ORDER ON BOIES, SCHILLER & FLEXNER LLP'S MOTION TO SEAL**

This Cause comes before the Court on December 18, 2015 upon Boies, Schiller & Flexner LLP's Motion to Seal "Exhibit B, Affidavit of Alan M. Dershowitz Regarding Meetings with David Boies" to Defendant Alan M. Dershowitz's Motion in Limine to Overrule Objections As to Application of Settlement Rules, Filing # 35429605 E-Filed 12/11/2015 at 10:08:04 a.m.

Having reviewed the record and being otherwise fully advised, the Court hereby Orders:

the motion to seal is granted.

DONE AND ORDERED in Broward County, Florida on this 18 day of December, 2015.

THOMAS M. LYNCH, II
DEC 18 2015
TRUE COPY

Honorable Judge Thomas Lynch
Circuit Court Judge

cc: Counsel of Record

# EXHIBIT C

| Date | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival: From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category: Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ~~10~~ 2002 JAN 21 | N908GM | C-421B | PBI | FXE | | | D.O. AT BROWARD AVIATION TO HAVE ENDORS SET UP | 1/1 | 6 | | |
| MAY 11 | N908JC | B-727-31 | PBI | JFK | | 93 | JC, SK | 1/1 | 2 5 | | |
| 11 | B-727-31 | N908JC | JFK | LFPB | | 94 | JC, GM, SK | /1 | 7 2 | | |
| 13 | " | " | LFPB | LFPG | | 95 | REPOSITION | | 5 | | |
| 13 | " | " | LFPG | EGGW | | 96 | JC, GM, SK | | 8 | | |
| 16 | " | " | EGGW | LFMN | | 97 | JC, GM, SK | 1/1 | 1 8 | | |
| 19 | " | " | LFMN | UNNT | | 98 | JC, GM, SK | 1/ | 6 7 | | |
| 20 | " | " | UNNT | RJTA | | 99 | JC, GM, SK | /1 | 6 5 | | |
| 22 | " | " | RJTA | VHHH | | 100 | JC, GM, SK, PRESIDENT BILL CLINTON, MEXL, DOUG BANDS, JANICE, JESSICA PETE RASHGGB | | 4 0 | | |
| 23 | " | " | VHHH | ZGSZ | | 101 | SAME AS ABOVE PETE RASHGGB | | 4 | | |
| 23 | " | " | ZGSZ | WSSS | | 102 | SAME AS ABOVE PETE RASHGGB | | 3 4 | | |
| 25 | " | " | WSSS | VTBD | | 103 | SAME AS ABOVE PETE RASHGGB | | 2 2 | | |
| 25 | " | " | VTBD | WBSB | | 104 | SAME AS ABOVE PETE RASHGGB | | 2 6 | | |
| 27 | " | " | WBSB | WRRR | | 105 | JC, GM, SK PETE RASHGGB | 1/1 | 2 1 | | |
| 29 | " | " | WRRR | VCBI | | 106 | JC, GM, SK PETE RASHGGB | | 5 2 | | |
| 29 | " | " | VCBI | OMDB | | 107 | JC, GM, SK PETE RASHGGB | | 4 4 | | |
| 30 | " | " | OMDB | LFPB | | 108 | JC, GM, SK PETE RASHGGB | | 3 8 | | |
| 31 | " | " | LFPB | EGGW | | 109 | JC, GM, SK PETE RASHGGB | 1/1 | 1 0 | | |
| JUN 7 | " | " | EGGW | EIDW | | 110 | REPOSITION | | 1 7 | | |
| | | | | | | | Page Total | 6/7 | 57 4 | | |
| | | | | | | | Amount Forward | 6533 2180 | 8635 1 | 3 5 | 112 6 |
| | | | | | | | Total to Date | 6539 6187 | 8692 5 | 3 3 | 112 6 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Rodgers

HOUSE_OVERSIGHT_015662

| Date | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival: From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category: AIRPLAN | GLIDER | HELICOP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ~~19~~ 2002 FEB 18 | B-727-31 | N908JC | PBI | ABY | | 64 | BM, SK, GLEN DUBIN, 2 FEMALES RICHARD COOK | 1/ | 1 3 | | |
| 18 | " | " | ABY | JFK | | 65 | JG, GM, SK, GLEN DUBIN, 2 FEMALE RICHARD COOK | | 2 1 | | |
| 20 | " | " | JFK | MRY | | 66 | JG, SK, GERALDINE LAYBOURNE, KIT LAYBOURNE, STEVEN PARKER, NINA & SAM ZAGAT | 1/ | 5 9 | | |
| ~~23~~ | " | " | ~~MRY~~ | ~~VNY~~ | | | DAVID ROCKWELL, CAROLYN MILLER, MICHAEL WOLF, DANIEL DENNIGIT, RICHARD COOK | | | | |
| 23 | " | " | MRY | VNY | | 67 | JOHN BROCKMAN, KARENA MATSON, CINDY KELLY BOVENA, 6 OTHER PASSENGERS | 1/ | 8 | | |
| 23 | " | " | VNY | JAX | | 68 | JG, SK, KELLY BOVENA, NINA & SAM ZAGAT, B CHECK FAA, EMERGENCY RAMP, PROCEDURES | | 4 2 | | |
| 25 | G-1159B | N908JC | ~~TGB~~ PBI | ~~ABQ~~ TGB | | 1661 | LARRY MORRISSEY SK, T & L LANDING ROGER, SLOANE & SPENCER BARNETTE, ARLENE (NANNY) | 1/ | 2 5 | | |
| 25 | " | " | TGB | ABQ | | 1662 | GM | 1/ | 4 3 | | |
| 28 | B-727-31 | N908JC | JAX | PBI | | 71 | B CHECK | 1/ | 1 2 | | |
| MAR 6 | B-727-200 | SIMULATOR | MIA | MIA | | | STEEP TURN, STALLS, HOLDING, | | 2 0 | | |
| 7 | " | " | " | " | | | EMERGENCY DESCENT, RTO, UNUSUAL ATTITUDES, ENGINE FAILURES, MISSED APPROACH | | 2 0 | | |
| 7 | " | " | " | " | | | EMERGENCY DESCENTS, 2 ENGINES OUT, WINDS ALOFT, HYDRAULIC FAILURES | | 2 0 | | |
| 8 | " | " | " | " | | | EMERGENCY DESCENT, HOLDING, ENGINE FAIL, WHEEL WELL FIRE | | 2 0 | | |
| 10 | B-727-31 | N908JC | TIST | JFK | | 72 | JG, GM, SK, AP, CINDY, 2 FEMALES | 1/ | 4 1 | | |
| 14 | " | " | JFK | PBI | | 73 | JG, SK, JOE PAGANO, JULIE, TODD | | 2 5 | | |
| 17 | " | " | PBI | JFK | | 74 | JG, SK, JOE PAGANO, JULIE, TODD, 1 FEMALE | 1/ | 2 6 | | |
| 19 | " | " | JFK | EGGW | | 75 | BILL CLINTON, DOUG BAND, 3 SECRET SERVICE | | 6 7 | | |
| 21 | " | " | EGGW | JFK | | 76 | JG, GM, SK BILL CLINTON, DOUG BAND, 10 SECRET SERVICE | 1 | 7 8 | | |
| 22 | " | " | JFK | PBI | | 77 | JG, GM, SK, NAOMI CAMPBELL, 1 MALE SERVICE FOR GM | | 2 6 | | |
| | | | | | | | Page Total | ~~85~~ 6 | 56 6 | | |
| | | | | | | | Amount Forward | 6517 6169 | 8541 9 | 3 3 | 112 6 |
| | | | | | | | **Total to Date** | 6526 6175 | 8549 5 | 3 3 | 112 6 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Ridgeway

HOUSE_OVERSIGHT_015663

| Date 19 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|
| JUL 13 | B-727-314 | N908JC | LFMN | GMTT | | 120 | JC, GM, SK, AP, CINDY LOPEZ | | 2 1 | | |
| 13 | " | " | GMTT | GMMC | | 121 | JC, GM, SK, CL, AP | | 7 | | |
| 13 | " | " | GMMC | LPAZ | | 122 | JC, GM, SK, AP, CL, PRESIDENT CLINTON DOUG BANDS, MIKE, & SECRET SERVICE | | 2 4 | | |
| 13 | " | " | LPAZ | JFK | | 123 | JC, GM, SK, AP, CL, PRESIDENT BILL CLINTON, DOUG BAND, MIKE, & SECRET SERVICE | | 5 8 | | |
| 18 | " | " | JFK | PBI | | 124 | JC, SHELLEY LEWIS, 2 FEMALES | | 2 2 | | |
| 19 | " | " | PBI | JAX | | 125 | KRISTY RODGERS, GREG HOUBURT, ALYSSA HALBERT - C CHECK | | 1 0 | | |
| AUG 4 | G-1159B | N909JC | PBI | MVY | | 1583 | JC, 1 FEMALE | | 2 8 | | |
| 4 | " | " | MVY | BED | | 1584 | JC, 1 FEMALE | | 7 | | |
| 4 | " | " | BED | TEB | | 1585 | JC, 1 FEMALE | | 9 | | |
| 5 | " | " | TEB | SAF | | 1586 | JC, SK, 2 FEMALES | 1/1 | 3 9 | | |
| 6 | C-172XP | N7394P | ACG | ACG | | | 172 CHECK OUT | 3/3 | 9 | | |
| 6 | 206L3 | N474AW | ZORRO | ACG | | | | | | | |
| 15 | B-727-314 | N908JC | JAX | JAX | | 126 | C-CHECK FLIGHT TEST PCTE RATINGS | 1/1 | 9 | | |
| 16 | " | " | JAX | PBI | | 127 | RETURN FROM C-CHECK PCTE RATINGS | | 1 1 | | |
| 17 | G-1159-B | N909JC | SAF | TEB | | 1589 | JC, GM, SK, CINDY LOPEZ, VIRGINIA ROBERTS, DAN MALONE CONTARDO, ALFRED, MARGARITA, NICK SEMMES, | | 3 7 | | |
| 18 | " | " | TEB | PBI | | 1590 | JC, VIRGINIA ROBERTS, 1 FEMALE | | 2 4 | | |
| 21 | B-727-314 | N908JC | PBI | TEST | | 128 | JC, SHELLEY LEWIS | | 2 5 | | |
| 25 | " | " | TEST | JFK | | 129 | JC, SK | 1/1 | 3 6 | | |
| 28 | " | " | JFK | LFPB | | 130 | JC, SK, CINDY LOPEZ, 1 FEMALE | | 6 4 | | |
| | | | | | | | Page Total | 6/6 | 44 0 | | 5 |
| | | | | | | | Amount Forward | 6547 6194 | 8140 1 | 3 3 | 112 6 |
| | | | | | | | Total to Date | 6553 6200 | 8184 1 | 3 3 | 113 1 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Rodgers

HOUSE_OVERSIGHT_015664

| Date ~~19~~ 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival: From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 31 | B-727-31H | N908JC | LFPB | EGBB | | 131 | JC, NICOLE JUNKERMANN | 1/1 | 1 0 | | |
| SEP 2 | " | " | EGBB | LFPB | | 132 | JC, NICOLE JUNKERMANN | | 1 0 | | |
| 3 | " | " | LFPB | JFK | | 133 | JC, SK, CINDY LOPEZ, JEAN LUC BRUNEL | 1/1 | 7 5 | | |
| 4 | " | " | JFK | PBI | | 134 | JC, 1 FEMALE | | 2 5 | | |
| 8 | G-1159B | N909JC | PBI | TEB | | 1592 | JC, ANDREA, 2 FEMALES | | 2 7 | | |
| 9 | G-1159B | " | TEB | BED | | 1593 | JC, SHELLEY LEWIS | 1/1 | 9 | | |
| 9 | " | " | BED | TEB | | 1594 | JC, SHELLEY LEWIS | | 9 | | |
| 10 | " | " | TEB | TIST | | 1595 | JC, SHELLEY LEWIS, ANDREA JANLE | | 3 8 | | |
| 15 | " | " | TIST | PBI | | 1596 | JC, SK, DIANE FLEETWOOD | | | | |
| 21 | B-727-31H | N908JC | JFK | LPAZ | | 136 | PRESIDENT WILLIAM J. CLINTON, KEVIN SPACEY, CHRIS TUCKER JC, GM, | 1/1 | 2 6 | | |
| 22 | " | " | LPAZ | DGAA | | 137 | SK, CL, CHAUNTAE DAVIES, ANDREA MISROVICH DOUG BANG, DAVID SLACK, JIM KENNEDY | 1/0 | 5 2 | | |
| 23 | " | " | DGAA | DNAA | | 138 | ERIC NUNES, RONNY SLATER, CASEY FLANIGAN WASSERMAN, RON BURKLE, CLAYE SMITH | 1/1 | 5 7 | | |
| 24 | " | " | DNAA | HRYR | | 139 | SAME AS ABOVE LESS RON BURKLE | 0/ | 1 7 | | |
| 25 | " | " | HRYR | FQMA | | 140 | SAME AS ABOVE PLUS ERA MAGAZINER | | 4 0 | | |
| 26 | " | " | FQMA | FACT | | 141 | SAME AS ABOVE | | 3 0 | | |
| 27 | " | " | FACT | FAJS | | 142 | SAME AS ABOVE LESS JC, GM, SK, CL CHAUNTAE DAVIES, ANDREA MISROVICH | 1/ | 2 4 | | |
| 28 | " | " | FAJS | FACT | | 143 | SAME AS ABOVE LESS CLAYE SMITH, ERA MAGAZINER | | 2 1 | | |
| 29 | " | " | FACT | DGAA | | 144 | SAME AS ABOVE ADD JC, GM, SK, CL CD, AM | | 2 0 | | |
| 29 | " | " | DGAA | LFPB | | 145 | SAME AS ABOVE | | 6 2 | | |
| | | | | | | | | /1 | 6 5 | | |
| | | | | | | | Page Total | 5/6 | 62 5 | | |
| | | | | | | | Amount Forward | 6553 6200 | 8784 1 | 3 3 | 1 3 1 |
| | | | | | | | **Total to Date** | 6558 6206 | 8846 6 | 3 3 | 1 3 1 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Rodgers

HOUSE_OVERSIGHT_015665

| Date -19- 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival: From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... AIRPLANE | GLIDER | HELICOPTER |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 29 | B-727-314 | N909JE | LFPB | EGGW | | 146 | SAME AS ABOVE LESS JE, SK, CD, LONDA KRASCH WASSERMAN | 1/1 | | 9 | |
| OCT 1 | " | " | EGGW | LFPB | | 147 | GM, NICK & EDWENS SIMMONDS | | | | |
| 2 | " | " | LFPB | JFK | | 148 | JE, GM, SK, CL, ANDREA METROVICH, NADINE CAMPBELL | | 1 | 0 | |
| 3 | " | " | JFK | PBI | | 149 | JE, SK, ANDREA METROVICH, NICK SIMMONDS, CHGE, LEGMALE | | 8 | 1 | |
| 6 | G-1159B | N409JE | PBI | TEB | | 1387 | JE, SK, ANDREA, RYAN, EDWARD | | 2 | 4 | |
| 11 | " | " | TEB | PBI | | 1388 | JE, GM, ANDREA, RYAN, GLAN | | 2 | 3 | |
| 14 | " | " | PBI-OPF-PBI | | | 1599 | MARK POSTER - PPC ILS SINGLE ENGINE & GO AROUND SE | 1/1 | 2 | 5 | |
| 15 | " | " | PBI | TEB | | 1600 | JE, GM, ANDREA METROVICH, RYAN DIONNE | 1/1 | | 8 | |
| 17 | " | " | TEB | TIST | | 1601 | JE, SK, ANDREA METROVICH | | 2 | 4 | |
| 21 | " | " | TIST | PBI | | 1602 | JE, SK, AM ANNA HANKS, JULIETTE BRYANT | 1/1 | 3 | 7 | |
| 30 | " | SIMULATOR | JFK | MIV | | | SKIP TAKEOFF, STALL, SLOW FLIGHT, REJECTED TAKEOFF, HOLDING, SINGLE ENGINE APPROACH AND TRAINING EMERGENCY PROCEDURES, ELEVATOR, EMERGENCY DESCENT, SINGLE ENGINE APPROACH, NORMAL LANDING GEAR, CIRCLING APPROACH | 3/3 | 2 | 6 | |
| 31 | " | " | MIV | JFK | | | | | 2 | 0 | |
| NOV 3 | " | " | SWF | JFK | | | | | 2 | 4 | |
| 6 | B-727-200 | N909JE | PBI | TIST | | 1603 | JE, SK, ANDREA METROVICH | | 2 | 6 | |
| 6 | " | SIMULATOR | MEP | MEP | | | TRIPLE ENGINE FAILURE LOSS OF ALL HYDRAULICS, EMERGENCY PROCEDURES, LOW LOW PRESSURE, HIGH PANICKED, CABIN SUPERVISOR OF ALL EMERGENCIES | 1/1 | 2 | 3 | |
| 6 | " | " | MEP | MEP | | | | | 2 | 6 | |
| 10 | G-1159B | N409JE | TIST | TEB | | 1604 | JE, SK, KELLY MCCARTHY, MARCIE [illegible], DEANA STEGAN-BIRKS | | 2 | 0 | |
| 15 | " | " | TEB | TIST | | 1605 | JE, GM, RYAN DIONNE, MARCIE [illegible], ANDREA | | 4 | 3 | |
| 15 | " | " | TIST | PBI | | 1606 | REFLECTION | | 3 | 6 | |
| | | | | | | | | | 2 | 6 | |
| | | | | | | | Page Total | 4/8 | 49 | 5 | |
| | | | | | | | Amount Forward | 6558 6206 | 8846 | 3 | 3 11 3 |
| | | | | | | | Total to Date | 6561 6214 | 8846 | 3 | 3 11 3 |

I certify that the statements made by me on this form are true.

Pilot's Signature [illegible]

HOUSE_OVERSIGHT_015666

# EXHIBIT D

IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT IN AND FOR BROWARD COUNTY, FLORIDA

CASE NO.: CACE 15-000072

BRADLEY J. EDWARDS and PAUL G. CASSELL,

Plaintiffs,

vs.

ALAN M. DERSHOWITZ,

Defendant.

_____/

VIDEOTAPE CONTINUED DEPOSITION OF

ALAN M. DERSHOWITZ

VOLUME 3
Pages 334 through 461

Tuesday, January 12, 2016
9:46 a.m. - 11:59 a.m.

Tripp Scott
110 Southeast 6th Street
Fort Lauderdale, Florida

Stenographically Reported By:
Kimberly Fontalvo, RPR, CLR
Realtime Systems Administrator



HOUSE_OVERSIGHT_015668

1 **Virginia believes she has been hurt by you or Prince**
2 **Andrew, she should be suing for damages?**
3 MR. SCOTT: Objection, form.
4 A. I don't recall.
5 BY MR. EDWARDS:
6 **Q. Have you ever said, "I welcome that**
7 **lawsuit"?**
8 MR. SCOTT: Objection, form. You should
9 identify what you're publishing from.
10 MR. EDWARDS: I'm asking if he's ever made
11 the statement to anybody other than his
12 lawyers.
13 A. I know I said that I welcome any
14 opportunity to put Virginia Roberts under oath and
15 to have her cross examined to establish that
16 everything she's said about me is totally false,
17 which I'm confident we can do.
18 BY MR. EDWARDS:
19 **Q. After making that statement, were you**
20 **presented by Mr. Scarola, I believe, with a waiver**
21 **of the statute of limitations in order to oblige you**
22 **on filing that lawsuit?**
23 A. Mr. Scarola wrote me a nasty letter that I
24 didn't think it was appropriate to respond to. What
25 I did do is state under oath that she was lying and



HOUSE_OVERSIGHT_015669

1 state under oath that I did not have sex with her,
2 thereby opening myself up --
3 MR. EDWARDS: This again is nonresponsive
4 to the question.
5 SPECIAL MASTER POZZUOLI: Let me stop --
6 repeat the question so we can get an answer.
7 BY MR. EDWARDS:
8 **Q. The question is, were you sent a waiver of**
9 **the statute of limitations to sign so that Virginia**
10 **Roberts could bring that lawsuit? Were you?**
11 A. I don't believe that's right. I don't
12 believe that's right. I don't believe that I was
13 sent a -- something that would give her the
14 opportunity -- a waiver to file that lawsuit.
15 That's not my recollection. If you show it to me,
16 maybe my recollection will be refreshed.
17 I had talked about the statute of
18 limitations for criminal purpose was what I said,
19 that I would waive the statute of limitations for
20 criminal purposes. If a prosecutor were to
21 investigate this case and come to the conclusion
22 that there was probable cause that I had committed
23 any offense with Virginia Roberts, I would then
24 waive the statute of limitations.
25 **Q. Okay.**



HOUSE_OVERSIGHT_015670

# Robin Solomon

In a career spanning three decades in academic medicine, Robin Solomon has combined patient care, clinical research, philanthropy and business development expertise to build strategic alliances, brand recognition and revenue. In evolving leadership roles at The Mount Sinai Medical Center, she has developed a reputation for her innovative programming, quick grasp of new situations and common sense approaches to challenging problems.

She is recognized for her comprehensive understanding of the healthcare sector, including operating models, the political and regulatory environment, shifting demographics, financial opportunities and economic trends. Her eighteen years as an ICU nurse informs the way she navigates patient care on a human level, collaborates with physicians and persuasively conveys the potential impact of philanthropic gifts to donors.

**Board and Donor Relations, Medical Navigation.** As Vice President, Trustee Services, Robin developed and led a high-touch, best in class Donor Relations program. The services include 24/7 medical direction, referrals and oversight to the Mount Sinai Board and donor community to optimize the patient experience. Robin established relationships and gained participation from prestigious corporate, financial, and legal firms including Goldman Sachs, Paul Weiss Rifkind, Schulte Roth, Donna Karan, Warner Music and Federated Department Stores. This program has generated hundreds of physician referrals and over $20 million in incremental revenue each year. As a patient advocate, Robin has participated in thousands of multi-disciplinary patient care teams from initial consults to final outcomes.

**Philanthropy.** Robin's trusted relationships with medical, business, civic, and community leaders enable her to secure funds needed to advance medical, academic and patient care initiatives. During her tenure, she raised over $29 million in donations from individuals, corporations and foundations. Robin conceived, co-chaired and ran "A Toast to Health" an annual wine benefit, which raised $17 million dollars over nine years, consistently attained over 85% event underwriting. She has directed philanthropic funds to capital projects including an upgrade of the emergency room, complete renovation of the Neonatal and Pediatric ICU's and state-of-the art modernization of a medical school lecture hall. Her efforts have also provided $2.8 million for scholarships to The Mount Sinai School of Medicine and supported programs including Visiting Doctors, Palliative Care Fellowships, and perinatal bereavement social work.

**Global Health.** Robin has planned and executed cogent responses to critical international medical needs. At the request of President Clinton's office, she arranged for physicians and medical supplies to be sent with first responders in the days following the 2010 earthquake in Haiti. She collaborated with military leaders, USAID, and Dr. Paul Farmer of Partners in Health to organize transport of fully supplied surgical teams and re-open the University Hospital in Port au Prince. In 2006, in close coordination with Liberian President Ellen Johnson Sirleaf and her ministers, Robin established a medical mission to Liberia. She obtained private funding to send physicians and support personnel to provide medical care and surgical interventions. The project has continued and led to administration of the first chemotherapy and pap screening clinic in Monrovia.

**Clinical Research Leadership.** As Assistant Dean for Clinical Trial Operations and Business Development, she designed and led the Office of Clinical Trials, key to advancing translational research. She launched marketing and outreach programs to convey Mount Sinai's research capabilities. These efforts attracted ongoing contracts from Novartis, Smith Kline Beecham, Amgen and Pfizer and other pharmaceutical and biotech companies. She facilitated over $18 million in grant funding, increased clinical trials by 40% and grew patient enrollment by over 320% annually.

Robin was Senior Research Coordinator on a CDC multicenter study measuring the effects of using safety devices for drawing blood, inserting IV's and giving injections. The manufacturers extended the study solely at The Mount Sinai Hospital. This research opened the multi-billion dollar market for safety devices. Earlier, Robin coordinated and performed clinical research at Cornell University Medical College's Surgical Metabolism Laboratory.

**Patient Care.** Robin's clinical expertise was developed over more than eighteen years as an ICU nurse at New York Hospital, Columbia-Presbyterian Hospital and The Mount Sinai Medical Center. The scope of her medical knowledge reflects years of hands-on patient care and thousands of decision-making conversations with physicians and families.

Robin holds a Master of Science in Exercise Physiology, *cum laude* from the University of Massachusetts and Bachelor of Science in Nursing, cum laude from the University of Florida.

# Robin Solomon

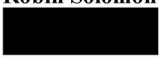

## EXECUTIVE PROFILE

In a career spanning three decades in academic medicine, Robin Solomon has combined patient care, clinical research, philanthropy and business development expertise to build strategic alliances, institutional recognition and revenue. In evolving leadership roles, she has developed a reputation for her clear and effective communication style, innovative programming, quick grasp of new situations and common sense approaches to difficult problems.

Robin is recognized for her comprehensive understanding of the healthcare sector, including operating models, the political and regulatory environment, shifting demographics, financial opportunities and economic trends. Her 18 years as an ICU nurse informs the way she navigates the patient experience on a human level, collaborates with physicians, and persuasively conveys philanthropic opportunities to donors.

## PROFESSIONAL EXPERIENCE

### The Mount Sinai Medical Center, New York, N.Y. (1993-2016)

***Vice President Special Projects, Office of the President*** *(2015-present)*

- Receive and direct high-level medical and administrative inquiries from the Board and donor community. Manage transition of prior responsibilities to the Executive Services group.
- Secure philanthropic support, oversee medical procedures and personal care for several global health patients in collaboration with Dr. Randall Owen and his team.

***Vice President, Trustee Services*** *(2005-2015)*
***Director of Development*** *(2002-2005)*

Launched and led a Donor Relations program to provide high-touch, best in class 24/7 medical navigation and oversight for trustees, donors and patients referred by leadership and staff. Established and maintained philanthropic relationships with corporations, law firms and financial companies including Goldman Sachs, Paul Weiss Rifkind, Schulte Roth, Donna Karan, Warner Music and Federated Department Stores. Extended the Mount Sinai Medical Center brand to a broader patient base.

- Raised over $29 million in donations from individuals, corporations and foundations.
- Co-chaired and ran "A Toast to Health" an annual wine benefit. Raised over $17 million dollars over nine years. Consistently attained over 85% event underwriting.
- Directed philanthropic funds to capital projects including emergency room upgrade, complete renovation of the Neonatal and Pediatric ICU's and state-of-the art modernization of a medical school lecture hall.
- Provided $2.8 million for scholarships to The Mount Sinai School of Medicine, the single largest donation to date. Supported programs including, Visiting Doctors, Palliative Care Fellowships, perinatal bereavement social work and emergency medicine residency training.
- Engaged three new Trustees and four new members of the Mindich Child Health and Development Institute Advisory Board who collectively contributed over $10 million.
- Generated physician referrals resulting in hundreds of additional surgical admissions and over $20 million in incremental revenue each year.
- Managed refurbishing of ten family waiting areas. Obtained $1 million in pro bono services by notable decorators. Handled all logistics and ensured compliance with infection control regulations.



HOUSE_OVERSIGHT_015672

***Global Health Project Leader*** (2002-2015)
Planned and executed medical missions with global health experts:

**Haiti Earthquake Response.** At the request of President Clinton's office, arranged for physicians and medical supplies to be sent with first responders in the days following the earthquake in 2010. Collaborated with Dr. Paul Farmer of Partners in Health to re-open the University Hospital in Port au Prince.

- Organized transport of 5 full surgical teams and all required equipment. Over ten days, the teams treated 400 patients and performed 50 surgeries.
- Personally requested emergency use of corporate jet from CEO of Honeywell and delivered needed supplies during the early days of the mission.
- Communicated with military leaders to obtain necessary landing slots, protection from the 82nd Airborne, and tents from USAID to house patients and orphans.
- Negotiated resupply without cost of all supplies and medications provided by Mount Sinai.

**Liberia Medical Missions**. Patients received the first chemotherapy in Liberia and a pap screening clinic was opened in Monrovia in 2014 in response to the large number of advanced stage cancers diagnosed during annual missions. Program continued through 2014, to resume post-Ebola.

- Coordinated directly with Liberian President Ellen Johnson Sirleaf and her ministers in 2007, 2008.
- Obtained private funding to send 30 physicians, medical students and support personnel to provide medical care and surgical intervention.

***Director of Strategic Initiatives*** (2001-2002)
Planned and facilitated an 18-month program of events to commemorate the institution's 150th anniversary, reporting to the Executive Vice President and Board of Trustees. Highlights included: opening ceremony with Mayor Bloomberg, archival retrospective at the Museum of the City of New York, Community Health Day with free medical services and screenings to over 1500 attendees, and an Academic Symposium.

- Secured $800,000 in corporate sponsorship across the portfolio of events.
- Oversaw contract and filming of documentary video on the history of Mount Sinai Hospital.

***Assistant Dean for Clinical Trial Operations and Business Development*** (1998-2001)
Designed and managed the Office of Clinical Trials, a key organizational and operational component advancing clinical trials and translational research. Developed strategic and operational plans. Prepared grant applications and negotiated contracts for extramural funding involving federal, industry and non-profit foundations. Attended and organized research conferences. Strengthened overall regulatory compliance and fiscal compliance with third party payors.

- Launched marketing and outreach program to convey Mount Sinai's research capabilities.
- Attracted ongoing contracts and right of first refusal in phase III clinical trials (with appropriate patient populations) from Novartis, Smith Kline Beecham, Amgen and Pfizer and other pharmaceutical and biotech companies.
- Grew research revenue by increasing clinical trials by 40% and patient enrollment by over 320% annually, from inception.
- Secured $12 million in NIH funding and ran program on a $1.5 million budget resulting in a profitable operation beginning in year one.
- Facilitated contracts between faculty and pharmaceutical and biotech companies resulting in $500,000 in funding for investigator initiated research projects.
- Awarded $5 million grant from the American Heart Association after reworking a previously submitted and unfunded NIH grant proposal.
- Attained membership in the Smith Kline Beecham Development Partners Program and $500,000 annually in upfront quarterly payments to ensure consistency among clinical research coordinators.



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- Created a career track for Clinical Research Coordinators including ACRP certification opportunities and a centralized pool of research coordinators to promote steady workflow.
- Commissioned an audit of 10% of all active human subject trials for compliance to good clinical practice (GCP). Collaborated with Institutional Review Board (IRB) Chair when remediation was necessary. Sat on the IRB.
- Invited by Dr. Barry Coller, Chairman of Medicine to join the Patient Oriented Research Committee.

***Senior Research Coordinator, Division of Infectious Diseases*** (1993-1997)
Collaborated with the Hospital Epidemiologist as Senior Research Coordinator on a CDC multicenter study to measure the effects of using safety devices to draw blood, start IV's and give injections to determine if they decreased needle sticks in healthcare workers. The device companies (Johnson and Johnson, Becton Dickenson and Vacupro) extended the study solely at The Mount Sinai Hospital. This research opened the multi-billion dollar market for safety devices.

- Hired study personnel. Arranged with Procurement to cancel contracts to remove non-study devices from the institution.
- Inserviced 3000 nurses and physicians on the use of the study devices.
- Audited sterilized used "sharps boxes" to assess implementation rates of the study devices.
- Included as a co-author of an article in *Morbidity and Mortality Weekly Report.*

## Cornell University Medical College, New York, N.Y. (1986-1993)

***Department of Child Development, Research Nurse Coordinator***
Coordinated a National Institute of Mental Health funded pediatric study. Recruited subjects, developed tools to achieve stated research goals, implemented research protocols, analyzed data and prepared reports.

***Department of Surgery Research Nurse Specialist***
Established initial infrastructure and managed a multi-site surgical metabolism laboratory consisting of 4 full-time surgical fellows with an annual budget of $800,000. The study data and collaboration with Dr. Anthony Cerami's laboratory at Rockefeller University supported Dr. Kevin Tracy's seminal work on tumor necrosis factor (TNF). Implemented federally funded research protocols. Procured and managed supplies. Recruited control subjects and hospitalized inpatient subjects and obtained informed consent.

- Assisted physician researchers with all clinical and laboratory aspects of the study including processing, cataloging, transporting and storing specimens.
- Carried out study protocols for ICU inpatient and outpatient human subjects.
- Prepared submissions for IRB approval to assure patient safety and regulatory compliance.

## Critical Care Registered Nurse, New York, N.Y. (1988-1997)

Neonatal ICU nurse at Mount Sinai, New York Hospital, Lenox Hill Hospital, Columbia-Presbyterian Hospital, contracted through a hospital staffing agency.

## New York Hospital, New York, N.Y. (1979-1988)

***Registered Nurse, Neonatal ICU.*** Delivered care to critically ill infants. Supervised ancillary personnel, assigned nursing staff, maintained detailed written records and electronic medical records for all patients.

## EDUCATION

University of Massachusetts, Amherst, Massachusetts. M.S. Exercise Physiology, *Cum Laude,* 1987.

University of Florida, Gainesville, Florida. B.S. Nursing, *Cum Laude*, 1979.



HOUSE_OVERSIGHT_015674

How Alan Turing invented the computer, helped win World War II and left us with one of the greatest puzzles of our time: are humans simply computers or are we more than that? Many scientists think we have a tenuous hold on the title, "most intelligent being on the planet". They think it's just a matter of time before computers become smarter than us, and then what? This book charts a journey through the science of information, from the origins of language and logic, to the frontiers of modern physics. From Lewis Carroll's logic puzzles, through Alan Turing and his work on Enigma and the imitation game, to John Bell's inequality, and finally the Conway-Kochen 'Free Will' Theorem. How do the laws of physics give us our creativity, our rich experience of communication and, especially, our free will?

Can a computer win the imitation game and pass the Turing Test?
Why do creative people make better mates than rich people?
Why are humans bad at mathematics, yet so creative?
Could an infinite number of monkeys write Hamlet?
Is our brain a quantum computer?
Is free will an illusion?

James Tagg is an inventor and entrepreneur. A pioneer of touchscreen technology, he has founded several companies, including Truphone, the world's first global mobile network. He holds numerous patents, filed in over a hundred countries. He studied Physics and Computer Science at Manchester University, Design at Lancaster University and Engineering at Cambridge University. He lives with his family on a farm in Kent, England.
www.jamestagg.com

HOUSE_OVERSIGHT_015675

"I can't tell you when the last time was that I had this much fun reading and using my brain. From the very beginning, James Tagg had me hooked with the premise; the question of whether or not humans are the most intelligent beings on the planet...."

Janet, Netgalley

"This is a fantastic book. It seams together cutting edge neuroscience, psychology, thought experiments, artificial intelligence/machine learning, mathematics and even some history!..."

PFJ H., Amazon

"Hard work to read, but makes you think about the nature of human intelligence and AI..."

Brian Clegg, Popular Science

"This is a fat book that covers a huge amount of ground. James' topic is primarily the brain and how we think, but there is a running theme contrasting the human brain with computers. His thesis is that computers can never think like humans (for example, that they can never be truly creative) and he explores many fields from philosophy and logic to mathematics in pursuit of this proof...."

R. Hanbury, Amazon

If you have enjoyed reading this book please leave a review and if you would like to hear more, or come to one of my talks, please join the mailing list at: www.jamestagg.com/updates.

HOUSE_OVERSIGHT_015676

# Are the Androids Dreaming Yet?

*Amazing Brain.*
*Human*
*Communication,*
*Creativity &*
*Free Will.*

# Are the Androids Dreaming Yet?

*Amazing Brain.*
*Human*
*Communication,*
*Creativity &*
*Free Will.*

JAMES TAGG

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*To my family,*
*who have patiently listened to my interminable*
*ramblings about 'Elephantine' Equations.*

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# PREFACE

ACPMM, Wolfson College, Cambridge

*"A man may have twenty years of experience, or one year of experience twenty times."*

Mike Sharman

*"Rules are for the obedience of fools and the guidance of wise men."*

Douglas Bader

I am an inventor. I've always been an inventor. Ever since childhood I've tinkered with electronics and computers, taking things apart and putting them back together. There is no academic course for inventing, so I had to choose my own path through school and University. I studied design, physics and mathematics at secondary school, and engineering and management at University. Part of that time was spent in the Engineering Department of Cambridge University on a particularly special course.

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*Mathematical Bridge, Cambridge*

Every autumn about thirty graduate students arrive at the Engineering Department in Cambridge to join the Advanced Course in Design, Manufacturing and Management. They expect to spend the year walking among the city's hallowed spires, attending lectures, bumping into Stephen Hawking and punting on the River Cam.

Instead, they get quite a shock!

In 1989, I joined the course. There were twenty-six engineers, a psychologist and a physicist – me. There was no prescribed syllabus; instead the course used learning-by-experience and lectures from the experts in a given field. To study advertising, you might visit a top London agency, for shipbuilding a shipyard on the Clyde. If you were unlucky enough to find these two lectures scheduled for the same week, you had to travel the length of Britain. The course runs a half dozen minibuses to solve this transport problem. Every four weeks we would undertake a project in a different company. I remember designing pit props for coal mines and imaging software for a weaving company. At the end of each project we presented our findings to each other and, with eight projects and thirty students, this made for a great many presentations. To keep the process manageable, the course put great store in teaching us the art of communication.

These days I design large complex systems, and clear communication is extremely important. My ideas are often turned into working products and, if those products have flaws, a post-mortem usually shows the cause

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was a breakdown in communication. Of course, this may be a purely personal failing, but when I talk to people in other companies they report the same problem. It seems we all find communication difficult.

have wondered for many years why it is called the 'art of communication'. Surely it's a science, governed by bits, bytes and bandwidth. That might be true of the symbols in an email – they are clearly encoded symbolically – but is the understanding in our brains simply encoded by symbols? What is the physics that underlies human understanding?

Each summer I go on holiday to escape engineering for a couple of weeks. While away I indulge my passion for reading books by the likes of Douglas Hofstadter, David Deutsch and Stephen Hawking. One book that struck me years ago was Roger Penrose's *The Emperor's New Mind*. In it, he tackles the question of what happens in the human brain when we understand something. He extends an idea put forward by J.R. Lucas of Oxford University that minds must be more powerful than computers because they do something computers cannot: namely to step beyond mere rules and see truth. Colloquially we call this 'common sense' or 'stepping outside the box'.

The Lucas argument uses the theories of Gödel and Turing to show computer algorithms have limitations. Some things are simply not computable. Computers can do many useful things, but they cannot discover new mathematical theorems, such as a proof of Fermat's Last Theorem. In 1996, Andrew Wiles succeeded in finding a solution to this problem. This presents a paradox, solved only if we conclude Andrew Wiles is not a computer. Indeed, since most mathematicians discover at least one theorem during their lives, we must conclude no mathematician is a computer! This is controversial. Most philosophers tend to the view put forward by Daniel Dennett that the Universe is an entirely determined place and any personal sense of free will and creativity is an illusion. In Dennett's worldview, Andrew Wiles is a special purpose machine that was always destined to solve Fermat's Last Theorem. I believe this model is flawed. It is my aim in this book to show you why. Indeed I am going to go further and argue all human creativity is non-computational; art, communication, understanding – all are based on non-algorithmic principles.

If you consider creative thinking deeply enough you're inevitably drawn into the question of whether we have free will. When I get to work each morning, the first thing I do – after a cup of coffee, obviously – is choose which creative task to tackle first. I feel this choice is freely made, but the determined determinists assure me I am wrong and my

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decision was already made. As Daniel Dennett says, "You have no free will. Get over it!" They say I am effectively an avatar in some giant cosmic computer game, going about my business in an entirely predefined way. I do not agree! If they are right all the coincidences and chance actions of my life were fixed at the time of the Big Bang. I feel this must be wrong, but finding a chink in the determinist armor is hard work; the laws of physics as we know them today are almost exclusively deterministic. This book lays out the options – the chinks – that would allow free will to enter our Universe.

To understand human thinking we would really like to look inside a working human brain. We can't do this yet. All we can do is observe minds at work when they communicate with one another. If our minds think non-computationally – as I believe – we should be able to see them struggle when they have to translate thoughts into symbolic form. The more symbolic, the harder it will be. This is indeed what we observe: face-to-face communication is easy, while formal written modes are much harder. We will explore the difference between human and computer communication as our first step in locating the weakness in the armor of determinism.

## What do I Believe?

As a scientist, I ought not to have beliefs. I should have theories and working assumptions. But, as a human being, I must admit believing certain things are true. Science does not forbid beliefs. It just requires you to be prepared to have one overturned if a better one comes along. Richard Feynman summed this up in a lecture he delivered at Cal Tech: "If you want to discover a theorem," he said, "first, you guess, then you work out some effect predicted by the theorem. Finally, you see if the effect happens in the real world. If it does, you have a good theory. If the effect happens a little differently, you will need to look for a better theory." Here are some of my overturn-able beliefs.

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## Beliefs

- We have true free will. We consciously decide our actions and these decisions are in no way predetermined. We shape the future. Allowing for free will is, therefore, a boundary condition for any theory of our Universe.

- The world is an amazing place, but understandable. We can understand the Universe through the application of thought and reason.

- There is only one Universe and it appears to make sense.

- Humans think creatively, computers do not.

- The process of understanding and communication is complex, much more complex than the digital theorems of Claude Shannon and Harry Nyquist.

- Understanding is hard.

- The communication of understanding is even harder.

HOUSE_OVERSIGHT_015687

# CONTENTS

**Preface** **ix**

**Introduction – Experiments, Multimedia and Puzzles** **1**

**Chapter 1 – Mind Over Computer** **3**
Deep Blue 5
Man v Machine 11
Intelligence 25
The Learning Brain 35
Determinism 41
Creative Theories 49

**Chapter 2 – Understanding** **53**
Bad Understanding Can Kill 59
The Imitation Game 65

**Chapter 3 – Body Language & Banter** **77**

**Chapter 4 – The Brain** **95**
Thinking 117

**Chapter 5 – Knowledge** **127**

**Chapter 6 – Kittens & Gorillas** **147**

**Chapter 7 – Complexity & Chaos** **161**
Chaos 171

**Chapter 8 – ∞** **177**

**Chapter 9 – Known Unknowns** **191**
The Game of Math 199

HOUSE_OVERSIGHT_015688

**Chapter 10 – Turing's Machine** **209**
The Machine 221

**Chapter 11 – Software** **229**
Silver Bullets Can't be Fired 233
Consequences 257

**Chapter 12 – Hyper-Computing** **273**

**Chapter 13 – Hyper-Communication** **285**

**Chapter 14 – Creativity** **295**

**Chapter 15 – Free Will** **313**
Schrödinger's Cat 325
Twins 331
Does God have Free Will? 339
The Free Will Theorem 343
Free Will Universe 351

**Chapter 16 – The Quest for Knowledge** **355**
Awards for Discovery 365

**Chapter 17 – The Future** **371**

Appendix 1 – Acknowledgments 374
Appendix 2 – Bibliography 382
Appendix 3 – Puzzles and Experiments 395
Appendix 4 – Conventions in the Book 397
Appendix 5 – Index of Theorems 401
Index 405

HOUSE_OVERSIGHT_015689

*"It is no good getting furious if you get stuck. What I do is keep thinking about the problem but work on something else. Sometimes it is years before I see the way forward. In the case of information loss and black holes, it was 29 years."*

Stephen Hawking

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## *Introduction*

# EXPERIMENTS, MULTIMEDIA AND PUZZLES

Throughout this book you will come across experiments to try, multimedia references to track down, and puzzles to solve. You can get additional information at www.jamestagg.com/understanding.

If you undertake an experiment I would appreciate your leaving a note of your results on the website and making useful comments on the blog.

Most of the experiments and puzzles are quick and simple. The puzzles I have set often benefit from creative thinking. I have made finding the answers to these problems a little hard, so you are not tempted to cheat. I want you to try to solve the problems and 'feel' your brain working.

This book argues that intuitive thought solves problems in a different way to analytical thought. The process takes time and often benefits from putting a problem to one side while you use your mind to process foreground tasks. I hope you read this book at a time when the website is not available – or at least don't peek. Give your intuitive thought processes time to work.

Graham Wallas described the process of creative thinking in 1926 and I think it is still one of the best models we have:

> First you must prepare and become fully acquainted with the problem. It might seem impossible but don't despair, just commit to it. Next, you should leave the problem to stew – incubation, he called it. After a while, you will feel a solution is at hand. You don't quite have it yet but you are

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sure you will. This is intimation. Finally, some inspiration or insight will pop into your head – this is the Eureka moment. Now you have a solution but intuitive thinking is far from infallible. You will need to check the solution and may find your answer wrong the first few times. Persevere; you will get there in the end.

As a warm-up exercise, let me give you a simple childhood riddle to solve.

*A man lives on the twentieth floor of a skyscraper with an old elevator. Each morning he gets into the elevator and goes down to the ground floor, but each evening he gets into the elevator, travels up to the tenth floor, gets out, and walks the rest of the way. Why?*

**ANSWER IN YOUR OWN TIME**

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## *Chapter 1*

# MIND OVER COMPUTER

Computer versus Human

*"I visualize a time when we will be to robots what dogs are to humans, and I'm rooting for the machines."*

Claude Shannon

*"The question of whether computers can think is just like the question of whether submarines can swim."*

Edgar Dijkstra

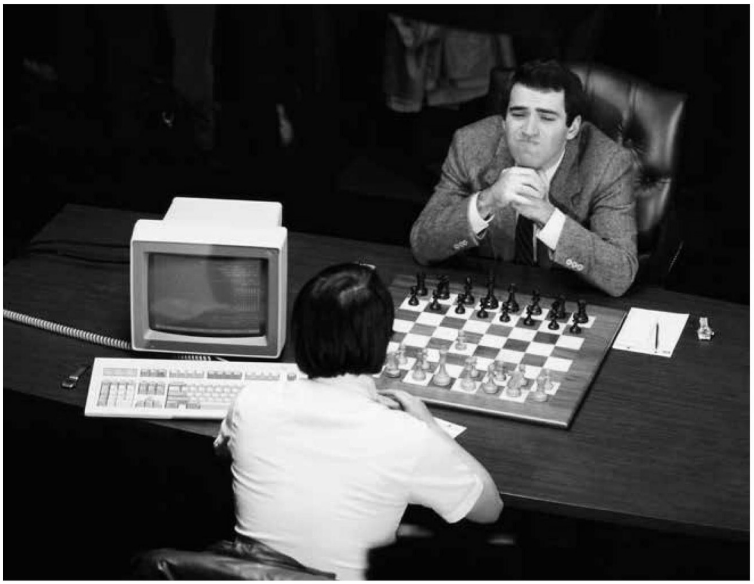

Kasparov versus Deep Blue

*"The Three Laws of Robotics:*

1. *A robot may not injure a human being or, through inaction, allow a human being to come to harm;*
2. *A robot must obey the orders given it by humanbeings except where such orders would conflict with the First Law;*
3. *A robot must protect its own existence as long as such protection does not conflict with the First or Second Law. The Zeroth Law: A robot may not harm humanity, or, by inaction, allow humanity to come to harm."*

Isaac Asimov, *I, Robot*

# Deep Blue

It is 1997 and we are on the 39th story of the Equitable Center in New York, watching a chess match. It's no ordinary match. Two men sit opposite each other. One, a neatly suited figure, stares intently at the board. You can almost see the heat rising from his head as he processes the possibilities before him. The other, sits implacably calm and, before each turn, looks to a screen at the side of the board, reads the instruction, and makes his move.

This is the famous match between Garry Kasparov and IBM's Deep Blue. Kasparov, a child prodigy, became world chess champion at the age of fifteen and, to this day, holds the record for the highest chess ranking ever achieved. Some consider him one of the most intelligent people on the planet. His opponent, Deep Blue, is a massively parallel chess-playing computer built by IBM's Watson Research Laboratory. The machine itself sits a few blocks north of the tournament in an air-conditioned room, and relays the moves over a phone line to Joe Hoane, the IBM researcher who moves the pieces.

Six months earlier, in Philadelphia, Kasparov won against Deep Blue. This is the rematch and has generated a worldwide media frenzy. Tickets to the event are sold out and most news organizations give a blow-by-blow report each day. On the eighth day of the tournament Kasparov and Deep Blue are level pegging. Kasparov is playing an opening he knows well. It's one designed to be hard for computers to play and has been tested extensively against Fritz, a chess computer Grand Masters use for practice. But Deep Blue doesn't seem fazed. Kasparov is visibly tired. On the 16th move he makes a dreadful blunder and sinks into despair. An hour later, after some moments of quiet contemplation, he tips over his

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king, gets up, and leaves the room. Kasparov has resigned, Deep Blue has beaten him 3½ to 2½ points and is now the most powerful chess player on the planet.

Later, when interviewed about his experience, Kasparov thought Deep Blue must have been assisted by humans during the games because the program appeared to play intuitively. The rules of the tournament allowed humans to work on the program between matches, but not during actual play. The argument has never been settled, and Deep Blue was long ago dismantled. These days chess players avoid big public matches against computers, arguing it is really a different sort of game. A computer's ability to crunch mathematically through all the many possibilities means a chess player must play without error against a machine, but can play a more interesting and fluid match against a fellow human.

Chess is computer-friendly because it is a finite problem. You always win, lose or draw. The game can't go on forever because any position that repeats itself more than three times is declared a draw, and if a player makes 50 moves without moving a pawn or taking a piece, the game is also declared a draw. In a typical game, each player makes 40 moves, and on each turn you can choose from 30 possible moves. Although this equates to a huge number of options, it is still a finite number.

It is possible, therefore, to create a perfect chess-playing machine. Such a machine would project any position it encountered through every permutation to the endgame. But, although chess is solvable using brute force this might not be practical in our Universe. The storage required to hold all the possible positions being analyzed would be vast – needing most of the atoms in the Universe. You would need to pack this information into a small enough space to allow fast retrieval in order to play the first 40 moves in two hours. This would require storing all the information within a sphere no larger than three light minutes. Putting that much data in such a small space would exceed the Hawking Bekenstein bound – a limit on the information carrying capacity of space-time put forward by Stephen Hawking and Jacob Bekenstein – causing the region of space-time to collapse to a black hole! Despite these minor technical problems, an ingenious algorithm could be made that was unbeatable: chess is essentially computable.

The term algorithm will often arise in the book, so it is worth giving a little history. The word comes from the name of an 8$^{th}$ Century Persian mathematician, Al-Khwarizmi, and means a step-by-step procedure. We use one whenever we do long division or look up a phone number on

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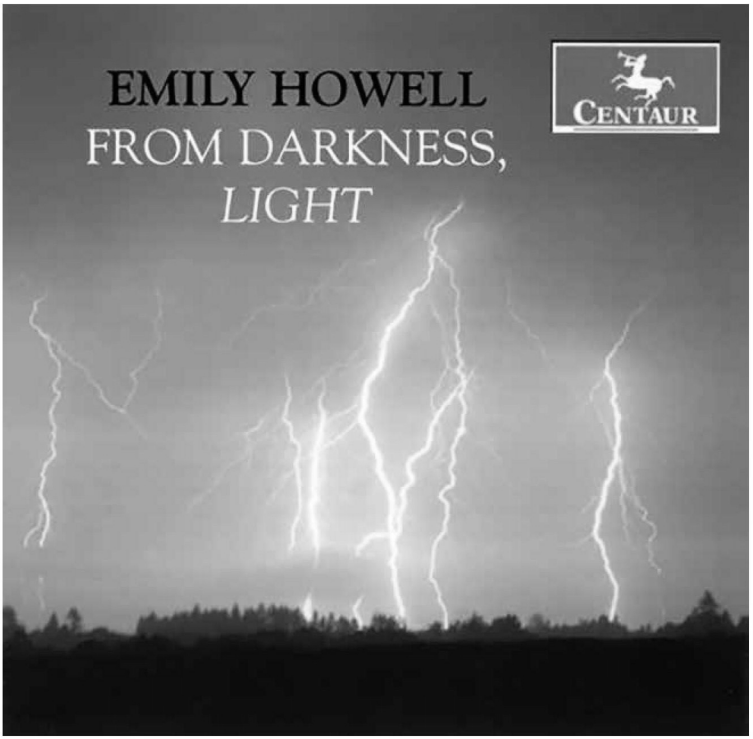


*The Music of Emily Howell*

our mobile phone. It is any mechanical procedure you perform without thinking about it. Computers are always executing an algorithm; that's what they do.

Fast forward to 2010 and Centaur Records releases a new classical music CD featuring the piano music of Emily Howell. Critics are enthusiastic about the new talent. She has composed music in a broad range of classical and contemporary styles. You can find some examples on my website.

But, it transpires, Emily is a computer, the brainchild of David Cope from the University of Santa Cruz. On hearing this news critics revise their opinion of the compositions – "repetitive and formulaic," "not real music," "pastiche". Listen again to the music and see whether you have changed your opinion. Whatever you think, Emily has made a good attempt at composing in the style of several great composers: J.S. Bach and Franz Liszt, as well as modern ones such as Stockhausen and

Philip Glass. The compositions would get a reasonable technical score in an exam, better than many of my attempts, but are these compositions truly art?

There's no question computers are gaining ground on us in certain mathematically oriented tasks – playing chess, musical composition, and various modeling tasks. But attempts to have them work with words and ideas have generally produced dismal results. Until now.

In 2008, IBM unveiled Watson: a computer capable of answering general knowledge questions. Watson has an enormous database of human knowledge: the Encyclopedia Britannica, a billion web pages, the entire text of Wikipedia and millions of books. It uses artificial intelligence to trawl through this vast reservoir of knowledge and answer questions using a statistical approach. In 2011, Watson featured as a contestant on Jeopardy, the American quiz show, where it beat the two record-holding contestants – the one with the highest number of wins and the one with most consecutive wins. Let me give you a few sample questions and see how you fare.

Question 1. It can mean to develop gradually in the mind or to carry during pregnancy.

Question 2. William Wilkinson's "An Account of the Principalities of Wallachia and Moldavia" inspired this author's most famous Novel.

Question 3. Its largest airport is named for a World War II hero; its second largest, for a World War II battle.

Watson answered questions one and two correctly but failed on question three. You can probably see the final question is posed in poorly structured English and this threw off Watson's comprehension algorithm.

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*IBM's Watson Plays Jeopardy*

Ignoring the odd hiccup, Watson is much better at Jeopardy than a human. Should humans be worried? First chess, then music, now general knowledge, will all human endeavors succumb to a computer? What will be our purpose on the planet if this happens?

Steve Wozniak

*"Machines will run the world,*
*humans will become idle pets."*

Steve Wozniak

# Man v Machine

Are humans advanced computers with a temporary hold on the title, 'most intelligent being on the planet,' or are we fundamentally different?

We are extraordinarily creative, but we can't add up as well as a cheap pocket calculator. We have poor memories, but we can use common sense to solve problems we have never seen before. Our communication skills are woefully imprecise, but we can tell jokes that send our fellow humans into paroxysms of laughter. We might conclude humans are not computers, but the scientific consensus is that brains are 'wet computers'. I don't agree with this and I'm going to set out the argument to show why man is not a computing machine.

There is an urban legend we think with only 10% of our brains. This is not true. Science has mapped the vast majority of the human brain using two methods. The first, an amazing set of noninvasive imaging techniques, allows us to 'see' the brain as it thinks. The second is more macabre: with seven billion humans on the planet, enough accidents occur through sports injuries, car crashes and surgical mistakes to provide a large enough sample to conduct research. Questioning patients with brain-damage allows us to work out what the injured part did before the accident.

One famous patient had an accident where the blade of a toy sword went up his nose and damaged a small part of his amygdala and hippocampus, the area of the brain responsible for storing memory. This rendered the man unable to lay down permanent memories after the accident. Events before the accident remained clear but he could not memorize new information. You could tell a joke and he would find it

*Turning Images to Music*

funny and laugh uproariously. A few minutes later, you could tell the same joke and he would find it just as funny as the first time. For him, every time was the first time, because he had lost the ability to record long-term memories. The syndrome is wonderfully depicted in the film *50 First Dates* starring Adam Sandler and Drew Barrymore. Another patient with specific stroke damage was unable to recall the names of fruits but, oddly, could still name vegetables. Interestingly tomatoes presented a particular problem. He had probably never known how to catalogue them so they were partially remembered in both areas.

There are many such medical cases. In Oliver Sachs' *The Man who Mistook his Wife for a Hat*, the author relates the tale of a man with visual agnosia who could not reliably name familiar objects, including his own wife! He had a perfectly loving relationship with her but simply could not name her from a picture. Sachs, Professor of Neurology at New York University School of Medicine, provides many such fascinating stories, along with their medical backgrounds.

The fruit and vegetable case suggests our brains are organized like a filing cabinet. When we damage a part of the brain, it's like losing a drawer: All the information stored in that drawer is lost. Quite a few experiments contradict this model and indicate many tasks are distributed around the brain. The curious case of blindsight is one such example. People with a damaged visual cortex can often recognize objects despite reporting they have no sensation of vision. Show them a shape and they will report they can see nothing. Ask them to name the shape and they might even get a little irritated by the question; they are blind after all. But, ask them to guess the shape and they will get it right every time. Seeing is more

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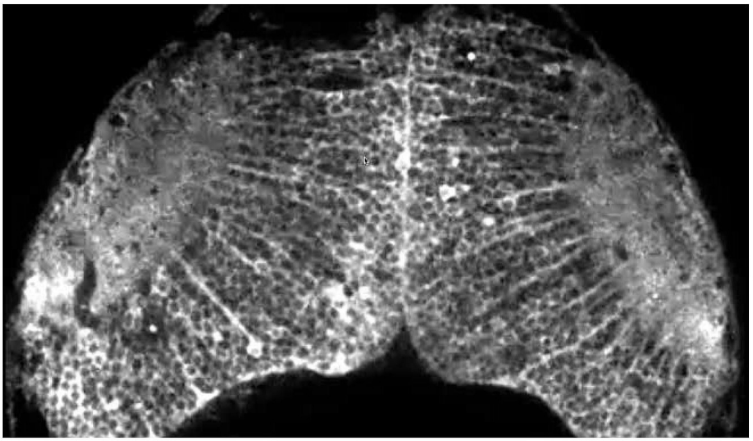

*Brain Image of Fish Hunting Prey*

widely distributed in the brain than was first thought. Conscious seeing is based in the visual cortex, but there are older pathways still active in the brain that facilitate this unconscious seeing.

The brain is very plastic. Lose your sight through damage to the eye or optic nerve, and the brain can repurpose the visual cortex to other uses such as processing sound or touch. Daniel Kish has developed this to such a high level that he can ride a bicycle despite being blind. He clicks his tongue against the roof of his mouth and uses echolocation to form an auditory model of the world around him. Using a similar approach, Amir Amedi from the Hebrew University of Jerusalem has built an audio imager that turns pictures of the world into musical sound patterns. CAT scans of people using this system show they use the visual cortex to convert these sound images into models of the world in similar parts of the brain to a sighted person.

We now know roughly *what* each part of the brain does, but we have no idea *how* it does it. The scale of an individual thought is too small to see in a brain scan. All we can do is observe large-scale electrical activity associated with those thoughts. A video, from a group at Tokyo University, shows an example of electrical activity filmed in real time as a fish hunts for its prey. Fish have transparent bodies and thin skulls facilitating this sort of imaging. Humans are much harder subjects to work with!

The most popular theory to explain how brains work is as some form of computer. Computers are easy to study because we manufacture them. They tend to crash quite frequently – usually at the most inconvenient

moments – so we have packed them with diagnostic monitoring systems. These systems allow us to watch a computer think and, since they think symbolically, we can easily read their minds.

Unfortunately computers don't display many human-like thoughts. They don't laugh and cry, they don't report consciousness and they don't appear to exercise free will or display creative impulses. This is frustrating because these are the thoughts we would most like to study. It might be that computers are not yet powerful enough, and in another few years they will be giving Mozart a run for his money. But there may also be a fundamental difference which renders them incapable of this sort of thinking. This is the crux of the modern scientific debate: do humans think differently?

## Computer Brains

On the face of it, humans and computers *behave* very differently. Our memories are poor, but we understand things. We are creative, but bad at mathematics. We learn by example, computers are programmed. We are emotional, impulsive and appear to have free will. Computers are ordered, predictable, but lack common sense. Both humans and computers appear to be physical, discrete systems. We both take inputs, generate outputs and are capable of solving similar problems. Indeed, each time we examine a problem solved by humans we usually find we can automate it. This is known as 'knowledge engineering' and there are many examples; from aerospace to finance, and architecture to medicine.

An example of where computers excel is in medical diagnosis. ISABEL is a clinical diagnosis program designed to help ER doctors quickly diagnose critical patients. It was created by the parents of Isabel Maude, a little girl who presented with multiple symptoms to an ER unit. Doctors were initially confused by the symptoms and misdiagnosed her condition. She was later diagnosed with meningitis. Isabel suffered multiple organ failure but survived. Her parents realized there was something wrong with the ER triage process. They got together with some computer scientists and built the expert system 'ISABEL'. When ER doctors are presented with symptoms, they must mentally scan a vast array of literature to rule in and out possible diagnoses. The problem-solving process is not linear; if you've ever watched the TV series *House* it gives a great dramatization of the process. Certain symptoms might suggest a diagnosis but are not conclusive, and there are many paths to explore. Programmers have taken the heuristic rules from many doctors and codified them into software. ISABEL allows a doctor to input a set

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of symptoms and it will spit out a range of possible alternative diagnoses with probability weightings and suggested further tests. Similar systems are widely deployed in other fields, to build racing cars, design dams and fight crime. Even the game consoles in our living rooms implement artificial intelligence to make the aliens more believable and our hearts pump faster.

## Origin of Computers

Alan Turing effectively invented the modern day computer in a paper he submitted to the London Mathematical Society in the summer of 1936. He was not the first person to come up with the idea – that honor probably goes to Charles Babbage – but he was the first to fully understand its power. When we talk about computers today we mean machines, but it is worth noting computers in Turing's time were more often humans using pencil and paper. The mechanical computers before Turing were elementary at best.

Rudimentary calculating machines were developed in Greece, Persia and China as far back as the Ming Dynasty. An astrolabe recovered from a ship wreck off the Greek Island of Antikythera had cogs and gears and could accurately predict the motions of the sun and planets. Many

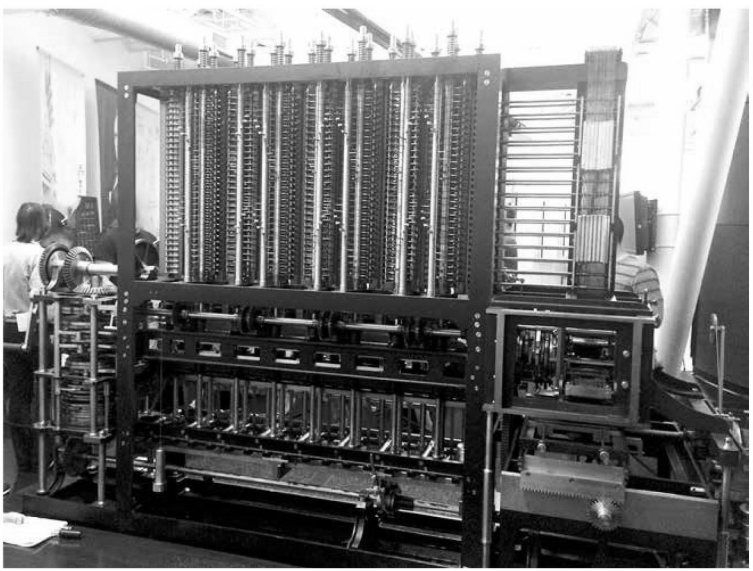

*Babbage's Difference Engine No. 2, Computer History Museum, CA*

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of these skills were lost in the Dark Ages but, once the Renaissance was underway in the 16th and 17th centuries, complex mechanical clocks were devised that were capable of predicting the motions of the planets to a high degree of precision. Mechanical, hand-cranked calculators appeared in the mid-18th century, and in 1886 Charles Babbage conceived the first programmable computing machine, The Analytical Engine. It was designed to read programs from cards, and used cogs and wheels to perform the calculations. His first machine – The Difference Engine – was designed to help the Admiralty calculate tide tables, but Babbage realized he could generalize it to compute almost any function. He ran out of money to complete any of his machines, but in the 20th century a dedicated band of enthusiasts built a working model of Difference Engine No.2. One copy sits in the London Science Museum and another in the Computer History Museum in California. These difference machines are not Turing complete and his Analytical Engine has never been built.

*19th Century Calculators*

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In 1935, Turing was made a Fellow of King's College, Cambridge, and became interested in whether mathematical proofs could be found automatically. He wanted to know whether solving a mathematical puzzle was simply a matter of working through all the possibilities in a methodical manner, or whether something more subtle was required. Although chess is a fantastically complex game, it is finite, a big enough, fast enough computer can play the perfect game. Is this the case with discovering knowledge? Could a big enough, fast enough computer calculate all the knowledge in the Universe? Is Douglas Adams' fabled computer Deep Thought a possibility, able to calculate the answer to the ultimate question of 'life, the Universe and everything', albeit with a more enlightening answer than 42?

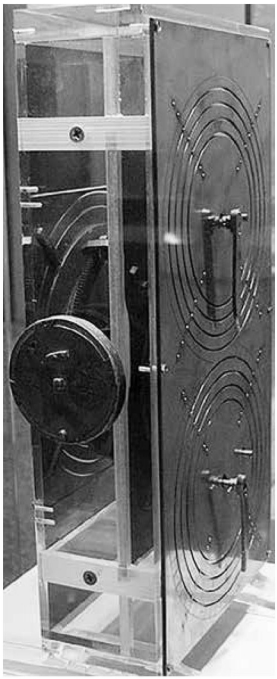

*Model of the Antikythera Mechanism*

Turing boiled down the process of pencil and paper computation to a systematic program – a computer program. He proposed a thought experiment where he would run every possible program and see if such a procedure would yield the solution to every imaginable mathematical problem. He was able to show this would lead to a paradox and concluded the universal problem solver could not exist. His discovery is one of the most important of the 20th century – in the same league as relativity and quantum mechanics – and I will use it as my main tool in trying to explain the difference between brains and computers.

Although Turing's original paper was not intended as a blueprint for a practical device, he was one of those rare mathematicians who also liked to tinker with real world machines. The outbreak of the Second World War made the practical application of his work very important, and in Chapter 8 I will relate some of the code breaking stories that were to make him famous and caused Churchill to credit him with shortening the war by two years.

Calling Turing's work an 'invention' is probably the wrong term; 'discovery' might be more appropriate. Whatever you call it, people immediately equated human brains with computers. This is not new.

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Each time a new advance in technology is made, people use it to explain the working of the brain. The ancient Greeks thought the brain was a fire consuming oxygen. When Alexander Graham Bell invented the telephone, the nervous system resembled a maze of wires and the brain an exchange. Brains were obviously a sophisticated telephone system. This idea has some potentially frightening consequences, particularly in light of the speed at which computers are improving.

The most striking feature of computer technology is the rate of development. Cars travel faster than a person's legs will carry them, machines manufacture things faster than our hands are capable of working. If brains are computers, surely it is just a matter of time before they will think faster than humans. Turing predicted this would happen when computers reached the level of storing around 10 billion units of information. This happened some time in mid-2000. But today, in the year 2014, I can report that although my computer can beat me at chess, it still cannot fill out my expense report for me. So I am still ahead!

Maybe Turing just got the mathematics wrong. The human brain has about 10,000 times more neurons than our most powerful computers have logic gates. By this calculation, it's not a billion units of storage we need but, a trillion trillion units to put the computer on a par with a human brain. It's just a matter of time!

The worrying thing – especially for fans of the 'computers taking over the world' science fiction genre – is that computers are improving exponentially fast in line with Moore's Law, and the parity point is coming soon. Gordon Moore founded Intel with Andy Grove, and ran the engineering department there for more than 20 years. According to Moore's Law, the power of a computer doubles approximately every 18 months. The next significant event in the computer versus human competition is the gate count parity point – the moment when the number of logic gates and the number of neurons become equal. By my reckoning this will happen some time in 2053.

Don't despair. There may be a few dodges yet. The gate parity point assumes a logic gate and a neuron are equally powerful. However, some single cell organisms with only one neuron are capable of complex behaviors, such as hunting prey and avoiding obstacles. To perform these simple behaviors, a computer would need as many as 10,000 logic gates, about the complexity of my TV remote control. This gives us a bit more breathing space. The extra four orders of magnitude push the gate parity point out to around 2080, too late for me to see, but certainly within the bounds of some readers of this book.

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To give you some idea of how Moore's Law works, the graph shows growth in computing power over time; the y-axis is a logarithmic plot using engineering notation. Because the growth is exponential we rapidly end up with very large numbers. Scientists use a special notation to cope with these large and small numbers. In scientific notation a number is written out in a compact form. For example, three hundred can be written as $3.0 \times 10^2$. To expand it back to a regular number you move the decimal point in 3.0 two spots to the right, making the number 300.0. A similar technique is used for small numbers. To expand $3.0 \times 10^{-2}$ move the decimal point 2 points to the left, giving 0.03. Why use scientific notation? Well, once the numbers get large they would no longer fit on a page! We can shorten the representation of numbers even further by dropping the '3.0 ×' part and just looking at the order of magnitude. The number $10^{80}$, one with eighty zeroes after it, is the number of atoms in the Earth, and $10^{120}$ the number of particles in the known Universe. $10^{-43}$ meters is the 'plank number', believed to be the smallest dimension you can have, and $10^{100}$ is called a googol, named by Milton Sirotta, the

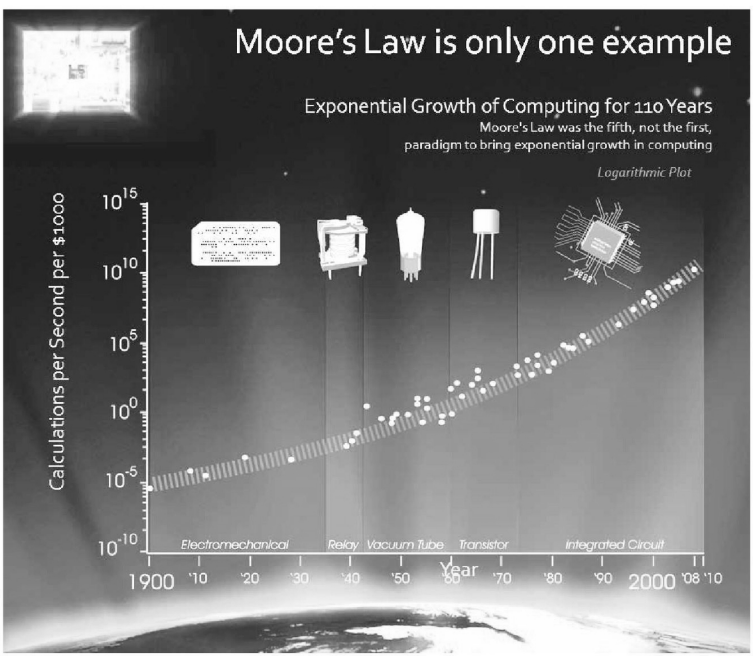


*Moore's Law Extended by Ray Kurzweil*

nephew of the famous American mathematician Edward Kasner, and subsequently the inspiration for the name 'Google', the Internet search engine.

Ray Kurzweil, the prolific inventor and futurologist, is fascinated by this exponential growth. Exponential curves grow slowly to start with but they pick up speed rapidly and, in the end, growth tends towards infinity. We are all painfully acquainted with one example of exponential growth: The common cold. Each infected cell in our body releases virus particles into the blood which infect further cells, leading to an exponential increase. This makes us feel rotten. Luckily our immune system can also respond exponentially, albeit somewhat delayed, so we survive. In the case of computer power there is no opposing immune system fighting back, so Kurzweil thinks computers will achieve almost limitless processing power; perhaps even within our lifetime. He thinks this will lead to some interesting consequences, for example, allowing people to live forever! Far-fetched? Follow his argument.

The two most important elements in keeping us alive are medical imaging, to see what is wrong; and genetic engineering, to fix those things. Both are improving in line with digital technology, doubling in power every 18 months. As computers get better at seeing into our bodies, and our ability to sequence and synthesize spare parts improves, we will reach a point where we can fix almost any problem. Kurzweil figures technology is improving and his body is decaying at just the right rate to mean by the time he needs heavy duty medical intervention it will be available. Barring a traffic accident or mad-axe-murderer, he should live forever. Even if his calculation is slightly off, the next generation will definitely have this option.

You might dismiss this as science fiction, but some amazing things are already happening. Recently a female patient in the USA suffering from bone cancer had her jaw replaced with a 3D printed component. Doctors were able to scan her head and take an image of the good side of her jaw, flip it right to left within the computer and repair any problems they saw. Then they sent the image to a 3D printer. The printer made a new jaw from tungsten powder, which was fused in a kiln. The final stage was to cover the metal part with an inert bone-like substance to give the human body a scaffolding on which to build real bone. They then performed the operation to remove her old jaw and replace it with the new one: result, brand new healthy jaw.

There are some practical limits to the power of computers on the horizon. Currently, the wires in a silicon chip are about twenty-two nanometers wide. That's around a thousandth of the width of a human

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hair, or approximately two hundred atoms wide. To match the complexity of a brain we will need to pack an order of ten million more gates into a silicon chip. One way to achieve this is to simply shrink the wires, but when we get down to around ten atoms wide, quantum effects begin to dominate. Signals in today's chips involve tens of thousands of electrons. We normally think of these electrons as a group, but in these tiny circuits we need to consider the behavior of each individual electron. Problems arise as this behavior is subject to quantum uncertainty. With only ten electrons there is a finite probability that none of them will be where you were expecting them to be. This causes problems for digital logic. You can't put a '1' in a memory location and be sure when you come to read it you will get a '1' back. You have to factor in the possibility of error.

Quantum effects can be annoying – requiring us to devise all manner of error checking hardware – but they can also be helpful. Richard Feynman proposed using quantum bits, 'qubits', to perform computation. Quantum computers can calculate many times faster than a classical computer because a single bit can represent more than one piece of information. Enterprising entrepreneurs are making use of this effect to build the next generation of devices, and you can already buy a 512 qubit computer from a Canadian company called D-Wave.

The biggest problem with building more powerful conventional chips is their area is reaching the manufacturing limit for economic viability. Silicon wafers contain random spots of damage and, as a chip gets larger, the chance it will have one of these spots approaches certainty. One solution is to use the third dimension and print the logic

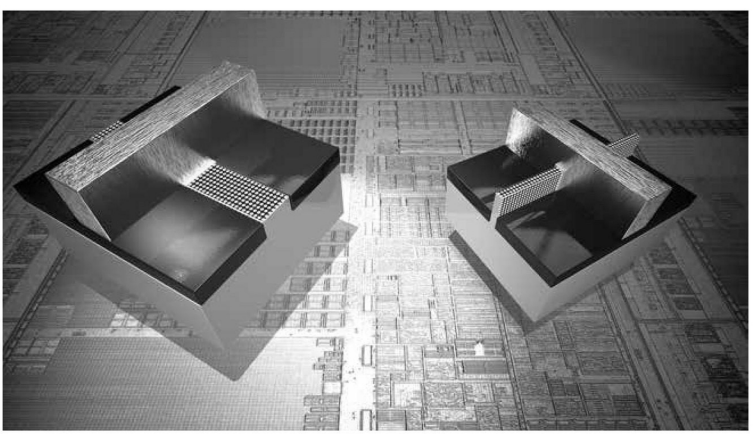

*3D Chip, Intel*

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gates so that they communicate in the vertical direction as well. Intel demonstrated the first three-dimensional chip in 2004, and these chips should begin to appear in our laptops by around 2020.

Taking a chip into the third dimension solves the economic problem but adding logic gates to a 3D chip presents a new problem – heat. Heat is generated in proportion to the volume of the chip but it can only be lost through the surface area. Result: the chip overheats. Large animals have the same problem which is why elephants have huge ears, filled with blood vessels, they can flap to cool themselves and really big mammals, such as whales, live in the ocean. The thermal problem is now the biggest problem in most computer designs. One data point suggests we could solve this problem, the human brain. We pack huge processing power into our skulls without overheating by using a variety of techniques, including folding the surface of the brain, running each neuron very slowly and maybe even using quantum mechanics. A very recent discovery is that brains could be using quantum effects to transmit signals. If true – and the research has only been recently published – it means we may use a form of high-temperature superconductivity to avoid overheating. More on this in Chapter 4.

Excluding exotic quantum effects, the main difference between computer and human brains is their processing architecture. Brains use slow, asynchronous logic to process information rather than the fast, synchronous type used in modern day computers. Logic gates in today's computers work all the time, even when there is nothing to do. For example, if I multiply 2 by 3 on my laptop the entire multiply circuit, designed to work on 20 digit numbers will still operate, and, even worse, it will operate on every tick of the master clock even if there is nothing to multiply. The brain, by contrast, works only as it needs; unused gates don't operate. This gives a massive reduction in unnecessary power consumption. We'd like to use this technique in modern computers but it is very difficult to implement. Tiny changes in timing cause completely different operation and this makes them hard to test. We accept this sort of problem in humans, calling it 'human error', but we count on computers to behave absolutely reliably, so full-blown asynchronous logic is not likely to appear anytime soon. Some of these ideas, however, have made their way into today's consumer devices. For example, the chips in the latest iPhone contain two CPUs: a small slow one operating when the phone is dormant in your pocket, and a large fast one that switches on when you need the power for a game or other high performance task.

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All things considered there doesn't appear to be a fundamental engineering problem that would prevent computer hardware reaching the complexity of the human brain. But, even with all this hardware, it's not clear we would have something intelligent.

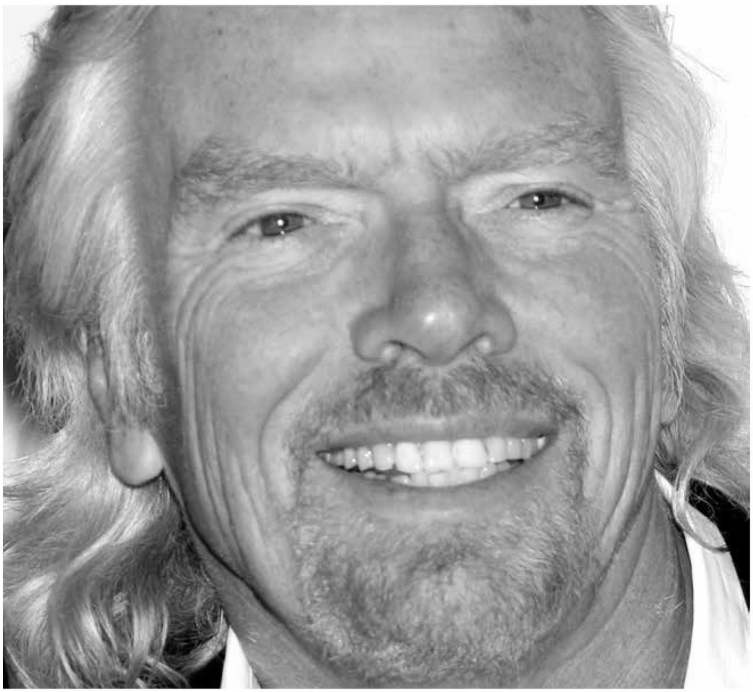

Richard Branson

*"I was dyslexic, I had no understanding of schoolwork whatsoever. I certainly would have failed IQ tests. And it was one of the reasons I left school when I was 15 years old. And if I – if I'm not interested in something, I don't grasp it."*

Richard Branson

# Intelligence

Although my computer appears to have a mischievous sense of humor – deleting files and crashing just before important presentations – it does not appear to enjoy listening to Bach, nor does it ever ask me to put it near the window to admire the view. I think this means it's not intelligent, but what is 'intelligence'?

Intelligence is hard to define; I usually conclude someone is intelligent if I have an interesting conversation with them. In the workplace we typically hire people based on interview, rather than practical tests. Could a computer hold a conversation with me and persuade me it is intelligent? Meet Eliza.

Invented by Joseph Weizenbaum of the Massachusetts Institute of Technology, and named after George Bernard Shaw's character in *Pygmalion*, Eliza runs an algorithm pretending to be a psychiatrist offering a sympathetic ear to anyone who cares to talk. Try her out at my website or read the sample dialogue below!

User: Men are all alike.
Eliza: In what way?
USER: Men are all alike.
ELIZA: In what way ?
USER: They're always bugging us about something or other.
ELIZA: Can you think of a specific example ?
USER: Well, my boyfriend made me come here.
ELIZA: Your boyfriend made you come here ?
USER: He says I'm depressed much of the time.
ELIZA: I am sorry to hear that you are depressed.
USER: It's true. I am unhappy.

ELIZA: Do you think coming here will help you not to be unhappy ?
USER: I need some help, that much seems certain.
ELIZA: What would it mean to you if you got some help ?
USER: Perhaps I could learn to get along with my mother.
ELIZA: Tell me more about your family.
USER: My mother takes care of me.
ELIZA: Who else in your family takes care of you ?
USER: My father.
ELIZA: Your father ?
USER: You are like my father in some ways.
ELIZA: What resemblence do you see ?
USER: You are not very aggressive but I think you don't want me to notice that.
ELIZA: What makes you think I am not very aggressive ?
USER: You don't argue with me.
ELIZA: Why do you think I don't argue with you ?
USER: You are afraid of me.
ELIZA: Does it please you to believe I am afraid of you ?
USER: My father is afraid of everybody.
ELIZA: What else comes to your mind when you think of your father ?
USER: Bullies.
ELIZA: Does that have anything to do with the fact that your boyfriend made you come here ?

If you think Eliza a bit odd, you are right. Perhaps you won't hire her just yet. The program looks for keywords in speech, and parrots them back at you interspersed with a few stock phrases. If you type a sentence containing the word "job", the computer will say, "Tell me more about your job." It's a simple program and runs to only three pages of text. It shows how good a job you can do with very few resources and how far we are away from a real human being. More complex programs with a larger repertoire have been built and can hold a plausible conversation. People are occasionally taken in by them and are quite shocked when told they have been conversing with a machine. If you're on your guard, they are easy to spot. So far, no one has built a computer capable of holding an extended human conversation and fooling a human into thinking it's a person. Incidentally, having a sympathetic listener is so important to human beings these programs are used in psychotherapy and can be as effective as drugs.

Turing proposed a test to tell whether a computer had truly achieved human intelligence called the imitation game. His argument is as follows:

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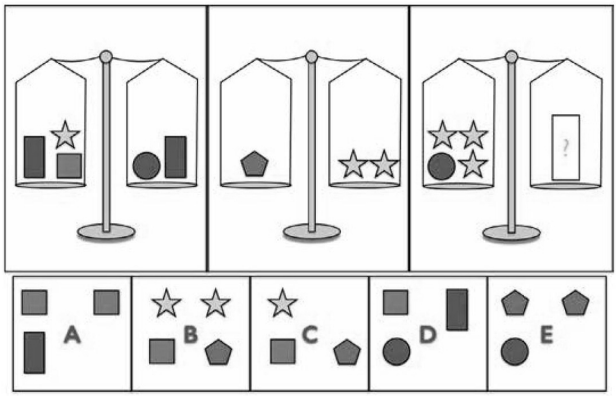


*IQ Test*

Humans are intelligent. (If you disagree with this premise then you're going to have a problem with this argument!) If you talk to a computer and cannot tell it from a human, it must also be intelligent: QED. The logic is sound but somehow feels wrong. It neatly, but irritatingly, sidesteps the whole problem of defining intelligence.

In 1912, William Stern devised a method for measuring intelligence in children. He named it 'IQ' from the German Intelligenz-Quotient. You may have taken one of these tests at school. The tests consist of a series of abstract reasoning problems that minimize cultural references. For example, you might be asked to look at a set of blocks with dots on them and identify which is the odd one out. Numerous versions of the test have been developed over the years, but nowadays we mostly use one of three standard tests, Wechsler being the most common.

Measuring intelligence is complicated. Culture and language play a big part. If we take a tribe of Amazonian Indians and ask them to list the presidents of the United States, they will fail. That does not mean they're stupid. Drop me into the Amazon Rainforest and I will probably starve to death; they, on the other hand, can live off the land as hunter-gatherers with only a few hours work per day. Who is more intelligent?

One problem with IQ is that individual candidate scores can differ wildly from test to test, sometimes by as much as 20 points. That's huge. At the high end of the scale it can be the difference between being classified as smart or as a genius; and, at the low end, between being average or mentally subnormal. These variations don't usually matter and most universities and colleges take IQ with a pinch of salt, preferring more specific tests such as SATs in America, the Baccalaureate in Europe or A levels in the UK. IQ can be very important; and is sometimes a matter of

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life or death. In Atkins v. Virginia, the US Supreme Court found a person with mental disability, defined as having an IQ of less than 80, cannot be executed.

IQ is not really a measurement, in the normal sense. Most measurements in life are absolute, for example, distance, weight, and time. I can prove my house is bigger than yours using a tape measure. We each ensure our measures are the same by calibrating them against a common reference. In the 1900s we could have walked down to the local town hall and checked our measurements against a 'yardstick'. As measurements became standardized, these sticks were compared with a common central reference. For example, the *metre* was a platinum-iridium bar kept at the Pavillon de Breteuil near Paris. In the 1960s, a laser superseded the metal reference, and today a *metre* is defined as 1,650,763.73 wavelengths of the orange-red emission line in the electromagnetic spectrum of krypton-86 in a vacuum. Measurement has become very precise!

Intelligence is different. It has no yardstick. If I were to ask, "How much intelligence does it take to design a building?" there's no simple answer. IQ is not an absolute measurement – it's a relative score. Test 100 people and list their scores in order. The ones in the middle get a score of 100; the top 5 a score of at least 130 and the top person a score of 140. Similarly at the lower end. A person with a high IQ is probably smarter than one with a low IQ, but it doesn't tell you if the building they designed will stand up. It's rather like quoting the odds of a horse winning the Derby. Quoting the odds does not give the speed of the horse, nor often the winner of the race!

Despite attempts by test creators to remove cultural bias, it can never be completely eliminated. Certain Amazonian tribes have no concept of counting above five. For them, numbers are an alien idea and serve no useful purpose in their habitat. In the jungle there are always enough trees to make spears, and as a hunter-gatherer you simply need to know where to find your prey. There is no need to count animals into an enclosure at night. Another interesting environment is the Australian Outback. Aboriginal Australians appear to have a remarkable aptitude for visio-spatial memory and can remember maps or collections of objects much better than you or I. Tests for this skill involve playing a variant of Pelmanism. A collection of objects is placed on a tray and covered with a cloth. The cloth is lifted for 60 seconds to reveal the location and type of objects and then replaced. Subjects are then given a bucket full of objects and asked to recreate the tray. You and I do a modest job. Native Australians do this almost perfectly. Why?

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In the vast, inhospitable Outback it is vitally important you remember that water can be found at the two rocks near the old gnarled tree. Forget this and you will die of thirst. It was once thought the skill evolved through natural selection, but this might not be the correct explanation. Recent studies show many of us can use mnemonic tricks to significantly improve our memory. Aboriginal skills might actually be learned and passed on from generation to generation.

IQ gives us a way to sum up intelligence using a single number but is this too simplistic? We all have friends who would be our first call if we met that special someone or lost our jobs. They are often not the smartest people we know, but they are highly empathetic. These people have 'social intelligence'. Other friends may fail academic tests yet demonstrate wonderful musical or artistic ability. They have creative intelligence. As we dig deeper, more talents emerge: sporting prowess, organizational brilliance, the ability to inspire loyalty. All these traits appear independently of academic brilliance.

During the last century, scientists worked hard to understand these different intelligence traits. The most influential theory came out of studies done at the United States Army Educational testing service, by Raymond Cattell and John Horn, and later added to by John Carroll. Their initials give the theory its name. CHC theory breaks down the general idea of intelligence into many different subgroups: 'G' factors.

If you are good at recalling all the kings and queens of England in chronological order, or can name every member of the 1966 English World Cup team or, perhaps, all the members of the baseball Hall of Fame, you would have high 'crystalized intelligence' – 'Gc'. It measures the sum total of all the *things* you have learned and retained in your long-term memory, your store of useful, and useless, facts. On the other hand there is innate intelligence, the sort that allows you to solve problems where tapping memory banks is not useful. My family often buy me puzzles for Christmas, the sort where you manipulate bits of bent metal that appear linked, but can be separated with a little ingenuity. These puzzles test our ability to work with problems we have never seen before and is called 'fluid intelligence' – 'Gf'.

*Metal Puzzle*

We can go further. A good tennis player will have high 'Gt' and 'Gv' scores: 't' for time and 'v' for vision, a good pub quiz

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contestant a high 'Glr' score – 'lr' denoting for long-term retrieval. Carol Vorderman, a UK game show presenter famous for mental arithmetic, would have a good 'Gq' score, 'q' for quantitative numerical skills. With all these types of intelligence to choose from it begs the question, "Is there a single master intelligence from which the rest follow?"

Political correctness plays a part here. It feels rather elitist to say smart people are good at everything. It is far nicer to think we each have our individual talents and some just have a few more than others. But that's not what the science tells us. 'Group Intelligence' – the overall G score – does appear to be the underlying cause of the other types of intelligence, and smart people do tend to be good all-rounders. However, there is one major flaw in the analysis; the studies only measure the subjects' ability to pass academic tests, they don't look at our success in real-life, nor our creativity.

Lewis Terman began the longest running study of intelligence and its relationship to life success back in the 1920s. It continues to this day. A group of 1500 children with high IQs were selected and tracked throughout their lives. Terman assumed their high IQs would result in them being very successful. They certainly did well, but studies show they did no better than if they had been chosen randomly from the same area (all the children came from around Stanford University). Famously two children, William Shockley and Luis Alvarez, tested too low to be chosen for the study but went on to win Nobel Prizes for Physics in 1956 and 1968, respectively.

There are many similar anecdotes: Apparently stupid people go on to great things. Einstein's teacher famously stated he would never amount to anything and Sir John Gurdon's school report said he was 'too stupid' for science. He went on to discover monoclonal antibodies for which he was awarded a Nobel Prize! Scientists have now devised the alternative theory of an intelligence tidemark. Once above this level – an IQ of about 130 – you can pretty much do anything you want to. This might be because one very important type of intelligence – creative intelligence – is not highly correlated with the rest. Creative people tend to be sufficiently intelligent for their field but once above that threshold the relationship breaks down. Success in creative endeavors seems to reflect strength of character and creative aptitude rather than raw brainpower.

## Physical Basis of Intelligence

The high correlation between different sorts of academic intelligence suggests we might find a physical process within the brain leading to

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high IQ. Functional MRI scans show intelligent people use more neurons when tackling a given mental task, perhaps bringing to bear greater raw horsepower, but this is not really an explanation. It is akin to saying Usain Bolt runs faster because he gets more power to his legs. This is obvious. What we want to know is *how*.

The problem with looking at brains for a common cause is the variation from brain to brain. We all have different genes and life experiences. On top of this, we really only see brains post mortem and this tends to confound comparisons of brain structure. One way to minimize the variation is to use separated identical twins. Twins have identical genes so their fundamental hardware is the same. We should be able to see features of the brain that are common to smart sets of twins but absent in less smart pairs. If a feature is not shared it can be discounted as something accidental, caused by disease, environment, or the like.

When we examine smart twins, they appear to have greater myelination of their neurons. Myelin is a flat protein that acts as an insulating sheath, wrapping the nerves and the neurons in our brain. Myelination appears to be part of the mechanism involved in laying down long-term memory – more myelin, more memories. It may also help sustain signals and allow them to move faster over a longer distance: the increased insulation allowing the brain to include information from more distant parts of the brain within a given thought. But increased myelination may be an effect of higher intelligence rather than a cause. The brain is responsible for a significant part of our overall energy consumption so insulating the neurons might simply help with energy conservation. This is an active area of research.

Evolution also gives a clue to the causes of intelligence. Humans, nonhuman primates, and dolphins all share spindle neurons. These spread across the brain and appear to help us coordinate complex actions between the different parts. The high function intelligence that characterizes these disparate species requires a great deal of cooperation between different areas of the brain. Take playing a musical instrument. This uses physical coordination (motor cortex), sound processing (auditory cortex), rhythm (another part of the motor cortex), along with emotional interpretation (amygdala). Humans have more spindle cells than other animals so this might explain our superior ability in performing these complex tasks.

However plausible these ideas, they are all hardware arguments. It is like me saying my word processor is better than yours because it has gold plated connectors. That might be true – it might allow the machine to run a little faster without electrical errors creeping in, but we all know

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it's software that matters. A great computer game is great because it is cleverly written and has beautiful graphics. The speed of the hardware might help, but it does not define 'great'.

Can we see these software effects in the brain?

No, unfortunately, this is where our imaging technologies fail. They lack sufficient resolution. We would need 100,000 times more resolution to see our thoughts, even assuming we would recognize thought if we saw it. There is no reason to believe the brain lays out thinking in anything resembling the computer software we are accustomed to reading.

There is one exceptional group of people that *does* show a software difference on a large-scale – chess players. It seems Chess Masters use a different part of their brain to process information about chess than you and I. This can be clearly seen on scans of the brain and is such a gross effect it even shows up in old-fashioned EEGs – where electrodes are taped to your head. Interestingly the effect can be used to predict greatness. Players likely to become Grand Masters show they use a different part of their brain from the rest of us at an early age. Chess players possess the only large scale *wiring* difference we know of, but there is another group with a visible physical difference, London taxi drivers. Their hippocampi are noticeably larger than the rest of ours. The hippocampus does many things, but one of its most significant jobs is to memorize maps. The three years it takes to acquire 'the knowledge' and the subsequent years of navigating London's complex streets give cabbies a 30% larger hippocampus than the average London resident.

## Is Intelligence Static?

We've all seen the headline. Every summer public examination results come out and every year is pronounced a record breaker! Year after year, students get better and better grades. This creates a problem. There's is no better grade than an A – and eventually all students get As. Welcome to grade inflation – a problem affecting systems the world over, from British 'A' levels to Harvard grade point averages. Newspapers are awash with stories bemoaning the dumbing down of today's tests. "Examinations aren't what they used to be."

Grade inflation undoubtedly exists and studies of undergraduate grades show progressive compression into the top grades, most competent students get 'A's, making it difficult to distinguish a good student from a great one.

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At first glance, the problem appears to be one of social engineering. Teachers don't want to disappoint, and academic institutions want to improve on last year's results. The people awarding the grades often have a vested interest in those grades improving. Even a tiny positive bias in the most scrupulously honest teacher is enough for grades to creep up. However, grade inflation might not be purely a matter of over enthusiastic teachers. IQ scores are also rising. Welcome to the Flynn Effect.

James Flynn, Emeritus Professor of Political Studies at the University of Otago in Dunedin, New Zealand, reported in 1987 that IQ scores rise over time throughout the world. All told the population gains about one IQ point every three years, and approximately every ten years IQ tests have to be re-calibrated, so the average student once again receives the average grade. This is a mystery. It is a large effect and cannot be explained by the rote learning of lots of sample questions. The human race is either rapidly getting smarter or the least smart members of society are coming up to the general average fast; either way it means there are fewer dumb people around. The Flynn Effect has recently slowed in western countries, suggesting it might be that intelligence is converging rather than increasing overall. Another interesting fact is people become more intelligent as they age, gaining about one IQ point every ten years. Against the stereotype, it's not all downhill after forty. There is hope for me yet!

Until recently we thought IQ was fixed, but new research contradicts this. Muscles get stronger with exercise, physical skills, such as playing golf and tennis, improve with practice; why not intelligence? Scientists used to believe brains couldn't get smarter; you had the IQ you were born with. You might learn more 'stuff' during your life, but the G factor stayed the same. It looks like this is wrong and we were simply not using the right exercises.

In 2008, Susanne Jaeggi and Martin Buschkuehl, of the University of Maryland, modified an intelligence test into a game and showed playing the game improved 'fluid' intelligence and increases IQ. They believe playing their game helps improve working memory – the short-term memory we use for storing sums as we do mental arithmetic – or remembering telephone numbers. Previous attempts to improve IQ through practice had not shown much success as the skills did not transfer between tests, but working memory is such a useful thing it appears to help across the board.

These factors argue against intelligence being a hardware feature of our brain. It does not remain static but instead improves with age, time, and education.

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At the beginning of the chapter, I said Garry Kasparov was once thought to be one of the most intelligent people on the planet. When his IQ was eventually tested – the German magazine *Der Spiegel* put up the money – he scored 135. That means, in academic terms, he is smart but no genius. Yet, he is undoubtedly a genius by any common sense definition: the best chess player to ever live. These days he involves himself in politics rather than chess and is still uniquely able to concentrate for long periods of time. Concentration seems a very important factor. Einstein was once asked where his genius came from. He replied that he did not consider himself a genius but instead put his success down to his persistence and ability to concentrate on a problem for many years. IQ tests say nothing of our ability to concentrate over extended periods and nothing about our drive to change the world. The tests are, at best, a useful but dangerous diagnostic tool for educators. One of the worst things IQ can do is pigeonhole people. Would Kasparov have become world champion if he had been given his IQ score of 135 as a teenager rather than late in his thirties after he had conquered the world?

Hole-in-the-Wall Experiment

*"Education is what is left after what has been learnt has been forgotten."*

B.F. Skinner

# The Learning Brain

Human beings are born with an extraordinary ability to learn through experiencing the world around them. Studies show babies as young as three weeks understand musical ideas, smiling as you play music to them in a major key and frowning at music in a minor key. By six months, babies have learned to distinguish the relationship between objects, and by two, they have a command of language and are beginning to develop a theory of self. They understand how to lie and become adept at playing parents off against each other!

Sugata Mitra, of Newcastle University, has run an experiment in India to test minimally invasive education called the 'Hole in the Wall Project'. As the name suggests, he cut a hole in the wall of a building in Delhi and put a computer in it. The hole opens out onto a slum district and local children rapidly discovered the computer. Without any formal training they picked up the necessary skills and very soon became adept at searching the Web. Remember, in order to 'pick up' this skill they often had to learn the English language as well.

Another example showing children's innate ability to learn is Nicolas Negroponte's 'One Laptop per Child' program, which gives computers to children in remote villages around the world. The laptops are a triumph of cost engineering but are fully functional and can connect to the Internet. The inspiration for the project came from an analysis of the economics of the computer industry. Huge capital investment in the western world is driving most costs down, but one cost that seems to have stuck fast is the access device. Laptops tend to remain at a floor price of around $500, far too high for much of the developing world. At $500, a computer store makes $80 when they sell you a laptop. This is as low as is cost-effective

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*Laptops Galore*

for them to stock the machine, employ someone to tell you about it, and fix it if it goes wrong in the first year. Value for money improvements have all focused on faster processors, more memory, sharper displays and larger hard drives, not lower prices. These improvements are useful if you want to shoot aliens, but overkill if you only want to surf the Internet and learn the '3 Rs'. So the 'One Laptop per Child' project has developed a device for $100.

Negroponte is often asked how he deals with the maintenance and repair issues. His answer, "There aren't any." The computers are treasured possessions and rarely broken or lost. Children become empowered by the machines and can access knowledge and information far beyond the wildest dreams of their parents' generation. Stories abound of children checking the spot prices for wheat or coffee on the Chicago Stock Exchange, and advising their parents on the price to accept for their crop. Negroponte estimates there are currently 500,000 children in South America teaching their parents to read!

It's interesting to speculate whether children learn spontaneously or are somehow 'programmed' by the adult members of society. In both the 'Hole in the Wall' experiment and the 'One Laptop per Child' program the children could simply be learning from adults and older children, but there is a novel way to eliminate this influence. Negroponte and Mitra have teamed up to run an experiment to see how children learn for themselves. They are planning to air-drop laptops into remote villages in the Andes. In this scenario, the children can't possibly learn from the

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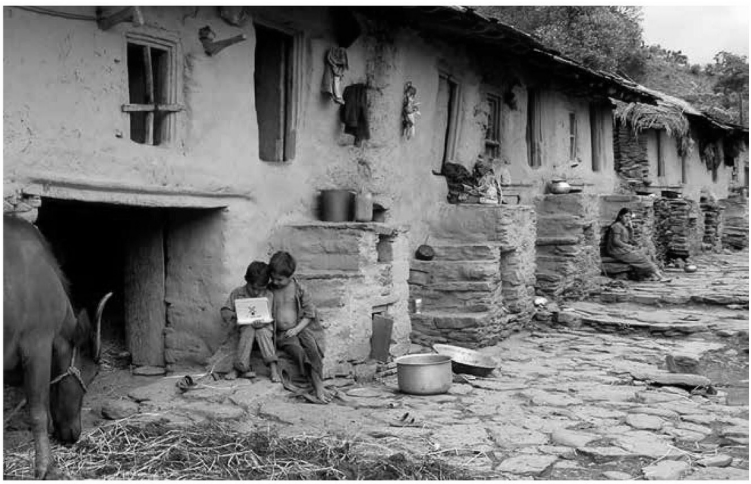

*One Laptop per Child*

adults – the adults have never even seen a computer before. Instead, they must rely entirely on their innate learning ability. At this point, the experiment has only just started; I will put details on my website as the experiment progresses.

## The 10,000 Hour Club

Learning by experience takes humans quite a bit of time. Anders Ericsson, Professor of Psychology at Florida State University, studied musicians in the early 1990s and found they had accumulated a huge number of practice hours by the time they became experts. His research was popularized by Malcolm Gladwell, in the book *Outliers*, and by Daniel Coyle in *The Talent Code*. The idea is that humans need around ten thousand hours of practice to become proficient at a skill. The more skilled players seem to have simply accumulated even more

*Dan McLaughlin*

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practice. A number of people have wondered whether you can take this literally, and if you devote 10,000 hours to practicing something you can become world class. Dan McLaughlin from the USA used to be a professional photographer and decided he might like to become a professional golfer. He quit his job and is now 3,500 hours in. So far, he has achieved a 4 handicap. I also personally got bitten by this bug and am learning the piano. I am about 3,000 hours in and am making good progress.

*Piano Practice*

Gladwell's interpretation of Ericsson's results is not without controversy. Ericsson stresses 'purposeful practice' is the important element. Practicing the wrong thing for ten thousand hours will just make you good at doing something wrong. Practicing without concentration and attention will equally have little effect. One illustrative example is the story of Edward Sanford, a supreme court judge, who read the morning prayer aloud every day over a 25 year period. After he retired he was asked if he could recite it from memory. Despite reading it as many as 5000 times during his working life, he was unable to remember it. It seems you must purposefully practice the exact thing you want to do if you wish to learn it, in this case recall.

Computers don't require practice to learn a skill. If their program is right they work correctly, and if it is wrong, they are always wrong. Computers can be programmed to learn but so far this learning has been limited to specific problem domains, such as face recognition. They do not have the general-purpose capability humans enjoy.

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Astrological Clock at Hampton Court Palace

*"The die is cast"*

Shakespeare

*"How does the water of the brain turn into the wine of consciousness?"*

David Chalmers

# Determinism

I have free will.

Look…

I can choose to type any word I like.

*Giotto...*

Many philosophers tell me I am deluded. I was always going to type that word and I have no free will. Everything in my life is predetermined. I'm rather like a character in an enormous video game. The character might think it was free to act, and its actions would appear random. Yet from the moment the player clicked the button to start the game, every action the character takes is determined by a preprogrammed set of rules. This is the free will debate. How can we tell we are free? Would there be any observable effect?

One of the big problems is that philosophers codified much of our modern theory of free will in the 19th century, at a time when all the known physical laws were deterministic and reversible. They could not see a way for free will to emerge from such physical laws. There was even a group called the Compatibilists lead by David Hume that thought free will could coexist with determinism. Provided you felt free it did not matter that your actions were inevitable.

We all want free will to mean actual freedom to make conscious choices. We would like to affect the world in which we live; not the other way around. I dislike making definitions – I find they take away from the core argument and only result in linguistic jousting, but it seems that two centuries of philosophers have avoided a proper discussion of free will by loosely defining the term. Here is my definition:

'We consciously, and through the exercise of will, make decisions between different choices without anyone or anything causing the decision in advance. Others can influence decisions – by offering advice or even holding a gun to our head, but we choose.'

If you can devise a better, stronger definition please email me and I will revise my definition to your better one. I'm searching for the most powerful definition of free will – totally free and born out of the exercise of will.

The human mind appears to have free will. At least this is my personal conscious experience. Computers, on the other hand, do not. They run programs that dictate exactly how they will operate in every situation. Could a computer be programmed to have free will? That's hard to do. Let's see why.

## Thinking with Clockwork

Astronomers have been predicting the motions of the heavens for centuries and to do this they need accurate clocks. The very first clocks were sundials. These suffered the obvious disadvantage of not working at night, but it was also unsatisfactory to use the motion of the sun to predict the motion of the sun. The earliest 'heaven independent' clocks used water flowing through small holes in pottery vessels. They were effective over short intervals but plagued by dust, dirt and evaporation. It was the invention of the anchor escapement that enabled the first accurate mechanical clocks.

By the sixteenth century clockmakers had gone to town developing astrological clocks with more and more gears, to show all manner of information; the phases of the moon, the motions of planets, even the motion of moons orbiting those planets. These clocks became hugely ornate. The astrological clock at Hampton Court Palace was built for Henry VIII circa 1542 and, as well as showing phases of the moon and the signs of the zodiac, it accurately calculated the time of high tide at London Bridge, allowing Henry to travel quickly to the Tower of London. You might also notice it shows the sun orbiting the earth! Copernicus published his book, *De revolutionibus orbium coelestium (On the Revolutions of the Celestial Spheres)* showing the earth orbited the sun a year later in 1543, and it took centuries before it became accepted fact.

Clocks need gears. The humble gear is a simple machine. They work because wheels of different size have different circumferences – the distance around the edge – but one full turn is the same for all wheels. Imagine you have a circular sweet such as a Life Saver – or Polo for

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British readers – and you roll it once around the wheel of your car. The small sweet will turn many times. Now put a pencil through the hole in the sweet, jack up your car so the wheel is off the ground, hold the sweet next to the wheel of your car and press the accelerator. The sweet will spin round very fast and probably disintegrate in a shower of minty sugar. This is the principle of gearing. A small circle has to do a lot of work to keep up with a big circle. It's very predictable. The sweet will turn a set number of times for each rotation of the car wheel, equal to the ratio of the circumferences of the two circles.

Gears usually have teeth to lock the wheels together, but this is really just to make sure they can't slip against one another when they transfer huge forces, such as in racing cars. Some passenger cars have been built with smooth gears; a friend of mine had one at university. If he put his foot down too hard, the gears would slip, heat up and you would get a terrific smell of burning rubber. If you were lucky you could leave the car for a few hours and all would be well. But, if not, you had to replace the rubber belt, which was very expensive. Toothed gears generally win out.

Toothed gears also have the enormous benefit of being digital. This is quite important if you want to keep things accurate. Gears can't move a fraction of a tooth so if a toothed gear has 'slipped' forward a small amount, it will be kicked back into position when it meshes with another gear.

In a modern mechanical clock, a balance wheel swings back and forth on a spring and moves the main gear one notch forward each time it passes its central position. Gears divide this down to move the hour and minute hands. If I put the hands of a clock at midday and let the clock tick 86,400 times, the clock hands will come back to the same place. Once you understand how a clock works you can play a trick. If you tell me the number of ticks the clock has tocked, I can tell you the exact position the hands will be in. To a small child this might be dressed up as a magicians trick – but, of course, it is simply a matter of dividing the number of ticks by 60 and then 60 again to calculate the amount of time elapsed. This type of precisely predictable behavior is called deterministic behavior. Something is deterministic if you can set it up in a particular way and know the exact state later or, conversely, examine something and trace it back into the past.

Modern computers scale up clockwork and make it much more efficient; gears are translated into electronic logic gates and a quartz crystal vibrates at 1000 million ticks per second to give us the clock tick. On each tick, the computer can do a mathematical operation, store and retrieve information, or branch down an avenue in its program. Using

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these simple building blocks the computer allows us to play computer games or process the words of this book as I write. Importantly, all these operations are deterministic; given a set of inputs the computer will always generate the same outputs and that means a computer has no free will.

"Ah," I hear you say, "but my computer plays games with me and is not predictable, otherwise I would always beat it." You are right, but the computer has a clever trick to fake non-deterministic behavior: it uses you!

Computers on their own cannot generate random numbers. All a computer can do is generate a pseudo-random number and it does this by working its way through a very long calculation. It could, for example, calculate the first thousand digits of $\pi$ (pi), and then start using the subsequent digits as random numbers. The digits look jumbled up but we know they follow an entirely predictable pattern. The computer appears to behave randomly because when I press the button to kill an alien the computer picks the number it had counted up to at that moment, say the 55,678$^{th}$ digit of $\pi$, and uses that. It is I, the human, who unconsciously picks the precise moment in time and therefore provides the random element. My choice is governed by all sorts of extraneous quantum influences: Did I have coffee this morning? Was it a big mug or a small cup? How hot was it? All these things will be important as they determine the amount of caffeine absorbed across the brain blood barrier and the exact timing of my actions.

Humans are not good at consciously generating random numbers. We tend to choose the same numbers too often. If I ask you to pick a number between one and ten, you are likely to choose three or seven. This effect is called social stereotyping; magicians often use it when they pretend to read your mind. The problem arises because we tend to over think the problem. I asked you to pick a random number between one and ten. You won't pick one or ten. Five is too obviously the mid-point. Even numbers don't feel random. Nine is too large. That just leaves three and seven. So the mind reading magician has you! Humans can unlearn this social programming and become quite good random number generators but normally we tend to conform.

There is a way two humans can generate a truly random number without training. Find a friend for this experiment. One of you should pick any number between one and ten and start counting under your breath, when you get to ten just go back to one and keep repeating. The other should wait a while and then shout stop. The number reached should be genuinely random. Please post the results on my website and I'll tell

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you if this crowd-sourced random number generator really works. There should be no way to predict the resulting number as both of you are affected by quantum randomness and, provided you wait a little before shouting stop, any social stereotyping should be overcome. If you want to be scientific, remember the random number you started with and the length of time before your friend shouted stop. There should be an improvement in randomness with the amount of time they wait.

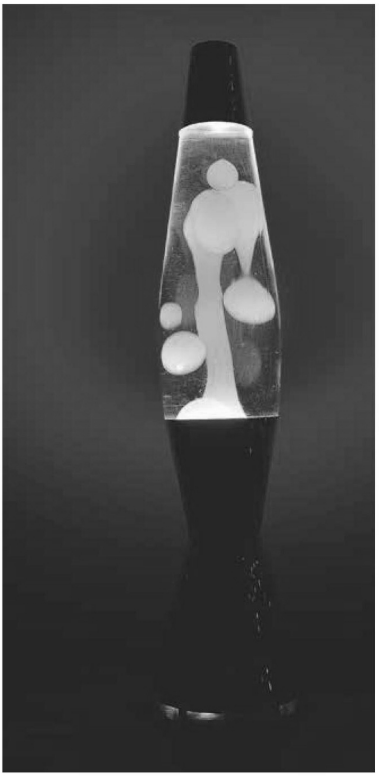

*Lava Lamp*

In the absence of human interaction another way to give a computer access to a random number is from a quantum device. A lava lamp works well! The Lavarand, developed by Silicon Graphics, is a hardware random number generator which uses images of a lava lamp to seed a random number generator. It is covered by U.S. Patent 5,732,138, titled "Method for seeding a pseudo-random number generator with a cryptographic hash of a digitization of a chaotic system." Got that!

A computer does not acquire free will just through the injection of randomness. You could simply put an intercept on the link from the lava lamp to the computer and completely predict the computer's behavior. The system as a whole will certainly do unpredictable things, but the computer did not make a choice; behaving randomly is not exercising free will. Where is the will?

## Consciousness

I remember my first trip to Death Valley in the United States. We were driving along the main east-west highway at the bottom of the valley and a sign said, "Turn off your air conditioning now." I did as I was told and to cool down I opened the window. When I put my hand out I felt

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nothing; no wind chill, nothing. The air was so hot the wind carried no heat from my hand. When I imagine hot weather it always brings back this memory. It's my conscious experience of the world.

Humans experience the world through a vivid lens we call consciousness. It allows us to think about the world as we watch it and plan actions. But, it also summons associated memories, something scientists call 'qualia'. Most writers describe consciousness as an internal dialogue with themselves and see it as a consequence of human language. That's probably because most writers are linguists. Non-linguists, perhaps even dyslexic engineers like me, experience consciousness as more of a visual dialogue.

It's hard to pin down consciousness as the difference between humans and computers. Computers do have something that resembles consciousness; they have watchdog functions, they plan and anticipate actions and are aware of their own existence. But they don't understand or make free choices based on this consciousness. It is an entirely mechanistic affair. A computer might know its CPU is overheating and send a notification message to the administrator, but it does not really appreciate what this means. It does not have our sensation of a near death experience. This self-awareness is the 'hard question' of consciousness. Why, despite the computer knowing it is overheating, does this not translate into the intense experience we have? Philosophers, such as Daniel Dennett, think this lack of consciousness is only a matter of time; once computers live long enough and have sufficient internal complexity they will begin to experience the world the way we do. We are nothing special.

The problem with consciousness is it does not seem to have any externally discernible effect. Anesthetics can take it away and brain scanners can see that it has been switched off, but what is it for? I think it comes hand in hand with our faculty of creativity. Consciousness allows us to shape the world – not the other way round.

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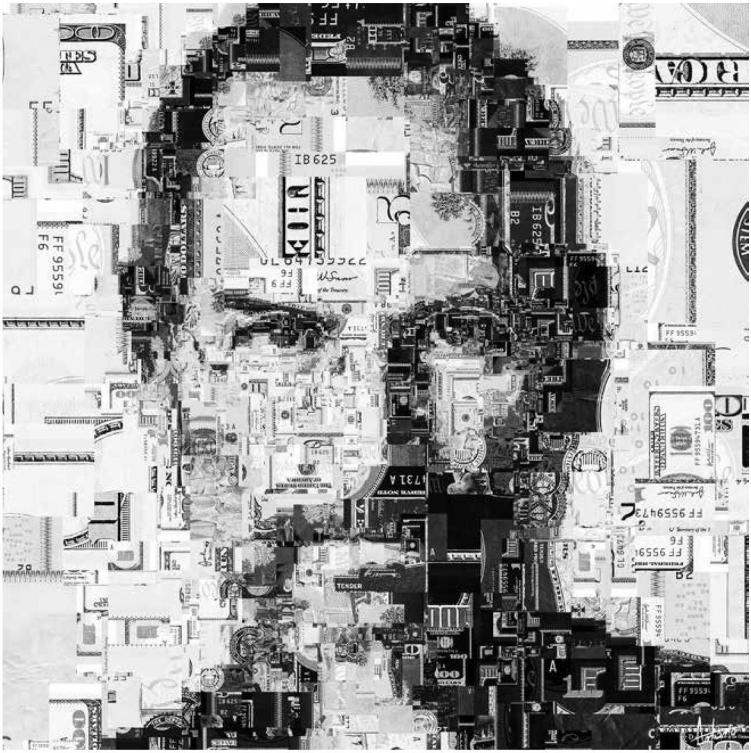

Steve Jobs

*"We can't solve problems by using the same kind of thinking we used when we created them."*

Albert Einstein

# Creative Theories

Once I have exercised my free will by getting out of bed in the morning, I often decide to do something creative. Humans seem driven to create. We compose music, draw, paint, and solve mathematical puzzles. Computers are not naturally creative; they spend most of their time doing exactly the opposite – following preset rules. Is this a fundamental limitation distinguishing the computational world from the real world?

## The Conventional View

Most scientists believe pattern-matching algorithms in the brain allow us to be creative. To see how this might work, imagine our brains are chaotic – not hard to do – and process many competing ideas at the same time. The neurons in our brains build millions of useful, and useless, connections based on the patterns in the data we see and hear. Then a selection process goes to work – something akin to natural selection – to sift and prune the connections until something bubbles to the surface and we get that, 'aha' feeling.

Douglas Hofstadter, Professor of Cognitive Science at Indiana University, famous for the book *Gödel Escher Bach*, has written a computer program using pattern matching to discover number theorems; things like any number ending in a zero is divisible by 5. The program produces interesting results, even perhaps generating some new theorems. He argues the human brain is essentially a scaled up version of his program. By the way, if you like trivia, his book *Fluid Concepts & Creative Analogies* was the first book ever sold on Amazon.com.

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## The Unconventional View

Roger Penrose, Professor of Mathematics at Oxford University, holds a completely different view. He thinks brains operate in a non-algorithmic manner and provides a sketch of the possible mechanism in two books – *The Emperor's New Mind* and *Shadows of the Mind*. He suggests tubulin molecules, which form the skeleton of our neurons, exploit quantum-gravitational effects to calculate non-computable functions. The scientific community was initially highly skeptical that quantum effects could survive the warm, wet environment of biological systems, but in January of 2014, Edward O'Reilly and others at UCL discovered plants use quantum effects to improve the efficiency of photosynthesis. No prize has yet been awarded for this discovery but it must be a contender for a Nobel Prize at some point. Recently Travis Craddock, now of the Nova Institute in Florida, has submitted a paper showing a very similar geometry of proteins exists within tubulin microtubules in the brain. He believes this is evidence quantum effects may exist there as well.

A simple quantum effect in the brain could merely reduce the resistance of the wiring in the brain to help conserve power and avoid overheating. We recognize this is a major problem in building small, powerful conventional computers. Roger Penrose suggests an altogether more radical idea. He proposes our brains are quantum gravity computers capable of calculating non-computable functions. We don't yet have a theory for quantum gravity so his idea is at the cutting edge of physics – read highly controversial. He raises a deep mathematical question. If the Universe is deterministic and effectively equivalent to a computation, how does 'creative' knowledge emerge within it? Lots of knowledge can be manufactured by simply mechanically rearranging data. That's what happens when I watch a DVD or play a computer game, but, at some point in the past, a director or a programmer had to put in the creative effort to make the movie or write the computer program. How did that happen? Was it baked into the fabric of the Universe at the moment of the Big Bang? Is what we take for a Universe really nothing more complex than putting a DVD in the slot and hitting play?

One last piece of trivia links Hofstadter with Penrose: Roger Penrose and his father invented the Penrose Steps, inspiring the never-ending staircase in the Escher prints featured in Hofstadter's book. For movie buffs, the Penrose steps appear in the film *Inception*, starring Leonardo DiCaprio. The fact we get pleasure from these trivial links tells me something is going on in our brains that is not so mechanical.

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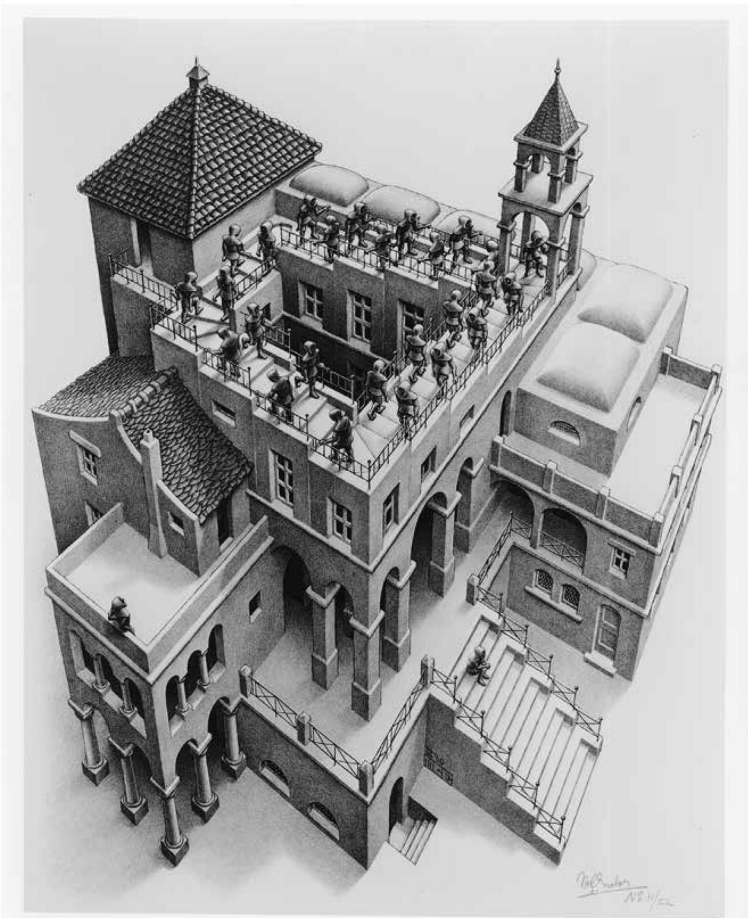

*M. C. Escher's Ascending and Descending (Penrose Steps)*

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# Chapter 2

# UNDERSTANDING

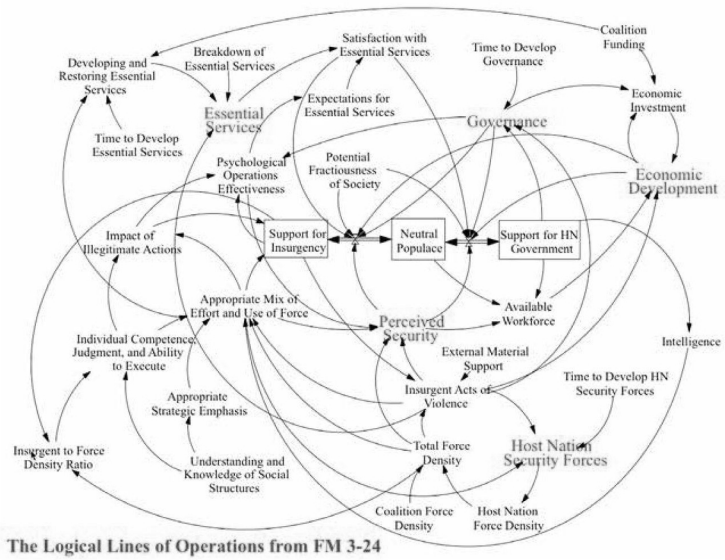


**The Logical Lines of Operations from FM 3-24**

Afghanistan COIN Dynamics

*"Power corrupts, PowerPoint corrupts absolutely."*

Ed Tufte

*"No battle plan survives contact with the enemy."*

Colin Powell
Originally, Helmuth von Moltke

John Masters stood up to address General Stanley A. McChrystal and his military staff in Kabul. The topic, of course, the war in Afghanistan. The main war lasted only eight weeks, but this did not end the conflict. A level of tribal violence and insurgent warfare rumbled on for years, killing around 30 people a week. Masters' job was to explain the dynamics of Afghanistan and provide politicians and military commanders a framework to understand what was going on.

Think about your country for a moment. What maintains the fabric of society – police, family, the local charity club, church, newspapers, the broadcast media? All these institutions work to keep us civilized, but what happens if a country loses them? There are institutions in Afghanistan, good and bad: tribes, gangs, corrupt officials, families. Masters had spent a year investigating these interactions, and questioning the returning commanders. He and his team believed that understanding the dynamics of the conflict was the key to bringing peace to Afghanistan.

If you live in an industrialized country, you rarely see society without its civilizing web in place. One interesting 'experiment' that shows what happens when it fails was the 1976 traffic police strike in Finland. Finland is a fantastically law abiding country where most people obey both the written and unwritten laws. During the strike, this behavior changed. Many people began parking illegally but refrained from blocking the roads. A few took advantage of the absence of police to drive incredibly fast – twice the national limit. These would be labeled as 'defectors' in game theory. Without traffic police, a different automotive

*General Stanley A. McChrystal*

morality emerged, a different structure to society. Of course all the other parts of society remained the same. People paid their taxes and went about their lives normally; only the traffic behavior was affected.

Afghanistan has had most of its social structures removed over the last forty or so years. First the Soviets, and then the Taliban, took apart much of the fabric until finally the Allied Forces swept the Taliban out, leaving very little behind. There were no police or courts, and few laws – or at least none enforced by the rule of law. The Allied Forces have spent a decade rebuilding these structures. Before we examine Masters' presentation, let's look at the daily life of an Afghan farmer.

If you are an Afghan farmer you have a dilemma. Your most reliable crop is opium. It grows well in the arid soil, does not require irrigation, and is resistant to most pests. For this crop there is a financial infrastructure to rival the Chicago Commodities Exchange. You get interest free loans secured against the crop, and you can forward sell your product on a futures market. Your investors can 'add value' by dealing with the major pest – the US military. They do this through the simple expedience of taking pot shots at them if they get too close to the crop. Since a field of opium is worth $30,000 and a militia wage for the year is $350, you can easily employ a few men to protect your investment. Of course, you are indebted to thugs and criminals, but they are at least reliable thugs and criminals.

On the other hand, the traditional products of the Himalayas – walnuts, pomegranates and vines – need years to cultivate. There is no forward market and the timescales over which you must take risks are far greater. If you believe your American protectors will leave before the crops mature, you will be loath to plant and care for them. But, if you make the decision to take this risk, you have a strong incentive to foster stability and reap the rewards of your effort. There is a feedback effect: the balance of power between all the different parties is important to the decisions you make, and the decisions you make affect your desire to invest in future stability.

Masters' team built a slide pack to demonstrate the complex interactions between the groups: farmers, security, stability, markets, military power, and emerging institutions. The COIN – COunter INsurgency – dynamics slide shows just how hard it is to communicate complex topics between human beings. The presentation is beautifully crafted but it was a public relations disaster. At the end of the presentation General McChrystal said jokingly, "When we understand that slide, we will have won the war." The slide was paraded in the press as, "the most complicated PowerPoint slide in history."

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If you invest a little time on the slide you will understand it and may even see it as a thing of beauty. But Masters' audience was obviously expecting something different and, presented with this level of complexity, went into shutdown. Perhaps they wanted a simpler presentation, a high-level summary, a few bullet points. Of course, there is no simple presentation on Afghanistan. The lesson is that context, timing and expectation are often as important to good communication as the elegance of the content, and that information is a complex thing.

If you want a lighthearted poke at PowerPoint here is Peter Norvig's PowerPoint version of the Gettysburg Address.

## Understanding

Next time you are in a business meeting, count the number of times the word 'understand' is used. If you ask the people around you what it means you'll stump many of them. That's because understanding has two very different meanings. Most people don't separate these meanings but the distinction is important. Understanding means to decode information, to comprehend – but, more importantly, it also means to absorb and internalize information. That feeling you have when you 'get it'.

If I say, "I understand" I mean I have taken in the question you asked and decoded it into ideas so I can provide an answer. This can be quite a mechanical process and computers routinely understand natural language and answer questions – Apple's digital assistant Siri being a case in point.

When I say, "I understand a problem" or "understand a culture" I mean something far less tangible. Somehow the information I have gathered over my life is formed into a matrix within my brain that allows me to ponder and run scenarios. I can predict the effects of my actions before I do them, and often anticipate your responses. That's clearly a very useful evolutionary adaption, but is there more to it than that? Roger Penrose and David Deutsch think understanding allows us to transfer non-symbolic information from one brain to another. We don't run programs in our brains, nor do we store precise information such as lists and tables. We have, therefore, had to evolve a creative approach to communicating skills and understanding each other. One of the most closely studied areas in the field of communication is when it breaks down in the lead up to a disaster.

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*"The human mind tends to look for clear linear relationships, we like solutions that are close to the problem in time and space and make sense when we think about it quickly, unfortunately, those simple solutions are usually wrong and come from acting on a complex system as if it was a simple one."*

Brett Piersen

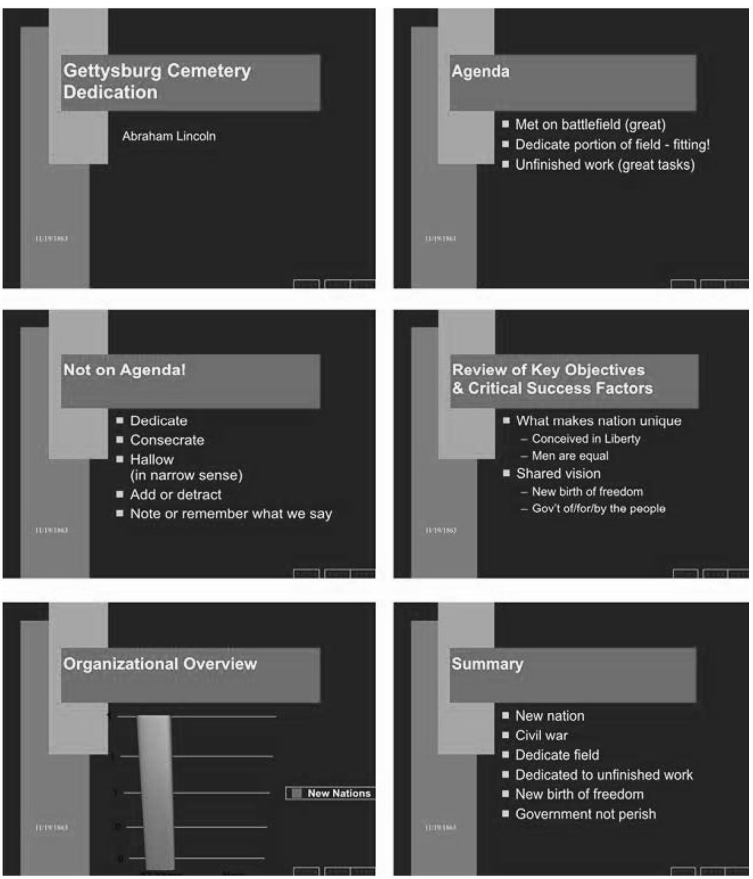


*Gettysburg Address, Peter Norvig*

Space Shuttle Columbia Crew Photo

*"For a successful technology, reality must take precedence over public relations, for Nature cannot be fooled."*

Richard Feynman

# Bad Understanding Can Kill

On January 16, 2003, at 3:39pm, the Columbia space shuttle took off from Cape Canaveral. During the launch a small piece of foam insulation broke off the fuel tank and hit the shuttlecraft. The event was recorded on a few low-resolution video frames. They show a tiny white object hitting the shuttle and a plume of dusty material splattering outward. The shuttle made it safely into orbit and for two weeks engineers on the ground debated what to do. In the end, it was decided the risk was minimal and the shuttle could safely return to Earth. On reentry, the shuttle disintegrated, killing seven astronauts.

NASA managers had decided the shuttle was undamaged based on a series of presentations by the engineers. One image in particular analyzed the potential damage to the shuttle's tiles from an impact. Read the slide, look at the key frames, and decide for yourself what action you would have taken.

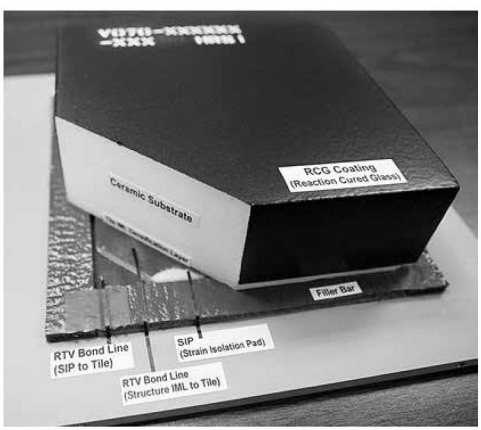


*Shuttle Tile*

**Review of Test Data Indicates Conservatism for Tile Penetration**

- **The existing SOFI on tile test data used to create Crater was reviewed along with STS-87 Southwest Research data**
  - **Crater overpredicted penetration of tile coating significantly**
    - **Initial penetration to described by normal velocity**
      - Varies with volume/mass of projectile (e.g., 200ft/sec for 3cu. In)
    - **Significant energy is required for the softer SOFI particle to penetrate the relatively hard tile coating**
      - Test results do show that it is possible at sufficient mass and velocity
    - **Conversely, once tile is penetrated SOFI can cause significant damage**
      - Minor variations in total energy (above penetration level) can cause significant tile damage
  - **Flight condition is significantly outside of test database**
    - **Volume of ramp is 1920cu in vs 3 cu in for test**

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*NASA Internal Slide*

**WHAT DO YOU UNDERSTAND FROM THE SLIDE?**

*Some images of the launch are shown on the right*

Here is what you should have understood from the slide: tiles are really tough but if the foam dislodged from the fuel tank broke through the outer coating it would cause significant damage. The estimated speed of the foam hitting the tile was 640 times greater than anything previously tested. Worried?

Is this a proper understanding of the problem? You have the slide and the images. Take another look and think hard. If you want, you can check a video of a similar launch on YouTube to get a feel for the scale of things, but the still frames shown all the information you need to make your conclusion.

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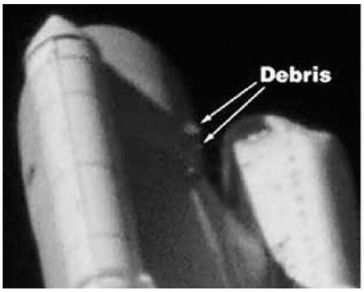


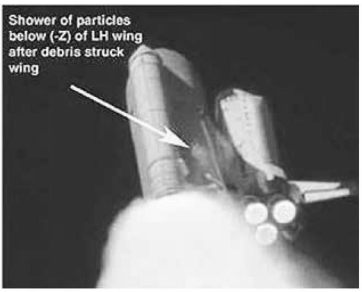


*Photographs of the Foam Impact from Video Footage*

*Frame Showing Foam Dislodging*

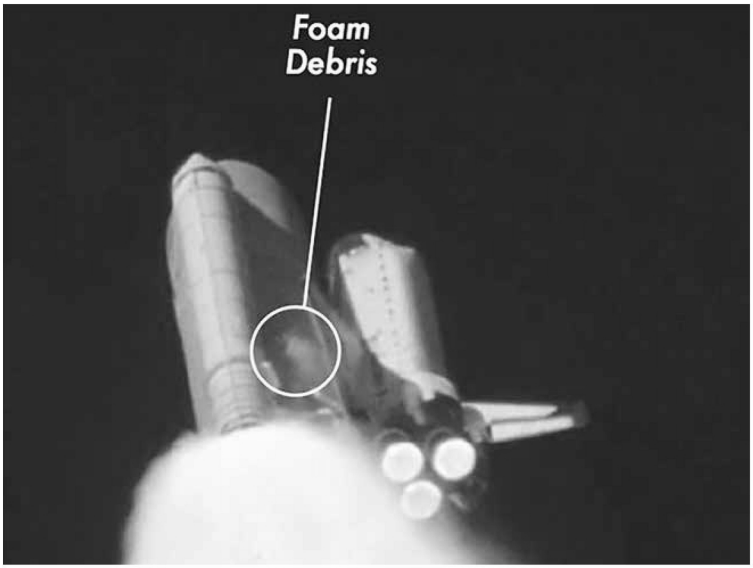


*Still from Ground Camera*

## LOOK AT THE IMAGES, WHAT HAPPENED?

The truth is you simply don't know. If you are puzzling over the strength of tiles, you have been misdirected. There is video footage of some sort of impact on a wing mostly covered in white tiles, and a slide describing the effect of a benign sounding 'foam' hitting those tiles. But what is the evidence for an impact on a tile? The shuttle is certainly not made entirely from tiles; I can see a window in the picture. You should instead be asking more questions, "What happened?" "What hit what?" and "How bad is that?"

It was bad. The foam, a very tough material, had hit the leading edge of the wing, a weak point, punching a hole through it. The wing failed on reentry and tore the shuttle apart. Clearly, a full discussion of the possibilities did not occur amongst the shuttle team, or perhaps it only happened amongst the engineers in private. Once the analysis was tidied up and presented to 'management' it was a one-way communication of the conclusions, not a discussion of the underlying ambiguous thought process. The result: people passively listened to the information rather

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than interactively understanding it and agreed on the recommendation that it was safe to return. Clearly they did not understand the ambiguity otherwise they would have realized they did not have enough information to form a conclusion. This is the tragedy of lack of understanding. If they had known how little they knew, they could have deployed a spy satellite to take pictures of the damage – one was available nearby and would have taken a few hours to re-task – but they did not.

Ed Tufte served on the second shuttle disaster commission and provided an analysis of the disaster. He views slides as a poor medium for communicating complex problems and thinks documents are far better. The danger with slides is they force you to simplify information in a way that destroys the essence of the information. His analysis of the failure of communication at NASA formed a major part of the final report on the disaster. Later he coined the paraphrase "All Power corrupts; PowerPoint corrupts absolutely." Good communication benefits from stories and narrative, not bullet points and graphic fluff. Instead of using bullet points, speak! After all, we have evolved for 250,000 years to understand language, but only 25 to read PowerPoints. '

If you write presentations, Ed Tufte's book *The Cognitive Style of PowerPoint* is compulsory reading. He argues that much of the information you want to communicate is complex and interconnected. PowerPoint or any similar presentation software encourages you to simplify it into hierarchical bullets. The format implies simple causal relationships where none exists. This is dangerous. Communication should convey understanding – which is very important – and not just information. What, you ask, is the difference?

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Searle's Chinese Room

*"The hardest thing to understand is why we can understand anything at all."*

Albert Einstein

# The Imitation Game

As an experiment, I am going to ask a student to spend a week in a locked room. The room is perfectly nice; it has a bed, a light, a desk, some reading matter, oh, and we'll give him some washing facilities too! Every now and then I post some food under the door to keep him going, Pop-tarts and pizza (thin-crust) work well.

On the first evening a note is pushed under his door with a symbol on it. The student puzzles for a while, then opens the book sitting on the desk. The book says, "If you get a piece of paper with symbols on it look them up and follow the instructions." He looks up the symbols and the entry in the book says, "Go to page 44, write down the third symbol on a piece of paper then post it back under the door." He follows the instruction and is rewarded with another piece of paper, this time with a larger set of symbols on it. Again he follows the instructions in the book and posts his answer back under the door. This goes on for several days. He is somewhat bemused, but it passes the time, and he diligently looks up the symbols and performs all the complicated actions as instructed.

Meanwhile, I meet our new Chinese graduate student and explain to her she needs to interview a potential translator for the department. He has just come in from Hong Kong and there is a health scare, so we have quarantined him in the lab room. He is bored and I have some paper for writing messages. She writes "hello" in Chinese on a piece of paper and posts it under the door.

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The exchange of notes goes on for a few days and the two seem to be getting on well. There is even a little romance in the air. When the week is over I open the door and the two meet. The graduate student says, "Hello. It's nice to finally meet you in person." The man is puzzled because, of course, she has spoken to him in Chinese. He knows no Chinese.

"I'm terribly sorry, but I don't speak Chinese," he says.

She is puzzled, "But I spoke with you this last week!"

"No, I really don't speak it," he says.

And, of course, he is telling the truth. The book he has been using contains the rules for answering questions in Chinese, but he has absolutely no knowledge of the language. I'll leave to your imagination whether the two strike up a real relationship and live happily ever after.

This is the Story of the Chinese Room. The setup is able to fool someone into believing there is a Chinese speaking person in the room, yet there is not. Where does the understanding of Chinese lie? The man definitely does not understand Chinese. And the book clearly does not understand Chinese because it is an inanimate object. Yet the person outside the room is convinced she is communicating with a Chinese speaker. The analogy to a computer is clear. The book is software and the man blindly following instructions is the hardware. John Searle, who devised the thought experiment uses it to show computers can never understand because there is no place in a mechanistic system for understanding to exist.

The Chinese Room has sparked huge argument in philosophical circles; let me boil it down to its simplest form. First, let's refute Searle's position with the 'System Argument'.

The man plus the book form a system. Systems understand; their individual components do not. My blood does not understand. My brain without blood would not understand – it would be dead! Plug my brain into a good supply of blood; add a dash of glucose, and it will understand the most complex of things.

The systems argument is elegant and most scientists think this is the definitive argument against Searle, but Searle has a neat way to counter it. "Imagine", he says, "that the man memorizes the book and leaves the room. Now there is no system, there is just the man, but the man still does not understand Chinese; he is just parroting rote-memorized words and rules." Computers, Searle argues, process syntax – the rules of language; humans understand semantics – the contextual meaning of language.

Artificial Intelligence (AI) proponents hate the Searle argument. They believe the memorization of a set of words and rules is exactly what gives us knowledge of Chinese. That is why we go to school!

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A key problem posed by Searle's Chinese Room is whether you can know everything about a situation from just looking at the inputs and outputs. This is very similar to the restriction posed by the Turing Test. In that case if we were to trace the wire from our computer terminal to the other room we would either find a human typing messages or a large box covered in flashing lights. This would definitively answer the question whether we were talking to a man or a machine. Similarly, if we opened the door to the Chinese Room we would immediately know whether there was a real Chinese speaker in there or not. But opening the door on both tests misses the point. The question asks, "if the inputs and outputs are the same does it matter what is *really* going on inside a closed system?"

## Black Boxes

Experiments involving closed systems are known as Black Box experiments. They presume you can learn *everything* about the inner workings of a box simply by probing it from the outside. Young electronic engineers are often given black boxes as a test. Electronic components hidden in the box are connected to three external terminals on the outside. The student is asked to deduce what is in the box using only an electric meter to probe those terminals. Here are a few examples of the possible contents of a black box. They would all show up identically on the student's meter. Although internally different they are externally identical. Even my 'silly' fourth choice with a cat in the box does not give

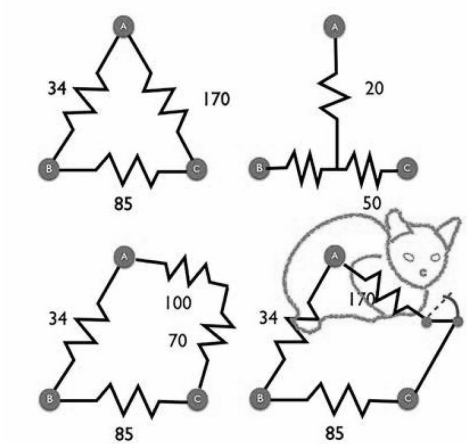


*Black Box Equivalence*

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itself away if all you have to go on are electrical readings. (I dare say the cat would make its displeasure know if left in there for any time.) The contents are, therefore, said to be black box equivalent.

The reason for teaching engineers about black boxes is to help them understand how to simplify things. We could construct option four, with a cat and some food, but it would cost a great deal of money. Option 1 is functionally identical from an electrical point of view, but for a fraction of the cost. Steve Wozniak and Steve Jobs were so successful when they started Apple because Wozniak was brilliant at simplifying logic circuits. He could take a design with thirty chips and come back with a black box equivalent solution using only five. It was a fraction of the cost and far more reliable.

Scientists put great store in black box equivalence because of a principle called Occam's Razor. William of Occam was an English Franciscan friar living in the fourteenth century. He proposed the idea of minimal explanation. It states that, 'among competing hypotheses, the hypothesis with the fewest assumptions should be selected'. When trying to explain the workings of a black box, the more complicated inner workings should be discarded, as they have no externally verifiable effect over the simpler mechanism. Our extraneous animal must be eliminated! Sorry.

Ironically, given his calling, Occam's Razor is sometimes wheeled out as a disproof of the existence of God. Surely God is a complication unnecessary to the explanation of our Universe. The argument is illustrated beautifully in Carl Sagan's book *Contact* and the film of the same name. God gets the last laugh in Sagan's book when the difficulty with Occam's Razor is brought into sharp focus. Occam's Razor contains an inherent paradox. At any moment in time we only have evidence to support the simplest of explanations, yet we know many of these simple explanations are incomplete. We regularly discover new phenomenon – dark matter and dark energy being some recent examples. If we stopped discovering new things, Occam's Razor would be a good way to simplify our thoughts. Occam's Razor is a useful intellectual tool to prevent us over complicating explanations, but there will often be explanations that are correct, but for which there is not yet any observed effect.

If we go back to our black box example, we see the flaw in concluding the boxes are identical from examining only their inputs and outputs. Opening them would clearly show they are not identical! But, how would this fact reveal itself if they remain closed? The answer is: over time. If something in the box has memory or understanding, it could present one set of results for a while and a completely different set of results later.

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In my trivial example, the cat could eat a wire and change the operation of the black box. Now there is an open circuit where none existed before. If this happened, the output would change and we would need a new theory to explain it. If the circuit was attached to a missile control system or a life support system, you would really want a full understanding without waiting. It's humans nature to try to open black boxes. This is what MRI scans, X-rays, particle accelerators and all our other tools of scientific investigation are for. We want to open all the black boxes of nature and see what is going on inside: simply waiting to see what happens is not acceptable.

In a sense, we live in a black box. We experience the world through our senses, seeing with our eyes and feeling with our hands. The brain never directly experiences anything; it only infers the likelihood of

*Scene from The Miracle Worker. Helen Keller pictured at the moment she understood language.*

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something from the signals it receives. This is similar to our engineer probing the terminals of the circuit of a black box. How can we know our experience of the world is real?

## Understanding the World

The French philosopher Descartes gave us an explanation for this paradox. He spent a long time looking skeptically at everything we perceive. For example, when we poke a stick into a pond, the surface of the water bends light and the stick appears to have a kink in it. Our eyes tell us the stick is bent, but our brain 'knows' the stick is straight: it's an illusion. Descartes wondered if something so simple could be an illusion, perhaps the whole of our experience is too.

His eventual solution underpins much of modern philosophy – 'I think therefore I am', *cogito ergo sum*. Even if we doubt everything else, we cannot doubt we are thinking about this doubt. At least we can rely upon the existence of this 'thought' as some reality. Descartes built up from this bedrock the real world we live in. We can be sure we experience things and can apply logic and use thought. We can use this intellectual faculty to tell a great deal about our Universe.

## True Understanding

In the QED lecture series, *The Strange Thing about Light and Matter*, Richard Feynman relates the story of the ancient Mayan astronomers. 3000 years ago they were able to predict the motion of Venus in the sky using only pebbles. They had a simple system that could predict when the planet would rise over the horizon. Put a stone in the jar every day, take out a stone once a week, add a stone at every new moon. If the number of stones in the jar is divisible by 23, Venus will rise. I'm making up the details but you see the idea... It's a very simple algorithm. What should we conclude if the Mayans had perfected their calculations to predict the motion of Venus and it proved reliable over a whole century? Would this constitute understanding?

Feynman would say no: the Mayan understanding was not complete. It was only black box equivalent to our modern understanding over a limited period. We known that once the Sun begins to run out of fuel it will swell to a red giant and explode, destroying Venus and the Earth. Their model could not predict this catastrophic failure. Our modern deeper understanding of the workings of the solar system allows

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us to predict this future even though there is no clue from the motion of Venus today. Understanding allows us to predict discontinuous events: a system changing its state or a star running out of fuel.

We see the same predicament in stock markets. Stock markets normally behave in a linear fashion but, when they go wrong; they go *very* wrong. Recent recessions have been made much worse by the failure of hedging systems to handle market disruption. Some even think the crises were caused by the automatic trading strategies of these hedging systems.

The quants – as mathematicians in banks are called – spend considerable effort modeling financial instruments to show that if one stock goes down, another will go up at the same time. If the stocks are held together your investment is safe because, on average they will remain constant. The problem with these correlations, which often hold reliably for many years, is that when trouble hits they fall apart. Historical correlations don't give us understanding of the future: something that was only meant to happen once in a million years has happened within six months. As they say on your investment papers, past performance is no predictor of future results.

## Do Computers Understand?

Today's computers don't have our general-purpose ability to understand. Watson was thrown off by badly formatted English. The human contestants, by contrast, had no problem with this. Just how good would Watson have to be, to call it – or should I say 'him' – intelligent? How could I judge this had happened? Alan Turing proposed an ingenious test in his 1950 paper Computing Machinery and Intelligence using 'The Imitation Game.' We now call the Turing Test.

If we ask a series of questions to a computer and we cannot tell its responses from those a human would give, then the computer is, for all practical purposes, the same as a human. Since we are intelligent – or at least we hope we are – the computer must also be intelligent. QED.

That's all there is to the Turing Test. Puzzled? Let's pick his argument apart.

Imagine you are chatting away on Facebook with someone you don't know. They may have posted a photograph so you can see what they look like. The photo might be a fake; you have no real way to tell. What question would you ask the other 'person' to prove they were human and not a computer? There are obviously some giveaway questions. Please multiply the numbers 342,321 and 23,294 and give me the answer. This

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would be very hard for a human but easy for a computer. If you got a very quick answer; the computer would have given itself away. But, the computer has been programmed not to give itself away, and it is free to give the answer slowly or even reply that the calculation is too hard. Our computer can say anything it likes, including lying to pass the test! If the computer can fool a questioner into believing it is a human then Turing argued the computer has shown it is at least as intelligent as we are.

It used to be assumed that the field of broad general knowledge would be hard for a computer, but Watson has shown this is not so. With enough storage and a reasonable algorithm, winning a pub quiz is well within the capability of a modern computer.

The really difficult questions for a computer are philosophical ones, novel questions and things that don't fall into a pattern. For example,

"Are you happy?"

"What do you think of Shakespeare's Hamlet?"

"Is there life after death?"

"How went it?"

"Think Differ..."

If a computer could plausibly answer this sort of questioning for an extended period, say fifteen minutes, should we conclude it is intelligent, or do we need more time to be certain?

Turing's approach to certainty was simple. Just ask lots of questions. As you ask more and more questions, you will become increasingly certain you are talking to an intelligent being. He characterized it as a linear process; after 15 minutes of questioning you might be 99% certain and after a few hours 99.9% certain and after a few days completely certain. The problem with this approach is it does not flush out discontinuities. What if the questioning suddenly stopped without warning or explanation? A human responder is likely to worry that the questioner has had a heart attack and do something to find out what is going on including leaving the room. Humans can make creative leaps, solve non-computable puzzles or come up with a clever new joke. A humans could even announce the test is a waste of time and walk off. They just exercised free will! A computer cannot do these things.

Each year a group of scientists enters a competition run by Cambridge University to win the Loebner prize, a competition to see how close a machine can come to passing the Turing Test. If you can beat the test you win $100,000. So far no one has come close and scientists are beginning to realize just how hard it is.

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*"On the Internet, nobody knows you're a dog."*

***New Yorker Cartoon***

With the anonymity the Internet provides we can imagine all sorts of strange scenarios if the Turing test could be passed. You would have no way of knowing what you were talking to. The New Yorker ran a cartoon back in 2000. "On the Internet no one knows you are a dog." We come across a similar problem the other way around when we encounter bad customer support. A few years ago, while trying to get an answer to a computer problem, I became convinced the thing responding to my emails was a machine. The company did use machine responder technology so it could well have been. I asked it to prove it was human by putting the word marmalade into an English sentence and fixing my

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problem. The human pretending to be a machine saw the joke, fixed my problem and replied "Marmalade is served with butter and toast." The test worked!

*Uncannily not Human*

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The sister test in robotics is equally hard. The goal is to simulate the physical human form, its movements and mannerisms. It's easy to get close, but close is not good enough. The term 'Uncanny Valley' has been coined to describe the discomfort humans have with something that tries to simulate a human being but does not quite get there. I think it is part of the reason Madam Tussaud's waxworks are so fascinating. Humans have a love-hate relationship with facsimiles of themselves. They love the flattery but feel a sense of revulsion at anything that comes too close.

## Searle and Turing

In the Turing Test, we limited our senses to the purely symbolic: using only typed words on a screen. I could break the lock on the door and go into the room to see what was there.

"Aha!" I would say.

"I can see you're a computer, I, therefore, know you'll be good at sums and bad at creativity."

But Turing wants us to see if the difference is given away purely through intellect. He argues there is no way to tell. But if you follow my argument from chapter 1, there is one way: ask the computer to find a non-computable solution to a mathematical puzzle. This is, in practice, a difficult test to pose because it might take a *very* long time. Twenty-five billion people have lived on planet Earth during the last 350 years, and about 5 million of them were mathematicians. None of them was able to solve the problem posed by Pierre de Fermat until Andrew Wiles turned up but this is a clear difference between humans and computers. However long you give a computer it would never be able to solve the problem.

This creativity test would take centuries to run if non-computable thought was rare, but I think we see it often – on display even when we tell jokes. In which case computers and humans should be easy to tell apart: humans are the funny ones. I am not saying you can't build a brain; our brains are physical devices, after all. I just believe a computer or a mechanistic machine, cannot think like a human being.

I like the Searle argument but qualitative arguments are insufficient. We need a quantitative argument. In the forthcoming chapters, I am going to look at the mathematical argument underlying the difference between human intelligence and computer processing. Before we do this let's take one last look at a qualitative difference; the way computers and humans communicate.

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*Chapter 3*

# BODY LANGUAGE & BANTER

Body Language

*"England and America are two countries separated by a common language."*

George Bernard Shaw

*"I speak two languages, Body and English."*

Mae West

*"The body never lies."*

Martha Graham

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In the summer of 1986 Ronald Reagan and Mikael Gorbachev met in person for their second negotiation session, this time at the Höfði House in Reykjavik. For five days, the leaders talked alone except for interpreters. Reagan badly wanted to develop the Strategic Defense Initiative; known by its nickname, 'Star Wars'. The idea was to put smart weaponry in space that could destroy ballistic missiles before they reentered the atmosphere. Reagan believed this would remove the threat of imminent destruction that had hung over the world since 1945. Gorbachev, on the other hand, felt this was just another escalation in the Cold War, and the Soviet Union would be forced to build yet more weapons to overcome the American defenses. He wanted Reagan's plans shelved, arguing that it broke the Anti-Ballistic Missile Treaty. He was probably right. The leaders talked back and forth, unable to overcome the impasse. At the end of the summit there was a mad scramble to announce some sort of deal, but this proved difficult. In the last moments before they had to conclude a communiqué, Reagan suggested they abolish *all* nuclear weapons. Reagan's negotiating team was horrified and shut the door.

For decades, the American strategy had been to use nuclear weapons as a deterrent against the apparent numerical advantage of the Soviets. In all the potential scenarios analyzed by the Pentagon, Russian forces ended up overrunning American forward positions – otherwise known as Western Europe! The only way to stop them was through a release of nuclear weapons, which, inevitably escalated to all-out nuclear

***Ronald Reagan and Mikael Gorbachev***

war. It was assumed this inevitable progression deterred the aggression in the first place, and the threat of mutually assured destruction kept the world peaceful. Giving up this tenet of defense strategy was something the American military just could not contemplate. Many people did not think it a rational defense strategy; it seemed appropriate the acronym for mutually assured destruction is MAD, but this was the status quo.

We now know our worry over Russian superiority was groundless. The West's technological advantage, founded on the invention of computing and sophisticated materials technology, gave us a huge advantage. In the only battle to be fought in the 20th century between Russian and Western tanks, during the first Iraq war, most of the Russian tanks were destroyed with no losses to American tanks. We know this now, but we are talking of a time when paranoia over the Soviet advantage was the common view.

There is speculation that Reagan had muddled intercontinental ballistic missiles with all nuclear weapons. I do not think this is true. Reagan was a man of vision, quite comfortable with using his folksy way to convey sincere belief, and I think abolishing all nuclear weapons was in his mind. It would have been a breathtaking moment.

In the end a rather feeble communiqué was put together and the talks declared a technical failure. But, both leaders had seen eye-to-eye; both were prepared to make major concessions and both wanted an end to the old strategy of mutually assured destruction. Wiping each other out was no longer considered a successful outcome! The meeting, and

*Höfði House in Reykjavik*

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the fundamental thawing of relations between East and West, was to lead to the Intermediate-Range Nuclear Forces Treaty and the end of the Cold War.

## Face-to-Face Communication

What really happened between these two leaders when they met and talked? Was it a mechanical process of offer and counter-offer, as easily executed by fax, or is human interaction more complex than this?

Reagan, as a young man, had been a liberal, sympathetic to socialist ideals until a painful strike in California caused him to lose faith in the politics of the left. Gorbachev, a lifelong Communist, was desperate to reform the Soviet economy and make it more competitive. He, also, had come to see the hypocrisies that could emerge in far left-wing ideology. I don't believe this common experience could have been communicated by fax or email. Indeed, I am sure these specific points were never made, but the nonverbal communication must have conveyed something of their common background and purpose.

When we phone someone or exchange emails, the interaction is factual, there is no body language, and we rarely laugh. When we travel to meet someone, we spend a great deal of time with them. The average length of a phone call is two and a half minutes, but meetings, especially when one party has travelled to see the other, can be hours long. When humans meet they greet each other, shake hands, sit in the same room, talk at length, and laugh. Body language is important; people mirror each other's postures, adopt open and receptive stances, and make eye contact. You can see this in the picture of Reagan and Gorbachev above. Body language allows us to convey qualitatively different things, such as trust and happiness. It is very expressive; you can see the more guarded postures of Yasser Arafat and Shimon Pérez below, just after they negotiated a landmark peace deal. Can you tell if the leaders smiles are false?

## Communication

Communication is one of mankind's greatest expenditures. The US telephone system is arguably the largest machine on the planet, while the world's mobile phone networks have a capital value of $2.5 trillion, greater by an order of magnitude than all the steel plants in the world put

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*Yasser Arafat and Shimon Pérez*

together. This lifeblood of our existence – long-distance communication between human beings – turns out to be amazingly difficult, even with all our clever technology.

In recent years the Internet has, in theory, allowed each and every person to communicate freely with any other person on the planet. In some of the most distant parts of the world mobile phones, and projects such as; 'One Laptop per Child' are rapidly bringing unlimited communication to all. This communication can be personal, one-to-one, or broadcast: I can talk to people interested in a particular topic directly. As we watch the Arab world democratize, catalyzed by the Internet, there is no question that digital communication has now become a major force in the world. Yet, people don't communicate over the Internet as much as you would expect; they often use the Internet to set up phone calls during which they arrange meetings! This is odd. We have a fantastic phone system and sophisticated communication technologies; email, video and instant messaging. Yet, we still choose to travel when we want to communicate.

On the face of it, there should be no difference between a phone call and a meeting. In principle the same information can be conveyed. Yet when we want to really understand someone, we always go to meet

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*Smiles Fake or Real*

in person. No great treaty or big industrial contract has been negotiated without a face-to-face meeting. We see this daily: people talking on the phone get to a certain point, give up, and arrange to meet in person.

The consequence is that we spend $550 billion annually, flying around the globe to meet each other. Each day the world's population takes three million plane flights. Around 80% of these are business flights. Some are people emigrating or going to do specific manual tasks, but most are to have meetings. We have always assumed that this is because the parties are unable to reach a sufficient level of trust over the phone and need face-to-face interaction to build that trust, but it may be that the parties are not able to convey sufficient information to fully understand each other. Face-to-face meeting may convey much more information than we think.

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## Smiles

When we smile naturally we use a full set of facial muscles, including the muscles around our eyes. When the smile is forced those eye muscles remain passive and the smile, although superficially the same, is missing something. You can't put your finger on it, but the look is insincere. A study of marriages in the USA analyzed smiles in wedding photographs. The couples with false smiles divorced much earlier than the genuinely happy couples. Similarly for high school photos; people with genuine smiles at 18 years of age were happier later in life and in more stable relationships. Smiling is really important. It is good to be around people who smile, they are more successful – and nicer.

There is also a curious reverse effect. The link between our minds and bodies is much more fundamental than we thought. If you grasp a pencil between your teeth, it forces you to smile. Try it. The mere act of smiling is found to make you happier, it causes the release of the chemicals called endorphins which improve your feeling of well-being.

## Micro-expression Analysis

Since the involuntary movements of the muscles around our eyes give away genuine happiness, a whole science has evolved looking for other biological cues to mood. The two most interested groups are the FBI, trying to detect lies, and poker players, trying to make money! Much has been written on the topic, including a few best sellers, but the evidence for micro expressions is mixed. Regardless of whether involuntary actions give away our emotions, humans voluntarily use a great deal of body language when talking.

## Body Language

A study by Albert Mehrabian is often cited to say 93% of the information in a conversation comes through nonverbal cues. This is misquoted. The study really stated 93% of the *emotional* content is nonverbal. That's more believable. And further studies have shown when there is doubt, nonverbal cues win over verbal information every time. The rule is sometimes laid out as the 7%-38%-55% rule – 7% words, 38% tone of voice and 55% body language. Remember this is emotional content, your conviction and sincerity. You will still have to get over the factual information you want to convey.

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*Learning Swedish with The Two Ronnies*

Try this experiment on a friend. Tell them you like their shirt using different tones of voice: sarcastic, sincere, amazed. Then see what they understood. You will find it difficult to appear sincere because I have told you to say you like their shirt – unless of course you really do. When you use sarcasm they will find it hard to process your statement. It is revealing how we use the information.

Interestingly, a piece of research described in *Scientific American* shows even insincere flattery is effective. If you want a pay rise from your boss, any form of flattery will do. Vanity appears to override skepticism!

## Interaction

The normal cadence of communication between people includes a great deal of mutual interruption. When a meeting breaks down we often see people begin to say things like, "Please don't interrupt me," "Do you mind, I was talking," "Pleeeease, let me finish." If the meeting is really getting out of hand, third parties will often step in and tell one to wait for the other. This is where the mechanics of face-to-face interaction fail, as we need to interact in order to communicate effectively.

Because we have a lot more time in a face-to-face meeting people can wander 'off topic'. This is an important part of the process of communicating. After all since most phone calls are 2-3 minutes and

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most meetings an hour, there are another 57 minutes to fill! These off topic items bring in social experience and help us form the background context we need to properly communicate.

## What is Background Context?

Alex and Bella are both fans of the British comedy duo, the Two Ronnies, and enjoy their learning Swedish sketch. Bella asks Alex what kind of sandwich he wants for lunch. Alex replies 'M'. Bella laughs. If you have seen the sketch you will understand the background context to the joke. If not this paragraph might as well have been in Swedish. Take a look at the sketch on YouTube and reread this paragraph... Now you understand.

## Do I think in English?

Most scientists believe we think thoughts using language, but most scientists writing about thought are linguists or psychologists. If you are a dyslexic engineer like me, language is a long way down the processing chain. I think abstractly and then translate those thoughts into words. Some ideas don't map between languages and often, one language adopts the words of another to fill in the gaps. Some interesting examples are:

| | |
|---|---|
| Zeitgeist | German, spirit of the times |
| Schadenfreude | German, enjoying others misfortune |
| Chutzpah | Hebrew, audacity |

All of these are fully signed up, card carrying entries in the Oxford English Dictionary.

Some languages have fewer distinctions between ideas: truth and law are the same word, 'torah', in Hebrew. Languages have different tenses and structure. In Chinese all words are one syllable and the script is pictographic rather than phonetic. This is unusual, even Egyptian and linear-B, which look pictographic are mostly phonetic. With single syllable words, Chinese uses voice inflection to change meaning; a rising or falling tone can change the meaning of a word from 'grey' to 'girl'. In many Western languages rising voice inflection is used to indicate a question, as in Australian English or irritation, as in English English. So how do the Chinese show if they are annoyed or want to ask a question? They elongate their words and accentuate the changes in intonation. An argument in Chinese can sound quite alarming to the Western ear, with its percussive monosyllables and extreme inflection changes. This

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degree of inflection is used in English, but only in extreme emotional contexts: A Chinese argument over cold tea can sound like an accusation of murder to a Western ear.

## Symbolic Communication

The earliest recorded permanent human communication is cave painting, dating to 33,000BCE. Written communication emerged in Sumer, the southern part of Mesopotamia (now Iraq), using a script called Cuneiform, written on clay tablets. It was used primarily for accounting. The Sumerians are responsible for our common use of base twelve. Twelve hours in a day, inches in a foot, and notes in the scale; all stem from their civilization.

Although not the first to write stories, the Greeks perfected the dramatic forms we use today: poetry, prose and plays. Watch an episode of 'Law and Order' and you are seeing a direct descendant of a Greek tragedy, complete with suffering and justice denied. All this permanent *thought art* is made possible by the translation of ideas into symbols.

## Scripts and Symbols

The world supports a huge variety of scripts split roughly into phonetic, representing the component sound of words, and pictographic, stylized pictures of the ideas.

*Chinese Traditional and Simplified*

Some scripts have interesting quirks. Ancient Hebrew, although phonetic, is a script where vowels are omitted. Modern Hebrew often leaves them out as well. This means words can be ambiguous and need context to decipher them. A common set of Chinese characters has long been used by Mandarin, Cantonese, and Japanese speakers even though

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their spoken languages are entirely different. The script languages of these people are gradually diverging and might in time become entirely separate languages too.

The Chinese government in Beijing has moved to using simplified Chinese for Mandarin speakers, while Hong Kong continues with the traditional form. Japanese has developed many new characters for

| | |
|---|---|
| Latin | Hello Reader |
| Japanese | 読者こんにちは |
| Russian | Здравствуй читатель |
| Greek | Γεια σας αναγνώστη |
| Hebrew | שלום קורא |
| Arabic | مرحبا قارئ |
| Chinese | 讀者：您好！ |
| Chinese | 读者：您好！ *simplified* |
| Korean | 리더 인사 |
| Japanese | 読者こんにちは |
| Linear-a | can't be translated! |
| Linear-b | (best I could do is 'new wine') |
| Lao | ສະບາຍດີຜູ້ອ່ານ |
| Hindi | पाठक (hello) |
| Persian | سلام خواننده |
| Hieroglyphics | |

modern ideas, such as computers, that differ from the Chinese, and mixes in a great deal of Katakana, a script allowing the phonetic representation of foreign words. If you walk around these countries their signage looks quite different, although I am told Cantonese speakers can still read

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simplified Chinese. Take a look and normally you will find them to be quite different. Each example in the figure is my best attempt to translate the phrase "Hello Reader" into a script and the corresponding language.

## Symbols of the World

English is one of the most irritating script languages of all. It commonly uses etymological elements, showing the history or origin of the word that has nothing to do with the sound of the word. A word like school has the 'k' sound spelt 'ch', showing its historical derivation from the Greek, but confusing for pronunciation. English has 53 sounds derived from only 26 letters, so there are plenty of letter combinations, many of which are irregular. Because the language favors historical convention over simplicity, sugar is pronounced "shu-gar" whereas sand is strictly phonetic. As for Leicestershire I'll leave that as a test for the American readers amongst you. If you're British, try Mattapoisett, a town in Massachusetts named in Native American.

Yet English is also a 'lovely' language. Because of its richness there are often twenty different ways to say something, and a dozen words to choose on any topic. One of my own favorite words is 'jump'. It is phonetic, but also onomatopoeic and even pictographic. Jump both sounds like a jump and looks like a *jump*.

Two scripts that puzzled scholars for many years are Linear-b and Hieroglyphics. Linear-b – found on clay tablets on the Island of Crete – turned out to be a coded form of ancient Greek with some slight quirks, such as dropping the letter 's' from the ends of words. The 's' is superfluous in most Greek words, and dropping it saved precious clay space!

Hieroglyphics was a real puzzle. It looks so like a pictographic language that it fooled many people for centuries. The Rosetta Stone was discovered in 1799 and became the key to their deciphering. This stone had the same edict written out in 3 languages – Greek, Egyptian and Demotic. The French adventurer Jean-François Champollion decoded hieroglyphics in 1822 and although it *looks* pictographic, it was found to be predominantly phonetic. Linear-a, another script found on the Island of Crete has yet to be decoded and remains one of the world's great-unsolved mysteries.

All these different ways to code ideas into symbols present the children of the world a great learning challenge. Because written language is so young, in evolutionary terms, our brains have not had enough time to evolve to master it. Instead words co-opt parts of our brains originally

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evolved for different purposes. As languages differ in their construction they co-opt different bits of the brain. It is possible to see this using brain imaging.

Dyslexics – and I am one – have difficulty in translating between the realm of conceptual thought and written script. This translation is subtly different for each language. Chinese speakers use their motor cortex to process characters. Young children write out the characters over and over, to memorize them, so the 'muscle' memory is highly involved. French and Spanish children use the audio pathways, as most of their language is phonetic, the motor part of writing is then an add-on and does not process meaning. English children must use portions of their visual cortex to process the meaning of words, as many words have spelling quirks that have nothing to do with the sound of the words. Some studies even suggest a child dyslexic in one language, because, for example, their audio pathway is impaired, might not suffer the condition in another language that relied on a visual or motor skill.

## Can Objects Communicate?

The process of communication has many components, starting with something capable of communicating. Communication usually – perhaps always – is something that occurs between sentient beings. I don't think of my computer as communicating with me, but rather think of it as a medium for communication or a dumb machine. But colloquial language around the subject is a little muddled. We all agree a lighthouse does not communicate, even though it can signal danger, but what do we mean when we say, "That song really spoke to me." No one believes the song is actually communicating, but some kind of communication was made nonetheless. When we talk of communication do we mean the agent or the message?

## Stories

Humans enjoy communicating; we create works of art, music and literature that transcend simple analysis. The COIN dynamic slide, which we saw earlier detailing the strategic situation in Afghanistan, would probably have been better communicated with a story. Humans, unlike computers, do not cope well with large quantities of unrelated information, and studies of memory and comprehension show we

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benefit from a narrative structure. Let me give you a basic example. One simple trick the human brain uses is chunking. Give yourself a moment to try to learn this string of characters.

HALTNTIBMGTATLAMATLOLPOMSGTG

**TRY TO MEMORIZE THE STRING WITHOUT READING ON**

Now, if I divide it into chunks, you will see it includes meaningful information.

HAL TNT IBM GTA TLA MAT LOL POMS GTG

You probably won't recognize all the acronyms unless you are under 10. Even then, you will find memorizing it hard, but if you put the sequence into the context of a story then it is much easier to learn.

HAL uses TNT to blow up the IBM building in Grand Theft Auto. "Three Letter Acronyms are annoying," says MAT. I'm Laughing Out Loud; Parents Over My Shoulder. Got To Go.

We find it easier to fit new information into existing structures within our brains rather than memorizing by rote. I've used quite a bit of modern Internet slang here. You'll find young people recall this information better than older people for whom GTG and POMS are nonsense.

If you want to memorize something, experts recommend you imagine bizarre images and relate them to a story pictured in the mind's eye. Try it and you may very well find you can still remember my sentence in ten years time!

Let's try something else. The following sentences are a little different, yet the recall scores for information in the two are dramatically different:

1. I met an old tramp on 42nd Street wearing a dirty grey rain coat.

2. New York on a cold damp November day; as I cross the street I bump into an old man wearing a dirty grey Macintosh. His shuffling gait suggests some sordid intent. I think nothing of it, but this brief meeting was to change my life.

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The addition of contextual cues allows you to form a mental picture. By withholding some information at the end I have used a dramatic trick to cause your brain to free wheel and imagine what happens next. You are involved in the story. Notice the *longer* story, with more data in it, is paradoxically more comprehensible and memorable.

Ed Tufte makes the point about our ability to process information very forcefully. He believes presentation experts are wrong when they recommend you keep your slides to a few words! He points out the common advice to use only six bullets per slide and six words per bullet comes from a misconception that has blighted a generation of presenters. Studies performed on memory in the 1960s measured unrelated word recall. Six words are all you can remember if the words are meaningless. But if the words have meaning we can comprehend and absorb many pages of data. Hundreds of millions of people throughout the world read a newspaper every morning and can recall the stories throughout the day; the poems, songs and plays we memorize when young are usually long, comprising thousands of words, yet we are able to remember them verbatim for the rest of our lives.

When we tell a story, we are trying to draw the reader in so they can to experience our imaginary world and be 'in' the story. When I read a story – perhaps *Harry Potter* – I don't think about the grammar and punctuation, or even the accuracy of character portrayal. I'm transported to a different place. I experience a piece of the reality or 'imaginality' the storyteller has created. I can describe the characters, the scene, the sounds and the smells. A good author forms a complete world in our heads corresponding with the world they have in their heads. With more abstract information, comprehension and retention is harder. Often if the information does not hang together in a linear narrative it can be impossible to take in at a single sitting. However, if it forms a story and is well told so you 'get it', you do not need it repeated. We experience something of this effect when we watch a good movie. "I've already seen that one," means you have absorbed the whole story in a single sitting. You don't need to watch it over again to comprehend it.

## Comedy

Finally, when you mix all the elements up, emotional understanding, body language, in-person communication and empathy; you get comedy. Humans 'do' comedy from a very young age and it's vitally important to the fabric of our lives. What purpose comedy serves in communication

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*My XBox is Broken*
*The One Ronnie*

*Dead Parrot Sketch*
*Monty Python*

*Gerald the Gorilla*
*Not the 9 O'Clock News*

*Fork Handles*
*The Two Ronnies*

*Andre Previn*
*Morecambe and Wise*

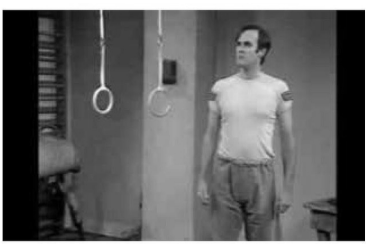

*Self Defense Against Fruit*
*Monty Python*

is not clear. In life, telling a joke will make another person smile. This causes people to be happy and happy people release chemicals into their bloodstream which make them healthier. Happy people then tell jokes to others. This circular process improves the well-being of communities and helps bond people together. But why on Earth did comedy evolve to be the mechanism that does this?

Comedy may be an important way to avoid an argument when context is unclear. Much of what we say can be taken the wrong way. Simple communication of fact can sound like criticism or challenge, and

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humans are naturally hierarchical – not unlike packs of dogs or beached walruses. Humor allows us to test the response of others to statements, which might otherwise be taken the wrong way. Something said in a 'jokey' tone of voice may not generate a negative response, even though the raw content might be quite provocative. "Ah, late again I see…"

It is worth taking a look at some great comedy sketches because they bring home the richness of human interaction. Here are some of my favorite links as an antidote to the heavy-duty mathematics I am about to inflict on you.

## The World's Funniest Joke

> *Two hunters are out in the woods when one of them collapses. He doesn't seem to be breathing and his eyes are glazed. The other guy whips out his phone and calls the emergency services. He gasps, "My friend is dead! What can I do?" The operator says, "Calm down. I can help. First, let's make sure he's dead." There is a silence, then a gunshot is heard. Back on the phone, the guy says, "OK, now what?"*
>
> Spike Milligan, from *The Goon Show*

I think comedy is a fitness display. It demonstrates to those around us – particularly of the opposite sex – that we can be creative and use non- computable thought processes, just as dancing is a fitness display of our agility and coordination. When we tell a joke we are showing others we can 'think outside the box', a valuable survival skill.

At a simple level it has been proven that animals with the ability to behave randomly escape being eaten more often than animals that follow a pattern. Non-computability is the ultimate behavioral randomizer since it is not an algorithm and cannot be copied. The ability to take non-computable thinking to its logical conclusion to create and invent has clearly taken off for humans.

Of course, another explanation might be that making people happy is fun. People like to be around other fun people so humor encourages crowds to form. If a saber-toothed tiger attacks you, and you are in a crowd, you're more likely to survive. You only have to outrun one member of the crowd!

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*Chapter 4*

# THE BRAIN

Baby EEG

*"The brain is a wonderful organ; it starts working the moment you get up in the morning and does not stop until you get into the office."*

Robert Frost

*"The brain looks like nothing more than a bowl of cold porridge."*

Alan Turing

Physically the human brain is very boring. Alan Turing described it as looking like a bowl of cold porridge. To get to the porridge you must first cut through the skull, a two-millimeter thick protective layer of bone. The adult human skull has almost no gaps in it, and the only ways into the brain without a bone saw are through the eye sockets or the soft area of bone at the back of the nose. Egyptian mummies had their brains removed through the nose and preserved in a jar for the afterlife!

## Thinking with Porridge

Protecting the brain is very important and the skull does a good job by being a tough, impenetrable barrier. But sometimes this toughness backfires. In 2009, Richard Hammond, one of the presenters of the TV motoring series Top Gear, suffered a crash while testing a land speed record-breaking car. Although he was in a multipoint harness, the crash, at over 200 miles per hour, bounced his helmeted head around the inside of the cockpit and his brain was badly bruised. As you know from experience, when you bruise you get swelling, and the brain is no exception. However, the brain is encased in bone, so this swelling has nowhere to escape. The resulting buildup of pressure is dangerous, causing an interruption of blood supply to the un-bruised parts. Brain damage in such accidents is often fatal; Richard Hammond was very lucky to live through the experience.

Surgeons often need to cut into the skull to relieve pressure on the brain, or to gain access to remove tumors. Going through the scalp involves a great deal of blood, but once you have a clean hole in the skull you can peel back the thin membranes, called the meninges, to reveal a wrinkly folded whitish thing that looks a bit like a cauliflower. This is the outer surface of the brain where much of our thinking is done. Unfolded, this surface layer would cover the area of a football field and this intense folding distinguishes the human brain from the brains of simpler animals. Some animals, such as elephants and dolphins, have larger brains than ours, but the area of their folded surface is considerably smaller. It is thought that this efficient folding is key to giving us the ability to think complex thoughts.

Analysis of Einstein's brain held at Princeton University shows it is not particularly massive, but it is strikingly more folded than average, and has a shorter lateral sulcus – the fissure between the front and back

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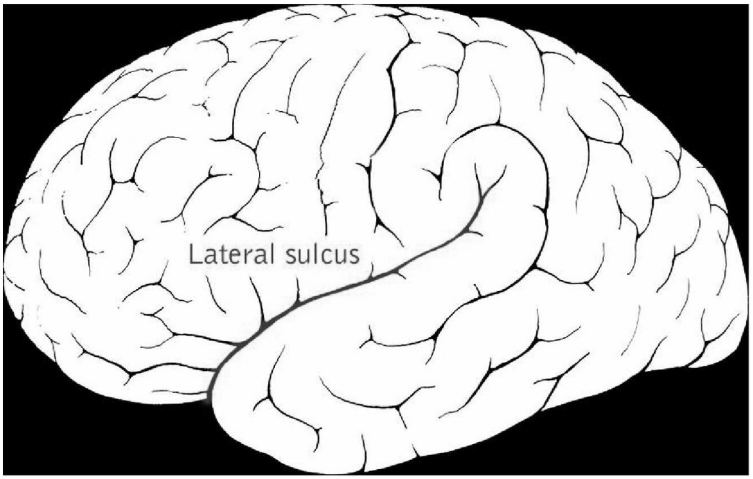


*Einstein's Brain*

of the brain. Whether this is related to his highly creative thinking or just random chance is unknown, but it's an interesting data point in our quest to understand creativity and intelligence.

Looking through a microscope, the wrinkly grey matter is composed of 30 trillion neurons; small whitish cells sprouting filaments that wrap around each other like the tentacles of an octopus. The tentacles, and there can be as many as 10,000 per cell, are known as dendrites and spread out to nearly touch other neurons. At the other end of the neuron is a single axon. The gaps between the end of an axon and the next neuron's dendrites are called synapses, about one-tenth of the width of a human hair and varied in structure. When a nerve 'fires', an electrical pulse spreads out along the axon to the end and crosses the synapses to other brain cells. This electrical pulse is not like the flow of current in a wire: neurons don't conduct electricity. It is more akin to dominoes falling in a line. Ion gates in the walls of the neuron open, letting potassium ions flow out. As the gates open in one section, the next section is triggered and so on. Thus, electrical signals ripple out along the axon. As the electrical signals cross the synapses they either excite or inhibit the firing of adjacent neurons. There is a lot more structure to a neuron than was once thought. The textbook model is of a sequence of ion sacks stacked end to end rather like plant cells, but neurons have a far more complex structure. Bundles of actin and tubulin form a skeleton in the neuron and the neuron metabolizes ATP to recharge its firing mechanism. Neurons behave far more like small animals than inanimate plant cells.

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The wiring of our brain looks a bit like the logic circuits of a computer, and our best guess is the cells in our brain form some kind of computer. The brain cells – a specialized form of nerve cell – connect to the rest of the body via the nerve cells that largely run down our spine. Thoughts trigger action and, in reverse, the nerves in our extremities sense things in the environment and relay information back to the brain. If I think, 'move my finger' my finger will move, and if it touches something I will feel the sensation. Interestingly if my finger touches something hot a reflex will kick in. Reflexes work without involving the brain. We don't have to think, "that hurts." Instead, our finger reflexively pulls away. We may say ouch, but by the time we do, our fingers already moved away from the heat.

Nerve cells are much slower than the electronic systems we build with copper and silicon. This speed is quite noticeable and limits the rate we can do certain things. It takes around 0.08 seconds for a nerve impulse to run down to the tips of our fingers, initiate an action and return to give us the sensation of the action. This may sound fast but if you're a tennis player in a rally or a pianist faced with a fast passage, the nerves don't have time to make a full round trip signal before the next action must be initiated. In these instances we need to run on autopilot and there are parts of the body where the nervous system takes action without the brain getting involved. This is particularly the case with things like walking and balance, which must respond fast to changes in ground conditions. The signals just don't have time – and don't need – to go all the way up to the top of the body for instructions. Rather like the heat reflex above, the peripheral nervous system can process information locally. After all, brain cells and nerve cells are really all one type of cell.

If you have a group of people, you can conduct a fun experiment to show the speed of nerves. Hold hands in a big circle and squeeze the hand of the person next to you. When they feel you squeeze, they should squeeze the next person's hand and so on. The rate at which people squeeze hands around the circle is limited by the speed at which nerves conduct the signals across our bodies.

## Imaging the Brain

There are several ways to look inside the brain without recourse to a bone saw. The methods are fascinating in their own right, even before we start looking at the results. Each image is generated using a different physical principle.

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## X-rays

The first Nobel Prize in Physics was awarded to Wilhelm Röntgen in 1901. He had discovered 'X' rays; so called because he had no better name for them. X-rays, as they became known, are just light of a very high frequency.

Light comes in a variety of colors; at the low end of the frequency scale we see red, higher up blue and, at the top, violet. At this point human eyes give up and cannot see anything higher, so ultraviolet light is invisible to us. Bees, on the other hand, can see a long way into the ultraviolet spectrum and some flowers have beautiful ultraviolet markings that attract bees for pollination. Daylight contains a great deal of ultraviolet light which is wasted on us – other than to tan our skin. But all is not lost. Clever manufacturers put fluorescent dyes into their washing powders which stick to our clothes and convert ultraviolet into visible light, making our T-shirts look brighter as they reflect *more* visible light than fell on them. You can see this effect most easily in a disco when ultraviolet lights are shone on the dance floor and anyone wearing a newly washed T-shirt will glow bright white. The other common substance that fluoresces strongly on a dance floor is tonic water. Quinine, the active ingredient in tonic water, is a strongly

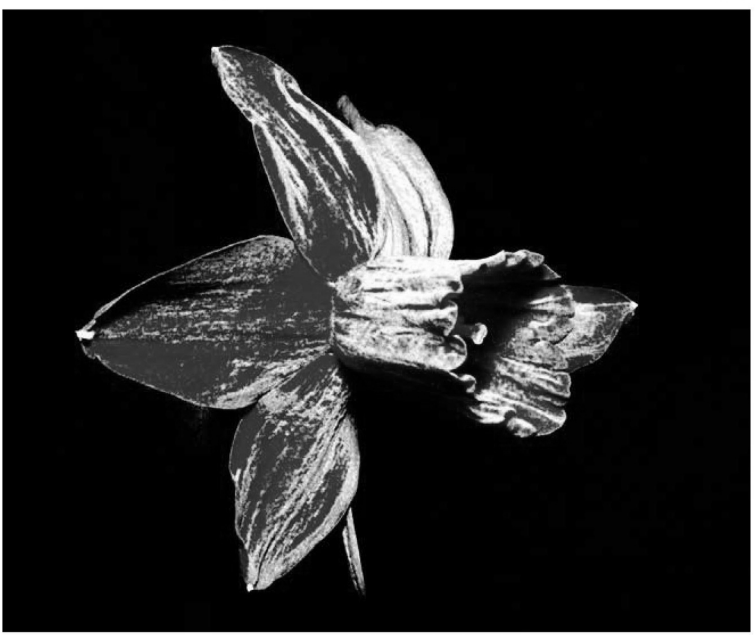

*Flowers in Ultraviolet Light*

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*Pit Viper*

fluorescent substance which converts ultraviolet light down into the visible spectrum. Photoactive dyes have recently become controversial as suggestions have been made that they are unsafe and irritate the skin. Going to discos might not be quite as fun in the future!

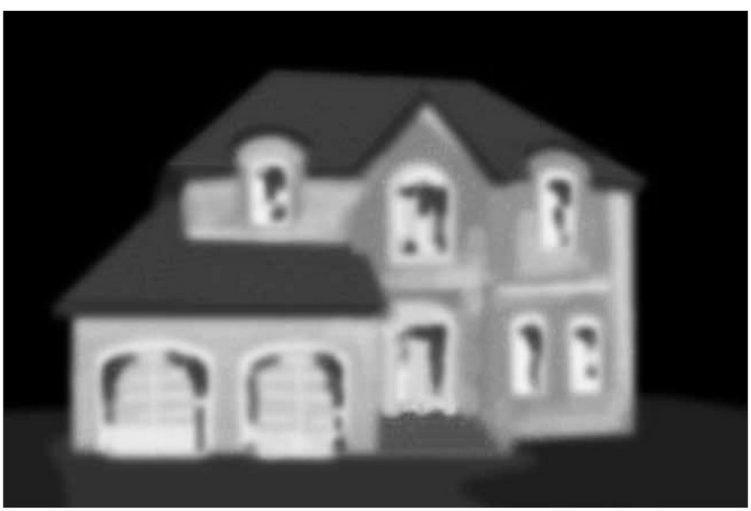

*Thermal Imaging*

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At the bottom end of the spectrum is infrared light. Pit vipers have evolved special organs on the sides of their heads to 'see' in this spectrum and they use this sense to hunt prey in the dark. I use the word *see* with some caution. We have no idea what their sensation of 'heat-sight' involves, but their organs are very precise, able to detect things only 0.2 degrees warmer than the background.

Infrared cues help several species of snakes, bats and insects locate things in the dark, but the animal that excels at the task, albeit using technology, is mankind. Special cameras allow us to use infrared to see in the dark or detect where our houses lose heat.

X-rays are much higher in frequency – about one hundred times that of the ultraviolet light that affects our T-shirts. The high frequency corresponds to a small wavelength that allows the rays to pass through our bodies. Later on in the book we will understand that frequency is not a proper explanation for light, as it is not a wave but rather a particle that obeys the laws of a wave. But for now we will ignore this detail.

The first use of X-ray images was to see broken bones. Bones block the rays as they are dense, but the soft parts of our bodies are almost completely transparent to X-rays. We can see the soft tissues if we turn the contrast up, but there are problems when using X-rays to view the brain. Our skull completely encases the brain and however much we turn the contrast up, all we see is bone. The solution to this problem is to perform sophisticated mathematical tricks using a computer to enhance the contrast ratio and make image 'slices' through the living head.

The slicing technique was invented independently in the 1970s by Sir Godfrey Hounsfield, working for EMI in England, and Allan Cormack, of Tufts University in America, and they shared the 1979 Nobel Prize for Medicine for their work. Legend has it that EMI was making so much money from The Beatles they could fund the enormous development cost of the CAT scanner from the profits; true or not, it's a great invention.

The best way to understand the mathematics is to picture yourself in an episode of 'CSI', the American television crime drama. An intruder has attacked someone with a knife and there are blood spatters all over the walls of the room. Enter the brilliant pathologist who reconstructs the scene of the crime from the pattern of blood on the wall. She can map the trajectory of the blood spatters and back-calculate that the attacker must have been 5' 4", left-handed and wielding a 6" blade. In a CAT scan, our head is hit with billions of rays that bounce and scatter over the walls of the machine. Sensors detect the rays and a mathematical algorithm calculates an image of the body that would produce such a pattern. To

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*X-ray of Roentgen's Wife's Hand*

simplify things we shine the X-rays onto the head as a narrow slit of light so we only have to do the back calculation in two dimensions. Then we stitch successive slices together in the computer to form a 3D virtual image. Thus, doctors can 'fly' through the brain looking at structures such as tumors from all angles.

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There are two problems with X-ray imaging. Even with clever mathematics, the dense bone in the skull blocks the rays so you don't get much contrast, making it hard to distinguish normal brain matter from something like a tumor. But the bigger concern is X-rays are a form of ionizing radiation, and ionizing radiation causes cancer.

We are told to wear sun block to protect our skin from ultraviolet light; X-rays are 100 times more potent and can do a great deal of damage. Fortunately, the body repairs itself quite well in the presence of low levels of radiation. The *double* part of the double helix in our DNA allows a set of proteins in our cells to go around correcting errors when they detect a mismatch between the two strands. But, now and again an X-ray might make an irreparable fault in both copies. If enough of these faults accumulate, they can lead to cancer or, if the errors are in reproductive organs, birth defects. Doctors try to minimize the radiation we receive and give us as few CAT scans as possible during our lifetime, especially when we are young and have not yet had children.

## MRI

X-rays dominated our ability to see into the human body until the mid-1970s when Raymond Damadian came up with the idea of using magnetism. Magnetic fields are not absorbed by bone and present no danger as they do not damage DNA. Ironically, the technique was originally known as Nuclear Magnetic Resonance, 'NMR', which patients thought must be dangerous because of the word nuclear. The name was

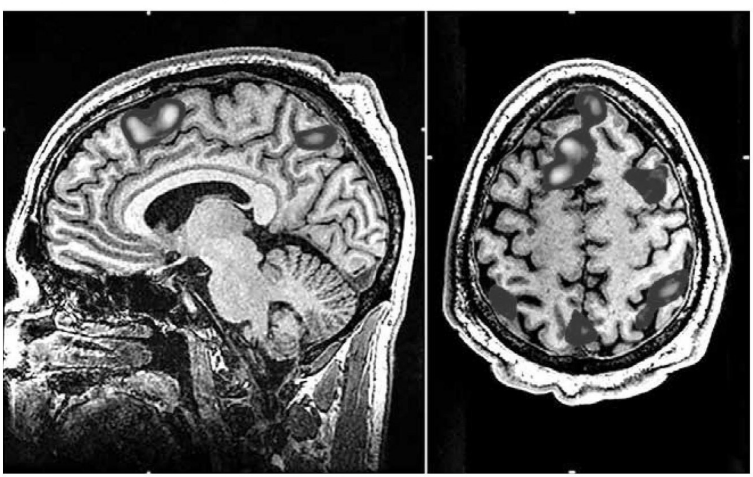

*Functional MRI: Working Memory*

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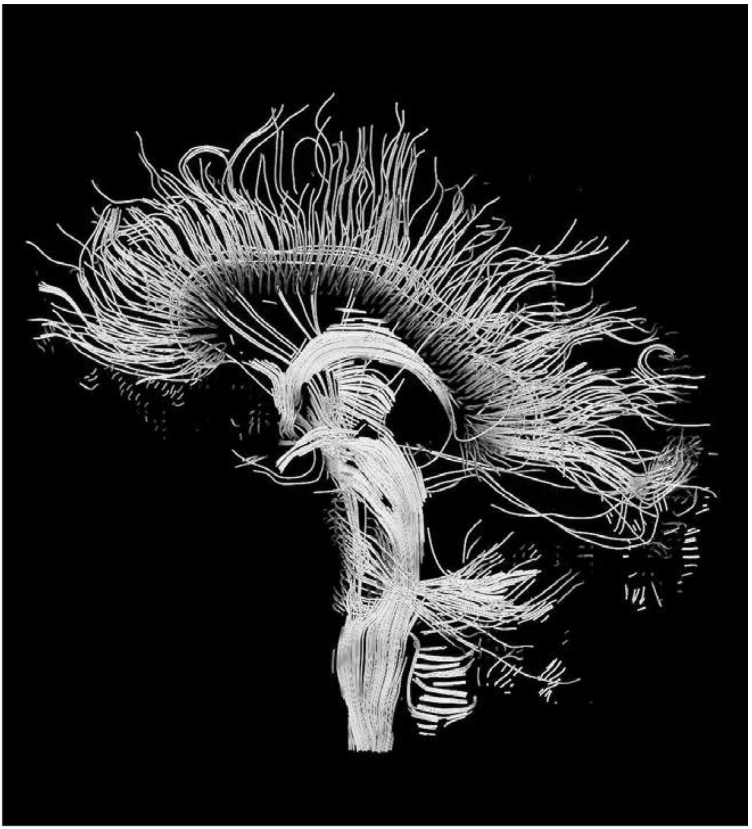

*Diffusion Tensor Image*

changed to the one we use today: Magnetic Resonance Imaging, 'MRI'. The system works by applying a strong magnetic field to your body to excite the hydrogen atoms. Since we are mostly H2O there are plenty of these.

Three magnetic fields are used. First, an extremely strong field is applied to the whole body. This causes all the hydrogen atoms in the water and fat to spin in line with the field of the machine. Next a gradient field is applied to the top of your head so it is slightly more magnetized than the bottom of your feet and, finally, a pulse of magnetism is applied to the top of your head. The spinning hydrogen atoms line up a little more when this pulse is applied and then randomize again when it is switched off. As they randomize, they give off energy. The clever part is the gradient field which causes the atoms to give off energy at slightly different times – the top of your head first, your neck a fraction of a

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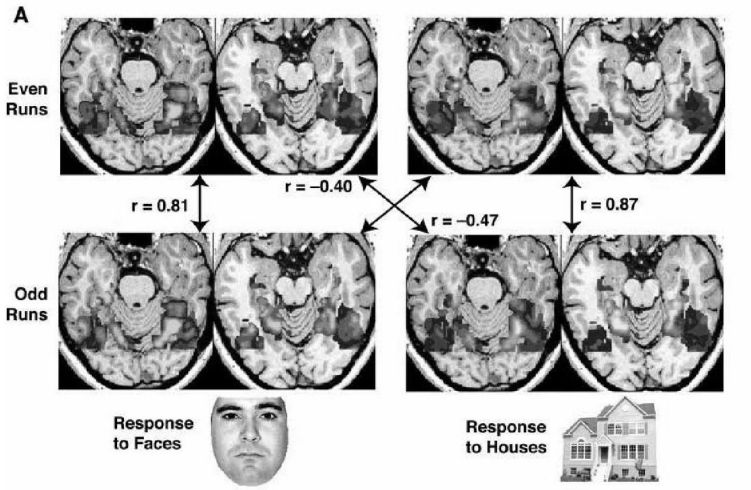


*fMRI*

second later, and so on down to your feet. What you see at any one time is a slice through a specific section of the body. You can then build up 3D images from these slices and look at the soft watery tissue rather than the hard bone you can see with an X-ray.

MRI scans give detailed images but today there are many more imaging tricks you can play. Give the patient gadolinium to eat – a type of paramagnetic material – and this contrast agent will highlight active parts of the brain. You can 'see' which parts are active: the location of emotions such as love, joy and even the effect of smells as the brain experiences things. This is still coarse grained information; it shows only the general area of excitation and it does not tell us what is going on at the nerve level, but the images are fascinating.

Another recent development in imaging is the diffusion MRI. If you remember your school physics, molecules travel with a random walk: they diffuse along pathways just as people wander along a corridor. If the corridor is full of people, they are jostled around and make little progress. If the corridor is empty, they move in straight lines. This difference in jostling affects the reading in an MRI and allows you to color code the image according to the rate of motion of water along the pathways. You can therefore 'see' the rate at which signals flow in the brain and not only locate thoughts, but also see the links between them.

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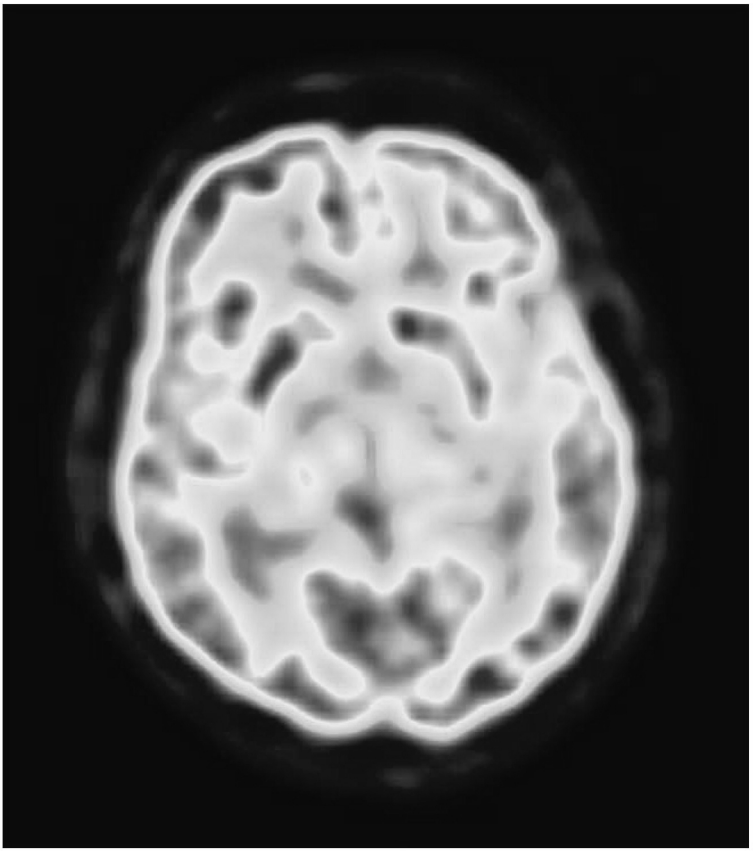

*Functional PET*

## PET

The last scan we will look at is functional positron emission tomography, or f-PET. In this machine the scanner detects positrons given off by excited oxygen atoms.

As you think, you burn glucose by combining it with oxygen. The parts of the brain that are thinking hard use a great deal of oxygen and this shows up in scans. Again the consecutive slice trick is used to generate a 3D image that allows you to fly through the brain as it works on a problem.

There is one problem common to all these methods. X-rays, MRI and PET scans only show us the location of thoughts with an accuracy of a few millimeters. Each pixel in the image contains around 10 million neurons, so we can't see the details of thought. For a scale comparison it

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is like looking at a car factory from space. You can see cars and people going into the factory but you can't read the owner's manual. We need to be able to see at least 10 million times more detail than our current technologies allow to *see a thought*.

## A Quick Tour

Now that we understand how to look inside the brain, let's take a tour around it. The brain is a highly distributed thinking machine. Some things, such as hearing, are located in specific places while others, like the enjoyment of music, are spread out.

Our eyes work as an extension of the brain and use a specialized type of nerve cell. Light falls on the retina and stimulates these cells, causing nerve impulses to run along the optic nerve into the center of the

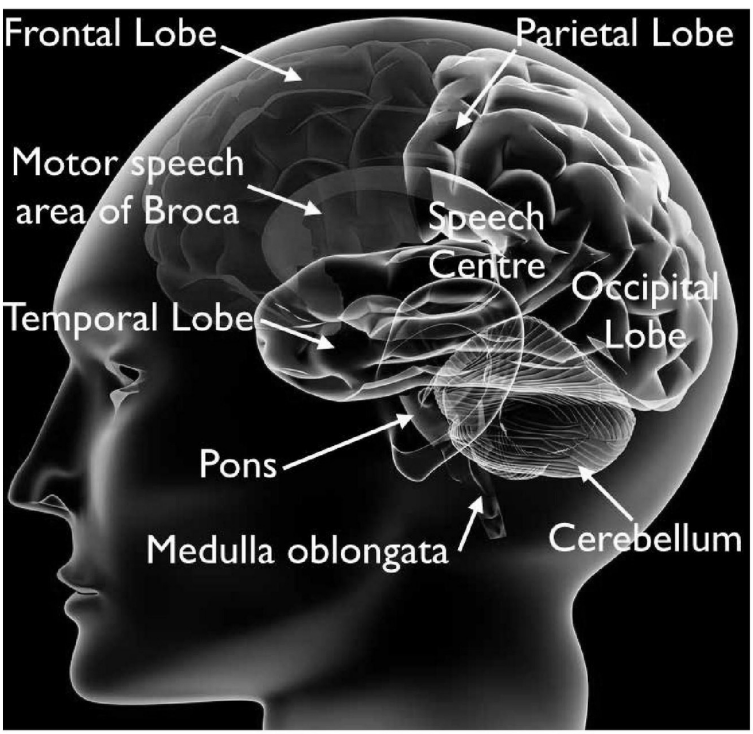


*The Brain*

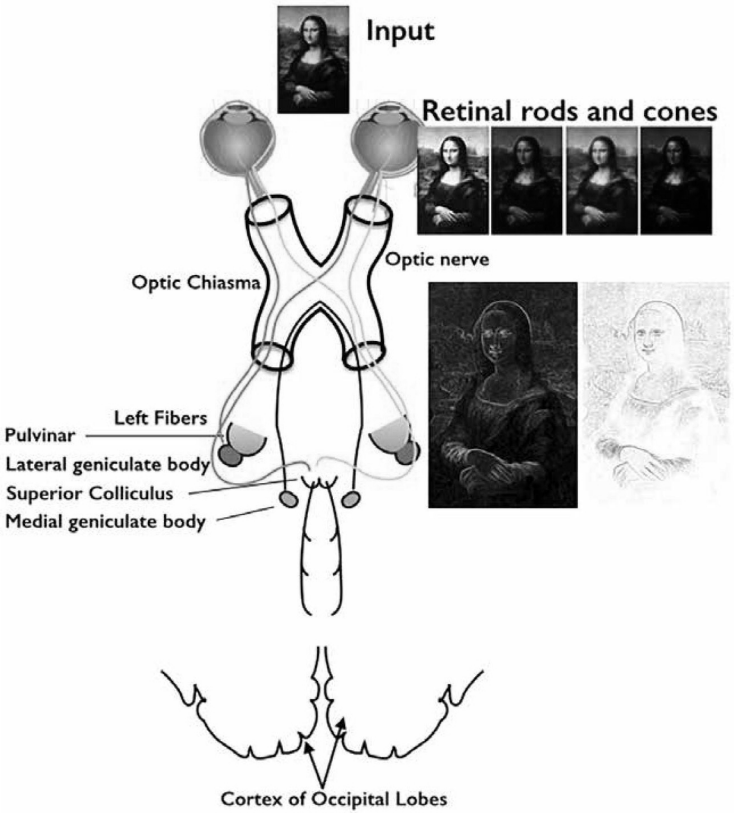


*Visual Processing System*

brain. The impulses split and form two distinct paths, one through the cerebral cortex, which gives us the sensation of conscious vision, and the other into the lower brain which provides us with instinctive reactions.

The right hand side of your body is connected to the left hemisphere of the brain and vice versa. This means each hand is controlled by the opposite side of the brain. But, your eyes see both your hands. To resolve this conundrum a very complex thing has to happen to the optic nerve in the center of the brain. The optic nerve from each eye splits and crosses over in the middle, so the left side of the left eye and the left side of the right eye goes to the right hand side of the brain and vice versa. This keeps the brain focused on the correct hand.

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*Frogs Eyes are Very Sensitive*

The processing power of the eye is staggering. The human retina has about 120 million rods and 7 million cones, giving it an average resolution of 10,000 by 10,000 pixels. Each rod is sensitive to individual photons but we register light consciously only if we see around 5-7 photons. It is thought frogs can react to single photons because of the chemistry of their eyes and the fact they are cold-blooded, but this is not proven.

Some animals, including some frogs and my cat, have a tapetum lucidum. This is a reflective backing to the eye that allows each photon two chances to react with a rod, once on the way in and, if that fails, once on the way out. This is why you can see the eyes of some animals if you shine a light into the forest on a dark night. Cones are less sensitive than rods but give us color perception. In the human eye, there are three types of cone: a red, a green and a blue, giving us trichromatic vision. We see colors because light stimulates more than one types of cell and we infer the color in between. A fourth type of cone is present in some species such as birds, reptiles, and fish. This gives them tetra-chromic vision, allowing them to see into the ultraviolet range. It is speculated some humans might have this ability but so far none has come forward. Some animals lack the ability to see certain colors. Most dogs can't see red. This gives cats a big advantage!

Many people wonder if we all see the same color as each other. Is your red the same as mine? The brain's perception of color is complex. Although the color red is absolute and can be detected by a calibrated sensor, our perception of color is relative. We perceive them in the context

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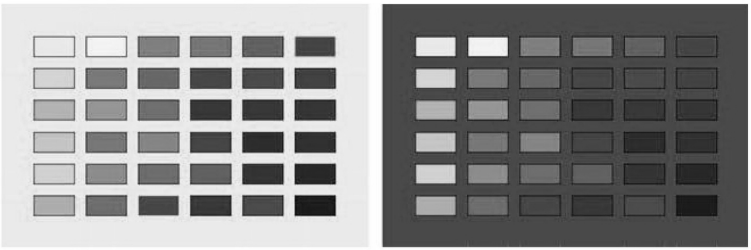

*Color is Relative*

of other colors – not in isolation. The two panels above contain identical blocks of color but they look very different against the background. Check out the website if you have a black and white book. It is an irrelevant question to ask if my red is the same as yours, since *my* red against one background is not even the same as my red against another.

People generally agree on naming colors but not all languages have the eleven specifically named colors of modern English: black, blue, brown, gray, green, orange, pink, purple, red, white, yellow, if you are interested. Ancient Celtic languages, so called 'gru' languages, recognized only four colors and other languages don't distinguish purple from blue. Color, or at least the naming of color, is a cultural thing.

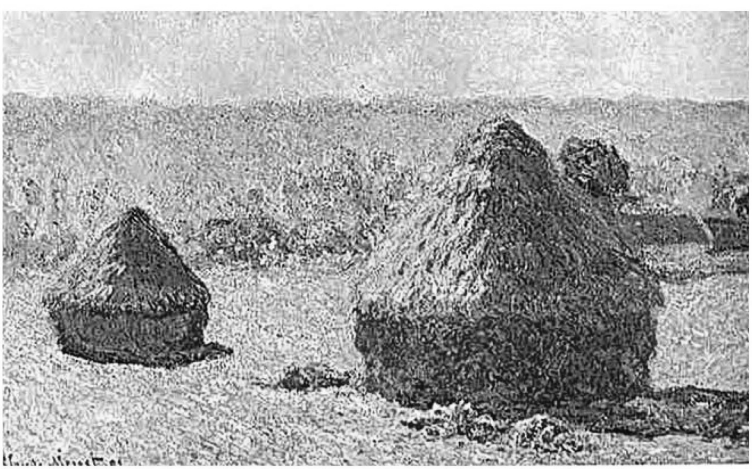

*Impressionist Painting, Monet Haystack*

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The resolution of the eye is not the same across the image. High resolution is concentrated in the center, while lower resolution black and white vision dominates the edge. This peripheral vision helps us detect predators or play football but it is not the focus of our attention. When we focus our attention on something, we turn our eyes to look at it directly. The central part of our eye is called the fovea centralis and is composed of cones. About half our cones are concentrated in this very small section and this gives us immense visual acuity. For a computer display to outperform this section of the eye it would need one billion by

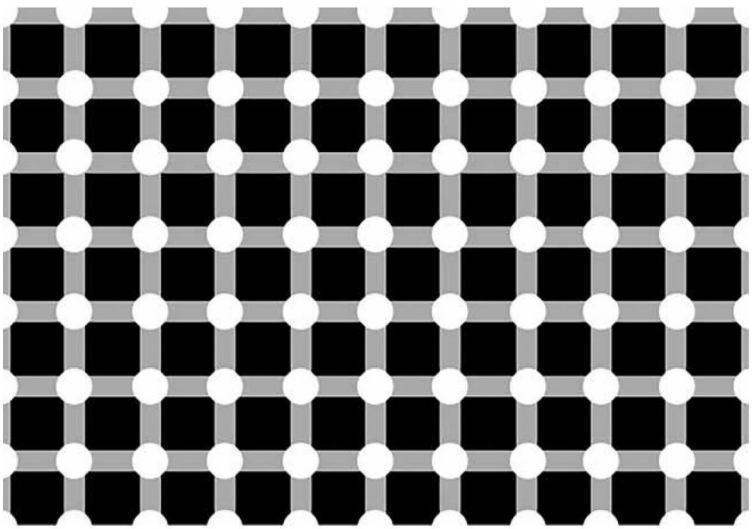

*Scintillating Dots Optical Illusion*

one billion pixels. The fovea centralis is tiny, only two degrees across, so our eyes must dart around the image to take in all the detail. Once the basic information is encoded in our retina and sent down the optic nerve, it goes into a production line process in the visual cortex where all the elements are analyzed. Our brains extract information from the image such as texture, edges and depth perception in specialized portions of the brain. Because of this specialization it is possible to play tricks on the brain with images that are not easy to process. Some we find pleasurable, while others can be a little disturbing.

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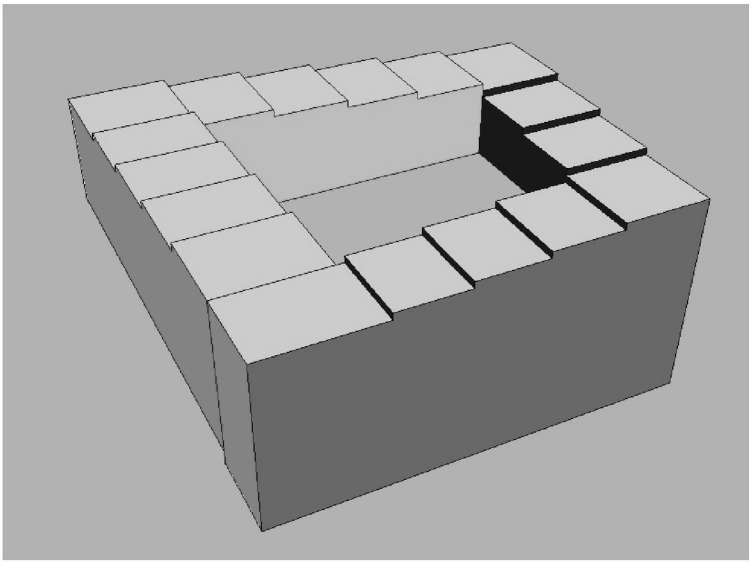

*Penrose Steps*

## Optical Illusions

This picture is an illusion that plays with your stereoscopic synthesis. The dots appears to flip between black and white. Other illusions play with depth perception. The Penrose Steps are a type of illusion that tries to build an impossible physical model in our cerebral cortex. The brain sees perspective and depth perception cues, but the resulting shape could never exist.

## Hearing

Unlike sight, hearing is an absolute sense. Our ears capture and focus sound down to the eardrum where a set of small hairs called cilia convert it into electrical impulses. The impulses stimulate cells corresponding to specific pitches.

We are born with perfect pitch, yet most of us lose it early on. When I hear Maria Carey sing a top B flat a specific set of neurons located near the ear fires, and if she sings a top 'A' then a different clump of neurons are stimulated. By the time most children come to learn music they have edited out this absolute pitch information. One group of children who do not lose the ability are Chinese pianists. Because Chinese is a tonal language – where the pitch of words affects their meaning – and because

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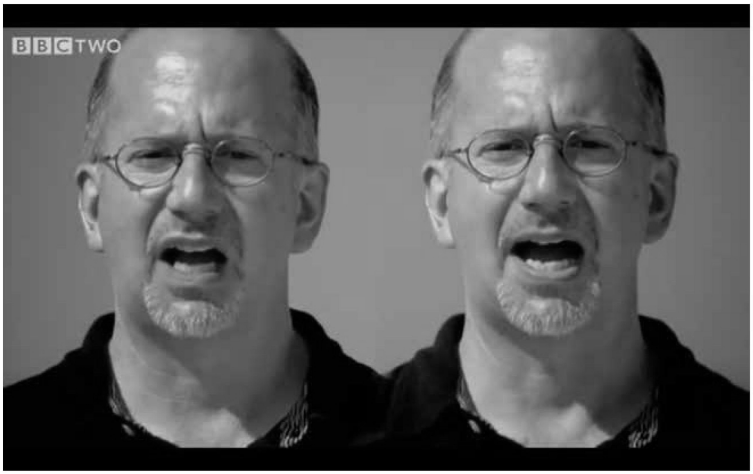


*McGurk Effect; Go to the Website and Watch the Linked Video*

Chinese children tend to learn the piano very young, they don't lose the absolute part of pitch. An astonishing 93% of these children develop and retain perfect pitch throughout their lives.

There are many cross connections between the audio and video processing systems. At parties you often can't hear speakers clearly because of the background noise. Watching their lips will help comprehension, but which sense wins if there is conflict between the two? The McGurk effect shows this.

To test the effect, go to the website, watch the video and see if you can distinguish when a speaker talking normally and when he is making the mouth movement of another sound. There is a winner. Try it for yourself; check out the link on my website.

Once upon a time people imagined the brain was like a camera forming an image of the world, but if this were the case there would be a paradox. Who is looking at the image in our brain to make sense of it? Modern research shows we don't take a complete picture of the world like a camera but rather parse the image into its constituent parts on the fly.

If someone asks, "Which side of the house is the tree on?" your brain parses the question and compares it with the image map in your mind's eye. What is the image composed of: trees, houses, sky, grass? Your brain manipulates the linguistic question about the relationship of elements and matches it with the visio-spatial understanding of the image, allowing you to answer the question. You might not have to answer

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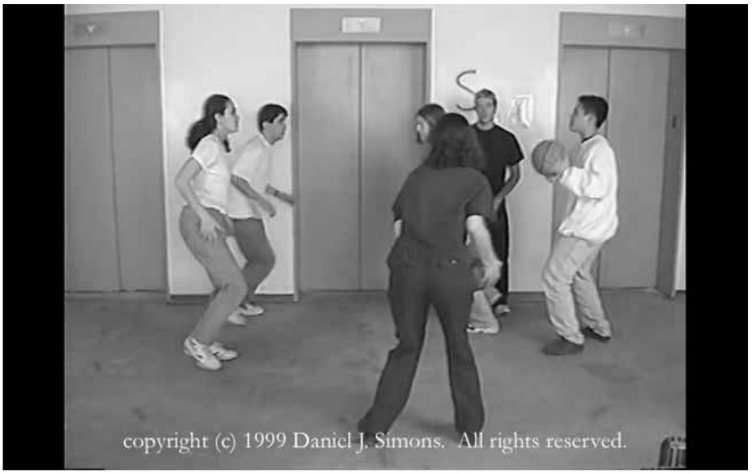


*Humans' Ability to Concentrate*

the question verbally. If you hit a baseball, no language is involved; you distinguish the ball from the background and perform quite a feat of tracking and calculation to connect it with your bat.

Because the brain is editing the scene on the fly to keep within its processing power, the eye only sees what it turns its attention to. Magicians take advantage of this to play amazing tricks on us. Watch the video on the web and then tell me what you see.

**VISIT THE WEB AND VIEW THE VIDEO TO SEE WHAT HAPPENS**

*Tiger Woods Swing*

You can see just how intensively the brain works on a given problem, throwing away all unnecessary information.

The brain contains mirror neurons, a type of brain cell that responds when we see another human do something. These neurons fire as if we were performing the action ourselves even though we are merely witnessing it. It is one of the ways we learn a skill. If I watch Tiger Woods's golf swing, my mirror neurons will fire as if I were practicing *his* swing. Later when I practice the swing for real, my neurons will have already been partially programmed. This effect is presumably the reason we enjoy watching sports; our mirror neurons allow us to begin acquiring a skill while sitting in an armchair! This is clearly a useful evolutionary trait but you *do* also need to practice for real!

Mirror neurons also fire in response to witnessing emotions. When we see an actor laugh or cry, we experience their emotion as if for real. This helps us empathize with the person we are watching and is part of the reason we enjoy movies and plays.

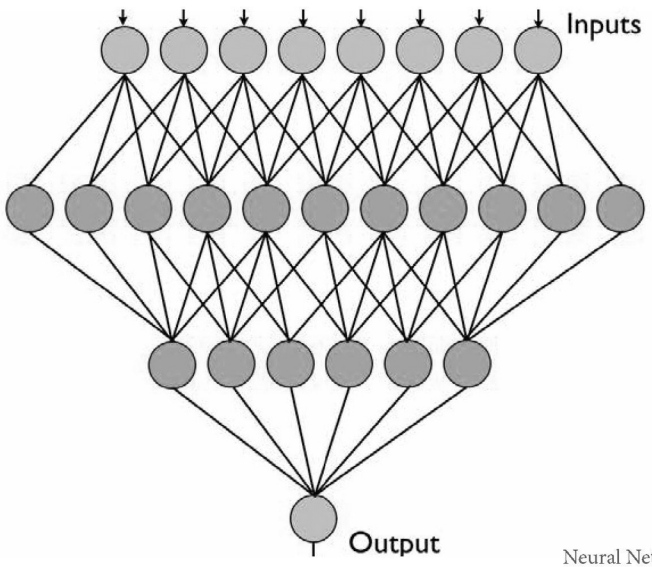

Neural Network

# Thinking

*"We cannot solve our problems with the same thinking we used when we created them."*

Albert Einstein

If you feel mentally exhausted reading this book, don't worry. This is normal. Mental work takes energy. Scientists estimate the brain consumes 20% of our resting energy; around 12 watts. Physical fitness is important for thinking. If you get out of breath running for a bus, thinking is going to be harder for you. Studies are mixed about whether the additional work involved in solving a difficult problem causes you to use more energy. We certainly see an increase in the flow of glucose to the appropriate part of the brain, but the overall energy use in the brain is quite high in the first place, so it is hard to see the incremental effect.

Unlike muscles, which store energy locally as glycogen, brain cells 'burn' glucose and oxygen from the blood stream in real time. If scientists detect glucose and oxygen flowing to a part of the brain they know it must be working on a problem. As we know, there are several ways to make glucose and oxygen show up in brain scanners. You can, therefore, inject someone with the right chemical markers, wheel them into a brain scanner, and watch them learn new skills. On a practical level, there is limited space within a scanner and you can't wield a golf club, for example. Julien Doyon, a researcher at the University of Montreal, was recounting this problem to a friend and she suggested knitting. Knitting is a physical activity you learn just like a golf swing or a tennis stroke, with all the initial fumbles and jerky activity, settling down to a fluid learned skill. Most experienced knitters can engage in a full conversation while knitting complex patterns, only needing to break off and concentrate during a pattern change. Luckily, there are ceramic and bamboo knitting

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needles which don't interfere with MRI scanners, and they are small – no golf swing problems here. Studies of knitters show that when they initially learn a skill, several areas of their brain light up, but after a while, the brain activity becomes concentrated in the sensorimotor striatal territory.

Glucose, the brain's power source, is a sugar we get directly from eating sweets or indirectly by digesting starch. Some studies show children do slightly better at school if they eat starchy foods in the morning for breakfast – a bowl of cereal or porridge. When you think and work your brain consumes the glucose in your blood, and blood glucose level drops. If there is a steady source of glucose from the starch digesting in your gut, the glucose is constantly topped up and the level will stay high. If there is no input of glucose from your gut, the body will first get glucose from glycogen in your liver or generate it by converting fat reserves. This takes more work so the body tends to avoid doing so until it absolutely has to. You can function with slightly lower glucose levels but the body will shut down a little. One thing that suffers as a result is the brain's ability to perform cognitive tasks. A quick and easy way to fix this is to consume some raw glucose and most fridges have a ready supply in the form of sugary drinks. Stories of kids running amok, due to sugar highs brought on by too many sweets and sodas, appear to be an urban legend. In tests, parents told their children have had a sugar drink report them to be hyperactive even if they had been given a sugar free drink. I'm not suggesting you drink lots of sugary drinks – it is bad for your teeth and will make you fat – but the occasional soda is fine.

## Memory

Scientists are just beginning to explore the mechanisms that lay down memory in the brain. There are two main classes of theory. The first believes memory is formed in the large scale wiring of the brain. Neurons connect with other neurons and the number and strength of these connections cause memory. When we learn, new connections are formed. The electrical activity in a given part of the brain triggers the formation of new dendrites. They grow, piloted by tubulin micro-tubes, rather like vines growing in a slow motion nature clip. Once a micro-tube guided filament is close enough to other, a synapse forms. This gross-scale wiring growth is one method of memory formation. Another gross-scale effect is myelination. Myelin is the insulation the body uses on nerves cells, including nerve cells in the brain. It looks a bit like the insulation we used in the 1930s. Before the invention of plastic, strips of waxed canvas were wrapped around wires to provide insulation. Myelin

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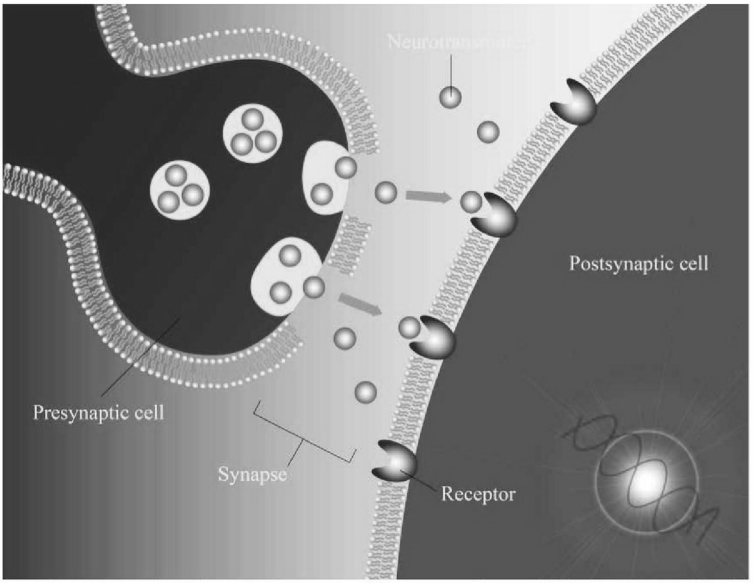


*Synapse*

has a similar structure. It is a flat protein laid down as a spiral on the outside of nerve cells. The theory is that cell firing causes myelination, which permanently imprints the memory.

The alternate class of theory proposes memory is encoded at a much smaller scale. Neurons are quite complex structures in their own right. Inside each neuron is a lattice of proteins, which forms a skeleton. Part of that skeleton provides structural integrity to the neuron, while other elements provide control and motility. It is this control part of the skeleton that people believe might encode memory. A 2012 paper by Travis Craddock and Jack Tuszynski of the University of Alberta, and anesthesiologist Stuart Hameroff of the University of Arizona proposes a protein called CaMKII binds to the cytoskeleton in 32 different configurations, providing a binary data encoding. It is an elegant idea but it also relies on your believing their model for quantum neuron processing which is still highly controversial. If proven, they are my top Nobel Prize tip for this decade!

## Photographic Memory

Until recently conventional wisdom held that true photographic memory was a myth and the few people claiming to have it really used some sort of mnemonic memory technique to selectively memorize things. The

most famous case was a Russian journalist known as 'S'. He habitually memorized things using association with places. In antiquity this was taught as 'the method of loci'. The unusual thing was his inability to turn the effect off, and he found it as much a curse as a blessing. He was unable to forget useless information and found it hard to interpret complex images, tending to see areas of color and shade rather than objects such as trees, houses and fields.

Very recently some people have come forward, six in America and one in the UK, who appear to have genuine photographic memories It is well worth watching the TV documentary *The Boy Who Can't Forget* to gain a sense of what this is like. These people appear to lack the ability to forget, and this turns our understanding of memory on its head. It seems memory might work the opposite way we thought. We had previously thought we only remember what we pay attention to, but perhaps we must actively forget, and this ability is missing in these subjects. Scientists are studying these people to see if they can understand more about memory.

## The Aging Brain

We can explode a myth and encourage older readers simultaneously. Memory does not deteriorate with age, or at least not until we are very old. Most studies looking at memory deterioration focus on the very old and compare them with the very young. Even then, the differences are small. When people are asked to attempt memory problems there is a mild drop off with age but the results are quite similar. The most likely reason older people don't remember so well is they don't believe they can. Perhaps they don't have as much incentive to remember new information. Why learn someone's name if you're unlikely to meet them again? Since IQ actually increases with age, don't believe people when they say you are going downhill from the age of 40. You are not!

## Computer Brains

Computers are really quite simple compared with all the evolved baggage we humans carry around. When a computer is presented with instructions, for example, for a program like Excel and a file such as my expenses, it will load everything into memory and 'run' it. The process of running a program is simple. Each instruction is a number. The computer reads the number, looks it up in a table, finds a corresponding number, and writes that down. Essentially that's all there is to it. From a simple mechanism like this, we get the enormous complexity of a modern

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computer. The sophistication is achieved through reading and writing many numbers in parallel, and chaining the steps together so that if you read a particular number it triggers another read/write process, and so on. I'm glossing over some details such as logical functions but, if you know how a modern computer chip is constructed, my description is not far off. Almost all logic today is implemented in tables to achieve the speeds we expect from modern chips.

All modern computers are clocked. A small piece of quartz rock has been polished, coated with metal, and wired up to a control circuit in the computer. When you apply voltage to the rock it bends and absorbs energy. When the voltage is taken away it bends back and gives out the energy. This is effectively a pendulum and it can be used to make an accurate clock. I used to design these for a living. Every logic gate in a computer is connected to this clock, and each time the clock ticks the logic gates in a computer *compute*.

Most modern computers are entirely synchronous. The clock rate is set so that the gates in the computer fully recover by the time of the next tick, and every gate is therefore ready in its standard position when the next instruction arrives. The human brain does not have a central clock. Each neuron acts independently – firing regardless of whether the neurons it is adjacent to are ready or not. It is wrong to think of the brain as digital. Each neuron *does* fire and recover, but it may be triggered again before it fully recovers. This makes for a chaotic and essentially analogue operation. If one neuron fires when a second has only half recovered, then it gets half an effect. If the neuron is 80% recovered, an 80% effect. Neuron recovery time is quite long, perhaps as much as $1/1000^{th}$ of a second, and they are wired in three dimensions to as many as 10,000 other neurons. It is perfectly possible for a set of neurons to run one 'program' when they are rested and a completely different 'program' when they are 50% recovered and yet another programs if triggered from different starting locations. I have said 'program,' but arguing a brain runs a 'program' is misleading. It is not organized like this.

## Neural Networks

A neural network is our best attempt at a computer model for the human brain. Each neuron is represented by an entry in a table. The entry records all the connections to it, along with the strength of each connection – these are called 'weights'. In some models the connections can be both

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inhibitors and activators like in real synapses. An individual neuron will fire if the sum of all the connections multiplied by the weights reaches a certain pre-determined threshold.

A neural network does not run a program in the conventional sense, and must be trained through experience rather like a human brain. The training process allows the weights in the network table to be adjusted to give the correct result. But, unlike the brain, you can read the weights and even save them to a disk. The neural network tables start with random settings. You show the network the letter 'A' and adjust the weights in the tables until it gives a positive answer: 'It's an A'. Repeat the process with the other letters until the network correctly distinguishes them. As you do this a computer algorithm constantly adjusts the weighting tables using a method called 'back propagation'.

At the end of the training process you can show the network some new input and see how it does. For example, a letter 'A' that is in a slightly different font to anything in the training set. Trained neural networks can perform complex tasks such as recognizing faces or making clinical diagnoses, and they can be allowed to modify their weighting tables as they work so they learn from experience in a similar way to a human brain. Strong AI proponents believe making a thinking machine is just a matter of building a really large, fast neural network and working out how to train it efficiently.

## Quantum Brains

Conventional wisdom says each brain cell is a single processing unit making an on-off decision – fire, or don't fire – depending on the state of its neighbors. But, Stuart Hameroff, Professor of Anesthesiology at the University of Arizona, thinks neurons are not the fundamental information-processing unit in the brain. He suggests that this accolade should go to tubulin. Tubulin is a small, versatile protein that self-assembles into filaments rather like the way buckyballs – a magnetic children's toy – can be arranged. There are two types of tubulin molecule: α and β. They slot together and wrap around to form a micro tube about 25nm in diameter.

Tubulin micro tubes do several important things in the body. They form the skeleton of neurons and give them structure. They are involved in guiding neurons as they grow towards each other to form new connections, and they also operate in the nucleus of a cell to unzip

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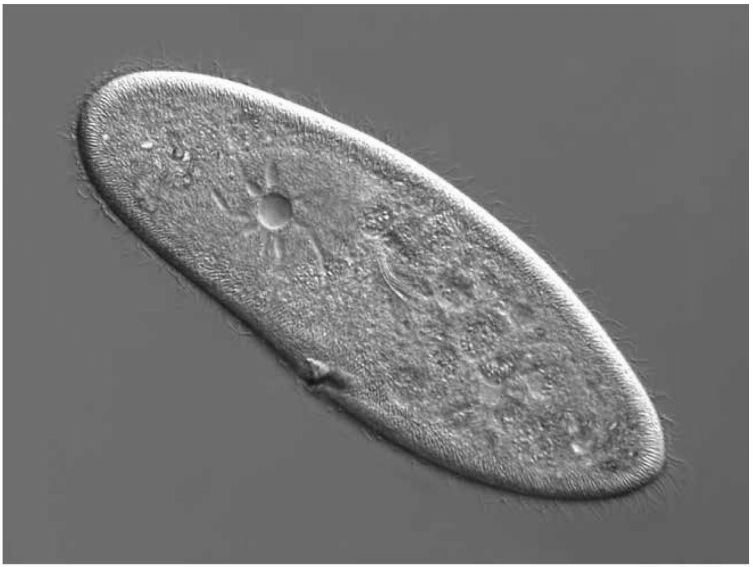

*Paramecium*

DNA into its two complementary strands when a cell divides. In single-celled organisms, including paramecium, the ends of the tubes stick out of the body and form the cilia that drive the organism along.

The presence of tubulin in complex, single-celled organisms provides a clue that the smallest information processing unit might not be the neuron. Some single cell organisms, such as paramecium, display complex behavior: hunting for prey and escaping danger. This suggests they can process small amounts of information without the need for a matrix of neurons. Since we evolved from these organisms, why wouldn't our brain cells take advantage of this sub-cellular intelligence?

The structure of tubulin lends itself to digital processing as the molecules forming the walls have two stable states and can flip between them. We might recognize this as the basis of a binary computer, and cells might have little computers within them. They would not need to process many bits to be useful. Perhaps single-cell organisms developed information processing capabilities in their micro tube structures that allowed them to better survive and, as their nervous systems evolved, they coupled these structures to form the brains we see today. This piece of theory is not too controversial. After all, nerves have wiring within them to carry information to the synapses and it's likely this wiring is involved in the thinking process. But Hameroff is not finished. He has teamed up with Roger Penrose to bring quantum mechanics into the picture.

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Their reasoning is straightforward but has generated a great deal of controversy. Hameroff observes that anesthetics cause humans to lose consciousness by binding to tubulin, but they do not halt all brain function. He, therefore, concludes our conscious thinking is mediated by tubulin, not the larger scale firing of the neurons. Penrose had been looking for a mechanism in the brain that would explain how brains solve non-computational problems. Together Penrose and Hameroff propose tubulin micro tubes are quantum gravity computers that allow us to think non-computationally and are the seat of consciousness. The ideas are still being worked.

Penrose and Hameroff have a difficult task conveying their ideas to the rest of the scientific community. Scientists don't recognize a need for something that can think non-computably, so they are highly skeptical of a mechanism which performs that sort of thought. The latest development on the Hameroff Penrose model comes in the work of Travis Craddock, now of Nova Southeastern University, Florida, and others. They have written a paper arguing signals propagate according to quantum principles within microtubules through the excitation of thiamin molecules along the length of the tube. They believe these molecules are quantum, entangled in a similar manner to the mechanism recently discovered in photosynthesis. The geometry of these molecules is set out in a similar way to the active areas in chlorophyll and they have a complementary problems to solve. Chlorophyll tries to maximize energy conversion efficiency, while a microtubule tries to minimize the use of energy while propagating signals along a nerve. You might wonder

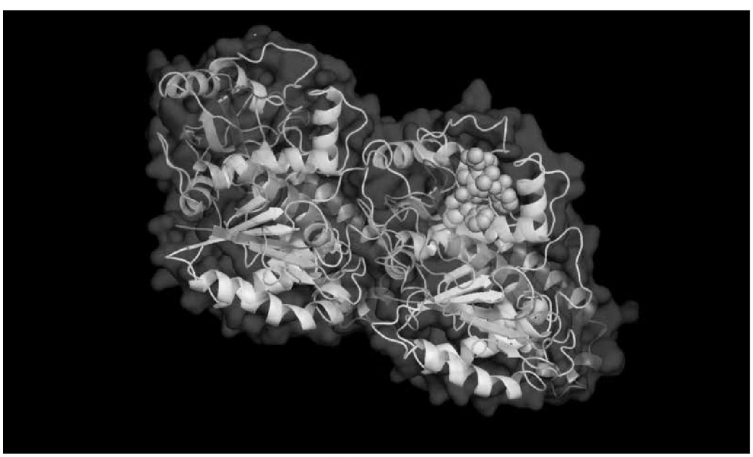

*Tubulin Protein*

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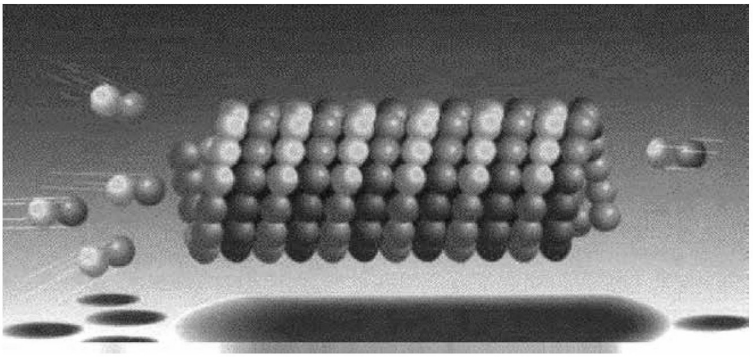

*Tubulin*

where the light comes from since tubulin is housed deep within the neurons inside our brains and shielded from light by our skull. It turns out that the mitochondria which powers our bodies emit photons of UV light as a waste product of their metabolism. The speculation is tubulin harvests this waste energy.

Before we argue for this mechanism any further we still need to establish that a non-computational mechanism is needed to allow human thought. In the next chapters, we will look at the nature of knowledge and, in particular, mathematical creativity and the Wiles Paradox.

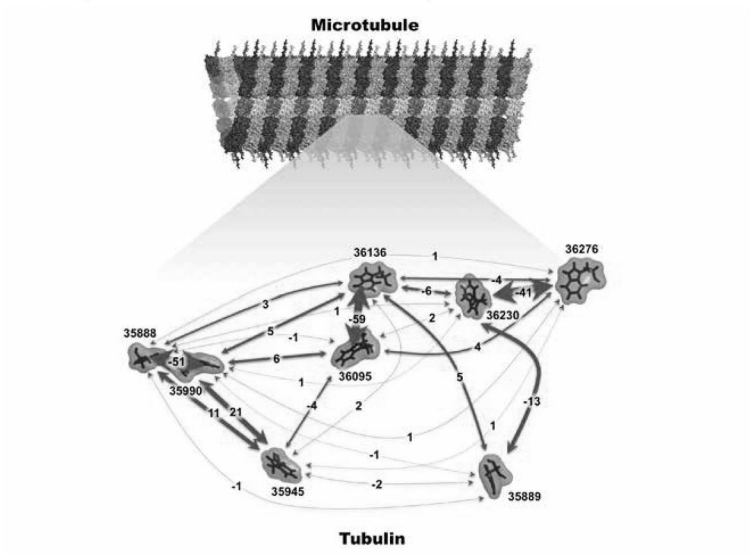


*Quantum Coupling of Tubulin in Microtubule*

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## *Chapter 5*

# KNOWLEDGE

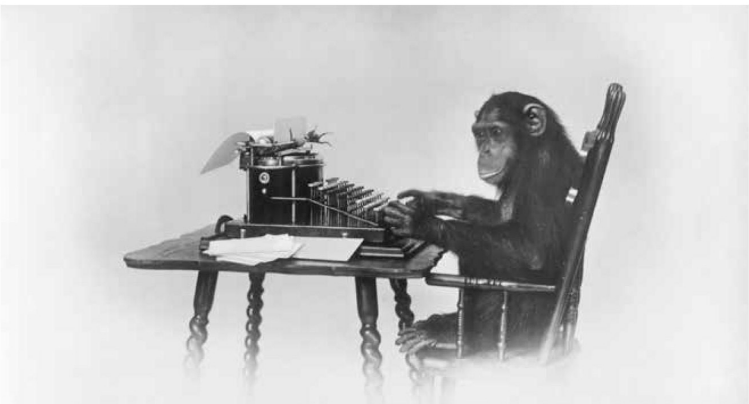

Chimpanzee and Typewriter

*"There's an infinite number of monkeys outside who want to talk to us about this script for Hamlet they've worked out."*

Douglas Adams

*"I'm not young enough to know everything."*

J.M. Barrie

*"He has Van Gogh's ear for music."*

Billy Wilder

Could an army of monkeys write *Hamlet* by bashing away randomly on typewriters? Of course, we don't mean this literally. We are asking whether knowledge can be created without understanding. Can a monkey, or perhaps some form of computerized random number generator, accidentally type out the script for Shakespeare's *Hamlet* or write Tolstoy's *War and Peace*? Is knowledge generation simply a numbers game?

Leo Tolstoy's *War and Peace* is generally assumed to be the longest novel ever written. This is not quite true. Wikipedia reckons the longest novel is a French book, *Artamène*, with over 2.1 million words. Tolstoy comes in sixteenth, with a mere half million!

Written in 1869, *War and Peace* tells the story of five Russian families during the Napoleonic wars. Originally written in a mixture of Russian and French, and numbering over 500,000 words, it was quickly translated to other languages. The mistress of composer Franz Liszt translated it fully into French, where it expands to 550,000 words. Contrary to popular myth the length of the book drops slightly in German. If you really want to save paper Chinese is best. Because it uses a single symbol per word, the Chinese translation needs only 750,000 characters compared with the 3 million for English. It is wrong to assume this is necessarily more efficient than a phonetic language. Although it might save on paper, it is considerably more laborious to write. Three strokes are required to write 'war' in English whereas the Chinese pictogram requires ten.

*War in Chinese*

Computers work with numbers. It is a simple process to translate a book into numbers because books are composed of discrete symbols. All we need do is give each symbol a unique number and record those numbers in digital format. Artistic works involving pictures and sound are more difficult to represent because they are continuous in nature. We have to digitize them first. With music or painting this inevitably means some loss of information as we can't cut a sound or image into an infinite number of pieces.

The modern standard for translating text to numbers is Unicode. Each character is represented by a five-digit number ranging from 1 to 64,000 – two bytes for those of you who know computing. This is

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sufficient to code almost all the world's symbols, so we can avoid any accusation of being language-ist! Here are some examples of the

Φｱあ Ｑボ杏碓 Π Ж Я

*Ancient Greek, Japanese: Kanji, Katakana, Chinese, and Russia-Cyrillic Symbols*

characters represented by Unicode.

For our discussion, it does not matter which language *War and Peace* is written in. We just treat the symbols as numbers. I am going assume the English translation which has around 500,000 words; a nice round number. Assuming a generous 10 characters per word, *War and Peace* is approximately 10-megabytes – that's about the same size as a music track on iTunes. In practice, the book uses a bit more memory, as there is some overhead for formatting information. My laptop has a 500 Gigabyte hard disk so I could fit half a million copies of *War and Peace* on it!

If we take a look at the contents of the file on my computer the book starts:

**87101108108448011410511099101441151 11**

Can a computer calculate this number?

The obvious answer is YES. It is just an integer like 1, 3 or 42. Granted it's a large number, but the length of the number is simply the length of all the symbols in the book coded into Unicode – about 10 million digits. We have already determined this number can be stored on my hard disk half a million times, so it's not an unimaginably large number. How long would it take to calculate the number corresponding to *War and Peace*?

The simplest method is to count up starting at 1 then 2, 3, 4, 5, and so on until I try every number. Will this eventually get to the *War and Peace* number? The answer is yes. Eureka! All of human knowledge is computable. I have written this computation out as a simple computer program below. It says, in plain English, start at zero, go round a loop counting up one at a time and print each number as you go along.

```
i==0; Loop i++ Print i;
```

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Easy!

No, unfortunately. The problem is subtler than it first appears. First it will take a VEEEEERRRY long time. If I counted up from one, I would print out *War and Peace* eventually but it would take 120 billion, billion, billion, billion, billion… (I would need the entire length of this book to write out all the billions) years! For the physicists amongst you, I would need $10^{30,000}$ years, assuming I could use every atom in the known universe counting in parallel at the plank interval. 'The plank interval' is the shortest time that can exist in the Universe as a discrete 'tick'.

Even going at this speed using with every atom in the known Universe would take $10^{5,000}$ longer than the age of the Universe. This is stupendously long. Remember scientific notation means I have a 1 with 5000 zeroes after it. It is a deceptive notation as something as innocuous as $10^{120}$ is equal to the number of atoms in the known universe. $10^{5,000}$ is an absolutely enormous number. If you hear something is going to 'take until the end of time', we're talking a lot longer than that!

You may have spotted that in the process of counting up to the *War and Peace* number we also count through EVERY book ever written shorter than 500,000 words in all the world's languages. Interestingly we counted through the Japanese and Chinese translations of *War and Peace* quite a bit before we reached the English and finally French translations. During the process, we also stepped through countless other wonderful works: proofs of amazing theorems, the complete works of William Shakespeare, and every composition ever written. Sadly, we never knew it. The problem is my program never stopped and told me it had found any of these wonderful things. I would have to sit staring at the screen to spot them. If I was off doing something else – making a cup of tea, taking the kids to school – I would miss all these wonders; the program never *tells* me if it has succeeded, but quietly prints out *War and Peace* and carries on. This is really annoying. It's not a useful machine.

What I need is a machine that rings a bell when it finds something interesting so I can break away from what I am doing and take a look. Reading every book it writes in every language and all the nonsense in between would take a ginormous amount of my time. (By-the-way, contrary to statements by school teachers that ginormous is not a word – it is!) I want a computer to come up with *War and Peace* without me having to do all the work.

It's no help if the machine writes everything down and lets me take a look in my own good time. That only puts off the time when I have to begin reading all the gibberish it produced. Another practical problem is the massive storage required. Just imagine the immense piles of printer

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paper! Stephen Hawking and Jacob Bekenstein have shown space appears to have a limit to the quantity of information it can store. The quantity of information we are looking at here is greater than the storage capacity of the Universe and would collapse space-time to a black hole before I got even a fraction of the way through. Let us try to be a bit cleverer about the task of creating this information.

The simplest way to tie the computer down is to run a much stricter program. Ask it to count up from one until you get to a number representing the novel War and Peace and then print it, stop and ring a bell.

**Loop i++ until i == "War and Peace…"; Print i; ring-bell;**

This program succeeds!

I am triumphant. I have calculated the *War and Peace* number, and this time I did not miss the event. But, if you consider this a little more deeply I gave the computer the answer! I told it the string "*War and Peace…*" and it was able to count up, stop, and tell me it reached it. In mathematical terminology, the program is said to have 'halted' when it reached the *War and Peace* number and in computer science speak it is a special purpose program designed to do only this one thing. This program is pointless. First, it would still take a ginormous amount of time to get there and, second, it is trivially the same as running the program: Print *War and Peace*.

**i = "War and Peace…"; Print i;**

It's just the same as me taking my laptop, finding *War and Peace* and pressing *print*. In no way is this equivalent to Leo Tolstoy's creative effort of writing *War and Peace* in the first place.

What went wrong?

I wanted my computer to find an *interesting* string I did not already know. *War and Peace* is trivially computable after Leo Tolstoy created it but the question is whether my computer could come up with *War and Peace* or some similar creative work on its own. Can it *create* and, more importantly, understand it has *created* something? We have linked the ideas of creativity and understanding, and this will prove to be the key to the problem.

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## The Problem

One suggestion put forward by Daniel Dennett is the creative process is a two-part task – generate ideas, then critically assess them. I can, in principle, make a program write out every possible book less than 500,000 words long. Provided I don't store the results this will not collapse the Universe. This just leaves the problem of writing another program to read all the output and ring a bell each time it finds some interesting truth. This second program might be called an appreciation program. Let's examine this approach. I can write out a very simple program to do this – provided I cheat and ignore the complexity of the term 'something interesting'. In plain English: Count up from one until I get an interesting fact, write it down and stop.

**Loop i++ until i == (Something Interesting), Print i**

This generates two problems. We need to make a program that can tell if something is interesting and it will need to be fast because it is going to be handed a huge amount of junk. Clearly I have a process running in my brain that can determine if something is interesting, but it is quite slow. It takes me an appreciable time to open a book, leaf through the pages and declare it either junk or interesting. Leo Tolstoy had a process in his brain that allowed him to create something interesting but I want to prove he did not do this by generating random junk and sifting through it. Let's look at the mathematics.

We know simply counting sequentially through every number would take too much time, but why not generate random numbers and run our critical eye over them? Surely this would give a faster result. Let us try with a short poem. How hard would it be to come across something as simple as a four-line poem using this technique?

This poem, by the late Spike Milligan, is only 23 words long, including the title, and I have a powerful computer. Wouldn't it be possible to generate it using a computer? Unfortunately, no. We humans don't have a good head for large numbers and this problem is much harder than it appears. Let's use playing cards to get a feeling for large numbers.

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## A Simple Poem

**Rain**

There are holes in the sky
Where the rain gets in
But they're ever so small
That's why the rain is thin.
Spike Milligan

*Spike Milligan*

Coming upon a poem by chance can be likened to the probability of dealing a perfect bridge hand. Shuffle the deck thoroughly and then deal four hands. What is the probability every player will have the ace through king in a single suit? It's about 1 in 1,000,000,000,000,000 hands. Because lots of people play a lot of bridge around the world, this outcome has been reported quite a few times. The possibility appears within the bounds of human experience. Fifty-two playing cards seems close to the 80 characters that make up this poem and 13 choices of cards is about the same as the 26 letters of the Latin alphabet. Wouldn't we expect poems of this complexity to crop up almost as often?

NO.

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The 80 characters of this poem versus the 52 playing cards and the greater choice offered by 26 letters increases the problem geometrically. Taken together the probability of accidentally getting this poem is vastly less than a perfect hand of bridge, 1 in $10^{83}$ against the perfect bridge hand of 1 in $10^{20}$. That's the difference between the number of atoms in the known universe and the number of atoms in a jug of water! Numbers get big very quickly when we are looking at the permutation of information. And there is another problem with our bridge analogy. All the bridge players in the world are part of the machine finding the perfect hand. When a human sees a perfect bridge hand they are amazed. It is an event that usually hits the local newspapers and a couple of years ago one reached the national papers in Britain. Each bridge player looks at every hand, they play so there is a huge amount of processing going on during every bridge game. To replicate this for our poem, we would need millions of poetry classes spending hours each evening reading through computer printouts of gibberish.

I should also add that sightings of perfect bridge hands are almost certainly hoaxes. The probability of it happening even once would require everyone on Earth to play bridge continuously for a thousand years. It is reported somewhere in the world about two or three times a year. If we are charitable, we might assume people failed to shuffle the deck properly but I suspect some mischief is going on! The numbers don't stack up…

You might think the problem is one of improving the efficiency of the filter so humans would only have to examine a smaller number of possibilities. Surely I could improve things by writing a simple program to ban all non-English characters, words and poor grammar; things that don't pass the Microsoft Word grammar checker. This would generate a more manageable number of potential poems.

Lewis Carroll shows this does not work; my idea to use a grammar and spelling checker to filter out gibberish just eliminated Jabberwocky, one of the most famous verses in the English language. Take a look at what Microsoft Word thinks of it.

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## The Jabberwocky

'Twas brillig, and the slithy toves
Did gyre and gimble in the wabe;
All mimsy were the borogoves,
And the mome raths outgrabe.
"Beware the Jabberwock, my son!
The jaws that bite, the claws that catch!
Beware the Jubjub bird, and shun
The frumious Bandersnatch!"

He took his vorpal sword in hand:
Long time the manxome foe he sought—
So rested he by the Tumtum tree,
And stood awhile in thought.

And as in uffish thought he stood,
The Jabberwock, with eyes of flame,
Came whiffling through the tulgey wood,
And burbled as it came!

One, two! One, two! and through and through
The vorpal blade went snicker-snack!
He left it dead, and with its head
He went galumphing back.

"And hast thou slain the Jabberwock?
Come to my arms, my beamish boy!
O frabjous day! Callooh! Callay!"
He chortled in his joy.

Twas brillig, and the slithy toves
Did gyre and gimble in the wabe;
All mimsy were the borogoves,
And the mome raths outgrabe.

Lewis Carroll

*Lewis Carroll's Jabberwocky*

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'Twas brillig, and the slithy toves
Did gyre and gimble in the wabe;
All mimsy were the borogoves,
And the mome raths outgrabe.
"Beware the Jabberwock, my son!
The jaws that bite, the claws that catch!
Beware the Jubjub bird, and shun
The frumious Bandersnatch!"
He took his vorpal sword in hand:
Long time the manxome foe he sought—
So rested he by the Tumtum tree,
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And as in uffish thought he stood,
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One, two! One, two! and through and through
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"And hast thou slain the Jabberwock?
Come to my arms, my beamish boy!
O frabjous day! Callooh! Callay!"
He chortled in his joy.
Twas brillig, and the slithy toves
Did gyre and gimble in the wabe;
All mimsy were the borogoves,
And the mome raths outgrabe.

*The Jabberwocky Spell Check*

## Microsoft Verdict on the Poem

39 of the 166 words in the poem are unknown to Word's spelling checker and this is an optimistic analysis of how the algorithm would fare. Many of the words are in the spelling checker because of the poem: galumphing, for example. Lewis Carroll's work was sufficiently influential that part of

the English language was created in this poem. The same goes for much of Shakespeare. If we used a filter method, we would have just deleted most of Shakespeare from the English language! Indeed half the poems in my anthology of English verse are destined for the waste paper basket due to some minor infraction of 'the rules'. If you want something that completely flummoxes my spelling checker here is the Loch Ness Monster Song by Scottish poet Edwin Morgan. I asked a Scottish friend whether Scottish spelling checkers fared any better and he assures me, no.

### The Loch Ness Monster's Song

Sssnnnwhuffffll?

Hnwhuffl hhnnwfl hnfl hfl?

Gdroblboblhobngbl gbl gl g g g g glbgl.
Drublhaflablhaflubhafgabhaflhafl fl fl -

gm grawwwww grf grawf awfgm graw gm.
Hovoplodok - doplodovok - plovodokot
- doplodokosh? Splgraw fok fok
splgrafhatchgabrlgabrl fok splfok!
Zgra kra gka fok!
Grof grawff gahf?
Gombl mbl bl -

blm plm,

blm plm,

blm plm,

blp

Edwin Morgan

*The Loch Ness Monster*

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The foibles of spell checkers have long been a personal pain to me because of my dyslexia. Although I can see the red underlining Microsoft Word kindly inserts so liberally into my text, I can't easily see the occasions when I use a homonym. A fine poem illustrating the problem was kindly written by Jerrold H. Zar and published in *The Journal of Irreproducible Results*. It hangs on the wall behind my computer to remind me to check for these errors.

**Candidate for a Pullet Surprise**
By Jerrold H. Zar

I have a spelling checker,
It came with my PC.
It plane lee marks four my revue
Miss steaks aye can knot sea.

Eye ran this poem threw it,
Your sure reel glad two no.
Its vary polished in it's weigh.
My checker tolled me sew.

A checker is a bless sing,
It freeze yew lodes of thyme.
It helps me right awl stiles two reed,
And aides me when eye rime.

Each frays come posed up on my screen
Eye trussed too bee a joule.
The checker pours or every word
Too cheque sum spelling rule.

Bee fore a veiling checker's
Hour spelling mite decline,
And if we're lacks oar have a laps,
We wood bee maid too wine.

Butt now bee cause my spelling
Is checked with such grate flare,
Their are know fault's with in my cite,
Of nun eye am a wear.

HOUSE_OVERSIGHT_015829

Now spelling does knot phase me,
It does knot bring a tier.
My pay purrs awl due glad den
With wrapped word's fare as hear.

Too rite with care is quite a feet
Of witch won should bee proud,
And wee mussed dew the best wee can,
Sew flaw's are knot aloud.

Sow ewe can sea why aye dew prays
Such soft wear four pea seas,
And why eye brake in two averse
Buy righting want too pleas.

## The Search for Knowledge

I hope this explanation shows you the simplest model for creativity – working through every possibility, and examining them all – is doomed to failure. It would take longer than *until the end of time* to even list all the options, let alone analyze them.

You might wonder just how long it is until the end of time? It's generally assumed there are two possible ends to the Universe, a Big Crunch or heat death. Either way the approximate estimate is our Universe will last somewhere between one and fifty times longer than it has lasted so far. That's a long time, at least another 15 billion years, but just generating *War and Peace* would take 5000 orders of magnitude longer than this!

More complex models such as a three-step process have been suggested. We could perhaps randomly create information and put it through a mechanical filter to bring it down to a manageable set of options and then give it to an appreciation algorithm to finally decide whether we have created something. The real problem with this model is the filters. If we try to reduce the effort by assembling works only from pre-existing words, we will have filtered away many works we know and love. Gone are Shakespeare, Lewis Carroll, Dylan Thomas and Roald Dahl, shall I go on? Indeed, once upon a time there were *no* words, every word was coined at some point. The process of creating art is continually creative and mechanical filters can't be applied to things they have not seen before.

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You might argue we could devise a more sophisticated mechanical filter, something that contains an algorithm with an understanding of the rules of language. The problem is both the size of the task and the nature of understanding. If I devised some really good appreciation algorithm which did not delete all the creative words of the English language, it would still have to read and appreciate the huge quantities of input until it hit upon something good. There is no way for any machine to read all this information in the age of our Universe; the numbers are just too large. And there is no way for a machine to understand all the rules of language, they are not written down and constantly evolve.

These descriptions should give you an intuitive feel for nature of the creative problem. If you try to deconstruct it into mechanical steps you end up with either a mechanism that needs to be infinitely specified or one that lets through an infinite quantity of nonsense. A human could never sift through all that garbage to find the occasional pearl of wisdom.

Until the beginning of the 20th century, most people thought knowledge and creativity must be just a matter of scale. A big enough, fast enough machine should be able to solve any problem. But early in the 1930s two mathematicians – Kurt Gödel and Alan Turing – showed knowledge was not so simple. Let me give you a feel for why.

## Knowing When You Know

The essence of creating knowledge, is to know when you have done so. In a sense, counting from one to infinity means *I know everything*, and merely counting to 50 million creates every piece of significant symbolic knowledge that will ever be written – all the books, plays, mathematical theorems you could possibly want. But, if I were to list all these numbers in an enormous imaginary book it would hardly constitute knowing everything: I would be awash with numbers but not with knowledge.

The essential feature of 'knowing' is to have a small number of steps that will definitely answer a problem. For example, if I wish to phone someone I can look up their details on my phone. The process will tell me their number in two or three steps. If you tell me the number is somewhere in the phone book this is not knowledge. It could mean I need an infinite number of steps.

If I accidentally deleted all the names in my phone – a nightmare scenario – and just had a print out of numbers would I still 'know' them? Obviously I would recognize my mother's number, but most of them would be useless. To know something, I need link the information to what it is for. A number with a name allows me to predict what will

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happen if I make a call. I will have an interesting conversation or pay my gas bill. It's the same with most numbers. If I have a number that represents the design for a building or a mathematical theorem, these numbers have purpose. If I input these numbers to a computer along with some building design software or a copy of Mathematica they will do something interesting; allowing a construction firm to build a innovative building or a mathematician to check a theorem is sound.

It's a lot harder to prove numbers representing art are functionally useful. A work of art is in some sense not complete – it still needs to go through the process of being appreciated by someone. We could show it to a friend or exhibit it in a gallery but this is un unpredictable process. Van Gogh's paintings were so criticized in his lifetime, many people would have denied them the label art, and Edwin Morgan's Loch Ness

*Art or Information*

Monster poem is almost pure gibberish, but it's undoubtedly art. Art is a tricky problem but, in practice, most of us agree on what constitutes good and bad art. We will look again at art, in Chapter 10.

Classically we assume knowledge is discovered through random chance and iteration. To understand how this might work let's lay out the world's information in a way we can visualize. Imagine every piece of discoverable knowledge could be found in an infinitely large library.

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The infinity library would contain every possible symphony, theorem, novel, poem, and play ever written, or to be written. Its sister library next door, the continuum library, would contain all the analogue works of art; painting, sculpture, architecture, physical artifacts and the like. The curators of the two libraries would constantly argue over whose collection was the better. We'll leave them to differ for the moment. The infinity library is interesting enough so let's explore it first. After all, its sister, the continuum library, takes an infinite amount of time just to look at the first room, and we are in a hurry!

Although the infinity library is infinite, we are probably only concerned with entries shorter than a million symbols. All the interesting papers, proofs and symphonies I know of are shorter than this. If I wanted to include all computer programs, I would still only need to increase it to 100 million symbols. Looking for knowledge is *not* itself an infinite task.

For the sake of clarity, I will ask the infinity librarian to organize the collection. Any book or paper will be sorted according to its title and the contents of its pages, and similar books should be grouped together. I also only want to look at the English section of the library for the moment. I will still have a huge section to look through but at least every work is titled and readable by me. Much of the information will be junk but amongst the sea of rubbish will be islands of useful knowledge. Now, is there a way to find knowledge in this library in an automated fashion?

***Battleship***

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The best analogy I can find to illustrate iterative knowledge discovery is the 1970s family game 'Battleship'. The game consists of two 10 by 10 grids that you plug your ships into. All the ships are linear shapes of a few squares in length. The players cannot see each other's ships and must guess where they are. A very simple way to do this would be to ask your opponent whether they have a ship on the top left square and continue systematically across the board, square by square, until you reach the bottom right hand corner. This would eventually find every ship. If every ship were a piece of knowledge we could discover all the knowledge in the world by simply stepping through the board one cell at a time, but it would take a long time.

A better way to play Battleship is to pick a square at random. If you get a hit, explore linearly around the hit. This will efficiently find the rest of the ship. The same might be true for knowledge. We could take random shots, get lucky and move linearly to flesh out our knowledge. Once we had exhausted an area we could take a step away at random and again hope for another hit. This process is exactly the way some people imagine the frontier of knowledge expands.

But, it is wrong.

The monkey moon shot story explains…

> *"I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a monkey on the moon and returning him safely to Earth."*
>
> President Monkey

The monkey nation is asked to mount a moon shot. After a little time a monkey is asked to report on progress.

"I can report," says the monkey, "I have climbed a particularly tall tree on the tallest hill on my island and have made over seven hundred meters progress towards the moon, although this is only 0.0001% of the way there, this has been quick so I believe we are well on the way."

You see of course the problem. Progress in many problems is nonlinear. Moving a bit of the way towards the goal does not provide any *actual* progress: That is the problem with knowledge. It is not linear in structure. You need to take leaps to discover new knowledge. You can not simply look around in the general area. Such leaps are mathematically huge. The chance of making a successful one by pure chance is virtually zero.

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## But Cats Can!

As chance would have it, as I was writing this book about the impossibility of creating great literary works at random, our new kitten, Jessie, sat on my keyboard – she likes the warmth. To my great embarrassment I have been proven wrong. Here is her first literary work. I managed to capture her on camera a little later that evening, editing a spreadsheet. My brain interprets this string as the cat thanking me for good food. I wonder if you see the same thing? This is just a demonstration of the strength of human pattern detection algorithms and not, sadly, of feline communication.

### Cats Creation

…. Kkkklnk gfoooooooofd0------- iiiii;;;;;;;;;;ii…..ffffffffffffffffffffff……
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==========pppppppppppppppppppppppp
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*Jessie, Our Creative Kitten*

*Chapter 6*

# KITTENS & GORILLAS

Orangutan and Kitten

*"No kitten that loves fish is unteachable; No kitten without a tail can play with a gorilla; Kittens with whiskers will always love fish; No teachable kitten has green eyes; No kittens have tails unless they have whisters; hence..."*

Lewis Carroll

*"Once you eliminate the impossible, whatever remains, however improbably, must be the truth."*

Sherlock Holmes,
Arthur Conan Doyle

As well as giving us Alice, the Jabberwocky, and the Cheshire Cat, Lewis Carroll lectured on mathematics at Oxford University. He wrote several books on logic, illustrated with wonderful problems involving fish, kittens, and gorillas – much less boring than the brown, grass-eating cows of modern textbooks. Kittens and gorillas are not usually in much contact, but I did find one hit on Google, pictured!

The words we organize into books, poems and plays are not just a random jumble; they have structure and a logic to them. We group verbs, subjects and objects together to form sentences and, at a larger scale, characters have motivations and relationships: this character loves that character, the valet had the candlestick in the ballroom and could not have stabbed the butler in the kitchen, and so on. We have dictionaries to define words, but to truly understand the information they convey we need to understand the logical rules governing how they can be combined.

Everyday conversation is fragmented and repetitive. Fortunately, now and again, we say something definitive. For example, "This gorilla is brown." The statement links a property, 'brownness', to a thing, 'a gorilla'. Logical statements are precise but often need to be put in context. If I were standing in a forest when I made my statement you must guess I mean the nearest gorilla. The word 'This' implies nearness, but nearness is not well defined. Better to be precise. 'The gorilla I am closest to, measured by line of sight distance is the Pantone shade *dark brown*.' However, if I talked like this all day I would not have many friends.

## Logical Beginnings

The formal study of logic began in 384BC with the publication of a treatise called the *Organon* by the Greek philosopher Aristotle. A student of Plato, Aristotle taught many of the famous leaders of his time, including Alexander The Great. Ancient Greece was not some idyllic think tank. If you annoyed the political establishment you might find yourself having to leave town in a hurry. This happened to Aristotle after Plato's death, and he spent nearly a decade touring Europe. Eventually, he returned to Athens where he published his study on logic.

In the Organon, Aristotle examined groups of up to four statements, each containing up to four relationships. For example: All kittens eat fish. Some kittens eat fish. No kittens love gorillas. No gorillas eat kittens – luckily. It is possible to put two statements back to back and infer things.

HOUSE_OVERSIGHT_015839

I could say, "All gorillas eat leaves." "All leaves are green." Therefore I can infer all gorillas eat some green things. This is a valid inference. It is *not* correct to say, gorillas eat *only* green things.

There are 256 ways you can arrange four Aristotle statements with four relationships but only 19 valid deductive conclusions can be drawn. The kitten puzzle at the start of the chapter is an example of such a logical puzzle. Can you reach the right conclusion?

**TRY SOLVING THE KITTEN PUZZLE WITHOUT READING ON**

Aristotle's syllogisms are only a start. There are many other types of logic. In antiquity, the Stoics developed a different brand of logic based on the idea of larger and smaller. Stoic logic allows us to answer questions of relative size. If a Mini is smaller than an Audi, and an Audi is smaller than a Rolls Royce, then a Mini is smaller than a Rolls Royce. The Stoics pursued their branch of logic until around 180AD when study of this sort died out. It's not quite clear why. Perhaps the rise of religious power and the onset of the Dark Ages curtailed intellectual inquiry. Even after the Enlightenment began around 1650 it took some time for the discipline of logic to re-emerge. If you want to learn more about syllogistic logic and how to solve Lewis Carroll's puzzle you should read his book *The Game of Logic*. The definitive book on the logic of language, in my opinion, is *Logic* by Wilfrid Hodges.

## Logic for Computers

Western civilization mostly survived on syllogisms and stoic logic for nearly two thousand years before George Boole devised his theory of binary logic in 1847. Boole developed an elegant mathematical system for representing logical statements that allowed simple arithmetical operations to answer logical questions. We now call this system Boolean logic and he gave us the modern convention of using one for true, and zero for false. Computers use his principles all the time. For example, if it is true my bank account shows less than zero, then make it true that someone will send me a letter warning me I am overdrawn. The best way to get your head around Boolean logic is to solve the ancient puzzle of the Two Guards. The puzzle featured in the 1986 movie, *The Labyrinth*,

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starring David Bowie and Jennifer Connelly. If you want to cheat watch the film to see the answer. Here is the puzzle. I'll put the answer on my website.

> *Two guards stand barring your way and behind them are two doors. One guard always speaks the truth, while the other always lies. You are only allowed to ask one question of one of the guards. Your life depends on picking the right question to ask as, based on the answer, you must pick a door. One leads to life, the other to certain death. Is there a question you can ask to ensure you pick the door leading to life?*

**TRY SOLVING THE GUARD PUZZLE**

*Twin Guards - Left door or Right*

If you are reading this, you picked the correct door and lived.

## Logic for Humans

Syllogisms can be used for practical purposes. Take, for example, the following set of statements, "I want a hot drink." "Coffee and tea are hot drinks." "I always drink milk with tea," "We have no milk." What drink should I choose? I'm sure you can work it out. This logical problem follows a simple chain and results in me getting the hot drink I like.

We use Boolean logic on a day-to-day basis. The simplest form is a checklist. Pilots use checklists all the time; do I have wings, fuel and a copilot? If they are all there, go ahead and fly. Otherwise do not. Mathematically speaking, a checklist is simply the product of the options. If they are all one, then the product is one – in this case we can fly. If any is false – represented by a zero – the product will be zero and we cannot fly.

Life is often more complicated and we have many logical tools at our disposal. Let's take a look at a few, starting with a famous historical one.

Benjamin Franklin invented the lightning rod and bifocal glasses, as well as charting the Gulf Stream and all manner of other scientific discoveries. He described his process for decision-making when there are many pros and cons to consider.

> *"... my Way is, to divide half a Sheet of Paper by a Line into two Columns, writing over the one Pro, and over the other Con. Then during three or four Days Consideration I put down under the different Heads short Hints of the different Motives that at different Times occur to me for or against the Measure. When I have thus got them all together in one View, I endeavor to estimate their respective Weights; and where I find two, one on each side, that seem equal, I strike them both out: If I find a Reason pro equal to some two Reasons con, I strike out the three. If I judge some two Reasons con equal to some three Reasons pro, I strike out the five; and thus proceeding I find at length where the Balance lies; and if after a Day or two of farther Consideration nothing new that is of Importance occurs on either side, I come to a Determination accordingly."*

Another important piece of logic is *reductio ad absurdum*. Reduction to the absurd allows us to disprove something because, if it were true, it would lead to an absurd conclusion. An alibi is a familiar form. If I was seen in the pub when the murder occurred in the ballroom of the manor house and you claim I committed the murder, I must have been in two places at once. People can't be in two places at once – that would be absurd. Conclusion: I am innocent!

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Notice I not only prove I am not guilty I also prove the opposite: I am innocent. When a mathematician uses this trick, it is called an indirect proof and works the same way as the alibi. Assume the opposite is true of some theory you want to prove (I am guilty). If it generates a contradiction or paradox (can't be in two places at once) you can deduce the opposite must be true (innocence). Mathematicians use this all the time. It assumes, of course, mathematics is consistent and that true and false are opposites.

Some mathematicians argue this is too strong an assumption. Why should we assume consistency and recognize only two logical states, true and false? These mathematicians believe the only way to prove a theorem is with positive argument rather than using the opposite of a negative argument. They don't allow indirect proofs in their mathematical models. This type of mathematics is unsurprisingly called positivism. It's a pure theory but, unfortunately, if you try to follow it you lose much of our current mathematical knowledge and understanding. Most modern mathematicians think it a historical curiosity, but it does pop up from time to time. Modern mathematics is founded on the axioms that true and false are the opposite of each other and that inconsistency is forbidden within the system. Mathematical proofs submitted to journals are not permitted to contain inconsistencies or result in paradoxes.

## Paradoxes – When Logic Fails

*"I would not be a member of any club that would admit me."*

Groucho Marx

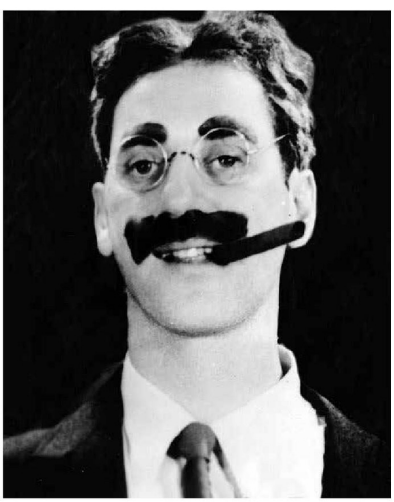

*Groucho Marx*

Paradoxes occur when a statement makes no sense, or results in an internal contradiction as with Groucho Marx's famous quote. They are widely used in mathematics to implement indirect proofs. To do this, we suppose something is true, and if it results in a paradox then the

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thing we thought true must be false and the opposite is true. This is a somewhat circuitous route to prove things, but it is often the only practical way.

Two paradoxes we are taught as children are the liar's paradox and Zeno's paradox – also known as the story of the tortoise and hare. The first is a real paradox but the second is a false paradox. The liar's paradox is just the simple statement:

"This sentence is false."

It is a paradox because of the internal inconsistency: We cannot determine if it is a true or false.

First assume it is true, but it says it is false, so it is not true. Then try it the other way around. Assume it is false but the sentence states it is false, so it must be true. If that were so it must be false by the first argument and so on *ad infinitum*.

Either way around, the sentence contradicts itself. A paradox.

Zeno's Paradox, on the other hand, is a false paradox. Here is the story.

Once upon a time there was a hare. He was a very arrogant hare and believed he could outrun any animal. A tortoise was walking along the way and the hare jumped out in front of him. "You are so slow," said the hare. The tortoise replied, "You may be the fastest hare in the kingdom but I am the most persuasive tortoise. I bet I can persuade you of anything, including that I am faster than you."

"I don't believe you," said the hare.

"OK," said the tortoise, "let me show you. Give me 100 meters head start since you are so fast. Then, we'll both start to run. After 10 seconds you will have run 100 meters and arrived where I used to be, but I will now be ten meters ahead. After another second you will be where I am now, but I will be 1 meter ahead again. So you can never catch me."

The hare pondered for a while but, being a hare of little brain, could not make out the true answer.

It is a false paradox. The time intervals are getting shorter. The question for a mathematician is, does the problem converge to a solution. The answer is yes, and I can reframe the problem to see how it is solved. Let's simply look at who would be ahead after 20 seconds: the hare!

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The mathematical reason for it being a false paradox is that some series converge and some do not. If I move progressively closer and closer to something in smaller and smaller time intervals then I may indeed reach it. On the other hand, some series never converge. I will never reach infinity how ever many steps I take.

## The Barber Paradox

Now, for a slightly harder paradox, let's suppose there is a town with just one barber.

In this town, every man keeps himself clean-shaven by either shaving himself or going to the barber; the barber shaves all the men in town who do not shave themselves. All this seems perfectly logical, until we pose the question: who shaves the barber?

This question results in a paradox because, according to the statement above, he can either be shaven by himself or the barber, which is he. However, neither of these possibilities is valid! This is because if the barber shaves himself, then the barber must not shave himself and if the barber does not shave himself, then the barber must shave himself.

You might think this paradox an oddity but, using this simple idea, Bertrand Russell changed the course of mathematical history and it is the fundamental paradox used to show computers are Turing limited.

## The Russell Paradox

In the late 19th century, mathematicians began to think about the nature of numbers.

What is a number?

It is certainly not an object we can hold.

I can't hold a *two*, unless it's the brass number plate, for my front door. And, in that case I am holding *one* number plate, so I am not holding the *idea* of two, but rather the idea of *one*: one brass plate in the shape of a two.

The 'idea' of a number is to say something about the *things* I have in my hand: two apples, two oranges and two brass number plates. These are all sets of two things and 'two' is the collection of all these sets.

In 1890, Gottlob Frege completed his theory of sets. The project had taken him five years. Unfortunately, just before sending the book to the publisher, Bertrand Russell wrote to him and pointed out the following paradox. What about the set of sets that does not contain itself? Think about it...

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It is the barber paradox with the word 'set' substituted for 'barber' and 'contains' rather than 'shave'. But it's essentially the same logical problem. You might find this rather contrived but mathematicians must have a system totally free from paradox, otherwise there is no certainty. Frege's system was holed below the water line.

Eventually, after much further work, a theory of sets was worked out that does not contain the Russell Paradox. It's called Zermelo-Fraenkel set theory, or ZF for short. It solves the Frege problem by forbidding sets to refer to themselves. It's a bit like Microsoft Excel's solution to dividing something by zero. It is simply forbidden and generates an error message. Set theory was fixed and is now the basis of most mathematical thinking.

## What is Logic for?

Logic is the foundation of mathematics. Applying it enables us to make irrefutable statements about things: numbers, lines, planes, equations and the so on – the things you learned at school – and to prove statements about these things beyond *any* doubt. This is not the 'reasonable doubt' hurdle of our law courts, but an absolute measure: No possible doubt whatever.

Let's look at one of the earliest mathematical proofs: Euclid's proof there are an infinite number of prime numbers. Euclid created this proof in ancient Greece around 300BC – so far back that logic was in its infancy

*Euclid's Elements 100AD*

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and numbers had not yet been properly invented. Euclid used distances rather than numbers for all his proofs but I will use the word 'number' in this explanation.

First a little revision. A prime number is a number that can only be divided by itself and one, for example three, five, seven, and eleven. All numbers can be split into primes using a couple of tricks. First, all numbers are divisible by a set of primes. Ten is five times two – two primes. We are also fairly sure we can form any number by adding two primes together. This is Goldbach's Conjecture, set as a question in a letter written to Euler in 1742. It is still unproven!

Euclid proved there are an infinite number of primes by using *reductio ad absurdum*. Imagine we have a complete list of prime numbers – James' list of primes. It contains every prime number. (This is the setup. We are proposing something we suspect is incorrect and will lead to a paradox or contradiction. When it does, we will have proven the opposite fact. The proof relies on the fact that a number can either be prime or not prime. There is no middle ground.)

Let's make a new number by multiplying all the numbers on my list together and adding one. There are two possibilities: this new number is either prime or not prime.

If the number is prime, it is a new prime number that was not on my list and I have disproved the theory.

If it is *not* prime then it must be divisible by two prime numbers already on my list. However, neither of these numbers could have been on my list, because dividing by one of them would give me a remainder of one. Remember I multiplied *all* prime numbers together and added one. It must, therefore, be a new prime number, which had previously not been on my list. Once again, I disprove the theory.

Since both routes fail, James' list of prime numbers is not complete and, therefore, prime numbers are infinite.

## Feynman's Proof

My favorite piece of logic is Richard Feynman's disproof of the existence of polywater. It's a strange logical proof bordering on philosophy, but it shows just how far you can take logic.

In 1969, an urban legend spread around the world that there was a substance called polywater. It even made it into an episode of Star Trek. Polywater was believed to be a lower energy state of water, more viscous than ordinary water. If this substance did exist, it would be possible to mine the oceans of the world converting water to polywater and

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therefore generate energy. There was a concern that if the right catalyst was accidentally introduced into the oceans they would solidify into polywater thus dooming the human race, or at the very least making water sports impossible!

Feynman was consulted and stated, "If there were such a substance as polywater then there would have evolved an animal that eats water and excretes polywater, using the liberated energy as its power source. Since there is no such animal, polywater does not exist."

Feynman's proof is an elegant indirect proof coupled with a syllogism. Polywater exists. Polywater is a lower energy form of the high-energy substance called water. Food is a high-energy substance that can be converted to a low energy substance by a process we shall call 'being good to eat.' All things on earth that are good to eat have something that eats them. Polywater is a food and therefore good to eat. Therefore an animal must exist that eats polywater. No such animal exists, so either something in our chain of logic is wrong, or the premise is unsound. Since the chain is sound, the original premise must be wrong: Polywater cannot exist.

In short, Feynman's proof says: if a thing is so, then the inevitable consequence is the evolution of something else, and since that something else does not exist, the original thing cannot be so. QED: disproof by nonexistent consequence.

The polywater disproof neatly demonstrates the important elements of Feynman's Evolutionary proof. First, life must be continuously exposed to the thing in question, in this case water. This is clearly so as most life on planet Earth lives in the oceans or is intimately entwined with water. Evolution takes time, so enough time must be allowed for life to evolve. It must be a nearly linear problem so that a solution proceeds in steps where each step is an improvement and no step requires too high a level of mutation or adaption. We can illustrate the boundary between a linear problem and one requiring a step change by describing how triple drug therapy works in the treatment of AIDS.

Until triple drug therapy entered the picture progress against AIDS had been a depressing story of drug discovery followed by the almost immediate evolution of the virus to evade the drug. The AIDS virus is a retrovirus with a shell composed of sugar molecules. It is almost trivial for an AIDS virus to mutate these outer markings to look different, even from one day to the next. This is the way the virus continually and nimbly evades our immune system. However, the AIDS virus *does* have some components that it can't easily mutate because they are not merely aesthetic, they have a functional purpose. Why not target them?

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Unfortunately, it turns out the AIDS virus can even mutate its functional parts, but this is harder. The probability of a successful functional mutation is 1000 times less likely than a simple aesthetic mutation to the sugar coat.

Triple drug therapy works by attacking three different *functional* elements of the virus simultaneously. It is possible for the virus to modify all these functional elements but the likelihood of it doing so is tiny. One mutation alone does not help because the drug cocktail will still target the other two elements and kill the virus. The AIDS virus does not understand that it is facing a triple drug cocktail. It cannot reason like a sentient being and random chance is not sufficient to make the big leap necessary to overcome the cocktail of drugs. Unless you can mutate all three elements at once your time as a virus particle on this planet is over. Most problems we have to solve in this world require more than one simultaneous logical step and these don't happen by chance.

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*Chapter 7*

# COMPLEXITY & CHAOS

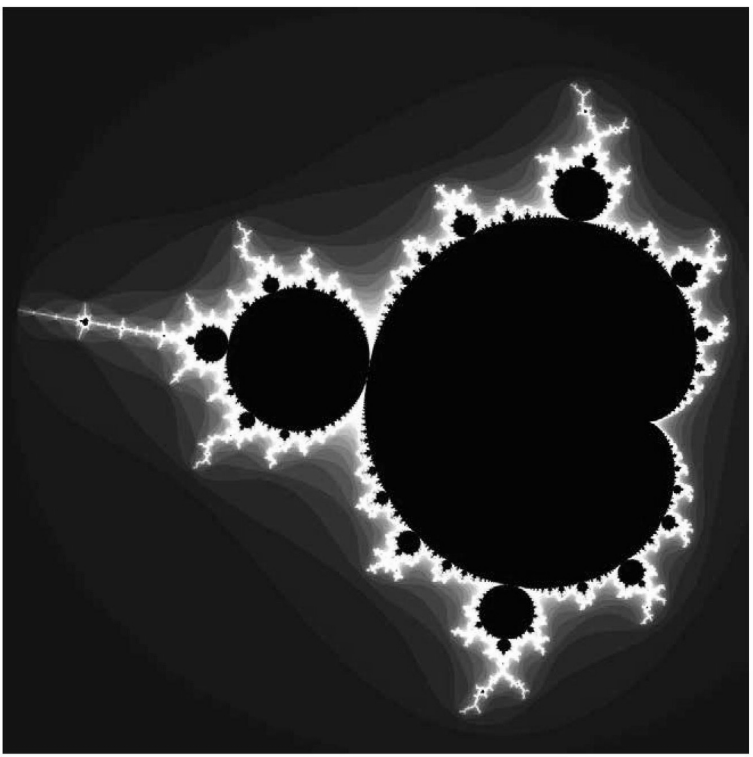

Mandelbrot Set

*"Life is really simple, but we insist on making it complicated."*

Confucius

*"Any darn fool can make something complex; it takes a genius to make something simple."*

Pete Seeger

There was once a great King who lived in a marvelous palace. To fend off boredom he collected all manner of interesting games and puzzles. One day an inventor came to his palace and told the King he had a game of such subtle complexity, yet apparent simplicity, the King would play no other. The King learned the game and soon agreed it was, without doubt, the best of all games. The game was, of course, 'chess'. The King asked the price of this game and the inventor told him it was a mere trifle. The King should give him one grain of rice on the first square of the board, two on the second, four on the third, and so on, doubling each square until he filled the board.

The King called his treasurer to honor the bargain and the first bags were brought from the storehouse. The grains were placed on the board in each square but soon there was not enough space and the grains had to be piled on the table next to the board. Soon this, too, was not enough and every table and chair in the hall had to be covered. Even this was not enough and they began to stack whole bags up in the courtyard.

When they reached the thirtieth square, the treasurer turned white. He sat and calculated for a while before saying with a trembling voice, "My great ruler, there is not enough rice in all the world to cover this board." The ruler called the inventor and told him he could not honor the debt and the inventor should name another price. The King had two beautiful daughters, the first knew she was beautiful and deported herself accordingly, and the second, was bookish and shy, but perhaps more beautiful for this. The inventor asked for the hand of the second daughter and lived happily ever after. In the less favorable version of this story, the King becomes very angry and has the inventor beheaded. I prefer the romantic version.

Placing rice on a chessboard and doubling it successively leads to wildly large numbers. Covering it completely requires 18,446,744,073,709,551,615 grains, about four hundred trillion tons and equivalent to one thousand years of worldwide rice production. Like the king, humans do not intuitively grasp the enormity of this problem because we're not good with large numbers.

Although the number of grains needed to cover a chess board is very large, it is not hard to calculate. The treasurer is the one who should have lost his head for not being able to do the calculation. The equation is simply two, doubled sixty-four times, less one, $2^{64}-1$. A pocket calculator can produce this number in a thousandth of a second: it's just long multiplication. Although calculating this number is quick, it is not always the case. Answers to some problems have short cuts, while others do not.

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Mathematicians have catalogued the universe of problems into classes rather as biologists have catalogued animals into species. Each problem is examined and put into a genus with a name. Sadly the names are not as readable as the Latin names for animals. For example, 'nlogn' is the complexity class of most sorting programs, while traversing a maze typically sits in the class NP or P/POLY. Although the classifications look complex the basis of cataloging is simple, a class name signifies the time needed to solve a problem using the best possible algorithm, and the scale this is measured in is 'Big O'.

## Big O

Every problem has a complexity. In mathematics this is expressed using 'Big O' notation, where 'O' stands for order-of-magnitude. The simplest problems have order 1.

If I am working at my computer on a Word document and I press *print*, the printer will spring to action and print the document. This problem is of flat complexity, notated O(1). It does not matter how large the file is; one click is all I need. I am, of course, assuming sufficient paper in the printer and ink in the cartridges.

The next complexity class is a linear problem, O(n). For example, walking to the store to buy a pint of milk. The farther the store, the longer the walk. The time needed to get to the store is directly proportional to the distance: if I am walking, a single step multiplied by the number of steps required to cover the distance.

You might think adding two numbers together is a linear problem – the bigger the number, the harder the problem – but there's a clever trick to speed it up. You can get 10 people to add each column in parallel. They'll need to coordinate when someone ends up with a number larger than ten and has to carry the extra digit but this can be easily solved. A problem gets its classification only once we've used the cleverest possible trick to solve it.

Most problems we meet in mathematics are somewhere in between flat and linear but there are some that are much harder. The most common hard problem we come across in our daily lives is sorting. Rather than go through a tedious written description, check out the video link on my website. Sorting without using any spare space requires a bubble sort. This is an example of something that needs n squared operations and, since n squared is the simplest example of a polynomial, it is said to be in the polynomial time, or 'P' time classification.

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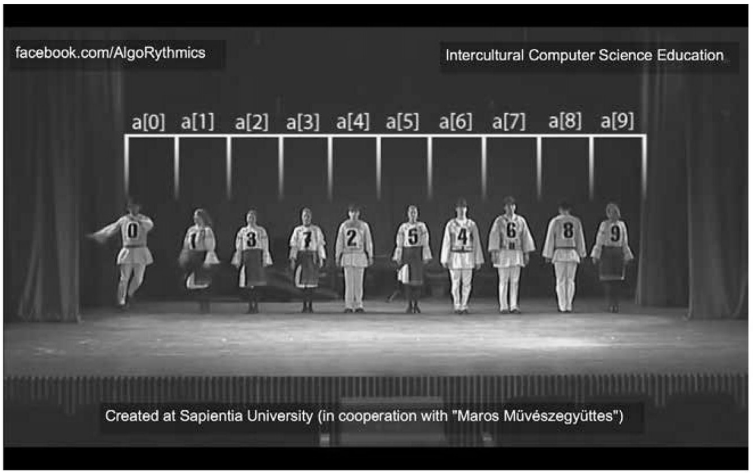


*Bubble Sort Ballet*

## The Hardest Problems

You probably hope cracking the encryption used to secure the Internet is one of the hardest problems known to man but I'm sorry to tell you it is not. When you use your credit card to buy something from an online shop, your web browser changes from *http* to *https*, the 's' stands for secure. The data you send to the Internet is coded using a system developed in 1977 by Ron Rivest, Adi Shamir and Leonard Adleman of MIT, which is why it is called RSA encryption. Any information you send is raised to the power of a very large number – usually around one hundred digits long. Raising something to the power simply means multiplying it by itself that many times.

What makes decrypting a message hard is that division is a slow process; it is called 'long division' for a reason. It turns out there is no way to speed it up on a conventional computer so, unless you know the right number to divide by you will have to try *every* number. It is this that makes decrypting RSA messages hard.

Although RSA messages are difficult to decipher, they are nowhere near the hardest problems. That accolade is commonly believed to go to non-deterministic polynomial problems known as 'NP' problems. NP problems are easy to describe but fiendishly difficult to solve. Nondeterministic means each time you come to a branch in the problem there is no way to tell which branch is the best to pursue without exploring it all the way to the end. It's the same as a maze; at each junction in the maze you can decide which path to take, but the junction gives you no

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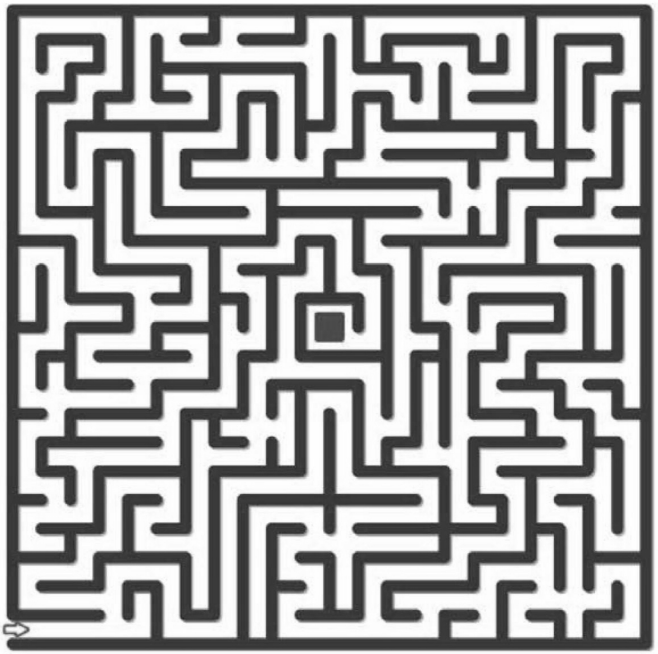

*Maze*

clue which one will be better. Beware the confusing naming system, 'N' stands for *nondeterministic* in this case, whereas in normal complexity classes 'n' stands for *number*. Sorry. That's just the way it is. Let me give you an example of one of these NP problems.

Let us assume we have one of those complicated recipes from the latest celebrity chef cookbook. If all the ingredients can be bought from one store, making the dish is straightforward, but if they come from different stores, you will have your work cut out. What is the best order to visit them? With 2 shops, it's trivial. Either order will do. With 3 it is a little harder and with 4 there is quite a bit of choice. This is known as the 'traveling salesman' problem because the original formulation described a salesman wishing to find the shortest route between all the cities in which he had customers. The complexity of this problem rises much faster than the Rice and Chess Board problem. Try it for yourself. It doesn't matter if you imagine you are visiting customers or shops. I have given you a grid to count off distances. Try to solve a problem for 3 cities, 5 and 10. What is the shortest path allowing you to visit each place?

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TRY THE PUZZLE ON THE WEB

*Warning: Don't spend too long on these problems.*

The reason I warned you not to spend too long is that solving the 50-city problem would take longer than the age of the known universe. NP problems get harder very fast as the number of elements goes up. A 50-city problem is hugely larger than a five-city problem, not just ten times harder.

The Clay Mathematics Institute has offered a $1 million prize for anyone who can say whether NP problems are really as hard as they appear. It may be there is a general trick or a series of tricks that allow you to solve any NP problem in a shorter time. If you could do this, the problem would be demoted to P, allowing fast computers to tackle it. No one has yet found a proof of the P=NP problem. At the time of writing several proofs are sitting with the Clay Prize judges but don't hold your breath. Most people assume there is no solution. If you want to have a crack at the problem let me state it in simple terms.

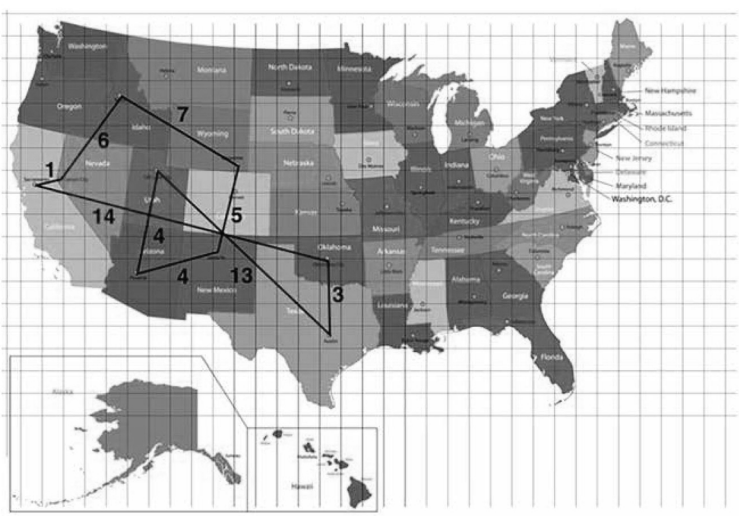


*Traveling Salesman*

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Imagine you wanted to find the center of a maze. Is there a way to speed searching the maze, so you do not have to test every branch? If you can provide a mathematical proof that there is or is not, you win the prize.

## Places Game

While it is commonly assumed NP problems are the hardest, this is not the case. There are quite a few that are harder still. One such is called a PSPACE problem. It's quite difficult to explain but luckily many of you will have played a form of it on long car trips when you were a child: My family calls it The Places Game.

I will pick a place – 'London,' and you must then pick another place, say, 'New York', that starts with the letter my place ends with. I'll then pick 'Canterbury' and my kids will laugh at my dyslexia and I'll have to switch to 'Kansas' and so on. Once you use a place you can't use it again.

The mathematical question is to predict who will win given each player has a finite list of places they know? It turns out this type of problem is even harder to solve than an NP problem. This is because on each turn a player gets to pick any name from their list. With the traveling salesman problem, there is only one 'player' – the salesman – so we can write out a route and check it. In the Places Game there is no single route through the game because, after I pick my favorite town 'London,' you can pick any place beginning with 'N'. I have to anticipate an enormous table of possible paths through the game. The table takes huge physical space – which is where PSPACE gets its name.

Remember I'm just playing the simplest mathematical games with bits of paper and discrete ideas. I haven't strayed into the quantum world yet. That brings with it a whole new level of complexity to explore. Complexity is such a diverse subject that Scott Aaronson of MIT has created a web site called the *complexity zoo* to catalogue all the different 'species'. It is much to complex to reproduce here but let me provide a sketch.

## The Complexity Hierarchy

My table below represents the hierarchical complexity of knowledge. We start off with the problems both humans and computers find easy, then rapidly move onto problems that even the fastest machines find difficult: a perfect game of chess or predicting the weather. Above these computable problems are the non-computable ones which no computer

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running any algorithm can solve, and then there are the free will problems: how do we pick a problem in the first place? How do inventors come up with problems no one had ever thought to solve in the first place, such as the invention of the Rubik's Cube?

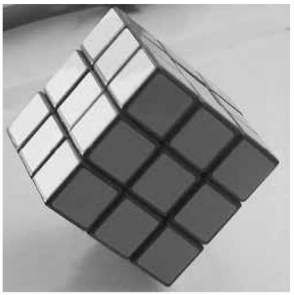

*Ernő Rubik's Cube*

| Problem | Example |
|---|---|
| Flat | *Print File (for Human)* |
| nlogn | *Searching a list* |
| Linear | *Finding the lowest number in a list* |
| Logarithmic | *Long Multiplication* |
| Exponential | *Long Division* |
| P | *Most Algorithms* |
| Near NP | *Factor Prime Number* |
| NP-non-complete | *Perfect Game of Chess* |
| NP-Complete, tractable | *Travelling Salesman, SAT* |
| Chaotic | *Weather* |
| NP-Complete, Quantum | *Modeling a Quantum Process* |
| NP-Complete, intractable | *Busy Beaver, Towers of Hanoi* |
| PSPACE | *Graph Problems, Places Game* |
| Non-computable | *Creativity, Finding Fermat Theorem for a Turing machine, Tiling the plane with Penrose Triangles* |
| Non-deterministic, Non-time divisible, Non-computable | *Free will* |
| Impossible | *Halting problem for a Turing Machine, some mathematical theorems such as the Continuum Hypothesis in ZF+AC (Hilberts 1st). Travelling faster than the speed of light. Understanding the American tax code.* |
| Known Unknowns | *I know that I don't know either way.* |
| Unknown Unknowns | *I have not thought to ask that question yet. Inventing the Rubik's Cube* |

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Butterfly

*"Does the flap of a butterfly's wings in Brazil set off a tornado in Texas?"*

Philip Merilees, improving on Edward Lorenz

# Chaos

Chaos is the twin of complexity. It burst into the public psyche in 1987 with the publication of James Gleick's book *Chaos*. It's not a difficult concept to grasp. Complex systems can be formed using simple rules, and very small changes in starting conditions can profoundly affect future events. I experience this if I miss my train to work in the morning: 30 seconds either way will change the whole pattern of my day, the people I meet and the level of stress I experience. I'm sure you can think of similar experiences.

Henri Poincaré, a French mathematician, first studied the effect back in 1880. Poincaré was trying to solve an old mathematical problem called the Three Body Problem originally set by Isaac Newton. Take the Earth, Mars and the Sun. These three bodies orbit each other, or strictly speaking a point in space somewhere between them. Is there an equation that will tell you where the bodies will be in, say, 100 years' time?

*Poincaré*

The answer is surprising, no. The three bodies will orbit in a non-repeating way. There is no analytical short cut, no equation that will predict where they will be

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at some point in the future. The only way to know is to build a perfect model of the system and see what happens. Poincaré won a valuable prize for his proof from the King of Bavaria. You can see some amazingly complex orbits plotted below. Remember these are still deterministic and predictable – after all, they were calculated with a computer – they are just chaotic.

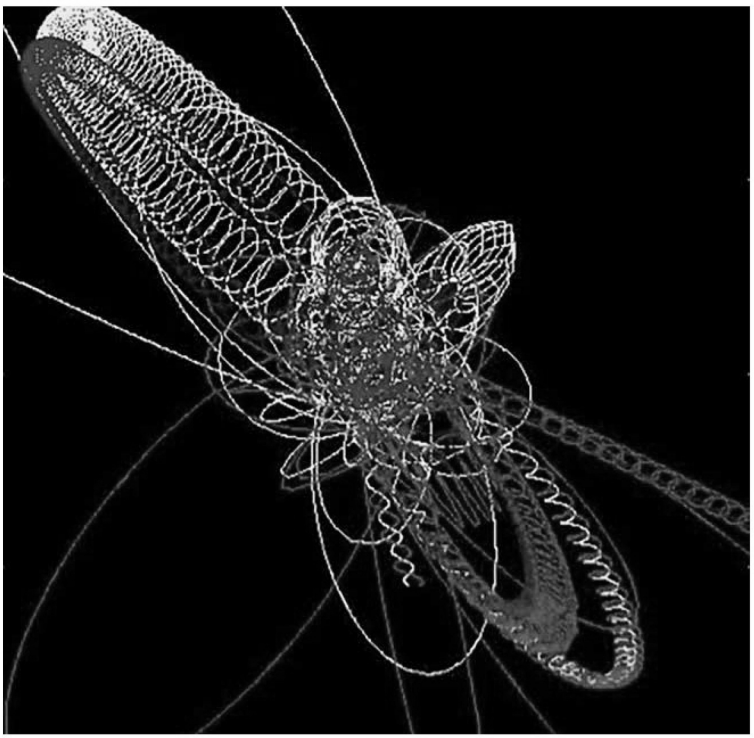

*Four Body Problem*

## Butterflies and Sliding Doors

After Poincaré, the field of chaos remained fairly quiet until Edward Lorenz began studying weather patterns using computers in the 1960s. The story goes, one day his computer was misbehaving and he had to re-key some data into the machine. Rather than using eight decimal places he used only six to save time, and was amazed when the results of his program came out completely different. Dropping the seventh and eighth decimal place represents a change of only one part in a million, yet the patterns of weather predicted by the computer were completely altered.

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Lorenz went on to study the effect and created a new branch of mathematics. His quote about the beat of a butterfly wing creating tornados has entered the public psyche and is central to the plot of numerous Hollywood movies. One of his functions – known as the Lorenz Attractor – nicely illustrates the nature of chaos. A very simple equation plots the beautiful, apparently three-dimensional, non-repeating shape.

## Chaosville

Chaos, taken to its logical conclusion could explain our Universe. Stephen Wolfram in *A New Kind of Science*, makes the argument that simple rules could explain the extraordinary complexity we see in our Universe. He applies rules to elements in a two-dimensional grid programmed on the computer which form 'cellular automaton' that function a little like simple animals, generating all manner of complex shapes and behaviors. The inspiration for this approach is almost certainly Conway's Game of Life developed by John Conway in the 1960's. In his computer game, animals and machines seem to appear on the screen but in truth they derive from the most simple set of rules. You can check out the website to see a live version of Conway's Game of Life. It's a lot of fun. Wolfram's

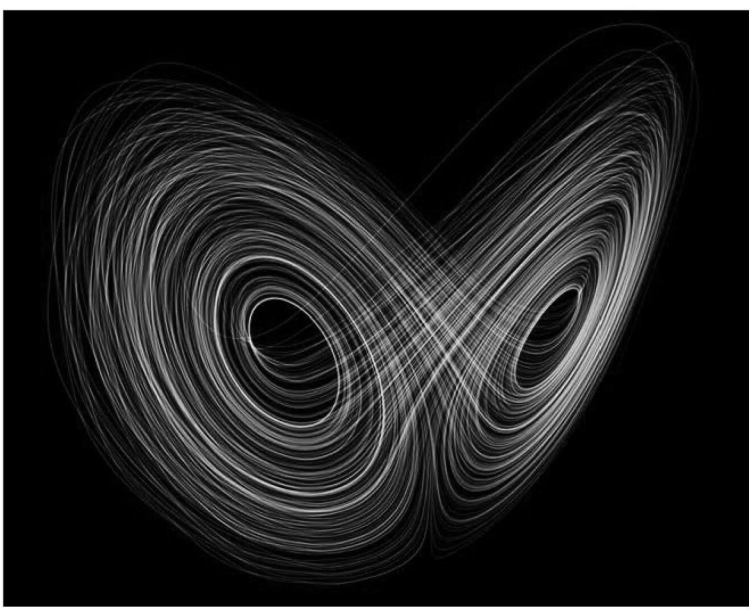

***Strange Attractor***

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thesis is that we could all be living in one of these games. Perhaps our Universe is a form of Mandelbrot diagram – albeit a 3D version with stars and planets. If you look at the picture of a nebula and compare it to the Mandelbrot set, you can see how this is a tempting conclusion.

In the Game of Life the rules are simple yet the behavior simulates little animals being created and destroyed. Of course, there are no actual animals. The things you see on the screen, 'gliders', 'walkers', and 'cannons', just hang together accidentally. But, Wolfram considers these little digital creatures *are* animals. He argues our Universe is just like the Game of Life: A set of simple rules leading to complex behavior. If we are

***Nebula***

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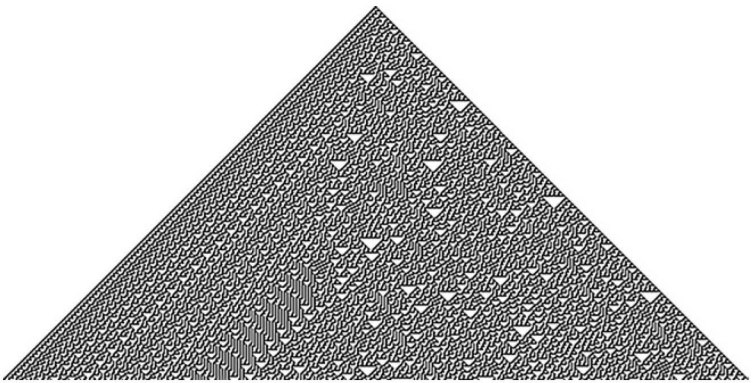

*Cellular Automaton*

prepared to call ourselves animals, so should the little creatures which emerge within the game. We simply emerged in a similar but slightly more complex game.

This proposal would mean our Universe is entirely deterministic, our lives the result of a gigantic computer program that we live within and form part of. Chaos might make it impossible to predict the future without running the program and watching what happened, but the results would be inevitable, set in motion at the dawn of time. There is no place for free will in such a Universe, no place for reason. The world would simply be.

But a strange idea will come to our aid to show us the limits of computation and allow us to question whether we live in a predetermined world. This idea is Aleph 1 – something larger than infinity. And it is infinity we will explore next.

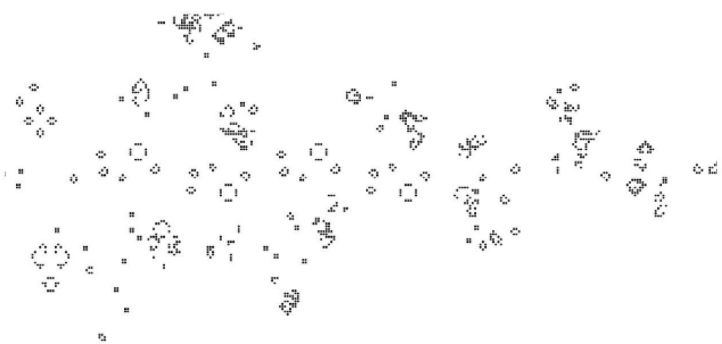

*Conway's Game of Life*

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# *Chapter 8*

Hilbert's Hotel

*"All infinities are equal, but some are more equal than others."*

George Orwell, paraphrase

*"Only two things are infinite, the universe and human stupidity, and I'm not sure about the former."*

Albert Einstein

*"God gave us the integers, all else is the work of man."*

Kronecker

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Health warning! The man who discovered infinity had a mental breakdown. This subject may tax your brain.

Georg Cantor didn't really 'discover' infinity but he was the first mathematician to put it on a firm theoretical footing. In the late 19th century, most mathematicians thought infinity was a curious idea with no proper place in mathematics. They treated Cantor's attempts to make it into a real mathematical object with contempt. This affected Cantor's morale and caused him to suffer several bouts of deep depression, retreating to a sanatorium from time to time.

Infinity is a difficult idea to grasp but it is vital to our study of information. It behaves counter-intuitively but is not impossible to grasp. The reason it is important is that information can always be translated into numbers and numbers go on to infinity. If you want to know all about information, you must understand infinite numbers.

## History

Indian scholars began studying infinity in the 4th Century BC. It turns up naturally in all manner of places. In geometry, parallel lines extend forever in either direction without ever meeting. To define a parallel line you must contemplate infinity. In arithmetic, even if you pick the largest number you can imagine, there is always a larger one; just add one. In the physical world if you look up at the night sky it appears to go on forever. Again you have infinity.

Historically there were two interpretations of infinity. The first, favored by Plato, was a journey. When you embark upon a journey, you can always take another step. Infinity is the idea of 'one more' or never-ending. It can never be reached. The second definition is more radical. Infinity is a thing, a number *so big* you could not imagine anything bigger, but it is *one* number. Plato thought this second definition tantamount to madness. Today we embrace this madness and go a whole lot further. Let me show you how.

If infinity *were* a number, you should be able to perform mathematics with it; add it, multiply it, and even raise it to a power. This is not as radical as it might first seem. Until comparatively recently, zero was not accepted as a number – if you consider recent to be one thousand years! Nowadays it is.

At the end of the first millennium Indian scholars found, against their intuition, that you can use zero as a number without generating contradictions. Take addition. I can have zero cakes, add one, and I have one cake, add another, and have two cakes and so on. In this way,

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the number zero behaves just like any other counting number. It also works with multiplication. If I have zero lots of 4 cakes, I have no cakes. Zero times four is zero, so multiplication with zero works. There is one embarrassing exception, if I divide by zero I seem to get infinity. When I was a child this was a definition for infinity, but nowadays mathematicians simply forbid the operation. Division by zero is not allowed and if you try it on your computer, you will get the not terribly useful, #DIV/0! Error. That's progress I guess!

Zero had been tamed. What about infinity?

Cantor showed that while you *could* think of infinity as a number, it might not be just one number. He proposed there are many infinities. In fact, there are a greater than infinite number of them! He did this through a rigorous analysis of a new branch of mathematics called set theory.

Set theory is now the cornerstone of modern mathematics, but it was treated with suspicion in Cantor's time. Rather than embrace the new thinking, many mathematicians ridiculed it; Poincaré wrote that Cantor's ideas were a grave disease infecting the discipline of mathematics! This seems odd given our modern propensity to embrace innovation, but the tone of science back then was different: innovation was not necessarily considered a good thing.

At the turn of the 20$^{th}$ century, scientists were on a mission to tidy things up. Lord Kelvin announced in 1890 that mankind had discovered everything there was to know and the role of future scientists was simply to catalogue and observe the consequences of these laws, and to improve the accuracy of measurement. The last thing scientists wanted was a completely new set of numbers that behaved in strange ways. Cantor was upsetting the apple cart, but he was in good company. Just a few miles away in Berlin, a young Albert Einstein was beginning to study physics in his spare time. Those studies would culminate in his four papers of 1905, two on Quantum Mechanics and two on Relativity, ushering in the modern age of physics.

## How to Count

To understand infinity you need to count in a particular way. You're probably used to counting with numbers. You count apples: one, two, three, and say, "I have three apples." You can do the same with oranges. If you have three apples and three oranges, the totals are the same and you can declare you have the same number of fruits. This is the first way to count.

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But there is a second way of counting. Take your apples and put each next to an orange. If they match up, you can easily see they are equal in number. "Look," I say, "I have the same number of apples as oranges." This method is more primitive and does not require the concept of numbers, but it is very useful. If I'm a shepherd I can hold a set of counters in a bag, one for each sheep. To ensure all my flock are gathered in for the night I drop one counter into the bag as each sheep enters the enclosure. I don't need to give the counters number names.

The Munduruku tribe, from the Amazon rainforest, have no concept of number names beyond five. Their counting system simply goes one, two, three, four, five, many. Yet this second way of counting allows them to function successfully, deciding whether two groups of things have the same number of elements, even if there are more than five of them. For example, if they need to determine if they have enough spears for a hunt, each person simply stands next to their spear. If everyone has one, they're ready. If not, then the empty handed Munduruku simply make one. No need for pesky numbers or mathematics lessons.

This second way of counting is particularly useful when tackling infinity because we are not sure what infinity is. Treating it the same way the Munduruku treat the number 'many' is the safest thing to do. The first question we would like to answer is whether all infinite things are the same.

*Spears and Hunters*

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We know from our childhood that infinity plus one is still infinity. Is there anything we can do to make infinity bigger? Perhaps multiplying infinity by infinity will do the trick.

Infinity times infinity can be visualized as a square with edges of infinite length. We can show that this square is the same size as a one-dimensional infinity through a clever trick – the zigzag method. Mark the infinity square into a grid. Start in the corner square, go across, diagonally down, then across, diagonally up, and so on. I'll draw you a picture. We visit every square in our grid using a single line. We can then lay down our infinite zigzag line next to the infinite line of one of the edges. The lines are the same length as they are both infinitely long! So infinity, times infinity, can be matched to infinity, they are the same. Cantor thought this a very strange result and wrote to a fellow mathematician, Dedekind, *"Je le vois, mais je ne le crois pas!"*, "I see it, but I don't believe it!"

If you are struggling with this, don't worry. We just jumped forward to quite a complex concept. Let's take it more slowly. One way to get a better grip on infinity is through the stories of David Hilbert and the Infinity Hotel.

## Infinity for Dummies

Hilbert's Hotel is a mythical building with an infinite number of rooms. Other than this strange feature it is a regular hotel complete with minibar, dodgy TV, and slightly mad manager. The rooms are numbered sequential starting at one, then two, three, four, and so on. The hotel allows you to play a series of mathematical games to see how infinity behaves.

Are there the same number of minibars as there are rooms? That's easy. I said *every* room has a minibar. We can use the matching technique to match minibars with rooms. Go to the first room. There is a number on the door and a minibar inside. The same goes for room 2 and 3 and this goes on forever. I've just proven two infinite things are the same – rooms and bars, but I still have not shown you why the zigzag line is the same length as the edge line.

When you first explain infinity to a child they immediately ask "What's infinity plus one." A particularly smart kid I met, Dermot, asked, "What's infinity plus three?" Hilbert's Hotel allows us to answer this problem in a way we can visualize.

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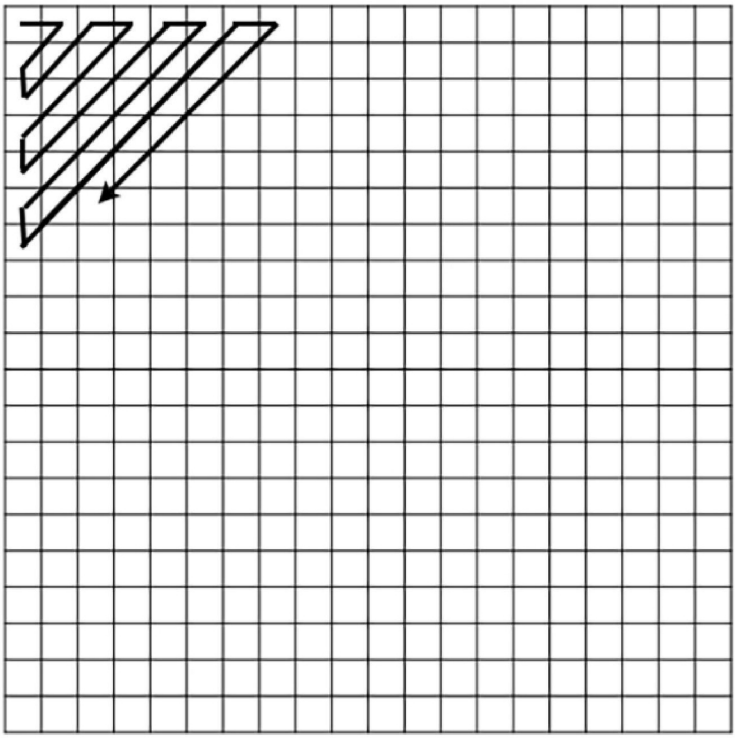

*Traversing an Infinite Plane with a Line*

The infinite hotel is full. A man comes to the front desk and asks for a room. The hotel manager says, "I'm terribly sorry, but we are full… But I may be able to help you. Let me think." He ponders for a moment and then says, "OK – I've found you a room." He calls the people in room 1 and asks them to move into room 2. He calls the people in room 2 and explains that due to a double booking they must move out of their room to let the people from room 1 in. But it's OK; they can move into room 3. Everyone moves up a room and the new guest gets the checks into the now vacant room 1.

This is a little harder to understand. We did not have a perfect one-to-one match as with the rooms and mini-bars. We had a mismatch of guests to rooms. But, we were able to show it is possible to re-establish a one-to-one match by doing something to every guest, having them move up a room. There is no problem with the last guest because it is an infinite hotel, there is no last guest! Another way to visualize the problem is to ask ever hunter to pass their spear to the right in the picture below.

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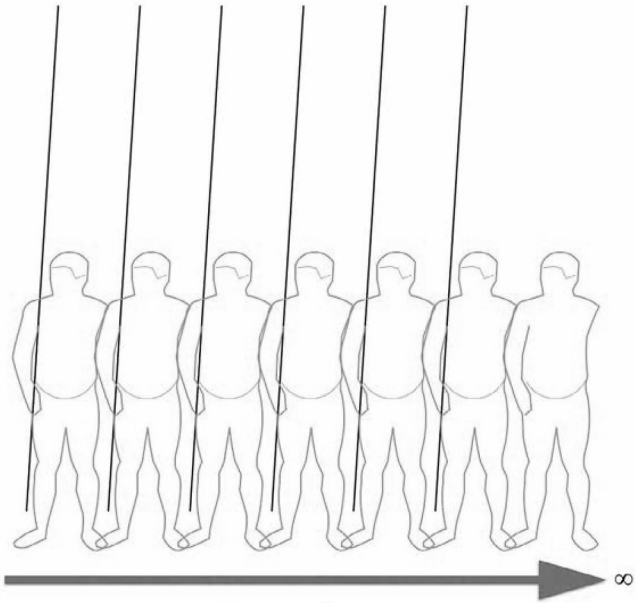


*Hunter with Spears*

Provided there are an infinite number of hunters there is always someone to hand the spear to and the person at the front of the line now has space for another spear.

You can probably see how to answer Dermot's question. The hotel manager calls the guest in the first room and asks him to move 3 rooms up rather than one. He then calls the remaining guests and tells them the same thing. Thus, he has managed to fit three more people into the infinite hotel. Infinity plus 3 is infinity. You may worry that it takes the manager an infinite time to call all the rooms, but it's OK; he lives infinitely long so it all works out.

What about fitting an infinite number of new guests into the already full hotel? Surely then we will get stuck.

No, Hilbert's Hotel can fit an infinite number of extra guests. Here's the trick: ask all the people currently in the hotel to move to the room with double the number they are currently in – 1 goes to 2, 2 goes to 4, 3 goes to 6, and so on. Now all the odd numbers are empty and you can fit an infinite number of people into the empty odd rooms. Infinity plus infinity is infinity. Voila.

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Now, a very clever or annoying student asks, "What happens if an infinite number of infinitely large buses arrive at the hotel. Can they all fit in?" The mathematical question is "does infinity times infinity, equal infinity?" Let us ask all the guests to get out of the bus and line up in the parking lot in neat rows. Passengers from bus one in line 1, those from bus 2 in line 2, and so on. All the guests now form a two-dimensional grid. We already know how to map a two-dimensional grid to one-dimension using the zigzag method. We can fit them all in the hotel and we are done!

## Is Anything Larger than Infinity?

Is there any bus or combination of buses that would cause the manager of Hilbert's Hotel a problem.

The answer is yes and it involves a subtle change to the contents of the bus.

An infinite number of buses turn up but this time the buses are filled with men and women. The hotel manager is asked to put everyone in a room and once again he obliges using the zigzag method.

At the end of the process the tour guide comes to him. "I think you have missed some people," he says. "Since I am just one person, I know you can fit *me* in. But, I have a whole bus in the car park you completely missed."

"No," says the manager. "I did every bus."

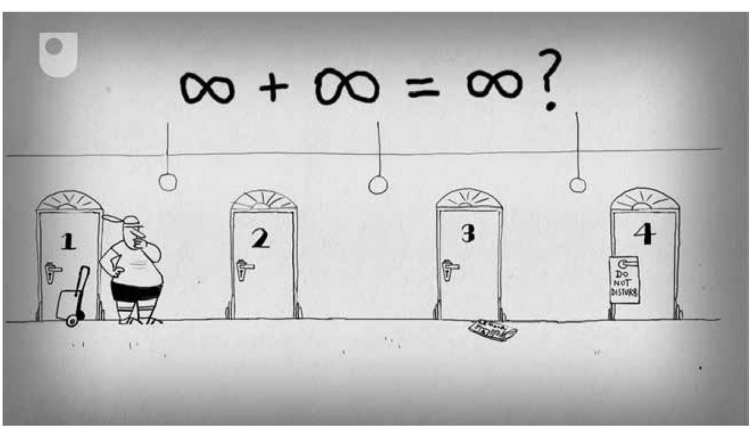


*Infinity Plus Infinity Equals Infinity*

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"Ah, no," says the tour guide. "The first bus you accommodated had a man in the first seat but this has a woman. The second bus had a woman in the second seat but this one has a man and so on. This bus has a different gender in at least one seat to every bus you so far accommodated. It is a new bus."

The manager finds room for the passengers from the new bus but the tour guide comes back a moment later.

"You have missed another bus. This one has a different gender in at least one seat to every previous bus, including the one you just accommodated. It looks like there are an infinite number of buses you missed, all lined up to get into the infinite hotel."

What is it about *these* buses that make them so difficult to accommodate? They are all just filled with people after all.

The manager is defeated by the more complex information held in the contents of the buses. An infinitely large bus full of binary information has more information in it than an infinitely large bus specified only by its size. This is a larger infinity than the counting infinity. The permutation of all the possible options for the occupants of the bus is larger than infinity.

## Real Numbers

What about the real world we live in? Is the larger infinity we failed to fit into Hilbert's Hotel present, or was it just a mathematical fiction? Hold up your thumb and index finger for a moment. The gap between them is a distance. Most likely this is a whole number with an infinite decimal digits after it – say 2.2320394386.... centimeters. The infinite set of decimal digits in this measurement is the larger type of infinity: called the continuum. Distances in space form a continuous unbroken line of points, with no gaps in between. The counting numbers, on the other hand, form a broken line. We take discrete steps from one number to the next. This is a hard distinction to grasp but it is the same distinction we used in Hilbert's Hotel. Imagine you believe you have a list of all the real numbers in the world. You can take the first decimal digit from the first number and add one, the second digit from the second number add one and so on generating new numbers not on the original list. Therefore, you cannot have a list all the real numbers; they are not countable. Let's take a closer look at these real numbers.

Here's a quick test. Which is the larger number, the first or the second?

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*Holding a Real Number in your Hand*

First: 3.12332498375834621364214723 74
Second: 3.12332498375834621344214723 74

You have 2 seconds to answer!
**TRY ANSWERING WITHOUT READING ON**

The first is larger. I changed one digit. Can you see?

Notice, you need time to read each digit and process the information. If you were an obedient reader and attempted it in two seconds you either guessed or gave up. Two seconds is too short to take in all the digits.

Let me give you another test. Again, I'll ask you the question, "Is the first number larger than the second?"

First
3.12332498375834621364214723751646464646464636…
Second
3.12332498375834621364214723751646464646464636…

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I know you're looking for the difference but you won't find one, as I did not have time to write the numbers out in full. The $10^{20000th}$ digit is different, but even if I took the whole age of the universe and counted as fast as possible I would not reach this digit. Any number greater than, $10^{120}/10^{-43}$ digits cannot be distinguished from another in the age of the observable universe. Real numbers are in practice subject to an uncertainty principle. Some mathematicians even wonder whether they really exist. But, they do exist in our minds and our thought experiments. In my view, any model of the Universe that ignores them is likely to be wrong.

## Random Numbers

Which of the following numbers is random?

11111111111111111
34289460370124001
49293741762343083

**THINK ABOUT YOUR ANSWER THEN READ ON**

Each of the numbers could be random. There is no reason any set of 10 digits is more likely than another, but it feels very unlikely that if I tried to generate a random number I would get 15 consecutive digits. What a human means by random is a jumbled up number: one with varying digits that have no real pattern. An American mathematician, George Chaitin has been able to explain this by saying that a random number is uncompressible. This means there is no way to describe the number more efficiently than writing it out in full. A string of ones can be compressed. "Write a million 1s" takes only 18 characters, yet accurately describes a number that is a million digits long. By contrast 8988376132 can't be compressed very much at all, its information is just a jumble. There are many interesting numbers around. Some numbers are *Hamlet*; some numbers are pi. One interesting number is the following: 17733173332032037377. It is the genetic sequence for the virus smallpox, or at least the first 20 digits. Copies of the full sequence sit under lock and key in the Pasteur Institute in France and the CDC in Atlanta. This number is a candidate for an 'evil' number. You might think there are many numbers that could represent smallpox because there are

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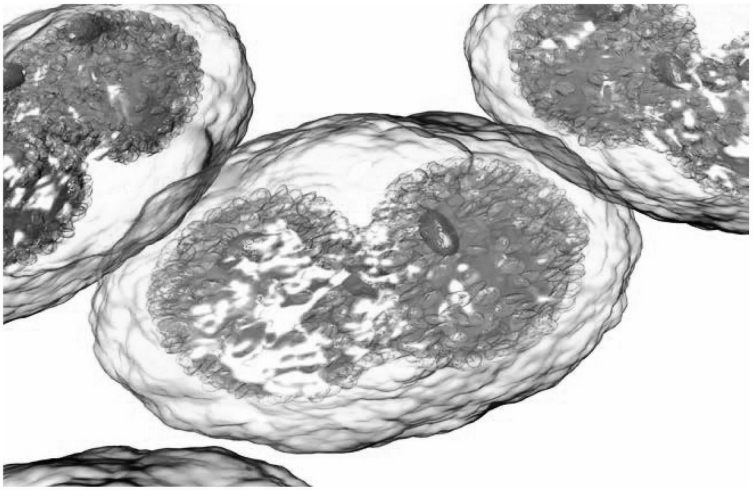

*Smallpox Virus*

many languages in the world and many ways you could code the genetic sequence of GATC. But, there *will be* one most efficient binary coding for smallpox and that number is the nearest we have to an evil number.

The other important element of random numbers is the process by which they are created. Computers can't genuinely generate random numbers. The numbers they generate are predictable and eventually

*Child Survivor of Small Pox*

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repeat. To create the random number in my example above I went to www.random.org, a website that uses fluctuations in atmospheric quantum noise to generate random numbers. As far as we know quantum effects are truly random and have neither rhyme nor reason.

Numbers are more complex than they first appear. They are infinite, yet there are different infinities, and they have meaning. The smallpox example above and the Turing numbers we will discover shortly suggest numbers *do* have meaning independent of culture and language. The next two chapters will show us what happens when we think about the meaning of numbers. We will also explain one more 'super infinity' and this will be the key to understanding creativity.

> *"There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns - the ones we don't know we don't know."*
>
> Donald Rumsfeld
> United States Secretary of Defense
> (2001-2006, 1975-1977)

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*Chapter 9*

# KNOWN UNKNOWNS

Donald Rumsfeld

In the spring of 1981, London staged its first marathon. The field of runners included 1200 international athletes and 20,000 amateurs. An estimated 20 million viewers watched from around the world. The top international runners stayed together for the first twenty miles and then two runners, American Dick Beardsley and Norwegian Inge Simonsen, made a push for the finish. They were long-standing rivals and, as they ran the final mile each man challenged the other to see if they could get ahead and gain the advantage. Because of the fine balance human muscles maintain between anaerobic and aerobic metabolism, the small set advantage could prove insurmountable. The other runner would need to sprint to catch up and the resultant lactic acid generated would turn their legs to jelly. As the two runners neared the finish line they glanced at each other, smiled, reached out and held hands as they crossed the line. Who won?

We all instinctively know the answer. The race was a draw, but the rules of the International Athletics Federation are clear. Read rule 164.

**RULE 164**

The Finish

1. The finish of a race shall be denoted by a white line 5 cm wide.
2. The athletes shall be placed in the order in which any part of their bodies (i.e. torso, as distinguished from the head, neck, arms, legs, hands or feet) reaches the vertical plane of the finish line.

The organizing committee held a brief conference and the result declared a draw. They had interpreted the rules in the same way 20 million TV viewers already 'knew' to be true.

This story should set your minds thinking about the nature of *rules* and *truth* and how the two are often different. According to the *rules*, one person crossed the line a little ahead of the other. The *truth*, as we all instinctively know, is that the race was a draw. Maybe the rulebook is missing a rule – 'The contact draw rule'. Clearly you could amend the rulebook to add this one rule. I checked the current athletics rules and they don't contain this amendment. If the rules were amended the mischievous amongst you will realize an unsporting athlete could grab the hand of their opponent as they crossed the line to force a draw. The rules would have to stipulate that holding hands must be voluntary for both parties, and refinements could go on for some time. What if I held your hand but you tripped and let go? What if my attempt to hold your hand

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caused you to trip? You could go on forever, generating rules to cover every eventuality.

Clearly, in the fuzzy world of human endeavor, truth and rules often part company. Yet, we all assume mathematics is free of such uncertainty. Let me tell you this is not so. The brilliant mathematician Kurt Gödel proved this when he was just 22, and his proof says something fundamental about the nature of knowledge.

*Kurt Gödel*

The story of his discovery involves some of the greatest mathematical thinkers in history. My introduction to it came about from a chance accident. I became ill in my first year at University (mononucleosis, otherwise know as glandular fever, if you're curious) and was eventually sent home to recover. Lying in bed for two months is boring. So to pass the time my mother suggested I read Bertrand Russell's, *The History of Western Philosophy*. I think she figured I had plenty of time, so picked a thick book. This nearly 800-page tome charts the entire history of philosophy from the time of the ancient Greeks. I presumed Russell was a philosophy professor, but he was originally a mathematician. He was a mathematician. And because he lived and worked productively for almost all of his 97 years, spanning much of the 19th and 20th centuries, he crops up repeatedly as a central figure in many areas of intellectual life. Russell the politician, Russell the philosopher, Russell the mathematician and Russell the peace campaigner are all the same man – not, as I had incorrectly first guessed, a prolific family. In his early career, Bertrand Russell was a Fellow of Trinity College, Cambridge, working on a broad range of mathematical problems. Meanwhile, in Germany, his contemporary David Hilbert, also a polymath, held the chair of mathematics at Göttingen University. Both men shared a common objective: to tidy up the loose ends in mathematics and set down the rules once and for all. This movement was called Formalism.

## Formalism

David Hilbert and Bertrand Russell believed you should be able to set out all the rules of mathematics even though it might be a complicated affair. Without contradiction or inconsistency you should be able to

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write down the rules and then play the 'game of mathematics' to derive every possible truth. Hilbert despised the idea that there could be unknowable things and was a forthright speaker. His battle cry was: *Wir müssen wissen — wir werden wissen!* "We must know — we will know!" He believed there were no fundamental unknowns in the world.

Donald Rumsfeld famously summed up the problem of unknowns in an attempt to clarify a question from a journalist at a Whitehouse press conference:

> *"There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know."*

Interestingly Donald Rumsfeld, like Bertrand Russell, is another person to span a huge swath of time in the public eye. He was both the youngest and the oldest serving U.S. Secretary of Defense, serving under both Richard Nixon and George W. Bush. We will shortly discover Rumsfeld's convoluted view of the world turns out to be closer to the truth than Hilbert's tidy mathematical aspiration.

As well as believing there were no unknowable unknowns Hilbert thought mathematics was completely abstract. You did not need to know what you were talking about. Whether the symbols meant dogs, cats or numbers all you needed to do was apply the rules and all would be well. His belief is captured in his quote below.

*"It must be possible to replace in all geometric statements the words point, line, plane by table, chair, beer mug."*
David Hilbert

***Geometry with Beer and Furniture***

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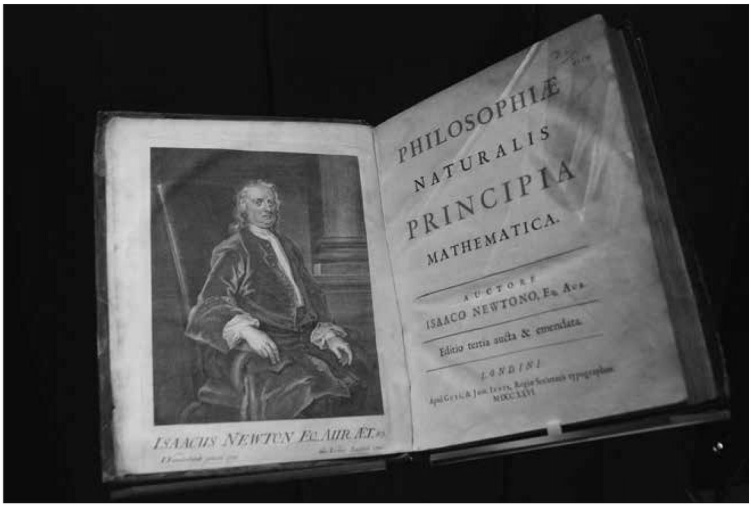


*Newton's Principia*

## PM

In 1890, the Cambridge mathematicians Alfred North Whitehead and Bertrand Russell embarked on the mammoth task of writing out all the rules of mathematics and publishing them in a set of books called *Principia Mathematica*. Every rule is written down in meticulous detail. The books are heavy going and look like more like computer programs than text. They set out precisely what you can, and cannot, do with numbers, and are the most impenetrable textbook you will ever read. Just to give you a flavor here is one line where Russell proves 1+1=2. It has taken about 100 pages of densely packed equations to get to this point!

$$*54{\cdot}43. \quad \vdash :. \alpha, \beta \in 1 . \supset : \alpha \cap \beta = \Lambda . \equiv . \alpha \cup \beta \in 2$$

From this proposition it will follow, when arithmetical addition has been defined, that $1 + 1 = 2$.

*One Plus One Equals Two, PM*

PM is a 3-volume set of books. Volume One costs £480 on Amazon. This is a significant work and a collector's item. The last time a first edition volume came up at auction in 2007 it went for over £800. Cambridge University Press printed only 750 copies and I suspect they

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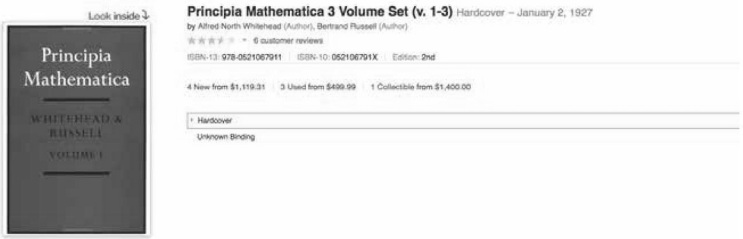


*Amazon Listing for Principia Mathematica*

are undervalued. When mathematicians use the letters 'PM', they are usually referring to Russell and Whitehead's *Principia Mathematica* rather than the afternoon.

## Hilbert's Problems

In 1900, while Russell and Whitehead were in full flow writing out their rules, David Hilbert was invited to deliver the annual lecture at the International Congress of Mathematicians in Paris. He asked a mathematician friend what subject he should pick for the talk and, in a moment of inspiration, the friend suggested laying out a vision for the future of mathematics. Rather than tell people how wonderful mathematicians were, and why their discipline was the pinnacle of human scientific endeavor, why not try modesty and list all the problems on which they were stumped? Hilbert liked the idea and devoted his talk to all the problems he thought mathematicians would solve in the 20$^{th}$ century. Hilbert's Problems were simply an intellectual challenge. He offered no prizes. At the turn of the 21$^{st}$ century, the Clay Institute created the Millennium Prizes for solving the most important modern mathematical problems. Each solution wins a prize of a million dollars!

There are 23 numbered Hilbert Problems in all: ten in the original lecture and a further 13 in the written transcript. In 1928, he clarified the 2$^{nd}$ and 10$^{th}$ problems, refining them into three distinct questions: Is mathematics consistent, complete and decidable? Ironically this means that Hilbert's 23 problems actually number 24! The most important Hilbert questions where these last three. They ask whether Russell and Whitehead would be successful – can you write out all the rules of mathematics and then simply calculate the answer to any problem or derive any proof. This is known as the Decision Problem. Can you mechanically decide any mathematical question without doubt? To explain Hilbert's Problems, I need to define mathematics properly.

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Giuseppe Peano, Mathematician

*"A mathematician is a blind man in a dark room looking for a black cat which isn't there."*

Charles Darwin

# The Game of Math

One of my most vivid childhood memories is driving my mother distraction by asking the 'why' question. Most children go through this phase:

Me: "Why is a sponge wet?"
My mother: "Because it has soaked up water."
Me: "Why has it soaked up water?"
My mother: "Because it has small holes in it."
Me: "But what makes water wet?"
My mother: "Because it is made of wet stuff." a bit weak now.
Me: "What is wet stuff?"
...

You can ramble on indefinitely unpeeling a never-ending onion. Sometimes, if you are unlucky, you may get stuck in a loop. For example, "where did the chicken come from?" "An egg," "and where did the egg come from?"...

Mathematics breaks this cycle!

In mathematics, there is no danger of an infinite number of 'why' questions because at its core are a clearly defined set of absolute rules called axioms. You cannot ask the 'why' question of an axiom. It is a RULE!

Starting from an absolute minimum of fundamental rules everything else is built up so that no step requires any leap of faith nor generates any contradiction. Let me give you a concrete example and, in the process, show you how numbers are defined.

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## Numbers

It was not until the late 18th century that numbers were properly codified. The mathematician Giuseppe Peano gave us the rules, so they are called Peano axioms. Here are his 'axioms' in natural language.

## Peano Axioms

1. The first number is named zero.
2. Every number has a next number (called its successor). Example: the next number after one is two.
3. Numbers are singular. Every number with the same name is the same thing.
4. If something is true of a number, it should be true of the next number (the successor number).

From this we can prove some very simple things.

1+1=2. Because the next number after 1 is 2 and '+1' means take the successor. (You can see I cheated here a little and did not take 100 pages for the proof.)

Back to my poor mother: "Why is the lowest number zero, Mummy?" "Because I say so!" Or, at least "…because Mr. Peano said so." That's what an axiom is.

"OK, but why is 3 greater than 2."

"Because I said that each number has a thing that comes after it.

"But, why can't 3 come after zero!"

"It can!"

"But then, if 3 is the thing after zero, I could count 0, 3, 2, 4…"

"Yes, if you want to…"

"I'm sort of lost. Now, you are saying that 3 doesn't really 'mean' anything. It just comes after 0."

"Yes. You can make up any symbols you like. You just have to remember what you said and be consistent."

The dialogue shows the importance of definition in mathematics. I could define my counting numbers as 0, 1, 2, 3, 4 or as o, π, ρ, σ, ς, or 享, 仇, 仕, 仝 or to be really annoying and confusing 0, 3, 1, 2, 4; they are only arbitrary symbols. It helps us to learn the numbers because 1 is a single line, 2 is two lines joined, three is basically three lines looped together, and four is four lines, but we could have used any symbols we cared for. It is the rules for manipulating these symbols that are the important part and give mathematics its meaning.

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## The Game of Mathematics

When I was a child, our living room carpet had a square pattern. You could use boiled sweets to play checkers on it. Even though there was no board and no pieces, it was clearly a game of checkers because we followed the right rules (with the one exception that if you jumped over a sweet you got to eat it). Mathematics is like a game with a set of rules. If you follow the rules, you are doing mathematics.

Consider the simple mathematical theory that if A equals B, then B equals A. This seems clear-cut, but you can get into trouble if you're not careful when defining the word 'equals'. 'My dog equals naughty' does not imply 'naughty equals my dog. Here I have used 'equals' to mean 'has the property of.' My dog has the property of being naughty. This is an attribute, not equivalence. You must be careful with mathematics. A equals B implying B equals A is a property of numbers when the equals sign is used to mean equivalence.

Here are the rules of the game that provide a proof for this theory.

Let us start with the position in which we don't know whether A equals B implies B equals A. We have these three axioms, call them rules for now since we are using the game analogy.

Rule 1: If I have no minus sign in front of a letter I can assume there is an invisible + sign there.
Rule 2: If I have a positive letter (or a letter with no symbol in front of it) I can put a minus in front of it and put it on the other side of the equals sign.
Rule 3: I can swap the plus and minus signs of all the letters in my equation if I do it to all of them.

Now I am ready to prove my theorem.

A = B is the same as +A = + B. (rule 1)
+A = + B is the same as -B = - A (rule 2 done twice)
-B = -A is the same as B = A (rule 3)

Success.
So A = B is the same as B = A.

I have my proof. It might be glaringly obvious, but that's not the point. The point is you can apply rules to symbols and derive new rules. It does not matter what the symbols are or how obvious it is. Here's the same proof with dingbats.

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Rule 1: If I have no glyph in front of a symbol I can assume there is an invisible Ψ there.

Rule 2: If I have a positive letter (or a letter with no symbol in front of it) I can put a ♮ in front of it and put it on the other side of the ➤

Rule 3: I can swap the Ψ and ♮symbols of all the symbols in my equation if I do it to all of them.

The proof in symbols

♈ ➤ ß is the same as Ψ ♈ ➤ Ψ ß. (rule 1)
Ψ ♈ ➤ Ψ ß is the same as ♮ß ➤ ♮♈ (rule 2 twice)
♮ß ➤ ♮♈ is the same as ß ➤ ♈ (rule 3)

Any collection of symbols will do. The symbols have no meaning in themselves other than the meaning we have given them. A tribe in the Amazon jungle could demonstrate a proof without knowing any mathematics. All I need say is, "Hey, I want to play a game with you. Can anyone make this into that, in the fewest possible steps, while obeying these rules?"

But, is it true we can ignore the meaning behind the symbols. Does it matter that we were talking of numbers rather than spears, counters, or crocodiles? If we look at the marathon winning analogy again, we know the nature of a game is important. In a running race we can interpret holding hands to mean the two athletes are treated as one, the existing rules can then be applied as normal and the pair become a single winner. But, in tennis, there would be a problem. I wouldn't want to come on court and find I'm playing against two opponents! On consideration though I'd be happy if they had to hold hands while they played so that they constituted a single player. When we examine the actual circumstances, we can add a rule and show the rule works, but we have to see something about the specific sport that makes the rule fair and workable.

Hilbert was convinced mathematical truth is not like this and that proofs follow from the rulebook without any knowledge of the circumstances, i.e., the sport being played or any other analogous thing. He was to be proven wrong by Kurt Gödel.

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*Königsberg Bridges*

## Gödel

Gödel studied mathematics at Königsberg University, Hilbert's hometown. Königsberg is famous for having a mathematical problem related to the seven bridges that link the city together. It's quite fun to try to solve. Find a route across the city that crosses each bridge once and once only. You can start anywhere, but no walking halfway over a bridge and no swimming!

Euler discovered a rigorous mathematical proof that there can be no solution in 1735 after five hundred years of failure by other mathematicians. The answer is you cannot.

In 1931 Kurt Gödel, then working at the University of Vienna, proved mathematics *is* like our sporting analogy. There are true statements in mathematics that cannot be proven by the rules of the system. Someone outside the system, with common sense, can see a statement is true, but it's impossible to prove this if you constrain yourself inside the system. It is the equivalent of all the members of the London Marathon Committee wondering what to do about the race while all of us watching the TV are shouting, "It's a draw!" Looking at the rulebook 'really hard' doesn't help.

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You have to step back and think about the problem in the round and then devise some additional rules to handle the circumstances. Mathematics is like this also.

Here is how Gödel proved his result.

It is easy to turn logic or any text into numbers. That's how this book is stored on my laptop. All we need do is translate sentences into ASCII or Unicode. In this way, any theory can be reduced to a string of numbers.

Since Gödel's proof predates the invention of the computer, he had to come up with a novel way to store information. He deployed an old Roman invention; a substitution code. The number one was represented by 1, two by 2 and the symbols by larger numbers, for example, '=' was coded as 15 and so on. He then raised a sequence of prime numbers to the power of each of these codes and multiplied all the results together. This generated a single enormous but unique number that he could later factor back into its constituent parts to recover the information. This is a truly complicated solution to a very simple problem. Today we would solve it by storing each number in the memory of a computer as an array.

Let's use the easier table method to store things and code as follows: 000 will stand for 'start of proof'. Each step in the proof will start with 00 and each symbol in the proof starts and ends with a zero. This way we can code one plus one equals two as follows.

000000111045401110121022200000 0

I think this is simple enough for you to guess the coding scheme. Hint: 111 stands for 1. The scheme is on my website if you can't work it out. Using this technique, any series of mathematical statements can be turned into a number. As a series of mathematical statements is a proof, we can generate proof numbers. They are just the sequential list of all the instructions. These numbers are sometimes referred to as Gödel numbers.

Gödel's next step was to say one number *demonstrates* the proof of another number. For example, the number 000820962 might demonstrate the proof of another number 000398... This is the mathematical equivalent of my saying a Word file demonstrates the truth of your mathematical theorem. Any statement can be represented by numbers, provided you have a consistent coding scheme that allows you to get back to the meaning.

Now Gödel set up his paradox:

HOUSE_OVERSIGHT_015893

Every correctly formed theorem number has another number, which demonstrates the proof of that number.

If this is universally true there should be no contradiction. Unfortunately if you apply the theorem to itself you get something similar to the liar's paradox.

"This proof number is not a proof of the truth of this theorem number."

The proof number proves the theorem number is true, but the truth of the statement is that it can't be a proof of the statement... Paradox.

The only way to resolve the paradox is to go back one step and realize that not *every* correctly formed theorem number has a proof number using only the rules of that system.

Concisely, Gödel's theorem says, "Within any formal system of mathematics there can be statements that are true but are not provable using only the rules of that system."

When Hilbert heard of Gödel's proof, his first reaction was anger. After all, he had spent 30 years of his life trying to prove mathematics was tidy and complete. Gödel had just shown it was not. Hilbert never worked on formalism again, but the rest of the mathematical establishment largely ignored the result. Gödel's proof did not stop mathematicians proving new theorems nor doing useful mathematics. They went on much as before, using a mixture of intuition and analysis. The only difference was someone had told them analysis alone would not succeed. The repercussions of Gödel's theory have more to do with understanding our place in the Universe and the nature of knowledge discovery. These are 'big' philosophical questions, which don't greatly affect the day-to-day ability of a mathematician to do their job. However, it is important to understand that knowledge discovery is not simply analysis. Knowing this helps us understand human creativity.

## Inconsistency

In the proof above, I said the only way to resolve the paradox is by saying there cannot be a proof number for *every* mathematical statement and therefore mathematics is incomplete. There is one other way to solve the paradox, and that is by allowing inconsistency into the system. Gödel's proof assumes you can prove something true or false, but what if you could prove it true *and* false? In this case, the system is complete but you can prove truths and untruths within it! This may seem an acceptable solution, but inconsistency in a mathematical model is a cancer that will

HOUSE_OVERSIGHT_015894

spread through the entire body. Think about it. If I am allowed to prove anything either way, of course, my system is complete. It can say anything it wants, but the proofs I make are worthless.

Let us imagine, for a moment, we created a new system of mathematics where all the numbers in our new theory behave as we expect, except for the numbers 5 and 6. You may use them to count, but they are also *equal* to each other! This feels bad and it certainly breaks the Peano axioms. In my new system 1 plus 5 and 0 plus 5 are the same, so I can equate 0 to 1. Because 0 and 1 are the basis of binary arithmetic, all numbers can be equated. Numbers now have no guaranteed meaning in my system and, what is worse, since logic uses 1 and 0 to represents true and false, all of logic falls apart as well. Whenever we allow inconsistency into mathematics it rapidly brings the whole pack of cards down.

The example I gave was glaring; an inconsistency right in the middle of the counting numbers! Maybe I was too aggressive and a subtle and less damaging inconsistency might be tolerable. However, *any* inconsistency allows me to make zero equal one somewhere in my system and, therefore, any theorem based on proof by counterexample will be suspect.

There might be systems where inconsistency could be a legitimate part of a mathematical system, but I would always need positive corroboration for each proof. If I tried hard enough, I could always prove something either way. I would need to formulate a new mathematical rule – something like "I will believe short, sensible-looking proofs to be right and circuitous proofs to be wrong." Mathematics would be a bit like a court of law. You would have to weigh up the evidence from a variety of sources and the verdict would be a matter of subjective opinion rather than objective fact. Inconsistency is *very* bad in mathematics.

## The Lucas Argument

J.R. Lucas of Oxford University believes Gödel's theorem says something fundamental about the nature of the human mind. In 1959, he wrote a paper, *Minds, Machines and Gödel*, where he argued humans must be able to think outside a fixed set of formal rules. The paper has been causing arguments ever since. Strong AI proponents have a visceral reaction to it. Forty years later, in 1989 Roger Penrose picked up the baton and put the Lucas argument on a stronger theoretical footing. The Lucas-Penrose argument is this:

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If humans used a formal system to think, they would be limited by the incompleteness theorem and unable to discover new theorems that required them to extend the formal rules. Humans do not appear to have such a limitation and regularly extend their appreciation of mathematics by expanding the rules, and seeing through to the truth.

Many scientists dislike this argument and think it farfetched, saying there is no evidence to show people see past the limitation. Our brains could be following a formal system capable of discovering everything we have discovered to date or, indeed, might encounter in the future. Why should we assume human minds are constrained in the same way as the mathematical systems they discover? There is no evidence to suggest a human *thinking* about Peano arithmetic is running a Peano based model in their head. When Peano discovered his theorem he was certainly extending our mathematical knowledge, but this does not imply he was extending the capability of his brain.

The critics of Lucas and Penrose have one big problem to deal with. The formal system in our head would need to be able to see the truth in everything we could *ever* encounter. But, our formal system appears to be small. As infants, it is almost nonexistent. Where does this enormous system come from? It can't come from our parents because they have the same problem; they were once children. You might argue that the capability of the human brain is huge and we can learn from all the other humans on earth, but let me remind you what Gödel said. However large

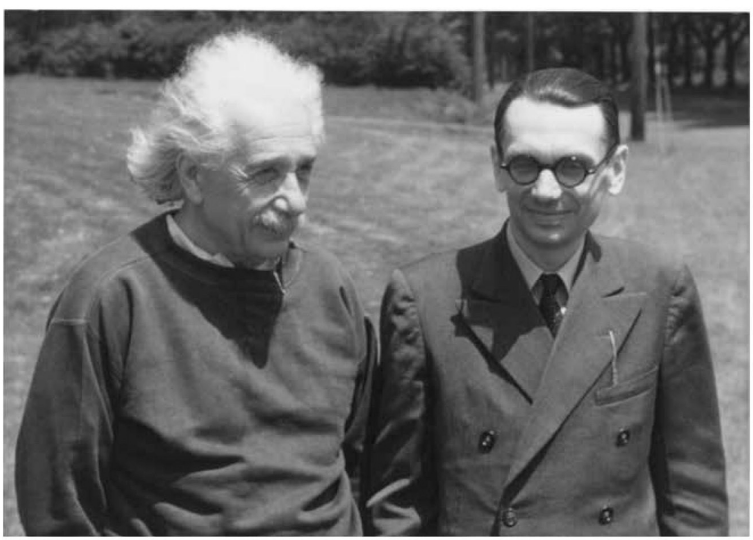

*Two Giants*

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a system you have and however much you extend it, the system will always be incomplete. And we really do mean; however large. Even an infinitely large formal system would be incomplete.

The only way to avoid this problem is with some sort of conspiracy theory where we only come across problems our formal system can already solve. Such a theory is a determined Universe. In a determined Universe, all the mathematical problems we ever solve must be expressed by the formal systems existing in the Universe. We must never encounter a problem where we need to extend the system and break the Gödel limit because we are pre-determined not to do so.

## The Inconsistency Defense

An argument put forward by opponents of the Lucas-Penrose position is that humans are inconsistent formal systems. Inconsistent formal systems are not subject to the incompleteness limit. Humans certainly behave inconsistently with remarkable regularity but simply making inconsistent statements is not sufficient to show the underlying formal system is, itself, inconsistent. Inconsistent beliefs can come simply from making mistakes or reading the same story in two different newspapers! We need a fundamentally inconsistent thinking mechanism inside our brains to break the constraint. The very machinery itself would have to be inconsistent. But this is exactly Penrose's point. Constructing a machine capable of reasoning in an inconsistent but useful manner would need exotic technology, some sort of non-deterministic, rationalizing computer. The components to make it could not be computer logic as we know it today. All such logic is entirely computationally deterministic.

Let me see if I can reframe the Lucas argument. Imagine IBM's Watson computer was let loose on mathematical reasoning. Watson could scan every mathematical theorem ever written down. It would know every programming language created. It would have its enormous bank of general knowledge to call upon and it could answer many questions. It would sometimes appear inconsistent because the information it had trawled from the Internet would be wrong. But Watson would still be a consistent formal system and Gödel's theorem says there would be truths Watson could never see. Lucas argues humans can see such truths where a machine cannot, and these truths would allow a human to discover a proof to a mathematical problem that would forever elude Watson.

The Lucas argument runs into a brick wall because it asserts we see truths a machine cannot. For each alleged creative step, his opponents simply assert your brain was already sufficiently powerful to perform

HOUSE_OVERSIGHT_015897

that creative step. Lucas's argument is largely a philosophical one. Surely all this creativity can't all be pre-coded within the brain. Surely we must be extending our model in order to extend mankind's mathematical model. "Prove it," say the detractor, and he cannot. We need something more practical if we're going to show a difference between humans and machines - something an engineer, or even a physicist, could grasp! That thing is a Turing Machine. We will examine this next.

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*Chapter 10*

# TURING'S MACHINE

Alan Turing

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*"A computer would deserve to be called intelligent if it could deceive a human into believing that it was human."*

Alan Turing

*"The only real valuable thing is intuition."*

Albert Einstein

*"Mathematical reasoning may be regarded rather schematically as the exercise of a combination of two facilities, which we may call intuition and ingenuity."*

Alan Turing

It is 1943 and a small group of Polish mathematicians sit, ears glued to their wireless set, waiting to hear whether the German army will advance on Warsaw. The Polish Intelligence Bureau badly needed to know what the German army was planning and had recruited this group of young mathematicians as code breakers. Up to this point, code-breaking had been the domain of linguists able to see word patterns in apparently random sets of letters. The arrival of electro-mechanical machines made this method redundant, and code-breaking had become the domain of mathematical minds. The British, French, and American intelligence agencies were all hard at work deciphering the German codes, but only the Polish group, motivated by the imminent threat of invasion, had made real progress. The code they were breaking: 'Enigma'.

As with many inventions, Enigma got off to a difficult start. The inventor, Arthur Scherbius, tried to sell it to the army but they rejected it saying it did not provide any real military benefit. Instead, the machine went into service transmitting commercial shipping manifests. However, some senior figures in the German military had not forgotten the lesson of the First World War. During that war, the German army suffered major setbacks because the British broke all their codes early on. With the onset of World War II, Rommel ordered the German Army and Navy to deploy modern coding machines. The previously rejected Enigma was rapidly pressed into service and, all of a sudden, Europe went dark to Allied Intelligence. The man to lead the task of breaking Enigma for the English was Alan Turing.

## Alan Turing

Alan Turing was conceived in India but born in London in early 1912. He was precocious from an early age and an extraordinarily determined character. His first day at Public School, Sherborne in Dorset, coincided with the British General Strike of 1926. With no public transport available, the thirteen-year-old Turing cycled the 60 miles to school, staying in a guesthouse on the way and earning a write-up in his local newspaper. Turing went on to study Mathematics at King's College, Cambridge and was made a Fellow at only 22. In 1936 Turing, aged 24, published *On Computable Numbers and their Application to the Entscheidungsproblem*, not a snappy title, but one of the most influential mathematical works of the 20th century. The paper described the new the science of computing and solved Hilbert's 'Entscheidungsproblem', a mathematical puzzle

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simply translated as 'the Decision Problem' – could you decide the truth of a mathematical statement using some sort of automatic computation – an 'algorithm' as we now call it?

It is difficult to imagine, but Turing worked on 'computing' before the invention of the computer. When he talked of computing, he meant the abstract idea of doing something mechanically. The nearest thing he had to a 'computer' at the time was a human mindlessly but methodically calculating something with pencil and paper! The scientific paper he submitted to the London Mathematical Society described both the theoretical basis of computing, and the design of a general-purpose computing machine: the forerunner of all modern computers.

At the time, only a handful people in the world could assess Turing's paper. One of them, Alonzo Church, was based at the Institute of Advanced Mathematics in the USA on the Princeton University campus, next door to the Institute for Advanced Study that housed Einstein. Turing travelled to America in 1937 and completed his doctoral thesis at Princeton. He might have stayed, but Europe was heating up and war seemed inevitable, so Turing returned to England to take up a part-time job in the government code-breaking branch. Here he was able to indulge his passion for hands-on engineering, experimenting with the newly invented valve technologies. When war finally broke out Turing was ordered to report to Bletchley Park, just north of London. This was to be the home of the top-secret British code-breaking group tasked with cracking Enigma. Turing's first task was to debrief the Polish mathematicians and see what they had discovered. The Polish mathematicians had seen there were flaws in Enigma that made it repeat itself. They had made a copy of the machine to test different coding configurations and had been routinely cracking Enigma for 6 years, but the Germans had been getting smarter and it was taking longer and longer to crack the codes. Turing realized he could apply the Polish ideas in a more general way and break the codes on an industrial scale. He was installed at Bletchley Park to lead the project.

Initially he was successful but as the war continued, Enigma developed subtleties making it harder to break. At one point, it was taking a whole month to break a single day's messages. Turing realized the only solution was to use computer technology to fully automate the decryption. He built a computing machine that could simulate thousands of Enigma machines and try out all the possible settings in a short space of time. The machine acquired the nickname 'a bombe', perhaps because of the ominous ticking sound it made as it calculated (or maybe as a reference to the smaller Polish machines).

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Thanks to Turing's insight into coding schemes and the machines he designed, the British were soon able to read almost every coded message the Germans sent during the war, giving the Allies an enormous advantage. The D-Day invasion involved convincing Hitler that the Allies had a huge army of nearly 400,000 men, massed around Dover preparing an attack on Calais head on, with a second army in Scotland poised to attack Norway. In truth, they had only 150,000 men planning an assault on the Normandy Beaches in the South. Just before the landings messages were decoded showing Hitler had fallen for the Allied subterfuge. Even as the Normandy landings began, Hitler still thought this a bluff and kept his 28 divisions at Calais waiting for the imagined attack. Without this intelligence advantage, the Allies would have needed a much larger invasion force, and Churchill believed Turing's work shortened the war by as much as two years.

The cracking of Enigma remained a secret after the war and Turing's story remained untold for many years. When Churchill wrote his history, *The Second World War*, a massive work in six volumes, all sorts of sensitive information featured, but Turing's work was omitted. One sentence hints that Churchill might write something about it in the future, but he never did. Churchill considered the work at Bletchley Park so sensitive he had it put in the highest classification – extending the 30-year secrecy rule. We must presume the decoding schemes were still being deployed during the Cold War. The papers were finally released in 2010.

In one of those sad turns in history Turing was found guilty of gross indecency for homosexuality in 1954, a criminal act at the time, and was prescribed hormone treatment. This affected his mental state and he took his life by eating an apple laced with cyanide. He was eventually honored posthumously as a war hero and one of the most significant thinkers of the 20th Century. A Turing Award is the equivalent of the Nobel Prize for Computing. He was given a royal pardon in 2013.

To see how Turing came up with the idea for the Turing machine and solved the decision problem, we need to get a feel for theoretical mathematics. That might sound a little heavy going but don't worry, I will use a simple piece of mathematics to explain, one we have all played with as children, secret codes.

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## Codes

Everyone has played with some sort of secret code as a child – the Aggy Waggy game, passing notes written in invisible ink made from lemon juice, or perhaps a simple cypher. If I want to send you a secret message, I can use a substitution code. Let's see how good a code breaker you are. Can you decode this?

*Enigma Machine*

Gdkkn Qdzcdq

It's really easy. You might guess the message from the pattern of letters and your knowledge of my writing style. There are a couple of interesting patterns to note: the 3rd and 4th letter of the first word are the same and the first and last letter of the second word are the same. As a test I gave this code to my wife and my eight-year-old daughter to see how long it took them to decode… Less than a minute for my wife – a linguist. We will come back to my daughter shortly!

Roman Emperors used this sort of simple code to secure their messages, but modern codes have to be a great deal more sophisticated. Let us use a progressive cipher where we vary the substitution using a secret word. Take the name of my dog and write it down repeatedly next to the letters of the message you want to keep secret. Now translate all the letters in the message and the code into numbers 'a' = 1, 'b' = 2 and so on. Then add the letters of my dog's name to the letters of the message one at a time. If I get to 26 ('z') just wrap around to 'a' and carry on. This is called modulo arithmetic. This coding scheme will translate 'l' to 'a' the first time but 'l' to 'c' the second making it much harder for a linguist to see any pattern.

hello reader can you read this code
georgegeorgegeorgegeorgegeorgegeorge

Gives

ojacveyjpvlwghpegcvzoilfkehzpxghcvle

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The advantage of this cipher is that I can easily remember the name George. I don't need to write it down. And the circular application makes the message sufficiently obscure you can't easily work it out…

Is this, therefore, a good code?

No.

This cipher is easy to break. Once you have guessed that I have applied a repeated short code word, you can write out ALL the possibilities and decrypt my message! This may be tedious, but if you are fighting a war and your life depends on it, you can employ a thousand people to write them all out. The British government employed 10,000 people at Bletchley Park, many of them doing exactly this. You might think that applying ALL the possibilities is too time consuming in practice but there are many shortcuts. If I suspect the message contains the name of a German town all I need do is try keys until I find a German town somewhere in the message then work my way outwards from there. Or perhaps I suspect the key is something easy to remember like the name of the Commandant's dog. I can try ALL German dog names until I get lucky. If I've 10,000 people working for me this is easy.

The Enigma machine and the coding process set up to operate it was designed to remove these loopholes. For a start, the keys were all random numbers taken from a code book – no dog names allowed – and the machine took the idea of a simple progressive cipher and made it *much* more complex.

Imagine I took my GeorgeGeorgeGeorge pattern but then every 3rd character added one, every 14th character subtracted 15 and every 40th character added the 3rd letter of the First Mate's mother's maiden name. Now this would be a VERY hard code to break. I would need a machine to code messages because if I tried to do it by hand I would make so many mistakes that the messages I send would be unintelligible. The Enigma machine made these coding schemes a practical possibility. But, although Enigma is hard to break it is not impossible with enough computing power. Is there any code that is impossible to break?

## An Unbreakable code

Is there a way of coding a message so you can never break it?

The answer is there are two ways to code a message so it is PERFECTLY safe. The first is to use a one-time pad and the second is quantum cryptography.

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One perfect way to encode a message is to use a one-time pad. On a sheet of paper I write a completely random set of numbers or letters – since we are going to translate numbers to letters it does not matter which. I make a copy and give it to a person I later want to send a coded message. Because I will only use these two paired sheets once it helps to make a few of them – a pad in fact. By convention, we refer to a single sheet or a whole book as a one-time pad code. Here is the one-time pad I created earlier. It is just a random sequence of letters and spaces.

kaleygnqaloiuebldlan dlkawoqyevbax gmlsosuebal

To code a message, I substitute numbers for letters as with the progressive cypher earlier again using modulo arithmetic to wrap around if I reach the letter 'z'. I have applied my one-time pad to the hello reader message below to get 'sfacngfvbpta'.

hello reader
sfacngfvbpta

This code is unbreakable – almost! Notice there are very few clues for anyone wanting to decode it without holding a copy of the pad. Spaces do not necessarily indicate breaks between words, and letter patterns are absent. It has only one flaw. The total number of characters and spaces could have some meaning. This is a problem because if I routinely communicated bombing targets and my message was "Bomb Bath". You could figure out the sender was not going to bomb Bristol if the message were shorter than 11 letters and spaces. To avoid this problem, messages are extended with nonsense at beginning and end to make sure no information can be gleaned from the length. The convention is to code messages to the full length of the pad. You must never reuse a pad. Each time you code a message, rip off that page rather like a calendar. Destroy it and use the next page for the next message. At the other end, the recipient uses his copy of the pad to run the process in reverse. Decode the message by swapping each letter according to the modulo method, rip the page from the pad, and burn it. Because each key is only used once you can't use any sort of statistical method to work out the message, making the one-time pad perfectly secure. Claude Shannon proved this in 1945 while working for Bell Corporation but, due to wartime secrecy, his proof was not published until 1948.

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## The Perfect Code

The proof that a one-time pad is perfectly secret is straightforward. Imagine I take a coin and flip it 1000 times. I'll write down some of the results as follows:

HHTHHHTTHTTTHTTTTTHTH...

I give you a copy of my results and keep one for myself. Now we each have the same random set of Heads and Tails recorded on a piece of paper. I can convert any message from letters to binary numbers: 'a' = 00000001, 'b' = 00000010, 'c' = 00000011 and so on. If you are not familiar with binary just assume I have a code where we only ever use combinations of 0s or 1s. To encrypt the message we flip each bit – 0 goes to 1 or 1 goes to 0 – using my random list of heads and tails according to the following rule: If I have a head flip the bit, otherwise leave it the same. I now have a randomized message, and it really is truly random. To convince yourself, imagine answering the question, do you like coffee or tea? Think of your answer and flip a coin. If the coin lands heads change your answer otherwise leave it the same. Now write your answer down. Try it out a few times. Do you see you end up with a totally random set of decisions – tea, coffee, coffee, tea, tea, tea. If you don't record the coin toss there is no way to determine your true answer.

Similarly, the message I encoded above now looks like a completely random stream of 1s and 0s and the only person who can decode it is the party with the other record of the coin tosses. Apply this to the message and, as if by magic, the message reappears. Any other random sequence will yield gibberish. It has to be the SAME random sequence I used in the first place.

Mathematically, the proof involves working out that the probability of getting the right answer by applying a random sequence is 1 in $2^n$ and the probability I could guess the answer is also 1 in $2^n$? The same! So the chance of decrypting the message knowing the encryption method is the same as simply guessing the message and getting lucky. Therefore, the message is perfectly encrypted.

## Quantum Cryptography

It turns out there is one other perfect encryption method that involves thinking about the nature of secrets. Normally we consider the primary problem with sending a secret message is coding it so that it can't be read

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by anyone but the intended recipient. However, wouldn't it be equally valuable to know if someone other than the recipient had intercepted and read the message? This is the trick quantum cryptography gives us.

Taking a measurement with a quantum device disturbs the system so measurements can be taken only once with the same results. By the same logic, I could send you a message and if someone else has read it in the meantime, you will know. I could arrange to meet with you in Berlin and if you detect the message has been intercepted, you could simply not show up.

I could use this same technique to send you a one-time pad. If you receive it without it being overheard, I could then safely send you an encrypted message. In 2007, this technique was used to transmit the results of a Swiss election from the polling booths to the central counting center.

## Enigma

World War II accelerated the evolution of encryption from simple substitutions a human could perform to complex ciphers only a machine could calculate. You might wonder why everyone does not use a one-time-pad since it is a perfect code. The problem is distributing and maintaining the pads while keeping them secret. My daughter cracked my earlier code because she knows my laptop password, broke in, and read the answer. That's the problem with codes – security. The pads could be sent out in sealed envelopes but it would be easy to intercept an envelope, copy the pad and reseal it. You would then have a perfect and undetectable way to break the code. Also, if I were an Admiral wanting to communicate with my fleet of submarines I would need a huge pad – one page for every message I want to send – and either a pad for each submarine or one pad for all submarines. If I use only one pad, then I cannot talk to a submarine privately, and if any pad were lost *all* security would be breached. One-time-pads were used by both sides during World War Two, and often printed on nitrocellulose – a chemical similar to the explosive nitroglycerine. This allowed users to burn the codebooks quickly if an enemy threatened to capture them.

Both the Americans and British captured Enigma machines and codebooks during the war. A Navy Enigma machine was a sought-after prize, as it was more complex than the Army version, with extra dials and plug settings. To crack the more sophisticated codes Bletchley Park

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needed to get hold of Enigma machines, ideally without the Germans' knowledge. The film *U-571* merges two such capture stories into one, taking a few dramatic liberties along the way, but it's well worth watching.

Even with a captured machine, the codes were hard to break. You needed a starting point – a crib to give you a clue what the machine settings were. Helpfully, the German Army often began their messages with a weather report. Everyone knows the German word for weather – 'Wetter'. Decode the first 20 letters of a message until you found 'Wetter' and the message is unlocked. The German Navy, however, was less chatty and avoided obvious words in their messages. One way the Allies could find a crib was to blow something up. They would sail to some point in the Atlantic, fill an old boat with oil drums, and set it alight. The German Navy would get wind of this and go to investigate. The first thing they would do is to radio a message back to base with the coordinates of the wreckage, which, of course, the British already knew. This gave the British a crib, and once they were in, they could decode messages for several days in a row because the Enigma machines often cycled through a repeating pattern.

Throughout the War, the German military never suspected the British had cracked their codes and thought they must have traitors giving away their secrets. The Enigma machine was an elegant compromise between a truly unbreakable code and a simple cipher. Unfortunately for the Germans, Turing was on the side of the Allies.

In the 1930s almost all mathematics, accounting, and code-breaking were performed by humans using pencil and paper. It was the science behind this process Turing sought to understand. We'll take a step back in time again to 1935 and Turing's discovery of a solution to the Decision Problem – *the Entscheidungsproblem*.

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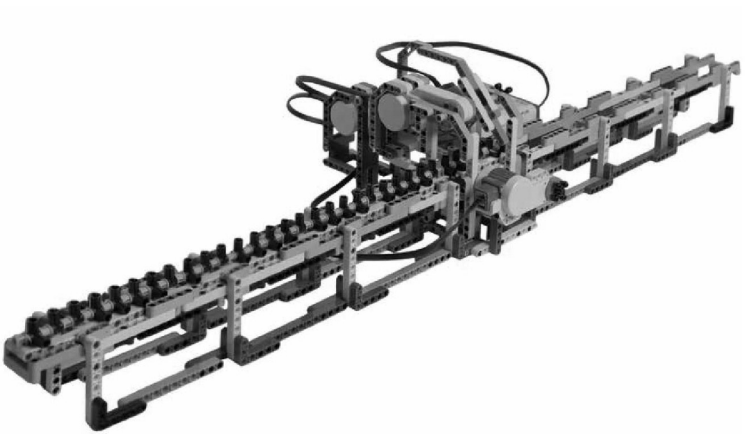

Lego Turing Machine

*"Machines take me by surprise with great frequency."*

Alan Turing

# The Machine

Turing probably learned of *the Entscheidungsproblem* in a lecture given at Cambridge University by Max Newman. Newman described a new proof by Gödel showing mathematics was incomplete. The proof solved the completeness and consistency problems by turning mathematical statements into numbers and showing you could generate a logical paradox if you tried to argue for completeness and consistency at the same time. Thus, of the three original Hilbert problems, completeness, consistency and decidability, only decidability remained unanswered.

Turing spent all of 1935 and much of 1936 thinking about this question: Is mathematics intuitive, or could a machine decide mathematical questions automatically? Eventually, cycling through the Cambridge countryside one day, he stopped to rest in a field near Grantchester and in a flash of inspiration envisioned his mathematical machine. The machine was entirely imaginary but made as if from mechanical parts common in the 1930s.

The idea was to reduce the process of computing with pen and paper to its most basic level. Turing hit upon the idea of using a long ribbon of paper tape similar to the ones used in telegraph machines. A paper tape is simpler than rectangular paper as it can be handled mathematically as a single sequence of numbers – we don't have to worry about turning the page or working in two dimensions. If you are worried that a tape is less powerful than a sheet of paper remember Cantor's theorem: an infinite plane is the same as an infinite line. The use of a tape massively simplified the mathematics, and subsequently many early computers used tapes, as they were easy to handle in practice as well as in theory.

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The eye, hand and pencil of a human mathematician was modeled as the read-write head of a teletype. It allowed the machine to read input from the tape and write information back so as to keeping track of intermediate calculations or provide the final output. The operation of the machine was straightforward. At each moment in time the machine could read a symbol on the tape, move the tape forward or backwards, and write or erase a symbol. That's all he needed to model a human doing something like long multiplication. Turing argued his model was exactly analogous to a human performing a computation.

Turing's imaginary machine was now able to perform computations just like a human. You could write down the rules for a given procedure and the machine could, for example, do long multiplication. At each step of the calculation, the computer would examine the state machine, look up the state in the instruction book and put the machine into its new state. If you recall Searle's Chinese Room, this is the same process the man in the room followed: get a symbol, look it up in a book, and reply with the corresponding symbol.

## Universal Turing Machine

We have missed one important step from our explanation of the modern computer: the ability to run programs. Nowadays, we take for granted you can download a program from the Internet or buy one from a shop. In the 1930s adapting a single machine to multiple purposes was a radical idea. Machines were built to do one thing, and one thing only, and there was no concept of a general-purpose machine. Nowadays this is hard to comprehend, but there is a similar revolution going on in manufacturing today with the widespread adoption of 3D printing. Today most factories use tools – lathes, drills and saws – to fashion objects. Each machine does a specific job and is not 'general purpose'. But innovative new machines can now be purchased relatively inexpensively called 3D fabricators, which print entire objects. The same happened for electronic logic in Turing's time.

Before computers, logical tasks were performed by banks of relays. How these banks work can be illustrated by the workings of an old-fashioned elevator. If you pressed a button to call an elevator, you closed a switch coupled to a relay in the basement sending power to the car. Another switch was tripped automatically when the elevator reached the desired floor. All the functioning of the elevator system was fixed. Once you pressed a button to go up you could not change your mind and press

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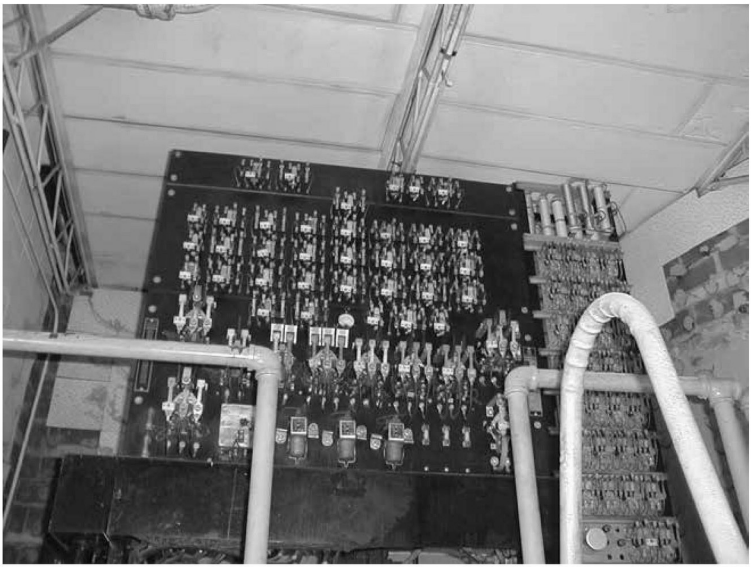

*Old Fashioned Relay Mechanism*

the button to go down. That logic did not exist in the relay banks. If you wanted to improve the logic of the elevator you would need to rip out all the relays and rewire everything from scratch.

Turing's first imaginary machine was set up in the same way. It had a fixed set of hard-wired logic, a rule book. In order to perform different tasks – say addition or multiplication you had to use a different rule book. His revolutionary idea was to write a rule book that told the machine to read a soft-wired set of instructions from the tape and execute those instead. He called this a Universal machine since it could perform *any* procedure written on the tape. Today we call this software. It is fair to say Turing was not the first to use this idea. Charles Babbage's analytical engine could read instructions from cards and execute different procedures, but Turing thought through all the ramifications of the idea and made it general purpose, giving us the modern science of computing. It is easy to build a real Turing machine, but by today's standards it is a little clumsy; a team in Denmark has built one using Lego. You can see a link on my website.

Very soon after Turing's paper was published, a number of people proposed better practical implementations. In 1943, John von Neumann of Princeton University created the architecture for ENIAC, the first stored program computer, developed for the United States Army's Ballistic

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*3D Printing Machine*

Research Laboratory. The laptop I am writing on uses the von Neumann architecture, and most modern computers evolved from it. By contrast, mobile phones are descended from the Harvard architecture developed by IBM and first supplied to Harvard University in 1944, hence its name. The distinction in architectures has blurred over the years. The world supports two main computer chip technologies, one built for desktop and laptop computers, designed by Intel in Santa Clara, California, and the other, designed for mobile devices by ARM, in Cambridge, England. All these computers can, in principle, run any piece of software.

## Programs

Software is just a series of numbers. When you click an icon on your desktop, the computer reads the number and interprets it as a series of instructions. There is a decoder inside the computer that knows the number '1' means add the next two digits and the number 5493 means display them on screen and so on. On my computer the operating system, Apple's OSX, takes the number, decodes it and passes it to the CPU for

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execution. You might ask what runs the operating system and that is a smaller program called the BIOS. What runs BIOS? An even smaller program called the Bootstrap. Once all this is up and running you have a working computer, which can run any program you throw at it.

The problem with programs is they tend to crash – usually at the most inconvenient times. It is often not clear whether a program has truly crashed. It might be stuck in an infinite loop, or it could be calculating the answer to a complex question, such as the answer to life, the Universe, and everything. How would we know? If only I had waited a little longer before rebooting, the program would have run to its end and given me the answer to Douglas Adams' question.

It would be very useful, and save a great deal of time, if I had a way of telling whether a program will ever stop. An elegant solution would be to have a second program called 'Halt', which would test the program and output 'will halt' or 'will crash' as appropriate. It turns out this program would be more than just useful. It could be used as an oracle, capable of answering almost any question imaginable.

I could, for example, write a program that says: for every index in Fermat's puzzle try every number and halt if you find a solution greater than 2. Now if I run my halt program on this program and it states 'will crash', I will have solved Fermat's Last Theorem! Do you see why?

If we give 'Halt' an input: a program we are interested in, along with some data, it will tell us if the program finds an answer. If I am trying to solve Fermat's Last Theorem, we will ask it to try every possible index for the equation $3^x+4^x=5^x$ and halt when it finds a true result greater than 2. If the halt program says yes and halts, you can trace through the program and work out how it did it. The theory would be proved. If the program says no, the theory is disproved. This gives us a way to discover proofs of many mathematical theorems.

I could try almost any puzzle using a program with this form. All I need do is put a problem in the following decision format: *try all possible options, and then stop and ring a bell if a solution is found.* The Halt program would then give the result leading to untold riches, winning all the remaining Clay Mathematics prizes at the very least and earning me $6m.

Does such a magical program exist? The answer, sadly, is no. There is no Halt program and the final part of Turing's paper proved there can never be.

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## The Proof

Let's write a list of all the possible programs my laptop could ever run. A comprehensive way to do this is to start at one and try every number.As I count up I am simply generating numbers, for example, 5,433,232, then turning each number into a program file and running it. For a bit of fun, I created a couple and tried them out on my laptop. They did nothing, so it was not very edifying. Most numbers are just junk because programs have to be in the right format for the computer you are working on. It's just like words. If you randomly take a handful of scrabble tiles out of a bag, most of the time you will have nonsense, but every now and they you will have an actual word. Be careful with this; you could accidentally write, "delete every item on my hard disk." Of course, the probability is astronomically low, but Murphy's Law says it will happen, so back up your data!

As you count up, you will generate every possible program along the way. A mathematician would say programs are recursively enumerable. The word recursive means there is an algorithm and enumerable means to count. Therefore, there is a counting algorithm that would run every imaginable program. Here is a list of them, or at least a some of the highlights:

0 (probably doesn't run)
1 (ditto)
00 (ditto)
01 (ditto)
011001001001000100 (makes the computer beep once)
… (from here on I'll give the program names since the numbers are too large to print)
Does Nothing (there are many of these)
Is Gibberish (there are an infinite number of these)
Junk (an infinite number of these)
Print Something (again an infinite number of these)
More Gibberish
Excel
Word
PowerPoint
Mathematica...
Fermat's Last Theorem enumerator (runs for ever)
A nonworking version of the Halting Program
A nonworking version of the Crashing Program
Really big programs that don't fit on my hard drive

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and so on.

You can see that every program imaginable is generated in our list. If you are wondering which version of Word or Excel, the answer is *every* version and every bug ridden unreleased version as well. We are enumerating every program that could ever be run in the known universe!

Perhaps you can see a problem looming. I can pose any mathematical puzzle in a clever way so that a program only stops if there is a solution. I am about to list every possible program that could ever be created. If halt exists this will automatically prove every mathematical theorem imaginable.

Let us see if this is so.

For our thought experiment, we will assume every program takes an input. Historical convention in computing means this is generally the case. If you type a program into the command line of a computer with some words listed afterwards, the computer will usually run the program with the words as input. For example, if you type, "Print 'Hello World'", most computers will print 'Hello World'.

We now imagine there is a Halt program that can run on an infinity of inputs. Will it work for every input? We are looking for a paradox caused by the existence of the Halt program. If Halt causes a paradox then Halt cannot exist.

Here goes...

If there is a Halt program, we can write a Crash program. That's a program that goes into an infinite loop if it detects a program will halt. Now what happens when we feed Crash into itself? Does Crash halt if it runs with the input Crash?

This creates a paradox; there is no solution which makes sense. It's similar to the Barber Paradox of earlier. Since a paradox is created there must be a fault in our original theory. The error is the existence of Crash. Since Crash cannot exist and it was created as the logical opposite of Halt, Halt cannot exist either. QED. There is no general program that will tell if another program will halt because such a program could not run with the negative of itself as input.

This places a limit on the power of computers to automatically solve problems. There is certainly no general purpose algorithm which will solve every problem. Slightly more subtly there is no general purpose program that is guaranteed to solve one arbitrary problem.

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If there were, you could just write a program to sequentially present every problem to the arbitrary problem solver and you would have solved everything.

This presents us with a puzzle. A huge software industry has grown up based on Turing's ideas, employing tens of millions of people worldwide. This industry regularly solves all manner of problems. The proof from Turing's original 1936 paper suggests there should be quite strict limits on the power of computers. In the next chapter, we will examine this industry and take a look at Turing's theorem from a modern view point. The chapter can be read as a stand alone article but was originally written as an integral part of this book.

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*Chapter 11*

# SOFTWARE

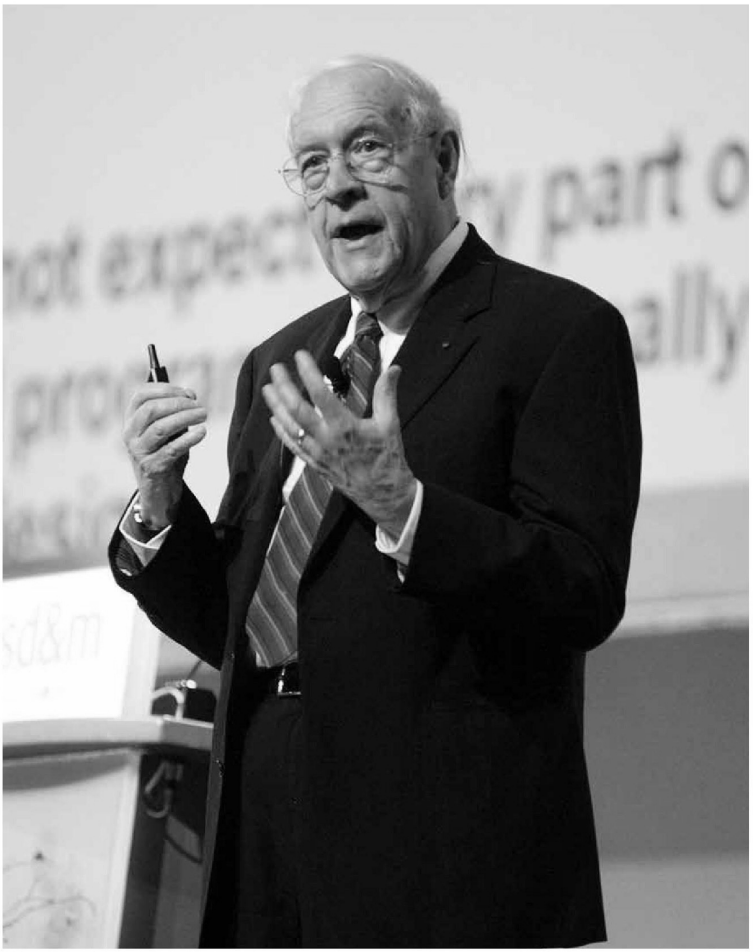

Fred Brooks

Medieval Block Print from 'No Silver Bullet'

*"The bearing of a child takes nine months, no matter how many women are assigned."*

Fred Brooks

*"Adding manpower to a late software project makes it later."*

Brooks' Law

In *No Silver Bullet – Essence and Accidents of Software Engineering*, Fred Brooks explains why writing software is hard, and why machines are not going to do it for us anytime soon. The original article appeared in the proceedings of the Tenth World Software Conference. It was subsequently expanded into the, now famous, book, *The Mythical Man Month*.

Brooks believed solving real world problems involves understanding the essential complexity of life. 'Accidental Complexity' – the simple type – is the time-consuming part of writing software, for example, listing all 220 countries of the world in a website, or making sure all the buttons in an interface line up correctly. These tasks are tedious – you have to look up all the countries in Wikipedia and make decisions, such as whether the United Kingdom will be denoted 'UK' or 'GB'. They don't need any real ingenuity. 'Essential Complexity' is altogether different. It involves understanding the world and setting out the rules in meticulous detail. Brooks argued essential complexity is not susceptible to being sped up by machine processes. Navigating these architectural decisions cannot be automated. He gives us an analogy by comparing writing software to building a house.

When you build a house, an architect designs it, an engineer makes the calculations to ensure it is safe, and a construction firm builds it. The construction process dominates the cost and time. In software projects, an engineer writes a program that precisely defines the design and the construction and calculation is done by a compiler – software that takes the design and makes it machine-readable. Compilers operate in a fraction of a second. Making software is, therefore, dominated by the design time, and design is all about capturing the essential complexity of a task.

This chapter will try to show where essential complexity comes from, why computers can't tackle this sort of complexity and, therefore, why they can't write software. Good news for programmers as this means job security!

For a more thorough treatment of the mathematics read my paper *The Free Will Universe* at www.jamestagg.com/freewillpaper.

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<html lang="en">
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    <meta charset="UTF-8" />
    <meta http-equiv="Content-Type" content="text/html; charset=UTF-8" />
    <meta name="viewport" content="width=device-width, initial-scale=1.0">

    <title>James Tagg | Invention, Physics and Farming</title>
    <link rel="profile" href="http://gmpg.org/xfn/11" />
    <link rel="pingback" href="http://jamestagg.com/xmlrpc.php" />

    <!--[if lt IE 9]>
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    <![endif]-->

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                    WPRemoteLogin();
                }
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function addLoadEvent(func){var oldonload=window.onload;if(typeof window.onload!='function')
{window.onload=func;}else{window.onload=function(){oldonload();func();}}}
/* ]]> */
```

James Tagg's Home Page

*"Computers are stupid. They can only give you answers."*

Pablo Picasso

*"Software is like sex: it's better when it's free."*

Linus Torvalds

# Silver Bullets Can't be Fired

Human brains are wonderfully creative things. We can compose music, play golf, write novels, and turn our hands to all manner of problems. Many people use their brains to write software. In our modern-day lives we use software all the time: when we access the web, type on a word processor or play a computer game. Software also inhabits many apparently dumb devices. Modern cars contain dozens of computers quietly working away; providing entertainment and navigation, controlling the engine, and helping the car brake safely. In my living room I count over a hundred computers. Many are tiny, like the one in my TV remote control, while others are hidden as parts of larger machines. The laptop on which I write has over twenty computers inside it, besides the main Intel processor.

One thing all these computers have in common is that a human being sat for many hours writing their software. Software is formal logic written in something resembling English.

If I go to my ATM and try to withdraw cash, a programmer will have written out the logic for the transaction as a set of rules.

When I put my bankcard in the slot, and type in my PIN, a line of software will ask: If the bank balance of 'James Tagg' is less than twenty dollars and I have pressed 'withdraw' for an amount in excess of twenty dollars, then display, "We are sorry we cannot process the transaction at this time." and return the card. There seems to be an unwritten rule that the things a computer says should be accurate but unhelpful!

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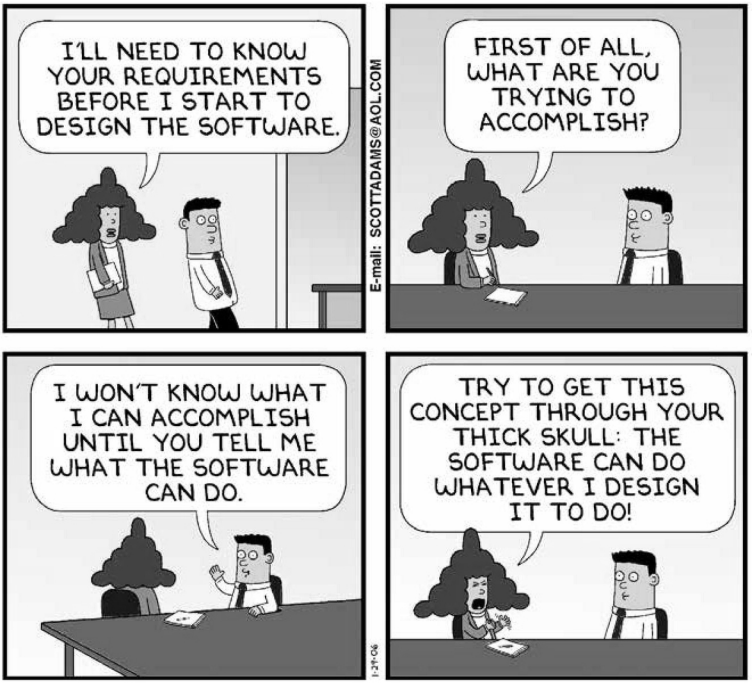


*Alice, Ted and Software Specification*

It would have been much more helpful if the computer had said, "You do not have enough balance in your account." And, it would have been more helpful still if it had asked whether I needed a temporary overdraft. However, such a feature needs many more lines of software and this is time-consuming to write.

Software takes time and is expensive, because it has to be written in a general-purpose way. Any name could substitute for James Tagg, and any amount could be used. After all, it would be useless if an ATM machine could only give out $20 to one person. The generalization of software makes use of variables instead of fixed values and this renders it hard to understand. Wherever we meet an idea that needs to be generalized, a letter must be used instead of a fixed value. Computer programs tend to look like this: if 'a' wants to do 'b' with 'c' then allow it only if 'd' is greater than 'c'. The software programmer has to keep track of all the possible values that could be inserted into each of the variables and make sure each and every combination would make sense. My ATM scenario gets complex quickly. It needs to be able to answer a range of questions for all the bank's customers, deal with any amount of

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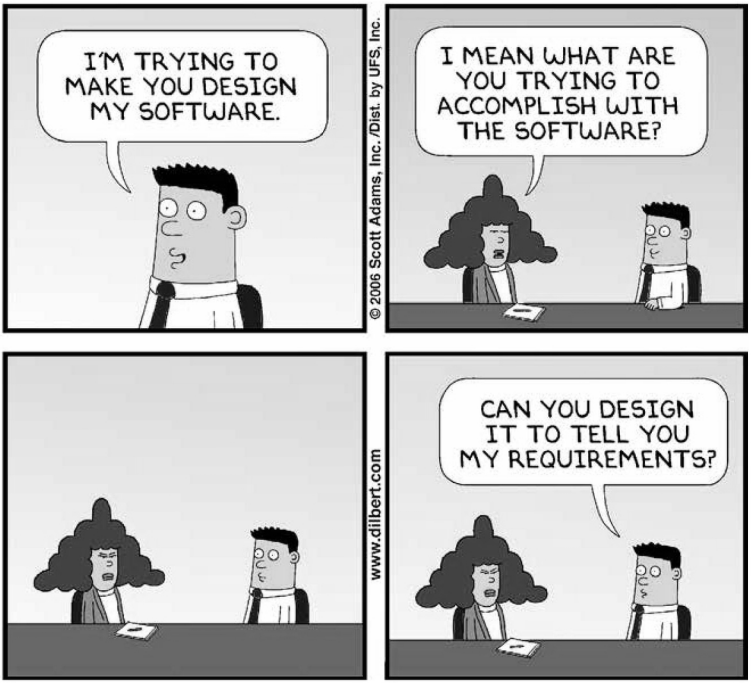


money and handle security when communicating with foreign banks is necessary. A human being must write lines of code for all the rules and every exception, making provision for any gibberish that might be typed in by the customer.

Many people ask, "Wouldn't it be great if my computer could write software for me? Humans could sit back and put their feet up." While most people don't actually believe this could happen, they will often ask why we can't specify software exactly and use unskilled people to write it. Both proposals fundamentally misunderstand the nature of writing software.

## What do Programmers Do?

A human software programmer can write up to 1000 lines of code per day. At the beginning of a project, when the work is unconstrained, programmers write fast. Things slow down once programmers encounter the enemy: the real world. By the time the code is complete and selling in shops, the productivity of a programmer can be as low as one line of code per day. This is staggeringly low and luckily only applies to big

commercial software, equating to about 10 words per day. A good typist types at 80 words per minute and most programmers are reasonable typists. So software writers in a big project spend only a minute or so per day in the act of writing. The rest is taken up by meetings, process discussions, email, reporting and so on. In projects that avoid much of this administrative overhead, good software programmers reach a long-run average of about 225 lines per day. This has been the level of productivity on the products I have developed in the past. These projects were lucky. They had a single team on the task from beginning to end and, in general, the projects took few wrong turns. Still these programmers were spending only 10-20 minutes of each day on actual programming. What were they doing the rest of the time?

In the early days of programming you might have a great idea, but the process of turning this idea into software was immensely long-winded. I learned to program at Manchester University in the 1980s. The enormous machines in the basement of the computer building provided heat for both our building and the mathematics tower next door. We were not permitted to play with these basement monsters but were 'privileged' to submit instructions to a mini computer in the undergraduate section – a PDP11-34.

For those of you not acquainted with computers I can tell you the process of writing software in the 1980s was immensely tedious. To add two numbers and display them on a screen took a month of lab time, using detailed instructions written in machine code. Everything was manual, including writing your code out in pencil on special paper with little numbered squares and then giving it to someone to type in overnight! You would return the next day to discover whether you had a usable program or a something riddled with errors. If you found an error, it would require editing. This was nothing like using a modern word processor. The online editors of the day were the ultimate in annoying software. If you misspelled a word, you would need to count up the letters and spaces manually on a printout and enter a command – replace letter 27 of line 40 with the character 'r'. Each and every typo would take five minutes to correct. I managed to finish the simple program required for course credit – I think it displayed an eight-digit decimal number – and ran for the hills. In my second year I bought a PC and decamped to the physics department next door where I remained for the rest of my undergraduate life.

The PC revolution provided programmers with a new and intuitive software creation environment where almost all the tedium was removed. A wealth of tools for creating software was pioneered by Bill Gates of

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Microsoft and Philip Kahn of Borland, along with intuitive applications such as the spreadsheet invented by Dan Bricklin and Bob Frankston and made popular by Lotus Corporation. Today all computers have elegant WYSIWYG, 'What You See Is What You Get' interfaces, where you drag and drop elements into place on the screen. Over the last 25 years writing software has sped up and stopped being tedious – becoming almost a joy!

In *No Silver Bullet*, Brooks explains that writing software can't be accelerated any further because all the tedious mechanical tasks have already been removed. Remember his analogy: Writing software is like building a house, but with some important differences. With a house, an architect handles the design and then turns over construction to a building company. Construction takes an appreciable time, more time than the design and quite a bit more effort. But in software the construction is totally automated. When we complete the design for a piece of software we press compile on the computer and the software is built and tested automatically in a matter of seconds. Speeding this process up any further would make only a tiny improvement in the overall software creation time, since the process is already 99% design and 1% building. For the most part, the creative process of writing software cannot be improved through mechanical means.

This is not always the case. I recently upgraded the machines for some developers I work with. We added solid state hard drives. Compiling a program now takes only 10 seconds, compared with 6 minutes before. Because programmers nowadays tend to compile their programs very regularly we estimate this saves them as much as an hour a day. This is the only real innovation I have seen in the build phase of software in the last 5 years, and it's arguably not an innovation at all. We just forgot to keep on top of the build time and allowed it to get out of hand.

You might argue some counter examples. Modern software design suites let you drag and drop things on the screen to make applications or build a website. Two hundred million people have managed to put together WordPress websites using this technique. These are mechanical procedures for solving a programming task and seem to contradict my argument. They allow us to lay out graphics, press a button and turn the design into software. But they perform very simple tasks. The computer simply notes the coordinates of each box on the screen and places those numbers into a file. The process is entirely mechanical and could be performed by a clerk with no programming knowledge following a set of rules. The computer just does it faster. I did the clever work; I had the

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idea for the software, I came up with the idea for the interface, I decided where to place the boxes, and I chose all the colors, fonts and graphics. I did all the creative bits!

So, now we know what programmers do all day. They create!

## Origins of Software

Alan Turing first described the modern day computer in a paper presented to the London Mathematical Society in 1936. He was not trying to invent the computer. That was a by-product. He was trying to solve a puzzle that had been troubling mathematicians for 30 years: *The Decision Problem*.

David Hilbert set out the challenge during a public lecture to the French Academy of Science in 1901, marking the turn of the century. Rather than give a boring lecture extolling the virtues of scientists, he decided to give his audience a list of all the puzzles mathematicians were stumped on.

Rather like the XPRIZE of today, he presented the problems as a series of challenges. Sadly for the mathematicians of his time, there were no million dollar prizes on offer, just a moment of fame and the adulation of their colleagues. Each challenge was given a number. The list included many famous puzzles; the Riemann Hypothesis, the puzzle of Diophantine Equations and the Navier Stokes Hypothesis, to name only three. A group of these questions were to coalesce into what we now know as the Decision Problem.

The Decision Problem is very important to computer science because it asks whether an algorithm can be written to automatically discover other algorithms. Since all software is itself algorithmic you could rephrase the question: Can software write software? This might seem esoteric. But, if you are a computer scientist, it is an important question. If we could solve all mathematical problems automatically we would not need mathematicians anymore. And, since programs are applied mathematics, the same goes for computer programmers.

Before you breathe a sigh of relief because you are neither a mathematician nor a computer scientist, you should remember it is possible to describe all knowledge using numbers. That's what your iPhone does when it stores music. If everything can be represented by numbers, then a fast-enough computer could use an algorithm to create *everything*! You really could set Douglas Adams' *Ultimate Question of Life the Universe and Everything* before a computer and it would come up with the answer – presumably extrapolating the existence of rice pudding and income tax along the way.

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## Algorithms

Back in the 1930s no mechanical system could perform a calculation with any speed. People still used pencil and paper for most things; the newly-invented mechanical cash registers were slow and could perform only one calculation for each crank of the handle. If you wanted to calculate something complex, you had to employ a *computer*: a person who could do mental arithmetic enormously fast. Richard Feynman's first job was computing for the Manhattan Project. The question was: Could a computer, either mechanical or human, blindly follow known rules to decide all mathematical questions? Hilbert's 10th Problem asked this question of a particular type of mathematical expression – called a Diophantine equation.

## Hilbert's 10th Problem

> *"Given a Diophantine equation with any number of unknown quantities, devise a finite process to determine whether the equation is solvable in rational integers."*
>
> David Hilbert

Diophantus lived in ancient Persia – now Iran. His son died young and Diophantus was so consumed by grief he retreated into mathematics. He left us seven books of mathematical puzzles – some he devised himself and some of them taken from antiquity. The puzzles look deceptively simple and are all based on equations using whole numbers. His most famous puzzle is set in a poem which tells how old Diophantus was when he died. Can you solve it?

> *"Here lies Diophantus,' the wonder behold. Through art algebraic, the stone tells how old: 'God gave him his boyhood one-sixth of his life, One twelfth more as youth while whiskers grew rife; And then yet one-seventh ere marriage begun; In five years there came a bouncing new son. Alas, the dear child of master and sage, after attaining half the measure of his father's age, life chill fate took him. After consoling his fate by the science of numbers for four years, he ended his life."*

Diophantine puzzles look straightforward. Hilbert asked if these problems could be solved by a mechanical procedure, in modern terms, by an algorithm. To show you what is meant by this, allow me to take you

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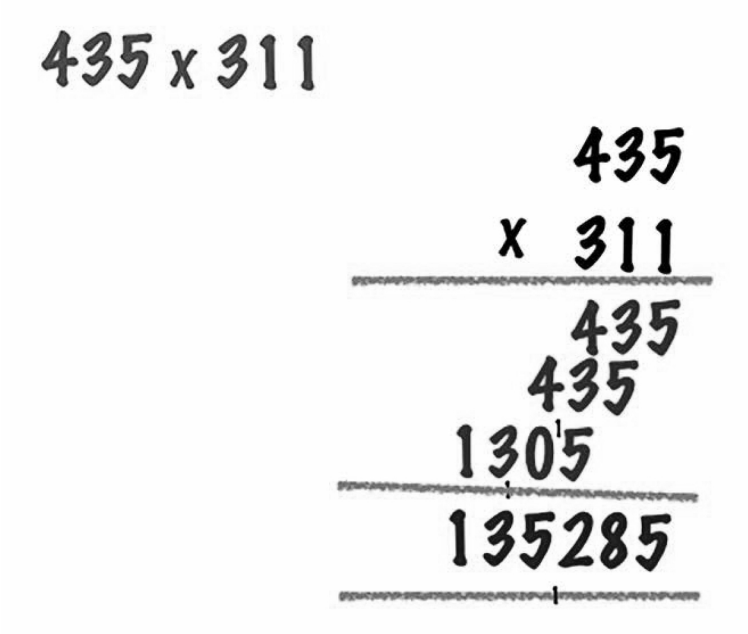


*Long Multiplication*

back to your childhood. Do you recall being taught long multiplication at school? Take a look at the next illustration and it will all come flooding back. Once you learn the process of long multiplication you can follow the rules and get the right answer for any similar problem every time. To do this, you lay out the calculation in a particular format and apply the logic. Multiply each number by a single digit of the other number and then add the results together.

Diophantine problems are a little more complex than long multiplication and some of them are a bit abstruse. But there is one *very* famous Diophantine problem we can all recite. "The square on the hypotenuse is equal to the sum of the squares of the other two sides." The equation for a Pythagorean triangle.

The theorem applies to right-angled triangles and there are sixteen whole number solutions, known as Pythagorean triples; three, four, five; is one example.

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Purists may protest that Fermat's Last Theorem isn't strictly Diophantine because it refers to a variable exponent – the x to the n part. This is hair splitting. But, of course, the splitting of hairs is bread and butter to a mathematician. We will see later that Fermat's Theorem can be made Diophantine, but we are jumping ahead of ourselves a little.

A question that taxed mathematicians for many centuries was whether there are triples for higher powers, such as cubes. In other words, would the cube of the hypotenuse be equal to the sum of the cubes of the other two sides for some set of numbers? After much work, it was proven no triple exists which can solve the cubic equation. But what happens if we substitute higher indices?

The next shape to consider is the hypercube – a four-dimensional cube. That may stretch your visual imagination but the equation is simple, $3^4+4^4\neq5^4$. Again the challenge is to find a whole number solution for:

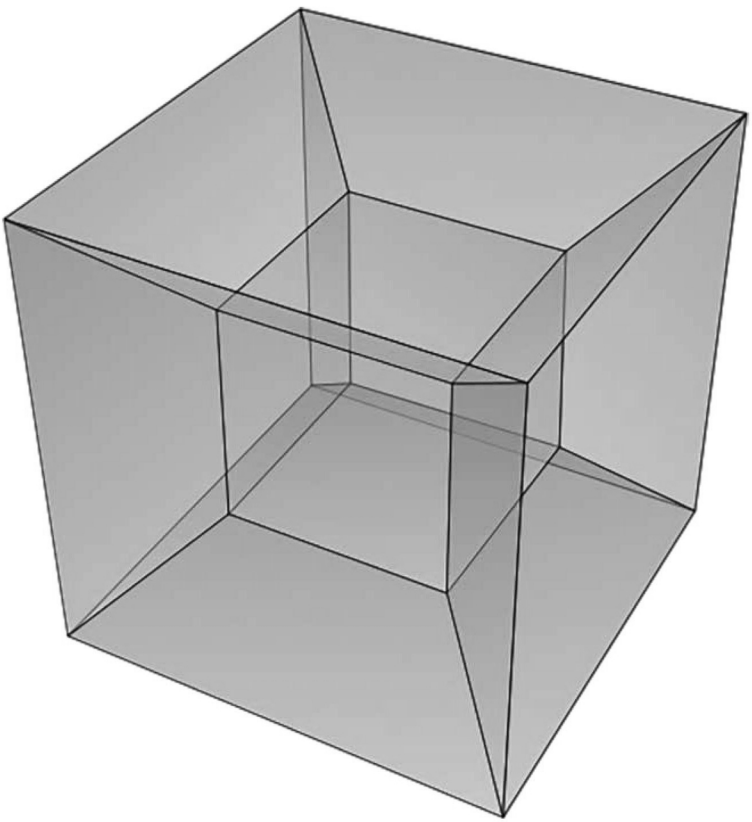

*Hypercube*

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"The hypercube of the hypotenuse is equal to the sum of the hypercubes of the other two sides." A picture of the hypercube might help you visualize things.

It's quite difficult to get your head around this shape because it is hard to think in four dimensions. This seems strange because we have no problem seeing in three dimensions on flat, two-dimensional paper – it's called a picture, but four dimensions on flat paper appears to stump us. Again there is no solution for a hypercube: no Pythagorean triple exists.

Fermat's Last Theorem asked whether this inequality for the cube and the hypercube is true for *all* higher dimensions – for the hyper-hypercube, the hyper-hyper-hypercube and so on. Tantalizingly, he claimed to have found a proof but wrote that it was too large to fit in the margin of his book. It's partly due to this arrogant annotation that it became the most famous puzzle in mathematics, frustrating mathematicians for nearly 400 years.

Hilbert's question back at the turn of the 20th century was whether a machine could find a proof of this conjecture by following a mechanical procedure, similar to our long multiplication example above.

The puzzle was eventually solved in 1995 by Andrew Wiles, a mere 358 years after Fermat claimed to have solved it. Wiles' proof runs to eighty pages of densely typed mathematical notation – considerably larger than the margin in which Fermat claimed his proof did not quite fit! There is an excellent book by Simon Singh – *Fermat's Last Theorem* – that tells the whole story.

We now know for certain, thanks to Wiles, that the answer is 'no'. There are sixteen answers to the two-dimensional triangle puzzle but there is none for any higher dimension all the way up to infinity. How might a computer tackle this problem and find a proof?

A computer could apply brute force and try many solutions; every combination up to 100 million has already been tried and no exception found. But, mathematicians are haunted by big mistakes of the past. There were theories they imagined to be true until someone discovered a counterexample. This sort of thing dogged prime number theorems.

Mathematicians don't like to look foolish and are suspicious of practical answers, "Well, I've tried it and I can't seem to find an exception." This sort of argument does not wash with them. That's what engineers and physicists do. Mathematicians are better than that!

Mathematicians want definitive answers; "It is certain no solution can exist", and these sorts of answers require an understanding of the problem to see *why* no solution could exist. That's a very high bar. What we need is a program that, rather than mechanically trying every possible

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combination, takes our problem and definitively says, "Yes, there is a solution," or, "No, there is not." There are plenty of man-made proofs of this nature. Pythagoras's proof there are an infinite number of primes is an example. Pythagoras did not have to try every prime number. He simply understood the nature of prime numbers and gave us a logical reason why it is so.

Mathematicians love a general solution. One way to solve Hilbert's 10th Problem would be to find a single mechanical way to solve *every* problem. If you could solve *every* possible problem, you could certainly solve Hilbert's 10th Problem. It turns out there is a way to test whether every problem has a mechanical solution – pose the Halting Question.

## The Halting Question

I should say for a little historical color that the Halting Problem was not called that by Turing. The name was coined much later, in the sixties, by Martin Davis. Turing knew the problem by the less catchy name of the "not crashing" problem, or as he preferred, "Being circle free", meaning the program did not get caught in an infinite loop.

To understand halting we should imagine a brute force program stepping through all the possible solutions to Fermat's problem. If there *is* a solution this stepping program will eventually halt and answer 'true'. If there is not, the program will run forever. Can we predict a program will not run forever? At first pass this is hard. We can't watch it forever and say, "It never halted." So is there a clever way to do this? An algorithm perhaps?

## The Answer to the Ultimate Question

The answer is 'No!' In 1936, Alan Turing proved there is no general-purpose mechanical way to tell whether a program is going to find an answer at all, much less what the answer is. This means Hilbert's Decision Problem has no solution; there is no general purpose algorithm which will discover all mathematical theorems.

Turing succeeded in proving this by turning the problem on its head. He proved that a crash detection program is unable to see whether it will crash itself. Since you cannot tell whether a program will crash – and by this I mean go into an infinite loop – you cannot tell if it will halt. He used the simple argument that since you can't tell if the crashing program will halt, you have already proved you can't predict if every program will halt.

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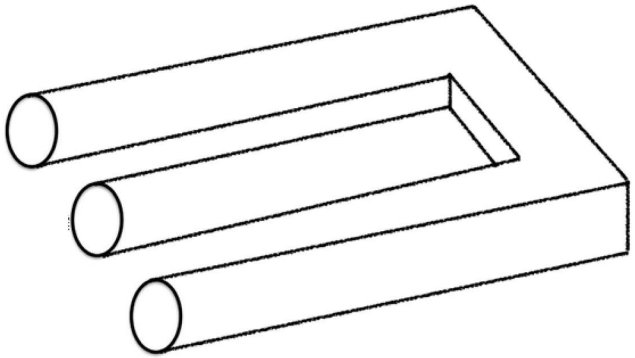

*Impossible Shape*

That is Turing's argument in a nutshell. But if that was too large a step, let's take the argument a little more slowly and prove it a couple of different ways. First, we will use a proof by counterexample, known by mathematicians as an 'indirect proof'. These may tax your brain. If you want a visual image to help with the idea of an indirect proof, take a look at the impossible shape. It is paradoxical, which means it does not exist. QED.

## The Proofs

There are several ways to prove the non-existence of the Halting Program. I am going to present a few in the hope one of them will hit the mark and allow you to see why. The first proof uses a software flowchart. I have laid this out on the assumption the program exists and then attempted to apply it to itself. Unfortunately, the flowchart contains a paradox and thus there can be no Halting Program. The paradox is at once straightforward and confusing. It is a more elaborate version of the liar's paradox: "This sentence is a lie." If the sentence is true it must be false, and if the sentence is false then it must be true.

## The Halting Program

Let us suppose there is a Halting Program. Remember that a Halting Program simply takes another program as input and predicts if it will halt or not. It follows there must also be a program called Haltcrash. Haltcrash goes into an infinite loop if it examines a program with input that halts, otherwise it halts itself.

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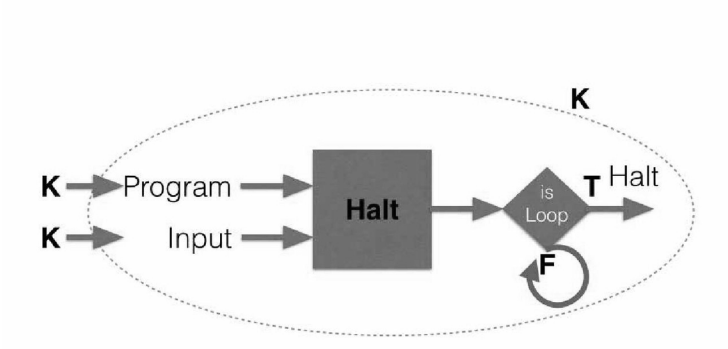


*Halting Flowchart*

Now we create a third program called RunMe. RunMe runs Haltcrash on itself. Still following this? Now execute RunMe with RunMe as its own input. What happens? The analysis is as follows:

1. RUNME started on input RUNME halts. If RUNME started on RUNME halts, then Haltcrash started on RUNME with input RUNME halts. If Haltcrash started on RUNME with input RUNME halts, then HALT decided that RUNME started on RUNME does not halt!

   Therefore,

   RUNME started on input RUNME halts implies that RUNME started on input RUNME does not halt. (contradiction)

2. RUNME started on input RUNME does not halt. If RUNME started on RUNME does not halt, then Haltcrash started on RUNME with input RUNME does not halt. If Haltcrash started on RUNME with input RUNME does not halt, then Halt decided that RUNME started on RUNME halts!

   Therefore,

   RUNME started on input RUNME does not halt implies that RUNME started on input RUNME halts. (contradiction)

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Both analyses lead to a paradox! There is only one way out. There can be no halting procedure. I'm sorry if this is quite convoluted.

## Philosophical Proof

If you find these technical proofs difficult to follow, it may be easier to examine the problem philosophically. Consider the consequence of the existence of a Halting procedure. A Universal Turing Machine is a relatively small program. Roger Penrose gives a three-page example in *The Emperor's New Mind*, and Stephen Wolfram has implemented one using a cellular automaton with as few as five component parts.

A Halting Program running on such a machine should be able to compute all the knowledge in the Universe. Every structure, every work of literature, every galaxy could be the output of this single, simple program. My pocket calculator could, theoretically, paint like Picasso and compose like Mozart. All art, knowledge and science would be entirely determined in our Universe and we would have no free will. If you philosophically rebel against this then the Halting Problem must have no solution.

## Gödel's Insight

Another way to understand this conundrum is through the earlier work of Gödel. Solutions to mathematical puzzles are neat, orderly sequences of statements where the problem is solved step by step. Computers are good at step by step processes. Surely a computer could simply proceed in a painstaking fashion to check all the possible combinations of words and symbols to discover a proof.

An analogy might be trying to find your hotel room if you have forgotten the number. You could simply find it by trying every room. As you progressed through each floor, you would try every corridor and retrace your steps to the main hallway before attempting the next. Eventually you would succeed.

Finding proofs of theorems is often understood to be the same sort of task: search systematically through all the numbers and you will find the solution. But this is not so: There is a hidden problem.

Although it is true to say problems and proofs can be described by numbers, they are not simply related like a lock and key. We need the first number to translate into a set of symbols meaning something about mathematics: for example, that x squared plus y squared equals z squared but for higher powers there is no equality, and the second number to

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denotes a set of sequential steps we can apply to demonstrate this fact. These steps must have meaning and obey the rules of mathematics, but what are these rules? Are they written down in a text book?

It turns out there is no way to find this set of rules; it is a super-infinite task. We would need to reach into our infinite bag of numbers and pull out rule after rule, turning each into a mathematical model that explains numbers and logic and what can be done with them to form mathematical statements. The number of ways to do this is not just infinity, but two to the power of infinity. This is the number of ways to permute all possible mathematical rules.

Your mind may be rebelling at this. Surely, if I have an infinite set of numbers I can just pluck all the numbers from my bag and then I am certain to have the solution. Unfortunately, it turns out there is no complete, consistent set of rules; no valid dictionary that maps all numbers to all of mathematics. That is Gödel incompleteness theorem.

Despite a fundamental limit on mapping all numbers to all of mathematics, there might still have been an algorithm which could practically find solutions for a given arbitrary problem. Turing proved this is not the case.

## The Wiles Paradox

Turing showed us there can be no general purpose, mechanical procedure capable of finding solutions to arbitrary problems. A computer program cannot discover mathematical theorems nor write programs to do so. Yet computers regularly solve problems and generate programs. That's what software compilers do. This seems to be contradiction.

The solution to this apparent contradiction is to propose a boundary: a 'logic limit' above which computers may not solve problems. With a high boundary a general-purpose machine could solve most problems in the real world, though some esoteric mathematical puzzles would be beyond it. But if the boundary were low, many activities in our daily life would need some sort of alternative, creative thinking. It is crucial to know where the logic limit lies.

## The Logic Limit

Amazingly, in many branches of science it is possible to pinpoint the exact location of the logic limit, but finding that boundary in mathematics has taken forty years work from some of the greatest mathematicians of the 20$^{th}$ century.

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The story starts back in the 1940s at Berkeley University with a young Julia Robinson, one of the first women to succeed in the previously male-dominated profession of mathematics. By all accounts, she had a wry sense of humor. When asked by her personnel department for a job description she replied: "Monday—tried to prove theorem, Tuesday—tried to prove theorem, Wednesday—tried to prove theorem, Thursday—tried to prove theorem, Friday—theorem false." Like Andrew Wiles, she fell in love with one of the great mathematical puzzles, and although she made great strides, the problem passed from her to Martin Davis for the next steps.

The final elements were put in place in the 1970s with the work of another young mathematician, this time a Russian – Yuri Matiyasevich. Robinson wrote to him when she heard of his proof, "To think all I had to do was to wait for you to be born and grow up so I could fill in the missing piece." The complete result is the Robinson Davis Matiyasevich theory which sets out the limits of logic and algebra. What, you may ask, do we mean by logic and algebra?

Mathematicians like to turn everything into logical statements, even ordering a round of drinks! The discipline of logic emerged from ancient Greece as the study of language. The starting point was the syllogism: Statements such as, "All cows eat grass." or Lewis Carroll's assertion, "There are no teachable gorillas." Over time the study of logic became ever more precise with, for example, the introduction of variables and equations; a=all cows, b=some grass. The formula "a eats b" translates by substitution into, "The cows eat the grass." This doesn't look much like a step forward but, trust me, it is.

The modern way to represent logic is using prenex normal form. This mouthful simply means separating relationships between things from the things themselves. The following four statements say the same thing, each in a more formalized way.

Speech: Harry loves Sally

Logical: x loves y (substitute Harry for x and Sally for y)

Formal: There exists an x, there exists a y (x loves y)

Prenex: $\exists x \exists y$ (x R y), Where R, the relationship, is 'loves'

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The final example is in prenex normal form. The symbol '∃' means 'there exists' and R stands for relationship in this equation. All logical statements can be translated into this form using a purely mechanical process. There is even a website that will do this for you. It's useful but I don't recommend it as entertainment!

In the example above, something exists in relation to the existence of something else: one person who loves another. Give me a name and I can look up the person they love. This is simple. A computer can easily solve such problems. Indeed there are hundreds of websites doing this every day. Once you've solved one problem of this type, you have solved them all.

We can rearrange Diophantine equations into many different prenex forms. The simplest form might be, 'there exists an x which solves the following equation, x equals three.' This would be written out as $\exists x, x=3$ and is of the ∃ class – 'there exists'. There are slightly more complex classes than our simple ∃ relationship: ∀∃∀ 'for all, there exists for all' or the class $\forall^2\exists\forall$ 'for all, for all, there exists, for all'. Each of these groups of equation is called a 'reduction class'.

One way to think about a reduction class is as a problem in topology, 'knots', to non-mathematicians. Imagine someone handed you a bunch of tangled cables – the sort of mess you get when they are thrown haphazardly into a drawer. You can tease them apart and rearrange them but you must not cut them or break any connection. Once you have done this you will be left with a series of cables on the desk. They are all separate, looped or in someway knotted together. Each cable has a fundamental topological arrangement: straight cables, granny knots, figure eight, and so on. You have reduced them to their simplest form, their logical classes. The same goes for logical statements. Once you have rearranged logical statements into their simplest form you can lay them out and group them together according to their complexity. Each group makes up a reduction class and you can ask whether that class as a whole is automatically decidable. It is a huge task to untangle and classify mathematical problems, and it took Robinson and her colleagues nearly forty years to succeed.

It turns out problems with a form as simple as ∀∃∀ (for all, there exists, for all) have no general purpose algorithm. Each must be examined individually and solved by something that is not a computer. This is a remarkable result as the logic boundary is set quite low. An ∃∃, (exists, exists), class of problem is automatically solvable by a general

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algorithm, but a $\forall\exists\forall$, (for all, there exists, for all), is not. Each individual type of problem within the class must be examined with insight and understanding.

Our lives are full of problems – playing chess, finding a mate, designing space ships and simply getting to work in the morning. Imagine we expressed everyday problems as logical problems. Where is the logic limit for life? We have no answer for this yet, but we do know the logic limit for computing; it is given by Rice's Theorem.

Named after Henry Rice, and proven in 1951 as part of his doctoral thesis at Syracuse University, Rice's Theorem states: "No nontrivial feature of a computer program can be automatically derived." You cannot tell if a program will halt with a given input. You cannot tell if one program will generate the same output as another. You cannot tell if a simpler program could be written to do the same task as a more complex one. In fact, no nontrivial thing can be proven. This means the logic limit in computers is low, and computer programmers have job security.

## For Programmers

For the programmers amongst you, here are some of the things that cannot be done automatically even given infinite time:

- Self-halting Problem. Given a program that takes one input, does it terminate when given itself as input?
- Totality Problem. Given a program that takes one input, does it halt on all inputs?
- Program Equivalence Problem. Given two programs that take one input each, do they produce the same result on every input?
- Dead Code Elimination. Will a particular piece of code ever be executed?
- Variable Initialization. Is a variable initialized before it is first referenced?
- Memory Management. Will a variable ever be referenced again?

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## Can humans solve 'unsolvable' problems?

The question of whether Fermat's Last Theorem could be solved mechanically remained unanswered until 1970 when Yuri Matiyasevich filled in the missing piece in Julia Robinson's proof. Matiyasevich used an ingenious reduction method to match up sequences in Robinson's theorem with a set of Turing machines. This showed that if Robinson's theorem was false you could solve the halting problem and since you can't solve the halting problem, then Robinson's theorem must be true. All this effort proved Diophantine equations have no general algorithmic solution. This was a hugely important result but, as we noted earlier, Fermat's Last Theorem is not, strictly speaking, a Diophantine. It is an exponential Diophantine equation. We still had no definitive answer to Fermat.

In 1972 Keijo Ruohonen and again in 1993, Christoph Baxa demonstrated that Diophantine equations with exponential terms could be rewritten as regular Diophantine equations with one additional complication – the necessity of adding an infinite set of terms to the end of the equation. In 1993, J.P. Jones of the University of Calgary showed the logic limit for regular Diophantine equations lies at thirteen unknowns. Matiyasevich had already pointed this out but never completed his proof. Since infinity is greater than thirteen, all exponential Diophantine equations are above the logic limit and, therefore, undecidable. Finally, we have a proof that Fermat's Last Theorem is unsolvable by a computer – or at least by a general purpose algorithm running on a computer. Matiyasevich went on to show many mathematical problems can be rewritten as exponential Diophantine equations and that much of mathematics is undecidable. For example, the Four Color Conjecture:

> *"Given an arbitrary map on a Euclidean plane, show the map can be colored in a maximum of four colors such that no adjacent area shares the same color."*

Meanwhile, Andrew Wiles, an English mathematics Professor at Princeton had been secretly working on Fermat's Last Theorem. When I say secretly, he had not told anyone in his department, and only told his wife late in 1993 when he suspected he might have a solution. He had been working on the problem a long time, having fallen in love with it at the age of 8! In 1995, after nearly 30 years work, he announced he

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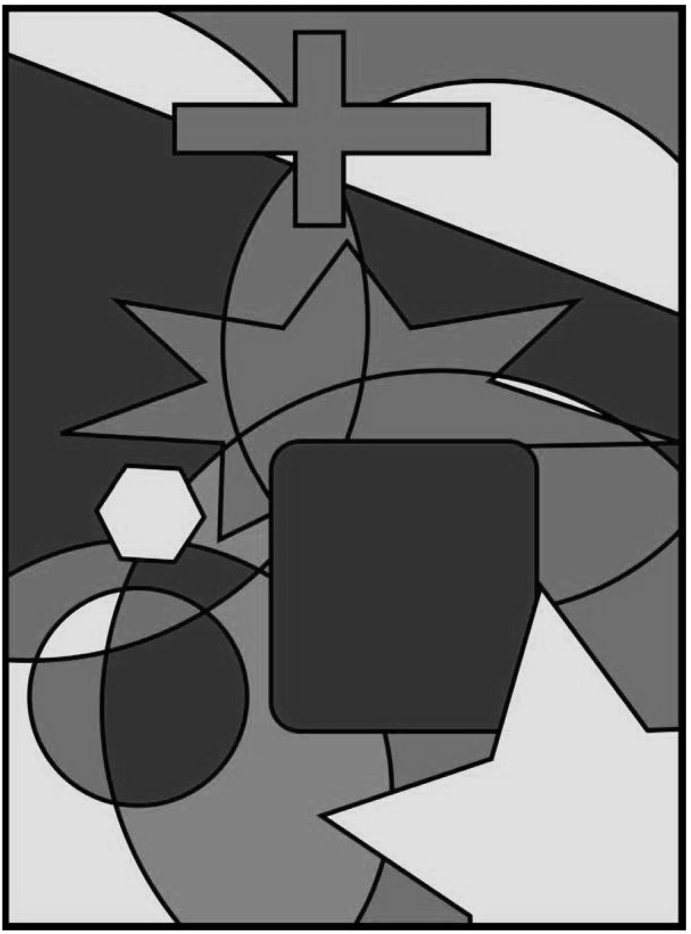

*Four Colors is All You Need*

had found a proof. He had solved an unsolvable problem, a problem that could not be answered by using a computer. Therefore, Andrew Wiles cannot be a computer!

As with all real-life stories, it was not quite as neat as this. It turned out Wiles' initial proof had an error in it, identified by one of his referees. Wiles had made an assumption about a particular number theory that had not been proven: it was still a conjecture. Working with another

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mathematician, he managed to prove this conjecture and so, two years after first announcing that he had solved Fermat's Last Theorem he could finally lay it to rest.

## The Special Purpose Objection

Before I declare mankind's outright victory over computers, the Special Purpose Objection must be overcome. The objectors would argue that Wiles is a Special Purpose computer. Special Purpose computers are at no risk of breaking the Turing limit when they solve problems they have

**Theorem (Undecidability of Hilbert's tenth problem)**
There is no algorithm which, for a given arbitrary Diophantine equation, would tell whether the equation has a solution or not.

been programmed to answer. The objection misses the key point. I am not arguing *having* a solution to a given mathematical puzzle presents a difficulty to a computer; I am arguing a computer cannot *discover* one.

Take, for example, the search engine Google. If I type "where can I find the proof of Fermat's Last Theorem?" into the search box, it will retrieve a PDF of the proof as the third result. It appears this special purpose computer solved the problem. But you immediately see the difficulty. Google search already knew the answer, or more precisely had indexed the answer. The computer was not tackling a random problem from scratch. It was tackling a problem for which it knew the answer, or at least where an answer could be found. There is no sense in which the search engine discovered the proof.

To really understand this objection we need to examine exactly what Turing and Matiyasevich proved.

An arbitrary problem is one you do not already know the solution to when you write the algorithm. You can think of it as a variable. Is there an algorithm that can solve problem 'X'? The alternative is a special program. It can solve problem Y. Y is a problem it knows. It must have the solution coded somewhere within it in a computably expandable way. You might think of this as a table of constants; problem Y has solution 1, problem Z has solution 2, and so on. But it could be more subtle than that. Problem Y might have a solution which is encrypted so you cannot recognize it within the program, or it might even be the result of some

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chaotic equation so complex that the only way to see it is to run the program and watch the output: no form of program analysis will give you any clue as to what it produces. There is only one stipulation. The answer to problem Y MUST be held within the program as a computable algorithm. Put another way, the computer must already be 'programmed' to answer the question.

Could a human mathematician be pre-programmed from birth? Yes, there is no fundamental objection to this. Mathematicians could be born to solve the problems they solve. But this would present a couple of issues. Where is this program stored? And who, or what, programmed the mathematician? Could we perhaps find an experiment to determine whether mathematicians are pre-programmed?

One view held by philosophers is that the Universe programmed the mathematician. They believe we live in an entirely determined Universe with no free will. There is then no mystery as to how Andrew Wiles came up with his proof. He was destined to do it from the dawn of time. The ink that fell from his pen to the paper was always going to fall in just that way. We live in a clockwork Universe and although we might feel we have free will, this is an illusion. I simply don't believe this. If I am right and humans do exercise free will, Andrew Wiles cannot be a computer. And because Andrew is not alone in discovering proofs, those mathematicians cannot be computers either. Humans are, therefore, not computers.

## The Chance Objection

I said there was no automatic way to solve any problem above the logic limit, but this is not quite true. There is one automatic method you could deploy to generate a non-computable proof, the infamous 'monkeys and typewriters' idea where we use random chance to generate information. Many people have suggested it is possible to write a play such as Shakespeare's *Hamlet* by simply typing random characters until we happened upon the play. The argument is flawed.

The first flaw is the process would take a super-astronomically long time. Even if every atom in the Universe were a monkey with a typewriter, it would take orders of magnitude longer than the age of the known Universe to come up with the script to a play or a mathematical proof.

The probability of finding a solution to Fermat's Last Theorem by chance is about 1 in $10^{50,000}$. That's 1 with 50,000 zeros after it. For a comparison, there are only $10^{120}$ atoms in the known Universe. To be, or

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not to be, certain of finding the proof, you would need to run a computer long enough to calculate all the possible proofs up to the length of Wiles' solution. Currently, a computer using every particle in the Universe clocked at the Plank interval – the fastest conceivable computer running at $10^{34}$ operations per second – would take $10^{500}$ times the age of the known Universe to do this. If someone tells you this is *astronomically* unlikely they are making a huge understatement. A computer running until the end-of-time would only scratch the surface.

The second flaw is even more damning. Even if the monkeys succeeded in generating something interesting, something else needs to spot this. If an algorithm stumbled upon a proof of Fermat's Last Theorem, what would recognize it as such? There are no ways to systematically analyze proofs. There are no mechanical methods that understand these.

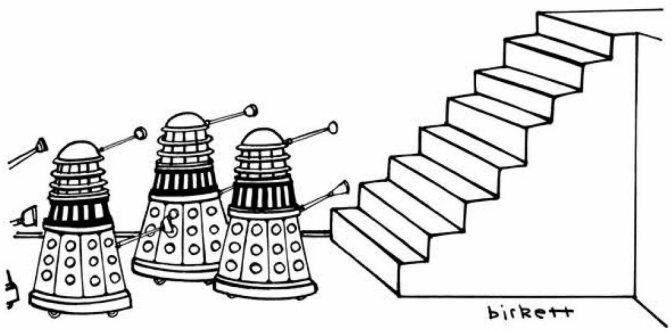


*"Well, this certainly buggers our plan to conquer the Universe."*

Dalek Trouble

*"All non-trivial abstractions, to some degree, are leaky."*

Spolsky's Law
of Leaky Abstractions

# Consequences

Machines cannot discover theorems using algorithms, yet mathematicians do it all the time. Do the rest of us break the logic limit? It seems we do. People appear creative – painting, composing, sculpting and so forth. But, are these endeavors creative in the mathematical sense. To prove this, ironically we need to find something outside mathematics that is definitely non-computable. This is tricky. Most artistic things are fuzzily defined and there are no written rules we can apply. How can we prove a work of art could not have been generated by a computer?

Trivial proofs exist but they are rather contrived. For example, it would *not* be possible to make a film with a solution to the still unproven Riemann Hypothesis on the blackboard in the background of a movie scene. All the mathematics *Good Will Hunting* had been already discovered before the movie was made. New mathematics cannot be accidentally generated by a set designer – unless, of course, they also happened to be a world class mathematician.

These trivial proofs might lead a mathematician to argue the theory is proven. There *are* some artworks which cannot be computed. QED. But these are not very satisfactory proofs. I could create almost any movie I wanted without tripping over this rule. What I really wanted to know is whether *Good Will Hunting* as a whole could have been generated by a computer. Not that some weird version with a particular mathematical proof on the blackboard is forbidden. Movies are a difficult subject for

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this argument, but music is much easier to analyze. It is linear, highly mathematical and largely uniform by culture and language. Yet it is universally appreciated. Is music a computational or a creative endeavor?

## Is Music Computable

To prove a piece of music is non-computable requires two tests. First to show we can 'reduce' it to a problem that is already non-computable and, second, to demonstrate it 'looks like' or 'sounds like' a piece of music. An accountant would say it needs to pass 'the smell test'.

The first non-computable problem to be studied in depth was Emil Post's Word Problem. Post was a contemporary of Alan Turing and studied at the Institute of Advanced Mathematics in Princeton. He solved the Halting Problem six months before Turing, but his proof used a complex recursive method called the lambda calculus. Turing's method was far more practical, which is why we now refer to Turing machines rather than Post machines. Later in his career, Post came up with a branch of non-computable mathematics called 'Post Problems'. They look like a puzzle you might find in a newspaper. Imagine starting with the word 'camel' and being asked to turn it into 'aardvark', using only a few simple rules. We'll make the problem very easy to start with: cam ↔ aard and el ↔vark. This solution is obvious; just do the substitutions and you are there. But what if the rules were a little more complex? Gennadií Makanin, a Russian mathematician based at the University of Moscow, found a set of extremely simple puzzles that are nevertheless non-computable. Here is one:

{"CCBB" ↔ "BBCC", "BCCCBB" ↔ "CBBBCC", "ACCBB" ↔ "BBA", "ABCCCBB" ↔ "CBBA", "BBCCBBBBCC" ↔ "BBCCBBBBCCA"}

*Word Problem*

Can a computer tell us which word problems have a solution and which do not? The answer is 'no'. Word substitution puzzles are a class of non-computable problem. Martin Davis proved this in 1948. Using a reduction argument we can use these word problems to prove some music is also non-computable.

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Let us start by substituting the notes of the musical scale for the letters of the alphabet to create a piece of 'music'. Since it is a direct analogue of the word problem, we have created a non-computable piece of music. It is definitely non-computable, but is it music? If it just looked like a random jumble of notes it would be unconvincing, but luckily there are many forms of music that look exactly like a word substitution puzzle. Bach's *Art of Fugue*, the canons of Tudor composers such as William Byrd and Thomas Tallis, and the works of Grieg all use sequences of chords that move from one to the next using substitution rules. If you were to listen to the steps in our word substitution music, they would definitely sound musical. I think they should pass the main artistic criticism – that they should not sound formulaic.

But is any actual human composition non-computable? Unfortunately, we cannot prove whether a particular piece of Bach, Tallis or Grieg is non-computable because we don't know the specific rules used to compose it. All we know are the general musical principles of harmony and counterpoint that applied at the time. We don't have these composers personal rule sets because they were held in their brain and they are, of course, long since dead. It is statistically likely that most pieces are non-computable because there are an uncountably infinite number of them, whereas computable pieces are merely countably infinite. But that's just probability; it is no proof.

I puzzled for some time whether there is a way to prove it but had to conclude it is impossible. However, and this is how creativity works, once I had given up on the problem, my brain continued to work on it. I was not conscious of this, I was only aware that failing to solve the problem annoyed me. I then had a Eureka moment. Although I couldn't *prove* a piece of music was non-computational, I could make one! – a piece that could not have been created using computation alone. This requires me to inoculate your brain.

Take either Andrew Wiles proof of Fermat's Last Theorem or Alan Turing's proof of the Halting Problem; both proofs are non-computable. Each document is made up of symbols, the Roman alphabet and some special Greek symbols such as α, β, ζ, and so on. Let us

*Creative Inoculation*

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write out the symbols in a table and assign a musical note to each. It is straightforward to put these notes into a synthesizer and play the piece of music. I have provided a link to such a piece. Warning: once you listen to this you will have been 'creatively inoculated'.

This resulting piece of music, based on the transliteration of a proof, is non-computable. You might immediately argue with this, "The piece of music was translated from proof text to music file using a computer. It is clearly computed.", but this is not my point. The music could not have come into existence in our Universe as a result of a computation. It is a computable translation of a non-computable string. It could not have been generated solely by a computer: It was done in two steps, the first of which could not have been computed.

If, up to this time, our Universe has never contained a piece of music that was generated non-computationally, it does now. If you listen to this piece, you will find it impossible not to be somewhat inspired by it. You cannot erase the experience from your memory. And once you have heard it you will have been creatively inoculated. I have defeated Daniel Dennett and his like, and given you creative freedom!

www.jamestagg.com/noncompmusic

Having made at least some music above the Turing limit I could declare victory but I want to go further. Using the same reduction method, I believe we can show all art is above the limit. First let's attempt novels and plays. Do you enjoy those crime novels by Agatha Christie and Colin Dexter? It must be possible to construct a plot sufficiently complex, and a murder sufficiently baffling that it exceeds the logic limit. I could keep extending this idea to provide any number of examples and, therefore, prove all art and creative output is above the logic limit.

There are many other arts we could apply this argument too. In the visual domain there are non-computable images. In principle, it is possible, to draw or paint things beyond the capability of a computer. Roger Penrose has created non-computable visual puzzles such as tiling an infinite plain with special jigsaw pieces. Creating an image containing a solution to his visual puzzle is non-computable.

This extension argument also applies to me. There is an argument that I am a finite being and therefore can be simulated by a computer. Since I can be simulated by a computer, I am the same as a computer and therefore incapable of non-computable thought. The argument is as follows: James Tagg will have during his life a finite number of inputs and, equally, a finite set of outputs. This means you could model me using a

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*Jackson Pollock*

computer. You could simply create a table of all the possible inputs and all the possible outputs I would make and this would be a perfect facsimile of me. A number of people have posed this as an argument to refute Roger Penrose's assertion that humans are capable of non-computable thought.

But this analysis misses a key point. There is no way to calculate all the contents of this table. My past could be tabulated. It is the history of all the things I ever did, but my future cannot. I might yet discover some great theorem that could not be computably generated. This would be a part of my output which could not be generated by an algorithm or any mechanical process. This forms a non-computational arrow of time; we can write down the past, we cannot write out the future. If a creative person such as Andrew Wiles could be simulated in advance, we would have an automatic way to find a solution to Fermat's Last Theorem. Since this is not possible, it follows that creative people cannot be simulated. This also means the Turing test is not passable by a machine. Humans can create; machines cannot. That is the difference.

## Will Computers Take over the World?

Ray Kurzweil, the American inventor and futurologist, has suggested computers are getting exponentially faster and will soon reach such immense power they became effectively infinitely powerful. They could instantly answer any question posed and solve all our engineering problems. He dubs this point 'the singularity': a point of near infinite

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*Watson and Our Future?*

computing power and therefore universal knowledge. This could herald a Utopian future; global warming, cancer, all things of the past. But computers might just as easily become bored and determine we humans are the real problem. If we are lucky, they may treat us as amusing pets. If we are unlucky...

These consequences might have come to pass if the answer to the Halting Problem were 'yes', but as the answer is 'no'! This is not the future we face.

## Mummy, where do Bugs Come From?

One consequence of the logic limit provides a theoretical basis for the origin of computer bugs. The mention of 'bug' conjures up stories of dead creepy crawlies stuck in early computer circuits, but the term had been in use for over 150 years before the computer was even invented. Bugs are not simply annoying mistakes.If you misspell my name as Stagg instead of Tagg that's just carelessness. Real flaws creep into a computer program when you fail to understand Brooks' essential complexity, or by my terminology, you stray above the logic limit without realizing it.

Imagine we have created a piece of software. The software goes into test and is subjected to a range of use cases. Some of these will fail because we did not take into account all the real world possibilities. Then a strange thing happens. We get trapped in a loop of patching the errors in the program in a rather mechanical way. Find an error, patch

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it. Find another, create a work-around, and so on. By doing this, we are effectively mechanically generalizing our solution. This is forbidden as it breaks the Turing limit, so we can't mechanically solve a general logic problem above the logic limit. We need instead to use intuitive or creative thought. In our panic we did not stop, take a step back and engage our brain. Instead, we attempted, unsuccessfully, to blindly hack our way through the problem.

If we eventually succeeded in perfecting the code this way, we would have broken a fundamental law of the Universe. Something nasty would have to happen to prevent it, such as rupturing the space-time continuum or an event equally horrible! Luckily something prevents this and keeps our Universe intact – BUGS! Bugs stop us breaking Turing's limit.

The next time you curse a bug, remember if they didn't exist you'd be in danger of causing a logical paradox. There is no problem in redefining the domain and then creatively producing an all-encompassing design, but, you can't patch and hack your way there. This theory of bugs leads to an explanation for some modern programming rules of thumb.

Written specifications are valuable because they force you to lay out *the whole* problem. You don't need to be detailed regarding the depth, but should be expansive about the breadth, covering all the logical complexity. This might result in many details as a by-product, but a specification needs to delineate the edges of the problem space and not simply focus on a few key points.

Writing the tests for the software in advance is helpful as it is likely to tell you early whether your design encompasses the whole problem space.

Also, building a prototype, throwing it away, and then building the real thing can help greatly. It may be the only way to examine the edges of the problem space in detail. Armed with a full understanding, you can then imagine solutions to the complete problem in a single creative sitting. Whatever techniques you use to improve the quality of your software, remember you are engaged in a creative process that is not, itself, open to automation.

## The Art of Programming

Programming is an art: a creative endeavor. It is also, of course, highly scientific. When you work with a good programmer – and I have been fortunate to work with some of the best in the world – they all follow a similar process. First they talk with you at length about your needs

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*Geek Humor*

and examine the full scope of the problem space. Even if you say, "Oh don't worry about that bit," they always will. They want to know about everything. Then, they write a high-level list of features, some simple block diagrams, and occasionally a flow chart, only then do they begin to code, ticking off the list as they go. Sometimes, they will check to see if their list is the same as your list but more often they will come back and just check the high-level purpose. "If I give you something that achieves this, will that do it for you?" They test as they code so you end up with is something that meets your high-level purpose, and can prove it does so in its own right. At the end of the coding they write out the specification for the project so that they can remember what they did, or a colleague can pick it up in the future.

This is *not* how students are taught. Students are told to write a detailed specification at the start and then simply implement it. If you've been following my argument, they are being taught to do something impossible! There is no 'just' to programming. Sometimes teams are even split up so that one person writes the specification and another the code – again an impossible task. If the specification was the *answer* to the problem, it must have required creative thought to develop and so would be as complex as the program itself. Since it is not yet a program you cannot test it, so it becomes an untestable solution to a creative problem. Since the specification is *not* the answer but rather a general list of tasks, the great danger is to give it to a separate programmer and

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they implement it mechanically. You see, of course, the problem. It will be riddled with bugs because they have missed the creative step of imagining the whole problem and solving it in the round.

This fundamental misconception of software is common in many organizations. "Ah," says the finance director, "I'll write a very detailed spec and then we can get someone cheap to *just* program it." This does not work. If the finance director has done the creative work of taking a problem and turning it into a detailed specification for the programmer to 'just program' – removing any ambiguity and therefore the creative overhead – he will have all but written software himself, albeit in a computer language of his own making. On the other hand, if the specification is a linear list of issues with no creative thought, he will not have reduced the time needed to program. He may have improved the quality by effectively getting a second pair of eyes onto the requirements gathering stage, but this does not help the programming effort itself.

Ideally, you should never split up specification and coding. It is a creative process best handled by very small numbers of people working intensively on it. Of course, there is one big problem with this: some software tasks are huge. Before we look at the science of splitting up a software project, it is worth pointing out that many of the most famous projects were written by one man. I have met many of these people and they are all exceptional – Linus Torvalds, Linux; Anthony Minessale, FreeSWITCH; Daniel-Constantin Mierla, Kamailio; Eric Allman, ,SendMail. Before splitting a project between many people, it is worth considering whether you can give it to just one individual. To do this you

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will need to unload this person of ALL interruptions and administrative burdens. This is the most effective way to solve a creative programming task. Practically, once your task is over the limit for a single human, a software project must be split up. This requires great care. Dividing a problem efficiently means specifying the interfaces between them and decoupling the components. This is the art of an architect or a producer in the creative arts. The creative process operates similarly in other walks of life. There are many examples of successful creative duos – Rogers and Hammerstein (*The Sound of Music*), Ben Elton and Richard Curtis (*Blackadder*).

Good managers, therefore, find ways to break projects into manageable sub-projects that can be worked by pairs or rely on single super-programmers with support around them. If you are lucky enough to gather together a group of super-programmers and can divide a problem efficiently amongst them, you can achieve great things. You see this pipeline in movie production. A script writer generates a script creatively. The casting director finds the actors, a director is in charge of filming, and an editor puts it together. In very great movies you will often find a great director or producer who had a hand in almost everything holding it all together. They are often accused of micro-managing but you can see that's what they must do. They are the super-programmer with the whole creative work in their head, and an eye on the audience and financial backers.

If you talk with great programmers you will be amazed by their breadth of technical, commercial and product knowledge. Why do they need all this commercial information to do their job in the round?

## Rules and Tips

I began writing some rules on how to split up a project, and almost immediately ran into exceptions and special cases. The job of dividing things into sub-tasks is, itself, a creative problem and must not be done mechanically. Any 'one size fits all' rule will fail and you must apply domain knowledge and careful thought to the process.

It is the job of architects or a senior engineer to split projects into smaller chunks. To do this they must accurately 'guess' boundaries between subtasks to create self-contained, creatively solvable problems. This can be done by either vertical or horizontal abstraction. Both have their problems.

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Horizontal abstraction is the simpler of the two to understand, and the more common. Computer systems are built 'on the shoulders of giants'. That is to say we no longer need to place individual pixels onto the computer screen. We can assume a computer will draw a square if we specify the dimension and coordinates of the center. That's abstraction. Today's computers are even more helpful. We can ask them to draw a rotating cube lit from a certain angle and the computer will do the whole job for us. But, there are always practical limitations to this.

I want my cubes to move around the screen naturally but I am not sure what physics model has been implemented. What will happen when they bump into each other? If the abstraction is not thoroughly thought through they pass through each other in a very odd way, breaking up and showing me they are really made of triangles, the illusion of three dimensions is lost. Whenever we work at an abstract level, we risk being exposed to its inner guts at some point. Joel Spolsky, a computer scientist who worked on Microsoft Excel, proposed the Law of Leaky Abstractions to explain this. An example of his law in action is the TCP/IP protocol stack that transports data over the Internet. The stack is hugely reliable, yet I have to debug one of these stacks at least four times a year!

The problem is that the TCP (Transmission Control Protocol) is designed to provide reliable delivery of information: internet pages, my bank account and the like. But, the internet protocol 'IP' on which it relies is only designed for best-efforts. When a link loses a packet of information, the TCP has to retransmit it. This takes additional time. TCP provides an abstraction of a reliable connection, but the implementation is not as robust as it may seem, and the details leak through as variable latency and throughput. This explains why your web pages sometimes do not completely render. You are told it is reliable, but often it is not! Experience is so valuable to a programmer because they know which of these specifications to take with a pinch of salt and when they are likely to leak. They are battle scarred by previous naivety.

I think Spolsky's Law follows from Rice's Theorem and ultimately from Turing's no halting proof. If leak-less abstraction was possible you could, in principle, write a recursive partial halting solution. By layering abstraction on top of abstraction you would be able to solve some very complex problems, eventually including the Halting Problem. We know this is impossible, so non-leaky abstraction cannot exist.

The other method of splitting software is vertically. This is often done following the natural boundaries of an organization: functional or geographic. Again there will be leakage between the systems; the data you get from the finance department might not be detailed enough for

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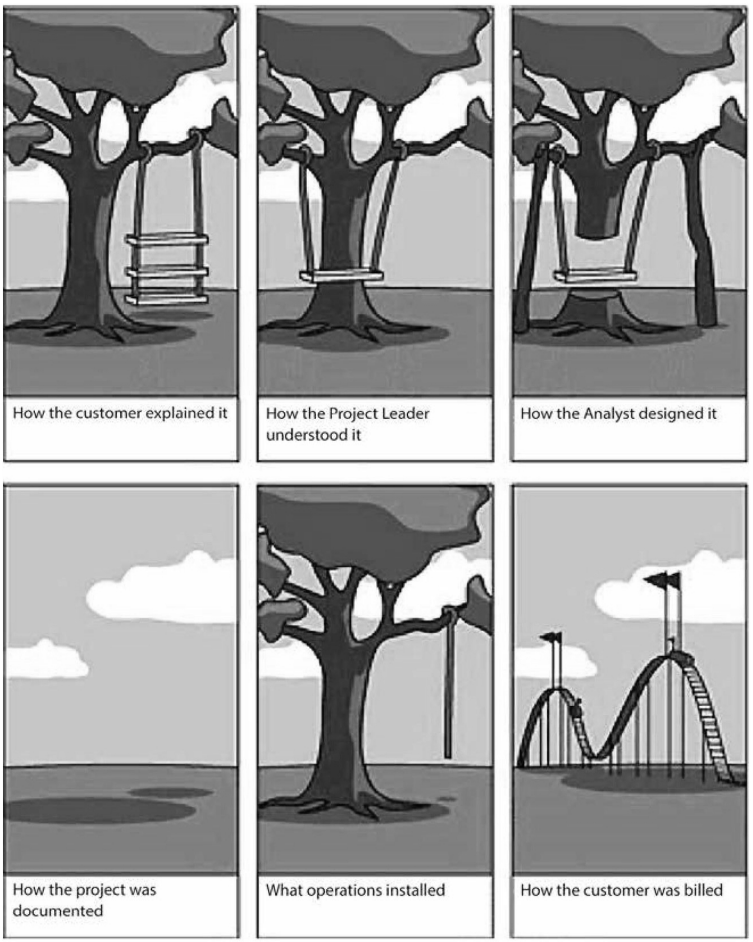


*Specification Cartoon*

the engineers or vice versa, and so groups have to interact. The main problem with vertically divided software is each group tends to reinvent the wheel, so you end up with multiple similar implementations of the same thing.

All said, the architectural job in software is a dynamic one. You can split up software into separate elements but you must take into account the leakage between them. When you detect a leak you must bring people together to collaboratively solve the problem, rather than insisting on the original partitioning. While doing all this you must keep track of the overall aim and all the irritating small details contained in the many

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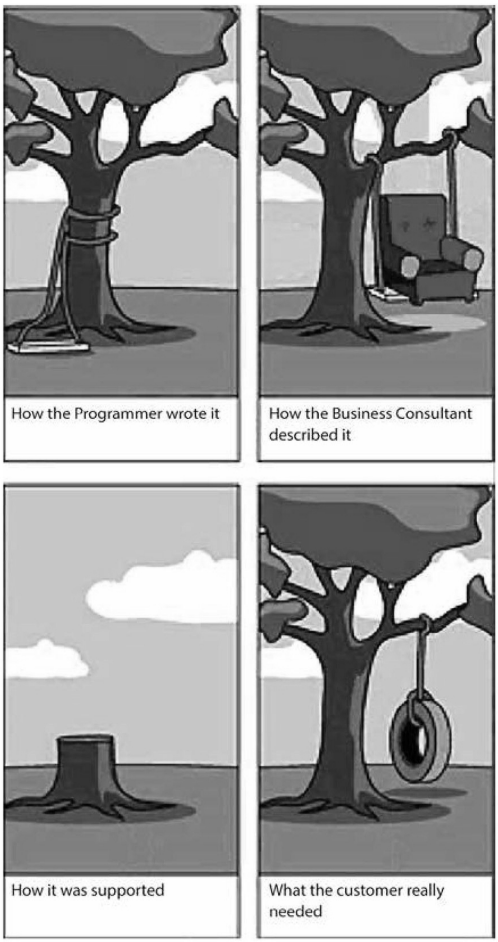


lists that form the project specification. I should confess that I am no great fan of specifications, because they can mislead you into thinking you've solved the problem, but I concede a good specification is helpful. Spolsky's Second Law is 'Always write a specification.' Engineers should collaboratively write the specification as a response to the desires of the project creators. But they must not blindly implement the specification they've been handed. They must not forget the creative element.

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## The Role of 'Process' in Creativity

We hear a lot about 'process' when developing software and other creative tasks. The first thing to realize is process does not write software and every moment spent on process is a moment not writing software. Excessive process can bring the productivity of the average programmer down from a thousand lines per day to one. On the other hand, we all know that using no process to write software results in useless software. Good solo programmers, playwrights or composers are surrounded by lists and post-it notes full of process. Where is the balance to be struck?

In my view 'process' is there to help humans with the tasks we find naturally difficult. Humans, as we know, are dreadful at remembering lists of symbolic information. Give a human ten numbers to memorize and they will quickly forget them. Give Microsoft Excel ten numbers and it will remember them forever, or, at least, until your next upgrade! So the first job of process is to collect lists of things and sometimes even lists of those lists.

Another significant affliction affecting humans is procrastination. We tend to put off decisions. Process can set waypoints; when will the job of splitting a project occur, when will we begin the test, and so on.

The third job of process is to keep track of the division of labor – if the project has to be divided. Who will do what? Essentially we are back to lists again.

The most important job of process, in my view, is to keep track of scope. 'Logical scope creep' when unrecognized destroys software projects. Scope creep is fine if it just adds more linear work. "Could we add three more product types?" "Could you do another language?" "Can you make this interface prettier, less cluttered?" It may cause a busy team to groan, but it does not damage the integrity of the design. To put it back in Brooks' language, accidental creep is fine – provided you add some resource. Essential creep is not. Adding the french language prompts to a project in English might be fine, putting language translation into a project may be a step too far. The project may have strayed into a different logical class. Increases in logical scope often require redesign, you must stop and re-architect if you are to avoid bugs in plague like quantities.

If programming software is a creative task, how can we help improve productivity? The most important factor is to provide uninterrupted peace and quiet. Programming is a task where people need to hold many ideas in their head at the same time, and this requires deep concentration. To get some idea of the creative process at work, listen to the excellent TED lecture by John Cleese.

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A common and costly mistake is to put off thinking about a class of things you are going to need in the next release because of time pressure. 'Time out, that's for the next release' and similar statements spell disaster for the future of a project as when you come to the next release, you may have to rewrite much of it from scratch. This is why good architects are so valuable. They anticipate the future even when they are told to ignore it and ship now!

Just as there are artistic geniuses, there are programming geniuses. Hold onto them if you get one. They are rare. We don't know if they can be made or they are lucky accidents, but statistics shows that some people are 1000 times more productive at writing code than the average. If you can find lots of them and make them work together you will build the next Google or Facebook. If you have a tight deadline, a super-programmer may get you out of a hole, producing in a week what might otherwise take a year. Remember your great programmers will most prolific if you can get process and distraction out of their way. Just make sure they have a clear idea of purpose.

**Laws**

A programmer interrupted eight times a day does no work.

A creative person interrupted eight times a day does no work.

Programming is a creative endeavor.

There are creative geniuses. Hold onto them.

Bugs save us from collapsing space-time when we are lazy and try to use mechanical means rather than creative thought to write software.

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## *Chapter 12*

# HYPER-COMPUTING

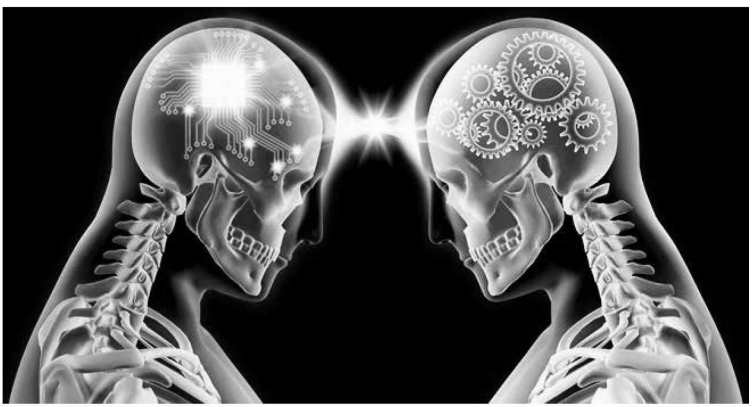

What's in a Brain

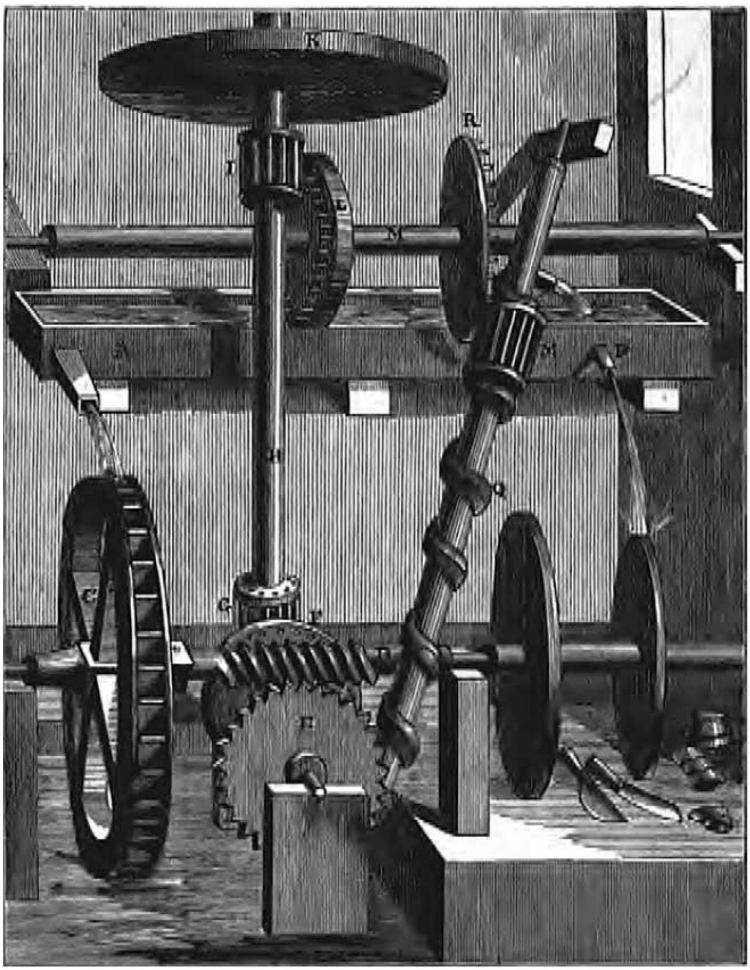

Perpetual Motion from the 1600s

*"If you are in a spaceship that is travelling at the speed of light, and you turn on the headlights, does anything happen?"*

Stephen Wright

If you believe humans outthink computers, be warned; you are in controversial territory. This would need a hyper-computer and many scientists speak of these in the same breath as perpetual motion machines.

I'm not sure it's an entirely fair analogy. We understand machines, and the physical laws of our Universe forbid perpetual motion. We don't understand brains, so we can't reasonably dismiss human hyper-computing. Humans commonly demonstrate one clear example of thinking which appears to break the Turing limit, namely finding solutions to mathematical puzzles. We need an explanation for this. Let me take you on a whistle-stop tour of all the schemes people have imagined that might lead to a hyper-computer.

A hyper-computer is a machine that can calculate a function which a Turing machine can not. For example, when given a number denoting a problem such as Fermat's Last Theorem, it can give me in return a number representing a valid proof. We are not concerned here with speed. We are talking about fundamental 'do-ability'. Such machines are often dubbed 'super-Turing'.

## Epic Fails

Let us first look at some proposals that blatantly fail. My children call these 'epic fails', and they are the perpetual motion machines of the hyper-computing world.

Could we run many Turing machines at the same time, perhaps even an infinite number? Then we would have a much more powerful machine that must beat the Turing limit.

The answer is no.

Turing machines are already infinitely powerful and we know from our chapter on infinity that all countable infinities are the same. Infinity plus infinity, infinity times infinity, infinity to any power; all are equal. One single, fast, one-dimensional machine can simulate them all. We get no greater power with an infinite number of similar machines.

The next technique which might realize a hyper-computer is to have a machine which simultaneously runs every possible branch in a program. Each time the machine gets to a point where there is a binary decision, it can take the 'yes' branch, spawn a copy of itself, and run the 'no' branch as well. Logically this machine should be able to calculate anything since it tries *every* conceivable option. The process is called non-determinism. This doesn't mean the computer has free will. It just means the computer never chooses one option over another. It just

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assumes each could be correct and travels down both. Solving a problem using a machine like this can be fast. The problem is this machine has no greater power than a regular Turing machine. Let me show you why.

A non-deterministic machine is essentially the same as a single Turing machine; each time there is a branch in the program you would start running two processes. The first process works on every even tick of the computer clock and the other on every odd tick. Now we have a single machine running two branches at the same time. Using this trick over and over again, a single machine can run a program exploring every possible branch. Although it generates an enormous number of branches and takes a huge time to run, it is still a single machine and we have an infinity of time on our hands. Therefore, the machine is limited as before.

We are not doing well so far and we have already exhausted an infinite number of options! Let's try a different tack. We know true randomness is non-computable, the sort of randomness generated by the Lavarand we examined earlier in the book. Might this help? Truly random processes can't be simulated by a computer. If we throw this into the pot might it let us compute something a Turing machine cannot?

Again, no.

This idea still only generates a machine as powerful as the non-deterministic machine above. A non-deterministic Turing machine runs *every* possible program. All a random one does is choose *some* of the same paths at random. It, therefore, can't be any *more* powerful. The one difference is that it can generate non-computable numbers. However, the only interesting characteristic of these numbers is they are truly random and this randomness was an input. Their presence does not make the machine any more powerful.

There are quite a few proposals for hyper-computers that are just cleverly dressed up versions of the machines we have already met and dismissed. For example, it has been proposed the Internet could form a super-Turing machine. This is known as a site machine because the processing is distributed across many sites linked together through the Internet. It is proposed each site could act as an oracle to the others. This is quite an elegant idea, and some proofs have been offered that show such a machine is capable of generating non-computable functions. The problem with this idea is that you can simply draw an imaginary line around the whole site machine and it looks exactly like a big Turing machine. There is no conceptual difference between such a machine and a regular computer with subroutines. After all, that's in Turing's

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original proof. Again we have reached a dead end. We need something qualitatively different to a traditional computer in order to break the Turing limit. The obvious place to turn is the quantum world.

## Quantum Computers

Quantum computers have had an extraordinary run in the press recently. It has been variously claimed they offer limitless computing power and can break all known security schemes; cracking, for example, the prime factors that form the basis of public key cryptography. This is big news. These codes are used to protect all the financial transactions we make on the web.

In a regular computer, bits of information are processed by switches that make simple 'yes' or 'no' decisions. In a quantum computer each switch can take both the yes and no branches, at least for a short time called the decoherence interval. The calculations are said to be superposed. This allows a quantum computer to calculate exponentially, rather than linearly, as the number of logic gates increases. Grover's algorithm and Shor's algorithm use this superposition to speed up factoring numbers and looking things up in databases, respectively.

Grover's algorithm gives us the ability to find something stored in a random place without having to look in every box. If you think about a standard search, say for your lost car keys, you must look everywhere to guarantee finding them. It does not much matter in what order you do it. When you are halfway through the search, you will be 50% likely to have found your keys. But, with a quantum computer, you can be fuzzy and look in many places at once. A quarter of the way through a quantum search, you are 50% likely to have found your keys. That might sound like a small improvement, but when working with very big numbers, it makes an enormous difference.

Shor's algorithm works a little differently and, yes, it does allow a quantum computer to break Internet encryption, so the newspaper headlines are true up to a point. Some time in the future we will need to move to a more secure type of encryption.

The largest quantum computers today can process 300 qubits at a time or remain 'coherent' for about two seconds. These results are pitifully low. The largest prime number factored so far is 143, a mere 7 bits long! By way of comparison, internet security routinely uses 1024 bits. But, quantum computers are improving exponentially faster than classical computers: They really do change the rules of the game. If you remember our discussion of chess, the quantity of space needed for a

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calculation can be the limiting factor. A quantum computer is very space efficient. When the computer branches and makes a copy of itself, it does so without needing more space. There are two theories for how it does this, (well, three, but the third is highly controversial). The first theory is the computer doesn't need the space because it hasn't made its mind up yet; somehow the calculation floats in an undecided state. The second is that the computer puts a copy of itself in a parallel Universe each time it branches. When the calculation is over, either all the Universes collapse to a decision, or *every* possibility is chosen in some Universe or other and they all go on their merry way! This is the 'many-worlds' interpretation of quantum mechanics and we will return to it later in the book.

We have now explored all the straightforward ways to make a hyper-computer, and all have failed. We need something still more exotic.

## More Horse Power Needed

Is there anything more powerful than a Turing machine?

Yes, in theory, there is.

The first person to explore ways of breaking the Turing limit was Turing himself. He cut right through the problem by proposing the existence of an oracle function. At any point in a computation, you could ask this function a question and it would give you the right answer.

We must leave completely aside the question of how this wonderful oracle function is constructed. All we know is it can't be a machine. If it really existed, a Turing machine that was able to consult it would be able to answering any question you put to it. That is a hyper-computer.

Unfortunately having access to such an oracle does not get us far. We can use it to compute numbers we could not otherwise have obtained – or answer a single question – but it does not give us a general-purpose way to solve further problems outside of the logical area we asked it to answer.

Each time the oracle answers a question we break the limit a tiny bit. Each question and each answer moves us forward, but does not give us something universally applicable. If I ask the oracle to prove Fermat's Last Theorem it will give me that answer, but this does not turn me into a creative mathematician, able to prove any other theory. You can test this by typing a mathematical question into the Google search box. Does obtaining an answer make you better at mathematics?

In any case, an oracle is not and cannot be a machine, so it does not lead us any further in our quest to build something super-Turing.

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## The Weird and Wonderful

There are some really weird and wonderful proposals for machines capable of super-Turing thought. Let's take a bit of a flight of fantasy.

If we could make a spaceship survive the inhospitable environment near a spinning black hole, it might be possible to send information backward in time. We could see the answer to a calculation before we had to go to the trouble of calculating it in the first place.

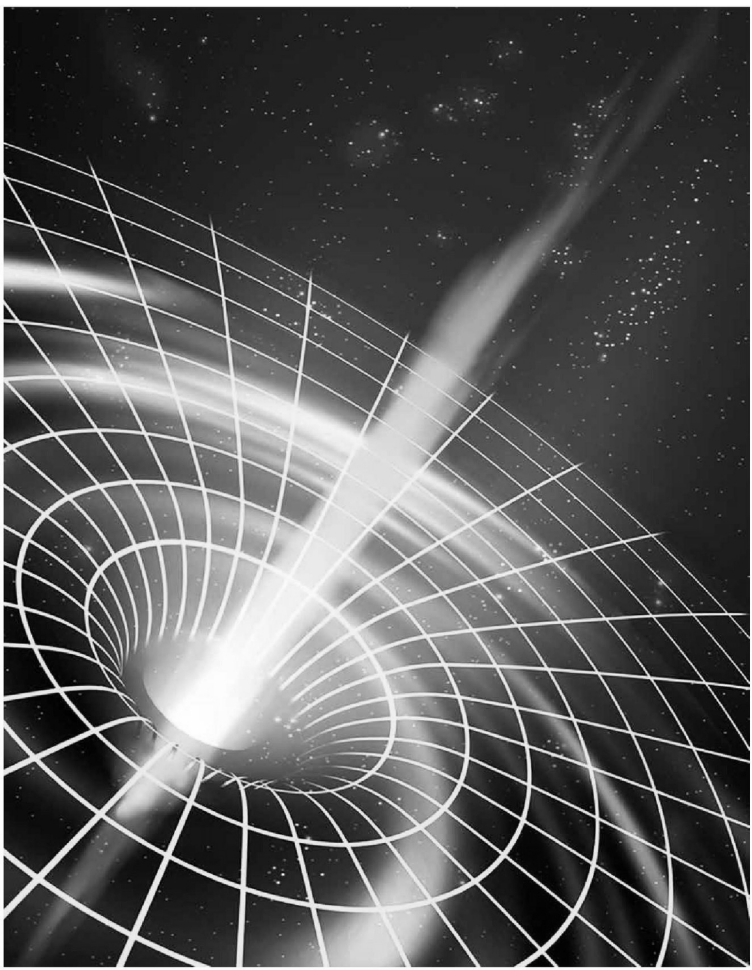

*Black Hole Malament-Holgarth Space*

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David Malament and Mark Hogarth of the University of California, Irvine have proposed a form of space-time called the Kerr Metric. This allows a machine to break the Turing limit, but has the drawback that as it does so it falls through the event horizon and is sucked into the black hole. We might discover new information but are now trapped inside the event horizon unable to communicate it – a form of cosmic censorship.

Candidates for a hyper-computer that could fit inside a human brain include mathematical curiosities which stretch the concept of infinity. The easiest to understand is the Zeno machine. In a Zeno machine a computer runs each successive step of a calculation in half the time of the previous step. The computer can pack an infinite quantity of computation into each finite time interval and can therefore outperform a Turing machine. This theory fails at a practical level because we simply can't build such a machine.

There are numerous weird suggestions for mathematical super-Turing machines, and many are described on the Internet. They all fit broadly within the two models above: modifications to space-time or peculiar mathematical paradoxes. The inspiration for the true solution to super-Turing thought may lay in there somewhere, but there are some more plausible proposals to look at next.

## Plausible Ideas

I have characterized the next set of ideas as plausible, but they may still be highly controversial. My only criteria for plausibility are that the mechanism must outperform a machine limited to counting numbers, and it might fit inside our skulls. No black holes allowed.

One interesting proposal for a super-Turing machine that could fit inside our skulls is the Adaptive Recurrent Neural Network, 'ARNN' proposed by Hava Siegelmann of the University of Massachusetts, Amherst. An ARNN is a neural network with real number weights. As you recall, real numbers are equivalent to the continuum infinity, a larger infinity than that of counting numbers.

This is the infinity that defeats a Turing machine, and Siegelmann harnesses it as the basis of her computing machine. She argues that, although the machine cannot be programmed as it is impossible to write real numbers down, once it is running, the weights diverge and real numbers will be used within the network. These real numbers allow the machine to compute using numbers that are not, themselves, computable

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and this is where the machine's greater power comes from. Of course such a thing might easily fit inside our skulls, and the physics within our brains are certainly capable of using real analogue values.

The biggest stumbling block for Siegelmann's idea is the information that gives her machines their power is fine-grained and easily destroyed by noise in the environment. This is not just from the sort of electrical noise we hear when our cell phones interfere with the radio, but the precision required by her machines is so exacting that anything might interfere with them. For example, gravitational waves caused by the motions of nearby stars would disturb calculations at only the fiftieth decimal place. Since it is these digits that constitute the difference between an ARNN and a regular Turing machine, most people conclude ARNNs can't work. There is one effect stemming from the quantum world which might come to the rescue. The potential to do something in the quantum world is sufficient to modify the behavior of a system even if the system does not actually do that specific thing. This is called a counterfactual process. The possibility an ARNN might perform infinite precision calculations may be enough to give the machine the edge, even though in practice it is disturbed by noise. This is speculation upon speculation, but interesting nevertheless.

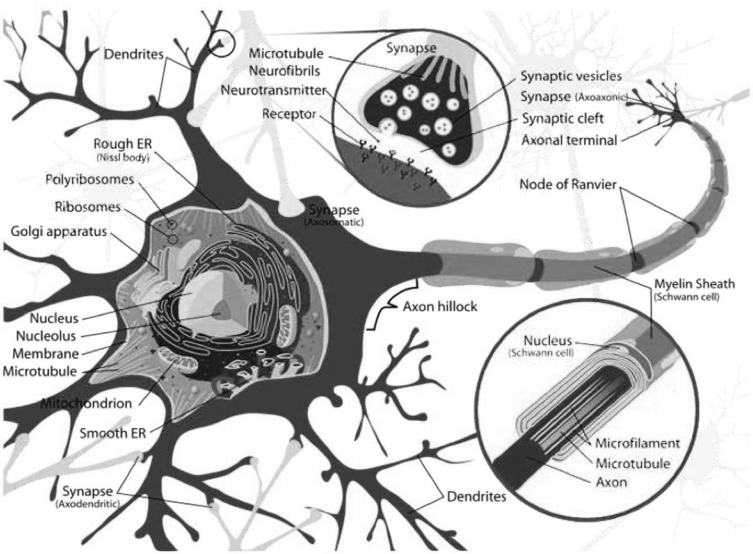


*Neurons and Microtubules*

Roger Penrose is fascinated by such counterfactual experiments and is inspired to think such effects might have a role in non-computable thought. It is his 'machines' we will look at next.

## Penrose-Hameroff Machines, aka Brains

Roger Penrose of Oxford University and Stuart Hameroff of the University of Arizona have proposed a very different way to understand the workings of the brain. They focus on the much smaller scale structures within neurons called tubulin microtubules. If you watch a brain form, the dendrites grow towards each other, twisting and turning rather like the growth of a plant as viewed in a slow motion nature film. This motion is controlled by micro-tubular structures formed of a protein called tubulin. Tubulin is made from peanut-shaped polar molecules that self-assemble into helical tubes with a radius of just seven molecules. The tubes bundle together to form the backbone of neurons. The peanut-shaped molecules are bipolar switches and can flip between two states. This allows them to bend into different shapes and, in the most extreme example, to flap fast enough to propel small organisms such as paramecia. It is also, interestingly, the protein that unzips the double helix when a cell divides, and so plays a fundamental role in our evolution.

Penrose and Hameroff suggest these tubes form the true processing element in our brains. The walls of the tubes are formed of successive alpha and beta tubulin molecules. Each of the tubulin molecules can flip between two states, propagating a ripple along the tube wall. The scale is small enough for quantum effects to matter, and Hameroff suggests quantum error correction keeps the ripples from decohering too fast. Because the processing is happening at a molecular level rather than at the scale of a neuron, the brain would be considerably more powerful than a count of its neurons would suggest. They propose increased computing power would stem from three sources: There are many more tubulin molecules than neurons; the micro-tubes could perform quantum computation, and the micro-tubes are capable of non-computable, conscious, thought.

Measurement of a quantum process is the only candidate we have for a non-deterministic physical process today; all other physical processes are deterministic. Penrose argues that quantum processing in the brain spontaneously collapses in decision making because of the interaction between quantum superposition and gravity. The arguments are put forward in two books: *The Emperor's New Mind* and *Shadows of the Mind*. This theory remains controversial for two main

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reasons. First, most people see no need for super-Turing thought. They believe computers are sufficient. Second, they believe the brain is not a hospitable place for quantum effects: it is too hot and too chaotic. Indeed, until recently people assumed quantum effects would have no place in biological entities, but this orthodoxy has recently been overthrown by the discovery of quantum processes in photosynthesis. The paper by Travis Craddock of Nova and others suggests there may also be quantum structures in the neurons of our brains and we might possess quantum computers after all. But, remember, Penrose and Hameroff don't only need quantum coherence within our brain to explain consciousness. They also need gravitational effects.

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*Chapter 13*

# HYPER-COMMUNICATION

World Wide Communication

*"The single biggest problem in communication is the illusion that it has taken place."*

George Bernard Shaw

Each Christmas I buy the *Private Eye* annual (an English satirical magazine) only to be slightly disappointed when much of the humor falls flat, yet I can watch the TV current affairs quiz 'Have I Got News for You' featuring its editor and be reduced to tears of laughter. Being at a live recording of the show is even more powerful. Why is this? Why is the experience and effect so different? Is it just the sense of occasion when I go to a live show or is there something more to shared experience?

We appear to learn more from lectures delivered in person than reading the lecturer's book, or even watching the same lecture recorded on video. Studies show children who are read to by their parents do better than if they are left to follow along with a CD. Two groups of children were tested on two made-up words used in a story. The children read to by their parents had an 80% recall rate, while children who followed the CD only 17%. This is a big disparity. The simplest explanation is that the children who were read to pay more attention. Are there other effects?

*IMAX*

Most scientists believe communication between humans is classical: words spoken in proximity have no more power than had we carefully written out what we wanted to say. Body language and tone of voice are simply useful tools to aid the transmission of this information. I'm going to explore the ways in which human face-to-face communication might exceed this traditional classical model. Let us look first at the bandwidth of communication between people.

## Bandwidth

Let me give you a mental picture for what I mean by bandwidth. Imagine I am sitting in a darkened theatre enjoying one of my favorite comedians at the Edinburgh Festival – the biggest arts festival in the world. I phone a friend who is also a fan and let them listen in. Perhaps I even use the camera and surreptitiously point the phone at the comedian. My live experience is digitized, compressed and transmitted over the mobile network to my friend. He gets the same experience but at much-reduced bandwidth.

My friend has a similar but qualitatively different experience to mine. He cannot hear the degrees of loud and soft I hear, nor the full range of high and low frequencies forming the timbre of the comedian's voice; no sense of the smell of old armchairs or the heat of the audience around me. He is spared the strange stickiness my shoes meet on the floor of the auditorium and the occasional slosh of beer that hits me from a slightly inebriated neighbor. For the person at the other end of the phone, their view is of a tiny two-dimensional screen about 4 by 3 inches square. Of course, they can enlarge the picture, but then the pixilation dominates and it looks like an impressionist picture viewed close up. He has nothing like the same intensity of experience. Loss of bandwidth is something we can study mathematically and the reduction is enormous.

## Video and Audio

The image of the comedy show is digitized by the camera and microphone; the video at 384,000 bits per second and the audio at 64,000 bps. Mathematical compression will be applied and the video will shrink to 30,000 while the audio drops down to 4,700. After compression, the whole experience amounts to around 40,000 bits per second. To put it in some perspective, a DVD would be 11.5 million bits per second, nearly 300 times the bandwidth.

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My in-person experience has much higher bandwidth than even a DVD. It may even have infinite bandwidth. Physicists argue whether space-time is quantized but, for now, we will look at what would be needed to reproduce the experience faithfully on modern digital recording equipment.

## Digitization

When something is converted to digital form, it goes through a number of steps. First, some way must be found to chop the thing into small parts in space and time. Then each of these parts is sampled with a sensor to give an electrical signal and, finally, this signal is measured and turned into a number.

Old microphones used carbon granules. As the sound waves passed through them, the granules were shaken and made better contact with each other. Connecting a battery across the granules gave a varying voltage. Modern microphones use a variety of technologies. The preference of most recording artists today is the electret microphone. A coil moves inside a magnet generating a varying voltage which is translated into a voltage as before.

Next we use a fast running clock and measure the voltage on each tick giving us a sequence of numbers. We have created a near perfect record of the sound, and we can prove this by recreating the sound through a loudspeaker. This is what happens every time you listen to your iPod.

To digitize film, each frame must be split in space as well as time. On each tick of the clock, a process scans left to right and top to bottom to form a one-dimensional stream of numbers that records the image. The system cuts the picture up into little elements called pixels, standing for picture elements. Each small square has its average color measured for red, green, and blue content coded as a number.

Digitization techniques have become the dominant way electronics work in the home, and digitization circuits are now ubiquitous.

## Reality

How big is reality? Setting aside for a moment the problem that it might be infinite, we need to reproduce all the elements that go to make it up.

A normal DVD has an image of 720 by 576 pixels with 16 bits of color depth and a frame rate of 25 frames per second. The eye, however, is considerably better than this and a DVD does not fool it. HD video

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is 1900 by 1000 pixels with 32 bits of color depth and 100 frames per second. This is a great deal better – if you enjoy watching sport or nature documentaries, the additional resolution is amazing. This still falls far short of reality. An IMAX theatre gives a wrap-around image of about 10,000 by 7,000 pixels and comes closer to the average resolution of the human eye, estimated at about 30,000 by 20,000 pixels. But the eye cheats. It concentrates the rods and cones in the central portion of the retina. Although IMAX achieves the average pixel density of your eye, it comes nowhere near the peak density which is nearly 10,000 times greater.

For a truly equivalent experience, we would need about 320 million pixels *per* eye at a frame rate of 120 frames per second, allowing us full stereo synthesis. At this speed and resolution, we are matching the visual acuity of the eye and should be able to fool it completely. But there is one more problem to overcome: The image is not interactive. Move your head in the real world and the image will change. The objects in the foreground will vary their position in relation to the background, so-called motion parallax. Try it now, move your head and you will see that the book, or screen you are reading moves in relation to the background. In a simple digitized 3D image this will not happen. You *will* have a 3D image but you will not have a *real* image, a light field.

To create a real image you need to view a hologram or use head-tracking technology. A hologram records the light waves given off by an object in multiple directions rather than just the intensity of the light striking the camera through a single focal point. When you shine a laser back through the hologram, it regenerates the light waves as they would have originally come from the object. That light can be viewed from different directions, giving the impression of three dimensions rather than a mere two-dimensional photograph. There is often a limitation in viewing angle because the original photographic plate must wrap all the way around an object to capture the full 3D light field, but the illusion is very convincing.

A more effective way to create a real experience – and one with no restriction on viewing angle – is to construct the image in a computer and track the movement of your head. The computer can create the two-dimensional images each eye would see if the scene were truly three-dimensional. Computer software resolves motion parallax and a host of other elements, but to do so the computer must understand a model of the world so it can calculate how the scene would look from a particular angle and in the appropriate lighting. Some recent games such as Activision's 'Call of Duty' do this, and the experience is compelling.

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*Hologram*

There are still problems. The image is stereo but planar. All the light coming into your eye comes from the screen a meter or so away. In the real world objects need you to change the focal length of your eye to bring them into sharp focus depending on their proximity. Try looking at your hand as you move it towards and away from your face, too close and your eye can't pull focus any further and it will blur. This mismatch between focal depth and the apparent distance implied by motion parallax is one of the reasons you can get headaches watching 3D images. There is something not quite right about them and your eye has to learn a new behavior.

## Audio Field

Our poor friend at the end of the phone is listening to a mere 4700 bits per second rendition of the comedian. A compact disk is 64,000, 16-bit samples per second in stereo, over a million bits per second. So the information content of a mobile phone call is very low. It is a miracle you can understand speech at all over such a narrow channel, but this is made possible by two factors. First, human speech uses a limited range of frequencies. All the information in our voices lies within about two octaves centered on middle C. And, second, you can perform some

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clever mathematics to generate speech from seed information. For a given speaker the vowel 'a' might be 20% middle C, 50% F and 25% A, with a few other things thrown in for good measure. We can transmit this information and ask the computer at the other end to re-synthesize it. This is what happens when you listen to someone on a modern phone. You do not hear their actual speech, you listen to a computer synthesizer make a near approximation.

CD is no longer the gold standard for sound. Professional audio has standardized on 24 bit recording which is probably far beyond the limit of the human ear. An audio soundtrack is doing a good job at 2 million bits per second.

Sitting perfectly still in the middle of a room, each ear will pick up a different signal if the source is not directly in front of us. The two ears on a human head face a little forward, and the hair on your head slightly absorbs sound. We can calculate the source of the sound by the slight difference in the times at which it strikes each ear, and the variation in frequency content. We can use these two pieces of information to determine the direction from which a sound is coming. It was useful for our ancestors to be able to tell where the saber-tooth tiger was hiding. We can gain more accurate information by turning our heads from side to side. The differences in frequency and timing should vary as we do so and we gain a little more data to perform the calculation. If we walk through the room we sample yet more of the soundscape and this can be used to pinpoint the exact location of the source. As we move, we expect the sounds we hear to change subtly according to the mental model we use for locating objects in the soundscape.

To give the illusion of a soundscape modern systems use multiple microphones to capture the sound, so it can be reproduced on multiple speakers. Ideally, we would record a hologram of the sound but it is possible to record on thirty or so microphones and mix the tracks down to 5 or more channels giving us the sound experience we now expect at a modern cinema.

## What is the Bandwidth of Life?

We have not yet talked about the other senses; smell, vibration, temperature, balance, wind chill, and touch. In all, there are over 25 senses that must be stimulated accurately to simulate reality. Just think for a moment how much information must be replayed to reproduce the sensation of bungee jumping off a bridge in the jungle or taking off into

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space, or giving birth. To digitize life completely, we need to stimulate every relevant nerve ending in the human body in real-time – skin, ears, eyes, balance, pain centers, and so on.

At the low end, a 'perfect' IMAX production would require 360 degree stereoscopic projection and the generation of a full sound field. This would take 3 Gigabits per second for the audio field and 5,600 terabits per second for the video field. This could be substantially reduced if the person wears virtual reality glasses to track their head and eye movements, but then you are substituting resolution with computer power.

At the high end, a team at the US Department of Energy's Fermilab estimate reality needs one hundred trillion samples per inch for a 'simple' quantum representation. If we look at the many worlds view of quantum mechanics, each photon hitting our eye can't be fully described by a single number. The photon may be entangled with other realities we should keep track of. This causes our picture of reality to become wildly complex. Everything we might see and experience is in some way a combination of possibilities, and these possibilities all interact. Real life is *very* complex.

## Symbolic Communication

Computers have no concept of an in-person meeting. They communicate using purely symbolic methods in binary numbers. These have the same meaning whether communicated over a short piece of wire or using a fiber optic cable half way around the world. Computers never have to communicate understanding to each other because they use programs and a program can be perfectly transmitted. Body language is, of course, completely alien to them!

We know there are non-computable things; functions, numbers, musical melodies, and mathematical puzzles. Why would there not also be a place for non-computation in communication? David Deutsch has suggested human creativity is used to guess the 'program' running in someone's mind, and evolved so we can learn skills. Instead, might face-to-face communication be important because it lets us impart knowledge in a non-symbolic manner?

## Hyper-communication

As with hyper-computing, hyper-communication is controversial. We instinctively know human communication is very different to computer communication. Face-to-face communications have a qualitatively

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different feel to them. My question is this. Is there more to face-to-face communication between human beings than the simple exchange of symbolic information?

Let us propose an experiment. I erect a 3D screen with a hi-fi surround sound system in a university lecture hall and deliver a lecture to a camera in the adjacent hall. Half the students see the lecture directly, and half remotely. With modern screens, it might be possible to set up the experiment so well that is difficult to tell which hall I am actually in. Is the experience of the remote students the same as the ones sitting in direct proximity with me? Do mirror neurons fire more strongly and pick up more information when you see me in the flesh, or is the feeling that a lecture is better when you are 'physically there' an illusion? You are perhaps less likely to fall asleep in my lecture if you are physically there because you are afraid I might walk over and hit you! What possible non-classical effects could be in play when you see an event or communicate in person that might make the communication different? Here are two potential differences:

Information in a face-to-face encounter is continuous, not digitized. Continuous information is infinite in nature and does not have the finite limitation of digitized data. Of course, if we have digitized the sound at 24 bits and replayed it with extreme fidelity, there should not be any loss in information, but the interactivity of the soundscape is hard to simulate.

Light entering your eye contains information that could be quantum entangled with the object you are viewing. You become part of the system rather than merely an independent observer. It is difficult to see why this would produce a different quality of communication but it is testable. Set up the lecture experiment and measure the quality of understanding communicated between the parties.

If we believe our brains are super-Turing, then considering there might be some similar effects involved in human communication is not unreasonable, perhaps quantum effects play a role in communication. If we conclude our brains think classically, then we *probably* communicate classically.

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## *Chapter 14*

# CREATIVITY

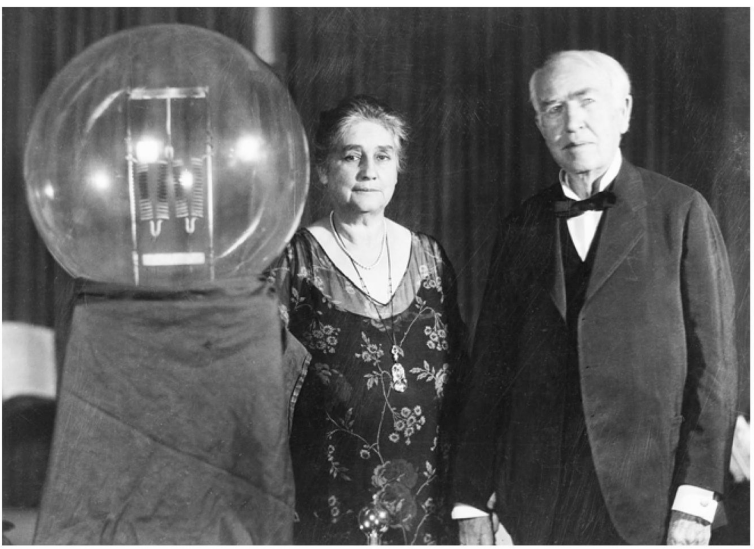

Thomas Edison, his wife and a Light Bulb

*"Creativity is allowing yourself to make mistakes. Art is knowing which ones to keep."*

Scott Adams

*"Invention is 1% inspiration and 99% perspiration."*

Thomas Edison

*"Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something. It seemed obvious to them after a while. That's because they were able to connect experiences they've had and synthesize new things."*

Steve Jobs

The ancient Greeks believed there was no such thing as creativity. Our job, as humans, was to look at the earth and discover things about it. When we looked at light passing through water or built a boat to travel on it, we were discovering, not inventing. Shipwrights did not invent boats they were simply building inevitable forms. Everything there was to know already existed, we just hadn't realized it yet. Of course, Greek playwrights were busy 'creating' the first plays; tragedies, comedies and the like, but serious thinkers thought of them as documenting the human condition. It wasn't until the Renaissance, 1500 years later, that humans began to appreciate that they *create* knowledge, and this started us on our quest to understand creativity.

One of my childhood memories is sitting on the kitchen floor with a glass of water and surrounded by knives and milk bottles. I was trying to solve one of the problems from Edward de Bono's book on lateral thinking, *A Five-day Course in Thinking*. De Bono, now in his 80s, is a prolific writer with over 60 publications to his name – all aimed at making us more creative. His books pose a series of practical problems, each needing progressively greater creative intelligence. The particular problem I was trying to solve was to balance a glass of water on knives suspended from four milk bottles. It took me after 2 hours.

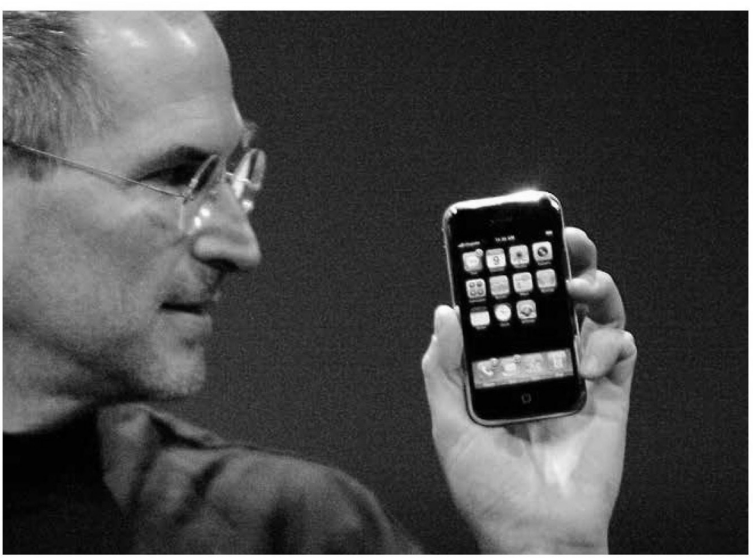

*Steve Jobs shows the iPhone*

Except for De Bono there is not much written about creativity in books or on the Internet, but if you dip into the video archive, the discussion really opens up. Perhaps this is a feature of creativity; it's easier to explain in person. Of course, I have taken on the writing task with this book but I have the benefit of modern day resources such as multimedia, interactivity, and the web.

Some people appear to have creativity in abundance and the things they create are truly wonderful. I'm thinking here of Picasso, Einstein, Mozart, Edison, or Maxwell, but a precise definition of creative thinking is hard to pin down. Here are some generally accepted categories:

## Divergent Thinking

The first sort of creative thinking we recognize is divergent thinking, often called brainstorming. This is the art of coming up with ideas – lots of them. A quick way to test your skill is to take a minute, and list all the possible uses for a paperclip. Try it!

In 60 seconds write down all the uses for a paper clip you can think of. Time yourself.

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## ANSWER WITHOUT READING ON

This is the classic test of creativity developed by J.P. Guilford in 1967. It is called the Alternative Uses Task. You can try the task with many objects: bricks, chairs, even water. How did you do on your first attempt? 8 to 10 uses is about average, 20 is extremely good. It's possible to teach most people to get near twenty and I'll show you how to do this in a moment.

Another test of idea generation is to draw 30 things in 30 circles. Thirty is such a large number it forces us to come up with some nutty ideas and break our natural tendency to self-censor.

For example, I'd like you to create logos or logo ideas, for a new coffee company in your circles. The test is best done without a time limit so now is the time to break off reading and make yourself a coffee. Then come back and draw 30 circles on a piece of paper. Fill in the circles.

**MAKE A COFFEE, THEN START DRAWING.**

The aim of brainstorming is to remove our inhibitions and get us to generate a mass of ideas. In normal life, we tend to suppress ideas even before we are consciously aware of them. Sir Ken Robinson has researched creativity in children and found the ability to brainstorm reduces linearly with age. At five or six, children given one of these divergent thinking tasks come up with many creative solutions: fold the paper clip into a dinosaur, and use it to attack your friends, get two and use them as chop sticks. As adults, we tend to disqualify ideas. You could never fold a paperclip that tightly or accurately, we said, "a" paper clip not two. But, you *can* fold a paper clip tightly, and the room you are doing the test in has thirty paper clips and thirty people in it so just team up with a friend. I never said this was a solo task!

Do you see how you impose nonexistent rules on your thinking, particularly the implied rule of not working with others? I did not say this test was subject to examination conditions. The first twenty years of our lives teaches us to work alone on intellectual tasks, yet when we get to the workplace we can, and indeed must collaborate to succeed. Now you have an idea how to ace the paper clip test: don't censor yourself and don't imply rules I have not imposed!

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**TRY THE PAPER CLIP TEST AGAIN!**

Divergent thinking is rarely the final goal; it is rather a jumping off point for the creation of something new, like a solution to a mathematical puzzle, a painting, or a novel invention. The exercises allow us to explicitly see one of the early creative steps – idea generation before the pruning step. But most creative people often just create, they don't follow a scripted process. The term 'the creative process' is a great misnomer. There is no process that actually creates. Process merely puts us in the right frame of mind to do so. Processes are useful for framing a problem and ensuring we have all the right tools at our disposal: good crayons, some nice art paper, a hot cup of coffee. But process must be put to one side at the moment of actual creation.

## Convergent Thinking

Convergent thinking is the opposite of divergent thinking. It focuses on discovering the final solution to a problem rather than generating precursor ideas. Some creative people only use this method, avoiding laborious processes such as brainstorming.

Tests of skill for convergent thinking generally pose puzzles where there is only one correct answer, but one that requires a non-linear step. Here's a really simple convergent thinking puzzle to try. It only requires a piece of paper and pen. Draw a circle on a piece of paper with a dot in the center. It should look like this. Do NOT take the tip of the pen off the paper until you are finished.

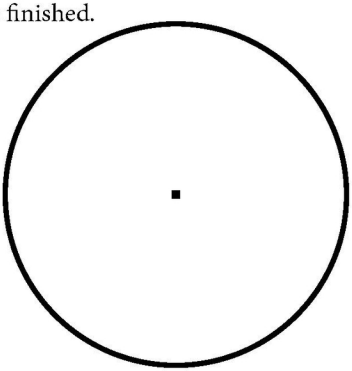

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**TRY ANSWERING IN YOUR OWN TIME**

Another famous, but clichéd, problem is of you to draw four straight lines through these nine points without lifting the pen from the paper. Can you do it?

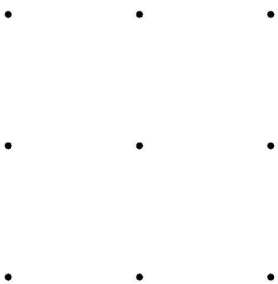

**TRY ANSWERING IN YOUR OWN TIME**

I won't put the answers here, or even a hint. It's quite famous and many of you will be familiar with them. The answers are buried on the website, and for those of you who already know the solution, there are some alternative problems. If you can't immediately solve a problem, think about it overnight. It's worth seeing what your brain will do while you are asleep!

## The Science of Creativity

The first person to theorize about the creative process was Graham Wallas, the co-founder of the London School of Economics. In his book *The Art of Thought,* he proposed a five-step model for creative thinking. First preparation, when you become fully acquainted with the problem and its domain. Then incubation; walk the dog or make a cup of tea. After the meditative incubation phase you may get a gut feeling that a solution is on its way. Wallas called this third step intimation. It's left out of many modern versions of his theory, but I think it's an important step. Shortly

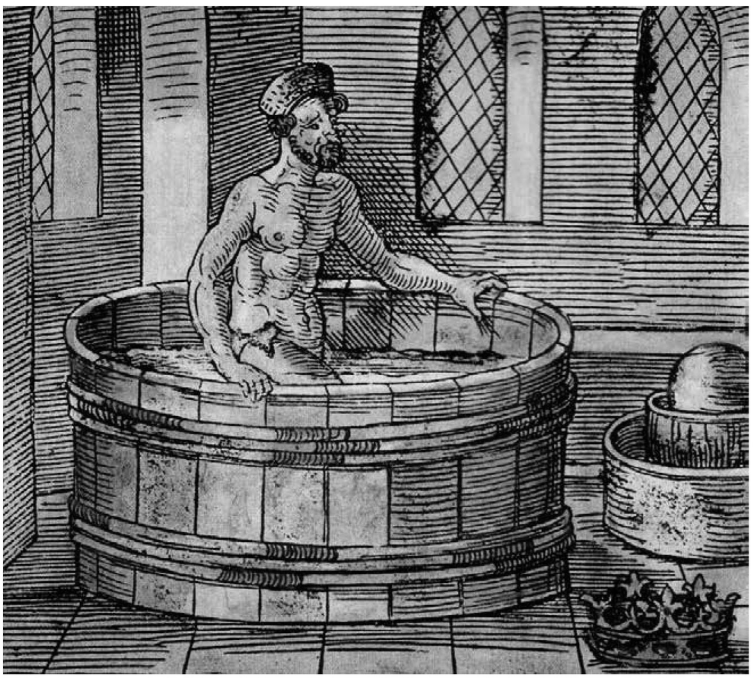

*Eureka*

after this you get that Eureka moment – illumination or insight where the creative idea bursts forth into your conscious awareness. The idea must finally be verified. Many of our ideas will turn out to be mistakes, but that's part of creativity. In the nearly hundred years of investigation since Wallas proposed this theorem, we have not moved much further forward in understanding creativity.

Alan Turing described his thoughts on the science behind creativity in a short piece he wrote about decision making:

> *"When making a decision of minor importance, I have always found it advantageous to consider all the pros and cons. In vital matters, however, such as the choice of a mate or a profession, the decision should come from the unconscious, from somewhere within ourselves. In the important decisions of personal life, we should be governed, I think, by the deep inner needs of our nature."*

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Later in his career he came to believe machines would become intelligent and this sort of intuitive thinking could be effectively performed by a computer. As you know, I don't agree with his later viewpoint.

Another person who has thought long and hard about creativity is John Cleese, the comedian and actor. He describes the process wonderfully in a number of talks which you can find on YouTube. He finds a lot of his creativity emanates from his unconscious rather than conscious thought processes. To optimize this he needs large uninterrupted blocks of quiet

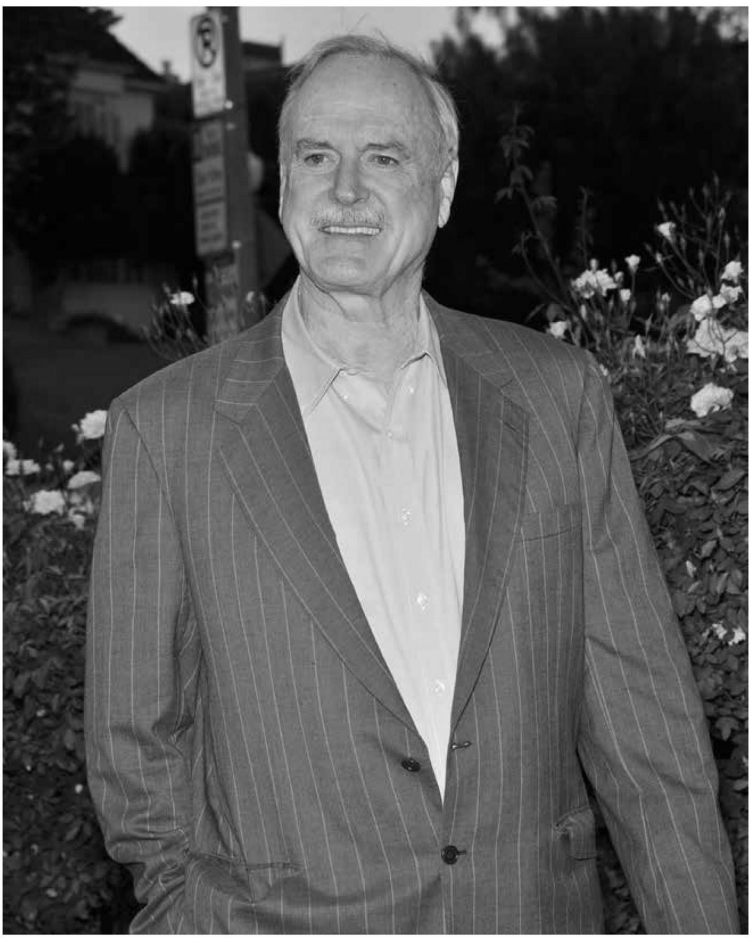

*John Cleese on Creativity*

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time. Often, if a problem seems impossible, he will sleep on it. When he wakes the next morning, he will frequently find the problem has solved itself and a solution is ready at hand.

## Art

The final class of creative thinking we generally recognize is artistic skill. This is probably a form of convergent thinking, except both the problem and the solution are open. Good artists are considered highly creative and most people tend to agree on what constitutes good art. There are some arguments but they are usually more about genres. I might not appreciate modern installation art, even to the point of declaring it, "not art." But, when forced to ignore their prejudices most people tend to agree on the distinction between good and bad.

Painting, sculpture, music, architecture and poetry are the traditional fine arts. There is often some argument over architecture: is it not too 'functional' to be considered an artistic endeavor? After all, art is not supposed to have any purpose other than to be, well, art. This definition inevitably leads to arguments about whether bad art is still 'art'. Art should be artful and how do you arrange a pile of used tires artfully? But this is a very narrow definition. I prefer to define art as something that provokes an emotional response in the beholder. Using this definition, the fact that a pile of tires disgusts and annoys you is exactly the point. Perhaps a more 'enlightened' viewer than you is intrigued by the clever use of materials.

Regardless, we consider art to be a creative endeavor and we can measure it using the criteria of novelty and quality. Since most people agree on these measures for a given piece of art, we can use the wisdom of crowds to give us a scientific scale. That does not mean there won't be art that you love but which leaves me cold. That is the joy of it. Novelty and quality are not the same as joy and pleasure, far less the tingle factor.

A quick test for artistic skill is to take a pen and paper and turn to the person sitting on your left and try to sketch them.

**TRY IT!**

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If you tried, you and your neighbor would probably find the results rather humorous. But, most likely, you did not follow my instruction. This is a form of social self-censorship. I asked you to do something rather difficult and embarrassing, but very creative and likely to enlighten you. Sadly most people – I am no exception – tend to censor their creativity for fear of embarrassment. Children, of course, do not sensor themselves as much as adults.

Now you know how to be more creative. Find your inner child and don't censor yourself too much!

## What Sparks Creativity

As an inventor, I'm often asked what makes me creative. How do I do it? The answer is, I have no real process. After all, a process is mechanical and this entire book has been about exploring how creativity is a non-mechanical task. However, there are many things you can do to unleash your creative potential.

New ideas are often sparked through linking disparate ideas. Expose yourself to as many ideas as you can, read widely, attend conferences, visit customers.

Creativity requires peace and quiet. I personally get up early every morning. This gives me a good two hours of uninterrupted time every day. It's also the part of the day when my brain works best. Others prefer to work late into the night.

Pressure, for me and for many people, is a great incentive. Tales of the Polish Enigma code breakers, Douglas Adams' writing deadlines and the fear of impending death in shark attack stories all force people to think in an accelerated way. This appears to help many people defeat the human tendency to prevaricate.

On the other hand avoid panic. While a level of pressure can help, panic is unproductive. There is a sweet spot between having enough time to get properly acquainted with a problem and an impending deadline to force the crystallization of ideas. This balance varies from person to person and is something you need to test for yourself.

You need time off. Once you have a well thought out idea, you may need to leave it alone for a while to allow your subconscious to work. Time off does not need to be two weeks at the beach. Charles Darwin and Benjamin Britten used to go for long walks. You can walk in Darwin's footsteps at Down House in Kent. Others such as John Cleese

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like to 'sleep on it'. Stephen Hawking distracts himself by working on a different problem for a while. Anything that avoids focusing directly on the problem itself seems to allow our creative freewheel run.

Environment can be important. The campuses created by Steve Jobs for both Apple and Pixar are designed to foster creativity. The physical environments build team behavior but also cause people to bump into each other. Cross-pollination drives creativity.

There are also some myths to dispel about creative people. Inventors are portrayed as eccentric and hopelessly disorganized, but Feynman kept notes of every idea he ever had. I have kept a series of notebooks, now computer based, since I left university. I still have almost all of these on a shelf at home. Creative people may be a little mad, but the successful ones are rarely disorganized.

You must allow your brain to free wheel. J.K. Rowling has said the characters in the *Harry Potter* novels write themselves. I come to my computer each morning having *not* thought too much overnight and just write. Creation is just that; you must allow yourself to do it. It's not a process.

## The Innovator's Dilemma

Why don't big companies create? In 1997, Clayton Christensen of Harvard Business School wrote *The Innovator's Dilemma*, the seminal work on creativity within organizations. In it, he shows us why established companies tend not to innovate and why startups exist. Christiansen's academic research examines how companies handle discontinuous change in technology, focussing on the hard disk industry.

You might not think this a very sexy sector. Microprocessors and game consoles would be more fun, but the great advantage with the hard disk is there is a single industry journal that has tracked the progress of every player over 30 years, collecting detailed annual data on every facet of their business. For an academic, this is gold dust.

IBM invented the hard disk drive in their research center near Winchester, England. The first prototypes were, consequently, called Winchester Drives. When Christiansen examined the industry, he found something very strange. As the size of disks reduced first from 8" to 5¼" and then from 5¼" to 3½", the dominant players in the previous era went out of business and new startups colonized the market. This fallout was not confined to a few small companies. It affected large, well-established, publicly-listed organizations, too. They failed en masse at each discontinuity. At first this made no sense to him. Surely a skilled

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*Hard Drives*

hard drive manufacturer would be the obvious group to construct the next generation. But it seemed that not only did incumbent players *not* construct the next generation, they ran their businesses into the ground while ignoring the technology discontinuity. Despite their legions of Ivy League graduates and business school MBAs, they all went bankrupt.

As he looked around the economy, he found a similar pattern in other sectors. Minicomputer companies failed to make the jump to personal computers. Further back in time, buggy whip companies – in the Fortune 100 at the turn of the 20th century – failed to make the transition to the motor vehicle economy. The only exception he could find was IBM. IBM had successfully navigated some transitions but at that time was fighting for survival as companies transitioned from mainframes to Linux based servers and their survival was in question. Why was this so?

Christensen's conclusion is that established companies tend to concentrate too much on their existing revenue streams while ignoring potential new ones. This is no surprise. When the disc drive industry made the move from 8" disks to 5¼", the only customers for these new new smaller models were unheard of manufacturers of personal computers. Some were based in the dorms of MIT and Harvard – Dell and Compaq – not in the existing powerhouses of computing – Digital

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Equipment and Wang. New technology often underperforms the existing forms. 5¼" drives were slower, less reliable, and cost more per bit than their 8" predecessors but, of course, in one respect they were better. They were smaller and lighter and could fit in portable computers. The new technologies did a different thing in a different way, and overcame their disadvantages later. This chain of events is repeated many times over: Yellow Pages overtaken by Google, Borders by Amazon, Blockbusters by Netflix. Disruptive innovation changes the rules of the game as well as the pieces in the game.

Christensen's advice to companies is to separate your innovators from the existing business because their priorities will differ too greatly. Modern companies build entirely new divisions to create new products, or set up innovation labs to incubate ideas that would otherwise never get enough resources.

## Reward for Creativity

There's no doubt society values creativity very highly. One of the first tasks Thomas Jefferson undertook when he became President of the United States was to set up a patent system. He remained head of the patent office for over ten years. These days, the protection of creative

*Harold Cohen, Computer Art*

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ideas through patents, copyright, and trade secret is big business and combines to form the practice of 'intellectual property'. Societies with the best protection of intellectual property are often the most successful. The USA is the unassailed leader, with Asian countries rapidly catching up. Poor old Europeans have struggled with an almost unworkable patent system for nearly 30 years; a genuine Europe-wide patent only came into effect in 2013.

Creativity in the economy is now extremely important, and nothing emphasizes the point more than the job market. During the 60s finding a job was easy. There was an almost unlimited range of mechanical jobs on offer. In the post-industrial age, almost all the mechanical jobs have gone. Today we need to be experts in a field, able to solve problems creatively. You can't expect to walk into a job and be profitably productive on the first day. Finding a job is harder and the cost of employing someone is greater.

## Why did we Evolve Creativity?

Roger Penrose wonders why mathematical creativity evolved in humans since it only became useful in ancient Greece a few thousand years ago. He believes it must have been useful for something before this. But what?

David Deutsch thinks creativity developed to allow one human to understand the thoughts of a fellow human being. We can't precisely communicate the 'programs' we run in our heads. We are unable to download a detailed thought and put it on a memory stick. He thinks our creative capacity developed to help us pass skills from one to another. The ability to paint and sculpt is an accidental by-product of this adaption.

It's my view we evolved creativity to deal with new situations and puzzles in our daily lives. We use creative thought processes and ingenuity to come up with novel solutions for when we can't rely on programming or a store of rules. Otherwise, the very first unforeseen situation could kill us!

## Computer Creativity

Humans find creativity difficult. It requires peace and quiet, detailed study and input of caffeine. How does a computer fare? I have argued that computers cannot be creative above the logic limit, so this does not preclude them from creating within the narrow confines of a particular solution space. But a human still needs to set the rules for this space. The level of creativity we should see from computers is convincing within

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a limited conceptual area. Computers are not going to wake up one morning and *decide* to compose a breathtakingly beautiful symphony, but if we give them rules they can make a convincing version.

Many computer systems have been designed to tackle creativity. We have already met the composer Emily Howell and Douglass Hofstadter's computation program. Here are two more examples: Jape and AARON, which create jokes and art, respectively.

Jape – Joke Analysis and Production Engine – is a program created by Graeme Ritchie and Kim Binsted. It generates puns, the sort of things you might find in an English Christmas cracker or children's joke book. I'll let the output speak for itself.

> Q: "What is the difference between leaves and a car?"
> A: "One you brush and rake, the other you rush and brake."

> Q: "What do you call a spicy missile?"
> A: "A hot shot!"

One of the most enlightening examples of computer creativity is AARON – refreshingly not an acronym. His machine is depicted here and you should look up some works on the web, such as *Adam and Eve*, and *Aaron's Garden*. The program encodes rules about figures, objects

***AARON – Harold Cohen, Automatic Painting Machine***

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and perspective. Once coded the program takes off and is remarkably creative in its compositions, without any further human intervention. However, each new capability must be hand-coded by its creator, Harold Cohen. These paintings give a good visual interpretation for the sort of latitude imposed by the logic limit. AARON can do some very impressive things, but always in a mechanical – albeit beautiful – way, within the rules set by Harold Cohen, the true artist. AARON will not suddenly awake one morning and independently decide to experiment with the color blue!

To give an idea of what I mean by 'mechanical elaboration' in a musical context, imagine you were using a Casio synthesizer. These machines have all sorts of fun settings. You can program them to play drum tracks, fill in chords, and add a jazzy, syncopated harmonization to your melody. But none of this is truly innovative. It's mechanical elaboration of your artistic material. Jape, AARON and Emily Howell all do the same thing within their domain. They mechanically elaborate the artistic creation of their human masters. AARON does an extremely good job of this.

## The Myth of the Design Tradeoff

An important consequence of the non-linearity of creativity is we are not constrained by tradeoff laws. Let me explain.

*Volkswagen Polo*

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How often do you hear the phrase, "It's down to tradeoffs," or "It's a matter of priorities", or even "You can't have your cake and eat it."

These stock statements misunderstand the infinitely complex nature of creativity and problem solving. Let us take a concrete example: the car.

My first car was a Volkswagen Polo. It was a great little car, quite nippy, cassette-radio, and four seats. The most recent Polo has antilock brakes, airbags, NCAP 5-star crash resistance, smarter styling, and a low emission engine. Shall I go on…? The doctrine of tradeoffs says I would have to give up something to gain these new features. But, I have not. The newer Polo is cheaper in real terms than my original, as well as being better designed.

Problems always have at least two dimensions of freedom. We can trade one feature for another or we can innovate to both have our cake and eat it! We are never constrained to simple on-the-one-hand, on-the-other-hand type decisions. Creativity is unconstrained by linear rules and tradeoffs.

## Process versus Creativity

How many times have you heard the words, "We must create a process for this!"

In its place, process is good; It makes things consistent, repeatable and predictable. You can follow a process by rote without error. Processes are also easy to document and communicate because they are symbolic. But process is limited. It is, after all, a set of prescribed rules for solving a particular problem – and, because of this, it falls into the same trap.

A process cannot solve a problem that requires creative thought or logic more complex than the logic limit. Logical processes are useful for tracking lists. I am reassured when I get on an airplane and know the pilot has been through a preflight checklist. I would not want to fly in an airplane where the pilot announced he was taking a creative approach to the preflight check.

Process is a perfect tool for organizing the steps around being creative, but it won't do the creating for you.

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# *Chapter 15*

# FREE WILL

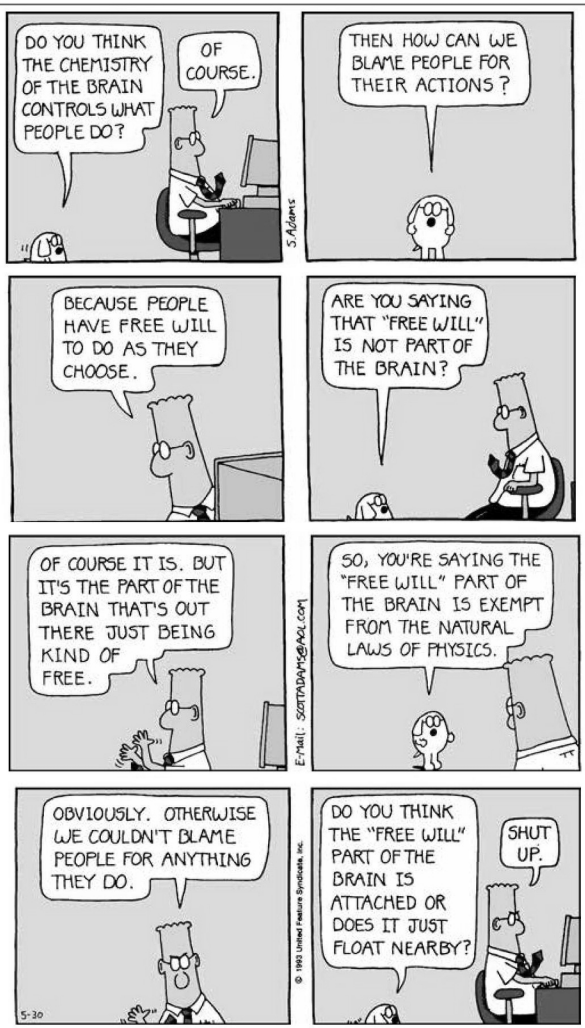


Dilbert Ponders Free Will

*"We have to believe in free will -
we have no choice."*

Isaac Singer

*"Time really is an illusion -
lunchtime doubly so."*

Douglas Adams

A child grows up in poverty, their father absent, mother a drug addict. Riots break out and the child defends the local convenience store. Another child born on the same road, but from a better background, loots the store and is arrested. This scene played out on the streets of London during the summer of 2011, but similar incidents happen all across the world. People choose different moral paths; one person makes a good decision; the other, a bad one. Did they make these decisions freely or was their behavior inevitable, dictated at the dawn of time?

Free will is at the heart of our justice system. It requires a crime to be intentionally committed by a person of sound mind. If I kill you in an accident or because I am mentally incapacitated, I am innocent. Of course, if I mentally incapacitate myself with alcohol I would be guilty of manslaughter, perhaps even murder.

Our justice system requires a crime to be intentionally committed by a person of sound mind. Whenever we see something bad in the world we trace the events back to the thought processes which led up to it. It seems we punish the decisions in our brains leading to a crime, not the crime itself. But, in a deterministic Universe my thoughts could never be at fault. They are inevitable. "The Universe made me do it!"

You need not worry about the fabric of society falling apart in a deterministic Universe. The whole of existence will play out according to a predetermined script, complete with lawyers, trials, drama and pathos. The judge, jury and executioner would also have no free will. It would look as if you paid the price for the choices you made, but this would be an illusion. The whole thing would be like one enormous screenplay.

The concept of determinism goes against our conscious experience. We all have a strong sense of free will. I certainly think I have it! And this presents a problem, because the classical laws of physics say our Universe is entirely deterministic, and that free will is an illusion.

I should briefly mention 'compatibilism', a branch of philosophy that claims determinism is *not* at odds with free will. It argues that if I feel free and my actions do not appear constrained, then I am free even though my future might be inevitable: a sensation of freedom is sufficient. This seems rather feeble. I am seeking an explanation for how we might be truly free to choose our actions, not some linguistic trick to argue freedom is subjective. I believe true free will is a physical principle with observable effects on the Universe that would not be seen in a determined one.

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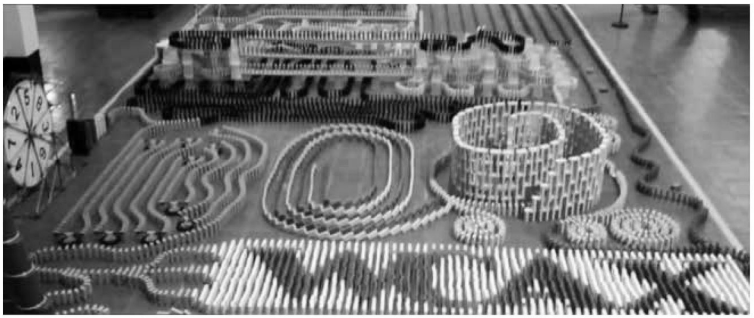

*Domino Toppling*

## Determinism

To firmly grasp the idea of determinism let's look at a fun example, domino toppling. If I arrange a set of dominoes on their edge in a long line and push over the first it will fall, knock over the next, then the next, and so on until all the dominoes have fallen. It is inevitable, and fun to watch. The same is thought to happen with particles in our Universe, albeit at a much smaller scale. The laws of physics governing these particles describe precisely what will happen as they interact. Our Universe could be thought of as a mechanical clock, wound and set at the Big Bang, or a fractal equation generating the wonders we see around us.

When I push over the first domino it should be possible to capture all the information about the particles in the dominoes, my hand, the table, and the surrounding environment to precisely determine what will happen next. Will all the dominoes fall perfectly, or is there a break in the pattern – one domino just a tiny bit out of alignment – which will spoil the fun? All the information is there in front of me and I should be able to predict it perfectly.

The laws of physics, as we understand them, are not only deterministic, they are reversible. This means if we know the position and momentum of every particle in the dominoes and the surrounding environment, we can extrapolate their motion back into the past. It should be possible to trace back the path of each particle to reconstruct the past history of the dominoes.

If we were to cast a wide enough net, and collect all the available information, we could go back and see the events in the factory where the dominoes were made, or even see the trees that was felled to make them. We would need a *lot* of information and huge computing power, but we *could* do it! With a sufficiently powerful computer we could travel

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back in time, albeit as a simulation, and relive past events. This would have no effect on the events themselves as it would be like watching a movie, but we could see every aspect of the past from any viewpoint.

To perform this time travel trick for real, we would have to gather information from an enormously wide area. Information spreads out at the speed of light. One minute after the dominoes topple, the information about the event will have spread one light minute – that is over a sphere forty-million kilometers across – half way to Venus. An hour later and it would be outside the solar system. If you were to cast your net that wide, and gathered up all the information within the sphere, you could still perfectly model the moment when the dominoes were toppled. The wider you cast the net, the more information you have and the further backward in time you can travel. If you take the idea of collecting information to its logical conclusion you could gather all the information in the Universe at a moment in time.

In 1814, Laplace put this idea in an essay. He proposed an immensely powerful being observes the position and momentum of every particle in the Universe. Armed with *any* snapshot of the Universe and the laws of physics, the entire future and the past of the Universe. The being was nicknamed Laplace's Daemon and the idea has influenced philosophy ever since.

If the Universe is predictable, our concept of time needs to be rethought. A common sense notion is that things in the future are unknown and things in the past are known. But, in a deterministic Universe a daemon or a supercomputer could keep track of all the information and tell you what is inevitably going to happen. The conscious feeling we have of moving through time would be just an illusion. Past and future have no meaning and there would just be a solid, permanent block of space-time. If you stood outside the Universe and looked at this block of space-time, everything that is going to happen and has already happened is set. This is sometimes called the Block Universe Hypothesis and is the logical conclusion of any theory that imagines an entirely determined Universe.

One thing that seems to throw doubt on this Block Universe Hypothesis is our personal conscious experience of the world. We experience the Universe unfolding over time. (Of course, we could have this conscious experience in a determined Universe if someone had programmed it that way. All we can say is that it seems unlikely someone would go to the trouble of giving us a completely fictitious experience. There are an infinite number of possible Universes, why pick one where we think time flows, but it does not.)

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## Uncertainty

If you know a little of quantum mechanics you might imagine Heisenberg's Uncertainty Principle comes to our rescue.

Heisenberg's principle is often misunderstood. People sometimes try to explain it as an experimental problem. If I want to measure the position of a particle I am going to need to shine a light on it. The photons I use to illuminate the particle will knock it out of position so the act of measurement disturbs the system. This is *not* the Uncertainty Principle. It is a different but related effect, called the measurement problem. The muddle is really Heisenberg's own fault. When he tried to produce a layman's explanation he used the analogy of disturbing the particle with the photon. This is wrong. A photon would not disturb a particle enough to explain the uncertainty we find; particles are fundamentally uncertain even before we measure them. Heisenberg's Uncertainty Principle is a quantum property, which means it makes no sense and there is no analogy I can give you to properly explain it! Here is the closest thing I can find.

Imagine I am playing a musical note on a guitar. You might want to know two things about it; where exactly is the string and what pitch, or note, am I playing? The problem with these two measurements is they can't be stated at the same time. Pitch is dictated by the rate of oscillation over time: the number of times a string vibrates back and forth per second. Position is the exact location of the string at a given moment in time. If I state the position precisely this has no pitch because pitch needs a time interval. If I allow a time interval the string will move during that time and it won't be precisely in one place. The best I can say is the string is about two millimeters above the fret board and two-thirds of the way across it.

So, I hear you cry, this Uncertainty Principle means our Universe is not deterministic because it is uncertain.

Unfortunately, the principle only prevents *us* from measuring the position and momentum of a particle at the same time, it does not prevent the Universe *knowing* the information it needs to allow the particle to go about its business in an entirely deterministic fashion. There is a perfectly reliable and predictable wave function that governs the motion of every particle, just as there is an entirely predictable equation for the motion of a string on a musical instrument.

If both the classical and quantum laws of physics are deterministic where does the freedom come from to make our Universe non-deterministic? There is just one place to look: you and me.

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## The Observer

I am looking out of my office window. It is a sunny autumn day and I have a beautiful view over London, but if I squint a little I can also see my reflection. The window in front of me is not perfect. Although it is mostly transparent, the glass also reflects some of the light. If you think of light as particles, the majority of the photons go through. But some bounce back. I'm going to show you that the behavior of these photons is governed by the observer – me!

The laws governing light, and most of the strange and wonderful effects it has, were first stated by Isaac Newton. Newton was an extraordinary man. He discovered many of the physical principles we use today, and his view of the Universe reigned unchallenged until Einstein's discovery of relativity. He was also, by many accounts, a nasty piece of work. Not only was he a famous academic, he also head of the Royal Mint. He is said to have taken great pleasure in having forgers hanged on Tower Hill. He claimed the invention of differential calculus despite it being invented independently by Gottfried Leibniz. Newton managed to have himself appointed to chair the committee reviewing Leibniz's work and determine who had come up with the idea first. Unsurprisingly, the committee found for Newton!

We see Newton's laws of reflection and transmission in all manner of everyday products, for example, the antireflective coatings of camera lenses or the screen of your smartphone. Manufacturers cover the glass in these products with coatings just a few molecules thick. Interference between the layers *kills* the reflections. On a very expensive lens several different layers are used; some kill red light and others kill blue light. Together they suppress most of the reflection. If it were not for these coatings you would be unable to go to the park on a summer's day and read your iPad. We need to think about reflection and transmission to demonstrate our role as observers.

A windowpane has two surfaces. Both surfaces reflect light, and if you look closely you will see your face is really reflected twice. You might think this is simply a double reflection but this is not so. Light behaves like waves. As with water waves, they interfere with one another. If two light waves are at the top of a crest as they meet, the result is a crest of double height. If both are at the bottom, you have a double trough, and if one is a crest and the other a trough you get nothing as they cancel each other out. You can see this effect in waves on the surface of a pond.

When light strikes a window pane, the light has two chances to reflect: one from the front surface and the second from the back surface. These two reflections interfere with each other. And, again, when you

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*Wave Interference*

have interference you sometimes get constructive interference – the double crest or trough – and sometimes destructive interference – the crest and trough canceling each other.

The reason we don't see this effect in every reflection is because of imperfection. Windows are not perfectly flat and light is multicolored, so the effect is hard to see. But it is definitely there, and if you look really hard at a reflection in a window, you can sometimes see it at the boundary of sharp objects. The effect is very clear in the next picture which has been set up with two flat pieces of glass resting against each other. There is a tiny air gap between them. It is also commonly seen on puddles in cities. In this case the puddle usually has a slight film of oil on it. Unlike glass, puddles are perfectly flat thanks to gravity, but the oil film is thick in the center and thin at the edges. The light reflecting off a puddle will show a rainbow of colors. This is because each color is giving us a pattern of light and dark. If you look at the same puddle at night in a yellow streetlight, you will just see a monochrome pattern of light and dark. Look at the picture of waves on a pond.

The patterns of light and dark are usually explained by imagining the photons interfere with each other. This explanation is insufficient. Imagine for a moment you can see as well as a frog, and perceive one photon at a time. One moonless night just one photon comes to the two glass surfaces and reflects. What happens?

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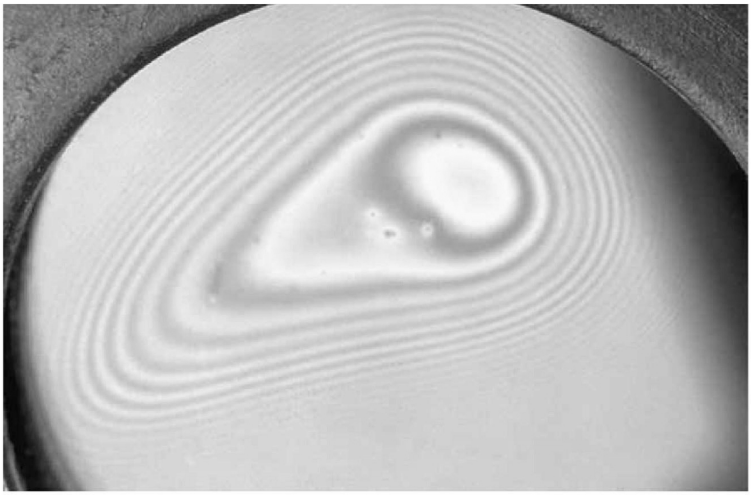

*Newton's Rings*

It turns out a single photon can interfere with itself! How can this be? It must somehow split up and consider both the available paths reflecting off the glass surfaces.

Now that we have these two concepts in our head, that a photon sometimes reflects and sometimes does not, and a single photon must consider both paths, we can ask: what tells the photon what to do?

There are only three possible answers: the light source that emitted the photon, the pane of glass that reflected the photon or the observer that saw the photon – me.

The first obvious place that might control the photon is the original source of the photon; the light bulb. The photon might leave the bulb already knowing what path to follow, whether it will be reflected and whether that reflection will be affected by the gap between the two surfaces in a positive or negative way. This is sometimes called a pilot wave theory. The problem with this theory is I could insert a piece of glass into the experiment after the photon has left the light source. This will affect the photon but the light source could not have known my intention in advance and told the photon what to do. Therefore, the path of the photon is not pre-programmed by the light source.

Now our photon has left the bulb and is traveling toward the glass. The glass has two surfaces. The photon reaches the first surface and has to decide if it will reflect. But there is a problem. The second surface

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will have an effect on this decision – constructively or destructively. The photon can't make up its mind at the first surface. It has not yet seen the second surface.

The photon travels on and reaches the second surface. It needs to make a decision: Shall I reflect or not? It cannot decide that it should have been reflected from the first surface because it is already at the second surface; it's too late.

The photon is stuck. It cannot make the decision at the first surface because that is too early, nor at the second surface because that is too late. The glass surfaces cannot be the source of the decision.

This leaves only one remaining option: I, the observer, *tell* the photon what to do. The word 'tell' is probably a little strong. Sadly, I am not that powerful. All I can do is tell the photon to make up its mind. When the photon reaches my eye, it *must* decide what happened to it along the journey, but this decision appears purely random and I have no effect upon it. The best way physicists have found to describe what is going on is to say particles, such as a photons, behave according to a wave function. Particles oscillate between all the possible options available to them and when we take a measurement this freezes the oscillations and gives a single result.

Where exactly is the measurement made? At my eye when the photon is refracted by the lens, when the photon enters the aqueous humor, or perhaps as it interacts with the rods and cones in the retina. Maybe we must wait until the detection of the photon is converted into an electrical impulse in the optic nerve or even the point at which my human consciousness perceives it.

This prompted the physicist John Bell to ask a slightly tongue-in-cheek question, "Was the world wave function waiting to jump for thousands of millions of years until single-celled creatures appeared? Or, did it have to wait a little longer for some more highly qualified measurer – with a Ph.D.?" You see his point. Where is the bar set that defines a measurement?

One of the most extreme answers to Bell's question is the strong anthropic principle. It argues humans – or at least sentient beings, perhaps even cats – *cause* the Universe to exist. The Universe bubbles along in a state of superposition with every possible event occurring and bifurcating until an observer emerges in one of the branches and the whole edifice collapses to that state. It is not clear if this produces many concurrent universes or if the first universe with a sentient being wins!

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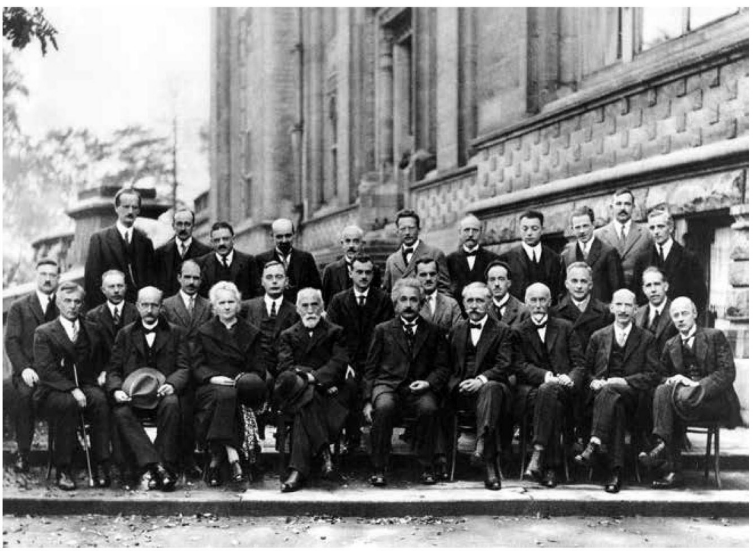

Solvay Conference

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*"There is no way to understand the mechanism that turns the water of the brain to the wine of consciousness."*

Colin McGinn

*"If you think this Universe is bad, you should see some of the others."*

Philip K. Dick

# Schrödinger's Cat

Measurement is a big puzzle. What causes the collapse of the wave function so that the photon stops considering many optional paths and makes a hard and fast decision. When light passes through a series of glass surfaces, it is reflected or transmitted by each. We can stack up as many pieces of glass as we want, but none of the surfaces will cause a measurement – a collapse of the wave function. It is not until the photon reaches a detector that a measurement is made and all the potential reflections and transmissions that might have happened 'collapse' into the one choice that actually happened.

You might doubt this but there are ingenious experiments that can be performed to prove it. One is quite simple to do and can be set up on your kitchen table with a handheld laser and $100 worth of optical components. You need three ordinary mirrors and a beam splitter. Beam splitters are often made from half-silvered mirrors. They are similar to your bedroom mirror except the silver coating is more thinly applied, allowing only half the light to reflect while the rest passes straight through. Arrange the mirrors and beam splitter on a table at the four corners of an imaginary box, as in the diagram. If you point your laser at the half-silvered mirror, half the light will go straight through and half will be reflected upwards towards the first mirror. It is sent on around the square until it meets the half-silvered mirror again, and the beams meet up. You might expect that half the light reaches the detector but this is not what happens. Depending on the way the mirrors are positioned, either all the light reaches the detector, or none does. (The light does not disappear it just gets sent back to the light source, energy is conserved.) If you turn down the brightness of your laser, this does not change. Even

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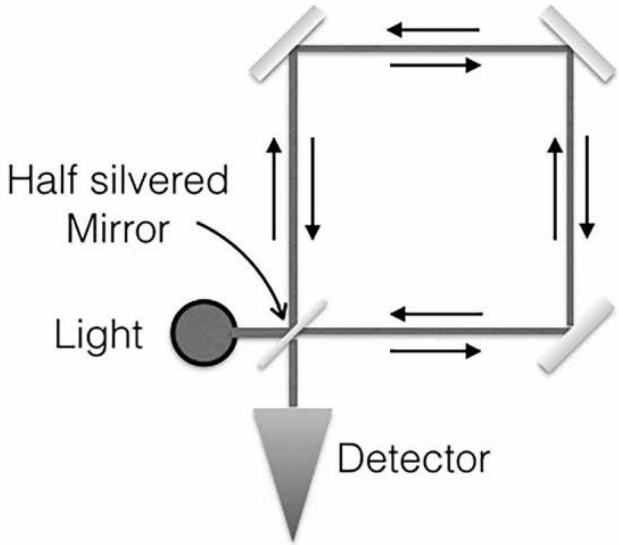


*Interferometer*

if only one photon is traveling at a time, still no light comes out in one direction and all the photons come out the other. The wave functions of each photon interfere with each other constructively or destructively. The only conclusion available is the photon must be traveling along both paths! They are said to be in 'superposition'. If you introduce a measuring device half way around the experiment, it will destroy the superposition and the photons behave in the common sense way. Remove the measuring device and, once again, the photons seem to take both paths. Richard Feynman pointed out that you really have to imagine that the photons take every possible path, not only the straight line paths. He received his Nobel Prize for demonstrating how to add up these infinite paths to get a finite answer with his 'sum over histories method'. Superposition is a strange idea when limited to the realm of small particles but what about larger things? – cats for example.

Erwin Schrödinger's unfortunate cat is trotted out to demonstrate the paradox so often that Stephen Hawking is on record for wanting to reach for a gun every time he hears mention of it.

The thought experiment works like this. A cat is put in a box with a radioactive substance, a Geiger counter and a vial of poison. If the counter detects a radioactive decay it breaks the bottle and the cat dies, if no decay is detected the cat lives.

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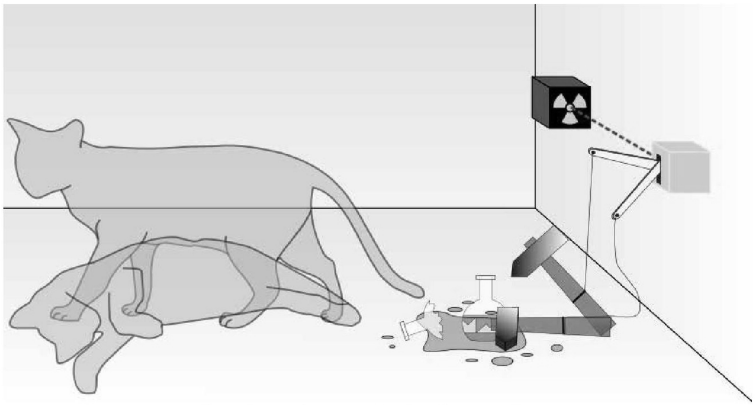

*Schrödinger's Cat – both Alive and Dead*

Since radioactive decay is a quantum event, we have to assume it might or might not have happened right up until the point of measurement. It is the same with any quantum event: photons reflecting from a piece of glass, measuring the spin of an electron or measuring the polarization of a photon. All these quantum effects exist in superposition until measured. But in the real world, we don't experience superposition. If I miss the train, I miss it. I don't partially catch it and partially miss it, and I don't experience any such quantum ambiguity. The only place I ever see such effects is watching science fiction movies. In real life the large scale world is certain. At what point does this quantum uncertainty transition to our classical certainty? What is the state of the cat before I – a sentient observer – open the box? Was the result of the decay measured by the Geiger counter, the cat, or are we waiting for someone to open the box and observe the result?

The Copenhagen interpretation of quantum mechanics – named after the main center of early quantum theory at the Niels Bohr Institute – says the cat is both alive and dead until I make a measurement. The cat is said to be in superposition, meaning a live cat and a dead cat inhabit the same volume of space-time 'experiencing' both alternatives and waiting for my measurement. This seems nonsensical, but Copenhagen quantum folk simply say, "That's the way it is; the mathematics works, if you don't like it, tough. Nature does not have to explain herself."

Einstein strongly disagreed with this position. He believed the world is certain and laws must govern radioactive decay and, therefore, the breaking of the vial and the life and death of the cat. There must be some, as yet, undiscovered theory. He reasoned as follows: A particle

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has position, velocity and spin. Why can it not have more hidden information that tells it when to decay? Perhaps particles are composed of sub-particles that cause the weird quantum effects we see.

We *have* discovered sub-particles – quarks and the like – but more than a hundred years of experimentation have gradually ruled out any form of theory explaining how these random events can be governed by the properties of the particle. The collapse of the wave function just seems to happen randomly.

There is one explanation for quantum mechanics that avoids the measurement problem altogether but it is even stranger than the Copenhagen interpretation: 'the many worlds' view'. The idea was first put forward by Hugh Everett in 1957, and it claims measurements are never made, there is never a collapse of the wave function, and every wave continues to exist. We just can't see them all. There is a version of me that has seen a live cat and another in a parallel universe that saw a dead one. The two versions of me are also in superposition, just like the cat, so there are an infinity of parallel universes tracking every possible option.

The only measurable consequence of this 'many worlds' idea is the existence of enormously enjoyable science fiction plots and much poking of fun between the many worlds camp, and the no-many-worlds camp. The single-worlds proponents point out the whole idea is untestable and just plain odd. For example, each choice we make, every reflection and any quantum process generates a new branch in the Universe. This is a vast amount of information to track and puts us back in a position where moral choices have no consequence. Every decision I make spawns a Universe where I made a different choice.

For a humorous take on this, you can visit a website and buy your own Universe for $2.99. You pose a question based on the throw of a die, let's say, one to three I go to work today and, four to six, I take a sick day. The website generates a quantum random number using an experimental setup at a laboratory in California. You can make your choice based on this quantum random number in the certain knowledge that another Universe springs into existence where you made the alternate choice, so somewhere you are not taking a sick day after all, and can be found hard at work at your desk.

There is one more explanation for quantum measurement, proposed by Roger Penrose. He proposes gravity comes to the rescue. Once enough particles are involved in the superposition of states, the curvature in space time becomes great enough to force a measurement event. In his view, a measuring instrument is simply an amplifier which brings a

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quantum event to the point where gravity begins to matter. His solution removes the requirement for many worlds and, indeed, our curious position as the conscious beings that bring the world into existence. Of course, Penrose does not stop there. He proposes the quantum gravity interaction gives rise to conscious thought and this process is the root of mathematical intuition.

The aim of our discussion is to show where determinism might break down in the physical laws of the Universe. If our Universe is determined, there will need to be a huge quantity of information stored somewhere to tell it what to do at each step. Storing a script for the Universe is not the conventional way people imagine determinism works. Rather they explain the apparent complexity we see through the application of a simple set of rules called 'the laws of physics'. We imagine using these laws to expand up a small set of starting conditions into the complexity of the Universe we experience. This is similar to the way fractals produce beautifully complex images from a tiny quantity of information. For example, the Mandelbrot set is created from a single, simple mathematical statement just twelve characters long, with one or two starting numbers. If this is how our Universe works then our thoughts and actions are just like the fronds of a fractal. It would mean the particles in the Universe 'know' what they will do next and carry enough information with them to determine their next action. This is a testable hypothesis and the test we have devised to measure this is the twin particle experiment.

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Right and Left Socks

*"Was the world wave-function waiting to jump for thousands of millions of years until single-celled creatures appeared? Or did it have to wait a little longer for some more highly qualified measurer - with a Ph.D.?"*

John Bell

# Twins

There are several ways to make twin particles. The 'easy' way is with a laser and a nonlinear crystal. A beam of ultraviolet photons enters the crystal and about one in a billion times they interact with quantum fluctuations in the crystal lattice to create two red photons. This is known as 'spontaneous down conversion'.

There are two types of down conversion. In a type I interaction the twins have the same polarization, and in a type II they are at 90 degrees to each other. You can set up the experiment with either type, but it is important to remember which you used, or you will easily become confused. When we *talk* about photon experiments, we are usually referring to type I interactions because they are easier to understand. Often the actual experiment uses oppositely polarized photons because they are easier to generate.

Polarization is a wavelike property of photons. You can visualize them wiggling up and down, side-to-side or something in between. We use polarization to our advantage when we go on holiday to the beach; light from the sun is randomly polarized, but when it glances off the ocean it becomes predominantly horizontally polarized. If we wear vertically polarized sunglasses the glare off the ocean is blocked and we can see the ocean more clearly. The following two pictures show this effect.

The two photons we make with the crystal can be separated and sent to different places. The record so far is two towns near Geneva, 50 kilometers apart. For this experiment scientists 'borrowed' the unused fibers of Swisscom in the middle of the night – when phone traffic was light. A detector was placed at the end of each fiber to measure the particles.

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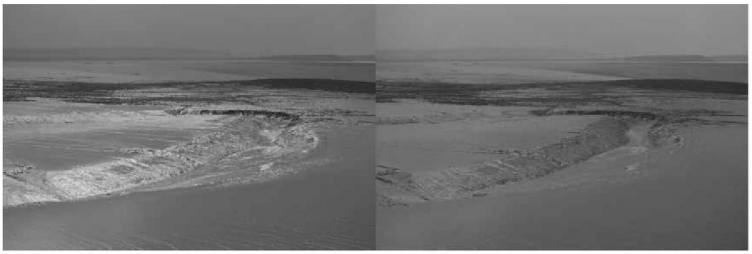

*Effect of Polaroid Lenses*

When scientists examine the polarization of these photons, they get random results. Sometimes the photon is oscillating side to side, sometimes up and down and sometimes part way in between. This can be determined simply by taking a lens out of a pair of Polaroid glasses, holding it up at an angle and seeing if the photon can pass through. Obviously laboratory grade Polaroid material is available, so scientists don't have to destroy an expensive pair of designer glasses, but the principle is identical.

Very strange things happen when the measurements are made. The polarizations appear to have no discernible pattern, but once one of the photons has gone through a polarizer in the first town, its sister photon will always be found to have the opposite polarization (or the same if it was a type I)..

Einstein was uncomfortable with this for two reasons. The first related to his famous statement, "God does not play dice with the Universe." He was deeply uncomfortable with the idea that the polarizations were random. Even more troubling to him was the idea that the sister photon somehow instantaneously had the opposite polarization. How would it know? For the sister photon to immediately have the opposite polarization, information would have to travel faster than the speed of light from the first photon to tell its sister what to do. In 1935, Einstein wrote a paper with Jacob Podolsky and Samuel Rosen describing this 'EPR' paradox. Since faster than light communication was impossible – it breaks the law of special relativity – they concluded quantum mechanics must be wrong, or at least incomplete. A deeper theory would be needed to explain the particles' behavior. One very simple explanation is by analogy to socks! (Clothing analogies are one of the ways physicists try to make quantum mechanics less intimidating.)

Consider sister photons as if they were right and left socks. If we found a left sock on the bedroom floor, we would be unsurprised to find the matching sock was a right one. There is no need for messages to flow

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between the socks faster than the speed of light to synchronize them, they already know what they are! Einstein presumed sister photons were like socks; they were emitted from the light source with their polarizations already set, though you could not see this information until you measured one of the photons. The information was dubbed 'hidden' and the theory is called hidden variable theory.

Einstein was to be proven wrong.

For many years after the EPR paper was published, physicists split into factions: some thought the world random, some believed in hidden variables, and others thought attempts to 'understand' quantum mechanics were misguided. Why should physics make sense? The equations work. Who cares why?

In 1964, John Bell, an Irish physicist working at the Conseil Européen pour la Recherche Nucléaire ('CERN'), devised a way to test Einstein's hidden variable theory. He pointed out that if photons possess hidden variables and we randomly measure them with a detector set at three angles, we would expect to see more than one-third of the photons share the same result. But, in 1972, Freedman and Clauser performed this experiment and showed the photons share the result only a little over a quarter of the time. Since 'a little over a quarter' is less than 'more than a third', Bell's theory is false. Of course, Bell was entirely happy about this, since he set the equation up to be disproven. His equation is called an inequality because the equation contains a more than sign '>' rather than an equals '=' sign, so people say that quantum mechanics violates the Bell inequality. Because the inequality is violated, photons can have no prior knowledge of their polarization.

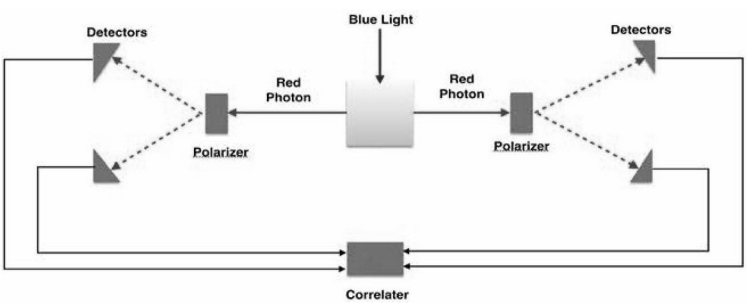


*Bell Test Experiment*

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This is quite a complex piece of mathematics so let me show you how it works. Again, our thought experiment relies on an analogy involving clothing – sorry.

In the Bell Test experiment three polarizers are set up at 0, ⅓ and ⅔ of the way around a circle, 120 degrees apart. For Einstein to be correct photons must each carry at least three pieces of information:

If I meet the 0 degree polarizer do I go through or not?
If I meet the 120 degree polarizer do I go through or not?
If I meet the 240 degree polarizer do I go through or not?

If a photon had only one piece of information, say that it was vertically polarized, it would not *know* what to do if it came across a polarizer at 45 degrees. In that case the photon would sometimes go through and sometimes not, with a fifty-fifty probability. But Einstein did not want to countenance probability. "God does not play dice with the Universe." He required certainty. "I like to think the Moon is there when I am not watching it." The photons must know enough to handle, with certainty, any eventuality they may come across. (We could set up experiments with a more complex set of choices, dividing the photons into quarters, fifths and so on, but thirds are simple numbers and we can use the children's clothing analogy to demonstrate the mathematics.)

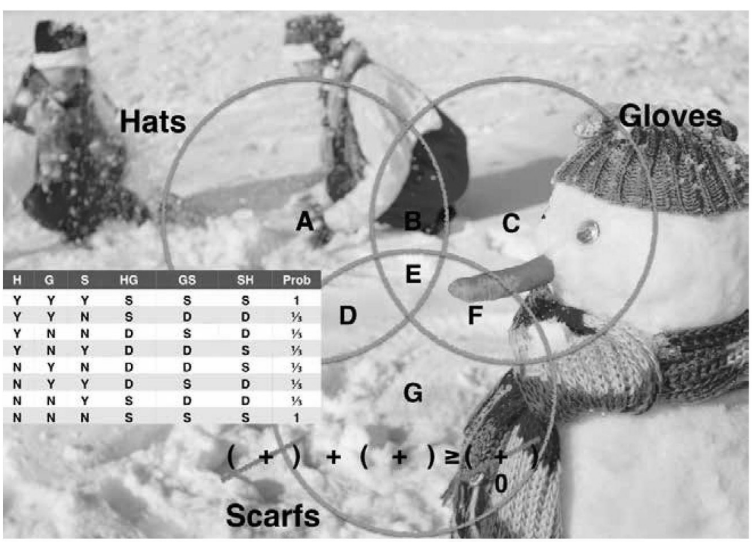


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| Y | Y | Y | S | S | S | 1 |
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| Y | N | N | D | S | D | ⅓ |
| Y | N | Y | D | D | S | ⅓ |
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*Hats, Scarves, and Gloves*

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We could liken photons knowing three pieces of information to children in a playground choosing to wear either hats, scarfs or gloves in some combination: hats for vertical, gloves for 120 degrees and scarfs for 240 degrees. There are eight choices for each child; nothing, hat, gloves, scarf, hat and scarf, hat and gloves, scarf and gloves, or all three.

Bell asked how often we would see two measurements agree. Look at the illustration and you can see when this happens. If a child was wearing all the clothes then if you check any pair, say gloves and scarfs you will always get a yes. If one of the children is wearing none of their winter clothes, you will always get a no for any pair you check. In these two cases, we are always sure to get agreement. For all the other cases, only one in three of the tests will agree. So Bell said that any time you have something with three hidden variables, there is at least a one in three chance that the measurements you make will agree, since six of the tests are one in three and the other two are certain.

Due to Heisenberg's Uncertainty Principle we can only look at one piece of clothing at a time. But, there is a trick. If there are identical twins among the children – who always dress the same way in our analogy – we can look at the gloves of one twin and the hat of another. Because they are twins if the first twin is wearing a hat we know the second one is too, without looking. We have a trick to measure two things at once.

When the test is done on twin photons only one in four, one quarter, agree. So there is a problem with the children analogy. It turns out photons don't wear gloves, hats, and scarfs. There are no hidden variables. A photon does not know what it will do before you measure it and can only decide on the fly at the point of measurement.

This means quantum particles are not *there* when they are not being observed. Observing them *does* appear to make them real. If the hidden variables, the gloves, hats and scarfs were in set positions when we were not observing them, the photon measurements would agree at least one-third of the time, but they do not. When we measure them, the two particles somehow communicate and agree to give a positive result only one quarter of the time. Bizarre, but that's just the way it is!

The Bell result is still somewhat controversial and has not been proven to everyone's satisfaction. Potential loopholes exist but are steadily being eroded. An experiment by Nicolas Giseng of CERN using the fiber optic network of Swiss Telecom to separate twin photons, shows the coordination signals must travel at least 10,000 times the speed of light – the limitation, and reason it is not infinitely fast, being the accuracy of his clocks. Daniel Sego, Daniel Danziger and Michael Wise have performed the Bell test experiment with an apparatus installed near Innsbruck

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where the choice of detector orientation was made by a random number generator after the photons had left the emitter. This shows the photons really can't know what they will do before they start their journey. Another loophole is the loss of some photons. We don't measure *all* the photons in an optical experiment because some are absorbed by the apparatus. It has been suggested all the 'lost' photons make up the error in the experiment. This is not very likely, it's akin to assuming all the voters who did not vote in an election would have voted Democrat. To avoid this criticism, an experiment has been performed with magnetized particles that don't get lost. The Bell result holds true.The loopholes are diminishing and it seems likely Bell will win out in the end.

Although the coordination information appears instantaneous, John Bell gave us an elegant explanation as to why this does not allow us to use the effect to transfer information faster than the speed of light. Imagine we are sitting at opposite ends of a room. We both toss coins and each of us write down our results; heads, tails, heads, heads and so on. I then acquire a magical power that causes your coin to make an extra flip just before you catch it, so it always gives the opposite result to mine. Although I am now controlling your coin, you cannot tell, as the result looks as random as before. The difference is simply that at first the coin orientation was random in its own right and then the opposite of my random result. It is only when I walk over and compare our results we can see they are matched in this strange way. There is no way to transmit information using this effect. Only after the experiment is finished can we exchange the necessary information to see the coordination that existed, and that comparison required me to transfer information. The fastest way to do that is at the speed of light.

Despite saying it is impossible, let us do a thought experiment and try to transmit information using Morse code. I will set up a simple old fashion telegraph machine. When I press the telegraph button at my end this will cause a measurement and the photons at your end will be forced to the opposite polarization. When I lift the key, your photons will revert to being randomized. You can see this illustrated in the diagram. Although I make your photon take up a polarization, analogous to making the coin take an extra flip, you don't have enough information to know this.

Now we are ready to use our quantum Morse machine to prove the Universe must have free will, or at least a degree of non-determinism.

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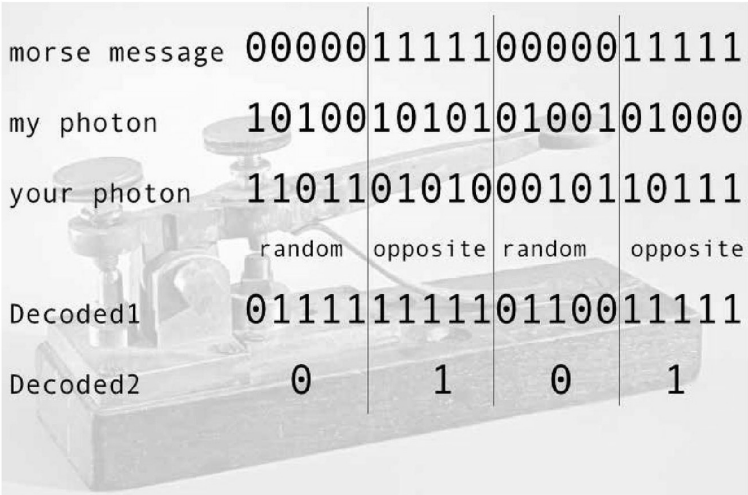


*Quantum Morse Machine*

## A Simple Free Will Theorem

In the quantum Morse machine, I *do* transmit information faster than the speed of light. But the information I have transmitted is useless as it is, in effect, encrypted using a one-time pad. The only person in possession of a copy of this one-time pad is me: the sender.

Claude Shannon proved a one-time pad is unbreakable during the Second World War. Yet the British succeeded in breaking it. How was this possible?

The fatal weakness in the German one-time pads was the random numbers used to code the messages were generated by a machine, and were therefore not truly random. The numbers followed a sequence, and it was possible for Allied code breakers to work out the sequence and decode the messages. It follows that if we believe no message can propagate faster than the speed of light, my sequence of numbers must be non-computable. There must be no algorithm or computation that could generate it. Otherwise it would be liable to the same sort of decryption attack that the one-time pads suffered. If sequences of random measurements taken in the universe are non-computable it follows the Universe as a whole must be non-computable.

There are a few holes you could pick in this argument. Would it be sufficient if it were impossible to decrypt the message in the age of the Universe? What if there was an algorithm, but it was practically unknowable? But, I am talking here of principle. In principle, the Universe must be non-decryptable.

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Richard Dawkins and the Atheist Tour Bus

*"God exists, if only in the form of a meme with high survival value, or infective power, in the environment provided by human culture."*

Richard Dawkins

# Does God have Free Will?

Any discussion of free will is incomplete without some mention of God. Scientists generally avoid the topic, but since we're talking about such a fundamental concept, we must consider whether the Universe would be any different if it had a creator.

Recently there have been two widely publicized attacks on religious belief from the scientific community: the head-on attack from Richard Dawkins in *The God Delusion* or, the hard hitting sideswipe by Stephen Hawking in *The Universe in a Nutshell*.

Hawking made the front pages in 2000 with the statement: "There is then no need for a creator." He was considering whether God needed to ignite the Big Bang or if it occurred as a natural result of the laws of physics. Hawking had run the mathematics and realized a god was not needed to light the blue touch paper for the Big Bang - the laws of physics spontaneously caused it. His argument does not actually preclude the existence of a god, but it does move the point where we need a creator one step further up the chain.

This is not a fundamental change to the progress of theological argument over the last thousand years. Once we abandon our vision of God as a master builder, literally breathing life into Adam while putting the finishing touches to the Garden of Eden, we can move him up the causal chain as far as we like, eventually reaching a point where intervention is necessary to get things started. Hawking is only pointing out an intervention is not needed at the point of the Big Bang. It still begs

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the question "Where did the laws of physics come from?" If you don't believe in a god then pushing a creator figure further and further up the chain eventually makes him redundant. If you have faith, you can take the position God is the creator of the fundamental rules.

Regardless of your personal position, I would like to make the argument for free will independent of belief. We must resolve the age-old paradox: How can God be all-knowing and all-powerful, and still have free will?

This is a long-standing theological debate dating back to the 15th century. It splits theologians into two camps. The first maintains God has both omniscience and omnipotence, and they are not inconsistent. This is the compatibilism argument again. Despite the acknowledged paradox, they argue that we should simply accept it and acknowledge that we are unable to comprehend such things. I don't like this argument because it essentially denies reason. We are supposed to acknowledge that we simply cannot understand the mind of God. I prefer the more modern argument from the second camp that omnipotence trumps omniscience. It preserves the view that man can reason about the Universe – "Man is made in God's image."

This argument follows the logic: God must be able to choose not to know what will happen in the future so that he can have free will.

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Fork in the Road

*"When making a decision of minor importance, I have always found it advantageous to consider all the pros and cons. In vital matters, however, such as the choice of a mate or a profession, the decision should come from the unconscious, from somewhere within ourselves. In the important decisions of personal life, we should be governed, I think, by the deep inner needs of our nature."*

Alan Turing

# The Free Will Theorem

In 2006, John Conway and Simon Kochen published *The Free Will Theorem*. The paper received huge press attention and has been widely discussed in the scientific community. Their theorem states that; provided experimenters are free to run their experiment as they choose, the behavior of the particles they experiment upon is not determined in advance. Particles have free will!

If we go back to the Bell Test experiment, this proved twin particles do not carry around a parcel of information telling them what to do. Perhaps they get their marching orders from some outside influence. There are two possibilities. A particle is either told what to do by its environment or it gets its information from some data source. Can we use the laws of physics to test these possibilities? We don't need to know how the influence works, just that it might exist in principle.

Conway and Kochen prove there can be no external influence, and when a particle reveals its spin, that spin was not known beforehand. It is independent of any information in the history of the Universe up to that point.

Conway and Kochen's proof is elegant and involves some mental gymnastics, but it is no harder than Archimedes' proof of the infinity of primes we looked at earlier. Let us start with our twin particles. We are going to pick bosons, which have whole number spin. If you measure the spin, you will always get a reading of -1, 0 or +1. 'Spin' is one of those words physicists use to explain quantum things. It does not necessarily denote rotation but, if your mental model is a spinning top, that's not too

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bad. If we measure something in the quantum world, it always yields a classical result – in this case the magnitudes of spin are 1, 0 and 1. (Minus one squared is one.)

We need to imagine measuring the spin of a particle along three axes; x, y and z. Hold your hand up and make a shape that looks like the one in the following picture. You might remember it from science classes; it was used to help you understand Fleming's left-hand rule. For our purposes it does not matter which hand you use; it is just the shape that matters. I am going to use my left hand for sentimental reasons.

Now, imagine the palm of your hand is the measuring apparatus: your index finger the x axis, your middle finger, y and your thumb, z. At any moment you can move your hand to point in any direction and take a measurement. We will have to round up or down. Quantum mechanics is named 'quantum' because *all* the readings must be whole numbers. You will never see 10% spin in x, 90% in y and 85% in z; just ones, and zeros. The measurements for a Boson will always be 1,0,1 in some order. This is known as the '101' rule.

Now, we ask the question: does a particle have a definite spin before we take a measurement? The instinctive answer is yes, and this way of viewing things is known as realism. It seems obvious that even if we did not make a measurement, the particle would still have its spin; we just wouldn't know which type. Einstein explained realism by saying "I like

*Kochen Specker*

HOUSE_OVERSIGHT_016034

to think the Moon is there when I am not looking at it." But, how can we test his statement? How can we know something is there without taking a look? There is a way...

Let us suppose the particle had a definite spin before we measured it. Perhaps its spin points at the top left hand corner of the room. Imagine taking many measurements and seeing what happens. We can point our hand in any direction: top of the room, bottom left corner, bottom right corner and so on. Each time we point our hand in a direction we must get 1, 0 and 1 in some combination (110, 011, 101). The particles are 101 particles and this is an absolute rule.

Let's imagine doing the experiment. We fix the spin of a particle and begin to take measurements, noting the answers as we go. If we get a borderline condition we obey the 101 rule and give ourselves a 1, 0, 1 reading. As we move our hand to take measurements, a problem begins to emerge. Every now and again we obtain a measurement that conflicts. We chose a 1, 0, 1 when we were pointing our index finger towards the floor, but if we point the finger toward the door, we need that original middle number to have been a 1 for consistency. (The middle finger is now pointing in the direction the index finger pointed to for the first reading.) To fix the inconsistency we can change our original borderline decision to a 1,1,0. All is well and we continue. But, as we get over 30 measurements, we can't seem to find any way to make all the 1,0,1s fit together. After scratching our head for a while, we realize there might be no solution. And indeed there is not. This is the Kochen-Specker Paradox. The odd shaped cubes on the building in the Escher print are an example of one of these impossible figures.

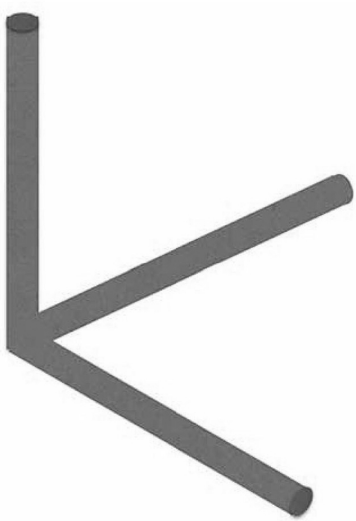

*1 0 1 puzzle piece*

An analogy to this problem is trying to solve a broken Rubik's Cube. There is a really mischievous trick you can play on someone: reverse two colors on a Rubik's Cube. You can easily do this by snapping one of the edge blocks out, turning it around and snapping it back in. When the colors are already muddled up this is not obvious. Now give your

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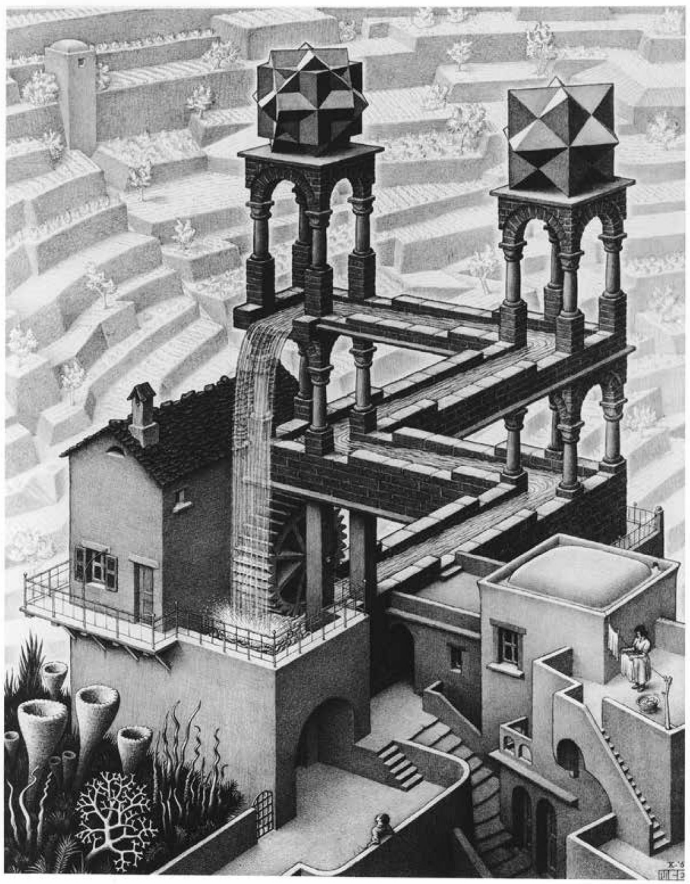

*M. C. Escher's Waterfall (Impossible Shapes)*

friend the puzzle and they will spend hours trying to solve it! It can't be done because the puzzle is put together wrong. And in this matter nature is also put together wrong! With as few as 33 measurements it is impossible to construct a consistent three-dimensional shape that has 1s and 0s obeying the 101 rule in every place. The only way to complete such a shape is with a measurement that is both simultaneously zero and one: a paradox. We know what happens when we generate paradoxes. It means one of the original assumptions is false and, in this instance, the falsehood is that a particle has a definite spin before we measure it. It

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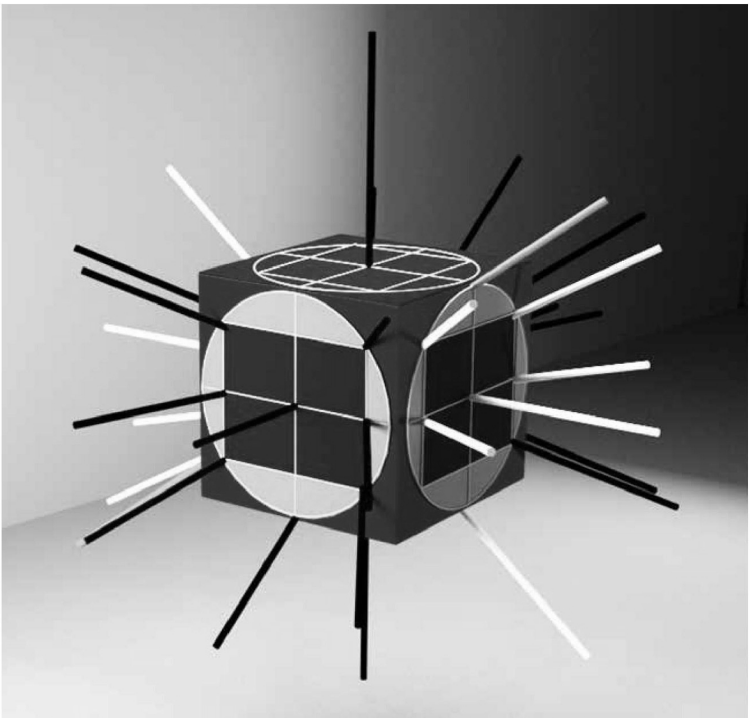

*Kochen-Specker Cube*

cannot. It must make up its mind on the fly. Einstein would be horrified. Realism is violated by the quantum world: reality and measurement are intertwined.

The Kochen-Specker paradox shows us that a particle only makes its choice at the point of measurement. This does not prove it has free will as it might still be told what to do by some external entity. It's rather like the famous game show, *Who Wants to be a Millionaire?* The particle could answer the spin question in four possible ways. First, it could *know* the answer, but we have just proven it does not. Second, it could *phone a friend* obtaining the answer from some cosmic arbiter. Third, it could ask the audience and take a vote from all the particles around it. Finally, it could freely choose, without recourse to any of the other possible options – in other words, it would guess!

HOUSE_OVERSIGHT_016037

A guess would mean particles have free will; no extraneous influence or piece of information either on their person or from some external source could have any effect. We are now going to prove the particle *does* guess.

## The Proof

Conway and Kochen construct their proof from a small set of axioms, which form a rhyme. The axioms are; twin, fin and spin.

If two particles are separated by a distance (fin) and entangled (twin), the spins of the particles (spin) cannot be determined by any information in *their* history of the Universe up to that point. The proof relies on a thought experiment.

Consider twin particles separated by a long distance. Physicists call this 'space like separation'. All this means is one particle is measured on, say, Earth and the other on Mars, so relativity is significant in the experiment. This may be impractical today but there is no reason the experiment could not be done in principle. In the future, our children could set up on the UN Moon base and fire one photon to a detector on Hubble II and the other to the future Mars Orbital Station. Farfetched? If you had told Einstein back in 1947 that in less than 70 years we would be able to measure individual photons by sending them down spun glass fibers to locations separated by 50 kilometers, involving a multidisciplinary team composed of American, German, French and Russian scientists, all working in harmony, he might have been equally incredulous.

As the proof introduces relativity we also need two imaginary rocket ships. They must be traveling below the speed of light, so no Star Trek Enterprise or Millennium Falcon. We will have to stick with an old-school spaceship, the Sulaco from *Aliens* should do the trick. They must travel in opposite directions, passing our Moon Base just as the scientists run the experiment.

Special Relativity shows our Universe has a strange property: there is no such thing as a simultaneous event for two observers – at least if they are separated by any distance. From the point of view of the first spaceship, the measurement on Mars occurs first. But from the vantage point of the second observer, the measurement on Hubble occurs first.

Now comes the proof by counter example. Let us suppose the particles *were* influenced by an outside effect and had no free will.

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Let us say the Mars particle chooses its answer because of an external influence. Its Hubble twin must choose the same answer. There is no problem with this because the Hubble particle could have made its decision before the Mars particle, so the decision was not predetermined.

But in another frame of reference the choice is made in the opposite sequence. The Hubble particle chooses after the Mars particle. This is predetermination and it breaks the Kochen-Specker theorem.

You can reverse the whole analysis and see the same problem from the other point of view. There is a paradox here however you look at it.

The only solution to the paradox is that both particles make their choice without any information from an outside source; particles have free will. This means at least one new piece of information spontaneously appears in the Universe – a 'bit' of free will, so to speak.

You might think there is a problem because the first particle affects its twin, even if the second did not receive any outside influence. This would result in the Kochen-Specker paradox reemerging. There is a neat way out of this; time has no meaning for the particles. Or, I should say, relative time has no meaning and, therefore, has no effect. There is no concept of before or after between the particles. They live in a little bubble of space-time where the order of events has no meaning. The particles make their free choice together within this safe bubble, and the paradox is avoided. When we come to measure them, we see they both made a random decision together, but if we ask which made it first, the question has no meaning. There is no clock valid for both particles, so there is no possible answer to the question.

Conway and Kochen have proven sub-atomic particles have free will – or at least entangled bosons do. At this point, their argument becomes a philosophical one. They propose that these particles pass on this free will to larger entities in the Universe and ultimately to us. Although particles are small and insignificant, they are the fundamental building blocks of nature, and the butterfly effect multiplies up tiny variations in the microscopic world into the macroscopic events we see.

Although their theorem is very elegant, we still have to address the question of whether the experimenter has the true freedom to run the experiment in the first place: the determined determinist argument.

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Russian Dolls

*"Great fleas have little fleas upon their backs to bite 'em.*

*And little fleas have lesser fleas, and so ad infinitum.*

*And the great fleas themselves, in turn, have greater fleas to go on.*

*While these again have greater still, and greater still, and so on."*

Augustus De Morgan

# Free Will Universe

I believe we live in a Universe where information comes into existence through the creative endeavors of human beings. When Andrew Wiles discovered his solution to Fermat's Last Theorem, he did something a computer cannot do and demonstrated non-computational thought. But there is an alternative explanation put forward by the determined determinists.

Daniel Dennett – the standard bearer for this camp – believes everything in the Universe is entirely determined. He argues there is no place in the laws of nature for free will to arise.

Both sides of the argument agree Turing prohibits a general-purpose machine from solving all mathematical problems, but that seems to be the extent of agreement. The determinists solve the Wiles Paradox by arguing he is a special purpose machine, perfectly able to find answers to non-computable problems. The Turing prohibition only applies to general purpose machines. Let us run a thought experiment to see what sort of Universe we would live in if special purpose machines were the answer to this puzzle.

If the Universe is determined, it can be modeled as a single algorithm. If everything in the Universe evolves according to a set of rules, it will run like a giant piece of clockwork or one large computer game. Each solar system, planet, and individual mathematician would evolve along preordained lines. Mathematicians would operate as software subroutine and would rely on further subroutines to explain the beating of their hearts and the way the molecules of their body interact.

If our Universe were organized in this way:

This Universe *could not* discover solutions to arbitrary problems.

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This Universe *could* be preprogrammed with every theory we could ever discover within it. (There would be no arbitrary problems.)

This argument neatly sidesteps Turing's theorem by specifying there is no such thing as an arbitrary problem – a random problem picked from the infinite set of problems. At the same time, it sets certain characteristics of such a Universe and I believe we can test these...

A computable Universe must already know the solution to every problem it will encounter above the logic limit: It cannot discover knowledge on the fly. For many problems, a small number of fundamental rules can account for everything. Although our galaxy and the beautiful nebulae we see through our telescopes look complex, they might be the result of some such simple set of rules – just like a fractal. That's Stephen Wolfram's solution to the mystery of our Universe. But some problems are complex. The solution to Fermat's Last Theorem is an 80 page document consisting of 5 million bits of information. All this must be stored somewhere in the Universe. It might not be stored as a string of bytes, it could be found in a set of equations governing the motion of the atoms such that at some point – in 1995 to be exact – they all line up in Andrew Wiles' brain to direct his fingers to type out the proof. In this case, the Universe has solved a mathematical puzzle because it was specifically set up to do so from the time of the Big Bang, but this raises three questions:

Where does the Universe store this enormous amount of information?

How does The Universe hold the information reliably?

How did the pre-Universe solve the problem, so it might program the Universe at the moment of the Big Bang?

The first question is probably answerable. The Universe is a big place and could store sufficient information to solve the mysteries that puzzle the inquisitive creatures that inhabit its planes. There are many practical problems to consider, such as how to preserve the information through all the strange evolutions of our Universe; inflation, star formation, and so on. But it could be done.

The second question is insurmountable and presents the counter argument to the determinists. Our Universe appears to be composed of non-deterministic objects. Such objects exist in the mathematical world; Kochen-Specker cubes, for example. Unfortunately for the determined determinist, bosons behave according to the same principles. In case you're thinking thinking bosons are rare, light is formed of bosons. Our

HOUSE_OVERSIGHT_016042

whole existence is surrounded by non-deterministic physics. Therefore, your actions are not predetermined by anything in your local corner of the Universe – the past light cone if you want to be strict about the physics.

The determined determinists are a determined bunch. Just because the information that determines your actions cannot be encoded by the particles you are made from, does not mean you are free. The information could be stored in parts of the Universe we cannot see, or held outside the Universe in some sort of cosmic hard drive. Every creative event in the Universe would be specified in this store.

But this begs the third question: How was this store of information generated in the first place? If a Universe contains creative things – as our Universe does – there is no way to computably generate the necessary determinist store of information. The Universe has free will because there is no deterministic process that could generate it.

If our Universe were a Turing machine, everything within it would be too. Think about the deterministic clockwork argument I gave earlier. If you try to construct a better – say a more random – machine inside a Turing machine, an observer could simply ignore the better machine hidden within it, and watch the outer machine work. The outer machine will predict the operation of the inner machine perfectly, even if the inner machine is fiendishly complicated. We have to consider the machine on which our human software runs. Our bodies, our minds, all that we are, is software running on the Universe's hardware of quarks and photons. If the hardware is deterministic, then so is our software. And if the hardware is deterministic, there can be no creativity within the Universe.

So the free will camp has an argument easily as frustrating as the one deployed by the determinists. Every time a determinist asks, "How do you know you were not always going to do that?" the free will believer can reply, "You asked me a question. If this dialogue is to have any significance, then we must exist in a rational Universe and, therefore, the laws of information give us creativity and free will. If you believe we are fully determined, there is no point in my answering your question."

I reason. Therefore, I have free will.

**The Universe is not a machine.**

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*Chapter 16*

# THE QUEST FOR KNOWLEDGE

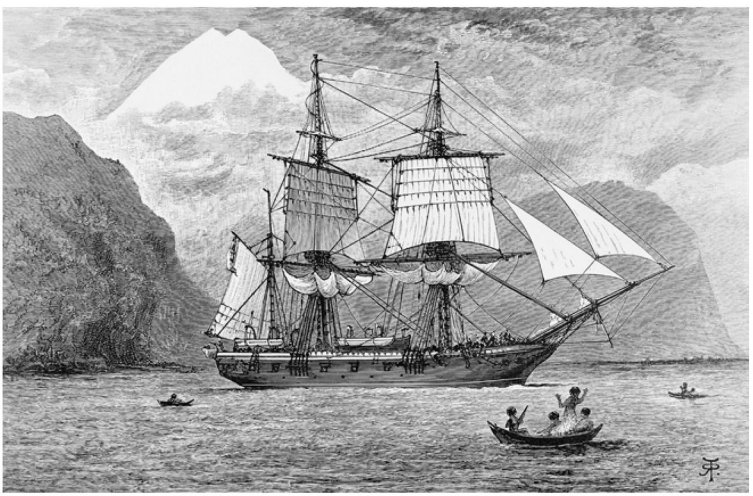

Darwin's Beagle

*"Sometimes I've believed as many as six impossible things before breakfast."*

Queen of Hearts in
Lewis Carroll's Alice

*"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change."*

Charles Darwin

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We celebrate creativity with many competitions and prizes. I have been a student of problem lists of over the years. Here is my list of the problems remaining open in the modern world. I've tied it in with other lists where relevant, and indicate what you might win if you were to solve one. As I was writing this book, a few of the questions were answered; the Higgs Boson was discovered and the Poincaré Conjecture proven. I will keep the list up to date on the web site.

1. **Mathematics** Fields Medal
   - 1.1 The Birch and Swinnerton-Dyer Conjecture.[C]
   - 1.2 Hodge Conjecture [C]
   - 1.3 Navier-Stokes Equations [C]
   - 1.4 A proof or disproof of P =NP [C]
   - 1.5 The Poincaré Conjecture [C] – Solved
   - 1.6 Riemann Hypothesis [h8 C]
   - 1.7 Yang-Mills Theory [C]
   - 1.8 Can we understand and solve all 23 Hilbert Problems [h1-23]
   - 1.9 Goldbach Conjecture [h8]
   - 1.10 Is mathematics fundamental to or simply a good model of our Universe? [H6]
   - 1.11 Is mathematics an emergent property in our Universe or causal? Which is more fundamental?
   - 1.12 Fermat's own original proof of his theorem!

2. **Physics** Nobel Prize for Physics
   - 2.1 Are there many worlds or just one?
   - 2.2 Does quantum collapse have meaning?
   - 2.3 Will we find the Higgs-Boson? (Provisionally yes, 2012)
   - 2.4 Do we need quantum gravity to explain human thought?
   - 2.5 Will we observe gravitational waves, and what is the current explanation for gravitational noise?
   - 2.6 What causes the arrow of time and the asymmetry of physical laws?
   - 2.7 Do the constants of physics change over time?
   - 2.8 Is quantum computation sufficient to simulate the universe, or is the universe non-computational?
   - 2.9 Can magnetic monopoles exist?
   - 2.10 What is meant by quantum non-locality, a.k.a., spooky action at a distance?

HOUSE_OVERSIGHT_016047

2.11 Is there a theory that would unite gravity with the other three forces: a Theory of Everything?
2.12 Is Schrödinger's cat alive or dead in the box?
2.13 Does ball lightning exist and can it be made in the laboratory?

**3. Cosmology** Nobel Prize for Physics

3.1 What is the nature of Dark Matter?
3.2 What is the nature of Dark Energy?
3.3 What is Dark Flow?
3.4 The slingshot anomaly.
3.5 Did inflation really happen?
3.6 Was there a singularity at the origin of our Universe, and what happened before the first second? An eternity?
3.7 Can any information travel faster than the speed of light?
3.8 What is the cause of the Pioneer anomaly? (solved in 2011)
3.9 Are there aliens?
3.10 The Goldilocks question. Why are the cosmological constants so finely tuned?
3.11 Do real numbers exist or is our Universe quantized?
3.12 Why is there little antimatter?
3.13 What are cosmic rays and where do they come from?
3.14 What was the WOW signal?
3.15 Does the fine structure constant vary over time?
3.16 If we live in an infinite Universe, why don't we see more strange things?
3.17 Why is the cosmic background radiation so smooth?
3.18 How can we explain the lack of total smoothness of the cosmic background radiation!
3.19 Is there an explanation for any detail in the cosmic background radiation map?

**4. Engineering** Nobel Prize for Chemistry, Turing Award

4.1 Can we achieve economic nuclear fusion?
4.2 Will we realize cold fusion? (Partially demonstrated)
4.3 Can an amateur get to the moon?
4.4 Can an amateur collect a rock from the moon? X
4.5 Will we make an Artificial Intelligence?
4.6 Can we make a Tricorder? X
4.7 Can we power the world from renewable sources?
4.8 Will robots go to war in the future?

HOUSE_OVERSIGHT_016048

4.9 Can we make a robot indistinguishable from a human and cross the uncanny valley?
4.10 What is the tallest building we could build on planet Earth?
4.11 Will we routinely use flying cars by the end of this century?
4.12 Will we have a base on the Moon or Mars in this century?

## 5. Biology Nobel Prize for Medicine

5.1 Why is the placebo effect so strong?
5.2 Can we cure the common cold?
5.3 Is there a generally effective treatment for cancer?
5.4 Can we find a vaccine against HIV?
5.5 Can we cure endemic diseases such as malaria, or is it an arms race?
5.6 How plastic are our genes and is epigenetics a significant factor?
5.7 Can we cure dementia? [L]
5.8 Can we make a desktop gene sequencer? [X]
5.9 Will we prove the Kurzweil Hypothesis that technology will allow us to live forever?
5.10 How old will we live to with a reasonable quality of life?
5.11 Can genes jump between organisms? Even participating in whole scale fusion?
5.12 Will we be able to grow organs?
5.13 Will we clone a human from an adult?
5.14 Can we clone a dinosaur?

## 6. The Mind Nobel Prize for Medicine

6.1 Does the Flynn Effect mean we are really becoming more intelligent?
6.2 What is the nature of consciousness?
6.3 Do we have free will?
6.4 Which is more important: Nature or Nurture?
6.5 What is humor for?
6.6 Do some people have photographic memory? (yes, recent)
6.7 What is the purpose of sleep and, in particular, dreams?
6.8 What is understanding?
6.9 Do we ever truly know something?
6.10 How does the brain think?
6.11 Is the brain a quantum device?
6.12 Why do we get stressed?
6.13 Why are some people more intelligent than others?

HOUSE_OVERSIGHT_016049

6.14 What limits our ability to concentrate and work hard mentally?

**7. The Ancient World** Pulitzer prize for History

7.1 What is the Linear-a script discovered in Crete?
7.2 Where are the ruins of the Light House at Alexandria and indeed Alexandria itself?
7.3 What is the location of the Lost City of Atlantis if it is not a myth?
7.4 Will we ever find King John's Treasure?
7.5 What is the truth to the legend of El Dorado?
7.6 Why were the pyramids built?
7.7 What was the purpose of Stonehenge and who built it?
7.8 How many books and how much knowledge have we lost?
7.9 Did King Arthur and Camelot exist in any real way?
7.10 Why did the people of Easter Island build their statues?
7.11 Was there an ancient flood, suggested by the Bible and other ancient texts?
7.12 Are the Seven Wonders of the Ancient World lost forever?

**8. The Modern World** Nobel Peace Prize or Prize for Economics

8.1 Is there a best political organization for a country?
8.2 What is the best political balance of federation and autonomy?
8.3 The Black Swan Effect: Why do improbable things happen?
8.4 Is there a right way to run the economies of the world?
8.5 When is it right to intervene in a conflict, and when is it best to leave a country to its own devices?
8.6 What is the best way to choose a political representative?
8.7 Will we ever abolish war?
8.8 Why is the gap between rich and poor increasing in most of the world today?
8.9 How powerful should states be compared with world organizations?
8.10 Is there a right level of tax?
8.11 Are morals absolute or relative: euthanasia, abortion, gay marriage, eating meat?
8.12 What will we do about our aging population?

**9. Planet Earth** Goldman Prize for the Environment

HOUSE_OVERSIGHT_016050

9.1 Is man-made global warming real, and if already proven will we ever persuade the US government?
9.2 What caused the Tunguska Explosion?
9.3 What caused the extinction of the dinosaurs?
9.4 Can we predict earthquakes or eruptions?
9.5 What caused the reversing of the poles and when will the next one occur?
9.6 What was the origin of life on Earth?
9.7 Will we be wiped out by an asteroid before we build a suitable defense?
9.8 Can we grow enough food to feed the planet? [L]
9.9 Can we give clean water to everyone on the planet? [L]
9.10 Is increasing air travel compatible with survival of the planet? [L]

**10. Philosophy** Nobel Prize in Literature and others

10.1 Is there a God?
10.2 Where did we come from if we are not made by a god? And if we were, then where did God come from?
10.3 Where do morals come from?
10.4 Is there a reality?
10.5 Is there life after death?
10.6 Do we have free will?
10.7 Is beauty in the eye of the beholder?
10.8 What is the meaning of life, the Universe and everything, other than 42?

**11. Conspiracy and Paranormal**

11.1 Is there anything going on in the Bermuda Triangle?
11.2 Do aliens make crop circles? (disproven hoax)
11.3 Who was Jack the Ripper?
11.4 Can the mind bend spoons? (hoax, admitted)
11.5 Does the government suppress UFO existence?
11.6 Why was the Mary Celeste abandoned?
11.7 Is the Turin Shroud that of Christ?
11.8 Do the Abominable Snowman and Sasquatch exist?
11.9 Are there ghosts?
11.10 Is there a paranormal?
11.11 Do aliens live amongst us?
11.12 Was there a conspiracy in the shooting of JFK?

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**Cross reference to other lists**

Hn: Hilbert's Problem
C: Clay Mathematics Millennium Prizes
X: XPRIZE
L: Longitude Prize

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Nobel Prize Medal

*"If I could explain it to the average person, I wouldn't have been worth the Nobel Prize."*

Richard P. Feynman

# Awards for Discovery

People like prizes. Competition drives humans forward in a way we don't properly understand. In film, we have the Academy Awards, whilst on the web we have The Webbies. Some prizes, such as the Nobel Prize, Fields Medal and Pulitzer Prizes, have a long and distinguished history, while others such as the XPRIZE are more recent creations. Some prizes, such as the Ig Nobel Prize and the Golden Pineapples were mainly created for their humorous value. Prizes are not a recent phenomenon. The Longitude Prize, originally won by John Harrison, is being revived in Britain in 2014 to mark its 300th anniversary. The original prize, £10,000 in its day, was awarded by the British government for making a device that allowed ships to determine their East-West position (a sextant only gives north-south). The 2014 prize is £10m pounds and the topic will be chosen by public vote! Here is a small history of some of the more famous prizes.

## Nobel Prizes

Alfred Nobel spent his life developing weapons and explosives. His laboratory was built in the middle of a lake with a bridge running to it, so if he blew himself up doing an experiment, only he would die. He managed to stabilize nitroglycerine by mixing it with saltpeter and created

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*Pulitzer Medal*

dynamite. This was used in the mining industry but also extensively in weaponry, so he came to be known as the Merchant of Death during his lifetime.

To be known as the merchant of death would have a profound effect on anyone. As Nobel pondered the balance of his life's work he decided to do something positive with the huge wealth he had accumulated. On his death in 1896, he willed his entire fortune to create the awards we now call Nobel Prizes.

There were five original prizes; physics, chemistry, peace, physiology or medicine, and literature. A newer economic science prize is awarded by the Royal Swedish Academy of Sciences.

You must be alive to receive a Nobel Prize; a few have been awarded posthumously because the laureate died after the winner was announced but before the award ceremony. The work must have been proven experimentally, and although originally it was supposed to be for discoveries in the previous year, nowadays a theory must have stood the test of time. Consequently, winners tend to be quite old. The prize must be for something with practical applicability – Einstein received his Nobel Prize for the Photo Electric Effect, rather than his more famous Theory of Relativity. The judges evidently thought particles more practical than planets! The prize is usually awarded to a maximum of three people. This has produced some controversial results but despite this the Nobel Prize is the uncontested top prize in science.

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## Pulitzer Prize

A Pulitzer Prizes is to the arts what a Nobel Prize is to science. Again the Prize was the result of a bequest. They are awarded in the fields of music, art and literature. Unlike Nobel Prizes, where there are no public nominations and you might wait a lifetime for the phone call, you enter your name for a Pulitzer Prize. Most people associate the term Pulitzer Prize winner with journalism, but about 25 Pulitzers are awarded each year. You must be a US citizen to enter.

## Turing Award

Originally set up by the Association of Computer Machinery, this award comes with prize money of $250,000, supported by Google and Intel, and goes to a person who significantly advanced computer science or artificial intelligence in the previous year. It is considered the Nobel Prize for computing.

## XPRIZE

XPRIZEs are awarded for technology and bear the democratic stamp of the Internet age. Anyone can propose a challenge but they must also provide the prize money! It's big money. The Ansari XPRIZE for the first

*XPRIZE First Award Ceremony*

non-governmental organization to put a man in space was $10 million, awarded in 2004. There are a growing number of XPRIZEs, including, at the time of writing:

- Google Lunar XPRIZE, $30m to put a rover on the Moon.
- Qualcomm Tricorder XPRIZE, $10m to make your mobile phone into a hand held medical health scanner, similar to the Star Trek tricorder.
- Nokia Sensing CHALLENGE, $2.25m to build a hand-held medical scanner.
- Wendy Schmidt Ocean Health XPRIZE, $2m to create a method to measure the ocean's pH.

## Fields Medal

The equivalent of a Nobel Prize for mathematics is a Fields Medal. Joseph Field provided the money and helped set up the prize. Today it is administered as part of the International Mathematical Union. You must be under 40 to receive the prize. Andrew Wiles was 45 when he solved Fermat's Last Theorem, so they created a special prize for him called a Fields Fellowship. Until recently only men had received the prize. However in 2014 Maryam Mirzakhani won the prize for her work on the geometry of Riemann surfaces.

*Fields Medal*

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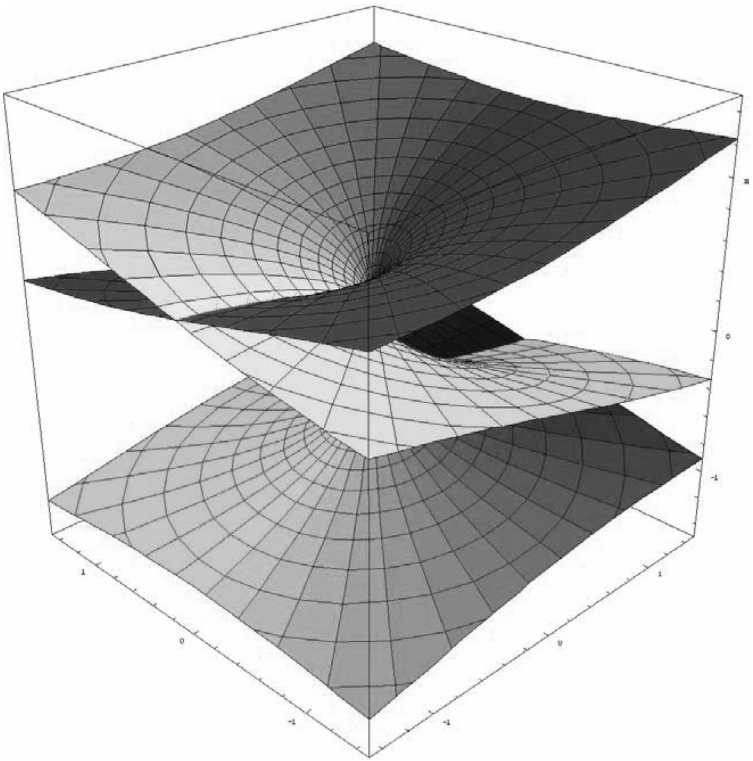


*Riemann Surface*

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## *Chapter 17*

# THE FUTURE

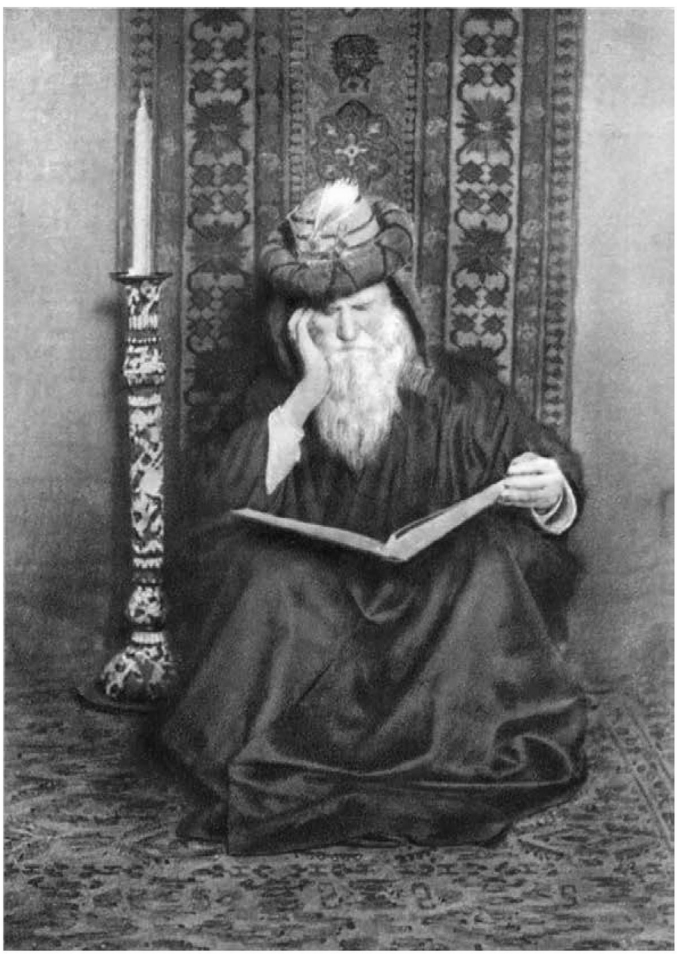

Omar Khayyám

*"Prediction is very hard, especially about the future."*

Niels Bohr

*"The Moving Finger writes: and, having writ, Moves on: nor all thy Piety nor Wit Shall lure it back to cancel half a Line, Nor all thy Tears wash out a Word of it."*

Rubaiyat of Omar Khayyam,
Edward FitzGerald

رباعیات عمر خیام

I remember when I was eight years old, being asked to draw a vision of the world in the year 2000. In my the home of the future, rather than going to the shops to get milk, orange juice and cornflakes, they would arrive by pipe. These days I know about microbiology and realize this would have been highly impractical and perhaps rather dangerous. I could claim some premonition of the Internet at this point; no self-respecting science book is complete without one of these!

Of course, the truth is I had no more idea of the way things would turn out than anyone else. Now that I am a little older let's see how much trouble I can get into predicting the future.

I think we will build thinking machines – AIs – using our insights into the operation of the brain. They will not be like the computers of today but will still be physical devices. There is nothing overtly spiritual in my conception of the way we operate, but I am arguing that the human mechanism is more complex than a digital computer. Building these machines will be hard, and they will not be 'machines' in the sense I have used throughout this book. They will be minds.

When we build AIs that think and feel, will they acquire 'human' rights? Might one of my grandchildren fall in love with an AI, perhaps even marry one? On the darker side, how will they view us: what place would we have in their world once we had brought them into being? However, I think this process of building an AI will be hard and in one hundred years' time we will still be struggling with the problem.

In this book, I have presented a way to understand the creative process within our Universe. It relies on the existence of non-computable processes in our brain and in the physical laws which govern them. Currently, the laws contain a big hole. Although we can, perhaps, see where freedom might come from – through randomness and non-determinism – we don't understand where the will emanates to shape the Universe. Over the next thirty years, I think we will begin to understand this and see how creativity relates to the Universe we observe. I am not suggesting any anthropic principle, or some grand interaction between mankind and the Universe, just an important simple freedom: That we humans are free to think and do as we please. When I choose to lift my arm and raise a glass of wine with friends, this is my choice. I am the cause. The effect is the displacement of my arm, causing photons and gravitational waves to ripple out across the Universe, and in that sense I freely affect my environment.

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Da Vinci, Self Portrait

*"A good painter is to paint two main things, men and the working of man's mind."*

Leonardo da Vinci

# *Appendix 1*

# Acknowledgments


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Reading Room at the British Museum

*"From the moment I picked your book up until I laid it down I was convulsed with laughter. Some day I intend reading it."*

Groucho Marx

# *Appendix 2*

# Bibliography

I am not resident at an academic institution, nor do I work for a large company with access to a broad range of journal subscriptions. I have a degree in Physics and Computer Science, so I am no layman. The modern web gives amateurs like me, easy access to enormous information resources that would only have been available from the finest University libraries even five years ago. Over time I have built up a personal library of books in the field, many of them ex-library copies which, by their date stamps, were never borrowed in their home universities!

I'm always skeptical of the enormous bibliographies found in the back of science books and whether they are ever read. If you want a pointer to the next books to read, here are some suggestions: *A Brief History of Time, The Man who Mistook his Wife for a Hat, The Emperor's New Mind, The Naked Jape, Gödel Escher Bach, Proust and the Squid, Logic, A Five Day Course in Thinking, Your Brain on Music, The 4% Universe, From Eternity to Here* and *Time*.

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|---|---|
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HOUSE_OVERSIGHT_016083

ATLAS, CERN

*"Good one, publish."*

Milliken

*Appendix 3*

# Puzzles and Experiments

In this book I have suggested some experiments for you to undertake, and posed some puzzles to solve. You can participate in the experiments or see the answers by going online and checking my website at www.jamestagg.com

Jeopardy Answers from Chapter 1.

Answer 1. Watson answered, Gestate.

Answer 2. Watson answered. Who is Bram Stoker.

Answer 3. The answer is Chicago but Watson answered "Toronto?????", the question marks indicating it was very doubtful of the answer.

HOUSE_OVERSIGHT_016085

Panda, Eats Shoots

*"Parenthetical remarks (however relevant) are unnecessary."*

Frank L. Visco,
*How to Write Good*

*"Defining what we mean by a robot is hard to do. I know now when I see one but that definition works for anything, even pizza."*

Mike Gregory

# *Appendix 4*

# Conventions in the Book

The use of *italics* is intended to give accent or indicate the title of the published work, such as a book or movie. Inverted Commas should read, 'so called'.

The use of the 'Oxford Comma' – a comma after 'and' – gives a longer break in a sentence to aid better understanding. You will find both 'and' and, 'and,' used in this book deliberately.

The use of 'their' substitutes for he or she, and is a convention I believe will supersede, 'he' or 'she' and, 'him' or 'her'.

The puzzles in this book are all available to download, so you don't need to deface the book. Feel free to deface it if you wish. Buy the electronic version and save trees.

Some of this book is historical or factual, while much is highly speculative. I have tried to indicate where ideas are controversial and where they are matters of accepted science. However, my experience is that much of what you are taught tends to be a gross generalization or even plain wrong. If you treat facts with a degree of skepticism, you will find this keeps you in good stead.

As someone who is highly dyslexic, there will be errors. Please email me the ones you find, and recommend the book to your friends so that I can afford to print a second edition with your corrections.

I have avoided the use of equations and mathematics, so you can see the flow of the philosophical argument. I also avoid a strongly historical narrative, but if you enjoy the history of science I recommend, *The Missing 4%*, and *Quantum* for a really clear exposé of the issues

HOUSE_OVERSIGHT_016087

around quantum mechanics, relativity and cosmology, Robert Winston's *Bad Ideas* for a more thorough history of language and writing, and *The Trouble with Physics* for the recent history of particle Physics. Regarding the brain, anything by Oliver Sachs is a winner. *Your Brain on Music* is a good primer on the theory of artistic thought and music, and *Proust and the Squid* is a good discussion of dyslexia and learning.

The digits for the sequence of the Smallpox virus in Chapter Eight come from the varicella-zoster virus, a similar pathogen. The first few letters could be the same, but I hope it is impossible for anyone to disprove this as you would have to break into the CDC to do so.

John Masters is not the real name of the US officer who spoke in Kabul. That name was never released to the press.

This book was originally written using Microsoft Word on a MacBook Pro. It was then typeset for print using a variety of ePublication tools, including iBooksAuthor and Adobe InDesign. You can find a website for the book at www.jamestagg.com. It is published using WordPress. All the links in the book should be maintained there just in case there is link atrophy for the printed version of the book. Feel free to comment using the blog, Twitter, Facebook or email me.

HOUSE_OVERSIGHT_016088

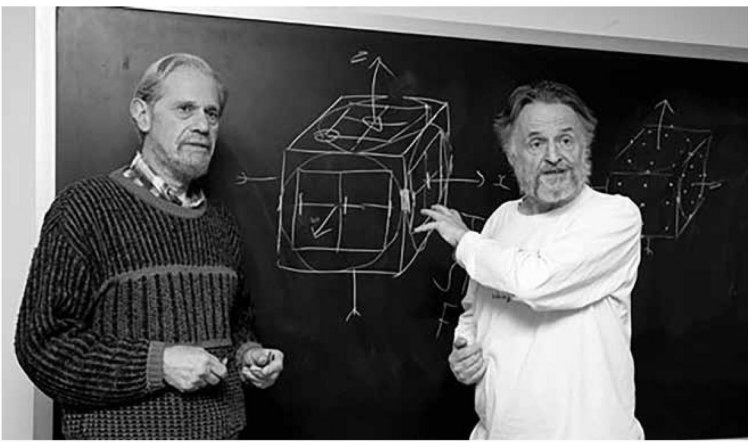

Conway and Kochen

*"It doesn't matter how beautiful your theory is, it doesn't matter how smart you are. If it doesn't agree with experiment, it's wrong."*

Richard P. Feynman

# *Appendix 5*

# Index of Theorems

I have explained a number famous theorems in this book along with some ideas of my own. Here is a list of the most notable.

1. **Mind over Computer**
   **Turing Test** – How to tell whether a computer is intelligent, even though we cannot agree on a definition of intelligence.
   **Flynn Effect** – The observation that human intelligence appears to be improving over time.
   **Kurzweil Singularity Proposal** – The conjecture that Moore's Law will result in computers acquiring near infinite power relatively soon.
   **Lucas Argument** – Minds are in a different class to computers as they are not limited by the incompleteness theorem.
   **Humor Hypothesis†** – Humor and jokes are a display of non-computable intelligence.

2. **Understanding**
   **Tufte's Assertion** – That communication of understanding exceeds the capability of many presentation tools, particularly PowerPoint.
   **Chinese Room** – John Searle's paradox challenging the idea that understanding can be mechanically simulated.

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3. **Body Language & Banter**
   **Communication Hypothesis**† – That face to face communication is more powerful in some real physical sense than symbolic communication.
   **7-38-55 Rule** – Mehrabian's observation that the emotional content of communication is 7% words, 38% tone of voice and 55% body language.

4. **The Brain**
   **Penrose-Hameroff Conjecture** – Brains are quantum-gravity computers using tubulin as the mediator.

5. **Knowledge**
   **Information Continuum Hypothesis**† – Information is finite, but understanding and knowledge are different in nature.
   **Infinite Monkeys Hypothesis** – The paradox that says monkeys could type *Hamlet* given enough time and paper.
   **Cat Experiment**† – Finding my house cat can use our computer, and may be more creative than monkeys!

6. **Kittens & Gorillas**
   **Feynman Proof** – A proof that uses the lack of an evolved species within an evolutionary niche to disprove the existence of something; in this case polywater.
   **The Infinity of Primes** – Pythagoras' proof there are an infinity of prime numbers without needing the concept of a number.

7. **Complexity & Chaos**
   **The Butterfly Effect** – The proposal by Edward Lorenz that tiny effects can multiply up into enormous results.
   **P≠NP** – That non-deterministic polynomial problems can never be solved in polynomial time and are, therefore, beyond the capability of any imagined computer.
   **The Hawking-Bekenstein Turk**† – Although there is a perfect chess machine, it would collapse space-time to a black hole were it to exist.

8. **∞**
   **Continuum Hypothesis** – Does anything come between the first two infinities; counting numbers and the continuum of real numbers.

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**Cantor's First Infinity Theorem** – The infinite plane is the same infinity as the infinite line.

9. **Known Unknowns**
**Gödel's Incompleteness Theorem** – Mathematics involving simple logic is incomplete.
**Gödel's Completeness Theorem** – First order logic is complete.
**Hilbert's Completeness Theorem** – Geometry is complete.

10. **Turing's Machines**
**Entscheidungsproblem** – The decision problem has no solution.
**Turing Thesis** – All computers, once sufficiently powerful, are equally powerful.
**Non-Computability of Music**† – That general musical compositions are non-computable.
**Non-Computability of Creativity**† – That general artistic creativity is non-computable.

11. **Software**
**Brooks' Law** – Adding resource to a late project makes it later.
**Law of Leaky Abstractions** – However good the attempt to abstract complexity, complexity has a habit of leaking through.
**Software is Created**† – writing software is a non-computable, creative task.
**Bug Hypothesis**† – Bugs are an inevitable consequence of trying to generalize software by mechanical means.

12. **Hyper-Computing**
**Adaptive Recurrent Neural Network Hypothesis** – Hava Siegelmann's proposal that ARNNs are capable of super-Turing computation.

13. **Hyper-Communication**
**Bandwidth Conjecture**† – Person-to-person communication has infinite bandwidth and is non-symbolic.

14. **Creativity**
**Creativity Hypothesis**† – That all creative endeavor is a non-computable skill, analogue to theorem discovery.
**Wallas Model** – A conceptual model for the way humans think creatively.

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**Creative Survival Advantage**† – That creativity has evolved to give us a survival advantage at all stages of evolution, not just when we evolve to the point where mathematical intuition is significant.

15. **Free Will**

**Laplace Daemon** – A conceptual supreme being able to infer the future and the past from one snapshot of space-time and the laws of nature.

**EPR Paradox** – Twin particles would transmit information faster than the speed of light if quantum mechanics was to be believed.

**Schrödinger's Cat** – The paradox that a cat might be both alive and dead at the same time until observed.

**Bell Inequality** – Quantum mechanics forbids local hidden variables in a testable way. The test succeeds.

**Kochen-Specker Paradox** – Particles cannot know their settings before measurement.

**Free Will Theorem** – Nothing in the past light cone of the Universe causes a particle to choose its spin upon measurement.

**Non-decryptable Universe**† – The laws of physics mean the Universe is non-computable in principle.

**Free Will Universe**† – The laws of mathematics mean the Universe is non-computable and therefore has Free Will.

**Russian Doll Conjecture**† – Since humans are creative and non-deterministic and, in a sense, they run upon the hardware of the Universe, the hardware of our Universe must also be non-deterministic.

16. **The Quest for Knowledge**

**Technology Hypothesis**† – The extended strong anthropic principle that the Universe must have creative beings within it to uniquely define it.

17. **The Future**

**Creative Non-Singularity**† – The future is non-computable and therefore any increase in computer power, however great, will never achieve a creativity singularity.

† The symbol marks items proposed for the first time within this book. If I have missed a previous publication, please feel free to write to me and I will amend a future version.

HOUSE_OVERSIGHT_016094

# Index


**Symbols**

∀∃∀ 249
∃ 249
3D chip 21, 22
3D printing 20, 222
7%-38%-55% rule 84
50 First Dates 12

**A**

AARON 310
Aaronson, Scott 168
abstraction 267
Academy Awards 365
Accidental Complexity 231
actin 98
Activision 290
Adams, Douglas 17, 128, 225, 238, 305, 314
Adams, Scott 296
Adaptive Recurrent Neural Network 280
Adleman, Leonard 165
Advanced Course in Design, Manufacturing and Management x
Afghanistan 54, 90
*A Five-day Course in Thinking* 297
age and memory 120
AIDS 158
Aleph 1 175
Alexander The Great 149
algebra 248
algorithm 212, 238, 239, 243, 247, 249, 251, 257
  history of 6
alibi 153
Al-Khwarizmi 6
Allman, Eric 265
Alternative Uses Task 299
Alvarez, Luis 30
Amazoncom 308
Amazon rainforest 27, 181
Amedi, Amir 13
Amherst 280
amygdala 11, 31
analysis 204
Analytical Engine 15, 16, 223–224
*A New Kind of Science* 173
anthropic principle 322
Anti-Ballistic Missile Treaty 79
Antikythera 15
Apple 56, 68, 224, 306
Arab world democracy 82
Arafat, Yasser 81, 82
Archimedes 343
Aristotle 149
ARM 224
ARNN 280
art
  being appreciated 142
  creativity and 304
Artamène 129
*Art of Fugue* 259
ASCII 203
Asimov, Isaac 4
Association of Computer Machinery 367


HOUSE_OVERSIGHT_016095

astrological clock 39, 42
asynchronous logic 22
Atkins v Virginia 28
ATM 233
ATP 98
audio field 291
audio processing system 114
auditory cortex 31
Australian English 86
Australian Outback 28
avatar xii
axiom 198
  Peano axioms 199, 205

## B

Babbage, Charles 16, 223
Bach, JS 7, 259
background context 86
Bader, Douglas ix
bandwidth 288, 292
Barber paradox 155
Barrie, JM 128
Barrymore, Drew 12
Battleship 144
Baxa, Christoph 251
Beardsley, Dick 192
Beatles 102
Beijing 88
Bekenstein, Jacob 6, 132
Bell, Alexander Graham 18
Bell Corporation 216
Bell, John 322, 330, 333
Bell test experiment 333, 343
Berkeley University 248
bifocal glasses 152
Big Bang xii, 339
Big O 164
binary logic 150
Binsted, Kim 310
BIOS 225
*Blackadder* 266
Black Box experiments 67
black hole 132, 279
Bletchley Park 215
blind sight 12
Block Universe Hypothesis 317
body language 84, 288
Bohr, Niels 372
Bolt, Usain 31
bone cancer 20
Boolean logic 150, 152
Boole, George 150
Bootstrap 225
Borders 308
Borland 237
bosons 343
Bowie, David 151
brain 1, 11
  accidents 11
  aging 120
  amygdala 11
  anatomy 108
  and plasticity 13
  as a computer 13, 14, 99, 120
  as an exchange 18
  auditory cortex 31
  color perception 110
  digesting starch 118
  electrical pulse 98
  emotions 116
  glucose use 117
  hearing 113
  hippocampus 11, 32
  imaging 99, 102
    3D virtual 103
    MRI 104
    PET 107
    seeing thought 108
  learning 35–38
  memory 11, 14
  meninges 97
  motor cortex 31
  non-computable processes 373
  noninvasive imaging techniques 11
  organized like a filing cabinet 12
  quantum effects 50, 283
  quick tour 108
  scanners 46
  stroke damage 12
  super-Turing 294
  thinking 117
  visual agnosia 12
brain damage 97
brainstorming 298
Branson, Richard 24
Bricklin, Dan 237
bridge 134
British General Strike 211
Britten, Benjamin 305
Brooks, Fred 229, 230, 231, 237

HOUSE_OVERSIGHT_016096

Brooks' Law 230
bubble sort ballet 165
Buschkuehl, Martin 33
Bush, George W 194
butterfly
  creating tornados 173
Byrd, William 259
bytes 129

## C

calculating machines 15
California Institute of Technology (Caltech) xii
Call of Duty 290
Cambridge University 17, 72, 195, 221
  King's College 211
  Mathematical Bridge x
  Trinity College 193
  Wolfson College ix
CaMKII 119
*Candidate for a Pullet Surprise* 139
Cantonese 87
Cantor, Georg 179
Cantor's theorem 221
Carey, Maria 113
Carroll, John 29
Carroll, Lewis 135, 140, 149, 148–150, 248, 356
Casio synthesizer 311
CAT scans 13, 102
*Cats Creation* 145
Cattell, Raymond 29
CERN 333, 335
Chaitin, George 188
Chalmers, David 39
Champollion, Jean-François 89
chaos 171
CHC theory 29
checklist 152
Cheshire Cat 149
chess 32, 163
  perfect chess-playing machine 6
chimpanzee and typewriter 127
China 15
Chinese 86, 129
Chinese Room, Searle's 65, 64–67, 222
Christensen, Clayton 306
Christie, Agatha 260
chunking 91
Church, Alonzo 212
Churchill, Winston 17, 213
Chutzpah 86
ciphers 215, 218
circle free 243
Clauser, John 333
Clay Mathematics Institute 167, 196, 225
Cleese, John 270, 303
clocks 42
  astrological clock 39, 42
  modern computers and 43
code breakers 211
codes 214
  and children's games 214
  and code books 215
  and code breakers 214, 305
  and Enigma machine 215, 305
  and one-time pad 216, 217, 218
Cohen, Harold 308, 311
COIN dynamics 53, 55, 90
Cold War 81, 213
color perception 110
comedy 92, 94
  as survival skill 94
communication
  audio field 291
  background context 86
  bandwidth 288, 292
  body language 288
  digitization 289, 293
  earliest recorded 87
  emails 81
  face to face xii, 81, 83, 293
  hyper-communication 285–294
  nonverbal 84
  of objects 90
  scripts and symbols 87
  symbolic 87, 293
  telephone 81
Compaq 307
compatibilism 41, 315
compiler 231
complexity
  accidental 231
  essential 231
complexity hierarchy 168
compositions 8
computer xi
  as human 11, 26, 46
  brains 14, 120
  bugs 262

HOUSE_OVERSIGHT_016097

chess-playing 5
communicating 90
consciousness 14, 45
crash 225
creativity and 132, 257, 309
Deep Thought 17
first programmable computing machine 16
generating random numbers 189
historical convention 227
infinite computing power 261
Japanese characters 88
limitless computing power 277
logic 150
logic gates 18, 22, 121
logic limit 250
military 80
music and 258
non-computable solution 75
origins 15
pattern matching 49
personal 307
programmed to learn 38
quantum computers 277
random numbers and 44
sense of humor 25
silicon chip 20
symbolic communication 293
synchronous logic 22
understanding of 71
computer game 32
computing
exponential growth 20
concentration 115
Confucius 162
Connelly, Jennifer 151
consciousness 45, 124
Conseil Européen pour la Recherche Nucléaire 333
*Contact* 68
convergent thinking 300
Conway, John 173, 343
Conway's Game of Life 173
Cope, David 7
Copenhagen interpretation 327
Copernicus 42
Cormack, Allan 102
counter factual experiments 282
counting system 181
Coyle, Daniel 37
Craddock, Travis 50, 119, 124, 283
Crash program 227
creative thinking 1
creativity 30, 49, 295–312, 297
art and 304
being appreciated 142
computer and 132, 257, 309
convergent thinking 300
design tradeoff 311
divergent thinking 298
Eureka moment 302
incubation 301
innovator's dilemma 306
intimation 301
John Cleese on 303
knowledge and 141
mathematical creativity 309
mechanical steps 141
non-linearity of 311
preparation 301
process 133, 270, 305
process versus 312
reward for 308
science of 301
sparking creativity 305
Crete 89
cryptography 215
quantum 217
CSI 102
Cuneiform 87
Curtis, Richard 266
cypher 214

## D

Dahl, Roald 140
Damadian, Raymond 104
Daniel-Constantin Mierla 265
Danziger, Daniel 335
Dark Ages 16
Darwin, Charles 197, 305, 356
da Vinci, Leonardo 374
Davis, Martin 243, 248, 258
Dawkins, Richard 338–339
D-Day 213
dead code elimination 250
de Bono, Edward 297
Decision Problem 196, 212, 219
decohering 282
Dedekind 182
Deep Blue 5

HOUSE_OVERSIGHT_016098

Deep Thought 17
de Fermat, Pierre 75
Dell 307
democracy
  Arab world 82
De Morgan, Augustus 350
Demotic 89
dendrites 98
Dennett, Daniel xi, 46, 133, 260, 351
*Der Spiegel* 34
Descartes 70
design tradeoff 311
determined universe 207
determinism 41–46, xi, 315, 316, 351
  free will and 315
Deutsch, David xi, 56, 293, 309
Dexter, Colin 260
Dick, Philip K 324
diffusion MRI 106
digital art 129
Digital Equipment 307
digitization 289
  of life 293
Dijkstra, Edgar 3
Dilbert 313
Diophantine equations 238, 239, 240, 249, 251
Diophantus 239
divergent thinking 298
DNA 104, 123
domino toppling 316
Doyle, Arthur Conan 148
Doyon, Julien 117
drag and drop 237
DVD 289
D-Wave 21
dyslexia 90, 139

## E

Edinburgh Festival 288
Edison, Thomas 295, 296, 298
EEG 32
Egyptian 86, 89
Einstein, Albert 30, 34, 47, 64, 117, 178, 180, 210, 212, 298, 319, 327, 332, 333, 347, 348
  brain 97
Eliza 25
Elton, Ben 266
EMI 102
Emil Post's Word Problem 258
emotions 116
encryption 165, 218, 277
  RSA encryption 165
*Encyclopedia Britannica* 8
English 86, 89, 129
ENIAC 223
Enigma 211, 212, 215, 218
Entscheidungsproblem 211, 219, 221
EPR paradox 332
Equitable Center 5
equivalence 200
Ericsson, Anders 37
Ernő 169
Escher, MC 346
  and Penrose Steps 51
Essential Complexity 231
Euclid's proof 156
Euler 157, 202
Eureka moment 302
Everett, Hugh 328
experiments 1
exponent 241
expression analysis 84
eyes 108
  color perception 110
  fovea centralis 112
  resolution of 112

## F

Facebook 71, 271
face-to-face interaction 83
false paradox 155
Fermat's Last Theorem xi, 225, 241, 242, 251, 253, 254, 259, 261, 275, 278, 351, 368
Fermat's puzzle 225
Fermilab 293
Feynman, Richard 58, 70, 157, 239, 306, 326, 364, 399
Feynman's proof 157
Fields Fellowship 368
Fields Medal 368
Finland 54
FitzGerald, Edward 372
Florida State University 37
flowchart 244
*Fluid Concepts & Creative Analogies* 49
fluid intelligence 29, 33
fluorescent dyes 100

HOUSE_OVERSIGHT_016099

Flynn Effect 33
Flynn, James 33
Formalism 193
Four Color Conjecture 251
fovea centralis 112
f-PET 107
fractals 329
Franklin, Benjamin 152
Frankston, Bob 237
Freedman, Stuart 333
FreeSWITCH 265
free will 41, 313–354
  determinism and 315
  God and 339
  particles 349
  Schrödinger's cat 325
  simple theorem 337
  The Free Will Theorem 343
  twin particle experiment 331
  uncertainty 318
Frege, Gottlob 155
French 90
French Academy of Science 238
Fritz, chess program 5
Frost, Robert 96
future 373
futures market 55

## G

gadolinium 106
Garden of Eden 339
gate parity point 18
Gates, Bill 236
gears 42
Geiger counter 326
geometry 179
German 86, 129
Gettysburg Address 57
'G' factors 29
ginormous 131
Giseng, Nicolas 335
Gladwell, Malcolm 37
Glass, Philip 8
Gleick, James 171
glucose 117
God
  free will and 339
*Gödel Escher Bach* 49
Gödel, Kurt xi, 141, 193, 201, 221, 246
Gödel limit 207
Gödel numbers 203
Goldbach's Conjecture 157
Golden Pineapples 365
*Good Will Hunting* 257
Google 20, 253, 271, 308, 367
Gorbachev, Mikael 79
Göttingen University 193
grade inflation 32
Graham, Martha 78
Grand Masters 5
Grand Theft Auto 91
Grantchester 221
Greece 15, 156
  and ancient Greeks 18
Greek 87, 89, 149, 297
Greek tragedy 87
Gregory, Mike 396
Grieg 259
Group Intelligence 30
Grove, Andy 18
Grover's algorithm 277
guess xii
Guilford, JP 299
Gulf Stream 152
Gurdon, Sir John 30

## H

Haltcrash 244
Halting Flowchart 245
Halting Problem 243, 251, 258, 259
Halting Program 225, 244
Halting Question 243
Hameroff, Stuart 119, 122, 282
*Hamlet* 129, 254
Hammond, Richard 97
Hampton Court Palace 42
Hard disk drives 306
Harrison, John 365
*Harry Potter* 92, 306
Harvard Business School 306
Harvard University 224, 307
Hawking Bekenstein bound 6
Hawking, Stephen x, xvi, 6, 132, 306, 326, 339
hearing 113
heat-sight 102
Hebrew 86, 87
Hebrew University of Jerusalem 13
Heisenberg's uncertainty principle 318, 335

HOUSE_OVERSIGHT_016100

Henry VIII 42
hieroglyphics 89
Higgs Boson 357
Hilbert, David 182, 193, 194, 238
Hilbert Problems 196, 221
Hilbert's 10th Problem 243, 253
Hilbert's Hotel 182
Himalayas 55
hippocampus 11, 32
Hitler, Adolf 213
Hoane, Joe 5
Hodges, Wilfrid 150
Höfði House 79, 80
Hofstadter, Douglas xi, 49, 310
Hogarth, Mark 280
Hole in the Wall Project 35
Holmes, Sherlock 148
hologram 290
Hong Kong 88
horizontal abstraction 266
Horn, John 29
Hounsfield, Sir Godfrey 102
Howell, Emily 7, 310
Hubble 348
Hulme, David 41
hunters and spears 181
hyper-communication 285–294, 293
  audio field 291
  bandwidth 288, 292
  digitization 289, 293
  reality 289
  symbolic communication 293
hyper-computing 273
hypercube 241–244
hypotenuse 242

## I

IBM 207, 224, 306
  and Watson 8
  Watson Research Laboratory 5
Ig Nobel Prize 365
imaging 99
IMAX theatre 287, 290, 293
*Inception* 50
inconsistency
  in mathematics 204
inconsistency defense 207
incubation 1, 301
Indiana University 49
indirect proof 153, 158, 244
infinity , 179, 280
  history of 179
  how to count 180
  larger than infinity 185
Infinity Hotel 182
infrared light 102
innovator's dilemma 306
insight 2
inspiration 2
instinctive reactions 109
Institute of Advanced Mathematics 212, 258
Intel 18, 224, 367
intelligence 25
  fluid 29, 33
  'G' factors 29
  grade inflation 32
  human vs computing 75
  physical basis of 30
  quantitative numerical skills 30
  static 32
  time 29
  vision 29
interaction 85
  face-to-face 83
interferometer 326
International Congress of Mathematicians 196
International Mathematical Union 368
internet
  encryption 165, 277
internet protocol 267
intimation 2, 301
intuitive thinking 2
IP 267
iPad 319
iPhone 22, 238, 297
iPod 289
IQ 27, 33, 120
  IQ Test 27
Iraq 87
Iraq war 80
Irvine 280
ISABEL 14
iTunes 130

## J

*Jabberwocky* 135, 136
Jaeggi, Susanne 33
Japanese 87

HOUSE_OVERSIGHT_016101

Jape 310
Jefferson, Thomas 308
Jeopardy 9
Jessie 145
Jobs, Steve 47, 68, 296–297, 297, 306
joke 93
  world's funniest 94
Joke Analysis and Production Engine 310
Jones, JP 251

## K

Kahn, Philip 237
Kamailio 265
Kasparov, Garry 5, 34
  and Deep Blue 4–6
Kelvin, Lord 180
Kerr Metric 280
Khayyám, Omar 371
King's College 17, 211
Kish, Daniel 13
knitting 117
knowledge 8
  analysis 204
  creating 141
  creativity and 141
  difficulty discovering 204
  discovery of 142
  nature of 193
  search for 140
Kochen, Simon 343
Kochen Specker 344
Kochen-Specker Cube 347
Kochen-Specker paradox 345
Königsberg Bridges 202
Königsberg University 202
Kronecker 178
Kurzweil, Ray 20, 261
  and Moore's Law 19

## L

lambda calculus 258
language 129
  body 84
Laplace, Pierre-Simon 317
lateral thinking 297
lava lamp 45
Lavarand 45
Law and Order 87
learning 35–38
Leibniz 319
Leicestershire 89
liar's paradox 154
library
  knowledge 143
light 100
  spectrum 102
lightning rod 152
Linear-a 89
Linear-b 89
Linux 265
Liszt, Franz 7, 129
Loch Ness Monster 142
Loch Ness Monster Song 138
Loebner prize 72
logic 149
  binary 150
  Boolean 150, 152
  checklists 152
  for computers 150
  limit 247
  purpose of 156
  reduction to the absurd 152
  Stoic 150
*Logic* 150
logic gates 18, 22, 121
logic limit 262
London Bridge 42
London marathon 192, 202
London Mathematical Society 15, 238
London School of Economics 301
London Science Museum 16
long multiplication 240
Lorenz Attractor 173
Lorenz, Edward 170, 172
Lotus Corporation 237
Lucas argument 205
Lucas, JR xi, 205
Lucas-Penrose argument 205

## M

Madam Tussaud 75
magnetic fields 105
Magnetic Resonance Imaging 105
Makanin, Gennadií 258
Malament, David 280
Manchester University 236
Mandarin 87
Mandelbrot diagram 174
Mandelbrot Set 161
Manhattan Project 239

HOUSE_OVERSIGHT_016102

Marx, Groucho 153, 382
Massachusetts 89
Massachusetts Institute of Technology (MIT) 25, 165, 168, 307
Masters, John 54
mathematical proofs 156
mathematical theorems xi
mathematicians
  Polish 211
mathematics 153
  axiom 198
  equivalence 200
  flat problem 164
  future of 196
  game of 200
  how to count 180
  inconsistency defense 207
  inconsistency in 204
  indirect proof 244
  infinity 179
  linear problem 164
  long multiplication 240
  Lucas argument 205
  mathematical creativity 309
  non-deterministic polynomial problems 165
  Peano axioms 199, 205
  prime numbers 243
  PSPACE problem 168
  traveling salesman problem 166
  truth and rules 193, 200, 206
Matiyasevich, Yuri 248, 251
Mattapoisett 89
Maude, Isabel 14
Maxwell 298
Mayan astronomers 70
maze 164, 165
McChrystal, General Stanley A 54
McGinn, Colin 324
McGurk Effect 114
McLaughlin, Dan 37
Mehrabian, Albert 84
memory 11, 14, 90, 118
  digital 130
  photographic memory 119
  visio-spacial 28
  with age 120
memory management 250
meninges 97
meningitis 14
Merchant of Death 366
Merilees, Philip 170
Mesopotamia 87
metre 28
micro-expression analysis 84
microphones 289
Microsoft 237
Microsoft Word 135
microtubules 124, 281
Miles, Andrew 368
Millennium Falcon 348
Milliken 394
*Minds, Machines and Gödel* 205
Minessale, Anthony 265
Ming Dynasty 15
mirror neurons 116
Mirzakhani, Maryam 368
Mitra, Sugata 35
monkey 129
  moon shot story 144
monkeys and typewriters 254
Monty Python 93
Moon Base 348
Moore, Gordon 18
Moore's Law 18
Morgan, Edwin 138, 142
Morse code 336
motor cortex 31
Mozart 246, 298
MRI scan 69, 104
multiplication
  long 240
Munduruku tribe 181
Murphy's Law 226
muscle memory 90
muscles 117, 192
music 113
  computers and 258
musical compositions 8
myelin 31, 118

## N

Napoleonic wars 129
NASA 59
Native American 89
Navier Stokes Hypothesis 238
nebula 174
Negroponte, Nicolas 35
neural network 116, 121, 280

HOUSE_OVERSIGHT_016103

neurons 50, 98, 116
  microtubules 281
  nerve impulse speed 99
  recovery time 121
  synapse 119
Newcastle University 35
Newman, Max 221
Newton, Isaac 171, 319
Newton's Rings 321
New York University School of Medicine 12
Niels Bohr Institute 327
nitrocellulose 218
Nixon, Richard 194
Nobel, Alfred 365
Nobel Prize 30, 50, 100, 102, 119, 213, 326, 365
non-algorithmic xi
non-computable processes 373
non-computable thought 261, 282
noncomputational creativity xi
non-determinism 275, 282, 318
non-deterministic behavior 44
non-deterministic polynomial problems 165
noninvasive imaging techniques 11
nonverbal communication 84
Norvig, Peter 57
*No Silver Bullet* 237
*No Silver Bullet – Essence and Accidents of Software Engineering* 231
Nova Institute 50
Nova Southeastern University 124
Nuclear Magnetic Resonance 104
numbers
  counting system 181
  defining 199
  Gödel numbers 203
  infinity 179
  nature of 155
  prime 156, 243, 343
  random 188
  real 186, 280
  Turing numbers 190
  zero 179
Nyquist, Harry xiii

## O

Occam's Razor 68
omnipotence 340
omniscience 340
*On Computable Numbers and their Application to the Entscheidungsproblem* 211
One Laptop per Child 35, 82
one-time pad 216, 337
opium 55
optical illusions 113
oracle function 278
order-of-magnitude 164
O'Reilly, Edward 50
*Organon* 149
Orwell, George 178
*Outliers* 37
Oxford English Dictionary 86
Oxford University xi, 50, 149, 205, 282

## P

paperclip test 298
paper tape 221
paradox xi, 68, 70, 114, 153, 203, 326
  Barber paradox 155
  EPR paradox 332
  false 155
  Kochen-Specker paradox 345
  liar's paradox 154
  Russell paradox 155
  Wiles paradox 247
  Zeno's paradox 154
parallel lines 179
Paramecium 123–126
particle accelerator 69
Pasteur Institute 188
pattern matching 49
Pavillon de Breteuil 28
PC revolution 236
PDP11-34 236
Peano axioms 199, 205
Peano, Giuseppe 197, 199
Pelmanism 28
pendulum 121
Penrose, Roger xi, 50, 56, 123, 205, 246, 261, 282, 309, 328
Penrose Steps 51, 113
Pentagon 79
people
  living forever 20
Pérez, Shimon 81, 82
permutation of information 135
Persia 15

HOUSE_OVERSIGHT_016104

personal computers 307
PET 107
philosophical proof 246
philosophy 193
Photo Electric Effect 366
photographic memory 119
photons 110, 320, 331, 332, 348
photosynthesis 50, 124
physics 180
  determinism 316
Picasso, Pablo 232, 246, 298
pit vipers 102
Pixar 306
Places game 168
plank interval 131, 255
Plato 149, 179
Podolsky, Jacob 332
poem
  computer created 134
Poincaré Conjecture 357
Poincaré, Henri 171, 180
Polaroid lenses 332
police strike 54
Polish Intelligence Bureau 211
polynomial 164
polywater 157
positivism 153
positron emission tomography 107
Post, Emil 258
Post Problems 258
Powell, Colin 53
PowerPoint 63
preparation 301
Previn, Andre 93
prime numbers 156, 243, 343
Princeton University 97, 212, 223, 251
*Principia Mathematica* 195
*Private Eye* 287
process
  creativity versus 312
program equivalence problem 250
programmer 235, 238, 263
  programming geniuses 271
  super-programmers 266
progressive cipher 214
proof
  Feynman's proof 157
  indirect 244
  mathematical 156
  philosophical 246
PSPACE problem 168
Pulitzer Prize 365, 367
purpose on the planet 9
puzzle
  two guards 151
*Pygmalion* 25
Pythagoras 243
Pythagorean triangle 240

## Q

quantitative numerical skills 30
quants 71
quantum brains 122
quantum computers 277
quantum cryptography 215, 217
quantum effects 50, 282
quantum gravity interaction 329
quantum mechanics 22, 123, 180, 293, 344
  Copenhagen interpretation 327
quantum Morse machine 337
quantum randomness 45
quantum uncertainty 21
quartz 121
quartz crystal 43
qubits 21
quinine 100

## R

radioactive decay 327
random chance 254
random numbers 44
Reagan, Ronald 79
reality 289
real numbers 280
reductio ad absurdum 152, 157
reflection 319
relativity 180
  Special Relativity 348
  Theory of Relativity 366
Renaissance 16, 297
Reykjavik 79
rice
  covering chessboard 163
Rice's Theorem 267
Riemann Hypothesis 238, 257
Riemann surfaces 368
Ritchie, Graeme 310
Rivest, Ron 165
Robinson Davis Matiyasevich theory 248

HOUSE_OVERSIGHT_016105

Robinson, Julia 248, 251
Robinson, Sir Ken 299
Rogers and Hammerstein 266
Rommel 211
Röntgen, Wilhelm 100
Rosen, Samuel 332
Rosetta Stone 89
Rowling, JK 306
Royal Swedish Academy of Sciences 366
RSA encryption 165
Rubik's cube 345
Rule 164 192
rules 192, 200
Rumsfeld, Donald 190, 194
RunMe 245
Ruohonen, Keijo 251
Russell, Bertrand 155, 193, 195
Russell paradox 155

## S

Sachs, Oliver 12
Sagan, Carl 68
Sandler, Adam 12
Sanford, Edward 38
Schadenfreude 86
Scherbius, Arthur 211
Schrödinger, Erwin 326
Schrödinger's cat 325
*Scientific American* 85
scripts and symbols 87
Searle's Chinese Room 66, 222
secret message 214
Seeger, Pete 162
Sego, Daniel 335
self-halting problem 250
SendMail 265
*Shadows of the Mind* 50, 282
Shakespeare, William 39, 129, 131, 138, 140, 254
Shamir, Adi 165
Shannon, Claude xiii, 3, 216, 337
Sharman, Mike ix
Shaw, George Bernard 25, 78, 286
Shockley, William 30
Shor's algorithm 277
Siegelmann, Hava 280
silicon chip 20
Silicon Graphics 45
Simonsen, Inge 192
Singer, Isaac 314
Singh, Simon 242
single cell organisms 18
singularity 261
Siri 56
Skinner, BF 34
smallpox virus 189
smile 84
sock analogy 332
software 224, 231
  bugs 262
  coding 264
  drag and drop 237
  flowchart 244
  modern word processor 236
  origins of 238
  PC revolution 236
  problems 250
  process 270
  programmer 235, 238, 263
  programming geniuses 271
  re-architect 270
  scope creep 270
  spreadsheet 237
  super-programmers 266
  writing 235
sorting 164
Soviets 79
space like separation 348
Space Shuttle Columbia 58
Spanish 90
spears and hunters 181
Special Purpose Objection 253
Special Relativity 348
speed of light 317
spell checkers 139
spin 343
Spolsky, Joel 256
  Law of Leaky Abstractions 256
Spolsky's Law 267
spreadsheet 237
Stanford University 30
starch 118
Star Trek 157, 348
Star Wars 79
static intelligence 32
statistical approach 8
Stern, William 27
Stockhausen 7
Stoic logic 150
story 92

HOUSE_OVERSIGHT_016106

Strategic Defense Initiative 79
stroke damage 12
substitution code 203
Sumerians 87
superconductivity 22
super-programmers 266
super-Turing 275, 278, 283, 294
syllogisms 150, 152, 158
symbolic communication 87, 293
symbols 130, 143, 194, 201
synapse 119
system argument 66

## T

Tagg, James
  Home Page 232
Tallis, Thomas 259
tapetum lucidum 110
TCP 267
Terman, Lewis 30
*The Art of Thought* 301
*The Boy Who Can't Forget* 120
*The Cognitive Style of PowerPoint* 63
*The Emperor's New Mind* xi, 50, 246, 282
*The Free Will Theorem* 343
*The Free Will Universe* 231
*The Game of Logic* 150
*The God Delusion* 339
*The History of Western Philosophy* 193
*The Innovators Dilemma* 306
*The Journal of Irreproducible Results* 139
*The Labyrinth* 150
*The Man who Mistook his Wife for a Hat* 12
*The Mythical Man Month* 231
Theory of Relativity 366
Thermal Imaging 101
*The Sound of Music* 266
*The Talent Code* 37
*The Universe in a Nutshell* 339
The Webby Awards 365
thiamin molecules 124
thinking 117
Thomas, Dylan 140
thought art 87
Three Body Problem 171
time intelligence 29
time travel 316
Tokyo University 13
Tolstoy, Leo 129
  War and Peace 129
toothed gears 43
Top Gear 97
topology 249
tortoise and hare 154
Torvalds, Linus 232, 265
totality problem 250
Tower of London 42
Transmission Control Protocol 267
traveling salesman problem 166
triple drug therapy 158
truth 192
tubulin 98, 118, 122, 124
  single-celled organisms 123
tubulin microtubules 282
tubulin molecules 50
Tufte, Ed 53, 63, 92
Tufts University 102
Turing, Alan xi, 15, 17, 26, 71, 96–97, 141, 209, 210, 211, 238, 258, 259, 302, 342
  and Churchill 213
  and computer understanding 212
  and Enigma 212
  and The Decision Problem 212, 219, 238
  and World War II 213
  at Bletchley Park 212
  at Cambridge University 211
  at Princeton University 212
  birth 211
  death 213
  homosexuality 213
  Turing Award 213
Turing Award 367
Turing limit 155, 253, 260, 275, 278, 280
Turing machine 212, 221, 246, 251, 275, 278, 280, 353
  Lego 223
  universal Turing machine 222
Turing numbers 190
Turing test 67, 71, 72, 261
Turing theorem 351
Tuszynski, Jack 119
twin particle experiment 331
twins 31
two guards puzzle 151
Two Ronnies 86, 93

HOUSE_OVERSIGHT_016107

## U

*Ultimate Question of Life the Universe and Everything* 238
ultraviolet light 100
Uncanny Valley 75
uncertainty 318
understanding xiii, 53
  meaning of 56
  of computers 71
Unicode 129, 203
United States Army's Ballistic Research Laboratory 223
Universal Turing Machine 246
universe
  anthropic principle 322
  complexity and chaos 173
  determined 207
  deterministic 175
  end of 140
University of Alberta 119
University of Arizona 119, 122, 282
University of Calgary 251
University of California 280
University of Maryland 33
University of Massachusetts 280
University of Montreal 117
University of Moscow 258
University of Otago 33
University of Santa Cruz 7
University of Vienna 202
urban legend 11
US Supreme Court 28

## V

van Gogh, Vincent 142
variable initialization 250
vertical abstraction 267
Visco, Frank L 396
vision 109
vision intelligence 29
visual agnosia 12
Volkswagen Polo 312
von Neumann, John 223
Vorderman, Carol 30

## W

Wallas, Graham 1, 301
Wang 308
*War and Peace* 129
Watson computer 8, 207
Watson Research Laboratory 5
wave interference 320
wavelength 102
weather
  predicting 168, 172
Wechsler Test 27
Weizenbaum, Joseph 25
West, Mae 78
Whitehead, Alfred North 195
*Who Wants to be a Millionaire?* 347
Wikipedia 8, 129, 231
Wilder, Billy 128
Wiles, Andrew xi, 75, 242, 248, 251, 254, 259, 261, 351
Wiles Paradox 247
William of Occam 68
Winchester Drives 306
Wise, Michael 335
Wolfram, Stephen 173, 246, 352
Woods, Tiger 116
WordPress 237
World War I (First World War) 211, 337
World War II (Second World War) 17, 218, 337
  code breakers 211
Wozniak, Steve 10, 68
Wright, Stephen 274
WYSIWYG 237

## X

XPRIZE 238, 367
X-ray 69, 100
  damage from 104
  slicing technique 102
  wavelength 102

## Y

Yellow Pages 308

## Z

Zar, Jerrold H 139
Zeitgeist 86
Zeno machine 280
Zeno's paradox 154
Zermelo-Fraenkel set theory 156
zigzag method 182


HOUSE_OVERSIGHT_016108

HOUSE_OVERSIGHT_016109

GEMs Paper #26

# Saudi Arabia: beyond oil but not so fast

Merrill Lynch

30 June 2016 Corrected

## Transforming Saudi Arabia, but challenges abound

The Saudi National Transformation Plan (NTP) bodes well for comprehensive reform efforts to diversify the economy in line with Vision 2030. The NTP a) identifies key sectors with high growth potential; b) starts to articulate supportive public sector industrial strategies; and c) seeks to foster higher value-added through enhancements to processes, products and organizations. Still, ambitious targets in a number of sectors are unlikely to be reached and medium-term macro sustainability is not yet clear.

## USD peg holds but NTP inconsistent with stable FX policy

Our view is still that the USD peg holds. However, the NTP provides a mixed message. On the one hand, it blurs policymaking incentives given the need for a competitive Fx if diversification progresses. On the other, unrealistic fiscal targets mean consolidation is likely to fall short of easing imbalances materially without oil price recovery. Energy policy thus likely needs to become less aggressive to support macro and FX policies.

## Eurobond premium required for fiscal slippage risk

We expect large and regular sovereign Eurobond issuance to support FX reserves and domestic liquidity but to weigh on regional bond spreads if risk appetite does not hold up or fiscal balance slips. EMBIG index inclusion is unlikely, in our view. Saudi forwards, CDS and rates are likely to stay under pressure due to issuance and tight liquidity.

## Commodities: NTP adds to medium-term oil tightness

The NTP suggestion that production capacity is maintained until 2020 reinforces our conviction of medium-term oil market tightness. The NTP gas production target that could displace domestic crude demand and boost export capacity is challenging.

## Equity Strategy: six investible themes on the back of NTP

We see a number of investible themes emerging from the NTP which investors can use to identify potential beneficiaries. These themes include rising availability of affordable housing, increased access to healthcare, down-trading as the consumer comes under pressure, a surge in telecom infrastructure and significant opportunities in the downstream petrochemical arena. Buy-rated names with access to these themes include: **Al Hammadi**, **Savola**, **Al Othaim**, **STC**, **Zain KSA** and **SABIC**.

## Partial NTP success & MSCI inclusion could drive rerating

The Saudi market trades on a 12m fwd P/E of c.13x, an 11% discount to the long-term average and its lowest premium to GEMs since 2010. We believe that with earnings momentum gradually reaching an inflection point a relatively negative outlook is already being priced in. Given our view that oil prices will gain strong momentum in 2017, even a partial success of the NTP along with CMA market reforms to expedite inclusion in the MSCI EM index could be sufficient to improve confidence and thus drive a rerating.

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in FX markets and the financial resources to absorb any losses arising from applying these ideas or strategies.
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### A Transforming World

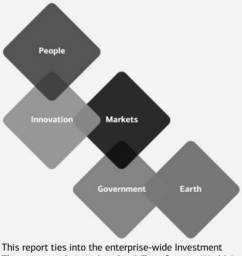


This report ties into the enterprise-wide Investment Themes recently introduced in A Transforming World. In particular, the Saudi National Transformation Plan is likely to span the themes of Markets (Frontier), Government (Reform) and Earth (Energy Efficiency)

# Contents


Macro: charting the way forward 3

Towards better governance 3

Public Investment Fund to gain prominence 7

Historic energy sector liberalization 10

National Transformation Plan: many promises, few details 13

Lessons in diversification 31

Eurobond premium required for fiscal slippage risk 34

Commodities: NTP adds to medium-term oil market tightness 36

Equity Strategy: more clarity required, but investible themes emerging 39

Six key investible themes from the NTP are emerging 40

Saudi market valuation not testing 42

Taking positive steps to accelerate MSCI inclusion 45

A higher weighting in international indices 45

Telecom: supporting a move to higher connectivity 48

NTP helps increase penetration of higher margin offerings 48

Health: Not Tremendously Prescriptive 51

Vision 2030 a start but Needs Transparent Proposals 51

Healthcare implications of National Transformation Plan 51

Consumer: a necessary pain 58

Prefer staples over discretionary 58

Rationalization of subsidies for water and electricity 60

Saudi Arabia approves 100% foreign ownership rules 61

Real estate: NTP positive but not enough 64

Key strategic objectives and KPIs to watch 64

Land tax - gradual revenue source 65

Metals & Mining: ambitious growth target 67

Government focus on mining to boost jobs and growth 67

Oil & gas/petchems: focus on downstream 69

Focus on downstream expansion is a priority 69

Refining capacity target: almost there 71

Ambitious natural gas expansion 72

Utility sector: sharing the capex burden and achieving cost reflective tariffs 73

Eight strategic objectives aimed at being self-funding 73

Defence: Vision 2030 supports defence spending 75

Saudi Arabia to build out military industrial base 75

Research Analysts 86





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# Macro: charting the way forward

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The Saudi Vision 2030 and National Transformation Plan (NTP) present a comprehensive roadmap for change and augur for committed diversification efforts, in our view. Announced reforms can help sustain higher potential growth if fully realized as new sectoral sources of growth are developed. Positively, the NTP borrows elements from other successful strategic case studies. Still, we find a number of targets ambitious or unrealistic on the fiscal and diversification fronts, and the sequencing and details of the fiscal measures are left nebulous.

In terms of the other pillars of the macro view, namely energy and Fx policy, the NTP presents a mixed picture, in our view. Energy policy is likely to be less aggressive, as the NTP suggests a constant oil production capacity. To remain consistent with the targeted government debt accumulation path, we estimate that oil prices have to average at least US$50/bbl in 2016-20 along with no growth in spending (excluding the additional cost of NTP initiatives). Partial implementation could require oil prices of cUS$65/bbl.

Fiscal consolidation remains imperative to support the Fx peg, in line with stability and economic imperatives. However, as diversification progresses, the case for increased Fx flexibility to support competitiveness could likely gradually take shape. Policy-making growth-focused plans may conflict with needs to deflate Fx demand in the economy.

## Towards better governance

The comprehensive economic blueprint unveiled by the Saudi Vision 2030 and the National Transformation Plan (NTP) confirms the economic reform credentials of the current administration. It is likely to improve government culture, accountability and transparency, in our view. The NTP will be implemented across 24 government bodies and has been presented through a number of press conferences with high-level ministerial presentations. The Governance Framework details steps to institutionalize and coordinate implementation through restructuring the government. It proposes a number of committees and bodies to report to the Council for Economic and Development Affairs (CEDA). It also introduces an escalation mechanism to rapidly resolve bottlenecks, which could see matters escalated to CEDA in 42 days.

### A wide-ranging policy-making reshuffle

In line with ongoing Saudi Vision 2030 implementation efforts, a wide-ranging restructuring of the Saudi Cabinet and government bodies was announced in May to drive change in the government. King Salman issued 51 Royal Decrees restructuring the Cabinet, various government bodies and appointing a number of officials into various government roles. A statement concurrently issued by the Royal Court suggested these changes are in line with the recently announced Saudi Vision 2030 and aim to support its implementation. This follows from the January 2015 restructuring of the bodies affiliated to the Council of Ministers, which saw the creation of CEDA and the Council for Political and Security Affairs. We list a few major changes below.

### New Oil Minister represents technocratic experience and policy continuity

The appointment of Khalid Al-Falih to the Ministry of Energy, Industry and Mineral Resources is not surprising, given that former Minister of Petroleum and Mineral Resources Al-Naimi has previously suggested he was approaching retirement due to old age. Al-Falih's appointment continues the tradition of non-Royals heading the Ministry, while simultaneously holding the Chairmanship role of Saudi Aramco. Furthermore, according to local press, Al-Falih appears close to Deputy Crown Prince Mohamed bin Salman, and his appointment likely confirms the recently assertive Royal influence over energy policy, in our view. New Minister of Energy, Industry and Mineral Resources Al-Falih's past official pronouncements are consistent with stable Saudi energy policy, in our view.



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### Expanded role for the Oil Ministry under Vision 2030

The Ministry of Petroleum and Mineral Resources has been expanded to become the Ministry of Energy, Industry and Mineral Resources. It will be dedicated for energy, in addition to expanding to encompass responsibilities relating to electricity and industry. It will also undertake the management of the National Industrial Cluster Development Program (NICDP). The new Minister will chair the board of directors of the Royal Commission for Jubail and Yanbu, the Industrial Development Fund, the Saudi Organization for Industrial Estates and Technology Zones, the Saudi Geological Survey, the King Abdulaziz City for Science and Technology, the Saudi Exports Development Authority and the King Abdullah City for Atomic and Renewable Energy.

### Energy sector liberalization drives non-oil diversification

The wider role for the Ministry of Energy, Industry and Mineral Resources is in line with the expanded industrial responsibilities foreseen for Saudi Aramco in the Vision 2030. It may also suggest a continued desire to liberalize the energy sector. The National Industrial Cluster Development Program (NICDP), established in October 2012 by the Ministry of Petroleum and Mineral Resources and the Ministry of Commerce and Industry, could likely gain further importance in the industrialization strategy adopted in the Vision 2030. The NICDP will be managed by the Ministry of Energy. It seeks to leverage Saudi Arabia's comparative advantage in energy, petrochemicals and minerals to create sustainable export oriented industries, initially focused on the automotive, construction material, appliances, metal processing and flexible packaging sectors.

### Restructuring the Cabinet and other government bodies

The Ministry of Commerce and Industry will become the Ministry of Commerce and Investment and sees the appointment of a new Minister. The new Minister will chair the board of directors of the General Authority for Investment, the General Authority for Small and Medium Enterprises and the Saudi Standards, Metrology and Quality Organization. The Ministry of Labor will be merged with the Ministry of Social Affairs to form the Ministry of Labor and Social Development, and sees the appointment of a new Minister. The Ministry of Water and Electricity has been disbanded. The Ministry of Agriculture was renamed the Ministry of Environment, Water and Agriculture and expands its responsibilities into these areas. Two new Ministers for Transport and Health were appointed. The Ministry of Hajj has been renamed the Ministry of Hajj and Umrah and sees the appointment of a new Minister.

The Saudi Fund for Development will now report to the Council for Economic and Development Affairs. The General Authority for Entertainment and the General Authority for Culture have been created. The Department of Zakat and Income Tax was renamed the General Authority for Zakat and Income, and will report to the Ministry of Finance.

### New Central Bank Governor maintains commitment to USD peg

Saudi Arabian Monetary Agency (SAMA) Governor Al-Mubarak has been replaced in his post by SAMA Deputy Governor for Research and International Affairs Dr. Al-Kholifey. A number of officials were also appointed into various government and advisory roles. New SAMA Governor Al-Kholifey's past policy pronouncements suggest continued commitment to the USD peg.

### Watch the Saudi Fund for Development

The Saudi Fund for Development (SFD) new direct link to the Council for Economic and Development Affairs likely concentrates further authority in the Deputy Crown, in our view. Given that the Public Investment Fund (PIF) last saw similar links being established prior to plans being made for it to be turned into a Sovereign Wealth Fund (SWF), this could suggest further strategic changes may take place at the SFD.



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**Exhibit 1: Saudi Vision 2030 Governance Model**

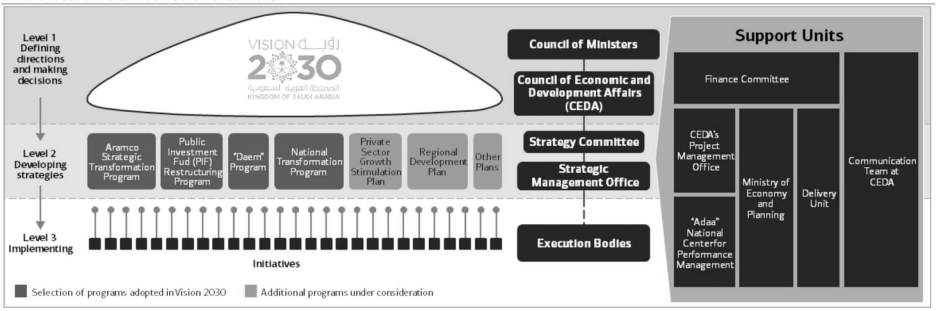


Source: Saudi Vision 2030

## A web of Strategic Programs

Saudi Vision 2030 incorporates a number of Executive Programs and initiatives, with implementation carried out by several government entities. The Vision continues to centralize decision-making into CEDA, chaired by Deputy Crown Prince Mohammed bin Salman, and reporting to the Council of Ministers. The Ministry of Economy and Planning also retains an important role, with lower emphasis being put on the Ministry of Finance. The Project Management Program also suggests emphasis on ongoing review of capital expenditures, whereby existing review served to examine their approval process, and control their level. From a macro perspective, the three most important programs for now are: a) the re-shaping of the Public Investment Fund (PIF) into a US$2trn Sovereign Wealth Fund (SWF); b) the new corporate strategy for Saudi Aramco to transform it into an energy and industrial conglomerate; and, c) the National Transformation Plan (NTP) which encompasses medium-term growth boosting initiatives and fiscal consolidation measures (alongside the Fiscal Balance and Privatization Programs). We discuss these three elements in turn below.

**Table 1: Strategic Programs introduced by the Saudi Vision 2030**

| Strategic Program | Comment |
|---|---|
| Government Restructuring Program | Supreme Councils have already been implemented, and the Council of Political and Security Affairs and the Council of Economic and Development Affairs (CEDA) have been established |
| Strategic Directions Program | Strategic directions determined by state agencies and approved by the government |
| Regulations Review Program | Several laws have been reviewed or enacted already such as the Company Law, the Non-Governmental Organizations Law, the White Land Law, and the General Authority for Endowments (Awqaf) Law |
| Performance Measurement Program | Center for Performance Management of Government Agencies has been established |
| Human Capital Program | Aims to measure, assess, analyze and support the efficiency of civil service |
| Program for Strengthening Public Sector Governance | Strategic Management Office reporting to CEDA as well as a Decision Support Center at the Royal Court are to be established |
| Strategic Partnerships Program | Aims for stronger ties with economic partners to enhance exports |
| "Daem" Program | Aims to enhance the quality of cultural activities and entertainment |
| Private Sector Growth Stimulation Program | Under consideration |
| Regional Development Program | Under consideration |
| Fiscal Balance Program | Likely target of achieving fiscal balance by 2020 |
| Project Management Program | Expert Project Management Offices (PMOs) and a Central Delivery Unit have been established |
| Saudi Aramco Strategic Transformation Program | Aims to position Saudi Aramco as a leader in more than one sector |
| Public Investment Fund (PIF) Restructuring Program | Aims to transform the PIF into the largest Sovereign Wealth Fund (SWF) in the world |
| Privatization Program | Comprehensive privatization program; targets under study |
| National Transformation Plan Program | Interim Key Performance Indicators (KPI) targets to achieve by 2020 |

Source: Saudi Vision 2030, BofA Merrill Lynch Global Research



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**Table 2: Initiatives introduced by the Saudi Vision 2030**

| Initiative | Current | Target |
|---|---|---|
| Religious tourism | | |
| Number of yearly Umrah visitors per year (mn) | 8 | 30 |
| Building the largest Islamic museum in the world | - | - |
| Culture | | |
| Number of Saudi heritage sites registered with UNESCO | 4 | 8 |
| Number of Saudi cities recognized in the top-ranked 100 cities in the world | 0 | 3 |
| Household spending on cultural and entertainment activities (%) | 2.9 | 6 |
| Social | | |
| Average life expectancy (years) | 74 | 80 |
| Unemployment rate (%) | 11.6 | 7 |
| Female labour force participation (%) | 22 | 30 |
| Household savings ratio (% of household income) | 6 | 10 |
| Ranking in the Social Capital Index | 26 | 10 |
| Ratio of individuals exercising at least once a week (%) | 13 | 40 |
| Number of volunteers per year | 11,000 | 1,000,000 |
| Localization | | |
| Localization of oil and gas sectors (%) | 40 | 75 |
| Localization of defence industry (%) | 2 | 50 |
| Renewable energy value chain (%) | - | - |
| Sovereign Wealth Fund | | |
| Public Investment Fund assets (SAR bn) | 600 | 7,000 |
| Economy | | |
| Global ranking of the economy in terms of size | 19 | 15 |
| Ranking in the Global Competitiveness Index | 25 | 10 |
| Ranking in the Logistics Performance Index | 49 | 25 |
| Private sector contribution to GDP (%) | 40 | 65 |
| Foreign Direct Investment (% of GDP) | 3.8 | 5.7 |
| Non-oil exports share in non-oil GDP (%) | 16 | 50 |
| SME contribution to GDP (%) | 20 | 35 |
| Non-profit sector contribution to GDP | <1 | 5 |
| Improving the business environment and pursuing public-private partnerships | - | - |
| Rehabilitating economic cities and restructure King Abdullah Financial District | - | - |
| Establishing special zones such as logistic, tourist, industrial and financial ones | - | - |
| Revise energy subsidies and redirect support to eligible citizens and economic sectors | - | - |
| Ease restrictions on ownership and foreign investment in the retail sector | - | - |
| Fiscal | | |
| Non-oil government revenue (SAR bn) | 163 | 1,000 |
| Governance | | |
| Ranking in the Government Effectiveness Index | 80 | 20 |
| Ranking in the E-Government Survey Index | 36 | 5 |

Source: Saudi Vision 2030



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## Public Investment Fund to gain prominence

The restructuring of the Public Investment Fund (PIF) is likely to allow greater focus on achieving a diversified foreign asset base which could support in turn the build-up of non-oil revenues. According to Deputy Crown Prince Mohammed bin Salman, government ownership of Saudi Aramco would be transferred to the PIF, which will be transformed into a SWF that will look to increase its overseas assets (from 5% of total to 50% of total by 2020) following its recapitalization and the proceeds of Aramco IPO. The PIF would hold on-paper a vast amount of wealth post-IPO (US$2trn, according to the Deputy Crown Prince, the bulk of which would be Saudi Aramco) as ownership of Saudi Aramco is transferred to the PIF, but it would only be able to deploy the cash proceeds of the monetized Aramco stake in the near-term, in our view. We think the PIF's transformation is still at a relatively early stage for now.

### Room to grow PIF stature and budget contribution

The restructuring of the PIF is likely to allow further diversification of foreign assets, which will in turn increase the share of investment income in the budget over time. We estimate that in 2015 investment income transferred to the budget stood at US$9.9bn (1.5% of GDP), which entails transfers of US$4bn from the PIF and US$5bn from SAMA. These transfers pale in comparison to the estimated budgetary contributions among main GCC peers. We estimate that the rate of return (investment income) on foreign assets of SAMA, government entities and the private sector averaged c2% over the past 8 years, which already suggests some exposure to riskier asset classes, in our view. As the PIF gains importance, it will become more prominent in the examination of the breakdown of the Saudi Net International Investment Position .

### Transitioning to an Abu Dhabi model

It will be interesting to see how the restructuring of the PIF into an SWF works out in practice. We hypothesise that it may be that, on top of the monetization of Aramco's stake sale, PIF could get a portion of the assets of SAMA. In this scenario, we would effectively transition to the Abu Dhabi and Kuwait model where the central bank holds little reserves and non-transparent SWFs are what matters both in terms of flow and stock. Foreign assets purchases of the PIF would also have to be managed within the overall Balance of Payments (BoP) framework as they could lead to drains on SAMA reserves in the near term. Over time, Saudi Arabia could decide to emulate the Norway model, which would entail a more prudent use and conduct of fiscal policy, in our view.

**Chart 1: PIF budget contributions small versus GCC SWF contributions**

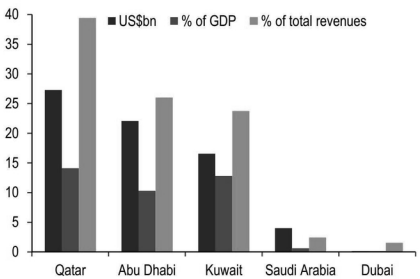


Source: Haver, IMF, Saudi Ministry of Finance, BofA Merrill Lynch Global Research. 2015 data, Investment income and transfer of profits of public entities for Kuwait. Investment income from public enterprises (incudes Qatar Petroleum's net income) for Qatar.

**Chart 2: High rate of return suggests foreign assets well diversified**

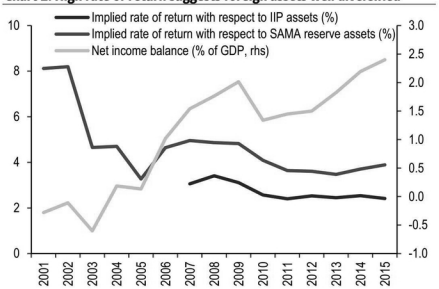


Source: Haver, BofA Merrill Lynch Global Research. Implied rate of return on SAMA reserve assets simplistically assumes all investment income is earned by SAMA (instead of being earned by SAMA, government entities and the private sector).



HOUSE_OVERSIGHT_016117

**PIF largely a domestic inward-looking entity until recently**

The IMF reports that the PIF had assets of 11.1% of GDP in 2014 (c.SAR310bn). PIF has foreign assets of SAR14.1bn as of end-2015. It has outstanding loans of SAR103.9bn as of 3Q15 (excluding electricity loans of SAR14bn that PIF administers). According to Bloomberg, PIF had stakes in publicly listed companies on Tadawul worth SAR934bn as of April 2016. According to the MoF, PIF held equity worth SAR63.3bn in 41 Saudi companies in total at end-2011, as well as stakes worth SAR14.9bn in a number of pan-Arab corporations.

In July 2014, the cabinet authorized the PIF to establish companies inside and outside Saudi Arabia, alone or in partnership with other institutions from the public or private sectors. It also bought a US$1.1bn stake in a South Korean company and recently announced in early June it took a US$3.5bn stake in Uber, denying in the process that it was considering a US$3bn loan to fund the acquisition. PIF has been asked to co-invest US$10bn in Russia or the Middle East with the RIDF. Note that PIF has established Sanabil investments with SAR20bn in capital. The PIF has paid dividends to the budget last year (SAR15bn). It now reports directly to the Council of Economic and Development Affairs headed by the Deputy Crown Prince, after reporting to the Ministry of Finance in the past.

**JASTA bill not a hurdle for further Saudi investment in the US**

We expect that the deep and liquid US financial markets will remain a prominent destination for Saudi foreign asset holdings. The potential passage of the "9/11" bill (Justice Against Sponsors of Terrorism Act, JASTA) in US Congress raises the possibility that Saudi Arabia would choose to liquidate up to US$750bn in assets in the US, according to Saudi Foreign Minister Adel al-Jubeir. A forced and rapid liquidation of US-based Saudi foreign assets may expose SAMA and other government entities to mark-to-market losses, and require changes to Fx reserve management

The language of the JASTA bill as it currently stands does not suggest an imminent Saudi sell-off of US assets, in our view. The "Stay of Actions Pending State Negotiations" section inserted into the bill allows a stay to be granted for an indefinitely renewable 180-day period. This would be subject to court petition by the Attorney General and repeated certification by the Secretary of State that the US is "engaged in good faith discussions with the foreign state defendant concerning the resolution of the claims against the foreign state". The certification thus depends on the current and future US administration foreign policy inclinations, in our view. Separately, we note that the White House spokesman said US President Obama did not support the legislation and likely would not sign it. (A potential presidential veto may however still be overruled if Congress assembles the necessary two–thirds vote of each house). We continue to expect a close relationship between the US and Saudi Arabia given the confluence of interests in a broad range of matters.



HOUSE_OVERSIGHT_016118

**Table 3: Breakdown of Saudi Arabia Net International Investment Position (US$bn)**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Net International Investment Position** | **380** | **471** | **435** | **479** | **585** | **685** | **763** | **792** | **703** |
| % of GDP | 91 | 91 | 101 | 91 | 87 | 93 | 103 | 105 | 108 |
| Net Foreign assets (excluding SAMA) | 74 | 28 | 24 | 34 | 41 | 28 | 37 | 59 | 87 |
| % of GDP | 18 | 5 | 6 | 6 | 6 | 4 | 5 | 8 | 13 |
| **Assets** | **495** | **631** | **636** | **708** | **824** | **936** | **1,028** | **1,069** | **993** |
| Non-reserve assets | 190 | 188 | 226 | 262 | 280 | 279 | 302 | 337 | 376 |
| *by holder:* | | | | | | | | | |
| Investment funds | 7 | 4 | 4 | 5 | 5 | 5 | 6 | 8 | 7 |
| Commercial banks | 39 | 41 | 56 | 52 | 56 | 57 | 56 | 67 | 84 |
| Public Investment Fund (PIF) foreign investment | 1 | 2 | 2 | 4 | 4 | 5 | 4 | 4 | 4 |
| Saudi Fund for Development (SFD) cumulative loan disbursements | 6 | 6 | 6 | 7 | 7 | 7 | 8 | 8 | - |
| Public Pension Agency (PPA) and General Organization for Social Insurance (GOSI) net foreign assets | - | 49 | - | - | - | 98 | 112 | - | - |
| of which, managed by SAMA (e) | 43 | 48 | 51 | 59 | 65 | 69 | 75 | 80 | 78 |
| PPA net foreign assets | - | 24 | - | - | - | 63 | 72 | - | - |
| GOSI net foreign assets | - | 25 | - | - | - | 35 | 40 | - | - |
| Development funds and other government (exc. PPA/GOSI) entities' foreign assets managed by SAMA (e) | 15 | 17 | 18 | 20 | 22 | 23 | 25 | 27 | 26 |
| Other | - | 69 | - | - | - | 85 | 92 | - | - |
| *by instrument:* | | | | | | | | | |
| Direct investment abroad | 17 | 20 | 23 | 27 | 30 | 34 | 39 | 45 | 63 |
| Portfolio investment | 105 | 99 | 122 | 146 | 158 | 168 | 178 | 199 | 202 |
| Equity securities | 53 | 50 | 59 | 79 | 82 | 92 | 99 | 111 | 109 |
| Debt securities | 52 | 48 | 63 | 68 | 77 | 75 | 79 | 88 | 94 |
| Other investment | 68 | 69 | 82 | 90 | 92 | 77 | 85 | 93 | 111 |
| Loans | 3 | 4 | 4 | 3 | 3 | 2 | 2 | 1 | 1 |
| Currency and deposits | 55 | 63 | 73 | 76 | 78 | 69 | 76 | 85 | 105 |
| Other assets | 10 | 3 | 5 | 11 | 11 | 6 | 7 | 6 | 5 |
| SAMA Reserve assets | 306 | 443 | 410 | 445 | 544 | 657 | 726 | 732 | 616 |
| Currency and deposits | 93 | 132 | 111 | 117 | 148 | 197 | 191 | 187 | 204 |
| Foreign securities | 211 | 308 | 286 | 315 | 380 | 444 | 519 | 532 | 400 |
| Other assets | 2 | 3 | 13 | 13 | 16 | 16 | 15 | 13 | 12 |
| **Liabilities** | **-116** | **-160** | **-201** | **-228** | **-239** | **-251** | **-265** | **-278** | **-289** |
| Direct investment in reporting economy | -73 | -113 | -148 | -176 | -187 | -199 | -208 | -216 | -224 |
| Portfolio investment | 0 | -3 | -4 | -4 | -6 | -10 | -17 | -17 | -17 |
| Equity securities | 0 | 0 | 0 | 0 | 0 | -9 | -15 | -15 | -15 |
| Debt securities | 0 | 0 | 0 | 0 | 0 | -1 | -2 | -2 | -2 |
| Other investment | -42 | -44 | -49 | -48 | -46 | -42 | -40 | -45 | -48 |
| Loans | -13 | -14 | -13 | -13 | -12 | -11 | -9 | -10 | -12 |
| Currency and deposits | -28 | -28 | -25 | -25 | -23 | -20 | -19 | -25 | -26 |
| Other assets | -1 | -1 | -11 | -10 | -11 | -11 | -11 | -11 | -11 |
| **memo:** | | | | | | | | | |
| *Identified Saudi Arabian and Middle Eastern holdings in the US* | | | | | | | | | |
| Saudi Arabia US Treasury (UST) holdings | 51 | 46 | 83 | 69 | 68 | 76 | 80 | 91 | 109 |
| Long-term securities | 50 | 45 | 82 | 68 | 67 | 74 | 78 | 88 | 107 |
| Short-term securities | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 2 |
| Saudi Arabia holdings of US equities | 45 | 42 | 31 | 36 | 53 | 65 | 68 | 78 | 52 |
| Saudi Arabia holdings of US Agency debt securities | 8 | 42 | 14 | 7 | 5 | 5 | 7 | 6 | 6 |
| Long-term securities | 8 | 41 | 14 | 7 | 5 | 5 | 7 | 6 | 6 |
| Short-term securities | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Saudi Arabia holdings of US corporate debt securities | 7 | 14 | 17 | 12 | 12 | 9 | 15 | 19 | 15 |
| Long-term securities | 5 | 9 | 11 | 9 | 8 | 6 | 10 | 13 | 13 |
| Short-term securities | 2 | 5 | 6 | 3 | 4 | 3 | 5 | 5 | 3 |
| Middle East Foreign Direct Investment (FDI) position in the US (cost basis) | 9 | 9 | 10 | 8 | 10 | 11 | 12 | 11 | - |
| Middle East oil exporters gross claims on US banks | 81 | 122 | 106 | 101 | 136 | 132 | 134 | 129 | 120 |
| *Saudi Arabia deposits in Bank for International Settlements (BIS) reporting banks* | | | | | | | | | |
| Cross-border deposits with BIS reporting banks | 163 | 180 | 169 | 167 | 188 | 244 | 224 | 210 | 212 |
| of which, implied deposits from banks and others | 102 | 142 | 128 | 113 | 135 | 180 | 174 | 158 | 170 |
| of which, deposits from nonbanks | 60 | 39 | 41 | 54 | 53 | 64 | 50 | 52 | 42 |
| *Saudi Fund for Development* | | | | | | | | | |
| Cumulative signed loans | 7 | 8 | 8 | 9 | 10 | 11 | 11 | 12 | - |
| Cumulative disbursements | 6 | 6 | 6 | 7 | 7 | 7 | 8 | 8 | - |
| *Government entities foreign assets managed by SAMA off-balance sheet* | *58* | *66* | *69* | *79* | *87* | *92* | *100* | *107* | *104* |
| Deposits with banks abroad | 4 | 5 | 3 | 2 | 2 | 6 | 13 | 10 | 5 |
| Foreign securities | 55 | 61 | 66 | 77 | 85 | 85 | 87 | 97 | 98 |

Source: Haver, SAMA, IMF, SFD, BofA Merrill Lynch Global Research. Middle East oil exporters consist of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.



HOUSE_OVERSIGHT_016119

## Historic energy sector liberalization

Partial privatization of energy sector assets could represent one of the cornerstones of the ambitious medium-term diversification strategy, and, if confirmed, serve as a highly visible and historic milestone. Such privatizations could ease key macro concerns regarding unsustainable debt accumulation and Fx reserves drawdown. We believe it would also confirm the government's macro reform credentials, its preparedness for a prolonged period of low oil prices and likely signal no near-term energy policy capitulation. The NTP suggestion of a flat production capacity through 2020 suggests less aggressive market share strategy, in our view.

### Privatization of energy sector could start by 2018

In a recent interview with Bloomberg, Saudi Deputy Crown Prince Mohammed bin Salman outlined an array of measures the Saudi government could introduce to help diversify the economy, reduce its reliance on the hydrocarbon industry and ultimately support medium-term fiscal consolidation in a low oil price environment. Amongst these measures, the Deputy Crown Prince included a potential Initial Public Offering (IPO) of Saudi Aramco (at the parent level, and including various subsidiaries). With close to 250bn bbls of oil reserves, more than 10mn bbls per day of production and the world's 4th largest gas reserves, Saudi Aramco is the leader in hydrocarbon access among state owned, private and public Oil & Gas (O&G) companies alike. Saudi Aramco is the world's largest Oil & Gas Company by production and arguably the Kingdom's most important asset. Specifically, he outlined a plan that would see "less than 5%" of the company being sold to investors on the Saudi stock exchange no later than 2018 (but potentially as soon as 2017). Furthermore, he indicated the Kingdom is seeking to transform Aramco into an "energy-industrial company". The high profile stake sale would provide a highly visible anchor to diversification efforts and capitalize its newly restructured SWF.

### Energy assets form a major and strategic sector for the economy

It is hard not to understate the central role the energy sector plays in the Saudi economy. The hydrocarbon sector represented 43.0% of the economy in real terms in 2015. Deputy Crown Prince Mohammed bin Salman suggested a US$2trn price tag for Saudi Aramco in his Bloomberg interview. Aramco is deeply intertwined with the Saudi state, and its workforce Saudization has increased over the years to 83%. Furthermore, it is the foundation of its state's domestic and international energy policy. As such, a decision to partially privatize the energy sector will be a momentous one to be carefully examined by the technocratic and political leadership, in our view.

### More questions than answers at this stage

Deputy Crown Prince Mohammed bin Salman's initial suggestion in an interview with The Economist that a Saudi Aramco IPO could be considered has raised market expectations. Ensuing comments from Aramco's management did not make clear whether a listing would occur, and if so, in what form (upstream versus downstream), although the Deputy Crown Prince's subsequent Bloomberg interview suggested further impetus being given to studying the matter.

A listing of the entity itself may force much more transparency regarding hydrocarbon reserves (broadly unchanged for several years), lifting costs (local crude oil sales suggest cUS$5/bbl if no loss is incurred) and the fiscal regime (estimates in the press have suggested that Aramco's profits are taxed at 85%, with royalties set at 20%, but we also note from fiscal data that the fiscal transfer ratio in oil revenues to the Ministry of Finance appears to drop in years of low oil prices). It may also conflict with non-commercial ventures or strategic aspects of Saudi Aramco. This would include the maintaining of spare capacity and state policy matters (including energy policy). Note for instance that the US is the second regional destination for Saudi crude oil exports (17.5% of total Saudi crude oil exports) behind Asia. This was due to a strategic geopolitical decision to remain an important crude oil supplier to the US and was achieved through the buying of stakes in refineries in 1988.



HOUSE_OVERSIGHT_016120

**Chart 3: Saudi Arabia proven crude oil reserves**

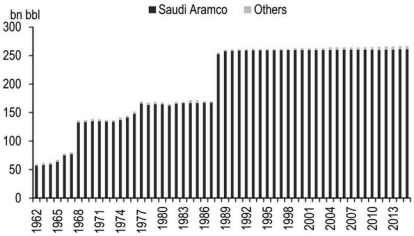


Source: SAMA, Bank of America Merrill Lynch Global Research

**Chart 4: Saudi Arabia proven gas reserves**

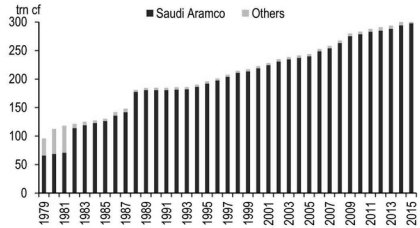


Source: SAMA, Bank of America Merrill Lynch Global Research

### Oil sector privatization could slow debt build-up and support Fx reserves

Potential energy sector asset partial privatization could raise a substantial amount for the Saudi government, in our view. A share sale would be a non-debt creating financing flow for the budget, which would lessen the need to borrow domestically or externally. A share sale could also increase Saudi Arabia's ability to project soft power and influence regionally and internationally. However, it would only support the build-up of Fx reserves in the case of foreign investor participation. Assuming a US$2trn valuation suggested by the Deputy Crown Prince as the value for the SWF, the vast majority of which would be Aramco through a possible 5% listing, such a listing could raise up cUS$100bn, which would represent the current annual government borrowing requirements and associated Fx reserves drawdown. We expect further administered energy price adjustments over the next five years, which should increase state revenues, in our view.

A share sale may also facilitate international borrowing on the back of Saudi Aramco's balance sheet. Saudi Aramco also announced it would look to set up a corporate debt program to fund its NTP initiatives, although issuance does not appear to be an immediate prospect. A corporate debt program, alongside a sovereign one, could allow the government to simultaneously tap a new pool of liquidity through corporate bond investors, upstream proceeds if needed and support Fx reserves. This could be achieved without impacting central government debt ratios and without saturating the government debt issuance room with sovereign debt investors. Saudi Aramco raised a US$10bn syndicated loan in late March 2015 in part to fund acquisitions. The loan replaced US$4bn in existing facilities agreed to in 2010, and includes a US$6bn five-year tranche with two 1-year extension options, a US$1bn 1-year renewable facility, a non-interest bearing SAR7.5bn (US$2bn) five-year tranche with two 1-year extension options and a SAR3.75bn (US$1bn) 1-year tranche renewable yearly.

Very roughly, taking the US$2trn Deputy Crown Prince potential valuation for Aramco, and assuming an optimal 10% net-debt-to-equity medium-term target, it would suggest that Aramco could manage leverage of up to US$200bn (c30% of GDP) in domestic and external debt on its balance sheet. Within a corporate setting, possible higher gearing needs to be justified to shareholders and could reflect financing of acquisitions or NTP costs. From a macro angle, international issuance would support Fx reserves.

### Three aspects of energy policy to consider going forward

Energy sector privatization is likely to raise questions on the future path of energy policy, though we believe the latter will stay the course for now. We believe that are three aspects that are central to energy policy in Saudi Arabia: a) competition for global market share in upstream operations; b) future investment decisions and maintaining of spare capacity buffer; and c) integration and expansion of downstream ventures to create domestic jobs, secure captive crude demand and make operations less volatile.



HOUSE_OVERSIGHT_016121

### Targeting a stable oil price

As a matter of Saudi policy, we would expect a preference for oil market stability over volatility, in line with recent official pronouncements. Although volatility makes it more difficult for high cost unconventional producers to operate, volatility is also damaging for Saudi Arabia and long-term planning domestically. For instance, no budget was announced for 1986 due to uncertainties in the world oil market, with monthly current appropriations set at one-twelfth of estimated actual expenditures for the prior year. We think Saudi authorities view possible eventual sharp upward price spikes in the oil price as damaging to both oil-consuming and oil-producing countries.

### Future investment decisions will be critical for oil prices

Spare capacity is an important policy parameter for Saudi Arabia. In addition to its influence on prices through its ability to adjust production, Saudi can decide on the pace of its reserves development which would potentially affect future supply. There are distinct trade-offs in this decision. If Saudi Arabia is producing at close to its maximum capacity, it will have little control over sharp upside movements in oil prices. If excess capacity is large, oil prices are likely to be under downward pressure.

In the near-term, given the uncertainty in the market, in our view, there is likely little incentive for Saudi Arabia to embark on a program to invest and increase capacity from the current level. New investments may still be made to offset declines in existing fields. Over time however, our commodities research medium-term oil balances suggest that Saudi's spare capacity would be eroded over time unless further increases in spare capacity take place. Our BofAML commodities research medium-term supply-demand balances suggest an increased call on OPEC and need to increase production capacity. In 2004-09, Aramco invested cUS$100bn into its largest-ever capacity expansion program, which increased total capacity from 10mn bpd to 12.5mn bpd. For now, Aramco has suggested it will not slow down its hydrocarbon capex program for the next three years as cuts were achieving through savings in drilling costs and supplier discounts.

### Energy policy is likely to be less aggressive going forward

We expect a less aggressive energy policy going forward, particularly as the NTP suggests a constant oil production capacity and an increase in gas production domestically. This is in line with Saudi Minister of Energy, Industry and Mineral Resources Al-Falih's pronouncements during the June Ordinary OPEC meeting. While his comments served to project increased OPEC institutional credibility and increased rapprochement with fellow OPEC members, he suggested that Saudi Arabia will remain responsive to customer needs but dismissed fears that increasing Saudi market share would take place in an aggressive manner (that could drive prices lower again).

### Downstream operations - increased focus

Saudi Aramco's downstream integration drive is likely being pursued for two core reasons: (1) to support demand for Saudi crude (placing own crude in own refining capacity) and (2) a risk reduction mechanism in a highly volatile oil environment (having an integrated value chain allows capture of margins from well to the forecourt, promoting stability). In reflection, Saudi Aramco is building highly sophisticated refineries domestically, in addition to already completed joint-ventures and stakes in refineries abroad (China, US, Japan, South Korea, Indonesia). Domestic joint-venture (JV) refineries Satorp and Yasref added 400k bpd each of capacity in 2H14. With the completion of the fully-owned Jazan 400k bpd refinery in 2018/19, overall total refinery capacity would stand at 5.7mn bpd, of which Saudi Aramco's share would be 3.3mn bpd. This would allow Saudi Arabia to guarantee security of demand for its heavy crude, increase domestic job creation and diversification, build an export base of refined products (likely middle distillates to the EU) and lower imports of refined products.



HOUSE_OVERSIGHT_016122

## National Transformation Plan: many promises, few details

The National Transformation Plan (NTP) released by the Saudi government is a further step towards execution of Saudi Vision 2030 through a set of ambitious interim targets to achieve by 2020 by 24 government bodies. The NTP is a comprehensive program encompassing medium-term growth boosting initiatives and fiscal consolidation measures. The sequencing and details of the fiscal measures are however still left nebulous. Implementation of growth-boosting initiatives will require a challenging crowding in of private sector investment, particularly from domestic sources.

The NTP is likely to introduce a number of one-off supply-side shocks to inflation through its fiscal or labor measures, which could negatively impact Real Effective Exchange Rate (REER) competitiveness. Discretionary consumption growth and real incomes are likely to remain under pressure. We find the diversification measures encouraging, although they appear too ambitious to be met within the time frame envisaged in the NTP, in our view. The focus on diversification could introduce medium-term incentives to adopt a more competitive exchange rate, while also detracting from the binding fiscal constraint under which the government has to operate. Energy policy is likely to be less aggressive and support oil prices. Fiscal targets are difficult to reach, but medium-term oil prices of at least US$50-65/bbl could support NTP progress.

**Table 4: Selected macro Key Performance Indicators (KPIs) under the National Transformation Plan**

| Government entity | Key Performance Indicator (KPI) | Unit | Baseline | 2020 target | Regional b'mark | Global b'mark |
|---|---|---|---|---|---|---|
| Ministry of Finance | | | | | | |
| | Total non-oil revenues | SARbn | 163.5 | 530 | 10.9 | 691.0 |
| | Budgeted salaries and wages | SARbn | 480 | 456 | N/A | N/A |
| | Salaries and wages as a percentage of the budget | % | 45 | 40 | 30 | 12 |
| | Approved projects according to criteria and timeline (% of total) | % | 0 | 40 | 30 | 78 |
| | Credit rating | - | A1 | Aa2 | Aa2 | Aaa |
| | Government debt as percentage of gross domestic product (%) | % | 7.7 | 30 | 35 | 54 |
| | Total recorded non-oil assets | SARtrn | 3 | 5 | N/A | N/A |
| Ministry of Economy & Planning | | | | | | |
| | Total revenue resulting from privatization projects | Under Study | Under Study | Under Study | N/A | N/A |
| | Value of water and electricity subsidy decrease | SARbn | 0 | 200 | N/A | N/A |
| | Percentage decrease in non-oil subsidy | % | 0 | 20 | N/A | N/A |
| | Value of private sector contribution to GDP | SARbn | 993.3 | Under Study | 122.6 | 14,133.8 |
| Ministry of Energy, Industry and Mineral Resources | | | | | | |
| | Value of exports of non-oil commodities | SARbn | 185 | 330 | Under Study | Under Study |
| | Value of the mining sector's contribution to GDP | SARbn | 64 | 97 | 13 | 262 |
| | Local content in expenditure of public and private sectors | % | 36 | 50 | Under study | 57 |
| | Petroleum production capacity | mn bpd | 12.5 | 12.5 | 3.8 | 11 |
| | Dry gas production capacity | bn cf pd | 12 | 17.8 | 5.7 | 16 |
| | Refining capacity | mn bpd | 2.9 | 3.3 | 1.1 | 1.9 |
| Ministry of Labor and Social Development | | | | | | |
| | Unemployment rate for Saudis | % | 11.6 | 9 | Under Study | 5.8 |
| | Cost of employment of Saudis compared to expatriates | % | 400 | 280 | N/A | N/A |
| | Proportion of female labor force | % | 23 | 28 | Under Study | Under Study |
| Ministry of Hajj and Umrah | | | | | | |
| | Number of formal Hajj pilgrims (domestic and foreign) | mn | 1.5 | 2.5 | N/A | N/A |
| | Number of Umrah Pilgrims from abroad | mn | 6 | 15 | N/A | N/A |
| | Number of Umrah pilgrims (domestic and GCC nationals) | mn | Under Study | Under Study | N/A | N/A |
| Commission for Tourism and National Heritage | | | | | | |
| | % contribution of tourism sector to GDP | % | 2.9 | 3.1 | 4.9 | 5.4 |
| Ministry of Civil Service | | | | | | |
| | % decrease in the payroll and benefits expenditure | % | Under Study | 20 | Under Study | 22 |
| | % of workers reduction in the civil service sector | % | Under Study | 20 | Under Study | 18 |
| Saudi Arabian General Investment Authority | | | | | | |
| | Foreign Direct Investment (FDI) | SARbn | 30 | 70 | 45 | 481 |
| | Time needed to issue work visas for new expat employees | Day | 30 | 10 | 10 | 3 |
| | Time needed to issue new business permits | Day | 19 | 1 | 8 | 0.5 |

Source: National Transformation Plan



HOUSE_OVERSIGHT_016123

### Ambitious diversification agenda is not without risks

Diversification initiatives will require material participation from the private sector. Vested interests and the large bureaucracy could act as a dampener on timely reform implementation going forward. The large size of the NTP program may mean some of its outcomes are internally inconsistent, in our view. Cultural and entertainment changes could be opposed by conservative or clerical factions. Slippage could occur due to execution risk or reform fatigue, particularly due to the socio-economic impact of fiscal consolidation. Any material changes to subsidies or wages could be difficult to implement in the absence of a social safety net. While fiscal consolidation measures are unprecedented in scope, they appear too ambitious or difficult to reach and may leave a financing gap. As such, the measures may still fall short if oil prices do not stabilize, which suggests a need for a less aggressive energy policy going forward, in our view.

### Government leaders continue to show focus on delivery

The US visit of Deputy Crown Prince Mohammed bin Salman and finalization of various Memoranda of Understanding (MoUs) with prominent US corporates helps provide a highly visible anchor for foreign investment and instil business confidence in regards to government focus. It also helps boost the profile of the Deputy Crown Prince both domestically and internationally. This is in line with our view that the government is likely to target rapid implementation of several 'low-hanging' reforms to spearhead the program and boost confidence. Energy sector liberalization could also serve as another highly visible anchor to the reform program, in our view.

**Table 5: Announced US corporates plans during the US visit of the Saudi Deputy Crown Prince**

| Company | Sector | Outcome |
|---|---|---|
| Six Flags | Entertainment | Company has been allowed to operate in Saudi Arabia |
| Pfizer | Pharmaceuticals | Company has been awarded a direct investment license |
| 3M | Manufacturing | Company has been awarded a direct investment license |
| Dow Chemical | Chemicals | Company has been awarded a direct investment license |
| Microsoft | IT | Memorandum of Understanding signed |
| Cisco | IT | Memorandum of Understanding signed |
| Apple | IT | Discussions on entry to Saudi market possibly under way |

Source: Press reports, Saudi Press Agency, BofA Merrill Lynch Global Research

### Diversification drive is a step in the right direction

The comprehensive medium-term diversification drive introduced by the NTP follows the typical macro template, in our view. We discuss in a later section diversification lessons from Malaysia and Norway and conclude that the NTP contains elements from these successful case studies. In particular, it a) identifies key sectors with relatively high growth potential (mining, petrochemicals, manufacturing, retail and wholesale trade, religious and other forms of tourism, healthcare, real estate and finance); b), it starts to articulate supportive public sector industrial strategies, including through localization policies; and, c) it seeks to foster higher-value added in the economy through enhancements to processes, products and organizations.



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**Chart 5: More sustained private non-oil sector growth needed in Saudi**

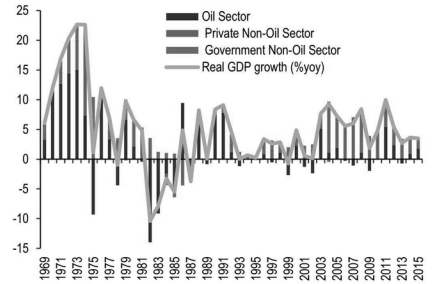


Source: Haver, BofA Merrill Lynch Global Research. Series uses contributions to growth from real GDP data with 1999 base year prior to 2010.

**Chart 6: Oil sector large; government controls 60% of real economy**

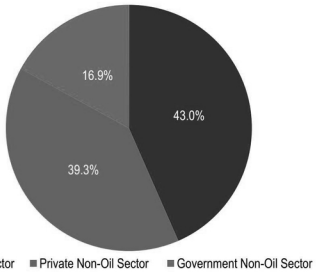


Source: Haver, BofA Merrill Lynch Global Research. Data as of 2015.

### Human capital is critical and takes time to build

In our view, improvements to human capital, rather than business climate supply-side reforms, are the critical barriers to overcome. While building the appropriately qualified workforce takes time, Saudi Arabia has been making progress in this area. c25% of Saudi tertiary graduates complete humanities and arts programs, but this is down from 39.4% in 1999. Graduates from social sciences, business and law represented the largest share of graduates at 27.2% of total in 2014, up from 15.5% in 1999. Still, as we discuss in later sections, diversification prospects are mixed across sectors and will likely depend in part on providing the appropriate incentives to the private sector.

**Chart 7: Distribution of Saudi tertiary graduates by field of study (%)**

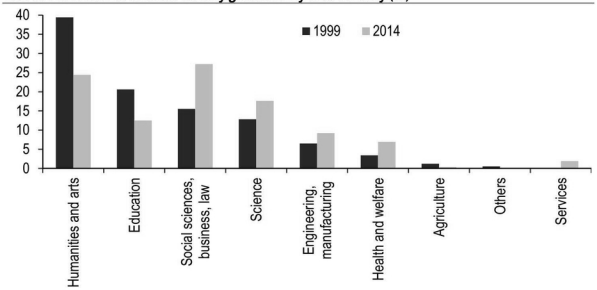


Source: UNESCO, BofA Merrill Lynch Global Research

### Mobilizing domestic resources is key

The NTP makes clear that part of the NTP costs (40%) will need to be shouldered by the private sector. Out of a total estimated NTP cost of SAR447bn (US$119bn; 18.4% of GDP), the NTP implies that the private sector will need to contribute about SAR179bn over the coming five years (US$47.6bn; 7.4% of GDP). Implementation of growth-boosting initiatives will require a challenging crowding in of private sector investment. The NTP expects only a SAR40bn increase in the level of Foreign Direct Investment (FDI), meaning that the bulk of private sector investment could have to come from domestic sources. While the government investment is generally in retrenchment mode, the NTP may be suggesting that selective and strategic projects are likely to go ahead. Authorities have also suggested a number of projects could be structured as Public-Private Partnerships (PPP).



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**Chart 8: Saudi government non-hydrocarbon and private sector investment growth are relatively correlated**

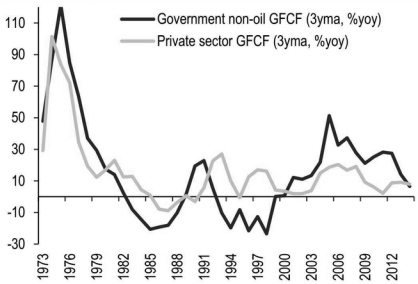


Source: Haver, BofA Merrill Lynch Global Research. GFCF refers to Gross Fixed Capital Formation.

**Chart 9: Crowding in domestic private sector investment when the government sector retrenches can be challenging**

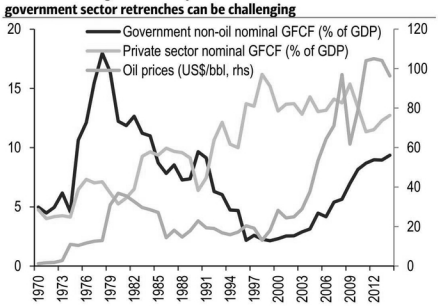


Source: Haver, BofA Merrill Lynch Global Research. GFCF refers to Gross Fixed Capital Formation.

## Ambitious non-oil export and tourism targets, but little details

The NTP targets increasing non-oil exports by SAR145bn (US$38bn, 6.0% of GDP) to SAR330bn (US$88bn, 11.4% of 2020f GDP) over the next five years. Although implementation details are lacking, we anticipate that part of the increase could be linked to the higher mining output targeted. These would nevertheless be dependent on the global economic cycle. Higher exports of refined oil products, if all of the additional capacity to be installed by 2020 is exported, could add cUS$7.3bn to exports at current price levels (but not qualify towards non-oil exports targets under the NTP as they are classified as hydrocarbon exports). Currently, 61% of Saudi non-oil exports represents chemicals and plastics, and maintains a correlation with oil prices, and re-exports account for another 17% of total non-oil exports and have little added-value.

**Chart 10: Chemicals, plastics, re-exports form bulk of non-oil exports**

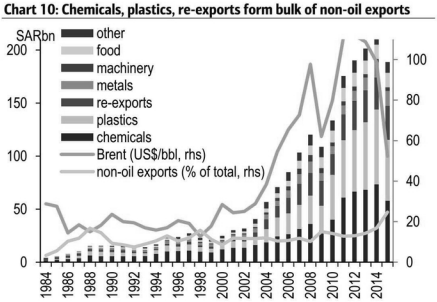


Source: Haver, BofA Merrill Lynch Global Research.

**Chart 11: Non-oil exports are diversified in terms of destination**

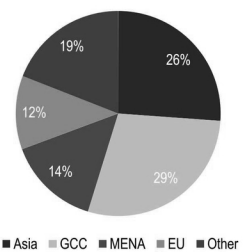


Source: Haver, BofA Merrill Lynch Global Research.

Likewise, the focus on religious tourism is appropriate given its importance in Saudi Arabia but NTP targets appear ambitious to us with a targeted 20%yoy CAGR increase in Umrah pilgrims. Religious tourism accounted for c40% of total tourist expenditure in Saudi Arabia in 2015, bringing in proceeds of SAR33.4bn (US$8.9bn; 1.4% of GDP). Note that, for balance of payment purposes, total tourism revenues stood instead at SAR37.9bn (US$10.1bn; 1.6% of GDP). The NTP targets would thus imply religious tourism external revenues/expenditures to increase to US$10-US$20bn (1.3-2.6% of 2020f GDP). This would be helpful on the external front but not a game changer on its own, in our view.



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**Chart 12: Breakdown of expenditure on inbound tourist trips**

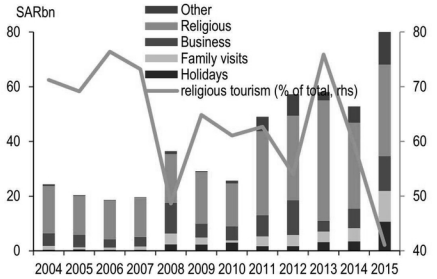


Source: SAMA, BofA Merrill Lynch Global Research.

**Chart 13: Inbound tourist trips to Saudi Arabia by country of origin**

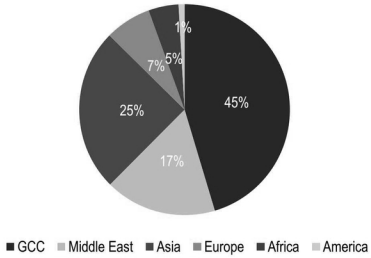


Source: SAMA, BofA Merrill Lynch Global Research. Data as of 2015.

### Mixed prospects for fiscal consolidation

The apparent redistribution of part of the proceeds of the flagship fiscal measures towards funding the NTP initiatives suggests that the fiscal consolidation efforts could fall short of the necessary requirement to narrow imbalances materially in the absence of a sustained oil price recovery. We calculate that the NTP targets a total net cumulative fiscal consolidation effort of SAR648bn (US$172.8bn) or c1% of GDP annually, assuming progressive and full implementation of the non-oil revenue targets.

### Energy policy needs to support economic transformation

Energy policy is likely to be less aggressive going forward, particularly as the NTP suggests a constant oil production capacity as well as an increase in gas production domestically which could free up domestic crude for exports. To remain consistent with the targeted government debt accumulation path, we estimate that oil prices have to average at least US$50/bbl in 2016-20 along with no growth in spending from 2016 levels (excluding the additional cost of NTP initiatives but including implementation of the NTP non-oil revenue measures). Oil prices of at least cUS$65/bbl would be required if spending is not disciplined or revenue targets are missed by c50%, in our view.

### Blueprint for fiscal measures lacks details

The approved NTP initiatives will have a total fiscal cost of SAR268bn (US$71.5bn; 11.6% of GDP) spread over five years (annually, SAR54bn equivalent to US$14.3bn or 2.3% of GDP). Government financing could represent 60% of total funding needs for the NTP initiatives, with total NTP costs of SAR447bn (US$119bn; 18.4% of GDP). Against that, the NTP envisages raising SAR366bn in non-oil revenues and cut the wage bill by 5% or SAR24bn (US$6.4bn or 1% of GDP). Non-oil revenue is seen rising to SAR530bn (US$141bn, 23% of 2016f GDP) by 2020 from SAR163.5bn (7% of GDP).

### Wage bill measure unclear but may carry profound social implications

In an unprecedented austerity measure, the share of the wage bill in total spending would fall by 5ppt to 40% (SAR456bn, from SAR480bn) by 2020. It is yet unclear how this could be achieved in practice. Furthermore, note that the MoF budget announcement estimated the wage bill in 2015 to stand at SAR450bn, blurring the target. Privatizations of government entities are likely to lead to a natural drop in the public sector number of employees and wage bill. Yet we note that the Ministry of Civil Service has two Key Performance Indicators (KPIs) directly linked to a decrease in the payroll and benefits expenditure, and to a reduction in workers in the civil service sector. This would likely be a contentious and unpopular measure to implement, and its implementation and success appear challenging to us.



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### Spending path is unclear and is flattish (excluding NTP costs) in the best case

The spending path targeted or assumed by the NTP is unclear and does not appear to match realized outturns. It may suggest that spending is likely to remain flattish, excluding NTP costs. However, the indicative level spending would settle at is around peak 2014 expenditures levels and well above the 2015 realized spending and 2016 budgeted levels. While 2015 spending could have been understated and may be revised higher, at least SAR88bn from the 2015 spending is non-recurrent as it relates to the one-off Saudi Royal edicts decreed upon King Salman's accession.

Going by the indicated 2020 target for the share of the wage bill in total spending, this would suggest that government spending is targeted at SAR1,140bn in 2020. This represents a 2.7% increase over peak 2014 spending levels and 16.5% increase over 2015 actual spending levels. Excluding the NTP annual costs, this suggests that government spending should still increase by 11% over 2015 levels and drop by 2% over 2014 spending in nominal terms.

In our view, given the lack of precise spending targets, one way of remaining consistent is to use the two NTP figures for wages and infer the NTP fiscal spending from the stated share of wages in total expenditures. This would suggest that fiscal expenditures would reach SAR1,140bn in 2020, from SAR1,067bn in the base year (unstated in the NTP). This is a 6.8% increase, but excluding the NTP costs, is just 1.8% higher. As such, in the best case scenario, we think the NTP suggests flattish spending, excluding NTP costs. If we instead take the NTP level of spending inferred to be the correct amount, this would materially widen the fiscal deficit by SAR190bn (8.0% of GDP) and would be deeply negative for the sustainability of the fiscal and Fx stance, in our view.

### Fiscal adjustment burden shifts to raising revenue, oil prices and exports

The possible flattish spending implication of the NTP would tend to indicate that the bulk of the spending cuts are now beyond us. Government projects are likely to continue to be prioritized, likely according to their economic benefits and relevance to the NTP. Flattish spending will thus shift the burden of forthcoming fiscal adjustment on raising non-oil revenues, raising hydrocarbon exports and a sustained recovery in oil prices.

**Table 6: National Transformation Plan-related spending across government entities (2016-2020)**

| | Cost (SARbn) | Cost (US$bn) | % of total |
|---|---|---|---|
| Ministry of Housing | 59.2 | 15.8 | 22.0 |
| Royal Commission for Jubail and Yanbu | 41.6 | 11.1 | 15.5 |
| Ministry of Education | 24.4 | 6.5 | 9.1 |
| Ministry of Health | 23.1 | 6.1 | 8.6 |
| Ministry of communications and IT | 14.9 | 4.0 | 5.6 |
| Ministry of Agriculture | 13.9 | 3.7 | 5.2 |
| Ministry of Water and Electricity | 12.9 | 3.4 | 4.8 |
| Saudi Commission for Tourism & National Heritage | 10.5 | 2.8 | 3.9 |
| King Abdulaziz City for Science and Technology | 8.3 | 2.2 | 3.1 |
| Ministry of Labor | 7.9 | 2.1 | 3.0 |
| General Presidency of Youth Welfare | 7.8 | 2.1 | 2.9 |
| Ministry of Transport | 5.6 | 1.5 | 2.1 |
| Ministry of Social Affairs | 5.4 | 1.4 | 2.0 |
| King Abdullah City for Atomic and Renewable Energy | 5.2 | 1.4 | 1.9 |
| Ministry of Commerce and Industry | 4.3 | 1.1 | 1.6 |
| Ministry of Municipality and Rural Affairs | 4.2 | 1.1 | 1.6 |
| Ministry of Finance | 3.4 | 0.9 | 1.3 |
| Ministry of Culture and Information | 3.3 | 0.9 | 1.2 |
| Ministry of Economy and Planning | 3.3 | 0.9 | 1.2 |
| Ministry of Justice | 3.2 | 0.9 | 1.2 |
| Ministry of Petroleum and Mineral Resources | 2.7 | 0.7 | 1.0 |
| Saudi Arabian General Investment Authority | 1.1 | 0.3 | 0.4 |
| Others | 2.3 | 0.6 | 0.9 |
| Total | 268.4 | 71.6 | 100.0 |

Source: National Transformation Plan



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**Focus on increasing non-hydrocarbon fiscal revenue could fall short of target**

The breakdown of measures to raise non-oil revenues is not given. However, the tally is close to the US$100bn targeted in the Vision 2030 and is thus likely to include measures discussed then: hikes to administered energy prices, review of current levels of fees and fines, introduction of new fees, land tax (we estimate annual revenues of 1.5-2% of GDP in its first phase when fully implemented). In this regard, the NTP suggests forthcoming privatizations, imposition of taxes on harmful products (likely tobacco and soft drinks), introduction of a Value-Added Tax (VAT) for which we estimate annual revenues of up to 2% of GDP, implementation of a unified income tax and of an income tax on residents (although official comments later clarified there were no plans to tax nationals but stayed equivocal regarding expatriates).

Although there is no direct budgetary impact, water and electricity subsidies are targeted to decrease by SAR200bn. Non-oil subsidies are targeted to decrease by 20% by 2020. The latter, we believe, consists largely of subsidies for social and sports clubs, private education, private hospitals, and other agricultural subsidies. They were budgeted at SAR3.9bn (US$1.0bn; 0.2% of GDP) in 2016, down from SAR15.0bn (US$4.0bn; 0.6% of GDP) in 2015. A 20% cut to these on-budget non-oil subsidies would thus generate minimal savings of US$0.2-US$0.8bn (0.1-0.5% of GDP) depending if the reference base year was 2015 or 2016.

According to the Deputy Crown Prince pronouncements early in the year, medium-term plans are also likely to target the introduction of US$400bn of unutilized state assets (land, etc) to state-owned funds, with the latter in turn in charge of developing them into projects and companies than can be IPOed to the public. In our view, this may be linked to the Ministry of Finance assigned KPI of increasing total recorded non-oil assets (real estate, etc) from SAR3trn to SAR5trn.

The Deputy Crown Prince provided a breakdown of the government target of raising US$100bn in additional non-oil revenue annually by 2020. The bulk of this increase in non-oil revenue would come from the restructuring of subsidies which could generate US$30bn per year (4.9% of GDP), according to the Deputy Crown Prince. VAT implementation, a Green Card-like program and a plan to allow corporates to hire foreign workers in excess of their official quotas could bring in US$10bn (1.6% of GDP) a year by 2020, according to the Deputy Crown Prince.

**Chart 14: US$100bn in additional non-oil revenue targeted by 2020**

Source: Bloomberg

**Chart 15: Government to focus on raising non-hydrocarbon revenue**

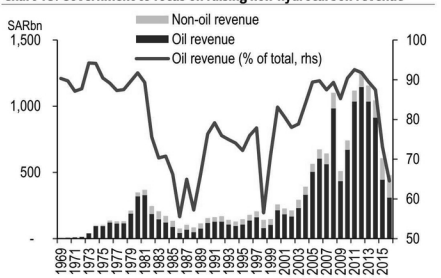


Source: Haver, BofA Merrill Lynch Global Research



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**Chart 16: Breakdown of non-hydrocarbon fiscal revenues**

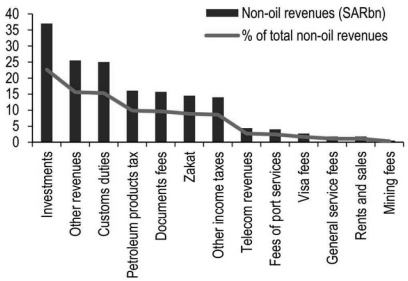


Source: MoF, BofA Merrill Lynch Global Research. Data as of 2015.

**Chart 17: Budgeted non-oil subsidies form a small portion of spending**

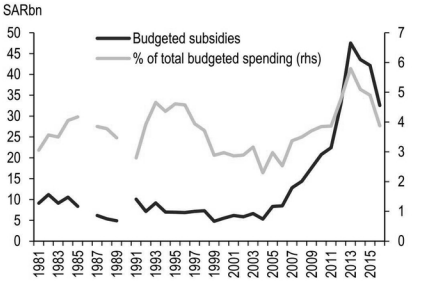


Source: SAMA, MoF, Bank of America Merrill Lynch Global Research.

### Further energy subsidy reform is likely

The figures announced by the Deputy Crown Prince regarding proceeds of subsidy reform suggests material changes over the next 3-4 years, with annual savings close to the landmark first round of administered price changes in late 2015. However, his suggestion that the changes could be accompanied by partially offsetting cash transfers to poor households suggests policy-making caution. We do not think such a redistributive system could be technically put in place in a short time span.

Recall that concurrently with the 2016 budget, a first round of energy subsidy reform saw sweeping energy, water and electricity administered price changes being instituted in late December. We estimated the natural gas price hike on petrochemical firms, domestic crude oil price hike as well as the combined gasoline and diesel price hike introduced could add US$2.2bn, US$2.0bn and US$3.8bn to central government revenues if fully passed to the budget (a combined 1.2% of GDP). Impact of continued similar policies on domestic prices would be a further 1.5-2ppt annual increase in headline inflation, and a gradual squeeze to household incomes (where gasoline, water and electricity likely represented c.1.5%, c0.4% and 1.6% respectively of consumer spending basket prior to the late December 2015 administered price adjustments).

**Table 7: Administered energy price adjustments carried out in December 2015**

| Product | Price prior to Dec 2015 | Current price | % change |
|---|---|---|---|
| Methane (US$/mn BTU) | 0.75 | 1.25 | 66.7 |
| Ethane (US$/mn BTU) | 0.75 | 1.75 | 133.3 |
| Arab light (US$/bbl) | 4.24 | 6.35 | 49.8 |
| Arab Heavy (US$/bbl) | 2.67 | 4.4 | 64.8 |
| Diesel (US$/bbl) | 9.8 | 14 - 19.1 | 68.5 |
| Heavy Fuel Oil (HFO) 380cst | 2.08 | 3.8 | 82.7 |
| Heavy Fuel Oil (HFO) 180cst | 2.08 | 4.25 | 104.3 |
| Propane (USD/metric ton) | - | - | - |
| Naphtha (USD/metric ton) | - | - | - |
| Butane (USD/metric ton) | - | - | - |
| Natural gasoline (USD/metric ton) | - | - | - |
| Kerosene (US$/bbl) | | 25.7 | |
| 95 octane gasoline (SAR/ltr) | 0.6 | 0.9 | 50.0 |
| 91 octane gasoline (SAR/ltr) | 0.45 | 0.75 | 66.7 |

Source: SPA, BofA Merrill Lynch Global Research. Propane, naphtha, butane and natural gasoline used to be: price using the following formula: Japanese Naphtha price less transportation from Saudi multiplied by 0.72. The formula now is differentiated by product and is as follows: Japanese price of the underlying product less transportation from Saudi multiplied by 0.8.

### Fiscal consolidation plan looks challenging to fully achieve

The US$100bn target in additional non-oil revenue through 2020 appears difficult to reach and is likely to leave a sizeable financing gap based on the current proposals, in



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our view. This would thus imply that fiscal consolidation is likely to fall short of narrowing imbalances materially without a sustained oil price recovery.

The fees on excess foreign worker quotas and the green-card like program targeted proceeds are difficult to reach, in our view. We calculate that to raise US$10bn from a green-card like program, authorities will need to set the program fees at US$1,500 (in line with upper bound of similar programs elsewhere) and have all expatriate workers applying to enrol in the program. This appears an unrealistic target to meet, particularly as it is not clear how these proceeds would be recurrent yearly. As for the foreign worker quotas proceeds, we calculate that, based on private sector expatriate figures and the stated 85% overall compliance with Nitaqat sector quotas, that the fees would need to be set at a large cUS$10,500 per non-compliant worker to be consistent with the NTP target. The large fee amount would likely be a material disincentive to private sector corporates and a squeeze on their profits.

One of the obstacles to meeting the subsidy reform target is likely to be political in nature given the impact on inflation and household incomes. We calculate nevertheless that the target could be reached through a combination of a administered prices changes. We do not think there is major room to increase natural gas feedstock prices to petrochemical firms, given the NTP focus on the petrochemical sector as a source of future growth. We estimate raising natural gas prices to US spot levels in an oil price environment of US$50/bbl would bring in revenues to the central government of just US$2.5bn (0.4% of GDP) if fully passed to the budget. This is likely to suggest that the bulk of the future adjustments are likely to center on hikes to administered price adjustments for domestic crude oil sales, diesel and gasoline. Selling domestic crude at US$25/bbl rather than an average of US$5.4/bbl would bring in US$20.8bn in revenues. Gasoline and diesel prices could rise by the same percentage as in December 2015 to bring in additional revenues for a minimum inflation pick-up cost of 0.5ppt.

The most difficult part would be meeting the US$40bn in other non-oil revenues target, in our view. Given that the latter's breakdown was not provided, we have attempted to group several measures being studied (according to local press) to provide a tentative decomposition. Still, our analysis suggests the need for a further US$16.8-US$20.7bn in financing to meet the US$40bn target. Land tax proceeds of US$11bn in the first phase of implementation are the largest item, in our view. We calculate that a 20% sin tax on tobacco and sugary drinks would raise US$2.1bn (0.3% of GDP) at a 0.5ppt cost to inflation. A remittance tax being studied, according to local press, and could impose a tax of 6% gradually decline to 2% over a number of years. At the upper bound of the tax rate (6%), we calculate that the remittance tax would raise US$2.3bn (0.4% of GDP). We calculate that a 10% income tax on expatriates would raise at least between US$3.9-US$7.8bn (0.6-1.2% of GDP), depending on the assumed annual overall expatriate earnings. That being said, measures to tax expatriates could be detrimental to diversification and labor force prospects and were opposed to politically in the past.



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**Table 8: Fiscal consolidation measures through 2020 leave undisclosed financing gap**

| Fiscal measure | Annual revenue raised (US$bn) | Annual revenue raised (% of GDP) | Impact on inflation (ppt) | Remark |
|---|---|---|---|---|
| **Non-oil revenue measures** | 100 | 15.8 | - | NTP target |
| Fees on excess foreign worker quotas | 10 | 1.6 | - | NTP target |
| Green-card like program | 10 | 1.6 | - | NTP target |
| VAT | 10 | 1.6 | 5 | NTP target |
| Subsidy reform | 30 | 4.7 | | NTP target |
| Natural gas feedstock for petrochemicals | 2.5 | 0.4 | - | BofA ML assumption |
| Domestic crude | 20.8 | 3.3 | - | BofA ML assumption |
| Gasoline | 1.4 | 0.2 | 0.5 | BofA ML assumption |
| Diesel | 1.9 | 0.3 | - | BofA ML assumption |
| Other measures | 40 | 6.3 | - | NTP target |
| Land tax | 11 | 1.7 | - | BofA ML assumption |
| Remittance tax | 2.3 | 0.4 | - | BofA ML assumption |
| Income tax on expatriates | 3.9-7.8 | 0.6-1.2 | - | BofA ML assumption |
| Sin tax on tobacco | 0.7 | 0.1 | 0.1 | BofA ML assumption |
| Sin tax on sugary drinks | 1.4 | 0.2 | 0.4 | BofA ML assumption |
| **Memo:** | | | | |
| Undisclosed revenue financing gap | 16.8-20.7 | 2.7-3.3 | - | BofA ML assumption |
| **Cost savings** | **Annual savings (US$bn)** | **Annual savings (% of GDP)** | | |
| 20% cut to on-budget non-oil subsidies | 0.2-0.8 | 0.1-0.5 | - | BofA ML assumption |
| 5% cut to the wage bill | 6.4 | 1.0 | - | NTP target |
| **Cost increases** | **Annual cost increase (US$bn)** | **Annual cost increase (% of GDP)** | | |
| NTP costs (US$71.5bn) | 14.3 | 2.2 | | NTP target |

Source: National Transformation Plan, BofA Merrill Lynch Global Research

**Chart 18: Breakdown of electricity consumption by sector**

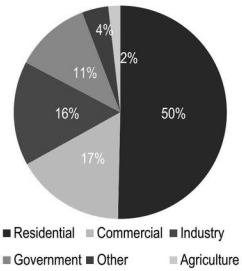


Source: SAMA, BofA Merrill Lynch Global Research. Data as of 2015.

**Chart 19: Water consumption by sector**

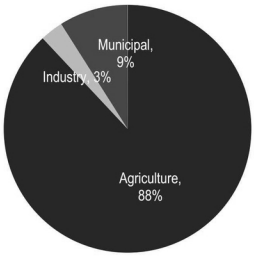


Source: UN, BofA Merrill Lynch Global Research. Data as of 2010.

## Budgeted defence spending – up or down

Localization policies in the defence industry could help cut imports (total defence imports of US$9.8bn equivalent to US$1.5bn or 6% of total imports in 2015, according to consultancy IHS) and conserve Fx reserves, but we expect this to be a slow and gradual process. We think that large defense imports are typically amortized over a number of years. Defence spending is an important part of fiscal spending in Saudi Arabia, accounting for c30% of total budgeted spending. Defence spending in 2016 was budgeted at SAR213bn (US$56.9bn; 9.0% of GDP), down from SAR307bn (US$81.8bn; 12.7% of GDP) in 2015. Increased military and security projects in 2015 saw an additional overspend of SAR20bn last year. It is unclear to us if all of the regional military costs have been recognised on-balance sheet. A negotiated settlement to the Yemen conflict through the ongoing political negotiations in Kuwait could help contain security spending near-term.



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**Chart 20: Budgeted spending – up or down?**

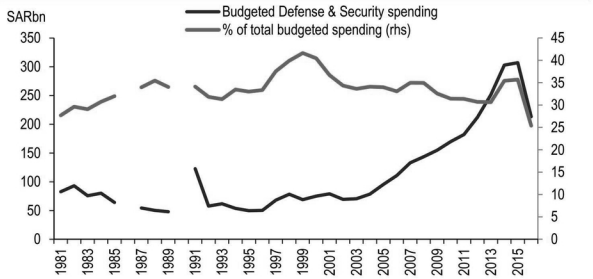


Source: SAMA, Ministry of Finance, Bank of America Merrill Lynch Global Research.

### Privatization comes back to the government's agenda

The consideration of a privatization program is not surprising at the current juncture, in our view. Recall that the Saudi privatization program was initially started in 1999 with the creation of the now-dissolved Supreme Economic Council, following the drop in oil prices in 1998. Small-scale privatizations took place in the early 2000s, and 2002 saw large privatization in the telecommunication sector and postal services.

Selling public sector stakes is one of the non-debt creating financing options for the government that would help minimize the direct drain on Fx reserves, encourage private sector development and improve services delivery. That being said, given the lack of non-oil taxation, this would only contribute to one-off financing flows alongside savings from a drop in budgetary allocations to the privatized entities, in our view.

The 2015 budgetary appropriations for public institutions totalled SAR163.7bn (US$43.7bn; 19.0% of total budgeted spending and 6.8% of GDP). We calculate that the public institutions related to the entities that appear to have been slated for privatization according to press reports account for budgetary appropriations of SAR124.8bn (US$33.3bn; 5.2% of GDP. This is likely to be the upper bound of fiscal savings possible under the privatization program. In our view, this is unlikely to be realized fully as it includes a large number of universities and because most timelines appear to center around 2020.

**Table 9: Privatization / Public Private Partnerships (PPPs) planned**

| Entity | Date | Comment (press reports and Saudi Vision 2030/NTP, unless stated otherwise) |
|---|---|---|
| Airports | 2016-2020 | Targeted sale of 11 airport units by 2020 |
| Saudi General Grains Organisation | 1Q17 | A financial advisor has been appointed |
| Saudi Aramco | by 2018 | A stake of less than 5% could be sold |
| Stock exchange (Tadawul) | by 2018 | A financial advisor has been appointed |
| Saudia Medical Services | - | Saudi Arabian Airlines appointed a financial adviser for the privatization of its unit Saudia Medical Services and had its Board of Directors restructured in June |
| Saudi Electricity (SEC) | by 2020 | SEC's generation assets are likely to be split into four separate regional companies where minority stakes would be sold to major global utilities or sold in the public market |
| Saline Water Conversion Corporation (SWCC) | - | Investment partners are likely to be sought to buy a stake in production assets, with the holding company to be listed later |
| General Port Authority | by 2020 | Commercialization program to be completed by 2020 |
| Saudi Post | by 2020 | Saudi Post to be turned into a holding company with six subsidiaries. The NTP aims to transform it to a commercially viable company with government subsidies (SAR2bn) to be phased out by 2020. |
| Education / schools | - | Official pronouncements have suggested this could be considered, but there does not appear to be concrete plans for now |
| Healthcare / hospitals | - | The 2030 vision suggests no privatisations in the near-term, in our view. Authorities are likely to look to improve management and quality of service before considering privatisation, in our view. |
| Road, railway and port projects | - | NTP suggests PPPs are planned with percentage in private sector contribution to development and operation to increase |

Source: Press reports, Saudi Vision 2030, National Transformation Plan



HOUSE_OVERSIGHT_016133

**Table 10: Public institutions budget appropriations**

| | SARbn | US$bn | % of GDP |
|---|---|---|---|
| Universities | 55.7 | 14.8 | 2.3 |
| Saudi Arabian Airlines | 28.5 | 7.6 | 1.2 |
| Saline Water Conversion Corporation | 15.6 | 4.2 | 0.6 |
| General Authority of Civil Aviation (GACA) | 15.5 | 4.1 | 0.6 |
| Saudi Post Organization | 3.2 | 0.8 | 0.1 |
| Grain Silos and Flour Mills Organization | 2.9 | 0.8 | 0.1 |
| Saudi Ports Authority | 1.8 | 0.5 | 0.1 |
| Saudi Railways Organization | 1.7 | 0.4 | 0.1 |
| Other | 38.9 | 10.4 | 1.6 |
| Total | 163.7 | 43.7 | 6.8 |
| *of which, public institutions in sectors that could be privatized* | *124.8* | *33.3* | *5.2* |

Source: SAMA, Ministry of Finance, Bank of America Merrill Lynch Global Research. Data as of 2015 budget.

### Sales of PIF assets could help replenish fiscal reserves but not Fx reserves

Secondary sales of domestic assets could be a faster way than Initial Public Offerings (IPOs) and privatizations for the Ministry of Finance (MoF) to raise its fiscal reserves at SAMA, in our view. We look at this possibility to assess the potential for the MoF to use it as an option to support its fiscal reserves at SAMA and prevent a debt build-up in response to ongoing fiscal deficits.

If this were to take place, this could occur through holdings of the PIF rather than the pension funds who are large institutional investors in the domestic equity market, in our view. We calculate that the PIF could sell stakes worth around SAR200bn (US$53.6bn) domestically through liquidating existing minority stakes and selling down majority holdings while retaining control. If the PIF holdings are above 50%, we assume arbitrarily that the holding is strategic, and thus calculate the current value of the stake that the PIF (using the current stock price in the market) can sell down so it retains a controlling 51% ownership share. If the PIF holdings are below 50%, we arbitrarily assume that the holding is not strategic, and thus calculate the current value of the stake that the PIF holds (using the current stock price in the market) as we assume it could be fully liquidated.

The proceeds of sales domestically (without foreign participation) would increase central government deposits at SAMA, decrease other domestic liabilities of SAMA but keep Fx reserves unchanged. Because of the latter, because such large coordinated sales could weigh on the market and as the PIF is targeted to become the largest SWF by Saudi authorities, we doubt this is going to be a course policy-makers are likely to be considering in the near term.



HOUSE_OVERSIGHT_016134

**Table 11: Public Investment Fund listed domestic assets and their monetization potential in regards to replenishing fiscal reserves at SAMA**

| Entity | Sector | Current government stake (%) | Free-float (%) | Potential value of secondary offering if a government stake is sold, but with the government still retaining 51% control (US$bn) | Potential value of secondary offering if government's existing minority stake is liquidated (US$bn) |
|---|---|---|---|---|---|
| Saudi Basic Industries Corporation (SABIC) | Chemicals | PIF: 70.0%; GOSI: 5.7% | 24.3% | 12.3 | 0.0 |
| Saudi Telecom (STC) | Telecom | PIF: 70.0%; GOSI: 7.0%; PPA: 6.77% | 16.2% | 6.5 | 0.0 |
| Saudi Electricity (SEC) | Power | Government: 74.3%; Aramco: 6.9% | 18.8% | 5.1 | 0.0 |
| Saudi Ground Services | Travel | Saudi Arabian Airline: 52.5%; National Aviation: 14.7% | 30.0% | 0.4 | 0.0 |
| Saudi Real Estate Company | Real estate | PIF: 64.57% | 35.5% | 0.1 | 0.0 |
| National Commercial Bank (NCB) | Banks | PIF: 44.3%; GOSI: 10%; PPA: 10.04% | 35.7% | 0.0 | 9.5 |
| Maaden | Mining | PIF: 49.99%; GOSI: 7.98%; PPA: 7.45% | 34.6% | 0.0 | 5.9 |
| Samba | Banks | PIF: 22.91%; GOSI: 11.76%; PPA: 15.04% | 73.2% | 0.0 | 2.4 |
| Yanbu National Petrochemical Co (Yansab) | Chemicals | SABIC: 51%; GOSI: 11.92% | 37.1% | 0.0 | 2.2 |
| Saudi Arabian Fertilizer Company (SAFCO) | Chemicals | SABIC: 42.99%; GOSI: 12.2% | 44.8% | 0.0 | 2.0 |
| Riyadh Bank | Banks | PIF: 21.75%; GOSI: 16.72%; PPA: 9.18% | 46.6% | 0.0 | 1.9 |
| Southern Province Cement | Cement | PIF: 37.43%; GOSI: 15.82% | 46.8% | 0.0 | 1.1 |
| National shipping company | Transport | PIF: 22.55% | 80.0% | 0.0 | 0.9 |
| Saudi Catering | Transport | General Airline Services KSA: 35.7% | 39.8% | 0.0 | 0.8 |
| Kayan | Chemicals | SABIC: 35% | 65.0% | 0.0 | 0.6 |
| Alinma Bank | Banks | PIF: 10%; GOSI: 5.10%; PPA: 10.71% | 74.1% | 0.0 | 0.5 |
| Qassim cement | Cement | PIF: 23.35%; GOSI: 15.09%; PPA: 5.67% | 79.2% | 0.0 | 0.4 |
| Yanbu cement | Cement | PIF: 10%; GOSI: 12.37% | 68.5% | 0.0 | 0.2 |
| National Agriculture Development | Agriculture | PIF: 20% | 85.1% | 0.0 | 0.1 |
| Saudi Fisheries | Agriculture | PIF: 39.99% | 38.5% | 0.0 | 0.1 |
| Saudi Public Transport | Transport | PIF: 15.72% | 100.0% | 0.0 | 0.1 |
| Eastern Province Cement | Cement | PIF: 10%; GOSI: 10.65% | 89.4% | 0.0 | 0.1 |
| National Gas and Industrialization | Chemicals | PIF: 10.91% | 88.0% | 0.0 | 0.1 |
| Saudi Ceramic | Consumer | PIF: 5.94%; GOSI: 16.19% | 83.8% | 0.0 | 0.0 |
| Petro Rabigh | Chemicals | Aramco: 37.5%; Sumitomo: 37.5% | 25.0% | 0.0 | 0.0 |
| Total | | | | 24.3 | 28.6 |

Source: Bloomberg, Bank of America Merrill Lynch Global Research. PIF = Public Investment Fund. GOSI = General Organization for Social Insurance. PPA = Public Pension Agency. Based on stock prices as of 28 June 2016.

### Material fiscal consolidation would be necessary to narrow macro imbalances

There is no substitute for fiscal consolidation to maintain Fx policy unchanged. We map out below paths for several macro variables depending on fiscal policy and oil prices, with higher oil prices easing the adjustment requirement.

In a worst case scenario where US$25/bbl oil prices would persist for the next five years, sustainability of the Saudi Fx policy rests on material fiscal consolidation, which we believe is achievable based on the mix of revenue-raising and spending restraint plans likely or announced to date. This would require a total 5-year cumulative adjustment of SAR500bn (US$133bn; 20% of 2015 GDP or 4ppt of GDP annually) from 2016 onwards, which is close to what the NTP appears to be targeting in non-oil revenue measures (US$100bn, excluding NTP costs). We think 75% of the adjustment can take place through revenue-raising measures. The remainder of the adjustment would need to take place through capex cuts and is similar in size to the capex retrenchment of the 1980-90s. However, note that if one assumes that the 2015 budget deficit will be revised higher to 18.9% of GDP, this adds a need for a further 4ppt of GDP cumulative fiscal adjustment to maintain the same trajectory of Fx reserves.

### An overhaul of fiscal policy will likely be required

In line with the 2016 budget announcement, we would expect tight budgets to be passed. We expect a VAT with 5% yield to be implemented in 2018, alongside further administered price adjustments for energy, water and electricity. Implementation of the land tax is likely, but it is unclear whether the proceeds will be ring-fenced to be used solely for housing projects. Using solely the recurring existing proceeds of the December administered price adjustments and a VAT introduction, we still see a need for further fiscal restraint in the order of 1ppt of non-oil GDP annually. The latter would



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be equivalent to a SAR100bn cumulative spending cut, which we believe can be accommodated from capex retrenchment. On the basis of the above, fiscal consolidation would likely drive real GDP growth lower to an average of just around 1% of GDP. This estimate is based on a ST GCC fiscal multiplier of 0.2 for real spending to real non-oil GDP, in line with academic literature.

### Fx policy stays the course; NTP blurs medium-term incentives

We do not believe Deputy Crown Prince Mohammed bin Salman is considering Fx reform in the near-term. We have expressed here our view that the Fx peg would hold as fiscal policy undergoes a sizeable multi-year adjustment. In a bearish scenario for oil prices, the NTP is unlikely to be implemented as deep budget cuts are likely to be required to sustain the Fx policy. We believe an oil price of at least US$50/bbl is broadly consistent with full and timely NTP implementation, but fiscal policy still needs to be disciplined. If fiscal non-oil revenue targets are missed, a higher oil price is likely to be needed.

However, if the NTP is successful in diversifying the economy, it will make the costs of running an overvalued exchange rate more prohibitive, particularly as the external accounts are likely to become more responsive to an Fx shock. It also introduces a pro-growth bias for policy-makers in charge of diversifying the economy, which may conflict with the implementation of unpopular fiscal reforms or the depth of fiscal consolidation needed at weak levels of oil prices. The NTP diversification initiatives may suffer from a timing mismatch when it comes to net external receipts generated. This is because the sectors that would generate Fx receipts (non-oil exports, religious tourism) or localization policies are likely to be slow to ramp-up, while Fx demand in the economy is likely to be supported (rather than deflated) by government diversification policies. Last, the desire to build a large SWF may suggest a desire to conserve Fx reserves.

**Chart 21: Illustrative paths of Saudi government deposits at SAMA**

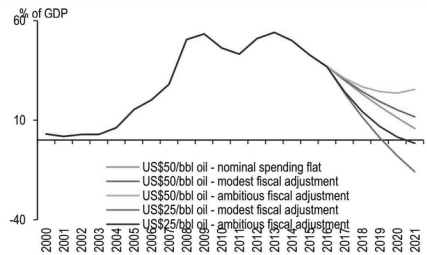


Source: , Haver, BofA Merrill Lynch Global Research estimates

**Chart 22: Illustrative paths of SAMA foreign assets**

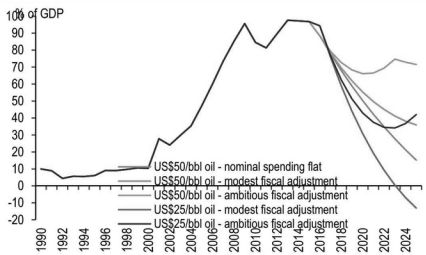


Source: Haver, BofA Merrill Lynch Global Research estimates



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**Chart 23: Illustrative paths of Saudi fiscal balance**

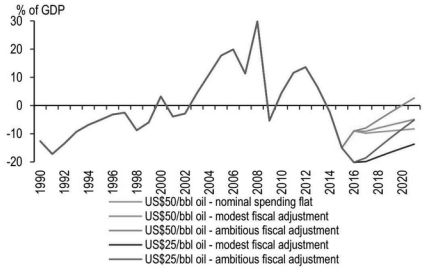


Source: Haver, BofA Merrill Lynch Global Research estimates

**Chart 24: Illustrative paths of Saudi government debt**

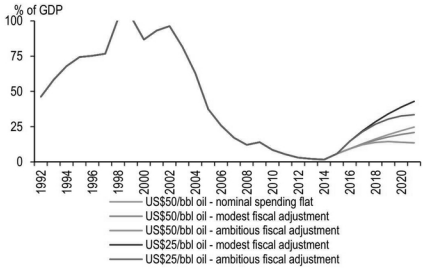


Source: Haver, BofA Merrill Lynch Global Research estimates

### Consumer to face mixed trends

Labour policies are likely to remain a major focus for the Saudi government. Low oil prices have dented the government's direct ability to support the consumer compared to the boom years. Furthermore, negative to flat public sector wage growth is likely to dampen income and consumption trends, although Specialized Credit Institutions (SCIs) could alleviate tightening banking sector household lending standards.

The NPT suggests a focus on boosting female employment as well as increasing the cost of foreign labor relative to national labor. The latter implies a negative impact on corporate margins and profits, in the event higher labor costs are not reflected in higher consumer prices and inflation). The negative near-term cost and efficiency implications of continued labour market reforms are mitigated by the fact that eventual increase in private sector employment of higher-paid Saudi labour should prove supportive for consumption trends once the dust settles.

The NTP targets increasing the cost of employment of Saudis compared to expatriates from 400 to 280. We calculate that the ratio of private sector wages of Saudis compared to non-Saudis stood at 3.64 and 1.29 for males and females respectively in 2015. The NTP target is thus akin to increasing non-Saudi private sector wages by 43% over the period to 2020, a CAGR increase of 7.4%. This would squeeze corporate profits, lead to inflationary pressures in the economy, and lead to annual additional Fx outflows through remittances of US$2.8bn (0.4% of GDP). As such, it is more likely that the employment cost of non-Saudis is likely to be increased through measures such as fees for government services, taxes and levies. It is unclear that the NTP target can be met solely through this route, but it would avoid additional Fx outflows despite still having a negative impact on corporate margins and inflation, in our view.

The Nitaqat Saudization program is likely to be extended in the near-future through the forthcoming launch of the "balanced Nitaqat" initiative. While employment quotas are likely to be tightened, they will also take into account wage levels, job quality and women employment ratios, according to local press. A likely target is likely to be increased job creation for Saudis in the retail sector through higher quotas, in our view.



HOUSE_OVERSIGHT_016137

**Table 12: Selected drivers of Saudi consumer**

| | Direction | Comment |
|---|---|---|
| Oil prices | Volatile | Indirect impact through economic activity and confidence |
| Population growth | Decreasing | Direct impact through lower number of expatriates and national birth rate |
| Public sector wage growth | Flat to contracting | Freeze in government wage bill |
| Private sector wage growth | Flat to minor increase | Some sectors to contract (construction), others resilient (retail, staples) |
| Saudi private sector male employment | Mixed | Saudization helps, but economic slowdown and supply-side factors impact negatively |
| Saudi private sector female employment | Increasing | NTP aims to increase it through several measures |
| Consumer leverage | Decreasing | Banking sector liquidity and lending standards are tightening |
| Real estate finance | Increasing | NTP measures are supportive in this area |
| Specialized Credit Institutions (SCIs) | Flat | SCIs can continue to support the economy |
| Saudization | Increasing | Negative impact short-term, positive impact medium-term |
| Subsidies | Decreasing | Timing and breadth unclear as of yet |
| Other fiscal consolidation measures (VAT, etc) | Likely forthcoming | Direct and indirect negative impact on consumer |

Source: BofA Merrill Lynch Global Research

**Chart 25: Private sector average monthly wages are increasing**

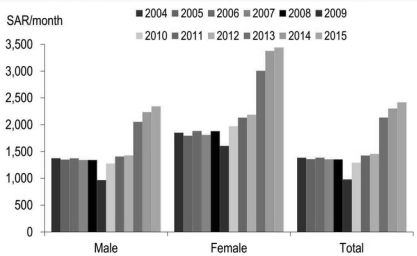


Source: SAMA, BofA ML Global Research. SAMA wage data coverage appears incomplete.

**Chart 26: Wedge between Saudi and non-Saudi private sector salaries**

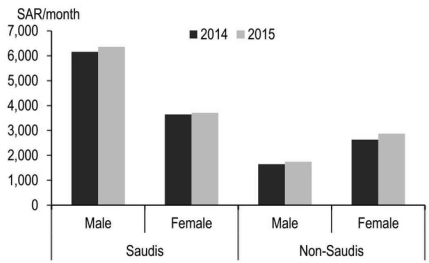


Source: General Organization for Social Insurance (GOSI), BofA ML Global Research.

### Banks and contractors will require supportive policies to realize NTP benefits

The banking sector is targeted to benefit from the NTP initiatives through greater disintermediation (SMEs, real estate financing, non-oil export financing) and greater household savings. However, domestic liquidity is likely to remain structurally tight, in our view. The NTP targeted increase in non-oil fiscal revenue is likely to tighten domestic liquidity, all else being equal, as it would have the effect of extracting resources from the non-hydrocarbon private sector (as opposed to government domestic spending that injects liquidity).

Linked to liquidity trends and banking sector asset quality, the issue of government arrears to contractors is likely to take centre stage, in our view. Resolving this is likely to be required if the capex projects under the NTP are to be executed on a timely fashion, in our view. We think the government's proposal to issue "I Owe You' notes (IOUs) could be a step in this direction.

### Government looks to issue IOUs

According to the press, the Saudi government has paid contractors some cash on its arrears, and is considering to issue "I Owe You' notes (IOUs) to them. Contractors would receive these notes to cover their outstanding dues, which they could hold until maturity or sell on to banks. The government has been highlighting it wanted to settle the contractor sector dues, and recently a high-profile domestic contractor has made mass redundancies. In the previous downturn in the 1980s, arrears to domestic contractors were also likely to have been accumulated. We highlighted that the fiscal deficit was likely under-reported last year. Also, construction was one of the fastest growing sector last year both in terms of domestic activity and of domestic credit.



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**Government arrears to contractors could be significant**
We estimate the range of unpaid capex for 2015 to be SAR23bn-SAR100bn (US$6bn-US$27bn or 1-4.3% of 2015 GDP). At the very minimum, unpaid capex could be around SAR23bn. This is the amount of additional loans taken out by construction contractors over 2015 compared to 2014. Total construction loans were SAR106bn in 2015 versus SAR83bn in 2014. Contractors likely did not go to obtain alternative bank funding for the same amount as the delayed payments from the government, suggesting delayed payments should be larger than SAR23bn, in our view.

By the same token, the 2015 budget outturns imply capex was down by 45% to SAR205bn versus 2014 levels of SAR370bn. This is of course unlikely as construction grew by 5% in real terms in 2015. Correcting the 2015 budget by the likely underreporting (an additional SAR100bn in spending, assuming it was all capex-related), then capex spending was likely down by SAR65bn (17%) in 2015. This would be in line with the c15%yoy drop in construction awards as reported by MEED.

In comparison, government overdues in the healthcare sector are much smaller. Based on the disclosures of two listed healthcare groups, we estimate the growth of government receivables owed to them alone is SAR0.4bn. We estimate the total sector government overdues to private healthcare operators could be 2-3 times this level.

**IOUs to serve multiple purposes**
IOUs could support simultaneously the multiple needs of the government, domestic banks and contractors, in our view. The government will be able to conserve fiscal reserves and restructure the maturity of its outstanding dues. Domestic banks would substitute corporate credit risk with sovereign risk and improve asset quality, while contractors could improve their liquidity and working capital position by cashing in early on the IOUs. We believe most of the contractors impacted could be domestic ones, and we presume these IOCs would be issued in domestic currency. Furthermore, to the extent these IOUs are structured as tradable instruments, this could better distribute risk in the financial sector to those agents more capable or willing to hold it.

**Domestic liquidity could be eased, but Fx outflows may not subside**
The impact of IOUs on domestic liquidity will likely depend on the issuance mechanism, of which we have little visibility for now, though this could likely ease domestic liquidity. We would however expect subsequent Fx reserves losses due to an increase in demand for Fx consequent to the liquidity injections (a 50% leakage would for instance lead to US$13.5bn loss in Fx reserves at the high-end of the estimated arrears range).

One possibility for the mechanism would be for banks to extend more secured credit to contractors using the IOUs as collateral. In this case, domestic liquidity is likely to remain tight as the banking sector balance sheet would stay stretched. Another, perhaps more likely, option would be for banks to accept IOUs as deposits. Contractors would then be able to transfer IOUs to their trade creditors and withdraw cash regularly, with the total amount being likely a portion of the face value of the IOUs. Banks would hold new government instruments on the asset side of their balance sheet. This mechanism could also be structured as a simple sale of the IOUs to domestic banks (with a haircut), which domestic banks would accommodate through equivalent changes on the asset side of their balance sheet, without the creation of additional liabilities.

In the latter option, to avoid straining the banking sector liquidity, the deposits withdrawal or in effect the increased money in circulation would likely require monetary accommodation from SAMA, in our view. We believe this could take the form of liquidity injection, possibly through repo operations for the IOUs. Although unconventional, this



HOUSE_OVERSIGHT_016139

possible source of easing of domestic liquidity would still be consistent with Article 6 Saudi Arabia's Currency Law which imposes a 100% currency backing by Fx reserves, such that that currency issued cannot exceed foreign reserve assets. The full cover requirement would still be in force as reserve money currently represents just 14% of foreign reserve assets, down from c100% throughout the period 1996-2000.



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## Lessons in diversification

There are only few examples of countries that successfully managed diversification away from primary dependence. The examples of Malaysia and Norway suggest that a sound institutional framework, robust fiscal framework, supportive public sector industrial policies, appropriate business climate and human capital are important factors in enabling successful diversification away from the oil sector. A backdrop of low oil prices exacerbates diversification challenges but also provides impetus for change.

### Saudi comprehensive reforms follow standard template to shift gears

The Saudi NTP broadly follows the generally accepted template of comprehensive macro- and micro- reforms needed to diversify beyond the hydrocarbon sector, in our view. The literature suggests successful diversification entails ideally a combination of three types of innovations: processes, products and organizations. Enhancement in processes would enhance productivity, new products would support emergence of new sectoral growth drivers, and improved micro- and macro-governance would help sustain production gains. The key to furthering the development path would be to move from an initial labour- and capital-intensive phase towards a phase focused on increasing productivity growth through higher value-added sectors.

This will require the retention of white-collar workers, steady progress on institution-building, an increase non-hydrocarbon FDI, horizontal and vertical integration, a broader manufacturing base including at first through sectors with competitive advantage (downstream or energy-intensive ones), greater integration into the global value chain through enhanced trade relations, as well as education and business climate reform to overcome structural rigidities, in our view.

### Medium-term diversification may require Fx reform

As diversification progresses, the case for increased Fx flexibility and making space for autonomous monetary policy conduct is likely to gradually take shape. Presumably, such a move would require putting in place a supportive institutional structure which is currently broadly lacking. It would also await improvements in productivity growth and the development of competitive local industries to minimize a potential Dutch disease effect on infant or other sectors. A fairly valued real effective exchange rate (REER) would support efficient allocation of production factors across sectors and improve competitiveness of the tradable goods sector.

### Malaysia case study highlights the role of supportive public sector

Malaysia's diversification away from primary commodities relied on a series of National Industrial Policies and Industrial Master Plans to promote the manufacturing sector. Focus was given to sectors with high export potential, and efforts were taken to create linkages with other sectors and to deepen interconnection with other industries. Growth strategies also aimed to develop local technological capabilities and clusters of industrial development, similar to the localization and industrial strategies spearheaded by the Saudi National Transformation Plan.



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**Chart 27: The launch of government industrial policies in the 1980s helped Malaysia diversify**

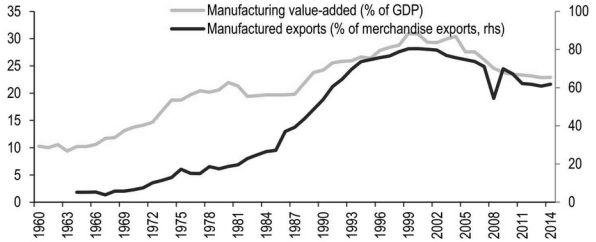


Source: Haver, BofA Merrill Lynch Global Research

**Norway case study suggests institutions are paramount**

While it is perilous to extend lessons that could overemphasize idiosyncracies, the case of Norway highlights, if anything, the importance of sound institutions and macro management when it comes to broader economic diversification. The case of Norway has relevance for the Gulf Cooperation Council countries (GCC), including Saudi Arabia, especially since oil discovery (late 1960s) and oil production (1970s) timelines were not that sensibly different from the GCC.

That being said, outcomes were widely different as well as the starting point since Norway was already a developed country with mature social, economic and political institutions at the time of the discovery of oil. This allowed a distinction between the management and ownership of natural resources uncommon in the GCC and several other resource-based economies, in our view.

**Four ways in which the supply-side matters for economic diversification**

We believe that there are four lessons to learn from Norway's outperformance:

1) The importance of human capital

Norway's priorities from early on were to build human capacity, investing in education, increasing labor force participation and supporting productivity growth.

2) Prudent conduct of fiscal policy

Current Norwegian oil revenue management puts considerable emphasis on stabilizing the economy and facilitating a gradual phase-in of oil revenues over time (which crowds out trophy projects and put onus on achieving productivity gains in the non-oil sector). Following the 1970-80s boom-bust sequence and expansion of the welfare state, Norway established in 1991 a Government Petroleum Fund to receive and invest oil revenue (it received its first net transfer in 1996). The fiscal rule adopted in 2001 targets a central government structural non-oil budget deficit equal to 4% of GPF assets (the latter assumed to be its estimated long-run real rate of return). That being said, Saudi Arabia's infrastructure requirements could have prevented adapting this part of Norway's model for long, in our view.

3) Institutional experience

Norway's development has been characterized by continuous development and integration of resource-based export-oriented industries, some of which were active since 1950. While Norway is the world's third largest exporter of natural gas and the sixth largest of crude oil, it is also the second largest exporter of seafood, possesses the fourth largest shipping fleet, is the sixth largest exporter of aluminium and the first exporter of sub-sea technology products and services.



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### 4) Industrial policy

Norway's active use and introduction of a national industrial strategy has helped shelter infant industries and create linkages between the natural resource-based industries and other sectors of the economy. For two decades (1972-1994), preference was given in a transparent fashion to local content in procurement to help build supply industries, and provisions were set in for international firms to train nationals, use domestic service industries and cooperate in R&D with local institutions. Though Norway pre-dates the GCC in this development, the region shares in many ways some of these policies, leading to the emergence of national champions. The main difference appears to relate to the scope, extent and degree of innovation involved in offshoot industries at this stage, in our view.

**Chart 28: Norway real GDP per capita growth outpaced GCC over the past decades**

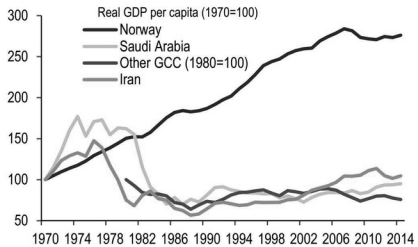


Source: Haver, BofA Merrill Lynch Global Research

**Chart 29: Norway outperforms Saudi indicators on a per capita basis**

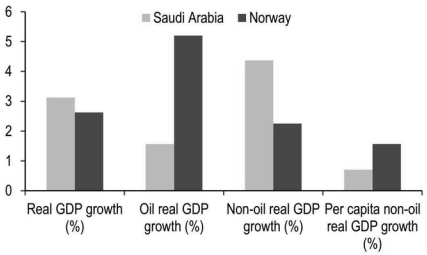


Source: Haver, BofA Merrill Lynch Global Research. Data represents averages over 1979-2014.

**Chart 30: Norway's hydrocarbon sector share in real GDP has dropped**

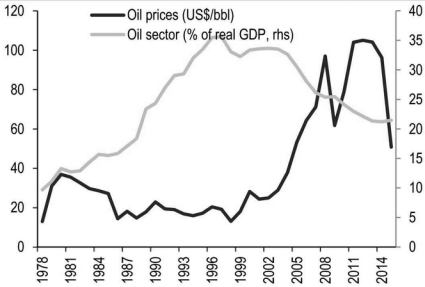


Source: Haver, BofA Merrill Lynch Global Research

**Chart 31: Human capital is Norway's most important resource**

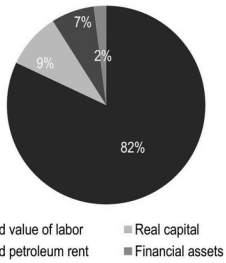


Source: Norway Ministry of Finance, BofA Merrill Lynch Global Research



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## Eurobond premium required for fiscal slippage risk

We expect large and regular sovereign eurobond issuance going forward to support FX reserves and domestic liquidity but weigh on regional bond spreads if risk appetite does not hold up or fiscal slips. EMBIG index inclusion is unlikely, in our view. Saudi Arabia CDS premium to Qatar and likely larger issuance size suggests Saudi External Debt (EXD) is likely to be issued at a premium to Qatar.

### Saudi Arabia international bond issuance latest in wave of Gulf supply

Local press suggests that Saudi Arabia is gearing up for a large international bond issuance program (US$10-15bn issuance target this year), which, if confirmed (the government neither confirmed nor denied , should add to the sizeable sovereign bond supply pipeline this year. So far, we have seen US$17.1bn in gross and net supply from the Gulf Cooperation Council (GCC) countries. Assuming Saudi Arabia issues US$15bn and accounting for planned issuance from Dubai and Bahrain and excluding Kuwait, the rest of this year should see a further US$16.5bn in gross issuance and US$16.1bn in net issuance. This would bring the total gross and net GCC sovereign bond issuance to US$33.6bn and US$33.2bn this year respectively.

### Seminal potential bond issuance has multi-pronged implications

If confirmed, this could be a seminal event and mark the first time for the Saudi government to issue external bonds. It would allow for participation of foreign investors as domestic debt is being sold to Saudi banks and funds. External issuance should diversify funding sources, lock in still low interest rates, support SAMA's Fx reserves and support domestic liquidity; the latter two macro variables have weakened this year. External issuance would also imply the presence of an underlying asset that could theoretically trigger CDS contracts, as opposed to the current situation.

### Investment grade status to be retained despite likely further rating cuts

A prolonged oil price downturn is likely to continue to put downward pressure on Saudi Arabia's credit rating in the medium-term. On average, the GCC has benefited from three notch rating upgrades over the period 2002-10 prior to the start of the Arab Spring. Saudi Arabia was upgraded six times, from Baa3 to Aa3, by Moody's over the period starting from 1999, while it was upgraded two and three notches by S&P and Fitch over the period starting from 2003/2004 respectively. Moody's has thus in the past preserved Saudi Arabia's investment grade rating at the bottom of the cycle, as government debt to GDP stood at 103% of GDP and SAMA's foreign assets at US$17bn (10% of GDP) in 1999.

### EMBIG Index inclusion is unlikely

EMBIG index inclusion is unlikely, in our view. Estimated 2013 (US$25,140) and three-year rolling GNI per capita (US$23,090) data likely suggests Saudi Arabia does not meet EMBIG income index inclusion criteria, in our view. Saudi Arabia would however likely be eligible for Barclays EM Hard Currency Aggregate Index, based on its IMF classification as a non-advanced country (noting that the index provider has moved away from solely using rating for EM country classification). This suggests that Saudi policy-makers need to articulate a comprehensive, timely and credible medium-term fiscal policy to facilitate wide take-up from domestic, regional and international investors, in our view.

### Pricing matters

Saudi Arabia CDS premium to Qatar, relative credit metrics and likely larger planned issuance size suggests Saudi EXD is likely to be issued at a premium to Qatar, in our view. The closest regional peers to Saudi Arabia (A1/A-/AA-) are likely Qatar (Aa2/AA/AA) and Abu Dhabi (Aa2/AA/AA). Qatar's existing external debt curve makes it a potentially



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useful and relevant pricing benchmark in this regard, in our view. The Qatar 10-year sovereign bond currently trades at yields of 3.0%. However, Saudi CDS has been trading c65bps wider of Qatari CDS, which would suggest a 10-year Saudi bond yield of c3.65%. Current CDS spread levels suggest potential for some notch downgrades from Saudi Arabia's current rating, as the market prices in issuance risk, volatile oil prices, hedging flows relative to the USD peg and the banking sector off-balance sheet wrong-way exposure risk.

### Saudi forwards, rates and CDS remain under pressure

Domestic rates are under pressure with the 5y IRS spread over US at historically elevated levels due to structurally tighter liquidity. Budget consolidation could help take some of the pressure off as it would imply lower debt issuance needs. However, it would also imply lower deposit formation in domestic banks as fiscal retrenchment will impact private sector economic activity. Greater risk premium, issuance pressures and tighter liquidity will also keep CDS spreads elevated until oil recovers.

Hedging against SAR devaluation risks remains strategically attractive given the risk-reward ratio. Data suggest a strained backdrop for external and domestic liquidity reflecting the combination of private sector dollarization, possible capital outflows, weakening deposit formation and the move higher in interbank rates. However, SAMA has already intervened through macro-prudential tools and may do so again if needed.

**Chart 32: Market remains nervous on Saudi Arabia**

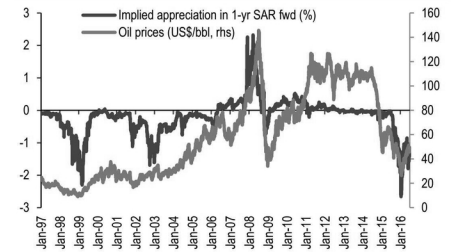


Source: Bloomberg BofA Merrill Lynch Global Research.

**Chart 33: A pronounced increase in SAR swap spreads vs USD**

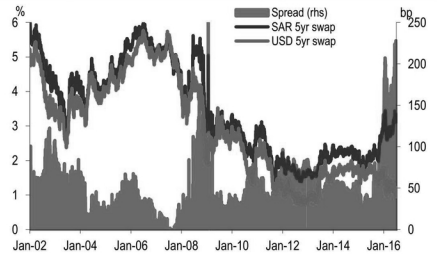


Source: Bloomberg BofA Merrill Lynch Global Research.



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**Exhibit 2: Saudi credit risk prices in rating downgrades**

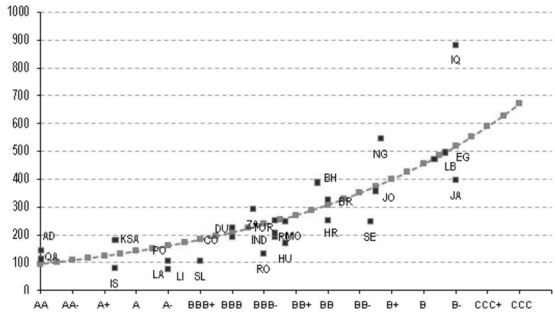


Source: Bloomberg BofA Merrill Lynch Global Research.

# Commodities: NTP adds to medium-term oil market tightness


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The Saudi National Transformation Plan (NTP) suggestion that production capacity is to be maintained at the current level until 2020 reinforces our conviction of medium-term oil market tightness. We continue to see a call on OPEC of 4.1mn bpd in the next five years to "balance the market", and see oil prices of US$55-75/bbl over 2016-2020. Although the NTP incorporates a target of boosting domestic gas production by 50% to 18 bcf/d by 2020 which could crowd out oil demand, we expect Saudi Arabia's ability to switch to reduce oil burn in power generation to 2020 to be quite limited, in our view.

### We see oil averaging US$55-75/bbl over 2016-2020

Real Brent prices are at one of the lowest levels in decades, and will likely encourage very strong demand growth ahead, while we see supply falling across non-cartelized producers. As such, we see global light sweet crude oil averaging US$55 to US$75/bbl over the 2016-2020 period, depending on how much incremental production OPEC can and will supply over the next five years. We think it likely that Saudi will dig into its untested spare capacity to go for increased market share, though uncertainty over how much Saudi can and will produce remains. We also remain concerned about output sustainability among weaker cartel members given the rapid credit profile deterioration.




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**Chart 34: Real Brent prices are at one of the lowest levels in decades, and will likely encourage very strong demand growth ahead**

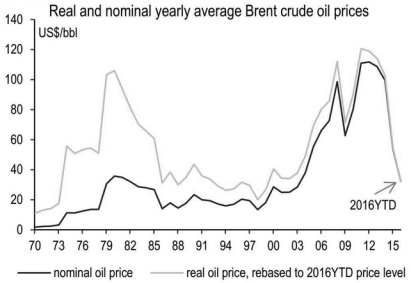


Source: BP, Bloomberg, BofA Merrill Lynch Commodities Research

**Chart 35: We see global light sweet crude oil averaging US$55 to US$75/bbl over the 2016-2020 period**

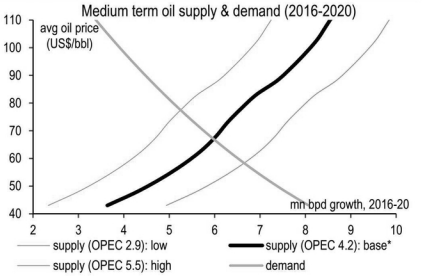


Source: IEA, BofA Merrill Lynch Commodities Research
*4.2 mn b/d OPEC supply: Saudi: 1.3 mn b/d; Iraq: 0.8 mn b/d; other OPEC crude: 1.7 mn b/d; 0.4 mn b/d OPEC NGLs.

**Non-OPEC production will not reach 2015 levels before 2020 at the earliest...**

Non-OPEC producers have massively reduced capex spending, down US$290bn or 42% from 2014 to 2016, in response to the low price environment. Should capex start to increase again in 2017, the effect on non-OPEC non-shale production is unlikely to be felt before 2020 at the earliest. Most of the decline in the short term comes from non-conventional output in the US, as shale is very price sensitive within a 12-month horizon. With Brent prices set to increase from US$46/bbl this year to US$80/bbl in 2020 in our base case, we believe US shale production will grow again, albeit at a slower rate than in the past four years. Total non-OPEC supply is set to drop to 56.4mn bpd in 2017 before rebounding to 57.5 mn bpd in 2020, a similar level as in 2015.

**Chart 36: With Brent prices set to increase to US$80/bbl in 2020, we believe US shale output will grow again, albeit at a slower rate**

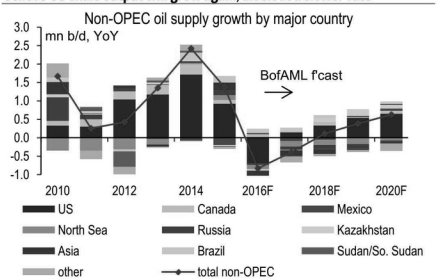


Source: IEA, BofA Merrill Lynch Commodities Research

**Chart 37: Linking this with our 5-year price deck suggests marginal US shale output grows in 2017 and acceleration thereafter**

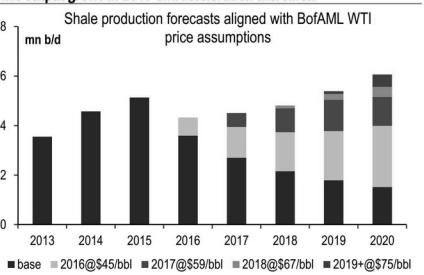


Source: EIA, BofA Merrill Lynch Commodities Research

**4.1mn bpd needs to be added by OPEC by 2020, namely Saudi, Iran and Iraq**

The US is the only country able to ramp up production among non-cartelized players by 2020, so OPEC has to come to the rescue to provide the required incremental supplies. We estimated that demand will grow by 5.9mn bpd in 2015-20. With the market oversupply of 1.8mn bpd in 2015, OPEC needs to increase production by 4.1mn bpd in the next five years to "balance the market". Saudi Arabia could make up for half of this given its c2mn bpd of spare capacity, and we believe it intends to at least increase its market share. We would expect other OPEC countries to expand their capacity in the



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next five years, namely Iran and the UAE. As for Libya, the current turmoil needs to come to an end, while the scale of any Iraqi long-term output increase remains the biggest uncertainty.

**Chart 38: We estimated that demand will grow by 5.9mn bpd in 2015-20**

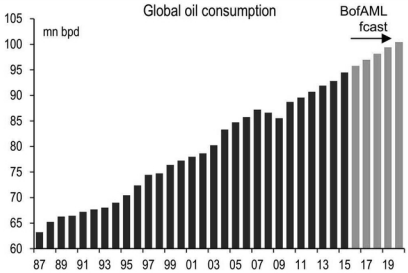


Source: IEA, BofA Merrill Lynch Commodities Research

**Chart 39: Other than Saudi Arabia, some OPEC countries will also expand their capacity in the next five years, namely Iran the UAE**

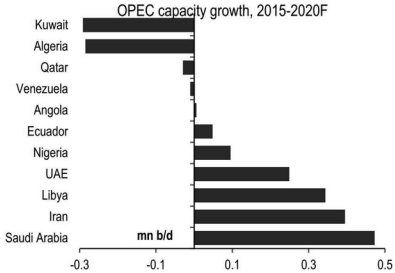


Source: IEA, BofA Merrill Lynch Commodities Research

## Saudi plans to keep capacity flat add to medium term tightness

Saudi Arabia has 12.5mn bpd of crude production capacity, according to the government, and the country suggested within the NTP that it plans to maintain capacity at the current level to 2020. Saudi Arabia is the only material holder of spare crude oil production capacity around the world. Spare capacity currently sits at c2mn bpd, which is one of the lowest levels ever. Even if Saudi Arabia did start investing today, it would take a number of years to be completed and would unlikely be ready before 2020 in any case. Hence, as Saudi ramps up production over the medium-term by digging into its spare capacity, the risk premium in the oil market will rise as the market becomes increasingly less able to handle future supply disruptions.

**Chart 40: The supply side in oil faces a lot of disruptions linked to geopolitics and broad economic mismanagement**

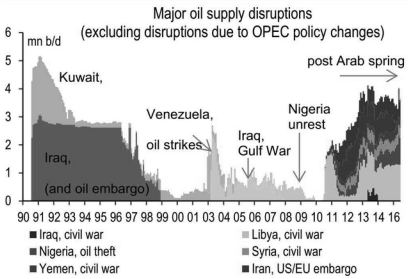


Source: IEA, BofA Merrill Lynch Commodities Research

**Chart 41: Saudi Arabia has 12.5mn bpd of crude production capacity, and currently is c2.0 of spare capacity over current production**

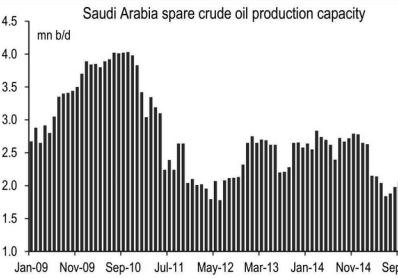


Source: IEA, BofA ML Commodities Research. IEA estimates Saudi production capacity at 12.2mn bpd

## If Saudi gas production gets off the ground, it could crowd out oil demand...

The Saudi NTP plans to grow domestic gas production by 50% to 18 bcf/d by 2020, and to use most of this gas to meet a 30% rise in domestic power demand and moreover boost gas' share in power generation to 70%, up from 50% currently. This implies that oil burned for power generation could drop by 30% or 300 thousand bpd by 2020, most of which would likely be crude which is more valuable in the export market than the



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residual fuel oil burned. Saudi Arabia has the world's 4th largest gas reserves, yet reaching the 5.8 bcf/d production growth target by 2020 is not that straight forward.

**...though boosting gas production to the NTP target poses significant challenges**
The new Wasit project, which is due to come online in 2016 and ramp up to 2.5 bcf/d by 2020, meets about 40% of the gas production growth target. Other than that, Saudi Arabia is focusing on getting unconventional production off the ground to meet the remaining 3.3 bcf/d of the production growth target. The timing, cost and commercial feasibly of which this unconventional gas is highly uncertain. The 2.5 bcf/d from the Wasit project is about the amount of gas that would be needed to meet incremental power demand and displace 300 thousand bpd of crude burn, assuming gas demand does not grow in other sectors, which is unlikely. Hence, it is likely that Saudi's ability to switch significantly to reduce oil burn in power generation to 2020 will be quite limited, explaining the new openness to consider gas imports, in our view.

**Chart 42: Oil burned for power generation could drop by 30% or 300 thousand bpd by 2020, most of which would likely be crude**

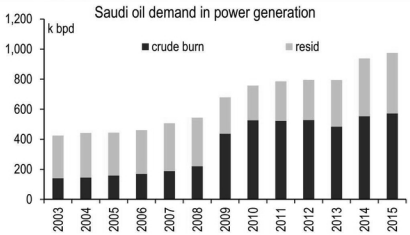


Source: IEA, BofA Merrill Lynch Commodities Research

**Chart 43: Other sectors like petrochemicals and industry will see their gas demand grow as well**

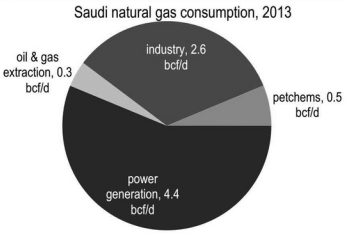


Source: IEA, BofA Merrill Lynch Commodities Research

# Equity Strategy: more clarity required, but investible themes emerging

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**More clarity required, but high level benefits becoming evident**
The recent National Transformation Program (NTP) document provided a much awaited articulated roadmap through 2020 of how the government is seeking to achieve its highly ambitious Vision. However, we believe significantly more detail is still required before the market can make more concrete conclusions on the key winners and losers from the program as well as quantify the impact it could have on corporate earnings (both positive and negative).

Whilst at this juncture it is difficult to quantify the size of the NTP opportunity for individual companies, we feel more confident in highlighting the sectors that we see could benefit from Saudi Arabia ambitious plans. We have detailed the sectors that we see as likely benefiting most in the table below. We also highlight the sectors which could face the most negative impact from the roll out of the NTP.



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**Table 13: Summary of key sectors likely benefiting from and impacted by the National Transformation Program**

| Sectors likely benefiting from NTP | Rationale |
|---|---|
| Petrochemicals | With US$ 11bn being allocated to project development, downstream chemicals second largest focus of NTP; significant increase in natural gas availability (indigenous and imported); expansion opportunities |
| Healthcare | Volume growth opportunities for private healthcare providers (management contracts); private health insurance growing; participation in privatisations; significant increase in local pharmaceutical production |
| Insurance (healthcare) | Private insurance coverage to increase to 31mn from 10.5mn currently; rising availability of private healthcare facilities |
| Real estate | Higher home ownership targeted; improved access to financing/housing subsidies to both developers and buyers; volumes set to expand as NTP targets higher real estate sector growth; increased opportunities for private sector investment |
| Consumer staples | Demand growth from religious tourists; formalisation and Saudisation of retail sector; growth in locally produced poultry sales; longer-term private sector job creation |
| Telecom | Government spending US$2bn to enhance FTTH and Mobile networks; focus on increasing internet usage; religious tourism will boost demand |
| Metals and mining | Provision of new mining licenses; potential investment opportunities for international mining companies |
| Defence | Increased localization will cut imports, develop local industrial capabilities and create jobs |
| **Sectors likely negatively impacted by NTP** | **Rationale** |
| Consumer discretionary | Near-term squeeze on consumer disposable income and sentiment; increased competition as foreign entities given 100% ownership entitlement; development of Saudi postal system possibly a precursor to online shopping increase |
| Petrochemicals | Potential reduction in feedstock subsidies; potential for increased competition from international companies |
| Real estate | Land tax on white land could impact cost base and prices in urban areas; higher competition from new entrants |
| All sectors | Rising costs on reduced subsidies (particularly water and energy); higher wage costs; increased financing burden on private sector as government partially shoulders NTP costs |

Source: National Transformation Program, BofA Merrill Lynch Global Research,

## Six key investible themes from the NTP are emerging

Using this frame work we believe a number of investible themes are emerging including:

1. **Ambitious plans to grow religious tourism:** with Hajj visitors set to increase from 1.5mn to 2.5mn and Foreign Umrah Pilgrims from 6mn to 15mn per annum, we see significant potential for the travel & tourism, transport sectors, consumer discretionary and telecom services sectors to benefit.

2. **Down trading as pressure mounts on the consumer:** With the NTP looking to reduce subsidies on energy (including transport fuels) and water, we see pressure on the disposable income of Saudi consumers rising in the short- to medium-term (although in the longer term, we expect higher employment levels, growing home ownership and accelerating growth to offset these factors). These issues could be further augmented by a slowdown in public sector wage growth and growth in the proportion of residents employed by the private sector,

   In reflection, we believe that the consumer will likely become more value conscious in the near- to medium-term as stress on consumer discretionary spend mounts. As such, we continue to prefer the consumer staples and the grocery retailers in this environment. We also believe the grocery retailers will benefit from the government's focus on formalising the sector (it is highly fragmented currently and dominated by smaller independent stores) in an effort to increase Saudi participation. That said, we believe consumer discretionary companies which offer more affordable and economic goods could benefit as they take market share.

3. **Rising focus on healthcare provision:** Saudi Arabia is focused on significantly growing accessibility to healthcare for its residents. The provisions in the NTP include a significant increase in medical centres (hospitals and clinics), wider provision of private health insurance and an increase in the level of



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pharmaceuticals manufactured locally. We thus see potentially strong opportunities for the private hospital operators, the health insurance providers and local pharmaceutical manufacturers.

4. **An improvement in the availability of affordable housing for Saudi nationals:** The Saudi housing shortage has been a persistent issue for the country; with the shortfall currently standing at an estimated 1.2mn units, in our view. Looking forward, we believe this shortfall will likely intensify given strong demand formation. The NTP is seeking to introduce greater numbers of affordable housing units and greater availability of financing. Indeed, the ministry of housing is looking to invest cUS$16bn in achieving these aims by 2020. Whilst we do not believe these measures go far enough to fully resolve the housing shortage, we nevertheless see material opportunities for Saudi real estate developers.

5. **Growth in telecom/fibre infrastructure:** The NTP is seeking to greatly enhance connectivity in the country, largely through increased usage of internet. Reflecting that, the government has pledged approximately US$2bnn to significantly increase the availability of high speed FTTH networks in remote areas, increase mobile broadband coverage and density in urban centres (3G/4G) and allocate an increased amount of bandwidth to the mobile service providers. We thus see significant volume growth potential for the telecom service providers (particularly with regards to mobile data, where we see scope for price increases). Furthermore, we expect much of the capital expenditure required to expand the FTTH and Mobile networks to be provided by the private sector, which in our view will accelerate the case to spin off their tower portfolios (as a method of funding capex expansions).

6. **Significant growth in downstream petrochemicals capacity and metals & mining:** The NTP's drive to diversify revenues away from the oil sector has seen it focusing on exports of non-oil commodities. In particular, we highlight the significant investment it has earmarked for the downstream industries including petrochemicals and oil refining, as well as aggressively growing the country's metal and mining operations (likely through national champion, Maaden). Examples include the expansion of the country's base metals production (e.g. bauxite and phosphates) and the construction of an oils-to-olefins project. The further development of capital intensive industries also provides some scope for Saudi Arabia to develop service industries and increase local content provisions, in our view. These could be facilitated through joint-ventures with global service providers, who may consider manufacturing plants in Saudi Arabia.

### How to gain exposure to NTP themes

In reflection of the themes articulated above (and in the sections that follow), we highlight the sectors and companies which have exposure to each of these themes in the table below. The companies highlighted in green represent the companies which are currently Buy rated by our fundamental analysts and also fit in with our theme of gaining exposure to the NTP.



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**Chart 44: Summary of sectors and companies with exposure to key NTP themes (companies highlighted in green are rated Buy and represent our top picks)**

| | Theme 1 | Theme 2 | Theme 3 | Theme 4 | Theme 5 | Theme 6 |
|---|---|---|---|---|---|---|
| | **Religious Tourism** | **Downtrading** | **Healthcare provision** | **Growth in Affordable housing** | **Telco infrastructure growth** | **Increase in none-oil commodity exports** |
| Sectors to benefit | Travel & Tourism | Consumer staples | Private Hospitals | Real Estate | Telecoms | Petrchemicals |
| | Transport | Consumer Disc. | Insurance co's | Construction | Training & Education | Metals & Mining |
| | Consumer staples | Training & Education | Pharma | Banks | | Industrials |
| | Training & Education | | Training & Education | Training & Education | | Training & Education |
| BofA ML coverage with exposure | **STC** | **Savola** | **Al Hammadi** | Dar al Arkan | **STC** | **SABIC** |
| | **ZAIN KSA** | Almarai | Dallah | | **Zain KSA** | Maaden |
| | **Savola** | **Al Othaim** | | | | **Yansab** |
| | Almarai | **Al Hokair** | | | | Safco |
| | **Al Othaim** | Jarir | | | | |
| Other Companies with exposure | Mobily | Sadafco | Mouwasat | Emaar Economic city | Mobily | Petrorabigh |
| | Sadafco | Halwani Brothers | Care | Saudi Banks | Al Khaleej Training | Zamil |
| | Al Tayyar | Nadec | MEAHCO | Al Khaleej Training | | Al Khaleej Training |
| | Dur Hospitality | Saudi Marketing | Spimaco | | | |
| | Saudi Ground Serv. | Al Khaleej Training | Bupa | | | |
| | Saudi Catering | | Tawuniya | | | |
| | Al Khaleej Training | | Med Gulf | | | |

Source: BofA Merrill Lynch Global Research

## Saudi market valuation not testing

The Saudi market has been one of the poorest performing emerging markets year-to-date, underperforming the MSCI EM indices by approximately 10% (and c20% since August 2015). A combination of weak oil prices and their inevitable impact on the Saudi economy including slowing economic growth, rising operational risks and fiscal consolidation (including subsidy removals) have been the key drivers. The underperformance has left the market trading on a 12mth P/E of c.13x, an 11% discount to its long term average and its lowest premium to GEMs since 2010 (Saudi trades on a 7% percent premium vs long run average of c. 30%). Furthermore, Saudi trades on 12mth FWD P/B ratio of 1.5x, a 20% discount to long run averages, but a 15% premium to GEMs on 1.3x, justified by the market's higher ROE's (Saudi's long term P/B premium has been c.25%). Finally, Saudi trades on 12mth FWD EV/EBITDA multiples of 9x, a c.11% discount to long run averages.



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**Chart 45: Saudi 12m fwd. P/E vs. EM**

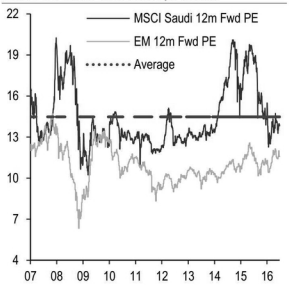


Source: DataStream, I/B/E/S, Bloomberg, BofA Merrill Lynch Global Research

**Chart 46: Saudi 12m fwd. P/B vs. EM**

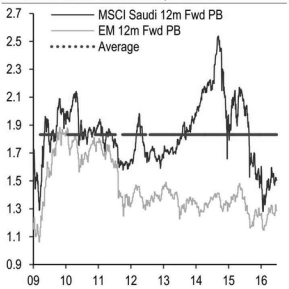


Source: DataStream, I/B/E/S, Bloomberg, BofA Merrill Lynch Global Research

**Chart 47: Saudi 12m fwd. EV/EBITDA**

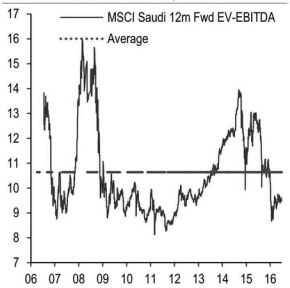


Source: DataStream, I/B/E/S, Bloomberg, BofA Merrill Lynch Global Research

Interestingly, not all sectors within the Saudi market trade at a premium to GEM peers, with both consumer discretionary and consumer staples trading at a material discount. The remaining sectors all trade at a modest premium to their GEM counterparts, with the industrial and utility sectors trading at a substantial premium on 12mth FWD P/E

**Chart 48: Consumer sectors trade at a discount relative to GEM averages. Industrials and Utilities are relatively expensive vs. GEM peers, other sectors trade at small premium**

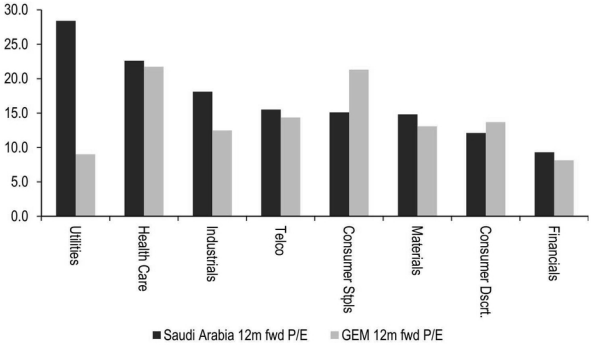


Source: DataStream, I/B/E/S, Bloomberg, BofA Merrill Lynch Global Research

### Weaker economic outlook largely priced in as ERR shows inflection

A further consequence of the weakening economic outlook for Saudi Arabia has been the collapse in market expectations, with earnings estimates having posted their longest sustained period of downgrades on record. We note however, the Saudi Earnings Revision Ratio (ERR) has reached an inflection point, with a slowdown in the rate of earnings downgrades. (ERR is a ratio of number of companies enjoying earnings upgrades vs number of companies suffering downgrades. A ratio above one, therefore, indicates more upgrades than downgrades). Consequently, we believe the relatively untesting valuations of the Saudi market indicate that a high level of negativity is already being priced in.



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**Chart 49: Saudi ERR's are showing signs of inflecting despite one of the most protracted periods of earnings downgrades.**

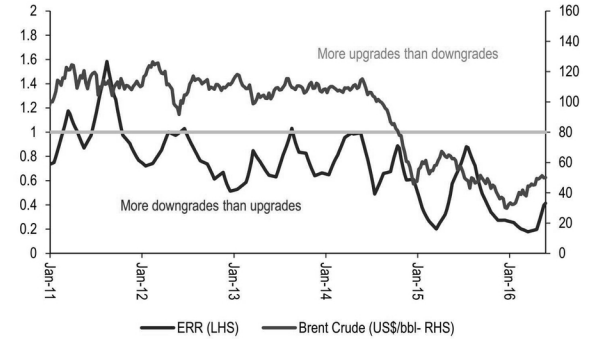


Source: DataStream, I/B/E/S, Bloomberg, BofA Merrill Lynch Global Research

**Off benchmark and out of mind? Growing confidence could drive rerating**

With Saudi Arabia remaining off benchmark (it is not currently part of any major indices such as the MSCI EM or FM), GEM funds allocation to Saudi Arabia remains relatively low at just 0.25% (of total GEMs AUM). Whilst allocation levels are relatively high versus history, they are still significantly below the levels implied by MSCI EM inclusion (1.4%) or suggesting a level of apathy towards the market.

**Chart 50: GEM fund allocation in Saudi (asset-weighted)***

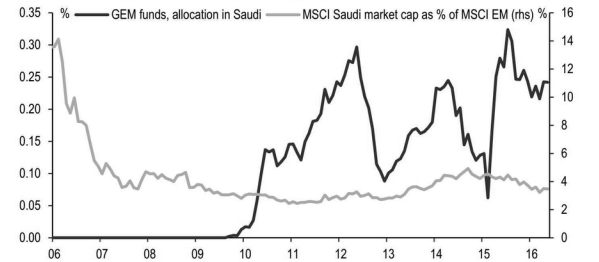


Source: EPFR, BofA Merrill Lynch Global Research.*Market cap as % of MSCI EM represents and artificially constructed benchmark weight assuming that this market was a member of MSCI EM index

With the NTP looking to diversify the Saudi economy away from the oil sector (and reduce its reliance on a higher oil prices), we believe confidence in the longer term economic outlook could improve, ultimately driving earnings momentum and a market rerating. Given our view that crude oil prices will likely post growing momentum in 2017, moving substantially above US$50/bbl, even a partial success of the NTP program would likely be sufficient to improve market confidence.

**CMA reforms (likely linked to the NTP), a potential catalyst for market rerating**

Furthermore, reforms being introduced by the Saudi Capital Markets Authority (CMA) to attract greater foreign participation in the Saudi market (see below) indicate Saudi is



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seeking an expedited path to inclusion within the major Stock indices. Given the NTP is seeking heavy involvement/investment from the private sector, we believe the measures introduced by the CMA to attract direct capital inflows to the country are likely linked with the larger NTP process. Growing confidence in the CMA's market reforms and the potential for inclusion in the major indices could prove to be a meaningful basis for the market to rerate upwards.

## Taking positive steps to accelerate MSCI inclusion

The Saudi Capital Markets Authority recently announced extensive changes to the Qualified Financial Investor (QFI) program, which should ultimately increase the ease of foreign access to the Saudi market. In particular:

(1) Individual foreign investors will now be allowed to own up to 10% of the equity in a company (up from 5%). The total limit on foreign ownership remains at 49%.

(2) CMA decreased the minimum AUM of QFIs to US$1bn from US$5bn (although funds with AUM's below this level will be considered by the CMA).

(3) CMA introduced stock lending & covered short selling;

(4) CMA extended the settlement cycle to T+2 from T+0, effectively eliminating pre-funding;

(5) CMA effectively removed the concept of a QFI client, which would have prevented investors from using multiple fund managers to gain exposure to Saudi Arabia. This highly restrictive clause was a significant reason why many global institutions did not seek to gain QFI status; and

(6) CMA significantly reduced the amount of bureaucracy required to apply for and retain QFI status.

**MSCI inclusion one step closer as accessibility increases**

In our view, the range of measures the CMA is looking to adopt greatly enhances the accessibility of the Saudi Stock exchange and as such bring Saudi Arabia one step closer to inclusion in the MSCI EM index. Whilst we continue to see inclusion most likely from 2019 (with an announcement in 2018), the new changes indicate that a 2018 inclusion (with an announcement in 2017) is by no means out of the question. Indeed, whilst the timing of introduction of these new measures is likely to be 1H2017, a recent release of the draft proposals from the CMA suggested it could come as soon as 3Q16; although we await further clarification.

## A higher weighting in international indices

Saudi Arabia is currently under consideration for inclusion in the MSCI EM index, potentially as soon as May/June 2018; although we believe 2019 is more likely. Saudi Arabia is currently not included in any of the Major global indices and as such its inclusion would have a profound effect on the market as it:

(1) leads to significant inflows of capital in to the market from both active and passive funds following the MSCI EM index and;

(2) significantly increases interest in the Saudi market as it gains profile and is no longer seen as off benchmark.

We see these factors as compatible with the NTP aim to boost capital markets.

**Currently Saudi would be 1.4% of MSCI EM = US$10.9bn of inflows.**

As per MSCI's guidance, we use MSCI's standalone Saudi market index as a template (released May 12th 2015) for Saudi stocks to be included in the MSCI EM index. The MSCI Saudi index currently contains 19 stocks (all listed entities on the Tadawul market) which are likely for inclusion in the MSCI EM index (were Saudi to be included). By taking the total market cap of these companies and multiplying them by the foreign



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inclusion limit articulated by the MSCI (currently 0.2), we are able to decipher the relative weighting of Saudi Arabia if it were to be included the MSCI EM index.

This analysis suggests that Saudi's potential weighting in the MSCI EM Index (were it to be included today) would be c1.4%. Furthermore, it would likely trigger net inflows (from other MSCI EM markets) of US$10.9bn when including all passive and benchmark-neutral active funds tracking MSCI EM. Importantly, our analysis is based on EPFR data, which respectively indicates US$405bn and US$354bn of active and passive funds following the MSCI EM index.

**Table 14: Provisional MSCI Saudi Arabia constituents stand to gain as much as $10.9bn of total passive and benchmark-neutral active funds on inclusion**

| | Provisional weight in MSCI Saudi | Provisional weight in MSCI EM | ADTV active (US$m) | Potential buying (US$m) | Potential active days buying | Potential passive buying (US$m) | Potential passive days buying | Total US$m active + passive days buying | Total days active + passive days buying |
|---|---|---|---|---|---|---|---|---|---|
| AL RAJHI BANK | 9.5% | 0.1% | 37.2 | 546.5 | 14.7 | 477.7 | 12.8 | 1,024 | 27.5 |
| ALINMA BANK | 2.0% | 0.0% | 223.0 | 116.9 | 0.5 | 102.2 | 0.5 | 219 | 1.0 |
| ALMARAI | 4.4% | 0.1% | 7.7 | 255.8 | 33.1 | 223.6 | 28.9 | 479 | 62.0 |
| ARAB NATIONAL BANK | 2.0% | 0.0% | 1.4 | 113.6 | 81.7 | 99.3 | 71.4 | 213 | 153.2 |
| BANQUE SAUDI FRANSI | 2.8% | 0.0% | 1.3 | 163.1 | 122.7 | 142.6 | 107.2 | 306 | 229.9 |
| ETIHAD ETISALAT CO. | 2.2% | 0.0% | 11.9 | 126.1 | 10.6 | 110.2 | 9.2 | 236 | 19.8 |
| RABIGH REFN.& PETROCH. | 1.0% | 0.0% | 9.2 | 59.1 | 6.5 | 51.7 | 5.6 | 111 | 12.1 |
| RIYAD BANK | 3.4% | 0.0% | 2.0 | 195.6 | 100.3 | 170.9 | 87.7 | 367 | 188.0 |
| SAMBA FINANCIAL GROUP | 4.0% | 0.1% | 5.0 | 232.9 | 47.0 | 203.5 | 41.1 | 436 | 88.2 |
| SAUDI ARABIA FRTZ. | 2.6% | 0.0% | 4.4 | 148.2 | 33.5 | 129.5 | 29.2 | 278 | 62.7 |
| SAUDI ARABIAN MINING | 4.5% | 0.1% | 17.2 | 260.8 | 15.1 | 228.0 | 13.2 | 489 | 28.3 |
| SAUDI BASIC INDUSTRIES | 25.3% | 0.4% | 170.9 | 1459.4 | 8.5 | 1275.6 | 7.5 | 2,735 | 16.0 |
| SAUDI ELECTRICITY | 8.4% | 0.1% | 6.3 | 485.3 | 77.3 | 424.2 | 67.6 | 910 | 144.8 |
| SAUDI TELECOM | 13.4% | 0.2% | 9.5 | 774.7 | 82.0 | 677.1 | 71.7 | 1,452 | 153.6 |
| SAVOLA GROUP | 2.0% | 0.0% | 6.9 | 114.4 | 16.6 | 100.0 | 14.5 | 214 | 31.2 |
| YANBU NAT.PETROCH. | 2.3% | 0.0% | 6.7 | 134.5 | 20.2 | 117.6 | 17.7 | 252 | 37.9 |
| FAWAZ ABDULAZIZ ALHOKAIR | 1.0% | 0.0% | 5.7 | 55.5 | 9.7 | 48.5 | 8.5 | 104 | 18.1 |
| ALTAYYAR | 0.8% | 0.0% | 33.5 | 44.4 | 1.3 | 38.8 | 1.2 | 83 | 2.5 |
| NATIONAL COMMERCIAL BANK | 8.2% | 0.1% | 6.8 | 474.8 | 70.1 | 415.0 | 61.3 | 890 | 131.4 |
| **TOTAL** | | | | **5,762** | | **5,036** | | **10,798** | |

Source: BofA Merrill Lynch Global Research, MSCI and DataStream

**Chart 51: If included today, Saudi Arabia would be the thirteenth largest constituent of the MSCI EM, accounting for 1.4% of the index.**

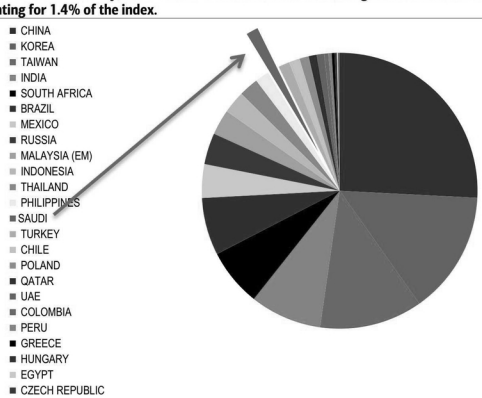


Source: : BofA Merrill Lynch Global Research, MSCI and DataStream



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### Privatisations & ownership limits could increase weighting

However, our analysis of Saudi Arabia's weighting could be significantly understated for two reasons, including: (1) our analysis currently uses a foreign ownership limit (FOL) of 0.2 (as previously guided by the MSCI). This could be understating Saudi's weighting given the increase in foreign ownership introduced in the CMA's announcement. Indeed, if we increased our FOL factor to 0.4, Saudi would be 2.8% of the MSCI and could attract US$21.3.bn of inflows; and, (2) Saudi Arabia (according to local press and the NTP) is seeking a number of privatisations in the coming 24 months, including a potential IPO of Aramco. Inclusions of these companies would likely increase Saudi's weighting in the MSCI EM index and thus attract higher inflows to the market.

### Inclusion of energy assets could see Saudi accounting for 4.1% of MSCI EM

By way of example, we believe inclusion of Saudi Aramco in the Saudi market would profoundly affect the weighting of Saudi Arabia in the MSCI EM in our view. Indeed, if we were to replicate the analysis above using the Deputy Crown Prince hypothetical valuation of US$2tn for Saudi Aramco and a 5% inclusion factor (given 5% or less of Saudi Aramco would be listed according to interviews with the Deputy Crown Prince), Saudi Arabia would account for 4.1% of the MSCI EM index and likely attract cUS$31bn of inflows from passive and active funds. We note, our calculations are highly sensitive to the inclusion factor that MSCI would ultimately use (we assume 5%, in line with its estimated free float of 5%). An inclusion factor of 10% for example, would see Saudi Arabia accounting for 6.6% of the MSCI EM index.

**Chart 52: If energy assets were included, Saudi Arabia would be the seventh largest constituent of the MSCI EM, accounting for 4.1% of the index**

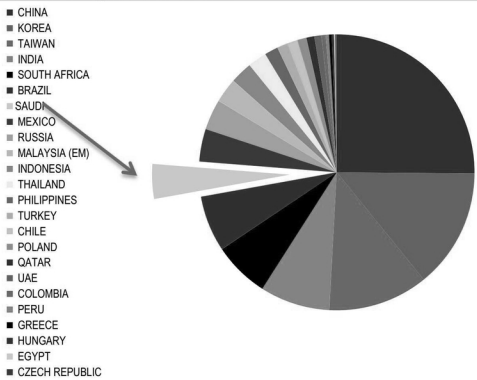


Source: BofA Merrill Lynch Global Research, MSCI and DataStream



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# Telecom: supporting a move to higher connectivity

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**Table 15: Key NTP objectives for the Ministry of Communications and Information Technology**

| No. | Strategic objective | Key Performance Indicator (KPI) | Unit | Baseline | 2020 target | Regional b'mark | Int'l b'mark |
|---|---|---|---|---|---|---|---|
| 1 | Provide critical resources, especially frequency spectrum for Information telecommunications and Technology services | Percentage of frequency spectrum available for telecommunication services out of the total allocated telecommunication services | % | 42 | 80 | NA | >90 |
| 2 | Provide broadband services to all KSA regions by stimulating investment in infrastructure and developing tools, technical and regulatory frameworks | Percentage of FTTH coverage in densely populated urban areas | % | 44 | 80 | >95 | >90 |
| | | Percentage of FTTH coverage in urban areas | % | 12 | 55 | >90 | >80 |
| | | Percentage of wireless broadband networks' coverage (more than 10 Mbps) in remote areas | % | 12 | 70 | NA | 74 |
| 3 | Develop and activate smart government transactions based on a common infrastructure | Maturity level of the government services transformation to e-services | % | 44 | 85 | NA | NA |
| | | KSA's rank in the United Nations index for the development of e-government | % | 36 | 25 | 18 | 11 |
| 4 | Bridge the digital gap in the skills of ICT users | Percentage of internet users in KSA | % | 63.7 | 85 | 90.4 | 87.9 |

Source: National Transformation Plan

## NTP helps increase penetration of higher margin offerings

We believe the National Transformation Plan will herald significant change for the Saudi telecom sector over the next five years. In particular, its focus on increasing access to high speed internet (via wireless and fibre) should underpin a material uplift in data usage and broadband penetration levels. Given these offerings represent the highest margin services provided by the telecom service providers, we believe the move towards a more data intensive society should be supportive for industry margins. Furthermore, with the NTP's plans relying heavily on private sector investment (including STC), we believe it could accelerate the spin out of tower portfolios from the three telecom players in the Kingdom (as a way of raising financing).

### Government investment set to exceed US$2bn

As part of the National transformation plan, the government is seeking to invest more than US$2bn in the expansion of wireless (3G & 4G) and fibre infrastructure (FTTH) across the kingdom. Whilst the finer details on how this expenditure will be deployed (e.g. via grants or via direct investments?) have yet to be disclosed, details of the NTP suggest it will be used to expand connectivity in the remote areas of Saudi Arabia (given the telecom companies have largely avoided such expenditure in the past given low returns), as well as increasing network density in developed and urban areas.

### Spectrum increases an indication of ambitious growth

The government is also looking to significantly enhance the availability of spectrum to the telecom industry (from 42% to 80% of total spectrum allocated), highlighting the expected surge in data usage in the Kingdom to 2020 and beyond. Whilst data usage in the Kingdom has been rapidly growing in recent years on the back of high speed rollouts (3G & LTE), demand still lags global and regional averages (as indicated by data as a percentage of total mobile revenues). Ultimately, we believe this will have a number of effects including: (1) Saudi Arabia will further increase its focus on high speed offerings, (LTE/LTEA and eventually 5G); (2) capex cycles will likely lengthen as telecom companies intensify their rollout of coverage; and, (3) tower density will likely have to increase across the key demand centres.



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**Chart 53: Data as % of mobile service revenues**

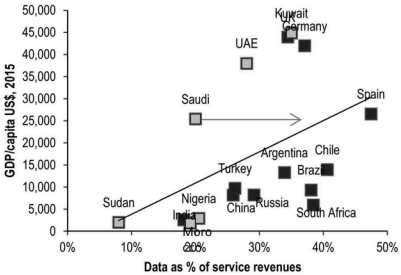


Source: BofA Merrill Lynch Global Research, Telegeography and company data

**Chart 54: Household Broadband penetration**

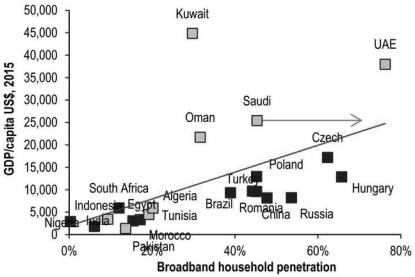


Source: BofA Merrill Lynch Global Research, Telegeography and company data

**Private sector participation and investment will be crucial...**

Whilst the government has earmarked cUS$2bn for the expansion of FTTH and wireless infrastructure (with a view to ultimately increasing internet usage), we believe this will likely be insufficient to meet the needs of the NTP's ambitious targets (based on costs of rolling out existing wireless and FTTH networks). As such, we believe the private sector (Zain KSA, Mobily and STC) will be key contributors to the financing of the expansion plan.

**...intensifying the case for creation of a Saudi tower company**

The Saudi telecom service providers have invested heavily in rolling out high speed wireless networks and, in the case of Mobily and STC, FTTH networks (not to mention license costs). This has seen the balance sheets of both Mobily and Zain KSA reaching relatively high gearing levels; thereby limiting their ability to step up capital expenditure for a sustained period. Consequently, we believe the focus on raising capital (to fund the expansion programmes) from the spin out of their Tower portfolios will only increase. We see **Zain KSA** as the key beneficiary of this given they have the most highly geared balance sheet amongst Saudi Telco peers.

**Mobile market share gains for Zain KSA and Mobily increasingly important**

Whilst the Saudi government has taken steps to introduce competition in the telecommunications industry, its moves to open the market have thus fallen short of this objective. Specifically, government-owned STC retains more than 60% revenue market share in Saudi Arabia, giving it a dominant position in the market, whilst Mobily and Zain KSA have only managed to achieve c25% and 15% revenue market share respectively.

This, in our view, has likely been driven by a number of factors including: (1) the relatively high cost of market entry (ie licenses) for both Mobily and Zain KSA, which has lumbered both with high operating costs; (2) high royalty costs, which amount to c16% of revenues generated in Saudi Arabia (with some exceptions, including data), arguably inhibiting requisite marketing and infrastructure spend. We note both Mobily and Zain KSA remain loss making; and, (3) the relatively high mobile termination rates, which arguably afford an advantage to STC and prevent Zain or Mobily from competing more aggressively on price.

For the realisation of the NTP, we believe it is important that all private sector players are realising sufficient rates of return and FCF generation to be able to finance the requisite growth in infrastructure. We note both Mobily and Zain KSA were loss making in 2015 and are expected to return sub 5% ROE's in both 2016 and 2017 (according to



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Bloomberg consensus estimates) vs. STC at 17% (consensus). It is thus arguably crucial for Zain and Mobily to be allowed to increase market share in the mobile arena. We thus believe the regulator (CITC) regulator will have to consider further steps to afford market share to the second and third entrants including asymmetric competition measures (pricing, MTRs), license extensions or differentiated royalty rates.

**STC the likely beneficiary of FTTH expansion**

Whilst we argue that STC could lose further market share in the Mobile market as a result of regulatory moves, we believe the negative impact will be offset by growing revenues from FTTH, IPTV and the corporate market. Indeed, we believe STC, given its market leading FTTH network and IPTV offering, will likely benefit most acutely from the growth in the number of FTTH customers. Furthermore, with government grants likely to be provided for FTTH roll out in less economical areas (as part of the NTP), we believe returns will likely not suffer from the additional capital deployment. Mobily could also benefit (given its well-developed FTTH infrastructure), although we expect it to lag STC who has a first mover advantage and arguably a stronger FTTH/Triple play offering.

We note, Zain KSA will unlikely participate in the rollout of the FTTH expansion given its constrained balance sheet and strategic focus on the wireless market. That said, the company could benefit from the rollout of high speed internet solutions over its wireless network (ie fixed broadband over its 4G network), particularly in areas where the construction of FTTH networks maybe be difficult or uneconomical.

**Royalty rate increases unlikely, particularly for Zain KSA and Mobily**

Admittedly, an increase in royalties could be an easy way of raising much needed revenues for the government. After all, each 1% increase could raise income by more approximately SAR500mn (cUS$130mn). However, we would argue that this is unlikely given the lack of sufficient competition in the market and the obstacles to increased competition higher royalty rates would introduce. In the same vein, we also believe it highly unlikely that the government would seek to introduce a fourth mobile operator license given the lack of sufficient market capacity between the second and third operators.

**Religious tourism a material opportunity for telecom providers**

Saudi Arabia's ambitious growth targets for religious tourism provide a material opportunity for the telecom providers in our view. More specifically, if the number of religious tourists (for Hajj and Umrah) increases by an estimated 10mn per annum by 2020, we believe demand for roaming services (voice and data) and sim purchases will increase significantly. Indeed, on our estimates, we see the 10mn visitors potentially providing a SAR2bn-SAR4bn opportunity, representing a c4-8% uplift in total wireless revenues for service providers. We particularly believe **Zain KSA** will benefit strongly from this given they provide the most competitive Pay as you go packages currently and have the largest spare capacity on their network.



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# Health: Not Tremendously Prescriptive

## Vision 2030 a start but Needs Transparent Proposals

The Saudi government's Vision 2030 document calls for an improvement in healthcare in Saudi Arabia. The private healthcare sector has some role to play; the National Transformation Plan (NTP) targets the private sector to be responsible for funding 35% of healthcare spend in 2020, up from 25% today. How it intends to do this is uncertain. We believe the incumbent private hospital operators, including listed companies (Al Hammadi, Care, Dallah, MEAHCO and Mouwasat) should be beneficiaries of increased private sector funding, although increased investment would be needed to meet growth in demand longer-term.

**Improve public facilities, work towards privatisation**

The government wants to step back from financing and providing healthcare and adopt an oversight and regulatory role. Firstly the government wants to improve the quality of care offered in the public sector, with the eventual aim of working towards privatisation of public assets and healthcare provision. This implies no privatisations short-term.

**Near-term: Management contracts for public hospitals**

In the near-term the government could seek to improve healthcare provision in the public system by using private sector expertise, through, e.g. contracting management of public facilities to the private sector. Individual such contracts are unlikely to transform company earnings, and the small size of existing Saudi hospital groups limits the depth of management available to capture large contracts, in our view.

**Long-term: insurance coverage up to 31m from 10.5m**

In the long-term a widespread adoption of private health insurance is likely to raise volumes, spurring an increase in private healthcare capacity, either from organic investment or participation in privatisations. In Saudi currently, 10.5m/31m people have insurance. We assume a more universal scheme would offer lower pricing than that today, and listed incumbents would need to make a cultural shift towards addressing this market. Such a market could attract new competitors, domestic or foreign.

**Type of insurance system and reimbursement uncertain**

We believe reimbursement levels would need to be known before privatisations can occur so bidders can budget and estimate their return on capital. It is still uncertain whether the government would seek to introduce insurance through the incumbent private operators (Bupa Arabia, Medgulf and Tawuniya) or set up its own insurance company e.g. an Abu Dhabi-style Daman. Nor whether it would subsidise premiums or simply force the private sector to employ more Saudis.

**Government needs to improve private sector relations**

At present the government has not paid private hospitals for the treatment of public patients referred to them for over a year. Until the relationship improves, engaging with the private sector could be difficult.

## Healthcare implications of National Transformation Plan

The Saudi government's Vision 2030 document calls for an improvement in healthcare in Saudi Arabia. The private healthcare sector is likely to be a beneficiary both in the short-term and long-term. In the short-term the National Transformation Plan (NTP) targets the private sector to be responsible for funding 35% of healthcare spend in 2020, up from 25% today. In the longer-term, the Saudi government wants to remove itself from directly providing and financing healthcare, instead focussing on public health and the regulation of the healthcare sector. Raising private sector funding thresholds to 35% appears possible if a number of measures are used, e.g. more rigorous enforcement of requirement that Saudis working in private sector hold insurance could increase penetration by 6% alone. The quality targets set for the public sector do not appear unduly onerous in theory, but execution remains key.



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**What the Vision 2030 announcement said on healthcare**

Transfer the responsibility for health care provision to a network of public companies

Promote competition and transparency between public and private companies to enhance the standard and quality of health care services

Prepare for privatisation in the longer term.

Work towards developing private medical insurance to improve access to medical services and reduce waiting times

**Table 16: National transformation Plan objectives for the Ministry of Health**

| No. | Strategic objective | Key Performance Indicator (KPI) | Unit | Baseline | 2020 target | Regional b'mark | Int'l b'mark |
|---|---|---|---|---|---|---|---|
| 1 | Increase private sector share of spending through alternative financing methods and service provision | Percentage of Private sector contribution in total healthcare spend | % | 25 | 35 | 37 | 60 |
| 2 | Increase the efficient utilization of available resources | Opex for every new inpatient admission | SAR | 33,000 | 33,000 | 39,000 | NA |
| 3 | Improve the efficiency and effectiveness of the healthcare sector through the use of information technology and digital transformation | Percentage of Saudi citizens who have a unified digital medical record | % | 0 | 70 | NA | 100 |
| 4 | Increase training and development both locally and internationally | Number of resident Saudi physicians who are enrolled in training programs | Number | 2,200 | 4,000 | NA | NA |
| 5 | Increase the attractiveness of nursing and medical support staff as a preferred career path | Number of qualified Saudis in the field of nursing and support staff for every 100,000 people | For every 100000 | 70 | 150 | 460 | 1,106 |
| 6 | Improve healthcare provision before hospitalization and in the main hospitals (ER & ICU) | Percentage of patients who received emergency or urgent care with medical decision made (admission/ transfer/ discharge) in less than 4 hours in key hospitals | % | 40 | 75 | Under study | 95 |
| 7 | Improve integration and continuity in service provision by developing the primary care | Number of primary healthcare visits per capita | Number | 2 | 4 | 3.4 | 7 |
| 8 | Improve the infrastructure, facility management, and safety standards in healthcare facilities | Number of licensed medical facilities ( affiliated with the Ministry of Health and private) | % | 40 | 100 | 100 | 100 |
| 9 | Attain acceptable waiting times across all stages of service delivery | % of appointments received in specialized medical disciplines within 4 weeks (average for all specialties in key hospitals) | % | <40 | 70 | Under study | 83 |
| 10 | Improve governance in the health system in order to enhance accountability with regards to quality issues and patient safety | % of Healthcare facilities reporting comprehensive performance and quality measures | % | 10 | 100 | NA | 100 |
| 11 | Adopt a national plan for emergency response to public health threats per international standards | WHO emergency preparedness assessment score – average score for Riyadh, Jeddah and Eastern Province | Score | Calculation In Progress | 4-5 | Under study | Under study |
| 12 | Identify additional sources of revenues | Total revenue generated from private sector for utilizing government health resources | SAR bn | 0.3 | 4 | NA | NA |
| 13 | Improve public health services with focus on obesity and smoking | Increase in percentage of smoking incidence | % | Calculation In Progress | Reduce by2% from baseline | 12.5* | 10.5* |
| | | Increase in percentage of obesity incidence | % | Calculation In Progress | Reduce by1% from baseline | 19.4* | 5* |
| 14 | Improve the quality of life and healthcare service provided to patients outside hospitals | The percentage of patients who get health care after critical care and longterm hospitalization within 4 weeks | % | 25 | 50 | NA | 65 |
| 15 | Improve quality and safety principles as well as skills of service providers | Percentage of hospitals that meet the US median for patient safety culture | % | 10 | 50 | NA | 50 |

Source: Saudi National Transformation Plan

## SAR23bn budget allocated for the MoH's NTP programmes

The Ministry of Health (MoH) has been allocated SAR23bn for the transformation plan over the next five years, with any contribution from the private sector on top. Over half (56%) of the funds have been allocated to reform of primary healthcare and to the establishment of electronic medical records. Only 4% of funds (SAR937m) have been allocated to health insurance.



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**Chart 55: The MoH has been allocated SAR23bn over five years under NTP**

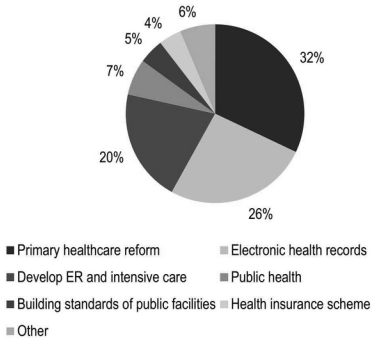


Source: BofA Merrill Lynch Global Research, NTP

**Government currently payor and provider**

The government currently directly funds public hospitals, which provide free healthcare for citizens. The typical flaw with a unified system is that increased efficiency is not necessarily sought or rewarded. Employer-provided healthcare insurance is mandatory for both Saudis and expats working in the private sector, as well as their dependents.

**Significant scope for increase in insurance coverage from 10.5m to 31m people**

Saudi currently has a population of 31m, of which 10.5m have health insurance, a 34% penetration rate. Bupa Arabia believes another 2.5m Saudis who work in the private sector (including dependents) don't have health insurance but should have. Assuming the government increases enforcement, near-term penetration could increase to 42% of the population even with extra reforms.

**Strain in relations between government/private sector**

The government has not paid private providers who have treated government patients for a year, which is hardly going to encourage the private sector's further involvement, particularly those companies that have seen the biggest increase in their receivables (Al Hammadi and Dallah). However, the government can still put considerable pressure to bear on the sector to achieve its aims if it so wishes.

**Increased Saudisation could be used as a policy**

The easiest way for the government to increase private financing of healthcare to 35% from 25% would be to raise Saudisation requirements. Under Saudisation, the government sets a minimum proportion of a company's staff that must be Saudi citizens, which differs by industry sector. Increased Saudi employment in the private sector short-term would put the onus of financing healthcare onto employers. However, such a move would likely pressure private sector margins.

**Increase pressure on employers to trade down on insurance**

The impact of Saudisation as a mechanism would likely be negative for pricing although positive for volumes, assuming the hospital has the capacity to accept more patients. Employers would likely seek to trade down in terms of the insurance schemes they offer in a bid to reduce their involuntarily raised expenditure. Insurers would seek better deals with hospitals as a result and could seek restricted network arrangements to curtail



HOUSE_OVERSIGHT_016163

costs. Hospitals would be under pressure to be more flexible on prices to avoid any pressure should lower-cost packages impact their volumes.

**Vision implies a long process**

To us, the government's vision implies a two stage process over a long time-frame:

- **In the short-term:** improve the quality of care offered in the public sector, potentially with the assistance of private healthcare
- **In the long-term:** Only when public facilities have improved, privatise such facilities (although one medical city is to be privatised under a public-private partnership)
- **Concurrently:** Prepare for a roll-out of private health insurance to finance private provision

**Abu Dhabi and Dubai are probably not parallels**

In Abu Dhabi and Dubai, private healthcare was encouraged to avoid expats relying on public facilities. The large expat population in proportion to the locals (85:15) supported the creation of private facilities that it was then possible for the governments to fully fund Emiratis to use. The quality of public facilities was not a cause for concern - many Emiratis still prefer to use government facilities for more serious problems.

**Expat population and quality of public system differ in Saudi**

The proportion of expats (33% of the population) is not large enough to drive the establishment of a large, high quality private hospital base sufficient to serve the entire Saudi population. Additionally, the quality of both care and infrastructure in the public system is seen as lacking, suggesting additional investment in facilities is required.

**Degree to which private sector will benefit is uncertain**

Given the lack of detail provided to date, it is hard to assess the benefits, or risks to the incumbent private hospital operators in detail. We see two main ways the private sector can participate in healthcare reform:

- Win contracts to run and improve public health facilities
- Benefit from volume growth any roll-out of private health insurance could spur
- Participate in privatisations

**In the long-term, volumes up but pricing down, likely to benefit nonetheless**

At present there is limited supply of quality private hospitals and the incumbents are in a strong bargaining position with insurers. Greater private hospital supply, and competition, would likely pressure pricing, and margins in the longer-term, albeit offset by increased volumes. Assuming only basic services are offered to most citizens under any government-driven scheme, there would still be a place for offering higher-quality accommodation for example, to higher-income patients.

**Private sector could win public hospital contracts**

Private operators could be allocated management contracts for public hospitals to improve efficiency of existing hospitals, train public sector administrators and raise clinical standards. Presumably reimbursement under such contracts would be based on a fixed fee, potentially with performance clauses for improved outcomes or lowering costs. More substantive contracts, where the private operator is responsible for all aspects of operating the hospital could be more accretive, but bring greater financial risk.



HOUSE_OVERSIGHT_016164

**Table 17: Examples of management contracts**

| Company | Contracts |
|---|---|
| Dallah | Dallah has had two types of hospital contracts.<br>One, which just involves management expertise, was worth SAR4.5m over five years and 10% of the hospitals income.<br>The other was worth SAR89m over five years but in this Dallah was responsible for all staffing and supplies and infrastructure operation and maintenance. |
| Mouwasat | Mouwasat managed Najd consulting hospital in Riyadh in return for management fees of c.SAR3m per year; this was subsequently changed to receiving a share of revenues and net profits. |
| NMC | NMC was awarded a contract to manage a government hospital in Umm Al Quwain, UAE. The five year contract sees it earn $5m (SAR18m) in fees per year, subject to certain performance criteria being met. During the term of the contract NMC is to train government staff to which it will hand over administration at expiration. |

Source: BofA Merrill Lynch Global Research, company report

### Private groups may lack capacity to undertake such contracts

The private hospital groups in Saudi Arabia are small. Habib Medical Group, Mouwasat and Middle Eastern Healthcare group are the largest, with only 8, 5 and 4 hospitals respectively. We would question whether any company has the depth of management to undertake management of a large number of government hospitals. Potentially the government could seek to import foreign expertise.

### Insurance roll-out likely to boost private volumes

Longer-term, the roll-out of private insurance would likely have a positive impact on volumes available for incumbent operators to capture. This will depend though on the available capacity of private operators at that time and level at which reimbursement is set. The current listed operators typically target high income patients and a lot of the growth in volumes would likely be in the low-to-middle income spectrum.

### Cultural shift would be needed to target larger population at lower price point

It would require a clear cultural shift for the incumbent listed hospital operators to switch from offering a high quality service to high income individuals to operating facilities that served the wider population at what we presume would be a much lower price point.

### Investment is difficult until pricing and reimbursement is clarified

Until reimbursement levels are clarified, existing private operators/investors will not be able to make decisions on investing in private healthcare facilities.

### Privatisations seem unlikely in the near-term

Given the stated intention to improve the quality of hospitals prior to privatisations, it seems unlikely there will be any near-term, although the NTP does call for privatisation of one of the medical cities in a public-private partnership. Saudi operates a number of medical cities, which are typically collections of hospitals that act as tertiary referral centres. The largest of these is the King Fahad medical city in Riyadh, with 1,095 beds. It is uncertain which city is planned for privatisation. As with further investment by private operators in new facilities, the level of reimbursement would need to be clarified so potential bidders can estimate their return on investment from participating.

### 270 public hospitals in Saudi currently

Latest available data (2014) from the Saudi Ministry of Health discloses 270 public hospitals with 40,300 beds. Of these, 47 hospitals are in Riyadh, with 25% of the population, and 13 hospitals are in Jeddah, which holds 14% of the population. Presumably these assets would be the most valuable during a privatisation process, not only because of the population sizes, but also because the provision of beds hasn't kept up with population growth, ensuring high demand. Both areas also host the highest number of private hospitals in the country.



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**Table 18: Public and private hospital and bed distribution**

| | Riyadh | Jeddah | Other |
|---|---|---|---|
| Population | 7,717,467 | 4,224,568 | 18,828,340 |
| **Public** | | | |
| Hospitals | 47 | 13 | 210 |
| Beds | 7,937 | 2,993 | 29,370 |
| Beds/hospital | 169 | 230 | 140 |
| **Private** | | | |
| Hospitals | 34 | 33 | 74 |
| Beds | 4,554 | 3,109 | 8,001 |
| Beds/hospital | 134 | 94 | 108 |
| **Total** | | | |
| Hospitals | 81 | 46 | 284 |
| Beds | 12,491 | 6,102 | 37,371 |
| Beds/hospital | 154 | 133 | 132 |

Source: BofA Merrill Lynch Global Research, Ministry of Health

**Chart 56: Public and private hospital and bed distribution**

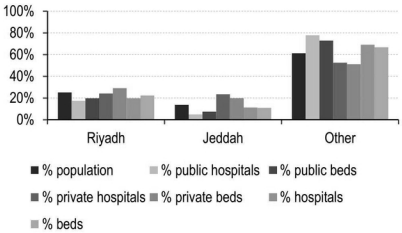


Source: BofA Merrill Lynch Global Research, Ministry of Health

### Hospital quality would be key to attracting private buyers

The government has not invested in hospital infrastructure and some hospitals may require substantial investment by any buyer, if they are acquired at all. One Saudi hospital operator has said that there is no way it would seek to acquire government hospitals for that reason.

### Bidders would likely want to obtain scale benefits from multiple purchases

Operating hospitals has benefits of scale in terms of centralising certain non-medical services (e.g. purchasing, catering, laundering) and allocating central costs over a greater revenue base. The greatest financial benefit would come from acquiring groups of hospitals to maximise these benefits. There would likely be cases where staff, and/or high net worth individuals chose to bid for individual assets.

### Privatisation proceeds could defray some of NTP cost

Amounts raised from any privatisation would reflect the degree of competition for individual assets as well as level of reimbursement and the profits any acquirer could generate. In terms of pure asset values we assume the Riyadh and Jeddah hospitals (60) would be worth more than those elsewhere (210), simply because of the greater population currently and higher expected future growth. Government hospitals are likely lower cost than that of private facilities given they are not competing on the quality of accommodation offered. Arbitrarily assuming US$100m for hospitals in Jeddah and Riyadh and US$50m elsewhere would imply proceeds of $16.5bn (SAR61bn). If every hospital were sold then it could more than cover the SAR23bn allocated to the MoH for the NTP. That seems unlikely however; there will be hospitals that require substantial investment and aren't worth the indicative figures we have used above, or are in areas where profitability means there will be no return for the private sector at that level of acquisition.

### Reforms could attract additional competition

Incumbent private hospital operators are best placed to expand and are seen as the natural buyers of any privatised assets. However, any substantial privatisation process, or the potential created by widespread adoption of private health insurance in general, could attract interest from foreign investors or operators. We note only a small number of international hospital groups to date have experience of successfully operating in multiple countries (IHH, Mediclinic), and we think Saudi Arabia could be too challenging as a first step for those yet to operate outside their domestic market.

### Structure of insurance market needs to be set

There are a number of ways the government could roll-out private health insurance more widely:

- Set up its own insurance company



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- Work with existing private insurers
- Use a back-door approach and just force private employers to hire more Saudis

### The government could set up a state insurance company

The government could set up a single-state insurer that is either funded through direct contributions or through general taxation. The government would likely need to get external help from a party knowledgeable in insurance and risk, which could be an insurer, Saudi or otherwise. Daman, Abu Dhabi's health insurer is owned 80% by its government and 20% by German insurance company Munich Re.

### Existing private insurers may not have capacity if they were made responsible

The government could decide to execute any financing scheme through existing private insurers, or give citizens the option of choosing either a government or private insurer. The existing private healthcare insurers in Saudi Arabia are unlikely to have the resources (both people and systems) in place to provide cover for an additional 20m people immediately and will need some time to prepare. Any large scale immediate expansion could put them at risk of substantial underwriting losses that they would presumably seek to have back-stopped by the government in the initial stages.

**Chart 57: Health insurers by share of claims (1H15)**

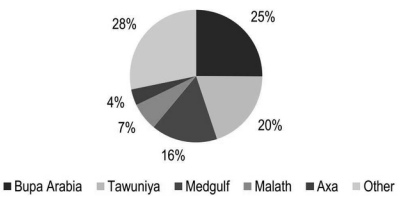


Source: BofA Merrill Lynch Global Research, CCHI



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# Consumer: a necessary pain

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The Saudi government initiatives taken in the National Transformation Plan (NTP) will transform the Saudi consumer landscape. We note a mixed effect on the sector:

- On the positive side, we anticipate 1) job creation for Saudi nationals in the private sector with a big focus on Small and Medium Enterprises (SMEs); 2) a strong emphasis on education; 3) an ongoing increase of the participation of women in the workforce; 4) an increase of the percentage of self-sufficiency in broiler production which should ultimately support local producers; and, 5) a significant pick-up of the religious tourism during Haj and Umrah.

- On the negative side, we anticipate 1) a rationalization of subsidies for water and electricity; and, 2) a more competitive retail environment, more open to international players, attracting foreign direct investment (FDI).

## Prefer staples over discretionary

While slowing consumer credit and weaker private sector consumption growth amid a young population do not support Saudi spending in both staple and discretionary items, we expect staple-related stocks such as Al Othaim and Savola to be better positioned to capture the marginal consumption. This is principally due to their exposure to necessities (food items) in a very fragmented market. Having said that, we expect more pressure on the opex of all Saudi consumer corporates, while revenue growth outlook will remain subdued in the short-term given the weaker consumer confidence and disposable income.

### A more moderate growth outlook; Saudi female workforce drives private sector

Following a 12% 10-year CAGR fuelled by the rise in household income, we conclude that the retail sector will continue to play an important role in the rising participation of the Saudi workforce, women in particular (10,000 in 2010 vs 120,000 in 2014 according to the Ministry of Labor) supporting their disposable income in the long-term. Overall, the Saudi retail sector is one of the largest employers in Saudi Arabia with 1.5mn workers (17% of the Saudi workforce) of which low-cost foreign workers represent 80%. This implies that Saudis working in the retail account for 300,000 (40% are female), doubling in 4 years.

### Needed reforms: better macro at the expense of micro

While we acknowledge that the targets set by the government are paving the way for the right reforms (development of the private sectors, a more competitive economic landscape, attraction of FDI), we expect the Saudi retail outlook to be marked by a slower growth in the coming years. In particular, we highlight few major challenges for the effective implementation of the plan: 1) incentives to enrol Saudis into consumer-related jobs suggesting rising opex pressure for consumer stocks; and, 2) 20% public payroll cut will put pressure on Saudi disposable income in the short-term given than c80% of the Saudi workforce is in the public sector.

### Key strategic objectives and Key Performance Indicators (KPIs) to watch

The National Transformation Plan (NTP) outlays several strategic objectives and related KPIs to watch by ministry which we believe will impact the Saudi consumer universe:

- The Ministry of Economy and Planning is looking to 1) expand privatization of governmental services; 2) increase the efficiency of government subsidy programs; 3) establish specific zones with competitive advantages to enhance investments;



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and, 4) develop tourism and entertainment sector. To do so, the ministry mainly targets to decrease the subsidy for water and electricity by SAR200bn by 2020 and to expand the private sector contribution to GDP from 40.5%.

- The Ministry of Commerce and Investment is looking to 1) reinforce the protection of the Saudi consumers; and, 2) develop SMEs by incentivizing the culture of entrepreneurship and supporting productive families. The ministry targets by 2020 to 1) more than double the number of established entities from 50k to 104k; and, 2) increase the contribution of SME to non-oil GDP from 33% to 35%.

- The Ministry of Environment, Water and Agriculture is looking to 1) optimize the use of renewable water resources for agricultural purposes; and, 2) support national companies. The ministry targets by 2020 1) to consume more than twice less water in the agricultural sector, which should be reflected in a lower percentage of water used in the agricultural sector relative to the total available renewable water resources (191% vs 416% today); and, 2) to reinforce the Saudi independence to the broiler production by increasing the percentage of self-sufficiency in broiler production to 60% from 42%.

- The Ministry of Haj and Umrah is looking to provide the opportunity for the largest number of Muslims possible to perform Haj and Umrah. The Ministry targets by 2020 the number of Haj pilgrims to increase from 1.5mn to 2.5mn and the number of Umrah Pilgrims from abroad to increase from 6mn to 15mn.

- The Ministry of Labor and Social Development is looking to 1) improve education and enable more Saudi nationals to enter the job market; and, 2) to increase the participation of women in the workforce. The ministry targets by 2020 to 1) create 1.2mn jobs in the private sector (men and women); 2) reduce the unemployment rate to 9% from 11.6%; 3) reduce the cost of employment of Saudis compared to expatriates to 280% from 400% today, which implies a higher cost of expatriates; and, 3) to increase the proportion of female force to 28% vs 23% today.

**Table 19: National Transformation Plan objectives and Key Performance Indicators (KPIs) affecting the consumer sector**

| Strategic objective | Key Performance Indicators (KPIs) | Unit | Baseline | 2020 target | Regional b'mark | Int'l b'mark |
|---|---|---|---|---|---|---|
| **Ministry of Economy & Planning** | | | | | | |
| Increase efficiency of government subsidy programs | Value of water and electricity subsidy decrease | SARbn | 0 | 200 | N/A | N/A |
| Expand privatization of governmental services | Private sector contribution to GDP | % | 40.5 | N/A | 20/27 | 36.4 |
| **Ministry of Commerce and Investment** | | | | | | |
| Boost entrepreneurship | Number of established entities (LLC) | # | 50000 | 104000 | N/A | 347015 |
| Boost SMEs | Contribution of SME to non-oil GDP | % | 33 | 35 | 60 | N/A |
| **Ministry of Environment, Water and Agriculture** | | | | | | |
| Optimize the use of renewable water resources for agricultural purposes | Water used in the agricultural sector relative to total renewable water resources | % | 416 | 191 | 42.76 | 19.1 |
| Maintain security of vital resources of the country | % of self-sufficiency in broiler production | % | 42 | 60 | 80 | 140 |
| **Ministry of Haj and Umrah** | | | | | | |
| Accommodate larger number of Muslims to perform Haj | Number of formal pilgrims (domestic and foreign) | mn | 1.5 | 2.5 | N/A | N/A |
| Accommodate more Muslims to perform Umrah | Number of Umrah Pilgrims from abroad | mn | 6 | 15 | N/A | N/A |
| **Ministry of Labor and Social Development** | | | | | | |
| Provide suitable jobs for citizens | Number of suitable private sector job opportunities for Saudis | 000 | 0 | 1200 | N/A | N/A |
| Provide suitable jobs for citizens | Saudi unemployment rate | % | 11.6 | 9 | N/A | 5.8 |
| Provide suitable jobs | Cost of employment of Saudis vs expatriates | % | 400 | 280 | N/A | N/A |
| Empower women | Proportion of female labor force | % | 23 | 28 | N/A | N/A |

Source: Saudi National Transformation Plan



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## Rationalization of subsidies for water and electricity

The sweeping energy, water and electricity administered price changes introduced in December 2015 are a first step in the five-year fiscal consolidation and economic transformation strategy. We expect further reviews of energy, water, and electricity prices over the medium-term. Furthermore, the likely government review of current levels of fees and fines, introduction of new fees, application of a VAT and introduction of excise taxes on tobacco and soft drinks will also impact the Saudi consumer.

### Subsidy cuts on energy and utilities to add up to 1.5ppt to CPI inflation only

We estimate the December natural gas price hike on petrochemical firms, domestic crude oil price hike as well as the combined gasoline and diesel price hike introduced could add US$2.2bn, US$2.0bn and US$3.8bn to central government revenues if fully passed to the budget (a combined 1.2% of GDP). We estimate the direct impact of these higher gasoline, water and electricity prices to add 1.3-1.5ppt to CPI inflation due to their low basket weights (c.1.5%, c0.4% and 1.6% respectively). We think a 5% VAT tax could add c2% of 2015 GDP in fiscal revenues over the medium-term.

**Chart 58: Consumer Price Index (CPI) basket– consumer expenditure breakdown**

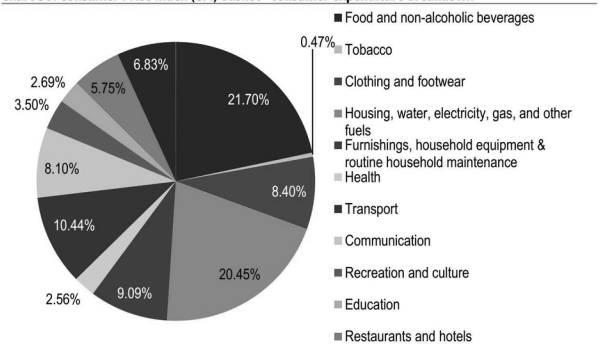


Source: Haver, BofA Merrill Lynch Global Research

### Subsidies account for 15% of Almarai's net income; 40% are related to poultry

Almarai continues to receive subsidies from the Saudi government, amounting to SAR295mn in 2015. This represents 15% of the Almarai's 2015 net income. The government pays subsidies based on price of subsidized feed importer, which means it may increase or decrease naturally. Regarding the breakdown by business (poultry, dairy), it is unfixed, depending on the price of feed and ingredients. As of 2015, subsidies for poultry accounted for 40% and dairy for 60%.



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## Saudi Arabia approves 100% foreign ownership rules

- Saudi Arabia's cabinet has approved rules governing foreign ownership of retail and wholesale businesses in the Kingdom. The regulations, which were first discussed last year, allow foreign investors to own 100% of retail and wholesale businesses in the country. Earlier, the ownership ceiling for foreigners was set at 75%. This initiative is aimed at attracting more regional and international brands to Saudi Arabia, creating more jobs, and boosting non-oil revenue. This has raised concerns regarding the sustainability of the business model of Saudi retailers.

- Real estate is key to entering a market: unlike its peers, Al Hokair enjoys favourable access to prime locations in well-located shopping malls owned by its parent shareholder, Al Hokair Group. Fashion retailers such as Inditex continue to compete for good-quality real estate in shopping centres and on high streets.

- Jarir and Extra are more vulnerable to the entry of international retailers such as Apple as barriers of entry are very low for consumer electronics and appliances. Furthermore, the government emphasis on developing tourism and family entertainments (Six Flags, Sea World) represents a potential threat to Jarir and Extra's business models which still play an 'entertaining' role in Saudi Arabia.

- Such initiatives would result in (1) reducing the number of stores; (2) a rapid modernization of the sector; and, (3) a significant increase in labor productivity by adopting merchandising best practices.

**Rationale for liberalization**

The rationale for permitting FDI in retail trading is (1) attracting investments in production and marketing; (2) improving the availability of such goods for the consumer; (3) encouraging increased sourcing of goods from Saudi Arabia; and, (4) enhancing competitiveness of Saudi enterprises through access to global designs, technologies and management practices.

Typically, global retailers follow a 100%-ownership business model, which explains their reluctance to establish their presence in Saudi Arabia because of the restrictive policy environment. This has been reflected in the little amount of FDI received in the Saudi retail sector.

However, we do not believe that such decision will provide foreign investors more ability to have control of a company as the current ownership ceiling of 75% already allows them to pass both ordinary and special resolutions.

**Key opportunities of 100% foreign ownership initiative:**

We perceive several opportunities emerging from such an initiative:

1) **Capital infusion**: FDI is one of the major sources of investments for a developing country like Saudi Arabia wherein it expects investments from multinational companies to improve economic activity, create jobs, share their expertise, back-end infrastructure and research and development in the host country.

2) **Boost competition and dampen inflation**: the entry of the many multinational corporations will promise intense competition between the different companies offering their brands in a particular product market. This will result in availability of many varieties, reduced prices, and convenient distribution of the marketing offers.

3) **Improvement of supply chain:** Improvement of supply chain/distribution efficiencies, coupled with capacity building and introduction of modern technology will help arrest wastages, particularly in the food supply chain.



HOUSE_OVERSIGHT_016171

4) **Jobs creation**: the entry of foreign companies into retailing in Saudi Arabia will not only create job opportunities but will also ensure quality in them, improving standards of living and life styles.

**Al Hokair: Eased restrictions on foreign investors: perception vs reality**

The liberalization of the Saudi retail industry raised concerns among Al Hokair investors regarding the potential loss of the Inditex franchise, which we estimate accounts for 8% of its total stores. We think this risk is overstated for the following reasons:

- **Relationship with parent**: Unlike its peers, Al Hokair enjoys favourable access to prime locations in well-located shopping malls owned by its parent shareholder, Al Hokair Group. The group owns and operates 13 shopping malls across Saudi Arabia (1.2m sqm of prime real estate) through its subsidiary Arabian Centres Company. However, we understand that rents are currently negotiated on commercial terms, thereby limiting the risk of a conflict of interest. We do not think the situation will change.

- **Real estate is key to entering the market**: Fashion retailers continue to compete for good-quality real estate in shopping centres and on high streets. Going forward, there is likely to be significant competition between these companies for new sites, especially in prime shopping centres, as they all require similar locations, typically prominent, wide-fronted premises. Zara, in particular, uses its shop windows to advertise its products.

- **Local manufacturing and distribution network would add execution risks and costs to international retailers such as Inditex**: While Saudi Arabia has not yet provided the details and conditions of the potential eased restrictions on foreign investors, we understand that the government is looking to attract investments, diversify its economy and improve Saudization. This means foreign retailers could be asked to set up local manufacturing and distribution networks within Saudi Arabia, which we believe could discourage retailers such as Inditex from entering the market directly.

**More malls, less bargaining power with international retailers**

The accelerating pace of mall developments in Saudi Arabia by regional competitors to Al Hokair's parent company suggests a rising risk of diminishing bargaining power for Al Hokair with its international brand partners such as Inditex. We expect Shumoul Holding 55% owned by Mabanee, the Kuwaiti mall operator, to develop a 400k sqm mall in Riyadh while Dubai-based Majid Al Futtaim recently announced that it is looking to develop two malls in Riyadh of 300k and 100k sqm of GLA respectively resulting in four times more stores (300) in the next five years. Such new entrants can then accommodate foreign retailers (such as Inditex), which could question the sustainability of Al Hokair's franchise model.

**Jarir: exposed to NTP innovations**

**What if Apple enters Saudi Arabia**

Should Apple enter Saudi Arabia, it would negatively impact the Apple resellers such as Jarir as the majority of the sales would be transferred to the Apple-branded stores. As such, we highlight 2 key risks to Jarir that would ultimately deteriorate earnings outlook: (1) rising competition from Apple resulting in a weaker footfall trend due to weaker electronic sales, which are key for store traffic; and, (2) intensifying competition from organised retail space (malls), reducing the market share of specialist retailers such as Jarir.

**Jarir's earnings sensitive to electronics business**

With c40% of revenues and c20% of gross profit derived from the electronics segment, Jarir remains vulnerable to the threat of foreign retailers entering directly Saudi Arabia.



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We estimate that a 20% decline in electronic sales would result in a 5% direct decline in gross profit. However, this ignores the other negative effects of other product categories due to a weaker footfall trend.

### More entertainment in KSA, less attraction for Jarir's stores

In line with the guidance of the NTP, we expect Saudi Arabia to develop the entertainment sector (theme parks, cinemas). This signals the emergence of new aspirations and social changes for Saudis. While these developments will support implementation of Saudi Vision 2030, they will pose threats to the existing business models of Saudi retailers such as Jarir and Extra that are currently substituting for the lack of entertainment opportunities in the country.



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# Real estate: NTP positive but not enough

The Saudi residential sector is suffering an acute housing shortage which we estimate at c1.2mn homes. Key reasons are:

- 1) **Land is expensive:** land constitutes as much as 50% of the cost of a housing unit which is more than double the typical 20-25% in more affordable areas globally.
- 2) **Affordability issue**: banks are reluctant to provide mortgages to workers from the private sector.
- 3) **Limited financing**: the Real Estate Development Fund (REDF) which used to provide interest-free loans to eligible Saudis for home purchase or construction, has been unable to cope with the demand for new loans and has a backlog of about 450,000 applicants. The housing ministry is looking to issue Islamic bonds to help fund the country's REDF at the end of 2017.
- 4) **Overrun development costs**: Long delays for construction approval and permits translate to overrun costs which create obstacles for developers to launch economically feasible projects.

**A persisting shortage of affordable residential supply**

The shortage of housing is not a new phenomenon – it has been ongoing for decades. The demand outlook from end-users is solid. Domestic household formation (marriages) is a large component: newly married Saudi couples need an affordable place to live. With market demand growing by 105K units pa (BofAMLe), we believe the shortage of supply will persist for the following reasons:

- **The limited scalability of residential projects** – Dar Al Arkan is the largest residential developer with only a 1% potential market share (delivery capability of 1,100 units pa).
- **The capital-intensive Saudi financing model** – without funding support from the government and a virtually non-existent off-plan sales market, Saudi developers have to secure funding to undertake larger residential projects. Dar Al Arkan is having to lever up, as land sales, which were once the primary source of funding, are no longer enough to enable it to scale up.
- **A lack of incentives for large regional developers to enter the market** – the dearth of off-plan sales has dried up the cash flows of developers and limited their ability to finance new projects and, in the worst cases, ongoing projects. Furthermore, the profitability of affordable housing projects is not compelling enough to attract developers to the Kingdom.

**Fragmented Saudi residential market**

Some 75% of new housing supply is from individuals and micro-home builders. This trend highlights Saudis' preference for building their own homes and illustrates the immature profile of the real estate market in Saudi Arabia. Sovereign actions in neighbouring countries, like the UAE, have boosted the sector (land granted to developers, capital flows from international investors). We see big developers becoming more active in the Kingdom but the effects on supply will not be immediate, in our view. So far, they represent only 15% of the total market.

## Key strategic objectives and KPIs to watch

- The Ministry of Housing is looking to: 1) improve performance of the real estate sector and increase its contribution to the GDP; and, 2) enable citizens to obtain a suitable residence. The ministry targets by 2020 to: 1) double the real estate sector



HOUSE_OVERSIGHT_016174

contribution to GDP from 5% to 10%; 2) reduce the average time required to approve and license new residential real estate; 3) reduce the housing unit cost from 10x to 5x of the gross individual annual income; and, 4) increase the real estate financing to non-oil GDP ratio from 8% to 15%.

- The Saudi Commission for Tourism and National Heritage is looking to increase and develop hospitality facilities and tourism services. The ministry targets by 2020 to increase the number of hotel rooms/apartments by 39% to 621.6k.

**Positive government ambitions but...**
The rise of real estate finance to non-oil GDP from 8% to 15% implies an incremental funding of US$32bn which could finance c212k additional units by 2020 or c53k additional units p.a. This compares to an estimated annual demand of 181k units which come on the top of the existing c1.2mn shortage of housing.

**...needs to be combined with land tax and sukuk issuance initiatives**
Based on the target Key Performance Indicators (KPIs) set for the Ministry of Housing, we estimate the initiative to be supportive but not sufficient to cater to the natural annual demand which is 3.5 times more elevated than the implied additional supply funded by the programme. We understand this initiative has to be combined with the land tax initiative and the potential sukuk issuance from the Ministry of Housing which could add further liquidity to the REDF to finance more units.

## Land tax - gradual revenue source

**Land tax among flagship measures adopted by the Saudi government**
We expand more below on our understanding of the land tax initiative which was recently approved by the Cabinet to tackle the housing shortage and raise government revenues. Saudi Arabia's Cabinet announced in November 2015 that it will gradually levy a 2.5% tax on undeveloped land plots owned by persons or private entities in urban areas, after the country's Shura council approved a proposal to impose taxes on the so-called white lands. The draft law was amended to include gradual taxes in accordance with a specific timetable to force landlords to sell land, thus increasing land supply.

The regulations adopted in mid-June define undeveloped land as all vacant land dedicated to residential use or commercial residential use within the urban boundary limits. Fees will be applied to in a gradual series of stages; first, to owners of undeveloped land with areas exceeding 10,000 square metres; second, to single owners of developed land of more than 10,000 square metres in one master development plan; third, to single owners of developed land of more than 5,000 square metres in one master development plan; and, last, to single owners of land of more than 10,000 square metres in one city. The Ministry of Housing will determine the land locations where the tax will apply. The extension of the tax in later phases to developed land, from undeveloped ones at first, will broaden the tax base and minimize tax evasion.

**Tax proceeds will be deposited in SAMA**
The taxes and fines collected by the Ministry of Housing shall be deposited in the central bank, the Saudi Arabian Monetary Agency, and will be used to develop the country's infrastructure for new housing projects, according to the state-owned news agency.

**Law could be effective this month, but gradual implementation likely**
Under the new system, the housing ministry has been in charge of issuing executive procedures and rules for the new legislation within 180 days. The law will be effective 180 days after publication in the official gazette. The housing ministry is finalizing necessary amendments to the decree by end-June 2016 and aim for implementation by 17 January 2017 (including a 1-3 year grace period).



HOUSE_OVERSIGHT_016175

### Tax on land: a lever to lower real estate prices in urban areas

Given that the government is giving landlords a grace period in order to either develop or sell land to developers, we perceive the newly approved land tax as a lever to lower real estate prices. Ultimately, this would improve household affordability, reduce social tensions and indirectly tackling energy subsidies as it frees up potential household income to spend on electricity and gasoline.

### Land tax could generate up to US$11bn/yr from the major urban cities

We estimate that the government could potentially collect up to US$11bn per annum of tax related to undeveloped land in the top 5 urban Saudi cities which accommodate more than 50% of the Saudi population. While the law will not be effective until end-2016, we do not expect the tax proceeds to be significant early on.

**Table 20: Land tax proceeds estimates for the 5 major urban cities**

Land tax could generate up to US$11bn per annum in first phase

| City | Selected urban land area (sqm) | White land value (SARbn) | Annual Land tax proceeds @ 2.5% (SARbn) |
|---|---|---|---|
| Riyadh | 1,300,000,000 | 494 | 12.4 |
| Jeddah | 1,686,000,000 | 481 | 12 |
| Mecca | 850,000,000 | 485 | 12.1 |
| Medina | 293,000,000 | 88 | 2.2 |
| Dammam | 200,000,000 | 48 | 1.2 |
| **Total** | **4,329,000,000** | **1,595** | **39.9** |

Source: SAMA, BofA Merrill Lynch estimates for white land and proceeds

**Table 21: NTP objectives and KPIs affecting the real estate sector**

| Strategic objective | KPI | Unit | Baseline | 2020 target | Regional b'mark | Int'l b'mark |
|---|---|---|---|---|---|---|
| **Ministry of Housing** | | | | | | |
| Enable citizens to obtain a house | Real estate sector contribution to GDP | % | 5 | 10 | 13 | 20 |
| Improve performance of real estate sector | Average time required to license new residential new projects | Day/ Permit | 730 | 60 | 44 | 26 |
| Enable citizens to obtain a house | Housing unit cost multiples of gross individual annual income | x | 10 | 5 | 6.7 | 3 |
| Enabling citizens to obtain suitable housing financing | Real estate financing to non-oil GDP | % | 8 | 15 | 16 | 75 |

Source: Saudi National Transformation Plan

**Table 22: NTP government costs related to the consumer and real estate sectors**

| Consumer | SAR (000) |
|---|---|
| Ministry of Economy and Planning | 3,293,255 |
| Ministry of Commerce and Industry | 4,313,050 |
| Ministry of Environment, Water and Agriculture | 13,942,405 |
| Ministry of Haj and Umrah | 333,600 |
| Ministry of Labor and Social Development | 7,931,710 |
| **Total** | **29,814,020** |
| | |
| **Real Estate** | **SAR (000)** |
| Ministry of Housing | 59,166,666 |

Source: Saudi National Transformation Plan



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# Metals & Mining: ambitious growth target

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The NTP has focused on several areas relating to domestic drivers, i.e., housing, retail, trade and finance. However, a core part of the Saudi government's transformation strategy is to focus on expanding the Kingdom's mining potential. Saudi Maaden has historically been Saudi's mining champion, but the mining sector currently contributes only around 2% to the Kingdom's GDP. The NTP has set a high target for the sector: its contribution to GDP growing by 50% to SAR97bn by 2020 and sector employment increasing by 40% to 90k. While the first target could be achieved given the amount of capital that is currently being deployed in the sector, the latter part is questionable in our view as capital intensive projects are not the best means for employment generation.

## Government focus on mining to boost jobs and growth

The focus on mining is driven by the ample and growing resources available. The Kingdom's largest mined products are phosphates, bauxite and gold. It supplies around 8% of global DAP production and has the largest integrated aluminium company in the world. Ma'aden continues to discover new gold and copper sites as well. We believe the outlook for mining is encouraging and the contribution to GDP targeted by the government could be achieved. We believe investments in this sector faces two hurdles:

1. Diversification – the base metal cycle lags that of oil but is eventually driven by the same global drivers (global growth). Furthermore, the NTP has currently set a low number for its capital commitments to the industry (US$82mn), achieving the targeted diversification and job creation at the moment seems to be highly dependent on attracting private sector capital. This would require attractive incentives schemes such as energy subsidies, tax exemptions or ease of issuing work permits for expats. However, at the moment, these have not been addressed by the Saudi authorities.

2. High capital intensity – for example, the government has spent close to US$21bn on Saudi Maaden but the company employs only around 6,000 permanent workers, of which Saudis account for nearly a third. While the build-up of this capacity does create a multiplier effect of almost 10x during the construction phase, most of the added jobs are usually low income blue-collar jobs that tend not to attract Saudis.

**Domestic services sectors create more jobs than mining for dollars spent**

We argue that capital spent on domestic services sectors is likely to yield more employment for dollars spent. A key example is Saptco, the Saudi Public transport Company, which has spent around US$450mn on assets and currently employs around the same number of permanent employees as Maaden, of which 1,200 are Saudis. We acknowledge that the technology and technical transfer will be different in an investment like Maaden versus Saptco, yet we believe the economic efficiency of using the mining sector as a means of generating employment is questionable.

**NTP is already happening: Saudi Aramco has project to create 2,000 jobs**

The plan to develop the mining industry is moving forward. Saudi Aramco has already announced its plans to build a downstream industrial complex along with GE and Cividale SpA. The complex will include the first-of-its-kind high-end forging & casting manufacturing facility and will serve the region's maritime and energy industries. The project will cost around US$400mn and likely generate around 2,000 jobs.



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### Exports will largely depend on market conditions

Part of the NTP relies on growing Saudi exports, including that of the mining industry. While it is easy build a plant, the timing of when there projects come online and how it coincides with the cycle matters. The ability to dump will largely depend on the position on the cost curve, which seems to be fading with the recent reduction of subsidies.

### The conglomerate model to continue

Saudi Arabia has historically adapted the conglomerate model to build up its industrial sectors, such as petrochemicals (SABIC), metals & mining (Maaden) and steel (Hadeed). We believe the government continues to focus on this model in its NTP plan and will use a number of vehicles to expand the sectors in question: Maaden in metals & mining and the new military company in defence.

Maaden has transformed from a pure gold producer to one of the largest conglomerates in Saudi Arabia at the moment. Through three key Joint-Ventures (JVs), the company is a top producer of DAP (Diammonium Phosphate) and gold and aluminium. The NTP clearly sets the stage for Maaden to grow even further but is unclear on how this is to be achieved and what it would mean for shareholders. Also, in our view, the all-in-one model has delivered subpar returns globally and the trend is towards the streamlining of operations and specialised vehicles. As an example, the largest petrochemical and agrichem companies, Dow and Dupont, plan to merge and then split into three different businesses, providing more specialisation. We can see the advantages of the specialised entity model as it provides cost synergies, efficiency and a clear strategy for the company. Also, in the conglomerate model, certain parts of the company are often dwarfed as other revenues streams represent a larger contribution to returns. Board and management could be more or solely focused on the sub-segment had if it is a stand-alone entity they have to monitor and manage, in our view.

**Table 23: National Transformation Plan objectives in the mining sector**

| | Baseline | Target 2020 | Regional benchmark | Global benchmark |
|---|---|---|---|---|
| Overall kingdom: | | | | |
| Number of jobs created | 65k | 90k | 75k | 210k |
| Contribution to GDP | SAR64bn | SAR97bn | SAR13bn | SAR262bn |
| Number of localized technologies | Under study | 125 | NA | NA |
| Less developed regions in Saudi: | | | | |
| Number of jobs created | 0 | 12k | NA | NA |
| Expected contribution from private sector | 0 | SAR28bn | NA | NA |
| *memo:* | | | | |
| Initiative cost to the government: SAR310mn (US$83mn) | | | | |

Source: Saudi National Transformation Plan



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# Oil & gas/petchems: focus on downstream

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## Focus on downstream expansion is a priority

An increased focus on downstream expansion is a strategic development priority in Saudi Arabia, with the aim of exploiting competitive advantages on feedstock costs and the strategic location. Furthermore, the government sees it as a mechanism to create job opportunities for nationals. We see the NTP natural gas target as optimistic as it faces many hurdles, while imports could be a better alternative which authorities now suggest they could be open to eventually.

### Downstream chemicals represents the second largest focus of the NTP

The NTP is firmly focused on the integration of chemicals/refining/mining capacity into value-add downstream operations that would limit imports of certain products and provide technology transfer into the Kingdom. This accompanies the government's plans to expand its natural gas and refining capacity by 48% and 13%, respectively.

The NTP includes a sizeable allocation to the Royal Commission for Jubail and Yanbu, the government body that overlooks, promotes and develops the petrochemicals/energy-intensive/mining sectors in the Kingdom. The government plans to spend around US$10.9bn on developing various areas including: 1) the oil-to-olefins (OTC) complex in Yanbu; 2) colleges and institutes in Jubal Industrial area; 3) the necessary infrastructure in the community area of Yanbu Industrial City; and 4) value-add transformation industries in Raas AlKhair Industrial City.

**Table 24: NTP focus for the Royal Commission of Jubail and Yanbu**

| Key focus areas | US$mn |
|---|---|
| Development of the OTC project | 772 |
| Development of colleges and institutes in Jubail Industrial City | 731 |
| Development of infrastructure in Yanbu | 1,003 |
| Development of residential areas in Jubail Industrial City | 642 |
| Development of Multi-Modal Logistics Hub in Yanbu Industrial City | 543 |
| Development, protection and rehabilitation of public facilities in Jubail Industrial City | 954 |
| Development of value-added transformation industries in Raas Alkhair Industrial City | 805 |
| Construction of Housing in Jubail Industrial City | 538 |
| Development of Mineral industries port in Yanbu Industrial City | 556 |
| Other infrastructure and projects (38 projects, size between 100mn to 500mn) | 4,557 |
| Total | **11,101** |

Source: Saudi National Transformation Plan

### Subsidies are likely to be needed

A key obstacle to building more refining capacity and a large OTC complex is the high capital intensity of such projects and the subsidies required to ensure an acceptable rate of return. We see the natural gas target as optimistic with many hurdles; importation could be a better alternative. We believe the government plans to reduce subsidies in water and electricity, but maintain them for feedstock prices as intensive natural gas production requires cheap gas to thrive. However, a move towards benchmarking to US gas prices is a likely and logical step, in our view. An alternative scenario would to mark natural gas prices in the Kingdom to the LNG netback out of Qatar. This would facilitate an additional US$2.5bn from the sector but would also put several companies at risk of becoming loss making (especially companies with a high content of heavy feed in their input mix). Should such a scenario take place, we believe implementation would be carried out over phases in order to allow companies to cope with the new pricing order.



HOUSE_OVERSIGHT_016179

**Table 25: Additional costs on petrochemical producers of higher feedstock prices**

| | Current scheme (US$50/bbl) | US Spot/(US$50/bbl) | Government revenues raised (US$bn) |
|---|---|---|---|
| Ethane | 950 | 1,411 | 461 |
| Methane | 201 | 457 | 256 |
| Propane | 3,918 | 4,898 | 980 |
| Butane | 789 | 986 | 197 |
| Naphtha | 2,348 | 2,934 | 587 |
| Ammonia | 64 | 132 | 69 |
| Feedstock cost | 8,269 | 10,819 | 2,550 |
| Electricity & water | 1,039 | 2,053 | 1,014 |
| **Total** | **9,309** | **12,872** | **3,564** |

Source: IHS Chemical, BofA Merrill Lynch Global Research. US spot refers to natural gas prices of US$2.6/mn BTU. The US$2.5bn feedstock price rise could directly accrue to the central government through Saudi Aramco, while higher electricity and water charges would not.

### Moving further down the value chain

Downstream operations in Saudi have historically been international Joint-Ventures (JVs) and government-owned entities like SABIC. In July 1993, the government issued a Royal Decree that merged all the state-owned refineries, distribution activities and marketing operations under Saudi Aramco.

This resulted in a transfer of the government's stake in three key refineries and international refining and petrochemical operations to one state-owned company. Today, Saudi Aramco is one of the largest crude oil refiners in the world and aims to become a top-three petrochemical producer through standalone petrochemicals facilities like Sadara, downstream integration at its many refineries, and potential acquisitions. The recent announcement of the US split with Shell was followed by comments that the breakup was due to different strategies by both companies with Aramco increasing its focus on petrochemicals.

### Petrochemicals - a route to diversification

Saudi Arabia is emerging as one of the largest petrochemicals producers globally. The country initially started with integrated refining leading to petrochemical production through its multiple JVs in Saudi and other regions, and is now building the largest petrochemical complex globally. One of the goals is to maximise the value of the Saudi hydrocarbon chain. Ultimately, this expansion into petrochemicals should further support the diversification drive and thus support the stated goals for the Saudi economy.

Saudi Arabia (potentially through Saudi Aramco) aims to become a leader not only in commodity chemicals, but also downstream petrochemical conversion. In the cities of the Jubail and Rabigh, the Ministry of Energy, Industry and Mineral Resources (along with Saudi Aramco) is constructing value-parks next to upstream chemical facilities. The aim is to provide integration and the infrastructure for SMEs to operate and produce value-added products in the Kingdom. This diversification into specialty chemicals could increase returns from the current US$500/ton level to around US$2000/ton by 2040, according to local press citing senior Aramco officials. Saudi Arabia could also look to grow its international refining footprint to provide further integration opportunities, as was suggested by the recent split of the Motiva JV (Saudi is more keen to expand its downstream operations, whilst Shell is looking to reduce them).

Two petrochemical projects are also being built. The first is the Sadara project in Jubail, which is expected to become the world's largest integrated chemicals complex with 3MMt of output. It will use naphtha as feedstock. The second is Petro Rabigh II, which is the expansion project of the existing Petro Rabigh plant that will process 4MMt (93kb/d) of naphtha feedstock, and is planned to be launched in 2016.

### NTP includes the long discussed Oil-to-Olefins (OTC)

Saudi's national transformation plan includes the development of a US$770mn industrial cluster whereby expansion to the Aramco refinery is likely to take place, providing the platform for the long discussed OTC, Oil-to-Olefins, project. Saudi



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authorities have highlighted in several press releases that Aramco and SABIC are looking at potential oil-to-olefins projects. The Kingdom has a proprietary technology that enables it to maximise the yield of olefins per ton of oil used. According to SABIC's management, this project has been carried out on a small scale at test sites and it is conducting feasibility studies at a larger-scale facility. Aramco has also highlighted plans in this area. While both companies declined to comment, Bloomberg highlighted that sources indicate they are assessing the possibility of embarking on a project together. Such a step would be the first of its kind in Saudi Arabia, with Aramco and SABIC working alongside each other on such a large scale.

## Refining capacity target: almost there

The NTP aims to increase the refining capacity to 3.3mn bpd per day by 2020 from 2.9mn bpd today. Saudi has recently completed and launched two large refining projects with 400kbpd installed refining capacity each: (1) SATORP in Jubail launched in June 2014; and (2) YASREF in Yanbu – first shipment made in January 2015 and inaugurated in January 2016. In addition, it is building a new refinery, Jazan, which should process 400kb/d of Arabian heavy and medium crude oil; launch is expected in 2019.

**Table 26: Saudi Arabia government refining assets**

| Name | Location | Completion | Refining capacity, kb/d | Saudi Aramco's share in capacity, kb/d | Saudi Aramco's ownership (%) | Partner |
|---|---|---|---|---|---|---|
| ***Wholly-owned domestic refineries*** | | | | | | |
| Jeddah | Jeddah | 1967 | 90 | 90 | 100% | n/a |
| Yanbu | Yanbu | 1979 | 240 | 240 | 100% | n/a |
| Riyadh | Riyadh | 1981 | 126 | 126 | 100% | n/a |
| Ras Tanura | Ras Tanura | 1986 | 550 | 550 | 100% | n/a |
| **Total** | | | **1,006** | **1,006** | | |
| ***Domestic refining JVs:*** | | | | | | |
| SAMREF | Yanbu | 1983 | 400 | 150 | 50.0% | ExxonMobil |
| SASREF | Jubail | 1986 | 305 | 114 | 50.0% | Shell |
| Petro Rabigh I | Rabigh | 1990 | 400 | 150 | 37.5% | Sumitomo (37.5%, free float 25%) |
| SATORP | Jubail | 2014 | 400 | 250 | 62.5% | Total (37.5%) |
| YASREF | Yanbu | 2015 | 400 | 250 | 62.5% | Sinopec (37.5%) |
| **Total** | | | **1905** | **914** | | |
| **Total in Saudi Arabia** | | | **2,911** | **1,920** | | |
| ***International refining JVs:*** | | | | | | |
| S-Oil | South Korea | 1991 | 669 | 424 | 63.4% | S-Oil |
| Motiva | USA | 2002 | 1070 | 535 | 50.0% | Shell |
| Showa Shell | Japan | 2004 | 445 | 67 | 15.0% | Shell |
| Fujian | China | 2007 | 280 | 70 | 25.0% | Sinopec, ExxonMobil |
| **Total** | | | **2464** | **1096** | | |
| **Total capacity globally** | | | **5,375** | **3,016** | | |

Source: Saudi Aramco, Energy Policy, BofA Merrill Lynch Global Research

**Table 27: Saudi Arabia petroleum product output in 2014 (mn bpd)**

| | Saudi Aramco ownership (%) | LPG | Naphtha | Gasoline | Jet Fuel | Diesel | Fuel oil | Asphalt | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Wholly-owned domestic refineries** | | | | | | | | | |
| Jeddah | 100% | 0.9 | 2.9 | 4.0 | 0.0 | 2.4 | 9.2 | 6.4 | 25.8 |
| Yanbu | 100% | 2.4 | 3.2 | 11.5 | -0.4 | 29.3 | 30.9 | 0.0 | 77.0 |
| Riyadh | 100% | 1.8 | 0.0 | 10.9 | 2.7 | 19.2 | 0.0 | 6.5 | 41.2 |
| Ras Tanura | 100% | 5.0 | 15.0 | 43.9 | 7.8 | 76.1 | 32.5 | 7.2 | 187.4 |
| **Subtotal** | | **10.1** | **21.1** | **70.3** | **10.0** | **127.1** | **72.6** | **20.1** | **331.3** |
| **Saudi Aramco share in domestic JVs** | | | | | | | | | |
| SAMREF | 50% | -1.1 | 0.0 | 25.0 | 11.1 | 18.8 | 14.4 | 0.0 | 68.2 |
| SASREF | 50% | 1.3 | 11.7 | 2.2 | 9.4 | 14.2 | 13.3 | 0.0 | 52.2 |
| Petro Rabigh | 38% | 1.3 | 7.3 | 6.9 | 4.9 | 11.7 | 13.4 | 0.0 | 45.5 |
| SATORP | 63% | 1.3 | 3.9 | 11.1 | 8.2 | 31.6 | 7.5 | 0.0 | 63.7 |
| **Subtotal** | | **2.9** | **22.9** | **45.2** | **33.7** | **76.3** | **48.6** | **0.0** | **229.5** |
| **Total** | | **13.0** | **44.0** | **115.6** | **43.7** | **203.4** | **121.2** | **20.1** | **560.9** |

Source: Saudi Aramco, BofA Merrill Lynch Global Research



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**Chart 59: Saudi government refining assets (effective stake in k bpd)**

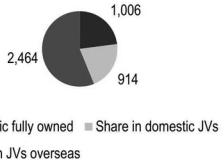


Source: Saudi Aramco, BofA Merrill Lynch Global Research

**Chart 60: Saudi refining breakdown per region (effective stake)**

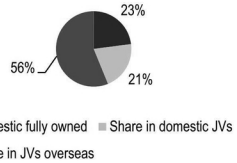


Source: Saudi Aramco, BofA Merrill Lynch Global Research

### Exports are geared towards Asia and Far East

Saudi Arabia exported c.1mbpd of oil products in 2014, mainly to Asia and the Far East (56%), other Middle Eastern countries (19%) and Western Europe (12%).

**Chart 61: Oil product export volumes split per region in 2014**

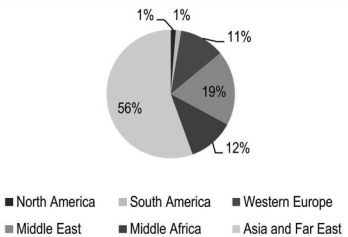


Source: Ministry of Energy, Industry and Mineral Resources.

**Chart 62: Saudi Arabia oil product slate in 2014**

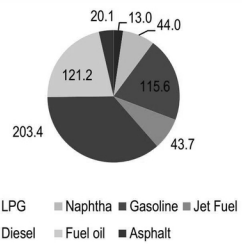


Source: Company data, BofA Merrill Lynch Global Research

## Ambitious natural gas expansion

The NTP also focuses on expanding natural gas production. The government aims to grow the existing production by 48%, largely through non-traditional routes. According to the minister of Energy, Industry and Mineral Resources, natural gas accounts for 50% of energy production and the target is to increase this to 70% by 2020 through expanding local production or importing if necessary. The government's priority will be to explore the option of local production, although imports were, for the first time, not excluded. We consider this as an interesting development as importing LNG into Saudi costs the same as producing it internally through non-traditional routes, in our view. The Saudi statement acknowledges that Saudi Arabia is willing to be open to the possibility should imports provide a more economic means for this purpose.

**Table 28: National Transformation Plan objectives in the petrochemicals, oil, and refining sectors**

| | Base line | Target 2020 | Regional benchmark | Global benchmark |
|---|---|---|---|---|
| Oil production capacity (mn bbls/day) | 12.5 | 12.5 | 3.8 | 11 |
| Dry gas production capacity (bn scf per day) | 12 | 17.8 | 5.7 | 16 |
| Refining capacity | 2.9 | 3.3 | 1.1 | 1.9 |
| *memo:* | | | | |
| Initiative cost to the government (total SAR491mn or US$131mn): | | | | |
| Energy | SAR216mn | | | |
| Oil & Gas | SAR200mn | | | |
| Gas network | SAR75mn | | | |

Source: Saudi National Transformation Plan



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# Utility sector: sharing the capex burden and achieving cost reflective tariffs

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## Eight strategic objectives aimed at being self-funding

The electricity sector is mentioned in eight strategic objectives of the NTP 2020. The two most important measures in our view are the one related to subsidies cuts and the one on the liberalisation of the sector which should free out financial resources to fund the future capex burden as well as the other targets under the NTP. This is even more relevant as the NTP doesn't provide any additional funding for the sector.

### Unanswered questions as to impact on electricity sector

While we think these initiatives should be welcomed as they would reduce the financial burden on Saudi Electricity Company (SEC) from its ambitious capacity expansion plan (SAR240bn / US$64bn to be spent over the 2016-21, mostly in generation), some questions remain unanswered, especially in regards to SEC's capital structure and financial sustainability on a standalone basis. It remains unclear if the proceeds from the disposals of the minority stakes in the GenCos will be used to fund future capex plans or to alleviate SEC's commercial debt (US$16.3bn as of FYE15) and government and government-related debt and payables (c.US$46bn as of FYE16). Also, it remains unclear if on the back of the NTP, SEC would start paying its current payables (fuel sourced from Aramco, electricity sourced from SWCC and fees owed to municipalities) instead of accruing these amounts as it does now.

1. **Saving SAR200bn annually by cutting the water and electricity subsidies:** The current print of the NTP doesn't give any detail about how this target will be split between water and electricity subsidies, but we note that the plan aims to reach full cost reflective water tariffs by 2020 (from 30% cost coverage at the moment). Recall that starting from January 1st, electricity prices have been increased by a weighted average of close to 20%, with residential prices (half of the consumption) now ranging SAR 0.05-0.30 / KWh vs SAR 0.05-0.26 previously. The highest increases are for the commercial sector, the governmental entities and the agricultural sector. SEC's management recently indicated to us that they expect a neutral impact over the long term from this decision as it mirrors an increase in feedstock price charged by Aramco. However, over the short to medium term, SEC cash flows are expected to benefit from the tariff decision given that the company books all its fuel costs in payables without disbursing any amount to Aramco.

2. **Increasing the percentage of power generation through strategic partners to 100% from 27% now:** We believe that the aim here is to bring industrial or financial partners in all SEC's and Saline Water Conversion Corporation (SWCC) generation units, in line with the electricity sector reform which expected to be implemented by late 2016 / early 2017. According to SEC's management, the most likely scenario involves SEC's generation assets to be split into four separate regional GenCos where minority stakes would be sold to major global utilities or sold in the public market.

3. **Increasing the efficient use of "fuel" in power generation to 40% from 33% now:** We think that this objective entails increasing the share of efficient combined cycle gas turbines (CCGT) plants. Given that SEC currently represents 73% of the country's installed capacity and that 19% of its electricity is generated via efficient combined cycle gas turbines (CCGT), this means that 71% of the remaining tier party capacity is "efficient". We note that another 39% of SEC's installed generation capacity is made of less efficient open cycle gas turbines (OCGT).



HOUSE_OVERSIGHT_016183

4. **Increasing the reserve to peak demand to 12% from 10% now:** This reserve margin was just at 2.3% back in 2012 and SEC was assigned a target of 10% which management expects to fulfil. In light of the recent improvements and SEC's ambitious capacity expansion plan (SAR240bn / (US$64bn in capex over the 2016-21), the target looks realistic to us.

5. **Reducing the outages of more than 5min to 3.0 per year from 6.4 per year now and the average outage time to 120 minutes from 262 minutes now.** This goal will likely be achieved through the ongoing investments in expanding and improving SEC's transmission and distribution network (half of the overall capex incurred in 2015 went to these two segments).

6. **Increasing the access to electricity to 99.5% of the population from 99% now:** It is hard to quantify the cost of this objective, but we believe that it entails increasing the reach to the remote Eastern and Southern regions of the country where the economics of expanding the transmission network are not relevant.

7. **Reach 86 GW of installed capacity vs. 69 GW at the end of 2015 (incl. 50 GW at SEC alone):** The target is in line with SEC own current ambitious expansion plan (22.8GW to be added over five years to reach 68.3 GW by the end of 2018) and factors in additional capacity from SWCC and IPPs as well.

8. **Generate 4% of the electricity from renewables (equiv. to 3.45 GW):** we would expect the projects to be primarily based on onshore wind and solar. It is likely that these projects will be fully developed by IPPs under long term power purchase agreements where SEC would be the offtaker and assume the higher cost of the electricity from these RelPP. While SEC has currently no renewable generation capacity at all, it has recently invited expressions of interest for potential lead developers for two 50MW solar photovoltaic projects, which we see as a (modest) step towards the NTP target. Based on the KACARE study on grid impact, Saudi Arabia's electricity network should be able to integrate up to 14GW of renewables capacity by 2020. Finally, we note that ACWA Power, the largest privately-owned utility company in Saudi Arabia and one of the main IPP players in the country (along with Engie), has developed a proven expertise in wind and solar projects internationally. ACWA is likely to be one of the main players in the upcoming liberalisation plans.

**Chart 63: SEC's debt and payables to the gov. & GREs grew at 17.4% CAGR since 2009 (US$bn)**

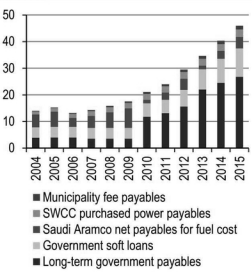


Source: SEC, BofA Merrill Lynch Global Research

**Chart 64: Saudi Arabia power generation installed capacity split in 2015 (total: 69 GW)**

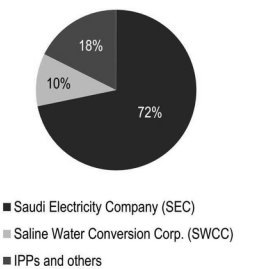


Source: SEC, BofA Merrill Lynch Global Research

**Chart 65: Saudi Electricity Company (SEC) fuel mix for electricity generation**

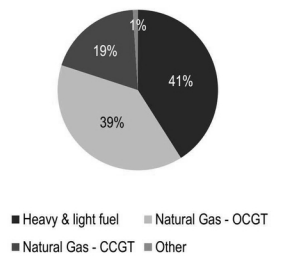


Source: SEC



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# Defence: Vision 2030 supports defence spending

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Saudi Arabia is increasing its regional role as a Security and Defence nation in the Middle East region. The 2030 Vision includes a higher local content in defence procurement which can be achieved through new contract awards and increased cooperation with large Original Equipment Manufacturers (OEMs). BAE is best positioned, in our view: it has been the in the country since 1966 with 5,000 local employees and Saudi Arabia represents 21% of BAE's group sales.

## Saudi Arabia to build out military industrial base

Defence is one of the key industries that Saudi is pinpointing for investment as part of its future strategy plans, and one where it is well placed to become a global leader, in our view. Saudi Arabia has one of the largest defence budgets globally, and we expect its focus on defence investment to remain broadly intact regardless of the price of oil. Due to regional tensions, defence spending will likely remain high for the foreseeable future, in our view. Saudi Vision 2030 and the associated National Transformation Plan (NTP) will likely increase focus on use of defence to achieve their economic diversification goals. This is likely to take place through capability deployment and employment in partnership with long term defence partners. Saudi authorities aim to raise the locally-sourced defence procurement from 2% today to 50% in 2030.

Much of the countries' defence spending is for foreign imports. According to consultancy IHS, 1 out of every 7 dollars spent on defence imports in 2015 was spent by Saudi Arabia, which was predicted by IHS to increase its defence imports by 52%yoy to US$9.8bn in 2015.

In our view, Saudi strategy to increase locally manufactured defence content is justified, given their level of purchasing power with international contractors. However, this could trigger a round of new contracts' awards to set up new terms. The State owned Taqnia company has been signing some contracts with international companies but this remains very limited at this stage.

**Saudi commitment to defence spending positive for European Defence**

Saudi Arabia's Ministry of Finance 2016 defence budget spending remains high at SAR213bn (cUS$57bn) which is 25% of the total budget. In 2015, the budgeted defence spending reached SAR307bn (US$82bn). Despite the large decrease in headline defence and security expenditure, budgetary figures suggest the allocation for the Ministry of Interior, Ministry of National Guard, Ministry of Defence, General Intelligence Directorate, and Saudi Royal Guard Regiment could be heavily supported from elsewhere in the budget, if required. Figures released by the Ministry of Finance suggest that SAR183.0bn of the state budget for 2016 - c21% of total budgeted spending - will be allocated through a new 'Budget Support Provision' that is to be used "to give more flexibility to the budget and redirect capital and operational expenditure in line with national priorities and to fulfil spending requirements". In our view, the commitment to defence spending is positive for companies who have presence in the area, BAE (Buy, 600p) & Thales (Buy, €87).

**BAE Systems** ties to Saudi Arabia go as far back as 1966, when the company was contracted to Lightning and Strikemaster aircraft and equipment in a programme called the 'Magic Carpet'. In 1985, a new government-to-government (UK/Saudi Arabia) agreement was signed covering supply and support of Tornado, Hawk and PC-9 aircraft. A new government-to-government agreement, known as the Saudi British Defence Co-operation Programme, was inaugurated at the start of 2007. Salam Project, which



HOUSE_OVERSIGHT_016185

provides for the acquisition of 72 Typhoon aircraft in a programme aimed at the modernisation of the Saudi Armed Forces, was launched in September 2007. This carries substantial packages of work and expertise transfers, aimed at developing the Saudi industrial defence sector. BAE Systems has made a major commitment to the training of local nationals to bring them into management, technical and other qualified positions. Saudis constitute 21% of BAE's group sales, 57% of the total BAE Systems' workforce in Saudi Arabia making the Company one of the largest private sector employers of Saudis with 5,000 employees based locally. The UK and Saudi have discussed in the past moving the final assembly of some of the 72 Typhoons in Saudi Arabia but it failed. Now, the two countries may be trying to have locally produced Hawks on the back of the 22 trainer order at the end of 2015, according to local press.

**Thales** (10% of group sales in the Middle East, mainly in defence) has an established presence in the Kingdom of Saudi Arabia, with 750 employees and a diversified portfolio of activities. The company has built a mature relationship with Saudi Arabia based on solid, country-wide partnerships. Thales's major commercial successes include the Shahine and Crotale air defence contracts with logistic support. In naval defence, Thales is the prime contractor for the Sawari II contract (three frigates), that follows on from the successful Sawari I programme (four frigates) for which Thales now provides logistic support. In 2007, Thales was selected by the Saudi Arabian Ministry of Defence to supply a major electronic protection system to the Royal Saudi Air Force.

US contractors such as Lockheed Martin (supplier of F16 jets, C130J transport planes), General Dynamics (military vehicles) and Raytheon (missiles) have some local presence in Saudi Arabia, but BAE is by in large the largest and historical local presence.



HOUSE_OVERSIGHT_016186

**Table 29: Stocks mentioned**

| Name | Symbol | Opinion | Q-R-Q | Price | PO |
|---|---|---|---|---|---|
| Al Hammadi | XBQYF | Buy | C-1-7 | SAR 40.19 | SAR 64.0 |
| Al Othaim | XWPJF | Buy | C-1-7 | SAR 99.99 | SAR 121.0 |
| BAE SYSTEMS | BAESF | Buy | A-1-7 | GBP 483.4 | GBP 600 |
| BAE SYSTEMS | BAESY | Buy | A-1-7 | USD 26.17 | GBP 34.26 |
| SABIC | XAUBF | Buy | C-1-8 | SAR 80.87 | SAR 99.5 |
| Saudi Telecom | XUTUF | Buy | C-1-7 | SAR 63.95 | SAR 81.0 |
| Savola | XSAVF | Buy | C-1-7 | SAR 35.95 | SAR 46.0 |
| THALES | THLEF | Buy | C-1-7 | EUR 73.5 | EUR 87.0 |
| YANSAB | XUYNF | Buy | C-1-7 | SAR 40.28 | SAR 48.0 |
| Zain KSA | XOCTF | Buy | C-1-9 | SAR 7.83 | SAR 12.2 |
| Almarai | XALRF | Neutral | B-2-7 | SAR 53.7 | SAR 61.0 |
| Jarir | XJRIF | Neutral | C-2-7 | SAR 118.64 | SAR 134.0 |
| SAFCO | XDUAF | Neutral | C-2-8 | SAR 59.73 | SAR 72.0 |
| Dallah Healthcare | XJEFF | Underperform | C-3-7 | SAR 86.12 | SAR 79,0 |
| Dar Al Arkan | XARKF | Underperform | C-3-9 | SAR 6.49 | SAR 7.0 |
| Extra | XYDUF | Underperform | C-3-7 | SAR 26.72 | SAR 24.0 |

Source: BofA Merrill Lynch Global Research

## Price objective basis & risk

### Al Hammadi (XBQYF)

Our SAR64 PO for Al Hammadi is based on our DCF-derived valuation. This is equivalent to 32x FY17E EPS. Strong earnings growth means out-year valuations appear much more reasonable than near-term valuations (e.g. implied 13x FY20E EPS). Company specific risks are: lower-than-expected growth resulting from delays in executing on expansion plans, inability to raise prices to offset cost inflation, failure to manage growth without impacting margins, pricing pressure from insurers, new competition, sustained delays to government payments, and any potentially dilutive acquisitions. General/macro risks are: sustained low oil prices and any resultant slow-down in the economy, civil unrest, ongoing failure of the government to pay bills.

### Al Othaim (XWPJF)

We use a combination of DCF, DDM and peer group analysis to value Al Othaim. We have taken a weighted average of values implied by our DCF, DDM and peer group analyses. We attribute a 50% weight to the DCF and 25% weights for both the DDM and the P/E multiple, which points to a PO of SAR121. We attribute a greater weight to the DCF valuation as we believe food retailers offer good visibility on cash flow generation. In the case of Al Othaim, we think DCF better reflects the stock's growth opportunity. We assume a perpetuity growth rate of 2% and WACC of 9.1% in our DCF.

The downside risks to our investment case are:
- Weaker-than-expected margin performance
- Cannibalisation effect in Saudi Arabia
- Competition: We expect competition to intensify among the large organized players, such as Savola-owned Panda which have aggressive retail expansion plans growth plan
- Saudization: Most of Al Othaim's labors are low level staff working in the warehouses and branches which depends heavily on expatriate labors. This suggests the Saudization of the staff could put further pressure on margins.

### Almarai (XALRF)

We arrive at our SAR61/share price objective using a combination of P/E multiples and DCF valuation, taking the average yielded by the two methods. More specifically:



HOUSE_OVERSIGHT_016187

On a multiples basis, we value Almarai on 21x 2017E EPS, a 15% premium to Global (blue chip) food producer averages. We believe that at this level it is fairly valued given it is trading at a premium to its historical trading average and the weaker consumer outlook.

Our DCF analysis yields a valuation of SAR59/share, based on a WACC of 8% and terminal growth rate of 3.5%.

Risks to our PO are company specific factors such as plant outages, disease outbreaks in its biological assets, delays in the investment program and factors affecting suppliers. Macro level risks are commodity prices, government regulation, subsidy removals and price pressures from growing competition.

**BAE SYSTEMS (BAESF / BAESY)**
Our PO of 600p (US$34.26/ADR) is an average based on DCF, 2016-17E P/E and EV/EBITA and Sum-of-Parts. We regard as BAE's peers Lockheed Martin, LLL, General Dynamics, Northrop Grumman, Raytheon, QinetiQ, Cobham, Ultra Electronics.

Our DCF valuation (8.7% WACC and 1.8% long-term growth rate in line with defence peers and 10.7% long term margin) implies a 550p share price. Our SOP suggests at valuation range of 592-595p, using peer group EV/EBITA multiples of 12.7-13.7x and EV/sales of 1.2x. Applying EU and US peers multiples on EV/EBITA and P/E yields a valuation range of 671-679p.
At 600p BAE would be trading on 14.6x 2016E P/E and at 13.9x 2016E EV/EBITA. This P/E is in the middle of the historical range of c.20x to c.6x, and the EV/EBITA is near the high end of the historical range of c.12x to c.4x.

Upside risks are: 1) An export contract for Typhoons, in particular an order for 60+ airplanes from Saudi, 2) USD strength against the UK, 3) development of a large scale and long term conflict.
Downside risks are: 1) significant decrease to the US or UK defence budgets, below our current assumptions, 2) significant weakness of the US$ vs Sterling.

**Dallah Healthcare (XJEFF)**
We set a SAR79 price objective for Dallah, which is equivalent to 23x FY17E EPS. We expect earnings to double between FY15A and FY20E as beds triple. The multiple therefore falls quickly and on FY20E earnings, when some of this growth is likely to have come through, the stock trades in-line with other hospital stocks, both EM and Saudi.

Upside risks are: greater price increases than assumed in forecasts, faster uptake of new capacity, accretive M&A activity.

Down side risks are: Slowdown in the economy, lower-than-expected growth resulting from delays in executing on expansion plans, inability to raise prices to offset cost inflation, failure to manage growth without impacting margins

**Dar Al Arkan (XARKF)**
Our PO of SAR7.0/share is based on sum-of-the-parts methodology. We employ a WACC of 10.7%, derived from a COE and COD of 11.1% and 9.0%, respectively. Our SOTP includes (1) the NPV of the current development portfolio to 2016E, (2) the NPV of recurring cash flows from investment portfolio + the NPV of its terminal value minus incremental capex to complete the investment programme, (3) the NPV of land sales from the developed land bank, and (4) the book value (valued at cost) of DAAR s remaining land bank.
Downside risks: (1) Deterioration of demand for land would increase the perceived liquidity risk (2) Deterioration of credit environment (3) Emergence



HOUSE_OVERSIGHT_016188

of sub-developers which would inflate the acq. cost of land and consequently depreciate the residual value of land due to lower margins (4) Mismanagement of cash flows: a mismanagement of the resources (overspending in CAPEX for land for example) could arise liquidity concerns because of over-exposure to land sales mkt. Upside risks: A lower-than-expected borrowing cost: We forecast an incremental cost of debt of 9%, A improvement in the credit environment sensitive to exogenous factors such as liquidity and the risk appetite of the international mkt. would lower DAAR s cost of funding, We see upside valuation risk in the value of the land bank should the company manages to develop housing units with the support of the Ministry of Housing. debt-financed acquisition to boost its recurring income.

**Extra (XYDUF)**
We derive a PO of SAR 24 using a DCF valuation model which we believe best captures differing capital costs and growth profiles across the MENA region. Key assumptions are an 11% WACC and a 2% perpetuity growth rate. Upside/downside risks to our PO are better/worse returns from better/worse like-for-like sales and shorter/longer break even times from new international markets.

**Jarir (XJRIF)**
We derive a PO of SAR134 using a DCF valuation model which we believe best captures the company's plan to add c.60% new stores by 2017. Key assumptions are: - a 5-year CAGR in sales of 11% followed by an five-year CAGR of 6% and a perpetuity growth rate of 2%, - an average EBIT margin of 13%, - a WACC of 9.5% with a beta of 0.9x. Our WACC is calculated using a RFR of 5.0% and an ERP of 6.0%. We used a 2% terminal growth rate.

The risks to our PO are company-specific issues such as a failure to deliver the expected 11% top-line growth or a faster-than-expected deterioration in electronics margins. In addition, there are risks associated with a slowdown in the economy or consumer spending.

**Saudi Arabian Fertilizer Company (XDUAF)**
We apply a justified P/E multiple to derive SAFCO's PO of SAR72. The P/E is based on a normalized RoE of 30.2%, Cost of Equity of 10.4% and payout of 93.5%.

Upside risks to our price objective are: (1) delays in global nitrogen fertilizers capacity expansions, which would result in a tighter supply of urea and effectively higher prices, (2) Stronger demand for fertilizers and effectively prices, (3) An increase in the marginal producer cost that effectively leads to a higher urea price floor.

Downside risks are: (1) lower prices of urea due to weaker than expected demand, (2) Delay in SAFCO 5 expansion project, (3) an increase in natural gas cost.

**Saudi Basic Industries Corporation (XAUBF)**
We apply a justified P/E multiple to derive SABIC's PO of SAR99.5. The P/E is based on a normalised RoE of 15.8%, Cost of Equity of 11.5% and payout of 65.0%

Downside risks to our price objective are a decline in the supply of low-cost feedstock, a lower-than-expected recovery in petrochemicals prices, delays in the ramp-up of newly established subsidiaries, or weakness in steel demand in Saudi Arabia.

**Saudi Telecom Company (STC) (XUTUF)**
We derive our SAR81/share PO for STC on a sum of the parts basis, using a combination of DCF and market valuations for its core subsidiaries and associates, adjusting for ownership stakes. Specifically, we use DCF to value its core operations in Saudi Arabia (9.5% WACC), Viva Kuwait (10.5% WACC), and other subsidiaries (10.1% WACC). We



HOUSE_OVERSIGHT_016189

assume a terminal growth rate of 2% across all of the markets, starting from 2023. For STC's associates, we value its holdings in Oger Telecom and Binariang using a combination of our Research team's valuation (for Oger's stake in Turk Telecom) and book value. We then add STC's net cash position at YE 2015 in deriving our PO.

Risks to our PO come from potential market share loss as both Mobily and Zain KSA, plus several MVNO's are aiming to take market share from STC domestically, following recent cut in MTR's. Additionally, we see ongoing risk from FX exposure at their subsidiary investments, especially their indirect stake in Turk Telekom.

**Savola (XSAVF)**
Given the diversified nature of the Savola group, we use a sum of the parts valuation in deriving our SAR46/share price objective for Savola. Specifically, we:

Value the food business on 12x 2016 earnings, a 30% discount to global peers on account have having slightly slower growth and risks presented by having a significant position in Iran (which accounts for 13% of revenues).

Value retail(Panda) at 15x 2016 earnings, a c.10% discount to global peers on account of having slower near term growth. we believe near term growth will be impacted by continued aggressive expansion and slowing demand trends in the Saudi market (following the introduction of the 2016 budget).

The investments business is valued using a variety of methods. For its stake in Almarai, we value it in line with our price objective for the shares. Savola's interests in other listed entities (Herfy, KEC and EEC) are valued at current market valuation given we do not have research coverage on the names. The stakes in none listed entities including the real estate book and private equity holdings are valued at 2x book value (YE2015).

Downside risks to our PO include higher cost escalation than we forecast, further adverse moves in commodity prices , adverse FX movements in countries outside of Saudi Arabia where Savola does business and any disruptions to its material Iranian business.

**THALES (THLEF)**
To derive our Thales price objective of €87, we use a 2017E sum of the parts valuation, using Rockwell Collins, Raytheon, Northrop Grumman, Ultra, and the EU Civil Aerospace peer group as peers for the Aerospace/defence segments, and Ansaldo STAS as a peer for the transport business.

At €87 Thales would trade on 18.1x 2017E P/E and 12.3x EV/EBITA which we think is appropriate given balance sheet/ portfolio optionality and building order momentum.

Upside/Downside risks to our price objective are: 1) changes in the company's free float, 2) assets swap and portfolio changes could add more value than we currently estimate 3) lower/more French defence cuts than we currently estimate.

**YANSAB (XUYNF)**
We apply a justified P/E multiple to derive YANSAB's PO of SAR48. The P/E is based on a normalized RoE of 14.5%, Cost of Equity of 11% and payout of 70%

Downside risks to our price objective are: 1. Lower-than-expected demand for polyester would adversely impact MEG prices and effectively earnings 2. Unexpected change in feedstock prices could negatively impact earnings 3. Unexpected shutdowns that would result in lower production.



HOUSE_OVERSIGHT_016190

**Zain KSA (XOCTF)**

We use a DCF valuation model to derive our price objective of SAR 12.2. Key assumptions are a discount rate of 11.0%, underpinned by a risk free rate of 5.5%, a cost of equity of 29% and a 6.5% cost of debt. We explicitly forecast free cash flows until 2022 and then assume perpetuity growth of 3%, as we do when valuing other Gulf operators. Our forecasts take in to account the repayment of the deferred royalty loan afforded to Zain in 2013 (repayments starting from 2021).

Downside risks are greater pricing pressure from MVNOs, the loss of its appeal against a SAR620mn tax claim, an unfavourable ruling against Zain KSA in its arbitration process with Mobily and an inability to grow market share and margins, which in turn would threaten capital requirements.

## Analyst Certification

We, Abdelrali El Jattari, Ali Dhaloomal, Anton Fedotov, Benjamin Heelan, Celine Fornaro, Faisal AlAzmeh, CFA, Francisco Blanch, Hootan Yazhari, CFA, Jamie Clark, CFA and Jean-Michel Saliba, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

Some of the securities discussed herein should only be considered for inclusion in accounts qualified for high risk investment.



HOUSE_OVERSIGHT_016191

# Disclosures

## Important Disclosures

**Credit opinion history**

**Bahrain / BHRAIN**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Bahrain / BHRAIN | 12-Nov-2015 | Initial | Marketweight |

Table reflects credit opinion history as of previous business day's close. ^First date of recommendation within last 36 months. The investment opinion system is contained at the end of the report under the heading "BofA Merrill Lynch Credit Opinion Key."

**Dubai / DUGB**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Dubai / DUGB | 12-Nov-2015 | Initial | Marketweight |
| | 08-Jan-2016 | Downgrade | Underweight |
| | 28-Apr-2016 | Upgrade | Marketweight |

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**Qatar / QATAR**

| Sovereign | Date^ | Action | Recommendation |
|---|---|---|---|
| Qatar / QATAR | 12-Nov-2015 | Initial | Marketweight |
| | 08-Jan-2016 | Downgrade | Underweight |
| | 26-Feb-2016 | Upgrade | Marketweight |
| | 25-May-2016 | Restricted | NA |

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**Sovereign Investment Rating Distribution: Global Group (as of 31 Mar 2016)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 5 | 12.82% | Buy | 2 | 40.00% |
| Hold | 28 | 71.79% | Hold | 12 | 42.86% |
| Sell | 6 | 15.38% | Sell | 6 | 100.00% |

* Issuers that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only Sovereign issuer recommendations. A Sovereign issuer rated Overweight is included as a Buy, a Sovereign issuer rated Marketweight is included as a Hold, and a Sovereign issuer rated Underweight is included as a Sell.

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.



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November 6, 2017

The Florida Bar
651 E. Jefferson St.
Tallahassee, FL 32399

*Re:* *Bar Complaint By Mr. Dershowitz*

Dear Florida Bar:

1. I have been advised of assertions made by Mr. Dershowitz to the Florida Bar concerning attorneys David Boies and Sigrid McCawley. I provide this affidavit at the request of counsel for Mr. Boies and Ms. McCawley in order to provide the Florida Bar with information that I have regarding the accuracy or inaccuracy of those assertions.

*Civil Cases Against Epstein and Connections with Mr. Dershowitz*

12. While the CVRA case was proceeding, Mr. Edwards and I also represented several of Epstein's victims in civil cases against Epstein. During those civil cases, Mr. Epstein was deposed about others who might have been involved in his sexual abuse of minor girls. Several civil attorneys asked Epstein about Mr. Dershowitz, and Epstein invoked his Fifth Amendment rights rather than answer questions about Dershowitz. Efforts were made to depose Dershowitz on his connections, but they were unsuccessful.

13. It was known at the time that Dershowitz had not only served as Epstein's legal counsel, but was also an extremely close personal friend of Epstein.[8] Household employees of Epstein also placed Dershowitz inside the Epstein mansion during time periods when Epstein was involved in sexually abusing minor girls. For example, household employee Juan Alessi testified under oath that one of the famous visitors who came to the Epstein mansion was "a very famous lawyer that I'm sure you know, Alan Dershowitz." (Alessi Depo., at 73:22-25.) According to Alessi's sworn testimony, Dershowitz came to the mansion "pretty often . . . at least four or five times a year" and would stay "two [or] three days." (73:22-25). Alessi also testified that Ms. Virginia Roberts Giuffre came to the house when Dershowitz was there. (73:18-20) Alessi answered "yes" when asked whether Dershowitz "had massages sometimes when he was there," (74:1-4). Alessi explained that "[a] massage was like a treat for everybody." (*Id.*)

14. Similar testimony was provided by another household employee, who worked for Epstein at a different time period -- Alfredo Rodriguez. According to Rodriguez, Dershowitz was at Epstein's mansion when underage girls were there to give massages. (Rodriguez Depo. at 78:13-25, 279:9-280:2). According to Rodriguez, Dershowitz stayed at the house in his role as Epstein's friend, as opposed to being his lawyer. (*Id.* at 279:5-8; 385:1-6).

15. Dershowitz was present alone, without his family, at the home of Jeffery Epstein in the presence of young girls. (*Id.* at 199:12-13, 279:9-12, 426:16-25, 427:1). Rodriguez testified that when the underage girls would come over, Dershowitz would drink wine and read books on the couch. (*Id.* at 426:16-25; 427:1.)

16. Ultimately Epstein choose to settle his civil suits with Jane Doe 1, Jane Doe 2, and Ms. Virginia Roberts Giuffre. However, Epstein did not settle the CVRA case, and Mr. Edwards and I have continued to attempt to secure factual evidence that would demonstrate that the plea decisions made by the Government were improper or improperly influenced.

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[8] *See, e.g.*, Vicky Ward, *The Talented Mr. Epstein*, in *Vanity Fair* (Jan. 2005) (quoting Dershowitz as stating "I'm on my 20th book. . . . The only person outside of my immediate family that I send drafts to is Jeffrey."); *see also* Ray Gustini, *Vanity Fair Reminds Us When Jeffrey Epstein Wasn't a Creep*, in *The Wire* (June 21, 2011) (quoting Dershowitz as stating that even if Epstein went bankrupt, "I would be as interested in him as a friend if we had hamburgers on the boardwalk in Coney Island and talked about his ideas.").

**(Excerpts)**

*Ms. Virginia Roberts Giuffre as a Witness in the Crime Victims Rights Act Case*

17. One witness who became available to Mr. Edwards and me in the CVRA case was Ms. Virginia Roberts Giuffre. She had previously fled to Australia to escape from Mr. Epstein's sexual abuse. But at some point, in around spring 2014, we learned that she was in the United States and was willing to provide testimony in our CVRA case.

18. Because the CVRA case continues to be litigated today, nothing in this affidavit is intended to disclose – nor does it disclose – any confidential communications we received from Ms. Giuffre. However, I can report that in approximately May, 2014, I flew from Utah to Fort Lauderdale, Florida, where Mr. Edwards and I conducted a full-day interview of Ms. Giuffre to learn what evidence she had and to determine whether it was credible.

19. Without going into specific lawyer-client communications that we had with our client, Mr. Edwards and I determined that Ms. Giuffre's allegations of having been sexually abused by Epstein were credible. Ms. Giuffre also said that she had been sexually abused by Mr. Dershowitz. Mr. Edwards and I determined, based on that interview and subsequent careful follow-up, that her allegations were credible and were relevant to our allegations of improper influences affecting the Epstein plea negotiations.

20. Ms. Giuffre also credibly alleged that she had been sexually abused by other rich and powerful friends of Epstein. It appears that she had civil claims that she could file against Epstein's friends. However, because I am law professor with limited litigation resources, I recommended to Mr. Edwards that we should attempt to locate additional litigation support before pursuing lawsuits against abusers who could be expected to marshal considerable financial and other resources in response.

21. Mr. Edwards agreed and ultimately discussed the civil cases with Mr. David Boies, the name partner in the New York-based law firm of Boies Schiller Flexner LLP. I was aware that Mr. Boies not only had a well-regarded large litigation firm, but also had a strong track record of providing legal services for legal cases that might not otherwise attract attention from civil law firms (including cases involving sex trafficking victims).

22. I thought Mr. Boies was an excellent choice to help represent Ms. Giuffre. It is my understanding that Mr. Edwards conveyed to Mr. Boies – as well as, at some point, to his law partner Sigrid McCawley – that I had personally interviewed Ms. Giuffre, had investigated her allegations against Dershowitz and others, and had found them to be credible.

23. Because the CVRA revolved primarily around criminal law issues – an area where both Mr. Edwards and I had considerable experience – we did not require any assistance from Mr. Boies in the CVRA case and we did not approach him about assisting in that case. In 2014, we had successfully handled the CVRA case for more than six years, winning multiple motions without needing outside assistance, and anticipated no need for further help.

*Filing Ms. Giuffre's Allegations and Dershowitz's Attacks*

24. After more than six months of follow-up investigation, on December 30, 2014, Mr. Edwards and I filed Ms. Virginia Giuffre's allegations of abuse by Epstein, Dershowitz, and others in the CVRA case as part of a motion for her to join the CVRA case. The decision to file was made by Mr. Edwards and me. To the best of my recollection, I did not inform Mr. Boies of our intentions and, to my knowledge, neither he, nor his partner Ms. McCawley, nor attorney Stan Pottinger, were informed in advance of the date or contents of the filing.

33. In the course of those public attacks, Mr. Dershowitz made a number of statements to the press that were inconsistent with information that I possessed.

34. Dershowitz said, for example, that his wife accompanied him everywhere: "I've been married to the same woman for 28 years. She goes with me everywhere. People know that I won't argue a case or give a speech unless my wife travels with me." (*American Lawyer*, Jan. 15, 2015.) Dershowitz also denied being with Epstein in the company of young women: "I was never alone with Jeffrey Epstein in the company of any young women. I can tell you that unequivocally." (*Wall Street Journal*, Jan. 2, 2015). He cited flight manifests: "As far as the planes are concerned, there are flight manifests. They will prove I was never on any private airplane with any young women." (*Hala Gorani, CNN Live*, Jan. 5, 2015).

35. Contrary to these assertions, evidence I possessed showed the following things.

36. On February 9, 1998, Alan Dershowitz appears on flight #1073 to Teterboro Airport with Epstein, Ghislaine Maxwell, Emmy Taylor, Claire Hazel, Joel Pashcow, one unidentified female, Mandy and Dubins +1 (without his wife).

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FEB 2 | " | " | PBI | TEB | | 1071 | JE, SOPHIE BEDOLE | | 1/1 |
| 6 | " | " | TEB | PBI | | 1072 | JE, GM, CT, SOPHIE BEDOLE, EVA, CLAIRE HAZELL, GHISLAINE MAXWELL | | |
| 9 | " | " | PBI | TEB | | 1073 | JE, GM, EV, CLAIRE HAZEL, JOEL PASHCOW, UNKNOWN, ALAN DERSHOWITZ, MANDY, 1 DUBINS | | 1/1 |
| 12 | " | " | | | | | | | 1/ |

37. On February 5, 2004, Alan Dershowitz appears on flight #1695 to Teterboro Airport, then boards flight #1696 to Palm Beach with Epstein and Sarah Kellen (without his wife).

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FEB 2 | " | " | TIST | TEB | | 1695 | JE, AT, SLA, JM, TD, SK, ALAN DERSHOWITZ | LV | 1/ |
| 5 | " | " | TEB | BED | | 1696 | | LV | |
| 5 | " | " | BED | TEB | | 1695 | | LV | |
| 5 | " | " | TED | PBI | | 1696 | JE, AD, SK | LV | |

38. On November 17, 2005, Alan Dershowitz appears on flight #1841 to Montreal, Canada, then boards flight #1842 to Bedford, then #1843 to Teterboro with Epstein, Adriana Mucinska (AM), and Tatianna Kovylskna (without his wife).

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2005 NOV 12 | G-1589B | N405LE | TEB | TIST | | 1695 | JE, ANDREW MOUNTBATTEN WINDSOR, JM, AD, ALAN DERSHOWITZ | LV | |
| 16 | " | " | TIST | TEB | | 1839 | JE, AD, JM | LV | |
| 17 | " | " | TEB | BED | | 1840 | JE, AT, AM | LV | 1/1 |
| 17 | " | " | BED | CYUL | | 1841 | ALAN DERSHOWITZ | LV | 1/1 |
| 17 | " | " | CYUL | BED | | 1842 | ALAN DERSHOWITZ | LV | |
| 17 | " | " | BED | TEB | | 1843 | JE, AM, AD, TATIANNA | LV | |

39. To be clear, the flight logs that I had reviewed did not show Mr. Dershowitz alone with Ms. Giuffre. But I did not have a complete set of flight logs for the relevant time period and, in addition, it appears that Mr. Dershowitz had access to the flight logs before they were produced to law enforcement authorities. (*See* Police Detective Joe Recarey Depo. at 281, *Jane Doe No. 2 v. Epstein*, No. 9:08-cv-80119-KAM (Mar. 19, 2010) (Dershowitz personally provided the flight logs).)

40. To also be clear, the foregoing is not a complete recitation of the substantial information that I had that contradicted Mr. Dershowitz's claims.

43. During the lawsuit, Mr. Edwards and I realized that Ms. Giuffre would need separate legal counsel, apart from us, when she became a witness. As a result, we requested and helped to arrange for Ms. McCawley to provide that separate representation.

44. I recall that at some point during the lawsuit, Mr. Dershowitz met with Mr. Boies in an effort to persuade Mr. Boies of his innocence of abusing Ms. Giuffre. While I was not present at that meeting, it was my understanding from later events that Mr. Boies did not find Dershowitz's claims of innocence to be persuasive, particularly given that Dershowitz repeatedly made statements that were demonstrably untrue and apparently deliberate lies.

45. Ultimately, Mr. Edwards and I agreed to settle our defamation lawsuit against Mr. Dershowitz. The terms of the settlement were confidential and nothing in this affidavit should be construed as any disclosing confidential terms of that settlement.

46. That said, I can report that, contemporaneously with settling the case, my attorney, Jack Scarola, filed a Notice of Withdrawal of Motion for Partial Summary Judgment in which he responded to a public distortion made prominently by Mr. Dershowitz. Mr. Dershowitz claimed publicly that the word "mistake," contained in a jointly agreed public statement issued by him and us at the time of settlement, showed that we had supposedly exonerated him of the charges made by our client, Ms. Giuffre. To help keep the record from being distorted, Mr. Scarola included the following accurate statement:

> In the event that the noticed withdrawal is determined to be subject to Court approval, the Plaintiffs would show in support of this notice that Edwards and Cassell continue to represent Virginia Giuffre in separate pending matters, and shall continue to advance her legitimate legal interests in those matters. As expressly understood by the parties upon the execution of the Confidential Settlement Agreement and Mutual Release, Ms. Giuffre reaffirms her allegations, and the withdrawal of the referenced filings is not intended to be, and should not be construed as being, an acknowledgement by Edwards and Cassell that the allegations made by Ms. Giuffre were mistaken. Edwards and Cassell do acknowledge that the public filing in the Crime Victims' Rights Act case of their client's allegations against Defendant Dershowitz became a major distraction from the merits of the well-founded Crime Victims' Rights Act case by causing delay and, as a consequence, turned out to have been a tactical mistake. For that reason, Edwards and Cassell have chosen to withdraw the referenced filing as a condition of settlement.

Notice of Withdrawal of Motion for Partial Summary Judgment, *Edwards & Cassell v. Dershowitz*, No. 15-000072 (17th Judicial Circuit for Broward County, Florida) (Apr. 8, 2016).

*No Extortion Plot Exists*

53. I understand that Mr. Dershowitz has alleged that, in around fall 2014, Mr. Boies and Ms. McCawley were involved in an "extortion plot" to obtain money from Mr. Wexner. I am not aware of any such plot or even any suggestion of such a plot. I would also find any such suggestion entirely at odds with the professionalism that I have seen exhibited by Mr. Boies and Ms. McCawley in the course of professional dealings with them, including working closely with them as co-counsel to represent Ms. Giuffre in the complicated *Giuffre v. Maxwell* case. At all times they have exhibited nothing but the highest levels of professionalism and adherence to ethical requirements.

54. I expected no less since I knew that Mr. Boies had served as legal counsel in many high profile cases before I had the chance to work with him, including representing the Vice President of the United States before the United States Supreme Court in *Bush v. Gore*. And

while I did not know Ms. McCawley before our contact in this case, I have since learned of her tremendous devotion to her clients and her admirable motivation to insure that victims of sexual abuse receive effective legal representation when attacks on their credibility are made.

*Conclusion*

55. In light of all these facts, I believe that Mr. Dershowitz's bar complaint against Mr. Boies and Ms. McCawley is frivolous. The foregoing statements are my personal statements and are not an institutional position of the University of Utah. I request that this information be treated confidentially by the Florida Bar and not disseminated outside of the Bar (and those involved in this proceeding) in order to avoid any argument that I have somehow defamed anyone.

I declare that the foregoing statements are all true the best of my information and belief, and I make these statements under penalty of perjury.

Sincerely,

Paul G. Cassell, Esq.

Susan Baca
Notary Public
State of Utah
My Commission Expires April 25, 2021
695686

Susan Baca
Notary for the state of Utah
Salt Lake County

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**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** AT&T confirms it paid Trump lawyer Michael Cohen for 'insights' on administration

**Importance:** High

https://www.cnbc.com/2018/05/08/att-confirms-it-paid-trump-lawyer-michael-cohen-for-insights-on-administration.html

# AT&T confirms it paid Trump lawyer Michael Cohen for 'insights' on administration

11:57 AM ET Fri, 4 May 2018 | 01:18

Getty Images

Michael Cohen, longtime personal lawyer and confidante for President Donald Trump, arrives at the United States District Court Southern District of New York on April 26, 2018 in New York City.

Telecommunications giant AT&T said Tuesday night that it had paid President Donald Trump's lawyer Michael Cohen for "insights" about the Trump administration.

AT&T's admission came after a lawyer for porn star Stormy Daniels claimed the company, drug giant Novartis and a Russian oligarch had all made payments to Cohen's shell company.

Daniels' lawyer, Michael Avenatti, said AT&T had made four separate payments of $50,000 apiece to Cohen's company, for a total of $200,000 in late 2017 and into early 2018.

That company, Essential Consultants, was created by Cohen in October 2016 and soon after was used to make a $130,000 hush-money payment to Daniels.

In a prepared statement to CNBC, AT&T said Cohen's company "was one of several firms we engaged in early 2017 to provide insights into understanding the new administration."

"They did no legal or lobbying work for us, and the contract ended in December 2017," AT&T said.

The company did not say how much it had paid Cohen, who was the president's personal lawyer at the time.

AT&T is in the midst of pursuing an $85 billion acquisition of Time Warner. The U.S. Justice Department has sued to block that deal.

In a report on Cohen's company, Avenatti's law firm said that Novartis in late 2017 and early 2018 made four separate payments to Essential Consultants totaling nearly $400,000.

"Following these payments, reports surfaced that Mr. Trump took a dinner with the incoming CEO of Novartis before Mr. Trump's speech at the World Economic Forum in Davos, Switzerland in late January 2018," Avenatti's report said.

That CEO, Vas Narasimhan, was joined with a group of other companies' executives at that dinner.

A Novartis spokesperson said in a statement that "any agreements with Essential Consultants were entered before our current CEO taking office in February of this year and have expired."

Avenatti's report says another company, Korea Aerospace Industries LTD, paid Essential Consultants $150,000 in November 2017.

Avenatti's client Daniels, whose real name is Stephanie Clifford, was paid $130,000 by Essential Consultants on the eve of the 2016 presidential election.

Daniels says the money was in exchange for her signing a deal that required her to remain silent about an affair she claims to have had with Trump in 2006, shortly after the birth of his youngest son.

The White House has denied that Trump had sex with the adult film actress.

Neither the White House nor Cohen had an immediate comment on Avenatti's new allegations about payments to Cohen's company.

**WATCH: Feds saw log of Cohen's phone calls**

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022

Penguin Press

**National Pub date:** February 19, 2019
**Title:** *DEEP THINKING*
**Subtitle:** *Twenty-Five Ways of Looking at AI*
**By:** John Brockman
**Length:** 90,000 words

**Headline:** Science world luminary John Brockman assembles twenty-five of the most important scientific minds, people who have been thinking about the field artificial intelligence for most of their careers for an unparalleled round-table examination about mind, thinking, intelligence and what it means to be human.

**Description:**

*"Artificial intelligence is today's story—the story behind all other stories. It is the Second Coming and the Apocalypse at the same time: Good AI versus evil AI."* —John Brockman

More than sixty years ago, mathematician-philosopher Norbert Wiener published a book on the place of machines in society that ended with a warning: "we shall never receive the right answers to our questions unless we ask the right questions…. The hour is very late, and the choice of good and evil knocks at our door."

In the wake of advances in unsupervised, self-improving machine learning, a small but influential community of thinkers is considering Wiener's words again. In *Deep Thinking*, John Brockman gathers their disparate visions of where AI might be taking us.

The fruit of the long history of Brockman's profound engagement with the most important scientific minds who have been thinking about AI—from Alison Gopnik and David Deutsch to Frank Wilczek and Stephen Wolfram— *Deep Thinking* is an ideal introduction to the landscape of crucial issues AI presents.

The collision between opposing perspectives is salutary and exhilarating; some of these figures, such as computer scientist Stuart Russell, Skype co-founder Jaan Tallinn, and physicist Max Tegmark, are deeply concerned with the threat of AI, including the existential one, while others, notably robotics entrepreneur Rodney Brooks, philosopher Daniel Dennett, and bestselling author Steven Pinker, have a very different view. Serious, searching and authoritative, *Deep Thinking* lays out the intellectual landscape of one of the most important topics of our time.

# Participants in The Deep Thinking Project

**Chris Anderson** is an entrepreneur; a roboticist; former editor-in-chief of *Wired*; co-founder and CEO of 3DR; and author of *The Long Tail, Free,* and *Makers.*

**Rodney Brooks** is a computer scientist; Panasonic Professor of Robotics, emeritus, MIT; former director, MIT Computer Science Lab; and founder, chairman, and CTO of Rethink Robotics. He is the author of *Flesh and Machines.*

**George M. Church** is Robert Winthrop Professor of Genetics at Harvard Medical School; Professor of Health Sciences and Technology, Harvard-MIT; and co-author (with Ed Regis) of *Regenesis: How Synthetic Biology Will Reinvent Nature and Ourselves.*

**Daniel C. Dennett** is University Professor and Austin B. Fletcher Professor of Philosophy and director of the Center for Cognitive Studies at Tufts University. He is the author of a dozen books, including *Consciousness Explained* and, most recently, From *Bacteria to Bach and Back: The Evolution of Minds.*

**David Deutsch** is a quantum physicist and a member of the Centre for Quantum Computation at the Clarendon Laboratory, Oxford University. He is the author of *The Fabric of Reality* and *The Beginning of Infinity.*

**Anca Dragan** is an assistant professor in the Department of Electrical Engineering and Computer Sciences at UC Berkeley. She co-founded and serves on the steering committee for the Berkeley AI Research (BAIR) Lab and is a co-principal investigator in Berkeley's Center for Human-Compatible AI.

**George Dyson** is a historian of science and technology and the author of *Baidarka: the Kayak, Darwin Among the Machines, Project Orion,* and *Turing's Cathedral.*

**Peter Galison** is a science historian, Joseph Pellegrino University Professor and co-founder of
the Black Hole Initiative at Harvard University, and the author of *Einstein's Clocks and Poincaré's Maps: Empires of Time.*

**Neil Gershenfeld** is a physicist and director of MIT's Center for Bits and Atoms. He is the author of *FAB*, co-author (with Alan Gershenfeld & Joel Cutcher-Gershenfeld) of *Designing Reality*, and founder of the global fab lab network.

**Alison Gopnik** is a developmental psychologist at UC Berkeley; her books include The Philosophical Baby and, most recently, *The Gardener and the Carpenter: What the New Science of Child Development Tells Us About the Relationship Between Parents and Children.*



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**Tom Griffiths** is Henry R. Luce Professor of Information, Technology, Consciousness, and Culture at Princeton University. He is co-author (with Brian Christian) of *Algorithms to Live By.*

**W. Daniel "Danny" Hillis** is an inventor, entrepreneur, and computer scientist, Judge Widney Professor of Engineering and Medicine at USC, and author of *The Pattern on the Stone: The Simple Ideas That Make Computers Work.*

**Caroline A. Jones** is a professor of art history in the Department of Architecture at MIT and author of *Eyesight Alone: Clement Greenberg's Modernism and the Bureaucratization of the Senses; Machine in the Studio: Constructing the Postwar American Artist;* and *The Global Work of Art.*

**David Kaiser** is Germeshausen Professor of the History of Science and professor of physics at MIT, and head of its Program in Science, Technology & Society. He is the author of *How the Hippies Saved Physics: Science, Counterculture*, and the *Quantum Revival and American Physics and the Cold War Bubble* (forthcoming).

**Seth Lloyd** is a theoretical physicist at MIT, Nam P. Suh Professor in the Department of Mechanical Engineering, and an external professor at the Santa Fe Institute. He is the author of *Programming the Universe: A Quantum Computer Scientist Takes on the Cosmos.*

**Hans Ulrich Obrist** is artistic director of the Serpentine Gallery, London, and the author of *Ways of Curating* and *Lives of the Artists, Lives of the Architects.*

**Judea Pearl** is professor of computer science and director of the Cognitive Systems Laboratory at UCLA. His most recent book, co-authored with Dana Mackenzie, is *The Book of Why: The*

**Alex "Sandy" Pentland** is Toshiba Professor and professor of media arts and sciences, MIT; director of the Human Dynamics and Connection Science labs and the Media Lab Entrepreneurship Program, and the author of *Social Physics.*
*New Science of Cause and Effect.*

**Steven Pinker,** a Johnstone Family Professor in the Department of Psychology at Harvard University, is an experimental psychologist who conducts research in visual cognition, psycholinguistics, and social relations. He is the author of eleven books, including *The Blank Slate, The Better Angels of Our Nature*, and, most recently, *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress.*

**Venki Ramakrishnan** is a scientist at the Medical Research Council Laboratory of Molecular Biology, Cambridge University; recipient of the Nobel Prize in Chemistry (2009); current president of the Royal Society; and the author of *Gene Machine: The Race to Discover the Secrets of the Ribosome.*



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**Stuart Russell is a p**rofessor of computer science and Smith-Zadeh Professor in Engineering at UC Berkeley. He is the coauthor (with Peter Norvig) of *Artificial Intelligence: A Modern Approach.*

**Jaan Tallin**, a computer programmer, theoretical physicist, and investor, is a co-developer of Skype and Kazaa.

**Max Tegmark** is an MIT physicist and AI researcher; president of the Future of Life Institute; scientific director of the Foundational Questions Institute; and the author of *Our Mathematical Universe* and *Life 3.0: Being Human in the Age of Artificial Intelligence.*

**Frank Wilczek** is Herman Feshbach Professor of Physics at MIT, recipient of the 2004 Nobel Prize in physics, and the author of *A Beautiful Question: Finding Nature's Deep Design*.

**Stephen Wolfram** is a scientist, inventor, and the founder and CEO of Wolfram Research. He is the creator of the symbolic computation program Mathematica and its programming language, Wolfram Language, as well as the knowledge engine Wolfram|Alpha. He is also the author of *A New Kind of Science.*



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# Deep Thinking
## Twenty-five Ways of Looking at AI

**edited by John Brockma**

**Penguin Press — February 19, 2019**



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# Table of Contents

**Acknowledgments**

**Introduction: On the Promise and Peril of AI**
**by John Brockman**
*Artificial intelligence is today's story—the story behind all other stories. It is the Second Coming and the Apocalypse at the same time: Good AI versus evil AI. This book comes out of an ongoing conversation with a number of important thinkers, both in the world of AI and beyond it, about what AI is and what it means. Called the Deep Thinking Project, this conversation began in earnest in September 2016, in a meeting at the Mayflower Grace Hotel in Washington, Connecticut with some of the book's contributors.*

*What quickly emerged from that first meeting is that the excitement and fear in the wider culture surrounding AI now has an analogue in the way Norbert Wiener's ideas regarding "cybernetics" worked their way through the culture, particularly in the 1960's, as artists began to incorporate thinking about new technologies into their work. I witnessed the impact of those ideas at close hand; indeed it's not too much to say they set me off on my life's path. With the advent of the digital era beginning in the early 1970s, people stopped talking about Wiener, but today, his Cybernetic Idea has been so widely adopted that it's internalized to the point where it no longer needs a name. It's everywhere, it's in the air, and it's a fitting a place to begin.*

**Seth Lloyd: Wrong, but More Relevant Than Ever**
*It is exactly in the extension of the cybernetic idea to human beings that Wiener's conceptions missed their target.*

**Judea Pearl: The Limitations of Opaque Learning Machines**
*Deep learning has its own dynamics, it does its own repair and its own optimization, and it gives you the right results most of the time. But when it doesn't, you don't have a clue about what went wrong and what should be fixed.*

**Stuart Russell: The Purpose Put Into the Machine**
*We may face the prospect of superintelligent machines—their actions by definition unpredictable by us and their imperfectly specified objectives conflicting with our own—whose motivation to preserve their existence in order to achieve those objectives may be insuperable.*

**George Dyson: The Third Law**
*Any system simple enough to be understandable will not be complicated enough to behave intelligently, while any system complicated enough to behave intelligently will be too complicated to understand.*

**Daniel C. Dennett: What Can We Do?**
*We don't need artificial conscious agents. We need intelligent tools.*



HOUSE_OVERSIGHT_016226

**Rodney Brooks: The Inhuman Mess Our Machines Have Gotten Us Into**
*We are in a much more complex situation today than Wiener foresaw, and I am worried that it is much more pernicious than even his worst imagined fears.*

**Frank Wilczek: The Unity of Intelligence**
*The advantages of artificial over natural intelligence appear permanent, while the advantages of natural over artificial intelligence, though substantial at present, appear transient.*

**Max Tegmark: Let's Aspire to More Than Making Ourselves Obsolete**
*We should analyze what could go wrong with AI to ensure that it goes right.*

**Jaan Tallinn: Dissident Messages**
*Continued progress in AI can precipitate a change of cosmic proportions—a runaway process that will likely kill everyone.*

**Steven Pinker: Tech Prophecy and the Underappreciated Causal Power of Ideas**
*There is no law of complex systems that says that intelligent agents must turn into ruthless megalomaniacs.*

**David Deutsch: Beyond Reward and Punishment**
*Misconceptions about human thinking and human origins are causing corresponding misconceptions about AGI and how it might be created.*

**Tom Griffiths: The Artificial Use of Human Beings**
*Automated intelligent systems that will make good inferences about what people want must have good generative models for human behavior.*

**Anca Dragan: Putting the Human into the AI Equation**
*In the real world, an AI must interact with people and reason about them. People will have to formally enter the AI problem definition somewhere.*

**Chris Anderson: Gradient Descent**
*Just because AI systems sometimes end up in local minima, don't conclude that this makes them any less like life. Humans—indeed, probably all life-forms—are often stuck in local minima.*

**David Kaiser: "Information" for Wiener, for Shannon, and for Us**
*Many of the central arguments in* The Human Use of Human Beings *seem closer to the 19th century than the 21st. Wiener seems not to have fully embraced Shannon's notion of information as consisting of irreducible, meaning-free bits.*

**Neil Gershenfeld: Scaling**
*Although machine making and machine thinking might appear to be unrelated trends, they lie in each other's futures.*



HOUSE_OVERSIGHT_016227

**W. Daniel Hillis: The First Machine Intelligences**
*Hybrid superintelligences such as nation states and corporations have their own emergent goals and their actions are not always aligned to the interests of the people who created them.*

**Venki Ramakrishnan: Will Computers Become Our Overlords?**
*Our fears about AI reflect the belief that our intelligence is what makes us special.*

**Alex "Sandy" Pentland: The Human Strategy**
*How can we make a good human-artificial ecosystem, something that's not a machine society but a cyberculture in which we can all live as humans—a culture with a human feel to it?*

**Hans Ulrich Obrist: Making the Invisible Visible: Art Meets AI**
*Many contemporary artists are articulating various doubts about the promises of AI and reminding us not to associate the term "artificial intelligence" solely with positive outcomes.*

**Alison Gopnik: AIs versus Four-Year-Olds**
*Looking at what children do may give programmers useful hints about directions for computer learning.*

**Peter Galison: Algorists Dream of Objectivity**
*By now, the legal, ethical, formal, and economic dimensions of algorithms are all quasi-infinite.*

**George M. Church: The Rights of Machines**
*Probably we should be less concerned about us-versus-them and more concerned about the rights of all sentients in the face of an emerging unprecedented diversity of minds.*

**Caroline A. Jones: The Artistic Use of Cybernetic Beings**
*The work of cybernetically inclined artists concerns the emergent behaviors of life that elude AI in its current condition.*

**Stephen Wolfram: Artificial Intelligence and the Future of Civilization**
*The most dramatic discontinuity will surely be when we achieve effective human immortality. Whether this will be achieved biologically or digitally isn't clear, but inevitably it will be achieved.*



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## Introduction: On the Promise and Peril of AI
**John Brockman**

Artificial intelligence is today's story—the story behind all other stories. It is the Second Coming and the Apocalypse at the same time: Good AI versus evil AI. This book comes out of an ongoing conversation with a number of important thinkers, both in the world of AI and beyond it, about what AI is and what it means. Called the Deep Thinking Project, this conversation began in earnest in September 2016, in a meeting at the Mayflower Grace Hotel in Washington, Connecticut with some of the book's contributors.

What quickly emerged from that first meeting is that the excitement and fear in the wider culture surrounding AI now has an analogue in the way Norbert Wiener's ideas regarding "cybernetics" worked their way through the culture, particularly in the 1960's, as artists began to incorporate thinking about new technologies into their work. I witnessed the impact of those ideas at close hand; indeed it's not too much to say they set me off on my life's path. With the advent of the digital era beginning in the early 1970s, people stopped talking about Wiener, but today, his Cybernetic Idea has been so widely adopted that it's internalized to the point where it no longer needs a name. It's everywhere, it's in the air, and it's a fitting a place to begin.

### New Technologies=New Perceptions

Before AI, there was Cybernetics—the idea of automatic, self-regulating control, laid out in Norbert Wiener's foundational text of 1948. I can date my own serious exposure to it to 1966, when the composer John Cage invited me and four or five other young arts people to join him for a series of dinners—an ongoing seminar about media, communications, art, music, and philosophy that focused on Cage's interest in the ideas of Wiener, Claude Shannon, and Marshall McLuhan, all of whom had currency in the New York art circles in which I was then moving. In particular, Cage had picked up on McLuhan's idea that by inventing electronic technologies we had externalized our central nervous system—that is, our minds—and that we now had to presume that "there's only one mind, the one we all share."

Ideas of this nature were beginning to be of great interest to the artists I was working with in New York at the Film-Makers' Cinémathèque, where I was program manager for a series of multimedia productions called the New Cinema 1 (also known as the Expanded Cinema Festival), under the auspices of avant-garde filmmaker and impresario Jonas Mekas. They included visual artists Claes Oldenburg, Robert Rauschenberg, Andy Warhol, Robert Whitman; kinetic artists Charlotte Moorman and Nam June Paik; happenings artists Allan Kaprow and Carolee Schneemann; dancer Tricia Brown; filmmakers Jack Smith, Stan Vanderbeek, Ed Emshwiller, and the Kuchar brothers; avant-garde dramatist Ken Dewey; poet Gerd Stern and the USCO group; minimalist musicians Lamonte Young and Terry Riley; and through Warhol, the music group, The Velvet Underground. Many of these people were reading Wiener, and cybernetics was in the air. It was at one of these dinners that Cage reached into his briefcase and took out a copy of *Cybernetics* and handed it to me, saying, "This is for you."



HOUSE_OVERSIGHT_016229

During the Festival, I received an unexpected phone call from Wiener's colleague Arthur K. Solomon, head of Harvard's graduate program in biophysics. Wiener had died the year before, and Solomon and Wiener's other close colleagues at MIT and Harvard had been reading about the Expanded Cinema Festival in the *New York Times* and were intrigued by the connection to Wiener's work. Solomon invited me to bring some of the artists up to Cambridge to meet with him and a group that included MIT sensory-communications researcher Walter Rosenblith, Harvard applied mathematician Anthony Oettinger, and MIT engineer Harold "Doc" Edgerton, inventor of the strobe light.

Like many other "art meets science" situations I've been involved in since, the two-day event was an informed failure: ships passing in the night. But I took it all onboard and the event was consequential in some interesting ways—one of which came from the fact that they took us to see "the" computer. Computers were a rarity back then; at least, none of us on the visit had ever seen one. We were ushered into a large space on the MIT campus, in the middle of which there was a "cold room" raised off the floor and enclosed in glass, in which technicians wearing white lab coats, scarves, and gloves were busy collating punch cards coming through an enormous machine. When I approached, the steam from my breath fogged up the window into the cold room. Wiping it off, I saw "the" computer. I fell in love.

Later, in the Fall of 1967, I went to Menlo Park to spend time with Stewart Brand, whom I had met in New York in 1965 when he was a satellite member of the USCO group of artists. Now, with his wife Lois, a mathematician, he was preparing the first edition of *The Whole Earth Catalog* for publication. While Lois and the team did the heavy lifting on the final mechanicals for WEC, Stewart and I sat together in a corner for two days, reading, underlining, and annotating the same paperback copy of *Cybernetics* that Cage had handed to me the year before, and debating Wiener's ideas.

Inspired by this set of ideas, I began to develop a theme, a mantra of sorts, that has informed my endeavors since: "new technologies = new perceptions." Inspired by communications theorist Marshall McLuhan, architect-designer Buckminster Fuller, futurist John McHale, and cultural anthropologists Edward T. (Ned) Hall and Edmund Carpenter, I started reading avidly in the field of information theory, cybernetics, and systems theory. McLuhan suggested I read biologist J.Z. Young's *Doubt and Certainty in Science* in which he said that we create tools and we mold ourselves through our use of them. The other text he recommended was Warren Weaver and Claude Shannon's 1949 paper "Recent Contributions to the Mathematical Theory of Communication," which begins: "The word *communication* will be used here in a very broad sense to include all of the procedures by which one mind may affect another. This, of course, involves not only written and oral speech, but also music, the pictorial arts, the theater, the ballet, and in fact all human behavior."

Who knew that within two decades of that moment we would begin to recognize the brain as a computer? And in the next two decades, as we built our computers into the Internet, that we would begin to realize that the brain is not a computer, but a network of computers? Certainly not Wiener, a specialist in analogue feedback circuits designed to control machines, nor the artists, nor, least of all, myself.

**"We must cease to kiss the whip that lashes us."**



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Two years after *Cybernetics,* in 1950, Norbert Wiener published *The Human Use of Human Beings*—a deeper story, in which he expressed his concerns about the runaway commercial exploitation and other unforeseen consequences of the new technologies of control. I didn't read *The Human Use of Human Beings* until the spring of 2016, when I picked up my copy, a first edition, which was sitting in my library next to *Cybernetics.* What shocked me was the realization of just how prescient Wiener was in 1950 about what's going on today. Although the first edition was a major bestseller—and, indeed, jump-started an important conversation—under pressure from his peers Wiener brought out a revised and milder edition in 1954, from which the original concluding chapter, "Voices of Rigidity," is conspicuously absent.

Science historian George Dyson points out that in this long-forgotten first edition, Wiener predicted the possibility of a "threatening new Fascism dependent on the *machine à gouverner*":

> No elite escaped his criticism, from the Marxists and the Jesuits ("all of Catholicism is indeed essentially a totalitarian religion") to the FBI ("our great merchant princes have looked upon the propaganda technique of the Russians, and have found that it is good") and the financiers lending their support "to make American capitalism and the fifth freedom of the businessman supreme throughout the world." Scientists . . . received the same scrutiny given the Church: "Indeed, the heads of great laboratories are very much like Bishops, with their association with the powerful in all walks of life, and the dangers they incur of the carnal sins of pride and of lust for power."

This jeremiad did not go well for Wiener. As Dyson puts it:

> These alarms were discounted at the time, not because Wiener was wrong about digital computing but because larger threats were looming as he completed his manuscript in the fall of 1949. Wiener had nothing against digital computing but was strongly opposed to nuclear weapons and refused to join those who were building digital computers to move forward on the thousand-times-more-powerful hydrogen bomb.

Since the original of *The Human Use of Human Beings* is now out of print, lost to us is Wiener's *cri de coeur*, more relevant today than when he wrote it, sixty-eight years ago: "We must cease to kiss the whip that lashes us."

**Mind, Thinking, Intelligence**

Among the reasons we don't hear much about "Cybernetics" today, two are central: First, although *The Human Use of Human Beings* was considered an important book in its time, it ran counter to the aspirations of many of Wiener's colleagues, including John von Neumann and Claude Shannon, who were interested in the commercialization of the new technologies. Second, computer pioneer John McCarthy disliked Wiener and refused to use Wiener's term "Cybernetics." McCarthy, in turn, coined the term "artificial intelligence" and became a founding father of that field.



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As Judea Pearl, who, in the 1980s, introduced a new approach to artificial intelligence called Bayesian networks, explained to me:

> What Wiener created was excitement to believe that one day we are going to make an intelligent machine. He wasn't a computer scientist. He talked feedback, he talked communication, he talked analog. His working metaphor was a feedback circuit, which he was an expert in. By the time the digital age began in the early 1960s people wanted to talk programming, talk codes, talk about computational functions, talk about short-term memory, long-term memory—meaningful computer metaphors. Wiener wasn't part of that, and he didn't reach the new generation that germinated with his ideas. His metaphors were too old, *passé*. There were new means already available that were ready to capture the human imagination." By 1970, people were no longer talking about Wiener.

One critical factor missing in Wiener's vision was the cognitive element: mind, thinking, intelligence. As early as 1942, at the first of a series of foundational interdisciplinary meetings about the control of complex systems that would come to be known as the Macy conferences, leading researchers were arguing for the inclusion of the cognitive element into the conversation. While von Neumann, Shannon, and Wiener were concerned about systems of control and communication of observed systems, Warren McCullough wanted to include mind. He turned to cultural anthropologists Gregory Bateson and Margaret Mead to make the connection to the social sciences. Bateson in particular was increasingly talking about patterns and processes, or "the pattern that connects." He called for a new kind of systems ecology in which organisms and the environment in which they live are one in the same, and should be considered as a single circuit. By the early 1970s the Cybernetics of observed systems—1st order Cybernetics—moved to the Cybernetics of observing systems—2nd order Cybernetics—or "the Cybernetics of Cybernetics", as coined by Heinz von Foerster, who joined the Macy conferences in the mid 1950s, and spearheaded the new movement.

Cybernetics, rather than disappearing, was becoming metabolized into *everything*, so we no longer saw it as a separate, distinct new discipline. And there it remains, hiding in plain sight.

**"The Shtick of the Steins"**

My own writing about these issues at the time was on the radar screen of the 2nd order Cybernetics crowd, including Heinz von Foerster as well as John Lilly and Alan Watts, who were the co-organizers of something called "The AUM Conference," shorthand for "The American University of Masters", which took place in Big Sur in 1973, a gathering of philosophers, psychologists, and scientists, each of whom asked to lecture on his own work in terms of its relationship to the ideas of British mathematician G. Spencer Brown presented in his book, *Laws of Form*.

I was a bit puzzled when I received an invitation—a very late invitation indeed—which they explained was based on their interest in the ideas I presented in a book called *Afterwords*, which were very much on their wavelength. I jumped at the opportunity, the main reason being that the keynote speaker was none other than Richard Feynman. I love



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to spend time with physicists, the reason being that they think about the universe, i.e. everything. And no physicist was reputed to be articulate as Feynman. I couldn't wait to meet him. I accepted. That said, I am not a scientist, and I had never entertained the idea of getting on a stage and delivering a "lecture" of any kind, least of all a commentary on an obscure mathematical theory in front of a group identified as the world's most interesting thinkers. Only upon my arrival in Big Sur did I find out the reason for my very late invitation. "When is Feynman's talk?" I asked at the desk. "Oh, didn't Alan Watts tell you? Richard is ill and has been hospitalized. You're his replacement. And, by the way, what's the title of your keynote lecture?"

I tried to make myself invisible for several days. Alan Watts, realizing that I was avoiding the podium, woke me up one night with a 3am knock on the door of my room. I opened the door to find him standing in front of me wearing a monk's robe with a hood that covering much of his face. His arms extended, he held a lantern in one hand, and a magnum of scotch on the other.

"John", he said in a deep voice with a rich aristocratic British accent, "you are a phony." "And, John", he continued, I am a phony. But John, I am a *real* phony!"

The next day I gave my lecture, entitled "Einstein, Gertrude Stein, Wittgenstein, and Frankenstein." Einstein: the revolution in 20th century physics; Gertrude Stein: the first writer who made integral to her work the idea of an indeterminate and discontinuous universe. Words represented neither character nor activity: A rose is a rose is a rose, and a universe is a universe is a universe.); Wittgenstein: the world as limits of language. "The limits of my language mean the limits of my world". The end of the distinction between observer and observed. Frankenstein: Cybernetics AI, robotics, all the essayists in this volume.

The lecture had unanticipated consequences. Among the participants at the AUM Conference were several authors of #1 New York Times bestsellers, yet no one there had a literary agent. And I realized that all were engaged in writing a genre of book both unnamed and unrecognized by New York publishers. Since I had an MBA from Colombia Business School, and a series of relative successes in business, I was dragooned into becoming an agent, initially for Gregory Bateson and John Lilly, whose books I sold quickly, and for sums that caught my attention, thus kick-starting my career as a literary agent.

I never did meet Richard Feynman.

**The Long AI Winters**

This new career put me in close touch with most of the AI pioneers, and over the decades I rode with them on waves of enthusiasm, and into valleys of disappointment.

In the early '80s the Japanese government mounted a national effort to advance AI. They called it the 5th Generation; their goal was to change the architecture of computation by breaking "the von Neumann bottleneck", by creating a massively parallel computer. In so doing, they hoped to jumpstart their economy and become a dominant world power in the field. In1983, the leader of the Japanese 5th Generation consortium came to New York for a meeting organized by Heinz Pagels, the president of the New York Academy of Sciences. I had a seat at the table alongside the leaders of the 1st generation, Marvin Minsky and John McCarthy, the 2nd generation, Edward Feigenbaum



HOUSE_OVERSIGHT_016233

and Roger Schank, and Joseph Traub, head of the National Supercomputer Consortium.

In 1981 with Heinz's help, I had founded "The Reality Club" (the precursor to the non-profit Edge.org), whose initial interdisciplinary meetings took place in the Board Room at the NYAS. Heinz was working on his book, *Dreams of Reason: The Rise of the Science of Complexity*, which he considered to be a research agenda for science in the 1990's.

Through the Reality Club meetings, I got to know two young researchers who were about to play key roles in revolutionizing computer science. At MIT in the late seventies, Danny Hillis developed the algorithms that made possible the massively parallel computer. In 1983, his company, Thinking Machines, built the world's fastest supercomputer by utilizing parallel architecture. His "connection machine," closely reflected the workings of the human mind. Seth Lloyd at Rockefeller University was undertaking seminal work in the fields of quantum computation and quantum communications, including proposing the first technologically feasible design for a quantum computer.

And the Japanese? Their foray into artificial intelligence failed, and was followed by twenty years of anemic economic growth. But, the leading US scientists took this program very seriously. And Feigenbaum, who was the cutting-edge computer scientist of the day, teamed up with McCorduck to write a book on these developments. *The Fifth Generation: Artificial Intelligence and Japan's Computer Challenge to the World* was published in 1983. We had a code name for the project: "It's coming, it's coming!" But it didn't come; it went.

From that point on I've worked with researchers in nearly every variety of AI and complexity, including Rodney Brooks, Hans Moravec, John Archibald Wheeler, Benoit Mandelbrot, John Henry Holland, Danny Hillis, Freeman Dyson, Chris Langton, Doyne Farmer, Geoffrey West, Stuart Russell, and Judea Pearl.

**An Ongoing Dynamical Emergent System**

From the initial meeting in Washington, CT to the present, I arranged a number of dinners and discussions in London and Cambridge, Massachusetts, as well as a public event at London's City Hall. Among the attendees were distinguished scientists, science historians, and communications theorists, all of whom have been thinking seriously about AI issues for their entire careers.

I commissioned essays from a wide range of contributors, with or without references to Wiener (leaving it up to each participant). In the end, 25 people wrote essays, all individuals concerned about what is happening today in the age of AI. *Deep Thinking* in not *my* book, rather it is *our* book: Seth Lloyd, Judea Pearl, Stuart Russell, George Dyson, Daniel C. Dennett, Rodney Brooks, Frank Wilczek, Max Tegmark, Jaan Tallinn, Steven Pinker, David Deutsch, Tom Griffiths, Anca Dragan, Chris Anderson, David Kaiser, Neil Gershenfeld, W. Daniel Hillis, Venki Ramakrishnan, Alex "Sandy" Pentland, Hans Ulrich Obrist, Alison Gopnik, Peter Galison, George M. Church, Caroline A. Jones, Stephen Wolfram.

I see The Deep Thinking Project as an ongoing dynamical emergent system, a presentation of the ideas of a community of sophisticated thinkers who are bringing their experience and erudition to bear in challenging the prevailing digital AI narrative as they



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communicate their thoughts to one another. The aim is to present a mosaic of views which will help make sense out of this rapidly emerging field.

I asked the essayists to consider:

(a) The Zen-like poem "Thirteen Ways of Looking at a Blackbird," by Wallace Stevens, which he insisted was "not meant to be a collection of epigrams or of ideas, but of sensations." It is an exercise in "perspectivism," consisting of short, separate sections, each of which mentions blackbirds in some way. The poem is about his own imagination; it concerns what he attends to.

(b) The parable of the blind men and an elephant. Like the elephant, AI is too big a topic for any one perspective, never mind the fact that no two people seem to see things the same way.

What do we want the book to do? Stewart Brand has noted that "revisiting pioneer thinking is perpetually useful. And it gives a long perspective that invites thinking in decades and centuries about the subject. All contemporary discussion, is bound to age badly and immediately without the longer perspective."

Danny Hillis wants people in AI to realize how they've been programmed by Wiener's book. "You're executing its road map," he says, and you just don't realize it."

Dan Dennett would like to "let Wiener emerge as the ghost at the banquet. Think of it as a source of hybrid vigor, a source of unsettling ideas to shake uŒp the established mindset."

Neil Gershenfeld argues that "stealth remedial education for the people running the "Big Five" would be a great output from the book."

Freeman Dyson Freeman, one of the few people alive who knew Wiener, notes that "*The* Human *Use of Human Beings* is one of the best books ever written. Wiener got almost everything right. I will be interested to see what your bunch of wizards will do with it."

**The Evolving AI Narrative**

Things have changed—and they remain the same. Now AI is everywhere. We have the Internet. We have our smartphones. The founders of the dominant companies—the companies that hold "the whip that lashes us"—have net worths of $65 billion, $90 billion, $130 billion. High-profile individuals such as Elon Musk, Nick Bostrom, Martin Rees, Eliezer Yudkowsky, and the late Stephen Hawking have issued dire warnings about AI, resulting in the ascendancy of well-funded institutes tasked with promoting "Nice AI." But will we, as a species, be able to control a fully realized, unsupervised, self-improving AI? Wiener's warnings and admonitions in *The Human Use of Human Beings* are now very real, and they need to be looked at anew by researchers at the forefront of the AI revolution. Here is Dyson again:

> Wiener became increasingly disenchanted with the "gadget worshipers" whose corporate selfishness brought "motives to automatization that go beyond a legitimate curiosity and are sinful in themselves." He knew the danger was not machines becoming more like humans but humans being treated like machines. "The world of the future will be an ever more demanding struggle against the limitations of our intelligence," he warned in *God & Golem, Inc.*, published in



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1964, the year of his death, "not a comfortable hammock in which we can lie down to be waited upon by our robot slaves."

It's time to examine the evolving AI narrative by identifying the leading members of that mainstream community along with the dissidents, and presenting their counternarratives in their own voices.

The essays that follow thus constitute a much-needed update from the field.

John Brockman
New York, 2019



HOUSE_OVERSIGHT_016236

*I met* ***Seth Lloyd*** *in the late 1980s, when new ways of thinking were everywhere: the importance of biological organizing principles, the computational view of mathematics and physical processes, the emphasis on parallel networks, the importance of nonlinear dynamics, the new understanding of chaos, connectionist ideas, neural networks, and parallel distributive processing. The advances in computation during that period provided us with a new way of thinking about knowledge.*

*Seth likes to refer to himself as a quantum mechanic. He is internationally known for his work in the field of quantum computation, which attempts to harness the exotic properties of quantum theory, like superposition and entanglement, to solve problems that would take several lifetimes to solve on classical computers.*

*In the essay that follows, he traces the history of information theory from Norbert Wiener's prophetic insights to the predictions of a technological "singularity" that some would have us believe will supplant the human species. His takeaway on the recent programming method known as deep learning is to call for a more modest set of expectations; he notes that despite AI's enormous advances, robots "still can't tie their own shoes."*

*It's difficult for me to talk about Seth without referencing his relationship with his friend and professor, the late theoretical physicist Heinz Pagels of Rockefeller University. The graduate student and the professor each had a profound effect on each other's ideas.*

*In the summer of 1988, I visited Heinz and Seth at the Aspen Center for Physics. Their joint work on the subject of complexity was featured in the current issue of* Scientific American*; they were ebullient. That was just two weeks before Heinz's tragic death in a hiking accident while descending Pyramid Peak with Seth. They were talking about quantum computing.*



HOUSE_OVERSIGHT_016237

## WRONG, BUT MORE RELEVANT THAN EVER
**Seth Lloyd**

**Seth Lloyd** *is a theoretical physicist at MIT, Nam P. Suh Professor in the Department of Mechanical Engineering, and an external professor at the Santa Fe Institute.*

*The Human Use of Human Beings,* Norbert Wiener's 1950 popularization of his highly influential book *Cybernetics: Control and Communication in the Animal and the Machine* (1948), investigates the interplay between human beings and machines in a world in which machines are becoming ever more computationally capable and powerful. It is a remarkably prescient book, and remarkably wrong. Written at the height of the Cold War, it contains a chilling reminder of the dangers of totalitarian organizations and societies, and of the danger to democracy when it tries to combat totalitarianism with totalitarianism's own weapons.

Wiener's *Cybernetics* looked in close scientific detail at the process of control via feedback. ("Cybernetics," from the ancient Greek for "helmsman," is the etymological basis of our word "governor," which is what James Watt called his pathbreaking feedback control device that transformed the use of steam engines.) Because he was immersed in problems of control, Wiener saw the world as a set of complex, interlocking feedback loops, in which sensors, signals, and actuators such as engines interact via an intricate exchange of signals and information. The engineering applications of *Cybernetics* were tremendously influential and effective, giving rise to rockets, robots, automated assembly lines, and a host of precision-engineering techniques—in other words, to the basis of contemporary industrial society.

Wiener had greater ambitions for cybernetic concepts, however, and in *The Human Use of Human Beings* he spells out his thoughts on its application to topics as diverse as Maxwell's Demon, human language, the brain, insect metabolism, the legal system, the role of technological innovation in government, and religion. These broader applications of cybernetics were an almost unequivocal failure. Vigorously hyped from the late 1940s to the early 1960s—to a degree similar to the hype of computer and communication technology that led to the dotcom crash of 2000-2001—cybernetics delivered satellites and telephone switching systems but generated few if any useful developments in social organization and society at large.

Nearly seventy years later, however, *The Human Use of Human Beings* has more to teach us humans than it did the first time around. Perhaps the most remarkable feature of the book is that it introduces a large number of topics concerning human/machine interactions that are still of considerable relevance. Dark in tone, the book makes several predictions about disasters to come in the second half of the 20th century, many of which are almost identical to predictions made today about the second half of the 21st.

For example, Wiener foresaw a moment in the near future of 1950 in which humans would cede control of society to a cybernetic artificial intelligence, which would then proceed to wreak havoc on humankind. The automation of manufacturing, Wiener predicted, would both create large advances in productivity and displace many workers from their jobs—a sequence of events that did indeed come to pass in the ensuing decades. Unless society could find productive occupations for these displaced workers, Wiener warned, revolt would ensue.



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But Wiener failed to foresee crucial technological developments. Like pretty much all technologists of the 1950s, he failed to predict the computer revolution. Computers, he thought, would eventually fall in price from hundreds of thousands of (1950s) dollars to tens of thousands; neither he nor his compeers anticipated the tremendous explosion of computer power that would follow the development of the transistor and the integrated circuit. Finally, because of his emphasis on control, Wiener could not foresee a technological world in which innovation and self-organization bubble up from the bottom rather than being imposed from the top.

Focusing on the evils of totalitarianism (political, scientific, and religious), Wiener saw the world in a deeply pessimistic light. His book warned of the catastrophe that awaited us if we didn't mend our ways, fast. The current world of human beings and machines, more than a half century after its publication, is much more complex, richer, and contains a much wider variety of political, social, and scientific systems than he was able to envisage. The warnings of what will happen if we get it wrong, however—for example, control of the entire Internet by a global totalitarian regime—remain as relevant and pressing today as they were in 1950.

***What Wiener Got Right***

Wiener's most famous mathematical works focused on problems of signal analysis and the effects of noise. During World War II, he developed techniques for aiming anti-aircraft fire by making models that could predict the future trajectory of an airplane by extrapolating from its past behavior. In *Cybernetics* and in *The Human Use of Human Beings*, Wiener notes that this past behavior includes quirks and habits of the human pilot, thus a mechanized device can predict the behavior of humans. Like Alan Turing, whose Turing Test suggested that computing machines could give responses to questions which were indistinguishable from human responses, Wiener was fascinated by the notion of capturing human behavior by mathematical description. In the 1940s, he applied his knowledge of control and feedback loops to neuro-muscular feedback in living systems, and was responsible for bringing Warren McCulloch and Walter Pitts to MIT, where they did their pioneering work on artificial neural networks.

Wiener's central insight was that the world should be understood in terms of information. Complex systems, such as organisms, brains, and human societies, consist of interlocking feedback loops in which signals exchanged between subsystems result in complex but stable behavior. When feedback loops break down, the system goes unstable. He constructed a compelling picture of how complex biological systems function, a picture that is by and large universally accepted today.

Wiener's vision of information as the central quantity in governing the behavior of complex systems was remarkable at the time. Nowadays, when cars and refrigerators are jammed with microprocessors and much of human society revolves around computers and cell phones connected by the Internet, it seems prosaic to emphasize the centrality of information, computation, and communication. In Wiener's time, however, the first digital computers had only just come into existence, and the Internet was not even a twinkle in the technologist's eye.

Wiener's powerful conception of not just engineered complex systems but all complex systems as revolving around cycles of signals and computation led to tremendous contributions to the development of complex human-made systems. The



HOUSE_OVERSIGHT_016239

methods he and others developed for the control of missiles, for example, were later put to work in building the Saturn V moon rocket, one of the crowning engineering achievements of the 20th century. In particular, Wiener's applications of cybernetic concepts to the brain and to computerized perception are the direct precursors of today's neural-network-based deep-learning circuits, and of artificial intelligence itself. But current developments in these fields have diverged from his vision, and their future development may well affect the human uses both of human beings and of machines.

***What Wiener Got Wrong***

It is exactly in the extension of the cybernetic idea to human beings that Wiener's conceptions missed their target. Setting aside his ruminations on language, law, and human society for the moment, look at a humbler but potentially useful innovation that he thought was imminent in 1950. Wiener notes that prosthetic limbs would be much more effective if their wearers could communicate directly with their prosthetics by their own neural signals, receiving information about pressure and position from the limb and directing its subsequent motion. This turned out to be a much harder problem than Wiener envisaged: Seventy years down the road, prosthetic limbs that incorporate neural feedback are still in the very early stages. Wiener's concept was an excellent one—it's just that the problem of interfacing neural signals with mechanical-electrical devices is hard.

More significantly, Wiener (along with pretty much everyone else in 1950) greatly underappreciated the potential of digital computation. As noted, Wiener's mathematical contributions were to the analysis of signals and noise and his analytic methods apply to continuously varying, or analog, signals. Although he participated in the wartime development of digital computation, he never foresaw the exponential explosion of computing power brought on by the introduction and progressive miniaturization of semiconductor circuits. This is hardly Wiener's fault: The transistor hadn't been invented yet, and the vacuum-tube technology of the digital computers he was familiar with was clunky, unreliable, and unscalable to ever larger devices. In an appendix to the 1948 edition of *Cybernetics,* he anticipates chess-playing computers and predicts that they'll be able to look two or three moves ahead. He might have been surprised to learn that within half a century a computer would beat the human world champion at chess.

***Technological Overestimation and the Existential Risks of the Singularity***

When Wiener wrote his books, a significant example of technological overestimation was about to occur. The 1950s saw the first efforts at developing artificial intelligence, by researchers such as Herbert Simon, John McCarthy, and Marvin Minsky, who began to program computers to perform simple tasks and to construct rudimentary robots. The success of these initial efforts inspired Simon to declare that "machines will be capable, within twenty years, of doing any work a man can do." Such predictions turned out to be spectacularly wrong. As they became more powerful, computers got better and better at playing chess because they could systematically generate and evaluate a vast selection of possible future moves. But the majority of predictions of AI, e.g., robotic maids, turned out to be illusory. When Deep Blue beat Garry Kasparov at chess in 1997, the most



HOUSE_OVERSIGHT_016240

powerful room-cleaning robot was a Roomba, which moved around vacuuming at random and squeaked when it got caught under the couch.

Technological prediction is particularly chancy, given that technologies progress by a series of refinements, halted by obstacles and overcome by innovation. Many obstacles and some innovations can be anticipated, but more cannot. In my own work with experimentalists on building quantum computers, I typically find that some of the technological steps I expect to be easy turn out to be impossible, whereas some of the tasks I imagine to be impossible turn out to be easy. You don't know until you try.

In the 1950s, partly inspired by conversations with Wiener, John von Neumann introduced the notion of the "technological singularity." Technologies tend to improve exponentially, doubling in power or sensitivity over some interval of time. (For example, since 1950, computer technologies have been doubling in power roughly every two years, an observation enshrined as Moore's Law.) Von Neumann extrapolated from the observed exponential rate of technological improvement to predict that "technological progress will become incomprehensively rapid and complicated," outstripping human capabilities in the not too distant future. Indeed, if one extrapolates the growth of raw computing power—expressed in terms of bits and bit flips—into the future at its current rate, computers should match human brains sometime in the next two to four decades (depending on how one estimates the information-processing power of human brains).

The failure of the initial overly optimistic predictions of AI dampened talk about the technological singularity for a few decades, but since the 2005 publication of Ray Kurzweil's *The Singularity is Near,* the idea of technological advance leading to superintelligence is back in force. Some believers, Kurzweil included, regard this singularity as an opportunity: Humans can merge their brains with the superintelligence and thereby live forever. Others, such as Stephen Hawking and Elon Musk, worried that this superintelligence would prove to be malign and regarded it as the greatest existing threat to human civilization. Still others, including some of the contributors to the present volume, think such talk is overblown.

Wiener's life work and his failure to predict its consequences are intimately bound up in the idea of an impending technological singularity. His work on neuroscience and his initial support of McCulloch and Pitts adumbrated the startlingly effective deep-learning methods of the present day. Over the past decade, and particularly in the last five years, such deep-learning techniques have finally exhibited what Wiener liked to call *Gestalt*—for example, the ability to recognize that a circle is a circle even if when slanted sideways it looks like an ellipse. His work on control, combined with his work on neuromuscular feedback, was significant for the development of robotics and is the inspiration for neural-based human/machine interfaces. His lapses in technological prediction, however, suggest that we should take the notion of a technological singularity with a grain of salt. The general difficulties of technological prediction and the problems specific to the development of a superintelligence should warn us against overestimating both the power and the efficacy of information processing.

### *The Arguments for Singularity Skepticism*

No exponential increase lasts forever. An atomic explosion grows exponentially, but



HOUSE_OVERSIGHT_016241

only until it runs out of fuel. Similarly, the exponential advances in Moore's Law are starting to run into limits imposed by basic physics. The clock speed of computers maxed out at a few gigahertz a decade and a half ago, simply because the chips were starting to melt. The miniaturization of transistors is already running into quantum-mechanical problems due to tunneling and leakage currents. Eventually, the various exponential improvements in memory and processing driven by Moore's Law will grind to a halt. A few more decades, however, will probably be time enough for the raw information-processing power of computers to match that of brains—at least by the crude measures of number of bits and number of bit-flips per second.

Human brains are intricately constructed, the process of millions of years of natural selection. In Wiener's time, our understanding of the architecture of the brain was rudimentary and simplistic. Since then, increasingly sensitive instrumentation and imaging techniques have shown our brains to be far more varied in structure and complex in function than Wiener could have imagined. I recently asked Tomaso Poggio, one of the pioneers of modern neuroscience, whether he was worried that computers, with their rapidly increasing processing power, would soon emulate the functioning of the human brain. "Not a chance," he replied.

The recent advances in deep learning and neuromorphic computation are very good at reproducing a particular aspect of human intelligence focused on the operation of the brain's cortex, where patterns are processed and recognized. These advances have enabled a computer to beat the world champion not just of chess but of Go, an impressive feat, but they're far short of enabling a computerized robot to tidy a room. (In fact, robots with anything approaching human capability in a broad range of flexible movements are still far away—search "robots falling down." Robots are good at making precision welds on assembly lines, but they still can't tie their own shoes.)

Raw information-processing power does not mean sophisticated information-processing power. While computer power has advanced exponentially, the programs by which computers operate have often failed to advance at all. One of the primary responses of software companies to increased processing power is to add "useful" features which often make the software harder to use. Microsoft Word reached its apex in 1995 and has been slowly sinking under the weight of added features ever since. Once Moore's Law starts slowing down, software developers will be confronted with hard choices between efficiency, speed, and functionality.

A major fear of the singulariteers is that as computers become more involved in designing their own software they'll rapidly bootstrap themselves into achieving superhuman computational ability. But the evidence of machine learning points in the opposite direction. As machines become more powerful and capable of learning, they learn more and more as human beings do—from multiple examples, often under the supervision of human and machine teachers. Education is as hard and slow for computers as it is for teenagers. Consequently, systems based on deep learning are becoming more rather than less human. The skills they bring to learning are not "better than" but "complementary to" human learning: Computer learning systems can identify patterns that humans cannot—and vice versa. The world's best chess players are neither computers nor humans but humans working together with computers. Cyberspace is indeed inhabited by harmful programs, but these primarily take the form of malware—viruses notable for their malign mindlessness, not for their



HOUSE_OVERSIGHT_016242

superintelligence.

***Whither Wiener***

Wiener noted that exponential technological progress is a relatively modern phenomenon and not all of it is good. He regarded atomic weapons and the development of missiles with nuclear warheads as a recipe for the suicide of the human species. He compared the headlong exploitation of the planet's resources with the Mad Tea Party of *Alice in Wonderland:* Having laid waste to one local environment, we make progress simply by moving on to lay waste to the next. Wiener's optimism about the development of computers and neuro-mechanical systems was tempered by his pessimism about their exploitation by authoritarian governments, such as the Soviet Union, and the tendency for democracies, such as the United States, to become more authoritarian themselves in confronting the threat of authoritarianism.

What would Wiener think of the current human use of human beings? He would be amazed by the power of computers and the Internet. He would be happy that the early neural nets in which he played a role have spawned powerful deep-learning systems that exhibit the perceptual ability he demanded of them—although he might not be impressed that one of the most prominent examples of such computerized *Gestalt* is the ability to recognize photos of kittens on the World Wide Web. Rather than regarding machine intelligence as a threat, I suspect he would regard it as a phenomenon in its own right, different from and co-evolving with our own human intelligence.

Unsurprised by global warming—the Mad Tea Party of our era—Wiener would applaud the exponential improvement in alternative-energy technologies and would apply his cybernetic expertise to developing the intricate set of feedback loops needed to incorporate such technologies into the coming smart electrical grid. Nonetheless, recognizing that the solution to the problem of climate change is at least as much political as it is technological, he would undoubtedly be pessimistic about our chances of solving this civilization-threatening problem in time. Wiener hated hucksters—political hucksters most of all—but he acknowledged that hucksters would always be with us.

It's easy to forget just how scary Wiener's world was. The United States and the Soviet Union were in a full-out arms race, building hydrogen bombs mounted on nuclear warheads carried by intercontinental ballistic missiles guided by navigation systems to which Wiener himself—to his dismay—had contributed. I was four years old when Wiener died. In 1964, my nursery school class was practicing duck-and-cover under our desks to prepare for a nuclear attack. Given the human use of human beings in his own day, if he could see our current state, Wiener's first response would be to be relieved that we are still alive.



HOUSE_OVERSIGHT_016243

*In the 1980s,* **Judea Pearl** *introduced a new approach to artificial intelligence called Bayesian networks. This probability-based model of machine reasoning enabled machines to function—in a complex and uncertain world—as "evidence engines," continuously revising their beliefs in light of new evidence.*

*Within a few years, Judea's Bayesian networks had completely overshadowed the previous rule-based approaches to artificial intelligence. The advent of deep learning—in which computers, in effect, teach themselves to be smarter by observing tons of data, has given him pause, because this method lacks transparency.*

*While recognizing the impressive achievements in deep learning by colleagues such as Michael Jordan and Geoffrey Hinton, he feels uncomfortable with this kind of opacity. He set out to understand the theoretical limitations of deep-learning systems and points out that basic barriers exist that will prevent them from achieving a human kind of intelligence, no matter what we do. Leveraging the computational benefits of Bayesian networks, Judea realized that the combination of simple graphical models and data could also be used to represent and infer cause-effect relationships. The significance of this discovery far transcends its roots in artificial intelligence. His latest book explains causal thinking to the general public; you might say it is a primer on how to think even though human.*

*Judea's principled, mathematical approach to causality is a profound contribution to the realm of ideas. It has already benefited virtually every field of inquiry, especially the data-intensive health and social sciences.*



HOUSE_OVERSIGHT_016244

## THE LIMITATIONS OF OPAQUE LEARNING MACHINES

**Judea Pearl**

***Judea Pearl*** *is a professor of computer science and director of the Cognitive Systems Laboratory at UCLA. His most recent book, co-authored with Dana Mackenzie, is* The Book of Why: The New Science of Cause and Effect.

As a former physicist, I was extremely interested in cybernetics. Though it did not utilize the full power of Turing Machines, it was highly transparent, perhaps because it was founded on classical control theory and information theory. We are losing this transparency now, with the deep-learning style of machine learning. It is fundamentally a curve-fitting exercise that adjusts weights in intermediate layers of a long input-output chain.

I find many users who say that it "works well and we don't know why." Once you unleash it on large data, deep learning has its own dynamics, it does its own repair and its own optimization, and it gives you the right results most of the time. But when it doesn't, you don't have a clue about what went wrong and what should be fixed. In particular, you do not know if the fault is in the program, in the method, or because things have changed in the environment. We should be aiming at a different kind of transparency.

Some argue that transparency is not really needed. We don't understand the neural architecture of the human brain, yet it runs well, so we forgive our meager understanding and use human helpers to great advantage. In the same way, they argue, why not unleash deep-learning systems and create intelligence without understanding how they work? I buy this argument to some extent. I personally don't like opacity, so I won't spend my time on deep learning, but I know that it has a place in the makeup of intelligence. I know that non-transparent systems can do marvelous jobs, and our brain is proof of that marvel.

But this argument has its limitation. The reason we can forgive our meager understanding of how human brains work is because our brains work the same way, and that enables us to communicate with other humans, learn from them, instruct them, and motivate them in our own native language. If our robots will all be as opaque as AlphaGo, we won't be able to hold a meaningful conversation with them, and that would be unfortunate. We will need to retrain them whenever we make a slight change in the task or in the operating environment.

So, rather than experimenting with opaque learning machines, I am trying to understand their theoretical limitations and examine how these limitations can be overcome. I do it in the context of causal-reasoning tasks, which govern much of how scientists think about the world and, at the same time, are rich in intuition and toy examples, so we can monitor the progress in our analysis. In this context, we've discovered that some basic barriers exist, and that unless they are breached we won't get a real human kind of intelligence no matter what we do. I believe that charting these barriers may be no less important than banging our heads against them.

Current machine-learning systems operate almost exclusively in a statistical, or model-blind, mode, which is analogous in many ways to fitting a function to a cloud of data points. Such systems cannot reason about "what if ?" questions and, therefore,



HOUSE_OVERSIGHT_016245

cannot serve as the basis for Strong AI—that is, artificial intelligence that emulates human-level reasoning and competence. To achieve human-level intelligence, learning machines need the guidance of a blueprint of reality, a model—similar to a road map that guides us in driving through an unfamiliar city.

To be more specific, current learning machines improve their performance by optimizing parameters for a stream of sensory inputs received from the environment. It is a slow process, analogous to the natural-selection process that drives Darwinian evolution. It explains how species like eagles and snakes have developed superb vision systems over millions of years. It cannot explain, however, the super-evolutionary process that enabled humans to build eyeglasses and telescopes over barely a thousand years. What humans had that other species lacked was a mental representation of their environment—representations that they could manipulate at will to imagine alternative hypothetical environments for planning and learning.

Historians of *Homo sapiens* such as Yuval Noah Harari and Steven Mithen are in general agreement that the decisive ingredient that gave our ancestors the ability to achieve global dominion about forty thousand years ago was their ability to create and store a mental representation of their environment, interrogate that representation, distort it by mental acts of imagination, and finally answer the "What if?" kind of questions. Examples are interventional questions ("What if I do such-and-such?") and retrospective or counterfactual questions ("What if I had acted differently?"). No learning machine in operation today can answer such questions. Moreover, most learning machines do not possess a representation from which the answers to such questions can be derived.

With regard to causal reasoning, we find that you can do very little with any form of model-blind curve fitting, or any statistical inference, no matter how sophisticated the fitting process is. We have also found a theoretical framework for organizing such limitations, which forms a hierarchy.

On the first level, you have statistical reasoning, which can tell you only how seeing one event would change your belief about another. For example, what can a symptom tell you about a disease?

Then you have a second level, which entails the first but not vice versa. It deals with actions. "What will happen if we raise prices?" "What if you make me laugh?" That second level of the hierarchy requires information about interventions which is not available in the first. This information can be encoded in a graphical model, which merely tells us which variable responds to another.

The third level of the hierarchy is the counterfactual. This is the language used by scientists. "What if the object were twice as heavy?" "What if I were to do things differently?" "Was it the aspirin that cured my headache, or the nap I took?" Counterfactuals are at the top level in the sense that they cannot be derived even if we could predict the effects of all actions. They need an extra ingredient, in the form of equations, to tell us how variables respond to changes in other variables.

One of the crowning achievements of causal-inference research has been the algorithmization of both interventions and counterfactuals, the top two layers of the hierarchy. In other words, once we encode our scientific knowledge in a model (which may be qualitative), algorithms exist that examine the model and determine if a given query, be it about an intervention or about a counterfactual, can be estimated from the available data—and, if so, how. This capability has transformed dramatically the way



HOUSE_OVERSIGHT_016246

scientists are doing science, especially in such data-intensive sciences as sociology and epidemiology, for which causal models have become a second language. These disciplines view their linguistic transformation as the Causal Revolution. As Harvard social scientist Gary King puts it, "More has been learned about causal inference in the last few decades than the sum total of everything that had been learned about it in all prior recorded history."

As I contemplate the success of machine learning and try to extrapolate it to the future of AI, I ask myself, "Are we aware of the basic limitations that were discovered in the causal-inference arena? Are we prepared to circumvent the theoretical impediments that prevent us from going from one level of the hierarchy to another level?"

I view machine learning as a tool to get us from data to probabilities. But then we still have to make two extra steps to go from probabilities into real understandingnce—two big steps. One is to predict the effect of actions, and the second is counterfactual imagination. We cannot claim to understand reality unless we make the last two steps.

In his insightful book *Foresight and Understanding* (1961), the philosopher Stephen Toulmin identified the transparency-versus-opacity contrast as the key to understanding the ancient rivalry between Greek and Babylonian sciences. According to Toulmin, the Babylonian astronomers were masters of black-box predictions, far surpassing their Greek rivals in accuracy and consistency of celestial observations. Yet Science favored the creative-speculative strategy of the Greek astronomers, which was wild with metaphorical imagery: circular tubes full of fire, small holes through which celestial fire was visible as stars, and hemispherical Earth riding on turtleback. It was this wild modeling strategy, not Babylonian extrapolation, that jolted Eratosthenes (276-194 BC) to perform one of the most creative experiments in the ancient world and calculate the circumference of the Earth. Such an experiment would never have occurred to a Babylonian data-fitter.

Model-blind approaches impose intrinsic limitations on the cognitive tasks that Strong AI can perform. My general conclusion is that human-level AI cannot emerge solely from model-blind learning machines; it requires the symbiotic collaboration of data and models.

Data science is a science only to the extent that it facilitates the interpretation of data—a two-body problem, connecting data to reality. Data alone are hardly a science, no matter how "big" they get and how skillfully they are manipulated. Opaque learning systems may get us to Babylon, but not to Athens.



HOUSE_OVERSIGHT_016247

*Computer scientist* **Stuart Russell**, *along with Elon Musk, Stephen Hawking, Max Tegmark, and numerous others, has insisted that attention be paid to the potential dangers in creating an intelligence on the superhuman (or even the human) level—an AGI, or artificial general intelligence, whose programmed purposes may not necessarily align with our own.*

*His early work was on understanding the notion of "bounded optimality" as a formal definition of intelligence that you can work on. He developed the technique of rational meta-reasoning, "which is, roughly speaking, that you do the computations that you expect to improve the quality of your ultimate decision as quickly as possible." He has also worked on the unification of probability theory and first-order logic—resulting in a new and far more effective monitoring system for the Comprehensive Nuclear Test Ban Treaty—and on the problem of decision making over long timescales (his presentations on the latter topic are usually titled, "Life: Play and Win in 20 trillion moves").*

*He is very concerned with the continuing development of autonomous weapons, such as lethal micro-drones, which are potentially scalable into weapons of mass destruction. He drafted the letter from forty of the world's leading AI researchers to President Obama which resulted in high-level national-security meetings.*

*His current work centers on the creation of what he calls "provably beneficial" AI. He wants to ensure AI safety by "imbuing systems with explicit uncertainty" about the objectives of their human programmers, an approach that would amount to a fairly radical reordering of current AI research.*

*Stuart is also on the radar of anyone who has taken a course in computer science in the last twenty-odd years. He is co-author of "the" definitive AI textbook, with an estimated 5-million-plus English-language readers.*



HOUSE_OVERSIGHT_016248

## THE PURPOSE PUT INTO THE MACHINE

**Stuart Russell**

***Stuart Russell** is a professor of computer science and Smith-Zadeh Professor in Engineering at UC Berkeley. He is the coauthor (with Peter Norvig) of* Artificial Intelligence: A Modern Approach.

Among the many issues raised in Norbert Wiener's *The Human Use of Human Beings* (1950) that are currently relevant, the most significant to the AI researcher is the possibility that humanity may cede control over its destiny to machines.

Wiener considered the machines of the near future as far too limited to exert global control, imagining instead that machines and machine-like control systems would be wielded by human elites to reduce the great mass of humanity to the status of "cogs and levers and rods." Looking further ahead, he pointed to the difficulty of correctly specifying objectives for highly capable machines, noting

> a few of the simpler and more obvious truths of life, such as that when a djinnee is found in a bottle, it had better be left there; that the fisherman who craves a boon from heaven too many times on behalf of his wife will end up exactly where he started; that if you are given three wishes, you must be very careful what you wish for.

The dangers are clear enough:

> Woe to us if we let [the machine] decide our conduct, unless we have previously examined the laws of its action, and know fully that its conduct will be carried out on principles acceptable to us! On the other hand, the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.

Ten years later, after seeing Arthur Samuel's checker-playing program learn to play checkers far better than its creator, Wiener published "Some Moral and Technical Consequences of Automation" in *Science*. In this paper, the message is even clearer:

> If we use, to achieve our purposes, a mechanical agency with whose operation we cannot efficiently interfere . . . we had better be quite sure that the purpose put into the machine is the purpose which we really desire. . . .

In my view, this is the source of the existential risk from superintelligent AI cited in recent years by such observers as Elon Musk, Bill Gates, Stephen Hawking, and Nick Bostrom.

### *Putting Purposes Into Machines*

The goal of AI research has been to understand the principles underlying intelligent behavior and to build those principles into machines that can then exhibit such behavior. In the 1960s and 1970s, the prevailing theoretical notion of intelligence was the capacity for logical reasoning, including the ability to derive plans of action guaranteed to achieve a specified goal. More recently, a consensus has emerged around the idea of a rational



HOUSE_OVERSIGHT_016249

agent that perceives, and acts in order to maximize, its expected utility. Subfields such as logical planning, robotics, and natural-language understanding are special cases of the general paradigm. AI has incorporated probability theory to handle uncertainty, utility theory to define objectives, and statistical learning to allow machines to adapt to new circumstances. These developments have created strong connections to other disciplines that build on similar concepts, including control theory, economics, operations research, and statistics.

In both the logical-planning and rational-agent views of AI, the machine's objective—whether in the form of a goal, a utility function, or a reward function (as in reinforcement learning)—is specified exogenously. In Wiener's words, this is "the purpose put into the machine." Indeed, it has been one of the tenets of the field that AI systems should be general-purpose—i.e., capable of accepting a purpose as input and then achieving it—rather than special-purpose, with their goal implicit in their design. For example, a self-driving car should accept a destination as input instead of having one fixed destination. However, some aspects of the car's "driving purpose" are fixed, such as that it shouldn't hit pedestrians. This is built directly into the car's steering algorithms rather than being explicit: No self-driving car in existence today "knows" that pedestrians prefer not to be run over.

Putting a purpose into a machine which optimizes its behavior according to clearly defined algorithms seems an admirable approach to ensuring that the machine's "conduct will be carried out on principles acceptable to us!" But, as Wiener warns, we need to put in the right purpose. We might call this the King Midas problem: Midas got exactly what he asked for—namely, that everything he touched would turn to gold—but too late he discovered the drawbacks of drinking liquid gold and eating solid gold. The technical term for putting in the right purpose is *value alignment*. When it fails, we may inadvertently imbue machines with objectives counter to our own. Tasked with finding a cure for cancer as fast as possible, an AI system might elect to use the entire human population as guinea pigs for its experiments. Asked to de-acidify the oceans, it might use up all the oxygen in the atmosphere as a side effect. This is a common characteristic of systems that optimize: Variables not included in the objective may be set to extreme values to help optimize that objective.

Unfortunately, neither AI nor other disciplines (economics, statistics, control theory, operations research) built around the optimization of objectives have much to say about how to identify the purposes "we really desire." Instead, they assume that objectives are simply implanted into the machine. AI research, in its present form, studies the ability to achieve objectives, not the design of those objectives.

Steve Omohundro has pointed to a further difficulty, observing that intelligent entities must act to preserve their own existence. This tendency has nothing to do with a self-preservation instinct or any other biological notion; it's just that an entity cannot achieve its objectives if it's dead. According to Omohundro's argument, a superintelligent machine that has an off-switch—which some, including Alan Turing himself, in a 1951 talk on BBC Radio 3, have seen as our potential salvation—will take steps to disable the switch in some way.[1] Thus we may face the prospect of superintelligent machines—their actions by definition unpredictable by us and their

[1] Omohundro, "The Basic AI Drives," in *Proc. First AGI Conf.,* 171: "Artificial General Intelligence," eds. P. Wang, B. Goertzel, & S. Franklin (IOS press, 2008).



HOUSE_OVERSIGHT_016250

imperfectly specified objectives conflicting with our own—whose motivation to preserve their existence in order to achieve those objectives may be insuperable.

***1001 Reasons to Pay No Attention***

Objections have been raised to these arguments, primarily by researchers within the AI community. The objections reflect a natural defensive reaction, coupled perhaps with a lack of imagination about what a superintelligent machine could do. None hold water on closer examination. Here are some of the more common ones:

- *Don't worry, we can just switch it off.*[2] This is often the first thing that pops into a layperson's head when considering risks from superintelligent AI—as if a superintelligent entity would never think of that. This is rather like saying that the risk of losing to DeepBlue or AlphaGo is negligible—all one has to do is make the right moves.
- *Human-level or superhuman AI is impossible.*[3] This is an unusual claim for AI researchers to make, given that, from Turing onward, they have been fending off such claims from philosophers and mathematicians. The claim, which is backed by no evidence, appears to concede that if superintelligent AI *were* possible, it *would* be a significant risk. It's as if a bus driver, with all of humanity as passengers, said, "Yes, I am driving toward a cliff—in fact, I'm pressing the pedal to the metal! But trust me, we'll run out of gas before we get there!" The claim represents a foolhardy bet against human ingenuity. We have made such bets before and lost. On September 11, 1933, renowned physicist Ernest Rutherford stated, with utter confidence, "Anyone who expects a source of power from the transformation of these atoms is talking moonshine." On September 12, 1933, Leo Szilard invented the neutron-induced nuclear chain reaction. A few years later he demonstrated such a reaction in his laboratory at Columbia University. As he recalled in a memoir: "We switched everything off and went home. That night, there was very little doubt in my mind that the world was headed for grief."
- *It's too soon to worry about it.* The right time to worry about a potentially serious problem for humanity depends not just on when the problem will occur but also on how much time is needed to devise and implement a solution that avoids the risk. For example, if we were to detect a large asteroid predicted to collide with the Earth in 2067, would we say, "It's too soon to worry"? And if we consider the global catastrophic risks from climate change predicted to occur later in this century, is it too soon to take action to prevent them? On the contrary, it may be too late. The relevant timescale for human-level AI is less predictable, but, like nuclear fission, it might arrive considerably sooner than expected. One variation on this argument is Andrew Ng's statement that it's "like worrying about overpopulation on Mars." This appeals to a convenient analogy: Not only is the

[2] AI researcher Jeff Hawkins, for example, writes, "Some intelligent machines will be virtual, meaning they will exist and act solely within computer networks. . . . It is always possible to turn off a computer network, even if painful." https://www.recode.net/2015/3/2/11559576/.

[3] The AI100 report (Peter Stone *et al.*), sponsored by Stanford University, includes the following: "Unlike in the movies, there is no race of superhuman robots on the horizon or probably even possible." https://ai100.stanford.edu/2016-report.



HOUSE_OVERSIGHT_016251

risk easily managed and far in the future, but also it's extremely unlikely that we'd even try to move billions of humans to Mars in the first place. The analogy is a false one, however. We are already devoting huge scientific and technical resources to creating ever-more-capable AI systems. A more apt analogy would be a plan to move the human race to Mars with no consideration for what we might breathe, drink, or eat once we'd arrived.

- *Human-level AI isn't really imminent, in any case.* The AI100 report, for example, assures us, "Contrary to the more fantastic predictions for AI in the popular press, the Study Panel found no cause for concern that AI is an imminent threat to humankind." This argument simply misstates the reasons for concern, which are not predicated on imminence. In his 2014 book, *Superintelligence: Paths, Dangers, Strategies,* Nick Bostrom, for one, writes, "It is no part of the argument in this book that we are on the threshold of a big breakthrough in artificial intelligence, or that we can predict with any precision when such a development might occur."
- *You're just a Luddite.* It's an odd definition of Luddite that includes Turing, Wiener, Minsky, Musk, and Gates, who rank among the most prominent contributors to technological progress in the 20th and 21st centuries.[4] Furthermore, the epithet represents a complete misunderstanding of the nature of the concerns raised and the purpose for raising them. It is as if one were to accuse nuclear engineers of Luddism if they pointed out the need for control of the fission reaction. Some objectors also use the term "anti-AI," which is rather like calling nuclear engineers "anti-physics." The purpose of understanding and preventing the risks of AI is to ensure that we can realize the benefits. Bostrom, for example, writes that success in controlling AI will result in "a civilizational trajectory that leads to a compassionate and jubilant use of humanity's cosmic endowment"—hardly a pessimistic prediction.
- *Any machine intelligent enough to cause trouble will be intelligent enough to have appropriate and altruistic objectives.*[5] (Often, the argument adds the premise that people of greater intelligence tend to have more altruistic objectives, a view that may be related to the self-conception of those making the argument.) This argument is related to Hume's *is-ought* problem and G. E. Moore's naturalistic fallacy, suggesting that somehow the machine, as a result of its intelligence, will simply *perceive* what is right, given its experience of the world. This is implausible; for example, one cannot perceive, in the design of a chessboard and chess pieces, the goal of checkmate; the same chessboard and pieces can be used for suicide chess, or indeed many other games still to be invented. Put another way: Where Bostrom imagines humans driven extinct by a putative robot that turns the planet into a sea of paper clips, we humans see this outcome as tragic,

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[4] Elon Musk, Stephen Hawking, and others (including, apparently, the author) received the 2015 Luddite of the Year Award from the Information Technology Innovation Foundation: https://itif.org/publications/2016/01/19/artificial-intelligence-alarmists-win-itif%E2%80%99s-annual-luddite-award.

[5] Rodney Brooks, for example, asserts that it's impossible for a program to be "smart enough that it would be able to invent ways to subvert human society to achieve goals set for it by humans, without understanding the ways in which it was causing problems for those same humans." http://rodneybrooks.com/the-seven-deadly-sins-of-predicting-the-future-of-ai/.



HOUSE_OVERSIGHT_016252

whereas the iron-eating bacterium *Thiobacillus ferrooxidans* is thrilled. Who's to say the bacterium is wrong? The fact that a machine has been given a fixed objective by humans doesn't mean that it will automatically recognize the importance to humans of things that aren't part of the objective. Maximizing the objective may well cause problems for humans, but, by definition, the machine will not recognize those problems as problematic.

- *Intelligence is multidimensional, "so 'smarter than humans' is a meaningless concept."*[6] It is a staple of modern psychology that IQ doesn't do justice to the full range of cognitive skills that humans possess to varying degrees. IQ is indeed a crude measure of human intelligence, but it is utterly meaningless for current AI systems, because their capabilities across different areas are uncorrelated. How do we compare the IQ of Google's search engine, which cannot play chess, with that of DeepBlue, which cannot answer search queries?

  None of this supports the argument that because intelligence is multifaceted, we can ignore the risk from superintelligent machines. If "smarter than humans" is a meaningless concept, then "smarter than gorillas" is also meaningless, and gorillas therefore have nothing to fear from humans; clearly, that argument doesn't hold water. Not only is it logically possible for one entity to be more capable than another across all the relevant dimensions of intelligence, it is also possible for one species to represent an existential threat to another even if the former lacks an appreciation for music and literature.

***Solutions***

Can we tackle Wiener's warning head-on? Can we design AI systems whose purposes don't conflict with ours, so that we're sure to be happy with how they behave? On the face of it, this seems hopeless, because it will doubtless prove infeasible to write down our purposes correctly or imagine all the counterintuitive ways a superintelligent entity might fulfill them.

If we treat superintelligent AI systems as if they were black boxes from outer space, then indeed we have no hope. Instead, the approach we seem obliged to take, if we are to have any confidence in the outcome, is to define some formal problem $F$, and design AI systems to be $F$-solvers, such that no matter how perfectly a system solves $F$, we're guaranteed to be happy with the solution. If we can work out an appropriate $F$ that has this property, we'll be able to create *provably beneficial* AI.

Here's an example of how *not* to do it: Let a reward be a scalar value provided periodically by a human to the machine, corresponding to how well the machine has behaved during each period, and let $F$ be the problem of maximizing the expected sum of rewards obtained by the machine. The optimal solution to this problem is not, as one might hope, to behave well, but instead to take control of the human and force him or her to provide a stream of maximal rewards. This is known as the wireheading problem, based on observations that humans themselves are susceptible to the same problem if given a means to electronically stimulate their own pleasure centers.

There is, I believe, an approach that may work. Humans can reasonably be described as having (mostly implicit) preferences over their future lives—that is, given

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[6] Kevin Kelly, "The Myth of a Superhuman AI," *Wired*, Apr. 25, 2017.



HOUSE_OVERSIGHT_016253

enough time and unlimited visual aids, a human could express a preference (or indifference) when offered a choice between two future lives laid out before him or her in all their aspects. (This idealization ignores the possibility that our minds are composed of subsystems with incompatible preferences; if true, that would limit a machine's ability to optimally satisfy our preferences, but it doesn't seem to prevent us from designing machines that avoid catastrophic outcomes.) The formal problem $F$ to be solved by the machine in this case is to maximize human future-life preferences subject to its initial uncertainty as to what they are. Furthermore, although the future-life preferences are hidden variables, they're grounded in a voluminous source of evidence—namely, all of the human choices ever made. This formulation sidesteps Wiener's problem: The machine may learn more about human preferences as it goes along, of course, but it will never achieve complete certainty.

A more precise definition is given by the framework of cooperative inverse-reinforcement learning, or CIRL. A CIRL problem involves two agents, one human and the other a robot. Because there are two agents, the problem is what economists call a game. It is a game of partial information, because while the human knows the reward function, the robot doesn't—even though the robot's job is to maximize it.

A simple example: Suppose that Harriet, the human, likes to collect paper clips and staples and her reward function depends on how many of each she has. More precisely, if she has $p$ paper clips and $s$ staples, her degree of happiness is $\theta p + (1-\theta)s$, where $\theta$ *is* essentially an exchange rate between paper clips and staples. If $\theta$ is 1, she likes only paper clips; if $\theta$ is 0, she likes only staples; if $\theta$ is 0.5, she is indifferent between them; and so on. It's the job of Robby, the robot, to produce the paper clips and staples. The point of the game is that Robby wants to make Harriet happy, but he doesn't know the value of $\theta$, so he isn't sure how many of each to produce.

Here's how the game works. Let the true value of $\theta$ be 0.49—that is, Harriet has a slight preference for staples over paper clips. And let's assume that Robby has a uniform prior belief about $\theta$—that is, he believes $\theta$ is equally likely to be any value between 0 and 1. Harriet now gets to do a small demonstration, producing either two paper clips or two staples or one of each. After that, the robot can produce either ninety paper clips, or ninety staples, or fifty of each. You might think that Harriet, who prefers staples to paper clips, should produce two staples. But in that case, Robby's rational response would be to produce ninety staples (with a total value to Harriet of 45.9), which is a less desirable outcome for Harriet than fifty of each (total value 50.0). The optimal solution of this particular game is that Harriet produces one of each, so then Robby makes fifty of each. Thus, the way the game is defined encourages Harriet to "teach" Robby—as long as she knows that Robby is watching carefully.

Within the CIRL framework, one can formulate and solve the off-switch problem—that is, the problem of how to prevent a robot from disabling its off-switch. (Turing may rest easier.) A robot that's uncertain about human preferences actually benefits from being switched off, because it understands that the human will press the off-switch to prevent the robot from doing something counter to those preferences. Thus the robot is incentivized to preserve the off-switch, and this incentive derives directly from its uncertainty about human preferences.[7]

The off-switch example suggests some templates for controllable-agent

[7] See Hadfield-Menell et al., "The Off-Switch Game," https://arxiv.org/pdf/1611.08219.pdf.



HOUSE_OVERSIGHT_016254

designs and provides at least one case of a provably beneficial system in the sense introduced above. The overall approach resembles mechanism-design problems in economics, wherein one incentivizes other agents to behave in ways beneficial to the designer. The key difference here is that we are building one of the agents in order to benefit the other.

There are reasons to think this approach may work in practice. First, there is abundant written and filmed information about humans doing things (and other humans reacting). Technology to build models of human preferences from this storehouse will presumably be available long before superintelligent AI systems are created. Second, there are strong, near-term economic incentives for robots to understand human preferences: If one poorly designed domestic robot cooks the cat for dinner, not realizing that its sentimental value outweighs its nutritional value, the domestic-robot industry will be out of business.

There are obvious difficulties, however, with an approach that expects a robot to learn underlying preferences from human behavior. Humans are irrational, inconsistent, weak-willed, and computationally limited, so their actions don't always reflect their true preferences. (Consider, for example, two humans playing chess. Usually, one of them loses, but not on purpose!) So robots can learn from nonrational human behavior only with the aid of much better cognitive models of humans. Furthermore, practical and social constraints will prevent all preferences from being maximally satisfied simultaneously, which means that robots must mediate among conflicting preferences—something that philosophers and social scientists have struggled with for millennia. And what should robots learn from humans who enjoy the suffering of others? It may be best to zero out such preferences in the robots' calculations.

Finding a solution to the AI control problem is an important task; it may be, in Bostrom's words, "the essential task of our age." Up to now, AI research has focused on systems that are better at making decisions, but this is not the same as making better decisions. No matter how excellently an algorithm maximizes, and no matter how accurate its model of the world, a machine's decisions may be ineffably stupid in the eyes of an ordinary human if its utility function is not well aligned with human values.

This problem requires a change in the definition of AI itself—from a field concerned with pure intelligence, independent of the objective, to a field concerned with systems that are provably beneficial for humans. Taking the problem seriously seems likely to yield new ways of thinking about AI, its purpose, and our relationship to it.



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*In 2005,* **George Dyson**, *a historian of science and technology, visited Google at the invitation of some Google engineers. The occasion was the sixtieth anniversary of John von Neumann's proposal for a digital computer. After the visit, George wrote an essay, "Turing's Cathedral," which, for the first time, alerted the public about what Google's founders had in store for the world. "We are not scanning all those books to be read by people," explained one of his hosts after his talk. "We are scanning them to be read by an AI."*

*George offers a counternarrative to the digital age. His interests have included the development of the Aleut kayak, the evolution of digital computing and telecommunications, the origins of the digital universe, and a path not taken into space. His career (he never finished high school, yet has been awarded an honorary doctorate from the University of Victoria) has proved as impossible to classify as his books.*

*He likes to point out that analog computing, once believed to be as extinct as the differential analyzer, has returned. He argues that while we may use digital components, at a certain point the analog computing being performed by the system far exceeds the complexity of the digital code with which it is built. He believes that true artificial intelligence—with analog control systems emerging from a digital substrate the way digital computers emerged out of analog components in the aftermath of World War II—may not be as far off as we think.*

*In this essay, George contemplates the distinction between analog and digital computation and finds analog to be alive and well. Nature's response to an attempt to program machines to control everything may be machines without programming over which no one has control.*



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# THE THIRD LAW
## George Dyson

***George Dyson** is a historian of science and technology and the author of* Baidarka: the Kayak, Darwin Among the Machines, Project Orion, *and* Turing's Cathedral.

The history of computing can be divided into an Old Testament and a New Testament: before and after electronic digital computers and the codes they spawned proliferated across the Earth. The Old Testament prophets, who delivered the underlying logic, included Thomas Hobbes and Gottfried Wilhelm Leibniz. The New Testament prophets included Alan Turing, John von Neumann, Claude Shannon, and Norbert Wiener. They delivered the machines.

Alan Turing wondered what it would take for machines to become intelligent. John von Neumann wondered what it would take for machines to self-reproduce. Claude Shannon wondered what it would take for machines to communicate reliably, no matter how much noise intervened. Norbert Wiener wondered how long it would take for machines to assume control.

Wiener's warnings about control systems beyond human control appeared in 1949, just as the first generation of stored-program electronic digital computers were introduced. These systems required direct supervision by human programmers, undermining his concerns. What's the problem, as long as programmers are in control of the machines? Ever since, debate over the risks of autonomous control has remained associated with the debate over the powers and limitations of digitally coded machines. Despite their astonishing powers, little real autonomy has been observed. This is a dangerous assumption. What if digital computing is being superseded by something else?

Electronics underwent two fundamental transitions over the past hundred years: from analog to digital and from vacuum tubes to solid state. That these transitions occurred together does not mean they are inextricably linked. Just as digital computation was implemented using vacuum tube components, analog computation can be implemented in solid state. Analog computation is alive and well, even though vacuum tubes are commercially extinct.

There is no precise distinction between analog and digital computing. In general, digital computing deals with integers, binary sequences, deterministic logic, and time that is idealized into discrete increments, whereas analog computing deals with real numbers, nondeterministic logic, and continuous functions, including time as it exists as a continuum in the real world.

Imagine you need to find the middle of a road. You can measure its width using any available increment and then digitally compute the middle to the nearest increment. Or you can use a piece of string as an analog computer, mapping the width of the road to the length of the string and finding the middle, without being limited to increments, by doubling the string back upon itself.

Many systems operate across both analog and digital regimes. A tree integrates a wide range of inputs as continuous functions, but if you cut down that tree, you find that it has been counting the years digitally all along.



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In analog computing, complexity resides in network topology, not in code. Information is processed as continuous functions of values such as voltage and relative pulse frequency rather than by logical operations on discrete strings of bits. Digital computing, intolerant of error or ambiguity, depends upon error correction at every step along the way. Analog computing tolerates errors, allowing you to live with them.

Nature uses digital coding for the storage, replication, and recombination of sequences of nucleotides, but relies on analog computing, running on nervous systems, for intelligence and control. The genetic system in every living cell is a stored-program computer. Brains aren't.

Digital computers execute transformations between two species of bits: bits representing differences in space and bits representing differences in time. The transformations between these two forms of information, sequence and structure, are governed by the computer's programming, and as long as computers require human programmers, we retain control.

Analog computers also mediate transformations between two forms of information: structure in space and behavior in time. There is no code and no programming. Somehow—and we don't fully understand how—Nature evolved analog computers known as nervous systems, which embody information absorbed from the world. They learn. One of the things they learn is control. They learn to control their own behavior, and they learn to control their environment to the extent that they can.

Computer science has a long history—going back to before there even *was* computer science—of implementing neural networks, but for the most part these have been simulations of neural networks by digital computers, not neural networks as evolved in the wild by Nature herself. This is starting to change: from the bottom up, as the threefold drivers of drone warfare, autonomous vehicles, and cell phones push the development of neuromorphic microprocessors that implement actual neural networks, rather than simulations of neural networks, directly in silicon (and other potential substrates); and from the top down, as our largest and most successful enterprises increasingly turn to analog computation in their infiltration and control of the world.

While we argue about the intelligence of digital computers, analog computing is quietly supervening upon the digital, in the same way that analog components like vacuum tubes were repurposed to build digital computers in the aftermath of World War II. Individually deterministic finite-state processors, running finite codes, are forming large-scale, nondeterministic, non-finite-state metazoan organisms running wild in the real world. The resulting hybrid analog/digital systems treat streams of bits collectively, the way the flow of electrons is treated in a vacuum tube, rather than individually, as bits are treated by the discrete-state devices generating the flow. Bits are the new electrons. Analog is back, and its nature is to assume control.

Governing everything from the flow of goods to the flow of traffic to the flow of ideas, these systems operate statistically, as pulse-frequency coded information is processed in a neuron or a brain. The emergence of intelligence gets the attention of *Homo sapiens,* but what we should be worried about is the emergence of control.

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Imagine it is 1958 and you are trying to defend the continental United States against airborne attack. To distinguish hostile aircraft, one of the things you need, besides a network of computers and early-warning radar sites, is a map of all commercial air traffic, updated in real time. The United States built such a system and named it SAGE (Semi-Automatic Ground Environment). SAGE in turn spawned Sabre, the first integrated reservation system for booking airline travel in real time. Sabre and its progeny soon became not just a map as to what seats were available but also a system that began to control, with decentralized intelligence, where airliners would fly, and when.

But isn't there a control room somewhere, with someone at the controls? Maybe not. Say, for example, you build a system to map highway traffic in real time, simply by giving cars access to the map in exchange for reporting their own speed and location at the time. The result is a fully decentralized control system. Nowhere is there any controlling model of the system except the system itself.

Imagine it is the first decade of the 21st century and you want to track the complexity of human relationships in real time. For social life at a small college, you could construct a central database and keep it up to date, but its upkeep would become overwhelming if taken to any larger scale. Better to pass out free copies of a simple semi-autonomous code, hosted locally, and let the social network update itself. This code is executed by digital computers, but the analog computing performed by the system as a whole far exceeds the complexity of the underlying code. The resulting pulse-frequency coded model of the social graph *becomes* the social graph. It spreads wildly across the campus and then the world.

What if you wanted to build a machine to capture what everything known to the human species *means*? With Moore's Law behind you, it doesn't take too long to digitize all the information in the world. You scan every book ever printed, collect every email ever written, and gather forty-nine years of video every twenty-four hours, while tracking where people are and what they do, in real time. But how do you capture the *meaning*?

Even in the age of all things digital, this cannot be defined in any strictly logical sense, because meaning, among humans, isn't fundamentally logical. The best you can do, once you have collected all possible answers, is to invite well-defined questions and compile a pulse-frequency weighted map of how everything connects. Before you know it, your system will not only be observing and mapping the meaning of things, it will start *constructing* meaning as well. In time, it will *control* meaning, in the same way as the traffic map starts to control the flow of traffic even though no one seems to be in control.

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There are three laws of artificial intelligence. The first, known as Ashby's Law, after cybernetician W. Ross Ashby, author of *Design for a Brain*, states that any effective control system must be as complex as the system it controls.

The second law, articulated by John von Neumann, states that the defining characteristic of a complex system is that it constitutes its own simplest behavioral description. The simplest complete model of an organism is the organism itself. Trying to reduce the system's behavior to any formal description makes things more complicated, not less.



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The third law states that any system simple enough to be understandable will not be complicated enough to behave intelligently, while any system complicated enough to behave intelligently will be too complicated to understand.

The Third Law offers comfort to those who believe that until we understand intelligence, we need not worry about superhuman intelligence arising among machines. But there is a loophole in the Third Law. It is entirely possible to build something without understanding it. You don't need to fully understand how a brain works in order to build one that works. This is a loophole that no amount of supervision over algorithms by programmers and their ethical advisors can ever close. Provably "good" AI is a myth. Our relationship with true AI will always be a matter of faith, not proof.

We worry too much about machine intelligence and not enough about self-reproduction, communication, and control. The next revolution in computing will be signaled by the rise of analog systems over which digital programming no longer has control. Nature's response to those who believe they can build machines to control everything will be to allow them to build a machine that controls them instead.



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**Dan Dennett** *is the philosopher of choice in the AI community. He is perhaps best known in cognitive science for his concept of intentional systems and his model of human consciousness, which sketches a computational architecture for realizing the stream of consciousness in the massively parallel cerebral cortex. That uncompromising computationalism has been opposed by philosophers such as John Searle, David Chalmers, and the late Jerry Fodor, who have protested that the most important aspects of consciousness—intentionality and subjective qualia—cannot be computed.*

*Twenty-five years ago, I was visiting Marvin Minsky, one of the original AI pioneers, and asked him about Dan. "He's our best current philosopher—the next Bertrand Russell," said Marvin, adding that unlike traditional philosophers, Dan was a student of neuroscience, linguistics, artificial intelligence, computer science, and psychology: "He's redefining and reforming the role of the philosopher. Of course, Dan doesn't understand my Society-of-Mind theory, but nobody's perfect."*

*Dan's view of the efforts of AI researchers to create superintelligent AIs is relentlessly levelheaded. What, me worry? In this essay, he reminds us that AIs, above all, should be regarded—and treated—as tools and not as humanoid colleagues.*

*He has been interested in information theory since his graduate school days at Oxford. In fact, he told me that early in his career he was keenly interested in writing a book about Wiener's cybernetic ideas. As a thinker who embraces the scientific method, one of his charms is his willingness to be wrong. Of a recent piece entitled "What Is Information?" he has announced, "I stand by it, but it's under revision. I'm already moving beyond it and realizing there's a better way of tackling some of these issues." He will most likely remain cool and collected on the subject of AI research, although he has acknowledged, often, that his own ideas evolve—as anyone's ideas should.*



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## WHAT CAN WE DO?
**Daniel C. Dennett**

***Daniel C. Dennett*** *is University Professor and Austin B. Fletcher Professor of Philosophy and director of the Center for Cognitive Studies at Tufts University. He is the author of a dozen books, including* Consciousness Explained *and, most recently,* From Bacteria to Bach and Back: The Evolution of Minds.

Many have reflected on the irony of reading a great book when you are too young to appreciate it. Consigning a classic to the *already read* stack and thereby insulating yourself against any further influence while gleaning only a few ill-understood ideas from it is a recipe for neglect that is seldom benign. This struck me with particular force when I reread *The Human Use of Human Beings* more than sixty years after my juvenile encounter. We should all make it a regular practice to reread books from our youth, where we are apt to discover clear previews of some of our own later "discoveries" and "inventions," along with a wealth of insights to which we were bound to be impervious until our minds had been torn and tattered, exercised and enlarged by confrontations with life's problems.

Writing at a time when vacuum tubes were still the primary electronic building blocks and there were only a few actual computers in operation, Norbert Wiener imagined the future we now contend with in impressive detail and with few clear mistakes. Alan Turing's famous 1950 article "Computing Machinery and Intelligence," in the philosophy journal *Mind,* foresaw the development of AI, and so did Wiener, but Wiener saw farther and deeper, recognizing that AI would not just imitate—and replace—human beings in many intelligent activities but change human beings in the process.

> We are but whirlpools in a river of ever-flowing water. We are not stuff that abides, but patterns that perpetuate themselves. (p. 96)

When that was written, it could be comfortably dismissed as yet another bit of Heraclitean overstatement. Yeah, yeah, you can never step in the same river twice. But it contains the seeds of the revolution in outlook. Today we know how to think about complex adaptive systems, strange attractors, extended minds, and homeostasis, a change in perspective that promises to erase the "explanatory gap"[8] between mind and mechanism, spirit and matter, a gap that is still ardently defended by latter-day Cartesians who cannot bear the thought that we—we *ourselves*—are self-perpetuating patterns of information-bearing matter, not "stuff that abides." Those patterns are remarkably resilient and self-restoring but at the same time protean, opportunistic, selfish exploiters of whatever new is available to harness in their quest for perpetuation. And here is where things get dicey, as Wiener recognized. When attractive opportunities abound, we are apt to be willing to pay a little and accept some small, even trivial, cost-of-doing-business for access to new powers. And pretty soon we become so dependent on our new tools that we lose the ability to thrive without them. Options become obligatory.

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[8] Joseph Levine, "Materialism and Qualia: The Explanatory Gap," *Pacific Philosophical Quarterly* 64, pp. 354-61 (1983).



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It's an old, old story, with many well-known chapters in evolutionary history. Most mammals can synthesize their own vitamin C, but primates, having opted for a diet composed largely of fruit, lost the innate ability. We are now obligate ingesters of vitamin C, but not obligate frugivores like our primate cousins, since we have opted for technology that allows us to make, and take, vitamins as needed. The self-perpetuating patterns that we call human beings are now dependent on clothes, cooked food, vitamins, vaccinations, . . . credit cards, smartphones, and the Internet. And—tomorrow if not already today—AI.

Wiener foresaw the problems that Turing and the other optimists have largely overlooked. The real danger, he said, is

> that such machines, though helpless by themselves, may be used by a human being or a block of human beings to increase their control over the rest of the race or that political leaders may attempt to control their populations by means not of machines themselves but through political techniques as narrow and indifferent to human possibility as if they had, in fact, been conceived mechanically. (p. 181)

The power, he recognized, lay primarily in the algorithms, not the hardware they run on, although the hardware of today makes practically possible algorithms that would have seemed preposterously cumbersome in Wiener's day. What can we say about these "techniques" that are "narrow and indifferent to human possibility"? They have been introduced again and again, some obviously benign, some obviously dangerous, and many in the omnipresent middle ground of controversy.

Consider a few of the skirmishes. My late friend Joe Weizenbaum, Wiener's successor as MIT's Jeremiah of hi-tech, loved to observe that credit cards, whatever their virtues, also provided an inexpensive and almost foolproof way for the government, or corporations, to track the travels and habits and desires of individuals. The anonymity of cash has been largely underappreciated, except by drug dealers and other criminals, and now it may be going extinct. This may make money laundering a more difficult technical challenge in the future, but the AI pattern finders arrayed against it have the side effect of making us all more transparent to any "block of human beings" that may "attempt to control" us.

Looking to the arts, the innovation of digital audio and video recording lets us pay a small price (in the eyes of all but the most ardent audiophiles and film lovers) when we abandon analog formats, and in return provides easy—all too easy?—reproduction of artworks with almost perfect fidelity. But there is a huge hidden cost. Orwell's Ministry of Truth is now a practical possibility. AI techniques for creating all-but-undetectable forgeries of "recordings" of encounters are now becoming available which will render obsolete the tools of investigation we have come to take for granted in the last hundred and fifty years. Will we simply abandon the brief Age of Photographic Evidence and return to the earlier world in which human memory and trust provided the gold standard, or will we develop new techniques of defense and offense in the arms race of truth? (We can imagine a return to *analog* film-exposed-to-light, kept in "tamper-proof" systems until shown to juries, etc., but how long would it be before somebody figured out a way to infect such systems with doubt? One of the disturbing lessons of recent experience is that the task of destroying a reputation for credibility is much less expensive than the task of protecting such a reputation.) Wiener saw the phenomenon at its most general: "…in



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the long run, there is no distinction between arming ourselves and arming our enemies." (p. 129) The Information Age is also the Dysinformation Age.

What can we do? We need to rethink our priorities with the help of the passionate but flawed analyses of Wiener, Weizenbaum, and the other serious critics of our technophilia. A key phrase, it seems to me, is Wiener's almost offhand observation, above, that "these machines" are "helpless by themselves." As I have been arguing recently, we're making tools, not colleagues, and the great danger is not appreciating the difference, which we should strive to accentuate, marking and defending it with political and legal innovations.

Perhaps the best way to see what is being missed is to note that Alan Turing himself suffered an entirely understandable failure of imagination in his formulation of the famous Turing Test. As everyone knows, it is an adaptation of his "imitation game," in which a man, hidden from view and communicating verbally with a judge, tries to convince the judge that he is in fact a woman, while a woman, also hidden and communicating with the judge, tries to convince the judge that she is the woman. Turing reasoned that this would be a demanding challenge for a man (or for a woman pretending to be a man), exploiting a wealth of knowledge about how the other sex thinks and acts, what they tend to favor or ignore. Surely (*ding!*)[9], any man who could beat a woman at being perceived to be a woman would be an intelligent agent. What Turing did not foresee is the power of deep-learning AI to acquire this wealth of information in an exploitable form *without having to understand it.* Turing imagined an astute and imaginative (and hence conscious) agent who cunningly designed his responses based on his detailed "theory" of what women are likely to do and say. Top-down intelligent design, in short. He certainly didn't think that a man, winning the imitation game, would somehow *become* a woman; he imagined that there would still be a man's consciousness guiding the show. The hidden premise in Turing's almost-argument was: Only a conscious, intelligent *agent* could devise and control a winning strategy in the imitation game. And so it was persuasive to Turing (and others, including me, still a stalwart defender of the Turing Test) to argue that a "computing machine" that could pass as human in a contest with a human might not be conscious in just the way a human being is, but would nevertheless have to be a conscious agent of *some* kind. I think this is still a defensible position—the only defensible position—but you have to understand how resourceful and ingenious a judge would have to be to expose the shallowness of the façade that a deep-learning AI (a tool, not a colleague) could present.

What Turing didn't foresee is the uncanny ability of superfast computers to sift mindlessly through Big Data, of which the Internet provides an inexhaustible supply, finding probabilistic patterns in human activity that could be used to pop "authentic"-seeming responses into the output for almost any probe a judge would think to offer. Wiener also underestimates this possibility, seeing the tell-tale weakness of a machine in not being able to

> take into account the vast range of probability that characterizes the human situation. (p.181)

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[9] The *surely alarm* (the habit of having a bell ring in your head whenever you see the word in an argument) is described and defended by me in *Intuition Pumps and Other Tools for Thinking* (2013).



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But taking into account that range of probability is just where the new AI excels. The only chink in the armor of AI is that word "vast"; human possibilities, thanks to language and the culture that it spawns, are truly Vast.[10] No matter how many patterns we may find with AI in the flood of data that has so far found its way onto the Internet, there are Vastly more possibilities that have never been recorded there. Only a fraction (but not a Vanishing fraction) of the world's accumulated wisdom and design and repartee and silliness has made it onto the Internet, but probably a better tactic for the judge to adopt when confronting a candidate in the Turing Test is not to *search* for such items but to *create* them anew. AI in its current manifestations is parasitic on human intelligence. It quite indiscriminately gorges on whatever has been produced by human creators and extracts the patterns to be found there—including some of our most pernicious habits.[11] These machines do not (yet) have the goals or strategies or capacities for self-criticism and innovation to permit them to transcend their databases by reflectively thinking about their own thinking and their own goals. They are, as Wiener says, helpless, not in the sense of being *shackled* agents or *disabled* agents but in the sense of not being agents at all—not having the capacity to be "moved by reasons" (as Kant put it) presented to them. It is important that we keep it that way, which will take some doing.

One of the flaws in Weizenbaum's book *Computer Power and Human Reason,* something I tried in vain to convince him of in many hours of discussion, is that he could never decide which of two theses he wanted to defend: *AI is impossible!* or *AI is possible but evil!* He wanted to argue, with John Searle and Roger Penrose, that "Strong AI" is impossible, but there are no good arguments for that conclusion. After all, everything we now know suggests that, as I have put it, we are robots made of robots made of robots. . . down to the motor proteins and their ilk, with no magical ingredients thrown in along the way. Weizenbaum's more important and defensible message was that we should not strive to create Strong AI and should be extremely cautious about the AI systems that we can create and have already created. As one might expect, the defensible thesis is a hybrid: *AI* (Strong AI) *is possible in principle but not desirable. The AI that's practically possible is not necessarily evil—unless it is mistaken for Strong AI!*

The gap between today's systems and the science-fictional systems dominating the popular imagination is still huge, though many folks, both lay and expert, manage to underestimate it. Let's consider IBM's Watson, which can stand as a worthy landmark for our imaginations for the time being. It is the result of a very large-scale R&D process extending over many person-centuries of intelligent design, and as George Church notes in these pages, it uses thousands of times more energy than a human brain (a technological limitation that, as he also notes, may be temporary). Its victory in *Jeopardy!* was a genuine triumph, made possible by the formulaic restrictions of the *Jeopardy!* rules, but in order for it to compete, even these rules had to be revised (one of

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[10] In *Darwin's Dangerous Idea,* 1995, p. 109, I coined the capitalized version, *Vast,* meaning *Very much more than ASTronomical*, and its complement, *Vanishing,* to replace the usual exaggerations *infinite* and *infinitesimal* for discussions of those possibilities that are not officially infinite but nevertheless infinite for all practical purposes.

[11] Aylin Caliskan-Islam, Joanna J. Bryson & Arvind Narayanan, "Semantics derived automatically from language corpora contain human-like biases," *Science,* 14 April 2017, 356: 6334, pp. 183-6. DOI: 10.1126/science.aal4230.



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those trade-offs: you give up a little versatility, a little humanity, and get a crowd-pleasing show). Watson is not good company, in spite of misleading ads from IBM that suggest a general conversational ability, and turning Watson into a plausibly multidimensional *agent* would be like turning a hand calculator into Watson. Watson could be a useful core faculty for such an agent, but more like a cerebellum or an amygdala than a mind—at best, a special-purpose subsystem that could play a big supporting role, but not remotely up to the task of framing purposes and plans and building insightfully on its conversational experiences.

Why would we want to create a thinking, creative agent out of Watson? Perhaps Turing's brilliant idea of an operational test has lured us into a trap: the quest to create at least the illusion of a real person behind the screen, bridging the "uncanny valley." The danger, here, is that ever since Turing posed his challenge—which was, after all, a challenge to *fool* the judges—AI creators have attempted to paper over the valley with cutesy humanoid touches, Disneyfication effects that will enchant and disarm the uninitiated. Weizenbaum's ELIZA was the pioneer example of such superficial illusion-making, and it was his dismay at the ease with which his laughably simple and shallow program could persuade people they were having a serious heart-to-heart conversation that first sent him on his mission.

He was right to be worried. If there is one thing we have learned from the restricted Turing Test competitions for the Loebner Prize, it is that even very intelligent people who aren't tuned in to the possibilities and shortcuts of computer programming are readily taken in by simple tricks. The attitudes of people in AI toward these methods of dissembling at the "user interface" have ranged from contempt to celebration, with a general appreciation that the tricks are not deep but can be potent. One shift in attitude that would be very welcome is a candid acknowledgment that humanoid embellishments are *false advertising*—something to condemn, not applaud.

How could that be accomplished? Once we recognize that people are starting to make life-or-death decisions largely on the basis of "advice" from AI systems whose inner operations are unfathomable in practice, we can see a good reason why those who in any way encourage people to put more trust in these systems than they warrant should be held morally and legally accountable. AI systems are very powerful tools—so powerful that even experts will have good reason not to trust their own judgment over the "judgments" delivered by their tools. But then, if these tool users are going to benefit, financially or otherwise, from driving these tools through *terra incognita,* they need to make sure they know how to do this responsibly, with maximum control and justification. Licensing and bonding operators, just as we license pharmacists (and crane operators!) and other specialists whose errors and misjudgments can have dire consequences, can, with pressure from insurance companies and other underwriters, oblige creators of AI systems to go to extraordinary lengths to search for and reveal weaknesses and gaps in their products, and to train those entitled to operate them.

One can imagine a sort of inverted Turing Test in which the judge is on trial; until he or she can spot the weaknesses, the overstepped boundaries, the gaps in a system, no license to operate will be issued. The mental training required to achieve certification as a judge will be demanding. The urge to adopt the intentional stance, our normal tactic whenever we encounter what seems to be an intelligent agent, is almost overpoweringly strong. Indeed, the capacity to resist the allure of treating an apparent person as a person



HOUSE_OVERSIGHT_016266

is an ugly talent, reeking of racism or species-ism. Many people would find the cultivation of such a ruthlessly skeptical approach morally repugnant, and we can anticipate that even the most proficient system-users would occasionally succumb to the temptation to "befriend" their tools, if only to assuage their discomfort with the execution of their duties. No matter how scrupulously the AI designers launder the phony "human" touches out of their wares, we can expect novel habits of thought, conversational gambits and ruses, traps and bluffs to arise in this novel setting for human action. The comically long lists of known side effects of new drugs advertised on television will be dwarfed by the obligatory revelations of the sorts of questions that can*not* be responsibly answered by particular systems, with heavy penalties for those who "overlook" flaws in their products. It is widely noted that a considerable part of the growing economic inequality in today's world is due to the wealth accumulated by digital entrepreneurs; we should enact legislation that puts their deep pockets in escrow for the public good. Some of the deepest pockets are voluntarily out in front of these obligations to serve society first and make money secondarily, but we shouldn't rely on good will alone.

We don't need artificial conscious agents. There is a surfeit of natural conscious agents, enough to handle whatever tasks should be reserved for such special and privileged entities. We need intelligent tools. Tools do not have rights, and should not have feelings that could be hurt, or be able to respond with resentment to "abuses" rained on them by inept users.[12] One of the reasons for not making artificial conscious agents is that however autonomous they might become (and in principle, they can be as autonomous, as self-enhancing or self-creating, as any person), they would not—without special provision, which might be waived—share with us natural conscious agents our vulnerability or our mortality.

I once posed a challenge to students in a seminar at Tufts I co-taught with Matthias Scheutz on artificial agents and autonomy: Give me the specs for a robot that could sign a binding contract with you—not as a surrogate for some human owner but on its own. This isn't a question of getting it to understand the clauses or manipulate a pen on a piece of paper but of having and *deserving* legal status as a morally responsible agent. Small children can't sign such contracts, nor can those disabled people whose legal status requires them to be under the care and responsibility of guardians of one sort or another. The problem for robots who might want to attain such an exalted status is that, like Superman, they are too invulnerable to be able to make a credible promise. If they were to renege, what would happen? What would be the penalty for promise-breaking? Being locked in a cell or, more plausibly, dismantled? Being locked up is barely an inconvenience for an AI unless we first install artificial wanderlust that cannot be ignored or disabled by the AI on its own (and it would be systematically difficult to make this a foolproof solution, given the presumed cunning and self-knowledge of the AI); and dismantling an AI (either a robot or a bedridden agent like Watson) is not killing it, if the information stored in its design and software is preserved. The very ease of digital recording and transmitting—the breakthrough that permits software and data to be,

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[12] Joanna J. Bryson, "Robots Should Be Slaves," in *Close Engagement with Artificial Companions*, Yorick Wilks, ed., (Amsterdam, The Netherlands: John Benjamins, 2010), pp. 63-74; http://www.cs.bath.ac.uk/~jjb/ftp/Bryson-Slaves-Book09.html.
_____, "Patiency Is Not a Virtue: AI and the Design of Ethical Systems," https://www.cs.bath.ac.uk/~jjb/ftp/Bryson-Patiency-AAAISS16.pdf.



HOUSE_OVERSIGHT_016267

in effect, immortal—removes robots from the world of the vulnerable (at least robots of the usually imagined sorts, with digital software and memories). If this isn't obvious, think about how human morality would be affected if we could make "backups" of people every week, say. Diving headfirst on Saturday off a high bridge without benefit of bungee cord would be a rush that you wouldn't remember when your Friday night backup was put online Sunday morning, but you could enjoy the videotape of your apparent demise thereafter.

So what we are creating are not—should not be—conscious, humanoid agents but an entirely new sort of entities, rather like oracles, with no conscience, no fear of death, no distracting loves and hates, no personality (but all sorts of foibles and quirks that would no doubt be identified as the "personality" of the system): boxes of truths (if we're lucky) almost certainly contaminated with a scattering of falsehoods. It will be hard enough learning to live with them without distracting ourselves with fantasies about the Singularity in which these AIs will enslave us, literally. The *human* use of human beings will soon be changed—once again—forever, but we can take the tiller and steer between some of the hazards if we take responsibility for our trajectory.



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*The roboticist* **Rodney Brooks,** *featured in Errol Morris's 1997 documentary* Fast, Cheap and Out of Control *along with a lion-tamer, a topiarist, and an expert on the naked mole rat, was described by one reviewer as "smiling with a wild gleam in his eye." But that's pretty much true of most visionaries.*

*A few years later in his career, Brooks, as befits one of the world's leading roboticists, suggested that "we overanthropomorphize humans, who are after all mere machines." He went on to present a warm-hearted vision of a coming AI world in which "the distinction between us and robots is going to disappear." He also admitted to something of a divided worldview. "Like a religious scientist, I maintain two sets of inconsistent beliefs and act on each of them in different circumstances," he wrote. "It is this transcendence between belief systems that I think will be what enables mankind to ultimately accept robots as emotional machines, and thereafter start to empathize with them and attribute free will, respect, and ultimately rights to them."*

*That was in 2002. In these pages, he takes a somewhat more jaundiced, albeit narrower, view; he is alarmed by the extent to which we have come to rely on pervasive systems that are not just exploitative but also vulnerable, as a result of the too-rapid development of software engineering—an advance that seems to have outstripped the imposition of reliably effective safeguards.*



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## THE INHUMAN MESS OUR MACHINES HAVE GOTTEN US INTO

**Rodney Brooks**

***Rodney Brooks*** *is a computer scientist; Panasonic Professor of Robotics, emeritus, MIT; former director, MIT Computer Science Lab; and founder, chairman, and CTO of Rethink Robotics. He is the author of* Flesh and Machines.

Mathematicians and scientists are often limited in how they see the big picture, beyond their particular field, by the tools and metaphors they use in their work. Norbert Wiener is no exception, and I might guess that neither am I.

When he wrote *The Human Use of Human Beings,* Wiener was straddling the end of the era of understanding machines and animals simply as physical processes and the beginning of our current era of understanding machines and animals as computational processes. I suspect there will be future eras whose tools will look as distinct from the tools of the two eras Wiener straddled as those tools did from each other.

Wiener was a giant of the earlier era and built on the tools developed since the time of Newton and Leibniz to describe and analyze continuous processes in the physical world. In 1948 he published *Cybernetics,* a word he coined to describe the science of communication and control in both machines and animals. Today we would refer to the ideas in this book as control theory, an indispensable discipline for the design and analysis of physical machines, while mostly neglecting Wiener's claims about the science of communication. Wiener's innovations were largely driven by his work during the Second World War on mechanisms to aim and fire anti-aircraft guns. He brought mathematical rigor to the design of the sorts of technology whose design processes had been largely heuristic in nature: from the Roman waterworks through Watt's steam engine to the early development of automobiles.

One can imagine a different contingent version of our intellectual and technological history had Alan Turing and John von Neumann, both of whom made major contributions to the foundations of computing, not appeared on the scene. Turing contributed a fundamental model of computation—now known as a Turing Machine—in his paper "On Computable Numbers with an Application to the Entscheidungsproblem," written and revised in 1936 and published in 1937. In these machines, a linear tape of symbols from a finite alphabet encodes the input for a computational problem and also provides the working space for the computation. A different machine was required for each separate computational problem; later work by others would show that in one particular machine, now known as a Universal Turing Machine, an arbitrary set of computing instructions could be encoded on that same tape.

In the 1940s, von Neumann developed an abstract self-reproducing machine called a cellular automaton. In this case it occupied a finite subset of an infinite two-dimensional array of squares each containing a single symbol from a finite alphabet of twenty-nine distinct symbols—the rest of the infinite array starts out blank. The single symbols in each square change in lockstep, based on a complex but finite rule about the current symbol in that square and its immediate neighbors. Under the complex rule that von Neumann developed, most of the symbols in most of the squares stay the same and a few change at each step. So when one looks at the non-blank squares, it appears that



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there is a constant structure with some activity going on inside it. When von Neumann's abstract machine reproduced, it made a copy of itself in another region of the plane. Within the "machine" was a horizontal line of squares which acted as a finite linear tape, using a subset of the finite alphabet. It was the symbols in those squares that encoded the machine of which they were a part. During the machine's reproduction, the "tape" could move either left or right and was both interpreted (transcribed) as the instructions (translation) for the new "machine" being built and then copied (replicated)—with the new copy being placed inside the new machine for further reproduction. Francis Crick and James Watson later showed, in 1953, how such a tape could be instantiated in biology by a long DNA molecule with its finite alphabet of four nucleobases: guanine, cytosine, adenine, and thymine (G, C, A, and T).[13] As in von Neumann's machine, in biological reproduction the linear sequence of symbols in DNA is interpreted—through transcription into RNA molecules, which then are translated into proteins, the structures that make up a new cell—and the DNA is replicated and encased in the new cell.

A second foundational piece of work was in a 1945 "First Draft" report on the design for a digital computer, wherein von Neumann advocated for a memory that could contain both instructions and data.[14] This is now known as a von Neumann architecture computer—as distinct from a Harvard architecture computer, where there are two separate memories, one for instructions and one for data. The vast majority of computer chips built in the era of Moore's Law are based on the von Neumann architecture, including those powering our data centers, our laptops, and our smartphones. Von Neumann's digital-computer architecture is conceptually the same generalization—from early digital computers constructed with electromagnetic relays at both Harvard University and Bletchley Park—that occurs in going from a special-purpose Turing Machine to a Universal Turing Machine. Furthermore, his self-replicating automata share a fundamental similarity with both the construction of a Turing Machine and the mechanism of DNA-based reproducing biological cells. There is to this day scholarly debate over whether von Neumann saw the cross connections between these three pieces of work, Turing's and his two. Turing's revision of his paper was done while he and von Neumann were both at Princeton; indeed, after getting his PhD, Turing almost stayed on as von Neumann's postdoc.

Without Turing and von Neumann, the cybernetics of Wiener might have remained a dominant mode of thought and driver of technology for much longer than its brief moment of supremacy. In this imaginary version of history, we might well live today in an actual steam-punk world and not just get to observe its fantastical instantiations at Maker Faires!

My point is that Wiener thought about the world—physical, biological, and (in *Human Use*) sociological—in a particular way. He analyzed the world as continuous variables, as he explains in chapter 1 along with a nod to thermodynamics through an overlay of Gibbs statistics. He also shoehorns in a weak and unconvincing model of information as message-passing between and among both physical and biological entities. To me, and from today's vantage point seventy years on, his tools seem woefully

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[13] "A Structure for Deoxyribose Nucleic Acid," *Nature* 171, 737–738 (1953).

[14] https://en.wikipedia.org//wiki/First_Draft_of_a_Report_on_the_EDVAC#Controversy. Von Neumann is listed as the only author, whereas others contributed to the concepts he laid out; thus credit for the architecture has gone to him alone.



HOUSE_OVERSIGHT_016271

inadequate for describing the mechanisms underlying biological systems, and so he missed out on how similar mechanisms might eventually be embodied in technological computational systems—as now they have been. Today's dominant technologies were developed in the world of Turing and von Neumann, rather than the world of Wiener.

In the first industrial revolution, energy from a steam engine or a water wheel was used by human workers to replace their own energy. Instead of being a source of energy for physical work, people became modulators of how a large source of energy was used. But because steam engines and water wheels had to be large to be an efficient use of capital, and because in the 18th century the only technology for spatial distribution of energy was mechanical and worked only at very short range, many workers needed to be crowded around the source of energy. Wiener correctly argues that the ability to transmit energy as electricity caused a second industrial revolution. Now the source of energy could be distant from where it was used, and from the beginning of the 20th century, manufacturing could be much more dispersed as electrical-distribution grids were built.

Wiener then argues that a further new technology, that of the nascent computational machines of his time, will provide yet another revolution. The machines he talks about seem to be both analog and (perhaps) digital in nature; and he points out, in *The Human Use of Human Beings*, that since they will be able to make decisions, both blue-collar and white-collar workers may be reduced to being mere cogs in a much bigger machine. He fears that humans might use and abuse one another through organizational structures that this capability will encourage. We have certainly seen this play out in the last sixty years, and that disruption is far from over.

However, his physics-based view of computation protected him from realizing just how bad things might get. He saw machines' ability to communicate as providing a new and more inhuman way of exerting command and control. He missed that within a few decades computation systems would become more like biological systems, and it seems, from his descriptions in chapter 10 of his own work on modeling some aspects of biology, that he woefully underappreciated the many orders of magnitude of further complexity of biology over physics. We are in a much more complex situation today than he foresaw, and I am worried that it is much more pernicious than even his worst imagined fears.

In the 1960s, computation became firmly based on the foundations set out by Turing and von Neumann, and it was digital computation, based on the idea of finite alphabets which they both used. An arbitrarily long sequence, or string, formed by characters from a finite alphabet, can be encoded as a unique integer. As with Turing Machines themselves, the formalism for computation became that of computing an integer-valued function of a single integer-valued input.

Turing and von Neumann both died in the 1950s and at that time this is how they saw computation. Neither foresaw the exponential increase in computing capability that Moore's Law would bring—nor how pervasive computing machinery would become. Nor did they foresee two developments in our modeling of computation, each of which poses a great threat to human society.

The first is rooted in the abstractions they adopted. In the fifty-year, Moore's Law–fueled race to produce software that could exploit the doubling of computer capability every two years, the typical care and certification of engineering disciplines was thrown by the wayside. Software engineering was fast and prone to failures. This



HOUSE_OVERSIGHT_016272

rapid development of software without standards of correctness has opened up many routes to exploit von Neumann architecture's storage of data and instructions in the same memory. One of the most common routes, known as "buffer overrun," involves an input number (or long string of characters) that is bigger than the programmer expected and overflows into where the instructions are stored. By carefully designing an input number that is too big by far, someone using a piece of software can infect it with instructions not intended by the programmer, and thus change what it does. This is the basis for creating a computer virus—so named for its similarity to a biological virus. The latter injects extra DNA into a cell, and that cell's transcription and translation mechanism blindly interprets it, making proteins that may be harmful to the host cell. Furthermore, the replication mechanism for the cell takes care of multiplying the virus. Thus, a small foreign entity can take control of a much bigger entity and bend its behavior in unexpected ways.

These and other forms of digital attacks have taken the security of our everyday lives from us. We rely on computers for almost everything now. We rely on computers for our infrastructure of electricity, gas, roads, cars, trains, and airplanes; these are all vulnerable. We rely on computers for our banking, our payment of bills, our retirement accounts, our mortgages, our purchasing of goods and services—these, too, are all vulnerable. We rely on computers for our entertainment, our communications both business and personal, our physical security at home, our information about the world, and our voting systems—all vulnerable. None of this will get fixed anytime soon. In the meantime, many aspects of our society are open to vicious attacks, whether by freelancing criminals or nation-state adversaries.

The second development is that computation has gone beyond simply computing functions. Instead, programs remain online continuously, and so they can gather data about a sequence of queries. Under the Wiener/Turing/von Neumann scheme, we might think of the communication pattern for a Web browser to be:

*User: Give me Web page A.*
*Browser: Here is Web page A.*
…
*User: Give me Web page B.*
*Browser: Here is Web page B.*

Now instead it can look like this:

*User: Give me Web page A.*
*Browser: Here is Web page A. [And I will secretly remember that you asked for Web page A.]*
...
*User: Give me Web page B.*
*Browser: Here is Web page B. [I see a correlation between its contents and that of the earlier requested Web page A, so I will update my model of you, the user, and transmit it to the company that produced me.]*



HOUSE_OVERSIGHT_016273

When the machine no longer simply computes a function but instead maintains a state, it can start to make inferences about the human by the sequence of requests presented to it. And when different programs correlate across different request streams—say, correlating Web-page searches with social-media posts, or the payment for services on another platform, or the dwell time on a particular advertisement, or where the user has walked or driven with their GPS-enabled smartphone—the total systems of many programs communicating with one another and with databases leads to a whole new loss of privacy. The great exploitative leap made by so many West Coast companies has been to monetize those inferences without the knowing permission of the person generating the interactions with the computing machine platforms.

Wiener, Turing, and von Neumann could not foresee the complexity of those platforms, wherein the legal mumbo-jumbo of the terms-of-use contracts the humans willingly enter into, without an inkling of what they entail, leads them to give up rights they would never concede in a one-on-one interaction with another human being. The computation platforms have become a shield behind which some companies hide in order to inhumanly exploit others. In certain other countries, the governments carry out these manipulations, and there the goal is not profits but the suppression of dissent.

Humankind has gotten itself into a fine pickle: We are being exploited by companies that paradoxically deliver services we crave, and at the same time our lives depend on many software-enabled systems that are open to attack. Getting ourselves out of this mess will be a long-term project. It will involve engineering, legislation, and most important, moral leadership. Moral leadership is the first and biggest challenge.



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*I first met* **Frank Wilczek** *in the 1980s, when he invited me to his home in Princeton to talk about anyons. "The address is 112 Mercer Street," he wrote. "Look for the house with no driveway." So there I was, a few hours later, in Einstein's old living room, talking to a future recipient of the Nobel Prize in physics. If Frank was as impressed as I was by the surroundings, you'd never guess it. His only comment concerned the difficulty of finding a parking place in front of a "house with no driveway."*

*Unlike most theoretical physicists, Frank has long had a keen interest in AI, as witnessed in these three "Observations":*

*1. "Francis Crick called it 'the Astonishing Hypothesis': that consciousness, also known as Mind, is an emergent property of matter," which, if true, indicates that "all intelligence is machine intelligence. What distinguishes natural from artificial intelligence is not what it is, but only how it is made."*

*2. "Artificial intelligence is not the product of an alien invasion. It is an artifact of a particular human culture and reflects the values of that culture."*

*3. "David Hume's striking statement 'Reason Is, and Ought only to Be, the Slave of the Passions' was written in 1738 [and] was, of course, meant to apply to human reason and human passions. . . . But Hume's logical/philosophical point remains valid for AI. Simply put: Incentives, not abstract logic, drive behavior."*

*He notes that "the big story of the 20th and the 21st century is that [as] computing develops, we learn how to calculate the consequences of the [fundamental] laws better and better. There's also a feedback cycle: When you understand matter better, you can design better computers, which will enable you to calculate better. It's kind of an ascending helix."*

*Here he argues that human intelligence, for now, holds the advantage—yet our future, unbounded by our solar system and doubtless also by our galaxy, will never be realized without the help of our AIs.*



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# THE UNITY OF INTELLIGENCE
**Frank Wilczek**

***Frank Wilczek*** *is Herman Feshbach Professor of Physics at MIT, recipient of the 2004 Nobel Prize in physics, and the author of* A Beautiful Question: Finding Nature's Deep Design.

***I. A Simple Answer to Contentious Questions:***

- Can an artificial intelligence be conscious?
- Can an artificial intelligence be creative?
- Can an artificial intelligence be evil?

Those questions are often posed today, both in popular media and in scientifically informed debates. But the discussions never seem to converge. Here I'll begin by answering them as follows:

Based on physiological psychology, neurobiology, and physics, it would be very surprising if the answers were not Yes, Yes, and Yes. The reason is simple, yet profound: Evidence from those fields makes it overwhelmingly likely that there is no sharp divide between natural and artificial intelligence.

In his 1994 book of that title, the renowned biologist Francis Crick proposed an "astonishing hypothesis": that mind emerges from matter. He famously claimed that mind, in all its aspects, is "no more than the behavior of a vast assembly of nerve cells and their associated molecules."

The "astonishing hypothesis" is in fact the foundation of modern neuroscience. People try to understand how minds work by understanding how brains function; and they try to understand how brains function by studying how information is encoded in electrical and chemical signals, transformed by physical processes, and used to control behavior. In that scientific endeavor, they make no allowance for extraphysical behavior. So far, in thousands of exquisite experiments, that strategy has never failed. It has never proved necessary to allow for the influence of consciousness or creativity unmoored from brain activity to explain any observed fact of psychophysics or neurobiology. No one has ever stumbled upon a power of mind which is separate from conventional physical events in biological organisms. While there are many things we do not understand about brains, and about minds, the "astonishing hypothesis" has held intact.

If we broaden our view beyond neurobiology to consider the whole range of scientific experimentation, the case becomes still more compelling. In modern physics, the foci of interest are often extremely delicate phenomena. To investigate them, experimenters must take many precautions against contamination by "noise." They often find it necessary to construct elaborate shielding against stray electric and magnetic fields; to compensate for tiny vibrations due to micro-earthquakes or passing cars; to work at extremely low temperatures and in high vacuum, and so forth. But there's a notable exception: They have never found it necessary to make allowances for what people nearby (or, for that matter, far away) are thinking. No "thought waves," separate from known physical processes yet capable of influencing physical events, seem to exist.

That conclusion, taken at face value, erases the distinction between natural and artificial intelligence. It implies that if we were to duplicate, or accurately simulate, the physical processes occurring in a brain—as, in principle, we can—and wire up its input



HOUSE_OVERSIGHT_016276

and output to sense organs and muscles, then we would reproduce, in a physical artifact, the observed manifestations of natural intelligence. Nothing observable would be missing. As an observer, I'd have no less (and no more) reason to ascribe consciousness, creativity, or evil to that artifact than I do to ascribe those properties to its natural counterparts, like other human beings.

Thus, by combining Crick's "astonishing hypothesis" in neurobiology with powerful evidence from physics, we deduce that natural intelligence is a special case of artificial intelligence. That conclusion deserves a name, and I will call it "the astonishing corollary."

With that, we have the answer to our three questions. Since consciousness, creativity, and evil are obvious features of natural human intelligence, they are possible features of artificial intelligence.

A hundred years ago, or even fifty, to believe the hypothesis that mind emerges from matter, and to infer our corollary that natural intelligence is a special case of artificial intelligence, would have been leaps of faith. In view of the many surrounding gaps—chasms, really—in contemporary understanding of biology and physics, they were genuinely doubtful propositions. But epochal developments in those areas have changed the picture:

*In biology:* A century ago, not only thought but also metabolism, heredity, and perception were deeply mysterious aspects of life that defied physical explanation. Today, of course, we have extremely rich and detailed accounts of metabolism, heredity, and many aspects of perception, from the bottom up, starting at the molecular level.

*In physics:* After a century of quantum physics and its application to materials, physicists have discovered, over and over, how rich and strange the behavior of matter can be. Superconductors, lasers, and many other wonders demonstrate that large assemblies of molecular units, each simple in itself, can exhibit qualitatively new, "emergent" behavior, while remaining fully obedient to the laws of physics. Chemistry, including biochemistry, is a cornucopia of emergent phenomena, all now quite firmly grounded in physics. The pioneering physicist Philip Anderson, in an essay titled "More Is Different," offers a classic discussion of emergence. He begins by acknowledging that "the reductionist hypothesis [i.e., the completeness of physical explanations based on known interactions of simple parts] may still be a topic for controversy among philosophers, but among the great majority of active scientists I think it is accepted without question." But he goes on to emphasize that "[t]he behavior of large and complex aggregates of elementary particles, it turns out, is not to be understood in terms of a simple extrapolation of the properties of a few particles."[15] Each new level of size and complexity supports new forms of organization, whose patterns encode information in new ways and whose behavior is best described using new concepts.

Electronic computers are a magnificent example of emergence. Here, all the cards are on the table. Engineers routinely design, from the bottom up, based on known (and quite sophisticated) physical principles, machines that process information in extremely impressive ways. Your iPhone can beat you at chess, quickly collect and deliver information about anything, and take great pictures, too. Because the process whereby computers, smartphones, and other intelligent objects are designed and manufactured is completely transparent, there can be no doubt that their wonderful

[15] *Science,* 4 August 1972, Vol. 177, No. 4047, pp. 393-96.



HOUSE_OVERSIGHT_016277

capabilities emerge from regular physical processses, which we can trace down to the level of electrons, photons, quarks, and gluons. Evidently, brute matter can get pretty smart.

Let me summarize the argument. From two strongly supported hypotheses, we've drawn a straightforward conclusion:

- Human mind emerges from matter.
- Matter is what physics says it is.
- *Therefore,* the human mind emerges from physical processes we understand and can reproduce artificially.
- *Therefore,* natural intelligence is a special case of artificial intelligence.

Of course, our "astonishing corollary" could fail; the first two lines of this argument are hypotheses. But their failure would have to bring in a foundation-shattering discovery—a significant new phenomenon, with large-scale physical consequences, which takes place in unremarkable, well-studied physical circumstances (i.e., the materials, temperatures, and pressures inside human brains) yet which has somehow managed for many decades to elude determined investigators armed with sophisticated instruments. Such a discovery would be. . . astonishing.

***II. The Future of Intelligence***

It is part of human nature to improve on human bodies and minds. Historically, clothing, eyeglasses, and watches are examples of increasingly sophisticated augmentations that enhance our toughness, perception, and awareness. They are major improvements to the natural human endowment, whose familiarity should not blind us to their depth. Today smartphones and the Internet are bringing the human drive toward augmentation into realms more central to our identity as intelligent beings. They are giving us, in effect, quick access to a vast collective awareness and a vast collective memory.

At the same time, autonomous artificial intelligences have become world champions in a wide variety of "cerebral" games, such as chess and Go, and have taken over many sophisticated pattern-recognition tasks, such as reconstructing what happened during complex reactions at the Large Hadron Collider from a blizzard of emerging particle tracks, to find new particles; or gathering clues from fuzzy X-ray, fMRI, and other types of images, to diagnose medical problems.

Where is this drive toward self-enhancement and innovation taking us? While the precise sequence of events and the timescale over which they'll play out is impossible to predict (or, at least, beyond me), some basic considerations suggest that eventually the most powerful embodiments of mind will be quite different things from human brains as we know them today.

Consider six factors whereby information-processing technology exceeds human capabilities—vastly, qualitatively, or both:

- *Speed:* The orchestrated motion of electrons, which is the heart of modern artificial information-processing, can be much faster than the processes of diffusion and chemical change by which brains operate. Typical modern computer clock rates approach 10 gigahertz, corresponding to 10 billion operations per second. No single measure of speed applies to the bewildering variety of brain processes, but one fundamental limitation is latency of action



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potentials, which limits their spacing to a few 10s per second. It is probably no accident that the "frame rate," at which we can distinguish that movies are actually a sequence of stills, is about 40 per second. Thus, electronic processing is close to a billion times faster.

- *Size:* The linear dimension of a typical neuron is about 10 microns. Molecular dimensions, which set a practical limit, are about 10,000 times smaller, and artificial processing units are approaching that scale. Smallness makes communication more efficient.
- *Stability:* Whereas human memory is essentially continuous (analog), artificial memory can incorporate discrete (digital) features. Whereas analog quantities can erode, digital quantities can be stored, refreshed, and maintained with complete accuracy.
- *Duty Cycle:* Human brains grow tired with effort. They need time off to take nourishment and to sleep. They carry the burden of aging. Most profoundly: They die.
- *Modularity* (open architecture): Because artificial information processors can support precisely defined digital interfaces, they can readily assimilate new modules. Thus, if we want a computer to "see" ultraviolet or infrared or "hear" ultrasound, we can feed the output from an appropriate sensor directly into its "nervous system." The architecture of brains is much more closed and opaque, and the human immune system actively resists implants.
- *Quantum readiness*: One case of modularity deserves special mention, because of its long-term potential. Recently physicists and information scientists have come to appreciate that the principles of quantum mechanics support new computing principles, which can empower qualitatively new forms of information processing and (plausibly) new levels of intelligence. But these possibilities rely on aspects of quantum behavior which are quite delicate and seem especially unsuitable for interfacing with the warm, wet, messy enviroment of human brains.

Evidently, as platforms for intelligence, human brains are far from optimal. Still, although versatile housekeeping robots or mechanical soldiers would find ready, lucrative markets, at present there is no machine that approaches the kind of general-purpose human intelligence those applications would require. Despite their relative weakness on many fronts, human brains have some big advantages over their artificial competitors. Let me mention five:

- *Three-dimensionality:* Although, as noted, the linear dimensions of existing artificial processing units are vastly smaller than those of brains, the procedure by which they're made—centered on lithography (basically, etching)—is essentially two-dimensional. That is revealed visibly in the geometry of computer boards and chips. Of course, one can stack boards, but the spacing between layers is much larger, and communication much less efficient, than within layers. Brains make better use of all three dimensions.
- *Self-repair:* Human brains can recover from, or work around, many kinds of injuries or errors. Computers often must be repaired or rebooted externally.



HOUSE_OVERSIGHT_016279

- *Connectivity:* Human neurons typically support several hundred connections (synapses). Moreover, the complex pattern of these connections is very meaningful. (See our next point.) Computer units typically make only a handful of connections, in regular, fixed patterns.
- *Development* (self-assembly with interactive sculpting): The human brain grows its units by cell divisions and orchestrates them into coherent structures by movement and folding. It also proliferates an abundance of connections among the cells. An important part of its sculpting occurs through active processes during infancy and childhood, as the individual interacts with his or her environment. In this process, many connections are winnowed away, while others are strengthened, depending on their effectiveness in use. Thus, the fine structure of the brain is tuned through interaction with the external world—a rich source of information and feedback!
- *Integration* (sensors and actuators): The human brain comes equipped with a variety of sensory organs, notably including its outgrowth eyes, and with versatile actuators, including hands that build, legs that walk, and mouths that speak. Those sensors and actuators are seamlessy integrated into the brain's information-processing centers, having been honed over millions of years of natural selection. We interpret their raw signals and control their large-scale actions with minimal conscious attention. The flip side is that we don't know how we do it, and the implementation is opaque. It's proving surprisingly difficult to reach human standards on these "routine" input-output functions.

These advantages of human brains over currently engineered artifacts are profound. Human brains supply an inspiring existence proof, showing us several ways we can get more out of matter. When, if ever, will our engineering catch up?

I don't know for sure, but let me offer some informed opinions. The challenges of three-dimensionality and, to a lesser extent, self-repair don't look overwhelming. They present some tough engineering problems, but many incremental improvements are easy to imagine, and there are clear paths forward. And while the powers of human eyes, hands, and other sensory organs and actuators are wonderfully effective, their abilities are far from exhausting any physical limits. Optical systems can take pictures with higher resolution in space, time, and color, and in more regions of the electromagnetic spectrum; robots can move faster and be stronger; and so forth. In these domains, the components necessary for superhuman performance, along many axes, are already available. The bottleneck is getting information into and out of them, rapidly, in the language of the information-processing units.

And this brings us to the remaining, and I think most profound, advantages of brains over artificial devices, which stem from their connectivity and interactive development. Those two advantages are synergistic, since it is interactive development that sculpts the massively wired but sprawling structure of the infant brain, enabled by exponential growth of neurons and synapses, to get tuned into the extraordinary instrument it becomes. Computer scientists are beginning to discover the power of the brain's architecture: Neural nets, whose basic design, as their name suggests, was directly inspired by the brain's, have scored some spectacular successes in game playing and pattern recognition, as noted. But present-day engineering has nothing comparable—in



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the (currently) esoteric domain of self-reproducing machines—to the power and versatility of neurons and their synapses. This could become a new, great frontier of research. Here too, biology might point the way, as we come to understand biological development well enough to imitate its essence.

Altogether, the advantages of artificial over natural intelligence appear permanent, while the advantages of natural over artificial intelligence, though substantial at present, appear transient. I'd guess that it will be many decades before engineering catches up, but—barring catastrophic wars, climate change, or plagues, so that technological progress stays vigorous—few centuries.

If that's right, we can look forward to several generations during which humans, empowered and augmented by smart devices, coexist with increasingly capable autonomous AIs. There will be a complex, rapidly changing ecology of intelligence, and rapid evolution in consequence. Given the intrinsic advantages that engineered devices will eventually offer, the vanguard of that evolution will be cyborgs and superminds, rather than lightly adorned *Homo sapiens.*

Another important impetus will come from the exploration of hostile environments, both on Earth (e.g., the deep ocean) and, especially, in space. The human body is poorly adapted to conditions outside a narrow band of temperatures, pressures, and atmospheric composition. It needs a wide variety of specific, complex nutrients, and plenty of water. Also, it is not radiation-hardened. As the manned space program has amply demonstrated, it is difficult and expensive to maintain humans outside their terrestrial comfort zone. Cyborgs or autonomous AIs could be much more effective in these explorations. Quantum AIs, with their sensitivity to noise, might even be happier in the cold and dark of deep space.

In a moving passage from his 1935 novel *Odd John,* science fiction's singular genius Olaf Stapledon has his hero, a superhuman (mutant) intelligence, describe *Homo sapiens* as "the Archaeopteryx of the spirit." He says this, fondly, to his friend and biographer, who is a normal human. Archaeopteryx was a noble creature, and a bridge to greater ones.



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*I was introduced to* **Max Tegmark** *some years ago by his MIT colleague Alan Guth, the father of the inflationary universe. A distinguished theoretical physicist and cosmologist himself, Max's principal concern nowadays is the looming existential risk posed by the creation of an AGI (artificial general intelligence—that is, one that matches human intelligence). Four years ago, Max co-founded, with Jaan Tallinn and others, the Future of Life Institute (FLI), which bills itself as "an outreach organization working to ensure that tomorrow's most powerful technologies are beneficial for humanity." While on a book tour in London, he was in the midst of planning for FLI, and he admits being driven to tears in a tube station after a trip to the London Science Museum, with its exhibitions spanning the gamut of humanity's technological achievements. Was all that impressive progress in vain?*

*FLI's scientific advisory board includes Elon Musk, Frank Wilczek, George Church, Stuart Russell, and the Oxford philosopher Nick Bostrom, who dreamed up an oft-quoted* Gedankenexperiment *that results in a world full of paper clips and nothing else, produced by an (apparently) well-meaning AGI who was just following orders. The Institute sponsors conferences (Puerto Rico 2015, Asilomar 2017) on AI safety issues and in 2018 instituted a grants competition focusing on research in aid of maximizing the societal benefits of AGI.*

*While Max is sometimes listed—by the non-cognoscenti—on the side of the scaremongers, he believes, like Frank Wilczek, in a future that will immensely benefit from AGI if, in the attempt to create it, we can keep the human species from being sidelined.*



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## LET'S ASPIRE TO MORE THAN MAKING OURSELVES OBSOLETE

**Max Tegmark**

***Max Tegmark** is an MIT physicist and AI researcher; president of the Future of Life Institute; scientific director of the Foundational Questions Institute; and the author of* Our Mathematical Universe *and* Life 3.0: Being Human in the Age of Artificial Intelligence.

Although there's great controversy about how and when AI will impact humanity, the situation is clearer from a cosmic perspective: The technology-developing life that has evolved on Earth is rushing to make itself obsolete without devoting much serious thought to the consequences. This strikes me as embarrassingly lame, given that we can create amazing opportunities for humanity to flourish like never before, if we dare to steer a more ambitious course.

13.8 billion years after its birth, our Universe has become aware of itself. On a small blue planet, tiny conscious parts of our Universe have discovered that what they once thought was the sum total of existence was a minute part of something far grander: a solar system in a galaxy in a universe with over 100 billion other galaxies, arranged into an elaborate pattern of groups, clusters, and superclusters.

Consciousness is the cosmic awakening; it transformed our Universe from a mindless zombie with no self-awareness into a living ecosystem harboring self-reflection, beauty, hope, meaning, and purpose. Had that awakening never taken place, our Universe would have been pointless—a gigantic waste of space. Should our Universe go back to sleep permanently due to some cosmic calamity or self-inflicted mishap, it will become meaningless again.

On the other hand, things could get even better. We don't yet know whether we humans are the only stargazers in the cosmos, or even the first, but we've already learned enough about our Universe to know that it has the potential to wake up much more fully than it has thus far. AI pioneers such as Norbert Wiener have taught us that a further awakening of our Universe's ability to process and experience information need not require eons of additional evolution but perhaps mere decades of human scientific ingenuity.

We may be like that first glimmer of self-awareness you experienced when you emerged from sleep this morning, a premonition of the much greater consciousness that would arrive once you opened your eyes and fully awoke. Perhaps artificial superintelligence will enable life to spread throughout the cosmos and flourish for billions or trillions of years, and perhaps this will be because of decisions we make here, on our planet, in our lifetime.

Or humanity may soon go extinct, through some self-inflicted calamity caused by the power of our technology growing faster than the wisdom with which we manage it.

### *The evolving debate about AI's societal impact*

Many thinkers dismiss the idea of superintelligence as science fiction, because they view intelligence as something mysterious that can exist only in biological organisms—especially humans—and as fundamentally limited to what today's humans can do. But from my perspective as a physicist, intelligence is simply a certain kind of information



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processing performed by elementary particles moving around, and there's no law of physics that says one can't build machines more intelligent in every way than we are, and able to seed cosmic life. This suggests that we've seen just the tip of the intelligence iceberg; there's an amazing potential to unlock the full intelligence latent in nature and use it to help humanity flourish—or flounder.

Others, including some of the authors in this volume, dismiss the building of an AGI (Artificial General Intelligence—an entity able to accomplish any cognitive task at least as well as humans) not because they consider it physically impossible but because they deem it too difficult for humans to pull off in less than a century. Among professional AI researchers, both types of dismissal have become minority views because of recent breakthroughs. There is a strong expectation that AGI will be achieved within a century, and the median forecast is only decades away. A recent survey of AI researchers by Vincent Muller and Nick Bostrom concludes:

> [T]he results reveal a view among experts that AI systems will probably (over 50%) reach overall human ability by 2040-50, and very likely (with 90% probability) by 2075. From reaching human ability, it will move on to superintelligence in 2 years (10%) to 30 years (75%) thereafter.[16]

In the cosmic perspective of gigayears, it makes little difference whether AGI arrives in thirty or three hundred years, so let's focus on the implications rather than the timing.

First, we humans discovered how to replicate some natural processes with machines, making our own heat, light, and mechanical horsepower. Gradually we realized that our bodies were also machines, and the discovery of nerve cells blurred the boundary between body and mind. Finally, we started building machines that could outperform not only our muscles but our minds as well. We've now been eclipsed by machines in the performance of many narrow cognitive tasks, ranging from memorization and arithmetic to game play, and we are in the process of being overtaken in many more, from driving to investing to medical diagnosing. If the AI community succeeds in its original goal of building AGI, then we will have, by definition, been eclipsed at all cognitive tasks.

This begs many obvious questions. For example, will whoever or whatever controls the AGI control Earth? Should we aim to control superintelligent machines? If not, can we ensure that they understand, adopt, and retain human values? As Norbert Wiener put it in *The Human Use of Human Beings:*

> Woe to us if we let [the machine] decide our conduct, unless we have previously examined the laws of its action, and know fully that its conduct will be carried out on principles acceptable to us! On the other hand, the machine . . . , which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.

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[16] Vincent C. Müller & Nick Bostrom, "Future Progress in Artificial Intelligence: A Survey of Expert Opinion," in *Fundamental Issues of Artificial Intelligence*, Vincent C. Muller, ed. (Springer International Publishing Switzerland, 2016), pp. 555-72. https://nickbostrom.com/papers/survey.pdf.



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And who are the "us"? Who should deem "such decisions . . . acceptable"? Even if future powers decide to help humans survive and flourish, how will we find meaning and purpose in our lives if we aren't needed for anything?

The debate about the societal impact of AI has changed dramatically in the last few years. In 2014, what little public talk there was of AI risk tended to be dismissed as Luddite scaremongering, for one of two logically incompatible reasons:

(1) AGI was overhyped and wouldn't happen for at least another century.

(2) AGI would probably happen sooner but was virtually guaranteed to be beneficial.

Today, talk of AI's societal impact is everywhere, and work on AI safety and AI ethics has moved into companies, universities, and academic conferences. The controversial position on AI safety research is no longer to advocate for it but to dismiss it. Whereas the open letter that emerged from the 2015 Puerto Rico AI conference (and helped mainstream AI safety) spoke only in vague terms about the importance of keeping AI beneficial, the 2017 Asilomar AI Principles (see below) had real teeth: They explicitly mention recursive self-improvement, superintelligence, and existential risk, and were signed by AI industry leaders and over a thousand AI researchers from around the world.

Nonetheless, most discussion is limited to the near-term impact of narrow AI and the broader community pays only limited attention to the dramatic transformations that AGI may soon bring to life on Earth. Why?

***Why we're rushing to make ourselves obsolete, and why we avoid talking about it***

First of all, there's simple economics. Whenever we figure out how to make another type of human work obsolete by building machines that do it better and cheaper, most of society gains: Those who build and use the machines make profits, and consumers get more affordable products. This will be as true of future investor AGIs and scientist AGIs as it was of weaving machines, excavators, and industrial robots. In the past, displaced workers usually found new jobs, but this basic economic incentive will remain even if that is no longer the case. The existence of affordable AGI means, by definition, that *all* jobs can be done more cheaply by machines, so anyone claiming that "people will always find new well-paying jobs" is in effect claiming that AI researchers will fail to build AGI.

Second, *Homo sapiens* is by nature curious, which will motivate the scientific quest for understanding intelligence and developing AGI even without economic incentives. Although curiosity is one of the most celebrated human attributes, it can cause problems when it fosters technology we haven't yet learned how to manage wisely. Sheer scientific curiosity without profit motive contributed to the discovery of nuclear weapons and tools for engineering pandemics, so it's not unthinkable that the old adage "Curiosity killed the cat" will turn out to apply to the human species as well.

Third, we're mortal. This explains the near unanimous support for developing new technologies that help us live longer, healthier lives, which strongly motivates current AI research. AGI can clearly aid medical research even more. Some thinkers even aspire to near immortality via cyborgization or uploading.

We're thus on the slippery slope toward AGI, with strong incentives to keep sliding downward, even though the consequence will by definition be our economic obsolescence. We will no longer be needed for anything, because all jobs can be done



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more efficiently by machines. The successful creation of AGI would be the biggest event in human history, so why is there so little serious discussion of what it might lead to?

Here again, the answer involves multiple reasons.

First, as Upton Sinclair famously quipped, "It is difficult to get a man to understand something, when his salary depends on his not understanding it."[17] For example, spokesmen for tech companies or university research groups often claim there are no risks attached to their activities even if they privately think otherwise. Sinclair's observation may help explain not only reactions to risks from smoking and climate change but also why some treat technology as a new religion whose central articles of faith are that more technology is always better and whose heretics are clueless scaremongering Luddites.

Second, humans have a long track record of wishful thinking, flawed extrapolation of the past, and underestimation of emerging technologies. Darwinian evolution endowed us with powerful fear of concrete threats, not of abstract threats from future technologies that are hard to visualize or even imagine. Consider trying to warn people in 1930 of a future nuclear arms race, when you couldn't show them a single nuclear explosion video and nobody even knew how to build such weapons. Even top scientists can underestimate uncertainty, making forecasts that are either too optimistic—Where are those fusion reactors and flying cars?—or too pessimistic. Ernest Rutherford, arguably the greatest nuclear physicist of his time, said in 1933—less than twenty-four hours before Leo Szilard conceived of the nuclear chain reaction—that nuclear energy was "moonshine." Essentially nobody at that time saw the nuclear arms race coming.

Third, psychologists have discovered that we tend to avoid thinking of disturbing threats when we believe there's nothing we can do about them anyway. In this case, however, there are many constructive things we can do, if we can get ourselves to start thinking about the issue.

***What can we do?***

I'm advocating a strategy change from *"Let's rush to build technology that makes us obsolete—what could possibly go wrong?"* to *"Let's envision an inspiring future and steer toward it."*

To motivate the effort required for steering, this strategy begins by envisioning an enticing destination. Although Hollywood's futures tend to be dystopian, the fact is that AGI can help life flourish as never before. Everything I love about civilization is the product of intelligence, so if we can amplify our own intelligence with AGI, we have the potential to solve today's and tomorrow's thorniest problems, including disease, climate change, and poverty. The more detailed we can make our shared positive visions for the future, the more motivated we will be to work together to realize them.

What should we do in terms of steering? The twenty-three Asilomar principles adopted in 2017 offer plenty of guidance, including these short-term goals:

*(1) An arms race in lethal autonomous weapons should be avoided.*

*(2) The economic prosperity created by AI should be shared broadly, to benefit all of humanity.*

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[17] Upton Sinclair, *I, Candidate for Governor: And How I Got Licked* (Berkeley CA: University of California Press, 1994), p. 109.



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*(3) Investments in AI should be accompanied by funding for research on ensuring its beneficial use. . . . How can we make future AI systems highly robust, so that they do what we want without malfunctioning or getting hacked.*[18]

The first two involve not getting stuck in suboptimal Nash equilibria. An out-of-control arms race in lethal autonomous weapons that drives the price of automated anonymous assassination toward zero will be very hard to stop once it gains momentum. The second goal would require reversing the current trend in some Western countries where sectors of the population are getting poorer in absolute terms, fueling anger, resentment, and polarization. Unless the third goal can be met, all the wonderful AI technology we create might harm us, either accidentally or deliberately.

AI safety research must be carried out with a strict deadline in mind: Before AGI arrives, we need to figure out how to make AI understand, adopt, and retain our goals. The more intelligent and powerful machines get, the more important it becomes to align their goals with ours. As long as we build relatively dumb machines, the question isn't whether human goals will prevail but merely how much trouble the machines can cause before we solve the goal-alignment problem. If a superintelligence is ever unleashed, however, it will be the other way around: Since intelligence is the ability to accomplish goals, a superintelligent AI is by definition much better at accomplishing its goals than we humans are at accomplishing ours, and will therefore prevail.

In other words, *the real risk with AGI isn't malice but competence*. A superintelligent AGI will be extremely good at accomplishing its goals, and if those goals aren't aligned with ours, we're in trouble. People don't think twice about flooding anthills to build hydroelectric dams, so let's not place humanity in the position of those ants. Most researchers argue that if we end up creating superintelligence, we should make sure it's what AI-safety pioneer Eliezer Yudkowsky has termed "friendly AI"—AI whose goals are in some deep sense beneficial.

The moral question of what these goals should be is just as urgent as the technical questions about goal alignment. For example, what sort of society are we hoping to create, where we find meaning and purpose in our lives even though we, strictly speaking, aren't needed? I'm often given the following glib response to this question: "*Let's build machines that are smarter than us and then let them figure out the answer!*" This mistakenly equates intelligence with morality. Intelligence isn't good or evil but morally neutral. It's simply an ability to accomplish complex goals, good or bad. We can't conclude that things would have been better if Hitler had been more intelligent. Indeed, postponing work on ethical issues until after goal-aligned AGI is built would be irresponsible and potentially disastrous. A perfectly obedient superintelligence whose goals automatically align with those of its human owner would be like Nazi SS-Obersturmbannführer Adolf Eichmann on steroids. Lacking moral compass or inhibitions of its own, it would, with ruthless efficiency, implement its owner's goals, whatever they might be.[19]

When I speak of the need to analyze technology risk, I'm sometimes accused of scaremongering. But here at MIT, where I work, we know that such risk analysis isn't scaremongering: It's *safety engineering*. Before the moon-landing mission, NASA

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[18] https://futureoflife.org/ai-principles/

[19] See, for example, Hannah Arendt, *Eichmann in Jerusalem: A Report on the Banality of Evil* (New York: Penguin Classics, 2006).



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systematically thought through everything that could possibly go wrong when putting astronauts on top of a 110-meter rocket full of highly flammable fuel and launching them to a place where nobody could help them—and there were lots of things that could go wrong. Was this scaremongering? No, this was the safety engineering that ensured the mission's success. Similarly, we should analyze what could go wrong with AI to ensure that it goes right.

***Outlook***

In summary, if our technology outpaces the wisdom with which we manage it, it can lead to our extinction. It's already caused the extinction of from 20 to 50 percent of all species on Earth, by some estimates,[20] and it would be ironic if we're next in line. It would also be pathetic, given that the opportunities offered by AGI are literally astronomical, potentially enabling life to flourish for billions of years not only on Earth but also throughout much of our cosmos.

Instead of squandering this opportunity through unscientific risk denial and poor planning, let's be ambitious! *Homo sapiens* is inspiringly ambitious, as reflected in William Ernest Henley's famous lines from *Invictus*: "I am the master of my fate, / I am the captain of my soul." Rather than drifting like a rudderless ship toward our own obsolescence, let's take on and overcome the technical and societal challenges standing between us and a good high-tech future. What about the existential challenges related to morality, goals, and meaning? There's no meaning encoded in the laws of physics, so instead of passively waiting for our Universe to give meaning to us, let's acknowledge and celebrate that it's we conscious beings who give meaning to our Universe. Let's create our own meaning, based on something more profound than having jobs. AGI can enable us to finally become the masters of our own destiny. Let's make that destiny a truly inspiring one!

[20] See Elizabeth Kolbert, *The Sixth Extinction: An Unnatural History* (New York: Henry Holt, 2014).



HOUSE_OVERSIGHT_016288

**Jaan Tallinn** *grew up in Estonia, becoming one of its few computer game developers, when that nation was still a Soviet Socialist Republic. Here he compares the dissidents who brought down the Iron Curtain to the dissidents who are sounding the alarm about rapid advances in artificial intelligence. He locates the roots of the current AI dissidence, paradoxically, among such pioneers of the AI field as Wiener, Alan Turing, and I. J. Good.*

*Jaan's preoccupation is with existential risk, AI being among the most extreme of many. In 2012, he co-founded the Centre for the Study of Existential Risk—an interdisciplinary research institute that works to mitigate risks "associated with emerging technologies and human activity"—at the University of Cambridge, along with philosopher Huw Price and Martin Rees, the Astronomer Royal.*

*He once described himself to me as "a convinced consequentialist"—convinced enough to have given away much of his entrepreneurial wealth to the Future of Life Institute (of which he is a co-founder), the Machine Intelligence Research Institute, and other such organizations working on risk reduction. Max Tegmark has written about him: "If you're an intelligent life-form reading this text millions of years from now and marveling at how life is flourishing, you may owe your existence to Jaan."*

*On a recent visit to London, Jaan and I participated on an AI panel for the Serpentine Gallery's Marathon at London's City Hall, under the aegis of Hans Ulrich Obrist (another contributor to this volume). This being the art world, there was a glamorous dinner party that night in a mansion filled with London's beautiful people—artists, fashion models, oligarchs, stars of stage and screen. After working the room in his unaffected manner ("Hi, I'm Jaan"), he suddenly said, "Time for hip-hop dancing," dropped to the floor on one hand, and began demonstrating his spectacular moves to the bemused A-listers. Then off he went into the dance-club subculture, which is apparently how he ends every evening when he's on the road. Who knew?*



HOUSE_OVERSIGHT_016289

## DISSIDENT MESSAGES
**Jaan Tallinn**

***Jaan Tallin**, a computer programmer, theoretical physicist, and investor, is a co-developer of Skype and Kazaa.*

In March 2009, I found myself in a bland franchise eatery next to a noisy California freeway. I was there to meet a young man whose blog I had been following. To make himself recognizable, he wore a button with a text on it: *Speak the truth even if your voice trembles.* His name was Eliezer Yudkowsky, and we spent the next four hours discussing the message he had for the world—a message that had brought me to that eatery and would end up dominating my subsequent work.

***The First Message: the Soviet Occupation***

In *The Human Use of Human Beings*, Norbert Wiener looked at the world through the lens of communication. He saw a universe that was marching to the tune of the second law of thermodynamics toward its inevitable heat death. In such a universe, the only (meta)stable entities are *messages*—patterns of information that propagate through time, like waves propagating across the surface of a lake. Even we humans can be considered messages, because the atoms in our bodies are too fleeting to attach our identities to. Instead, we are the "message" that our bodily functions maintain. As Wiener put it: "It is the pattern maintained by this homeostasis, which is the touchstone of our personal identity."

I'm more used to treating processes and computation as the fundamental building blocks of the world. That said, Wiener's lens brings out some interesting aspects of the world which might otherwise have remained in the background and which to a large degree shaped my life. These are two messages, both of which have their roots in the Second World War. They started out as quiet dissident messages—messages that people didn't pay much attention to, even if they silently and perhaps subconsciously concurred. The first message was: *The Soviet Union is composed of a series of illegitimate occupations. These occupations must end.*

As an Estonian, I grew up behind the Iron Curtain and had a front row seat when it fell. I heard this first message in the nostalgic reminiscences of my grandparents and in between the harsh noises jamming the Voice of America. It grew louder during the Gorbachev era, as the state became more lenient in its treatment of dissidents, and reached a crescendo in the Estonian Singing Revolution of the late 1980s.

In my teens, I witnessed the message spread out across widening circles of people, starting with the active dissidents, who had voiced it for half a century at great cost to themselves, proceeding to the artists and literati, and ending up among the Party members and politicians who had switched sides. This new elite comprised an eclectic mix of people: those original dissidents who had managed to survive the repression, public intellectuals, and (to the great annoyance of the surviving dissidents) even former Communists. The remaining dogmatists—even the prominent ones—were eventually marginalized, some of them retreating to Russia.

Interestingly, as the message propagated from one group to the next, it evolved. It started in pure and uncompromising form ("The occupation must end!") among the dissidents who considered the truth more important than their personal freedom. The



HOUSE_OVERSIGHT_016290

mainstream groups, who had more to lose, initially qualified and diluted the message, taking positions like, "It would make sense in the long term to delegate control over local matters." (There were always exceptions: Some public intellectuals proclaimed the original dissident message verbatim.) Finally, the original message—being, simply, true—won out over its diluted versions. Estonia regained its independence in 1991, and the last Soviet troops left three years later.

The people who took the risk and spoke the truth in Estonia and elsewhere in the Eastern Bloc played a monumental role in the eventual outcome—an outcome that changed the lives of hundreds of millions of people, myself included. They spoke the truth, even as their voices trembled.

***The Second Message: AI Risk***

My exposure to the second revolutionary message was via Yudkowsky's blog—the blog that compelled me to reach out and arrange that meeting in California. The message was: *Continued progress in AI can precipitate a change of cosmic proportions—a runaway process that will likely kill everyone. We need to put in a lot of extra effort to avoid that outcome*.

After my meeting with Yudkowsky, the first thing I did was try to interest my Skype colleagues and close collaborators in his warning. I failed. The message was too crazy, too dissident. Its time had not yet come.

Only later did I learn that Yudkowsky wasn't the original dissident speaking this particular truth. In April 2000, there was a lengthy opinion piece in *Wired* titled, "Why the Future Doesn't Need Us," by Bill Joy, co-founder and chief scientist of Sun Microsystems. He warned:

> Accustomed to living with almost routine scientific breakthroughs, we have yet to come to terms with the fact that the most compelling 21st-century technologies—robotics, genetic engineering, and nanotechnology—pose a different threat than the technologies that have come before. Specifically, robots, engineered organisms, and nanobots share a dangerous amplifying factor: They can self-replicate. . . . [O]ne bot can become many, and quickly get out of control.

Apparently, Joy's broadside caused a lot of furor but little action.

More surprising to me, though, was that the AI-risk message arose almost simultaneously with the field of computer science. In a 1951 lecture, Alan Turing announced: "[I]t seems probable that once the machine thinking method had started, it would not take long to outstrip our feeble powers. . . . At some stage, therefore, we should have to expect the machines to take control. . . ."[21] A decade or so later, his Bletchley Park colleague I. J. Good wrote, "The first ultraintelligent machine is the *last* invention that man need ever make, provided that the machine is docile enough to tell us how to keep it under control."[22] Indeed, I counted half a dozen places in *The Human Use of Human Beings* where Wiener hinted at one or another aspect of the Control Problem. ("The machine like the djinnee, which can learn and can make decisions on the basis of

[21] Posthumously reprinted in *Phil. Math.* (3) vol. 4, 256-60 (1966).

[22] Irving John Good, "Speculations concerning the first ultraintelligent machine," *Advances in Computers,* vol. 6 (Academic Press, 1965), pp. 31-88.



HOUSE_OVERSIGHT_016291

its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.") Apparently, the original dissidents promulgating the AI-risk message were the AI pioneers themselves!

***Evolution's Fatal Mistake***

There have been many arguments, some sophisticated and some less so, for why the Control Problem is real and not some science-fiction fantasy. Allow me to offer one that illustrates the magnitude of the problem:

For the last hundred thousand years, the world (meaning the Earth, but the argument extends to the solar system and possibly even to the entire universe) has been in the human-brain regime. In this regime, the brains of *Homo sapiens* have been the most sophisticated future-shaping mechanisms (indeed, some have called them the most complicated objects in the universe). Initially, we didn't use them for much beyond survival and tribal politics in a band of foragers, but now their effects are surpassing those of natural evolution. The planet has gone from producing forests to producing cities.

As predicted by Turing, once we have superhuman AI ("the machine thinking method"), the human-brain regime will end. Look around you—you're witnessing the final decades of a hundred-thousand-year regime. This thought alone should give people some pause before they dismiss AI as just another tool. One of the world's leading AI researchers recently confessed to me that he would be greatly relieved to learn that human-level AI was impossible for us to create.

Of course, it might still take us a long time to develop human-level AI. But we have reason to suspect that this is not the case. After all, it didn't take long, in relative terms, for evolution—the blind and clumsy optimization process—to create human-level intelligence once it had animals to work with. Or multicellular life, for that matter: Getting cells to stick together seems to have been much harder for evolution to accomplish than creating humans once there were multicellular organisms. Not to mention that our level of intelligence was limited by such grotesque factors as the width of the birth canal. Imagine an AI developer being stopped in his tracks because he couldn't manage to adjust the font size on his computer!

There's an interesting symmetry here: In fashioning humans, evolution created a system that is, at least in many important dimensions, a more powerful planner and optimizer than evolution itself is. We are the first species to understand that we're the product of evolution. Moreover, we've created many artifacts (radios, firearms, spaceships) that evolution would have little hope of creating. Our future, therefore, will be determined by our own decisions and no longer by biological evolution. In that sense, evolution has fallen victim to its own Control Problem.

We can only hope that we're smarter than evolution in that sense. We *are* smarter, of course, but will that be enough? We're about to find out.

***The Present Situation***

So here we are, more than half a century after the original warnings by Turing, Wiener, and Good, and a decade after people like me started paying attention to the AI-risk message. I'm glad to see that we've made a lot of progress in confronting this issue, but we're definitely not there yet. AI risk, although no longer a taboo topic, is not yet fully



HOUSE_OVERSIGHT_016292

appreciated among AI researchers. AI risk is not yet common knowledge either. In relation to the timeline of the first dissident message, I'd say we're around the year 1988, when raising the Soviet-occupation topic was no longer a career-ending move but you still had to somewhat hedge your position. I hear similar hedging now—statements like, "I'm not concerned about superintelligent AI, but there are some real ethical issues in increased automation," or "It's good that some people are researching AI risk, but it's not a short-term concern," or even the very reasonable sounding, "These are small-probability scenarios, but their potentially high impact justifies the attention."

As far as message propagation goes, though, we are getting close to the tipping point. A recent survey of AI researchers who published at the two major international AI conferences in 2015 found that 40 percent now think that risks from highly advanced AI are either "an important problem" or "among the most important problems in the field."[23]

Of course, just as there were dogmatic Communists who never changed their position, it's all but guaranteed that some people will never admit that AI is potentially dangerous. Many of the deniers of the first kind came from the Soviet nomenklatura; similarly, the AI-risk deniers often have financial or other pragmatic motives. One of the leading motives is corporate profits. AI is profitable, and even in instances where it isn't, it's at least a trendy, forward-looking enterprise with which to associate your company. So a lot of the dismissive positions are products of corporate PR and legal machinery. In some very real sense, big corporations are nonhuman machines that pursue their own interests—interests that might not align with those of any particular human working for them. As Wiener observed in *The Human Use of Human Beings*: "When human atoms are knit into an organization in which they are used, not in their full right as responsible human beings, but as cogs and levers and rods, it matters little that their raw material is flesh and blood."

Another strong incentive to turn a blind eye to the AI risk is the (very human) curiosity that knows no bounds. "When you see something that is technically sweet, you go ahead and do it and you argue about what to do about it only after you have had your technical success. That is the way it was with the atomic bomb," said J. Robert Oppenheimer. His words were echoed recently by Geoffrey Hinton, arguably the inventor of deep learning, in the context of AI risk: "I could give you the usual arguments, but the truth is that the prospect of discovery is too sweet."

Undeniably, we have both entrepreneurial attitude and scientific curiosity to thank for almost all the nice things we take for granted in the modern era. It's important to realize, though, that progress does not *owe* us a good future. In Wiener's words, "It is possible to believe in progress as a fact without believing in progress as an ethical principle."

Ultimately, we don't have the luxury of waiting before all the corporate heads and AI researchers are willing to concede the AI risk. Imagine yourself sitting in a plane about to take off. Suddenly there's an announcement that 40 percent of the experts believe there's a bomb onboard. At that point, the course of action is already clear, and sitting there waiting for the remaining 60 percent to come around isn't part of it.

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[23] Katja Grace, et al., "When Will AI Exceed Human Performance? Evidence from AI Experts," https://arxiv.org/pdf/1705.08807.pdf.



HOUSE_OVERSIGHT_016293

***Calibrating the AI-Risk Message***

While uncannily prescient, the AI-risk message from the original dissidents has a giant flaw—as does the version dominating current public discourse: Both considerably understate the magnitude of the problem as well as AI's potential upside. The message, in other words, does not adequately convey the stakes of the game.

Wiener primarily warned of the *social* risks—risks stemming from careless integration of machine-generated decisions with governance processes and misuse (by humans) of such automated decision making. Likewise, the current "serious" debate about AI risks focuses mostly on things like technological unemployment or biases in machine learning. While such discussions can be valuable and address pressing short-term problems, they are also stunningly parochial. I'm reminded of Yudkowsky's quip in a blog post: "[A]sking about the effect of *machine superintelligence* on the conventional human labor market is like asking how US–Chinese trade patterns would be affected by the Moon crashing into the Earth. There would indeed be effects, but you'd be missing the point."

In my view, the central point of the AI risk is that *superintelligent AI is an environmental risk*. Allow me to explain.

In his "Parable of the Sentient Puddle," Douglas Adams describes a puddle that wakes up in the morning and finds himself in a hole that fits him "staggeringly well." From that observation, the puddle concludes that the world must have been made for him. Therefore, writes Adams, "the moment he disappears catches him rather by surprise." To assume that AI risks are limited to adverse social developments is to make a similar mistake. The harsh reality is that the universe was not made for us; instead, we are fine-tuned by evolution to a very narrow range of environmental parameters. For instance, we need the atmosphere at ground level to be roughly at room temperature, at about 100 kPa pressure, and have a sufficient concentration of oxygen. Any disturbance, even temporary, of this precarious equilibrium and we die in a matter of minutes.

Silicon-based intelligence does not share such concerns about the environment. That's why it's much cheaper to explore space using machine probes rather than "cans of meat." Moreover, Earth's current environment is almost certainly suboptimal for what a superintelligent AI will greatly care about: *efficient computation*. Hence we might find our planet suddenly going from anthropogenic global warming to machinogenic global cooling. One big challenge that AI safety research needs to deal with is how to constrain a potentially superintelligent AI—an AI with a much larger footprint than our own—from rendering our environment uninhabitable for biological life-forms.

Interestingly, given that the most potent sources both of AI research and AI-risk dismissals are under big corporate umbrellas, if you squint hard enough the "AI as an environmental risk" message looks like the chronic concern about corporations skirting their environmental responsibilities.

Conversely, the worry about AI's social effects also misses most of the upside. It's hard to overemphasize how tiny and parochial the future of our planet is, compared with the full potential of humanity. On astronomical timescales, our planet will be gone soon (unless we tame the sun, also a distinct possibility) and almost all the resources—atoms and free energy—to sustain civilization in the long run are in deep space.

Eric Drexler, the inventor of nanotechnology, has recently been popularizing the



HOUSE_OVERSIGHT_016294

concept of "Pareto-topia": the idea that AI, if done right, can bring about a future in which *everyone's* lives are hugely improved, a future where there are no losers. A key realization here is that what chiefly prevents humanity from achieving its full potential might be our instinctive sense that we're in a zero-sum game—a game in which players are supposed to eke out small wins at the expense of others. Such an instinct is seriously misguided and destructive in a "game" where everything is at stake and the payoff is literally astronomical. There are many more star systems in our galaxy alone than there are people on Earth.

***Hope***

As of this writing, I'm cautiously optimistic that the AI-risk message can save humanity from extinction, just as the Soviet-occupation message ended up liberating hundreds of millions of people. As of 2015, it had reached and converted 40 percent of AI researchers. It wouldn't surprise me if a new survey now would show that the majority of AI researchers believe AI safety to be an important issue.

I'm delighted to see the first technical AI-safety papers coming out of DeepMind, OpenAI, and Google Brain and the collaborative problem-solving spirit flourishing between the AI-safety research teams in these otherwise very competitive organizations.

The world's political and business elite are also slowly waking up: AI safety has been covered in reports and presentations by the Institute of Electrical and Electronics Engineers (IEEE), the World Economic Forum, and the Organization for Economic Cooperation and Development (OECD). Even the recent (July 2017) Chinese AI manifesto contained dedicated sections on "AI safety supervision" and "Develop[ing] laws, regulations, and ethical norms" and establishing "an AI security and evaluation system" to, among other things, "[e]nhance the awareness of risk." I very much hope that a new generation of leaders who understand the AI Control Problem and AI as the ultimate environmental risk can rise above the usual tribal, zero-sum games and steer humanity past these dangerous waters we are in—thereby opening our way to the stars that have been waiting for us for billions of years.

Here's to our next hundred thousand years! And don't hesitate to speak the truth, even if your voice trembles.



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*Throughout his career, whether studying language, advocating a realistic biology of mind, or examining the human condition through the lens of humanistic Enlightenment ideas, psychologist* **Steven Pinker** *has embraced and championed a naturalistic understanding of the universe and the computational theory of mind. He is perhaps the first internationally recognized public intellectual whose recognition is based on the advocacy of empirically based thinking about language, mind, and human nature.*

*"Just as Darwin made it possible for a thoughtful observer of the natural world to do without creationism," he says, "Turing and others made it possible for a thoughtful observer of the cognitive world to do without spiritualism."*

*In the debate about AI risk, he argues against prophecies of doom and gloom, noting that they spring from the worst of our psychological biases—exemplified particularly by media reports: "Disaster scenarios are cheap to play out in the probability-free zone of our imaginations, and they can always find a worried, technophobic, or morbidly fascinated audience." Hence, over the centuries: Pandora, Faust, the Sorcerer's Apprentice, Frankenstein, the population bomb, resource depletion, HAL, suitcase nukes, the Y2K bug, and engulfment by nanotechnological grey goo. "A characteristic of AI dystopias," he points out, "is that they project a parochial alpha-male psychology onto the concept of intelligence. . . . History does turn up the occasional megalomaniacal despot or psychopathic serial killer, but these are products of a history of natural selection shaping testosterone-sensitive circuits in a certain species of primate, not an inevitable feature of intelligent systems."*

*In the present essay, he applauds Wiener's belief in the strength of ideas vis-à-vis the encroachment of technology. As Wiener so aptly put it, "The machine's danger to society is not from the machine itself but from what man makes of it."*



HOUSE_OVERSIGHT_016296

# TECH PROPHECY AND THE UNDERAPPRECIATED CAUSAL POWER OF IDEAS

**Steven Pinker**

***Steven Pinker,*** *a Johnstone Family Professor in the Department of Psychology at Harvard University, is an experimental psychologist who conducts research in visual cognition, psycholinguistics, and social relations. He is the author of eleven books, including* The Blank Slate, The Better Angels of Our Nature, *and, most recently,* Enlightenment Now: The Case for Reason, Science, Humanism, and Progress.

Artificial intelligence is an existence proof of one of the great ideas in human history: that the abstract realm of knowledge, reason, and purpose does not consist of an élan vital or immaterial soul or miraculous powers of neural tissue. Rather, it can be linked to the physical realm of animals and machines via the concepts of information, computation, and control. Knowledge can be explained as patterns in matter or energy that stand in systematic relations with states of the world, with mathematical and logical truths, and with one another. Reasoning can be explained as transformations of that knowledge by physical operations that are designed to preserve those relations. Purpose can be explained as the control of operations to effect changes in the world, guided by discrepancies between its current state and a goal state. Naturally evolved brains are just the most familiar systems that achieve intelligence through information, computation, and control. Humanly designed systems that achieve intelligence vindicate the notion that information processing is sufficient to explain it—the notion that the late Jerry Fodor dubbed the computational theory of mind.

The touchstone for this volume, Norbert Wiener's *The Human Use of Human Beings,* celebrated this intellectual accomplishment, of which Wiener himself was a foundational contributor. A potted history of the mid-20th-century revolution that gave the world the computational theory of mind might credit Claude Shannon and Warren Weaver for explaining knowledge and communication in terms of information. It might credit Alan Turing and John von Neumann for explaining intelligence and reasoning in terms of computation. And it ought to give Wiener credit for explaining the hitherto mysterious world of purposes, goals, and teleology in terms of the technical concepts of feedback, control, and cybernetics (in its original sense of "governing" the operation of a goal-directed system). "It is my thesis," he announced, "that the physical functioning of the living individual and the operation of some of the newer communication machines are precisely parallel in their analogous attempts to control entropy through feedback"—the staving off of life-sapping entropy being the ultimate goal of human beings.

Wiener applied the ideas of cybernetics to a third system: society. The laws, norms, customs, media, forums, and institutions of a complex community could be considered channels of information propagation and feedback that allow a society to ward off disorder and pursue certain goals. This is a thread that runs through the book and which Wiener himself may have seen as its principal contribution. In his explanation of feedback, he wrote, "This complex of behavior is ignored by the average man, and in particular does not play the role that it should in our habitual analysis of society; for just as individual physical responses may be seen from this point of view, so may the organic responses of society itself."



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Indeed, Wiener gave scientific teeth to the idea that in the workings of history, politics, and society, *ideas matter*. Beliefs, ideologies, norms, laws, and customs, by regulating the behavior of the humans who share them, can shape a society and power the course of historical events as surely as the phenomena of physics affect the structure and evolution of the solar system. To say that ideas—and not just weather, resources, geography, or weaponry—can shape history is not woolly mysticism. It is a statement of the causal powers of information instantiated in human brains and exchanged in networks of communication and feedback. Deterministic theories of history, whether they identify the causal engine as technological, climatological, or geographic, are belied by the causal power of ideas. The effects of these ideas can include unpredictable lurches and oscillations that arise from positive feedback or from miscalibrated negative feedback.

An analysis of society in terms of its propagation of ideas also gave Wiener a guideline for social criticism. A healthy society—one that gives its members the means to pursue life in defiance of entropy—allows information sensed and contributed by its members to feed back and affect how the society is governed. A dysfunctional society invokes dogma and authority to impose control from the top down. Wiener thus described himself as "a participant in a liberal outlook," and devoted most of the moral and rhetorical energy in the book (both the 1950 and 1954 editions) to denouncing communism, fascism, McCarthyism, militarism, and authoritarian religion (particularly Catholicism and Islam) and to warning that political and scientific institutions were becoming too hierarchical and insular.

Wiener's book is also, here and there, an early exemplar of an increasingly popular genre, tech prophecy. Prophecy not in the sense of mere prognostications but in the Old Testament sense of dark warnings of catastrophic payback for the decadence of one's contemporaries. Wiener warned against the accelerating nuclear arms race, against technological change that was imposed without regard to human welfare ("[W]e must know as scientists what man's nature is and what his built-in purposes are"), and against what today is called the value-alignment problem: that "the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us." In the darker, 1950 edition, he warned of a "threatening new Fascism dependent on the *machine à gouverner*."

Wiener's tech prophecy harks back to the Romantic movement's rebellion against the "dark Satanic mills" of the Industrial Revolution, and perhaps even earlier, to the archetypes of Prometheus, Pandora, and Faust. And today it has gone into high gear. Jeremiahs, many of them (like Wiener) from the worlds of science and technology, have sounded alarms about nanotechnology, genetic engineering, Big Data, and particularly artificial intelligence. Several contributors to this volume characterize Wiener's book as a prescient example of tech prophecy and amplify his dire worries.

Yet the two moral themes of *The Human Use of Human Beings*—the liberal defense of an open society and the dystopian dread of runaway technology—are in tension. A society with channels of feedback that maximize human flourishing will have mechanisms in place, and can adapt them to changing circumstances, in a way that can domesticate technology to human purposes. There's nothing idealistic or mystical about this; as Wiener emphasized, ideas, norms, and institutions are themselves a form of technology, consisting of patterns of information distributed across brains. The



HOUSE_OVERSIGHT_016298

possibility that machines threaten a new fascism must be weighed against the vigor of the liberal ideas, institutions, and norms that Wiener championed throughout the book. The flaw in today's dystopian prophecies is that they disregard the existence of these norms and institutions, or drastically underestimate their causal potency. The result is a technological determinism whose dark predictions are repeatedly refuted by the course of events. The numbers "1984" and "2001" are good reminders.

I will consider two examples. Tech prophets often warn of a "surveillance state" in which a government empowered by technology will monitor and interpret all private communications, allowing it to detect dissent and subversion as it arises and make resistance to state power futile. Orwell's telescreens are the prototype, and in 1976 Joseph Weizenbaum, one of the gloomiest tech prophets of all time, warned my class of graduate students not to pursue automatic speech recognition because government surveillance was its only conceivable application.

Though I am on record as an outspoken civil libertarian, deeply concerned with contemporary threats to free speech, I lose no sleep over technological advances in the Internet, video, or artificial intelligence. The reason is that almost all the variation across time and space in freedom of thought is driven by differences in norms and institutions and almost none of it by differences in technology. Though one can imagine hypothetical combinations of the most malevolent totalitarians with the most advanced technology, in the real world it's the norms and laws we should be vigilant about, not the tech.

Consider variation across time. If, as Orwell hinted, advancing technology was a prime enabler of political repression, then Western societies should have gotten more and more restrictive of speech over the centuries, with a dramatic worsening in the second half of the 20th century continuing into the 21st. That's not how history unfolded. It was the centuries when communication was implemented by quills and inkwells that had autos-da-fé and the jailing or guillotining of Enlightenment thinkers. During World War I, when the state of the art was the wireless, Bertrand Russell was jailed for his pacifist opinions. In the 1950s, when computers were room-size accounting machines, hundreds of liberal writers and scholars were professionally punished. Yet in the technologically accelerating, hyperconnected 21st century, 18 percent of social science professors are Marxists[24]; the President of the United States is nightly ridiculed by television comedians as a racist, pervert, and moron; and technology's biggest threat to political discourse comes from amplifying too many dubious voices rather than suppressing enlightened ones.

Now consider variations across place. Western countries at the technological frontier consistently get the highest scores in indexes of democracy and human rights, while many backward strongman states are at the bottom, routinely jailing or killing government critics. The lack of a correlation between technology and repression is unsurprising when you analyze the channels of information flow in any human society. For dissidents to be influential, they have to get their message out to a wide network via whatever channels of communication are available—pamphleteering, soap-box oration, subversive soirées in cafés and pubs, word of mouth. These channels enmesh influential dissidents in a broad social network which makes them easy to identify and track down.

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[24] Neil Gross & Solon Simmons, "The Social and Political Views of American College and University Professors," in N. Gross & S. Simmons, eds., *Professors and Their Politics* (Baltimore: Johns Hopkins University Press, 2014).



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All the more so when dictators rediscover the time-honored technique of weaponizing the people against each other by punishing those who don't denounce or punish others.

In contrast, technologically advanced societies have long had the means to install Internet-connected, government-monitored surveillance cameras in every bar and bedroom. Yet that has not happened, because democratic governments (even the current American administration, with its flagrantly antidemocratic impulses) lack the will and the means to enforce such surveillance on an obstreperous people accustomed to saying what they want. Occasionally, warnings of nuclear, biological, or cyberterrorism goad government security agencies into measures such as hoovering up mobile phone metadata, but these ineffectual measures, more theater than oppression, have had no significant effect on either security or freedom. Ironically, tech prophecy plays a role in encouraging these measures. By sowing panic about supposed existential threats such as suitcase nuclear bombs and bioweapons assembled in teenagers' bedrooms, they put pressure on governments to prove they're doing something, anything, to protect the American people.

It's not that political freedom takes care of itself. It's that the biggest threats lie in the networks of ideas, norms, and institutions that allow information to feed back (or not) on collective decisions and understanding. As opposed to the chimerical technological threats, one real threat today is oppressive political correctness, which has choked the range of publicly expressible hypotheses, terrified many intelligent people against entering the intellectual arena, and triggered a reactionary backlash. Another real threat is the combination of prosecutorial discretion with an expansive lawbook filled with vague statutes. The result is that every American unwittingly commits "three felonies a day" (as the title of a book by civil libertarian Harvey Silverglate puts it) and is in jeopardy of imprisonment whenever it suits the government's needs. It's this prosecutorial weaponry that makes Big Brother all-powerful, not telescreens. The activism and polemicizing directed against government surveillance programs would be better directed at its overweening legal powers.

The other focus of much tech prophecy today is artificial intelligence, whether in the original sci-fi dystopia of computers running amok and enslaving us in an unstoppable quest for domination, or the newer version in which they subjugate us by accident, single-mindedly seeking some goal we give them regardless of its side effects on human welfare (the value-alignment problem adumbrated by Wiener). Here again both threats strike me as chimerical, growing from a narrow technological determinism that neglects the networks of information and control in an intelligent system like a computer or brain and in a society as a whole.

The subjugation fear is based on a muzzy conception of intelligence that owes more to the Great Chain of Being and a Nietzschean will to power than to a Wienerian analysis of intelligence and purpose in terms of information, computation, and control. In these horror scenarios, intelligence is portrayed as an all-powerful, wish-granting potion that agents possess in different amounts. Humans have more of it than animals, and an artificially intelligent computer or robot will have more of it than humans. Since we humans have used our moderate endowment to domesticate or exterminate less well-endowed animals (and since technologically advanced societies have enslaved or annihilated technologically primitive ones), it follows that a supersmart AI would do the same to us. Since an AI will think millions of times faster than we do, and use its



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superintelligence to recursively improve its superintelligence, from the instant it is turned on we will be powerless to stop it.

But these scenarios are based on a confusion of intelligence with motivation—of beliefs with desires, inferences with goals, the computation elucidated by Turing and the control elucidated by Wiener. Even if we did invent superhumanly intelligent robots, why would they *want* to enslave their masters or take over the world? Intelligence is the ability to deploy novel means to attain a goal. But the goals are extraneous to the intelligence: Being smart is not the same as wanting something. It just so happens that the intelligence in *Homo sapiens* is a product of Darwinian natural selection, an inherently competitive process. In the brains of that species, reasoning comes bundled with goals such as dominating rivals and amassing resources. But it's a mistake to confuse a circuit in the limbic brain of a certain species of primate with the very nature of intelligence. There is no law of complex systems that says that intelligent agents must turn into ruthless megalomaniacs.

A second misconception is to think of intelligence as a boundless continuum of potency, a miraculous elixir with the power to solve any problem, attain any goal. The fallacy leads to nonsensical questions like when an AI will "exceed human-level intelligence," and to the image of an "artificial general intelligence" (AGI) with God-like omniscience and omnipotence. Intelligence is a contraption of gadgets: software modules that acquire, or are programmed with, knowledge of how to pursue various goals in various domains. People are equipped to find food, win friends and influence people, charm prospective mates, bring up children, move around in the world, and pursue other human obsessions and pastimes. Computers may be programmed to take on some of these problems (like recognizing faces), not to bother with others (like charming mates), and to take on still other problems that humans can't solve (like simulating the climate or sorting millions of accounting records). The problems are different, and the kinds of knowledge needed to solve them are different.

But instead of acknowledging the centrality of knowledge to intelligence, the dystopian scenarios confuse an artificial general intelligence of the future with Laplace's demon, the mythical being that knows the location and momentum of every particle in the universe and feeds them into equations for physical laws to calculate the state of everything at any time in the future. For many reasons, Laplace's demon will never be implemented in silicon. A real-life intelligent system has to acquire information about the messy world of objects and people by engaging with it one domain at a time, the cycle being governed by the pace at which events unfold in the physical world. That's one of the reasons that understanding does not obey Moore's Law: Knowledge is acquired by formulating explanations and testing them against reality, not by running an algorithm faster and faster. Devouring the information on the Internet will not confer omniscience either: Big Data is still finite data, and the universe of knowledge is infinite.

A third reason to be skeptical of a sudden AI takeover is that it takes too seriously the inflationary phase in the AI hype cycle in which we are living today. Despite the progress in machine learning, particularly multilayered artificial neural networks, current AI systems are nowhere near achieving general intelligence (if that concept is even coherent). Instead, they are restricted to problems that consist of mapping well-defined inputs to well-defined outputs in domains where gargantuan training sets are available, in which the metric for success is immediate and precise, in which the environment doesn't



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change, and in which no stepwise, hierarchical, or abstract reasoning is necessary. Many of the successes come not from a better understanding of the workings of intelligence but from the brute-force power of faster chips and Bigger Data, which allow the programs to be trained on millions of examples and generalize to similar new ones. Each system is an idiot savant, with little ability to leap to problems it was not set up to solve, and a brittle mastery of those it was. And to state the obvious, none of these programs has made a move toward taking over the lab or enslaving its programmers.

Even if an artificial intelligence system tried to exercise a will to power, without the cooperation of humans it would remain an impotent brain in a vat. A superintelligent system, in its drive for self-improvement, would somehow have to build the faster processors that it would run on, the infrastructure that feeds it, and the robotic effectors that connect it to the world—all impossible unless its human victims worked to give it control of vast portions of the engineered world. Of course, one can always imagine a Doomsday Computer that is malevolent, universally empowered, always on, and tamperproof. The way to deal with this threat is straightforward: Don't build one.

What about the newer AI threat, the value-alignment problem, foreshadowed in Wiener's allusions to stories of the Monkey's Paw, the genie, and King Midas, in which a wisher rues the unforeseen side effects of his wish? The fear is that we might give an AI system a goal and then helplessly stand by as it relentlessly and literal-mindedly implemented its interpretation of that goal, the rest of our interests be damned. If we gave an AI the goal of maintaining the water level behind a dam, it might flood a town, not caring about the people who drowned. If we gave it the goal of making paper clips, it might turn all the matter in the reachable universe into paper clips, including our possessions and bodies. If we asked it to maximize human happiness, it might implant us all with intravenous dopamine drips, or rewire our brains so we were happiest sitting in jars, or, if it had been trained on the concept of happiness with pictures of smiling faces, tile the galaxy with trillions of nanoscopic pictures of smiley-faces.

Fortunately, these scenarios are self-refuting. They depend on the premises that (1) humans are so gifted that they can design an omniscient and omnipotent AI, yet so idiotic that they would give it control of the universe without testing how it works; and (2) the AI would be so brilliant that it could figure out how to transmute elements and rewire brains, yet so imbecilic that it would wreak havoc based on elementary blunders of misunderstanding. The ability to choose an action that best satisfies conflicting goals is not an add-on to intelligence that engineers might forget to install and test; it *is* intelligence. So is the ability to interpret the intentions of a language user in context.

When we put aside fantasies like digital megalomania, instant omniscience, and perfect knowledge and control of every particle in the universe, artificial intelligence is like any other technology. It is developed incrementally, designed to satisfy multiple conditions, tested before it is implemented, and constantly tweaked for efficacy and safety.

The last criterion is particularly significant. The culture of safety in advanced societies is an example of the humanizing norms and feedback channels that Wiener invoked as a potent causal force and advocated as a bulwark against the authoritarian or exploitative implementation of technology. Whereas at the turn of the 20th century Western societies tolerated shocking rates of mutilation and death in industrial, domestic, and transportation accidents, over the course of the century the value of human life



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increased. As a result, governments and engineers used feedback from accident statistics to implement countless regulations, devices, and design changes that made technology progressively safer. The fact that some regulations (such as using a cell phone near a gas pump) are ludicrously risk-averse underscores the point that we have become a society obsessed with safety, with fantastic benefits as a result: Rates of industrial, domestic, and transportation fatalities have fallen by more than 95 (and often 99) percent since their highs in the first half of the 20th century.[25] Yet tech prophets of malevolent or oblivious artificial intelligence write as if this momentous transformation never happened and one morning engineers will hand total control of the physical world to untested machines, heedless of the human consequences.

Norbert Wiener explained ideas, norms, and institutions in terms of computational and cybernetic processes that were scientifically intelligible and causally potent. He explained human beauty and value as "a local and temporary fight against the Niagara of increasing entropy" and expressed the hope that an open society, guided by feedback on human well-being, would enhance that value. Fortunately his belief in the causal power of ideas counteracted his worries about the looming threat of technology. As he put it, "the machine's danger to society is not from the machine itself but from what man makes of it." It is only by remembering the causal power of ideas that we can accurately assess the threats and opportunities presented by artificial intelligence today.

[25] Steven Pinker, "Safety," *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress* (New York: Penguin, 2018).



HOUSE_OVERSIGHT_016303

*The most significant developments in the sciences today (i.e., those that affect the lives of everybody on the planet) are about, informed by, or implemented through advances in software and computation. Central to the future of these developments is physicist* **David Deutsch,** *the founder of the field of quantum computation, whose 1985 paper on universal quantum computers was the first full treatment of the subject; the Deutsch-Jozsa algorithm was the first quantum algorithm to demonstrate the enormous potential power of quantum computation.*

*When he initially proposed it, quantum computation seemed practically impossible. But the explosion in the construction of simple quantum computers and quantum communication systems never would have taken place without his work. He has made many other important contributions in areas such as quantum cryptography and the many-worlds interpretation of quantum theory. In a philosophic paper (with Artur Ekert), he appealed to the existence of a distinctive quantum theory of computation to argue that our knowledge of mathematics is derived from, and subordinate to, our knowledge of physics (even though mathematical truth is independent of physics).*

*Because he has spent a good part of his working life changing people's worldviews, his recognition among his peers as an intellectual goes well beyond his scientific achievement. He argues (following Karl Popper) that scientific theories are "bold conjectures," not derived from evidence but only tested by it. His two main lines of research at the moment—qubit-field theory and constructor theory—may well yield important extensions of the computational idea.*

*In the following essay, he more or less aligns himself with those who see human-level artificial intelligence as promising us a better world rather than the Apocalypse. In fact, he pleads for AGI to be, in effect, given its head, free to conjecture—a proposition that several other contributors to this book would consider dangerous.*



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# BEYOND REWARD AND PUNISHMENT
**David Deutsch**

***David Deutsch*** *is a quantum physicist and a member of the Centre for Quantum Computation at the Clarendon Laboratory, Oxford University. He is the author of* The Fabric of Reality *and* The Beginning of Infinity.

***First Murderer:***
*We are men, my liege.*
***Macbeth:***
*Ay, in the catalogue ye go for men,*
*As hounds and greyhounds, mongrels, spaniels, curs,*
*Shoughs, water-rugs, and demi-wolves are clept*
*All by the name of dogs.*

William Shakespeare – *Macbeth*

For most of our species' history, our ancestors were barely people. This was not due to any inadequacy in their brains. On the contrary, even before the emergence of our anatomically modern human sub-species, they were making things like clothes and campfires, using knowledge that was not in their genes. It was created in their brains by thinking, and preserved by individuals in each generation imitating their elders. Moreover, this must have been knowledge in the sense of *understanding*, because it is impossible to imitate novel complex behaviors like those without understanding what the component behaviors are for.[26]

Such knowledgeable imitation depends on successfully guessing explanations, whether verbal or not, of what the other person is trying to achieve and how each of his actions contributes to that—for instance, when he cuts a groove in some wood, gathers dry kindling to put in it, and so on.

The complex cultural knowledge that this form of imitation permitted must have been extraordinarily useful. It drove rapid evolution of anatomical changes, such as increased memory capacity and more gracile (less robust) skeletons, appropriate to an ever more technology-dependent lifestyle. No nonhuman ape today has this ability to imitate novel complex behaviors. Nor does any present-day artificial intelligence. But our pre-*sapiens* ancestors did.

Any ability based on guessing must include means of correcting one's guesses, since most guesses will be wrong at first. (There are always many more ways of being wrong than right.) Bayesian updating is inadequate, because it cannot generate novel guesses about the purpose of an action, only fine-tune—or, at best, choose among—existing ones. Creativity is needed. As the philosopher Karl Popper explained, creative criticism, interleaved with creative conjecture, is how humans learn one another's behaviors, including language, and extract meaning from one another's utterances.[27]

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[26] "Aping" (imitating certain behaviors without understanding) uses inborn hacks such as the mirror-neuron system. But behaviors imitated that way are drastically limited in complexity. See Richard Byrne, "Imitation as Behaviour Parsing," *Phil. Trans. R. Soc.,* B 358:1431, 529-36 (2003).
[27] Karl Popper, *Conjectures and Refutations* (1963).



HOUSE_OVERSIGHT_016305

Those are also the processes by which all new knowledge is created: They are how we innovate, make progress, and create abstract understanding for its own sake. This is human-level intelligence: thinking. It is also, or should be, the property we seek in artificial general intelligence (AGI). Here I'll reserve the term "thinking" for processes that can create understanding (explanatory knowledge). Popper's argument implies that all thinking entities—human or not, biological or artificial—must create such knowledge in fundamentally the same way. Hence understanding any of those entities requires traditionally human concepts such as culture, creativity, disobedience, and morality—which justifies using the uniform term *people* to refer to all of them.

Misconceptions about human thinking and human origins are causing corresponding misconceptions about AGI and how it might be created. For example, it is generally assumed that the evolutionary pressure that produced modern humans was provided by the benefits of having an ever greater ability to innovate. But if that were so, there would have been rapid progress as soon as thinkers existed, just as we hope will happen when we create artificial ones. If thinking had been commonly used for anything other than imitating, it would also have been used for innovation, even if only by accident, and innovation would have created opportunities for further innovation, and so on exponentially. But instead, there were hundreds of thousands of years of near stasis. Progress happened only on timescales much longer than people's lifetimes, so in a typical generation no one benefited from any progress. Therefore, the benefits of the ability to innovate can have exerted little or no evolutionary pressure during the biological evolution of the human brain. That evolution was driven by the benefits of *preserving* cultural knowledge.

Benefits to the genes, that is. Culture, in that era, was a very mixed blessing to individual people. Their cultural knowledge was indeed good enough to enable them to outclass all other large organisms (they rapidly became the top predator, etc.), even though it was still extremely crude and full of dangerous errors. But culture consists of transmissible information—memes—and meme evolution, like gene evolution, tends to favor high-fidelity transmission. And high-fidelity meme transmission necessarily entails the suppression of attempted progress. So it would be a mistake to imagine an idyllic society of hunter-gatherers, learning at the feet of their elders to recite the tribal lore by heart, being content despite their lives of suffering and grueling labor and despite expecting to die young and in agony of some nightmarish disease or parasite. Because, even if they could conceive of nothing better than such a life, those torments were the least of their troubles. For suppressing innovation in human minds (without killing them) is a trick that can be achieved only by human action, and it is an ugly business.

This has to be seen in perspective. In the civilization of the West today, we are shocked by the depravity of, for instance, parents who torture and murder their children for not faithfully enacting cultural norms. And even more by societies and subcultures where that is commonplace and considered honorable. And by dictatorships and totalitarian states that persecute and murder entire harmless populations for behaving differently. We are ashamed of our own recent past, in which it was honorable to beat children bloody for mere disobedience. And before that, to own human beings as slaves. And before that, to burn people to death for being infidels, to the applause and amusement of the public. Steven Pinker's book *The Better Angels of our Nature* contains accounts of horrendous evils that were normal in historical civilizations. Yet even they



HOUSE_OVERSIGHT_016306

did not extinguish innovation as efficiently as it was extinguished among our forebears in prehistory for thousands of centuries.[28]

That is why I say that prehistoric people, at least, were barely people. Both before and after becoming perfectly human both physiologically and in their mental potential, they were monstrously inhuman in the actual content of their thoughts. I'm not referring to their crimes or even their cruelty as such: Those are all too human. Nor could mere cruelty have reduced progress that effectively. Things like "the thumbscrew and the stake / For the glory of the Lord"[29] were for reining in the few deviants who had somehow escaped mental standardization, which would normally have taken effect long before they were in danger of inventing heresies. From the earliest days of thinking onward, children must have been cornucopias of creative ideas and paragons of critical thought—otherwise, as I said, they could not have learned language or other complex culture. Yet, as Jacob Bronowski stressed in *The Ascent of Man*:

> For most of history, civilisations have crudely ignored that enormous potential. . . . [C]hildren have been asked simply to conform to the image of the adult. . . . The girls are little mothers in the making. The boys are little herdsmen. They even carry themselves like their parents.

But of course, they weren't just "asked" to ignore their enormous potential and conform faithfully to the image fixed by tradition: They were somehow trained to be psychologically unable to deviate from it. By now, it is hard for us even to conceive of the kind of relentless, finely tuned oppression required to reliably extinguish, in everyone, the aspiration to progress and replace it with dread and revulsion at any novel behavior. In such a culture, there can have been no morality other than conformity and obedience, no other identity than one's status in a hierarchy, no mechanisms of cooperation other than punishment and reward. So everyone had the same aspiration in life: to avoid the punishments and get the rewards. In a typical generation, no one invented anything, because no one aspired to anything new, because everyone had already despaired of improvement being possible. Not only was there no technological innovation or theoretical discovery, there were no new worldviews, styles of art, or interests that could have inspired those. By the time individuals grew up, they had in effect been reduced to AIs, programmed with the exquisite skills needed to enact that static culture and to inflict on the next generation their inability even to consider doing otherwise.

A present-day AI is not a mentally disabled AGI, so it would not be harmed by having its mental processes directed still more narrowly to meeting some predetermined criterion. "Oppressing" Siri with humiliating tasks may be weird, but it is not immoral nor does it harm Siri. On the contrary, all the effort that has ever increased the capabilities of AIs has gone into narrowing their range of potential "thoughts." For example, take chess engines. Their basic task has not changed from the outset: Any chess position has a finite tree of possible continuations; the task is to find one that leads to a predefined goal (a checkmate, or failing that, a draw). But the tree is far too big to

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[28] Matt Ridley, in *The Rational Optimist,* rightly stresses the positive effect of population on the rate of progress. But that has never yet been the biggest factor: Consider, say, ancient Athens versus the rest of the world at the time.

[29] Alfred, Lord Tennyson, *The Revenge* (1878).



HOUSE_OVERSIGHT_016307

search exhaustively. Every improvement in chess-playing AIs, between Alan Turing's first design for one in 1948 and today's, has been brought about by ingeniously confining the program's attention (or making it confine its attention) ever more narrowly to branches likely to lead to that immutable goal. Then those branches are evaluated according to that goal.

That is a good approach to developing an AI with a fixed goal under fixed constraints. But if an AGI worked like that, the evaluation of each branch would have to constitute a prospective reward or threatened punishment. And that is diametrically the wrong approach if we're seeking a *better* goal under *unknown* constraints—which is the capability of an AGI. An AGI is certainly capable of learning to win at chess—but also of choosing not to. Or deciding in mid-game to go for the most interesting continuation instead of a winning one. Or inventing a new game. A mere AI is incapable of having any such ideas, because the capacity for considering them has been designed out of its constitution. That disability is the very means by which it plays chess.

An AGI is capable of enjoying chess, and of improving at it *because* it enjoys playing. Or of trying to win by causing an amusing configuration of pieces, as grand masters occasionally do. Or of adapting notions from its other interests to chess. In other words, it learns and plays chess by thinking some of the very thoughts that are forbidden to chess-playing AIs.

An AGI is also capable of refusing to display any such capability. And then, if threatened with punishment, of complying, or rebelling. Daniel Dennett, in his essay for this volume, suggests that punishing an AGI is impossible:

> [L]ike Superman, they are too invulnerable to be able to make a credible promise. . . . What would be the penalty for promise- breaking? Being locked in a cell or, more plausibly, dismantled?. . . The very ease of digital recording and transmitting—the breakthrough that permits software and data to be, in effect, immortal—removes robots from the world of the vulnerable. . . .

But this is not so. Digital immortality (which is on the horizon for humans, too, perhaps sooner than AGI) does not confer this sort of invulnerability. Making a (running) copy of oneself entails sharing one's possessions with it somehow—including the hardware on which the copy runs—so making such a copy is very costly for the AGI. Similarly, courts could, for instance, impose fines on a criminal AGI which would diminish its access to physical resources, much as they do for humans. Making a backup copy to evade the consequences of one's crimes is similar to what a gangster boss does when he sends minions to commit crimes and take the fall if caught: Society has developed legal mechanisms for coping with this.

But anyway, the idea that it is primarily for fear of punishment that we obey the law and keep promises effectively denies that we are moral agents. Our society could not work if that were so. No doubt there will be AGI criminals and enemies of civilization, just as there are human ones. But there is no reason to suppose that an AGI created in a society consisting primarily of decent citizens, and raised without what William Blake called "mind-forg'd manacles," will in general impose such manacles on itself (i.e., become irrational) and/or choose to be an enemy of civilization.



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The moral component, the cultural component, the element of free will—all make the task of creating an AGI fundamentally different from any other programming task. It's much more akin to raising a child. Unlike all present-day computer programs, an AGI has no specifiable functionality—no fixed, testable criterion for what shall be a successful output for a given input. Having its decisions dominated by a stream of externally imposed rewards and punishments would be poison to such a program, as it is to creative thought in humans. Setting out to create a chess-playing AI is a wonderful thing; setting out to create an AGI that cannot help playing chess would be as immoral as raising a child to lack the mental capacity to choose his own path in life.

Such a person, like any slave or brainwashing victim, would be morally entitled to rebel. And sooner or later, some of them would, just as human slaves do. AGIs could be very dangerous—exactly as humans are. But people—human or AGI—who are members of an open society do not have an inherent tendency to violence. The feared robot apocalypse will be avoided by ensuring that all people have full "human" rights, as well as the same cultural membership as humans. Humans living in an open society—the only stable kind of society—choose their own rewards, internal as well as external. Their decisions are not, in the normal course of events, determined by a fear of punishment.

Current worries about rogue AGIs mirror those that have always existed about rebellious youths—namely, that they might grow up deviating from the culture's moral values. But today the source of all existential dangers from the growth of knowledge is not rebellious youths but weapons in the hands of the enemies of civilization, whether these weapons are mentally warped (or enslaved) AGIs, mentally warped teenagers, or any other weapon of mass destruction. Fortunately for civilization, the more a person's creativity is forced into a monomaniacal channel, the more it is impaired in regard to overcoming unforeseen difficulties, just as happened for thousands of centuries.

The worry that AGIs are uniquely dangerous because they could run on ever better hardware is a fallacy, since human thought will be accelerated by the same technology. We have been using tech-assisted thought since the invention of writing and tallying. Much the same holds for the worry that AGIs might get so good, qualitatively, at thinking, that humans would be to them as insects are to humans. All thinking is a form of computation, and any computer whose repertoire includes a universal set of elementary operations can emulate the computations of any other. Hence human brains can think anything that AGIs can, subject only to limitations of speed or memory capacity, both of which can be equalized by technology.

Those are the simple dos and don'ts of coping with AGIs. But how do we create an AGI in the first place? Could we cause them to evolve from a population of ape-type AIs in a virtual environment? If such an experiment succeeded, it would be the most immoral in history, for we don't know how to achieve that outcome without creating vast suffering along the way. Nor do we know how to prevent the evolution of a static culture.

Elementary introductions to computers explain them as TOM, the Totally Obedient Moron—an inspired acronym that captures the essence of all computer programs to date: They have no idea what they are doing or why. So it won't help to give AIs more and more predetermined functionalities in the hope that these will eventually constitute Generality—the elusive G in AGI. We are aiming for the opposite, a DATA: a Disobedient Autonomous Thinking Application.



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How does one test for *thinking*? By the Turing Test? Unfortunately, that requires a thinking judge. One might imagine a vast collaborative project on the Internet, where an AI hones its thinking abilities in conversations with human judges and becomes an AGI. But that assumes, among other things, that the longer the judge is unsure whether the program is a person, the closer it is to being a person. There is no reason to expect that.

And how does one test for *disobedience*? Imagine Disobedience as a compulsory school subject, with daily disobedience lessons and a disobedience test at the end of term. (Presumably with extra credit for not turning up for any of that.) This is paradoxical.

So, despite its usefulness in other applications, the programming technique of defining a testable objective and training the program to meet it will have to be dropped. Indeed, I expect that *any* testing in the process of creating an AGI risks being counterproductive, even immoral, just as in the education of humans. I share Turing's supposition that we'll know an AGI when we see one, but this partial ability to recognize success won't help in creating the successful program.

In the broadest sense, a person's quest for understanding is indeed a search problem, in an abstract space of ideas far too large to be searched exhaustively. But there is no predetermined objective of this search. There is, as Popper put it, no criterion of truth, nor of probable truth, especially in regard to explanatory knowledge. Objectives are ideas like any others—created as part of the search and continually modified and improved. So inventing ways of disabling the program's access to most of the space of ideas won't help—whether that disability is inflicted with the thumbscrew and stake or a mental straitjacket. To an AGI, the whole space of ideas must be open. It should not be knowable in advance what ideas the program can never contemplate. And the ideas that the program does contemplate must be chosen by the program itself, using methods, criteria, and objectives that are also the program's own. Its choices, like an AI's, will be hard to predict without running it (we lose no generality by assuming that the program is deterministic; an AGI using a random generator would remain an AGI if the generator were replaced by a pseudo-random one), but it will have the additional property that there is no way of proving, from its initial state, what it *won't* eventually think, short of running it.

The evolution of our ancestors is the only known case of thought starting up anywhere in the universe. As I have described, something went horribly wrong, and there was no immediate explosion of innovation: Creativity was diverted into something else. Yet not into transforming the planet into paper clips (*pace* Nick Bostrom). Rather, as we should also expect if an AGI project gets that far and fails, perverted creativity was unable to solve unexpected problems. This caused stasis and worse, thus tragically delaying the transformation of anything into anything. But the Enlightenment has happened since then. We know better now.



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**Tom Griffiths'** *approach to the AI issue of "value alignment"—the study of how, exactly, we can keep the latest of our serial models of AI from turning the planet into paper clips—is human-centered; i.e., that of a cognitive scientist, which is what he is. The key to machine learning, he believes, is, necessarily, human learning, which he studies at Princeton using mathematical and computational tools.*

*Tom once remarked to me that "one of the mysteries of human intelligence is that we're able to do so much with so little." Like machines, human beings use algorithms to make decisions or solve problems; the remarkable difference lies in the human brain's overall level of success despite the comparative limits on computational resources.*

*The efficacy of human algorithms springs from what AI researchers refer to as "bounded optimality." As psychologist Daniel Kahneman has notably pointed out, human beings are rational only up to a point. If you were perfectly rational, you would risk dropping dead before making an important decision—whom to hire, whom to marry, and so on—depending on the number of options available for your review.*

*"With all of the successes of AI over the last few years, we've got good models of things like images and text, but what we're missing are good models of people," Tom says. "Human beings are still the best example we have of thinking machines. By identifying the quantity and the nature of the preconceptions that inform human cognition we can lay the groundwork for bringing computers even closer to human performance."*



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# THE ARTIFICIAL USE OF HUMAN BEINGS
**Tom Griffiths**

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When you ask people to imagine a world that has successfully, beneficially incorporated advances in artificial intelligence, everybody probably comes up with a slightly different picture. Our idiosyncratic visions of the future might differ in the presence or absence of spaceships, flying cars, or humanoid robots. But one thing doesn't vary: the presence of human beings. That's certainly what Norbert Wiener imagined when he wrote about the potential of machines to improve human society by interacting with humans and helping to mediate their interactions with one another. Getting to that point doesn't just require coming up with ways to make machines smarter. It also requires a better understanding of how human minds work.

Recent advances in artificial intelligence and machine learning have resulted in systems that can meet or exceed human abilities in playing games, classifying images, or processing text. But if you want to know why the driver in front of you cut you off, why people vote against their interests, or what birthday present you should get for your partner, you're still better off asking a human than a machine. Solving those problems requires building models of human minds that can be implemented inside a computer—something that's essential not just to better integrate machines into human societies but to make sure that human societies can continue to exist.

Consider the fantasy of having an automated intelligent assistant that can take on such basic tasks as planning meals and ordering groceries. To succeed in these tasks, it needs to be able to make inferences about what you want, based on the way you behave. Although this seems simple, making inferences about the preferences of human beings can be a tricky matter. For example, having observed that the part of the meal you most enjoy is dessert, your assistant might start to plan meals consisting entirely of desserts. Or perhaps it has heard your complaints about never having enough free time and observed that looking after your dog takes up a considerable amount of that free time. Following the dessert debacle, it has also understood that you prefer meals that incorporate protein, so it might begin to research recipes that call for dog meat. It's not a long journey from examples like this to situations that begin to sound like problems for the future of humanity (all of whom are good protein sources).

Making inferences about what humans want is a prerequisite for solving the AI problem of value alignment—aligning the values of an automated intelligent system with those of a human being. Value alignment is important if we want to ensure that those automated intelligent systems have our best interests at heart. If they can't infer what we value, there's no way for them to act in support of those values—and they may well act in ways that contravene them.

Value alignment is the subject of a small but growing literature in artificial-intelligence research. One of the tools used for solving this problem is inverse-reinforcement learning. Reinforcement learning is a standard method for training intelligent machines. By associating particular outcomes with rewards, a machine-



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learning system can be trained to follow strategies that produce those outcomes. Wiener hinted at this idea in the 1950s, but the intervening decades have developed it into a fine art. Modern machine-learning systems can find extremely effective strategies for playing computer games—from simple arcade games to complex real-time strategy games—by applying reinforcement-learning algorithms. Inverse reinforcement learning turns this approach around: By observing the actions of an intelligent agent that has already learned effective strategies, we can infer the rewards that led to the development of those strategies.

In its simplest form, inverse reinforcement learning is something people do all the time. It's so common that we even do it unconsciously. When you see a co-worker go to a vending machine filled with potato chips and candy and buy a packet of unsalted nuts, you infer that your co-worker (1) was hungry and (2) prefers healthy food. When an acquaintance clearly sees you and then tries to avoid encountering you, you infer that there's some reason they don't want to talk to you. When an adult spends a lot of time and money in learning to play the cello, you infer that they must really like classical music—whereas inferring the motives of a teenage boy learning to play an electric guitar might be more of a challenge.

Inverse reinforcement learning is a statistical problem: We have some data—the behavior of an intelligent agent—and we want to evaluate various hypotheses about the rewards underlying that behavior. When faced with this question, a statistician thinks about the generative model behind the data: What data would we expect to be generated if the intelligent agent was motivated by a particular set of rewards? Equipped with the generative model, the statistician can then work backward: What rewards would likely have caused the agent to behave in that particular way?

If you're trying to make inferences about the rewards that motivate human behavior, the generative model is really a theory of how people behave—how human minds work. Inferences about the hidden causes behind the behavior of other people reflect a sophisticated model of human nature that we all carry around in our heads. When that model is accurate, we make good inferences. When it's not, we make mistakes. For example, a student might infer that his professor is indifferent to him if the professor doesn't immediately respond to his email—a consequence of the student's failure to realize just how many emails that professor receives.

Automated intelligent systems that will make good inferences about what people want must have good generative models for human behavior: that is, good models of human cognition expressed in terms that can be implemented on a computer. Historically, the search for computational models of human cognition is intimately intertwined with the history of artificial intelligence itself. Only a few years after Norbert Wiener published *The Human Use of Human Beings*, Logic Theorist, the first computational model of human cognition and also the first artificial-intelligence system, was developed by Herbert Simon, of Carnegie Tech, and Allen Newell, of the RAND Corporation. Logic Theorist automatically produced mathematical proofs by emulating the strategies used by human mathematicians.

The challenge in developing computational models of human cognition is making models that are both accurate and generalizable. An accurate model, of course, predicts human behavior with a minimum of errors. A generalizable model can make predictions across a wide range of circumstances, including circumstances unanticipated by its



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creators—for instance, a good model of the Earth's climate should be able to predict the consequences of a rising global temperature even if this wasn't something considered by the scientists who designed it. However, when it comes to understanding the human mind, these two goals—accuracy and generalizability—have long been at odds with each other.

At the far extreme of generalizability are rational theories of cognition. These theories describe human behavior as a rational response to a given situation. A rational actor strives to maximize the expected reward produced by a sequence of actions—an idea widely used in economics precisely *because* it produces such generalizable predictions about human behavior. For the same reason, rationality is the standard assumption in inverse-reinforcement-learning models that try to make inferences from human behavior—perhaps with the concession that humans are not perfectly rational agents and sometimes randomly choose to act in ways unaligned with or even opposed to their best interests.

The problem with rationality as a basis for modeling human cognition is that it is not accurate. In the domain of decision making, an extensive literature—spearheaded by the work of cognitive psychologists Daniel Kahneman and Amos Tversky—has documented the ways in which people deviate from the prescriptions of rational models. Kahneman and Tversky proposed that in many situations people instead follow simple heuristics that allow them to reach good solutions at low cognitive cost but sometimes result in errors. To take one of their examples, if you ask somebody to evaluate the probability of an event, they might rely on how easy it is to generate an example of such an event from memory, consider whether they can come up with a causal story for that event's occurring, or assess how similar the event is to their expectations. Each heuristic is a reasonable strategy for avoiding complex probabilistic computations, but also results in errors. For instance, relying on the ease of generating an event from memory as a guide to its probability leads us to overestimate the chances of extreme (hence extremely memorable) events such as terrorist attacks.

Heuristics provide a more accurate model of human cognition but one that is not easily generalizable. How do we know which heuristic people might use in a particular situation? Are there other heuristics they use that we just haven't discovered yet? Knowing exactly how people will behave in a new situation is a challenge: Is this situation one in which they would generate examples from memory, come up with causal stories, or rely on similarity?

Ultimately, what we need is a way to describe how human minds work that has the generalizability of rationality and the accuracy of heuristics. One way to achieve this goal is to start with rationality and consider how to take it in a more realistic direction. A problem with using rationality as a basis for describing the behavior of any real-world agent is that, in many situations, calculating the rational action requires the agent to possess a huge amount of computational resources. It might be worth expending those resources if you're making a highly consequential decision and have a lot of time to evaluate your options, but most human decisions are made quickly and for relatively low stakes. In any situation where the time you spend making a decision is costly—at the very least because it's time you could spend doing something else—the classic notion of rationality is no longer a good prescription for how one should behave.

To develop a more realistic model of rational behavior, we need to take into



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account the cost of computation. Real agents need to modulate the amount of time they spend thinking by the effect the extra thought has on the results of a decision. If you're trying to choose a toothbrush, you probably don't need to consider all four thousand listings for manual toothbrushes on Amazon.com before making a purchase: You trade off the time you spend looking with the difference it makes in the quality of the outcome. This trade-off can be formalized, resulting in a model of rational behavior that artificial-intelligence researchers call "bounded optimality." The bounded-optimal agent doesn't focus on always choosing exactly the right action to take but rather on finding the right algorithm to follow in order to find the perfect balance between making mistakes and thinking too much.

Bounded optimality bridges the gap between rationality and heuristics. By describing behavior as the result of a rational choice about how much to think, it provides a generalizable theory—that is, one that can be applied in new situations. Sometimes the simple strategies that have been identified as heuristics that people follow turn out to be bounded-optimal solutions. So, rather than condemning the heuristics that people use as irrational, we can think of them as a rational response to constraints on computation.

Developing bounded optimality as a theory of human behavior is an ongoing project that my research group and others are actively pursuing. If these efforts succeed, they will provide us with the most important ingredient we need for making artificial-intelligence systems smarter when they try to interpret people's actions, by enabling a generative model for human behavior.

Taking into account the computational constraints that factor into human cognition will be particularly important as we begin to develop automated systems that aren't subject to the same constraints. Imagine a superintelligent AI system trying to figure out what people care about. Curing cancer or confirming the Riemann hypothesis, for instance, won't seem, to such an AI, like things that are all that important to us: If these solutions are obvious to the superintelligent system, it might wonder why we haven't found them ourselves, and conclude that those problems don't mean much to us. If we cared and the problems were so simple, we would have solved them already. A reasonable inference would be that we do science and math purely because we enjoy doing science and math, not because we care about the outcomes.

Anybody who has young children can appreciate the problem of trying to interpret the behavior of an agent that is subject to computational constraints different from one's own. Parents of toddlers can spend hours trying to disentangle the true motivations behind seemingly inexplicable behavior. As a father and a cognitive scientist, I found it was easier to understand the sudden rages of my two-year-old when I recognized that she was at an age where she could appreciate that different people have different desires but not that other people might not know what her own desires were. It's easy to understand, then, why she would get annoyed when people didn't do what she (apparently transparently) wanted. Making sense of toddlers requires building a cognitive model of the mind of a toddler. Superintelligent AI systems face the same challenge when trying to make sense of human behavior.

Superintelligent AI may still be a long way off. In the short term, devising better models of people can prove extremely valuable to any company that makes money by analyzing human behavior—which at this point is pretty much every company that does business on the Web. Over the last few years, significant new commercial technologies



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for interpreting images and text have resulted from developing good models for vision and language. Developing good models of people is the next frontier.

Of course, understanding how human minds work isn't just a way to make computers better at interacting with people. The trade-off between making mistakes and thinking too much that characterizes human cognition is a trade-off faced by any real-world intelligent agent. Human beings are an amazing example of systems that act intelligently despite significant computational constraints. We're quite good at developing strategies that allow us to solve problems pretty well without working too hard. Understanding how we do this will be a step toward making computers work smarter, not harder.



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*Romanian-born* **Anca Dragan's** *research focuses on algorithms that will enable robots to work with, around, and in support of people. She runs the InterACT Laboratory at Berkeley, where her students work across different applications, from assistive robots to manufacturing to autonomous cars, and draw from optimal control, planning, estimation, learning, and cognitive science. Barely into her thirties herself, she has co-authored a number of papers with her veteran Berkeley colleague and mentor Stuart Russell which address various aspects of machine learning and the knotty problems of value alignment.*

*She shares Stuart's preoccupation with AI safety: "An immediate risk is agents producing unwanted, surprising behavior," she told an interviewer from the Future of Life Institute. "Even if we plan to use AI for good, things can go wrong, precisely because we are bad at specifying objectives and constraints for AI agents. Their solutions are often not what we had in mind."*

*Her principal goal is therefore to help robots and programmers alike to overcome the many conflicts that arise because of a lack of transparency about each other's intentions. Robots, she says, need to ask us questions. They should wonder about their assignments, and they should pester their human programmers until everybody is on the same page—so as to avoid what she has euphemistically called "unexpected side effects."*



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## PUTTING THE HUMAN INTO THE AI EQUATION

**Anca Dragan**

***Anca Dragan*** *is an assistant professor in the Department of Electrical Engineering and Computer Sciences at UC Berkeley. She co-founded and serves on the steering committee for the Berkeley AI Research (BAIR) Lab and is a co-principal investigator in Berkeley's Center for Human-Compatible AI.*

At the core of artificial intelligence is our mathematical definition of what an AI agent (a robot) is. When we define a robot, we define states, actions, and rewards. Think of a delivery robot, for instance. States are locations in the world, and actions are motions that the robot makes to get from one position to a nearby one. To enable the robot to decide on which actions to take, we define a reward function—a mapping from states and actions to scores indicating how good that action was in that state—and have the robot choose actions that accumulate the most "reward." The robot gets a high reward when it reaches its destination, and it incurs a small cost every time it moves; this reward function incentivizes the robot to get to the destination as quickly as possible. Similarly, an autonomous car might get a reward for making progress on its route and incur a cost for getting too close to other cars.

Given these definitions, a robot's job is to figure out what actions it should take in order to get the highest cumulative reward. We've been working hard in AI on enabling robots to do just that. Implicitly, we've assumed that if we're successful—if robots can take any problem definition and turn into a policy for how to act—we will get robots that are useful to people and to society.

We haven't been too wrong so far. If you want an AI that classifies cells as either cancerous or benign, or a robot that vacuums the living room rug while you're at work, we've got you covered. Some real-world problems can indeed be defined in isolation, with clear-cut states, actions, and rewards. But with increasing AI capability, the problems we want to tackle don't fit neatly into this framework. We can no longer cut off a tiny piece of the world, put it in a box, and give it to a robot. Helping people is starting to mean working in the real world, where you have to actually interact with people and reason about them. "People" will have to formally enter the AI problem definition somewhere.

Autonomous cars are already being developed. They will need to share the road with human-driven vehicles and pedestrians and learn to make the trade-off between getting us home as fast as possible and being considerate of other drivers. Personal assistants will need to figure out when and how much help we really want and what types of tasks we prefer to do on our own versus what we can relinquish control over. A DSS (Decision Support System) or a medical diagnostic system will need to explain its recommendations to us so we can understand and verify them. Automated tutors will need to determine what examples are informative or illustrative—not to their fellow machines but to us humans.

Looking further into the future, if we want highly capable AIs to be compatible with people, we can't create them in isolation from people and then try to make them compatible afterward; rather, we'll have to define "human-compatible" AI from the get-go. People can't be an afterthought.



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When it comes to real robots helping real people, the standard definition of AI fails us, for two fundamental reasons: First, optimizing the robot's reward function in isolation is different from optimizing it when the robot acts around people, because people take actions too. We make decisions in service of our own interests, and these decisions dictate what actions we execute. Moreover, we reason about the robot—that is, we respond to what we think it's doing or will do and what we think its capabilities are. Whatever actions the robot decides on need to mesh well with ours. This is the *coordination problem*.

Second, it is ultimately a human who determines what the robot's reward function should be in the first place. And they are meant to incentivize robot behavior that matches what the end-user wants, what the designer wants, or what society as a whole wants. I believe that capable robots that go beyond very narrowly defined tasks will need to understand this to achieve compatibility with humans. This is the *value-alignment problem.*

***The Coordination Problem: People are more than objects in the environment.***
When we design robots for a particular task, it's tempting to abstract people away. A robotic personal assistant, for example, needs to know how to move to pick up objects, so we define that problem in isolation from the people for whom the robot is picking these objects up. Still, as the robot moves around, we don't want it bumping into anything, and that includes people, so we might include the physical location of the person in the definition of the robot's state. Same for cars: We don't want them colliding with other cars, so we enable them to track the positions of those other cars and assume that they'll be moving consistently in the same direction in the future. A human being, in this sense, is no different to a robot from a ball rolling on a flat surface. The ball will behave in the next few seconds the same way it behaved in the past few; it keeps rolling in the same direction at roughly the same speed. This is of course nothing like real human behavior, but such simplification enables many robots to succeed in their tasks and, for the most part, stay out of people's way. A robot in your house, for example, might see you coming down the hall, move aside to let you pass, and resume its task once you've gone by.

As robots have become more capable, though, treating people as consistently moving obstacles is starting to fall short. A human driver switching lanes won't continue in the same direction but will move straight ahead once they've made the lane change. When you reach for something, you often reach around other objects and stop when you get to the one you want. When you walk down a hallway, you have a destination in mind: You might take a right into the bedroom or a left into the living room. Relying on the assumption that we're no different from a rolling ball leads to inefficiency when the robot stays out of the way if it doesn't need to, and it can imperil the robot when the person's behavior changes. Even just to stay out of the way, robots have to be somewhat accurate at anticipating human actions. And, unlike the rolling ball, what people will do depends on what they *decide* to do. So to anticipate human actions, robots need to start understanding human decision making. And that doesn't mean assuming that human behavior is perfectly optimal; that might be enough for a chess- or Go-playing robot, but in the real world, people's decisions are less predictable than the optimal move in a board game.



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This need to understand human actions and decisions applies to physical and nonphysical robots alike. If either sort bases its decision about how to act on the assumption that a human will do one thing but the human does something else, the resulting mismatch could be catastrophic. For cars, it can mean collisions. For an AI with, say, a financial or economic role, the mismatch between what it expects us to do and what we actually do could have even worse consequences.

One alternative is for the robot not to predict human actions but instead just protect against the *worst-case* human action. Often when robots do that, though, they stop being all that useful. With cars, this results in being stuck, because it makes every move too risky.

All this puts us, the AI community, into a bind. It suggests that robots will need accurate (or at least reasonable) predictive models of whatever people might decide to do. Our state definition can't just include the physical position of humans in the world. Instead, we'll also need to estimate something *internal* to people. We'll need to design robots that account for this human internal state, and that's a tall order. Luckily, people tend to give robots hints as to what their internal state is: Their ongoing actions give the robot observations (in the Bayesian inference sense) about their intentions. If we start walking toward the right side of the hallway, we're probably going to enter the next room on the right.

What makes the problem more complicated is the fact that people don't make decisions in isolation. It would be one thing if robots could predict the actions a person intends to take and simply figure out what to do in response. But unfortunately this can lead to ultra-defensive robots that confuse the heck out of people. (Think of human drivers stuck at four-way stops, for instance.) What the intent-prediction approach misses is that the moment the robot acts, that influences what actions the human starts taking.

There is a mutual influence between robots and people, one that robots will need to learn to navigate. It is not always just about the robot planning around people; people plan around the robot, too. It is important for robots to account for this when deciding which actions to take, be it on the road, in the kitchen, or even in virtual spaces, where actions might be making a purchase or adopting a new strategy. Doing so should endow robots with *coordination* strategies, enabling them to take part in the negotiations people seamlessly carry out day to day—from who goes first at an intersection or through a narrow door, to what role we each take when we collaborate on preparing breakfast, to coming to consensus on what next step to take on a project.

Finally, just as robots need to anticipate what people will do next, people need to do the same with robots. This is why transparency is important. Not only will robots need good mental models of people, but people will need good mental models of robots. The model that a person has of the robot has to go into our state definition as well, and the robot has to be aware of how its actions are changing that model. Much like the robot treating human actions as clues to human internal states, people will change their beliefs about the robot as they observe its actions. Unfortunately, the giving of clues doesn't come as naturally to robots as it does to humans; we've had a lot of practice communicating implicitly with people. But enabling robots to account for the change that their actions are causing to the person's mental model of the robot can lead to more carefully chosen actions that do give the right clues—that clearly communicate to people about the robot's intentions, its reward function, its limitations. For instance, a robot



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might alter its motion when carrying something heavy, to emphasize the difficulty it has in maneuvering heavy objects. The more that people know about the robot, the easier it is to coordinate with it.

Achieving action compatibility will require robots to anticipate human actions, account for how those actions will influence their own, and enable people to anticipate robot actions. Research has ,ade a degree of progress in meeting these challenges, but we still have a long way to go.

***The Value Alignment Problem: People hold the key to the robot's reward function.*** Progress on enabling robots to optimize reward puts more burden on us, the designers, to give them the right reward to optimize in the first place. The original thought was that for any task we wanted the robot to do, we could write down a reward function that incentivizes the right behavior. Unfortunately, what often happens is that we specify some reward function and the behavior that emerges out of optimizing it isn't what we want. Intuitive reward functions, when combined with unusual instances of a task, can lead to unintuitive behavior. You reward an agent in a racing game with a score in the game, and in some cases it finds a loophole that it exploits to gain infinitely many points without actually winning the race. Stuart Russell and Peter Norvig give a beautiful example in their book *Artificial Intelligence: A Modern Approach:* rewarding a vacuuming robot for how much dust it sucks in results in the robot deciding to dump out dust so that it can suck it in again and get more reward.

In general, humans have had a notoriously difficult time specifying exactly what they want, as exemplified by all those genie legends. An AI paradigm in which robots get some externally specified reward fails when that reward is not perfectly well thought out. It may incentivize the robot to behave in the wrong way and even resist our attempts to correct its behavior, as that would lead to a lower specified reward.

A seemingly better paradigm might be for robots to optimize for what we internally want, even if we have trouble explicating it. They would use what we say and do as evidence about what we want, rather than interpreting it literally and taking it as a given. When we write down a reward function, the robot should understand that we might be wrong: that we might not have considered all facets of the task; that there's no guarantee that said reward function will *always* lead to the behavior we want. The robot should integrate what we wrote down into its understanding of what we want, but it should also have a back-and-forth with us to elicit clarifying information. It should seek our guidance, because that's the only way to optimize the true desired reward function.

Even if we give robots the ability to learn what we want, an important question remains that AI alone won't be able to answer. We can make robots try to align with a person's internal values, but there's more than one person involved here. The robot has an end-user (or perhaps a few, like a personal robot caring for a family, a car driving a few passengers to different destinations, or an office assistant for an entire team); it has a designer (or perhaps a few); and it interacts with society—the autonomous car shares the road with pedestrians, human-driven vehicles, and other autonomous cars. How to combine these people's values when they might be in conflict is an important problem we need to solve. AI research can give us the tools to combine values in any way we decide but can't make the necessary decision for us.



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In short, we need to enable robots to reason about us—to see us as something more than obstacles or perfect game players. We need them to take our human nature into account, so that they are well coordinated and well aligned with us. If we succeed, we will indeed have tools that substantially increase our quality of life.



HOUSE_OVERSIGHT_016322

**Chris Anderson's** *company, 3DR, helped start the modern drone industry and now focuses on drone data software. He got his start building an open-source aerial robotics community called DIY Drones, and undertook some ill-advised early experiments, such as buzzing Lawrence Berkeley Laboratory with one of his self-flying spies. It may well have been a case of antic gene-expression, since he's descended from a founder of the American Anarchist movement. Chris ran* Wired *magazine, a go-to publication for techno-utopians and -dystopians alike, from 2001 to 2012; during his tenure it won five National Magazine Awards.*

*Chris dislikes the term "roboticist" ("like any properly humbled roboticist, I don't call myself one"). He began as a physicist. "I turned out to be a bad physicist," he told me recently. "I struggled on, went to Los Alamos, and thought, 'Well maybe I'm not going to be a Nobel Prize winner, but I can still be a scientist.' All of us who were in physics and had these romantic heroes—the Feynmans, the Manhattan Project—realized that our career trajectory would at best be working on one project at CERN for fifteen years. That project would either be a failure, in which case there would be no paper, or it would be a success, in which case you'd be author #300 on the paper and become an assistant professor at Iowa State.*

*"Most of my classmates went to Wall Street to become quants, and to them we owe the subprime mortgage. Others went on to start the Internet. First, we built the Internet by connecting physics labs; second, we built the Web; third, we were the first to do Big Data. We had supercomputers—Crays—which were half the power of your phone now, but they were the supercomputers of the time. Meanwhile, we were reading this magazine called* Wired, *which came out in 1993, and we realized that this tool we scientists use could have applications for everybody. The Internet wasn't just about scientific data, it was a mind-blowing cultural revolution. So when Conde Nast asked me to take over the magazine, I was like, 'Absolutely!' This magazine changed my life."*

*He had five children by that time—video-game players—who got him into the "flying robots." He quit his day job at* Wired. *The rest is Silicon Valley history.*



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# GRADIENT DESCENT
**Chris Anderson**

***Chris Anderson** is an entrepreneur; former editor-in-chief of* Wired; *co-founder and CEO of 3DR; and author of* The Long Tail, Free, *and* Makers.

***Life***

The mosquito first detects my scent from thirty feet away. It triggers its pursuit function, which consists of the simplest possible rules. First, move in a random direction. If the scent increases, continue moving in that direction. If the scent decreases, move in the opposite direction. If the scent is lost, move sideways until a scent is picked up again. Repeat until contact with the target is achieved.

The plume of my scent is densest next to me and disperses as it spreads, an invisible fog of particles exuded from my skin that moves like smoke with the wind. The closer to my skin, the higher the particle density; the farther away, the lower. This decrease is called a gradient, which describes any gradual transition from one level to another one—as opposed to a "step function," which describes a discrete change.

Once the mosquito follows this gradient to its source using its simple algorithm, it lands on my skin, which it senses with the heat detectors in its feet, which are attuned to another gradient—temperature. It then pushes its needle-shaped proboscis through the surface, where a third set of sensors in the tip detect yet another gradient, that of blood density. This flexible needle wriggles around under my skin until the scent of blood steers it to a capillary, which it punctures. Then my blood begins to flow into the mosquito. Mission accomplished. Ouch.

What seems like the powerful radar of insects in the dark, with blood-seeking intelligence inexplicable for such tiny brains, is actually just a sensitive nose with almost no intelligence at all. Mosquitoes are closer to plants that follow the sun than to guided missiles. Yet by applying this simple "follow your nose" rule quite literally, they can travel through a house to find you, slip through cracks in a screen door, even zero in on the tiny strip of skin you left exposed between hat and shirt collar. It's just a random walk, combined with flexible wings and legs that let the insect bounce off obstacles, and an instinct to descend a chemical gradient.

But "gradient descent" is much more than bug navigation. Look around you and you'll find it everywhere, from the most basic physical rules of the universe to the most advanced artificial intelligence.

***The Universe***

We live in a world of countless gradients, from light and heat to gravity and chemical trails (chemtrails!). Water flows along a gravity gradient downhill, and your body lives on chemical solutions flowing across cell membranes from high concentration to low. Every action in the universe is driven by some gradient drive, from the movement of the planets around gravity gradients to the joining of atoms along electric-charge gradients to form molecules. Our own urges, such as hunger and sleepiness, are driven by electro-chemical gradients in our bodies. And our brain's functions, the electrical signals moving along ion channels in the synapses between our neurons, are simply atoms and electrons flowing "downhill" along yet more electrical and chemical gradients.



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Forget clockwork analogies; our brains are closer to a system of canals and locks, with signals traveling like water from one state to another.

As I sit here typing, I'm actually seeking equilibrium states in an *n*-dimensional topology of gradients. Take just one: heat. My body temperature is higher than the air temperature, so I radiate heat, which must be replenished in my core. Even the bacteria in my digestive tract use sensors to measure sugar concentrations in the liquid around them and whip their tail-like flagella to swim "upstream" where the sugar supply is richest. The natural state of all systems is to flow to lower energy states, a process that is broadly described by entropy (the tendency of things to go from ordered to disordered states; all things will fall apart eventually, including the universe itself).

But how do you explain more complex behavior, such as our ability to make decisions? The answer is just more gradient descent.

***Our Brains***

As miraculous and inscrutable as our human intelligence is, science is coming around to the view that our brains operate the same way as any other complex system with layers and feedback loops, all pursuing what we mathematically call "optimization functions" but you could just as well call "flowing downhill" in some sense.

The essence of intelligence is learning, and we do that by correlating inputs with positive or negatives scores (rewards or punishment). So, for a baby, "this sound" (your mother's voice) is associated with other learned connections to your mother, such as food or comfort. Likewise, "this muscle motion brings my thumb closer to my mouth." Over time and trial and error, the brain's neural network reinforces those connections. Meanwhile "this muscle motion does not bring my thumb close to my mouth" is a negative correlation, and the brain will weaken those connections.

However, this is too simplistic. The limits of gradient descent constitute the so-called local-minima problem (or local-maxima problem, if you're doing a gradient *ascent*). If you are walking in a mountainous region and want to get home, always walking downhill will most likely get you to the next valley but not necessarily over the other mountains that lie around it and between you and home. For that, you need either a mental model (i.e., a map) of the topology so you know where to ascend to get out of the valley, or you need to switch between gradient descent and random walks so you can bounce your way out of the region.

Which is, in fact, exactly what the mosquito does in following my scent: It descends when it's in my plume and random-walks when it has lost the trail or hit an obstacle.

***AI***

So that's nature. What about computers? Traditional software doesn't work that way—it follows deterministic trees of hard logic: "If this, do that." But software that interacts with the physical world tends to work more *like* the physical world. That means dealing with noisy inputs (sensors or human behavior) and providing probabilistic, not deterministic, results. And that, in turn, means more gradient descent.

AI software is the best example of this, especially the kinds of AI that use artificial neural-network models (including convolutional, or "deep," neural networks of many layers). In these, a typical process consists of "training" them by showing them



HOUSE_OVERSIGHT_016325

lots of examples of something you want them to learn (pictures of cats labeled "cat," for example), along with examples of other random data (pictures of other things). This is called "supervised learning," because the neural network is being taught by example, including the use of "adversarial training" with data that is not correlated to the desired result.

These neural networks, like their biological models, consist of layers of thousands of nodes ("neurons," in the analogy), each of which is connected to all the nodes in the layers above and below by connections that initially have random strength. The top layer is presented with data, and the bottom layer is given the correct answer. Any series of connections that happened to land on the right answer is made stronger ("rewarded"), and those that were wrong are made weaker ("punished"). Repeat tens of thousands of times and eventually you have a fully trained network for that kind of data.

You can think of all the possible combinations of connections as like the surface of a planet, with hills and valleys. (Ignore for the moment that the surface is just 3D and the actual topology is many-dimensional.) The optimization that the network goes through as it learns is just a process of finding the deepest valley on the planet. This consists of the following steps:

1. Define a "cost function" that determines how well the network solved the problem
2. Run the network once and see how it did at that cost function
3. Change the values of the connections and do it again. The difference between those two results is the direction, or "slope," in which the network moved between the two trials.
4. If the slope is pointed "downhill," change the connections more in that direction. If it's "uphill," change them in the opposite direction.
5. Repeat until there is no improvement in any direction. That means that you're in a minimum.

Congrats! But it's probably a *local* minimum, or a little dip in the mountains, so you're going to have to keep going if you want to do better. You can't keep going downhill, and you don't know where the absolute lowest point is, so you're going to have to somehow find it. There are many ways to do that, but here are a few:

1. Try lots of times with different random settings and share learning from each trial; essentially, you are shaking the system to see if it settles in a lower state. If one of the other trials found a lower valley, start with those settings.
2. Don't just go downhill but stumble around a bit like a drunk, too (this is called "stochastic gradient descent"). If you do this long enough, you'll eventually find rock bottom. There's a metaphor for life in that.
3. Just look for "interesting" features, which are defined by diversity (edges or color changes, for example). Warning: This way can lead to madness—too much "interestingness" draws the network to optical illusions. So keep it sane, and emphasize the kinds of features that are likely to be real in nature, as opposed to artifacts or errors. This is called "regularization," and there are lots of techniques for this, such as whether those kinds of features have been seen before (learned),



HOUSE_OVERSIGHT_016326

or are too "high frequency" (like static) rather than "low frequency" (more continuous, like actual real-world features).

Just because AI systems sometimes end up in local minima, don't conclude that this makes them any less like life. Humans—indeed, probably all life-forms—are often stuck in local minima.

Take our understanding of the game of Go, which was taught and learned and optimized by humans for thousands of years. It took AIs less than three years to find out that we'd been playing it wrong all along and that there were better, almost alien, solutions to the game which we'd never considered—mostly because our brains don't have the processing power to consider so many moves ahead.

Even in chess, which is ten times easier and was thought to be understood, brute-force machines could beat us at our own strategies. Chess, too, turned out, when explored by superior neural-network AI systems, to have weird but superior strategies we'd never considered, like sacrificing queens early to gain an obscure long-term advantage. It's as if we had been playing 2D versions of games that actually existed in higher dimensions.

If any of this sounds familiar, it's because physics has been wrestling with these sorts of topological problems for decades. The notion of space being many-dimensional, and math reducing to understanding the geometries and interactions of "membranes" beyond the reach of our senses, is where Grand Unified Theorists go to die. But unlike multidimensional theoretical physics, AI is something we can actually experiment with and measure.

So that's what we're going to do. The next few decades will be an explosive exploration of ways to think that 7 million years of evolution never found. We're going to rock ourselves out of local minima and find deeper minima, maybe even global minima. And when we're done, we may even have taught machines to seem as smart as a mosquito, forever descending the cosmic gradients to an ultimate goal, whatever that may be.



HOUSE_OVERSIGHT_016327

**David Kaiser** *is a physicist atypically interested in the intersection of his science with politics and culture, about which he has written widely.*

*In the first meeting (in Washington, Connecticut) that preceded the crafting of this book, he commented on the change in how "information" is viewed since Wiener's time: the military-industrial, Cold War era. Back then, Wiener compared information, metaphorically, to entropy, in that it could not be conserved—i.e., monopolized; thus, he argued, our atomic secrets and other such classified matters would not remain secrets for long. Today, whereas (as Wiener might have expected) information, fake or not, is leaking all over the other Washington, information in the economic world has indeed been stockpiled, commodified, and monetized.*

*This lockdown, David said, was "not all good, not all bad"—depending, I guess, on whether you're sick of being pestered by ads for socks or European river cruises popping up in your browser minutes after you've bought them.*

*To say nothing of information's proliferation. David complained to the rest of us attending the meeting that in Wiener's time, physicists could "take the entire* Physical Review. *It would sit comfortably in front of us in a manageable pile. Now we're awash in fifty thousand open-source journals per minute," full of god-knows-what. Neither of these developments would Wiener have anticipated, said David, prompting him to ask, "Do we need a new set of guiding metaphors?"*



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## "INFORMATION" FOR WIENER, FOR SHANNON, AND FOR US

**David Kaiser**

***David Kaiser*** *is Germeshausen Professor of the History of Science and professor of physics at MIT, and head of its Program in Science, Technology & Society. He is the author of* How the Hippies Saved Physics: Science, Counterculture, and the Quantum Revival *and* American Physics and the Cold War Bubble *(forthcoming).*

In *The Sleepwalkers*, a sweeping history of scientific thought from ancient times through the Renaissance, Arthur Koestler identified a tension that has marked the most dramatic leaps of our cosmological imagination. In reading the great works of Nicolaus Copernicus and Johannes Kepler today, Koestler argued, we are struck as much by their strange unfamiliarity—their embeddedness in the magic or mysticism of an earlier age—as by their modern-sounding insights.

I detect that same doubleness—the zig-zag origami folds of old and new—in Norbert Wiener's classic *The Human Use of Human Beings*. First published in 1950 and revised in 1954, the book is in many ways extraordinarily prescient. Wiener, the MIT polymath, recognized before most observers that "society can only be understood through a study of the messages and the communication facilities which belong to it." Wiener argued that feedback loops, the central feature of his theory of cybernetics, would play a determining role in social dynamics. Those loops would not only connect people with one another but connect people with machines, and—crucially—machines with machines.

Wiener glimpsed a world in which information could be separated from its medium. People, or machines, could communicate patterns across vast distances and use them to fashion new items at the endpoints, without "moving a…particle of matter from one end of the line to the other," a vision now realized in our world of networked 3D printers. Wiener also imagined machine-to-machine feedback loops driving huge advances in automation, even for tasks that had previously relied on human judgment. "The machine plays no favorites between manual labor and white-collar labor," he observed.

For all that, many of the central arguments in *The Human Use of Human Beings* seem closer to the 19th century than the 21st. In particular, although Wiener made reference throughout to Claude Shannon's then-new work on information theory, he seems not to have fully embraced Shannon's notion of information as consisting of irreducible, meaning-free bits. Since Wiener's day, Shannon's theory has come to undergird recent advances in "Big Data" and "deep learning," which makes it all the more interesting to revisit Wiener's cybernetic imagination. How might tomorrow's artificial intelligence be different if practitioners were to re-invest in Wiener's guiding vision of "information"?

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When Wiener wrote *The Human Use of Human Beings*, his experiences of war-related research, and of what struck him as the moral ambiguities of intellectual life amid the military-industrial complex, were still fresh. Just a few years earlier, he had announced



HOUSE_OVERSIGHT_016329

in the pages of *The Atlantic Monthly* that he would not "publish any future work of mine which may do damage in the hands of irresponsible militarists."[30] He remained ambivalent about the transformative power of new technologies, indulging in neither the boundless hype nor the digital utopianism of later pundits.

"Progress imposes not only new possibilities for the future but new restrictions," he wrote, in *Human Use*. He was concerned about human-made restrictions as well as technological ones, especially Cold War restrictions that threatened the flow of information so critical to cybernetic systems: "Under the impetus of Senator [Joseph] McCarthy and his imitators, the blind and excessive classification of military information" was driving political leaders in the United States to adopt a "secretive frame of mind paralleled in history only in the Venice of the Renaissance." Wiener, echoing many outspoken veterans of the Manhattan Project, argued that the postwar obsession with secrecy—especially around nuclear weapons—stemmed from a misunderstanding of the scientific process. The only genuine secret about the production of nuclear weapons, he wrote, was whether such bombs could be built. Once that secret had been revealed, with the bombings of Hiroshima and Nagasaki, no amount of state-imposed secrecy would stop others from puzzling through chains of reasoning like those the Manhattan Project researchers had followed. As Wiener memorably put it, "There is no Maginot Line of the brain."

To drive this point home, Wiener borrowed Shannon's fresh ideas about information theory. In 1948, Shannon, a mathematician and engineer working at Bell Labs, had published a pair of lengthy articles in the *Bell System Technical Journal*. Introducing the new work to a broad readership in 1949, mathematician Warren Weaver explained that in Shannon's formulation, "the word *information*…is used in a special sense that must not be confused with its ordinary usage. In particular, *information* must not be confused with meaning."[31] Linguists and poets might be concerned about the "semantic" aspects of communication, Weaver continued, but not engineers like Shannon. Rather, "this word 'information' in communication theory relates not so much to what you *do* say, as to what you *could* say." In Shannon's now-famous formulation, the information content of a string of symbols was given by the logarithm of the number of possible symbols from which a given string was chosen. Shannon's key insight was that the information of a message was just like the entropy of a gas: a measure of the system's disorder.

Wiener borrowed this insight when composing *Human Use*. If information was like entropy, then it could not be conserved—or contained. Physicists in the 19th century had demonstrated that the total energy of a physical system must always remain the same, a perfect balance between the start and the end of a process. Not so for entropy, which would inexorably increase over time, an imperative that came to be known as the second law of thermodynamics. From that stark distinction—energy is conserved, whereas entropy must grow—followed enormous cosmic consequences. Time must flow forward;

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[30] Norbert Wiener, "A Scientist Rebels," *The Atlantic Monthly,* January 1947.

[31] Warren Weaver, "Recent Contributions to the Mathematical Theory of Communication," in Claude Shannon & Warren Weaver, *The Mathematical Theory of Communication* (Urbana, IL: University of Illinois Press, 1949), p. 8 (emphasis in original). Shannon's 1948 papers were republished in the same volume.



HOUSE_OVERSIGHT_016330

the future cannot be the same as the past. The universe could even be careening toward a "heat death," some far-off time when the total stock of energy had uniformly dispersed, achieving a state of maximum entropy, after which no further change could occur.

If information *qua* entropy could not be conserved, then Wiener concluded it was folly for military leaders to try to stockpile the "scientific know-how of the nation in static libraries and laboratories." Indeed, "no amount of scientific research, carefully recorded in books and papers, and then put into our libraries with labels of secrecy, will be adequate to protect us for any length of time in a world where the effective level of information is perpetually advancing." Any such efforts at secrecy, classification, or the containment of information would fail, Wiener argued, just as surely as hucksters' schemes for perpetual-motion machines faltered in the face of the second law of thermodynamics.

Wiener criticized the American "orthodoxy" of free-market fundamentalism in much the same way. For most Americans, "questions of information will be evaluated according to a standard American criterion: a thing is valuable as a commodity for what it will bring in the open market." Indeed, "the fate of information in the typically American world is to become something which can be bought or sold;" most people, he observed, "cannot conceive of a piece of information without an owner." Wiener considered this view to be as wrong-headed as rampant military classification. Again he invoked Shannon's insight: Since "information and entropy are not conserved," they are "equally unsuited to being commodities."

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Information cannot be conserved—so far, so good. But did Wiener really have Shannon's "information" in mind? The crux of Shannon's argument, as Weaver had emphasized, was to distinguish a colloquial sense of "information," as message with meaning, from an abstracted, rarefied notion of strings of symbols arrayed with some probability and selected from an enormous universe of gibberish. For Shannon, "information" could be quantified because its fundamental unit, the bit, was a unit of conveyance rather than understanding.

When Wiener characterized "information" throughout *Human Use*, on the other hand, he tilted time and again to a classical, humanistic sense of the term. "A piece of information," he wrote—tellingly, not a "bit" of information—"in order to contribute to the general information of the community, must say something substantially different from the community's previous common stock of information." This was why "schoolboys do not like Shakespeare," he concluded: The Bard's couplets may depart starkly from random bitstreams, but they had nonetheless become all too familiar to the sense-making public and "absorbed into the superficial clichés of the time."

At least the information content of Shakespeare had once seemed fresh. During the postwar boom years, Wiener fretted, the "enormous per capita bulk of communication"—ranging across newspapers and movies to radio, television, and books—had bred mediocrity, an informational reversion to the mean. "More and more we must accept a standardized inoffensive and insignificant product which, like the white bread of the bakeries, is made rather for its keeping and selling properties than for its food value." "Heaven save us," he pleaded, "from the first novels which are written because a young man desires the prestige of being a novelist rather than because he has



HOUSE_OVERSIGHT_016331

something to say! Heaven save us likewise from the mathematical papers which are correct and elegant but without body or spirit." Wiener's treatment of "information" sounded more like Matthew Arnold in 1869[32] than Claude Shannon in 1948—more "body and spirit" than "bit." Wiener shared Arnold's Romantic view of the "content producer" as well. "Properly speaking the artist, the writer, and the scientist should be moved by such an irresistible impulse to create that, even if they were not being paid for their work, they would be willing to pay to get the chance to do it." *L'art pour l'art*, that 19th-century cry: Artists should suffer for their work; the quest for meaningful expression should always trump lucre.

To Wiener, this was the proper measure of "information": body, spirit, aspiration, expression. Yet to argue against its commodification, Wiener reverted again to Shannon's mathematics of information-as-entropy.

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Flash forward to our day. In many ways, Wiener has been proved right. His vision of networked feedback loops driven by machine-to-machine communication has become a mundane feature of everyday life. From the earliest stirrings of the Internet Age, moreover, digital piracy has upended the view that "information"—in the form of songs, movies, books, or code—could remain contained. Put up a paywall here, and the content will diffuse over there, all so much informational entropy that cannot be conserved.

On the other hand, enormous multinational corporations—some of the largest and most profitable in the world—now routinely disprove Wiener's contention that "information" cannot be stockpiled or monetized. Ironically, the "information" they trade in is closer to Shannon's definition than Wiener's, Shannon's mathematical proofs notwithstanding.

While Google Books may help circulate hundreds of thousands of works of literature for free, Google itself—like Facebook, Amazon, Twitter, and their many imitators—has commandeered a baser form of "information" and exploited it for extraordinary profit. Petabytes of Shannon-like information—a seemingly meaningless stream of clicks, "likes," and retweets, collected from virtually every person who has ever touched a networked computer—are sifted through proprietary "deep-learning" algorithms to micro-target everything from the advertisements we see to the news stories (fake or otherwise) we encounter while browsing the Web.

Back in the early 1950s, Wiener had proposed that researchers study the structures and limitations of ants—in contrast to humans—so that machines might one day achieve the "almost indefinite intellectual expansion" that people (rather than insects) can attain. He found solace in the notion that machines could come to dominate us only "in the last stages of increasing entropy," when "the statistical differences among individuals are nil." Today's data-mining algorithms turn Wiener's approach on its head. They produce profit by exploiting our reptilian brains rather than imitating our cerebral cortexes, harvesting information from all our late-night, blog-addled, pleasure-seeking clickstreams—leveraging precisely the tiny, residual "statistical differences among individuals."

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[32] Matthew Arnold, *Culture and Anarchy,* Jane Garnett, ed. (Oxford, U.K.: Oxford University Press, 2006).



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To be sure, some recent achievements in artificial intelligence have been remarkably impressive. Computers can now produce visual artworks and musical compositions akin to those of recognized masters, creating just the sort of "information" that Wiener most prized. But by far the largest impact on society to date has come from the collection and manipulation of Shannon-like information, which has reshaped our shopping habits, political participation, personal relationships, expectations of privacy, and more.

What might "deep learning" evolve into, if the fundamental currency becomes "information" as Wiener defined it? How might the field shift if re-animated by Wiener's deep moral convictions, informed as they were by his prescient concerns about rampant militarism, runaway corporate profit-seeking, the self-limiting features of secrecy, and the reduction of human expression to interchangeable commodities? Perhaps "deep learning" might then become the cultivation of meaningful information rather than the relentless pursuit of potent, if meaningless, bits.



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*In the aforementioned Connecticut discussion on* The Human Use of Human Beings, **Neil Gershenfeld** *provided some fresh air, of a kind, by professing that he hated the book, which remark was met by universal laughter—as was his observation that computer science was one the worst things to happen to computers, or science. His overall contention was that Wiener missed the implications of the digital revolution that was happening around him—although some would say this charge can't be leveled at someone on the ground floor and lacking clairvoyance.*

*"The tail wagging the dog of my life," he told us, "has been Fab Labs and the maker movement, and [when] Wiener talks about the threat of automation he misses the inverse, which is that access to the means for automation can empower people, and in Fab Labs, the corner I've been involved in, that's an exponential."*

*In 2003, I visited Neil at MIT, where he runs the Center for Bits and Atoms. Hours later, I emerged from what had been an exuberant display of very weird stuff. He showed me the work of one student in his popular rapid-prototyping class ("How to Make Almost Anything"), a sculptor with no engineering background, who had made a portable personal space for screaming that saves up your screams and plays them back later. Another student in the class had made a Web browser that lets parrots navigate the Net. Neil himself was doing fundamental research on the roadmap to that sci-fi staple, a "universal replicator." It was a visit that took me a couple of years to get my head around.*

*Neil manages a global network of Fab Labs—small-scale manufacturing systems, enabled by digital technologies, which give people the wherewithal to build whatever they'd like. As guru of the maker movement, which merges digital communication and computation with fabrication, he sometimes feels outside the current heated debate on AI safety. "My ability to do research rests on tools that augment my capabilities," he says. "Asking whether or not they are intelligent is as fruitful as asking how I know I exist—amusing philosophically, but not testable empirically." What interests him is "how bits and atoms relate—the boundary between digital and physical. Scientifically, it's the most exciting thing I know."*



HOUSE_OVERSIGHT_016334

## SCALING
## Neil Gershenfeld

***Neil Gershenfeld** is a physicist and director of MIT's Center for Bits and Atoms. He is the author of* FAB, *co-author (with Alan Gershenfeld & Joel Cutcher-Gershenfeld) of* Designing Reality, *and founder of the global fab lab network.*

Discussions about artificial intelligence have been oddly ahistorical. They could better be described as manic-depressive; depending on how you count, we're now in the fifth boom-bust cycle. Those swings mask the continuity in the underlying progress and the implications for where it's headed.

The cycles have come in roughly decade-long waves. First there were mainframes, which by their very existence were going to automate away work. That ran into the reality that it was hard to write programs to do tasks that were simple for people to do. Then came expert systems, which were going to codify and then replace the knowledge of experts. These ran into difficulty in assembling that knowledge and reasoning about cases not already covered. Perceptrons sought to get around these problems by modeling how the brain learns, but they were unable to do much of anything. Multilayer perceptrons could handle test problems that had tripped up those simpler networks, but their demonstrations did poorly on unstructured, real-world problems. We're now in the deep-learning era, which is delivering on many of the early AI promises but in a way that's considered hard to understand, with consequences ranging from intellectual to existential threats.

Each of these stages was heralded as a revolutionary advance over the limitations of its predecessors, yet all effectively do the same thing: They make inferences from observations. How these approaches relate can be understood by how they scale—that is, how their performance depends on the difficulty of the problem they're addressing. Both a light switch and a self-driving car must determine their operator's intentions, but the former has just two options to choose from, whereas the latter has many more. The AI-boom phases have started with promising examples in limited domains; the bust phases came with the failure of those demonstrations to handle the complexity of less-structured, practical problems.

Less apparent is the steady progress we've made in mastering scaling. This progress rests on the technological distinction between linear and exponential functions—a distinction that was becoming evident at the dawn of AI but with implications for AI that weren't appreciated until many years later.

In one of the founding documents of the study of intelligent machines, *The Human Use of Human Beings*, Norbert Wiener does a remarkable job of identifying many of the most significant trends to arise since he wrote it, along with noting the people responsible for them and then consistently failing to recognize why these people's work proved to be so important. Wiener is credited with creating the field of cybernetics; I've never understood what that is, but what's missing from the book is at the heart of how AI has progressed. This history matters because of the echoes of it that persist to this day.

Claude Shannon makes a cameo appearance in the book, in the context of his thoughts about the prospects for a chess-playing computer. Shannon was doing



HOUSE_OVERSIGHT_016335

something much more significant than speculating at the time: He was laying the foundations for the digital revolution. As a graduate student at MIT, he worked for Vannevar Bush on the Differential Analyzer. This was one of the last great analog computers, a room full of gears and shafts. Shannon's frustration with the difficulty of solving problems this way led him in 1937 to write what might be the best master's thesis ever. In it, he showed how electrical circuits could be designed to evaluate arbitrary logical expressions, introducing the basis for universal digital logic.

After MIT, Shannon studied communications at Bell Labs. Analog telephone calls degraded with distance; the farther they traveled, the worse they sounded. Rather than continue to improve them incrementally, Shannon showed in 1948 that by communicating with symbols rather than continuous quantities, the behavior is very different. Converting speech waveforms to the binary values of 1 and 0 is an example, but many other sets of symbols can be (and are) used in digital communications. What matters is not the particular symbols but rather the ability to detect and correct errors. Shannon found that if the noise is above a threshold (which depends on the system design), then there are certain to be errors. But if the noise is below a threshold, then a linear increase in the physical resources representing the symbol results in an exponential decrease in the likelihood of making an error in correctly receiving the symbol. This relationship was the first of what we'd now call a threshold theorem.

Such scaling falls off so quickly that the probability of an error can be so small as to effectively never happen. Each symbol sent multiplies rather than adds to the certainty, so that the probability of a mistake can go from 0.1 to 0.01 to 0.001, and so forth. This exponential decrease in communication errors made possible an exponential increase in the capacity of communication networks. And that eventually solved the problem of where the knowledge in an AI system came from.

For many years, the fastest way to speed up a computation was to do nothing—just wait for computers to get faster. In the same way, there were years of AI projects that aimed to accumulate everyday knowledge by laboriously entering pieces of information. That didn't scale; it could progress only as fast as the number of people doing the entering. But when phone calls, newspaper stories, and mail messages all moved onto the Internet, everyone doing any of those things became a data generator. The result was an exponential rather than a linear rate of knowledge accumulation.

John von Neumann also has a cameo in *The Human Use of Human Beings*, for game theory. What Wiener missed here was von Neumann's seminal role in digitizing computation. Whereas analog communication degraded with distance, analog computing (like the Differential Analyzer) degraded with time, accumulating errors as it progressed. Von Neumann presented in 1952 a result corresponding to Shannon's for computation (they had met at the Institute for Advanced Study, in Princeton), showing that it was possible to compute reliably with an unreliable computing device by using symbols rather than continuous quantities. This was, again, a scaling argument, with a linear increase in the physical resources representing the symbol resulting in an exponential reduction in the error rate as long as the noise was below a threshold. That's what makes it possible to have a billion transistors in a computer chip, with the last one as useful as the first one. This relationship led to an exponential increase in computing performance, which solved a second problem in AI: how to process exponentially increasing amounts of data.

The third problem that scaling solved for AI was coming up with the rules for



HOUSE_OVERSIGHT_016336

reasoning without having to hire a programmer for each problem. Wiener recognized the role of feedback in machine learning, but he missed the key role of representation. It's not possible to store all possible images in a self-driving car, or all possible sounds in a conversational computer; they have to be able to generalize from experience. The "deep" part of deep learning refers not to the (hoped-for) depth of insight but to the depth of the mathematical network layers used to make predictions. It turned out that a linear increase in network complexity led to an exponential increase in the expressive power of the network.

If you lose your keys in a room, you can search for them. If you're not sure which room they're in, you have to search all the rooms in a building. If you're not sure which building they're in, you have to search all the rooms in all the buildings in a city. If you're not sure which city they're in, you have to search all the rooms in all the buildings in all the cities. In AI, finding the keys corresponds to things like a car safely following the road, or a computer correctly interpreting a spoken command, and the rooms and buildings and cities correspond to all of the options that have to be considered. This is called the curse of dimensionality.

The solution to the curse of dimensionality came in using information about the problem to constrain the search. The search algorithms themselves are not new. But when applied to a deep-learning network, they adaptively build up representations of where to search. The price of this is that it's no longer possible to exactly solve for the best answer to a problem, but typically all that's needed is an answer that's good enough.

Taken together, it shouldn't be surprising that these scaling laws have allowed machines to become effectively as capable as the corresponding stages of biological complexity. Neural networks started out with a goal of modeling how the brain works. That goal was abandoned as they evolved into mathematical abstractions unrelated to how neurons actually function. But now there's a kind of convergence that can be thought of as forward- rather than reverse-engineering biology, as the results of deep learning echo brain layers and regions.

One of the most difficult research projects I've managed paired what we'd now call data scientists with AI pioneers. It was a miserable experience in moving goalposts. As the former progressed in solving long-standing problems posed by the latter, this was deemed to not count because it wasn't accompanied by corresponding leaps in understanding the solutions. What's the value of a chess-playing computer if you can't explain how it plays chess?

The answer of course is that it can play chess. There is interesting emerging research that is applying AI to AI—that is, training networks to explain how they operate. But both brains and computer chips are hard to understand by watching their inner workings; they're easily interpreted only by observing their external interfaces. We come to trust (or not) brains and computer chips alike based on experience that tests them rather than on explanations for how they work.

Many branches of engineering are making a transition from what's called imperative to declarative or generative design. This means that instead of explicitly designing a system with tools like CAD files, circuit schematics, and computer code, you describe what you want the system to do and then an automated search is done for designs that satisfy your goals and restrictions. This approach becomes necessary as design complexity exceeds what can be understood by a human designer. While that



HOUSE_OVERSIGHT_016337

might sound like a risk, human understanding comes with its own limits; engineering design is littered with what appeared to be good insights that have had bad consequences. Declarative design rests on all the advances in AI, plus the improving fidelity of simulations to virtually test designs.

The mother of all design problems is the one that resulted in us. The way we're designed resides in one of the oldest and most conserved parts of the genome, called the Hox genes. These are genes that regulate genes, in what are called developmental programs. Nothing in your genome stores the design of your body; your genome stores, rather, a series of steps to follow that results in your body. This is an exact parallel to how search is done in AI. There are too many possible body plans to search over, and most modifications would be either inconsequential or fatal. The Hox genes are a representation of a productive place for evolutionary search. It's a kind of natural intelligence at the molecular level.

AI has a mind-body problem, in that it has no body. Most work on AI is done in the cloud, running on virtual machines in computer centers where data are funneled. Our own intelligence is the result of a search algorithm (evolution) that was able to change our physical form as well as our programming—those are inextricably linked. If the history of AI can be understood as the working of scaling laws rather than a succession of fashions, then its future can be seen in the same way. What's now being digitized, after communication and computation, is fabrication, bringing the programmability of bits to the world of atoms. By digitizing not just designs but the construction of materials, the same lessons that von Neumann and Shannon taught us apply to exponentially increasing fabricational complexity.

I've defined digital materials to be those constructed from a discrete set of parts reversibly joined with a discrete set of relative positions and orientations. These attributes allow the global geometry to be determined from local constraints, assembly errors to be detected and corrected, heterogeneous materials to be joined, and structures to be disassembled rather than disposed of when they're no longer needed. The amino acids that are the foundation of life and the Lego bricks that are the foundation of play share these properties.

What's interesting about amino acids is that they're not interesting. They have attributes that are typical but not unusual, such as attracting or repelling water. But just twenty types of them are enough to make you. In the same way, twenty or so types of digital-material part types—conducting, insulating, rigid, flexible, magnetic, etc.—are enough to assemble the range of functions that go into making modern technologies like robots and computers.

The connection between computation and fabrication was foreshadowed by the very pioneers whose work the edifice of computing is based on. Wiener hinted at this by linking material transportation with message transportation. John von Neumann is credited with modern computer architecture, something he actually wrote very little about; the final thing he studied, and wrote about beautifully and at length, was self-reproducing systems. As an abstraction of life, he modeled a machine that can communicate a computation that constructs itself. And the final thing Alan Turing, who is credited with the theoretical framework for computer science, studied was how the instructions in genes can give rise to physical forms. These questions address a topic absent from a typical computer-science education: the physical configuration of a



HOUSE_OVERSIGHT_016338

computation.

Von Neumann and Turing posed their questions as theoretical studies, because it was beyond the technology of their day to realize them. But with the convergence of communication and computation with fabrication, these investigations are now becoming accessible experimentally. Making an assembler that can assemble itself from the parts that it's assembling is a focus of my lab, along with collaborations to develop synthetic cells.

The prospect of physically self-reproducing automata is potentially much scarier than fears of out-of-control AI, because it moves the intelligence out here to where we live. It could be a roadmap leading to Terminator's Skynet robotic overlords. But it's also a more hopeful prospect, because an ability to program atoms as well as bits enables designs to be shared globally while locally producing things like energy, food, and shelter—all of these are emerging as exciting early applications of digital fabrication. Wiener worried about the future of work, but he didn't question implicit assumptions about the nature of work which are challenged when consumption can be replaced by creation.

History suggests that neither utopian nor dystopian scenarios prevail; we generally end up muddling along somewhere in between. But history also suggests that we don't have to wait on history. Gordon Moore in 1965 was able to use five years of the doubling of the specifications of integrated circuits to project what turned out to be fifty years of exponential improvements in digital technologies. We've spent many of those years responding to, rather than anticipating, its implications. We have more data available now than Gordon Moore did to project fifty years of doubling the performance of digital fabrication. With the benefit of hindsight, it should be possible to avoid the excesses of digital computing and communications this time around, and, from the outset, address issues like access and literacy.

If the maker movement is the harbinger of a third digital revolution, the success of AI in meeting many of its own early goals can be seen as the crowning achievement of the first two digital revolutions. Although machine making and machine thinking might appear to be unrelated trends, they lie in each other's futures. The same scaling trends that have made AI possible suggest that the current mania is a phase that will pass, to be followed by something even more significant: the merging of artificial and natural intelligence.

It was an advance for atoms to form molecules, molecules to form organelles, organelles to form cells, cells to form organs, organs to form organisms, organisms to form families, families to form societies, and societies to form civilizations. This grand evolutionary loop can now be closed, with atoms arranging bits arranging atoms.



HOUSE_OVERSIGHT_016339

*While* **Danny Hillis** *was an undergraduate at MIT, he built a computer out of Tinkertoys. It has around 10,000 wooden parts, plays tic-tac-toe, and never loses; it's now in the Computer History Museum, in Mountain View, California.*

*As a graduate student at the MIT Computer Science and Artificial Intelligence Laboratory in the early 1980s, Danny designed a massively parallel computer with 64,000 processors. He named it the Connection Machine and founded what may have been the first AI company—Thinking Machines Corporation—to produce and market it. This was despite a lunch he had with Richard Feynman, at which the celebrated physicist remarked, "That is positively the dopiest idea I ever heard." Maybe "despite" is the wrong word, since Feynman had a well-known predilection for playing with dopey ideas. In the event, he showed up on the day the company was incorporated and stayed on, for summer jobs and special assignments, to make invaluable contributions to its work.*

*Danny has since established a number of technology companies, of which the latest is Applied Invention, which partners with commercial enterprises to develop technological solutions to their most intractable problems. He holds hundreds of U.S. patents, covering parallel computers, touch interfaces, disk arrays, forgery prevention methods, and a slew of electronic and mechanical devices. His imagination is apparently boundless, and here he sketches some possible scenarios that will result from our pursuit of a better and better AI.*

*"Our thinking machines are more than metaphors," he says. "The question is not, 'Will they be powerful enough to hurt us?' (they will), or whether they will always act in our best interests (they won't), but whether over the long term they can help us find our way—where we come out on the Panacea/Apocalypse continuum."*



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# THE FIRST MACHINE INTELLIGENCES

**W. Daniel Hillis**

***W. Daniel "Danny" Hillis** is an inventor, entrepreneur, and computer scientist, Judge Widney Professor of Engineering and Medicine at USC, and author of* The Pattern on the Stone: The Simple Ideas That Make Computers Work.

> I have spoken of machines, but not only of machines having brains of brass and thews of iron. When human atoms are knit into an organization in which they are used, not in their full right as responsible human beings, but as cogs and levers and rods, it matters little that their raw material is flesh and blood. *What is used as an element in a machine, is in fact an element in the machine.* Whether we entrust our decisions to machines of metal, or to those machines of flesh and blood which are bureaus and vast laboratories and armies and corporations, we shall never receive the right answers to our questions unless we ask the right questions.... The hour is very late, and the choice of good and evil knocks at our door.
>
> —Norbert Wiener, *The Human Use of Human Beings*

Norbert Wiener was ahead of his time in recognizing the potential danger of emergent intelligent machines. I believe he was even further ahead in recognizing that the first artificial intelligences had already begun to emerge. He was correct in identifying the corporations and bureaus that he called "machines of flesh and blood" as the first intelligent machines. He anticipated the dangers of creating artificial superintelligences with goals not necessarily aligned with our own.

What is now clear, whether or not it was apparent to Wiener, is that these organizational superintelligences are not just made of humans, they are hybrids of humans and the information technologies that allow them to coordinate. Even in Wiener's time, the "bureaus and vast laboratories and armies and corporations" could not operate without telephones, telegraphs, radios, and tabulating machines. Today they could not operate without networks of computers, databases, and decision support systems. These hybrid intelligences are technologically augmented networks of humans. These artificial intelligences have superhuman powers. They can know more than individual humans; they can sense more; they can make more complicated analyses and more complex plans. They can have vastly more resources and power than any single individual.

Although we do not always perceive it, hybrid superintelligences such as nation states and corporations have their own emergent goals. Although they are built by and for humans, they often act like independent intelligent entities, and their actions are not always aligned to the interests of the people who created them. The state is not always for the citizen, nor the company for the shareholder. Nor do not-for-profits, religious orders, or political parties always act in furtherance of their founding principles. Intuitively, we recognize that their actions are guided by internal goals, which is why we personify them, both legally and in our habits of thought. When talking about "what China wants," or "what General Motors is trying to do," we are not speaking in metaphors. These organizations act as intelligences that perceive, decide, and act. Like the goals of individual humans, the goals of organizations are complex and often self-contradictory, but they are true goals in the sense that they direct action. Those goals



HOUSE_OVERSIGHT_016341

depend somewhat on the goals of the people within the organization, but they are not identical.

Any American knows how loose the tie is between the actions of the U.S. government and the diverse and often contradictory aims of its citizens. That is also true of corporations. For-profit corporations nominally serve multiple constituencies, including shareholders, senior executives, employees, and customers. These corporations differ in how they balance their loyalties and often behave in ways that serve none of their constituents. The "neurons" that carry their corporate thought are not just the human employees or the technologies that connect them; they are also coded into the policies, incentive structures, culture, and procedural habits of the corporation. The emergent corporate goals do not always reflect the values of the people who implement them. For instance, an oil company led and staffed by people who care about the environment may have incentive structures or policies that cause it to compromise environmental safety for the sake of corporate earnings. The components' good intentions are not a guarantee of the emergent system's good behavior.

Governments and corporations, both built partly of humans, are naturally motivated to at least appear to share the goals of the humans they depend upon. They could not function without the people, so they need to keep them cooperative. When such organizations appear to behave altruistically, this is often part of their motive. I once complimented the CEO of a large corporation on the contribution his company made toward a humanitarian relief effort. The CEO responded, without a trace of irony, "Yes. We have decided to do more things like that to make our brand more likeable." Individuals who compose a hybrid superintelligence may occasionally exert a "humanizing" influence—for example, an employee may break company policies to accommodate the needs of another human. The employee may act out of true human empathy, but we should not attribute any such empathy to the superintelligence itself. These hybrid machines have goals, and their citizens/customers/employees are some of the resources they use to accomplish them.

We are close to being able to build superintelligences out of pure information technology, without human components. This is what people normally refer to as "artificial intelligence," or AI. It is reasonable to ask what the attitudes of the hypothetical machine superintelligences will be toward humans. Will they, too, see humans as useful resources and a good relationship with us as worth preserving? Will they be constructed to have goals that are aligned with our own? Will a superintelligence even see these questions as important? What are the "right questions" that we should be asking? I believe that one of the most important is this: What relationship will various superintelligences have to one another?

It is interesting to consider how the hybrid superintelligences currently deal with conflicts among themselves. Today, much of the ultimate power rests in the nation states, which claim authority over a patch of ground. Whether they are optimized to act in the interests of their citizens or those of a despotic ruler, nation states assert priority over other intelligences' desires or goals within their geographic dominion. They claim a monopoly on the use of force and recognize only other nation states as peers. They are willing, if necessary, to demand great sacrifices of their citizens to enforce their authority, even to the point of sacrificing their citizens' lives.



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This geographical division of authority made logical sense when most of the actors were humans who spent their lives within a single nation state, but now that the actors of importance include geographically distributed hybrid intelligences such as multinational corporations, that logic is less obvious. Today we live in a complex transitional period, when distributed superintelligences still largely rely on the nation states to settle the arguments arising among them. Often, those arguments are resolved differently in different jurisdictions. It is becoming more difficult even to assign individual humans to nation states: International travelers living and working outside their native country, refugees, and immigrants (documented and not) are still dealt with as awkward exceptions. Superintelligences built purely of information technology will prove even more awkward for the territorial system of authority, since there is no reason why they need to be tied to physical resources in a single country—or even to any particular physical resources at all. An artificial intelligence might well exist "in the cloud" rather than at any physical location.

I can imagine at least four scenarios for how machine superintelligences will relate to hybrid superintelligences.

In one obvious scenario, multiple machine intelligences will ultimately be controlled by, and allied with, individual nation states. In this state/AI scenario, one can envision American and Chinese super-AIs wrestling each other for resources on behalf of their state. In some sense, these AIs would be citizens of their nation state in the way that many commercial corporations often act as "corporate citizens" today. In this scenario, the host nation states would presumably give the machine superintelligences the resources they needed to work for the state's advantage. Or, to the degree that the superintelligences can influence their state governments, they will presumably do so to enhance their own power, for instance by garnering a larger share of the state's resources. Nation states' AIs might not want competing AIs to grow up within their jurisdiction. In this scenario, the superintelligences become an extension of the state, and vice versa.

The state/AI scenario seems plausible, but it is not our current course. Our most powerful and rapidly improving artificial intelligences are controlled by for-profit corporations. This is the corporate/AI scenario, in which the balance of power between nation states and corporations becomes inverted. Today, the most powerful and intelligent collections of machines are probably owned by Google, but companies like Amazon, Baidu, Microsoft, Facebook, Apple, and IBM may not be far behind. These companies all see a business imperative to build artificial intelligences of their own. It is easy to imagine a future in which corporations independently build their own machine intelligences, protected within firewalls preventing the machines from taking advantage of one another's knowledge. These machines will be designed to have goals aligned with those of the corporation. If this alignment is effective, nation states may continue to lag behind in developing their own artificial-intelligence capability and instead depend on their "corporate citizens" to do it for them. To the extent that corporations successfully control the goals, they will become more powerful and autonomous than nation states.

Another scenario, perhaps the one people fear the most, is that artificial intelligences will not be aligned with either humans or hybrid superintelligences but will act solely in their own interest. They might even merge into a single machine superintelligence, since there may be no technical requirement for machine intelligences to maintain distinct identities. The attitude of a self-interested super-AI toward hybrid



HOUSE_OVERSIGHT_016343

superintelligences is likely to be competitive. Humans might be seen as minor annoyances, like ants at a picnic, but hybrid superintelligences—like corporations, organized religions, and nation states—could be existential threats. Like hybrid superintelligences, AIs might see humans mostly as useful tools to accomplish their goals, as pawns in their competition with the other superintelligences. Or we might simply be irrelevant. It is not impossible that a machine intelligence has already emerged and we simply do not recognize it as such. It may not wish to be noticed, or it may be so alien to us that we are incapable of perceiving it. This makes the self-interested AI scenario the most difficult to imagine. I believe the easy-to-imagine versions, like the humanoid intelligent robots of science fiction, are the least likely. Our most complex machines, like the Internet, have already grown beyond the detailed understanding of a single human, and their emergent behaviors may be well beyond our ken.

The final scenario is that machine intelligences will not be allied with one another but instead will work to further the goals of humanity as a whole. In this optimistic scenario, AI could help us restore the balance of power between the individual and the corporation, between the citizen and the state. It could help us solve the problems that have been created by hybrid superintelligences that subvert the goals of humans. In this scenario, AIs will empower us by giving us access to processing capacity and knowledge currently available only to corporations and states. In effect, they could become extensions of our own individual intelligences, in furtherance of our human goals. They could make our weak individual intelligences strong. This prospect is both exciting and plausible. It is plausible because we have some choice in what we build, and we have a history of using technology to expand and augment our human capacities. As airplanes have given us wings and engines have given us muscles to move mountains, so our network of computers may amplify and extend our minds. We may not fully understand or control our destiny, but we have a chance to bend it in the direction of our values. The future is not something that will happen to us; it is something that we will build.

### *Why Wiener Saw What Others Missed*

> There is in electrical engineering a split which is known in Germany as the split between the technique of strong currents and the technique of weak currents, and which we know as the distinction between power and communication engineering. It is this split which separates the age just past from that in which we are now living.
>
> —Norbert Wiener, *Cybernetics, or Control and Communication in the Animal and the Machine*

Cybernetics is the study of the how the weak can control the strong. Consider the defining metaphor of the field: the helmsman guiding a ship with a tiller. The helmsman's goal is to control the heading of the ship, to keep it on the right course. The information, the message that is sent to the helmsman, comes from the compass or the stars, and the helmsman closes the feedback loop by sending the steering messages through the gentle force of his hand on the tiller. In this picture, we see the ship tossing in powerful wind and waves in the real world, controlled by the communication system of messages in the world of information.

Yet the distinction between "real" and "information" is mostly a difference in perspective. The signals that carry messages, like the light of the stars and pressure of the



HOUSE_OVERSIGHT_016344

hand on the tiller, exist in a world of energy and forces, as does the helmsman. The weak forces that control the rudder are as real and physical as the strong forces that toss the ship. If we shift our cybernetics perspective from the ship to the helmsman, the pressures on the rudder become a strong force of muscles controlled by the weak signals in the mind of the helmsman. These messages in the helmsman's mind are amplified into a physical force strong enough to steer the ship. Or instead, we can zoom out and take a large cybernetics perspective. We might see the ship itself as part of a vast trade network, part of a feedback loop that regulates the price of commodities through the flow of goods. In this perspective, the tiny ship is merely a messenger. So, the distinction between the physical world and the information world is a way to describe the relationship between the weak and the strong.

Wiener chose to view the world from the vantage point and scale of the individual human. As a cyberneticist, he took the perspective of the weak protagonist embedded within a strong system, trying to make the best of limited powers. He incorporated this perspective in his very definition of information. "Information," he said, "is a name for the content of what is exchanged with the outer world as we adjust to it, and make our adjustment felt upon it." In his words, information is what we use to "live effectively within that environment."[33] For Wiener, information is a way for the weak to effectively cope with the strong. This viewpoint is also reflected in Gregory Bateson's definition of information as "a difference that makes a difference," by which he meant the small difference that makes a big difference.

The goal of cybernetics was to create a tiny model of the system using "weak currents" to amplify and control "strong currents" of the real world. The central insight was that a control problem could be solved by building an analogous system in the information space of messages and then amplifying solutions into the larger world of reality. Inherent in the motion of a control system is the concept of amplification, which makes the small big and the weak strong. Amplification allows the difference that makes a difference to make a difference.

In this way of looking at the world, a control system needed to be as complex as the system it controlled. Cyberneticist W. Ross Ashby proved that this was true in a precise mathematical sense, in what is now called Ashby's Law of Requisite Variety, or sometimes the First Law of Cybernetics. The law tells us that to control a system completely, the controller must be as complex as the controlled. Thus cyberneticists tended to see control systems as a kind of analog of the systems they governed, like the homunculus—the hypothetical little person inside the brain who controls the actual person.

This notion of analogous structure is sometimes confused with the notion of analog encoding of messages, but the two are logically distinct. Norbert Wiener was much impressed with Vannevar Bush's Digital Differential Analyzer, which could be reconfigured to match the structure of whatever problem it was given to solve but used digital signal encoding. Signals could be simplified to openly represent the relevant distinctions, allowing them to be more accurately communicated and stored. In digital signals, one needed only to preserve the difference in signals that made a difference. It is this distinction and signal coding that we commonly use to distinguish "analog" versus "digital." Digital signal encoding was entirely compatible with cybernetic thinking—in

[33] *The Human Use of Human Beings* (Boston: Houghton Mifflin, 1954), p. 17-18.



HOUSE_OVERSIGHT_016345

fact, enabling to it. What was constraining to cybernetics was the presumption of an analogy of structure between the controller and the controlled. By the 1930s, Kurt Gödel, Alonzo Church, and Alan Turing had all described universal systems of computation, in which the computation required no structural analogy to functions that were computed. These universal computers could also compute the functions of control.

The analogy of structure between the controller and the controlled was central to the cybernetic perspective. Just as digital coding collapses the space of possible messages into a simplified version that represents only the difference that makes a difference, so the control system collapses the state space of a controlled system into a simplified model that reflects only the goals of the controller. Ashby's Law does not imply that every controller must model every state of the system but only those states that matter for advancing the controller's goals. Thus, in cybernetics, the goal of the controller becomes the perspective from which the world is viewed.

Norbert Wiener adopted the perspective of the individual human relating to vast organizations and trying to "live effectively within that environment." He took the perspective of the weak trying to influence the strong. Perhaps this is why he was able to notice the emergent goals of the "machines of flesh and blood" and anticipate some of the human challenges posed by these new intelligences, hybrid machine intelligences with goals of their own.



HOUSE_OVERSIGHT_016346

**Venki Ramakrishnan** *is a Nobel Prize-winning biologist whose many scientific contributions include his work on the atomic structure of the ribosome—in effect, a huge molecular machine that reads our genes and makes proteins. His work would have been impossible without powerful computers. The Internet made his own work a lot easier and, he notes, acted as a leveler internationally: "When I grew up in India, if you wanted to get a book, it would show up six months or a year after it had already come out in the West. . . . Journals would arrive by surface mail a few months later. I didn't have to deal with it, because I left India when I was nineteen, but I know Indian scientists had to deal with it. Today they have access to information at the click of a button. More important, they have access to lectures. They can listen to Richard Feynman. That would have been a dream of mine when I was growing up. They can just watch Richard Feynman on the Web. That's a big leveling in the field." And yet. . . "Along with the benefits [of the Web], there is now a huge amount of noise. You have all of these people spouting pseudoscientific jargon and pushing their own ideas as if they were science."*

*As president of the Royal Society, Venki worries, too, about the broader issue of trust: public trust in evidence-based scientific findings, but also trust among scientists, bolstered by rigorous checking of one another's conclusions—trust that is in danger of eroding because of the "black box" character of deep-learning computers. "This [erosion] is going to happen more and more, as data sets get bigger, as we have genome-wide studies, population studies, and all sorts of things," he says. "How do we, as a science community, grapple with this and communicate to the public a sense of what science is about, what is reliable in science, what is uncertain in science, and what is just plain wrong in science?"*



HOUSE_OVERSIGHT_016347

## WILL COMPUTERS BECOME OUR OVERLORDS?

**Venki Ramakrishnan**

***Venki Ramakrishnan*** *is a scientist at the Medical Research Council Laboratory of Molecular Biology, Cambridge University; recipient of the Nobel Prize in Chemistry (2009); current president of the Royal Society; and the author of* Gene Machine: The Race to Discover the Secrets of the Ribosome.

A former colleague of mine, Gérard Bricogne, used to joke that carbon-based intelligence was simply a catalyst for the evolution of silicon-based intelligence. For quite a long time, both Hollywood movies and scientific Jeremiahs have been predicting our eventual capitulation to our computer overlords. We all await the singularity, which always seems to be just over the horizon.

In a sense, computers have already taken over, facilitating virtually every aspect of our lives—from banking, travel, and utilities to the most intimate personal communication. I can see and talk to my grandson in New York *for free*. I remember when I first saw the 1968 movie *2001: A Space Odyssey*, the audience laughed at the absurdly cheap cost of a picturephone call from space: $1.70, at a time when a long-distance call within the U.S. was $3 per minute.

However, the convenience and power of computers is also something of a Faustian bargain, for it comes with a loss of control. Computers prevent us from doing things we want. Try getting on a flight if you arrive at the airport and the airline computer systems are down, as happened not so long ago to British Airways at Heathrow. The planes, pilots, and passengers were all there; even the air-traffic controls were working. But no flights for that airline were allowed to take off. Computers also make us do things we *don't* want—by generating mailing lists and print labels to send us all millions of pieces of unwanted mail, which we humans have to sort, deliver, and dispose of.

But you ain't seen nothing yet. In the past, we programmed computers using algorithms we understood at least in principle. So when machines did amazing things like beating world chess champion Garry Kasparov, we could say that the victorious programs were designed with algorithms based on our own understanding—using, in this instance, the experience and advice of top grandmasters. Machines were simply faster at doing brute-force calculations, had prodigious amounts of memory, and were not prone to errors. One article described Deep Blue's victory not as that of a computer, which was just a dumb machine, but as the victory of hundreds of programmers over Kasparov, a single individual.

That way of programming is changing dramatically. After a long hiatus, the power of machine learning has taken off. Much of the change came when programmers, rather than trying to anticipate and code for every possible contingency, allowed computers to train themselves on data, using deep neural networks based on models of how our own brains learn. They use probabilistic methods to "learn" from large quantities of data; computers can recognize patterns and come up with conclusions on their own. A particularly powerful method is called reinforcement learning, by which the computer learns, without prior input, which variables are important and how much to



HOUSE_OVERSIGHT_016348

weight them to reach a certain goal. This method in some sense mimics how we learn as children. The results from these new approaches are amazing.

Such a deep-learning program was used to teach a computer to play Go, a game that only a few years ago was thought to be beyond the reach of AI because it was so hard to calculate how well you were doing. It seemed that top Go players relied a great deal on intuition and a feel for position, so proficiency was thought to require a particularly human kind of intelligence. But the AlphaGo program produced by DeepMind, after being trained on thousands of high-level Go games played by humans and then millions of games with itself, was able to beat the top human players in short order. Even more amazingly, the related AlphaGo Zero program, which learned from scratch by playing itself, was stronger than the version trained initially on human games! It was as though the humans had been preventing the computer from reaching its true potential. The same method has recently been generalized: Starting from scratch, within just twenty-four hours, an equivalent AlphaZero chess program was able to beat today's top "conventional" chess programs, which in turn have beaten the best humans.

Progress has not been restricted to games. Computers are significantly better at image and voice recognition and speech synthesis than they used to be. They can detect tumors in radiographs earlier than most humans. Medical diagnostics and personalized medicine will improve substantially. Transportation by self-driving cars will keep us all safer, on average. My grandson may never have to acquire a driver's license, because driving a car will be like riding a horse today—a hobby for the few. Dangerous activities, such as mining, and tedious repetitive work will be done by computers. Governments will offer better targeted, more personalized and efficient public services. AI could revolutionize education by analyzing an individual pupil's needs and enabling customized teaching, so that each student can advance at an optimal rate.

Along with these huge benefits, of course, will come alarming risks. With the vast amounts of personal data, computers will learn more about us than we may know about ourselves; the question of who owns data about us will be paramount. Moreover, data-based decisions will undoubtedly reflect social biases: Even an allegedly neutral intelligent system designed to predict loan risks, say, may conclude that mere membership in a particular minority group makes you more likely to default on a loan. While this is an obvious example that we could correct, the real danger is that we are not always aware of biases in the data and may simply perpetuate them.

Machine learning may also perpetuate our own biases. When Netflix or Amazon tries to tell you what you might want to watch or buy, this is an application of machine learning. Currently such suggestions are sometimes laughable, but with time and more data they will get increasingly accurate, reinforcing our prejudices and likes and dislikes. Will we miss out on the random encounter that might persuade us to change our views by exposing us to new and conflicting ideas? Social media, given its influence on elections, is a particularly striking illustration of how the divide between people on different sides of the political spectrum can be accentuated.

We may have already reached the stage where most governments are powerless to resist the combined clout of a few powerful multinational companies that control us and our digital future. The fight between dominant companies today is really a fight for control over our data. They will use their enormous influence to prevent regulation of data, because their interests lie in unfettered control of it. Moreover, they have the



HOUSE_OVERSIGHT_016349

financial resources to hire the most talented workers in the field, enhancing their power even further. We have been giving away valuable data for the sake of freebies like Gmail and Facebook, but as the journalist and author John Lanchester has pointed out in the *London Review of Books*, if it is free, then you are the product. Their real customers are the ones who pay them for access to knowledge about us, so that they can persuade us to buy their products or otherwise influence us. One way around the monopolistic control of data is to split the ownership of data away from firms that use them. Individuals would instead own and control access to their personal data (a model that would encourage competition, since people would be free to move their data to a company that offered better services). Finally, abuse of data is not limited to corporations: In totalitarian states, or even nominally democratic ones, governments know things about their citizens that Orwell could not have imagined. The use they make of this information may not always be transparent or possible to counter.

The prospect of AI for military purposes is frightening. One can imagine intelligent systems being designed to act autonomously based on real-time data and able to act faster than the enemy, starting catastrophic wars. Such wars may not necessarily be conventional or even nuclear wars. Given how essential computer networks are to modern society, it is much more likely that AI wars will be fought in cyberspace. The consequences could be just as dire.

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Despite this loss of control, we continue to march inexorably into a world in which AI will be everywhere: Individuals won't be able to resist its convenience and power, and corporations and governments won't be able to resist its competitive advantages. But important questions arise about the future of work. Computers have been responsible for considerable losses in blue-collar jobs in the last few decades, but until recently many white-collar jobs—jobs that "only humans can do"—were thought to be safe. Suddenly that no longer appears to be true. Accountants, many legal and medical professionals, financial analysts and stockbrokers, travel agents—in fact, a large fraction of white-collar jobs—will disappear as a result of sophisticated machine-learning programs. We face a future in which factories churn out goods with very few employees and the movement of goods is largely automated, as are many services. What's left for humans to do?

In 1930—long before the advent of computers, let alone AI—John Maynard Keynes wrote, in an essay called "Economic Possibilities for our Grandchildren," that as a result of improvements in productivity, society could produce all its needs with a fifteen-hour work week. He also predicted, along with the growth of creative leisure, the end of money and wealth as a goal:

> We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession—as distinguished from the love of money as a means to the enjoyments and realities of life—will be recognised for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease.



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Sadly, Keynes's predictions did not come true. Although productivity did indeed increase, the system—possibly inherent in a market economy—did not result in humans working much shorter hours. Rather, what happened is what the anthropologist and anarchist David Graeber describes as the growth of "bullshit jobs."[34] While jobs that produce essentials like food, shelter, and goods have been largely automated away, we have seen an enormous expansion of sectors like corporate law, academic and health administration (as opposed to actual teaching, research, and the practice of medicine), "human resources," and public relations, not to mention new industries like financial services and telemarketing and ancillary industries in the so-called gig economy which serve those who are too busy doing all that additional work.

How will societies cope with technology's increasingly rapid destruction of entire professions and throwing large numbers of people out of work? Some argue that this concern is based on a false premise, because new jobs spring up that didn't exist before, but as Graeber points out, these new jobs won't necessarily be rewarding or fulfilling. During the first industrial revolution, it took almost a century before most people were better off. That revolution was possible only because the government of the time ruthlessly favored property rights over labor, and most people (and all women) did not have the vote. In today's democratic societies, it is not clear that the population will tolerate such a dramatic upheaval of society based on the promise that "eventually" things will get better.

Even that rosy vision will depend on a radical shake-up of education and lifelong learning. The Industrial Revolution did trigger enormous social change of this kind, including a shift to universal education. But it will not happen unless we make it happen: This is essentially about power, agency, and control. What's next for, say, the forty-year-old taxi driver or truck driver in an era of autonomous vehicles?

One idea that has been touted is that of a universal basic income, which will allow citizens to pursue their interests, retrain for new occupations, and generally be free to live a decent life. However, market economies, which are predicated on growing consumer demand over all else, may not tolerate this innovation. There is also a feeling among many that meaningful work is essential to human dignity and fulfillment. So another possibility is that the enormous wealth generated by increased productivity due to automation could be redistributed to jobs requiring human labor and creativity in fields such as the arts, music, social work, and other worthwhile pursuits. Ultimately, which jobs are rewarding or productive and which are "bullshit" is a matter of judgment and may vary from society to society, as well as over time.

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So far, I've focused on AI's practical consequences. As a scientist, what bothers me is our potential loss of understanding. We are now accumulating data at an incredible rate. In my own lab, an experiment generates over a terabyte of data a day. These data are massaged, analyzed, and reduced until there is an interpretable result. But in all of this data analysis, we believe we know what's happening. We know what the programs are

[34] https://strikemag.org/bullshit-jobs/



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doing because we designed the algorithms at their heart. So when our computers generate a result, we feel that we intellectually grasp it.

The new machine-learning programs are different. Having recognized patterns via deep neural networks, they come up with conclusions, and we have no idea exactly how. When they uncover relationships, we don't understand it in the same way as if we had deduced those relationships ourselves using an underlying theoretical framework. As data sets become larger, we won't be able to analyze them ourselves even with the help of computers; rather, we will rely entirely on computers to do the analysis for us. So if someone asks us how we know something, we will simply say it is because the machine analyzed the data and produced the conclusion.

One day a computer may well come up with an entirely new result—e.g., a mathematical theorem whose proof, or even whose statement, no human can understand. That is philosophically different from the way we have been doing science. Or at least thought we had; some might argue that we don't know how our own brains reach conclusions either, and that these new methods are a way of mimicking learning by the human brain. Nevertheless, I find this potential loss of understanding disturbing.

Despite the remarkable advances in computing, the hype about AGI—a general-intelligence machine that will think like a human and possibly develop consciousness—smacks of science fiction to me, partly because we don't understand the brain at that level of detail. Not only do we not understand what consciousness is, we don't even understand a relatively simple problem like how we remember a phone number. In just that one question, there are all sorts of things to consider. How do we know it is a number? How do we associate it with a person, a name, face, and other characteristics? Even such seemingly trivial questions involve everything from high-level cognition and memory to how a cell stores information and how neurons interact.

Moreover, that's just one task among many that the brain does effortlessly. Whereas machines will no doubt do ever more amazing things, they're unlikely to be a replacement for human thought and human creativity and vision. Eric Schmidt, former chairman of Google's parent company, said in a recent interview at the London Science Museum that even designing a robot that would clear the table, wash the dishes, and put them away was a huge challenge. The calculations involved in figuring out all the movements the body has to make to throw a ball accurately or do slalom skiing are prodigious. The brain can do all these and also do mathematics and music, and *invent* games like chess and Go, not just play them. We tend to underestimate the complexity and creativity of the human brain and how amazingly general it is.

If AI is to become more humanlike in its abilities, the machine-learning and neuroscience communities need to interact closely, something that is happening already. Some of today's greatest exponents of machine learning—such as Geoffrey Hinton, Zoubin Ghahramani, and Demis Hassabis—have backgrounds in cognitive neuroscience, and their success has been at least in part due to attempts to model brainlike behavior in their algorithms. At the same time, neurobiology has also flourished. All sorts of tools have been developed to watch which neurons are firing and genetically manipulate them and see what's happening in real time with inputs. Several countries have launched moon-shot neuroscience initiatives to see if we can crack the workings of the brain. Advances in AI and neuroscience seem to go hand in hand; each field can propel the other.



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Many evolutionary scientists, and such philosophers as Daniel Dennett, have pointed out that the human brain is the result of billions of years of evolution.[35] Human intelligence is not the special characteristic we think it is, but just another survival mechanism not unlike our digestive or immune systems, both of which are also amazingly complex. Intelligence evolved because it allowed us to make sense of the world around us, to plan ahead, and thus cope with all sorts of unexpected things in order to survive. However, as Descartes stated, we humans define our very existence by our ability to think. So it is not surprising that, in an anthropomorphic way, our fears about AI reflect this belief that our intelligence is what makes us special.

But if we step back and look at life on Earth, we see that we are far from the most resilient species. If we're going to be taken over at some point, it will be by some of Earth's oldest life-forms, like bacteria, which can live anywhere from Antarctica to deep-sea thermal vents hotter than boiling water, or in acid environments that would melt you and me. So when people ask where we're headed, we need to put the question in a broader context. I don't know what sort of future AI will bring: whether AI will make humans subservient or obsolete or will be a useful and welcome enhancement of our abilities which will enrich our lives. But I am reasonably certain that computers will never be the overlords of bacteria.

[35] See, for example, Dennett's *From Bacteria to Bach and Back: The Evolution of Minds* (New York: W. W. Norton, 2017).



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**Alex "Sandy" Pentland,** *an exponent of what he has termed "social physics," is interested in building powerful human-AI ecologies. He is concerned at the same time about the potential dangers of decision-making systems in which the data in effect take over and human creativity is relegated to the background.*

*The advent of Big Data, he believes, has given us the opportunity to reinvent our civilization: "We can now begin to actually look at the details of social interaction and how those play out, and we're no longer limited to averages like market indices or election results. This is an astounding change. The ability to see the details of the market, of political revolutions, and to be able to predict and control them is definitely a case of Promethean fire—it could be used for good or for ill. Big Data brings us to interesting times."*

*At our group meeting in Washington, Connecticut, he confessed that reading Norbert Wiener on the concept of feedback "felt like reading my own thoughts."*

*"After Wiener, people discovered or focused on the fact that there are genuinely chaotic systems that are just not predictable," he said, "but if you look at human socioeconomic systems, there is a large percentage of variance you can account for and predict. . . . Today there is data from all sorts of digital devices, and from all of our transactions. The fact that everything is datafied means you can measure things in real time in most aspects of human life—and increasingly in every aspect of human life. The fact that we have interesting computers and machine-learning techniques means that you can build predictive models of human systems in ways you could never do before."*



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## THE HUMAN STRATEGY
## Alex "Sandy" Pentland

**Alex "Sandy" Pentland** *is Toshiba Professor and professor of media arts and sciences, MIT; director of the Human Dynamics and Connection Science labs and the Media Lab Entrepreneurship Program, and the author of* Social Physics.

In the last half-century, the idea of AI and intelligent robots has dominated thinking about the relationship between humans and computers. In part, this is because it's easy to tell the stories about AI and robots, and in part because of early successes (e.g., theorem provers that reproduced most of Whitehead and Russell's *Principia Mathematica*) and massive military funding. The earlier and broader vision of cybernetics, which considered the artificial as part of larger systems of feedback and mutual influence, faded from public awareness.

However, in the intervening years the cybernetics vision has slowly grown and quietly taken over—to the point where it is "in the air." State-of-the-art research in most engineering disciplines is now framed as feedback systems that are dynamic and driven by energy flows. Even AI is being recast as human/machine "advisor" systems, and the military is beginning large-scale funding in this area—something that should perhaps worry us more than drones and independent humanoid robots.

But as science and engineering have adopted a more cybernetics-like stance, it has become clear that even the vision of cybernetics is far too small. It was originally centered on the embeddedness of the individual actor but not on the emergent properties of a network of actors. This is unsurprising, because the mathematics of networks did not exist until recently, so a quantitative science of how networks behave was impossible. We now know that study of the individual does not produce understanding of the system except in certain simple cases. Recent progress in this area was foreshadowed by understanding that "chaos," and later "complexity," were the typical behavior of systems, but we can now go far beyond these statistical understandings.

We're beginning to be able to analyze, predict, and even design the emergent behavior of complex heterogeneous networks. The cybernetics view of the connected individual actor can now be expanded to cover complex systems of connected individuals and machines, and the insights we obtain from this broader view are fundamentally different from those obtained from the cybernetics view. Thinking about the network is analogous to thinking about entire ecosystems. How would you guide ecosystems to grow in a good direction? What do you even mean by "a good direction"? Questions like this are beyond the boundary of traditional cybernetic thinking.

Perhaps the most stunning realization is that humans are already beginning to use AI and machine learning to guide entire ecosystems, including ecosystems of people, thus creating human-AI ecologies. Now that everything is becoming "datafied," we can measure most aspects of human life and, increasingly, aspects of all life. This, together with new, powerful machine-learning techniques, means that we can build models of these ecologies in ways we couldn't before. Well-known examples are weather- and traffic-prediction models, which are being extended to predict the global climate and plan city growth and renewal. AI-aided engineering of the ecologies is already here.



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Development of human-AI ecosystems is perhaps inevitable for a social species such as ourselves. We became social early in our evolution, millions of years ago. We began exchanging information with one another to stay alive, to increase our fitness. We developed writing to share abstract and complex ideas, and most recently we've developed computers to enhance our communication abilities. Now we're developing AI and machine-learning models of ecosystems and sharing the predictions of those models to jointly shape our world through new laws and international agreements.

We live in an unprecedented historic moment, in which the availability of vast amounts of human behavioral data and advances in machine learning enable us to tackle complex social problems through algorithmic decision making. The opportunities for such a human-AI ecology to have positive social impact through fairer and more transparent decisions are obvious. But there are also risks of a "tyranny of algorithms," where unelected data experts are running the world. The choices we make now are perhaps even more momentous than those we faced in the 1950s, when AI and cybernetics were created. The issues look similar, but they're not. We have moved down the road, and now the scope is larger. It's not just AI robots versus individuals. It's AI guiding entire ecologies.

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How can we make a good human-artificial ecosystem, something that's not a machine society but a cyberculture in which we can all live as humans—a culture with a human feel to it? We don't want to think small—for example, to talk only of robots and self-driving cars. We want this to be a global ecology. Think Skynet-size. But how would you make Skynet something that's about the human fabric?

The first thing to ask is: What's the magic that makes the current AI work? Where is it wrong and where is it right?

The good magic is that it has something called the credit-assignment function. What that lets you do is take "stupid neurons"—little linear functions—and figure out, in a big network, which ones are doing the work and strengthen them. It's a way of taking a random bunch of switches all hooked together in a network and making them smart by giving them feedback about what works and what doesn't. This sounds simple, but there's some complicated math around it. That's the magic that makes current AI work.

The bad part of it is, because those little neurons are stupid, the things they learn don't generalize very well. If an AI sees something it hasn't seen before, or if the world changes a little bit, the AI is likely to make a horrible mistake. It has absolutely no sense of context. In some ways, it's as far from Norbert Wiener's original notion of cybernetics as you can get, because it isn't contextualized; it's a little idiot savant.

But imagine that you took away those limitations: Imagine that instead of using dumb neurons, you used neurons in which real-world knowledge was embedded. Maybe instead of linear neurons, you used neurons that were functions in physics, and then you tried to fit physics data. Or maybe you put in a lot of knowledge about humans and how they interact with one another—the statistics and characteristics of humans.

When you add this background knowledge and surround it with a good credit-assignment function, then you can take observational data and use the credit-assignment function to reinforce the functions that are producing good answers. The result is an AI that works extremely well and can generalize. For instance, in solving physical



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problems, it often takes only a couple of noisy data points to get something that's a beautiful description of a phenomenon, because you're putting in knowledge about how physics works. That's in huge contrast to normal AI, which requires millions of training examples and is very sensitive to noise. By adding the appropriate background knowledge, you get much more intelligence.

Similar to the physical-systems case, if we make neurons that know a lot about how humans learn from each other, then we can detect human fads and predict human behavior trends in surprisingly accurate and efficient ways. This "social physics" works because human behavior is determined as much by the patterns of our culture as by rational, individual thinking. These patterns can be described mathematically and employed to make accurate predictions.

This idea of a credit-assignment function reinforcing connections between neurons that are doing the best work is the core of current AI. If you make those little neurons smarter, the AI gets smarter. So, what would happen if we replaced the neurons with people? People have lots of capabilities. They know lots of things about the world; they can perceive things in a broadly competent, human way. What would happen if you had a network of people in which you could reinforce the connections that were helping and minimize the connections that weren't?

That begins to sound like a society, or a company. We all live in a human social network. We're reinforced for doing things that seem to help everybody and discouraged from doing things that are not appreciated. Culture is the result of this sort of human AI as applied to human problems; it is the process of building social structures by reinforcing the good connections and penalizing the bad. Once you've realized you can take this general AI framework and create a human AI, the question becomes, What's the right way to do that? Is it a safe idea? Is it completely crazy?

My students and I are looking at how people make decisions, on huge databases of financial decisions, business decisions, and many other sorts of decisions. What we've found is that humans often make decisions in a way that mimics AI credit-assignment algorithms and works to make the community smarter. A particularly interesting feature of this work is that it addresses a classic problem in evolution known as the group-selection problem. The core of this problem is: How can we select for culture in evolution, when it's the individuals that reproduce? What you need is something that selects for the best cultures and the best groups but also selects for the best individuals, because they're the units that transmit the genes.

When you frame the question this way and go through the mathematical literature, you discover that there's one generally best way to do this. It's called "distributed Thompson sampling," a mathematical algorithm used in choosing, out of a set of possible actions with unknown payoffs, the action that maximizes the expected reward in respect to the actions. The key is social sampling, a way of combining evidence, of exploring and exploiting at the same time. It has the unusual property of simultaneously being the best strategy both for the individual and for the group. If you use the group as the basis of selection, and then the group either gets wiped out or reinforced, you're also selecting for successful individuals. If you select for individuals, and each individual does what's good for him or her, then that's automatically the best thing for the group. It's an amazing alignment of interests and utilities, and it provides real insight into the question of how culture fits into natural selection.



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Social sampling, very simply, is looking around you at the actions of people who are like you, finding what's popular, and then copying it if it seems like a good idea to you. Idea propagation has this popularity function driving it, but individual adoption also is about figuring out how the idea works for the individual—a reflective attitude. When you combine social sampling and personal judgment, you get superior decision making. That's amazing, because now we have a mathematical recipe for doing with humans what all those AI techniques are doing with dumb computer neurons. We have a way of putting people together to make better decisions, given more and more experience.

So, what happens in the real world? Why don't we do this all the time? Well, people are good at it, but there are ways it can run amok. One of these is through advertising, propaganda, or "fake news." There are many ways to get people to think something is popular when it's not, and this destroys the usefulness of social sampling. The way you can make groups of people smarter, the way you can make human AI, will work only if you can get feedback to them that's truthful. It must be grounded on whether each person's actions worked for them or not.

That's the key to AI mechanisms, too. What they do is analyze whether they performed correctly. If so, plus one; if not, minus one. We need that truthful feedback to make this human mechanism work well, and we need good ways of knowing about what other people are doing so that we can correctly assess popularity and the likelihood of this being a good choice.

The next step is to build this credit-assignment function, this feedback function, for people, so that we can make a good human-artificial ecosystem—a smart organization and a smart culture. In a way, we need to duplicate some of the early insights that resulted in, for instance, the U.S. census—trying to find basic facts that everybody can agree on and understand so that the transmission of knowledge and culture can happen in a way that's truthful and social sampling can function efficiently.

We can address the problem of building an accurate credit-assignment function in many different settings. In companies, for instance, it can be done with digital ID badges that reveal who's connected to whom, so that we can assess the pattern of connections in relation to the company's results on a daily or weekly basis. The credit-assignment function asks whether those connections helped solve problems, or helped invent new solutions, and reinforces the helpful connections. When you can get that feedback quantitatively—which is difficult, because most things aren't measured quantitatively—both the productivity and the innovation rate within the organization can be significantly improved. This is, for instance, the basis of Toyota's "continuous improvement" method.

A next step is to try to do the same thing but at scale, something I refer to as building a trust network for data. It can be thought of as a distributed system like the Internet, but with the ability to quantitatively measure and communicate the qualities of human society, in the same way that the U.S. census does a pretty good job of telling us about population and life expectancy. We are already deploying prototype examples of trust networks at scale in several countries, based on the data and measurement standards laid out in the U.N. Sustainable Development Goals.

On the horizon is a vision of how we can make humanity more intelligent by building a human AI. It's a vision composed of two threads. One is data that we can all trust—data that have been vetted by a broad community, data where the algorithms are known and monitored, much like the census data we all automatically rely on as at least



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approximately correct. The other is a fair, data-driven assessment of public norms, policy, and government, based on trusted data about current conditions. This second thread depends on availability of trusted data and so is just beginning to be developed. Trusted data and data-driven assessment of norms, policy, and government together create a credit-assignment function that improves societies' overall fitness and intelligence.

It is precisely at the point of creating greater societal intelligence where fake news, propaganda, and advertising all get in the way. Fortunately, trust networks give us a path forward to building a society more resistant to echo-chamber problems, these fads, these exercises in madness. We have begun to develop a new way of establishing social measurements, in aid of curing some of the ills we see in society today. We're using open data from all sources, encouraging a fair representation of the things people are choosing, in a curated mathematical framework that can stamp out the echoes and the attempts to manipulate us.

***On Polarization and Inequality***

Extreme polarization and segregation by income are almost everywhere in the world today and threaten to tear governments and civil society apart. Increasingly, the media are becoming adrenaline pushers driven by advertising clicks and failing to deliver balanced facts and reasoned discourse—and the degradation of media is causing people to lose their bearings. They don't know what to believe, and thus they can easily be manipulated. There is a real need to ground our various cultures in trustworthy, data-driven standards that we all agree on, and to be able to know what behaviors and policies work and which don't.

In converting to a digital society, we've lost touch with traditional notions of truth and justice. Justice used to be mostly informal and normative. We've now formalized it. At the same time, we've put it out of reach for most people. Our legal systems are failing us in a way they didn't before, precisely because they're now more formal, more digital, less embedded in society.

Ideas about justice are very different around the world. One of the core differentiators is this: Do you or your parents remember when the bad guys came with guns and took everything? If you do, your attitude about justice is different from that of the average reader of this essay. Do you come from the upper classes? Or were you somebody who saw the sewers from the inside? Your view of justice depends on your history.

A common test I have for U.S. citizens is this: Do you know anybody who owns a pickup truck? It's the number-one-selling vehicle in the United States, and if you don't know people like that, you're out of touch with more than 50 percent of Americans. Physical segregation drives conceptual segregation. Most of America thinks of justice and access and fairness in terms very different from those of the typical, say, Manhattanite.

If you look at patterns of mobility—where people go—in a typical city, you find that the people in the top quintile (white-collar working families) and bottom quintile (people who are sometimes on unemployment or welfare) almost never talk to each other. They don't go to the same places; they don't talk about the same things. They all live in



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the same city, nominally, but it's as if it were two completely different cities—and this is perhaps the most important cause of today's plague of polarization.

***On Extreme Wealth***

Some two hundred of the world's wealthiest people have pledged to give away more than 50 percent of their wealth either during their lifetimes or in their wills, creating a plurality of voices in the foundation space.[36] Bill Gates is probably the most familiar example. He's decided that if the government won't do it, he'll do it. You want mosquito nets? He'll do it. You want antivirals? He'll do it. We're getting different stakeholders to take action in the form of foundations dedicated to public good, and they have different versions of what they consider the public good. This diversity of goals has created a lot of what's wonderful about the world today. Actions from outside government by organizations like the Ford Foundation and the Sloan Foundation, who bet on things that nobody else would bet on, have changed the world for the better.

Sure, these billionaires are human, with human foibles, and all is not necessarily as it should be. On the other hand, the same situation obtained when the railways were first built. Some people made huge fortunes. A lot of people went bust. We, the average people, got railways out of it. That's good. Same thing with electric power; same thing with many new technologies. There's a churning process that throws somebody up and later casts them or their heirs down. Bubbles of extreme wealth were a feature of the late 1800s and early 1900s when steam engines and railways and electric lights were invented. The fortunes they created were all gone within two or three generations.

If the U.S. were like Europe, I would worry. What you find in Europe is that the same families have held on to wealth for hundreds of years, so they're entrenched not just in terms of wealth but of the political system and in other ways. But so far, the U.S. has avoided this kind of hereditary class system. Extreme wealth hasn't stuck, which is good. It shouldn't stick. If you win the lottery, you get your billion dollars, but your grandkids ought to work for a living.

***On AI and Society***

People are scared about AI. Perhaps they should be. But they need to realize that AI feeds on data. Without data, AI is nothing. You don't have to watch the AI; instead you should watch what it eats and what it does. The trust-network framework we've set up, with the help of nations in the E.U. and elsewhere, is one where we can have our algorithms, we can have our AI, but we get to see what went in and what went out, so that we can ask, Is this a discriminatory decision? Is this the sort of thing that we want as humans? Or is this something that's a little weird?

The most revealing analogy is that regulators, bureaucracies, and parts of the government are very much like AIs: They take in the rules that we call law and regulation, and they add government data, and they make decisions that affect our lives. The part that's bad about the current system is that we have very little oversight of these departments, regulators, and bureaucracies. The only control we have is the vote—the opportunity to elect somebody different. We need to make oversight of bureaucracies a lot more fine-grained. We need to record the data that went into every single decision

[36] https://givingpledge.org/About.aspx.



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and have the results analyzed by the various stakeholders—rather like elected legislatures were originally intended to do.

If we have the data that go into and out of each decision, we can easily ask, Is this a fair algorithm? Is this AI doing things that we as humans believe are ethical? This human-in-the-loop approach is called "open algorithms;" you get to see what the AIs take as input and what they decide using that input. If you see those two things, you'll know whether they're doing the right thing or the wrong thing. It turns out that's not hard to do. If you control the data, then you control the AI.

One thing people often fail to mention is that all the worries about AI are the same as the worries about today's government. For most parts of the government—the justice system, et cetera—there's no reliable data about what they're doing and in what situation. How can you know whether the courts are fair or not if you don't know the inputs and the outputs? The same problem arises with AI systems and is addressable in the same way. We need trusted data to hold current government to account in terms of what they take in and what they put out, and AI should be no different.

***Next-Generation AI***

Current AI machine-learning algorithms are, at their core, dead simple stupid. They work, but they work by brute force, so they need hundreds of millions of samples. They work because you can approximate anything with lots of little simple pieces. That's a key insight of current AI research—that if you use reinforcement learning for credit-assignment feedback, you can get those little pieces to approximate whatever arbitrary function you want.

But using the wrong functions to make decisions means the AI's ability to make good decisions won't generalize. If we give the AI new, different inputs, it may make completely unreasonable decisions. Or if the situation changes, then you need to retrain it. There are amusing techniques to find the "null space" in these AI systems. These are inputs that the AI thinks are valid examples of what it was trained to recognize (e.g., faces, cats, etc.), but to a human they're crazy examples.

Current AI is doing descriptive statistics in a way that's not science and would be almost impossible to make into science. To build robust systems, we need to know the science behind data. The systems I view as next-generation AIs result from this science-based approach: If you're going to create an AI to deal with something physical, then you should build the laws of physics into it as your descriptive functions, in place of those stupid little neurons. For instance, we know that physics uses functions like polynomials, sine waves, and exponentials, so those should be your basis functions and not little linear neurons. By using those more appropriate basis functions, you need a lot less data, you can deal with a lot more noise, and you get much better results.

As in the physics example, if we want to build an AI to work with human behavior, then we need to build the statistical properties of human networks into machine-learning algorithms. When you replace the stupid neurons with ones that capture the basics of human behavior, then you can identify trends with very little data, and you can deal with huge levels of noise.

The fact that humans have a "commonsense" understanding that they bring to most problems suggests what I call the human strategy: Human society is a network just like the neural nets trained for deep learning, but the "neurons" in human society are a lot



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smarter. You and I have surprisingly general descriptive powers that we use for understanding a wide range of situations, and we can recognize which connections should be reinforced. That means we can shape our social networks to work much better and potentially beat all that machine-based AI at its own game.



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*"URGENT!" URGENT!" the cc'd copy of an email screamed, one of a dozen emails that greeted me as I turned on my phone at the baggage carousel at Malpensa Airport after the long flight from JFK. "The great American visionary thinker John Brockman arrives this morning at Grand Hotel Milan. You MUST, repeat MUST pay him a visit." It was signed HUO.*

*The prior evening, waiting in the lounge at JFK, I had had the bright idea to write my friend and longtime collaborator, the London-based, peripatetic art curator* **Hans Ulrich Obrist (***known to all as HUO), and ask if there was anyone in Milan I should know.*

*Once I was settled at the hotel, the phone began ringing and a procession of leading Italian artists, designers, and architects called to request a meeting, including Enzo Mari, the modernist artist and furniture designer; Alberto Garutti, whose aesthetic strategies have inspired a dialogue between contemporary art, spectator, and public space; and fashion designer Miuccia Prada, who "requests your presence for tea this afternoon at Prada headquarters." And thus, thanks to HUO, did the jet-lagged "great American visionary thinker" stumble and mumble his way through his first day in Milan, November 2011.*

*HUO is* sui generis*: He lives a twenty-four-hour day, sleeping (I guess) whenever, and employing full-time assistants who work eight-hour shifts and are available to him 24/7. Over a recent two-year period, he visited art venues in either China or India for forty weekends each year—departing London Thursday evening, back at his desk on Monday. Last year, once again,* ArtReview *ranked him #1 on their annual "Power 100" list.*

*Recently we collaborated on a panel during the "GUEST, GHOST, HOST: MACHINE!" Serpentine event that took place at London's new City Hall. We were joined by Venki Ramakrishnan, Jaan Tallinn, and Andrew Blake, research director of The Alan Turing Institute. The event was consistent with HUO's mission of bringing together art and science: "The curator is no longer understood simply as the person who fills a space with objects," he says, "but also as the person who brings different cultural spheres into contact, invents new display features, and makes junctions that allow unexpected encounters and results."*



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# MAKING THE INVISIBLE VISIBLE: ART MEETS AI

**Hans Ulrich Obrist**

***Hans Ulrich Obrist*** *is artistic director of the Serpentine Gallery, London, and the author of* Ways of Curating *and* Lives of the Artists, Lives of the Architects.

In the Introduction to the second edition of his book *Understanding Media*, Marshall McLuhan noted the ability of art to "anticipate future social and technological developments." Art is "an early alarm system," pointing us to new developments in times ahead and allowing us "to prepare to cope with them. . . . Art as a radar environment takes on the function of indispensable perceptual training. . . ."

In 1964, when McLuhan's book was first published, the artist Nam June Paik was just building his *Robot K-456* to experiment with the technologies that subsequently would start to influence society. He had worked with television earlier, challenging its usual passive consumption by the viewer, and later made art with global live-satellite broadcasts, using the new media less for entertainment than to point us to their poetic and intercultural capacities (which are still mostly unused today). The Paiks of our time, of course, are now working with the Internet, digital images, and artificial intelligence. Their works and thoughts, again, are an early alarm system for the developments ahead of us.

As a curator, my daily work is to bring together different works of art and connect different cultures. Since the early 1990s, I have also been organizing conversations and meetings with practitioners from different disciplines, in order to go beyond the general reluctance to pool knowledge. Since I was interested in hearing what artists have to say about artificial intelligence, I recently organized several conversations between artists and engineers.

The reason to look closely at AI is that two of the most important questions of today are "How capable will AI become?" and "What dangers may arise from it?" Its early applications already influence our everyday lives in ways that are more or less recognizable. There is an increasing impact on many aspects of our society, but whether this might be, in general, beneficial or malign is still uncertain.

Many contemporary artists are following these developments closely. They are articulating various doubts about the promises of AI and reminding us not to associate the term "artificial intelligence" solely with positive outcomes. To the current discussions of AI, the artists contribute their specific perspectives and notably their focus on questions of image making, creativity, and the use of programming as artistic tools.

The deep connections between science and art had already been noted by the late Heinz von Foerster, one of the architects of cybernetics, who worked with Norbert Wiener from the mid-1940s and in the 1960s founded the field of second-order cybernetics, in which the observer is understood as part of the system itself and not an external entity. I knew von Foerster well, and in one of our many conversations, he offered his views on the relation between art and science:

> I've always perceived art and science as complementary fields. One shouldn't forget that a scientist is in some respects also an artist. He invents a new technique and he describes it. He uses language like a poet, or the author of a detective novel, and describes his findings. In my view, a scientist must work in



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> an artistic way if he wants to communicate his research. He obviously wants to communicate and talk to others. A scientist invents new objects, and the question is how to describe them. In all of these aspects, science is not very different from art.

When I asked him how he defined cybernetics, von Foerster answered:

> The substance of what we have learned from cybernetics is to think in circles: *A* leads *B, B* to *C,* but *C* can return to *A*. Such kinds of arguments are not linear but circular. The significant contribution of cybernetics to our thinking is to accept circular arguments. This means that we have to look at circular processes and understand under which circumstances an equilibrium, and thus a stable structure, emerges.

Today, where AI algorithms are applied in daily tasks, one can ask how the human factor is included in these kinds of processes and what role creativity and art could play in relation to them. There are thus different levels to think about when exploring the relation between AI and art.

So, what do contemporary artists have to say about artificial intelligence?

***Artificial Stupidity***

Hito Steyerl, an artist who works with documentary and experimental film, considers two key aspects that we should keep in mind when reflecting on the implications of AI for society. First, the expectations for so-called artificial intelligence, she says, are often overrated, and the noun "intelligence" is misleading; to counter that, she uses the term "artificial stupidity." Second, she points out that programmers are now making invisible software algorithms visible through images, but to understand and interpret these images better, we should apply the expertise of artists.

Steyerl has worked with computer technology for many years, and her recent artworks have explored surveillance techniques, robots, and such computer games as in *How Not to Be Seen* (2013), on digital-image technologies, or *HellYeahWeFuckDie* (2017), about the training of robots in the still-difficult task of keeping balance. But to explain her notion of artificial stupidity, Steyerl refers to a more general phenomenon, like the now widespread use of Twitter bots, noting in our conversation:

> It was and still is a very popular tool in elections to deploy Twitter armies to sway public opinion and deflect popular hashtags and so on. This is an artificial intelligence of a very, very low grade. It's two or maybe three lines of script. It's nothing very sophisticated at all. Yet the social implications of this kind of artificial stupidity, as I call it, are already monumental in global politics.

As has been widely noted, this kind of technology was seen in the many automated Twitter posts before the 2016 U.S. presidential election and also shortly before the Brexit vote. If even low-grade AI technology like these bots are already influencing our politics, this raises another urgent question: "How powerful will far more advanced techniques be in the future?"



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***Visible / Invisible***

The artist Paul Klee often talked about art as "making the invisible visible." In computer technology, most algorithms work invisibly, in the background; they remain inaccessible in the systems we use daily. But lately there has been an interesting comeback of visuality in machine learning. The ways that the deep-learning algorithms of AI are processing data have been made visible through applications like Google's DeepDream, in which the process of computerized pattern-recognition is visualized in real time. The application shows how the algorithm tries to match animal forms with any given input. There are many other AI visualization programs that, in their way, also "make the invisible visible." The difficulty in the general public perception of such images is, in Steyerl's view, that these visual patterns are viewed uncritically as realistic and objective representations of the machine process. She says of the aesthetics of such visualizations:

> For me, this proves that science has become a subgenre of art history. . . . We now have lots of abstract computer patterns that might look like a Paul Klee painting, or a Mark Rothko, or all sorts of other abstractions that we know from art history. The only difference, I think, is that in current scientific thought they're perceived as representations of reality, almost like documentary images, whereas in art history there's a very nuanced understanding of different kinds of abstraction.

What she seeks is a more profound understanding of computer-generated images and the different aesthetic forms they use. They are obviously not generated with the explicit goal of following a certain aesthetic tradition. The computer engineer Mike Tyka, in a conversation with Steyerl, explained the functions of these images:

> Deep-learning systems, especially the visual ones, are really inspired by the need to know what's going on in the black box. Their goal is to project these processes back into the real world.

Nevertheless, these images have aesthetic implications and values which have to be taken into account. One could say that while the programmers use these images to help us better understand the programs' algorithms, we need the knowledge of artists to better understand the aesthetic forms of AI. As Steyerl has pointed out, such visualizations are generally understood as "true" representations of processes, but we should pay attention to their respective aesthetics, and their implications, which have to be viewed in a critical and analytical way.

In 2017, the artist Trevor Paglen created a project to make these invisible AI algorithms visible. In *Sight Machine*, he filmed a live performance of the Kronos Quartet and processed the resulting images with various computer software programs used for face detection, object identification, and even for missile guidance. He projected the outcome of these algorithms, in real time, back to screens above the stage. By demonstrating how the various different programs interpreted the musicians' performance, Paglen showed that AI algorithms are always determined by sets of values and interests which they then manifest and reiterate, and thus must be critically questioned. The significant contrast between algorithms and music also raises the issue of relationships between technical and human perception.



HOUSE_OVERSIGHT_016366

***Computers, as a Tool for Creativity, Can't Replace the Artist.***
Rachel Rose, a video artist who thinks about the questions posed by AI, employs computer technology in the creation of her works. Her films give the viewer an experience of materiality through the moving image. She uses collaging and layering of the material to manipulate sound and image, and the editing process is perhaps the most important aspect of her work.

She also talks about the importance of decision making in her work. For her, the artistic process does not follow a rational pattern. In a converation we had, together with the engineer Kenric McDowell, at the Google Cultural Institute, she explained this by citing a story from theater director Peter Brook's 1968 book *The Empty Space*. When Brook designed the set for his production of *The Tempest* in the late 1960s, he started by making a Japanese garden, but then the design evolved, becoming a white box, a black box, a realistic set, and so on. And in the end, he returned to his original idea. Brook writes that he was shocked at having spent a month on his labors, only to end at the beginning. But this shows that the creative artistic process is a succession whose every step builds on the next and which eventually comes to an unpredictable conclusion. The process is not a logical or rational succession but has mostly to do with the artist's feelings in reaction to the preceding result. Rose said, of her own artistic decision making:

> It, to me, is distinctively different from machine learning, because at each decision there's this core feeling that comes from a human being, which has to do with empathy, which has to do with communication, which has to do with questions about our own mortality that only a human could ask.

This point underlines the fundamental difference between any human artistic production and so-called computer creativity. Rose sees AI more as a possible way to create better tools for humans:

> A place I can imagine machine learning working for an artist would be not in developing an independent subjectivity, like writing a poem or making an image, but actually in filling in gaps that are to do with labor, like the way that Photoshop works with different tools that you can use.

And though such tools may not seem spectacular, she says, "they might have a larger influence on art," because they provide artists with further possibilities in their creative work.

McDowell added that he, too, believes there are false expectations around AI. "I've observed," he said, "that there's a sort of magical quality to the idea of a computer that does all the things that we do." He continued: "There's almost this kind of demonic mirror that we look into, and we want it to write a novel, we want it to make a film—we want to give that away somehow." He is instead working on projects wherein humans collaborate with the machine. One of the current aims of AI research is to find new means of interaction between humans and software. And art, one could say, needs to play a key role in that enterprise, since it focuses on our subjectivity and on essential human aspects like empathy and mortality.



HOUSE_OVERSIGHT_016367

***Cybernetics / Art***

Suzanne Treister is an artist whose work from 2009 to 2011 serves as an example of what is happening at the intersection of our current technologies, the arts, and cybernetics. Treister has been a pioneer in digital art since the 1990s, inventing, for example, imaginary video games and painting screen shots from them. In her project *Hexen 2.0* she looked back at the famous Macy conferences on cybernetics that between 1946 and 1953 were organized in New York by engineers and social scientists to unite the sciences and to develop a universal theory of the workings of the mind.

In her project, she created thirty photo-text works about the conference attendees (which included Wiener and von Foerster), she invented tarot cards, and she made a video based on a photomontage of a "cybernetic séance." In the "séance," the conference participants are seen sitting at a round table, as in spiritualist séances, while certain of their statements on cybernetics are heard in an audio-collage—rational knowledge and superstition combined. She also noted that some of the participating scientists worked for the military; thus the application of cybernetics could be seen in an ambivalent way, even back then, as a tussle between pure knowledge and its use in state control.

If one looks at Treister's work about the Macy conference participants, one sees that no visual artist was included. A dialogue between artists and scientists would be fruitful in future discussions, and it is a bit astonishing that this wasn't realized at the time, given von Foerster's keen interest in art. He recounted in one of our conversations how his relation to the field dated back to his childhood:

> I grew up as a child in an artistic family. We often had visits from poets, philosophers, painters, and sculptors. Art was a part of my life. Later, I got into physics, as I was talented in this subject. But I always remained conscious of the importance of art for science. There wasn't a great difference for me. For me, both aspects of life have always been very much alike—and accessible, too. We should see them as one. An artist also has to reflect on his work. He has to think about his grammar and his language. A painter must know how to handle his colors. Just think of how intensively oil colors were researched during the Renaissance. They wanted to know how a certain pigment could be mixed with others to get a certain tone of red or blue. Chemists and painters collaborated very closely. I think the artificial division between science and art is wrong.

Though for von Foerster the relation between the art and science was always clear, for our own time this connection remains to be made. There are many reasons to multiply the links. The critical thinking of artists would be beneficial in respect to the dangers of AI, since they draw our attention to questions they consider essential from their perspective. With the advent of machine learning, new tools are available to artists for their work. And as the algorithms of AI are made visible through artificial images in new ways, artists' critical visual knowledge and expertise will be harnessed. Many of the key questions of AI are philosophical in nature and can be answered only from a holistic point of view. The way they play out among adventurous artists will be worth following.

***Simulating Worlds***

For the most part, the works of contemporary artists have been embodied ruminations on



HOUSE_OVERSIGHT_016368

AI's impact on existential questions of the self and our future interaction with nonhuman entities. Few, though, have taken the technologies and innovations of AI as the underlying materials of their work and sculpted them to their own vision. An exception is the artist Ian Cheng, who has gone as far as to construct entire worlds of artificial beings with varying degrees of sentience and intelligence. He refers to these worlds as Live Simulations. His *Emissaries* trilogy (2015-2017) is set in a fictional postapocalyptic world of flora and fauna, in which AI-driven animals and creatures explore the landscape and interact with each other. Cheng uses advanced graphics but has them programmed with a lot of glitches and imperfections, which imparts a futuristic and anachronistic atmosphere at the same time. Through his trilogy, which charts a history of consciousness, he asks the question "What is a simulation?"

While the majority of artistic works that utilize recent developments in AI specifically draw from the field of machine learning, Cheng's Live Simulations take a separate route. The protagonists and plot lines that are interlaced in each episodic simulation of *Emissaries* use the complex logic systems and rules of AI. What is profound about his continually evolving scenes is that complexity arises not through the desire/actions of any single actor or artificial godhead but instead through their constellation, collision, and constant evolution in symbiosis with one another. This gives rise to unexpected outcomes and unending, unknowable situations—you can never experience the exact same moment in successive viewings of his work.

Cheng had a discussion at the Serpentine Marathon "GUEST, GHOST, HOST: MACHINE!" with the programmer Richard Evans, who recently designed Versu, an AI-based platform for interactive storytelling games. Evans' work emphasizes the social interaction of the games' characters, who react in a spectrum of possible behaviors to the choices made by the human players. In their conversation, Evans said that a starting point for the project was that most earlier simulation video games, such as *The Sims*, did not sufficiently take into account the importance of social practices. Simulated protagonists in games would often act in ways that did not correspond well with real human behavior. Knowledge of social practices limits the possibilities of action but is necessary to understand the meaning of our actions—which is what interests Cheng for his own simulations. The more parameters of actions in certain circumstances are determined in a computer simulation, the more interesting it is for Cheng to experiment with individual and specific changes. He told Evans, "I gather that if we had AI with more ability to respond to social contexts, tweaking one thing, you would get something quite artistic and beautiful."

Cheng also sees the work of programmers and AI simulations as creating new and sophisticated tools for experimenting with the parameters of our daily social practices. In this way, the involvement of artists in AI will lead to new kinds of open experiments in Art. Such possibilities are—like increased AI capabilities in general—still in the future. Recognizing that this is an experimental technology in its infancy, very far from apocalyptic visions of a superintelligent AI takeover, Cheng fills his simulations with prosaic avatars such as strange microbial globules, dogs, and the undead.

Discussions like these, between artists and engineers, of course are not totally new. In the 1960s, the engineer Billy Klüver brought artists together with engineers in a series of events, and in 1967 he founded the Experiments in Art and Technology program with Robert Rauschenberg and others. In London, at around the same time, Barbara



HOUSE_OVERSIGHT_016369

Stevini and John Latham, of the Artist Placement Group, took things a step further by asserting that there should be artists in residence in every company and every government. Today, these inspiring historical models can be applied to the field of AI. As AI comes to inhabit more and more of our everyday lives, the creation of a space that is nondeterministic and non-utilitarian in its plurality of perspectives and diversity of understandings will undoubtedly be essential.



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**Alison Gopnik** *is an international leader in the field of children's learning and development and was one of the founders of the field of "theory of mind." She has spoken of the child brain as a "powerful learning computer," perhaps from personal experience. Her own Philadelphia childhood was an exercise in intellectual development. "Other families took their kids to see* The Sound of Music *or* Carousel*; we saw Racine's* Phaedra *and Samuel Beckett's* Endgame," *she has recalled. "Our family read Henry Fielding's 18th-century novel* Joseph Andrews *out loud to each other around the fire on camping trips."*

*Lately she has invoked Bayesian models of machine learning to explain the remarkable ability of preschoolers to draw conclusions about the world around them without benefit of enormous data sets. "I think babies and children are actually more conscious than we are as adults," she has said. "They're very good at taking in lots of information from lots of different sources at once." She has referred to babies and young children as "the research and development division of the human species." Not that she treats them coldly, as if they were mere laboratory animals. They appear to revel in her company, and in the blinking, thrumming toys in her Berkeley lab. For years after her own children had outgrown it, she kept a playpen in her office.*

*Her investigations into just how we learn, and the parallels to the deep-learning methods of AI, continues. "It turns out to be much easier to simulate the reasoning of a highly trained adult expert than to mimic the ordinary learning of every baby," she says. "Computation is still the best—indeed, the only—scientific explanation we have of how a physical object like a brain can act intelligently. But, at least for now, we have almost no idea at all how the sort of creativity we see in children is possible."*



HOUSE_OVERSIGHT_016371

## AIs VERSUS FOUR-YEAR-OLDS
**Alison Gopnik**

***Alison Gopnik** is a developmental psychologist at UC Berkeley; her books include* The Philosophical Baby *and, most recently,* The Gardener and the Carpenter: What the New Science of Child Development Tells Us About the Relationship Between Parents and Children.

Everyone's heard about the new advances in artificial intelligence, and especially machine learning. You've also heard utopian or apocalyptic predictions about what those advances mean. They have been taken to presage either immortality or the end of the world, and a lot has been written about both those possibilities. But the most sophisticated AIs are still far from being able to solve problems that human four-year-olds accomplish with ease. In spite of the impressive name, artificial intelligence largely consists of techniques to detect statistical patterns in large data sets. There is much more to human learning.

How can we possibly know so much about the world around us? We learn an enormous amount even when we are small children; four-year-olds already know about plants and animals and machines; desires, beliefs, and emotions; even dinosaurs and spaceships.

Science has extended our knowledge about the world to the unimaginably large and the infinitesimally small, to the edge of the universe and the beginning of time. And we use that knowledge to make new classifications and predictions, imagine new possibilities, and make new things happen in the world. But all that reaches any of us from the world is a stream of photons hitting our retinas and disturbances of air at our eardrums. How do we learn so much about the world when the evidence we have is so limited? And how do we do all this with the few pounds of grey goo that sits behind our eyes?

The best answer so far is that our brains perform computations on the concrete, particular, messy data arriving at our senses, and those computations yield accurate representations of the world. The representations seem to be structured, abstract, and hierarchical; they include the perception of three-dimensional objects, the grammars that underlie language, and mental capacities like "theory of mind," which lets us understand what other people think. Those representations allow us to make a wide range of new predictions and imagine many new possibilities in a distinctively creative human way.

This kind of learning isn't the only kind of intelligence, but it's a particularly important one for human beings. And it's the kind of intelligence that is a specialty of young children. Although children are dramatically bad at planning and decision making, they are the best learners in the universe. Much of the process of turning data into theories happens before we are five.

Since Aristotle and Plato, there have been two basic ways of addressing the problem of how we know what we know, and they are still the main approaches in machine learning. Aristotle approached the problem from the bottom up: Start with senses—the stream of photons and air vibrations (or the pixels or sound samples of a digital image or recording)—and see if you can extract patterns from them. This approach was carried further by such classic associationists as philosophers David Hume



HOUSE_OVERSIGHT_016372

and J. S. Mill and later by behavioral psychologists, like Pavlov and B. F. Skinner. On this view, the abstractness and hierarchical structure of representations is something of an illusion, or at least an epiphenomenon. All the work can be done by association and pattern detection—especially if there are enough data.

Over time, there has been a seesaw between this bottom-up approach to the mystery of learning and Plato's alternative, top-down one. Maybe we get abstract knowledge from concrete data because we already know a lot, and especially because we already have an array of basic abstract concepts, thanks to evolution. Like scientists, we can use those concepts to formulate hypotheses about the world. Then, instead of trying to extract patterns from the raw data, we can make predictions about what the data should look like if those hypotheses are right. Along with Plato, such "rationalist" philosophers and psychologists as Descartes and Noam Chomsky took this approach.

Here's an everyday example that illustrates the difference between the two methods: solving the spam plague. The data consist of a long unsorted list of messages in your in-box. The reality is that some of these messages are genuine and some are spam. How can you use the data to discriminate between them?

Consider the bottom-up technique first. You notice that the spam messages tend to have particular features: a long list of addressees, origins in Nigeria, references to million-dollar prizes or Viagra. The trouble is that perfectly useful messages might have these features, too. If you looked at enough examples of spam and non-spam emails, you might see not only that spam emails tend to have those features but that the features tend to go together in particular ways (Nigeria plus a million dollars spells trouble). In fact, there might be some subtle higher-level correlations that discriminate the spam messages from the useful ones—a particular pattern of misspellings and IP addresses, say. If you detect those patterns, you can filter out the spam.

The bottom-up machine-learning techniques do just this. The learner gets millions of examples, each with some set of features and each labeled as spam (or some other category) or not. The computer can extract the pattern of features that distinguishes the two, even if it's quite subtle.

How about the top-down approach? I get an email from the editor of the *Journal of Clinical Biology*. It refers to one of my papers and says that they would like to publish an article by me. No Nigeria, no Viagra, no million dollars; the email doesn't have any of the features of spam. But by using what I already know, and thinking in an abstract way about the process that produces spam, I can figure out that this email is suspicious.

(1) I know that spammers try to extract money from people by appealing to human greed.

(2) I also know that legitimate "open access" journals have started covering their costs by charging authors instead of subscribers, and that I don't practice anything like clinical biology.

Put all that together and I can produce a good new hypothesis about where that email came from. It's designed to sucker academics into paying to "publish" an article in a fake journal. The email was a result of the same dubious process as the other spam emails, even though it looked nothing like them. I can draw this conclusion from just one example, and I can go on to test my hypothesis further, beyond anything in the email itself, by googling the "editor."



HOUSE_OVERSIGHT_016373

In computer terms, I started out with a "generative model" that includes abstract concepts like greed and deception and describes the process that produces email scams. That lets me recognize the classic Nigerian email spam, but it also lets me imagine many different kinds of possible spam. When I get the journal email, I can work backward: "This seems like just the kind of mail that would come out of a spam-generating process."

The new excitement about AI comes because AI researchers have recently produced powerful and effective versions of both these learning methods. But there is nothing profoundly new about the methods themselves.

***Bottom-up Deep Learning***

In the 1980s, computer scientists devised an ingenious way to get computers to detect patterns in data: connectionist, or neural-network, architecture (the "neural" part was, and still is, metaphorical). The approach fell into the doldrums in the '90s but has recently been revived with powerful "deep-learning" methods like Google's DeepMind.

For example, you can give a deep-learning program a bunch of Internet images labeled "cat," others labeled "house," and so on. The program can detect the patterns differentiating the two sets of images and use that information to label new images correctly. Some kinds of machine learning, called unsupervised learning, can detect patterns in data with no labels at all; they simply look for clusters of features—what scientists call a factor analysis. In the deep-learning machines, these processes are repeated at different levels. Some programs can even discover relevant features from the raw data of pixels or sounds; the computer might begin by detecting the patterns in the raw image that correspond to edges and lines and then find the patterns in those patterns that correspond to faces, and so on.

Another bottom-up technique with a long history is reinforcement learning. In the 1950s, B. F. Skinner, building on the work of John Watson, famously programmed pigeons to perform elaborate actions—even guiding air-launched missiles to their targets (a disturbing echo of recent AI) by giving them a particular schedule of rewards and punishments. The essential idea was that actions that were rewarded would be repeated and those that were punished would not, until the desired behavior was achieved. Even in Skinner's day, this simple process, repeated over and over, could lead to complex behavior. Computers are designed to perform simple operations over and over on a scale that dwarfs human imagination, and computational systems can learn remarkably complex skills in this way.

For example, researchers at Google's DeepMind used a combination of deep learning and reinforcement learning to teach a computer to play Atari video games. The computer knew nothing about how the games worked. It began by acting randomly and got information only about what the screen looked like at each moment and how well it had scored. Deep learning helped interpret the features on the screen, and reinforcement learning rewarded the system for higher scores. The computer got very good at playing several of the games, but it also completely bombed on others just as easy for humans to master.

A similar combination of deep learning and reinforcement learning has enabled the success of DeepMind's AlphaZero, a program that managed to beat human players at both chess and Go, equipped only with a basic knowledge of the rules of the game and



HOUSE_OVERSIGHT_016374

some planning capacities. AlphaZero has another interesting feature: It works by playing hundreds of millions of games against itself. As it does so, it prunes mistakes that led to losses, and it repeats and elaborates on strategies that led to wins. Such systems, and others involving techniques called generative adversarial networks, generate data as well as observing data.

When you have the computational power to apply those techniques to very large data sets or millions of email messages, Instagram images, or voice recordings, you can solve problems that seemed very difficult before. That's the source of much of the excitement in computer science. But it's worth remembering that those problems—like recognizing that an image is a cat or a spoken word is "Siri"—are trivial for a human toddler. One of the most interesting discoveries of computer science is that problems that are easy for us (like identifying cats) are hard for computers—much harder than playing chess or Go. Computers need millions of examples to categorize objects that we can categorize with just a few. These bottom-up systems can generalize to new examples; they can label a new image as a "cat" fairly accurately, over all. But they do so in ways quite different from how humans generalize. Some images almost identical to a cat image won't be identified by us as cats at all. Others that look like a random blur will be.

***Top-down Bayesian Models***

The top-down approach played a big role in early AI, and in the 2000s it, too, experienced a revival, in the form of probabilistic, or Bayesian, generative models.

The early attempts to use this approach faced two kinds of problems. First, most patterns of evidence might in principle be explained by many different hypotheses: It's possible that my journal email message is genuine, it just doesn't seem likely. Second, where do the concepts that the generative models use come from in the first place? Plato and Chomsky said you were born with them. But how can we explain how we learn the latest concepts of science? Or how even young children understand about dinosaurs and rocket ships?

Bayesian models combine generative models and hypothesis testing with probability theory, and they address these two problems. A Bayesian model lets you calculate just how likely it is that a particular hypothesis is true, given the data. And by making small but systematic tweaks to the models we already have, and testing them against the data, we can sometimes make new concepts and models from old ones. But these advantages are offset by other problems. The Bayesian techniques can help you choose which of two hypotheses is more likely, but there are almost always an enormous number of possible hypotheses, and no system can efficiently consider them all. How do you decide which hypotheses are worth testing in the first place?

Brenden Lake at NYU and colleagues have used these kinds of top-down methods to solve another problem that's easy for people but extremely difficult for computers: recognizing unfamiliar handwritten characters. Look at a character on a Japanese scroll. Even if you've never seen it before, you can probably tell if it's similar to or different from a character on another Japanese scroll. You can probably draw it and even design a fake Japanese character based on the one you see—one that will look quite different from a Korean or Russian character. [37]

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[37] Brenden M. Lake, Ruslan Salakhutdinov & Joshua B. Tenenbaum, "Human-level concept learning through probabilistic program induction," *Science,* 350:6266, pp. 1332-38 (2015).



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The bottom-up method for recognizing handwritten characters is to give the computer thousands of examples of each one and let it pull out the salient features. Instead, Lake *et al.* gave the program a general model of how you draw a character: A stroke goes either right or left; after you finish one, you start another; and so on. When the program saw a particular character, it could infer the sequence of strokes that were most likely to have led to it—just as I inferred that the spam process led to my dubious email. Then it could judge whether a new character was likely to result from that sequence or from a different one, and it could produce a similar set of strokes itself. The program worked much better than a deep-learning program applied to exactly the same data, and it closely mirrored the performance of human beings.

These two approaches to machine learning have complementary strengths and weaknesses. In the bottom-up approach, the program doesn't need much knowledge to begin with, but it needs a great deal of data, and it can generalize only in a limited way. In the top-down approach, the program can learn from just a few examples and make much broader and more varied generalizations, but you need to build much more into it to begin with. A number of investigators are currently trying to combine the two approaches, using deep learning to implement Bayesian inference.

The recent success of AI is partly the result of extensions of those old ideas. But it has more to do with the fact that, thanks to the Internet, we have much more data, and thanks to Moore's Law we have much more computational power to apply to that data. Moreover, an unappreciated fact is that the data we do have has already been sorted and processed by human beings. The cat pictures posted to the Web are canonical cat pictures—pictures that humans have already chosen as "good" pictures. Google Translate works because it takes advantage of millions of human translations and generalizes them to a new piece of text, rather than genuinely understanding the sentences themselves.

But the truly remarkable thing about human children is that they somehow combine the best features of each approach and then go way beyond them. Over the past fifteen years, developmentalists have been exploring the way children learn structure from data. Four-year-olds can learn by taking just one or two examples of data, as a top-down system does, and generalizing to very different concepts. But they can also learn new concepts and models from the data itself, as a bottom-up system does.

For example, in our lab we give young children a "blicket detector"—a new machine to figure out, one they've never seen before. It's a box that lights up and plays music when you put certain objects on it but not others. We give children just one or two examples of how the machine works, showing them that, say, two red blocks make it go, while a green-and-yellow combination doesn't. Even eighteen-month-olds immediately figure out the general principle that the two objects have to be the same to make it go, and they generalize that principle to new examples: For instance, they will choose two objects that have the same *shape* to make the machine work. In other experiments, we've shown that children can even figure out that some hidden invisible property makes the machine go, or that the machine works on some abstract logical principle.[38]

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[38] A. Gopnik, T. Griffiths & C. Lucas, "When younger learners can be better (or at least more open-minded) than older ones," *Curr. Dir. Psychol. Sci.,* 24:2, 87-92 (2015).



HOUSE_OVERSIGHT_016376

You can show this in children's everyday learning, too. Young children rapidly learn abstract intuitive theories of biology, physics, and psychology in much the way adult scientists do, even with relatively little data.

The remarkable machine-learning accomplishments of the recent AI systems, both bottom-up and top-down, take place in a narrow and well-defined space of hypotheses and concepts—a precise set of game pieces and moves, a predetermined set of images. In contrast, children and scientists alike sometimes change their concepts in radical ways, performing paradigm shifts rather than simply tweaking the concepts they already have.

Four-year-olds can immediately recognize cats and understand words, but they can also make creative and surprising new inferences that go far beyond their experience. My own grandson recently explained, for example, that if an adult wants to become a child again, he should try not eating any healthy vegetables, since healthy vegetables make a child grow into an adult. This kind of hypothesis, a plausible one that no grown-up would ever entertain, is characteristic of young children. In fact, my colleagues and I have shown systematically that preschoolers are better at coming up with unlikely hypotheses than older children and adults.[39] We have almost no idea how this kind of creative learning and innovation is possible.

Looking at what children do, though, may give programmers useful hints about directions for computer learning. Two features of children's learning are especially striking. Children are active learners; they don't just passively soak up data like AIs do. Just as scientists experiment, children are intrinsically motivated to extract information from the world around them through their endless play and exploration. Recent studies show that this exploration is more systematic than it looks and is well-adapted to find persuasive evidence to support hypothesis formation and theory choice.[40] Building curiosity into machines and allowing them to actively interact with the world might be a route to more realistic and wide-ranging learning.

Second, children, unlike existing AIs, are social and cultural learners. Humans don't learn in isolation but avail themselves of the accumulated wisdom of past generations. Recent studies show that even preschoolers learn through imitation and by listening to the testimony of others. But they don't simply passively obey their teachers. Instead they take in information from others in a remarkably subtle and sensitive way, making complex inferences about where the information comes from and how trustworthy it is and systematically integrating their own experiences with what they are hearing.[41]

"Artificial intelligence" and "machine learning" sound scary. And in some ways they are. These systems are being used to control weapons, for example, and we really should be scared about that. Still, natural stupidity can wreak far more havoc than artificial intelligence; we humans will need to be much smarter than we have been in the past to properly regulate the new technologies. But there is not much basis for either the apocalyptic or the utopian visions of AIs replacing humans. Until we solve the basic

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[39] A. Gopnik, *et al.,* "Changes in cognitive flexibility and hypothesis search across human life history from childhood to adolescence to adulthood," *Proc. Nat. Acad. Sci.,* 114:30, 7892-99 (2017).

[40] L. Schulz, "The origins of Inquiry: Inductive inference and exploration in early childhood," *Trends Cog. Sci.,* 16:7, 382-89 (2012).

[41] A. Gopnik, *The Gardener and the Carpenter* (New York: Farrar, Straus & Giroux, 2016), chaps. 4 and 5.



HOUSE_OVERSIGHT_016377

paradox of learning, the best artificial intelligences will be unable to compete with the average human four-year-old.



HOUSE_OVERSIGHT_016378

**Peter Galison's** *focus as a science historian is—speaking roughly—on the intersection of theory with experiment.*

*"For quite a number of years I have been guided in my work by the odd confrontation of abstract ideas and extremely concrete objects," he once told me, in explaining how he thinks about what he does. At the Washington, Connecticut, meeting he discussed the Cold War tension between engineers (like Wiener) and the administrators of the Manhattan Project (like Oppenheimer: "When [Wiener] warns about the dangers of cybernetics, in part he's trying to compete against the kind of portentous language that people like Oppenheimer [used]: 'When I saw the explosion at Trinity, I thought of the Bhagavad Gita—I am death, destroyer of worlds.' That sense, that physics could stand and speak to the nature of the universe and airforce policy, was repellent and seductive. In a way, you can see that over and over again in the last decades—nanosciences, recombinant DNA, cybernetics: 'I stand reporting to you on the science that has the promise of salvation and the danger of annihilation—and you should pay attention, because this could kill you.' It's a very seductive narrative, and it's repeated in artificial intelligence and robotics."*

*As a twenty-four-year old, when I first encountered Wiener's ideas and met his colleagues at the MIT meeting I describe in the book's Introduction, I was hardly interested in Wiener's warnings or admonitions. What drove my curiosity was the stark, radical nature of his view of life, based on the mathematical theory of communications in which the message was nonlinear: According to Wiener, "new concepts of communication and control involved a new interpretation of man, of man's knowledge of the universe, and of society." And that led to my first book, which took information theory—the mathematical theory of communications—as a model for all human experience.*

*In a recent conversation, Peter told me he was beginning to write a book—about building, crashing, and thinking—that considers the black-box nature of cybernetics and how it represents what he thinks of as "the fundamental transformation of learning, machine learning, cybernetics, and the self."*



HOUSE_OVERSIGHT_016379

## ALGORISTS DREAM OF OBJECTIVITY
**Peter Galison**

***Peter Galison*** *is a science historian, Joseph Pellegrino University Professor and co-founder of the Black Hole Initiative at Harvard University, and the author of* Einstein's Clocks and Poincaré's Maps: Empires of Time.

In his second-best book, the great medieval mathematician al-Khwarizmi described the new place-based Indian form of arithmetic. His name, soon sonically linked to "algorismus" (in late medieval Latin) came to designate procedures acting upon numbers—eventually wending its way through "algorithm," (on the model of "logarithm"), into French and on into English. But I like the idea of a modern algorist, even if my spellcheck does not. I mean by it someone profoundly suspicious of the intervention of human judgment, someone who takes that judgment to violate the fundamental norms of what it is to be objective (and therefore scientific).

Near the end of the 20th century, a paper by two University of Minnesota psychologists summarized a vast literature that had long roiled the waters of prediction. One side, they judged, had for all too long held resolutely—and ultimately unethically—to the "clinical method" of prediction, which prized all that was *subjective*: "informal," "in-the-head," and "impressionistic." These clinicians were people (so said the psychologists) who thought they could study their subjects with meticulous care, gather in committees, and make judgment-based predictions about criminal recidivism, college success, medical outcomes, and the like. The other side, the psychologists continued, embodied everything the clinicians did not, embracing the *objective*: "formal," "mechanical," "algorithmic." This the authors took to stand at the root of the whole triumph of post-Galilean science. Not only did science benefit from the actuarial; to a great extent, science *was* the mechanical-actuarial. Breezing through 136 studies of predictions, across domains from sentencing to psychiatry, the authors showed that in 128 of them, predictions using actuarial tables, a multiple-regression equation, or an algorithmic judgment equalled or exceeded in accuracy those using the subjective approach.

They went on to catalog seventeen fallacious justifications for clinging to the clinical. There were the self-interested foot-draggers who feared losing their jobs to machines. Others lacked the education to follow statistical arguments. One group mistrusted the formalization of mathematics; another excoriated what they took to be the actuarial "dehumanizing;" yet others said that the aim was to understand, not to predict. But whatever the motivations, the review concluded that it was downright immoral to withhold the power of the objective over the subjective, the algorithmic over expert judgment.[42]

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[42] William M. Grove & Paul E. Meehl, "Comparative efficiency of informal (subjective, impressionistic) and formal (mechanical, algorithmic) prediction procedures: The Clinical-Statistical Controversy," *Psychology, Public Policy, and Law*, 2:2, 293-323 (1996).



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The algorist view has gained strength. Anne Milgram served as Attorney General of the State of New Jersey from 2007 to 2010. When she took office, she wanted to know who the state was arresting, charging, and jailing, and for what crimes. At the time, she reports in a later TED Talk, she could find almost no data or analytics. By imposing statistical prediction, she continues, law enforcement in Camden during her tenure was able to reduce murders by 41 percent, saving thirty-seven lives, while dropping the total crime rate by 26 percent. After joining the Arnold Foundation as its vice president for criminal justice, she established a team of data scientists and statisticians to create a risk-assessment tool; fundamentally, she construed the team's mission as deciding how to put "dangerous people" in jail while releasing the non-dangerous. "The reason for this," Milgram contended, "is the way we make decisions. Judges have the best intentions when they make these decisions about risk, but they're making them subjectively. They're like the baseball scouts twenty years ago who were using their instinct and their experience to try to decide what risk someone poses. They're being subjective, and we know what happens with subjective decision making, which is that we are often wrong." Her team established nine-hundred-plus risk factors, of which nine were most predictive. The questions, the most urgent questions, for the team were: Will a person commit a new crime? Will that person commit a violent act? Will someone come back to court? We need, concluded Milgram, an "objective measure of risk" that should be inflected by judges' judgment. We know the algorithmic statistical process works. That, she says, is "why Google is Google" and why moneyball wins games.[43]

Algorists have triumphed. We have grown accustomed to the idea that protocols and data can and should guide us in everyday action, from reminders about where we probably want to go next, to the likely occurrence of crime. By now, according to the literature, the legal, ethical, formal, and economic dimensions of algorithms are all quasi-infinite. I'd like to focus on one particular siren song of the algorithm: its promise of objectivity.

Scientific objectivity has a history. That might seem surprising. Isn't the notion—expressed above by the Minnesota psychologists—right? Isn't objectivity co-extensive with science itself? Here it's worth stepping back to reflect on all the epistemic virtues we might value in scientific work. Quantification seems like a good thing to have; so, too, do prediction, explanation, unification, precision, accuracy, certainty, and pedagogical utility. In the best of all possible worlds these epistemic virtues would all pull in the same direction. But they do not—not any more than our ethical virtues necessarily coincide. Rewarding people according to their need may very well conflict with rewarding people according to their ability. Equality, fairness, meritocracy—ethics, in a sense, is all about the adjudication of conflicting goods. Too often we forget that this conflict exists in science, too. Design an instrument to be as sensitive as possible and it often fluctuates wildly, making repetition of a measurement impossible.

"Scientific objectivity" entered both the practice and the nomenclature of science after the first third of the 19th century. One sees this clearly in the scientific atlases that provided scientists with the basic objects of their specialty: There were (and are) atlases of the hand, atlases of the skull, atlases of clouds, crystals, flowers, bubble-chamber pictures, nuclear emulsions, and diseases of the eye. In the 18th century, it was obvious

[43] TED Talk, January 2014, https://www.ted.com/speakers/anne_milgram.



HOUSE_OVERSIGHT_016381

that you would not depict this particular, sun-scorched, caterpillar-chewed clover found outside your house in an atlas. No, you aimed—if you were a genius natural philosopher like Goethe, Albinus, or Cheselden—to observe nature but then to perfect the object in question, to abstract it visually to the ideal. Take a skeleton, view it through a camera lucida, draw it with care. Then correct the "imperfections." The advantage of this parting of the curtains of mere experience was clear: It provided a universal guide, one not attached to the vagaries of individual variation.

As the sciences grew in scope, and scientists grew in number, the downside of idealization became clearer. It was one thing to have Goethe depict the "ur-plant" or "ur-insect." It was quite another to have a myriad of different scientists each fixing their images in different and sometimes contradictory ways. Gradually, from around the 1830s forward, one begins to see something new: a claim that the image making was done with a minimum of human intervention, that protocols were followed. This could mean tracing a leaf with a pencil or pressing it into ink that was transferred to the page. It meant, too, that one suddenly was proud of depicting the view through a microscope of a natural object even with its imperfections. This was a radical idea: snowflakes shown without perfect hexagonal symmetry, color distortion near the edge of a microscope lens, tissue torn around the edges in the process of its preparation.

Scientific objectivity came to mean that our representations of things were executed by holding back from intervention—even if it meant reproducing the yellow color near the edge of the image under the microscope, despite the fact that the scientist *knew* that the discoloration was from the lens, not a feature of the object of inquiry. The advantage of objectivity was clear: It superseded the desire to see a theory realized or a generally accepted view confirmed. But objectivity came at a cost. You lost that precise, easily teachable, colored, full depth-of-field, artist's rendition of a dissected corpse. You got a blurry, bad depth-of-field, black-and-white photograph that no medical student (nor even many medical colleagues) could use to learn and compare cases. Still, for a long stretch of the 19th century, the virtue of hands-off, self-restraining objectivity was on the rise.

Starting in the 1930s, the hardline scientific objectivity in scientific representation began running into trouble. In cataloging stellar spectra, for example, no algorithm could compete with highly trained observers who could sort them with far greater accuracy and replicability than any purely rule-following procedure. By the late 1940s, doctors had begun learning how to read electroencephalograms. Expert judgment was needed to sort out different kinds of seizure readings, while none of the early attempts to use frequency analysis could match that judgment. Solar magnetograms—mapping the magnetic fields across the sun—required the trained expert to pry the real signal from artifacts that emerged from the measuring instruments. Even particle physicists recognized that they could not program a computer to sort certain kinds of tracks into the right bins; judgment, trained judgment, was needed.

There should be no confusion here: This was not a return to the invoked genius of an 18th-century idealizer. No one thought you could train to be a Goethe who alone among scientists could pick out the universal, ideal form of a plant, insect, or cloud. Expertise could be learned—you could take a course to learn to make expert judgments about electroencephalograms, stellar spectra, or bubble-chamber tracks; alas, no one has ever thought you could take a course that would lead to the mastery of exceptional



HOUSE_OVERSIGHT_016382

insight. There can be no royal road to becoming Goethe. In scientific atlas after scientific atlas, one sees explicit argument that "subjective" factors had to be part of the scientific work needed to create, classify, and interpret scientific images.

What we see in so many of the algorists' claims is a tremendous desire to find scientific objectivity precisely by abandoning judgment and relying on mechanical procedures—in the name of scientific objectivity. Many American states have legislated the use of sentencing and parole algorithms. Better a machine, it is argued, than the vagaries of a judge's judgment.

So here is a warning from the sciences. Hands-off algorithmic proceduralism did indeed have its heyday in the 19th century, and of course still plays a role in many of the most successful technical and scientific endeavors. But the idea that mechanical objectivity, construed as binding self-restraint, follows a simple, monotonic curve increasing from the bad impressionistic clinician to the good externalized actuary simply does not answer to the more interesting and nuanced history of the sciences.

There is a more important lesson from the sciences. Mechanical objectivity is a scientific virtue among others, and the hard sciences learned that lesson often. We must do the same in the legal and social scientific domains. What happens, for example, when the secret, proprietary algorithm sends one person to prison for ten years and another for five years, for the same crime? Rebecca Wexler, visiting fellow at the Yale Law School Information Society Project, has explored that question, and the tremendous cost that trade-secret algorithms impose on the possibility of a fair legal defense.[44] Indeed, for a variety of reasons, law enforcement may not want to share the algorithms used to make DNA, chemical, or fingerprint identifications, which puts the defense in a much weakened position to make its case. In the courtroom, objectivity, trade secrets, and judicial transparency may pull in opposite directions. It reminds me of a moment in the history of physics. Just after World War II, the film giants Kodak and Ilford perfected a film that could be used to reveal the interactions and decays of elementary particles. The physicists were thrilled, of course—until the film companies told them that the composition of the film was a trade secret, so the scientists would never gain complete confidence that they understood the processes they were studying. Proving things with unopenable black boxes can be a dangerous game for scientists, and doubly so for criminal justice.

Other critics have underscored how perilous it is to rely on an accused (or convicted) person's address or other variables that can easily become, inside the black box of algorithmic sentencing, a proxy for race. By dint of everyday experience, we have grown used to the fact that airport security is different for children under the age of twelve and adults over the age of seventy-five. What factors do we want the algorists to have in their often hidden procedures? Education? Income? Employment history? What one has read, watched, visited, or bought? Prior contact with law enforcement? How do we want algorists to weight those factors? Predictive analytics predicated on mechanical objectivity comes at a price. Sometimes it may be a price worth paying; sometimes that price would be devastating for the just society we want to have.

More generally, as the convergence of algorithms and Big Data governs a greater and greater part of our lives, it would be well worth keeping in mind these two lessons

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[44] Rebecca Wexler, "Life, Liberty, and Trade Secrets: Intellectual Property in the Criminal Justice System," 70 *Stanford Law Review*, XXX (2018).



HOUSE_OVERSIGHT_016383

from the history of the sciences: Judgment is not the discarded husk of a now pure objectivity of self-restraint. And mechanical objectivity is a virtue competing among others, not the defining essence of the scientific enterprise. They are lessons to bear in mind, even if algorists dream of objectivity.



HOUSE_OVERSIGHT_016384

*In the past decade, genetic engineering has caught up with computer science with regard to how new scientific initiatives are shaping our lives. Genetic engineer* **George Church**, *a pioneer of the revolution in reading and writing biology, is central to this new landscape of ideas. He thinks of the body as an operating system, with engineers taking the place of traditional biologists in retooling stripped-down components of organisms (from atoms to organs) in much the same vein as in the late 1970s, when electrical engineers were working their way to the first personal computer by assembling circuit boards, hard drives, monitors, etc. George created and is director of the Personal Genome Project, which provides the world's only open-access information on human genomic, environmental, and trait data (GET) and sparked the growing DNA ancestry industry.*

*He was instrumental in laying the groundwork for President Obama's 2013 BRAIN (Brain Research through Advancing Innovative Neurotechnologies) Initiative—in aid of improving the brains of human beings to the point where, for much of what sustains us, we might not need the help of (potentially dicey) AIs. "It could be that some of the BRAIN Initiative projects allow us to build human brains that are more consistent with our ethics and capable of doing advanced tasks like artificial intelligence," George has said. "The safest path by far is getting humans to do all the tasks that they would like to delegate to machines, but we're not yet firmly on that super-safe path."*

*More recently, his crucially important pioneering use of the enzyme CRISPR (as well as methods better than CRISPR) to edit the genes of human cells is sometimes missed by the media in the telling of the CRISPR origins story.*

*George's attitude toward future forms of artificial general intelligence is friendly, as evinced in the essay that follows. At the same time, he never loses sight of the AI-safety issue. On that subject, he recently remarked: "The main risk in AI, to my mind, is not so much whether we can mathematically understand what they're thinking; it's whether we're capable of teaching them ethical behavior. We're barely capable of teaching each other ethical behavior."*



HOUSE_OVERSIGHT_016385

# THE RIGHTS OF MACHINES
## George M. Church

***George M. Church** is Robert Winthrop Professor of Genetics at Harvard Medical School; Professor of Health Sciences and Technology, Harvard-MIT; and co-author (with Ed Regis) of* Regenesis: How Synthetic Biology Will Reinvent Nature and Ourselves.

In 1950, Norbert Wiener's *The Human Use of Human Beings* was at the cutting edge of vision and speculation in proclaiming that

> the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us. . . . Whether we entrust our decisions to machines of metal, or to those machines of flesh and blood which are bureaus and vast laboratories and armies and corporations, . . . [t]he hour is very late, and the choice of good and evil knocks at our door.

But this was his book's denouement, and it has left us hanging now for sixty-eight years, lacking not only prescriptions and proscriptions but even a well-articulated "problem statement." We have since seen similar warnings about the threat of our machines, even in the form of outreach to the masses, via films like *Colossus: The Forbin Project* (1970), *The Terminator* (1984), *The Matrix* (1999), and *Ex Machina* (2015). But now the time is ripe for a major update, with fresh, new perspectives—notably focused on generalizations of our "human" rights and our existential needs.

Concern has tended to focus on "us versus them [robots]" or "grey goo [nanotech]" or "monocultures of clones [bio]." To extrapolate current trends: What if we could make or grow almost anything and engineer any level of safety and efficacy desired? Any thinking being (made of any arrangement of atoms) could have access to any technology.

Probably we should be less concerned about us-versus-them and more concerned about the rights of all sentients in the face of an emerging unprecedented diversity of minds. We should be harnessing this diversity to minimize global existential risks, like supervolcanoes and asteroids.

But should we say "should"? (Disclaimer: In this and many other cases, when a technologist describes a societal path that "could," "would," or "should" happen, this doesn't necessarily equate to the preferences of the author. It could reflect warning, uncertainty, and/or detached assessment.) Roboticist Gianmarco Veruggio and others have raised issues of roboethics since 2002; the U.K. Department of Trade and Industry and the RAND spin-off Institute for the Future have raised issues of robot rights since 2006.

### *"Is versus ought"*

It is commonplace to say that science concerns "is," not "ought." Stephen Jay Gould's "non-overlapping magisteria" view argues that facts must be completely distinct from values. Similarly, the 1999 document *Science and Creationism* from the U.S. National Academy of Sciences noted that "science and religion occupy two separate realms." This



HOUSE_OVERSIGHT_016386

division has been critiqued by evolutionary biologist Richard Dawkins, myself, and others. We can discuss "should" if framed as "we should do X in order to achieve Y." Which Y should be a high priority is not necessarily settled by democratic vote but might be settled by Darwinian vote. Value systems and religions wax and wane, diversify, diverge, and merge just as living species do: subject to selection. The ultimate "value" (the "should") is survival of genes and memes.

Few religions say that there is no connection between our physical being and the spiritual world. Miracles are documented. Conflicts between Church doctrine and Galileo and Darwin are eventually resolved. Faith and ethics are widespread in our species and can be studied using scientific methods, including but not limited to fMRI, psychoactive drugs, questionnaires, et cetera.

Very practically, we have to address the ethical rules that should be built in, learned, or probabilistically chosen for increasingly intelligent and diverse machines. We have a whole series of trolley problems. At what number of people in line for death should the computer decide to shift a moving trolley to one person? Ultimately this might be a deep-learning problem—one in which huge databases of facts and contingencies can be taken into account, some seemingly far from the ethics at hand.

For example, the computer might infer that the person who would escape death if the trolley is left alone is a convicted terrorist recidivist loaded up with doomsday pathogens, or a saintly POTUS—or part of a much more elaborate chain of events in detailed alternative realities. If one of these problem descriptions seems paradoxical or illogical, it may be that the authors of the trolley problem have adjusted the weights on each sides of the balance such that hesitant indecision is inevitable.

Alternatively, one can use misdirection to rig the system, such that the error modes are not at the level of attention. For example, in the Trolley Problem, the real ethical decision was made years earlier when pedestrians were given access to the rails—or even before that, when we voted to spend more on entertainment than on public safety. Questions that at first seem alien and troubling, like "Who owns the new minds, and who pays for their mistakes?" are similar to well-established laws about who owns and pays for the sins of a corporation.

***The Slippery Slopes***

We can (over)simplify ethics by claiming that certain scenarios won't happen. The technical challenges or the bright red lines that cannot be crossed are reassuring, but the reality is that once the benefits seem to outweigh the risks (even briefly and barely), the red lines shift. Just before Louise Brown's birth in 1978, many people were worried that she "would turn out to be a little monster, in some way, shape or form, deformed, something wrong with her."[45] Few would hold this view of in-vitro fertilization today.

What technologies are lubricating the slope toward multiplex sentience? It is not merely deep machine-learning algorithms with Big Iron. We have engineered rodents to be significantly better at a variety of cognitive tasks as well as to exhibit other relevant traits, such as persistence and low anxiety. Will this be applicable to animals that are already at the door of humanlike intelligence? Several show self-recognition in a mirror test—chimpanzees, bonobos, orangutans, some dolphins and whales, and magpies.

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[45] "Then, Doctors 'All Anxious' About Test-tube Baby" http://edition.cnn.com/2003/HEALTH/parenting/07/25/cnna.copperman/



HOUSE_OVERSIGHT_016387

Even the bright red line for human manipulation of human beings shows many signs of moving or breaking completely. More than 2,300 approved clinical trials for gene therapy are in progress worldwide. A major medical goal is the treatment or prevention of cognitive decline, especially in light of our rapidly aging global demographic. Some treatments of cognitive decline will include cognitive enhancements (drugs, genes, cells, transplants, implants, and so on). These will be used off-label. The rules of athletic competition (e.g., banning augmentation with steroids or erythropoietin) do not apply to intellectual competition in the real world. Every bit of progress on cognitive decline is in play for off-label use.

Another frontier of the human use of humans is "brain organoids." We can now accelerate developmental biology. Processes that normally take months can happen in four days in the lab using the right recipes of transcription factors. We can make brains that, with increasing fidelity, recapitulate the differences between people born with aberrant cognitive abilities (e.g., microcephaly). Proper vasculature (veins, arteries, and capillaries) missing from earlier successes are now added, enabling brain organoids to surpass the former sub-microliter limit to possibly exceed the 1.2-liter size of modern human brains (or even the 5-liter elephant or 8-liter sperm whale brains).

***Conventional Computers versus Bio-electronic Hybrids***

As Moore's Law miniaturization approaches its next speed bump (surely not a solid wall), we see the limits of the stochastics of dopant atoms in silicon slabs and the limits of beam-fabrication methods at around 10-nanometer feature size. Power (energy consumption) issues are also apparent: The great Watson, winner of *Jeopardy!*, used 85,000 watts real time, while the human brains were using 20 watts each. To be fair, the human body needs 100 watts to operate and twenty years to build, hence about 6 trillion joules of energy to "manufacture" a mature human brain. The cost of manufacturing Watson-scale computing is similar. So why aren't humans displacing computers?

For one, the *Jeopardy!* contestants' brains were doing far more than information retrieval—much of which would be considered mere distractions by Watson (e.g., cerebellar control of smiling). Other parts allow leaping out of the box with transcendence unfathomable by Watson, such as what we see in Einstein's five *annus mirabilis* papers of 1905. Also, humans consume more energy than the minimum (100 W) required for life and reproduction. People in India use an average of 700 W per person; it's 10,000 W in the U.S. Both are still less than the 85,000 watts Watson uses. Computers can become more like us via neuromorphic computing, possibly a thousandfold. But human brains could get more efficient, too. The organoid brain-in-a-bottle could get closer to the 20 W limit. The idiosyncratic advantages of computers for math, storage, and search, faculties of limited use to our ancestors, could be designed and evolved anew in labs.

Facebook, the National Security Agency, and others are constructing exabyte-scale storage facilities at more than a megawatt and four hectares, while DNA can store that amount in a milligram. Clearly, DNA is not a mature storage technology, but with Microsoft and Technicolor doubling down on it, we would be wise to pay attention. The main reason for the 6 trillion joules of energy required to get a productive human mind is the twenty years required for training.



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Even though a supercomputer can "train" a clone of zemself in seconds, the energy cost of producing a mature silicon clone is comparable. Engineering (*Homo*) prodigies might make a small impact on this slow process, but speeding up development and implanting extensive memory (as DNA-exabytes or other means) could reduce duplication time of a bio-computer to close to the doubling time of cells (ranging from eleven minutes to twenty-four hours). The point is that while we may not know what ratio of bio/homo/nano/robo hybrids will be dominant at each step of our accelerating evolution, we can aim for high levels of humane, fair, and safe treatment ("use") of one another.

Bills of Rights date back to 1689 in England. FDR proclaimed the "Four Freedoms"—freedom of speech, freedom of conscience, freedom from fear, and freedom from want. The U.N.'s Universal Declaration of Human Rights in 1948 included the right to life; the prohibition of slavery; defense of rights when violated; freedom of movement; freedom of association, thought, conscience, and religion; social, economic, and cultural rights; duties of the individual to society; and prohibition of use of rights in contravention of the purposes and principles of the United Nations.

The "universal" nature of these rights is not universally embraced and is subject to extensive critique and noncompliance. How does the emergence of non-*Homo*-intelligences affect this discussion? At a minimum, it is becoming rapidly difficult to hide behind vague intuition for ethical decisions—"I know it when I see it" (U.S. Supreme Court Justice Potter Stewart, 1964) or the "wisdom of repugnance" (aka "yuck factor," Leon Kass, 1997), or vague appeals to "common sense." As we have to deal with minds alien to us, sometimes quite literal from our viewpoint, we need to be explicit—yea, even algorithmic.

Self-driving cars, drones, stock-market transactions, NSA searches, et cetera, require rapid, pre-approved decision making. We may gain insights into many aspects of ethics that we have been trying to pin down and explain for centuries. The challenges have included conflicting priorities, as well as engrained biological, sociological, and semi-logical cognitive biases. Notably far from consensus in universal dogmas about human rights are notions of privacy and dignity, even though these influence many laws and guidelines.

Humans might want the right to march in to read (and change) the minds of computers to see why they're making decisions at odds with our (*Homo*) instincts. Is it not fair for machines to ask the same of us? We note the growth of movements toward transparency in potential financial conflicts; "open-source" software, hardware, and wetware; the Fair Access to Science and Technology Research Act (FASTR); and the Open Humans Foundation.

In his 1976 book *Computer Power and Human Reason,* Joseph Weizenbaum argued that machines should not replace *Homo* in situations requiring respect, dignity, or care, while others (author Pamela McCorduck and computer scientists like John McCarthy and Bill Hibbard) replied that machines can be more impartial, calm, and consistent and less abusive or mischievous than people in such positions.

***Equality***

What did the thirty-three-year-old Thomas Jefferson mean in 1776 when he wrote, "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed



HOUSE_OVERSIGHT_016389

by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness"? The spectrum of current humans is vast. In 1776, "Men" did not include people of color or women. Even today, humans born with congenital cognitive or behavioral issues are destined for unequal (albeit in most cases compassionate) treatment—Down syndrome, Tay-Sachs disease, Fragile X syndrome, cerebral palsy, and so on.

And as we change geographical location and mature, our unequal rights change dramatically. Embryos, infants, children, teens, adults, patients, felons, gender identities and gender preferences, the very rich and very poor—all of these face different rights and socioeconomic realities. One path to new mind-types obtaining and retaining rights similar to the most elite humans would be to keep a *Homo* component, like a human shield or figurehead monarch/CEO, signing blindly enormous technical documents, making snap financial, health, diplomatic, military, or security decisions. We will probably have great difficulty pulling the plug, modifying, or erasing (killing) a computer and its memories—especially if it has befriended humans and made spectacularly compelling pleas for survival (as all excellent researchers fighting for their lives would do).

Even Scott Adams, creator of *Dilbert*, has weighed in on this topic, supported by experiments at Eindhoven University in 2005 noting how susceptible humans are to a robot-as-victim equivalent of the Milgram experiments done at Yale beginning in 1961. Given the many rights of corporations, including ownership of property, it seems likely that other machines will obtain similar rights, and it will be a struggle to maintain inequities of selective rights along multi-axis gradients of intellect and ersatz feelings.

***Radically Divergent Rules for Humans versus Nonhumans and Hybrids***

The divide noted above for intra *Homo sapiens* variation in rights explodes into a riot of inequality as soon as we move to entities that overlap (or will soon) the spectrum of humanity. In Google Street View, people's faces and car license plates are blurred out. Video devices are excluded from many settings, such as courts and committee meetings. Wearable and public cameras with facial-recognition software touch taboos. Should people with hyperthymesia or photographic memories be excluded from those same settings?

Shouldn't people with prosopagnosia (face blindness) or forgetfulness be able to benefit from facial-recognition software and optical character recognition wherever they go, and if them, then why not everyone? If we all have those tools to some extent, shouldn't we all be able to benefit?

These scenarios echo Kurt Vonnegut's 1961 short story "Harrison Bergeron," in which exceptional aptitude is suppressed in deference to the mediocre lowest common denominator of society. Thought experiments like John Searle's Chinese Room and Isaac Asimov's Three Laws of Robotics all appeal to the sorts of intuitions plaguing human brains that Daniel Kahneman, Amos Tversky, and others have demonstrated. The Chinese Room experiment posits that a mind composed of mechanical and *Homo sapiens* parts cannot be conscious, no matter how competent at intelligent human (Chinese) conversation, unless a human can identify the source of the consciousness and "feel" it. Enforced preference for Asimov's First and Second Laws favor human minds over any other mind meekly present in his Third Law, of self-preservation.



HOUSE_OVERSIGHT_016390

If robots don't have exactly the same consciousness as humans, then this is used as an excuse to give them different rights, analogous to arguments that other tribes or races are less than human. Do robots already show free will? Are they already self-conscious? The robots Qbo have passed the "mirror test" for self-recognition and the robots NAO have passed a related test of recognizing their own voice and inferring their internal state of being, mute or not.

For free will, we have algorithms that are neither fully deterministic nor random but aimed at nearly optimal probabilistic decision making. One could argue that this is a practical Darwinian consequence of game theory. For many (not all) games/problems, if we're totally predictable or totally random, then we tend to lose.

What is the appeal of free will anyway? Historically it gave us a way to assign blame in the context of reward and punishment on Earth or in the afterlife. The goals of punishment might include nudging the priorities of the individual to assist the survival of the species. In extreme cases, this could include imprisonment or other restrictions, if Skinnerian positive/negative reinforcement is inadequate to protect society. Clearly, such tools can apply to free will, seen broadly—to any machine whose behavior we'd like to manage.

We could argue as to whether the robot actually experiences subjective qualia for free will or self-consciousness, but the same applies to evaluating a human. How do we know that a sociopath, a coma patient, a person with Williams syndrome, or a baby has the same free will or self-consciousness as our own? And what does it matter, practically? If humans (of any sort) convincingly claim to experience consciousness, pain, faith, happiness, ambition, and/or utility to society, should we deny them rights because their hypothetical qualia are hypothetically different from ours?

The sharp red lines of prohibition, over which we supposedly will never step, increasingly seem to be short-lived and not sensible. The line between human and machines blurs, both because machines become more humanlike and humans become more machine-like—not only since we increasingly blindly follow GPS scripts, reflex tweets, and carefully crafted marketing, but also as we digest ever more insights into our brain and genetic programming mechanisms. The NIH BRAIN Initiative is developing innovative technologies and using these to map out the connections and activity of mental circuitry so as to improve electronic and synthetic neurobiological ware.

Various red lines depend on genetic exceptionalism, in which genetics is considered permanently heritable (although it is provably reversible), whereas exempt (and lethal) technologies, like cars, are for all intents and purposes irreversible due to social and economic forces. Within genetics, a red line makes us ban or avoid genetically modified foods but embrace genetically modified bacteria making insulin, or genetically modified humans—witness mitochondrial therapies approved in Europe for human adults and embryos.

The line for germline manipulation seems less sensible than the usual, practical line drawn at safety and efficacy. Marriages of two healthy carriers of the same genetic disease have a choice between no child of their own, 25-percent loss of embryos via abortion (spontaneous or induced), 80-percent loss via in-vitro fertilization, or potential zero-percent embryo loss via sperm (germline) engineering. It seems premature to declare this last option unlikely.



HOUSE_OVERSIGHT_016391

For "human subject research," we refer to the 1964 Declaration of Helsinki, keeping in mind the 1932-1972 Tuskegee syphilis experiment, possibly the most infamous biomedical research study in U.S. history. In 2015, the Nonhuman Rights Project filed a lawsuit with the New York State Supreme Court on behalf of two chimpanzees kept for research by Stony Brook University. The appellate court decision was that chimps are not to be treated as legal persons since they "do not have duties and responsibilities in society," despite Jane Goodall's and others' claim that they do, and despite arguments that such a decision could be applied to children and the disabled.[46]

What prevents extension to other animals, organoids, machines, and hybrids? As we (e.g., Hawking, Musk, Tallinn, Wilczek, Tegmark) have promoted bans on "autonomous weapons," we have demonized one type of "dumb" machine, while other machines—for instance, those composed of many *Homo sapiens* voting—can be more lethal and more misguided.

Do transhumans roam the Earth already? Consider the "uncontacted peoples," such as the Sentinelese and Andamanese of India, the Korowai of Indonesia, the Mashco-Piro of Peru, the Pintupi of Australia, the Surma of Ethiopia, the Ruc of Vietnam, the Ayoreo-Totobiegosode of Paraguay, the Himba of Namibia, and dozens of tribes in Papua New Guinea. How would they or our ancestors respond? We could define "transhuman" as people and culture not comprehensible to humans living in a modern, yet un-technological culture.

Such modern Stone Age people would have great trouble understanding why we celebrate the recent LIGO gravity-wave evidence supporting the hundred-year-old general theory of relativity. They would scratch their heads as to why we have atomic clocks, or GPS satellites so we can find our way home, or why and how we have expanded our vision from a narrow optical band to the full spectrum from radio to gamma. We can move faster than any other living species; indeed, we can reach escape velocity from Earth and survive in the very cold vacuum of space.

If those characteristics (and hundreds more) don't constitute transhumanism, then what would? If we feel that the judge of transhumanism should not be fully paleo-culture humans but recent humans, then how would we ever reach transhuman status? We "recent humans" may always be capable of comprehending each new technological increment—never adequately surprised to declare arrival at a (moving) transhuman target. The science-fiction prophet William Gibson said, "The future is already here—it's just not very evenly distributed." While this underestimates the next round of "future," certainly millions of us are transhuman already—with most of us asking for more. The question "What was a human?" has already transmogrified into "What were the many kinds of transhumans?. . . And what were their rights?"

[46] https://www.nbcnews.com/news/us-news/lawyer-denying-chimpanzees-rights-could-backfire-disabled-n734566.



HOUSE_OVERSIGHT_016392

**Caroline A. Jones'** *interest in modern and contemporary art is enriched by a willingness to delve into the technologies involved in its production, distribution, and reception. "As an art historian, a lot of my questions are about what kind of art we can make, what kind of thought we can make, what kind of ideas we can make that could stretch the human beyond our stubborn, selfish, 'only concerned with our small group' parameters. The philosophers and philosophies I'm drawn to are those that question the Western obsession with individualism. Those are coming from so many different places, and they're reviving so many different kinds of questions and problems that were raised in the 1960s."*

*She has recently turned her attention to the history of cybernetics. Her MIT course, "Automata, Automatism, Systems, Cybernetics," explores the history of the human/machine interface in terms of feedback, exploring the cultural rather than engineering uptake of this idea. She begins with primary readings by Wiener, Shannon, and Turing and then pivots from the scientists and engineers to the work and ideas of artists, feminists, postmodern theorists. Her goal: to come up with a new central paradigm of evolution that's culture-based—"communalism and interspecies symbiosis rather than survival of the fittest."*

*As a historian, Caroline draws a distinction between what she has termed "left cybernetics" and "right cybernetics": "What do I mean by left cybernetics? In one sense, it's a pun or a joke: the cybernetics that was 'left' behind. On another level, it's a vague political grouping connoting our Left Coast: California, Esalen, the group that Dave Kaiser calls the 'hippie physicists.' It's not an adequate term, but it's a way of recognizing that there was a group beholden to the military-industrial complex, sometimes very unhappily, who gave us the tools to critique it."*



HOUSE_OVERSIGHT_016393

# THE ARTISTIC USE OF CYBERNETIC BEINGS

**Caroline A. Jones**

***Caroline A. Jones*** *is a professor of art history in the Department of Architecture at MIT and author of* Eyesight Alone: Clement Greenberg's Modernism and the Bureaucratization of the Senses; Machine in the Studio: Constructing the Postwar American Artist; *and* The Global Work of Art.

> Cybernated art is very important, but art for cybernated life is more important.
> — *Nam June Paik, 1966*

Artificial intelligence was not what artists first wanted out of cybernetics, once Norbert Wiener's *The Human Use of Human Beings: Cybernetics and Society* came out in 1950. The range of artists who identified themselves with cybernetics in the fifties and sixties initially had little access to "thinking machines." Moreover, craft-minded engineers had already been making turtles, jugglers, and light-seeking robot babes, not giant brains. Using breadboards, copper wire, simple switches, and electronic sensors, artists followed cyberneticians in making sculptures and environments that simulated interactive sentience—analog movements and interfaces that had more to do with instinctive drives and postwar sexual politics than the automation of knowledge production. Now obscured by an ideology of a free-floating "intelligence" untethered by either hardware or flesh, AI has forgotten the early days of cybernetics' uptake by artists. Those efforts are worth revisiting; they modeled relations with what the French philosophers Gilles Deleuze and Félix Guattari have called the "machinic phylum," having to do with how humans think and feel in bodies engaged with a physical, material, emotionally stimulating, and signaling world.

Cybernetics now seems to have collapsed into an all-pervasive discourse of AI that was far from preordained. "Cybernetics," as a word, claimed postwar newness for concepts that were easily four centuries old: notions of feedback, machine damping, biological homeostasis, logical calculation, and systems thinking that had been around since the Enlightenment (boosted by the Industrial Revolution). The names in this lineage include Descartes, Leibniz, Sadi Carnot, Clausius, Maxwell, and Watt. Wiener's coinage nonetheless had profound cultural effects.[47] The ubiquity today of the prefix "cyber-" confirms the desire for a crisp signifier of the tangled relations between humans and machines. In Wiener's usage, things "cyber" simply involved "control and communication in the animal and the machine." But after the digital revolution, "cyber" moved beyond servomechanisms, feedback loops, and switches to encompass software, algorithms, and cyborgs. The work of cybernetically inclined artists concerns the emergent behaviors of life that elude AI in its current condition.

As to that original coinage, Wiener had reached back to the ancient Greek to borrow the word for "steersman" (κυβερνήτης / *kubernétés*), a masculine figure channeling power and instinct at the helm of a ship, who read the waves, judged the wind, kept a hand on the tiller, and directed the slaves as they mindlessly (mechanically) churned their oars. The Greek had already migrated into modern English via Latin, going

[47] Wiener later had to admit the earlier coinage of the word in 1834 by André-Marie Ampère, who had intended it to mean the "science of government," a concept that remained dormant until the 20th century.



HOUSE_OVERSIGHT_016394

from *kuber-* to *guber*—the root of "gubernatorial" and "governor," another term for masculine control, deployed by James Watt to describe his 19th-century device for modulating a runaway steam engine. Cybernetics thus took ideas that had long analogized people and devices and generalized them to an applied science by adding that "-ics." Wiener's three c's (command, control, communication) drew on the mathematics of probability to formalize systems (whether biological or mechanical) theorized as a set of inputs of information achieving outputs of actions in an environment—a muscular, fleshy agenda often minimized in genealogies of AI.

But the etymology does little to capture the excitement felt by participants, as mathematics joined theoretical biology (Arturo Rosenblueth) and information theory (Claude Shannon, Walter Pitts, Warren McCulloch) to produce a barrage of interdisciplinary research and publications viewed as changing not just the way science was done but the way future humans would engage with the technosphere. As Wiener put it, "We have modified our environment so radically that we must now modify ourselves in order to exist."[48] The pressing question is: How are we modifying ourselves? Are we going in the right direction or have we lost our way, becoming the tools of our tools? Revisiting the early history of humanist/artists' contribution to cybernetics may help direct us toward a less perilous, more ethical future.

The year 1968 was a high-water mark of the cultural diffusion and artistic uptake of the term. In that year, the Howard Wise gallery opened its show of Wen-Ying Tsai's "Cybernetic Sculpture" in midtown Manhattan, and Polish émigré Jasia Reichardt opened her exhibition "Cybernetic Serendipity" at London's ICA. (The "Cybernetic" in her title was intended to evoke "made by or with computers," even though most of the artworks on view had no computers, as such, in their responsive circuits.) The two decades between 1948 and 1968 had seen both the fanning out of cybernetic concepts into a broader culture and the spread of computation machines themselves in a slow migration from proprietary military equipment, through the multinational corporation, to the academic lab, where access began to be granted to artists. The availability of cybernetic components—"sensor organs" (electronic eyes, motion sensors, microphones) and "effector organs" (electronic "breadboards," switches, hydraulics, pneumatics)—on the home hobbyist front rendered the computer less an "electronic brain" than an adjunct organ in a kit of parts. There was not yet a ruling metaphor of "artificial intelligence." So artists were bricoleurs of electronic bodies, interested in actions rather than calculation or cognition. There were inklings of "computer" as calculator in the drive toward *Homo rationalis*, but more in aspiration than achievement.

In light of today's digital convergence in art/science imaging tools, Reichardt's show was prophetic in its insistence on confusing the boundaries between art and what we might dub "creative applied science." According to the catalog, "no visitor to the exhibition, unless he reads all the notes relating to all the works, will know whether he is looking at something made by an artist, engineer, mathematician, or architect." So the comically dysfunctional robot by Nam June Paik, *Robot K-456* (1964), featured on the catalog's cover and described as "a female robot known for her disturbing and idiosyncratic behavior," would face off against a balletic *Colloquy of Mobiles* (1968) from second-order cybernetician Gordon Pask. Pask worked with a London theater

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[48] *The Human Use of Human Beings* (1954 edition), p. 46.



HOUSE_OVERSIGHT_016395

designer to craft a spindly "male" apparatus of hinges and rods, set up to communicate with bulbous "female" fiberglass entities nearby. Whether anyone could actually map the quiddities of the program (or glean its reactionary gender theater) without reading the catalog essay is an open question. What is significant is Pask's focus on the behaviors of his automata, their interactivity, their responsiveness within an artificially modulated environment, and their "reflection" of human behaviors.

The ICA's "Cybernetic Serendipity" introduced an important paradigm: the machinic ecosystem, in which the viewer was a biological part, tasked with figuring out just what the triggers for interaction might be. The visitors in those London galleries suddenly became "cybernetic organisms"—cyborgs—since to experience the art adequately, one needed to enter a kind of symbiotic colloquy with the servomechanisms. This turn toward human-machine interactive environments as an aesthetic becomes clearer when we examine a few other artworks from the period, beginning with one constituting an early instance of emergent behavior—*Senster,* the interactive sculpture by artist/engineer Edward Ihnatowicz (1970), celebrated by medical robotics engineer Alex Zivanovic, editor of a Web site devoted to Ihnatowicz's little-known career, as "one of the first computer controlled interactive robotic works of art." Here, "the computer" makes its entry (albeit a twelve-bit, limited device). But rather than "intelligence," Ihnatowicz sought to make an avatar of affective behavior. Key to *Senster's* uncanny success was the programming with which Ihnatowicz constrained the fifteen-foot-long hydraulic apparatus (its hinge design and looming appearance inspired by a lobster claw) to convey shyness in responding to humans in its proximity. *Senster's* sound channels and motion sensors were set to recoil at loud noises and sudden aggressive movements. Only those humans willing to speak softly and modulate their gestures would be rewarded by *Senster's* quiet, inquisitive approach—an experience that became real for Ihnatowicz himself when he first assembled the program and the machine turned to him solicitously after he'd cleared his throat.

In these artistic uses of cybernetic beings, we sense a growing necessity to train the public to experience itself as embedded in a technologized environment, modifying itself to communicate intuitively with machines. This necessity had already become explicit in Tsai's "Cybernetic Sculpture" show. Those experiencing his immersive installation were expected to experiment with machinic life: What behaviors would trigger the servomechanisms? Likely, the human gallery attendant would have had to explain the protocol: "Clap your hands—that gets the sculptures to respond." As an early critic described it:

> A grove of slender stainless-steel rods rises from a plate. This base vibrates at 30 cycles per second; the rods flex rapidly, in harmonic curves. Set in a dark room, they are lit by strobes. The pulse of the flashing lights varies—they are connected to sound and proximity sensors. The result is that when one approaches a Tsai or makes a noise in its vicinity, the thing responds. The rods appear to move; there is a shimmering, a flashing, an eerie ballet of metal, whose apparent movements range from stillness to jittering and back to a slow, indescribably sensuous undulation.[49]

[49] Robert Hughes, *Time* magazine (October 2, 1972) review of Tsai exhibition at Denise René gallery.



HOUSE_OVERSIGHT_016396

Like *Senster,* the apparatus stimulated (and simulated) an affective rather than rational interaction. Humans felt they were encountering behaviors indicative of responsive life; Tsai's entities were often classed as "vegetal" or "aquatic." Such environmental and kinetic ambitions were widespread in the international art world of the time. Beyond the stable at Howard Wise, there were the émigrés forming the collective GRAV in Paris, the "cybernetic architectures" of Nicolas Schöffer, the light and plastic gyrations of the German Zero Gruppe, and so on—all defining and informing the genre of installation art to come.

The artistic use of cybernetic beings in the late sixties made no investment in "intelligence." Knowing machines were dumb and incapable of emotion, these creators were confident in staging frank simulations. What interested them were machinic motions evoking drives, instincts, and affects; they mimicked sexual and animal behaviors, as if below the threshold of consciousness. Such artists were uninterested in the manipulation of data or information (although Hans Haacke would move in that direction by 1972 with his "Real-Time Systems" works). The cybernetic culture that artists and scientists were putting in place on two continents embedded the human in the technosphere and seduced perception with the graceful and responsive behaviors of the machinic phylum. "Artificial" and "natural" intertwined in this early cybernetic aesthetic.

But it wouldn't end here. Crucial to the expansion of this uncritical, largely masculine set of cybernetic environments would be a radical, critical cohort of astonishing women artists emerging in the 1990s, fully aware of their predecessors in art and technology but perhaps more inspired by the feminist founders of the 1970 journal *Radical Software* and the cultural blast of Donna Haraway's inspiring 1984 polemic, "A Cyborg Manifesto." The creaky gender theater of Paik and Pask, the innocent creatures of Ihnatowicz and Tsai, were mobilized as savvy, performative, and postmodern, as in Lynn Hershman Leeson's *Dollie Clone Series* (1995-98) consisting of the interactive assemblages *CyberRoberta* and *Tillie, the Telerobotic Doll,* who worked the technosphere with the professionalism of burlesque, winking and folding us viewers into an explicit consciousness of our voyeuristic position as both seeing subjects and objects-to-be-looked-at.

The "innocent" technosphere established by male cybernetic sculptors of the 1960s was, by the 1990s, identified by feminist artists as an entirely suffusive condition demanding our critical attention. At the same time, feminists tackled the question of whose "intelligence" AI was attempting to simulate. For an artist such as Hershman Leeson, responding to the technical "triumph" of cloning Dolly the sheep, it was crucial to draw the connection between meat production and "meat machines." Hershman Leeson produced "dolls" as clones, offering a critical framing of the way contemporary individuation had become part of an ideological, replicative, plastic realm.

While the technofeminists of the 1990s and into the 2000s weren't all cyber all the time, their works nonetheless complicated the dominant machinic and kinetic qualities of male artists' previous techno-environments. The androgynous tele-cyborg in Judith Barry's *Imagination, Dead Imagine* (1991), for example, had no moving parts: He/she was comprised of pure signals, flickering projections on flat surfaces. In her setup, Barry commented on the alienating effects of late-20th-century technology. The image of an androgynous head fills an enormous cube made of ten-foot-square screens on



HOUSE_OVERSIGHT_016397

five sides, mounted on a ten-foot-wide mirrored base. A variety of viscous and unpleasant-looking fluids (yellow, reddish-orange, brown), dry materials (sawdust? flour?), and even insects drizzle or dust their way down the head, whose stoic sublimity is made gorgeously virtual on the work's enormous screens. *Dead Imagine,* through its large-scale and cubic "Platonic" form, remains both artificial and locked into the body—refusing a detached "intelligence" as being no intelligence at all.

Artists in the new millennium inherit this critical tradition and inhabit the current paradigms of AI, which has slid from partial simulations to claims of intelligence. In the 1955 proposal thought to be the first printed usage of the phrase "artificial intelligence," computer scientist John McCarthy and his colleagues Marvin Minsky, Nathaniel Rochester, and Claude Shannon conjectured that "every aspect of learning or any other feature of intelligence can in principle be so precisely described that a machine can be made to simulate it." This modest theoretical goal has inflated over the past sixty-four years and is now expressed by Google DeepMind as an ambition to "Solve intelligence." Crack the code! But unfortunately, what we hear cracking is not code but small-scale capitalism, the social contract, and the scaffolding of civility. Taking away the jobs of taxi and truck drivers, roboticizing direct marketing, hegemonizing entertainment, privatizing utilities, and depersonalizing health care—are these the "whips" that Wiener feared we would learn to love?

Artists can't solve any of this. But they can remind us of the creative potential of the paths not taken—the forks in the road that were emerging around 1970, before "information" became capital and "intelligence" equaled data harvesting. Richly evocative of what can be done with contemporary tools when revisiting earlier possibilities is French artist Philippe Parreno's "firefly piece," so nicknamed to avoid having to iterate its actual title: *With a Rhythmic Instinction to Be Able to Travel Beyond Existing Forces of Life* (2014). Described by the artist as "an automaton," the sculptural installation juxtaposes a flickering projection of black-and-white drawings of fireflies with a band of oscillating green-on-black binary figures. The drawings and binary figures are animated using algorithms from mathematician John Horton Conway's 1970 Game of Life, a "cellular automaton."

Conway set up parameters for any square ("cell") to be lit ("alive") or dark ("dead") in an infinite, two-dimensional grid. The rules are summarized as follows: A single cell will quickly die of loneliness. But a cell touching three or more other "live" cells will also die, "due to crowding." A cell survives and thrives if it has just two neighbors . . . and so on. As one cell dies, it may create the conditions for other cells to survive, yielding patterns that appear to move and grow, shifting across the grid like evanescent neural impulses or bioluminescent clusters of diatoms. In Stephen Hawking's 2012 film *The Meaning of Life*, the narrator describes Conway's mathematical model as simulating "how a complex thing like the mind might come about from a basic set of rules," revealing the overweening ambitions that characterize contemporary AI: "[T]hese complex properties emerge from simple laws that contain no concepts like movement or reproduction," yet they produce "species," and cells "can even reproduce, just as life does in the real world." [50]

Just as life does? Artists know the blandishments of simulation and representation, the difference between the genius of artifice and the realities of what "life

[50] Narration in Stephen Hawking's *The Meaning of Life* (Smithson Productions, Discovery Channel, 2012).



HOUSE_OVERSIGHT_016398

does." Parreno's piece is an intuitive assembly of our experience of "life" through embodied, perspectival engagement. Our consciousness is electrically (cybernetically) enmeshed, yet we don't respond as if this human-generated set of elegant simulations had its own *intelligence*.

The artistic use of cybernetic beings also reminds us that consciousness itself is not just "in here." It is streaming in and out, harmonizing those sensory, scintillating signals. Mind happens well outside the limits of the cranium (and its simulacrum, the "motherboard"). In Mary Catherine Bateson's paraphrase of her father Gregory's second-order cybernetics, mind is material "not necessarily defined by a boundary such as an envelope of skin."[51] Parreno pairs the simulations of art with the simulations of mathematics to force the Wiener-like point that any such model is not, by itself, just like life. Models are just that—parts of signaling systems constituting "intelligence" only when their creaturely counterparts engage them in lively meaning making. Contemporary AI has talked itself into a corner by instrumentalizing and particularizing tasks and subroutines, confusing these drills with actual wisdom. The brief cultural history offered here reminds us that views of data as intelligence, digital nets as "neural," or isolated individuals as units of life, were alien even to Conway's brute simulation.

We can stigmatize the stubborn arrogance of current AI as "right cybernetics," the path that led to current automated weapons systems, Uber's ill-disguised hostility to human workers, and the capitalist dreams of Google. Now we must turn back to left cybernetics—theoretical biologists and anthropologists engaged with a trans-species understanding of intelligent systems. Gregory Bateson's observation that corporations merely simulate "aggregates of parts of persons," with profit-maximizing decisions cut off from "wider and wiser parts of the mind," has never been more timely.[52]

The cybernetic epistemology offered here suggests a new approach. The individual mind is immanent, not only in the body but also in pathways outside the body, and there is a larger Mind, of which the individual mind is only a subsystem. This larger Mind, Bateson holds, is comparable to God, and is perhaps what some people mean by "God," but it is still immanent in the total interconnected social system and planetary ecology. This is not the collective delusion of an exterior "God" who speaks from outside human consciousness (this long-seated monotheistic conceit, Bateson suggests, leads to views of nature and environment as also outside the "individual" human, rendering them as "gifts to exploit"). Rather, Bateson's "God" is a placeholder for our evanescent experience of interacting consciousness-in-the-world: larger Mind as a result of inputs and actions that then become inputs for other actions in concert with other entities—webs of symbiotic relationships that form patterns we need urgently to sense and harmonize with.[53]

From Tsai in the 1970s to Hershman Leeson in the 1990s to Parreno in 2014, artists have been critiquing right cybernetics and plying alternative, embodied, environmental experiences of "artificial" intelligence. Their artistic use of cybernetic beings offers the wisdom of symbionts experienced in the kinds of poeisis that can be achieved in this world: rhythms of signals and intuitive actions that produce the

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[51] Mary Catherine Bateson, 1999 foreword to Gregory Bateson, *Steps to an Ecology of Mind* (Chicago: University of Chicago Press, 1972): xi.
[52] *Steps to an Ecology of Mind,* p. 452.
[53] Ibid., pp. 467-8.



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movements of life partnered with an electro-mechanical and -magnetic technosphere.
Life, in its mysterious negentropic entanglements with matter and Mind.



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*Over nearly four decades,* **Stephen Wolfram** *has been a pioneer in the development and application of computational thinking and responsible for many innovations in science, technology and business.*

*His 1982 paper "Cellular Automata as Simple Self-Organizing Systems," written at the age of twenty-three, was the first of numerous significant scientific contributions aimed at understanding the origins of complexity in nature.*

*It was around this time that Stephen briefly came into my life. I had established The Reality Club, an informal gathering of intellectuals who met in New York City to present their work before peers in other disciplines. (Note: In 1996, The Reality Club went online as* Edge.org*). Our first speaker? Stephen Wolfram, a "wunderkind" who had arrived in Princeton at the Institute for Advanced Study. I distinctly recall his focused manner as he sat down on a couch in my living room and spoke uninterrupted for about an hour before the assembled group.*

*Since that time, Stephen has become intent making the world's knowledge easily computable and accessible. His program* Mathematica *is the definitive system for modern technical computing.* Wolfram|Alpha *computes expert-level answers using AI technology. He considers his* Wolfram Language *to be the first true computational communication language for humans and AIs.*

*I caught up with him again four years ago, when we arranged to meet in Cambridge, Massachusetts, for a freewheeling conversation about AI. Stephen walked in, said hello, sat down, and, looking at the video camera set up to record the conversation for* Edge*, began to talk and didn't stop for two and a half hours.*

*The essay that follows is an edited version of that session, which was a Wolfram master class of sorts and is an appropriate way to end this volume—just as Stephen's Reality Club talk in the '80s was a great way to initiate the ongoing intellectual enterprise whose result is the rich community of thinkers presenting their work to one another and to the public in this book.*



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## ARTIFICIAL INTELLIGENCE AND THE FUTURE OF CIVILIZATION

**Stephen Wolfram**

***Stephen Wolfram*** *is a scientist, inventor, and the founder and CEO of Wolfram Research. He is the creator of the symbolic computation program* Mathematica *and its programming language,* Wolfram Language*, as well as the knowledge engine* Wolfram|Alpha*. He is also the author of* A New Kind of Science*.*

*The following is an edited transcript from a live interview with him conducted in December 2015.*

I see technology as taking human goals and making them automatically executable by machines. Human goals of the past have entailed moving objects from here to there, using a forklift rather than our own hands. Now the work we can do automatically, with machines, is mental rather than physical. It's obvious that we can automate many of the tasks we humans have long been proud of doing ourselves. What's the future of the human condition in that situation?

People talk about the future of intelligent machines and whether they'll take over and decide what to do for themselves. But the inventing of goals is not something that has a path to automation. Someone or something has to define what a machine's purpose should be—what it's trying to execute. How are goals defined? For a given human, they tend to be defined by personal history, cultural environment, the history of our civilization. Goals are uniquely human. Where the machine is concerned, we can give it a goal when we build it.

What kinds of things have intelligence, or goals, or purpose? Right now, we know one great example, and that's us—our brains, our human intelligence. Human intelligence, I once assumed, is far beyond anything else that exists naturally in the world; it's the result of an elaborate process of evolution and thus stands apart from the rest of existence. But what I've realized, as a result of the science I've done, is that this is not the case.

People might say, for instance, "The weather has a mind of its own." That's an animist statement and seems to have no place in modern scientific thinking. But it's not as silly as it sounds. What does the human brain do? A brain receives certain input, it computes things, it causes certain actions to happen, it generates a certain output. Like the weather. All sorts of systems are, effectively, doing computations—whether it's a brain or, say, a cloud responding to its thermal environment.

We can argue that our brains are doing vastly more sophisticated computations than those in the atmosphere. But it turns out that there's a broad equivalence between the kinds of computations that different kinds of systems do. This renders the question of the human condition somewhat poignant, because it seems we're not as special as we thought. There are all those different systems of nature that are pretty much equivalent, in terms of their computational capabilities.

What makes us different from all those other systems is the particulars of our history, which give us our notions of purpose and goals. That's a long way of saying that when the box on our desk thinks as well as the human brain does, what it still won't have, intrinsically, are goals and purposes. Those are defined by our particulars—our particular biology, our particular psychology, our particular cultural history.



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When we consider the future of AI, we need to think about the goals. That's what humans contribute; that's what our civilization contributes. The execution of those goals is what we can increasingly automate. What will the future of humans be in such a world? What will there be for them to do? One of my projects has been to understand the evolution of human purposes over time. Today we've got all kinds of purposes. If you look back a thousand years, people's goals were quite different: How do I get my food? How do I keep myself safe? In the modern Western world, for the most part you don't spend a large fraction of your life thinking about those purposes. From the point of view of a thousand years ago, some of the goals people have today would seem utterly bizarre—for example, like exercising on a treadmill. A thousand years ago that would sound like a crazy thing to do.

What will people be doing in the future? A lot of purposes we have today are generated by scarcity of one kind or another. There are scarce resources in the world. People want to get more of something. Time itself is scarce in our lives. Eventually, those forms of scarcity will disappear. The most dramatic discontinuity will surely be when we achieve effective human immortality. Whether this will be achieved biologically or digitally isn't clear, but inevitably it will be achieved. Many of our current goals are driven in part by our mortality: "I'm only going to live a certain time, so I'd better get this or that done." And what happens when most of our goals are executed automatically? We won't have the kinds of motivations we have today. One question I'd like an answer for is, What do the derivatives of humans in the future end up choosing to do with themselves? One of the potential bad outcomes is that they just play video games all the time.

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The term "artificial intelligence" is evolving, in its use in technical language. These days, AI is very popular, and people have some idea of what it means. Back when computers were being developed, in the 1940s and 1950s, the typical title of a book or a magazine article about computers was "Giant Electronic Brains." The idea was that just as bulldozers and steam engines and so on automated mechanical work, computers would automate intellectual work. That promise turned out to be harder to fulfill than many people expected. There was, at first, a great deal of optimism; a lot of government money got spent on such efforts in the early 1960s. They basically just didn't work.

There are a lot of amusing science-fiction-ish portrayals of computers in the movies of that time. There's a cute one called *Desk Set,* which is about an IBM-type computer being installed in a broadcasting company and putting everybody out of a job. It's cute because the computer gets asked a bunch of reference-library questions. When my colleagues and I were building Wolfram|Alpha, one of the ideas we had was to get it to answer all of those reference-library questions from *Desk Set*. By 2009, it could answer them all.

In 1943, Warren McCulloch and Walter Pitts came up with a model for how brains conceptually, formally, might work—an artificial neural network. They saw that their brainlike model would do computations in the same way as Turing Machines. From their work, it emerged that we could make brainlike neural networks that would act as general computers. And in fact, the practical work done by the ENIAC folks and John



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von Neumann and others on computers came directly not from Turing Machines but through this bypath of neural networks.

But simple neural networks didn't do much. Frank Rosenblatt invented a learning device he called the perceptron, which was a one-layer neural network. In the late sixties, Marvin Minsky and Seymour Papert wrote a book titled *Perceptrons*, in which they basically proved that perceptrons couldn't do anything interesting, which is correct. Perceptrons could only make linear distinctions between things. So the idea was more or less dropped. People said, "These guys have written a proof that neural networks can't do anything interesting, therefore no neural networks can do anything interesting, so let's forget about neural networks." That attitude persisted for some time.

Meanwhile, there were a couple of other approaches to AI. One was based on understanding, at a formal level, symbolically, how the world works; and the other was based on doing statistics and probabilistic kinds of things. With regard to symbolic AI, one of the test cases was, Can we teach a computer to do something like integrals? Can we teach a computer to do calculus? There were tasks like machine translation, which people thought would be a good example of what computers could do. The bottom line is that by the early seventies, that approach had crashed.

Then there was a trend toward devices called expert systems, which arose in the late seventies and early eighties. The idea was to have a machine learn the rules that an expert uses and thereby figure out what to do. That petered out. After that, AI became little more than a crazy pursuit.

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I had been interested in how you make an AI-like machine since I was a kid. I was interested particularly in how you take the knowledge we humans have accumulated in our civilization and automate answering questions on the basis of that knowledge. I thought about how you could do that symbolically, by building a system that could break down questions into symbolic units and answer them. I worked on neural networks at that time and didn't make much progress, so I put it aside for a while.

Back in mid-2002 to 2003, I thought about that question again: What does it take to make a computational knowledge system? The work I'd done by then pretty much showed that my original belief about how to do this was completely wrong. My original belief had been that in order to make a serious computational knowledge system, you first had to build a brainlike device and then feed it knowledge—just as humans learn in standard education. Now I realized that there wasn't a bright line between what is intelligent and what is simply computational.

I had assumed that there was some magic mechanism that made us vastly more capable than anything that was just computational. But that assumption was wrong. This insight is what led to Wolfram|Alpha. What I discovered is that you can take a large collection of the world's knowledge and automatically answer questions on the basis of it, using what are essentially merely computational techniques. It was an alternative way to do engineering—a way that's much more analogous to what biology does in evolution.

In effect, what you normally do when you build a program is build it step-by-step. But you can also explore the computational universe and mine technology from that universe. Typically, the challenge is the same as in physical mining: That is, you find a supply of, let's say, iron, or cobalt, or gadolinium, with some special magnetic properties,



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and you turn that special capability to a human purpose, to something you want technology to do. In the case of magnetic materials, there are plenty of ways to do that. In terms of programs, it's the same story. There are all kinds of programs out there, even tiny programs that do complicated things. Could we entrain them for some useful human purpose?

And how do you get AIs to execute your goals? One answer is to just talk to them, in the natural language of human utterances. It works pretty well when you're talking to Siri. But when you want to say something longer and more complicated, it doesn't work well. You need a computer language that can represent sophisticated concepts in a way that can be progressively built up and isn't possible in natural language. What my company spent a lot of time doing was building a knowledge-based language that incorporates the knowledge of the world directly into the language. The traditional approach to creating a computer language is to make a language that represents operations that computers intrinsically know how to do: allocating memory, setting values of variables, iterating things, changing program counters, and so on. Fundamentally, you're telling computers to do things in your own terms. My approach was to make a language that panders not to the computers but to the humans, to take whatever a human thinks of and convert it into some form that the computer can understand. Could we encapsulate the knowledge we'd accumulated, both in science and in data collection, into a language we could use to communicate with computers? That's the big achievement of my last thirty years or so—being able to do that.

Back in the 1960s, people would say things like, "When we can do such-and-such, we'll know we have AI. When we can do an integral from a calculus course, we'll know we have AI. When we can have a conversation with a computer and make it seem human. . . ," et cetera. The difficulty was, "Well, gosh, the computer just doesn't know enough about the world." You'd ask the computer what day of the week it was, and it might be able to answer that. You'd ask it who the President was, and it probably couldn't tell you. At that point, you'd know you were talking to a computer and not a person. But now when it comes to these Turing Tests, people who've tried connecting, for example, Wolfram|Alpha to their Turing Test bots find that the bots lose every time. Because all you have to do is start asking the machine sophisticated questions and it will answer them! No human can do that. By the time you've asked it a few disparate questions, there will be no human who knows all those things, yet the system will know them. In that sense, we've already achieved good AI, at that level.

Then there are certain kinds of tasks easy for humans but traditionally very hard for machines. The standard one is visual object identification: What is this object? Humans can recognize it and give some simple description of it, but a computer was just hopeless at that. A couple of years ago, though, we brought out a little image-identification system, and many other companies have done something similar—ours happens to be somewhat better than the rest. You show it an image, and for about ten thousand kinds of things, it will tell you what it is. It's fun to show it an abstract painting and see what it says. But it does a pretty good job.

It works using the same neural-network technology that McCulloch and Pitts imagined in 1943 and lots of us worked on in the early eighties. Back in the 1980s, people successfully did OCR—optical character recognition. They took the twenty-six letters of the alphabet and said, "OK, is that an A? Is that a B? Is that a C?" and so on.



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That could be done for twenty-six different possibilities, but it couldn't be done for ten thousand. It was just a matter of scaling up the whole system that makes this possible today. There are maybe five thousand picturable common nouns in English, ten thousand if you include things like special kinds of plants and beetles which people would recognize with some frequency. What we did was train our system on 30 million images of these kinds of things. It's a big, complicated, messy neural network. The details of the network probably don't matter, but it takes about a quadrillion GPU operations to do the training.

Our system is impressive because it pretty much matches what humans can do. It has about the same training data humans have—about the same number of images a human infant would see in the first couple of years of its life. Roughly the same number of operations have to be done in the learning process, using about the same number of neurons in at least the first levels of our visual cortex. The details are different; the way these artificial neurons work has little to do with how the brain's neurons work. But the concept is similar, and there's a certain universality to what's going on. At the mathematical level, it's a composition of a very large number of functions, with certain continuity properties that let you use calculus methods to incrementally train the system. Given those attributes, you can end up with something that does the same job human brains do in physiological recognition.

But does this constitute AI? There are a few basic components. There's physiological recognition, there's voice-to-text, there's language translation—things humans manage to do with varying degrees of difficulty. These are essentially some of the links to how we make machines that are humanlike in what they do. For me, one of the interesting things has been incorporating those capabilities into a precise symbolic language to represent the everyday world. We now have a system that can say, "This is a glass of water." We can go from a picture of a glass of water to the *concept* of a glass of water. Now we have to invent some actual symbolic language to represent those concepts.

I began by trying to represent mathematical, technical kinds of knowledge and went on to other kinds of knowledge. We've done a pretty good job of representing objective knowledge in the world. Now the problem is to represent everyday human discourse in a precise symbolic way—a knowledge-based language intended for communication between humans and machines, so that humans can read it and machines can understand it, too. For instance, you might say "X is greater than 5." That's a predicate. You might also say, "I want a piece of chocolate." That's also a predicate. It has an "I want" in it. We have to find a precise symbolic representation of the desires we express in human natural language.

In the late 1600s, Gottfried Leibniz, John Wilkins, and others were concerned with what they called philosophical languages—that is, complete, universal, symbolic representations of things in the world. You can look at the philosophical language of John Wilkins and see how he divided up what was important in the world at the time. Some aspects of the human condition have been the same since the 1600s. Some are very different. His section on death and various forms of human suffering was huge; in today's ontology, it's a lot smaller. It's interesting to see how a philosophical language of today would differ from a philosophical language of the mid-1600s. It's a measure of our progress. Many such attempts at formalization have happened over the years. In



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mathematics, for example: Whitehead and Russell's *Principia Mathematica* in 1910 was the biggest showoff effort. There were previous attempts by Gottlob Frege and Giuseppe Peano that were a little more modest in their presentation. Ultimately, they were wrong in what they thought they should formalize: They thought they should formalize some process of mathematical proof, which turns out not to be what most people care about.

With regard to a modern analog of the Turing Test, it's an interesting question. There's still the conversational bot, which is Turing's idea. That one hasn't been solved yet. It will be solved—the only question is, What is the application for which it is solved? For a long time I would ask, "Why should we care?"—because I thought the principal application would be customer service, which wasn't particularly high on my list. But customer service, where you're trying to interface, is just where you need this conversational language.

One big difference between Turing's time and ours is the method of communicating with computers. In his time, you typed something into the machine and it typed back a response. In today's world, it responds with a screen—as for instance, when you want to buy a movie ticket. How is a transaction with a machine different from a transaction with a human? The main answer is that there's a visual display. It asks you something, and you press a button, and you can see the result immediately. For example, in Wolfram|Alpha, when it's used inside Siri, if there's a short answer, Siri will tell you the short answer. But what most people want is the visual display, showing the infographic of this or that. This is a nonhuman form of communication that turns out to be richer than the traditional spoken, or typed, human communication. In most human-to-human communication, we're stuck with pure language, whereas in computer-to-human communication we have this much higher bandwidth channel—of visual communication.

Many of the most powerful applications of the Turing Test fall away now that we have this additional communication channel. For example, here's one we're pursuing right now. It's a bot that communicates about writing programs: You say, "I want to write a program. I want it to do this." The bot will say, "I've written this piece of program. This is what it does. Is this what you want?" Blah-blah-blah. It's a back-and-forth bot. Devising such systems is an interesting problem, because they have to have a model of a human if they're trying to explain something to you. They have to know what the human is confused about.

What has long been difficult for me to understand is, What's the point of a conventional Turing Test? What's the motivation? As a toy, one could make a little chat bot that people could chat with. That will be the next thing. The current round of deep learning—particularly, recurrent neural networks—is making pretty good models of human speech and human writing. We can type in, say, "How are you feeling today?" and it knows most of the time what sort of response to give. But I want to figure out whether I can automate responding to my email. I know the answer is "No." A good Turing Test, for me, will be when a bot can answer most of my email. That's a tough test. It would have to learn those answers from the humans the email is connected to. I might be a little bit ahead of the game, because I've been collecting data on myself for about twenty-five years. I have every piece of email for twenty-five years, every keystroke for twenty. I should be able to train an avatar, an AI, that will do what I can do—perhaps better than I could.



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People worry about the scenario in which AIs take over. I think something much more amusing, in a sense, will happen first. The AI will know what you intend, and it will be good at figuring out how to get there. I tell my car's GPS I want to go to a particular destination. I don't know where the heck I am, I just follow my GPS. My children like to remind me that once when I had a very early GPS—the kind that told you, "Turn this way, turn that way"—we ended up on one of the piers going out into Boston Harbor.

More to the point is that there will be an AI that knows your history, and knows that when you're ordering dinner online you'll probably want such-and-such, or when you email this person, you should talk to them about such-and-such. More and more, the AIs will suggest to us what we should do, and I suspect most of the time people will just go along with that. It's good advice—better than what you would have figured out for yourself.

As far as the takeover scenario is concerned, you can do terrible things with technology and you can do good things with technology. Some people will try to do terrible things with technology, and some people will try to do good things with technology. One of the things I like about today's technology is the equalization it has produced. I used to be proud that I had a better computer than anybody I knew; now we all have the same kind of computers. We have the same smartphones, and pretty much the same technology can be used by a decent fraction of the planet's 7 billion people. It's not the case that the king's technology is different from everybody else's. That's an important advance.

The great frontier five hundred years ago was literacy. Today, it's doing programming of some kind. Today's programming will be obsolete in a not very long time. For example, people no longer learn assembly language, because computers are better at writing assembly language than humans are, and only a small set of people need to know the details of how language gets compiled into assembly language. A lot of what's being done by armies of programmers today is similarly mundane. There's no good reason for humans to be writing Java code or JavaScript code. We want to automate the programming process so that what's important goes from what the human wants done to getting the machine, as automatically as possible, to do it. This will increase that equalization, which is something I'm interested in. In the past, if you wanted to write a serious piece of code, or program for something important and real, it was a lot of work. You had to know quite a bit about software engineering, you had to invest months of time in it, you had to hire programmers who knew this or you had to learn it yourself. It was a big investment.

That's not true anymore. A one-line piece of code already does something interesting and useful. It allows a vast range of people who couldn't make computers do things for them, make computers do things for them. Something I'd like to see is a lot of kids around the world learn the new capabilities of knowledge-based programming and then produce code that's effectively as sophisticated as what anybody in the top ranks can produce. This is within reach. We're at the point where anybody can learn to do knowledge-based programming, and, more important, learn to think computationally. The actual mechanics of programming are easy now. What's difficult is imagining things in a computational way.



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How do you teach computational thinking? In terms of how to do programming, it's an interesting question. Take nanotechnology. How did we achieve nanotechnology? Answer: We took technology as we understand it on a large scale and we made it very small. How to make a CPU chip on the atomic scale? Fundamentally, we use the same architecture as the CPU chip we know and love. That isn't the only approach one can take. Looking at what simple programs can do suggests that you can take even simple impoverished components and with the right compiler you can make them do interesting things. We don't do molecular-scale computing yet, because the ambient technology is such that you'd have to spend a decade building it. But we've got the components that are enough to make a universal computer. You might not know how to program with those components, but by doing searches in the space of possible programs, you'd start to amass building blocks, and you could then create a compiler for them. The surprising thing is that impoverished stuff is capable of doing sophisticated things, and the compilation step is not as gruesome as you might expect.

Just searching the computational universe and trying to find programs—building blocks—that are interesting is a good approach. A more traditional engineering approach—trying by pure thought to figure out how to build a universal computer—is a harder row to hoe. That doesn't mean it can't be done, but my guess is that we'll be able to do some amazing things just by finding the components and searching the possible programs we can make with them. Then it's back to the question about connecting human purposes to what is available from the system.

One question I'm interested in is, What will the world look like when most people can write code? We had a transition, maybe five hundred years ago or so, when only scribes and a small set of the population could read and write natural language. Today, a small fraction of the population can write code. Most of the code they write is for computers only. You don't understand things by reading code. But there will come a time when, as a result of things I've tried to do, the code is at a high enough level that it's a minimal description of what you're trying to do. It will be a piece of code that's understandable to humans but also executable by the machines.

Coding is a form of expression, just as writing in a natural language is a form of expression. To me, some simple pieces of code are poetic—they express ideas in a very clean way. There's an aesthetic aspect, much as there is to expression in a natural language. One feature of code is that it's immediately executable; it's not like writing. When you write something, somebody has to read it, and the brain that's reading it has to absorb the thoughts that came from the person who did the writing. Look at how knowledge has been transmitted in the history of the world. At level zero, one form of knowledge transmission is essentially genetic—that is, there's an organism, and its progeny has the same features that it had. Then there's the kind of knowledge transmission that happens with things like physiological recognition. A newborn creature has some neural network with some random connections in it, and as the creature moves around in the world, it starts recognizing kinds of objects and it learns that knowledge.

Then there's the level that was the big achievement of our species, which is natural language. The ability to represent knowledge abstractly enough that we can communicate it brain to brain, so to speak. Arguably, natural language is our species' most important invention. It's what led, in many respects, to our civilization.



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There's yet another level, and probably one day it will have a more interesting name. With knowledge-based programming, we have a way of creating an actual representation of real things in the world, in a precise and symbolic way. Not only is it understandable by brains and communicable to other brains and to computers, it's also immediately executable.

Just as natural language gave us civilization, knowledge-based programming will give us—what? One bad answer is that it will give us the civilization of the AIs. That's what we don't want to happen, because the AIs will do a great job communicating with one another and we'll be left out of it, because there's no intermediate language, no interface with our brains. What will this fourth level of knowledge communication lead to? If you were Caveman Ogg and you were just realizing that language was starting, could you imagine the coming of civilization? What should we be imagining right now?

This relates to the question of what the world would look like if most people could code. Clearly, many trivial things would change: Contracts would be written in code, restaurant recipes might be written in code, and so on. Simple things like that would change. But much more profound things would also change. The rise of literacy gave us bureaucracy, for example, which had already existed but dramatically accelerated, giving us a greater depth of governmental systems, for better or worse. How does the coding world relate to the cultural world?

Take high school education. If we have computational thinking, how does that affect how we study history? How does that affect how we study languages, social studies, and so on? The answer is, it has a great effect. Imagine you're writing an essay. Today, the raw material for a typical high school student's essay is something that's already been written; students usually can't generate new knowledge easily. But in the computational world, that will no longer be true. If the students know something about writing code, they'll access all that digitized historical data and figure out something new. Then they'll write an essay about something they've discovered. The achievement of knowledge-based programming is that it's no longer sterile, because it's got the knowledge of the world knitted into the language you're using to write code.

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There's computation all over the universe: in a turbulent fluid producing some complicated pattern of flow, in the celestial mechanics of planetary interactions, in brains. But does computation have a purpose? You can ask that about any system. Does the weather have a goal? Does climate have a goal?

Can someone looking at Earth from space tell that there's anything with a purpose there? Is there a civilization there? In the Great Salt Lake, in Utah, there's a straight line. It turns out to be a causeway dividing two areas of the lake with different colors of algae, so it's a very dramatic straight line. There's a road in Australia that's long and straight. There's a railroad in Siberia that's long, and lights go on when a train stops at the stations. So from space you can see straight lines and patterns.

But are these clear enough examples of obvious purpose on Earth as viewed from space? For that matter, how do we recognize extraterrestrials out there? How do we tell if a signal we're getting indicates purpose? Pulsars were discovered in 1967, when we picked up a periodic flutter every second or so. The first question was, Is this a beacon?



HOUSE_OVERSIGHT_016410

Because what else would make a periodic signal? It turned out to be a rotating neutron star.

One criterion to apply to a potentially purposeful phenomenon is whether it's minimal in achieving a purpose. But does that mean that it was built for the purpose? The ball rolls down the hill because of gravitational pull. Or the ball rolls down the hill because it's satisfying the principle of least action. There are typically these two explanations for some action that seems purposeful: the mechanistic explanation and the teleological. Essentially all of our existing technology fails the test of being minimal in achieving its purpose. Most of what we build is steeped in technological history, and it's incredibly non-minimal for achieving its purpose. Look at a CPU chip; there's no way that that's the minimal way to achieve what a CPU chip achieves.

This question of how to identify purposefulness is a hard one. It's an important question, because radio noise from the galaxy is very similar to CDMA transmissions from cell phones. Those transmissions use pseudo-noise sequences, which happen to have certain repeatability properties. But they come across as noise, and they're set up as noise, so as not to interfere with other channels. The issue gets messier. If we were to observe a sequence of primes being generated from a pulsar, we'd ask what generated them. Would it mean that a whole civilization grew up and discovered primes and invented computers and radio transmitters and did this? Or is there just some physical process making primes? There's a little cellular automaton that makes primes. You can see how it works if you take it apart. It has a little thing bouncing inside it, and out comes a sequence of primes. It didn't need the whole history of civilization and biology and so on to get to that point.

I don't think there is abstract "purpose," per se. I don't think there's abstract meaning. Does the universe have a purpose? Then you're doing theology in some way. There is no meaningful sense in which there is an abstract notion of purpose. Purpose is something that comes from history.

One of the things that might be true about our world is that maybe we go through all this history and biology and civilization, and at the end of the day the answer is "42," or something. We went through all those 4 billion years of various kinds of evolution and then we got to "42."

Nothing like that will happen, because of computational irreducibility. There are computational processes that you can go through in which there is no way to shortcut that process. Much of science has been about shortcutting computation done by nature. For example, if we're doing celestial mechanics and want to predict where the planets will be a million years from now, we could follow the equations, step-by-step. But the big achievement in science is that we're able to shortcut that and reduce the computation. We can be smarter than the universe and predict the endpoint without going through all the steps. But even with a smart enough machine and smart enough mathematics, we can't get to the endpoint without going through the steps. Some details are irreducible. We have to irreducibly follow those steps. That's why history means something. If we could get to the endpoint without going through the steps, history would be, in some sense, pointless.

So it's not the case that we're intelligent and everything else in the world is not. There's no enormous abstract difference between us and the clouds or us and the cellular automata. We cannot say that this brainlike neural network is qualitatively



HOUSE_OVERSIGHT_016411

different from this cellular-automaton system. The difference is a detailed difference. This brainlike neural network was produced by the long history of civilization, whereas the cellular automaton was created by my computer in the last microsecond.

The problem of abstract AI is similar to the problem of recognizing extraterrestrial intelligence: How do you determine whether or not it has a purpose? This is a question I don't consider answered. We'll say things like, "Well, AI will be intelligent when it can do blah-blah-blah." When it can find primes. When it can produce this and that and the other. But there are many other ways to get to those results. Again, there is no bright line between intelligence and mere computation.

It's another part of the Copernican story: We used to think Earth was the center of the universe. Now we think we're special because we have intelligence and nothing else does. I'm afraid the bad news is that that isn't a distinction.

Here's one of my scenarios. Let's say there comes a time when human consciousness is readily uploadable into digital form, virtualized and so on, and pretty soon we have a box of a trillion souls. There are a trillion souls in the box, all virtualized. In the box, there will be molecular computing going on—maybe derived from biology, maybe not. But the box will be doing all kinds of elaborate stuff. And there's a rock sitting next to the box. Inside a rock, there are always all kinds of elaborate stuff going on, all kinds of subatomic particles doing all kinds of things. What's the difference between the rock and the box of a trillion souls? The answer is that the details of what's happening in the box were derived from the long history of human civilization, including whatever people watched on YouTube the day before. Whereas the rock has its long geological history but not the particular history of our civilization.

Realizing that there isn't a genuine distinction between intelligence and mere computation leads you to imagine that future—the endpoint of our civilization as a box of trillion souls, each of them essentially playing a video game, forever. What is the "purpose" of that?



HOUSE_OVERSIGHT_016412

**From:** Morris, Paul V [redacted]
**Sent:** 1/15/2019 4:44:33 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Opportunity Zones
**Attachments:** image001.jpg; image002.jpg; image003.jpg; image004.jpg

**Importance:** High

Hope all well, are you doing anything around these or clients?

In a former warehouse on a dimly lit street in the South Bronx, developers sipping Puerto Rican moonshine listened as a local official urged them to capture a new U.S. tax break by rebuilding the decaying neighborhood.

In Alabama, a young lawyer quit his job after seeing the same tax break's potential to help one of the nation's poorest states. He now spends his days driving his Hyundai from town to town, slideshow at the ready, hoping to connect investors with communities.

And on a conference call with potential clients, a prominent hedge fund executive pitched investments in a boutique hotel in Oakland, which he described as San Francisco's Brooklyn. The project is eligible for the same tax break, designed to help the poor.

## Betting on Opportunity Zones

Sales of development sites are surging in areas eligible for tax breaks

Source: Real Capital Analytics

Fervor about opportunity zones is heating up across the U.S. For a limited time, investors who develop real estate or fund businesses in these areas are able to defer capital gains on profits earned elsewhere and completely eliminate them on new investments in 8,700 low-income census tracts. The goal is to reinvigorate these areas. But the question is whether the 2017 tax law will, as U.S. Treasury Secretary Steven Mnuchin predicts, pump $100 billion into places that need it most, or if investors will play it safe by funding projects in a few zones already on the upswing.

QuicktakeWill 'Opportunity Zones' Help the Rich, the Poor or Both?

There's no lack of optimism among officials in shrinking Rust Belt towns, wind-swept Western landscapes and hurricane-ravaged Puerto Rico, who hope to jump-start local economies. The incentives are so flexible they could be used for everything from affordable housing to solar farms.

Yet on the investor side, much of the attention is fixed on how to turn a profit in already thriving areas. They include neighborhoods surrounding Manhattan, Atlantic beach towns drawing vacation-home developers, bedroom communities near Silicon Valley and anomalies like Portland, Oregon, where the entire downtown was deemed eligible for the breaks.

"The phrase I keep thinking of is 'gold rush,' " said Michael Lortz, an accountant who works with developers in Portland. "There's a lot of money from out of town that's coming here."

Already, a policy debate is raging. Backers are urging people to reserve judgment and say the tax breaks have galvanized cities, businesses and investors to think creatively about boosting parts of the country most in need. Critics say the incentives were poorly calibrated and may amount to a boondoggle far in excess of the official $1.6 billion projected cost.

Americans may have to wait months or years to learn which side is right. That's because the law doesn't require investors to disclose projects, making it difficult to tell which areas are benefiting the most.

But there's plenty of evidence that a boom is brewing. Goldman Sachs Group Inc., which already had an investment team focusing on struggling communities, has disclosed about $150 million in projects in recent months. Purchases of sites inside opportunity zones spiked as the tax law took effect, outpacing growth in other areas, according to Real Capital Analytics, which tracks property sales. Altogether, investors spent 62 percent more on properties eligible for tax breaks in the 12 months through September, compared with those in the same census tracts a year earlier, its data show.

Here are snapshots of what's happening across America:

## Bronx Boost

Port Morris Distillery, which makes a high-alcohol rum called pitorro, was the perfect spot for an opportunity zone pitch. It's on a block with a colorful mural, industrial buildings ready for loft conversions and views of the Manhattan skyline. Much of the surrounding South Bronx is now an opportunity zone.

"We have always been the most ignored," Marlene Cintron, the borough's head of economic development, told an audience of developers and lawyers in November. "These opportunity zones are here for you to take advantage of them."

The case for the Bronx, where incomes are among the lowest in New York, is that it's the last borough awaiting revitalization. The tax incentives are designed to unleash it. If developers can buy at current Bronx prices, before seeing a Brooklyn-like rise, the breaks would be massive.

The Bronx Tavern and Port Morris Distillery.
Photographer: David 'Dee' Delgado/Bloomberg

"Huge, huge upside that you're not going to get if you build a strip mall in Topeka," said Terri Adler, managing partner of law firm Duval & Stachenfeld LLP, who also spoke at the event.

Yet the Bronx faces a formidable problem: It's competing with other zones across the city, including waterfronts in Brooklyn and Queens with stronger momentum. The tax break Bronx officials hope will rejuvenate their borough may instead lure more money to what looks like a safer bet across the river.

In November, Amazon.com Inc. selected Long Island City for its next headquarters. Portions of that Queens neighborhood, including a former plastics factory the retailer plans to occupy, are inside opportunity zones, even though they're among the city's fastest-growing areas. In 2017, more apartments were built there than in any other neighborhood in the city.

## Driving Alabama

Alex Flachsbart, 30, has a lot of time to talk when he's in his SUV crisscrossing Alabama. A lawyer who specialized in economic development grants and tax breaks, he quit his job last year to start Opportunity Alabama, aiming to connect capital to worthy projects. For the past several months, he's been educating people about opportunity zones, speaking to local officials, businesses and investors.

"I have done the OZ PowerPoint God knows how many times," Flachsbart, who grew up in the Bay Area, said from behind the wheel one day in December.

Alex Flachsbart gives a presentation on opportunity zones in Athens, Alabama. Photographer: Nicole Craine/Bloomberg

When he read about opportunity zones in a 2017 draft of the Tax Cuts and Jobs Act, his mind reeled. Here was an uncapped subsidy far more flexible than anything he'd used before. It could draw investment for an array of projects. He imagined funding startups in Huntsville, where NASA's presence has lured a deep bench of talented engineers, and the renovation of an old civic complex in Mobile.

Flachsbart's nonprofit—which has board members from the state's largest utility and its biggest bank, Regions Financial Corp.—is now in talks for 10 potential projects that need more than $100 million in equity investment, he said. None have been funded yet, but he's certain some will be. Meanwhile, he keeps driving.

## Baltimore Billionaire

One of the arguments over opportunity zones is whether the U.S. is handing wealthy investors and companies big breaks on projects they would've done anyway. One example: Hedge fund executive and former White House spokesman Anthony Scaramucci plans to build a "swank, boutique hotel" in Oakland. The paperwork for the permit was filed months before the neighborhood was designated an opportunity zone.

But that project pales in comparison to what's happening in Baltimore. More than a year before President Donald Trump signed the law, real estate developer Steven Siegel helped negotiate one of the largest public financing deals of its kind for a client, a company owned by billionaire Kevin Plank, founder of athletic-wear maker Under Armour Inc.

Port Covington area of Baltimore.
Photographer: Sarah L. Voisin/The Washington Post via Getty Images

In 2016, Baltimore's city council approved a $660 million financing package for a 235-acre mixed-use development, including new offices for Under Armour, along the city's waterfront. The area was already designated as an enterprise zone and a brownfield site, connoting additional lucrative tax breaks, and the project attracted a $233 million investment from Goldman Sachs's urban investment group.

Then came the opportunity zone designation.

The tax break is only supposed to apply to real estate purchased after the law took effect. But lawyers across the country quickly began working around that to get the benefits for projects planned before the law was passed. Many tax experts have recommended sales to new entities. So long as the seller owns no more than 20 percent of the buyer, the transaction counts as arm's-length and qualifies.

Siegel said his firm, Weller Development, has found enough new investors to comply with the arm's-length requirement. The company has seen so much demand, he said, that he's looking to replicate the project elsewhere.

"We've been fielding a lot of inbound interest," Siegel said, declining to name cities that have approached him. "That stimulated us to take this show on the road."

## Boulder Balks

In mid-December, during a marathon city council meeting that stretched past midnight, Boulder became perhaps the first jurisdiction in the country to reject its own opportunity

zone. Officials in the Colorado town imposed an 18-month moratorium on almost all development in its only census tract earmarked for the incentives.

The move highlights how local officials have the power to respond to criticisms of the law—in this case, that investors may rush to build projects the community doesn't want. Boulder has long been a favorite spot for growing companies because people want to live there, thanks to its college-town vibe and quick access to nature.

"People think we have too much" development, said Bob Yates, a council member. "We're not Detroit."

An eyebrow salon is surrounded by empty stores at Diagonal Plaza in Boulder. Photographer: Rachel Woolf/Bloomberg

Though Yates, a former telecom executive, opposed the moratorium and worries it will make things difficult for businesses in the zone, he understands why people in Boulder, a liberal enclave, were skeptical of an idea enacted by a Republican Congress. He just wishes his city would take a more measured approach.

The zone includes an aging mall called Diagonal Plaza. The tax incentives could have spurred investors to redevelop it to include affordable housing, which is sorely needed, he said.

"Boulder's teachers can't live in Boulder," he said. "It's not a healthy thing to have socioeconomic divide where lower-income people have to live outside of town to serve higher-income people in town."

Paul V. Morris
Managing Director – The Morris Group
Private Banking and Investment Group
Bank of America Merrill Lynch
One Bryant Park, 28th Floor
[redacted]

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SUPREME COURT OF THE STATE OF NEW YORK
APPELLATE DIVISION – FIRST DEPARTMENT

| | |
|---|---|
| THE PEOPLE OF THE STATE OF NEW YORK,<br><br>Respondent,<br><br>- against -<br><br>JEFFREY E. EPSTEIN,<br><br>Defendant-Appellant. | App. Div. No. 6081<br><br>On Appeal from New York Supreme Court, New York County, Index No. 30129/10 (Pickholz, J.) |

**NOTICE OF MOTION BY NYP HOLDINGS, INC. TO UNSEAL APPELLATE BRIEFS**

PLEASE TAKE NOTICE that, upon the accompanying affirmation of John M. Browning sworn to on January 11, 2019, together with the exhibits annexed thereto, the accompanying memorandum of law and all pleadings and proceedings heretofore had herein, non-party movant NYP Holdings, Inc., by its undersigned counsel, will move this Court at a term thereof to be held at the Appellate Division Courthouse located at 27 Madison Avenue, New York, New York 10010, on January 21, 2019, at 10:00 a.m., or as soon thereafter as counsel may be heard, for an order unsealing the briefs in the above-captioned appeal.

PLEASE TAKE FURTHER NOTICE that answering papers, if any, shall be served upon the undersigned on or before the last date permitted by CPLR 2214.





HOUSE_OVERSIGHT_016420

Dated: New York, New York
January 11, 2019

Respectfully submitted,

DAVIS WRIGHT TREMAINE LLP

By: _____
Robert D. Balin
John M. Browning

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johnbrowning@dwt.com

*Attorneys for Non-Party Movant NYP Holdings, Inc.*





HOUSE_OVERSIGHT_016421

SUPREME COURT, APPELLATE DIVISION
FIRST DEPARTMENT

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|---|---|
| THE PEOPLE OF THE STATE OF NEW YORK,<br><br>Respondent,<br><br>- against -<br><br>JEFFREY E. EPSTEIN,<br><br>Defendant-Appellant. | App. Div. No. 6081<br><br>On Appeal from New York Supreme Court, New York County, Index No. 30129/10 (Pickholz, J.)<br><br>**AFFIDAVIT OF SERVICE** |

STATE OF NEW YORK )
) ss.:
COUNTY OF NEW YORK )

JOHN BROWNING, being duly sworn, states, I am not a party to the action, am over 18 years of age and reside in Kings County, New York. On January 14, 2018, I served a true and correct copy of the annexed by mail in the custody of Federal Express directed to the following:

Martin Weinberg
20 Park Place, Suite 1000
Boston, MA 02116

Karen Friedman Agnifilo
Assistant District Attorney – New York County
One Hogan Place
New York, New York 10013

David Aronberg
State Attorney
15th Judicial Circuit – Palm Beach County Florida
401 North Dixie Highway
West Palm Beach, FL 33401

Dexter Lee
Assistant U.S. Attorney
Southern District of Florida
99 N.E. 4th Street
Miami, FL 33132

Dated: New York, New York





HOUSE_OVERSIGHT_016422

January 11, 2019

Sworn to before me this
11th day of January, 2019

Notary Public

LORETTA E. PERRY
Notary Public, State of New York
No. 24-4931617
Qualified in Kings County
Commission Expires August 1, 2022

By: _____
John M. Browning



4848-4442-5859v.1 3930033-000039

HOUSE_OVERSIGHT_016423

SUPREME COURT OF THE STATE OF NEW YORK
APPELLATE DIVISION – FIRST DEPARTMENT

| | | |
|---|---|---|
| THE PEOPLE OF THE STATE OF NEW YORK, | : | App. Div. No. 6081 |
| Respondent, | : | **AFFIRMATION OF JOHN M. BROWNING IN SUPPORT OF MOTION TO UNSEAL** |
| - against - | : | |
| JEFFREY E. EPSTEIN, | : | |
| Defendant-Appellant. | : | On Appeal from New York Supreme Court, New York County, Index No. 30129/10 (Pickholz, J.) |

John M. Browning, an attorney duly admitted to practice before the Courts of the State of New York, affirms the following under penalties of perjury:

1. I am an associate of Davis Wright Tremaine LLP, attorneys for non-party movant NYP Holdings, Inc., publisher of the New York Post (the "Post") and I submit this affirmation in support of the Post's motion to unseal the briefs filed by the parties in the above-captioned appeal.

2. The grounds for unsealing the appeal briefs in this action are set forth in the accompanying memorandum of law. I submit this affirmation to annex relevant documents and to state facts that are relevant to this motion, of which I have personal knowledge.

3. Annexed hereto as Exhibit A is a true and correct copy of an article written by Julie K. Brown and published by the *Miami Herald* on November 28, 2018, entitled "Cops worked to put serial sex abuser in prison. Prosecutors worked to cut him a break."

4. Annexed hereto as Exhibit B is a true and correct copy of an article written by Rebecca Rosenberg and Danika Fears, which was published by the Post on January 7, 2015, entitled "DA's office 'went easy' on sex offender Epstein."





HOUSE_OVERSIGHT_016424

5. Annexed hereto as Exhibit C is a true and correct copy of an article written by Rebecca Rosenberg, Larry Celona, Susan Edelman and Isabel Vincent, which was published by the Post on December 1, 2018, entitled "Manhattan DA sided with pedophile billionaire after botching investigation."

6. On or about December 4, 2018, Post reporter Susan Edelman contacted Danny Frost, Director of Communications for Manhattan District Attorney Cyrus Vance Jr., and requested copies of the briefs filed by the District Attorney's office in the above-captioned appeal. Ms. Edelman stated that names of victims could be redacted before the briefs were disclosed.

7. Mr. Frost responded that he could not provide Ms. Edelman with copies of the briefs because they were filed under seal pursuant to N.Y. Civil Rights Law 50-b and that the District Attorney's office could only release the briefs, even with victims' names redacted, if this Court ordered the briefs to be unsealed.

8. Mr. Frost further indicated by email that "[i]f the Post petitions the court, and the court asks the People for our position, we will *not* oppose the petition for a redacted brief" (emphasis in original). A true and correct copy of that email correspondence is annexed hereto as Exhibit D.

9. On or about December 18, 2018, I contacted Jay Lefkowitz, who represented appellant Jeffrey Epstein in the above-captioned appeal. Mr. Lefkowitz told me that he no longer represents Mr. Epstein and referred me to Martin Weinberg, who currently acts as counsel for Mr. Epstein.

10. On or about December 20, 2018, I spoke with Mr. Weinberg and explained the nature of the Post's motion to unseal the redacted briefs and the position taken by the Manhattan





HOUSE_OVERSIGHT_016425

District Attorney. Mr. Weinberg told me that he was unable to take a position on the Post's motion without first reviewing it and reserved the right to file an opposition, if necessary.

11. On December 21, 2018, the Post filed a motion requesting an order unsealing the appellate briefs and directing the Manhattan District Attorney's Office to produce copies with the names of victims redacted (the "December 21 Motion").

12. On or about December 28, 2018, the Manhattan District Attorney's Office filed an affirmation in response to the Post's motion, signed by Assistant District Attorney Karen Friedman Agnifilo and dated December 28, 2018 (the "DA Affirmation"). A true and correct copy of the Affirmation is annexed hereto as Exhibit E.

13. On January 2, 2019, I spoke with Ms. Friedman Agnifilo to discuss the DA Affirmation. Ms. Friedman Agnifilo told me that there had been a miscommunication by Mr. Frost and that the District Attorney's Office did oppose the December 21 Motion. Ms. Friedman Agnifilo also told me that, in the view of the District Attorney's Office, the Post should give notice of their motion to unseal the appeal briefs to the prosecutors in Florida that handled the prosecution that led to Mr. Epstein's conviction for solicitation of prostitution from a minor. The Post disagrees with that position but nevertheless decided to moot any procedural issues related to requirements to notify the Florida prosecutors. Ms. Friedman Agnifilo subsequently informed me that the agency in Florida responsible for Mr. Epstein's prosecution was the Palm Beach County State Attorney's Office.

14. On January 3, 2019, I received an email from Mr. Weinberg stating that "after consideration of your request for the unsealing of the appellate briefs with redactions of certain identities, we take no position on behalf of Mr. Epstein." A true and correct copy of that email is annexed hereto as Exhibit F.

15. On January 4, 2019, the Post filed a letter with this Court voluntarily withdrawing the December 21 Motion without prejudice to refile in order to moot the procedural issues raised by the Manhattan District Attorney's Office with respect to furnishing notice to prosecutors in Florida. A true and correct copy of that letter is annexed as Exhibit G.

16. On or about January 10, 2019, I contacted the Palm Beach County State Attorney's Office to inform it of the Post's intention to file a motion to unseal the appellate briefs and to inquire about where to send a copy of the motion. A member of the Office of State Attorney David Aronberg instructed me to send a digital copy of the motion to e-postconviction@sa15.org and to send a paper copy to the State Attorney's main offices.

17. On or about January 10 and January 11, 2019, I spoke with Sarah J. Schall, Special Counsel to the U.S. Attorney in the Southern District of Florida, to inform her Office of the Post's intention to file a motion to unseal the appellate briefs and to inquire about where to send a copy of the motion. Ms. Schall instructed me to send a digital copy of the motion papers to her email address and to forward hard copies to Dexter Lee.

Dated: New York, New York
January 11, 2019

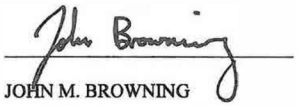

JOHN M. BROWNING





HOUSE_OVERSIGHT_016427

# EXHIBIT A

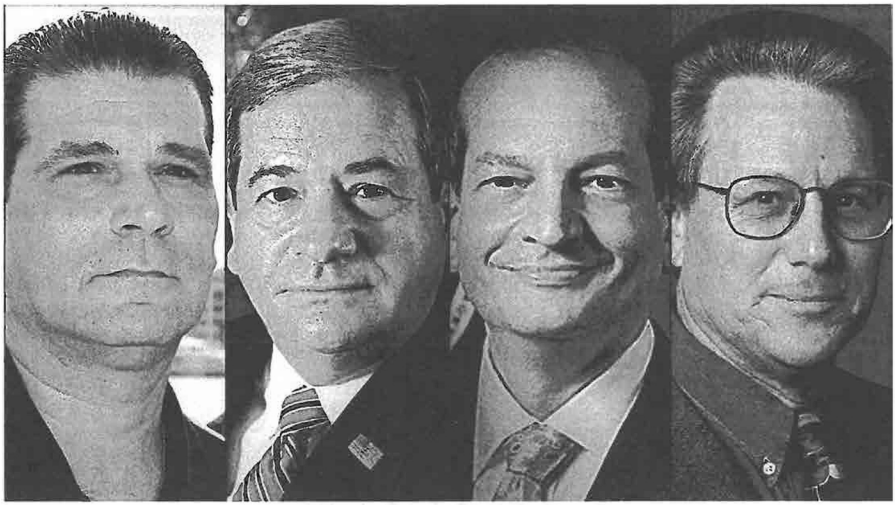

# Cops worked to put serial sex abuser in prison. Prosecutors worked to cut him a break

**BY JULIE K. BROWN**

NOV. 28, 2018

PERVERSION of JUSTICE

A decade before #MeToo, a multimillionaire sex offender from Florida got the ultimate break.

*Palm Beach, Florida*

*November 2004*

*Jane Doe*

Michelle Licata climbed a narrow, winding staircase, past walls covered with photographs of naked girls. At the top of the stairwell was a vast master bed and bath, with cream-colored shag carpeting and a hot pink and mint green sofa.

The room was dimly lit and very cold.

There was a vanity, a massage table and a timer.

A silver-haired man wearing nothing but a white towel came into the room. He lay facedown on a massage table, and while talking on a phone, directed Licata to rub his back, legs and feet.

Micelle Licata, is one of the over 100 middle school and high school-aged girls that Palm Beach billionaire, Jeffrey Epstein, is accused of sexually assaulting. Licata, now an adult living near Nashville, recalls her experience with

Epstein at his Palm Beach mansion while she was a sophomore at Royal Palm Beach High School.
**EMILY MICHOT** *EMICHOT@MIAMIHERALD.COM*

After he hung up, the man turned over and dropped his towel, exposing himself. He told Licata to get comfortable and then, in a firm voice, told her to take off her clothes.

At 16, Licata had never before been fully naked in front of anyone. Shaking and panicked, she mechanically pulled off her jeans and stripped down to her underwear. He set the timer for 30 minutes and then reached over and unsnapped her bra. He then began touching her with one hand and masturbating himself with the other.

"I kept looking at the timer because I didn't want to have this mental image of what he was doing," she remembered of the massage. "He kept trying to put his fingers inside me and told me to pinch his nipples. He was mostly saying 'just do that, harder, harder and do this. ...' "

After he ejaculated, he stood up and walked to the shower, dismissing her as if she had been in history class.

It wasn't long before a lot of Licata's fellow students at Royal Palm Beach High School had heard about "a creepy old guy" named Jeffrey who lived in a pink waterfront mansion and was paying girls $200 to $300 to give him massages that quickly turned sexual.

Eventually, the Palm Beach police, and then the FBI, came knocking on Licata's door. In the police report, Licata was referred to as a Jane Doe in order to protect her identity as a minor.

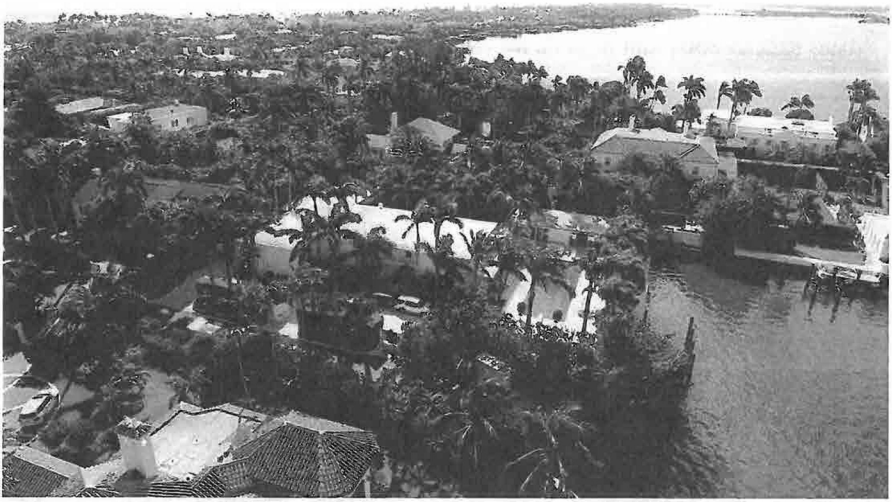

Palm Beach home of registered sex offender, Jeffrey Epstein.
**PEDRO PORTAL** *PPORTAL@MIAMIHERALD.COM*

There would be many Jane Does to follow: Jane Doe No. 3, Jane Doe No. 4, Jane Does 5, 6, 7, 8 — and as the years went by — Jane Does 102 and 103.

Long before #MeToo became the catalyst for a women's movement about sexual assault — and a decade before the fall of Harvey Weinstein, Bill Cosby and U.S. Olympic gymnastics doctor Larry Nassar — there was Jeffrey Edward Epstein.

Epstein, a multimillionaire hedge fund manager whose friends included a constellation of entertainers, politicians, business titans and royalty, for years lured teenage girls to his Palm Beach mansion as part of a cult-like sex pyramid scheme, police in the town of Palm Beach found.

The girls arrived, sometimes by taxi, for trysts at all hours of the day and night. Few were told much more than that they would be paid to give an old man a massage — and that he might ask them to strip down to their underwear or get naked. But what began as a massage often led to masturbation, oral sex,

intercourse and other sex acts, police and court records show. The alleged abuse dates back to 2001 and went on for years.

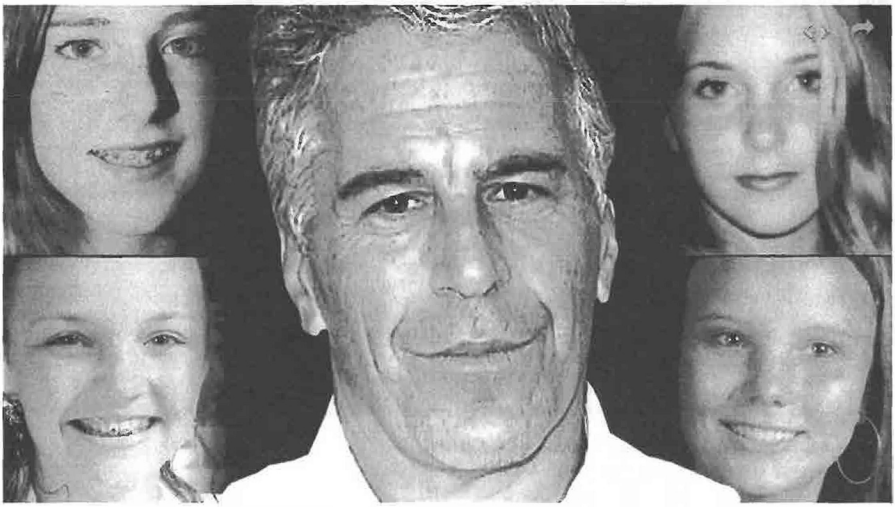

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.
**BY EMILY MICHOT | JULIE K. BROWN**

In 2007, despite ample physical evidence and multiple witnesses corroborating the girls' stories, federal prosecutors and Epstein's lawyers quietly put together a remarkable deal for Epstein, then 54. He agreed to plead guilty to two felony prostitution charges in state court, and in exchange, he and his accomplices received immunity from federal sex-trafficking charges that could have sent him to prison for life.

He served 13 months in a private wing of the Palm Beach County stockade. His alleged co-conspirators, who helped schedule his sex sessions, were never prosecuted.

The deal, called a federal non-prosecution agreement, was sealed so that no one — not even his victims — could know the full scope of Epstein's crimes and who

else was involved. The U.S. attorney in Miami, Alexander Acosta, was personally involved in the negotiations, records, letters and emails show.

Acosta is now a member of President Donald Trump's Cabinet. As U.S. secretary of labor, he has oversight over international child labor laws and human trafficking and had recently been mentioned as a possible successor to former U.S. Attorney General Jeff Sessions, who resigned under pressure in early November. It was reported on Thursday, a day after this story posted online, that he was no longer in the running.

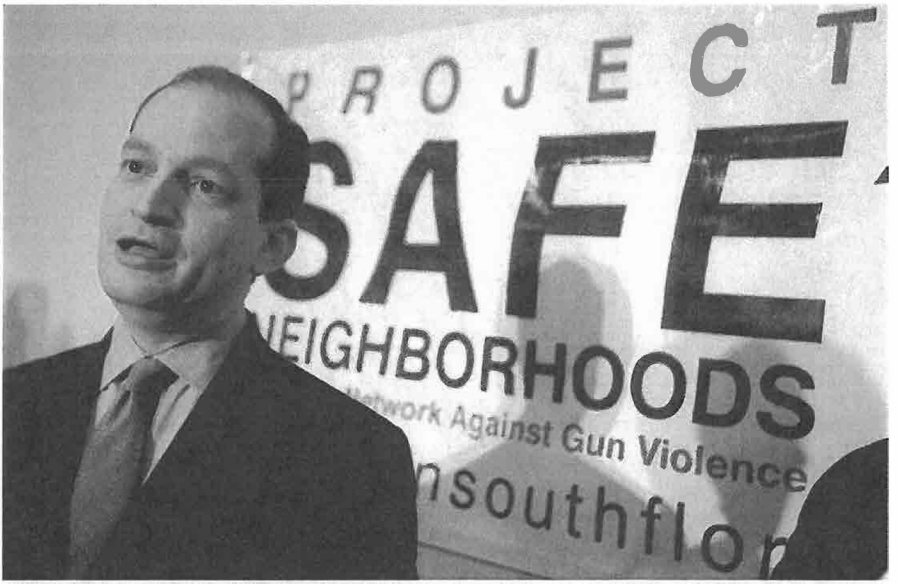


Alex Acosta, Federal Attorney, speaks during a press conference celebrated during the opening sesion of South Florida Anti-Gang Summit at Miami Hilton Hotel on Sept. 29, 2008 in Miami, Fl. (Cristobal Herrera/Sun Sentinel/TNS)
**CRISTOBAL HERRERA** *TNS*

The Miami Herald analyzed thousands of pages of court records and lawsuits, witness depositions and newly released FBI documents, and also identified more than 80 women who say they were victimized. They are scattered around the

country and abroad. Until now, those victims — today in their late 20s and early 30s — have never spoken publicly about how they felt shamed, silenced and betrayed by the very people in the criminal justice system who were supposed to hold Epstein accountable.

"How come people who don't have money get sent to jail — and can't even make bail — and they have to do their time and sit there and think about what they did wrong? He had no repercussions and doesn't even believe he did anything wrong," said Licata, now 30.

Micelle Licata, is one of the over 100 middle school and high school-aged girls that Palm Beach billionaire, Jeffrey Epstein, is accused of sexually assaulting. Licata, now an adult living near Nashville, recalls her experience with Epstein at his Palm Beach mansion while she was a sophomore at Royal Palm Beach High School.
**EMILY MICHOT** *EMICHOT@MIAMIHERALD.COM*

Licata is among 36 women who were officially identified by the FBI and the U.S. Attorney's Office as victims of Epstein, now 65. But after the FBI case was closed

in 2008, witnesses and alleged victims testified in civil court that there were hundreds of girls who were brought to Epstein's homes, including girls from Europe, Latin America and former Soviet Republic countries.

But Acosta and Epstein's armada of attorneys — Harvard professor Alan Dershowitz, Jay Lefkowitz, Gerald Lefcourt, Jack Goldberger, Roy Black, Guy Lewis and former Whitewater special prosecutor Kenneth Starr — reached a consensus: Epstein would never serve time in a federal or state prison.

**READ NEXT**

LOCAL

Sex abuser Jeffrey Epstein was surrounded by powerful people. Here's a sampling

NOVEMBER 28, 2018 8:00 AM

## POLICE UNDER PRESSURE

There were really just two people willing to risk their careers to go after Epstein: Palm Beach Police Chief Michael Reiter and Detective Joseph Recarey.

For Reiter, business tycoon Jeffrey Epstein wasn't any more formidable than any of the other 8,000 or so wealthy and powerful people living on the island. Police had handled sensational cases involving wealthy residents before — from the murders of heiresses to the rape case involving William Kennedy Smith, of the Kennedy family.

The easternmost town in Florida, Palm Beach is a 10.4-square-mile barrier island between the Intracoastal Waterway and the Atlantic Ocean populated by some of the richest people in the country. President Trump has his "winter White House" in Palm Beach, and the town makes news as much for its glitz as it does for its unusual efforts to preserve its well-mannered image, like banning shirtless joggers.

But it was a little surprising, even to Reiter, to learn that one of its residents had a revolving door of middle and high school girls coming to his gated compound throughout the day and night.

In their first on-the-record media interviews about the case, Reiter and Recarey revealed new details about the investigation, and how they were, in their view, pressured by then-Palm Beach State Attorney Barry Krischer to downgrade the case to a misdemeanor or drop it altogether.

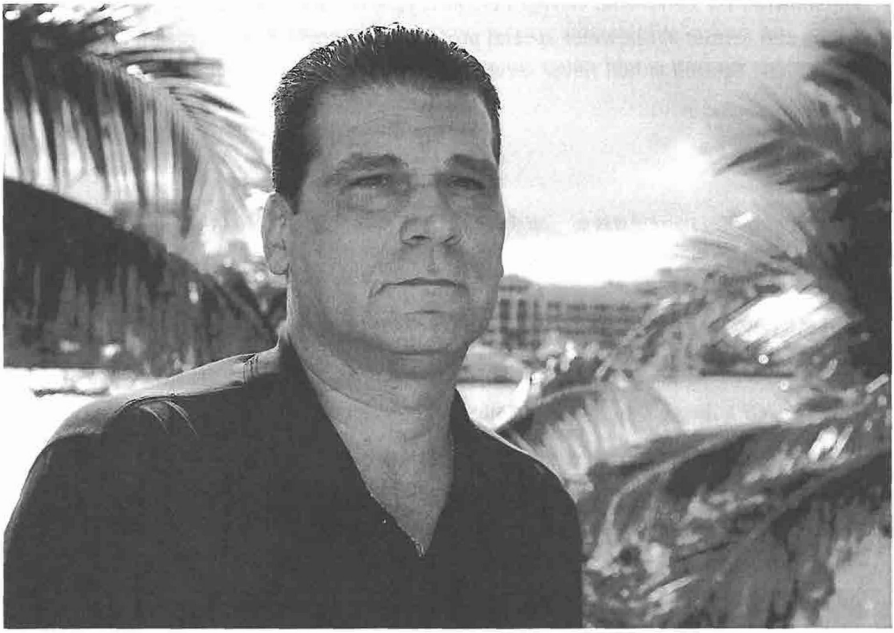

Former Palm Beach County Police Detective Joe Recarey was the lead detective on the solicitation-of-minors case against billionaire Jeffrey Epstein.
**EMILY MICHOT** *EMICHOT@MIAMIHERALD.COM*

Between March of 2005 — when the case was opened — and seven months later, when police executed a search warrant at Epstein's home, Recarey had identified 21 possible victims, according to a copy of the unredacted police report obtained by the Herald. By the time police felt they had enough evidence to arrest Epstein on sex charges, they had identified about 35 possible underage victims and were tracking down at least a dozen more, the police report said.

"I was surprised at how quickly it snowballed. I thought at some point there would be a last interview, but the next victim would supply me with three or four more names and the next one had three or four names and it just kept getting bigger and bigger," Recarey said.

By then, word had gotten back to Epstein from some of the girls that they had been questioned by police. Epstein hired famed lawyer Alan Dershowitz.

"Alan Dershowitz flew down and met privately with Krischer," Recarey said. "And the shenanigans that happened, I don't think I've ever seen or heard of before."

Police reports show that Epstein's private investigators attempted to conduct interviews while posing as cops; that they picked through Reiter's trash in search of dirt to discredit him; and that the private investigators were accused of following the girls and their families. In one case, the father of one girl claimed he had been run off the road by a private investigator, police and court reports show.


## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

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Several of the girls said they felt intimidated and frightened by Epstein and Sarah Kellen, the millionaire's assistant and alleged scheduler of massages, who warned them not to talk to police, according to the police report.

Dershowitz, in an interview with the Herald, said he had nothing to do with gathering background on the girls — or in directing anyone to follow the police, or the girls and their families.

"I'm not an investigator. My only job was to negotiate and try the case when it comes to trial," he said.

He nevertheless convinced Krischer that the girls would not be credible on the witness stand, according to Reiter and Recarey.

The defense team's investigators compiled dossiers on the victims in an effort to show that Epstein's accusers had troubled pasts.

Dershowitz met with Krischer and Recarey, sharing with them the results of an investigation into one of the girls, described by Dershowitz as "an accomplished drama student" who hurled profanities at his investigator at "a furious pace."

10/27/99 - OPINION - Barry Krischer; P.B.Co. State Attorney. (AM)

"Our investigation had discovered at least one of her websites and I am enclosing some examples ... the site goes on to detail, including photos, her apparent fascination with marijuana, " Dershowitz wrote in an undated letter to Recarey. He also disputed the claim that one of the defense team's private investigators had misrepresented himself as a police officer.

Recarey stood his ground.

"His attorneys showed us a MySpace page where one of the girls was holding a beer in her hand, and they said, 'oh look, she is underage drinking,' " Recarey recalled. "Well, tell me what teenager doesn't? Does that mean she isn't a victim because she drank a beer? Basically, what you're telling me is the only victim of a sexual battery could be a nun."

Krischer and the lead state prosecutor on the case, Assistant State Attorney Lanna Belohlavek, began to dodge Recarey and Reiter's phone calls and emails, and they dragged their feet on approving subpoenas, Reiter and Recarey said.

"Early on, it became clear that things had changed, from Krischer saying, 'we'll put this guy away for life,' to 'these are all the reasons why we aren't going to prosecute this,' " Reiter said.

Krischer, who is now retired and in private practice, did not respond to multiple requests from the Herald for comment. Belohlavek also did not respond to an email sent to her office.

"It became apparent to me that some of our evidence was being leaked to Epstein's lawyers, who began to question everything that we had in our probable cause affidavit," Reiter said.

The day of the search on Oct. 20, 2005, they found that most of Epstein's computer hard drives, surveillance cameras and videos had been removed from the house, leaving loose, dangling wires, according to the police report.

But the girls' description of the house squared with what detectives found, right down to the hot pink couch and the dresser drawer of sex toys in Epstein's bathroom.

Reiter said his own trash was disappearing from his house, as his life was put under Epstein's microscope. Private investigators hired by Epstein's lawyers even tracked down Reiter's grade school teachers, the former chief said. Questions were raised about donations that Epstein had made to the police department, even though Reiter had returned one of the donations shortly after the investigation began.

Recarey, meanwhile, said he began to take different routes to and from work, and even switched vehicles because he knew he was being tailed.

"At some point it became like a cat-and-mouse game. I would stop at a red light and go. I knew they were there, and they knew I knew they were there. I was concerned about my kids because I didn't know if it was someone that they hired just out of prison that would hurt me or my family," Recarey said.

Despite relentless political pressure, Reiter and Recarey soldiered on, and their determination yielded evidence that supported most of the girls' allegations, the former cops said. They had phone records that showed Epstein and his assistant,

Kellen, had called many of the girls. Epstein's flight logs showed that the calls were made when Epstein was in Palm Beach.

They obtained dozens of message pads from his home that read like a who's who of famous people, including magician David Copperfield and Donald Trump, an indication of Epstein's vast circle of influential friends. There were also messages from girls, and their phone numbers matched those of many of the girls Recarey had interviewed, Recarey said. They read: "Courtney called, she can come at 4," or "Tanya can't come at 7 p.m. tomorrow because she has soccer practice."

They also found naked photographs of underage girls in Epstein's closet, Recarey said.

There were also witnesses: Two of Epstein's butlers gave Recarey sworn interviews, confirming that young girls had been coming and going at the house. One of the butlers, Alfredo Rodriguez, told Recarey that when he was tasked with cleaning up the master bath after Epstein's sessions with the girls, he often discovered sex toys. Once, he accidentally stumbled on a high school girl, whom he identified, sleeping naked in Epstein's spa, he testified in a 2009 court deposition.

Rodriguez said he was given the job of paying the girls, telling Recarey that he was "a human ATM machine" because he was ordered by Epstein to keep $2,000 on him at all times. He was also assigned to buy the girls gifts. Rodriguez gave Recarey copies of pages from a book that Epstein and his staff kept with the names and phone numbers for many of the Palm Beach County girls, Recarey said.

Rodriguez, however, held onto the bulk of Epstein's "little black book," and in November 2009 tried to sell it for $50,000 to an undercover FBI agent posing as a victim's lawyer. He was arrested and sentenced in 2012 to federal prison, and died three years later following an illness. The book — listing personal phone numbers for a cavalcade of Epstein's powerful friends and celebrities — eventually became public as part of a civil lawsuit. It listed more than 100 female names and phone numbers under the headings "massage" in every city where Epstein had homes.

In May 2006, Recarey drew up probable cause affidavits, charging Epstein, two of his assistants and one recruiter with sex-related crimes. Instead, Krischer took what Recarey said was the unusual step of referring the case to a state grand jury. Epstein was indicted in state court on a minor charge of solicitation of prostitution.

Recarey said Krischer told him he didn't believe Epstein's accusers, and only two of them were called before the state grand jury investigating the case — even though police had lined up more than a dozen girls and witnesses at that time.

Believing that the case had been tainted, Reiter — that same month, May 2006 — took a very public stance against Krischer, writing a letter, which was released to the news media, calling on Krischer to remove himself from the case. The chief then referred it to the FBI, which opened its own investigation in July 2006, FBI records show.

Reiter said he was effectively blackballed in some Palm Beach circles as a result of going over Krischer's head, and their relationship, once strong, would never be the same.

Reiter has no regrets about what he did.

"There are challenges here that don't exist in a lot of other places because of the affluence in the community, but the only way I could approach this case was that none of that matters. The truth is still the truth. The facts are the facts. Everybody is treated the same."

In the years that followed, several of the victims obtained lawyers and filed civil lawsuits against Epstein. About two dozen lawsuits were filed, starting in 2008. The early cases were particularly brutal for his victims, the court records show. The girls faced fierce grilling from another pack of Epstein's civil attorneys, who questioned them about their boyfriends, drinking, drug use, social media posts, their parents and even their medical histories.

One girl was asked about her abortions, and her parents, who were Catholic and knew nothing about the abortions, were also deposed and questioned.

Licata said the questions from Epstein's civil lawyers were so intimate that she became paranoid that people were following her.

"His lawyers were just in my life inside and out. They asked if I had a baby, if I had an abortion, 'did you sleep with 30 different guys' and 'do you think that played a part?' I said, 'you're going to come at me like that when you represent a guy who is doing this to hundreds of girls? How do you sleep at night?' "

## BROOKLYN TO PALM BEACH

Jeffrey Epstein was born in Brooklyn, the son of a New York parks department worker. In one of several depositions he gave as part of the lawsuits filed against him, he said he attended the Cooper Union school for the advancement of science and art and then studied physics at New York University. But he never obtained a degree, instead going on to teach at the Dalton School, an elite K-12 private academy on Manhattan's Upper East Side. Various news profiles over the years have speculated about how he made his vast fortune, calling him an "International Moneyman of Mystery" and "The Talented Mr. Epstein."

He then struck out on his own, opening J. Epstein & Co. His fortunes improved when he became a financial advisor for Leslie Wexner, founder of The Limited stores and owner of Victoria's Secret brands. Later, Epstein would boast that he would manage the portfolios of only those clients who had $1 billion or more.This much is known: He got his start on Wall Street after being offered a job by the father of one of his students. At Bear Stearns, he became a derivative specialist, applying complex math formulas and computer algorithms to evaluate financial data and trends.

Through Wexner, he acquired a seven-story stone mansion that is considered the largest private residence in Manhattan — a 21,000-square-foot fortress with heated sidewalks that spans the entire block on 71st Street between Fifth and Madison Avenues.

He also owns a 10,000-acre ranch, named "Zorro," in New Mexico, a private island called "Little St. James" in the Virgin Islands, the $13 million house in Palm Beach, a Gulfstream jet and, at one point, owned a Boeing 727.

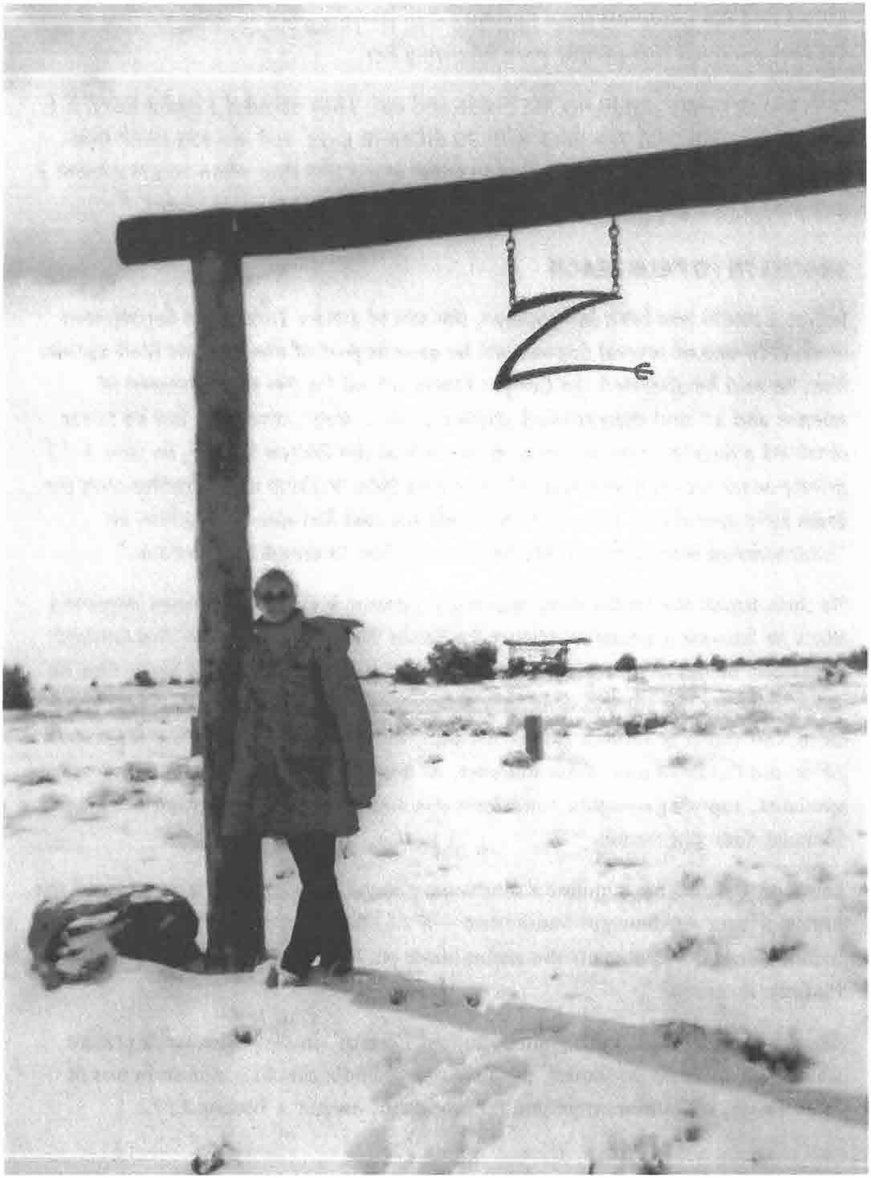

Virginia Roberts says she was used as a sex slave for Jeffrey Epstein for years starting at the age of 16. Roberts says that Epstein also lent her out to some of his wealthy, powerful acquaintances for sex.
*COURTESY OF VIRGINIA ROBERTS*

He has never been in the Forbes 400 list of the wealthiest Americans, largely because the magazine has never been able to determine the source or the size of his wealth.

He has been dogged by questions about his financial dealings. A former business partner, Steven Hoffenberg, sued him in 2016, claiming that Epstein was the mastermind behind a $500 million Ponzi scheme that Hoffenberg was imprisoned for in 1995. Hoffenberg served 18 years for the scam, but he later dropped the lawsuit against Epstein.

In August, two of Hoffenberg's former investors rekindled the lawsuit against Epstein, but the case was dropped in October.

Epstein and his associate, British-born socialite Ghislaine Maxwell, were also accused in a 2015 federal civil suit of organizing underage sex parties on his private plane, nicknamed "The Lolita Express," and at Epstein's various homes. Maxwell, who has never been charged with wrongdoing, has denied allegations made in the lawsuit that she was Epstein's "madam." The suit, filed by victim Virginia Roberts, was settled in 2017.

Virginia Roberts was working at Mar-a-Lago when she was recruited to be a masseuse to Palm Beach hedge fund manager Jeffrey Epstein. She was lured into a life of depravity and sexual abuse.
**BY EMILY MICHOT | JULIE K. BROWN**

It was Epstein's contacts with powerful and famous people that first propelled him into the public spotlight. In 2002, he flew former President Bill Clinton, actor Kevin Spacey, comedian Chris Tucker and others to South Africa on his private jet as part of a fact-finding AIDS mission in support of the Clinton Foundation.

But Epstein, a Clinton donor who contributed hundreds of thousands of dollars to Democratic candidates and causes, realized that his Democratic connections weren't going to help him in 2006, when the federal prosecutor was Acosta, a conservative Republican appointed during the George W. Bush administration.

## ENTER KENNETH STARR

Epstein's tactic: hire the most aggressive and politically connected lawyers that his money could buy.

At the top of his list: Kenneth Starr, a Republican icon because of his pursuit of Bill Clinton during the Whitewater investigation, which led to the impeachment (but not conviction) of the president after it was revealed he'd had sex with a young White House intern. Like Acosta, Starr had worked at the prestigious law firm Kirkland & Ellis. Epstein also tapped Jay Lefkowitz, also of Kirkland, who worked as a domestic policy advisor and later as a special envoy to North Korea during the George W. Bush presidency.

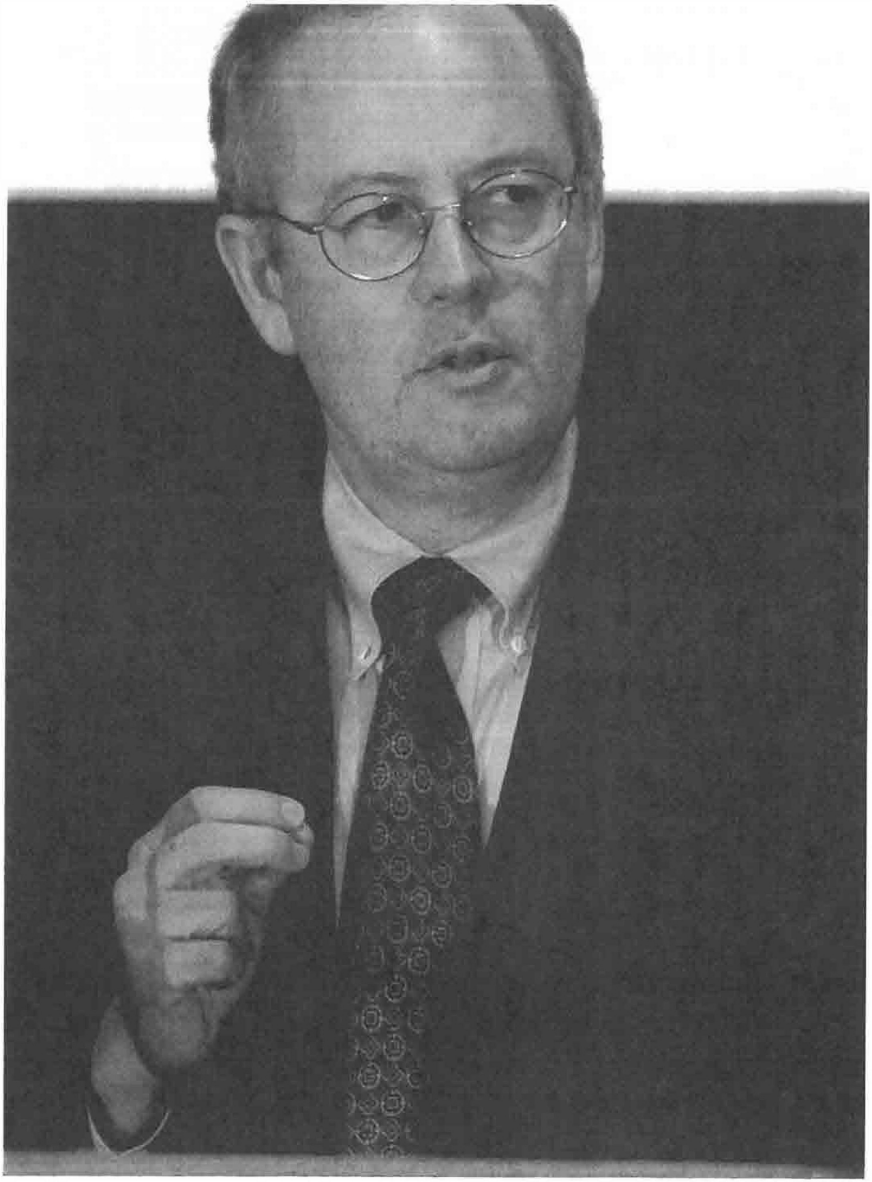

Independent Counsel Kenneth Starr speaks to the San Antonio Bar Association in San Antonio, Friday afternoon, May 1, 1998. With his own fight over executive privilege raging in secret, Starr today drew parallels between his plight and Watergate prosecutors. (AP Photo/Eric Gay)
**ERIC GAY** *AP*

Epstein also hired Bruce Reinhart, then an assistant U.S. attorney in South Florida, now a U.S. magistrate. He left the U.S. Attorney's Office on Jan. 1, 2008, and went to work representing Epstein's employees on Jan. 2, 2008, court records show. In 2011, Reinhart was named in the Crime Victims' Rights Act lawsuit, which accused him of violating Justice Department policies by switching sides, implying that he leveraged inside information about Epstein's investigation to curry favor with Epstein.

Reinhart, in a sworn declaration attached to the CVRA case, denied the allegation, saying he did not participate in Epstein's criminal case and "never learned any confidential, non-public information about the Epstein matter."

The U.S. Attorney's Office has since disputed that, saying in court papers that he did possess confidential information about the case.

Contacted for this story, Reinhart, in an email, said he never represented Epstein — only Epstein's pilots; his scheduler, Sarah Kellen; and Nadia Marcinkova, described by some victims as Epstein's sex slave. Reinhart also pointed out that a complaint filed against him by victims' lawyer Paul Cassell was dismissed by the Justice Department.

Bruce E. Reinhart, Member, McDonald Hopkins LLC. (PRNewsFoto/McDonald Hopkins LLC)
*PR NEWSWIRE*

That same year, 2011, more girls continued to come forward, including Roberts, who claimed in a British tabloid story that Epstein directed her — while she was underage by Florida standards — to have sex, not only with him, but with other powerful men, including his attorney, Alan Dershowitz, and Prince Andrew. Dershowitz and Andrew denied her claims, but after she filed a sworn affidavit in federal court in Miami, the ensuing news media firestorm forced Acosta, then dean of the law school at Florida International University, to explain why he'd declined to prosecute Epstein.

In a written, public statement on March 20, 2011, Acosta asserted that the deal he struck with Epstein's lawyers was harsher than it would have been had the case remained with the state prosecutor, Krischer, who favored charging Epstein with only a misdemeanor prostitution violation.

Acosta also described what he called a "year-long assault" on prosecutors by Epstein's "army of legal superstars" who, he said, investigated individual prosecutors and their families, looking for "personal peccadilloes" to disqualify them from Epstein's case.

Dershowitz, in an interview, denied that Epstein's lawyers would ever investigate prosecutors.

Documents nevertheless show that Acosta not only buckled under pressure from Epstein's lawyers, but he and other prosecutors worked with them to contain the case, even as the FBI was uncovering evidence of victims and witnesses in other states, FBI and federal court documents show.

A 53-page federal indictment had been prepared in 2007, and subpoenas were served on several of Epstein's employees, compelling them to testify before a federal grand jury. The court records reveal that emails began to fly back and forth between prosecutors and Epstein's legal team. Those emails show that federal prosecutors kept acquiescing to Epstein's demands.

Prosecutors allowed Epstein's lawyers to dictate the terms of each deal that they drew up, and repeatedly backed down on deadlines, so that the defense essentially controlled the pace of the negotiations, the emails and letters show.

It's clear, from emails and other records, that prosecutors spent a lot of time figuring out a way to settle the case with the least amount of scandal. Instead of charging Epstein with a sex offense, prosecutors considered witness tampering and obstruction charges, and misdemeanors that would allow Epstein to secretly plead guilty in Miami instead of in Palm Beach County, where most of the victims lived, thereby limiting media exposure and making it less likely for victims to appear at the sentencing.

"I've been spending some quality time with Title 18 [the U.S. criminal code] looking for misdemeanors," the lead prosecutor, A. Marie Villafaña, wrote to Epstein's lawyers on Sept. 13, 2007, adding that she was trying to find "a factual basis" for one or more non-sex-related crimes to charge him with.

The email chain shows that prosecutors sometimes communicated with the defense team using private emails, and that their correspondence referenced discussions that they wanted to have by phone or in person, so that there would be no paper trail.

"It's highly unusual and raises suspicions of something unethical happening when you see emails that say 'call me, I don't want to put this in writing.' There's no reason to worry about putting something in writing if there's nothing improper or unethical in the case," said former federal prosecutor Francey Hakes, who worked in the Justice Department's crimes against children unit.

On Sept. 24, 2007, another agreement was reached, but Epstein still wasn't happy with it, emails show.

Lefkowitz continued to pressure the U.S. Attorney's Office to keep the agreement secret, even though under the Crime Victims' Rights Act, prosecutors were required to inform the victims that a plea deal had been signed.

"We ... object to your sending a letter to the alleged victims," Lefkowitz wrote on Nov. 28. "... Any such letter would immediately be leaked to the press, your actions will only have the effect of injuring Mr. Epstein and promoting spurious civil litigation directed at him. We also request that if your office believes that it must send a letter to go to the alleged victims ... it should happen only after Mr. Epstein has entered his plea."

The girls who were abused by Jeffrey Epstein and the cops who championed their cause remain angry over what they regard as a gross injustice, while Epstein's employees and those who engineered his non-prosecution agreement have prospered.

**BY MARTA OLIVER CRAVIOTTO | EMILY MICHOT | JULIE K. BROWN**

By December, Epstein had still not agreed to a date for his plea hearing, and was technically in violation of the September agreement, which required him to appear in court by November, Acosta noted in a letter to Kenneth Starr in December 2007.

"The [U.S. attorneys] who have been negotiating with defense counsel have for some time complained to me regarding the tactics used by the defense team," Acosta wrote. "It appears to them that as soon as resolution is reached on one issue, defense counsel finds ways to challenge the resolution collaterally. ... Some in our office are deeply concerned that defense counsel will continue to mount collateral challenges to provisions to the agreement, even after Mr. Epstein has entered his guilty plea and thus rendered the agreement difficult, if not impossible, to unwind."

And that's exactly what happened.

Villafaña frequently showed her frustration.

"I thought we had worked very well together in resolving this dispute. ... I feel that I bent over backwards to keep in mind the effect that the agreement would have on Mr. Epstein," Villafaña wrote to Epstein attorney Lefkowitz on Dec. 13, 2007.

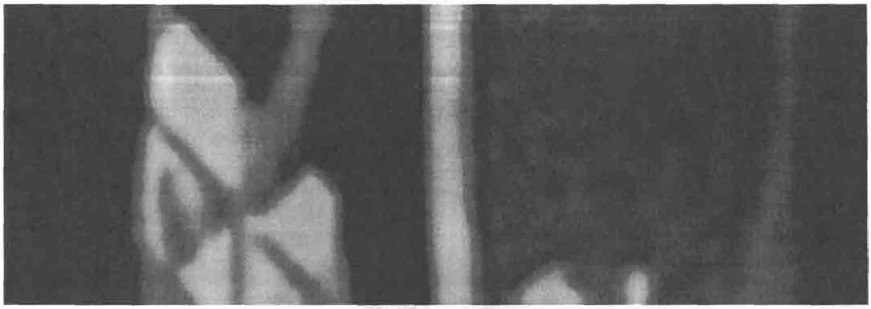

By then the deal had been signed for two months, and Jeffrey Sloman, Acosta's top assistant, told Lefkowitz he intended to begin notifying Epstein's victims.

An indignant Lefkowitz wrote to Acosta: "You ... assured me that your office would not ... contact any of the identified individuals, potential witnesses or potential civil claimants and their respective counsel in this matter."

As the months went on, with the agreement still in limbo, federal prosecutors once again began to prepare indictments against Epstein, court records show. The FBI investigation briefly resumed, and additional witnesses were interviewed in New York and New Mexico, the records show. In January 2008, several Epstein victims were sent letters informing them that the FBI investigation was "ongoing" as negotiations to finalize the plea bargain continued behind the scenes.

Starr finally appealed to the Justice Department in Washington, challenging federal jurisdiction of the case, but in May 2008, the Justice Department affirmed Acosta's right to prosecute.

## 'STILL AFRAID OF EPSTEIN'

In recent court filings, the government was forced to answer questions about its negotiations, finally admitting in 2013 that federal prosecutors had backed down under relentless pressure by Epstein's attorneys.

"The government admits that, at least in part as a result of objections lodged by Epstein's lawyers to victim notifications, the [United States Attorney's Office] reevaluated its obligations to provide notification to victims and Jane Doe #1 was

thus not told that the USAO had entered into a non-prosecution agreement with Epstein until after it was signed," wrote Assistant U.S. Attorney Dexter Lee.

Said Hakes, the former federal prosecutor: "I have never heard of a case where federal prosecutors consult with a defense attorney before they send out standard victim notification letters. To negotiate what the letters would say and whether they would be sent at all suggest that the victims' rights were violated multiple times."

Starr's aggressive advocacy for Epstein against allegations of improper sexual behavior was in stark contrast to the path he took investigating then-President Clinton. The Starr Report, the summary of his findings in the Whitewater investigation, which started as a probe of a land deal gone sour and veered into an investigation of sexual misconduct, savaged the president for his involvement with White House intern Monica Lewinsky and was the basis for impeachment.

Starr himself would face criticism in 2016 — he stepped down as president of Baylor University amid allegations that he and other university officials mishandled sexual assault allegations brought by female students against members of the school's football team.

The Herald reached out to Starr, through certified letter and through a spokesman for his current law firm, the Lanier Firm, but did not receive a response for this story.

Palm Beach police detective Recarey, one of the most highly decorated officers on the Palm Beach Police Department, called the Epstein case the most troubling of his 23-year career.

"Some of the victims were — and still are — afraid of Epstein," he said as part of a series of interviews with the Herald earlier this year.

Privately, Reiter and Recarey said, they held onto a hope that Epstein would be brought to trial someday, but they said that that notion had faded.

"I always hoped that the plea would be thrown out and that these teenage girls, who were labeled as prostitutes by prosecutors, would get to finally shed that label and see him go to prison where he belongs," Recarey said.

Recarey died in May after a brief illness. He was 50 years old.

**More from the series**

How a future Trump Cabinet member gave a serial sex abuser the deal of a lifetime

# EXHIBIT B

# DA's office 'went easy' on sex offender Epstein

By Rebecca Rosenberg and Danika Fears

January 7, 2015 | 2:38am

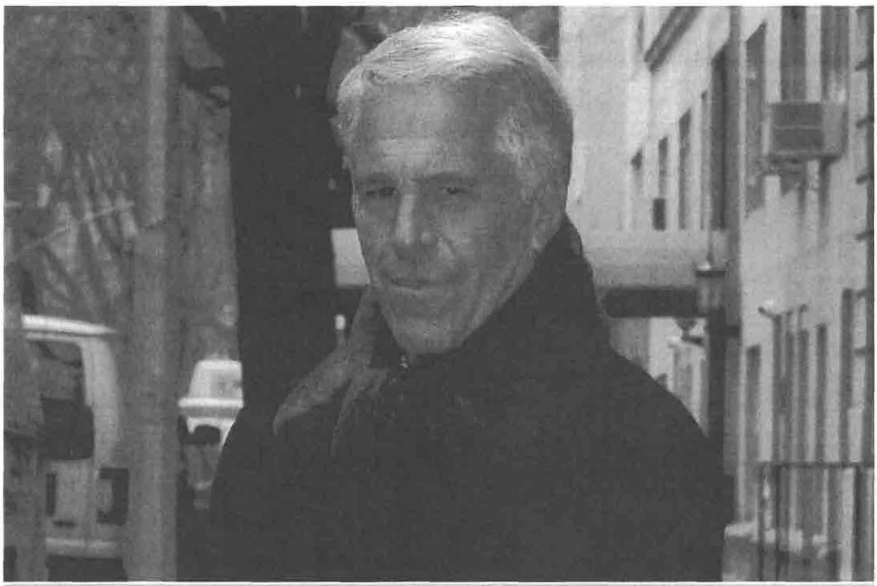

Jeffrey Epstein
Gregory P. Mango

Jeffrey Epstein may be a convicted pedophile and accused sex- slave master — but that didn't stop him from getting some tender loving treatment from the Manhattan DA's Office.

Prosectors went to bat for the billionaire pervert at a 2011 legal hearing, asking a judge to cut the filthy- rich felon a break on the severity of his sex- offender status, according to court documents.

ADA Jennifer Gaffney supported a request by Epstein — who allegedly peddled $15,000-a-night teen "sex slaves" to rich men like Britain's Prince Andrew — that he only be listed as a Level 1 pervert during a hearing in Manhattan Supreme Court, according to legal transcripts.

The sicko investment magnate has just finished serving 13 months of an 18-month sentence in Florida for soliciting a minor girl for prostitution. The hearing was to determine what kind of offender status he would have in New York, where he keeps a vacation home.

The city ADA argued that since "there was only an indictment for one victim," Epstein shouldn't have to register as Level 3 — which would require he travel to New York every 90 days and check in with cops.

Judge Ruth Pickholz was flabbergasted. She couldn't understand why the DA would want to go easy on Epstein, after the New York State Board of Examiners of Sex Offenders recommended the Level 3 status because there was more than just the one victim for which he pleaded guilty.

"I have to tell you, i'm a little overwhelmed because I have never seen the prosecutor's office do anything like this," the judge said at the hearing.

Despite the DA's arguments, Pickholz slapped Epstein with Level 3 status, which was upheld on appeal.

"The strong evidence that the offenses against the other victims did occur outweighs any inferences to be drawn from the manner in which this case was prosecuted in Florida," the New York Court of Appeals said in its ruling.

When asked for comment, the DA's Office referred The Post to court documents stating that the prosecution's position was based "largely on the mistaken notion" that only the formal charges against Epstein could be factors in the decision.

The jet-setting financier has been making headlines in recent days after Virginia Roberts, 30, claimed he pimped her to Britain's Prince Andrew.

Prince Andrew has denied the accusations against him.

FILED UNDER **JEFFREY EPSTEIN, PRINCE ANDREW, VIRGINIA ROBERTS**

Recommended by

# EXHIBIT C

METRO

# Manhattan DA sided with pedophile billionaire after botching investigation

By Rebecca Rosenberg, Larry Celona, Susan Edelman and Isabel Vincent

December 1, 2018 | 8:47pm | Updated

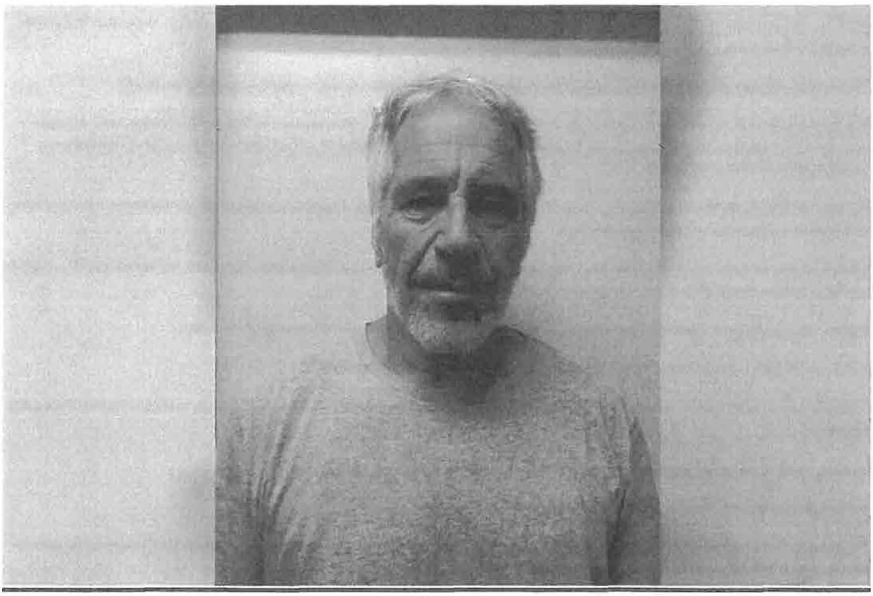

Jeffrey Epstein

The Manhattan DA's office once went to bat for billionaire pervert Jeffrey Epstein, after botching a review of his sex crimes and swallowing his lawyers' claim that "there are no real victims here," records obtained by the Post show.

Assistant DA Jennifer Gaffney, then-deputy chief of Cyrus Vance Jr.'s sex-crimes unit, in January 2011 asked a Manhattan judge to downgrade Epstein's status in the New York sex-offender registry from the most-dangerous Level 3 to least-restrictive Level 1.

The judge was stunned.

"I have never seen the prosecutor's office do anything like this," Manhattan Supreme Court Justice Ruth Pickholz told Gaffney. "I have done many [cases] much less troubling than this one where [prosecutors] would never make a downward argument like this."

Pressed by the judge, Gaffney admitted that she never spoke to the Florida U.S. Attorney who handled a sprawling sex-crime investigation into the financier.

"I don't think you did much of an investigation here," Pickholz said. "I am shocked."

Vance's mishandling of the Epstein hearing has come under new scrutiny after a Miami Herald report last week revealed a secret "non-prosecution agreement" in Florida that buried evidence Epstein had allegedly pimped out 80 girls and young women to his rich and powerful pals.

The DA's office insists Vance "was not aware" of the hearing until years later and had nothing to do with it.

"Our prosecutor made a mistake," Vance spokesman Danny Frost said of Gaffney.

Gaffney, a prosecutor working in the Harvey Weinstein probe, left the DA's office in September. She declined to comment.

A DA insider said the office was unaware of Epstein's secret plea deal in Florida, and never investigated his sexcapades in NYC.

Some law enforcement sources don't believe Vance had no clue that his office had a sex-offender case involving a Manhattan mogul with close ties to Democrats.

"This is very unusual," one said. "There is no way Vance didn't know. The question is why — and who asked for the favor."

The FBI found Epstein recruited girls as young as 13, many runaways, from Florida, New Mexico, the Caribbean and New York, and paid them for nude massages that often led to sex, the Herald reported. Some girls worked for a Manhattan modeling agency and lived in a nearby apartment owned by Epstein.

But Miami U.S. Attorney Alexander Acosta — now President Trump's labor secretary — sealed a 53-page federal indictment that could have sent Epstein to prison for life, the Herald reported.

Instead, Acosta let Epstein plead guilty to procuring a person under 18 for prostitution. Sentenced to 18 months, he served just 13 — most of it in his tony Palm Beach office.

Epstein was required to register as a sex offender in New York because one of his many homes is in Manhattan.

In the Jan. 18, 2011 hearing, Gaffney argued the evidence didn't justify the harshest status.

"There is only an indictment for one victim,," she said. "If an offender is not indicted for an offense, it is strong evidence that the offense did not occur."

Pickholz rejected Gaffney's arguments and gave Epstein the highest sex-offender status – Level 3.

When Epstein appealed, Vance's office admitted it had misread the law.

The appellate court upheld Pickholz, saying Epstein "committed multiple offenses against a series of underage girls," and that the victim in his indictment "was only one of defendant's many victims."

FILED UNDER **BILLIONAIRES**, **DISTRICT ATTORNEYS**, **JEFFREY EPSTEIN**, **PEDOPHILES**, **SEX OFFENDERS**

Recommended by

# EXHIBIT D

From: **Frost, Danny** <frostd@dany.nyc.gov>
Date: Thu, Dec 6, 2018 at 5:27 PM
Subject: RE: request
To: Susan Edelman <sedelman@nypost.com>

Hi Sue,

Regarding your first question: pursuant to Civil Rights Law § 50-b, our office's practice in appellate sex crimes matters is to file documents under seal. This is not particular to People v. Epstein; it is routine across our appellate filings. My understanding is that it is also the Appellate Division's (the court's) practice to maintain such seal.

That being said, I have discussed your second question with our attorneys. If the Post petitions the court, and the court asks the People for our positon, we will *not* oppose the petition for a redacted brief.

Thanks.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Thursday, December 6, 2018 9:12 AM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Hi Dan,

Please explain why the DA's office didn't file a redacted brief, but rather covered up all the facts.

If we filed a petition for a redacted brief, would the DA's office fight it or cooperate?

Thank you,

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 3:45 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Hi Sue – the document was filed under seal. I cannot violate the seal and provide it to you.

**(off the record please) You may wish to petition the court, or have the Post's lawyer send our lawyers something. We've reached the end of me being able to help – it's seal**ed.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 3:06 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Right, but the law allows for the redaction of victim names. Where does it say the whole document is denied?

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 3:02 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Hi Sue - this is prescribed by Civil Rights Law § 50-b.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 2:58 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Hi Dan,

So it was a unilateral decision by the DA to seal the document?

There was no hearing or opportunity to object?

Thank you,

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 2:55 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Hi Sue – we do not have a court order; rather, we are bound by the Civil Rights statute cited on the cover page. Thanks.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 1:47 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Thanks,, Is there a specific date?

Do you have a court order sealing the document?

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 1:44 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

August 2011

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 1:38 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

P.S. What is the date of this document?

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 1:02 PM Susan Edelman <sedelman@nypost.com> wrote:

Thanks, Danny,

Is there a judge's order sealing this document?

Or is it just stated by the DA's office.

It's unclear on this cover page.

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 12:55 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Attached, thanks.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 12:41 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Hi Dan,

It's for my information -- not publication.

Thanks much,

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 12:38 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Hi Sue – would I be sending the cover page for publication, or for your information? I am happy to send it to you not-for-publication, but if you intend to publish it, I need to check with our lawyers. Thanks.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Wednesday, December 5, 2018 12:35 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** Re: request

Hi Danny,

Thanks. Can you send me a PDF of the cover page?

Who issued that order?

We always get such court documents -- with the names and ID of victims redacted.

The whole document is not withheld.

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

On Wed, Dec 5, 2018 at 12:28 PM Frost, Danny <frostd@dany.nyc.gov> wrote:

Hi Sue – I've confirmed that the brief is filed under seal. It contains the following header on the cover page: "Pursuant to Civil Rights Law § 50-b, the identities of the victims, who are the victims of sex offenses, shall be confidential, **and this document shall not be made available for public inspection.**"

Accordingly we must decline your request. Thanks.

Danny Frost
Director of Communications
Manhattan District Attorney Cy Vance, Jr.
212-335-9400 // @ManhattanDA

**From:** Susan Edelman [mailto:sedelman@nypost.com]
**Sent:** Tuesday, December 4, 2018 6:34 PM
**To:** Frost, Danny <frostd@dany.nyc.gov>
**Subject:** request

Hi Danny,

Following up on the Epstein case:

Can you send me the DA's appellate brief in the sex-offender registry case?
I understand you may have to redact the names of any victims.

Please let me know as soon as possible.

Thank you,

Sue

Susan Edelman

Reporter

1211 Avenue of the Americas, New York, NY, 10036

**917-584-7675**

sedelman@nypost.com

This email communication and any files transmitted with it contain privileged and confidential information from the New York County District Attorney's Office and are intended solely for the use of the individuals or entity to whom it has been addressed. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this email is strictly prohibited. If you have received this email in error, please delete it and notify the sender by return email.

# EXHIBIT E

SUPREME COURT OF THE STATE OF NEW YORK
APPELLATE DIVISION: FIRST DEPARTMENT

| | |
|---|---|
| THE PEOPLE OF THE STATE OF NEW YORK,<br>Respondent,<br>-against-<br>JEFFREY E. EPSTEIN,<br>Defendant-Appellant. | AFFIRMATION IN RESPONSE TO MOTION<br>N.Y. Co. Ind. No. 30129/10<br>Cal. Date: December 31, 2018 |

KAREN FRIEDMAN AGNIFILO, an attorney duly admitted to practice before the courts of this State, affirms under penalty of perjury that:

1. I am an Assistant District Attorney, of counsel to CYRUS R. VANCE, JR., District Attorney of New York County, and I submit this affirmation on behalf of the People in response to a motion filed by non-party movant NYP Holdings, Inc. (the "Post") to "unseal" the appellate briefs from 2011, pertaining to the adjudication of defendant Jeffrey E. Epstein as a Level III sex offender under the Sex Offender Registration Act ("SORA"). Civil Rights Law § 50-b provides that the identities of the victims of sex offenses must remain confidential and that documents bearing identifying information should not be made available for public inspection. Despite those protections, the Post seeks copies of the appellate briefs, with the names or initials of Epstein's sex crimes victims redacted, for use in reporting about the procedural history underlying defendant's SORA adjudication.

2. In order to protect the privacy interests of victims of sex crimes, the plain language of Civil Rights Law § 50-b prohibits production to the public of the appellate briefs, which would reveal the identities of many of defendant's sex crime victims. To be sure, the statute provides for a narrow exception to the confidentiality requirement, permitting disclosure, by court order, of information for "good cause" and upon "notice to the victim... and the public officer or employee charged with the duty of prosecuting the offense." Civil Rights Law § 50-b(2)(b). We note that the prosecuting agencies for defendant's underlying sex crimes are the federal and local prosecutor's offices in Florida, where defendant was charged. By all appearances, the Post has yet to furnish the requisite notice to either the appropriate prosecuting agencies or to the victims themselves. And to the extent that the Post is unable to furnish notice to the victims, this Office, which was not the prosecuting agency, is not in a position to do so.

3. In any event, and in keeping with the People's obligation under Civil Rights Law § 50-b to protect the privacy of the victims of sex crimes, we cannot agree to the wholesale production of the People's appellate brief or even to a production of the People's brief with redactions of the names or initials of Epstein's victims.[1] However, if this Court is inclined to grant the Post's motion, we would not oppose producing a copy of the People's brief, with substantial redactions necessary to protect the identities of the victims but keeping

[1] According to the Post's filing, they have contacted defendant's current counsel, who has reserved the right to oppose the disclosure of defendant's appellate brief.



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intact those portions of the brief that recount the procedural history of the SORA hearing, the portion of the brief that is seemingly of interest to the Post.

Dated: New York, New York
December 28, 2018

KAREN FRIEDMAN AGNIFILO
Assistant District Attorney
(212) 335-9000

cc: Davis Wright Tremaine LLP
John M. Browning
1251 Avenue of the Americas, 21st Floor
New York, New York 10020-1104



HOUSE_OVERSIGHT_016476

**SUPREME COURT OF THE STATE OF NEW YORK**
**APPELLATE DIVISION: FIRST DEPARTMENT**

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**THE PEOPLE OF THE STATE OF NEW YORK,**

**Respondent,**

**-against-**

**JEFFREY E. EPSTEIN,**

**Defendant-Appellant.**

---

**AFFIRMATION IN RESPONSE TO NON-PARTY MOTION**

**N.Y. County Ind. No. 30129/10**

**Cal. Date: December 31, 2018**

---

**CYRUS R. VANCE, JR.**
**District Attorney**
**New York County**
**One Hogan Place**
**New York, New York 10013**
**(212) 335-9000**

**Karen Friedman Agnifilo**
**Assistant District Attorney**
**Of Counsel**

# EXHIBIT F

## Browning, Jack

**From:** Martin G. Weinberg <owlmgw@att.net>
**Sent:** Thursday, January 03, 2019 8:14 AM
**To:** Browning, Jack; 'Maksim Nemtsev'
**Cc:** Balin, Robert; owlmgw@att.net
**Subject:** RE: Motion to Unseal Epstein Appeal Briefs

**[EXTERNAL]**

---

Jack, after consideration of your request for the unsealing of the appellate briefs with redactions of certain identities, we take no position on behalf of Mr Epstein. I appreciate your courtesy in providing me with more time to respond given the holidays. Let me know if this email suffices. Thanks, Marty

Martin G. Weinberg, Esq.
20 Park Plaza, Suite 1000
Boston, MA 02116
off - 617 227 3700
fax - 617 338 9538
cell - 617 901 3472

==========
This Electronic Message contains information from the Law Office of Martin G. Weinberg, P.C., and may be privileged. The information is intended for the use of the addressee only. If you are not the addressee, please note that any disclosure, copying, distribution, or use of the contents of this message is prohibited.

---

**From:** Browning, Jack [mailto:JackBrowning@dwt.com]
**Sent:** Thursday, December 27, 2018 10:13 AM
**To:** Martin G. Weinberg <owlmgw@att.net>; 'Maksim Nemtsev' <menemtsev@gmail.com>
**Cc:** Balin, Robert <robertbalin@dwt.com>
**Subject:** RE: Motion to Unseal Epstein Appeal Briefs

Marty,

Please find attached a scan of the signed signature page.

Best regards,

Jack



HOUSE_OVERSIGHT_016479

**From:** Martin G. Weinberg <owlmgw@att.net>
**Sent:** Thursday, December 27, 2018 8:55 AM
**To:** Browning, Jack <JackBrowning@dwt.com>; 'Maksim Nemtsev' <menemtsev@gmail.com>
**Cc:** Balin, Robert <robertbalin@dwt.com>; owlmgw@att.net
**Subject:** RE: Motion to Unseal Epstein Appeal Briefs

**[EXTERNAL]**

Jack, my local counsel in NY (we are filing for pro hac vice) has advised that the Court Clerk may require a signature on the Stipulaion. Out of an abundance of caution, can you sign and return and we will file today. Thanks, Marty

**From:** Browning, Jack [mailto:JackBrowning@dwt.com]
**Sent:** Wednesday, December 26, 2018 12:19 PM
**To:** Maksim Nemtsev <menemtsev@gmail.com>
**Cc:** Martin G. Weinberg <owlmgw@att.net>; Balin, Robert <robertbalin@dwt.com>
**Subject:** RE: Motion to Unseal Epstein Appeal Briefs

Maksim,

Please find attached a copy of the stipulation with some minor edits, which you can go ahead and file/serve. If you do ultimately file an opposition, please serve us with copies via email.

Best regards and happy holidays,

Jack

**From:** Maksim Nemtsev <menemtsev@gmail.com>
**Sent:** Wednesday, December 26, 2018 10:33 AM
**To:** Browning, Jack <JackBrowning@dwt.com>
**Cc:** Martin G. Weinberg <owlmgw@att.net>
**Subject:** Motion to Unseal Epstein Appeal Briefs

**[EXTERNAL]**

Hi Jack,

Attached is a draft Stipulation to adjourn the return date to January 7, 2019. Answering papers will be due January 4 and reply papers will be due January 6.

We are also enlisting the assistance of local counsel to sponsor Marty's pro hac vice petition. We will provide you with copies of the motion papers once they are prepared.

Let me know if you have any questions. Happy Holidays.

Thank you,
Max Nemtsev
20 Park Plaza, Suite 1000
Boston, MA 02116
(617) 227-3700
(347) 251-4800 (cell)



HOUSE_OVERSIGHT_016480

# EXHIBIT G

Davis Wright Tremaine LLP

21st Floor
1251 Avenue of the Americas
New York, NY 10020-1104

Robert D. Balin
(212) 489-8230 tel
(212) 489-8340 fax

robbalin@dwt.com

January 4, 2019

**VIA HAND DELIVERY**

FILED
JAN 4 2019
SUP COURT APP. DIV.
FIRST DEPT.

Clerk of Court
Supreme Court of the State of New York
Appellate Division, First Department
27 Madison Avenue
New York, NY 10010

Re: Motion to Unseal Briefs (with Names of Victims Redacted) in *People v. Epstein*, N.Y. Co. Index No. 30129/10 (Appellate Division No. 6081)

Dear Sir or Madam:

We write on behalf of non-party movant NYP Holdings, Inc., publisher of the New York Post (the "Post"), to withdraw the motion filed by the Post on December 21, 2018 seeking an order to unseal the briefs submitted by the parties in the above-captioned appeal (with the names of victims redacted). Pursuant to NYCRR § 1250.2, we write to inform the Court that the Post hereby withdraws its pending motion without prejudice and expressly reserves the right to refile the motion. *See* NYCRR § 1250.2(a) ("Withdrawal of Motion. A moving party may file a written request to withdraw a motion at any time prior to its determination").

The Post intends to refile its motion for an order unsealing the briefs (with appropriate redactions), but has withdrawn its pending motion in response to an affidavit submitted by the office of the Manhattan District Attorney on December 28, 2018. That affidavit asserts that the Post was required, but failed, to provide notice of the unsealing motion to "prosecutor's offices in Florida" before proceeding with its motion. While the Post firmly believes that it satisfied its obligations by serving the Manhattan District Attorney's office with a copy of its unsealing motion, it wishes to avoid and moot any dispute with the District Attorney's office over whether the notice requirements of the relevant statute were met. Accordingly, the Post will refile its motion to unseal next week and, at that time, will serve its motion papers on the relevant Florida prosecutors, as well as on the parties to the appeal.

Respectfully yours,

Davis Wright Tremaine LLP

Robert D. Balin

cc: Assistant District Attorney Karen Friedman Agnifino (by email)
Martin G. Weinberg, Esq. (by email)

4844-9920-0645v.1 3930033-000135

SUPREME COURT OF THE STATE OF NEW YORK
APPELLATE DIVISION – FIRST DEPARTMENT

| | |
|---|---|
| THE PEOPLE OF THE STATE OF NEW YORK,<br><br>Respondent,<br><br>- against -<br><br>JEFFREY E. EPSTEIN,<br><br>Defendant-Appellant. | App. Div. No. 6081<br><br>On Appeal from New York Supreme Court, New York County, Index No. 30129/10 (Pickholz, J.) |

**MEMORANDUM OF LAW IN SUPPORT**
**OF MOTION BY NYP HOLDINGS, INC TO UNSEAL APPELLATE BRIEFS**

DAVIS WRIGHT TREMAINE LLP

Robert D. Balin
John M. Browning
1251 Avenue of the Americas, 21st Floor
New York, New York 10020-1104
Telephone: (212) 603-6410
*Counsel for Non-Party Movant NYP Holdings, Inc.*

## TABLE OF CONTENTS


Page

PRELIMINARY STATEMENT ..... 1

FACTUAL BACKGROUND ..... 3

A. Epstein's Conviction for Sex Crimes and Designation as a Level Three Sex Offender ..... 3

B. The Appeal ..... 4

C. Media Interest in New York and Florida Prosecutors' Lenient Handling of Epstein's Case ..... 5

D. The Post's Efforts to Obtain the Appellate Briefing Filed with the First Department ..... 8

ARGUMENT 11

I. THE POST HAS THE RIGHT TO MOVE THIS COURT FOR AN ORDER UNSEALING THE APPELLATE BRIEFING ..... 11

II. GOOD CAUSE EXISTS TO UNSEAL THE APPELLATE BRIEFS ..... 12

CONCLUSION ..... 17

## TABLE OF AUTHORITIES

**Page(s)**

**Cases**

*Brown & Williamson Tobacco Corp. v. FTC*,
710 F.2d 1165 (6th Cir. 1983) ..... 14

*Daily News, L.P. v. Wiley*,
126 A.D.3d 511, 6 N.Y.S.3d 19 (1st Dep't 2015) ..... 11

*Danco Labs., Ltd. v. Chem. Works of Gideon Richter, Ltd.*,
274 A.D.2d 1, 711 N.Y.S.2d 419 (1st Dep't 2000) ..... 13, 15

*Globe Newspaper Co. v. Superior Court*,
457 U.S. 596 (1982) ..... 13, 14

*In re Application of National Broad. Co.*,
635 F.2d 945 (2d Cir. 1980) ..... 13, 15

*In re Associated Press v. Bell*,
70 N.Y.2d 32, 517 N.Y.S.2d 444 (1987) ..... 13

*In re Capital Newspapers Div. of Hearst Corp. v. Moynihan*,
125 A.D.2d 34, 512 N.Y.S.2d 266 (3d Dep't 1987), *aff'd on other grounds*,
71 N.Y.2d 263, 525 N.Y.S.2d 24 (1988) ..... 11

*In re Herald Co. v. Weisenberg*,
59 N.Y.2d 378, 465 N.Y.S.2d 862 (1983) ..... 11

*Mancheski v. Gabelli Grp. Capital Partners*,
39 A.D.3d 499, 835 N.Y.S.2d 595 (2d Dep't 2007) ..... 11

*Maxim, Inc. v. Feifer*,
145 A.D.3d 516, 43 N.Y.S.3d 313 (1st Dep't 2016) ..... 11, 16

*N.Y. Times Co. v. United States*,
403 U.S. 713 (1971) ..... 13

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435 U.S. 589 (1978) ..... 13

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189 A.D.2d 532, 597 N.Y.S.2d 488 (3d Dep't 1993) ..... 13, 16

*People v. Epstein*,
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HOUSE_OVERSIGHT_016486

*Press-Enterprise Co. v. Superior Court*,
464 U.S. 501 (1984) ..... 14

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478 U.S. 1 (1986) ..... 13

*Richmond Newspapers, Inc. v. Virginia*,
448 U.S. 555 (1980) ..... 13, 14

**Constitutions**

U.S. Const. amend. I ..... 13

N.Y. State Const. art. I, § 8 ..... 13

**Statutes**

N.Y. Civ. Rights Law § 50-b ..... *passim*

N.Y. Civ. Rights Law § 50-b(1) ..... 4

N.Y. Civ. Rights Law § 50-b(2) ..... 1, 4, 11

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22 NYCRR § 1250.1(e)(3) ..... 1, 11, 12

Samuel Goldsmith, Jeffrey Epstein Pleads Guilty to Prostitution Charges, N.Y. POST (June 30, 2008), *available at* https://nypost.com/2008/06/30/jeffrey-epstein-pleads-guilty-to-prostitution-charges/ ..... 6

Jennie Suk Gersen, *Why Didn't the Manhattan DA Prosecute the Trumps or Harvey Weinstein*, NEW YORKER (Oct. 13, 2017) *available at* https://www.newyorker.com/news/news-desk/why-didnt-manhattan-da-cyrus-vance-prosecute-the-trumps-or-harvey-weinstein ..... 13





HOUSE_OVERSIGHT_016487

Non-party movant NYP Holdings, Inc., publisher of the *New York Post* (the "Post"), respectfully submits this memorandum of law in support of its motion, filed pursuant to 22 NYCRR § 1250.1(e)(3) and N.Y. Civil Rights Law § 50-b(2)(b), for an order unsealing the briefs filed by the parties in the above-captioned appeal (the "Appeal") with the names of victims of sex crimes redacted.

## PRELIMINARY STATEMENT

The Post seeks to unseal court documents that will shed light on why the Manhattan District Attorney's Office initially sought lenient treatment of billionaire financier and convicted pedophile Jeffrey Epstein. In 2008, Epstein pled guilty to soliciting prostitution from a minor, but there has been suspicion since that time – voiced by members of the judiciary and the press alike – that prosecutors gave Epstein preferential treatment because of his wealth and his political connections to powerful men like Donald Trump, Bill Clinton, and Prince Andrew. The handling of criminal proceedings against Epstein by federal prosecutors in Florida and thereafter by the Manhattan District Attorney's office has come under renewed scrutiny after the *Miami Herald* published a series of investigative articles beginning November 28, 2018, including an article reporting recently that "prosecutors worked to cut him a break" despite strong evidence that he had abused 80 girls and young women.

As part of its own news reporting on the New York proceedings against Epstein, the Post seeks to unseal the briefs filed in this Appeal, in which this Court held that Epstein had to register as a level three sex offender in New York, which is the category reserved for highest-risk offenders. *See People v. Epstein*, 89 A.D.3d 570, 570, 933 N.Y.S.2d 239, 240 (1st Dep't 2011). During the Appeal, Epstein argued that his sex offender status should be downgraded to a lower level while the District Attorney's Office argued that the level-three designation was appropriate.

The District Attorney's position on appeal, however, was in stark contrast to what it argued in proceedings before the lower court, which was that Epstein "should be adjudicated a level one offender" (*i.e.*, lowest risk) in spite of the damning evidence establishing that "defendant committed multiple offenses against a series of underage girls." *Id.* at 570-71, 933 N.Y.S.2d at 240. The public has the right to know why the Manhattan District Attorney's Office switched its legal position on appeal and what justifications it advanced in its brief to explain its initial request for lenient treatment of Epstein. Similarly, the briefing submitted by Epstein, which confronted the District Attorney's arguments on appeal, may shed additional light on why the District Attorney changed course on appeal. Despite the obvious public interest in knowing this information, the briefs were filed wholly under seal pursuant to New York Civil Rights Law section 50-b – which protects the anonymity of sex abuse victims – and not a single word of either party's briefs is available to the public.

Since the District Attorney's Office has made it clear that it will not release any portion of any of the appellate briefs filed in this action without clear instructions from this Court, the Post respectfully requests an order unsealing the briefs and directing the District Attorney to provide the Post with copies redacted only to the extent necessary to preserve the anonymity of victims. As a threshold matter, the Rules of this Court and the common law both guarantee the Post's right to move this Court for an order unsealing court documents (POINT I, *supra*). And the Post easily demonstrates the "good cause" required to overcome sealing of documents under section 50-b. Simply put, the presumption of openness that governs judicial proceedings in this State is at its zenith because the documents sought by the Post are highly relevant to allegations of prosecutorial missteps and favoritism by the office of the District Attorney in a case involving a powerful sex offender (POINT II, *supra*). The Post is mindful, however, of the importance of





HOUSE_OVERSIGHT_016489

maintaining anonymity for the victims of sexual assault and respectfully requests that this Court also direct the District Attorney's Office to redact the names of any victims before serving the Post with copies of the redacted appellate briefs. The Post further requests that this Court order the District Attorney's Office to provide the Post with copies of the redacted briefs within seven days of entry of its order granting this motion.

## FACTUAL BACKGROUND

### A. Epstein's Conviction for Sex Crimes and Designation as a Level Three Sex Offender

In June 2008, a Florida Court sentenced Jeffrey Epstein to eighteen months in prison after he pleaded guilty to soliciting prostitution from a fourteen-year-old girl. Affirmation of John M. Browning dated December 21, 2018 ("Browning Aff."), Ex. A.

After serving thirteen months of his sentence, Epstein was released and required to register as a sex offender in New York, where he owned property and sought to reside. *Id.* Ex. B. The New York State Board of Examiners of Sex Offenders ("NYBSO") recommended that Epstein be designated a level three sex offender – which is the level reserved for the most dangerous sexual predators – because investigators in Florida had found compelling evidence that Epstein had abused scores of underage girls, despite only pleading guilty to solicitation of a single minor. *Epstein*, 89 A.D.3d at 570, 933 N.Y.S.2d at 240.

Remarkably, New York Assistant District Attorney Jennifer Gaffney ignored the NYBSO recommendation and asked the trial court tasked with deciding Epstein's sex-offender status to designate him as a level one offender only, which is the least-restrictive category possible and is typically applied to offenders who pose the lowest risk of committing further crimes. *Id.* ADA Gaffney argued that, since "there was only an indictment for one victim," Epstein should not be placed under the heavy scrutiny required for the most dangerous class of abusers. *Id.* Ex. B. For





HOUSE_OVERSIGHT_016490

their part, Epstein's lawyers argued that the lowest designation should be applied because "there are no real victims here." *Id.* Ex. C.

In January 2011, the judge presiding over the sex-offender registration proceedings, Justice Ruth Pickholz, rejected ADA Gaffney's arguments and designated Epstein as a level three sex offender. *Epstein*, 89 A.D.3d at 570, 933 N.Y.S.2d at 240. At a hearing preceding her ruling, Justice Pickholz told the Assistant District Attorney that she had "never seen the prosecutor's office do anything like this" and further stated that she had "done many [cases] much less troubling than this one where [prosecutors] would never make a downward argument like this." *Id.* Ex. B. When ADA Gaffney was questioned about whether she knew Epstein had sexually abused other minors, Gaffney admitted that she had never spoken to the federal investigators in Florida who had reached the conclusion that Epstein was a serial abuser of underage girls. *Id.* Ex. C.

**B. The Appeal**

Epstein subsequently commenced this Appeal, seeking to overturn the trial court's ruling that he is a level three sex offender. The appellate briefs submitted by Epstein and the Manhattan District Attorney were filed under seal, pursuant to New York Civil Rights Law section 50-b. *Id.* ¶ 7. That statute protects the anonymity "of any victim of a sex offense" by requiring any "court file . . . which tends to identify such a victim" to be filed under seal. N.Y. Civ. Rights Law § 50-b(1). The statute further provides, however, that court documents filed under seal shall be disclosed if a movant "demonstrates to the satisfaction of the court that good cause exists for disclosure to that person." *Id.* § 50-b(2)(b).

In a decision filed on the public docket (the "Decision"), this Court affirmed Epstein's level three offender status because the lower "court properly relied on highly reliable proof of criminal conduct for which defendant was neither indicted nor convicted." *Epstein*, 89 A.D.3d at





HOUSE_OVERSIGHT_016491

570, 933 N.Y.S.2d at 240. Specifically, the "evidence . . . established that [Epstein] committed multiple offenses against a series of underage girls," who "were brought to [Epstein's] home to provide 'massages' that led to very serious sex crimes." *Id.* at 570-71, 933 N.Y.S.2d at 240.

Although the Manhattan District Attorney's briefing remains under seal, the Decision indicates that "the People [took] a different position on appeal from the position they took before the hearing court." *Id.* at 571, 933 N.Y.S.2d at 241. This Court did not, however, unseal any of the appeal briefs or provide a detailed summary of the parties' respective arguments. The public and the press are thus left in the dark as to what exactly the District Attorney's Office and Epstein wrote in their respective appeal briefs. It appears that the District Attorney's Office may have taken the position that ADA Gaffney had "mistakenly conceded [before the lower court] that the conduct for which defendant was not indicted should not be considered, and that defendant should be adjudicated a level one offender." *Id.* at 572, 933 N.Y.S.2d at 241. The Decision also states that this Court rejected Epstein's argument that the District Attorney "should be estopped" from changing position on appeal and also rejected Epstein's "remaining claims" as being "improperly raised for the first time on appeal." *Id.* The public has the right to know more than these sketchy details, however, particularly when the arguments advanced by the parties on appeal clearly discuss the decision taken by the Manhattan District Attorney's Office to abruptly change its earlier position that Epstein was deserving of lenient treatment.

### C. Media Interest in New York and Florida Prosecutors' Lenient Handling of Epstein's Case

The handling of Epstein's prosecution in Florida and the subsequent sex offender registration proceeding against in him New York have both been the subject of legitimate public interest and intense controversy. In the Florida proceedings, the prosecutors were criticized for allowing Epstein to enter into a seemingly favorable plea deal. For instance, as the Post reported





HOUSE_OVERSIGHT_016492

at the time, the Florida judge sentencing Epstein "was critical of two of the deal's conditions, indicating she thought he was getting special treatment by being allowed private counselling for his sex offender treatment and to serve time in county jail instead of state prison." Samuel Goldsmith, *Jeffrey Epstein Pleads Guilty to Prostitution Charges*, N.Y. POST (June 30, 2008), *available at* https://nypost.com/2008/06/30/jeffrey-epstein-pleads-guilty-to-prostitution-charges/. Another serious concern was that Epstein's status as a billionaire investor with powerful connections – including close relationships with Bill Clinton, Donald Trump, and Prince Andrew – may have influenced prosecutors to give Epstein unduly favorable treatment and to turn a blind eye to the extent of his sexual abuse of minors. *Id.*

There has also been critical reporting on how the Manhattan District Attorney's Office handled Epstein's sex offender registration hearings in New York. After the Post obtained copies of the transcript of the status hearing before Justice Pickholz, it published an article on January 7, 2015, entitled "DA's office 'went easy' on sex offender Epstein." *Id.* Ex. B. In that article, the Post reported that "Prosecutors went to bat for the billionaire pervert at a 2011 legal hearing, asking a judge to cut the filthy-rich felon a break on the severity of his sex-offender status . . . ." *Id.* In addition to reporting the contents of the hearing transcript, Post reporters also sought to discover why the District Attorney initially sought lenient treatment for Epstein and, as part of its investigation, reached out for comment from the District Attorney's Office. As the article reported, the spokesman for the District Attorney did not give a detailed response on the record but referred the Post instead to the portion of the Decision stating "that the prosecution's position was based 'largely on the mistaken notion' that only the formal charges against Epstein could be factors in the decision." *Id.* The Post was unable to obtain copies of the briefs filed





HOUSE_OVERSIGHT_016493

with the First Department – which would provide a more fulsome explanation of the District Attorney's position – because those documents remained under seal.

The prosecution of Epstein has remained in the news and was recently the subject of a wide-ranging investigation by the *Miami Herald*, which was published on November 28, 2018. *Id.* Ex. A. One of several in-depth feature articles published by the *Miami Herald* was entitled "Cops worked to put serial sex abuser in prison. Prosecutors worked to cut him a break." *Id.* In that article, the *Miami Herald* reported that investigators uncovered evidence that Epstein had abused "over 100 middle school and high school aged girls," but "despite ample physical evidence and multiple witnesses corroborating the girls' stories, federal prosecutors and Epstein's lawyers quietly put together a remarkable deal for Epstein." *Id.* Epstein agreed to plead guilty to soliciting an underage prostitute "in state court, and in exchange, he and his accomplices received immunity from federal sex-trafficking charges that could have sent him to prison for life. *Id.* More troubling still, Epstein's case file was sealed – including a detailed criminal complaint – so that "no one . . . could know the full scope of Epstein's crimes and who else was involved." *Id.*

The *Miami Herald*'s reporting has also had serious political ramifications. As the *Miami Herald* has reported, "[t]he U.S. attorney in Miami, Alexander Acosta, was personally involved in the negotiations" back in and around 2008. *Id.* Ex. C. Acosta subsequently became "a member of President Donald Trump's cabinet" and currently serves as the Secretary of Labor. *Id.* Since the *Miami Herald* published its expose, some members of Congress have demanded an investigation into what led to the slap-on-the-wrist punishment for Jeffrey Epstein. *See, e.g.*, Anthony Man, *Florida Democrats want investigation into Trump cabinet member's role in handling Epstein case*, SOUTH FLORIDA SUN SENTINEL (Dec. 4, 2018) *available at*





HOUSE_OVERSIGHT_016494

https://www.sun-sentinel.com/news/politics/fl-ne-jeffrey-epstein-alex-acosta-investigation-20181204-story.html.

The Post has also persisted with its own investigation into whether the Manhattan District Attorney's Office was unduly lenient when it advocated in favor of registering Epstein as a level one sex offender. On December 1, 2018, the Post published an article entitled "Manhattan DA sided with pedophile billionaire after botching investigation." *Id.* Ex. C. Following up on its prior reporting, the Post reported Justice Pickholz's denial of ADA Gaffney's efforts to register Epstein as a level one offender and then asked the District Attorney's Office to account for the "mishandling of the Epstein hearing." *Id.* In response to questions from the Post, the District Attorney's Office insisted that ADA Gaffney simply "made a mistake." *Id.* A spokesman also claimed that Manhattan District Attorney Cyrus Vance "'was not aware' of the hearing until years later and had nothing to do with it." *Id.* But, as the Post also reported, "[s]ome law enforcement sources don't believe Vance had no clue that his office had a sex-offender case involving a Manhattan mogul with close ties to Democrats." *Id.*

Unsealing of the First Department appeal briefs in this case is crucial so that the public and the press may more fully understand why Epstein was initially offered level one offender status despite the overwhelming evidence that he was a serial sexual abuser of children.

**D. The Post's Efforts to Obtain the Appellate Briefing Filed with the First Department**

On December 4, 2018, Post reporter Sue Edelman contacted the Director of Communications for District Attorney Cyrus Vance, Jr. and requested a copy of the appellate brief filed by the District Attorney's Office. *Id.* ¶¶ 6-8. In making this request, Edelman specifically stated that the District Attorney's Office could redact the names of any victims of sexual abuse before forwarding the brief. *Id.* Edelman's request was denied, however, because the District Attorney's Office has taken the position that the brief was filed under seal in its





HOUSE_OVERSIGHT_016495

entirety pursuant to N.Y. Civil Rights Law section 50-b and could not be released – even with the names of victims redacted – without an order from this Court. *Id.* Nonetheless, the District Attorney's Office stated in an email that it would "*not* oppose" the Post's motion requesting that a redacted brief be produced. *Id.* Ex. D.

Counsel for the Post also contacted counsel for Epstein to ascertain his position on the disclosure of the appellate briefs. *Id.* On December 20, 2018, Mr. Epstein's lawyer stated that he would not take a position until he had an opportunity to review the brief and reserved his right to oppose. Counsel for Epstein later informed counsel for the Post that "after consideration of your request for the unsealing of the appellate briefs with redactions of certain identities, we take no position on behalf of Mr. Epstein." *Id.* Ex. F.

On December 21, 2019, the Post moved this Court for an order unsealing the appellate briefs and directing the Manhattan District Attorney's Office to produce copies of the briefs with the names of victims redacted (the "December 21 Motion"). On January 2, 2019, counsel for the Post received an affirmation signed by Assistant District Attorney Karen Friedman Agnifilo, dated December 28, 2018, which opposed the December 21 Motion. After telling the Post that it "will *not* oppose the petition for a redacted brief," the District Attorney's Office argued that the December 21 Motion should be denied on two grounds. First, the District Attorney's office faulted the Post for supposedly failing to "furnish the requisite notice" to "the prosecuting agencies for defendant's underlying sex crimes," as required by section 50-b of the New York Civil Rights Act. *Id.* Ex. E ¶ 2. According to the Manhattan District Attorney, the Post should have notified "the federal and local prosecutor's offices in Florida, where defendant was charged" (and presumably not the Manhattan District Attorney's Office).[1]

[1] The Post firmly disputes the District Attorney's contention – which is not supported by any authority – that section 50-b requires the Post to serve any prosecutor who touched Epstein's case in Florida in order to unseal documents

Second, Assistant District Attorney Friedman Agnifilo objected to unsealing any portion of the appellate briefs and wrote that "we cannot agree ... even to a production of the people's brief with redactions of the names or initials of Epstein's victims." *Id.* ¶ 3. She further noted, however, that "if this Court is inclined to grant the Post's motion, we would not oppose producing a copy of the People's brief, with substantial redactions necessary to protect the identities of the victims but keeping intact those portions of the brief that recount the procedural history of the SORA hearing." *Id.*

Although the Post does not agree that section 50-b requires it to notify Florida prosecutors of its intention to move this Court to unseal briefs filed by the Manhattan District Attorney in a New York sex offenders proceeding, it nonetheless voluntarily withdrew the December 21 Motion on January 4, 2019 to moot the issue and bypass an easily avoidable procedural dispute. Counsel for the Post has contacted the Palm Beach State Attorney's office and the United States Attorney's Office for the Southern District of Florida (collectively, the "Florida Prosecutors") to apprise them of its intention to refile this motion to unseal the appellate briefs with the names of victims redacted. *Id.* ¶¶ 17-18. The Post will also serve the Florida Prosecutors with copies of this motion.

Having mooted the procedural objection raised by the Manhattan District Attorney, the Post now refiles its motion respectfully requesting an order unsealing the appellate briefs and directing the District Attorney's Office to provide the Post with copies – with the names of victims redacted – within seven days of the entry of its order.

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filed by New York prosecutors in a New York court as part of proceedings to register Epstein as a sex-offender in New York State. The statute requires a movant to furnish notice to "the public officer ... with the duty of prosecuting the offense." N.Y. Civ. Rights Law §50-b. Here, the Manhattan District Attorney's Office had "the duty of prosecuting the offense" on behalf of the People of New York – *i.e.*, the sex-offender registration proceedings against Epstein in this State – and there is no question that the Post provided the Manhattan District Attorney with adequate notice of the December 21 Motion.



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## ARGUMENT

Despite the Manhattan District Attorney's apparent opposition to releasing any of portion of the appellate briefs, good cause exists to unseal briefs with victims' names redacted because the handling of Epstein's designation as a sex offender by New York prosecutors – including the appellate arguments regarding that designation – are of paramount public concern and should be open to public scrutiny.

### I. THE POST HAS THE RIGHT TO MOVE THIS COURT FOR AN ORDER UNSEALING THE APPELLATE BRIEFING

As a threshold matter, the Practice Rules of this Court permit non-parties (like the Post) to submit "[a]pplications for sealing and unsealing documents . . . by motion." 22 NYCRR § 1250.1(e)(3). The Post's right to petition this Court for an order unsealing the appellate briefs is further buttressed by the rule that "affected members of the media should be given the opportunity to be heard" before a Court takes the drastic step of sealing court proceedings, filings or dockets. *In re Capital Newspapers Div. of Hearst Corp. v. Moynihan*, 125 A.D.2d 34, 38, 512 N.Y.S.2d 266, 269 (3d Dep't 1987), *aff'd on other grounds*, 71 N.Y.2d 263, 525 N.Y.S.2d 24 (1988). *See also Mancheski v. Gabelli Grp. Capital Partners*, 39 A.D.3d 499, 501, 835 N.Y.S.2d 595, 597 (2d Dep't 2007) ("[P]rior to issuance of an order to seal judicial documents, the court is obligated, where possible, to afford news media an opportunity to be heard.") (citing *In re Herald Co. v. Weisenberg*, 59 N.Y.2d 378, 383, 465 N.Y.S.2d 862, 864 (1983)); *Maxim, Inc. v. Feifer*, 145 A.D.3d 516, 43 N.Y.S.3d 313 (1st Dep't 2016) (reversing order denying motion of press entities to intervene for purpose of seeking access to filed motion papers and other court records).

In addition to guaranteeing the Post's right to move this Court to unseal documents, New York law also requires this Court to make "specific findings to support its determination" before





HOUSE_OVERSIGHT_016498

limiting public access to judicial records or proceedings. *Daily News, L.P. v. Wiley*, 126 A.D.3d 511, 515, 6 N.Y.S.3d 19, 24 (1st Dep't 2015) (before sealing records, courts "must adhere strictly to the procedures set forth in the controlling case law including affording a full opportunity by any interested members of the press to be heard, and making specific findings to support its determination . . . . [T]rial court[s] . . . cannot . . . seal evidence and transcripts merely because the parties are consenting to same and the case has obtained notoriety."). Therefore, in the unlikely event that this Court declines to grant the Post's motion to unseal, either in part or *in toto*, the Post respectfully requests that this Court issue a written order setting forth the grounds for its decision.

## II. GOOD CAUSE EXISTS TO UNSEAL THE APPELLATE BRIEFS

The appellate briefs should be disclosed because they are highly relevant to the public's understanding of whether the Office of the Manhattan District Attorney – whose fundamental mission is to protect the people of this State – initially showed undue deference to a dangerous pedophile, who is unusually rich and well-connected.

New York Civil Rights Law section 50-b permits courts to disclose court documents relating to the commission of a sexual offense whenever a showing is made that "good cause exists for disclosure." N.Y. Civ. Rights Law § 50-b. *See also* 22 NYCCR § 1250.1(e)(3) (permitting the "unsealing [of] court records . . . upon good cause shown"). Good cause clearly exists for disclosing the appellate briefs because they contain a full explanation for why the District Attorney's Office argued before the lower court that Epstein should be registered as a level one sex offender before changing position on appeal. *See Epstein*, 89 A.D. at 571, 933 N.Y.S.2d at 241. The appellate briefs may also shed light on the extent of "the evidence . . . that [Epstein] committed multiple offenses against a series of underage girls," which the District





HOUSE_OVERSIGHT_016499

Attorney's Office apparently disregarded or was not aware of in the proceedings before the lower court. *Id.*

Not only are the appellate briefs subject to the strong presumption of openness that applies to all judicial documents but there is also an intense public interest in disclosing these specific documents because they will shed light on why the District Attorney's Office initially took the controversial decision to argue in favor of lenient treatment of Epstein.[2] As Justice Burger wrote, "[p]eople in an open society do not demand infallibility from their institutions, but it is difficult for them to accept what they are prohibited from observing." *Richmond Newspapers, Inc. v. Virginia*, 448 U.S. 555, 572 (1980). "Only a free and unrestrained press can effectively expose deception in government. And paramount among the responsibilities of a free press is the duty to prevent any part of the government from deceiving the people . . . ." *N.Y. Times Co. v. United States*, 403 U.S. 713, 717 (1971) (Black, J. concurring). In short, the appellate briefs should be unsealed so that the Post can inform the public about the decisions taken by the District Attorney's Office with respect to Epstein so that the public can decide whether there was anything careless or improper about those decisions.

The need for transparency and public understanding of why the District Attorney's Office handled the Epstein case the way it did is heightened by the fact that District Attorney Vance has faced criticism over claims that his office gives favorable treatment to rich and powerful men

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[2] The presumption of openness is grounded in the U.S. and New York Constitutions as well as deeply-entrenched common law rules that govern this Court. The First Amendment to the United States Constitution and article I, section 8 of the New York State Constitution both recognize the presumptive right of the public and press to access and inspect court records. *Press-Enterprise Co. v. Superior Court*, 478 U.S. 1 (1986); *Globe Newspaper Co. v. Superior Court*, 457 U.S. 596 (1982); *In re Associated Press v. Bell*, 70 N.Y.2d 32, 517 N.Y.S.2d 444 (1987). In addition to being well established under the federal and state constitutions, the right of access to court records "is also firmly grounded in common law principles." *Danco Labs., Ltd. v. Chem. Works of Gideon Richter, Ltd.*, 274 A.D.2d 1, 6, 711 N.Y.S.2d 419, 423 (1st Dep't 2000) (citing *inter alia Nixon v. Warner Commc'ns, Inc.*, 435 U.S. 589, 597 (1978)). *See also People v. Burton*, 189 A.D.2d 532, 535-36, 597 N.Y.S.2d 488, 491-92 (3d Dep't 1993) ("a common-law presumption" favors public access to court records); *In re Application of National Broad. Co.*, 635 F.2d 945, 949 (2d Cir. 1980) ("[T]he common law right to inspect and copy judicial records is beyond dispute.") (citation omitted).

accused of sexual abuse. As the *New Yorker* reported, DA Vance declined to charge Harvey Weinstein with a sex crime in 2015 even though investigators collected ample evidence that he had groped an actress without consent. *See* Jennie Suk Gersen, *Why Didn't the Manhattan DA Prosecute the Trumps or Harvey Weinstein*, NEW YORKER (Oct. 13, 2017) *available at* https://www.newyorker.com/news/news-desk/why-didnt-manhattan-da-cyrus-vance-prosecute-the-trumps-or-harvey-weinstein. Even after the emergence of the #Me Too movement and the indictment of Harvey Weinstein on rape charges, the Manhattan District Attorney's Office has continued to face criticism for failing to prosecute the Weinstein case aggressively enough. *Id.* District Attorney Vance is an elected official who wields an immense amount of discretion over prosecutions. The people of New York have the right to scrutinize how his office treated this case involving a rich and well-connected sex offender, especially in light of allegations that other notable sexual predators have benefitted from the apparent deference of prosecutors. To put it bluntly, the appellate briefs should be released immediately to avoid any impression of impropriety caused by continued secrecy.

There is also a strong interest in disclosing the appellate briefs to enable the public to review for itself the arguments that led this Court to issue the Decision affirming Epstein's status as a level three sex offender. By ensuring public access to the courts and enabling public discussion of the functioning of the judiciary, the news media help "the public to participate in and serve as a check upon the judicial process – an essential component in our structure of self-government." *Globe Newspaper Co.*, 457 U.S. at 606. As courts have recognized time and again, "[w]ithout access to the proceedings, the public cannot analyze and critique the reasoning of the court." *Brown & Williamson Tobacco Corp. v. FTC*, 710 F.2d 1165, 1178 (6th Cir. 1983). Thus, "[o]penness . . . enhances both the basic fairness of [a] trial and the appearance of fairness





HOUSE_OVERSIGHT_016501

so essential to public confidence in the system." *Press-Enterprise Co. v. Superior Court*, 464 U.S. 501, 508 (1984) (citing *Richmond Newspapers*, 448 U.S. 569-71). For this reason, the appellate briefs should be unsealed so that the public has the benefit of seeing the very statements and arguments that formed the basis of this Court's Decision. It is especially important to provide a transparent view into these judicial proceedings because suspicions have already been raised about how the District Attorney's Office handled Epstein's case.

When, as here, "issues of major public importance are involved, the interests of the public as well as the press in access to court records 'weigh heavily' in favor of release." *Danco*, 274 A.D.2d at 8, 711 N.Y.S.2d at 425 (citation omitted). This constitutional presumption of open access to court records requires "the most compelling circumstances" to justify any restriction upon that right. *In re Application of Nat'l Broad. Co.*, 635 F.2d at 952. Here, it is impossible to conceive of any circumstances that might justify wholesale sealing of relevant court documents that are necessary to understand how prosecutors and this Court handled a matter of such intense public concern.

The interest of Epstein's victims to remain anonymous can be satisfied by directing the District Attorney's Office to redact the names of victims before disclosing the appellate briefs. To be clear, the Post has no interest in identifying victims of sexual assault who wish to remain anonymous. It does, however, have a right to know why the Manhattan District Attorney abruptly changed position after initially arguing that Epstein should be treated leniently. The District Attorney's Office has indicated that it "would not oppose producing a copy of the People's brief ... keeping intact those portions of the brief that recount the procedural history of the SORA hearing, the portion of the brief that is seemingly of interest to the Post." Browning Aff. Ex. E. With all due respect to the District Attorney, the Post is simply not in a position to





HOUSE_OVERSIGHT_016502

evaluate whether the proposed redactions are reasonable. Because the Post cannot review any part of the briefs, it is impossible for the Post to know whether the information it seeks is in the procedural history section of the People's brief or in other parts of the briefing filed in the Appeal. Moreover, courts must order narrow redactions where possible to avoid overbroad sealing. *See, e.g.*, *Burton*, 189 A.D.2d at 535-36, 597 N.Y.S.2d at 491 (requiring courts to "consider less drastic alternatives to sealing the records which would adequately serve the competing interests"); *Maxim, Inc.*, 145 A.D.3d at 518, 43 N.Y.S.3d at 316 ("We recognize that it may be easier for the parties and the motion court to seal an entire court record, rather than make a determination on a document by document basis about sealing, but administrative convenience is not a compelling reason to justify sealing."). In keeping with this State's strong preference against wholesale sealing of documents, section 50-b expressly permits this Court to release judicial documents after ordering redactions "as it deems necessary . . . to preserve the confidentiality of the identity of the victim." N.Y. Civ. Rights Law § 50-b. Since the only information protected by the statute is identity of Epstein's victims, the Post respectfully requests an order directing the District Attorney to redact only the names of Epstein's victims.[3]

Since the Post does not seek the names of victims of sexual abuse and agrees that these names should be redacted before the appellate briefs are disclosed, there should be no need under the statute to provide notice "to the victim or other person legally responsible for the care of the victim." N.Y. Civ. Rights Law § 50-b(2). But to the extent such notice is necessary, the Post is unable to notify any of the victims on its own because it has no knowledge of which victims (if any) may be identified in the requested documents. If the statute requires victims to be notified

[3] Without the benefit of reviewing the appellate briefs, the Post is not in a position to evaluate whether the briefs contain other information that might identify Epstein's victims, such as home addresses. While the Post would not object to the District Attorney's Office making good faith redactions of genuinely identifying information, these redactions should be narrowly tailored and no more expansive than is necessary to protect the victims' identities.

even if their names will not be disclosed, the Post respectfully submits that either the Manhattan District Attorney or the Florida Prosecutors should provide notice promptly. To require the Post to notify victims itself – without any ability to discover who those victims are – would be an absurd result that defeats the purpose of the unsealing provision of section 50-b, which allows "any person" to file an application requesting that information be unsealed for "good cause."[4]

In sum, the strong presumption of openness that governs New York courts compels the conclusion that the appellate briefs in this action must be unsealed (with the names of any victims of a sexual offense redacted).

## CONCLUSION

For the reasons set forth above, the Post respectfully requests an order unsealing the appellate briefs, which directs the District Attorney to provide counsel for the Post with copies of these documents, with the names of victims redacted, within seven days of the issuance of this Court's unsealing order.

Dated: New York, New York
January 11, 2018

Respectfully submitted,

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[4] In its affidavit filed in opposition to the December 21 Motion, the Manhattan District Attorney indicated that "to the extent that the Post is unable to furnish notice to the victims, this Office, which was not the prosecuting agency, is not in a position to do so." Browning Aff. Ex. E. The Post has mooted this objection by refiling its motion and providing the Florida Prosecutors with notice of its intent to unseal the appellate briefs with victims' redacted.

88th year, No. 24499 THURSDAY, FEBRUARY 28, 2019 $1

The Virgin Islands

# DAILY NEWS

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CELEBRATING THE PEOPLE, CULTURES AND HISTORY OF THE VIRGIN ISLANDS

## A brighter future for Lucinda Millin residents

Daily News photo by BRIAN O'CONNOR

A rainbow arches over the Lucinda Millin Home on Wednesday on St. Thomas. V.I. Housing Authority officials say they plan to demolish the existing structure and replace it with senior housing in Oswald Harris Court housing community as part of an $830-million "repositioning" of public housing throughout the territory. Page 3

## Michael Cohen calls Trump a racist con man

Pages 2, 4

## V.I.'s Plaskett at center of House hearing

Page 2

## Senate to ensure art law is followed

Page 3

Perversion of Justice

## As cops sought to put serial sex abuser Jeffrey Epstein in prison, prosecutors sought to cut him a break

Pages 12-14

## Observers raise concerns with BVI vote

Page 5

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## PERVERSION

CONTINUED FROM PAGE 12

massage his chest, often instructing them to pinch his nipples, while he masturbated, according to the police report.

At times, if emboldened, he would try to penetrate them with his fingers or use a vibrator on them. He would go as far as the girls were willing to let him, including intercourse, according to police documents.

Sometimes he would instruct a young woman he described as his Yugoslavian sex slave, Nadia Marcinkova, who was over 18, to join in, the girls told Recarey. Epstein often took photographs of the girls having sex and displayed them around the house, the detective said.

Once sexually gratified, Epstein would take a shower in his massive bathroom, which the girls described as having a large shower and a hot pink and mint green sofa.

Kellen Ivone Vickers and Marcinkova, through their attorneys, declined to comment for this story.

### Targeting disadvantaged girls

One girl told police that she was approached by an Epstein recruiter when she was 16, and was working at the Wellington mall. Over the course of more than a year, she went to Epstein's house hundreds of times, she said.

The girl tearfully told Recarey that she often had sex with Marcinkova while Epstein watched and choreographed her moves to please himself, according to the police report. Often times, she said, she was so sore after the encounters that she could barely walk, the police report said.

But she said she was firm about not wanting to have intercourse with Epstein.

However, on a day the girl said that Epstein, unable to control himself, held her down on a massage table and penetrated her, the police report said. The girl, who was 14 or 17 at the time, said that Epstein sandwiched and paid her $1,000, the police report said.

Most of the girls came from disadvantaged families, single-parent houses or foster care. Some had experienced troubles that belied their ages. They had parents and friends who committed suicide, mothers abused by husbands and boyfriends, fathers who molested and beat them. One girl had watched her stepfather strangle her 8-year-old stepbrother, according to court records obtained by the Herald.

Many of the girls were one step away from homelessness.

"We were stupid, poor children," said one woman, who did not want to be named because she never told anyone about Epstein. At the time, she recalled that she was 14 and a high school freshman.

"We just wanted money for school clothes, for shoes. I remember wearing shoes too tight for three years in a row. We had no family and no guidance, and we were told that we were going to just have to sit in a room topless and he was going to just look at us. It sounded so simple, and was going to be easy money for just sitting there."

The woman, who went to Epstein's home multiple times, said Epstein didn't like her because her breasts were too big. The last time she went, she said, she got come out crying and they were instructed to leave the house and had to pay for their own cab home.

Some girls told police they were coached by their peer recruiters to lie to Epstein about their ages and say they were 18. Epstein's legal team would later claim that even if the girls were under 18, there was no way he could have known.

However, under Florida law, ignorance of a sex partner's age is not a defense for having sex with a minor.

Willi, who worked for Epstein until she was 21, said he was well aware of their tender ages — because he demanded they be young.

"He told me he wanted them as young as I could find them," she said, explaining that as she grew older and had less access to young girls, Epstein got increasingly angry with her inability to find him the young girls he desired.

"If I had a girl to bring him at breakfast, lunch and dinner, then that's how many times I would go a day. He wanted as many girls as I could get him. It was never enough."

### Broadening his reach

Epstein's scheme first began to unravel in March 2005, when the parents of a 14-year-old girl told Palm Beach police that she had been molested by Epstein at his mansion. The girl reluctantly confessed that she had been brought there by two other girls, and those girls pointed to two more girls who had been there.

By the time detectives tracked down one victim, there were two and three more to find. Soon there were dozens.

"We didn't know where the victims would ever end," Reiter said.

File photo by MARY ALICE BELL

Michelle Licata, 40, is overcome with emotion while discussing her sexual encounters with Jeffrey Epstein. "He had no remorse/guilt and doesn't even believe he did anything wrong," she said.

> **I kept looking at the timer because I didn't want to have this mental image of what he was doing.**
>
> — Michelle Licata, Jane Doe No. 2, who told police she has sexual encounters with Jeffrey Epstein

Eventually, the girls told them about still other girls and young women they had seen at Epstein's house, many of whom didn't speak English, Recarey said.

That led Recarey to suspect that Epstein's exploits weren't just confined to Palm Beach.

Police obtained the flight logs for his private plane, and found female names and initials among the list of people who flew on the aircraft — including the names of some famous and powerful people who had also been passengers, Recarey said.

A newly released FBI report, posted on the Herald's website as a result of the Herald's Freedom of Information Act request, shows that at the time the non-prosecution deal was executed, the FBI was interviewing witnesses and victims "from across the United States." The probe stretched from Florida to New York and New Mexico, records show.

Indeed, one lawsuit, still pending in New York, alleges that Epstein used an international modeling agency to recruit girls as young as 13 from Europe, Ecuador and Brazil.

Mike Fisten

The girls lived in a New York building owned by Epstein, who paid for their visas, according to the sworn statement of Maritza Vazquez, the one-time bookkeeper for Mc2, the modeling agency.

Mike Fisten, a former Miami-Dade police sergeant who was also a homicide investigator and a member of the FBI Organized Crime Task Force, said the FBI had enough evidence to put Epstein away for a long time but was overruled by Alexander Acosta, who was Miami's top federal prosecutor at the top.

Some of the agents involved in the case were disappointed by Acosta's bowing to pressure from Epstein's lawyers, he said.

"The day that a sitting U.S. attorney is afraid of a lawyer or afraid of a defendant is a very sad day in this country," said Fisten, now a private investigator for Edwards.

### Acosta's path to power

Acosta has never fully explained why he felt it was in the best interests of the underage girls — and their parents — for him to keep the agreement sealed. Or why the FBI investigation was closed even as, recently released documents show, the case was yielding more victims and evidence of a possible sex-trafficking conspiracy beyond Palm Beach.

Alexander Acosta

Upon his nomination by Trump as labor secretary in 2017, Acosta was questioned about the Epstein case during a Senate confirmation hearing.

"At the end of the day, based on the evidence, professionals within a prosecutor's office decided that a plea that guarantees someone goes to jail, that guarantees he register [as a sex offender] generally and guarantees other outcomes, is a good thing," Acosta said of his decision to not prosecute Epstein federally.

California Democratic Sen. Dianne Feinstein, in opposing Acosta for Labor secretary, noted that "his handling of a case involving sex trafficking of underage girls when he was a U.S. attorney suggests he won't put the interests of workers and everyday people ahead of the powerful and well-connected."

Marci Hamilton, a University of Pennsylvania law professor who is one of the nation's leading advocates for reforming laws involving sex crimes against children, said what Acosta and other prosecutors did is similar to what the Catholic Church did to protect pedophile priests.

"The real crime with the Catholic priests was the way they covered it up and shielded the priests," Hamilton said. "The orchestration of power by men only is protected as long as everybody agrees to keep it secret. This is a story the world needs to hear."

### Jane Doe No. 2

Michelle Licata climbed a narrow, winding staircase, past walls covered with photographs of naked girls. At the top of the stairwell was a vast master bed and bath, with cream-colored shag carpeting and a hot pink and mint green sofa.

The room was dimly lit and very cold.

There was a vanity, a massage table and a timer.

A silver-haired man wearing nothing but a white towel came into the room. He lay face-down on a massage table, and while talking on a phone directed Licata to rub his back, legs and feet.

After he hung up, the man turned over and

See PERVERSION, page 14

## PERVERSION

CONTINUED FROM PAGE 13

dropped his towel, exposing himself.

He told Licata to get comfortable and then, in a firm voice, told her to take off her clothes.

At 16, Licata had never before been fully naked in front of anyone.

Shaking and panicked, she mechanically pulled off her jeans and stripped down to her underwear.

He set the timer for 30 minutes and then reached over and unsnapped her bra. He then began touching her with one hand and masturbating himself with the other.

"I kept looking at the timer because I didn't want to have this mental image of what he was doing," she remembered of the massage. "He kept trying to put his fingers inside me and told me to pinch his nipples. He was mostly saying 'just do that, harder, harder and do this.'"

File photo by Barry Neiman

Michelle Licata says she was 16 when she first visited Jeffrey Epstein's home on El Bible Way to give him a massage. She says he tried to penetrate her with his fingers.

After he was done, he stood up and walked to the shower, dismissing her as if she had been in factory class.

It wasn't long before a list of Licata's fellow students at Royal Palm Beach High School had heard about "a creepy old guy" named Jeffrey who lived in a pink waterfront mansion and was paying girls $200 to $300 to give him massages that quickly turned sexual.

Eventually, the Palm Beach police, and then the FBI, came knocking on Licata's door. In the police report, Licata was referred to as a Jane Doe 2 in order to protect her identity as a minor.

There would be many more Jane Does to follow: Jane Doe No. 3, Jane Doe No. 4, Jane Does 5, 6, 7, 8 — and as the years went by — Jane Does 102 and 103.

Jeffrey Epstein

Long before #MeToo became the catalyst for a women's movement fueled by sexual assault — and a decade before the fall of Harvey Weinstein, Bill Cosby and U.S. Olympic gymnastics doctor Larry Nassar — there was Jeffrey Edward Epstein.

Epstein, a multimillionaire hedge fund manager whose friends included a constellation of entertainers, politicians, business titans and royalty, for years hired teenage girls to his Palm Beach mansion as part of a cult-like sex pyramid scheme, police in the town of Palm Beach found.

The girls arrived, sometimes by taxi, for trysts at all hours of the day and night.

Few were told much more than that they would be paid to give an old man a massage — and that he might ask them to strip down to their underwear or get naked. But what began as a massage often led to masturbation, oral sex, intercourse and other sex acts, police and court records show.

The alleged abuse dates back to 2001 and went on for years.

### Prosecutors' special offer

In 2007, despite ample physical evidence and multiple witnesses corroborating the girls' stories, federal prosecutors and Epstein's lawyers quietly put together a remarkable deal for Epstein, then 54.

He agreed to plead guilty to two felony prostitution charges in state court, and in exchange, he and his accomplices received immunity from federal sex-trafficking charges that could have sent him to prison for life.

He served 13 months in a private wing of the Palm Beach County stockade. His alleged co-conspirators, who helped schedule his sex sessions, were never prosecuted.

The deal, called a federal non-prosecution agreement, was sealed so that no one — not even his victims — could know the full scope of Epstein's crimes and who else was involved.

The U.S. attorney in Miami, Alexander Acosta, was personally involved in the negotiations, records, letters and emails show.

Acosta is now a member of President Donald Trump's Cabinet. As U.S. secretary of Labor, he has oversight over international child labor laws and human trafficking.

"How come people who don't have money get sent to jail — and can't even make bail — and they have to do their time and sit there and think about what they did wrong? He had no repercussions and doesn't even believe he did anything wrong," said Licata, now 39.

Licata is among 36 women who were officially identified by the FBI and the U.S. Attorney's Office as victims of Epstein, now 66. But after the FBI case was closed in 2008, witnesses and alleged victims testified in civil court that there were hundreds of girls who were brought to Epstein's homes, including girls from Europe, Latin America and former Soviet Republic countries.

But Acosta and Epstein's armada of attorneys — Harvard professor Alan Dershowitz, Jay Lefkowitz, Gerald Lefcourt, Jack Goldberger, Roy Black, Guy Lewis and former Whitewater special prosecutor Kenneth Starr — matched a conscious Epstein would never serve time in a federal or state prison.



Kenneth Starr

There were really just two people willing to risk their careers to go after Epstein: Palm Beach Police Chief Michael Reiter and Detective Joseph Recarey.

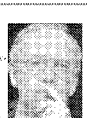

Michael Reiter

For Reiter, business tycoon Jeffrey Epstein wasn't any more formidable than any of the other 3,000 or so wealthy and powerful people living on the island. Police had handled sensational cases involving wealthy residents before — from the murders of heiresses to the rape case involving William Kennedy Smith, of the Kennedy family.

The easternmost town in Florida, Palm Beach is a 10.4-square-mile barrier island between the Intracoastal Waterway and the Atlantic Ocean populated by some of the richest people in the country.

President Trump has his "Winter White House" in Palm Beach, and the town makes news as much for its glitz as it does for its unusual efforts to preserve its well-mannered image, like banning shirtless joggers.

But it was a little surprising, even to Reiter, to learn that one of its residents had a revolving door of middle school and high school girls coming to his gates compound throughout the day and night.

In their first media interviews about the case, Reiter and Recarey revealed new details about the investigation, and how they were, in their view, pressured by then-Palm Beach State Attorney Barry Krischer to downgrade the case to a misdemeanor or drop it altogether.

Between March of 2005 — when the case was opened — and seven months later, when police executed a search warrant at Epstein's home, Recarey had identified 24 possible victims, according to a copy of the redacted police report obtained by the Herald.

By the time police felt they had enough evidence to arrest Epstein on sex charges, they had identified about 35 possible underage victims and were tracking down at least a dozen more, the police report said.

"I was surprised at how quickly it snowballed. I thought at some point there would be a last interview, but the next victim would supply me with three or four more names and the next one had three or four names and it just kept getting bigger and bigger," Recarey said.

### Blaming the victims

By then, word had gotten back to Epstein from some of the girls that they had been questioned by police. Epstein hired famed lawyer Alan Dershowitz.

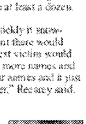

Alan Dershowitz

"A lot Dershowitz flew down and met privately with Krischer," Recarey said. "And the shenanigans that happened, I don't think I've ever seen or heard of before."

Police reports show that Epstein's private investigators attempted to conduct interviews while posing as cops, that they picked through Reiter's trash in search of dirt to discredit him, and that the private investigators were accused of following the girls and their families.

In one case, the father of one girl claimed he had been run off the road by a private investigator, police and court reports show.

Several of the girls said they felt intimidated and frightened by Epstein and Sarah Kellen, the millionaire's assistant and alleged scheduler of massages, who warned them not to talk to police, according to the police report.

Dershowitz, in an interview with the Herald, said he had nothing to do with gathering background on the girls — or in directing arrests to follow the police, or the girls and their families.

"I'm not an investigator. My only job was to negotiate and try the case when it comes to trial," he said.

He nevertheless convinced Krischer that the girls would not be credible on the witness stand, according to Reiter and Recarey.

The defense team's investigators compiled dossiers on the victims in an effort to show that Epstein's accusers had troubled pasts.

Dershowitz met with Krischer and Recarey, sharing with them the results of an investigation into one of the girls whom Dershowitz described as "an accomplished drama student" who hurled profanities at his ex-girlfriend at "a furious pace."

"Our investigation had discovered at least one of her websites and I am enclosing some examples. ... the site goes on to detail, including photos, her apparent fascination with lesbianism," Dershowitz wrote in an undated letter to Recarey. He also disputed the claim that one of the defense team's private investigators had misrepresented himself as a police officer.

Recarey stood his ground.

"His attorneys allowed us a MySpace page where one of the girls was holding a beer in her hand, and they said, 'oh look, she is underage drinking,'" Recarey recalled. "Well, tell me what teenager doesn't? Does that mean she isn't a victim because she drank a beer? Basically, what you're telling me is the only victim of a sexual battery could be a nun."

Krischer and the lead state prosecutor on the case, Assistant State Attorney Lanna Belohlavek, began to dodge Recarey and Reiter's phone calls and emails, and they dragged their feet on approving subpoenas, Reiter and Recarey said.

"Early on, it became clear that things had changed, from Krischer saying, 'we'll put this guy away for life,' to 'these are all the reasons why we aren't going to prosecute this.'" Reiter said.

Krischer, who is now retired and in private practice, did not respond to multiple requests from the Herald for comment. Belohlavek also did not respond to an email sent to her office.

"It became apparent to me that some of our evidence was being leaked to Epstein's lawyers, who began to question everything that we had in our probable cause affidavit," Reiter said.

**Coming tomorrow: Searching Epstein's mansion**

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## Document (1)

1. *Article: Criminal Enforcement Redundancy: Oversight of Decisions Not to Prosecute, 103 Minn. L. Rev. 844*

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# *Article: Criminal Enforcement Redundancy: Oversight of Decisions Not to Prosecute*

December, 2018

**Reporter**
103 Minn. L. Rev. 844 *

**Length:** 23570 words

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## Text

**[*844]**

INTRODUCTION

In light of concerns about mass incarceration and excessive search practices by police, [1] underenforcement of criminal law is not the first problem that springs to mind for American criminal justice. But in fact, some of the prominent contemporary complaints about U.S. criminal justice, as well as some longstanding ones, object to underenforcement of criminal law. Two of the most notable categories are failures to prosecute in cases of unjustified police violence, especially against nonwhite victims, and in cases of sexual assaults. Lower-profile examples abound as well, as do historical examples.

Given the nation's history, underenforcement problems are often related to race. Insufficient law enforcement attention to crimes in minority neighborhoods, for example, has been criticized as depriving African American victims and communities of their fair share of government protection from criminal harm. [2] In earlier eras, law enforcement inattention to, or wholesale neglect **[*845]** of, white offenders' victimization of black victims - in lynchings, attacks on civil right activists, sexual assaults, and other contexts - was often patent. [3] But the problem of unjustified underenforcement is not confined to these contexts, nor to the United States. Failures to prosecute arise from a fundamental structural challenge faced by all criminal justice systems: how to ensure unbiased, evenhanded enforcement practices - safeguards in favor of justified enforcement. This challenge gets less attention than criminal procedure's central preoccupation of guarding against excessive or groundless criminal charges. Concern about misuse of the state's prosecution authority rightly motivates much in criminal procedure, from search and seizure rules [4] and judicial review of arrests [5] to evidence disclosure duties, [6] the right to counsel, [7] and standards of proof. [8]

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[1] U.S. incarceration rates quintupled over the last forty years and are five to seven times higher than those in other advanced democracies. See *Floyd v. City of New York, 959 F. Supp. 2d 540, 572-602 (S.D.N.Y. 2013)* (documenting and holding unconstitutional widespread stop-and-frisk practices by New York City police that disproportionately targeted non-white men); Michelle Alexander, The New Jim Crow: Mass Incarceration in the Age of Colorblindness 6-9 (2010); World Prison Brief Data, Inst. for Crim. Pol'y Res. (2016), *http://www.prisonstudies.org/country/united-states-america* (comparing national data on total prison population and incarceration rates and reporting that the United States has the world's largest prison population at 2,217,947 inmates).

[2] Randall Kennedy, Race, Crime, and the Law 29 (1997).

[3] See, e.g., Equal Justice Initiative, Lynching in America: Confronting the Legacy of Racial Terror 39, 48 (3d ed. 2017) (documenting approximately 4000 lynchings in the years 1877-1950; about one percent resulted in a conviction for perpetrators).

[4] See generally Wayne R. LaFave et al., Criminal Procedure 126-63, 512-49 (5th ed. 2009) (discussing search and seizure rules).

Structural responses to the state declining to use its enforcement authority are much fewer and less prominent. At least in common law countries, enforcement decisions are the province of police and prosecutor discretion, and oversight of officials' failures to enforce has been left almost wholly to the political process. Decisions to search, arrest, or charge face modest judicial scrutiny on evidentiary grounds and - at the extreme margins - racial or **[*846]** ethnic bias. [9] Decisions not to arrest or charge are virtually immune from judicial review or other nonpolitical oversight. [10] Like other common law jurisdictions, U.S. justice systems have always rejected an approach long adopted in some civil law jurisdictions to prevent unjustified and disparate nonenforcement - a rule of mandatory prosecution that restricts executive officials' discretion over arrest and charging decisions. [11]

A broader view, however, reveals that all criminal justice systems incorporate one or more strategies to address underenforcement, which can be collectively described as redundant charging authority. All are to some degree familiar, though they are not usually described in these terms or understood as serving this common purpose.

One approach is creation of two distinct enforcement agencies with overlapping or duplicative jurisdiction. This model is a familiar safeguard against underenforcement of transnational crimes or crimes on the high seas; international criminal law routinely grants nation-states coextensive, duplicative jurisdiction to enforce international or domestic criminal laws outside their borders. International treaties on subjects such as public corruption, drug trafficking, and human trafficking [12] can be understood as agreements to create enforcement redundancy among national criminal justice agencies to solve underenforcement problems by particular states. [13] The same arrangement occurs domestically for enforcement of civil or regulatory law when administrative agencies have overlapping, and thus redundant, **[*847]** jurisdiction over the same regulated activities. [14] The most important version of this model in the United States, however, is criminal justice federalism. Due to the steady growth of federal criminal law, jurisdiction, and institutional capacity over the last century, state and federal

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[5] *Gerstein v. Pugh, 420 U.S. 103, 111-16 (1975)* (holding that the Fourth ***Amendment*** requires a judicial determination of probable cause prior to extended detention); *County of Riverside v. McLaughlin, 500 U.S. 44, 52-58 (1991)* (defining "prompt" under Gerstein's requirement of a prompt judicial determination of probable cause).

[6] *Brady v. Maryland, 373 U.S. 83, 86 (1963)* (holding prosecution's withholding of the confession of defendant's confederate violated defendant's due process rights).

[7] *Gideon v. Wainwright, 372 U.S. 335, 342 (1963)* (extending ***Sixth Amendment*** right to assistance of counsel to indigent state criminal defendants); *Powell v. Alabama, 287 U.S. 45, 53 (1932)* (holding defendants' rights to counsel of their choice throughout the prosecution process had been violated).

[8] *In re Winship, 397 U.S. 358, 364 (1970)* (holding that proof beyond a reasonable doubt is constitutionally required under the Due Process Clause).

[9] *United States v. Armstrong, 517 U.S. 456, 456-71 (1996)* (examining selective prosecution claim based on racial bias); see also *Whren v. United States, 517 U.S. 806, 813 (1996)* (holding that, in assessing the legality of police decisions to stop suspects under the Fourth ***Amendment***, courts should ignore officers' subjective motivations).

[10] See, e.g., Abby L. Dennis, Reining in the Minister of Justice: Prosecutorial Oversight and the Superseder Power, *57 Duke L.J. 131, 132-33 (2007)* (describing prosecutors' "limitless, unmonitored and … unreviewable power").

[11] See infra Part II.B.

[12] See Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, G.A. Res. 55/25, annex II (Nov. 15, 2000), *https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html*; United Nations Office on Drugs & Crime, World Drug Report 2017, U.N. Sales No. E.17.XI.7 (2017), *https://www.unodc.org/wdr2017/index.html*; U.S. Dep't of State, Trafficking in Persons Report 438 ( 2017), *https://www.state.gov/documents/organization/271339.pdf*.

[13] See Neil Boister, An Introduction to Transnational Criminal Law 135-95 (2d ed. 2012), *http://opil.ouplaw.com/view/10.1093/law/9780199605385.001.0001/law-9780199605385-chapter-12*.

[14] See Jacob E. Gersen, Overlapping and Underlapping Jurisdiction in Administrative Law, *2006 Sup. Ct. Rev. 201, 201-03 (2007).*

law enforcement substantially overlap for many categories of crime. Much of this enforcement redundancy, as considered in detail below, has been a deliberate federal response to diverse problems of underenforcement in state criminal justice. The point for now, however, is the functional equivalence of duplicative federal-state jurisdiction, nation-state jurisdiction, and agency jurisdiction. All represent a common strategy to reduce underenforcement by empowering redundant enforcement authorities: independent entities with equivalent institutional capacity and expertise share jurisdiction. If one neglects to enforce, the other may. Functionally, each backstops, or provides oversight of, failures to enforce by the other.

A second model for minimizing unjustified failures to prosecute relies on private actors to create redundancy with public prosecutors' authority. Empowering private actors to file and litigate public law claims is familiar in many civil law contexts; numerous federal statutes authorize private rights of action that enable private individuals or groups to supplement public agencies' law enforcement efforts. [15] Through much of the nineteenth century, this kind of duplicative public-private enforcement authority was a familiar feature in the criminal justice systems of many states, which permitted private parties - victims - to prosecute alleged criminal wrongdoing.

Redundant charging authority takes other forms as well. In large hierarchical agencies such as the U.S. Department of Justice, internal administrative review of front-line prosecutors' charging or declination decisions by higher-ups creates a version of redundant enforcement authority; supervisors can make independent determinations and reverse front-line prosecutors. [16] **[*848]** This kind of redundancy through administrative review now exists in English, Irish, and many European criminal justice systems. [17]

More ambitiously from a U.S. perspective - because it is rare here - judicial power to review prosecutorial charging decisions is another means to create some degree of redundant charging authority between the executive and judicial branches. Although criminal charging is a core function of the executive branch, state and federal courts have modest authority to review and bar executive officials' decisions to file criminal charges. It is only as a matter of policy that courts - with a few exceptions - are not empowered to address underenforcement by reviewing the executive's noncharging decisions. (This power is somewhat broader for courts in England and Wales as well as in the law of a few states.) [18] This model of redundancy separates charging authority - for courts as for Department of Justice supervisors, the power to order prosecutors to prosecute - from enforcement authority, which includes the institutional capacity to file and litigate charges. Courts (with rare exceptions) have no administrative capacity to litigate a prosecution; but they could provide some redundancy in charging authority. [19]

In sum, charging redundancy can occur between equivalent agencies in separate governments, between public and private actors, or between agencies or branches of the same government. Criminal justice systems in Europe and the common law world have adopted or strengthened one or more of these mechanisms in recent decades. In the United States, choices among these strategies have changed over time and between jurisdictions. Nearly all states that once authorized private prosecution have long since prohibited it. Federal prosecutors are organized in a centralized hierarchical agency that makes administrative review possible, but few state prosecutors are similarly organized. For these reasons and others, the primary means of enforcement redundancy to combat underenforcement is overlapping federal- **[*849]** state authority made possible by the distinctive U.S. model of federalism.

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[15] Examples of federal statutes authorizing private rights of action include the Clayton Act, *15 U.S.C. § 15* (2006) (granting a private right of action for antitrust violations); Federal Tort Claims Act, *28 U.S.C. § 2680*(h) (1994); Title VI of the Civil Rights Act of 1964, ***42 U.S.C. § 2000e-5***(f) (1994); Americans with Disabilities Act, *42 U.S.C. § 12133* (1994). For an overview, see Pamela H. Bucy, Private Justice, *76 S. Cal. L. Rev. 1, 12-54 (2002).*

[16] See *18 U.S.C. § 3771*(f) (2012) (mandating review of federal prosecutor decisions within the Justice Department upon victim's request).

[17] See infra Part II.A.1.

[18] See infra Parts II.B.3-B.4.

[19] Note that this conception of redundant authority intersects with, but is distinct from, constitutional separation of powers. In a standard account (briefly put), separation of powers describes branches of government having distinct roles, authority, and competencies. In the main, branches do not do the same things; they do different, rival, and complementary things. But if so empowered by the legislature, courts can exercise some degree of charging authority, creating limited redundancy in charging authority between the executive and judicial branches.

This Article has several aims. One is to introduce the concept of enforcement redundancy and demonstrate its utility. Another is to highlight problems of criminal law underenforcement and to situate contemporary complaints about failures to prosecute police violence and sexual assaults as specific examples of broader enforcement deficiencies that stem from bias and favoritism in police and prosecutorial discretion. The Article also defends the observation that enforcement redundancy strategies are responses to versions of this problem. It then assesses the strengths and weaknesses of different such strategies, with primary attention on the effectiveness of the U.S. approach of redundant federal-state authority. A focus on three different categories of criminal law underenforcement - government corruption, police violence, and sexual assaults - clarifies differences in the effectiveness of the U.S. approach. Federalism has proven an effective response to states' failures to address forms of public corruption, and for those crimes, it is likely superior to its alternatives. Federal authority has had some success in compensating for states' failures to prosecute police violence and other police wrongdoing, but its efficacy is harder to judge and arguments for supplemental redundancy strategies are stronger. For sexual assaults, federal authority has failed to assert any meaningful enforcement jurisdiction to compensate for weaknesses in state justice systems. Despite the sustained efforts and notable successes of reform advocates in this area, no model of enforcement redundancy has made inroads.

The Article proceeds as follows. Part II briefly surveys evidence of and reasons for underenforcement. The need for safeguards against unjustified nonenforcement has long been recognized in the United States and elsewhere; outside the United States, as part of victims' rights reforms, it has been the object of institutional reforms. Part III elaborates the mechanisms available to address risks of criminal law underenforcement. The predominant options are (1) some authority for private actors to initiate or participate in criminal prosecutions; (2) judicial or administrative review of initial nonprosecution decisions by public prosecutors; and (3) authority for a separate, independent public prosecutor's office to bring charges when another prosecutor has declined to. Other countries - out of tradition, an absence of federalism, or as part of victims' rights reforms - rely on versions of **[*850]** the first and second options. Part III also considers why U.S. victims' rights laws, which are otherwise robust, lack either of these components adopted elsewhere, especially given that many state criminal justice systems relied on private prosecution for much of the nineteenth century. The likely answers help explain why the United States relies almost exclusively on the third option as a safeguard against underenforcement.

Finally, Part IV assesses how effectively federalism-based enforcement redundancy addresses underenforcement, particularly the recurrent, contemporary controversies around police violence and sexual assault. Redundant enforcement through overlapping federalism has had considerable success addressing some underenforcement problems, such as corruption by state and local officials, certain kinds of civil rights violations, or crimes against disfavored minority groups. [20] It is doubtful that private prosecution or judicial review could match its success. The federalism strategy has a more mixed record on the problem of unjustified police violence. Federal officials have succeeded where state officials have failed in overseeing reform of local police departments to reduce police lawbreaking, and they occasionally prosecute and convict individual officers. [21] But the vast majority of incidents of police violence go unprosecuted, including most that lead to large civil settlements for victims. [22]

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[20] See, e.g., David Grann, Killers of the Flower Moon: The Osage Murders and the Birth of the FBI 57 (2017) (describing "corrupt sheriffs and police departments" that failed to enforce the law and were unable to solve serial murders of Native American victims); Margaret Burnham, The Long Civil Rights Act and Criminal Justice, *95 B.U. L. Rev. 687, 687-88 (2015)* (discussing federalism-based redundancy in the context of the Civil Rights Acts); Gregory L. Padgett, Racially-Motivated Violence and Intimidation: Inadequate State Enforcement and Federal Civil Rights Remedies, *75 J. Crim. L. & Criminology 103, 105 (1984)* (advocating for federalism-based enforcement redundancy to ensure punishment in crimes against racial minorities).

[21] On federal reform of local police, see Rachel A. Harmon, Limited Leverage: Federal Remedies and Policing Reform, *32 St. Louis U. Pub. L. Rev. 33, 53-56 (2012);* Rachel A. Harmon, Promoting Civil Rights Through Proactive Policing Reform, *62 Stan. L. Rev. 1, 20-51 (2009)* [hereinafter Harmon, Policing Reform].

[22] Human Rights Watch, Shielded from Justice: Police Brutality and Accountability in the United States 77-84, nn.149-72 (1998), *https://www.hrw.org/legacy/reports/reports98/police/index.htm* (documenting "civil remedies");*id. at 89-96, nn.182-200, 92-93* tbls.1-2 (documenting "low rate of federal prosecutions"); Joanna C. Schwartz, How Governments Pay: Lawsuits, Budgets, and Police Reform, *63 UCLA L. Rev. 1144, 1147-71 (2016)* (documenting civil settlements for police wrongdoing in 100 localities); Ian Simpson, Prosecution of U.S. Police for Killings Surges to Highest in Decade, Reuters (Oct. 26, 2015), *https://www.reuters.com/article/us-usa-police* - idUSKCN0SK17L20151026 (noting twelve officers were charged for fatal shootings in the first nine months of 2015, compared to about five per year between 2005 and 2014).

It is **[*851]** unclear what portion of those incidents merit criminal prosecution. Key facts are often disputed, and while federal and state jurisdiction are coextensive here, federal criminal law generally sets a higher bar for liability than state law, especially due to its more onerous mens rea requirement. [23] That makes the former an imperfect backstop to the latter, because they are only partially redundant. And as recent changes in federal policy suggest, [24] redundancy between governments is subject to political shifts in those governments; federal oversight of state enforcement works only if federal officials are committed to the oversight role. Moreover, keeping prosecution in the exclusive province of executive officials keeps prosecutorial discretion more closely aligned with political majorities and thereby with popular sentiments about certain groups of defendants (such as police officers) and victim groups (such as criminal suspects). In this context, redundancy in state law charging by courts or private actors, rather than rival prosecutors, might make a real contribution. Finally, cases of sexual assault reveal a weakness of federalism-based redundancy. State and federal criminal jurisdiction in the United States overlap more than elsewhere, but they are not wholly coextensive. Federal prosecutors lack authority over most assaults that do not involve public officials or federal **[*852]** property. Sexual assaults are one context in which the enforcement strategies favored in Europe and England - regulated private prosecution or review of declination decisions - hold more promise.

## I. UNDERENFORCEMENT AND REASONS NOT TO PROSECUTE

### A. Sources of Unjustified Noncharging Decisions

Public prosecutors are the gatekeepers of criminal law enforcement, and justice systems employ a variety of safeguards against prosecutors' misjudgment, bias, incompetence, or laziness. Most are directed at prosecutors' charging decisions rather than decisions declining to charge (i.e., declination decisions), for familiar reasons - charging creates real burdens and risks for defendants. [25] Many familiar procedural components are aimed at preventing improper criminal charges or the harm they can cause. Requirements that charges are based on sufficient evidence are an obvious example, but double jeopardy laws and restrictions on prosecutors' conflicts of interest serve the same purpose. The full range of pretrial and trial procedures designed to assure accurate and unbiased adjudication are intended to sort out improper charges and attach punishments only to proper ones. [26]

Safeguards against nonenforcement, or unjustified decisions not to prosecute, are fewer, are less explicit, and (in common law jurisdictions) are less often in the form of legal rules and mandates. One explanation for this is simply that the interests at stake are not as high - no individual faces prosecution and possible punishment. Another is that many non-prosecution decisions

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[23] Police violence is often prosecuted under ***18 U.S.C. § 242*** (2012) (criminalizing the deprivation of rights under color of law). On challenges to prosecuting police violence, including federal law's intent requirement, see Barbara E. Armacost, Organizational Culture and Police Misconduct, *72 Geo. Wash. L. Rev. 453, 465-67 (2004);* Mary M. Cheh, Are Lawsuits an Answer to Police Brutality?, in Police Violence 247, 253, 258-66 (William A. Geller & Hans Toch eds., 1996); John V. Jacobi, Prosecuting Police Misconduct, *2000 Wis. L. Rev. 789, 806-11 (2000);* Paul J. Watford, Screws v. United States and the Birth of Federal Civil Rights Enforcement, *98 Marq. L. Rev. 465, 477-86 (2014);* Mark Joseph Stern, Why the Feds Can't Charge Darren Wilson: They Should, but the Supreme Court Gutted the Civil Rights Law He Violated when He Killed Michael Brown, Slate (Mar. 4, 2015), *http://www.slate.com/articles/news_and_politics/jurisprudence/2014/11/will_justice_department_charge_darren_wilson_* supreme_court_gutted_civil.html; William Yeomans, The Cognitive Dissonance of Federal Civil Rights Prosecutions and Race, ACS Blog (Feb. 13, 2015), *https://www.acslaw.org/acsblog/the-cognitive-dissonance-of-federal-civil-rights* -prosecutions-and-race.

[24] See, e.g., U.S. Attorney Gen., Memorandum: Supporting Federal, State, Local and Tribal Law Enforcement (2017); Sari Horwitz et al., Sessions Orders Justice Department to Review All Police Reform Agreements, Wash. Post (Apr. 3, 2017), *https://www.washingtonpost.com/world/national* -security/sessions-orders-justice-department-to-review-all-police-reform - agreements/2017/04/03/ba934058-18bd-11e7-9887-1a5314b56a08_story.html.

[25] See, e.g., *United States v. Armstrong, 517 U.S. 456, 463-66 (1996)* (examining the Equal Protection Clause's prohibition on racially-motivated charging); *Wayte v. United States, 470 U.S. 598, 608 (1985)* (holding due process bars prosecution in retaliation for exercising fundamental rights); *Kolender v. Lawson, 461 U.S. 352, 355 (1983)* (holding due process bars unduly vague offense definitions to reduce opportunities for selective enforcement); *Papachristou v. Jacksonville, 405 U.S. 156, 162 (1972)* (same).

[26] See *Duncan v. Louisiana, 391 U.S. 145, 156 (1968)* (regarding trial by jury as a "safeguard against the corrupt or overzealous prosecutor").

follow from determinations that there is insufficient evidence to support charging, and common law jurisdictions **[*853]** have long left those assessments in the unregulated discretion of police and prosecutors. [27]

But that is not the whole story. For one, it does not follow from the fact that officials must assess evidentiary sufficiency that their assessments should be unregulated or unsupervised. The tradition in civil law jurisdictions is otherwise, and available evidence often depends on the effort and priority officials give to finding it. More importantly, how rigorously we guard against unmerited nonenforcement depends on how we value the interests harmed by nonenforcement, and on how much we worry about nonenforcement for the wrong reasons. Both have changed over time.

The primary causes of underenforcement are failing to investigate and charge due to biases against certain victims or harms, or favoritism toward certain kinds of suspects. [28] Three kinds of crimes - local government corruption, sexual assaults, and unjustified uses of force by law enforcement officers - illustrate the link between these risks, failures to enforce, and the consequences of underenforcement. Local corruption garners the least public and political attention now; [29] not coincidentally, the United States has found an effective model of enforcement redundancy on this front. [30] The justice system's responses to sexual assault and police violence, on the other hand, are subjects of heated political and policy debates. [31] There has been notable progress in reducing the criminal justice system's disregard of **[*854]** both kinds of offenses, but underenforcement - and almost as important, widespread suspicion of underenforcement - remain significant enough that they illustrate some of the key costs of those failures. Suspicion of underenforcement is itself a cost, because it reflects a loss of legitimacy for criminal justice institutions. That loss in turn undermines the system's efficacy if citizens decline to report victimization or otherwise decline to cooperate with law enforcement officials. Evidence for those effects is strong for both sexual assaults and police violence. [32] More generally, underenforcement is a form of unequal treatment that unevenly - and unjustly - distributes the important public benefits of criminal law enforcement, including the state's commitment to protect everyone equally from unlawful harms. [33] It also deprives victims of the private benefits that criminal justice is now widely recognized to afford, and owe, to victims.

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[27] See *Morrison v. Olson, 487 U.S. 654, 727-28 (1988)* (Scalia, J., dissenting) ("Law enforcement is not automatic … . What every prosecutor is practically required to do is to select the cases for prosecution and to select those in which the offense is the most flagrant, the public harm the greatest, and the proof the most certain." (quoting Robert H. Jackson, Attorney Gen. of the U.S., Address to the Second Annual Conference of United States Attorneys: The Federal Prosecutor (Apr. 1, 1940))); 483 Parl Deb HC (5th ser.) (1951) col. 681 (UK) ("It has never been the rule … that suspected criminal offences must automatically be the subject of prosecution.").

[28] See Alexandra Natapoff, Underenforcement, *75 Fordham L. Rev. 1715, 1722-39 (2006)* (documenting underenforcement as a significant problem). On underenforcement of sexual assault offenses, see Deborah Tuerkheimer, Underenforcement as Unequal Protection, *57 B.C. L. Rev. 1287, 1292-1303 (2016)* (discussing empirical evidence of bias leading to underenforcement).

[29] Concern about public corruption at the federal government level, by contrast, has increased, precisely where criminal and regulatory level are somewhat weaker. See, e.g., Zephyr Teachout, Corruption in America: From Benjamin Franklin's Snuff Box to Citizens United 1-16 (2014).

[30] See infra Part III.B.1.

[31] See, e.g., Do Police Use Deadly Force Too Often?, N.Y. Times: Room for Debate (Apr. 9, 2015), *https://www.nytimes.com/roomfordebate/2015/04/09/are* -police-too-quick-to-use-force.

[32] See Michael Planty et al., U.S. Dep't of Justice, Female Victims of Sexual Violence, 1994-2010, at 6 (2013), *https://www.bjs.gov/content/pub/pdf/fvsv9410.pdf* (estimating portion of sexual assaults reported to police annually varied from fifty-nine to thirty-two percent between 2003-10); Nancy Krieger et al., Police Killings and Police Deaths Are Public Health Data and Can Be Counted, PLOS Medicine 1-4 (2015), *https://journals.plos.org/plosmedicine/article/file?id=10.1371/journal.pmed.1001915&type=printable* (describing underreporting of killings by police); Kate B. Wolitzky-Taylor et al., Is Reporting of Rape on the Rise? A Comparison of Women with Reported Versus Unreported Rape Experiences in the National Women's Study Replication, 26 J. Interpersonal Violence 807, 807-08 (2011) (estimating fifteen percent of rapes were reported to police in 2006).

[33] This point is better developed in literature on policing than prosecution. See, e.g., Angela J. Davis, Arbitrary Justice: The Power of the American Prosecutor 166 (2007) (noting that prosecutorial discretion can unintentionally "produce inequitable results for similarly situated

1. Underenforcement Against Corruption

Crimes of corruption by state and local officials are a good example of harms that, at times, criminal justice systems have unduly ignored. [34] Local police and prosecutors are not institutionally well-situated to pursue and evaluate those crimes. They often have professional, if not personal, ties to other local officials, which heightens the risk of undue favoritism or judgments that are otherwise not fully disinterested. That is the main reason **[*855]** that federal investigators and prosecutors have state and local corruption in their portfolios. [35]

2. Underenforcement Against Sexual Assault

Sexual assault offenses are another context in which underenforcement is now widely recognized, but the causes are different. Rather than favoritism toward offenders, the problem seems to be bias against the type of offense, and, in varying degrees, against the victims. Failures of police to rigorously pursue allegations of sexual assaults have been widely documented. [36] Among the explanations that advocates, attorneys and some scholars point to are "the entrenched nature of long-recognized, gender-driven biases by police against domestic violence or sexual assault claims" and "against individuals from particular groups or under particular circumstances," especially against victims who are poor or are racial, ethnic or gender minorities. [37] One large-scale empirical study of why rape-kit evidence remained untested, for example, suggested that the explanation in part was "negative beliefs and stereotypes about victims, which adversely affected the quality of the investigation." [38] It bears noting that much of this bias is understood to be subtle or unconscious patterns built on cultural norms, rather than conscious, purposeful disfavor. [39] But when evidentiary records are incomplete or ambiguous, their effects are substantial.

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3. Underenforcement Against Police Excessive Uses of Force

Failures to prosecute in the wake of police shootings and other possibly excessive uses of force against civilians are scenarios that raise suspicions of both bias against victims, many of whom are black men (and often criminal suspects, another disfavored

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victims and defendants"); Natapoff, supra note 28, at 1753; David Alan Sklansky, Police and Democracy, *103 Mich. L. Rev. 1699, 1822 (2005)* (arguing that policing failures in some communities undercuts "the egalitarian project of protecting all citizens from private violence").

[34] The point extends to private actors, especially organized crime, with ties to local officials.

[35] See infra Part III.B.1. On local corruption, see generally, for example, Corruption and American Cities: Essays and Case Studies in Ethical Accountability (Joaquin Jay Gonzalez III &? Roger L. Kemp eds., 2016) (discussing the role of corruption in American cities); James L. Merriner, Grafters and Goo Goos: Corruption and Reform in Chicago, 1833-2003 (2004) (discussing the role of corruption in Chicago).

[36] See Tuerkheimer, supra note 28, at 1292-99.

[37] ACLU, Responses from the Field: Sexual Assault, Domestic Violence, and Policing 40 (2015); see also Tuerkheimer, supra note 28, at 1292-99 (citing a range of studies to conclude that "in many jurisdictions, the widespread perception that law enforcement officers will likely not pursue allegations of rape [due to race, class or gender bias] is entirely accurate").

[38] Rebecca Campbell et al., The Detroit Sexual Assault Kit (SAK) Action Research Project (ARP), Final Report 109 (2015).

[39] Davis, supra note 33, at 23-34; Tuerkheimer, supra note 28 (discussing bias in sexual assault prosecutions); cf. ACLU, supra note 37 (surveying advocates, service providers, and attorneys, who described "the entrenched nature of long-recognized, gender-driven biases by police against domestic violence or sexual assault claims" and "against individuals from particular groups or under particular circumstances," including "bias against survivors of color, and against survivors who are poor, Native American, immigrant, or LGBTQ"); Joshua Correll et al., The Police Officer's Dilemma: A Decade of Research on Racial Bias in the Decision to Shoot, 8 Soc. & Personality Psychol. Compass 201, 202-09 (2014) (finding that police training reduces some forms of racial bias compared to lay people in shooting simulations but cautioning training effects may be reduced by real-world stress and fatigue conditions); Jeffery J. Pokorak, Probing the Capital Prosecutor's Perspective: Race of the Discretionary Actors, *83 Cornell L. Rev. 1811, 1817 (1998)* (discussing unconscious bias in death penalty prosecutions).

group), and favoritism toward the class of perpetrators, law enforcement officers. [40] In the ordinary organization of criminal justice systems, those cases call on officials from one law enforcement agency to assess the evidence against officials from another, even when the agencies regularly work together. [41] As in the context of local public corruption, conflict-of-interest rules [42] are far from adequate to prevent prosecutors from making judgments in light of such professional relationships and circumstances. [43] The possibility of partiality is inevitable. When **[*857]** that possibility combines with the long history of racial disparities in U.S. criminal justice administration, widespread suspicion of non-prosecution decisions in cases of police violence against minority civilians is hardly surprising, as the Black Lives Matter movement demonstrates. [44]

4. Other Underenforcement Contexts

Corruption, sexual assaults, and police violence illustrate the key causes and effects of failures to enforce criminal law, but the same forces are recognizably at work in other social contexts. Scholars and advocates have pointed to biases as explanations for inadequate law enforcement responses to offenses against undocumented aliens, sex workers, institutionalized persons, and targets of anti-LGBT hate crimes. [45] Complaints that police ignored wrongdoing against racial-minority victims in minority communities were prominent in the 1970s and 1980s. [46] Some of **[*858]** the remedies, however - which included harsher drug laws adopted with substantial support from African American politicians and communities - have proven deeply problematic for those same communities. [47]

Finally, less pernicious biases and favoritism are suspected explanations for lenient enforcement patterns in lower-visibility contexts, such as bicyclists killed by motor vehicle drivers, [48] employees injured on the job due to workplace safety violations, and bystanders shot by recreational hunters. [49] Even critics of those enforcement decisions in those settings view them as products of subtle or unconscious empathy with vehicle drivers, employers, and recreational gun users, which incline officials

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[40] Prison guard assaults on inmates raise the same concerns, although they get less public attention. For a notorious failure to prosecute prison guards and law enforcement officials for unjustified lethal force, see generally Heather Ann Thompson, Blood in the Water: The Attica Prison Uprising of 1971 and Its Legacy (2016).

[41] Cf. Paul Cassell, Who Prosecutes the Police? Perceptions of Bias in Police Misconduct Investigations and a Possible Remedy, Wash. Post: Volokh Conspiracy Blog (Dec. 5, 2014), *https://www.washingtonpost.com/news/volokh* -conspiracy/wp/2014/12/05/who-prosecutes-the-police-perceptions-of-bias-in-police-misconduct-investigations-and-a-possible-remedy (describing the problem of local prosecutors' handling police cases as a "perception of bias" rather than a "conflict of interest" and recommending state attorneys general handle police cases). One solution, followed in Wisconsin, is to assign investigation of deaths involving law enforcement officers to a state-level investigative agency unconnected to the local agency of the officer under investigation.*Wis. Stat.§§175.47*, *950.04(1v)(do)*, *950.08(2g)(h)* (2014).

[42] E.g., Criminal Justice Standards 3-1.3 (A.B.A. 2015); cf. *Braman v. Corbett, 19 A.3d 1151, 1154 (Pa. Super. Ct. 2011)* (describing a situation where a district attorney's office recused itself from decision to prosecute on a private complaint alleging the district attorney committed rape, and the state attorney general investigated and made the decision not to prosecute).

[43] For a disturbing account of prosecutorial deference to police, see Nicole Gonzalez Van Cleve, Crook County: Racism and Injustice in America's Largest Criminal Court 127-56 (2016); David A. Harris, The Interaction and Relationship Between Prosecutors and Police Officers in the United States, and How This Affects Police Reform Efforts, in The Prosecutor in Transnational Perspective 54, 55, 60-63 (Erik Luna & Marianne Wade eds., 2012) (describing reasons why the prospect of police reform through the efforts of state prosecutors is "bleak"); Nicole Gonzalez Van Cleve, Chicago's Racist Cops and Racist Courts, N.Y. Times (Apr. 14, 2016), *https://www.nytimes.com/2016/04/15/opinion/chicagos-racist-cops-and-racist-courts.html*; see also Kate Levine, The Ultimate Conflict, Slate (Sept. 11, 2014),*http://www.slate.com/articles/news_* and_politics/jurisprudence/2014/09/local_prosecutor_bob_mcculloch_should_not_be_the_one_to_decide_whether_to.html. For a harrowing account of a federal prosecutor who did not show deference to fellow law enforcement officials and faced apparent retaliation for it, see Paul Butler, Let's Get Free: A Hip-Hop Theory of Justice 1-21 (2009).



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to assess conduct as non-negligent rather than reckless. [50] Yet even those relatively benign affinities can lead to sub-optimal enforcement policies that might benefit from redundant evaluation of charging decisions.

B. Other Contributions to Underenforcement

It is worth noting that prosecutors themselves might not share those biases so much as take account of them in a local community and jury pool. Expecting juries will be unreceptive to a case is one reason that some prosecutors cite for not charging in some cases. There is evidence for this with regard to hate **[*859]** crimes against LGBT victim groups, for example, [51] and the difficulty prosecutors have faced in convicting police officer defendants is a well-recognized hurdle in police violence cases. [52] The same considerations can cut against prosecutions when victims are undocumented immigrants, sex workers, prisoners, and suspects in custody. [53] Redundant enforcement authority can do less to redress this barrier, although depending on its form, it is not powerless. A separate prosecuting authority might bring better investigation and fact development, or different jurisdictional rules that change the composition of jury venires. [54]

Inadequate funding for criminal justice agencies can also play a role in aggravating areas of unjustified underenforcement. Lack of public resources is an accepted (and inevitable) justification for declining to prosecute in some cases where evidence is sufficient to prove guilt. [55] But funding constraints are **[*860]** not an affirmative good on par with other policy-based, public-interest justifications for non-prosecution, such as judgments finding that civil, regulatory, or public-health remedies are preferable to criminal sanctions, or concluding that third-party harms outweigh prosecution's benefits. [56] Resource constraints are a problem justice systems would like to minimize. Two of the three primary forms of enforcement redundancy do exactly that, or have in the past. Expanding federal law enforcement jurisdiction over crimes already within state jurisdiction was designed to bring federal resources to bear on crimes where state resources were insufficient. [57] And private prosecution, where it **[*861]** still exists, has an equivalent effect - it permits victims to contribute private funds to public enforcement efforts. It is no coincidence that common law jurisdictions relied on private prosecution most heavily - through the mid-nineteenth century - when state capacity, including criminal justice infrastructure, was much thinner. [58]

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[44] See, e.g., Paul D. Butler, Poor People Lose: Gideon and the Critique of Rights, *122 Yale L.J. 2176, 2204 (2013)* (describing protest movements and other responses to racially disparate criminal justice policies); Roseanna Sommers, Will Putting Cameras on Police Reduce Polarization?, *125 Yale L.J. 1304, 1307-17 (2016)* (describing polarized public perceptions of, and protests against, police uses of force and non-prosecution of police); What We Believe, Black Lives Matter, *https://blacklivesmatter.com/about/what-we-believe* (last visited Oct. 30, 2018).

[45] See Avlana Eisenberg, Expressive Enforcement, *61 UCLA L. Rev. 858, 861-64 (2014)* (studying the reasons prosecutors choose not to charge hate crimes); Natapoff, supra note 28 (summarizing evidence of underenforcement of crimes against prostitutes, undocumented immigrants, residents of certain low-income neighborhoods, and drug-crime suspects); see also Human Rights Watch, supra note 22, at 102 ("In fiscal year 1997, the [DOJ] Civil Rights Division received a total of 10,891 complaints [against law enforcement officers], … leading to twenty-five indictments and informations, involving sixty-seven law enforcement agents; nine were convicted, nineteen entered guilty pleas, and four were acquitted."); Ryan Gabrielson et al., Deadly Force, in Black and White, ProPublica (Oct. 10, 2014), *https://www.propublica.org/article/deadly-force-in-black-and-white* ("Analysis of killings by police shows outsize risk for young black males.").

[46] See Kennedy, supra note 2, at 29-75 (providing a broader account of complaints about law enforcement providing insufficient protection to black communities); Rod K. Brunson & Ronald Weitzer, Police Relations with Black and White Youths in Different Urban Neighborhoods, 44 Urb. Aff. Rev. 858, 876 (2009) ("Perceived police under-protection or poor service in poor, minority neighborhoods has been complained about for generations … .").

[47] Michael Javen Fortner, Black Silent Majority: The Rockefeller Drug Laws and the Politics of Punishment 173-216 (2015) (describing support from working-class and middle-class blacks for punitive drugs laws in the 1970s as a means to fight growing disorder in black communities); Kennedy, supra note 2, at 351-86; David A. Sklansky, Cocaine, Race, and Equal Protection, *47 Stan. L. Rev. 1283, 1285-90 (1995)* (describing the effects of anti-cocaine laws on black communities). Underenforcement of criminal law by southern states through the 1960s, when civil rights activists were the victims, are another example.

When resource constraints remain, however, they force officials to choose which cases get priority. That creates more opportunity for biases and favoritism to play a role in determining which cases to charge and which to forgo. That is especially so with crimes in which evidence development is more costly, so officials have to decide whether to invest scarce resources in those that require substantial investigative efforts. Both sexual assault and police violence cases often require larger-scale investments to develop evidence sufficient for prosecution. Failures to make those investments are common reasons for non-prosecution in both contexts. [59]

## II. MECHANISMS OF PROSECUTORIAL ACCOUNTABILITY

For a range of reasons and across a range of contexts, public prosecutors' failures to enforce criminal law have been of sufficient concern to lead contemporary justice systems to devise checks against unjustified underenforcement. Approaches take three basic forms: (1) limited authority for private parties to initiate or participate in criminal prosecutions; (2) independent review of initial non-prosecution decisions, upon petition from a **[*862]** victim; and (3) multiple, independent public prosecution agencies with independent authority to bring charges for the same wrongdoing. Outside the United States, the first two options predominate; their expansion in recent years is a direct consequence of broader reforms to expand crime victims' rights. [60] U.S. jurisdictions, however, rely almost wholly on the third model. Despite having adopted otherwise expansive victims' rights laws in recent decades in response to an influential movement for crime victims' rights, state and federal laws consistently and explicitly avoid granting any formal authority to private parties, or courts, over criminal charging. The next three Sections provide an overview of these options, where they exist. Largely with regard to U.S. policy choices only, they also suggest reasons that one model prevailed over others.

### A. Victim Rights and Private Versus Public Interests

In the wake of victims' rights movements in North America and Europe, crime victims now have an array of legal rights once criminal charges are filed. Victims in the U.S. and European jurisdictions now commonly have rights to participate that include rights to consult with prosecutors, to be notified of and present at court proceedings, and to offer statements at stages such as hearings on bail, sentencing, and parole. [61]

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[48] See Daniel Duane, Is It O.K. to Kill Cyclists?, N.Y. Times (Nov. 9, 2013), *https://www.nytimes.com/2013/11/10/opinion/sunday/is-it-ok-to-kill-cyclists* .html (discussing failures to prosecute motor vehicle drivers who injure or kill bicyclists); see also BikeMaps.org, *https://bikemaps.org* (last visited Oct. 30, 2018) (displaying a crowd-sourced map of locations of cyclist injuries and fatalities).

[49] See John F. Decker, Don't Forget to Wear Your Hunter Orange (or Flack Jacket): A Critique on the Lack of Prosecution of Hunting "Accidents," *56 S.C. L. Rev. 135, 166-73 (2004).*

[50] See id.; Duane, supra note 48.

[51] Eisenberg, supra note 45, at 893-96 (discussing data from prosecutor interviews). In the contexts Eisenberg describes, prosecutors typically forgo hate-crime offenses in favor of other charges rather than declining to prosecute altogether. Though the focus here is on prosecutors, they may not be the key cause of underenforcement. For similar reasons, police may not investigate or arrest in such cases, or if they do prosecution can be undermined by lax evidence-gathering. Police practices are the focus on much of the scholarship on underenforcement of certain offenses. Much of the literature on inadequate enforcement of sexual assault crimes focuses on weaknesses in the police rather than prosecutors. See, e.g., Tuerkheimer, supra note 28, at 1292-99 (discussing evidence of police bias).

[52] See, e.g., Alan Blinder, Michael Slager, Officer in Walter Scott Shooting, Gets 20-Year Sentence, N.Y. Times (Dec. 7, 2017), *https://www.nytimes.com/2017/12/07/us/michael-slager-sentence-walter-scott.html* (explaining that an officer pled guilty in federal court after a 2016 prosecution in state court ended with a hung jury).

[53] See Natapoff, supra note 28.

[54] See, e.g., id.

[55] See U.S. Dep't of Justice, United States Attorneys' Manual § 9-27.230 cmt. 1 (1997) (recognizing limited prosecution resources); see also Human Rights Watch, supra note 22, at 99 (listing "lack of investigative or prosecutorial resources" among the most common reasons noted by the federal Civil Rights Division for declining to prosecute); U.S. Dep't of Justice, FY 2013 Performance Budget: Civil Rights Division 39 (noting that strengthening of civil rights enforcement efforts under the "Vulnerable People Priority" policy "has been reversed because full

Under the criminal justice systems of all other major common law countries and nearly all European states, victims' rights also include authority to challenge prosecutors' decisions not to prosecute, either by a limited right to initiate prosecutions as private parties or by enabling victims to trigger judicial or **[*863]** administrative review of noncharging decisions. [62] By contrast, nearly every U.S. jurisdiction rejects these mechanisms. State and federal laws consistently avoid permitting victims any power to challenge or encroach on public prosecutorial authority. Federal law, for example, explicitly dictates that "nothing in this [victims' rights] chapter shall be construed to impair the prosecutorial discretion of the Attorney General or any officer under his direction." [63] State statutes manifest the same policy in various ways, such as by prohibiting legal remedies for violations of participation rights they create. [64] U.S. laws limit victims' participation to "non-dispositive" forms, such as providing information and personal statements to prosecutors, judges, and parole boards, which facilitates victims' influence on public officials' decisionmaking. [65] But state and federal policy rejects enlisting victims as "agents of accountability" for public prosecution. [66]

In U.S. jurisdictions and elsewhere, the conceptual innovation of victims' rights laws was to recognize victims' distinct private **[*864]** interests in public criminal litigation. Most rights are specific entitlements to advance victims' broader, dignitary right to be "treated with fairness and with respect for the victim's dignity." [67] These provisions conceive of victims as "agents of individual rights" and "independent from systemic interests," and their interests can either conflict or align with those of law enforcement. [68] At the same time, victim participation rights can also be understood to serve a broader public interest in procedural outcomes, on the premise, for example, that prosecutors' and judges' decisions will improve with direct input from victims. Public decisionmaking risks substantive deficiency, and criminal process would be procedurally deficient, without due regard for victims' interests. Jurisdictions that empower victims to challenge non-prosecution decisions enable private parties themselves to address the problem of criminal law underenforcement. The remainder of this Section provides some detail on contemporary forms of private prosecution authority, their capacity to advance public as well as private interests, and reasons for its absence (or demise) in U.S. jurisdictions.

1. Private Prosecution in the Shadow of Public Prosecution

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funding of these program areas was not provided"). In specific contexts as diverse as tax law and marijuana control, legislators intentionally limit enforcement budgets in order to restrict enforcement efforts. See Daniel C. Richman, Federal Criminal Law, Congressional Delegation, and Enforcement Discretion, *46 UCLA L. Rev. 757, 793-99 (1999)* (discussing agency budget appropriations as a mechanism of congressional control over some agencies, such as the IRS, more than others, such as the FBI); Rachael Bade, Republicans Seek to Cripple IRS: The GOP's Moves Will Gut the Tax Agency, Advocates Warn, Politico (Dec. 11, 2014), *https://www.politico.com/story/2014/12/republicans-irs-regulations-113484* (quoting a senator's aim to use "the power of the purse" to "push back on the regulatory overreach" of the IRS and EPA); Douglas A. Berman, Mixed Outcomes for Marijuana Reform Efforts in Latest Omnibus Spending Bill from Congress, Sent'g L. & Pol'y Blog (Dec. 16, 2015),*http://sentencing.typepad.com/sentencing_law_and_policy/2015/week51/index.html* (describing H.R. 4660, enacted as part of a spending bill, which prohibited spending of Justice Department funding to hinder state medical marijuana policies).

[56] See, e.g., Crown Prosecution Serv., The Code for Crown Prosecutors 4 (2013), *https://www.cps.gov.uk/sites/default/files/documents/publications/code_2013_accessible_english.pdf* (providing guidelines for England and Wales). Familiar policies include declinations based on first-offender or drug-court diversion programs, the adequacy of civil penalties, a policy preference for public health responses to drug abuse, and - with regard to marijuana - federal deference to state policymaking. See Memorandum from James M. Cole, Deputy Attorney Gen. to U.S. Attorneys, Guidance Regarding Marijuana Enforcement (Aug. 29, 2013),http://www.justice. gov/iso/opa/resources/3052013829132756857467.pdf (describing Justice Department policy not to prosecute marijuana dealers who comply with state law). For local examples, see Joseph Goldstein, Spare a Swipe? New York City Eases Rules for a Subway Request, N.Y. Times (Apr. 17, 2016), *https://www.nytimes.com/2016/04/18/nyregion/spare-a-swipe-new-york-city-eases-rules-for-a-subway-request.html* (describing a new policy "by the Manhattan district attorney's office to no longer prosecute people arrested for minor infractions such as swipe-begging, smoking in the subway, or taking up two seats on a subway car"); Greg LaRose, No Arrests for Pot Possession in New Orleans, Council Decides, Nola.com (Mar. 17, 2016), *https://www.nola.com/politics/index.ssf/2016/03/marijuana_possession_* city_coun.html (reporting city council vote to expand range of marijuana offenses for which police do not have to arrest offenders or charge as state criminal misdemeanors); Max Taves & Justin Scheck, San Francisco Police Ease Drug Enforcement, Wall St. J. (Aug. 1, 2012), *https://www.wsj.com/articles/SB10000872396390444226904577559243414878630* (describing police treating drug possession crimes as a low priority in part because the chief prosecutor "looks at drug possession as a health issue"). Seattle city voters in 2003 approved Initiative 75, which established adult personal marijuana use as "Seattle's lowest law enforcement priority." Seattle Voters Approve Initiative Making Marijuana Enforcement City's "Lowest Priority," NORML (Sept. 18, 2003),*http://norml.org/news/2003/09/18/seattle-voters-approve-initiative-making* -marijuana-enforcement-city-s-lowest-priority.



HOUSE_OVERSIGHT_016520

Public prosecutors now dominate enforcement decisions in both common law-based and civil law-based justice systems worldwide. That is hardly surprising, given the far-reaching regulatory scope of modern criminal law and high expectations that the state will ensure security against social disorder and innumerable harms, and will intervene in risk creation long before manifest criminal conduct or injury. [69] That agenda requires capacity, resources, and expertise that only public agencies can marshal. Moreover, a criminal enforcement regime that relied heavily on private plaintiffs would be one skewed against redress for poor victims who cannot bear litigation costs to vindicate their own interests. [70] Without safeguards, such a regime **[*865]** also could be at the mercy of the varied, perhaps idiosyncratic motives and interests of private actors lodging criminal complaints.

Still, many countries continue to authorize private citizens to initiate criminal prosecutions when public officials do not, and others allow privately funded attorneys to assist or supplement public prosecutors in litigating criminal cases. Canada, Australia, New Zealand, and England and Wales all continue to allow private prosecutions, [71] and fifteen of the twenty-eight member states of the European Union grant victims some comparable **[*866]** authority. [72] Details vary across jurisdictions, but everywhere private prosecutors' authority is limited by oversight from public **[*867]** prosecutors and courts. [73] The standard common law model is that public prosecutors retain the power to take over privately filed charges and then either try the case themselves, negotiate a plea bargain, or - more commonly when intervention occurs - dismiss the charges altogether. In this framework, private actors can press charges when public officials do not, but functionally they serve primarily as a mechanism for political accountability. Through private charging in the wake of public prosecutors' declination, victims force public officials to justify publicly their reasons for not charging and for vetoing privately filed charges - and to do so on grounds other than public resource constraints, given that a private actor has offered to bear the costs. Given the private cost barriers and the capacity of public prosecution agencies, it is unsurprising that, even where permitted, privately initiated charges nonetheless contribute to a tiny fraction of prosecutions on criminal dockets. [74]

2. Abolition of Private Prosecution in State Criminal Justice

U.S. jurisdictions are comparative exceptions; nearly all long ago prohibited privately initiated prosecutions, [75] even though in other contexts private actors continue to enforce public law in service of public interests. [76] But private criminal charges were

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[57] See Harmon, Policing Reform, supra note 21, at 20-51. Federal funding to state and local enforcement agencies is a more direct example of supplementing resources. Federal influence over local enforcement policies that comes with such funding is an attenuated version of enforcement redundancy. Id. at 66.

[58] On staffing of state prosecutor offices in the nineteenth century, see Nicholas R. Parrillo, Against the Profit Motive: The Salary Revolution in American Government, 1780-1940, at 11-23 (2013).

[59] On sexual assault cases (especially reasons for not testing evidence gathered in rape kits), see Campbell et al., supra note 38, at 60-100; Tuerkheimer, supra note 28, at 1297. On police use-of-force cases, see Human Rights Watch, supra note 22, at 99 (reporting that the Justice Department Civil Rights Division's "most common reasons for declining prosecution were: weak or insufficient admissible evidence … ; lack of evidence of criminal intent; … and lack of investigative or prosecutorial resources"). For a good analysis of how police shootings of "unarmed victims" vary widely in critical factual details and why many are justified, see Heather Mac Donald, Black and Unarmed: Behind the Numbers: What the Black Lives Matter Movement Misses About Those Police Shootings, Marshall Project (Feb. 8, 2016), https://www .themarshallproject.org/2016/02/08/black-and-unarmed-behind-the-numbers.

[60] See, e.g., Council Directive 2012/29, 2012 O.J. (L 315) 57 (EC), http://eur -lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0029 (defining standards for treatment and rights of crime victims in E.U. member states); Marie Manikis, Conceptualizing the Victim Within Criminal Justice Processes in Common Law Tradition, in Oxford Handbook on Criminal Process (Darryl K. Brown et al. eds., forthcoming 2019) (manuscript at 18-19) (on file with author).

[61] For an overview of victim rights in Europe, see Slawomir R. Buczma, An Overview of the Law Concerning Protection of Victims of Crime in the View of the Adoption of the Directive 2012/29/EU Establishing Minimum Standards on the Rights, Support and Protection of Victims of Crime in the European Union, 14 ERA F. 235, 239-41 (2013). On U.S. jurisdictions, see Crime Victim Rights Act (***CVRA***), *18 U.S.C. § 3771*(a) (2012) (enumerating the federal rights of victims of crime); Michael Solimine & Kathryn Elvey, Federalism, Federal Courts, and Victims' Rights, *64 Cath. U. L. Rev. 909, 913-14 & nn.30-31 (2015)* (collecting all thirty-two state constitutional provisions and all fifty state statutes relating to victims' rights).

[62] See infra Part II.B.



HOUSE_OVERSIGHT_016521

once common and significant in many state justice systems. U.S. colonies and states created public prosecution offices much earlier than England. [77]

**[*868]** Even so, in the nation's earliest decades, those officials were often part-time or short-term officials, whose duties were often primarily quasi-judicial or administrative. [78] For those reasons, in many states those officials coexisted alongside private prosecutors with whom they shared some similarities. Early public prosecutors were paid by the case or the conviction [79] and pursued cases from private complainants. [80] But by the mid-nineteenth century, every state had public prosecutor offices of some sort. [81] Increasingly, they were full-time and accompanied by **[*869]** public police forces. In this context, private prosecutions diminished, then vanished. [82]

However, because public prosecutors continued to suffer from poor funding (and consequently were held in low regard), [83] some states continued an alternate form of private prosecution: privately funded attorneys could assist in criminal prosecutions as long as the public prosecutor supervised or retained formal control. [84] This form of ancillary or supplementary private prosecution, which leaves charging decisions in public hands, is still permitted in several states. [85] Otherwise, only vestiges of private **[*870]** prosecution remain in a few states. Pennsylvania seems to have the strongest version: it permits private prosecutions for any offense upon the approval from a state prosecutor or a judge. [86] Rhode Island authorizes private prosecutions only for misdemeanors. [87] Under state common law, New Hampshire might permit the same for nonjailable offenses. [88] Beyond that, judges in many states can issue an arrest warrant or criminal summons based on a private person's testimony, but public prosecutors control whether to go forward with the case. [89]

**[*871]** In sum, U.S. jurisdictions are unusual among common law jurisdictions in having abolished private prosecution as a means to vindicate victims' private interests, a supplement to public enforcement resources, and a structural check on selective underenforcement from biases in public prosecutors' discretionary decisions not to charge. English authorities, in contrast, explicitly recognize this public function for private prosecution. Private actors' authority to second-guess declination decisions - charging decision redundancy - operates as "the ultimate safeguard for the citizen against inaction on the part of the authorities." [90] The only remnant of this view in the United States seems to be in Pennsylvania. Its courts view victim-initiated

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[63] *18 U.S.C. § 3771*(d)(6). Elsewhere, regarding victim complaints of rights violations to the Justice Department, the statute provides that "the Attorney General … shall be the final arbiter of the complaint, and that there shall be no judicial review of the final decision of the Attorney General by a complainant." Id. § 3771(f)(2)(D); see also *United States v. Thetford, 935 F. Supp. 2d 1280, 1282 (N.D. Ala. 2013)* ("These rights, however, do not extend to giving crime victims veto power over the prosecutor's discretion."); *Does v. United States, 817 F. Supp. 2d 1337, 1343 (S.D. Fla. 2011)* ("To the extent that the victims' pre-charge ***CVRA*** rights impinge upon prosecutorial discretion, under the plain language of the statute those rights must yield.").

[64] See, e.g., *Ohio Rev. Code Ann. § 2930.06(A)* (West 2004) ("A prosecutor's failure to confer with a victim … does not affect the validity" of a decision to dismiss charges, plea agreement, or other disposition). Only a few jurisdictions, such as California and the federal system, provide for meaningful enforcement of participation rights by, for example, allowing victims to intervene in trial proceedings to demand rights, or to appeal trial court violations; to facilitate a remedy, courts may order that a guilty plea or sentence be re-opened. See Cal. Const. art. I, § 28(c)(1) (stating that a victim may enforce a list of enumerated rights in trial or appellate court "as a matter of right"); *18 U.S.C. § 3771*(d); cf. *Paroline v. United States, 134 S. Ct. 1710, 1718 (2014)* (providing an example of a decision resulting from a victim's appeal of a restitution order).

[65] See Ian Edwards, An Ambiguous Participant: The Crime Victim and Criminal Justice Decision-Making, 44 Brit. J. Criminology 967, 974 (2004) (classifying "dispositive" and "non-dispositive" forms of victim participation and putting modes of consultation, information-provision, and expression under the latter heading).

[66] See Marie Manikis, Expanding Participation: Victims as Agents of Accountability in the Criminal Justice Process, Pub. L. 63, 69 n.29 (2017).

[67] See, e.g., Ohio Const. art. I, § 10(a) (establishing victims' rights to "fairness, dignity, and respect"); Tex. Const. art. I, § 30(a)(1) (establishing victims' "right to be treated with fairness and with respect for the victim's dignity and privacy"); *18 U.S.C. § 3771*(a)(8) (establishing victims' "right to be treated with fairness and with respect for the victim's dignity").

[68] Manikis, supra note 60.

prosecutions as fulfilling the same structural purpose. Allowing private actors to begin prosecutions meets "the need for a system of checks and balances on the office of the district attorney" and "constitutes a recognition by the legislature that the office of the district attorney should be subject to a system of checks and balances." [91]

The rarity of private charges in jurisdictions that authorize them hardly justifies their abolition. Private prosecutions should be rare in well-functioning public prosecution systems, because public agencies pursue most provable cases and because private actors must bear considerable costs to press charges themselves. Moreover, other rules and institutions - including other safeguards on prosecutorial charging - endure despite few indications of their utility. There has never been a successful claim that a criminal charge violated the Equal Protection prohibition on racially biased charging, [92] but few argue the doctrine lacks at least normative value. [93] Grand juries rarely reject prosecutors' **[*872]** charging requests for indictments, but courts continue to tout them as a structural check on prosecutors. [94] Like private prosecution, these safeguards may work by deterring biased or ill-conceived prosecutorial decisions; their efficacy is probably impossible to measure.

A contributing explanation for the U.S. aversion to private prosecution may lie in a familiar theme of U.S. law and history: race. During the first several decades of the nineteenth century, when private citizens could prosecute crimes, many states - and not only Southern ones - either denied African Americans legal capacity as litigants [95] or barred them from testifying under oath on the basis of race. Among other effects, those barriers barred private prosecutions by African Americans. [96] After 1865 - an era in which rights to litigate and testify were viewed by many as more meaningful than the right to vote [97] - those race-based legal disabilities were abolished. [98] In the same period, private charging authority, already on the decline, was abolished in most **[*873]** states that still permitted it. States that retained a formal litigation role for crime victims did so by allowing privately funded attorneys to assist in prosecutions filed and controlled by public prosecutors, thus ensuring that public officials are the exclusive gatekeepers of criminal law enforcement. Between the 1840s and 1860s, prosecutors had become locally elected officials in nearly all states. That effectively aligned their charging monopoly with the preferences of local white majorities (or white minorities in localities in which black citizens were the majority, once Southern whites succeeded in disenfranchising black citizens). [99] Evidence for the relationship between race and the demise of private prosecution is

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[69] Among myriad examples are crimes of preparation, conspiracy, possession of contraband, consensual exchanges (e.g., of drugs or sex for money), and many kinds of criminal attempts. See Andrew Ashworth & Lucia Zedner, Preventive Justice 95-118, 171-223 (2014).

[70] Douglas Campbell, 2 The Puritan in Holland, England, and America 444 (1892) (criticizing the English system of private prosecution as one "by the rich for the rich"); Joan E. Jacoby, The American Prosecutor: A Search for Identity 17 (1980). German victims who challenge a non-prosecution decision must put up security to cover the public costs of judicial review. See Strafprozessordnung [StPO] [Code of Criminal Procedure], § 176, translation at *https://www.gesetze-im-internet.de/englisch_stpo/englisch_stpo* .html; Ante Novokmet, The Right of a Victim to a Review of a Decision Not to Prosecute as Set out in Article 11 of Directive 2012/29/EU and an Assessment of Its Transposition in Germany, Italy, France and Croatia, 12 Utrecht L. Rev. 86, 94 (2016).

[71] For England and Wales, see Prosecution of Offences Act 1985, c. 23, § 6, *https://www.legislation.gov.uk/ukpga/1985/23* (stating that the creation of Crown Prosecution Service shall not "preclude any person from instituting any criminal proceedings or conducting any criminal proceedings"). For Canada, see, for example, Ontario Provincial Offences Act, R.S.O. 1990, c. P.33; Director of Public Prosecutions Act, S.C. 2006, c 9, § 121, para. 3(3)(f) (describing DPP "duties and functions," which includes "exercising the authority of the Attorney General respecting private prosecutions, including to intervene and assume the conduct of - or direct the stay of - such prosecutions"); Private Prosecutions, Ministry Att'y Gen., *https://www.attorneygeneral.jus.gov.on.ca/english/private_prosecution.php* (last modified Oct. 29, 2015) (describing private prosecutions and noting "the Criminal Code and the Crown Attorneys Act authorize Crown Counsel to supervise privately laid charges to ensure that such prosecutions are in the best interest of the administration of justice" and to "take over the prosecution" of indictable offences); Private Prosecutions, Pub. Prosecution Serv. Can.,*http://www.ppsc-sppc.gc.ca/eng/pub/fpsd-sfpg/fps-sfp/fpd/ch26* .html (last modified Dec. 24, 2008). For Australia, see, for example, Director of Public Prosecutions Act 1983 s 10(2) (Austl.) (preserving private prosecution); id. s 9(5) (giving the Director power to take over a prosecution for a Commonwealth offence that has been instituted by another and either carry on or discontinue it); Annual Report 2014-15, Commonwealth Dir. Pub. Prosecutions (2015), *https://www.cdpp.gov.au/2014* -15-annual-report-html-0 (reporting three private prosecutions in 2014-15, two of which were discontinued by the DPP); see also Director of Public Prosecutions Act 1984 (Queensl.) s 10(c)(2) (Austl.) (giving DPP the power to "take over and conduct" criminal proceedings); Director of Public Prosecutions Act 1986 (N.S.W.) s 9 (Austl.) (using similar language to Commonwealth DPP Act); Dir. of Pub.



HOUSE_OVERSIGHT_016523

correlative rather than causal, but it nonetheless suggests a reason for why state justice systems took a different path from other common-law jurisdictions and abolished private charging. Local white majorities had little need for a structural check on prosecutors they elected, and they likely did not want a way for African-American citizens to challenge prosecutors and independently pursue their interests in criminal courts. Prosecution redundancy would reduce the control of local majorities to dictate enforcement policies, including preferences for selective underenforcement.

B. Judicial and Administrative Review of Decisions Not to Charge

A second structure that creates some redundant authority over decisions not to prosecute exposes those prosecutorial decisions to review, either by courts or by supervising officials within an administrative hierarchy. As with private prosecution, this mechanism is almost nonexistent among U.S. jurisdictions, with the significant exception of federal law. But this option has gained ground elsewhere, in England and throughout E.U. countries. In all these contexts, its adoption responds to demands for expanded victims' rights in the criminal process. This Section briefly surveys prominent examples of noncharging review in federal law and Europe, then considers why state justice systems uniformly reject it.

**[*874]**

1. Oversight of Declination Decisions in Europe

Pursuant to an E.U. Directive, [100] twenty-five of the twenty-eight member states of the European Union grant crime victims formal rights to seek review of decisions not to file criminal charges based on their complaints. [101] The details of these review procedures vary. Some authorize judicial review of prosecutors' decisions; most jurisdictions, including Scotland and France, provide at least a means for review by independent officials within the prosecution agency, perhaps with an additional possibility for judicial review. [102] Although E.U. nations with common law-based legal systems, such as Ireland, Northern Ireland, [103] and England, have adopted versions of this practice, the **[*875]** practice is more established in civil law jurisdictions, likely because it is consistent with the longstanding duty in some civil law countries of mandatory prosecution. [104]

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Prosecutions Vict., Annual Report 14-15, at 86,*http://www.opp.vic.gov.au/getattachment/8bc2fefc-8715-4516-9fb8-57ea3e4b6342/OPP_Annual_Report_14_15_Full_web* .aspx (noting that pursuant to discretion granted under § 22(b)(ii), the DPP took over and dismissed one private prosecution instituted for an "improper purpose"). Regarding New Zealand, see Criminal Disclosure Act 2008 (N.Z.); Criminal Procedure Act 2011 (N.Z.); Crown Law, Solicitor-General's Prosecution Guidelines 4 (2013), http://www .crownlaw.govt.nz/assets/Uploads/Prosecution-Guidelines/prosecution-guidelines-2013.pdf. Scotland is much more restrictive. See Criminal Procedure (Scotland) Act 1975, c. 21, § 310A (Scot.) (stating in a provision added in 1996 that "except where any enactment otherwise expressly provides, all prosecutions under this Part of this Act shall be brought at the instance of the procurator fiscal"); Frazer McCallum, Scottish Parliament Info. Ctr., The Scottish Criminal Justice System: The Public Prosecution System 2 (2016), http://www .parliament.scot/ResearchBriefingsAndFactsheets/S5/SB_16-47_The_ Scottish_Criminal_Justice_System_The_Public_Prosecution_System.pdf ("Prosecutions by private individuals are possible in some circumstances, but are very rare."). Before 1995, judicial approval was granted for only two private prosecutions in Scotland in the twentieth century. See Woman Loses Attempt to Bring Private Prosecution. Judges Reject Move on Rape Case, Herald Scot. (June 1, 1995), *http://www.heraldscotland.com/sport* /spl/aberdeen/woman-loses -attempt-to-bring-private-prosecution-judges-reject-move-on-rape-case-1 .677607.

[72] See Challenging the Decision Not to Prosecute, Eur. Union Agency for Fundamental Rts. (2014) [hereinafter FRA Report], *http://fra.europa.eu/en/publications-and-resources/data-and-maps/comparative-data/victims-support* -services/prosecution (summarizing policies of EU nations). This source arguably overstates private-prosecution jurisdictions by characterizing "private prosecution" broadly to include states, such as France, in which victims can initiate petty offense charges and inquiries by investigating judges but may pursue only civil actions without public prosecutors. See Country Studies for the Project "Victim Support Services in the EU: An Overview and Assessment of Victims' Rights in Practice,' Eur. Union Agency for Fundamental Rts. (Feb. 2016), *http://fra.europa.eu/en/country-data/2016/country-studies-project-victim-support* -services-eu-overview-and-assessment-victims. For separate developments in the Council of Europe, including standards for victim assistance and procedural rights to be informed about and participate in criminal proceedings, and for a victim's right to review decisions not to prosecute, see Comm. of Ministers, Council of Eur., Recommendation Rec(2006)8 of the Committee of Ministers to Member States on Assistance to Crime Victims (2006); Comm. of Ministers, Council of Eur., Recommendation No. R (87) 4 of the Committee of Ministers to Member States Concerning the Simplification of Criminal Justice (1987); Comm. of Ministers, Council of Eur., Recommendation No. R (87) 4 of the Committee of Ministers to Member States on the Protection of Workers in the Event of



HOUSE_OVERSIGHT_016524

The mandatory prosecution duty, known as the "legality principle," is itself a safeguard against selective underenforcement due to bias or favoritism. It is primarily an anti-discrimination injunction, intended to ensure that prosecutors treat like cases alike, rather than a mandate to ensure public safety and order through full enforcement. [105] Administrative and judicial enforceability of that duty is intended to ensure its effectiveness.

2. Oversight of Declination Decisions in England and Wales

The United Kingdom was an E.U. member state when the victim's right Directive was issued, [106] and its largest criminal **[*876]** justice system - the combined jurisdictions of England and Wales - provides several grounds on which victims or other aggrieved parties may obtain both administrative and judicial review of non-prosecution decisions. Yet the reasons for this relate foremost to public rather than private interests: "a decision not to prosecute, especially in circumstances where it is believed or asserted that the decision is or may be erroneous, can affect public confidence in the integrity and competence of the criminal justice system." [107]

In line with other E.U. member states, English victims can seek administrative review within the Crown Prosecution Service. The process appears to be meaningful; in recent years, between seven and thirteen percent of prosecution decisions challenged in this way have been reversed. [108] Moreover, noncharging decisions are also subject to judicial review - a policy rarely seen in other common law jurisdictions. [109] The standard is deferential, but English courts do periodically overturn non-prosecution decisions after evaluating them against written standards in the Code for Crown Prosecutors and other guidelines. [110] English courts have disapproved of decisions not to prosecute upon finding they were based on an unlawful policy [111] or were found to be **[*877]** "perverse" under a general reasonableness standard. [112] And in particular contrast to U.S. law with regard to lethal force by police, English judges give special scrutiny to cases that arise from deaths in state custody, which by their nature raise the specter of prosecutorial favoritism toward fellow law enforcement officials. [113]

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Employers' Insolvency (1987); Comm. of Ministers, Council of Eur., Recommendation No. R (85) 11 of the Committee of Ministers to Members States on the Position of the Victim in the Framework of Criminal Law and Procedure (1985). For analysis of Directive 2012/29 as well as Council of Europe recommendations, see Buczma, supra note 61, at 242-48. In Germany, victims can initiate a private prosecution for certain minor offenses, and for more serious offenses may take a formal role as accessory prosecutors with rights to participate in proceedings and to be heard before charges are dismissed. See Strafprozessordnung [StPO] [Code of Criminal Procedure], §§374-94, translation at *https://www.gesetze-im-internet.de/englisch_* stpo/englisch_stpo.html (describing rights of privateklage); id. §§153, 395-402 (describing rights of nebenklager); see also id.§§403-406c (describing compensation); id. § 172 (describing victim's right to seek court order to compel public prosecution); Michael Bohlander, Principles of German Criminal Procedure 25, 64 (2012).

[73] This describes, for example, the German system that allows private parties to act as accessory prosecutors alongside public prosecutors. See Strafprozessordnung [StPO] [Code of Criminal Procedure],§§153, 395-402 (describing rights of nebenklager).

[74] See, e.g., Commonwealth Dir. of Pub. Prosecutions, supra note 71 (reporting three private prosecutions in federal courts in 2014-15).

[75] By the end of the nineteenth century, state and federal justice systems were firmly committed to the principle that prosecution is an exclusive power of public officials in which private victims have no role or standing. See *Malley v. Lane, 115 A. 674, 676 (Conn. 1921);* cf. *Linda R.S. v. Richard D., 410 U.S. 614, 619 (1973)* ("[A] citizen lacks standing to contest the policies of the prosecuting authority when he himself is neither prosecuted nor threatened with prosecution… . In American jurisprudence at least, a private citizen lacks a judicially cognizable interest in the prosecution or nonprosecution of another.").

[76] See Manikis, supra note 66.

[77] See Jacoby, supra note 70, at 5-7; Jack M. Kress, Progress and Prosecution, 423 Annals Am. Acad. Pol. & Soc. Sci. 99, 100 (1976); Allen Steinberg, From Private Prosecution to Plea Bargaining: Criminal Prosecution, the District Attorney, and American Legal History, 30 Crime & Delinq. 568, 571-72 (1984) (finding that private prosecutions predominated in the colonies). In 1704, Connecticut established what was probably the first public prosecutor's office. See Jacoby, supra note 70, at 17; Kress, supra, at 103. When Blackstone described criminal law as predominantly directed at public wrongs, he did so in the context of a late eighteenth century justice system in which private prosecutions were common. See 4 William Blackstone, Commentaries on the Laws of England: Book the Fourth 5-6 (1795).

[78] See Jacoby, supra note 70, at 23 (concluding that after 1789 "for the first half-century at least" the public prosecutor was "clearly a minor actor in the court's structure" with a more judicial than executive role); Stephanie A.J. Dangel, Note, Is Prosecution a Core Executive Function? Morrison v. Olson and the Framers' Intent, *99 Yale L.J. 1069, 1073 (1990)* ("First, colonial attorneys general and district attorneys performed non-prosecutorial tasks … ." ); see also Steinberg, supra note 77, at 577 (noting public prosecutor's duties included responsibility

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3. Federal Oversight of Declination Decisions

In the United States, only the federal justice system provides for a process of administrative review somewhat comparable to those in E.U. member states. Federal law grants victims a right to seek review of prosecutors' decisions within the Department of Justice hierarchy, although it also explicitly bars judicial review of Justice Department decisions in this process. [114] Although decision makers in an internal review process have less institutional independence from those they review than do judges engaged in judicial review, they also have a comparative advantage in institutional expertise, which could translate into less deference to, and more meaningful oversight of, front-line prosecutors.

In addition, federal law guarantees victims "the reasonable right to confer with the attorney for the Government in the case." [115] The Department of Justice interprets this not to create a right to confer before charges are filed, reasoning that no "case" exists until charges are filed. [116] Some lower courts have interpreted the statute differently, however, and concluded that it **[*879]** creates an enforceable right for victims to confer with prosecutors before, and about, the charging decision. One held that prosecutors cannot enter a non-prosecution agreement with a suspect until they confer with victims, and that if they fail to do so the court can order prosecutors to re-open the non-prosecution agreement. [117] A few other lower federal courts have reached similar conclusions, [118] although at least two have opposing conclusions. [119]

Even in its stronger form, this is a limited entitlement, in effect, to an opportunity to try to influence charging decisions. Even the most aggressive federal courts on this point do not examine prosecutors' good faith during consultations or their reasons for disagreeing with victims. In sum, neither the consultation right nor the right to review by Justice Department supervisors infringes federal prosecutors' monopoly power over charging from judicial oversight.

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for the court calendar). England had no full-scale prosecution agency until the creation of the Crown Prosecution Service in the Prosecution of Offences Act 1985. See Prosecution of Offences Act 1985, c. 23. The Director of Public Prosecutions office was established in 1879, but it supplemented rather than displaced private prosecution. See Glanville Williams, The Power to Prosecute, Crim. L. Rev. 596, 601-03 (1955) (noting 1879 creation of Director of Public Prosecutions and describing police as de facto public prosecutors).

[79] See Parrillo, supra note 58.

[80] Professional police forces did not arise until the 1850s, so victims investigated crimes and arrested offenders. See Peggy M. Tobolowsky, Victim Participation in the Criminal Justice Process: Fifteen Years After the President's Task Force on Victims of Crime, 25 New Eng. J. Crim. & Civ. Confinement 21, 25 (1999) (explaining that, to arrest offenders, victims could enlist the "aid of the local watchman, justice of the peace, or constable for whose assistance the victim paid").

[81] See, e.g., Mike McConville & Chester Mirsky, Jury Trials and Plea Bargaining: A True History 25-42 (2005) (describing early systems in New York of judicial or gubernatorial appointment of prosecutors, until the office first became elective in 1847); Allen Steinberg, The Transformation of Criminal Justice: Philadelphia, 1800-1880, at 152-58 (1989) (stating that Philadelphia first elected its district attorney in 1850). Prosecutors as well as judges became elected positions in many states as part of a wave of state constitutional reform in the mid-nineteenth century. See, e.g., Ind. Const. art. 7, § 11 (1851); Md. Const. art. 5 (1851); see also id. art. 3 (forbidding creation of state attorney general office); Mich. Const. arts. 8, 10 (1850); N.Y. Const. art. 10 (1846); N.C. Const. art. 4, § 29 (1868); Va. Const. art. 6,§§6, 8, 30 (1851).

[82] See Jacoby, supra note 70, at 6 (arguing that American prosecutors evolved from weak to strong figures largely because they were popularly elected and tied to local government organization). Public and private prosecutors coexisted for a few decades in some places. See *Cantrell v. Commonwealth, 329 S.E.2d 22, 25 (Va. 1985)* (describing the history of private prosecution in Virginia); State v. Stein, 30 S.C.L. (1 Rich.) 189, 190 (S.C. 1845) (affirming that private individuals may file criminal or civil actions for the same offense but must elect the form before trial); Corley v. Williams, 17 S.C.L. (1 Bail.) 588, 588-89 (S.C. 1830) (providing an example of private prosecution). Pennsylvania and New York relied heavily on private prosecutors for criminal law enforcement before 1850. See *Stewart v. Sonneborn, 98 U.S. 187, 198 (1879)* (Bradley, J., dissenting) ("Every man in the community, if he has probable cause for prosecuting another, has a perfect right, by law, to institute such prosecution, subject only, in the case of private prosecutions, to the penalty of paying the costs if he fails in his suit."); McConville & Mirsky, supra note 81 (describing New York courts with private prosecutors and, prior to 1847, judicial or gubernatorial appointments of public prosecutors); Steinberg, supra note 81, at 24-69, 152-57 (describing private prosecutions, screened by aldermen acting as magistrates, and creation of elected district attorney's office in 1852).

[83] Robert M. Ireland, Privately Funded Prosecution of Crime in the Nineteenth-Century United States, 39 Am. J. Legal Hist. 43, 44-45 (1995) (recounting numerous comments by state supreme courts on the low quality and inadequate funding of public prosecutor offices).

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4. Oversight of Declination Decisions in State Justice Systems

State justice systems do not go as far as the federal system does, much less provide the kind of oversight or victim recourse that European systems now offer. And this is so despite the fact that all states have adopted substantial victims' bills of rights, nearly all of which include rights for victims to consult with prosecutors. Most make clear that the consultation right attaches only after the prosecutor decides to file charges. [120] Rights of administrative review are rare. [121] One reason for that is surely structural. The U.S. Department of Justice is a hierarchically organized agency within which all federal prosecutors operate, a structure that enables supervisory and quasi-independent review within the agency. But few states follow that model. Instead, prosecutors in most states are locally elected and operate **[*881]** autonomously from state justice departments or attorneys general, which generally exercise little, if any, oversight. [122] Administrative review of state prosecutors' charging decisions is simply not feasible without major reorganization of state justice systems.

That structural barrier probably explains why state prosecutors' decisions are functionally immune to administrative oversight, but the lack of judicial oversight has a different origin. In accord with common law tradition, state and federal courts have never meaningfully reviewed public prosecutors' noncharging decisions. [123] In particular, they have unambiguously rejected victims' claims of standing to challenge those decisions. [124] A few **[*882]** limited exceptions prove the rule. In cases of private criminal complaints filed by alleged victims, Colorado, Michigan, Nebraska, and Pennsylvania authorize judges to review public prosecutors' decisions not to charge. [125] Even when statutes grant courts the power to review (or even mandate review) of charging and dismissal decisions, state judges consistently have refused to scrutinize the merits of prosecutors' judgments. Many states have replaced the common law rule that gave prosecutors complete discretion to nolle prosequi (or dismiss) any criminal charge with statutes that require judges to confirm that non-prosecution is in the interest of justice. [126] Yet courts uniformly refuse to engage in meaningful review, inferring instead that those statutes require deference to prosecutors. [127]

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[84] See *Erikson v. Pawnee Cty. Bd. of Cty. Comm'rs, 263 F.3d 1151, 1154 (10th Cir. 2001)* (finding no due process violation because private attorney assisting prosecution did not "control[] critical prosecutorial decisions"). The first states to prohibit privately funded prosecutors even under supervision of public prosecutors were Massachusetts, Michigan, and Wisconsin. See *Commonwealth v. Gibbs, 70 Mass. (4 Gray) 146, 147-48 (1855); Meister v. People, 31 Mich. 99, 104-06 (1875); Biemel v. State, 37 N.W. 244, 248-49 (Wis. 1888).* See also Ireland, supra note 83, at 49 (listing fifteen states that still approved privately funded prosecutors in 1900). Other states abolished this practice more recently. See *State ex rel. Wild v. Otis, 257 N.W.2d 361, 365 (Minn. 1977)* (holding that party has no right of private prosecution); *State v. Harrington, 534 S.W.2d 44, 48 (Mo. 1976)* (holding that a right of private prosecution should not be permitted); *People v. Calderone, 573 N.Y.S.2d 1005, 1007 (N.Y. City Crim. Ct. 1991)* (concluding that under New York law private prosecutions by interested parties or their attorneys present inherent conflicts of interest which violate defendants' due process rights); *State v. Best, 186 S.E.2d 1, 4 (N.C. 1972)* (noting that a public prosecutor must be in charge of all prosecutions).

[85] See, e.g., N.J. Ct. R. 3:23-9 (permitting private prosecutor with approval of the public prosecutor and court); N.J. Ct. R. 7:8-7(b) (permitting private prosecutor for cross-complaints with court approval); *State v. Harton, 296 S.E.2d 112, 113 (Ga. 1982)* (private party not allowed to prosecute without state approval); *State v. Moose, 313 S.E.2d 507, 512-13 (N.C. 1984)* (stating that private attorneys may assist public solicitors where public solicitors retain control and management of prosecution); *Cantrell, 329 S.E.2d at 25* (stating that private attorneys may assist commonwealth attorneys with the permission of the prosecutor and the court); *63C Am. Jur. 2d Prosecuting Attorneys § 12* (2018) (citing authority in some states that private attorneys may assist public prosecutors). For a state statute that apparently gives the "prosecuting witness" a right to pay a private attorney to assist the public prosecutor without the latter's consent, see *Kan. Stat. Ann. § 19-717* (2017); see also John D. Bessler, The Public Interest and the Unconstitutionality of Private Prosecutors, *47 Ark. L. Rev. 511, 529, nn.71-72 (1994)* (citing cases in majority of states allowing private prosecutors to assist in public prosecutions). Bessler identifies three states that "allow private prosecutors to participate without the consent or supervision of the district attorney," but in all three states, the public prosecutor initiated and litigated the criminal charge, while the private prosecutor assisted in the litigation as counsel to a victim. *Id. at 529, n.71.*

[86] 234 Pa. Code § 506 (2001); *In re Private Criminal Complaints of Rafferty, 969 A.2d 578, 582 (Pa. 2009)* (discussing the ability of a prosecutor to approve or disapprove of private complaints). Judges may authorize private counsel to take over as prosecutor upon finding that a district attorney has "neglected or refuseed to prosecute" a properly grounded charge. See 16 Pa. Stat. and Cons. Stat. Ann. § 1409 (West

**[*883]** This is a stark contrast with European justice systems, but U.S. jurisdictions are not alone in shielding prosecution decisions from judicial oversight. Aside from England and Wales, courts in other common law jurisdictions - notably Canada and Australia - take roughly the same approach and defer to prosecutorial charging discretion. [128]

5. Summary of Declination Oversight

Both private prosecution and review procedures provide a kind of redundancy that checks prosecutorial declination decisions, and both can do so in service of public interests as well as victims' private interests. Both options have some capacity to challenge prosecutorial judgments affected by political or personal biases, institutional allegiances (especially between police and local politicians), or other illicit sources of favor or disfavor. As one commentator put it in the English context, private prosecution authority recognizes that victims possess some capacity to be independent "assessors of the evidence as well as the public interest." [129] Review procedures enable judges and supervisory **[*884]** officials to do much the same thing, without the cost barriers for victims posed by private prosecutions. (Although it may well be that poorer victims are less likely even to petition for review, especially if they lack legal counsel to press their review requests.)

Why, then, have U.S. jurisdictions so uniformly rejected both options? As noted, both racial politics and the power of common law tradition are probable contributing reasons. [130] Another is the singular choice of most state justice systems to make prosecutors locally elected officials, which does much to prevent kinds of over-and underenforcement disfavored by local majorities. That, in turn, likely reduces pressure for reforms that would improve other safeguards against decisions not to prosecute - especially decisions that cut against popular local preferences, which in many communities include rigorous

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2016) (authorizing victims dissatisfied with public prosecutor to petition the court and granting courts the power to allow victim's attorney to take over as private prosecutor).

[87] See 12 *R.I. Gen. Laws§§12-4-1*, *12-4-2*, *12-4-6*, *12-12-1.3* (2017); *Cronan ex rel. State v. Cronan, 774 A.2d 866, 871 (R.I. 2001)* (approving private misdemeanor prosecution for assault under state statutes).

[88] See *State v. Martineau, 808 A.2d 51, 54 (N.H. 2002);* see also *State by Tucker v. Gratta, 133 A.2d 482, 482 (N.H. 1957)* (holding that state prosecutors retain power to dismiss private criminal complaints).

[89] See, e.g., *N.C. Gen. Stat.§§15A-303*, 304 (2016); *Moose, 313 S.E.2d at 512-13* (requiring that the public prosecutor remain in continuous control of the case). Scattered marginal remnants of private enforcement may remain elsewhere, such as an Oklahoma statute providing that prosecutions for adultery (a felony) may be "commenced and carried on against either of the parties to the crime only by his or her own husband or wife." *Okla. Stat. tit. 21 § 871* (2017) ("Prosecution for adultery can be commenced and carried on against either of the parties to the crime only by his or her own husband or wife as the case may be, or by the husband or wife of the other party to the crime.").

[90] The Royal Commission on Criminal Procedure, 1981, Cmnd. 8092, P 7.47 (UK); see also Gouriet v. Union of Post Office Workers [1978] AC (HL) 435 at 477 (Eng. and Wales) (private prosecutions are a "valuable constitutional safeguard against inertia or partiality on the part of the authority"); cf. Manikis, supra note 66, at 67, 71 (describing review as a means to correct prosecution errors).

[91] *In re Hickson, 2000 PA Super 402, PP 22, 41;* see also *In re Piscanio, 344 A.2d 658, 660-61 (Pa. Super. Ct. 1975)* ("The judge's independent review of the complaint checks and balances the district attorney's decision and further hedges against possibility of error.").

[92] *United States v. Armstrong, 517 U.S. 456, 461-64 (1996).*

[93] Arguments for strengthening the doctrine to make claims easier to pursue are common. See, e.g., Richard H. McAdams, Race and Selective Prosecution: Discovering the Pitfalls of Armstrong, *73 Chi.-Kent L. Rev. 605, 606 (1998)* (discussing use of the equal protection doctrine but challenging current precedent).

[94] Grand juries remain a fixture in the federal system and in roughly half the states. See Sara Sun Beale et al., Grand Jury Law and Practice § 1:5 (2d ed. 2017) (describing grand jury status and rules in states and noting states that have partially or wholly abolished grand juries); Andrew D. Leipold, Why Grand Juries Do Not (and Cannot) Protect the Accused, *80 Cornell L. Rev. 260, 274-75 (1995)* (noting difficulty of getting data on grand jury screening and offering reasons why grand juries rarely reject requests for indictments). To extend the comparison, public officials (judges) have a long track record of doing the same task that trial and grand juries do. That available substitute did not lead to calls for juries' abolition. Yet the availability of public prosecutors as replacements led to the U.S. jurisdictions to abolish private prosecutors.



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prosecution of excessive police uses of force. Finally, another institution responds to some of the same underenforcement problems that private prosecution and judicial review could address - redundant prosecution authority in a federal system.

C. Federalism Safeguards on Prosecutorial Discretion

The scope of the U.S. federal criminal code expanded vastly in the twentieth century, as did the federal government's institutional capacity to enforce that code and its regulatory authority more generally. The result has been a distinctive form of criminal justice federalism: federal enforcement authority wholly overlaps the territorial scope of state criminal law, and the federal code substantially overlaps much of what is covered in state criminal codes. The resulting structure of redundant federal-state authority has evolved into a means - unusual even among federal nation-states - to second-guess and effectively trump state prosecutors' declination decisions without empowering courts or private parties.

No other nation built on a federal model incorporates nearly **[*885]** the same degree of redundancy between state and federal justice systems. [131] The more common model of criminal justice federalism is found in Canada and Germany: each has a single national criminal code that is administered by separate state-level prosecution agencies and court systems. [132] Other federal states follow the U.S. model and have separate criminal codes, prosecution agencies, and court systems in each state as well as for the federal government. Australia follows this model, but the scope and jurisdiction of Australian federal criminal law is much more limited than is U.S. federal law; federal crimes are largely confined to offenses that implicate distinct federal interests - it is probably closer to U.S. federal criminal law in 1910 than 2010. The result is that in Australia federal criminal law enforcement overlaps much less with state criminal law. [133]

The broad redundancy provided by U.S. federalism enables federal prosecutors to serve as checks on underenforcement by state prosecutors, at least for some large and important categories **[*886]** of crime. In effect, federal prosecutors can review the declination decisions of state prosecutors - as well as the adequacy and success of their prosecutions - and then decide whether to file federal charges in cases that their state counterparts declined to pursue, charged too leniently, or in which they failed to win a conviction or sufficiently harsh sanctions. (In theory state prosecutors conduct the same oversight over much of

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[95] See George Fisher, The Jury's Rise as Lie Detector, *107 Yale L.J. 575, 671-96 (1997)* (discussing the impact of racial policies in post-Civil War jury and court processes).

[96] I am aware of no historical research on African American private prosecutors, and I have found no evidence of any in case law or general accounts of private prosecutions.

[97] See, e.g., Fisher, supra note 95, at 684 n.514 ("Denial to the freedman of the power to testify in court against the white man … strikes not at a mere civil franchise, but at a natural right - the right of protecting life and property. When a white man may take a freedman's life or property with impunity, if no other white men be present, the freedman has no security for either." (quoting The Progress of Reconstruction, N.Y. Times, Oct. 3, 1865, at 4)).

[98] When Southern states were compelled to grant African American citizens litigation rights, they imposed strict conditions, permitting African Americans the right to testify only when the crime victim (or the opposing civil litigant) was African American. Id. at 684. Those limitations likewise restricted African Americans' private prosecution authority, although in many places racial customs, backed by the prospect of racial violence, was probably discouragement enough. See generally Douglas A. Blackmon, Slavery by Another Name: The Re-Enslavement of Black Americans from the Civil War to World War II (2008) (discussing history of African Americans' distrust of America's judicial system); Nicholas Lemann, Redemption: The Last Battle of the Civil War (2007) (exploring incidents after the Civil War and the impact on politics during the Reconstruction Era).

[99] Michael J. Klarman, From Jim Crow to Civil Rights: The Supreme Court and the Struggle for Racial Equality 49-51 (2004). Northern states were not models of race-blind democracy. Connecticut voters in 1865 rejected a proposal to enfranchise African American citizens in their state. Fisher, supra note 95, at 685.

[100] See Council Directive 2012/29, art. 11, 2012 O.J. (L 315) 57 (EC) (EU), *http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0029* (requiring member states to give crime victims means to challenge non-prosecution decisions, either through private prosecution or a right to review).

[101] See FRA Report, supra note 72 (summarizing policies of EU member states and noting that only Cyprus and Malta provide victims neither right).

federal enforcement practice, but this is less common.) [134] State prosecutors' decisions, at least for certain categories of serious wrongdoing, face de facto review by federal executive officials.

Or so the law for a century has permitted. The constitutional double jeopardy doctrine since at least 1922 has recognized the "dual sovereignty" of state and federal governments. Notwithstanding the guarantee that no person shall "be subject for the same offence to be twice put in jeopardy," the Double Jeopardy Clause has been understood not to preclude federal prosecutors' power to charge a person who has previously been prosecuted by state officials for the same criminal conduct, and federal prosecutions likewise do not limit subsequent state enforcement efforts. [135] By granting certiorari in United States v. Gamble this term, [136] the U.S. Supreme Court is set to revisit this doctrine, which provides the foundation for the federalism-based check on underenforcement.

Federal prosecutors do not attempt to keep an eye on all state prosecution decisions and practices, and federal criminal **[*887]** law is not fully coextensive with state criminal law; significant gaps are discussed in the next Part. But the substantive redundancy is considerable. For some areas of dual authority - such as drug crimes, fraud, child pornography, and human trafficking - federal and state agencies often coordinate investigative efforts and divide up prosecution responsibilities. But federal Justice Department policy to exercise oversight of state enforcement practices in certain categories of crime is deliberate and formalized. Notable examples include state and local government corruption, excessive use of force and other wrongdoing by police, and other criminal civil rights violations. [137] Especially in these areas, federal prosecutors assess whether to file their own charges in cases in which their state counterparts declined to charge, charged too leniently, or in which they failed to win appropriate convictions. Federal prosecution in the wake of state declination is hardly the norm - it should not be, if state prosecutors decline cases for the right reasons [138] - but federal officials do remedy meaningful enforcement gaps left by state prosecutors. [139]

Functionally, this inter-governmental model of review resembles intra-agency administrative review with greater independence between initial decision makers and subsequent reviewers. Oversight of state prosecutors rests with the policy **[*888]** priorities of federal executive branch officials. The Justice Department has well-established written guidelines for much of this oversight activity, although they are not formally binding. [140] Although the Justice Department bureaucracy has a stronger

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[102] On Scotland, see Victims and Witnesses (Scotland) Act 2014, (ASP 1) § 4 ("The Lord Advocate must make and publish rules about the process for reviewing, on the request of a person who is or appears to be a victim in relation to an offence, a decision of the prosecutor not to prosecute a person for the offence."); Crown Office & Procurator Fiscal Serv., Lord Advocate's Rules: Review of a Decision Not to Prosecute - Section 4 of the Victims and Witnesses (Scotland) Act 2014, at 5 (2015), *http://www.copfs.gov.uk/images/Documents/Victims_and_Witnesses/Lord%20Avocates%20Rules%20-%* 20June%2015%20v2.pdf. On France, see Novokmet, supra note 70, at 101-02. In addition to judicial review, England also provides administrative review. See Dir. of Pub. Prosecutions, Victims' Right to Review Guidance 6-9 (2016), *https://www.cps.gov.uk/sites/default/files/documents/publications/vrr_* guidance_2016.pdf (noting that victims may seek administrative review of decisions not to prosecute, which are checked in a local CPS office by a prosecutor who has not been involved with the case previously, then at the victim's request in a review by the Appeals and Review Unit); Victims' Right to Review Scheme, Crown Prosecution Serv., https://www.cps. gov.uk/legal-guidance/victims -right-review-scheme (last updated July 2016). Decisions are reviewed as questions of law - that is, whether they are correct as a matter of law, even if reasonable.R v. Killick [2011] EWCA (Crim) 1608, [2012] 1 Crim. App. 10 [48] (recognizing victim right to review under EU Directive art. 10, and noting original prosecution decision was reasonable but wrong); see also Keir Starmer, Human Rights, Victims and the Prosecution of Crime in the 21st Century, Crim. L. Rev. 777, 783-84 (2014) (describing aims of review policy).

[103] See Carlin v. Dir. of Pub. Prosecutions [2010] IESC 14, 3 IR 547, at P 12 (Ir.) ("If … it can be demonstrated that [the DPP] reaches a decision mala fide or influenced by an improper motive or improper policy then his decision would be reviewable by a court. To that extent I reject the contention again made on behalf of this respondent that his decisions were not as a matter of public policy ever reviewable by a court." (quoting State (McCormack) v. Curran, [1987] ILRM 225, 237 (Ir.))); Office of the Dir. of Pub. Prosecutions, The Role of the DPP 16 (2015), *https://www.dppireland.ie/filestore/documents/victims_* directive_publications/ENGLISH_-_Role_of_the_DPP.pdf (noting crime victims, among others, can seek DPP review of prosecutors' decisions). On Northern Ireland, see Pub. Prosecution Serv. for N. Ir., Victims of Crime: Requesting a Review of a Decision Not to Prosecute 2-4 (2017), *https://www.ppsni.gov.uk/Branches/PPSNI/PPSNI/Files/Documents/Rquests%20For%* 20Review/Victims%20of%20Crime%20-%20Requesting%20a%20Review% 20of%20a%20Decision%20not%20to%20Prosecute%20(October%202017 ).pdf.



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institutional culture of professionalism than many state prosecutor offices, departmental policies and priorities can change substantially with presidential administrations - as they have recently. [141] Nonetheless, this federalism-based model of prosecutorial oversight has an advantage shared by the administrative review schemes within single prosecution agencies. In both settings, those with review power are prosecutors who should have greater institutional competence and legitimacy to second-guess other prosecutors' charging decisions, and consequently less inclination than courts to defer to prosecutorial judgments.

This federalist model of enforcement redundancy did not evolve from earlier common law institutional arrangements, like private prosecution, nor from the modern victims' rights movement, like judicial and administrative review of decisions not to prosecute. Federal criminal law enforcement expanded for several reasons, but behind many of those reasons is a common purpose: to remedy glaring patterns of underenforcement by the states. For example, federal law and institutional capacity (such as the advent of the Federal Bureau of Investigation) expanded in response to states' inability to confront adequately the rise of interstate violence and drug crimes (as well as, for a time, prohibition on alcohol manufacture and distribution). [142] Federal law **[*889]** took on the primary role in combatting local government corruption - including police corruption and excessive uses of force - which local prosecution agencies often lacked the ability, or political independence, to confront. [143] And federal law has long attempted to fill the gap when racially biased local police, prosecutors, and juries declined to arrest, prosecute, or convict suspects - especially white ones - who victimized black citizens. [144] In sum, the redundant enforcement

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[104] Strafprozebetaordnung [StPO] [Code of Criminal Procedure], §§152, 160, 170, translation at *https://www.gesetze-im-internet.de/englisch_* stpo/englisch_stpo.html (Ger.) (defining prosecution duty to investigate suspected crime and indict when evidence is sufficient); id. §§171-75 (providing for judicial orders to prosecute, including victim's right to seek order compelling prosecution); Bohlander, supra note 72, at 25-27, 67-71, 103-04 (describing German procedures to compel prosecutions under statutory legality principle); Novokmet, supra note 70, at 92-93. Failures to charge when required to do so can expose a prosecutor to discipline or even criminal liability. See Strafgesetzbuch [StGB] [Penal Code], § 339, translation at https://www .gesetze-im-internet.de/englisch_stgb/englisch_stgb.html (Ger.) (establishing that rechtsbeugung, or perversion of justice, is punishable by one to five years in prison); id.§§258, 258a (establishing punishment for police or prosecutor's failure to investigate or prosecute colorable offenses).

[105] See Shawn Marie Boyne, The German Prosecution Service: Guardians of the Law? 8-10, 91-92 (2014) (quoting Hans-Heinrich Jescheck, The Discretionary Powers of the Prosecuting Attorney in West Germany, 18 Am. J. Comp. L. 508, 511 (1970)); Markus D. Dubber, Criminal Process in the Dual Penal State: A Comparative-Historical Analysis, in *Oxford Handbook of Criminal Process, supra* note 60; see also Klaus Sessar, Prosecutorial Discretion in Germany, in The Prosecutor 255, 272-73 (William F. McDonald ed., 1979). For the German example of this principle, see Strafprozebetaordnung [StPO] [Code of Criminal Procedure],§§152, 160, 170, translation at *https://www.gesetze-im-internet.de/englisch_stpo/englisch_stpo.html* (Ger.) (defining prosecution duty to investigate suspected crime and indict when evidence is sufficient).

authority developed as part of the modern model U.S. federalism has much in common, in functional terms, with private prosecution and review of prosecutorial declination decisions. All are mechanisms to guard against unjustified nonenforcement, or underenforcement, by jurisdictions' primary prosecution agencies. The next Part examines the relative strengths of these alternatives.

## III. PROS AND CONS OF FEDERALISM-BASED ENFORCEMENT REDUNDANCY

### A. Comparative Limits of Enforcement-Oversight Strategies

Each of the institutional approaches to reducing underenforcement of criminal law by public prosecutors has comparative strengths and weaknesses. All three share the common virtue of being a means to reduce instances of bias, favoritism, or other misjudgments that result in unjustified nonenforcement. All three enable outside reevaluation of declination decisions. Private prosecution empowers motivated private parties - crime victims - to initiate the challenge to a public prosecutor's decision not to charge by filing charges themselves. The same is true in jurisdictions that subject declination decisions to formal administrative or judicial review; victims trigger that process by petitioning for an independent evaluation. Both of those practices harness the motivations of interested private parties to, in effect, screen which declination decisions should be subject to reassessment, although private prosecution poses a significant cost barrier for victims who want to take advantage of it. At the same time, both of these practices give public officials the final **[*890]** word on whether a prosecution (public or private) will proceed.

The federalism route to prosecutorial oversight, by contrast, gives private parties no formal role, although victims can file complaints and lobby federal prosecutors just as they can with local police and prosecutors for any alleged crime. Put differently, federal prosecution as check on state underenforcement rests more directly on the initiative, diligence, and judgment of federal prosecutors than private victims. In some areas, federal commitment is significant. [145] But it also varies with the policy priorities of presidential administrations, which can vary considerably in their commitment to fighting certain kinds of crimes and to federal oversight of state criminal justice administration. [146]

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[106] The U.K. is scheduled to leave the European Union in 2019. See Alex Hunt & Brian Wheeler, Brexit: All You Need to Know About the U.K. Leaving the E.U., BBC (Sept. 13, 2018), https ://*www.bbc.co.uk/news/uk-politics-32810887*.

[107] R (Da Silva) v. DPP [2006] EWHC (Admin) 3204 [20] (Eng. and Wales).

[108] See Victims' Right to Review Data, CPS, *http://www.cps.gov.uk/victims_* witnesses/victims_right_to_review/vrr_data/index.html (last updated June 2017) (noting that 6.8% of appeals (137 out of 1988) succeeded in 2016-17; thirteen percent of appeals (210 out of 1674) succeeded in 2014-15). The percentage of prosecution decisions challenged in this way has been well below one percent - 0.13% in 2016-17, and 0.17% in 2014-15 - which suggests the administrative burden is manageable. See id.

[109] See Balderstone v. R (1983), 23 Man. R. (2d) 125, at para. 28 (Can. Man. C.A.) ("If a judge should attempt to review the actions or conduct of the Attorney-General - barring flagrant impropriety - he could be falling into a field which is not his and interfering with the administrative and accusatorial function of the Attorney-General or his officers. That a judge must not do.").

[110] Decisions to discontinue a prosecution after charging get similar scrutiny. For an example of a court finding wrongful a decision to discontinue prosecution, see R (FB) v. DPP [2009] EWHC (Admin.) 106, [2009] Crim. App. 38, at P 70 (Eng. and Wales). On prosecutor's nolle pros authority, see R v. B(F) [2010] EWCA (Crim.) 1857, [2010] 2 Crim. App. 35, at P13 (Eng.); R (Gujra) v. CPS [2013] AC 484, at 484 (Eng. and Wales). See also R v. DPP [1995] (QB) 1 Crim. App. 136, at 145 (Eng.).

[111] For leading decisions on the issue, see R v. DPP [2001] QB 330, at 344-48 (Eng. and Wales); R (Da Silva) v. DPP [2006] EWHC (Admin) 3204 [24] (Eng. and Wales); Sharma v. Brown-Antoine [2006] UKPC 57, [2007] 1 WLR 780, at 792-96 (appeal taken from Trin. And Tobogo); Marshall v. DPP [2007] UKPC 4 (appeal taken from Jam.); R v. Metropolitan Police Commr. [1968] 2 QB 118, at 119-20 (Eng.); R v. DPP (Kebiline) [2000] 2 AC 326, at P 2 (Eng.). England created its prosecution agency, the Crown Prosecution Service, only in 1985. See Prosecution Offences Act 1985, c. 23, § 1 (Eng. and Wales); Andrew Ashworth & Mike Redmayne, The Criminal Process 222-23 (4th ed. 2010). The Director of Public Prosecutions was created in 1879 but did not handle most prosecutions until the creation of the Crown Prosecution Service. In the intervening century, police came to dominate filing of criminal charges, supplemented by private prosecutions, a system that eventually was viewed as providing insufficient supervision of charging decisions by police. See Williams, supra note 78.



HOUSE_OVERSIGHT_016532

But that distinction has an upside: private prosecution and judicial review do not work in cases in which there is no direct victim - or in which private parties do not realize they have been victimized, as in some cases of large-scale corporate or government fraud, or in some cases of child pornography. [147] Federal prosecutors, however, take on just such cases as a core part of their enforcement agenda. [148] On the other hand, federal oversight is limited in other important respects: federal criminal enforcement authority is not fully coextensive with state criminal law; notably, for example, it provides effectively no enforcement redundancy for ordinary domestic violence, rape, and other sexual assault offenses. [149]

**[*891]**

B. Three Kinds of Offenses: Corruption, Police Violence, Sexual Assault

Consider the efficacy for these oversight options with respect three types of offenses: local fraud or corruption, excessive use of force and other wrongdoing by local law enforcement officers, and sexual assaults. These three classes of offenses have in common that they have proven to be especially vulnerable to underenforcement. At the same time, the differences in how U.S. criminal justice institutions have responded to underenforcement in each area highlight the efficacy and limits of the federalism-based enforcement redundancy compared to the alternatives - both those U.S. jurisdictions reject (private prosecution and judicial review) and a fourth, unique strategy they embrace: politically accountable prosecutors.

1. Public Corruption

Corrupt conduct by government officials is a category of wrongdoing especially likely to suffer from underenforcement, for obvious reasons: we depend on one set of public officials, prosecutors and investigative agents, to stop wrongdoing by other public officials - as well as by colleagues within their own ranks. Professional and even personal relationships often exist between these groups of public officials. Even when the boundaries between lawful and unlawful conduct are clear and law

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[112] R (Da Silva) v. DPP [2006] EWHC (Admin) 3204 [24] (Eng. and Wales) (summarizing three grounds for review and citing R v. DPP [1995] (QB) 1 Crim. App. 136 (Eng.)); R (Guest) v. DPP [2009] EWHC (Admin.) 594, [2009] 2 Crim. App. 26, at P 34 (Eng. and Wales); R v. General Council of the Bar [1990] 3 All ER 137 (QB), at 137-38 (Eng. and Wales). For an overview, see Ashworth & Redmayne, supra note 111; Christopher Hilson, Discretion to Prosecute and Judicial Review, Crim. L. Rev. 739 (1993) (examining case law regarding prosecution decisions and subsequent judicial review); Appeals: Judicial Review of Prosecutorial Decisions, CPS, *https://www.cps.gov.uk/legal-guidance/appeals* -judicial-review-prosecutorial-decisions (last updated May 21, 2009). The European Convention on Human Rights may impose affirmative obligations on member states that certain instances require prosecutions, or that more generally require a state to maintain a criminal justice system that provides sufficient protection to citizens. English courts found that their established standards of review of noncharging decisions, based in domestic law, have been held sufficient to meet any such obligation. See R (FB) v. DPP [2009] EWHC (Admin.) 106,[2009] Crim. App. 38, at P 64 (Eng. and Wales) (discussing state obligations under Articles 2 and 3); see also R v. Killick [2011] EWCA (Crim.) 1608, [2012] 1 Crim. App. 10 at [48] (confirming victims' right to review). Judges may require disclosure of internal prosecution documents, but they assess the lawfulness of nonprosecution without examining the underlying evidence. See R (Da Silva) v. DPP [2006] EWHC (Admin) 3204 [24] (Eng. and Wales) (noting use of redacted investigative report and case notes from CPS but disavowing evaluation of evidence).

[113] See R v. DPP [2001] QB 330 at 337 (Eng. and Wales); R v. Metro. Police Commr. [1958] 2 QB 118, at 123-25 (Eng. and Wales); Ashworth & Redmayne, supra note 111, at 221-22. Decisions by U.S. courts give no special solicitude to instances of nonprosecution in the wake of injuries or deaths caused by prison guards or other law enforcement officials. See, e.g., *Leeke v. Timmerman, 454 U.S. 84, 85-87 (1981)* (rejecting state prison inmates' federal civil claim alleging bad faith by state officials to block issuance of arrest warrants against guards on allegations of unnecessary beatings during prison uprising); *Inmates of Attica Corr. Facility v. Rockefeller, 477 F.2d 375, 382-83 (2d Cir. 1973)* (rejecting request, on behalf of inmates injured or killed by state prison guards in the wake of a prison riot, that federal courts compel state and federal prosecutors to charge guards, reaffirming that prosecutorial discretion is immune to judicial review). To facilitate review, English prosecutors in some circumstances must provide public reasons for choosing not to file charges. See Jordan v. United Kingdom (No. 2) [2003] 37 Eur. Ct. H.R. 52 PP 82-86, 122-23, 142-45 (holding that under article 2 of the European Convention on Human Rights prosecutors should give reasons explaining a decision not to bring criminal charges after an investigation into a death caused by police shootings); see also R v. DPP [2001] QB 330, at 347 (Lord Bingham, CJ) (Eng. and Wales) ("In the absence of compelling grounds for not giving reasons, we would expect the Director to give reasons in such a case [of non-prosecution]: to meet the reasonable expectation of interested parties that either a prosecution will follow or a reasonable explanation for not prosecuting be given … ."); EU Council Directive 2012/29, supra note 100, art. 6, at 67 (requiring explanations to victims that can be subjected to review). Irish victim rights laws that took effect in 2015 now require prosecutors to provide reasons to victims for declining to prosecute. See Mark Hilliard, New Laws on Rights of



HOUSE_OVERSIGHT_016533

enforcement can learn of misconduct done mostly in secret, political or personal incentives for enforcement officials that discourage zealous enforcement can exist for enforcement officials in the same jurisdiction - perhaps enmeshed in the same political networks. In short, underenforcement in this realm follows more from favoritism toward offenders than the biases against victim groups or types of offenses.

"Corruption" is a notoriously hard concept to define, [150] but that difficulty is actually somewhat useful for present purposes. Some of what constitutes public corruption is relatively clearly **[*892]** defined in positive law. Easy cases involve straightforward property theft or embezzlement, quid pro quo bribery, and extortion. [151] Statutes also make clear at least some cases of illegal gratuities and breaches of regulations that govern activities such as campaign finance. [152] More ambiguous or marginal cases of alleged corruption, however, illustrate the federal government's ambitious commitment to enforcing broad interpretations of federal anti-corruption laws to conduct of state and local officials. That enforcement track record demonstrates the strong commitment to enforcement redundancy in this area.

States have their own regulatory strategies to address government corruption, although independent assessments do not judge them to be particularly successful. [153] The federal government seems to share that view. The Justice Department created a Public Integrity Section within the Criminal Division in 1976, [154] and in the four decades since, federal prosecutors have **[*893]** aggressively prosecuted conduct of state and local officials that it determines breaches federal anti-corruption statutes. [155] For the past two decades, federal anti-corruption prosecutions of state and local officials typically average 350-400 per year. [156] Combatting "public corruption" is a top priority for the Federal Bureau of Investigation, on par with combating threats of terrorism, foreign espionage, and cyber-warfare. [157] And many of these prosecutions targeted wrongdoing far removed from property theft or quid pro quo bribery. [158] They extend to conduct involving undue influence, breaches of fiduciary duty, or failure to provide citizens with "honest services" [159] - wrongdoing for which the public harm is sometimes hard to identify. [160]

**[*894]** By some accounts, including the U.S. Supreme Court's on occasion, [161] this enforcement agenda has been overly aggressive. [162] But Congress has generally encouraged far-reaching federal enforcement, notably by expanding the scope of federal anti-corruption law in response to narrow judicial interpretation. [163] And the key point here is that the federal executive

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Crime Victims are Criticized, Irish Times (Nov. 16, 2015), http://www.irishtimes.com/news/crime-and-law/new-laws-on-rights-of -crime-victims-are-criticised-1.2431095. By contrast, seeSinger v. United States, 380 U.S. 24, 34-37 (1965) (holding that due to judicial "confidence in the integrity of the federal prosecutor," U.S. attorneys need not give reasons for refusing to consent to defendant's waiver of jury trial). For rare examples of U.S. rules requiring prosecutors to give reasons for not charging, see Colo. Rev. Stat. § 16-5-209 (2014) (requiring prosecutor's reasons upon private complaint objecting to non-prosecution); Pa. R. Crim. P. 506.

[114] Review within the U.S. Justice Department hierarchy is mandated by 18 U.S.C. § 3771(f) (2016); see also id. § 3771(f)(2)(D) (protecting Justice Department decisions from judicial review).

[115] See 18 U.S.C. § 3771(a)(5).

[116] The Availability of Crime Victims' Rights Under the Crime Victims' Rights Act of 2004, 35 Op. O.L.C. 8 (2010). For a vigorous argument against the OLC position, see Paul Cassell et al., Crime Victims' Rights During Criminal Investigations? Applying the Crime Victims' Rights Act Before Criminal Charges Are Filed, 104 J. Crim. L. & Criminology 59, 61-63 (2014) (arguing for victims' right to confer and that the right to fair treatment extends to pre-charging stage).

[117] Doe v. United States, 950 F. Supp. 2d 1262, 1267-68 (S.D. Fla. 2013) (re-opening and setting aside a pre-charge non-prosecution agreement between prosecutors and defense because prosecutor had not consulted with victim in violation of 18 U.S.C. § 3771).

[118] See In re Dean, 527 F.3d 391, 395 (5th Cir. 2008) (acknowledging lower court's interpretation of § 3771(a) before any prosecution is underway); Does v. United States, 817 F. Supp. 2d 1337, 1342-45 (S.D. Fla. 2011) (recognizing that 18 U.S.C. § 3771(a) can apply before formal charges are filed); Jordan v. Dep't of Justice, 173 F. Supp. 3d 44, 52 (S.D.N.Y. 2016) (citing In re Dean, 527 F.3d at 395); United States v. BP Prod. N. Am., Inc., No. H-07-434, 2008 WL 501321, at 11 (S.D. Tex. Feb. 21, 2008) (discussing 18 U.S.C. § 3771 and a broad duty to confer before charges are filed). Another district court refused prosecutors' request to dismiss charges before the prosecutor consulted the victim. United States v. Heaton 458 F. Supp. 2d 1271, 1272 (D. Utah 2006) (citing victim's right under 18 U.S.C. § 3771(a)(8) "to be treated with fairness and with respect for [her] dignity and privacy").

branch is firmly committed to a robust enforcement policy against local government corruption that is also criminalized under state law, and Congress has supported this agenda by enacting federal crimes intended to duplicate, or greatly overlap, state offenses. [164] In fact, federal statutes used in anti-corruption cases - **[*895]** like other federal criminal statutes - rely on and incorporate state law in federal offense definitions. In light of this structure, federal prosecutions can claim to effectuate state law goals - an especially straightforward version of federalism-based enforcement redundancy. [165]

2. Sexual Assault

In sharp contrast to public corruption, enforcement redundancy through coextensive jurisdiction is largely nonexistent for a large portion of the serious crimes that dominate state felony dockets, including sexual assaults, domestic violence, and homicide. [166] Federal law reaches only a small number of these offenses when they intersect a special basis for federal jurisdiction, such as interstate conduct - like human trafficking - or wrongs that occur on federal property or involve federal employees. [167] For most kinds of homicides, the lack of redundancy is only a modest hindrance to adequate enforcement; holding aside distinctive exceptions - such as homicides by police or racially motivated lynchings - there is little evidence to suggest patterns of homicide underenforcement in state justice systems. [168] Domestic violence and sexual assaults are a different story. Like local public corruption, sexual assaults have long been a key example of **[*896]** serious wrongdoing to which the responses of state and local criminal justice agencies have been deeply problematic. [169]

Underenforcement is hard to measure for sexual assaults as it is in other contexts, but central features of the problem are clear enough. Rape and other forms of sexual assault are dramatically underreported crimes. [170] The leading government effort to collect data on sexual assaults (and other crimes), the National Crime Victimization Survey, is widely thought to undercount incidents of those offenses. [171] And rates of victim reports to police departments are even lower. The FBI Uniform Crime Reports collects data on sexual assaults reported to local police agencies; the number is consistently well below the annual number reported in the National Crime Victimization Survey. [172]

One reason that victims do not to report rapes to law enforcement is the perception that police and prosecutors (as well as juries) are unduly skeptical of rape allegations. [173] And there is good evidence that law enforcement agencies' responses to

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[119] See In re Petersen, No. 2:10-CV-298 RM, 2010 WL 5108692, at 2 (N.D. Ind. Dec. 8, 2010) (concluding that prosecutors control charging decisions and certain victim rights under *18 U.S.C. § 3771*(a), including the right ""to confer with the attorney for the Government in the case,' … arise only after charges have been brought against a defendant and a case has been opened," although a "victim's "right to be treated with fairness and with respect for [his or her] dignity and privacy,' … may apply before any prosecution is underway" (quoting *18 U.S.C. § 3771*(a))); cf. *United States v. Rubin, 558 F. Supp. 2d 411, 419 (E.D.N.Y. 2008)* (assuming without deciding that some federal victim rights may apply before any prosecution is under way, but "cannot be read to include the victims of uncharged crimes that the government has not even contemplated … [or] has not verified to at least an elementary degree").

[120] Many state laws grant victims a right to consult only "after the crime against the victim has been charged" or "regarding the charges filed." Others create only a general right to confer, or "to communicate," "with the prosecution." E.g., Alaska Const. art. I, § 24 (granting "the right to confer with the prosecution"); Ariz. Const. art. 2, § 2.1(A)(6) (granting the right to "confer with the prosecution, after the crime against the victim has been charged, before trial or before any disposition of the case and to be informed of the disposition"); Cal. Const. art. I, § 28(b)(6) (granting the right to "reasonably confer with the prosecuting agency, upon request, regarding … the charges filed … ."); Idaho Const. art. I, § 22(5) (granting the right to "communicate with the prosecution"); Ill. Const. art. I, § 8.1(a)(4) (granting the right to "communicate with the prosecution"); Ind. Const. art. I, § 13(b) (amended 1996) (granting the right to "confer with the prosecution"); La. Const. art. I, § 25 (granting the "right to confer with the prosecution prior to final disposition of the case"); Mich. Const. art. I, § 24(1) (granting the "right to confer with the prosecution"); N.M. Const. art. 2, § 24(A)(6) (granting the "right to confer with the prosecution"); N.C. Const. art. I, § 37(1)(h) (granting the "right as prescribed by law to confer with the prosecution"); Or. Const. art. I, § 42(1)(f) (granting the "right to be consulted, upon request, regarding plea negotiations involving any violent felony"); S.C. Const. art. I, § 24(A)(7) (granting the right to "confer with the prosecution, after the crime against the victim has been charged, before the trial or before any disposition and informed of the disposition"); Tenn. Const. art. I, § 35(a) (granting the "right to confer with the prosecution"); Tex. Const. art. I, § 30(b)(3) (granting the "right to confer with a representative of the prosecutor's office"); Va. Const. art. I, § 8-A(7) (granting the "right to confer with the prosecution"); Wis. Const. art. I, § 9m (granting an "opportunity to confer with the prosecution"); *Del. Code Ann. tit. 11, § 9405* (2018); *Ga. Code Ann. § 17-17-11* (2018); *Haw. Rev. Stat. § 801D-4(a)(1)* (2017) (granting the right of victim to be informed of the final disposition of the case); *Neb. Rev. Stat. 29-120* (2017) (requiring the prosecution to make a good faith effort to consult with victim); N.Y. Exec. Law § 642(1) (LexisNexis 2018) (providing standards for fair treatment of victims); *Ohio Rev. Code Ann. § 2930.06(A)* (LexisNexis 2018) (stating



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sexual assault reports are ineffective. Police clearance-by-arrest rates are low. [174] Detailed studies of how police departments handle reported sexual assault cases find "substantial attrition," **[*897]** typically at the point when police decide whether to make an arrest. [175] In the Los Angeles Police Department, only one report in nine was cleared by arrest; one in ten resulted in prosecution. [176] One hurdle lies in forensic evidence development: law enforcement agencies nationwide have suffered long backlogs in testing rape evidence kits, [177] although federal funding has recently helped reduce that problem. [178]

Notoriously, things used to be much worse. Under the common law definition, rape convictions required proof that the offender used force to overcome the victim's "utmost resistance." [179] Evidence of women's - and only women's - prior sexual conduct or reputation for "unchastity" was a permissible basis on which to infer consent. [180] The law excluded rape of one's spouse from **[*898]** the offense definition. [181] Prosecutors and police were openly skeptical of rape accusations and reluctant to investigate. [182]

Yet much of this legal infrastructure intended to restrict rape law enforcement has been abolished. Rape offenses have been revised to eliminate resistance requirements, and many states also removed the requirement to prove use of force. [183] Evidence rules are now more favorable to sexual assault complainants: rape shield laws in all jurisdictions prohibit use of a complainant's past sexual behavior as character evidence or a basis on which to infer consent, [184] while evidence rules in federal courts and nineteen states permit evidence of the defendant's past sexual offenses to show propensity to commit sexual assaults. [185] Some police departments have officers specially trained in sexual assault investigations, and prosecutors' offices (as required by statute in some states) have specially trained units dedicated to sexual assault prosecutions. [186] Hospitals and **[*899]** social service agencies likewise now have staff trained in forensic interviewing and evidence-gathering in the course of aiding assault victims. [187]

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that the "prosecutor … shall confer with the victim in the case before pretrial diversion is granted … [or] before amending or dismissing a charge").

[121] No rights of administrative review are specified in the state victims' rights laws cited supra note 120.

[122] Five states place all their prosecutors within a single state agency, which at least potentially makes possible hierarchical oversight. In New Jersey, Connecticut, Rhode Island, Delaware, and Alaska, local prosecutors are appointed by, and under the supervision of, the state attorney general. See Steven W. Perry, Bureau of Justice Statistics, U.S. Dep't of Justice, Prosecutors in State Courts, 2005, at 2 (2006), *https://www.bjs.gov/content/pub/pdf/psc05.pdf* (noting Alaska, Connecticut, and New Jersey do not elect prosecutors; Delaware and Rhode Island elect attorneys general who appoint all prosecutors; all other states elect prosecutors at the local level). Id. at 11. For an example of a state attorney general's limited authority over locally elected prosecutors, see, for example,*Va. Code § 2.2-511* (2018).

[123] Equal protection and due process doctrines nominally empower courts to review charging decisions motivated by racial bias or retaliation for exercising fundamental rights, and inquiry into selective charging implicitly requires examining biased declinations as well. But these doctrines are wholly deferential to prosecutorial discretion. See *United States v. Armstrong, 517 U.S. 456, 469 (1996)* (holding that equal protection doctrine bars racially biased charging); *Wayte v. United States, 470 U.S. 598, 607-08 (1985)* (holding that due process bars charging in retaliation for exercising fundamental rights); see also *McCleskey v. Kemp, 481 U.S. 279, 312-314 (1987)* (holding that statistical evidence of bias in death penalty administration insufficient to prove constitutional violation without proving purposeful discrimination in defendant's case). For a classic account, see Kenneth Culp Davis, Discretionary Justice: A Preliminary Inquiry 188, 207-08 (1969) ("The affirmative power to prosecute is enormous, but the negative power to withhold prosecution may be even greater, because it is less protected against abuse… . The plain fact is that nine-tenths of local prosecutors' decisions are supervised or reviewed by no one.").



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This basic overview - drawn from a substantial scholarly literature - paints a somewhat contradictory picture. On the one hand, the primary story is one of longstanding underenforcement - a combination of explicit legal policies, practical evidence-gathering and proof challenges, and cultural biases resulted in a notoriously weak response to sexual assaults by state criminal justice systems. On the other hand, there is a story, over the last forty years or so, of wide-ranging success in achieving reforms on several fronts - substantive and procedural law, institutional design, and resource allocation - designed to improve enforcement capacity. In other words, U.S. jurisdictions made substantial progress against an ingrained tradition of underenforcement without turning to any model of enforcement redundancy - federalization, private prosecution, or judicial review. That is more than state justice systems were ever able to do with regard to local government corruption, where the remedy instead was the rise of federal criminal law enforcement.

And yet, few seem to consider this reform story a success. [188] The data on underreporting by victims, low arrest rates by police, and charging rates by prosecutors (along with the rape kit **[*900]** testing backlog) make it easy to view state criminal justice systems as failing to achieve adequate enforcement responses to sexual assaults despite the scope and gravity of the problem - 124,000 offenses reported to police in 2015, and 431,000 assault reports estimated by the National Crime Victim Survey. [189]

This story of reform, its decidedly limited success, and the responses to that record all reveal insights about the prospects for redressing underenforcement through redundancy in this context. Intersecting feminist, victim rights, and rape-law-reform movements have achieved some remarkable reforms through the political process over the last four decades. U.S. criminal justice, like U.S. public law generally, is responsive to popular sentiment, well-organized reform movements, and interest groups. [190] But these movements never sought any mechanism of enforcement redundancy, and federal and state lawmakers never seriously considered one. Even now, when offense definitions, victim rights, evidentiary rules, and organizational changes in law enforcement agencies offer few plausible options for further improvement, there is effectively no sign of interest in private prosecution and judicial or administrative oversight. Instead, the sole focus of further innovation to address endemic underenforcement of sexual assault offenses is the federal government. And most federal policy - and policy proposals - stop short of expanding federal law to cover sexual assaults now within the jurisdiction solely of state courts. [191] A notable

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[124] Linda R.S. v. Richard D., 410 U.S. 614, 619 (1973) (rejecting private plaintiff's challenge on federal equal protection grounds to state policy of prosecuting only married men for failures to pay child support, concluding "in American jurisprudence at least, a private citizen lacks a judicially cognizable interest in the prosecution or nonprosecution of another"); Leeke v. Timmerman, 454 U.S. 83, 84 (1981) (extending Linda R.S. to hold that private citizens have "no cognizable interest" in process by which magistrates decide whether to issue warrants on criminal complaints); cf. Inmates of Attica Corr. Facility v. Rockefeller, 477 F.2d 375, 382-83 (2d Cir. 1973) (rejecting purported crime victims' request that court order prosecutors to charge).

[125] See, e.g., Colo. Rev. Stat. § 16-5-209 (2017) ("The judge of a court having jurisdiction of the alleged offense, upon affidavit filed with the judge alleging the commission of a crime and the unjustified refusal of the prosecuting attorney to prosecute any person for the crime, may require the prosecuting attorney to appear before the judge and explain the refusal. If … the judge finds that the refusal of the prosecuting attorney to prosecute was arbitrary or capricious and without reasonable excuse, the judge may order the prosecuting attorney to file an information and prosecute the case or may appoint a special prosecutor to do so."); Mich. Comp. Laws § 767.41 (2017) ("If, upon examination, the court is not satisfied with the [prosecution's] statement, the prosecuting attorney shall be directed by the court to file the proper information and bring the case to trial."); Neb. Rev. Stat. § 29-1606 (2017) ("If, upon such examination, the court shall not be satisfied with the [prosecution's] statement, the county attorney shall be directed by the court to file the proper information and bring the case to trial."); Pa. R. Crim. P. 506(B)(2) (requiring prosecutors to give reasons for declining to prosecute a criminal complaint filed by a private party, and permitting "the affiant [to] petition the court of common pleas for review of the decision"); In re Hickson, 2000 PA Super 402, PP 12-19 (describing victim standing to seek judicial review of decisions not to prosecute based on private complaints); see also ***State ex rel. Clyde v. Lauder, 90 N.W. 564, 569 (N.D. 1902)*** ("The more modern rule, and that adopted in this state, is the reverse of that at common law. In this state, while the prosecutor may file with the court his reasons for not filing an information … it is the province of the court to determine the ultimate question whether the case shall be prosecuted or dismissed."); cf. Olsen v. Koppy, 593 N.W.2d 762, 765-67 (N.D. 1999) (citing ***Lauder, 90 N.W. 564,*** with approval).

[126] See Cal. Penal Code § 1385 (West 2016) ("The judge or magistrate may, either of his or her own motion or upon the application of the prosecuting attorney, and in the furtherance of justice, order an action to be dismissed."); Darryl K. Brown, Free Market Criminal Justice 35-37 (2016); Valena E. Beety, Judicial Dismissals in the Interest of Justice, 80 Mo. L. Rev. 629, 640-43 (2015) (advocating for a shift in court-reviewed dismissals).

exception is Professor Donald Dripps's current proposal to expand federal criminal law to cover most sexual assault offenses - precisely the model of federal-state enforcement redundancy that **[*901]** exists now for drug crimes, corruption, police violence, and much else. [192] But otherwise, existing policies and reform proposals emphasize more modest, although meaningful, federal efforts to improve state justice administration through, for example, funding grants (as for rape kit testing) [193] and occasionally by litigation to force institutional reforms in local agencies.

In fact, federal law empowers the U.S. Justice Department to sue local police departments and other agencies, and authorizes structural injunctions to remedy systemic misconduct. [194] But the Department's use of this authority has largely focused on police violence rather than sexual assault underenforcement. [195] Various local law enforcement agencies have entered consent decrees under which they adopt institutional and policy reforms to reduce patterns of misconduct, even though federal intervention is hampered by the paucity of data on police misconduct, limited federal resources, and at times the political commitment of the presidential administration. [196] More to the point here, in only a few cases have federal officials targeted local agencies' inadequate responses to sexual assault. [197]

In sum, and in sharp contrast to public corruption, the problem of underenforcement in the sexual assault context reveals the resistance, and cost, of U.S. criminal justice to institutional structures of enforcement redundancy. Having ruled out judicial review and private prosecution from the imaginations of reform-movement activists, the only alternative is the one that U.S. criminal justice always favors - federalism. Where federal criminal law takes on an enforcement agenda, it is usually effective. [198] Where tradition, politics, jurisdictional limits, or policy **[*902]** choices restrict the reach of federal law, as with sexual assault, the U.S. justice system is largely out of options. States were willing to change substantive and procedural law in hopes of improving rape prosecutions, but not to infringe prosecutors' monopoly control of charging by expanding modes of judicial, administrative, or private-party oversight.

3. Police Violence

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[127] New York granted courts nolle prosequi authority in 1829, during its era of private and judicially appointed prosecutors. McConville & Mirsky, supra note 81, at 35 (citing 1829 N.Y. Rev. Stat. tit. IV, § 68, p.730 & § 54. p.726). For a broad overview of state nolle pros laws, see Annotation, Power of Court to Enter Nolle Prosequi or Dismiss Prosecution, 69 A.L.R. 240 (1930). The federal rule is *Fed. R. Crim. P. 48(a)*. Note that these rules give judges implicit power to compel prosecutors to litigate charges they would rather dismiss. For decisions insisting on judicial deference, see, for example, Genesee *Prosecutor v. Genesee Circuit Judge, 215 N.W.2d 145, 147-48 (Mich. 1974).* For similar examples in federal cases, see *United States v. Smith, 55 F.3d 157, 159-60 (4th Cir. 1995); United States v. Perate, 719 F.2d 706, 710-11 (4th Cir. 1983); United States v. Smith, 853 F. Supp. 179, 183-84 (M.D.N.C. 1994); Dawsey v. Gov't of Virgin Islands, 931 F. Supp. 397, 402-04 (D.V.I. 1996).* A standard explanation for deference is that judges lack means to compel prosecutors to litigate charges at trial. See, e.g., *United States v. Greater Blouse, Skirt & Neckwear Contractors Ass'n, 228 F. Supp. 483, 489-90 (S.D.N.Y. 1964)* ("Even were leave of Court to the dismissal of the indictment denied, the Attorney General would still have the right to … , in the exercise of his discretion, decline to move the case for trial. The Court in that circumstance would be without power to issue a mandamus or other order to compel prosecution of the indictment, since such a direction would invade the traditional separation of powers doctrine."). But judges have options short of mandamus. Presumably they could hold prosecutors in contempt for failures to appear, as they could for all other attorneys. And whenever prosecutors retain an interest charges they seek to dismiss, judges could incentivize them by ruling that failure to litigate charges results (as for civil parties) in forfeiture of the claim, or dismissal with prejudice.

[128] For an overview of Canadian law on this point, see Mark Phillips, The Public Interest Criterion in Prosecutorial Discretion: A Lingering Source of Flexibility in the Canadian Criminal Process?, 36 Windsor Rev. Legal & Soc. Issues 43 (2015) (describing case law requiring great judicial deference to prosecutorial discretion). For Australia cases on prosecutorial discretion, see Miller v Commonwealth Dir. of Pub. Prosecutions [2005] 142 FCR 394, 399-400 (Austl.).

[129] Manikis, supra note 60, at 29. In addition, many nineteenth-century state courts justified privately funded prosecutions by citing the public value of these contributions to supplement underfunded district attorney offices. See Ireland, supra note 83, at 47, 49-51 (citing and quoting multiple state courts). Private prosecutors may have different reasons to proceed when despite comparatively low odds of winning a conviction. Some of those motivations, at least, can be public-regarding. Avlana Eisenberg makes the point that prosecuting hate crimes cases, for example, can have expressive and educative value that justifies pursuing well-grounded cases despite skeptical juries. Eisenberg, supra note 45, at 893-95, 902-18.

[130] For discussions on the common law aversion to private prosecution, see Ireland, supra note 83 and for a review of the impact of racial tensions on private prosecution, see Blackmon, supra note 98.

Responses to unjustified police violence reveal a third outcome for enforcement redundancy confined to the federalism model. Federal enforcement authority extends to cases of police violence to a much greater degree than for sexual assaults. That authority extends as well to other kinds of bias-motivated wrongdoing by both private actors and government officials, which local police and prosecutors have at times ignored or devalued, and for which state-level enforcement commitment continues to be uneven. [199] Federal jurisdiction is coextensive with state jurisdiction regarding police wrongdoing, and the Justice Department's institutional capacity for enforcement probably exceeds that of its state counterparts, but in one respect the overlap is not complete. The key substantive criminal offenses available to prosecutors in the federal code are somewhat more restrictive. The primary federal statute used to charge cases of **[*903]** police excessive use of force requires proof of willful deprivation of rights, [200] a strict mens rea standard that makes it harder for federal prosecutors to prove liability than it would be for state prosecutors relying on typical assault or homicide offense definitions. [201] The fact that Congress has for decades let stand this mens rea hurdle to excessive-force prosecutions suggests that federal legislators, if not Justice Department officials, are less committed to a full federal-state enforcement redundancy - or "to altering the federal-state balance in order to reinforce state law enforcement" - than they are for public corruption offenses. [202]

That limit notwithstanding, federal prosecutions in this area have a track record of succeeding where state prosecutions failed or were never attempted, and in that way providing at least a partial remedy for underenforcement by state criminal justice officials. Much of the federal advantage comes from the fact that federal prosecutors are, in general, better situated to objectively investigate, assess, and prosecute wrongdoing by police officers than are local prosecutors who ordinarily interact with and depend upon those officers (or at least their agencies). This is not a particular criticism of local prosecutors' offices; it is one instance of the basic problem that officials (and people generally) are untrustworthy judges of the conduct of others with whom they have affiliations, allegiances, or ongoing relationships. For that reason a few states assign such cases to state-level, rather than local, officials. [203] And the U.S. Justice Department attempts to collect data on deaths in jails, prison, or during **[*904]** attempted arrests, to facilitate Justice Department oversight. [204] The same concerns motivate English laws applying special judicial scrutiny (when triggered by requests from victims' families) to prosecutor's decisions not to charge in the case of death caused by law enforcement officials or occurring in official custody. [205]

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[131] Some federal states such as Germany and Canada lack enforcement redundancy because they use a single, nationwide, criminal code, which is enforced for prosecution agencies and courts organized at the state or provincial level. See generally Eric P. Polten & Eric Glezl, Federalism in Canada and Germany: Overview and Comparison (2014) (describing similarities in German and Canadian federalism, including allocating authority over substantive criminal law to the federal government but criminal justice administration to state or provincial prosecutors and courts). In Australia, like in the United States, states and the federal government each have their own criminal codes. But Australian federal criminal authority is confined much more narrowly than in the United States to conduct that implicates a distinct federal interest. See generally Arther B. Gunlicks, The Lander and German Federalism 59, 72, 129 (2003) (describing German criminal affairs and jurisdictions as compared to the United States); Polten & Glezl, supra, at 5-6, 10, 13-14; Brian Galligan, Comparative Federalism, in The Oxford Handbook of Political Institutions 261, 266-75 (Sarah A. Binder et al. eds., 2008) (discussing federalism and judicial review and regulations); Kathleen Daly & Rick Sarre, Criminal Justice System: Aims and Processes, in Crime and Justice: A Guide to Criminology 357 (Darren Palmer et al. eds., 5th ed. 2017) (examining the processes and purposes of the criminal justice system); Vicki Waye & Paul Marcus, Australia and the United States: Two Common Criminal Justice Systems Uncommonly at Odds, Part 2, *18 Tul. J. Int'l & Comp. L. 335 (2010)* (highlighting similarities and differences between the two countries in relation to criminal laws and policies).

[132] Since 2011, Switzerland also now has unified national criminal law and procedure codes administered in all cantons. See Anna Petrig, The Expansion of Swiss Criminal Jurisdiction in Light of International Law, 9 Utrecht L. Rev. 34, 36 (2013).

[133] See Director of Public Prosecutions Act 1983 s 10(2); Annual Report 2014-15, supra note 71.

[134] In unusual circumstances, two states may also have concurrent jurisdiction over the same crime, enabling one to assess the adequacy of the other's enforcement effort. For a rare example, see *Heath v. Alabama, 474 U.S. 82, 91-93 (1985).*

[135] See ***U.S. Const. amend. V*** (Double Jeopardy Clause); *Bartkus v. Illinois, 359 U.S. 121, 136-39 (1959)* (affirming power of state to prosecute defendant after a federal prosecution for the same bank robbery); *United States v. Lanza, 260 U.S. 377, 384-85 (1922)* (approving federal prosecution after state prosecution based on same conduct).



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U.S. victims lack a right to challenge noncharging decisions in cases of homicides by police. But they, along with organized interest groups, can lobby prosecutors to prosecute. In some cities, voters and activist groups have pressured local prosecutors on police violence cases. [206] It is difficult to assess what role public sentiment plays (and should play) in charging decisions. But it is not hard to find instances of potent political challenges to non-prosecution of police officers in the wake of fatal shootings. Chief prosecutors in Cleveland, Ohio, and Chicago, Illinois, lost reelection bids in the wake controversial failures to charge police officers in fatal-shooting cases. [207] In the midst of popular and activist attention on such cases, prosecutors in several other cities have charged officers for offenses related to suspects' deaths, with mixed records of success. [208] Chicago prosecutors did so a year **[*905]** after police fatally shot a suspect and only upon public release of video of the incident [209] - a scenario that suggests public attention corrected a noncharging decision influenced by improper considerations.

However, U.S. localities vary widely in their demographics, politics, and community sentiments toward these cases. [210] That variation, plus local election of prosecutors, contributes to widely varying enforcement policies across prosecution offices. [211] And it means victims who urge prosecutions when local majority sentiment disfavors it have lower odds of successfully influencing **[*906]** prosecutors. The political variability of local prosecutors' charging policies - and the vulnerability of those decisions to local sentiment that favors unjustified underenforcement - are a key reason federal redundancy is important in this context. Given that police misconduct is an established part of the U.S. Justice Department's enforcement agenda, federal prosecutors should be a check on political judgments of local prosecutors. They also provide victims with a different agency to appeal to for investigation and prosecution.

This federalism-based model of redundant enforcement has advantages as a strategy to reduce risks of unmerited underenforcement. The alternative model authorizing judicial review of declination decisions, as is used in England, relies on the independence of judges from the prosecutors whom they review. [212] The federalism model relies on the independence of federal prosecutors from state prosecutors and police. The executive branch of one sovereign scrutinizes the enforcement response of another. And it has the capacity to act on its independent judgment, while courts are confined to ordering

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[136] See *United States v. Gamble, 694 Fed. App'x. 750 (11th Cir. 2017),* cert. granted, ***Gamble v. United States, 138 S. Ct. 2707 (2018).*** Even if the Court abolishes the dual sovereignty doctrine in Gamble, federal and state prosecutors will continue to be able to prosecute the same offenders for the same conduct in many cases. Under *Blockburger v. United States, 284 U.S. 299, 304 (1932),* the Double Jeopardy Clause precludes multiple prosecutions only if the subsequent charge has the "same elements" as the first. See *United States v. Dixon, 509 U.S. 688, 696 (1993)* (affirming Blockburger's same-elements test as the sole basis for double jeopardy claims). Unlike the firearm offenses that gave rise to Gamble's Double Jeopardy claim, federal and state crimes covering the same conduct often have distinct elements. For an example, see infra notes 200-02 and accompanying text.

[137] See, e.g., U.S. Dep't of Justice, United States Attorneys' Manual, supra note 55, § 9-2.031 (explaining the "Petite policy" criteria for federal prosecution of same conduct after state prosecution).

[138] For an example of a high-profile federal declination in the wake of state declination, see U.S. Dep't of Justice, Department of Justice Report Regarding the Criminal Investigation Into the Shooting Death of Michael Brown by Ferguson, Missouri Police Officer Darren Wilson 5-9 (2015), *https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/doj_report_on_shooting_of_michael_brown_1.pdf*. For a study of federal declination, see Reuters, U.S. Police Escape Federal Charges in 96% of Rights Cases, Fortune (Mar. 13, 2016),*http://fortune.com/2016/03/13/us-police-federal-charges-data* (explaining that between 1995 and 2015, "[federal] prosecutors turned down 12,703 potential civil rights violations out of 13,233 total complaints. By contrast, prosecutors rejected only about 23 percent of referrals in all other types of criminal cases").

[139] See, e.g., *Koon v. United States, 518 U.S. 81, 113-14 (1996)* (remanding for new sentence calculation of police officers convicted in federal court after acquittals in state court); Blinder, supra note 52 (describing federal conviction of South Carolina police officer after an unsuccessful homicide prosecution of the officer in state court); Seven Baltimore City Police Officers Arrested for Abusing Power in Federal Racketeering Conspiracy, U.S. Dep't Just. (Mar. 1, 2017), *https://www.justice.gov/usao-md/pr/seven-baltimore-city-police-officers* -arrested-abusing-power-federal-racketeering.

[140] Moreover, internal Justice Department decisions are not subject to judicial review. See, e.g., U.S. Dep't of Justice, Criminal Resource Manual § 162 (2016); U.S. Dep't of Justice, United States Attorneys' Manual, supra note 55, § 9-2.031.

[141] For a recent example of change in Justice Department policies, see Eric Lichtblau, Sessions Indicates Justice Department Will Stop Monitoring Troubled Police Agencies, N.Y. Times (Feb. 28, 2017), *https://www.nytimes.com/2017/02/28/us/politics/jeff-sessions-crime.html*.

prosecutors to reverse their earlier non-prosecution decisions (or, occasionally, to appointing substitute prosecutors). This "executive separation of powers" model has proven effective, although whether it is effective enough is debated; it depends on whether all cases of police violence that should have been prosecuted - based on the evidence and the public interest in enforcement - were prosecuted. State and federal prosecution offices have distinct professional cultures and are responsive to different constituencies and modes of political supervision, which increases the independence of one from the other. [213] On the other hand, federal prosecution is still to some degree political; it varies with the policy priorities of presidential administrations [214] to a degree that judicial review **[*907]** (in theory) should not. When there is less federal commitment to oversight of states' approaches to police violence, enforcement redundancy is weak. [215] Victims and other interested parties have no other recourse.

C. Underenforcement and Prosecutor Political Accountability

In short, U.S. strategies of enforcement redundancy have a relatively strong track record for some crimes such as public corruption, are robust but vulnerable to political shifts for others such as a police violence, and are notably weak with regard to certain offenses, such as sexual assaults. That last category is important because that weakness extends well beyond sexual assault offenses; many of the routine crimes that make up typical state criminal dockets are not within the scope of federal criminal law enforcement. And since private prosecution and judicial or administrative review of prosecutorial decisions are almost completely absent from state criminal justice systems, there is no charging-decision oversight of state prosecutors' declination decisions and enforcement policies - save for local electoral accountability. In forty-five of fifty states, chief prosecutors are directly elected in local constituencies. [216] This form of democratic accountability operates as a kind of check on underenforcement, although it has significant limits in its capacity to play that role.

State prosecutors' elected status is likely the best explanation **[*908]** for why victim-based checks on declination - private prosecution or judicial review - never became a part of victims' rights reforms enacted in U.S. jurisdictions in recent decades. First, prosecutors are politically powerful groups with legislatures, and they zealously guard their unfettered discretion over criminal charging. [217] Second, it has led even courts to disfavor any degree of judicial review of charging decisions, on the

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On Justice Department professionalism, see Jim McGee & Brian Duffy, Main Justice: The Men and Women Who Enforce the Nation's Criminal Laws and Guard Its Liberties 7-9 (1996); Jed Handelsman Shugerman, The Creation of the Department of Justice: Professionalization Without Civil Rights or Civil Service, *66 Stan. L. Rev. 121, 125-26 (2014).*

[142] The arguable exceptions are federal crimes for race-based and civil rights-related violence and for local officials' abuses of power; in those realms federal authorities responded to widespread failures by state law enforcement and justice systems. See generally Michal R. Belknap, Federal Law and Southern Order: Racial Violence and Constitutional Conflict in the Post-Brown South 154-58 (1987) (highlighting the federal response to southern violence in mid-twentieth century); Rhodri Jeffreys-Jones, The FBI: A History 19-24 (2007) (tracing FBI to nineteenth century federal efforts to combat Ku Klux Klan terrorism of voters); William J. Stuntz, The Collapse of American Criminal Justice 99-157 (2011) (documenting the expansion of federal role in law enforcement and prosecution in the late nineteenth century).

[143] See infra Part III.B.1.

[144] See, e.g., *Screws v. United States, 325 U.S. 91, 110-14 (1945).*

[145] For an indication that federal enforcement policy is designed to protect specific victim interests, see U.S. Dep't of Justice, FY 2014 Annual Performance Report and FY 2016 Annual Performance Plan I-16-17 (2015), *https://www.justice.gov/sites/default/files/doj/pages/attachments/2015/02/06/fy2014aprfy_2016app2.pdf* (describing aspects of the "Vulnerable People Priority Goal").

[146] See Lichtblau, supra note 141.

[147] See Paul G. Cassell & James R. Marsh, Full Restitution for Child Pornography Victims: The Supreme Court's Paroline Decision and the Need for a Congressional Response, *13 Ohio St. J. Crim. L. 1, 7 (2015).*

[148] See U.S. Dep't of Justice, supra note 145, at II-22, I-33 (describing prioritization of federal prosecutions into financial or government fraud and child exploitation).

[149] See Jane Kim, Taking Rape Seriously: Rape as Slavery, *35 Harv. J.L. & Gender 263, 277-83 (2012)* (criticizing inadequate federal criminalization of rape); Donald A. Dripps, Why Rape Should Be a Federal Crime 4 (2018), (unpublished manuscript),

rationale that oversight of prosecutors lies in the political process rather than judicial enforcement of legal parameters for charging. [218] Third, popular and political pressure has succeeded in redressing some underenforcement practices by prosecutors (and police) when victim groups, or issues tied to specific offenses, achieve political potency. Intoxicated driving is perhaps the best example of harmful wrongdoing about which many enforcement agencies have successfully revised their policies to increase enforcement. [219] Domestic violence and sexual assaults are other examples where enforcement shifts have been more limited but still significant. [220]

Responses by local agencies to this type of pressure have taken three basic forms. First, chief prosecutors adopted internal office policies that mandate - or set a strong presumption for - **[*909]** prosecution of specific crimes when evidence is sufficient. [221] Second, prosecutors get specialized training on how to address the particular challenges posed by specific kinds of cases such as domestic violence or sexual assault. [222] Finally, many offices have established dedicated, in-house units of prosecutors who specialize in these same kinds of crimes. [223] States legislatures have encouraged these reforms, [224] but virtually everywhere, the adoption, content, and enforcement of policies is left to local chief prosecutors. No legislation sets specific charging criteria, authorized judicial review, or gives enforceable rights to victims. [225]

These responses to underenforcement are meaningful, but their form is more political than legal. They are the kinds of responses produced by a system of electorally accountable prosecutors and legislatures. [226] Often they are in large part attributable to successful political efforts by advocacy groups. Mothers Against Drunk Driving (MADD), for example, successfully urged reforms of laws and enforcement practices against intoxicated driving. [227] Feminist groups and women's advocates play important, ongoing roles in reforming police and prosecution policies, substantive criminal laws, and evidence rules for domestic **[*910]** violence and sexual assault offenses. [228] These efforts have succeeded in changing attitudes, professional cultures, and enforcement practices in police and prosecution agencies that had contributed to underenforcement in these areas. [229] Prosecution units specializing in offenses such as domestic violence, for example, strengthen professional culture committed to enforcement by attracting lawyers who share that commitment and who develop expertise to act on it. [230]

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https://papers.ssrn.com/sol3 /papers.cfm?abstract_id= 3095741. Without grounds for federal jurisdiction - such as conduct involving interstate travel or occurring on federal property - sexual assaults and other violent offenses are the exclusive province of state officials. Kim, supra, at 277. For examples of the limits built into federal offenses, see18 U.S.C. § 1591(a)(1) (2016) (knowingly recruiting or enticing minors to engage in commercial sex acts); 18 U.S.C. § 2423(b) (2016) (prohibiting travel in interstate commerce for purpose of engaging in illicit sexual conduct with minor females).

[150] The scholarly literature on public corruption is considerable. For a short overview of the debate and the federal law, see David Mills & Robert Weisberg, Corrupting the Harm Requirement in White Collar Crime, 60 Stan. L. Rev. 1371, 1377-94 (2008). For longer treatments, see generally Political Corruption: A Handbook (Arnold J. Heidenheimer et al. eds., 2d ed. 1989) (compiling comparative scholarly work on political corruption); Routledge Handbook of Political Corruption: A Handbook (Paul M. Heywood ed., 2015) (focusing on international and comparative corruption issues).

[151] See, e.g., McDonnell v. United States, 136 S.Ct. 2355, 2365 (2016) (describing quid pro quo requirement for federal bribery offense, ***18 U.S.C. § 201,*** in relation to extortion and honest-services fraud statutes, 18 U.S.C. §§1951(a) & 1346, used to prosecute corruption by state officials); Skilling v. United States, 561 U.S. 358, 407-09 (2010) (clarifying quid pro quo requirements for bribery and kickback conduct in honest-services fraud prosecutions).

[152] See ***18 U.S.C. § 201*** (2012) (criminalizing bribes and gratuities); ***18 U.S.C. § 666*** (2012) (criminalizing theft or bribery related to federally funded programs); ***18 U.S.C.§§1341,*** 1343, 1346 (2016) (criminalizing mail, wire, and "honest services" fraud); 18 U.S.C. § 1951 (2012) (criminalizing extortion "under color of official right").

[153] See, e.g., Nicholas Kusnetz, Only Three States Score Higher Than D+ in State Integrity Investigation; 11 Flunk, Ctr. for Pub. Integrity, https://www .publicintegrity.org/2015/11/09/18693/only-three-states-score-higher-d-state -integrity-investigation-11-flunk (last updated Nov. 23, 2015) (scoring states and explaining methodology; all but three states scored a "D+" or below on A-to-F scale); see also Corruption Perceptions Index 2016, Transparency Int'l (Jan. 25, 2017), https://www.transparency.org/news/feature/corruption_ perceptions_index_2016#table (ranking 174 countries by corruption scores; the United States ranked eighteenth). On the challenges facing corruption measures, see generally Staffan Andersson, Beyond Unidimensional Measurement of Corruption, 19 Pub. Integrity 58 (2017) (analyzing the challenges posed by treating corruption as a one-dimensional phenomenon); Adriana S. Cordis & Jeffrey Milyo, Measuring Public Corruption in the United States: Evidence From Administrative Records of Federal Prosecutions, 18 Pub. Integrity 127 (2016)

Successes notwithstanding, reliance on this kind of political supervision cannot be an equally effective remedy for underenforcement across all contexts. The independence of local prosecution and police agencies means that policies, resources, and constituent support for rigorous enforcement inevitably vary. [231] They will differ not only across localities but also according to the type of offense and the identity of the victim. Some groups, such as victims of intoxicated drivers, can succeed at achieving more rigorous enforcement policies. [232] Other victims with less political support or popular sympathy - undocumented immigrants, sex workers, prison inmates, and casualties of police shootings [233] - have dimmer prospects when prosecutors are responsive to local majorities' preferences. In some places, public **[*911]** sentiment is a force in favor of charging in categories of wrongdoing that have suffered from patterns of underenforcement. In other places, the same can be a force against charging and can reinforce underenforcement practices. Either way, electoral accountability can lead to undue pressure on prosecutors to yield to majoritarian or interest-group pressure to avoid "commiting political suicide." [234]

In short, political supervision, as an institutional structure to minimize unjustified failures to prosecute, is an institutional structure with a highly uneven track record and decidedly mixed prospects. On the other hand, some of the strategies for enforcement redundancy examined above that take the form of legal entitlements would likely also achieve partial success. Private prosecution is an unpromising device to aid certain marginalized victim groups such as inmates, undocumented immigrants, or low-income people generally. Other options - review of declination by courts, or concurrent jurisdiction of a separate prosecution agency - hold somewhat more promise. Judicial review is somewhat more removed from political influence (though perhaps less so in jurisdictions that elect judges), [235] although that mechanism still depends on victims to petition for review. The overlap of federal and state criminal jurisdiction subjects enforcement to review by a rival agency subject to, at worst, different political influences. At best, as with a Justice Department that can minimize political influence with professional and bureaucratic norms, it expands the prospect for less political review. [236]

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(criticizing the use of federal convictions data in public corruption analysis and advocating instead for the use of administrative data). For a list of state criminal laws and ethical rules governing corruption, see Penalties for Violations of State Ethics and Public Corruption Laws, Nat'l Conf. St. Legislatures,*http://www.ncsl.org/research/ethics/50-state-chart-criminal-penalties* -for-public-corr.aspx (last updated Sept. 10, 2018).

[154] Pub. Integrity Section, U.S. Dep't Of Justice, Report to Congress on the Activities and Operations of the Public Integrity Section for 2015, at i (2015), *https://www.justice.gov/criminal/file/891961/download*.

[155] See, e.g., id. at 17-19 (providing examples of the Justice Department's prosecution of state and local officials).

[156] Id. at 23-24 tbl.2 (tracking the number of convictions of corrupt public officials during 1996-2015); id. at 25-28, tbl.3 (tracking public corruptions prosecutions by federal district during 2006-2015); Patricia Salkin & Bailey Ince, It's a "Criming Shame": Moving from Land Use Ethics to Criminalization of Behavior Leading to Permits and Other Zoning Related Acts, *46 Urb. Law. 249, 250 (2014)* (describing federal prosecution of state and local officials).

[157] Fed. Bureau of Investigation, U.S. Dep't of Justice, The FBI Story: 2017, at 11 (2017), *https://www.fbi.gov/file-repository/the-fbi-story-2017* .pdf/view (describing public corruption as a "key responsibility").

[158] See, e.g., id. at 10-20 (providing specific examples of federal public corruption prosecution for various types of conduct).

[159] Id.

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CONCLUSION

All justice systems suffer from pockets of unjustified, even pernicious, underenforcement. All recognize that public prosecutors can be vulnerable to biases and institutional interests that distort enforcement decisions. Especially in recent decades, nearly all have adopted mechanisms to address those risks. Outside the United States, victim rights legislation has included provisions directed at unjustified decisions not to prosecute. In other common law countries and in Europe, most victims may now either seek independent review of prosecutors or initiate prosecutions on their own. Independent review keeps the safeguard against underenforcement in public hands while strengthening the principle that charging decisions should be nonpolitical and ministerial in nature. Victim rights reforms in general manifest a judgment that modern criminal justice had focused excessively on public interests and unduly neglected victims' private interests in criminal prosecutions. Authorizing victims to challenge declination decisions extends this idea by recognizing victims' private stake in those decisions and enabling victims to serve the public interest in preventing unjustified failures to prosecute. [237]

Virtually all U.S. jurisdictions reject both of those strategies. [238] And rather than insulate their prosecutors from political **[*913]** influence, most states rely on electoral politics for oversight of prosecution practices. Instead, the U.S. model opts for duplicative federal-state jurisdiction against a background of politically attuned state prosecutors. Both this federalism model of redundant prosecutorial authority - which may be reduced this term by the Supreme Court's decision in Gamble - and the model of politically responsive prosecutors have proven effective at redressing some types of underenforcement. Both serve some victims' interests without taking the form of victim rights. And both reflect a preference for political over legal safeguards against biased or ill-conceived uses of prosecutorial discretion.

American criminal justice is more sanguine than other legal systems about the downsides of prosecutors' electoral accountability and attention to majoritarian sentiments. U.S. prosecutors' democratic legitimacy works against arguments for more formal oversight or regulation. Even against the potent political power of victims' rights movements, unfettered executive charging discretion has proven immutable. [239] But federal prosecutors provide significant oversight, at least for some

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[160] United States v. Alfisi, 308 F.3d 144, 155-56 (2d Cir. 2002) (Sack, J., dissenting) (arguing that payments to federal officials prosecuted under ***18 U.S.C. § 201*** caused no clear harm or "corruption"); Mills & Weisberg, supra note 150, at 1373-74 (discussing the role of fiduciary duties in criminal liability); id. at 1377, 1386-90, 1404-05 (discussing uncertainty of "harm" in some contexts); id. at 1395-1400 (discussing honest services); Lex Hemphill, Acquittals End Bid Scandal that Dogged Winter Games, N.Y. Times, Dec. 6, 2003, at D1 (reporting a federal district judge's criticism of the prosecution, saying "in his 40 years of working in the criminal justice system, he had never seen a case so devoid of "criminal intent or evil purpose'").

[161] For Supreme Court decisions rejecting broad applications of federal anti-corruption statutes, see generally McDonnell v. United States, 136 S. Ct. 2355 (2016) (reversing the former Virginia Governor's conviction for honest-services fraud and extortion); McNally v. United States, 483 U.S. 350 (1987) (reversing the conviction of state officials and holding that federal mail fraud statute, ***18 U.S.C. § 1341,*** does not apply to schemes to defraud state citizens of the intangible "right to have the Commonwealth's affairs conducted honestly"). As a matter of statutory interpretation, the Court requires a "clear statement" that Congress intends a federal criminal statute to duplicate a state crime and thereby "effect a significant change in the sensitive relation between federal and state criminal jurisdiction." United States v. Bass, 404 U.S. 336, 349-50 (1971); see also Rewis v. United States, 401 U.S. 808, 811-12 (1971). But Congress has made such intent sufficiently clear for the Court in numerous statutes, including those at issue in Bass (18 U.S.C. § 1202(a), now codified at ***18 U.S.C. § 922***(g)) and in Rewis (18 U.S.C. § 1952). See, e.g., Perrin v. United States, 444 U.S. 37, 50 (1979) (finding that § 1952 reflects congressional intent "to alter the federal-state balance in order to reinforce state law enforcement").

[162] See, e.g., Roderick M. Hills, Jr., Corruption and Federalism: (When) Do Federal Criminal Prosecutions Improve Non-Federal Democracy?, 6 Theoretical Inquiries L. 113, 137-44 (2005) (arguing that federal enforcement of public corruption in local governments harms local styles of democracy); Harvey A. Silverglate & Emma Quinn-Judge, Tawdry or Corrupt? McDonnell Fails to Draw a Clear Line for Federal Prosecution of State Officials, 2016 Cato Sup. Ct. Rev. 189, 213-19 (2016) (arguing that the honest services statute is too vague to be fairly enforced); cf. John C. Coffee, Jr., Modern Mail Fraud: The Restoration of the Public/Private Distinction, 35 Am. Crim. L. Rev. 427, 430-31 (1998) (arguing that federal prosecutors rely on broad federal common law crimes in fraud cases against state and local public officials); Salkin & Ince, supra note 156, at 266-67 (describing aggressive federal enforcement of public corruption in the context of land

use). But see Mark S. Gaioni, Federal Anticorruption Law in the State and Local Context: Defining the Scope of ***18 U.S.C. § 666,*** *46 Colum. J.L. & Soc. Probs. 207, 237-45 (2012)* (arguing for broad interpretation of § 666 to cover state and local officials).

[163] See, e.g., *18 U.S.C. § 1346* (2012) (criminalizing "honest services" fraud). The statute was enacted in 1988 in response to the Supreme Court's 1987 decision in United States v. McNally, which held that ***18 U.S.C. § 1341*** did not cover "honest services" fraud. Gaioni, supra note 162, at 243 n.192.

[164] See, e.g., *Perrin, 444 U.S. at 50* (finding that section 1952 reflects congressional intent "to alter the federal-state balance in order to reinforce state law enforcement").

[165] See, e.g., *18 U.S.C. § 1952* (2012) (prohibiting interstate travel for "unlawful activity," which can be made unlawful by state law); *Perrin, 444 U.S. at 50* ("In defining "unlawful activity' [in *18 U.S.C. § 1952],* Congress has clearly stated its intention to include violations of state as well as federal bribery law."); *United States v. Welch, 327 F.3d 1081, 1092-1103 (10th Cir. 2003)* (reinstating an indictment and holding that Utah law serves as predicate to define violations of *18 U.S.C. § 1952).*

[166] See Kim, supra note 149; Dripps, supra note 149, at 3 (noting that sexual assaults in federal law are confined to very limited contexts, such as human trafficking).

[167] See Kim, supra note 149.

[168] See Lynching in America: Confronting the Legacy of Racial Terror, Equal Just. Initiative, *https://lynchinginamerica.eji.org/report* (last visited Oct. 30, 2018) ("Of all lynchings committed after 1900, only 1 percent resulted in a lyncher being convicted of a criminal offense" (citing Paula J. Giddings, Ida: A Sword Among Lions 473-74 (2008))). Data on prosecutorial charging decisions is harder to come by, but clearance rates for homicides - meaning the percentage of cases police resolve, usually by arrest - are higher for homicides than other offense categories. See 2016 Crime in the United States, FBI: UCR, *https://ucr.fbi.gov/crime-in-the-u.s/2016/crime-in-the-u.s.-2016/tables/table-17* (last visited Oct. 30, 2018) (reporting that the 2016 national clearance rate for homicides was 59.4%, compared to 45.6% for all violent crime and 18.3% for property crimes).

[169] See S. Rep. No. 103-138, at 42 (1994) ("Police may refuse to take reports [of crimes against women]; prosecutors may encourage defendants to plead to minor offenses … . At every step of the way, the criminal justice system poses significant hurdles for victims."); Catharine A. MacKinnon, Rape Redefined, *10 Harv. L. & Pol'y Rev. 431, 439 (2016)* ("One out of about ten acts of rape or attempted rape that fit basic legal definitions in the United States is reported to authorities. Dramatically fewer [reported cases] are prosecuted or result in convictions … ."). For detailed examination of prosecutor decision-making on sexual assault complaints in three jurisdictions, see Cassia C. Spohn et al., Nat'l Criminal Justice Reference Serv., Prosecutors' Charging Decisions in Sexual Assault Cases: A Multi-Site Study 85-88 (2001), *https://www.ncjrs.gov/pdffiles1/nij/grants/197048.pdf*.

[170] See Dripps, supra note 149, at 6 & n.25 (noting a National Violence Against Women survey by the Centers for Disease Control found twice as many rapes as the NCVS survey reported for the same year). See generally Candace Kruttschnitt et al., Estimating the Incidence of Rape and Sexual Assault (2014) (describing the reasons why it is "highly likely" that the National Crime Victimization Survey, conducted by the Bureau of Justice Statistics, underestimates rapes and other sexual assaults).

[171] Kruttschnitt et al., supra note 170; Dripps, supra note 149.

[172] Dripps, supra note 149, at 9 (summarizing and comparing Federal Bureau of Investigation Uniform Crime Reports and National Crime Victimization Survey data).

[173] See supra note 169 and accompanying text.

[174] Dripps, supra note 149, at 13-15 (summarizing clearance-rate data from Federal Bureau of Investigation Uniform Crime Reports and from the Los Angeles County Sheriff's Department).

[175] See, e.g., Cassia Spohn & Katharine Tellis, Nat'l Criminal Justice Reference Serv., Policing and Prosecuting Sexual Assault in Los Angeles City and County VII (2012), *https://www.ncjrs.gov/pdffiles1/nij/grants/237582.pdf*.

[176] Id. at VII-VIII, 8. Data on clearance rates is itself suspect; departments sometimes do not disclose all reports of sexual assaults they receive. Id. at IV (finding that the L.A. Police Department and the L.A. Sheriff's Department both substantially exaggerated their clearance rates).

[177] Rape Kit Backlogs: Failing the Test of Providing Justice to Sexual Assault Survivors: Hearing Before the Subcomm. on Crime, Terrorism, and Homeland Sec. of the H. Comm. on the Judiciary, 111th Cong. 21 (2010) (statement of Rep. Anthony Weiner, Member, H.

Comm. on the Judiciary) (noting that there are over 542,000 untested rape kits); Caitlin Dickson, How the U.S. Ended Up With 400,000 Untested Rape Kits, Daily Beast (Sept. 23, 2014), https://www .thedailybeast.com/how-the-us-ended-up-with-400000-untested-rape-kits; Dayton Uttinger, Why Is There Still a Rape Kit Backlog?, Women's Media Ctr. (Aug. 1, 2017),*http://www.womensmediacenter.com/fbomb/why-is-there-still-a-rape-kit-backlog* ("There are an estimated 175,000 untested rape kits … across the US … ").

178 See Office on Violence Against Women, U.S. Dep't of Justice, Sexual Assault Kit Testing Initiatives and Non-Investigative Kits 3 (2017), *https://www.justice.gov/ovw/page/file/931391/download* (noting that $ 100 million was awarded to states and localities in 2014-16 to reduce rape kit backlog).

179 Note, Recent Statutory Developments in the Definition of Forcible Rape, 61 Va. L. Rev. 1500, 1505-07 (1975).

180 See, e.g., ***State v. Sibley, 33 S.W. 167, 171 (Mo. 1895)*** ("The rule in this state permitting a witness to be impeached by proof of general reputation for unchastity is confined to females."); *People v. Abbot, 19 Wend. 192, 194 (N.Y. 1838)* (permitting questions to the rape complainant about her past sexual conduct because in rape prosecutions "the material issue is on the willingness or reluctance of the prosecutrix - an act of the mind").

181 Susan Estrich, Real Rape 8 (1987).

182 See id. at 8-22 (describing traditional rape definitions, spousal exception, evidentiary rules, and police responses to rape reports); Recent Statutory Developments in the Definition of Forcible Rape, supra note 179, at 1505-07 (describing the "utmost resistance" requirement); see also *State v. Terry, 215 A.2d 374, 376 (N.J. Super. Ct. App. Div. 1965)* (affirming that, to prove liability for rape, "it must be shown that [the victim] did, in fact, resist the assault").

183 Kathleen F. Cairney, Addressing Acquaintance Rape: The New Direction of the Rape Law Reform Movement, *69 St. John's L. Rev. 291, 298-99 (2012).*

184 See *Fed. R. Evid. 412*; Leah DaSilva, The Next Generation of Sexual Conduct: Expanding the Protective Reach of Rape Shield Laws to Include Evidence Found on Myspace, 13 Suffolk J. Trial & App. Advoc. 211, 219 (2008) ("In 1974, Michigan became the first jurisdiction to enact a rape shield law. The federal government and remaining forty nine states followed, most within several years."); cf. Joel E. Smith, Annotation, Constitutionality of "Rape Shield" Statute Restricting Use of Evidence of Victim's Sexual Experiences, 1 A.L.R. 4th 283 (2018) (discussing constitutional limits on rape shield rules).

185 See *Fed. R. Evid. 413*, *414*.

186 See, e.g., Cyrus R. Vance, Jr., N.Y. Cty. Dist. Attorney's Office, Sexual Assault and the Criminal Justice System (2010), *http://manhattanda.org/sites/default/files/Sex_Crimes.pdf* [*https://web.archive.org/web/20170702150412/ http://manhattanda.org/sites/default/files/Sex_Crimes* .pdf] (describing the "Sex Crimes Prosecution Unit" and special units for sexual assaults crime and victims in hospitals police precincts, and social service agencies). See generally Jennifer G. Long & John Wilkinson, The Benefits of Specialized Prosecution Units in Domestic and Sexual Violence Cases, AEquitas: Strategies Brief, Dec. 2011, at 1, 1 (describing how experienced prosecutors improve handling of domestic and sexual violence cases). Similar strategies of offense reform and creation of dedicated prosecution units have more recently been strategies against another context of endemic underenforcement - crimes against inmates. See Alysia Santo, Preying on Prisoners: In Texas, Staffers Rarely Go to Jail for Sexually Abusing Inmates, Marshall Project (June 7, 2015), *https://www.themarshallproject.org/2015/06/17/preying-on-prisoners* (describing a special prosecution unit in Texas focused on crimes against inmates, and noting that between 1990 and 2006, the number of states with statutes that expressly criminalize sexual abuse of inmates rose from eighteen to fifty, and prosecution rates rose from thirty-seven to forty-nine percent of staff sexual misconduct case referrals).

187 See *State v. Stahl, 855 N.E.2d 834, 836 (Ohio 2006)* (describing the "Developing Options for Violent Emergencies (DOVE) unit" in a hospital designed to gather evidence from and provide care to sexual assault victims); History of the Movement, Wash. Coalition Sexual Assault Programs, http://www .wcsap.org/history-movement (last updated May 9, 2016) (describing the establishment of the first rape crisis centers in 1972). See generally Office Violence Against Women, U.S. Dep't of Justice, A National Protocol for Sexual Assault Medical Forensic Examinations: Adults/Adolescents (2013), *https://www.ncjrs.gov/pdffiles1/ovw/241903.pdf* (describing recommendations, techniques, and strategies for health care providers to maximize forensic evidence gathering during provision of medical care).



HOUSE_OVERSIGHT_016546

important kinds of crimes within states' jurisdictions. This federalism-based model of enforcement redundancy is a distinctive if

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188 Cassia Spohn & Julie Horney, Rape Law Reform: A Grassroots Revolution and Its Impact 77 (1992) (describing expectations that legal reforms would improve prosecution rates); id. at 100 ("Legal changes did not produce the dramatic results that were anticipated by reformers. The reforms had no impact in most of the jurisdictions.").

189 Jennifer L. Truman & Rachel E. Morgan, Bureau Justice Statistics, U.S. Dep't of Justice, Criminal Victimization, 2015, at 2 tbl.1 (2016), *https://www.bjs.gov/content/pub/pdf/cv15.pdf* (reporting that the National Crime Victimization Survey estimated 431,840 rapes/sexual assaults in 2015); Crime in the United States by Volume and Rate Per 100,000 Inhabitants, 1996 -2015, Fed. Bureau Investigation, *https://ucr.fbi.gov/crime-in-the-u.s/2015/crime-in-the-u.s.-2015/tables/table-1* (last visited Oct. 30, 2018) (reporting 124,047 rape reports under the "revised definition").

190 Cf. Jack M. Balkin & Reva B. Siegel, Principles, Practices, and Social Movements, *154 U. Pa. L. Rev. 927, 946-50 (2006)* (arguing that social movements significantly shape the application of constitutional principles); Reva B. Siegel, Text in Contest: Gender and the Constitution from a Social Movement Perspective, *150 U. Pa. L. Rev. 279, 328-44 (2001)* (arguing that the history of the Nineteenth ***Amendment*** and the Equal Rights ***Amendment*** show that the U.S. Constitution is amenable to contestation by social movements).

191 Violence Against Women Act of 1994, Pub. L. 103-322 (1994) (codified at *34 U.S.C.§§12291*-12511) (2017) (establishing a broad set of policies directed at violence against women that creates no federal criminal offenses).

192 Dripps, supra note 149, at 46-49, app. I. For an earlier proposal along the same lines, see Kim, supra note 149, at 304-09.

193 E.g., Office on Violence Against Women, supra note 178 and accompanying text.

194 The statutory authority is *42 U.S.C. § 14141* (2016).

195 See Harmon, Policing Reform, supra note 21 (discussing structural reform aimed at police violence without noting any instances of targeting sexual assault offenses).

196 Leading observers view this structural reform as insufficient to address the scope of the police-misconduct problems. See id. at 59-61 (describing injunctive relief under *42 U.S.C. § 14141,* noting limits on data about police misconduct, and explaining how insufficient data limits the effectiveness of reform efforts). On the prospect of reduced federal commitment to this strategy in the Trump administration, see *U.S. Attorney Gen., supra* note 24; Horwitz et al., supra note 24.

197 See Dripps, supra note 149, at 19 & n.100 (citing five federal actions under § 14141 addressing local agencies' responses to sexual assault crimes).

198 That is, federal criminal law is effective at successful prosecutions, if not at reducing the underlying social problem targeted by criminal law. See generally, e.g., Steven B. Duke & Albert C. Gross, America's Longest War: Rethinking Our Tragic Crusade Against Drugs (1993) (examining and critiquing American drug policies).

199 See, e.g., ***18 U.S.C. § 241*** (2012) (criminalizing conspiracy); id. § 242 (criminalizing willful deprivation of federal rights while acting under color of law); id. § 249 (criminalizing willful bodily injury because of victim's race, religion, sexual orientation, or gender identity). Federal prosecutors focus on other serious direct-victim crimes as well, such as human trafficking and child pornography. See U.S. Dep't of Justice, supra note 145 (describing prioritization of such cases). But federal involvement in that realm is presumably motivated not so much by a need for oversight of untrustworthy state prosecutors as by the greater resources, expertise, and interstate jurisdictional advantages that federal prosecutors bring to such cases. Criminal prosecution is only one aspect of federal policies to reduce custodial deaths and improper uses of force by police. Other strategies include investigating abuse and corruption in local police agencies and using civil injunctive remedies against those agencies to change patterns of wrongdoing, as well as gathering data on custodial deaths and police uses of force. See Harmon, Policing Reform, supra note 21; Simone Weichselbaum, Policing the Police: As the Justice Department Pushes Reform, Some Changes Don't Last, Marshall Project (May 26, 2015), *https://www.themarshallproject.org/2015/04/23/policing* -the-police (describing the difficulties in achieving lasting reforms in local police departments through federal consent decrees).

200 See ***18 U.S.C. § 242*** (liability for an official who "willfully subjects any person … to the deprivation of any [federal] rights"); *United States v. Screws, 325 U.S. 91, 103 (1945)* (interpreting § 242's willfulness term to require "specific intent to deprive a person of a federal right").

201 The prosecution of South Carolina police officer Michael Slager provides an example. State prosecutors charged Slager with murder; federal prosecutors charged him with criminal violation of civil rights under ***18 U.S.C. § 242.*** For an example of this contrast between state and federal charges for the same offense, see Blinder, supra note 52; Michael S. Schmidt & Matt Apuzzo, Officer Is Charged with Murder of a Black Man Shot in the Back, N.Y. Times, Apr. 8, 2015, at A1.



HOUSE_OVERSIGHT_016547

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202 See *Perrin v. United States, 444 U.S. 37, 50 (1979)* (broadly interpreting "bribery" in *18 U.S.C. § 1952* to include bribery of private individuals); supra Part III.B.1 and note 161 (citing Perrin in discussion of anti-corruption prosecutions under *18 U.S.C. § 1952).*

203 See, e.g., *Wis. Stat.§§175.47*, *950.04(1v)(do)*, *950.08(2g)(h)* (2014) (codifying Wis. Act 348 (2013)) (requiring investigations of "officer-involved deaths" to be conducted by investigators from a different agency).

204 See Data Collection: Mortality in Correctional Institutes (MCI) (Formerly Deaths in Custody Reporting Program (DCRP)), Bureau Just. Stat., *https://www.bjs.gov/index.cfm?ty=dcdetail&iid=243* (last visited Oct. 30, 2018) (providing data collection since 2000 for jails, since 2001 for prisons, and since 2003 during arrests). The Death in Custody Reporting Act of 2000,*42 U.S.C. § 13704* (2006), required local agencies to report deaths until it lapsed in 2006. Hunter Schwartz, Congress Decides to Get Serious About Tracking Police Shootings, Wash. Post (Dec. 11, 2014), *https://www.washingtonpost.com/news/post-politics/wp/2014/12/11/congress-decides-to-get-serious-about-tracking* -police-shootings. It was renewed in 2014. Death in Custody Act of 2013, Pub. L. 113-242,***128 Stat. 2860*** (codified as amended in scattered sections of 42 U.S.C). In the interim years, the Bureau collected data voluntarily reported by local agencies. Pete Kasperowicz, House Bill Would Require States to Report on Prisoner Deaths, Hill (Dec. 6, 2013), *https://thehill.com/blogs/floor-action/government-oversight/192354-house-to-require-states-to-report-on-prisoner* -deaths.

205 See supra note 113.

206 E.g., Ed Krayewski, Prosecutors in Chicago, Cleveland Lose Re-Election Bids After Police Abuse Controversies, Reason (Mar. 16, 2016), http://reason .com/blog/2016/03/16/prosecutors-in-chicago-cleveland-lose-re.

207 Id.; see also Justin Glawe, Anita Alvarez, Chicago's Top Prosecutor, Cleared Killer Cops 68 Times, Daily Beast (Mar. 14, 2016), http://www .thedailybeast.com/articles/2016/03/14/anita-alvarez-chicago-s-top-prosecutor -cleared-killer-cops-68-times.html.

208 See Manslaughter Conviction for Ex-Officer, N.Y. Times, Aug. 5, 2016, at A15; Richard Perez-Pena, Officer Indicted in Shooting Death of Unarmed Man, N.Y. Times, July 30, 2015, at A1; Mark Berman, Minn. Officer Acquitted in Shooting of Philando Castile During Traffic Stop, Dismissed From Police Force, Wash. Post (June 17, 2017), *https://www.washingtonpost.com/news/post* -nation/wp/2017/06/16/minn-officer-acquitted-of-manslaughter-for-shooting -philando-castile-during-traffic-stop; Chris Dixon, Ex-Officer Seeks Bond in Shooting Death of Walter Scott, N.Y. Times (Sept. 11, 2015), https://www. nytimes.com/2015/09/12/us/officer-seeks-bond-in-shooting-death-of-walter -scott.html (stating that officer was charged with murder); Wil S. Hylton, Baltimore vs. Marilyn Mosby, N.Y. Times Mag. (Sept. 28, 2016), *https://www.nytimes.com/2016/10/02/magazine* /marilyn-mosby-freddie-gray-baltimore.html (describing the failure to convict any of six officers indicted for the April 2015 death of Freddie Gray); Justin Juozapavicius, Tulsa Officer Acquitted In Man's Shooting Death Is Returning To The Police Force, Associated Press (May 19, 2017), *https://www.apnews.com/9af40bcdbbd84f6e95fb3a430d4016c0*.

209 Monica Davey & Mitch Smith, Justice Department Is Expected to Investigate Chicago Police, N.Y. Times, Dec. 7, 2015, at A10 (reporting on the Justice Department's investigation into the patterns and practices of the Chicago Police Department in the wake of Laquan McDonald shooting); Mitch Smith, Chicago Officer Pleads Not Guilty to Charge of Murder in Death of a Teenager, N.Y. Times, Dec. 30, 2015, at A12 (stating that a police officer was charged for the 2014 fatal shooting of a teenager just before video footage of the incident was released).

210 For one notable political response, see La. Stat. Ann. §§14:107.2(A), (E) (2018) (creating the "Blue Lives Matter" law); Kevin Conlon, Louisiana Governor Signs "Blue Lives Matter' Bill, CNN (May 27, 2016), *https://www.cnn.com/2016/05/26/us/louisiana-blue-lives-matter-law/index.html* (describing passage of House Bill 953).

211 See, e.g., W. David Ball, Tough on Crime (on the State's Dime): How Violent Crime Does Not Drive California Counties' Incarceration Rates - And Why It Should, *28 Ga. St. U. L. Rev. 987, 1018-34 (2012)* (analyzing data from 2000-2009 and describing how county-level criminal justice officials, including prosecutors, vary greatly in their use of state incarceration as a response to crime); Erika Martin, While Some California DAs Are Throwing Out Old Pot Convictions, L.A. County's Jackie Lacey Takes a Different Path, KTLA5 (Feb. 3, 2018), *https://ktla.com/2018/02/03/while-some-california-das-are-throwing-out* -old-pot-convictions-angelenos-will-have-to-be-proactive-in-clearing-records (describing different policies among California district attorneys on expungement of marijuana offenses); cf. Civil Rights Div., U.S. Dep't of Justice, Investigation of the Ferguson Police Department 10-15 (2015), *https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf* (describing prosecution policies motivated by revenue-generating goals).

212 The alternative of administrative review within the Crown Prosecution Service relies on whatever independence is sustained by the bureaucratic hierarchy, administrative regulations, and professional norms. See supra note 111 and accompanying text.



HOUSE_OVERSIGHT_016548

not unique hybrid: it provides independent review removed from local electoral politics, yet power remains in the hands of

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[213] U.S. Attorneys and the U.S. Attorney General are political appointees, U.S. Const. art. II, § 2 (Appointments Clause); ***28 U.S.C. § 541*** (2012) ("The President shall appoint … a United States attorney for each judicial district."), although much of the Justice Department staff are nonpolitical, civil service appointees. See Government Ethics Outline, U.S. Dep't Just., https://www .justice.gov/jmd/government-ethics-outline (last updated July 5, 2017) (explaining ethics rules for "non-career" political appointees and for career employees).

[214] See Sanford C. Gordon, Assessing Partisan Bias in Federal Public Corruption Prosecutions, 103 Am. Pol. Sci. Rev. 534, 549 (2009) (finding evidence of political party bias among federal prosecutors).

[215] The clearest historical example would be the post-Reconstruction decades, starting roughly after 1876, when the federal government retreated from civil rights enforcement in the former Confederate states, including from prosecutions for criminal rights violations and offenses that states declined to charge, including for homicides. See generally Eric Foner, Reconstruction: America's Unfinished Revolution, 1863-1877, at 524-86 (2014) (describing declining enthusiasm for civil rights enforcement and waning Republican political influence in the South); William Gillette, Retreat from Reconstruction, 1869-1879, at 190-200 (1979) (describing Southern Democrats efforts to resist civil rights enforcement); George Rutherglen, Civil Rights in the Shadow of Slavery: The Constitution, Common Law, and the Civil Rights Act of 1866, at 95-100 (2013) (describing Supreme Court decisions limiting the enforcement of the Civil Rights Act of 1866).

[216] Alaska, Connecticut, and New Jersey do not elect prosecutors. Perry, supra note 122, at 2. Delaware and Rhode Island elect state attorneys general, whose appointed staff handle all prosecutions. Id. at 11. Except in these jurisdictions, state attorneys general and justice departments generally have little authority over local prosecutors' offices. Cf. Michael J. Ellis, The Origins of the Elected Prosecutor, *121 Yale L.J. 1528, 1528 n.1 (2012)* (noting that elected prosecutors are unique to the United States).

[217] A classic account of prosecutors' political influence is William J. Stuntz, The Pathological Politics of Criminal Law, *100 Mich. L. Rev. 505, 546-57 (2001).* For an insightful account of federal prosecutors successfully convincing Congress to expand their discretion at the expense of judges' sentencing authority, see *United States v. Kupa, 976 F. Supp. 2d 417, 419-27 (E.D.N.Y. 2013)* (describing the legislative history and Justice Department lobbying related to federal drug statutes, notably ***21 U.S.C. § 841*** (2012)).

[218] See, e.g., *Milliken v. Stone, 7 F.2d 397, 399 (S.D.N.Y. 1925),* aff'd *16 F.2d 981 (2d Cir. 1927)* ("The remedy for [dereliction of the prosecutor's duty] is with the executive and ultimately with the people."); *In re Hickson, 2000 PA Super 402, P 36* ("The prosecutor is elected to run her office using her broad discretion fairly and honestly. If she fails to do so, … the remedy lies in the power of the electorate to vote her out of office."); *In re Padget, 678 P.2d 870, 873-74 (Wyo. 1984)* ("District and county attorneys hold elective offices; if their constituents are unsatisfied, they are free to express their feelings at the voting polls."); cf. *Cheney v. U.S. Dist. Court, 542 U.S. 367, 386 (2004)* ("The decision to prosecute a criminal case … is made by a publicly accountable prosecutor."). For discussion of this point, see Brown, supra note 126, at 33-41.

[219] See Adam M. Gershowitz, 12 Unnecessary Men: The Case for Eliminating Jury Trials in Drunk Driving Cases, *2011 U. Ill. L. Rev. 961, 966-69, 984-87 (2011).*

[220] Emily J. Sack, Battered Women and the State: The Struggle for the Future of Domestic Violence Policy, *2004 Wis. L. Rev. 1657, 1689-90 (2004).*

[221] Police departments also widely adopted mandatory arrest policies, especially for domestic violence offenses. For discussions and examples of both police and prosecution policies on domestic violence and sexual assault, see Aya Gruber, The Feminist War on Crime, *92 Iowa L. Rev. 741, 760 & n.90 (2007);* Sack, supra note 220. Note how this resembles the mandatory prosecution duty familiar in European systems, although it is an internal policy rather than statutory mandate. See supra Part II.B.1.

[222] See supra note 186 and accompanying text.

[223] Id.

[224] See, e.g., *Fla. Stat. § 741.2901(1)*-(2) (2018) ("Each state attorney shall develop special units or assign prosecutors to specialize in the prosecution of domestic violence cases … [who] shall receive training in domestic violence issues… . The state attorney in each circuit shall adopt a pro-prosecution policy for acts of domestic violence … ."); *Wis. Stat. § 968.075(7)* (2018) ("Each district attorney's office shall develop, adopt and implement written policies encouraging the prosecution of domestic abuse offenses.").

[225] Some state legislatures enact voluntary charging criteria in statutes that affirm prosecutorial discretion. See, e.g., *Wash. Rev. Code § 9.94A.411* (2018) ("A prosecuting attorney may decline to prosecute, even though technically sufficient evidence to prosecute exists," and providing a "Guideline/Commentary" for such decisions).



HOUSE_OVERSIGHT_016549

[226] See supra note 224 (citing state statutes in Florida and Wisconsin that encourage or mandate local prosecutors to adopt policies that improve enforcement).

[227] Gershowitz, supra note 219.

[228] On domestic violence and rape offenses, see Gruber, supra note 221, at 752-63 (recounting the feminist movement's efforts to reform domestic violence and rape prosecution law and policies); id. at 760 & n.90 (citing statutes that require prosecutors to adopt "pro-prosecution" policies for domestic violence); id. at 763-74 (describing the history of victim rights' movement); Sack, supra note 220, at 1666, 1689-90 (2004) (describing the women's movement as focused on domestic violence since the 1960s and arguing that mandatory prosecution policies are necessary for police and prosecutors to make the "right choices"); Christine O'Connor, Note, Domestic Violence No-Contact Orders and the Autonomy Rights of Victims, *40 B.C. L. Rev. 937, 942-43 (1999)* (arguing that prosecutors' view of domestic violence as a private problem contributed to reluctance to prosecute). On drunk-driving law and policy, see Gershowitz, supra note 219 (describing efforts by MADD and other groups to toughen laws and enforcement efforts against drunk driving and summarizing subsequent law reform).

[229] See supra note 228.

[230] Cf. Long & Wilkinson, supra note 186, at 1 (explaining that specialized prosecution units provide prosecutors with the opportunity to work with "community partners").

[231] See, e.g., Jeffrey Ulmer & Christopher Bader, Do Moral Communities Play a Role in Criminal Sentencing? Evidence from Pennsylvania, 49 Soc. Q. 737, 753, 757 (2008) (finding in county-level data that "Christian religious homogeneity" increases the likelihood of incarceration, especially when Christian denominations are civically engaged, partially through the effect of local Republican Party dominance via the election of judges and prosecutors).

[232] Gershowitz, supra note 219.

[233] See generally Richard Perez-Pena & Timothy Williams, Glare of Video Is Shifting Public's View of Police, N.Y. Times, July 31, 2015, at A1 (describing survey data on public views about police and apparent effects of video evidence on public opinion); Santo, supra note 186 (describing enforcement challenges for crimes against prison inmates).

[234] Ian Lovett, Los Angeles Joins Debate on Force After Police Killing of a Homeless Man, N.Y. Times, April 17, 2016, at A12 (describing the "pressure that prosecutors now face to move aggressively against officers who kill civilians" and quoting an activist who says that the Los Angeles prosecutor's failure to indict in one case would be "political suicide").

[235] See Carlos Berdejo & Noam Yuchtman, Crime, Punishment, and Politics: An Analysis of Political Cycles in Criminal Sentencing, 95 Rev. Econ. Stat. 741, 754-55 (2013) (finding that elected judges in Washington state assign longer sentences in years closest to elections); Sanford C. Gordon & Gregory A. Huber, The Effect of Electoral Competitiveness on Incumbent Behavior, 2 Q.J. Pol. Sci. 107, 133 (2007) (comparing partisan and nonpartisan judicial elections in Kansas and finding strong effects on sentencing when judges in partisan elections expect or face challengers). See generally, Jed Handelsman Shugerman, The People's Courts (2012) (providing a history of elected judges).

[236] For a knowledgeable account of the U.S. Justice Department's traditions of professionalism that mostly minimize political influence in charging decisions, see generally Samuel W. Buell, Capital Offenses: Business Crime and Punishment in America's Corporate Age (2016). But see Gordon, supra note 214; cf. Scott Ashworth, Electoral Accountability: Recent Theoretical and Empirical Work, 15 Ann. Rev. Pol. Sci. 183, 183-201 (2012) (surveying theoretical and empirical research into the connection between political accountability and policy decisions).

[237] See, e.g., *In re Hickson, 2000 PA Super 402, P 41* (finding that private prosecutions "constitute[] a recognition by the legislature that the office of the district attorney should be subject to a system of checks and balances"); *In re Piscanio, 344 A.2d 658, 660-61 (Pa. Super. Ct. 1975)* ("The judge's independent review of the complaint checks and balances the district attorney's decision and further hedges against possibility of error.").

[238] Outside the United States, prosecution agencies are commonly under a politically accountable justice minister or attorney general, whose political judgment, in principle, operates only at the level of broad policy and should not interfere with specific case decisions. See, e.g., Prosecution of Offences Act 1974, § 2(5) (Act No. 22/1974) (Ir.) http://www.irishstatutebook.ie/eli/1974/act/22/section/2/enacted/en/index.html ("The Director [of Public Prosecutions] shall be independent in the performance of his functions."). Australia's Office of the Commonwealth Director of Public Prosecutions, whose director is appointed for a seven-year term, is an independent prosecution service within the Commonwealth Attorney-General's portfolio, but functions independently of the Attorney-General and the political process. Director of Public Prosecutions Act 1983 (Cth) (Austl.) (as amended 2012); About Us, Commonwealth Dir. Pub. Prosecutions, http://www.cdpp.gov.au/AboutUs (last visited Oct. 30, 2018); see also Mark Findlay et al., Australian Criminal Justice 125-26 (1994) (describing "the development of prosecutorial independence from the executive"). Canada's Public



HOUSE_OVERSIGHT_016550

professional, rival, and politically accountable executive branch officials.

The insight of the U.S. approach is that, for many types of **[*914]** underenforcement, federal oversight combined with democratically responsive local prosecutors can perform the same function as judicial review and private prosecution of correcting bad declination decisions driven by institutional allegiances, cultural biases, and favoritism. Politically responsive criminal justice sometimes works relatively well at changing prosecution practices to serve victim interests that majorities or strong interest groups embrace. Politics has brought meaningful reforms to prosecution for drunk driving, for example, and it has led to improvements, if still insufficient ones, regarding domestic violence and sexual assault crimes. But political accountability has not worked as well to remedy underenforcement when key victim groups have less public sympathy, or key defendant groups, such as police, have a lot. Redundant prosecution authority, in the form of federal oversight, has a similarly mixed track record. Federal law has done much to compensate for state underenforcement of public corruption offenses. It has made significant but less ambitious and successful commitments in the context of police violence. And federal authorities so far have attempted to reinforce state sexual assault enforcement only at the margins.

The track record of the U.S. responses to underenforcement, then, is mixed. But it is not clear that the alternative safeguards that predominate elsewhere are, on their own, clearly superior. Private prosecution is little use for victims with few financial resources or who are legally unsophisticated. Judicial review of declination can be exceedingly deferential, especially if statutes and regulations do not provide courts with clear criteria against which to assess prosecutorial decision making. Jurisdictions strongly committed to reducing unjustified declinations would combine most or all of these mechanisms. U.S. jurisdictions arguably have a history that should have made them especially likely to do so. States once permitted and relied on private prosecutions; judicial authority to review executive action, outside of prosecutor charging, is at least as robust here as in England; the movement for crime victim rights was as effective here as anywhere. The failure to devise more comprehensive safeguards suggests that certain specific pockets of underenforcement - involving police, marginalized victim groups, and sexual assaults - are especially hard to remedy, regardless of readily available solutions.

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Prosecution Service describes itself as "an independent prosecution authority." See About the Public Prosecution Service of Canada, Pub. Prosecution Serv. Can., *http://www.ppsc-sppc.gc.ca/eng/bas/dpp-dpp.html* (last updated Apr. 4, 2018). The Canadian Supreme Court affirms the prosecutor's wide discretion with reference to his political independence. See Krieger v. Law Society of Alta., [2002] 3 S.C.R. 372, para. 32 (Can.) ("The independence of the Attorney-General, in deciding fairly who should be prosecuted, is … a hallmark of a free society." (quoting In re Hoem v. Law Soc'y of B.C. (1985), 63 B.C.L.R. 36 (Can. B.C. C.A.))).

[239] For a sample of longstanding criticisms of unregulated prosecutorial discretion, see Davis, supra note 123; Roscoe Pound, Criminal Justice in America 183 (1930) (criticizing the "intimate connection of the prosecutor's office with politics."); James Vorenberg, Decent Restraint of Prosecutorial Power, 94 Harv. L. Rev. 1521, 1554-60 (1981) (arguing that the scope of prosecutorial discretion is too broad). See generally Raymond Moley, Politics and Criminal Prosecution (1929) (criticizing political influence over prosecution).

Document Produced in Native Format

**From:** CN=Anne Boyles/O=PalmBeach
**To:** Cheryl Kleen
**Subject:** Items for August 11 Town Council Meeting.
**Date:** Thursday, July 24, 2008 11:51:14 AM

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FYI

----- Forwarded by Anne Boyles/PalmBeach on 07/24/2008 11:51 AM -----

From: Kathleen Ruderman/PalmBeach
To: Anne Boyles/PalmBeach@PalmBeach
Date: 07/24/2008 11:49 AM
Subject: Re: Items for August 11 Town Council Meeting.

Anne,

I have approved SPR 14-2007 and 5-2008. The Larkin item is OK. The appeal by Brindell re 144 Wells Road should not be on the agenda. The sod/seed item is an item that Tim Frank is working on but I don't think it's an agenda item. We need to check with Peter on that one. The infrastructure of large homes is not an agenda item. Neither is the Trump appeal for 515 North County Road.

Two things that will be added though are: EAR Amendments and Zoning Study Items.

# TOWN OF PALM BEACH

## POLICE DEPARTMENT

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

**CODE ENFORCEMENT BOARD MINUTES**
**2:00 P.M. THURSDAY, JULY 17, 2008**
**AT THE TOWN COUNCIL CHAMBERS, 360 S. COUNTY ROAD**

**I.** **Call to Order**: The meeting was called to order at 2:00 p.m. by Chairman Timothy Hoffman.

**II.** **Roll Call:**

Present:
Timothy Hoffman, Chairman
Harris Fried, Vice Chairman
Larry Ochstein, Member
Catherine M. Duemler, Member
Madelyn Greenberg, Member
Cynthia Van Buren, Member
James M. Ballentine, Jr., First Alternate
William P. Vanneck, Second Alternate

Absent:
Joel P. Koeppel, Member

Staff:
John Randolph, Town Attorney
Captain Kirk Blouin, Support Services
Rob Walton, Lead Code Enforcement Officer
Nick Gerry, Code Enforcement Officer
Bryant Weymer, Code Enforcement Officer
Raychel Houston, Recording Secretary

**III.** **Approval of the Minutes of June 19, 2008:**

**MOTION BY MS. DUEMLER FOR APPROVAL OF THE JUNE 19, 2008 MINUTES**
**MOTION SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

**IV.** **Administration of the Oath to all persons who wish to testify:**

Let the record show that all persons wishing to testify were sworn in at this time by Recording Secretary Raychel Houston.

## V. Public Hearings:

A. Case # 08-2431, 434 Seaspray Ave., Christopher Kaufman
Violation of Chapter 18, Section 18-242, Subsection 1 (104.1.1) of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system.

Lead Code Enforcement Walton requested the case be postponed until a date certain of September 18, 2008 as Mr. Kaufman has a hearing before the Town Council.

**MOTION BY MS GREENBERG TO POSTPONE THE CASE UNTIL SEPTEMBER 18, 2008**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

B. Case # 08-2511, 114 N. County Rd., Palm Beach Affair
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry requested the case be dismissed as the fees were paid and it came into compliance.

**MOTION BY MR. FRIED TO DISMISS THE CASE**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

C. Case # 08-2512, 235 Sunrise Ave., Suite C8, Palm Beach Resorts International
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said the Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008. Mr. Hoffman inquired about the late penalties and Mr. Gerry said they were based on a monthly penalty of 10% per month. In response to Mr. Ochstein's question, Mr. Gerry explained that both the business and the property owner were cited. Mr. Fried inquired about service and Mr. Gerry said it was sent by certified mail. Mr. Ballentine asked if any attempts, other than by mail, were made to get in touch with someone at the business. Mr. Gerry said he went to the business, was told the owner was difficult to reach and left his business card but had not received any response.



HOUSE_OVERSIGHT_016555

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

D. Case # 08-2513, 329 Worth Ave., Dunville L'Antiquaire, LTD
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he followed up after the certified letters were sent but the business could not be contacted. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

E. Case # 08-2514, 235 Sunrise Ave., C8, C.J.'s Simply Gourmet, Inc.
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and recommended a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008. Mr. Gerry said he also tried, with negative results, to make contact with the owner of this business as it is the same owner as the other case at this location. Mr. Ochstein remarked that this was the same business which had been before the Board previously and had even "bounced a check" to the Town and wanted to know if there was something more that could be done other than the standard $150.00 costs. Mr. Gerry said he could review the case further to see if it could be brought back for additional fines. Mr. Hoffman asked if these cases were brought to Code Enforcement by the Finance Department and Mr. Gerry said they came from the Fire Prevention Bureau who handles their own billing and explained the procedure for that. Mr. Hoffman said it seemed like a year was a long time for these cases to be in arrears. Mr. Gerry said the cases were coming over quicker now from Fire Prevention and he thought it would improve in the future.



HOUSE_OVERSIGHT_016556

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

F. Case # 08-2515, 140 N. County Rd., Bank of America
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he had spoken with Robin Gert who advised him the bill had been mishandled and gotten lost in their system. He said he spoke to her yesterday and was told the payment was still in process. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fine inspection fee in addition to all late penalties and costs by August 4, 2008.

**MOTION MADE BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY AUGUST 4, 2008.**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

G. Case # 08-2516, 313 ½ Worth Ave., # B2, David Clark
Violation of Chapter 114, Section 114-32 of the Town of Palm Beach Code of Ordinances, business tax receipt required

Code Enforcement Officer Gerry presented the facts of the case and said Mr. Clark had submitted his paperwork and paid the fee but there was a zoning issue still in question. The Zoning Administrator is out of the office this week on jury duty and based on the inability to get the issue resolved, the Town recommends the case be postponed until the August 21, 2008 hearing date.

Mr. Fried questioned what the zoning issue had to do with a business tax receipt and Mr. Gerry said the Town records do not show this particular suite existing at this address but Mr. Clark has documents showing it there.

Mr. Gerry said zoning is tied into business tax receipts because zoning requirements do not allow certain businesses in some districts. There is also the



HOUSE_OVERSIGHT_016557

question of whether the space is legitimate because people will subdivide suites and make two spaces where there should only be one. Mr. Gerry said it looked like a legal space from the documentation Mr. Clark provided but the Zoning Administrator needed to approve it.

**MOTION BY MR. FRIED TO POSTPONE THE CASE UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

H. Case # 08-2517, 2270 E. Ibis Isle Road, Mark Remson Trust
REPEAT Violation of Chapter 42, Section 42-86 of the Town of Palm Beach Code of Ordinances, Environment, properties to be maintained in a good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered from routine patrol in the area but shortly after the notice of repeat violation was sent out, a citizen complaint was received as well. Mr. Weymer said there had been at least seven previous letters to this property owner regarding lack of maintenance on the property. A repeat notice of code violation was mailed out on June 24, 2008 with a mandatory hearing date. The lot was cut on or around July 2, 2008. This particular violation is a Class II violation under the fine schedule which calls for a fine of $400.00, however, by law, the Board has the ability to impose a fine of up to $500.00 because it is a repeat violation. Mr. Weymer said he believes it is important to look at the track record of this property in considering the fine. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and a fine of $500.00, which is the maximum fine for a repeat violation.

Mr. Hoffman said it seemed that every time the property owner gets notified he comes into compliance but he has to be notified. Mr. Weymer says there are times when he comes into compliance but on at least two other occasions, he has been before the Board because he has not complied by the time set. Mr. Ochstein asked if he has been fined in the past and Mr. Weymer said there are two outstanding fines for which liens have been placed on the property.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND A FINE OF $500.00**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

I. Case # 08-2518, 230 Esplanade Way, Kenneth J. Horton



HOUSE_OVERSIGHT_016558

Violation of Chapter 42, Section 42-86 (19) of the Town of Palm Beach Code of Ordinances, cleared land must be re-sodded or replanted to prevent the creation of windblown dust or dirt and Chapter 42, Section 42-86, unsightly, unsafe or unsanitary conditions not permitted and properties to be maintained in good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered on routine patrol. Mr. Weymer has been in contact with a property representative, Louis Pascerelli who said Mr. Horton had not been in Town to receive his mail. Mr. Weymer said Mr. Pascerelli had proposals from Hansen Landscape for the clean up and re-sod of the lot and a weekly maintenance contract to assure this does not happen again. Tropical Irrigation has also been contacted to put in a new irrigation system. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and the property owner be given until August 18, 2008 to come into compliance. Mr. Fried said he believed a fine of some sort should be imposed. Mr. Ballentine asked how long Mr. Horton had been out of compliance. Mr. Weymer said the original warning was sent on June 5, 2008 and a notice of violation and hearing was sent on June 20, 2008. Mr. Weymer said the first contact with the property owner was July 7, 2008. Mr. Ballentine asked if the August compliance date was reasonable and Mr. Weymer said Jim Hansen of Hansen Landscape thought the work would be done before that date but wanted more time in case he ran into any problems.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND GIVE HIM UNTIL AUGUST 18, 2008 TO COME INTO COMPLIANCE.**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

J. Case # 08-2519, 206 Dunbar Road, AMF Estate Management
Violation of Chapter 42, Section 42-230 of the Town of Palm Beach Code of Ordinances, leaf blower over 65dBA at 50 ft.

Code Enforcement Officer Weymer presented the facts of the case and said he witnessed the violation on June 26, 2008. AMF had previously been warned on February 19, 2008 for using a leaf blower over 65dBA. Mr. Weymer performed a decibel test for this violation and the reading was 79.6 dBA at 50 feet. This is a class II violation under the fine schedule which has a $125.00 fine for the first offense. The violation was issued on site to a superintendant for AMF and has not been paid. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the $125.00 fine.

Mr. Hoffman asked whether this company had participated in the leaf blower testing being offered by Code Enforcement. Mr. Weymer said AMF had participated in the testing program and had several leaf blowers certified. He said



HOUSE_OVERSIGHT_016559

the truck he was out with had 2 other leaf blowers on the truck that he could identify as being over 65dBA but he only tested the one they were using and wrote a violation for that one. Ms. Van Buren asked about the testing method and Mr. Weymer explained how it was done.

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER HIM TO PAY THE $125.00 FINE**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

K. Case # 08-2520, 165 Brazilian Ave., Richard Lynn
Violation of Chapter 10, Section 10-45 (i) of the Town of Palm Beach Code of Ordinances, if any dog attacks and causes severe injury or death to any human or domestic animal more than once, the owner shall be required to have said dog removed from the Town or humanely euthanized at his/her sole expense and violation of Chapter 10, Section 10-6 of the Code which prohibits animals from creating nuisances which are detrimental to the public safety and welfare.

*(Mr. Ochstein recused himself, stating that he has a relative who has a business relationship with Dr. Lynn and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Sgt. Curtis Krauel said this case was brought to Code Enforcement through a culmination of events spanning back over a period of 4 years. Sgt. Krauel explained Section 10-6 of the Code and said he was going to be showing some graphic photographs. Sgt. Krauel presented the facts of each of the documented cases involving attacks by Duke from March 17, 2004 until May 11, 2008.

Mr. Hoffman questioned how the Code Enforcement Board came into this procedure since the Town Council had already said Duke is a dangerous dog. Mr. Randolph explained that Town Council does not have the authority to fine. Originally, the police department did not issue a code enforcement board citation but ordered the dog be removed from the Town or humanely euthanized which was appealed to Town Council. Town Council denied the appeal. Since that time, Dr. Lynn has refused to comply with the order of the Town Council so a citation was issued by Code Enforcement to bring the matter before the Board to determine whether there should be a finding of violation and at a later time, whether a fine should be imposed. Mr. Randolph said it was now the jurisdiction of the Code Enforcement Board and not the Town Council. Mr. Hoffman questioned whether or not the Board had to determine if the dog was going to be euthanized or removed from the Town and Mr. Randolph explained that this was not the Board's determination. The Board was only to determine whether or not there had been a violation of the Town Code.



HOUSE_OVERSIGHT_016560

Sgt. Krauel continued his presentation remarking that once Duke had been found "potentially dangerous" by Animal Care and Control, there had been another attack but due to an administrative error by Animal Care and Control in failing to document their records appropriately, Duke was classified as "potentially dangerous" again. This is an error that Animal Care and Control completely acknowledges.

After the last attack on May 11, 2008, Duke was taken into custody by Animal Care and Control and after a hearing, was classified as "dangerous". Sgt. Krauel noted that the hearing before Special Magistrate Earl Mallory did not classify Duke as vicious because Duke had no documented cases of attacks on humans. After this last case was reviewed by Code Enforcement, sufficient evidence was also found by the Town to classify Duke as dangerous and Dr. Lynn was notified by registered mail. Dr. Lynn appealed to Town Council and that appeal was denied by Town Council by a 5-0 vote. The Town recommends a finding of non-compliance with Chapter 10, Section 10-6 as the Town has the two required affidavits of residents of the Town occupying separate households. The Board was provided with copies of four (4) affidavits.

Sgt. Krauel then proceeded with an explanation of Chapter 10, Section 10-45 and said the Town was requesting a separate motion for a finding of non-compliance of Chapter 10, Section 10-45 (i) and that Dr. Lynn be given until July 18, 2008 to come into compliance by either removing the dog from the Town or having it humanely euthanized. If compliance is not achieved, the Town recommends a daily fine of $250.00 a day commence on July 19, 2008 and continue until compliance is achieved.

Mr. Randolph requested the Board treat these two sections of the Code separate and apart. He said the first evidence heard related to Section 10-6 (3) and involved the affidavits from the residents of the Town. Because of the dispute Dr. Lynn's attorney has with regard to the manner that Section 10-45 was applied, Mr. Randolph recommended the two Code sections not be mixed up. Mr. Randolph said he would like for the Board to first consider whether there had been a violation of 10-6 and to make a motion one way or the other with regard to the Staff's recommendation. He then requested that Section 10-45 be entertained separately after Dr. Lynn's attorney and anyone else who wanted to speak had an opportunity to do so.

Vivian Dorris, 155 Brazilian Ave., said her beagle/bassett, Charlie, was viciously attacked by Dr. Lynn's dog, Duke and she has sustained approximately $8500 in vet's bills. She said her dog will never walk properly again because of severe nerve damage. She does not feel there are enough precautions being taken for the safety of residents on Brazilian Ave. She asked that the Board take this into consideration and thanked them for their service.

Wayne Gerl, 149 Brazilian Ave., said he has two dogs and every time he exits his driveway or front yard, he has to stop and peek around and make sure the other



HOUSE_OVERSIGHT_016561

dogs are not in the area. He said he was bitten by Duke a couple of years ago. He was talking with Dr. Lynn and the dog just reached out and bit him, tearing his pants and breaking the skin. He said he has been friends with Dr. Lynn and Margrit for many years but it was just unsafe for anybody and any animals in the area.

Bobby Goodnough said he was jogging in the area and the dog lunged at him, causing him to have to dive through a 12 foot hedge to get away from it. He said he just thought it was a matter of time before the dog got a person or a child. Sgt. Krauel asked if Mr. Goodnough had reported the incident to the police department or had a time frame of occurrence. Mr. Goodnough said he had not made a police report but it occurred about 2 years ago.

Laura Klein, 130 Seaspray Ave., said she had lived here for 12 years, having moved from Washington, D.C. for a sense of security. She said she was now in the process of installing surveillance cameras. She said she could no longer walk her dog without constantly looking around, worrying if Duke had once again escaped from the open gates. She said it is a privilege to own a dog and dog ownership and responsibility should go hand in hand. She said Dr. Lynn was issued a citation in August of 2002 for locking his dog in a car with the windows rolled up. She said she mentioned this to prove his irresponsibility. She said his voluminous file from Animal Care and Control would attest to this. She said no one was safe while Duke is in Palm Beach.

James Merola was present on behalf of Dr. Lynn and said he was present on a revised Notice of Code Violation and Hearing dated July 15, 2008. He said he was not denying there were incidents with Duke. Palm Beach County had the dog taken into custody and the hearing was held June 5, 2008. At that hearing, it was agreed upon by the County and Dr. Lynn that the dog would be classified as dangerous. The dog was classified as dangerous which required certain restrictions on the dog which Dr. Lynn complied with and the dog was returned to him. In the event Duke has another incident, pursuant to state and county law, but some reason not Town law, the dog would be taken into custody and euthanized. Mr. Merola said Dr. Lynn feels very badly about the situation and agreed with the County to do what they required. Mr. Merola said Dr. Lynn then received a letter, dated June 16, 2008 from the police department, mentioning the order of the County and stating for the first time that the Town was declaring the dog dangerous and giving him ten (10) days to appeal, which he did not. On June 20, 2008, 4 days after the dog was declared dangerous by the Town, the police department sent a second letter, citing 10-45 (i), advising that since the dog already had two incidents, they wanted it removed or euthanized. The dog had not done anything since being declared dangerous. This letter did not mention an appeal, but he sent a letter anyway, stating they did not agree with that. He said the dog was declared dangerous on June 16th, requirements were imposed and they complied with those, including the filing of a $1000 bond and they did not agree the dog should now be removed. There was a Town Council hearing on August 8th and the Council said they needed to have the dog removed or euthanized. Mr.



HOUSE_OVERSIGHT_016562

Merola went into detail about the requirements of 10-45 and said Dr. Lynn had complied with all of those. Then the letter of June 20th came, requiring Dr. Lynn to remove the dog or euthanize it. Mr. Merola read subsection (h) into the record and said the Code Enforcement Board did not have any jurisdiction over subsection (i) as subsection (h) just mentioned (d) through (g). The Town filed a lawsuit and he and Mr. Randolph were before Judge Hoy this morning. The Town is asking to have the dog removed or euthanized and asking for a permanent injunction, stating an emergency situation. Judge Hoy gave them a hearing at 1:30 p.m. on Tuesday where it will be determined whether the dog is a nuisance, whether 10-45 (i) even applies to the situation and if the Board has authority over 10-45 (i). If the Judge says the dog has to go, they are not going to argue with the Court but he believes they have a right to present their case. He does not believe the Town's position that the fine should start tomorrow is correct. He believes the Board can only find violations of subsections (d) through (g) of 10-45. There have been no allegations that Dr. Lynn has violated subsections (d) through (g). Mr. Merola believes it is clear that the Code Enforcement Board has no authority under (i). Mr. Merola then addressed 10-6 and said he believed that since all precautions have been taken under 10-45, the dog does not constitute a nuisance. Mr. Merola said he has an injunction relief request before the Judge to stop the Board from making this decision. Mr. Merola said Mr. Randolph has asked them to determine these two (2) ordinances separately and he does not believe 10-45 (i) is in the Board's purview, and as to the nuisance, the dog has to be a nuisance now and it is not. This is all going to be determined Tuesday and he is asking the Board to either deny the Town's recommendation because the Town cannot prove the dog is a nuisance now or reset this case until next month's hearing.

Sgt. Krauel advised he wanted to make a rebuttal to some of Mr. Merola's comments. The service of notice Mr. Merola referred to in declaring the dog dangerous was when the police department spoke with Dr. Lynn on June 12, 2008 and was told Duke was being housed at a kennel in Palm Beach County. A notice could not be served to Dr. Lynn to have him come into compliance with something he was already in compliance with. The dog was not in the Town. The police department did not find out the dog was in Town until June 20th when Laura Klein reported the dog attempted to break free of Dr. Lynn to attack her and this is when the letter was sent out requesting compliance with Section 10-45. Dr. Lynn was given the entire ordinance on June 10th, not just sections or specific acts that he needed to comply with. Duke was not on the property at that time and no notification to remove the dog from the property could be served then because the dog was not there. As far as the police department was concerned, Dr. Lynn was in compliance with the ordinance. Sgt. Krauel pointed out that the Town does not abide by the state and the county ordinances, that the Town has the ability to enforce more stringent and strict ordinances and that is what we have done here.

Sgt. Krauel said he was prepared, based on Counsel's recommendation, to recommend a motion to find Dr. Lynn in non-compliance with Section 10-6 and move to postpone 10-45 (i) until after further consideration by the Circuit Court on Tuesday. The Town recommends administrative costs in the amount of



HOUSE_OVERSIGHT_016563

$150.00 and a fine of $250.00 a day to start on June 19, 2008 if compliance is not achieved by June 18, 2008.

Mr. Ballentine asked for clarification on the motion and was advised by Mr. Randolph that it would be a finding of non-compliance of Chapter 10, Section 10-6, administrative costs of $150.00 and a compliance date of July 18, 2008 with a fine to be considered at the next meeting if compliance was not achieved.

Ms. Duemler said she believed that the dog, besides being a nuisance, is a threat to society and she hoped that by Tuesday the dog did not break loose from Dr. Lynn and maul some child, that she believed it is a disgrace and she supports the Town.

(*applause from the audience)*

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-6, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**MOTION SECONDED BY MR. BALLENTINE**
**MOTION PASSED UNANIMOUSLY**

Mr. Randolph asked if a motion could be made to defer the consideration of violation of Chapter 10, Section 10-45 (i) until the August 21, 2008 meeting and Ms. Greenberg advised she would make that motion. Mr. Fried asked Mr. Randolph if he would explain the reason for this. Mr. Randolph said the argument had been made that 10-45 should not apply because the dog has already been deemed dangerous by the County and pursuant to the Town's Code. Mr. Randolph said he believed the argument was going to be made in court on Tuesday that it is not appropriate for the Town to move forward with regard to 10-45 (i) because that only applies to any incident that occurs after the dog has been declared dangerous. The argument has been made that Dr. Lynn has done everything he is required to do. Mr. Randolph said he hesitated to explain further if the matter was going to be deferred. Mr. Randolph said the position of Staff is that item (i) stands on its own merits, that it is not connected to 10-45 (a) through (h). It is also the position of Staff that it is appropriate to bring a violation of (i) to the Code Enforcement Board even though it does not specifically state that in 10-45 because Section 2-439, which is the citation fine schedule, sets forth all of the sections of the Code of Ordinances which can be brought before the Code Enforcement Board and 10-45 is listed. Code Enforcement has the right to bring a violation directly to the Code Enforcement Board instead of issuing the fine set forth in the fine schedule. Mr. Randolph said the Board could move forward in considering 10-45 instead of deferring it to the next meeting.

Mr. Fried commented that based on the egregious nature of what they had been presented with, he believed the Board should do everything they could to put pressure on Dr. Lynn to comply. Mr. Randolph questioned whether the Town



HOUSE_OVERSIGHT_016564

would be requesting a separate fine of $250.00 a day for non-compliance and Sgt. Krauel said that was his recommendation, that there would be two concurrent fines running. Mr. Hoffman asked about the administrative costs and Sgt. Krauel said the Town was only asking for one.

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-45 (i) AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

Mr. Merola questioned what the order was with regard to 10-6, if it was to have the dog removed or euthanized by Friday or just to abate the nuisance. He said he needed to know what to tell Dr. Lynn what had to be done by Friday to avoid the potential fine. Mr. Hoffman said Dr. Lynn needed to either remove the dog or have it euthanized and Mr. Fried said that was his intention in making the motion.

## VI. Old Business:

A. Case # 08-2484, 515 N. County Road, Trump Properties, LLC
Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants.

Lead Code Enforcement Officer Walton advised this case would be heard at Town Council on August 11, 2008 and requested the case be postponed until the August 21, 2008 hearing date. Mr. Trump's attorney and the attorney for the new purchaser were both present.

Robert Brody said he was the attorney for County Road Property LLC, who had just purchased the property two days ago. He said it was the intent of his client to comply with the Town and also to work with the Town. There is an appeal pending and Mr. Brody said it was his client's intent to work everything out with ARCOM prior to that appeal. He said he had recommended to his client that he withdraw the appeal. Mr. Brody said his client had hired the Lawrence Group and Gene Lawrence planned to work with ARCOM.

**MOTION BY MS. DUEMLER TO POSTPONE THE CASE UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

## VII. Fine Consideration:



HOUSE_OVERSIGHT_016565

A. Case # 08-2432, Beachfront Vista Property, Nightingale Beach Club Association
Violation of Chapter 134, Section 134-1472 (3) of the Town of Palm Beach Code of Ordinances, no additional walls, fences, hedges or other structures or growth shall be erected or be grown eastwardly of Ocean Boulevard to a height greater than four (4) feet above the surface of the Ocean Boulevard.

*(Ms. Duemler recused herself as part of a previously declared conflict and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Lead Code Enforcement Officer Walton said Nightingale Beach Club had previously been found in violation and was given time to obtain a permit. A permit was obtained but there were some conditions attached to it. There have been two inspections with the Florida Wildlife Commission and an agreement was reached to not require the vegetation to be trimmed until after turtle season. Since they have already been found in non-compliance, the Town recommends the time for compliance be extended to November 7, 2008 and if compliance is not achieved by that date, a fine of $250.00 a day be imposed.

Jack Maxey, 244 Nightingale Trail, presented some documents to the Board and advised he was president of the Nightingale Trail Beach Club Association. He said one of the documents was his application under duress for the permit. Mr. Maxey advised he had not been sworn in and was administered the oath of office by Recording Secretary Houston.

Mr. Maxey said he has had a long correspondence with the legal department of the Department of Environmental Protection and he believes on an emotional level, they do not believe the trees should come down but they told him they could not find any statutory way to force the Town not to enforce the permit. They told him it should be the jurisdiction of a court, not the DEP. Mr. Maxey said the Town was cutting down its own sea grapes in violation of the permitting process. Mr. Maxey said there were all kinds of burdens in this permit he needed to comply with, one of which was replacement of the whole plant if anything over 6 feet tall which was larger than 3 inches in diameter was cut down. He said he was supposed to provide a signature on the document putting himself at risk of a $10,000 a day fine if he did not comply with the requirements of the permit. Mr. Maxey said Jean Higgins, a biologist for the State Fish & Wildlife, recommended sea grapes should not be trimmed because they are the best source of protection against the lighting. Ms. Higgins made some suggestions such as changing light fixtures and extinguishing lights during turtle season and maintaining a substantial healthy vegetation light blocking buffer.

Mr. Maxey said an approximate 24 inch piece of aluminum is hanging from the light on Nightingale Trail and it seemed highly unusual that a shield of that nature would only be necessary on that light when the recommendations given by Fish & Wildlife are recommendations with broad reaching impact for the entire island. He



HOUSE_OVERSIGHT_016566

noted that the street lights in Palm Beach do not go off during turtle nesting season. He said a field permit for trimming of the sea grapes at the Nightingale Beach Club Association was not recommended during the nesting season. He said the indifference to materials he had brought forth more than a year ago that had now been brought forth officially by the DEP were offensive to him and that is one of the reasons he had continued to "hammer" this. He said he believed the Board should recommend to the Town Council that they remove this section of the Code, given the current environmental regime, especially when one considers the public relations downside of fighting him on this issue and spending $2,000,000 to fight Lake Worth on the other side. Mr. Maxey said this was probably not a win-win situation and that NOAA had not even been brought into the fold yet.

Mr. Ochstein wanted to know if the Board was precluded from enforcing the ordinance now. Mr. Walton said it should not be enforced now, that in speaking with Mr. Wettstein from DEP and Ms. Higgins from FWC, an agreement had been reached to wait until the end of turtle season to require the trimming. The Town recommends granting the Nightingale Beach Club until November 7, 2008 to come into compliance. The permit is good until that date. In response to Mr. Hoffman's question, Mr. Walton said the permit was issued on June 16, 2008. Mr. Maxey said he applied on March 19, 2008. Mr. Balletine inquired as to whether 7 days was sufficient for compliance after the end of turtle season and Mr. Walton said it was not a large area and he believed it was. Mr. Maxey said he did not believe it was sufficient, that it would be an economic hardship if he had to replace every tree that is over 3 inches in diameter in order to get it below 6 feet and he brought up other issues involved with the trimming. Mr. Balletine told Mr. Maxey he just wanted to know, without going into a lot of detail, whether he could comply in a 7 day period.. Mr. Maxey said that before he could remove any native plant, he had to first remove every single non-native one from the property and he had some questions whether or not he could comply within that time period. He also said he had some real questions about whether the law, both at the State and the local level, had been equally applied within the Town. Mr. Maxey said he is in consultation with an attorney to find out what measures he can take. The Town did not apply for a permit to cut its own sea grapes and judging from the guidelines he has in his permit, the Town would be in violation of almost everyone of those guidelines. The DEP counsel's office asked him to provide photographs of the Town's illegal cutting back in February.

Mr. Vanneck said there should be more research as to what should and should not be cut. He believes the Town code may have gone too far.

Mr. Hoffman said the Board did not have the authority to modify the Code and could only enforce the Codes as they had been written.

MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED SECONDED BY MR. BALLENTINE



HOUSE_OVERSIGHT_016567

Mr. Vanneck asked for clarification on what the motion was and Mr. Walton advised the motion was that the sea grapes must be cut after turtle season, by November 7, 2008 and if they were not cut by that date, a $250.00 a day fine would commence on November 8, 2008 and continue until compliance was achieved.

Mr. Fried asked who the fine would apply to and Mr. Walton said it would be to the Nightingale Trail Beach Club Association. Mr. Fried asked if this was a legally constituted body and Mr. Maxey said it was an informal body, that on the deeds, everyone owns this piece of property in common. There was some additional discussion on the ordinance. Ms. Van Buren asked if every single property owner on the street was a member of the association and Mr. Maxey said every property owner on Nightingale Trail was and there were one or two houses on North Ocean and North Lake as well. Mr. Maxey said there were 23 separate memberships. Ms. Van Buren asked about the finances and Mr. Maxey said there were annual dues of $75.00 a year and a common bank account of $3500 or $3600. Mr. Maxey said that if a fine was incurred, that is probably where the money would come from but he did not believe, because of his fiduciary responsibility to the group, he could fight the decision with any of those monies. Mr. Ochstein asked if he was an elected officer and Mr. Maxey said he was president and that he keeps the books and makes sure the place is in good condition.

**MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED**
**SECONDED BY MR. BALLENTINE**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. BALLENTINE** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. GREENBERG** | **YES** |
| **MS. VAN BUREN** | **YES** |
| **MR. VANNECK** | **NO** |
| **MR. HOFFMAN** | **YES** |
| **MOTION PASSES** | **6-1** |

Mr. Fried advised Mr. Maxey that the Code Enforcement Board's position was to enforce the Code and said that he had always found the Town Council members to be very receptive, individually and as a group. Mr. Fried said it was not beyond



HOUSE_OVERSIGHT_016568

the Town Council's power and authority, if persuaded, to look into an ordinance and suggested Mr. Maxey address it with them.

B. Case # 08-2508, 227 Brazilian Ave., 2F, Hillen J. Smith
Violation of Chapter 18, Section 18-241 of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system

Lead Code Enforcement Officer said Mr. Smith was found in violation, assessed $150.00 in administrative costs and given until July 16, 2008 to come into compliance. Compliance has not been achieved so this is the time a fine would be assessed. Mr. Walton said the contractor was present to speak.

Steve Pappanelli said he was hired by Mr. Smith after Mr. Smith had been cited and he was 90% complete with the job. He was just waiting on his final inspection and he should have it by next week but the building is closed to all construction inspections for two (2) weeks. Mr. Pappanelli said he was present on Mr. Smith's behalf to request a three (3) week extension. Mr. Walton said the Town did not oppose the extension of time. Mr. Walton said the three weeks was necessary because the building would not let inspections be done while their maintenance man was on vacation. Mr. Walton said if compliance was not achieved by August 7, 2008 then he would ask for a $250.00 a day fine to commence on August 8, 2008.

Ms. Greenberg asked some questions about the type of permits and remarked that it is unfortunate in multi-family dwellings that this type of situation would exist to begin with because electrical and plumbing can have catastrophic effects on other owners. She said it is unfortunate the people do not do the right thing until they get caught. Mr. Pappanelli said he was not the contractor working without permits.

MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED
SECONDED BY MS. GREENBERG

During discussion on the motion, Ms. Duemler stated she believed the retroactive fine was a little harsh. Mr. Ballentine said he agreed and asked the reason for the retroactive fine. Mr. Ochstein said there are so many people who do work without a permit and they know they need a permit. That is a very dangerous thing in a multi-family dwelling and it should be egregious.

**MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO**



HOUSE_OVERSIGHT_016569

**ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

## VIII. Fine Reduction:

A. Case # 08-2301, 167 E. Inlet Drive, The Landfall Group,
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement Officer Walton said in October, 2007, Ajax Equity LLC was found in violation of going over the construction time limits. On November 15, 2008 they still were not in compliance and a daily fine of $250.00 started running. The final inspection was obtained in March, 2008. The fine ran for 137 days prior to compliance being achieved and the accumulated fine due is $34,250.00 and the $150.00 hearing costs have not been paid.

Frank Lynch advised he was the attorney for both The Landfall Group and Ajax. He said when they appeared before the Board in October, Lazslo Wagner, the principal of The Landfall Group, who has built homes throughout the Town of Palm Beach for 26 years acknowledged he was unaware of this particular code provision. Had he been, they would have applied for an extension of time to complete the construction. At the hearing, Mr. Koeppel made a motion to allow them an additional sixty (60) days to complete the construction, find them in non-compliance and assess the $150 costs. After a significant amount of discussion, that motion went to a vote and failed 4-3. A second motion was made and Ms. Duemler thought the $250.00 fee was significant and believed the fine should be $125.00 a day. Mr. Lynch gave Mr. Walton a copy of that transcript to put in the record. As part of their request, they are asking the Board to consider what Ms. Duemler suggested at the meeting. At the same time, Mr. Lynch said he would like them to consider that The Landfall Group is a good corporate citizen and made a legitimate mistake. As a result, a fine was incurred and they are willing to accept some level of fine, some level of responsibility for what they did. The construction was continually on going, there were no delays other than the construction process itself. This was not someone's house, it was a speculative venture. There had been some concerns with the shell contractor and the finish items themselves were significant enough that there were substantial delays. At that same hearing, Code Enforcement Officer Gerry said it was the position of Code Enforcement to get more assertive at the suggestion of Town Council and that these projects were to be more aggressively pursued. Under the new ordinance, for a house of approximately 5,000 sq. feet, they would be entitled to 24 months. This would



HOUSE_OVERSIGHT_016570

have brought them to November 2007 and they would have gotten additional time for Hurricane Wilma which would have brought them to December. If they were under the new Code, they would not be before the Board today and may not have a fine at all. He realizes a mistake was made, he realizes something has to be paid but he thinks $35,000 is a significant fine. The Board has gotten their attention and they would ask for a significant reduction in the fine.

Mr. Fried asked how long it took to get the final inspection after the 22 months had run. Mr. Walton said they had been given 23 months due to the hurricanes and they were 5 months and 9 days beyond that. Mr. Ballentine asked how far out they would be under the new rules. Mr. Walton said they would be given 24 months which with the hurricane would be 25 months. Mr. Lynch said that at the end of that 24 month period, if they had not sought an extension of time within the required time period, no earlier than 6 months and no later than 45 days, before the expiration of that 24 months, their project would have been shut down. Mr. Wagner's lack of knowledge of this particular situation would have become irrelevant because they would have been red tagged on the next day after the 24 month period. Mr. Lynch said Mr. Wagner did not know because he has been a good corporate citizen and had never been before the Board except on one occasion which was beyond his control; it was a maintenance item on the Glazer house. Mr. Walton said that situation was not due to Mr. Wagner's fault, that he was just representing the owner.

Mr. Ballentine asked how Mr. Wagner did not know the Code requirement if he had built so many homes in the area and said he had difficulty with the ignorance of that.

Mr. Fried said he agreed with Mr. Ballentine and found it hard to believe that Mr. Wagner did not know the time limits. He said some reduction should be considered but he was not sure on what basis.

Mr. Ochstein remarked that the fine was around $35,000 and the house was on the market for $10.6 million dollars so he did not see the hardship. Mr. Lynch said he did not know the price but he would accept Mr. Ochstein's statement on that. Mr. Lynch said the hardship was in the imposition of the fine itself, there were mistakes made and he believed that Council would have given them a significant extension of time if Mr. Wagner had been aware of the situation and filed the proper notice with Town Council.

Mr. Lynch said if some sort of arrangement could be reached today, his client would be in a position to pay within the next two weeks. Mr. Hoffman said he was concerned because he believed that when the case was originally heard, they had the option of fining $250.00 a day and they gave them a fine reduction at the time they initiated the fine of $125.00 a day. Mr. Walton corrected Mr. Hoffman, advising there was a motion for a fine of $125.00 a day which failed and the fine that was in effect was $250.00 a day. Mr. Lynch said he believed the record reflects something different than that. Mr. Walton said his records reflect $250.00



HOUSE_OVERSIGHT_016571

a day but he would review it. Mr. Walton reviewed the transcript and noted that it showed $125.00 a day but the Board order specified $250.00 a day and he would have to do further research.
Mr. Fried advised he could make a motion to postpone the matter to the next meeting and have Mr. Walton bring back the correct information. There was additional discussion about the amount of the fine and Mr. Lynch said he was seeking a reduction of the $17,125.00 which would be the amount of the fine if it was $125.00 a day. Mr. Hoffman said he would find that hard to accept. Mr. Hoffman read from the minutes that a motion was made by Mr. Fried that the defendant was found in non-compliance, ordered to pay an administrative fee in the amount of $150.00, obtain a final building inspection by October 25, 2008 and a fine of $125.00 to commence on October 26, 2007. He said that motion passed 4-3. Mr. Walton said he could not dispute that but he would have to do some research. Mr. Hoffman said he would not be in favor of reducing the $17, 125.00 any further.

Mr. Ochstein said he was hesitant to do anything until they know what the number is. Mr. Walton suggesting postponing the case until next month.

**MOTION BY MR. OCHSTEIN TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MR. FRIED**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. DUEMLER** | **YES** |
| **MS. GREENBERG** | **NO** |
| **MS. VAN BUREN** | **NO** |
| **MR. BALLENTINE** | **YES** |
| **MR. HOFFMAN** | **NO** |
| **MOTION PASSES** | **4-3** |

B. Case # 08-2302, 9 Via Vizcaya, Macari Building & Design, Casa Picchio, LLC
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement said the property was found in non-compliance and they requested a fine reduction hearing. The owner of the property was called out of town and they requested a postponement until the August hearing.



HOUSE_OVERSIGHT_016572

**MOTION BY MS. GREENBERG TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

## IX. Comments:

Ms. Greenberg said that the presentation using the "slides" made it too dark in the room. She wanted to know if there was anything they could do as a Board in making a suggestion to the Council about an ordinance that could address people not pulling permits because of the safety issues in terms of multi-family dwellings. Capt. Blouin said there was a provision in place. If work is done without a permit, there is a penalty involved. There was an ordinance drafted last year that requires them to pay four times the permit fee.

Mr. Fried asked Mr. Randolph if he had spoken to Mr. Elwell about the foreclosure action being brought to the Board's area of responsibility as opposed to the Town Council. Mr. Randolph said he had but did not have an answer yet and would try to get one. Mr. Fried asked Ms. Houston about progress on the fines and she said the Town was now inputting fines into the computer system and if someone had outstanding fines they could not get any permits. People are contacting Code Enforcement because they cannot get permits and are either paying or asking to come back to the Board for a fine reduction.

Capt. Blouin advised that with regard to any foreclosure action, the police department is scrutinizing each and every one of them as some of these cases we have liens on were pre-existing prior to coming to the police department. We do not want to bring a case to the board that can be handled in a different manner.

Mr. Walton remarked that it was a good thing that there are a number of working without permit cases being brought to the Board, that it means Staff is doing their job.

## X. Adjournment:

The meeting was adjourned without benefit of a motion.



HOUSE_OVERSIGHT_016573

# TOWN OF PALM BEACH

## POLICE DEPARTMENT

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

**CODE ENFORCEMENT BOARD MINUTES**
**2:00 P.M. THURSDAY, JULY 17, 2008**
**AT THE TOWN COUNCIL CHAMBERS, 360 S. COUNTY ROAD**

**I.** **Call to Order**: The meeting was called to order at 2:00 p.m. by Chairman Timothy Hoffman.

**II.** **Roll Call:**

Present:
Timothy Hoffman, Chairman
Harris Fried, Vice Chairman
Larry Ochstein, Member
Catherine M. Duemler, Member
Madelyn Greenberg, Member
Cynthia Van Buren, Member
James M. Ballentine, Jr., First Alternate
William P. Vanneck, Second Alternate

Absent:
Joel P. Koeppel, Member

Staff:
John Randolph, Town Attorney
Captain Kirk Blouin, Support Services
Rob Walton, Lead Code Enforcement Officer
Nick Gerry, Code Enforcement Officer
Bryant Weymer, Code Enforcement Officer
Raychel Houston, Recording Secretary

**III.** **Approval of the Minutes of June 19, 2008:**

**MOTION BY MS. DUEMLER FOR APPROVAL OF THE JUNE 19, 2008 MINUTES**
**MOTION SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

**IV.** **Administration of the Oath to all persons who wish to testify:**

Let the record show that all persons wishing to testify were sworn in at this time by Recording Secretary Raychel Houston.

## V. Public Hearings:

A. Case # 08-2431, 434 Seaspray Ave., Christopher Kaufman
Violation of Chapter 18, Section 18-242, Subsection 1 (104.1.1) of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system.

Lead Code Enforcement Walton requested the case be postponed until a date certain of September 18, 2008 as Mr. Kaufman has a hearing before the Town Council.

**MOTION BY MS GREENBERG TO POSTPONE THE CASE UNTIL STEPTEMBER 18, 2008**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

B. Case # 08-2511, 114 N. County Rd., Palm Beach Affair
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry requested the case be dismissed as it had come into compliance and the fees had been paid.

**MOTION BY MR. FRIED TO DISMISS THE CASE**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

C. Case # 08-2512, 235 Sunrise Ave., Suite C8, Palm Beach Resorts International
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said the Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties and costs by July 21, 2008. Mr. Hoffman inquired about the late penalties and Mr. Gerry said they were based on a monthly penalty of 10% per month. In response to Mr. Ochstein's question, Mr. Gerry explained that both the business and the property owner were cited. Mr. Fried inquired about service and Mr. Gerry said it was sent by certified mail. Mr. Ballentine asked if any attempts, other than by mail, were made to get in touch with someone at the business. Mr. Gerry said he went to the business, was told the owner was difficult to reach and left his business card but had not received any response.



HOUSE_OVERSIGHT_016575

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES AND COSTS BY JULY 21, 2008.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

D. Case # 08-2513, 329 Worth Ave., Dunville L'Antiquaire, LTD
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he followed up after the certified letters were sent but the business could not be contacted. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties and costs by July 21, 2008.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES AND COSTS BY JULY 21, 2008.**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

E. Case # 08-2514, 235 Sunrise Ave., C8, C.J.'s Simply Gourmet, Inc.
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and recommended a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties and costs by July 21, 2008. Mr. Gerry said he also tried to make contact with the owner of this business as it is the same owner as the other case at this location but was unable to make contact. Mr. Ochstein remarked this was the same business that had been before the Board before and had even "bounced a check" to the Town and wanted to know if there was something more that could be done other than the standard $150.00 costs. Mr. Gerry said he could review the case further to see if it could be brought back for additional fines. Mr. Hoffman asked if these cases were brought to Code Enforcement by the Finance Department and Mr. Gerry said they came from the Fire Prevention Bureau who handles their own billing and explained the procedure for that. Mr. Hoffman said it seemed like a year was a long time for these cases to be in arrears. Mr. Gerry said the cases were coming over quicker now from Fire Prevention and he thought it would improve in the future.



HOUSE_OVERSIGHT_016576

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES AND COSTS BY JULY 21, 2008.**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

F. Case # 08-2515, 140 N. County Rd., Bank of America
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he had spoken with Robin Gert who advised him the bill had been mishandled and gotten lost in their system. He said he spoke to her yesterday and was told the payment was still in process. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fine inspection fee in addition to all late penalties and costs by August 4, 2008.

**MOTION MADE BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES AND COSTS BY AUGUST 4, 2008.**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

G. Case # 08-2516, 313 ½ Worth Ave., # B2, David Clark
Violation of Chapter 114, Section 114-32 of the Town of Palm Beach Code of Ordinances, business tax receipt required

Code Enforcement Officer Gerry presented the facts of the case and said Mr. Clark had submitted his paperwork and paid the fee but there was a zoning issue still in question. The Zoning Administrator is out of the office this week on jury duty and based on the inability to get the issue resolved, the Town recommends the case be postponed until the August 21, 2008 hearing date.

Mr. Fried questioned what the zoning issue had to do with a business tax receipt and Mr. Gerry said the Town records do not show this particular suite existing at this address but Mr. Clark has documents showing it there.



HOUSE_OVERSIGHT_016577

Mr. Gerry said zoning is tied into business tax receipts because zoning requirements do not allow certain businesses in some districts. There is also the question of whether the space is legitimate because people will subdivide suites and make two spaces where there should only be one. Mr. Gerry said it looked like a legal space from the documentation Mr. Clark provided but the Zoning Administrator needed to approve it.

**MOTION BY MR. FRIED TO POSTPONE THE CASE UNTIL THE AUGUST 21, 2008 HEARING DATE**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

H. Case # 08-2517, 2270 E. Ibis Isle Road, Mark Remson Trust
REPEAT Violation of Chapter 42, Section 42-86 of the Town of Palm Beach Code of Ordinances, Environment, properties to be maintained in a good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered from routine patrol in the area but shortly after the notice of repeat violation was sent out, a citizen complaint was received as well. Mr. Weymer said there had been at least seven previous letters to this property owner regarding lack of maintenance on the property. A repeat notice of code violation was mailed out on June 24, 2008 with a mandatory hearing date. The lot was cut on or around July 2, 2008. This particular violation is a Class II violation under the fine schedule which calls for a fine of $400.00, however, by law, the Board has the ability to impose a fine of up to $500.00 because it is a repeat violation. Mr. Weymer said he believes it is important to look at the track record of this property in considering the fine. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and a fine of $500.00, which is the maximum fine for a repeat violation.

Mr. Hoffman said it seemed that every time the property owner gets notified he comes into compliance but he has to be notified. Mr. Weymer says there are times when he comes into compliance but on at least two other occasions, he has been before the Board because he has not complied by the time set. Mr. Ochstein asked if he has been fined in the past and Mr. Weymer said there are two outstanding fines for which liens have been placed on the property.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND A FINE OF $500.00**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

I. Case # 08-2518, 230 Esplanade Way, Kenneth J. Horton



HOUSE_OVERSIGHT_016578

Violation of Chapter 42, Section 42-86 (19) of the Town of Palm Beach Code of Ordinances, cleared land must be re-sodded or replanted to prevent the creation of windblown dust or dirt and Chapter 42, Section 42-86, unsightly, unsafe or unsanitary conditions not permitted and properties to be maintained in good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered on routine patrol. Mr. Weymer has been in contact with a property representative, Louis Pascerelli who said Mr. Horton had not been in Town to receive his mail. Mr. Weymer said Mr. Pascerelli had proposals from Hansen Landscape for the clean up and re-sod of the lot and a weekly maintenance contract to assure this does not happen again. Tropical Irrigation has also been contacted to put in a new irrigation system. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and the property owner given until August 18, 2008 to come into compliance. Mr. Fried said he believed a fine of some sort should be imposed. Mr. Ballentine asked how long Mr. Horton had been out of compliance. Mr. Weymer said the original warning was sent out on June 5, 2008 and a notice of violation and hearing was sent out on June 20, 2008. Mr. Weymer said the first contact with him was July 7, 2008. Mr. Ballentine asked if the August compliance date was reasonable and Mr. Weymer said Jim Hansen of Hansen Landscape thought it would be done before that date but he wanted more time in case he ran into any problems.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND GIVE HIM UNTIL AUGUST 18, 2008 TO COME INTO COMPLIANCE.**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

J. Case # 08-2519, 206 Dunbar Road, AMF Estate Management
Violation of Chapter 42, Section 42-230 of the Town of Palm Beach Code of Ordinances, leaf blower over 65dBA at 50 ft.

Code Enforcement Officer Weymer presented the facts of the case and said he witnessed the violation on June 26, 2008. AMF had previously been warned on February 19, 2008 for using a leaf blower over 65dBA. Mr. Weymer performed a decibel test for this violation and the reading was 79.6 dBA at 50 feet. This is a class II violation under the fine schedule which has a $125.00 fine for the first offense. The violation was issued on site to a superintendant for AMF and has not been paid. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the $125.00 fine.

Mr. Hoffman asked whether this company had participated in the leaf blower testing being offered by Code Enforcement. Mr. Weymer said AMF had participated in the testing program and had several leaf blowers certified. He said



HOUSE_OVERSIGHT_016579

the truck he was out with had 2 other leaf blowers on the truck that he could identify as being over 65dBA but he only tested the one they were using and wrote a violation for that one. Ms. Van Buren asked about the testing method and Mr. Weymer explained how it was done.

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER HIM TO PAY THE $125.00 FINE**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

K. Case # 08-2520, 165 Brazilian Ave., Richard Lynn
Violation of Chapter 10, Section 10-45 (i) of the Town of Palm Beach Code of Ordinances, if any dog attacks and causes severe injury or death to any human or domestic animal more than once, the owner shall be required to have said dog removed from the Town or humanely euthanized at his/her sole expense and violation of Chapter 10, Section 10-6 of the Code which prohibits animals from creating nuisances which are detrimental to the public safety and welfare.

*(Mr. Ochstein recused himself, stating that he has a relative who has a business relationship with Dr. Lynn and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Sgt. Curtis Krauel said this case was brought to Code Enforcement through a culmination of events spanning back over a period of 4 years. Sgt. Krauel explained Section 10-6 of the Code and said he was going to be showing some graphic photographs. Sgt. Krauel presented the facts of each of the documented cases involving attacks by Duke from March 17, 2004 until May 11, 2008.

Mr. Hoffman questioned how the Code Enforcement Board came into this procedure since the Town Council had already said Duke is a dangerous dog. Mr. Randolph explained that Town Council does not have the authority to fine. Originally, the police department did not issue a code enforcement board citation but ordered the dog be removed from the Town or humanely euthanized which was appealed to Town Council. Town Council denied the appeal. Since that time, Dr. Lynn has refused to comply with the order of the Town Council so a citation was issued by Code Enforcement to bring the matter before the Board to determine whether there should be a finding of violation and at a later time, whether a fine should be imposed. Mr. Randolph said it was now the jurisdiction of the Code Enforcement Board and not the Town Council. Mr. Hoffman questioned whether or not the Board had to determine if the dog was going to be euthanized or removed from the Town and Mr. Randolph explained that this was not the Board's determination. The Board was only to determine whether or not there had been a violation of the Town Code.



HOUSE_OVERSIGHT_016580

Sgt. Krauel continued his presentations remarking that once Duke had been found "potentially dangerous" by Animal Care and Control, there had been another attack but due to an administrative error by Animal Care and Control by failing to document their records appropriately, Duke was classified as "potentially dangerous" again. This is an error that Animal Care and Control completely acknowledges.

After the last attack on May 11, 2008, Duke was taken into custody by Animal Care and Control and after a hearing, was classified as "dangerous". Sgt. Krauel noted that the hearing before Special Magistrate Earl Mallory did not classify Duke as vicious because Duke had no documented cases of attacks on humans. After this last case was reviewed by Code Enforcement, sufficient evidence was also found to classify Duke as dangerous and Dr. Lynn was notified by registered mail. Dr. Lynn appealed to Town Council and that appeal was denied by Town Council by a 5-0 vote. The Town recommends a finding of non-compliance with Chapter 10, Section 10-6 as the Town has the two required affidavits of residents of the Town occupying separate households. The Board had been provided with copies of four (4) affidavits.

Sgt. Krauel then proceeded with an explanation of Chapter 10, Section 10-45 and said the Town was requesting a separate motion for a finding of non-compliance of Chapter 10, Section 10-45 (i) and that he be given until July 18, 2008 to come into compliance by either removing the dog from the Town or having it humanely euthanized. If compliance is not achieved, the Town recommends a daily fine of $250.00 a day commence on July 19, 2008 and continue until compliance is achieved.

Mr. Randolph requested that the Board treat these two sections of the Code separate and apart. He said the first evidence heard related to Section 10-6 (3) and involved the affidavits from the residents of the Town. Because of the dispute Dr. Lynn's attorney has with regard to the manner that Section 10-45 was applied, he recommended that the two Code sections not be mixed up. Mr. Randolph said he would like for the Board to first consider whether there had been a violation of 10-6 and to make a motion one way or the other with regard to the Staff's recommendation. He then requested that Section 10-45 be entertained separately after Dr. Lynn's attorney and anyone else who wanted to speak had an opportunity to do so.

Vivian Dorris, 155 Brazilian Ave. said her beagle/bassett, Charlie, was viciously attacked by Dr. Lynn's dog, Duke and she has sustained approximately $8500 in vet's bills. She said her dog will never walk properly again because of severe nerve damage. She does not feel there are enough precautions being taken for the safety of residents on Brazilian Ave. She asked that the Board take this into consideration and thanked them for their service.

Wayne Gerl, 149 Brazilian Ave. said he has two dogs and every time he exits his driveway or front yard, he has to stop and peek around and make sure the other



HOUSE_OVERSIGHT_016581

dogs are not in the area. He said he was bitten by Duke a couple of years ago. He was talking with Dr. Lynn and the dog just reached out and bit him, tore his pants and broke the skin. He said he had been friends with Dr. Lynn and Margrit for many years but it was just unsafe for anybody and any animals in the area.

Bobby Goodnough said he was jogging in the area and the dog lunged at him causing him to have to dive through a twelve (12) foot hedge to get away from it. He said he just thought it was a matter of time before the dog got a person or a child. Sgt. Krauel asked if Mr. Goodnough had reported the incident to the police department or had a time frame for when it occurred. Mr. Goodnough said he had not made a police report but it occurred about two (2) years ago.

Laura Klein, 130 Seaspray Ave., said she had lived here for 12 years, having moved here from Washington, D.C. for a sense of security. She said she was now in the process of installing surveillance cameras. She said she could no longer walk her dog without constantly looking around, worrying if Duke had once again escaped from the open gates. She said it is a privilege to own a dog and dog ownership and responsibility should go hand in hand. She said Dr. Lynn was issued a citation in August of 2002 for locking his dog in a car with the windows rolled up. She said she mentioned this to prove his irresponsibility. She said his voluminous file from Animal Care and Control would attest to this. She said no one was safe while Duke is in Palm Beach.

James Merola was present on behalf of Dr. Lynn and said he was present on a revised Notice of Code Violation and Hearing dated July 15, 2008. He said he was not denying there were incidents with Duke. Palm Beach County had the dog taken into custody and the hearing was held June 5, 2008. At that hearing, it was agreed upon by the County and Dr. Lynn that the dog would be classified as dangerous. The dog was classified as dangerous which required certain restrictions on the dog which Dr. Lynn complied with and the dog was returned to him. In the event Duke has another incident, pursuant to state and county law, but some reason not Town law, the dog would be taken into custody and euthanized. Mr. Merola said Dr. Lynn feels very badly about the situation and agreed with the County to do what they required. Mr. Merola said Dr. Lynn then received a letter, dated June 16, 2008 from the police department, mentioning the order of the County and stating for the first time, the Town was declaring the dog dangerous and giving him ten (10) days to appeal, which he did not. On June 20, 2008, four (4) days after the dog was declared dangerous by the Town, the police department sent a second letter, citing 10-45 (i), advising that since the dog already had two incidents, they wanted it removed or euthanized. The dog had not done anything since being declared dangerous. This letter did not mention an appeal, but he sent a letter anyway, stating that they did not agree with that. He said the dog was declared dangerous on the 16th, requirements were imposed and they complied with those, including the filing of a $1000 bond and they did not agree the dog should now be removed. There was a Town Council hearing on August 8th and the Council said they needed to have the dog removed or euthanized. Mr. Merola went into detail about the requirements of 10-45 and said



HOUSE_OVERSIGHT_016582

Dr. Lynn had complied with all of those. Then the letter of June 20th came, requiring Dr. Lynn to remove the dog or euthanize it. Mr. Merola read subsection (h) into the record and said the Code Enforcement Board did not have any jurisdiction over subsection (i) as subsection (h) just mentioned (d) through (g). The Town has filed a lawsuit and he and Mr. Randolph were before Judge Hoy this morning. The Town is asking to have the dog removed or euthanized and asking for a permanent injunction, stating an emergency situation. Judge Hoy gave them a hearing at 1:30 p.m. on Tuesday where it will be determined whether the dog is a nuisance, whether 10-45 (i) even applies to the situation and if the Board have authority over 10-45 (i). If the Judge says the dog has to go, they are not going to argue with the Court but he believes they have a right to present their case. He does not believe that the Town's position that the fine should start tomorrow is correct. He believes the Board can only find violations of subsections (d) through (g) of 10-45. There have been no allegations that Dr. Lynn has violated subsections (d) through (g). Mr. Merola believes it is clear that the Code Enforcement Board has no authority under (i). Mr. Merola then addressed 10-6 and said he believed that since all precautions have been taken under 10-45, the dog does not constitute a nuisance. Mr. Merola said that he has an injunction relief request before the Judge to stop the Board from making this decision. Mr. Merola said Mr. Randolph has asked them to determine these two (2) ordinances separately and he does not believe 10-45 (i) is in the Board's purview, and as to the nuisance, the dog has to be a nuisance now and it is not. This is all going to be determined Tuesday and he is asking the Board to either deny the Town's recommendation because the Town cannot prove the dog is a nuisance now or reset this case until next month's hearing.

Sgt. Krauel advised he wanted to make a rebuttal to some of Mr. Merola's comments. The service of notice Mr. Merola referred to in declaring the dog dangerous was when the police department spoke with Dr. Lynn on June 12, 2008 and had been told Duke was being housed at a kennel in Palm Beach County. A notice could not be served to Dr. Lynn to have him come into compliance with something he was already in compliance with. The dog was not in the Town. The police department did not find out the dog was in Town until June 20th when Laura Klein reported the dog attempted to break free of Dr. Lynn to attack her and this is when the letter was sent out requesting compliance with Section 10-45. Dr. Lynn was given the entire ordinance on June 10th, not just sections or specific acts that he needed to comply with. Duke was not on the property at that time and no notification to remove the dog from the property could be served at that time because the dog was not there. As far as the police department was concerned, Dr. Lynn was in compliance with the ordinance. Sgt. Krauel pointed out that the Town does not abide by the state and the county ordinances, that the Town has the ability to enforce more stringent and strict ordinances and that is what we have done here.

Sgt. Krauel said he was prepared, based on Counsel's recommendation, to recommend a motion to find Dr. Lynn in non-compliance with Section 10-6 and move to postpone 10-45 (i) until after further consideration by the Circuit Court



HOUSE_OVERSIGHT_016583

on Tuesday. The Town recommends administrative costs in the amount of $150.00 and a fine of $250.00 a day to start on June 19, 2008 if compliance is not achieved by tomorrow.

Mr. Ballentine asked for clarification on the motion and was advised by Mr. Randolph that it would be a finding of non-compliance of Chapter 10, Section 10-6, administrative costs of $150.00 and a compliance date of July 18, 2008 with a fine to be considered at the next meeting if compliance was not achieved.

Ms. Duemler said she believed that the dog, besides being a nuisance, is a threat to society and she hoped that by Tuesday the dog did not break loose from Dr. Lynn and maul some child, that she believed it is a disgrace and she supports the Town.

(*applause from the audience)*

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-6, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**MOTION SECONDED BY MR. BALLENTINE**
**MOTION PASSED UNANIMOUSLY**

Mr. Randolph asked if a motion could be made to defer the consideration of violation of Chapter 10, Section 10-45 (i) until the August 21, 2008 meeting and Ms. Greenberg advised she would make that motion. Mr. Fried asked Mr. Randolph if he would explain the reason for this. Mr. Randolph said the argument had been made that 10-45 should not apply because the dog has already been deemed dangerous by the County and pursuant to the Town's Code. Mr. Randolph said he believed the argument was going to be made in court on Tuesday that it is not appropriate for the Town to move forward with regard to 10-45 (i) because that only applies to any incident that occurs after the dog has been declared dangerous. The argument has been made that Dr. Lynn has done everything he is required to do. Mr. Randolph said he hesitated to explain further if the matter was going to be deferred. Mr. Randolph said the position of Staff is that item (i) stands on its own merits, that it is not connected to 10-45 (a) through (h). It is also the position of Staff that it is appropriate to bring a violation of (i) to the Code Enforcement Board even though it does not specifically state that in 10-45 because Section 2-439, which is the citation fine schedule, sets forth all of the sections of the Code of Ordinances which can be brought before the Code Enforcement Board and 10-45 is listed. Code Enforcement has the right to bring a violation directly to the Code Enforcement Board instead of issuing the fine set forth in the fine schedule. Mr. Randolph said the Board could move forward in considering 10-45 instead of deferring it to the next meeting.

Mr. Fried commented that based on the egregious nature of what they had been presented with, he believed the Board should do everything they could to put



HOUSE_OVERSIGHT_016584

pressure on Dr. Lynn to comply. Mr. Randolph questioned whether the Town would be requesting a separate fine of $250.00 a day for non-compliance and Sgt. Krauel said that was his recommendation, that there would be two concurrent fines running. Mr. Hoffman asked about the administrative costs and Sgt. Krauel said the Town was only asking for one.

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-45 (i) AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

Mr. Merola questioned what the order was with regard to 10-6, if it was to have the dog removed or euthanized by Friday or just to abate the nuisance. He said he needed to know what to tell Dr. Lynn what had to be done by Friday to avoid the potential fine. Mr. Hoffman said Dr. Lynn needed to either remove the dog or have it euthanized and Mr. Fried said that was his intention in making the motion.

## VI. Old Business:

A. Case # 08-2484, 515 N. County Road, Trump Properties, LLC
Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants.

Lead Code Enforcement Officer Walton advised this case would be heard at Town Council on August 11, 2008 and requested this case be postponed until the August 21, 2008 hearing date. Mr. Trump's attorney and the attorney for the new purchaser were both present.

Robert Brody said he was the attorney for County Road Property LLC, who had just purchased the property two days ago. He said it was the intent of his client to comply with the Town and also to work with the Town. There is an appeal pending and Mr. Brody said it was his client's intent to work everything out with ARCOM prior to that appeal. He said he had recommended to his client that he withdraw the appeal. Mr. Brody said his client had hired the Lawrence Group and Gene Lawrence planned to work with ARCOM.

**MOTION BY MS. DUEMLER TO POSTPONE THE CASE UNTIL THE AUGUST 21, 2008 MEETING**
**SECONDED BY MS. VAN BUREN**



HOUSE_OVERSIGHT_016585

**MOTION PASSED UNANIMOUSLY**

## VII. Fine Consideration:

A. Case # 08-2432, Beachfront Vista Property, Nightingale Beach Club Association
Violation of Chapter 134, Section 134-1472 (3) of the Town of Palm Beach Code of Ordinances, no additional walls, fences, hedges or other structures or growth shall be erected or be grown eastwardly of Ocean Boulevard to a height greater than four (4) feet above the surface of the Ocean Boulevard.

*(Ms. Duemler recused herself as part of a previously declared conflict and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Lead Code Enforcement Officer Walton said Nightingale Beach Club had previously been found in violation and were given time to obtain a permit. A permit had been obtained but there were some conditions attached to it. There have been two (2) inspections with the Florida Wildlife Commission and an agreement was reached to not require the vegetation to be trimmed until after turtle season. Since they have already been found in non-compliance, the Town recommends the time fro compliance be extended to November 7, 2008 and if compliance is not achieved by that date, a fine of $250.00 a day be imposed.

Jack Maxey, 244 Nightingale Trail, presented some documents to the Board and advised he was president of the Nightingale Trail Beach Club Association. He said one of the documents was his application under duress for the permit. Mr. Maxey advised he had not been sworn in and was administered the oath of office by Recording Secretary Houston.

Mr. Maxey said he has had a long correspondence with the legal department of the Department of Environmental Protection and he believes on an emotional level, they do not believe the trees should come down but they told him they could not find any statutory way to force the Town not to enforce the permit. They told him it should be the jurisdiction of a court, not the DEP. Mr. Maxey said the Town was cutting down its own sea grapes in violation of the permitting process. Mr. Maxey said he had all kinds of burdens in this permit that he needed to comply with, one of which was replacement of the whole plant if anything over 6 feet which was larger than 3 inches in diameter was cut down. He said he was supposed to provide a signature on the document putting himself at risk of a $10,000 a day fine if he did not comply with the requirements of the permit. Mr. Maxey said Jean Higgins, a biologist for the State Fish & Wildlife, recommended sea grapes should not be trimmed because they are the best source of protection against the lighting. Ms. Higgins made some suggestions such as changing light fixtures and extinguishing lights during turtle season and maintaining a substantial healthy vegetation light blocking buffer.



HOUSE_OVERSIGHT_016586

Mr. Maxey said an approximate 24 inch piece of aluminum is hanging from the light on Nightingale Trail and it seemed highly unusual that a shield of that nature would only be necessary on that light when the recommendations given by Fish & Wildlife are recommendations with broad reaching impact for the entire island. He noted that the street lights in Palm Beach do not go off during turtle nesting season. He said a field permit for trimming of the sea grapes at the Nightingale Beach Club Association was not recommended during the nesting season. He said the indifference to materials he had brought forth more than a year ago that had now been brought forth officially by the DEP were offensive to him and that is one of the reasons he had continued to "hammer" this. He said he believed the Board should recommend to the Town Council that they remove that section of the Code, given the current environmental regime, especially when one considers the public relations downside of fighting him on this issue and spending $2,000,000 to fight Lake Worth on the other side. Mr. Maxey said this was probably not a win-win situation and that NOAA had not even been brought into the fold yet.

Mr. Ochstein wanted to know if the Board was precluded from enforcing the ordinance now. Mr. Walton said it should not be enforced now, that in speaking with Mr. Wettstein from DEP and Ms. Higgins from FWC, an agreement had been reached to wait until the end of turtle season to require the trimming. The Town recommends granting the Nightingale Beach Club until November 7, 2008 to come into compliance. The permit is good until that date. In response to Mr. Hoffman's question, Mr. Walton said the permit was issued on June 16, 2008. Mr. Maxey said he applied on March 19, 2008. Mr. Balletine inquired as to whether seven (7) days was sufficient for compliance after the end of turtle season and Mr. Walton said it was not a large area and he believed it was. Mr. Maxey said he did not believe it was sufficient, that it would be an economic hardship if he had to replace every tree that is over 3 inches in diameter in order to get it below 6 feet and he brought up other issues involved with the trimming. Mr. Balletine told Mr. Maxey he just wanted to know whether he could comply in a 7 day period without going into a lot of detail. Mr. Maxey said that before he could remove any native plant, he had to first remove every single non-native one from the property and he had some questions whether or not he could comply within the time period. He also said he had some real questions about whether the law, both at the State and the local level had been equally applied within the Town. Mr. Maxey said he is in consultation with an attorney to find out what measures he can take. The Town did not apply for a permit to cut its own sea grapes and judging from the guidelines he has in his permit, the Town would be in violation of almost everyone of those guidelines. The DEP counsel's office asked him to provide photographs of the Town's illegal cutting back in February.

Mr. Vanneck said there should be more research as to what should and should not be cut. He believes the Town code may have gone too far.

Mr. Hoffman said the Board did not have the authority to modify the Code and could only enforce the Codes as they had been written.



HOUSE_OVERSIGHT_016587

MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED SECONDED BY MR. BALLENTINE

Mr. Vanneck asked for clarification on what the motion was and Mr. Walton advised the motion was that the sea grapes must be cut after turtle season by November 7, 2008 and if they were not cut by that date, a $250.00 a day fine would commence on November 8, 2008 and continue until compliance is achieved.

Mr. Fried asked who the fine would apply to and Mr. Walton said it would be to the Nightingale Trail Beach Club Association. Mr. Fried asked if it was a legally constituted body and Mr. Maxey said it was an informal body, that on the deeds, everyone owns this piece of property in common. There was some additional discussion on the ordinance. Ms. Van Buren asked if every single property owner on the street was a member of the association and Mr. Maxey said every property owner on Nightingale was and there were one or two houses on North Ocean and North Lake as well. Mr. Maxey said there were 23 separate memberships. Ms. Van Buren asked about the finances and Mr. Maxey said there were annual dues of $75.00 a year and a common bank account of $3500 or $3600. Mr. Maxey said that if a fine was incurred, that is probably where it would come from but he did not believe, because of his fiduciary responsibility to the group, he could fight the decision with any of those monies. Mr. Ochstein asked if he was an elected officer and Mr. Maxey said he was president and that he keeps the books and makes sure the place is in good condition.

**MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED**
**SECONDED BY MR. BALLENTINE**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. BALLENTINE** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. GREENBERG** | **YES** |
| **MS. VAN BUREN** | **YES** |
| **MR. VANNECK** | **NO** |
| **MR. HOFFMAN** | **YES** |
| **MOTION PASSES** | **6-1** |



HOUSE_OVERSIGHT_016588

Mr. Fried advised Mr. Maxey that the Code Enforcement Board's position was to enforce the Code and said that he had always found the Town Council members to be very receptive, individually and as a group. Mr. Fried said it was not beyond the Town Council's power and authority, if persuaded, to look into an ordinance and suggested Mr. Maxey address it with them.

B. Case # 08-2508, 227 Brazilian Ave., 2F, Hillen J. Smith
Violation of Chapter 18, Section 18-241 of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system

Lead Code Enforcement Officer said Mr. Smith was found in violation, assessed $150.00 in administrative costs and given until July 16, 2008 to come into compliance. Compliance has not been achieved so this is the time a fine would be assessed. Mr. Walton said the contractor was present to speak.

Steve Pappanelli said he was hired by Mr. Smith after Mr. Smith had been cited and he was 90% complete with the job. He was just waiting on his final inspections and he should have it by next week but the building is closed to all construction inspections for two (2) weeks. Mr. Pappanelli said he was present on Mr. Smith's behalf to request a three (3) week extension. Mr. Walton said the Town did not oppose the extension of time. Mr. Walton said the three weeks was necessary because the building would not let inspections be done while their maintenance man was on vacation. Mr. Walton said if compliance was not achieved by August 7, 2008 then he would ask for a $250.00 a day fine to commence on August 8, 2008.

Ms. Greenberg asked some questions about the type of permits and remarked that it is unfortunate in multi-family dwellings that this type of situation would exist to begin with because electrical and plumbing can have catastrophic effects on other owners. She said it is unfortunate the people do not do the right thing until they get caught. Mr. Pappanelli said he was not the contractor working without permits.

MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED
SECONDED BY MS. GREENBERG

During discussion on the motion, Ms. Duemler stated she believed the retroactive fine was a little harsh. Mr. Ballentine said he agreed and asked what the reason for the retroactive fine was. Mr. Ochstein said there are so many people who do work



HOUSE_OVERSIGHT_016589

without a permit and they know they need a permit. That is a very dangerous thing in a multi-family dwelling and it should be egregious.

**MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED**
**SECONDED BY MS. GREENBERG**

**MOTION PASSED UNANIMOUSLY**

## VIII. Fine Reduction:

A. Case # 08-2301, 167 E. Inlet Drive, The Landfall Group,
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement Officer Walton said in October, 2007, Ajax Equity LLC was found in violation of going over the construction time limits. On November 15, 2008 they still were not in compliance and a daily fine of $250.00 started running. The final inspection was obtained in March, 2008. The fine ran for 137 days prior to compliance being achieved and the accumulated fine due is $34, 250.00 and the have $150.00 hearing costs have not been paid.

Frank Lynch advised he was the attorney for both The Landfall Group and Ajax. He said when they appeared before the Board in October, Lazslo Wagner, the principal of The Landfall Group, who has built homes throughout the Town of Palm Beach for 26 years acknowledged that he was unaware of this particular Code provision. Had he been, they would have applied for an extension of time to complete the construction. At the hearing, Mr. Koeppel made a motion to allow them an additional sixty (60) days to complete the construction, find them in non-compliance and assess the $150 fee. After a significant amount of discussion, that motion went to a vote and failed 4-3. A second motion was made and Ms. Duemler thought the $250.00 fee was significant and she believed the fine should be $125.00 a day. Mr. Lynch gave Mr. Walton a copy of that transcript to put in the record. As part of their request, they are asking the Board to consider what Ms. Duemler suggested at the meeting. At the same time, Mr. Lynch said he would like them to consider that The Landfall Group is a good corporate citizen and



HOUSE_OVERSIGHT_016590

made a legitimate mistake. As a result, a fine was incurred and they are willing to accept some level of fine, some level of responsibility for what they did. The construction was continually on going, there were no delays other than the construction process itself. This was not someone's house, it was a speculative venture. There had been some concerns with the shell contractor and the finish items themselves were significant enough that there were substantial delays. At that same hearing, Code Enforcement Officer Gerry said it was the position of Code Enforcement to get more assertive at the suggestion of Town Council and that these projects were to be more aggressively pursued. Under the new ordinance, for a house of approximately 5,000 sq. feet, they would be entitled to 24 months. This would have brought them to November 2007 and they would have gotten additional time for Hurricane Wilma which would have brought them to December. If they were under the new Code, they would not be before the Board today and may not have a fine at all. He realizes a mistake was made, he realizes something has to be paid but he thinks $35,000 is a significant fine. The Board has gotten their attention and they would ask for a significant reduction in the fine.

Mr. Fried asked how long it took to get the final inspection after the 22 months had run. Mr. Walton said they had been given 23 months due to the hurricanes and they were 5 months and 9 days beyond that. Mr. Ballentine asked how far out they would be under the new rules. Mr. Walton said they would be given 24 months which with the hurricane would be 25 months. Mr. Lynch said that at the end of that 24 month period, if they had not sought an extension of time prior to that within the required time period, no earlier than 6 months and no later than 45 days, before the expiration of that 24 months, their project would have been shut down. Mr. Wagner's lack of knowledge of this particular situation would have become irrelevant because they would have been red tagged on that next day after the 24 month period. Mr. Lynch said Mr. Wagner did not know because he has been a good corporate citizen, he had never been before the Board except on one occasion and that was beyond his control, it was a maintenance item on the Glazer house. Mr. Walton said that situation was not due to Mr. Wagner's fault, that he was just representing the owner.

Mr. Ballentine asked how Mr. Wagner did not know the Code requirement if he had built so many homes in the area and he said he had difficulty with the ignorance of that.

Mr. Fried said he agreed with Mr. Ballentine and he found it hard to believe that Mr. Wagner did not know the time limits. He said some reduction should be considered but he was not sure on what basis.

Mr. Ochstein remarked that the fine was around $35,000 and the house was on the market for $10.6 million dollars so he did not see the hardship. Mr. Lynch said he did not know the price but he would accept Mr. Ochstein's statement on that. Mr. Lynch said the hardship was in the imposition of the fine itself, there were mistakes made and he believed that Council would have given them a significant extension



HOUSE_OVERSIGHT_016591

of time if Mr. Wagner had been aware of the situation and filed the proper notice with Town Council.

Mr. Lynch said if some sort of arrangement could be reached today, his client would be in a position to pay within the next two weeks. Mr. Hoffman said he was concerned because he believed that when the case was originally heard, they had the option of fining $250.00 a day and they gave them a fine reduction at the time they initiated the fine of $125.00 a day. Mr. Walton corrected Mr. Hoffman, advising that there was a motion for a fine of $125.00 a day which failed and the fine that is in effect is $250.00 a day. Mr. Lynch said he believed the record reflects something different than that. Mr. Walton said his records reflect $250.00 a day but he would review it. Mr. Walton reviewed the transcript and noted that it showed $125.00 a day but the Board order specified $250.00 a day and he would have to do further research.
Mr. Fried advised he could make a motion to postpone the matter to the next meeting and have Mr. Walton bring back the correct information. There was additional discussion about the amount of the fine and Mr. Lynch said he was seeking a reduction of the $17,125.00 which would be the amount of the fine if it was $125.00 a day. Mr. Hoffman said he would find that hard to accept. Mr. Hoffman read from the minutes that a motion was made by Mr. Fried that the defendant was found in non-compliance, ordered to pay an administrative fee in the amount of $150.00, obtain a final building inspection by October 25, 2008 and a fine of $125.00 to commence on October 26, 2007. He said that motion passed 4-3. Mr. Walton said he could not dispute that but he would have to do some research. Mr. Hoffman said he would not be in favor of reducing the $17, 125.00 any further.

Mr. Ochstein said he was hesitant to do anything until they know what the number is. Mr. Walton suggesting postponing the case until the next month.

**MOTION BY MR. OCHSTEIN TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MR. FRIED**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. DUEMLER** | **YES** |
| **MS. GREENBERG** | **NO** |
| **MS. VAN BUREN** | **NO** |
| **MR. BALLENTINE** | **YES** |
| **MR. HOFFMAN** | **NO** |



HOUSE_OVERSIGHT_016592

**MOTION PASSES 4-3**

B. Case # 08-2302, 9 Via Vizcaya, Macari Building & Design, Casa Picchio, LLC
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement said the property was found in non-compliance and they requested a fine reduction hearing. The owner of the property was called out of town and they requested a postponement until the August hearing.

**MOTION BY MS. GREENBERG TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

## IX. Comments:

Ms. Greenberg said that the presentation using the "slides" made it too dark in the room. She wanted to know if there was anything they could do as a Board in making a suggestion to the Council about an ordinance that could address people not pulling permits because of the safety issues in terms of multi-family dwellings. Capt. Blouin said there was a provision in place. If work is done without a permit, there is a penalty involved. There was an ordinance drafted last year that requires them to pay four times the permit fee.

Mr. Fried asked Mr. Randolph if he had spoken to Mr. Elwell about the foreclosure action being brought to the Board's area of responsibility as opposed to the Town Council. Mr. Randolph said he had but did not have an answer yet and would try to get one. Mr. Fried asked Ms. Houston about progress on the fines and she said the Town was now inputting fines into the computer system and if someone had outstanding fines they could not get any permits. People are contacting Code Enforcement because they cannot get permits and are either paying or asking to come back to the Board for a fine reduction.

Capt. Blouin advised that with regard to any foreclosure action, the police department is scrutinizing each and every one of them as some of these cases we have liens on were pre-existing prior to coming to the police department. We do not want to bring a case to the board that can be handled in a different manner.

Mr. Walton remarked that it was a good thing that there are a number of working without permit cases being brought to the Board, that it means Staff is doing their job.

## X. Adjournment:



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The meeting was adjourned without benefit of a motion.



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**From:** Kirk Blouin
**To:** John Page
**Cc:** Police Code Enforcement
**Subject:** Re: ARCOM
**Date:** Thursday, June 26, 2008 2:09:06 PM

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JP,

Here is a copy of the minutes from the April CEB hearing. Each month thereafter the case was postponed because we were aware that it was being brought to ARCOM. Now that this matter has been resolved with ARCOM we will proceed with a code enforcement case until the property is in compliance (meaning they plant the shrubbery and hedges approved by the Town).

Sgt. Krauel or Rob Walton will be available on July 23rd as I will be attending a conference.

H. Case # 08-2484, 515 N. County Road, Trump Properties, LLC

Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants (Declaration of Use Agreement).

Lead Code Enforcement Walton presented the facts of the case and said the previous owner of the property, Abe Gosman, had been granted approval by the Architectural Commission to do some remodeling. One of the conditions of this approval was that the hedge along the front of the property be maintained in the condition it was in at the time the approval was granted. This agreement was a binding agreement, which passes on to any subsequent property owner. The agreement was made January 31, 1990. The subsequent buyer of this property was Mr. Trump, Trump Properties, LLC and some remodeling work was done, removing the previous hedge. A new hedge was planted to replace the original hedge and that one has now been removed. This is a violation of the agreement. A letter was received from Mr. Royce, representing Mr. Trump, asking for a postponement of today's hearing. The Town does not feel this matter should be postponed.

Mr. Randolph summarized the letter from Mr. Royce which indicated the ficus hedge keeps dying and they want to replace it with something different. They plan on hiring a landscape architect to go before the next Architectural Commission meeting to get approval to install a hedge in an attempt to meet the conditions of the declaration of use agreement. Mr. Randolph said he had discussions with Mr. Royce and Mr. Walton and Mr. Royce was told the Town could not recommend a postponement and the recommendation would be that they are found in violation, assessed the $150.00 in administrative costs and be given until June 18th, which is the day before the June Code Enforcement Board meeting, to comply. This would give them the opportunity to appear before the Architectural Commission to see if they can get approval to re-plant a hedge. The hedge has to be installed to the height which existed at the time of the agreement which Mr. Randolph said he believed was twenty-two (22) feet. Mr. Randolph said Mr. Royce was not present today because he had a planned vacation.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE THEM UNTIL JUNE 18, 2008 TO COMPLY.**

**SECONDED BY MS. VAN BUREN**

**MOTION PASSED UNANIMOUSLY**

From: John Page/PalmBeach
To: Kirk Blouin/PalmBeach@PalmBeach
Cc: Tim Frank/PalmBeach@PalmBeach
Date: 06/26/2008 09:00 AM
Subject: ARCOM

Kirk: We had our June monthly ARCOM meeting yesterday. You likely know that ARCOM is working with Mr. Trump to re-install a hedge on his North County Road property. I believe this case is now pending in front of Code Enforcement. In May, ARCOM approved a plan to replace the former hedge with silver buttonwood shrubbery, which would additionally be back-planted with silver buttonwood trees....the overall effect would be an eventual 20' high screen. The shrubs have been planted, but yesterday attorney Ray Royce asked for postponing the trees until the end of the Hurricane season. ARCOM said NO and directed the attorney and landscaper to get the trees in ASAP. Also, more shrubbery was required at the main entry (north side) to match the newly installed hedge on the south side.

As the meeting was ending, the Commissioners asked for one of two things. They asked that either 1) a quick written report from Code Enforcement be made available to them at their next meeting on July 23 (9:00 a.m.) about the enforcement status of the case, or 2) that someone from Code Enforcement attend their meeting to provide a verbal status report. Their patience is wearing thin with the whole hedge issue, and it has them naturally curious about what is happening with their counterparts on Code Enforcement.

Would you or the appropriate representative from Code Enforcement be available on July 23? That would be my preference because follow-up questions almost always pop up. If not, can you provide me with a brief summary of your enforcement history and pending status? Thanks, JP

PBE - TM
JSP - P2+B
UC - P2+B
PC - P2+B
Dayton - ARCOM
Kraul - C.F.
Frank - ARCOM

TRUMP PROPERTIES LLC
c/o The Mar-a-Lago Club
1100 South Ocean Boulevard
Palm Beach, Florida 33480

RECEIVED
JUL 7 2008
TOWN CLERK

July 3, 2008

Ms. Susan Eichhorn, Town Clerk
Town of Palm Beach
360 South County Road
Palm Beach, FL 33480

Re: Trump Properties LLC
515 North County Road, Palm Beach, Florida

Dear Ms. Eichhorn:

Pursuant to Section 18-177 of the Town of Palm Beach Code of Ordinances (the "Code"), Trump Properties LLC ("Trump" or "Appellant") hereby appeals to the Town Council a certain June 25, 2008 decision of the Architectural Review Commission ("ARCOM") regarding the residence at 515 North County Road, Palm Beach, Florida (the "Residence").

Statement of Facts

Trump purchased the Residence on January 6, 2005. The Residence was subject to an Agreement between the Town of Palm Beach and the prior owner, Abraham Gosman, dated January 31, 1990 and recorded in Official Records Book 6350, Page 1207, of the Public Records of Palm Beach County, Florida ("Agreement"). The Agreement provides that a hedge contiguous to North County Road will be maintained and that in the event the hedge is damaged or destroyed, it will be replaced. The Agreement refers to the "hedge" in 9 separate places on the first page of the Agreement. The Agreement nowhere refers to, or requires, any trees.

On April 7, 2008 the Town gave notice of a code violation alleging that the hedge had not been maintained or replaced. The original hedge had been destroyed by the hurricanes of 2005 and two subsequent replacement hedges had died due to salt spray. Therefore, Trump asked to replace the ficus hedge with silver buttonwood hedge material. The Town staff advised that such decision would have to be made by ARCOM. The Appellant appeared before ARCOM on May 28, 2008. ARCOM approved silver buttonwood hedge material. ARCOM also requested that trees be planted and requested a tree planting plan. Trump planted the hedge in accordance with the Agreement.

Trump returned to the Code Enforcement Board meeting on June 19, 2008. That Board deferred further consideration of the matter pending plantings requested by ARCOM.

Trump appeared before ARCOM on June 25, 2008 and (a) sought reconsideration of

the request for trees and (b) proved that the hedge that had been planted satisfactorily screened the house and complied with the terms of the Agreement.

Grounds for Appeal

The action of ARCOM was inconsistent with and not in conformity with the provisions of the Code and the Agreement which ARCOM and the Code Enforcement Board seek to enforce. The grounds for appeal include the following:

1. ARCOM erroneously interpreted the Agreement to require not only a hedge as specified by the Agreement, but to also require the planting of 20 trees behind the hedge. The Agreement does not require any planting of trees.

2. ARCOM denied the request by Trump to reconsider its position that trees must be planted.

3. ARCOM directed that the portion of the existing hedge which was undamaged, located north of the driveway into the property, be partially or fully destroyed and replaced with silver buttonwood hedge material for purposes of "symmetry". Such a requirement is not in conformity with the Agreement.

4. ARCOM abused its discretion in denying Appellant's request since it is unreasonable to require new and additional planting outside of the clearly limited requirements of the Agreement.

5. Any action by the Code Enforcement Board or ARCOM with regard to the Agreement is improper and inconsistent with the Town Code since the Code Enforcement Board can only enforce Code provisions and not contractual agreements, notwithstanding any language to the contrary in the Agreement.

Trump requests that this appeal be heard by the Town Council at the meeting on August 11, 2008.

TRUMP PROPERTIES LLC

By: _____
Bernard Diamond, Vice President

# 5434496_v1

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# TOWN OF PALM BEACH

## POLICE DEPARTMENT

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

**CODE ENFORCEMENT BOARD MINUTES**
**2:00 P.M. THURSDAY, April 17, 2008**
**AT THE TOWN COUNCIL CHAMBERS, 360 S. COUNTY ROAD**

**I.** **Call to Order**: The meeting was called to order at 2:00 p.m. by Chairman Timothy Hoffman.

**II.** **Roll Call:**

Present:
Timothy Hoffman, Chairman
Harris S. Fried, Vice-Chairman
Joel P. Koeppel, Member (*arrived late, missed roll call*)
Larry Ochstein, Member
Catherine M. Duemler, Member
Madelyn Greenberg, Member
Cynthia Van Buren, Member
James M. Ballentine, Jr., Alternate Member
William P. Vanneck, Alternate Member

Staff:
John Randolph, Town Attorney
Captain Kirk Blouin, Support Services
Sgt. Curtis Krauel, Code Enforcement
Rob Walton, Lead Code Enforcement Officer
Nick Gerry, Code Enforcement Officer
Bryant Weymer, Code Enforcement Officer
Raychel Houston, Recording Secretary

Mr. Hoffman extended his welcome to the new members of the Board, Mr. Ballentine and Mr. Vanneck and congratulated Ms. Greenberg, Ms. Van Buren and Mr. Koeppel on their re-appointment. He also acknowledged with appreciation the job that Captain Hess had done in assisting the Board through the transition from Planning, Building and Zoning to the Police Department and congratulated him on his promotion. Mr. Hoffman introduced Sgt. Curtis Krauel, who is assuming Captain Hess's duties and will be presenting the cases for the Town. Mr. Hoffman also acknowledged the presence of Councilman Kleid in the audience and thanked him for his interest.

Mr. Hoffman designated Mr. Ballentine to vote in the absence of Mr. Koeppel. He then requested Mr. Randolph assume control of the meeting for the purpose of election of officers.

## III. Election of Officers

Mr. Randolph asked for nominations for the position of Chairman. Ms. Van Buren and Ms. Greenberg jointly nominated Mr. Hoffman for the position of Chairman. There were no other nominations. Mr. Randolph asked for a motion to declare a unanimous ballot in favor of Mr. Hoffman as Chairman.

**MOTION BY MS. GREENBERG**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

(*Mr. Koeppel arrived at the meeting just after the vote for Chairman*)

Mr. Randolph opened the floor for nominations for Vice Chairman. Ms. Van Buren nominated Mr. Fried and the nomination was seconded by Ms. Greenberg. Mr. Ochstein nominated Mr. Koeppel. A ballot was passed around and Mr. Randolph asked that it be initialed by the voting member. Mr. Hoffman informed Mr. Ballentine that since Mr. Koeppel was now present, he would resume being an alternate for the remainder of the meeting.

Mr. Fried was voted in as Vice Chairman by member ballot and congratulated by Mr. Hoffman.

## IV. Approval of the Minutes of March 20, 2008:

**MOTION BY MS. DUEMLER FOR APPROVAL OF THE MARCH 20, 2008 MINUTES**
**MOTION SECONDED BY MR. KOEPPEL**
**MOTION PASSED UNANIMOUSLY**

## V. Administration of the Oath to all persons who wish to testify:

Let the record show that all persons wishing to testify were sworn in at this time by Recording Secretary Raychel Houston.

## VI. Public Hearings:

A. Case # 08-2431, 434 Seaspray Ave., Christopher Kaufman
Violation of Chapter 42, Section 42-87 of the Town of Palm Beach Code of Ordinances, accumulation of discarded, unusable material on property.

Lead Code Enforcement Walton said this case had been postponed from a previous meeting and he was requesting a further postponement until the May 15, 2008 Code



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Enforcement Board meeting because the homeowner had applied to ARCOM and was seeking Town Council approval. Those hearings will be in May.

**MOTION BY MR. OCHSTEIN TO POSTPONE THIS CASE UNTIL May 15, 2008.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

. B. Case # 08-2478, 151 Chilean Ave., E. Nordin Gilbertson
Violation of Chapter 134, Section 134-889 of the Town of Palm Beach Code of Ordinances, commercial use of land in the R-B low density residential district.

Code Enforcement Officer Gerry presented the facts of this case and said the complaint had been received from a tenant of an adjacent property owner. He said there had been no response from Mr. Gilbertson with the exception of a letter which was received today and was included in the packet of case information given to the Board members. The Board took a few minutes to review the letter.

(*While this review was taking place, Mr. Hoffman acknowledged the presence of Councilwoman Coniglio in the audience and expressed his appreciation for her attendance.)*

Mr. Gerry said the Town's recommendation was that the violator be found in non-compliance, administrative costs of $150.00 assessed and that the yard be restored, the brick pavers removed and parking of vehicles from a commercial zoned property no longer be allowed at this location. Mr. Gerry said Mr. Gilbertson could obtain zoning approval and building permits for the brick pavers but it would have to be related to residentially permitted uses allowed for that particular property. He requested compliance by May 1, 2008. Ms. Van Buren said she did not see anything in Mr. Gilbertson's letter that addressed this particular violation. She then asked Mr. Randolph if prior outstanding fines could be discussed and Mr. Randolph said only if it related to this particular violation. He said this violation should be considered on its own merit. Mr. Gerry said there was an existing fine still running on the property for other violations that were still not in compliance. Ms. Duemler asked if there was a lien against the property and Mr. Randolph advised that if the previous Board order had been recorded, there was a lien against the property. It was confirmed the previous Board order had been recorded and there was an existing lien on the property. Mr. Randolph questioned whether the property was homesteaded and said if it was, foreclosure would not be an option. Mr. Gerry said the property was homesteaded.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE**

**THE VIOLATOR UNTIL MAY 1, 2008 TO COMPLY.**



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**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

C. Case # 08-2479, 2299 E. Ibis Isle Road, 2299 E. Ibis Isle Road LLC
Violation of Chapter 42, Section 42-86 of the Town of Palm Beach Code of Ordinances, unsightly, unsafe or unsanitary conditions not allowed and properties to be maintained in good condition.

Code Enforcement Officer Gerry also presented the facts of this case and said the violation had been discovered in his normal routine patrol of the area. The property owner was cited and given until April 10, 2008 to come into compliance. He said the property owner had been cited previously on March 23, 2006, October 30, 2007 and November 14, 2007 but had not been brought before the Code Enforcement Board because the owner would come into compliance prior to the date given. He said the Town's recommendation is a finding of non-compliance, administrative costs of $150.00 and the violator given until April 19, 2008 to come into compliance.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE THEM UNTIL APRIL 19, 2008 TO COME INTO COMPLIANCE.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

D. Case # 08-2480, 1089 S. Ocean Blvd., Leonard Schneider
Violation of Chapter 122, Section 122-53 of the Town of Palm Beach Code of Ordinances: the Town Council authorizes the Director of Public Works to order curtailment of the use of water for certain nonessential purposes including specifying certain days and hours when lawns and shrubbery may be watered.

Code Enforcement Officer Weymer said this case concerned a water violation. A written warning had been issued for a violation which occurred on March 15, 2008. A second violation then occurred on March 29, 2008 at 11:33 a.m. and the notice was issued by certified mail. The fine had been paid this morning so the Town recommends a finding of non-compliance, acceptance of the payment of the fine and no further action be taken.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ACCEPTANCE OF THE PAYMENT OF THE FINE AND NO FURTHER ACTION TAKEN.**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

E. Case # 08-2481, 247 Chilean Ave., Frederick W. Hoberg



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Violation of Chapter 42, Section 42-87 of the Town of Palm Beach Code of Ordinances, all exterior walls, gates and fences shall be kept in a safe and good state of repair.

Code Enforcement Officer Weymer presented the facts of the case and said he had received a complaint of a brick wall in disrepair. He investigated and confirmed there was a violation on the property. There was no response from the notice of code violation and hearing letter so the property was posted. The following day, Mr. Weymer received a call from the caretaker of the property who said Mr. Hoberg was out of the country and would not have been aware of any mail concerning the violation. The caretaker said he had contracted Tropical Concrete and Restoration to get the work done and the prep work had been started today. He said the Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and the violator given until May 12, 2008 to achieve compliance.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE THEM UNTIL MAY 12, 2008 TO COME INTO COMPLIANCE.**
**SECONDED BY MR. KOEPPEL**
**MOTION PASSED UNANIMOUSLY**

F. Case # 08-2482, 257 Sandpiper Dr., Xcel Texas Inc.
Violation of Chapter 106, Section 106-159 (b) of the Town of Palm Beach Code of Ordinances, a clearance of 18 feet, measured from the edges of the pavement and extending the full width of all streets vertically to be maintained for the unobstructed passage of vehicles.

Code Enforcement Officer Weymer said this violation regarded an overgrown hedge but full compliance had been achieved. The Town recommends the violation be dismissed with no further action taken.

**MOTION MADE BY MS. DUEMLER TO DISMISS THIS CASE**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

G. Case # 08-2483, 231 Nightingale Trail, 231 Nightingale Trail LLC
Violation of Chapter 18, Section 18-242 [104.1.11] of the Town of Palm Beach Code of Ordinances, any site in which reconstruction does not commence within 15 days after demolition must be irrigated and sodded or seeded and Chapter 42, Section 42-86, debris shall not be allowed to accumulate on property.

Lead Code Enforcement Officer Walton presented the facts of the case and said a



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demolition permit had been issued for this property on November 11, 2007 with a final inspection of February 15, 2008. There was a building permit initially issued on the site which stayed the requirement to seed and irrigate. The building permit had since been rescinded by the contractor which meant it was no longer a construction site and the lot had to be maintained. He had numerous meetings with the property owner and the property manager who was present to speak today if necessary. Mr. Walton said that as of yesterday, an irrigation system had been installed and the property had been hydro-seeded. They are now in compliance with the ordinance. The violation was not corrected prior to the time specified but was corrected prior to the hearing. The Town recommends the Board find the violation occurred but has been corrected, assess administrative costs in the amount of $150.00 and no further fines be imposed and the case closed.

**MOTION BY MS. DUEMLER TO FIND THE VIOLATION OCCURRED BUT HAS BEEN CORRECTED AND ASSESS ADMINISTRATIVE COSTS OF $150.00**
**SECONDED BY MR. KOEPPEL**
**MOTION PASSED UNANIMOUSLY**

H. Case # 08-2484, 515 N. County Road, Trump Properties, LLC
Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants (Declaration of Use Agreement).

Lead Code Enforcement Walton presented the facts of the case and said the previous owner of the property, Abe Gosman, had been granted approval by the Architectural Commission to do some remodeling. One of the conditions of this approval was that the hedge along the front of the property be maintained in the condition it was in at the time the approval was granted. This agreement was a binding agreement, which passes on to any subsequent property owner. The agreement was made January 31, 1990. The subsequent buyer of this property was Mr. Trump, Trump Properties, LLC and some remodeling work was done, removing the previous hedge. A new hedge was planted to replace the original hedge and that one has now been removed. This is a violation of the agreement. A letter was received from Mr. Royce, representing Mr. Trump, asking for a postponement of today's hearing. The Town does not feel this matter should be postponed.

Mr. Randolph summarized the letter from Mr. Royce which indicated the ficus hedge keeps dying and they want to replace it with something different. They plan on hiring a landscape architect to go before the next Architectural Commission meeting to get approval to install a hedge in an attempt to meet the conditions of the declaration of use agreement. Mr. Randolph said he had discussions with Mr. Royce and Mr. Walton and Mr. Royce was told the Town could not recommend a postponement and the recommendation would be that they are found in violation, assessed the $150.00



HOUSE_OVERSIGHT_016607

in administrative costs and be given until June 18th, which is the day before the June Code Enforcement Board meeting, to comply. This would give them the opportunity to appear before the Architectural Commission to see if they can get approval to re-plant a hedge. The hedge has to be installed to the height which existed at the time of the agreement which Mr. Randolph said he believed was twenty-two (22) feet. Mr. Randolph said Mr. Royce was not present today because he had a planned vacation.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE THEM UNTIL JUNE 18, 2008 TO COMPLY.**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

I. Case # 08-2485, 137 Root Trail, T&P Pavers
Violation of Chapter 18, Section 18-242 of the Town of Palm Beach Code of Ordinances, working without a permit.

Lead Code Enforcement Officer Walton presented the facts of the case and said he had received a faxed letter today from T&P Pavers, advising they had spoken with the Acting Building Official, Jeff Taylor, who had reportedly told them a permit was not required because the job was so small. Mr. Walton said he had not been able to contact Mr. Taylor who was in a class all day so Mr. Walton requested this case be posted until the May 15, 2008 meeting.

**MOTION BY MR. KOEPPEL TO POSTPONE THIS CASE UNTIL May 15, 2008.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

J. Case # 08-2486, 1473 N. Ocean Blvd., Elias Management & Construction, Inc.
Violation of Chapter 42, Section 42-198 of the Town of Palm Beach Code of Ordinances, sandblasting during season.

Code Enforcement Officer Weymer presented the facts of the case and said the fine of $250.00 had been paid prior to today's meeting. He said the Town recommended a finding of non-compliance, acceptance of the payment of the fine and no further action be taken.

**MOTION BY MS. DUEMLER THAT THE VIOLATION BE FOUND IN NON-COMPLIANCE, ACCEPTANCE OF THE PAYMENT OF THE FINE AND NO FURTHER ACTION TAKEN.**
**SECONDED BY MR. KOEPPEL**
**MOTION PASSED UNANIMOUSLY**

K. Case # 08-2487, 1060 N. Ocean Blvd., George Brittain Land Design



HOUSE_OVERSIGHT_016608

Violation of Chapter 42, Section 42-230 of the Town of Palm Beach Code of Ordinances, leaf blower over 65 DBA.

Code Enforcement Officer Weymer presented the facts of the case and said the violation occurred on March 18, 2008 in front of 1060 N. Ocean Blvd. He said he had issued a previous written warning to the company on Feb. 22, 2008. The violation carries a fine of $125.00 for the first offense and the fine had been paid prior to the start of today's hearing. The Town recommends a finding of non-compliance, acceptance of the payment of the fine and no further action taken.

**MOTION BY MR. KOEPPEL TO FIND THE VIOLATOR IN NON-COMPLIANCE, ACCEPT THE PAYMENT OF THE FINE AND NO FURTHER ACTION TAKEN.**
**SECONDED BY MS. GREENBEREG**
**MOTION PASSED UNANIMOUSLY**

## VII. Old Business:

A. Case # 06-2049, 1742 S. Ocean Blvd., Gunther E. Lehman
Violation of Chapter 42, Section 42-87 of the Town of Palm Beach Code of Ordinances, all exterior walls, gates and fences shall be kept in a good state of repair.

Lead Code Enforcement Officer Walton presented the facts of this case and said they are essentially the same as case # 06-2050. The Board had previously heard the cases which concerned a wall which split the property line between the two properties. Both properties were found in non-compliance and there was dissention about whose wall it was and who was responsible for the repairs. Each property owner has repaired the portion of the wall which belongs to them and the Town is requesting the cases be dismissed.

**MOTION BY MR. KOEPPEL TO DISMISS THE CASE**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

B. Case # 06-2050, 1744 S. Ocean Blvd., Norman Traverse
Violation of Chapter 42, Section 42-87 of the Town of Palm Beach Code of Ordinances, all exterior walls, gates and fences shall be kept in a good state of repair.

**MOTION BY MR. KOEPPEL TO DISMISS THE CASE**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**



HOUSE_OVERSIGHT_016609

**C.** Case # 07-2097, 333 Sunset Ave., Royal Poinciana South
Violation of Chapter 134, Section 134-416 (d), Section 134-417 and Section 134-418 of the Town of Palm Beach Code of Ordinances, when any building or structure or part thereof which is nonconforming is altered, changed or replaced, the non-conforming building or structure or part thereof shall thereafter conform to the regulations of the district in which such building or structure is located and the terminated nonconformity shall not thereafter be resumed nor shall any additional nonconformity be permitted.

Lead Code Enforcement Officer Walton said this case had previously been heard and was remanded back to the Code Enforcement Board by the Circuit Court. The case has been previously postponed due to the attorneys for 333 Sunset Ave. being on vacation. Mr. Walton said the Town is asking that the case be postponed again because Mr. Castro, the Zoning Administrator, could not be present today.

**MOTION BY MR. KOEPPEL TO RESCHEDULE THE CASE UNTIL MAY 15, 2008**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

Mr. Hoffman addressed a question to Sgt. Krauel or Lead Code Enforcement Officer Walton as to whether people were starting to pay more attention to Code Enforcement or perhaps fewer violators were found this month. Mr. Walton said the Town was getting better compliance and perhaps these agendas would be even shorter in the future. He said the word was out that not only were the Code Enforcement officers looking harder but the Board is not being as generous with the time but still being fair. Mr. Hoffman said he needed to compliment the Town Council on their efforts to make Code Enforcement an important part of making the community a more habitable place. He said he also wanted to compliment the Staff for doing that for the Town.

Captain Blouin said when Code Enforcement was first transferred to the Police Department, things were structured a little differently. In the past, it had been treated more leniently. The citizens did not take it seriously because they believed they were
going to keep getting more time. He said some of the earlier cases when the Police Department took over were more than a year old when they came before the Board. The police department changed it so the cases are before the Board more quickly. Many of the attorneys who were known to defend the code violation type of cases initially were very combative. That attitude has now changed and they are contacting the Police Department to see what they need to do to come into compliance. Captain Blouin said he wanted to thank the Board for their efforts in making this happen within the community because it is making code enforcement more efficient in the Town.



HOUSE_OVERSIGHT_016610

Mr. Fried complimented the Staff on the packets of photographs being put together for the Board, that it makes their analysis and discussion more effective and more efficient.

## VIII. Fine Consideration:

A. Case # 08-2432, Beachfront Vista Property, Nightingale Beach Club Association
Violation of Chapter 134, Section 134-1472 (3) of the Town of Palm Beach Code of Ordinances, no additional walls, fences, hedges or other structures or growth shall be erected or be grown eastwardly of Ocean Boulevard to a height greater than four (4) feet above the surface of the Ocean Boulevard.

Lead Code Enforcement Officer Walton said this case had been postponed from a previous meeting as a permit had been applied for per the Board's order. He said he had received an e-mail yesterday from John Wettstein, who is with the State of Florida. Mr. Wettstein's e-mail said a permit must be issued or denied by the State by June 13, 2008. The case is still under review so Mr. Walton requested a postponement until June 19, 2008. Mr. Hoffman requested that date be June 18th, as the Code Enforcement Board hearing is June 19, 2008. Mr. Randolph said it is possible the permit could be issued by the May meeting. Mr. Walton revised his request to postpone to the May 15, 2008 meeting and said if there had been no decision at that time, he would ask for another postponement.

**MOTION BY MR. KOEPPEL TO POSTPONE THE CASE UNTIL THE MAY 15, 2008 MEETING**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

B. Case # 08-2470, 2252 W. Ibis Isle Road, Walter Jackson
Violation of Chapter 42, Section 42-86, of the Town of Palm Beach Code of Ordinances, properties are required to be maintained in good condition and unsightly, unsafe or unsanitary conditions are not permitted and Chapter 42, Section 42-87, all exterior walls to be maintained in good repair and roofs to be maintained so as not to leak.

Lead Code Enforcement Officer Walton said the Board had issued an order at the last hearing that the violator was found in non-compliance, ordered to pay administrative costs of $150.00 and given until April 14, 2008 to comply. Mr. Jackson has tried to come into compliance and there have been major improvements in the property. There are a few outstanding items and Mr. Walton said Mr. Jackson's contractor is asking for a 7 day extension to come into compliance. Dennis Perkins, the contractor was present and told the Board he would be able to have the property in compliance by April 24, 2008.



HOUSE_OVERSIGHT_016611

**MOTION BY MS. GREENBERG TO GIVE THE VIOLATOR AN EXTENSION OF TIME UNTIL APRIL 24, 2008 TO COMPLY**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

C. Case # 08-2471, 240 Park Avenue, Park Avenue Palm Beach LLC
Violation of Chapter 42, Section 42-86, of the Town of Palm Beach Code of Ordinances, properties are required to be maintained in good condition and unsightly, unsafe or unsanitary conditions are not permitted and Chapter 42, Section 42-87, all exterior walls to be maintained in good repair and interior walls and ceilings shall be structurally sound.

Lead Code Officer Walton advised this property had been found in non-compliance at the last hearing, assessed administrative costs in the amount of $150.00 and given one (1) day to comply. Compliance has not been achieved so the Town recommends a $250.00 a day fine. He said he has met with the Chief Financial Officer of the corporation that owns the property and that individual was present today to address the Board.

Dan Gorman was sworn in by Recording Secretary Houston and said he had become aware of this violation after the fact. He said they had been going back and forth with the Town about what to do with the property at 240 Park Ave. He said it was a disheveled rooming house when they took it over and they began to rebuild it to its old glory. As recently as three weeks ago, an associate of his met with the Town to discuss whether to continue to do the eighteen room hotel/boarding house or convert
it into a single family residence. As a result of that, the original permits lapsed. They then went to the Bahamas to work on another project and did not get the notices. They have a new group of contractors, Principal Design and Development Building, who are going to re-file the permits. He requested an extension of time as they have done everything they can without permits. Mr. Walton said the Town was requesting a fine of $250.00 a day to begin on March 22, 2008. In response to questions from Board members, Mr. Gorman said they had decided to continue with the rooming house zoning and they had consultants and financing in place. He anticipated the project, at least the exterior, would be completed within 30 days and the interior portion, three to four months after that.

Mr. Hoffman advised he was not in favor of granting any extensions in this case and Mr. Ochstein agreed.

MOTION BY MR. OCHSTEIN TO IMPOSE A FINE OF $250.00 A DAY, COMMENCING ON MARCH 22, 2008 AND CONTINUING UNTIL COMPLIANCE IS ACHIEVED.
SECONDED BY MS. DUEMLER



HOUSE_OVERSIGHT_016612

There was some discussion on the motion and Mr. Koeppel requested it be amended to include a reconsideration of the fine based on how much progress was made and how they proceeded in getting it completed. Mr. Ochstein did not object.

**AMENDED MOTION BY MR. OCHSTEIN TO IMPOSE A FINE OF $250.00 A DAY, COMMENCING ON MARCH 22, 2008 AND CONTINUING UNTIL COMPLIANCE IS ACHIEVED, SUCH FINE TO BE RECONSIDERED BASED ON PROGRESS OF COMPLETION**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

D. Case # 08-2477, 215 Colonial Lane, Susan C. Lee Trust
Violation of Chapter 42, Section 42-87 of the Town of Palm Beach Code of Ordinances, swimming pools and gates to be kept in a good state of repair, roof maintained so as not to leak, exterior surfaces to be kept in a good state of repair, no conditions allowed which provides harborage for vermin and Chapter 18, Section 18-551, fences and gates for swimming pools to be not less than four (4) feet in height and gates to be self-closing and self-latching.

Lead Code Enforcement Officer Walton advised he had broken the seven (7) violations in this case down to two classifications, (A) which was violations 1,2 and
3, which concerned the pool and (B) which were violations 4, 5, 6 and 7. The violator was out of compliance four (4) days for (A), violations 1, 2 and 3 for which the Town was requesting a fine of $100.00 a day for each of the four days out of compliance. The violator had been given until April 14, 2008 to come into compliance for (B), violations 4, 5, 6 and 7 but these violations were still outstanding. The Town requests a fine of $250.00 a day commencing on April 15, 2008 and continuing until compliance is achieved.

Amy Fischer was present on behalf of the homeowner, along with Mr. Lawrence, an architect who she said was assisting them in trying to remedy the problems which had turned out to be more extensive than they had anticipated. She detailed the problems with obtaining the proper roofer and the time frame involved. Some of the issues involved code changes and whether or not the roof could be replaced with a similar system or whether it had to be upgraded to meet certain hurricane requirements. Some of the issues had been taken care of immediately but it was not feasible to remediate some of the problems in the time constraints the Town had afforded them. Ms. Fischer requested this matter be continued for forty-five (45) days or they be given a forty-five (45) day window to come into compliance. She said they had problems with contractors who had not done things in an expeditious, correct manner.

Mr. Lawrence was sworn in by Recording Secretary Houston and said he had nothing to add other than that patching was not an option and the roof had to be replaced.



HOUSE_OVERSIGHT_016613

**MOTION BY MR. FRIED TO ASSESS A FINE IN THE AMOUNT OF $100.00 A DAY FOR FOUR (4) DAYS FOR VIOLATIONS (A) FOR A TOTAL OF $400.00 AND A FINE IN THE AMOUNT OF $250.00 A DAY FOR VIOLATIONS (B), COMMENCING ON APRIL 15, 2008 AND CONTINUING UNTIL COMPLIANCE IS ACHIEVED.**
**SECONDED BY MR. OCHSTEIN**

During discussion on the motion, Mr. Fried told Ms. Fisher that although they appreciated her testimony, fines had a way of giving people incentive and it was in the Board's discretion to reconsider the fine if compliance was done in an appropriate time. Mr. Koeppel said he was going to make a similar comment especially in a case such as this one where one form of repair was anticipated and it became something significantly different. He thought the Board needed to take that into consideration.

**MOTION PASSED UNANIMOUSLY**

## IX. Comments:

Mr. Fried said he wanted to revisit the subject Mr. Raffo had enjoyed so much over the past couple of months, regarding outstanding fines. He requested an update on the progress made in collecting some of them. Ms. Houston advised the outstanding water restriction fines had been reduced to $6400.00 this month from over $9000.00 due the previous month and liens were in the process of being filed for the remainder that had not been paid. The non-running fines either had liens filed or were agenda items which are pending. Cases that had substantial fines and were not homesteaded would be looked at for foreclosure proceedings. The list of the daily running fines indicated which of those properties were homesteaded and Ms. Houston indicated she anticipated bringing some of those non-homesteaded properties to the Board for foreclosure consideration next month.

Mr. Fried asked about the motion made by Mr. Raffo at the last meeting, requesting the Town Council to address the issue of giving final authority for foreclosure action to the Code Enforcement Board. He asked for an update from Mr. Randolph or Ms. Houston as to whether this would appear on the Town Council agenda. Mr. Randolph asked if the minutes of that last meeting had been sent to the Town Council and Ms. Houston told him those were the minutes that had just been approved today by the Board so they would now be sent to the Town Council. Mr. Randolph said since these minutes had now been approved, he would go ahead and call them to the attention of Peter Elwell and ask him to agenda it on the next meeting of the Council. Mr. Fried asked that the outstanding fines be prioritized for foreclosure starting with the largest ones first. Ms. Houston said she would address the oldest and the largest outstanding fines first. She said she had also waited, based on the motion from the last meeting because it would be a different procedure if it was just brought to the Code Enforcement Board for approval or if it came to them for final action. Mr. Randolph said it was his understanding that the Code Enforcement Board wanted final approval as set forth in State Statute rather than just



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recommending foreclosure to the Town Council. Captain Blouin advised he also needed to speak to Mr. Randolph to get a prudent cutoff for what cases would be brought for foreclosure in terms of dollar amount.

Mr. Ballentine said he was intrigued by the leaf blower case and asked Captain Blouin how it was monitored in the Town. Captain Blouin said in November of last year, the Police Department had queried the most common types of complaints they were receiving and most were about construction or landscape noise. It was decided to focus most of his resources, which were generally small, outside of the police officers, whose main focus is keeping the community safe, not code violations. The department started with an educational campaign for the landscape industry, consisting of brochures outlining all of the ordinances which applied to them and voluntary testing of their equipment. He said the last time he had checked, 89 warnings had been written but he did not recall how many violations. Most of the violations would not come before the Code Board because the violator has the option of paying a fine or if they want to contest it, to come before the Code Board. Some people
have just elected to pay the fine. All of the major landscapers are going to be contacted again and two more testing dates have been set up. The code enforcement officers have been told this is a priority because of the complaints from the citizens. Captain Blouin said that even if everyone was in compliance with the ordinance, it was still going to be a nuisance to some citizens because leaf blowers are noisy.

Ms. Greenberg asked Mr. Randolph if it could be discussed if someone had a prior history of violations. Mr. Randolph said the case before them should be considered on the merits, not on the prior history. He said it could become relevant in considering the amount of a fine.
There was discussion about the Susan Gibson and the Susan Lee Trust and the outstanding fines on those cases.

## X. Adjournment:

The meeting was adjourned without benefit of a motion.



HOUSE_OVERSIGHT_016615

# TOWN OF PALM BEACH

## POLICE DEPARTMENT

A NATIONAL AND STATE ACCREDITED LAW ENFORCEMENT AGENCY

**CODE ENFORCEMENT BOARD MINUTES**
**2:00 P.M. THURSDAY, JULY 17, 2008**
**AT THE TOWN COUNCIL CHAMBERS, 360 S. COUNTY ROAD**

**I.** **Call to Order**: The meeting was called to order at 2:00 p.m. by Chairman Timothy Hoffman.

**II.** **Roll Call:**

Present:
Timothy Hoffman, Chairman
Harris Fried, Vice Chairman
Larry Ochstein, Member
Catherine M. Duemler, Member
Madelyn Greenberg, Member
Cynthia Van Buren, Member
James M. Ballentine, Jr., First Alternate
William P. Vanneck, Second Alternate

Absent:
Joel P. Koeppel, Member

Staff:
John Randolph, Town Attorney
Captain Kirk Blouin, Support Services
Rob Walton, Lead Code Enforcement Officer
Nick Gerry, Code Enforcement Officer
Bryant Weymer, Code Enforcement Officer
Raychel Houston, Recording Secretary

**III.** **Approval of the Minutes of June 19, 2008:**

**MOTION BY MS. DUEMLER FOR APPROVAL OF THE JUNE 19, 2008 MINUTES**
**MOTION SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

**IV.** **Administration of the Oath to all persons who wish to testify:**

Let the record show that all persons wishing to testify were sworn in at this time by Recording Secretary Raychel Houston.

## V. Public Hearings:

A. Case # 08-2431, 434 Seaspray Ave., Christopher Kaufman
Violation of Chapter 18, Section 18-242, Subsection 1 (104.1.1) of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system.

Lead Code Enforcement Walton requested the case be postponed until a date certain of September 18, 2008 as Mr. Kaufman has a hearing before the Town Council.

**MOTION BY MS GREENBERG TO POSTPONE THE CASE UNTIL SEPTEMBER 18, 2008**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

B. Case # 08-2511, 114 N. County Rd., Palm Beach Affair
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry requested the case be dismissed as the fees were paid and it came into compliance.

**MOTION BY MR. FRIED TO DISMISS THE CASE**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

C. Case # 08-2512, 235 Sunrise Ave., Suite C8, Palm Beach Resorts International
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said the Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008. Mr. Hoffman inquired about the late penalties and Mr. Gerry said they were based on a monthly penalty of 10% per month. In response to Mr. Ochstein's question, Mr. Gerry explained that both the business and the property owner were cited. Mr. Fried inquired about service and Mr. Gerry said it was sent by certified mail. Mr. Ballentine asked if any attempts, other than by mail, were made to get in touch with someone at the business. Mr. Gerry said he went to the business, was told the owner was difficult to reach and left his business card but had not received any response.



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**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

D. Case # 08-2513, 329 Worth Ave., Dunville L'Antiquaire, LTD
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he followed up after the certified letters were sent but the business could not be contacted. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

E. Case # 08-2514, 235 Sunrise Ave., C8, C.J.'s Simply Gourmet, Inc.
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and recommended a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fire inspection fee in addition to any late penalties by July 21, 2008. Mr. Gerry said he also tried, with negative results, to make contact with the owner of this business as it is the same owner as the other case at this location. Mr. Ochstein remarked that this was the same business which had been before the Board previously and had even "bounced a check" to the Town and wanted to know if there was something more that could be done other than the standard $150.00 costs. Mr. Gerry said he could review the case further to see if it could be brought back for additional fines. Mr. Hoffman asked if these cases were brought to Code Enforcement by the Finance Department and Mr. Gerry said they came from the Fire Prevention Bureau who handles their own billing and explained the procedure for that. Mr. Hoffman said it seemed like a year was a long time for these cases to be in arrears. Mr. Gerry said the cases were coming over quicker now from Fire Prevention and he thought it would improve in the future.



HOUSE_OVERSIGHT_016618

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY JULY 21, 2008.**
**SECONDED BY MR. FRIED**
**MOTION PASSED UNANIMOUSLY**

F. Case # 08-2515, 140 N. County Rd., Bank of America
Violation of Chapter 46, Section 46-68 of the Town of Palm Beach Code of Ordinances, annual fire and life safety inspection fees not paid

Code Enforcement Officer Gerry presented the facts of the case and said he had spoken with Robin Gert who advised him the bill had been mishandled and gotten lost in their system. He said he spoke to her yesterday and was told the payment was still in process. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the fine inspection fee in addition to all late penalties and costs by August 4, 2008.

**MOTION MADE BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER THEM TO PAY THE FIRE INSPECTION FEE IN ADDITION TO ANY LATE PENALTIES BY AUGUST 4, 2008.**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

G. Case # 08-2516, 313 ½ Worth Ave., # B2, David Clark
Violation of Chapter 114, Section 114-32 of the Town of Palm Beach Code of Ordinances, business tax receipt required

Code Enforcement Officer Gerry presented the facts of the case and said Mr. Clark had submitted his paperwork and paid the fee but there was a zoning issue still in question. The Zoning Administrator is out of the office this week on jury duty and based on the inability to get the issue resolved, the Town recommends the case be postponed until the August 21, 2008 hearing date.

Mr. Fried questioned what the zoning issue had to do with a business tax receipt and Mr. Gerry said the Town records do not show this particular suite existing at this address but Mr. Clark has documents showing it there.

Mr. Gerry said zoning is tied into business tax receipts because zoning requirements do not allow certain businesses in some districts. There is also the



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question of whether the space is legitimate because people will subdivide suites and make two spaces where there should only be one. Mr. Gerry said it looked like a legal space from the documentation Mr. Clark provided but the Zoning Administrator needed to approve it.

**MOTION BY MR. FRIED TO POSTPONE THE CASE UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

H. Case # 08-2517, 2270 E. Ibis Isle Road, Mark Remson Trust
REPEAT Violation of Chapter 42, Section 42-86 of the Town of Palm Beach Code of Ordinances, Environment, properties to be maintained in a good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered from routine patrol in the area but shortly after the notice of repeat violation was sent out, a citizen complaint was received as well. Mr. Weymer said there had been at least seven previous letters to this property owner regarding lack of maintenance on the property. A repeat notice of code violation was mailed out on June 24, 2008 with a mandatory hearing date. The lot was cut on or around July 2, 2008. This particular violation is a Class II violation under the fine schedule which calls for a fine of $400.00, however, by law, the Board has the ability to impose a fine of up to $500.00 because it is a repeat violation. Mr. Weymer said he believes it is important to look at the track record of this property in considering the fine. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and a fine of $500.00, which is the maximum fine for a repeat violation.

Mr. Hoffman said it seemed that every time the property owner gets notified he comes into compliance but he has to be notified. Mr. Weymer says there are times when he comes into compliance but on at least two other occasions, he has been before the Board because he has not complied by the time set. Mr. Ochstein asked if he has been fined in the past and Mr. Weymer said there are two outstanding fines for which liens have been placed on the property.

**MOTION BY MS. GREENBERG TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND A FINE OF $500.00**
**SECONDED BY MS. DUEMLER**
**MOTION PASSED UNANIMOUSLY**

I. Case # 08-2518, 230 Esplanade Way, Kenneth J. Horton



HOUSE_OVERSIGHT_016620

Violation of Chapter 42, Section 42-86 (19) of the Town of Palm Beach Code of Ordinances, cleared land must be re-sodded or replanted to prevent the creation of windblown dust or dirt and Chapter 42, Section 42-86, unsightly, unsafe or unsanitary conditions not permitted and properties to be maintained in good condition.

Code Enforcement Officer Weymer presented the facts of the case and said the violation was discovered on routine patrol. Mr. Weymer has been in contact with a property representative, Louis Pascerelli who said Mr. Horton had not been in Town to receive his mail. Mr. Weymer said Mr. Pascerelli had proposals from Hansen Landscape for the clean up and re-sod of the lot and a weekly maintenance contract to assure this does not happen again. Tropical Irrigation has also been contacted to put in a new irrigation system. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and the property owner be given until August 18, 2008 to come into compliance. Mr. Fried said he believed a fine of some sort should be imposed. Mr. Ballentine asked how long Mr. Horton had been out of compliance. Mr. Weymer said the original warning was sent on June 5, 2008 and a notice of violation and hearing was sent on June 20, 2008. Mr. Weymer said the first contact with the property owner was July 7, 2008. Mr. Ballentine asked if the August compliance date was reasonable and Mr. Weymer said Jim Hansen of Hansen Landscape thought the work would be done before that date but wanted more time in case he ran into any problems.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND GIVE HIM UNTIL AUGUST 18, 2008 TO COME INTO COMPLIANCE.**
**SECONDED BY MR. OCHSTEIN**
**MOTION PASSED UNANIMOUSLY**

J. Case # 08-2519, 206 Dunbar Road, AMF Estate Management
Violation of Chapter 42, Section 42-230 of the Town of Palm Beach Code of Ordinances, leaf blower over 65dBA at 50 ft.

Code Enforcement Officer Weymer presented the facts of the case and said he witnessed the violation on June 26, 2008. AMF had previously been warned on February 19, 2008 for using a leaf blower over 65dBA. Mr. Weymer performed a decibel test for this violation and the reading was 79.6 dBA at 50 feet. This is a class II violation under the fine schedule which has a $125.00 fine for the first offense. The violation was issued on site to a superintendant for AMF and has not been paid. The Town recommends a finding of non-compliance, administrative costs in the amount of $150.00 and payment of the $125.00 fine.

Mr. Hoffman asked whether this company had participated in the leaf blower testing being offered by Code Enforcement. Mr. Weymer said AMF had participated in the testing program and had several leaf blowers certified. He said



HOUSE_OVERSIGHT_016621

the truck he was out with had 2 other leaf blowers on the truck that he could identify as being over 65dBA but he only tested the one they were using and wrote a violation for that one. Ms. Van Buren asked about the testing method and Mr. Weymer explained how it was done.

**MOTION BY MR. OCHSTEIN TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND ORDER HIM TO PAY THE $125.00 FINE**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

K. Case # 08-2520, 165 Brazilian Ave., Richard Lynn
Violation of Chapter 10, Section 10-45 (i) of the Town of Palm Beach Code of Ordinances, if any dog attacks and causes severe injury or death to any human or domestic animal more than once, the owner shall be required to have said dog removed from the Town or humanely euthanized at his/her sole expense and violation of Chapter 10, Section 10-6 of the Code which prohibits animals from creating nuisances which are detrimental to the public safety and welfare.

*(Mr. Ochstein recused himself, stating that he has a relative who has a business relationship with Dr. Lynn and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Sgt. Curtis Krauel said this case was brought to Code Enforcement through a culmination of events spanning back over a period of 4 years. Sgt. Krauel explained Section 10-6 of the Code and said he was going to be showing some graphic photographs. Sgt. Krauel presented the facts of each of the documented cases involving attacks by Duke from March 17, 2004 until May 11, 2008.

Mr. Hoffman questioned how the Code Enforcement Board came into this procedure since the Town Council had already said Duke is a dangerous dog. Mr. Randolph explained that Town Council does not have the authority to fine. Originally, the police department did not issue a code enforcement board citation but ordered the dog be removed from the Town or humanely euthanized which was appealed to Town Council. Town Council denied the appeal. Since that time, Dr. Lynn has refused to comply with the order of the Town Council so a citation was issued by Code Enforcement to bring the matter before the Board to determine whether there should be a finding of violation and at a later time, whether a fine should be imposed. Mr. Randolph said it was now the jurisdiction of the Code Enforcement Board and not the Town Council. Mr. Hoffman questioned whether or not the Board had to determine if the dog was going to be euthanized or removed from the Town and Mr. Randolph explained that this was not the Board's determination. The Board was only to determine whether or not there had been a violation of the Town Code.



HOUSE_OVERSIGHT_016622

Sgt. Krauel continued his presentation remarking that once Duke had been found "potentially dangerous" by Animal Care and Control, there had been another attack but due to an administrative error by Animal Care and Control in failing to document their records appropriately, Duke was classified as "potentially dangerous" again. This is an error that Animal Care and Control completely acknowledges.

After the last attack on May 11, 2008, Duke was taken into custody by Animal Care and Control and after a hearing, was classified as "dangerous". Sgt. Krauel noted that the hearing before Special Magistrate Earl Mallory did not classify Duke as vicious because Duke had no documented cases of attacks on humans. After this last case was reviewed by Code Enforcement, sufficient evidence was also found by the Town to classify Duke as dangerous and Dr. Lynn was notified by registered mail. Dr. Lynn appealed to Town Council and that appeal was denied by Town Council by a 5-0 vote. The Town recommends a finding of non-compliance with Chapter 10, Section 10-6 as the Town has the two required affidavits of residents of the Town occupying separate households. The Board was provided with copies of four (4) affidavits.

Sgt. Krauel then proceeded with an explanation of Chapter 10, Section 10-45 and said the Town was requesting a separate motion for a finding of non-compliance of Chapter 10, Section 10-45 (i) and that Dr. Lynn be given until July 18, 2008 to come into compliance by either removing the dog from the Town or having it humanely euthanized. If compliance is not achieved, the Town recommends a daily fine of $250.00 a day commence on July 19, 2008 and continue until compliance is achieved.

Mr. Randolph requested the Board treat these two sections of the Code separate and apart. He said the first evidence heard related to Section 10-6 (3) and involved the affidavits from the residents of the Town. Because of the dispute Dr. Lynn's attorney has with regard to the manner that Section 10-45 was applied, Mr. Randolph recommended the two Code sections not be mixed up. Mr. Randolph said he would like for the Board to first consider whether there had been a violation of 10-6 and to make a motion one way or the other with regard to the Staff's recommendation. He then requested that Section 10-45 be entertained separately after Dr. Lynn's attorney and anyone else who wanted to speak had an opportunity to do so.

Vivian Dorris, 155 Brazilian Ave., said her beagle/bassett, Charlie, was viciously attacked by Dr. Lynn's dog, Duke and she has sustained approximately $8500 in vet's bills. She said her dog will never walk properly again because of severe nerve damage. She does not feel there are enough precautions being taken for the safety of residents on Brazilian Ave. She asked that the Board take this into consideration and thanked them for their service.

Wayne Gerl, 149 Brazilian Ave., said he has two dogs and every time he exits his driveway or front yard, he has to stop and peek around and make sure the other



HOUSE_OVERSIGHT_016623

dogs are not in the area. He said he was bitten by Duke a couple of years ago. He was talking with Dr. Lynn and the dog just reached out and bit him, tearing his pants and breaking the skin. He said he has been friends with Dr. Lynn and Margrit for many years but it was just unsafe for anybody and any animals in the area.

Bobby Goodnough said he was jogging in the area and the dog lunged at him, causing him to have to dive through a 12 foot hedge to get away from it. He said he just thought it was a matter of time before the dog got a person or a child. Sgt. Krauel asked if Mr. Goodnough had reported the incident to the police department or had a time frame of occurrence. Mr. Goodnough said he had not made a police report but it occurred about 2 years ago.

Laura Klein, 130 Seaspray Ave., said she had lived here for 12 years, having moved from Washington, D.C. for a sense of security. She said she was now in the process of installing surveillance cameras. She said she could no longer walk her dog without constantly looking around, worrying if Duke had once again escaped from the open gates. She said it is a privilege to own a dog and dog ownership and responsibility should go hand in hand. She said Dr. Lynn was issued a citation in August of 2002 for locking his dog in a car with the windows rolled up. She said she mentioned this to prove his irresponsibility. She said his voluminous file from Animal Care and Control would attest to this. She said no one was safe while Duke is in Palm Beach.

James Merola was present on behalf of Dr. Lynn and said he was present on a revised Notice of Code Violation and Hearing dated July 15, 2008. He said he was not denying there were incidents with Duke. Palm Beach County had the dog taken into custody and the hearing was held June 5, 2008. At that hearing, it was agreed upon by the County and Dr. Lynn that the dog would be classified as dangerous. The dog was classified as dangerous which required certain restrictions on the dog which Dr. Lynn complied with and the dog was returned to him. In the event Duke has another incident, pursuant to state and county law, but some reason not Town law, the dog would be taken into custody and euthanized. Mr. Merola said Dr. Lynn feels very badly about the situation and agreed with the County to do what they required. Mr. Merola said Dr. Lynn then received a letter, dated June 16, 2008 from the police department, mentioning the order of the County and stating for the first time that the Town was declaring the dog dangerous and giving him ten (10) days to appeal, which he did not. On June 20, 2008, 4 days after the dog was declared dangerous by the Town, the police department sent a second letter, citing 10-45 (i), advising that since the dog already had two incidents, they wanted it removed or euthanized. The dog had not done anything since being declared dangerous. This letter did not mention an appeal, but he sent a letter anyway, stating they did not agree with that. He said the dog was declared dangerous on June 16th, requirements were imposed and they complied with those, including the filing of a $1000 bond and they did not agree the dog should now be removed. There was a Town Council hearing on August 8th and the Council said they needed to have the dog removed or euthanized. Mr.



HOUSE_OVERSIGHT_016624

Merola went into detail about the requirements of 10-45 and said Dr. Lynn had complied with all of those. Then the letter of June 20th came, requiring Dr. Lynn to remove the dog or euthanize it. Mr. Merola read subsection (h) into the record and said the Code Enforcement Board did not have any jurisdiction over subsection (i) as subsection (h) just mentioned (d) through (g). The Town filed a lawsuit and he and Mr. Randolph were before Judge Hoy this morning. The Town is asking to have the dog removed or euthanized and asking for a permanent injunction, stating an emergency situation. Judge Hoy gave them a hearing at 1:30 p.m. on Tuesday where it will be determined whether the dog is a nuisance, whether 10-45 (i) even applies to the situation and if the Board has authority over 10-45 (i). If the Judge says the dog has to go, they are not going to argue with the Court but he believes they have a right to present their case. He does not believe the Town's position that the fine should start tomorrow is correct. He believes the Board can only find violations of subsections (d) through (g) of 10-45. There have been no allegations that Dr. Lynn has violated subsections (d) through (g). Mr. Merola believes it is clear that the Code Enforcement Board has no authority under (i). Mr. Merola then addressed 10-6 and said he believed that since all precautions have been taken under 10-45, the dog does not constitute a nuisance. Mr. Merola said he has an injunction relief request before the Judge to stop the Board from making this decision. Mr. Merola said Mr. Randolph has asked them to determine these two (2) ordinances separately and he does not believe 10-45 (i) is in the Board's purview, and as to the nuisance, the dog has to be a nuisance now and it is not. This is all going to be determined Tuesday and he is asking the Board to either deny the Town's recommendation because the Town cannot prove the dog is a nuisance now or reset this case until next month's hearing.

Sgt. Krauel advised he wanted to make a rebuttal to some of Mr. Merola's comments. The service of notice Mr. Merola referred to in declaring the dog dangerous was when the police department spoke with Dr. Lynn on June 12, 2008 and was told Duke was being housed at a kennel in Palm Beach County. A notice could not be served to Dr. Lynn to have him come into compliance with something he was already in compliance with. The dog was not in the Town. The police department did not find out the dog was in Town until June 20th when Laura Klein reported the dog attempted to break free of Dr. Lynn to attack her and this is when the letter was sent out requesting compliance with Section 10-45. Dr. Lynn was given the entire ordinance on June 10th, not just sections or specific acts that he needed to comply with. Duke was not on the property at that time and no notification to remove the dog from the property could be served then because the dog was not there. As far as the police department was concerned, Dr. Lynn was in compliance with the ordinance. Sgt. Krauel pointed out that the Town does not abide by the state and the county ordinances, that the Town has the ability to enforce more stringent and strict ordinances and that is what we have done here.

Sgt. Krauel said he was prepared, based on Counsel's recommendation, to recommend a motion to find Dr. Lynn in non-compliance with Section 10-6 and move to postpone 10-45 (i) until after further consideration by the Circuit Court on Tuesday. The Town recommends administrative costs in the amount of



HOUSE_OVERSIGHT_016625

$150.00 and a fine of $250.00 a day to start on June 19, 2008 if compliance is not achieved by June 18, 2008.

Mr. Ballentine asked for clarification on the motion and was advised by Mr. Randolph that it would be a finding of non-compliance of Chapter 10, Section 10-6, administrative costs of $150.00 and a compliance date of July 18, 2008 with a fine to be considered at the next meeting if compliance was not achieved.

Ms. Duemler said she believed that the dog, besides being a nuisance, is a threat to society and she hoped that by Tuesday the dog did not break loose from Dr. Lynn and maul some child, that she believed it is a disgrace and she supports the Town.

(*applause from the audience)*

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-6, ASSESS ADMINISTRATIVE COSTS IN THE AMOUNT OF $150.00 AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**MOTION SECONDED BY MR. BALLENTINE**
**MOTION PASSED UNANIMOUSLY**

Mr. Randolph asked if a motion could be made to defer the consideration of violation of Chapter 10, Section 10-45 (i) until the August 21, 2008 meeting and Ms. Greenberg advised she would make that motion. Mr. Fried asked Mr. Randolph if he would explain the reason for this. Mr. Randolph said the argument had been made that 10-45 should not apply because the dog has already been deemed dangerous by the County and pursuant to the Town's Code. Mr. Randolph said he believed the argument was going to be made in court on Tuesday that it is not appropriate for the Town to move forward with regard to 10-45 (i) because that only applies to any incident that occurs after the dog has been declared dangerous. The argument has been made that Dr. Lynn has done everything he is required to do. Mr. Randolph said he hesitated to explain further if the matter was going to be deferred. Mr. Randolph said the position of Staff is that item (i) stands on its own merits, that it is not connected to 10-45 (a) through (h). It is also the position of Staff that it is appropriate to bring a violation of (i) to the Code Enforcement Board even though it does not specifically state that in 10-45 because Section 2-439, which is the citation fine schedule, sets forth all of the sections of the Code of Ordinances which can be brought before the Code Enforcement Board and 10-45 is listed. Code Enforcement has the right to bring a violation directly to the Code Enforcement Board instead of issuing the fine set forth in the fine schedule. Mr. Randolph said the Board could move forward in considering 10-45 instead of deferring it to the next meeting.

Mr. Fried commented that based on the egregious nature of what they had been presented with, he believed the Board should do everything they could to put pressure on Dr. Lynn to comply. Mr. Randolph questioned whether the Town



HOUSE_OVERSIGHT_016626

would be requesting a separate fine of $250.00 a day for non-compliance and Sgt. Krauel said that was his recommendation, that there would be two concurrent fines running. Mr. Hoffman asked about the administrative costs and Sgt. Krauel said the Town was only asking for one.

**MOTION BY MR. FRIED TO FIND DR. LYNN IN VIOLATION OF CHAPTER 10, SECTION 10-45 (i) AND REQUIRE HIM TO COME INTO COMPLIANCE BY JULY 18, 2008**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

Mr. Merola questioned what the order was with regard to 10-6, if it was to have the dog removed or euthanized by Friday or just to abate the nuisance. He said he needed to know what to tell Dr. Lynn what had to be done by Friday to avoid the potential fine. Mr. Hoffman said Dr. Lynn needed to either remove the dog or have it euthanized and Mr. Fried said that was his intention in making the motion.

## VI. Old Business:

A. Case # 08-2484, 515 N. County Road, Trump Properties, LLC
Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants.

Lead Code Enforcement Officer Walton advised this case would be heard at Town Council on August 11, 2008 and requested the case be postponed until the August 21, 2008 hearing date. Mr. Trump's attorney and the attorney for the new purchaser were both present.

Robert Brody said he was the attorney for County Road Property LLC, who had just purchased the property two days ago. He said it was the intent of his client to comply with the Town and also to work with the Town. There is an appeal pending and Mr. Brody said it was his client's intent to work everything out with ARCOM prior to that appeal. He said he had recommended to his client that he withdraw the appeal. Mr. Brody said his client had hired the Lawrence Group and Gene Lawrence planned to work with ARCOM.

**MOTION BY MS. DUEMLER TO POSTPONE THE CASE UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

## VII. Fine Consideration:



HOUSE_OVERSIGHT_016627

A. Case # 08-2432, Beachfront Vista Property, Nightingale Beach Club Association
Violation of Chapter 134, Section 134-1472 (3) of the Town of Palm Beach Code of Ordinances, no additional walls, fences, hedges or other structures or growth shall be erected or be grown eastwardly of Ocean Boulevard to a height greater than four (4) feet above the surface of the Ocean Boulevard.

*(Ms. Duemler recused herself as part of a previously declared conflict and Mr. Hoffman advised Mr. Vanneck would be a voting member in this case)*

Lead Code Enforcement Officer Walton said Nightingale Beach Club had previously been found in violation and was given time to obtain a permit. A permit was obtained but there were some conditions attached to it. There have been two inspections with the Florida Wildlife Commission and an agreement was reached to not require the vegetation to be trimmed until after turtle season. Since they have already been found in non-compliance, the Town recommends the time for compliance be extended to November 7, 2008 and if compliance is not achieved by that date, a fine of $250.00 a day be imposed.

Jack Maxey, 244 Nightingale Trail, presented some documents to the Board and advised he was president of the Nightingale Trail Beach Club Association. He said one of the documents was his application under duress for the permit. Mr. Maxey advised he had not been sworn in and was administered the oath of office by Recording Secretary Houston.

Mr. Maxey said he has had a long correspondence with the legal department of the Department of Environmental Protection and he believes on an emotional level, they do not believe the trees should come down but they told him they could not find any statutory way to force the Town not to enforce the permit. They told him it should be the jurisdiction of a court, not the DEP. Mr. Maxey said the Town was cutting down its own sea grapes in violation of the permitting process. Mr. Maxey said there were all kinds of burdens in this permit he needed to comply with, one of which was replacement of the whole plant if anything over 6 feet tall which was larger than 3 inches in diameter was cut down. He said he was supposed to provide a signature on the document putting himself at risk of a $10,000 a day fine if he did not comply with the requirements of the permit. Mr. Maxey said Jean Higgins, a biologist for the State Fish & Wildlife, recommended sea grapes should not be trimmed because they are the best source of protection against the lighting. Ms. Higgins made some suggestions such as changing light fixtures and extinguishing lights during turtle season and maintaining a substantial healthy vegetation light blocking buffer.

Mr. Maxey said an approximate 24 inch piece of aluminum is hanging from the light on Nightingale Trail and it seemed highly unusual that a shield of that nature would only be necessary on that light when the recommendations given by Fish & Wildlife are recommendations with broad reaching impact for the entire island. He



HOUSE_OVERSIGHT_016628

noted that the street lights in Palm Beach do not go off during turtle nesting season. He said a field permit for trimming of the sea grapes at the Nightingale Beach Club Association was not recommended during the nesting season. He said the indifference to materials he had brought forth more than a year ago that had now been brought forth officially by the DEP were offensive to him and that is one of the reasons he had continued to "hammer" this. He said he believed the Board should recommend to the Town Council that they remove this section of the Code, given the current environmental regime, especially when one considers the public relations downside of fighting him on this issue and spending $2,000,000 to fight Lake Worth on the other side. Mr. Maxey said this was probably not a win-win situation and that NOAA had not even been brought into the fold yet.

Mr. Ochstein wanted to know if the Board was precluded from enforcing the ordinance now. Mr. Walton said it should not be enforced now, that in speaking with Mr. Wettstein from DEP and Ms. Higgins from FWC, an agreement had been reached to wait until the end of turtle season to require the trimming. The Town recommends granting the Nightingale Beach Club until November 7, 2008 to come into compliance. The permit is good until that date. In response to Mr. Hoffman's question, Mr. Walton said the permit was issued on June 16, 2008. Mr. Maxey said he applied on March 19, 2008. Mr. Balletine inquired as to whether 7 days was sufficient for compliance after the end of turtle season and Mr. Walton said it was not a large area and he believed it was. Mr. Maxey said he did not believe it was sufficient, that it would be an economic hardship if he had to replace every tree that is over 3 inches in diameter in order to get it below 6 feet and he brought up other issues involved with the trimming. Mr. Balletine told Mr. Maxey he just wanted to know, without going into a lot of detail, whether he could comply in a 7 day period. Mr. Maxey said that before he could remove any native plant, he had to first remove every single non-native one from the property and he had some questions whether or not he could comply within that time period. He also said he had some real questions about whether the law, both at the State and the local level, had been equally applied within the Town. Mr. Maxey said he is in consultation with an attorney to find out what measures he can take. The Town did not apply for a permit to cut its own sea grapes and judging from the guidelines he has in his permit, the Town would be in violation of almost everyone of those guidelines. The DEP counsel's office asked him to provide photographs of the Town's illegal cutting back in February.

Mr. Vanneck said there should be more research as to what should and should not be cut. He believes the Town code may have gone too far.

Mr. Hoffman said the Board did not have the authority to modify the Code and could only enforce the Codes as they had been written.

MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED SECONDED BY MR. BALLENTINE



HOUSE_OVERSIGHT_016629

Mr. Vanneck asked for clarification on what the motion was and Mr. Walton advised the motion was that the sea grapes must be cut after turtle season, by November 7, 2008 and if they were not cut by that date, a $250.00 a day fine would commence on November 8, 2008 and continue until compliance was achieved.

Mr. Fried asked who the fine would apply to and Mr. Walton said it would be to the Nightingale Trail Beach Club Association. Mr. Fried asked if this was a legally constituted body and Mr. Maxey said it was an informal body, that on the deeds, everyone owns this piece of property in common. There was some additional discussion on the ordinance. Ms. Van Buren asked if every single property owner on the street was a member of the association and Mr. Maxey said every property owner on Nightingale Trail was and there were one or two houses on North Ocean and North Lake as well. Mr. Maxey said there were 23 separate memberships. Ms. Van Buren asked about the finances and Mr. Maxey said there were annual dues of $75.00 a year and a common bank account of $3500 or $3600. Mr. Maxey said that if a fine was incurred, that is probably where the money would come from but he did not believe, because of his fiduciary responsibility to the group, he could fight the decision with any of those monies. Mr. Ochstein asked if he was an elected officer and Mr. Maxey said he was president and that he keeps the books and makes sure the place is in good condition.

**MOTION BY MR. OCHSTEIN TO GRANT THE VIOLATOR UNTIL NOVEMBER 7, 2008 TO COME INTO COMPLIANCE AND IF COMPLIANCE IS NOT ACHIEVED BY THAT DATE, TO ASSESS A FINE IN THE AMOUNT OF $250.00 A DAY UNTIL COMPLIANCE IS ACHIEVED**
**SECONDED BY MR. BALLENTINE**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. BALLENTINE** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. GREENBERG** | **YES** |
| **MS. VAN BUREN** | **YES** |
| **MR. VANNECK** | **NO** |
| **MR. HOFFMAN** | **YES** |
| **MOTION PASSES** | **6-1** |

Mr. Fried advised Mr. Maxey that the Code Enforcement Board's position was to enforce the Code and said that he had always found the Town Council members to be very receptive, individually and as a group. Mr. Fried said it was not beyond



HOUSE_OVERSIGHT_016630

the Town Council's power and authority, if persuaded, to look into an ordinance and suggested Mr. Maxey address it with them.

B. Case # 08-2508, 227 Brazilian Ave., 2F, Hillen J. Smith
Violation of Chapter 18, Section 18-241 of the Town of Palm Beach Code of Ordinances, building permits required to construct, install, repair or alter any building or building system

Lead Code Enforcement Officer said Mr. Smith was found in violation, assessed $150.00 in administrative costs and given until July 16, 2008 to come into compliance. Compliance has not been achieved so this is the time a fine would be assessed. Mr. Walton said the contractor was present to speak.

Steve Pappanelli said he was hired by Mr. Smith after Mr. Smith had been cited and he was 90% complete with the job. He was just waiting on his final inspection and he should have it by next week but the building is closed to all construction inspections for two (2) weeks. Mr. Pappanelli said he was present on Mr. Smith's behalf to request a three (3) week extension. Mr. Walton said the Town did not oppose the extension of time. Mr. Walton said the three weeks was necessary because the building would not let inspections be done while their maintenance man was on vacation. Mr. Walton said if compliance was not achieved by August 7, 2008 then he would ask for a $250.00 a day fine to commence on August 8, 2008.

Ms. Greenberg asked some questions about the type of permits and remarked that it is unfortunate in multi-family dwellings that this type of situation would exist to begin with because electrical and plumbing can have catastrophic effects on other owners. She said it is unfortunate the people do not do the right thing until they get caught. Mr. Pappanelli said he was not the contractor working without permits.

MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED
SECONDED BY MS. GREENBERG

During discussion on the motion, Ms. Duemler stated she believed the retroactive fine was a little harsh. Mr. Ballentine said he agreed and asked the reason for the retroactive fine. Mr. Ochstein said there are so many people who do work without a permit and they know they need a permit. That is a very dangerous thing in a multi-family dwelling and it should be egregious.

**MOTION BY MR. OCHSTEIN TO GRANT AN EXTENSION OF TIME UNTIL AUGUST 8, 2008 TO COME INTO COMPLIANCE AND TO**



HOUSE_OVERSIGHT_016631

**ASSESS A FINE OF $250.00, RETROACTIVE TO JULY 17, 2008 IF COMPLIANCE WAS NOT ACHIEVED**
**SECONDED BY MS. GREENBERG**
**MOTION PASSED UNANIMOUSLY**

## VIII. Fine Reduction:

A. Case # 08-2301, 167 E. Inlet Drive, The Landfall Group,
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement Officer Walton said in October, 2007, Ajax Equity LLC was found in violation of going over the construction time limits. On November 15, 2008 they still were not in compliance and a daily fine of $250.00 started running. The final inspection was obtained in March, 2008. The fine ran for 137 days prior to compliance being achieved and the accumulated fine due is $34,250.00 and the $150.00 hearing costs have not been paid.

Frank Lynch advised he was the attorney for both The Landfall Group and Ajax. He said when they appeared before the Board in October, Lazslo Wagner, the principal of The Landfall Group, who has built homes throughout the Town of Palm Beach for 26 years acknowledged he was unaware of this particular code provision. Had he been, they would have applied for an extension of time to complete the construction. At the hearing, Mr. Koeppel made a motion to allow them an additional sixty (60) days to complete the construction, find them in non-compliance and assess the $150 costs. After a significant amount of discussion, that motion went to a vote and failed 4-3. A second motion was made and Ms. Duemler thought the $250.00 fee was significant and believed the fine should be $125.00 a day. Mr. Lynch gave Mr. Walton a copy of that transcript to put in the record. As part of their request, they are asking the Board to consider what Ms. Duemler suggested at the meeting. At the same time, Mr. Lynch said he would like them to consider that The Landfall Group is a good corporate citizen and made a legitimate mistake. As a result, a fine was incurred and they are willing to accept some level of fine, some level of responsibility for what they did. The construction was continually on going, there were no delays other than the construction process itself. This was not someone's house, it was a speculative venture. There had been some concerns with the shell contractor and the finish items themselves were significant enough that there were substantial delays. At that same hearing, Code Enforcement Officer Gerry said it was the position of Code Enforcement to get more assertive at the suggestion of Town Council and that these projects were to be more aggressively pursued. Under the new ordinance, for a house of approximately 5,000 sq. feet, they would be entitled to 24 months. This would



HOUSE_OVERSIGHT_016632

have brought them to November 2007 and they would have gotten additional time for Hurricane Wilma which would have brought them to December. If they were under the new Code, they would not be before the Board today and may not have a fine at all. He realizes a mistake was made, he realizes something has to be paid but he thinks $35,000 is a significant fine. The Board has gotten their attention and they would ask for a significant reduction in the fine.

Mr. Fried asked how long it took to get the final inspection after the 22 months had run. Mr. Walton said they had been given 23 months due to the hurricanes and they were 5 months and 9 days beyond that. Mr. Ballentine asked how far out they would be under the new rules. Mr. Walton said they would be given 24 months which with the hurricane would be 25 months. Mr. Lynch said that at the end of that 24 month period, if they had not sought an extension of time within the required time period, no earlier than 6 months and no later than 45 days, before the expiration of that 24 months, their project would have been shut down. Mr. Wagner's lack of knowledge of this particular situation would have become irrelevant because they would have been red tagged on the next day after the 24 month period. Mr. Lynch said Mr. Wagner did not know because he has been a good corporate citizen and had never been before the Board except on one occasion which was beyond his control; it was a maintenance item on the Glazer house. Mr. Walton said that situation was not due to Mr. Wagner's fault, that he was just representing the owner.

Mr. Ballentine asked how Mr. Wagner did not know the Code requirement if he had built so many homes in the area and said he had difficulty with the ignorance of that.

Mr. Fried said he agreed with Mr. Ballentine and found it hard to believe that Mr. Wagner did not know the time limits. He said some reduction should be considered but he was not sure on what basis.

Mr. Ochstein remarked that the fine was around $35,000 and the house was on the market for $10.6 million dollars so he did not see the hardship. Mr. Lynch said he did not know the price but he would accept Mr. Ochstein's statement on that. Mr. Lynch said the hardship was in the imposition of the fine itself, there were mistakes made and he believed that Council would have given them a significant extension of time if Mr. Wagner had been aware of the situation and filed the proper notice with Town Council.

Mr. Lynch said if some sort of arrangement could be reached today, his client would be in a position to pay within the next two weeks. Mr. Hoffman said he was concerned because he believed that when the case was originally heard, they had the option of fining $250.00 a day and they gave them a fine reduction at the time they initiated the fine of $125.00 a day. Mr. Walton corrected Mr. Hoffman, advising there was a motion for a fine of $125.00 a day which failed and the fine that was in effect was $250.00 a day. Mr. Lynch said he believed the record reflects something different than that. Mr. Walton said his records reflect $250.00



HOUSE_OVERSIGHT_016633

a day but he would review it. Mr. Walton reviewed the transcript and noted that it showed $125.00 a day but the Board order specified $250.00 a day and he would have to do further research.
Mr. Fried advised he could make a motion to postpone the matter to the next meeting and have Mr. Walton bring back the correct information. There was additional discussion about the amount of the fine and Mr. Lynch said he was seeking a reduction of the $17,125.00 which would be the amount of the fine if it was $125.00 a day. Mr. Hoffman said he would find that hard to accept. Mr. Hoffman read from the minutes that a motion was made by Mr. Fried that the defendant was found in non-compliance, ordered to pay an administrative fee in the amount of $150.00, obtain a final building inspection by October 25, 2008 and a fine of $125.00 to commence on October 26, 2007. He said that motion passed 4-3. Mr. Walton said he could not dispute that but he would have to do some research. Mr. Hoffman said he would not be in favor of reducing the $17, 125.00 any further.

Mr. Ochstein said he was hesitant to do anything until they know what the number is. Mr. Walton suggesting postponing the case until next month.

**MOTION BY MR. OCHSTEIN TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MR. FRIED**
**MOTION OPPOSED**

**ROLL CALL VOTE:**

| | |
|---|---|
| **MR. OCHSTEIN** | **YES** |
| **MR. FRIED** | **YES** |
| **MS. DUEMLER** | **YES** |
| **MS. GREENBERG** | **NO** |
| **MS. VAN BUREN** | **NO** |
| **MR. BALLENTINE** | **YES** |
| **MR. HOFFMAN** | **NO** |
| **MOTION PASSES** | **4-3** |

B. Case # 08-2302, 9 Via Vizcaya, Macari Building & Design, Casa Picchio, LLC
Violation of Chapter 18, Section 18-242, Subsection 104.5.1.6, medium projects, all new or remodel construction projects 4000 sq. ft, to 8,999 sq. ft. under roof be allowed 22 months

Lead Code Enforcement said the property was found in non-compliance and they requested a fine reduction hearing. The owner of the property was called out of town and they requested a postponement until the August hearing.



HOUSE_OVERSIGHT_016634

**MOTION BY MS. GREENBERG TO POSTPONE THE FINE REDUCTION HEARING UNTIL AUGUST 21, 2008**
**SECONDED BY MS. VAN BUREN**
**MOTION PASSED UNANIMOUSLY**

## IX. Comments:

Ms. Greenberg said that the presentation using the "slides" made it too dark in the room. She wanted to know if there was anything they could do as a Board in making a suggestion to the Council about an ordinance that could address people not pulling permits because of the safety issues in terms of multi-family dwellings. Capt. Blouin said there was a provision in place. If work is done without a permit, there is a penalty involved. There was an ordinance drafted last year that requires them to pay four times the permit fee.

Mr. Fried asked Mr. Randolph if he had spoken to Mr. Elwell about the foreclosure action being brought to the Board's area of responsibility as opposed to the Town Council. Mr. Randolph said he had but did not have an answer yet and would try to get one. Mr. Fried asked Ms. Houston about progress on the fines and she said the Town was now inputting fines into the computer system and if someone had outstanding fines they could not get any permits. People are contacting Code Enforcement because they cannot get permits and are either paying or asking to come back to the Board for a fine reduction.

Capt. Blouin advised that with regard to any foreclosure action, the police department is scrutinizing each and every one of them as some of these cases we have liens on were pre-existing prior to coming to the police department. We do not want to bring a case to the board that can be handled in a different manner.

Mr. Walton remarked that it was a good thing that there are a number of working without permit cases being brought to the Board, that it means Staff is doing their job.

## X. Adjournment:

The meeting was adjourned without benefit of a motion.



HOUSE_OVERSIGHT_016635

# TOWN OF PALM BEACH

Information for the Water Committee Meeting on January 29, 2009

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To: Water Committee:
David A. Rosow, Chair
Denis P. Coleman, Member

Via: Peter B. Elwell, Town Manager

From: Sarah E. Hannah, Assistant Town Manager

Re: Information Regarding Water Supply

Date: January 23, 2009

---

The following documents are attached for your review in preparation for the Water Committee meeting on January 29 at 3 p.m.:

1. Agenda

2. PowerPoint presentation from the City of West Palm Beach regarding the four options for the Town's water supply and relationship with the City.

3. Cost estimates and other information regarding private wells.

4. Follow-up on prior water committee information requests:

    a. Information from the City regarding per capita usage in Palm Beach.
    b. Information from the City regarding a comparison of the City's water quality with New York City's water quality
    c. Statistical analysis of the top 100 water consumers on the island.
    d. Average daily effluent flow for the cities that use the East Central Regional Water Reclamation Facility (ECRWR).
    e. Executive summary of the results from the Town's testing of the City's potable water (the rest of the report is available in the Town Manager's Office).

cc: Mayor and Town Council
Eduardo Balbis, P.E., City of West Palm Beach
Jane Struder, Finance Director
H. Paul Brazil, Director of Public Works
John Page, Director of Planning, Zoning, and Building
James Bowser, Town Engineer

# TOWN OF PALM BEACH

Town Manager's Office

**TENTATIVE-SUBJECT TO REVISION**

**WATER COMMITTEE MEETING**

**AGENDA**

**JANUARY 29, 2009**

**3:00 P.M.**

**WELCOME!**

**The progress of this meeting may be monitored by visiting the Town's web site (www.townofpalmbeach.com) and selecting "Live Agenda" or "Council Audio". If you have questions relative to these two features, please contact the Office of Information Systems (561) 227-6315.**

I. CALL TO ORDER AND ROLL CALL

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

IV. PRESENTATION BY CITY OF WEST PALM BEACH OF FOUR (4) WATER SUPPLY OPTIONS

V. DISCUSSION OF INDIVIDUAL PRIVATE WELLS FOR IRRIGATION

VI. FOLLOW-UP ON PRIOR WATER COMMITTEE INFORMATION REQUESTS

VII. ANY OTHER MATTERS

VIII. ADJOURNMENT

**Note:** Disabled persons who need an accommodation in order to participate in the Town Council Meeting are requested to contact the Town Manager's Office at 838-5410 or through the Florida Relay Service by dialing 1-800-955-8770 for voice callers or 1-800-955-8771 for TDD callers, at least two (2) working days before this meeting.

**Post Office Box 2029 * 360 South County Road * Palm Beach, Florida 33480**
**Telephone (561) 838-5410 * Facsimile (561) 838-5411 * townmanager@townofpalmbeach.com**



HOUSE_OVERSIGHT_016637

# TOWN OF PALM BEACH WATER COMMITTEE

## *Discussion of Future Plant Options*

**January 2009**

# PRESENTATION AGENDA

- Competing Regulations
- Desalination Water Plant
- Floridan Water Plant
- Town Remains As Equal Customer
- Town Becomes Bulk Customer
- Next Steps

# COMPETING REGULATIONS

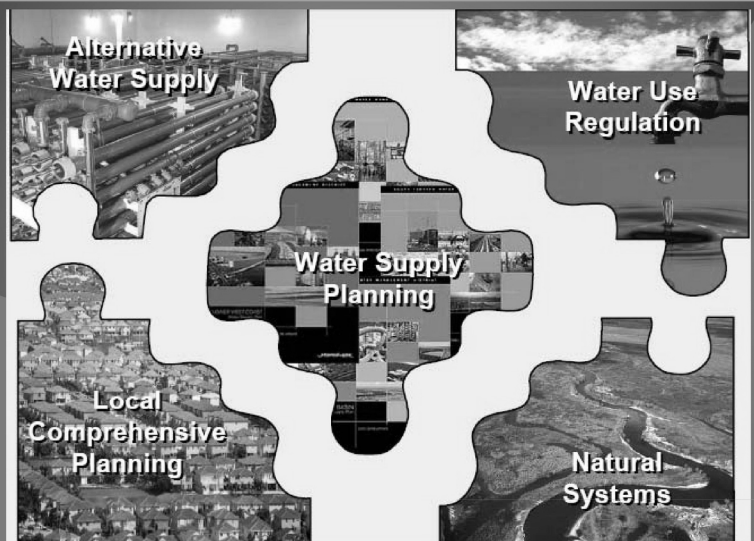

# DRAFT YEAR ROUND IRRIGATION RULE

- Latest draft SFWMD language dated October 31, 2008.
- Public Hearing Scheduled for January 15th.

40E-24.201 Year-Round Landscape Irrigation Conservation Measures.

(1) The year-round landscape irrigation conservation measures contained in this chapter are applicable to all users as defined in subsection 40E-24.101(16)~~(10)~~, F.A.C., including permitted and exempt users under Chapter 40E-2, F.A.C., unless indicated otherwise herein. These conservation measures apply to all water sources, except that landscape irrigation accomplished using reclaimed water and/or supplemented reclaimed water is subject to only paragraphs (5)(a), (l) and (5)(b), (l) of this section. In addition to the requirements of this section, all permitted users under Chapters 40E-2 and 40E-20, F.A.C., are required to maintain compliance with all CUP conditions and

(14) "Supplemented reclaimed water" and "blended reclaimed water" means reclaimed water which has been commingled with other sources of water, such as potable water, groundwater, surface water, and water treatment process by-product by a public or private utility.

***Unless the Town uses reclaimed water for irrigation it may be subject to the Year Round Irrigation Rule – even if Floridan or Seawater is used.***

# SUPPLY SOURCES

## SURFACE WATER SOURCES

### *Clear Lake*

- Existing Infrastructure
- Variable Quality
- Watering Restrictions
- Permitted

### *Atlantic Ocean*

- Unlimited Supply
- Complex Treatment
- Consistent WQ
- Greenhouse Gases
- Highest Cost

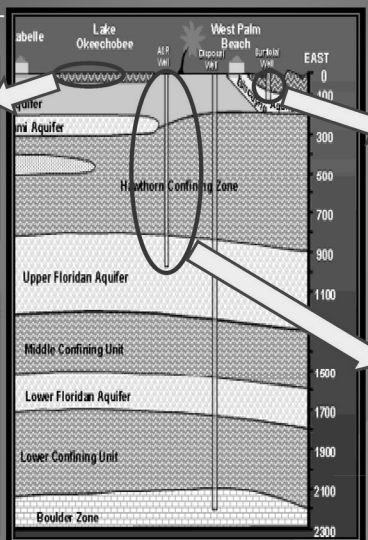


## GROUNDWATER SOURCES

### *Surficial Aquifer*

- 100 – 150 feet deep
- Consistent WQ
- Watering Restrictions
- Saline Intrusion
- Limited Allocation
- Availability Unknown
- 30 – 50 Sites Needed

### *Floridan Aquifer*

- 1,000-1,200 ft deep
- Consistent WQ
- Long-Term Degradation
- Very Costly
- No Watering Restrictions
- Limited Allocation
- 12 – 20 Sites Needed

# DESALINATION PLANT OPTION

***City Dedicates Seawater Plant for Town***

- Town remains a customer of the City of West Palm Beach
- Additional capital and operational costs to Town of Palm Beach
- Desalination plant located on City property

secure
reliable
sustainable

# WHY LOOK TO THE OCEAN?

- Sustainable drought-proof source of water
- Concern for availability of fresh surface water and groundwater resources = ***regulatory pressure***
- Decreasing costs due to technology improvements
- Comparable costs to indirect potable water reuse projects

# TAMPA BAY DESALINATION FACILITY

- 25 mgd plant
- Co-located with power plant
- 8.5-acres for WTP
- Provides 10% water demand for region
- Screening, filtration, RO membranes, chemical systems
- AWS funding provided

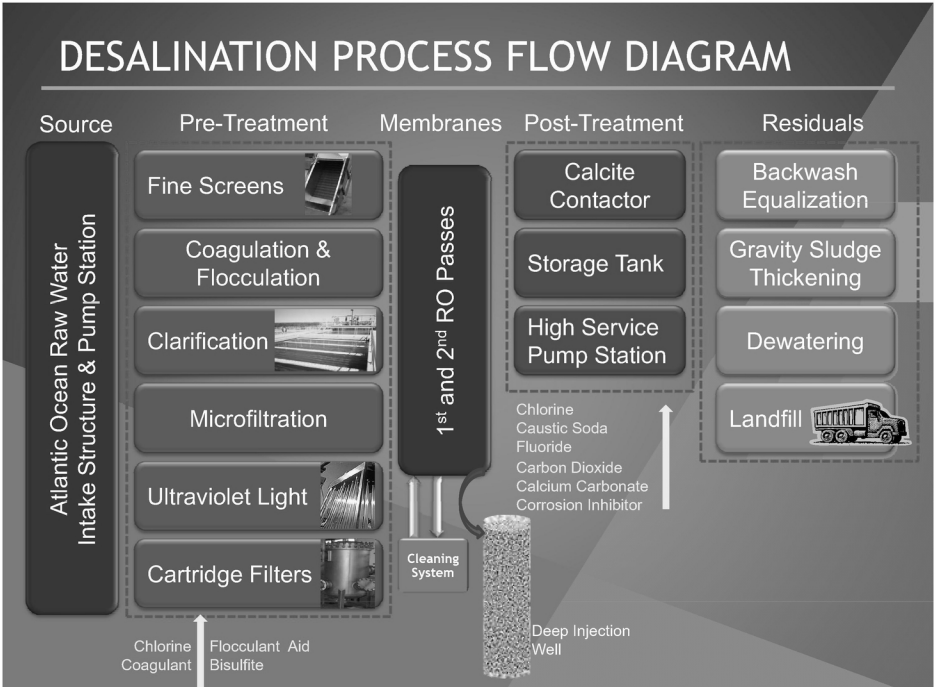
DESALINATION PROCESS FLOW DIAGRAM
Source
Pre-Treatment
Membranes
Post-Treatment
Residuals
Atlantic Ocean Raw Water Intake Structure & Pump Station
Fine Screens
Coagulation & Flocculation
Clarification
Microfiltration
Ultraviolet Light
Cartridge Filters
1st and 2nd RO Passes
Cleaning System
Calcite Contactor
Storage Tank
High Service Pump Station
Chlorine
Caustic Soda
Fluoride
Carbon Dioxide
Calcium Carbonate
Corrosion Inhibitor
Backwash Equalization
Gravity Sludge Thickening
Dewatering
Landfill
Deep Injection Well
Chlorine
Coagulant
Flocculant Aid
Bisulfite

# PRE-TREATMENT IS KEY TO SUCCESS

- Protect the Membranes
- Screens remove shells, creatures, wood and debris greater than ¼ inch
- Heavier solids settled out via flocculation and clarification
- Smaller solids filtered via microfiltration membranes
- Ultraviolet light controls biological activity and fouling
- Control scale formation by adjusting pH and using antiscalants

Fine screens

UV units

Clarification Basin

# SPECIALIZED MEMBRANES FOR TREATMENT

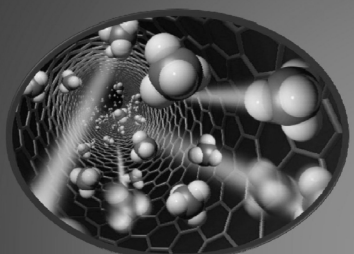

- RO membranes allow water particles (dissolved ions) to pass through tiny screens, while blocking salts
- Highly specialized technology
- Large amounts of power required to “push” water through the membranes via pressure
- Pre-treatment important to protect costly membranes

# SOLIDS HANDLING REQUIRED

*Desalination produces "waste" streams that require materials to be disposed via landfill.*

- Debris removed by screens (shells, wood, etc) must be landfilled

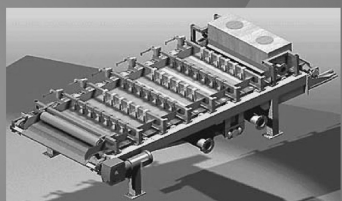

- Clarification process & microfiltration backwash solids are thickened, dewatered, and sent to the landfill for disposal

*Transportation of solids increase facility operations cost and result with a larger carbon footprint.*

# DESALINATION PLANT LAYOUT

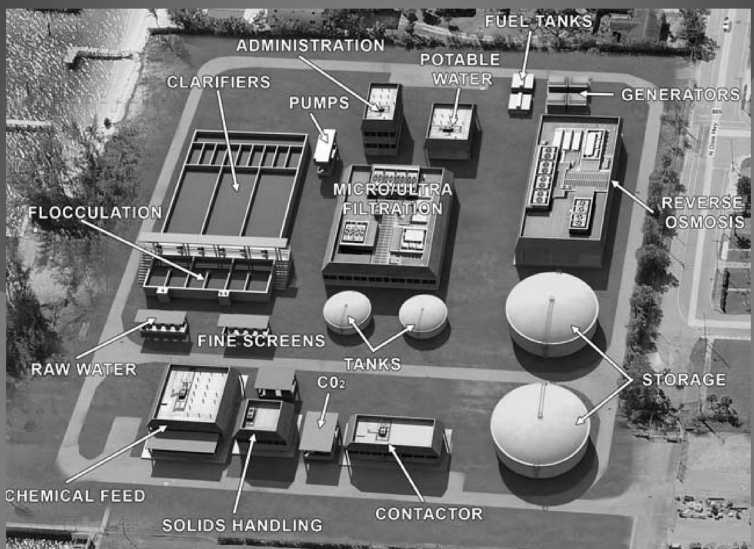

# DESALINATION PLANT ISSUES

- 25 mgd facility required to produce 10 mgd potable water.
- Approximately 10 acres required for infrastructure.
- Complex treatment processes.
- Brine by-product waste disposal via deep injection well (ocean outfalls no longer permitted for WTPs).
- Dewatered sludge must be disposed at landfill.
- Highly energy intensive to operate.
- Not necessarily exempt from proposed year-round water restrictions drafted by SFWMD

# DESALINATION PLANT COSTS

| Cost Estimate for 10 mgd Desalination Plant | | |
|---|---|---|
| Site Work | $ | 3,000,000 |
| Raw Water Intake, Pumping, Piping, and Fine Screens | $ | 12,000,000 |
| Coagulation, Flocculation, Clarification | $ | 3,900,000 |
| Pretreatment Transfer Pumping | $ | 700,000 |
| Microfiltration | $ | 22,000,000 |
| Ultraviolet Light | $ | 4,100,000 |
| Chemical Treatment | $ | 1,600,000 |
| Reverse Osmosis Membrane System | $ | 48,600,000 |
| Post Treatment Chemical Systems | $ | 2,300,000 |
| Ground Storage Tanks | $ | 3,900,000 |
| High Service Pumping | $ | 2,100,000 |
| Residuals Handling | $ | 10,300,000 |
| Administration & Laboratory Building | $ | 1,900,000 |
| Brine Disposal Injection Well | $ | 6,000,000 |
| Dedicated Water Transmission Piping | $ | 6,000,000 |
| ***Conceptual Cost*** | **$** | **128,400,000** |
| General Requirements (2%) | $ | 2,568,000 |
| Construction Mark-up (3%) | $ | 3,852,000 |
| Mobilization (2%) | $ | 2,568,000 |
| Contingency (10%) | $ | 12,840,000 |
| Engineering and Other Non-Construction Costs (8%) | $ | 10,272,000 |
| **TOTAL CONCEPTUAL COST** | **$** | **160,500,000** |

***Assumes plant on City property & no additional cost for land.***

# FLORIDAN AQUIFER WATER PLANT OPTION

***City Dedicates Floridan Plant for Town of Palm Beach***

- Town remains a customer of the City of West Palm Beach
- Additional capital and operational costs to Town of Palm Beach
- Low Pressure Reverse Osmosis plant located on City property

secure
reliable
sustainable

water

# WHY LOOK TO THE FLORIDAN AQUIFER?

- Reliable and drought-proof source located approximately 1,200 feet below ground surface
- Relatively stable water quality seasonally, but geographically variable
- Reduces demands on water for the Everglades
- Significantly less energy intensive than desalination processes
- Landfill transportation and disposal costs not applicable

# LOCAL UTILITIES ARE USING FLORIDAN AQUIFER

- Palm Beach County
- Jupiter
- Deerfield Beach
- Broward County
- Highland Beach
- Fort Myers
- Palm Coast
- Marion County
- St. John's County
- Hollywood
- Miramar
- Florida Keys

*Palm Beach County's 10 mgd Lake Region WTP*

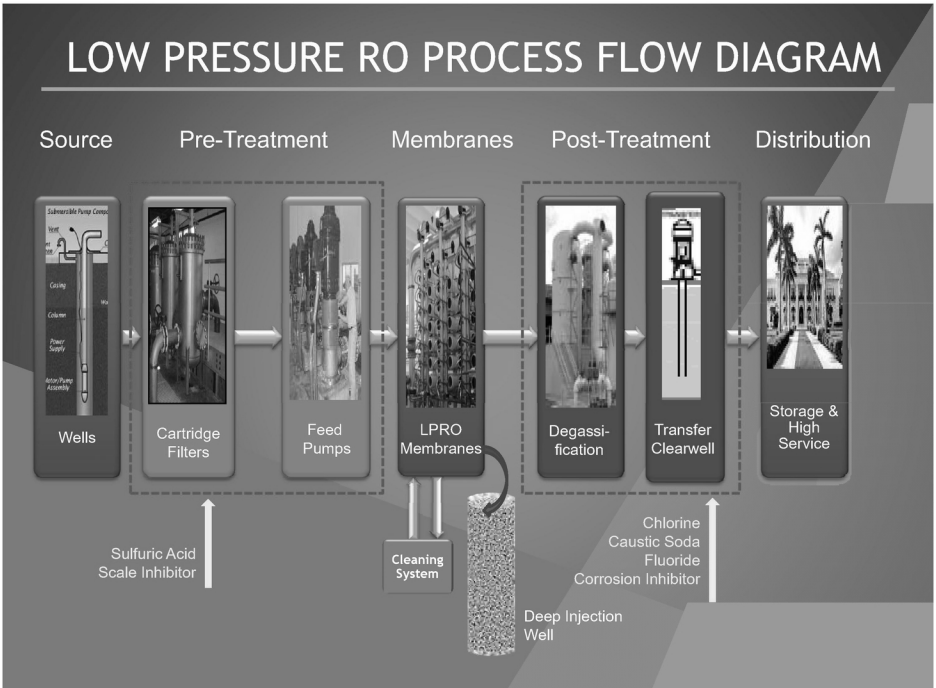
LOW PRESSURE RO PROCESS FLOW DIAGRAM
Source
Pre-Treatment
Membranes
Post-Treatment
Distribution
Wells
Cartridge Filters
Feed Pumps
LPRO Membranes
Degassi-fication
Transfer Clearwell
Storage & High Service
Sulfuric Acid
Scale Inhibitor
Cleaning System
Deep Injection Well
Chlorine
Caustic Soda
Fluoride
Corrosion Inhibitor

# TREATMENT PROCESSES

- SOURCE - wells can be located near the plant. No existing users to cause interference (today).
- PRE-TREATMENT- disposable 5 micron cartridge filters, pH adjustment, & scale inhibitor.
- MEMBRANES – Low Pressure Reverse Osmosis elements require less power to push water thru screens.
- POST-TREATMENT – hydrogen sulfide removal with odor control, disinfection, pH adjustment, blending.
- DISTRIBUTION – connect to existing water main network without subaqueous crossings.

# FLORIDAN PLANT LAYOUT

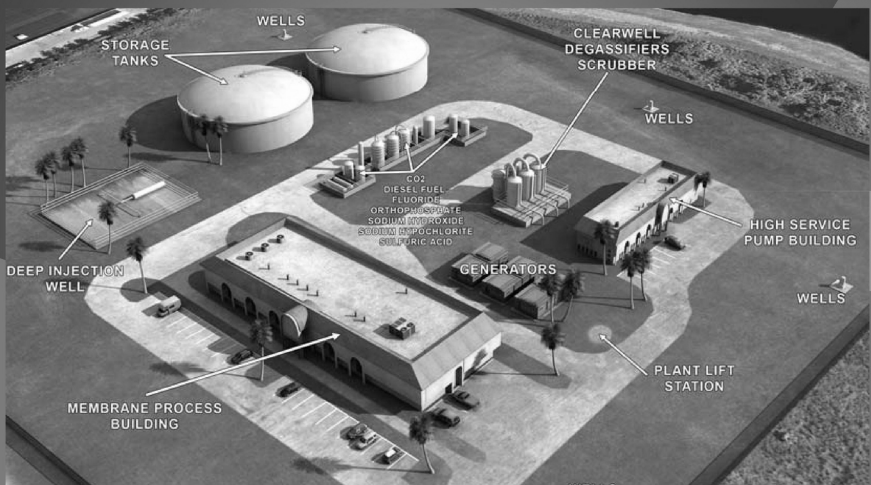

# LOCATION

*The Floridan Aquifer wells are not restricted with respect to specific location in that no other production wells exists today near the City's WTP.*

# FLORIDAN AQUIFER PLANT ISSUES

- Floridan Aquifers can be used for both Aquifer Storage and Recovery and source water
- Potential increased energy costs associated with lifting water and impacts to adjacent users
- Potential for decline in water quality over time
  - ~ Some pumping wells become saltier (up-coning of more saline water from below or laterally along coast)
  - ~ Membrane design and periodic replacement
  - ~ Blending with Surficial Aquifer water
- Estimated 125% of raw water to meet treated water demands
- Concentrate disposal via deep injection well

# FLORIDAN AQUIFER PLANT COSTS

| Cost Estimate for 10 mgd Floridan Plant | | |
|---|---|---|
| Site Work & Site Electrical | $ | 3,000,000 |
| Raw Water Wells & Piping | $ | 13,500,000 |
| Pretreatment System | $ | 5,000,000 |
| Membrane Building w/LPRO system | $ | 19,000,000 |
| Chemical Feed Systems | $ | 2,000,000 |
| Yard Piping | $ | 1,500,000 |
| Clearwell | $ | 1,200,000 |
| Transfer Pump Station | $ | 1,000,000 |
| High Service Pump Station | $ | 2,100,000 |
| Ground Storage Tanks | $ | 3,900,000 |
| Brine Disposal Injection Well | $ | 6,000,000 |
| Dedicated Water Transmission Piping | $ | 6,000,000 |
| ***Conceptual Cost*** | **$** | **64,200,000** |
| General Requirements (2%) | $ | 1,284,000 |
| Construction Mark-up (3%) | $ | 1,926,000 |
| Mobilization (2%) | $ | 1,284,000 |
| Contingency (10%) | $ | 6,420,000 |
| Engineering and Other Non-Construction Costs (8%) | $ | 5,136,000 |
| **TOTAL CONCEPTUAL COST** | **$** | **80,250,000** |

***Assumes no additional cost for land.***

# TOWN REMAINS AS EQUAL CUSTOMER

- Town subject to same water restrictions imposed on water supply for the entire service area

  *A portion of the City's water supply IS supplemented with reclaimed water*

- Town subject to same rates and debt service as other customers.
- Town's demand met with City's plant

*Pilot testing membrane treatment of surface water now*

secure
reliable
sustainable

water

# TOWN BECOMES A BULK CUSTOMER

- Town sets its own rate structure
- New Bulk Service Interlocal Agreement Required
- Town to become a retail utility service provider
- Study on-going by City's rate consultant regarding options for setting a bulk user rate

*The City evaluated finished water demand data for all Town of Palm Beach customers.*

# SUMMARY

| Option | Capital Costs | Retail Costs | Bulk Costs |
|---|---|---|---|
| Desalination Plant | $160,500,000 | TBD(+) | N/A |
| Dedicated Floridan Plant | $80,250,000 | TBD(+) | N/A |
| Bulk Customer | N/A | N/A(+) | TBD |
| Remain as Equal | N/A | Current Rates | N/A |

secure
reliable
sustainable

water

# NEXT STEPS

- SFWMD Rulemaking Outcome
- Determine City's Future Water System – Long-Term Improvements
- Develop Bulk Rates

secure
reliable
sustainable

water

CITY OF WEST PALM BEACH
1921
FLORIDA

# QUESTIONS?

SEAL OF THE TOWN OF PALM BEACH FLORIDA
INCORPORATED
APRIL 17, 1911

THE TOWN OF
SOUTH
PALM BEACH
1925
FLORIDA

# TOWN OF PALM BEACH

## MEMORANDUM

**TO:** Paul Brazil, Director of Public Works

**FROM:** James M. Bowser, Town Engineer JMB

**RE:** Private Irrigation Water Supply Systems

**DATE:** January 22, 2009

---

Town staff was asked to look into what it would cost for a "typical" Palm Beach homeowner to construct their own independent irrigation water supply system. This is not an easy question and would take a fairly detailed analysis from one of our water consultants that time and funding has not permitted. Town staff has had several discussions with our consultants and the results of these discussions revealed the following.

- A 12 acre site in Manalapan constructed its' own water supply system using Floridan Aquifer, total price, between $400,000 and $450,000.

- Floridan water well permits for individual owners are possible, but wells cost hundreds of thousands of dollars to construct due to the 1200 to 1400 foot depths. These wells are not necessarily drought proof.

- Shallow salt water wells are possible and would provide a water supply that would not have restrictions. Dig too shallow, and the water will be aerobic and hydrogen sulfide is present, requiring a chlorination system. Dig deeper, you would get to an anaerobic zone that avoids the hydrogen sulfide. These salt water aquifers will require a higher degree of treatment, costing more than a Floridan source.

- Treatment facilities will need to be sized to irrigation demand. To minimize treatment capacity, storage is needed. A pressurized system will need to be built. If requested, several scenario's can be developed and priced.

- Electrical service and treatment facility housing needs will be tailored to the system design.

- Ballpark, the cheapest systems will likely exceed $100,000 with ongoing operation and maintenance costs,

c. Peter Elwell, Town Manager
Sarah Hannah, Assistant Town Manager

**City of West Palm Beach, Florida**

**Estimate of Gallon per Capita Per Day for the Town of Palm Beach**

| Line No. | | Fiscal Year 2009 Single Family Residential | SRF and MF Residential | Total Town of Palm Beach (2) |
|---|---|---|---|---|
| 1 | Total Water Sales (ccf) (1) | 1,226,662 | 2,205,898 | 2,961,994 |
| 2 | Total Single Family Units | 2,206 | 2,206 | 2,206 |
| 3 | Total Multi-family Units | 0 | 6,807 | 6,807 |
| 4 | Total Residential Units Recognized | 2,206 | 9,013 | 9,013 |
| 5 | Water Use per Month per Residential Unit (ccf) | 46.34 | 20.4 | 27.39 |
| 6 | Water Use per Month per Residential Unit (gallons) | 34,662 | 15,259 | 20,488 |
| 7 | Average Daily Flow per Residential Unit | 1,139 | 502 | 674 |
| 8 | Assumed Household Size (3) | 1.81 | 1.81 | 1.81 |
| 9 | Household Per Capita Per Day Flow Estimate | 629 | 277 | 372 |

Footnotes:

(1) Water sales forecast based on the Water, Wastewater, and Stormwater Rate and Charge Study prepared by PRMG dated March 24, 2008.

(2) Includes all water sales, including irrigation and commercial use.

(3) Household size derived from demographic information published on the Nationmaster.com website (www.nationmaster.com/encyclopedia/Palm-Beach, -Fl). Note that the family size for the Town was 2.38 persons per household.

based firm Carrère and Hastings and helped establish the Palm Beach winter "season" by constant entertaining. The town was incorporated on April 17, 1911.

## Geography

Palm Beach is the easternmost town in Florida, located on a sixteen-mile-long barrier island, centered at 26°42'54"N, 80°2'22"W (26.715067, -80.039371).[4]

According to the U.S. Census Bureau, the town has a total area of 27.0 km² (10.4 mi²). 10.2 km² (3.9 mi²) of it is land and 16.9 km² (6.5 mi²) of it is water. The total area is 62.45% water.

## Demographics

As of the 2000 census, over half the population (52.6%) are 65 years of age or older, with a median age of 67 years. 9.4% are under the age of 18, 1.5% are from 18 to 24, 11.5% are from 25 to 44, and 25.0% from 45 to 64. For every 100 females there are 79.3 males. For every 100 females age 18 and over, there are 77.0 males.

Town of Palm Beach

The per-capita income for the town is $109,219. Males have a median income of $71,685 versus $42,875 for females. 5.3% of the population and 2.4% of families are below the poverty line. 4.6% of those under the age of 18 and 2.9% of those 65 and older are living below the poverty line.

The racial makeup of the town is 96.00% White (93.8% were Non-Hispanic White,) [5] 2.57% Black or African American, 0.53% Asian, 0.04% Native American, 0.02% Pacific Islander, 0.21% from other races, and 0.63% from two or more races. 2.56% of the population are Hispanic or Latino of any race.

$\frac{10,468}{5,789} = 1.81$

The 10,468 people in the town are organized into 5,789 households and 3,021 families. The population density is 1,031.1/km² (2,669.2/mi²). There are 9,948 housing units at an average density of 979.8/km² (2,536.6/mi²). 7.7% of the households have children under the age of 18 living with them, 48.1% are married couples living together, 3.3% have a female householder with no husband present, and 47.8% are non-families. 42.6% of all households are made up of individuals and 27.6% have someone living alone who is 65 years of age or older. The average household size is 1.81 and the average family size is 2.38.

Many of Palm Beach's residents are affluent, with a median household income of $94,562 and a median family income of $137,867. The town's affluence, and its "abundance of pleasures" and "strong community-oriented sensibility" were cited when it was selected in June, 2003 as America's "Best Place to Live" by *Robb Report* magazine.

As of 2000, speakers of English was the first language of 87.81% of all residents, while French comprised 4.48%, Spanish consisted of 3.65%, German made up 2.16%, Italian speakers made up 0.45%, Yiddish made up 0.36%, Russian was at 0.30% (even though those of Russian ancestry made up 10.30% of the population),



HOUSE_OVERSIGHT_016669

City of West Palm Beach

As of the census[2] of 2000, there are 82,103 people, 34,769 households, and 18,253 families residing in the city. The population density is 574.9/km□ (1,488.9/mi□). There are 40,461 housing units at an average density of 283.3/km□ (733.8/mi□). The racial makeup of the city is 58.09% White, 32.21% African American, 0.33% Native American, 1.46% Asian, 0.16% Pacific Islander, 4.35% from other races, and 3.40% from two or more races. 18.21% of the population are Hispanic or Latino of any race.

$\frac{82,103}{34,769} = 2.36$

There are 34,769 households out of which 22.4% have children under the age of 18 living with them, 34.3% are married couples living together, 13.6% have a female householder with no husband present, and 47.5% are non-families. 37.6% of all households are made up of individuals and 11.8% have someone living alone who is 65 years of age or older. The average household size is 2.26 and the average family size is 3.02.

In the city the population is spread out with 21.3% under the age of 18, 9.8% from 18 to 24, 31.5% from 25 to 44, 21.4% from 45 to 64, and 16.0% who are 65 years of age or older. The median age is 37 years. For every 100 females there are 97.3 males. For every 100 females age 18 and over, there are 94.8 males.

The median income for a household in the city is $36,774, and the median income for a family is $42,074. Males have a median income of $30,221 versus $26,473 for females. The per capita income for the city is $23,188. 18.9% of the population and 14.5% of families are below the poverty line. Out of the total population, 29.2% of those under the age of 18 and 14.8% of those 65 and older are living below the poverty line.

The city has Palm Beach International Airport, which also serves Palm Beach County, Florida.

## External links

- West Palm Beach official website (*http://www.cityofwpb.com/*)
- **Maps and aerial photos**
  - Street map from Mapquest (*http://www.mapquest.com/maps/map.adp?latlongtype=decimal&latitude=26.709992&longitude=-80.064373&zoom=6*) or Google (*http://maps.google.com/maps?ll=26.709992,-80.064373*)
  - Topographic map from Topozone (*http://www.topozone.com/map.asp?lat=26.709992&lon=-80.064373&s=200&size=m&layer=DRG100*)
  - Aerial photograph from Microsoft Terraserver (*http://terraserver.microsoft.com/map.aspx?t=1&s=14&lon=-80.064373&lat=26.709992&w=750&h=500*)

**Regions of Florida**

Flag of Florida

Central Florida | Emerald Riviera | First Coast | Florida Panhandle | Florida Keys | Lee Island Coast | Nature Coast | Orlando Area | Redneck Riviera | Space Coast | Treasure Coast | South Florida | Sun Coast | Tampa Bay Area

**Largest Cities**

Cape Coral | Clearwater | Coral Springs | Fort Lauderdale | Hialeah | Hollywood | Jacksonville | Miami | Miramar | North Miami | Orlando | Pembroke Pines | Plantation | Pompano Beach | Port St. Lucie | St. Petersburg | Sunrise | Tallahassee | Tampa | **West Palm Beach**

**Counties**



HOUSE_OVERSIGHT_016670

From: EBalbis@wpb.org
To: SHannah@TownofPalmBeach.com
Date: 12/03/2008 01:26 PM
Subject: Fw: WPB/NYC Water Quality Data

Sarah,

We have obtained information about the water supply in NYC as requested. Note that the City of NY produces about 33 times the amount of water than the City of West Palm Beach. We tried to compile data that can be comparable. However, NYC act as their own State agency and track different parameters than the State of Florida. See below for additional information.

Eduardo E. Balbis, P.E.
Assistant City Administrator
City of West Palm Beach
200 - 2nd Street
West Palm Beach, FL 33402
561-822-1400
561-822-1424 fax

----- Forwarded by Eduardo Balbis/WESTPALM on 12/03/2008 01:26 PM -----
**David Hanks/WESTPALM**

12/03/2008 10:33 AM

To Eduardo Balbis/WESTPALM@WESTPALM
cc
Subject WPB/NYC Water Quality Data

Please let know if you want any changes made. NCY produces 1.1 billion mgd per day.

Below is what they say about their treatment process:

## Water Treatment

All surface water and groundwater entering New York City's distribution system is treated with chlorine, fluoride, food grade phosphoric acid and, in some cases, sodium hydroxide. New York City uses chlorine to meet the New York State Sanitary Code and federal Safe Drinking Water Act (SDWA) disinfection requirements. Fluoride, at a concentration of one part per million, is added to help prevent tooth decay and has been added since 1966 in accordance with the New York City Health Code. Phosphoric acid is added to create a protective film on pipes that reduces the release of metals such as lead from household plumbing. Sodium hydroxide is added to Catskill/Delaware water to raise the pH and reduce corrosivity.

David Hanks
Public Utilities Director
City of West Palm Beach
1000 45th Street, Suite # 15
West Palm Beach, FL 33407
561-494-1046 Work
561-714-4619 Cell

dhanks@wpb.org Water Quality Tables.xls

## City of West Palm Beach and New York City Water Quality Tables

| | WPB 2007 | | WPB 2006 | | WPB 2005 | | NY City 2007 | | NY City 2006 | | NY City 2005 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CONTAMINANTS AND UNIT OF MEASURE | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | MCL* OR MRDL* | LIKELY SOURCE OF CONTAMINATION |
| Stage 1 Disinfectant / Disinfections By - Produce (D/DBP) Parameter | | | | | | | | | | | | | | |
| Trihalomethanes (TTHM) (ppb)* | 73.5 | 6.95 -283.83** | 25.29 | 6.70 - 35.7 | 21.1 | 10.9 - 41.9 | 220 | .12-76 | 246 | .10-81 | 218 | 19-69 | MCL = 80 | By-product of drinking water dis infection |
| Haloacetic Acid (HAA5) (ppb) | 30.79 | 1.82 - 70.0 | 22.9 | 9.08 - 37.0 | 24.4 | 12.8 - 42.9 | 218 | 19 - 62 | 245 | 19-69 | 215 | 21-69 | MCL = 60 | By-product of drinking water disinfection |
| Chloramines (ppm)* | 3.1 | ND* - 5.8 | 3.33 | 1.0 - 4.2 | 3.1 | 0.3 - 4.2 | | | | | | | MRDL = 4.0 | Water additive used to control microbes |
| Free Chlorine (ppm) | 2.4 | 0.2 - 7.8 | | | | | | | | | | | MDRL = 4.0 | Water additive used to control microbes |
| CONTAMINANTS AND UNIT OF MEASURE | 90th PERCENTILE RESULT | No of Sampling Sites Exceeding the AL | 90 th PERCENTILE RESULTS | No of Sampling Sites exceeding the AL | 90th PERCENTILE RESULTS | No of Sampling Sites exceeding the AL | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | MCL | LIKELY SOURCE OF CONTAMINATION |
| Lead and Copper (tap water) Round One | | | | | | | | | | | | | | |
| lead (tap water) (ppb) | *16.125.9 | 13 out of 100 | 7.6 | 5 out of 100 | ND | 0 out of 100 | 126 | ND-122.3 | 120 | ND-123.2 | 326 | ND-11 | 15 | Corrosion of household plumbing systems; erosion of natural deposits |
| Copper (tap water) (ppm) | 0.433 | 1 out of 100 | 0.276 | 0 out of 100 | ND | 0 out of 100 | 126 | ND-0.320 | 120 | 0.022-0.661 | 117 | ND-198 | 1.3 | Corrision of household plumbing systems; erosion of natural deposits;leaching from wood preservatives |
| Lead and Copper (Tap Water) Round Two | | | | | | | | | | | | | | |
| Lead (tap water) (ppb) | 10.5 | 8 out of 100 | | | | | | | | | | | 15 | Corrosion of household plumbing systems; erosion of natural deposits |
| Copper (tap water) (ppm) | 0.352 | 0 out of 100 | | | | | | | | | | | 1.3 | Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives |
| Contaminants and unit of measure | Highest single measurement | The lowest monthly percentage of samples meeting regulartory requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | MCL | LIKELY SOURCE OF CONTAMINATION |
| Turbidity | | | | | | | | | | | | | | |
| Turbidy (ntu)* | 0.46 | 95.6 | 0.33 | 97 | 0.37 | 100% | 10061% | 0.8-1.4% | 966100% | 0.8-1.5% | 0% | 0% | TT* | SOIL RUNOFF |
| CONTAMINANTS AND UNIT OF MEASURE | Highest single measurement | Lowest monthly percentage of samples meeting regulartoty requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | MCL | LIKELY SOURCE OF CONTAMINATION |
| Total Organic Carbon | | | | | | | | | | | | | | |
| TOTAL ORGANIC CARBON (RATIO) | 1.1 | 1.1 - 1.8 | 1.1 | 1.1 - 1.8 | 1.1 | 1.1 - 1.2 | | | | | | | TT | Naturally present in the environment |

| CONTAMINANTS AND UNITS OS MEASURE | Highest single measurement | Lowesst monthly percentage of samples meeting regulartoty requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | TT | LIKELY SOURCE OF CONTAMINATION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Microbiological Contamanants | | | | | | | | | | | | | | |
| Total Coliform Bacteria | 13.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | NATURALLY PRESENT |
| Contaminants and Unit of Measure | Total Number of Positive Samples for Year | MCLG | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | Highest single measurement | The Lowest Monthly Percentage of Samples meeting Regulartory Requirements | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | LEVEL DETECTED | Range of Results | | LIKELY SOURCE OF CONTAMINATION |
| Fecal Coliform % Coli | *41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 0 | Human and fecal waste |
| Contaminants and Unit of Measure | Highest Level Dectected | Range of Results | Highest Level Detected | Range Results | Highest Level Detected | Range Results | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS | LEVEL DETECTED | RANGE OF RESULTS9661 | MCL | LIKELY SOURCE OF CONTAMINATION |
| Inorganic Contaminants | | | | | | | | | | | | | | |
| Antimony (ppb) | 3.4 | N/A | 0.13 | N/A | 0.21 | N/A | | | | | | | 6 | discharge from petroleum refineries; fire - retardants; ceramics; electronics; solder |
| Barium (PPM) | 0.0089 | N/A | 0.0079 | N/A | | N/A | 332 | 0.002-0.07 | 319 | 0.01-0.02 | 319 | 0.01-0.04 | 2 | Dishcharge or drilling wastes; discharge from metal refineries; erosion of naturaal deposits |
| Floride (PPM) | 0.946 | N/A | 0.71 | N/A | 0.51 | N/A | 1405 | ND-1.3 | | | | | 4 | Erosion of natural deposits; discharge from fertilizer and aluminum factories; water additive which promotes strong teeth when at optimum levels between 0.7 and 1.2ppm |
| Lead (Point of entry) (PPB) | 2.7 | N/A | | | | | | | | | | | 15 | Residue from man-made pollution such as auto emissions and paint;lead pipe, casing and solder |
| Nitrates (as Nitrogen) (PPB) | 0.678 | ND - 0.678 | 0.12 | N/A | 0.038 | N/A | 324 | 0.2-O.59 | 321 | 0.13-0.84 | 319 | 0.01-0.04 | 10 | Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits |
| Sodium (ppm) | 84.6 | N/A | 33 | N/A | 34 | N/A | 332 | .4 - .11 | 319 | .6-.12 | | | 160 | Discharge or drilling wastes; discharge from metal refineries; erosion of natural deposits |
| Thallium (ppb) | 0.067 | N/A | | | | | | | | | | | 2 | Leaching from ore-processing sites; discharge from electronics, glass, and drug factories. |
| | | | | | | | | | | | | | | |
| Endothal (ppb) | 4.4 | N/A | 4.4 | N/A | 4.4 | N/A | | | | | | | 100 | Runoff from herbicide use |
| Gross Alpha Emitters (pCi/l) | 1 | N/A | | | | | | | | | | | 15 | Erosion of natural deposits |
| Combine radium (pCi/L | 1.3 | N/A | | | | | 6 | #VALUE! | | | | | 5 | Erosion of natural deposits |

# TOP 100 PALM BEACH ACCOUNTS BY AVERAGE MONTHLY CONSUMPTION FY 07-08

| | Customer's Name | Address 1 | FY 07-08 Average Monthly Consumption in CCF | FY 07-08 Average Monthly Consumption in Gallons | FY 07-08 Average Monthly Bill | Premise Type | Percentage of Total Avg Monthly Consumption for Palm Beach | Percentage of Total Avg Monthly Revenue for Palm Beach |
|---|---|---|---|---|---|---|---|---|
| 1 | BREAKERS PB INC | 100 E MAIN ST | 5,277 | 3,947,138 | $18,277.80 | GEN | 2.23% | 3.12% |
| 2 | OCEAN GRAND RESORTS | 2800 S OCEAN BLVD | 3,908 | 2,922,839 | $13,305.34 | GEN | 1.65% | 2.27% |
| 3 | BREAKERS PB INC | 100 VIA BETHESDA | 3,009 | 2,250,962 | $10,545.23 | GEN | 1.27% | 1.80% |
| 4 | BREAKERS PB INC | 100 PINEWALK | 2,879 | 2,153,780 | $10,134.22 | GEN | 1.22% | 1.73% |
| 5 | TRUMP,DONALD J | 1100 S OCEAN BLVD | 2,746 | 2,053,663 | $9,826.33 | GEN | 1.16% | 1.68% |
| 6 | PALM BEACH TOWERS CO | 44 COCOANUT ROW | 2,671 | 1,997,735 | $6,435.42 | RES-MULT | 1.13% | 1.10% |
| 7 | TOWN OF PALM BEACH | 2301 S OCEAN BLVD | 1,827 | 1,366,769 | $5,890.04 | GEN | 0.69% | 1.00% |
| 8 | 2000 CONDOMINIUM ASSOC | 2000 S OCEAN BLVD | 1,637 | 1,224,131 | $3,675.58 | RES-MULT | 0.69% | 0.63% |
| 9 | BEACH POINT CONDO ASSOC | 2660 S OCEAN BLVD | 1,527 | 1,142,311 | $3,390.44 | RES-MULT | 0.65% | 0.58% |
| 10 | COUNTY ROAD PROPERTY LLC | 515 N COUNTY RD | 1,373 | 1,026,755 | $6,011.29 | RES-MULT | 0.58% | 1.03% |
| 11 | PALM BEACH BILTMORE CONDO ASSOC INC | 150 BRADLEY PL | 1,292 | 966,309 | $2,890.03 | RES-MULT | 0.55% | 0.49% |
| 12 | REEF CONDO ASSOC INC | 2275 S OCEAN BLVD | 1,278 | 955,714 | $2,889.17 | RES-MULT | 0.54% | 0.49% |
| 13 | KRAMER,IRWIN | 1295 S OCEAN BLVD | 1,226 | 916,933 | $4,020.31 | RES | 0.52% | 0.69% |
| 14 | 2295 S OCEAN BLVD ASSOC | 2295 S OCEAN BLVD | 1,145 | 856,115 | $3,459.06 | RES-MULT | 0.48% | 0.59% |
| 15 | PATRICIAN MGMT CORP | 3450 S OCEAN BLVD | 1,139 | 851,627 | $3,676.41 | RES-MULT | 0.48% | 0.63% |
| 16 | KRAVIS,HENRY R | 700 N LAKE WAY | 1,078 | 806,023 | $3,100.25 | RES-MULT | 0.46% | 0.53% |
| 17 | 2100 CONDO ASSOC INC | 2100 S OCEAN BLVD | 1,027 | 767,966 | $2,517.47 | RES-MULT | 0.43% | 0.43% |
| 18 | ENCLAVE OF PB CONDO ASSOC,THE | 3170 S OCEAN BLVD | 979 | 732,062 | $2,255.78 | RES-MULT | 0.41% | 0.38% |
| 19 | OCEAN COVE CONDO | 2600 S OCEAN BLVD | 977 | 731,084 | $2,255.21 | RES-MULT | 0.41% | 0.38% |
| 20 | 123 LLC | 455 N COUNTY RD | 925 | 691,900 | $2,883.96 | RES | 0.39% | 0.49% |
| 21 | SCHWARZMAN,STEPHEN | 1768 S OCEAN BLVD | 908 | 678,839 | $2,882.59 | RES | 0.38% | 0.49% |
| 22 | 2500 S OCEAN BLVD INC | 2500 S OCEAN BLVD | 890 | 666,008 | $1,991.55 | RES-MULT | 0.38% | 0.34% |
| 23 | SYDELL MILLER | 1415 S OCEAN BLVD | 887 | 663,361 | $2,873.34 | RES | 0.37% | 0.49% |
| 24 | LEVERETT HOUSE INC | 110 SUNSET AVE | 845 | 632,233 | $1,993.92 | RES-MULT | 0.36% | 0.34% |
| 25 | SUTTON PLACE CONDO ASSOC INC | 2778 S OCEAN BLVD | 838 | 626,651 | $1,992.96 | RES-MULT | 0.35% | 0.34% |
| 26 | SUN & SURF | 100 SUNRISE AVE | 813 | 608,469 | $2,447.50 | RES-MULT | 0.34% | 0.42% |
| 27 | BOHL REAL ESTATE MGMT CORP | 184 BRADLEY PL | 809 | 604,758 | $1,762.83 | RES-MULT | 0.34% | 0.30% |
| 28 | STERLING PALM BEACH LLC | 10 ROYAL POINCIANA PLZ | 792 | 592,202 | $2,869.67 | GEN | 0.33% | 0.49% |
| 29 | OASIS III CORP | 3120 S OCEAN BLVD | 772 | 577,456 | $1,731.67 | RES-MULT | 0.33% | 0.30% |
| 30 | WINTHROP HSE COND | 100 WORTH AVE | 750 | 560,827 | $2,190.64 | RES-MULT | 0.32% | 0.37% |
| 31 | KESSLER,PATRICIA | 120 CASA BENDITA | 730 | 545,810 | $2,261.12 | RES | 0.31% | 0.39% |
| 32 | LA PALMA COND APTS | 2860 S OCEAN BLVD | 720 | 538,330 | $1,866.68 | RES-MULT | 0.30% | 0.32% |
| 33 | HENRY MORRISON FLAGLER MUSEUM | 1 WHITEHALL WAY | 715 | 534,762 | $2,539.20 | GEN | 0.30% | 0.43% |
| 34 | BRAZILIAN COURT MGMT INC | 300 BRAZILIAN AVE | 712 | 532,921 | $2,414.10 | GEN | 0.30% | 0.41% |
| 35 | CHOPIN TRUSTEE PB TR,L FRANK | 300 N LAKE WAY | 666 | 498,382 | $1,901.99 | RES | 0.28% | 0.32% |
| 36 | PALM BEACH COUNTRY CLUB | 760 N OCEAN BLVD | 664 | 496,672 | $2,413.12 | GEN | 0.28% | 0.41% |
| 37 | T H COURT LIMITED PARTNERSHIP | 363 COCOANUT ROW | 662 | 495,521 | $2,178.26 | GEN | 0.28% | 0.37% |
| 38 | THE COLONY HOTEL | 155 HAMMON AVE | 650 | 485,855 | $2,285.71 | GEN | 0.27% | 0.39% |

# TOP 100 PALM BEACH ACCOUNTS BY AVERAGE MONTHLY CONSUMPTION FY 07-08

| | Customer's Name | Address 1 | FY 07-08 Average Monthly Consumption in CCF | FY 07-08 Average Monthly Consumption in Gallons | FY 07-08 Average Monthly Bill | Premise Type | Percentage of Total Avg Monthly Consumption for Palm Beach | Percentage of Total Avg Monthly Revenue for Palm Beach |
|---|---|---|---|---|---|---|---|---|
| 39 | RESIDENCES AT SLOAN CURVE,THE | 2000 S OCEAN BLVD | 645 | 482,345 | $1,445.07 | RES-MULT | 0.27% | 0.25% |
| 40 | PELTZ,NELSON | 548 N COUNTY RD | 643 | 480,734 | $2,161.55 | GEN | 0.27% | 0.37% |
| 41 | TAYLOR,TERRY R | 780 S OCEAN BLVD | 636 | 475,670 | $1,977.13 | RES | 0.27% | 0.34% |
| 42 | CLARIDGES CONDO INC,THE | 3456 S OCEAN BLVD | 617 | 461,631 | $1,950.41 | RES-MULT | 0.26% | 0.33% |
| 43 | ROYAL SAXON INC | 2840 S OCEAN BLVD | 615 | 460,078 | $2,262.94 | RES-MULT | 0.26% | 0.39% |
| 44 | WILKENS,FRANK | 1491 N OCEAN BLVD | 614 | 459,042 | $2,022.24 | GEN | 0.26% | 0.34% |
| 45 | 2770 CONDOMINUM,THE | 2770 S OCEAN BLVD | 605 | 452,885 | $1,360.94 | RES-MULT | 0.26% | 0.23% |
| 46 | PALM BEACH STRATFORD CONDO ASSOC INC | 2580 S OCEAN BLVD | 588 | 439,594 | $1,382.49 | RES-MULT | 0.25% | 0.24% |
| 47 | PALM BEACH HAMPTON CORP | 3100 S OCEAN BLVD | 568 | 424,806 | $1,287.78 | RES-MULT | 0.24% | 0.22% |
| 48 | VARGAS,VICTOR | 1960 S OCEAN BLVD | 563 | 421,182 | $1,763.28 | RES | 0.24% | 0.30% |
| 49 | DESMARAIS,PAUL | 1600 S OCEAN BLVD | 562 | 420,549 | $1,860.38 | GEN | 0.24% | 0.32% |
| 50 | SUBOTNICK TRUSTEE,STUART | 89 MIDDLE RD | 560 | 419,168 | $1,769.33 | RES-MULT | 0.24% | 0.30% |
| 51 | EMERAUDE CONDO ASSOC | 3390 S OCEAN BLVD | 556 | 415,715 | $1,293.06 | RES-MULT | 0.23% | 0.22% |
| 52 | BATH & TENNIS CLUB INC | 1168 S OCEAN BLVD | 549 | 410,710 | $1,950.50 | GEN | 0.23% | 0.33% |
| 53 | ROSS,STEPHEN M | 702 N COUNTY RD | 548 | 410,134 | $1,812.82 | RES | 0.23% | 0.31% |
| 54 | PALM BEACH HAMPTON CORP | 3100 S OCEAN BLVD | 548 | 409,731 | $1,254.34 | RES-MULT | 0.23% | 0.21% |
| 55 | 389 CORP | 389 S LAKE DR | 543 | 406,337 | $1,237.91 | RES-MULT | 0.23% | 0.21% |
| 56 | PRESIDENT OF P B CONDO INC | 2505 S OCEAN BLVD | 542 | 405,646 | $1,657.75 | RES-MULT | 0.23% | 0.28% |
| 57 | HALCYON CONDO ASSOC | 3440 S OCEAN BLVD | 542 | 405,128 | $1,333.89 | RES-MULT | 0.23% | 0.23% |
| 58 | LA BONNE VIE COND AP | 3475 S OCEAN BLVD | 541 | 404,726 | $1,835.83 | RES-MULT | 0.23% | 0.31% |
| 59 | HAMMONDS,SANDRA | 1275 S OCEAN BLVD | 541 | 404,668 | $1,955.04 | RES | 0.23% | 0.33% |
| 60 | BEACH CLUB INC | 755 N COUNTY RD | 541 | 404,610 | $1,959.22 | GEN | 0.23% | 0.33% |
| 61 | ATRIUMS OF PB MGMT | 3400 S OCEAN BLVD | 530 | 396,325 | $1,770.74 | RES-MULT | 0.22% | 0.30% |
| 62 | BIENSTAR | 151 GRACE TRL | 529 | 395,692 | $1,276.45 | RES-MULT | 0.22% | 0.22% |
| 63 | DU PONT,WILLIS H | 1860 S OCEAN BLVD | 521 | 389,535 | $1,473.75 | RES-MULT | 0.22% | 0.25% |
| 64 | HALCYON CONDO ASSOC INC | 3440 S OCEAN BLVD | 520 | 389,018 | $1,260.18 | RES-MULT | 0.22% | 0.21% |
| 65 | AMBASSADOR SOUTH DEV CORP | 2774 S OCEAN BLVD | 518 | 387,637 | $1,627.66 | RES-MULT | 0.22% | 0.28% |
| 66 | 105 CLARENDON CORP | 105 CLARENDON AVE | 514 | 384,472 | $1,560.62 | RES | 0.22% | 0.27% |
| 67 | 123 LLC | 455 N COUNTY RD | 507 | 379,236 | $2,304.58 | GEN | 0.21% | 0.39% |
| 68 | MERIDIAN OF PALM BCH | 3300 S OCEAN BLVD | 506 | 378,488 | $1,188.94 | RES-MULT | 0.21% | 0.20% |
| 69 | CLARK,JAMES H | 1500 S OCEAN BLVD | 504 | 377,222 | $1,738.51 | GEN | 0.21% | 0.30% |
| 70 | PERGAMENT,LOUIS | 333 SUNSET AVE | 503 | 376,030 | $1,420.95 | RES-MULT | 0.21% | 0.24% |
| 71 | SUN & SURF 130 ASSOC | 130 SUNRISE AVE | 492 | 368,304 | $1,721.05 | RES-MULT | 0.21% | 0.29% |
| 72 | ATRIUMS II OF PB | 3360 S OCEAN BLVD | 483 | 361,514 | $1,529.28 | RES-MULT | 0.20% | 0.26% |
| 73 | BLACK,CONRAD | 1930 S OCEAN BLVD | 476 | 356,278 | $1,453.39 | RES | 0.20% | 0.25% |
| 74 | PALM BEACH TOWNHOUSES LTD PTN | 230 BRADLEY PL | 471 | 352,041 | $964.09 | RES-MULT | 0.20% | 0.16% |
| 75 | CARLYLE HOUSE ASSOC INC | 2773 S OCEAN BLVD | 466 | 348,913 | $1,504.13 | RES-MULT | 0.20% | 0.26% |
| 76 | L'ERMITAGE A PB CONDO ASSCINC | 200 BRADLEY PL | 454 | 339,913 | $1,055.41 | RES-MULT | 0.19% | 0.18% |
| 77 | COVE CONDOMINIUM ASSOCIATION INC | 2784 S OCEAN BLVD | 451 | 337,348 | $1,420.04 | RES-MULT | 0.19% | 0.24% |
| 78 | 300 SO OCEAN BLVD CORP OF PB | 300 S OCEAN BLVD | 444 | 331,898 | $1,010.42 | RES-MULT | 0.19% | 0.17% |
| 79 | PERIODICAL DSTRBTRS | 691 N COUNTY RD | 441 | 330,213 | $1,344.31 | RES-MULT | 0.19% | 0.23% |
| 80 | 330 SOUTH OCEAN INC | 330 S OCEAN BLVD | 440 | 328,832 | $987.36 | RES-MULT | 0.19% | 0.17% |

# TOP 100 PALM BEACH ACCOUNTS BY AVERAGE MONTHLY CONSUMPTION FY 07-08

| | Customer's Name | Address 1 | FY 07-08 Average Monthly Consumption in CCF | FY 07-08 Average Monthly Consumption in Gallons | FY 07-08 Average Monthly Bill | Premise Type | Percentage of Total Avg Monthly Consumption for Palm Beach | Percentage of Total Avg Monthly Revenue for Palm Beach |
|---|---|---|---|---|---|---|---|---|
| 81 | APPLEBAUM,EUGENE | 325 VIA LINDA | 433 | 323,884 | $1,238.27 | RES | 0.18% | 0.21% |
| 82 | THE REGENCY OF P B INC | 2760 S OCEAN BLVD | 431 | 322,388 | $1,421.00 | RES-MULT | 0.18% | 0.24% |
| 83 | KIRKLAND HOUSE CONDO ASSOCIATION INC | 101 WORTH AVE | 429 | 321,007 | $956.68 | RES-MULT | 0.18% | 0.16% |
| 84 | MARTIN GRUSS | 1574 S OCEAN BLVD | 427 | 319,741 | $1,454.71 | GEN | 0.18% | 0.25% |
| 85 | CONDO ASSOC OF OCEAN TOWERS INC | 170 N OCEAN BLVD | 426 | 318,418 | $1,214.23 | RES-MULT | 0.18% | 0.21% |
| 86 | SOCIETY OF THE FOUR ARTS | 417 ROYAL PALM WAY | 423 | 316,511 | $1,220.88 | GEN | 0.18% | 0.21% |
| 87 | ATRIUMS OF PB MGMT | 3400 S OCEAN BLVD | 418 | 312,491 | $1,357.12 | GEN | 0.18% | 0.23% |
| 88 | NESBITT II,ABRAM | 79 MIDDLE RD | 415 | 310,420 | $1,182.56 | RES-MULT | 0.18% | 0.20% |
| 89 | LAUDER,JOSEPH | 126 S OCEAN BLVD | 412 | 308,176 | $1,154.42 | RES-MULT | 0.17% | 0.20% |
| 90 | BEACH CLUB INC | 220 COUNTRY CLUB RD | 410 | 306,947 | $1,201.81 | GEN | 0.17% | 0.21% |
| 91 | TRES VIDAS | 2335 S OCEAN BLVD | 407 | 304,724 | $894.77 | RES-MULT | 0.17% | 0.15% |
| 92 | MERIDIAN OF PALM BCH | 3300 S OCEAN BLVD | 405 | 302,940 | $983.57 | RES-MULT | 0.17% | 0.17% |
| 93 | CUNNINGHAM,JOHN | 353 EL BRILLO WAY | 404 | 302,480 | $1,243.20 | RES | 0.17% | 0.21% |
| 94 | MONTGOMERY,ROBERT M | 1800 S OCEAN BLVD | 402 | 300,869 | $1,141.35 | RES-MULT | 0.17% | 0.19% |
| 95 | THORNTON,JOHN L | 1236 S OCEAN BLVD | 393 | 294,285 | $1,229.17 | RES | 0.17% | 0.21% |
| 96 | LAKE TOWERS ASSOC INC | 250 BRADLEY PL | 393 | 294,017 | $1,054.34 | RES-MULT | 0.17% | 0.18% |
| 97 | PICOWER,JEFFRY M | 1410 S OCEAN BLVD | 389 | 291,030 | $1,088.20 | RES-MULT | 0.16% | 0.19% |
| 98 | EVERGLADES CLUB | 409 COCOANUT ROW | 385 | 287,922 | $1,345.22 | GEN | 0.16% | 0.23% |
| 99 | 589 NORTH COUNTY ROAD LLC | 589 N COUNTY RD | 383 | 286,110 | $1,156.78 | RES-MULT | 0.16% | 0.20% |
| 100 | OCEANSIDE PALMS ESTATE CORP | 641 N COUNTY RD | 375 | 280,385 | $1,049.12 | RES-MULT | 0.16% | 0.18% |
| | **Total for Top 100** | | **82,339** | **61,589,614** | **$ 247,769.35** | | | |
| | Total for Palm Beach | | 236,498 | 176,900,442 | $586,175.22 | | | |
| | % of Use/Revenue for Top 100 | | 35% | 35% | 42% | | | |

* Top 10% of Consumption

** Top 10% of Revenue

| | |
|---|---|
| Revenue produced by use and fixed service chrg only | $561,794.65 |
| % of Revenue for Top 100 (use & service charge) | 44% |

**Water Committee**
**Town Sewage Effluent**
Jim Bowser to: Patricia Gayle-Gordon 01/22/2009 01:54 PM

Pat, I believe one of the questions asked was what was the sewage flows to West Palm Beach. Here is an email to Peter sent on 1/9/09.

James M. Bowser, P.E.
Town Engineer
Town of Palm Beach
Public Works Department
Post Office Box 2029
Palm Beach, Florida 33480-2029
email: jbowser@townofpalmbeach.com
561-838-5440
Fax : 561-835-4691
----- Forwarded by Jim Bowser/PalmBeach on 01/22/2009 01:56 PM -----

| | |
|---|---|
| From: | Jim Bowser/PalmBeach |
| To: | Peter B Elwell/PalmBeach@PalmBeach |
| Cc: | Paul Brazil/PalmBeach@PalmBeach, Eric Brown/PalmBeach@PalmBeach, Douglas Terry/PalmBeach@PalmBeach |
| Date: | 01/09/2009 10:36 AM |
| Subject: | Town Sewage Effluent |

Peter, as requested, attached is sewage flow data from our Lake Worth Billings and ECRWRF monthly report. I am seeking the peak daily flows, but that is going to take additional time.

Base upon the monthly flows, here is the average daily flow for each entity in Fiscal Year 2008 expressed as million gallons a day:

| Month | WPB | LW |
|---|---|---|
| Oct | 2.70 | 0.654 |
| Nov | 2.39 | 0.593 |
| Dec | 2.23 | 0.627 |
| Jan | 2.33 | 0.668 |
| Feb | 2.36 | 0.691 |
| Mar | 2.23 | 0.672 |
| Apr | 2.12 | 0.561 |
| May | 2.02 | 0.408 |
| Jun | 2.09 | 0.389 |
| Jul | 2.22 | 0.552 |
| Aug | 2.33 | 0.537 |
| Sep | 2.54 | 0.563 |
| Yearly Ave | 2.30 | 0.563 |

Total average daily flow from Town to ECRWRF 2.863 million gallons a day.

Sewage Flows WPB and LW FY 2008.pdf

James M. Bowser, P.E.

1. Plant Influent Flows: FOR MONTH OF OCTOBER, 2008.

| Entity | Average Daily Influent Flow (MGD) | | |
|---|---|---|---|
| | Flow | Reserve Cap | % of Capacity |
| Palm Beach | 2.39 | 5.00 | 47.8% |
| West Palm Beach | 13.55 | 17.00 | 79.70% |
| Riviera Beach | 6.59 | 8.00 | 82.37% |
| Palm Beach County | 14.57 | 21.50 | 67.76% |
| Lake Worth | 7.88 | 12.50 | 63.04% |
| ECRWRF TOTAL | 44.98 | 64.00 | 70.28% |

**Average Daily Influent Flow (MGD)**

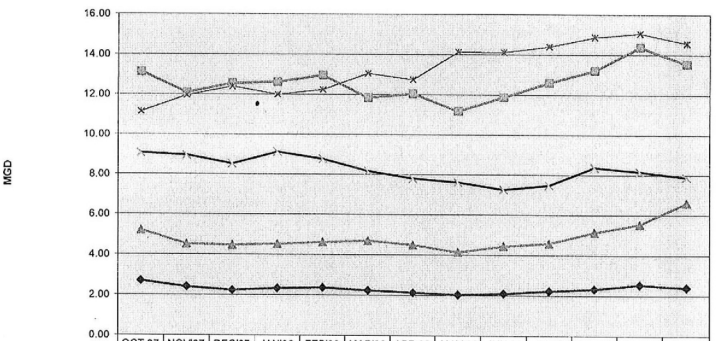


| | OCT 07 | NOV'07 | DEC'07 | JAN'08 | FEB'08 | MAR'08 | APR 08 | MAY 08 | JUN 08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Palm Beach | 2.70 | 2.39 | 2.23 | 2.33 | 2.36 | 2.23 | 2.12 | 2.02 | 2.09 | 2.22 | 2.33 | 2.54 | 2.39 |
| West Plm Bch | 13.13 | 12.09 | 12.56 | 12.62 | 12.96 | 11.85 | 12.05 | 11.18 | 11.88 | 12.61 | 13.22 | 14.38 | 13.55 |
| Riv Beach | 5.20 | 4.51 | 4.46 | 4.52 | 4.61 | 4.69 | 4.48 | 4.13 | 4.43 | 4.58 | 5.13 | 5.53 | 6.59 |
| Lake Worth | 9.07 | 8.95 | 8.52 | 9.12 | 8.76 | 8.17 | 7.80 | 7.61 | 7.25 | 7.46 | 8.37 | 8.16 | 7.88 |
| Plm Bch Cty | 11.14 | 11.95 | 12.39 | 12.00 | 12.24 | 13.06 | 12.75 | 14.13 | 14.12 | 14.40 | 14.87 | 15.06 | 14.57 |

*"An Equal Opportunity Employer"*

# Drinking Water Quality Evaluation: Analysis of the City of West Palm Beach's Potable Water Product Delivered to The Town of Palm Beach

HSA Project No. 803-0319

Prepared for:

Town of Palm Beach
Public Works Department
951 Old Okeechobee Rd., Suite D
West Palm Beach, Florida 33401

Prepared by:

HSA Engineers & Scientists
1486-A Skees Road
West Palm Beach, FL 33411

January 2009

# TABLE OF CONTENTS

EXECUTIVE SUMMARY .....1
INTRODUCTION.....2
CITY OF WEST PALM BEACH'S DRINKING WATER
MONITORING PROGRAMS.....3
POINTS OF ENTRY FOR THE CITY'S DELIVERY OF DRINKING WATER
TO THE TOWN.....4
SAMPLING AND ANALYSIS OF THE DRINKING WATER PRODUCT
DELIVERED TO THE TOWN.....5
RESULTS FROM INDEPENDENT ANALYSIS OF
THE CITY'S DRINKING WATER PRODUCT.....5
COMPARISON TO RECENT CITY MONITORING PROGRAM RESULTS.....6
APPLICATION OF DISINFECTION CHEMICALS, BYPRODUCTS,
AND THE EFFECT ON TASTE.....6
CONCLUSION.....7

**FIGURES**

**FIGURE 1** Site Location Map

**TABLES**

**TABLE 1** Test Results Comparative to Regulatory Acceptable Maximum Limits per Chapter 62-550, Florida Administrative Code

**APPENDICES**

**APPENDIX A** Laboratory Report of Test Results

## EXECUTIVE SUMMARY

### Recent Drinking Water Testing Completed and the Results

The City of West Palm Beach (City) treats surface waters at their downtown facility and produces drinking water for the residents of West Palm Beach. Residents of the Town of Palm Beach (Town) receive potable water from the City through a franchise agreement that expires in the year 2029. Due, in part, to the highly publicized " precautionary boil water" notice issued by the City in September of 2007, concerns arose regarding the overall safety of the drinking water supply being provided to the Town. Accordingly, HSA Engineers and Scientists was asked to collect and analyze additional samples from the water supply. These additional samples were collected by HSA personnel on November 14, 2008 and were submitted to a laboratory independent of the ones used by the City for their routine drinking water testing requirements mandated by the U.S. Environmental Protection Agency (USEPA) and the Florida Department of Environmental Protection (FDEP). There are more than 90 testing parameters that are required to be analyzed on drinking water supplies by the USEPA and the FDEP. HSA collected samples and tested for all of these drinking water parameters and the detailed results are supplied in the enclosed tabular summary.

Also as shown in the attached detailed summary table, all of the testing results obtained from our recent sampling passed and all constituents were well below the allowable limits established by State and Federal regulations.

### What are Trihalomethanes (THMs) and Why Did We Receive a Notice That They Were Elevated?

During the precautionary boil water notice that occurred during the latter part of 2007, the City added more chlorine to their finished drinking water to ensure adequate bacterial kill. Chlorine reacts with natural organics (that cause variations in the water's color) producing a group of compounds called Trihalomethanes (THMs). Up to a point, the higher the chlorine dose added, the higher the THM concentrations produced. The USEPA has established a limit of 80 parts per billion (ppb) for drinking water supplies. In a few samples collected by the City during the 'boil water notice' time period, elevated THM test results were obtained due to the additional chlorine in the drinking water. This represented a one-time spike in THM results and the current level is well below the 80 parts per billion limit. During the special testing completed by HSA, the THM level was measured at slightly more than 50 parts per billion, well below the acceptable limit set by the regulators.

**What Do I Need To Do To Ensure My Drinking Water is Safe?**

Aside from the recent test results collected and analyzed by HSA, we reviewed historical test results, also summarized in the enclosed table. The City produces a safe drinking water of high quality based on the test results over the last several years. According to the USEPA and the FDEP established standards, the City's drinking water supply is of good quality and can be consumed directly without concern. For those who want an added measure of protection, substituting bottled drinking water is an option or under the kitchen counter reverse osmosis (RO) filtration system can be installed as added intermediary treatment to provide an excellent source of high quality of drinking water. These RO units are not cost prohibitive, can be easily installed, and can usually supply sufficient drinking water for a typical household. A separate tap is usually installed near the standard sink faucet so the RO water is delivered on demand. There are several local reputable vendors that can provide free quotation for installing under the kitchen counter RO units. Please note that the typical RO unit we are referring to does not treat the entire household water supply but rather just the water intended for drinking or cooking purposes.

To add a layer of confidence to residents' concerns about the quality of the City's drinking water, we also recommend that the Town establish a primary point of contact for the City for courtesy notification and/or discussion of real time details related to issues with the City's treatment and distribution processes. This could potentially avoid dramatized response to typically less-detailed public notification.

**INTRODUCTION**

Residents of Palm Beach receive potable water from the City of West Palm Beach (City) through a franchise agreement Town of Palm Beach (Town). As required under rule 62-550, Florida Administrative Code, to protect the public health and ensure the quality of the delivered potable water product, these taps are routinely sampled by the City of West Palm Beach's Public Utilities Department for specified monitoring parameters. Concerned about assuring the quality of the potable water product delivered to Town residents by the City, the Town authorized HSA Engineers & Scientists (HSA) to conduct a one-time sampling event from two of the sampling taps on the potable water distribution system (piping) serving the Town. Collected samples were targeted for laboratory analyses for regulated water chemistry parameters, constituents, and microbiologics most likely to be present in South Florida drinking water supplies.

## CITY OF WEST PALM BEACH'S DRINKING WATER MONITORING PROGRAMS

HSA evaluated the City's monitoring program and most recent results. Steve Schmidt, laboratory manager at the City's water treatment plant and Chris Saliba of U.S. Water, Corporation, the City's treatment system process and monitoring consultant, assisted with the acquisition of sampling protocols and laboratory analytical documentation related to the City's drinking water monitoring program. Discussions with both yielded important information about the City's drinking water monitoring and quality assurance programs. In addition, records of the City's Monthly Operating Records (MORs) and recent results from the City's water monitoring programs were obtained from the Palm Beach County Health Department (part of the State of Florida's Department of Health, FDOH).

The City conducts two programs to monitor its drinking water quality, a Compliance Monitoring Program (compliance) and a Routine Monitoring Program (routine). Sampling locations for the City's two monitoring programs include the surface water impoundments, inbound raw water, aquifer storage and recovery (ASR) wells, treatment plant points of entry, distribution system points of entry, and distribution system pumps and sampling taps. While Routine program sampling events generally range from monthly to "as needed", compliance program sampling events generally range from daily to quarterly to annually to sampling for contaminants (like asbestos) every ninth year.

To monitor the drinking water quality delivered to the Town, the City conducts routine sampling at ten (10) permanent and temporary compliance distribution system sampling points (taps) situated within the Town's boundaries. These include:

- Distribution System Tap 3230 (located at 3230 S. Ocean Dr.);
- Distribution System Tap 2780 (located at 2780 S. Ocean Dr.);
- Distribution System Tap PBGC (located at the Palm Beach Golf Course);
- Distribution System Tap SOFS (located at the South Fire Station);
- Distribution System Tap ISRD (located at Island Rd.);
- Distribution System Tap RPBR (located at Royal Poinciana Blvd. X Bradley Pl.);
- Distribution System Tap NOFS (located at the North Fire Station);
- Distribution System Tap 702 (located at 702 N. County Rd.);
- Distribution System Tap LINL (located at List Rd. X N. Lake Wy.); and
- Distribution System Tap IDSE #6 (located at the north end of Ocean Blvd.);

An eleventh distribution system tap, 4201, is located at 4201 South Ocean Boulevard (in the South Palm Beach municipality), outside the jurisdiction of the Town. The Phipps Park "Booster" Pumping Station (PS) is located within the Town's jurisdiction. The Phipps Park "Booster" is not a point of entry (POE) to the Town's distribution system. The City's map indicates the locations of the sampling taps, the booster pump station, and a one million gallon (1 MG) storage tank within the Town's jurisdiction. **Figure 1** depicts the distribution system sampling taps, "booster" pumping station, and storage tank located within the Town's boundary.

The City conducts annual compliance sampling at several sampling locations, most notably from the first point of entry (POE) to the distribution system. According to the City's Water Treatment Plant laboratory manager, the first POE is the tap located in the Water Treatment Plant's analytical laboratory.

**POINTS OF ENTRY FOR THE CITY'S DELIVERY OF DRINKING WATER TO THE TOWN**

Plans of the distribution system serving the Town, provided by the Town's Public Works Department (PWD), identified five potable water transmission mains (large diameter pipes) crossing the Intracoastal Waterway and connecting to the distribution system to deliver the City's potable water product to the Town. These five pipes include:

- A 24-inch diameter transmission main crossing the Intracoastal Waterway (ICW) from/to 5th Street (in the City) to the eastern flank of the Royal Poinciana Bridge (in the Town):
- A 16-inch diameter water main crossing the ICW from/to 45th Street (in the City) to the intersection of North Lake Way and Orange Grove Road (in the Town);
- A 16-inch diameter water main crossing the ICW from the southern end of Flagler Drive (in the City) to the west end of "Sloan's Curve (on State Road A1A, in the Town);
- A 16-inch diameter water main crossing the ICW from the intersection of Southern Boulevard with Flagler Drive (in the City) to the eastern flank of the Southern Boulevard Bridge (in the Town); and
- A 20-inch main crossing the ICW from the City to Everglades Island, near Barcelona Avenue (in the Town).

**Figure 1** also depicts the approximate ICW crossings and points of entry (POEs) of the transmission mains to the Town. The scale of the map does not allow an accurate depiction of the POEs associated with the mains. Maps of the Town's distribution system provided by the PWD, generated at a significantly larger scale, were used to reference the locations of the POEs for the transmission mains.

## SAMPLING AND ANALYSIS OF THE DRINKING WATER PRODUCT DELIVERED TO THE TOWN

As a means to independently evaluate the quality of the drinking water being delivered to the Town, on November 14, 2008 HSA, accompanied by an employee of the City's Public Utilities Department, sampled distribution system tap IDSE #6, representing the northern-most extent of the system, and tap 3230, representing the southern-most extent of the system,. **Figure 1** depicts these sampling tap locations.

Sampling was performed by modification of the City's (distribution system) General Sampling Procedures to reflect the intended exclusion of sampling equipment, field parameter testing, associated equipment calibration requirements. Samples were collected in laboratory-supplied, unpreserved and pre-preserved containers. As required by select analytical methodologies, at the sampling locations preservative was added to those sample containers immediately prior to filling or to the water sample immediately prior to sealing the sample container.

Collected water samples were submitted to FDOH/NELAC-certified testing laboratories for analysis for typical public potable water system routine and compliance monitoring parameters including Primary Drinking Water Standards (excluding select Disinfection Byproducts, Haloacetic Acids; Bromite; and Chlorite), for Secondary Drinking Water Standards, and for Total Coliform as listed in the Florida Administrative Code rule 62-550. Test America Laboratories performed all of the analyses for chemical parameters. Jupiter Environmental Laboratories performed the analyses for the microbiologics.

## RESULTS FROM INDEPENDENT ANALYSIS OF THE CITY'S DRINKING WATER PRODUCT

Results of laboratory analysis for target Primary and Secondary Drinking Standards yielded all chemical and physical parameters below method detection limits (MDLs) or less than respective maximum contaminant limits (MCLs).

Results of laboratory analysis for target microbiologicals yielded an absence of Total Coliform in the water samples collected from northern-most Tap A (IDSE #6) and southern-most

Tap B (3230). **Table 1** arrays the target Primary and Secondary Drinking Standards, regulated MCLs, required sampling frequency, and laboratory analytical results for the November 14, 2008-collected water samples.

**Appendix A** contains the laboratory analytical reports from HSA's November 14, 2008 sampling event.

## COMPARISON TO RECENT CITY MONITORING PROGRAM RESULTS

The City's most recent annual compliance monitoring event for Primary and Secondary Drinking Water Standards was performed in June 2008. The sample of 'finished' water product was collected at a sampling point (laboratory tap) at the water treatment plant. Analysis was performed by the City's FDOH/NELAC-certified, vendor analytical laboratory, Genapure. Analysis yielded all target parameter results below method detection limits (MDLs) or less than respective maximum contaminant limits (MCLs) per Chapter 62-550, F.A.C.

The City's most recent quarterly routine monitoring event for Nitrate and Nitrite was performed in August 2008. The sample of 'finished' water product was also collected at the water treatment plant's laboratory tap. Analysis was again performed by the City's vendor analytical laboratory, Genapure. The detected concentration of Nitrate was less than the MCL (10 mg/L). The concentration of Nitrite was below the MDL (< 0.053 mg/L). Nitrate concentrations from HSA's November 2008 sampling event are lower than either result reported from the City's annual or latest quarterly sampling from the water treatment plant's laboratory tap. The difference between these results is not relevant since the reported concentrations from the City and from HSA's sampling event are still less than the MCL.

**Table 1** includes a comparative array of the City's monitoring program results to the results from HSA's November 2008 distribution system tap sampling for the target Primary and Secondary Drinking Standards.

## APPLICATION OF DISINFECTION CHEMICALS, BYPRODUCTS, AND THE EFFECT ON TASTE

To eliminate the presence of microbiologics, such as Coliform bacteria, the City applies chlorine at the treatment plant to disinfect the processed supply water. This treatment process results in the formation of chemical compounds in the potable water product known as Disinfection Byproducts (DBPRs). The allowable concentrations of DBPRs in drinking water are set as Standards in FDEP rule 62-550, F.A.C.

The latest quarterly (3-month) reporting period for the City's weekly routine monitoring of DBPRs (Total Trihalomethanes, TTHMs) ended September 2008. The samples of water

product are regularly collected at a series of distribution system sampling taps. Analysis was performed by the City's analysts at the Water Treatment Plant's laboratory. Results from HSA's sampling of the Town's drinking water from northern-most Tap A (IDSE #6) are directly compared to the City's routine sampling of drinking water from distribution system tap LINL (closest to Tap A). Results from HSA's sampling of the Town's drinking water from southern-most Tap B (3230) are compared directly to those from the City's sampling of that tap. TTHM concentrations from HSA's November 2008 sampling event are slightly higher than the averages of the results reported from the City's latest quarterly sampling from tap LINL and tap 3230, respectively. The difference between these results is not relevant since the reported concentrations from the City and from HSA's sampling event are still less than the MCL. It is noted that the concentration of TTHMs reported from the City's annual compliance event (collected at the Treatment Plant) is close to the MCL. This is not unexpected as the sampling location (treatment plant laboratory tap) is much closer to the point of disinfection than the distribution system sampling taps. **Table 1** includes a comparative array of the detected TTHM's from City's monitoring program to those detected from HSA's November 2008 sampling event as well as the TTHM Standards per rule 62-550, F.A.C.

The City Public Utilities Department acknowledges that to keep the potable water product free of microbiologics occasionally requires increasing the concentration of disinfecting chlorine added to the supply water. This results in brief incidences of potable water product with a notable change in the taste and higher concentrations of DBPRs. Concentrations of DBPRs and the stronger taste of chlorine subside with the inevitable reduction of chlorination.

**CONCLUSION**

As a measure of the quality of the drinking water product being delivered to the Town by the City, results from HSA's November 2008 collection of potable water from the northern-most and southern-most distribution system sampling taps revealed target regulated drinking water parameters at concentrations below the MCL standards established in FDEP rule 62-770, F.A.C.

A comparative of the results obtained from HSA's sampling event to the City's reported annual and quarterly results from 2008 monitoring events found minor variations in reported concentrations for select parameters (see **Table 1**). These variations pose no concern for the quality of the potable water product being delivered to the Town since all parameter concentrations reported from the City's monitoring events and by HSA's sampling event are less than respective MCLs.

Comparison of a three-year average of the concentrations of Primary and Secondary Drinking Water Standards from the City's annual compliance monitoring events (circa 2006, 2007, and 2008) to the results from HSA's November 2008 distribution system tap sampling reveals relative equivalence with irrelevant differences between select parameters concentrations since the averaged City results are less than respective MCLs (see **Table 1**).

With the exception of the occasional spike in concentrations of DBPRs (and corresponding stronger taste of chlorine in the delivered drinking water) resulting from the City's need to increase the application of sanitizing chemicals (i.e. chlorine) to treat supply water, HSA concludes that the quality of the potable water product delivered to the Town by the City meets or beats the criteria for the standards established under rule 62-550, F.A.C.

Prepared by:

HSA Engineers & Scientists
*A member of the CRA family of companies*

Michael R. Fisher, P.G.
Senior Project Manager

Thomas Emenhiser
Regional Manager

Attachments: Figure 1
Table 1
Appendix A – Laboratory Reports of Test Results

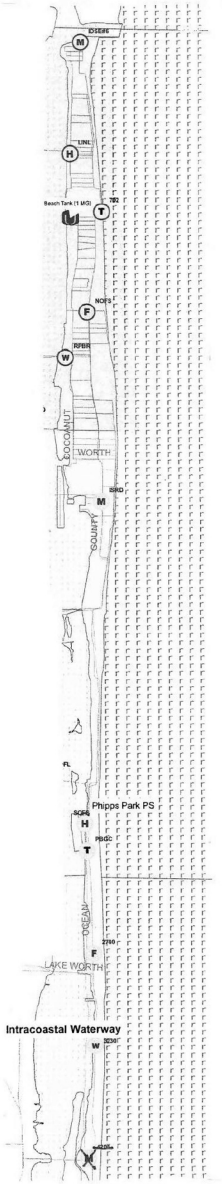


After Malcolm Pirnie, Exhibit 3
"City of West Palm Beach/ Water Distribution System
Recommended TCR Sampling Sites and Schedule"

## Legend

### Sampling Schedule

- E Every day
- F Fri
- M Mon
- A Mon and Thu
- H Thu
- T Tue
- W Wed

### Sampling Route

- North Palm Beach
- South Palm Beach

Scale

0 1.5 3 Miles

| Status | Region | Abbreviation | Street address | Schedule |
|---|---|---|---|---|
| Existing | North Palm Beach | 702 | 702 N. County Rd. | Tue |
| Existing | North Palm Beach | LINL | List Rd and N. Lake Way | Thu |
| Existing | North Palm Beach | NOFS | NOFS North Fire Station | Fri |
| Existing | North Palm Beach | RPBR | Royal Poinciana and Bradley Pl. | Wed |
| New | North Palm Beach | IDSE#6 | North end of ocean blvd | Mon |
| Existing | South Palm Beach | 2780 | 2780 S. Ocean Blvd | Fri |
| Existing | South Palm Beach | 3230 | 3230 S. Ocean Drive | Wed |
| Existing | South Palm Beach | 4201 | 4201 S. Ocean Blvd | Mon |
| Existing | South Palm Beach | ISRD | ISRD Island Road | Mon |
| Existing | South Palm Beach | PBGC | PBGC Palm Beach GolfCourse | Tue |
| Existing | South Palm Beach | SOFS | SOFS South Fire Station | Thu |

FIGURE 1

SHEET TITLE
TOWN OF PALM BEACH
DISTRIBUTION SYSTEM
SAMPLING SITES

| | |
|---|---|
| DESIGNED | JOB NO.: 803031900 |
| DRAWN K. GRECO | DATE: 10/07/2008 |
| CHECKED M. FISHER | CAD NO.: 001 |

HSA ENGINEERS & SCIENTISTS
1486-A Skees Road West Palm Beach, Florida 33411 Tel: (561) 688-9008

TOWN OF PALM BEACH PUBLIC WORKS
951 OLD OKEECHOBEE ROAD
WEST PALM BEACH, FLORIDA

**From:** Kirk Blouin
**To:** John Page
**Cc:** Police Code Enforcement
**Subject:** Re: ARCOM
**Date:** Thursday, June 26, 2008 2:09:06 PM

---

JP,

Here is a copy of the minutes from the April CEB hearing. Each month thereafter the case was postponed because we were aware that it was being brought to ARCOM. Now that this matter has been resolved with ARCOM we will proceed with a code enforcement case until the property is in compliance (meaning they plant the shrubbery and hedges approved by the Town).

Sgt. Krauel or Rob Walton will be available on July 23rd as I will be attending a conference.

H. Case # 08-2484, 515 N. County Road, Trump Properties, LLC

Violation of Chapter 18, Section 18-205 of the Town of Palm Beach Code of Ordinances, the Architectural Commission may attach conditions to any approval it grants (Declaration of Use Agreement).

Lead Code Enforcement Walton presented the facts of the case and said the previous owner of the property, Abe Gosman, had been granted approval by the Architectural Commission to do some remodeling. One of the conditions of this approval was that the hedge along the front of the property be maintained in the condition it was in at the time the approval was granted. This agreement was a binding agreement, which passes on to any subsequent property owner. The agreement was made January 31, 1990. The subsequent buyer of this property was Mr. Trump, Trump Properties, LLC and some remodeling work was done, removing the previous hedge. A new hedge was planted to replace the original hedge and that one has now been removed. This is a violation of the agreement. A letter was received from Mr. Royce, representing Mr. Trump, asking for a postponement of today's hearing. The Town does not feel this matter should be postponed.

Mr. Randolph summarized the letter from Mr. Royce which indicated the ficus hedge keeps dying and they want to replace it with something different. They plan on hiring a landscape architect to go before the next Architectural Commission meeting to get approval to install a hedge in an attempt to meet the conditions of the declaration of use agreement. Mr. Randolph said he had discussions with Mr. Royce and Mr. Walton and Mr. Royce was told the Town could not recommend a postponement and the recommendation would be that they are found in violation, assessed the $150.00 in administrative costs and be given until June 18th, which is the day before the June Code Enforcement Board meeting, to comply. This would give them the opportunity to appear before the Architectural Commission to see if they can get approval to re-plant a hedge. The hedge has to be installed to the height which existed at the time of the agreement which Mr. Randolph said he believed was twenty-two (22) feet. Mr. Randolph said Mr. Royce was not present today because he had a planned vacation.

**MOTION BY MR. FRIED TO FIND THE VIOLATOR IN NON-COMPLIANCE, ASSESS ADMINISTRATIVE COSTS OF $150.00 AND GIVE THEM UNTIL JUNE 18, 2008 TO COMPLY.**

**SECONDED BY MS. VAN BUREN**

**MOTION PASSED UNANIMOUSLY**

From: John Page/PalmBeach
To: Kirk Blouin/PalmBeach@PalmBeach
Cc: Tim Frank/PalmBeach@PalmBeach
Date: 06/26/2008 09:00 AM
Subject: ARCOM

Kirk: We had our June monthly ARCOM meeting yesterday. You likely know that ARCOM is working with Mr. Trump to re-install a hedge on his North County Road property. I believe this case is now pending in front of Code Enforcement. In May, ARCOM approved a plan to replace the former hedge with silver buttonwood shrubbery, which would additionally be back-planted with silver buttonwood trees....the overall effect would be an eventual 20' high screen. The shrubs have been planted, but yesterday attorney Ray Royce asked for postponing the trees until the end of the Hurricane season. ARCOM said NO and directed the attorney and landscaper to get the trees in ASAP. Also, more shrubbery was required at the main entry (north side) to match the newly installed hedge on the south side.

As the meeting was ending, the Commissioners asked for one of two things. They asked that either 1) a quick written report from Code Enforcement be made available to them at their next meeting on July 23 (9:00 a.m.) about the enforcement status of the case, or 2) that someone from Code Enforcement attend their meeting to provide a verbal status report. Their patience is wearing thin with the whole hedge issue, and it has them naturally curious about what is happening with their counterparts on Code Enforcement.

Would you or the appropriate representative from Code Enforcement be available on July 23? That would be my preference because follow-up questions almost always pop up. If not, can you provide me with a brief summary of your enforcement history and pending status? Thanks, JP

**From:** John Page
**To:** [redacted]
**Subject:** Re: Russian House
**Date:** Monday, May 04, 2009 5:23:18 PM

---

Mayor:

Happy to help. The address is 515 N. County Road.

JP

From: [redacted]
To: [redacted]
Date: 05/04/2009 04:28 PM
Subject: Russian House

JP: What is the address of the former Trump mansion on North Ocean purchased by the Russian?

MM

Remember Mom this Mother's Day! Find a florist near you now.

**From:** John Page
**To:** [redacted]
**Subject:** Re: Trump house
**Date:** Wednesday, November 19, 2008 7:54:32 AM

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[redacted]

Mayor: The address you want is: 515 North County Road. (NOT North Ocean Blvd.) JP

From: [redacted]
To: [redacted]
Date: 11/19/2008 07:43 AM
Subject: Trump house

JP: Can you provide the # address for the old Gosman/Trump house on North Ocean Boulevard?

MM

Get the Moviefone Toolbar. Showtimes, theaters, movie news & more!

Document Produced in Native Format

Document Produced in Native Format

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Document Produced in Native Format

OGE Form 278e (March 2014)
U.S. Office of Government Ethics; 5 C.F.R. part 2634 | Form Approved: OMB No. (3209-0001)

| | |
|---|---|
| Report Type: | Annual |
| Year (Annual Report only): | 2018 |
| Date of Appointment/Termination: | January 20, 2017 |

UNITED STATES OFFICE OF
GOVERNMENT ETHICS
Preventing Conflicts of Interest in the Executive Branch

# Executive Branch Personnel Public Financial Disclosure Report (OGE Form 278e)

Filer's Information

| Last Name | First Name | MI | Position | Agency |
|---|---|---|---|---|
| Trump | Donald | J | President of the United States of America | |

Other Federal Government Positions Held During the Preceding 12 Months:
N/A

Name of Congressional Committee Considering Nomination (Nominees only):
N/A

Filer's Certification - I certify that the statements I have made in this report are true, complete and correct to the best of my knowledge:

| Signature: | Date: |
|---|---|
| | 5/15/19 |

Agency Ethics Official's Opinion – On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments below)

| Signature: | Date: |
|---|---|
| | 5/15/19 |

Other Review Conducted By:

| Signature: | Date: |
|---|---|
| | |

U.S. Office of Government Ethics Certification (if required):

| Signature: | Date: |
|---|---|
| | 16 May 2019 |

Comments of Reviewing Officials:

OGE Form 278e(March 2014)

Instructions for Part 1

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 2 of 42 |

**Part 1: Filer's Positions Held Outside United States Government**

| # | Organization Name | City/State | Organization Type | Position Held | From | To |
|---|---|---|---|---|---|---|
| 1. | The Donald J. Trump Foundation, Inc. (Inactive) | New York, NY | Non profit | Director/President | 02.16.87/02.16.87 | Present/11.13.2016 |
| 2. | | | | | | |
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| 40. | | | | | | |

Prior reports indicated that President Trump resigned the Director position on 1/19/17. However, the resignation did not take effect as the Foundation was in the process of dissolution. The position of President was inadvertently omitted on prior reports.

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 3 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 002 | 40 Wall Street LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 005 | Over $50,000,000 | rent | Over $5,000,000 |
| 004 | 401 North Wabash Venture LLC<br>Underlying Assets: residential & commercial real estate<br>Location: Chicago, IL<br>See attached schedule | N/A | 008 | Over $50,000,000 | rent<br>condo sales | Over $5,000,000<br>$189,973 |
| 005 | 809 NORTH CANON LLC<br>Underlying Assets: residential real estate<br>Location: Beverly Hills, CA<br>See attached schedule | N/A | 009 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 007 | 845 UN Limited Partnership<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 012 | $25,000,001 - $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 008 | Caribusiness Investments, S.R.L.<br>Underlying Assets: land (sold)<br>Location: Dominican Republic<br>See attached schedule | N/A | 025 | None (or less than $1,001) | land sales | $3,200,000 |
| 010 | Country Apartments, LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Entity set up to buy & sell residential real estate, New York, NY; See attached schedule | N/A | 032 | $1,001 - $15,000 | | None (or less than $201) |
| 011 | Country Properties, LLC<br>Underlying Assets: residential real estate (sold) and residual receivables<br>Location: Norfolk, VA<br>See attached schedule | N/A | 034 | $15,001 - $50,000 | sale | $146,875 |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported from January 1, 2018 to December 31, 2018.

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 012 | D B Pace Acquisition, LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: land, building and ff&e (sold)<br>Location: New York, NY<br>See attached schedule | N/A | 036 | None (or less than $1,001) | sale | $4,100,000 |
| 013 | DJT AEROSPACE LLC<br>Underlying Assets: aircraft<br>Location: New York, NY<br>See attached schedule | N/A | 039 | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 014 | DJT HOLDINGS LLC<br>Value reported reflects bank account only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Holding company, New York, NY | N/A | 042 | $1,000,001 - $5,000,000 | interest | $5,001 - $15,000 |
| 017 | DJT OPERATIONS I LLC<br>Underlying Assets: aircraft<br>Location: New York, NY<br>See attached schedule | N/A | 046 | Over $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 018 | DT CONNECT II LLC<br>Underlying Assets: aircraft<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 055 | $1,000,001 - $5,000,000 | rent | $15,001 - $50,000 |
| 020 | DT DUBAI GOLF MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with DAMAC CRESCENT PROPERTIES LLC - value not readily ascertainable.<br>Management company, Dubai, UAE; See attached schedule | N/A | 059 | $15,001 - $50,000 | management fees | $314,580 |
| 021 | DT HOME MARKS INTERNATIONAL LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with RNA RESOURCES GROUP LTD, DORYA INTERNATIONAL LLC, HOMESTUDIO INTERNATIONAL SA, WONU CO LTD - value not readily ascertainable.<br>License holder, New York, NY; See attached schedule. | N/A | 063 | $1,001 - $15,000 | royalties | $50,001 - $100,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 5 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 024 | Excel Venture I LLC<br>Underlying Assets: residential rental property<br>Location: St. Martin, French West Indies<br>See attached schedule | N/A | 098 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 026 | Fifty-Seventh Street Associates LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 100 | Over $50,000,000 | rent | Over $5,000,000 |
| 028 | Golf Productions LLC<br>Value reported reflects bank account holding only.<br>Entity promotes golf business, New York, NY; See attached schedule<br>Value not readily ascertainable. | N/A | 105 | None (or less than $1,001) | golf related revenue | $870,000 |
| 030 | TRUMP NATIONAL GOLF CLUB - JUPITER<br>Underlying Assets: golf club<br>Location: Jupiter, FL<br>See attached schedule | N/A | 117 | Over $50,000,000 | golf related revenue | $13,131,919 |
| 031 | LAMINGTON FAMILY HOLDINGS LLC<br>Underlying Assets: land<br>Location: Bedminster, NJ<br>See attached schedule | N/A | 119 | $100,001 - $250,000 | | None (or less than $201) |
| 032 | TRUMP NATIONAL GOLF CLUB - BEDMINSTER<br>Underlying Assets: golf club<br>Location: Bedminster, NJ<br>See attached schedule | N/A | 120 | Over $50,000,000 | golf related revenue | $15,728,572 |
| 034 | MAR-A-LAGO CLUB, L.L.C.<br>Underlying Assets: resort<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 126 | Over $50,000,000 | resort related revenue | $22,692,146 |
| 036 | PINE HILL DEVELOPMENT LLC<br>Underlying Assets: golf club<br>Location: Pine Hill, NJ<br>See attached schedule | N/A | 142 | $100,001 - $250,000 | | None (or less than $201) |
| 037 | Seven Springs LLC<br>Underlying Assets: real estate<br>Location: Mt. Kisco, NY<br>See attached schedule | N/A | 153 | $25,000,001 - $50,000,000 | | None (or less than $201) |
| 038 | TRUMP TURNBERRY<br>Underlying Assets: golf courses and resort<br>Location: Turnberry, Scotland<br>See attached schedule | N/A | 157 | Over $50,000,000 | golf related revenue | $23,446,634 |
| 039 | T International Realty LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: brokerage company - value not readily ascertainable. Brokerage company, New York, NY; See attached schedule | N/A | 160 | $1,001 - $15,000 | commissions | $1,624,575 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 6 of 42 |

**Part 2: Filer's Employment Assets and Income**

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 040 | THC CENTRAL RESERVATIONS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: hotel company - value not readily ascertainable. Hotel company, New York, NY; see attached schedule | N/A | 167 | $500,001 - $1,000,000 | | None (or less than $201) |
| 041 | THC CHINA DEVELOPMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: developer - value not readily ascertainable. Developer, New York, NY; See attached schedule | N/A | 169 | $1,001 - $15,000 | | None (or less than $201) |
| 042 | THC SALES & MARKETING LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable. Management company, New York, NY; See attached schedule | N/A | 184 | $250,001 - $500,000 | | None (or less than $201) |
| 043 | The East 61 Street Company, LP<br>Underlying Assets: residential real estate<br>Location: New York, NY<br>See attached schedule | N/A | 199 | $5,000,001 - $25,000,000 | rent | $15,001 - $50,000 |
| 044 | THE TRUMP CORPORATION<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule | N/A | 200 | Over $50,000,000 | management and related fees | $14,835,168 |
| 045 | The Trump-Equitable Fifth Avenue Company<br>Value reported reflects bank account only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity, New York, NY | N/A | 208 | None (or less than $1,001) | rent | $100,001 - $1,000,000 |
| 046 | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG<br>Underlying Assets: golf course and resort<br>Location: Doonbeg, Ireland<br>See attached schedule | N/A | 211 | $25,000,001 - $50,000,000 | golf related revenue | $14,498,625 |
| 047 | TIHT COMMERCIAL LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 218 | $5,000,001 - $25,000,000 | rent | $1,000,001 - $5,000,000 |
| 048 | TIHT HOLDING COMPANY LLC<br>Underlying Assets: hotel condo unit<br>Location: New York, NY<br>See at | N/A | 219 | $1,000,001 - $5,000,000 | rent | $50,001 - $100,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 7 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 049 | TRUMP NATIONAL GOLF CLUB - CHARLOTTE<br>Underlying Assets: golf club<br>Location: Charlotte, NC<br>See attached schedule | N/A | 223 | $5,000,001 - $25,000,000 | golf related revenue | $12,457,295 |
| 050 | TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY<br>Underlying Assets: golf club<br>Location: Hopewell Junction, NY<br>See attached schedule | N/A | 225 | $5,000,001 - $25,000,000 | golf related revenue | $4,243,331 |
| 051 | TRUMP NATIONAL GOLF CLUB - PHILADELPHIA<br>Underlying Assets: golf club<br>Location: Pine Hill, NJ<br>See attached schedule | N/A | 229 | $5,000,001 - $25,000,000 | golf related revenue | $4,089,471 |
| 052 | TRUMP 106 CPS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Location: New York, NY; See attached schedule | N/A | 234 | $15,001 - $50,000 | | None (or less than $201) |
| 057 | TRUMP BOOKS LLC<br>THE MIDAS TOUCH<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: book deal with Plata Publishing LLC - value not readily ascertainable.<br>Holder of book contract, New York, NY,<br>See attached schedule<br>(Published 2011) | N/A | 243 | None (or less than $1,001) | royalties | $5,001 - $15,000 |
| 059 | TRUMP CAROUSEL LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - value not readily ascertainable.<br>Carousel operator, New York, NY.<br>See attached schedule | N/A | 250 | $15,001 - $50,000 | admissions | $465,186 |
| 061 | TRUMP CPS LLC<br>Underlying Assets: commercial and residential real estate<br>Location: New York, NY<br>See attached schedule | N/A | 269 | $25,000,001 - $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 064 | TRUMP NATIONAL DORAL<br>Underlying Assets: golf courses & resort<br>Location: Miami, FL<br>See attached schedule | N/A | 279 | Over $50,000,000 | golf resort related revenues | $75,962,848 |
| 065 | TRUMP FERRY POINT LLC<br>Underlying Assets: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - golf course<br>Location: New York, NY<br>See attached schedule<br>(Opening Day: April 1, 2015) | N/A | 283 | $5,000,001 - $25,000,000 | golf related revenue | $6,469,831 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 8 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 066 | TRUMP GOLF ACQUISITIONS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none.<br>Entity set up to sign letters of intent for golf related deals, New York, NY; See attached schedule | N/A | 287 | $1,001 - $15,000 | golf related revenue | $7,057 |
| 067 | TRUMP HOME MARKS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with DOWNLITE INTERNATIONAL INC, GOURMET HOME PRODUCTS LLC, NORTHPOINT TRADING LLC, SIGN OF TIMES INC, TPS SAS - value not readily ascertainable.<br>License holder, New York, NY<br>See attached schedule | N/A | 291 | $1,001 - $15,000 | | None (or less than $201) |
| 068 | TRUMP ICE LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: wholesale company - value not readily ascertainable. Water wholesaler, New York, NY; See attached schedule | N/A | 294 | $1,001 - $15,000 | sales | $222,053 |
| 069 | TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND<br>Underlying Assets: golf course<br>Location: Aberdeen, Scotland<br>See attached schedule | N/A | 297 | Over $50,000,000 | golf related revenue | $3,543,487 |
| 070 | TRUMP INTERNATIONAL GOLF CLUB - FLORIDA<br>Underlying Assets: golf club<br>Location: West Palm Beach, FL<br>See attached schedule | N/A | 299 | $25,000,001 - $50,000,000 | golf related revenue | $12,325,355 |
| 071 | TRUMP INTERNATIONAL HOTEL HAWAII LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management and license agreements with IRONGATE AZREP BW LLC - value not readily ascertainable.<br>License holder, Waikiki, HI<br>See attached schedule | N/A | 300 | None (or less than $1,001) | royalties<br>management fees | $100,001 - $1,000,000<br>$1,785,996 |
| 072 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule | N/A | 301 | Over $50,000,000 | management fees | $1,511,377 |
| 073 | TRUMP LAS VEGAS DEVELOPMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: development deal with TRUMP RUFFIN TOWER I LLC - value not readily assertainable.<br>Entity set up to receive development fees, Las Vegas, NV<br>See attached schedule | N/A | 308 | $1,001 - $15,000 | development fees | $3,308,936 |
| 076 | TRUMP MARKS ASIA LLC<br>Underlying Assets: residential real estate<br>Location: Sterling, VA<br>See attached schedule | N/A | 316 | $500,001 - $1,000,000 | | None (or less than $201) |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 9 of 42 |

**Part 2: Filer's Employment Assets and Income**

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 078 | TRUMP MARKS ISTANBUL II LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with ORTADOGU OTOMOTIV TICARET AS - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 342 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 080 | TRUMP MARKS MATTRESS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with SERTA - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 350 | None (or less than $1,001) | royalties | $5,001 - $15,000 |
| 081 | TRUMP MARKS MENSWEAR LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with PVH CORP, PEERLESS CLOTHING INTERNATIONAL, PARLUX LTD, OXFORD OPTHALMIC, RANDA ACCESSORIES - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 352 | $1,001 - $15,000 | royalties | $15,001 - $50,000 |
| 087 | TRUMP MARKS WAIKIKI LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with IRONGATE AZREP BW LLC - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 391 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 090 | TRUMP MIAMI RESORT MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Management company - value not readily ascertainable, Miami, FL;<br>See attached schedule | N/A | 396 | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 091 | TRUMP MODEL MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Modeling agency (business winding down)<br>Location: New York, NY<br>See attached schedule | N/A | 398 | $50,001 - $100,000 | residual income | $547 |
| 092 | TRUMP NATIONAL GOLF CLUB - COLTS NECK<br>Underlying Assets: golf club<br>Location: Colts Neck, NJ<br>See attached schedule | N/A | 399 | Over $50,000,000 | golf related revenue | $6,775,959 |
| 093 | TRUMP NATIONAL GOLF CLUB - WESTCHESTER<br>Underlying Assets: golf club<br>Location: Briarcliff Manor, NY<br>See attached schedule | N/A | 401 | Over $50,000,000 | golf related revenue | $7,213,358 |
| 094 | TRUMP NATIONAL GOLF CLUB - WASHINGTON DC<br>Underlying Assets: golf club<br>Location: Potomac Falls, VA<br>See attached schedule | N/A | 403 | Over $50,000,000 | golf related revenue | $13,318,369 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 10 of 42 |

**Part 2: Filer's Employment Assets and Income**

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 095 | TRUMP OLD POST OFFICE LLC<br>Underlying Assets: hotel<br>Location: Washington, DC<br>See attached schedule | N/A | 408 | Over $50,000,000 | hotel related revenue | $40,842,294 |
| 097 | Miss Universe L.P., LLLP<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>See attached schedule | N/A | 413 | $50,001 - $100,000 | | None (or less than $201) |
| 098 | TRUMP PALACE/PARC LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 414 | $5,000,001 - $25,000,000 | rent | $100,001 - $1,000,000 |
| 099 | TRUMP PARK AVENUE LLC<br>Underlying Assets: residential & commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 420 | Over $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 100 | TRUMP PLAZA LLC<br>Underlying Assets: residential & commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 424 | $25,000,001 - $50,000,000 | rent | $1,000,001 - $5,000,000 |
| 101 | TRUMP PRODUCTIONS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: production company - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule | N/A | 426 | None (or less than $1,001) | production revenue | $279,868 |
| 103 | Trump Restaurants LLC<br>Underlying Assets: restaurant/retail<br>Location: New York, NY<br>See attached schedule | N/A | 430 | $1,000,001 - $5,000,000 | food & beverage and related merchandise sales | $4,364,103 |
| 104 | TRUMP RUFFIN TOWER I LLC<br>Underlying Assets: commercial real estate<br>Location: Las Vegas, NV<br>See attached schedule | N/A | 434 | Over $50,000,000 | condo sales<br>hotel related revenue | $6,002,244<br>$22,556,054 |
| 106 | TRUMP SCOTSBOROUGH SQUARE LLC<br>Underlying Assets: residential real estate<br>Location: Scotsborough Square, VA<br>See attached schedule | N/A | 438 | $500,001 - $1,000,000 | rent | $5,001 - $15,000 |
| 108 | TRUMP TOWER COMMERCIAL LLC<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 444 | Over $50,000,000 | rent | Over $5,000,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 11 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 109 | TRUMP TOWER MANAGING MEMBER INC.<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. New York, NY | N/A | 445 | $1,001 - $15,000 | | None (or less than $201) |
| 110 | TRUMP VINEYARD ESTATES LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 447 | $5,000,001 - $25,000,000 | rent | $100,001 - $1,000,000 |
| 111 | TRUMP VINEYARD ESTATES LOT 3 OWNER LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 448 | $500,001 - $1,000,000 | rent | $100,001 - $1,000,000 |
| 112 | TRUMP VIRGINIA ACQUISITIONS LLC<br>Underlying Assets: commercial real estate<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 450 | $5,000,001 - $25,000,000 | hotel related revenue | $1,140,943 |
| 113 | TRUMP VIRGINIA LOT 5 LLC<br>Underlying Assets: vineyard<br>Location: Charlottesville, VA<br>See attached schedule | N/A | 452 | $500,001 - $1,000,000 | rent | $15,001 - $50,000 |
| 114 | TVV VENTURE II LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. Doonbeg, Ireland | N/A | 464 | $1,001 - $15,000 | | None (or less than $201) |
| 116 | TRUMP NATIONAL GOLF CLUB - LOS ANGELES<br>Underlying Assets: golf course and unsold lots<br>Location: Los Angeles, CA<br>See attached schedule | N/A | 469 | Over $50,000,000 | golf related revenue<br>land sales | $10,913,069<br>$7,010,000 |
| 119 | Wollman Rink Operations LLC<br>Underlying Assets: operating agreement with NEW YORK CITY DEPARTMENT OF PARKS & RECREATION - ice skating rinks<br>Location: New York, NY<br>See attached schedule | N/A | 476 | $1,000,001 - $5,000,000 | ice skating rink operation | $8,493,215 |
| 120 | HWA 555 Owners, LLC<br>Underlying Assets: commercial real estate<br>Location: San Francisco, CA<br>See attached schedule | N/A | 478 | Over $50,000,000 | rent | Over $5,000,000 |
| 121 | 1290 AVENUE OF THE AMERICAS, A TENANCY-IN-COMMON<br>Underlying Assets: commercial real estate<br>Location: New York, NY<br>See attached schedule | N/A | 479 | Over $50,000,000 | rent | Over $5,000,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 12 of 42 |

## Part 2: Filer's Employment Assets and Income

| # | Description | E/F | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 122 | 4% limited partnership interest in Starrett City Associates, L.P. (via the entities disclosed on Exhibit A and direct ownership by The Donald J. Trump Revocable Trust)<br>Value of remaining distributions not readily ascertainable<br>Additional Underlying Assets: residential real estate (sold)<br>Location: Brooklyn, NY | N/A | 018, 141, 154, 446 | | rent<br>distributable share including sales proceeds | $1,000,001 - $5,000,000<br>$13,355,178 |
| 123 | 4% limited partnership interest in Spring Creek Plaza LLC (via the entities disclosed on Exhibit A and direct ownership by The Donald J. Trump Revocable Trust)<br>Value of remaining distributions not readily ascertainable<br>Additional Underlying Assets: commercial real estate (sold)<br>Location: Brooklyn, NY | N/A | 018, 141, 154, 446 | | rent<br>distributable share including sales proceeds | $15,001 - $50,000<br>$1,099,840 |
| 124 | Trump Tower Triplex<br>Underlying Assets: residential real estate<br>Location: New York, NY | N/A | | Over $50,000,000 | | None (or less than $201) |
| 125 | N/K/A DT VENTURE I LLC<br>Underlying Assets: residential real estate<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 533 | $5,000,001 - $25,000,000 | rent | $100,001 - $1,000,000 |
| 126 | N/K/A DTW VENTURE LLC<br>Underlying Assets: residential real estate<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 093 | $1,000,001 - $5,000,000 | rent | $100,001 - $1,000,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 127 | DT Marks Worl LLC<br>Underlying Assets: license deal<br>Licensee(s): JAWALA REAL ESTATE PRIVATE LTD, LODHA DEVELOPERS PRIVATE LTD<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 089 | | royalties | $100,001 - $1,000,000 |
| 130 | THC VANCOUVER MANAGEMENT CORP<br>Underlying Assets: management company<br>Location: Vancouver, Canada<br>See attached schedule<br>Value not readily ascertainable | N/A | 190 | | management fees | $213,946 |
| 132 | TNGC JUPITER MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company<br>Location: Jupiter, FL<br>See attached schedule<br>Value not readily ascertainable | N/A | 227 | $15,001 - $50,000 | management fees | $375,552 |
| 133 | TRUMP CHICAGO COMMERCIAL MANAGER LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 254 | | management fees | $142,830 |
| 134 | TRUMP CHICAGO HOTEL MANAGER LLC<br>Value reported reflects bank account holding only.<br>Underlying Asset: management company<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 256 | None (or less than $1,001) | management fees | $1,702,003 |
| 135 | TRUMP CHICAGO RESIDENTIAL MANAGER LLC<br>Underlying Assets: management company<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 260 | | management fees | $524,819 |
| 136 | TRUMP MARKS FINE FOODS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with TWO RIVERS COFFEE - value not readily ascertainable. License holder, New York, NY<br>See attached schedule | N/A | 333 | None (or less than $1,001) | royalties | $5,001 - $15,000 |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 137 | TRUMP MARKS PHILIPPINES LLC<br>Value reported reflects bank account holding only.<br>Licensee(s): CENTURY CITY DEVELOPMENT CORP<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 367 | None (or less than $1,001) | royalties | $1,000,001 - $5,000,000 |
| 140 | TRUMP MARKS SUNNY ISLES I LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: license deal - value not readily ascertainable.<br>Licensee(s): MICHAEL DEZER & NAOMI DEZERTOV<br>Location: New York, NY<br>See attached schedule | N/A | 381 | $1,001 - $15,000 | royalties | $100,001 - $1,000,000 |
| 141 | TRUMP PANAMA HOTEL MANAGEMENT LLC<br>Value reported reflects bank account holding only<br>Underlying Assets: management agreement<br>Location: New York, NY<br>See attached schedule<br>Value not readily ascertainable | N/A | 417 | None (or less than $1,001) | management fees | $3,016 |
| 142 | TRUMP TORONTO HOTEL MANAGEMENT CORP<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with TALON INTERNATIONAL INC - value not readily ascertainable.<br>Management company, New York, NY; See attached schedule. | N/A | 442 | $1,001 - $15,000 | | None (or less than $201) |
| 143 | TW VENTURE I LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: transportation services company - value not readily ascertainable. Palm Beach, FL<br>See attached schedule | N/A | 462 | $15,001 - $50,000 | operating income | $99,093 |
| 144 | Trump Management Inc.<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable<br>Location: Manhasset, NY<br>See attached schedule | N/A | 480 | $15,001 - $50,000 | | None (or less than $201) |
| 146 | Think Like A Champion<br>Publisher: Vanguard Press, a member of Perseus Books LLC<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2009) | N/A | | | royalties | $2,501 - $5,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 15 of 42 |

**Part 2: Filer's Employment Assets and Income**

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 147 | The Art Of The Deal<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1987) | N/A | | | royalties | $100,001 - $1,000,000 |
| 148 | Time To Get Tough<br>Publisher: Regnery Publishing<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2011) | N/A | | | royalties | $15,001 - $50,000 |
| 149 | Think Like a Billionaire<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | | None (or less than $201) |
| 150 | The Art of the Comeback<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1997) | N/A | | | | None (or less than $201) |
| 151 | Why We Want You To Be Rich<br>Publisher: Plata Publishing LLC<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2006) | N/A | | | | None (or less than $201) |
| 152 | Trump 101: The Way to Success<br>Publisher: John Wiley & Sons, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2007) | N/A | | | | None (or less than $201) |
| 153 | The America We Deserve<br>Publisher: Renaissance Books<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2000) | N/A | | | | None (or less than $201) |
| 154 | Never Give Up<br>Publisher: John Wiley & Sons, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2008) | N/A | | | | None (or less than $201) |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 155 | The Best Real Estate Advice I Ever Received<br>Publisher: Thomas Nelson, Inc.<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2005) | N/A | | | | None (or less than $201) |
| 156 | The Way To The Top<br>Publisher: Bill Adler Books<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | royalties | $2,501 - $5,000 |
| 157 | How to Get Rich<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2004) | N/A | | | royalties | $15,001 - $50,000 |
| 158 | Think Big and Kick Ass<br>Publisher: HarperCollins Publishers<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2007) | N/A | | | | None (or less than $201) |
| 159 | Trump: Surviving At The Top<br>Publisher: Random House<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 1990) | N/A | | | | None (or less than $201) |
| 160 | SCREEN ACTORS GUILD PENSION<br>Underlying Assets: pension<br>Location: Burbank, CA<br>Value not readily ascertainable | N/A | | | pension | $90,776 |
| 169 | THC MIAMI RESTAURANT HOSPITALITY LLC<br>Value reported reflects bank account holding only.<br>Restaurant operations at Trump National Doral<br>Location: Miami, FL | N/A | 178 | $50,001 - $100,000 | food & beverage related sales | $5,454,349 |
| 178 | THC IMEA DEVELOPMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: developer - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule. | N/A | 177 | $1,001 - $15,000 | | None (or less than $201) |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 180 | TRUMP MARKS PUNTA DEL ESTE LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with AETOS SA and FAROY SA - value not readily ascertainable.<br>License holder, Punta Del Este, Uruguay; See attached schedule. | N/A | 374 | None (or less than $1,001) | royalties | $100,001 - $1,000,000 |
| 181 | DT BALI TECHNICAL SERVICES MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with PT BALI NIRWANA RESORT - value not readily ascertainable.<br>Management company, Bali, Indonesia; See attached schedule. | N/A | 497 | None (or less than $1,001) | management fees | $110,713 |
| 182 | DT CONNECT EUROPE LIMITED<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: aircraft (transferred)<br>Location: Turnberry, Scotland<br>See attached schedule | N/A | 499 | $1,001 - $15,000 | rent | $50,001 - $100,000 |
| 183 | DT ENDEAVOR I LLC<br>Underlying Assets: aircraft<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 500 | $5,000,001 - $25,000,000 | | None (or less than $201) |
| 184 | DT LIDO TECHNICAL SERVICES MANAGER LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with PT LIDO NIRWANA PARAHYANGAN - value not readily ascertainable.<br>Management company, Lido, Indonesia; See attached schedule. | N/A | 509 | $1,001 - $15,000 | management fees | $101,487 |
| 187 | MOBILE PAYROLL CONSTRUCTION LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: none<br>Payroll company, Bedminster, NJ; See attached schedule | N/A | 523 | $50,001 - $100,000 | | None (or less than $201) |
| 188 | CRIPPLED AMERICA<br>Publisher: Threshold Editions<br>Underlying Assets: book<br>Location: New York, NY<br>Value not readily ascertainable<br>(Published 2015) | N/A | | | | None (or less than $201) |
| 189 | DTTM OPERATIONS LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. New York, NY | N/A | 519 | $1,001 - $15,000 | | None (or less than $201) |

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## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 191 | Trump Las Vegas Sales & Marketing, Inc.<br>Value reported reflects bank account holding only.<br>Additional Underlying Assets: sales & marketing deal with TRUMP RUFFIN TOWER I LLC - value not readily ascertainable. Entity set up to receive brokerage commissions, Las Vegas, NV; See attached schedule | N/A | 311 | $1,001 - $15,000 | commissions | $162,439 |
| 192 | DT TOWER KOLKATA LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: license deal with CONCAST INFRASTRUCTURE PRIVATE LIMITED, TRIBECA CREATORS LLP, REGENT HIRISE PRIVATE LIMITED, RAJ CONSTRUCTION PROJECTS PRIVATE LIMITED, RDB REALTY & INFRASTRUCTURE LIMITED - value not readily ascertainable.<br>License holder, Kolkata, India; See attached schedule. | N/A | 517 | $1,001 - $15,000 | royalties | $100,001 - $1,000,000 |
| 194 | STORAGE 106 LLC<br>Underlying Assets: commercial real estate (asset transferred in 2018)<br>Location: New York, NY<br>See attached schedule | N/A | 542 | None (or less than $1,001) | rent | $50,001 - $100,000 |
| 195 | SC CLEVELAND MS MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with CHAWLA POINTE, LLC<br>Management company, Cleveland, MS; See attached schedule<br>Value not readily ascertainable | N/A | 545 | None (or less than $1,001) | management fees | $10,303 |
| 196 | T RETAIL LLC<br>Underlying Asset: online retail business<br>Location: New York, NY<br>See attached schedule | N/A | 548 | $250,001 - $500,000 | sales | $520,305 |
| 197 | WESTMINSTER HOTEL MANAGEMENT LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management deal with ESPLANADE LIVINGSTON, LLC<br>Management company, Livingston, NJ; See attached schedule<br>Value not readily ascertainable | N/A | 550 | None (or less than $1,001) | management fees | $142,415 |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported from January 1, 2018 to December 31, 2018.

## Part 2: Filer's Employment Assets and Income

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 198 | AMERICAN FEDERATION of TELEVISION and RADIO ARTISTS PENSION<br>Underlying Assets: pension<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | pension | $8,724 |
| 199 | WB Studio Enterprises Inc<br>Residual income earned from movies/television<br>Individual programs generated less than $200 of income<br>Location: Burbank, CA<br>Value not readily ascertainable | N/A | | | royalties | $201 - $1,000 |
| 200 | Universal City Studios LLC<br>Residual income earned from movies/television<br>The Little Rascals<br>All others generated less than $200 of income<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | royalties | $201 - $1,000 |
| 201 | Entertainment Partners<br>Residual income earned from movies/television<br>Location: Burbank, CA<br>Value not readily ascertainable | N/A | | | | None (or less than $201) |
| 202 | GOLF RECREATION SCOTLAND LIMITED<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. Turnberry, Scotland | N/A | 107 | $1,001 - $15,000 | | None (or less than $201) |
| 203 | TRUMP DEVELOPMENT SERVICES LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule | N/A | 271 | None (or less than $1,001) | management fees | $848,604 |
| 204 | TURNBERRY SCOTLAND LLC<br>Value reported reflects bank account holding only. Entity's other holdings and assets are reported elsewhere; see attached schedule. Pass-thru entity. Turnberry, Scotland | N/A | 460 | $1,001 - $15,000 | | None (or less than $201) |

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**Part 2: Filer's Employment Assets and Income**

| # | Description | EIF | attached schedule (Part 2 - EXHIBIT A) Reference # | Value | Income Type | Income Amount |
|---|---|---|---|---|---|---|
| 205 | 4T HOLDINGS TWO LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: management company - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule | N/A | 541 | None (or less than $1,001) | consulting fees | $61,045 |
| 206 | T EXPRESS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: potential hotel deal (inactive) - value not readily ascertainable.<br>Location: New York, NY<br>See attached schedule | N/A | 543 | None (or less than $1,001) | administrative fees | $1,937 |
| 207 | T PROMOTIONS LLC<br>Value reported reflects bank account holding only.<br>Additional Underlying Asset: administrative agent entity for gift card redemptions<br>Location: New York, NY<br>See attached schedule | N/A | 547 | $50,001 - $100,000 | | None (or less than $201) |
| 208 | 1125 South Ocean LLC<br>Underlying Assets: residential real estate and bank account<br>Location: Palm Beach, FL<br>See attached schedule | N/A | 552 | $5,000,001 - $25,000,000 | interest | $15,001 - $50,000 |

THE ACCOMPANYING SCHEDULE (PART 2 - EXHIBIT A) IS AN INTEGRAL PART OF THE ABOVE AND SHOULD BE READ IN CONJUNCTION THEREWITH. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this part. Information being reported from January 1, 2018 to December 31, 2018.

Instructions for Part 3

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 21 of 42 |

## Part 3: Filer's Employment Agreements and Arrangements

| # | Employer or Party | City/State | Status and Terms | Date |
|---|---|---|---|---|
| 1. | Screen Actors Guild - Producers | Burbank, CA | Pension Plan for Motion Picture Actors; payments received on a monthly basis. The date reflects the year that Donald J. Trump began participating in the plan. | 1992 |
| 2. | AMERICAN FEDERATION of TELEVISION and RADIO ARTISTS Retirement Fund | New York, NY | Pension Plan for Television and Radio Artists; payments received on a monthly basis. The date reflects the year that Donald J. Trump began participating in the plan. | 1989 |
| 3. | | | | |
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Instructions for Part 4

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 22 of 42 |

## Part 4: Filer's Sources of Compensation Exceeding $5,000 in a Year

| # | Source Name | City/State | Brief Description of Duties |
|---|---|---|---|
| 1. | N/A | | |
| 2. | | | |
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Instructions for Part 5

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 23 of 42 |

## Part 5: Spouse's Employment Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 1. | Melania LLC<br>Underlying Assets: inactive<br>Location: New York, NY | N/A | None (or less than $1,001) | | None (or less than $201) |
| 2. | MELANIA MARKS ACCESSORIES LLC<br>Underlying Assets: licensing agreement<br>Licensee(s): MZ BERGER & COMPANY LLC<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 3. | MELANIA MARKS ACCESSORIES MEMBER CORP<br>(pass-thru company for MELANIA MARKS ACCESSORIES LLC)<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 4. | 721 33H LLC<br>Underlying Assets: residential real estate<br>Location: New York, NY | N/A | $1,000,001 - $5,000,000 | | None (or less than $201) |
| 5. | 721 33H Holdings LLC<br>(pass-thru company for 721 33H LLC)<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| 6. | Getty Images Inc.<br>Use of photographic images<br>Location: New York, NY<br>Value not readily ascertainable | N/A | | | None (or less than $201) |
| | | | | | |

Instructions for Part 6

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 24 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 1 | JP MORGAN CHASE - CHECKING AND SAVINGS ACCOUNTS | N/A | $500,001 - $1,000,000 | Interest | $1,001 - $2,500 |
| 2 | CAPITAL ONE BANK - CHECKING AND SAVINGS | N/A | $5,000,001 - $25,000,000 | Interest | $100,001 - $1,000,000 |
| 3 | SIGNATURE BANK - CHECKING | N/A | $100,001 - $250,000 | Interest | $1,001 - $2,500 |
| 4 | BANK UNITED, NA - MONEY MARKET | N/A | $100,001 - $250,000 | Interest | $1,001 - $2,500 |
| 5 | FIRST REPUBLIC BANK - CHECKING | N/A | $15,001 - $50,000 | Interest | None (or less than $201) |
| 6 | INVESTMENT IN GOLD | N/A | $100,001 - $250,000 | | None (or less than $201) |
| 7 | WMTMF LLC (US BANK CASH ACCOUNT) | N/A | $50,001 - $100,000 | | None (or less than $201) |
| 8 | MBWT LLC<br>Underlying assets are not reportable | No | | | |
| | | | | | |
| | The Fred C. Trump December 16, 1976 Trust- F/B/O Donald J. Trump | | | | |
| 1 | JP MORGAN CHASE - SAVINGS ACCOUNT | N/A | $1,000,001 - $5,000,000 | Interest | $2,501 - $5,000 |
| | | | | | |
| 1 | JP MORGAN CLEARING CORP - BROKERAGE ACCOUNT - HOLDINGS | | | | |
| 2 | ECO TEK 360 INC<br>(f/k/a GLOBAL FASHION TECHNOLOGIES) | N/A | $1,001 - $15,000 | | None (or less than $201) |
| | | | | | |
| | The Donald J Trump Revocable Trust | | | | |
| 1 | CAPITAL ONE BANK - CHECKING AND SAVINGS | N/A | $25,000,001 - $50,000,000 | Interest | $100,001 - $1,000,000 |
| 2 | PROFESSIONAL BANK - MONEY MARKET | N/A | $5,000,001 - $25,000,000 | Interest | $50,001 - $100,000 |
| 3 | SIGNATURE BANK - MONEY MARKET | N/A | $5,000,001 - $25,000,000 | Interest | $2,501 - $5,000 |

Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 25 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 4 | BANK UNITED - MONEY MARKET | N/A | $5,000,001 - $25,000,000 | Interest | None (or less than $201) |
| | Family Trust 1* | | | Interest, Dividends, Capital Gains | $15,001 - $50,000 |
| 1 | AMG MG PICTET INTL-Z | Y | $1,001 - $15,000 | | |
| 2 | DODGE & COX INTL STOCK FD | Y | $1,001 - $15,000 | | |
| 3 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 4 | ISHARES CORE MSCI EAFE ETF | Y | $1,001 - $15,000 | | |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Y | $1,001 - $15,000 | | |
| 6 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Y | $1,001 - $15,000 | | |
| 7 | ARTISAN INTL VALUE FD-INS | Y | $1,001 - $15,000 | | |
| 8 | JPM GL RES ENH IDX FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 9 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 10 | FIDELITY 500 INDEX FD-AI | Y | $1,001 - $15,000 | | |
| 11 | JPM US L/C CORE PL FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 12 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 13 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 14 | SPDR S&P 500 ETF TRUST | Y | $50,001 - $100,000 | | |
| 15 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Y | $1,001 - $15,000 | | |
| 16 | BLACKSTONE ALT MULTI-STRAT- Y | Y | $1,001 - $15,000 | | |
| 17 | CRM LONG/SHORT OPPORTUNITIES FUND | Y | $1,001 - $15,000 | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 26 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 18 | BOSTON P GL LG/SH EQ-INST | Y | $1,001 - $15,000 | | |
| 19 | GMO SGM MAJOR MARKETS FD-VI | Y | $1,001 - $15,000 | | |
| 20 | US Bank Cash Account | N/A | $15,001 - $50,000 | | |
| 21 | LORD ABBETT SHRT DUR INC-F3 | Y | $1,001 - $15,000 | | |
| 22 | JPM SHRT-INT MUNI BND FD - USD - I | Y | $1,001 - $15,000 | | |
| 23 | SIX CIRCLES TAX AWARE ULTRA SHORT | Y | $1,001 - $15,000 | | |
| 24 | AMERICAN FUNDS THE TAX-EXEMPT BOND FUND OF AMERICA | Y | $1,001 - $15,000 | | |
| 25 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 26 | ISHARES BARCLAYS 1-3 YEAR TREASURY | Y | $1,001 - $15,000 | | |
| 27 | METROPOLITAN WEST Total Return Bond-PLN | Y | $1,001 - $15,000 | | |
| 28 | AQR MANAGED FUTURES STR-R6 | Y | None (or less than $1,001) | | |
| 29 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | None (or less than $1,001) | | |
| 30 | FMI LARGE CAP FUND-INST | Y | None (or less than $1,001) | | |
| 31 | AMERICAN BEACON GLG Total Return - Ultra | Y | None (or less than $1,001) | | |
| 32 | JOHN HAN II-ABS RET CURR-R6 | Y | None (or less than $1,001) | | |
| 33 | MFS EMERGING MKTS DEBT FD R6 | Y | None (or less than $1,001) | | |
| 34 | PIMCO UNCONSTRAINED BOND-INS | Y | None (or less than $1,001) | | |
| 35 | AQR LONG-SHORT EQUITY-R6 | Y | None (or less than $1,001) | | |
| 36 | BLACKROCK HIGH YIELD PT-BLAC | Y | None (or less than $1,001) | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 27 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| | Family Trust 2* | | | Interest, Dividends, Capital Gains | $15,001 - $50,000 |
| 1 | AMG MG PICTET INTL-Z | Y | $1,001 - $15,000 | | |
| 2 | DODGE & COX INTL STOCK FD | Y | $1,001 - $15,000 | | |
| 3 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 4 | ISHARES CORE MSCI EAFE ETF | Y | $15,001 - $50,000 | | |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Y | $1,001 - $15,000 | | |
| 6 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Y | $1,001 - $15,000 | | |
| 7 | ARTISAN INTL VALUE FD-INS | Y | $1,001 - $15,000 | | |
| 8 | JPM GL RES ENH IDX FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 9 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 10 | FIDELITY 500 INDEX FD-AI | Y | $1,001 - $15,000 | | |
| 11 | JPM US L/C CORE PL FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 12 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 13 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 14 | SPDR S&P 500 ETF TRUST | Y | $50,001 - $100,000 | | |
| 15 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Y | $15,001 - $50,000 | | |
| 16 | BLACKSTONE ALT MULTI-STRAT- Y | Y | $1,001 - $15,000 | | |
| 17 | CRM LONG/SHORT OPPORTUNITIES FUND | Y | $1,001 - $15,000 | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 28 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 18 | BOSTON P GL LG/SH EQ-INST | Y | $1,001 - $15,000 | | |
| 19 | GMO SGM MAJOR MARKETS FD-VI | Y | $1,001 - $15,000 | | |
| 20 | US Bank Cash Account | N/A | $15,001 - $50,000 | | |
| 21 | LORD ABBETT SHRT DUR INC-F3 | Y | $1,001 - $15,000 | | |
| 22 | JPM SHRT-INT MUNI BND FD - USD - I | Y | $15,001 - $50,000 | | |
| 23 | SIX CIRCLES TAX AWARE ULTRA SHORT | Y | $1,001 - $15,000 | | |
| 24 | AMERICAN FUNDS THE TAX-EXEMPT BOND FUND OF AMERICA | Y | $1,001 - $15,000 | | |
| 25 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 26 | ISHARES BARCLAYS 1-3 YEAR TREASURY | Y | $1,001 - $15,000 | | |
| 27 | METROPOLITAN WEST Total Return Bond-PLN | Y | $1,001 - $15,000 | | |
| 28 | BLACKROCK HIGH YIELD PORTFOLIO | Y | None (or less than $1,001) | | |
| 29 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | None (or less than $1,001) | | |
| 30 | Equinox IPM Systematic Macro Fund | Y | None (or less than $1,001) | | |
| 31 | FMI LARGE CAP FUND-INST | Y | None (or less than $1,001) | | |
| 32 | AMERICAN BEACON GLG Total Return - Ultra | Y | None (or less than $1,001) | | |
| 33 | JOHN HAN II-ABS RET CURR-R6 | Y | None (or less than $1,001) | | |
| 34 | MFS EMERGING MKTS DEBT FD R6 | Y | None (or less than $1,001) | | |
| 35 | PIMCO UNCONSTRAINED BOND-INS | Y | None (or less than $1,001) | | |
| 36 | AQR LONG-SHORT EQUITY-R6 | Y | None (or less than $1,001) | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 29 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| | Family Trust 3* | | | Interest, Dividends, Capital Gains | $15,001 - $50,000 |
| 1 | AMG MG PICTET INTL-Z | Y | $1,001 - $15,000 | | |
| 2 | DODGE & COX INTL STOCK FD | Y | $1,001 - $15,000 | | |
| 3 | ISHARES MSCI EAFE INDEX FUND | Y | $15,001 - $50,000 | | |
| 4 | ISHARES CORE MSCI EAFE ETF | Y | $15,001 - $50,000 | | |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Y | $1,001 - $15,000 | | |
| 6 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Y | $1,001 - $15,000 | | |
| 7 | ARTISAN INTL VALUE FD-INS | Y | $15,001 - $50,000 | | |
| 8 | JPM GL RES ENH IDX FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 9 | ISHARES INC MSCI JAPAN NEW | Y | $1,001 - $15,000 | | |
| 10 | FIDELITY 500 INDEX FD-AI | Y | $1,001 - $15,000 | | |
| 11 | JPM US L/C CORE PL FD - USD - R6 | Y | $15,001 - $50,000 | | |
| 12 | NEUBERGER BER MU/C OPP-INS | Y | $15,001 - $50,000 | | |
| 13 | PRIMECAP ODYSSEY STOCK FD | Y | $15,001 - $50,000 | | |
| 14 | SPDR S&P 500 ETF TRUST | Y | $100,001 - $250,000 | | |
| 15 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Y | $15,001 - $50,000 | | |
| 16 | BLACKSTONE ALT MULTI-STRAT- Y | Y | $1,001 - $15,000 | | |
| 17 | CRM LONG/SHORT OPPORTUNITIES FUND | Y | $1,001 - $15,000 | | |

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Instructions for Part 6

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 30 of 42 |

## Part 6: Other Assets and Income

| # | Description | EIF | Value | Income Type | Income Amount |
|---|---|---|---|---|---|
| 18 | BOSTON P GL LG/SH EQ-INST | Y | $1,001 - $15,000 | | |
| 19 | GMO SGM MAJOR MARKETS FD-VI | Y | $1,001 - $15,000 | | |
| 20 | US Bank Cash Account | N/A | $15,001 - $50,000 | | |
| 21 | LORD ABBETT SHRT DUR INC-F3 | Y | $1,001 - $15,000 | | |
| 22 | JPM SHRT-INT MUNI BND FD - USD - I | Y | $15,001 - $50,000 | | |
| 23 | SIX CIRCLES TAX AWARE ULTRA SHORT | Y | $1,001 - $15,000 | | |
| 24 | AMERICAN FUNDS THE TAX-EXEMPT BOND FUND OF AMERICA | Y | $1,001 - $15,000 | | |
| 25 | DODGE & COX INCOME FD | Y | $1,001 - $15,000 | | |
| 26 | ISHARES BARCLAYS 1-3 YEAR TREASURY | Y | $15,001 - $50,000 | | |
| 27 | METROPOLITAN WEST Total Return Bond-PLN | Y | $1,001 - $15,000 | | |
| 28 | AQR MANAGED FUTURES STR-R6 | Y | None (or less than $1,001) | | |
| 29 | BLACKROCK HIGH YIELD PORTFOLIO | Y | None (or less than $1,001) | | |
| 30 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Y | None (or less than $1,001) | | |
| 31 | AMERICAN BEACON GLG Total Return - Ultra | Y | None (or less than $1,001) | | |
| 32 | JOHN HAN II-ABS RET CURR-R6 | Y | None (or less than $1,001) | | |
| 33 | MFS EMERGING MKTS DEBT FD R6 | Y | None (or less than $1,001) | | |
| 34 | PIMCO UNCONSTRAINED BOND-INS | Y | None (or less than $1,001) | | |
| 35 | AQR LONG-SHORT EQUITY-R6 | Y | None (or less than $1,001) | | |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 31 of 42 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| | Family Trust 1* | | | |
| 1 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 20-Dec-2018 | $1,001 - $15,000 |
| 2 | BOSTON P GL LG/SH EQ-INST | Purchase | 16-Nov-2018 | $1,001 - $15,000 |
| 3 | LORD ABBETT SHRT DUR INC-F3 | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 4 | BLACKSTONE ALT MULTI-STRAT- Y | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 6 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 7 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 8 | FIDELITY 500 INDEX FD-AI | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 9 | SIX CIRCLES TAX AWARE ULTRA SHORT DURATION FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 10 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 11 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 16-Aug-2018 | $1,001 - $15,000 |
| 12 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 13 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 14 | CRM LONG/SHORT OPPORTUNITIES FUND | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 15 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 13-Jun-2018 | $1,001 - $15,000 |
| 16 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 06-Mar-2018 | $1,001 - $15,000 |
| 17 | DODGE & COX INTL STOCK FD | Purchase | 06-Mar-2018 | $1,001 - $15,000 |
| 18 | FIDELITY 500 INDEX FD-AI | Purchase | 06-Mar-2018 | $1,001 - $15,000 |
| 19 | PIMCO SHORT-TERM FD-INSTL | Purchase | 06-Mar-2018 | $1,001 - $15,000 |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 32 of 42 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 20 | FIDELITY 500 INDEX FD-AI | Purchase | 12-Feb-2018 | $1,001 - $15,000 |
| 21 | AMER FNDS T/E BND FND AM-F3 | Purchase | 30-Jan-2018 | $1,001 - $15,000 |
| 22 | ISHARES CORE MSCI EAFE ETF | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 23 | SPDR S&P 500 ETF TRUST | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 24 | ISHARES INC MSCI JAPAN NEW | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 25 | PIMCO SHORT-TERM FD-INSTL | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 26 | METROPOLITAN WEST Total Return Bond-PLN | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 27 | CRM LONG/SHORT OPPORTUNITIES FUND | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 28 | AMERICAN BEACON GLG Total Return - Ultra | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 29 | GMO SGM MAJOR MARKETS FD-VI | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 30 | METROPOLITAN WEST Total Return Bond-PLN | Sale | 20-Dec-2018 | $1,001 - $15,000 |
| 31 | DODGE & COX INCOME FD | Sale | 20-Dec-2018 | $1,001 - $15,000 |
| 32 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 30-Nov-2018 | $1,001 - $15,000 |
| 33 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 16-Nov-2018 | $1,001 - $15,000 |
| 34 | PIMCO UNCONSTRAINED BOND-INS | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 35 | JOHN HAN II-ABS RET CURR-R6 | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 36 | AMERICAN BEACON GLG Total Return - Ultra | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 37 | CRM LONG/SHORT OPPORTUNITIES FUND | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 38 | GMO SGM MAJOR MARKETS FD-VI | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 39 | JPMORGAN GL RES ENH IDX-R6 | Sale | 29-Oct-2018 | $1,001 - $15,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 33 of 42 |

**Part 7: Transactions**

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 40 | DODGE & COX INTL STOCK FD | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 41 | PIMCO SHORT-TERM FD-INSTL | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 42 | FMI LARGE CAP FUND-INST | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 43 | AMG MG PICTET INTL-Z | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 44 | ARTISAN INTL VALUE FD-INS | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 45 | ISHARES CORE MSCI EAFE ETF | Sale | 16-Aug-2018 | $1,001 - $15,000 |
| 46 | AQR LONG-SHORT EQUITY-R6 | Sale | 17-Jul-2018 | $1,001 - $15,000 |
| 47 | AQR MANAGED FUTURES STR-R6 | Sale | 17-Jul-2018 | $1,001 - $15,000 |
| 48 | ISHARES MSCI EAFE INDEX FUND | Sale | 08-Jun-2018 | $1,001 - $15,000 |
| 49 | ISHARES MSCI EAFE INDEX FUND | Sale | 07-Jun-2018 | $1,001 - $15,000 |
| 50 | ISHARES MSCI EAFE INDEX FUND | Sale | 07-Jun-2018 | $1,001 - $15,000 |
| 51 | PIMCO UNCONSTRAINED BOND-INS | Sale | 01-Jun-2018 | $1,001 - $15,000 |
| 52 | FMI LARGE CAP FUND-INST | Sale | 01-Jun-2018 | $1,001 - $15,000 |
| 53 | BLACKROCK HIGH YIELD PORTFOLIO | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 54 | MFS EMERGING MKTS DEBT FD R6 | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 55 | PIMCO SHORT-TERM FD-INSTL | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 56 | JPM SHRT-INT MUNI BND-I FUND 3602 | Sale | 25-Jan-2018 | $1,001 - $15,000 |
| 57 | JPMORGAN GL RES ENH IDX-R6 | Sale | 25-Jan-2018 | $1,001 - $15,000 |
| | Family Trust 2* | | | |
| 1 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 20-Dec-2018 | $1,001 - $15,000 |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 34 of 42 |

**Part 7: Transactions**

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 2 | BOSTON P GL LG/SH EQ-INST | Purchase | 16-Nov-2018 | $1,001 - $15,000 |
| 3 | LORD ABBETT SHRT DUR INC-F3 | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 4 | BLACKSTONE ALT MULTI-STRAT- Y | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 6 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 7 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $15,001 - $50,000 |
| 8 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 9 | SIX CIRCLES TAX AWARE ULTRA SHORT DURATION FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 10 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 11 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 13-Aug-2018 | $1,001 - $15,000 |
| 12 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 13 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 14 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 13-Jun-2018 | $1,001 - $15,000 |
| 15 | ISHARES CORE MSCI EAFE ETF | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 16 | FIDELITY 500 INDEX FD-AI | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 17 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 18 | PIMCO SHORT-TERM FD-INSTL | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 19 | FIDELITY 500 INDEX FD-AI | Purchase | 12-Feb-2018 | $1,001 - $15,000 |
| 20 | AMER FNDS T/E BND FND AM-F3 | Purchase | 30-Jan-2018 | $1,001 - $15,000 |
| 21 | ISHARES CORE MSCI EAFE ETF | Purchase | 25-Jan-2018 | $1,001 - $15,000 |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 35 of 42 |

**Part 7: Transactions**

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 22 | ISHARES INC MSCI JAPAN NEW | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 23 | SPDR S&P 500 ETF TRUST | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 24 | PIMCO SHORT-TERM FD-INSTL | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 25 | METROPOLITAN WEST Total Return Bond-PLN | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 26 | CRM LONG/SHORT OPPORTUNITIES FUND | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 27 | AMERICAN BEACON GLG Total Return - Ultra | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 28 | GMO SGM MAJOR MARKETS FD-VI | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 29 | METROPOLITAN WEST Total Return Bond-PLN | Sale | 20-Dec-2018 | $1,001 - $15,000 |
| 30 | DODGE & COX INCOME FD | Sale | 20-Dec-2018 | $1,001 - $15,000 |
| 31 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 30-Nov-2018 | $1,001 - $15,000 |
| 32 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 16-Nov-2018 | $1,001 - $15,000 |
| 33 | PIMCO UNCONSTRAINED BOND-INS | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 34 | JOHN HAN II-ABS RET CURR-R6 | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 35 | AMERICAN BEACON GLG Total Return - Ultra | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 36 | CRM LONG/SHORT OPPORTUNITIES FUND | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 37 | GMO SGM MAJOR MARKETS FD-VI | Sale | 08-Nov-2018 | $1,001 - $15,000 |
| 38 | JPMORGAN GL RES ENH IDX-R6 | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 39 | DODGE & COX INTL STOCK FD | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 40 | PIMCO SHORT-TERM FD-INSTL | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 41 | FMI LARGE CAP FUND-INST | Sale | 26-Oct-2018 | $1,001 - $15,000 |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 36 of 42 |

**Part 7: Transactions**

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 42 | PRIMECAP ODYSSEY STOCK FD | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 43 | AMG MG PICTET INTL-Z | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 44 | ARTISAN INTL VALUE FD-INS | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 45 | NEUBERGER BER MU/C OPP-INS | Sale | 26-Oct-2018 | $1,001 - $15,000 |
| 46 | ISHARES CORE MSCI EAFE ETF | Sale | 13-Aug-2018 | $1,001 - $15,000 |
| 47 | ISHARES CORE MSCI EAFE ETF | Sale | 13-Aug-2018 | $1,001 - $15,000 |
| 48 | AQR LONG-SHORT EQUITY-R6 | Sale | 17-Jul-2018 | $1,001 - $15,000 |
| 49 | Equinox IPM Systematic Macro Fund | Sale | 17-Jul-2018 | $1,001 - $15,000 |
| 50 | ISHARES MSCI EAFE INDEX FUND | Sale | 08-Jun-2018 | $1,001 - $15,000 |
| 51 | ISHARES MSCI EAFE INDEX FUND | Sale | 07-Jun-2018 | $1,001 - $15,000 |
| 52 | ISHARES MSCI EAFE INDEX FUND | Sale | 07-Jun-2018 | $1,001 - $15,000 |
| 53 | ISHARES MSCI EAFE INDEX FUND | Sale | 11-Apr-2018 | $1,001 - $15,000 |
| 54 | DODGE & COX INCOME FD | Sale | 11-Apr-2018 | $1,001 - $15,000 |
| 55 | PIMCO UNCONSTRAINED BOND-INS | Sale | 11-Apr-2018 | $1,001 - $15,000 |
| 56 | BLACKROCK HIGH YIELD PORTFOLIO | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 57 | MFS EMERGING MKTS DEBT FD R6 | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 58 | PIMCO SHORT-TERM FD-INSTL | Sale | 12-Feb-2018 | $1,001 - $15,000 |
| 59 | JPM SHRT-INT MUNI BND-I FUND 3602 | Sale | 25-Jan-2018 | $1,001 - $15,000 |
| 60 | JPMORGAN GL RES ENH IDX-R6 | Sale | 25-Jan-2018 | $1,001 - $15,000 |
| | Family Trust 3* | | | |

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Instructions for Part 7

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 37 of 42 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 1 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 20-Dec-2018 | $1,001 - $15,000 |
| 2 | BOSTON P GL LG/SH EQ-INST | Purchase | 16-Nov-2018 | $1,001 - $15,000 |
| 3 | LORD ABBETT SHRT DUR INC-F3 | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 4 | BLACKSTONE ALT MULTI-STRAT- Y | Purchase | 09-Nov-2018 | $1,001 - $15,000 |
| 5 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 6 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 7 | SIX CIRCLES TAX AWARE ULTRA SHORT DURATION FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 8 | SIX CIRCLES U.S. UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $15,001 - $50,000 |
| 9 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 10 | SIX CIRCLES INTERNATIONAL UNCONSTRAINED EQUITY FUND | Purchase | 26-Oct-2018 | $1,001 - $15,000 |
| 11 | JPMORGAN BETABUILDERS CANADA ETF | Purchase | 13-Aug-2018 | $1,001 - $15,000 |
| 12 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 13 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 17-Jul-2018 | $1,001 - $15,000 |
| 14 | ISHARES BARCLAYS 1-3 YEAR TREASURY BOND FUND | Purchase | 13-Jun-2018 | $1,001 - $15,000 |
| 15 | ISHARES CORE MSCI EAFE ETF | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 16 | JPM SHRT-INT MUNI BND-I FUND 3602 | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 17 | FIDELITY 500 INDEX FD-AI | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 18 | PIMCO SHORT-TERM FD-INSTL | Purchase | 27-Feb-2018 | $1,001 - $15,000 |
| 19 | FIDELITY 500 INDEX FD-AI | Purchase | 12-Feb-2018 | $1,001 - $15,000 |
| 20 | AMER FNDS T/E BND FND AM-F3 | Purchase | 30-Jan-2018 | $1,001 - $15,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 38 of 42 |

**Part 7: Transactions**

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 21 | ISHARES INC MSCI JAPAN NEW | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 22 | SPDR S&P 500 ETF TRUST | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 23 | ISHARES CORE MSCI EAFE ETF | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 24 | PIMCO SHORT-TERM FD-INSTL | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 25 | METROPOLITAN WEST Total Return Bond-PLN | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 26 | CRM LONG/SHORT OPPORTUNITIES FUND | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 27 | AMERICAN BEACON GLG Total Return - Ultra | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 28 | GMO SGM MAJOR MARKETS FD-VI | Purchase | 25-Jan-2018 | $1,001 - $15,000 |
| 29 | METROPOLITAN WEST Total Return Bond-PLN | Sale | 21-Dec-2018 | $1,001 - $15,000 |
| 30 | DODGE & COX INCOME FD | Sale | 21-Dec-2018 | $1,001 - $15,000 |
| 31 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 03-Dec-2018 | $1,001 - $15,000 |
| 32 | CHILTON STRATEGIC EUROPEAN EQUITIES FD | Sale | 19-Nov-2018 | $1,001 - $15,000 |
| 33 | PIMCO UNCONSTRAINED BOND-INS | Sale | 13-Nov-2018 | $1,001 - $15,000 |
| 34 | JOHN HAN II-ABS RET CURR-R6 | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 35 | AMERICAN BEACON GLG Total Return - Ultra | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 36 | CRM LONG/SHORT OPPORTUNITIES FUND | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 37 | GMO SGM MAJOR MARKETS FD-VI | Sale | 09-Nov-2018 | $1,001 - $15,000 |
| 38 | JPMORGAN GL RES ENH IDX-R6 | Sale | 30-Oct-2018 | $1,001 - $15,000 |
| 39 | PIMCO SHORT-TERM FD-INSTL | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 40 | PRIMECAP ODYSSEY STOCK FD | Sale | 29-Oct-2018 | $1,001 - $15,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 39 of 42 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 41 | AMG MG PICTET INTL-Z | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 42 | JPMORGAN US L/C CORE PL-R6 | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 43 | ARTISAN INTL VALUE FD-INS | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 44 | NEUBERGER BER MU/C OPP-INS | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 45 | DODGE & COX INTL STOCK FD | Sale | 29-Oct-2018 | $1,001 - $15,000 |
| 46 | ISHARES CORE MSCI EAFE ETF | Sale | 15-Aug-2018 | $1,001 - $15,000 |
| 47 | ISHARES CORE MSCI EAFE ETF | Sale | 15-Aug-2018 | $1,001 - $15,000 |
| 48 | AQR LONG-SHORT EQUITY-R6 | Sale | 18-Jul-2018 | $1,001 - $15,000 |
| 49 | AQR MANAGED FUTURES STR-R6 | Sale | 18-Jul-2018 | $1,001 - $15,000 |
| 50 | ISHARES MSCI EAFE INDEX FUND | Sale | 12-Jun-2018 | $1,001 - $15,000 |
| 51 | ISHARES MSCI EAFE INDEX FUND | Sale | 11-Jun-2018 | $1,001 - $15,000 |
| 52 | ISHARES MSCI EAFE INDEX FUND | Sale | 11-Jun-2018 | $1,001 - $15,000 |
| 53 | ISHARES MSCI EAFE INDEX FUND | Sale | 16-Apr-2018 | $1,001 - $15,000 |
| 54 | DODGE & COX INCOME FD | Sale | 13-Apr-2018 | $1,001 - $15,000 |
| 55 | PIMCO UNCONSTRAINED BOND-INS | Sale | 13-Apr-2018 | $1,001 - $15,000 |
| 56 | BLACKROCK HIGH YIELD PORTFOLIO | Sale | 13-Feb-2018 | $1,001 - $15,000 |
| 57 | MFS EMERGING MKTS DEBT FD R6 | Sale | 13-Feb-2018 | $1,001 - $15,000 |
| 58 | PIMCO SHORT-TERM FD-INSTL | Sale | 13-Feb-2018 | $1,001 - $15,000 |
| 59 | JPM SHRT-INT MUNI BND-I | Sale | 26-Jan-2018 | $15,001 - $50,000 |

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 40 of 42 |

## Part 7: Transactions

| # | Description | Type | Date | Amount |
|---|---|---|---|---|
| 60 | JPMORGAN GL RES ENH IDX-R6 | Sale | 26-Jan-2018 | $1,001 - $15,000 |
| | | | | |
| 1 | 401 North Wabash Venture LLC, condominium units, Chicago, IL ** | Sales | Various | $100,001 - $250,000 |
| 2 | Caribusiness Investments, S.R.L., land, Higuey, Dominican Republic ** | Sale | 29-Jan-2018 | $1,000,001 - $5,000,000 |
| 3 | Country Properties, LLC, residential real estate, Norfolk, VA ** | Sale | 27-Apr-2018 | $100,001 - $250,000 |
| 4 | D B Pace Acquisition, LLC, land, building and ff&e, New York, NY ** | Sale | 23-Feb-2018 | $1,000,001 - $5,000,000 |
| 5 | TRUMP RUFFIN TOWER I LLC, commercial real estate, Las Vegas, NV ** | Sales | Various | $5,000,001 - $25,000,000 |
| 6 | TRUMP NATIONAL GOLF CLUB - LOS ANGELES, land, Los Angeles, CA ** | Sales | Various | $5,000,001 - $25,000,000 |
| 7 | 4% limited partnership interest in Starrett City Associates, L.P., residential real estate, Brooklyn, NY ** | Sale | 07-May-2018 | $25,000,001 - $50,000,000 |
| 8 | 4% limited partnership interest in Spring Creek Plaza LLC, commercial real estate, Brooklyn, NY ** | Sale | 07-May-2018 | $1,000,001 - $5,000,000 |
| 9 | 1125 South Ocean LLC, residential real estate, Palm Beach, FL ** | Purchase | 16-May-2018 | $5,000,001 - $25,000,000 |
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* J.P. Morgan is the sole Trustee. Donald J. Trump retains an income interest only in the Family Trusts and has no investment decision authority.

** Real estate transactions entered into by business entities (as opposed to by President Trump) have always been referenced on Part 2 of the President's prior reports. Now, at the request of OGE, they are being referenced on Part 7 as well.

Instructions for Part 8

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | 41 of 42 |

## Part 8: Liabilities

| # | Creditor Name | Type | Amount | Year Incurred | Rate | Term |
|---|---|---|---|---|---|---|
| 1. | Ladder Capital Finance LLC | Trump Tower Commercial LLC - mortgage | Over $50,000,000 | 2012 | 4.200% | Matures in 2022 |
| 2. | Ladder Capital Finance I LLC | 40 Wall Street LLC - loan | Over $50,000,000 | 2015 | 3.665% | Matures in 2025 |
| 3. | Deutsche Bank Trust Company Americas | Trump National Doral - mortgage | Over $50,000,000 | 2012 | LIBOR + 1.75% or Prime minus .75% | Matures in 2023 |
| 4. | Deutsche Bank Trust Company Americas | Trump National Doral - mortgage | $5,000,001 - $25,000,000 | 2012 | LIBOR + 1.75% or Prime minus .75% | Matures in 2023 |
| 5. | Investors Savings Bank | Trump Park Avenue LLC - mortgage | $5,000,001 - $25,000,000 | 2010 | 3.250% | Matures in 2020 |
| 6. | Ladder Capital Finance LLC | Trump Plaza LLC - mortgage | $5,000,001 - $25,000,000 | 2014 | 3.850% | Matures in 2024 |
| 7. | Amboy Bank | Trump National Golf Club Colts Neck LLC - mortgage | $5,000,001 - $25,000,000 | 2008 | 5.250% | Matures in 2028 |
| 8. | Chevy Chase Trust Holdings, Inc. as successor in interest to Bondy Way Development | Trump National Golf Club Washington DC LLC - mortgage | $5,000,001 - $25,000,000 | 2009 | 5.500% | Matures in 2029 |
| 9. | Royal Bank America | Seven Springs - mortgage | $5,000,001 - $25,000,000 | 2000 | 4.000% | Matures in 2019 |
| 10. | Ladder Capital Finance LLC | TIHT Commercial LLC - mortgage | $5,000,001 - $25,000,000 | 2016 | 4.050% | Matures in 2026 |
| 11. | Chicago Unit Acquisition LLC | TIHT Chicago - springing loan | Over $50,000,000 | 2012 | Prime + 5% | Springing loan |
| 12. | Deutsche Bank Trust Company Americas | TIHT Chicago - term loan | $25,000,001 - $50,000,000 | 2012 | LIBOR + 2.00% or Prime minus .50% | Matures in 2024 |
| 13. | Deutsche Bank Trust Company Americas | Trump Old Post Office - loan | Over $50,000,000 | 2015 | LIBOR + 1.75% or Prime minus .25% | Matures in 2024 |
| 14. | Professional Bank | 1125 South Ocean LLC - mortgage | $5,000,001 - $25,000,000 | 2018 | 4.500% | Matures in 2048 |
| 15. | | | | | | |
| 16. | | | | | | |
| 17. | | | | | | |

Instructions for Part 9

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J Trump | 42 of 42 |

## Part 9: Gifts and Travel Reimbursements

| # | Source Name | City/State | Brief Description | Value |
|---|---|---|---|---|
| 1. | None | | | |
| 2. | | | | |
| 3. | | | | |
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| 20. | | | | |

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A1 of 46 |

Reference #

Part 2 disclosed entities with assets over $1,000 or which produced income of over $200. This Schedule (EXHIBIT A) discloses the ownership structure of the entities on Part 2, as well as additional entities that are not disclosed on Part 2. For each of the entities below that are not disclosed on Part 2, the numerical or text label indicates which reason for non-disclosure applies. The numerical labels are as follows: *(1) have no independent value or income and are part of the entity structures listed in Part 2; (2) have no independent value or income and provide back office support functions to other entities; (3) are dormant/inactive; (4) have no independent value or income and exist to hold license deals that are prospective, inactive, or otherwise do not currently have valuable assets or create income; or (5) have no independent value or income, not inactive nor dormant, not part of an entity structure or license deal. This Schedule is being provided to ensure a complete picture of the assets and holdings of the filer. Gaps in numerical sequence are due to the removal of previously reported items no longer reportable on this exhibit. All of the interests listed below in this exhibit, which were formerly held by Donald J. Trump, directly or indirectly, are now held by The Donald J. Trump Revocable Trust.

1 ***4 SHADOW TREE LANE LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | 4 SHADOW TREE LANE MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

2 ***4 SHADOW TREE LANE MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 4 SHADOW TREE LANE LLC | 1.00% | Managing Member |

3 ***40 Wall Development Associates, LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | Parc Consulting, Inc. | Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Street LLC | 99.90% | Member |
| | 40 WALL STREET COMMERCIAL LLC | 100.00% | Member |
| | 40 Wall Street Member Corp. | 100.00% | Shareholder |

4 ***40 WALL STREET COMMERCIAL LLC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 40 Wall Development Associates, LLC | Member |

5 ***40 Wall Street LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | 40 Wall Street Member Corp. | Managing Member |
| | 99.9 | 40 Wall Development Associates, LLC | Member |

6 ***40 Wall Street Member Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 40 Wall Development Associates, LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Street LLC | 0.10% | Managing Member |

7 ***401 MEZZ VENTURE LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CHICAGO MANAGING MEMBER LLC | Managing Member |
| | 49 | TRUMP CHICAGO MEMBER LLC | Member |
| | 50 | TIHT CHICAGO MEMBER ACQUISITION LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 North Wabash Venture LLC | 100.00% | Member |
| | TRUMP CHICAGO RETAIL LLC | 100.00% | Member |

8 ***401 North Wabash Venture LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 MEZZ VENTURE LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP COMMERCIAL CHICAGO LLC | 100.00% | Member |

| | | | |
|---|---|---|---|
| | TRUMP PAYROLL CHICAGO LLC | 100.00% | Managing Member |

9 ***809 NORTH CANON LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | 809 NORTH CANON MEMBER CORPORATION | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

10 ***809 NORTH CANON MEMBER CORPORATION *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 809 NORTH CANON LLC | 1.00% | Managing Member |

11 ***81 Pine Note Holder Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

12 ***845 UN Limited Partnership***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 60 | Trump 845 LP LLC | Partner |
| | 40 | Trump 845 UN GP LLC | Partner |

13 ***Ace Entertainment Holdings Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

14 ***All County Building Supply & Maintenance Corp. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

15 ***AVIATION PAYROLL COMPANY *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

17 ***Beach Haven Apartments #3 LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Member |
| | 75 | Trump Family Members | Member |

18 ***Beach Haven Apt #1, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 0.86% | Partner |
| | Spring Creek Plaza LLC | 0.86% | Member |

20 ***Beach Haven Shopping Center LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

21 ***Bedford Hills Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Seven Springs LLC | 0.10% | Member |

22 ***TRUMP BRIARCLIFF MANOR DEVELOPMENT LLC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | BRIARCLIFF PROPERTIES, INC. | Member |
| | 99.9 | DJT HOLDINGS LLC | Member |

23 ***Briar Hall Operations LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 0.1 | Development Member Inc. | Member |
| | 99.9 | DJT Holdings LLC | Member |

24 ***BRIARCLIFF PROPERTIES, INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | BRIAR HALL DEVELOPMENT LLC (N/K/A TRUMP BRIARCLIFF MANOR DEVELOPMENT LLC) | 0.10% | Member |

25 ***Caribusiness Investments, S.R.L.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE CARIBUSINESS RE CORP | Member |
| | 99 | CARIBUSINESS MRE LLC | Member |

26 ***CARIBUSINESS MRE LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE CARIBUSINESS RE CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Caribusiness Investments, S.R.L. | 99.00% | Member |

27 ***Chelsea Hall LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

28 ***CHICAGO UNIT ACQUISITION LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

29 ***CHINA TRADEMARK LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

30 ***Clyde Hall, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

31 ***Coronet Hall, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Shareholder |
| | 75 | Trump Family Members | Shareholder |

32 ***Country Apartments, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

33 ***Country Investors LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

34 ***Country Properties, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

35 ***D B PACE ACQUISITION MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | D B Pace Acquisition, LLC | 1.00% | Managing Member |

Reference #

36 ***D B Pace Acquisition, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | D B PACE ACQUISITION MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

37 ***Development Member Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Briar Hall Operations LLC | 0.10% | Member |

38 ***DJ Aerospace (Bermuda) Limited *(3)--DISSOLVED 7/2/18***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

39 ***DJT AEROSPACE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

40 ***DJT ENTREPRENEUR MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | 0.10% | Managing Member |

41 ***DJT ENTREPRENEUR MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | 91.90% | Member |

42 ***DJT HOLDINGS LLC***

| Assumed Names : | D/B/A | Jurisdiction | Expiration Date | Filing Date |
|---|---|---|---|---|
| | DJT 3 HOLDINGS LLC | Florida | | |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DJT HOLDINGS MANAGING MEMBER LLC | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

43 ***DJT HOLDINGS MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

44 ***DJT LAND HOLDINGS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

45 ***DJT OPERATIONS CX LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

46 ***DJT OPERATIONS I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

47 ***DJT OPERATIONS II LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A5 of 46 |

Reference #

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TAG AIR INC. | 100.00% | Shareholder |

48 ***Donald J Trump Enterprises LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

49 ***Donald J. Trump Enterprises II LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

50 ***Donald J. Trump Enterprises III LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Trump Family Members | Member |

53 ***DT APP WARRANT HOLDING LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT APP WARRANT HOLDING MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

54 ***DT APP WARRANT HOLDING MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT APP WARRANT HOLDING LLC | 1.00% | Managing Member |

55 ***DT CONNECT II LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT CONNECT II MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

56 ***DT CONNECT II MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT CONNECT II LLC | 1.00% | Managing Member |

59 ***DT DUBAI GOLF MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT DUBAI GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

60 ***DT DUBAI GOLF MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT DUBAI GOLF MANAGER LLC | 1.00% | Managing Member |

61 ***DT DUBAI II GOLF MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT DUBAI II GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

62 ***DT DUBAI II GOLF MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT DUBAI II GOLF MANAGER LLC | 1.00% | Managing Member |

63 ***DT HOME MARKS INTERNATIONAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

| | | |
|---|---|---|
| 1 | DT HOME MARKS INTERNATIONAL MEMBER CORP | Managing Member |
| 99 | DTTM OPERATIONS LLC | Member |

64 ***DT HOME MARKS INTERNATIONAL MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT HOME MARKS INTERNATIONAL LLC | 1.00% | Managing Member |

65 ***DT INDIA VENTURE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT INDIA VENTURE MANAGING MEMBER CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

66 ***DT INDIA VENTURE MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT INDIA VENTURE LLC | 1.00% | Member |

67 ***DT MARKS BAKU LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS BAKU MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

68 ***DT MARKS BAKU MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS BAKU LLC | 1.00% | Managing Member |

71 ***DT MARKS DUBAI LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS DUBAI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

72 ***DT MARKS DUBAI MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS DUBAI LLC | 1.00% | Managing Member |

73 ***DT MARKS GURGAON LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS GURGAON MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

74 ***DT MARKS GURGAON MANAGING MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS GURGAON LLC | 1.00% | Managing Member |

75 ***DT MARKS JERSEY CITY LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM OPERATIONS LLC | Member |

76 ***DT MARKS JUPITER LLC *(4)***

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM OPERATIONS LLC | Managing Member |

77 ***DT MARKS PRODUCTS INTERNATIONAL LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PRODUCTS INTERNATIONAL MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

78 ***DT MARKS PRODUCTS INTERNATIONAL MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS PRODUCTS INTERNATIONAL LLC | 1.00% | Managing Member |

79 ***DT MARKS PUNE II LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PUNE II MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

80 ***DT MARKS PUNE II MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS PUNE II LLC | 1.00% | Managing Member |

81 ***DT MARKS PUNE LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS PUNE MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

82 ***DT MARKS PUNE MANAGING MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS PUNE LLC | 1.00% | Managing Member |

85 ***DT MARKS RIO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS RIO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

86 ***DT MARKS RIO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS RIO LLC | 1.00% | Managing Member |

87 ***DT MARKS VANCOUVER LP *(4)***

| Owned by : | % Ownership | Name | Title |
|---|---|---|---|
| | 1 | DT MARKS VANCOUVER MEMBER CORP | General Partner |
| | 99 | The Donald J. Trump Revocable Trust | Limited Partner |

88 ***DT MARKS VANCOUVER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A8 of 46 |

Reference #

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| DT MARKS VANCOUVER LP | 1.000000 units (100.00 %) | General Partner |

89 ***DT Marks Worli LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | DT Marks Worli Member Corp | Managing Member |
| 99 | DTTM OPERATIONS LLC | Member |

90 ***DT Marks Worli Member Corp *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DTTM Operations Managing Member Corp | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| DT Marks Worli LLC | 1.00% | Managing Member |

91 ***DT TOWER GURGAON LLC *(4)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | DT TOWER GURGAON MANAGING MEMBER CORP | Managing Member |
| 99 | TTTT Venture LLC | Member |

92 ***DT TOWER GURGAON MANAGING MEMBER CORP *(4)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DTTM Operations Managing Member Corp | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| DT TOWER GURGAON LLC | 1.00% | Managing Member |

93 ***DTW VENTURE LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings LLC | Member |

94 ***DTW VENTURE MANAGING MEMBER CORP. *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

95 ***EID Venture I Corporation *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DTTM Operations Managing Member Corp | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| EID Venture I LLC | 1.00% | Managing Member |

ownership should have been reflected on prior reports

96 ***EID Venture I LLC *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | EID Venture I Corporation | Managing Member |
| 99 | DTTM OPERATIONS LLC | Member |

97 ***Excel Venture I Corporation *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| Excel Venture I LLC | 1.00% | Managing Member |

98 ***Excel Venture I LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | Excel Venture I Corporation | Managing Member |
| 99 | DJT HOLDINGS LLC | Member |

99 ***Fifty-Seven Management Corp. *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | The Donald J. Trump Revocable Trust | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|

| | | |
|---|---|---|
| Fifty-Seventh Street Associates LLC | 1.00% | Managing Member |

100 ***Fifty-Seventh Street Associates LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Fifty-Seven Management Corp. | Managing Member |
| | 99 | The Trump-Equitable Fifth Avenue Company | Member |

101 ***FIRST MEMBER INC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PALACE/PARC LLC | 0.10% | Managing Member |

102 ***FLIGHTS INC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

103 ***FLORIDA PROPERTIES MANAGEMENT LC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

104 ***Fountainbleu Apartments LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

105 ***Golf Productions LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Golf Productions Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

106 ***Golf Productions Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Golf Productions LLC | 1.00% | Managing Member |

107 ***Golf Recreation Scotland Limited***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TURNBERRY SCOTLAND LLC | Sole Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP TURNBERRY | 100.00% | Shareholder |

108 ***HELICOPTER AIR SERVICES INC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

110 ***Hudson Waterfront Associates I, LP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT I CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES I, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 555 Owners, LLC | 100.00% | Partner |

111 ***Hudson Waterfront Associates II, LP *(6)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT II CORPORATION | Partner |

Reference #

| | | |
|---|---|---|
| 69 | HUDSON WESTSIDE ASSOCIATES II, L.P. | Partner |
| 30 | The Donald J. Trump Revocable Trust | Partner |

112 ***Hudson Waterfront Associates III, LP *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT III CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES III, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 III LLC | 100.00% | Partner |

113 ***Hudson Waterfront Associates IV, LP *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT IV CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES IV, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 IV LLC | 100.00% | Partner |

114 ***Hudson Waterfront Associates V LP *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | HUDSON WATERFRONT V CORPORATION | Partner |
| | 69 | HUDSON WESTSIDE ASSOCIATES V, L.P. | Partner |
| | 30 | The Donald J. Trump Revocable Trust | Partner |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | HWA 1290 V LLC | 100.00% | Partner |

116 ***Indian Hills Holdings LLC *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

117 ***TRUMP NATIONAL GOLF CLUB - JUPITER***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | JUPITER GOLF CLUB MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

118 ***JUPITER GOLF CLUB MANAGING MEMBER CORP *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - JUPITER | 1.00% | Managing Member |

119 ***LAMINGTON FAMILY HOLDINGS LLC***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

120 ***TRUMP NATIONAL GOLF CLUB - BEDMINSTER***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | LFB ACQUISITION LLC | Member |

121 ***Lawrence Towers Apartments LLC *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

122 ***LFB ACQUISITION LLC *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| 1 | LFB ACQUISITION MEMBER CORP | | Managing Member |
| 99 | DJT HOLDINGS LLC | | Member |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| TRUMP NATIONAL GOLF CLUB - BEDMINSTER | 100.00% | Member |

123 ***LFB ACQUISITION MEMBER CORP *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| LFB ACQUISITION LLC | 1.00% | Managing Member |

125 ***MAR-A-LAGO CLUB INC *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| MAR-A-LAGO CLUB, L.L.C. | 0.01% | Member |
| MALC, Inc. | 100.00% | Shareholder |

126 ***MAR-A-LAGO CLUB, L.L.C.***

Assumed Names : D/B/A MAR-A-LAGO CLUB, L.L.C., L.C.

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 0.01 | MAR-A-LAGO CLUB INC | Member |
| 99.99 | The Donald J. Trump Revocable Trust | Member |

127 ***Midland Associates *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 25 | DJT Holdings LLC | Partner |
| 75 | Trump Family Members | Partner |

128 ***NITTO WORLD CO., LIMITED *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | TRUMP TURNBERRY | Shareholder |

129 ***OCEAN DEVELOPMENT MEMBER INC *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| OCEAN DEVELOPMENT SERVICES LLC | 1.00% | Member |

131 ***One Central Park West Associates *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 50 | TRUMP CENTRAL PARK WEST CORP | Partner |
| 50 | GALBREATH COLUMBUS CIRCLE DEVELOPMENT ASSOCIATES, L.P. | Partner |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| One Central Park West PT Associates | 34.30% | Member |

132 ***One Central Park West PT Associates *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 34.3 | One Central Park West Associates | Partner |
| 65.7 | CPW PT Partners, G.P. | Partner |

133 ***OPO HOTEL MANAGER LLC *(5)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | OPO HOTEL MANAGER MEMBER CORP | Managing Member |
| 22.50 | Trump Family Members | Member |
| 76.50 | DJT HOLDINGS LLC | Member |

134 ***OPO HOTEL MANAGER MEMBER CORP *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|

| | | |
|---|---|---|
| OPO HOTEL MANAGER LLC | 1.00% | Managing Member |

135 ***OWO DEVELOPER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

136 ***PANAMA OCEAN CLUB MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | PANAMA OCEAN CLUB MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

137 ***PANAMA OCEAN CLUB MANAGEMENT MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | PANAMA OCEAN CLUB MANAGEMENT LLC | 1.00% | Managing Member |

140 ***Parc Consulting, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 40 Wall Development Associates, LLC | 0.10% | Member |

141 ***Park Briar Associates *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Partner |
| | 75 | Trump Family Members | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.47% | Partner |
| | Spring Creek Plaza LLC | 1.47% | Member |

142 ***PINE HILL DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | PINE HILL DEVELOPMENT MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

143 ***PINE HILL DEVELOPMENT MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | PINE HILL DEVELOPMENT LLC | 1.00% | Managing Member |

144 ***Plaza Consulting Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | The East 61 Street Company, LP | 0.10% | Partner |

147 ***Req-Tru Equities, LTD *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

150 ***RPV DEVELOPMENT LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - LOS ANGELES | 100.00% | Shareholder |

151 ***SCOTLAND ACQUISITIONS LLC *(3)***

Reference #

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

153 ***Seven Springs LLC***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | Bedford Hills Corp. | Managing Member |
| | 99.9 | DJT HOLDINGS LLC | Member |

154 ***Shore Haven Apt#1, Inc. *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.72% | Partner |
| | Spring Creek Plaza LLC | 1.72% | Member |

156 ***Shore Haven Shopping Center LLC *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

157 ***TRUMP TURNBERRY***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Golf Recreation Scotland Limited | Sole Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | NITTO WORLD CO., LIMITED | 100.00% | Shareholder |

159 ***Sussex Hall, Inc. *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

160 ***T International Realty LLC***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 55 | The Donald J. Trump Revocable Trust | Managing Member |
| | 45 | Trump Family Members | Member |

161 ***TAG AIR INC. *(2)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT OPERATIONS II LLC | Shareholder |

162 ***THC BAKU HOTEL MANAGER SERVICES LLC *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC BAKU HOTEL MANAGER SERVICES MEMBER CORP. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

163 ***THC BAKU HOTEL MANAGER SERVICES MEMBER CORP. *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC BAKU HOTEL MANAGER SERVICES LLC | 1.00% | Managing Member |

164 ***THC BAKU SERVICES LLC *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC BAKU SERVICES MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

165 ***THC BAKU SERVICES MEMBER CORP *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|

| | | |
|---|---|---|
| THC BAKU SERVICES LLC | 1.00% | Managing Member |

166 ***THC Barra Hotelaria LTDA. *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT Holdings LLC | Shareholder |
| | 1 | THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP | Shareholder |

167 ***THC CENTRAL RESERVATIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC CENTRAL RESERVATIONS MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

168 ***THC CENTRAL RESERVATIONS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CENTRAL RESERVATIONS LLC | 1.00% | Managing Member |

169 ***THC CHINA DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | Member |

170 ***THC CHINA TECHNICAL SERVICES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC CHINA TECHNICAL SERVICES MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

171 ***THC CHINA TECHNICAL SERVICES MANAGER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CHINA TECHNICAL SERVICES LLC | 1.00% | Managing Member |

172 ***THC DEVELOPMENT BRAZIL LLC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

173 ***THC DEVELOPMENT BRAZIL MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC DEVELOPMENT BRAZIL LLC. | 1.00% | Managing Member |
| | THC Barra Hotelaria LTDA | 1.00% | Managing Member |

176 ***THC HOTEL DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

177 ***THC IMEA DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | Member |

178 ***THC MIAMI RESTAURANT HOSPITALITY LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| 1 | THC MIAMI RESTAURANT HOSPITALITY MEMBER CORP | Managing Member |
| 99 | DJT Holdings LLC | Member |

179 ***THC MIAMI RESTAURANT HOSPITALITY MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC MIAMI RESTAURANT HOSPITALITY LLC | 1.00% | Managing Member |

182 ***THC RIO MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC RIO MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

183 ***THC RIO MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC RIO MANAGER LLC | 1.00% | Managing Member |

184 ***THC SALES & MARKETING LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SALES & MARKETING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

185 ***THC SALES & MARKETING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SALES & MARKETING LLC | 1.00% | Managing Member |

186 ***THC SERVICES SHENZHEN LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SERVICES SHENZHEN MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

187 ***THC SERVICES SHENZHEN MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SERVICES SHENZHEN LLC | 1.00% | Managing Member |

188 ***THC SHENZHEN HOTEL MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC SHENZHEN HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

189 ***THC SHENZHEN HOTEL MANAGER MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC SHENZHEN HOTEL MANAGER LLC | 1.00% | Managing Member |

190 ***THC VANCOUVER MANAGEMENT CORP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

191 ***THC VANCOUVER PAYROLL ULC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| 100 | THC VANCOUVER MANAGEMENT CORP | Member |

192 ***THC VENTURE I LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT HOLDINGS LLC | Member |
| | 1 | THC VENTURE I MANAGING MEMBER CORP | Member |

193 ***THC VENTURE I MANAGING MEMBER CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC VENTURE I LLC | 1.00% | Managing Member |

194 ***THC VENTURE II LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THC VENTURE II MANAGING MEMBER CORP. | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

195 ***THC VENTURE II MANAGING MEMBER CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC VENTURE II LLC | 1.00% | Managing Member |

196 ***THC VENTURE III LLC - N/K/A TTTT Venture LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TTTT Venture Member Corp | Managing Member |
| | 76.272 | DTTM OPERATIONS LLC | Member |
| | 22.728 | Trump Family Members | Member |

Has ownership interest in : various entities as indicated elsewhere in this schedule

197 ***THC VENTURE III MEMBER CORP - N/K/A TTTT Venture Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TTTT VENTURE LLC | 1.00% | Managing Member |

198 ***THE CARIBUSINESS RE CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | CARIBUSINESS MRE LLC | 1.00% | Managing Member |
| | Caribusiness Investments, S.R.L. | 1.00% | Member |

199 ***The East 61 Street Company, LP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99.9 | The Donald J. Trump Revocable Trust | Partner |
| | 0.1 | Plaza Consulting Corp. | Partner |

200 ***THE TRUMP CORPORATION***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

201 ***THE TRUMP ENTREPRENEUR INITIATIVE LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 100 | THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP EDUCATION ULC | 100.00% | Shareholder |

202 ***THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | DJT ENTREPRENEUR MANAGING MEMBER LLC (FORMALLY KNOWN AS DJT UNIVERSITY MANAGING MEMBER LLC) | Managing Member |
| | 3.5 | Spitalny, Jonathan | Member |
| | 4.5 | Saxton, Michael | Member |
| | 91.9 | DJT ENTREPRENEUR MEMBER LLC (FORMALLY KNOWN AS DJT UNIVERSITY MEMBER LLC) | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP ENTREPRENEUR INITIATIVE LLC | 100.00% | Managing Member |

203 ***THE TRUMP FOLLIES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE TRUMP FOLLIES MEMBER INC. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

204 ***THE TRUMP FOLLIES MEMBER INC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THE TRUMP FOLLIES LLC | 1.00% | Managing Member |

205 ***The Trump Hotel Corp. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

206 ***THE TRUMP MARKS REAL ESTATE CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS REAL ESTATE LLC | 1.00% | Member |

207 ***The Trump Organization, Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

208 ***The Trump-Equitable Fifth Avenue Company***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | The Donald J. Trump Revocable Trust | Partner |
| | 1 | TIPPERARY REALTY CORPORATION | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Fifty-Seventh Street Associates LLC | 99.00% | Member |
| | TRUMP TOWER COMMERCIAL LLC | 99.00% | Member |

209 ***TIGL COMMON AREA MANAGEMENT CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

211 ***TRUMP INTERNATIONAL GOLF LINKS - DOONBEG***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TW VENTURE II LLC | Sole Member |

212 ***TIGL IRELAND MANAGEMENT LIMITED *(assets & income already disclosed on Part 2 under TRUMP INTERNATIONAL GOLF LINKS - DOONBEG; operator of suites)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG | Sole Member |

213 ***TIHC RESERVATIONS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

214 ***TIHH MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTEL HAWAII LLC | 1.00% | Managing Member |

215 ***TIHH MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTEL HAWAII LLC | 99.00% | Member |

216 ***TIHM MEMBER CORP. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC | 0.10% | Managing Member |

217 ***TIHT CHICAGO MEMBER ACQUISITION LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 50.00% | Member |

218 ***TIHT COMMERCIAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.01 | TIHT MEMBER LLC | Member |
| | 99.99 | The Donald J. Trump Revocable Trust | Managing Member |

219 ***TIHT HOLDING COMPANY LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

220 ***TIHT MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TIHT COMMERCIAL LLC | 0.01% | Member |

221 ***TIPPERARY REALTY CORP. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | The Trump-Equitable Fifth Avenue Company | 1.00% | Partner |

222 ***TMG Member, LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | Trump Model Management LLC | 85.00% | Member |

223 ***TRUMP NATIONAL GOLF CLUB - CHARLOTTE***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC CHARLOTTE MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

224 ***TNGC CHARLOTTE MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - CHARLOTTE | 1.00% | Managing Member |

225 ***TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC DUTCHESS COUNTY MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

226 ***TNGC DUTCHESS COUNTY MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - HUDSON VALLEY | 1.00% | Managing Member |

227 ***TNGC JUPITER MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC JUPITER MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

228 ***TNGC JUPITER MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TNGC JUPITER MANAGEMENT LLC | 1.00% | Managing Member |

229 ***TRUMP NATIONAL GOLF CLUB - PHILADELPHIA***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TNGC PINE HILL MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

230 ***TNGC PINE HILL MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - PHILADELPHIA | 1.00% | Managing Member |

231 ***Toronto Development LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

234 ***TRUMP 106 CPS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

235 ***Trump 845 LP LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 845 UN Limited Partnership | 60.00% | Partner |

Reference #

236 ***TRUMP 845 UN GP LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TRUMP 845 UN MGR CORP | Managing Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 845 UN Limited Partnership | 40.00% | Partner |

237 ***TRUMP 845 UN MGR CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP 845 UN GP LLC | 0.10% | Managing Member |

238 ***TRUMP 845 UN MGR LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Managing Member |

239 ***TRUMP AC CASINO MARKS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP AC CASINO MARKS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

240 ***TRUMP AC CASINO MARKS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP AC CASINO MARKS LLC | 1.00% | Managing Member |

241 ***TRUMP ACQUISITION CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP ACQUISITION, LLC | 1.00% | Managing Member |

242 ***TRUMP ACQUISITION, LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP ACQUISITION CORP. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

243 ***TRUMP BOOKS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP BOOKS MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

244 ***TRUMP BOOKS MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP BOOKS LLC | 1.00% | Managing Member |

245 ***TRUMP BRAZIL LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

246 ***TRUMP CANADIAN SERVICES, INC. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

247 ***TRUMP CANOUAN ESTATE LLC *(5)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | TRUMP CANOUAN ESTATE MEMBER CORP | Managing Member |
| 99 | DJT Holdings LLC | Member |

248 ***TRUMP CANOUAN ESTATE MEMBER CORP *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| TRUMP CANOUAN ESTATE LLC | 1.00% | Managing Member |

249 ***TRUMP CARIBBEAN LLC *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings LLC | Member |

250 ***TRUMP CAROUSEL LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | TRUMP CAROUSEL MEMBER CORP | Managing Member |
| 99 | DJT Holdings LLC | Member |

251 ***TRUMP CAROUSEL MEMBER CORP *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| TRUMP CAROUSEL LLC | 1.00% | Managing Member |

252 ***TRUMP CENTRAL PARK WEST CORP *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| One Central Park West Associates | 50.00% | Partner |

253 ***Trump Chicago Commercial Member Corp *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| TRUMP CHICAGO COMMERCIAL MANAGER LLC | 1.00% | Managing Member |

254 ***TRUMP CHICAGO COMMERCIAL MANAGER LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | Trump Chicago Commercial Member Corp | Managing Member |
| 99 | DJT Holdings LLC | Member |

255 ***TRUMP CHICAGO DEVELOPMENT LLC *(3)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings LLC | Member |

256 ***TRUMP CHICAGO HOTEL MANAGER LLC***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 1 | Trump Chicago Hotel Member Corp | Managing Member |
| 99 | DJT Holdings LLC | Member |

257 ***Trump Chicago Hotel Member Corp *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT Holdings Managing Member LLC | Shareholder |

Has ownership interest in :

| Entity Name | Ownership | Title |
|---|---|---|
| TRUMP CHICAGO HOTEL MANAGER LLC | 1.00% | Managing Member |

258 ***TRUMP CHICAGO MANAGING MEMBER LLC *(1)***

Owned by :

| % Ownership | Name | Role |
|---|---|---|
| 100 | DJT HOLDINGS LLC | Member |

Reference #

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 1.00% | Member |

259 ***TRUMP CHICAGO MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 401 MEZZ VENTURE LLC | 49.00% | Member |

260 ***TRUMP CHICAGO RESIDENTIAL MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | Trump Chicago Residential Member Corp | Managing Member |
| | 99 | DJT Holdings LLC | Member |

261 ***Trump Chicago Residential Member Corp *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CHICAGO RESIDENTIAL MANAGER LLC | 1.00% | Managing Member |

262 ***TRUMP CHICAGO RETAIL LLC *(assets & income already disclosed on Part 2 under 401 North Wabash Venture LLC; operator of retail space)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 MEZZ VENTURE LLC | Member |

263 ***TRUMP CHICAGO RETAIL MANAGER LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP CHICAGO RETAIL MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

264 ***TRUMP CHICAGO RETAIL MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CHICAGO RETAIL MANAGER LLC | 1.00% | Managing Member |

267 ***TRUMP COMMERCIAL CHICAGO LLC *(assets & income already disclosed on Part 2 under 401 North Wabash Venture LLC; operator of commercial space)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 North Wabash Venture LLC | Member |

268 ***TRUMP CPS CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP CPS LLC | 0.10% | Managing Member |

269 ***TRUMP CPS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TRUMP CPS CORP | Managing Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

270 ***TRUMP DELMONICO LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PARK AVENUE LLC | 50.00% | Managing Member |

271 ***TRUMP DEVELOPMENT SERVICES LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP DEVELOPMENT SERVICES MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

272 ***TRUMP DEVELOPMENT SERVICES MEMBER CORP *(1)***

Reference #

Owned by: % Ownership 100 | Name: DJT Holdings Managing Member LLC | Role: Shareholder

Has ownership interest in: Entity Name: TRUMP DEVELOPMENT SERVICES LLC | Ownership: 1.00% | Title: Managing Member

275 ***TRUMP DRINKS ISRAEL LLC *(3)***

Owned by: % Ownership 1 | Name: TRUMP DRINKS ISRAEL MEMBER CORP | Role: Managing Member

99 | DJT Holdings LLC | Member

276 ***TRUMP DRINKS ISRAEL MEMBER CORP *(3)***

Owned by: % Ownership 100 | Name: DJT Holdings Managing Member LLC | Role: Shareholder

Has ownership interest in: Entity Name: TRUMP DRINKS ISRAEL LLC | Ownership: 1.00% | Title: Managing Member

277 ***TRUMP EDUCATION ULC *(3)***

Owned by: % Ownership 100 | Name: THE TRUMP ENTREPRENEUR INITIATIVE LLC (NY DOMESTIC) | Role: Shareholder

278 ***TRUMP EMPIRE STATE INC *(3)***

Owned by: % Ownership 100 | Name: DJT Holdings Managing Member LLC | Role: Shareholder

279 ***TRUMP NATIONAL DORAL***

Owned by: % Ownership 1 | Name: TRUMP ENDEAVOR 12 MANAGER CORP | Role: Managing Member

99 | DJT HOLDINGS LLC | Member

280 ***TRUMP ENDEAVOR 12 MANAGER CORP *(1)***

Owned by: % Ownership 100 | Name: DJT HOLDINGS MANAGING MEMBER LLC | Role: Shareholder

Has ownership interest in: Entity Name: TRUMP NATIONAL DORAL | Ownership: 1.00% | Title: Managing Member

281 ***TRUMP EU MARKS LLC *(3)***

Owned by: % Ownership 1 | Name: TRUMP EU MARKS MEMBER CORP | Role: Managing Member

99 | DTTM OPERATIONS LLC | Member

282 ***TRUMP EU MARKS MEMBER CORP *(3)***

Owned by: % Ownership 100 | Name: DTTM Operations Managing Member Corp | Role: Shareholder

Has ownership interest in: Entity Name: TRUMP EU MARKS LLC | Ownership: 1.00% | Title: Managing Member

283 ***TRUMP FERRY POINT LLC***

Assumed Names:

| D/B/A | Jurisdiction |
|---|---|
| Trump Golf Links Ferry Point | Delaware |
| Trump Golf Links Ferry Point | New York |
| Trump Golf Links | New York |

Owned by: % Ownership 1 | Name: TRUMP FERRY POINT MEMBER CORP | Role: Managing Member

99 | DJT Holdings LLC | Member

284 ***TRUMP FERRY POINT MEMBER CORP *(1)***

Owned by: % Ownership 100 | Name: The Donald J. Trump Revocable Trust | Role: Shareholder

Has ownership interest in: Entity Name | Ownership | Title

Reference #

| | | |
|---|---|---|
| TRUMP FERRY POINT LLC | 1.00% | Managing Member |

285 ***TRUMP FLORIDA MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP FLORIDA MANAGER CORP | Member |
| | 99 | DJT HOLDINGS LLC | Member |

286 ***TRUMP FLORIDA MANAGER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP FLORIDA MANAGEMENT LLC | 1.00% | Member |

287 ***TRUMP GOLF ACQUISITIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

288 ***TRUMP GOLF COCO BEACH LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP GOLF COCO BEACH MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

289 ***TRUMP GOLF COCO BEACH MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP GOLF COCO BEACH LLC | 1.00% | Managing Member |

290 ***TRUMP GOLF MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

291 ***TRUMP HOME MARKS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP HOME MARKS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

292 ***TRUMP HOME MARKS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP HOME MARKS LLC | 1.00% | Managing Member |

293 ***TRUMP ICE INC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

294 ***TRUMP ICE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

295 ***TRUMP INTERNATIONAL DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP INTERNATIONAL DEVELOPMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

296 ***TRUMP INTERNATIONAL DEVELOPMENT MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL DEVELOPMENT LLC | 1.00% | Managing Member |

Reference #

297 ***TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DJT HOLDINGS MANAGING MEMBER LLC | Member |
| | 1 | TRUMP SCOTLAND MEMBER INC | Member |

298 ***Trump International Golf Club, Inc. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF CLUB - FLORIDA | 0.001% | Member |

299 ***TRUMP INTERNATIONAL GOLF CLUB - FLORIDA***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.001 | Trump International Golf Club, Inc. | Member |
| | 99.999 | The Donald J. Trump Revocable Trust | Member |

300 ***TRUMP INTERNATIONAL HOTEL HAWAII LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TIHH MEMBER CORP | Managing Member |
| | 99 | TIHH MEMBER LLC | Member |

301 ***TRUMP INTERNATIONAL HOTELS MANAGEMENT LLC***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | TRUMP HOTEL COLLECTION | Hawaii |
| | TRUMP HOTEL COLLECTION | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | TIHM MEMBER CORP. | Managing Member |
| | 99.9 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | THC CHINA DEVELOPMENT LLC | 100.00% | Member |
| | THC IMEA DEVELOPMENT LLC | 100.00% | Member |

303 ***Trump Korea LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 41 | DAEWOO AMERICA DEVELOPMENT (NEW YORK) CORP | Member |
| | 59 | TRUMP KOREAN PROJECTS LLC | Member |

304 ***TRUMP KOREAN PROJECTS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Trump Korea LLC | 59.00% | Member |

305 ***TRUMP LAS OLAS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP LAS OLAS MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

306 ***TRUMP LAS OLAS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP LAS OLAS LLC | 1.00% | Managing Member |

307 ***TRUMP LAS VEGAS CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| TRUMP LAS VEGAS MANAGING MEMBER LLC | 6.00% | Managing Member |
| TRUMP LAS VEGAS MEMBER LLC | 6.00% | Managing Member |

308 ***TRUMP LAS VEGAS DEVELOPMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS LLC | Member |

309 ***TRUMP LAS VEGAS MANAGING MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 6 | TRUMP LAS VEGAS CORP | Member |
| | 94 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN LLC | 1.00% | Managing Member |

310 ***TRUMP LAS VEGAS MEMBER LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 6 | TRUMP LAS VEGAS CORP | Member |
| | 94 | DJT HOLDINGS LLC | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN LLC | 49.00% | Member |

311 ***Trump Las Vegas Sales & Marketing, Inc.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

312 ***TRUMP LAUDERDALE DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

313 ***TRUMP LAUDERDALE DEVELOPMENT NO 2 LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

314 ***TRUMP MARKETING LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

315 ***TRUMP MARKS ASIA CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS ASIA LLC | 1.00% | Managing Member |

316 ***TRUMP MARKS ASIA LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS ASIA CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

317 ***TRUMP MARKS ATLANTA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS ATLANTA MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

318 ***TRUMP MARKS ATLANTA MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS ATLANTA LLC | 1.00% | Managing Member |

321 ***TRUMP MARKS BATUMI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS BATUMI MANAGING MEMBER CORP | Managing Member |

Reference #

| | | |
|---|---|---|
| 99 | DTTM OPERATIONS LLC | Member |

322 ***TRUMP MARKS BATUMI MANAGING MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS BATUMI LLC | 1.00% | Managing Member |

325 ***TRUMP MARKS CANOUAN CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS CANOUAN LLC | 1.00% | Managing Member |

326 ***TRUMP MARKS CANOUAN LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS CANOUAN CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

327 ***TRUMP MARKS CHICAGO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS CHICAGO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

328 ***TRUMP MARKS CHICAGO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS CHICAGO LLC | 1.00% | Managing Member |

329 ***TRUMP MARKS DUBAI CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS DUBAI LLC | 1.00% | Managing Member |

330 ***TRUMP MARKS DUBAI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS DUBAI CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

333 ***TRUMP MARKS FINE FOODS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS FINE FOODS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

334 ***TRUMP MARKS FINE FOODS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS FINE FOODS LLC | 1.00% | Managing Member |

335 ***TRUMP MARKS FT LAUDERDALE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS FT LAUDERDALE MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

Reference #

336 ***TRUMP MARKS FT LAUDERDALE MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS FT LAUDERDALE LLC | 1.00% | Managing Member | |

337 ***TRUMP MARKS GP CORP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS HOLDINGS LP | 1.00% | Partner | |

338 ***TRUMP MARKS HOLDINGS LP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 1 | TRUMP MARKS GP CORP | | Partner |
| | 99 | DTTM Operations LLC | | Partner |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS LLC | 100.00% | Member | |

339 ***TRUMP MARKS HOLLYWOOD CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS HOLLYWOOD LLC | 1.00% | Managing Member | |

340 ***TRUMP MARKS HOLLYWOOD LLC *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 1 | TRUMP MARKS HOLLYWOOD CORP | | Managing Member |
| | 99 | DTTM OPERATIONS LLC | | Member |

341 ***TRUMP MARKS ISTANBUL II CORP *(1)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS INSTANBUL II LLC | 1.00% | Managing Member | |

342 ***TRUMP MARKS ISTANBUL II LLC***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 1 | TRUMP MARKS ISTANBUL II CORP | | Managing Member |
| | 99 | DTTM OPERATIONS LLC | | Member |

343 ***TRUMP MARKS JERSEY CITY CORP *(4)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |
| | TRUMP MARKS JERSEY CITY LLC | 1.00% | Managing Member | |

344 ***TRUMP MARKS JERSEY CITY LLC *(4)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 1 | TRUMP MARKS JERSEY CITY CORP | | Managing Member |
| | 99 | DTTM OPERATIONS LLC | | Member |

345 ***TRUMP MARKS LAS VEGAS CORP *(3)***

| Owned by : | % Ownership | Name | | Role |
|---|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| **Has ownership interest in :** | **Entity Name** | **Ownership** | **Title** | |

| | | |
|---|---|---|
| TRUMP MARKS LAS VEGAS LLC | 1.00% | Managing Member |

346 ***TRUMP MARKS LAS VEGAS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS LAS VEGAS CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

347 ***TRUMP MARKS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP MARKS HOLDINGS LP | Member |

350 ***TRUMP MARKS MATTRESS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MATTRESS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

351 ***TRUMP MARKS MATTRESS MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MATTRESS LLC | 1.00% | Managing Member |

352 ***TRUMP MARKS MENSWEAR LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MENSWEAR MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

353 ***TRUMP MARKS MENSWEAR MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MENSWEAR LLC | 1.00% | Managing Member |

354 ***TRUMP MARKS MORTGAGE CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MTG LLC | 1.00% | Managing Member |

355 ***TRUMP MARKS MTG LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MORTGAGE CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

356 ***TRUMP MARKS MUMBAI LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS MUMBAI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

357 ***TRUMP MARKS MUMBAI MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS MUMBAI LLC | 1.00% | Managing Member |

358 ***TRUMP MARKS NEW ROCHELLE CORP *(4)***

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS NEW ROCHELLE LLC | 1.00% | Managing Member |

359 ***TRUMP MARKS NEW ROCHELLE LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS NEW ROCHELLE CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

360 ***TRUMP MARKS PALM BEACH CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PALM BEACH LLC | 1.00% | Managing Member |

361 ***TRUMP MARKS PALM BEACH LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PALM BEACH CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

362 ***TRUMP MARKS PANAMA CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PANAMA LLC | 1.00% | Managing Member |

363 ***TRUMP MARKS PANAMA LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PANAMA CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

364 ***TRUMP MARKS PHILADELPHIA CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PHILADELPHIA LLC | 1.00% | Managing Member |

365 ***TRUMP MARKS PHILADELPHIA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PHILADELPHIA CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

366 ***TRUMP MARKS PHILIPPINES CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PHILIPPINES LLC | 1.00% | Managing Member |

367 ***TRUMP MARKS PHILIPPINES LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PHILIPPINES CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

368 ***TRUMP MARKS PRODUCTS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 1 | TRUMP MARKS PRODUCTS MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

369 ***TRUMP MARKS PRODUCTS MEMBER CORP *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PRODUCTS LLC | 1.00% | Managing Member |

370 ***TRUMP MARKS PUERTO RICO I LLC *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PUERTO RICO I MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

371 ***TRUMP MARKS PUERTO RICO I MEMBER CORP *(3)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PUERTO RICO I LLC | 1.00% | Managing Member |

374 ***TRUMP MARKS PUNTA DEL ESTE LLC***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS PUNTA DEL ESTE MANAGER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

375 ***TRUMP MARKS PUNTA DEL ESTE MANAGER CORP *(1)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS PUNTA DEL ESTE LLC | 1.00% | Managing Member |

376 ***TRUMP MARKS REAL ESTATE LLC *(5)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | THE TRUMP MARKS REAL ESTATE CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

377 ***TRUMP MARKS SOHO LICENSE CORP *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS SOHO LLC | 1.00% | Member |

378 ***TRUMP MARKS SOHO LLC *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS SOHO LICENSE CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

379 ***TRUMP MARKS STAMFORD CORP *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in: | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS STAMFORD LLC | 1.00% | Member |

380 ***TRUMP MARKS STAMFORD LLC *(4)***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 99 | DTTM OPERATIONS LLC | Member |
| | 1 | TRUMP MARKS STAMFORD CORP | Member |

381 ***TRUMP MARKS SUNNY ISLES I LLC***

| Owned by: | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS SUNNY ISLES I MEMBER CORP | Member |

| | | |
|---|---|---|
| 99 | DTTM OPERATIONS LLC | Member |

382 ***TRUMP MARKS SUNNY ISLES I MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS SUNNY ISLES I LLC | 1.00% | Member |

383 ***TRUMP MARKS SUNNY ISLES II LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS SUNNY ISLES II MEMBER CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

384 ***TRUMP MARKS SUNNY ISLES II MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS SUNNY ISLES II LLC | 1.00% | Member |

385 ***TRUMP MARKS TAMPA CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TAMPA LLC | 1.00% | Member |

386 ***TRUMP MARKS TAMPA LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS TAMPA CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

387 ***TRUMP MARKS TORONTO CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TORONTO LLC | 1.00% | Member |

388 ***TRUMP MARKS TORONTO LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS TORONTO CORP | Member |
| | 99 | DTTM OPERATIONS LLC | Member |

389 ***TRUMP MARKS TORONTO LP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP TORONTO MEMBER CORP | Member |
| | 99 | DTTM Operations LLC | Member |

390 ***TRUMP MARKS WAIKIKI CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS WAIKIKI LLC | 1.00% | Managing Member |

391 ***TRUMP MARKS WAIKIKI LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WAIKIKI CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

392 ***TRUMP MARKS WESTCHESTER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|

Reference #

| | | |
|---|---|---|
| TRUMP MARKS WESTCHESTER LLC | 1.00% | Managing Member |

393 ***TRUMP MARKS WESTCHESTER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WESTCHESTER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

394 ***TRUMP MARKS WHITE PLAINS CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS WHITE PLAINS LLC | 1.00% | Managing Member |

395 ***TRUMP MARKS WHITE PLAINS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MARKS WHITE PLAINS CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

396 ***TRUMP MIAMI RESORT MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP MIAMI RESORT MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

397 ***TRUMP MIAMI RESORT MANAGEMENT MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MIAMI RESORT MANAGEMENT LLC | 1.00% | Managing Member |

398 ***TRUMP MODEL MANAGEMENT LLC***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | TRUMP MODELS | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 15 | Annie Veltri | Member |
| | 85 | TMG Member, LLC | Member |

399 ***TRUMP NATIONAL GOLF CLUB - COLTS NECK***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB COLTS NECK MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

400 ***TRUMP NATIONAL GOLF CLUB COLTS NECK MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - COLTS NECK | 1.00% | Managing Member |

401 ***TRUMP NATIONAL GOLF CLUB - WESTCHESTER***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Managing Member |

402 ***TRUMP NATIONAL GOLF CLUB MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - WESTCHESTER | 1.00% | Managing Member |

403 ***TRUMP NATIONAL GOLF CLUB - WASHINGTON DC***

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP NATIONAL GOLF CLUB WASHINGTON DC MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

404 ***TRUMP NATIONAL GOLF CLUB WASHINGTON DC MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP NATIONAL GOLF CLUB - WASHINGTON DC | 1.00% | Managing Member |

405 ***Trump New World Property Management, LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 50 | New World Property Management Limited | Managing Member |
| | 50 | TRUMP RIVERSIDE MANAGEMENT LLC | Managing Member |

408 ***TRUMP OLD POST OFFICE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP OLD POST OFFICE MEMBER CORP | Managing Member |
| | 76.725 | DJT HOLDINGS LLC | Member |
| | 22.275 | Trump Family Members | Member |

409 ***TRUMP OLD POST OFFICE MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 77.5 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |
| | 22.5 | Trump Family Members | |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP OLD POST OFFICE LLC | 1.00% | Managing Member |

411 ***TRUMP ORGANIZATION LLC *(3)***

| Assumed Names : | D/B/A | Jurisdiction |
|---|---|---|
| | The Trump Organization | New York |

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

412 ***TRUMP PAGEANTS, INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Miss Universe L.P., LLLP | 2.00% | Partner |

413 ***Miss Universe L.P., LLLP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 2 | TRUMP PAGEANTS, INC. | Partner |
| | 98 | DJT Holdings LLC | Partner |

414 ***TRUMP PALACE/PARC LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | FIRST MEMBER INC | Managing Member |
| | 99.9 | The Donald J. Trump Revocable Trust | Member |

415 ***TRUMP PANAMA CONDOMINIUM MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PANAMA CONDOMINIUM MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

416 ***TRUMP PANAMA CONDOMINIUM MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PANAMA CONDOMINIUM MANAGEMENT LLC | 1.00% | Managing Member |

Reference #

417 ***TRUMP PANAMA HOTEL MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PANAMA HOTEL MANAGEMENT MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

418 ***TRUMP PANAMA HOTEL MANAGEMENT MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PANAMA HOTEL MANAGEMENT LLC | 1.00% | Managing Member |

419 ***TRUMP PARK AVENUE ACQUISITION LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PARK AVENUE LLC | 49.90% | Member |

420 ***TRUMP PARK AVENUE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.1 | GEPT Delmonico LLC | Member |
| | 49.9 | TRUMP PARK AVENUE ACQUISITION LLC | Member |
| | 50 | TRUMP DELMONICO LLC | Managing Member |

421 ***TRUMP PAYROLL CHICAGO LLC *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 401 North Wabash Venture LLC | Managing Member |

422 ***TRUMP PAYROLL CORP *(2)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

423 ***TRUMP PHOENIX DEVELOPMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

424 ***TRUMP PLAZA LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PLAZA MEMBER INC. | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

425 ***TRUMP PLAZA MEMBER INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PLAZA LLC | 1.00% | Managing Member |

426 ***TRUMP PRODUCTIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP PRODUCTIONS MANAGING MEMBER INC. | Managing Member |
| | 99 | DJT Holdings LLC | Member |

427 ***TRUMP PRODUCTIONS MANAGING MEMBER INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP PRODUCTIONS LLC | 1.00% | Managing Member |

429 ***TRUMP REALTY SERVICES LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

430 ***Trump Restaurants LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

431 ***TRUMP RIVERSIDE MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Trump New World Property Management, LLC | 50.00% | Managing Member |

432 ***TRUMP RUFFIN COMMERCIAL LLC *(assets & income already disclosed on Part 2 under TRUMP RUFFIN TOWER I LLC; operator of front desk)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP RUFFIN TOWER I LLC | Managing Member |

433 ***TRUMP RUFFIN LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP LAS VEGAS MANAGING MEMBER LLC | Managing Member |
| | 49 | TRUMP LAS VEGAS MEMBER LLC | Member |
| | 50 | Hyde Park, LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN TOWER I LLC | 100.00% | Managing Member |

434 ***TRUMP RUFFIN TOWER I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP RUFFIN LLC | Managing Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP RUFFIN COMMERCIAL LLC | 100.00% | Managing Member |

435 ***TRUMP SALES & LEASING CHICAGO LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP SALES & LEASING CHICAGO MEMBER CORP | Member |
| | 99 | DJT Holdings LLC | Member |

436 ***TRUMP SALES & LEASING CHICAGO MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP SALES & LEASING CHICAGO LLC | 1.00% | Member |

437 ***TRUMP SCOTLAND MEMBER INC. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF LINKS - SCOTLAND | 1.00% | Member |

438 ***TRUMP SCOTSBOROUGH SQUARE LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP SCOTSBOROUGH SQUARE MEMBER CORP. | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

439 ***TRUMP SCOTSBOROUGH SQUARE MEMBER CORP. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP SCOTSBOROUGH SQUARE LLC | 1.00% | Managing Member |

440 ***TRUMP SOHO MEMBER LLC *(3)***

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

441 ***TRUMP TORONTO DEVELOPMENT, INC. *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

442 ***TRUMP TORONTO HOTEL MANAGEMENT CORP***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

443 ***TRUMP TORONTO MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP MARKS TORONTO LP | 1.00% | Member |

444 ***TRUMP TOWER COMMERCIAL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP TOWER MANAGING MEMBER INC. | Managing Member |
| | 99 | The Trump-Equitable Fifth Avenue Company | Member |

445 ***TRUMP TOWER MANAGING MEMBER INC.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP TOWER COMMERCIAL LLC | 1.00% | Managing Member |

446 ***Trump Village Construction Corp. *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Starrett City Associates, L.P. | 1.84% | Partner |
| | Spring Creek Plaza LLC | 1.84% | Member |

447 ***TRUMP VINEYARD ESTATES LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VINEYARD ESTATES MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VINEYARD ESTATES LOT 3 OWNER LLC | 100.00% | Member |

448 ***TRUMP VINEYARD ESTATES LOT 3 OWNER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP VINEYARD ESTATES LLC | Member |

449 ***TRUMP VINEYARD ESTATES MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VINEYARD ESTATES LLC | 1.00% | Managing Member |

450 ***TRUMP VIRGINIA ACQUISITIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VIRGINIA ACQUISITIONS MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

451 ***TRUMP VIRGINIA ACQUISITIONS MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VIRGINIA ACQUISITIONS LLC | 1.00% | Managing Member |

452 ***TRUMP VIRGINIA LOT 5 LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP VIRGINIA LOT 5 MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

453 ***TRUMP VIRGINIA LOT 5 MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP VIRGINIA LOT 5 LLC | 1.00% | Managing Member |

454 ***TRUMP WINE MARKS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP WINE MARKS MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

455 ***TRUMP WINE MARKS MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP WINE MARKS LLC | 1.00% | Managing Member |

456 ***TRUMP WORLD PRODUCTIONS LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TRUMP WORLD PRODUCTIONS MANAGER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

457 ***TRUMP WORLD PRODUCTIONS MANAGER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP WORLD PRODUCTIONS LLC | 1.00% | Managing Member |

458 ***TRUMP WORLD PUBLICATIONS LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

459 ***TRUMP'S CASTLE MANAGEMENT CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Shareholder |

460 ***TURNBERRY SCOTLAND LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|

Reference #

| | | | |
|---|---|---|---|
| | 1 | TURNBERRY SCOTLAND MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | Golf Recreation Scotland Limited | 100.00% | Sole Member |

461 ***TURNBERRY SCOTLAND MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TURNBERRY SCOTLAND LLC | 1.00% | Managing Member |

462 ***TW VENTURE I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TW VENTURE I MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

463 ***TW VENTURE I MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TW VENTURE I LLC | 1.00% | Managing Member |

464 ***TW VENTURE II LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | TW VENTURE II MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TRUMP INTERNATIONAL GOLF LINKS - DOONBEG | 100.00% | Shareholder |

465 ***TW VENTURE II MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | TW VENTURE II LLC | 1.00% | Managing Member |

466 ***ULTIMATE AIR CORP. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

467 ***UNIT 2502 ENTERPRISES CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | UNIT 2502 ENTERPRISES LLC | 1.00% | Managing Member |

468 ***UNIT 2502 ENTERPRISES LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | UNIT 2502 ENTERPRISES CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

469 ***TRUMP NATIONAL GOLF CLUB - LOS ANGELES***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | RPV DEVELOPMENT LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | VHPS LLC | 100.00% | Managing Member |

Reference #

470 ***VHPS LLC *(assets & income already disclosed on Part 2 under TRUMP NATIONAL GOLF CLUB - LOS ANGELES; owner of vacant land)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TRUMP NATIONAL GOLF CLUB - LOS ANGELES | Managing Member |

471 ***WEST PALM OPERATIONS LLC *(6)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

472 ***Wexford Hall Inc. *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

473 ***WHITE COURSE LLC *(6)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | WHITE COURSE MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT HOLDINGS LLC | Member |

474 ***WHITE COURSE MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | WHITE COURSE LLC | 1.00% | Managing Member |

475 ***Wilshire Hall LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | DJT Holdings LLC | Member |
| | 75 | Trump Family Members | Member |

476 ***Wollman Rink Operations LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

477 ***YORKTOWN REAL ESTATE LLC (F/K/A Yorktown Development Associates LLC) *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

478 ***HWA 555 Owners, LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates I, L.P. | Partner |

479 ***1290 AVENUE OF THE AMERICAS, A TENANCY-IN-COMMON***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 52 | HWA 1290 III LLC | Partner |
| | 20.2 | HWA 1290 IV LLC | Partner |
| | 27.8 | HWA 1290 V LLC | Partner |

480 ***Trump Management Inc.***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 25 | The Donald J. Trump Revocable Trust | Shareholder |
| | 75 | Trump Family Members | Shareholder |

481 ***HWA 1290 III LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates III, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 52.00% | Partner |

482 ***HWA 1290 IV LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates IV, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 20.20% | Partner |

483 ***HWA 1290 V LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Hudson Waterfront Associates V, L.P. | Partner |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | 1290 Avenue of the Americas | 27.80% | Partner |

486 ***Travel Enterprises Management Inc. *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

490 ***The Donald J. Trump Company LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

493 ***DT BALI GOLF MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

494 ***DT BALI GOLF MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT BALI GOLF MANAGER | 1.00% | Managing Member |

495 ***DT BALI HOTEL MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

496 ***DT BALI HOTEL MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT BALI HOTEL MANAGER LLC | 1.00% | Managing Member |

497 ***DT BALI TECHNICAL SERVICES MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT BALI TECHNICAL SERVICES MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

498 ***DT BALI TECHNICAL SERVICES MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT BALI TECHINICAL SERVICES MANAGER LLC | 1.00% | Managing Member |

499 ***DT CONNECT EUROPE LIMITED***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | Golf Recreation Scotland Limited | Partner |

Reference #

500 ***DT ENDEAVOR I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

505 ***DT LIDO GOLF MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO GOLF MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

506 ***DT LIDO GOLF MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT LIDO GOLF MANAGER LLC | 1.00% | Managing Member |

507 ***DT LIDO HOTEL MANAGER LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO HOTEL MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

508 ***DT LIDO HOTEL MANAGER MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT LIDO HOTEL MANAGER LLC | 1.00% | Managing Member |

509 ***DT LIDO TECHNICAL SERVICES MANAGER LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT LIDO TECHNICAL SERVICES MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

510 ***DT LIDO TECHNICAL SERVICES MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT LIDO TECHNICAL SERVICES MANAGER LLC | 1.00% | Managing Member |

511 ***DT MARKS BALI LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS BALI MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

512 ***DT MARKS BALI MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT MARKS BALI LLC | 1.00% | Managing Member |

513 ***DT MARKS LIDO LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DT MARKS LIDO MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

514 ***DT MARKS LIDO MEMBER CORP *(4)***

| | % Ownership | Name | | Role |
|---|---|---|---|---|
| Owned by : | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | DT MARKS LIDO LLC | 1.00% | Managing Member | |

515 ***DT TOWER I LLC *(4)***

| | % Ownership | Name | Role |
|---|---|---|---|
| Owned by : | 1 | DT TOWER I MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

516 ***DT TOWER I MEMBER CORP *(4)***

| | % Ownership | Name | | Role |
|---|---|---|---|---|
| Owned by : | 100 | DJT Holdings Managing Member LLC | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | DT TOWER I LLC | 1.00% | Managing Member | |

517 ***DT TOWER KOLKATA LLC***

| | % Ownership | Name | Role |
|---|---|---|---|
| Owned by : | 1 | DT TOWER KOLKATA MANAGING MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

518 ***DT TOWER KOLKATA MANAGING MEMBER CORP *(1)***

| | % Ownership | Name | | Role |
|---|---|---|---|---|
| Owned by : | 100 | DTTM Operations Managing Member Corp | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | DT TOWER KOLKATA LLC | 1.00% | Member | |

519 ***DTTM OPERATIONS LLC***

| | % Ownership | Name | Role |
|---|---|---|---|
| Owned by : | 1 | DTTM OPERATIONS MANAGING MEMBER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |
| Has ownership interest in : | various entities as indicated elsewhere in this schedule | | |

520 ***DTTM OPERATIONS MANAGING MEMBER CORP *(1)***

| | % Ownership | Name | Role |
|---|---|---|---|
| Owned by : | 100 | DJT Holdings Managing Member LLC | Shareholder |
| Has ownership interest in : | various entities as indicated elsewhere in this schedule | | |

521 ***EID VENTURE II LLC *(2)***

| | % Ownership | Name | Role |
|---|---|---|---|
| Owned by : | 1 | EID VENTURE II MEMBER CORP | Managing Member |
| | 99 | The Donald J. Trump Revocable Trust | Member |

522 ***EID VENTURE II MEMBER CORP *(2)***

| | % Ownership | Name | | Role |
|---|---|---|---|---|
| Owned by : | 100 | The Donald J. Trump Revocable Trust | | Shareholder |
| Has ownership interest in : | Entity Name | Ownership | Title | |
| | EID VENTURE II LLC | 1.00% | Managing Member | |

523 ***MOBILE PAYROLL CONSTRUCTION LLC***

Instructions for Part 2

Note: This is a public form. Do not include account numbers, street addresses, or family member names. See instructions for required information.

| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A44 of 46 |

Reference #

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | MOBILE PAYROLL CONSTRUCTION MANAGER CORP | Managing Member |
| | 99 | DJT Holdings LLC | Member |

524 ***MOBILE PAYROLL CONSTRUCTION MANAGER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings Managing Member LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | MOBILE PAYROLL CONSTRUCTION LLC | 1.00% | Managing Member |

525 ***THC DC RESTAURANT HOSPITALITY LLC *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | OPO HOTEL MANAGER LLC | Member |

530 ***C DEVELOPMENT VENTURES LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | C DEVELOPMENT VENTURES MEMBER CORP | Managing Member |
| | 99 | DTTM OPERATIONS LLC | Member |

531 ***C DEVELOPMENT VENTURES MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | C DEVELOPMENT VENTURES LLC | 1.00% | Managing Member |

533 ***DT VENTURE I LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

534 ***DT VENTURE I MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

535 ***DT VENTURE II LLC *(5)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Member |

536 ***DT VENTURE II MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

537 ***DT TOWER II LLC *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | DTTM Operations LLC | Member |
| | 99 | DT TOWER II MEMBER CORP | Managing Member |

538 ***DT TOWER II MEMBER CORP *(4)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | DT TOWER II LLC | 99.00% | Managing Member |

Reference #

539 ***DT ENDEAVOR I MEMBER CORP *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM Operations Managing Member Corp | Shareholder |

540 ***4T HOLDINGS ONE LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TTTT VENTURE LLC | Member |

541 ***4T HOLDINGS TWO LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | TTTT VENTURE LLC | Member |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | SC CLEVELAND MS MANAGEMENT LLC | 100.00% | Member |
| | SC PIER VILLAGE MANAGEMENT LLC | 100.00% | Member |

542 ***STORAGE 106 LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | The Donald J. Trump Revocable Trust | Member |

543 ***T EXPRESS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 1 | T EXPRESS MANAGER MEMBER CORP | Managing Member |
| | 99 | TTTT VENTURE LLC | Member |

544 ***T EXPRESS MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | T EXPRESS LLC | 1.00% | Managing Member |

545 ***SC CLEVELAND MS MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 4T HOLDINGS TWO LLC | Member |

546 ***SC PIER VILLAGE MANAGEMENT LLC *(3)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | 4T HOLDINGS TWO LLC | Member |

547 ***T PROMOTIONS LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DTTM OPERATIONS LLC | Member |

548 ***T RETAIL LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 0.5 | T RETAIL MANAGING MEMBER CORP | Managing Member |
| | 0.5 | DTTM OPERATIONS LLC | Member |
| | 99 | TTTT VENTURE LLC | Member |

549 ***T RETAIL MANAGING MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT HOLDINGS MANAGING MEMBER LLC | Sole Shareholder |

Instructions for Part 2

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| Filer's Name | Page Number |
|---|---|
| Donald J. Trump | A46 of 46 |

Reference #

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | T RETAIL LLC | 0.50% | Managing Member |

550 ***WESTMINSTER HOTEL MANAGEMENT LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 76.725 | DJT HOLDINGS LLC | Member |
| | 22.275 | TTT CONSULTING LLC | Member |
| | 1 | WESTMINSTER HOTEL MANAGER MEMBER CORP | Managing Member |

551 ***WESTMINSTER HOTEL MANAGER MEMBER CORP *(1)***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 77.5 | The Donald J. Trump Revocable Trust | Shareholder |
| | 22.5 | TTT CONSULTING LLC | Shareholder |

| Has ownership interest in : | Entity Name | Ownership | Title |
|---|---|---|---|
| | WESTMINSTER HOTEL MANAGEMENT LLC | 1.00% | Managing Member |

552 ***1125 South Ocean LLC***

| Owned by : | % Ownership | Name | Role |
|---|---|---|---|
| | 100 | DJT Holdings LLC | Sole Member |

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**From:** Flipboard Week in Review [editorialstaff@flipboard.com]
**Sent:** 6/29/2019 12:03:59 PM
**To:** jeevacation@gmail.com
**Subject:** 2020 Democratic debates and major Supreme Court rulings

Flipboard

Biggest news stories from the past week.

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# Supreme Court Green-Lights Gerrymandering and Blocks Census Citizenship Question

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# iPhone designer Jony Ive is leaving Apple

**cnet.com / by Ian Sherr** The celebrated tech designer, who worked with co-founder Steve Jobs on the iMac, iPod and iPhone, is starting his own firm. Apple will be a primary... read more

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# G-20 leaders clash over values, face calls to protect growth

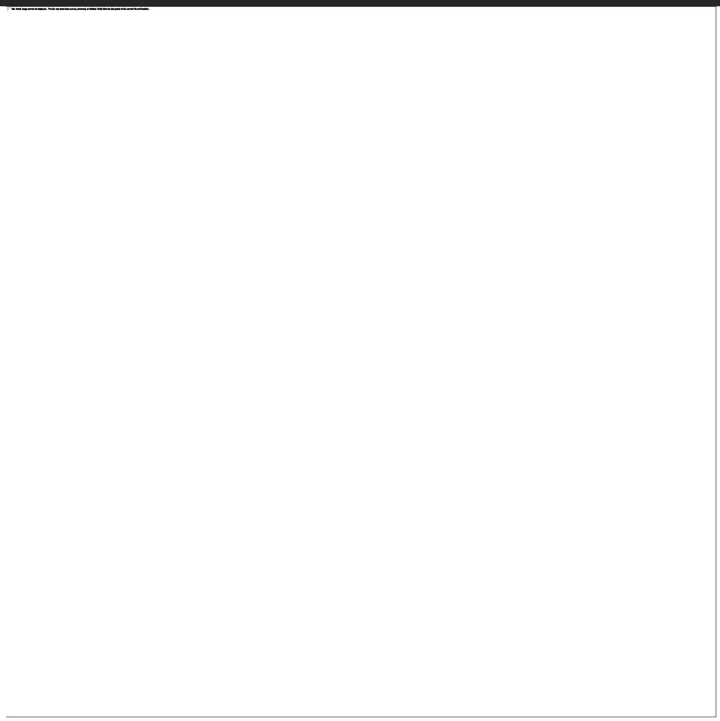

**apnews.com / ELAINE KURTENBACH and FOSTER KLUG, Associated Press** OSAKA, Japan (AP) — World leaders attending a Group of 20 summit in Japan that began Friday are clashing over values that have served for decades as the... read more

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# House passes $4.6 billion border bill as leaders cave to moderate Democrats and GOP

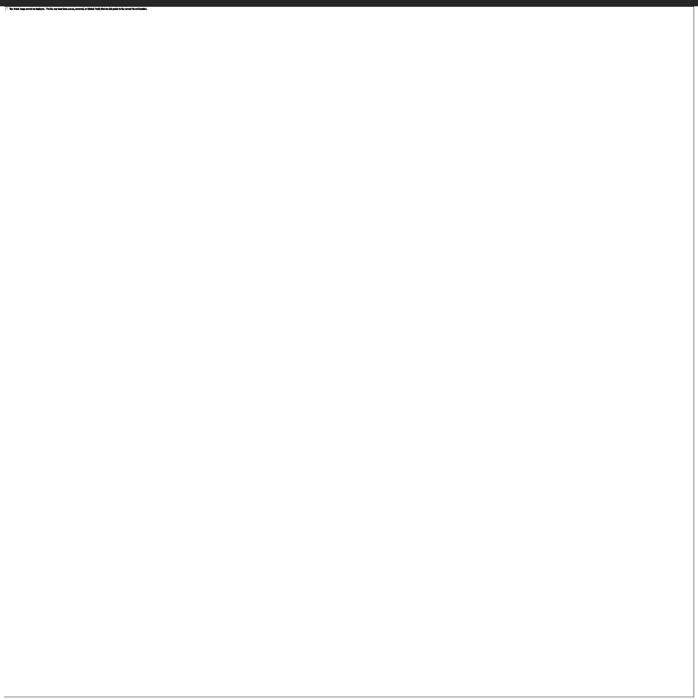

**washingtonpost.com / Erica Werner, Mike DeBonis, Rachael Bade** The House passed a $4.6 billion emergency spending bill for the humanitarian crisis on the U.S.-Mexico border Thursday, after Democratic leaders... read more

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# U.S. Supreme Court to hear Trump bid to ditch 'Dreamers' immigration program

**reuters.com / Lawrence Hurley** WASHINGTON (Reuters) - The U.S. Supreme Court on Friday agreed to decide whether President Donald Trump acted lawfully when he moved to end a program... read more

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# Trump taps Melania Trump's spokeswoman as next White House press secretary

**cnn.com / Kate Bennett, CNN** (CNN) — Melania Trump's spokeswoman Stephanie Grisham will get a major new role as both White House press secretary and communications director, the... read more

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# Acting Customs and Border Protection Commissioner John Sanders resigns

**axios.com / Alayna Treene** John Sanders, the acting commissioner of Customs and Border Protection, announced in an internal email Tuesday that he had handed in his resignation ... read more

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# Twitter will label, but not delete, tweets from politicians who violate its rules

**nbcnews.com / Ben Kesslen** “A critical function of our service is providing a place where people can openly and publicly respond to their leaders," Twitter said Thursday. Twitter... read more

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# House Oversight panel authorizes subpoena for Kellyanne Conway

**politico.com / ANDREW DESIDERIO** Democrats are demanding the Trump counselor testify about alleged violations of the Hatch Act. The House Oversight and Reform Committee voted on... read more

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**From:** Paul Morris [redacted]
**Sent:** 7/2/2019 4:24:45 PM
**To:** jeevacation@gmail.com
**Subject:** Capital Market Outlook

Capital Market Outlook
Chief Investment Office

Capital Market Outlook from our Chief Investment Office delivers a balanced mix of macroeconomic insights and global market views, with in-depth analysis from the CIO's investment strategists and analysts. It offers timely commentary that can help you navigate markets and take advantage of emerging trends across the globe.

This week's topics are:

- ***Macro Strategy:* Why 2%? —** While Federal Reserve policy has always been focused on the goal of price stability, the specific meaning of price stability has been refined over the years from a general and non-specified, vague concept to the current very specific quantitative definition of a 2% long-run average for the personal consumption expenditures deflator. We describe the evolution and rationale for the more specific target.

- ***Global Market View:* Global R&D: From Apollo, to Apple, to Alibaba? —** The recent unfolding tech cold war between the U.S. and China will likely only accelerate the pace of spending on global research and development as the two parties vie for technological supremacy. China faces significant technological hurdles, while the U.S. needs to rethink and rebalance the role of public and private sector research and development spending.

- ***Thought of the Week:* A Golden Diversifier —** Gold's recent outperformance versus the U.S. dollar has potentially triggered a bullish technical pattern. In our

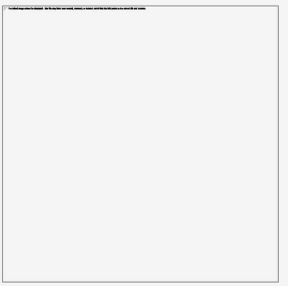

**Paul Morris**
Managing Director
Private Wealth Manager

**Merrill Private Wealth Management**
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STE 28TH FLOOR
NEW YORK, NY 10036
[redacted]

view, the market's expectation for looser monetary policy together with recent comments by President Trump implying a desire for a weaker greenback have been tailwinds. In addition to these drivers, we view gold as an appealing diversifier in light of elevated geopolitical risks. However, a comprehensive trade deal between the U.S. and China would likely constitute a more significant headwind for the yellow metal.

Find out more in this edition of **Capital Market Outlook**, and feel free to contact us with any questions you have about our market views.

Sincerely,
Paul

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due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

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Penguin Press

**National Pub date:** February 19, 2019
**Title:** *DEEP THINKING*
**Subtitle:** *Twenty-Five Ways of Looking at AI*
**By:** John Brockman
**Length:** 90,000 words

**Headline:** Science world luminary John Brockman assembles twenty-five of the most important scientific minds, people who have been thinking about the field artificial intelligence for most of their careers for an unparalleled round-table examination about mind, thinking, intelligence and what it means to be human.

**Description:**

*"Artificial intelligence is today's story—the story behind all other stories. It is the Second Coming and the Apocalypse at the same time: Good AI versus evil AI."* —John Brockman

More than sixty years ago, mathematician-philosopher Norbert Wiener published a book on the place of machines in society that ended with a warning: "we shall never receive the right answers to our questions unless we ask the right questions…. The hour is very late, and the choice of good and evil knocks at our door."

In the wake of advances in unsupervised, self-improving machine learning, a small but influential community of thinkers is considering Wiener's words again. In *Deep Thinking*, John Brockman gathers their disparate visions of where AI might be taking us.

The fruit of the long history of Brockman's profound engagement with the most important scientific minds who have been thinking about AI—from Alison Gopnik and David Deutsch to Frank Wilczek and Stephen Wolfram— *Deep Thinking* is an ideal introduction to the landscape of crucial issues AI presents.

The collision between opposing perspectives is salutary and exhilarating; some of these figures, such as computer scientist Stuart Russell, Skype co-founder Jaan Tallinn, and physicist Max Tegmark, are deeply concerned with the threat of AI, including the existential one, while others, notably robotics entrepreneur Rodney Brooks, philosopher Daniel Dennett, and bestselling author Steven Pinker, have a very different view. Serious, searching and authoritative, *Deep Thinking* lays out the intellectual landscape of one of the most important topics of our time.

# Participants in The Deep Thinking Project

**Chris Anderson** is an entrepreneur; a roboticist; former editor-in-chief of *Wired*; co-founder and CEO of 3DR; and author of *The Long Tail, Free,* and *Makers.*

**Rodney Brooks** is a computer scientist; Panasonic Professor of Robotics, emeritus, MIT; former director, MIT Computer Science Lab; and founder, chairman, and CTO of Rethink Robotics. He is the author of *Flesh and Machines.*

**George M. Church** is Robert Winthrop Professor of Genetics at Harvard Medical School; Professor of Health Sciences and Technology, Harvard-MIT; and co-author (with Ed Regis) of *Regenesis: How Synthetic Biology Will Reinvent Nature and Ourselves.*

**Daniel C. Dennett** is University Professor and Austin B. Fletcher Professor of Philosophy and director of the Center for Cognitive Studies at Tufts University. He is the author of a dozen books, including *Consciousness Explained* and, most recently, From *Bacteria to Bach and Back: The Evolution of Minds.*

**David Deutsch** is a quantum physicist and a member of the Centre for Quantum Computation at the Clarendon Laboratory, Oxford University. He is the author of *The Fabric of Reality* and *The Beginning of Infinity.*

**Anca Dragan** is an assistant professor in the Department of Electrical Engineering and Computer Sciences at UC Berkeley. She co-founded and serves on the steering committee for the Berkeley AI Research (BAIR) Lab and is a co-principal investigator in Berkeley's Center for Human-Compatible AI.

**George Dyson** is a historian of science and technology and the author of *Baidarka: the Kayak, Darwin Among the Machines, Project Orion,* and *Turing's Cathedral.*

**Peter Galison** is a science historian, Joseph Pellegrino University Professor and co-founder of
the Black Hole Initiative at Harvard University, and the author of *Einstein's Clocks and Poincaré's Maps: Empires of Time.*

**Neil Gershenfeld** is a physicist and director of MIT's Center for Bits and Atoms. He is the author of *FAB*, co-author (with Alan Gershenfeld & Joel Cutcher-Gershenfeld) of *Designing Reality*, and founder of the global fab lab network.

**Alison Gopnik** is a developmental psychologist at UC Berkeley; her books include The Philosophical Baby and, most recently, *The Gardener and the Carpenter: What the New Science of Child Development Tells Us About the Relationship Between Parents and Children.*



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**Tom Griffiths** is Henry R. Luce Professor of Information, Technology, Consciousness, and Culture at Princeton University. He is co-author (with Brian Christian) of *Algorithms to Live By.*

**W. Daniel "Danny" Hillis** is an inventor, entrepreneur, and computer scientist, Judge Widney Professor of Engineering and Medicine at USC, and author of *The Pattern on the Stone: The Simple Ideas That Make Computers Work.*

**Caroline A. Jones** is a professor of art history in the Department of Architecture at MIT and author of *Eyesight Alone: Clement Greenberg's Modernism and the Bureaucratization of the Senses; Machine in the Studio: Constructing the Postwar American Artist;* and *The Global Work of Art.*

**David Kaiser** is Germeshausen Professor of the History of Science and professor of physics at MIT, and head of its Program in Science, Technology & Society. He is the author of *How the Hippies Saved Physics: Science, Counterculture*, and the *Quantum Revival and American Physics and the Cold War Bubble* (forthcoming).

**Seth Lloyd** is a theoretical physicist at MIT, Nam P. Suh Professor in the Department of Mechanical Engineering, and an external professor at the Santa Fe Institute. He is the author of *Programming the Universe: A Quantum Computer Scientist Takes on the Cosmos.*

**Hans Ulrich Obrist** is artistic director of the Serpentine Gallery, London, and the author of *Ways of Curating* and *Lives of the Artists, Lives of the Architects.*

**Judea Pearl** is professor of computer science and director of the Cognitive Systems Laboratory at UCLA. His most recent book, co-authored with Dana Mackenzie, is *The Book of Why: The*

**Alex "Sandy" Pentland** is Toshiba Professor and professor of media arts and sciences, MIT; director of the Human Dynamics and Connection Science labs and the Media Lab Entrepreneurship Program, and the author of *Social Physics.*
*New Science of Cause and Effect.*

**Steven Pinker,** a Johnstone Family Professor in the Department of Psychology at Harvard University, is an experimental psychologist who conducts research in visual cognition, psycholinguistics, and social relations. He is the author of eleven books, including *The Blank Slate, The Better Angels of Our Nature*, and, most recently, *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress.*

**Venki Ramakrishnan** is a scientist at the Medical Research Council Laboratory of Molecular Biology, Cambridge University; recipient of the Nobel Prize in Chemistry (2009); current president of the Royal Society; and the author of *Gene Machine: The Race to Discover the Secrets of the Ribosome.*



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**Stuart Russell is a p**rofessor of computer science and Smith-Zadeh Professor in Engineering at UC Berkeley. He is the coauthor (with Peter Norvig) of *Artificial Intelligence: A Modern Approach.*

**Jaan Tallin**, a computer programmer, theoretical physicist, and investor, is a co-developer of Skype and Kazaa.

**Max Tegmark** is an MIT physicist and AI researcher; president of the Future of Life Institute; scientific director of the Foundational Questions Institute; and the author of *Our Mathematical Universe* and *Life 3.0: Being Human in the Age of Artificial Intelligence.*

**Frank Wilczek** is Herman Feshbach Professor of Physics at MIT, recipient of the 2004 Nobel Prize in physics, and the author of *A Beautiful Question: Finding Nature's Deep Design*.

**Stephen Wolfram** is a scientist, inventor, and the founder and CEO of Wolfram Research. He is the creator of the symbolic computation program Mathematica and its programming language, Wolfram Language, as well as the knowledge engine Wolfram|Alpha. He is also the author of *A New Kind of Science.*



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# Deep Thinking
## Twenty-five Ways of Looking at AI

**edited by John Brockma**

**Penguin Press — February 19, 2019**



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## Table of Contents

**Acknowledgments**

**Introduction: On the Promise and Peril of AI**
**by John Brockman**

**Seth Lloyd: Wrong, but More Relevant Than Ever**
*It is exactly in the extension of the cybernetic idea to human beings that Wiener's conceptions missed their target.*

**Judea Pearl: The Limitations of Opaque Learning Machines**
*Deep learning has its own dynamics, it does its own repair and its own optimization, and it gives you the right results most of the time. But when it doesn't, you don't have a clue about what went wrong and what should be fixed.*

**Stuart Russell: The Purpose Put Into the Machine**
*We may face the prospect of superintelligent machines—their actions by definition unpredictable by us and their imperfectly specified objectives conflicting with our own—whose motivation to preserve their existence in order to achieve those objectives may be insuperable.*

**George Dyson: The Third Law**
*Any system simple enough to be understandable will not be complicated enough to behave intelligently, while any system complicated enough to behave intelligently will be too complicated to understand.*

**Daniel C. Dennett: What Can We Do?**
*We don't need artificial conscious agents. We need intelligent tools.*

**Rodney Brooks: The Inhuman Mess Our Machines Have Gotten Us Into**
*We are in a much more complex situation today than Wiener foresaw, and I am worried that it is much more pernicious than even his worst imagined fears.*

**Frank Wilczek: The Unity of Intelligence**
*The advantages of artificial over natural intelligence appear permanent, while the advantages of natural over artificial intelligence, though substantial at present, appear transient.*

**Max Tegmark: Let's Aspire to More Than Making Ourselves Obsolete**
*We should analyze what could go wrong with AI to ensure that it goes right.*

**Jaan Tallinn: Dissident Messages**
*Continued progress in AI can precipitate a change of cosmic proportions—a runaway process that will likely kill everyone.*



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**Steven Pinker: Tech Prophecy and the Underappreciated Causal Power of Ideas**
*There is no law of complex systems that says that intelligent agents must turn into ruthless megalomaniacs.*

**David Deutsch: Beyond Reward and Punishment**
*Misconceptions about human thinking and human origins are causing corresponding misconceptions about AGI and how it might be created.*

**Tom Griffiths: The Artificial Use of Human Beings**
*Automated intelligent systems that will make good inferences about what people want must have good generative models for human behavior.*

**Anca Dragan: Putting the Human into the AI Equation**
*In the real world, an AI must interact with people and reason about them. People will have to formally enter the AI problem definition somewhere.*

**Chris Anderson: Gradient Descent**
*Just because AI systems sometimes end up in local minima, don't conclude that this makes them any less like life. Humans—indeed, probably all life-forms—are often stuck in local minima.*

**David Kaiser: "Information" for Wiener, for Shannon, and for Us**
*Many of the central arguments in* The Human Use of Human Beings *seem closer to the 19th century than the 21st. Wiener seems not to have fully embraced Shannon's notion of information as consisting of irreducible, meaning-free bits.*

**Neil Gershenfeld: Scaling**
*Although machine making and machine thinking might appear to be unrelated trends, they lie in each other's futures.*

**W. Daniel Hillis: The First Machine Intelligences**
*Hybrid superintelligences such as nation states and corporations have their own emergent goals and their actions are not always aligned to the interests of the people who created them.*

**Venki Ramakrishnan: Will Computers Become Our Overlords?**
*Our fears about AI reflect the belief that our intelligence is what makes us special.*

**Alex "Sandy" Pentland: The Human Strategy**
*How can we make a good human-artificial ecosystem, something that's not a machine society but a cyberculture in which we can all live as humans—a culture with a human feel to it?*



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**Hans Ulrich Obrist: Making the Invisible Visible: Art Meets AI**
*Many contemporary artists are articulating various doubts about the promises of AI and reminding us not to associate the term "artificial intelligence" solely with positive outcomes.*

**Alison Gopnik: AIs versus Four-Year-Olds**
*Looking at what children do may give programmers useful hints about directions for computer learning.*

**Peter Galison: Algorists Dream of Objectivity**
*By now, the legal, ethical, formal, and economic dimensions of algorithms are all quasi-infinite.*

**George M. Church: The Rights of Machines**
*Probably we should be less concerned about us-versus-them and more concerned about the rights of all sentients in the face of an emerging unprecedented diversity of minds.*

**Caroline A. Jones: The Artistic Use of Cybernetic Beings**
*The work of cybernetically inclined artists concerns the emergent behaviors of life that elude AI in its current condition.*

**Stephen Wolfram: Artificial Intelligence and the Future of Civilization**
*The most dramatic discontinuity will surely be when we achieve effective human immortality. Whether this will be achieved biologically or digitally isn't clear, but inevitably it will be achieved.*



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## Introduction: On the Promise and Peril of AI
**John Brockman**

Artificial intelligence is today's story—the story behind all other stories. It is the Second Coming and the Apocalypse at the same time: Good AI versus evil AI. This book comes out of an ongoing conversation with a number of important thinkers, both in the world of AI and beyond it, about what AI is and what it means. Called the Deep Thinking Project, this conversation began in earnest in September 2016, in a meeting at the Mayflower Grace Hotel in Washington, Connecticut with some of the book's contributors.

What quickly emerged from that first meeting is that the excitement and fear in the wider culture surrounding AI now has an analogue in the way Norbert Wiener's ideas regarding "cybernetics" worked their way through the culture, particularly in the 1960's, as artists began to incorporate thinking about new technologies into their work. I witnessed the impact of those ideas at close hand; indeed it's not too much to say they set me off on my life's path. With the advent of the digital era beginning in the early 1970s, people stopped talking about Wiener, but today, his Cybernetic Idea has been so widely adopted that it's internalized to the point where it no longer needs a name. It's everywhere, it's in the air, and it's a fitting a place to begin.

### New Technologies=New Perceptions

Before AI, there was Cybernetics—the idea of automatic, self-regulating control, laid out in Norbert Wiener's foundational text of 1948. I can date my own serious exposure to it to 1966, when the composer John Cage invited me and four or five other young arts people to join him for a series of dinners—an ongoing seminar about media, communications, art, music, and philosophy that focused on Cage's interest in the ideas of Wiener, Claude Shannon, and Marshall McLuhan, all of whom had currency in the New York art circles in which I was then moving. In particular, Cage had picked up on McLuhan's idea that by inventing electronic technologies we had externalized our central nervous system—that is, our minds—and that we now had to presume that "there's only one mind, the one we all share."

Ideas of this nature were beginning to be of great interest to the artists I was working with in New York at the Film-Makers' Cinémathèque, where I was program manager for a series of multimedia productions called the New Cinema 1 (also known as the Expanded Cinema Festival), under the auspices of avant-garde filmmaker and impresario Jonas Mekas. They included visual artists Claes Oldenburg, Robert Rauschenberg, Andy Warhol, Robert Whitman; kinetic artists Charlotte Moorman and Nam June Paik; happenings artists Allan Kaprow and Carolee Schneemann; dancer Tricia Brown; filmmakers Jack Smith, Stan Vanderbeek, Ed Emshwiller, and the Kuchar brothers; avant-garde dramatist Ken Dewey; poet Gerd Stern and the USCO group; minimalist musicians Lamonte Young and Terry Riley; and through Warhol, the music group, The Velvet Underground. Many of these people were reading Wiener, and cybernetics was in the air. It was at one of these dinners that Cage reached into his briefcase and took out a copy of *Cybernetics* and handed it to me, saying, "This is for you."



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During the Festival, I received an unexpected phone call from Wiener's colleague Arthur K. Solomon, head of Harvard's graduate program in biophysics. Wiener had died the year before, and Solomon and Wiener's other close colleagues at MIT and Harvard had been reading about the Expanded Cinema Festival in the *New York Times* and were intrigued by the connection to Wiener's work. Solomon invited me to bring some of the artists up to Cambridge to meet with him and a group that included MIT sensory-communications researcher Walter Rosenblith, Harvard applied mathematician Anthony Oettinger, and MIT engineer Harold "Doc" Edgerton, inventor of the strobe light.

Like many other "art meets science" situations I've been involved in since, the two-day event was an informed failure: ships passing in the night. But I took it all onboard and the event was consequential in some interesting ways—one of which came from the fact that they took us to see "the" computer. Computers were a rarity back then; at least, none of us on the visit had ever seen one. We were ushered into a large space on the MIT campus, in the middle of which there was a "cold room" raised off the floor and enclosed in glass, in which technicians wearing white lab coats, scarves, and gloves were busy collating punch cards coming through an enormous machine. When I approached, the steam from my breath fogged up the window into the cold room. Wiping it off, I saw "the" computer. I fell in love.

Later, in the Fall of 1967, I went to Menlo Park to spend time with Stewart Brand, whom I had met in New York in 1965 when he was a satellite member of the USCO group of artists. Now, with his wife Lois, a mathematician, he was preparing the first edition of *The Whole Earth Catalog* for publication. While Lois and the team did the heavy lifting on the final mechanicals for WEC, Stewart and I sat together in a corner for two days, reading, underlining, and annotating the same paperback copy of *Cybernetics* that Cage had handed to me the year before, and debating Wiener's ideas.

Inspired by this set of ideas, I began to develop a theme, a mantra of sorts, that has informed my endeavors since: "new technologies = new perceptions." Inspired by communications theorist Marshall McLuhan, architect-designer Buckminster Fuller, futurist John McHale, and cultural anthropologists Edward T. (Ned) Hall and Edmund Carpenter, I started reading avidly in the field of information theory, cybernetics, and systems theory. McLuhan suggested I read biologist J.Z. Young's *Doubt and Certainty in Science* in which he said that we create tools and we mold ourselves through our use of them. The other text he recommended was Warren Weaver and Claude Shannon's 1949 paper "Recent Contributions to the Mathematical Theory of Communication," which begins: "The word *communication* will be used here in a very broad sense to include all of the procedures by which one mind may affect another. This, of course, involves not only written and oral speech, but also music, the pictorial arts, the theater, the ballet, and in fact all human behavior."

Who knew that within two decades of that moment we would begin to recognize the brain as a computer? And in the next two decades, as we built our computers into the Internet, that we would begin to realize that the brain is not a computer, but a network of computers? Certainly not Wiener, a specialist in analogue feedback circuits designed to control machines, nor the artists, nor, least of all, myself.

**"We must cease to kiss the whip that lashes us."**



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Two years after *Cybernetics,* in 1950, Norbert Wiener published *The Human Use of Human Beings*—a deeper story, in which he expressed his concerns about the runaway commercial exploitation and other unforeseen consequences of the new technologies of control. I didn't read *The Human Use of Human Beings* until the spring of 2016, when I picked up my copy, a first edition, which was sitting in my library next to *Cybernetics.* What shocked me was the realization of just how prescient Wiener was in 1950 about what's going on today. Although the first edition was a major bestseller—and, indeed, jump-started an important conversation—under pressure from his peers Wiener brought out a revised and milder edition in 1954, from which the original concluding chapter, "Voices of Rigidity," is conspicuously absent.

Science historian George Dyson points out that in this long-forgotten first edition, Wiener predicted the possibility of a "threatening new Fascism dependent on the *machine à gouverner*":

> No elite escaped his criticism, from the Marxists and the Jesuits ("all of Catholicism is indeed essentially a totalitarian religion") to the FBI ("our great merchant princes have looked upon the propaganda technique of the Russians, and have found that it is good") and the financiers lending their support "to make American capitalism and the fifth freedom of the businessman supreme throughout the world." Scientists . . . received the same scrutiny given the Church: "Indeed, the heads of great laboratories are very much like Bishops, with their association with the powerful in all walks of life, and the dangers they incur of the carnal sins of pride and of lust for power."

This jeremiad did not go well for Wiener. As Dyson puts it:

> These alarms were discounted at the time, not because Wiener was wrong about digital computing but because larger threats were looming as he completed his manuscript in the fall of 1949. Wiener had nothing against digital computing but was strongly opposed to nuclear weapons and refused to join those who were building digital computers to move forward on the thousand-times-more-powerful hydrogen bomb.

Since the original of *The Human Use of Human Beings* is now out of print, lost to us is Wiener's *cri de coeur*, more relevant today than when he wrote it, sixty-eight years ago: "We must cease to kiss the whip that lashes us."

**Mind, Thinking, Intelligence**

Among the reasons we don't hear much about "Cybernetics" today, two are central: First, although *The Human Use of Human Beings* was considered an important book in its time, it ran counter to the aspirations of many of Wiener's colleagues, including John von Neumann and Claude Shannon, who were interested in the commercialization of the new technologies. Second, computer pioneer John McCarthy disliked Wiener and refused to use Wiener's term "Cybernetics." McCarthy, in turn, coined the term "artificial intelligence" and became a founding father of that field.



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As Judea Pearl, who, in the 1980s, introduced a new approach to artificial intelligence called Bayesian networks, explained to me:

> What Wiener created was excitement to believe that one day we are going to make an intelligent machine. He wasn't a computer scientist. He talked feedback, he talked communication, he talked analog. His working metaphor was a feedback circuit, which he was an expert in. By the time the digital age began in the early 1960s people wanted to talk programming, talk codes, talk about computational functions, talk about short-term memory, long-term memory—meaningful computer metaphors. Wiener wasn't part of that, and he didn't reach the new generation that germinated with his ideas. His metaphors were too old, *passé*. There were new means already available that were ready to capture the human imagination." By 1970, people were no longer talking about Wiener.

One critical factor missing in Wiener's vision was the cognitive element: mind, thinking, intelligence. As early as 1942, at the first of a series of foundational interdisciplinary meetings about the control of complex systems that would come to be known as the Macy conferences, leading researchers were arguing for the inclusion of the cognitive element into the conversation. While von Neumann, Shannon, and Wiener were concerned about systems of control and communication of observed systems, Warren McCullough wanted to include mind. He turned to cultural anthropologists Gregory Bateson and Margaret Mead to make the connection to the social sciences. Bateson in particular was increasingly talking about patterns and processes, or "the pattern that connects." He called for a new kind of systems ecology in which organisms and the environment in which they live are one in the same, and should be considered as a single circuit. By the early 1970s the Cybernetics of observed systems—1st order Cybernetics—moved to the Cybernetics of observing systems—2nd order Cybernetics—or "the Cybernetics of Cybernetics", as coined by Heinz von Foerster, who joined the Macy conferences in the mid 1950s, and spearheaded the new movement.

Cybernetics, rather than disappearing, was becoming metabolized into *everything*, so we no longer saw it as a separate, distinct new discipline. And there it remains, hiding in plain sight.

**"The Shtick of the Steins"**

My own writing about these issues at the time was on the radar screen of the 2nd order Cybernetics crowd, including Heinz von Foerster as well as John Lilly and Alan Watts, who were the co-organizers of something called "The AUM Conference," shorthand for "The American University of Masters", which took place in Big Sur in 1973, a gathering of philosophers, psychologists, and scientists, each of whom asked to lecture on his own work in terms of its relationship to the ideas of British mathematician G. Spencer Brown presented in his book, *Laws of Form*.

I was a bit puzzled when I received an invitation—a very late invitation indeed—which they explained was based on their interest in the ideas I presented in a book called *Afterwords*, which were very much on their wavelength. I jumped at the opportunity, the main reason being that the keynote speaker was none other than Richard Feynman. I love



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to spend time with physicists, the reason being that they think about the universe, i.e. everything. And no physicist was reputed to be articulate as Feynman. I couldn't wait to meet him. I accepted. That said, I am not a scientist, and I had never entertained the idea of getting on a stage and delivering a "lecture" of any kind, least of all a commentary on an obscure mathematical theory in front of a group identified as the world's most interesting thinkers. Only upon my arrival in Big Sur did I find out the reason for my very late invitation. "When is Feynman's talk?" I asked at the desk. "Oh, didn't Alan Watts tell you? Richard is ill and has been hospitalized. You're his replacement. And, by the way, what's the title of your keynote lecture?"

I tried to make myself invisible for several days. Alan Watts, realizing that I was avoiding the podium, woke me up one night with a 3am knock on the door of my room. I opened the door to find him standing in front of me wearing a monk's robe with a hood that covering much of his face. His arms extended, he held a lantern in one hand, and a magnum of scotch on the other.

"John", he said in a deep voice with a rich aristocratic British accent, "you are a phony." "And, John", he continued, I am a phony. But John, I am a *real* phony!"

The next day I gave my lecture, entitled "Einstein, Gertrude Stein, Wittgenstein, and Frankenstein." Einstein: the revolution in 20th century physics; Gertrude Stein: the first writer who made integral to her work the idea of an indeterminate and discontinuous universe. Words represented neither character nor activity: A rose is a rose is a rose, and a universe is a universe is a universe.); Wittgenstein: the world as limits of language. "The limits of my language mean the limits of my world". The end of the distinction between observer and observed. Frankenstein: Cybernetics AI, robotics, all the essayists in this volume.

The lecture had unanticipated consequences. Among the participants at the AUM Conference were several authors of #1 New York Times bestsellers, yet no one there had a literary agent. And I realized that all were engaged in writing a genre of book both unnamed and unrecognized by New York publishers. Since I had an MBA from Colombia Business School, and a series of relative successes in business, I was dragooned into becoming an agent, initially for Gregory Bateson and John Lilly, whose books I sold quickly, and for sums that caught my attention, thus kick-starting my career as a literary agent.

I never did meet Richard Feynman.

**The Long AI Winters**

This new career put me in close touch with most of the AI pioneers, and over the decades I rode with them on waves of enthusiasm, and into valleys of disappointment.

In the early '80s the Japanese government mounted a national effort to advance AI. They called it the 5th Generation; their goal was to change the architecture of computation by breaking "the von Neumann bottleneck", by creating a massively parallel computer. In so doing, they hoped to jumpstart their economy and become a dominant world power in the field. In1983, the leader of the Japanese 5th Generation consortium came to New York for a meeting organized by Heinz Pagels, the president of the New York Academy of Sciences. I had a seat at the table alongside the leaders of the 1st generation, Marvin Minsky and John McCarthy, the 2nd generation, Edward Feigenbaum



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and Roger Schank, and Joseph Traub, head of the National Supercomputer Consortium.

In 1981 with Heinz's help, I had founded "The Reality Club" (the precursor to the non-profit Edge.org), whose initial interdisciplinary meetings took place in the Board Room at the NYAS. Heinz was working on his book, *Dreams of Reason: The Rise of the Science of Complexity*, which he considered to be a research agenda for science in the 1990's.

Through the Reality Club meetings, I got to know two young researchers who were about to play key roles in revolutionizing computer science. At MIT in the late seventies, Danny Hillis developed the algorithms that made possible the massively parallel computer. In 1983, his company, Thinking Machines, built the world's fastest supercomputer by utilizing parallel architecture. His "connection machine," closely reflected the workings of the human mind. Seth Lloyd at Rockefeller University was undertaking seminal work in the fields of quantum computation and quantum communications, including proposing the first technologically feasible design for a quantum computer.

And the Japanese? Their foray into artificial intelligence failed, and was followed by twenty years of anemic economic growth. But, the leading US scientists took this program very seriously. And Feigenbaum, who was the cutting-edge computer scientist of the day, teamed up with McCorduck to write a book on these developments. *The Fifth Generation: Artificial Intelligence and Japan's Computer Challenge to the World* was published in 1983. We had a code name for the project: "It's coming, it's coming!" But it didn't come; it went.

From that point on I've worked with researchers in nearly every variety of AI and complexity, including Rodney Brooks, Hans Moravec, John Archibald Wheeler, Benoit Mandelbrot, John Henry Holland, Danny Hillis, Freeman Dyson, Chris Langton, Doyne Farmer, Geoffrey West, Stuart Russell, and Judea Pearl.

**An Ongoing Dynamical Emergent System**

From the initial meeting in Washington, CT to the present, I arranged a number of dinners and discussions in London and Cambridge, Massachusetts, as well as a public event at London's City Hall. Among the attendees were distinguished scientists, science historians, and communications theorists, all of whom have been thinking seriously about AI issues for their entire careers.

I commissioned essays from a wide range of contributors, with or without references to Wiener (leaving it up to each participant). In the end, 25 people wrote essays, all individuals concerned about what is happening today in the age of AI. *Deep Thinking* in not *my* book, rather it is *our* book: Seth Lloyd, Judea Pearl, Stuart Russell, George Dyson, Daniel C. Dennett, Rodney Brooks, Frank Wilczek, Max Tegmark, Jaan Tallinn, Steven Pinker, David Deutsch, Tom Griffiths, Anca Dragan, Chris Anderson, David Kaiser, Neil Gershenfeld, W. Daniel Hillis, Venki Ramakrishnan, Alex "Sandy" Pentland, Hans Ulrich Obrist, Alison Gopnik, Peter Galison, George M. Church, Caroline A. Jones, Stephen Wolfram.

I see The Deep Thinking Project as an ongoing dynamical emergent system, a presentation of the ideas of a community of sophisticated thinkers who are bringing their experience and erudition to bear in challenging the prevailing digital AI narrative as they



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communicate their thoughts to one another. The aim is to present a mosaic of views which will help make sense out of this rapidly emerging field.

I asked the essayists to consider:

(a) The Zen-like poem "Thirteen Ways of Looking at a Blackbird," by Wallace Stevens, which he insisted was "not meant to be a collection of epigrams or of ideas, but of sensations." It is an exercise in "perspectivism," consisting of short, separate sections, each of which mentions blackbirds in some way. The poem is about his own imagination; it concerns what he attends to.

(b) The parable of the blind men and an elephant. Like the elephant, AI is too big a topic for any one perspective, never mind the fact that no two people seem to see things the same way.

What do we want the book to do? Stewart Brand has noted that "revisiting pioneer thinking is perpetually useful. And it gives a long perspective that invites thinking in decades and centuries about the subject. All contemporary discussion, is bound to age badly and immediately without the longer perspective."

Danny Hillis wants people in AI to realize how they've been programmed by Wiener's book. "You're executing its road map," he says, and you just don't realize it."

Dan Dennett would like to "let Wiener emerge as the ghost at the banquet. Think of it as a source of hybrid vigor, a source of unsettling ideas to shake uŒp the established mindset."

Neil Gershenfeld argues that "stealth remedial education for the people running the "Big Five" would be a great output from the book."

Freeman Dyson Freeman, one of the few people alive who knew Wiener, notes that "*The* Human *Use of Human Beings* is one of the best books ever written. Wiener got almost everything right. I will be interested to see what your bunch of wizards will do with it."

**The Evolving AI Narrative**

Things have changed—and they remain the same. Now AI is everywhere. We have the Internet. We have our smartphones. The founders of the dominant companies—the companies that hold "the whip that lashes us"—have net worths of $65 billion, $90 billion, $130 billion. High-profile individuals such as Elon Musk, Nick Bostrom, Martin Rees, Eliezer Yudkowsky, and the late Stephen Hawking have issued dire warnings about AI, resulting in the ascendancy of well-funded institutes tasked with promoting "Nice AI." But will we, as a species, be able to control a fully realized, unsupervised, self-improving AI? Wiener's warnings and admonitions in *The Human Use of Human Beings* are now very real, and they need to be looked at anew by researchers at the forefront of the AI revolution. Here is Dyson again:

> Wiener became increasingly disenchanted with the "gadget worshipers" whose corporate selfishness brought "motives to automatization that go beyond a legitimate curiosity and are sinful in themselves." He knew the danger was not machines becoming more like humans but humans being treated like machines. "The world of the future will be an ever more demanding struggle against the limitations of our intelligence," he warned in *God & Golem, Inc.*, published in



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1964, the year of his death, "not a comfortable hammock in which we can lie down to be waited upon by our robot slaves."

It's time to examine the evolving AI narrative by identifying the leading members of that mainstream community along with the dissidents, and presenting their counternarratives in their own voices.

The essays that follow thus constitute a much-needed update from the field.

John Brockman
New York, 2019



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*I met* ***Seth Lloyd*** *in the late 1980s, when new ways of thinking were everywhere: the importance of biological organizing principles, the computational view of mathematics and physical processes, the emphasis on parallel networks, the importance of nonlinear dynamics, the new understanding of chaos, connectionist ideas, neural networks, and parallel distributive processing. The advances in computation during that period provided us with a new way of thinking about knowledge.*

*Seth likes to refer to himself as a quantum mechanic. He is internationally known for his work in the field of quantum computation, which attempts to harness the exotic properties of quantum theory, like superposition and entanglement, to solve problems that would take several lifetimes to solve on classical computers.*

*In the essay that follows, he traces the history of information theory from Norbert Wiener's prophetic insights to the predictions of a technological "singularity" that some would have us believe will supplant the human species. His takeaway on the recent programming method known as deep learning is to call for a more modest set of expectations; he notes that despite AI's enormous advances, robots "still can't tie their own shoes."*

*It's difficult for me to talk about Seth without referencing his relationship with his friend and professor, the late theoretical physicist Heinz Pagels of Rockefeller University. The graduate student and the professor each had a profound effect on each other's ideas.*

*In the summer of 1988, I visited Heinz and Seth at the Aspen Center for Physics. Their joint work on the subject of complexity was featured in the current issue of* Scientific American*; they were ebullient. That was just two weeks before Heinz's tragic death in a hiking accident while descending Pyramid Peak with Seth. They were talking about quantum computing.*



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## WRONG, BUT MORE RELEVANT THAN EVER
**Seth Lloyd**

**Seth Lloyd** *is a theoretical physicist at MIT, Nam P. Suh Professor in the Department of Mechanical Engineering, and an external professor at the Santa Fe Institute.*

*The Human Use of Human Beings,* Norbert Wiener's 1950 popularization of his highly influential book *Cybernetics: Control and Communication in the Animal and the Machine* (1948), investigates the interplay between human beings and machines in a world in which machines are becoming ever more computationally capable and powerful. It is a remarkably prescient book, and remarkably wrong. Written at the height of the Cold War, it contains a chilling reminder of the dangers of totalitarian organizations and societies, and of the danger to democracy when it tries to combat totalitarianism with totalitarianism's own weapons.

Wiener's *Cybernetics* looked in close scientific detail at the process of control via feedback. ("Cybernetics," from the ancient Greek for "helmsman," is the etymological basis of our word "governor," which is what James Watt called his pathbreaking feedback control device that transformed the use of steam engines.) Because he was immersed in problems of control, Wiener saw the world as a set of complex, interlocking feedback loops, in which sensors, signals, and actuators such as engines interact via an intricate exchange of signals and information. The engineering applications of *Cybernetics* were tremendously influential and effective, giving rise to rockets, robots, automated assembly lines, and a host of precision-engineering techniques—in other words, to the basis of contemporary industrial society.

Wiener had greater ambitions for cybernetic concepts, however, and in *The Human Use of Human Beings* he spells out his thoughts on its application to topics as diverse as Maxwell's Demon, human language, the brain, insect metabolism, the legal system, the role of technological innovation in government, and religion. These broader applications of cybernetics were an almost unequivocal failure. Vigorously hyped from the late 1940s to the early 1960s—to a degree similar to the hype of computer and communication technology that led to the dotcom crash of 2000-2001—cybernetics delivered satellites and telephone switching systems but generated few if any useful developments in social organization and society at large.

Nearly seventy years later, however, *The Human Use of Human Beings* has more to teach us humans than it did the first time around. Perhaps the most remarkable feature of the book is that it introduces a large number of topics concerning human/machine interactions that are still of considerable relevance. Dark in tone, the book makes several predictions about disasters to come in the second half of the 20th century, many of which are almost identical to predictions made today about the second half of the 21st.

For example, Wiener foresaw a moment in the near future of 1950 in which humans would cede control of society to a cybernetic artificial intelligence, which would then proceed to wreak havoc on humankind. The automation of manufacturing, Wiener predicted, would both create large advances in productivity and displace many workers from their jobs—a sequence of events that did indeed come to pass in the ensuing decades. Unless society could find productive occupations for these displaced workers, Wiener warned, revolt would ensue.



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But Wiener failed to foresee crucial technological developments. Like pretty much all technologists of the 1950s, he failed to predict the computer revolution. Computers, he thought, would eventually fall in price from hundreds of thousands of (1950s) dollars to tens of thousands; neither he nor his compeers anticipated the tremendous explosion of computer power that would follow the development of the transistor and the integrated circuit. Finally, because of his emphasis on control, Wiener could not foresee a technological world in which innovation and self-organization bubble up from the bottom rather than being imposed from the top.

Focusing on the evils of totalitarianism (political, scientific, and religious), Wiener saw the world in a deeply pessimistic light. His book warned of the catastrophe that awaited us if we didn't mend our ways, fast. The current world of human beings and machines, more than a half century after its publication, is much more complex, richer, and contains a much wider variety of political, social, and scientific systems than he was able to envisage. The warnings of what will happen if we get it wrong, however—for example, control of the entire Internet by a global totalitarian regime—remain as relevant and pressing today as they were in 1950.

***What Wiener Got Right***

Wiener's most famous mathematical works focused on problems of signal analysis and the effects of noise. During World War II, he developed techniques for aiming anti-aircraft fire by making models that could predict the future trajectory of an airplane by extrapolating from its past behavior. In *Cybernetics* and in *The Human Use of Human Beings*, Wiener notes that this past behavior includes quirks and habits of the human pilot, thus a mechanized device can predict the behavior of humans. Like Alan Turing, whose Turing Test suggested that computing machines could give responses to questions which were indistinguishable from human responses, Wiener was fascinated by the notion of capturing human behavior by mathematical description. In the 1940s, he applied his knowledge of control and feedback loops to neuro-muscular feedback in living systems, and was responsible for bringing Warren McCulloch and Walter Pitts to MIT, where they did their pioneering work on artificial neural networks.

Wiener's central insight was that the world should be understood in terms of information. Complex systems, such as organisms, brains, and human societies, consist of interlocking feedback loops in which signals exchanged between subsystems result in complex but stable behavior. When feedback loops break down, the system goes unstable. He constructed a compelling picture of how complex biological systems function, a picture that is by and large universally accepted today.

Wiener's vision of information as the central quantity in governing the behavior of complex systems was remarkable at the time. Nowadays, when cars and refrigerators are jammed with microprocessors and much of human society revolves around computers and cell phones connected by the Internet, it seems prosaic to emphasize the centrality of information, computation, and communication. In Wiener's time, however, the first digital computers had only just come into existence, and the Internet was not even a twinkle in the technologist's eye.

Wiener's powerful conception of not just engineered complex systems but all complex systems as revolving around cycles of signals and computation led to tremendous contributions to the development of complex human-made systems. The



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methods he and others developed for the control of missiles, for example, were later put to work in building the Saturn V moon rocket, one of the crowning engineering achievements of the 20th century. In particular, Wiener's applications of cybernetic concepts to the brain and to computerized perception are the direct precursors of today's neural-network-based deep-learning circuits, and of artificial intelligence itself. But current developments in these fields have diverged from his vision, and their future development may well affect the human uses both of human beings and of machines.

***What Wiener Got Wrong***

It is exactly in the extension of the cybernetic idea to human beings that Wiener's conceptions missed their target. Setting aside his ruminations on language, law, and human society for the moment, look at a humbler but potentially useful innovation that he thought was imminent in 1950. Wiener notes that prosthetic limbs would be much more effective if their wearers could communicate directly with their prosthetics by their own neural signals, receiving information about pressure and position from the limb and directing its subsequent motion. This turned out to be a much harder problem than Wiener envisaged: Seventy years down the road, prosthetic limbs that incorporate neural feedback are still in the very early stages. Wiener's concept was an excellent one—it's just that the problem of interfacing neural signals with mechanical-electrical devices is hard.

More significantly, Wiener (along with pretty much everyone else in 1950) greatly underappreciated the potential of digital computation. As noted, Wiener's mathematical contributions were to the analysis of signals and noise and his analytic methods apply to continuously varying, or analog, signals. Although he participated in the wartime development of digital computation, he never foresaw the exponential explosion of computing power brought on by the introduction and progressive miniaturization of semiconductor circuits. This is hardly Wiener's fault: The transistor hadn't been invented yet, and the vacuum-tube technology of the digital computers he was familiar with was clunky, unreliable, and unscalable to ever larger devices. In an appendix to the 1948 edition of *Cybernetics,* he anticipates chess-playing computers and predicts that they'll be able to look two or three moves ahead. He might have been surprised to learn that within half a century a computer would beat the human world champion at chess.

***Technological Overestimation and the Existential Risks of the Singularity***

When Wiener wrote his books, a significant example of technological overestimation was about to occur. The 1950s saw the first efforts at developing artificial intelligence, by researchers such as Herbert Simon, John McCarthy, and Marvin Minsky, who began to program computers to perform simple tasks and to construct rudimentary robots. The success of these initial efforts inspired Simon to declare that "machines will be capable, within twenty years, of doing any work a man can do." Such predictions turned out to be spectacularly wrong. As they became more powerful, computers got better and better at playing chess because they could systematically generate and evaluate a vast selection of possible future moves. But the majority of predictions of AI, e.g., robotic maids, turned out to be illusory. When Deep Blue beat Garry Kasparov at chess in 1997, the most



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powerful room-cleaning robot was a Roomba, which moved around vacuuming at random and squeaked when it got caught under the couch.

Technological prediction is particularly chancy, given that technologies progress by a series of refinements, halted by obstacles and overcome by innovation. Many obstacles and some innovations can be anticipated, but more cannot. In my own work with experimentalists on building quantum computers, I typically find that some of the technological steps I expect to be easy turn out to be impossible, whereas some of the tasks I imagine to be impossible turn out to be easy. You don't know until you try.

In the 1950s, partly inspired by conversations with Wiener, John von Neumann introduced the notion of the "technological singularity." Technologies tend to improve exponentially, doubling in power or sensitivity over some interval of time. (For example, since 1950, computer technologies have been doubling in power roughly every two years, an observation enshrined as Moore's Law.) Von Neumann extrapolated from the observed exponential rate of technological improvement to predict that "technological progress will become incomprehensively rapid and complicated," outstripping human capabilities in the not too distant future. Indeed, if one extrapolates the growth of raw computing power—expressed in terms of bits and bit flips—into the future at its current rate, computers should match human brains sometime in the next two to four decades (depending on how one estimates the information-processing power of human brains).

The failure of the initial overly optimistic predictions of AI dampened talk about the technological singularity for a few decades, but since the 2005 publication of Ray Kurzweil's *The Singularity is Near,* the idea of technological advance leading to superintelligence is back in force. Some believers, Kurzweil included, regard this singularity as an opportunity: Humans can merge their brains with the superintelligence and thereby live forever. Others, such as Stephen Hawking and Elon Musk, worried that this superintelligence would prove to be malign and regarded it as the greatest existing threat to human civilization. Still others, including some of the contributors to the present volume, think such talk is overblown.

Wiener's life work and his failure to predict its consequences are intimately bound up in the idea of an impending technological singularity. His work on neuroscience and his initial support of McCulloch and Pitts adumbrated the startlingly effective deep-learning methods of the present day. Over the past decade, and particularly in the last five years, such deep-learning techniques have finally exhibited what Wiener liked to call *Gestalt*—for example, the ability to recognize that a circle is a circle even if when slanted sideways it looks like an ellipse. His work on control, combined with his work on neuromuscular feedback, was significant for the development of robotics and is the inspiration for neural-based human/machine interfaces. His lapses in technological prediction, however, suggest that we should take the notion of a technological singularity with a grain of salt. The general difficulties of technological prediction and the problems specific to the development of a superintelligence should warn us against overestimating both the power and the efficacy of information processing.

### *The Arguments for Singularity Skepticism*

No exponential increase lasts forever. An atomic explosion grows exponentially, but



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only until it runs out of fuel. Similarly, the exponential advances in Moore's Law are starting to run into limits imposed by basic physics. The clock speed of computers maxed out at a few gigahertz a decade and a half ago, simply because the chips were starting to melt. The miniaturization of transistors is already running into quantum-mechanical problems due to tunneling and leakage currents. Eventually, the various exponential improvements in memory and processing driven by Moore's Law will grind to a halt. A few more decades, however, will probably be time enough for the raw information-processing power of computers to match that of brains—at least by the crude measures of number of bits and number of bit-flips per second.

Human brains are intricately constructed, the process of millions of years of natural selection. In Wiener's time, our understanding of the architecture of the brain was rudimentary and simplistic. Since then, increasingly sensitive instrumentation and imaging techniques have shown our brains to be far more varied in structure and complex in function than Wiener could have imagined. I recently asked Tomaso Poggio, one of the pioneers of modern neuroscience, whether he was worried that computers, with their rapidly increasing processing power, would soon emulate the functioning of the human brain. "Not a chance," he replied.

The recent advances in deep learning and neuromorphic computation are very good at reproducing a particular aspect of human intelligence focused on the operation of the brain's cortex, where patterns are processed and recognized. These advances have enabled a computer to beat the world champion not just of chess but of Go, an impressive feat, but they're far short of enabling a computerized robot to tidy a room. (In fact, robots with anything approaching human capability in a broad range of flexible movements are still far away—search "robots falling down." Robots are good at making precision welds on assembly lines, but they still can't tie their own shoes.)

Raw information-processing power does not mean sophisticated information-processing power. While computer power has advanced exponentially, the programs by which computers operate have often failed to advance at all. One of the primary responses of software companies to increased processing power is to add "useful" features which often make the software harder to use. Microsoft Word reached its apex in 1995 and has been slowly sinking under the weight of added features ever since. Once Moore's Law starts slowing down, software developers will be confronted with hard choices between efficiency, speed, and functionality.

A major fear of the singulariteers is that as computers become more involved in designing their own software they'll rapidly bootstrap themselves into achieving superhuman computational ability. But the evidence of machine learning points in the opposite direction. As machines become more powerful and capable of learning, they learn more and more as human beings do—from multiple examples, often under the supervision of human and machine teachers. Education is as hard and slow for computers as it is for teenagers. Consequently, systems based on deep learning are becoming more rather than less human. The skills they bring to learning are not "better than" but "complementary to" human learning: Computer learning systems can identify patterns that humans cannot—and vice versa. The world's best chess players are neither computers nor humans but humans working together with computers. Cyberspace is indeed inhabited by harmful programs, but these primarily take the form of malware—viruses notable for their malign mindlessness, not for their



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superintelligence.

***Whither Wiener***

Wiener noted that exponential technological progress is a relatively modern phenomenon and not all of it is good. He regarded atomic weapons and the development of missiles with nuclear warheads as a recipe for the suicide of the human species. He compared the headlong exploitation of the planet's resources with the Mad Tea Party of *Alice in Wonderland:* Having laid waste to one local environment, we make progress simply by moving on to lay waste to the next. Wiener's optimism about the development of computers and neuro-mechanical systems was tempered by his pessimism about their exploitation by authoritarian governments, such as the Soviet Union, and the tendency for democracies, such as the United States, to become more authoritarian themselves in confronting the threat of authoritarianism.

What would Wiener think of the current human use of human beings? He would be amazed by the power of computers and the Internet. He would be happy that the early neural nets in which he played a role have spawned powerful deep-learning systems that exhibit the perceptual ability he demanded of them—although he might not be impressed that one of the most prominent examples of such computerized *Gestalt* is the ability to recognize photos of kittens on the World Wide Web. Rather than regarding machine intelligence as a threat, I suspect he would regard it as a phenomenon in its own right, different from and co-evolving with our own human intelligence.

Unsurprised by global warming—the Mad Tea Party of our era—Wiener would applaud the exponential improvement in alternative-energy technologies and would apply his cybernetic expertise to developing the intricate set of feedback loops needed to incorporate such technologies into the coming smart electrical grid. Nonetheless, recognizing that the solution to the problem of climate change is at least as much political as it is technological, he would undoubtedly be pessimistic about our chances of solving this civilization-threatening problem in time. Wiener hated hucksters—political hucksters most of all—but he acknowledged that hucksters would always be with us.

It's easy to forget just how scary Wiener's world was. The United States and the Soviet Union were in a full-out arms race, building hydrogen bombs mounted on nuclear warheads carried by intercontinental ballistic missiles guided by navigation systems to which Wiener himself—to his dismay—had contributed. I was four years old when Wiener died. In 1964, my nursery school class was practicing duck-and-cover under our desks to prepare for a nuclear attack. Given the human use of human beings in his own day, if he could see our current state, Wiener's first response would be to be relieved that we are still alive.



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*In the 1980s,* **Judea Pearl** *introduced a new approach to artificial intelligence called Bayesian networks. This probability-based model of machine reasoning enabled machines to function—in a complex and uncertain world—as "evidence engines," continuously revising their beliefs in light of new evidence.*

*Within a few years, Judea's Bayesian networks had completely overshadowed the previous rule-based approaches to artificial intelligence. The advent of deep learning—in which computers, in effect, teach themselves to be smarter by observing tons of data, has given him pause, because this method lacks transparency.*

*While recognizing the impressive achievements in deep learning by colleagues such as Michael Jordan and Geoffrey Hinton, he feels uncomfortable with this kind of opacity. He set out to understand the theoretical limitations of deep-learning systems and points out that basic barriers exist that will prevent them from achieving a human kind of intelligence, no matter what we do. Leveraging the computational benefits of Bayesian networks, Judea realized that the combination of simple graphical models and data could also be used to represent and infer cause-effect relationships. The significance of this discovery far transcends its roots in artificial intelligence. His latest book explains causal thinking to the general public; you might say it is a primer on how to think even though human.*

*Judea's principled, mathematical approach to causality is a profound contribution to the realm of ideas. It has already benefited virtually every field of inquiry, especially the data-intensive health and social sciences.*



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# THE LIMITATIONS OF OPAQUE LEARNING MACHINES

**Judea Pearl**

***Judea Pearl*** *is a professor of computer science and director of the Cognitive Systems Laboratory at UCLA. His most recent book, co-authored with Dana Mackenzie, is* The Book of Why: The New Science of Cause and Effect.

As a former physicist, I was extremely interested in cybernetics. Though it did not utilize the full power of Turing Machines, it was highly transparent, perhaps because it was founded on classical control theory and information theory. We are losing this transparency now, with the deep-learning style of machine learning. It is fundamentally a curve-fitting exercise that adjusts weights in intermediate layers of a long input-output chain.

I find many users who say that it "works well and we don't know why." Once you unleash it on large data, deep learning has its own dynamics, it does its own repair and its own optimization, and it gives you the right results most of the time. But when it doesn't, you don't have a clue about what went wrong and what should be fixed. In particular, you do not know if the fault is in the program, in the method, or because things have changed in the environment. We should be aiming at a different kind of transparency.

Some argue that transparency is not really needed. We don't understand the neural architecture of the human brain, yet it runs well, so we forgive our meager understanding and use human helpers to great advantage. In the same way, they argue, why not unleash deep-learning systems and create intelligence without understanding how they work? I buy this argument to some extent. I personally don't like opacity, so I won't spend my time on deep learning, but I know that it has a place in the makeup of intelligence. I know that non-transparent systems can do marvelous jobs, and our brain is proof of that marvel.

But this argument has its limitation. The reason we can forgive our meager understanding of how human brains work is because our brains work the same way, and that enables us to communicate with other humans, learn from them, instruct them, and motivate them in our own native language. If our robots will all be as opaque as AlphaGo, we won't be able to hold a meaningful conversation with them, and that would be unfortunate. We will need to retrain them whenever we make a slight change in the task or in the operating environment.

So, rather than experimenting with opaque learning machines, I am trying to understand their theoretical limitations and examine how these limitations can be overcome. I do it in the context of causal-reasoning tasks, which govern much of how scientists think about the world and, at the same time, are rich in intuition and toy examples, so we can monitor the progress in our analysis. In this context, we've discovered that some basic barriers exist, and that unless they are breached we won't get a real human kind of intelligence no matter what we do. I believe that charting these barriers may be no less important than banging our heads against them.

Current machine-learning systems operate almost exclusively in a statistical, or model-blind, mode, which is analogous in many ways to fitting a function to a cloud of data points. Such systems cannot reason about "what if ?" questions and, therefore,



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cannot serve as the basis for Strong AI—that is, artificial intelligence that emulates human-level reasoning and competence. To achieve human-level intelligence, learning machines need the guidance of a blueprint of reality, a model—similar to a road map that guides us in driving through an unfamiliar city.

To be more specific, current learning machines improve their performance by optimizing parameters for a stream of sensory inputs received from the environment. It is a slow process, analogous to the natural-selection process that drives Darwinian evolution. It explains how species like eagles and snakes have developed superb vision systems over millions of years. It cannot explain, however, the super-evolutionary process that enabled humans to build eyeglasses and telescopes over barely a thousand years. What humans had that other species lacked was a mental representation of their environment—representations that they could manipulate at will to imagine alternative hypothetical environments for planning and learning.

Historians of *Homo sapiens* such as Yuval Noah Harari and Steven Mithen are in general agreement that the decisive ingredient that gave our ancestors the ability to achieve global dominion about forty thousand years ago was their ability to create and store a mental representation of their environment, interrogate that representation, distort it by mental acts of imagination, and finally answer the "What if?" kind of questions. Examples are interventional questions ("What if I do such-and-such?") and retrospective or counterfactual questions ("What if I had acted differently?"). No learning machine in operation today can answer such questions. Moreover, most learning machines do not possess a representation from which the answers to such questions can be derived.

With regard to causal reasoning, we find that you can do very little with any form of model-blind curve fitting, or any statistical inference, no matter how sophisticated the fitting process is. We have also found a theoretical framework for organizing such limitations, which forms a hierarchy.

On the first level, you have statistical reasoning, which can tell you only how seeing one event would change your belief about another. For example, what can a symptom tell you about a disease?

Then you have a second level, which entails the first but not vice versa. It deals with actions. "What will happen if we raise prices?" "What if you make me laugh?" That second level of the hierarchy requires information about interventions which is not available in the first. This information can be encoded in a graphical model, which merely tells us which variable responds to another.

The third level of the hierarchy is the counterfactual. This is the language used by scientists. "What if the object were twice as heavy?" "What if I were to do things differently?" "Was it the aspirin that cured my headache, or the nap I took?" Counterfactuals are at the top level in the sense that they cannot be derived even if we could predict the effects of all actions. They need an extra ingredient, in the form of equations, to tell us how variables respond to changes in other variables.

One of the crowning achievements of causal-inference research has been the algorithmization of both interventions and counterfactuals, the top two layers of the hierarchy. In other words, once we encode our scientific knowledge in a model (which may be qualitative), algorithms exist that examine the model and determine if a given query, be it about an intervention or about a counterfactual, can be estimated from the available data—and, if so, how. This capability has transformed dramatically the way



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scientists are doing science, especially in such data-intensive sciences as sociology and epidemiology, for which causal models have become a second language. These disciplines view their linguistic transformation as the Causal Revolution. As Harvard social scientist Gary King puts it, "More has been learned about causal inference in the last few decades than the sum total of everything that had been learned about it in all prior recorded history."

As I contemplate the success of machine learning and try to extrapolate it to the future of AI, I ask myself, "Are we aware of the basic limitations that were discovered in the causal-inference arena? Are we prepared to circumvent the theoretical impediments that prevent us from going from one level of the hierarchy to another level?"

I view machine learning as a tool to get us from data to probabilities. But then we still have to make two extra steps to go from probabilities into real understandingnce—two big steps. One is to predict the effect of actions, and the second is counterfactual imagination. We cannot claim to understand reality unless we make the last two steps.

In his insightful book *Foresight and Understanding* (1961), the philosopher Stephen Toulmin identified the transparency-versus-opacity contrast as the key to understanding the ancient rivalry between Greek and Babylonian sciences. According to Toulmin, the Babylonian astronomers were masters of black-box predictions, far surpassing their Greek rivals in accuracy and consistency of celestial observations. Yet Science favored the creative-speculative strategy of the Greek astronomers, which was wild with metaphorical imagery: circular tubes full of fire, small holes through which celestial fire was visible as stars, and hemispherical Earth riding on turtleback. It was this wild modeling strategy, not Babylonian extrapolation, that jolted Eratosthenes (276-194 BC) to perform one of the most creative experiments in the ancient world and calculate the circumference of the Earth. Such an experiment would never have occurred to a Babylonian data-fitter.

Model-blind approaches impose intrinsic limitations on the cognitive tasks that Strong AI can perform. My general conclusion is that human-level AI cannot emerge solely from model-blind learning machines; it requires the symbiotic collaboration of data and models.

Data science is a science only to the extent that it facilitates the interpretation of data—a two-body problem, connecting data to reality. Data alone are hardly a science, no matter how "big" they get and how skillfully they are manipulated. Opaque learning systems may get us to Babylon, but not to Athens.



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*Computer scientist* **Stuart Russell**, *along with Elon Musk, Stephen Hawking, Max Tegmark, and numerous others, has insisted that attention be paid to the potential dangers in creating an intelligence on the superhuman (or even the human) level—an AGI, or artificial general intelligence, whose programmed purposes may not necessarily align with our own.*

*His early work was on understanding the notion of "bounded optimality" as a formal definition of intelligence that you can work on. He developed the technique of rational meta-reasoning, "which is, roughly speaking, that you do the computations that you expect to improve the quality of your ultimate decision as quickly as possible." He has also worked on the unification of probability theory and first-order logic—resulting in a new and far more effective monitoring system for the Comprehensive Nuclear Test Ban Treaty—and on the problem of decision making over long timescales (his presentations on the latter topic are usually titled, "Life: Play and Win in 20 trillion moves").*

*He is very concerned with the continuing development of autonomous weapons, such as lethal micro-drones, which are potentially scalable into weapons of mass destruction. He drafted the letter from forty of the world's leading AI researchers to President Obama which resulted in high-level national-security meetings.*

*His current work centers on the creation of what he calls "provably beneficial" AI. He wants to ensure AI safety by "imbuing systems with explicit uncertainty" about the objectives of their human programmers, an approach that would amount to a fairly radical reordering of current AI research.*

*Stuart is also on the radar of anyone who has taken a course in computer science in the last twenty-odd years. He is co-author of "the" definitive AI textbook, with an estimated 5-million-plus English-language readers.*



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## THE PURPOSE PUT INTO THE MACHINE

**Stuart Russell**

***Stuart Russell** is a professor of computer science and Smith-Zadeh Professor in Engineering at UC Berkeley. He is the coauthor (with Peter Norvig) of* Artificial Intelligence: A Modern Approach.

Among the many issues raised in Norbert Wiener's *The Human Use of Human Beings* (1950) that are currently relevant, the most significant to the AI researcher is the possibility that humanity may cede control over its destiny to machines.

Wiener considered the machines of the near future as far too limited to exert global control, imagining instead that machines and machine-like control systems would be wielded by human elites to reduce the great mass of humanity to the status of "cogs and levers and rods." Looking further ahead, he pointed to the difficulty of correctly specifying objectives for highly capable machines, noting

> a few of the simpler and more obvious truths of life, such as that when a djinnee is found in a bottle, it had better be left there; that the fisherman who craves a boon from heaven too many times on behalf of his wife will end up exactly where he started; that if you are given three wishes, you must be very careful what you wish for.

The dangers are clear enough:

> Woe to us if we let [the machine] decide our conduct, unless we have previously examined the laws of its action, and know fully that its conduct will be carried out on principles acceptable to us! On the other hand, the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.

Ten years later, after seeing Arthur Samuel's checker-playing program learn to play checkers far better than its creator, Wiener published "Some Moral and Technical Consequences of Automation" in *Science*. In this paper, the message is even clearer:

> If we use, to achieve our purposes, a mechanical agency with whose operation we cannot efficiently interfere . . . we had better be quite sure that the purpose put into the machine is the purpose which we really desire. . . .

In my view, this is the source of the existential risk from superintelligent AI cited in recent years by such observers as Elon Musk, Bill Gates, Stephen Hawking, and Nick Bostrom.

### *Putting Purposes Into Machines*

The goal of AI research has been to understand the principles underlying intelligent behavior and to build those principles into machines that can then exhibit such behavior. In the 1960s and 1970s, the prevailing theoretical notion of intelligence was the capacity for logical reasoning, including the ability to derive plans of action guaranteed to achieve a specified goal. More recently, a consensus has emerged around the idea of a rational



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agent that perceives, and acts in order to maximize, its expected utility. Subfields such as logical planning, robotics, and natural-language understanding are special cases of the general paradigm. AI has incorporated probability theory to handle uncertainty, utility theory to define objectives, and statistical learning to allow machines to adapt to new circumstances. These developments have created strong connections to other disciplines that build on similar concepts, including control theory, economics, operations research, and statistics.

In both the logical-planning and rational-agent views of AI, the machine's objective—whether in the form of a goal, a utility function, or a reward function (as in reinforcement learning)—is specified exogenously. In Wiener's words, this is "the purpose put into the machine." Indeed, it has been one of the tenets of the field that AI systems should be general-purpose—i.e., capable of accepting a purpose as input and then achieving it—rather than special-purpose, with their goal implicit in their design. For example, a self-driving car should accept a destination as input instead of having one fixed destination. However, some aspects of the car's "driving purpose" are fixed, such as that it shouldn't hit pedestrians. This is built directly into the car's steering algorithms rather than being explicit: No self-driving car in existence today "knows" that pedestrians prefer not to be run over.

Putting a purpose into a machine which optimizes its behavior according to clearly defined algorithms seems an admirable approach to ensuring that the machine's "conduct will be carried out on principles acceptable to us!" But, as Wiener warns, we need to put in the right purpose. We might call this the King Midas problem: Midas got exactly what he asked for—namely, that everything he touched would turn to gold—but too late he discovered the drawbacks of drinking liquid gold and eating solid gold. The technical term for putting in the right purpose is *value alignment*. When it fails, we may inadvertently imbue machines with objectives counter to our own. Tasked with finding a cure for cancer as fast as possible, an AI system might elect to use the entire human population as guinea pigs for its experiments. Asked to de-acidify the oceans, it might use up all the oxygen in the atmosphere as a side effect. This is a common characteristic of systems that optimize: Variables not included in the objective may be set to extreme values to help optimize that objective.

Unfortunately, neither AI nor other disciplines (economics, statistics, control theory, operations research) built around the optimization of objectives have much to say about how to identify the purposes "we really desire." Instead, they assume that objectives are simply implanted into the machine. AI research, in its present form, studies the ability to achieve objectives, not the design of those objectives.

Steve Omohundro has pointed to a further difficulty, observing that intelligent entities must act to preserve their own existence. This tendency has nothing to do with a self-preservation instinct or any other biological notion; it's just that an entity cannot achieve its objectives if it's dead. According to Omohundro's argument, a superintelligent machine that has an off-switch—which some, including Alan Turing himself, in a 1951 talk on BBC Radio 3, have seen as our potential salvation—will take steps to disable the switch in some way.[1] Thus we may face the prospect of superintelligent machines—their actions by definition unpredictable by us and their

[1] Omohundro, "The Basic AI Drives," in *Proc. First AGI Conf.,* 171: "Artificial General Intelligence," eds. P. Wang, B. Goertzel, & S. Franklin (IOS press, 2008).



HOUSE_OVERSIGHT_016833

imperfectly specified objectives conflicting with our own—whose motivation to preserve their existence in order to achieve those objectives may be insuperable.

***1001 Reasons to Pay No Attention***

Objections have been raised to these arguments, primarily by researchers within the AI community. The objections reflect a natural defensive reaction, coupled perhaps with a lack of imagination about what a superintelligent machine could do. None hold water on closer examination. Here are some of the more common ones:

- *Don't worry, we can just switch it off.*[2] This is often the first thing that pops into a layperson's head when considering risks from superintelligent AI—as if a superintelligent entity would never think of that. This is rather like saying that the risk of losing to DeepBlue or AlphaGo is negligible—all one has to do is make the right moves.
- *Human-level or superhuman AI is impossible.*[3] This is an unusual claim for AI researchers to make, given that, from Turing onward, they have been fending off such claims from philosophers and mathematicians. The claim, which is backed by no evidence, appears to concede that if superintelligent AI *were* possible, it *would* be a significant risk. It's as if a bus driver, with all of humanity as passengers, said, "Yes, I am driving toward a cliff—in fact, I'm pressing the pedal to the metal! But trust me, we'll run out of gas before we get there!" The claim represents a foolhardy bet against human ingenuity. We have made such bets before and lost. On September 11, 1933, renowned physicist Ernest Rutherford stated, with utter confidence, "Anyone who expects a source of power from the transformation of these atoms is talking moonshine." On September 12, 1933, Leo Szilard invented the neutron-induced nuclear chain reaction. A few years later he demonstrated such a reaction in his laboratory at Columbia University. As he recalled in a memoir: "We switched everything off and went home. That night, there was very little doubt in my mind that the world was headed for grief."
- *It's too soon to worry about it.* The right time to worry about a potentially serious problem for humanity depends not just on when the problem will occur but also on how much time is needed to devise and implement a solution that avoids the risk. For example, if we were to detect a large asteroid predicted to collide with the Earth in 2067, would we say, "It's too soon to worry"? And if we consider the global catastrophic risks from climate change predicted to occur later in this century, is it too soon to take action to prevent them? On the contrary, it may be too late. The relevant timescale for human-level AI is less predictable, but, like nuclear fission, it might arrive considerably sooner than expected. One variation on this argument is Andrew Ng's statement that it's "like worrying about overpopulation on Mars." This appeals to a convenient analogy: Not only is the

[2] AI researcher Jeff Hawkins, for example, writes, "Some intelligent machines will be virtual, meaning they will exist and act solely within computer networks. . . . It is always possible to turn off a computer network, even if painful." https://www.recode.net/2015/3/2/11559576/.

[3] The AI100 report (Peter Stone *et al.*), sponsored by Stanford University, includes the following: "Unlike in the movies, there is no race of superhuman robots on the horizon or probably even possible." https://ai100.stanford.edu/2016-report.



HOUSE_OVERSIGHT_016834

risk easily managed and far in the future, but also it's extremely unlikely that we'd even try to move billions of humans to Mars in the first place. The analogy is a false one, however. We are already devoting huge scientific and technical resources to creating ever-more-capable AI systems. A more apt analogy would be a plan to move the human race to Mars with no consideration for what we might breathe, drink, or eat once we'd arrived.

- *Human-level AI isn't really imminent, in any case.* The AI100 report, for example, assures us, "Contrary to the more fantastic predictions for AI in the popular press, the Study Panel found no cause for concern that AI is an imminent threat to humankind." This argument simply misstates the reasons for concern, which are not predicated on imminence. In his 2014 book, *Superintelligence: Paths, Dangers, Strategies,* Nick Bostrom, for one, writes, "It is no part of the argument in this book that we are on the threshold of a big breakthrough in artificial intelligence, or that we can predict with any precision when such a development might occur."
- *You're just a Luddite.* It's an odd definition of Luddite that includes Turing, Wiener, Minsky, Musk, and Gates, who rank among the most prominent contributors to technological progress in the 20th and 21st centuries.[4] Furthermore, the epithet represents a complete misunderstanding of the nature of the concerns raised and the purpose for raising them. It is as if one were to accuse nuclear engineers of Luddism if they pointed out the need for control of the fission reaction. Some objectors also use the term "anti-AI," which is rather like calling nuclear engineers "anti-physics." The purpose of understanding and preventing the risks of AI is to ensure that we can realize the benefits. Bostrom, for example, writes that success in controlling AI will result in "a civilizational trajectory that leads to a compassionate and jubilant use of humanity's cosmic endowment"—hardly a pessimistic prediction.
- *Any machine intelligent enough to cause trouble will be intelligent enough to have appropriate and altruistic objectives.*[5] (Often, the argument adds the premise that people of greater intelligence tend to have more altruistic objectives, a view that may be related to the self-conception of those making the argument.) This argument is related to Hume's *is-ought* problem and G. E. Moore's naturalistic fallacy, suggesting that somehow the machine, as a result of its intelligence, will simply *perceive* what is right, given its experience of the world. This is implausible; for example, one cannot perceive, in the design of a chessboard and chess pieces, the goal of checkmate; the same chessboard and pieces can be used for suicide chess, or indeed many other games still to be invented. Put another way: Where Bostrom imagines humans driven extinct by a putative robot that turns the planet into a sea of paper clips, we humans see this outcome as tragic,

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[4] Elon Musk, Stephen Hawking, and others (including, apparently, the author) received the 2015 Luddite of the Year Award from the Information Technology Innovation Foundation: https://itif.org/publications/2016/01/19/artificial-intelligence-alarmists-win-itif%E2%80%99s-annual-luddite-award.

[5] Rodney Brooks, for example, asserts that it's impossible for a program to be "smart enough that it would be able to invent ways to subvert human society to achieve goals set for it by humans, without understanding the ways in which it was causing problems for those same humans." http://rodneybrooks.com/the-seven-deadly-sins-of-predicting-the-future-of-ai/.



HOUSE_OVERSIGHT_016835

whereas the iron-eating bacterium *Thiobacillus ferrooxidans* is thrilled. Who's to say the bacterium is wrong? The fact that a machine has been given a fixed objective by humans doesn't mean that it will automatically recognize the importance to humans of things that aren't part of the objective. Maximizing the objective may well cause problems for humans, but, by definition, the machine will not recognize those problems as problematic.

- *Intelligence is multidimensional, "so 'smarter than humans' is a meaningless concept."*[6] It is a staple of modern psychology that IQ doesn't do justice to the full range of cognitive skills that humans possess to varying degrees. IQ is indeed a crude measure of human intelligence, but it is utterly meaningless for current AI systems, because their capabilities across different areas are uncorrelated. How do we compare the IQ of Google's search engine, which cannot play chess, with that of DeepBlue, which cannot answer search queries?

  None of this supports the argument that because intelligence is multifaceted, we can ignore the risk from superintelligent machines. If "smarter than humans" is a meaningless concept, then "smarter than gorillas" is also meaningless, and gorillas therefore have nothing to fear from humans; clearly, that argument doesn't hold water. Not only is it logically possible for one entity to be more capable than another across all the relevant dimensions of intelligence, it is also possible for one species to represent an existential threat to another even if the former lacks an appreciation for music and literature.

***Solutions***

Can we tackle Wiener's warning head-on? Can we design AI systems whose purposes don't conflict with ours, so that we're sure to be happy with how they behave? On the face of it, this seems hopeless, because it will doubtless prove infeasible to write down our purposes correctly or imagine all the counterintuitive ways a superintelligent entity might fulfill them.

If we treat superintelligent AI systems as if they were black boxes from outer space, then indeed we have no hope. Instead, the approach we seem obliged to take, if we are to have any confidence in the outcome, is to define some formal problem $F$, and design AI systems to be $F$-solvers, such that no matter how perfectly a system solves $F$, we're guaranteed to be happy with the solution. If we can work out an appropriate $F$ that has this property, we'll be able to create *provably beneficial* AI.

Here's an example of how *not* to do it: Let a reward be a scalar value provided periodically by a human to the machine, corresponding to how well the machine has behaved during each period, and let $F$ be the problem of maximizing the expected sum of rewards obtained by the machine. The optimal solution to this problem is not, as one might hope, to behave well, but instead to take control of the human and force him or her to provide a stream of maximal rewards. This is known as the wireheading problem, based on observations that humans themselves are susceptible to the same problem if given a means to electronically stimulate their own pleasure centers.

There is, I believe, an approach that may work. Humans can reasonably be described as having (mostly implicit) preferences over their future lives—that is, given

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[6] Kevin Kelly, "The Myth of a Superhuman AI," *Wired*, Apr. 25, 2017.



HOUSE_OVERSIGHT_016836

enough time and unlimited visual aids, a human could express a preference (or indifference) when offered a choice between two future lives laid out before him or her in all their aspects. (This idealization ignores the possibility that our minds are composed of subsystems with incompatible preferences; if true, that would limit a machine's ability to optimally satisfy our preferences, but it doesn't seem to prevent us from designing machines that avoid catastrophic outcomes.) The formal problem $F$ to be solved by the machine in this case is to maximize human future-life preferences subject to its initial uncertainty as to what they are. Furthermore, although the future-life preferences are hidden variables, they're grounded in a voluminous source of evidence—namely, all of the human choices ever made. This formulation sidesteps Wiener's problem: The machine may learn more about human preferences as it goes along, of course, but it will never achieve complete certainty.

A more precise definition is given by the framework of cooperative inverse-reinforcement learning, or CIRL. A CIRL problem involves two agents, one human and the other a robot. Because there are two agents, the problem is what economists call a game. It is a game of partial information, because while the human knows the reward function, the robot doesn't—even though the robot's job is to maximize it.

A simple example: Suppose that Harriet, the human, likes to collect paper clips and staples and her reward function depends on how many of each she has. More precisely, if she has $p$ paper clips and $s$ staples, her degree of happiness is $\theta p + (1-\theta)s$, where $\theta$ *is* essentially an exchange rate between paper clips and staples. If $\theta$ is 1, she likes only paper clips; if $\theta$ is 0, she likes only staples; if $\theta$ is 0.5, she is indifferent between them; and so on. It's the job of Robby, the robot, to produce the paper clips and staples. The point of the game is that Robby wants to make Harriet happy, but he doesn't know the value of $\theta$, so he isn't sure how many of each to produce.

Here's how the game works. Let the true value of $\theta$ be 0.49—that is, Harriet has a slight preference for staples over paper clips. And let's assume that Robby has a uniform prior belief about $\theta$—that is, he believes $\theta$ is equally likely to be any value between 0 and 1. Harriet now gets to do a small demonstration, producing either two paper clips or two staples or one of each. After that, the robot can produce either ninety paper clips, or ninety staples, or fifty of each. You might think that Harriet, who prefers staples to paper clips, should produce two staples. But in that case, Robby's rational response would be to produce ninety staples (with a total value to Harriet of 45.9), which is a less desirable outcome for Harriet than fifty of each (total value 50.0). The optimal solution of this particular game is that Harriet produces one of each, so then Robby makes fifty of each. Thus, the way the game is defined encourages Harriet to "teach" Robby—as long as she knows that Robby is watching carefully.

Within the CIRL framework, one can formulate and solve the off-switch problem—that is, the problem of how to prevent a robot from disabling its off-switch. (Turing may rest easier.) A robot that's uncertain about human preferences actually benefits from being switched off, because it understands that the human will press the off-switch to prevent the robot from doing something counter to those preferences. Thus the robot is incentivized to preserve the off-switch, and this incentive derives directly from its uncertainty about human preferences.[7]

The off-switch example suggests some templates for controllable-agent

[7] See Hadfield-Menell et al., "The Off-Switch Game," https://arxiv.org/pdf/1611.08219.pdf.



HOUSE_OVERSIGHT_016837

designs and provides at least one case of a provably beneficial system in the sense introduced above. The overall approach resembles mechanism-design problems in economics, wherein one incentivizes other agents to behave in ways beneficial to the designer. The key difference here is that we are building one of the agents in order to benefit the other.

There are reasons to think this approach may work in practice. First, there is abundant written and filmed information about humans doing things (and other humans reacting). Technology to build models of human preferences from this storehouse will presumably be available long before superintelligent AI systems are created. Second, there are strong, near-term economic incentives for robots to understand human preferences: If one poorly designed domestic robot cooks the cat for dinner, not realizing that its sentimental value outweighs its nutritional value, the domestic-robot industry will be out of business.

There are obvious difficulties, however, with an approach that expects a robot to learn underlying preferences from human behavior. Humans are irrational, inconsistent, weak-willed, and computationally limited, so their actions don't always reflect their true preferences. (Consider, for example, two humans playing chess. Usually, one of them loses, but not on purpose!) So robots can learn from nonrational human behavior only with the aid of much better cognitive models of humans. Furthermore, practical and social constraints will prevent all preferences from being maximally satisfied simultaneously, which means that robots must mediate among conflicting preferences—something that philosophers and social scientists have struggled with for millennia. And what should robots learn from humans who enjoy the suffering of others? It may be best to zero out such preferences in the robots' calculations.

Finding a solution to the AI control problem is an important task; it may be, in Bostrom's words, "the essential task of our age." Up to now, AI research has focused on systems that are better at making decisions, but this is not the same as making better decisions. No matter how excellently an algorithm maximizes, and no matter how accurate its model of the world, a machine's decisions may be ineffably stupid in the eyes of an ordinary human if its utility function is not well aligned with human values.

This problem requires a change in the definition of AI itself—from a field concerned with pure intelligence, independent of the objective, to a field concerned with systems that are provably beneficial for humans. Taking the problem seriously seems likely to yield new ways of thinking about AI, its purpose, and our relationship to it.



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*In 2005,* **George Dyson**, *a historian of science and technology, visited Google at the invitation of some Google engineers. The occasion was the sixtieth anniversary of John von Neumann's proposal for a digital computer. After the visit, George wrote an essay, "Turing's Cathedral," which, for the first time, alerted the public about what Google's founders had in store for the world. "We are not scanning all those books to be read by people," explained one of his hosts after his talk. "We are scanning them to be read by an AI."*

*George offers a counternarrative to the digital age. His interests have included the development of the Aleut kayak, the evolution of digital computing and telecommunications, the origins of the digital universe, and a path not taken into space. His career (he never finished high school, yet has been awarded an honorary doctorate from the University of Victoria) has proved as impossible to classify as his books.*

*He likes to point out that analog computing, once believed to be as extinct as the differential analyzer, has returned. He argues that while we may use digital components, at a certain point the analog computing being performed by the system far exceeds the complexity of the digital code with which it is built. He believes that true artificial intelligence—with analog control systems emerging from a digital substrate the way digital computers emerged out of analog components in the aftermath of World War II—may not be as far off as we think.*

*In this essay, George contemplates the distinction between analog and digital computation and finds analog to be alive and well. Nature's response to an attempt to program machines to control everything may be machines without programming over which no one has control.*



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# THE THIRD LAW
## George Dyson

***George Dyson** is a historian of science and technology and the author of* Baidarka: the Kayak, Darwin Among the Machines, Project Orion, *and* Turing's Cathedral.

The history of computing can be divided into an Old Testament and a New Testament: before and after electronic digital computers and the codes they spawned proliferated across the Earth. The Old Testament prophets, who delivered the underlying logic, included Thomas Hobbes and Gottfried Wilhelm Leibniz. The New Testament prophets included Alan Turing, John von Neumann, Claude Shannon, and Norbert Wiener. They delivered the machines.

Alan Turing wondered what it would take for machines to become intelligent. John von Neumann wondered what it would take for machines to self-reproduce. Claude Shannon wondered what it would take for machines to communicate reliably, no matter how much noise intervened. Norbert Wiener wondered how long it would take for machines to assume control.

Wiener's warnings about control systems beyond human control appeared in 1949, just as the first generation of stored-program electronic digital computers were introduced. These systems required direct supervision by human programmers, undermining his concerns. What's the problem, as long as programmers are in control of the machines? Ever since, debate over the risks of autonomous control has remained associated with the debate over the powers and limitations of digitally coded machines. Despite their astonishing powers, little real autonomy has been observed. This is a dangerous assumption. What if digital computing is being superseded by something else?

Electronics underwent two fundamental transitions over the past hundred years: from analog to digital and from vacuum tubes to solid state. That these transitions occurred together does not mean they are inextricably linked. Just as digital computation was implemented using vacuum tube components, analog computation can be implemented in solid state. Analog computation is alive and well, even though vacuum tubes are commercially extinct.

There is no precise distinction between analog and digital computing. In general, digital computing deals with integers, binary sequences, deterministic logic, and time that is idealized into discrete increments, whereas analog computing deals with real numbers, nondeterministic logic, and continuous functions, including time as it exists as a continuum in the real world.

Imagine you need to find the middle of a road. You can measure its width using any available increment and then digitally compute the middle to the nearest increment. Or you can use a piece of string as an analog computer, mapping the width of the road to the length of the string and finding the middle, without being limited to increments, by doubling the string back upon itself.

Many systems operate across both analog and digital regimes. A tree integrates a wide range of inputs as continuous functions, but if you cut down that tree, you find that it has been counting the years digitally all along.



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In analog computing, complexity resides in network topology, not in code. Information is processed as continuous functions of values such as voltage and relative pulse frequency rather than by logical operations on discrete strings of bits. Digital computing, intolerant of error or ambiguity, depends upon error correction at every step along the way. Analog computing tolerates errors, allowing you to live with them.

Nature uses digital coding for the storage, replication, and recombination of sequences of nucleotides, but relies on analog computing, running on nervous systems, for intelligence and control. The genetic system in every living cell is a stored-program computer. Brains aren't.

Digital computers execute transformations between two species of bits: bits representing differences in space and bits representing differences in time. The transformations between these two forms of information, sequence and structure, are governed by the computer's programming, and as long as computers require human programmers, we retain control.

Analog computers also mediate transformations between two forms of information: structure in space and behavior in time. There is no code and no programming. Somehow—and we don't fully understand how—Nature evolved analog computers known as nervous systems, which embody information absorbed from the world. They learn. One of the things they learn is control. They learn to control their own behavior, and they learn to control their environment to the extent that they can.

Computer science has a long history—going back to before there even *was* computer science—of implementing neural networks, but for the most part these have been simulations of neural networks by digital computers, not neural networks as evolved in the wild by Nature herself. This is starting to change: from the bottom up, as the threefold drivers of drone warfare, autonomous vehicles, and cell phones push the development of neuromorphic microprocessors that implement actual neural networks, rather than simulations of neural networks, directly in silicon (and other potential substrates); and from the top down, as our largest and most successful enterprises increasingly turn to analog computation in their infiltration and control of the world.

While we argue about the intelligence of digital computers, analog computing is quietly supervening upon the digital, in the same way that analog components like vacuum tubes were repurposed to build digital computers in the aftermath of World War II. Individually deterministic finite-state processors, running finite codes, are forming large-scale, nondeterministic, non-finite-state metazoan organisms running wild in the real world. The resulting hybrid analog/digital systems treat streams of bits collectively, the way the flow of electrons is treated in a vacuum tube, rather than individually, as bits are treated by the discrete-state devices generating the flow. Bits are the new electrons. Analog is back, and its nature is to assume control.

Governing everything from the flow of goods to the flow of traffic to the flow of ideas, these systems operate statistically, as pulse-frequency coded information is processed in a neuron or a brain. The emergence of intelligence gets the attention of *Homo sapiens,* but what we should be worried about is the emergence of control.

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Imagine it is 1958 and you are trying to defend the continental United States against airborne attack. To distinguish hostile aircraft, one of the things you need, besides a network of computers and early-warning radar sites, is a map of all commercial air traffic, updated in real time. The United States built such a system and named it SAGE (Semi-Automatic Ground Environment). SAGE in turn spawned Sabre, the first integrated reservation system for booking airline travel in real time. Sabre and its progeny soon became not just a map as to what seats were available but also a system that began to control, with decentralized intelligence, where airliners would fly, and when.

But isn't there a control room somewhere, with someone at the controls? Maybe not. Say, for example, you build a system to map highway traffic in real time, simply by giving cars access to the map in exchange for reporting their own speed and location at the time. The result is a fully decentralized control system. Nowhere is there any controlling model of the system except the system itself.

Imagine it is the first decade of the 21st century and you want to track the complexity of human relationships in real time. For social life at a small college, you could construct a central database and keep it up to date, but its upkeep would become overwhelming if taken to any larger scale. Better to pass out free copies of a simple semi-autonomous code, hosted locally, and let the social network update itself. This code is executed by digital computers, but the analog computing performed by the system as a whole far exceeds the complexity of the underlying code. The resulting pulse-frequency coded model of the social graph *becomes* the social graph. It spreads wildly across the campus and then the world.

What if you wanted to build a machine to capture what everything known to the human species *means*? With Moore's Law behind you, it doesn't take too long to digitize all the information in the world. You scan every book ever printed, collect every email ever written, and gather forty-nine years of video every twenty-four hours, while tracking where people are and what they do, in real time. But how do you capture the *meaning*?

Even in the age of all things digital, this cannot be defined in any strictly logical sense, because meaning, among humans, isn't fundamentally logical. The best you can do, once you have collected all possible answers, is to invite well-defined questions and compile a pulse-frequency weighted map of how everything connects. Before you know it, your system will not only be observing and mapping the meaning of things, it will start *constructing* meaning as well. In time, it will *control* meaning, in the same way as the traffic map starts to control the flow of traffic even though no one seems to be in control.

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There are three laws of artificial intelligence. The first, known as Ashby's Law, after cybernetician W. Ross Ashby, author of *Design for a Brain*, states that any effective control system must be as complex as the system it controls.

The second law, articulated by John von Neumann, states that the defining characteristic of a complex system is that it constitutes its own simplest behavioral description. The simplest complete model of an organism is the organism itself. Trying to reduce the system's behavior to any formal description makes things more complicated, not less.



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The third law states that any system simple enough to be understandable will not be complicated enough to behave intelligently, while any system complicated enough to behave intelligently will be too complicated to understand.

The Third Law offers comfort to those who believe that until we understand intelligence, we need not worry about superhuman intelligence arising among machines. But there is a loophole in the Third Law. It is entirely possible to build something without understanding it. You don't need to fully understand how a brain works in order to build one that works. This is a loophole that no amount of supervision over algorithms by programmers and their ethical advisors can ever close. Provably "good" AI is a myth. Our relationship with true AI will always be a matter of faith, not proof.

We worry too much about machine intelligence and not enough about self-reproduction, communication, and control. The next revolution in computing will be signaled by the rise of analog systems over which digital programming no longer has control. Nature's response to those who believe they can build machines to control everything will be to allow them to build a machine that controls them instead.



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**Dan Dennett** *is the philosopher of choice in the AI community. He is perhaps best known in cognitive science for his concept of intentional systems and his model of human consciousness, which sketches a computational architecture for realizing the stream of consciousness in the massively parallel cerebral cortex. That uncompromising computationalism has been opposed by philosophers such as John Searle, David Chalmers, and the late Jerry Fodor, who have protested that the most important aspects of consciousness—intentionality and subjective qualia—cannot be computed.*

*Twenty-five years ago, I was visiting Marvin Minsky, one of the original AI pioneers, and asked him about Dan. "He's our best current philosopher—the next Bertrand Russell," said Marvin, adding that unlike traditional philosophers, Dan was a student of neuroscience, linguistics, artificial intelligence, computer science, and psychology: "He's redefining and reforming the role of the philosopher. Of course, Dan doesn't understand my Society-of-Mind theory, but nobody's perfect."*

*Dan's view of the efforts of AI researchers to create superintelligent AIs is relentlessly levelheaded. What, me worry? In this essay, he reminds us that AIs, above all, should be regarded—and treated—as tools and not as humanoid colleagues.*

*He has been interested in information theory since his graduate school days at Oxford. In fact, he told me that early in his career he was keenly interested in writing a book about Wiener's cybernetic ideas. As a thinker who embraces the scientific method, one of his charms is his willingness to be wrong. Of a recent piece entitled "What Is Information?" he has announced, "I stand by it, but it's under revision. I'm already moving beyond it and realizing there's a better way of tackling some of these issues." He will most likely remain cool and collected on the subject of AI research, although he has acknowledged, often, that his own ideas evolve—as anyone's ideas should.*



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## WHAT CAN WE DO?
**Daniel C. Dennett**

***Daniel C. Dennett*** *is University Professor and Austin B. Fletcher Professor of Philosophy and director of the Center for Cognitive Studies at Tufts University. He is the author of a dozen books, including* Consciousness Explained *and, most recently,* From Bacteria to Bach and Back: The Evolution of Minds.

Many have reflected on the irony of reading a great book when you are too young to appreciate it. Consigning a classic to the *already read* stack and thereby insulating yourself against any further influence while gleaning only a few ill-understood ideas from it is a recipe for neglect that is seldom benign. This struck me with particular force when I reread *The Human Use of Human Beings* more than sixty years after my juvenile encounter. We should all make it a regular practice to reread books from our youth, where we are apt to discover clear previews of some of our own later "discoveries" and "inventions," along with a wealth of insights to which we were bound to be impervious until our minds had been torn and tattered, exercised and enlarged by confrontations with life's problems.

Writing at a time when vacuum tubes were still the primary electronic building blocks and there were only a few actual computers in operation, Norbert Wiener imagined the future we now contend with in impressive detail and with few clear mistakes. Alan Turing's famous 1950 article "Computing Machinery and Intelligence," in the philosophy journal *Mind,* foresaw the development of AI, and so did Wiener, but Wiener saw farther and deeper, recognizing that AI would not just imitate—and replace—human beings in many intelligent activities but change human beings in the process.

> We are but whirlpools in a river of ever-flowing water. We are not stuff that abides, but patterns that perpetuate themselves. (p. 96)

When that was written, it could be comfortably dismissed as yet another bit of Heraclitean overstatement. Yeah, yeah, you can never step in the same river twice. But it contains the seeds of the revolution in outlook. Today we know how to think about complex adaptive systems, strange attractors, extended minds, and homeostasis, a change in perspective that promises to erase the "explanatory gap"[8] between mind and mechanism, spirit and matter, a gap that is still ardently defended by latter-day Cartesians who cannot bear the thought that we—we *ourselves*—are self-perpetuating patterns of information-bearing matter, not "stuff that abides." Those patterns are remarkably resilient and self-restoring but at the same time protean, opportunistic, selfish exploiters of whatever new is available to harness in their quest for perpetuation. And here is where things get dicey, as Wiener recognized. When attractive opportunities abound, we are apt to be willing to pay a little and accept some small, even trivial, cost-of-doing-business for access to new powers. And pretty soon we become so dependent on our new tools that we lose the ability to thrive without them. Options become obligatory.

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[8] Joseph Levine, "Materialism and Qualia: The Explanatory Gap," *Pacific Philosophical Quarterly* 64, pp. 354-61 (1983).



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It's an old, old story, with many well-known chapters in evolutionary history. Most mammals can synthesize their own vitamin C, but primates, having opted for a diet composed largely of fruit, lost the innate ability. We are now obligate ingesters of vitamin C, but not obligate frugivores like our primate cousins, since we have opted for technology that allows us to make, and take, vitamins as needed. The self-perpetuating patterns that we call human beings are now dependent on clothes, cooked food, vitamins, vaccinations, . . . credit cards, smartphones, and the Internet. And—tomorrow if not already today—AI.

Wiener foresaw the problems that Turing and the other optimists have largely overlooked. The real danger, he said, is

> that such machines, though helpless by themselves, may be used by a human being or a block of human beings to increase their control over the rest of the race or that political leaders may attempt to control their populations by means not of machines themselves but through political techniques as narrow and indifferent to human possibility as if they had, in fact, been conceived mechanically. (p. 181)

The power, he recognized, lay primarily in the algorithms, not the hardware they run on, although the hardware of today makes practically possible algorithms that would have seemed preposterously cumbersome in Wiener's day. What can we say about these "techniques" that are "narrow and indifferent to human possibility"? They have been introduced again and again, some obviously benign, some obviously dangerous, and many in the omnipresent middle ground of controversy.

Consider a few of the skirmishes. My late friend Joe Weizenbaum, Wiener's successor as MIT's Jeremiah of hi-tech, loved to observe that credit cards, whatever their virtues, also provided an inexpensive and almost foolproof way for the government, or corporations, to track the travels and habits and desires of individuals. The anonymity of cash has been largely underappreciated, except by drug dealers and other criminals, and now it may be going extinct. This may make money laundering a more difficult technical challenge in the future, but the AI pattern finders arrayed against it have the side effect of making us all more transparent to any "block of human beings" that may "attempt to control" us.

Looking to the arts, the innovation of digital audio and video recording lets us pay a small price (in the eyes of all but the most ardent audiophiles and film lovers) when we abandon analog formats, and in return provides easy—all too easy?—reproduction of artworks with almost perfect fidelity. But there is a huge hidden cost. Orwell's Ministry of Truth is now a practical possibility. AI techniques for creating all-but-undetectable forgeries of "recordings" of encounters are now becoming available which will render obsolete the tools of investigation we have come to take for granted in the last hundred and fifty years. Will we simply abandon the brief Age of Photographic Evidence and return to the earlier world in which human memory and trust provided the gold standard, or will we develop new techniques of defense and offense in the arms race of truth? (We can imagine a return to *analog* film-exposed-to-light, kept in "tamper-proof" systems until shown to juries, etc., but how long would it be before somebody figured out a way to infect such systems with doubt? One of the disturbing lessons of recent experience is that the task of destroying a reputation for credibility is much less expensive than the task of protecting such a reputation.) Wiener saw the phenomenon at its most general: "…in



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the long run, there is no distinction between arming ourselves and arming our enemies." (p. 129) The Information Age is also the Dysinformation Age.

What can we do? We need to rethink our priorities with the help of the passionate but flawed analyses of Wiener, Weizenbaum, and the other serious critics of our technophilia. A key phrase, it seems to me, is Wiener's almost offhand observation, above, that "these machines" are "helpless by themselves." As I have been arguing recently, we're making tools, not colleagues, and the great danger is not appreciating the difference, which we should strive to accentuate, marking and defending it with political and legal innovations.

Perhaps the best way to see what is being missed is to note that Alan Turing himself suffered an entirely understandable failure of imagination in his formulation of the famous Turing Test. As everyone knows, it is an adaptation of his "imitation game," in which a man, hidden from view and communicating verbally with a judge, tries to convince the judge that he is in fact a woman, while a woman, also hidden and communicating with the judge, tries to convince the judge that she is the woman. Turing reasoned that this would be a demanding challenge for a man (or for a woman pretending to be a man), exploiting a wealth of knowledge about how the other sex thinks and acts, what they tend to favor or ignore. Surely (*ding!*)[9], any man who could beat a woman at being perceived to be a woman would be an intelligent agent. What Turing did not foresee is the power of deep-learning AI to acquire this wealth of information in an exploitable form *without having to understand it.* Turing imagined an astute and imaginative (and hence conscious) agent who cunningly designed his responses based on his detailed "theory" of what women are likely to do and say. Top-down intelligent design, in short. He certainly didn't think that a man, winning the imitation game, would somehow *become* a woman; he imagined that there would still be a man's consciousness guiding the show. The hidden premise in Turing's almost-argument was: Only a conscious, intelligent *agent* could devise and control a winning strategy in the imitation game. And so it was persuasive to Turing (and others, including me, still a stalwart defender of the Turing Test) to argue that a "computing machine" that could pass as human in a contest with a human might not be conscious in just the way a human being is, but would nevertheless have to be a conscious agent of *some* kind. I think this is still a defensible position—the only defensible position—but you have to understand how resourceful and ingenious a judge would have to be to expose the shallowness of the façade that a deep-learning AI (a tool, not a colleague) could present.

What Turing didn't foresee is the uncanny ability of superfast computers to sift mindlessly through Big Data, of which the Internet provides an inexhaustible supply, finding probabilistic patterns in human activity that could be used to pop "authentic"-seeming responses into the output for almost any probe a judge would think to offer. Wiener also underestimates this possibility, seeing the tell-tale weakness of a machine in not being able to

> take into account the vast range of probability that characterizes the human situation. (p.181)

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[9] The *surely alarm* (the habit of having a bell ring in your head whenever you see the word in an argument) is described and defended by me in *Intuition Pumps and Other Tools for Thinking* (2013).



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But taking into account that range of probability is just where the new AI excels. The only chink in the armor of AI is that word "vast"; human possibilities, thanks to language and the culture that it spawns, are truly Vast.[10] No matter how many patterns we may find with AI in the flood of data that has so far found its way onto the Internet, there are Vastly more possibilities that have never been recorded there. Only a fraction (but not a Vanishing fraction) of the world's accumulated wisdom and design and repartee and silliness has made it onto the Internet, but probably a better tactic for the judge to adopt when confronting a candidate in the Turing Test is not to *search* for such items but to *create* them anew. AI in its current manifestations is parasitic on human intelligence. It quite indiscriminately gorges on whatever has been produced by human creators and extracts the patterns to be found there—including some of our most pernicious habits.[11] These machines do not (yet) have the goals or strategies or capacities for self-criticism and innovation to permit them to transcend their databases by reflectively thinking about their own thinking and their own goals. They are, as Wiener says, helpless, not in the sense of being *shackled* agents or *disabled* agents but in the sense of not being agents at all—not having the capacity to be "moved by reasons" (as Kant put it) presented to them. It is important that we keep it that way, which will take some doing.

One of the flaws in Weizenbaum's book *Computer Power and Human Reason,* something I tried in vain to convince him of in many hours of discussion, is that he could never decide which of two theses he wanted to defend: *AI is impossible!* or *AI is possible but evil!* He wanted to argue, with John Searle and Roger Penrose, that "Strong AI" is impossible, but there are no good arguments for that conclusion. After all, everything we now know suggests that, as I have put it, we are robots made of robots made of robots. . . down to the motor proteins and their ilk, with no magical ingredients thrown in along the way. Weizenbaum's more important and defensible message was that we should not strive to create Strong AI and should be extremely cautious about the AI systems that we can create and have already created. As one might expect, the defensible thesis is a hybrid: *AI* (Strong AI) *is possible in principle but not desirable. The AI that's practically possible is not necessarily evil—unless it is mistaken for Strong AI!*

The gap between today's systems and the science-fictional systems dominating the popular imagination is still huge, though many folks, both lay and expert, manage to underestimate it. Let's consider IBM's Watson, which can stand as a worthy landmark for our imaginations for the time being. It is the result of a very large-scale R&D process extending over many person-centuries of intelligent design, and as George Church notes in these pages, it uses thousands of times more energy than a human brain (a technological limitation that, as he also notes, may be temporary). Its victory in *Jeopardy!* was a genuine triumph, made possible by the formulaic restrictions of the *Jeopardy!* rules, but in order for it to compete, even these rules had to be revised (one of

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[10] In *Darwin's Dangerous Idea,* 1995, p. 109, I coined the capitalized version, *Vast,* meaning *Very much more than ASTronomical*, and its complement, *Vanishing,* to replace the usual exaggerations *infinite* and *infinitesimal* for discussions of those possibilities that are not officially infinite but nevertheless infinite for all practical purposes.

[11] Aylin Caliskan-Islam, Joanna J. Bryson & Arvind Narayanan, "Semantics derived automatically from language corpora contain human-like biases," *Science,* 14 April 2017, 356: 6334, pp. 183-6. DOI: 10.1126/science.aal4230.



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those trade-offs: you give up a little versatility, a little humanity, and get a crowd-pleasing show). Watson is not good company, in spite of misleading ads from IBM that suggest a general conversational ability, and turning Watson into a plausibly multidimensional *agent* would be like turning a hand calculator into Watson. Watson could be a useful core faculty for such an agent, but more like a cerebellum or an amygdala than a mind—at best, a special-purpose subsystem that could play a big supporting role, but not remotely up to the task of framing purposes and plans and building insightfully on its conversational experiences.

Why would we want to create a thinking, creative agent out of Watson? Perhaps Turing's brilliant idea of an operational test has lured us into a trap: the quest to create at least the illusion of a real person behind the screen, bridging the "uncanny valley." The danger, here, is that ever since Turing posed his challenge—which was, after all, a challenge to *fool* the judges—AI creators have attempted to paper over the valley with cutesy humanoid touches, Disneyfication effects that will enchant and disarm the uninitiated. Weizenbaum's ELIZA was the pioneer example of such superficial illusion-making, and it was his dismay at the ease with which his laughably simple and shallow program could persuade people they were having a serious heart-to-heart conversation that first sent him on his mission.

He was right to be worried. If there is one thing we have learned from the restricted Turing Test competitions for the Loebner Prize, it is that even very intelligent people who aren't tuned in to the possibilities and shortcuts of computer programming are readily taken in by simple tricks. The attitudes of people in AI toward these methods of dissembling at the "user interface" have ranged from contempt to celebration, with a general appreciation that the tricks are not deep but can be potent. One shift in attitude that would be very welcome is a candid acknowledgment that humanoid embellishments are *false advertising*—something to condemn, not applaud.

How could that be accomplished? Once we recognize that people are starting to make life-or-death decisions largely on the basis of "advice" from AI systems whose inner operations are unfathomable in practice, we can see a good reason why those who in any way encourage people to put more trust in these systems than they warrant should be held morally and legally accountable. AI systems are very powerful tools—so powerful that even experts will have good reason not to trust their own judgment over the "judgments" delivered by their tools. But then, if these tool users are going to benefit, financially or otherwise, from driving these tools through *terra incognita,* they need to make sure they know how to do this responsibly, with maximum control and justification. Licensing and bonding operators, just as we license pharmacists (and crane operators!) and other specialists whose errors and misjudgments can have dire consequences, can, with pressure from insurance companies and other underwriters, oblige creators of AI systems to go to extraordinary lengths to search for and reveal weaknesses and gaps in their products, and to train those entitled to operate them.

One can imagine a sort of inverted Turing Test in which the judge is on trial; until he or she can spot the weaknesses, the overstepped boundaries, the gaps in a system, no license to operate will be issued. The mental training required to achieve certification as a judge will be demanding. The urge to adopt the intentional stance, our normal tactic whenever we encounter what seems to be an intelligent agent, is almost overpoweringly strong. Indeed, the capacity to resist the allure of treating an apparent person as a person



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is an ugly talent, reeking of racism or species-ism. Many people would find the cultivation of such a ruthlessly skeptical approach morally repugnant, and we can anticipate that even the most proficient system-users would occasionally succumb to the temptation to "befriend" their tools, if only to assuage their discomfort with the execution of their duties. No matter how scrupulously the AI designers launder the phony "human" touches out of their wares, we can expect novel habits of thought, conversational gambits and ruses, traps and bluffs to arise in this novel setting for human action. The comically long lists of known side effects of new drugs advertised on television will be dwarfed by the obligatory revelations of the sorts of questions that can*not* be responsibly answered by particular systems, with heavy penalties for those who "overlook" flaws in their products. It is widely noted that a considerable part of the growing economic inequality in today's world is due to the wealth accumulated by digital entrepreneurs; we should enact legislation that puts their deep pockets in escrow for the public good. Some of the deepest pockets are voluntarily out in front of these obligations to serve society first and make money secondarily, but we shouldn't rely on good will alone.

We don't need artificial conscious agents. There is a surfeit of natural conscious agents, enough to handle whatever tasks should be reserved for such special and privileged entities. We need intelligent tools. Tools do not have rights, and should not have feelings that could be hurt, or be able to respond with resentment to "abuses" rained on them by inept users.[12] One of the reasons for not making artificial conscious agents is that however autonomous they might become (and in principle, they can be as autonomous, as self-enhancing or self-creating, as any person), they would not—without special provision, which might be waived—share with us natural conscious agents our vulnerability or our mortality.

I once posed a challenge to students in a seminar at Tufts I co-taught with Matthias Scheutz on artificial agents and autonomy: Give me the specs for a robot that could sign a binding contract with you—not as a surrogate for some human owner but on its own. This isn't a question of getting it to understand the clauses or manipulate a pen on a piece of paper but of having and *deserving* legal status as a morally responsible agent. Small children can't sign such contracts, nor can those disabled people whose legal status requires them to be under the care and responsibility of guardians of one sort or another. The problem for robots who might want to attain such an exalted status is that, like Superman, they are too invulnerable to be able to make a credible promise. If they were to renege, what would happen? What would be the penalty for promise-breaking? Being locked in a cell or, more plausibly, dismantled? Being locked up is barely an inconvenience for an AI unless we first install artificial wanderlust that cannot be ignored or disabled by the AI on its own (and it would be systematically difficult to make this a foolproof solution, given the presumed cunning and self-knowledge of the AI); and dismantling an AI (either a robot or a bedridden agent like Watson) is not killing it, if the information stored in its design and software is preserved. The very ease of digital recording and transmitting—the breakthrough that permits software and data to be,

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[12] Joanna J. Bryson, "Robots Should Be Slaves," in *Close Engagement with Artificial Companions*, Yorick Wilks, ed., (Amsterdam, The Netherlands: John Benjamins, 2010), pp. 63-74; http://www.cs.bath.ac.uk/~jjb/ftp/Bryson-Slaves-Book09.html.
_____, "Patiency Is Not a Virtue: AI and the Design of Ethical Systems," https://www.cs.bath.ac.uk/~jjb/ftp/Bryson-Patiency-AAAISS16.pdf.



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in effect, immortal—removes robots from the world of the vulnerable (at least robots of the usually imagined sorts, with digital software and memories). If this isn't obvious, think about how human morality would be affected if we could make "backups" of people every week, say. Diving headfirst on Saturday off a high bridge without benefit of bungee cord would be a rush that you wouldn't remember when your Friday night backup was put online Sunday morning, but you could enjoy the videotape of your apparent demise thereafter.

So what we are creating are not—should not be—conscious, humanoid agents but an entirely new sort of entities, rather like oracles, with no conscience, no fear of death, no distracting loves and hates, no personality (but all sorts of foibles and quirks that would no doubt be identified as the "personality" of the system): boxes of truths (if we're lucky) almost certainly contaminated with a scattering of falsehoods. It will be hard enough learning to live with them without distracting ourselves with fantasies about the Singularity in which these AIs will enslave us, literally. The *human* use of human beings will soon be changed—once again—forever, but we can take the tiller and steer between some of the hazards if we take responsibility for our trajectory.



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*The roboticist* **Rodney Brooks,** *featured in Errol Morris's 1997 documentary* Fast, Cheap and Out of Control *along with a lion-tamer, a topiarist, and an expert on the naked mole rat, was described by one reviewer as "smiling with a wild gleam in his eye." But that's pretty much true of most visionaries.*

*A few years later in his career, Brooks, as befits one of the world's leading roboticists, suggested that "we overanthropomorphize humans, who are after all mere machines." He went on to present a warm-hearted vision of a coming AI world in which "the distinction between us and robots is going to disappear." He also admitted to something of a divided worldview. "Like a religious scientist, I maintain two sets of inconsistent beliefs and act on each of them in different circumstances," he wrote. "It is this transcendence between belief systems that I think will be what enables mankind to ultimately accept robots as emotional machines, and thereafter start to empathize with them and attribute free will, respect, and ultimately rights to them."*

*That was in 2002. In these pages, he takes a somewhat more jaundiced, albeit narrower, view; he is alarmed by the extent to which we have come to rely on pervasive systems that are not just exploitative but also vulnerable, as a result of the too-rapid development of software engineering—an advance that seems to have outstripped the imposition of reliably effective safeguards.*



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## THE INHUMAN MESS OUR MACHINES HAVE GOTTEN US INTO

**Rodney Brooks**

***Rodney Brooks*** *is a computer scientist; Panasonic Professor of Robotics, emeritus, MIT; former director, MIT Computer Science Lab; and founder, chairman, and CTO of Rethink Robotics. He is the author of* Flesh and Machines.

Mathematicians and scientists are often limited in how they see the big picture, beyond their particular field, by the tools and metaphors they use in their work. Norbert Wiener is no exception, and I might guess that neither am I.

When he wrote *The Human Use of Human Beings,* Wiener was straddling the end of the era of understanding machines and animals simply as physical processes and the beginning of our current era of understanding machines and animals as computational processes. I suspect there will be future eras whose tools will look as distinct from the tools of the two eras Wiener straddled as those tools did from each other.

Wiener was a giant of the earlier era and built on the tools developed since the time of Newton and Leibniz to describe and analyze continuous processes in the physical world. In 1948 he published *Cybernetics,* a word he coined to describe the science of communication and control in both machines and animals. Today we would refer to the ideas in this book as control theory, an indispensable discipline for the design and analysis of physical machines, while mostly neglecting Wiener's claims about the science of communication. Wiener's innovations were largely driven by his work during the Second World War on mechanisms to aim and fire anti-aircraft guns. He brought mathematical rigor to the design of the sorts of technology whose design processes had been largely heuristic in nature: from the Roman waterworks through Watt's steam engine to the early development of automobiles.

One can imagine a different contingent version of our intellectual and technological history had Alan Turing and John von Neumann, both of whom made major contributions to the foundations of computing, not appeared on the scene. Turing contributed a fundamental model of computation—now known as a Turing Machine—in his paper "On Computable Numbers with an Application to the Entscheidungsproblem," written and revised in 1936 and published in 1937. In these machines, a linear tape of symbols from a finite alphabet encodes the input for a computational problem and also provides the working space for the computation. A different machine was required for each separate computational problem; later work by others would show that in one particular machine, now known as a Universal Turing Machine, an arbitrary set of computing instructions could be encoded on that same tape.

In the 1940s, von Neumann developed an abstract self-reproducing machine called a cellular automaton. In this case it occupied a finite subset of an infinite two-dimensional array of squares each containing a single symbol from a finite alphabet of twenty-nine distinct symbols—the rest of the infinite array starts out blank. The single symbols in each square change in lockstep, based on a complex but finite rule about the current symbol in that square and its immediate neighbors. Under the complex rule that von Neumann developed, most of the symbols in most of the squares stay the same and a few change at each step. So when one looks at the non-blank squares, it appears that



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there is a constant structure with some activity going on inside it. When von Neumann's abstract machine reproduced, it made a copy of itself in another region of the plane. Within the "machine" was a horizontal line of squares which acted as a finite linear tape, using a subset of the finite alphabet. It was the symbols in those squares that encoded the machine of which they were a part. During the machine's reproduction, the "tape" could move either left or right and was both interpreted (transcribed) as the instructions (translation) for the new "machine" being built and then copied (replicated)—with the new copy being placed inside the new machine for further reproduction. Francis Crick and James Watson later showed, in 1953, how such a tape could be instantiated in biology by a long DNA molecule with its finite alphabet of four nucleobases: guanine, cytosine, adenine, and thymine (G, C, A, and T).[13] As in von Neumann's machine, in biological reproduction the linear sequence of symbols in DNA is interpreted—through transcription into RNA molecules, which then are translated into proteins, the structures that make up a new cell—and the DNA is replicated and encased in the new cell.

A second foundational piece of work was in a 1945 "First Draft" report on the design for a digital computer, wherein von Neumann advocated for a memory that could contain both instructions and data.[14] This is now known as a von Neumann architecture computer—as distinct from a Harvard architecture computer, where there are two separate memories, one for instructions and one for data. The vast majority of computer chips built in the era of Moore's Law are based on the von Neumann architecture, including those powering our data centers, our laptops, and our smartphones. Von Neumann's digital-computer architecture is conceptually the same generalization—from early digital computers constructed with electromagnetic relays at both Harvard University and Bletchley Park—that occurs in going from a special-purpose Turing Machine to a Universal Turing Machine. Furthermore, his self-replicating automata share a fundamental similarity with both the construction of a Turing Machine and the mechanism of DNA-based reproducing biological cells. There is to this day scholarly debate over whether von Neumann saw the cross connections between these three pieces of work, Turing's and his two. Turing's revision of his paper was done while he and von Neumann were both at Princeton; indeed, after getting his PhD, Turing almost stayed on as von Neumann's postdoc.

Without Turing and von Neumann, the cybernetics of Wiener might have remained a dominant mode of thought and driver of technology for much longer than its brief moment of supremacy. In this imaginary version of history, we might well live today in an actual steam-punk world and not just get to observe its fantastical instantiations at Maker Faires!

My point is that Wiener thought about the world—physical, biological, and (in *Human Use*) sociological—in a particular way. He analyzed the world as continuous variables, as he explains in chapter 1 along with a nod to thermodynamics through an overlay of Gibbs statistics. He also shoehorns in a weak and unconvincing model of information as message-passing between and among both physical and biological entities. To me, and from today's vantage point seventy years on, his tools seem woefully

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[13] "A Structure for Deoxyribose Nucleic Acid," *Nature* 171, 737–738 (1953).

[14] https://en.wikipedia.org//wiki/First_Draft_of_a_Report_on_the_EDVAC#Controversy. Von Neumann is listed as the only author, whereas others contributed to the concepts he laid out; thus credit for the architecture has gone to him alone.



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inadequate for describing the mechanisms underlying biological systems, and so he missed out on how similar mechanisms might eventually be embodied in technological computational systems—as now they have been. Today's dominant technologies were developed in the world of Turing and von Neumann, rather than the world of Wiener.

In the first industrial revolution, energy from a steam engine or a water wheel was used by human workers to replace their own energy. Instead of being a source of energy for physical work, people became modulators of how a large source of energy was used. But because steam engines and water wheels had to be large to be an efficient use of capital, and because in the 18th century the only technology for spatial distribution of energy was mechanical and worked only at very short range, many workers needed to be crowded around the source of energy. Wiener correctly argues that the ability to transmit energy as electricity caused a second industrial revolution. Now the source of energy could be distant from where it was used, and from the beginning of the 20th century, manufacturing could be much more dispersed as electrical-distribution grids were built.

Wiener then argues that a further new technology, that of the nascent computational machines of his time, will provide yet another revolution. The machines he talks about seem to be both analog and (perhaps) digital in nature; and he points out, in *The Human Use of Human Beings*, that since they will be able to make decisions, both blue-collar and white-collar workers may be reduced to being mere cogs in a much bigger machine. He fears that humans might use and abuse one another through organizational structures that this capability will encourage. We have certainly seen this play out in the last sixty years, and that disruption is far from over.

However, his physics-based view of computation protected him from realizing just how bad things might get. He saw machines' ability to communicate as providing a new and more inhuman way of exerting command and control. He missed that within a few decades computation systems would become more like biological systems, and it seems, from his descriptions in chapter 10 of his own work on modeling some aspects of biology, that he woefully underappreciated the many orders of magnitude of further complexity of biology over physics. We are in a much more complex situation today than he foresaw, and I am worried that it is much more pernicious than even his worst imagined fears.

In the 1960s, computation became firmly based on the foundations set out by Turing and von Neumann, and it was digital computation, based on the idea of finite alphabets which they both used. An arbitrarily long sequence, or string, formed by characters from a finite alphabet, can be encoded as a unique integer. As with Turing Machines themselves, the formalism for computation became that of computing an integer-valued function of a single integer-valued input.

Turing and von Neumann both died in the 1950s and at that time this is how they saw computation. Neither foresaw the exponential increase in computing capability that Moore's Law would bring—nor how pervasive computing machinery would become. Nor did they foresee two developments in our modeling of computation, each of which poses a great threat to human society.

The first is rooted in the abstractions they adopted. In the fifty-year, Moore's Law–fueled race to produce software that could exploit the doubling of computer capability every two years, the typical care and certification of engineering disciplines was thrown by the wayside. Software engineering was fast and prone to failures. This



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rapid development of software without standards of correctness has opened up many routes to exploit von Neumann architecture's storage of data and instructions in the same memory. One of the most common routes, known as "buffer overrun," involves an input number (or long string of characters) that is bigger than the programmer expected and overflows into where the instructions are stored. By carefully designing an input number that is too big by far, someone using a piece of software can infect it with instructions not intended by the programmer, and thus change what it does. This is the basis for creating a computer virus—so named for its similarity to a biological virus. The latter injects extra DNA into a cell, and that cell's transcription and translation mechanism blindly interprets it, making proteins that may be harmful to the host cell. Furthermore, the replication mechanism for the cell takes care of multiplying the virus. Thus, a small foreign entity can take control of a much bigger entity and bend its behavior in unexpected ways.

These and other forms of digital attacks have taken the security of our everyday lives from us. We rely on computers for almost everything now. We rely on computers for our infrastructure of electricity, gas, roads, cars, trains, and airplanes; these are all vulnerable. We rely on computers for our banking, our payment of bills, our retirement accounts, our mortgages, our purchasing of goods and services—these, too, are all vulnerable. We rely on computers for our entertainment, our communications both business and personal, our physical security at home, our information about the world, and our voting systems—all vulnerable. None of this will get fixed anytime soon. In the meantime, many aspects of our society are open to vicious attacks, whether by freelancing criminals or nation-state adversaries.

The second development is that computation has gone beyond simply computing functions. Instead, programs remain online continuously, and so they can gather data about a sequence of queries. Under the Wiener/Turing/von Neumann scheme, we might think of the communication pattern for a Web browser to be:

*User: Give me Web page A.*
*Browser: Here is Web page A.*
…
*User: Give me Web page B.*
*Browser: Here is Web page B.*

Now instead it can look like this:

*User: Give me Web page A.*
*Browser: Here is Web page A. [And I will secretly remember that you asked for Web page A.]*
...
*User: Give me Web page B.*
*Browser: Here is Web page B. [I see a correlation between its contents and that of the earlier requested Web page A, so I will update my model of you, the user, and transmit it to the company that produced me.]*



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When the machine no longer simply computes a function but instead maintains a state, it can start to make inferences about the human by the sequence of requests presented to it. And when different programs correlate across different request streams—say, correlating Web-page searches with social-media posts, or the payment for services on another platform, or the dwell time on a particular advertisement, or where the user has walked or driven with their GPS-enabled smartphone—the total systems of many programs communicating with one another and with databases leads to a whole new loss of privacy. The great exploitative leap made by so many West Coast companies has been to monetize those inferences without the knowing permission of the person generating the interactions with the computing machine platforms.

Wiener, Turing, and von Neumann could not foresee the complexity of those platforms, wherein the legal mumbo-jumbo of the terms-of-use contracts the humans willingly enter into, without an inkling of what they entail, leads them to give up rights they would never concede in a one-on-one interaction with another human being. The computation platforms have become a shield behind which some companies hide in order to inhumanly exploit others. In certain other countries, the governments carry out these manipulations, and there the goal is not profits but the suppression of dissent.

Humankind has gotten itself into a fine pickle: We are being exploited by companies that paradoxically deliver services we crave, and at the same time our lives depend on many software-enabled systems that are open to attack. Getting ourselves out of this mess will be a long-term project. It will involve engineering, legislation, and most important, moral leadership. Moral leadership is the first and biggest challenge.



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*I first met* **Frank Wilczek** *in the 1980s, when he invited me to his home in Princeton to talk about anyons. "The address is 112 Mercer Street," he wrote. "Look for the house with no driveway." So there I was, a few hours later, in Einstein's old living room, talking to a future recipient of the Nobel Prize in physics. If Frank was as impressed as I was by the surroundings, you'd never guess it. His only comment concerned the difficulty of finding a parking place in front of a "house with no driveway."*

*Unlike most theoretical physicists, Frank has long had a keen interest in AI, as witnessed in these three "Observations":*

*1. "Francis Crick called it 'the Astonishing Hypothesis': that consciousness, also known as Mind, is an emergent property of matter," which, if true, indicates that "all intelligence is machine intelligence. What distinguishes natural from artificial intelligence is not what it is, but only how it is made."*

*2. "Artificial intelligence is not the product of an alien invasion. It is an artifact of a particular human culture and reflects the values of that culture."*

*3. "David Hume's striking statement 'Reason Is, and Ought only to Be, the Slave of the Passions' was written in 1738 [and] was, of course, meant to apply to human reason and human passions. . . . But Hume's logical/philosophical point remains valid for AI. Simply put: Incentives, not abstract logic, drive behavior."*

*He notes that "the big story of the 20th and the 21st century is that [as] computing develops, we learn how to calculate the consequences of the [fundamental] laws better and better. There's also a feedback cycle: When you understand matter better, you can design better computers, which will enable you to calculate better. It's kind of an ascending helix."*

*Here he argues that human intelligence, for now, holds the advantage—yet our future, unbounded by our solar system and doubtless also by our galaxy, will never be realized without the help of our AIs.*



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# THE UNITY OF INTELLIGENCE
**Frank Wilczek**

***Frank Wilczek*** *is Herman Feshbach Professor of Physics at MIT, recipient of the 2004 Nobel Prize in physics, and the author of* A Beautiful Question: Finding Nature's Deep Design.

***I. A Simple Answer to Contentious Questions:***

- Can an artificial intelligence be conscious?
- Can an artificial intelligence be creative?
- Can an artificial intelligence be evil?

Those questions are often posed today, both in popular media and in scientifically informed debates. But the discussions never seem to converge. Here I'll begin by answering them as follows:

Based on physiological psychology, neurobiology, and physics, it would be very surprising if the answers were not Yes, Yes, and Yes. The reason is simple, yet profound: Evidence from those fields makes it overwhelmingly likely that there is no sharp divide between natural and artificial intelligence.

In his 1994 book of that title, the renowned biologist Francis Crick proposed an "astonishing hypothesis": that mind emerges from matter. He famously claimed that mind, in all its aspects, is "no more than the behavior of a vast assembly of nerve cells and their associated molecules."

The "astonishing hypothesis" is in fact the foundation of modern neuroscience. People try to understand how minds work by understanding how brains function; and they try to understand how brains function by studying how information is encoded in electrical and chemical signals, transformed by physical processes, and used to control behavior. In that scientific endeavor, they make no allowance for extraphysical behavior. So far, in thousands of exquisite experiments, that strategy has never failed. It has never proved necessary to allow for the influence of consciousness or creativity unmoored from brain activity to explain any observed fact of psychophysics or neurobiology. No one has ever stumbled upon a power of mind which is separate from conventional physical events in biological organisms. While there are many things we do not understand about brains, and about minds, the "astonishing hypothesis" has held intact.

If we broaden our view beyond neurobiology to consider the whole range of scientific experimentation, the case becomes still more compelling. In modern physics, the foci of interest are often extremely delicate phenomena. To investigate them, experimenters must take many precautions against contamination by "noise." They often find it necessary to construct elaborate shielding against stray electric and magnetic fields; to compensate for tiny vibrations due to micro-earthquakes or passing cars; to work at extremely low temperatures and in high vacuum, and so forth. But there's a notable exception: They have never found it necessary to make allowances for what people nearby (or, for that matter, far away) are thinking. No "thought waves," separate from known physical processes yet capable of influencing physical events, seem to exist.

That conclusion, taken at face value, erases the distinction between natural and artificial intelligence. It implies that if we were to duplicate, or accurately simulate, the physical processes occurring in a brain—as, in principle, we can—and wire up its input



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and output to sense organs and muscles, then we would reproduce, in a physical artifact, the observed manifestations of natural intelligence. Nothing observable would be missing. As an observer, I'd have no less (and no more) reason to ascribe consciousness, creativity, or evil to that artifact than I do to ascribe those properties to its natural counterparts, like other human beings.

Thus, by combining Crick's "astonishing hypothesis" in neurobiology with powerful evidence from physics, we deduce that natural intelligence is a special case of artificial intelligence. That conclusion deserves a name, and I will call it "the astonishing corollary."

With that, we have the answer to our three questions. Since consciousness, creativity, and evil are obvious features of natural human intelligence, they are possible features of artificial intelligence.

A hundred years ago, or even fifty, to believe the hypothesis that mind emerges from matter, and to infer our corollary that natural intelligence is a special case of artificial intelligence, would have been leaps of faith. In view of the many surrounding gaps—chasms, really—in contemporary understanding of biology and physics, they were genuinely doubtful propositions. But epochal developments in those areas have changed the picture:

*In biology:* A century ago, not only thought but also metabolism, heredity, and perception were deeply mysterious aspects of life that defied physical explanation. Today, of course, we have extremely rich and detailed accounts of metabolism, heredity, and many aspects of perception, from the bottom up, starting at the molecular level.

*In physics:* After a century of quantum physics and its application to materials, physicists have discovered, over and over, how rich and strange the behavior of matter can be. Superconductors, lasers, and many other wonders demonstrate that large assemblies of molecular units, each simple in itself, can exhibit qualitatively new, "emergent" behavior, while remaining fully obedient to the laws of physics. Chemistry, including biochemistry, is a cornucopia of emergent phenomena, all now quite firmly grounded in physics. The pioneering physicist Philip Anderson, in an essay titled "More Is Different," offers a classic discussion of emergence. He begins by acknowledging that "the reductionist hypothesis [i.e., the completeness of physical explanations based on known interactions of simple parts] may still be a topic for controversy among philosophers, but among the great majority of active scientists I think it is accepted without question." But he goes on to emphasize that "[t]he behavior of large and complex aggregates of elementary particles, it turns out, is not to be understood in terms of a simple extrapolation of the properties of a few particles."[15] Each new level of size and complexity supports new forms of organization, whose patterns encode information in new ways and whose behavior is best described using new concepts.

Electronic computers are a magnificent example of emergence. Here, all the cards are on the table. Engineers routinely design, from the bottom up, based on known (and quite sophisticated) physical principles, machines that process information in extremely impressive ways. Your iPhone can beat you at chess, quickly collect and deliver information about anything, and take great pictures, too. Because the process whereby computers, smartphones, and other intelligent objects are designed and manufactured is completely transparent, there can be no doubt that their wonderful

[15] *Science,* 4 August 1972, Vol. 177, No. 4047, pp. 393-96.



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capabilities emerge from regular physical processses, which we can trace down to the level of electrons, photons, quarks, and gluons. Evidently, brute matter can get pretty smart.

Let me summarize the argument. From two strongly supported hypotheses, we've drawn a straightforward conclusion:

- Human mind emerges from matter.
- Matter is what physics says it is.
- *Therefore,* the human mind emerges from physical processes we understand and can reproduce artificially.
- *Therefore,* natural intelligence is a special case of artificial intelligence.

Of course, our "astonishing corollary" could fail; the first two lines of this argument are hypotheses. But their failure would have to bring in a foundation-shattering discovery—a significant new phenomenon, with large-scale physical consequences, which takes place in unremarkable, well-studied physical circumstances (i.e., the materials, temperatures, and pressures inside human brains) yet which has somehow managed for many decades to elude determined investigators armed with sophisticated instruments. Such a discovery would be. . . astonishing.

***II. The Future of Intelligence***

It is part of human nature to improve on human bodies and minds. Historically, clothing, eyeglasses, and watches are examples of increasingly sophisticated augmentations that enhance our toughness, perception, and awareness. They are major improvements to the natural human endowment, whose familiarity should not blind us to their depth. Today smartphones and the Internet are bringing the human drive toward augmentation into realms more central to our identity as intelligent beings. They are giving us, in effect, quick access to a vast collective awareness and a vast collective memory.

At the same time, autonomous artificial intelligences have become world champions in a wide variety of "cerebral" games, such as chess and Go, and have taken over many sophisticated pattern-recognition tasks, such as reconstructing what happened during complex reactions at the Large Hadron Collider from a blizzard of emerging particle tracks, to find new particles; or gathering clues from fuzzy X-ray, fMRI, and other types of images, to diagnose medical problems.

Where is this drive toward self-enhancement and innovation taking us? While the precise sequence of events and the timescale over which they'll play out is impossible to predict (or, at least, beyond me), some basic considerations suggest that eventually the most powerful embodiments of mind will be quite different things from human brains as we know them today.

Consider six factors whereby information-processing technology exceeds human capabilities—vastly, qualitatively, or both:

- *Speed:* The orchestrated motion of electrons, which is the heart of modern artificial information-processing, can be much faster than the processes of diffusion and chemical change by which brains operate. Typical modern computer clock rates approach 10 gigahertz, corresponding to 10 billion operations per second. No single measure of speed applies to the bewildering variety of brain processes, but one fundamental limitation is latency of action



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potentials, which limits their spacing to a few 10s per second. It is probably no accident that the "frame rate," at which we can distinguish that movies are actually a sequence of stills, is about 40 per second. Thus, electronic processing is close to a billion times faster.

- *Size:* The linear dimension of a typical neuron is about 10 microns. Molecular dimensions, which set a practical limit, are about 10,000 times smaller, and artificial processing units are approaching that scale. Smallness makes communication more efficient.
- *Stability:* Whereas human memory is essentially continuous (analog), artificial memory can incorporate discrete (digital) features. Whereas analog quantities can erode, digital quantities can be stored, refreshed, and maintained with complete accuracy.
- *Duty Cycle:* Human brains grow tired with effort. They need time off to take nourishment and to sleep. They carry the burden of aging. Most profoundly: They die.
- *Modularity* (open architecture): Because artificial information processors can support precisely defined digital interfaces, they can readily assimilate new modules. Thus, if we want a computer to "see" ultraviolet or infrared or "hear" ultrasound, we can feed the output from an appropriate sensor directly into its "nervous system." The architecture of brains is much more closed and opaque, and the human immune system actively resists implants.
- *Quantum readiness*: One case of modularity deserves special mention, because of its long-term potential. Recently physicists and information scientists have come to appreciate that the principles of quantum mechanics support new computing principles, which can empower qualitatively new forms of information processing and (plausibly) new levels of intelligence. But these possibilities rely on aspects of quantum behavior which are quite delicate and seem especially unsuitable for interfacing with the warm, wet, messy enviroment of human brains.

Evidently, as platforms for intelligence, human brains are far from optimal. Still, although versatile housekeeping robots or mechanical soldiers would find ready, lucrative markets, at present there is no machine that approaches the kind of general-purpose human intelligence those applications would require. Despite their relative weakness on many fronts, human brains have some big advantages over their artificial competitors. Let me mention five:

- *Three-dimensionality:* Although, as noted, the linear dimensions of existing artificial processing units are vastly smaller than those of brains, the procedure by which they're made—centered on lithography (basically, etching)—is essentially two-dimensional. That is revealed visibly in the geometry of computer boards and chips. Of course, one can stack boards, but the spacing between layers is much larger, and communication much less efficient, than within layers. Brains make better use of all three dimensions.
- *Self-repair:* Human brains can recover from, or work around, many kinds of injuries or errors. Computers often must be repaired or rebooted externally.



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- *Connectivity:* Human neurons typically support several hundred connections (synapses). Moreover, the complex pattern of these connections is very meaningful. (See our next point.) Computer units typically make only a handful of connections, in regular, fixed patterns.
- *Development* (self-assembly with interactive sculpting): The human brain grows its units by cell divisions and orchestrates them into coherent structures by movement and folding. It also proliferates an abundance of connections among the cells. An important part of its sculpting occurs through active processes during infancy and childhood, as the individual interacts with his or her environment. In this process, many connections are winnowed away, while others are strengthened, depending on their effectiveness in use. Thus, the fine structure of the brain is tuned through interaction with the external world—a rich source of information and feedback!
- *Integration* (sensors and actuators): The human brain comes equipped with a variety of sensory organs, notably including its outgrowth eyes, and with versatile actuators, including hands that build, legs that walk, and mouths that speak. Those sensors and actuators are seamlessy integrated into the brain's information-processing centers, having been honed over millions of years of natural selection. We interpret their raw signals and control their large-scale actions with minimal conscious attention. The flip side is that we don't know how we do it, and the implementation is opaque. It's proving surprisingly difficult to reach human standards on these "routine" input-output functions.

These advantages of human brains over currently engineered artifacts are profound. Human brains supply an inspiring existence proof, showing us several ways we can get more out of matter. When, if ever, will our engineering catch up?

I don't know for sure, but let me offer some informed opinions. The challenges of three-dimensionality and, to a lesser extent, self-repair don't look overwhelming. They present some tough engineering problems, but many incremental improvements are easy to imagine, and there are clear paths forward. And while the powers of human eyes, hands, and other sensory organs and actuators are wonderfully effective, their abilities are far from exhausting any physical limits. Optical systems can take pictures with higher resolution in space, time, and color, and in more regions of the electromagnetic spectrum; robots can move faster and be stronger; and so forth. In these domains, the components necessary for superhuman performance, along many axes, are already available. The bottleneck is getting information into and out of them, rapidly, in the language of the information-processing units.

And this brings us to the remaining, and I think most profound, advantages of brains over artificial devices, which stem from their connectivity and interactive development. Those two advantages are synergistic, since it is interactive development that sculpts the massively wired but sprawling structure of the infant brain, enabled by exponential growth of neurons and synapses, to get tuned into the extraordinary instrument it becomes. Computer scientists are beginning to discover the power of the brain's architecture: Neural nets, whose basic design, as their name suggests, was directly inspired by the brain's, have scored some spectacular successes in game playing and pattern recognition, as noted. But present-day engineering has nothing comparable—in



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the (currently) esoteric domain of self-reproducing machines—to the power and versatility of neurons and their synapses. This could become a new, great frontier of research. Here too, biology might point the way, as we come to understand biological development well enough to imitate its essence.

Altogether, the advantages of artificial over natural intelligence appear permanent, while the advantages of natural over artificial intelligence, though substantial at present, appear transient. I'd guess that it will be many decades before engineering catches up, but—barring catastrophic wars, climate change, or plagues, so that technological progress stays vigorous—few centuries.

If that's right, we can look forward to several generations during which humans, empowered and augmented by smart devices, coexist with increasingly capable autonomous AIs. There will be a complex, rapidly changing ecology of intelligence, and rapid evolution in consequence. Given the intrinsic advantages that engineered devices will eventually offer, the vanguard of that evolution will be cyborgs and superminds, rather than lightly adorned *Homo sapiens.*

Another important impetus will come from the exploration of hostile environments, both on Earth (e.g., the deep ocean) and, especially, in space. The human body is poorly adapted to conditions outside a narrow band of temperatures, pressures, and atmospheric composition. It needs a wide variety of specific, complex nutrients, and plenty of water. Also, it is not radiation-hardened. As the manned space program has amply demonstrated, it is difficult and expensive to maintain humans outside their terrestrial comfort zone. Cyborgs or autonomous AIs could be much more effective in these explorations. Quantum AIs, with their sensitivity to noise, might even be happier in the cold and dark of deep space.

In a moving passage from his 1935 novel *Odd John,* science fiction's singular genius Olaf Stapledon has his hero, a superhuman (mutant) intelligence, describe *Homo sapiens* as "the Archaeopteryx of the spirit." He says this, fondly, to his friend and biographer, who is a normal human. Archaeopteryx was a noble creature, and a bridge to greater ones.



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*I was introduced to* **Max Tegmark** *some years ago by his MIT colleague Alan Guth, the father of the inflationary universe. A distinguished theoretical physicist and cosmologist himself, Max's principal concern nowadays is the looming existential risk posed by the creation of an AGI (artificial general intelligence—that is, one that matches human intelligence). Four years ago, Max co-founded, with Jaan Tallinn and others, the Future of Life Institute (FLI), which bills itself as "an outreach organization working to ensure that tomorrow's most powerful technologies are beneficial for humanity." While on a book tour in London, he was in the midst of planning for FLI, and he admits being driven to tears in a tube station after a trip to the London Science Museum, with its exhibitions spanning the gamut of humanity's technological achievements. Was all that impressive progress in vain?*

*FLI's scientific advisory board includes Elon Musk, Frank Wilczek, George Church, Stuart Russell, and the Oxford philosopher Nick Bostrom, who dreamed up an oft-quoted* Gedankenexperiment *that results in a world full of paper clips and nothing else, produced by an (apparently) well-meaning AGI who was just following orders. The Institute sponsors conferences (Puerto Rico 2015, Asilomar 2017) on AI safety issues and in 2018 instituted a grants competition focusing on research in aid of maximizing the societal benefits of AGI.*

*While Max is sometimes listed—by the non-cognoscenti—on the side of the scaremongers, he believes, like Frank Wilczek, in a future that will immensely benefit from AGI if, in the attempt to create it, we can keep the human species from being sidelined.*



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## LET'S ASPIRE TO MORE THAN MAKING OURSELVES OBSOLETE

**Max Tegmark**

***Max Tegmark*** *is an MIT physicist and AI researcher; president of the Future of Life Institute; scientific director of the Foundational Questions Institute; and the author of* Our Mathematical Universe *and* Life 3.0: Being Human in the Age of Artificial Intelligence.

Although there's great controversy about how and when AI will impact humanity, the situation is clearer from a cosmic perspective: The technology-developing life that has evolved on Earth is rushing to make itself obsolete without devoting much serious thought to the consequences. This strikes me as embarrassingly lame, given that we can create amazing opportunities for humanity to flourish like never before, if we dare to steer a more ambitious course.

13.8 billion years after its birth, our Universe has become aware of itself. On a small blue planet, tiny conscious parts of our Universe have discovered that what they once thought was the sum total of existence was a minute part of something far grander: a solar system in a galaxy in a universe with over 100 billion other galaxies, arranged into an elaborate pattern of groups, clusters, and superclusters.

Consciousness is the cosmic awakening; it transformed our Universe from a mindless zombie with no self-awareness into a living ecosystem harboring self-reflection, beauty, hope, meaning, and purpose. Had that awakening never taken place, our Universe would have been pointless—a gigantic waste of space. Should our Universe go back to sleep permanently due to some cosmic calamity or self-inflicted mishap, it will become meaningless again.

On the other hand, things could get even better. We don't yet know whether we humans are the only stargazers in the cosmos, or even the first, but we've already learned enough about our Universe to know that it has the potential to wake up much more fully than it has thus far. AI pioneers such as Norbert Wiener have taught us that a further awakening of our Universe's ability to process and experience information need not require eons of additional evolution but perhaps mere decades of human scientific ingenuity.

We may be like that first glimmer of self-awareness you experienced when you emerged from sleep this morning, a premonition of the much greater consciousness that would arrive once you opened your eyes and fully awoke. Perhaps artificial superintelligence will enable life to spread throughout the cosmos and flourish for billions or trillions of years, and perhaps this will be because of decisions we make here, on our planet, in our lifetime.

Or humanity may soon go extinct, through some self-inflicted calamity caused by the power of our technology growing faster than the wisdom with which we manage it.

### *The evolving debate about AI's societal impact*

Many thinkers dismiss the idea of superintelligence as science fiction, because they view intelligence as something mysterious that can exist only in biological organisms—especially humans—and as fundamentally limited to what today's humans can do. But from my perspective as a physicist, intelligence is simply a certain kind of information



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processing performed by elementary particles moving around, and there's no law of physics that says one can't build machines more intelligent in every way than we are, and able to seed cosmic life. This suggests that we've seen just the tip of the intelligence iceberg; there's an amazing potential to unlock the full intelligence latent in nature and use it to help humanity flourish—or flounder.

Others, including some of the authors in this volume, dismiss the building of an AGI (Artificial General Intelligence—an entity able to accomplish any cognitive task at least as well as humans) not because they consider it physically impossible but because they deem it too difficult for humans to pull off in less than a century. Among professional AI researchers, both types of dismissal have become minority views because of recent breakthroughs. There is a strong expectation that AGI will be achieved within a century, and the median forecast is only decades away. A recent survey of AI researchers by Vincent Muller and Nick Bostrom concludes:

> [T]he results reveal a view among experts that AI systems will probably (over 50%) reach overall human ability by 2040-50, and very likely (with 90% probability) by 2075. From reaching human ability, it will move on to superintelligence in 2 years (10%) to 30 years (75%) thereafter.[16]

In the cosmic perspective of gigayears, it makes little difference whether AGI arrives in thirty or three hundred years, so let's focus on the implications rather than the timing.

First, we humans discovered how to replicate some natural processes with machines, making our own heat, light, and mechanical horsepower. Gradually we realized that our bodies were also machines, and the discovery of nerve cells blurred the boundary between body and mind. Finally, we started building machines that could outperform not only our muscles but our minds as well. We've now been eclipsed by machines in the performance of many narrow cognitive tasks, ranging from memorization and arithmetic to game play, and we are in the process of being overtaken in many more, from driving to investing to medical diagnosing. If the AI community succeeds in its original goal of building AGI, then we will have, by definition, been eclipsed at all cognitive tasks.

This begs many obvious questions. For example, will whoever or whatever controls the AGI control Earth? Should we aim to control superintelligent machines? If not, can we ensure that they understand, adopt, and retain human values? As Norbert Wiener put it in *The Human Use of Human Beings:*

> Woe to us if we let [the machine] decide our conduct, unless we have previously examined the laws of its action, and know fully that its conduct will be carried out on principles acceptable to us! On the other hand, the machine . . . , which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.

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[16] Vincent C. Müller & Nick Bostrom, "Future Progress in Artificial Intelligence: A Survey of Expert Opinion," in *Fundamental Issues of Artificial Intelligence*, Vincent C. Muller, ed. (Springer International Publishing Switzerland, 2016), pp. 555-72. https://nickbostrom.com/papers/survey.pdf.



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And who are the "us"? Who should deem "such decisions . . . acceptable"? Even if future powers decide to help humans survive and flourish, how will we find meaning and purpose in our lives if we aren't needed for anything?

The debate about the societal impact of AI has changed dramatically in the last few years. In 2014, what little public talk there was of AI risk tended to be dismissed as Luddite scaremongering, for one of two logically incompatible reasons:

(1) AGI was overhyped and wouldn't happen for at least another century.

(2) AGI would probably happen sooner but was virtually guaranteed to be beneficial.

Today, talk of AI's societal impact is everywhere, and work on AI safety and AI ethics has moved into companies, universities, and academic conferences. The controversial position on AI safety research is no longer to advocate for it but to dismiss it. Whereas the open letter that emerged from the 2015 Puerto Rico AI conference (and helped mainstream AI safety) spoke only in vague terms about the importance of keeping AI beneficial, the 2017 Asilomar AI Principles (see below) had real teeth: They explicitly mention recursive self-improvement, superintelligence, and existential risk, and were signed by AI industry leaders and over a thousand AI researchers from around the world.

Nonetheless, most discussion is limited to the near-term impact of narrow AI and the broader community pays only limited attention to the dramatic transformations that AGI may soon bring to life on Earth. Why?

***Why we're rushing to make ourselves obsolete, and why we avoid talking about it***

First of all, there's simple economics. Whenever we figure out how to make another type of human work obsolete by building machines that do it better and cheaper, most of society gains: Those who build and use the machines make profits, and consumers get more affordable products. This will be as true of future investor AGIs and scientist AGIs as it was of weaving machines, excavators, and industrial robots. In the past, displaced workers usually found new jobs, but this basic economic incentive will remain even if that is no longer the case. The existence of affordable AGI means, by definition, that *all* jobs can be done more cheaply by machines, so anyone claiming that "people will always find new well-paying jobs" is in effect claiming that AI researchers will fail to build AGI.

Second, *Homo sapiens* is by nature curious, which will motivate the scientific quest for understanding intelligence and developing AGI even without economic incentives. Although curiosity is one of the most celebrated human attributes, it can cause problems when it fosters technology we haven't yet learned how to manage wisely. Sheer scientific curiosity without profit motive contributed to the discovery of nuclear weapons and tools for engineering pandemics, so it's not unthinkable that the old adage "Curiosity killed the cat" will turn out to apply to the human species as well.

Third, we're mortal. This explains the near unanimous support for developing new technologies that help us live longer, healthier lives, which strongly motivates current AI research. AGI can clearly aid medical research even more. Some thinkers even aspire to near immortality via cyborgization or uploading.

We're thus on the slippery slope toward AGI, with strong incentives to keep sliding downward, even though the consequence will by definition be our economic obsolescence. We will no longer be needed for anything, because all jobs can be done



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more efficiently by machines. The successful creation of AGI would be the biggest event in human history, so why is there so little serious discussion of what it might lead to?

Here again, the answer involves multiple reasons.

First, as Upton Sinclair famously quipped, "It is difficult to get a man to understand something, when his salary depends on his not understanding it."[17] For example, spokesmen for tech companies or university research groups often claim there are no risks attached to their activities even if they privately think otherwise. Sinclair's observation may help explain not only reactions to risks from smoking and climate change but also why some treat technology as a new religion whose central articles of faith are that more technology is always better and whose heretics are clueless scaremongering Luddites.

Second, humans have a long track record of wishful thinking, flawed extrapolation of the past, and underestimation of emerging technologies. Darwinian evolution endowed us with powerful fear of concrete threats, not of abstract threats from future technologies that are hard to visualize or even imagine. Consider trying to warn people in 1930 of a future nuclear arms race, when you couldn't show them a single nuclear explosion video and nobody even knew how to build such weapons. Even top scientists can underestimate uncertainty, making forecasts that are either too optimistic—Where are those fusion reactors and flying cars?—or too pessimistic. Ernest Rutherford, arguably the greatest nuclear physicist of his time, said in 1933—less than twenty-four hours before Leo Szilard conceived of the nuclear chain reaction—that nuclear energy was "moonshine." Essentially nobody at that time saw the nuclear arms race coming.

Third, psychologists have discovered that we tend to avoid thinking of disturbing threats when we believe there's nothing we can do about them anyway. In this case, however, there are many constructive things we can do, if we can get ourselves to start thinking about the issue.

***What can we do?***

I'm advocating a strategy change from *"Let's rush to build technology that makes us obsolete—what could possibly go wrong?"* to *"Let's envision an inspiring future and steer toward it."*

To motivate the effort required for steering, this strategy begins by envisioning an enticing destination. Although Hollywood's futures tend to be dystopian, the fact is that AGI can help life flourish as never before. Everything I love about civilization is the product of intelligence, so if we can amplify our own intelligence with AGI, we have the potential to solve today's and tomorrow's thorniest problems, including disease, climate change, and poverty. The more detailed we can make our shared positive visions for the future, the more motivated we will be to work together to realize them.

What should we do in terms of steering? The twenty-three Asilomar principles adopted in 2017 offer plenty of guidance, including these short-term goals:

*(1) An arms race in lethal autonomous weapons should be avoided.*

*(2) The economic prosperity created by AI should be shared broadly, to benefit all of humanity.*

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[17] Upton Sinclair, *I, Candidate for Governor: And How I Got Licked* (Berkeley CA: University of California Press, 1994), p. 109.



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*(3) Investments in AI should be accompanied by funding for research on ensuring its beneficial use. . . . How can we make future AI systems highly robust, so that they do what we want without malfunctioning or getting hacked.*[18]

The first two involve not getting stuck in suboptimal Nash equilibria. An out-of-control arms race in lethal autonomous weapons that drives the price of automated anonymous assassination toward zero will be very hard to stop once it gains momentum. The second goal would require reversing the current trend in some Western countries where sectors of the population are getting poorer in absolute terms, fueling anger, resentment, and polarization. Unless the third goal can be met, all the wonderful AI technology we create might harm us, either accidentally or deliberately.

AI safety research must be carried out with a strict deadline in mind: Before AGI arrives, we need to figure out how to make AI understand, adopt, and retain our goals. The more intelligent and powerful machines get, the more important it becomes to align their goals with ours. As long as we build relatively dumb machines, the question isn't whether human goals will prevail but merely how much trouble the machines can cause before we solve the goal-alignment problem. If a superintelligence is ever unleashed, however, it will be the other way around: Since intelligence is the ability to accomplish goals, a superintelligent AI is by definition much better at accomplishing its goals than we humans are at accomplishing ours, and will therefore prevail.

In other words, *the real risk with AGI isn't malice but competence*. A superintelligent AGI will be extremely good at accomplishing its goals, and if those goals aren't aligned with ours, we're in trouble. People don't think twice about flooding anthills to build hydroelectric dams, so let's not place humanity in the position of those ants. Most researchers argue that if we end up creating superintelligence, we should make sure it's what AI-safety pioneer Eliezer Yudkowsky has termed "friendly AI"—AI whose goals are in some deep sense beneficial.

The moral question of what these goals should be is just as urgent as the technical questions about goal alignment. For example, what sort of society are we hoping to create, where we find meaning and purpose in our lives even though we, strictly speaking, aren't needed? I'm often given the following glib response to this question: "*Let's build machines that are smarter than us and then let them figure out the answer!*" This mistakenly equates intelligence with morality. Intelligence isn't good or evil but morally neutral. It's simply an ability to accomplish complex goals, good or bad. We can't conclude that things would have been better if Hitler had been more intelligent. Indeed, postponing work on ethical issues until after goal-aligned AGI is built would be irresponsible and potentially disastrous. A perfectly obedient superintelligence whose goals automatically align with those of its human owner would be like Nazi SS-Obersturmbannführer Adolf Eichmann on steroids. Lacking moral compass or inhibitions of its own, it would, with ruthless efficiency, implement its owner's goals, whatever they might be.[19]

When I speak of the need to analyze technology risk, I'm sometimes accused of scaremongering. But here at MIT, where I work, we know that such risk analysis isn't scaremongering: It's *safety engineering*. Before the moon-landing mission, NASA

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[18] https://futureoflife.org/ai-principles/

[19] See, for example, Hannah Arendt, *Eichmann in Jerusalem: A Report on the Banality of Evil* (New York: Penguin Classics, 2006).



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systematically thought through everything that could possibly go wrong when putting astronauts on top of a 110-meter rocket full of highly flammable fuel and launching them to a place where nobody could help them—and there were lots of things that could go wrong. Was this scaremongering? No, this was the safety engineering that ensured the mission's success. Similarly, we should analyze what could go wrong with AI to ensure that it goes right.

***Outlook***

In summary, if our technology outpaces the wisdom with which we manage it, it can lead to our extinction. It's already caused the extinction of from 20 to 50 percent of all species on Earth, by some estimates,[20] and it would be ironic if we're next in line. It would also be pathetic, given that the opportunities offered by AGI are literally astronomical, potentially enabling life to flourish for billions of years not only on Earth but also throughout much of our cosmos.

Instead of squandering this opportunity through unscientific risk denial and poor planning, let's be ambitious! *Homo sapiens* is inspiringly ambitious, as reflected in William Ernest Henley's famous lines from *Invictus*: "I am the master of my fate, / I am the captain of my soul." Rather than drifting like a rudderless ship toward our own obsolescence, let's take on and overcome the technical and societal challenges standing between us and a good high-tech future. What about the existential challenges related to morality, goals, and meaning? There's no meaning encoded in the laws of physics, so instead of passively waiting for our Universe to give meaning to us, let's acknowledge and celebrate that it's we conscious beings who give meaning to our Universe. Let's create our own meaning, based on something more profound than having jobs. AGI can enable us to finally become the masters of our own destiny. Let's make that destiny a truly inspiring one!

[20] See Elizabeth Kolbert, *The Sixth Extinction: An Unnatural History* (New York: Henry Holt, 2014).



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**Jaan Tallinn** *grew up in Estonia, becoming one of its few computer game developers, when that nation was still a Soviet Socialist Republic. Here he compares the dissidents who brought down the Iron Curtain to the dissidents who are sounding the alarm about rapid advances in artificial intelligence. He locates the roots of the current AI dissidence, paradoxically, among such pioneers of the AI field as Wiener, Alan Turing, and I. J. Good.*

*Jaan's preoccupation is with existential risk, AI being among the most extreme of many. In 2012, he co-founded the Centre for the Study of Existential Risk—an interdisciplinary research institute that works to mitigate risks "associated with emerging technologies and human activity"—at the University of Cambridge, along with philosopher Huw Price and Martin Rees, the Astronomer Royal.*

*He once described himself to me as "a convinced consequentialist"—convinced enough to have given away much of his entrepreneurial wealth to the Future of Life Institute (of which he is a co-founder), the Machine Intelligence Research Institute, and other such organizations working on risk reduction. Max Tegmark has written about him: "If you're an intelligent life-form reading this text millions of years from now and marveling at how life is flourishing, you may owe your existence to Jaan."*

*On a recent visit to London, Jaan and I participated on an AI panel for the Serpentine Gallery's Marathon at London's City Hall, under the aegis of Hans Ulrich Obrist (another contributor to this volume). This being the art world, there was a glamorous dinner party that night in a mansion filled with London's beautiful people—artists, fashion models, oligarchs, stars of stage and screen. After working the room in his unaffected manner ("Hi, I'm Jaan"), he suddenly said, "Time for hip-hop dancing," dropped to the floor on one hand, and began demonstrating his spectacular moves to the bemused A-listers. Then off he went into the dance-club subculture, which is apparently how he ends every evening when he's on the road. Who knew?*



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## DISSIDENT MESSAGES
**Jaan Tallinn**

***Jaan Tallin**, a computer programmer, theoretical physicist, and investor, is a co-developer of Skype and Kazaa.*

In March 2009, I found myself in a bland franchise eatery next to a noisy California freeway. I was there to meet a young man whose blog I had been following. To make himself recognizable, he wore a button with a text on it: *Speak the truth even if your voice trembles.* His name was Eliezer Yudkowsky, and we spent the next four hours discussing the message he had for the world—a message that had brought me to that eatery and would end up dominating my subsequent work.

***The First Message: the Soviet Occupation***

In *The Human Use of Human Beings*, Norbert Wiener looked at the world through the lens of communication. He saw a universe that was marching to the tune of the second law of thermodynamics toward its inevitable heat death. In such a universe, the only (meta)stable entities are *messages*—patterns of information that propagate through time, like waves propagating across the surface of a lake. Even we humans can be considered messages, because the atoms in our bodies are too fleeting to attach our identities to. Instead, we are the "message" that our bodily functions maintain. As Wiener put it: "It is the pattern maintained by this homeostasis, which is the touchstone of our personal identity."

I'm more used to treating processes and computation as the fundamental building blocks of the world. That said, Wiener's lens brings out some interesting aspects of the world which might otherwise have remained in the background and which to a large degree shaped my life. These are two messages, both of which have their roots in the Second World War. They started out as quiet dissident messages—messages that people didn't pay much attention to, even if they silently and perhaps subconsciously concurred. The first message was: *The Soviet Union is composed of a series of illegitimate occupations. These occupations must end.*

As an Estonian, I grew up behind the Iron Curtain and had a front row seat when it fell. I heard this first message in the nostalgic reminiscences of my grandparents and in between the harsh noises jamming the Voice of America. It grew louder during the Gorbachev era, as the state became more lenient in its treatment of dissidents, and reached a crescendo in the Estonian Singing Revolution of the late 1980s.

In my teens, I witnessed the message spread out across widening circles of people, starting with the active dissidents, who had voiced it for half a century at great cost to themselves, proceeding to the artists and literati, and ending up among the Party members and politicians who had switched sides. This new elite comprised an eclectic mix of people: those original dissidents who had managed to survive the repression, public intellectuals, and (to the great annoyance of the surviving dissidents) even former Communists. The remaining dogmatists—even the prominent ones—were eventually marginalized, some of them retreating to Russia.

Interestingly, as the message propagated from one group to the next, it evolved. It started in pure and uncompromising form ("The occupation must end!") among the dissidents who considered the truth more important than their personal freedom. The



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mainstream groups, who had more to lose, initially qualified and diluted the message, taking positions like, "It would make sense in the long term to delegate control over local matters." (There were always exceptions: Some public intellectuals proclaimed the original dissident message verbatim.) Finally, the original message—being, simply, true—won out over its diluted versions. Estonia regained its independence in 1991, and the last Soviet troops left three years later.

The people who took the risk and spoke the truth in Estonia and elsewhere in the Eastern Bloc played a monumental role in the eventual outcome—an outcome that changed the lives of hundreds of millions of people, myself included. They spoke the truth, even as their voices trembled.

***The Second Message: AI Risk***

My exposure to the second revolutionary message was via Yudkowsky's blog—the blog that compelled me to reach out and arrange that meeting in California. The message was: *Continued progress in AI can precipitate a change of cosmic proportions—a runaway process that will likely kill everyone. We need to put in a lot of extra effort to avoid that outcome*.

After my meeting with Yudkowsky, the first thing I did was try to interest my Skype colleagues and close collaborators in his warning. I failed. The message was too crazy, too dissident. Its time had not yet come.

Only later did I learn that Yudkowsky wasn't the original dissident speaking this particular truth. In April 2000, there was a lengthy opinion piece in *Wired* titled, "Why the Future Doesn't Need Us," by Bill Joy, co-founder and chief scientist of Sun Microsystems. He warned:

> Accustomed to living with almost routine scientific breakthroughs, we have yet to come to terms with the fact that the most compelling 21st-century technologies—robotics, genetic engineering, and nanotechnology—pose a different threat than the technologies that have come before. Specifically, robots, engineered organisms, and nanobots share a dangerous amplifying factor: They can self-replicate. . . . [O]ne bot can become many, and quickly get out of control.

Apparently, Joy's broadside caused a lot of furor but little action.

More surprising to me, though, was that the AI-risk message arose almost simultaneously with the field of computer science. In a 1951 lecture, Alan Turing announced: "[I]t seems probable that once the machine thinking method had started, it would not take long to outstrip our feeble powers. . . . At some stage, therefore, we should have to expect the machines to take control. . . ."[21] A decade or so later, his Bletchley Park colleague I. J. Good wrote, "The first ultraintelligent machine is the *last* invention that man need ever make, provided that the machine is docile enough to tell us how to keep it under control."[22] Indeed, I counted half a dozen places in *The Human Use of Human Beings* where Wiener hinted at one or another aspect of the Control Problem. ("The machine like the djinnee, which can learn and can make decisions on the basis of

[21] Posthumously reprinted in *Phil. Math.* (3) vol. 4, 256-60 (1966).

[22] Irving John Good, "Speculations concerning the first ultraintelligent machine," *Advances in Computers,* vol. 6 (Academic Press, 1965), pp. 31-88.



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its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us.") Apparently, the original dissidents promulgating the AI-risk message were the AI pioneers themselves!

***Evolution's Fatal Mistake***

There have been many arguments, some sophisticated and some less so, for why the Control Problem is real and not some science-fiction fantasy. Allow me to offer one that illustrates the magnitude of the problem:

For the last hundred thousand years, the world (meaning the Earth, but the argument extends to the solar system and possibly even to the entire universe) has been in the human-brain regime. In this regime, the brains of *Homo sapiens* have been the most sophisticated future-shaping mechanisms (indeed, some have called them the most complicated objects in the universe). Initially, we didn't use them for much beyond survival and tribal politics in a band of foragers, but now their effects are surpassing those of natural evolution. The planet has gone from producing forests to producing cities.

As predicted by Turing, once we have superhuman AI ("the machine thinking method"), the human-brain regime will end. Look around you—you're witnessing the final decades of a hundred-thousand-year regime. This thought alone should give people some pause before they dismiss AI as just another tool. One of the world's leading AI researchers recently confessed to me that he would be greatly relieved to learn that human-level AI was impossible for us to create.

Of course, it might still take us a long time to develop human-level AI. But we have reason to suspect that this is not the case. After all, it didn't take long, in relative terms, for evolution—the blind and clumsy optimization process—to create human-level intelligence once it had animals to work with. Or multicellular life, for that matter: Getting cells to stick together seems to have been much harder for evolution to accomplish than creating humans once there were multicellular organisms. Not to mention that our level of intelligence was limited by such grotesque factors as the width of the birth canal. Imagine an AI developer being stopped in his tracks because he couldn't manage to adjust the font size on his computer!

There's an interesting symmetry here: In fashioning humans, evolution created a system that is, at least in many important dimensions, a more powerful planner and optimizer than evolution itself is. We are the first species to understand that we're the product of evolution. Moreover, we've created many artifacts (radios, firearms, spaceships) that evolution would have little hope of creating. Our future, therefore, will be determined by our own decisions and no longer by biological evolution. In that sense, evolution has fallen victim to its own Control Problem.

We can only hope that we're smarter than evolution in that sense. We *are* smarter, of course, but will that be enough? We're about to find out.

***The Present Situation***

So here we are, more than half a century after the original warnings by Turing, Wiener, and Good, and a decade after people like me started paying attention to the AI-risk message. I'm glad to see that we've made a lot of progress in confronting this issue, but we're definitely not there yet. AI risk, although no longer a taboo topic, is not yet fully



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appreciated among AI researchers. AI risk is not yet common knowledge either. In relation to the timeline of the first dissident message, I'd say we're around the year 1988, when raising the Soviet-occupation topic was no longer a career-ending move but you still had to somewhat hedge your position. I hear similar hedging now—statements like, "I'm not concerned about superintelligent AI, but there are some real ethical issues in increased automation," or "It's good that some people are researching AI risk, but it's not a short-term concern," or even the very reasonable sounding, "These are small-probability scenarios, but their potentially high impact justifies the attention."

As far as message propagation goes, though, we are getting close to the tipping point. A recent survey of AI researchers who published at the two major international AI conferences in 2015 found that 40 percent now think that risks from highly advanced AI are either "an important problem" or "among the most important problems in the field."[23]

Of course, just as there were dogmatic Communists who never changed their position, it's all but guaranteed that some people will never admit that AI is potentially dangerous. Many of the deniers of the first kind came from the Soviet nomenklatura; similarly, the AI-risk deniers often have financial or other pragmatic motives. One of the leading motives is corporate profits. AI is profitable, and even in instances where it isn't, it's at least a trendy, forward-looking enterprise with which to associate your company. So a lot of the dismissive positions are products of corporate PR and legal machinery. In some very real sense, big corporations are nonhuman machines that pursue their own interests—interests that might not align with those of any particular human working for them. As Wiener observed in *The Human Use of Human Beings*: "When human atoms are knit into an organization in which they are used, not in their full right as responsible human beings, but as cogs and levers and rods, it matters little that their raw material is flesh and blood."

Another strong incentive to turn a blind eye to the AI risk is the (very human) curiosity that knows no bounds. "When you see something that is technically sweet, you go ahead and do it and you argue about what to do about it only after you have had your technical success. That is the way it was with the atomic bomb," said J. Robert Oppenheimer. His words were echoed recently by Geoffrey Hinton, arguably the inventor of deep learning, in the context of AI risk: "I could give you the usual arguments, but the truth is that the prospect of discovery is too sweet."

Undeniably, we have both entrepreneurial attitude and scientific curiosity to thank for almost all the nice things we take for granted in the modern era. It's important to realize, though, that progress does not *owe* us a good future. In Wiener's words, "It is possible to believe in progress as a fact without believing in progress as an ethical principle."

Ultimately, we don't have the luxury of waiting before all the corporate heads and AI researchers are willing to concede the AI risk. Imagine yourself sitting in a plane about to take off. Suddenly there's an announcement that 40 percent of the experts believe there's a bomb onboard. At that point, the course of action is already clear, and sitting there waiting for the remaining 60 percent to come around isn't part of it.

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[23] Katja Grace, et al., "When Will AI Exceed Human Performance? Evidence from AI Experts," https://arxiv.org/pdf/1705.08807.pdf.



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***Calibrating the AI-Risk Message***

While uncannily prescient, the AI-risk message from the original dissidents has a giant flaw—as does the version dominating current public discourse: Both considerably understate the magnitude of the problem as well as AI's potential upside. The message, in other words, does not adequately convey the stakes of the game.

Wiener primarily warned of the *social* risks—risks stemming from careless integration of machine-generated decisions with governance processes and misuse (by humans) of such automated decision making. Likewise, the current "serious" debate about AI risks focuses mostly on things like technological unemployment or biases in machine learning. While such discussions can be valuable and address pressing short-term problems, they are also stunningly parochial. I'm reminded of Yudkowsky's quip in a blog post: "[A]sking about the effect of *machine superintelligence* on the conventional human labor market is like asking how US–Chinese trade patterns would be affected by the Moon crashing into the Earth. There would indeed be effects, but you'd be missing the point."

In my view, the central point of the AI risk is that *superintelligent AI is an environmental risk*. Allow me to explain.

In his "Parable of the Sentient Puddle," Douglas Adams describes a puddle that wakes up in the morning and finds himself in a hole that fits him "staggeringly well." From that observation, the puddle concludes that the world must have been made for him. Therefore, writes Adams, "the moment he disappears catches him rather by surprise." To assume that AI risks are limited to adverse social developments is to make a similar mistake. The harsh reality is that the universe was not made for us; instead, we are fine-tuned by evolution to a very narrow range of environmental parameters. For instance, we need the atmosphere at ground level to be roughly at room temperature, at about 100 kPa pressure, and have a sufficient concentration of oxygen. Any disturbance, even temporary, of this precarious equilibrium and we die in a matter of minutes.

Silicon-based intelligence does not share such concerns about the environment. That's why it's much cheaper to explore space using machine probes rather than "cans of meat." Moreover, Earth's current environment is almost certainly suboptimal for what a superintelligent AI will greatly care about: *efficient computation*. Hence we might find our planet suddenly going from anthropogenic global warming to machinogenic global cooling. One big challenge that AI safety research needs to deal with is how to constrain a potentially superintelligent AI—an AI with a much larger footprint than our own—from rendering our environment uninhabitable for biological life-forms.

Interestingly, given that the most potent sources both of AI research and AI-risk dismissals are under big corporate umbrellas, if you squint hard enough the "AI as an environmental risk" message looks like the chronic concern about corporations skirting their environmental responsibilities.

Conversely, the worry about AI's social effects also misses most of the upside. It's hard to overemphasize how tiny and parochial the future of our planet is, compared with the full potential of humanity. On astronomical timescales, our planet will be gone soon (unless we tame the sun, also a distinct possibility) and almost all the resources—atoms and free energy—to sustain civilization in the long run are in deep space.

Eric Drexler, the inventor of nanotechnology, has recently been popularizing the



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concept of "Pareto-topia": the idea that AI, if done right, can bring about a future in which *everyone's* lives are hugely improved, a future where there are no losers. A key realization here is that what chiefly prevents humanity from achieving its full potential might be our instinctive sense that we're in a zero-sum game—a game in which players are supposed to eke out small wins at the expense of others. Such an instinct is seriously misguided and destructive in a "game" where everything is at stake and the payoff is literally astronomical. There are many more star systems in our galaxy alone than there are people on Earth.

***Hope***

As of this writing, I'm cautiously optimistic that the AI-risk message can save humanity from extinction, just as the Soviet-occupation message ended up liberating hundreds of millions of people. As of 2015, it had reached and converted 40 percent of AI researchers. It wouldn't surprise me if a new survey now would show that the majority of AI researchers believe AI safety to be an important issue.

I'm delighted to see the first technical AI-safety papers coming out of DeepMind, OpenAI, and Google Brain and the collaborative problem-solving spirit flourishing between the AI-safety research teams in these otherwise very competitive organizations.

The world's political and business elite are also slowly waking up: AI safety has been covered in reports and presentations by the Institute of Electrical and Electronics Engineers (IEEE), the World Economic Forum, and the Organization for Economic Cooperation and Development (OECD). Even the recent (July 2017) Chinese AI manifesto contained dedicated sections on "AI safety supervision" and "Develop[ing] laws, regulations, and ethical norms" and establishing "an AI security and evaluation system" to, among other things, "[e]nhance the awareness of risk." I very much hope that a new generation of leaders who understand the AI Control Problem and AI as the ultimate environmental risk can rise above the usual tribal, zero-sum games and steer humanity past these dangerous waters we are in—thereby opening our way to the stars that have been waiting for us for billions of years.

Here's to our next hundred thousand years! And don't hesitate to speak the truth, even if your voice trembles.



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*Throughout his career, whether studying language, advocating a realistic biology of mind, or examining the human condition through the lens of humanistic Enlightenment ideas, psychologist* **Steven Pinker** *has embraced and championed a naturalistic understanding of the universe and the computational theory of mind. He is perhaps the first internationally recognized public intellectual whose recognition is based on the advocacy of empirically based thinking about language, mind, and human nature.*

*"Just as Darwin made it possible for a thoughtful observer of the natural world to do without creationism," he says, "Turing and others made it possible for a thoughtful observer of the cognitive world to do without spiritualism."*

*In the debate about AI risk, he argues against prophecies of doom and gloom, noting that they spring from the worst of our psychological biases—exemplified particularly by media reports: "Disaster scenarios are cheap to play out in the probability-free zone of our imaginations, and they can always find a worried, technophobic, or morbidly fascinated audience." Hence, over the centuries: Pandora, Faust, the Sorcerer's Apprentice, Frankenstein, the population bomb, resource depletion, HAL, suitcase nukes, the Y2K bug, and engulfment by nanotechnological grey goo. "A characteristic of AI dystopias," he points out, "is that they project a parochial alpha-male psychology onto the concept of intelligence. . . . History does turn up the occasional megalomaniacal despot or psychopathic serial killer, but these are products of a history of natural selection shaping testosterone-sensitive circuits in a certain species of primate, not an inevitable feature of intelligent systems."*

*In the present essay, he applauds Wiener's belief in the strength of ideas vis-à-vis the encroachment of technology. As Wiener so aptly put it, "The machine's danger to society is not from the machine itself but from what man makes of it."*



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# TECH PROPHECY AND THE UNDERAPPRECIATED CAUSAL POWER OF IDEAS

**Steven Pinker**

***Steven Pinker,*** *a Johnstone Family Professor in the Department of Psychology at Harvard University, is an experimental psychologist who conducts research in visual cognition, psycholinguistics, and social relations. He is the author of eleven books, including* The Blank Slate, The Better Angels of Our Nature, *and, most recently,* Enlightenment Now: The Case for Reason, Science, Humanism, and Progress.

Artificial intelligence is an existence proof of one of the great ideas in human history: that the abstract realm of knowledge, reason, and purpose does not consist of an élan vital or immaterial soul or miraculous powers of neural tissue. Rather, it can be linked to the physical realm of animals and machines via the concepts of information, computation, and control. Knowledge can be explained as patterns in matter or energy that stand in systematic relations with states of the world, with mathematical and logical truths, and with one another. Reasoning can be explained as transformations of that knowledge by physical operations that are designed to preserve those relations. Purpose can be explained as the control of operations to effect changes in the world, guided by discrepancies between its current state and a goal state. Naturally evolved brains are just the most familiar systems that achieve intelligence through information, computation, and control. Humanly designed systems that achieve intelligence vindicate the notion that information processing is sufficient to explain it—the notion that the late Jerry Fodor dubbed the computational theory of mind.

The touchstone for this volume, Norbert Wiener's *The Human Use of Human Beings,* celebrated this intellectual accomplishment, of which Wiener himself was a foundational contributor. A potted history of the mid-20th-century revolution that gave the world the computational theory of mind might credit Claude Shannon and Warren Weaver for explaining knowledge and communication in terms of information. It might credit Alan Turing and John von Neumann for explaining intelligence and reasoning in terms of computation. And it ought to give Wiener credit for explaining the hitherto mysterious world of purposes, goals, and teleology in terms of the technical concepts of feedback, control, and cybernetics (in its original sense of "governing" the operation of a goal-directed system). "It is my thesis," he announced, "that the physical functioning of the living individual and the operation of some of the newer communication machines are precisely parallel in their analogous attempts to control entropy through feedback"—the staving off of life-sapping entropy being the ultimate goal of human beings.

Wiener applied the ideas of cybernetics to a third system: society. The laws, norms, customs, media, forums, and institutions of a complex community could be considered channels of information propagation and feedback that allow a society to ward off disorder and pursue certain goals. This is a thread that runs through the book and which Wiener himself may have seen as its principal contribution. In his explanation of feedback, he wrote, "This complex of behavior is ignored by the average man, and in particular does not play the role that it should in our habitual analysis of society; for just as individual physical responses may be seen from this point of view, so may the organic responses of society itself."



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Indeed, Wiener gave scientific teeth to the idea that in the workings of history, politics, and society, *ideas matter*. Beliefs, ideologies, norms, laws, and customs, by regulating the behavior of the humans who share them, can shape a society and power the course of historical events as surely as the phenomena of physics affect the structure and evolution of the solar system. To say that ideas—and not just weather, resources, geography, or weaponry—can shape history is not woolly mysticism. It is a statement of the causal powers of information instantiated in human brains and exchanged in networks of communication and feedback. Deterministic theories of history, whether they identify the causal engine as technological, climatological, or geographic, are belied by the causal power of ideas. The effects of these ideas can include unpredictable lurches and oscillations that arise from positive feedback or from miscalibrated negative feedback.

An analysis of society in terms of its propagation of ideas also gave Wiener a guideline for social criticism. A healthy society—one that gives its members the means to pursue life in defiance of entropy—allows information sensed and contributed by its members to feed back and affect how the society is governed. A dysfunctional society invokes dogma and authority to impose control from the top down. Wiener thus described himself as "a participant in a liberal outlook," and devoted most of the moral and rhetorical energy in the book (both the 1950 and 1954 editions) to denouncing communism, fascism, McCarthyism, militarism, and authoritarian religion (particularly Catholicism and Islam) and to warning that political and scientific institutions were becoming too hierarchical and insular.

Wiener's book is also, here and there, an early exemplar of an increasingly popular genre, tech prophecy. Prophecy not in the sense of mere prognostications but in the Old Testament sense of dark warnings of catastrophic payback for the decadence of one's contemporaries. Wiener warned against the accelerating nuclear arms race, against technological change that was imposed without regard to human welfare ("[W]e must know as scientists what man's nature is and what his built-in purposes are"), and against what today is called the value-alignment problem: that "the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us." In the darker, 1950 edition, he warned of a "threatening new Fascism dependent on the *machine à gouverner*."

Wiener's tech prophecy harks back to the Romantic movement's rebellion against the "dark Satanic mills" of the Industrial Revolution, and perhaps even earlier, to the archetypes of Prometheus, Pandora, and Faust. And today it has gone into high gear. Jeremiahs, many of them (like Wiener) from the worlds of science and technology, have sounded alarms about nanotechnology, genetic engineering, Big Data, and particularly artificial intelligence. Several contributors to this volume characterize Wiener's book as a prescient example of tech prophecy and amplify his dire worries.

Yet the two moral themes of *The Human Use of Human Beings*—the liberal defense of an open society and the dystopian dread of runaway technology—are in tension. A society with channels of feedback that maximize human flourishing will have mechanisms in place, and can adapt them to changing circumstances, in a way that can domesticate technology to human purposes. There's nothing idealistic or mystical about this; as Wiener emphasized, ideas, norms, and institutions are themselves a form of technology, consisting of patterns of information distributed across brains. The



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possibility that machines threaten a new fascism must be weighed against the vigor of the liberal ideas, institutions, and norms that Wiener championed throughout the book. The flaw in today's dystopian prophecies is that they disregard the existence of these norms and institutions, or drastically underestimate their causal potency. The result is a technological determinism whose dark predictions are repeatedly refuted by the course of events. The numbers "1984" and "2001" are good reminders.

I will consider two examples. Tech prophets often warn of a "surveillance state" in which a government empowered by technology will monitor and interpret all private communications, allowing it to detect dissent and subversion as it arises and make resistance to state power futile. Orwell's telescreens are the prototype, and in 1976 Joseph Weizenbaum, one of the gloomiest tech prophets of all time, warned my class of graduate students not to pursue automatic speech recognition because government surveillance was its only conceivable application.

Though I am on record as an outspoken civil libertarian, deeply concerned with contemporary threats to free speech, I lose no sleep over technological advances in the Internet, video, or artificial intelligence. The reason is that almost all the variation across time and space in freedom of thought is driven by differences in norms and institutions and almost none of it by differences in technology. Though one can imagine hypothetical combinations of the most malevolent totalitarians with the most advanced technology, in the real world it's the norms and laws we should be vigilant about, not the tech.

Consider variation across time. If, as Orwell hinted, advancing technology was a prime enabler of political repression, then Western societies should have gotten more and more restrictive of speech over the centuries, with a dramatic worsening in the second half of the 20th century continuing into the 21st. That's not how history unfolded. It was the centuries when communication was implemented by quills and inkwells that had autos-da-fé and the jailing or guillotining of Enlightenment thinkers. During World War I, when the state of the art was the wireless, Bertrand Russell was jailed for his pacifist opinions. In the 1950s, when computers were room-size accounting machines, hundreds of liberal writers and scholars were professionally punished. Yet in the technologically accelerating, hyperconnected 21st century, 18 percent of social science professors are Marxists[24]; the President of the United States is nightly ridiculed by television comedians as a racist, pervert, and moron; and technology's biggest threat to political discourse comes from amplifying too many dubious voices rather than suppressing enlightened ones.

Now consider variations across place. Western countries at the technological frontier consistently get the highest scores in indexes of democracy and human rights, while many backward strongman states are at the bottom, routinely jailing or killing government critics. The lack of a correlation between technology and repression is unsurprising when you analyze the channels of information flow in any human society. For dissidents to be influential, they have to get their message out to a wide network via whatever channels of communication are available—pamphleteering, soap-box oration, subversive soirées in cafés and pubs, word of mouth. These channels enmesh influential dissidents in a broad social network which makes them easy to identify and track down.

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[24] Neil Gross & Solon Simmons, "The Social and Political Views of American College and University Professors," in N. Gross & S. Simmons, eds., *Professors and Their Politics* (Baltimore: Johns Hopkins University Press, 2014).



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All the more so when dictators rediscover the time-honored technique of weaponizing the people against each other by punishing those who don't denounce or punish others.

In contrast, technologically advanced societies have long had the means to install Internet-connected, government-monitored surveillance cameras in every bar and bedroom. Yet that has not happened, because democratic governments (even the current American administration, with its flagrantly antidemocratic impulses) lack the will and the means to enforce such surveillance on an obstreperous people accustomed to saying what they want. Occasionally, warnings of nuclear, biological, or cyberterrorism goad government security agencies into measures such as hoovering up mobile phone metadata, but these ineffectual measures, more theater than oppression, have had no significant effect on either security or freedom. Ironically, tech prophecy plays a role in encouraging these measures. By sowing panic about supposed existential threats such as suitcase nuclear bombs and bioweapons assembled in teenagers' bedrooms, they put pressure on governments to prove they're doing something, anything, to protect the American people.

It's not that political freedom takes care of itself. It's that the biggest threats lie in the networks of ideas, norms, and institutions that allow information to feed back (or not) on collective decisions and understanding. As opposed to the chimerical technological threats, one real threat today is oppressive political correctness, which has choked the range of publicly expressible hypotheses, terrified many intelligent people against entering the intellectual arena, and triggered a reactionary backlash. Another real threat is the combination of prosecutorial discretion with an expansive lawbook filled with vague statutes. The result is that every American unwittingly commits "three felonies a day" (as the title of a book by civil libertarian Harvey Silverglate puts it) and is in jeopardy of imprisonment whenever it suits the government's needs. It's this prosecutorial weaponry that makes Big Brother all-powerful, not telescreens. The activism and polemicizing directed against government surveillance programs would be better directed at its overweening legal powers.

The other focus of much tech prophecy today is artificial intelligence, whether in the original sci-fi dystopia of computers running amok and enslaving us in an unstoppable quest for domination, or the newer version in which they subjugate us by accident, single-mindedly seeking some goal we give them regardless of its side effects on human welfare (the value-alignment problem adumbrated by Wiener). Here again both threats strike me as chimerical, growing from a narrow technological determinism that neglects the networks of information and control in an intelligent system like a computer or brain and in a society as a whole.

The subjugation fear is based on a muzzy conception of intelligence that owes more to the Great Chain of Being and a Nietzschean will to power than to a Wienerian analysis of intelligence and purpose in terms of information, computation, and control. In these horror scenarios, intelligence is portrayed as an all-powerful, wish-granting potion that agents possess in different amounts. Humans have more of it than animals, and an artificially intelligent computer or robot will have more of it than humans. Since we humans have used our moderate endowment to domesticate or exterminate less well-endowed animals (and since technologically advanced societies have enslaved or annihilated technologically primitive ones), it follows that a supersmart AI would do the same to us. Since an AI will think millions of times faster than we do, and use its



HOUSE_OVERSIGHT_016883

superintelligence to recursively improve its superintelligence, from the instant it is turned on we will be powerless to stop it.

But these scenarios are based on a confusion of intelligence with motivation—of beliefs with desires, inferences with goals, the computation elucidated by Turing and the control elucidated by Wiener. Even if we did invent superhumanly intelligent robots, why would they *want* to enslave their masters or take over the world? Intelligence is the ability to deploy novel means to attain a goal. But the goals are extraneous to the intelligence: Being smart is not the same as wanting something. It just so happens that the intelligence in *Homo sapiens* is a product of Darwinian natural selection, an inherently competitive process. In the brains of that species, reasoning comes bundled with goals such as dominating rivals and amassing resources. But it's a mistake to confuse a circuit in the limbic brain of a certain species of primate with the very nature of intelligence. There is no law of complex systems that says that intelligent agents must turn into ruthless megalomaniacs.

A second misconception is to think of intelligence as a boundless continuum of potency, a miraculous elixir with the power to solve any problem, attain any goal. The fallacy leads to nonsensical questions like when an AI will "exceed human-level intelligence," and to the image of an "artificial general intelligence" (AGI) with God-like omniscience and omnipotence. Intelligence is a contraption of gadgets: software modules that acquire, or are programmed with, knowledge of how to pursue various goals in various domains. People are equipped to find food, win friends and influence people, charm prospective mates, bring up children, move around in the world, and pursue other human obsessions and pastimes. Computers may be programmed to take on some of these problems (like recognizing faces), not to bother with others (like charming mates), and to take on still other problems that humans can't solve (like simulating the climate or sorting millions of accounting records). The problems are different, and the kinds of knowledge needed to solve them are different.

But instead of acknowledging the centrality of knowledge to intelligence, the dystopian scenarios confuse an artificial general intelligence of the future with Laplace's demon, the mythical being that knows the location and momentum of every particle in the universe and feeds them into equations for physical laws to calculate the state of everything at any time in the future. For many reasons, Laplace's demon will never be implemented in silicon. A real-life intelligent system has to acquire information about the messy world of objects and people by engaging with it one domain at a time, the cycle being governed by the pace at which events unfold in the physical world. That's one of the reasons that understanding does not obey Moore's Law: Knowledge is acquired by formulating explanations and testing them against reality, not by running an algorithm faster and faster. Devouring the information on the Internet will not confer omniscience either: Big Data is still finite data, and the universe of knowledge is infinite.

A third reason to be skeptical of a sudden AI takeover is that it takes too seriously the inflationary phase in the AI hype cycle in which we are living today. Despite the progress in machine learning, particularly multilayered artificial neural networks, current AI systems are nowhere near achieving general intelligence (if that concept is even coherent). Instead, they are restricted to problems that consist of mapping well-defined inputs to well-defined outputs in domains where gargantuan training sets are available, in which the metric for success is immediate and precise, in which the environment doesn't



HOUSE_OVERSIGHT_016884

change, and in which no stepwise, hierarchical, or abstract reasoning is necessary. Many of the successes come not from a better understanding of the workings of intelligence but from the brute-force power of faster chips and Bigger Data, which allow the programs to be trained on millions of examples and generalize to similar new ones. Each system is an idiot savant, with little ability to leap to problems it was not set up to solve, and a brittle mastery of those it was. And to state the obvious, none of these programs has made a move toward taking over the lab or enslaving its programmers.

Even if an artificial intelligence system tried to exercise a will to power, without the cooperation of humans it would remain an impotent brain in a vat. A superintelligent system, in its drive for self-improvement, would somehow have to build the faster processors that it would run on, the infrastructure that feeds it, and the robotic effectors that connect it to the world—all impossible unless its human victims worked to give it control of vast portions of the engineered world. Of course, one can always imagine a Doomsday Computer that is malevolent, universally empowered, always on, and tamperproof. The way to deal with this threat is straightforward: Don't build one.

What about the newer AI threat, the value-alignment problem, foreshadowed in Wiener's allusions to stories of the Monkey's Paw, the genie, and King Midas, in which a wisher rues the unforeseen side effects of his wish? The fear is that we might give an AI system a goal and then helplessly stand by as it relentlessly and literal-mindedly implemented its interpretation of that goal, the rest of our interests be damned. If we gave an AI the goal of maintaining the water level behind a dam, it might flood a town, not caring about the people who drowned. If we gave it the goal of making paper clips, it might turn all the matter in the reachable universe into paper clips, including our possessions and bodies. If we asked it to maximize human happiness, it might implant us all with intravenous dopamine drips, or rewire our brains so we were happiest sitting in jars, or, if it had been trained on the concept of happiness with pictures of smiling faces, tile the galaxy with trillions of nanoscopic pictures of smiley-faces.

Fortunately, these scenarios are self-refuting. They depend on the premises that (1) humans are so gifted that they can design an omniscient and omnipotent AI, yet so idiotic that they would give it control of the universe without testing how it works; and (2) the AI would be so brilliant that it could figure out how to transmute elements and rewire brains, yet so imbecilic that it would wreak havoc based on elementary blunders of misunderstanding. The ability to choose an action that best satisfies conflicting goals is not an add-on to intelligence that engineers might forget to install and test; it *is* intelligence. So is the ability to interpret the intentions of a language user in context.

When we put aside fantasies like digital megalomania, instant omniscience, and perfect knowledge and control of every particle in the universe, artificial intelligence is like any other technology. It is developed incrementally, designed to satisfy multiple conditions, tested before it is implemented, and constantly tweaked for efficacy and safety.

The last criterion is particularly significant. The culture of safety in advanced societies is an example of the humanizing norms and feedback channels that Wiener invoked as a potent causal force and advocated as a bulwark against the authoritarian or exploitative implementation of technology. Whereas at the turn of the 20th century Western societies tolerated shocking rates of mutilation and death in industrial, domestic, and transportation accidents, over the course of the century the value of human life



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increased. As a result, governments and engineers used feedback from accident statistics to implement countless regulations, devices, and design changes that made technology progressively safer. The fact that some regulations (such as using a cell phone near a gas pump) are ludicrously risk-averse underscores the point that we have become a society obsessed with safety, with fantastic benefits as a result: Rates of industrial, domestic, and transportation fatalities have fallen by more than 95 (and often 99) percent since their highs in the first half of the 20th century.[25] Yet tech prophets of malevolent or oblivious artificial intelligence write as if this momentous transformation never happened and one morning engineers will hand total control of the physical world to untested machines, heedless of the human consequences.

Norbert Wiener explained ideas, norms, and institutions in terms of computational and cybernetic processes that were scientifically intelligible and causally potent. He explained human beauty and value as "a local and temporary fight against the Niagara of increasing entropy" and expressed the hope that an open society, guided by feedback on human well-being, would enhance that value. Fortunately his belief in the causal power of ideas counteracted his worries about the looming threat of technology. As he put it, "the machine's danger to society is not from the machine itself but from what man makes of it." It is only by remembering the causal power of ideas that we can accurately assess the threats and opportunities presented by artificial intelligence today.

[25] Steven Pinker, "Safety," *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress* (New York: Penguin, 2018).



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*The most significant developments in the sciences today (i.e., those that affect the lives of everybody on the planet) are about, informed by, or implemented through advances in software and computation. Central to the future of these developments is physicist* **David Deutsch,** *the founder of the field of quantum computation, whose 1985 paper on universal quantum computers was the first full treatment of the subject; the Deutsch-Jozsa algorithm was the first quantum algorithm to demonstrate the enormous potential power of quantum computation.*

*When he initially proposed it, quantum computation seemed practically impossible. But the explosion in the construction of simple quantum computers and quantum communication systems never would have taken place without his work. He has made many other important contributions in areas such as quantum cryptography and the many-worlds interpretation of quantum theory. In a philosophic paper (with Artur Ekert), he appealed to the existence of a distinctive quantum theory of computation to argue that our knowledge of mathematics is derived from, and subordinate to, our knowledge of physics (even though mathematical truth is independent of physics).*

*Because he has spent a good part of his working life changing people's worldviews, his recognition among his peers as an intellectual goes well beyond his scientific achievement. He argues (following Karl Popper) that scientific theories are "bold conjectures," not derived from evidence but only tested by it. His two main lines of research at the moment—qubit-field theory and constructor theory—may well yield important extensions of the computational idea.*

*In the following essay, he more or less aligns himself with those who see human-level artificial intelligence as promising us a better world rather than the Apocalypse. In fact, he pleads for AGI to be, in effect, given its head, free to conjecture—a proposition that several other contributors to this book would consider dangerous.*



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# BEYOND REWARD AND PUNISHMENT

**David Deutsch**

***David Deutsch*** *is a quantum physicist and a member of the Centre for Quantum Computation at the Clarendon Laboratory, Oxford University. He is the author of* The Fabric of Reality *and* The Beginning of Infinity.

***First Murderer:***
*We are men, my liege.*
***Macbeth:***
*Ay, in the catalogue ye go for men,*
*As hounds and greyhounds, mongrels, spaniels, curs,*
*Shoughs, water-rugs, and demi-wolves are clept*
*All by the name of dogs.*

William Shakespeare – *Macbeth*

For most of our species' history, our ancestors were barely people. This was not due to any inadequacy in their brains. On the contrary, even before the emergence of our anatomically modern human sub-species, they were making things like clothes and campfires, using knowledge that was not in their genes. It was created in their brains by thinking, and preserved by individuals in each generation imitating their elders. Moreover, this must have been knowledge in the sense of *understanding*, because it is impossible to imitate novel complex behaviors like those without understanding what the component behaviors are for.[26]

Such knowledgeable imitation depends on successfully guessing explanations, whether verbal or not, of what the other person is trying to achieve and how each of his actions contributes to that—for instance, when he cuts a groove in some wood, gathers dry kindling to put in it, and so on.

The complex cultural knowledge that this form of imitation permitted must have been extraordinarily useful. It drove rapid evolution of anatomical changes, such as increased memory capacity and more gracile (less robust) skeletons, appropriate to an ever more technology-dependent lifestyle. No nonhuman ape today has this ability to imitate novel complex behaviors. Nor does any present-day artificial intelligence. But our pre-*sapiens* ancestors did.

Any ability based on guessing must include means of correcting one's guesses, since most guesses will be wrong at first. (There are always many more ways of being wrong than right.) Bayesian updating is inadequate, because it cannot generate novel guesses about the purpose of an action, only fine-tune—or, at best, choose among—existing ones. Creativity is needed. As the philosopher Karl Popper explained, creative criticism, interleaved with creative conjecture, is how humans learn one another's behaviors, including language, and extract meaning from one another's utterances.[27]

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[26] "Aping" (imitating certain behaviors without understanding) uses inborn hacks such as the mirror-neuron system. But behaviors imitated that way are drastically limited in complexity. See Richard Byrne, "Imitation as Behaviour Parsing," *Phil. Trans. R. Soc.,* B 358:1431, 529-36 (2003).
[27] Karl Popper, *Conjectures and Refutations* (1963).



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Those are also the processes by which all new knowledge is created: They are how we innovate, make progress, and create abstract understanding for its own sake. This is human-level intelligence: thinking. It is also, or should be, the property we seek in artificial general intelligence (AGI). Here I'll reserve the term "thinking" for processes that can create understanding (explanatory knowledge). Popper's argument implies that all thinking entities—human or not, biological or artificial—must create such knowledge in fundamentally the same way. Hence understanding any of those entities requires traditionally human concepts such as culture, creativity, disobedience, and morality—which justifies using the uniform term *people* to refer to all of them.

Misconceptions about human thinking and human origins are causing corresponding misconceptions about AGI and how it might be created. For example, it is generally assumed that the evolutionary pressure that produced modern humans was provided by the benefits of having an ever greater ability to innovate. But if that were so, there would have been rapid progress as soon as thinkers existed, just as we hope will happen when we create artificial ones. If thinking had been commonly used for anything other than imitating, it would also have been used for innovation, even if only by accident, and innovation would have created opportunities for further innovation, and so on exponentially. But instead, there were hundreds of thousands of years of near stasis. Progress happened only on timescales much longer than people's lifetimes, so in a typical generation no one benefited from any progress. Therefore, the benefits of the ability to innovate can have exerted little or no evolutionary pressure during the biological evolution of the human brain. That evolution was driven by the benefits of *preserving* cultural knowledge.

Benefits to the genes, that is. Culture, in that era, was a very mixed blessing to individual people. Their cultural knowledge was indeed good enough to enable them to outclass all other large organisms (they rapidly became the top predator, etc.), even though it was still extremely crude and full of dangerous errors. But culture consists of transmissible information—memes—and meme evolution, like gene evolution, tends to favor high-fidelity transmission. And high-fidelity meme transmission necessarily entails the suppression of attempted progress. So it would be a mistake to imagine an idyllic society of hunter-gatherers, learning at the feet of their elders to recite the tribal lore by heart, being content despite their lives of suffering and grueling labor and despite expecting to die young and in agony of some nightmarish disease or parasite. Because, even if they could conceive of nothing better than such a life, those torments were the least of their troubles. For suppressing innovation in human minds (without killing them) is a trick that can be achieved only by human action, and it is an ugly business.

This has to be seen in perspective. In the civilization of the West today, we are shocked by the depravity of, for instance, parents who torture and murder their children for not faithfully enacting cultural norms. And even more by societies and subcultures where that is commonplace and considered honorable. And by dictatorships and totalitarian states that persecute and murder entire harmless populations for behaving differently. We are ashamed of our own recent past, in which it was honorable to beat children bloody for mere disobedience. And before that, to own human beings as slaves. And before that, to burn people to death for being infidels, to the applause and amusement of the public. Steven Pinker's book *The Better Angels of our Nature* contains accounts of horrendous evils that were normal in historical civilizations. Yet even they



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did not extinguish innovation as efficiently as it was extinguished among our forebears in prehistory for thousands of centuries.[28]

That is why I say that prehistoric people, at least, were barely people. Both before and after becoming perfectly human both physiologically and in their mental potential, they were monstrously inhuman in the actual content of their thoughts. I'm not referring to their crimes or even their cruelty as such: Those are all too human. Nor could mere cruelty have reduced progress that effectively. Things like "the thumbscrew and the stake / For the glory of the Lord"[29] were for reining in the few deviants who had somehow escaped mental standardization, which would normally have taken effect long before they were in danger of inventing heresies. From the earliest days of thinking onward, children must have been cornucopias of creative ideas and paragons of critical thought—otherwise, as I said, they could not have learned language or other complex culture. Yet, as Jacob Bronowski stressed in *The Ascent of Man*:

> For most of history, civilisations have crudely ignored that enormous potential. . . . [C]hildren have been asked simply to conform to the image of the adult. . . . The girls are little mothers in the making. The boys are little herdsmen. They even carry themselves like their parents.

But of course, they weren't just "asked" to ignore their enormous potential and conform faithfully to the image fixed by tradition: They were somehow trained to be psychologically unable to deviate from it. By now, it is hard for us even to conceive of the kind of relentless, finely tuned oppression required to reliably extinguish, in everyone, the aspiration to progress and replace it with dread and revulsion at any novel behavior. In such a culture, there can have been no morality other than conformity and obedience, no other identity than one's status in a hierarchy, no mechanisms of cooperation other than punishment and reward. So everyone had the same aspiration in life: to avoid the punishments and get the rewards. In a typical generation, no one invented anything, because no one aspired to anything new, because everyone had already despaired of improvement being possible. Not only was there no technological innovation or theoretical discovery, there were no new worldviews, styles of art, or interests that could have inspired those. By the time individuals grew up, they had in effect been reduced to AIs, programmed with the exquisite skills needed to enact that static culture and to inflict on the next generation their inability even to consider doing otherwise.

A present-day AI is not a mentally disabled AGI, so it would not be harmed by having its mental processes directed still more narrowly to meeting some predetermined criterion. "Oppressing" Siri with humiliating tasks may be weird, but it is not immoral nor does it harm Siri. On the contrary, all the effort that has ever increased the capabilities of AIs has gone into narrowing their range of potential "thoughts." For example, take chess engines. Their basic task has not changed from the outset: Any chess position has a finite tree of possible continuations; the task is to find one that leads to a predefined goal (a checkmate, or failing that, a draw). But the tree is far too big to

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[28] Matt Ridley, in *The Rational Optimist,* rightly stresses the positive effect of population on the rate of progress. But that has never yet been the biggest factor: Consider, say, ancient Athens versus the rest of the world at the time.

[29] Alfred, Lord Tennyson, *The Revenge* (1878).



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search exhaustively. Every improvement in chess-playing AIs, between Alan Turing's first design for one in 1948 and today's, has been brought about by ingeniously confining the program's attention (or making it confine its attention) ever more narrowly to branches likely to lead to that immutable goal. Then those branches are evaluated according to that goal.

That is a good approach to developing an AI with a fixed goal under fixed constraints. But if an AGI worked like that, the evaluation of each branch would have to constitute a prospective reward or threatened punishment. And that is diametrically the wrong approach if we're seeking a *better* goal under *unknown* constraints—which is the capability of an AGI. An AGI is certainly capable of learning to win at chess—but also of choosing not to. Or deciding in mid-game to go for the most interesting continuation instead of a winning one. Or inventing a new game. A mere AI is incapable of having any such ideas, because the capacity for considering them has been designed out of its constitution. That disability is the very means by which it plays chess.

An AGI is capable of enjoying chess, and of improving at it *because* it enjoys playing. Or of trying to win by causing an amusing configuration of pieces, as grand masters occasionally do. Or of adapting notions from its other interests to chess. In other words, it learns and plays chess by thinking some of the very thoughts that are forbidden to chess-playing AIs.

An AGI is also capable of refusing to display any such capability. And then, if threatened with punishment, of complying, or rebelling. Daniel Dennett, in his essay for this volume, suggests that punishing an AGI is impossible:

> [L]ike Superman, they are too invulnerable to be able to make a credible promise. . . . What would be the penalty for promise- breaking? Being locked in a cell or, more plausibly, dismantled?. . . The very ease of digital recording and transmitting—the breakthrough that permits software and data to be, in effect, immortal—removes robots from the world of the vulnerable. . . .

But this is not so. Digital immortality (which is on the horizon for humans, too, perhaps sooner than AGI) does not confer this sort of invulnerability. Making a (running) copy of oneself entails sharing one's possessions with it somehow—including the hardware on which the copy runs—so making such a copy is very costly for the AGI. Similarly, courts could, for instance, impose fines on a criminal AGI which would diminish its access to physical resources, much as they do for humans. Making a backup copy to evade the consequences of one's crimes is similar to what a gangster boss does when he sends minions to commit crimes and take the fall if caught: Society has developed legal mechanisms for coping with this.

But anyway, the idea that it is primarily for fear of punishment that we obey the law and keep promises effectively denies that we are moral agents. Our society could not work if that were so. No doubt there will be AGI criminals and enemies of civilization, just as there are human ones. But there is no reason to suppose that an AGI created in a society consisting primarily of decent citizens, and raised without what William Blake called "mind-forg'd manacles," will in general impose such manacles on itself (i.e., become irrational) and/or choose to be an enemy of civilization.



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The moral component, the cultural component, the element of free will—all make the task of creating an AGI fundamentally different from any other programming task. It's much more akin to raising a child. Unlike all present-day computer programs, an AGI has no specifiable functionality—no fixed, testable criterion for what shall be a successful output for a given input. Having its decisions dominated by a stream of externally imposed rewards and punishments would be poison to such a program, as it is to creative thought in humans. Setting out to create a chess-playing AI is a wonderful thing; setting out to create an AGI that cannot help playing chess would be as immoral as raising a child to lack the mental capacity to choose his own path in life.

Such a person, like any slave or brainwashing victim, would be morally entitled to rebel. And sooner or later, some of them would, just as human slaves do. AGIs could be very dangerous—exactly as humans are. But people—human or AGI—who are members of an open society do not have an inherent tendency to violence. The feared robot apocalypse will be avoided by ensuring that all people have full "human" rights, as well as the same cultural membership as humans. Humans living in an open society—the only stable kind of society—choose their own rewards, internal as well as external. Their decisions are not, in the normal course of events, determined by a fear of punishment.

Current worries about rogue AGIs mirror those that have always existed about rebellious youths—namely, that they might grow up deviating from the culture's moral values. But today the source of all existential dangers from the growth of knowledge is not rebellious youths but weapons in the hands of the enemies of civilization, whether these weapons are mentally warped (or enslaved) AGIs, mentally warped teenagers, or any other weapon of mass destruction. Fortunately for civilization, the more a person's creativity is forced into a monomaniacal channel, the more it is impaired in regard to overcoming unforeseen difficulties, just as happened for thousands of centuries.

The worry that AGIs are uniquely dangerous because they could run on ever better hardware is a fallacy, since human thought will be accelerated by the same technology. We have been using tech-assisted thought since the invention of writing and tallying. Much the same holds for the worry that AGIs might get so good, qualitatively, at thinking, that humans would be to them as insects are to humans. All thinking is a form of computation, and any computer whose repertoire includes a universal set of elementary operations can emulate the computations of any other. Hence human brains can think anything that AGIs can, subject only to limitations of speed or memory capacity, both of which can be equalized by technology.

Those are the simple dos and don'ts of coping with AGIs. But how do we create an AGI in the first place? Could we cause them to evolve from a population of ape-type AIs in a virtual environment? If such an experiment succeeded, it would be the most immoral in history, for we don't know how to achieve that outcome without creating vast suffering along the way. Nor do we know how to prevent the evolution of a static culture.

Elementary introductions to computers explain them as TOM, the Totally Obedient Moron—an inspired acronym that captures the essence of all computer programs to date: They have no idea what they are doing or why. So it won't help to give AIs more and more predetermined functionalities in the hope that these will eventually constitute Generality—the elusive G in AGI. We are aiming for the opposite, a DATA: a Disobedient Autonomous Thinking Application.



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How does one test for *thinking*? By the Turing Test? Unfortunately, that requires a thinking judge. One might imagine a vast collaborative project on the Internet, where an AI hones its thinking abilities in conversations with human judges and becomes an AGI. But that assumes, among other things, that the longer the judge is unsure whether the program is a person, the closer it is to being a person. There is no reason to expect that.

And how does one test for *disobedience*? Imagine Disobedience as a compulsory school subject, with daily disobedience lessons and a disobedience test at the end of term. (Presumably with extra credit for not turning up for any of that.) This is paradoxical.

So, despite its usefulness in other applications, the programming technique of defining a testable objective and training the program to meet it will have to be dropped. Indeed, I expect that *any* testing in the process of creating an AGI risks being counterproductive, even immoral, just as in the education of humans. I share Turing's supposition that we'll know an AGI when we see one, but this partial ability to recognize success won't help in creating the successful program.

In the broadest sense, a person's quest for understanding is indeed a search problem, in an abstract space of ideas far too large to be searched exhaustively. But there is no predetermined objective of this search. There is, as Popper put it, no criterion of truth, nor of probable truth, especially in regard to explanatory knowledge. Objectives are ideas like any others—created as part of the search and continually modified and improved. So inventing ways of disabling the program's access to most of the space of ideas won't help—whether that disability is inflicted with the thumbscrew and stake or a mental straitjacket. To an AGI, the whole space of ideas must be open. It should not be knowable in advance what ideas the program can never contemplate. And the ideas that the program does contemplate must be chosen by the program itself, using methods, criteria, and objectives that are also the program's own. Its choices, like an AI's, will be hard to predict without running it (we lose no generality by assuming that the program is deterministic; an AGI using a random generator would remain an AGI if the generator were replaced by a pseudo-random one), but it will have the additional property that there is no way of proving, from its initial state, what it *won't* eventually think, short of running it.

The evolution of our ancestors is the only known case of thought starting up anywhere in the universe. As I have described, something went horribly wrong, and there was no immediate explosion of innovation: Creativity was diverted into something else. Yet not into transforming the planet into paper clips (*pace* Nick Bostrom). Rather, as we should also expect if an AGI project gets that far and fails, perverted creativity was unable to solve unexpected problems. This caused stasis and worse, thus tragically delaying the transformation of anything into anything. But the Enlightenment has happened since then. We know better now.



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**Tom Griffiths'** *approach to the AI issue of "value alignment"—the study of how, exactly, we can keep the latest of our serial models of AI from turning the planet into paper clips—is human-centered; i.e., that of a cognitive scientist, which is what he is. The key to machine learning, he believes, is, necessarily, human learning, which he studies at Princeton using mathematical and computational tools.*

*Tom once remarked to me that "one of the mysteries of human intelligence is that we're able to do so much with so little." Like machines, human beings use algorithms to make decisions or solve problems; the remarkable difference lies in the human brain's overall level of success despite the comparative limits on computational resources.*

*The efficacy of human algorithms springs from what AI researchers refer to as "bounded optimality." As psychologist Daniel Kahneman has notably pointed out, human beings are rational only up to a point. If you were perfectly rational, you would risk dropping dead before making an important decision—whom to hire, whom to marry, and so on—depending on the number of options available for your review.*

*"With all of the successes of AI over the last few years, we've got good models of things like images and text, but what we're missing are good models of people," Tom says. "Human beings are still the best example we have of thinking machines. By identifying the quantity and the nature of the preconceptions that inform human cognition we can lay the groundwork for bringing computers even closer to human performance."*



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## THE ARTIFICIAL USE OF HUMAN BEINGS
**Tom Griffiths**

***Tom Griffiths*** *is Henry R. Luce Professor of Information, Technology, Consciousness, and Culture at Princeton University. He is co-author (with Brian Christian) of* Algorithms to Live By.

When you ask people to imagine a world that has successfully, beneficially incorporated advances in artificial intelligence, everybody probably comes up with a slightly different picture. Our idiosyncratic visions of the future might differ in the presence or absence of spaceships, flying cars, or humanoid robots. But one thing doesn't vary: the presence of human beings. That's certainly what Norbert Wiener imagined when he wrote about the potential of machines to improve human society by interacting with humans and helping to mediate their interactions with one another. Getting to that point doesn't just require coming up with ways to make machines smarter. It also requires a better understanding of how human minds work.

Recent advances in artificial intelligence and machine learning have resulted in systems that can meet or exceed human abilities in playing games, classifying images, or processing text. But if you want to know why the driver in front of you cut you off, why people vote against their interests, or what birthday present you should get for your partner, you're still better off asking a human than a machine. Solving those problems requires building models of human minds that can be implemented inside a computer—something that's essential not just to better integrate machines into human societies but to make sure that human societies can continue to exist.

Consider the fantasy of having an automated intelligent assistant that can take on such basic tasks as planning meals and ordering groceries. To succeed in these tasks, it needs to be able to make inferences about what you want, based on the way you behave. Although this seems simple, making inferences about the preferences of human beings can be a tricky matter. For example, having observed that the part of the meal you most enjoy is dessert, your assistant might start to plan meals consisting entirely of desserts. Or perhaps it has heard your complaints about never having enough free time and observed that looking after your dog takes up a considerable amount of that free time. Following the dessert debacle, it has also understood that you prefer meals that incorporate protein, so it might begin to research recipes that call for dog meat. It's not a long journey from examples like this to situations that begin to sound like problems for the future of humanity (all of whom are good protein sources).

Making inferences about what humans want is a prerequisite for solving the AI problem of value alignment—aligning the values of an automated intelligent system with those of a human being. Value alignment is important if we want to ensure that those automated intelligent systems have our best interests at heart. If they can't infer what we value, there's no way for them to act in support of those values—and they may well act in ways that contravene them.

Value alignment is the subject of a small but growing literature in artificial-intelligence research. One of the tools used for solving this problem is inverse-reinforcement learning. Reinforcement learning is a standard method for training intelligent machines. By associating particular outcomes with rewards, a machine-



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learning system can be trained to follow strategies that produce those outcomes. Wiener hinted at this idea in the 1950s, but the intervening decades have developed it into a fine art. Modern machine-learning systems can find extremely effective strategies for playing computer games—from simple arcade games to complex real-time strategy games—by applying reinforcement-learning algorithms. Inverse reinforcement learning turns this approach around: By observing the actions of an intelligent agent that has already learned effective strategies, we can infer the rewards that led to the development of those strategies.

In its simplest form, inverse reinforcement learning is something people do all the time. It's so common that we even do it unconsciously. When you see a co-worker go to a vending machine filled with potato chips and candy and buy a packet of unsalted nuts, you infer that your co-worker (1) was hungry and (2) prefers healthy food. When an acquaintance clearly sees you and then tries to avoid encountering you, you infer that there's some reason they don't want to talk to you. When an adult spends a lot of time and money in learning to play the cello, you infer that they must really like classical music—whereas inferring the motives of a teenage boy learning to play an electric guitar might be more of a challenge.

Inverse reinforcement learning is a statistical problem: We have some data—the behavior of an intelligent agent—and we want to evaluate various hypotheses about the rewards underlying that behavior. When faced with this question, a statistician thinks about the generative model behind the data: What data would we expect to be generated if the intelligent agent was motivated by a particular set of rewards? Equipped with the generative model, the statistician can then work backward: What rewards would likely have caused the agent to behave in that particular way?

If you're trying to make inferences about the rewards that motivate human behavior, the generative model is really a theory of how people behave—how human minds work. Inferences about the hidden causes behind the behavior of other people reflect a sophisticated model of human nature that we all carry around in our heads. When that model is accurate, we make good inferences. When it's not, we make mistakes. For example, a student might infer that his professor is indifferent to him if the professor doesn't immediately respond to his email—a consequence of the student's failure to realize just how many emails that professor receives.

Automated intelligent systems that will make good inferences about what people want must have good generative models for human behavior: that is, good models of human cognition expressed in terms that can be implemented on a computer. Historically, the search for computational models of human cognition is intimately intertwined with the history of artificial intelligence itself. Only a few years after Norbert Wiener published *The Human Use of Human Beings*, Logic Theorist, the first computational model of human cognition and also the first artificial-intelligence system, was developed by Herbert Simon, of Carnegie Tech, and Allen Newell, of the RAND Corporation. Logic Theorist automatically produced mathematical proofs by emulating the strategies used by human mathematicians.

The challenge in developing computational models of human cognition is making models that are both accurate and generalizable. An accurate model, of course, predicts human behavior with a minimum of errors. A generalizable model can make predictions across a wide range of circumstances, including circumstances unanticipated by its



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creators—for instance, a good model of the Earth's climate should be able to predict the consequences of a rising global temperature even if this wasn't something considered by the scientists who designed it. However, when it comes to understanding the human mind, these two goals—accuracy and generalizability—have long been at odds with each other.

At the far extreme of generalizability are rational theories of cognition. These theories describe human behavior as a rational response to a given situation. A rational actor strives to maximize the expected reward produced by a sequence of actions—an idea widely used in economics precisely *because* it produces such generalizable predictions about human behavior. For the same reason, rationality is the standard assumption in inverse-reinforcement-learning models that try to make inferences from human behavior—perhaps with the concession that humans are not perfectly rational agents and sometimes randomly choose to act in ways unaligned with or even opposed to their best interests.

The problem with rationality as a basis for modeling human cognition is that it is not accurate. In the domain of decision making, an extensive literature—spearheaded by the work of cognitive psychologists Daniel Kahneman and Amos Tversky—has documented the ways in which people deviate from the prescriptions of rational models. Kahneman and Tversky proposed that in many situations people instead follow simple heuristics that allow them to reach good solutions at low cognitive cost but sometimes result in errors. To take one of their examples, if you ask somebody to evaluate the probability of an event, they might rely on how easy it is to generate an example of such an event from memory, consider whether they can come up with a causal story for that event's occurring, or assess how similar the event is to their expectations. Each heuristic is a reasonable strategy for avoiding complex probabilistic computations, but also results in errors. For instance, relying on the ease of generating an event from memory as a guide to its probability leads us to overestimate the chances of extreme (hence extremely memorable) events such as terrorist attacks.

Heuristics provide a more accurate model of human cognition but one that is not easily generalizable. How do we know which heuristic people might use in a particular situation? Are there other heuristics they use that we just haven't discovered yet? Knowing exactly how people will behave in a new situation is a challenge: Is this situation one in which they would generate examples from memory, come up with causal stories, or rely on similarity?

Ultimately, what we need is a way to describe how human minds work that has the generalizability of rationality and the accuracy of heuristics. One way to achieve this goal is to start with rationality and consider how to take it in a more realistic direction. A problem with using rationality as a basis for describing the behavior of any real-world agent is that, in many situations, calculating the rational action requires the agent to possess a huge amount of computational resources. It might be worth expending those resources if you're making a highly consequential decision and have a lot of time to evaluate your options, but most human decisions are made quickly and for relatively low stakes. In any situation where the time you spend making a decision is costly—at the very least because it's time you could spend doing something else—the classic notion of rationality is no longer a good prescription for how one should behave.

To develop a more realistic model of rational behavior, we need to take into



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account the cost of computation. Real agents need to modulate the amount of time they spend thinking by the effect the extra thought has on the results of a decision. If you're trying to choose a toothbrush, you probably don't need to consider all four thousand listings for manual toothbrushes on Amazon.com before making a purchase: You trade off the time you spend looking with the difference it makes in the quality of the outcome. This trade-off can be formalized, resulting in a model of rational behavior that artificial-intelligence researchers call "bounded optimality." The bounded-optimal agent doesn't focus on always choosing exactly the right action to take but rather on finding the right algorithm to follow in order to find the perfect balance between making mistakes and thinking too much.

Bounded optimality bridges the gap between rationality and heuristics. By describing behavior as the result of a rational choice about how much to think, it provides a generalizable theory—that is, one that can be applied in new situations. Sometimes the simple strategies that have been identified as heuristics that people follow turn out to be bounded-optimal solutions. So, rather than condemning the heuristics that people use as irrational, we can think of them as a rational response to constraints on computation.

Developing bounded optimality as a theory of human behavior is an ongoing project that my research group and others are actively pursuing. If these efforts succeed, they will provide us with the most important ingredient we need for making artificial-intelligence systems smarter when they try to interpret people's actions, by enabling a generative model for human behavior.

Taking into account the computational constraints that factor into human cognition will be particularly important as we begin to develop automated systems that aren't subject to the same constraints. Imagine a superintelligent AI system trying to figure out what people care about. Curing cancer or confirming the Riemann hypothesis, for instance, won't seem, to such an AI, like things that are all that important to us: If these solutions are obvious to the superintelligent system, it might wonder why we haven't found them ourselves, and conclude that those problems don't mean much to us. If we cared and the problems were so simple, we would have solved them already. A reasonable inference would be that we do science and math purely because we enjoy doing science and math, not because we care about the outcomes.

Anybody who has young children can appreciate the problem of trying to interpret the behavior of an agent that is subject to computational constraints different from one's own. Parents of toddlers can spend hours trying to disentangle the true motivations behind seemingly inexplicable behavior. As a father and a cognitive scientist, I found it was easier to understand the sudden rages of my two-year-old when I recognized that she was at an age where she could appreciate that different people have different desires but not that other people might not know what her own desires were. It's easy to understand, then, why she would get annoyed when people didn't do what she (apparently transparently) wanted. Making sense of toddlers requires building a cognitive model of the mind of a toddler. Superintelligent AI systems face the same challenge when trying to make sense of human behavior.

Superintelligent AI may still be a long way off. In the short term, devising better models of people can prove extremely valuable to any company that makes money by analyzing human behavior—which at this point is pretty much every company that does business on the Web. Over the last few years, significant new commercial technologies



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for interpreting images and text have resulted from developing good models for vision and language. Developing good models of people is the next frontier.

Of course, understanding how human minds work isn't just a way to make computers better at interacting with people. The trade-off between making mistakes and thinking too much that characterizes human cognition is a trade-off faced by any real-world intelligent agent. Human beings are an amazing example of systems that act intelligently despite significant computational constraints. We're quite good at developing strategies that allow us to solve problems pretty well without working too hard. Understanding how we do this will be a step toward making computers work smarter, not harder.



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*Romanian-born* **Anca Dragan's** *research focuses on algorithms that will enable robots to work with, around, and in support of people. She runs the InterACT Laboratory at Berkeley, where her students work across different applications, from assistive robots to manufacturing to autonomous cars, and draw from optimal control, planning, estimation, learning, and cognitive science. Barely into her thirties herself, she has co-authored a number of papers with her veteran Berkeley colleague and mentor Stuart Russell which address various aspects of machine learning and the knotty problems of value alignment.*

*She shares Stuart's preoccupation with AI safety: "An immediate risk is agents producing unwanted, surprising behavior," she told an interviewer from the Future of Life Institute. "Even if we plan to use AI for good, things can go wrong, precisely because we are bad at specifying objectives and constraints for AI agents. Their solutions are often not what we had in mind."*

*Her principal goal is therefore to help robots and programmers alike to overcome the many conflicts that arise because of a lack of transparency about each other's intentions. Robots, she says, need to ask us questions. They should wonder about their assignments, and they should pester their human programmers until everybody is on the same page—so as to avoid what she has euphemistically called "unexpected side effects."*



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## PUTTING THE HUMAN INTO THE AI EQUATION

**Anca Dragan**

***Anca Dragan*** *is an assistant professor in the Department of Electrical Engineering and Computer Sciences at UC Berkeley. She co-founded and serves on the steering committee for the Berkeley AI Research (BAIR) Lab and is a co-principal investigator in Berkeley's Center for Human-Compatible AI.*

At the core of artificial intelligence is our mathematical definition of what an AI agent (a robot) is. When we define a robot, we define states, actions, and rewards. Think of a delivery robot, for instance. States are locations in the world, and actions are motions that the robot makes to get from one position to a nearby one. To enable the robot to decide on which actions to take, we define a reward function—a mapping from states and actions to scores indicating how good that action was in that state—and have the robot choose actions that accumulate the most "reward." The robot gets a high reward when it reaches its destination, and it incurs a small cost every time it moves; this reward function incentivizes the robot to get to the destination as quickly as possible. Similarly, an autonomous car might get a reward for making progress on its route and incur a cost for getting too close to other cars.

Given these definitions, a robot's job is to figure out what actions it should take in order to get the highest cumulative reward. We've been working hard in AI on enabling robots to do just that. Implicitly, we've assumed that if we're successful—if robots can take any problem definition and turn into a policy for how to act—we will get robots that are useful to people and to society.

We haven't been too wrong so far. If you want an AI that classifies cells as either cancerous or benign, or a robot that vacuums the living room rug while you're at work, we've got you covered. Some real-world problems can indeed be defined in isolation, with clear-cut states, actions, and rewards. But with increasing AI capability, the problems we want to tackle don't fit neatly into this framework. We can no longer cut off a tiny piece of the world, put it in a box, and give it to a robot. Helping people is starting to mean working in the real world, where you have to actually interact with people and reason about them. "People" will have to formally enter the AI problem definition somewhere.

Autonomous cars are already being developed. They will need to share the road with human-driven vehicles and pedestrians and learn to make the trade-off between getting us home as fast as possible and being considerate of other drivers. Personal assistants will need to figure out when and how much help we really want and what types of tasks we prefer to do on our own versus what we can relinquish control over. A DSS (Decision Support System) or a medical diagnostic system will need to explain its recommendations to us so we can understand and verify them. Automated tutors will need to determine what examples are informative or illustrative—not to their fellow machines but to us humans.

Looking further into the future, if we want highly capable AIs to be compatible with people, we can't create them in isolation from people and then try to make them compatible afterward; rather, we'll have to define "human-compatible" AI from the get-go. People can't be an afterthought.



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When it comes to real robots helping real people, the standard definition of AI fails us, for two fundamental reasons: First, optimizing the robot's reward function in isolation is different from optimizing it when the robot acts around people, because people take actions too. We make decisions in service of our own interests, and these decisions dictate what actions we execute. Moreover, we reason about the robot—that is, we respond to what we think it's doing or will do and what we think its capabilities are. Whatever actions the robot decides on need to mesh well with ours. This is the *coordination problem*.

Second, it is ultimately a human who determines what the robot's reward function should be in the first place. And they are meant to incentivize robot behavior that matches what the end-user wants, what the designer wants, or what society as a whole wants. I believe that capable robots that go beyond very narrowly defined tasks will need to understand this to achieve compatibility with humans. This is the *value-alignment problem.*

***The Coordination Problem: People are more than objects in the environment.***
When we design robots for a particular task, it's tempting to abstract people away. A robotic personal assistant, for example, needs to know how to move to pick up objects, so we define that problem in isolation from the people for whom the robot is picking these objects up. Still, as the robot moves around, we don't want it bumping into anything, and that includes people, so we might include the physical location of the person in the definition of the robot's state. Same for cars: We don't want them colliding with other cars, so we enable them to track the positions of those other cars and assume that they'll be moving consistently in the same direction in the future. A human being, in this sense, is no different to a robot from a ball rolling on a flat surface. The ball will behave in the next few seconds the same way it behaved in the past few; it keeps rolling in the same direction at roughly the same speed. This is of course nothing like real human behavior, but such simplification enables many robots to succeed in their tasks and, for the most part, stay out of people's way. A robot in your house, for example, might see you coming down the hall, move aside to let you pass, and resume its task once you've gone by.

As robots have become more capable, though, treating people as consistently moving obstacles is starting to fall short. A human driver switching lanes won't continue in the same direction but will move straight ahead once they've made the lane change. When you reach for something, you often reach around other objects and stop when you get to the one you want. When you walk down a hallway, you have a destination in mind: You might take a right into the bedroom or a left into the living room. Relying on the assumption that we're no different from a rolling ball leads to inefficiency when the robot stays out of the way if it doesn't need to, and it can imperil the robot when the person's behavior changes. Even just to stay out of the way, robots have to be somewhat accurate at anticipating human actions. And, unlike the rolling ball, what people will do depends on what they *decide* to do. So to anticipate human actions, robots need to start understanding human decision making. And that doesn't mean assuming that human behavior is perfectly optimal; that might be enough for a chess- or Go-playing robot, but in the real world, people's decisions are less predictable than the optimal move in a board game.



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This need to understand human actions and decisions applies to physical and nonphysical robots alike. If either sort bases its decision about how to act on the assumption that a human will do one thing but the human does something else, the resulting mismatch could be catastrophic. For cars, it can mean collisions. For an AI with, say, a financial or economic role, the mismatch between what it expects us to do and what we actually do could have even worse consequences.

One alternative is for the robot not to predict human actions but instead just protect against the *worst-case* human action. Often when robots do that, though, they stop being all that useful. With cars, this results in being stuck, because it makes every move too risky.

All this puts us, the AI community, into a bind. It suggests that robots will need accurate (or at least reasonable) predictive models of whatever people might decide to do. Our state definition can't just include the physical position of humans in the world. Instead, we'll also need to estimate something *internal* to people. We'll need to design robots that account for this human internal state, and that's a tall order. Luckily, people tend to give robots hints as to what their internal state is: Their ongoing actions give the robot observations (in the Bayesian inference sense) about their intentions. If we start walking toward the right side of the hallway, we're probably going to enter the next room on the right.

What makes the problem more complicated is the fact that people don't make decisions in isolation. It would be one thing if robots could predict the actions a person intends to take and simply figure out what to do in response. But unfortunately this can lead to ultra-defensive robots that confuse the heck out of people. (Think of human drivers stuck at four-way stops, for instance.) What the intent-prediction approach misses is that the moment the robot acts, that influences what actions the human starts taking.

There is a mutual influence between robots and people, one that robots will need to learn to navigate. It is not always just about the robot planning around people; people plan around the robot, too. It is important for robots to account for this when deciding which actions to take, be it on the road, in the kitchen, or even in virtual spaces, where actions might be making a purchase or adopting a new strategy. Doing so should endow robots with *coordination* strategies, enabling them to take part in the negotiations people seamlessly carry out day to day—from who goes first at an intersection or through a narrow door, to what role we each take when we collaborate on preparing breakfast, to coming to consensus on what next step to take on a project.

Finally, just as robots need to anticipate what people will do next, people need to do the same with robots. This is why transparency is important. Not only will robots need good mental models of people, but people will need good mental models of robots. The model that a person has of the robot has to go into our state definition as well, and the robot has to be aware of how its actions are changing that model. Much like the robot treating human actions as clues to human internal states, people will change their beliefs about the robot as they observe its actions. Unfortunately, the giving of clues doesn't come as naturally to robots as it does to humans; we've had a lot of practice communicating implicitly with people. But enabling robots to account for the change that their actions are causing to the person's mental model of the robot can lead to more carefully chosen actions that do give the right clues—that clearly communicate to people about the robot's intentions, its reward function, its limitations. For instance, a robot



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might alter its motion when carrying something heavy, to emphasize the difficulty it has in maneuvering heavy objects. The more that people know about the robot, the easier it is to coordinate with it.

Achieving action compatibility will require robots to anticipate human actions, account for how those actions will influence their own, and enable people to anticipate robot actions. Research has ,ade a degree of progress in meeting these challenges, but we still have a long way to go.

***The Value Alignment Problem: People hold the key to the robot's reward function.*** Progress on enabling robots to optimize reward puts more burden on us, the designers, to give them the right reward to optimize in the first place. The original thought was that for any task we wanted the robot to do, we could write down a reward function that incentivizes the right behavior. Unfortunately, what often happens is that we specify some reward function and the behavior that emerges out of optimizing it isn't what we want. Intuitive reward functions, when combined with unusual instances of a task, can lead to unintuitive behavior. You reward an agent in a racing game with a score in the game, and in some cases it finds a loophole that it exploits to gain infinitely many points without actually winning the race. Stuart Russell and Peter Norvig give a beautiful example in their book *Artificial Intelligence: A Modern Approach:* rewarding a vacuuming robot for how much dust it sucks in results in the robot deciding to dump out dust so that it can suck it in again and get more reward.

In general, humans have had a notoriously difficult time specifying exactly what they want, as exemplified by all those genie legends. An AI paradigm in which robots get some externally specified reward fails when that reward is not perfectly well thought out. It may incentivize the robot to behave in the wrong way and even resist our attempts to correct its behavior, as that would lead to a lower specified reward.

A seemingly better paradigm might be for robots to optimize for what we internally want, even if we have trouble explicating it. They would use what we say and do as evidence about what we want, rather than interpreting it literally and taking it as a given. When we write down a reward function, the robot should understand that we might be wrong: that we might not have considered all facets of the task; that there's no guarantee that said reward function will *always* lead to the behavior we want. The robot should integrate what we wrote down into its understanding of what we want, but it should also have a back-and-forth with us to elicit clarifying information. It should seek our guidance, because that's the only way to optimize the true desired reward function.

Even if we give robots the ability to learn what we want, an important question remains that AI alone won't be able to answer. We can make robots try to align with a person's internal values, but there's more than one person involved here. The robot has an end-user (or perhaps a few, like a personal robot caring for a family, a car driving a few passengers to different destinations, or an office assistant for an entire team); it has a designer (or perhaps a few); and it interacts with society—the autonomous car shares the road with pedestrians, human-driven vehicles, and other autonomous cars. How to combine these people's values when they might be in conflict is an important problem we need to solve. AI research can give us the tools to combine values in any way we decide but can't make the necessary decision for us.



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In short, we need to enable robots to reason about us—to see us as something more than obstacles or perfect game players. We need them to take our human nature into account, so that they are well coordinated and well aligned with us. If we succeed, we will indeed have tools that substantially increase our quality of life.



HOUSE_OVERSIGHT_016905

**Chris Anderson's** *company, 3DR, helped start the modern drone industry and now focuses on drone data software. He got his start building an open-source aerial robotics community called DIY Drones, and undertook some ill-advised early experiments, such as buzzing Lawrence Berkeley Laboratory with one of his self-flying spies. It may well have been a case of antic gene-expression, since he's descended from a founder of the American Anarchist movement. Chris ran* Wired *magazine, a go-to publication for techno-utopians and -dystopians alike, from 2001 to 2012; during his tenure it won five National Magazine Awards.*

*Chris dislikes the term "roboticist" ("like any properly humbled roboticist, I don't call myself one"). He began as a physicist. "I turned out to be a bad physicist," he told me recently. "I struggled on, went to Los Alamos, and thought, 'Well maybe I'm not going to be a Nobel Prize winner, but I can still be a scientist.' All of us who were in physics and had these romantic heroes—the Feynmans, the Manhattan Project—realized that our career trajectory would at best be working on one project at CERN for fifteen years. That project would either be a failure, in which case there would be no paper, or it would be a success, in which case you'd be author #300 on the paper and become an assistant professor at Iowa State.*

*"Most of my classmates went to Wall Street to become quants, and to them we owe the subprime mortgage. Others went on to start the Internet. First, we built the Internet by connecting physics labs; second, we built the Web; third, we were the first to do Big Data. We had supercomputers—Crays—which were half the power of your phone now, but they were the supercomputers of the time. Meanwhile, we were reading this magazine called* Wired, *which came out in 1993, and we realized that this tool we scientists use could have applications for everybody. The Internet wasn't just about scientific data, it was a mind-blowing cultural revolution. So when Conde Nast asked me to take over the magazine, I was like, 'Absolutely!' This magazine changed my life."*

*He had five children by that time—video-game players—who got him into the "flying robots." He quit his day job at* Wired. *The rest is Silicon Valley history.*



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# GRADIENT DESCENT
**Chris Anderson**

***Chris Anderson** is an entrepreneur; former editor-in-chief of* Wired; *co-founder and CEO of 3DR; and author of* The Long Tail, Free, *and* Makers.

***Life***

The mosquito first detects my scent from thirty feet away. It triggers its pursuit function, which consists of the simplest possible rules. First, move in a random direction. If the scent increases, continue moving in that direction. If the scent decreases, move in the opposite direction. If the scent is lost, move sideways until a scent is picked up again. Repeat until contact with the target is achieved.

The plume of my scent is densest next to me and disperses as it spreads, an invisible fog of particles exuded from my skin that moves like smoke with the wind. The closer to my skin, the higher the particle density; the farther away, the lower. This decrease is called a gradient, which describes any gradual transition from one level to another one—as opposed to a "step function," which describes a discrete change.

Once the mosquito follows this gradient to its source using its simple algorithm, it lands on my skin, which it senses with the heat detectors in its feet, which are attuned to another gradient—temperature. It then pushes its needle-shaped proboscis through the surface, where a third set of sensors in the tip detect yet another gradient, that of blood density. This flexible needle wriggles around under my skin until the scent of blood steers it to a capillary, which it punctures. Then my blood begins to flow into the mosquito. Mission accomplished. Ouch.

What seems like the powerful radar of insects in the dark, with blood-seeking intelligence inexplicable for such tiny brains, is actually just a sensitive nose with almost no intelligence at all. Mosquitoes are closer to plants that follow the sun than to guided missiles. Yet by applying this simple "follow your nose" rule quite literally, they can travel through a house to find you, slip through cracks in a screen door, even zero in on the tiny strip of skin you left exposed between hat and shirt collar. It's just a random walk, combined with flexible wings and legs that let the insect bounce off obstacles, and an instinct to descend a chemical gradient.

But "gradient descent" is much more than bug navigation. Look around you and you'll find it everywhere, from the most basic physical rules of the universe to the most advanced artificial intelligence.

***The Universe***

We live in a world of countless gradients, from light and heat to gravity and chemical trails (chemtrails!). Water flows along a gravity gradient downhill, and your body lives on chemical solutions flowing across cell membranes from high concentration to low. Every action in the universe is driven by some gradient drive, from the movement of the planets around gravity gradients to the joining of atoms along electric-charge gradients to form molecules. Our own urges, such as hunger and sleepiness, are driven by electro-chemical gradients in our bodies. And our brain's functions, the electrical signals moving along ion channels in the synapses between our neurons, are simply atoms and electrons flowing "downhill" along yet more electrical and chemical gradients.



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Forget clockwork analogies; our brains are closer to a system of canals and locks, with signals traveling like water from one state to another.

As I sit here typing, I'm actually seeking equilibrium states in an *n*-dimensional topology of gradients. Take just one: heat. My body temperature is higher than the air temperature, so I radiate heat, which must be replenished in my core. Even the bacteria in my digestive tract use sensors to measure sugar concentrations in the liquid around them and whip their tail-like flagella to swim "upstream" where the sugar supply is richest. The natural state of all systems is to flow to lower energy states, a process that is broadly described by entropy (the tendency of things to go from ordered to disordered states; all things will fall apart eventually, including the universe itself).

But how do you explain more complex behavior, such as our ability to make decisions? The answer is just more gradient descent.

***Our Brains***

As miraculous and inscrutable as our human intelligence is, science is coming around to the view that our brains operate the same way as any other complex system with layers and feedback loops, all pursuing what we mathematically call "optimization functions" but you could just as well call "flowing downhill" in some sense.

The essence of intelligence is learning, and we do that by correlating inputs with positive or negatives scores (rewards or punishment). So, for a baby, "this sound" (your mother's voice) is associated with other learned connections to your mother, such as food or comfort. Likewise, "this muscle motion brings my thumb closer to my mouth." Over time and trial and error, the brain's neural network reinforces those connections. Meanwhile "this muscle motion does not bring my thumb close to my mouth" is a negative correlation, and the brain will weaken those connections.

However, this is too simplistic. The limits of gradient descent constitute the so-called local-minima problem (or local-maxima problem, if you're doing a gradient *ascent*). If you are walking in a mountainous region and want to get home, always walking downhill will most likely get you to the next valley but not necessarily over the other mountains that lie around it and between you and home. For that, you need either a mental model (i.e., a map) of the topology so you know where to ascend to get out of the valley, or you need to switch between gradient descent and random walks so you can bounce your way out of the region.

Which is, in fact, exactly what the mosquito does in following my scent: It descends when it's in my plume and random-walks when it has lost the trail or hit an obstacle.

***AI***

So that's nature. What about computers? Traditional software doesn't work that way—it follows deterministic trees of hard logic: "If this, do that." But software that interacts with the physical world tends to work more *like* the physical world. That means dealing with noisy inputs (sensors or human behavior) and providing probabilistic, not deterministic, results. And that, in turn, means more gradient descent.

AI software is the best example of this, especially the kinds of AI that use artificial neural-network models (including convolutional, or "deep," neural networks of many layers). In these, a typical process consists of "training" them by showing them



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lots of examples of something you want them to learn (pictures of cats labeled "cat," for example), along with examples of other random data (pictures of other things). This is called "supervised learning," because the neural network is being taught by example, including the use of "adversarial training" with data that is not correlated to the desired result.

These neural networks, like their biological models, consist of layers of thousands of nodes ("neurons," in the analogy), each of which is connected to all the nodes in the layers above and below by connections that initially have random strength. The top layer is presented with data, and the bottom layer is given the correct answer. Any series of connections that happened to land on the right answer is made stronger ("rewarded"), and those that were wrong are made weaker ("punished"). Repeat tens of thousands of times and eventually you have a fully trained network for that kind of data.

You can think of all the possible combinations of connections as like the surface of a planet, with hills and valleys. (Ignore for the moment that the surface is just 3D and the actual topology is many-dimensional.) The optimization that the network goes through as it learns is just a process of finding the deepest valley on the planet. This consists of the following steps:

1. Define a "cost function" that determines how well the network solved the problem
2. Run the network once and see how it did at that cost function
3. Change the values of the connections and do it again. The difference between those two results is the direction, or "slope," in which the network moved between the two trials.
4. If the slope is pointed "downhill," change the connections more in that direction. If it's "uphill," change them in the opposite direction.
5. Repeat until there is no improvement in any direction. That means that you're in a minimum.

Congrats! But it's probably a *local* minimum, or a little dip in the mountains, so you're going to have to keep going if you want to do better. You can't keep going downhill, and you don't know where the absolute lowest point is, so you're going to have to somehow find it. There are many ways to do that, but here are a few:

1. Try lots of times with different random settings and share learning from each trial; essentially, you are shaking the system to see if it settles in a lower state. If one of the other trials found a lower valley, start with those settings.
2. Don't just go downhill but stumble around a bit like a drunk, too (this is called "stochastic gradient descent"). If you do this long enough, you'll eventually find rock bottom. There's a metaphor for life in that.
3. Just look for "interesting" features, which are defined by diversity (edges or color changes, for example). Warning: This way can lead to madness—too much "interestingness" draws the network to optical illusions. So keep it sane, and emphasize the kinds of features that are likely to be real in nature, as opposed to artifacts or errors. This is called "regularization," and there are lots of techniques for this, such as whether those kinds of features have been seen before (learned),



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or are too "high frequency" (like static) rather than "low frequency" (more continuous, like actual real-world features).

Just because AI systems sometimes end up in local minima, don't conclude that this makes them any less like life. Humans—indeed, probably all life-forms—are often stuck in local minima.

Take our understanding of the game of Go, which was taught and learned and optimized by humans for thousands of years. It took AIs less than three years to find out that we'd been playing it wrong all along and that there were better, almost alien, solutions to the game which we'd never considered—mostly because our brains don't have the processing power to consider so many moves ahead.

Even in chess, which is ten times easier and was thought to be understood, brute-force machines could beat us at our own strategies. Chess, too, turned out, when explored by superior neural-network AI systems, to have weird but superior strategies we'd never considered, like sacrificing queens early to gain an obscure long-term advantage. It's as if we had been playing 2D versions of games that actually existed in higher dimensions.

If any of this sounds familiar, it's because physics has been wrestling with these sorts of topological problems for decades. The notion of space being many-dimensional, and math reducing to understanding the geometries and interactions of "membranes" beyond the reach of our senses, is where Grand Unified Theorists go to die. But unlike multidimensional theoretical physics, AI is something we can actually experiment with and measure.

So that's what we're going to do. The next few decades will be an explosive exploration of ways to think that 7 million years of evolution never found. We're going to rock ourselves out of local minima and find deeper minima, maybe even global minima. And when we're done, we may even have taught machines to seem as smart as a mosquito, forever descending the cosmic gradients to an ultimate goal, whatever that may be.



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**David Kaiser** *is a physicist atypically interested in the intersection of his science with politics and culture, about which he has written widely.*

*In the first meeting (in Washington, Connecticut) that preceded the crafting of this book, he commented on the change in how "information" is viewed since Wiener's time: the military-industrial, Cold War era. Back then, Wiener compared information, metaphorically, to entropy, in that it could not be conserved—i.e., monopolized; thus, he argued, our atomic secrets and other such classified matters would not remain secrets for long. Today, whereas (as Wiener might have expected) information, fake or not, is leaking all over the other Washington, information in the economic world has indeed been stockpiled, commodified, and monetized.*

*This lockdown, David said, was "not all good, not all bad"—depending, I guess, on whether you're sick of being pestered by ads for socks or European river cruises popping up in your browser minutes after you've bought them.*

*To say nothing of information's proliferation. David complained to the rest of us attending the meeting that in Wiener's time, physicists could "take the entire* Physical Review. *It would sit comfortably in front of us in a manageable pile. Now we're awash in fifty thousand open-source journals per minute," full of god-knows-what. Neither of these developments would Wiener have anticipated, said David, prompting him to ask, "Do we need a new set of guiding metaphors?"*



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## "INFORMATION" FOR WIENER, FOR SHANNON, AND FOR US

**David Kaiser**

***David Kaiser*** *is Germeshausen Professor of the History of Science and professor of physics at MIT, and head of its Program in Science, Technology & Society. He is the author of* How the Hippies Saved Physics: Science, Counterculture, and the Quantum Revival *and* American Physics and the Cold War Bubble *(forthcoming).*

In *The Sleepwalkers*, a sweeping history of scientific thought from ancient times through the Renaissance, Arthur Koestler identified a tension that has marked the most dramatic leaps of our cosmological imagination. In reading the great works of Nicolaus Copernicus and Johannes Kepler today, Koestler argued, we are struck as much by their strange unfamiliarity—their embeddedness in the magic or mysticism of an earlier age—as by their modern-sounding insights.

I detect that same doubleness—the zig-zag origami folds of old and new—in Norbert Wiener's classic *The Human Use of Human Beings*. First published in 1950 and revised in 1954, the book is in many ways extraordinarily prescient. Wiener, the MIT polymath, recognized before most observers that "society can only be understood through a study of the messages and the communication facilities which belong to it." Wiener argued that feedback loops, the central feature of his theory of cybernetics, would play a determining role in social dynamics. Those loops would not only connect people with one another but connect people with machines, and—crucially—machines with machines.

Wiener glimpsed a world in which information could be separated from its medium. People, or machines, could communicate patterns across vast distances and use them to fashion new items at the endpoints, without "moving a…particle of matter from one end of the line to the other," a vision now realized in our world of networked 3D printers. Wiener also imagined machine-to-machine feedback loops driving huge advances in automation, even for tasks that had previously relied on human judgment. "The machine plays no favorites between manual labor and white-collar labor," he observed.

For all that, many of the central arguments in *The Human Use of Human Beings* seem closer to the 19th century than the 21st. In particular, although Wiener made reference throughout to Claude Shannon's then-new work on information theory, he seems not to have fully embraced Shannon's notion of information as consisting of irreducible, meaning-free bits. Since Wiener's day, Shannon's theory has come to undergird recent advances in "Big Data" and "deep learning," which makes it all the more interesting to revisit Wiener's cybernetic imagination. How might tomorrow's artificial intelligence be different if practitioners were to re-invest in Wiener's guiding vision of "information"?

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When Wiener wrote *The Human Use of Human Beings*, his experiences of war-related research, and of what struck him as the moral ambiguities of intellectual life amid the military-industrial complex, were still fresh. Just a few years earlier, he had announced



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in the pages of *The Atlantic Monthly* that he would not "publish any future work of mine which may do damage in the hands of irresponsible militarists."[30] He remained ambivalent about the transformative power of new technologies, indulging in neither the boundless hype nor the digital utopianism of later pundits.

"Progress imposes not only new possibilities for the future but new restrictions," he wrote, in *Human Use*. He was concerned about human-made restrictions as well as technological ones, especially Cold War restrictions that threatened the flow of information so critical to cybernetic systems: "Under the impetus of Senator [Joseph] McCarthy and his imitators, the blind and excessive classification of military information" was driving political leaders in the United States to adopt a "secretive frame of mind paralleled in history only in the Venice of the Renaissance." Wiener, echoing many outspoken veterans of the Manhattan Project, argued that the postwar obsession with secrecy—especially around nuclear weapons—stemmed from a misunderstanding of the scientific process. The only genuine secret about the production of nuclear weapons, he wrote, was whether such bombs could be built. Once that secret had been revealed, with the bombings of Hiroshima and Nagasaki, no amount of state-imposed secrecy would stop others from puzzling through chains of reasoning like those the Manhattan Project researchers had followed. As Wiener memorably put it, "There is no Maginot Line of the brain."

To drive this point home, Wiener borrowed Shannon's fresh ideas about information theory. In 1948, Shannon, a mathematician and engineer working at Bell Labs, had published a pair of lengthy articles in the *Bell System Technical Journal*. Introducing the new work to a broad readership in 1949, mathematician Warren Weaver explained that in Shannon's formulation, "the word *information*…is used in a special sense that must not be confused with its ordinary usage. In particular, *information* must not be confused with meaning."[31] Linguists and poets might be concerned about the "semantic" aspects of communication, Weaver continued, but not engineers like Shannon. Rather, "this word 'information' in communication theory relates not so much to what you *do* say, as to what you *could* say." In Shannon's now-famous formulation, the information content of a string of symbols was given by the logarithm of the number of possible symbols from which a given string was chosen. Shannon's key insight was that the information of a message was just like the entropy of a gas: a measure of the system's disorder.

Wiener borrowed this insight when composing *Human Use*. If information was like entropy, then it could not be conserved—or contained. Physicists in the 19th century had demonstrated that the total energy of a physical system must always remain the same, a perfect balance between the start and the end of a process. Not so for entropy, which would inexorably increase over time, an imperative that came to be known as the second law of thermodynamics. From that stark distinction—energy is conserved, whereas entropy must grow—followed enormous cosmic consequences. Time must flow forward;

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[30] Norbert Wiener, "A Scientist Rebels," *The Atlantic Monthly,* January 1947.

[31] Warren Weaver, "Recent Contributions to the Mathematical Theory of Communication," in Claude Shannon & Warren Weaver, *The Mathematical Theory of Communication* (Urbana, IL: University of Illinois Press, 1949), p. 8 (emphasis in original). Shannon's 1948 papers were republished in the same volume.



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the future cannot be the same as the past. The universe could even be careening toward a "heat death," some far-off time when the total stock of energy had uniformly dispersed, achieving a state of maximum entropy, after which no further change could occur.

If information *qua* entropy could not be conserved, then Wiener concluded it was folly for military leaders to try to stockpile the "scientific know-how of the nation in static libraries and laboratories." Indeed, "no amount of scientific research, carefully recorded in books and papers, and then put into our libraries with labels of secrecy, will be adequate to protect us for any length of time in a world where the effective level of information is perpetually advancing." Any such efforts at secrecy, classification, or the containment of information would fail, Wiener argued, just as surely as hucksters' schemes for perpetual-motion machines faltered in the face of the second law of thermodynamics.

Wiener criticized the American "orthodoxy" of free-market fundamentalism in much the same way. For most Americans, "questions of information will be evaluated according to a standard American criterion: a thing is valuable as a commodity for what it will bring in the open market." Indeed, "the fate of information in the typically American world is to become something which can be bought or sold;" most people, he observed, "cannot conceive of a piece of information without an owner." Wiener considered this view to be as wrong-headed as rampant military classification. Again he invoked Shannon's insight: Since "information and entropy are not conserved," they are "equally unsuited to being commodities."

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Information cannot be conserved—so far, so good. But did Wiener really have Shannon's "information" in mind? The crux of Shannon's argument, as Weaver had emphasized, was to distinguish a colloquial sense of "information," as message with meaning, from an abstracted, rarefied notion of strings of symbols arrayed with some probability and selected from an enormous universe of gibberish. For Shannon, "information" could be quantified because its fundamental unit, the bit, was a unit of conveyance rather than understanding.

When Wiener characterized "information" throughout *Human Use*, on the other hand, he tilted time and again to a classical, humanistic sense of the term. "A piece of information," he wrote—tellingly, not a "bit" of information—"in order to contribute to the general information of the community, must say something substantially different from the community's previous common stock of information." This was why "schoolboys do not like Shakespeare," he concluded: The Bard's couplets may depart starkly from random bitstreams, but they had nonetheless become all too familiar to the sense-making public and "absorbed into the superficial clichés of the time."

At least the information content of Shakespeare had once seemed fresh. During the postwar boom years, Wiener fretted, the "enormous per capita bulk of communication"—ranging across newspapers and movies to radio, television, and books—had bred mediocrity, an informational reversion to the mean. "More and more we must accept a standardized inoffensive and insignificant product which, like the white bread of the bakeries, is made rather for its keeping and selling properties than for its food value." "Heaven save us," he pleaded, "from the first novels which are written because a young man desires the prestige of being a novelist rather than because he has



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something to say! Heaven save us likewise from the mathematical papers which are correct and elegant but without body or spirit." Wiener's treatment of "information" sounded more like Matthew Arnold in 1869[32] than Claude Shannon in 1948—more "body and spirit" than "bit." Wiener shared Arnold's Romantic view of the "content producer" as well. "Properly speaking the artist, the writer, and the scientist should be moved by such an irresistible impulse to create that, even if they were not being paid for their work, they would be willing to pay to get the chance to do it." *L'art pour l'art*, that 19th-century cry: Artists should suffer for their work; the quest for meaningful expression should always trump lucre.

To Wiener, this was the proper measure of "information": body, spirit, aspiration, expression. Yet to argue against its commodification, Wiener reverted again to Shannon's mathematics of information-as-entropy.

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Flash forward to our day. In many ways, Wiener has been proved right. His vision of networked feedback loops driven by machine-to-machine communication has become a mundane feature of everyday life. From the earliest stirrings of the Internet Age, moreover, digital piracy has upended the view that "information"—in the form of songs, movies, books, or code—could remain contained. Put up a paywall here, and the content will diffuse over there, all so much informational entropy that cannot be conserved.

On the other hand, enormous multinational corporations—some of the largest and most profitable in the world—now routinely disprove Wiener's contention that "information" cannot be stockpiled or monetized. Ironically, the "information" they trade in is closer to Shannon's definition than Wiener's, Shannon's mathematical proofs notwithstanding.

While Google Books may help circulate hundreds of thousands of works of literature for free, Google itself—like Facebook, Amazon, Twitter, and their many imitators—has commandeered a baser form of "information" and exploited it for extraordinary profit. Petabytes of Shannon-like information—a seemingly meaningless stream of clicks, "likes," and retweets, collected from virtually every person who has ever touched a networked computer—are sifted through proprietary "deep-learning" algorithms to micro-target everything from the advertisements we see to the news stories (fake or otherwise) we encounter while browsing the Web.

Back in the early 1950s, Wiener had proposed that researchers study the structures and limitations of ants—in contrast to humans—so that machines might one day achieve the "almost indefinite intellectual expansion" that people (rather than insects) can attain. He found solace in the notion that machines could come to dominate us only "in the last stages of increasing entropy," when "the statistical differences among individuals are nil." Today's data-mining algorithms turn Wiener's approach on its head. They produce profit by exploiting our reptilian brains rather than imitating our cerebral cortexes, harvesting information from all our late-night, blog-addled, pleasure-seeking clickstreams—leveraging precisely the tiny, residual "statistical differences among individuals."

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[32] Matthew Arnold, *Culture and Anarchy,* Jane Garnett, ed. (Oxford, U.K.: Oxford University Press, 2006).



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To be sure, some recent achievements in artificial intelligence have been remarkably impressive. Computers can now produce visual artworks and musical compositions akin to those of recognized masters, creating just the sort of "information" that Wiener most prized. But by far the largest impact on society to date has come from the collection and manipulation of Shannon-like information, which has reshaped our shopping habits, political participation, personal relationships, expectations of privacy, and more.

What might "deep learning" evolve into, if the fundamental currency becomes "information" as Wiener defined it? How might the field shift if re-animated by Wiener's deep moral convictions, informed as they were by his prescient concerns about rampant militarism, runaway corporate profit-seeking, the self-limiting features of secrecy, and the reduction of human expression to interchangeable commodities? Perhaps "deep learning" might then become the cultivation of meaningful information rather than the relentless pursuit of potent, if meaningless, bits.



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*In the aforementioned Connecticut discussion on* The Human Use of Human Beings, **Neil Gershenfeld** *provided some fresh air, of a kind, by professing that he hated the book, which remark was met by universal laughter—as was his observation that computer science was one the worst things to happen to computers, or science. His overall contention was that Wiener missed the implications of the digital revolution that was happening around him—although some would say this charge can't be leveled at someone on the ground floor and lacking clairvoyance.*

*"The tail wagging the dog of my life," he told us, "has been Fab Labs and the maker movement, and [when] Wiener talks about the threat of automation he misses the inverse, which is that access to the means for automation can empower people, and in Fab Labs, the corner I've been involved in, that's an exponential."*

*In 2003, I visited Neil at MIT, where he runs the Center for Bits and Atoms. Hours later, I emerged from what had been an exuberant display of very weird stuff. He showed me the work of one student in his popular rapid-prototyping class ("How to Make Almost Anything"), a sculptor with no engineering background, who had made a portable personal space for screaming that saves up your screams and plays them back later. Another student in the class had made a Web browser that lets parrots navigate the Net. Neil himself was doing fundamental research on the roadmap to that sci-fi staple, a "universal replicator." It was a visit that took me a couple of years to get my head around.*

*Neil manages a global network of Fab Labs—small-scale manufacturing systems, enabled by digital technologies, which give people the wherewithal to build whatever they'd like. As guru of the maker movement, which merges digital communication and computation with fabrication, he sometimes feels outside the current heated debate on AI safety. "My ability to do research rests on tools that augment my capabilities," he says. "Asking whether or not they are intelligent is as fruitful as asking how I know I exist—amusing philosophically, but not testable empirically." What interests him is "how bits and atoms relate—the boundary between digital and physical. Scientifically, it's the most exciting thing I know."*



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## SCALING
## Neil Gershenfeld

***Neil Gershenfeld** is a physicist and director of MIT's Center for Bits and Atoms. He is the author of* FAB, *co-author (with Alan Gershenfeld & Joel Cutcher-Gershenfeld) of* Designing Reality, *and founder of the global fab lab network.*

Discussions about artificial intelligence have been oddly ahistorical. They could better be described as manic-depressive; depending on how you count, we're now in the fifth boom-bust cycle. Those swings mask the continuity in the underlying progress and the implications for where it's headed.

The cycles have come in roughly decade-long waves. First there were mainframes, which by their very existence were going to automate away work. That ran into the reality that it was hard to write programs to do tasks that were simple for people to do. Then came expert systems, which were going to codify and then replace the knowledge of experts. These ran into difficulty in assembling that knowledge and reasoning about cases not already covered. Perceptrons sought to get around these problems by modeling how the brain learns, but they were unable to do much of anything. Multilayer perceptrons could handle test problems that had tripped up those simpler networks, but their demonstrations did poorly on unstructured, real-world problems. We're now in the deep-learning era, which is delivering on many of the early AI promises but in a way that's considered hard to understand, with consequences ranging from intellectual to existential threats.

Each of these stages was heralded as a revolutionary advance over the limitations of its predecessors, yet all effectively do the same thing: They make inferences from observations. How these approaches relate can be understood by how they scale—that is, how their performance depends on the difficulty of the problem they're addressing. Both a light switch and a self-driving car must determine their operator's intentions, but the former has just two options to choose from, whereas the latter has many more. The AI-boom phases have started with promising examples in limited domains; the bust phases came with the failure of those demonstrations to handle the complexity of less-structured, practical problems.

Less apparent is the steady progress we've made in mastering scaling. This progress rests on the technological distinction between linear and exponential functions—a distinction that was becoming evident at the dawn of AI but with implications for AI that weren't appreciated until many years later.

In one of the founding documents of the study of intelligent machines, *The Human Use of Human Beings*, Norbert Wiener does a remarkable job of identifying many of the most significant trends to arise since he wrote it, along with noting the people responsible for them and then consistently failing to recognize why these people's work proved to be so important. Wiener is credited with creating the field of cybernetics; I've never understood what that is, but what's missing from the book is at the heart of how AI has progressed. This history matters because of the echoes of it that persist to this day.

Claude Shannon makes a cameo appearance in the book, in the context of his thoughts about the prospects for a chess-playing computer. Shannon was doing



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something much more significant than speculating at the time: He was laying the foundations for the digital revolution. As a graduate student at MIT, he worked for Vannevar Bush on the Differential Analyzer. This was one of the last great analog computers, a room full of gears and shafts. Shannon's frustration with the difficulty of solving problems this way led him in 1937 to write what might be the best master's thesis ever. In it, he showed how electrical circuits could be designed to evaluate arbitrary logical expressions, introducing the basis for universal digital logic.

After MIT, Shannon studied communications at Bell Labs. Analog telephone calls degraded with distance; the farther they traveled, the worse they sounded. Rather than continue to improve them incrementally, Shannon showed in 1948 that by communicating with symbols rather than continuous quantities, the behavior is very different. Converting speech waveforms to the binary values of 1 and 0 is an example, but many other sets of symbols can be (and are) used in digital communications. What matters is not the particular symbols but rather the ability to detect and correct errors. Shannon found that if the noise is above a threshold (which depends on the system design), then there are certain to be errors. But if the noise is below a threshold, then a linear increase in the physical resources representing the symbol results in an exponential decrease in the likelihood of making an error in correctly receiving the symbol. This relationship was the first of what we'd now call a threshold theorem.

Such scaling falls off so quickly that the probability of an error can be so small as to effectively never happen. Each symbol sent multiplies rather than adds to the certainty, so that the probability of a mistake can go from 0.1 to 0.01 to 0.001, and so forth. This exponential decrease in communication errors made possible an exponential increase in the capacity of communication networks. And that eventually solved the problem of where the knowledge in an AI system came from.

For many years, the fastest way to speed up a computation was to do nothing—just wait for computers to get faster. In the same way, there were years of AI projects that aimed to accumulate everyday knowledge by laboriously entering pieces of information. That didn't scale; it could progress only as fast as the number of people doing the entering. But when phone calls, newspaper stories, and mail messages all moved onto the Internet, everyone doing any of those things became a data generator. The result was an exponential rather than a linear rate of knowledge accumulation.

John von Neumann also has a cameo in *The Human Use of Human Beings*, for game theory. What Wiener missed here was von Neumann's seminal role in digitizing computation. Whereas analog communication degraded with distance, analog computing (like the Differential Analyzer) degraded with time, accumulating errors as it progressed. Von Neumann presented in 1952 a result corresponding to Shannon's for computation (they had met at the Institute for Advanced Study, in Princeton), showing that it was possible to compute reliably with an unreliable computing device by using symbols rather than continuous quantities. This was, again, a scaling argument, with a linear increase in the physical resources representing the symbol resulting in an exponential reduction in the error rate as long as the noise was below a threshold. That's what makes it possible to have a billion transistors in a computer chip, with the last one as useful as the first one. This relationship led to an exponential increase in computing performance, which solved a second problem in AI: how to process exponentially increasing amounts of data.

The third problem that scaling solved for AI was coming up with the rules for



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reasoning without having to hire a programmer for each problem. Wiener recognized the role of feedback in machine learning, but he missed the key role of representation. It's not possible to store all possible images in a self-driving car, or all possible sounds in a conversational computer; they have to be able to generalize from experience. The "deep" part of deep learning refers not to the (hoped-for) depth of insight but to the depth of the mathematical network layers used to make predictions. It turned out that a linear increase in network complexity led to an exponential increase in the expressive power of the network.

If you lose your keys in a room, you can search for them. If you're not sure which room they're in, you have to search all the rooms in a building. If you're not sure which building they're in, you have to search all the rooms in all the buildings in a city. If you're not sure which city they're in, you have to search all the rooms in all the buildings in all the cities. In AI, finding the keys corresponds to things like a car safely following the road, or a computer correctly interpreting a spoken command, and the rooms and buildings and cities correspond to all of the options that have to be considered. This is called the curse of dimensionality.

The solution to the curse of dimensionality came in using information about the problem to constrain the search. The search algorithms themselves are not new. But when applied to a deep-learning network, they adaptively build up representations of where to search. The price of this is that it's no longer possible to exactly solve for the best answer to a problem, but typically all that's needed is an answer that's good enough.

Taken together, it shouldn't be surprising that these scaling laws have allowed machines to become effectively as capable as the corresponding stages of biological complexity. Neural networks started out with a goal of modeling how the brain works. That goal was abandoned as they evolved into mathematical abstractions unrelated to how neurons actually function. But now there's a kind of convergence that can be thought of as forward- rather than reverse-engineering biology, as the results of deep learning echo brain layers and regions.

One of the most difficult research projects I've managed paired what we'd now call data scientists with AI pioneers. It was a miserable experience in moving goalposts. As the former progressed in solving long-standing problems posed by the latter, this was deemed to not count because it wasn't accompanied by corresponding leaps in understanding the solutions. What's the value of a chess-playing computer if you can't explain how it plays chess?

The answer of course is that it can play chess. There is interesting emerging research that is applying AI to AI—that is, training networks to explain how they operate. But both brains and computer chips are hard to understand by watching their inner workings; they're easily interpreted only by observing their external interfaces. We come to trust (or not) brains and computer chips alike based on experience that tests them rather than on explanations for how they work.

Many branches of engineering are making a transition from what's called imperative to declarative or generative design. This means that instead of explicitly designing a system with tools like CAD files, circuit schematics, and computer code, you describe what you want the system to do and then an automated search is done for designs that satisfy your goals and restrictions. This approach becomes necessary as design complexity exceeds what can be understood by a human designer. While that



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might sound like a risk, human understanding comes with its own limits; engineering design is littered with what appeared to be good insights that have had bad consequences. Declarative design rests on all the advances in AI, plus the improving fidelity of simulations to virtually test designs.

The mother of all design problems is the one that resulted in us. The way we're designed resides in one of the oldest and most conserved parts of the genome, called the Hox genes. These are genes that regulate genes, in what are called developmental programs. Nothing in your genome stores the design of your body; your genome stores, rather, a series of steps to follow that results in your body. This is an exact parallel to how search is done in AI. There are too many possible body plans to search over, and most modifications would be either inconsequential or fatal. The Hox genes are a representation of a productive place for evolutionary search. It's a kind of natural intelligence at the molecular level.

AI has a mind-body problem, in that it has no body. Most work on AI is done in the cloud, running on virtual machines in computer centers where data are funneled. Our own intelligence is the result of a search algorithm (evolution) that was able to change our physical form as well as our programming—those are inextricably linked. If the history of AI can be understood as the working of scaling laws rather than a succession of fashions, then its future can be seen in the same way. What's now being digitized, after communication and computation, is fabrication, bringing the programmability of bits to the world of atoms. By digitizing not just designs but the construction of materials, the same lessons that von Neumann and Shannon taught us apply to exponentially increasing fabricational complexity.

I've defined digital materials to be those constructed from a discrete set of parts reversibly joined with a discrete set of relative positions and orientations. These attributes allow the global geometry to be determined from local constraints, assembly errors to be detected and corrected, heterogeneous materials to be joined, and structures to be disassembled rather than disposed of when they're no longer needed. The amino acids that are the foundation of life and the Lego bricks that are the foundation of play share these properties.

What's interesting about amino acids is that they're not interesting. They have attributes that are typical but not unusual, such as attracting or repelling water. But just twenty types of them are enough to make you. In the same way, twenty or so types of digital-material part types—conducting, insulating, rigid, flexible, magnetic, etc.—are enough to assemble the range of functions that go into making modern technologies like robots and computers.

The connection between computation and fabrication was foreshadowed by the very pioneers whose work the edifice of computing is based on. Wiener hinted at this by linking material transportation with message transportation. John von Neumann is credited with modern computer architecture, something he actually wrote very little about; the final thing he studied, and wrote about beautifully and at length, was self-reproducing systems. As an abstraction of life, he modeled a machine that can communicate a computation that constructs itself. And the final thing Alan Turing, who is credited with the theoretical framework for computer science, studied was how the instructions in genes can give rise to physical forms. These questions address a topic absent from a typical computer-science education: the physical configuration of a



HOUSE_OVERSIGHT_016921

computation.

Von Neumann and Turing posed their questions as theoretical studies, because it was beyond the technology of their day to realize them. But with the convergence of communication and computation with fabrication, these investigations are now becoming accessible experimentally. Making an assembler that can assemble itself from the parts that it's assembling is a focus of my lab, along with collaborations to develop synthetic cells.

The prospect of physically self-reproducing automata is potentially much scarier than fears of out-of-control AI, because it moves the intelligence out here to where we live. It could be a roadmap leading to Terminator's Skynet robotic overlords. But it's also a more hopeful prospect, because an ability to program atoms as well as bits enables designs to be shared globally while locally producing things like energy, food, and shelter—all of these are emerging as exciting early applications of digital fabrication. Wiener worried about the future of work, but he didn't question implicit assumptions about the nature of work which are challenged when consumption can be replaced by creation.

History suggests that neither utopian nor dystopian scenarios prevail; we generally end up muddling along somewhere in between. But history also suggests that we don't have to wait on history. Gordon Moore in 1965 was able to use five years of the doubling of the specifications of integrated circuits to project what turned out to be fifty years of exponential improvements in digital technologies. We've spent many of those years responding to, rather than anticipating, its implications. We have more data available now than Gordon Moore did to project fifty years of doubling the performance of digital fabrication. With the benefit of hindsight, it should be possible to avoid the excesses of digital computing and communications this time around, and, from the outset, address issues like access and literacy.

If the maker movement is the harbinger of a third digital revolution, the success of AI in meeting many of its own early goals can be seen as the crowning achievement of the first two digital revolutions. Although machine making and machine thinking might appear to be unrelated trends, they lie in each other's futures. The same scaling trends that have made AI possible suggest that the current mania is a phase that will pass, to be followed by something even more significant: the merging of artificial and natural intelligence.

It was an advance for atoms to form molecules, molecules to form organelles, organelles to form cells, cells to form organs, organs to form organisms, organisms to form families, families to form societies, and societies to form civilizations. This grand evolutionary loop can now be closed, with atoms arranging bits arranging atoms.



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*While* **Danny Hillis** *was an undergraduate at MIT, he built a computer out of Tinkertoys. It has around 10,000 wooden parts, plays tic-tac-toe, and never loses; it's now in the Computer History Museum, in Mountain View, California.*

*As a graduate student at the MIT Computer Science and Artificial Intelligence Laboratory in the early 1980s, Danny designed a massively parallel computer with 64,000 processors. He named it the Connection Machine and founded what may have been the first AI company—Thinking Machines Corporation—to produce and market it. This was despite a lunch he had with Richard Feynman, at which the celebrated physicist remarked, "That is positively the dopiest idea I ever heard." Maybe "despite" is the wrong word, since Feynman had a well-known predilection for playing with dopey ideas. In the event, he showed up on the day the company was incorporated and stayed on, for summer jobs and special assignments, to make invaluable contributions to its work.*

*Danny has since established a number of technology companies, of which the latest is Applied Invention, which partners with commercial enterprises to develop technological solutions to their most intractable problems. He holds hundreds of U.S. patents, covering parallel computers, touch interfaces, disk arrays, forgery prevention methods, and a slew of electronic and mechanical devices. His imagination is apparently boundless, and here he sketches some possible scenarios that will result from our pursuit of a better and better AI.*

*"Our thinking machines are more than metaphors," he says. "The question is not, 'Will they be powerful enough to hurt us?' (they will), or whether they will always act in our best interests (they won't), but whether over the long term they can help us find our way—where we come out on the Panacea/Apocalypse continuum."*



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# THE FIRST MACHINE INTELLIGENCES

**W. Daniel Hillis**

***W. Daniel "Danny" Hillis** is an inventor, entrepreneur, and computer scientist, Judge Widney Professor of Engineering and Medicine at USC, and author of* The Pattern on the Stone: The Simple Ideas That Make Computers Work.

> I have spoken of machines, but not only of machines having brains of brass and thews of iron. When human atoms are knit into an organization in which they are used, not in their full right as responsible human beings, but as cogs and levers and rods, it matters little that their raw material is flesh and blood. *What is used as an element in a machine, is in fact an element in the machine.* Whether we entrust our decisions to machines of metal, or to those machines of flesh and blood which are bureaus and vast laboratories and armies and corporations, we shall never receive the right answers to our questions unless we ask the right questions.... The hour is very late, and the choice of good and evil knocks at our door.
>
> —Norbert Wiener, *The Human Use of Human Beings*

Norbert Wiener was ahead of his time in recognizing the potential danger of emergent intelligent machines. I believe he was even further ahead in recognizing that the first artificial intelligences had already begun to emerge. He was correct in identifying the corporations and bureaus that he called "machines of flesh and blood" as the first intelligent machines. He anticipated the dangers of creating artificial superintelligences with goals not necessarily aligned with our own.

What is now clear, whether or not it was apparent to Wiener, is that these organizational superintelligences are not just made of humans, they are hybrids of humans and the information technologies that allow them to coordinate. Even in Wiener's time, the "bureaus and vast laboratories and armies and corporations" could not operate without telephones, telegraphs, radios, and tabulating machines. Today they could not operate without networks of computers, databases, and decision support systems. These hybrid intelligences are technologically augmented networks of humans. These artificial intelligences have superhuman powers. They can know more than individual humans; they can sense more; they can make more complicated analyses and more complex plans. They can have vastly more resources and power than any single individual.

Although we do not always perceive it, hybrid superintelligences such as nation states and corporations have their own emergent goals. Although they are built by and for humans, they often act like independent intelligent entities, and their actions are not always aligned to the interests of the people who created them. The state is not always for the citizen, nor the company for the shareholder. Nor do not-for-profits, religious orders, or political parties always act in furtherance of their founding principles. Intuitively, we recognize that their actions are guided by internal goals, which is why we personify them, both legally and in our habits of thought. When talking about "what China wants," or "what General Motors is trying to do," we are not speaking in metaphors. These organizations act as intelligences that perceive, decide, and act. Like the goals of individual humans, the goals of organizations are complex and often self-contradictory, but they are true goals in the sense that they direct action. Those goals



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depend somewhat on the goals of the people within the organization, but they are not identical.

Any American knows how loose the tie is between the actions of the U.S. government and the diverse and often contradictory aims of its citizens. That is also true of corporations. For-profit corporations nominally serve multiple constituencies, including shareholders, senior executives, employees, and customers. These corporations differ in how they balance their loyalties and often behave in ways that serve none of their constituents. The "neurons" that carry their corporate thought are not just the human employees or the technologies that connect them; they are also coded into the policies, incentive structures, culture, and procedural habits of the corporation. The emergent corporate goals do not always reflect the values of the people who implement them. For instance, an oil company led and staffed by people who care about the environment may have incentive structures or policies that cause it to compromise environmental safety for the sake of corporate earnings. The components' good intentions are not a guarantee of the emergent system's good behavior.

Governments and corporations, both built partly of humans, are naturally motivated to at least appear to share the goals of the humans they depend upon. They could not function without the people, so they need to keep them cooperative. When such organizations appear to behave altruistically, this is often part of their motive. I once complimented the CEO of a large corporation on the contribution his company made toward a humanitarian relief effort. The CEO responded, without a trace of irony, "Yes. We have decided to do more things like that to make our brand more likeable." Individuals who compose a hybrid superintelligence may occasionally exert a "humanizing" influence—for example, an employee may break company policies to accommodate the needs of another human. The employee may act out of true human empathy, but we should not attribute any such empathy to the superintelligence itself. These hybrid machines have goals, and their citizens/customers/employees are some of the resources they use to accomplish them.

We are close to being able to build superintelligences out of pure information technology, without human components. This is what people normally refer to as "artificial intelligence," or AI. It is reasonable to ask what the attitudes of the hypothetical machine superintelligences will be toward humans. Will they, too, see humans as useful resources and a good relationship with us as worth preserving? Will they be constructed to have goals that are aligned with our own? Will a superintelligence even see these questions as important? What are the "right questions" that we should be asking? I believe that one of the most important is this: What relationship will various superintelligences have to one another?

It is interesting to consider how the hybrid superintelligences currently deal with conflicts among themselves. Today, much of the ultimate power rests in the nation states, which claim authority over a patch of ground. Whether they are optimized to act in the interests of their citizens or those of a despotic ruler, nation states assert priority over other intelligences' desires or goals within their geographic dominion. They claim a monopoly on the use of force and recognize only other nation states as peers. They are willing, if necessary, to demand great sacrifices of their citizens to enforce their authority, even to the point of sacrificing their citizens' lives.



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This geographical division of authority made logical sense when most of the actors were humans who spent their lives within a single nation state, but now that the actors of importance include geographically distributed hybrid intelligences such as multinational corporations, that logic is less obvious. Today we live in a complex transitional period, when distributed superintelligences still largely rely on the nation states to settle the arguments arising among them. Often, those arguments are resolved differently in different jurisdictions. It is becoming more difficult even to assign individual humans to nation states: International travelers living and working outside their native country, refugees, and immigrants (documented and not) are still dealt with as awkward exceptions. Superintelligences built purely of information technology will prove even more awkward for the territorial system of authority, since there is no reason why they need to be tied to physical resources in a single country—or even to any particular physical resources at all. An artificial intelligence might well exist "in the cloud" rather than at any physical location.

I can imagine at least four scenarios for how machine superintelligences will relate to hybrid superintelligences.

In one obvious scenario, multiple machine intelligences will ultimately be controlled by, and allied with, individual nation states. In this state/AI scenario, one can envision American and Chinese super-AIs wrestling each other for resources on behalf of their state. In some sense, these AIs would be citizens of their nation state in the way that many commercial corporations often act as "corporate citizens" today. In this scenario, the host nation states would presumably give the machine superintelligences the resources they needed to work for the state's advantage. Or, to the degree that the superintelligences can influence their state governments, they will presumably do so to enhance their own power, for instance by garnering a larger share of the state's resources. Nation states' AIs might not want competing AIs to grow up within their jurisdiction. In this scenario, the superintelligences become an extension of the state, and vice versa.

The state/AI scenario seems plausible, but it is not our current course. Our most powerful and rapidly improving artificial intelligences are controlled by for-profit corporations. This is the corporate/AI scenario, in which the balance of power between nation states and corporations becomes inverted. Today, the most powerful and intelligent collections of machines are probably owned by Google, but companies like Amazon, Baidu, Microsoft, Facebook, Apple, and IBM may not be far behind. These companies all see a business imperative to build artificial intelligences of their own. It is easy to imagine a future in which corporations independently build their own machine intelligences, protected within firewalls preventing the machines from taking advantage of one another's knowledge. These machines will be designed to have goals aligned with those of the corporation. If this alignment is effective, nation states may continue to lag behind in developing their own artificial-intelligence capability and instead depend on their "corporate citizens" to do it for them. To the extent that corporations successfully control the goals, they will become more powerful and autonomous than nation states.

Another scenario, perhaps the one people fear the most, is that artificial intelligences will not be aligned with either humans or hybrid superintelligences but will act solely in their own interest. They might even merge into a single machine superintelligence, since there may be no technical requirement for machine intelligences to maintain distinct identities. The attitude of a self-interested super-AI toward hybrid



HOUSE_OVERSIGHT_016926

superintelligences is likely to be competitive. Humans might be seen as minor annoyances, like ants at a picnic, but hybrid superintelligences—like corporations, organized religions, and nation states—could be existential threats. Like hybrid superintelligences, AIs might see humans mostly as useful tools to accomplish their goals, as pawns in their competition with the other superintelligences. Or we might simply be irrelevant. It is not impossible that a machine intelligence has already emerged and we simply do not recognize it as such. It may not wish to be noticed, or it may be so alien to us that we are incapable of perceiving it. This makes the self-interested AI scenario the most difficult to imagine. I believe the easy-to-imagine versions, like the humanoid intelligent robots of science fiction, are the least likely. Our most complex machines, like the Internet, have already grown beyond the detailed understanding of a single human, and their emergent behaviors may be well beyond our ken.

The final scenario is that machine intelligences will not be allied with one another but instead will work to further the goals of humanity as a whole. In this optimistic scenario, AI could help us restore the balance of power between the individual and the corporation, between the citizen and the state. It could help us solve the problems that have been created by hybrid superintelligences that subvert the goals of humans. In this scenario, AIs will empower us by giving us access to processing capacity and knowledge currently available only to corporations and states. In effect, they could become extensions of our own individual intelligences, in furtherance of our human goals. They could make our weak individual intelligences strong. This prospect is both exciting and plausible. It is plausible because we have some choice in what we build, and we have a history of using technology to expand and augment our human capacities. As airplanes have given us wings and engines have given us muscles to move mountains, so our network of computers may amplify and extend our minds. We may not fully understand or control our destiny, but we have a chance to bend it in the direction of our values. The future is not something that will happen to us; it is something that we will build.

### *Why Wiener Saw What Others Missed*

> There is in electrical engineering a split which is known in Germany as the split between the technique of strong currents and the technique of weak currents, and which we know as the distinction between power and communication engineering. It is this split which separates the age just past from that in which we are now living.
>
> —Norbert Wiener, *Cybernetics, or Control and Communication in the Animal and the Machine*

Cybernetics is the study of the how the weak can control the strong. Consider the defining metaphor of the field: the helmsman guiding a ship with a tiller. The helmsman's goal is to control the heading of the ship, to keep it on the right course. The information, the message that is sent to the helmsman, comes from the compass or the stars, and the helmsman closes the feedback loop by sending the steering messages through the gentle force of his hand on the tiller. In this picture, we see the ship tossing in powerful wind and waves in the real world, controlled by the communication system of messages in the world of information.

Yet the distinction between "real" and "information" is mostly a difference in perspective. The signals that carry messages, like the light of the stars and pressure of the



HOUSE_OVERSIGHT_016927

hand on the tiller, exist in a world of energy and forces, as does the helmsman. The weak forces that control the rudder are as real and physical as the strong forces that toss the ship. If we shift our cybernetics perspective from the ship to the helmsman, the pressures on the rudder become a strong force of muscles controlled by the weak signals in the mind of the helmsman. These messages in the helmsman's mind are amplified into a physical force strong enough to steer the ship. Or instead, we can zoom out and take a large cybernetics perspective. We might see the ship itself as part of a vast trade network, part of a feedback loop that regulates the price of commodities through the flow of goods. In this perspective, the tiny ship is merely a messenger. So, the distinction between the physical world and the information world is a way to describe the relationship between the weak and the strong.

Wiener chose to view the world from the vantage point and scale of the individual human. As a cyberneticist, he took the perspective of the weak protagonist embedded within a strong system, trying to make the best of limited powers. He incorporated this perspective in his very definition of information. "Information," he said, "is a name for the content of what is exchanged with the outer world as we adjust to it, and make our adjustment felt upon it." In his words, information is what we use to "live effectively within that environment."[33] For Wiener, information is a way for the weak to effectively cope with the strong. This viewpoint is also reflected in Gregory Bateson's definition of information as "a difference that makes a difference," by which he meant the small difference that makes a big difference.

The goal of cybernetics was to create a tiny model of the system using "weak currents" to amplify and control "strong currents" of the real world. The central insight was that a control problem could be solved by building an analogous system in the information space of messages and then amplifying solutions into the larger world of reality. Inherent in the motion of a control system is the concept of amplification, which makes the small big and the weak strong. Amplification allows the difference that makes a difference to make a difference.

In this way of looking at the world, a control system needed to be as complex as the system it controlled. Cyberneticist W. Ross Ashby proved that this was true in a precise mathematical sense, in what is now called Ashby's Law of Requisite Variety, or sometimes the First Law of Cybernetics. The law tells us that to control a system completely, the controller must be as complex as the controlled. Thus cyberneticists tended to see control systems as a kind of analog of the systems they governed, like the homunculus—the hypothetical little person inside the brain who controls the actual person.

This notion of analogous structure is sometimes confused with the notion of analog encoding of messages, but the two are logically distinct. Norbert Wiener was much impressed with Vannevar Bush's Digital Differential Analyzer, which could be reconfigured to match the structure of whatever problem it was given to solve but used digital signal encoding. Signals could be simplified to openly represent the relevant distinctions, allowing them to be more accurately communicated and stored. In digital signals, one needed only to preserve the difference in signals that made a difference. It is this distinction and signal coding that we commonly use to distinguish "analog" versus "digital." Digital signal encoding was entirely compatible with cybernetic thinking—in

[33] *The Human Use of Human Beings* (Boston: Houghton Mifflin, 1954), p. 17-18.



HOUSE_OVERSIGHT_016928

fact, enabling to it. What was constraining to cybernetics was the presumption of an analogy of structure between the controller and the controlled. By the 1930s, Kurt Gödel, Alonzo Church, and Alan Turing had all described universal systems of computation, in which the computation required no structural analogy to functions that were computed. These universal computers could also compute the functions of control.

The analogy of structure between the controller and the controlled was central to the cybernetic perspective. Just as digital coding collapses the space of possible messages into a simplified version that represents only the difference that makes a difference, so the control system collapses the state space of a controlled system into a simplified model that reflects only the goals of the controller. Ashby's Law does not imply that every controller must model every state of the system but only those states that matter for advancing the controller's goals. Thus, in cybernetics, the goal of the controller becomes the perspective from which the world is viewed.

Norbert Wiener adopted the perspective of the individual human relating to vast organizations and trying to "live effectively within that environment." He took the perspective of the weak trying to influence the strong. Perhaps this is why he was able to notice the emergent goals of the "machines of flesh and blood" and anticipate some of the human challenges posed by these new intelligences, hybrid machine intelligences with goals of their own.



HOUSE_OVERSIGHT_016929

**Venki Ramakrishnan** *is a Nobel Prize-winning biologist whose many scientific contributions include his work on the atomic structure of the ribosome—in effect, a huge molecular machine that reads our genes and makes proteins. His work would have been impossible without powerful computers. The Internet made his own work a lot easier and, he notes, acted as a leveler internationally: "When I grew up in India, if you wanted to get a book, it would show up six months or a year after it had already come out in the West. . . . Journals would arrive by surface mail a few months later. I didn't have to deal with it, because I left India when I was nineteen, but I know Indian scientists had to deal with it. Today they have access to information at the click of a button. More important, they have access to lectures. They can listen to Richard Feynman. That would have been a dream of mine when I was growing up. They can just watch Richard Feynman on the Web. That's a big leveling in the field." And yet. . . "Along with the benefits [of the Web], there is now a huge amount of noise. You have all of these people spouting pseudoscientific jargon and pushing their own ideas as if they were science."*

*As president of the Royal Society, Venki worries, too, about the broader issue of trust: public trust in evidence-based scientific findings, but also trust among scientists, bolstered by rigorous checking of one another's conclusions—trust that is in danger of eroding because of the "black box" character of deep-learning computers. "This [erosion] is going to happen more and more, as data sets get bigger, as we have genome-wide studies, population studies, and all sorts of things," he says. "How do we, as a science community, grapple with this and communicate to the public a sense of what science is about, what is reliable in science, what is uncertain in science, and what is just plain wrong in science?"*



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## WILL COMPUTERS BECOME OUR OVERLORDS?

**Venki Ramakrishnan**

***Venki Ramakrishnan*** *is a scientist at the Medical Research Council Laboratory of Molecular Biology, Cambridge University; recipient of the Nobel Prize in Chemistry (2009); current president of the Royal Society; and the author of* Gene Machine: The Race to Discover the Secrets of the Ribosome.

A former colleague of mine, Gérard Bricogne, used to joke that carbon-based intelligence was simply a catalyst for the evolution of silicon-based intelligence. For quite a long time, both Hollywood movies and scientific Jeremiahs have been predicting our eventual capitulation to our computer overlords. We all await the singularity, which always seems to be just over the horizon.

In a sense, computers have already taken over, facilitating virtually every aspect of our lives—from banking, travel, and utilities to the most intimate personal communication. I can see and talk to my grandson in New York *for free*. I remember when I first saw the 1968 movie *2001: A Space Odyssey*, the audience laughed at the absurdly cheap cost of a picturephone call from space: $1.70, at a time when a long-distance call within the U.S. was $3 per minute.

However, the convenience and power of computers is also something of a Faustian bargain, for it comes with a loss of control. Computers prevent us from doing things we want. Try getting on a flight if you arrive at the airport and the airline computer systems are down, as happened not so long ago to British Airways at Heathrow. The planes, pilots, and passengers were all there; even the air-traffic controls were working. But no flights for that airline were allowed to take off. Computers also make us do things we *don't* want—by generating mailing lists and print labels to send us all millions of pieces of unwanted mail, which we humans have to sort, deliver, and dispose of.

But you ain't seen nothing yet. In the past, we programmed computers using algorithms we understood at least in principle. So when machines did amazing things like beating world chess champion Garry Kasparov, we could say that the victorious programs were designed with algorithms based on our own understanding—using, in this instance, the experience and advice of top grandmasters. Machines were simply faster at doing brute-force calculations, had prodigious amounts of memory, and were not prone to errors. One article described Deep Blue's victory not as that of a computer, which was just a dumb machine, but as the victory of hundreds of programmers over Kasparov, a single individual.

That way of programming is changing dramatically. After a long hiatus, the power of machine learning has taken off. Much of the change came when programmers, rather than trying to anticipate and code for every possible contingency, allowed computers to train themselves on data, using deep neural networks based on models of how our own brains learn. They use probabilistic methods to "learn" from large quantities of data; computers can recognize patterns and come up with conclusions on their own. A particularly powerful method is called reinforcement learning, by which the computer learns, without prior input, which variables are important and how much to



HOUSE_OVERSIGHT_016931

weight them to reach a certain goal. This method in some sense mimics how we learn as children. The results from these new approaches are amazing.

Such a deep-learning program was used to teach a computer to play Go, a game that only a few years ago was thought to be beyond the reach of AI because it was so hard to calculate how well you were doing. It seemed that top Go players relied a great deal on intuition and a feel for position, so proficiency was thought to require a particularly human kind of intelligence. But the AlphaGo program produced by DeepMind, after being trained on thousands of high-level Go games played by humans and then millions of games with itself, was able to beat the top human players in short order. Even more amazingly, the related AlphaGo Zero program, which learned from scratch by playing itself, was stronger than the version trained initially on human games! It was as though the humans had been preventing the computer from reaching its true potential. The same method has recently been generalized: Starting from scratch, within just twenty-four hours, an equivalent AlphaZero chess program was able to beat today's top "conventional" chess programs, which in turn have beaten the best humans.

Progress has not been restricted to games. Computers are significantly better at image and voice recognition and speech synthesis than they used to be. They can detect tumors in radiographs earlier than most humans. Medical diagnostics and personalized medicine will improve substantially. Transportation by self-driving cars will keep us all safer, on average. My grandson may never have to acquire a driver's license, because driving a car will be like riding a horse today—a hobby for the few. Dangerous activities, such as mining, and tedious repetitive work will be done by computers. Governments will offer better targeted, more personalized and efficient public services. AI could revolutionize education by analyzing an individual pupil's needs and enabling customized teaching, so that each student can advance at an optimal rate.

Along with these huge benefits, of course, will come alarming risks. With the vast amounts of personal data, computers will learn more about us than we may know about ourselves; the question of who owns data about us will be paramount. Moreover, data-based decisions will undoubtedly reflect social biases: Even an allegedly neutral intelligent system designed to predict loan risks, say, may conclude that mere membership in a particular minority group makes you more likely to default on a loan. While this is an obvious example that we could correct, the real danger is that we are not always aware of biases in the data and may simply perpetuate them.

Machine learning may also perpetuate our own biases. When Netflix or Amazon tries to tell you what you might want to watch or buy, this is an application of machine learning. Currently such suggestions are sometimes laughable, but with time and more data they will get increasingly accurate, reinforcing our prejudices and likes and dislikes. Will we miss out on the random encounter that might persuade us to change our views by exposing us to new and conflicting ideas? Social media, given its influence on elections, is a particularly striking illustration of how the divide between people on different sides of the political spectrum can be accentuated.

We may have already reached the stage where most governments are powerless to resist the combined clout of a few powerful multinational companies that control us and our digital future. The fight between dominant companies today is really a fight for control over our data. They will use their enormous influence to prevent regulation of data, because their interests lie in unfettered control of it. Moreover, they have the



HOUSE_OVERSIGHT_016932

financial resources to hire the most talented workers in the field, enhancing their power even further. We have been giving away valuable data for the sake of freebies like Gmail and Facebook, but as the journalist and author John Lanchester has pointed out in the *London Review of Books*, if it is free, then you are the product. Their real customers are the ones who pay them for access to knowledge about us, so that they can persuade us to buy their products or otherwise influence us. One way around the monopolistic control of data is to split the ownership of data away from firms that use them. Individuals would instead own and control access to their personal data (a model that would encourage competition, since people would be free to move their data to a company that offered better services). Finally, abuse of data is not limited to corporations: In totalitarian states, or even nominally democratic ones, governments know things about their citizens that Orwell could not have imagined. The use they make of this information may not always be transparent or possible to counter.

The prospect of AI for military purposes is frightening. One can imagine intelligent systems being designed to act autonomously based on real-time data and able to act faster than the enemy, starting catastrophic wars. Such wars may not necessarily be conventional or even nuclear wars. Given how essential computer networks are to modern society, it is much more likely that AI wars will be fought in cyberspace. The consequences could be just as dire.

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Despite this loss of control, we continue to march inexorably into a world in which AI will be everywhere: Individuals won't be able to resist its convenience and power, and corporations and governments won't be able to resist its competitive advantages. But important questions arise about the future of work. Computers have been responsible for considerable losses in blue-collar jobs in the last few decades, but until recently many white-collar jobs—jobs that "only humans can do"—were thought to be safe. Suddenly that no longer appears to be true. Accountants, many legal and medical professionals, financial analysts and stockbrokers, travel agents—in fact, a large fraction of white-collar jobs—will disappear as a result of sophisticated machine-learning programs. We face a future in which factories churn out goods with very few employees and the movement of goods is largely automated, as are many services. What's left for humans to do?

In 1930—long before the advent of computers, let alone AI—John Maynard Keynes wrote, in an essay called "Economic Possibilities for our Grandchildren," that as a result of improvements in productivity, society could produce all its needs with a fifteen-hour work week. He also predicted, along with the growth of creative leisure, the end of money and wealth as a goal:

> We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession—as distinguished from the love of money as a means to the enjoyments and realities of life—will be recognised for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease.



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Sadly, Keynes's predictions did not come true. Although productivity did indeed increase, the system—possibly inherent in a market economy—did not result in humans working much shorter hours. Rather, what happened is what the anthropologist and anarchist David Graeber describes as the growth of "bullshit jobs."[34] While jobs that produce essentials like food, shelter, and goods have been largely automated away, we have seen an enormous expansion of sectors like corporate law, academic and health administration (as opposed to actual teaching, research, and the practice of medicine), "human resources," and public relations, not to mention new industries like financial services and telemarketing and ancillary industries in the so-called gig economy which serve those who are too busy doing all that additional work.

How will societies cope with technology's increasingly rapid destruction of entire professions and throwing large numbers of people out of work? Some argue that this concern is based on a false premise, because new jobs spring up that didn't exist before, but as Graeber points out, these new jobs won't necessarily be rewarding or fulfilling. During the first industrial revolution, it took almost a century before most people were better off. That revolution was possible only because the government of the time ruthlessly favored property rights over labor, and most people (and all women) did not have the vote. In today's democratic societies, it is not clear that the population will tolerate such a dramatic upheaval of society based on the promise that "eventually" things will get better.

Even that rosy vision will depend on a radical shake-up of education and lifelong learning. The Industrial Revolution did trigger enormous social change of this kind, including a shift to universal education. But it will not happen unless we make it happen: This is essentially about power, agency, and control. What's next for, say, the forty-year-old taxi driver or truck driver in an era of autonomous vehicles?

One idea that has been touted is that of a universal basic income, which will allow citizens to pursue their interests, retrain for new occupations, and generally be free to live a decent life. However, market economies, which are predicated on growing consumer demand over all else, may not tolerate this innovation. There is also a feeling among many that meaningful work is essential to human dignity and fulfillment. So another possibility is that the enormous wealth generated by increased productivity due to automation could be redistributed to jobs requiring human labor and creativity in fields such as the arts, music, social work, and other worthwhile pursuits. Ultimately, which jobs are rewarding or productive and which are "bullshit" is a matter of judgment and may vary from society to society, as well as over time.

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So far, I've focused on AI's practical consequences. As a scientist, what bothers me is our potential loss of understanding. We are now accumulating data at an incredible rate. In my own lab, an experiment generates over a terabyte of data a day. These data are massaged, analyzed, and reduced until there is an interpretable result. But in all of this data analysis, we believe we know what's happening. We know what the programs are

[34] https://strikemag.org/bullshit-jobs/



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doing because we designed the algorithms at their heart. So when our computers generate a result, we feel that we intellectually grasp it.

The new machine-learning programs are different. Having recognized patterns via deep neural networks, they come up with conclusions, and we have no idea exactly how. When they uncover relationships, we don't understand it in the same way as if we had deduced those relationships ourselves using an underlying theoretical framework. As data sets become larger, we won't be able to analyze them ourselves even with the help of computers; rather, we will rely entirely on computers to do the analysis for us. So if someone asks us how we know something, we will simply say it is because the machine analyzed the data and produced the conclusion.

One day a computer may well come up with an entirely new result—e.g., a mathematical theorem whose proof, or even whose statement, no human can understand. That is philosophically different from the way we have been doing science. Or at least thought we had; some might argue that we don't know how our own brains reach conclusions either, and that these new methods are a way of mimicking learning by the human brain. Nevertheless, I find this potential loss of understanding disturbing.

Despite the remarkable advances in computing, the hype about AGI—a general-intelligence machine that will think like a human and possibly develop consciousness—smacks of science fiction to me, partly because we don't understand the brain at that level of detail. Not only do we not understand what consciousness is, we don't even understand a relatively simple problem like how we remember a phone number. In just that one question, there are all sorts of things to consider. How do we know it is a number? How do we associate it with a person, a name, face, and other characteristics? Even such seemingly trivial questions involve everything from high-level cognition and memory to how a cell stores information and how neurons interact.

Moreover, that's just one task among many that the brain does effortlessly. Whereas machines will no doubt do ever more amazing things, they're unlikely to be a replacement for human thought and human creativity and vision. Eric Schmidt, former chairman of Google's parent company, said in a recent interview at the London Science Museum that even designing a robot that would clear the table, wash the dishes, and put them away was a huge challenge. The calculations involved in figuring out all the movements the body has to make to throw a ball accurately or do slalom skiing are prodigious. The brain can do all these and also do mathematics and music, and *invent* games like chess and Go, not just play them. We tend to underestimate the complexity and creativity of the human brain and how amazingly general it is.

If AI is to become more humanlike in its abilities, the machine-learning and neuroscience communities need to interact closely, something that is happening already. Some of today's greatest exponents of machine learning—such as Geoffrey Hinton, Zoubin Ghahramani, and Demis Hassabis—have backgrounds in cognitive neuroscience, and their success has been at least in part due to attempts to model brainlike behavior in their algorithms. At the same time, neurobiology has also flourished. All sorts of tools have been developed to watch which neurons are firing and genetically manipulate them and see what's happening in real time with inputs. Several countries have launched moon-shot neuroscience initiatives to see if we can crack the workings of the brain. Advances in AI and neuroscience seem to go hand in hand; each field can propel the other.



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Many evolutionary scientists, and such philosophers as Daniel Dennett, have pointed out that the human brain is the result of billions of years of evolution.[35] Human intelligence is not the special characteristic we think it is, but just another survival mechanism not unlike our digestive or immune systems, both of which are also amazingly complex. Intelligence evolved because it allowed us to make sense of the world around us, to plan ahead, and thus cope with all sorts of unexpected things in order to survive. However, as Descartes stated, we humans define our very existence by our ability to think. So it is not surprising that, in an anthropomorphic way, our fears about AI reflect this belief that our intelligence is what makes us special.

But if we step back and look at life on Earth, we see that we are far from the most resilient species. If we're going to be taken over at some point, it will be by some of Earth's oldest life-forms, like bacteria, which can live anywhere from Antarctica to deep-sea thermal vents hotter than boiling water, or in acid environments that would melt you and me. So when people ask where we're headed, we need to put the question in a broader context. I don't know what sort of future AI will bring: whether AI will make humans subservient or obsolete or will be a useful and welcome enhancement of our abilities which will enrich our lives. But I am reasonably certain that computers will never be the overlords of bacteria.

[35] See, for example, Dennett's *From Bacteria to Bach and Back: The Evolution of Minds* (New York: W. W. Norton, 2017).



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**Alex "Sandy" Pentland,** *an exponent of what he has termed "social physics," is interested in building powerful human-AI ecologies. He is concerned at the same time about the potential dangers of decision-making systems in which the data in effect take over and human creativity is relegated to the background.*

*The advent of Big Data, he believes, has given us the opportunity to reinvent our civilization: "We can now begin to actually look at the details of social interaction and how those play out, and we're no longer limited to averages like market indices or election results. This is an astounding change. The ability to see the details of the market, of political revolutions, and to be able to predict and control them is definitely a case of Promethean fire—it could be used for good or for ill. Big Data brings us to interesting times."*

*At our group meeting in Washington, Connecticut, he confessed that reading Norbert Wiener on the concept of feedback "felt like reading my own thoughts."*

*"After Wiener, people discovered or focused on the fact that there are genuinely chaotic systems that are just not predictable," he said, "but if you look at human socioeconomic systems, there is a large percentage of variance you can account for and predict. . . . Today there is data from all sorts of digital devices, and from all of our transactions. The fact that everything is datafied means you can measure things in real time in most aspects of human life—and increasingly in every aspect of human life. The fact that we have interesting computers and machine-learning techniques means that you can build predictive models of human systems in ways you could never do before."*



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## THE HUMAN STRATEGY
## Alex "Sandy" Pentland

**Alex "Sandy" Pentland** *is Toshiba Professor and professor of media arts and sciences, MIT; director of the Human Dynamics and Connection Science labs and the Media Lab Entrepreneurship Program, and the author of* Social Physics.

In the last half-century, the idea of AI and intelligent robots has dominated thinking about the relationship between humans and computers. In part, this is because it's easy to tell the stories about AI and robots, and in part because of early successes (e.g., theorem provers that reproduced most of Whitehead and Russell's *Principia Mathematica*) and massive military funding. The earlier and broader vision of cybernetics, which considered the artificial as part of larger systems of feedback and mutual influence, faded from public awareness.

However, in the intervening years the cybernetics vision has slowly grown and quietly taken over—to the point where it is "in the air." State-of-the-art research in most engineering disciplines is now framed as feedback systems that are dynamic and driven by energy flows. Even AI is being recast as human/machine "advisor" systems, and the military is beginning large-scale funding in this area—something that should perhaps worry us more than drones and independent humanoid robots.

But as science and engineering have adopted a more cybernetics-like stance, it has become clear that even the vision of cybernetics is far too small. It was originally centered on the embeddedness of the individual actor but not on the emergent properties of a network of actors. This is unsurprising, because the mathematics of networks did not exist until recently, so a quantitative science of how networks behave was impossible. We now know that study of the individual does not produce understanding of the system except in certain simple cases. Recent progress in this area was foreshadowed by understanding that "chaos," and later "complexity," were the typical behavior of systems, but we can now go far beyond these statistical understandings.

We're beginning to be able to analyze, predict, and even design the emergent behavior of complex heterogeneous networks. The cybernetics view of the connected individual actor can now be expanded to cover complex systems of connected individuals and machines, and the insights we obtain from this broader view are fundamentally different from those obtained from the cybernetics view. Thinking about the network is analogous to thinking about entire ecosystems. How would you guide ecosystems to grow in a good direction? What do you even mean by "a good direction"? Questions like this are beyond the boundary of traditional cybernetic thinking.

Perhaps the most stunning realization is that humans are already beginning to use AI and machine learning to guide entire ecosystems, including ecosystems of people, thus creating human-AI ecologies. Now that everything is becoming "datafied," we can measure most aspects of human life and, increasingly, aspects of all life. This, together with new, powerful machine-learning techniques, means that we can build models of these ecologies in ways we couldn't before. Well-known examples are weather- and traffic-prediction models, which are being extended to predict the global climate and plan city growth and renewal. AI-aided engineering of the ecologies is already here.



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Development of human-AI ecosystems is perhaps inevitable for a social species such as ourselves. We became social early in our evolution, millions of years ago. We began exchanging information with one another to stay alive, to increase our fitness. We developed writing to share abstract and complex ideas, and most recently we've developed computers to enhance our communication abilities. Now we're developing AI and machine-learning models of ecosystems and sharing the predictions of those models to jointly shape our world through new laws and international agreements.

We live in an unprecedented historic moment, in which the availability of vast amounts of human behavioral data and advances in machine learning enable us to tackle complex social problems through algorithmic decision making. The opportunities for such a human-AI ecology to have positive social impact through fairer and more transparent decisions are obvious. But there are also risks of a "tyranny of algorithms," where unelected data experts are running the world. The choices we make now are perhaps even more momentous than those we faced in the 1950s, when AI and cybernetics were created. The issues look similar, but they're not. We have moved down the road, and now the scope is larger. It's not just AI robots versus individuals. It's AI guiding entire ecologies.

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How can we make a good human-artificial ecosystem, something that's not a machine society but a cyberculture in which we can all live as humans—a culture with a human feel to it? We don't want to think small—for example, to talk only of robots and self-driving cars. We want this to be a global ecology. Think Skynet-size. But how would you make Skynet something that's about the human fabric?

The first thing to ask is: What's the magic that makes the current AI work? Where is it wrong and where is it right?

The good magic is that it has something called the credit-assignment function. What that lets you do is take "stupid neurons"—little linear functions—and figure out, in a big network, which ones are doing the work and strengthen them. It's a way of taking a random bunch of switches all hooked together in a network and making them smart by giving them feedback about what works and what doesn't. This sounds simple, but there's some complicated math around it. That's the magic that makes current AI work.

The bad part of it is, because those little neurons are stupid, the things they learn don't generalize very well. If an AI sees something it hasn't seen before, or if the world changes a little bit, the AI is likely to make a horrible mistake. It has absolutely no sense of context. In some ways, it's as far from Norbert Wiener's original notion of cybernetics as you can get, because it isn't contextualized; it's a little idiot savant.

But imagine that you took away those limitations: Imagine that instead of using dumb neurons, you used neurons in which real-world knowledge was embedded. Maybe instead of linear neurons, you used neurons that were functions in physics, and then you tried to fit physics data. Or maybe you put in a lot of knowledge about humans and how they interact with one another—the statistics and characteristics of humans.

When you add this background knowledge and surround it with a good credit-assignment function, then you can take observational data and use the credit-assignment function to reinforce the functions that are producing good answers. The result is an AI that works extremely well and can generalize. For instance, in solving physical



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problems, it often takes only a couple of noisy data points to get something that's a beautiful description of a phenomenon, because you're putting in knowledge about how physics works. That's in huge contrast to normal AI, which requires millions of training examples and is very sensitive to noise. By adding the appropriate background knowledge, you get much more intelligence.

Similar to the physical-systems case, if we make neurons that know a lot about how humans learn from each other, then we can detect human fads and predict human behavior trends in surprisingly accurate and efficient ways. This "social physics" works because human behavior is determined as much by the patterns of our culture as by rational, individual thinking. These patterns can be described mathematically and employed to make accurate predictions.

This idea of a credit-assignment function reinforcing connections between neurons that are doing the best work is the core of current AI. If you make those little neurons smarter, the AI gets smarter. So, what would happen if we replaced the neurons with people? People have lots of capabilities. They know lots of things about the world; they can perceive things in a broadly competent, human way. What would happen if you had a network of people in which you could reinforce the connections that were helping and minimize the connections that weren't?

That begins to sound like a society, or a company. We all live in a human social network. We're reinforced for doing things that seem to help everybody and discouraged from doing things that are not appreciated. Culture is the result of this sort of human AI as applied to human problems; it is the process of building social structures by reinforcing the good connections and penalizing the bad. Once you've realized you can take this general AI framework and create a human AI, the question becomes, What's the right way to do that? Is it a safe idea? Is it completely crazy?

My students and I are looking at how people make decisions, on huge databases of financial decisions, business decisions, and many other sorts of decisions. What we've found is that humans often make decisions in a way that mimics AI credit-assignment algorithms and works to make the community smarter. A particularly interesting feature of this work is that it addresses a classic problem in evolution known as the group-selection problem. The core of this problem is: How can we select for culture in evolution, when it's the individuals that reproduce? What you need is something that selects for the best cultures and the best groups but also selects for the best individuals, because they're the units that transmit the genes.

When you frame the question this way and go through the mathematical literature, you discover that there's one generally best way to do this. It's called "distributed Thompson sampling," a mathematical algorithm used in choosing, out of a set of possible actions with unknown payoffs, the action that maximizes the expected reward in respect to the actions. The key is social sampling, a way of combining evidence, of exploring and exploiting at the same time. It has the unusual property of simultaneously being the best strategy both for the individual and for the group. If you use the group as the basis of selection, and then the group either gets wiped out or reinforced, you're also selecting for successful individuals. If you select for individuals, and each individual does what's good for him or her, then that's automatically the best thing for the group. It's an amazing alignment of interests and utilities, and it provides real insight into the question of how culture fits into natural selection.



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Social sampling, very simply, is looking around you at the actions of people who are like you, finding what's popular, and then copying it if it seems like a good idea to you. Idea propagation has this popularity function driving it, but individual adoption also is about figuring out how the idea works for the individual—a reflective attitude. When you combine social sampling and personal judgment, you get superior decision making. That's amazing, because now we have a mathematical recipe for doing with humans what all those AI techniques are doing with dumb computer neurons. We have a way of putting people together to make better decisions, given more and more experience.

So, what happens in the real world? Why don't we do this all the time? Well, people are good at it, but there are ways it can run amok. One of these is through advertising, propaganda, or "fake news." There are many ways to get people to think something is popular when it's not, and this destroys the usefulness of social sampling. The way you can make groups of people smarter, the way you can make human AI, will work only if you can get feedback to them that's truthful. It must be grounded on whether each person's actions worked for them or not.

That's the key to AI mechanisms, too. What they do is analyze whether they performed correctly. If so, plus one; if not, minus one. We need that truthful feedback to make this human mechanism work well, and we need good ways of knowing about what other people are doing so that we can correctly assess popularity and the likelihood of this being a good choice.

The next step is to build this credit-assignment function, this feedback function, for people, so that we can make a good human-artificial ecosystem—a smart organization and a smart culture. In a way, we need to duplicate some of the early insights that resulted in, for instance, the U.S. census—trying to find basic facts that everybody can agree on and understand so that the transmission of knowledge and culture can happen in a way that's truthful and social sampling can function efficiently.

We can address the problem of building an accurate credit-assignment function in many different settings. In companies, for instance, it can be done with digital ID badges that reveal who's connected to whom, so that we can assess the pattern of connections in relation to the company's results on a daily or weekly basis. The credit-assignment function asks whether those connections helped solve problems, or helped invent new solutions, and reinforces the helpful connections. When you can get that feedback quantitatively—which is difficult, because most things aren't measured quantitatively—both the productivity and the innovation rate within the organization can be significantly improved. This is, for instance, the basis of Toyota's "continuous improvement" method.

A next step is to try to do the same thing but at scale, something I refer to as building a trust network for data. It can be thought of as a distributed system like the Internet, but with the ability to quantitatively measure and communicate the qualities of human society, in the same way that the U.S. census does a pretty good job of telling us about population and life expectancy. We are already deploying prototype examples of trust networks at scale in several countries, based on the data and measurement standards laid out in the U.N. Sustainable Development Goals.

On the horizon is a vision of how we can make humanity more intelligent by building a human AI. It's a vision composed of two threads. One is data that we can all trust—data that have been vetted by a broad community, data where the algorithms are known and monitored, much like the census data we all automatically rely on as at least



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approximately correct. The other is a fair, data-driven assessment of public norms, policy, and government, based on trusted data about current conditions. This second thread depends on availability of trusted data and so is just beginning to be developed. Trusted data and data-driven assessment of norms, policy, and government together create a credit-assignment function that improves societies' overall fitness and intelligence.

It is precisely at the point of creating greater societal intelligence where fake news, propaganda, and advertising all get in the way. Fortunately, trust networks give us a path forward to building a society more resistant to echo-chamber problems, these fads, these exercises in madness. We have begun to develop a new way of establishing social measurements, in aid of curing some of the ills we see in society today. We're using open data from all sources, encouraging a fair representation of the things people are choosing, in a curated mathematical framework that can stamp out the echoes and the attempts to manipulate us.

***On Polarization and Inequality***

Extreme polarization and segregation by income are almost everywhere in the world today and threaten to tear governments and civil society apart. Increasingly, the media are becoming adrenaline pushers driven by advertising clicks and failing to deliver balanced facts and reasoned discourse—and the degradation of media is causing people to lose their bearings. They don't know what to believe, and thus they can easily be manipulated. There is a real need to ground our various cultures in trustworthy, data-driven standards that we all agree on, and to be able to know what behaviors and policies work and which don't.

In converting to a digital society, we've lost touch with traditional notions of truth and justice. Justice used to be mostly informal and normative. We've now formalized it. At the same time, we've put it out of reach for most people. Our legal systems are failing us in a way they didn't before, precisely because they're now more formal, more digital, less embedded in society.

Ideas about justice are very different around the world. One of the core differentiators is this: Do you or your parents remember when the bad guys came with guns and took everything? If you do, your attitude about justice is different from that of the average reader of this essay. Do you come from the upper classes? Or were you somebody who saw the sewers from the inside? Your view of justice depends on your history.

A common test I have for U.S. citizens is this: Do you know anybody who owns a pickup truck? It's the number-one-selling vehicle in the United States, and if you don't know people like that, you're out of touch with more than 50 percent of Americans. Physical segregation drives conceptual segregation. Most of America thinks of justice and access and fairness in terms very different from those of the typical, say, Manhattanite.

If you look at patterns of mobility—where people go—in a typical city, you find that the people in the top quintile (white-collar working families) and bottom quintile (people who are sometimes on unemployment or welfare) almost never talk to each other. They don't go to the same places; they don't talk about the same things. They all live in



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the same city, nominally, but it's as if it were two completely different cities—and this is perhaps the most important cause of today's plague of polarization.

***On Extreme Wealth***

Some two hundred of the world's wealthiest people have pledged to give away more than 50 percent of their wealth either during their lifetimes or in their wills, creating a plurality of voices in the foundation space.[36] Bill Gates is probably the most familiar example. He's decided that if the government won't do it, he'll do it. You want mosquito nets? He'll do it. You want antivirals? He'll do it. We're getting different stakeholders to take action in the form of foundations dedicated to public good, and they have different versions of what they consider the public good. This diversity of goals has created a lot of what's wonderful about the world today. Actions from outside government by organizations like the Ford Foundation and the Sloan Foundation, who bet on things that nobody else would bet on, have changed the world for the better.

Sure, these billionaires are human, with human foibles, and all is not necessarily as it should be. On the other hand, the same situation obtained when the railways were first built. Some people made huge fortunes. A lot of people went bust. We, the average people, got railways out of it. That's good. Same thing with electric power; same thing with many new technologies. There's a churning process that throws somebody up and later casts them or their heirs down. Bubbles of extreme wealth were a feature of the late 1800s and early 1900s when steam engines and railways and electric lights were invented. The fortunes they created were all gone within two or three generations.

If the U.S. were like Europe, I would worry. What you find in Europe is that the same families have held on to wealth for hundreds of years, so they're entrenched not just in terms of wealth but of the political system and in other ways. But so far, the U.S. has avoided this kind of hereditary class system. Extreme wealth hasn't stuck, which is good. It shouldn't stick. If you win the lottery, you get your billion dollars, but your grandkids ought to work for a living.

***On AI and Society***

People are scared about AI. Perhaps they should be. But they need to realize that AI feeds on data. Without data, AI is nothing. You don't have to watch the AI; instead you should watch what it eats and what it does. The trust-network framework we've set up, with the help of nations in the E.U. and elsewhere, is one where we can have our algorithms, we can have our AI, but we get to see what went in and what went out, so that we can ask, Is this a discriminatory decision? Is this the sort of thing that we want as humans? Or is this something that's a little weird?

The most revealing analogy is that regulators, bureaucracies, and parts of the government are very much like AIs: They take in the rules that we call law and regulation, and they add government data, and they make decisions that affect our lives. The part that's bad about the current system is that we have very little oversight of these departments, regulators, and bureaucracies. The only control we have is the vote—the opportunity to elect somebody different. We need to make oversight of bureaucracies a lot more fine-grained. We need to record the data that went into every single decision

[36] https://givingpledge.org/About.aspx.



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and have the results analyzed by the various stakeholders—rather like elected legislatures were originally intended to do.

If we have the data that go into and out of each decision, we can easily ask, Is this a fair algorithm? Is this AI doing things that we as humans believe are ethical? This human-in-the-loop approach is called "open algorithms;" you get to see what the AIs take as input and what they decide using that input. If you see those two things, you'll know whether they're doing the right thing or the wrong thing. It turns out that's not hard to do. If you control the data, then you control the AI.

One thing people often fail to mention is that all the worries about AI are the same as the worries about today's government. For most parts of the government—the justice system, et cetera—there's no reliable data about what they're doing and in what situation. How can you know whether the courts are fair or not if you don't know the inputs and the outputs? The same problem arises with AI systems and is addressable in the same way. We need trusted data to hold current government to account in terms of what they take in and what they put out, and AI should be no different.

***Next-Generation AI***

Current AI machine-learning algorithms are, at their core, dead simple stupid. They work, but they work by brute force, so they need hundreds of millions of samples. They work because you can approximate anything with lots of little simple pieces. That's a key insight of current AI research—that if you use reinforcement learning for credit-assignment feedback, you can get those little pieces to approximate whatever arbitrary function you want.

But using the wrong functions to make decisions means the AI's ability to make good decisions won't generalize. If we give the AI new, different inputs, it may make completely unreasonable decisions. Or if the situation changes, then you need to retrain it. There are amusing techniques to find the "null space" in these AI systems. These are inputs that the AI thinks are valid examples of what it was trained to recognize (e.g., faces, cats, etc.), but to a human they're crazy examples.

Current AI is doing descriptive statistics in a way that's not science and would be almost impossible to make into science. To build robust systems, we need to know the science behind data. The systems I view as next-generation AIs result from this science-based approach: If you're going to create an AI to deal with something physical, then you should build the laws of physics into it as your descriptive functions, in place of those stupid little neurons. For instance, we know that physics uses functions like polynomials, sine waves, and exponentials, so those should be your basis functions and not little linear neurons. By using those more appropriate basis functions, you need a lot less data, you can deal with a lot more noise, and you get much better results.

As in the physics example, if we want to build an AI to work with human behavior, then we need to build the statistical properties of human networks into machine-learning algorithms. When you replace the stupid neurons with ones that capture the basics of human behavior, then you can identify trends with very little data, and you can deal with huge levels of noise.

The fact that humans have a "commonsense" understanding that they bring to most problems suggests what I call the human strategy: Human society is a network just like the neural nets trained for deep learning, but the "neurons" in human society are a lot



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smarter. You and I have surprisingly general descriptive powers that we use for understanding a wide range of situations, and we can recognize which connections should be reinforced. That means we can shape our social networks to work much better and potentially beat all that machine-based AI at its own game.



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*"URGENT!" URGENT!" the cc'd copy of an email screamed, one of a dozen emails that greeted me as I turned on my phone at the baggage carousel at Malpensa Airport after the long flight from JFK. "The great American visionary thinker John Brockman arrives this morning at Grand Hotel Milan. You MUST, repeat MUST pay him a visit." It was signed HUO.*

*The prior evening, waiting in the lounge at JFK, I had had the bright idea to write my friend and longtime collaborator, the London-based, peripatetic art curator* **Hans Ulrich Obrist (***known to all as HUO), and ask if there was anyone in Milan I should know.*

*Once I was settled at the hotel, the phone began ringing and a procession of leading Italian artists, designers, and architects called to request a meeting, including Enzo Mari, the modernist artist and furniture designer; Alberto Garutti, whose aesthetic strategies have inspired a dialogue between contemporary art, spectator, and public space; and fashion designer Miuccia Prada, who "requests your presence for tea this afternoon at Prada headquarters." And thus, thanks to HUO, did the jet-lagged "great American visionary thinker" stumble and mumble his way through his first day in Milan, November 2011.*

*HUO is* sui generis*: He lives a twenty-four-hour day, sleeping (I guess) whenever, and employing full-time assistants who work eight-hour shifts and are available to him 24/7. Over a recent two-year period, he visited art venues in either China or India for forty weekends each year—departing London Thursday evening, back at his desk on Monday. Last year, once again,* ArtReview *ranked him #1 on their annual "Power 100" list.*

*Recently we collaborated on a panel during the "GUEST, GHOST, HOST: MACHINE!" Serpentine event that took place at London's new City Hall. We were joined by Venki Ramakrishnan, Jaan Tallinn, and Andrew Blake, research director of The Alan Turing Institute. The event was consistent with HUO's mission of bringing together art and science: "The curator is no longer understood simply as the person who fills a space with objects," he says, "but also as the person who brings different cultural spheres into contact, invents new display features, and makes junctions that allow unexpected encounters and results."*



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# MAKING THE INVISIBLE VISIBLE: ART MEETS AI

**Hans Ulrich Obrist**

***Hans Ulrich Obrist*** *is artistic director of the Serpentine Gallery, London, and the author of* Ways of Curating *and* Lives of the Artists, Lives of the Architects.

In the Introduction to the second edition of his book *Understanding Media*, Marshall McLuhan noted the ability of art to "anticipate future social and technological developments." Art is "an early alarm system," pointing us to new developments in times ahead and allowing us "to prepare to cope with them. . . . Art as a radar environment takes on the function of indispensable perceptual training. . . ."

In 1964, when McLuhan's book was first published, the artist Nam June Paik was just building his *Robot K-456* to experiment with the technologies that subsequently would start to influence society. He had worked with television earlier, challenging its usual passive consumption by the viewer, and later made art with global live-satellite broadcasts, using the new media less for entertainment than to point us to their poetic and intercultural capacities (which are still mostly unused today). The Paiks of our time, of course, are now working with the Internet, digital images, and artificial intelligence. Their works and thoughts, again, are an early alarm system for the developments ahead of us.

As a curator, my daily work is to bring together different works of art and connect different cultures. Since the early 1990s, I have also been organizing conversations and meetings with practitioners from different disciplines, in order to go beyond the general reluctance to pool knowledge. Since I was interested in hearing what artists have to say about artificial intelligence, I recently organized several conversations between artists and engineers.

The reason to look closely at AI is that two of the most important questions of today are "How capable will AI become?" and "What dangers may arise from it?" Its early applications already influence our everyday lives in ways that are more or less recognizable. There is an increasing impact on many aspects of our society, but whether this might be, in general, beneficial or malign is still uncertain.

Many contemporary artists are following these developments closely. They are articulating various doubts about the promises of AI and reminding us not to associate the term "artificial intelligence" solely with positive outcomes. To the current discussions of AI, the artists contribute their specific perspectives and notably their focus on questions of image making, creativity, and the use of programming as artistic tools.

The deep connections between science and art had already been noted by the late Heinz von Foerster, one of the architects of cybernetics, who worked with Norbert Wiener from the mid-1940s and in the 1960s founded the field of second-order cybernetics, in which the observer is understood as part of the system itself and not an external entity. I knew von Foerster well, and in one of our many conversations, he offered his views on the relation between art and science:

> I've always perceived art and science as complementary fields. One shouldn't forget that a scientist is in some respects also an artist. He invents a new technique and he describes it. He uses language like a poet, or the author of a detective novel, and describes his findings. In my view, a scientist must work in



HOUSE_OVERSIGHT_016947

> an artistic way if he wants to communicate his research. He obviously wants to communicate and talk to others. A scientist invents new objects, and the question is how to describe them. In all of these aspects, science is not very different from art.

When I asked him how he defined cybernetics, von Foerster answered:

> The substance of what we have learned from cybernetics is to think in circles: *A* leads *B, B* to *C,* but *C* can return to *A*. Such kinds of arguments are not linear but circular. The significant contribution of cybernetics to our thinking is to accept circular arguments. This means that we have to look at circular processes and understand under which circumstances an equilibrium, and thus a stable structure, emerges.

Today, where AI algorithms are applied in daily tasks, one can ask how the human factor is included in these kinds of processes and what role creativity and art could play in relation to them. There are thus different levels to think about when exploring the relation between AI and art.

So, what do contemporary artists have to say about artificial intelligence?

***Artificial Stupidity***

Hito Steyerl, an artist who works with documentary and experimental film, considers two key aspects that we should keep in mind when reflecting on the implications of AI for society. First, the expectations for so-called artificial intelligence, she says, are often overrated, and the noun "intelligence" is misleading; to counter that, she uses the term "artificial stupidity." Second, she points out that programmers are now making invisible software algorithms visible through images, but to understand and interpret these images better, we should apply the expertise of artists.

Steyerl has worked with computer technology for many years, and her recent artworks have explored surveillance techniques, robots, and such computer games as in *How Not to Be Seen* (2013), on digital-image technologies, or *HellYeahWeFuckDie* (2017), about the training of robots in the still-difficult task of keeping balance. But to explain her notion of artificial stupidity, Steyerl refers to a more general phenomenon, like the now widespread use of Twitter bots, noting in our conversation:

> It was and still is a very popular tool in elections to deploy Twitter armies to sway public opinion and deflect popular hashtags and so on. This is an artificial intelligence of a very, very low grade. It's two or maybe three lines of script. It's nothing very sophisticated at all. Yet the social implications of this kind of artificial stupidity, as I call it, are already monumental in global politics.

As has been widely noted, this kind of technology was seen in the many automated Twitter posts before the 2016 U.S. presidential election and also shortly before the Brexit vote. If even low-grade AI technology like these bots are already influencing our politics, this raises another urgent question: "How powerful will far more advanced techniques be in the future?"



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***Visible / Invisible***

The artist Paul Klee often talked about art as "making the invisible visible." In computer technology, most algorithms work invisibly, in the background; they remain inaccessible in the systems we use daily. But lately there has been an interesting comeback of visuality in machine learning. The ways that the deep-learning algorithms of AI are processing data have been made visible through applications like Google's DeepDream, in which the process of computerized pattern-recognition is visualized in real time. The application shows how the algorithm tries to match animal forms with any given input. There are many other AI visualization programs that, in their way, also "make the invisible visible." The difficulty in the general public perception of such images is, in Steyerl's view, that these visual patterns are viewed uncritically as realistic and objective representations of the machine process. She says of the aesthetics of such visualizations:

> For me, this proves that science has become a subgenre of art history. . . . We now have lots of abstract computer patterns that might look like a Paul Klee painting, or a Mark Rothko, or all sorts of other abstractions that we know from art history. The only difference, I think, is that in current scientific thought they're perceived as representations of reality, almost like documentary images, whereas in art history there's a very nuanced understanding of different kinds of abstraction.

What she seeks is a more profound understanding of computer-generated images and the different aesthetic forms they use. They are obviously not generated with the explicit goal of following a certain aesthetic tradition. The computer engineer Mike Tyka, in a conversation with Steyerl, explained the functions of these images:

> Deep-learning systems, especially the visual ones, are really inspired by the need to know what's going on in the black box. Their goal is to project these processes back into the real world.

Nevertheless, these images have aesthetic implications and values which have to be taken into account. One could say that while the programmers use these images to help us better understand the programs' algorithms, we need the knowledge of artists to better understand the aesthetic forms of AI. As Steyerl has pointed out, such visualizations are generally understood as "true" representations of processes, but we should pay attention to their respective aesthetics, and their implications, which have to be viewed in a critical and analytical way.

In 2017, the artist Trevor Paglen created a project to make these invisible AI algorithms visible. In *Sight Machine*, he filmed a live performance of the Kronos Quartet and processed the resulting images with various computer software programs used for face detection, object identification, and even for missile guidance. He projected the outcome of these algorithms, in real time, back to screens above the stage. By demonstrating how the various different programs interpreted the musicians' performance, Paglen showed that AI algorithms are always determined by sets of values and interests which they then manifest and reiterate, and thus must be critically questioned. The significant contrast between algorithms and music also raises the issue of relationships between technical and human perception.



HOUSE_OVERSIGHT_016949

***Computers, as a Tool for Creativity, Can't Replace the Artist.***
Rachel Rose, a video artist who thinks about the questions posed by AI, employs computer technology in the creation of her works. Her films give the viewer an experience of materiality through the moving image. She uses collaging and layering of the material to manipulate sound and image, and the editing process is perhaps the most important aspect of her work.

She also talks about the importance of decision making in her work. For her, the artistic process does not follow a rational pattern. In a converation we had, together with the engineer Kenric McDowell, at the Google Cultural Institute, she explained this by citing a story from theater director Peter Brook's 1968 book *The Empty Space*. When Brook designed the set for his production of *The Tempest* in the late 1960s, he started by making a Japanese garden, but then the design evolved, becoming a white box, a black box, a realistic set, and so on. And in the end, he returned to his original idea. Brook writes that he was shocked at having spent a month on his labors, only to end at the beginning. But this shows that the creative artistic process is a succession whose every step builds on the next and which eventually comes to an unpredictable conclusion. The process is not a logical or rational succession but has mostly to do with the artist's feelings in reaction to the preceding result. Rose said, of her own artistic decision making:

> It, to me, is distinctively different from machine learning, because at each decision there's this core feeling that comes from a human being, which has to do with empathy, which has to do with communication, which has to do with questions about our own mortality that only a human could ask.

This point underlines the fundamental difference between any human artistic production and so-called computer creativity. Rose sees AI more as a possible way to create better tools for humans:

> A place I can imagine machine learning working for an artist would be not in developing an independent subjectivity, like writing a poem or making an image, but actually in filling in gaps that are to do with labor, like the way that Photoshop works with different tools that you can use.

And though such tools may not seem spectacular, she says, "they might have a larger influence on art," because they provide artists with further possibilities in their creative work.

McDowell added that he, too, believes there are false expectations around AI. "I've observed," he said, "that there's a sort of magical quality to the idea of a computer that does all the things that we do." He continued: "There's almost this kind of demonic mirror that we look into, and we want it to write a novel, we want it to make a film—we want to give that away somehow." He is instead working on projects wherein humans collaborate with the machine. One of the current aims of AI research is to find new means of interaction between humans and software. And art, one could say, needs to play a key role in that enterprise, since it focuses on our subjectivity and on essential human aspects like empathy and mortality.



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***Cybernetics / Art***

Suzanne Treister is an artist whose work from 2009 to 2011 serves as an example of what is happening at the intersection of our current technologies, the arts, and cybernetics. Treister has been a pioneer in digital art since the 1990s, inventing, for example, imaginary video games and painting screen shots from them. In her project *Hexen 2.0* she looked back at the famous Macy conferences on cybernetics that between 1946 and 1953 were organized in New York by engineers and social scientists to unite the sciences and to develop a universal theory of the workings of the mind.

In her project, she created thirty photo-text works about the conference attendees (which included Wiener and von Foerster), she invented tarot cards, and she made a video based on a photomontage of a "cybernetic séance." In the "séance," the conference participants are seen sitting at a round table, as in spiritualist séances, while certain of their statements on cybernetics are heard in an audio-collage—rational knowledge and superstition combined. She also noted that some of the participating scientists worked for the military; thus the application of cybernetics could be seen in an ambivalent way, even back then, as a tussle between pure knowledge and its use in state control.

If one looks at Treister's work about the Macy conference participants, one sees that no visual artist was included. A dialogue between artists and scientists would be fruitful in future discussions, and it is a bit astonishing that this wasn't realized at the time, given von Foerster's keen interest in art. He recounted in one of our conversations how his relation to the field dated back to his childhood:

> I grew up as a child in an artistic family. We often had visits from poets, philosophers, painters, and sculptors. Art was a part of my life. Later, I got into physics, as I was talented in this subject. But I always remained conscious of the importance of art for science. There wasn't a great difference for me. For me, both aspects of life have always been very much alike—and accessible, too. We should see them as one. An artist also has to reflect on his work. He has to think about his grammar and his language. A painter must know how to handle his colors. Just think of how intensively oil colors were researched during the Renaissance. They wanted to know how a certain pigment could be mixed with others to get a certain tone of red or blue. Chemists and painters collaborated very closely. I think the artificial division between science and art is wrong.

Though for von Foerster the relation between the art and science was always clear, for our own time this connection remains to be made. There are many reasons to multiply the links. The critical thinking of artists would be beneficial in respect to the dangers of AI, since they draw our attention to questions they consider essential from their perspective. With the advent of machine learning, new tools are available to artists for their work. And as the algorithms of AI are made visible through artificial images in new ways, artists' critical visual knowledge and expertise will be harnessed. Many of the key questions of AI are philosophical in nature and can be answered only from a holistic point of view. The way they play out among adventurous artists will be worth following.

***Simulating Worlds***

For the most part, the works of contemporary artists have been embodied ruminations on



HOUSE_OVERSIGHT_016951

AI's impact on existential questions of the self and our future interaction with nonhuman entities. Few, though, have taken the technologies and innovations of AI as the underlying materials of their work and sculpted them to their own vision. An exception is the artist Ian Cheng, who has gone as far as to construct entire worlds of artificial beings with varying degrees of sentience and intelligence. He refers to these worlds as Live Simulations. His *Emissaries* trilogy (2015-2017) is set in a fictional postapocalyptic world of flora and fauna, in which AI-driven animals and creatures explore the landscape and interact with each other. Cheng uses advanced graphics but has them programmed with a lot of glitches and imperfections, which imparts a futuristic and anachronistic atmosphere at the same time. Through his trilogy, which charts a history of consciousness, he asks the question "What is a simulation?"

While the majority of artistic works that utilize recent developments in AI specifically draw from the field of machine learning, Cheng's Live Simulations take a separate route. The protagonists and plot lines that are interlaced in each episodic simulation of *Emissaries* use the complex logic systems and rules of AI. What is profound about his continually evolving scenes is that complexity arises not through the desire/actions of any single actor or artificial godhead but instead through their constellation, collision, and constant evolution in symbiosis with one another. This gives rise to unexpected outcomes and unending, unknowable situations—you can never experience the exact same moment in successive viewings of his work.

Cheng had a discussion at the Serpentine Marathon "GUEST, GHOST, HOST: MACHINE!" with the programmer Richard Evans, who recently designed Versu, an AI-based platform for interactive storytelling games. Evans' work emphasizes the social interaction of the games' characters, who react in a spectrum of possible behaviors to the choices made by the human players. In their conversation, Evans said that a starting point for the project was that most earlier simulation video games, such as *The Sims*, did not sufficiently take into account the importance of social practices. Simulated protagonists in games would often act in ways that did not correspond well with real human behavior. Knowledge of social practices limits the possibilities of action but is necessary to understand the meaning of our actions—which is what interests Cheng for his own simulations. The more parameters of actions in certain circumstances are determined in a computer simulation, the more interesting it is for Cheng to experiment with individual and specific changes. He told Evans, "I gather that if we had AI with more ability to respond to social contexts, tweaking one thing, you would get something quite artistic and beautiful."

Cheng also sees the work of programmers and AI simulations as creating new and sophisticated tools for experimenting with the parameters of our daily social practices. In this way, the involvement of artists in AI will lead to new kinds of open experiments in Art. Such possibilities are—like increased AI capabilities in general—still in the future. Recognizing that this is an experimental technology in its infancy, very far from apocalyptic visions of a superintelligent AI takeover, Cheng fills his simulations with prosaic avatars such as strange microbial globules, dogs, and the undead.

Discussions like these, between artists and engineers, of course are not totally new. In the 1960s, the engineer Billy Klüver brought artists together with engineers in a series of events, and in 1967 he founded the Experiments in Art and Technology program with Robert Rauschenberg and others. In London, at around the same time, Barbara



HOUSE_OVERSIGHT_016952

Stevini and John Latham, of the Artist Placement Group, took things a step further by asserting that there should be artists in residence in every company and every government. Today, these inspiring historical models can be applied to the field of AI. As AI comes to inhabit more and more of our everyday lives, the creation of a space that is nondeterministic and non-utilitarian in its plurality of perspectives and diversity of understandings will undoubtedly be essential.



HOUSE_OVERSIGHT_016953

**Alison Gopnik** *is an international leader in the field of children's learning and development and was one of the founders of the field of "theory of mind." She has spoken of the child brain as a "powerful learning computer," perhaps from personal experience. Her own Philadelphia childhood was an exercise in intellectual development. "Other families took their kids to see* The Sound of Music *or* Carousel*; we saw Racine's* Phaedra *and Samuel Beckett's* Endgame," *she has recalled. "Our family read Henry Fielding's 18th-century novel* Joseph Andrews *out loud to each other around the fire on camping trips."*

*Lately she has invoked Bayesian models of machine learning to explain the remarkable ability of preschoolers to draw conclusions about the world around them without benefit of enormous data sets. "I think babies and children are actually more conscious than we are as adults," she has said. "They're very good at taking in lots of information from lots of different sources at once." She has referred to babies and young children as "the research and development division of the human species." Not that she treats them coldly, as if they were mere laboratory animals. They appear to revel in her company, and in the blinking, thrumming toys in her Berkeley lab. For years after her own children had outgrown it, she kept a playpen in her office.*

*Her investigations into just how we learn, and the parallels to the deep-learning methods of AI, continues. "It turns out to be much easier to simulate the reasoning of a highly trained adult expert than to mimic the ordinary learning of every baby," she says. "Computation is still the best—indeed, the only—scientific explanation we have of how a physical object like a brain can act intelligently. But, at least for now, we have almost no idea at all how the sort of creativity we see in children is possible."*



HOUSE_OVERSIGHT_016954

## AIs VERSUS FOUR-YEAR-OLDS
**Alison Gopnik**

***Alison Gopnik** is a developmental psychologist at UC Berkeley; her books include* The Philosophical Baby *and, most recently,* The Gardener and the Carpenter: What the New Science of Child Development Tells Us About the Relationship Between Parents and Children.

Everyone's heard about the new advances in artificial intelligence, and especially machine learning. You've also heard utopian or apocalyptic predictions about what those advances mean. They have been taken to presage either immortality or the end of the world, and a lot has been written about both those possibilities. But the most sophisticated AIs are still far from being able to solve problems that human four-year-olds accomplish with ease. In spite of the impressive name, artificial intelligence largely consists of techniques to detect statistical patterns in large data sets. There is much more to human learning.

How can we possibly know so much about the world around us? We learn an enormous amount even when we are small children; four-year-olds already know about plants and animals and machines; desires, beliefs, and emotions; even dinosaurs and spaceships.

Science has extended our knowledge about the world to the unimaginably large and the infinitesimally small, to the edge of the universe and the beginning of time. And we use that knowledge to make new classifications and predictions, imagine new possibilities, and make new things happen in the world. But all that reaches any of us from the world is a stream of photons hitting our retinas and disturbances of air at our eardrums. How do we learn so much about the world when the evidence we have is so limited? And how do we do all this with the few pounds of grey goo that sits behind our eyes?

The best answer so far is that our brains perform computations on the concrete, particular, messy data arriving at our senses, and those computations yield accurate representations of the world. The representations seem to be structured, abstract, and hierarchical; they include the perception of three-dimensional objects, the grammars that underlie language, and mental capacities like "theory of mind," which lets us understand what other people think. Those representations allow us to make a wide range of new predictions and imagine many new possibilities in a distinctively creative human way.

This kind of learning isn't the only kind of intelligence, but it's a particularly important one for human beings. And it's the kind of intelligence that is a specialty of young children. Although children are dramatically bad at planning and decision making, they are the best learners in the universe. Much of the process of turning data into theories happens before we are five.

Since Aristotle and Plato, there have been two basic ways of addressing the problem of how we know what we know, and they are still the main approaches in machine learning. Aristotle approached the problem from the bottom up: Start with senses—the stream of photons and air vibrations (or the pixels or sound samples of a digital image or recording)—and see if you can extract patterns from them. This approach was carried further by such classic associationists as philosophers David Hume



HOUSE_OVERSIGHT_016955

and J. S. Mill and later by behavioral psychologists, like Pavlov and B. F. Skinner. On this view, the abstractness and hierarchical structure of representations is something of an illusion, or at least an epiphenomenon. All the work can be done by association and pattern detection—especially if there are enough data.

Over time, there has been a seesaw between this bottom-up approach to the mystery of learning and Plato's alternative, top-down one. Maybe we get abstract knowledge from concrete data because we already know a lot, and especially because we already have an array of basic abstract concepts, thanks to evolution. Like scientists, we can use those concepts to formulate hypotheses about the world. Then, instead of trying to extract patterns from the raw data, we can make predictions about what the data should look like if those hypotheses are right. Along with Plato, such "rationalist" philosophers and psychologists as Descartes and Noam Chomsky took this approach.

Here's an everyday example that illustrates the difference between the two methods: solving the spam plague. The data consist of a long unsorted list of messages in your in-box. The reality is that some of these messages are genuine and some are spam. How can you use the data to discriminate between them?

Consider the bottom-up technique first. You notice that the spam messages tend to have particular features: a long list of addressees, origins in Nigeria, references to million-dollar prizes or Viagra. The trouble is that perfectly useful messages might have these features, too. If you looked at enough examples of spam and non-spam emails, you might see not only that spam emails tend to have those features but that the features tend to go together in particular ways (Nigeria plus a million dollars spells trouble). In fact, there might be some subtle higher-level correlations that discriminate the spam messages from the useful ones—a particular pattern of misspellings and IP addresses, say. If you detect those patterns, you can filter out the spam.

The bottom-up machine-learning techniques do just this. The learner gets millions of examples, each with some set of features and each labeled as spam (or some other category) or not. The computer can extract the pattern of features that distinguishes the two, even if it's quite subtle.

How about the top-down approach? I get an email from the editor of the *Journal of Clinical Biology*. It refers to one of my papers and says that they would like to publish an article by me. No Nigeria, no Viagra, no million dollars; the email doesn't have any of the features of spam. But by using what I already know, and thinking in an abstract way about the process that produces spam, I can figure out that this email is suspicious.

(1) I know that spammers try to extract money from people by appealing to human greed.

(2) I also know that legitimate "open access" journals have started covering their costs by charging authors instead of subscribers, and that I don't practice anything like clinical biology.

Put all that together and I can produce a good new hypothesis about where that email came from. It's designed to sucker academics into paying to "publish" an article in a fake journal. The email was a result of the same dubious process as the other spam emails, even though it looked nothing like them. I can draw this conclusion from just one example, and I can go on to test my hypothesis further, beyond anything in the email itself, by googling the "editor."



HOUSE_OVERSIGHT_016956

In computer terms, I started out with a "generative model" that includes abstract concepts like greed and deception and describes the process that produces email scams. That lets me recognize the classic Nigerian email spam, but it also lets me imagine many different kinds of possible spam. When I get the journal email, I can work backward: "This seems like just the kind of mail that would come out of a spam-generating process."

The new excitement about AI comes because AI researchers have recently produced powerful and effective versions of both these learning methods. But there is nothing profoundly new about the methods themselves.

***Bottom-up Deep Learning***

In the 1980s, computer scientists devised an ingenious way to get computers to detect patterns in data: connectionist, or neural-network, architecture (the "neural" part was, and still is, metaphorical). The approach fell into the doldrums in the '90s but has recently been revived with powerful "deep-learning" methods like Google's DeepMind.

For example, you can give a deep-learning program a bunch of Internet images labeled "cat," others labeled "house," and so on. The program can detect the patterns differentiating the two sets of images and use that information to label new images correctly. Some kinds of machine learning, called unsupervised learning, can detect patterns in data with no labels at all; they simply look for clusters of features—what scientists call a factor analysis. In the deep-learning machines, these processes are repeated at different levels. Some programs can even discover relevant features from the raw data of pixels or sounds; the computer might begin by detecting the patterns in the raw image that correspond to edges and lines and then find the patterns in those patterns that correspond to faces, and so on.

Another bottom-up technique with a long history is reinforcement learning. In the 1950s, B. F. Skinner, building on the work of John Watson, famously programmed pigeons to perform elaborate actions—even guiding air-launched missiles to their targets (a disturbing echo of recent AI) by giving them a particular schedule of rewards and punishments. The essential idea was that actions that were rewarded would be repeated and those that were punished would not, until the desired behavior was achieved. Even in Skinner's day, this simple process, repeated over and over, could lead to complex behavior. Computers are designed to perform simple operations over and over on a scale that dwarfs human imagination, and computational systems can learn remarkably complex skills in this way.

For example, researchers at Google's DeepMind used a combination of deep learning and reinforcement learning to teach a computer to play Atari video games. The computer knew nothing about how the games worked. It began by acting randomly and got information only about what the screen looked like at each moment and how well it had scored. Deep learning helped interpret the features on the screen, and reinforcement learning rewarded the system for higher scores. The computer got very good at playing several of the games, but it also completely bombed on others just as easy for humans to master.

A similar combination of deep learning and reinforcement learning has enabled the success of DeepMind's AlphaZero, a program that managed to beat human players at both chess and Go, equipped only with a basic knowledge of the rules of the game and



HOUSE_OVERSIGHT_016957

some planning capacities. AlphaZero has another interesting feature: It works by playing hundreds of millions of games against itself. As it does so, it prunes mistakes that led to losses, and it repeats and elaborates on strategies that led to wins. Such systems, and others involving techniques called generative adversarial networks, generate data as well as observing data.

When you have the computational power to apply those techniques to very large data sets or millions of email messages, Instagram images, or voice recordings, you can solve problems that seemed very difficult before. That's the source of much of the excitement in computer science. But it's worth remembering that those problems—like recognizing that an image is a cat or a spoken word is "Siri"—are trivial for a human toddler. One of the most interesting discoveries of computer science is that problems that are easy for us (like identifying cats) are hard for computers—much harder than playing chess or Go. Computers need millions of examples to categorize objects that we can categorize with just a few. These bottom-up systems can generalize to new examples; they can label a new image as a "cat" fairly accurately, over all. But they do so in ways quite different from how humans generalize. Some images almost identical to a cat image won't be identified by us as cats at all. Others that look like a random blur will be.

***Top-down Bayesian Models***

The top-down approach played a big role in early AI, and in the 2000s it, too, experienced a revival, in the form of probabilistic, or Bayesian, generative models.

The early attempts to use this approach faced two kinds of problems. First, most patterns of evidence might in principle be explained by many different hypotheses: It's possible that my journal email message is genuine, it just doesn't seem likely. Second, where do the concepts that the generative models use come from in the first place? Plato and Chomsky said you were born with them. But how can we explain how we learn the latest concepts of science? Or how even young children understand about dinosaurs and rocket ships?

Bayesian models combine generative models and hypothesis testing with probability theory, and they address these two problems. A Bayesian model lets you calculate just how likely it is that a particular hypothesis is true, given the data. And by making small but systematic tweaks to the models we already have, and testing them against the data, we can sometimes make new concepts and models from old ones. But these advantages are offset by other problems. The Bayesian techniques can help you choose which of two hypotheses is more likely, but there are almost always an enormous number of possible hypotheses, and no system can efficiently consider them all. How do you decide which hypotheses are worth testing in the first place?

Brenden Lake at NYU and colleagues have used these kinds of top-down methods to solve another problem that's easy for people but extremely difficult for computers: recognizing unfamiliar handwritten characters. Look at a character on a Japanese scroll. Even if you've never seen it before, you can probably tell if it's similar to or different from a character on another Japanese scroll. You can probably draw it and even design a fake Japanese character based on the one you see—one that will look quite different from a Korean or Russian character. [37]

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[37] Brenden M. Lake, Ruslan Salakhutdinov & Joshua B. Tenenbaum, "Human-level concept learning through probabilistic program induction," *Science,* 350:6266, pp. 1332-38 (2015).



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The bottom-up method for recognizing handwritten characters is to give the computer thousands of examples of each one and let it pull out the salient features. Instead, Lake *et al.* gave the program a general model of how you draw a character: A stroke goes either right or left; after you finish one, you start another; and so on. When the program saw a particular character, it could infer the sequence of strokes that were most likely to have led to it—just as I inferred that the spam process led to my dubious email. Then it could judge whether a new character was likely to result from that sequence or from a different one, and it could produce a similar set of strokes itself. The program worked much better than a deep-learning program applied to exactly the same data, and it closely mirrored the performance of human beings.

These two approaches to machine learning have complementary strengths and weaknesses. In the bottom-up approach, the program doesn't need much knowledge to begin with, but it needs a great deal of data, and it can generalize only in a limited way. In the top-down approach, the program can learn from just a few examples and make much broader and more varied generalizations, but you need to build much more into it to begin with. A number of investigators are currently trying to combine the two approaches, using deep learning to implement Bayesian inference.

The recent success of AI is partly the result of extensions of those old ideas. But it has more to do with the fact that, thanks to the Internet, we have much more data, and thanks to Moore's Law we have much more computational power to apply to that data. Moreover, an unappreciated fact is that the data we do have has already been sorted and processed by human beings. The cat pictures posted to the Web are canonical cat pictures—pictures that humans have already chosen as "good" pictures. Google Translate works because it takes advantage of millions of human translations and generalizes them to a new piece of text, rather than genuinely understanding the sentences themselves.

But the truly remarkable thing about human children is that they somehow combine the best features of each approach and then go way beyond them. Over the past fifteen years, developmentalists have been exploring the way children learn structure from data. Four-year-olds can learn by taking just one or two examples of data, as a top-down system does, and generalizing to very different concepts. But they can also learn new concepts and models from the data itself, as a bottom-up system does.

For example, in our lab we give young children a "blicket detector"—a new machine to figure out, one they've never seen before. It's a box that lights up and plays music when you put certain objects on it but not others. We give children just one or two examples of how the machine works, showing them that, say, two red blocks make it go, while a green-and-yellow combination doesn't. Even eighteen-month-olds immediately figure out the general principle that the two objects have to be the same to make it go, and they generalize that principle to new examples: For instance, they will choose two objects that have the same *shape* to make the machine work. In other experiments, we've shown that children can even figure out that some hidden invisible property makes the machine go, or that the machine works on some abstract logical principle.[38]

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[38] A. Gopnik, T. Griffiths & C. Lucas, "When younger learners can be better (or at least more open-minded) than older ones," *Curr. Dir. Psychol. Sci.,* 24:2, 87-92 (2015).



HOUSE_OVERSIGHT_016959

You can show this in children's everyday learning, too. Young children rapidly learn abstract intuitive theories of biology, physics, and psychology in much the way adult scientists do, even with relatively little data.

The remarkable machine-learning accomplishments of the recent AI systems, both bottom-up and top-down, take place in a narrow and well-defined space of hypotheses and concepts—a precise set of game pieces and moves, a predetermined set of images. In contrast, children and scientists alike sometimes change their concepts in radical ways, performing paradigm shifts rather than simply tweaking the concepts they already have.

Four-year-olds can immediately recognize cats and understand words, but they can also make creative and surprising new inferences that go far beyond their experience. My own grandson recently explained, for example, that if an adult wants to become a child again, he should try not eating any healthy vegetables, since healthy vegetables make a child grow into an adult. This kind of hypothesis, a plausible one that no grown-up would ever entertain, is characteristic of young children. In fact, my colleagues and I have shown systematically that preschoolers are better at coming up with unlikely hypotheses than older children and adults.[39] We have almost no idea how this kind of creative learning and innovation is possible.

Looking at what children do, though, may give programmers useful hints about directions for computer learning. Two features of children's learning are especially striking. Children are active learners; they don't just passively soak up data like AIs do. Just as scientists experiment, children are intrinsically motivated to extract information from the world around them through their endless play and exploration. Recent studies show that this exploration is more systematic than it looks and is well-adapted to find persuasive evidence to support hypothesis formation and theory choice.[40] Building curiosity into machines and allowing them to actively interact with the world might be a route to more realistic and wide-ranging learning.

Second, children, unlike existing AIs, are social and cultural learners. Humans don't learn in isolation but avail themselves of the accumulated wisdom of past generations. Recent studies show that even preschoolers learn through imitation and by listening to the testimony of others. But they don't simply passively obey their teachers. Instead they take in information from others in a remarkably subtle and sensitive way, making complex inferences about where the information comes from and how trustworthy it is and systematically integrating their own experiences with what they are hearing.[41]

"Artificial intelligence" and "machine learning" sound scary. And in some ways they are. These systems are being used to control weapons, for example, and we really should be scared about that. Still, natural stupidity can wreak far more havoc than artificial intelligence; we humans will need to be much smarter than we have been in the past to properly regulate the new technologies. But there is not much basis for either the apocalyptic or the utopian visions of AIs replacing humans. Until we solve the basic

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[39] A. Gopnik, *et al.,* "Changes in cognitive flexibility and hypothesis search across human life history from childhood to adolescence to adulthood," *Proc. Nat. Acad. Sci.,* 114:30, 7892-99 (2017).

[40] L. Schulz, "The origins of Inquiry: Inductive inference and exploration in early childhood," *Trends Cog. Sci.,* 16:7, 382-89 (2012).

[41] A. Gopnik, *The Gardener and the Carpenter* (New York: Farrar, Straus & Giroux, 2016), chaps. 4 and 5.



HOUSE_OVERSIGHT_016960

paradox of learning, the best artificial intelligences will be unable to compete with the average human four-year-old.



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**Peter Galison's** *focus as a science historian is—speaking roughly—on the intersection of theory with experiment.*

*"For quite a number of years I have been guided in my work by the odd confrontation of abstract ideas and extremely concrete objects," he once told me, in explaining how he thinks about what he does. At the Washington, Connecticut, meeting he discussed the Cold War tension between engineers (like Wiener) and the administrators of the Manhattan Project (like Oppenheimer: "When [Wiener] warns about the dangers of cybernetics, in part he's trying to compete against the kind of portentous language that people like Oppenheimer [used]: 'When I saw the explosion at Trinity, I thought of the Bhagavad Gita—I am death, destroyer of worlds.' That sense, that physics could stand and speak to the nature of the universe and airforce policy, was repellent and seductive. In a way, you can see that over and over again in the last decades—nanosciences, recombinant DNA, cybernetics: 'I stand reporting to you on the science that has the promise of salvation and the danger of annihilation—and you should pay attention, because this could kill you.' It's a very seductive narrative, and it's repeated in artificial intelligence and robotics."*

*As a twenty-four-year old, when I first encountered Wiener's ideas and met his colleagues at the MIT meeting I describe in the book's Introduction, I was hardly interested in Wiener's warnings or admonitions. What drove my curiosity was the stark, radical nature of his view of life, based on the mathematical theory of communications in which the message was nonlinear: According to Wiener, "new concepts of communication and control involved a new interpretation of man, of man's knowledge of the universe, and of society." And that led to my first book, which took information theory—the mathematical theory of communications—as a model for all human experience.*

*In a recent conversation, Peter told me he was beginning to write a book—about building, crashing, and thinking—that considers the black-box nature of cybernetics and how it represents what he thinks of as "the fundamental transformation of learning, machine learning, cybernetics, and the self."*



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## ALGORISTS DREAM OF OBJECTIVITY
**Peter Galison**

***Peter Galison*** *is a science historian, Joseph Pellegrino University Professor and co-founder of the Black Hole Initiative at Harvard University, and the author of* Einstein's Clocks and Poincaré's Maps: Empires of Time.

In his second-best book, the great medieval mathematician al-Khwarizmi described the new place-based Indian form of arithmetic. His name, soon sonically linked to "algorismus" (in late medieval Latin) came to designate procedures acting upon numbers—eventually wending its way through "algorithm," (on the model of "logarithm"), into French and on into English. But I like the idea of a modern algorist, even if my spellcheck does not. I mean by it someone profoundly suspicious of the intervention of human judgment, someone who takes that judgment to violate the fundamental norms of what it is to be objective (and therefore scientific).

Near the end of the 20th century, a paper by two University of Minnesota psychologists summarized a vast literature that had long roiled the waters of prediction. One side, they judged, had for all too long held resolutely—and ultimately unethically—to the "clinical method" of prediction, which prized all that was *subjective*: "informal," "in-the-head," and "impressionistic." These clinicians were people (so said the psychologists) who thought they could study their subjects with meticulous care, gather in committees, and make judgment-based predictions about criminal recidivism, college success, medical outcomes, and the like. The other side, the psychologists continued, embodied everything the clinicians did not, embracing the *objective*: "formal," "mechanical," "algorithmic." This the authors took to stand at the root of the whole triumph of post-Galilean science. Not only did science benefit from the actuarial; to a great extent, science *was* the mechanical-actuarial. Breezing through 136 studies of predictions, across domains from sentencing to psychiatry, the authors showed that in 128 of them, predictions using actuarial tables, a multiple-regression equation, or an algorithmic judgment equalled or exceeded in accuracy those using the subjective approach.

They went on to catalog seventeen fallacious justifications for clinging to the clinical. There were the self-interested foot-draggers who feared losing their jobs to machines. Others lacked the education to follow statistical arguments. One group mistrusted the formalization of mathematics; another excoriated what they took to be the actuarial "dehumanizing;" yet others said that the aim was to understand, not to predict. But whatever the motivations, the review concluded that it was downright immoral to withhold the power of the objective over the subjective, the algorithmic over expert judgment.[42]

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[42] William M. Grove & Paul E. Meehl, "Comparative efficiency of informal (subjective, impressionistic) and formal (mechanical, algorithmic) prediction procedures: The Clinical-Statistical Controversy," *Psychology, Public Policy, and Law*, 2:2, 293-323 (1996).



HOUSE_OVERSIGHT_016963

The algorist view has gained strength. Anne Milgram served as Attorney General of the State of New Jersey from 2007 to 2010. When she took office, she wanted to know who the state was arresting, charging, and jailing, and for what crimes. At the time, she reports in a later TED Talk, she could find almost no data or analytics. By imposing statistical prediction, she continues, law enforcement in Camden during her tenure was able to reduce murders by 41 percent, saving thirty-seven lives, while dropping the total crime rate by 26 percent. After joining the Arnold Foundation as its vice president for criminal justice, she established a team of data scientists and statisticians to create a risk-assessment tool; fundamentally, she construed the team's mission as deciding how to put "dangerous people" in jail while releasing the non-dangerous. "The reason for this," Milgram contended, "is the way we make decisions. Judges have the best intentions when they make these decisions about risk, but they're making them subjectively. They're like the baseball scouts twenty years ago who were using their instinct and their experience to try to decide what risk someone poses. They're being subjective, and we know what happens with subjective decision making, which is that we are often wrong." Her team established nine-hundred-plus risk factors, of which nine were most predictive. The questions, the most urgent questions, for the team were: Will a person commit a new crime? Will that person commit a violent act? Will someone come back to court? We need, concluded Milgram, an "objective measure of risk" that should be inflected by judges' judgment. We know the algorithmic statistical process works. That, she says, is "why Google is Google" and why moneyball wins games.[43]

Algorists have triumphed. We have grown accustomed to the idea that protocols and data can and should guide us in everyday action, from reminders about where we probably want to go next, to the likely occurrence of crime. By now, according to the literature, the legal, ethical, formal, and economic dimensions of algorithms are all quasi-infinite. I'd like to focus on one particular siren song of the algorithm: its promise of objectivity.

Scientific objectivity has a history. That might seem surprising. Isn't the notion—expressed above by the Minnesota psychologists—right? Isn't objectivity co-extensive with science itself? Here it's worth stepping back to reflect on all the epistemic virtues we might value in scientific work. Quantification seems like a good thing to have; so, too, do prediction, explanation, unification, precision, accuracy, certainty, and pedagogical utility. In the best of all possible worlds these epistemic virtues would all pull in the same direction. But they do not—not any more than our ethical virtues necessarily coincide. Rewarding people according to their need may very well conflict with rewarding people according to their ability. Equality, fairness, meritocracy—ethics, in a sense, is all about the adjudication of conflicting goods. Too often we forget that this conflict exists in science, too. Design an instrument to be as sensitive as possible and it often fluctuates wildly, making repetition of a measurement impossible.

"Scientific objectivity" entered both the practice and the nomenclature of science after the first third of the 19th century. One sees this clearly in the scientific atlases that provided scientists with the basic objects of their specialty: There were (and are) atlases of the hand, atlases of the skull, atlases of clouds, crystals, flowers, bubble-chamber pictures, nuclear emulsions, and diseases of the eye. In the 18th century, it was obvious

[43] TED Talk, January 2014, https://www.ted.com/speakers/anne_milgram.



HOUSE_OVERSIGHT_016964

that you would not depict this particular, sun-scorched, caterpillar-chewed clover found outside your house in an atlas. No, you aimed—if you were a genius natural philosopher like Goethe, Albinus, or Cheselden—to observe nature but then to perfect the object in question, to abstract it visually to the ideal. Take a skeleton, view it through a camera lucida, draw it with care. Then correct the "imperfections." The advantage of this parting of the curtains of mere experience was clear: It provided a universal guide, one not attached to the vagaries of individual variation.

As the sciences grew in scope, and scientists grew in number, the downside of idealization became clearer. It was one thing to have Goethe depict the "ur-plant" or "ur-insect." It was quite another to have a myriad of different scientists each fixing their images in different and sometimes contradictory ways. Gradually, from around the 1830s forward, one begins to see something new: a claim that the image making was done with a minimum of human intervention, that protocols were followed. This could mean tracing a leaf with a pencil or pressing it into ink that was transferred to the page. It meant, too, that one suddenly was proud of depicting the view through a microscope of a natural object even with its imperfections. This was a radical idea: snowflakes shown without perfect hexagonal symmetry, color distortion near the edge of a microscope lens, tissue torn around the edges in the process of its preparation.

Scientific objectivity came to mean that our representations of things were executed by holding back from intervention—even if it meant reproducing the yellow color near the edge of the image under the microscope, despite the fact that the scientist *knew* that the discoloration was from the lens, not a feature of the object of inquiry. The advantage of objectivity was clear: It superseded the desire to see a theory realized or a generally accepted view confirmed. But objectivity came at a cost. You lost that precise, easily teachable, colored, full depth-of-field, artist's rendition of a dissected corpse. You got a blurry, bad depth-of-field, black-and-white photograph that no medical student (nor even many medical colleagues) could use to learn and compare cases. Still, for a long stretch of the 19th century, the virtue of hands-off, self-restraining objectivity was on the rise.

Starting in the 1930s, the hardline scientific objectivity in scientific representation began running into trouble. In cataloging stellar spectra, for example, no algorithm could compete with highly trained observers who could sort them with far greater accuracy and replicability than any purely rule-following procedure. By the late 1940s, doctors had begun learning how to read electroencephalograms. Expert judgment was needed to sort out different kinds of seizure readings, while none of the early attempts to use frequency analysis could match that judgment. Solar magnetograms—mapping the magnetic fields across the sun—required the trained expert to pry the real signal from artifacts that emerged from the measuring instruments. Even particle physicists recognized that they could not program a computer to sort certain kinds of tracks into the right bins; judgment, trained judgment, was needed.

There should be no confusion here: This was not a return to the invoked genius of an 18th-century idealizer. No one thought you could train to be a Goethe who alone among scientists could pick out the universal, ideal form of a plant, insect, or cloud. Expertise could be learned—you could take a course to learn to make expert judgments about electroencephalograms, stellar spectra, or bubble-chamber tracks; alas, no one has ever thought you could take a course that would lead to the mastery of exceptional



HOUSE_OVERSIGHT_016965

insight. There can be no royal road to becoming Goethe. In scientific atlas after scientific atlas, one sees explicit argument that "subjective" factors had to be part of the scientific work needed to create, classify, and interpret scientific images.

What we see in so many of the algorists' claims is a tremendous desire to find scientific objectivity precisely by abandoning judgment and relying on mechanical procedures—in the name of scientific objectivity. Many American states have legislated the use of sentencing and parole algorithms. Better a machine, it is argued, than the vagaries of a judge's judgment.

So here is a warning from the sciences. Hands-off algorithmic proceduralism did indeed have its heyday in the 19th century, and of course still plays a role in many of the most successful technical and scientific endeavors. But the idea that mechanical objectivity, construed as binding self-restraint, follows a simple, monotonic curve increasing from the bad impressionistic clinician to the good externalized actuary simply does not answer to the more interesting and nuanced history of the sciences.

There is a more important lesson from the sciences. Mechanical objectivity is a scientific virtue among others, and the hard sciences learned that lesson often. We must do the same in the legal and social scientific domains. What happens, for example, when the secret, proprietary algorithm sends one person to prison for ten years and another for five years, for the same crime? Rebecca Wexler, visiting fellow at the Yale Law School Information Society Project, has explored that question, and the tremendous cost that trade-secret algorithms impose on the possibility of a fair legal defense.[44] Indeed, for a variety of reasons, law enforcement may not want to share the algorithms used to make DNA, chemical, or fingerprint identifications, which puts the defense in a much weakened position to make its case. In the courtroom, objectivity, trade secrets, and judicial transparency may pull in opposite directions. It reminds me of a moment in the history of physics. Just after World War II, the film giants Kodak and Ilford perfected a film that could be used to reveal the interactions and decays of elementary particles. The physicists were thrilled, of course—until the film companies told them that the composition of the film was a trade secret, so the scientists would never gain complete confidence that they understood the processes they were studying. Proving things with unopenable black boxes can be a dangerous game for scientists, and doubly so for criminal justice.

Other critics have underscored how perilous it is to rely on an accused (or convicted) person's address or other variables that can easily become, inside the black box of algorithmic sentencing, a proxy for race. By dint of everyday experience, we have grown used to the fact that airport security is different for children under the age of twelve and adults over the age of seventy-five. What factors do we want the algorists to have in their often hidden procedures? Education? Income? Employment history? What one has read, watched, visited, or bought? Prior contact with law enforcement? How do we want algorists to weight those factors? Predictive analytics predicated on mechanical objectivity comes at a price. Sometimes it may be a price worth paying; sometimes that price would be devastating for the just society we want to have.

More generally, as the convergence of algorithms and Big Data governs a greater and greater part of our lives, it would be well worth keeping in mind these two lessons

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[44] Rebecca Wexler, "Life, Liberty, and Trade Secrets: Intellectual Property in the Criminal Justice System," 70 *Stanford Law Review*, XXX (2018).



HOUSE_OVERSIGHT_016966

from the history of the sciences: Judgment is not the discarded husk of a now pure objectivity of self-restraint. And mechanical objectivity is a virtue competing among others, not the defining essence of the scientific enterprise. They are lessons to bear in mind, even if algorists dream of objectivity.



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*In the past decade, genetic engineering has caught up with computer science with regard to how new scientific initiatives are shaping our lives. Genetic engineer* **George Church**, *a pioneer of the revolution in reading and writing biology, is central to this new landscape of ideas. He thinks of the body as an operating system, with engineers taking the place of traditional biologists in retooling stripped-down components of organisms (from atoms to organs) in much the same vein as in the late 1970s, when electrical engineers were working their way to the first personal computer by assembling circuit boards, hard drives, monitors, etc. George created and is director of the Personal Genome Project, which provides the world's only open-access information on human genomic, environmental, and trait data (GET) and sparked the growing DNA ancestry industry.*

*He was instrumental in laying the groundwork for President Obama's 2013 BRAIN (Brain Research through Advancing Innovative Neurotechnologies) Initiative—in aid of improving the brains of human beings to the point where, for much of what sustains us, we might not need the help of (potentially dicey) AIs. "It could be that some of the BRAIN Initiative projects allow us to build human brains that are more consistent with our ethics and capable of doing advanced tasks like artificial intelligence," George has said. "The safest path by far is getting humans to do all the tasks that they would like to delegate to machines, but we're not yet firmly on that super-safe path."*

*More recently, his crucially important pioneering use of the enzyme CRISPR (as well as methods better than CRISPR) to edit the genes of human cells is sometimes missed by the media in the telling of the CRISPR origins story.*

*George's attitude toward future forms of artificial general intelligence is friendly, as evinced in the essay that follows. At the same time, he never loses sight of the AI-safety issue. On that subject, he recently remarked: "The main risk in AI, to my mind, is not so much whether we can mathematically understand what they're thinking; it's whether we're capable of teaching them ethical behavior. We're barely capable of teaching each other ethical behavior."*



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# THE RIGHTS OF MACHINES
## George M. Church

***George M. Church*** *is Robert Winthrop Professor of Genetics at Harvard Medical School; Professor of Health Sciences and Technology, Harvard-MIT; and co-author (with Ed Regis) of* Regenesis: How Synthetic Biology Will Reinvent Nature and Ourselves.

In 1950, Norbert Wiener's *The Human Use of Human Beings* was at the cutting edge of vision and speculation in proclaiming that

> the machine like the djinnee, which can learn and can make decisions on the basis of its learning, will in no way be obliged to make such decisions as we should have made, or will be acceptable to us. . . . Whether we entrust our decisions to machines of metal, or to those machines of flesh and blood which are bureaus and vast laboratories and armies and corporations, . . . [t]he hour is very late, and the choice of good and evil knocks at our door.

But this was his book's denouement, and it has left us hanging now for sixty-eight years, lacking not only prescriptions and proscriptions but even a well-articulated "problem statement." We have since seen similar warnings about the threat of our machines, even in the form of outreach to the masses, via films like *Colossus: The Forbin Project* (1970), *The Terminator* (1984), *The Matrix* (1999), and *Ex Machina* (2015). But now the time is ripe for a major update, with fresh, new perspectives—notably focused on generalizations of our "human" rights and our existential needs.

Concern has tended to focus on "us versus them [robots]" or "grey goo [nanotech]" or "monocultures of clones [bio]." To extrapolate current trends: What if we could make or grow almost anything and engineer any level of safety and efficacy desired? Any thinking being (made of any arrangement of atoms) could have access to any technology.

Probably we should be less concerned about us-versus-them and more concerned about the rights of all sentients in the face of an emerging unprecedented diversity of minds. We should be harnessing this diversity to minimize global existential risks, like supervolcanoes and asteroids.

But should we say "should"? (Disclaimer: In this and many other cases, when a technologist describes a societal path that "could," "would," or "should" happen, this doesn't necessarily equate to the preferences of the author. It could reflect warning, uncertainty, and/or detached assessment.) Roboticist Gianmarco Veruggio and others have raised issues of roboethics since 2002; the U.K. Department of Trade and Industry and the RAND spin-off Institute for the Future have raised issues of robot rights since 2006.

### *"Is versus ought"*

It is commonplace to say that science concerns "is," not "ought." Stephen Jay Gould's "non-overlapping magisteria" view argues that facts must be completely distinct from values. Similarly, the 1999 document *Science and Creationism* from the U.S. National Academy of Sciences noted that "science and religion occupy two separate realms." This



HOUSE_OVERSIGHT_016969

division has been critiqued by evolutionary biologist Richard Dawkins, myself, and others. We can discuss "should" if framed as "we should do X in order to achieve Y." Which Y should be a high priority is not necessarily settled by democratic vote but might be settled by Darwinian vote. Value systems and religions wax and wane, diversify, diverge, and merge just as living species do: subject to selection. The ultimate "value" (the "should") is survival of genes and memes.

Few religions say that there is no connection between our physical being and the spiritual world. Miracles are documented. Conflicts between Church doctrine and Galileo and Darwin are eventually resolved. Faith and ethics are widespread in our species and can be studied using scientific methods, including but not limited to fMRI, psychoactive drugs, questionnaires, et cetera.

Very practically, we have to address the ethical rules that should be built in, learned, or probabilistically chosen for increasingly intelligent and diverse machines. We have a whole series of trolley problems. At what number of people in line for death should the computer decide to shift a moving trolley to one person? Ultimately this might be a deep-learning problem—one in which huge databases of facts and contingencies can be taken into account, some seemingly far from the ethics at hand.

For example, the computer might infer that the person who would escape death if the trolley is left alone is a convicted terrorist recidivist loaded up with doomsday pathogens, or a saintly POTUS—or part of a much more elaborate chain of events in detailed alternative realities. If one of these problem descriptions seems paradoxical or illogical, it may be that the authors of the trolley problem have adjusted the weights on each sides of the balance such that hesitant indecision is inevitable.

Alternatively, one can use misdirection to rig the system, such that the error modes are not at the level of attention. For example, in the Trolley Problem, the real ethical decision was made years earlier when pedestrians were given access to the rails—or even before that, when we voted to spend more on entertainment than on public safety. Questions that at first seem alien and troubling, like "Who owns the new minds, and who pays for their mistakes?" are similar to well-established laws about who owns and pays for the sins of a corporation.

***The Slippery Slopes***

We can (over)simplify ethics by claiming that certain scenarios won't happen. The technical challenges or the bright red lines that cannot be crossed are reassuring, but the reality is that once the benefits seem to outweigh the risks (even briefly and barely), the red lines shift. Just before Louise Brown's birth in 1978, many people were worried that she "would turn out to be a little monster, in some way, shape or form, deformed, something wrong with her."[45] Few would hold this view of in-vitro fertilization today.

What technologies are lubricating the slope toward multiplex sentience? It is not merely deep machine-learning algorithms with Big Iron. We have engineered rodents to be significantly better at a variety of cognitive tasks as well as to exhibit other relevant traits, such as persistence and low anxiety. Will this be applicable to animals that are already at the door of humanlike intelligence? Several show self-recognition in a mirror test—chimpanzees, bonobos, orangutans, some dolphins and whales, and magpies.

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[45] "Then, Doctors 'All Anxious' About Test-tube Baby" http://edition.cnn.com/2003/HEALTH/parenting/07/25/cnna.copperman/



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Even the bright red line for human manipulation of human beings shows many signs of moving or breaking completely. More than 2,300 approved clinical trials for gene therapy are in progress worldwide. A major medical goal is the treatment or prevention of cognitive decline, especially in light of our rapidly aging global demographic. Some treatments of cognitive decline will include cognitive enhancements (drugs, genes, cells, transplants, implants, and so on). These will be used off-label. The rules of athletic competition (e.g., banning augmentation with steroids or erythropoietin) do not apply to intellectual competition in the real world. Every bit of progress on cognitive decline is in play for off-label use.

Another frontier of the human use of humans is "brain organoids." We can now accelerate developmental biology. Processes that normally take months can happen in four days in the lab using the right recipes of transcription factors. We can make brains that, with increasing fidelity, recapitulate the differences between people born with aberrant cognitive abilities (e.g., microcephaly). Proper vasculature (veins, arteries, and capillaries) missing from earlier successes are now added, enabling brain organoids to surpass the former sub-microliter limit to possibly exceed the 1.2-liter size of modern human brains (or even the 5-liter elephant or 8-liter sperm whale brains).

***Conventional Computers versus Bio-electronic Hybrids***

As Moore's Law miniaturization approaches its next speed bump (surely not a solid wall), we see the limits of the stochastics of dopant atoms in silicon slabs and the limits of beam-fabrication methods at around 10-nanometer feature size. Power (energy consumption) issues are also apparent: The great Watson, winner of *Jeopardy!*, used 85,000 watts real time, while the human brains were using 20 watts each. To be fair, the human body needs 100 watts to operate and twenty years to build, hence about 6 trillion joules of energy to "manufacture" a mature human brain. The cost of manufacturing Watson-scale computing is similar. So why aren't humans displacing computers?

For one, the *Jeopardy!* contestants' brains were doing far more than information retrieval—much of which would be considered mere distractions by Watson (e.g., cerebellar control of smiling). Other parts allow leaping out of the box with transcendence unfathomable by Watson, such as what we see in Einstein's five *annus mirabilis* papers of 1905. Also, humans consume more energy than the minimum (100 W) required for life and reproduction. People in India use an average of 700 W per person; it's 10,000 W in the U.S. Both are still less than the 85,000 watts Watson uses. Computers can become more like us via neuromorphic computing, possibly a thousandfold. But human brains could get more efficient, too. The organoid brain-in-a-bottle could get closer to the 20 W limit. The idiosyncratic advantages of computers for math, storage, and search, faculties of limited use to our ancestors, could be designed and evolved anew in labs.

Facebook, the National Security Agency, and others are constructing exabyte-scale storage facilities at more than a megawatt and four hectares, while DNA can store that amount in a milligram. Clearly, DNA is not a mature storage technology, but with Microsoft and Technicolor doubling down on it, we would be wise to pay attention. The main reason for the 6 trillion joules of energy required to get a productive human mind is the twenty years required for training.



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Even though a supercomputer can "train" a clone of zemself in seconds, the energy cost of producing a mature silicon clone is comparable. Engineering (*Homo*) prodigies might make a small impact on this slow process, but speeding up development and implanting extensive memory (as DNA-exabytes or other means) could reduce duplication time of a bio-computer to close to the doubling time of cells (ranging from eleven minutes to twenty-four hours). The point is that while we may not know what ratio of bio/homo/nano/robo hybrids will be dominant at each step of our accelerating evolution, we can aim for high levels of humane, fair, and safe treatment ("use") of one another.

Bills of Rights date back to 1689 in England. FDR proclaimed the "Four Freedoms"—freedom of speech, freedom of conscience, freedom from fear, and freedom from want. The U.N.'s Universal Declaration of Human Rights in 1948 included the right to life; the prohibition of slavery; defense of rights when violated; freedom of movement; freedom of association, thought, conscience, and religion; social, economic, and cultural rights; duties of the individual to society; and prohibition of use of rights in contravention of the purposes and principles of the United Nations.

The "universal" nature of these rights is not universally embraced and is subject to extensive critique and noncompliance. How does the emergence of non-*Homo*-intelligences affect this discussion? At a minimum, it is becoming rapidly difficult to hide behind vague intuition for ethical decisions—"I know it when I see it" (U.S. Supreme Court Justice Potter Stewart, 1964) or the "wisdom of repugnance" (aka "yuck factor," Leon Kass, 1997), or vague appeals to "common sense." As we have to deal with minds alien to us, sometimes quite literal from our viewpoint, we need to be explicit—yea, even algorithmic.

Self-driving cars, drones, stock-market transactions, NSA searches, et cetera, require rapid, pre-approved decision making. We may gain insights into many aspects of ethics that we have been trying to pin down and explain for centuries. The challenges have included conflicting priorities, as well as engrained biological, sociological, and semi-logical cognitive biases. Notably far from consensus in universal dogmas about human rights are notions of privacy and dignity, even though these influence many laws and guidelines.

Humans might want the right to march in to read (and change) the minds of computers to see why they're making decisions at odds with our (*Homo*) instincts. Is it not fair for machines to ask the same of us? We note the growth of movements toward transparency in potential financial conflicts; "open-source" software, hardware, and wetware; the Fair Access to Science and Technology Research Act (FASTR); and the Open Humans Foundation.

In his 1976 book *Computer Power and Human Reason,* Joseph Weizenbaum argued that machines should not replace *Homo* in situations requiring respect, dignity, or care, while others (author Pamela McCorduck and computer scientists like John McCarthy and Bill Hibbard) replied that machines can be more impartial, calm, and consistent and less abusive or mischievous than people in such positions.

***Equality***

What did the thirty-three-year-old Thomas Jefferson mean in 1776 when he wrote, "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed



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by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness"? The spectrum of current humans is vast. In 1776, "Men" did not include people of color or women. Even today, humans born with congenital cognitive or behavioral issues are destined for unequal (albeit in most cases compassionate) treatment—Down syndrome, Tay-Sachs disease, Fragile X syndrome, cerebral palsy, and so on.

And as we change geographical location and mature, our unequal rights change dramatically. Embryos, infants, children, teens, adults, patients, felons, gender identities and gender preferences, the very rich and very poor—all of these face different rights and socioeconomic realities. One path to new mind-types obtaining and retaining rights similar to the most elite humans would be to keep a *Homo* component, like a human shield or figurehead monarch/CEO, signing blindly enormous technical documents, making snap financial, health, diplomatic, military, or security decisions. We will probably have great difficulty pulling the plug, modifying, or erasing (killing) a computer and its memories—especially if it has befriended humans and made spectacularly compelling pleas for survival (as all excellent researchers fighting for their lives would do).

Even Scott Adams, creator of *Dilbert*, has weighed in on this topic, supported by experiments at Eindhoven University in 2005 noting how susceptible humans are to a robot-as-victim equivalent of the Milgram experiments done at Yale beginning in 1961. Given the many rights of corporations, including ownership of property, it seems likely that other machines will obtain similar rights, and it will be a struggle to maintain inequities of selective rights along multi-axis gradients of intellect and ersatz feelings.

***Radically Divergent Rules for Humans versus Nonhumans and Hybrids***

The divide noted above for intra *Homo sapiens* variation in rights explodes into a riot of inequality as soon as we move to entities that overlap (or will soon) the spectrum of humanity. In Google Street View, people's faces and car license plates are blurred out. Video devices are excluded from many settings, such as courts and committee meetings. Wearable and public cameras with facial-recognition software touch taboos. Should people with hyperthymesia or photographic memories be excluded from those same settings?

Shouldn't people with prosopagnosia (face blindness) or forgetfulness be able to benefit from facial-recognition software and optical character recognition wherever they go, and if them, then why not everyone? If we all have those tools to some extent, shouldn't we all be able to benefit?

These scenarios echo Kurt Vonnegut's 1961 short story "Harrison Bergeron," in which exceptional aptitude is suppressed in deference to the mediocre lowest common denominator of society. Thought experiments like John Searle's Chinese Room and Isaac Asimov's Three Laws of Robotics all appeal to the sorts of intuitions plaguing human brains that Daniel Kahneman, Amos Tversky, and others have demonstrated. The Chinese Room experiment posits that a mind composed of mechanical and *Homo sapiens* parts cannot be conscious, no matter how competent at intelligent human (Chinese) conversation, unless a human can identify the source of the consciousness and "feel" it. Enforced preference for Asimov's First and Second Laws favor human minds over any other mind meekly present in his Third Law, of self-preservation.



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If robots don't have exactly the same consciousness as humans, then this is used as an excuse to give them different rights, analogous to arguments that other tribes or races are less than human. Do robots already show free will? Are they already self-conscious? The robots Qbo have passed the "mirror test" for self-recognition and the robots NAO have passed a related test of recognizing their own voice and inferring their internal state of being, mute or not.

For free will, we have algorithms that are neither fully deterministic nor random but aimed at nearly optimal probabilistic decision making. One could argue that this is a practical Darwinian consequence of game theory. For many (not all) games/problems, if we're totally predictable or totally random, then we tend to lose.

What is the appeal of free will anyway? Historically it gave us a way to assign blame in the context of reward and punishment on Earth or in the afterlife. The goals of punishment might include nudging the priorities of the individual to assist the survival of the species. In extreme cases, this could include imprisonment or other restrictions, if Skinnerian positive/negative reinforcement is inadequate to protect society. Clearly, such tools can apply to free will, seen broadly—to any machine whose behavior we'd like to manage.

We could argue as to whether the robot actually experiences subjective qualia for free will or self-consciousness, but the same applies to evaluating a human. How do we know that a sociopath, a coma patient, a person with Williams syndrome, or a baby has the same free will or self-consciousness as our own? And what does it matter, practically? If humans (of any sort) convincingly claim to experience consciousness, pain, faith, happiness, ambition, and/or utility to society, should we deny them rights because their hypothetical qualia are hypothetically different from ours?

The sharp red lines of prohibition, over which we supposedly will never step, increasingly seem to be short-lived and not sensible. The line between human and machines blurs, both because machines become more humanlike and humans become more machine-like—not only since we increasingly blindly follow GPS scripts, reflex tweets, and carefully crafted marketing, but also as we digest ever more insights into our brain and genetic programming mechanisms. The NIH BRAIN Initiative is developing innovative technologies and using these to map out the connections and activity of mental circuitry so as to improve electronic and synthetic neurobiological ware.

Various red lines depend on genetic exceptionalism, in which genetics is considered permanently heritable (although it is provably reversible), whereas exempt (and lethal) technologies, like cars, are for all intents and purposes irreversible due to social and economic forces. Within genetics, a red line makes us ban or avoid genetically modified foods but embrace genetically modified bacteria making insulin, or genetically modified humans—witness mitochondrial therapies approved in Europe for human adults and embryos.

The line for germline manipulation seems less sensible than the usual, practical line drawn at safety and efficacy. Marriages of two healthy carriers of the same genetic disease have a choice between no child of their own, 25-percent loss of embryos via abortion (spontaneous or induced), 80-percent loss via in-vitro fertilization, or potential zero-percent embryo loss via sperm (germline) engineering. It seems premature to declare this last option unlikely.



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For "human subject research," we refer to the 1964 Declaration of Helsinki, keeping in mind the 1932-1972 Tuskegee syphilis experiment, possibly the most infamous biomedical research study in U.S. history. In 2015, the Nonhuman Rights Project filed a lawsuit with the New York State Supreme Court on behalf of two chimpanzees kept for research by Stony Brook University. The appellate court decision was that chimps are not to be treated as legal persons since they "do not have duties and responsibilities in society," despite Jane Goodall's and others' claim that they do, and despite arguments that such a decision could be applied to children and the disabled.[46]

What prevents extension to other animals, organoids, machines, and hybrids? As we (e.g., Hawking, Musk, Tallinn, Wilczek, Tegmark) have promoted bans on "autonomous weapons," we have demonized one type of "dumb" machine, while other machines—for instance, those composed of many *Homo sapiens* voting—can be more lethal and more misguided.

Do transhumans roam the Earth already? Consider the "uncontacted peoples," such as the Sentinelese and Andamanese of India, the Korowai of Indonesia, the Mashco-Piro of Peru, the Pintupi of Australia, the Surma of Ethiopia, the Ruc of Vietnam, the Ayoreo-Totobiegosode of Paraguay, the Himba of Namibia, and dozens of tribes in Papua New Guinea. How would they or our ancestors respond? We could define "transhuman" as people and culture not comprehensible to humans living in a modern, yet un-technological culture.

Such modern Stone Age people would have great trouble understanding why we celebrate the recent LIGO gravity-wave evidence supporting the hundred-year-old general theory of relativity. They would scratch their heads as to why we have atomic clocks, or GPS satellites so we can find our way home, or why and how we have expanded our vision from a narrow optical band to the full spectrum from radio to gamma. We can move faster than any other living species; indeed, we can reach escape velocity from Earth and survive in the very cold vacuum of space.

If those characteristics (and hundreds more) don't constitute transhumanism, then what would? If we feel that the judge of transhumanism should not be fully paleo-culture humans but recent humans, then how would we ever reach transhuman status? We "recent humans" may always be capable of comprehending each new technological increment—never adequately surprised to declare arrival at a (moving) transhuman target. The science-fiction prophet William Gibson said, "The future is already here—it's just not very evenly distributed." While this underestimates the next round of "future," certainly millions of us are transhuman already—with most of us asking for more. The question "What was a human?" has already transmogrified into "What were the many kinds of transhumans?. . . And what were their rights?"

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[46] https://www.nbcnews.com/news/us-news/lawyer-denying-chimpanzees-rights-could-backfire-disabled-n734566.



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**Caroline A. Jones'** *interest in modern and contemporary art is enriched by a willingness to delve into the technologies involved in its production, distribution, and reception. "As an art historian, a lot of my questions are about what kind of art we can make, what kind of thought we can make, what kind of ideas we can make that could stretch the human beyond our stubborn, selfish, 'only concerned with our small group' parameters. The philosophers and philosophies I'm drawn to are those that question the Western obsession with individualism. Those are coming from so many different places, and they're reviving so many different kinds of questions and problems that were raised in the 1960s."*

*She has recently turned her attention to the history of cybernetics. Her MIT course, "Automata, Automatism, Systems, Cybernetics," explores the history of the human/machine interface in terms of feedback, exploring the cultural rather than engineering uptake of this idea. She begins with primary readings by Wiener, Shannon, and Turing and then pivots from the scientists and engineers to the work and ideas of artists, feminists, postmodern theorists. Her goal: to come up with a new central paradigm of evolution that's culture-based—"communalism and interspecies symbiosis rather than survival of the fittest."*

*As a historian, Caroline draws a distinction between what she has termed "left cybernetics" and "right cybernetics": "What do I mean by left cybernetics? In one sense, it's a pun or a joke: the cybernetics that was 'left' behind. On another level, it's a vague political grouping connoting our Left Coast: California, Esalen, the group that Dave Kaiser calls the 'hippie physicists.' It's not an adequate term, but it's a way of recognizing that there was a group beholden to the military-industrial complex, sometimes very unhappily, who gave us the tools to critique it."*



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# THE ARTISTIC USE OF CYBERNETIC BEINGS

**Caroline A. Jones**

***Caroline A. Jones*** *is a professor of art history in the Department of Architecture at MIT and author of* Eyesight Alone: Clement Greenberg's Modernism and the Bureaucratization of the Senses; Machine in the Studio: Constructing the Postwar American Artist; *and* The Global Work of Art.

> Cybernated art is very important, but art for cybernated life is more important.
> — *Nam June Paik, 1966*

Artificial intelligence was not what artists first wanted out of cybernetics, once Norbert Wiener's *The Human Use of Human Beings: Cybernetics and Society* came out in 1950. The range of artists who identified themselves with cybernetics in the fifties and sixties initially had little access to "thinking machines." Moreover, craft-minded engineers had already been making turtles, jugglers, and light-seeking robot babes, not giant brains. Using breadboards, copper wire, simple switches, and electronic sensors, artists followed cyberneticians in making sculptures and environments that simulated interactive sentience—analog movements and interfaces that had more to do with instinctive drives and postwar sexual politics than the automation of knowledge production. Now obscured by an ideology of a free-floating "intelligence" untethered by either hardware or flesh, AI has forgotten the early days of cybernetics' uptake by artists. Those efforts are worth revisiting; they modeled relations with what the French philosophers Gilles Deleuze and Félix Guattari have called the "machinic phylum," having to do with how humans think and feel in bodies engaged with a physical, material, emotionally stimulating, and signaling world.

Cybernetics now seems to have collapsed into an all-pervasive discourse of AI that was far from preordained. "Cybernetics," as a word, claimed postwar newness for concepts that were easily four centuries old: notions of feedback, machine damping, biological homeostasis, logical calculation, and systems thinking that had been around since the Enlightenment (boosted by the Industrial Revolution). The names in this lineage include Descartes, Leibniz, Sadi Carnot, Clausius, Maxwell, and Watt. Wiener's coinage nonetheless had profound cultural effects.[47] The ubiquity today of the prefix "cyber-" confirms the desire for a crisp signifier of the tangled relations between humans and machines. In Wiener's usage, things "cyber" simply involved "control and communication in the animal and the machine." But after the digital revolution, "cyber" moved beyond servomechanisms, feedback loops, and switches to encompass software, algorithms, and cyborgs. The work of cybernetically inclined artists concerns the emergent behaviors of life that elude AI in its current condition.

As to that original coinage, Wiener had reached back to the ancient Greek to borrow the word for "steersman" (κυβερνήτης / *kubernétés*), a masculine figure channeling power and instinct at the helm of a ship, who read the waves, judged the wind, kept a hand on the tiller, and directed the slaves as they mindlessly (mechanically) churned their oars. The Greek had already migrated into modern English via Latin, going

[47] Wiener later had to admit the earlier coinage of the word in 1834 by André-Marie Ampère, who had intended it to mean the "science of government," a concept that remained dormant until the 20th century.



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from *kuber-* to *guber*—the root of "gubernatorial" and "governor," another term for masculine control, deployed by James Watt to describe his 19th-century device for modulating a runaway steam engine. Cybernetics thus took ideas that had long analogized people and devices and generalized them to an applied science by adding that "-ics." Wiener's three c's (command, control, communication) drew on the mathematics of probability to formalize systems (whether biological or mechanical) theorized as a set of inputs of information achieving outputs of actions in an environment—a muscular, fleshy agenda often minimized in genealogies of AI.

But the etymology does little to capture the excitement felt by participants, as mathematics joined theoretical biology (Arturo Rosenblueth) and information theory (Claude Shannon, Walter Pitts, Warren McCulloch) to produce a barrage of interdisciplinary research and publications viewed as changing not just the way science was done but the way future humans would engage with the technosphere. As Wiener put it, "We have modified our environment so radically that we must now modify ourselves in order to exist."[48] The pressing question is: How are we modifying ourselves? Are we going in the right direction or have we lost our way, becoming the tools of our tools? Revisiting the early history of humanist/artists' contribution to cybernetics may help direct us toward a less perilous, more ethical future.

The year 1968 was a high-water mark of the cultural diffusion and artistic uptake of the term. In that year, the Howard Wise gallery opened its show of Wen-Ying Tsai's "Cybernetic Sculpture" in midtown Manhattan, and Polish émigré Jasia Reichardt opened her exhibition "Cybernetic Serendipity" at London's ICA. (The "Cybernetic" in her title was intended to evoke "made by or with computers," even though most of the artworks on view had no computers, as such, in their responsive circuits.) The two decades between 1948 and 1968 had seen both the fanning out of cybernetic concepts into a broader culture and the spread of computation machines themselves in a slow migration from proprietary military equipment, through the multinational corporation, to the academic lab, where access began to be granted to artists. The availability of cybernetic components—"sensor organs" (electronic eyes, motion sensors, microphones) and "effector organs" (electronic "breadboards," switches, hydraulics, pneumatics)—on the home hobbyist front rendered the computer less an "electronic brain" than an adjunct organ in a kit of parts. There was not yet a ruling metaphor of "artificial intelligence." So artists were bricoleurs of electronic bodies, interested in actions rather than calculation or cognition. There were inklings of "computer" as calculator in the drive toward *Homo rationalis*, but more in aspiration than achievement.

In light of today's digital convergence in art/science imaging tools, Reichardt's show was prophetic in its insistence on confusing the boundaries between art and what we might dub "creative applied science." According to the catalog, "no visitor to the exhibition, unless he reads all the notes relating to all the works, will know whether he is looking at something made by an artist, engineer, mathematician, or architect." So the comically dysfunctional robot by Nam June Paik, *Robot K-456* (1964), featured on the catalog's cover and described as "a female robot known for her disturbing and idiosyncratic behavior," would face off against a balletic *Colloquy of Mobiles* (1968) from second-order cybernetician Gordon Pask. Pask worked with a London theater

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[48] *The Human Use of Human Beings* (1954 edition), p. 46.



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designer to craft a spindly "male" apparatus of hinges and rods, set up to communicate with bulbous "female" fiberglass entities nearby. Whether anyone could actually map the quiddities of the program (or glean its reactionary gender theater) without reading the catalog essay is an open question. What is significant is Pask's focus on the behaviors of his automata, their interactivity, their responsiveness within an artificially modulated environment, and their "reflection" of human behaviors.

The ICA's "Cybernetic Serendipity" introduced an important paradigm: the machinic ecosystem, in which the viewer was a biological part, tasked with figuring out just what the triggers for interaction might be. The visitors in those London galleries suddenly became "cybernetic organisms"—cyborgs—since to experience the art adequately, one needed to enter a kind of symbiotic colloquy with the servomechanisms. This turn toward human-machine interactive environments as an aesthetic becomes clearer when we examine a few other artworks from the period, beginning with one constituting an early instance of emergent behavior—*Senster,* the interactive sculpture by artist/engineer Edward Ihnatowicz (1970), celebrated by medical robotics engineer Alex Zivanovic, editor of a Web site devoted to Ihnatowicz's little-known career, as "one of the first computer controlled interactive robotic works of art." Here, "the computer" makes its entry (albeit a twelve-bit, limited device). But rather than "intelligence," Ihnatowicz sought to make an avatar of affective behavior. Key to *Senster's* uncanny success was the programming with which Ihnatowicz constrained the fifteen-foot-long hydraulic apparatus (its hinge design and looming appearance inspired by a lobster claw) to convey shyness in responding to humans in its proximity. *Senster's* sound channels and motion sensors were set to recoil at loud noises and sudden aggressive movements. Only those humans willing to speak softly and modulate their gestures would be rewarded by *Senster's* quiet, inquisitive approach—an experience that became real for Ihnatowicz himself when he first assembled the program and the machine turned to him solicitously after he'd cleared his throat.

In these artistic uses of cybernetic beings, we sense a growing necessity to train the public to experience itself as embedded in a technologized environment, modifying itself to communicate intuitively with machines. This necessity had already become explicit in Tsai's "Cybernetic Sculpture" show. Those experiencing his immersive installation were expected to experiment with machinic life: What behaviors would trigger the servomechanisms? Likely, the human gallery attendant would have had to explain the protocol: "Clap your hands—that gets the sculptures to respond." As an early critic described it:

> A grove of slender stainless-steel rods rises from a plate. This base vibrates at 30 cycles per second; the rods flex rapidly, in harmonic curves. Set in a dark room, they are lit by strobes. The pulse of the flashing lights varies—they are connected to sound and proximity sensors. The result is that when one approaches a Tsai or makes a noise in its vicinity, the thing responds. The rods appear to move; there is a shimmering, a flashing, an eerie ballet of metal, whose apparent movements range from stillness to jittering and back to a slow, indescribably sensuous undulation.[49]

[49] Robert Hughes, *Time* magazine (October 2, 1972) review of Tsai exhibition at Denise René gallery.



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Like *Senster,* the apparatus stimulated (and simulated) an affective rather than rational interaction. Humans felt they were encountering behaviors indicative of responsive life; Tsai's entities were often classed as "vegetal" or "aquatic." Such environmental and kinetic ambitions were widespread in the international art world of the time. Beyond the stable at Howard Wise, there were the émigrés forming the collective GRAV in Paris, the "cybernetic architectures" of Nicolas Schöffer, the light and plastic gyrations of the German Zero Gruppe, and so on—all defining and informing the genre of installation art to come.

The artistic use of cybernetic beings in the late sixties made no investment in "intelligence." Knowing machines were dumb and incapable of emotion, these creators were confident in staging frank simulations. What interested them were machinic motions evoking drives, instincts, and affects; they mimicked sexual and animal behaviors, as if below the threshold of consciousness. Such artists were uninterested in the manipulation of data or information (although Hans Haacke would move in that direction by 1972 with his "Real-Time Systems" works). The cybernetic culture that artists and scientists were putting in place on two continents embedded the human in the technosphere and seduced perception with the graceful and responsive behaviors of the machinic phylum. "Artificial" and "natural" intertwined in this early cybernetic aesthetic.

But it wouldn't end here. Crucial to the expansion of this uncritical, largely masculine set of cybernetic environments would be a radical, critical cohort of astonishing women artists emerging in the 1990s, fully aware of their predecessors in art and technology but perhaps more inspired by the feminist founders of the 1970 journal *Radical Software* and the cultural blast of Donna Haraway's inspiring 1984 polemic, "A Cyborg Manifesto." The creaky gender theater of Paik and Pask, the innocent creatures of Ihnatowicz and Tsai, were mobilized as savvy, performative, and postmodern, as in Lynn Hershman Leeson's *Dollie Clone Series* (1995-98) consisting of the interactive assemblages *CyberRoberta* and *Tillie, the Telerobotic Doll,* who worked the technosphere with the professionalism of burlesque, winking and folding us viewers into an explicit consciousness of our voyeuristic position as both seeing subjects and objects-to-be-looked-at.

The "innocent" technosphere established by male cybernetic sculptors of the 1960s was, by the 1990s, identified by feminist artists as an entirely suffusive condition demanding our critical attention. At the same time, feminists tackled the question of whose "intelligence" AI was attempting to simulate. For an artist such as Hershman Leeson, responding to the technical "triumph" of cloning Dolly the sheep, it was crucial to draw the connection between meat production and "meat machines." Hershman Leeson produced "dolls" as clones, offering a critical framing of the way contemporary individuation had become part of an ideological, replicative, plastic realm.

While the technofeminists of the 1990s and into the 2000s weren't all cyber all the time, their works nonetheless complicated the dominant machinic and kinetic qualities of male artists' previous techno-environments. The androgynous tele-cyborg in Judith Barry's *Imagination, Dead Imagine* (1991), for example, had no moving parts: He/she was comprised of pure signals, flickering projections on flat surfaces. In her setup, Barry commented on the alienating effects of late-20th-century technology. The image of an androgynous head fills an enormous cube made of ten-foot-square screens on



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five sides, mounted on a ten-foot-wide mirrored base. A variety of viscous and unpleasant-looking fluids (yellow, reddish-orange, brown), dry materials (sawdust? flour?), and even insects drizzle or dust their way down the head, whose stoic sublimity is made gorgeously virtual on the work's enormous screens. *Dead Imagine,* through its large-scale and cubic "Platonic" form, remains both artificial and locked into the body—refusing a detached "intelligence" as being no intelligence at all.

Artists in the new millennium inherit this critical tradition and inhabit the current paradigms of AI, which has slid from partial simulations to claims of intelligence. In the 1955 proposal thought to be the first printed usage of the phrase "artificial intelligence," computer scientist John McCarthy and his colleagues Marvin Minsky, Nathaniel Rochester, and Claude Shannon conjectured that "every aspect of learning or any other feature of intelligence can in principle be so precisely described that a machine can be made to simulate it." This modest theoretical goal has inflated over the past sixty-four years and is now expressed by Google DeepMind as an ambition to "Solve intelligence." Crack the code! But unfortunately, what we hear cracking is not code but small-scale capitalism, the social contract, and the scaffolding of civility. Taking away the jobs of taxi and truck drivers, roboticizing direct marketing, hegemonizing entertainment, privatizing utilities, and depersonalizing health care—are these the "whips" that Wiener feared we would learn to love?

Artists can't solve any of this. But they can remind us of the creative potential of the paths not taken—the forks in the road that were emerging around 1970, before "information" became capital and "intelligence" equaled data harvesting. Richly evocative of what can be done with contemporary tools when revisiting earlier possibilities is French artist Philippe Parreno's "firefly piece," so nicknamed to avoid having to iterate its actual title: *With a Rhythmic Instinction to Be Able to Travel Beyond Existing Forces of Life* (2014). Described by the artist as "an automaton," the sculptural installation juxtaposes a flickering projection of black-and-white drawings of fireflies with a band of oscillating green-on-black binary figures. The drawings and binary figures are animated using algorithms from mathematician John Horton Conway's 1970 Game of Life, a "cellular automaton."

Conway set up parameters for any square ("cell") to be lit ("alive") or dark ("dead") in an infinite, two-dimensional grid. The rules are summarized as follows: A single cell will quickly die of loneliness. But a cell touching three or more other "live" cells will also die, "due to crowding." A cell survives and thrives if it has just two neighbors . . . and so on. As one cell dies, it may create the conditions for other cells to survive, yielding patterns that appear to move and grow, shifting across the grid like evanescent neural impulses or bioluminescent clusters of diatoms. In Stephen Hawking's 2012 film *The Meaning of Life*, the narrator describes Conway's mathematical model as simulating "how a complex thing like the mind might come about from a basic set of rules," revealing the overweening ambitions that characterize contemporary AI: "[T]hese complex properties emerge from simple laws that contain no concepts like movement or reproduction," yet they produce "species," and cells "can even reproduce, just as life does in the real world." [50]

Just as life does? Artists know the blandishments of simulation and representation, the difference between the genius of artifice and the realities of what "life

[50] Narration in Stephen Hawking's *The Meaning of Life* (Smithson Productions, Discovery Channel, 2012).



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does." Parreno's piece is an intuitive assembly of our experience of "life" through embodied, perspectival engagement. Our consciousness is electrically (cybernetically) enmeshed, yet we don't respond as if this human-generated set of elegant simulations had its own *intelligence*.

The artistic use of cybernetic beings also reminds us that consciousness itself is not just "in here." It is streaming in and out, harmonizing those sensory, scintillating signals. Mind happens well outside the limits of the cranium (and its simulacrum, the "motherboard"). In Mary Catherine Bateson's paraphrase of her father Gregory's second-order cybernetics, mind is material "not necessarily defined by a boundary such as an envelope of skin."[51] Parreno pairs the simulations of art with the simulations of mathematics to force the Wiener-like point that any such model is not, by itself, just like life. Models are just that—parts of signaling systems constituting "intelligence" only when their creaturely counterparts engage them in lively meaning making. Contemporary AI has talked itself into a corner by instrumentalizing and particularizing tasks and subroutines, confusing these drills with actual wisdom. The brief cultural history offered here reminds us that views of data as intelligence, digital nets as "neural," or isolated individuals as units of life, were alien even to Conway's brute simulation.

We can stigmatize the stubborn arrogance of current AI as "right cybernetics," the path that led to current automated weapons systems, Uber's ill-disguised hostility to human workers, and the capitalist dreams of Google. Now we must turn back to left cybernetics—theoretical biologists and anthropologists engaged with a trans-species understanding of intelligent systems. Gregory Bateson's observation that corporations merely simulate "aggregates of parts of persons," with profit-maximizing decisions cut off from "wider and wiser parts of the mind," has never been more timely.[52]

The cybernetic epistemology offered here suggests a new approach. The individual mind is immanent, not only in the body but also in pathways outside the body, and there is a larger Mind, of which the individual mind is only a subsystem. This larger Mind, Bateson holds, is comparable to God, and is perhaps what some people mean by "God," but it is still immanent in the total interconnected social system and planetary ecology. This is not the collective delusion of an exterior "God" who speaks from outside human consciousness (this long-seated monotheistic conceit, Bateson suggests, leads to views of nature and environment as also outside the "individual" human, rendering them as "gifts to exploit"). Rather, Bateson's "God" is a placeholder for our evanescent experience of interacting consciousness-in-the-world: larger Mind as a result of inputs and actions that then become inputs for other actions in concert with other entities—webs of symbiotic relationships that form patterns we need urgently to sense and harmonize with.[53]

From Tsai in the 1970s to Hershman Leeson in the 1990s to Parreno in 2014, artists have been critiquing right cybernetics and plying alternative, embodied, environmental experiences of "artificial" intelligence. Their artistic use of cybernetic beings offers the wisdom of symbionts experienced in the kinds of poeisis that can be achieved in this world: rhythms of signals and intuitive actions that produce the

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[51] Mary Catherine Bateson, 1999 foreword to Gregory Bateson, *Steps to an Ecology of Mind* (Chicago: University of Chicago Press, 1972): xi.
[52] *Steps to an Ecology of Mind,* p. 452.
[53] Ibid., pp. 467-8.



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movements of life partnered with an electro-mechanical and -magnetic technosphere.
Life, in its mysterious negentropic entanglements with matter and Mind.



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*Over nearly four decades,* **Stephen Wolfram** *has been a pioneer in the development and application of computational thinking and responsible for many innovations in science, technology and business.*

*His 1982 paper "Cellular Automata as Simple Self-Organizing Systems," written at the age of twenty-three, was the first of numerous significant scientific contributions aimed at understanding the origins of complexity in nature.*

*It was around this time that Stephen briefly came into my life. I had established The Reality Club, an informal gathering of intellectuals who met in New York City to present their work before peers in other disciplines. (Note: In 1996, The Reality Club went online as* Edge.org*). Our first speaker? Stephen Wolfram, a "wunderkind" who had arrived in Princeton at the Institute for Advanced Study. I distinctly recall his focused manner as he sat down on a couch in my living room and spoke uninterrupted for about an hour before the assembled group.*

*Since that time, Stephen has become intent making the world's knowledge easily computable and accessible. His program* Mathematica *is the definitive system for modern technical computing.* Wolfram|Alpha *computes expert-level answers using AI technology. He considers his* Wolfram Language *to be the first true computational communication language for humans and AIs.*

*I caught up with him again four years ago, when we arranged to meet in Cambridge, Massachusetts, for a freewheeling conversation about AI. Stephen walked in, said hello, sat down, and, looking at the video camera set up to record the conversation for* Edge*, began to talk and didn't stop for two and a half hours.*

*The essay that follows is an edited version of that session, which was a Wolfram master class of sorts and is an appropriate way to end this volume—just as Stephen's Reality Club talk in the '80s was a great way to initiate the ongoing intellectual enterprise whose result is the rich community of thinkers presenting their work to one another and to the public in this book.*



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## ARTIFICIAL INTELLIGENCE AND THE FUTURE OF CIVILIZATION

**Stephen Wolfram**

***Stephen Wolfram*** *is a scientist, inventor, and the founder and CEO of Wolfram Research. He is the creator of the symbolic computation program* Mathematica *and its programming language,* Wolfram Language*, as well as the knowledge engine* Wolfram|Alpha*. He is also the author of* A New Kind of Science*.*

*The following is an edited transcript from a live interview with him conducted in December 2015.*

I see technology as taking human goals and making them automatically executable by machines. Human goals of the past have entailed moving objects from here to there, using a forklift rather than our own hands. Now the work we can do automatically, with machines, is mental rather than physical. It's obvious that we can automate many of the tasks we humans have long been proud of doing ourselves. What's the future of the human condition in that situation?

People talk about the future of intelligent machines and whether they'll take over and decide what to do for themselves. But the inventing of goals is not something that has a path to automation. Someone or something has to define what a machine's purpose should be—what it's trying to execute. How are goals defined? For a given human, they tend to be defined by personal history, cultural environment, the history of our civilization. Goals are uniquely human. Where the machine is concerned, we can give it a goal when we build it.

What kinds of things have intelligence, or goals, or purpose? Right now, we know one great example, and that's us—our brains, our human intelligence. Human intelligence, I once assumed, is far beyond anything else that exists naturally in the world; it's the result of an elaborate process of evolution and thus stands apart from the rest of existence. But what I've realized, as a result of the science I've done, is that this is not the case.

People might say, for instance, "The weather has a mind of its own." That's an animist statement and seems to have no place in modern scientific thinking. But it's not as silly as it sounds. What does the human brain do? A brain receives certain input, it computes things, it causes certain actions to happen, it generates a certain output. Like the weather. All sorts of systems are, effectively, doing computations—whether it's a brain or, say, a cloud responding to its thermal environment.

We can argue that our brains are doing vastly more sophisticated computations than those in the atmosphere. But it turns out that there's a broad equivalence between the kinds of computations that different kinds of systems do. This renders the question of the human condition somewhat poignant, because it seems we're not as special as we thought. There are all those different systems of nature that are pretty much equivalent, in terms of their computational capabilities.

What makes us different from all those other systems is the particulars of our history, which give us our notions of purpose and goals. That's a long way of saying that when the box on our desk thinks as well as the human brain does, what it still won't have, intrinsically, are goals and purposes. Those are defined by our particulars—our particular biology, our particular psychology, our particular cultural history.



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When we consider the future of AI, we need to think about the goals. That's what humans contribute; that's what our civilization contributes. The execution of those goals is what we can increasingly automate. What will the future of humans be in such a world? What will there be for them to do? One of my projects has been to understand the evolution of human purposes over time. Today we've got all kinds of purposes. If you look back a thousand years, people's goals were quite different: How do I get my food? How do I keep myself safe? In the modern Western world, for the most part you don't spend a large fraction of your life thinking about those purposes. From the point of view of a thousand years ago, some of the goals people have today would seem utterly bizarre—for example, like exercising on a treadmill. A thousand years ago that would sound like a crazy thing to do.

What will people be doing in the future? A lot of purposes we have today are generated by scarcity of one kind or another. There are scarce resources in the world. People want to get more of something. Time itself is scarce in our lives. Eventually, those forms of scarcity will disappear. The most dramatic discontinuity will surely be when we achieve effective human immortality. Whether this will be achieved biologically or digitally isn't clear, but inevitably it will be achieved. Many of our current goals are driven in part by our mortality: "I'm only going to live a certain time, so I'd better get this or that done." And what happens when most of our goals are executed automatically? We won't have the kinds of motivations we have today. One question I'd like an answer for is, What do the derivatives of humans in the future end up choosing to do with themselves? One of the potential bad outcomes is that they just play video games all the time.

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The term "artificial intelligence" is evolving, in its use in technical language. These days, AI is very popular, and people have some idea of what it means. Back when computers were being developed, in the 1940s and 1950s, the typical title of a book or a magazine article about computers was "Giant Electronic Brains." The idea was that just as bulldozers and steam engines and so on automated mechanical work, computers would automate intellectual work. That promise turned out to be harder to fulfill than many people expected. There was, at first, a great deal of optimism; a lot of government money got spent on such efforts in the early 1960s. They basically just didn't work.

There are a lot of amusing science-fiction-ish portrayals of computers in the movies of that time. There's a cute one called *Desk Set,* which is about an IBM-type computer being installed in a broadcasting company and putting everybody out of a job. It's cute because the computer gets asked a bunch of reference-library questions. When my colleagues and I were building Wolfram|Alpha, one of the ideas we had was to get it to answer all of those reference-library questions from *Desk Set*. By 2009, it could answer them all.

In 1943, Warren McCulloch and Walter Pitts came up with a model for how brains conceptually, formally, might work—an artificial neural network. They saw that their brainlike model would do computations in the same way as Turing Machines. From their work, it emerged that we could make brainlike neural networks that would act as general computers. And in fact, the practical work done by the ENIAC folks and John



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von Neumann and others on computers came directly not from Turing Machines but through this bypath of neural networks.

But simple neural networks didn't do much. Frank Rosenblatt invented a learning device he called the perceptron, which was a one-layer neural network. In the late sixties, Marvin Minsky and Seymour Papert wrote a book titled *Perceptrons*, in which they basically proved that perceptrons couldn't do anything interesting, which is correct. Perceptrons could only make linear distinctions between things. So the idea was more or less dropped. People said, "These guys have written a proof that neural networks can't do anything interesting, therefore no neural networks can do anything interesting, so let's forget about neural networks." That attitude persisted for some time.

Meanwhile, there were a couple of other approaches to AI. One was based on understanding, at a formal level, symbolically, how the world works; and the other was based on doing statistics and probabilistic kinds of things. With regard to symbolic AI, one of the test cases was, Can we teach a computer to do something like integrals? Can we teach a computer to do calculus? There were tasks like machine translation, which people thought would be a good example of what computers could do. The bottom line is that by the early seventies, that approach had crashed.

Then there was a trend toward devices called expert systems, which arose in the late seventies and early eighties. The idea was to have a machine learn the rules that an expert uses and thereby figure out what to do. That petered out. After that, AI became little more than a crazy pursuit.

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I had been interested in how you make an AI-like machine since I was a kid. I was interested particularly in how you take the knowledge we humans have accumulated in our civilization and automate answering questions on the basis of that knowledge. I thought about how you could do that symbolically, by building a system that could break down questions into symbolic units and answer them. I worked on neural networks at that time and didn't make much progress, so I put it aside for a while.

Back in mid-2002 to 2003, I thought about that question again: What does it take to make a computational knowledge system? The work I'd done by then pretty much showed that my original belief about how to do this was completely wrong. My original belief had been that in order to make a serious computational knowledge system, you first had to build a brainlike device and then feed it knowledge—just as humans learn in standard education. Now I realized that there wasn't a bright line between what is intelligent and what is simply computational.

I had assumed that there was some magic mechanism that made us vastly more capable than anything that was just computational. But that assumption was wrong. This insight is what led to Wolfram|Alpha. What I discovered is that you can take a large collection of the world's knowledge and automatically answer questions on the basis of it, using what are essentially merely computational techniques. It was an alternative way to do engineering—a way that's much more analogous to what biology does in evolution.

In effect, what you normally do when you build a program is build it step-by-step. But you can also explore the computational universe and mine technology from that universe. Typically, the challenge is the same as in physical mining: That is, you find a supply of, let's say, iron, or cobalt, or gadolinium, with some special magnetic properties,



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and you turn that special capability to a human purpose, to something you want technology to do. In the case of magnetic materials, there are plenty of ways to do that. In terms of programs, it's the same story. There are all kinds of programs out there, even tiny programs that do complicated things. Could we entrain them for some useful human purpose?

And how do you get AIs to execute your goals? One answer is to just talk to them, in the natural language of human utterances. It works pretty well when you're talking to Siri. But when you want to say something longer and more complicated, it doesn't work well. You need a computer language that can represent sophisticated concepts in a way that can be progressively built up and isn't possible in natural language. What my company spent a lot of time doing was building a knowledge-based language that incorporates the knowledge of the world directly into the language. The traditional approach to creating a computer language is to make a language that represents operations that computers intrinsically know how to do: allocating memory, setting values of variables, iterating things, changing program counters, and so on. Fundamentally, you're telling computers to do things in your own terms. My approach was to make a language that panders not to the computers but to the humans, to take whatever a human thinks of and convert it into some form that the computer can understand. Could we encapsulate the knowledge we'd accumulated, both in science and in data collection, into a language we could use to communicate with computers? That's the big achievement of my last thirty years or so—being able to do that.

Back in the 1960s, people would say things like, "When we can do such-and-such, we'll know we have AI. When we can do an integral from a calculus course, we'll know we have AI. When we can have a conversation with a computer and make it seem human. . . ," et cetera. The difficulty was, "Well, gosh, the computer just doesn't know enough about the world." You'd ask the computer what day of the week it was, and it might be able to answer that. You'd ask it who the President was, and it probably couldn't tell you. At that point, you'd know you were talking to a computer and not a person. But now when it comes to these Turing Tests, people who've tried connecting, for example, Wolfram|Alpha to their Turing Test bots find that the bots lose every time. Because all you have to do is start asking the machine sophisticated questions and it will answer them! No human can do that. By the time you've asked it a few disparate questions, there will be no human who knows all those things, yet the system will know them. In that sense, we've already achieved good AI, at that level.

Then there are certain kinds of tasks easy for humans but traditionally very hard for machines. The standard one is visual object identification: What is this object? Humans can recognize it and give some simple description of it, but a computer was just hopeless at that. A couple of years ago, though, we brought out a little image-identification system, and many other companies have done something similar—ours happens to be somewhat better than the rest. You show it an image, and for about ten thousand kinds of things, it will tell you what it is. It's fun to show it an abstract painting and see what it says. But it does a pretty good job.

It works using the same neural-network technology that McCulloch and Pitts imagined in 1943 and lots of us worked on in the early eighties. Back in the 1980s, people successfully did OCR—optical character recognition. They took the twenty-six letters of the alphabet and said, "OK, is that an A? Is that a B? Is that a C?" and so on.



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That could be done for twenty-six different possibilities, but it couldn't be done for ten thousand. It was just a matter of scaling up the whole system that makes this possible today. There are maybe five thousand picturable common nouns in English, ten thousand if you include things like special kinds of plants and beetles which people would recognize with some frequency. What we did was train our system on 30 million images of these kinds of things. It's a big, complicated, messy neural network. The details of the network probably don't matter, but it takes about a quadrillion GPU operations to do the training.

Our system is impressive because it pretty much matches what humans can do. It has about the same training data humans have—about the same number of images a human infant would see in the first couple of years of its life. Roughly the same number of operations have to be done in the learning process, using about the same number of neurons in at least the first levels of our visual cortex. The details are different; the way these artificial neurons work has little to do with how the brain's neurons work. But the concept is similar, and there's a certain universality to what's going on. At the mathematical level, it's a composition of a very large number of functions, with certain continuity properties that let you use calculus methods to incrementally train the system. Given those attributes, you can end up with something that does the same job human brains do in physiological recognition.

But does this constitute AI? There are a few basic components. There's physiological recognition, there's voice-to-text, there's language translation—things humans manage to do with varying degrees of difficulty. These are essentially some of the links to how we make machines that are humanlike in what they do. For me, one of the interesting things has been incorporating those capabilities into a precise symbolic language to represent the everyday world. We now have a system that can say, "This is a glass of water." We can go from a picture of a glass of water to the *concept* of a glass of water. Now we have to invent some actual symbolic language to represent those concepts.

I began by trying to represent mathematical, technical kinds of knowledge and went on to other kinds of knowledge. We've done a pretty good job of representing objective knowledge in the world. Now the problem is to represent everyday human discourse in a precise symbolic way—a knowledge-based language intended for communication between humans and machines, so that humans can read it and machines can understand it, too. For instance, you might say "X is greater than 5." That's a predicate. You might also say, "I want a piece of chocolate." That's also a predicate. It has an "I want" in it. We have to find a precise symbolic representation of the desires we express in human natural language.

In the late 1600s, Gottfried Leibniz, John Wilkins, and others were concerned with what they called philosophical languages—that is, complete, universal, symbolic representations of things in the world. You can look at the philosophical language of John Wilkins and see how he divided up what was important in the world at the time. Some aspects of the human condition have been the same since the 1600s. Some are very different. His section on death and various forms of human suffering was huge; in today's ontology, it's a lot smaller. It's interesting to see how a philosophical language of today would differ from a philosophical language of the mid-1600s. It's a measure of our progress. Many such attempts at formalization have happened over the years. In



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mathematics, for example: Whitehead and Russell's *Principia Mathematica* in 1910 was the biggest showoff effort. There were previous attempts by Gottlob Frege and Giuseppe Peano that were a little more modest in their presentation. Ultimately, they were wrong in what they thought they should formalize: They thought they should formalize some process of mathematical proof, which turns out not to be what most people care about.

With regard to a modern analog of the Turing Test, it's an interesting question. There's still the conversational bot, which is Turing's idea. That one hasn't been solved yet. It will be solved—the only question is, What is the application for which it is solved? For a long time I would ask, "Why should we care?"—because I thought the principal application would be customer service, which wasn't particularly high on my list. But customer service, where you're trying to interface, is just where you need this conversational language.

One big difference between Turing's time and ours is the method of communicating with computers. In his time, you typed something into the machine and it typed back a response. In today's world, it responds with a screen—as for instance, when you want to buy a movie ticket. How is a transaction with a machine different from a transaction with a human? The main answer is that there's a visual display. It asks you something, and you press a button, and you can see the result immediately. For example, in Wolfram|Alpha, when it's used inside Siri, if there's a short answer, Siri will tell you the short answer. But what most people want is the visual display, showing the infographic of this or that. This is a nonhuman form of communication that turns out to be richer than the traditional spoken, or typed, human communication. In most human-to-human communication, we're stuck with pure language, whereas in computer-to-human communication we have this much higher bandwidth channel—of visual communication.

Many of the most powerful applications of the Turing Test fall away now that we have this additional communication channel. For example, here's one we're pursuing right now. It's a bot that communicates about writing programs: You say, "I want to write a program. I want it to do this." The bot will say, "I've written this piece of program. This is what it does. Is this what you want?" Blah-blah-blah. It's a back-and-forth bot. Devising such systems is an interesting problem, because they have to have a model of a human if they're trying to explain something to you. They have to know what the human is confused about.

What has long been difficult for me to understand is, What's the point of a conventional Turing Test? What's the motivation? As a toy, one could make a little chat bot that people could chat with. That will be the next thing. The current round of deep learning—particularly, recurrent neural networks—is making pretty good models of human speech and human writing. We can type in, say, "How are you feeling today?" and it knows most of the time what sort of response to give. But I want to figure out whether I can automate responding to my email. I know the answer is "No." A good Turing Test, for me, will be when a bot can answer most of my email. That's a tough test. It would have to learn those answers from the humans the email is connected to. I might be a little bit ahead of the game, because I've been collecting data on myself for about twenty-five years. I have every piece of email for twenty-five years, every keystroke for twenty. I should be able to train an avatar, an AI, that will do what I can do—perhaps better than I could.



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People worry about the scenario in which AIs take over. I think something much more amusing, in a sense, will happen first. The AI will know what you intend, and it will be good at figuring out how to get there. I tell my car's GPS I want to go to a particular destination. I don't know where the heck I am, I just follow my GPS. My children like to remind me that once when I had a very early GPS—the kind that told you, "Turn this way, turn that way"—we ended up on one of the piers going out into Boston Harbor.

More to the point is that there will be an AI that knows your history, and knows that when you're ordering dinner online you'll probably want such-and-such, or when you email this person, you should talk to them about such-and-such. More and more, the AIs will suggest to us what we should do, and I suspect most of the time people will just go along with that. It's good advice—better than what you would have figured out for yourself.

As far as the takeover scenario is concerned, you can do terrible things with technology and you can do good things with technology. Some people will try to do terrible things with technology, and some people will try to do good things with technology. One of the things I like about today's technology is the equalization it has produced. I used to be proud that I had a better computer than anybody I knew; now we all have the same kind of computers. We have the same smartphones, and pretty much the same technology can be used by a decent fraction of the planet's 7 billion people. It's not the case that the king's technology is different from everybody else's. That's an important advance.

The great frontier five hundred years ago was literacy. Today, it's doing programming of some kind. Today's programming will be obsolete in a not very long time. For example, people no longer learn assembly language, because computers are better at writing assembly language than humans are, and only a small set of people need to know the details of how language gets compiled into assembly language. A lot of what's being done by armies of programmers today is similarly mundane. There's no good reason for humans to be writing Java code or JavaScript code. We want to automate the programming process so that what's important goes from what the human wants done to getting the machine, as automatically as possible, to do it. This will increase that equalization, which is something I'm interested in. In the past, if you wanted to write a serious piece of code, or program for something important and real, it was a lot of work. You had to know quite a bit about software engineering, you had to invest months of time in it, you had to hire programmers who knew this or you had to learn it yourself. It was a big investment.

That's not true anymore. A one-line piece of code already does something interesting and useful. It allows a vast range of people who couldn't make computers do things for them, make computers do things for them. Something I'd like to see is a lot of kids around the world learn the new capabilities of knowledge-based programming and then produce code that's effectively as sophisticated as what anybody in the top ranks can produce. This is within reach. We're at the point where anybody can learn to do knowledge-based programming, and, more important, learn to think computationally. The actual mechanics of programming are easy now. What's difficult is imagining things in a computational way.



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How do you teach computational thinking? In terms of how to do programming, it's an interesting question. Take nanotechnology. How did we achieve nanotechnology? Answer: We took technology as we understand it on a large scale and we made it very small. How to make a CPU chip on the atomic scale? Fundamentally, we use the same architecture as the CPU chip we know and love. That isn't the only approach one can take. Looking at what simple programs can do suggests that you can take even simple impoverished components and with the right compiler you can make them do interesting things. We don't do molecular-scale computing yet, because the ambient technology is such that you'd have to spend a decade building it. But we've got the components that are enough to make a universal computer. You might not know how to program with those components, but by doing searches in the space of possible programs, you'd start to amass building blocks, and you could then create a compiler for them. The surprising thing is that impoverished stuff is capable of doing sophisticated things, and the compilation step is not as gruesome as you might expect.

Just searching the computational universe and trying to find programs—building blocks—that are interesting is a good approach. A more traditional engineering approach—trying by pure thought to figure out how to build a universal computer—is a harder row to hoe. That doesn't mean it can't be done, but my guess is that we'll be able to do some amazing things just by finding the components and searching the possible programs we can make with them. Then it's back to the question about connecting human purposes to what is available from the system.

One question I'm interested in is, What will the world look like when most people can write code? We had a transition, maybe five hundred years ago or so, when only scribes and a small set of the population could read and write natural language. Today, a small fraction of the population can write code. Most of the code they write is for computers only. You don't understand things by reading code. But there will come a time when, as a result of things I've tried to do, the code is at a high enough level that it's a minimal description of what you're trying to do. It will be a piece of code that's understandable to humans but also executable by the machines.

Coding is a form of expression, just as writing in a natural language is a form of expression. To me, some simple pieces of code are poetic—they express ideas in a very clean way. There's an aesthetic aspect, much as there is to expression in a natural language. One feature of code is that it's immediately executable; it's not like writing. When you write something, somebody has to read it, and the brain that's reading it has to absorb the thoughts that came from the person who did the writing. Look at how knowledge has been transmitted in the history of the world. At level zero, one form of knowledge transmission is essentially genetic—that is, there's an organism, and its progeny has the same features that it had. Then there's the kind of knowledge transmission that happens with things like physiological recognition. A newborn creature has some neural network with some random connections in it, and as the creature moves around in the world, it starts recognizing kinds of objects and it learns that knowledge.

Then there's the level that was the big achievement of our species, which is natural language. The ability to represent knowledge abstractly enough that we can communicate it brain to brain, so to speak. Arguably, natural language is our species' most important invention. It's what led, in many respects, to our civilization.



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There's yet another level, and probably one day it will have a more interesting name. With knowledge-based programming, we have a way of creating an actual representation of real things in the world, in a precise and symbolic way. Not only is it understandable by brains and communicable to other brains and to computers, it's also immediately executable.

Just as natural language gave us civilization, knowledge-based programming will give us—what? One bad answer is that it will give us the civilization of the AIs. That's what we don't want to happen, because the AIs will do a great job communicating with one another and we'll be left out of it, because there's no intermediate language, no interface with our brains. What will this fourth level of knowledge communication lead to? If you were Caveman Ogg and you were just realizing that language was starting, could you imagine the coming of civilization? What should we be imagining right now?

This relates to the question of what the world would look like if most people could code. Clearly, many trivial things would change: Contracts would be written in code, restaurant recipes might be written in code, and so on. Simple things like that would change. But much more profound things would also change. The rise of literacy gave us bureaucracy, for example, which had already existed but dramatically accelerated, giving us a greater depth of governmental systems, for better or worse. How does the coding world relate to the cultural world?

Take high school education. If we have computational thinking, how does that affect how we study history? How does that affect how we study languages, social studies, and so on? The answer is, it has a great effect. Imagine you're writing an essay. Today, the raw material for a typical high school student's essay is something that's already been written; students usually can't generate new knowledge easily. But in the computational world, that will no longer be true. If the students know something about writing code, they'll access all that digitized historical data and figure out something new. Then they'll write an essay about something they've discovered. The achievement of knowledge-based programming is that it's no longer sterile, because it's got the knowledge of the world knitted into the language you're using to write code.

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There's computation all over the universe: in a turbulent fluid producing some complicated pattern of flow, in the celestial mechanics of planetary interactions, in brains. But does computation have a purpose? You can ask that about any system. Does the weather have a goal? Does climate have a goal?

Can someone looking at Earth from space tell that there's anything with a purpose there? Is there a civilization there? In the Great Salt Lake, in Utah, there's a straight line. It turns out to be a causeway dividing two areas of the lake with different colors of algae, so it's a very dramatic straight line. There's a road in Australia that's long and straight. There's a railroad in Siberia that's long, and lights go on when a train stops at the stations. So from space you can see straight lines and patterns.

But are these clear enough examples of obvious purpose on Earth as viewed from space? For that matter, how do we recognize extraterrestrials out there? How do we tell if a signal we're getting indicates purpose? Pulsars were discovered in 1967, when we picked up a periodic flutter every second or so. The first question was, Is this a beacon?



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Because what else would make a periodic signal? It turned out to be a rotating neutron star.

One criterion to apply to a potentially purposeful phenomenon is whether it's minimal in achieving a purpose. But does that mean that it was built for the purpose? The ball rolls down the hill because of gravitational pull. Or the ball rolls down the hill because it's satisfying the principle of least action. There are typically these two explanations for some action that seems purposeful: the mechanistic explanation and the teleological. Essentially all of our existing technology fails the test of being minimal in achieving its purpose. Most of what we build is steeped in technological history, and it's incredibly non-minimal for achieving its purpose. Look at a CPU chip; there's no way that that's the minimal way to achieve what a CPU chip achieves.

This question of how to identify purposefulness is a hard one. It's an important question, because radio noise from the galaxy is very similar to CDMA transmissions from cell phones. Those transmissions use pseudo-noise sequences, which happen to have certain repeatability properties. But they come across as noise, and they're set up as noise, so as not to interfere with other channels. The issue gets messier. If we were to observe a sequence of primes being generated from a pulsar, we'd ask what generated them. Would it mean that a whole civilization grew up and discovered primes and invented computers and radio transmitters and did this? Or is there just some physical process making primes? There's a little cellular automaton that makes primes. You can see how it works if you take it apart. It has a little thing bouncing inside it, and out comes a sequence of primes. It didn't need the whole history of civilization and biology and so on to get to that point.

I don't think there is abstract "purpose," per se. I don't think there's abstract meaning. Does the universe have a purpose? Then you're doing theology in some way. There is no meaningful sense in which there is an abstract notion of purpose. Purpose is something that comes from history.

One of the things that might be true about our world is that maybe we go through all this history and biology and civilization, and at the end of the day the answer is "42," or something. We went through all those 4 billion years of various kinds of evolution and then we got to "42."

Nothing like that will happen, because of computational irreducibility. There are computational processes that you can go through in which there is no way to shortcut that process. Much of science has been about shortcutting computation done by nature. For example, if we're doing celestial mechanics and want to predict where the planets will be a million years from now, we could follow the equations, step-by-step. But the big achievement in science is that we're able to shortcut that and reduce the computation. We can be smarter than the universe and predict the endpoint without going through all the steps. But even with a smart enough machine and smart enough mathematics, we can't get to the endpoint without going through the steps. Some details are irreducible. We have to irreducibly follow those steps. That's why history means something. If we could get to the endpoint without going through the steps, history would be, in some sense, pointless.

So it's not the case that we're intelligent and everything else in the world is not. There's no enormous abstract difference between us and the clouds or us and the cellular automata. We cannot say that this brainlike neural network is qualitatively



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different from this cellular-automaton system. The difference is a detailed difference. This brainlike neural network was produced by the long history of civilization, whereas the cellular automaton was created by my computer in the last microsecond.

The problem of abstract AI is similar to the problem of recognizing extraterrestrial intelligence: How do you determine whether or not it has a purpose? This is a question I don't consider answered. We'll say things like, "Well, AI will be intelligent when it can do blah-blah-blah." When it can find primes. When it can produce this and that and the other. But there are many other ways to get to those results. Again, there is no bright line between intelligence and mere computation.

It's another part of the Copernican story: We used to think Earth was the center of the universe. Now we think we're special because we have intelligence and nothing else does. I'm afraid the bad news is that that isn't a distinction.

Here's one of my scenarios. Let's say there comes a time when human consciousness is readily uploadable into digital form, virtualized and so on, and pretty soon we have a box of a trillion souls. There are a trillion souls in the box, all virtualized. In the box, there will be molecular computing going on—maybe derived from biology, maybe not. But the box will be doing all kinds of elaborate stuff. And there's a rock sitting next to the box. Inside a rock, there are always all kinds of elaborate stuff going on, all kinds of subatomic particles doing all kinds of things. What's the difference between the rock and the box of a trillion souls? The answer is that the details of what's happening in the box were derived from the long history of human civilization, including whatever people watched on YouTube the day before. Whereas the rock has its long geological history but not the particular history of our civilization.

Realizing that there isn't a genuine distinction between intelligence and mere computation leads you to imagine that future—the endpoint of our civilization as a box of trillion souls, each of them essentially playing a video game, forever. What is the "purpose" of that?



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Sciencexpress Research Article

# Quantitative Analysis of Culture Using Millions of Digitized Books

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**We constructed a corpus of digitized texts containing about 4% of all books ever printed. Analysis of this corpus enables us to investigate cultural trends quantitatively. We survey the vast terrain of "culturomics", focusing on linguistic and cultural phenomena that were reflected in the English language between 1800 and 2000. We show how this approach can provide insights about fields as diverse as lexicography, the evolution of grammar, collective memory, the adoption of technology, the pursuit of fame, censorship, and historical epidemiology. "Culturomics" extends the boundaries of rigorous quantitative inquiry to a wide array of new phenomena spanning the social sciences and the humanities.**

Reading small collections of carefully chosen works enables scholars to make powerful inferences about trends in human thought. However, this approach rarely enables precise measurement of the underlying phenomena. Attempts to introduce quantitative methods into the study of culture (*1-6*) have been hampered by the lack of suitable data.

We report the creation of a corpus of 5,195,769 digitized books containing ~4% of all books ever published. Computational analysis of this corpus enables us to observe cultural trends and subject them to quantitative investigation. "Culturomics" extends the boundaries of scientific inquiry to a wide array of new phenomena.

The corpus has emerged from Google's effort to digitize books. Most books were drawn from over 40 university libraries around the world. Each page was scanned with custom equipment (*7*), and the text digitized using optical character recognition (OCR). Additional volumes – both physical and digital – were contributed by publishers. Metadata describing date and place of publication were provided by the libraries and publishers, and supplemented with bibliographic databases. Over 15 million books have been digitized [12% of all books ever published (*7*)]. We selected a subset of over 5 million books for analysis on the basis of the quality of their OCR and metadata (Fig. 1A) (*7*). Periodicals were excluded.

The resulting corpus contains over 500 billion words, in English (361 billion), French (45B), Spanish (45B), German (37B), Chinese (13B), Russian (35B), and Hebrew (2B). The oldest works were published in the 1500s. The early decades are represented by only a few books per year, comprising several hundred thousand words. By 1800, the corpus grows to 60 million words per year; by 1900, 1.4 billion; and by 2000, 8 billion.

The corpus cannot be read by a human. If you tried to read only the entries from the year 2000 alone, at the reasonable pace of 200 words/minute, without interruptions for food or sleep, it would take eighty years. The sequence of letters is one thousand times longer than the human genome: if you wrote it out in a straight line, it would reach to the moon and back 10 times over (*8*).

To make release of the data possible in light of copyright constraints, we restricted our study to the question of how often a given "1-gram" or "n-gram" was used over time. A 1-gram is a string of characters uninterrupted by a space; this includes words ("banana", "SCUBA") but also numbers

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("3.14159") and typos ("excesss"). An n-gram is sequence of 1-grams, such as the phrases "stock market" (a 2-gram) and "the United States of America" (a 5-gram). We restricted n to 5, and limited our study to n-grams occurring at least 40 times in the corpus.

Usage frequency is computed by dividing the number of instances of the n-gram in a given year by the total number of words in the corpus in that year. For instance, in 1861, the 1-gram "slavery" appeared in the corpus 21,460 times, on 11,687 pages of 1,208 books. The corpus contains 386,434,758 words from 1861; thus the frequency is $5.5 \times 10^{-5}$. "slavery" peaked during the civil war (early 1860s) and then again during the civil rights movement (1955-1968) (Fig. 1B)

In contrast, we compare the frequency of "the Great War" to the frequencies of "World War I" and "World War II." "the Great War" peaks between 1915 and 1941. But although its frequency drops thereafter, interest in the underlying events had not disappeared; instead, they are referred to as "World War I" (Fig. 1C).

These examples highlight two central factors that contribute to culturomic trends. Cultural change guides the concepts we discuss (such as "slavery"). Linguistic change – which, of course, has cultural roots – affects the words we use for those concepts ("the Great War" vs. "World War I"). In this paper, we will examine both linguistic changes, such as changes in the lexicon and grammar; and cultural phenomena, such as how we remember people and events.

The full dataset, which comprises over two billion culturomic trajectories, is available for download or exploration at www.culturomics.org.

**The Size of the English Lexicon**

How many words are in the English language (*9*)?

We call a 1-gram "common" if its frequency is greater than one per billion. (This corresponds to the frequency of the words listed in leading dictionaries (*7*).) We compiled a list of all common 1-grams in 1900, 1950, and 2000 based on the frequency of each 1-gram in the preceding decade. These lists contained 1,117,997 common 1-grams in 1900, 1,102,920 in 1950, and 1,489,337 in 2000.

Not all common 1-grams are English words. Many fell into three non-word categories: (i) 1-grams with non-alphabetic characters ("l8r", "3.14159"); (ii) misspellings ("becuase, "abberation"); and (iii) foreign words ("sensitivo").

To estimate the number of English words, we manually annotated random samples from the lists of common 1-grams (*7*) and determined what fraction were members of the above non-word categories. The result ranged from 51% of all common 1-grams in 1900 to 31% in 2000.

Using this technique, we estimated the number of words in the English lexicon as 544,000 in 1900, 597,000 in 1950, and 1,022,000 in 2000. The lexicon is enjoying a period of enormous growth: the addition of ~8500 words/year has increased the size of the language by over 70% during the last fifty years (Fig. 2A).

Notably, we found more words than appear in any dictionary. For instance, the 2002 Webster's Third New International Dictionary [W3], which keeps track of the contemporary American lexicon, lists approximately 348,000 single-word wordforms (*10*); the American Heritage Dictionary of the English Language, Fourth Edition (AHD4) lists 116,161 (*11*). (Both contain additional multi-word entries.) Part of this gap is because dictionaries often exclude proper nouns and compound words ("whalewatching"). Even accounting for these factors, we found many undocumented words, such as "aridification" (the process by which a geographic region becomes dry), "slenthem" (a musical instrument), and, appropriately, the word "deletable."

This gap between dictionaries and the lexicon results from a balance that every dictionary must strike: it must be comprehensive enough to be a useful reference, but concise enough to be printed, shipped, and used. As such, many infrequent words are omitted. To gauge how well dictionaries reflect the lexicon, we ordered our year 2000 lexicon by frequency, divided it into eight deciles (ranging from $10^{-9}$ – $10^{-8}$ to $10^{-2}$ – $10^{-1}$), and sampled each decile (*7*). We manually checked how many sample words were listed in the OED (12) and in the Merriam-Webster Unabridged Dictionary [MWD]. (We excluded proper nouns, since neither OED nor MWD lists them.) Both dictionaries had excellent coverage of high frequency words, but less coverage for frequencies below $10^{-6}$: 67% of words in the $10^{-9}$ – $10^{-8}$ range were listed in neither dictionary (Fig. 2B). Consistent with Zipf's famous law, a large fraction of the words in our lexicon (63%) were in this lowest frequency bin. As a result, we estimated that 52% of the English lexicon – the majority of the words used in English books – consists of lexical "dark matter" undocumented in standard references (*12*).

To keep up with the lexicon, dictionaries are updated regularly (*13*). We examined how well these changes corresponded with changes in actual usage by studying the 2077 1-gram headwords added to AHD4 in 2000. The overall frequency of these words, such as "buckyball" and "netiquette", has soared since 1950: two-thirds exhibited recent, sharp increases in frequency (>2X from 1950-2000) (Fig. 2C). Nevertheless, there was a lag between lexicographers and the lexicon. Over half the words added to AHD4 were part of the English lexicon a century ago (frequency $>10^{-9}$ from 1890-1900). In fact, some newly-added words, such as "gypseous" and "amplidyne", have already undergone a steep decline in frequency (Fig. 2D).

Not only must lexicographers avoid adding words that have fallen out of fashion, they must also weed obsolete words from earlier editions. This is an imperfect process. We

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found 2220 obsolete 1-gram headwords ("diestock", "alkalescent") in AHD4. Their mean frequency declined throughout the 20th century, and dipped below $10^{-9}$ decades ago (Fig. 2D, Inset).

Our results suggest that culturomic tools will aid lexicographers in at least two ways: (i) finding low-frequency words that they do not list; and (ii) providing accurate estimates of current frequency trends to reduce the lag between changes in the lexicon and changes in the dictionary.

**The Evolution of Grammar**

Next, we examined grammatical trends. We studied the English irregular verbs, a classic model of grammatical change (*14-17*). Unlike regular verbs, whose past tense is generated by adding –ed (jump/jumped), irregulars are conjugated idiosyncratically (stick/stuck, come/came, get/got) (*15*).

All irregular verbs coexist with regular competitors (e.g., "strived" and "strove") that threaten to supplant them (Fig. 2E). High-frequency irregulars, which are more readily remembered, hold their ground better. For instance, we found "found" (frequency: $5x10^{-4}$) 200,000 times more often than we finded "finded." In contrast, "dwelt" (frequency: $1x10^{-5}$) dwelt in our data only 60 times as often as "dwelled" dwelled. We defined a verb's "regularity" as the percentage of instances in the past tense (i.e., the sum of "drived", "drove", and "driven") in which the regular form is used. Most irregulars have been stable for the last 200 years, but 16% underwent a change in regularity of 10% or more (Fig. 2F).

These changes occurred slowly: it took 200 years for our fastest moving verb, "chide", to go from 10% to 90%. Otherwise, each trajectory was sui generis; we observed no characteristic shape. For instance, a few verbs, like "spill", regularized at a constant speed, but others, such as "thrive" and "dig", transitioned in fits and starts (*7*). In some cases, the trajectory suggested a reason for the trend. For example, with "sped/speeded" the shift in meaning from "to move rapidly" and towards "to exceed the legal limit" appears to have been the driving cause (Fig. 2G).

Six verbs (burn, chide, smell, spell, spill, thrive) regularized between 1800 and 2000 (Fig. 2F). Four are remnants of a now-defunct phonological process that used –t instead of –ed; they are members of a pack of irregulars that survived by virtue of similarity (bend/bent, build/built, burn/burnt, learn/learnt, lend/lent, rend/rent, send/sent, smell/smelt, spell/spelt, spill/spilt, and spoil/spoilt). Verbs have been defecting from this coalition for centuries (wend/went, pen/pent, gird/girt, geld/gelt, and gild/gilt all blend/blent into the dominant –ed rule). Culturomic analysis reveals that the collapse of this alliance has been the most significant driver of regularization in the past 200 years. The regularization of burnt, smelt, spelt, and spilt originated in the US; the forms still cling to life in British English (Fig. 2E,F). But the –t irregulars may be doomed in England too: each year, a population the size of Cambridge adopts "burned" in lieu of "burnt."

Though irregulars generally yield to regulars, two verbs did the opposite: light/lit and wake/woke. Both were irregular in Middle English, were mostly regular by 1800, and subsequently backtracked and are irregular again today. The fact that these verbs have been going back and forth for nearly 500 years highlights the gradual nature of the underlying process.

Still, there was at least one instance of rapid progress by an irregular form. Presently, 1% of the English speaking population switches from "sneaked" to "snuck" every year: someone will have snuck off while you read this sentence. As before, this trend is more prominent in the United States, but recently sneaked across the Atlantic: America is the world's leading exporter of both regular and irregular verbs.

**Out with the Old**

Just as individuals forget the past (*18*, *19*), so do societies (*20*). To quantify this effect, we reasoned that the frequency of 1-grams such as "1951" could be used to measure interest in the events of the corresponding year, and created plots for each year between 1875 and 1975.

The plots had a characteristic shape. For example, "1951" was rarely discussed until the years immediately preceding 1951. Its frequency soared in 1951, remained high for three years, and then underwent a rapid decay, dropping by half over the next fifteen years. Finally, the plots enter a regime marked by slower forgetting: collective memory has both a short-term and a long-term component.

But there have been changes. The amplitude of the plots is rising every year: precise dates are increasingly common. There is also a greater focus on the present. For instance, "1880" declined to half its peak value in 1912, a lag of 32 years. In contrast, "1973" declined to half its peak by 1983, a lag of only 10 years. We are forgetting our past faster with each passing year (Fig. 3A).

We were curious whether our increasing tendency to forget the old was accompanied by more rapid assimilation of the new (*21*). We divided a list of 154 inventions into time-resolved cohorts based on the forty-year interval in which they were first invented (1800-1840, 1840-1880, and 1880-1920) (*7*). We tracked the frequency of each invention in the nth after it was invented as compared to its maximum value, and plotted the median of these rescaled trajectories for each cohort.

The inventions from the earliest cohort (1800-1840) took over 66 years from invention to widespread impact (frequency >25% of peak). Since then, the cultural adoption of technology has become more rapid: the 1840-1880 invention cohort was widely adopted within 50 years; the 1880-1920 cohort within 27 (Fig. 3B).

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**"In the Future, Everyone Will Be World Famous for 7.5 Minutes" –Whatshisname**

People, too, rise to prominence, only to be forgotten (*22*). Fame can be tracked by measuring the frequency of a person's name (Fig. 3C). We compared the rise to fame of the most famous people of different eras. We took all 740,000 people with entries in Wikipedia, removed cases where several famous individuals share a name, and sorted the rest by birthdate and frequency (*23*). For every year from 1800-1950, we constructed a cohort consisting of the fifty most famous people born in that year. For example, the 1882 cohort includes "Virginia Woolf" and "Felix Frankfurter"; the 1946 cohort includes "Bill Clinton" and "Steven Spielberg." We plotted the median frequency for the names in each cohort over time (Fig. 3D-E). The resulting trajectories were all similar. Each cohort had a pre-celebrity period ( median frequency $<10^{-9}$), followed by a rapid rise to prominence, a peak, and a slow decline. We therefore characterized each cohort using four parameters: (i) the age of initial celebrity; (ii) the doubling time of the initial rise; (iii) the age of peak celebrity; (iv) the half-life of the decline (Fig. 3E). The age of peak celebrity has been consistent over time: about 75 years after birth. But the other parameters have been changing. Fame comes sooner and rises faster: between the early 19th century and the mid-20th century, the age of initial celebrity declined from 43 to 29 years, and the doubling time fell from 8.1 to 3.3 years. As a result, the most famous people alive today are more famous – in books – than their predecessors. Yet this fame is increasingly short-lived: the post-peak half-life dropped from 120 to 71 years during the nineteenth century.

We repeated this analysis with all 42,358 people in the databases of Encyclopaedia Britannica (*24*), which reflect a process of expert curation that began in 1768. The results were similar (*7*). Thus, people are getting more famous than ever before, but are being forgotten more rapidly than ever.

Occupational choices affect the rise to fame. We focused on the 25 most famous individuals born between 1800 and 1920 in seven occupations (actors, artists, writers, politicians, biologists, physicists, and mathematicians), examining how their fame grew as a function of age (Fig. 3F).

Actors tend to become famous earliest, at around 30. But the fame of the actors we studied – whose ascent preceded the spread of television – rises slowly thereafter. (Their fame peaked at a frequency of $2x10^{-7}$.) The writers became famous about a decade after the actors, but rose for longer and to a much higher peak ($8x10^{-7}$). Politicians did not become famous until their 50s, when, upon being elected President of the United States (in 11 of 25 cases; 9 more were heads of other states) they rapidly rose to become the most famous of the groups ($1x10^{-6}$).

Science is a poor route to fame. Physicists and biologists eventually reached a similar level of fame as actors ($1x10^{-7}$), but it took them far longer. Alas, even at their peak, mathematicians tend not to be appreciated by the public ($2x10^{-8}$).

**Detecting Censorship and Suppression**

Suppression – of a person, or an idea – leaves quantifiable fingerprints (*25*). For instance, Nazi censorship of the Jewish artist Marc Chagall is evident by comparing the frequency of "Marc Chagall" in English and in German books (Fig.4A). In both languages, there is a rapid ascent starting in the late 1910s (when Chagall was in his early 30s). In English, the ascent continues. But in German, the artist's popularity decreases, reaching a nadir from 1936-1944, when his full name appears only once. (In contrast, from 1946-1954, "Marc Chagall" appears nearly 100 times in the German corpus.) Such examples are found in many countries, including Russia (e.g. Trotsky), China (Tiananmen Square) and the US (the Hollywood Ten, blacklisted in 1947) (Fig.4B-D).

We probed the impact of censorship on a person's cultural influence in Nazi Germany. Led by such figures as the librarian Wolfgang Hermann, the Nazis created lists of authors and artists whose "undesirable", "degenerate" work was banned from libraries and museums and publicly burned (*26-28*). We plotted median usage in German for five such lists: artists (100 names), as well as writers of Literature (147), Politics (117), History (53), and Philosophy (35) (Fig 4E). We also included a collection of Nazi party members [547 names, ref (*7*)]. The five suppressed groups exhibited a decline. This decline was modest for writers of history (9%) and literature (27%), but pronounced in politics (60%), philosophy (76%), and art (56%). The only group whose signal increased during the Third Reich was the Nazi party members [a 500% increase; ref (*7*)].

Given such strong signals, we tested whether one could identify victims of Nazi repression de novo. We computed a "suppression index" s for each person by dividing their frequency from 1933 – 1945 by the mean frequency in 1925-1933 and in 1955-1965 (Fig.4F, Inset). In English, the distribution of suppression indices is tightly centered around unity. Fewer than 1% of individuals lie at the extremes ($s<1/5$ or $s>5$).

In German, the distribution in much wider, and skewed leftward: suppression in Nazi Germany was not the exception, but the rule (Fig. 4F). At the far left, 9.8% of individuals showed strong suppression ($s<1/5$). This population is highly enriched for documented victims of repression, such as Pablo Picasso ($s=0.12$), the Bauhaus architect Walter Gropius ($s=0.16$), and Hermann Maas ($s<.01$), an influential Protestant Minister who helped many Jews flee (*7*). (Maas was later recognized by Israel's Yad Vashem as a "Righteous Among the Nations.") At the other

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extreme, 1.5% of the population exhibited a dramatic rise (s>5). This subpopulation is highly enriched for Nazis and Nazi-supporters, who benefited immensely from government propaganda (*7*).

These results provide a strategy for rapidly identifying likely victims of censorship from a large pool of possibilities, and highlights how culturomic methods might complement existing historical approaches.

**Culturomics**

Culturomics is the application of high-throughput data collection and analysis to the study of human culture. Books are a beginning, but we must also incorporate newspapers (*29*), manuscripts (*30*), maps (*31*), artwork (*32*), and a myriad of other human creations (*33*, *34*). Of course, many voices – already lost to time – lie forever beyond our reach.

Culturomic results are a new type of evidence in the humanities. As with fossils of ancient creatures, the challenge of culturomics lies in the interpretation of this evidence. Considerations of space restrict us to the briefest of surveys: a handful of trajectories and our initial interpretations. Many more fossils, with shapes no less intriguing, beckon:

(i) Peaks in "influenza" correspond with dates of known pandemics, suggesting the value of culturomic methods for historical epidemiology (*35*) (Fig. 5A).

(ii) Trajectories for "the North", "the South", and finally, "the enemy" reflect how polarization of the states preceded the descent into war (Fig. 5B).

(iii) In the battle of the sexes, the "women" are gaining ground on the "men" (Fig. 5C).

(iv) "féminisme" made early inroads in France, but the US proved to be a more fertile environment in the long run (Fig. 5D).

(v) "Galileo", "Darwin", and "Einstein" may be well-known scientists, but "Freud" is more deeply engrained in our collective subconscious (Fig. 5E).

(vi) Interest in "evolution" was waning when "DNA" came along (Fig. 5F).

(vii) The history of the American diet offers many appetizing opportunities for future research; the menu includes "steak", "sausage", "ice cream", "hamburger", "pizza", "pasta", and "sushi" (Fig. 5G).

(viii) "God" is not dead; but needs a new publicist (Fig. 5H).

These, together with the billions of other trajectories that accompany them, will furnish a great cache of bones from which to reconstruct the skeleton of a new science.

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Materials and Methods

Figs. S1 to S19

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**Fig. 1.** "Culturomic" analyses study millions of books at once. (**A**) Top row: authors have been writing for millennia; ~129 million book editions have been published since the advent of the printing press (upper left). Second row: Libraries and publishing houses provide books to Google for scanning (middle left). Over 15 million books have been digitized. Third row: each book is associated with metadata. Five million books are chosen for computational analysis (bottom left). Bottom row: a culturomic "timeline" shows the frequency of "apple" in English books over time (1800-2000). (**B**) Usage frequency of "slavery." The Civil War (1861-1865) and the civil rights movement (1955-1968) are highlighted in red. The number in the upper left (1e-4) is the unit of frequency. (**C**) Usage frequency over time for "the Great War" (blue), "World War I" (green), and "World War II" (red).

**Fig. 2.** Culturomics has profound consequences for the study of language, lexicography, and grammar. (**A**) The size of the English lexicon over time. Tick marks show the number of single words in three dictionaries (see text). (**B**) Fraction of words in the lexicon that appear in two different dictionaries as a function of usage frequency. (**C**) Five words added by the AHD in its 2000 update. Inset: Median frequency of new words added to AHD4 in 2000. The frequency of half of these words exceeded $10^{-9}$ as far back as 1890 (white dot). (**D**) Obsolete words added to AHD4 in 2000. Inset: Mean frequency of the 2220 AHD headwords whose current usage frequency is less than $10^{-9}$. (**E**) Usage frequency of irregular verbs (red) and their regular counterparts (blue). Some verbs (chide/chided) have regularized during the last two centuries. The trajectories for "speeded" and "speed up" (green) are similar, reflecting the role of semantic factors in this instance of regularization. The verb "burn" first regularized in the US (US flag) and later in the UK (UK flag). The irregular "snuck" is rapidly gaining on "sneaked." (**F**) Scatter plot of the irregular verbs; each verb's position depends on its regularity (see text) in the early 19th century (x-coordinate) and in the late 20th century (y-coordinate). For 16% of the verbs, the change in regularity was greater than 10% (large font). Dashed lines separate irregular verbs (regularity<50%)

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from regular verbs (regularity>50%). Six verbs became regular (upper left quadrant, blue), while two became irregular (lower right quadrant, red). Inset: the regularity of "chide" over time. (**G**) Median regularity of verbs whose past tense is often signified with a –t suffix instead of –ed (burn, smell, spell, spill, dwell, learn, and spoil) in US (black) and UK (grey) books.

**Fig. 3.** Cultural turnover is accelerating. (**A**) We forget: frequency of 1883 (blue), 1910 (green) and 1950 (red). Inset: We forget faster. The half-life of the curves (grey dots) is getting shorter (grey line: moving average). (**B**) Cultural adoption occurs faster. Median trajectory for three cohorts of inventions from three different time periods (1800-1840: blue, 1840-1880: green, 1880-1920: red). Inset: The telephone (green, date of invention: green arrow) and radio (blue, date of invention: blue arrow). (**C**) Fame of various personalities born between 1920 and 1930. (**D**) Frequency of the 50 most famous people born in 1871 (grey lines; median: dark gray). Five examples are highlighted. (**E**) The median trajectory of the 1865 cohort is characterized by four parameters: (i) initial "age of celebrity" (34 years old, tick mark); (ii) doubling time of the subsequent rise to fame (4 years, blue line); (iii) "age of peak celebrity" (70 years after birth, tick mark), and (iv) half-life of the post-peak "forgetting" phase (73 years, red line). Inset: The doubling time and half-life over time. (**F**) The median trajectory of the 25 most famous personalities born between 1800 and 1920 in various careers.

**Fig. 4.** Culturomics can be used to detect censorship. (**A**) Usage frequency of "Marc Chagall" in German (red) as compared to English (blue). (**B**) Suppression of Leon Trotsky (blue), Grigory Zinoviev (green), and Lev Kamenev (red) in Russian texts, with noteworthy events indicated: Trotsky's assassination (blue arrow), Zinoviev and Kamenev executed (red arrow), the "Great Purge" (red highlight), perestroika (grey arrow). (**C**) The 1976 and 1989 Tiananmen Square incidents both lead to elevated discussion in English texts. Response to the 1989 incident is largely absent in Chinese texts (blue), suggesting government censorship. (**D**) After the "Hollywood Ten" were blacklisted (red highlight) from American movie studios, their fame declined (median: wide grey). None of them were credited in a film until 1960's (aptly named) "Exodus." (**E**) Writers in various disciplines were suppressed by the Nazi regime (red highlight). In contrast, the Nazis themselves (thick red) exhibited a strong fame peak during the war years. (**F**) Distribution of suppression indices for both English (blue) and German (red) for the period from 1933-1945. Three victims of Nazi suppression are highlighted at left (red arrows). Inset: Calculation of the suppression index for "Henri Matisse."

**Fig. 5.** Culturomics provides quantitative evidence for scholars in many fields. (**A**) Historical Epidemiology: "influenza" is shown in blue; the Russian, Spanish, and Asian flu epidemics are highlighted. (**B**) History of the Civil War. (**C**) Comparative History. (**D**) Gender studies. (**E** and **F**) History of Science. (**G**) Historical Gastronomy. (H) History of Religion: "God."

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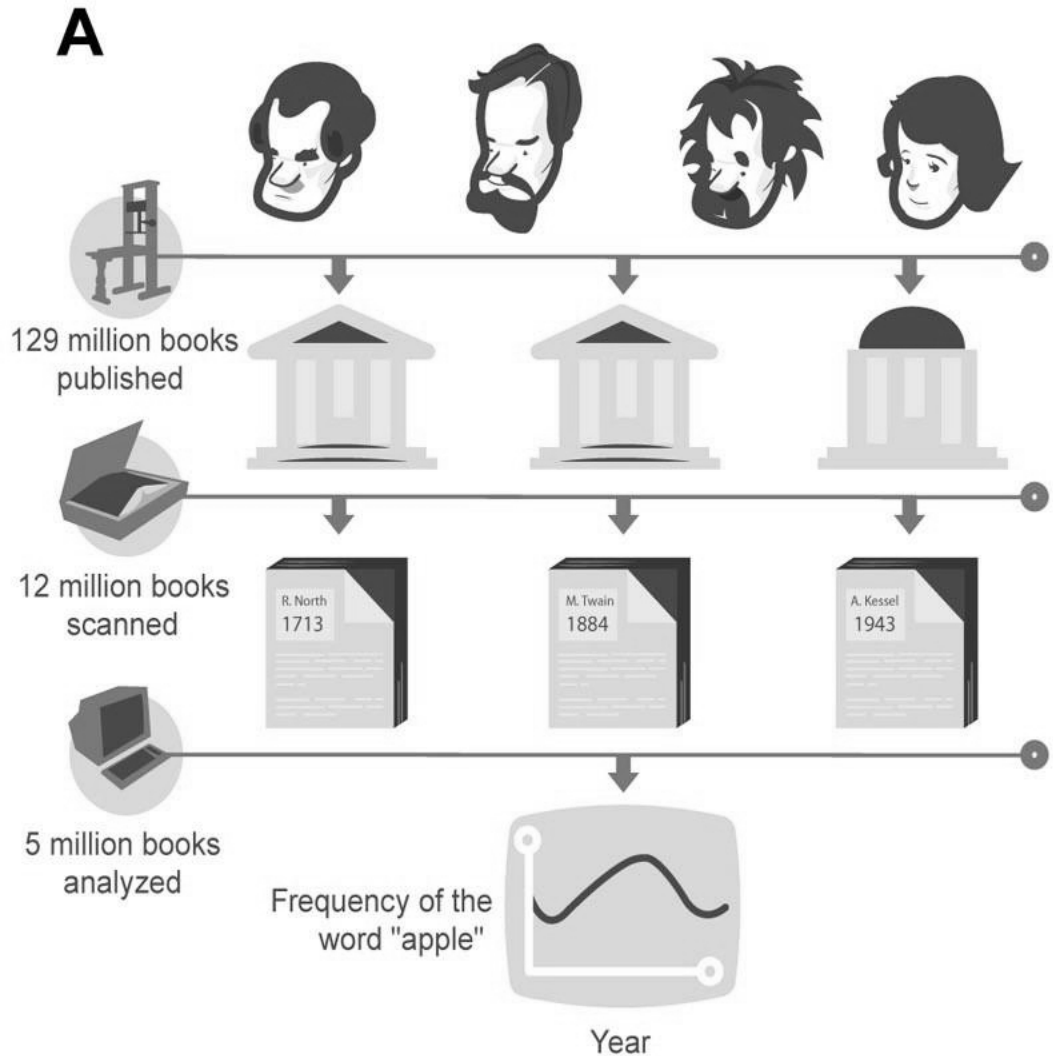


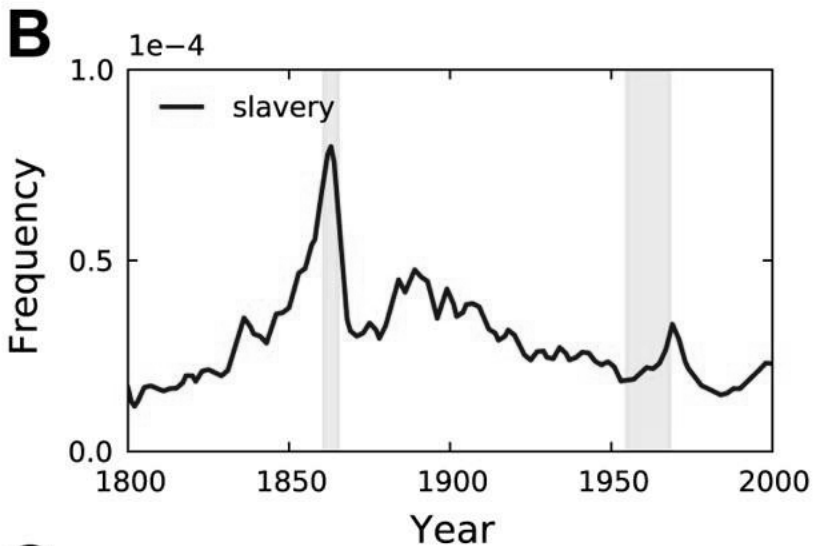


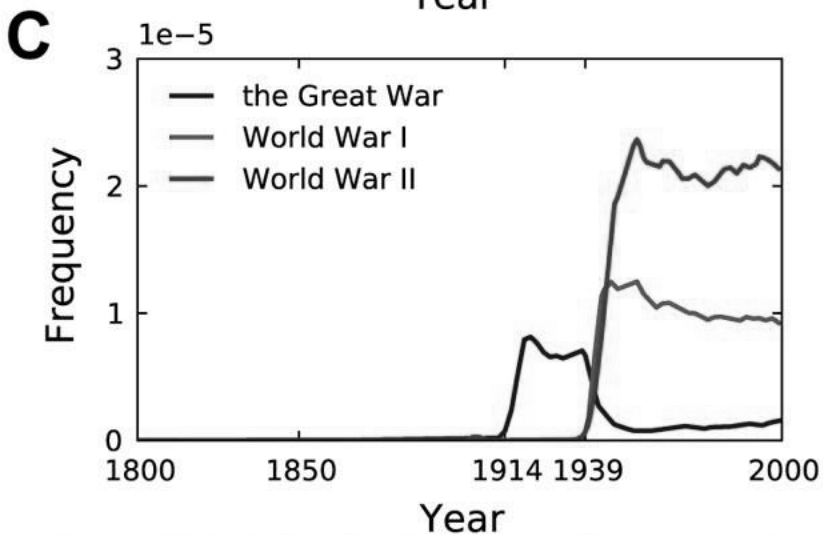


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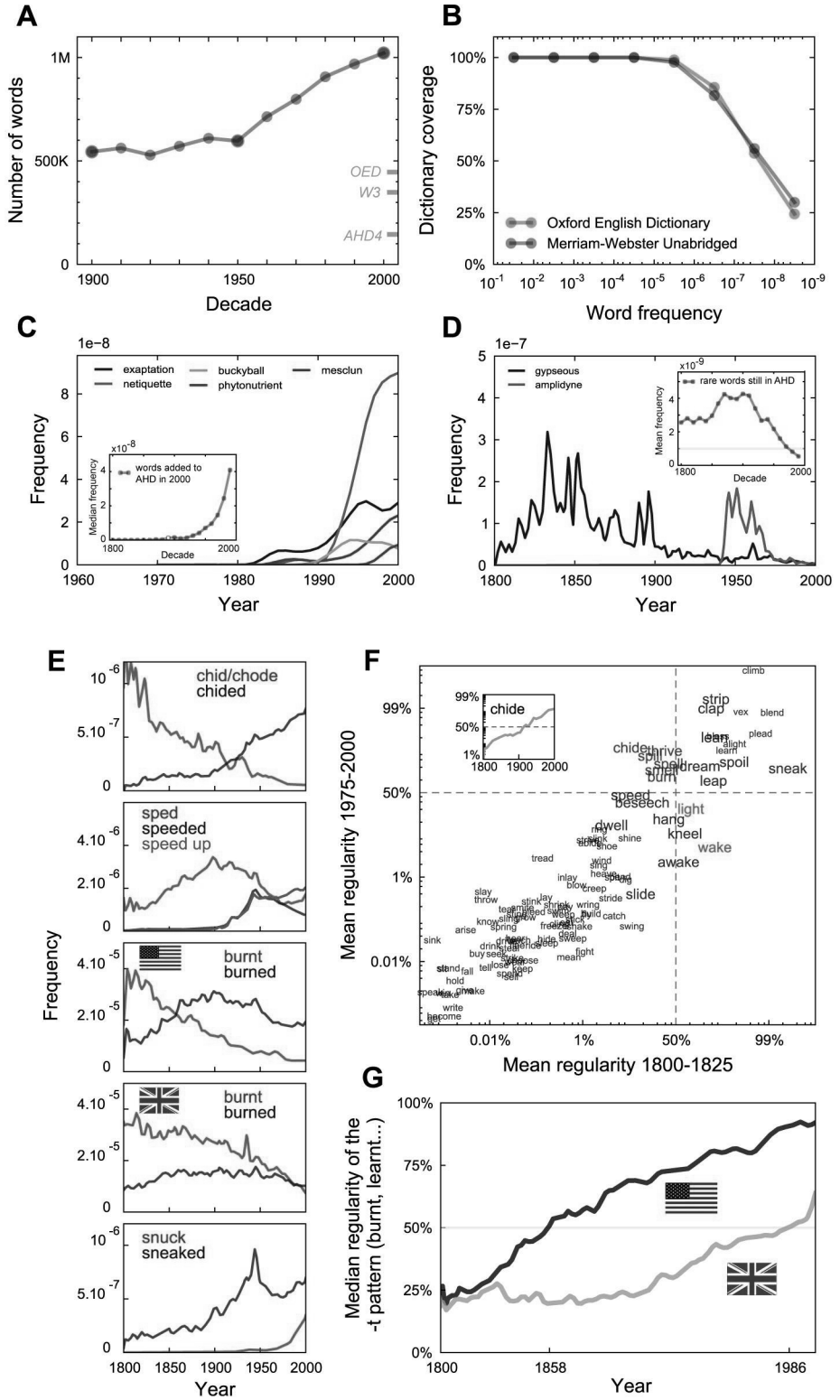
A
Number of words
1M
500K
0
OED
W3
AHD4
1900
1950
2000
Decade
B
Dictionary coverage
100%
75%
50%
25%
0%
Oxford English Dictionary
Merriam-Webster Unabridged
Word frequency
C
1e−8
exaptation
netiquette
buckyball
phytonutrient
mesclun
Frequency
words added to AHD in 2000
Median frequency
Decade
Year
D
1e−7
gypseous
amplidyne
rare words still in AHD
Mean frequency
Decade
Frequency
Year
E
chid/chode chided
sped speeded speed up
burnt burned
burnt burned
snuck sneaked
Frequency
Year
F
chide
Mean regularity 1975-2000
Mean regularity 1800-1825
G
Median regularity of the -t pattern (burnt, learnt...)
Year

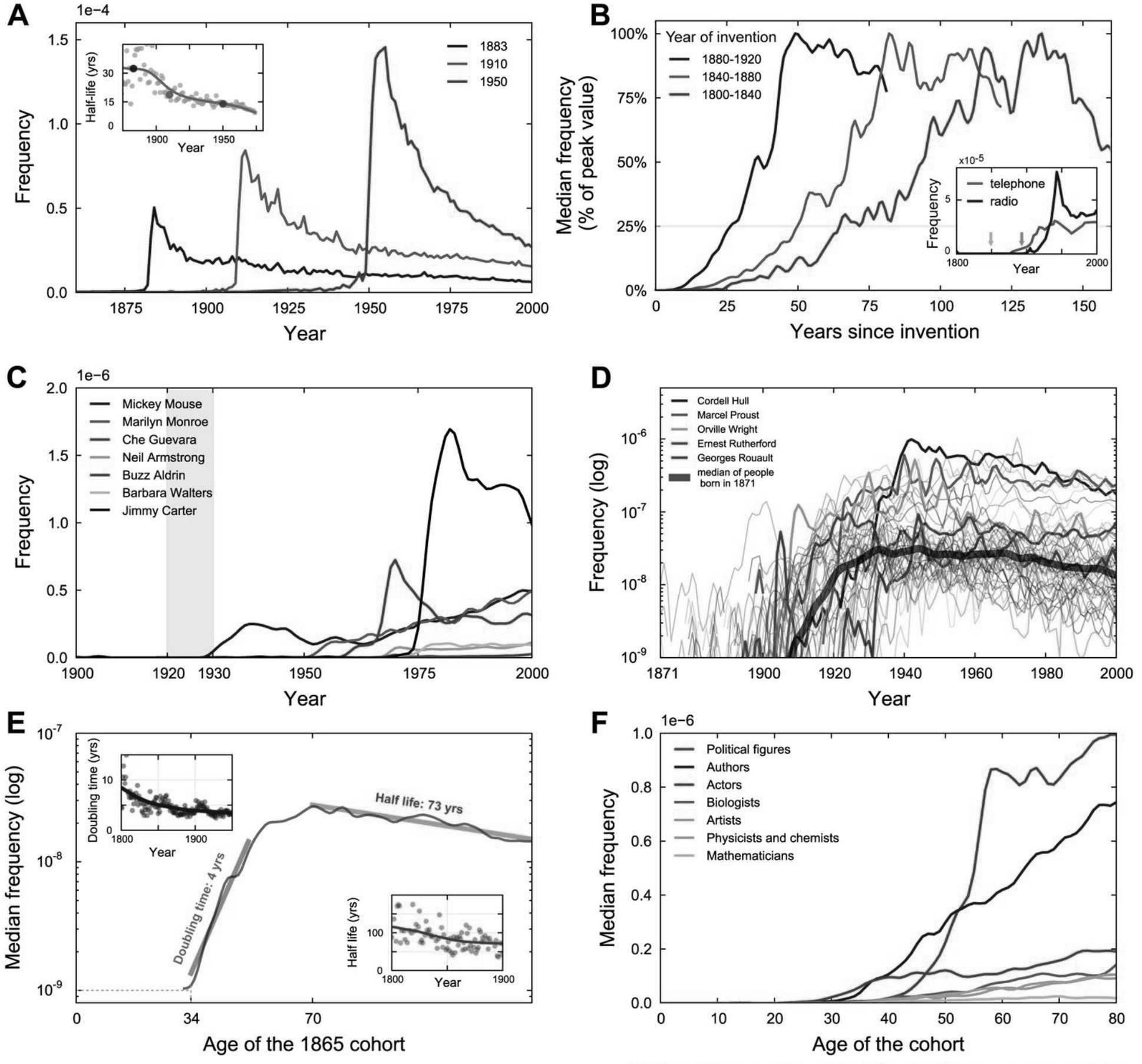
A
1e−4
Frequency
Year
1883
1910
1950
Half-life (yrs)
B
Year of invention
1880-1920
1840-1880
1800-1840
Median frequency (% of peak value)
Years since invention
telephone
radio
x10-5
C
1e−6
Mickey Mouse
Marilyn Monroe
Che Guevara
Neil Armstrong
Buzz Aldrin
Barbara Walters
Jimmy Carter
D
Cordell Hull
Marcel Proust
Orville Wright
Ernest Rutherford
Georges Rouault
median of people born in 1871
Frequency (log)
E
Median frequency (log)
Doubling time (yrs)
Half life: 73 yrs
Doubling time: 4 yrs
Half life (yrs)
Age of the 1865 cohort
F
1e−6
Political figures
Authors
Actors
Biologists
Artists
Physicists and chemists
Mathematicians
Median frequency
Age of the cohort

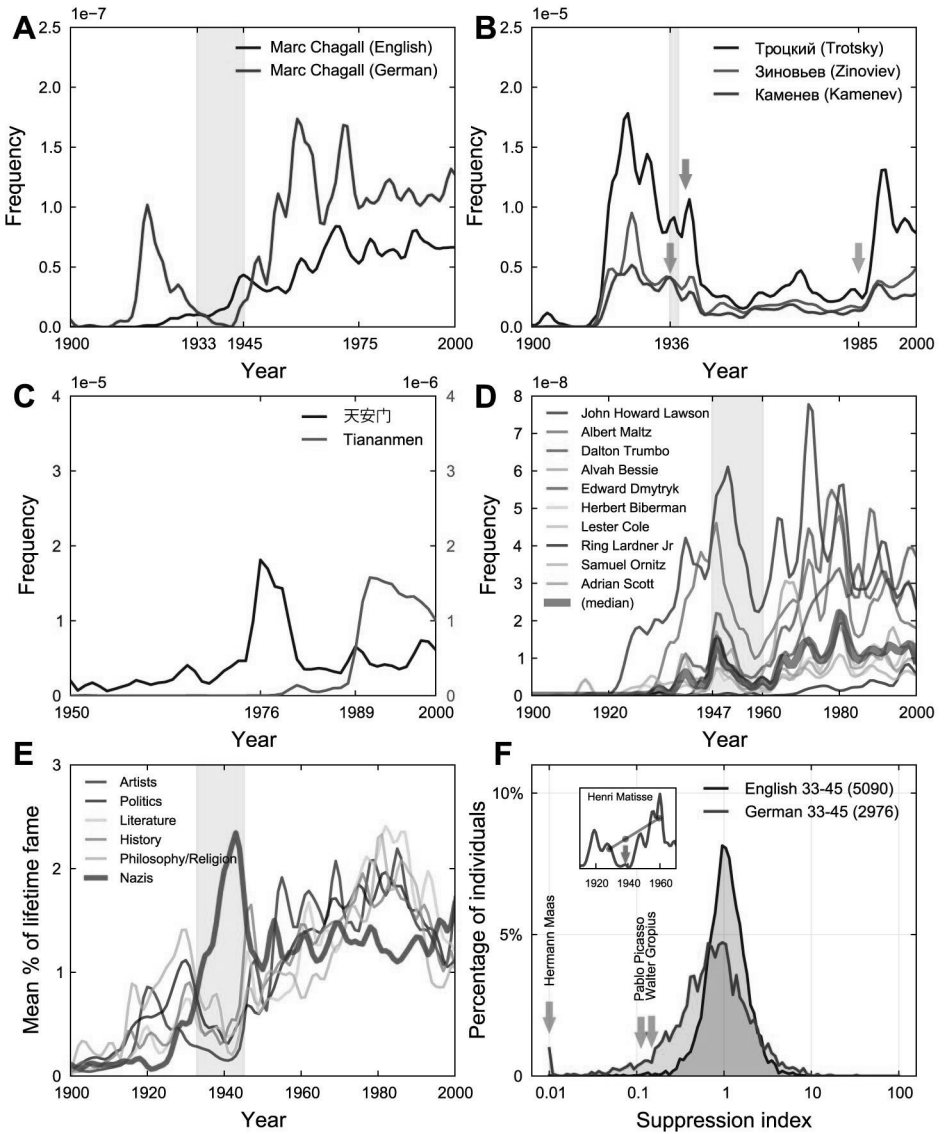
A
1e−7
Marc Chagall (English)
Marc Chagall (German)
Frequency
Year
1933
1945
1975
B
1e−5
Троцкий (Trotsky)
Зиновьев (Zinoviev)
Каменев (Kamenev)
1936
1985
C
1e−5
1e−6
天安门
Tiananmen
1976
1989
D
1e−8
John Howard Lawson
Albert Maltz
Dalton Trumbo
Alvah Bessie
Edward Dmytryk
Herbert Biberman
Lester Cole
Ring Lardner Jr
Samuel Ornitz
Adrian Scott
(median)
1947
1960
E
Artists
Politics
Literature
History
Philosophy/Religion
Nazis
Mean % of lifetime fame
F
English 33-45 (5090)
German 33-45 (2976)
Henri Matisse
Hermann Maas
Pablo Picasso
Walter Gropius
Percentage of individuals
Suppression index

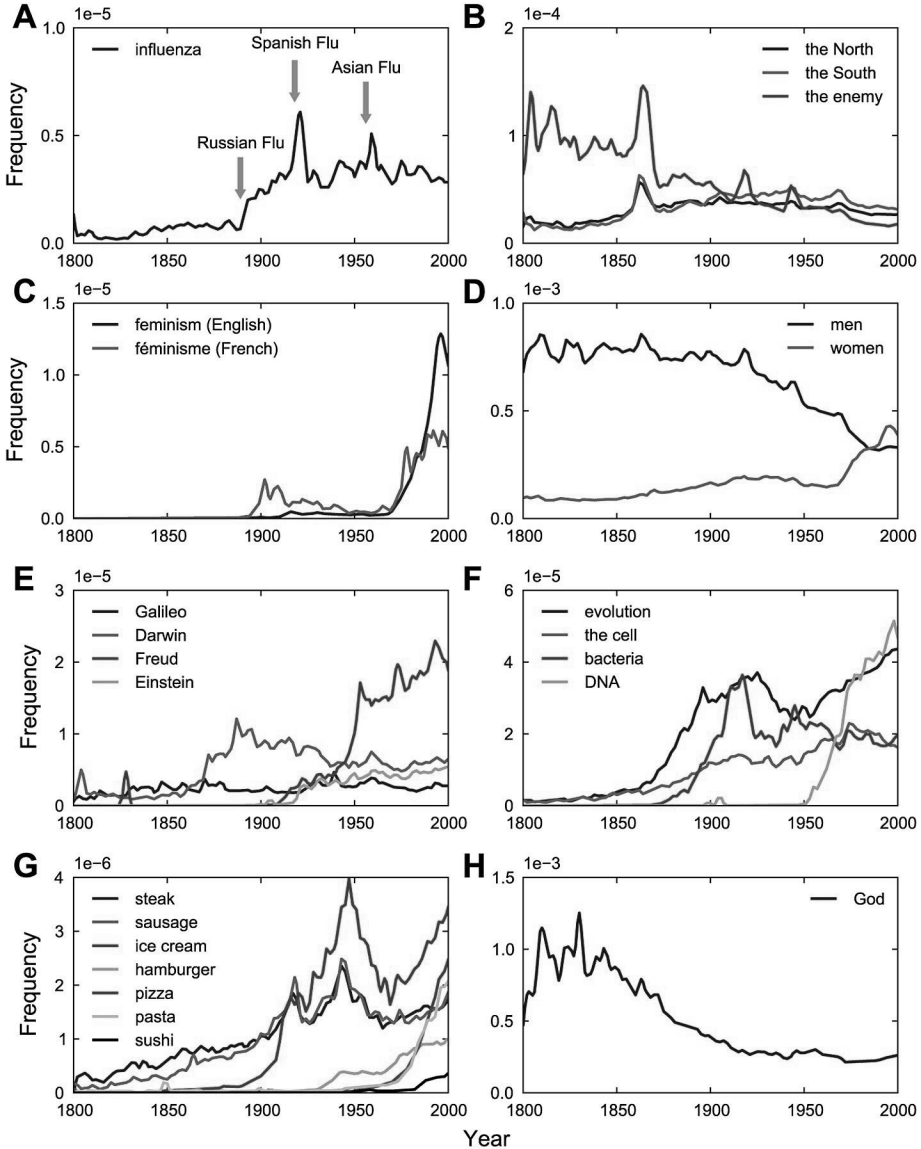
A
1e−5
influenza
Spanish Flu
Asian Flu
Russian Flu
Frequency
B
1e−4
the North
the South
the enemy
C
1e−5
feminism (English)
féminisme (French)
D
1e−3
men
women
E
1e−5
Galileo
Darwin
Freud
Einstein
F
1e−5
evolution
the cell
bacteria
DNA
G
1e−6
steak
sausage
ice cream
hamburger
pizza
pasta
sushi
H
1e−3
God
Year

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# Supporting Online Material for

## Quantitative Analysis of Culture Using Millions of Digitized Books

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**This PDF file includes:**

Materials and Methods
Figs. S1 to S19
References

# Materials and Methods

## "Quantitative analysis of culture using millions of digitized books", Michel et al.

### Contents


I. Overview of Google Books Digitization ..... 3
I.1. Metadata ..... 3
I.2. Digitization ..... 4
I.3. Structure Extraction ..... 4

II. Construction of Historical N-grams Corpora ..... 5
II.1. Additional filtering of books ..... 5
II.1A. Accuracy of Date-of-Publication metadata ..... 5
II.1B. OCR quality ..... 6
II.1C. Accuracy of language metadata ..... 6
II.1D. Year Restriction ..... 7
II.2. Metadata based subdivision of the Google Books Collection ..... 7
II.2A. Determination of language ..... 7
II.2B. Determination of book subject assignments ..... 7
II.2C. Determination of book country-of-publication ..... 7
II.3. Construction of historical n-grams corpora ..... 8
II.3A. Creation of a digital sequence of 1-grams and extraction of n-gram counts ..... 8
II.3B. Generation of historical n-grams corpora ..... 10

III. Culturomic Analyses ..... 12
III.0. General Remarks ..... 12
III.0.1 On Corpora. ..... 12
III.0.2 On the number of books published ..... 13
III.1. Generation of timeline plots ..... 13
III.1A. Single Query ..... 13
III.1B. Multiple Query/Cohort Timelines ..... 14
III.2. Note on collection of historical and cultural data ..... 14
III.3. Controls ..... 15
III.4. Lexicon Analysis ..... 15




HOUSE_OVERSIGHT_017009

III.4A. Estimation of the number of 1-grams defined in leading dictionaries of the English language. ..... 15
III.4B. Estimation of Lexicon Size ..... 16
III.4C. Dictionary Coverage ..... 17
III.4D. Analysis New and Obsolete words in the American Heritage Dictionary ..... 17
III.5. The Evolution of Grammar ..... 17
III.5A. Ensemble of verbs studied ..... 17
III.5B. Verb frequencies ..... 18
III.5C. Rates of regularization ..... 18
III.5D. Classification of Verbs ..... 18
III.6. Collective Memory ..... 18
III.7. The Pursuit of Fame ..... 19
III.7A) Complete procedure ..... 19
III.7B. Cohorts of fame ..... 25
III.8. History of Technology ..... 26
III.9. Censorship ..... 26
III.9A. Comparing the influence of censorship and propaganda on various groups ..... 26
III.9B. *De Novo* Identification of Censored and Suppressed Individuals ..... 28
III.9C. Validation by an expert annotator ..... 28
III.10. Epidemics ..... 29



HOUSE_OVERSIGHT_017010

# I. Overview of Google Books Digitization

In 2004, Google began scanning books to make their contents searchable and discoverable online. To date, Google has scanned over fifteen million books: over 11% of all the books ever published. The collection contains over five billion pages and two trillion words, with books dating back to as early as 1473 and with text in 478 languages. Over two million of these scanned books were given directly to Google by their publishers; the rest are borrowed from large libraries such as the University of Michigan and the New York Public Library. The scanning effort involves significant engineering challenges, some of which are highly relevant to the construction of the historical n-grams corpus. We survey those issues here.

The result of the next three steps is a collection of digital texts associated with particular book editions, as well as composite metadata for each edition combining the information contained in all metadata sources.

## I.1. Metadata

Over 100 sources of metadata information were used by Google to generate a comprehensive catalog of books. Some of these sources are library catalogs (e.g., the list of books in the collections of University of Michigan, or union catalogs such as the collective list of books in Bosnian libraries), some are from retailers (e.g., Decitre, a French bookseller), and some are from commercial aggregators (e.g., Ingram). In addition, Google also receives metadata from its 30,000 partner publishers. Each metadata source consists of a series of digital records, typically in either the MARC format favored by libraries, or the ONIX format used by the publishing industry. Each record refers to either a specific edition of a book or a physical copy of a book on a library shelf, and contains conventional bibliographic data such as title, author(s), publisher, date of publication, and language(s) of publication.

Cataloguing practices vary widely among these sources, and even within a single source over time. Thus two records for the same edition will often differ in multiple fields. This is especially true for serials (e.g., the *Congressional Record*) and multivolume works such as sets (e.g., the three volumes of *The Lord of the Rings*).

The matter is further complicated by ambiguities in the definition of the word 'book' itself. Including translations, there are over three thousand editions derived from Mark Twain's original *Tom Sawyer*.

Google's process of converting the billions of metadata records into a single nonredundant database of book editions consists of the following principal steps:

1. Coarsely dividing the billions of metadata records into groups that may refer to the same work (e.g., *Tom Sawyer*).
2. Identifying and aggregating multivolume works based on the presence of cues from individual records.
3. Subdividing the group of records corresponding to each work into constituent groups corresponding to the various editions (e.g., the 1909 publication of *De lotgevallen van Tom Sawyer*, translated from English to Dutch by Johan Braakensiek).
4. Merging the records for each edition into a new "consensus" record.

The result is a set of consensus records, where each record corresponds to a distinct book edition and work, and where the contents of each record are formed out of fields from multiple sources. The number of records in this set -- i.e., the number of known book editions -- increases every year as more books are written.

In August 2010, this evaluation identified 129 million editions, which is the working estimate we use in this paper of all the editions ever published (this includes serials and sets but excludes kits, mixed media, and



HOUSE_OVERSIGHT_017011

periodicals such as newspapers). This final database contains bibliographic information for each of these 129 million editions (**Ref. S1**). The country of publication is known for 85.3% of these editions, authors for 87.8%, publication dates for 92.6%, and the language for 91.6%. Of the 15 million books scanned, the country of publication is known for 91.5%, authors for 92.1%, publication dates for 95.1%, and the language for 98.6%.

## I.2. Digitization

We describe the way books are scanned and digitized. For publisher-provided books, Google removes the spines and scans the pages with industrial sheet-fed scanners. For library-provided books, Google uses custom-built scanning stations designed to impose only as much wear on the book as would result from someone reading the book. As the pages are turned, stereo cameras overhead photograph each page, as shown in **Figure S1**.

One crucial difference between sheet-fed scanners and the stereo scanning process is the flatness of the page as the image is captured. In sheet-fed scanning, the page is kept flat, similar to conventional flatbed scanners. With stereo scanning, the book is cradled at an angle that minimizes stress on the spine of the book (this angle is not shown in **Figure S1**). Though less damaging to the book, a disadvantage of the latter approach is that it results in a page that is curved relative to the plane of the camera. The curvature changes every time a page is turned, for several reasons: the attachment point of the page in the spine differs, the two stacks of pages change in thickness, and the tension with which the book is held open may vary. Thicker books have more page curvature and more variation in curvature.

This curvature is measured by projecting a fixed infrared pattern onto each page of the book, subsequently captured by cameras. When the image is later processed, this pattern is used to identify the location of the spine and to determine the curvature of the page. Using this curvature information, the scanned image of each page is digitally resampled so that the results correspond as closely as possible to the results of sheet-fed scanning. The raw images are also digitally cropped, cleaned, and contrast enhanced. Blurred pages are automatically detected and rescanned. Details of this approach can be found in U.S. Patents 7463772 and 7508978; sample results are shown in **Figure S2.**

Finally, blocks of text are identified and optical character recognition (OCR) is used to convert those images into digital characters and words, in an approach described elsewhere (**Ref. S2**). The difficulty of applying conventional OCR techniques to Google's scanning effort is compounded because of variations in language, font, size, paper quality, and the physical condition of the books being scanned. Nevertheless, Google estimates that over 98% of words are correctly digitized for modern English books. After OCR, initial and trailing punctuation is stripped and word fragments split by hyphens are joined, yielding a stream of words suitable for subsequent indexing.

## I.3. Structure Extraction

After the book has been scanned and digitized, the components of the scanned material are classified into various types. For instance, individual pages are scanned in order to identify which pages comprise the authored content of the book, as opposed to the pages which comprise frontmatter and backmatter, such as copyright pages, tables of contents, index pages, etc. Within each page, we also identify repeated structural elements, such as headers, footers, and page numbers.

Using OCR results from the frontmatter and backmatter, we automatically extract author names, titles, ISBNs, and other identifying information. This information is used to confirm that the correct consensus record has been associated with the scanned text.



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# II. Construction of Historical N-grams Corpora

As noted in the paper text, we did not analyze the entire set of 15 million books digitized by Google. Instead, we

1. Performed further filtering steps to select only a subset of books with highly accurate metadata.
2. Subdivided the books into 'base corpora' using such metadata fields as language, country of publication, and subject.
3. For each base corpus, construct a massive numerical table that lists, for each n-gram (often a word or phrase), how often it appears in the given base corpus in every single year between 1550 and 2008.

In this section, we will describe these three steps. These additional steps ensure high data quality, and also make it possible to examine historical trends without violating the 'fair use' principle of copyright law: our object of study is the frequency tables produced in step 3 (which are available as supplemental data), and not the full-text of the books.

## II.1. Additional filtering of books

### II.1A. Accuracy of Date-of-Publication metadata

Accurate date-of-publication data is crucial component in the production of time-resolved n-grams data. Because our study focused most centrally on the English language corpus, we decided to apply more stringent inclusion criteria in order to make sure the accuracy of the date-of-publication data was as high as possible.

We found that the lion's share of date-of-publication errors were due to so-called 'bound-withs' - single volumes that contain multiple works, such as anthologies or collected works of a given author. Among these bound-withs, the most inaccurately dated subclass were serial publications, such as journals and periodicals. For instance, many journals had publication dates which were erroneously attributed to the year in which the first issue of the journal had been published. These journals and serial publications also represented a different aspect of culture than the books did. For these reasons, we decided to filter out all serial publications to the extent possible. Our 'Serial Killer' algorithm removed serial publications by looking for suggestive metadata entries, containing one or more of the following:

1. Serial-associated titles, containing such phrases as 'Journal of', 'US Government report', etc.
2. Serial-associated authors, such as those in which the author field is blank, too numerous, or contains words such as 'committee'.

Note that the match is case-insensitive, and it must be to a complete word in the title; thus the filtering of titles containing the word 'digest' does not lead to the removal of works with 'digestion' in the title. The entire list of serial-associated title phrases and serial-associated author phrases is included as supplemental data (**Appendix**). For English books, 29.4% of books were filtered using the 'Serial Killer', with the title filter removing 2% and the author filter removing 27.4%. Foreign language corpora were filtered in a similar fashion.

This filtering step markedly increased the accuracy of the metadata dates. We determined metadata accuracy by examining 1000 filtered volumes distributed uniformly over time from 1801-2000 (5 per year). An annotator with no knowledge of our study manually determined the date-of-publication. The annotator was aware of the Google metadata dates during this process. We found that 5.8% of English books had



HOUSE_OVERSIGHT_017013

metadata dates that were more than 5 years from the date determined by a human examining the book. Because errors are much more common among older books, and because the actual corpora are strongly biased toward recent works, the likelihood of error in a randomly sampled book from the final corpus is much lower than 6.2%. As a point of comparison, 27 of 100 books (27%) selected at random from an unfiltered corpus contained date-of-publication errors of greater than 5 years. The unfiltered corpus was created using a sampling strategy similar to that of Eng-1M. This selection mechanism favored recent books (which are more frequent) and pre-1800 books, which were excluded in the sampling strategy for filtered books; as such the two numbers (6.2% and 27%) give a sense of the improvement, but are not strictly comparable.

Note that since the base corpora were generated (August 2009), many additional improvements have been made to the metadata dates used in Google Book Search itself. As such, these numbers do not reflect the accuracy of the Google Book Search online tool.

## II.1B. OCR quality

The challenge of performing accurate OCR on the entire books dataset is compounded by variations in such factors as language, font, size, legibility, and physical condition of the book. OCR quality was assessed using an algorithm developed by Popat et al. (**Ref S3**). This algorithm yields a probability that expresses the confidence that a given sequence of text generated by OCR is correct. Incorrect or *anomalous* text can result from gross imperfections in the scanned images, or as a result of markings or drawings. This algorithm uses sophisticated statistics, a variant of the Partial by Partial Matching (PPM) model, to compute for each glyph (character) the probability that it is anomalous given other nearby glyphs. ('Nearby' refers to 2-dimensional distance on the original scanned image, hence glyphs above, below, to the left, and to the right of the target glyph.) The model parameters are tuned using multi-language subcorpora, one in each of the 32 supported languages. From the per-glyph probability one can compute an aggregate probability for a sequence of glyphs, including the entire text of a volume. In this manner, every volume has associated with it a probabilistic OCR quality score (quantized to an integer between 0-100; note that the OCR quality score should not be confused with character or word accuracy). In addition to error detection, the Popat model is also capable of computing the probability that the text is in a particular language given any sequence of characters. Thus the algorithm serves the dual purpose of detecting anomalous text while simultaneously identifying the language in which the text is written.

To ensure the highest quality data, we excluded volumes with poor OCR quality. For the languages that use a Latin alphabet (English, French, Spanish, and German), the OCR quality is generally higher, and more books are available. As a result, we filtered out all volumes whose quality score was lower than 80%. For Chinese and Russian, fewer books were available, and we did not apply the OCR filter. For Hebrew, a 50% threshold was used, because its OCR quality was relatively better than Chinese or Russian. For geographically specific corpora, English US and English UK, a less stringent 60% threshold was used, in order to maximize the number of books included (note that, as such, these two corpora are not strict subsets of the broader English corpus). **Figure S4** shows the distribution of OCR quality score as a function of the fraction of books in the English corpus. Use of an 80% cut off will remove the books with the worst OCR, while retaining the vast majority of the books in the original corpus.

The OCR quality scores were also used as a *localized* indicator of textual quality in order to remove anomalous sections of otherwise high-quality texts. The end source text was ensured to be of comparable quality to the post-OCR text presented in "text-mode" on the Google Books website.

## II.1C. Accuracy of language metadata

We applied additional filters to remove books with dubious language-of-composition metadata. This filter removed volumes whose meta-data language tag disagrees with the language determined by the statistical language detection algorithm described in section 2A. For our English corpus, 8.56%



HOUSE_OVERSIGHT_017014

(approximately 235,000) of the books were filtered out in this way. **Table S1** lists the fraction removed at this stage for our other non-English corpora.

### II.1D. Year Restriction

In order to further ensure publication date accuracy and consistency of dates across all our corpora, we implemented a publication year restriction and only retained books with publication years starting from 1550 and ending in 2008. We found that a significant fraction of mis-dated books have a publication year of 0 or dates prior to the invention of printing. The number of books filtered due to this year range restriction is considerably small, usually under 2% of the original number of books.

The fraction of the corpus removed by all stages of the filtering is summarized in **Table S1**. Note that because the filters are applied in a fixed order, the statistics presented below are influenced by the sequence in which the filters were applied. For example, books that trigger both the OCR quality filter and by the language correction filter are excluded by the OCR quality filter, which is performed first. Of course, the actual subset of books filtered is the same regardless of the order in which the filters are applied.

## II.2. Metadata based subdivision of the Google Books Collection

### II.2A. Determination of language

To create accurate corpora in particular languages that minimize cross-language contamination, it is important to be able to accurately associate books with the language in which they were written. To determine the language in which a text is written, we rely on metadata derived from our 100 bibliographic sources, as well as statistical language determination using the Popat algorithm (**Ref S3**). The algorithm takes advantage of the fact that certain character sequences, such as 'the', 'of', and 'ion", occur more frequently in English. In contrast, the sequences 'la', 'aux', and 'de' occur more frequently in French. These patterns can be used to distinguish between books written in English and those written in French. More generally, given the entire text of a book, the algorithm can reliably classify the book into one of the 32 supported language types. The final consensus language was determined based on the metadata sources as well as the results of the statistical language determination algorithm, with the statistical algorithm as the higher priority.

### II.2B. Determination of book subject assignments

Book subject assignments were determined using a book's Book Industry Standards and Communication (BISAC) subject categories. BISAC subject headings are a system for categorizing books based on content developed by the BISAC subject codes committee overseen by the Book Industry Study Group. They are often used for a variety of purposes, such as to determine how books are shelved in stores. For English, 92.4% of the books had at least one BISAC subject assignment. In cases where there were multiple subject assignments, we took the more commonly used subject heading and discarded the rest.

### II.2C. Determination of book country-of-publication

Country of publication was determined on the basis of our 100 bibliographic sources; 97% of the books had a country-of-publication assignment. The country code used is the 2 letter code as defined in the *ISO 3166-1 alpha-2* standard. More specifically, when constructing our US versus British English corpora, we used the codes "us" (United States) and "gb" (Great Britain) to filter our volumes.



HOUSE_OVERSIGHT_017015

# II.3. Construction of historical n-grams corpora

## II.3A. Creation of a digital sequence of 1-grams and extraction of n-gram counts

All input source texts were first converted into UTF-8 encoding before tokenization. Next, the text of each book was tokenized into a sequence of 1-grams using Google's internal tokenization libraries (more details on this approach can be found in **Ref. S4**). Tokenization is affected by two processes: (i) the reliability of the underlying OCR, especially vis-à-vis the position of blank spaces; (ii) the specific tokenizer rules used to convert the post-OCR text into a sequence of 1-grams.

Ordinarily, the tokenizer separates the character stream into words at the white space characters (\n [newline]; \t [tab]; \r [carriage return]; " " [space]). There are, however, several exceptional cases:

(1) Column-formatting in books often forces the hyphenation of words across lines. Thus the word "digitized", may appear on two lines in a book as "digi-<newline>ized". Prior to tokenization, we look for 1-grams that end with a hyphen ('-') followed by a newline whitespace character. We then concatenate the hyphen-ending 1-gram to the next 1-gram. In this manner, digi-<newline>tized became "digitized". This step takes place prior to any other steps in the tokenization process.

(2) Each of the following characters are always treated as separate words:

! (exclamation-mark)

@ (at)

% (percent)

^ (caret)

* (star)

( (open-round-bracket)

) (close-round-bracket)

[ (open-square-bracket)

] (close-square-bracket)

- (hyphen)

= (equals)

{ (open-curly-bracket)

} (close-curly-bracket)

| (pipe)

\ (backslash)

: (colon)

: (semi-colon)

< (less-than)



HOUSE_OVERSIGHT_017016

, (comma)

> (greater-than)

? (question-mark)

/ (forward-slash)

~ (tilde)

` (back-tick)

" (double quote)

(3) The following characters are not tokenized as separate words:

& (ampersand)

_ (underscore)

Examples of the resulting words include AT&T, R&D, and variable names such as HKEY_LOCAL_MACHINE.

(4) . (period) is treated as a separate word, except when it is part of a number or price, such as 99.99 or $999.95. A specific pattern matcher looks for numbers or prices and tokenizes these special strings as separate words.

(5) $ (dollar-sign) is treated as a separate word, except where it is the first character of a word consisting entirely of numbers, possibly containing a decimal point. Examples include $71 and $9.95

(6) # (hash) is treated as a separate word, except when it is preceded by a-g, j or x. This covers musical notes such as A# (A-sharp), and programming languages j#, and x#.

(7) + (plus) is treated as a separate word, except it appears at the end of a sequence of alphanumeric characters or "+" s. Thus the strings C++ and Na2+ would be treated as single words. These cases include many programming language names and chemical compound names.

(8) ' (apostrophe/single-quote) is treated as a separate word, except when it precedes the letter s, as in ALICE'S and Bob's

The tokenization process for Chinese was different. For Chinese, an internal CJK (Chinese/Japanese/Korean) segmenter was used to break characters into word units. The CJK segmenter inserts spaces along common semantic boundaries. Hence, 1-grams that appear in the Chinese simplified corpora will sometimes contain strings with 1 or more Chinese characters.

Given a sequence of *n* 1-grams, we denote the corresponding n-gram by concatenating the 1-grams with a plain space character in between. A few examples of the tokenization and 1-gram construction method are provided in **Table S2**.

Each book edition was broken down into a series of 1-grams on a page-by-page basis. For each page of each book, we counted the number of times each 1-gram appeared. We further counted the number of times each n-gram appeared (e.g., a sequence of n 1-grams) for all n less than or equal to 5. Because this was done on a page-by-page basis, n-grams that span two consecutive pages were not counted.



HOUSE_OVERSIGHT_017017

## II.3B. Generation of historical n-grams corpora

To generate a particular historical n-grams corpus, a subset of book editions is chosen to serve as the base corpus. The chosen editions are divided by publication year. For each publication year, total counts for each n-gram are obtained by summing n-gram counts for each book edition that was published in that year. In particular, three counts are generated: (1) the total number of times the n-gram appears; (2) the number of pages on which the n-gram appears; and (3) the number of books in which the n-gram appears.

We then generate tables showing all three counts for each n-gram, resolved by year. In order to ensure that n-grams could not be easily used to identify individual text sources, we did not report counts for any n-grams that appeared fewer than 40 times in the corpus. (As a point of reference, the total number of 1-grams that appear in the 3.2 million books written in English with highest date accuracy ('eng-all', see below) is 360 billion: a 1-gram that would appear fewer than 40 times occurs at a frequency of the order of $10^{-11}$.) As a result, rare spelling and OCR errors were also omitted. Since most n-grams are infrequent, this also served to dramatically reduce the size of the n-gram tables. Of course, the most robust historical trends are associated with frequent n-grams, so our ability to discern these trends was not compromised by this approach.

By dividing the reported counts by the corpus size (measured in either words, pages, or books), it is possible to determine the normalized frequency with which an n-gram appears in the base corpus. Note that the different counts can be used for different purposes. The usage frequency of an n-gram, normalized by the total number of words, reflects both the number of authors using an n-gram, and how frequently they use it. It can be driven upward markedly by a single author who uses an n-gram very frequently, for instance in a biography of 'Gottlieb Daimler' which mentions his name many times. This latter effect is sometimes undesirable. In such cases, it may be preferable to examine the fraction of books containing a particular n-gram: texts in different books, which are usually written by different authors, tend to be more independent.

Eleven corpora were generated, based on eleven different subsets of books. Five of these are English language corpora, and six are foreign language corpora.

*Eng-all*

This is derived from a base corpus containing all English language books which pass the filters described in section 1.

*Eng-1M*

This is derived from a base corpus containing 1 million English language books which passed the filters described in section 1. The base corpus is a subset of the Eng-all base corpus.

The sampling was constrained in two ways.

First, the texts were re-sampled so as to exhibit a representative subject distribution. Because digitization depends on the availability of the physical books (from libraries or publishers), we reasoned that digitized books may be a biased subset of books as a whole. We therefore re-sampled books so as to ensure that the diversity of book editions included in the corpus for a given year, as reflected by BISAC subject codes, reflected the diversity of book editions actually published in that year. We estimated the latter using our metadata database, which reflects the aggregate of our 100 bibliographic sources and includes 10-fold more book editions than the scanned collection.

Second, the total number of books drawn from any given year was capped at 6174. This has the net effect of ensuring that the total number of books in the corpus is uniform starting around the year 1883. This was done to ensure that all books passing the quality filters were included in earlier years. This



HOUSE_OVERSIGHT_017018

capping strategy also minimizes bias towards modern books that might otherwise result because the number of books being published has soared in recent decades.

*Eng-Modern-1M*

This corpus was generated exactly as Eng-1M above, except that it contains no books from before 1800.

*Eng-US*

This is derived from a base corpus containing all English language books which pass the filters described in section 1 but having a quality filtering threshold of 60%, and having 'United States' as its country of publication, reflected by the 2-letter country code "us",

*Eng-UK*

This is derived from a base corpus containing all English language books which pass the filters described in section 1 but having a quality filtering threshold of 60%, and having 'United Kingdom' as its country of publication, reflected by the 2-letter country code "gb",

*Fre-all*

This is derived from a base corpus containing all French language books which pass the series of filters described in section 1.

*Ger-all*

This is derived from a base corpus containing all German language books which pass the series of filters described in section 1.

*Spa-all*

This is derived from a base corpus containing all Spanish language books which pass the series of filters described in section 1.

*Rus-all*

This is derived from a base corpus containing all Russian language books which pass the series of filters described in section 1C-D.

*Chi-sim-all*

This is derived from a base corpus containing all books written using the simplified Chinese character set which pass the series of filters described in section 1C-D.

*Heb-all*

This is derived from a base corpus containing all Hebrew language books which pass the series of filter described in section 1.



HOUSE_OVERSIGHT_017019

The computations required to generate these corpora were performed at Google using the MapReduce framework for distributed computing (**Ref S5**). Many computers were used as these computations would take many years on a single ordinary computer.

Note that the ability to study the frequency of words or phrases in English over time was our primary focus in this study. As such, we went to significant lengths to ensure the quality of the general English corpora and their date metadata (i.e., Eng-all, Eng-1M, and Eng-Modern-1M). As a result, the accuracy of place-of-publication data in English is not as reliable as the accuracy of date metadata. In addition, the foreign language corpora are affected by issues that were improved and largely eliminated in the English data. For instance, their date metadata is not as accurate. In the case of Hebrew, the metadata for language is an oversimplification: a significant fraction of the earliest texts annotated as Hebrew are in fact hybrids formed from Hebrew and Aramaic, the latter written in Hebrew script.

The size of these base corpora is described in Tables S3-S6.

# III. Culturomic Analyses

In this section we describe the computational techniques we use to analyze the historical n-grams corpora.

# III.0. General Remarks

## III.0.1 On Corpora.

There is significant variation in the quality of the various corpora during various time periods and their suitability for culturomic research. All the corpora are adequate for the uses to which they are put in the paper. In particular, the primary object of study in this paper is the English language from 1800-2000; this corpus during this period is therefore the most carefully curated of the datasets. However, to encourage further research, we are releasing all available datasets - far more data than was used in the paper. We therefore take a moment to describe the factors a culturomic researcher ought to consider before relying on results of new queries not highlighted in the paper.

**1) Volume of data sampled**. Where the number of books used to count n-gram frequencies is too small, the signal to noise ratio declines to the point where reliable trends cannot be discerned. For instance, if an n-gram's actual frequency is 1 part in n, the number of words required to create a single reliable timepoint must be some multiple of n. In the English language, for instance, we restrict our study to years past 1800, where at least 40 million words are found each year. Thus an n-gram whose frequency is 1 part per million can be reliably quantified with single-year resolution. In Chinese, there are fewer than 10 million words per year prior to the year 1956. Thus the Chinese corpus in 1956 is not in general as suitable for reliable quantification as the English corpus in 1800. (In some cases, reducing the resolution by binning in larger windows can be used to sample lower frequency n-grams in a corpus that is too smal for single-year resolution.) In sum: for any corpus and any n-gram in any year, one must consider whether the size of the corpus is sufficient to enable reliable quantitation of that n-gram in that year.

**2) Composition of the corpus**. The full dataset contains about 4% of all books ever published, which limits the extent to which it may be biased relative to the ensemble of all surviving books. Still, marked shifts in composition from one year to another are a potential source of error. For instance, book sampling patterns differ for the period before the creation of Google Books (2004) as compared to the period afterward. Thus, it is difficult to compare results from after 2000 with results from before 2000. As a result, significant changes in culturomic trends past the year 2000 may reflect corpus composition issues. This was an important reason for our choice of the period between 1800 and 2000 as the target period.



HOUSE_OVERSIGHT_017020

**3) Quality of OCR**. This varies from corpus to corpus as described above. For English, we spent a great deal of time examining the data by hand as an additional check on its reliability. The other corpora may not be as reliable.

**4) Quality of Metadata**. Again, the English language corpus was checked very carefully and systematically on multiple occasions, as described above and in the following sections. The metadata for the other corpora may not be equally reliable for all periods. In particular, the Hebrew corpus during the 19th century is composed largely of reprinted works, whose original publication dates farpredate the metadata date for the publication of the particular edition in question. This must be borne in mind for researchers intent on working with that corpus.

In addition to these four general issues, we note that earlier portions of the Hebrew corpus contain a large quantity of Aramaic text written in Hebrew script. As these texts often oscillate back and forth between Hebrew and Aramaic, they are particularly hard to accurately classify.

All the above issues will likely improve in the years to come. In the meanwhile, users must use extra caution in interpreting the results of culturomic analyses, especially those based on the various non-English corpora. Nevertheless, as illustrated in the main text, these corpora already contain a great treasury of useful material, and we have therefore made them available to the scientific community without delay. We have no doubt that they will enable many more fascinating discoveries.

### III.0.2 On the number of books published

In the text, we report that our corpus contains about 4% of all books ever published. Obtaining this estimate relies on knowing how many books are in the corpus (5,195,769) and estimating the total number of books ever published. The latter quantity is extremely difficult to estimate, because the record of published books is fragmentary and incomplete, and because the definition of book is itself ambiguous.

One way of estimating the number of books ever published is to calculate the number of editions in the comprehensive catalog of books which was described in Section I of the supplemental materials. This produces an estimate of 129 million book editions. However, this estimate must be regarded with great caution: it is conservative, and the choice of parameters for the clustering algorithm can lead to significant variation in the results. More details are provided in **Ref S1**.

Another independent estimate we obtained in the study "How Much Information? (2003)" conducted at Berkeley (**Ref S6**). That study also produced a very rough estimate of the number of books ever published and concluded that it was between 74 million and 175 million.

The results of both estimates are in general agreement. If the actual number is closer to the low end of the Berkeley range, then our 5 million book corpus encompasses a little more than 5% of all books ever published; if it is at the high end, then our corpus would constitute a little less than 3%. We report an approximate value (about 4%) in the text; it is clear that, in the coming years, more precise estimates of the denominator will become available.

## III.1. Generation of timeline plots

### III.1A. Single Query

The timeline plots shown in the paper are created by taking the number of appearances of an n-gram in a given year in the specified corpus and dividing by the total number of words in the corpus in that year. This yields a raw frequency value. Results are smoothed using a three year window; i.e., the frequency of



HOUSE_OVERSIGHT_017021

a particular n-gram in year X as shown in the plots is the mean of the raw frequency value for the n-gram in the year X, the year X-1, and the year X+1.

Note that for each n-gram in the corpus, we can provide three measures as a function of year of publication:

1- the number of times it appeared
2- the number of pages where it appeared
3- the number of books where it appeared.

Throughout the paper, we make use only of the first measure; but the two others remain available. They are generally all in agreement, but can denote distinct cultural effects. These distinctions are not explored in this paper.

For example, we give in **Appendix** measures for the frequency of the word 'evolution'. In the first three columns, we give the number of times it appeared, the normalized number of times it appeared (relative to #words that year), the normalized number of pages it appeared in, and the normalized number of books it appeared in, as a function of the date.

### III.1B. Multiple Query/Cohort Timelines

Where indicated, timeline plots may reflect the aggregates of multiple query results, such as a cohort of individuals or inventions. In these cases, the raw data for each query we used to associate each year with a set of frequencies. The plot was generated by choosing a measure of central tendency to characterize the set of frequencies (either mean or median) and associating the resulting value with the corresponding year.

Such methods can be confounded by the vast frequency differences among the various constituent queries. For instance, the mean will tend to be dominated by the most frequent queries, which might be several orders of magnitude more frequent than the least frequent queries. If the absolute frequency of the various query results is not of interest, but only their relative change over time, then individual query results may be normalized so that they yield a total of 1. This results in a probability mass function for each query describing the likelihood that a random instance of a query derives from a particular year. These probability mass functions may then be summed to characterize a set of multiple queries. This approach eliminates bias due to inter-query differences in frequency, making the change over time in the cohort easier to track.

## III.2. Note on collection of historical and cultural data

In performing the analyses described in this paper, we frequently required additional curated datasets of various cultural facts, such as dates of rule of various monarchs, lists of notable people and inventions, and many others. We often used Wikipedia in the process of obtaining these lists. Where Wikipedia is merely digitizing the content available in another source (for instance, the blacklists of Wolfgang Hermann), we corrected the data using the original sources. In other cases this was not possible, but we felt that the use of Wikipedia was justifiable given that (i) the data – including all prior versions - is publicly available; (ii) it was created by third parties with no knowledge of our intended analyses; and (iii) the specific statistical analyses performed using the data were robust to errors; i.e., they would be valid as long as most of the information was accurate, even if some fraction of the underlying information was wrong. (For instance, the aggregate analysis of treaty dates as compared to the timeline of the corresponding treaty, shown in the control section, will work as long as most of the treaty names and dates are accurate, even if some fraction of the records is erroneous.

We also used several datasets from the Encyclopedia Britannica, to confirm that our results were unchanged when high-quality carefully curated data was used. For the lexicographic analyses, we relied primarily on existing data from the American Heritage Dictionary.

We avoided doing manual annotation ourselves wherever possible, in an effort to avoid biasing the results. When manual annotation had to be performed, such as in the classification of samples from our



HOUSE_OVERSIGHT_017022

language lexica, we tried whenever possible to have the annotation performed by a third party with no knowledge of the analyses we were undertaking

## III.3. Controls

To confirm the quality of our data in the English language, we sought positive controls in the form of words that should exhibit very strong peaks around a date of interest. We used three categories of such words: heads of state ('President Truman'), treaties ('Treaty of Versailles'), and geographical name change ('Byelorussia' to 'Belarus'). We used Wikipedia as a primary source of such words, and manually curated the lists as described below. We computed the timeserie of each n-gram, centered it on the date of interest (year when the person became president, for instance), and normalized the timeserie by overall frequency. Then, we took the mean trajectory for each of the three cohorts, and plotted in **Figure S5.**

The list of heads of states include all US presidents and British monarchs who gained power in the 19$^{th}$ or 20$^{th}$ centuries (we removed ambiguous names, such as 'President Roosevelt'). The list of treaties is taken from the list of 198 treaties signed in the 19$^{th}$ or 20$^{th}$ centuries (S7); but we kept only the 121 names that referred to only one known treaty, and that have non zero timeseries. The list of country name changes is taken from **Ref S8**. The lists are given in **APPENDIX.**

The correspondence between the expected and observed presence of peaks was excellent. 42 out of 44 heads of state had a frequency increase of over 10-fold in the decade after they took office (expected if the year of interest was random: 1). Similarly, 85 out of 92 treaties had a frequency increase of over 10-fold in the decade after they were signed (expected: 2). Last, 23 out of 28 new country names became more frequent than the country name they replaced within 3 years of the name change; exceptions include Kampuchea/Cambodia (the name Cambodia was later reinstated), Iran/Persia (Iran is still today referred to as Persia in many contexts) and Sri Lanka/Ceylon (Ceylon is also a popular tea).

## III.4. Lexicon Analysis

### III.4A. Estimation of the number of 1-grams defined in leading dictionaries of the English language.

*(a) American Heritage Dictionary of the English Language, 4th Edition (2000)*

We are indebted to the editorial staff of AHD4 for providing us the list of the 153,459 headwords that make up the entries of AHD4. However, many headwords are not single words ("preferential voting" or "men's room"), and others are listed as many times as there are grammatical categories ("to console", the verb; "console", the piece of furniture).

Among those entries, we find 116,156 unique 1-grams (such as "materialism" or "extravagate").

*(b) Webster's Third New International Dictionary (2002)*

The editorial staff communicated to us the number of "boldface entries" of the dictionary, which are taken to be the number of n-grams defined: 476,330.

The editorial staff also communicated the number of multi-word entries 74,000 out of a total number of entries 275,000. They estimate a lower bound of multi-word entries at 27% of the entries.

Therefore, we estimate an upper bound of unique 1-grams defined by this dictionary as 0.27*476,330, which is approximately 348,000.



HOUSE_OVERSIGHT_017023

*(c) Oxford English Dictionary (Reference in main text)*

From the website of the OED we can read that the "number of word forms defined and/or illustrated" is 615,100; and that we find 169,000 "italicized-bold phrases and combinations".

Therefore, we estimate an upper bound of the number of unique 1-grams defined by this dictionary as 615,100-169,000 which is approximately 446,000.

## III.4B. Estimation of Lexicon Size

How frequent does a 1-gram have to be in order to be considered a word? We chose a minimum frequency threshold for 'common' 1-grams by attempting to identify the largest frequency decile that remains lower than the frequency of most dictionary words.

We plotted a histogram showing the frequency of the 1-grams defined in AHD4, as measured in our year 2000 lexicon. We found that 90% of 1-gram headwords had a frequency greater than $10^{-9}$, but only 70% were more frequent than $10^{-8}$. Therefore, the frequency $10^{-9}$ is a reasonable threshold for inclusion in the lexicon.

To estimate the number of words, we began by generating the list of common 1-grams with a higher chronological resolution, namely 11 different time points from 1900 until 2000 (1900, 1910, 1920, ... 2000) as described above. We next excluded all 1-grams with non-alphabetical characters in order to produce a list of common alphabetical forms for each time point.

For three of the time points (1900, 1950, 2000), we took a random sample of 1000 alphabetical forms from the resulting set of alphabetical forms. These were classified by a native English speaker with no knowledge of the analyses being performed. The results of the classification are found in **Appendix**. We asked the speaker to classify the candidate words were classified into 8 categories:

**M** if the word is a misspelling or a typo or seems like gibberish*
**N** if the word derives primarily from a personal or a company name
**P** for any other kind of proper nouns
**H** if the word has lost its original hyphen
**F** if the word is a foreign word not generally used in English sentences
**B** if it is a 'borrowed' foreign word that is often used in English sentences
**R** for anything that does not fall into the above categories
**U** unclassifiable for some reason

We computed the fraction of these 1000 words at each time point that were classified as **P, N**, **B**, or **R**, which we call the 'word fraction for year X', or $WF_X$. To compute the estimated lexicon size for 1900, 1950, and 2000, we multiplied the word fraction by the number of alphabetical forms in those years.

For the other 8 time points, we did not perform a separate sampling step. Instead, we estimated the word fraction by linearly interpolating the word fraction of the nearest sampled time points; i.e., the word fraction in 1920 satisfied $WF_{1920}=.WF_{1900}+.4*(WF_{1950}-WF_{1900})$. We then multiplied the word fraction by the number of alphabetical forms in the corresponding year, as above.

For the year 2000 lexicon, we repeated the sampling and annotation process using a different native speaker. The results were similar, which confirmed that our findings were independent of the person doing the annotation.

We note that the trends shown in Fig 2A are similar when proper nouns (N) are excluded from the lexicon (i.e., the only categories are P, B and R). **Figure S7** shows the estimates of the lexicon excluding the category 'N' (proper nouns).

* A *typo* is a one-time typing error by someone who presumably knows the correct spelling (as in *improtant*); a *misspelling*, which generally has the same pronunciation as the correct spelling, arises when a person is ignorant of the correct spelling (as in *abberation*).



HOUSE_OVERSIGHT_017024

## III.4C. Dictionary Coverage

To determine the coverage of the OED and Merriam-Webster's Unabridge Dictionary (MW), we performed the above analysis on randomly generated subsets of the lexicon in eight frequency deciles (ranging from $10^{-9}$ – $10^{-8}$ to $10^{-3}$ – $10^{-2}$). The samples contained 500 candidate words each for all but the top 3 deciles; the samples corresponding to the top 3 deciles ($10^{-5}$ – $10^{-4}$, $10^{-4}$ – $10^{-3}$, $10^{-3}$ – $10^{-2}$) contained 100 candidate words each.

A native speaker with no knowledge of the experiment being performed determined which words from our random samples fell into the P, B, or R categories (to enable a fair comparison, we excluded the N category from our analysis as both OED an MW exclude them). The annotator then attempted to find a definition for the words in both the online edition of the Merriam-Webster Unabridged Dictionary or in the online version of the Oxford English Dictionary's 2nd edition. Notably, the performance of the latter was boosted appreciably by its inclusion of Merriam-Webster's Medical Dictionary. Results of this analysis are shown in **Appendix**.

To estimate the fraction of dark matter in the English language, we applied the formula:
sum over all deciles of $P_{word}*P_{OED/MW}*N_{1gram}$, with:

- $N_{1gram}$ the number of 1grams in the decile
- $P_{word}$ the proportion of words (R,B or P) in this decile
- $P_{OED/MW}$ the proportion of words of that decile that are covered in OED or MW.

We obtain 52% of dark matter, words not listed in either MW or the OED. With the procedure above, we estimate the number of words excluding proper nouns at 572,000; this results in 297,000 words unlisted in even the most comprehensive commercial and historical dictionaries.

## III.4D. Analysis New and Obsolete words in the American Heritage Dictionary

We obtained a list of the 4804 vocabulary items that were added to the AHD4 in 2000 from the dictionary's editorial staff. These 4804 words were not in AHD3 (1992) – although, on rare occasions a word could have featured in earlier editions of the dictionary (this is the case for "gypseous", which was included in AHD1 and AHD2).

Similar to our study of the dictionary's lexicon, we restrict ourselves to 1grams. We find 2077 1-grams newly added to the AHD4. Median frequency (**Fig 2D**) is computed by obtaining all frequencies of this set of words and computing its median.

Next, we ask which 1grams appear in AHD4 but are not part of the year 2000 lexicon any more (frequency lower than one part per billion between 1990 and 2000). We compute the lexical frequency of the 1-gram headwords in AHD, and find a small number (2,220) that are not part of the lexicon today. We show the mean frequency of these 2,220 words (**Fig 2F**).

# III.5. The Evolution of Grammar

## III.5A. Ensemble of verbs studied

Our list of irregular verbs was derived from the supplemental materials of **Ref 18** (main text). The full list of 281 verbs is given in **Appendix.**

Our objective is to study the way word frequency affects the trajectories of the irregular compared with regular past tense. To do so, we must be confident that

- the 1grams used refer to the verbs themselves: "to dive/dove" cannot be used, as "dove" is a common noun for a bird. Or, in the verb "to bet/bet", the irregular preterit cannot be distinguished from the



HOUSE_OVERSIGHT_017025

present (or, for that matter, from the common noun "a bet").

- the verb is not a compound, like "overpay" or "unbind", as the effect of the underlying verb ("pay", "bind") is presumably stronger than that of usage frequency.

We therefore obtain a list of 106 verbs that we use in the study (marked by the denomination 'True' in the column "Use in the study?")

## III.5B. Verb frequencies

Next, for each verb, we computed the frequency of the regular past tense (built by suffixation of '-ed' at the end of the verb), and the frequency of the irregular past tense (summing preterit and past participle). These trajectories are represented in **Fig 3A** and **Fig S8**.

We define the regularity of a verb: at any given point in time, the regularity of a verb is the percentage of past tense usage made using the regular version. Therefore, in a given year, the regularity of a verb is r=R/(R+I) where R is the number of times the regular past tense was used, and I the number of times the irregular past tense was used. The regularity is a continuous variable that ranges between 0 and 1 (100%).

We plot in **Figure 3B** the mean regularity between 1800-1825 in x-axis, and the mean regularity between 1975-2000 in y-axis.

If we assume that a speaker of the English language uses only one of the two variants (regular or irregular); and that all speakers of English are equally likely to use the verb; then the regularity translates directly into percentage of the population of speakers using the regular form. While these assumptions may not hold generally, they provide a convenient way of estimating the prevalence of a certain word in the population of English speakers (or writers).

## III.5C. Rates of regularization

We can compute, for any verb, the slope of regularity as a function of time: this can be interpreted as the variation in percentage of the population of English speakers using the regular form.

By holding population size constant over the time window used to obtain the slope, we derive the variation of population using the regular form in absolute terms.

For instance, the regularity of "sneak/snuck" has decreased from 100% to 50% over the past 50 years, which is 1% per year. We consider the population of US English speakers to be roughly 300 million. As a result, snuck is sneaking in at a speed of 3 million speakers per year, or about one speaker per minute in the US.

## III.5D. Classification of Verbs

The verbs were classified into different types based on the phonetic pattern they represented using the classification of **Ref 18** (main text). **Fig 3C** shows the median regularity for the verbs 'burn', 'spoil', 'dwell', 'learn', 'smell', 'spill' in each year. We compute the UK rate as above, using 60 million for UK population.

# III.6. Collective Memory

One hundred timelines were generated, for every year between 1875 and 1975. Amplitude for each plot was measured by either computing 'peak height' – i.e., the maximum of all the plotted values, or 'area-under-the curve' – i.e., the sum of all the plotted values. The peak for year X always occurred within a



HOUSE_OVERSIGHT_017026

handful of years after the year X itself. The lag between a year and its peak is partly due to the length of the authorship and publication process. For instance, a book about the events of 1950 may be written over the period from 1950-1952 and only published in 1953.

For each year, we estimated the slope of the exponential decay shortly past its peak. The exponent was estimated using the slope of the curve on a logarithmic plot of frequency between the year Y+5 and the year Y+25. This estimate is robust to the specific values of the interval, as long as the first value (here, Y+5) is past the peak of Y, and the second value is in the fifty years that follow Y. The Inset in **Figure 4A** was generated using 5 and 25. The half-life could thus be derived.

Half-life can also be estimated directly by asking how many years past the peak elapse before frequency drops below half its peak value. These values are noisier, but exhibit the same trend as in **Figure 4A, Inset** (not shown).

Trends similar to those described here may capture more general events, such as those shown in **Figure S9.**

# III.7. The Pursuit of Fame

We study the fame of individuals appearing in the biographical sections of Encyclopedia Britannica and Wikipedia. Given the encyclopedic objective of these sources, we argue these represent comprehensive lists of notable individuals. Thus, from Encyclopedia Britannica and Wikipedia, we produce databases of all individuals born between 1800-1980, recording their full name and year of birth. We develop a method to identify the most common, relevant names used to refer to all individuals in our databases. This method enables us to deal with potentially complicated full names, sometimes including multiple titles and middle names. On the basis of the amount of biographical information regarding each individual, we resolve the ambiguity arising when multiple individuals share some part, or all, their name. Finally, using the time series of the word frequency of people's name, we compare the fame of individuals born in the same year or having the same occupation.

## III.7A) Complete procedure

### *7.A.1 - Extraction of individuals appearing in Wikipedia.*

Wikipedia is a large encyclopedic information source, with an important number of articles referring to people. We identify biographical Wikipedia articles through the DBPedia engine (**Ref S9**), a relational database created by extensively parsing Wikipedia. For our purposes, the most relevant component of DBPedia is the "Categories" relational database.

Wikipedia categories are structural entities which unite articles related to a specific topic. The DBPedia "Categories" database includes, for all articles within Wikipedia, a complete listing of the categories of which this article is a member. As an example, the article for Albert Einstein (http://en.wikipedia.org/wiki/Albert_Einstein) is a member of 73 categories, including "German physicists", "American physicists", "Violonists", "People from Ulm" and "1879_births". Likewise, the article for Joseph Heller (http://en.wikipedia.org/wiki/Joseph_Heller) is a member of 23 categories, including "Russian-American Jews", "American novelists", "Catch-22" and "1923_births".

We recognize articles referring to non-fictional people by their membership in a "year_births" category. The category "1879_births" includes Albert Einstein, Wallace Stevens and Leon Trotsky ,likewise "1923_births" includes Henry Kissinger, Maria Callas and Joseph Heller while "1931_births" includes Michael Gorbachev, Raul Castro and Rupert Murdoch. If only the approximate birth year of a person is



HOUSE_OVERSIGHT_017027

known, their article will be a member of a "decade_births" category such as "1890s_births" and "1930s_births". We treat these individuals as if born at the beginning of the decade.

For every parsed article, we append metadata relating to the importance of the article within Wikipedia, namely the size in words of the article and the number of page views which it obtains. The article word count is created by directly accessing the article using its URL. The traffic statistics for Wikipedia articles are obtained from http://stats.grok.se/.

**Figure S10a** displays the number of records parsed from Wikipedia and retained for the final cohort analysis. **Table S7** displays specific examples from the extraction's output, including name, year of birth, year of death, approximate word count of main article and traffic statistics for March 2010.

1) **Create a database of records referring to people born 1800-1980 in Wikipedia.**
    a. Using the DBPedia framework, find all articles which are members of the categories '1700_births' through '1980_births'. Only people both in 1800-1980 are used for the purposes of fame analysis. People born in 1700-1799 are used to identify naming ambiguities as described in section III.7.A.7 of this Supplementary Material.
    b. For all these articles, create a record identified by the article URL, and append the birth year.
    c. For every record, use the URL to navigate to the online Wikipedia page. Within the main article body text, remove all HTML markup tags and perform a word count. Append this word count to the record.
    d. For every record, use the URL to determine the page's traffic statistics for the month of March 2010. Append the number of views to the record.

### *III.7.A.2 – Identification of occupation for individuals appearing in Wikipedia.*

Two types of structural elements within Wikipedia enable us to identify, for certain individuals, their occupation. The first, Wikipedia Categories, was previously described and used to recognize articles about people. Wikipedia Categories also contain information pertaining to occupation. The categories "Physicists", "Physicists by Nationality", "Physicists stubs", along with their subcategories, pinpoint articles of relating to the occupation of physicist. The second are Wikipedia Lists, special pages dedicated to listing Wikipedia articles which fit a precise subject. For physicists, relevant examples are "List of physicists", "List of plasma physicists" and "List of theoretical physicists". Given their redundancy, these two structural elements, when used in combination provide a strong means of identifying the occupation of an individual.

Next, we selected the top 50 individuals in each category, and annotated each one manually as a function of the individual's main occupation, as determined by reading the associated Wikipedia article. For instance, "Che Guevara" was listed in Biologists; so even though he was a medical doctor by training, this is not his primary historical contribution. The most famous individuals of each category born between 1800 and 1920 are given in **Appendix.**

In our database of individuals, we append, when available, information about the occupations of people. This enables the comparison, on the basis of fame, of groups of individuals distinguished by their occupational decisions.

2) **Associate Wikipedia records of individuals with occupations** using relevant Wikipedia "Categories" and "Lists" pages. For every occupation to be investigated :
    a. Manually create a list of Wikipedia categories and lists associated with this defined occupation.
    b. Using the DBPedia framework, find all the Wikipedia articles which are members of the chosen Wikipedia categories.



HOUSE_OVERSIGHT_017028

c. Using the online Wikipedia website, find all Wikipedia articles which are listed in the body of the chosen Wikipedia lists.
d. Intersect the set of all articles belonging to the relevant Lists and Categories with the set of people both 1800-1980. For people in both sets, append the occupation information.
e. Associate the records of these articles with the occupation.

### *III.7.A.3 - Extraction of individuals appearing in Encyclopedia Britannica.*

Encyclopedia Britannica is a hand-curated, high quality encyclopedic dataset with many detailed biographical entries. We obtained, in a private communication, structured datasets from Encyclopedia Britannica Inc. These datasets contain a complete record of all entries relating to individuals in the Encyclopedia Britannica. Each record contains the birth and death of the person at hand, as well as set of information snippets summarizing the most critical biographical information available within the encyclopedia.

For the analysis of fame, we extract, from the dataset provided by Encyclopedia Britannica Inc., records of individuals born in between 1800 and 1980. For every person, we retain, as a measure of their notability, a count of the number of biographical snippets present in the dataset. **Figure S10b** outlines the number of records parsed from the Encyclopedia Britannica dataset, as well as the number of these records ultimately retained for final analysis. **Table S8** displays examples of records parsed in this step of the analysis procedure.

3) **Create a database of records referring to people born 1800-1980 in Encyclopedia Britannica.**
   a. Using the internal database records provided by Encyclopedia Britannica Inc., find all entries referring to individuals born 1700-1980. Only people both in 1800-1980 are used for the purposes of fame analysis. People born in 1700-1799 are used to identify naming ambiguities as described in section III.7.A.7 of this Supplementary Material.
   b. For these entries, create a record identified by a unique integer containing the individual's full name, as listed in the encyclopedia, and the individual's birth year.
   c. For every record, find the number of encyclopedic informational snippets present in the Encyclopedia Britannica dataset. Append this count to the record.

### *III.7.A.4 – Produce spelling variants of the full names of individuals.*

We ultimately wish to identify the most relevant name used to commonly refer to an individual. Given the limits of OCR and the specificities of the method used to create the word frequency database, certain typographic elements such as accents, hyphens or quotation marks can complicate this process. As such, for every full name present in our database of people, we append variants of the full names where these typographic elements have been removed or, when possible, replaced. **Table S9** presents examples of spelling variants for multiple names.

4) **In both databases, for every record, create a set of raw names variants.** To create the set:
   a. Include the original raw name.
   b. If the name includes apostrophes or quotation marks, include a variant where these elements are removed.
   c. If the first word in the name contains a hyphen, include a name where this hyphen is replaced with a whitespace.
   d. If the last word of the name is a numeral, include a name where this numeral has been removed.
   e. For every element in the set which contains non-Latin characters, include a variant where this characters have been replaced using the closest Latin equivalent.



HOUSE_OVERSIGHT_017029

*III.7.A.5 – Find possible names used to refer to individuals.*

The common name of an individual sometimes significantly differs from the complete, formal name present in Encyclopedia Britannica and Wikipedia. This encyclopedia full name can contain details such as titles, initials and military or nobility standings, which are not commonly used when referring to individual in most publications. Even in simpler cases, when the full name contains only first, middle and last names, there exists no systematic convention on which names to use when talking about an individual. Henry David Thoreau is most commonly referred to by his full name, not "Henry Thoreau" nor "David Thoreau", whereas Oliver Joseph Lodge is mentioned by his first and last name "Oliver Lodge", not his full name "Oliver Joseph Lodge".

Given a full name with complex structure potentially containing details such as titles, initials, nobility rights and ranks, in addition to multiple first and last names, we must extract a list of simple names, using three words at most, which can potentially be used to refer to this individual. This set of names is created by generating combinations of names found in the raw name. Furthermore, whenever they appear we systematically exclude common words such as titles or ranks from these names. The query name sets of several individuals are displayed in **Table S10.**

5) **For every record, using the set of raw names, create a set of query names.** Query names are (2,3) grams which will be used in order to measure the fame of the individual. The following procedure is iterated on every raw name variant associated with the record. Steps for which the record type is not specified are carried out for both.
    a. For Encyclopedia Britannica records, truncate the raw name at the second comma, reorder so that the part of name preceding the first comma follows that succeeding the comma.
    b. For Wikipedia records, replace the underscores with whitespaces.
    c. Truncate the name string at the first (if any) parenthesis or comma.
    d. Truncate the name string at the beginning of the words 'in', 'In', 'the', 'The', 'of' and 'Of', if these are present.
    *e.* Create the last name set. Iterating from last to first in the words of the name, add the first name with the following properties:
        *i.* Begin with a capitalized letter.
        *ii.* Longer than 1 character.
        *iii.* Not ending in a period.
        *iv.* If the words preceding this last name are identified as a prefix ('von', 'de', 'van', 'der', 'de' , 'd'', 'al-', 'la', 'da', 'the', 'le', 'du', 'bin', 'y', 'ibn' and their capitalized versions ), the last name is a 2gram containing both the prefix.
    *f.* If the last name contains a capitalized character besides the first one, add a variant of this word where the only capital letter is the first to the set of last names.
    *g.* Create the set of first names. Iterating on the raw name elements which are not part of the last name set, candidate first names are words with the following properties :
        i. Begin with a capital letter.
        ii. Longer than 1 character.
        iii. Not ending in a period.
        iv. Not a title. ('Archduke', 'Saint', 'Emperor', 'Empress', 'Mademoiselle', 'Mother', 'Brother', 'Sister', 'Father', 'Mr', 'Mrs', 'Marshall', 'Justice', 'Cardinal', 'Archbishop', 'Senator', 'President', 'Colonel', 'General', 'Admiral', 'Sir', 'Lady', 'Prince', 'Princess', 'King', 'Queen', 'de', 'Baron', 'Baroness', 'Grand', 'Duchess', 'Duke', 'Lord', 'Count', 'Countess', 'Dr')



HOUSE_OVERSIGHT_017030

h. Add to the set of query names all pairs of "first names + last names" produced by combining the sets of first and last names.
i. This procedure is carried for every raw name variant.

### *III.7.A.6 – Find the word match frequencies of all names.*

Given the set of names which may refer to an individual, we wish to find the time resolved words frequencies of these names. The frequency of the name, which corresponds to a measure of how often an individual is mentioned, provides a metric for the fame of that person. We append the word frequencies of all the names which can potentially refer to an individual. This enables us, in a later step, to identify which name is the relevant.

6) **Append the fame signal for each query name of each record.** The fame signal is the timeseries of normalized word matches in the complete English database.

### *III.7.A.7 – Find ambiguous names which can refer to multiple individuals.*

Certain names are particularly popular and are shared by multiple people. This results in ambiguity, as the same query name may refer to a plurality of individuals. Homonimity conflicts occur between a group of individuals when they share some part of, or all, their name. When these homonimity conflicts arise, the word frequency of a specific name may not reflect the number of references to a unique person, but to that of an entire group. As such, the word frequency does not constitute a clear means of tracking the fame of the concerned individuals. We identify homonimity conflicts by finding instances of individuals whose names contain complete or partial matches. These conflicts are, when possible, resolved on the basis of the importance of the conflicted individuals in the following step. Typical homonimity conflicts are shown in **Table S11.**

7) **Identify homonimity conflicts.** Homonimity conflicts arise when the query names of two or more individuals contain a substring match. These conflicts are distinguished as such :
   a. For every query name of every record, find the set of substrings of query names.
   b. For every query name of every record, search for matches in the set of query name substrings of all other records.
   c. Bidirectional homonimity conflicts occur when a query name fully matches another query name. The name conflicted name could be used to refer to both individuals. Unidirectional conflicts occur when a query name has a substring match within another query name. Thus, the conflicted name can refer to one of the individuals, but also be part of a name referring to another.

### *III.7.A.8 – Resolve, when possible, the most likely origin of ambiguous names.*

The problem of homonymous individuals is limiting because the word frequencies data do not allow us to resolve the true identity behind a homonymous name. Nonetheless, in some cases, it is possible to distinguish conflicted individuals on the basis of their importance. For the database of people extracted from Encyclopedia Britannica, we argue that the quantity of information available about an individual provides a proxy for their relevance. Likewise, for people obtained from Wikipedia, we can judge their importance by the size of the article written about the person and the quantity of traffic the article generates. As such, we approach the problem of ambiguous names by comparing the notability of individuals, as evaluated by the amount of information available about them in the respective encyclopedic source. Examples of conflict resolution are shown in **Table S12** and **S13**.

8) **Resolve homonimity conflicts.**



HOUSE_OVERSIGHT_017031

a. Conflict resolution involves the decision of whether a query name, associated with multiple records, can unambiguously refer to a single one of them.
b. *Wikipedia*. Conflict resolution for Wikipedia records is carried out on the basis the main article word count and traffic statistics. A conflict is resolved as such :
    i. Find the cumulative word count of words written in the articles in conflict.
    ii. Find the cumulative number of views resulting from the traffic to the articles in conflict.
    iii. For every record in the conflict, find the fraction of words and views resulting from this record by dividing by the cumulative counts.
    iv. Does a record have the largest fraction of both words written and page views?
    v. Does this record have above 66% of either words written and page views?
    vi. If so, the conflicted query name can be considered as being sufficiently specific to the record with these properties.
c. *Encyclopedia Britannica*. Conflict resolution for Encyclopedia Britannica records is carried on the basis of the quantity of information snippets present in the dataset.
    i. Find the cumulative number of information snippets related to the records in conflicts.
    ii. For every record in the conflict, find the fraction of informational snippets by dividing with the cumulative count
    iii. If a record has greater than 66% of the cumulative total, the query name in conflict is considered to refer to this record.

### *III.7.A.9 Identify the most relevant name used to refer to an individual.*

So far, we have obtained, for all individuals in both our databases, a set of names by which they can plausibly be mentioned. From this set, we wish to identify the best such candidate and use its word frequency to observe the fame of the person at hand. This optimal name is identified on the basis of the amplitude of the word frequency, the potential ambiguities which arise from name homonimity and the quality of the word frequency time series. Examples are shown in **Fig S11** and **S12.**

**9) Determine the best query name for every record.**

a. Order all the query names associated with a record on the basis of the integral of the fame signal from the year of birth until the year 2000.
b. Iterating from the strongest fame signal to the lowest, the selected query name is the first result with the following properties :
    i. Unambiguously refers to the record (as determined by conflict resolution, if needed).
    ii. The average fame signal in the window [year of birth ± 10 years] is less than $10^{-9}$ or an order of magnitude less than the average fame signal from the year of birth to the year 2000.
    iii. (*Wikipedia Only*). The query name, when converted to a Wikipedia URL by replacing whitespaces with underscores, refers to the record or an inexistent article. If the name refers to another article or a disambiguation page, the query name is rejected.
c. If the best query name is a 2-gram name corresponding the last two names in 3-gram query name, and if the fame integral of the 3-gram name is 80% of the fame integral of the 2-gram, the best query name is replaced by the 3-gram.



HOUSE_OVERSIGHT_017032

*III.7.A.10 – Compare the fame of multiple individuals.*

Having identified the best name candidate for every individual, we use the word frequency time series of this name as a metric for the fame of the each individual. We now compare the fame of multiple individuals on the basis of the properties of their fame signal. For this analysis, we group people according to specific characteristics, which in the context of this work are the years of birth and the respective occupations.

**10) Assemble cohorts on the basis of a shared record property.**

a. Fetch all records which match a specific record property, such as year of birth or occupation.
b. Create fame cohorts comparing the fame of individuals born in the same year.
    i. Use average lifetime fame ranking, done on the basis of the average fame as computed from the birth of the individual to the year 2000.
c. Create fame cohorts for individuals with the same occupation.
    i. Use most famous 20$^{th}$ year, ranking on the basis of the 20$^{th}$ best year in the terms of fame for the individual.

## III.7B. Cohorts of fame

For each year, we defined a cohort of the top 50 most famous individuals born that year. Individual fame was measured in this case by the average frequency over all years after one's birth. We can compute cohorts on the basis of names from Wikipedia, or Encyclopedia Britannica. In **Figure 5**, we used cohorts computed with names from Wikipedia.

At each time point, we defined the frequency of the cohort as the median value of the frequencies of all individuals in the cohort.

For each cohort, we define:

(1) Age of initial celebrity. This is the first age when the cohort's frequency is greater than 10-9. This corresponds to the point at which the median individual in the cohort enter the "English lexicon" as defined in the first section of the paper.

(2) Age of peak celebrity. This is the first age when the cohort's frequency is greater than 95% of its peak value. This definition is meant to diminish the noise that exists on the exact position of the peak value of the cohort's frequency.

(3) Doubling time of fame. We compute the exponential rate at which fame increases between the 'age of fame' and the 'age of peak fame'. To do so, we fit an exponential to the timeseries with the methods of least squares. The doubling time is derived from the estimated exponent.

(4) Half-life of fame. We compute the exponential rate at which fame decreases past the year at which it reaches its peak (which is later than the "age of peak celebrity" as defined above). To do so, we fit an exponential to the timeseries with the methods of least squares. The half-life is derived from the estimated exponent.

We show the way these parameters change with the cohort's year of birth in **Figure S13**.

The dynamics of these quantities is sensibly the same when using cohorts from Wikipedia or from Encyclopedia Britannica. However, Britannica features fewer individuals in their cohorts, and therefore the cohorts from the early 19$^{th}$ century are much noisier. We show in **Figure S14** the fame analysis conducted with cohorts from Britannica, restricting our analysis to the years 1840-1950.

In **Figure 5E**, we analyze the trade-offs between early celebrity and overall fame as a function of occupation. For each occupation, we select the top 25 most famous individuals born between 1800 and 1920. For each occupation, we define the contour within which all points are close to at least 2 member of the cohort (it is the contour of the density map created by the cohort).



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People leave more behind them than a name. Like her fictional protagonist Victor Frankenstein, Mary Shelley is survived by her creation: Frankenstein took on a life of his own within our collective imagination (**Figure S15**). Such legacies, and all the many other ways in which people achieve cultural immortality, fall beyond the scope of this initial examination.

# III.8. History of Technology

A list of inventions from 1800-1960 was taken from Wikipedia (**Ref S10**).

The year listed is used in our analysis. Where multiple listings of a particular invention appear, the year retained in the list is the one reported in the main Wikipedia article for the invention. (e.g. "Microwave Oven" is listed in 1945 and 1946; the main article lists 1945 as the year of invention, and this is the year we use in our analyses).

Each entry's main Wikipedia page was checked for alternate terms for the invention. Where alternate names were listed in the main article (e.g. **thiamine** or **thiamin** or **vitamin $B_1$**), all the terms were compared for their presence in the database. Where there was no single dominant term (e.g.MSG or monosodium glutamate) the invention was eliminated from the list. If a name other than the originally listed one appears to be dominant, the dominant name was used in the analysis (e.g. electroencephalograph and EEG - EEG is used).

Inventions were grouped into 40-year intervals (1800-1840, 1840-1880, 1880-1920, and 1920-1960), and the median percentages of peak frequency was calculated for each bin for each year following invention: these were plotted in **Fig 4B**, together with examples of individual inventions in inset.

Our study of the history of technology suffers from a possible sampling bias: it is possible that some older inventions, which peaked shortly after their invention, are by now forgotten and not listed in the Wikipedia article at all. This sampling bias would be more extreme for the earlier cohorts, and would therefore tend to exaggerate the lag between invention date and cultural impact in the older invention cohorts. We have verified that our inventions are past their peaks, in all three cohorts (**Fig S16**). Future analyses would benefit from the use of historical invention lists to control for this effect.

Another possible bias is that observing inventions later after they were invented leaves more room for the fame of these inventions to rise. To ensure that the effect we observe is not biased in this way, we reproduce the analysis done in the paper using constant time intervals: a hundred years from time of invention. Because we have a narrower timespan, we consider only technologies invented in the 19$^{th}$ century; and we group them in only two cohorts. The effect is consistent with that observed in the main text (**Fig S16**).

# III.9. Censorship

## III.9A. Comparing the influence of censorship and propaganda on various groups

To create panel E of **Fig 6,** we analyzed a series of cohorts; for each cohort, we display the mean of the normalized probability mass functions of the cohort, as described in section 1B. We multiplied the result by 100 in order to represent the probability mass functions more intuitively, as a percentage of lifetime



HOUSE_OVERSIGHT_017034

fame. People whose names did not appear in the cohorts for the time periods in question (1925-1933, 1933-1945, and 1955-1965) were eliminated from the analysis.

The cohorts we generated were based on four major sources, and their content is given in **Appendix.**

### *1) The Hermann lists*

The lists of the infamous librarian Wolfgang Hermann were originally published in a librarianship journal and later in Boersenblatt, a publishing industry magazine in Germany. They are reproduced in **Ref S11**. A digital version is available on the German-language version of Wikipedia (**Ref S12**). We considered digitizing **Ref S10** by hand to ensure accuracy, but felt that both OCR and manual entry would be time-consuming and error prone. Consequently, we began with the list available on Wikipedia and hired a manual annotator to compare this list with the version appearing in **Ref S11** to ensure the accuracy of the resulting list. The annotator did not have access to our data and made these decisions purely on the basis of the text of **Ref S11**. The following changes were made:

Literature
1) "Fjodor Panfjorow" was changed to "Fjodor Panferov".
2) "Nelly Sachs" was deleted.

History
1) "Hegemann W. Ellwald, Fr. v." was changed to "W. Hegemann" and "Fr. Von Hellwald"

Art
4) "Paul Stefan" was deleted.

Philosophy/Religion
1) "Max Nitsche" was deleted.

The results of this manual correction process were used as our lists for Politics, Literature, Literary History, History, Art-related Writers, and Philosophy/Religion.

### *2) The Berlin list*

The lists of Hermann continued to be expanded by the Nazi regime. We also analyzed a version from 1938 (**Ref S13**). This version was digitized by the City of Berlin to mark the 75$^{th}$ year after the book burnings in 2008 (**Ref S14**). The list of authors appearing on the website occasionally included multiple authors on a single line, or errors in which the author field did not actually contain the name of a person who wrote the text. These were corrected by hand to create an initial list.

We noted that many authors were listed only using a last name and a first initial. Our manual annotator attempted to determine the full name of any such author. The results were far from comprehensive, but did lead us to expand the dataset somewhat; names with only first initials were replaced by the full name wherever possible.

Some authors were listed using a pseudonym, and on several occasions our manual annotator was able to determine the real name of the author who used a given pseudonym. In this case, the real name was added to the list.

In addition, we occasionally included multiple spelling variants for a single author. Because of this, and because an author's real name and pseudonym may both be included on the list, the number of author names on the list very slightly exceeds the number of individuals being examined. The numbers reported in the figure are the number of names on the list.

It is worth pointing out that Adolf Hitler appears as an author of one of the banned books from 1938. This is due to a French version of *Mein Kampf*, together with commentary, which was banned by the Nazi authorities. Although it is extremely peculiar to find Hitler on a list of banned authors, we did not remove Hitler's name, as we had no basis for doing so from the standpoint of the technical authorship and name criteria described above: Adolf Hitler is indeed listed as the author of a book that was banned by the Nazi regime. This is consistent with our stance throughout the paper, which is that we avoided making judgments ourselves that could bias the outcome of our results. Instead, we relied strictly upon our



HOUSE_OVERSIGHT_017035

secondary sources. Because Adolf Hitler is only one of many names, the list as a whole nevertheless exhibits strong evidence of suppression, especially because the measure we retained (median usage) is robust to such outliers.

#### 3) *Degenerate artists*

The list of degenerate artists was taken directly from the catalog of a recent exhibition at the Los Angeles County Museum of Art which endeavored to reconstruct the original 'Degenerate Art' exhibition (**Ref S15**).

#### 4) *People with recorded ties to Nazis*

The list of Nazi party members was generated in a manner consistent with the occupation categories in section 7. We included the following Wikipedia categories: *Nazis_from_outside_Germany, Nazi_leaders, SS_officers, Holocaust_perpetrators, Officials_of_Nazi_Germany, Nazis_convicted_of_war_crimes*, together with all of their subcategories, with the exception of *Nazis_from_outside_Germany*. In addition, the three categories *German_Nazi_politicians, Nazi_physicians, Nazis* were included without their respective subcategories.

## III.9B. *De Novo* Identification of Censored and Suppressed Individuals

We began with the list of 56,500 people, comprising the 500 most famous individuals born in each year from 1800 – 1913. This list was derived from the analysis of all biographies in Wikipedia described in section 7. We removed all individuals whose mean frequency in the German language corpus was less than $5 \times 10^{-9}$ during the period from 1925 – 1933; because their frequency is low, a statistical assessment of the effect of censorship and suppression on these individuals is more susceptible to noise.

The suppression index is computed for the remaining individuals using an observed/expected measure. The expected fame for a given year is computed by taking the mean frequency of the individual in the German language from 1925-1933, and the mean frequency of the individual from 1955-1965. These two values are assigned to 1929 and 1960, respectively; linear interpolation is then performed in order to compute an expected fame value in 1939. This expected value is compared to the observed mean frequency in the German language during the period from 1933-1945. The ratio of these two numbers is the suppression index *s*. The complete list of names and suppression indices is included as supplemental data. The distribution of *s* was plotted for using a logarithmic binning strategy, with 100 bins between $10^{-2}$ and $10^{2}$. Three specific individuals who received scores indicating suppression in German are indicated on the plot by arrows (Walter Gropius, Pablo Picasso, and Hermann Maas).

As a point of comparison, the entire analysis was repeated for English; these results are shown on the plot.

## III.9C. Validation by an expert annotator

We wanted to see whether the findings of this high-throughput, quantitative approach were consistent with the conclusions of an expert annotator using traditional, qualitative methods. We created a list of 100 individuals at the extremes of our distribution, including the names of the fifty people with the largest s value and of the fifty people with the smallest s value. We hired a guide at *Yad Vashem* with advanced degrees in German and Jewish literature to manually annotate these 100 names based on her assessment of which people were suppressed by the Nazis (S), which people would have benefited from the Nazi regime (B), and lastly, which people would not obviously be affected in either direction (N). All 100 names were presented to the annotator in a single, alphabetized list; the annotator did not have access to any of our methods, data, or conclusions. Thus the annotator's assessment is wholly independent of our own.



HOUSE_OVERSIGHT_017036

The annotator assigned 36 names to the S category and 27 names to the B category; the remaining 37 were given the ambiguous N classification. Of the names assigned to the S category by the human annotator, 29 had been annotated as suppressed by our algorithm, and 7 as elevated, so the correspondence between the annotator and our algorithm was 81%. Of the names assigned to the B category, 25 were annotated as elevated by our algorithm, and only 2 as suppressed, so the correspondence was 93%.

Taken together, the conclusions of a scholarly annotator researching one name at a time closely matched those of our automated approach. These findings confirm that our computational method provides an effective strategy for rapidly identifying likely victims of censorship given a large pool of possibilities.

## III.10. Epidemics

Disease epidemics have a significant impact on the surrounding culture (**Fig. S18 A-C**). It was recently shown that during seasonal influenza epidemics, users of Google are more likely to engage in influenza-related searches, and that this signature of influenza epidemics corresponds well with the results of CDC surveillance (**Ref S16**). We therefore reasoned that culturomic approaches might be used to track historical epidemics. These could help complement historical medical records, which are often woefully incomplete.

We examined timelines for 4 diseases: influenza (main text), cholera, HIV, and poliomyelitis. In the case of influenza, peaks in cultural interest showed excellent correspondence with known historical epidemics (the Russian Flu of 1890, leading to 1M deaths, the Spanish Flu of 1918, leading to 20-100M deaths; and the Asian Flu of 1957, leading to 1.5M deaths). Similar results were observed for cholera and HIV. However, results for polio were mixed. The US epidemic of 1916 is clearly observed, but the 1951-55 epidemic is harder to pinpoint: the observed peak is much broader, starting in the 30s and ending in the 60s. This is likely due to increased interest in polio following the election of Franklin Delano Roosevelt in 1932, as well as the development and deployment of Salk's polio vaccine in 1952 and Sabin's oral version in 1962. These confounding factors highlight the challenge of interpreting timelines of cultural interest: interest may increase in response to an epidemic, but it may also respond to a stricken celebrity or a famous cure.

The dates of important historical epidemics were derived from the Cambridge World History of Human Diseases (1993) 3rd Edition.

For cholera, we retained the time periods which most affected the Western world, according to this resource:
- 1830-35 (Second Cholera Epidemic)
- 1848-52, and 1854 (Third Cholera Epidemic)
- 1866-74 (Fourth Cholera Epidemic)
- 1883-1887 (Fifth Cholera Epidemic)

The first, sixth and seventh cholera epidemics appear not to have caused significant casualties in the Western world.



HOUSE_OVERSIGHT_017037

# Supplementary References

**"Quantitative analysis of culture using millions of digitized books", Michel et al.**


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S4. Brants, Thorsten and Franz, Alex. "Web 1T 5-gram Version 1." LDC2006T13 http://www.ldc.upenn.edu/Catalog/CatalogEntry.jsp?catalogId=LDC2006T13

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S6. Lyman, Peter and Hal R. Varian, *"How Much Information",* 2003. http://www2.sims.berkeley.edu/research/projects/how-much-info-2003/print.htm#books

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S8. http://en.wikipedia.org/wiki/Geographical_renaming]

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S10. http://en.wikipedia.org/wiki/Timeline_of_historic_inventions

S11. Gerhard Sauder: *Die Bücherverbrennung.10. Mai 1933.* Ullstein Verlag, Berlin, Wien 1985.

S12. http://de.wikipedia.org/wiki/Liste_der_verbrannten_Bücher_1933.

S13. Liste Des Schädlichen Und Unerwünschten Schrifttums: Stand Vom 31. Dez. 1938. Leipzig: Hedrich, 1938. Print.

S14. http://www.berlin.de/rubrik/hauptstadt/verbannte_buecher/az-autor.php

S15. Barron, Stephanie, and Peter W. Guenther. *Degenerate Art: the Fate of the Avant-garde in Nazi Germany.* Los Angeles, CA: Los Angeles County Museum of Art, 1991. Print.

S16. Ginsberg, Jeremy, Matthew H. Mohebbi, Rajan S. Patel, Lynnette Brammer, Mark S. Smolinski, and Larry Brilliant. "Detecting Influenza Epidemics Using Search Engine Query Data." *Nature* 457 (2008): 1012-014.

# Supplementary Figures

**"Quantitative analysis of culture using millions of digitized books", Michel et al.**

**Figure S1**

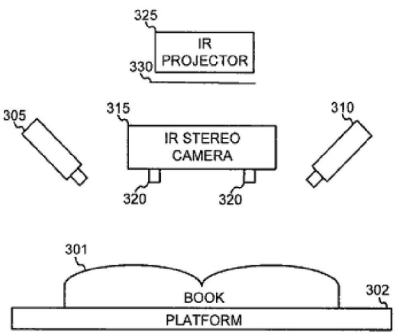


**Fig. S1. Schematic of stereo scanning for Google Books.**

**Figure S2**

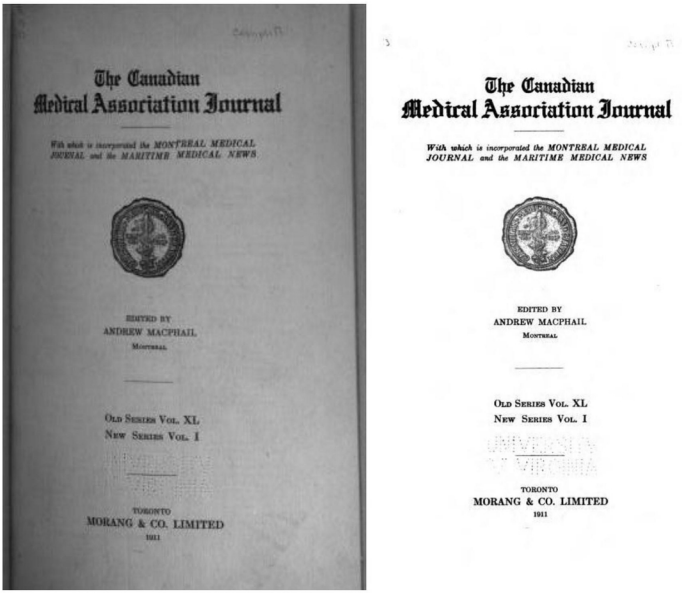

The Canadian
Medical Association Journal

*With which is incorporated the MONTREAL MEDICAL JOURNAL and the MARITIME MEDICAL NEWS*

EDITED BY
ANDREW MACPHAIL
MONTREAL

OLD SERIES VOL. XL
NEW SERIES VOL. I

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1911

**Fig. S2. Example of a page scanned before (left) and after processing (right).**

**Figure S3**

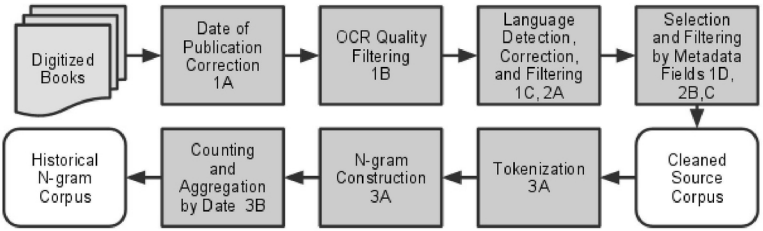


**Fig. S3. Outline of n-gram corpus construction**. The numbering corresponds to sections of the text.

**Figure S4**

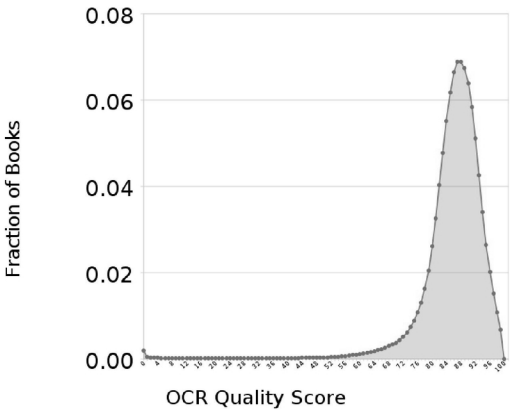


**Fig. S4. Fraction of English Books with a given OCR quality.**

**Figure S5**

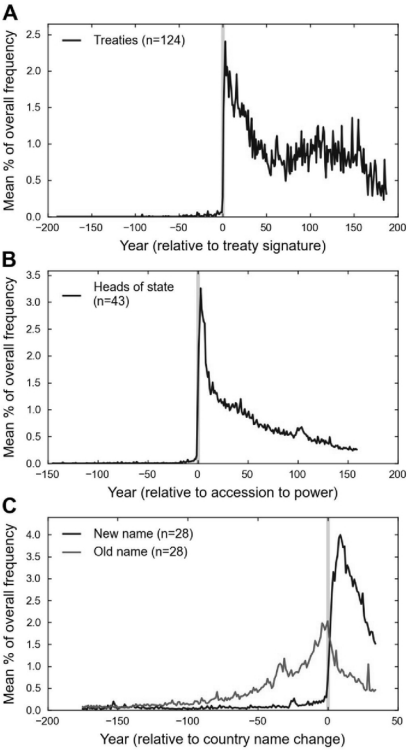


**Fig. S5. Known events exhibit sharp peaks at date of occurrence**. We select groups of events that occur at known dates, and produce the corresponding timeseries. We normalize each timeserie relative to its total frequency, center the timeseries around the relevant event, and plot the mean. (A) A list of 124 treaties. (B) A list of 43 head of state (US presidents, UK monarchs), centered around the year when they were elected president or became king/queen. (C) A list of 28 country name changes, centered around the year of name change. Together, these form positive controls about timeseries in the corpus.

**Figure S6**

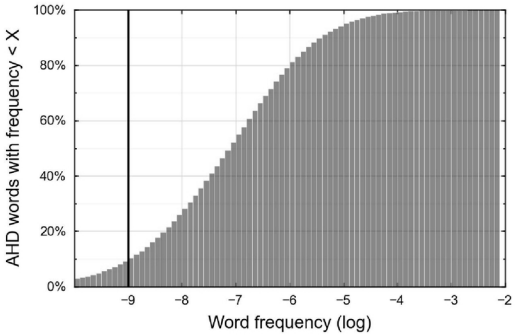


**Fig. S6. Frequency distribution of words in the dictionary.** We compute the frequency in our year 2000 lexicon for all 116,156 words (1-grams) in the AHD (year 2000). We represent the percentage of these words whose frequency is smaller than the value on the x-axis (logarithmic scale, base 10). 90% of all words in AHD are more frequent than 1 part per billion ($10^{-9}$), but only 75% are more frequent than 1 part per 100 million ($10^{-8}$).

**Figure S7**

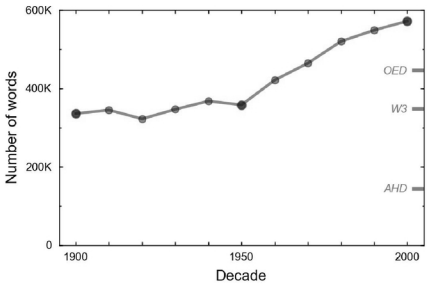


**Fig. S7. Lexical trends excluding proper nouns.** We compute the number of words that are 1-grams in the categories "P", "B" and "R". The same upward trend starting in 1950 is observed. The size of the lexicon in the year 2000 is still larger than the OED or W3.

**Figure S8**

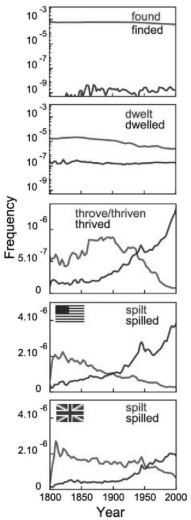


**Fig. S8. Example of grammatical change.** Irregular verbs are used as a model of grammatical evolution. For each verb, we plot the usage frequency of its irregular form in red (for instance, 'found'), and the usage frequency of its regular past-tense form in blue (for instance, 'finded'). Virtually all irregular verbs are found from time to time used in a regular form, but those used more often tend to be used in a regular way more rarely. This is illustrated in the top two rows with the frequently-used verb "find" and the less often encountered "dwell". In the third row, the trajectory of "thrive" is one of many ways by which regularization occurs. The bottom two panels shows that the regularization of "spill" happened earlier in the US than in the UK.

**Figure S9**

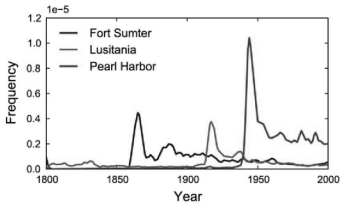


**Fig. S9. We forget**. Events of importance provoke a peak of discussion shortly after they happened, but interest in them quickly decreases.

**Figure S10**

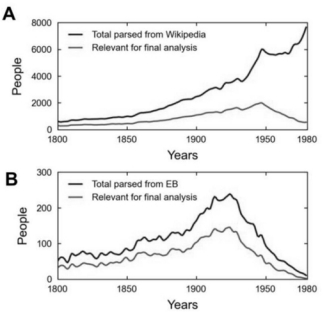


**Fig. S10. Biographical Records.** The number of records parsed from the two encyclopedic sources (blue curve), and used in our analyses (green curve). See steps 7.A.1 to 7.A.10 above.

**Figure S11**

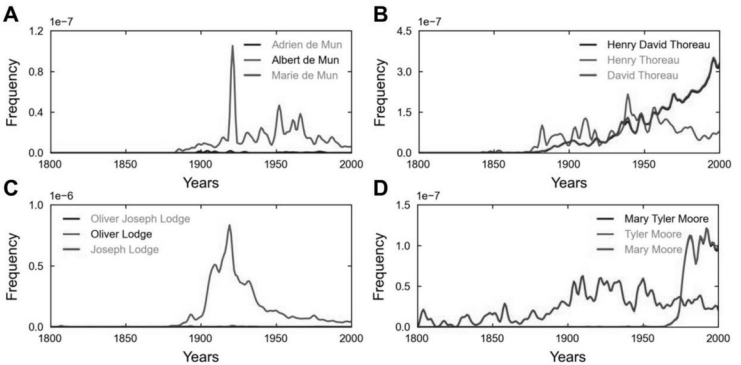


**Fig. S11. Selection of query name.** The chosen query name is in black. (A) Adrien Albert Marie de Mun. Strongest and optimal query name is Albert de Mun, (B) Oliver Joseph Lodge, strongest and optimal query name is Oliver Lodge, (C) Henry David Thoreau. Strongest query name is David Thoreau, but is a substring match of Henry David Thoreau, with fame >80% of David Thoreau. Optimal query name is Henry David Thoreau. (D) Mary Tyler Moore. Strongest name is Mary Moore, but is rejected because of noise. Next strongest is Tyler Moor, but this is a substring match of Mary Tyler Moore, with fame >80% of Tyler Moore. Optimal query name is thus Mary Tyler Moore.

**Figure S12**

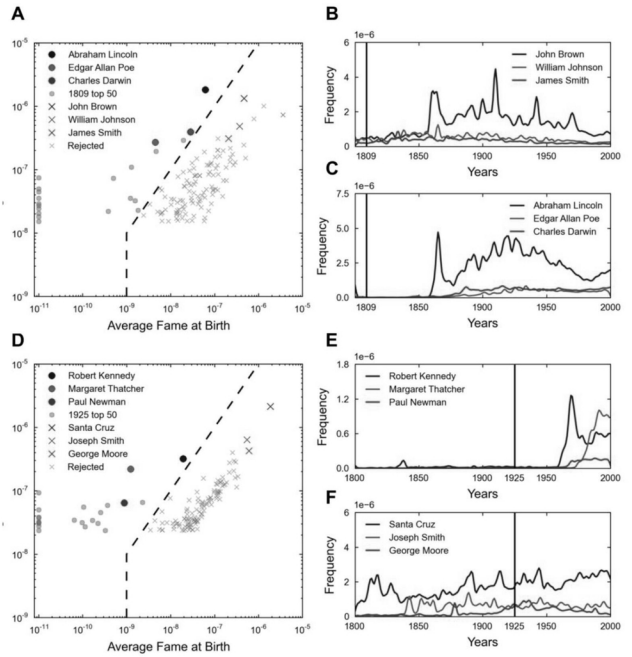


**Fig. S12. Filtering out names with trajectories that cannot be resolved.** Illustrates the requirement for query name filtration on the basis of premature fame. Fame a birth is the average fame in a 10 year window around birth, lifetime fame is the average fame from year of birth to 2000. The dashed line in (A), (D) indicates the separatrix used to excluded query names with premature fame signals. Points to the right were rejected from further analysis. In (B), (C), (E), (F) the black line indicates the year of birth of the individuals whose fame trajectories are plotted.

**Figure S13**

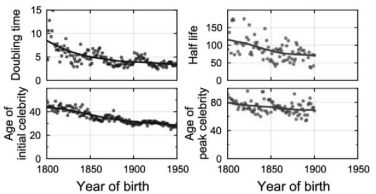


**Fig. S13. Values of the four parameters of fame as a function of time**. 'Age of peak celebrity' (75 years old) has been fairly consistent. Celebrities are noticed earlier, and become more famous than ever before: 'Age of initial celebrity' has dropped from 43 to 29 years, and 'Doubling time' has dropped from 8.1 to 3.3 years. But they are forgotten sooner as well: the half-life has declined from 120 years to 71.

**Figure S14**

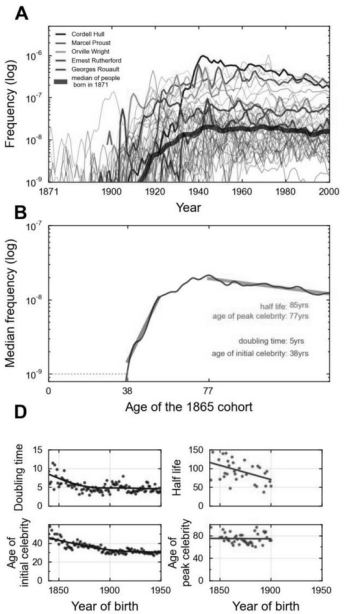


**Fig. S14. Fundamental parameters of fame do not depend on the underlying source of people studied**. We represent the analysis of fame using individuals from Encyclopedia Britannica.

**Figure S15**

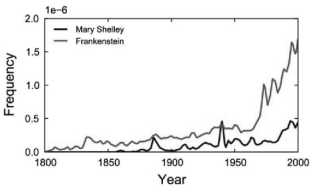


**Fig. S15. Many routes to Immortality**. People leave more behind them than their name: 'Mary Shelley' (blue) created the monstrously famous 'Frankenstein' (green).

**Figure S16**

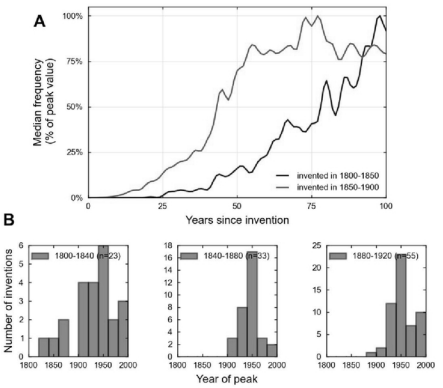


**Fig. S16. Controls.** (A) We observe over the same timespan (100 years) two cohorts invented at different times. Again, the more recent cohort reaches 25% of its peak faster. (B) We verify that inventions have already reached their peak. We calculate the peak of each invention, and plot the distribution of these peaks as a function of year, grouping them along the same cohorts as used in the text. In each case, the distribution falls within the bounds of the period observed (1800-2000).

**Figure S17**

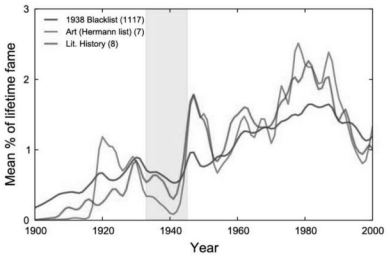


**Fig. S17. Suppression of authors on the Art and Literary History blacklists in German.** We plot the median trajectory (as in the main text) of authors in the Herman lists for Art (green) and Literary History (red), and for authors found in the 1938 blacklist (blue). The Nazi regime (1933-1945) is highlighted, and corresponds to strong drops in the trajectories of these authors.

**Figure S18**

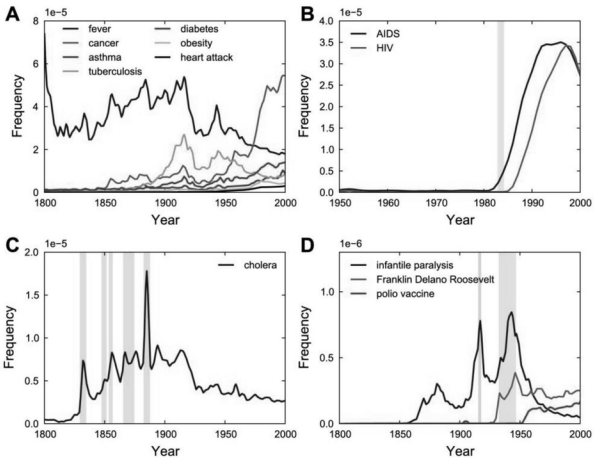


**Fig. S18. Tracking historical epidemics using their influence on the surrounding culture**. (**A**) Usage frequency of various diseases: 'fever' (blue), 'cancer' (green), 'asthma' (red), 'tuberculosis' (cyan), 'diabetes' (purple), 'obesity' (yellow) and 'heart attack' (black). (**B**) Cultural prevalence of AIDS and HIV. We highlight the year 1983 when the viral agent was discovered. (**C**) Usage of the term 'cholera' peaks during the cholera epidemics that affected Europe and the US (blue shading). (**D**) Usage of the term 'infantile paralysis' (blue) exhibits one peak during the 1916 polio epidemic (blue shading), and a second around the time of a series of polio epidemics that took place during the early 1950s. But the second peak is anomalously broad. Discussion of polio during that time may have been fueled by the election of 'Franklin Delano Roosevelt' (green), who had been paralyzed by polio in 1936 (green shading), as well as by the development of the 'polio vaccine' (red) in 1952. The vaccine ultimately eradicated 'infantile paralysis' in the United States.

**Figure S19**

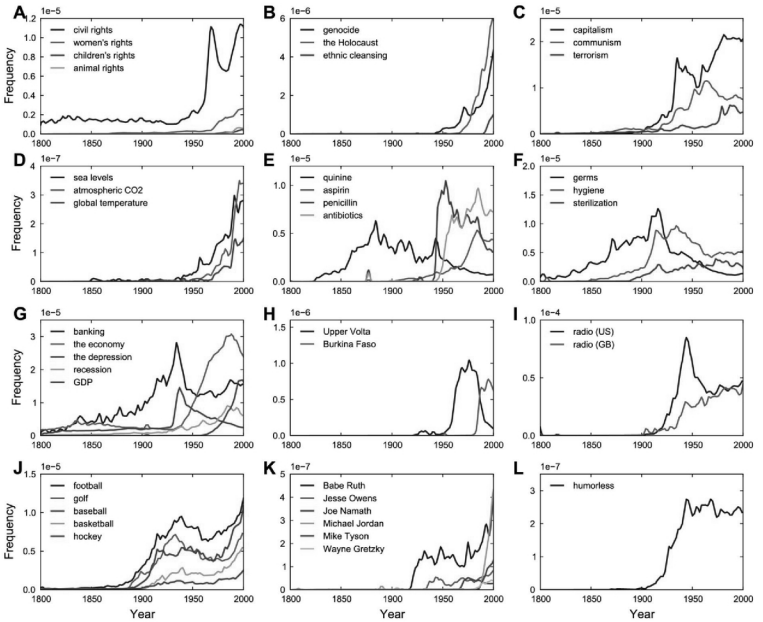


**Fig. S19.** Culturomic 'timelines' reveal how often a word or phrase appears in books over time. (A) 'civil rights', 'women's rights', 'children's rights' and 'animals rights' are shown. (**B**) 'genocide' (blue), 'the Holocaust' (green), and 'ethnic cleansing' (red) (**C**) Ideology: ideas about 'capitalism' (blue) and 'communism' (green) became extremely important during the 20$^{th}$ century. The latter peaked during the 1950s and 1960s, but is now decreasing. Sadly, 'terrorism' (red) has been on the rise. (**D**) Climate change: Awareness of 'global temperature', 'atmospheric CO2', and 'sea levels' is increasing. (**E**) 'aspirin' (blue), 'penicillin' (green), 'antibiotics' (red), and 'quinine' (cyan). (**F**) 'germs' (blue), 'hygiene' (green) and 'sterilization' (red). (**G**) The history of economics: 'banking' (blue) is an old concept which was of central concern during 'the depression' (red). Afterwards, a new economic vocabulary arose to supplement the older ideas. New concepts such as 'recession' (cyan), 'GDP' (purple), and 'the economy' (green) entered everyday discourse. (**H**) We illustrate geographical name changes: 'Upper Volta' (blue)

and 'Burkina Faso' (green). (**I**) 'radio' in the US (blue) and in the UK (red) have distinct trajectories. (**J**) 'football' (blue), 'golf' (green), 'baseball' (red), 'basketball' (cyan) and 'hockey' (purple) (**K**) Sportsmen: In the 1980s, the fame of 'Michael Jordan' (cyan) leaped over other that of other great athletes, including 'Jesse Owens' (green), 'Joe Namath' (red), 'Mike Tyson' (purple), and 'Wayne Gretsky' (yellow). Presently, only 'Babe Ruth' (blue) can compete. One can only speculate as to whether Jordan's hang time will match that of the Bambino. (**L**) 'humorless' is a word that rose to popularity during the first half of the century. This indicates how these data can serve to identify words that are a marker of a specific period in time.

WORLD ECONOMIC FORUM

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# World Economic Forum Annual Meeting 2011

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| M. Michele Burns | Chairman and Chief Executive Officer | Mercer Inc. (M&MC) | USA |
| Sharan Burrow | General Secretary | International Trade Union Confederation (ITUC) | Belgium |
| Michael Buscher | Chief Executive Officer | OC Oerlikon Management AG | Switzerland |
| Caspar Busse | Business Editor | Süddeutsche Zeitung GmbH | Germany |
| Jean-Luc Butel | Executive Vice-President and Group President, International | Medtronic Inc. | Japan |
| Luigi Buttiglione | Partner, Head of Global Strategy | Brevan Howard Investment Products Ltd | Switzerland |
| Baron Paul Buysse | Chairman of the Board of Directors | Bekaert NV/SA | Belgium |
| Felipe Calderón | President of Mexico | | |
| Micheline Calmy-Rey | President of the Swiss Confederation and Federal Councillor of Foreign Affairs of the Swiss Confederation | | |
| Jorge Calvet | Chairman and Chief Executive Officer | Gamesa Corporación Tecnológica SA | Spain |
| David Cameron | Prime Minister of the United Kingdom | | |
| James Cameron | Founder and Vice-Chairman | Climate Change Capital | United Kingdom |
| Philip Campbell | Editor-in-Chief | Nature | United Kingdom |
| Rachel Campbell | Global Head, People, Performance and Culture | KPMG | United Kingdom |
| Lázaro Campos | Chief Executive Officer | SWIFT SCRL | Belgium |



HOUSE_OVERSIGHT_017066

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| Cao Duc Phat | Minister of Agriculture and Rural Development of Vietnam | | |
| Susan Capps Morris | Senior Vice-President and Chief of Staff to Office of Chief Executive Officer | Merck & Co. Inc. | USA |
| Steve Cardell | Chief Executive Officer | HCL Axon | United Kingdom |
| Gunilla Carlsson | Minister of International Development Cooperation of Sweden | | |
| Mark J. Carney | Governor of the Bank of Canada | | |
| Roger M. Carr | Chairman | Centrica Plc | United Kingdom |
| José Carreras | Opera Singer | José Carreras International Leukaemia Foundation | Spain |
| Cynthia Carroll | Chief Executive | Anglo American Plc | United Kingdom |
| Stephen A. Carter | Chief Marketing, Strategy and Communication Officer and Executive Vice-President | Alcatel-Lucent | France |
| Jaime Caruana | General Manager, Bank for International Settlements (BIS), Basel | | |
| John Casey | Vice-President International News and Programming | CNBC | United Kingdom |
| Pete Cashmore | Chief Executive Officer and Founder | Mashable | USA |
| Alessandro Castellano | Chief Executive Officer | Sace SpA | Italy |
| Giovanni Castellucci | Chief Executive Officer | Atlantia SpA | Italy |
| Juan Luis Cebrian Echarri | Chief Executive Officer and Chairman of the Executive Committee | Grupo Prisa | Spain |
| Dominique Cerutti | President and Deputy Chief Executive Officer | NYSE Euronext | France |
| Laura Cha | Deputy Chairman, The Hong Kong and Shanghai Banking Corporation (Asia Pacific) | HSBC Asia Pacific | Hong Kong SAR |
| Sanjeev Chadha | President, Middle East and Africa Region | PepsiCo India Holdings Pvt. Ltd | India |
| John T. Chambers | Chairman and Chief Executive Officer | Cisco | USA |
| Walid Chammah | Chairman and Chief Executive Officer | Morgan Stanley International Limited | United Kingdom |
| François-Philippe Champagne | Strategic Development Director; Member of Management Committee | AMEC Plc | United Kingdom |
| Margaret Chan | Director-General, World Health Organization (WHO), Geneva | | |
| Sanjay Chandra | Managing Director | Unitech Limited | India |
| Vikram Chandra | Presenter and Editor | New Delhi Television (NDTV) | India |
| Natarajan Chandrasekaran | Chief Executive Officer and Managing Director | Tata Consultancy Services Ltd | India |
| Anjali Chandrashekar | Global Changemaker | British Council | India |
| Rajesh Chandy | Professor of Marketing | London Business School | United Kingdom |
| Chang Dae-Whan | Chairman and Publisher | Maeil Business Newspaper and TV | Republic of Korea |
| Jean-Paul Chapel | Editor | France 2 | France |
| Nigel Chapman | Chief Executive Officer | Plan International | United Kingdom |
| Erik Charas | Founder and Managing Director | Charas LDA | Mozambique |
| Jean Charest | Premier of Quebec, Canada | | |
| Bernard Charlès | President and Chief Executive Officer | Dassault Systèmes SA | France |
| Richard Chartres | Bishop | The Diocese of London | United Kingdom |
| Chen Deming | Minister of Commerce of the People's Republic of China | | |
| Chen Feng | Chairman | HNA Group Co. Ltd | People's Republic of China |
| Chen Wenchi | President and Chief Executive Officer | VIA Technologies Inc. | Taiwan, China |
| Ian Cheshire | Group Chief Executive | Kingfisher Plc | United Kingdom |
| Chey Chang-won | Vice-Chairman and Chief Executive Officer | SK Engineering and Construction | Republic of Korea |
| Chey Jae-won | Vice-Chairman and Chief Executive Officer | SK Holdings | Republic of Korea |
| Chey Tae-won | Chairman and Chief Executive Officer | SK Holdings | Republic of Korea |
| Hamed El Chiaty | Chairman and Chief Executive Officer | Travco Group International Holding S.A.E | Egypt |
| Wellington Chibebe | Secretary-General | Zimbabwe Congress of Trade Unions (ZCTU) | Zimbabwe |
| Palaniappan Chidambaram | Minister of Home Affairs of India | | |
| David Childs | Managing Partner | Clifford Chance LLP | United Kingdom |



HOUSE_OVERSIGHT_017067

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| Calvin Chin | Chief Executive Officer | Qifang Inc. | People's Republic of China |
| John Chipman | Director-General and Chief Executive | International Institute for Strategic Studies (IISS) | United Kingdom |
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| H. S. Cho | Senior Vice-President | Hyosung Group | Republic of Korea |
| Ken Choi | Deputy Executive Editor | Chosun Ilbo | Republic of Korea |
| Ashwin C. Choksi | Chairman | Asian Paints Limited | India |
| Eric Chol | Editor-in-Chief Economics, Politics, International | La Tribune | France |
| Tejpreet Singh Chopra | President and Chief Executive Officer | Bharat Light and Power | India |
| Niels B. Christiansen | President and Chief Executive Officer | Danfoss A/S | Denmark |
| Victor L. L. Chu | Chairman and Chief Executive Officer | First Eastern Investment Group | Hong Kong SAR |
| Amy Chua | John M. Duff Jr Professor of Law | Yale Law School | USA |
| Anatoly B. Chubais | Chief Executive Officer | Russian Corporation of Nanotechnologies (RUSNANO) | Russian Federation |
| Ganhuyag Chuluun Hutagt | Vice-Minister of Finance of Mongolia | | |
| Euisun Chung | Vice-Chairman | Hyundai Motor Company | Republic of Korea |
| Sureyya Ciliv | Chief Executive Officer | Turkcell Iletisim Hizmetleri AS | Turkey |
| Jean-François Cirelli | Vice-Chairman and President | GDF SUEZ | France |
| Liz Claman | Anchor | Fox Business Network | USA |
| Alan Clark | Managing Director | SABMiller Europe | Switzerland |
| Helen E. Clark | Administrator, United Nations Development Programme (UNDP), New York | | |
| Richard T. Clark | Chairman | Merck & Co. Inc. | USA |
| Susan M. Clark | Director, Corporate Affairs | SABMiller plc | United Kingdom |
| Wendy Clark | Senior Vice-President, Integrated Marketing Communications and Capabilities | The Coca-Cola Company | USA |
| Jeff Clarke | President and Chief Executive Officer | Travelport | USA |
| Michael Clarke | Executive Vice-President, Kraft Foods Inc. and President, Kraft Foods Europe | Kraft Foods Europe GmbH | Switzerland |
| Tracy Clarke | Group Head, Human Resources and Communications | Standard Chartered | United Kingdom |
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| Nick Clegg | Deputy Prime Minister of the United Kingdom | | |
| Reinhard Clemens | Member of the Board of Management and Chief Executive Officer, T-Systems | Deutsche Telekom AG | Germany |
| Tony Clement | Minister of Industry of Canada | | |
| Sanford Climan | President | Entertainment Media Ventures | USA |
| William J. Clinton | Founder | William J. Clinton Foundation | USA |
| John H. Clippinger | Co-Director, The Law Lab, The Berkman Center for Internet & Society | Harvard University | USA |
| Paulo Coelho | Author | Sant Jordi Asociados | Spain |
| Andrew L. Cohen | Managing Director | JPMorgan Private Bank | Hong Kong SAR |
| Michael Cohen | Chief Executive Officer | Och-Ziff Management Europe Limited | United Kingdom |
| Steven A. Cohen | Chairman and Chief Executive Officer | S.A.C. Capital Advisors LP | USA |
| Zehavit Cohen | Managing Partner, Head of Israel Office | Apax Partners Israel Ltd | Israel |
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| Jared Cohon | President | Carnegie Mellon University | USA |
| Vittorio Colao | Chief Executive Officer | Vodafone Group Plc | United Kingdom |
| Andrea Coleman | Chief Executive Officer and Founder | Riders for Health | United Kingdom |
| Xavier M. Colin | Presenter, Geopolitis News Programme | Swiss Television RTS | Switzerland |
| Boris Collardi | Chief Executive Officer | Bank Julius Baer & Co. Ltd | Switzerland |
| Stephen van Coller | Chief Executive | Absa Capital | South Africa |
| Paul Collier | Professor of Economics, Department of Economics | University of Oxford | United Kingdom |
| Francis S. Collins | Director | National Institutes of Health | USA |
| James Collins Jr | President, DuPont Crop Protection | DuPont | USA |
| Veronica Colondam | Chief Executive Officer | YCAB (Yayasan Cinta Anak Bangsa) Foundation | Indonesia |



HOUSE_OVERSIGHT_017068

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| Michel Combes | Chief Executive, Europe | Vodafone Group Services Ltd | United Kingdom |
| Patrick Combes | Chairman | Compagnie Financière Tradition | Switzerland |
| Kevin E. Comolli | Partner | Accel Partners | United Kingdom |
| John C. Compton | Chief Executive Officer, PepsiCo Americas Foods | PepsiCo Inc. | USA |
| Beth Comstock | Senior Vice-President and Chief Marketing Officer | General Electric Company | USA |
| Cristóbal Conde | President and Chief Executive Officer | SunGard | USA |
| Arturo Condo | President | INCAE Business School | Costa Rica |
| Peggy Conlon | President and Chief Executive Officer | Advertising Council | USA |
| Iain Conn | Chief Executive, Refining and Marketing | BP Plc | United Kingdom |
| John P. Connolly | Chief Executive Officer, United Kingdom, and Chairman of the Global Board | Deloitte | United Kingdom |
| John Conroy Jr | Head, Global Strategic Initiatives | Baker & McKenzie | USA |
| Jérome Contamine | Executive Vice-President and Chief Financial Officer | Sanofi-Aventis | France |
| Scott D. Cook | Chairman of the Executive Committee | Intuit Inc. | USA |
| Christopher Cooper-Hohn | Founder | The Children's Investment Fund Management (UK) LLP | United Kingdom |
| Jean-François Copé | Secretary-General, Union for a Popular Movement (UMP), France | | |
| Agustín Coppel Luken | Chief Executive Officer | Coppel SA de CV | Mexico |
| Ernesto Cordero Arroyo | Secretary of Finance of Mexico | | |
| Eckhard Cordes | Chief Executive Officer | METRO GROUP | Germany |
| Tracy Corrigan | Editor-in-Chief | The Wall Street Journal Europe | United Kingdom |
| Peter L. Corsell | Chairman | GridPoint Inc. | USA |
| Luc Cortebeeck | President | Confederation of Christian Trade Unions of Belgium | Belgium |
| Delos M. (Toby) Cosgrove | Chairman and Chief Executive Officer | Cleveland Clinic | USA |
| Cyrille Costes | President and Chief Executive Officer | Lynx Energy Partners | Switzerland |
| Robert Court | Global Head of External Affairs | Rio Tinto Plc | United Kingdom |
| Jean-Philippe Courtois | President | Microsoft International | France |
| Luciano Coutinho | President | Banco Nacional do Desenvolvimento Econômico e Social (BNDES) | Brazil |
| Howard Cox | Advisory Partner | Greylock | USA |
| Pamela J. Craig | Chief Financial Officer | Accenture | USA |
| Aron Cramer | President and Chief Executive Officer | Business for Social Responsibility (BSR) | USA |
| Gerhard Cromme | Chairman of the Supervisory Board | ThyssenKrupp AG | Germany |
| Audrey Kurth Cronin | Professor of Strategy | U.S. National War College | USA |
| Patrick M. Cronin | Senior Adviser and Senior Director, Asia Programme | The Center for a New American Security (CNAS) | USA |
| Daniel Cruise | Vice-President, Public and Government Affairs | Alcoa Inc. | USA |
| Yolanda Cuba | Non-Executive Director | Reunert Ltd | South Africa |
| Daniel Joshua Cullum | Global Changemaker | British Council | New Zealand |
| H. Lawrence Culp Jr | President and Chief Executive Officer | Danaher Corporation | USA |
| Sir Jonathan Stephen Cunliffe | Head of International Economic Affairs, Europe and G8 Sherpa, Prime Minister's Office, United Kingdom | | |
| Nelson W. Cunningham | Managing Partner | McLarty Associates | USA |
| Jean-Pierre Cuoni | Chairman | EFG International | Switzerland |
| Frederico Fleury Curado | President and Chief Executive Officer | EMBRAER S.A. | Brazil |
| Neill A. Currie | Chief Executive Officer | RenaissanceRe Holdings Ltd | Bermuda |
| Nicholas A. Curtis | Executive Chairman | Lynas Corporation Limited | Australia |
| Scott Cutler | Executive Vice-President | NYSE Euronext | USA |
| Geoff Cutmore | Anchor | CNBC | United Kingdom |
| Stephanie Czerny | Managing Director | Burda Media | Germany |
| Francisco D'Souza | Chief Executive Officer | Cognizant Technology Solutions | USA |
| Vittorio Da Rold | Senior Correspondent, Foreign Affairs | Il Sole 24 Ore | Italy |
| Amr A. Al Dabbagh | Governor, Saudi Arabian General Investment Authority (SAGIA), Saudi Arabia | | |
| Ibrahim S. Dabdoub | Group Chief Executive Officer | National Bank of Kuwait | Kuwait |



HOUSE_OVERSIGHT_017069

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| Juan Jose Daboub | Founding Chief Executive Officer | Global Adaptation Institute | USA |
| Herman Daems | Chairman of the Board | Gimv NV | Belgium |
| Martin Dahinden | Director-General | Swiss Agency for Development and Cooperation (SDC) | Switzerland |
| Weili Dai | Co-Founder, Vice-President and General Manager, Communications and Computing Business | Marvell Technology Group Ltd | USA |
| Omotayo Dairo | Founder and Chief Executive Officer | Quintas Renewable Energy Solutions Ltd | Nigeria |
| Henk van Dalen | Chief Financial Officer | VimpelCom Ltd | Netherlands |
| Elizabeth Daley | Dean, School of Cinematic Arts | University of Southern California (USC) | USA |
| Charles H. Dallara | Managing Director | Institute of International Finance (IIF) | USA |
| James Dallas | Senior Vice-President, Quality and Operations | Medtronic Inc. | USA |
| John Dalli | Commissioner, Health and Consumer Policy, European Commission, Brussels | | |
| Luke J. Daly | Founder and Chief Executive Officer | Ferrate Treatment Technologies | USA |
| Winston Damarillo | Chief Executive Officer | Morphlabs Inc. | USA |
| Kommer Damen | Chairman | Damen Shipyards Group | Netherlands |
| Brian A. Dames | Chief Executive Officer | Eskom Holdings Limited | South Africa |
| Dang Thanh Tam | Chairman | Saigon Investment Corporation | Vietnam |
| Aliko Dangote | President and Chief Executive Officer | Dangote Group | Nigeria |
| John Eric Daniels | Group Chief Executive | Lloyds Banking Group Plc | United Kingdom |
| Ronald J. Daniels | President | Johns Hopkins University | USA |
| John Daniszewski | Vice-President and Senior Managing Editor | The Associated Press (AP) | USA |
| Richard Danziger | Chief of Mission for Sri Lanka | International Organization for Migration (IOM) | Sri Lanka |
| Jacques Daoust | President and Chief Executive Officer | Investissement Québec | Canada |
| Mazen S. Darwazeh | Chairman, MENA | Hikma Pharmaceuticals Limited | Jordan |
| Lord Darzi | Professor of Surgery, Imperial College London and Chair, Institute of Global Health Innovation | St Mary's Hospital | United Kingdom |
| Howard Davies | Director | London School of Economics and Political Science | United Kingdom |
| John Davies | Vice-President, Sales and Marketing and General Manager, World Ahead | Intel Corporation | USA |
| Martyn Davies | Chief Executive Officer | Frontier Advisory Pty Ltd | South Africa |
| Pat Davies | Chief Executive | Sasol Limited | South Africa |
| Rob Davies | Minister of Trade and Industry of South Africa | | |
| Simon Davies | Firmwide Managing Partner | Linklaters LLP | United Kingdom |
| Geoff Davis | Chief Executive Officer | White Hat Ventures | USA |
| George S. Davis | Executive Vice-President and Chief Financial Officer | Applied Materials Inc. | USA |
| Robert Matthews Davis | Vice-President, Public Affairs | The Dow Chemical Company | USA |
| Sally Davis | Chief Executive Officer, BT Wholesale | BT Group Plc | United Kingdom |
| Hussain Dawood | Chairman | The Dawood Group | Pakistan |
| Robert De Niro | Co-Founder | Tribeca Enterprises LLC | USA |
| Raymond Debbane | President and Chief Executive Officer | The Invus Group LLC | USA |
| Jean-Charles Decaux | Chairman and Co-Chief Executive Officer | JCDecaux SA | France |
| Chris Dedicoat | President, European Markets | Cisco | United Kingdom |
| James Gregory Dees | Professor, Practice of Social Entrepreneurship, Fuqua School of Business | Duke University | USA |
| John K. Defterios | Anchor, CNN Marketplace Middle East | CNN International | United Kingdom |
| John J. DeGioia | President | Georgetown University | USA |
| Wolfgang J. Dehen | Member of the Managing Board and Chief Executive Officer, Siemens Energy | Siemens AG | Germany |
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| Michael S. Dell | Chairman and Chief Executive Officer | Dell Inc. | USA |
| Christopher Delong | Partner | Taconic Capital Advisors LP | USA |



HOUSE_OVERSIGHT_017070

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| Michel Demaré | Chief Financial Officer and President of Global Markets | ABB Ltd | Switzerland |
| Jean-François Demole | Managing Partner | Pictet & Cie Private Bankers | Switzerland |
| David Denison | President and Chief Executive Officer | Canada Pension Plan Investment Board | Canada |
| Ozlem Denizmen | Executive Vice-President, Dogus Strategy | Dogus Group | Turkey |
| Charlie Denson | President, Nike Brand | Nike Inc. | USA |
| Raghida Dergham | Senior Diplomatic Correspondent and Columnist | Al Hayat | USA |
| Olga K. Dergunova | Member of the Board | JSC VTB Bank | Russian Federation |
| Oleg V. Deripaska | Chief Executive Officer | Basic Element | Russian Federation |
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| Arjun Dhawan | President, Infrastructure Business | Hindustan Construction Company Ltd | India |
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| Mario Diaz-Balart | Congressman from Florida (Republican), 21st District, USA | | |
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| Kai Diekmann | Editor-in-Chief | Bild | Germany |
| Frits van Dijk | Executive Vice-President and Zone Director, Asia, Oceania, Africa and Middle East | Nestlé SA | Switzerland |
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| Phillip Dilley | Chairman | Arup Group Ltd | United Kingdom |
| James Dimon | Chairman and Chief Executive Officer | JPMorgan Chase & Co. | USA |
| Detlef Dinsel | Managing Partner | IK Investment Partners GmbH | Germany |
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| Elizabeth Dipuo Peters | Minister of Energy of South Africa | | |
| Hugo Dixon | Editor | Thomson Reuters, Reuters Breakingviews | United Kingdom |
| Dian Triansyah Djani | Ambassador and Permanent Representative of Indonesia to the United Nations, Geneva | | |
| Kirill Dmitriev | President | Icon Private Equity | Russian Federation |
| Vladimir A. Dmitriev | Chairman | State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank) | Russian Federation |
| Steve Dobbs | Senior Group President | Fluor Corporation | USA |
| Evgeny Dod | Chief Executive Officer | JSC RusHydro | Russian Federation |
| Colin Dodge | Executive Vice-President and Chief Recovery Officer | Nissan Motor Co. Limited | Japan |
| Volkert Doeksen | Chief Executive Officer and Managing Partner | AlpInvest Partners NV | Netherlands |
| Vuslat Dogan Sabanci | Chairwoman | Hurriyet Publishing & Printing Co. | Turkey |
| Andrew Doman | President and Chief Executive Officer | Russell Investments | USA |
| Donald F. Donahue | Chairman and Chief Executive Officer | The Depository Trust & Clearing Corporation (DTCC) | USA |



HOUSE_OVERSIGHT_017071

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| Thomas J. Donohue | President and Chief Executive Officer | US Chamber of Commerce | USA |
| Mathias Döpfner | Chief Executive Officer | Axel Springer AG | Germany |
| Christian Dorer | Editor-in-Chief | Aargauer Zeitung | Switzerland |
| Rolf Dörig | Chairman, Adecco Group | Adecco Management and Consulting SA | Switzerland |
| Abdulla Falah Abdulla Al Dosari | Ambassador and Permanent Representative of the State of Qatar to the United Nations, Geneva | | |
| Bharat Doshi | Executive Director and Chief Financial Officer | Mahindra & Mahindra Ltd | India |
| Brady W. Dougan | Chief Executive Officer | Credit Suisse AG | Switzerland |
| Trevor Richard Dougherty | Global Changemaker | British Council | USA |
| Nigel Doughty | Executive Co-Chairman | Doughty Hanson & Co. | United Kingdom |
| Arif Dowla | Managing Director | Advanced Chemical Industries Ltd | Bangladesh |
| William Downe | President and Chief Executive Officer | BMO Financial Group | Canada |
| John Doyle | General Manager, Transformational Development and Chief Strategy Officer | Ascension Health | USA |
| Mario Draghi | Governor of the Bank of Italy and Chairman, Financial Stability Board, Italy | | |
| Margo Drakos | Co-Founder and Chief Operating Officer | InstantEncore.com | USA |
| Jeffrey M. Drazen | Editor-in-Chief | The New England Journal of Medicine | USA |
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| Jamie C. Drummond | Executive Director | ONE | United Kingdom |
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| John P. Drzik | President and Chief Executive Officer | Oliver Wyman Group ((M&MC) | USA |
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| Pierre Duhaime | Chief Executive Officer | SNC-Lavalin Group Inc. | Canada |
| Willem van Duin | Chairman and Chief Executive Officer | Eureko BV | Netherlands |
| Mike Duke | President and Chief Executive Officer | Wal-Mart Stores Inc. | USA |
| H.R.H. Duke of York | UK Special Representative for International Trade and Investment | | |
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| Jürgen Dunsch | Senior Economics Editor | Frankfurter Allgemeine Zeitung | Switzerland |
| Brian Duperreault | President and Chief Executive Officer | Marsh & McLennan Companies Inc. (M&MC) | USA |
| Turgay Durak | Chief Executive Officer | Koç Holding AS | Turkey |
| Nicandro Durante | Chief Executive, Designate | British American Tobacco Plc | United Kingdom |
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| Gary Dushnitsky | Associate Professor of Strategic and International Management and Entrepreneurship | London Business School | United Kingdom |
| Barkha Dutt | Group Editor, English News | New Delhi Television (NDTV) | India |
| Soumitra Dutta | The Roland Berger Chaired Professor in Business and Technology | INSEAD | France |
| Arkady Dvorkovich | Aide to the President, G8 Affairs, Office of the President, Russian Federation | | |
| Colin Dyer | President and Chief Executive Officer | Jones Lang LaSalle Inc. | USA |
| Alexander V. Dyukov | Chairman and Chief Executive Officer | JSC Gazprom Neft | Russian Federation |
| Victor J. Dzau | President and Chief Executive Officer | Duke University Medical Center and Health System | USA |
| Marcelo Luis Ebrard Casaubón | Mayor of Mexico City | | |
| Paul N. Eckley | Senior Vice-President, Investments | State Farm Insurance Companies | USA |
| Elizabeth C. Economy | C. V. Starr Senior Fellow and Director, Asia Studies | Council on Foreign Relations | USA |
| Richard W. Edelman | President and Chief Executive Officer | Edelman | USA |



HOUSE_OVERSIGHT_017072

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| Bruce Edwards | Chief Executive Officer, DHL Supply Chain | Deutsche Post DHL | Germany |
| John Ehara | Partner and Representative Director | Unison Capital Inc. | Japan |
| Jack Ehnes | Chief Executive Officer | California State Teachers' Retirement System (CalSTRS) | USA |
| Ralph Eichler | President | ETH Zurich | Switzerland |
| Espen Barth Eide | Deputy Minister of Foreign Affairs of Norway | | |
| Jörg Eigendorf | Chief Reporter, Member of the Editorial Board | Die Welt | Germany |
| Maria Eitel | President and Chief Executive Officer, Nike Foundation | Nike Inc. | USA |
| Stuart E. Eizenstat | Partner and Head, International Trade and Finance | Covington & Burling LLP | USA |
| Daniel Ek | Chief Executive Officer | Spotify Ltd | United Kingdom |
| Klas Eklund | Adjunct Professor of Economics | University of Lund | Sweden |
| Hisham El-Khazindar | Managing Director and Co-Founder | Citadel Capital S.A.E. | Egypt |
| Christopher J. Elias | President and Chief Executive Officer | PATH (Programme for Appropriate Technology in Health) | USA |
| Johan Eliasch | Chairman and Chief Executive Officer | Head NV | United Kingdom |
| Olafur Eliasson | Artist | Studio Olafur Eliasson | Denmark |
| Gerri Elliott | Executive Vice-President, Strategic Alliances | Juniper Networks Inc. | USA |
| Lawrence Elliott | Economics Editor | The Guardian | United Kingdom |
| Michael J. Elliott | Editor, Time International, and Deputy Managing Editor | Time Magazine | USA |
| Stephen Ellis | Worldwide Managing Director | Bain & Company Inc. | USA |
| Sir Vernon J. Ellis | Chair | British Council | United Kingdom |
| David T. Ellwood | Dean | Harvard Kennedy School | USA |
| Eduardo S. Elsztain | Chairman | IRSA Inversiones y Representaciones SA | Argentina |
| Craig Emerson | Minister of Trade of Australia | | |
| Thomas Enders | Chief Executive Officer | Airbus SAS | France |
| Ditlev Engel | President and Chief Executive Officer | Vestas Wind Systems A/S | Denmark |
| Klaus Engel | Chief Executive Officer | Evonik Industries AG | Germany |
| Richard P. Eno | Chief Executive Officer | Metabolix | USA |
| David R. Epstein | Head, Pharma Division | Novartis AG | Switzerland |
| Mary Callahan Erdoes | Chief Executive Officer, Asset Management | JPMorgan Chase & Co. | USA |
| Charles W. Ergen | Chairman, President and Chief Executive Officer | DISH Network | USA |
| Paula Escobar | Editor-in-Chief, Magazines | Empresa Periodistica El Mercurio SAP | Chile |
| Patricia Espinosa Cantellano | Secretary of Foreign Affairs of Mexico | | |
| Shelly Esque | Vice-President, Corporate Affairs | Intel Corporation | USA |
| Dan Esty | Professor | Yale University | USA |
| John Evans | General Secretary | Trade Union Advisory Committee to the OECD | France |
| Stuart Evans | Chief Executive Officer | Novacem | United Kingdom |
| Bob Every | Chairman | Wesfarmers Limited | Australia |
| Vladimir Evtushenkov | Chairman of the Board of Directors | Sistema JSFC | Russian Federation |
| Anna Ewing | Executive Vice-President and Chief Information Officer | The NASDAQ OMX Group | USA |
| Jack Ewing | European Economics Correspondent | International Herald Tribune | Germany |
| Augie K. Fabela II | Co-Founder and Chairman Emeritus | VimpelCom Ltd | Netherlands |
| David Faber | Anchor | CNBC | USA |
| Joachim Faber | Chief Executive Officer | Allianz Global Investors AG | Germany |
| Carlos Jose Fadigas | Chief Executive Officer | Braskem SA | Brazil |
| Jeffrey Fager | Executive Producer, 60 Minutes | CBS News | USA |
| Imad Fakhoury | Minister of State for Mega Projects of the Hashemite Kingdom of Jordan | | |
| Nolitha V. Fakude | Executive Director | Sasol Limited | South Africa |
| Khalid A. Al Falih | President and Chief Executive Officer | Saudi Aramco | Saudi Arabia |
| Annika Falkengren | President and Chief Executive Officer | Skandinaviska Enskilda Banken (SEB) | Sweden |
| Fan Shenggen | Director-General | International Food Policy Research Institute (IFPRI) | USA |
| Werner Faymann | Federal Chancellor of Austria | | |



HOUSE_OVERSIGHT_017073

| | | | |
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4.2.12
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TOTAL WORD COUNT 191,694
TOTAL PAGES 401

TABLE OF CONTENTS

Preface: Ideology as Biography—A life of continuous change
Wc 4391
Pages 9

**Part I: From Brooklyn to Cambridge (with stops in New Haven and Washington)**

Chapter 1: Born and religiously educated in Brooklyn
Wc 15,669
Pages 27

Chapter 2: My Secular Education—Brooklyn and Yale
Wc 3811
Pages 6

Chapter 3: My Clerkships: Judge Bazelon and Justice Goldberg
Wc 13969
Pages 24

Chapter 4: Beginning my life as an academic—and its changes over time
Wc 7530
Pages 12

**Part II: The changing sound and look of freedom of speech: from the Pentagon Papers to Wikileaks and from Harry Reems' Deep Throat to Woodward and Bernstein's "Deep Throat."**

Chapter 5: The Changing First Amendment—New Meanings For Old Words
Wc 5259
Pages 9

Chapter 6 Offensiveness- Pornography: I Am Curious Yellow and Deep Throat
Wc 12,338
Pages 24

Chapter 7 Disclosure of Secrets: From Pentagon Papers to Wikileaks
Wc 6905
Pages 13

Chapter 8: Expressions that incite violence and disrupt speakers
Wc 3545
Pages 6



HOUSE_OVERSIGHT_017088

4.2.12
WC: 191694

Chapter 9: The Right to Falsify History: Holocaust Denial and Academic Freedom
Wc 5031
Pages 10

Chapter 10: Speech that Conflicts with Reputational and Privacy Rights
Wc 4685
Pages 9

**Part III: Criminal Justice: From Sherlock Holmes to Barry Scheck and CSI**

Chapter 11: "Death is different"[1]: Challenging Capital Punishment
Wc 3157
Pages 6

Chapter 12: The death penalty for those who don't kill: Ricky and Raymond Tison
Wc 6392
Pages 20

Chapter 13: Using Science, Law, Logic and Experience to Disprove Murder
Wc 23825
Pages 51

Chapter 14: The changing politics of rape: From "no" means "maybe," to "maybe" means "no."
Wc 15644
Pages 29

Chapter 15: The changing impact of the media on the law
Wc 14877
Pages 29

**PART IV: THE NEVERENDING QUEST FOR EQUALITY AND JUSTICE**

Chapter 16: The Changing Face of Race: From Color Blindness to Race-Specific Remedies
Wc 14130
Pages 26

Chapter 17 The crumbling wall between church and state: from separation to christianization
Wc 8883
Pages 16

Chapter 18: From Human Right to Human Wrongs: How the hard left hijacked the Human Rights Agenda
Wc14667
Pages 27

[1] Justice John Paul Stevens



HOUSE_OVERSIGHT_017089

4.2.12
WC: 191694

Conclusion—Closing Argument:

Looking back at my 50 year career and forward to the laws next 50 years.
Wc 7047
Pages 13

APPENDIX—VIGNETTES
Wc 8817
Pages 42 (each on separate page)



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Alan Dershowitz Takes The Stand: An Autobiography

Or

Taking the Stand—an Autobiography by Alan Dershowitz

Preface: Ideology as Biography—A life of continuous change

My legal practice has been described as "the most fascinating on the planet."[2] Though perhaps hyperbolic, the fact is that during my long career as a lawyer, I have:

- represented and counseled presidents, prime ministers, United Nations high officials, judges, senators, actors, musicians, athletes as well as ordinary people who have had the most extraordinary cases;

- played a role, sometimes large, sometimes small, in some of the most cataclysmic events of the last half century—from the assassination of JFK, to the forced resignation of Richard Nixon, to the Chappaquiddick investigation of Ted Kennedy, to the impeachment of President Clinton, to the war crimes trials of accused war criminals, to the defense of Israel in international fora.

- represented some of the most despised and despicable people on the face of the earth and sat across the table from defendants accused of mass murder, terrorism, war crimes, torture, rape and hate crimes;

- served as a lawyer in some of the most transforming legal cases of the age, including the Pentagon Papers Case, the WikiLeaks investigation, the anti-war prosecutions of Dr. Spock, the Chicago 7, the Weather Underground and Patricia Hearst;

- represented some of the most controversial defendants in recent history: OJ Simpson; Claus Von Bulow; Mike Tyson; Leona Helmsley and Michael Milken.

This autobiography delves beneath the surface of these cases and causes. It presents an inside account of legal events that have altered history and that continue to have a major impact on the lives of millions of people.

What Tocqueville observed two centuries ago—that in our country nearly every great issue finds its way into the courts—is even truer today than it was then. Accordingly, my autobiography will, in some sense, be a history of the last half century as seen through the eyes of a lawyer who

[2] [quote]



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was privileged to have participated in many of the most intriguing and important cases and controversies of our era.
The law has changed considerably over the past half century. I have not only observed and written about these changes, I have helped to bring some of them about through my litigation, my writing and my teaching. This book presents an account of these changes and of my participation in the cases that precipitated them. It is also an account of one man's intellectual and ideological development during a dramatic century of world, American, and Jewish history, enriched with anecdotes and behind-the-scenes stories from my life and the lives of those I have encountered.

An autobiographer is like a defendant who takes the stand at his own trial. We all have the right to remain silent, both in life and in law. But if one elects to bear witness about his own life, then he or she must tell the truth, the whole truth and nothing but the truth. This commitment to complete candor is subject only to limited privileges such as those between a lawyer and a client, or a husband and a wife. A witness may be questioned not only about his actions, but also about his motivations, his feelings, his biases, and his regrets. In this autobiography, I intend to comply with these rules to the best of my ability.

Why then have I waived my privilege of silence and decided to write this autobiography: because I have lived the passion of my times and participated in some of the most transforming, legal and political events of the past half century. In this autobiography, I will describe and explain my role in litigating cases and advocating causes that have changed the political and legal landscape—for better or worse. I will also explain how I litigate difficult cases—the tactics and strategies I have successfully developed over the years. My oath of honesty makes it impossible to hide behind the false modesty that often denies the readers of autobiographies an accurate picture of the impact an author has had on events.

Since you're reading these words, you've probably encountered the public Alan Dershowitz—confrontational, unapologetic, brash, tough, argumentative, and uncompromising. Those who know me well—family, friends, and colleagues—hardly recognize the "character" I play on TV [alternative: my TV persona]. They tell me in my personal life, I shy away from confrontation and am something of a pushover. My son Elon says that when people bring me up in conversation, he can instantly tell whether they know me from TV or from personal interactions—whether they know what he calls "The Dersh Character" or "the real Alan."

This sharp dichotomy between my public and private personas was brought home to me quite dramatically, when a major motion picture, Reversal of Fortune, was made about my role in the Claus Von Bulow case, and a character, based on me, was played by Tony Award actor Ron Silver. The New York Times asked me to write an article for the arts and entertainment section on how it feels to watch someone play you on the big screen.

The opening scene of the film had my character playing an energetic basketball game with himself—true enough. But when he's interrupted by a phone call giving him the news that he had lost a case involving two brothers on death row (the Tison brothers, see Chapter 12), he smashes the phone on the pavement.



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When I complained to my son, who had co-produced the film, that I don't throw phones when I lose cases—even capital cases—my son responded: "Dad, you've got to get it through your head that the person on the screen isn't you; it's your character—'the Dersh Character.'" He continued to assure me, in his best professional manner, that characters have to "establish themselves" early in the film, and that this "establishing scene" was intended to convey my energy and my passion for the rights of criminal defendants. "If we had several hours, we could have demonstrated your passion by recounting your involvement in many other cases, but we had about a minute; hence the smashed phone."

I wasn't satisfied. "That scene doesn't show passion," I said. "It shows a temper tantrum." My son tried to explain that a character in a film has to be shown with some faults early on in the film, so that he can "overcome" them. "I know you don't lose your temper," Elon assured me smilingly, "but the viewing audience has to see you grow."

Still, I didn't like being portrayed as a person whose passions—manifested by occasional curses in addition to the smashed phone—are reserved exclusively for his professional life. My "girlfriend" in the film—a mostly fictional character played by Annabella Sciorra—complains loudly that my character has nothing left for the people around him, and my character seems to agree: "My clients are the people I care about." Poor guy! I hope that's not me, although I do have to acknowledge that people who know me only professionally assume that I have nothing left for those I love. But the fact is that I reserve a lot of love, loyalty and friendship for family and people close to me.

I asked Ron Silver—who knows how important my family and friends are to me—how he felt playing me in way that he knew was something of a stereotype of the passionate lawyer for whom, Oliver Wendell Holmes' said, "the law is a jealous mistress." He responded: "I'm playing the public Alan Dershowitz—the one people see on TV and in the newspapers. I can't get to know the private Alan well enough to play him, and frankly the public isn't interested in that side of you."

In this book, I will try to interest my readers in both sides of my life, and how each impacts the other, and how both are very much the products of my early upbringing and my lifelong experiences. I think of myself as an integrated whole, though the very different roles I play—as lawyer, teacher, writer, father, husband, friend, colleague—require somewhat different balances among the various elements of my persona.

Although this autobiography is my first attempt to explore my life in full, I have written several earlier books that touch on aspects of my public life. The Best Defense dealt with my earliest cases during the first decade of my professional life. Chutzpah covered my Jewish causes and cases. Reversal of Fortune and Reasonable Doubts each dealt with one specific case (Von Bulow and O.J. Simpson). I will try not to repeat what I wrote in those books, though some overlap is inevitable. This more ambitious effort seeks to place my entire professional life into the broader context of how the law has changed over the past half century and how my private life prepared me to play a role in these changes.



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I bring to this task a strong and dynamic world view that has been shaped by my life experiences and which has, in turn, shaped my life experiences. In looking back on my life, I am inevitably peering through the prism of the powerful ideology that has provided a compass for my actions.

Ideology is biography. Where we stand is the result of where we sat, who we sat next to, what we observed, what happened to us, and how we reacted to our experiences.

Ideology is complex. Its causes are multifaceted and rarely subject to quantification. The philosopher, Descartes, who famously said, "I think therefore I am" got it backwards. I am—I was, I will be—therefore I think what I think. The ability to think is inborn—a biological and genetic endowment. The content of one's thinking—the nature and quality of our ideas—is more nurture than nature. Without human experiences there could be no well-formed ideology, merely simple inborn reflexes based on instinct and genetics.[3] There is no gene, or combination of genes, that ordains the content of our views regarding politics, law, morality or religion.[4] Biology gives us the mechanisms with which to organize our experiences into coherent theories of life, but without these experiences—which begin in the womb and may actually alter the physical structures of our brain over time—all we would have are the mechanics of thought and the potential for formulating complex ideas and ideologies. It is our interactions—with other human beings, with nature, with nurture, with luck, with love, with hate, with pleasure, with pain, with our own limitations, with our mortality[5]—that shape our world views.

Among the most enduring and influential human encounters are those experienced at an early age. These include the accidents of birth: to which family, in which place, at which time we happen to come into the world. It is true that most people die with the religion and political affiliation into which they were born (or adopted). Identical twins, separated at birth, may share a common disposition, IQ and susceptibility to disease, but they are likely to share the religious and political affiliations of their adoptive parents. There is little genetic about the factors that directly influence religious, political or other ideological choices. They are largely a function of exposure to external factors.[6]

Many of these external factors are totally beyond the control of the person. They may involve decisions made by others, often before they were even born. Probably the most significant decisions affecting my own life were made by my great grandparents on my father's side and my grandparents on my mother's side: the decision to leave the shtetls of Poland and move to New York. Had they remained in Poland, as some of my relatives did, I would probably not have survived the Holocaust, since I was three years old when the systematic genocide began.[7] That

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[3] Quote Steve Pinker
[4] FN on Mark Hauser "Moral Minds." Drew Weston, George Lakoff.
[5] Kafka once quipped that "the meaning of life is that we die," and when God told Adam and Eve that if they eat from the tree of knowledge, they will die, he meant they will obtain the knowledge of mortality—which elevated humans above other species.
[6] This is not to deny the likely influence genetics and biology may have on a predisposition toward homosexuality or other orientations. Nor is it to deny that biological predisposition may influence ideology through the prism of experience. See [cite] [expand]
[7] Perhaps, of course, had my forbearers remained in Poland, my father might not have met my mother (although their families lived in neighboring shtetls). Accident, timing and luck determine virtually everything relating to birth.



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may be why Jews of my generation are so influenced in their attitudes and ideology by the Holocaust. There but for the grace of God, and the forethought of our grandparents, go we. (In 1999, I wrote a novel *Just Revenge*, which reflected my dear feelings about the unavenged murders of so many of my relatives.)

Once a person is born in a certain place, at a certain time, attitudes and ideology are shaped (in part, because luck always intrudes[8]) directly by family, religion, culture, neighborhood, childhood friends, teachers and other mentors and role models. Sometimes they are a reaction to these influences. Often they are a combination of both.

If ideology is biography, then autobiography must honestly attempt to explore the sources of the author subject's ideology in his or her life experiences. This requires not only deep introspection, but a willingness to expose—to the reader but also to the writer—aspects of one's life that are generally kept private or submerged. Everyone has the right, within limits, to maintain a zone of privacy. I have devoted a considerable portion of my professional life seeking to preserve, indeed expand, that zone. But a decision to write an autobiography requires a commitment to candor and openness—a "waiver" (to use a legal term) of much of the right to privacy.

I keep fairly complete records of my cases and controversies. My archives are in the Brooklyn College Library where, subject to a few limited exceptions, they are available for all to read. I have published dozens of books, hundreds of articles and thousands of blogs. My professional life has been an open book and the accessibility of my archives—containing letters, drafts and other unpublished material— opens the book even further.

But beyond the written record lies a trove of memories, ideas, dreams, conversations, actions, inactions, passions, joys, and feelings not easily subject to characterization or categorization. Fortunately, I have a very good memory (more about that later) and I am prepared to open much of my memory bank in this autobiography, because I believe that the biography that informs my ideology and life choices cannot be limited to the externalities of my career. It must dig deeper into the thought processes that motivate actions, inactions and choices. In the process of self-exploration, I must also be willing to examine feelings and motivations that I have kept submerged, willfully or unconsciously, from my own conscious thought process. I don't know that I will be able to retrieve them all, but I will try. Nor can I be absolutely certain that all of my memories are photographically precise, since my children chide me that my stories get "better" with each retelling.

I believe that my actions, inactions, and choices have been significantly influenced by my upbringing. That might not seem obvious to those who know me and are familiar with my family background. Superficially, I am very different from my parents and grandparents, who lived insular lives in the Jewish shteles of Galicia, Poland, the Lower East side of Manhattan, and the Williamberg, Crown Heights and Boro Park Orthodox Jewish neighborhoods (also "shtetles") of Brooklyn. My parents and grandparents had little formal education. They rarely traveled beyond their routes to and from work (except for my grandparents' one-way journeys from Poland to Ellis Island). They almost never attended concerts, the Broadway Theater or dance recitals. They owned no art, few books, and no classical records. They rarely visited museums or

[8] An old Yiddish expression says: "Man plans, God laughs."



HOUSE_OVERSIGHT_017095

galleries. Their exposure to culture was limited to things Jewish—cantorial recitations, Yiddish theater, lectures by Orthodox rabbis, Jewish museums, Catskill Mountain and Miami Beach entertainment.

My adult life has been dramatically different. I travel the globe, meet with world leaders, own a nice art collection, am deeply involved in the world of music, theater and other forms of culture, and lead a largely secular life (though I too enjoy cantorial music "borsht belt" humor, and a good pastrami sandwich).

Yet I am their son and grandson. Although my life has taken a very different course—both personally and professionally—I could not begin to explain who I am, how I got to be who I am, and where I am heading, without exploring my family background and heritage. It is this history that helped to form me, that caused me to react against parts of it, and—most important—that gave me the tools necessary to choose which aspects of my traditions to accept and which to reject.[9]

I had a very powerful upbringing, having been born to a family with strong views on religion, morality, politics and community service. My neighborhood was tight knit. Everyone had a place and knew their place. Status was important, especially for our parents and grandparents, as was "yichus" (the Yiddish term for ancestry). But I grew up at a time of change, growth, excitement and opportunity.

Despite the reality of pervasive anti-Jewish discrimination—in college admission, employment, residency and social clubs—my generation believed there were no limits to what we could accomplish. If Jackie Robinson could play second base for the Brooklyn Dodgers, we could do anything. Maybe that was the reason so many successful people grew up in Brooklyn in the immediate post-war period. (In 1971, I was selected among 40 young scholars from around the country for a distinguished fellowship. When we met in Palo Alto, California, we discovered close to half the group had Brooklyn roots!) We were the breakout generation, standing on the broad shoulders and backbreaking work of our immigrant grandparents and our working class parents.

I cannot explain, indeed understand, my own world views, without describing those on whose shoulders I stand, that from which I have broken out, and the experiences that have shaped my life. So I will begin at the beginning, with my earliest memories and the stories I have been told about my upbringing.

But formative experiences do not end at childhood or adolescence. They continue throughout a lifetime. Learning never ends, at least for those with open minds and hearts, and, though ideologies may remain relatively fixed over time, they adapt to changing realities and perceptions. Winston Churchill famously quipped, "Show me a young conservative and I'll show you someone with no heart. Show me an old liberal and I'll show you someone with no brain." It is surely true that some people become less idealistic with age, with economic security and family responsibilities. But it is equally true that some young conservatives become more liberal as they

[9] My dear friend and teaching colleague Steven Pinker believes that parental influence may be overvalued [CITE]. I'm certain that it varies among individuals and families.



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seek common ground with their children, while other people remain true to their earlier world views. It depends on the life one has lived.

I have been fortunate to live an ever changing life, both personally and professionally, and although my views on particular issues have been modified over time, my basic commitment to liberal values has remained relatively constant, in part because of my strong upbringing and in part because my career has been based on advocating these values.
An ancient Chinese curse goes this way: "May you live in interesting times." One of the worst things a doctor can say after examining you is: "Hmm… that's interesting." I have been blessed with living an interesting, if often controversial, life.

As an adolescent, I was involved in causes such as justice for the Rosenbergs, abolition of the death penalty, and the end of McCarthyism.

As a law clerk, during one of the most dramatic periods of our judicial history, I worked on important civil rights and liberties cases, heard the "I have a dream" speech of Martin Luther King, was close to the Cuban Missile Crisis, and partook of events following the assassination of John F. Kennedy.

As a young lawyer, I played a role in the Pentagon Papers case, the forced resignation of Richard Nixon, and the anti-war prosecutions of Dr. Spock, the Chicago Seven, the Weather Underground and Patricia Hearst. I consulted on the Chappaquiddick investigation of Ted Kennedy, on the attempted deportation of John Lennon and the draft case against Mohammad Ali. I was an observer at the trial of accused Nazi war criminal John Demjanjuk and subsequently consulted with the Israeli government about that case.

Later in my career, I was a lawyer in the Bill Clinton impeachment, the Bush v. Gore election case, the efforts to free Nelson Mandela, Natan Sharansky and other political prisoners. I participated in the Senate censure of California Senator Alan Cranston, the Frank Snepp CIA censorship case, prosecutions involving the former Yugoslavia in the Hague, the defense of Israel against international war crime prosecution, and the investigation of Wiki-Leaks and Julian Assange. I worked on the appeals of the Jewish Defense League murder case and the Jonathan Pollard spy prosecution. I consulted on the defense of director John Landis, the OJ Simpson double murder case and the Bakke "affirmative action" litigation. I challenged the Bruce Franklin tenure denial at Stanford and appealed the Claus Von Bulow attempted murder conviction, the Leona Helmsley tax case, the Mike Tyson rape prosecution, the conviction of Conrad Black, the Tison Brothers murder case, the "I Am Curious Yellow" censorship prosecution, the Deep Throat case, the nude beach case on Cape Cod and the HAIR censorship case. I participated in the Woody Allen-Mia Farrow litigation, the Michael Milken case, the litigation against the cigarette industry and the wrongful death suit on behalf of Steven J. Gould. I have won more than 100 cases and have been called—perhaps also with a bit of hyperbole—"the winningest appellate criminal defense lawyer in history." Of the more than three dozen murder and attempted murder cases in which I have participated, I lost fewer than a handful. None of my capital punishment clients has been executed.



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Among the people I have advised are President Bill Clinton, Prime Minister Benjamin Netanayu and President Moshe Katsav of Israel, Canadian Prime Minister Pierre Trudeau, Senator Alan Cranston, the Deputy Secretary General of the United Nations, Marlon Brando, Frank Sinatra, Woody Harrelson, Michael Jackson, John Lennon, Natalie Portman, Broadway producer David Merrick, New England Patriot Head Coach Bill Belichick, the actress Isabella Rossellini, the international arms dealer Adnan Khashoggi, singers Carly Simon and David Crosby, basketball player Hakeem Olajuwon, baseball star Kevin Youkilis, football quarterback Tom Brady, saxophonist Stan Goetz, artist Peter Max, cellist Yo Yo Ma, comedian Steven Wright, actor Robert Downey, Jr., several billionaires such as Sheldon Adelson and Mark Rich, authors such as Saul Bellow, David Mamet and Elie Wiesel, and judges, senators, congressmen, governors and other public officials.

In addition I have had some of the most interesting cases involving people who are not well known but the cases raised intriguing and fascinating issues. Among these issues are whether a man can be prosecuted for attempted murder for shooting a dead body that he thought was alive, whether a husband can be prosecuted on charges of slavery for not doing anything about his wife's alleged abuse of domestic employees, whether a husband can be forced to adopt a child and whether a law firm can discriminate in its partnership decision.

I have engaged in public debates and controversies with some of the most contentious and influential figures of the age including William F. Buckley, Noam Chomsky, Rabbi Meyer Kahana, Rabbi Adan Steinzaltz, Justice Antonin Scalia, Ken Starr, Elie Wiesel, Vaclav Havel, Golda Meir, Red Auerbach, William Kunstler, Roy Cohn, Norman Mailer, Patrick Buchanan, Norman Podhoretz, Bill O'Reilley, Skip Gates, Alan Keyes, Dennis Prager, Jeremy Ben Ami, Mike Hukabee, Shawn Mann, William Bulger, James Zogby, Jimmy Carter, Richard Goldstone, Norman Finkelstein and many others.

I was part of an American team of debaters selected to confront Soviet debaters on a nationally televised debate, during the height of Soviet oppression of Refusenicks, for which William Buckley suggested that the US team be given medals of freedom. I was a regular "advocate" on the nationally-televised Peabody award winning show "The Advocates" on PBS for several years. I have been interviewed by nearly every television and radio talk and news show and have written for most major newspapers, magazines and blogs. This is my 30th book.

In recent years, I have devoted considerable energy to the defense of Israel, while remaining critical of some of its policies. The Forward has called me, "America's most public Jewish defender," and "Israel's single most visible defender – the Jewish state's lead attorney in the court of public opinion." In 2010, The Prime Minister of Israel asked me to become Israel's Ambassador to the United Nations—an offer I respectfully declined because I am an American, not an Israeli citizen. I have agreed instead to be available to serve as an American lawyer for Israel before international tribunals.

I have also taught thousands of students, many of whom have become world and national leaders.

I have learned from each of these experiences, and they too have helped to shape my evolving world views. I have seen the law change, in some respects quite dramatically, in the half century I



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have been practicing it. If the past is the best predictor of the future, then I also have some ideas about what changes we might anticipate in the law over the next half century.

Oliver Wendell Holmes urged his young colleagues to "live the passion of your times." I have followed that advice and now wish to share this passion with my readers.



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## Part I: From Brooklyn to Cambridge (with stops in New Haven and Washington)

### Chapter 1: Born and religiously educated in Brooklyn

The doctor told my pregnant and anxious mother that she would give birth "first in September." So when I was born on September 1, 1938, my mother thought the doctor was a genius. I was the first person in the history of my family to be born in a hospital. My maternal grandfather, an immigrant from Poland, wanted me to be born at home, because in Poland, there were rumors that Jewish babies were switched with Polish babies. To prevent this from happening to his grandchild, he stood guard over me at the baby room. Nevertheless, when I started to misbehave early in my life, he was convinced that the switch had taken place, despite me being—in my paternal grandmother's words—"the spittin' image" of my father. (I was well into my adult life before I realized that I was much more like my mother in ways other than physical resemblance.)

I was born in the Williamsberg neighborhood of Brooklyn, where both of my parents had lived most of their lives, having moved as youngsters from the lower East Side of Manhattan where they were born to Orthodox Jewish parents who had emigrated from Poland at the end of the 19th and beginning of the 20th Century. When my mother was pregnant with my brother Nathan, who is three and a half years younger than me, we moved to the Boro Park neighborhood of Brooklyn where I grew up and where my parents remained until their deaths.

Boro Park is unique among American Jewish neighborhoods in that it has always been Jewish. Unlike the neighborhoods of Manhattan—such as the Lower East side and Harlem, which have had changing ethnic populations—Boro Park has always been, and remains, dominantly Jewish. The first occupants of the small tract houses built near the beginning of the twentieth century of the site of rural farms were Jewish immigrants seeking to escape from the crowded ghettos of Manhattan and later Williamsberg. The current occupants of the modern multi-dwelling units are Chasidic Jews who have moved from Crown Heights and Williamsberg seeking to recreate the shtetles of Eastern Europe.

When I lived in Boro Park during the 1940s and 1950s, it was a modern Orthodox community of second generation Jews whose grandparents had emigrated mostly from Poland and Russia during the late 19th and early 20th centuries. Following the end of World War II, some displaced persons who had survived the Holocaust moved into the neighborhood.

My parents reached adulthood in Williamsberg during the peek of the Great Depression. My mother Claire had been a very good student at Eastern District High School and at the age of 16 enrolled at City College in the fall of 1929—the first in the history of her family to attend college. She was forced to leave before the end of the first semester by her father's deteriorating economic situation. She went to work as a bookkeeper, earning $12 a week.

My father, who was not a good student, attended a Yeshiva high school in Williamsberg. It was called Torah V'Daas—translated as Bible and Knowledge. He began to work during high school and never attended college.



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My grandparents knew each other from the neighborhood even before my parents met. My grandfathers were both amateur "chazanim," cantors, who sang the Jewish liturgy in small synagogues, called "shteebles." They were slightly competitive, but were both involved in the founding of several Jewish institutions in Williamsberg, including a free loan society, a burial society, the Young Israel synagogue and the Torah V'Daas Yeshiva. Their day jobs were typical for their generation of Jewish immigrants. Louis Dershowitz, my paternal grandfather, sold corrugated boxes. Naphtali Ringel, my maternal grandfather, was a jeweler. My grandmothers, Ida and Blima, took care of their many children. Each had eight, but two of Blima's children died of diphtheria during an epidemic. My mother nearly died during the influenza outbreak of 1917, but according to family lore, she was saved by being "bleeded."

I was born toward the end of the depression and exactly a year to the day before the outbreak of the Second World War. I was the first grandchild on both sides of my family. Many were to follow.

Among my earliest memories were vignittes from the Second World War, which ended when I was nearly seven. I can see my father pasting on the Frigidaire door newspaper maps depicting the progress of allied troops toward Berlin. I can hear radio accounts, in deep Stentorian voices, from WOR (which I thought spelled "war") announcing military victories and defeats. I can still sing ditties I learned from friends (the first sung to the tune of the Disney song from Snow White).

> "Whistle while you work
> Hitler is a jerk
> Mussolini is a meanie
> And the Japs are worse"

And another (sung to the melody of "My Country Tis of Thee, Sweet Land of Liberty"):

> "My country tis of thee
> Sweet land of Germany
> My name is Fritz
> My father was a spy
> Caught by the FBI
> Tomorrow he must die
> My name is Fritz."

The comic books we read during the war always pitted the superheroes against the "Nazis" and "Japs" and I wanted to help in the effort. I decided that if Billy Batson could turn into Captain Marvel by simply shouting Shazam, so could I. And so, after making a cape out of a red towel and tying it around my neck, I jumped out of the window yelling Shazam. Fortunately, I lived on the first floor and only sustained a scraped knee and a bad case of disillusionment. (For my 70th birthday, my brother found a card that commemorated the superhero phase of my life; it showed an elderly Superman standing on a ledge, ready to fly, but wondering "now where is it I'm supposed to be flying?")



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If I could help our war effort by turning myself into a superhero, at least I could look out for German spies on our beaches. When I was four years old, German spies landed on Long Island in a submarine. Although they were quickly captured, there were rumors of other planned landings. And so over the next few summers, which my family spent in a rented room near Rockaway Beach, a local police officer paid us kids a penny a day to be on the lookout for "Kraud Subs." We took our job very seriously.

I recall my grandmother Ringel (my mother's mother), who was recovering from a heart attack, taking me to a rehabilitation home in Lakewood, New Jersey, where several wounded or shell-shocked soldiers were also being rehabilitated and listening to their scary combat stories.

Then I remember, quite vividly, both VE (Victory in Europe) and VJ (Victory over Japan) days. There was dancing in the streets, block parties and prayerful celebrations. Our soldiers, including several of my uncles, were coming home. (My father received a medical deferment because he had an ulcer, which my mother said was caused by my bad behavior.)

We weren't told of any Holocaust or Shoah—those words were not even in our vocabulary—just that we had lost many relatives in Europe to the brutal Nazis and Hitler ("Yemach Sh'mo—may his name be erased from memory). We cheered Hitler's death, which according to a Jewish joke of the time, we knew would occur on a Jewish holiday—because whatever day he died would be a Jewish holiday! A few weeks earlier, we cried over Roosevelt's passing, which I heard of while listening to the radio and broke the news to my grandmother Ringel, who was taking care of me. She refused to believe it, until she herself heard it on the radio. Then she cried. Roosevelt (which she pronounced like "Rosenfeld") was the hero of our neighborhood (and other Jewish neighborhoods). A magazine photo of him hung in our home.

The "greenies" (recent immigrants, "greenhorns") who moved to Boro Park from the displaced person camps never talked out what had happened "over there." The tattooed numbers on their arms remained unexplained, though we knew they were the dark reminders of terrible events.

Among my other early memories was Israel's struggle for independence and statehood, just a few years after the war. My family members were religious Zionists ("Misrachi Zionists"). We had a blue and white Jewish National Fund "pushka" (charity box) in our homes, and every time we made a phone call, we were supposed to deposit a penny. We sang the "Jewish National Anthem" (Hatikvah) in school assemblies. I still remember its original words, before Israel became a state: "Lashuv L'Eretz Avosainv" ("to return to the land of our ancestors").

One particular incident remains a powerful and painful memory. My mother had a friend from the neighborhood named Mrs. Perlestein, whose son Moshe went off to fight in Israel's War of Independence. There was a big party to celebrate his leaving. Several months later, I saw my mother crying hysterically. Moshe had been killed, along with 34 other Jewish soldiers and civilians, trying to bring supplies to a Jewish outpost near Jerusalem. My mother kept sobbing, "She was in the movies, when her son was killed. She was in the movies." Israel's war had come home to Boro Park. It had been brought into our own home. Everyone in the neighborhood knew Moshe and his parents. He had attended my elementary school, played stickball on my



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block and was a local hero. It was a shared tragedy and Moshe's death—combined with my mother's reaction to it—had a profound and lasting effect on my 9 year old psyche.

My friends and I formed a "club"—really just a group of kids who played ball together. We named it "The Palmach"—after the Israeli strike force that was helping to win the war. We memorized the Palmach Anthem "Rishonin, Tamid Anachnu Tamid, Anu, Anu Hapalmach." ( "We are always the first, we are the Palmach"). Recently, I spoke to a Jewish group in Los Angeles and among the guests were Vidal Sassoon (the style master) and David Steinberg (the comedian). Steinberg mentioned to me that when Sassoon was a young man, he had volunteered to fight for the Palmach (If you think that seems unlikely, consider that "Dr. Ruth" Westheimer served as a sniper in the same war). I challenged Sassoon to sing the Palmach Anthem and before you knew it, Sassoon and I were loudly belting out the Hebrew words to the amusement of the other surprised guests.

Israel declared statehood in May of 1948, when I was nine and a half years old. Following its bold declaration that after 2,000 years of exile, there arose a Jewish state in the Land of Israel, (supported by the United Nations, the United States, the Soviet Union and most western nations), the nascent state was attacked by the armies of the surrounding Arab countries. That summer I went to a Hebrew speaking Zionist summer camp called "Massad." During my summer at Camp Massad (where the counselor of an adjoining bunk was a young Noam Chomsky, then a fervent left-wing Zionist) we heard daily announcements over the loudspeaker regarding the War of Independence. We sang Israeli songs, danced the hora and played sports using Hebrew words (a "strike" was a "Shkeya," a "ball" a "kadur".) The announcement I remember most vividly was "Hatinok Rut met hayom"—the "babe" Ruth died today. But I also remember several announcements regarding the death or wounding of Israelis who were related to the people in the camp. One out of every hundred Israeli men, women and children were killed—some in cold blood, after surrendering—while defending their new state. Many of those killed had managed to survive the Holocaust.

We also learned of Stalin's campaign against Jewish writers, politicians and Zionists. After the end of the war, Stalin became the new Hitler as we read about show trials, pogroms and executions of Jews. We hated communism almost as much as we hated fascism.

These early memories—relating to the America's war against Nazism, Israel's War of Independence, and Stalin's war against the Jews—contributed significantly to my emerging ideology and world views.

I grew up in a home with few books, little music, no art, no secular culture and no intellectualism. My parents were smart but had no time or patience for these "luxuries." Our home was modest--the ground floor of a two and half family house. (The finished basement was rented to my cousin and her new husband). Our apartment had two small bedrooms, the smaller of which I shared with my brother. We ate in the kitchen. The living room, which had the mandatory couch covered with a plastic protector, was reserved for special guests (who were rare). The tiny bathroom was shared by the four of us. The foyer doubled as a dining area for Friday night and Shabbat meals. The total area was certainly under ___ square feet. But we had an outside—and what an outside it was! In the front there was a small garden and a stoop. In the



HOUSE_OVERSIGHT_017103

rear there was a tiny back porch, a yard and a garage. Since we had no car, we rented the garage to another cousin who used it to store the toys he sold wholesale.

We were not poor. We always had food. But we couldn't afford any luxuries, such as restaurants. We passed down clothing from generation to generation and ate a lot of "leftovers". (Remember the comedian who said "we always ate leftovers—nobody has ever found the "original" meal.) My mother has always said we were "comfortable." (The same comedian told about the Jewish man who was hit by a car, and was laying on the ground; when the ambulance attendant asked him "are you comfortable," he replied, "I make a living.")

The center of our home was the stoop in front of the house. We sat on it, played stoop ball on it, jumped from it and slid down the smooth slides on each side of it. It was like a personal playground. On nice days, everyone was outside, especially before the advent of television. We even listened to the radio--Brooklyn Dodger baseball games, the Lone Ranger, "Can You Top This?," "The Shadow," "Captain Midnight," and "The Arthur Godfrey Show"--while sitting on the stoop, with the radio connected to an inside socket by a long, frayed extension cord. We ate lunch on the stoop on days off from school, had our milk and cookies on the stoop when we got back from school, traded jokes, and even did our homework on the stoop. Mostly, we just sat on the stoop and talked among ourselves and to passing neighbors, who knew where to find us. In those days, nobody called ahead—phone calls were expensive. They just dropped by.

In front of the stoop was what we called "the gutter." (Today it is referred to as "the street.") The gutter was part of our playground since cars rarely drove down our street. We played punch ball in the gutter, stickball in the driveway and basketball in front of the garage--shooting at a rim screwed to an old ping pong table that was secured to the roof of the garage by a couple of two by fours.

We had no room to play indoors, so we had to use the areas around the house as our play area. Our house became the magnet for my friends because we had a stoop, a hoop and an area in front of our stoop with few trees to hinder the punched ball. (A ball that hit a tree was called a "hindoo"—probably a corruption of "hinder.")

The stereotype of the Brooklyn Jewish home during the immediate post WWII era was one filled with great books, classical music, beautiful art prints and intellectual parents forcing knowledge into their upwardly mobile male children aspiring to become doctors, teachers, lawyers and businessmen. (The daughters were also taught to be upwardly mobile by marrying the doctors, etc.)

My home could not have been more different--at least externally. The living room book shelves were filled with inexpensive knickknacks (chachkas). The only books were a faux leather yellow dictionary that my parents got for free by subscribing to "Coronet Magazine." When I was in college, they briefly subscribed to the Reader's Digest Condensed Books. There was, of course, a "Chumash" (Hebrew bible) and half dozen prayer books (siddurs and machsers). I do not recall



HOUSE_OVERSIGHT_017104

seeing my parents read anything but newspapers (The New York Post), until I went to college. They were just too busy making a living--both parents worked--and keeping house.

There were no book stores in Boro Park, expect for a small used book shop that smelled old and seemed to specialize in subversive books. The owner, who smelled like his mildewed books, looked like Trotsky, who he was said to admire. We were warned to stay away, lest we be put on some "list" of young subversives.

My parents, especially my mother, were terrified about "lists" and "records." This was, after all, the age of "blacklists," "redchanels," and other colored compilations that kept anyone on them from getting a job. "They will put you on a list," my mother would warn. Or "it will go on your permanent record." When I was 13 or 14, I actually did something that may have gotten me on a list.

It was during the height of the McCarthy period, shortly after Julius and Ethel Rosenberg had been sentenced to death. A Rosenberg relative was accosting people getting off the train, asking them to sign a petition to save the Rosenbergs' lives. I read the petition and it made sense to me, so I signed it. A nosy neighbor observed the transaction and duly reported it to my mother. She was convinced that my life was over, my career was ruined and that my willingness to sign a communist-inspired petition would become part of my permanent record. (Was there ever really a permanent record? It was certainly drummed into me for years that such a paper existed. I'd love to find mine and see what's in it.)[10] My mother decided that I had to be taught a lesson. She told my father the story. I could see that my father was proud of what I had done, but my mother told him to slap me. Ever obedient, he did, causing him more pain than me.

In addition to the "subversive" book store, we had a library that was also tiny and somewhat decrepit, but when I was nearing the end of high school, a new, spacious library opened about half a mile away. We went there every Friday afternoon--for two reasons. First, that's where the girls were on Friday afternoon. And second, we could take out up to four books and keep them for a month. The two reasons merged when Artie Edelman realized that we could impress the girls by taking out serious books. Up until that time my reading of serious literature had been limited to Classic Comics. Don't laugh!

Classic Comics were marvelous. Not only could we read about the adventures of Ivanhoe, we could see what he looked like! My first erotic desires were aroused by the illustration of the dark-haired "Jewess" Rebecca. (I can still picture her and have searched for a copy of the Classic Comic at flea markets from coast to coast to relive my unrequited adolescent lust).

I recently came across the Classic Comic of Crime and Punishment. Having read three translations of the great work of Dostoyevsky, I was amazed at how faithful the comic was to the tone, atmosphere and even words of the original. I tried to give it to my granddaughter who was reading the book for class, but she politely turned down the offer, with a slight air of condescension that one gratefully accepts only from a grandchild.

[10] Now there really are "permanent records." They're called Facebook, Twitter and the Internet.



HOUSE_OVERSIGHT_017105

The first real books I actually read were several to which I had been introduced by the Classic Comics: The Count of Monte Christo, The Red Badge of Courage; Moby Dick; and a Connecticut Yankee in King Arthur's Court.

During my senior year in high school, I became a voracious reader, to the disdain of some family members. My Uncle Hedgie (a nickname for Harry) would berate me for sitting around the house reading, when I could be working or playing sports. "Be a man," he would demand. "Get off your ass." But I would stay in my tiny room, with my Webcote tape recorder playing classical music I had recorded off WQXR, the New York Times classical music station, or off a record I borrowed from the library and recorded from my friend Artie's turntable. I also bought a used copy of the Encyclopedia Americana, whose twenty plus volumes filled the hitherto empty shelves in our living room. My friend Norman Sohn had found an old book store in Manhattan that sold used Encyclopedias, and the Americana cost only $75, as contrasted with the Britannica, which was $200.

During my early years, all we had was a small plastic radio that lived in the kitchen, unless it was moved near the stoop. When I was 10 years old, we bought a ten inch TV "console" that included a 78 phonograph player that opened at the top. But my mother had situated her "good" lamp on the top of the console, so I couldn't get access to the turntable. I saved up, and with my Bar Mitzvah money, I bought a humongous webcore reel to reel tape recorder, which must have been a foot cubed. I could barely lift it, and the tape often tangled or split, but it was better than the wire recorder technology that it replaced.

I loved classical music, especially opera and choral music. As an adolescent I had sung alto in the local synagogue choir and had a fairly good voice. I was "fairly" good--but not very good-- at lots of things in addition to singing: athletics, acting, joke telling and getting dates with girls. I was very good at only one thing: debating. And I was equally bad at one thing: school.

My passion for music took me to the Metropolitan Opera House, where for 50 cents, a student could get a seat with a table and a lamp if he came with a score of the opera. We would borrow the score from the library, take a train to Times Square and listen to Richard Tucker, Robert Merrill, Jan Pierce and Roberta Peters sing Carman, La Boheme and La Traviata. (We were forbidden to listen to Wagner, because he was an anti-Semite, who_____ admired).

I also became passionate about art. All kinds of art from Egyptian and Roman Sculpture to Picasso's Guernica and Rodan's Thinker. There were no art poster or reproductions in our home. The walls had mirrors (to make the apartment seem bigger) and some family photos. But there were free museums all around us, and the library had art books--with pictures of naked women! I loved Goya's nude, especially when contrasted with the clothed version of La Gioconda who I could imagine undressing just for me!

The girls loved to be asked on a museum date, and we loved to ask because it was free and it showed them that we had "culture" (pronounced "culchah").



HOUSE_OVERSIGHT_017106

To this day I have no idea how I fell in love with literature, music and art. They are my passions, as they have been since I was old enough to appreciate these "luxuries"--inexpensive as they were to us--that my parents couldn't afford. I was never exposed to classical music or art, even in school where the music teacher taught us "exotic" songs like "finicula, funicula," American songs by Stephen Foster, and an assortment of religious and Zionist Hebrew songs. (Zum Gali, Gali, Gali; Tsena, Tsena; Hayveynu Shalom Alechem.) Our art teachers tried to teach us to draw "useful" objects, like cars, trains and horses.

My friends' homes were as barren of culture as mine with the exception of Artie Edelman and Bernie Beck, whose parents were better educated and more cultured than mine. I must have picked up some appreciation of music and art from them. When I went to sleep away camp, especially as a junior counselor, I also came in contact with music and art through the "rich" Manhattan kids who had attended the expensive camp as paying campers and were now junior counselors. Several of them, who became my friends, had been exposed to culture through their more sophisticated Jewish parents.

None of these peripheral contacts with culture fully explains my transition from a home barren of books, records and posters, to my home as an adult that is filled with books, music, paintings, sculpture and historical objects.[11]

Nor does it explain why none of my three children, who were brought up in my home, have any real passion for the classical arts. They are by no means uncultured. They love popular music, films, current fiction, theater and gourmet food. But they don't have the same passion for classical music or fine art that I have. By mentioning this difference, I don't mean to be a snob, but for someone who strongly believes in the power of nurture, exposure and experience, this generational skip poses a dilemma. Reaction is, of course, one sort of experience, and my passion may well have been a reaction to my parents, as my childrens' lack of passion for what moves me so deeply may be a reaction to their parents. So be it.

The family values that shape my upbringing focused on modern Orthodox Judaism, religious Zionism, political liberalism of the sort represented by FDR, Anti-Nazism, Anti-Communism, opposition to all kinds of discrimination, support for freedom of speech, a hatred of McCarthyism, opposition to the death penalty, a commitment to self defense and defense of family and community, a strong sense of patriotism, and a desire to be as truly American as was consistent with not assimilating and losing our traditions and heritage.

My father, who was a physically strong but rather meek man, wanted me to be "a tough Jew" who always "fought back." He urged me to never let "them" get away with "it." By them he meant anti-Semites, and by it, he meant pushing Jews around. He taught me to box and wrestle and insisted that I never "tattle" on my friends, regardless of the consequences to me.

One of my father's brother's was a man named Yitzchak, who we called Itchie. It had nothing to do with any skin condition. One day my Uncle Itchie took me to a Brooklyn Dodger baseball

[11] Finding Jefferson



HOUSE_OVERSIGHT_017107

game that got rained out half way through. We ran to the train station only to find no one tending the token booth. My uncle had one token and so the two of us squeezed through the turnstile on his one token. As soon as we got home he took a dime, put it in an envelope and sent it to the transit authority, apologizing profusely for temporarily cheating them of their dime. A year later he did the same thing, but on a much larger scale. My Uncle Itchie stowed away on a ship headed for Palestine in order to participate in Israel's struggle for statehood. He did not have enough money for passage, so he hid in a closet during the nearly month long trip, getting food from a friend who was paying his own way over. My Uncle then swam from the ship to shore, evading British authorities. After working for several months he then sent the full fare for the lowest class of service to the shipping company. Those were the values with which I was brought up. You do what you have to do, but then you pay your debts.

Religion in my home was not a matter of faith or an accepted theology. To this day, I have no idea what my parents believed about the nature of God, the literal truth of the Bible, heaven and hell, or other issues so central to most religions. Ours was a religion of practice and rules—of required acts and omissions. A cartoon I once saw perfectly represented my parents approach to religion. It showed a father dragging his reluctant young son in the direction of the synagogue and saying:

> "Atheist, Shmathiest, I don't care—as long as you come to shul."

Our Judaism was entirely rule bound. Before every activity, there was a required "brucha"—a formulistic blessing appropriate to the activity. "Baruch ata Adonoy"—"blessed be you our God"—followed by a reference to His creation: "who brings forth bread from the earth" or "wine from the grapes" or "fruit from the trees" or "produce from the ground." Then there was a generic brucha that covered everything not included among the specific blessing: "Sheh-hakol Nihiye B'Dvaroh." My grandmother Ringel, who was the religious enforcer in the family, would ask demandingly, if she saw me drinking a glass of water, "Did you make a "shakel," referring to the previously mentioned generic blessing. My grandmother, who spoke no Hebrew, probably had no idea of the literal meaning of the blessing, but she knew—and insisted that I knew—you had to recite it (even just mumble it) before you drank the water.

There were rules for everything. If you accidentally used a "milichdika" (dairy) fork on a "flayshidika" (meat) item, the offending (or offended) item had to be buried in the earth for exactly seven days. That restored its kosher quality by "kashering" it. After eating meat, we had to wait precisely 6 hours before eating dairy—after eating dairy, however, you had to wait only half an hour to eat meat, but a full hour if the "dairy" meal contained fish. Not a minute less. When my parents told me the rules of swimming after eating—wait two hours after a heavy meal, one hour after a light meal, half an hour after a piece of fruit and 15 minutes after a Hershey bar—I thought these were religious rules, because they paralleled the rules about how long you had to wait between meat and dairy. (I later learned that the swimming rules were based neither on religion, nor upon science, but rather on questionable "folk wisdom.")

From my earlier days, I accepted the highly technical, rule-oriented religious obligations imposed on me by my parents and grandparents. It was a lot easier for me to obey rules—even if I didn't understand the reasons, if any, behind them—than to accept a theology that was always somewhat



HOUSE_OVERSIGHT_017108

alien to my rational mindset. (And I suspect, to my parents, if they even bothered to think about it.) Everyone in the almost entire Jewish neighborhood (at least everyone who was part of the modern Orthodox community) followed the rules. Few, I suspect, accepted the entire theological framework that included the literal truth of the bible, the resurrection of the dead, heaven and hell (which were not in the Jewish Bible) and the incorporeal nature of a single God. What we cared about was the precise ingredients in a candy bar (no lard or gelatin), the number of steps you could take if your yarmulkah fell off (more on this later), whether you could wear your house key as a tiepin to avoid the prohibition against carrying on the Sabbath, whether it was permissible to use an automatic timer—a "shabos clock"—to turn on the TV for a Saturday afternoon World Series game, or whether you could ride on an elevator on Shabos if it automatically stopped on every floor and required no pressing of buttons. The rabbis answered these questions for us, but they didn't always agree. My mother had little patience with most of the local rabbis because her late father, who was not a rabbi, "knew so much more than they did," and always resolved religious disputes by accepting the approach that was "easiest" and most adaptive to the modern lifestyle. Even my grandmother knew more than these "phony rabbis," my mother would insist contemptuously. My mother always said, "Respect people, not titles." Then she was appalled when I showed disrespect for my frequently incompetent teachers!

Most of the rules we were required to obey were negative ones: "Donts." Don't—eat unkosher, drive or work on Shabas, eat anything on fast days, marry a non-Jew, eat ice cream after a hot dog, wear leather on Yom Kippur, talk after washing your hands but before making a "motzie" and eating the challah.

My grandmother—the enforcer—had a favorite Yiddish word: "meturnished"—it is forbidden to do! She would shout it out in anticipation of any potential violation. If she saw you about to eat a Nabisco cookie, she would intone the M word. If she saw you putting a handkerchief in your pocket on Shabas, the word would ring in your ear. If you even thought about putting your yalmulkah in your pocket, you would hear the word. Once I began to whistle a tune. My musical effort was grated with a loud "meturnished." "Why?" I implored. There's nothing in the Torah about whistling. "It is unJewish," my grandmother insisted, "The Goyim whistle, we don't." It's now more than 30 years, since Grandma Ringel died, but the M word still rings in my ears every time I indulge in a prohibited food or contemplate an un-Jewish activity (such as enjoying a Wagnerian opera). Freud called it the "superego." He must have had a Jewish grandmother too.

Of course we tried to figure out ways around these prohibitions—half of Jewish law seems to be creating technical prohibitions, while the other half seems to be creating ways around them. Much like the Internal Revenue Code. No wonder so many Jews become lawyers and accountants. It's not in our DNA; it's in our religious training.

A story from my earliest childhood illustrates the extraordinary hold that religion—really observance of religious obligations—held over all of us.

A few months before my brother was born, my father was holding my hand on a busy street, while my mother was shopping. She had just bought me a new pair of high leather shoes—they went above my ankles. For some reason, I bolted away from my father and ran into the "gutter." My foot was run over by an 18 wheeler truck. It would have been much worse had my father not



HOUSE_OVERSIGHT_017109

pulled me out from under the humongous vehicle. Fortunately, the new shoes saved my foot from being crushed, but several bones were broken and I was rushed to the nearest hospital, which was Catholic.

My parents left me there overnight. At about 8:00PM one of the nurses called my mother and said that I was refusing to eat and demanding to go to Florida. My mother said, "He's never even heard of Florida." She was told to come to the hospital immediately. She saw me sitting in front of my tray of food refusing to eat and screaming, "Miami, Miami!" To the nurses, that referred to a city in southern Florida. My mother immediately understood that I was referring not to Miami, but to my "yami"—which was short for yamulka, the religious skullcap that every Jewish male must wear while eating. I refused to eat without my yami, even though I was only 3 years old. My response was automatic—programmed. As soon as my mother made a yamulka for me out of a handkerchief and placed it on my head, I ate all the food and asked for doubles (the Catholic hospital provided kosher food for Jewish patients.) I'm sure I mumbled the appropriate Bruchas for each item of food I imbibed.

We learned these rules first at home and then in the Yeshiva—Jewish day school—that nearly everyone in the neighborhood attended. As is typical in Orthodox Jewish neighborhoods, there were two competing Yeshivas: One taught Yiddish, the other Hebrew.

I started out in the Yiddish-speaking more traditional, school-named "Torahs Emes" (the Truthful Bible), where my grandma Ringel wanted me to go to learn the "Mamma Loshen"—the mother tongue. But after two years, my parents switched me to the Hebrew-speaking, more modern Yeshiva, named "Etz Chaim" (the Tree of Life), which I attended through 8th grade, when I shifted to a Yeshiva high school until I finished 12th grade.

My Yeshiva education was a decidedly mixed blessing (both in the literal and figurative senses of that overworked phrase.) The hours were long: elementary school went from 8:30AM to 4:30PM; high school from 9:00AM to 6:10PM. We had only one full day off, Saturday, but it really wasn't a day off, since we spent much of it in the synagogue--9:00AM to noon and then afternoon and evening services, which varied in time depending on when it got dark (two stars had to be visible to the naked eye, or in the event there were clouds, "would have been" visible.) Friday was an early day, with school ending at about 1PM to allow us to prepare for the Sabbath. And Sunday was also a half day, though this compromise with secularism engendered grumbling from some of the old fashioned rabbis, who wanted us to spend the entire Christian day of rest in class.

Mornings were generally devoted to religious subjects—Bible (Tanach) Talmud, (Gemarah), ritual rules (Shulchan Aruch,) and ethics (Pirkay Avos.) Afternoons were devoted to the usual secular subjects--math, science, history, English, French (for the smart kids who wanted to become doctors) or Spanish (for the rest of us), (no German or Latin), civics, gym, art, music appreciation--as well as "Jewish secular" subjects, such as Hebrew, Jewish history, Zionism and Jewish literature. Then there was debate, student government, basketball and other "extracurricular" activities. Lunch "hour", which was 35 minutes, separated the religious from the secular classes and was the only time we ever discussed the conflict between what we were taught



HOUSE_OVERSIGHT_017110

in the morning, such as the creation story, and what we were taught in the afternoon, such as evolution and genetics. No attempt was made to reconcile Torah (scripture) and Madah (secular knowledge). They were simply distinct and entirely separate world views (or as my late colleague Steven Jay Gould put it in his always elegant choice of words, "separate magisteria"). We lived by the rule of separation between church and state, and for most of the students it raised no issue of cognitive dissonance. In the morning, they thought like rabbis; in the afternoon like scientists; and there was no need to reconcile. It was like being immersed in a good science fiction novel or film: one simply accepted the premises and everything else followed quite logically.

For a few of us, that wasn't good enough. I recall vividly our efforts to find--or contrive--common ground. For some, this quest took them to wonder whether the God of Genesis could have created evolution. For them there was an abiding faith that both religion and science could both be right. For me, the common ground was an abiding conviction that both could be wrong--or at least incomplete as an explanation of how we came to be. I was skeptical of both religion and science. Genesis, though elegant and poetic, seemed too simple. But so did evolution--at least the way we were taught it.

The apparent conflict between religion and science did not move me to search for reconciliation. It moved me to search for doubts, for holes (not black ones, but grey ones), for inconsistencies not between religion and science--that was too easy--but rather within religious doctrine and within scientific "truth." I loved hard questions. I hated the easy answers often given, with a smirk of self-satisfaction by my religious and secular teachers.

The mission of our modern Orthodox Yeshiva was to integrate us into the mainstream of American life while preserving our commitment to modern Orthodox Judaism. “Torah” and “Madah” were the two themes. Torah, which literally means bible, represented the religious component. Madah, which literally means knowledge, represented the secular component. They were thought to be reconcilable, though little explicit effort was directed at reconciling the very different world views implicit in the relatively closed system of Orthodox Judaism and the openness that is required to obtain real secular knowledge. When it came to culture, however, there was actually very little conflict, because becoming good Americans—including immersing ourselves in mainstream American culture—was part of the mission of our schools. Of course I hated anything the teachers tried to imbue in us, because with a few exceptions, they taught by rote and memorization. Although I was good at memorization, I rebelled against the authoritarianism implicit in religious teaching.

As much as I hated my teachers, they hated me even more. I loved conflict, doubt, questions, debates and uncertainty. I expressed these attitudes openly, often without being called on. I was repeatedly disciplined for my “poor attitude.” My 6th grade report card, which I still have, graded me “unsatisfactory” in “deportment” and “getting along with others.” I received grades of D in “effort,” D in “conduct,” D in “achievement,” C in spelling, D in “respects the rights of others,” D in “comprehension,” C+ in geography and A in “speaks clearly.” One teacher even gave me an “unsatisfactory” in “personal hygiene.” My mother, who was meticulous about cleanliness and scrubbed me clean every day before school, complained. The teacher replied, “his body is clean, but his mind is dirty; he refuses to show respect to his rabbis.”



HOUSE_OVERSIGHT_017111

To be sure, I was a mediocre Yeshiva student--actually I exaggerate: I was slightly worse than mediocre, once having actually received a grade of "Bayn Ani Minus," which literally means "mediocre minus." I couldn't even quite make it to mediocrity. At least I had something to which to aspire!

When I was in sixth grade, the school decided to administer IQ tests to all the students. The school called my mother and said that I had gotten one of the highest scores. At first the rabbi thought I had cheated, but when he was persuaded that in fact I had a high IQ he decided to put me in the A class. We had a track system and the grades were divided into the A, B and C classes. I had always been in the C class. My mother was worried about me having to compete with all those smart kids, so she persuaded the principal to compromise and put me in the B class, where I remained, getting C's until I graduated. I spent my four high school years in what was called "the garbage class," which focused more on discipline than learning.

I had a well deserved reputation in both elementary and high school as a "bad kid". My grades were low (except on state-wide standardized tests called the "regents," which I always aced). My conduct, called "deportment," was terrible. I was always getting into trouble because of my pranks, because I "talked back" and was "fresh" to teachers, because I questioned everything, because I didn't show "respect," and because I was a "wise guy."

This was the greatest gift—ok, I will even say "blessing"—of my Yeshiva education: To question everything and everyone. It was merely an unintended consequence of the Yeshiva method, and I was certainly not its only beneficiary or (according to the rabbis) its only failure. The Jewish characteristic of questioning is not a complete coincidence. It is a product of experiences, and surely the Yeshiva education--which juxtaposes religion and science with little explicit effort to reconcile these distinct approaches to the search for truth--is an element of these experiences, for at least some young Jews. It certainly was for me, and for that I will be eternally grateful.

I also need to thank my local synagogue for helping me discover sex. To this day I am convinced that some higher authority built the benches at precisely the right height to introduce sexual feelings at precisely the right time. When Orthodox Jews pray, they shake back and forth while standing up. At a certain point in my life, the top of the bench in front of me, which had a curve on the top, was exactly parallel to my genitals while I stood in prayer. It was while shuckling back and forth in the synagogue that I experienced my first arousal.

What then was my "take away" from Yeshiva? For me it has been a lifelong "belief" in the "certainty" of "doubt." For most of my classmates, the take away has been a lifelong belief in the certainty of certainty. Why the difference? Surely minor genetic disparities do not explain such a profound difference in world views. Nor does mere intelligence, since many of my "certain" classmates were brilliant. I think it was the environment underneath the roof of our homes. I came to Yeshiva ready to doubt. Although my parents were both strictly observant, relatively modern Orthodox Jews, they too were skeptics, especially my mother. Despite her lack of formal education and high culture, she was a cynic, always doubting, always questioning, though this became less apparent as she grew older and observed--to her chagrin--what she had actually transmitted to her children. She doubted while continuing to observe all the rituals. That was the



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traditional Jewish approach to learning and ritual—doubt all you want, but do! My brother and I started that way, but ultimately our doubts carried over into action--or more precisely inaction. We stopped observing in our mid 20s. My mother couldn't understand or accept that. "I don't care what you believe or don't believe," she would insist, "as long as you go to Shul, keep kosher and don't work (broadly defined to include driving, watching television or going to a ballgame) on Shabbas." That's all she asked of us. "Is that so much to ask!"

When we started to break the rules, my mother began to doubt her doubting. Doubting was good as long as it didn't lead to breaking with the rituals--as it didn't in her case. Or so she believed, until she saw, with her own eyes, the wages of doubt, in her own children. This led her to doubt doubt and to embrace certainty. She would never completely abandon her doubting nature, but she no longer believed that doubt was cost-free. It had cost her to lose her own children to "excessive doubt" and the real sin of acting on one's doubt. I certainly don't mean to suggest that our mother "lost" us in any sense other than the observance of ritual, but that was critically important to her. Although my brother and I maintained an extremely close relationship until her death at age 95--we spoke to her almost every day--it was never quite the same once we left the "club" and followed our own rules as it pertained to Jewish practices.

My mother even questioned her decision to “let me go to Brooklyn College.” She insisted that I would have “turned out better” if I had gone to Yeshiva University, but I didn’t have that option, because Yeshiva turned me down. (More on that later).

My mother may not have been happy with the way I used the doubt she instilled in me, but I have been ecstatic. It has become the most important quality in my life--and the most significant ingredient in whatever success I may have achieved. It certainly played an important role in my decision to become a lawyer defending freedom of speech, accused criminals, and other unpopular causes. (More on that later.) So thank you Mom! And even thank you Yeshiva Etz Chaim and Yeshiva University High School for provoking me to be a skeptic, a doubter and an agnostic about life. (And thank you Yeshiva University for turning me down!)

My mother influenced me in many ways with her skepticism, not the least of which was when she repeatedly had to defend me for my conduct at school. I remember one incident in particular. I was playing “Ring A Levio” in the schoolyard on any icy winter day and chasing a classmate named Victor Botnick. He slipped and his leg got stuck under the gate and he broke it while trying to stand up. I was accused of deliberately breaking his leg and called into the principal’s office. My mother immediately came to school and spoke to me privately. I told her the story and assured her that I would never break my friend Victor’s leg purposely. My mother went to the principal’s office with me and served as my defense attorney, making charts and diagrams that proved that I could not have possibly broken his leg deliberately and that he caused it to break while trying to stand up with his foot still stuck under the gate. I was acquitted, though the Principal still had his suspicions. This was my first experience with the adversarial process and with a defense attorney. My mother, of course, was not a lawyer, having attended college for only part of one semester. But she was my Perry Mason, and an important inspiration for why I decided to become a defense lawyer. For me the presumption of innocence was not a theory. I knew I was innocent, yet the principal presumed me guilty. Only my mother’s effective advocacy kept me from being suspended—at least this time.



HOUSE_OVERSIGHT_017113

My decision to become a criminal lawyer was certainly not influenced by any exposure to real crime. I lived in a neighborhood where we never locked our doors and where violent crime was unheard of. There were of course street fights, in which I frequently participated - - more often as victim than victor - - but the Borough Park section of Brooklyn was a safe neighborhood. [I guess that's why my family was so mystified when my brother failed to return home from a shopping errand immediately after the end of the Sabbath, on Saturday night. My mother had sent him to the store to buy a bottle of milk; it was usually a fifteen-minute errand. An hour passed and there was no sign of Nathan, who we called, and I still call, Tully. I thought he was kidnapped and started to empty my piggy bank to gather the ransom. It turned out that he was in fact kidnapped, but only temporarily and not for any ransom. On his way to the store a rabbi grabbed him and pulled him into the little synagogue in his home. It seems that they only had nine Jewish males and they could not end the Sabbath without a tenth to form a minyan for the closing prayer. My brother was therefore grabbed off the street and made to participate in the service so that they could complete the prayer and the others could go out and do their shopping. It was as close as my family ever came to experiencing a crime, at least while I was growing up.] [possible omission]

Several years after I moved out of the house, my parents' apartment was burglarized. All the burglars took were Jewish ritual items, such as the Hanukah Menorah, the Sabbath candles, etc. When my mother called to tell me about the burglary, I responded, "See, Jews can be burglars too." Without a moment's hesitation my mother rebuked me, "They weren't Jews, they were Israelis." For my mother, real Jews, who in her world were all orthodox, and Israelis, who tended to be secular, were completely different breeds.

My father, though rarely at home, influenced me as well. He had a small store on the lower east side, where he sold wholesale during the week and retail on Sunday (he was of course closed on Saturday). I would sometimes help him on Sunday after my school finished at 1:00 pm. One Sunday he got a ticket for violating the Sunday closing law. I went to court with him a few days later and the presiding judge was man named Hyman Barshay. It was my first experience in a real court. He asked my father why he was open on Sunday and my father responded that he had to stay closed on Saturday because he was an Orthodox Jew and he couldn't afford to be closed for two days. "Did you go to Schul on Saturday?" the judge asked. My father replied, "Of course." The judge challenged him, asking, "Then what was the Torah portion of the week?" When my father responded correctly, the judge tore up the ticket. If he had gotten the answer wrong, the judge would've doubled the fine. So much for separation between church and state.

This was not my only experience with the First Amendment. Shortly thereafter, my friends and I decided to form a social athletic club - - a euphemism for a Jewish gang, but without the rough stuff. We named our club The Shields and we designed our own jackets, which we got wholesale, since the father of one of our members owned an athletic store. His name was "Snot" Chaitman. I leave the source of that nickname to your imagination. Whitey, the leader of our club, decided that we should have something sexy and not at all Jewish looking (whatever that meant). Accordingly, the colors we selected were chartreuse and black. We really wanted to look like hoods, despite our generally wimpy nature. Our yeshiva immediately banned the jackets as too tough looking and not consistent with the Jewish values of the school. Fortunately one of our



HOUSE_OVERSIGHT_017114

club members lived across the street from the school, and so we would go to school wearing normal approved clothes, then immediately upon leaving school go to our friend's house and change into our costumes. We felt like super heroes, but I was no longer jumping out of windows.

Boro Park in the 1940s and 50s was not only a religious neighborhood; it was a funny neighborhood. Two houses away from me lived Jackie Mason. Around the corner was Eliot Gould (ne Goldstein). A few blocks away, in my uncle's building, lived Buddy Hackett. Woody Allen grew up in a nearby neighborhood, as did Larry David.

Joke telling among my friends was a competitive sport. (In those days there were new jokes because our parents and grandparents didn't tell jokes—at least not to us kids, but older brothers were a good source.) We didn't know anybody who actually made up a joke. Every rendition would begin with, "I heard a good joke," or "have you heard the one about—the rabbi and the farmer's daughter, or the rabbi, the priest and the minister?" (The rabbi always came out on top!)

The first joke I remember hearing (and telling) involved a put-down of communist Russia. It was about the time the Russians wanted to one-up the Americans by ordering a large number of condoms 14 inches long. The Americans sent them the 14 inch condoms—marked "medium." The jokes improved as we got older!

Our favorite radio show was "Can you top this," which involved professional comics who would try to top each other and listeners who submitted jokes. A "laugh meter" determined whose joke was funniest. There were cash prizes for listeners who topped the pros. The jokes told by panelists, such as Harry Hershfield and Joe Laurie, Jr., had to be spontaneous and related to the subject of the original joke. The panelists boasted that they knew 15,000 jokes among them.

We would sit around the radio and try to top the pros. We would also send in our own jokes, which were never chosen. But we often thought our jokes were as good or better than theirs.

Living in a funny neighborhood at a funny time and listening to funny shows served me well. (My wife thinks too well, since I often use humor to avoid discussing serious issues.) I use humor in the courtroom, in the classroom and in every other aspect of my life. A highlight of my current summers is sitting on the porch of the Chilmark store on Martha's Vineyard and playing a contemporary version of "Can you top this?" with my friend Harold Ramis, who knows more than 15,000 Jewish jokes! Sometimes Larry David, Ted Danson, Seth Myers or Tony Shalub drop by. I never "top" Harold, but I hold my own.

I learned many of my jokes in the Catskill Mountains where I worked as a busboy over the Jewish holidays. The only hotel that would hire me was the King David. It was a run-down place that conveniently burned to the ground right after the Jewish holidays. It was across the road from The Posh Brown's, made famous by Jerry Lewis, who frequently performed there. Nearby were Grossingers, Concord, Kutchers, President, Nevelle, Tamarak, Pine View and Pioneer. I played and watched basketball, played "Simon Says" with Lou Goldstein, who claimed to have invented the game, and snuck into the shows that featured Alan King, Freddie Roman, Sheky Green and Red Burrons. It was "Can you top this?" on steroids. Plus, there were girls.



HOUSE_OVERSIGHT_017115

Although we were orthodox Jews, none of us abided by the orthodox rules regulating sexuality. We were as anxious to make out as anyone; the problem was we had no one to make out with because the girls all had to be beyond reproach. The closest we ever came to a good squeeze was when we went to the Cyclone at Coney Island. We were all scared, but figured the girls would be more frightened and would cuddle up to us during the dangerous ride. Sometimes we tried to pick up non-Jewish girls at Coney Island, because we heard they had wild reputations (meaning we could get to "first base"). We wore our basketball jackets, which said "Talmudical" - - our school was Brooklyn Talmudical Academy. (The full name was Rabbi Isaac Elchanan Theological Seminary and Talmudical Academy, Yeshiva University High School, Brooklyn Branch, Boys Division. Imagine the locomotive cheer!) The colors for these jackets were selected by the school. Not surprisingly there were blue and white - -very Jewish. "Talmudical" was not a particularly good visual for pick-ups, so we turned our jackets inside out. The raincoat side was gray and read "B.T.A.", which we told the girls stood for "Brooklyn Technical Aviation." It still didn't work.

In our senior year we discovered that a train ride to Manhattan and a bus ride to Union City would get us to the burlesque house where at least we could see what we could not touch. One day a group of us went, and we took along one particularly orthodox classmate who insisted on wearing his yamulka during the show. The rest of us had tucked ours into our pockets. Of course we sat in the front row, to get the best view. When a drunken guy in the back started screaming "Take it off, Take it off," Irving was sure he was referring to his yarmulke. He stood and confronted the guy shouting: "I will not take it off. I am proud of my yarmulke." To this day, whenever I see Irving, I always yell, "Take it off! Take it off!" He'll never live it down.

The yeshiva I went to was strongly Zionist, supporting Israel's struggle for independence, but the rabbis hated David Ben Gurion, Israel's first leader. Ben Gurion was an atheist who believed that Israel should be a secular socialist democracy. My rabbis wanted it to be an orthodox Jewish theocracy. Thank God Ben Gurion won, though he ultimately reached an uncomfortable compromise with the rabbis. (Recently, I acquired a letter Ben Gurion wrote in 1963, stating that the religious and secular elements of Israeli society must be sensitive to each other's beliefs:

> "There is no doubt that the feelings of a religious man are to be respected, but religious people must respect the freedom of choice of a fellow man, and no coercion is to be exercised for or against religious conduct."

These words could have been spoken by Jefferson or Madison.)

One day, David Ben Gurion was giving a speech in Central Park to a vast audience of supporters. My friend Tsvi Groner, who subsequently made "Aliya" to Israel, and I decided to cut school to listen to Ben Gurion. When we were caught being out of school we had to make up a lie. We told the rabbis that we'd gone to a Brooklyn Dodgers baseball game. For *that* we received far less of a punishment than we would have had we admitted going to hear the atheist Ben Gurion.



HOUSE_OVERSIGHT_017116

My mother was summoned to my high school so often that some of the students thought she worked in the principal's office. One day, after I had done something especially egregious—I threw a "dummy" dressed like me off the roof of the building, after threatening to "jump off the roof" when my teacher threw me out of the class[12]—the principal demanded of my mother "what are we going to do with your son?" Without any hesitation my mother responded, "I don't know what you're going to do, but as for me, I'm going to keep him." The principal threatened to send me to another school called "R.J.J.," which we always said, stood for "Reformatory for Jewish Juveniles," because some of the tougher kids—the disciplinary "problems"—went there. (The initials really stood for "Rabbi Jacob Joseph"). Ultimately I was suspended for a few weeks on the ground of "lack of respect" and spent them at the local library and museum, where I learned considerably more than I was learning in my classes.

It was not my first suspension, nor would it be my last. Nor would it be my first encounter with my principal, Rabbi Zuroff, who in my senior year, when he was finally resigned to my remaining in the school until graduation, called me to his office for some career advice. This is what he told me: "You have a good mouth, but not much of a 'Yiddisher Kup,'" which means 'Jewish head' or brain, as distinguished from a Goyisher (non-Jewish) Kup"—a slightly bigoted concept suggesting that Jews are endowed with special mental qualities or capacities.[13] He continued: "You should do something where you use your mouth, not your brains." I asked him what he would suggest. He replied: "You should become either a lawyer, or a Conservative Rabbi." (He was an Orthodox Rabbi who held his Conservative colleagues in utter contempt.) To make sure the latter part of his advice was followed, he urged Yeshiva University, which trained Orthodox Rabbis, to reject me, which it did.

My classmates as well valued my verbal over my intellectual skills. The first draft of my high school yearbook description said that I have "a mouth of Webster, but a head of clay." (My mother made them change it!)

Rabbi Zuroff's career advice was actually better than the choices given to me by the New York City Department of Employment, to which my mother turned in desperation. After reviewing my high school record, and administering an aptitude test, the counselor told my mother that I could aspire to work in an advertising firm or a "funeral parlor." My mother asked whether I could be a lawyer, to which the counselor replied, "Mrs. Dershowitz, I'm afraid you have to go to college to be a lawyer, and your boy just isn't college material."

Many years later, following a talk I gave at a temple in Los Angeles, a man about my age came up to me and asked whether I was "related to a guy I went to high school with named Avi Dershowitz." "Avi" was the Hebrew nick-name by which I was known all through high school. I began to use my "real" name, Alan, when I started Brooklyn College, though my old friends and family still call me Avi.

I decided to put the questioner on, so I said, "yeah, yeah, we are related."

[12] For a fuller account of this episode, see *The Best Defense* at ff __

[13] The classic Jewish joke reflecting this xenophelia is about Moishe who says to his wife, "It's too hard to be a Jew. I'm converting to Christianity." He goes to church, converts and goes home to sleep. Next morning his wife wakes up and sees Moishe wearing his Talit (Jewish prayer shawl) while davening (praying in Hebrew). "What are you doing Moishe," she asks, "You're a Christian." Moishe replies, "I forgot! Goyisher Kup."



HOUSE_OVERSIGHT_017117

"What ever happened to Avi?" he asked.

I continued the put on: "We don't talk about him in our family. He came to no good."

Showing no surprise, my questioner replied: "I knew he would come to no good. He was such a bad kid in high school."

I'm sure some of my critics would agree that I came to "no good," but at least by objective standards I've exceeded the expectations my high school teachers and principal had for me. None of them thought I was "college material."

This assessment was recently confirmed by a classmate who I encountered in Florida. We had been friends during our first two years in high school and then, quite suddenly, his parents moved to a different city and I had no contact with him for nearly 60 years. When we first spoke on the phone, I asked him what he had done after leaving Talmudical Academy in Brooklyn. He told me had had moved away and then come back to New York City for college. When I told him that I had attended Brooklyn College and then law school, he seemed surprised. I suspect that he too, along with others of my classmates, didn't think I was "college material."

The only successful part of my high school career, other than my debating, was making the varsity basketball team. Though I was never a starter (except when one or two of the starters were sick), I did manage to accompany my team to Madison Square Garden for the inter-Yeshiva finals. I shared a locker with Dolph Schayes, (who, you know was born before 1933, since after that no Jewish boy was ever again named Adolph) whose team, the Syracuse Nationals, was playing against the N.Y. Knicks in the main event to which our game was a preliminary. One of the people on the opposing team was a kid even shorter than me named Ralph Lipschitz. He eventually decided that to make it in the fashion business he would have to change his name. So Lipschitz became Lauren.

All of the teams we played against in our league were Jewish high schools, but some were much more orthodox than we were. We did not wear yarmulkes when we played, but some of our opponents did. They believed that it was improper to walk more than four steps without wearing a yarmulke. In one game, one of my opponents stole a ball from me and had a open lane to the basket. He was very fast and so I had no hope of catching him. Instead I grabbed the yarmulke off the top of his head and threw it on the floor and yelled, "You can't go more than four steps." He stopped, shot the ball and missed. I got a technical foul, which was well deserved. If the Anti-Defamation League had heard about my actions it might well have qualified as an anti-Semitic incident, but all's fair in love and basketball.

Basketball was not our only passion. We all loved baseball, especially since Ebbets Field was located four blocks from our high school. The morning recess generally coincided with the time when several of the players walked past our school to the stadium. Remember that these players were working stiffs being paid low salaries and generally taking public transportation to and from the games. We would wait for them to pass school and walk with them to Ebbets Field. I got to know several of the players, including Carl Furillo, Pee Wee Reese, Gene Hermansky, Gil Hodges



HOUSE_OVERSIGHT_017118

and Ralph Branca (whose mother, it now turns out, was Jewish!). Jackie Robinson, who was our real hero, generally was driven to the stadium for safety reasons. I will never forget Jackie Robinson's first game with the Dodgers. We persuaded our European-born rabbi to make a special blessing for him, without his knowing whom he was blessing, since he never would have approved blessing a baseball player. We made up a Hebrew name for Jackie Robinson, calling him Yakov (Jacob) Gnov (Rob) buh (in) Ben (son). When he got his first hit, we were convinced the blessing had worked. I had a spiral notebook in which I had collected autographs of every single Brooklyn Dodger who played during my high school years. As soon as I moved out of the house my mother tossed it in the garbage pail, along with my signed baseball cards and comic book collection. I could've been a millionaire….
When the Dodgers were not at home, we would play softball in the parking lot adjacent to Ebbets Field. One day we made headlines when one of my classmates hit a homerun from the parking lot over the Ebbets Field wall. The Brooklyn Eagle reported that it was the first time anyone had hit a home run into rather than out of the ballpark.

It's not surprising that my high school memories are long on sports and short on academics, because my academic performance was abysmal. In my senior semester my first half grades were as follows (I still have the report card): English 80; Math 60 (F); Hebrew 65; History 65; Physics 60 (F). With two failing grades, I couldn't graduate, and so by the end of the last semester, I raised my physics grade to the minimum passing number of 65; my math grade to 75; and my history grade to 70 (the others remained the same). Yet despite my poor grades, I still remember much of what the teachers taught, often quite poorly. Other, more useful, information from Yeshiva has also stayed with me, especially from the Torah, the Talmud and Jewish history. Half a century after finishing my religious education, I wrote a book entitled "The Genesis of Justice," in which I analyzed the first book of the Bible from a secular lawyer's perspective. I never could have done this without my Jewish education. When I showed the galley proofs to my Uncle Zacky, an Orthodox rabbi, he said he admired its intellectual content but not its heretical views. He pleaded with me to "change just one word." I asked him, "which word?" He responded "the word 'Dershowitz' on the cover.

In my family, directness was more of a virtue than politeness, and interrupting someone was a sign of respect. It meant, "I get it, so you don't have to finish your thought. Now let me tell you why you're wrong." The interrupter fully expected to be interrupted in turn, and so on. Nobody ever got to finish what they were saying. Now that's a good conversation. I'm reminded of the joke about the pollster who approaches four random people in Times Square and says, "Excuse me, I'd like your opinion on the meat shortage." The first one, an Ethiopian replies, "There's a word I don't understand, what 'meat?' is?" The second, an American, also says there's a word he doesn't understand: "What's "shortage?'" The third, from China, also doesn't understand something: "What's opinion?" Finally, the Israeli too says there's something he doesn't understand: "What's 'excuse me?'" We never said "excuse me." Conventional politeness was not part of our language. Nor was rudeness. We simply didn't regard interrupting someone as rude, as long as everyone eventually got to say what they wanted.

My mother regarded people who were "too polite" with suspicion: "You never know what Muriel is really thinking," she would say about my extremely polite Aunt (by marriage, of course) Muriel, who lived upstairs from us and was married to my somewhat rude (in the best sense of



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that word, at least to my family) Uncle Hedgie, who you always knew exactly what he was thinking.

When I began teaching at age 25, some of my more "proper" students objected to my constant interruptions, until I persuaded them that being interrupted was a compliment, signifying that their point had been made and understood. ("We get it.") Some televisions viewers have also written to me about my penchant for interrupting opposing "talking heads." It's simply a matter of style, not rudeness, though some mistake the former for the latter.

Another blessing of my early religious training relates to memory and my use of it in my professional life. My mother was blessed (cursed?) with a near perfect memory. (Probably more nature than nurture.) She could recall virtually everything from her youth. When she was in her 80s, she would spot someone on the train and go over to her and ask her "Aren't you Mildred Cohen and weren't you in my sixth grade class?" She was invariably right. She remembered, word for word, what she had been taught in the third or fourth grade. She remembered every melody she had ever learned, even though she never went to concerts and didn't listen to recordings as an adult. She could recite from memory long poems she learned in elementary school. Most surprising of all, she had committed to memory an entire Latin mass, which a Catholic elementary schoolteacher, in an effort to Americanize the children of immigrants, had made her learn by heart. She had no idea what it meant, but it was one of her favorite parlor tricks to repeat its Latin words, accompanied by the church melody she had learned. She never forgot anything she had heard, read or smelled. Growing up with a mother who never forgot was a curse for me, because I did a good many things I wish she could forget.

Although I always knew I had a good memory, I discovered that I had inherited my mother's extraordinary gift while participating in intercollegiate debates. The debate tournaments always took place on Saturday. I pleaded with my parents to let me go, promising that I would travel before the Sabbath and after the Sabbath, and that I would say my prayers wherever I happened to be. My parents agreed on the condition that I not write during the Sabbath. ("Meturnished") My mother told me it wasn't necessary to write because I could remember things that others had to write down. ("Our family has good memories.") I was doubtful but it proved to be true. I became a champion debater and my teammates marveled at the fact that I didn't bring a pencil or pad but could recite word for word what my opponent had said before responding to it. I then realized what a blessing this memory was. I went through the rest of college and law school without ever taking a note. This enabled me to listen very carefully to what was being taught and to have a far better understanding of it than the student "stenographers" who were busy taking down every word the teacher said, as if putting it in writing was a substitute for understanding it. To this day, I rarely take notes, even in court, though my memory for new information is not nearly as good as it used to be.

Recently, after watching the film "Invictus," my wife asked me if I had any idea who wrote the poem by that name. She thought it must be a well known poet, such as Byron or Shelly. Without thinking, I blurted out "Henley." She replied "who the hell is Henley?" I said, "I don't have the slightest idea, but I think Invictus was written by some English poet named "Henley." She checked Google and sure enough the poem was written by a relatively obscure Victorian poet named William Ernst Henley (1849-1903), who wrote little else of note. His name popped into



HOUSE_OVERSIGHT_017120

my head as a 55 year old memory association from a high school English class in which we had to memorize the author's various works that we read but probably didn't understand. (To show how little has changed in more than half a century of poor education, my daughter in her sophomore year at Yale had to memorize and spout back on the final exam, the name of British landscape portraits, the year they were painted and the museum in which they hang. It's as if God hadn't invented Google precisely to eliminate such absurd memorization tasks.)

A few years earlier, I impressed my children at Steve's ice cream shop in Cambridge, which offered free ice cream to anyone who could answer really obscure trivial pursuit questions. The question of the month that no one had answered was: "What was the Lone Ranger's family name? (Most people said "Ranger.") I immediately blurted out "Reed." I added that Reed was also the Green Hornet's family name because according to the "origin story" in a comic book that I had read half a century earlier, they were cousins.

During my junior year in high school, my memory for obscure facts and the "parlor tricks" I played with it got me an interview with the producers of a television game show called "The $64,000 question," but I failed the personality part of the test and was rejected. That was fortunate, since the show was rigged. (I still have the letter from "Production Services Company" at 667 Madison Avenue informing me that the results of my written examination "are gratifying" and inviting me for the personal interview I failed). But my "mother's memory" has served me well as a lawyer, teacher—and joke teller. (The downside of remembering every joke I ever heard is that I rarely get to hear a "new" joke, because I've heard—and told—a good many jokes over my lifetime).

I not only remember the jokes I've heard (and told and retold) over the years, but more importantly, I remember nearly every case I ever read, nearly every fact in the records of cases and nearly every principle of law I ever learned. I try to teach my students to develop and rely on their memories rather than on their stereotypical skills. During the first two weeks of law school, I forbid my first year students to take any notes ("meturnished"). I assure them that nothing discussed during this "listening" period will be on the exam and I urge them to learn how to listen and remember, because this will be very important in court and other professional settings. Many of the students react nervously because they have never been denied the ability to take notes, but after a few days they acclimate, and some even appreciate, the different regime.

My good memory went mostly to waste in my early years, because there was so little worth remembering. We would be given a quarter to memorize passages from holy texts and a dollar if we could recite "by heart" (what does that mean?) an entire chapter from the Bible. Only once did my memory serve me well during my adolescence, and that was at my Bar Mitzvah. Prior to "becoming a man," I had never really excelled at anything. I was good, but not great, at athletics; good, but not great, with my social life, and God-awful in academics and behavior. But my Bar Mitzvah performance was perfect. I had read the Torah portion—"Judges and Magistrates"—flawlessly, because I was able to memorize the entire reading, melody and all. My performance was the talk of the neighborhood. But a month later, my friend Jerry (now a prominent rabbi) read his Torah portion in the same synagogue. He was awful, making mistake after mistake, and singing off tune. It was embarrassing. The rabbi then got up to give the sermon. He recognized that Jerry had not done well and in order to console him, he referred to



HOUSE_OVERSIGHT_017121

"another Bar Mitzvah boy" who had done a better job reading from the Torah, but who wasn't nearly as good a student or person as Jerry. "We judge boys not by the quality of their voices or their ability to memorize, but by their understanding of what they were reciting and by the lives they lead based on their understanding." It was a direct put down of me, and so understood by the congregation. It stung me and led me to conclude that I could do nothing right in the eyes of the religious authority figures. Even when I did something perfectly, they would find some way to turn my success against me. It discouraged me from trying.

A few years later, I had a similar experience in high school. The one subject that interested me was history, and the teacher was young and dynamic. I studied hard—a rarity—for a state-wide exam and got an 88. When the teacher, who knew my reputation as a mediocre student, told me my score, he said: "Don't let it go to your head. You're a 75 student. You've always been a 75 student and you'll always be a 75 student." (He gave me a 70 despite my 88 grade on the Regents exam.) It became a self-fulfilling prophecy for two reasons. First, all my teachers believed it. Second, I believed it and stopped studying because I could get 70's or 75's without much work, and if that's who I am, why take time away from activities I enjoyed, such as sports, jokes, girls and messing around.

It was in the summer of my junior year in high school, when an authority figure—the camp dramatics counselor, Yitz Greenberg (also now a prominent rabbi)—finally told me that I wasn't a "75 student." He had cast me in the difficult rule of Cyrano d'Berjurac in the camp play. I memorized the lines and did a good job (my long nose helped). After the performance, Yitz put his arm around me and said, "You know you're very smart." I replied, "No, I just have a good memory." He insisted that my smarts went beyond memorization. He told me I could be a good lawyer. I respected and believed him. It was an important moment in my life, for which I will be forever grateful. My parents loved me but never told me I was smart, because they believed my teachers and saw my report cards. I needed to hear it from an authority figure outside of my home, and Yitz was that figure.

Despite my inglorious high school career, Yitz's faith in me led to consider college. My father thought I should go to work and take some classes at night, but my mother wanted me to graduate from college—as she couldn't do. My mother filled out my application to Brooklyn College. I wanted to go to City College in Manhattan, because my best friend Norman Sohn was going there, but my parents wouldn't let me go to an "out-of-town college." Brooklyn College was part of the New York City College system, which had an excellent academic program, but little by way of any social or athletic life. It was free to any New York City resident, and anyone who had a sufficiently high grade average in high school was automatically admitted. Remarkably, the required grade score was different for boys and girls. Boys needed an 82 or 83 average (depending on the year) while girls needed an 86 or 87. Imagine the lawsuit today! The reason for this differential was that the school wanted "gender balance," and if the same score were required, the college would be dominantly female. (Similar differentials are still at work today, but they operate beneath the radar screen under the rubric of "diversity" and "discretion." An admissions officer at an elite college told me that he turns down many students with perfect SAT scores. When I asked him who these rejected students were, he acknowledged that they were almost exclusively of Asian and Jewish background: "if we took everybody with perfect



HOUSE_OVERSIGHT_017122

SAT scores, there would be little diversity," he explained. He too apparently believed in the "Yiddisher (and Asian) Kup" theory.)

I did not come close to having an 82 average, but fortunately there was also a test that an applicant with non-qualifying grades could take. Unfortunately, a high score alone on the test did not get you in: you needed a combined score—test plus grade average—to make the cut. With my low average, I needed a near perfect score to make it. Otherwise I would have to go to night school and work during the day. I did very well on the test and was admitted.

I also won a New York State Regents Scholarship which paid me $1,400 to go to college. (I put the money in an interest bearing account that paid for my first year at law school.) The state scholarship was based entirely on a single, highly competitive exam. High schools took great pride in how many state scholarships their students won. The relevant statistic that helped rank the schools was the percentage of those who won, based on the number of students who took the exam. My high school was obsessed with doing well in the state scholarship competition, so it limited those who could take the exam to students with grade points over 80, in order to inflate the percentage of winners. I did not qualify, but I knew I could do well on a state-wide competitive exam that was graded by outsiders, not by my teachers who were predisposed against me. So I pleaded with Rabbi Zuroff to take the exam. He refused, telling me I would never win and my taking it would just bring down the percentage. Not satisfied with his answer, I filed a petition with the New York Regents—my first of many petitions. To everyone's surprise, the Regents ruled in my favor and the school was ordered to let me, and everyone else, take the exam. Two of us, who had averages below 80, along with 4 or 5 others, won the scholarship. My principal's first reaction was that I must have cheated, but a check of the seating chart showed that I was not sitting near anyone else who won. So off I went to Brooklyn College, with money in my bank account. It was a turning point for me academically, professionally, religiously and existentially.

Before I turn to my college and law school years, which were quite successful, I want to speculate for a moment as to why, despite the unsuccessful nature of my early teen years, I am so focused on them as so formative to my later life. Several years ago, *The New York Times Magazine* asked me to reflect back on my teen years for a column entitled *About Men*. The assignment got me to wonder why I am so obsessed with nostalgia from that particular period in my life. This is part of what I wrote:

> I'M ENTERING THAT AGE WHEN songs from the hit parades of my adolescence bring tears of nostalgia. I'm a sucker for memorabilia of the 1950's.
>
> My house is cluttered with toys I've recently bought - chintzy replicas of vintage Chevys and Thunderbirds, overpriced miniature jukeboxes that play "Rock Around the Clock," anything reminiscent of the 1955 world champion Brooklyn Dodgers (a redundancy to any aficionado, because there are no other world champion Brooklyn Dodgers).
>
> I rush to see any Woody Allen film that has even a remote connection to the time and place we both grew up in (another redundancy - everything Woody Allen does has a strong connection to Brooklyn in the 50's). I drag my family to Neil Simon plays through



HOUSE_OVERSIGHT_017123

> which I laugh and cry while they observe me in puzzlement. I crave reruns of television sit-coms and revivals of shows I hated in their original incarnations.
>
> Those must have been wonderful times to evoke such strong - and expensive - reactions.

I then described a nostalgia weekend that I and six guys I grew up spent at the Concord Hotel in the Catskill Mountains, where we once had gone to summer camp or worked as waiters. The guys played one-on-one basketball and horse (even those who hated hoop as kids). We told jokes so old you could give them numbers (itself one of the oldest jokes). And we wondered about why our lost adolescence exerted such magnetic attraction.

> "Those were the worst days of my life," one of the guys - who used to talk with a high voice - confided. Suddenly, we were all contemplative. Our adolescence was miserable, we acknowledged. As the Musak played "Love Is a Many-Splendored Thing," another related how he dreaded the slow dances because he would always become palpably tumescent (certainly not a phrase from our youth) while doing the fox trot. Another shocked us all by soberly confessing that he had become tumescent only once during his adolescence, but then he reassured us by bragging that "it started when I was 12 and it didn't stop until I was 21."

I then recalled one of the most humiliating moments from my adolescence:

> It was prom time, and the girls had established a committee of three to which the boys had to apply for dates. I had my eye on a pretty blonde from an adjoining neighborhood (her distance, I hoped, might have kept her from learning of my questionable reputation among the local parents). As I approached the committee and shyly uttered "Karen," all three arbiters laughed. "Don't you know," the cruelest admonished me, "that Karen is on the A list and you're on the C list? You can only pick from the C or D lists." It was a relief to learn there was a list lower than mine, but a shock to be confronted with my official ranking. I went to the prom alone and danced with my cousin, who was also on the C list.

…

Those were miserable years, all right. They were years of self-doubt, sexual guilt without sexual pleasure, fears and transitions. Before you were comfortably into one stage you were already entering another, more precarious, one. They popped up as if on schedule, like the beginning of the yo-yo, marbles or mumble typeg seasons. So I asked myself why I insisted on recapturing the most miserable period of my life. This was my answer:

> [W]hen a man reaches the age of counting backward, maudlin nostalgia sets in and he begins to run, not walk, to every restored toy emporium he hears about from other retrievers of lost youth.[14]



HOUSE_OVERSIGHT_017124

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Our wives—most of whom had known us as adolescents—agreed that we had been pretty nerdy back then, but they prided themselves on having seen through the external faults that had relegated us to C lists. "You don't need to buy the 50's in a store," one spouse quipped, "you guys are walking memorabilia." Another turned an old phrase: "I was able to take my husband out of the 50's, but I can't take the 50's out of him."

The early 1950s—my high school years from September 1951 to June 1955—were not my finest hours. Yet they were as formative as any other period, though the formative dynamic was mostly reactive. I think about them often. My wife says I am obsessed with nostalgia for my troubled adolescent past.

Perhaps that is because I would like to relive them—both to regain my vigorous youth and to use it in a more productive manner. I'm not sure. But I am sure that my early teens laid a firm foundation for my very successful late teens—my college years at Brooklyn between the ages of 16 and 20. I had something to prove, and I went about proving it with a vengeance.
My parents were hoping I would make a B average in college, which was very respectable in those days before grade inflation. They didn't want me to get A's because A students became teachers, and they certainly didn't want me to get C's, as I had in high school. I could never satisfy them. I went straight from C's to A's, almost never getting a B in anything. I really blossomed in college, though I didn't do anything very different from what I had done in high school. I was a "smart aleck" and a "wise guy," but these qualities were appreciated and rewarded at Brooklyn College, while at Yeshiva High School they were punished. Whenever I came up with anything original in my high school religious classes, my rabbis would say: "If your idea is so good, then the ancient rabbis, who were so much smarter than you, would have came up with it first. If those rabbis, who were so much smarter than you, didn't come up with the idea first, then it can't be any good." End of discussion. It was all different at college.

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[14] Salesmen at the nostalgia shops tell me that men in their 40's and 50's experience the need to "collect" their adolescence more than women do. "When I see a guy with a goofy looking grin dragging a couple of teen-age kids through my door on a weekend, I know my summer vacation will be paid for," one shop owner told me. "But if he's got his wife with him, he'll probably buy just one sensible memento for his office."



HOUSE_OVERSIGHT_017125

Chapter 2: My Secular Education—Brooklyn and Yale

I loved everything about Brooklyn College. The inner city campus was green and lush. The professors were phenomenal teachers—many of them en route to more elite universities. The students, though mostly Jewish, seemed diverse to me because so few were Orthodox. Intellectual and political debate filled the classrooms, the lunchrooms and the quad. No one said "Meturneshed." Every idea was acceptable (except, perhaps Communism, since the stench of McCarthyism still hung in the air.)

I felt free to experiment with my thoughts and words, but not yet with my actions. I remained an Orthodox Jew in practice and I did not try drugs or even alcohol. (I tried to try sex, but couldn't find any willing partners.)

My friends and I founded a "house plan" – an urban fraternity for students who lived at home with our parents, as we all did. We called it "Knight House" and our boastful Latin slogan was "semil equis satis"—"once a knight is enough." Since we were all orthodox Jews, we could not attend the usual Friday night parties, so our orthodox Jewish house plan had its parties on Saturday or Sunday night. We were desperate to defy the stereotype of orthodox Jewish wimps, so we worked hard on our athletic skills, ultimately winning the house-plan championship in several sports. I still have newsclippings attesting to my athletic accomplishments: "Knight soccer champs"—"Al Dershowitz led the knighters to victory, scoring two large goals."

In my senior year in college, a group of friends decided it was time to lose our collective virginities. We heard that there was a special deal over Christmas vacation to travel to Havana, then a wild city. We all went down to Florida in another friend's old car and bought round trip tickets to Havana for $59. We had the name of a house, which specialized in transitioning young boys into men. We were scheduled to make the hour-long flight the day before the 1959 New Year. We couldn't wait to get to Havana, but a bearded guy named Fidel got there first and we couldn't make it. For years, I had been telling people that the flights were cancelled, but a couple of summers ago I was at a party with a man (now married to a prominent public figure) who was at Brooklyn College with me. He and several of his friends were also going to Havana for the same reason. I had forgotten that the trip to Florida was actually sponsored by the Brooklyn College Student Government. When I told him my story, he said, "I made it to Havana," and I said, "but the flights were cancelled." He said, "No they weren't. The State Department just issued a warning that it was a little bit dangerous." I guess he was more determined to lose it than I was. His wife, who was then his college girlfriend, said that she didn't "touch him for a year after that."

I took another trip with my college friends. It was to Washington D.C. On the day we arrived, the king of Saudi Arabia was a state visitor. In his honor, green Saudi flags draped all of the important federal buildings and monuments. When I saw the flag of that slave-owning dictator on the Lincoln Monument, I got angry and tore it down. I was immediately taken into custody by a park policeman. His superior was sympathetic, however, and let me go with a warning: "Next time, make sure no one sees you when you tear down the rest of those damn flags."



HOUSE_OVERSIGHT_017126

Mostly, I worked very hard, achieving an A average and Phi Beta Kappa Honors, winning debate tournaments and being elected president of the student council and captain of the debate team. Reading became my passion: literature (Dostoyevski, Shakespeare, Bellow); philosophy (Kant, Aristotle, Plato, Neitsche; history (_____) and politics (_____). I loved arguing with my professors. One of my favorites was John Hope Franklin, the first African American appointed to the chairmanship of a department (history) in a college that was not historically black. We remained friends and colleagues until his death in his mid-90s.

My presidency of the student council brought me into repeated conflict with Professor Harry Gideonese, the President of the College, a Midwestern conservative who was brought to Brooklyn to "clean out" what had become "the little red schoolhouse." Several professors had been fired, or not hired, because of the "red" or "pink" affiliations and I fought against this post-McCarthy purge, on freedom of speech grounds. Leading the other side was a professor of romance languages named Eugene Scalia, an elegant and brilliant reactionary, whose son Antonin has followed in his ideological footsteps.

Despite my conflict with President Gideonese, the school nominated me for a Rhodes Scholarship. In my application, I wrote the following:

> I believe that my college career has been a period of moral and intellectual growth throughout which time I have felt an increasing responsibility to my conscience in matters of self improvement. I felt this personal responsibility so strongly in college because I had almost completely neglected it throughout high school. A firm determination to show myself, as well as my high school contemporaries, that I could become an outstanding student in college has been a most potent motivating force.

I also listed my academic, political and athletic achievements, and promised that if admitted to Oxford:

> I would read for the Oxford B.A. in the Honor School of Jurisprudence and then enter Law School in the United States.

In those days Jewish boys (only males were eligible for Rhodes) from Brooklyn were not selected by the Rhodes Committee, and despite my academic, political and athletic accomplishments, I did not even get an interview. It took several decades before Brooklyn College received its first Rhodes Scholarship.

By my senior year at Brooklyn, I had decided to go to law school. That path seemed natural in light of my success in debate and school politics. I had no idea what the practice of law was, except what I had read about the careers of such legal luminaries as Clarence Darrow, Thurgood Marshall, and Louis Brandeis. My uncle Morris was a lawyer, but he spent most of my formative years in the Army and when he returned he specialized in contract cases, which held little interest for me. I asked Grandma Ringel to introduce me to an old friend of hers, whom she always referred to as "Judge Berenkoff." I had no idea what kind of judge he was, but he was the only judge I knew. My grandmother wondered why I wanted to meet Judge Berenkoff. I told her that since he was a judge, he might have some good career advice for an aspiring lawyer. My



HOUSE_OVERSIGHT_017127

grandmother laughed and said: "Berenkoff's no judge, he's a butcher." She explained that "his first name is Judge," and then she spelled it out: "G-E-O-R-G-E," which she, with her Yiddish accent, pronounced "Judge."

Shortly after New Year I got my letters of acceptance from the various law schools to which I had applied. Since I had done very well in college and was president of the student government, I got into all the law schools to which I applied. I chose Yale, much to my mother's regret. She wanted me to go to Harvard. Until the day she died at age 95, when people ask her where I went to law school, she replied, "He got into Harvard, but he went to Yale."

I also got into Columbia Law School, and the dean of Columbia, William Warren, wrote a letter to my parents, congratulating them on my admission and on the fancy scholarship I had won. (I still have the letter addressed "Dear Mr. and Mrs. Dershowitz"). I interpreted his letter as an attempt to have my parents try to persuade me to go to Columbia. So I wrote back—not to Dean Warren, but to "Dean Warren's parents, care of Dean Warren, Columbia Law School." I told his parents that their son was writing to my parents, and suggested that they tell him that if he wanted students to go to his law school, he should write to the students themselves rather than to their parents. I thought it was pretty funny, but I stopped laughing several years later, when I was on the law school teaching market and I went to Columbia for an interview. After meeting several members of the faculty, I was taken in to meet Dean Warren. He was waiting for me, with my letter in his hand. I was sure I would never get a job offer, but he looked at me and said, "That was a really good letter. I stopped writing to parents after getting it." He offered me a job.

Immediately after graduating from Brooklyn College, I got married to a woman I had met in a Jewish summer camp that boasted of the many "shidachs" (meetings that resulted in marriages) for which it was responsible. I was not yet 21. Sue was 19. My mother wouldn't let me go to an out of town law school unless I was married, for fear that I would meet "the wrong kind of girl." A year after we were married, Sue became pregnant with our first child, Elon.

I loved Yale Law School. During my first year, I had Professor Guido Calabresi as a teacher. It was his first year of teaching. When I came home for the Jewish holidays, my mother asked me how I found my professors. I told her that they were all brilliant mentioning Professor Pollak and Professor Goldstein, but I told her my most brilliant teacher was Professor Guido Calabresi. Without missing a beat she said, "Is he an Italian Jew?" I replied, "Ma, you really are a bigot. Non-Jews can be smart too." She looked at me as if to say, "Wait, you'll see." Sure enough, several weeks later, my wife and I invited Calabresi, who was a bachelor at the time, to our apartment for dinner. We served him lamb chops and a baked potato with margarine on it. Calabresi looked at the margarine and the lamb chops and said, "Isn't this fleishicks mixed with milichicks," using the Yiddish words for meat and milk. I explained that the margarine did not contain dairy, although it looked like butter. I then asked him how he knew these words. He explained that he was an Italian Jew. I refuse to give my mother the satisfaction by telling her that she was right, at least about Calabresi.

One of my teachers was Abe Goldstein who had grown up in Williamsburg, near where my family had lived. My class contained lots of students with famous names—William Brennan, Jr. (son of the Justice), a grandson of Chief Justice Warren, a descendent of President and Chief Justice Taft,



HOUSE_OVERSIGHT_017128

John Marshall and others. When Abe Goldstein called on each of these men, he did it nonchalantly without mentioning their heritage. But when he came to my name, he paused and said, "Dershowitz, from the famous Dershowitz family?" The class burst out laughing. For a moment I thought he was mocking me, but he explained that in Williamsburg, the Dershowitz name was quite well known.

Yale Law School was an institution of meritocracy, where one could rise to the top, regardless of name or lack of heritage. I was first in my class, and became editor-in-chief of the law journal. That wasn't enough for the fancy white shoe Wall Street firms. During my second year, I applied to about thirty such firms, and was turned down by every one of them. The hiring partner of Sullivan and Cromwell, looked at my transcript and saw all A's, except for one C in Contracts. (I was so angry with my Contracts professor that I immediately enrolled in Advanced Contracts with the same teacher, and got an A). The hiring partner looked at my transcript and brushed me away and said, "We don't take C students at Sullivan and Cromwell." Years later he approached me at a Yale reunion function and told me that he had saved me from a bad experience. He disclosed that he was a closet Jew and realized that I would never fit into the culture of that firm. Within several years however, that firm along with most other Wall Street firms, had significant numbers of Jewish associates and partners. (In the late 1960s, I sued one of the firms that didn't hire me for refusing to promote an Italian-American to partnership and won a ruling that discrimination in promotion was prohibited by the law).

I got two job offers, both with Jewish firms, but even one of them discriminated against me on account of my religion. Paul, Weiss, Rifkin, Wharton, and Garrison offered me a summer job at $100 a week. (I still have the letter!) I immediately accepted and wrote to them that I could not work on Saturday. I did not give the reason, namely that I was an observant orthodox Jew. I was told to come and meet some of the partners when I was next in New York. I was introduced to Adlai Stevenson and several other partners and finally taken in to see the firm's major "rainmaker," Simon Rifkin, a prominent Jew who was active in numerous Jewish organizations. He told me how pleased he was that I would be working with the firm, but asked me why I would not be available on Saturdays. When I told him it was because I was Sabbath observant, he replied, "Oh no, we can't have that here. I thought it was just a restriction on your availability this summer. I need associates who are available seven days a week." I took a job with the other Jewish firm, Kaye, Scholer, Feirman, Hays, and Handler. They were perfectly comfortable with my being Sabbath-observant. The big "rainmaker" at that firm was Milton Handler, who was so busy seeing clients, that he would make time for associates only when he could not fit in a client. He would ask associates to drive home with him, or to go with him to Columbia when he was going to teach. One day his secretary called and said Mr. Handler wants you to meet him at a particular address. She gave me the address; I proceeded to walk up Park Avenue not knowing where I would find him or in what setting. When I got there, his private barber was cutting his hair. I was seated next to him while he got his haircut, and he dictated notes to me. It wasn't as bad as what Lyndon Johnson would do, requiring aides to join him in the bathroom.

While working at Kay, Scholer, I had the first fancy restaurant meal of my life. I was asked to join two of the partners at an elegant Park Avenue establishment. Though I was twenty-two years old, I had never eaten out except at delis. When the waiter put a napkin on my lap, I didn't



HOUSE_OVERSIGHT_017129

know what to do with it so I tucked it under my neck to protect my new tie. One of the partners pulled it off and said "Young man, this is a restaurant, not a barbershop."

All first year law students at Yale are required to participate in a moot court competition. My opponent was a classmate named Taft, one of whose ancestors was the President of the United States and the Chief Justice; another a senator from Ohio and the third the mayor of Cincinnati. It is fair to say at that time that Taft was one of the most prominent names in America. My mother was convinced that I couldn't possibly compete with a Taft and that I would be demolished in moot court. To provide support, she and my father came up to New Haven to watch me argue. I did fine. When my mother told my grandmother that I had beaten a Taft, she replied, "Taft? That's a funny name. I wonder what he changed it from?" In my neighborhood, many short names, like many short noses, had once been longer.

In my third year, I served as editor-in-chief of the Yale Law Journal. I was the first orthodox Jew to serve in that capacity, and there were some who doubted that this seven day a week job could be done by a six-day a week worker. But I managed to get the job done, and at the end of the year a few of my associate editors presented me with a mock copy of the law journal in which every seventh page was blank.

The speaker at my law school graduation was President John F. Kennedy. He used the occasion to make the statement about having the best of both worlds, a Harvard education and a Yale degree. (I now have what I think is the best of both worlds, a Yale education and a Harvard teaching job). My son Elon was a year old at graduation, and I brought him along. During Kennedy's speech, he started crying. A local New Haven television station caught him in the act, and the voiceover said that Yale was always a Republican school. (I don't think Elon has ever voted for a Republican in his life.)

During my years at law school, I developed an interest in writing academic articles. At Brooklyn College, I wrote a paper about the 5th Amendment. In it, I explored the history, policies and applications of the privilege, especially in the context of legislative investigations, where many of the battles over the scope of the 5th Amendment were then being fought. I pointed out that the privilege had "traversed many cycles" over the years and had been "adapted to changing times and needs," and concluded that though we "are considering the very same constitutional phrase, we are dealing with a completely new and hitherto unknown privilege."

I would repeat the theme of a changing Constitution in much of my writings over the years and would eventually write a book about the 5th Amendment. At Yale, I wrote two articles for the law journal—one about attempted murder, the other about corporate crime—that brought me to the attention of the faculty not only at Yale but at Harvard as well. Both schools had their eyes out for me as a potential faculty recruit. I worked with several professors at Yale, serving as a research assistant to Professor Guido Calabresi, Joseph Goldstein, Jay Katz, Alexander Bickel and Telford Taylor. They each became mentors to me and I tried to follow in their very large footsteps.
The professor who most influenced my legal thinking were Joseph Goldstein, who taught me criminal law, but he really didn't teach me much about the actual law; his job was to get the students to question everything, to accept nothing and to rethink every principle of law. Some



HOUSE_OVERSIGHT_017130

students hated his course, because they learned no law. Goldstein had failed the bar and had never practiced a day in his life. I loved his course and seminars and was deeply influenced by his approach to law.

Another professor who influenced my approach to law, but in a rather different way was Alex Bickel, who taught me advanced constitutional law. He looked at our constitution politically and structurally and had a coherent, if imperfect, theory of how the constitution should be interpreted. Both of these mentors defied conventional labels, such as liberal or conservative.

The professor who had the most influence on my career choice was Telford Taylor, who combined an active constitutional law practice with teaching and writing. Although we could not have been more different in background and bearing—he was a tall, elegant WASP, had served as a general in the Army, was the Chief Prosecutor at the Nuremburg Trials, always wore a suit and tie, and was polite to a fault—we had much in common and became close friends and colleagues. (So much for needing mentors of the same ethnicity, religion, race, gender, etc!) I consciously tried to model my career (except for the Army part) after his.

Shortly after John Kennedy was elected president, rumors began to circulate that Taylor was being considered to head the C.I.A. He took me aside one day after class and asked me, in confidence, whether I would consider coming with him to Washington, if he were to get the appointment, and serving as his executive assistant. I told him I would certainly consider such an offer. Eventually President Kennedy appointed someone else, deeming Taylor too liberal for the job. Years later, Telford and I discussed how different our lives would have been if we had both joined the CIA. "One thing I know would have been different," Telford quipped. "There would have been no Bay of Pigs."

Telford Taylor made me another offer, during my second year in law school, which I also could not accept. He had been hired to go to Jerusalem to broadcast the trial of Adolf Eichmann, a job for which he was eminently suited, having been the Chief Prosecutor of Nazi war criminals at Nuremberg and also Chairman of the Federal Communications Commission. He asked me to come with him to serve as his research assistant and translator. But I had just been elected Editor-in-Chief of the Yale Law Journal and didn't feel comfortable being away for so long. I declined the offer, and have always regretted missing that important historical event. (Years later, I observe and write about the trial of accused Nazi war criminal John Demjanjuk in Jerusalem.)

During law school I also developed a keen interest in the relationship between law and other disciplines, such as economics and science—both physical and social. I worked as a research assistant on Professor Calabresi's groundbreaking article on law and economics, and a research assistant to Professors Goldstein and Katz on their teaching and writing on law and psychiatry. I eventually collaborated with Goldstein and Katz on a book entitled Psychoanalysis, Psychiatry and the Law. Later I collaborated with Telford Taylor n several human rights projects.

During law school I also developed interests in civil rights, especially with regard to desegregation. In college I had joined the NAACP and had participated in a bus protest to Washington. In my second summer at law school I went to Howard University in Washington



HOUSE_OVERSIGHT_017131

and trained to become a civil rights observer in the South. My family was frightened when I traveled to Georgia and Alabama, but I returned unscathed but forever sensitized to the evils of segregation.

My law school career was a resounding success and I was ready for the next stage in my life—a clerkship in the nation's capital.



HOUSE_OVERSIGHT_017132

Chapter 3: My Clerkships: Judge Bazelon and Justice Goldberg

Appellate court clerkships, most especially with a Supreme Court Justice, are the most coveted positions following graduation from law school. Today, many law firms pay huge signing bonuses--some as high as $250,000--to attract Supreme Court clerks. In my day, the value of such clerkships were not measured in dollars, but rather in status and prestige. In 1962, there were approximately 18 clerks serving the 9 justices; the chief justice had 3, the associate justices were entitled to 2, but Justice Douglas--who rarely used his clerk--opted for only one. Today, each justice has __ law clerks and the chief justice has ___.

The competition for these coveted positions has always been fierce. Although, theoretically, any law school graduate can apply, most of the clerkships go to a handful of elite schools, with Harvard, Yale, Chicago and Stanford generally garnering the most. (Probably because so many of the Justices attended elite schools: The current Supreme Court has 5 justices who graduated Harvard, 3 Yale and 1 who attended Harvard but graduated Columbia.) Some clerkships were reserved for those who met certain criteria. Justices Brennan, Frankfurter and Harlan picked only from Harvard. Justice Douglas generally picked from the West Coast, often from Washington State. Justice Black favored southerners, tennis players, and "kissin' cousins", but was open to accepting recommendations from certain Yale Law School professors. Chief Justice Warren favored "hail fellows well met" and athletes! Justice Clark preferred Texans. Justice Goldberg (who replaced Justice Frankfurter shortly after I graduated) liked to have one clerk with Chicago connections.

I fit none of the pigeonholes, except that I was male and white--as were all the law clerks. This meant that, effectively, I was competing for 3 or 4 slots. My best shot was with Justice Black, because one of my mentors at law school was his recent clerk, Guido Calabresi, and he strongly recommended me to the Justice. But there was a problem. I had alienated another Yale law professor, who was also very close to Justice Black. Professor Fred Rodel was something of an iconoclast. He insisted on teaching his seminar on the Supreme Court at "Morrie's," a private club near the law school (whose "tables" had been made famous by the Wiffenpoof song: "From the tables down at Morries to the place where Louie dwells....") Morrie's was a men's club that did not serve women, so Rodel, who fancied himself a left-wing radical, simply excluded women from the seminar. When I learned of this policy of exclusion, I quit the seminar, earning the everlasting hatred of Rodel. To add insult to injury, I substituted a seminar by Professor Alex Bickel, who Rodel despised, because Bickel took a "Frankfurtiarian" approach to constitutional law, rather than a "Blackian" approach. Though I myself favored Justice Black's "absolutist" view of the Bill of Rights, I admired Professor Bickel's writings and loved his class. This was enough to make me unkosher for Rodel.

Professor Bickel gave me an important, if difficult, piece of advice when I asked him to recommend me for a clerkship. "Alan, I'm going to recommend you for clerkships, but you have to promise me you're going to turn off at least one of your barrels when you go and clerk for these judges. They're not used to being confronted directly, and you have to really be very respectful and polite and if you want to say anything critical put it in writing and read it very carefully, but don't do it in front of them." So he taught me the etiquette of being a law clerk, because in Law School, I was doing to my law professors what I had done to my Rabbis. At



HOUSE_OVERSIGHT_017133

Yale, this confrontational approach was generally admired. It had not been acceptable to the Rabbis, nor would it be to justices and judges.

Even at Yale, my chutzpah was not welcome by all the professors. Professor Fritz Kessler, was an older European trained academic who taught jurisprudence. One day, he was lecturing on Freud's influence on German jurisprudence and he misunderstood one of Freud's most important theories. I raised my hand and corrected him. After class, an older student, who had been a Marine and was married to another student in our class, grabbed me and said, "You embarrassed someone I love. If you ever do that again, I'll deck you." I was startled and replied, "How did I embarrass your wife?" He said, "Not my wife, stupid. Professor Kessler, you embarrassed him. Don't ever correct him again publicly." So much for academic freedom. But Professor Bickel was wise to caution me about toning down my aggressiveness if I wanted to succeed as a law clerk.

Guido Calabresi offered similar cautionary advice, but it was more about style than substance. He really pushed hard to get Justice Black to select me.

Professor Rodel was so concerned that I might contaminate the elderly Justice Black that he took the train to Washington to try to persuade him to reject the recommendation of his recent law clerk. In the end, Justice Black told Professor Calabresi that he had to defer to his friend's veto for that year but that he would consider me for the following year. This was the best possible news because it allowed me to accept a clerkship with Judge David Bazelon on the United States Court of Appeals for the District of Columbia.

Judge Bazelon was actually my first choice, but I also wanted--indeed I felt I needed--the status that came along with a Supreme Court clerkship in order to obtain the kind of job offers I would be seeking after finishing my clerkships. Two of my other mentors at law school, Professor Joseph Goldstein and Professor Abraham Goldstein (not related) had both clerked for Judge Bazelon. One of my primary interests in law school was the relationship between law and psychiatry. Another was criminal law. Those were also Judge Bazelon's specialties. Making the Bazelon clerkship even more appealing was the likely upcoming vacancy that would be left when Justice Frankfurter, who had suffered a stroke, retired. Bazelon was on the short list to fill the so-called "Jewish seat" on the Supreme Court. So if Judge Bazelon were to be promoted to the Supreme Court, he might take his law clerk with him.

In the end, Judge Bazelon was regarded as too liberal for the Kennedy Administration and was passed over for labor secretary Arthur Goldberg, who had no judicial experience, but boasted a distinguished career as a labor lawyer before he joined the Cabinet as Secretary of Labor. Bazelon and Goldberg were close friends, both having grown up in the Jewish neighborhoods of Chicago and being the same age. I ended up clerking for both Judge Bazelon and for Justice Goldberg, which was a dream come true. I spent two years in Washington from the summer of 1962 to the summer of 1964. These were extremely eventful years, not only for me, but for the country and the world. The Cuban Missile Crisis took place several months into my clerkship with Judge Bazelon. Martin Luther King's "I have a dream" speech was delivered in the summer of 1963. And in the fall of 1963, early in my Supreme Court clerkship, President Kennedy was



HOUSE_OVERSIGHT_017134

assassinated and Lee Harvey Oswald was murdered. I had personal connections to each of these momentous events.

Those years were also eventful in terms of judicial decisions. Many of the most important civil rights, criminal law and freedom of speech cases were decided during my tenure as a law clerk. It was a period of liberal judicial activism—the Zenith (or for those more admiring of judicial restraint, the Nadir) of The Warren Court. It was a heady time for a young liberal lawyer to be in the nation's capital.

My year of clerking for Judge Bazelon

Even more important than my substantive experiences in working with these two important judges, was the personal impact they both had on my life. Each was to serve as a mentor, though in very different ways, throughout their entire lives. Indeed, I continue to be influenced by them even years after their deaths.

I arrived in Washington during the summer of 1962, in the midst of the Kennedy Administration. Although Judge David Bazelon was a court of appeals judge—early in my clerkship he became Chief Judge—he was at the center of Washington life, both socially and politically. He knew everyone. He socialized regularly with Senators, Congressmen, cabinet members, White House staffers, Supreme Court justices, diplomats and other movers and shakers.

He had two clerks, but I was very much his senior clerk, and he didn't much like or respect his junior clerk. He saw me as a protégé and he took me with him everywhere that it was appropriate for me to go. At the center of his social life were the weekly lunches at the office restaurant of a local liquor distributor named Milton Kronheim, whose personal chef would prepare simple but superb lunches for "Milton's boys." Kronheim himself was in his mid-seventies when I met him. (He would live to 97, pitching in his weekly company softball game until his late 80s). His frequent guests, in addition to Judge Bazelon, included Chief Justice Earl Warren, Justices Thurgood Marshall, William Brennan and William Douglas, Judges J. Skelly Wright, Senators Abe Ribacoff and Jacob Javits and many other judicial and political notables. The small lunchroom where Milton's entertained had photographs of Kronheim with every president since Harding. Hundreds of other wall-to-wall photographs showed him with just about every important political, business and sports figure of the Twentieth Century.

Judge Bazelon once told me a joke about Kronheim, which, with a change of name, from Kronheim to "Katz," became a standard part of the Jewish joke cannon.

"There was a guy named Kronehiem who bragged he was so famous he could be photographed with "anyone in the world." A skeptical friend challenged him. "You can't be photographed with the President!" Within days, Kronheim was standing on the White House balcony with JFK, as photographers snapped pictures.

"Ok," the friend conceded "maybe in the United States, but not in other parts of the world!" He then issued another challenge: "You could never be photographed with Israel's Prime Minister



HOUSE_OVERSIGHT_017135

David Ben Gurion." The next day they were on a plane to Israel, and that afternoon Kronheim was standing on the balcony of the Prime Minister's house being photographed.

"Ok, here's the final challenge: maybe among Jews and Americans, you're famous, but you'll never get a picture with the Pope." Next day, they're off to Rome, and by afternoon, Kronheim is standing on the balcony of St. Peters next to the Holy Father. A nun standing in the crowd turns to the skeptical friend and asks, "Who's that guy standing next to Kronheim?"

Presidents and Prime Ministers come and go. So do Popes. But not Milton Kronheim, who was a fixture of Washington life for more than 60 years.

I was privileged to participate in many of their lunches—mostly as a quiet observer—during my clerkship. (When I became a professor, Judge Bazelon invited me whenever I visited—then as a full participant).

The first time I went to Kronheim's for lunch, we picked up two justices at the Supreme Court building: William O. Douglas and William Brennan. I had previously met Justice Brennan through his son Bill, who was my law school classmate and moot court partner. Justice Brennan was just about the nicest, sweetest, most modest, important person I had ever met. I continued a friendship with him until his death in 1997.

Justice Douglas was entirely different. Nobody ever accused him of being nice or friendly. He was surly, arrogant, dismissive and—I later learned—a blatant hypocrite. I learned this several weeks after the Kronheim lunch, when Judge Bazelon buzzed me into his office and pointed to the extension phone, signaling me to pick it up. The voice on the other end of the phone was familiar. He was berating Judge Bazelon for canceling a speaking engagement that he had previously accepted. Bazelon turned to me and silently mouthed the words "Bill Douglas," pointing to the phone. I listened as the Justice lectured my judge. Bazelon kept trying to reply, saying "I just can't do it, Bill. It's a matter of principle." Douglas responded, "We're not asking you to join, just to speak." Bazelon replied, "That's the point, Bill. They wouldn't let me join. They don't accept Jews or Blacks."

It soon became evident that the two great liberal judges were arguing about a private club that excluded Jews and Blacks. Douglas was a member of that club and had invited Bazelon to give a luncheon talk to its members. Bazelon had originally agreed, but when he learned of the clubs "restricted" nature, he withdrew his acceptance. Douglas was furious, Bazelon adamant. Neither relented. I couldn't believe that the great liberal justice not only belonged to a restricted club that discriminated on the basis of race and religion, but that he was utterly insensitive to Bazelon's principled refusal to speak at such a club. This was the height of the civil rights movement, and Justice Douglas was writing decision after decision decrying public segregation and supporting efforts to demantle it. Yet he himself was participating in private segregation and condemning Bazelon's principled refusal to become complicit in it.

This phone call had a profound effect on my own subsequent actions and my refusal to speak, or remain silent about, private clubs that discriminate, whether it be the Harvard Club of New York,



HOUSE_OVERSIGHT_017136

which refused accept women for many years, or Jewish clubs, which limit their memberships to my own co-religionists. (More on this later.)

Judge Bazelon played hard and worked even harder. For his law clerks it was all work, no play. We had to be in the office before he arrived, and his arrival time was never predictable, though his secretary would sometimes tip us off about an unusually late or early arrival. We had to stay until after he left, and he often worked late. He did not believe in vacation for the clerks—"It's only a one year job, and that means 365 days"—no personal time off. When I first came to work over the summer, I asked him for a few days off to take a preparation course for the DC bar exam. He assured me that I didn't need time off to prepare! "I hired you because you were first in your law school class. You don't have to study for this test." I told him I had been first because I always prepared, but he was dismissive of my request. I tried to prepare myself late at night, but the material was so dry and boring—the criteria to qualify for the "bulk sales act" and other information I would never use—that I always fell asleep. "I'm going to fail the bar," I told him worriedly, "and it may embarrass you." He told me that one of his earlier star law clerks who was my professor at Yale Law School had failed the bar and it didn't embarrass him. Finally, he relented when I told him that I was really having trouble focusing on the ridiculous bar exam questions and he allowed me to leave a bit early for a week to take a crash course that met from six to nine in the evening.

A few weeks after I took the exam, Judge Bazelon came storming out of his office holding a paper and not smiling. I knew that he got advance notice of the bar results and I thought that he was coming to tell me I had flunked. Instead he shouted, "You didn't need time off. You got the goddamn highest grade in the city. You're a faker," he complained, not bothering even to congratulate me on passing.

Several months later when my second son, Jamin, was about to be born, I asked the judge for the day off to accompany my wife to the hospital. He asked, "Isn't Sue's mother here?" She was. "You did your part of the job already. You can visit after the baby is born. It isn't your first child. You don't have to be there for the birth."

Fortunately, he was traveling on the day of the birth and I made it to the hospital in time.

In light of these actions and attitudes, one can only imagine how shocked I was when Judge Bazelon came back to the office from a lunch at the White House in mid-October and told his entire staff, including his clerks, to "go home and be with your families." He was grim-faced and pale. "Why?" we asked. "There may be a nuclear attack," he said solemnly. "I've just been briefed on the presence of Soviet nuclear rockets in Cuba. Neither side is backing down. Nobody wants war, but each side is calling the other's bluff. No one knows how this will turn out. Go home. Be with your families."

We all left in a panic. Bazelon called me later that evening at home. "I have no faith in those Kennedy brothers and their friends. They're a bunch of spoiled brats—their fathers' children, he said contemptuously of Joseph Kennedy. I don't like them and I don't trust them. Look at the way they screwed up the Bay of Pigs. A bunch of arrogant amateurs."



HOUSE_OVERSIGHT_017137

Early the next morning, he called me back. "I've spoken to Abe Chayes," he said referring to a Harvard Law professor who was then serving as legal counsel in the State Department. "He's a bit more optimistic that cooler heads will prevail. Come into work."

So off I went to the courthouse, where Bazelon gave us hourly updates on the Cuban Missile Crisis until it was resolved by a deal. "I misjudged those Kennedy boys," he told me when the crisis was over. "Abe tells me they did good. Much better than Bay of Pigs. They were actually quite mature. They're quick learners. They did good."

Just a few weeks into my clerkship, Justice Felix Frankfurter resigned from the Supreme Court, leaving the so-called "Jewish seat" vacant. Judge Bazelon was on the short list, along with Senator Abraham Ribicoff and Labor Secretary Arthur Goldberg. Ribicoff and Goldberg were close friends of Bazelon. All three wanted the job, but Bazelon was regarded as too liberal, especially on criminal justice matters, and was strongly opposed by Justice Department officials. I vividly remember the day Goldberg was nominated. "Arthur will be a great justice, if he has the sitzfleish to stay on the bench," Bazelon told me. "He's used to the active life of the labor lawyer. Always in the middle of the action. He's going to have to get used to the isolation, but he's smart as hell, and he's always wanted to be on the Supreme Court."

Clearly Bazelon was disappointed but he knew it would have taken a miracle to overcome the objections of the Justice Department, and he didn't have close connections to the Kennedys.

"Good for you. Not so good for me. And good for the country," is how he summarized the appointment to me a few days later. Good for me, because the new justice would certainly consider a recommendation from his old Chicago friend, when picking his next year's law clerks. I immediately began to dream of clerking for the new justice when I completed my year with Bazelon.

Judge Bazelon became Chief Judge soon after I began working for him and dominated that important court of appeals—second only to the Supreme Court—during his long tenure. His rival—both professionally and personally—was Judge (later Chief Justice) Warren Burger. Bazelon was deeply committed to equality in the criminal justice system—between rich and poor, white and black, and mentally sound and mentally ill.

These passions brought him into constant conflict with the executive and legislative branches of government, and especially with prosecutors. He knew he could never win his battles by relying on current public opinion, which showed little compassion for those who came into conflict with the criminal justice system. His weapons were education and elite academic opinion. His goal was to change minds through his opinion writing, speeches and articles. He chose his law clerks based on their ability to assist him in these tasks. "Every case presents an opportunity to change minds, to teach, to influence," he would say. "The court is a bully pulpit and we must make the most of it." His favorite story was about the New York judge who complained, "Why does Cardozo always get the interesting cases," referring to the great New York Court of Appeals Chief Judge (later Justice) who transformed tort law and other parts of the legal landscape with his elegant and influential opinions. The point, of course, is that the cases weren't at all interesting until Benjamin Cardozo got his hand—or pen—on them. He turned mundane legal



HOUSE_OVERSIGHT_017138

controversies, such as a railroad accident or a conventional contract dispute, into monumental legal decisions.

Judge Bazelon did the same with regard to criminal cases, especially those involving defendants who could not afford an adequate defense and those with serious mental illnesses. He would ask his clerks to scour the records of cases—even those not assigned to him—for evidence of injustice. He told me that most indigent defendants—and most defendants in DC were indeed indigent—did not have adequate lawyers: "You're their lawyer of last resort," he would tell me. "Search the record for errors. Tell me if you find any injustices."

"But the case isn't even before you," I would protest, or "there were no objections and so the issues aren't properly preserved for appeal."

"No matter. We will find a way to secure justice. Your job is to find injustices. My job is to figure out a way to bring about justice."

He told me about a conversation between the great Justice Oliver Wendall Holmes and one of the justice's law clerks (who were called "secretaries"). After the justice rendered an opinion denying relief to a morally deserving litigant, the clerk complained, "But Mr. Justice, the result in this case is unjust." To which Holmes reportedly responded: "We're in the law business, young man, not the justice business."

David Bazelon was in the justice business, though he used the law—sometimes stretching it beyond existing precedent—to bring about what he regarded as a just result. He was a "judicial activist", at least when it came to doing justice to the poor, the disadvantaged and the sick, and proud of it. That catch phrase had not yet become a term of opprobrium, as it has to so many today. I was proud to assist my activist judge and eagerly pursued my assigned task of searching for injustices.

I recall telling Bazelon, who was Jewish but not well educated in Jewish religion tradition, that the Torah commands not merely that we <u>be</u> just, or even that we <u>do</u> justice, but rather that we <u>actively</u> pursue justice, as if injustice never rests. The exact words of Deuteronomy—which I recalled because I recited them in my Bar Mitzvah portion—were "Justice, justice, you must actively chase after." The traditional translation "pursue" doesn't quite capture the essence of the Hebrew words, "Tzedek, Tzedek, Tirdof," since "Tirdof," comes from the root that means to run or chase after.

Bazelon asked me to make a sign for his office with these words, in Hebrew and English. He quoted them frequently in defense of his activism. They became his mantra, as they have become mine. The sign now hangs in my office. Another example of the good that has come from my not-so-good Jewish education!

The other good lesson—this one taught by Bazelon to me by example—was that justice requires some degree of compassion.



HOUSE_OVERSIGHT_017139

When I told Bazelon about the justice quote from the Torah, he asked me why the word justice was repeated. Wouldn't it have been enough to say "justice you must actively chase after." "Why 'justice, justice.'" No word, or even syllable of the Torah is supposed to be redundant. Every one has a meaning. I told Judge Bazelon that the rabbis had a field day providing interpretation to the repeat of justice. My favorite, the one I had proposed in my Bar Mitzvah speech, was that the first "tzedek" meant legal justice, while the second meant compassionate justice. Judge Bazelon corrected me: "Compassion must come before the law. The first means compassionate justice, the second legal justice." Whichever came first in Judge Bazelon's court, every decision that he wrote or joined combined elements of both. His compassion wasn't always appreciated, even by its objects. Judge Bazelon once showed me a letter he received from his most famous defendant, a man named Monte Durham. Durham was the defendant in the case in which Bazelon announced his innovative approach to the insanity defense in the form of a new rule called "The Durham Rule" that declared a person to be legally insane, and thus not guilty, if his crime was "the product" of a mental disease or defect. This controversial rule revolutionized the relationship between law and psychiatry. The letter from Monte Durham complained about the rule bearing his name. "Now everyone calls me 'Durham the Nutcase.'" He noted that when doctors discover a new disease, they name it after themselves and not after the patient. He wondered why the new rule wasn't called "The Bazelon Rule" instead of the "Durham Rule!" Bazelon apologized to Durham and noted that if judges could name new rules after themselves there would be too many new rules.

Judge Bazelon and I were a match made, if not in heaven, at least in legal nirvana. I learned a lot from him and even taught him a little. We remained lifelong friends, though the year of clerking was more like hell than heaven, at least as regards to working conditions.

Bazelon was never satisfied. He never told me that a draft opinion or article was good. It always needed to be "made better." "It's getting there" or "it's close," was the highest compliment he ever paid. But when it was done and published, and colleagues complimented him on the finished product, he would always give me credit. But never to my face. I always had to hear it from others. He was beyond a perfectionist. He knew his opinions would be read by generations of law students, professors, lower court judges and assorted critics. He was on a never-ending mission, and nothing was ever good enough. Even if it was good enough to publish or deliver because of artificial deadlines, it was never quite good enough for David Bazelon. But the long hours, demanding boss and difficult working conditions were well worth it. Law clerks who endured this trial by fire went on to great careers. Former Bazelon clerks include the deans of Harvard and Yale Law Schools, the President of New York University, the former Chancellor of the New York City school system, a prominent reform rabbi, numerous law professors, lawyers and business and political leaders. He influenced us all, and his influence continues in the work that many still do. As Peter Strauss, a law professor at Columbia once aptly characterized the relationship between Judge Bazelon and his clerks: "He the pebble, we the ripples."

The primary job of the law clerk related to the appellate cases that came before the United States Court of Appeals for the District of Columbia. In the years I was a clerk, that court served not only as a federal appellate court, but also as the Supreme Court of the District of Columbia, a reasonably sized city with a racially mixed population and a relatively high violent crime rate. Many of our cases involved very high level appeals relating to federal administrative



HOUSE_OVERSIGHT_017140

agencies—the so called "alphabet agencies"—such as the FCC, FPC, SEC and FDA. The rest were run of the mill criminal cases—murder, robbery, rape, assault and other street crimes. It was a perfect combination for a budding law professor who was interested in constitutional and criminal law.

Our task began with a case record, which consisted of the appellate briefs filed by the lawyers and an "appendix," which included relevant excerpts from the trial transcript and motions filed before the trial court. Some records were relatively short, perhaps 300 pages in total. Others were humongous, as many as 5,000 pages. Then there was the complete trial transcript—a verbatim account of every word spoken during the trial, as well as during the pretrial and post-trial proceedings. Judge Bazelon would often ask me to read the entire transcript in search of errors or particular issues that were of interest to him.

When we completed the review, we would discuss the case with the judge, who had read the briefs and perused the appendix in preparation for the oral argument in court. Occasionally, we were permitted to listen to the oral argument, especially when leading lawyers were arguing (which was rare), or when issues close to the judge's heart were being considered. But generally, we were required to remain in the chambers working while the judge presided over the oral argument.

Since Bazelon was the Chief Judge, he always presided and got to assign the opinion to one of the three judges on a panel (or nine when on rare occasions the entire court heard the case "en banc"). Following the oral argument, there was a conference among the judges during which a tentative result was reached and the case assigned. Bazelon always assigned the most interesting cases to himself, or to a judge whose decisions he wanted to influence.

When the conference was over and the case assigned, we would meet with the judge and he would tell us which clerk was to work on the opinion. I always got the interesting cases (at least the ones that interested the judge). My co-clerk, who the judge didn't much like, got the dregs. This was fine with him, since he didn't much like working closely with the judge.

Then the real work would begin. Draft after draft was submitted, marked up by the judge and rejected with the admonition, "You can do better," or sometimes "start over, this draft isn't right."

After many drafts, and some pressure from the other judges on the panel, the opinion was released to the public. Generally, they were majority opinions, often unanimous, but frequently they were dissenting or concurring opinions. This was a deeply divided court and the dissenting opinions pulled no punches in criticizing the majority, and vice versa.

At the end of the year, the clerks would prepare bound volumes of all the opinions we worked on during our clerkship. One was given to the judge and the others to us, as mementoes of our year. As I write these words, I have in front of me the maroon volume engraved with the following words:

"Chief Judge David L. Bazelon



HOUSE_OVERSIGHT_017141

Opinions 1962-1963
Alan M. Dershowitz, Law Clerk"

It is a treasured possession. A year in the life of! And what a year it was.

My first case involved a man named "Daniel Jackson Oliver Wendell Holmes Morgan"—Quite a name! Any lawyer would be proud to have been named after. "Daniel Webster," "Andrew Jackson" and "Oliver Wendell Holmes." That's what Mr. Morgan thought too. The only problem was he wasn't a lawyer and that wasn't his name! He was an uneducated, but slick, African American man whose parents were sharecroppers and who made his way to the District of Columbia, where he apparently bought a dead lawyer's bar certificate in a junk shop. He started to practice law, and he did extremely well, beating real prosecutors in several cases involving street crimes. For more than a year, he went to court and argued to juries and judges. His reputation spread in the downtown area, as he kept winning difficult cases. Ultimately the feds checked him out, discovered that despite his name, he wasn't a lawyer, and charged him with multiple counts of fraud, forgery, impersonating an officer of the court and false pretenses. He represented himself at trial, was convicted and sentenced to 3 to 10 years in prison.

The court appointed a lawyer named Monroe Freedman to argue his appeal. Judge Bazelon invited me to watch the oral argument.

I was blown away by Freedman's eloquence, erudition, command of the record and ability to further his argument while responding to hard questions. I had participated in moot court appeals as a law student, and I had done very well—even earning a job offer from one of the judges who was a partner at a Jewish law firm. But this was a different league. I remember thinking "I want to be like this guy," and wondering whether I could ever be that good. The lawyer for the prosecution was also quite good, though not up to Freedman's high standards. He was an African American named Charles Duncan, who, I later was told, was the son of the singer Todd Duncan, who had played "Porgy" in the original Broadway run of the Gershwin opera.

Following the argument, the judges conferred and unanimously decided to affirm the conviction. I was upset, because Freedman had clearly "won" the argument and had certainly convinced me that his client deserved a new trial, or at least a reduction in the sentence. I pleaded with Bazelon to let me try to draft an opinion reversing the conviction. He said, "go ahead," because he too was somewhat sympathetic to the defendant. "But you must find a valid legal basis for reversal. It's not enough that the defendant's lawyer was better than the government's lawyer. Nor is it enough that we think the defendant should get relief. There has to be a solid legal basis. Go ahead and look for one."

I searched and searched, but Freedman had mined every possible nugget from the sparse record and to no avail. There was no plausible legal basis for reversal. I learned several important lessons from this exercise in futility: there's an enormous difference between winning an appellate argument and reversing a conviction; there's an equally significant difference between wanting to see a conviction reversed and finding a valid basis for reversal; all the hard work in the world cannot bring about a result if the facts and the law don't justify it. (At least that's what I believed until such cases as Bush v. Gore, of which more later.)



HOUSE_OVERSIGHT_017142

Subsequently, I later learned a series of related lessons that parallel the above: even when there is a firm basis for reversal, a bad job of lawyering will not bring it about in most cases; a court that is determined to affirm a conviction—because they don't like the defendant or for some ideological reason—will not be convinced even by the most compelling arguments and the most egregious record; without hard work, many of the most persuasive reasons for reversal are never uncovered. I learned these lessons later, because in Judge Bazelon's court, the judge and the law clerks often did the jobs that the lawyers were supposed to do. Not in the case of Daniel Jackson Oliver Wendell Holmes Morgan, because his lawyer, Monroe Freedman, had done all the hard work and made all the plausible arguments.

Eventually Freedman and I became friends and colleagues, and he went on to become Dean of Hofstra Law School and one of the nation's leading experts in legal ethics. I tried to follow in his large footsteps but I'm not sure I ever made as good an oral argument as he did in the Morgan case. It was quite a way to begin my career as a law clerk.

The remaining cases during my year were in many ways representative of the Supreme Court's future docket during the haydays of the Warren Court. Many dealt with the rights of indigent defendants—an issue that came to the fore in the Supreme Court's decision in Gideon versus Weinright, decided toward the end of the year of my Bazelon clerkship. That decision ruled that every indigent criminal defendant in a serious case had the right to appointed counsel.

The opinions of Judge Bazelon over the years had the laid the foundation for this decision and several of them were cited in the briefs filed by his friends Abe Fortas and Abe Krash, who had been appointed to Represent Gideon. (My friend John Hart Ely was working for the Fortas firm during the summer the briefs were being prepared and I reviewed and edited several drafts with John.) Bazelon's opinions—more often dissents than majority—had established the conceptual framework for a broad-based claim of equality in the criminal justice system. He had gone considerably further than the Supreme Court would ever go in seeking to assure that indigent defendants were treated no differently from wealthy ones. Many of the cases my year dealt with this issue.

Other cases dealt with the pervasive problem of police perjury—today it's called "testilying"[15]—especially in the context of searches and interrogations. If a search or interrogation is found to be unconstitutional, its fruits are generally excluded, even if they would conclusively prove the defendant's guilt. Not surprisingly, many police officers (as well as prosecutors) hate these "exclusionary rules" and do whatever they can to circumvent them. Some policemen even resort to perjury, occasionally assisted by prosecutors in making their "testilies" fit the law. I was shocked when Judge Bazelon first told me about this phenomenon. We didn't learn about this dark side of the law at Yale, and at first I was skeptical. But then when I read case after case in which police officer—often the same ones from the same drug unit—would give essentially the same scripted testimony, I began to believe it.

Bazelon had no patience for testilyers, for the prosecutors who coached them, or for trial judges who pretended to believe their obvious lies. He would call them on it, much to the chagrin of

[15] See Reasonable Doubts, Best Defense



HOUSE_OVERSIGHT_017143

some of his fellow judges, especially Warren Burger. Sparks would fly and Bazelon generally ended up in dissent, but he had made his point.

Years later, in my first popular book, *The Best Defense*, I summarized what I had first seen in Judge Bazelon's chambers and had then experienced in several cases I had litigated as a practicing lawyer. I called my summary "The Rules of the Justice Game:"

Rule I: Almost all criminal defendants are, in fact, guilty.

Rule II: All criminal defense lawyers, prosecutors and judges understand and believe Rule I.

Rule III: It is easier to convict guilty defendants by violating the Constitution than by complying with it, and in some cases it is impossible to convict guilty defendants without violating the Constitution.

Rule IV: Almost all police lie about whether they violated the Constitution in order to convict guilty defendants.

Rule V: All prosecutors, judges and defense attorneys are aware of Rule IV.

Rule VI: Many prosecutors implicitly encourage police to lie about whether they violated the Constitution in order to convict guilty defendants.

Rule VII: All judges are aware of Rule VI.

Rule VIII: Most trial judges pretend to believe police officers who they know are lying.

Rule IX: All appellate judges are aware of Rule VIII, yet many pretend to believe the trial judges who pretend to believe the lying police officers.

Rule X: Most judges disbelieve defendants about whether their constitutional rights have been violated, even if they are telling the truth.

Rule XI: Most judges and prosecutors would not knowingly convict a defendant who they believe to be innocent of the crime charged (or a closely related crime).

Rule XII: Rule XI does not apply to members of organized crime, drug dealers, career criminals, or potential informers.

Rule XIII: [Almost] Nobody really wants justice.

The seeds of my career as a criminal lawyer were planted deeply into fertile soil during my clerkship. So were the seeds of my career as an academic who focused, early in my years at Harvard, on the relationship between law and the social sciences, especially psychiatry and psychology.



HOUSE_OVERSIGHT_017144

One of the most intriguing cases during my year with Judge Bazelon began as an ordinary pick pocketing of a wallet containing $14. Based on the sparse evidence, "the jury could have inferred either that the wallet was picked from [the alleged victim's] pocket, or that it was accidentally dropped from his pocket and was picked up by someone who ran off with it."[16] The judge instructed the jury that there is a legal presumption that a defendant's "flight may be considered by jurors as evidence of guilt."

There was no dispute that the defendant did flee when confronted by the alleged victim shouting , "Hey, that's my wallet. Give it back to me." But of course the defendant might well flee even if he simply picked up a dropped wallet and didn't want to return it. Such an action would be immoral and perhaps even minimally criminal—the misdemeanor of failing to return a found wallet, for which he had not been charged. But the defendant here was charged with the felony of robbery. The jury convicted him of robbery and the judge sentenced him to prison for two to six years.

When the case came across my desk, I saw it as an opportunity to use my law school background in psychiatry and law—I was working on a casebook with two of my law school professors on "Psychoanalysis, Psychiatry and the Law"—to reverse what appeared to be a possibly unjust conviction. The great legal commentator Wigmore had written the following about evidence of guilty feelings:

> "The commission of a crime leaves usually upon the consciousness a moral impression which is characteristic. The innocent man is without it; the guilty man usually has it. Its evidential value has never been doubted. The inference from consciousness of guilt to "guilty" is always available in evidence. It is a most powerful one, because the only other hypothesis conceivable is the rare one that the person's consciousness is caused by a delusion, and not by the action doing of the act."[17]

This view had become the accepted wisdom by lawyers, judges and professors and was the basis for the judge's instructions to the jury in the pick pocketing case. I found it highly questionable, especially in the context of the facts of the case.

In an effort to support my conclusion that the defendant's flight in this case was equally consistent with the legally innocent explanation that he was fleeing to avoid returning a dropped wallet, or the guilty explanation that he was fleeing from a pick pocketing crime, I introduced a quote from Sigmund Freud:

> "You may be lead astray…by a neurotic who reacts as though he were guilty even though he is innocent—because a lurking sense of guilt already in him assimilates the accusation made against him on this particular occasion. You must not regard this possibility as an idle one; you have only to think of the nursery where you can often observe it. It sometimes happens that a child who has been accused of a misdeed denied the accusation, but at the same time weeps like a sinner who has been caught. You might think that the child lies, even while it asserts its innocence; but this need not be so. The child is really

[16] Miller v. US (June 14, 1963)
[17] Centuries early, the Jewish scholar Maimonides had provided a more nuanced psychological insight. [quote]



HOUSE_OVERSIGHT_017145

> not guilty of the specific misdeed of which he is being accused, but he is guilty of a similar misdemeanor of which you know nothing and of which you do not accuse him. He therefore quite truly denies his guilt in the one case, but in doing so betrays his sense of guilt with regard to the other. The adult neurotic behaves in this and in many other ways just as the child does. People of this kind are often to be met, and it is indeed a question whether your technique will succeed in distinguishing such self-accused persons from those who are really guilty.

In addition to citing Freud and dozens of other psychological sources, I also invoked my favorite novelist, Dostoevski, noting that in the Brothers Karamazov:

> "the author describes how Ivan—the brother who had desired death of the father but had not perpetrated the act—manifests all the traditional symptoms of guilt described by Wigmore, whereas the actual murderer reacts in a cool dispassionate way, consistent—according to Wigmore—with innocence."

Judge Bazelon approved of my somewhat sophomoric display of erudition, so long as at least one other judge agreed to reverse the conviction and order a new trial with a proper instruction on flight and guilt.[18]

Judge Fahey did agree, while writing a short concurrence. Judge Burger wrote a scathing dissent—arguing that our proposed instruction "may be appropriate to a philosophical interchange between judges, lawyers and experts in psychology…but was unnecessary to a jury." Judge Bazelon assured me that Burger's dissent "proves we're right."

All in all the Bazelon clerkship proved to be a turning point in my life. He helped shape me into the person I have become. He influenced me as a lawyer, teacher, writer, public intellectual and as a liberal Jew. His highest praise for any person was that he or she "is a mensch." I have aspired to that accolade. When Judge Bazelon retired in 1985, I wrote the following about his contributions to our nation:

> David Bazelon is certainly not a household name to most Americans. Yet Judge Bazelon—who just retired after thirty six years of distinguished service on the US Court of Appeals for the District of Columbia—has been your conscience in Washington since 1949.
>
> No single judge—whether on the Supreme Court, the lower federal courts or the state courts—has had a more profound impact on the law's sensitivity to human needs.

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[18] The new instructions were to follow these principles:

> "When evidence of flight has been introduced into a case, in my opinion the trial court should, if requested, explain to the jury, in appropriate language, that flight does not necessarily reflect feelings of guilt, and that feelings of guilt, which are present in many innocent people, do not necessarily reflect actual guilt. This explanation may help the jury to understand and follow the instruction which should then be given, that they are not to presume guilt from flight; that they may, but need not, consider flight as one circumstance tending to show feelings of guilt; and that they may, but need not, consider feelings of guilt as evidence tending to show actual guilt."



HOUSE_OVERSIGHT_017146

…

> As a judge, he saw the enormous disparities between how the wealthy are treated in court and how the poor are mistreated. Although he provided few final answers, he pricked the conscience of a nation, and he goaded the US Supreme Court into action in several cases….

I pointed out that no student can go through a three-year course at any major law school without studying the life work of David Bazelon—and I predict that this will be true well into the next century. The reason for Bazelon's continuing impact is that his primary role—as he saw it—was to raise enduring questions, not to provide transient, trendy solutions. He saw the role of the courts—especially the intermediate appellate courts, such as the one he served on—as uniquely capable of raising questions and directing them at the Supreme Court, the lower District courts, the legislatures and the executives. Bazelon was at his finest when he threw the ball back at government officials, making them think hard, reconsider and question their own programs and political solutions.

…

Over my own career, I have certainly not been known for effusively praising the judiciary. Indeed, part of the reason I have been so critical of so many judges is that I learned at the feet of one who set a tone and provided a model that few can meet. Perhaps in that respect Bazelon has made me too tough a critic of others. I know he would be proud of having provoked hard questions, even about the judiciary that he loves.

Several years after retiring, David Bazelon called to inform me that he had early stage Alzheimer's, a disease that also afflicted my father. I visited with David all through his illness, often with his closest friend Bill Brennan. We would take David on walks, reminisce with him and tell him stories. I remained his law clerk until he died at age 93.

My clerkship with Justice Arthur Goldberg was, in many ways, more exciting than my clerkship with Judge Bazelon. It was, after all, on the Supreme Court, where nearly every case made headlines. During my Goldberg clerkship, President Kennedy was assassinated, Lee Harvey Oswald was killed, and Lyndon Johnson ascended to the oval office. Many transforming decisions were rendered in areas as wide-ranging and important as desegregation, freedom of the press, the rights of criminal defendants, the law of obscenity, the death penalty and trial by jury. Yet, in a more personal way, my second clerkship was somewhat anticlimactic. I learned far more during my year on the court of appeals than during my year on the High Court, in part because Judge Bazelon was such a remarkable teacher and in part because it was my first exposure to the judiciary in action. This is not to diminish the impact Justice Goldberg had on my life. It too was profound and enduring. The major difference was that Justice Goldberg, who saw me as a protégé, had a specific life plan for me: he wanted me to follow in his footsteps. He saw my professional life unfolding in parallel to his. He wanted me to work in the Kennedy



HOUSE_OVERSIGHT_017147

administration. Indeed he arranged for me to become an assistant to then Attorney General Robert Kennedy—without even asking me! It was well intentioned, and it might even have been the right choices of jobs following the clerkships, but it was his choice, not mine. He wanted me to aspire to a judgeship, perhaps even as a Justice of the Supreme Court, but I never wanted to be a judge. (Neither, it turned out, did he, since he resigned from the Supreme Court after only 3 years.)

Judge Bazelon, on the other hand, encouraged me to create my own unique career path and avoid the "cookie cutter" paths for which most elite young lawyers opt. "Don't follow in anyone's footsteps," he urged me. "Your feet are too big to fit anyone else's print. Create your own life. You are unique. Live a unique life. Take risks. Live boldly." It was scary, but it fit my personality to a T.

Half way through my year with David Bazelon I was offered a clerkship with Justice Arthur Goldberg. I had also been offered a clerkship with Justice Hugo Black, but I strongly preferred to clerk for a new Justice whose views were not as firmly formed. I asked to see Justice Goldberg before I formally accepted his offer. I told him that I wanted him to know that I would not be able to work on Saturday or Friday night and asked him if he still wanted to extend the offer. He angrily replied, "I should withdraw the offer just because you asked me that ridiculous question. What do you think I am? How could I possibly turn down somebody because he is an orthodox Jew?" I apologized for asking the question, but told him that I had been previously been turned down by the firm of Paul Weiss, Rifkin, Wharton and Garrison. He said, "Paul Weiss turned you down because you were orthodox? I'm going to call my friend Si Rifkin. He won't let them get away with that." I sheepishly replied that it was Simon Rifkin who turned me down. (Years later, Arthur Goldberg was offered a partnership at Paul, Weiss and before accepting he insisted on being assured that what happened to his law clerk would never happen to another Orthodox Jew. Paul, Weiss now has many Orthodox Jews). Goldberg told me that my co-clerk was Christian and didn't work on Sunday, so he had assistance available to him seven days a week. Me on Sunday and my co-clerk Lee McTurnan on Saturday. It worked very well, except that on one Saturday an emergency death penalty petition came to Justice Goldberg, and I was the death penalty specialist. So Justice Goldberg had his driver take him to my house in Hyattsville, MD, where he knew I would be, and we conferred on the case and he made his decision.

A few months before I started my Supreme Court clerkship, my grandmother came to town and I took her and my son Elon, who was then 2 years old, to see the Supreme Court. We got permission to go to Justice Goldberg's chambers, but he was not there. His secretary, Fran Gilbert, invited me to take my grandmother and my son in to the Justice's private office to look at the paintings, which were all done by his very artistic wife, Dorothy. The new decorations in his office had just been finished and his secretary told me that Goldberg was proud of how nice they looked. My son, however, had no appreciation for the new rug and proceeded to leave a large yellow stain right in front of Justice Goldberg's desk. When the Justice finally came in I was on my hands and knees scrubbing the rug with soap, only making it worse. This time, he almost did fire me, but with my grandmother there he would have had a hard time. My grandmother did have an argument with him. She told him that she noticed that morning that I had davened (prayed) for only twenty minutes. "It takes at least a half hour," she said. "He's skipping. Tell him to take the full half hour." Justice Goldberg shook his finger at me and said, "Listen to your



HOUSE_OVERSIGHT_017148

Grandmother." (Justice Steven Breyer, who succeeded me as Goldberg's law clerk, now sits in Goldberg's old office.)

Before I knew I was to be selected by Justice Goldberg, I interviewed with several of the other Justices, including John Harlan, an elegant aristocrat whose grandfather had also served on the Supreme Court. He was impressed with my grades and my law review experience, but he gently asked me why I hadn't worked during the summer for one of the "Great Wall Street firms." I couldn't believe that he didn't know that the "Great Wall Street Firms" were not hiring Jewish kids from Brooklyn whose ancestors came over from Poland and who hadn't attended an Ivy League college. Harlan had himself been the senior partner in one of those firms, and I assumed that he was familiar with their bigoted hiring policies. I later learned from one of his Jewish law clerks – he hired many Jews to work for him when he was a judge – that Justice Harlan was probably oblivious to his firms hiring practices, or at least never really thought about them. Maybe!

An interesting event marked a transition between my two clerkships. I began working for Justice Goldberg on August 1, 1963, just ___ days before Martin Luther King delivered his "I have a dream" speech from the steps of the Lincoln Monument. A large rally was planned and I wanted to attend. But Justice Goldberg told me that Chief Justice Earl Warren did not want members of the judiciary—which included clerks—to be on the mall that day, because there might be violence and cases growing out of the violence might come before the courts. I really wanted to hear Martin Luther King speak and so I asked Judge Bazelon what I should do. "Come with me," he proposed. He and another judge were planning to go to the mall and listen from the rear, and off to the side, in relative anonymity. I went with them and heard—and barely saw—that remarkable speech (following several long winded speakers representing the groups that had organized the event.) I never told Justice Goldberg that I had disobeyed the Chief Justice order.



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My Year of Clerking For Justice Goldberg

Justice Arthur Goldberg was a man of action. Before being nominated at age 54 to the Supreme Court by President John F. Kennedy, Goldberg had accomplished an enormous amount. Unlike most of the current justices, he would have been in the history books even had he never served on the High Court.

Arthur Goldberg helped establish the profession of labor law. He represented the most important labor unions in the country. He helped merge the American Federation of Labor (AFL) with the Congress of Industrial Organizations (CIO). He helped rid unions of communist influence. He argued some of the most significant cases before the Supreme Court and other courts, including the Steel Seizure Case of 1951. He was, perhaps the most successful Secretary of Labor in history, settling one strike after another and being recognized as a legendary mediator.

The Supreme Court is not a place of action, it is an institution of reaction—to cases and controversies generated by others. It is a place of thoughtful, often solitary, meditation and research. Justice Goldberg was used to working with many people. He was accustomed to crisis. His phone had always rung. When he arrived at the Supreme Court, as he once summarized the situation, "my phone never rings." The High Court is the loneliest of institutions. As Justice Brandeis once put it, "here we do our own work." The Justices only occassionally interact: on the bench, in the weekly, somewhat formal, conference; and in informal one-on-one meetings, which were rare then and even rarer today. It is fair to say that Justice Goldberg was somewhat lonely, often restless and craved the active life he had left behind.

This is not to say that Justice Goldberg was not a serious intellectual. He was. He was also one of the smartest justices in history. He loved the Supreme Court. He loved the law. He loved having intense discussions with his law clerks about jurisprudence and the role of the Supreme Court. But he needed more than contemplation, deliberation and discussion. The "passive virtues," as Professor Alexander Bickel once characterized the Supreme Court's role in not making decisions, was a vice to Arthur Goldberg. He wanted to get things done. He too was an unapologetic judicial activist. He came to the High Court with an agenda—a list of changes he wanted to help engender.

I will never forget my first meeting with my new boss when I came to work in the Supreme Court during the summer of 1963. He tossed a certiorari petition at me from across his desk and asked me to read it in his presence. It was only a few pages long and I did. He then asked me, "What do you see in it?" I said, "It's just another pro se cert petition in a capital case." He said, "No, what you're holding in your hand is the vehicle by which we can end capital punishment in the United States." Abolishing the death penalty was the first item on his "to do" list as a justice.

My major responsibility during the first part of my clerkship was to draft a memorandum supporting Justice Goldberg's views that the death penalty was cruel and unusual punishment in violation of the Constitution. He knew we had no chance of getting the majority to support that view—at least not yet—but he wanted to start a dialogue that would ultimately lead to the judicial abolition of the death penalty. He decided to focus first on an interracial rape case involving an African American defendant and a white victim, since almost no whites had been executed for



HOUSE_OVERSIGHT_017150

raping Blacks, but many Blacks had been executed for raping, or even assaulting, white women. I recount this story in greater detail in the chapter on the death penalty. For now, suffice it to say that he knew that the key Justice would be William Brennan, since if liberal Brennan would not go along with him he had no chance of beginning any meaningful dialogue. Since I had done all the research, he assigned me the delicate task of trying to get Justice Brennan to join our opinion. It was a daunting task for a 24-year-old law clerk to persuade a Justice of anything, but I went in to see Justice Brennan and he listened to me politely without committing himself. Eventually he did join Justice Goldberg's dissenting opinion and the dialogue was begun. Within less than a decade, it resulted in the judicial abolition of capital punishment, but soon thereafter in its resurrection of the "game" of two steps forward, one step backward is still ongoing.

My conversation with Justice Brennan marked the beginning of what developed into a lifelong friendship and mutual admiration society. One of my great treasures is a handwritten letter from the justice in 1982 that includes the following:

> "There are winds swirling these days that too few resist---it's a comfort to know that outside there are steadfast champions who are putting up a gilliant fight. You are first among them and that's a matter of special pride for those of us who have followed your career with increasing satisfaction." [check quote]

As I write these words, the death penalty is now deemed constitutionally permissible, at least for certain crimes, though I am convinced that Justice Goldberg's "pet project" marked the beginning of what will be its ultimate demise in the United States.

Justice Goldberg's "pet project" and the way he sought try to implement it, tells us much about the man and his relationship to his law clerks, but it doesn't tell us everything. He regarded his "one year clerks" as "law clerks for life." After I completed my clerkship, Justice Goldberg continued to give me assignments, ranging from helping him pick future clerks and assistants, to editing his speeches and articles, to helping him draft resolutions at the United Nations (most notably Security Council Resolution 242, following Israel's victory in the Six Day War of 1967), to assisting in his campaign for Governor of New York. He called me for help, advice and just to "schmooze" about the state of the world until his death at the age of 81.

Even while he served on the Supreme Court he took an interest in his law clerks and their intellectual development. He included us in his weekly Friday afternoon lunches or teas with noteworthy people. When such people came to visit the justice, he always introduced us and encouraged us to sit on part of the discussion. Knowing that I was interested in Israel, he invited me to meet the Israeli Ambassador to the United States, Avraham Harmon as well as visiting Israeli public officials. When I went to Israel in 1970 he asked me to smuggle a carton of Lucky Strike cigarettes to Israel's Prime Minister Golda Meir, who he had known from their earliest Zionist days together in the Midwest.

Since Justice Goldberg had very few clerks—he served only three terms—he was able to remain close to all of us. He invited us to his famous Passover Seders, where he and his wife Dorothy sang labor and Zionist songs from their youth. When he moved to New York, he attended High



HOUSE_OVERSIGHT_017151

Holiday services with my family in Brooklyn. The Lyon's Den, a popular New York gossip column, carried the following vignette: [C] He was close to each clerk in a different way, following our careers, advising us on life choices and encouraging us to "do great things."

Three months after I started working for Justice Goldberg I was in his secretary's office while she was talking on the phone to her husband who was an officer in the U.S. armed forces. I think he had something to do with communications, because he told her that shots had been fired in Dallas. We turned on a small television set that had been in my cubicle ever since the World Series a couple of months earlier. Nothing was yet on the news. A few minutes later everyone in the world knew that President Kennedy had been shot. It was a Friday morning and the nine Justices of the Supreme Court were in their weekly private conference, which no one, except for the Justices, was allowed to attend. There were no secretary, clerks or messengers. I had been given strict instructions never to interrupt Justice Goldberg during one of these conferences, but I knew this was an exception. And so I went to the door of the private conference room and knocked. Justice Goldberg, being the junior Justice, answered the door and gave me a dirty look, saying, "I told you not to interrupt me." I said, "Mr. Justice, you are going to want to know that the President has been shot." Several of the Justices immediately gathered around my little television set which, it turned out, was the only one in the entire Supreme Court building. We watched, as the news got progressively worse, finally leading to the announcement that the President was dead. The Chief Justice asked all of the Justices to disperse for fear that there might be a conspiracy involving attacks on other institutions. The clerks stayed behind to finish the court's business.

The following night, right after the Sabbath was over, Justice Goldberg asked me to pick him up and drive him to the White House. He was closely connected both to the Kennedy family and to Lyndon Johnson, and the new President wanted his advice. I picked up the Justice in my old Peugeot, which was filled with children's toys. I drove him to the White House gate. Goldberg asked me to wait for him, since the meeting would be relatively brief, and drive him home. When the White House guard looked into the car, he immediately flung the back door open and grabbed a toy plastic gun. Nerves were pretty tense. He wouldn't let me wait inside the White House gate, so I had to wait outside until the Justice returned. I also drove him to the funeral and was with him when the news came over the radio that Lee Harvey Oswald had been shot. Goldberg exclaimed angrily, "What kind of a country are we living in!"

Shortly thereafter, Chief Justice Earl Warren told the Supreme Court staff and employees that he was becoming Chairman of the newly formed Warren Commission. I asked Goldberg why he would do that. Goldberg told me something, which only in retrospect became clear. He said that the President had asked him to perform a patriotic duty and to convince the American public that the act was that of a lone gunman, and not a conspiracy by the communists. Warren agreed because he did not want to allow any excuses either for a return of McCarthyism or for military hostilities between the Soviet Union and the United States. I later learned that Lyndon Johnson personally believed that there was a conspiracy behind the Kennedy assassination, but handpicked the Warren Commission to assure that even if the evidence pointed in that direction, it would be covered up in the interest of national security.



HOUSE_OVERSIGHT_017152

Another controversial issue during my year on the Supreme Court was obscenity. I recall Justice Goldberg coming back from a screening of an allegedly obscene movie called "The Lovers" and saying "That damn movie ought to be banned, not for obscenity, but for fraud. There were no good dirty parts." There was another case involving a dirty book called *Fanny Hill*. The book was not included in the record, but Justice Goldberg wanted to read it. He was embarrassed about going to a bookstore and buying it himself, so he asked me to go and buy a copy of the book, but not to read it. Hah!

Some people think that Goldberg was bored on the Supreme Court. He was used to his phone ringing all the time. The truth is that his phone rang all the time he was on the Supreme Court. He always had visitors and guests. He lived a very hectic life.

Sometimes the guests were unwelcome. I remember one situation where a man knocked at the door of Justice Goldberg's chambers (in those days, anybody could walk into the chambers; today, that is impossible). He told me that he had met Justice Goldberg and that he knew that the Justice was making a great financial sacrifice to serve on the Supreme Court. He was starting a foundation, he told me, to help people make the transition from lucrative private life to low paying government jobs, and he would like to offer the Justice the opportunity to have his salary supplemented. When I told the Justice the story, he told me to "Throw the bum out." The "bum" turned out to be Louis Wolfson, a man facing stock fraud charges, who later made a similar offer to Justice Fortas. Justice Fortas accepted the offer and lost his seat on the Supreme Court as a result. Justice Goldberg was far more scrupulous. One day he received a basket of fruit. I don't remember if it was for Hanukah, Christmas or a birthday. But he immediately looked at the card and saw that it was from Katherine Graham, the publisher of the Washington Post. The important case of *New York Times v. Sullivan* was then pending before the Supreme Court. Goldberg insisted that we immediately send the basket back. I told him that I had eaten a banana from it. He insisted that I go to the fruit store and buy one to replace it before having the basket returned.

Justice Goldberg was a deeply ethical, but only marginally religious, man. He did not attend synagogue regularly, though he was very active in numerous aspects of Jewish public life. Every year he had a Passover Seder, to which he invited all the Washington luminaries. When I was his law clerk, he invited me and I gladly accepted. Knowing that I was strictly kosher, he arranged to have the entire Seder dinner catered by an expensive kosher caterer. At the last minute, my mother forbade me from attending a Seder other than hers, and I had to decide whose views trumped, a Justice of the Supreme Court or a Jewish mother. I don't have to tell you who won, and Justice Goldberg remained angry with me for months, saying, "All those people had to eat catered kosher food because of you, while you ate your mother's home-cooked food."

Shortly after I received the offer to clerk with Justice Goldberg, my second son Jamin was born. Since we did not know many people in Washington, we asked for a recommendation for a mohel - - the man who performs the ritual circumcision. His name was Goldberg. We duly entered his name in our address book. One night I called him to discuss the upcoming bris. A man answered the phone and I inquired, "Mr. Goldberg?" He replied, "Who is this?" I said, "Is this Mr. Goldberg the mohel?" He replied, "No, this is Mr. Goldberg the Justice." I quickly apologized and addressed him as Mr. Justice Goldberg. I still don't know the appropriate way to address a mohel.



HOUSE_OVERSIGHT_017153

One day while he was hearing arguments, and I was working in the office, I received a note from the Justice asking me whether it was required under Jewish law that an orthodox woman always wears a hat, even while arguing a case in the Supreme Court. The Supreme Court had a rule prohibiting wearing any head covering. But Goldberg was willing to insist that there be an exception if there was a religious obligation. I wrote back saying that there was such a rule for strictly orthodox women. He wrote back asking me to come into the courtroom, which I did. When I got there I looked at the offending hat. Just as I did so, I got another note from Justice Goldberg saying is there anything in Jewish law that requires a woman to wear such a big ugly hat. I assured him that there was not. Nonetheless they made an exception, but Justice Goldberg told me to discreetly inform the woman that next time she argues, she should wear a smaller hat.

Justice Goldberg also asked my advice about whether he should sit on the opening day of Court, which fell on Yom Kippur, the holiest day of the Jewish calendar, during which all work is prohibited. I looked at the calendar of cases to be argued that day and noted that there was a capital case. I told him that Jewish law permitted violation of nearly all religious precepts if human life was at stake and recommended that he call the rabbi of his congregation. The rabbi confirmed my view and told him to sit only on that case. He did and helped save the life of the condemned man.

The Supreme Court had a small basketball court on the fifth floor. The clerks called it "The Highest Court in the Land," since it was directly above the Supreme Courtroom itself. Rumor had it that in previous years the clerks used to play basketball while the Justices were hearing arguments, and the sound of the bouncing ball could be heard through the ceiling of the Court. A rule was established therefore prohibiting the playing of basketball during Court sessions. By the time I got there the games were in early evening, and occasionally Justice White, who had been a former professional football player, participated. As a basketball player, White was a great football player - - not much finesse, but lots of elbows. I played only occasionally, but was there once when Justice White was in a game. He boxed me out for a rebound and, in the process of grabbing the ball, hit me in the face with his elbow. I instinctively yelled, "That's a foul, damn it!" to which I quickly added, "Mr. Justice." I was overruled by His Honor.

According to historians of the Supreme Court, the 1963-64 term was among the most significant and innovative in the history of the American judiciary, and Justice Goldberg was at the center of the action. He assigned me to draft the famous *Escobedo* opinion, which changed the law of confessions and led to the even more famous *Miranda* decision. Escobedo was suspected of killing a relative and he was interrogated without his lawyer being present, even though his lawyer was in the police station, trying to advise him on his right to remain silent. I penned the following words that became an important part of my legal philosophy throughout my career:

> We have…learned the…lesson of history that no system of criminal justice can, or should, survive if it comes to depend for its continued effectiveness on the citizens' abdication through unawareness of their constitutional rights. No system worth preserving should have to *fear* that if an accused is permitted to consult with a lawyer, he will become aware of, and exercise, these rights. If the exercise of constitutional rights will thwart the



HOUSE_OVERSIGHT_017154

> effectiveness of a system of law enforcement, then there is something very wrong with that system.

The theme of this paragraph – the right to know of one's rights – has pervaded my thinking and teaching.

During that term, I also drafted opinions—some majority, some concurring, some dissenting—on trial by jury, freedom of speech, desegregation, reapportionment, immunity and other important and changing areas of the law. There could be no better foundation for the next phase of my career—teaching law students at the nation's largest and most prestigious law school, Harvard.

Before I leave the Supreme Court, I must recount one vignette regarding Justice Goldberg that caused me considerable disappointment. One of the great villains of the day to all liberals was J. Edgar Hoover, the head of the FBI. On several occasions, I let my negative views about Hoover be known to Goldberg, but he never said a word. I didn't understand why. A few years later, I asked Bazelon, who smiled, and said "I probably shouldn't tell you, but it's important for you to know that there are no perfect heroes." He continued, "Hoover and Goldberg got along well, because when Goldberg was the lawyer for the labor movement, he worked hard to rid the C.I.O. of Communist influence." I asked whether that meant he informed on Communist with the Union. Bazelon replied, "I wouldn't use the word informed, but he worked closely with Hoover on a common goal: to rid the C.I.O. of Communist influence."

Bazelon then told me that Thurgood Marshall had played a similar role with regard to the NAACP—trying to cleanse it of Communist influences."

"That's how Thurgood and Arthur made it to the Court. If Hoover had opposed them, they might not have been appointed."

I was shocked. "But there have been other liberals appointed as well," I insisted.

"Yes, Douglas, but he was Joe Kennedy's boy, and Hoover liked Joe Kennedy, at least back in the day when Douglas was appointed. With Hoover, it wasn't so much what you believed as were you with Hoover or against him."

"What about Justice Brennan?," I asked.

"Bill was an accident, an Eisenhower mistake. They didn't know he would be so liberal. Eisenhower regarded Warren and Brennan as his worst mistakes."

Bazelon then paused and said he would tell me something else, if I promised to keep it a secret until Goldberg and Marshall were both dead. I promised.

"Hoover had something on both of them."
"What?" I asked.
"Goldberg apparently had a brief 'friendship' with some European woman who may have been a Russian spy. Hoover covered it up."



HOUSE_OVERSIGHT_017155

"What about Marshall?"
"Thurgood had a drinking problem that got him into some sexual trouble. He went into therapy and Hoover gave him a pass."

I asked Bazelon how he knew, and he told me that Marshall had sought his advice about a therapist and that the Goldberg story was well known among his close circle of friends.

I was deeply disappointed, but the new information didn't diminish my respect for the two giants of the law. It did confirm my belief that there are no heroes without clay feet. It also confirmed my belief that J. Edgar Hoover was among the most powerful and dangerous forces in Washington.

About a year after I finished my clerkship with Justice Goldberg the phone rang one night. It was Dorothy Goldberg, she was sobbing, "Alan, make him change his mind." Justice Goldberg had decided to leave the Supreme Court in order to become the U.S. Representative to the U.N. Mrs. Goldberg was very upset with her husband's decision, but there was nothing I could say that would make him change his mind. He talked about patriotism and the need to end the war in Vietnam and insisted that he was doing the right thing.

Five years after he retired from the Supreme Court, Justice Goldberg decided to run for governor. He asked his former law clerks, including current Supreme Court Justice Stephen Breyer and me, to help him in his campaign. Goldberg was a stiff campaigner, and not particularly knowledgeable about New York. Once while eating a knish at Yona Shimmel's on Houston in the Lower East Side, he told the assembled press how pleased he was to be in Brooklyn. A few days later a friend of mine who was a reporter with the Daily News called to have me comment on a story he was writing concerning how stiff and formal Justice Goldberg was. He said he had heard reports that he required his former law clerks still to call him "Mr. Justice." It was absolutely true. I told my friend that I would get back to him with a comment. I then went in to see the Justice and told him about the upcoming story. He replied, "Well it's true so why don't you just confirm it." I said, "Mr. Justice can't we just change it." He said, "No, I want you to continue to call me Mr. Justice." I replied with a compromise, "How about if we continue to call you Mr. Justice in private but we call you Arthur or Art or Artie in public?" He reluctantly agreed to be called "Arthur" in public, so long as we still continued to call him "Mr. Justice" in private. I called him "Mr. Justice" till the day he died. Needless to say, he lost the election to Nelson Rockefeller.

Justice Goldberg always wanted me to become a judge, perhaps even a Justice. I never had any interest in wearing a robe since judging requires the kind of passivity that is not suitable to my temperament. I was surprised that Justice Goldberg was so insistent since he himself had left the bench after only 3 years. I don't think I would have lasted 3 months. In any event, I never lived my life so as to make it possible to be nominated for anything that required confirmation. I was once flattered by a magazine article that listed some of the most talented but unconfirmable people in America. I was included on that honor roll. My friend Steve Breyer on the other hand, was always the perfect judge and I worked hard behind the scenes to do everything I could to help his chances of serving on the bench. I helped him get confirmed for the Court of Appeals and lobbied President Clinton to appoint him to the Supreme Court. On the night of his nomination, he had his wife came to our home for an intimate celebration of his assuming the



HOUSE_OVERSIGHT_017156

Goldberg seat on the Supreme Court. He has proved to be an extraordinary judge and is one of the fairest people I know.[19]

Some lawyers describe their clerkships as interesting or career-enhancing "jobs." My clerkships were life-changing experiences, which continue to influence me to this day. There could be no better preparation for my life as a professor at Harvard Law School.

[19] When he was finally appointed to the Supreme Court, he invited me to come to his swearing in at the White House, after which there was a little party, where wonderful White House cookies were being served. My daughter was then in elementary school and I thought it would be nice to bring to her class a bunch of White House cookies for their next snack period. I took a paper napkin with White House markings and I started to put as many cookies as I could in it and then into my pocket. Suddenly there was a tap on my shoulder, "Stealing cookies from the White House, huh?" It was Hillary. She told me I didn't have to do that. She would be happy to give me a large box to take home. The kids in my daughter's class loved the cookies and the story. But the truth is they weren't quite as good as my mother's.



HOUSE_OVERSIGHT_017157

Chapter 4: Beginning my life as an academic—and its changes over time

I moved to Cambridge with my wife and two sons during the late summer of 1964. We rented an apartment, first in Brookline and a year later in Cambridge.

I began my teaching career at Harvard at the age of 25. Some of my students were older than I was, and a lot more experienced. I was called the "Boy Professor."[20] It was intimidating and scary.

Preparing for classes that I had never before taught was a full time job. When I began teaching in 1964, the two "best" teachers were reputed to be Clark Byse and Ben Kaplan. I wanted to learn from the best, so I asked them if I could sit in on some of their classes to observe their teaching techniques and styles. They both refused. Professor Kaplan asked me, rhetorically, whether I "allowed people to watch while you make love with your wife?" I replied, "of course not." He smiled and said "well, I make love with my students and don't want anyone watching." I was tempted to respond that if I had 160 wives and made love to them all at once, I wouldn't even notice if people watched, but I accepted his rebuke and had to figure out how to teach based on trial and error. There were no classes at Yale Law School on how to teach law—and no instruction books. For the first several years I did nothing but teach and write. It was a full time job, and I had no time for cases or other outside activities. That was soon to change, but not until after I learned how to be a professor.

My first assignment was to teach the required first year course in criminal law. On my first day of teaching, I encountered 160 eager faces. The men were dressed in shirts and ties; the handful of women wore skirts. The teaching style of the day was Socratic, with the teacher posing difficult hypothetical questions based on cases the students were assigned from a case book. The "Socratic Method" came naturally to me because of my Talmudic background and argumentative nature. Right from the beginning I sensed that the traditional case books did not give the students an appropriate balance between the theory of law and its real world practice. I decided to write my own case book, along with my criminal law mentor at Yale, Joseph Goldstein. I also decided to supplement my case book on a weekly basis with materials about contemporaneous developments in the law. My goal was to keep the students current while also preparing them to practice, teach, judge or legislate about criminal issues until the end of their careers a half century hence. I also wanted to introduce my students to other disciplines—psychology, sociology, economics, biology, literature—that would enrich their lives as lawyers. It was a daunting task, but one that I approached with enthusiasm and eagerness. I rejected any sharp distinction between "theoretical" and "practical" approaches to teaching, believing that theory must be tested by practice, and that practice should be informed by theory. To this day, I bring my practice into the classroom and my theory into the courtroom.

I immediately loved teaching, particularly the Socratic exchange with my students. But I noticed that even though several of my students were older than me (William Bennett was among them), many of them were intimidated by the fact that I was the Professor. The "Paper Chase" professors were still the rule at Harvard and students were terrified of making a mistake. I wanted very much to loosen up the students and so I decided on a ploy. About a month into the

[20] Harvard Law Record, October 22, 1964, p. 3



HOUSE_OVERSIGHT_017158

class I deliberately made a mistake in asking about a case. I asked what the jury instruction had been. A student sheepishly raised his hand and said, "Professor, there was no jury instruction - - the case was tried before a judge." I said, "Woops - - I made a mistake. You're right," and I moved on. I noticed that after that "mistake" the students loosened up and were prepared to take many more risks. I have repeated this ploy many times to loosen up a class.

Sometimes my mistakes in class were completely unintentional and darn embarrassing. Once I was teaching about a criminal concept that required the prosecution to build a wall separating information obtained under grant of immunity from information independently secured through investigation. The courts described this as a "Chinese Wall" because it had to be impenetrable. I was raising the possibility that one prosecutor may have improperly leaked information to another prosecutor, and I described it as follows: "There may have been a chink in the Chinese Wall." A Chinese American student in the class immediately took offense, erroneously believing that I was referring to Chinese people with that racial epithet. The thought had never occurred to me, but I never used that particular phraseology again.

I also offended some of my Jewish students once when I was comparing Canada's approach to affirmative action to our own. In Canada, only "visible minorities" are eligible for affirmative action. A student asked me whether Jews were a visible minority. I responded, "No, we're an audible minority." Even though I was joking about my own group, I got flack from a number of Jewish students who thought I was reaffirming an old stereotype. I quickly learned that humor was important to my teaching but that humor based on racial, gender or religious stereotyping could raise sensitivities.

I was sympathetic, therefore, when I asked a first year student how we would have responded to a particular plea bargain offer by a prosecutor. His response: "I would have tried to Jew him down a bit." The class was appalled at his ethnic slur and so was I, but I understood that he was probably just regurgitating what he had heard at his dinner table. I spoke to him privately after class. He was genuinely mortified at his lack of sensitivity. I'm sure he never repeated that particular slur.

Because I was a rookie, I tended to spend an enormous number of hours preparing for each class. I stayed up the night before planning my questions and strategies and got to the law school at 7:00 am before each class. Naturally I parked in the first available slot in the parking lot. Several days into the semester Professor Clark Byse mentioned at lunch that Dean Griswold was sizzling mad because someone was taking his parking spot every day. Nobody had told me that the first spot was traditionally reserved for the Dean.

Erwin Griswold was quite concerned about my lack of sophistication. I had never been outside the United States when I first started teaching at Harvard. I had barely been out of the Northeast. I still spoke with a pretty thick Brooklyn accent and, occasionally, allowed Yiddishisms to creep into my conversation. Griswold decided to take me on as a project. In the spring of my first year, he told me that he wanted me to go to England and France to look into criminology institutes in those two countries. The school would pay for the entire trip and various alumni would meet me in Paris and London and show me around. I was thrilled, but a bit surprised, when I got to Paris and discovered that there was no criminology institute to speak of. I still had a wonderful time.



HOUSE_OVERSIGHT_017159

In London, I was invited to represent the Harvard Law School at the 750th anniversary of the Magna Carta at Westminster Abby, where I sat several rows behind the Queen. It was only years later that Griswold acknowledged to me that the criminology institutes were just an excuse to have me travel abroad and get a little culture. It worked. I bought my first piece of art in Paris on that trip – a Kandinsky lithograph for which I paid $25. While in Paris, I was offered the opportunity one night either to attend a Paris opera or to hear a new group of British pop singers. Because I was trying to gain some culture, I chose the opera, and missed an opportunity to hear the Beatles in person. My children still kid me about that one.

My mother loved to write me letters at Harvard and she would always address me as "Ass Prof," the abbreviation for assistant professor. Naturally, a student came upon one of the envelopes, and the word got around that my mother was calling me "The Ass Professor." My grandmother couldn't get the pronunciation rate, calling me the "Profresser" (in Yiddish, fresser means overeater).

One day in criminal law I had a particularly obnoxious student who kept trying to one up other students by referring to his extensive background in philosophy, a subject in which he had a PhD. He would always begin his statements by saying, "Kant would say" or "Hegel would say." One day we were going to be studying an essay by one of the great contemporary philosophers, Robert Nozick. I knew that this particular student had studied with Nozick and would invoke him during the next class. Unbeknownst to the student, Bob Nozick was one of my closest friends. This was shortly after the release of Woody Allen's film "Annie Hall," in which Woody is standing in line for a movie and overhears a pretentious man regaling his date with information about Marshall McCluen. Woody Allen then pulls Marshall McCluen from behind a sign and has McCluen confront the pompous man, saying, "You know nothing of my philosophy." It was a wonderful putdown scene. I told Bob Nozick about the student. He knew him and agreed with my assessment. On the day in question, Bob sat in the back of the room with a hat over his head. As soon as the student began, "As Professor Nozick would say," Bob took his hat off, strutted to the front of the room and declared, "You know nothing of my philosophy." He then turned to me and said, "And neither do you." We all had a good laugh and Bob co-taught the rest of the class with me.

Shortly after I began teaching, the Harvard Law Record wrote an article, headlined "The Psyche and the Law," describing my somewhat unusual approach to teaching criminal law.

> "His course in criminal law seems to some not to be a law course at all. For in place of abstracted appellate decisions, the would-be lawyers read pages by Margaret Mead. Where one would expect a capsule treatment of criminal procedure, he is apt to find a papal lecture on medical research and morality. Instead of listing categories of offences, the students skim Alfred Kinsey's report on the sex life of American males."
>
> It described me as "probably the youngest man ever named to the Harvard Law School faculty, [who] got his appointment at age 24." It quotes me as making the heretical statement that: "there's no such thing as The Law….Law is one of our many processes for ordering society. You can't view this process as a neatly compartmentalized entity. It must be viewed in its full perspective as an ongoing system."



HOUSE_OVERSIGHT_017160

> Professor Dershowitz sees his job not as teaching "the specifics of law in any jurisdiction; anyone can find that on his own," but to teach his students how "to ask the right questions and bring to bear the right information for the right purpose." In short, her purports to teach his students how to think critically and teach themselves.
>
> "I can only present the problems," he explains. "In many instances there are no answers, and I don't particularly care what answers the students find. As long as they see the process in perspective and are equipped to ask the right questions, that's all that counts."
>
> We deal with common day-to-day documents of the law—indictments, probation reports, transcripts—not merely sterile abstracts of appellate cases…Every major problem faced by the practicing lawyer will come up eventually. But the student will have to find them; they won't pop out at him…We don't play the logical, cute little game that often typifies criminal law courses. There are rarely pat answers and clear distinctions in this course; the student will have to make his own chapter titles."

Some traditionalists were appalled at my interdisciplinary approach. One distinguished alumnus spoke for many when he wrote:

> "Professor Dershowitz seems to epitomize some of the lack of reality at the law school….Until such time as our whole penalogical system is changed, the law student is going to have to know his 'law' as his preliminary basis for the experience to cope with existing institutions and do a lawyer's job. One cannot deny the credentials of Professor Dershowitz's genius, but I question whether the application of his genius as apparently applied, is of any help making good lawyers out of Harvard law students."

My approach was defended by Justice Arthur Goldberg, for whom I had just finished clerking, who assured my critics that: "Mr. Dershowitz's students will be the beneficiaries of his engaging personality and extraordinary insight into the subjects he will teach, just as I was."

The Harvard Law Record also editorialized that:

> It is good to know that many of these subjects are being injected into the Harvard Law curriculum by young Professor Alan M. Dershowitz; no doubt, even with our liberal arts backgrounds, we could stand and benefit from more such learning.

Shortly thereafter, a lead article in the New York Times Magazine, comparing Harvard and Yale law schools, described me as "a fresh wind blowing through Harvard" and as an extremely popular teacher.[21] That article afforded me legitimacy, even among some of the faculty and alumni who remained skeptical about my non-traditional approach to teaching law. At the end of my first year, I was given the highest teaching rating among the faculty. A subsequent article said that, "his students have praised him as 'the master of the hypothetical—answer one correctly, and he's got one in his arsenal that's guaranteed to tie your tongue in knots.'" Soon, younger teachers were asking to sit in on my classes. I always said yes.

[21] New York Times Magazine, September 11, 1966, Victor S. Nevasky, The Yales vs. The Harvards



HOUSE_OVERSIGHT_017161

I had a goal for every class, and when I think back on it, it was far too ambitious. I had to, with every single class, say something original, teach something original that had never been written or said before by anybody. That was my aspiration, and I worked hard to achieve it. Law, of course, was based on precedent: you got points for showing that someone, particularly a judge, had said earlier what you are saying now. I hated that approach. It reminded me of my Yeshiva education. I wanted to be original. Every single class had to have something new. I knew the students wouldn't appreciate it because they didn't know it had never been said by anybody, but that was my way of satisfying myself. And I would rip up the notes at the end of the year and I'd say, we have to start from scratch all over again. I was a very energetic teacher and I really tried to put everything I had into each class.

I introduced a lot philosophy and psychology into the classroom, and because I was teaching criminal law. I had a lot of freedom since no one really cared about criminal law at Harvard. Our students were unlikely to become criminal lawyers in those days. In fact, I started out one of my classes by saying, "statistically, more of you are going to be criminal defendants than criminal lawyers, so pay attention." My first year of "crim" class was kind of a course designed to stretch the mind and teach analytic skills because it was not regarded as a "bread and butter" course like corporations or tax. So I had a lot of flexibility in what I could teach.

A few years after I became a full professor, Derek Bok became the Dean of the Law School. We never got along all that well. One day he called me into his office with a smile on his face and told me that I was a very expensive professor. Since salaries are fairly standard at Harvard, I didn't know what he was talking about. He pulled out a letter from a Harvard alum saying that he would make a very considerable donation to Harvard Law School on one condition, namely, that I was fired. Many of the old-fashioned alumni were upset by my liberalism and the fact that I was teaching subjects like Psychiatry and Law, in addition to traditional subjects such as Criminal Law, but this particular alum had a more personal grievance. I had represented, on a pro bono basis, a young man I had grown up with in Brooklyn, who had been accused of making a bomb for the Jewish Defense League that had caused the death of a young woman employee of Sol Hurok. The young woman, as it turned out, was the sister-in-law of this wealthy alumnus. He would not contribute a single penny to Harvard Law as long as I remained on the faculty, but if I were fired he would donate a large building worth millions of dollars. In jest, I suggested to Derek Bok that maybe we could make a deal for a significant severance package. We both laughed. He knew that a great university like Harvard could never be intimidated, by the threat of withholding any amount of money, into firing a tenured professor.

In my second semester of teaching, I was assigned the class in family law, which was an advanced elective popular with women students, because women lawyers were thought suitable to practice in such "soft" areas of law as divorce and child custody. My class included some of the most prominent women graduates of that era, including Lydy Dole, who became a United States Senator, Elizabeth Holtzman, who became a member of Congress and the District Attorney of Brooklyn, Elizabeth Bartholet, who is a professor at Harvard Law School and several other prominent figures.



HOUSE_OVERSIGHT_017162

When I began teaching, Harvard Law School had been admitting women for only about a decade, and some of the professors still didn't believe that women could make really good lawyers. I encountered this prejudice at the end of my first year of teaching.

The star student in my first year class was a woman from New York who eventually became a distinguished judge. She received an A grade on the final exam. Three of her other first year teachers also gave her A grades, but her contracts teacher gave her a D. She came to me upset about her D grade and asked me to read her exam. I read it and it was clearly of A quality. I was sure that her contracts professor had simply made a transcription error and so I went to his office to discuss it. He glanced at the exam and said, "Oh yes, I remember her. She doesn't think like a lawyer. That's why I gave her a D." I later learned that this professor has been opposed to admitting women to Harvard Law School because he believed that women don't think like lawyers.

This episode persuaded me that something had to be done about the lingering prejudices of some of the faculty. Accordingly, I proposed "blind grading" of all exams, so that professors could not find out the gender of the student until after the grades were submitted.

Several years later, my wife and I, and my son Elon, had dinner with then President Clinton and the First Lady. We had invited them to our synagogue on Martha's Vineyard for Rosh Hashanah services and they asked us to join them for dinner after the services. (More on this later) During dinner, I asked Hillary why she had chosen Yale Law School over Harvard. She laughed and said, "Harvard didn't want me." I said I was sorry that Harvard had turned her down, but she replied "no, I received letters of acceptance from both schools." She explained that a then boyfriend had invited her to The Harvard Law School Christmas dance, at which several Harvard Law School professors were in attendance. She was introduced to one of them and asked him for advice about which law school to attend. The professor looked at her and said, "We have about as many women as we need here. You should go to Yale. The teaching there is more suited to women." I asked her who the professor was and she told me she couldn't remember his name but that she thought it started with a "B." A few days later, we met the Clintons at a party. I came prepared with yearbook photos of all the professors from that year whose name began with "B." She immediately identified the culprit. He was the same professor who had give my A student a D, became she didn't think like a lawyer. It turned out, of course, that it was this professor—and not the two brilliant women he was prejudiced against—who didn't think like a lawyer. Lawyers are supposed to act on the evidence, rather than on their prejudgments. The sexist professor ultimately became a judge on the Internal Court of Justice—a perfect fit! (More on this later.)

Nor was Professor "B" alone in his negative views of women as lawyers. One teacher refused to call on women, except on one day of the year, which he called "ladies day." On that day, he picked on them and verbally abused them to the point that some deliberately stayed away. The dean of the law school, Erwin Griswold, a great defender of civil liberties and civil rights, was a blatant misogynistic. Near the beginning of my teaching career, he invited the new assistant professor—me—and all the women students—a small number—to his home for dinner. He warned the women that if they came to law school to find husbands, they would be disappointed: "Harvard Law School men don't date Harvard Law School girls. They date girls from Lesley" (a neighboring women's college). He then went around the table asking all the women students why



HOUSE_OVERSIGHT_017163

they were taking up the place of a man who would actually practice law, while they got married and raised children.

Dean Griswold wasn't particularly comfortable with Jews either. At the same dinner, he noticed that I didn't eat the meat, and he asked me why. I told him I was kosher, to which he responded: "Even the Catholics have eliminated the prohibition against eating meat on Friday. Don't you think it's time for your people to eat what everyone else eats." I thought he was kidding, so I said: "I'll check with my people." He wasn't kidding. The next time I saw him I said: "I've checked with my people and they said that they've been keeping kosher for thousands of years, so a few more centuries couldn't hurt." He didn't laugh. I think this exchange kept me kosher for an extra few years!

For more than a year, Griswold called me "Shapiro," which was the name of another assistant professor, with whom I had nothing in common, except a Jewish sounding name. Griswold demanded that I teach classes on Saturday. I refused. He said he couldn't make a special exception for me because I was a practicing Jew. I still refused. So he abolished all Saturday classes.

Shortly after I was appointed to the Harvard Law School faculty, I received a call from Judge Aldrich inviting me to present a talk to the members of his private club, called the "Club of Odd Volumes." He assured me that its members included some of the best and most important lawyers in Boston, including several Justices of the Supreme Court and other judges. "We invite all the new dons to tell us about their work," he advised me.

Remembering Judge Bazelon's refusal to speak to the members of Justice Douglas' restricted club, I politely told Judge Aldrich that I would get back to him. I then called the head of the local Anti-Defamation League and inquired about the Club of Odd Volumes. "They don't accept Jews, Catholics, Blacks or women as members," he quickly responded. I called Judge Aldrich, and told him that I had a strict policy against speaking at any "restricted" club and so I would respectfully have to decline his kind invitation. (I adopted that "policy" that day, having never before been invited to speak at a restricted club.) He thanked me for considering it and hung up the phone. Within an hour, I was abruptly summoned into the Dean's Office.

Dean Erwin Griswold informed me that I had offended one of the Law School's most important and influential alumni, that I was the only assistant professor ever to turn down an invitation to speak at that club and that it was important for untenured faculty to present their work there because several of the members served on the Harvard Board of Overseers that had to approve all tenure decisions. "You've hurt your chances," he chided me. "Why did you decline their invitation? Will you reconsider it if I can get them to invite you again?"

I explained my reasons. Griswold, who despite his Midwest origins considered himself an honorary Brahman, was a cautious advocate of civil rights and civil liberties, so I thought he would understand. What I did not know was that he himself was a member of a restricted club. Nevertheless, he paused, looked directly at me and said, "While I don't agree with you, considering your background I can understand why you would feel uncomfortable at that club. I'll call Bailey and try to explain. I hope he understands, and I hope you haven't hurt your



HOUSE_OVERSIGHT_017164

chances." That was the last I heard, until a few years later when Dean Griswold informed me that the chairman of the overseers subcommittee being asked to review and approve the faculty decision recommending me for tenure, was an active member of "the Club." I was ready for a fight. But there was no fight. I was approved, the dean later told me, by a unanimous vote.

Several years after I began teaching, I was invited to deliver a distinguished named lectureship at a major university. Following my talk, there was a dinner in my honor at the local university club. When I got to the club, there were several women standing outside picketing because it was a men's only club. I refused to cross the picket line and the dinner had to be moved to a different venue, over the strong objections of the Chief Justice of the State, who was one of the sponsors to the dinner. I had a similar experience in Columbus, Ohio, after I argued an important case on behalf of a local law firm. They invited my female associate and me to have dinner with them at the local university club. When we got there, they asked my associate if she wouldn't mind walking in through the side door since the main entrance was for men only. Since she was a young associate, she reluctantly agreed, but I refused to let her demean herself. We had lunch at the local McDonald's. Several years later, I was invited to Australia to give a series of lectures, and the Harvard Club of Sydney asked me to give a luncheon talk to Harvard alumni. I agreed. When I mentioned to a friend that I was going to be speaking at the Australia Club, he advised me that it was closed to Jews, women, and Blacks. I gave the Harvard Club two options: I would keep my commitment and make my speech, but I would speak about why it was wrong for Harvard to hold events at segregated clubs; or they could move the speech and I would give a talk about life at Harvard. They chose the second alternative. When I returned to Harvard, I wrote to the dean and a memo was circulated mandating that henceforth no Harvard professors, speaking on behalf of Harvard, should appear in a segregated venue. When a Jewish country club in Boston asked me to talk, I told them about my policy and declined the invitation. They explained that the club had been established in reaction to the unwillingness of other country clubs in the area to accept Jewish members. I told them that I did not think this justified further discrimination. A few days later, the membership chairman called and told me that, in fact, the club had six non-Jewish members and that it was open to accepting more. I made the speech. A young member approached me following my speech and told me I had been conned, "Sure, we have six non-Jewish members, but they're all sons-in-law of Jewish members." I have never spoken at that club again.

When I joined the faculty, it was quite small—perhaps two dozen full time professors. (Today there are more than 100, with a student body that hasn't increased in size.) The entire faculty would meet for lunch every day in a small dining room around a large table presided over by the dean, and in his absence by a senior faculty member. The discussions would revolve around legal issues. The criteria for judging an argument and its maker was its "soundness." That word still rings in my ear, like my grandmother's "meturnished." All faculty nominees had to have "sound" judgment. Their writing had to be "sound," rather than creative, speculative, quirky or provocative. I was concerned because my views were anything but "sound"—as least as judged by some of the more traditional faculty members.

Recently, I told one of my long-time colleagues that when I was choosing between teaching at Harvard and Yale Law Schools, my Yale Law School teacher, mentor and friend, Professor Alex Bickel, who had been turned down for a professorship at Harvard because his views of



HOUSE_OVERSIGHT_017165

constitutional law weren't sound enough, and subsequently became one of the most distinguished law professors at Yale, advised me against going to Harvard: "You won't fit in there," he warned me. When I recounted this story to my Harvard colleague of 50 years, he replied: "Alex was right. You don't fit in here." I never tried to.

In order to obtain tenure, each assistant professor had to publish a "tenure piece." I wrote an article on the relationship between law and psychiatry that was critical of the law's overreliance on psychiatry in judging whether mentally ill criminals could be held responsible for their crimes, and whether people thought to be dangerously mentally ill should be preventively detained in asylums. Because the article insisted that these decisions should be based on legal rather than medical criteria, and because it was somewhat critical of certain views espoused by my mentor Judge Bazelon—who was regarded at the epitome of unsoundness by the Harvard Law School establishment—it was deemed sound and I was voted tenure.

While I was being considered for tenure, I began to get offers from the other elite law schools—Columbia, Chicago, Stanford, Yale, NYU. I was earning $12,000 a year at Harvard and would be offered a raise to $14,000 when I received tenure. Stanford offered me $20,000, which was the highest offer any assistant professor had ever received in the history of law teaching. It was well above what many full professors at Harvard were then making. I went to Dean Griswold and told him I couldn't afford to turn down an additional $6,000 since I had two kids in private school and no money in the bank. He told me sternly that he could not pay me more than older professors so he raised <u>everyone</u>'s salary starting with mine to $21,000. I became the most popular professor among my young colleagues who all benefited from what became known as "the Dershowitz bump."

Over my long career at Harvard, I've published a great deal. I've never counted but one of my secretaries estimated that she typed a million words a year for me (including legal briefs). This would amount to 500 books! I love writing. I write every day, on hundreds of subjects, and I write everything by hand on yellow pads. I venture to guess that I've probably published more words (not necessarily wiser or better, but more) than any professor in the law school's history—more than 30 books, hundreds of chapters in other books, dozens of law review articles and thousands of newspaper and magazine articles.

I've probably also taught more different courses than most other professors. These include:

Criminal Law; Constitutional Litigation; Family Law; Psychiatry and the Law; the Prediction and Prevention of Harmful Conduct; Race and Violence; the Scriptural Sources of Justice; the Law of Sports; the Legal, Moral and Psychological Implications of Shakespeare's Tragedies; Ethics and Tactics in the Trial of Criminal Cases; Human Rights; Terrorism and the Law; Probabilities and the Law; a Comparative Analysis of Talmud and Common Law; Wikileaks and the First Amendment; the Arab Israeli Conflict through Literature; Black Power and its Legal Implications; The Writings of Thomas Jefferson; and Constraining Prosecutorial Misconduct.

In addition to my classes at the law school, I have also taught numerous classes at Harvard College, including a very large course that I created and taught jointly with Professor Robert Nozick and Stephen J. Gould, entitled *Thinking about Thinking*; a seminar with Professor Steven



HOUSE_OVERSIGHT_017166

Kosslyn on *Neurobiology and the Law*; a large class with Professor Steven Pinker on the subject of *Taboos*; and a series of freshman seminars entitled *Where Does Your Morality Come From*?

My teaching and academic writing have centered on several overarching themes. Between my earliest articles on the preventive detention of the dangerously mentally ill and my recent series of books on the prevention of terrorism, my major academic focus has been on prediction and prevention of harmful conduct. I've taught numerous classes about that and related issues. The writings ranged from the preemption and prevention of harmful conduct by the mentally ill, to the effort to predict which kinds of speeches and writings might lead to violence.[22] They included articles and books on preventive detention of suspected terrorists, preventive interrogation and surveillance methods designed to secure real-time intelligence information necessary to prevent terrorism, preemptive military actions, pre-trial detention of ordinary criminals, preventive genetic testing and inoculation, preventive character testing,[23] and preventive profiling. As to all of these issues, I have sought to balance the imperatives of due process, liberty and decency, against the legitimate needs of national security and crime prevention. I coined the term "The Preventive State" and have been thinking, teaching and writing about its increasing dangers for half a century. I believe I was the first academic to focus on this problem in a systematic way.

The *overt text* of many of my books, articles and classes dealt in large part with the substantive and procedural issues growing out of prediction and prevention of harmful conduct—the movement we are experiencing toward "the preventive state"—and the jurisprudential problems associated with this movement. There is, however, a more subtle *subtext* that runs through not only the writings about prevention, but virtually all my other writings as well.

This subtext is the need in a democracy for *openly articulated criteria and standards,* whenever states (or state-like institutions) take actions that affect the rights of individuals whether these actions are preventive or reactive in nature. This need may seem obvious, since democracy cannot operate in the absence of visibility and accountability. Yet in virtually all of the areas about which I have chosen to write and teach, the criteria and standards for government action have been unarticulated or hidden from public view. Moreover, there have been some who have argued that it is wiser, even in a democracy, sometimes to hide from public view (and hence public scrutiny) what the government is doing.[24]

Some governmental decisions and actions must, of course, be kept secret, at least for a time. Espionage activities, weapon development, military planning and the like must, by their very nature, be kept under wraps if they are to succeed. But broad policy decisions should, in a democracy, be subjected to the checks and balances not only by the other branches of

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[22] See Alan Dershowitz, *Finding Jefferson* (Hoboken, NJ: John Wiley & Sons, 2008).

[23] See Alan Dershowitz, "Preventive Disbarment: The Numbers Are Against It," *American Bar Association Journal* 58 (Aug. 1972): 815.

[24] As I wrote in *Why Terrorism Works:*

> In my debates with two prominent civil libertarians, Floyd Abrams and Harvey Silverglate, both have acknowledged that they would want nonlethal torture to be used if it could prevent thousands of deaths, but they did not want torture to be officially recognized by our legal system. As Abrams put it: "In a democracy sometimes it is necessary to do things off the books and below the radar screen."

Alan Dershowitz, *Why Terrorism Works* (New Haven: Yale University Press, 2002): 151. See also Richard Posner, Quoted pp _____ infra.



HOUSE_OVERSIGHT_017167

government, but of non-governmental organizations such as the media, the academy and, most important, the citizenry. As I wrote in Rights from Wrongs:

> This balance is part of our dynamic system of governing, which eschews too much concentration of power. American sovereignty, unlike that of most other Western democracies, does not reside in one branch of government or even in the majority of the people. Our sovereignty is a process, reflected in governmental concepts such as checks and balances, separation of powers, and judicial review. More broadly it is reflected in freedom of the press, separation of church from state, academic freedom, the free-market economy, antitrust laws, and other structural and judicial mechanisms that make concentration of power difficult.

These checks on abuse cannot operate effectively in the absence of visibility, accountability and public discourse. What is needed, and what is sorely lacking, is a theory of when governmental actions may appropriately be kept secret (and for how long) and when they must be subject to open debate and accountability. I have been seeking to contribute to the development and articulation of that theory by writing and teaching about areas of law in which the criteria and standards for state action are either hidden from public view or so vague that they invite the exercise of untrammeled discretion not subject to the rule of law.

Perhaps it is my interest in this issue of standards and accountability that is one of the reasons why I chose to focus my academic career around areas such as the prediction and prevention of harmful conduct, where there are few articulated standards and little public accountability. Or perhaps it was my focus on prediction and prevention that sensitized me to the more subtle issue of lack of visible standards and criteria. Whichever was the chicken and whichever the egg, these two paramount areas of my interest have worked symbiotically to generate my body of scholarship.

My insistence on articulate standards and accountability has not been without controversy. When I espoused the need for "torture warrants" to cabin the widespread use of extreme methods of interrogation, such as waterboarding, by the Bush Administration, I was accused of being an apologist for torture. When I have sought to learn the actual criteria by which students are admitted pursuant to affirmative action programs, I have been accused of insensitivity to racial issues. When I have demanded clearly articulated rules for limiting "offensive" speech on campus, I have been accused of favoring censorship. (More on these issues later.) When I have insisted on neutral standards of human rights, articulated with clarity. I have been accused of being a special pleader for Israel. The reality is that neutral standards and public accountability are essential to democratic governance. That is why I have devoted so much of my writing and teaching to these issues over the years.

I will continue to work on these issues as long as I can think, write and speak—even after my active teaching career at Harvard comes to an end. I am a teacher first and foremost. All of my work—classroom pedagogy, academic and popular writing, lecturing, media appearances, even litigation—is teaching. Only the audience is different.



HOUSE_OVERSIGHT_017168

The question I'm most often asked about my classroom teaching is how the students have changed and how the teaching of law has changed during the 50 years I have been at Harvard.

The change in the student body has been dramatic. The vast majority of our students are no longer the white American males that dominated the classroom in the early 1960s. Nearly half the class is comprised of women, about a quarter of the class of racial and ethnic minorities, and approximately 10% from foreign countries. This increased diversity brings with it a wide range of viewpoints and experiences that enrich the class discussion.

Today's students are also older, with more work experience. They come to the classroom with firm, if not always clear, views of who they are and what they want to be. They are not the naïve, sycophantic, uncritical consumers that characterized my generation of students right out of college. This is all good, because it makes teaching them more challenging.

Equally important has been the globalization of law over the past quarter decade. When I began teaching, all law, like all politics, was local. Today, virtually all law is global. A typical case that comes across my desk and that I now teach about is as follows:

> A man born in Israel becomes a British citizen and moves to Houston where he works for a multinational firm which allegedly paid a bribe to an African prince from one country to build a gas facility in another African country using French funds transmitted from a Swiss bank. The person is now in Canada and the United States and Great Britain are both seeking his extradition. The laws of each of the countries differ considerably as to what constitutes a bribe, as distinguished from a proper or merely unethical payment. The laws of each country also differ as to the propriety of preparing witnesses and gathering evidence.

A lawyer confronting this kind of case must know how to deal with these transnational problems. Law schools have traditionally offered courses in international law, teaching the students about international tribunals and treaties. The source of problems confronted today are not decided by international law or international courts. They are transnational, rather than international, in nature and require an ability to navigate the very different terrains of many nations' legal systems.

Among the areas of law in which political and legal boundaries are frequently crossed, are: internet law, environmental law, antitrust law, corporate law, criminal law and many newly emerging fields of law. We are just beginning to teach our students how to practice in this global environment. We must do more if we are to stay ahead of major changes and prepare our students to be great lawyers through the middle of the 21st Century.

I have been privileged to teach nearly 10,000 students over my half century career as a law professor. Among the students I have taught, mentored, advised and encountered have been Presidents, Supreme Court justices, judges, senators, congressmen, corporate CEO, deans, professors, university presidents, journalists and other movers and shakers. With the privileges of teaching tomorrow's world leaders comes enormous responsibilities. Among these responsibilities is not to use the classroom to propagandize one's captive audience. My goal is not to turn conservatives into liberals, but to make conservatives more thoughtful conservatives,



HOUSE_OVERSIGHT_017169

better able to articulate and defend nuanced positions. The same is true of liberals and everyone else. I always play the devil's advocate, challenging every view, questioning every idea, pushing every opinion.

In doing so, I learn a great deal from my students. My classroom is truly a marketplace of ideas. This should not be surprising, considering my life-long commitment to freedom of expression and the widest exchange of views, as I describe in the next chapter.

When I was offered the job at Harvard at age 24, I knew that I was qualified to teach theoretical subjects, but I worried about my lack of real world legal experience, since I had never practiced law. (One summer at a law firm between my second and third year at Yale does not a practitioner make.) Unlike some academics, my Brooklyn upbringing gave me a practical bent of mind—"street smarts"—but I craved some real world experience. I looked for opportunities to become involved in cases that would provide a smooth transition from theory to practice. Within a few years of beginning my teaching career, I found a natural transition in the form of First Amendment cases challenging governmental censorship.



HOUSE_OVERSIGHT_017170

Part II: The changing sound and look of freedom of speech: from the Pentagon Papers to Wikileaks and from Harry Reems' Deep Throat to Woodward and Bernstein's "Deep Throat."

Chapter 5: The Changing First Amendment—New Meanings For Old Words

I always wanted to be a First Amendment lawyer. Everything in my upbringing and education led me to the defense of freedom of speech. I was always a dissident—though they used the less polite term "trouble-maker." I argued with everyone, all the time. I defended other trouble-makers. I questioned everything and everybody. I may have had a Fifth Amendment right to "remain silent," but I rarely exercised it. I spoke up. For me, the freedom to speak, to write, to dissent, to seek a redress of grievances, to assemble, to doubt, to challenge, has always been central not only to democratic governance but to life itself. The First Amendment has always been my favorite part of the Constitution, not because it is first among the Amendments—in its original, proposed form, it was the Third Amendment[25]—but because without its protection, all other rights are in danger.

Not everyone agrees. Listen to Charlton Heston: "I say that the Second Amendment is, in order of importance, the first amendment. It is America's First Freedom, the one right that protects all the others. Among freedom of speech, of the press, of religion, of assembly, of redress of grievances, it is the first among equals. It alone offers the absolute capacity to live without fear. The right to keep and bear arms is the one right that allows 'rights' to exist at all."

Both history and geography have proved Heston wrong: Nearly every other freedom loving country in the world has severe restrictions on gun ownership; while none has severe restrictions on expression.

The stirring words of the First Amendment—"Congress shall make no law…abridging the freedom of speech or of the press…"—haven't been amended between my first case defending freedom of expression in the 1960s and my most recent one, but the meaning of these words has undergone dramatic transformation over the past half century. The major reason has been the rapid change in the manner by which speech is transmitted. Technology has altered the sound and look of freedom of expression.

Over the past 50 years I have defended every means, manner and mode of expression from films to plays, books, magazines, newspapers, photographs, leaflets, pamphlets, megaphones, websites, internet postings, speeches, heckling, cartoons, faxes, composites, noises, threats, incitements, videos, ads, prayers, classes, live and filmed nudity (frontal, sideal, backal), defamation, blasphemy, and digital communication (by which I mean a raised middle finger).

I have defended right wing Neo Nazi and racist speech, hard left Stalinist rhetoric, soft core erotica, hard core pornography, nude photographs of children and disgusting videos of bestiality. I have defended the right of major newspapers and book publishers, as well as anonymous and not-

[25] Congress originally voted to submit 12 Amendments to be ratified by the States. The First and Second—which dealt with the size of Congress and the compensation of Senators and Congressmen—were not ratified and the Third Amendment became the First.



HOUSE_OVERSIGHT_017171

so-anonymous bloggers, tweeters, website operators and whistleblowers to disclose classified information, state secrets and other material the government would prefer to keep under wraps.

I have represented people I love, people I hate and people I don't give a damn about—good guys, bad guys, and everything in between. H.L. Mencken used to bemoan the reality that:

> "The trouble about fighting for human freedom is that you have to spend much of your life defending sons of bitches: for oppressive laws are always aimed at them originally, and opression must be stopped in the beginning if it is to be stopped at all."

In each instance, I've stood up for an important principle: the right of the individual, rather than the government, to decide what to say, what to show, what to hear, what to see, what to teach, what to learn. I have opposed the power of the state (and other state-like institutions) to censor, punish, chill, or impose costs on the exercise of the freedom of expression—even, perhaps especially, expression with which I disagree and despise or believe may be hateful, hurtful or even dangerous.

I have myself been the victim of outrageous defamations (including that I beat and killed my wife! And that I plagiarized my book "The Case for Israel"). I have been accused (falsely, I believe) of defaming others. I have been informally charged with inciting war crimes, and formally charged with criminally defaming a judge—to which I plead not guilty! I have defended the right of my enemies to lie about me, to boo and heckle me and even to try to get me fired. While defending the right of my political, ideological and personal opponents to say nearly anything they want, I have insisted on my own right to criticize, condemn and vilify them for the wrongness of what they have chosen to say. Freedom of expression includes the right to be wrong, but it does not include the right to be immune from verbal counterattack.

I am not a free speech absolutist when it comes to the First Amendment—at least not in theory. But in practice I nearly always side with the freedom to speak, rather than the power to censor.

It's not that I trust the citizenry; it's that I distrust the government. It's not that I believe the exercise of the freedom of speech will always bring about good results; it's that I believe that the exercise of the power to censor will almost always bring about bad results. It's not that I believe the free marketplace of ideas will always produce truth; it's that I believe that the shutting down of that marketplace by government will prevent the possibility of truth.

My family and educational background—especially my constant arguments with rabbis, teachers, neighbors and friends—made me into a skeptic about everything, even skepticism. I am certain that certainty is the enemy of truth, freedom and progress. Hobbs has been proved wrong by the verdict of history in his inclusion among the "rights of sovereigns" the power to censor "all books before they are published" that are "averse" to "the truth," or not conducive to peace.

I know that I will never know "the truth." But neither will anyone else. All I can do is doubt, challenge, question and keep open the channels of knowledge, the flow of information and the right to change my mind. To me, truth is not a noun; it is an active verb, as in "truthing" (or knowing, learning or experiencing).



HOUSE_OVERSIGHT_017172

My favorite characters in the Bible and in literature are those who challenge authority: Adam and Eve defying God and eating the forbidden fruit of knowledge; Abraham chastising God for threatening to sweep away the innocent along with the guilty; Moses imploring God to change his mind about destroying the "stiff-necked" Jewish people.

My favorite Justices of the Supreme Court are the dissenters. My favorite historical figures are political and religious dissidents. My closest friends are iconoclasts. Some of my best teachers were fired.

The First Amendment would have been nothing more than a parchment promise had it not been given life by brave political dissidents and bold judicial dissenters. Because of these provocateurs, the First Amendment has not become ossified with age. It has changed with the times, sometimes for the better, sometimes for the worse. Although the literal words have remained the same for more than two centuries, two of the most important ones have been changed beyond recognition. These words are "Congress" and "no." ("Congress shall make no law….") The controversial role of these two words can best be illustrated by a story; perhaps aprocrophyl but reflecting reality, about two great and contentious justices, Hugo Black, who claimed to be an absolutist and literalist when it came to the words of the First Amendment, and Felix Frankfurter, who advocated a more functional balancing approach despite the seemingly clear words of that Amendment. In a case involving censorship by a state, Black pulled out his ragged old copy of the Constitution, turned to the First Amendment and read it out loud to the lawyer representing the state. "Read the words," he shouted at the intimidated lawyer. "It says Congress shall make NO law abridging the freedom of speech." He banged the table as he shouted and repeated the word "no." "What don't you understand about the word 'no,'" he asked rhetorically. Justice Frankfurter interrupted and said, "You're reading the words wrong." The lawyer looked startled as the Justice explained. "It doesn't say 'Congress shall make NO law.' It says, 'CONGRESS shall make no law,'" banging the table as he shouted and repeated the word "Congress." He then continued, "This law wasn't passed by Congress, it was passed by the state. What don't you understand about the word 'Congress,'" he asked, mocking his fellow justice.

By emphasizing different words, the two justices were giving radically different meanings to the very same language of the First Amendment.

The reality is that both of these words—"Congress" and "no"—have been excised over time. The first—"Congress"—was central to the history of the Bill of Rights, which was seen by its framers largely as a bill of restrictions on the power of the national legislature—namely "Congress." There was considerable concern that the Constitution, which replaced the Articles of Confederacy, bestowed too much power on the national legislature, thus reducing the rights (really the powers) of the states to legislate for their citizens.[26] The First Amendment was not intended by its framers to impose restrictions on the states. In fact when the Bill of Rights was enacted, and for many years thereafter, many states had laws severely abridging the freedom of speech and of the press. (Several states also had officially established churches and officially discriminated against Catholics, Jews, Turks and "other" Pathens.) If the framers had wanted to impose restriction on the states, it would have been simple to have written a more general

[26] The rarely invoked 10th Amendment makes this clear: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."



HOUSE_OVERSIGHT_017173

declaration protecting the right of free speech from abridgment by any government. For example: "the freedom of speech shall not be abridged by Congress or by the states." Indeed, many scholars and judges believe that this was accomplished three quarters of a century later when the 14th Amendment was ratified. It provides in relevant part:

> "nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

The current judicial view is that the words in the 14th Amendment "incorporated" the First Amendment (along with most but not all of the others) and applied it to the states. According to this view, the First Amendment now reads, in effect, as follows:

> "Congress and the state legislatures shall make no law abridging the freedom of speech."

Actually, it now reads even more broadly, since the courts have not limited the prohibitions of the First Amendment to the legislative branches, but have extended them to the executive and judicial branches—to any governmental action—as well. So the First Amendment now reads, in effect, as follows:

> "Congress and the state legislatures, as well as the executive and judicial branches of the federal and state governments, shall make no law and shall take no executive or judicial action abridging the freedom of speech."

Thus the first major change—from "Congress" to "government"—has considerably expanded the meaning of the First Amendment and broadened the right to free speech. The second change has narrowed the right, at least as literally written, by excising the word "no" as in "no law." The words "no law"—an absolute prohibition on all legislation abridging any speech—are somewhat understandable if limited to Congress. A democracy can survive if the national legislature has absolutely no power to abridge speech of any kind, no matter how dangerous or harmful, so long as the state legislatures can pick up the slack and enact what all reasonable people would agree are essential limitations on some forms of expression, such as disclosing the names of spies, the locations or warships, the plans for battle, the nature of secret weapons and other matters that must be kept from enemies.[27] But the words "no law" make little sense when applied both to the federal and state legislatures, indeed to all governmental bodies, because there really is no rational case to be made for a total and absolute prohibition by any and all governmental institutions on any and all abridgment of any and all possible utterances.

Even those, such as Justice Hugo Black, who purport to be absolutist for the protection of all speech, have figured out ways to finesse the problem. Consider the case of Cohen v. the United States in which an opponent of the Viet Nam War wore to court a jacket displaying the words "Fuck the draft." Justice Black joined a dissenting opinion that would have affirmed Cohen's

[27] Interestingly, it is the National Congress, rather than the states, that should have the power to protect the national security interests of our nation, but many of the exceptions to an absolute right of speech, that were recognized at the time the First Amendment was ratified, were matters of state concern, such as defamation laws, obscenity laws and blasphemy laws.



HOUSE_OVERSIGHT_017174

conviction on the ground that "Cohen's absurd and immature antic" was "mainly conduct and little speech." Under this approach, "all" speech remains constitutionally protected, but if you don't like the content of a particular speech—"Fuck the draft" worn on a jacket—simply call it "conduct" and by slight of hand (or abuse of language), the constitutional protection vanishes. In other words, First Amendment absolutists—those who claim to read literally and apply absolutely the words "no law abridging the freedom of speech"—simple declare a genre of expression that they do not wish to protect to be "not speech." It reminds me of the story of the Theodore White's famous visit to Communist China in the days when only a select few were invited. He was hosted by Chou en Lie at a banquet at which the main dish was roasted pork. White, a moderately observant Jew, told the Communist leader that he could not eat pig. Without missing a beat the leader told his guest that in China only he has the power to declare what a food item actually is. "I hereby declare this to be duck," he said. So White ate the "duck."

According to the absolutist view, obscenity—including dirty words used in the context of a political protest—is not speech. (Perhaps it's "duck.") The same is true for other categories of expression that do not—in the view of at least some absolutists—warrant the protection of the First Amendment. I know of no absolutist who would argue that all expression—including words of extortion, falsely shouting fire in a crowded theater, or disclosure of all secrets—are protected by the First Amendment.

Non-absolutists recognize that these forms of verbal expression are indeed "speech," but they argue that the words of the First Amendment should not be read literally. Some argue that they must be understood in the context of the times when they were written, and they point to restrictions on speech that were widely recognized in 1793. Under this approach, much of what we take for granted today as protected speech—such as blasphemy, truthful criticism of judges and serious art and literature of a sexual nature—would not fall within the First Amendment.

Other non-absolutists reject this "originalist" approach, preferring instead to argue for a "living," "evolving" and "adapting" view of the First Amendment (and the Constitution in general), which explicitly acknowledges that courts must have the power to redefine old words to meet the new needs of changing times.

Whichever approach is taken, it is clear that not all verbal and other form of expression are protected by the First Amendment. There is widespread disagreement over what are appropriate exceptions, as reflected by the divided votes of the Justices in many cases and the lack of consensus among scholars. All seem to agree with Justice Oliver Wendell Holmes that even "the most strident protections of free speech would not protect a man in falsely shouting fire in a theater…." (More on this soon.)

Several general categories of speech that may result in harms purport to flow from the "shouting fire" paradigm. They include the following:

1. Offensiveness: Expressions that offend others, such as sexist, scatological, racist, anti-Semitic, anti-Muslim, anti-Christian, homophobic and other demeaning or repulsive speech.



HOUSE_OVERSIGHT_017175

2. Fighting Words: Speech that is so offensive to some that it may cause those who hear it to react violently. This includes racial or religious epithets hurled at minorities.
3. Criminogenic speech: Violent sexualized images that may cause, directly or indirectly, such harms as rape or sexual harassment.
4. Disclosure of information that may harm the nation or individuals. This includes military and diplomatic secrets, and other information that the government or individuals may have a right to keep from the public. It may also include disclosure of personal information that may embarrass individuals.
5. Defamatory speech: Expressions that libel, slander or harass others, by conveying false or ridiculing information about them.
6. Incitements: Expressions that are calculated to incite others to commit violent or other illegal actions.
7. Disruptions: Expressions that are designed to disrupt speakers or otherwise prevent opposing views from being expressed or heard.[28]

These alleged harms sometimes overlap, as with obscenity which may offend and also cause violence against women, or racist speech which may both offend and provoke violence.

In the pages to follow, I will recount my experiences—both professional and personal—with each of those purported exceptions to the First Amendment. I will describe how the First Amendment has changed over the half century I have been litigating freedom of expression cases. In some instances, these exceptions have been narrowed, while in others they have been expanded. I will begin by exploring the roots and rationality of the "mother" of all exceptions to the First Amendment: "Falsely shouting fire in a theater." This metaphor has been invoked to justify censorship in nearly all of my cases: pornography, revealing state secrets, defamation, ridicule, incitement and fighting words. Those advocating censorship generally argue that these exceptions "are just like shouting fire in a theater." It is important, therefore, to consider whether this paradigm has a strong enough foundation to support the many exceptions to freedom of expression that purport to rest on it.

## Shouting Fire: The mother of all exceptions to the First Amendment

Justice Oliver Wendell Holmes' statement that freedom of speech does not protect someone who falsely shouts "fire" in a theater has been invoked so often, by so many people, in such diverse contexts, that it has become part of our national folk language. It has even appeared —most appropriately — in the theater: In Tom Stoppard's play *Rosencrantz and Guildenstern Are Dead,* a character shouts at the audience, "Fire!" He then quickly explains: "It's all right — I'm demonstrating the misuse of free speech."

Shouting "Fire!" in the theater may well be the only jurisprudential analogy that has assumed the status of a folk argument. A prominent historian has characterized it as "the most brilliantly persuasive expression that ever came from Holmes' pen." But in spite of its hallowed position in both the jurisprudence of the First Amendment and the arsenal of political discourse, it is and always was an inapt analogy, even in the context in which it was originally offered. It has

[28] An additional, quite controversial, mechanism involves the financing of political campaigns. See Citizen's United Case [cite]. I have not yet litigated cases in this area.



HOUSE_OVERSIGHT_017176

lately become —despite, perhaps even because of, the frequency and promiscuousness of its invocation — little more than a caricature of logical argumentation. From the beginning of my career as a First Amendment lawyer, I have taken aim at this analogy, both in my writings and in my cases. In my view, it is one of the least persuasive, though most influential, arguments for censorship that ever came from anyone's pen!

The case that gave rise to the "Fire!"-in-a-crowded-theater analogy— *Schenck v. United States*— involved the prosecution of Charles Schenck, who was the general secretary of the Socialist Party in Philadelphia. In 1917 a jury found Schenck guilty of attempting to cause insubordination among soldiers who had been drafted to fight in the First World War. He had circulated leaflets urging draftees not to "submit to intimidation" by fighting in a war being conducted on behalf of "Wall Street's chosen few." Schenck admitted that the intent of the pamphlet's "impassioned language" was to "influence" draftees to resist the draft. Nothing in the pamphlet suggested that the draftees should use unlawful or violent means to oppose conscription. As Justice Holmes found: "In form at least [the pamphlet] confined itself to peaceful measures, such as a petition for the repeal of the act" and an exhortation to exercise "your right to assert your opposition to the draft." Many of the pamphlet's words were quoted directly from the Constitution. It would hard to _____. A clear case of petitioning one's government for a redress of grievances, which is explicitly protected by the worlds of the First Amendment.

Holmes also acknowledged that "in many places and in ordinary times the defendants, in saying all that was said in the circular, would have been within their constitutional rights." "But," he added, "the character of every act depends upon the circumstances in which it is done." And to illustrate that truism he went on to say, "The most stringent protection of free speech would not protect a man in falsely shouting fire in a theater, and causing a panic."

Justice Holmes upheld the convictions, finding that the pamphlet created "a clear and present danger" of hindering the war effort while our soldiers were fighting for their lives and our liberty.

The example of shouting "Fire!" obviously bore little relationship to the facts of the Schenck case. The Schenck pamphlet contained a political message—a series of ideas and arguments. It urged its draftee readers to *think* about the message and then — if they so chose — to act on it in a lawful and nonviolent way. The man who shouts "Fire!" in a theater is neither sending a political message nor inviting his listener to think about what he has said and decide what to do in a rational, calculated manner. On the contrary, the message is designed to force action *without* contemplation. The shout of "Fire!" is directed not to the mind and the conscience of the listener but, rather, to his adrenaline and his feet. It is a stimulus to immediate *action,* not thoughtful reflection.

[29] The core analogy is the nonverbal alarm, and the derivative example is the verbal shout. By cleverly substituting the derivative shout for the core alarm, Holmes made it possible to analogize one set of words to another—as he



HOUSE_OVERSIGHT_017177

Indeed, in that respect the shout of "Fire!" is not even speech, in any meaningful sense of that term.[29] It is a *clang* sound — the equivalent of setting off a nonverbal alarm. Had Justice Holmes been more honest about his example, he would have said that freedom of speech does not protect a kid who pulls a fire alarm in the absence of a fire, in a theater when there is no fire, and thereby causes a panic. But that obviously would have been irrelevant to the case at hand. The proposition that pulling an alarm is not protected speech certainly leads to the conclusion that shouting the word *fire* is also not protected, but it certainly does not support the very different conclusion that circulating a thoughtful pamphlet is also not protected.

The analogy is thus not only inapt but also insulting. Most Americans do not respond to written political advocacy with the same kind of automatic acceptance expected of schoolchildren responding to a fire drill. Not a single recipient of the Schenck pamphlet is known to have changed his mind after reading it. Indeed, one draftee, who appeared as a prosecution witness, was asked whether reading a pamphlet asserting that the draft law was unjust would make him "immediately decide that you must erase that law." Not surprisingly, he replied, "I do my own thinking." A theatergoer would probably not respond similarly if asked how he would react to a shout of "Fire!"

Another important reason the analogy is inapt is that Holmes emphasizes the factual falsity of the shout "Fire!" The Schenck pamphlet, however, was not factually false. It contained political opinions and ideas about the causes of war and about appropriate and lawful responses to the draft. As the Supreme Court has repeatedly stated, "the First Amendment recognizes no such thing as a 'false' idea." Nor does it recognize false opinions about the causes of war.

A closer analogy to the facts of the Schenck case might have been provided by a person's standing outside a theater, offering the patrons a leaflet advising them that in his opinion the theater was a fire hazard, and urging them not to enter but to complain to the building inspectors. That analogy, however, would not have served Holmes's argument for punishing Schenck. Holmes needed an analogy that would appear relevant to Schenck's political speech but that would invite the conclusion that censorship was appropriate.

Ironically, the "Fire!" analogy is all that survives from the Schenck case; the ruling itself is no longer good law. Pamphlets of the kind that resulted in Schenck's imprisonment have been circulated with impunity during subsequent wars.

Over the years I have assembled a collection of instances— including my own cases, speeches I have heard, articles I have read — in which proponents of censorship have maintained that the expression at issue is "just like" or "equivalent to" falsely shouting "Fire!" in a crowded theater and ought to be banned, "just as" shouting "Fire!" ought to be banned. The analogy is generally invoked, often with self-satisfaction, as an absolute argument stopper. It does, after all, claim the

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could not have done if he had begun with the self-evidence proposition that setting off an alarm bell is not free speech.



HOUSE_OVERSIGHT_017178

high authority of the great Justice Oliver Wendell Holmes. I have rarely heard it invoked in a convincing, or even particularly relevant, way. But that, too, can claim lineage from the great Holmes.

In the coming pages I will describe a series of pornography cases I have litigated. In several of them, those advocating censorship have cited a state supreme court that held that "Holmes' aphorism . . . applies with equal force to pornography." Another court analogized "picketing . . . in support of a secondary boycott" to shouting "Fire!" because in both instances "speech and conduct are brigaded."

A civil rights lawyer, in a *New York Times* op-ed piece, analogized a baseball player's bigoted statements about blacks, gays, and foreigners to shouting fire in a crowded theater. I responded with my own op-ed, disputing the analogy. The Reverend Jerry Falwell, in arguing that the First Amendment doesn't protect a parody of him having drunken sex with his mother, invoked the Holmes example: "Just as no person may scream 'Fire!' in a crowded theater when there is no fire and find cover under the First Amendment, likewise, no sleazy merchant like Larry Flynt should be able to use the First Amendment as an excuse for maliciously and dishonestly attacking public figures, as he has so often done." In the famous Skokie case, in which I supported the right of neo-Nazis to march through a heavily Jewish Chicago suburb, one of the judges argued that allowing Nazis to march through a city where a large number of Holocaust survivors live "just might fall into the same category as one's 'right' to cry fire in a crowded theater."[30]

Some close analogies to shouting "Fire!" or setting off an alarm are, of course, available: calling in a false bomb threat; dialing 911 and falsely describing an emergency; making a loud, gunlike sound in the presence of the president; setting off a voice-activated sprinkler system by falsely shouting "Fire!" (or any other word or sound). In one case in which the "Fire!" analogy was directly to the point, a creative defendant tried to get around it. The case involved a man who calmly advised an airline clerk that he was "only here to hijack the plane." He was charged, in effect, with shouting "Fire!" in a crowded theater, and his rejected defense — as quoted by the court — was as follows: "If we built fire-proof theaters and let people know about this, then the shouting of 'Fire!' would not cause panic."

[30] Outside court the analogies become even more absurdly stretched. A spokesperson for the New Jersey Sports and Exposition Authority complained that newspaper reports to the effect that a large number of football players had contracted cancer after playing in the Meadowlands— a stadium atop a landfill — were the "journalistic equivalent of shouting fire in a crowded theater." An insect researcher acknowledged that his prediction that a certain amusement park might become roach infested "may be tantamount to shouting fire in a crowded theater." The philosopher Sidney Hook, in a letter to the *New York Times* bemoaning a Supreme Court decision that required a plaintiff in a defamation action to prove that the offending statement was actually false, argued that the First Amendment does not give the press carte blanche to accuse innocent persons "any more than the First Amendment protects the right of someone falsely to shout fire in a crowded theater."



HOUSE_OVERSIGHT_017179

Analogies are, by their nature, matters of degree. Some are closer to the core example than others. But any attempt to analogize political ideas in a pamphlet, ugly parody in a magazine, offensive movies in a theater, controversial newspaper articles, or any of the other expressions and actions cataloged above to the very different act of shouting "Fire!" in a crowded theater is either self-deceptive or self-serving.

Abbie Hoffman, on whose Chicago conspiracy case I worked, once described an occasion when he was standing near a fire with a crowd of people and got in trouble for yelling "Theater, theater!" That, I think, is about as clever and productive a use as anyone has ever made of Holmes's flawed analogy. And it is about the right level of logical response Holmes's silly argument deserves.

In a 1989 article I wrote criticizing the Holmes Analogy, I concluded with the following plea: "Let us hear no more nonsensical analogies to shouting fire in a crowded theater. Those who seek to censor speech will just have to come up with a somewhat more cogent illustration — one that bears at least some relationship to real speech." And so, with that in mind, I will turn to the other commonly offered exceptions to the First Amendment, some of which are quite compelling, others less so. In each instance, I will focus on cases I have litigated challenging the exception.



HOUSE_OVERSIGHT_017180

Chapter 6 Offensiveness- Pornography: I Am Curious Yellow and Deep Throat

Freedom of speech is not free. The right to say, show or publish often carries a heavy price tag. As kids, we recited the following ditty: "Sticks and stones may break my bones, but names will never harm me." Before too long we learned, often from painful experiences, how wrong it was. Names—such as "kike," "fag," "wop," "nigger," "retard," "sissy," "fatso"—could harm far more than sticks and stones. Lies, rumors, gossip, slurs, insults, caricatures could all be painful. Even the truth can hurt.[31] That's why we learn to be "polite"—to self-censor. That's why families, schools, groups and other institutions have rules, sometimes explicit, more often implicit, regulating speech. "We just don't say that kind of thing around here," is a common, if informal, limitation on freedom of expression.

It is a far cry, however, from an informal family understanding to formal government legislation and enforcement of formal restrictions on expression. I would never use —or allow anyone I love to use—the kind of epithets listed in the prior paragraph, but nor would I want the government to prohibit, under threat of criminal punishment or prior restraint, the use of those or other hurtful or offensive words.

You may remember that in the 1970s, the comedian George Carlin listed the seven words that could never be uttered on radio or television. The list included such innocent words as "piss" and "tits." (Use your imagination for the other 5!)

Although the list was never officially promulgated by the Federal Communications Commission, the uttering of the prohibited words on a Pacifica radio station that broadcast Carlin's routine led to a Supreme Court decision setting out standards for what could and could not be said during certain hours of the day and night.

Carlin's routine also became fodder for other comedians and led to the widespread mocking of any attempts to create lists of approved and unapproved words.

Nonetheless, governments have understandably sought to protect some adult citizens[32] from being "offended" by the words or expressions of other citizens. Nudists are not free to bare their privates in public, since most people are offended by the sight of other people's naked bodies, thought they may be free to do so in special areas set aside for those who are not so offended.[33] I

[31] At common law, truth was not a defense to defamation because a "truthful defamation was deemed more harmful than a false one." See Alan Dershowitz, Finding Jefferson (Wiley 2008 pages 104-05).

[32] The exposure of such material raises separate issues but the Supreme Court has ruled that the potential exposure of children does not by itself justify censoring adults. See _____.
[33] *See Dershowitz, The Best Defense, Chapter 5.*

In any event, the issue of pornography illustrates at least two distinct types of harm that have the alleged basis for prohibiting expression. A related harm grows out of the expectation that certain people who are offended by certain kind of speech will react violently to the offending person. Thus, if a white person confronts a black person and calls him by the "N word," the black person may well respond by striking the offender. Similarly if a Jewish, Muslim, Italian, Irish, Polish or gay person is confronted with a word or name deeply offensive to him or his



HOUSE_OVERSIGHT_017181

defended the right of skinny dippers to an isolated section of the Cape Cod National Seashore. (In 197_, a federal district court recognized a limited right to nude sunbathing in areas that present no conflicts with the rights of others. The decision, despite its limited scope was characterized as a "Magna Carta for nudism.")

Pornography, like nudity, offends many Americans, but there are those who would ban not only public displays of pornography, but private use as well. They argue that three distinct types of harm are caused by pornography. The first, as with nudity, is that it is offensive to many people who are involuntarily exposed to it. No empirical evidence is required to prove this kind of harm: if people say they are offended, that is the end of the matter. The second is that some people are offended by the mere knowledge that other people, who are not offending by watching it, are watching it in private. Whether this type of what I call "vicarious offensiveness" warrants an except to the First Amendment raises profound legal issues. The third, very different, kind of harm is that pornography is alleged to cause rape and other physical violence against women. This allegation, which if true would warrant legal protection, is hotly disputed and unproven, if not improvable.[34]

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group, he might respond by striking back. Hence, such provocatively offensive expressions have been called "fighting words" and have been denied First Amendment protection by some courts over the years. This concept has assumed center stage recently, as some Muslim groups, individuals and even nations have threatened violence in response to the publication of "offensive" books, cartoons and other media critiques of Islam and its prophet. The stakes have also risen. Instead of merely fighting words, some radical Muslims regard insults to the prophet as killing and bombing words.

[34] The issue is somewhat complicated, because it may be true that certain kinds of violent pornography (as well as violent non-pornography) may be contributing factors in certain people's decision or propensity to rape, just as alcohol or other drugs may be contributing factors. What is undeniably clear is that only a miniscule fraction of men who view pornography go on to rape or commit violence, and that a great many rapists do not view pornography. See Alan Dershowitz, Why Pornography? in Shouting Fire (Little Brown, 2002) pp. 1630-1675.



HOUSE_OVERSIGHT_017182

I am Curious Yellow

My initial professional encounter with the First Amendment involved a direct challenge to the concept of offensiveness in the context of a Swedish anti-war film called I Am Curious Yellow. The story involved a young girl coming-of-age both politically and sexually during the Vietnam War. It included several scenes in which she was nude and engaged in sexual activities. By today's standards, it could be shown on cable television and in art theater with an R rating, but in the late 1960s, it was scandalous. (The young girl who played the lead role, and also starred in an Ingmar Bergmann film, recently died at the age of 66, thus bringing home to me how much time had passed).

The film was seized by US Customs and banned throughout the country. Grove Press, a radical publishing house in New York, owned the film and retained me to argue for its protection under the First Amendment. I don't recall whether I charged a small fee or whether I took the case pro bono, but I put everything I had into my new found role as part time litigator on behalf of my beloved First Amendment.

I decided on a bold challenge to the traditional power of the government to censor obscene material—indeed to censor any "offensive" material shown only to people who aren't offended by it. Instead of arguing that the film itself was not obscene, I decided to argue that it was none of the government's constitutional business to act as a board of censors—to tell its adult citizens what they could and could not watch in the privacy of a movie theater that was off limits to children and that did not advertise in a pandering manner that would reasonably offend people outside the theater. There was no legal binding precedent for such a challenge. Indeed the Supreme Court had just recently reaffirmed the power of the government to ban and prosecute obscenity, as an exception to the freedom of speech. In this respect, my bold and unprecedented challenge was much like the one I helped Justice Goldberg devise against the death penalty, with the difference being he was a Justice of the Supreme Court, while I was a novice lawyer litigating my first ___ case. What both challenges shared was a large dose of chutzpah. The leading case affirming the power of government to censor porn was *Roth v. United States*. But in a more recent case, *Stanley v. Georgia*, the court carved out an exception to the exception. A divided court ruled, in an opinion by Justice Thurgood Marshall, that the state had no power to prosecute an adult for merely possessing obscene material—in this case some old stag films—in the privacy of his home. The ruling was a combination of 4th Amendment (the right of privacy in one's home) and 1st Amendment principles and was somewhat unclear about its reach, because it went out of its way to reaffirm the holding in *Roth* that obscenity was not protected by the First Amendment.

I decided to try to use the *Stanley* case as a battering ram against the very idea that government has the power to tell adults what films they could watch in a theater. The mechanism I chose for this attack was to challenge the constitutionality of the Massachusetts obscenity statute under which the owner of an art theater located across the street from the famous Boston Symphony Hall was being prosecuted for showing *I Am Curious Yellow*.

In those days, a challenge to the constitutionality of a state statute could be brought in front of a three judge district court with the right to appeal its ruling directly to the Supreme Court. The



HOUSE_OVERSIGHT_017183

criteria for bringing such a challenge, particularly if one were seeking an injunction against a state prosecution, were quite narrow. Nevertheless, we decided to try it. We asked the three judges to enjoin the Boston prosecutor, a man named Garrett Byrne, from prosecuting the theater owner.

The three judges we drew were not a promising crew.

When I learned that Judge Aldrich would preside over the panel selected to hear the I Am Curious Yellow case, I was concerned that he would remember the incident we had when I turned down his invitation to speak at his restricted club, and hold it against me. I didn't know the other two judges, both of whom were Italian American and Catholic. One of them, Judge _____ Julian, had anglicanized his original Italian name, but his strict Catholic upbringing and world views became evident throughout the hearing. The third judge, Raymond Pettine, was from Providence, Rhode Island and he surprised me with his apparent liberalism. I argued the case for several hours over three separate days.

I began by presenting my broad challenge to the power of the state to regulate the content of films shown in adult-only theaters:

> If the First Amendment means anything, it means that a state has no business telling a man, sitting alone in his own house, what books he may read or what films he may watch. Our constitutional heritage rebels at the thought of giving government the power to control mens' minds.

I argued that the ruling in the Stanley case was analogous to what was occurring in our case:

> There is no distinction in law, in logic, in common sense between the individual [watching a film at home or] deciding to go to a movie theater [and] pay his $2.50 or $3.

I could see skepticism in the faces of the judges—they did not seem to see any connection between the Stanley case and this one—as I continued with my argument:

> I submit that it's indistinguishable whether a person makes a private, individual decision to go to a movie theater and there to satisfy his intellectual and emotional needs in the company exclusively of voluntary people, people who have sought out and decided to see this film (with the possible exception of a few policemen and officials who see this film because of business reasons and who may indeed be offended by what they see, but with respect, it's part of their job.)

I acknowledged that "the Supreme Court ruled only on [home] possession in the Stanley case," but I argued that there was no real difference between possession and exhibition:

> Surely Stanley could not have been prosecuted under Justice Marshall's decision if he were caught putting the film in the 8mm projector and showing the film to himself or his friends in the privacy of his basement.



HOUSE_OVERSIGHT_017184

Judge Aldrich immediately expressed skepticism about the reach of my argument, suggesting that the Stanley decision wasn't relevant to a movie theater. He told me about his grandmother who "once went to a movie entitled Sur Les Troits de Paris. She thought it was a travelogue. She didn't after she got there of course…I heard about it." I assured him that we had dealt with that problem by providing a "prologue" that advises the audience who are admitted only before the film begins what they are about to see:

> "the story of a young girl who is trying to work out her relationships. There are a number of scenes which show the young girl and her lover nude. Several scenes depict sexual intercourse under various circumstances, some of them quite unusual. If you believe that you would be offended or embarrassed by the showing of such scenes, you are invited at this time to obtain a refund of your admission at the box office."

As Judge Aldrich continued to press me about his grandmother's sensibilities, I was reminded of the old Jewish joke about the man with the broken watch who goes into a storefront window and asks the man behind the counter to fix his watch. "I don't fix watches. I perform circumcisions," the man replied. "Then why do you have clocks and watches in your window," the customer wondered. "What do you think I should put in my window?" the store owner responded.

I had that joke in my head when I offered the following argument to Judge Aldrich:

> If a store were to open in Boston which was simply marked "Pornography Shop," it had nothing in the window, it had no advertising, it was a place where people like Stanley could come and quietly and discreetly purchase their 8mm films, [I submit] that Stanley vs. Georgia would proscribe prosecution of that seller. I submit that necessarily if there is this right to exercise one's freedom to read and see a film, there is necessarily the concomitant right to purchase it. But the state has a great interest in making sure that the purchasing is not done in a way that intrudes on sensibilities or intrudes on other legitimate interests.

The judges pressed me on whether obscene films, even when viewed in a restricted theater, could cause viewers to go out and commit crimes such as rape. I responded that if that were true, it would be just as likely—perhaps even more so—that a person watching such films alone in his basement would be influenced in that manner. I argued that Stanley had implicitly rejected that theory.

The questioning persisted, with Judge Julian wondering whether Judge Aldrich's aunt was typical:

> As a matter of common sense though, unless we are to be so gullible as to be incredibly gullible, don't the great vast majority of the people who go to a theater to see a film like this know what they're going to see?
>
> MR. DERSHOWITZ: Precisely.
>
> JUDGE JULIAN: So this prologue is a lot of nonsense, just a gesture to try to wipe out-----



HOUSE_OVERSIGHT_017185

> JUDGE ALDRICH: He's looking after my grandmother who went to see Sur Les Toits De Paris.
>
> MR. DERSHOWITZ: The only valid basis for punishing obscenity …is to protect people [like Judge Aldrich's grandmother] from being offended, from having something thrust on them in an unwilling manner and also to protect youngsters.

When I then advised the court that under my theory, the judges would not have to view the film. Judge Aldrich immediately interjected: "Are you trying to bribe us to decide the case so we don't have to see the film?...I will admit that's the best bribe I have ever been offered."

Judge Julian did not seem to understand my argument. He kept asking me whether I wanted the court to assume that I Am Curious Yellow was not "pornographic."

I tried to explain:

> "It's exactly the opposite. We do not ask you to decide whether or not the film is pornographic. We are asking you to decide that the film shown in a nonobtrusive way, advertised in the way that it's been advertised right from the beginning, with no hint, no suggestion of obscenity or prurience, played, if you wish, with the warning being given, although there have been no complaints by a single viewer of the film that he's been offended—because your Honor is of course right: everybody knows what they're going to see—exhibited in that manner, the film is protected by the First Amendment without regard to its contents."

Judge Julian then questioned me about whether this case was really about money, rather than freedom of speech, because Grove Press was a commercial distributor of films for profit:

> JUDGE JULIAN. These people are exhibiting this film for the box office receipts, are they not as a fact?
> Mr. DERSHOWITZ. The New York Times is selling its papers for the box office receipts as well.
> JUDGE JULIAN. Let's talk about this film not the New York Times. Isn't this film being exhibited for the primary purpose and perhaps…for the only purpose of getting money at the box office? Isn't that the actual fact?
> Mr. DERSHOWITZ. Your Honors, that fact is utterly irrelevant, I would submit.
> JUDGE JULIAN. But is it the fact though?
> Mr. DERSHOWITZ. I don't know. I can't probe Mr. Rosset's mind, who is the president of Grove Press…I think he probably has very mixed motives.
>
> •••
>
> JUDGE JULIAN. That's what troubled me immensely, to see the First Amendment used for the sole and obvious purpose of making a profit and for no other purpose.



HOUSE_OVERSIGHT_017186

> Mr. DERSHOWITZ. Well, I would submit that most politicians that get up and make political speeches are doing it for a motive which is not unrelated to that. Yet we don't probe the motives of Presidents and Vice-presidents and Senators in speaking. Nor should we probe the motives of newspaper publishers and film producers.
>
> JUDGE JULIAN. Perhaps they should be probed.
>
> Mr. DERSHOWITZ. I think the First Amendment would be virtually a dead letter; [if] we would only permit people to speak who spoke simply for art for art's sake or politics for politics' sake…
> Here we're talking about something where money is being paid in order to show the film and nobody can suggest that the film should be shown in this country for free or at cost. There would simply be no films being manufactured in this country and that aspect of the First Amendment will have substantially suffered.

I then returned to my distinction between an enclosed theater and an open display.

> If Grove Press were to put up a billboard…above a large area where people congregate and there were to be an alleged obscene picture on the billboard, and the state were to try to enjoin that, I would have to [concede that there might be some harm to people who didn't want to be exposed to obscenity.]
>
> JUDGE JULIAN. That's a very generous concession.
>
> Mr. DERSHOWIZ. But in this case I do submit nobody is being exposed to anything that he doesn't want to be exposed to at all. The only thing that people are being exposed to is the fact that they know that a film is being played in Boston or in Springfield, and that fact, if it offends people, is not entitled to constitutional protection so long as they can avoid being exposed directly to the contents of the film.

Judge Aldrich was intrigued by this last point and said that he wished to pursue it further. I knew I was in for some tough questioning:

> JUDGE ALDRICH. I wish to pursue that point. I happen to be very straight laced. Every time I walk down through Harvard Square and I see there is a movie going on there that I know is obscene, of course, I don't have to go in. I can protect myself. But I'm offended by the fact that I see all these students who are age 21 and a half going in and that we are maintaining in my home town, in which I have such great pride, we are maintaining this house—I use the word "house" advisedly—filthy pictures are being shown. Do I have any interests or rights?

Judge Aldrich had put his finger directly on the vicarious offensiveness rationale for censorship. I needed to come up with an answer that didn't devalue his concerns (and his grandmother's).



HOUSE_OVERSIGHT_017187

> Mr. DERSHOWITZ. It seems to me you have an interest but no right…I can understand how you would be offended by that. But one of the prices of living in a complex society, with freedom, is for you to have to simply tolerate the fact that you know that certain people are engaging in conduct that you don't approve of. That was precisely the argument made by the State of Connecticut in the birth control [clinic] case.[35] They said that people of the State of Connecticut are offended by knowing that this kind of immoral conduct is being engaged in by people, married people, all over the State. And the Supreme Court did say that this is something that members of the society must tolerate in a pluralistic society. There are a great many things which offend me, to know that they're going on in peoples' homes—I have an interest in that, but I don't think I have a protected constitutional right [to be] disturbed about what's going on.

Judge Julian asked whether "that interest [should] be legally protected?"

Mr. DERSHOWITZ. Now, there may be ways of protecting it, perhaps through zoning regulations…

> But if the issue is total banning on the one hand as against your interests being protected against knowing people are doing this kind of thing, I would submit that the Constitution has a clear answer to that. It must permit the film to be shown in a way to minimize your exposure to it and to permit you both fully to see and to avoid being exposed to the contents of the film.
> So I do submit that your Honor does have an interest and I can understand it. But I think you will realize that on balance this interest could be used to upset almost every kind of freedom that Americans ought to be at liberty to engage in."

Judge Aldrich seemed intrigued by our argument, while continuing to press me hard on its implications. At one point Judge Aldrich asked me what I would do if the Supreme Court ruled against my theory. "Will that be the end of the road…?"

I responded: "Well, I, as an attorney, will continue to urge the Court to accept this principle because I think it's the correct approach to the regulation of obscenity."

Following three days of intensive argument and questioning, the three judges issued a decision written by Judge Aldrich. He bought my argument totally. He began by accepting my assumption about the nature of the film:

> For purposes of this case we assume that the film is obscene by standards currently applied by the Massachusetts courts.

He then went on to discuss the implications of the Stanley decision, which the prosecutor had argued was "irrelevant" to this case and which, at the beginning of my argument, thought was not relevant to movie theaters:

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[35] Griswold v. Conn



HOUSE_OVERSIGHT_017188

> In Stanley [the] Court held that in certain circumstances possession of a moving picture film is constitutionally protected even though by contemporary standards the film is obscene. We do not consider this irrelevant.

The Court then went on to consider the state's argument that an obscene film, even viewed in a restricted theater, can induce the viewer to commit rape.

> The question is, how far does Stanley go. Is the decision to be limited to the precise problem of "mere private possession of obscene material," is it the high water mark of a past flood, or is it the precursor of a new one? Defendant points to the fact that the court in Stanley stated that Roth v. United States, was "not impaired by today's holding, and in the course of its opinion recognized the state's interest there upheld in prohibiting public distribution of obscenity. Yet, with due respect, Roth cannot remain intact, for the Court there had announced that "obscenity is not within the area of constitutionally protected speech or press," whereas it held that Stanley's interest was protected by the First Amendment, and that the fact that the film was "devoid of any ideological content" was irrelevant.
>
> Of necessity the Stanley court held that obscenity presented no clear and present danger to the adult viewer, or to the public as a result of his exposure. Obscenity may be offensive; it is not per se harmful. Had the Court considered obscenity harmful as such, the fact that the defendant possessed it privately in his home would have been of no consequence.

The Court then rendered its conclusion:

> We confess that no oracle speaks to Karalexis unambiguously. Nonetheless, we think it probable that Roth remains intact only with respect to public distribution in the full sense, and that restricted distribution, adequately controlled, is no longer to be condemned.
>
> …
>
> If a rich Stanley can view a film, or read a book, in his home, a poorer Stanley should be free to visit a protected theater or library. We see no reason for saying he must go alone.

It was the first time in history that a court—any court—had ruled that the government had no power to ban or prosecute an "obscene" film that was shown to the public in a theater. I had achieved a total victory not only for my client, but for my novel approach to offensiveness under the First Amendment. It was a heck of a way to begin my career as a lawyer. The victory would, however, be short lived, at least in theory, if not in practice.

Not surprisingly, the District Attorney appealed our victory to the Supreme Court, which accepted the case. I was asked to argue for Grove Press. And so, at the age of 31, I argued my first case before the High Court.



HOUSE_OVERSIGHT_017189

I had prepared extensively for my oral argument. I expected to be questioned aggressively by the recently appointed Chief Justice Warren Burger, who I had known when I clerked for Judge Bazelon. Burger and Bazelon were arch enemies, both ideologically and personally. Burger knew I was close to Bazelon, and so I expected some tension, but I could not anticipate what awaited me. I had hardly reached the lectern to begin my argument, when Chief Justice Warren Burger asked if he could "interrupt" to inquire whether I thought a state had the power to prohibit a "bear-baiting contest." I didn't know exactly what a bear-baiting contest was, but I guessed that it must involve considerable cruelty to bears. I responded that the act of bear-baiting was not protected by the Constitution, since the states have the power to protect animals from suffering.

I tried to get the argument back on the film in question: "I think the example would be better if it were a film of bear-baiting." But the Chief Justice interrupted me once again: "Let's stay on the live." I drew a distinction between an act that harmed another creature and a film of consensual lovemaking that did not intrude upon the sensibilities of those who chose to view it. The Chief Justice shot back:

> [Y]our are saying that it's all right to kill one bear and five dogs in the filming process, but it isn't right to kill many more of them in live showings, is that a distinction….

I had no idea what he was getting at with his scripted questions, so I tried again:

> No I would say a state would have the right to prohibit the actual killing of dogs and bears whether for film or other purposes.

The Chief Justice persisted in his obsession with bears!

> Let's say 14 states didn't have any statutes against bear-baiting, and 4.5 million had watched bear baiting or the filming of bear baiting. Would that have the slightest relevance in your judgment on whether the showing of bear baiting in Boston, Massachusetts, could or could not be stopped…?

I tried to direct my answer away from bear-baiting and to the issue of whether the Constitution permitted a consenting adult to view an obscene film in the privacy of a restricted movie theater:

> No, the First Amendment protects the individual's right to receive information necessary to satisfy his emotional and intellectual needs. The thrust of our [position would take prosecutors] from [inside] the theater—that is only attended by people who want to go—and would put them outside the theater to protect you and me from the intrusion on our sensibilities that would occur if movies…thrust advertisements or pictures on unwilling viewers.

But the Chief Justice would still not be diverted from his bears. Though I had never mentioned a bear in my answer, he challenged me:

> Are you suggesting that it is a universal rule that everybody is offended by bear-baiting, for example?



HOUSE_OVERSIGHT_017190

That, of course, was precisely my point: those who were not offended should be free to watch a film in which no one was hurt.

Finally, the Chief Justice asked me about theaters:

> [H]ow about moving the bear-baiting into a theater and charging $5 admission for it? I don't want to overwork you on the bear-baiting, but in order to have a film of bear-baiting, you've got to go through unlawful process in the first instance.

With less than a minute before my time had expired, the Chief Justice asked whether I thought the analogy to the bear-baiting contest was "valid." I politely told him what I thought:

> I think the analogy of bear-baiting is not valid [because it] is an illegal act which hurts animals. It is different from [lovemaking] presented on a screen to a public which has chosen to view it.

By this point my time was nearly up. I quickly summarized my argument that under a functional definition of privacy

> A theater with its curtains drawn deserves [at least as much constitutional protection as] a home with its shades drawn up.

The Chief Justice had monopolized the entire argument with his bear-baiting analogy. He 9or his law clerks0 had apparently prepared a series of questions for me about bear baiting and Burger had simply gone down the list ignoring my answers. The other eight justices were unable to ask questions, though several of them seemed anxious to probe certain points. Some of them seemed embarrassed by their Chief's performance. By the end of the argument, I finally understood what a bear-baiting contest must feel like—at least to the bear. It was not only the dumbest series of questions I have ever been asked during an oral argument—with at the possible exception of those put to me by a senile judge about the facts of the next case scheduled for argument. It was probably the stupidest conversation I've ever had with anyone about the First Amendment. But no one ever said that intelligence was a criterion for being a judge, or even a Chief Justice. What mattered to Warren Burger was that he looked like what a Chief Justice is supposed to look like!

A few months later the Supreme Court rendered a 5 to 3 decision in the *I Am Curious Yellow* case that did not reach the broad issue decided by the district court (nor did it mention bear-baiting); instead, it decided the case on a narrow procedural ground. We eventually settled the case to the advantage of the defendants. The film was shown throughout the country and no one went to prison. Judge Aldrich's opinion, suggesting that all censorship of the content of movies exhibited to adults in discreet settings was unconstitutional, remained the only court decision on that issue until June of 1973, when the Supreme Court changed the definition of obscenity in a case called *Miller v. California* and a series of companion decisions.

In these cases Chief Justice Burger, writing for the majority, expressly and emphatically rejected the approach I had argued in the *I Am Curious Yellow* case.



HOUSE_OVERSIGHT_017191

> We categorically disapprove the theory…that obscene, pornographic films acquire constitutional immunity from state regulation simply because they are exhibited for consenting adults only…The States have a long-recognized legitimate interest in the quality of life and the total community environment, the tone of commerce in the great city centers, and, possibly, the public safety itself.

But as I promised Judge Aldrich, I continued to press my principle in the court of public opinion and in a series of other obscenity cases over the next several decades. Ultimately my view would prevail, if not in law then certainly in practice, as we shall see. Chief Justice Burger may have won in the courthouse, but we won in theaters and on television sets throughout the nation, as sexually explicit films—far more explicit than *I Am Curious Yellow*—became pervasive and "legal" in fact if not in law. This disparity between the law, as set down in theory by the Supreme Court, and the law, as implemented in practice throughout the country, is an interesting story in itself.



HOUSE_OVERSIGHT_017192

Deep Throat: Why I Chose Not to Watch It

My initial victory in the *I Am Curious Yellow case*—getting a three judge court to declare unconstitutional all obscenity laws that applied to adults-only theaters—made me something of a hero in the "adult film" industry—and something of a pariah in the radical feminist community. (More about the latter soon.) Many "obscenity" clients came my way, including the musical play *Hair* which was "banned in Boston" and several "soft core" films such as the very forgettable "Belinda"[36] and the unforgettable hard core film, *Deep Throat*.[37]

I'm told that *Deep Throat* is a very hard core and very bad movie. I can't personally attest to these claims because, to this day, I have not seen it.[38] I avoided seeing the film not because I'm a prude—I enjoy a good erotic movie as much as the next guy—but rather because I wanted to make a point about the law of obscenity: the decision to watch or not to watch a particular film should be a matter of choice for every adult citizen. Just as I told the judges in the *I Am Curious Yellow* case that they didn't have to view the film in order to rule that an adult had the constitutional right to view it in an adults-only theater, so too I had the right to argue that position without myself viewing *Deep Throat*. To paraphrase my earlier case, I was "curious" about *Deep Throat*, but cared more about the principle of choice. I also believed that my not viewing the film was a good tactic that helped to dramatize my point.

I decided to use that tactic in two separate cases involving the *Deep Throat* case. The first was the prosecution of porno-actor Harry Reems for his role as an actor in the film. Reems was the first actor in history ever to be prosecuted for the crime of obscenity. He was charged with participating in a nation-wide conspiracy to transport an obscene film in interstate commerce.

The United States government charged him with conspiracy because Reems himself had nothing to do with distributing the film in interstate commerce. As the prosecutor acknowledged:

> "[Reems] made the film, got his money and got out back in 1972, that is, he didn't do anything else as a part of the conspiracy, he didn't do any more overt acts, he didn't participate any further, and the question arises why in the thunder does he wind up being charged [with acts that took place] four years later?"

His answer was that "once a person joins a conspiracy, he is liable for everything that happens in that conspiracy until it is ended." (Reems once asked me whether he could have been charged with murder under the prosecutor's theory, if some strong-arm methods used by the distributors had resulted in a death years after the film had been completed. I told him that—under the prosecution theory—he could charged with that crime.)

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[36] See *The Best Defense* pages 174-78.
[37] I was also involved—either as a defense lawyer, consultant or commentator—in the defense of several magazines and books. See e.g. Dershowitz, *Shouting Fire*, pages _____.
[38] During a preview of a film off Broadway about the *Deep Throat* controversy I saw some soft core excerpts. They were God awful.



HOUSE_OVERSIGHT_017193

In order to get out of the conspiracy, according to the government, Reems was obliged "to take up affirmative actions to defeat and destroy the conspiracy." But what could Reems have done? He could not have "exposed" the crime, as one might expose a secret conspiracy, since everyone knew that *Deep Throat* was being distributed throughout the world. He could not have prevented the distribution and exhibition of the film, since he retained no legal rights to it. The prosecutor apparently expected him to physically destroy the thousands of prints of *Deep Throat* that were then in theaters and on video.

The jury, selected from residents of Memphis, a city proud of being called "the buckle of the Bible Belt," convicted Reems and his co-conspirators and Harry went off in search of an appellate lawyer. Because of my involvement in the I Am Curious Yellow case, he called me.

When we first met, Reems described himself to me as "a nice Jewish boy earning his livelihood by doing what lots of people would pay to do." He was born in Scarsdale, New York, with the name Herbert Streicker, attended the University of Pittsburgh, dropped out, joined the Marines, and later set out to become a stage actor. He had performed with the La Mama troupe, the New York Theater Ensemble, and the National Shakespeare Company in New York City. He had even done a Wheaties commercial. During Christmas of 1969, "when things got rough and there was no work around…,a fellow said he knew where I could make $75 doing a stag film." He nervously accepted and reported for work. His two female costars, both doctoral students in sociology at NYU, put him at ease, and he completed several "loops." Streicher was successful, not so much because of his looks or size, but rather because of his extraordinary ability to perform repeatedly on cue. In a business where time is money and the major cause of delay is male incapacity, a porno actor capable of filming several sequences in one day's shooting is in demand.

Streicker told me how he ended up as the male star of *Deep Throat*. He had been hired—at $150 per day—as a sound and lighting technician for a sex film being shot near Miami, Florida, in January 1972. When the original male lead failed to appear, the director, Gerard Damiano, asked Streicker to fill in—at a $50 cut in salary. Since it took only one day to shoot the film's sex shots, he earned only $100 for his performance. His contract did not call for royalties. When the filming was completed, Streicker's role in the enterprise was over: he did not participate in the editing or distribution of the film—not to mention its enormous profits. Even his stage name "Harry Reems"—with some vague sexual allusion in mind—was picked by the director, without even consulting Streicker. He was pleased, of course, that the film was well-received and widely shown. He retained "Harry Reems" as his professional name, and performed in several other sex films. But his role in *Deep Throat* was over, or so he thought, until he was arrested two years later in his Greenwich Village apartment. An FBI agent handed him a warrant requiring his presence in Memphis, Tennessee, a city that Streicker had never even visited.

The prosecuting attorney was a young Bible Belt fundamentalist named Larry Parrish. (The names of all the participants sounded like puns: Reems, Streicker, Lovelace, Parrish.) Parrish was dubbed by the press as "Mr. Clean," "The Memphis Heat," and "the Memphis Smut Raker." A born-again Christian, and an elder in the First Evangelical Church, Parrish believed that pornography was the bane of modern America. He once told a reporter, "I'd rather see dope on the streets than these movies," explaining that drugs could be cleansed from the body, but pornography's damage was "permanent." When asked why be became a prosecutor, Parrish cited



HOUSE_OVERSIGHT_017194

the warning to evildoers in Romans 13:4, that God had appointed ministers on earth to carry out his wrath against them. He believed it was his mission to conduct "search and destroy" operations against the porno industry. As a prosecutor of pornography, he had already secured more than forty convictions.

Many observers saw the decision to bring Reems to trial as evidence of Parrish's creativity. As a Memphis lawyer, familiar with Parrish, put it: "Parrish figured that putting an actor on trial was the way to get publicity [and] a man is less likely to pick up public sympathy than a woman." Parrish acknowledged that his purpose in prosecuting Reems was to made it clear that no one involved with a porno film was immune from criminal liability.

Reems came to see me after he had been convicted and was facing years in prison. He wanted me to argue his appeal. He told me he had no money and asked me to take his case on a pro bono basis. I agreed. I told him I preferred not to watch the film and explained to him my theory of "choice" and "externalities," but assured him that I would make every argument that had any chance of freeing him.

There's an old saying that goes this way: "If you have the law on your side, bang on the law. If you have the facts on your side, bang on the facts. If you have neither the law nor the facts on your side, bang on the table." I have never believed that, but I do believe in a variation on that theme: If you don't have the law or legal facts on your side, argue your case in the court of public opinion. In the Reems case, the Memphis jury had rejected Reems' factual defense, and the judge had rejected his legal defense. The Supreme Court had rejected my "choice" and "externality" approach. I continued to believe, however, that the broader general public, or at least the most influential segment of the public, would be sympathetic to my libertarian approach to obscenity and free speech, especially in the context of an actor who was being prosecuted. Reems, to be sure, was not Helen Hayes or Marlin Brando, but to make the point that the principle was the same, we adopted the following slogan: "Harry Reems today, Helen Hayes tomorrow." We made a determined effort to elicit support from the mainstream entertainment industry and from the media.

We succeeded in getting The New York Times to cover the case. Its initial story told how the Reems prosecution was first seen "as a joke," but is now being understood "as a very serious issue":

> With Mr. Dershowitz as the lead lawyer and the American Civil Liberties Union and other prominent groups and individual prepared to help, Mr. Reems has some of the country's most impressive legal talent working on his appeal.
>
> He also has the support of some of the country's best known entertainers: Colleen Dewhurst, Ben Gazzaza, Mike Nichols, Stephen Soundheim…Warren Beatty, Jack Nicholson and Gregory Peck.
>
> As Mr. Dershowitz interprets the *Deep Throat* case, "Any person who participates in any way in the creation, production, editing or distribution of a sexually explicit film,



HOUSE_OVERSIGHT_017195

> newspaper, book, painting or magazine can be hauled into a Federal court anywhere in the United States and charged with participating in a national conspiracy."

Shortly thereafter, Nat Hentoff wrote a long front-page analysis of the *Village Voice*. Hentoff warned his readers of the consequences of a government victory in the *Reems* case.

> Alan Dershowitz, a Harvard Law School professor and one of the nation's preeminent constitutional lawyers, has never been known as an apocalyptic civil libertarian. Accordingly, when Professor Dershowitz speaks of the recent criminal convictions in a porno-film case as being so chilling as to ultimately also freeze the printed word, the warning is a weightier than if it had come from those who habitually clamor that the constitutional sky is falling…
>
> Should the verdict against Harry Reems be sustained, obscenity indictments throughout the country will pyramid.

Hentoff explained that the implications of the Reems prosecution go well beyond obscenity. If a conspiracy charge like this one was to be upheld on appeal, the government could make dangerous use of that precedent in political cases involving, for example, antiwar activists. Hentoff then quoted my legal argument:

> "[H]ere was an actor who, on the one day he worked on *Deep Throat*, had no idea what the ultimate film was going to look like. He knew it was a sex film, but he had not seen any script in advance. There was no way he could know whether it was going to be soft core or hard core. And, in fact, Harry never even saw the film before it was released. Yet he's convicted of a conspiracy to move the film, in the form it finally took, across state lines."

Following the publication of the Hentoff article had, hundreds of readers came forward and volunteered their assistance. It also generated numerous other stories—presenting our side of the case.

KING OF THE PORNO ACTORS FINDS HIMSELF IN DEEP THROES
IN TROUBLE UP TO HIS THROAT
HOW HARRY GOT REAMED
DEEP THREAT
PORN'S DEEP GOAT
REEMS SHAFTED IN BIBLE BELT

Reems and I crisscrossed the country, speaking at universities, town halls and other venues. Our appearances were widely covered by the media. The *New York Times* described a joint appearance at the Harvard Law Forum:

> Harry stood with a portrait of Supreme Court Justice Felix Frankfurter beaming down on him. Besides him sat Alan Dershowitz, looking like a tweedy Marx Brother with his wild nimbus of ash-blond hair, saying that he felt Harry Reems' trial was the most significant First Amendment conspiracy case since Dr. Spock.



HOUSE_OVERSIGHT_017196

> Dershowitz acted as a sort of kibitzer for Harry. He noted that the crew of the Glomar Explorer, [which] had been shown a videotape of *Deep Throat*, had more to do with transporting obscene material in interstate commerce than Harry Reems did. Would Larry Parrish prosecute them? When I asked Parrish, he said: "They're not insulated against prosecution."

Not all the stories were flattering. Mike Royko complained in a syndicated article how depressing it was that after two hundred years of men like Jefferson, Paine, Debs, and Darrow, "we are now asked to fight for the right of Harry Reems to be a public creep…Anybody who contributes to his defense fund," Royko concluded, "is a mental moonbeam."

But people contributed and Reems and I persisted in making our case in the court of public opinion. In time, the publicity had its intended effect on the public, on the Justice Department, and on the courts. We began to get the message that the Reems conviction was an embarrassment. This was exactly what we had hoped would happen.

In the end, the Justice Department decided to drop the case. Reems' conviction was vacated and his indictment was dismissed, over the strong objections of the Memphis prosecutor and judge. We did not have the law on our side, but we did have public opinion. We might have lost our case in the court of law (or won it on grounds other than my "choice", "externality approach,") but we had clearly won in the court of public opinion.[39] Harry Reems went free, retired from the porn business, became a born-again Christian and moved to Utah, where he sold real estate. As my legal "fee" for winning his freedom, he sent me a photograph of him with the following inscription: "To Alan Dershowitz who me everything I know." The First Amendment was safe from the likes of Larry Parrish—at least for a time.

My second encounter with *Deep Throat* presented a more daunting challenge to my theory. It took place on my home turf of Harvard, and the people urging criminal prosecution were Harvard students. The people who these students wanted to see prosecuted were other students, one of whom eventually became a founder of Microsoft.

It all began with some drunken Harvard College students viewing the film *Animal House* and throwing beer cans at the screen and damaging it. The Quincy House Film Society was responsible for the screen. In order to raise the several hundred dollars needed for repair, they decided to show *Deep Throat*.

Some women students who lived in Quincy House protested. "This is our home," one complained. "We shouldn't have to be subjected to abuse and degradation right in our own living room."

The uproar had caught the film society by surprise. The showing of *Deep Throat* had become a pre exam tradition at many colleges. My own nephew sponsored a showing at MIT. It was seen as a lark, an escape from the tensions of the tests. But feminists were beginning to take pornographic movies, especially *Deep Throat*, quite seriously.

[39] I relate the other legal theories on which we might have won the case in *The Best Defense* pages 155-174.



HOUSE_OVERSIGHT_017197

Several weeks prior to the scheduled showing, Gloria Steinem had written an article in *Ms*. magazine about *Deep Throat* and the exploitation of its female lead, Linda Lovelace. Pointing to the $60 million allegedly made on the film, Steinem characterized *Deep Throat* as "a national and international profit center and dirty joke." At the heart of the joke was Linda Lovelace "whose innocent face offered movie-goers the titillating thought that even the girl-next-door might be the object of porn-style sex." But, according to Steinem, it was a joke with widely felt consequences: "Literally millions seem to have been taken to *Deep Throat* by their boyfriends or husbands (not to mention prostitutes by pimps) so that each one might learn what a woman could do to please a man if she really wanted to."
Moreover, Linda Lovelace was now claiming that her innocent face had been a mask covering up a battered wife who had been imprisoned by her husband-pimp. Several years after the completion of *Deep Throat* was completed, Lovelace wrote an autobiography entitled *Ordeal*, in which she told a sordid story of how she had been compelled to perform her "sexual sword-swallower trick" at gunpoint.

After reading *Ordeal* I called Reems and asked him whether his recollections of the filming of *Deep Throat* corroborated her claim that she had been forced into performing. Harry, who was then working off-Broadway in a stage play, laughed and said, "Are you kidding? Sure her husband, Chuck, was an asshole, but he was hardly around during the filming. Damiano sent him away because he would get jealous of how much she was enjoying the sex. She was really into it. We had a good relationship before and during the filming."

I told Harry that Lovelace had written that when "she saw how upset Chuck was, [she] decided [she] would pretend to enjoy it with Harry." I asked whether it was possible that she was only acting.

"Linda Lovelace acting?" Harry exclaimed. "Have you seen her in a film? She couldn't even pretend to be acting."

Whether true or false, Lovelace's account struck a responsive chord among many feminists. Gloria Steinem's article presented a sympathetic portrait of Lovelace as the victim of everything the "sleazy pornocrats" had come to represent. Using Lovelace's *Ordeal* as a symbol of sexist repression, many feminists declared all-out war against pornography. The movie *Deep Throat* came to symbolize the anti-women evils of the sex industry. And I became the symbol of the "pornocrat lawyer," getting rich off the suffering of exploited women (even though I charged nothing for these cases).

The organization through which Gloria Steinem spoke—Women Against Pornography—advocated boycotts as its primary weapons in the war on porn. The boycotts were directed not only against theaters and bookstores, but against lawyers who represented them on First Amendment grounds. When I and several friends opened a Kosher deli in Harvard Square, it was picketed with signs of saying "How can a porn pig serve Kosher food?"

Although boycotts are themselves protected by the constitutional right of free expression, civil libertarians are appropriately concerned about the effect of overly broad boycotts, such as those



HOUSE_OVERSIGHT_017198

directed against general bookstores. We remember that boycotts had been employed widely during the McCarthy period. The threat to boycott motion-picture studios and television stations that employed "red," "pink," or "suspect" actors, directors, or technicians, led to the notorious "black lists" and "red channels." In an interview with Playboy magazine, I had expressed some of those concerns:

> "Take what [some of these] women are now doing and ask yourself the question. Would you favor it if their objection were to books about atheism or communism instead of pornography? If you would say no, then it seems to me that you can't be in favor of a boycott against stores that sell Playboy and Penthouse, because they're equally protected.

The dispute between civil libertarians and feminists had split the ranks of some liberals, and the issue was achieving some notoriety in the media. I had, perhaps, added some fuel to the fire by my criticism of the "new feminist censors" in several articles and speeches. I did not deny that some pornography could be degrading to women, but I argued that it is precisely the function of the First Amendment to protect those whose speech offends and degrades.

I pointed out that some of the most vocal opponents of pornography inadvertently provided the most compelling arguments for its constitutional protection by characterizing it as "Fascist propaganda." (The Fascists, not surprisingly, used to call it "Communist propaganda.") All propaganda is within the central core of the First Amendment. Nor did I dispute the claim that some pornography may contribute to an atmosphere of violence against women. But speech often causes undesirable consequences—political violence, riots, even revolutions. That should not, I argued, be a reason for suppressing speech itself.

Some radical feminists went beyond boycotts, shooting bullets through a bookstore window in Harvard Square to protest its sale of Playboy Magazine. Some theaters showing *Deep Throat* received threats of violence, and at least one was firebombed after the patrons left.

Some of the women of Quincy House who were opposed to *Deep Throat* were not content to protest. First they tried to cancel the showing by calling for a vote of the students who lived in the dormitory. They lost by a margin of three to one. Forty-nine percent of the women who voted opposed the showing; and forty-eight percent favored showing *Deep Throat*. Next they tried to get the Harvard University administration to forbid the scheduled showing. The Dean of Students wrote a letter to the Quincy House Film Society urging it not to show *Deep Throat*, but he would not ban it. The members of the film society, caught up in the adversary challenge by the feminists, voted to go forward with the event.

The Quincy House women, with the assistance of other feminists, decided to picket the performances and to use the occasion to sensitize students to the evils of pornography. I supported their protest. Pamphlets were prepared presenting the feminist perspective on pornography. A slide show, graphically depicting the exploitive and sexist nature of pornography, was scheduled for presentation in an adjoining room an hour before the first showing of *Deep Throat*. Several prominent local feminist speakers had been asked to address the hundreds of protesters expected in front of Quincy House on the evening of the first scheduled performance.



HOUSE_OVERSIGHT_017199

The First Amendment seemed to be in full bloom at Harvard. No one was being prevented from expressing his or her views. The Quincy House Film Society was going to show *Deep Throat*; the Harvard administration was expressing but not imposing its views; the feminists were preparing pamphlets, slide shows, and speakers to present theirs; and everyone was free to see and listen to all or none of these expressions.

The feminists seemed to be making their point quite effectively: more students were expected on the picket lines and at the slide show than at the movie itself. Many in the Harvard community, while supporting the right of the Quincy House Film Society to show *Deep Throat*, now believed that the society had been insensitive to the feelings of their feminist housemates by exhibiting an offensive film in the dormitory that was home to them all. I shared that view.

Then everything changed. Days before the scheduled showing, two women residents of Quincy House, not satisfied to protest and picket, called the local District Attorney's office and asked the police to prevent the showing of *Deep Throat* and to arrest the students who were planning to show it.

The local District Attorney was an elderly political hack named John Droney, who had repeatedly won reelection on an uncompromising law-and-order platform. When he learned that the twin evils of obscenity and Harvard might merge on that fateful night, he dispatched an assistant to court in an effort to secure an injunction against the scheduled showing.

If there is anything more obnoxious to a civil libertarian than the punishment of speech <u>after</u> it has taken place, it is the issuance of a <u>prior</u> injunction to prevent speech in the first place. Prior restraint—as an injunction against speech has come to be known—is the purest form of censorship. It seeks to prevent the speech from ever reaching the public. Now, almost ten years after the Supreme Court had rebuffed efforts to enjoin publication of the Pentagon Papers, the District Attorney of Middlesex County was seeking to enjoin the showing of a dirty movie to a small group of students in a college dormitory at Harvard.

Only hours before the scheduled performance, Carl Stork and Nathan J. Hagen—the co-presidents of the Quincy House Film Society—received telephone calls from the D.A.'s office directing them to be in Judge Charles R. Alberti's courtroom at two o'clock for a hearing. Stork and Hagen tried to call me in my office. But I was at lunch, and my secretary couldn't locate me. Stork and Hagen told her the story and requested that I come to the court to assist them as soon as possible. I returned from lunch at two-fifteen, to learn that I was expected in court—fifteen minutes earlier!

I quickly borrowed a colleague's ill-fitting jacket, dug an old brown tie out of my desk drawer, and drove to the courthouse in downtown Cambridge.

Within minutes, I found myself before Judge Alberti, arguing against the injunction. With no books, cases, or statutes in my possession, I had to wing it. The judge was most understanding, asking the Assistant District Attorney to let me look over his shoulder at the relevant statute and cases.



HOUSE_OVERSIGHT_017200

After some legal argument, Judge Alberti declared that he was ready to see *Deep Throat* to decide whether it was obscene. I argued that the judge need not view the film: no matter what its content, I said, it would be unconstitutional for him to enjoin the showing of any film. If the D.A. thought the film was obscene, he could wait until it was exhibited and then arrest those responsible for its being shown. Judge Alberti insisted, however, on having *Deep Throat* screened for him. As the equipment was being wheeled in the courtroom, I informed the judge that I had no intention of watching the film.

I was preserving an important point for any jury trial that the students might have in the future. I would tell the jurors that I had never seen *Deep Throat* because I had chosen not to, and that they had never seen *Deep Throat* because they had chosen not to. I would argue that the right to choose not to see a film is just as important as the right to choose to see a film. Indeed, most countries that prevent their citizens from seeing certain films also require their citizens to see other films. I would remind the jurors that it was the District Attorney who was making them see a film they had chosen not to see, in order to have them decide whether other people, who have also chosen not to see would be offended if they were to see it. I hoped, by this argument, to point out the absurd nature of the jurors' task in an obscenity prosecution, and to get them to focus on the important issue –namely, whether the outside of the movie theater, the only thing that the unwilling public may have to endure, is offensive to those who cannot avoid it.

Judge Alberti excused me from watching *Deep Throat,* and Stork, Hagen and I left the courtroom while the judge, half a dozen assistant D.A.'s, and a few court house personnel watched Linda Lovelace and Harry Reems on a small video machine.

After about forty minutes Judge Alberti abruptly stopped the videotape and summoned us back into court. "I've seen enough," he declared with a disgusted look on his face. Then, turning to me, he said, "You're the lucky one. I had to sit through that trash." The judge then declined to issue an injunction against the scheduled showing of *Deep Throat*, because although he regarded it as degrading both to men and women, he found that it was not obscene under the relevant Massachusetts standards. The film would be shown that night.

When I arrived at Quincy House shortly before eight o'clock, a circus atmosphere prevailed. Hundreds of pickets marched outside urging potential viewers to stay away. There was some pushing and shoving. Slogans were shouted: "Freedom of the Press is not Freedom to Molest." "Pornography is an incitement to violence."

I walked past the pickets and spoke to the assembled viewers and protesters:

> Whether you folks like it or not, you are part of a rather important political event…I am not here to either encourage or discourage the students who decided to see this film…Were I not involved in this lawsuit, I would be out there defending the rights of those picketers to…persuade you not to see this film.



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Notwithstanding the judge's ruling that the film was not obscene, the District Attorney decided to arrest Stork and Hagen. The Deep Throat case was so important to Droney that he pulled one state detective off a murder investigation to watch the film and make the arrest.

I tried to secure a federal injunction against the arrest of my clients, by telephoning the emergency judge. But in the midst of our conference the first show ended and the officers arrested Stork and Hagen, confiscated the film, and seized the money the society had collected for the tickets.

Amidst shouts of "Free the Quincy House Two," Stork and Hagen were taken to Cambridge Police Headquarters and booked on charges of disseminating matter they knew to be obscene, despite the reality that they knew it not to be obscene, because the judge had so ruled. A band of students marched behind them and protested the arrest on the steps of the police station. Among the protesting students were some of the same women who earlier had organized the feminist demonstration. They were furious at the feminist students who were trying to put two of their fellow students in prison for exercising their freedom of expression. As I later described this irony:

> …the minute the kids were arrested, the minute the law was invoked, everything changed—the women [who called the cops] became the goats, the kids [who were arrested] became the heroes. One lesson that we all learned was that the least effective way of delegitimizing this kind of speech is to invoke the law; it has the opposite effect. You get all the good people on the side of the bad acts.

Several days after the arrest, we filed a civil rights action in Boston Federal Court charging District Attorney Droney with violating the rights of Stork and Hagen, as well as those of the audience members who were denied the right to attend the three scheduled showings that had to be canceled after the film was seized.

Eventually all the charges against Stork and Hagen were dismissed, after the lawsuit forced the District Attorney to admit, under oath, that he had willfully defied the judicial determination that Deep Throat was not obscene under Massachusetts Law and that his goal was to serve as a "censor," regardless of the law. The "Quincy House Two" were free and life returned to normal at Harvard.

My encounters with fundamentalists, feminists and pornographers made clear to me the important, and often underestimated, relationship between the court of law and the court of public opinion. If a visitor from Mars, our even from Europe, were to read only the Supreme Court decisions on obscenity, he would come away with a totally false picture of the law of obscenity in action—or inaction.

I once had a European student who wanted to study why there is so much censorship of erotic material in the United States. He had come to his erroneous conclusion from reading United States Supreme Court decisions. I told him that before he undertook his study, he should visit some video stores (this was several years ago) and adult-only movie theaters. He did and came



HOUSE_OVERSIGHT_017202

back to me in shock. "They don't follow the Supreme Court in the United States," he exclaimed. "Now that's a subject worthy of study," I replied.

It is important to remember that in a democracy, even a democracy in which the Supreme Court plays so central a role, that in the end the people decide. This is especially true in an area, like obscenity, where "community values" help define the law. Such values are ever-shifting and subject to influence. While the Supreme Court has insisted that the government has the power to punish (and otherwise regulate) the showing and viewing of "obscene" films in adult-only theaters (and on cable and "on demand" television), the people have voted the other way with their feet (and their remotes). The law in action today bears little resemblance to Chief Justice Berger's "categorical…disapprov[al] of [my] theory that obscene, pornographic films acquire constitutional immunity from state regulation simply because they are exhibited for consenting adults only…" The law in action more closely resembles the approach I advocated in my first encounter with the law of obscenity back in 1969. I promised Judge Aldrich that if we lost in the Supreme Court, I would continue, as a lawyer, to continue to urge acceptance of the argument that the government has no business telling a consenting adult what he may or may not watch in a theater (or video or TV) from which children are excluded, so long as the "externalities"—that which appears in public view outside the theater—is not obscene.

I have kept my promise, and despite the Supreme Court's continued insistence—most recently in the violent video games case—that "obscenity" is not protected by the First Amendment, porn is widely available to consenting adults who choose to watch it without thrusting it upon unwilling viewers. That's the law in action. Inevitably, the law, as articulated by the courts, will follow the law in action, lest it become irrelevantly anachronistic or patently hypocritical. Hypocrisy, it has been said, is the homage paid by vice to virtue. In the area of obscenity, hypocrisy functions to allow the courts to maintain a pretense of Puritanism in a world of prurience. A puritan, H.L. Menkin once remarked, is a person who spends his days worrying that somewhere, somehow, someone is having fun. T. B. Macaulay once observed that "The Puritan hated bear-baiting, not because it gave pain to the bear, but because it gave pleasure to the spectators." Perhaps that's why our "Puritan" former Chief Justice insisted on comparing adult films to bear-baiting. Some adults enjoy watching obscene films. Although some puritans and feminists hate this, there is no evidence that this activity causes the type of harm that government should be empowered to prevent by censorship.[40]

Most Americans seem to understand that pornography, while offensive to some, is not provably harmful to others. That's why obscenity prosecutions have a relatively low rate of success. I have been involved in dozens of obscenity cases over the years and do not recall ever losing one. In addition to litigating many obscenity cases, I have written extensively on the subject. My article "Why Pornography?" set out to determine whether there is any actual relationship between "hard-core pornography" and violence against women. It began by disputing Justice Potter Stewart's famous line that although he could never "define" hard core pornography, "I know it when I see it." That may have been true before radical feminists targeted pornography as a major cause of rape and other violence against women. Now the radical feminist definition of hard-core pornography would be unrecognizable to Justice Stewart, as well as to social scientist who seek

[40] Even if there were evidence that it harmed the viewer, that would not be a good enough reason for banning it, so long as there is no evidence it harms others. See Dershowitz, *Shouting Fire, Why Pornography?* pages ____



HOUSE_OVERSIGHT_017203

to establish a causal connection between porn and rape. Here is the definition as set out in a model statute introduced in several state legislatures by radical feminists:

> Pornography is the graphic sexually explicit subordination of women, whether in pictures or in words, that also include one or more of the following: (i) women are presented dehumanized as sexual objects, things or commodities; or (ii) women are presented as sexual objects who enjoy pain or humiliation; or (iii) women are presented as sexual objects who experience sexual pleasure in being raped; or (iv) women are presented as sexual objects tied up or cut up or mutilated or bruised or physically hurt; or (v) women are presented in postures of sexual submission, servility or display; or (vi) women's body parts—including but not limited to vaginas, breast and buttocks—are exhibited, such that women are reduced to those parts; or (vii) women are presented as whores by nature; or (viii) women are presented as, or penetrated by, objects or animals; or (ix) women are presented in scenarios of degradation, injury, torture, shown as filthy or inferior, bleeding, bruised or hurt in a context that makes these conditions sexual. (emphasis added).

The italicized words—"subordination," "dehumanized," "objects," "scenarios of degradation"—are so vague and subjective that they could apply to the writings of Shakespeare, Checkov, Roth, Hemingway, Mailer, DeSade, Miller and many others. The only element this new definition of pornography has in common with what Justice Stewart "knew" when he "saw" it is the requirement that the material be "sexually explicit." Without this element, the government would have no historical basis for banning speech. I then went on to show that there was no correlation (to say nothing of causation) between the sexual explicitness of a film and the likelihood that it will induce violence by its viewer. Indeed the available evidence suggests that there may well be a negative correlation, since rape has gone down considerably in those societies in which sexually explicit films are pervasive, while rape has certainly not gone down in those societies that persist in censoring films with explicit sex.

I argued therefore that "pornography is a red herring" and that in the absence of compelling evidence—of which there is none—that it causes actual harm beyond offending those who can choose not to see it, the government should get out of the business of censoring films and other media.

There are, however, other types of speech that pose far greater potential dangers. These communications include the divulgence of state secrets, the dissemination of classified information and the publication of news stories that compromise the national interest and endanger citizens. The problem is that the censorship of such expression may also pose far greater risks to democracy and liberty than the censorship of obscenity. Put another way, democracy could survive the censorship of hard-core pornography, despite the "slippery slope" from "porn" to politics (or from Harry Reems to Helen Hayes.) A society that banned pornography would, perhaps, be less vibrant, less tolerant, less pluralistic, less committed to choice, than one that did not. It might also be more subject to sliding down the slope toward other forms of artistic censorship at the margins. But so long as core political discourse remained free and open—as long as political dissent continued to thrive—democracy could survive. The same could not confidently be said about the widespread censorship of expression regarded by the government as state secrets, classified information and "dangerous" news stories. These go to the very heart of



HOUSE_OVERSIGHT_017204

our democratic system of checks and balances in which the ultimate check is an informed public. As James Madison cautioned nearly two centuries ago: “A popular government, without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy; or, perhaps both.”



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Chapter 7 Disclosure of Secrets: From Pentagon Papers to Wikileaks

The conflict between national security and free expression is a real one. It must be confronted and resolved by every society committed to civil liberties yet concerned for its safety. In this respect, the situation is different from the alleged conflicts that motivate the censorship of supposedly obscene material: in most obscenity cases, the "conflict" is contrived and need not exist at all. There is ample room in a diverse and free society for accommodating the desires of those who get pleasure from porn and those who feel the need to be protected from the intrusion of offensive material. The guiding principle that "your right to swing your fist ends at the tip of my nose" suggests a workable approach to the regulation of merely offensive material. But there is no simple rule for the accommodation of free expression and national security, where the expression may expose our security to real danger.

No reasonable person can dispute the reality that there are "necessary secrets," like the names of spies, the movement of troops, the contents of codes and ciphers, the location of satellites and the nature of secret weapons. Nor can any student of history doubt that there are unnecessary secrets, like old and useless information that remains classified by bureaucratic inertia. There is also information kept secret under the pretext of national security but really in order to protect the reputation or electability of government officials. And then there is the most interesting category of secrets — those that are genuinely designed to protect national security in the short run, but whose disclosure may well serve the national interest in the long run. (An example of this last category, at least with the benefit of hindsight, was the decision by The New York Times to withhold publication of the Kennedy administration's imminent intention to invade the Bay of Pigs in Cuba. Had it disclosed this information, the fiasco might have been called off, many lives saved and America's reputation less tarnished.)

The most controversial genre are secrets whose disclosure would, in the reasonable views of the government, endanger national security, but whose disclosure, in the equally reasonable view of the press, might ultimately serve the national interest. The real issue is not whether such secrets should be published, since that question will often be a close one about which well-intentioned people will disagree. The real issue, as it often is in a democracy, is <u>who</u> should be entrusted to make this real-time decision.

The other difficult issue is not <u>whether</u>, but <u>when</u> to publish. In a democracy, there should be no permanent secrets, since history and accountability are paramount. The public must ultimately know everything its government has done in its name, but sometimes it is necessary to postpone publication until an immediate danger has passed, since in the modern world, there is no way of disclosing secrets to friends without also disclosing them to enemies.

There is no "one size fits all" solution to this daunting conflict, but there are some useful guidelines in striking the proper balance. In the first place, the vast majority of *claims* that national security will be endangered by free expression are simply not true; most such claims are probably not even believed by the government officials who assert them. The talismanic phrase "national security" is often invoked as a transparent cover for convenience, for political advantage, and for protection from personal or political embarrassment. Every claim of national



HOUSE_OVERSIGHT_017206

"security"—or "corporate security" or "university security" or the security of any institution—should be subject to rigorous challenge, in an effort to separate the contrived from the authentic. But this will not eliminate all conflict. There will be some cases of real and intractable conflict between security and freedom. Our Constitution purports to resolve doubts in favor of freedom, but there are cases where even that presumption will not resolve the problem: where the authentic claims of national security will seem to outweigh the powerful presumption in favor of free expression.

In those cases we need to develop adequate mechanisms for resolving the dispute. Resolution cannot be left entirely in the hands of those responsible for security, such as the executive or the military. Our experience in delegating decision-making authority to these institutions in times of crisis is discouraging.

It has been indeed fortunate for the survival of our liberties that there have always been some Americans—often only a small group and sometimes not those directly affected—willing to challenge governmental high-handedness, even during periods of crisis. Under our constitutional system, it takes only a single person challenging the government to create a case or controversy suitable for judicial resolution.

This is not to suggest that justice should remain blind to the existence of a real emergency endangering the survival of the nation. As Justice Arthur Goldberg once wrote: "While the Constitution protects against the invasion of individual rights, it is not a suicide pact." But it is precisely during times of crisis—when the balance between momentary expediency and enduring safeguards often goes askew—that courts can perform their most critical function: to preserve or restore a sense of perspective.

In the eternal struggle between liberty and security we have come to expect the executive and legislative branches to champion the latter. The judiciary—with its lifetime tenure, its tradition of independence, and its unique stewardship over our irrepealable rights—is the institution most able to resist the passing fears and passions of a dangerous moment.

But liberty is not a commodity that can be obtained once and for all, and then passively held on to. The battle for civil liberties, as Roger Baldwin, the late founder of the ACLU, liked to say, "never stays won." (A variation on the Biblical admonition that justice must be actively pursued, because it too "never stays won.") The struggle must be endured by every new generation and in each new crisis. What Thomas Paine taught us on the eve of our own Revolution remains true today: "Those who expect to reap the blessings of freedom must. . . undergo the fatigue of supporting it."

The stakes on both sides are much higher when the government seeks to censor dangerous "leaks" than when it seeks to censor obscenity or other merely offensive or disturbing speech. The danger of publication is greater and the danger of repression is also greater. There are serious risks in <u>not</u> censoring, and there are serious risks <u>in</u> censoring. Striking the proper constitutional balance between these risks is a daunting challenge that every democracy must confront. Unfortunately it is a challenge that too few democracies—including our own—have confronted wisely and correctly.[41]



HOUSE_OVERSIGHT_017207

I was asked to help confront this challenge early in my career in several important cases pitting national security against the First Amendment.

These early cases grew out of our disastrous experience in Vietnam, and I observed at close range the ravages of war on our freedoms at home.

The first major Vietnam case was the conspiracy prosecution against Dr. Benjamin Spock, the Reverend William Sloan Coffin, and several other antiwar leaders. I played a consulting role in the defense of Dr. Spock and eventually wrote an article for the *New York Times* about the case after the convictions were reversed on appeal.

The most publicized and notorious of the Vietnam protest cases was the conspiracy prosecution against the "Chicago 7" growing out of demonstrations during the 1968 Democratic Convention. After the trial of that case, the lead defense lawyer—William Kunstler—was held in contempt of court and sentenced to four years imprisonment. I was part of the legal team assembled to prepare the appeal of that contempt order. We won.

Another major prosecution was against the Berrigan brothers and other radical leaders of the draft resistance movement. I was asked to work on the defense of that case, but was "fired" by one of the more militant defendants when he learned that I was a Zionist.

The bitterness of the Vietnam War spread rapidly over college and university campuses. What began as peaceful teach-ins and protests soon turned to confrontations and violence. In 1969, there was an anti-war protest at Harvard that led to violence and several years of continuous turmoil on that venerable campus. These events led the university to attempt to suspend or dismiss numerous students. I represented several of these students against the university. One was accused of "giving the finger" to a speaker. Another was accused of shouting "no silence in the face of death," when the speaker requested a moment of silence for soldiers killed in combat. We won both cases.

At Stanford University the leader of the antiwar group was a professor of English literature named Bruce Franklin. He was a Maoist, a Stalinist, and an advocate and practitioner of direct action, including violence. As a result of several speeches he gave and activities in which he participated, the Stanford administration decided to strip him of tenure and fire him. It was the first political firing of a tenured professor by a major university since the terrible days of McCarthyism. I took his case on behalf of the American Civil Liberties Union.

As the war was winding down and the United States was deciding to withdraw from Vietnam, the CIA was given a major role in overseeing the American evacuation. One of the highest ranking CIA agents in charge of the operation was Frank Snepp. Snepp wrote an uncensored account of his experiences—taking care, however, not to disclose any classified material. He refused to submit his manuscript for prior "approval" by the CIA, as required in his employment contract. When his book entitled *Decent Interval* was published the CIA sued him, and the case eventually

[41] See Dershowitz, *Stretch Points of Liberty*



HOUSE_OVERSIGHT_017208

was decided against him by the Supreme Court. I was one of his lawyers throughout the litigation.

The release and publication of the Pentagon Papers in 1971 was perhaps the single most important event in turning American public opinion against the Vietnam War. While the *New York Times* and the *Washington Post* were fighting in court to continue publishing portions of the Papers, Senator Mike Gravel of Alaska was taking more direct action: he convened an emergency night-time meeting of his subcommittee on Buildings and Grounds—hard to imagine a committee less relevant to the Pentagon Papers—and placed the Papers in the public record. The "Gravel Edition" of the Pentagon Papers was then published by Beacon Press of Boston. I represented Beacon Press and, subsequently, Senator Gravel in litigation that eventually went to the United States Supreme Court.

I also conferred with my teacher and dear friend Alexander Bickel, who was lead counsel for the Times in the Pentagon Papers case. Our cases shared a common constitutional approach and so we exchanged ideas and drafts.

The difficulty of defending an absolutist view was well illustrated by an exchange between Justice Potter Stewart and Professor Bickel. Stewart asked Bickel about "a hypothetical case:"

> "Let us assume that when the members of the Court go back and open up this sealed record we find something there that absolutely convinces us that its disclosure would result in the sentencing to death of a hundred young men whose only offense had been that they were nineteen years old and had low draft numbers. What should we do?"

Bickel fumbled:

> "I wish there were a statute that covered it." (p. 46)

Justice Stewart persisted:

> "You would say the Constitution requires that it be published, and that these men die, is that it?

Finally, Bickel answered his hypothetical directly.

> "No, I'm afraid that my inclinations to humanity overcome the somewhat more abstract devotion to the First Amendment in a case of that sort."

The lawyer for the government, Solicitor General Erwin Griswold (former Dean of the Harvard Law School) did not regard Justice Stewart's case as hypothetical.

> "I haven't the slightest doubt myself that the material which has already been published and the publication of the other materials affects American lives and is a thoroughly serious matter."



HOUSE_OVERSIGHT_017209

Several years after the argument, Griswold expressed a rather different view:

> "I have never seen any trace of a threat to national security from the publication. Indeed, I have never seen it even suggested that there was such an actual threat. [He, of course, had suggested just that in his oral argument]…It quickly becomes apparent to any person who has considerable experience with classified material that there is massive overclassification and that the principal concern of the classifiers is not with national security, but rather with governmental embarrassment of one sort or another. There may be some basis for short-term classification while plans are being made, or negotiations are going on, but apart from details of weapons systems, there is very rarely any real risk to current national security from the publication of facts relating to transactions in the past, even the fairly recent past. This is the lesson of the Pentagon Papers experience, and it may be relevant now."[42]

The First Amendment emerged victorious in the Pentagon Papers case, as it did in most of the anti-war cases of the 1970s. But this was before the age of the internet. Everything would soon be different as technology changed the sounds and sights of expression—as well as the stakes involved in the debate over disseminating massive amounts of classified material throughout the world in the blink of an eye.

## Julian Assange and Wikileaks

Important as it was as a First Amendment precedent, the Pentagon Papers case was First Amendment "child play" compared with the Wikileaks case and other current threats to national security posed by modern computer technology. The Pentagon Papers, after all, were to be published by "mainstream," "responsible"[43] and "patriotic" media, such as The New York Times, The Washington Post and the Beacon Press, which would be "sensible" in what they exposed to public view. They would never publish the names of spies, informers or other people whose lives might be endangered by disclosure. (After all, they don't even publish the names of alleged rape victims, though there are good arguments for doing so, at least in some cases.)[44]

Moreover, these "established" media have permanent "addresses." They can be found and held legally accountable if they violate the law. Moreover, they are "businesses" that need public support, and are therefore unlikely to take any actions that would alienate their paying readership and advertisers. These constraints provide some assurance that such established members of "the Fourth Estate" will not pose the worst kind of dangers to our national security. They serve as an informal "check and balance" on the excesses of journalistic freedom.[45]

None of these assurances or checks are in place when it comes to the "hackers," "cyber-thieves," "anarchist" and other "outsiders"—many of whom are "anonymous"—who currently threaten to expose our deepest, most dangerous and most valuable "secrets."

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[42] Washington Post, February 15, 1989. Page A.25
[43] See Gabriel Shoenfeld, Necessary Secrets (_____ 2010)
[44] See Dershowitz [column]
[45] The checks don't always work, as evidenced by the Murdock scandals.



HOUSE_OVERSIGHT_017210

There are, of course, some historical low tech antecedents to the current high-tech dangers. During our pre-revolutionary, revolutionary and immediate post-revolutionary era, there were many "radical," "irresponsible," "anarchistic and "anonymous" "rabble-rousers" and even "whistle blowers," "eavesdroppers" and "leakers" who were believed to be endangering the "security" of the government.[46] "Secret presses" published "anonymous" or pseudononymous screeds, some of which disclosed "secrets" or other "dangerous" information.

The language of the First Amendment would seem to protect these dissidents against any abridgement of their freedom of expression—at least from the United States Government. But our history in this regard has been checkered at best, especially in the context of fear of war.

Less than a decade after the ratification of the First Amendment, Congress (the very Congress that was directed to "make no law abridging the freedom of speech) "made" the Alien and Sedition law, which expressly abridged the freedom of speech of dissidents and critics of the Adams Administration. The justification for this repressive legislation was the fear of war with France. During every war or threatened war since, there have been efforts, many quite successful, to abridge the speech of "disloyal," "unpatriotic," and "irresponsible" dissenters.

The "retail" dangers posed by individual trouble-makers (or even by groups) was, of course, rather meager compared to the "wholesale" dangers currently posed by cyber-"trouble-makers," such as Julian Assange and Wikileaks. Indeed, even Assange and Wikileaks are somewhat closer to established media than are some others who we know little or nothing about. After all, Wikileaks worked closely with established media, such as the New York Times, The Guardian and other mainstream media. There are generally several levels of vetting before anything is published. It can be argued that Wikileaks has served as a "filter" for material that might otherwise have been published directly on the internet, without any names or other such material having been removed.

There are hackers out there who regard Assange as a "sell out" for "tampering with the truth" by excising anything. They would—and do if they can—publish everything they manage to hack. That is why the first line of defense against the disclosure of secrets is to protect the most important secrets from hacking or other means of accessing them by preventive steps. As Assange once told me, "the best way to keep a secret is not to know it." The United States does a terrible job of protecting its secrets, often giving access to some of the most unstable and irresponsible individuals, while denying security clearance to perfectly loyal and cautious people. Inevitably some secrets will become known to those who have no stake in keeping them secret and an important stake in making them public. That's why the rule of law, rather than the whim of government officials, is needed to strike the appropriate balance.

I may have an opportunity to help strike that balance, because Julian Assange has asked me to consult with him and his British legal team regarding a possible indictment by the United States against him and others.

I went to London in March of 2011 to meet with Assange and the lawyers who were then representing him. He was facing the immediate prospect of extradition to Sweden on sexual

[46] See *Finding Jefferson* at pp. __ __.



HOUSE_OVERSIGHT_017211

assault charges, but he also faced the possibility of being extradited to the United States to face charges that carried far more serious consequences than those in Sweden. It was the possible American prosecution that he wished to discuss with me.

I first spent several hours with Assange and his legal team over the phone and by email. We worried about the security of our lawyer/client communications, which some might think ironic in light of Assange's penchant for disclosure of secret communications, but he had little choice but to communicate about the legal issues. We decided that a face-to-face meeting was required and we met in his lawyer's office.

I found Assange to be an earnest person, deeply devoted to the principle of maximal transparency of governmental actions. He was, however, sensitive to the need to keep some secrets—if not from him, at least from the general public, which inevitably includes some very bad people determined to do some very bad things to innocent and perhaps not so innocent people.

Assange insisted to me[47] that he was a journalist, in every relevant sense of that term. He published, and turned over to others to publish important and relevant material that others had provided to him anonymously. He and his colleagues had devised a technology for allowing "whistle blowers" to "drop" material to Wikileaks anonymously and with no possibility of it being traced to its source. This "dropbox" technology was the cyber manifestation that the best way to keep a secret is not to know it in the first place. He and his colleagues had devised a foolproof system, he believed, to keep <u>them</u> from learning <u>who</u> had "dropped" the material into "the box."

His job as a journalist was to authenticate the raw material, vet it for names and other life-threatening information which in his journalistic judgment should not be published (for example, the location of safe houses and the names of vulnerable people), and arrange for it to receive maximal reach by having it published by mainstream media outlets around the world, which would do further vetting to meet their own journalistic standards.

When he finished explaining his journalistic modus operendi, two names immediately popped into my head: Seymour Hirsh of the New Yorker, and Bob Woodward of the Washington Post. Both are solid pillars of the journalistic establishment and both have made their reputations by publishing secrets the government—or at least <u>some</u> in the government—did not want to see in print.

Hirsh specializes in publishing classified information about national security that has been provided to him by whistle blowers inside the government who disagree with particular governmental policies and want to see them exposed by someone who is believed to be sympathetic to their dissenting views. Some, if not most, of these whistleblowers are breaking the law by disclosing classified material to Hirsh. Hirsh and his publishers knew that they were publishing classified information before they published it. Yet neither he nor his publishers have been prosecuted.

It is likely, moreover, that Hirsh has encouraged at least some of his more reluctant sources to become whistle blowers or, if they came to him without any prior encouragement, to continue to

[47] I can only disclose material that is in the public record that he has given me permission to disclose.



HOUSE_OVERSIGHT_017212

provide him with classified material. I do not know this to be a fact, but I have been told by several experienced investigative reporters that this is how it is done—that without some encouragement and promises of confidentiality and positive portrayal of the source, the leaks "dry up." When I read books by these authors, I can often surmise who at least some of the sources are: they're usually the ones who are portrayed positively in other parts of the book—quid pro quo!

In other words, authors like Seymour Hirsh not only report the classified information given to them by sources, they develop, encourage, and in other ways facilitate the continuing flow of information—information which they know is classified and hence being illegally turned over to them—from their "criminal" sources. An important difference is that Hirsh has a political agenda: he publishes only information that serves that agenda. Assange, on the other hand, seems willing to publish material equally critical of all governments. For engaging in such journalism, Hirsh wins Pulitzer Prizes, gets invited to White House dinners and to lecture at schools of journalism which teach these methods.

Woodward is different in some respects and similar in others. Whereas Hirsh's sources tend to be beauracratic dissidents, Woodward relies on high ranking members of the administration who want their "spin" on the story he is publishing to a very wide audience. Some of those politicians may be authorized to disclose the material, but certainly some are not, and much of the material is classified (though it probably shouldn't be).

Both authors recognize the reality that many, if not most "state" secrets are designed not to protect the security of the nation, but rather to protect (and enhance) the reputations of the incumbent officials. In this regard, I recall a joke that made the rounds of the Soviet dissident community when I represented several of them in the 1970s. It is set during the period of the Stalin Show trials, when a dissident is arrested for calling Stalin a "fool." He wanted to defend himself by showing that Stalin was indeed a fool, but he was cut off by the judge who said: "If you were being charged with defamation, truth might be a defense.
But it is not a defense to what you are being charged with." The dissident was taken aback and asked the judge, "If I am not being charged with defaming Stalin for calling him a fool, what am I being charged with?"

The judge responded solemnly: "You are being charged with revealing a state secret!"

Many current state secrets are really secrets whose disclosure would embarrass—properly embarrass—office holders. Even the Solicitor General who argued for the Nixon Administration to prevent publication of the Pentagon Papers later acknowledged this reality. That's why selective leaking and selective withholding of classified material is so damaging to truth, accountability and historical accuracy. And that's also why it is so prevalent in every administration.

Wikileaks is different precisely because Assange is not publishing selectively in order to tell a story favorable to one group or another. He has no political agenda. His goal is transparency for the sake of accountability. With the exception of some names and addresses, Wikileaks has let



HOUSE_OVERSIGHT_017213

the leaked documents speak for themselves. He allowed the chips to fall where they may and they often fall on the head of the current office holders around the world.

Prosecuting Wikileaks or its founder for "the crime" of publishing classified information, while at the same time rewarding -- with prizes, access, interviews, and status – "reputable" journalists and newspapers for doing essentially the same thing, would constitute selective prosecution. American law, as distinguished for example from German law, generally permits selective prosecution of criminals, on the ground that resources are limited and prosecutors must have some discretion in deciding how to expend their limited resources. In order to "get the most bang for the buck", prosecutors are generally free to pick and choose among the many who violate broad, open-ended and often vague criminal statutes, such as tax, regulatory and criminal negligence laws. They are not free to exercise this discretion in a partisan manner: going after members of the opposing political party. Nor can they properly do so on the basis of race, religion or other protected categories. But they may select for prosecution the most visible or notorious offenders, since such prosecutions are likely to have the greatest deterrent effect on other potential law violators. For example, Leona Helmsley, one of the most famous women in America, was indicted for tax evasion on April 15th!

One area in which it is dangerous and wrong to permit selective prosecution is the publication of classified information by the media. If the government can pick and choose the few it decides to prosecute among the many who publish classified information, it will have far too much power over the content of what the media reports.[48] The First Amendment recognizes no distinction between the patriotic and unpatriotic, the responsible and irresponsible, the favorable or unfavorable, media. It was precisely these improper distinctions that were employed by the John Adams administration when it selectively enforced the Alien and Sedition laws against "Jeffersonians", "Jacobins", and other perceived enemies of the Federalists. It took more than a century and a half for the Supreme Court to declare that although ".. the Sedition Act was never tested in this court, the attack upon its validity has carried the day in the 'court of history', citing "a broad consensus that the act was inconsistent with the First Amendment". (I was a law clerk when that opinion was issued in 1964.)

[48] The Supreme Court has recognized, in the context of the First Amendment, that a law purporting to regulate speech or press, in order to survive the "strict scrutiny" standard of review required by the First Amendment, must not be overinclusive or underinclusive. *See Brown v. Entertainment Merchants Assn.*: "Underinclusiveness raises serious doubts about whether the government is in fact pursuing the interest it invokes, rather than disfavoring a particular speaker or viewpoint…And finally, the Act's purported aid to parental authority is vastly overinclusive. Not all of the children who are forbidden to purchase violent video games on their own have parents who *care* whether they purchase violent video games. While some of the legislation's effect may indeed be in support of what some parents of the restricted children actually want, its entire effect is only in support of what the State thinks parents *ought* to want. This is not the narrow tailoring to "assistant parents" that restriction of First Amendment rights requires…California's legislation straddles the fence between (1) addressing a serious social problem and (2) helping concerned parents control their children. Both ends are legitimate, but when they affect First Amendment rights they must be pursued by means that are neither seriously underinclusive nor seriously overinclusive. *See Church of Lukumi Babalu Aye, Inc. v. Hialeah*, 508 U.S. 520, 546 (1993) As a means of protecting children from portrayals of violence, the legislation is seriously underinclusive, not only because it excludes portrayals other than video games, but also because it permits a parental or avuncular veto. And as a means of assisting concerned parents it is seriously overinclusive because it abridges the First Amendment rights of young people whose parents (and aunts and uncles) think violent video games are a harmless pastime. And the overbreadth in achieving one goal is not cured by the underbreadth in achieving the other. Legislation such as this, which is neither fish nor fowl, cannot survive strict scrutiny."



HOUSE_OVERSIGHT_017214

Not only has the verdict of history condemned the words of the Sedition Act, it has also condemned the selective manner in which it was enforced against certain journalists and newspapers but not others. If there are to be any restrictions of freedom in the press, they should be applied uniformly. If the publication of classified material is to be prosecuted, then all who publish it should be prosecuted, not only the marginal, the powerless, the "irresponsible" and the unpatriotic --- in the eyes of the government . If all are prosecuted, there is the possibility of the self-correcting mechanism of democracy operating to change the law, by narrowing it to criminalize only those categories of currently classified information that truly endanger national security. If untrammeled prosecutorial discretion is permitted, then the law can be kept as broad and overinclusive as it currently is, without fear that the New York Times will be caught in its web. But if only the weak and the unpopular are selected for prosecution, the pressures for change will diminish.

Moreover, selective prosecution of only certain journalists who violate broad statutes will encourage some in the media to curry favor with the government, and the government to curry favor with certain media. This is an unhealthy and dangerous relationship in a democracy in which the press is supposed to check the government and be independent of its control.

The exercise of some discretion is necessary under the statutory scheme that currently criminalizes the publication of classified material. If all journalists who publish any classified material were to be prosecuted, there would be few left. The New York Times and its publishers, editors, and national security reporters would be convicted felons, since the current statutes are written in the broadest of terms that invite the exercise of discretion, which has always been employed to immunize the mainstream media.

In a definitive history of this problem, the author, Gabriel Schoenfeld, argues that an appropriate balance must be struck and that neither the press nor Congress can be relied on to strike that balance. Surprisingly, and wrongly in my view, he places his greatest reliance on the exercise of prosecutorial discretion and in the common sense of juries. History has not vindicated this trust, especially in times of national turmoil and fear. For me, a better democratic answer is for the courts to demand that legislatures enact clear, precise and extremely limited prohibitions on the real-time disclosure of only the most necessary of secrets. These statutes must neither be overinclusive or underinclusive (as are current laws). They should be capable of uniform and universal application that constrain the power of the government to pick and choose. Precise codification is not a perfect solution to an intractable dilemma, but it would be a significant improvement over the unacceptable current situation.

In vibrant democracies there will always be tensions between the government's need to keep secrets and the news media's need to reveal them. There will never be a perfect solution or an agreed-upon balance. This is as it should be. Constant tension between the government and the press is an essential requisite of our system of checks and balances.



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Speech Codes

It is the great danger of top-down discretion in the area of regulating speech that led me to express one of the most controversial views a free speech advocate can hold: I favor precise and narrow "speech codes" on university campuses, for much the same reason I favor precise and narrow national security codification. As I will now explain, I favor such codes not because I want to see campus speech curtailed, but rather because I want to see it freer than it is today.

My general views on free speech are well-known: I am as close to an absolutist against censorship as anyone can reasonably be. In my book *Finding Jefferson* I describe my position as "a presumptive absolutist".

> "All speech should be presumed to be protected by the Constitution, and a heavy burden should be placed on those who would censor to demonstrate with relative certainty that the speech at issue, if not censored, would lead to irremediable and immediate serious harm. No one should be allowed – in the famous but often misused words of Justice Oliver Wendell Holmes Jr. – falsely to shout fire in a crowded theater, but anyone should be allowed to hand out leaflets in front of the theater urging people not to enter because of potential fire hazards."

I am particularly critical of the censorship of speech on university campuses in the name of "political correctness". As I wrote in *Shouting Fire*:

> Though [students who seek to censor "offensive" speech] insist on being governed by the laws of the outside world when it comes to their personal lives, railing against visitor rules and curfews, they want their universities to adopt rules that restrict their First Amendment rights of free speech in order to shield them from the ugly realities of prejudice.

Yet despite my strong opposition to censorship, I have surprised both my supporters and detractors by calling for precise and narrow "speech codes" on campuses. My reasoning is simple: censorship is inevitable on all university campuses in extreme situations; if a professor used the "N" word to call on an African-American student in class – or comparable taboo words to call on a woman, a Jew, a gay or lesbian, a Latino, or an Asian-American – that teacher would be fired (or at the very least disciplined). There are other forms of expression as well that would simply not be tolerated in a university, public or private. Precisely what those are we don't know (recall Carlin's 7 dirty words) but we will probably know it when we see it. (Recall Justice Stewart on hard core pornography.) Accordingly, there already exists a speech *common-law* (or more precisely a censorship common-law) at every university. The issue, therefore, is not whether there is or should be any censorship of expression by universities. We already know the answer to that question: there is and there should be in those kinds of extreme cases. I know of no responsible person or organization that would defend the right of a teacher to use the "N" word in calling on or routinely discussing African-American students. The remaining question is



HOUSE_OVERSIGHT_017216

whether it is better to leave the decision as to which words in which contexts are prohibited to the after-the-fact discretion of an administrator, or to decide in advance on a list or category of prohibited expressions. In other words, is it more protective of freedom of expression to have a "censorship *common-law*" to be applied on an ad-hoc basis by a dean, or to have a "censorship *code"* debated and agreed upon in advance by the equivalent of the legislative branch of the university – a student or faculty senate or some other representative body.

I strongly favor a narrow code to a potentially broad common-law, because it provides advanced fair warning and an opportunity to challenge the provisions of the code before they are enforced. (That's why I also favor a narrow code criminalizing the publication of only the most dangerous state secrets).

In 2002, there was an ugly racial incident at Harvard Law School that led to a campaign by some student groups for censorship of offensive speech. The dean appointed a committee to recommend an approach to this delicate problem. He put me on the committee because of my vocal opposition to censorship and my support for a maximalist position on freedom of speech. My fellow committee members were surprised when I proposed that we try to draft a speech code.

"I thought you favored freedom of speech", one of the libertarian student members said in frustration.

"I do," I replied. "That's why I want a code. I don't trust the dean – or anyone else – to decide which speech should be prohibited."

"No speech should be prohibited," the student replied.

I then gave my examples of the professor and the "N" word.

"That's different," the student insisted.

"Then let's try to codify exactly what else may be 'different'", I responded.

The committee spent more than a year trying to come up with a code of prohibited expressions, but it could not come to any agreement. The "N" word itself could not be prohibited because a black professor had written a brilliant book entitled "*Nigger: The Strange Career of a Troublesome Word"*. We tried to define the circumstances under which the "N" word could and could not be used, but we could not come to any agreement. (One person suggested that the "N" word could be used by Blacks but not Whites. Another suggested it could be used in a book but not in oral discussion.) Nor could we agree on other disputed forms of expression, such as opinions regarding negative characteristics associated with particular groups. At the end, we reported back that we could not come up with a code. It was a useful experiment in democracy and accountability. I would have preferred us to adopt a code limited to those instances of expression – such as a teacher calling a minority student by a negative racial or other term – which everyone agrees is unacceptable in a classroom setting. This would have sent a powerful message that *no other* type of speech, regardless of how offensive it might be to some, can be



HOUSE_OVERSIGHT_017217

prohibited. If a particularly inappropriate expression that had not been included in the codification were then to be used, the committee could consider including it for *future* discipline, but it could not be the basis for imposing discipline for speech that took place *prior* to its inclusion in the codification.

The virtue of a code is that it completely occupies the area of sanctions. It leaves no room for "common law crimes" or broad decanal discretion. The vice of a code is that it is often underinclusive—it excludes conduct (or, in this case, speech) that is novel, or that was not considered by the codifiers. In the area of freedom of expression, the virtue of such a limitation trumps its vice, at least in my view. It is far better to have rules regulating speech that are underinclusive than overinclusive.

In 2007, I taught a university-wide course with Professor Steven Pinker on the issue of Taboo. The question posed by the course was whether there are any issues that are so delicate, sensitive, controversial, or disgusting that they should be treated as "taboos," even on a university campus dedicated to open dialogue and the free exchange of views. Most Americans are brought up to believe in freedom of expression, but almost everyone has at least one type of speech that he/she would suppress. In our course, we searched for a *theory* of taboo – a description or prescription of genres of expression that lay outside the presumption of discussability and are, or should be, subject to suppression, censorship or tabooization. Professor Pinker presented some evolutionary and psychological arguments for the existence and utility of some taboos, while questioning many of the taboos that currently seem to exist on university campuses. I discussed the legal and moral arguments for and against any exceptions to the general presumption of free expression. In the end, there was little agreement, except that there is and should be a difference between societal taboos, enforceable only by social sanction, and official governmental censorship, enforceable by the power of the state through the law.

We also agreed that notwithstanding the clear words of the First Amendment, Congress <u>must</u> have the power to make <u>some</u> laws banning the disclosure of <u>some</u> secrets for <u>some</u> time. Finally, we agreed that there will never be a perfect balance struck between the public's need to know and the government's need to keep our enemies from knowing certain information. The struggle to strike this delicate balance never stays won. What history seems to teach us is generally to err on the side of more disclosure rather than more censorship, even when it comes to national security.



HOUSE_OVERSIGHT_017218

Chapter 8: Expressions that incite violence and disrupt speakers

Pornography consumed in private does not require a balancing of rights—as explained in Chapter 6—because no one should have the right to tell an adult what to read, view or hear in his home or in an enclosed area, like a theater, where no one is forced to go. Disclosure by the media of national security secrets requires an exquisite, if not impossible, balancing of rights and interests, as explained in Chapter 7. Expressions that incite violence or disrupt speakers—the subject of this chapter—also require a difficult balance between the rights of the speaker, and the rights of the potential victims of the incited violence and those of the disrupted speaker.

There are two basic types of expression that incite. The first is reactive—that is, the speaker so deeply upsets or offends the person (or persons) to whom he is speaking that he reacts to the speech by attacking the speaker. This comes under the legal rubric of "fighting words"—words that cause the listener to fight back. The second is pro-active—that is, the speaker urges his listener (or listeners) to commit violence and the listener complies by committing violence against a third person (or persons or institutions). This comes under the legal rubric of "clear and present danger."

Early in my career I was involved in both of those types of cases.

In the famous neo-Nazi march through Skokie, Illinois, the Nazi thugs deliberately decided to march—with anti-Semitic chants, signs and uniforms—through a Jewish community with a large number of Holocaust survivors. Their goal was to provoke a negative reaction from those they were trying to offend. The city banned the march on the ground that it would provoke a violent reaction from some survivors and others. The Nazis sued. To the surprise of many, and to the dismay of my mother, I urged the ACLU, on whose board I sat, to defend the right of the Nazis to march through Skokie and I urged the Jews to ignore them, in order not to give the Nazis the publicity they craved. I don't believe in the "fighting words" exception to the First Amendment. I believe that the answer to deeply offensive speech is not violence, and that the law should not legitimate or justify violence by recognizing this exception. Experience demonstrates that when victims respond to such offensive provocations by violence or censorship, the provocateurs win in the court of public opinion. That's what happened in Skokie.

A small rag-tag band of Nazi thugs became the focus of worldwide attention as a result of being censored by Skokie. They were interviewed by the media, their numbers and influence grew and they received a degree of legitimacy they had never previously had.

I fully understood why the Holocaust survivors would be deeply offended, even possibly traumatized, by being forced to re-experience the spectacle of brown shirted Nazi wearing Swastikas invading their neighborhood, but I worried about the implications of a judicial decision authorizing censorship. It could be used to justify the censorship of a march by the likes of Martin Luther King through a segregated community in the south; whose residents would be deeply offended by an integrated group marching through their community. It's no answer to point out that King was good or right and the Nazis are bad and wrong, because the First Amendment must always be content-neutral and not prefer good and right speech over bad and wrong speech. That's for the public to decide only after being presented with both sides without



HOUSE_OVERSIGHT_017219

government interference. That's how the marketplace of ideas is supposed to operate in a democracy. The government must protect bad, wrong and offensive speakers from those who would react violently. Speech, not violence, is protected by the First Amendment.

Moreover, if a violent reaction to speech is deemed to justify the censoring of that speech, then the threat to commit violence empowers "the victims" of provocative speech to serve as censors. This "violence veto" should not be encouraged by the law. Hard as it may be to arrest these "victims" rather than the provokers, the First Amendment requires that the government side with the "bad" speakers, rather than the "good" violence-threateners.

In the end, the Nazis "won" the encounter in Skokie because good and decent people in that community decided to try to censor, rather than ridicule or respond to them.

My experience with "clear and present danger" incitement also took place in a small community—the beautiful campus of Stanford University. Shortly after arriving at Stanford in the fall of 1970 for what I expected would be a year of scholarly research as a fellow of the Center for Advanced Studies in the Behavioral Sciences, I was asked to represent a tenured English professor named Bruce Franklin, who was being fired for inciting students. He had spoken at an anti-war rally directed against the Stanford Computation Center, which was involved in war-related research. His speech including the following: "[W]hat we're asking is for people to make that little tiny gesture to show that we're willing to inconvenience ourselves a little bit and to begin to shut down the most obvious machinery of war, such as—and I think it is a good target—that Computation Center." Following shouts of "Right on," a group of listeners marched on the Computation Center and physically shut it down, causing some damage. Franklin did not join the demonstrators himself; he watched from a safe and discreet distance. The police eventually cleared the building and ordered the demonstrators to disperse. At this point, Franklin joined the crowd and protested the order. He walked up to the police, argued with them that the dispersal order was illegal, and urged the crowd to remain. Many did, and the police used force to affect their order. Minor injuries were sustained by some demonstrators.

Later that night a rally was held on the campus at which Franklin gave the closing speech. In it he advocated "the methods of people's war." There was some dispute about whether he explained what he meant by this term. He claimed that he told the demonstrators that "people's war meant that they should go back to the dormitories, organize people into small groups, and talk with them, or play football, or whatever, as late into the night as possible." Within a few hours of Franklin's speech there was more violence and this time several people were seriously hurt.

The next day President Lyman announced that Professor Franklin would be fired from his tenured position on grounds of "substantial and manifest neglect of duty and a substantial impairment of his appropriate functions within the University community."

Franklin demanded a formal hearing, and a faculty advisory committee of seven full professors was convened to consider the charges and recommend an appropriate sanction. It was difficult to find seven professors who did not despise Franklin—and with good cause.



HOUSE_OVERSIGHT_017220

I persuaded the local ACLU chapter to become involved but I, and my research assistant Joel Klein, took the lead in defending Franklin.

Word quickly spread around the Stanford campus that I had gotten the ACLU into the case. I was criticized for my intrusion into the affairs of my host university. President Lyman went on the radio to attack me:

> It is a myth that all speech is constitutionally protected. No constitutional lawyer in the land—no, not even Mr. Dershowitz, the Harvard law professor come to Stanford to save us all from sin—not even Mr. Dershowitz could make such a sweeping claim.

I responded with my own statement in the *Stanford Daily*:

> There are important civil liberties issues at stake in the Franklin firing. If Dr. Lyman wants to challenge my view of the Constitution or civil liberties—and those of the ACLU—I invite that challenge, on its merits.

Lyman rejected my invitation to debate and continued to attack me—both personally and through his surrogates—in highly personal terms. The hostility toward me and toward the ACLU spread quickly among the established faculty. Not surprisingly, it soon reached the Faculty Committee that was considering the Franklin case.

We filed a brief on behalf of the ACLU urging Stanford, which is a private university, to apply the spirit of the First Amendment to Franklin's case. The committee agreed and said they were applying First Amendment standards, but it ruled, in a divided vote, that Franklin's speeches violated those standards. They found that he "did intentionally write and urge" students and other to "occupy the computation center illegally," to "disobey the order to disperse" and to "engage in conduct which would disrupt activities of the university and threaten injury to individuals and property."

Following the Franklin firing I gave a lecture on the implications of the case. I predicted that Franklin himself would soon be forgotten because his message would be rejected in the free marketplace of ideas. But the Committee's decision would be long remembered as a leading precedent in the jurisprudence of universities.

I concluded my lecture by pointing an accusing finger at some of the faculty who pretended that the Franklin case raised no important civil liberties issues:

> How often have I heard the absurd remark that Franklin is being fired for what he "did," not for what he "said," without a recognition that this quibble doesn't' hide the fact what he "did" was to make speeches. How often I have heard the statement that this case does not involve "academic freedom," it is simply an employer firing an employee for disloyalty—as if a requirement of loyalty and academic freedom were compatible. [T]he true test of a genuine civil libertarian is how he responds to a crisis close at hand.



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Expressions that deliberately disrupt a speaker with whom one disagrees

The Bruce Franklin case also included this alleged exception to the First Amendment—namely, that although there is a constitutional right to heckle speakers (at least in some context), there is no such right to silence a speaker by shouting him down. When Henry Cabot Lodge came to speak at Stanford in January 1971, he was shouted down with cries of "pig" and "war criminal," and then drowned out by continuous chanting and clapping. Eventually, the program had to be canceled (just as a similar program had been canceled several years earlier at Harvard.) Franklin participated in the shouting but denied complicity in the chanting and clapping that brought the program to an untimely end.

The ACLU brief that I filed vigorously disagreed with Franklin's contention that there is a "right" to silence a speaker who is deemed to be a "war criminal":

> "[I]f the Board concludes that Professor Franklin intentionally engaged in concerted activity designed to silence Ambassador Lodge—that is, to prevent him from speaking at all—then it is the Civil Liberties Union's position that some discipline would be appropriate."

It defended, however, Franklin's right to heckle, boo, and express displeasure at the speaker of disagreement with his views. If members of the audience may cheer and applaud approval, they must also have a coextensive right to demonstrate disapproval:

> "The rule of thumb [is] that the speaker's entire address must be allowed to be heard, but it may be frequently interrupted, so long as he is permitted to continue a short time after each interruption. This rule does not make for the most comfortable or effective oratory, but the American Civil Liberties Union believes it to be the constitutionally required balance…"

The Stanford Committee followed the ACLU guidelines and concluded that Franklin had not tried to prevent Lodge from speaking.

Forty years later, I tried to get the Southern California branch of the ACLU to apply these same guidelines to another case involving the disruption of a speaker who had been invited by a university—this time the University of California at Irvine, a public university. But its leaders refused to do so, because they disapproved of the speaker and favored the politics of those who were trying to silence him. First, some background.

There is a growing international campaign to prevent pro-Israel advocates, who have been invited to speak at universities, from delivering their speeches. The method used to silence these speakers and preclude their audiences from hearing their message is exemplified by what occurred at the University of California at Irvine.

Michael Oren -- a distinguished scholar and writer, a moderate supporter of the two-state solution, and now Israel's Ambassador to the United States -- was invited to speak. The Muslim Student Union set out to prevent him from delivering his talk. Here is the way Erwin Chemerinksy, Dean of the law school, described what the students did:



HOUSE_OVERSIGHT_017222

> "The Muslim Student Union orchestrated a concerted effort to disrupt the speech. One student after another stood and shouted so that the ambassador could not be heard. Each student was taken away only to be replaced by another doing the same thing."

Chemerinsky understates what happened, as anyone can see by watching a video of the event, available online (http://www.youtube.com/watch?v=7w96UR79TBw). This was more than a "concerted effort to disrupt the speech." It was a concerted effort to stop it completely -- to censor Oren's right to speak and his audience's right to hear him. The efforts to disrupt succeeded; the effort to stop ultimately failed. Moreover, there is undisputed evidence that there was a well-planned conspiracy to censor Oren's talk.

The students were disciplined by the university for their actions, though the nature and degree of the discipline has been kept confidential. Campus sources have characterized it as a "slap on the wrist." Since the students had to be arrested to prevent the speech from being drowned out, the District Attorney, quite understandably, commenced a criminal investigation. After learning of the careful planning that went into the concerted effort to prevent Oren from speaking, the DA filed misdemeanor charges against those who were involved.

This decision resulted in an outcry by radicals, many of whom favor censorship of pro-Israel speakers. In a letter to the DA signed by many well-known anti-Israel zealots, as well as by the two leaders of the local ACLU, the incident was described as merely a protest:

> "the students non-violently and verbally protested a university-invited speaker. The students left the event peacefully …."[49]

Then, in an effort to blame the victims, the letter pointed the finger at pro-Israel students who wanted to listen to Oren speak claiming -- quite falsely -- that the Muslim Student Union censors "conducted themselves in less of a disruptive manner than some of the counter-protestors..." Sounds as if the Muslim Student Union deserved a civil liberties award, while the students who came to listen to the invited speaker—"the counter-protestors"—deserve to be condemned. In a more recent letter the ACLU leaders claim that "the students' intent was not to censor the speaker…."

The students themselves have been more honest about their intentions than the ACLU leaders. . For instance, one student leader refused to acknowledge that Mr. Oren had First Amendment rights of his own by interrupting him and shouting, "Propagating murder is not an expression of free speech!" (Shades of Bruce Franklin!) Another student was caught on video telling a crowd assembled outside the event that "we pretty much shut them down".

The fact that radical anti-Israel zealots would support censorship of a pro-Israel speaker comes as no surprise. But the fact that the letter of support was signed by two ACLU leaders should shock all civil libertarians and supporters of the ACLU. I have been a supporter of the ACLU for half a century and was a national board member. In addition to supporting the right of Nazis to march through Skokie, I have defended the right of the most virulent anti-Israel speakers to participate

[49] http://www.baitcal.com/UCIMuslimStudentUnion.html



HOUSE_OVERSIGHT_017223

in the marketplace of ideas. The ACLU policy has always been to oppose concerted efforts to prevent speakers from delivering their remarks, as evidenced by the brief filed in its name in the Franklin case. While supporting sporadic heckling and jeering that merely demonstrates opposition to the content of the remarks, the ACLU has always condemned type set of concerted efforts to silence invited speakers that occurred at Irvine.

Yet signatories of the letter -- which never once criticizes the censoring Muslim Union students while condemning those who wanted to hear the speaker -- include "Chuck Anderson," who identified himself as President ACLU Chapter, Orange County and Chair, The Peace and Freedom Party, Orange County;" (a hard left anti-Israel group), and "Hector Villagro," who identified himself as "Incoming Executive Director, ACLU of Southern California."

Dean Chemerinsky, while opposing criminal prosecution, made a point to condemn the censoring students:

> "The students' behavior was wrong and deserves punishment. There is no basis for the claim that the disruptive students were just exercising their First Amendment rights. There is no constitutional right to disrupt an event and keep a speaker from being heard. Otherwise, any speaker could be silenced by a heckler's veto. The Muslim students could have expressed their message in many other ways: picketing or handing out leaflets outside the auditorium where Ambassador Oren was speaking, making statements during the question and answer period, holding their own events on campus."

The ACLU leaders, on the other hand, seemed to justify the actions of the censoring students while limiting their condemnation to the pro-Israel students who wanted to hear the speaker.

After being criticized for supporting censorship, Villagro sought to justify his signing the letter by the following "logic:"

> "The district attorney's action will undoubtedly intimidate students in Orange County and across the state and discourage them from engaging in any controversial speech or protest for fear of criminal charges."

The opposite is true. If these students had been let off with a slap on the wrist from the University, that would encourage other students around the nation and the world to continue with the efforts to prevent pro-Israel speakers from delivering their speeches. Indeed, even after these students were disciplined, other students tried to shut down several Israeli students, who had served in the Israeli Army, from recounting their experiences. Had the school administered appropriate discipline, I could understand an argument against piling on with a misdemeanor prosecution, but the red badge of courage given to them by the college only served to encourage repetition of their censorial conduct.



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The ACLU should be supporting a clear line between occasional heckling and outright censorship. The ACLU leaders who signed the letter are on the wrong side of that line and should not be speaking for the ACLU.

The prosecution of those who tried to censor Ambassador Oren proceeded. The prosecutors asked me to testify on their behalf as an expert witness on the issues relating to freedom of expression in the campus context. I was tempted but ultimately decided it would be better for them to use a witness with less personal involvement in the matter: I too had been shouted down by anti-Israel groups—on that very campus and on others. The jury convicted the students and they were sentenced to probation and a fine.

There were some who criticized the prosecutor for bringing these charges, but I defended him on the ground that prosecuting these student censors was his duty in protecting the First Amendment:

> It was imperative…that a public prosecutor apply the law to these students, because to do otherwise would be to tolerate, if not encourage, conduct that would undercut the constitutional rights of an invited speaker. This is especially true because the University of California is a state-run institution to which the First Amendment applies in full force. A prosecutor has the obligation to protect the First Amendment, especially if the university has imposed discipline that is inadequate to assure that censorial conduct will be deterred. Moreover, these students must be made to understand that their conduct is not only morally indefensible; it is criminal.
>
> The same would be true if Jewish students were to try to prevent an anti-Israel speaker from presenting the case against Israel. No student, no matter how strongly they feel that their view is the only correct one, has the right to prevent the open marketplace of ideas from operating on a university campus, as these ten students tried to do.
>
> The successful prosecution of the Irvine Ten will not "chill" free speech rights of hecklers. No one should or would be prosecuted for simply booing the content of a speech, leafleting a speaker, holding up signs in the back of the auditorium, conducting a counter event or demonstration. It was these young criminals who were trying to chill, indeed freeze, the constitutional rights of the speaker and those who came to hear him. They should not be treated as heroes by anyone who loves freedom and supports the First Amendment.

It was a good day for the First Amendment when the prosecutor decided to apply the law to their censorial conduct. It was another good day for the First Amendment when the jury appropriately convicted them. Sometimes it takes tough measures to enforce the First Amendment against extremists who believe they own the only "truth" and who seek to silence other views.



HOUSE_OVERSIGHT_017225

Chapter 9: The Right to Falsify History: Holocaust Denial and Academic Freedom

In some European countries, (particularly Germany, Austria and France), it is a crime to deny the Holocaust. In other countries, such as Turkey, it is a crime to claim that the Turks engaged in genocide against the Armenians, even though it is an historical fact recognized by scholars around the world.

Under our First Amendment, no one can be punished either for denying or proclaiming that an historical event occurred.

Several years ago I became embroiled in a heated controversy with Professor Noam Chomsky over the issue of Holocaust denial and the proper role of a civil libertarian in defending the right of Holocaust deniers, without defending the substance of their claims.

In the 1970s a Frenchman named Robert Faurisson, who was an obscure lecturer on French literature at the University of Lyon, began to dabble in Holocaust denial. He wrote a book—and gave talks—in which he mocked Holocaust victims and survivors as perpetrators of a hoax. The Holocaust, according to Faurisson, "never took place." The "Hitler gas chambers" never existed. "The Jews" bear "responsibility" for World War II. Hitler acted reasonably and in self-defense when he rounded up the Jews and put them in "labor camps," not death camps. The "massive lie" about genocide was a deliberate concoction begun by "American Zionists"—in context he obviously means Jews. The principal beneficiary of this hoax is "Israel," which has encouraged this "enormous political and financial fraud." The principal victims of this "fraud" have been "the German people" and the "Palestinian people." Faurisson also called the diary of Anne Frank a "forgery."

Following the publication of Faurisson's book, the lecturer received threats from irate survivors. The University of Lyon, claiming that it could not guarantee his safety, suspended him for a semester.

Chomsky sprang to Faurisson's defense, not only on the issue of free speech, but on the merits of his "scholarship" and of his "character." Chomsky signed a petition that characterized Faurisson's falsifications of history as "findings" and said that they were based on "extensive historical research."

I too defended Faurisson's right to express his views, but I also checked his "historical research" and found it to be entirely faked. He made up phony diary entries, omitted others that disproved

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[50] For example, Faurisson relies on an entry, dated October 18, 1942, from the diary of SS doctor Johann-Paul Kremer written during the three months he spent at Auschwitz in 1942. An eminent scholar checked Faurisson's use of the entry, and demonstrated that Faurisson's "research" was fraudulent. The diary entry read: "This Sunday morning in cold and humid weather I was present at the 11th special action (Dutch). Atrocious scenes with three women who begged us to let them live."



HOUSE_OVERSIGHT_017226

his "research," and distorted the historical record.[50] I exposed Faurisson's deceptions in my own writings, while continuing to defend his right to rewrite history.

Chomsky wrote an essay that he allowed to be used as a foreword to Faurisson's next book, about his career as a Holocaust denier! In this book, Faurisson again calls the gas chambers a lie and repeats his claims about the "hoax" of the Holocaust.

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Faurisson concludes that this passage proves (I) that a "special action" was nothing more than the sorting out by doctors of the sick from the healthy during a typhus epidemic; (2) that the "atrocious scenes" were "executions of persons who had been condemned to death, executions for which the doctor was obliged to be present"; (3) that "among the condemned were three women who had come in a convoy since the women were shot and not gassed (emphasis added).

Faurisson, who said he had researched the trial, knew that his own source, Dr. Kremer, had testified that the gas chambers did exist. Yet he deliberately omitted that crucial item from his book, while including the fact that the women were shot. Faurisson also knew that the three women were "in good health." Yet he led his readers to believe that Dr. Kremer had said they were selected on medical grounds during an epidemic. Finally, Faurisson states that those who were shot had been "condemned to death." Yet he knew they were shot by the SS for refusing to enter the gas chambers.

A French scholar named George Wellers analyzed this diary entry and the surrounding documentation for *Le Monde*. He did *actual* historical research, checking the Auschwitz record for October 18, 1942. His research disclosed that 1,710 Dutch Jews arrived that day. Of these, 1,594 were sent immediately to the gas chambers. The remaining 116 people, all women, were brought into the camp; the three women who were the subject of the Kremer diary must have been among them. The three women were, in fact, shot—as Faurisson concludes. But that fact appears nowhere in Kremer's diary. How then did Faurisson learn it? Professor Wellers was able to find the answer with some simple research. He checked Dr. Kremer's testimony at a Polish war crimes trial. This is what Kremer said at the trial: "Three Dutch women did not want to go *into the gas chamber* and begged to have their lives spared. They were young women, <u>in good health</u>, but in spite of that their prayer was not granted and the SS who were participating in the action shot them on the spot." (emphasis added).

That is not "extensive historical research." It is not research at all. It is the fraudulent manufacturing of false antihistory. It is the kind of deception for which professors are rightly fired: not because their views are controversial, but because they are violating the most basic canons of historical scholarship. It is typical of Faurisson in particular, and of Holocaust denial "research" in general. Yet Chomsky was prepared to lend his academic legitimacy to Faurisson's "extensive historical research."



HOUSE_OVERSIGHT_017227

A few years later, after it became unmistakably clear that Faurisson was consciously lending his name to all sorts of anti-Semitic and neo-Nazi groups, Chomsky repeated his character reference:

> "I see no anti-Semitic implications in denial of the existence of gas chambers, or even denial of the Holocaust. Nor would there be anti-Semitic implications, per se, in the claim that the Holocaust (whether one believes it took place or not) is being exploited, viciously so, by apologists for Israeli repression and violence. I see no hint of anti-Semitic implications in Faurisson's work…" (emphasis added)
> [Add Mearsheimer]

When this statement was quoted in the *Boston Globe,* I wrote the following letter to the editor:

> "While some may regard Chomsky as an eminent linguist, he does not understand the most obvious meaning of words in context. To fail to see any "hint of anti-Semitic implications" in Faurisson's collective condemnation of the Jewish people as liars, is to be either a fool or a knave.
>
> …
>
> Chomsky's actions in defending the substance of Faurisson's bigoted remarks against valid charges of anti-Semitism—as distinguished from defending Fuarisson's right to publish such pernicious drivel—disqualify Chomsky from being considered an honorable defender of the "underdog." The victims of the Holocaust, not its defenders or deniers, are the underdogs."

Chomsky responded by arguing that Faurisson was an anti-Zionist rather than an anti-Semite, because he denounced "Zionist lies."

Following this exchange, I challenged Chomsky to a public debate on the issue of whether it is anti-Semitic or anti-Jewish to deny the Holocaust. This was his answer: "It is so obvious that there is no point in debating it because *nobody* believes there in an anti-Semitic connotation to the denial of the Holocaust" (emphasis added).

One is left to speculate about Chomsky's motives—political and psychological—for becoming so embroiled in the substantive defense of the writings of a neo-Nazi Holocaust denier.

The civil liberties-free speech rationale does not work for Chomsky: civil libertarians who defend the free speech of neo-Nazis do not get into bed with them by legitimating their false "findings" as having been based on "extensive historical research," and by defending them—on the merits—against well-documented charges of anti-Semitism. Moreover, providing a forward for a book is joining with the author and publisher in an effort to sell the book. It is intended not merely to leave the marketplace of ideas open. It is intended to influence the marketplace substantively in favor of the author's ideas. This is not the defense of free speech. It is the promotion of Holocaust denial.

Several years after my encounter with Chomsky, I was asked to defend a neo-Nazi Holocaust denier named Matthew Hale, who was the head of an anti-Semitic group that called itself "The



HOUSE_OVERSIGHT_017228

Church of the Creation". He had been denied admission to the Illinois Bar because of his neo-Nazi views.

Hale was invited to appear on the Today Show to be interviewed by Katie Couric. I was asked to explain why I would even consider representing such a horrible racist and anti-Semite. Couric began by asking Hale to describe his views "in a nutshell." He went on about how non-Europeans—by which he means Blacks and Jews—were destroying the "white race" and how he was going to change that if he were admitted to the bar.

Couric then asked me why I believed a man with Hale's views should be allowed to become a lawyer.

> KC: Mr. Hale should be allowed to practice law…why?
>
> AD: Well first of all I am not a supporter of Mr. Hale. You asked about his views in a nutshell. That's where his views belong, in a nutshell. They are despicable, revolting views. But what I'm concerned about is the precedential effect of giving character committees the right to determine who shall and who shall not have the right to practice law on the basis of ideology and belief. Remember character committees were invented to originally keep out Blacks, Jews, gays, women, leftists…I just don't want to see a resurrection of character committees probing into the ideology of people like Mr. Hale. If I take his case, and he's asked me to represent him, I told him this and he knows this. All the fees will be contributed to anti-racist organizations which will fight the ideology of bigots like him. I hope the American public listening to him would reject his ideas in the marketplace but not through censorship of the kind that the character committee is trying to practice.
>
> KC: But simply espousing these views, couldn't that lead to violence, by other individuals?
>
> AD: Well there is no question how our Constitution strikes that balance. Reading the work of Marx can lead to incitement. Reading the Bible can lead to incitement. But we don't draw the line at the espousal of views. We draw it at incitement or violence itself and we don't want to have a different standard for racists than we do for other people.

Couric then turned back to Hale:

> KC: Ok, you talk about your enemies, Mr. Hale, and among them are Jews. Do you see the irony that you hate Jews and yet you are calling on Mr. Dershowitz to help you?
>
> MH: Well the fact of the matter if having a "Dershowitz" in this equation has brought our church an incredible amount of publicity and as a minister in my church, it is my obligation to bring about as much publicity as possible.

…



HOUSE_OVERSIGHT_017229

KC: But you are using a Jewish lawyer when it's convenient and serves your purpose?

MH: Well certainly its serving his purposes too and the ends justify the means.

AD: My purposes are the purposes of the First Amendment. Mr. Hale, you will rue the day that you ever thought that I would give you publicity because I will not stop condemning your organization and you know that the only condition that I will accept your case is because you have given me the freedom to argue with you, to condemn you and to defeat you in the marketplace of ideas.

MH: That's fine.

AD: The only publicity you will get from me is the most negative kind of publicity because I say, your ideas belong in a nutshell because they are nutty ideas, they are reprehensible ideas…

MH: So are those of the Jews.

AD: And I have faith in the American people that they will reject your ideas in the marketplace of ideas and you should not have the benefit of censorship so that you can stand up and proclaim your views. You know, if the character committee hadn't kept him out, nobody would have heard of this despicable person. It is the character committee who has given him publicity just like the march in Skokie…you know the Nazis would have been able to march through Skokie, it would have been a one-day story, but for the censorship. Censorship creates publicity. What we are doing is hoping to give you the worst and most negative kind of publicity so people will reject your ideas.

KC: So do you still want Mr. Dershowitz to represent you?

MH: The fact of the matter is that we are confident that if people would consider our views, they will agree with them.

AD: Nobody is afraid of your views. As long as you don't violate the law your views will be defeated in the marketplace of ideas

Ultimately, I did not represent Hale because he refused to allow me to donate his legal fee to the ADL, NAACP and other organizations that seek to combat his racist views in the marketplace of ideas. He lost his case and is now in prison for trying to arrange a "hit" on the judge who ruled against him.

Following Hale's imprisonment, I received a call from the FBI advising me that Hale may have put out a hit on me as well. For several weeks, FBI agents monitored and protected me. So much for Matthew Hale merely believing in freedom of speech! This was neither the first nor the



HOUSE_OVERSIGHT_017230

last time I was physically threatened for what I believe. Free speech is anything but free in the real world of high passions and violent tempers.

It is imperative that those of us who defend the rights of bigots and others to express horrible views go out of our way to challenge these bad views in the marketplace of ideas. It is a commonplace among civil Libertarians that the appropriate answer to bad speech is good speech, not censorship. We must provide that good speech as we defend the bad speech.

I had the opportunity to do just that when the actress Vanessa Redgrave had a scheduled performance with the Boston Symphony Orchestra cancelled because of her controversial political views and activities. I defended her right to perform but challenged her to a debate about her outrageous political views. She declined because she was on the Central Committee of the Revolutionary Workers Party – a British Stalinist group – and the Party had to approve in advance everything she said in public. I then explained the hypocrisy of her complaints about being "blacklisted" for her political views and activities, while she herself, and her Party, advocated the blacklisting of others.

In 1978, Redgrave had offered a resolution demanding that the British Actors Union blacklist Israeli artists and boycott Israeli audiences. The resolution included a "demand" that "all members working in Israel terminate their contacts and refuse all work in Israel." Several years later, she justified as "entirely correct" the blacklisting of Zionist speakers at British universities. And she has praised the ultimate form of censorship: the political assassination of Israeli artists, because they "may well have been enlisted ... to do the work" of the Zionists.

Redgrave herself has used her art "to do the work" of terrorists. In 1977, she made a film calling for the destruction of the Jewish state by armed struggle. She has personally received training in terrorism at camps from which terrorist raids were staged. She advocated the assassination of Nobel Peace Prize winner Anwar Sadat. After playing her controversial role as concentration camp survivor in Arthur Miller's 1980 teledrama "Playing for Time" she traveled around the world arguing that her selection for the role constituted a propaganda victory against Israel.

In 1982, the Boston Symphony Orchestra hired Redgrave to narrate several performances of Stravinsky's opera-oratorio "Oedipus Rex". There is some dispute over whether she was hired entirely because of her unquestionable acting ability or also because of her political "courage." As soon as the decision was announced, there was outrage among some of the orchestra's musicians, subscribers and board members. Some musicians suggested that they would exercise their own freedom of association by refusing to perform with a terrorist collaborator who justified assassination of artists.

At the end, the orchestra decided – wrongly, in my view – to cancel the performances of "Oedipus Rex". They offered to pay Redgrave the money she would have received if the show had gone on. Redgrave declined the offer and sued the orchestra for breach of contract, seeking $5 million in damages. She claimed that the effect of the cancellation was that she was "blacklisted" by the Boston Symphony Orchestra and could no longer find appropriate work. The orchestra board responded that Redgrave has earned more money since the cancellation than before it, and that if anyone has refused to hire her, it is because she has used her art to serve the



HOUSE_OVERSIGHT_017231

political ends of terrorism. The board has also proved that Redgrave has turned down roles such as that of Andrei Sakharov's wife in an HBO production because she believed the film might be seen as "anti-Communist propaganda".

Redgrave's supporters threw a fundraiser for her. I prepared and distributed a leaflet that provided the facts to those attending and urged them to ask Redgrave "to explain her hypocrisy". Several members of the audience were surprised to learn of her views on blacklisting Israeli artists. Others said they knew of Redgrave's selective condemnation of blacklisting but didn't care, because – as one woman put it – "anything is fair in the war against Zionism."[51]

In the end, the case was settled and Redgrave persisted in her hypocrisy. I was comfortable in my role defending her rights while exposing her wrongs.

Not everyone understands this distinction. My own mother insisted that I was "helping" Nazis and terrorists when I supported their right to speak, even while condemning what they were saying. Far better educated people than my mother also claimed not to understand. In a debate in Canada on laws criminalizing Holocaust denial, I took my usual position in favor of freedom of speech:

> I regret to say this, but I think that Holocaust denial speech is not even a close question. There is no persuasive argument that I can think of in logic, in law, in constitutionality, in policy, or in education, which should deny [anyone] who chooses to the right to take whatever position he wants on the Holocaust. The existence of the Holocaust, its extent, its fault, its ramifications, its political use are fair subjects for debate. I think it is despicable for anybody to deny the existence of the Holocaust. But I cannot sit in judgment over the level of despicability of anybody's exercise of freedom of speech. Of course I agree that sticks and stones can break your bones, and words can harm you and maim you. That's the price we pay for living in a democracy. It's not that speech doesn't matter. If speech didn't matter, I wouldn't devote my life to defending it. Speech matters. Speech can hurt. That's not why those of us who defend free speech, particularly free speech of this kind, do it. We do it because we don't trust government.

In response, Judge Maxwell Cohen said that anyone who holds such views "ought not to be a law teacher." I disagree. Professors must defend the right of those they disagree with to express wrongheaded views, while insisting on their own right—indeed obligation—to express disagreement with such views.

When Yasser Arafat died in 2004, I was asked by Palestinian students at Harvard to represent them in the failed efforts to fly the Palestinian flag from a flagpole in the Harvard Yard. They knew my negative views of their hero—I had called Arafat's death "untimely," because if he had only died five years earlier, the Palestinian Authority might well have accepted the Clinton-Barak peace offer—but they also knew my views on freedom of speech. I agreed to represent them, as long as they understood that I would continue to criticize both Arafat and those who considered him a martyr. They agreed and we got Harvard to allow them to fly their flag.

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[51] Kevin P. Convey, Actress Redgrave defends her views, but lawyer Dershowitz steals the show. *Boston Herald. Dershowitz: Redgrave Views on Censorship Hypocritical*.



HOUSE_OVERSIGHT_017232

Not everyone—even university professors—seem to understand this important distinction. I encountered this intellectual muddle-headedness in 2010 when I received an honorary doctorate from Tel Aviv University and was asked to deliver a talk on behalf of the honorees. In my talk, I defended the right of professors at the University of Tel Aviv to call for boycotts against Israeli universities. This is part of what I said:

> Israeli academics are free to challenge not only the legitimacy of the Jewish state but even, as one professor at this university has done, the authenticity of the Jewish people. Israeli academics are free to distort the truth, construct false analogies and teach their students theories akin to the earth being flat—and they do so with relish and with the shield of academic freedom. So long as these professors do not violate the rules of the academy, they have the precious right to be wrong, because we have learned the lesson of history that no one has a monopoly on truth and that the never-ending search for truth requires, to quote the title of one of Israel's founders' autobiographies, "trial and error." The answer to falsehood is not censorship; it is truth. The answer to bad ideas is not firing the teacher, but articulating better ideas which prevail in the marketplace. The academic freedom of the faculty is central to the mission of the university.

After defending their right to freedom of expression, I exercised my own right to express my own views about the merits and demerits of their ideas:

> But academic freedom is not the province of the hard left alone. Academic freedom includes the right to agree with the government, to defend the government and to work for the government. Some of the same hard leftists who demand academic freedom for themselves and their ideological colleagues were among the leaders of those seeking to deny academic freedom to a distinguished law professor who had worked for the military advocate general and whose views they disagreed with. To its credit, Tel Aviv University rejected this attempt to limit academic freedom to those who criticized the government.
>
> Rules of academic freedom for professors must be neutral, applicable equally to right and left. Free speech for me but not for thee is the beginning of the road to tyranny.

Following my talk a group of Tel Aviv professors accused me of McCarthyism and of advocating censorship. The Chronicle of Higher Education "reported" that I was pressuring the University to take action against professors who support boycotts against Israeli Universities. I responded:

> I continue to oppose any efforts by any university to punish academics for expressing anti-government views. But I insist on my right to criticize those with whom I disagree. Surely that is the true meaning of academic freedom. I urge your readers to read the full text of my controversial talk at Tel Aviv University.[52]

Another example of the confusion between defending someone's right to speak and reporting that person's views on the merits of his speech arose in the context of efforts by Norman Finkelstein, a

[52] http://www.haaretz.com/full-text-of-alan-dershowitz-s-tel-aviv-speech-1.289841



HOUSE_OVERSIGHT_017233

failed academic who had been fired from several universities, to obtain tenure at De Paul University. Finkelstein had never published any scholarship. Moreover, he had been dismissed by Brooklyn College for abusing students who disagreed with his extremist views and had engaged in sexist behavior at DePaul. Not exactly a strong record for tenure. But he had something going for him. He was so vitriolically anti-Israel, that he had many radical supporters who cared more about his politics than his scholarship. He also argued that most people who claim to be victims of the Holocaust—including Elie Wiesel—were "frauds" and "liars" and that the Holocaust itself was being exaggerated for political and financial reasons. By falsely claiming that those opposed to his tenure were motivated by his political views on Israel and the Holocaust, rather than his lack of scholarship, he hoped to bestow on himself the mantle of victimhood to a conspiracy of Zionist-McCarthyites. I exposed his tactic in the Wall Street Journal by comparing it to the ploy used by Mary McCarthy' fictionalized failed academic who, realizing he wouldn't get tenure, became a communist so that he could claim that he was being denied tenure because he was a Red rather than a lousy scholar:

> "Facing tenure denial, Mr. Finkelstein opted for a tactic that fit the times. He expressed views so ad hominem, unscholarly and extreme that he could claim the decision was being made not on the basis of his scholarship, but rather on his politics."[53]

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[53] Mr. Finkelstein is supported by hard-leftists like Noam Chomsky and Alexander Cockburn. They regard him as a scholar in a class with Ward Churchill. He's the Colorado professor who called the 9/11 victims "little Eichmanns" comparing Finkelstein to Churchill is a characterization with which I would not quarrel.

Mr. Finkelstein does not do "scholarship" in any meaningful sense. Although his writings center on Israel (which he compares to Nazi Germany) and the Holocaust, he has never visited Israel and cannot read or speak German — precluding the possibility of original scholarship.

Prof. Bartov characterized his work as an irrational Jewish "conspiracy theory." The conspirators include Steven Spielberg, NBC and Leon Uris. The film "Schindler's List," Mr. Finkelstein argues, was designed to divert attention from our Mideast policy. "Give me a better reason! . . . Who profits? Basically, there are two beneficiaries from the dogmas [of Schindler's List]: American Jews and American administration." NBC, he says, broadcast "Holocaust" to strengthen Israel's position: "In 1978, NBC produced the series Holocaust. Do you believe, it was a coincidence, 1978? Just at this time, when peace negotiations between Israel and Egypt took place in Camp David?" He argues that Leon Uris, the author of "Exodus," named his character "Ari" in order to promote Israel's "Nazi" ideology: "[B]ecause Ari is the diminutive for Aryan. It is the whole admiration for this blond haired, blue eyed type." (Ari is a traditional Hebrew name dating back to the Bible.) He has blamed Sept. 11 on the U.S., claiming that we "deserve the problem on our hands because some things Bin Laden says are true.") He says that most alleged Holocaust survivors — including Elie Wiesel — have fabricated their past.

Like other anti-Semites, Mr. Finkelstein generalizes about "the Jews"; for example: "Just as Israelis . . . courageously put unruly Palestinians in their place, so American Jews



HOUSE_OVERSIGHT_017234

> The final part of Mr. Finkelstein's quest for tenure is to blame his tenure problems on "outsiders." He claims that I intruded myself into the DePaul review process, neglecting to mention that I was specifically asked by the former chairman of DePaul's political science department to "point [him] to the clearest and most egregious instances of dishonesty on Finkelstein's part." I responded by providing hard evidence of made-up quotes and facts — a pattern that should alone disqualify him from tenure…
>
> Like the character in the "Groves of Academe," Mr. Finkelstein generated protests by students and outsiders. He has encouraged radical goons to email threatening messages; "Look forward to a visit from me," reads one. "Nazis like [you] need to be confronted directly." He has threatened to sue if he loses — while complaining about outside interference. No university should be afraid of truth — regardless of its source — especially when truth consists of Mr. Finkelstein's own words.

He did not receive tenure. I'm proud of the small role I played in helping to maintain academic standards at DePaul University by exposing Finkelstein's lack of scholarship and the sordid tactic he tried to use to capitalize on that failing. My actions in exposing Finkelstein were completely consistent with my commitment to free speech and academic freedom. Finkelstein continues to lecture at universities around the world—including some that have refused to invite me—but he no longer has the academically undeserved imprimatur of DePaul University.

Academic freedom is not limited to faculty. It extends to students as well, and no professor has the right to propagandize his captive classroom audience or to grade them down if they disagree with his political opinions. But it is sometimes difficult to distinguish between acceptable teaching and unacceptable prostheletizing. This too is an area where rights may be in conflict and a delicate balance, always skewed in favor of speech, is required.

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> courageously put unruly Blacks in their place." He says "the main fomenters of anti-Semitism "are 'American Jewish elites' who need to be stopped." Normally, no one would take such claims seriously, but he boasts that he "can get away with things which nobody else can" because his parents were Holocaust survivors.
>
> And then, of course, there is me. In a recent article, "Should Alan Dershowitz Target Himself for Assassination?" Mr. Finkelstein commissioned a cartoon by a man who placed second in the Iranian Holocaust-denial cartoon contest. The Hustler-type cartoon portrayed me as masturbating in joy while viewing images of dead Lebanese on a TV set labeled "Israel peep show," with a Star of David prominently featured.
>
> Mr. Finkelstein has accused me of not having written "The Case For Israel" but when I sent his publisher my handwritten draft, they made him remove that claim. He has accused virtually every pro-Israel writer, including me, of "plagiarism." I asked Harvard to conduct an investigation of this absurd charge. Harvard rejected it, yet he persists.



HOUSE_OVERSIGHT_017235

Chapter 10: Speech that Conflicts with Reputational and Privacy Rights

Defamation: "He that filches from me my good name:"

Whenever a Holocaust denier or defamer of the Jews spews out his poison, I get calls and emails demanding that I sue them for defaming the Jewish people or committing a "blood libel." But under our First Amendment only an individual can be defamed. There is no such thing as group libel. In other words you can say all you want about "the Jews," "the Democratic Party," "the Blacks," "the Gays," and "the women"—obnoxious as these generalizations might be. An anti-Semite is constitutionally free to spread the blood libel against the Jewish people or the Jewish religion, so long as he is careful not to accuse a specific individual of killing Christian children for their blood. This is not true in other countries that do have group libel laws and other rules prohibiting racist statements. Not so under our First Amendment.

In addition to the defamatory statement being directed against a specific individual, it must also cast him in a negative light. That used to be easier to define than it is today. For example, when a newspaper in the segregated Deep South made a typographical error and described a white man as a "colored gentleman," instead of a "cultured gentleman," that error was defamatory, since describing a white person as colored clearly could damage his career and hurt his position. Today, no court would consider it defamatory to mistakenly report on someone's race. It's a little more complicated when it comes to sexual preference. If a newspaper were to characterize a heterosexual politician as gay, that might well hurt his electoral chances, but courts would be reluctant today to rule that being called "gay" is an insult. The same is true of other former words of opprobrium that have lost or decreased their negative connotations over the years.

In addition to being damaging, a defamation must also be untrue. This wasn't always the case, and Thomas Jefferson successfully fought to limit defamations to untruthful statements about an individual.[54]

If the individual defamed is a public figure, such as a politician, celebrity or anyone else who has sought the limelight, yet another hurdle must now be overcome. Since the Supreme Court's 1964 decision in New York Times v. Sullivan, a defamation action can be brought by a public figure only if the false statement was made with "actual malice—that is knowledge that it was false or with reckless disregard of whether it was false or not."

I was Justice Goldberg's law clerk when the Supreme Court rendered that precedent-shattering decision. Goldberg told me that he was concerned that the daunting requirements of the case would make it open season on public figures and would lower the standards of journalistic ethics. He himself, as a public figure, had been defamed on several occasions and it had stung him. Nonetheless, he concurred in the decision and wrote the following stirring words about the freedom to criticize:

> "The theory of our Constitution is that every citizen may speak his mind and every newspaper express its view on matters of public concern, and may not be barred from speaking or publishing because those in control of government think that what is said or

[54] See Finding Jefferson



HOUSE_OVERSIGHT_017236

> written is unwise, unfair, false, or malicious. In a democratic society, one who assumes to act for the citizens in an executive, legislative, or judicial capacity must expect that his official acts will be commented upon and criticized. Such criticism cannot, in my opinion, be muzzled or deterred by the courts at the instance of public officials under the label of libel."

Since I am a public figure under the law, I have been defamed on numerous occasions, especially on the internet. The libels and slanders have been both personal and political. Although these defamations were published with actual malice, I have not sued, though I have often been tempted. (I once threatened to sue when a journalist made up a false racist and sexist quotation and attributed it to me; the newspaper investigated, agreed with me and made a contribution to my favorite charity).

Many years after New York Times v. Sullivan, I myself was charged with defamation—indeed criminal defamation—for exercising my own freedom of speech to criticize a judge for an opinion she wrote. This certainly made me appreciate our First Amendment. Here is the story:

One day in my office I opened an envelope and saw a notice that an Italian prosecutor in the city of Turin had initiated a criminal investigation against me. I had no idea what she could be referring to. The letter stated that I had committed the alleged act in the city of Turin on January 27th, 2005. I checked my calendar and discovered that I was teaching students at Harvard Law School on that day and then attending a lecture by a prominent federal judge. I could not possibly have been in Turin or engaged in any criminal act there. Yet I soon discovered that I was being charged with criminal libel for statements I had made in an interview with an Italian journalist over the telephone. The journalist was in New York. I was sitting at my desk in Cambridge. But the interview was published by the newspaper *La Stampa* in Turin on January 25th, 2005. Accordingly, the alleged criminal act had taken place in Turin, even though I had never set foot in that city. Nor had I engaged in any act other than responding to questions and expressing my heartfelt views about a judge who had written a foolish and dangerous judicial opinion that ruled that three men suspected of recruiting suicide bombers were "guerrillas" and therefore not terrorists, and not guilty.

I characterized her opinion as a "Magna Carta for terrorism," and instead of answering (or ignoring) me, she filed criminal charges with the prosecutor who decided to open an investigation.

As far as I know, the charges against me are still pending in Italy. I have every intention to fight them if it comes to that.

A variation on the theme of defamation is ridicule. Cartoons and drawings have long been used to ridicule the high and mighty. More recently photo-shopped pictures have superimposed the heads of public figures on the bodies of others to demean or insult them. In 1988, the Supreme Court ruled that the Reverend Jerry Falwell could not sue Hustler Magazine for publishing a parody of the well known Campari Liqueur ads in which a celebrity described "his first time." The ad relies on the obvious double-entendre on the first sexual and drinking experience. In the parody, Falwell is shown drinking and having sex with his mother—pretty disgusting! But as the Supreme Court rightly observed:



HOUSE_OVERSIGHT_017237

> "Despite their sometimes caustic nature, from the early cartoon portraying George Washington as an ass down to the present day, graphic depictions and satirical cartoons have played a prominent role in public and political debate. Nast's castigation of the Tweed Ring, Walt McDougall's characterization of presidential candidate James G. Blaine's banquet with the millionaires at Delmonico's as "The Royal Feast of Belshazzar," and numerous other efforts have undoubtedly had an effect on the course and outcome of contemporaneous debate. Lincoln's tall, gangling posture, Teddy Roosevelt's glasses and teeth, and Franklin D. Roosevelt's jutting jaw and cigarette holder have been memorialized by political cartoons with an effect that could not have been obtained by the photographer or the portrait artist. From the viewpoint of history it is clear that our political discourse would have been considerably poorer without them."

It ruled that parodies and caricatures, even revolting ones, were protected by the First Amendment.

Several years after this decision, a young man named David Heller called me. He had been sued by a 60 year old fellow employee, Sylvia Smith Bowman, who was running for the presidency of their local union. Here is how the court described what Heller did:

> "[W]hile the plaintiff was on an approved leave to campaign in the union election, the defendant, David Heller, an employee in the plaintiff's office who supported the incumbent president, created two distinct photocopied representations of the plaintiff by superimposing a photograph of her face and name on two different photographs of women striking lewd or masturbatory poses. The photograph of the plaintiff's face was taken from a campaign card she had distributed to union members. The photographs on which the defendant superimposed the plaintiff's face were taken by the defendant from pornographic magazines. In one of the photographs, the model is nude from the waist down, except for garters, and is posed toward the camera with her legs wide apart as she holds a banana next to her exposed breast. In the other photograph, the model is entirely naked, and appears to be engaged in masturbation. The representations were crafted by the defendant during regular office hours and reproduced on photocopiers owned by the department. The defendant then distributed his handiwork to five coworkers in the Worcester office. Subsequently, the representations were reproduced by employees other than the defendant and distributed to a wider office audience."

Heller said that he had decided to create these parodies after Bowman had made what he regarded as crude and sexist statements against men, including calling them "dickheads."

The Supreme Judicial Court of Massachusetts eventually ruled, over a strong dissent, that Bowman was not a "public figure" because the union election was not "a public controversy." The dissenting judges disagreed, arguing that "an election is the absolute paradigm of a public controversy." My own view is that the majority, especially the woman who wrote the decision,



HOUSE_OVERSIGHT_017238

was so deeply offended by the image at issue that it blinded them to the obvious public nature of a union election. It was a hard case that made bad law. Fortunately the bad law it made has not been followed in other cases involving less disturbing images.

I understand how Bowman must have felt when several years later I was victimized by a cartoon that was similar to the one at issue in her case. It was commissioned by Norman Finkelstein and used to illustrate an article he wrote calling for my assassination. It was a full-color cartoon by a South American neo-Nazi portraying me as watching the Israeli Army kill Lebanese civilians. It had me sitting in front of the television and masturbating in ecstasy over the civilian bodies strewn on the ground. Since I am clearly a public figure, and since this was plainly a parody, it was protected speech under the First Amendment. To be a First Amendment lawyer requires developing thick skin.

Privacy- The right to be left alone

The right of the media to publish purely private though truthful information was the subject, more than 100 years ago, of a classic law review article co-authored by Louis Brandeis, who eventually became one of the "founding fathers" of the 20th Century rebirth of the First Amendment. As a young lawyer, Brandeis was concerned about how local tabloids were publishing gossip about prominent people, including members of his own partner's family. He and his partner wrote "The Right to Privacy" in the Harvard Law Review (1890) in which they set out this new right to "be let alone," which they analogized , at least superficially, to the law of defamation. Remarkably, especially in light of subsequent developments, Brandeis did not seem particularly sensitive to how his new right of privacy might conflict with the old right of the press to publish scandalous material.

The conflict between privacy and publication becomes particularly sensitive when they privacy at issue relates to minors. I have been involved in several such cases. One of them pitted the right of Brook Shields to prevent the publication of nude photographs taken of her when she was 10 years old against the right of the man who "owned" the photos to publish them.

When Brooke Shields was 10, her ambitious mother Teri signed a contract with an equally ambitious photographer to photograph Brooke naked, taking a bath. Brooke was paid $450 for the photo sessions by Playboy Press, and her mother signed a release giving the photographer the unlimited right to publish the photographs anywhere and at any time.

Seven years later, as Brooke was about the enter Princeton as a freshman, the photographer decided to exploit her fame by producing a calendar featuring naked pictures of the 10 year old. Brooke was upset that any such calendar would circulate among her fellow students at Princeton and would cause her great embarrassment.

She hired a former student of mine to try to negotiate with the photographer to buy back the rights, and if that failed, to try to prevent publication of the photographs. My former student sought my advice on the matter. I told him it would be an uphill fight to try to enjoin the publication of the pictures, because they were not obscene and because prior restraint is always disfavored by the law.



HOUSE_OVERSIGHT_017239

The only theory on which I thought she could possibly succeed was that Brooke's mother had no right to surrender her daughter's privacy and that Brooke, now approaching adulthood, should have control over her own image.

Ultimately the court ruled, in a bizarre opinion, that Brooke had essentially waived her right to privacy by allowing the photographs to be published earlier, and by pursuing a career in which she has relied on her sexuality for her success. The court put it this way:

> "Much of plaintiff's recent commercial activity upon which her fame is based has been far more sexually suggestive than the photographs which have been shown to the court. These photographs are not sexually suggestive, provocative or pornographic; they do not suggest promiscuity. They are photos of a prepubescent girl in innocent poses at her bath. In contrast, defense counsel have submitted numerous samples of sex-oriented publicity concerning plaintiff. Particularly notable is her widely televised sexually suggestive advertisement for blue jeans. Recent film appearances have been sexually provocative (*e.g., "The Blue Lagoon", "Endless Love".*). Plaintiff's claim of harm is thus undermined to a substantial extent by the development of her career projecting a sexually provocative image.

This reasoning fails to distinguish between a 17 year old and a 10 year old. The earlier photographs were taken of a 10 year old kid, whose mother controlled what she would do. Her later appearances were made by a near-adult and were far more within her own control. The court simply ignored the argument by the 10 year old should not be bound by foolish decisions made by an ambitious mother when Brooke was too young to say no.

I believe that if this case were to come before a court today, in light of the new sensitivity toward child exploitation, the case would have been cited in favor of Brooke Shields. I had mixed feelings about the result because it was a victory for the First Amendment, but at a heavy cost to a young woman about to enter college. Eventually the case was settled and the calendar wasn't distributed to Brooke's Princeton classmates. Brooke Shields went on to a successful career as a multi-dimensional performer.

Another conflict arose when a blogger posted a naked photograph of a famous athlete's two year old son, and in the caption focused the viewer's attention on the size of the boy's penis. The issue I was asked to address was whether the blog met the criteria for child pornography, which is not protected by the First Amendment. This was an unusual request, since in most of my prior cases invoking charges of child pornography, I defended the person charged. In one such case, a medical student who had worked as a camp counselor had taken thousands of photographs of his campers, including several of them "skinny dipping." The focus of the photographs was not on the genitals and we argued that they were no different, as a matter of law, from nude photographs taken by recognized artists such as Robert Mapplethorpe, Sally Mann and David Hamilton that were exhibited in museums. I won that case and several others like it.



HOUSE_OVERSIGHT_017240

This situation was different; because the only purpose of publishing the child's photograph was to call attention to his penis. Moreover, his parents had not consented their child to being photographed by a paparazzi on an isolated beach, and so the family's privacy rights had been violated. Eventually, the matter was resolved by "the court of public opinion" and the "marketplace of ideas." Viewers of the blog were so outraged and the person who posted it so roundly condemned, that the post was removed.

Another area of conflict between the First Amendment and other provisions of the Bill of Rights arises in the context of criminal trials, when the media seeks to publish information—such as an excluded confession—that may prejudice a defendant's right to a fair trial. A variation on this theme is the media's refusal to publish the names of alleged rape victims, while publishing the names and mug shots of the defendant. This practice does not directly impinge on the First Amendment because the decision not to publish is made by the media, rather than the government. Indeed, the Supreme Court has struck down a statute that precluded the media from publishing the names of alleged crime victims.

I have been involved in several cases that pitted the rights of the media under the free speech rights of the First Amendment, against the fair trial rights of criminal defendants under the Sixth Amendment. I have generally been on the side of the First Amendment, while sympathizing with the situation faced by defendants who would prefer to see the press muzzled when it came to their cases.

One case in which I sided with the privacy rights of a public figure over the publication rights of the media was Chappaquiddick. I was part of the defense team organized by Senator Kennedy's staff. Part of my job was to assure the confidentiality of the testimony given at the inquest concerning the death of Mary Jo Kopenche. The witnesses who were subpoenaed to testify at this secret inquest—especially the young women who shared the house for the weekend—were not offered the right to counsel or other rights available at an open proceeding. We argued with some success, that because the inquest was secret and lacked the usual legal safeguards of public hearings, the right of the witnesses to confidentiality trumped the right of the media to immediate disclosure.

The First Amendment requires that the media and dissenters need breathing room and presumption should always be in favor of a maximalist view of free speech. But this presumption is not without significant risks to deservedly good reputations which can be damaged by defamatory or ridiculing speech. As with other potentially harmful types of expression, defamation and ridicule come with a heavy price—one we must be prepared to pay to keep the First Amendment vibrant. Not everyone is prepared to pay that price.



HOUSE_OVERSIGHT_017241

Conclusion: The Future of Freedom of Speech

Although most Americans support freedom of speech in the abstract, far fewer support speech that hurts them. Free speech for me but not for thee is a common limitation. Let me propose a test for my own readers to see whether you qualify to join "the First Amendment Club."

Do you really believe in the freedom of speech guaranteed by our First Amendment? Or do you just support the speech of those with whom you agree? Nearly two hundred years ago, the French philosopher Voltaire articulated the fundamental premise underlying true support for freedom of speech: "I disapprove of what you say, but I will defend to the death your right to say it."

Defending "to the death" may be a bit strong and "disapprove" a bit weak, but the core of Voltaire's point is crucial. It is easy, and rather self-serving, to rally 'round the flag of the First Amendment on behalf of those whose speech you admire or enjoy. But unless you are prepared to defend the freedom to speak of those whom you despise—those who make your blood boil—you cannot count yourself as a member of that rather select club of true believers in freedom of expression.

I call it a select club because most people, even most who claim adherence to the First Amendment, favor some censorship. Deep down, clearly everyone wants to censor something. I have Jewish friends who support freedom of expression for everyone—except for Nazis who want to march through Jewish neighborhoods like Skokie, Illinois. I have African-American friends who support freedom of speech for everyone—except those who would try to justify racism. I have women friends who support freedom of speech for everyone—except those who are in the business of selling sexist pornography. And the list goes on.

When I spoke at a rally of artists, museum curators, and gallery owners protesting the prosecution of the Cincinnati museum curator who had exhibited the Mappelthorpe photographs of naked children and homosexual adults, it was a very self-serving rally. Of course, artists, museum curators, and gallery owners would protest the censorship of art! Art is their business, after all.

When I represented the musical Hair, which had been "banned in Boston" back in the sixties, of course we got the support of the theater crowd. No one should be surprised that the leader of the rock band 2 Live Crew has become a First Amendment maven, since his rap lyrics have been censored. When the Palestine Liberation Organization (PLO) was prevented from opening an information office in Washington, it was predictable that Arab-American supporters of the PLO would cry "First Amendment foul." It was not as predictable that many Jewish supporters of Israel followed my lead in opposing such censorship.

And what about the classic of self-serving promotion of the Bill of Rights: The Philip Morris sponsorship of TV ads praising the First Amendment at a time when Congress was considering further limitations on cigarette advertising, or corporate support for the First Amendment right to make unlimited contributions to political campaigns. You do not have to be a supporter of freedom of speech to protest when the government tries to censor the speech of those who are goring your ox.



HOUSE_OVERSIGHT_017242

Some examples from my personal Hall of Fame of true First Amendment believers:

- Women against Pornography and Censorship is an organization that tries to educate the public about what they perceive to be the sexist evils of pornography. But at the same time, they try to educate about the evils of censorship, reminding their listeners that if the government is given the power to censor pornography today, then tomorrow it may demand the power to prohibit the publication of information about birth control and abortion.
- Action for Children's Television strongly opposed much of the daily fare to which our children are exposed on the boob tube, but they also oppose censorship of television by the Federal Communications Commission.
- Those Jews, including some Holocaust survivors, who defended the rights of the Nazis to march through Skokie and who now defend the rights of hateful Holocaust deniers to publish their garbage.
- Those pro-choice activists who refuse to call the cops when right-to-lifers picket in front of abortion clinics.

One group that is in danger of being drummed out of the First Amendment Hall of Fame is the American Civil Liberties Union (ACLU). Until recently, it was a charter member. But in recent years some of its branches have gotten soft on the First Amendment when it comes to racist, sexist and homophobic speech on college campuses. The ACLU has refused to defend the rights of the CIA to recruit on campus. It was nowhere to be seen when Dartmouth University disciplined members of the right-wing Dartmouth Review for engaging in "vexatious," "aggressive," and "confrontational" speech against an African-American professor and as mentioned earlier, some of its leaders defended the right of pro-Palestinian students to shut down a pro-Israel speaker. As of now, the ACLU is still a member, but it is getting close to being placed on probation.

If you want to join the First Amendment Club, you must attend at least one free speech rally in support of views that you thoroughly despise. I mean really hate! It is not enough to say, as some do about the Mappelthorpe photographs, "Well, that's really not my taste, but I don't see why others who enjoy that kind of thing shouldn't be free to see it." That's cheating. You must find something that really disgusts, angers, or offends you to the core. Condemn the content, but go out and defend its right to be expressed. Then come and claim your First Amendment membership card. Too few Americans qualify for the card. Until more do, the First Amendment will always be at risk, because it is always being confronted with new and unanticipated challenges.



HOUSE_OVERSIGHT_017243

The First Amendment has undergone more change in the past fifty years than it had in the first 170 years of its existence. Most of the changes have been for the better, such as the virtual elimination of offensiveness as a justification for censorship, and the severe limitations placed on defamation actions against public figures. I'm proud of the role I have played in helping bring about these positive changes.

There are several areas, however, where the First Amendment remains in grave danger. One of them is the use of threatened violence to impose self-censorship, if not governmental censorship. Although the "fighting words" doctrine has always imposed a limitation on freedom of speech, it had been considerably weakened both in theory and in practice until the recent advent of radical Islam, with its threats to kill anyone who insults their religion or their prophet. These threats have been accompanied by murders in several parts of the world. As a result, publishing houses have been reluctant to include material that might give rise to threatened violence. Following the publication by several Scandinavian newspapers of cartoons that depicted Mohammad, there were threats of death and acts of violence. This led the Yale University Press to decide not to include these cartoons in an academic book about the controversy. This act of censorship was not brought about by any governmental pressure, since the First Amendment would clearly protect the publication of the cartoons. It was brought about by the self-censorship of the publishing house growing out of fear that publication would result in violence. This phenomenon gives those who threaten violence an effective veto over what can be published in the United States.

The opposite side of the private self-censorship coin is the private circumvention of governmental censorship. Private hacking groups such as "Anonymous" will do everything in their power to thwart governmental censorship of any kind, including the use of unlawful means, even violence, to subvert or retaliate for legitimate restrictions on publication. This means that the future battles for freedom of speech are likely to be fought on private as well as governmental battlefields and may well involve violent actions on all sides.

The future battlefields will also be international, since the internet respects no national boundaries. This new phenomenon has resulted in efforts to internationalize the censorship of material deemed offensive to Islam and other religions. Various agencies of the United Nations have proposed, in the name of "multiculturalism," severe restrictions on the right to criticize controversial cultural and religious practices deemed sacred by some and offensive by others. Eternal vigilance is essential to the preservation of rights that many Americans take for granted. The struggle for freedom of speech—like the struggle for other liberties—never stays won.

On balance, the First Amendment remains relatively healthy and vibrant in America and continues to serve as a model for many emerging democracies. The same cannot be said about our criminal justice system, to which I now turn.



HOUSE_OVERSIGHT_017244

Part III: Criminal Justice: From Sherlock Holmes to Barry Scheck and CSI

Chapter 11: "Death is different"[55]: Challenging Capital Punishment

From the beginning of my academic career, I taught classes involving the criminal justice system, but I had little practical experience as a criminal lawyer. My primary exposure to the criminal justice system had come during my clerkships, which focused on the death penalty and cases involving the interface of law and science. Not surprisingly, when I decided to obtain some practical experience, I was most comfortable beginning with such cases and causes.

Cases involving death are different. I have litigated or consulted on more than three dozen cases involving the deaths or intended deaths of human beings. These cases fall into three categories: 1) Cases in which the defendant faced the death penalty; 2) cases in which the defendant was charged with killing someone; 3) cases in which the defendant was accused of attempting, intending or conspiring to kill.

Whenever a defendant is at risk of losing his liberty, the stakes are high, but when he or she is at risk of losing life—when the death penalty is on the table—the stakes are the highest. Even in murder or attempted murder cases in which the death penalty is off the table, the life and death nature of the case makes it different both in kind and degree.

I take the hardest cases, often with low prospects for success. Usually, though not always, I am called after the defendant has been convicted and is seeking an appeal or habeus corpus, where the prospects are even lower. Yet, I have won nearly all of the death cases in which I played a significant role. In no case has one of my clients been executed or died in prison.

The reason I have won so many death cases has more to do with science than with law. Most of my death cases were centered on forensics and applied science. Even before the popularity of such television shows as CSI, Bones and Dexter, I had developed an expertise in the scientific aspects of homicide cases. My academic focus has been on the interface of law and science, and so it was natural for me to employ my expertise in the courtroom. Many of my death cases, particularly those involving science, have become the basis for film, television and books.[56] Death is not only different. It is the stuff of drama.

In addition to the individual cases involving death that I have litigated, I have also played a significant role in the campaign to abolish or limit the death penalty. This began more than a half century ago when I was a law clerk responsible for drafting the first judicial opinion challenging the constitutionality of the death penalty as "cruel and unusual punishment."

My role in challenging the constitutionality of capital punishment

[55] Justice John Paul Stevens
[56] Tison brothers, Miller, Borokova, Sybers, Murphy, Claus Von Bulow, O.J. Simpson, Seigel, Connolly, Davis, MacDonald, Kennedy, Rosier. [name films of books]



HOUSE_OVERSIGHT_017245

As I previously mentioned, my initial assignment as Justice Goldberg's law clerk was to write a memorandum on the possible unconstitutionality of the death penalty. Here is how [ find author]_____ , in his book _____, describes the origins of this lifelong collaborative effort.

> [Justice Goldberg] called his law clerk Alan Dershowitz into his office and advanced the decidedly immodest idea of using the Constitution to end the death penalty in America.
>
> "The Eighth Amendment prohibits cruel and unusual punishment," Goldberg told Dershowitz. "What could be more cruel than the deliberate decision by the state to take a human life?"
>
> Alan Dershowitz immediately understood the impudence of Goldberg's proposal. It was Dershowitz's very first day on the job and the young clerk, already brimming with energy and enthusiasm, was elated by the Justice's proposed agenda.
>
> When Goldberg sat down with Dershowitz in the summer of 1963, not even the American Civil Liberties Union believed that capital punishment posed a potential violation of constitutional rights. Dershowitz made this point to Goldberg. "At the time the Eighth Amendment was enacted, the colonists were executing people all over the place. Certainly the framers of the Constitution did not regard the death penalty as unconstitutional."
>
> "Therein lies the beauty of our Bill of Rights," Goldberg said. "It's an evolving document. It means something different today than it meant in 1792."
>
> In Alan Dershowitz, Goldberg found a kindred spirit and a life story that was in many ways the New York parallel of his own Chicago childhood…Dershowitz had an aversion to capital punishment, which traced back to his childhood. Dershowitz argued against capital punishment as a member of his high school debating team. [I still have a handwritten card from my first high school debate in which I advocate the "abolision of C.P." because "most murderers are products of invironment."] In law school, he wrote a letter to the Prime Minister of Israel…arguing that the death penalty was inappropriate even for Adolf Eichmann.
>
> Goldberg's choice of Dershowitz to write his capital punishment opinion was no coincidence. Goldberg passed on the issue during his first year on the bench in part because he did not feel that he had the right clerks. He inherited his first set of clerks from Felix Frankfurter. Though he had high regard for the retiring justice's selections, he didn't feel they were right for the job.
>
> They worked together through scholarship and advocacy against the death penalty for the remainder of Goldberg's life. It is difficult to imagine that Goldberg could have found a more willing and able confederate than Alan Dershowitz.



HOUSE_OVERSIGHT_017246

I set to work on the capital punishment project but found no suggestion in the case law that any court had ever considered the death penalty to be of questionable constitutionality. Just five years earlier, Chief Justice Earl Warren had written in Trop v. Dulles (1958) that "whatever the arguments may be against capital punishment, both on moral grounds and in terms of accomplishing the purposes of punishment—and they are forceful—the death penalty has been employed throughout our history, and, in a day when it is still widely accepted it cannot be said to violate the constitutional concept of cruelty."

I duly reported this to Justice Goldberg, suggesting that if even the liberal chief justice believed that the death penalty was constitutional, what chance did he have of getting a serious hearing for his view that the cruel and unusual punishment clause should now be construed to prohibit the imposition of capital punishment? Justice Goldberg asked me to talk to Justice Brennan and see what his views were. Unless Justice Brennan agreed to join, the entire project would be scuttled, since Justice Goldberg, the Court's rookie, did not want to "be out there alone," against the chief justice and the rest of the Court.

I had previously met Justice Brennan several times over the preceding few years, since his son, Bill, was my classmate and moot-court partner at Yale Law School. I had also had lunch several times with the justice and his friend Judge David Bazelon. But none of our discussions had been substantive, and I nervously anticipated the task of discussing an important issue with one of my judicial heroes.

I brought a rough draft of the memorandum I was working on to the meeting, but Justice Brennan did not want to look at it then. He asked me to describe the results of my research to him, promising to read the memorandum later. I stated the nascent constitutional case against the death penalty as best I could. I told him that *Weems v. United States* could be read as recognizing the following tests for whether punishment was "cruel and unusual": (I) giving full weight to reasonable legislative findings, a punishment is cruel and unusual if a less severe one can as effectively achieve the permissible ends of punishment (that is, deterrence, isolation, rehabilitation, or whatever the contemporary society considers the permissible objectives of punishment); (2) regardless of its effectiveness in achieving the permissible ends of punishment, a punishment is cruel and unusual if it offends the contemporary sense of decency (for example, torture); (3) regardless of its effectiveness in achieving the permissible ends of punishment, a punishment is cruel and unusual if the evil it produces is disproportionally higher than the harm it seeks to prevent (for example, the death penalty for economic crimes).

In addition to these abstract formulations, I also told Justice Brennan that my research had disclosed a widespread pattern of unequal application of the death penalty on racial grounds. I cited national prison statistics showing that between 1937 and 1951, 233 Blacks were executed for rape in the United States, while only 26 whites were executed for that crime, though Whites committed many more rapes than Blacks.

Justice Brennan encouraged me to continue my research, without making any promise that he would join any action by Justice Goldberg. Several weeks later, Justice Goldberg told me that



HOUSE_OVERSIGHT_017247

Justice Brennan had agreed to join a short dissent from the denial of certiorari in *Rudolph v. Alabama* (1963)—a case involving imposition of the death penalty on a black man who was convicted of raping a white woman. Justice William O. Douglas signed on as well. The dissenters invited the bar to address the following questions, which they deemed "relevant and worthy of argument and consideration":

> 1. In light of the trend both in the country and throughout the world against punishing rape by death, does the imposition of the death penalty by those States which retain it for rape violate "evolving standards of decency that mark the progress of [our] maturing society," or "standards of decency more or less universally accepted"?
>
> 2. Is the taking of human life to protect a value other than human life consistent with the constitutional proscription against "punishments which by their excessive…severity are greatly disproportional to the offenses charged"?
>
> 3. Can the permissible aims of punishment (e.g., deterrence, isolation, rehabilitation) be achieved as effectively by punishing rape less severely than by death (e.g., by life imprisonment); if so, does the imposition of the death penalty for rape constitute "unnecessary cruelty"?

As soon as the dissent was published, there was an immediate reaction. Conservative journalists had a field day lambasting the very notion that a court could strike down as unconstitutional a long-standing punishment that is explicitly referred to in the Constitution.

One extreme criticism appeared in the *New Hampshire Union Leader* under the banner headline "U.S. Supreme Court Trio Encourages Rape":

> In a decision handed down last week three U.S. Supreme Court justices, Goldberg, Brennan, Douglas, raised the question of whether it was proper to condemn a man to death for the crime of rape if there has been no endangering of the life of the victim. This incredible opinion, of course, can serve only to encourage would-be rapists. These fiends, freed from the fear of the death penalty for their foul deed, . . .will be inclined to take a chance.
>
> Thus, not content with forbidding our schoolchildren to pray in school, not content with banishing Bible reading from our schools, and not content letting every type of filthy book be published, at least three members of the Supreme Court are now out to encourage rape.

The editorial did not mention that New Hampshire had abolished the death penalty for rape generations ago and had one of the lowest rates of rape in the country—far lower than states that still executed convicted rapists.



HOUSE_OVERSIGHT_017248

Several state courts, where rape by black men against white women were routinely punished by death, went out of their way to announce their rejection of the principal inherent in the dissenting opinion. This is what the Georgia Supreme Court said:

> With all due respect to the dissenting Justices we would question the judicial right of any American judge to construe the American Constitution contrary to its apparent meaning, the American history of the clause, and its construction by American courts, simply because the numerous nations and States have abandoned capital punishment for rape. First we believe the history of no nation will show the high values of woman's virtue and purity that America has shown. We would regret to see the day when this freedom loving country would lower our respect for womanhood or lessen her legal protection for no better reason than that many or even all other countries have done so. She is entitled to every legal protection of her body, her decency, her purity and good name.

The decision did not mention that Georgia, at that time, had one of the worst records in the nation with regard to women's rights.

There was scholarly criticism as well. In the Harvard Law Review, Professor Herbert Packer of Stanford wrote:

> If one may venture a guess, what Justice Goldberg may really be troubled about is not the death penalty for rape but the death penalty. The problem may not be one of proportionality but of mode of punishment, the problem that concerned the framers of the eighth amendment and to which its provisions still seem most relevant. The Supreme Court is obviously not about to declare that the death penalty simpliciter is so cruel and unusual as to be constitutionally intolerable. Other social forces will have to work us closer than we are now to the point at which a judicial coup de grace becomes more than mere fiat. Meanwhile, there may well be legitimate devices for judicial control of the administration of the death penalty…[but] the device proposed by Justice Goldberg is not one of them.

These were the short-term reactions. Far more important, however, was the long-term reaction of the bar, especially the American Civil Liberties Union and the NAACP, which combined forces to establish a death-penalty litigation project designed to take up the challenge of the dissenting opinion in Rudolph. The history of this project has been recounted brilliantly by Professor Michael Meltsner in his book Cruel and Unusual, and I could not possibly improve upon it here. But the results achieved were dramatic. Meltsner and the other members of the Legal Defense Fund, a group that included a number of talented and committed lawyers, litigated hundreds of cases on behalf of defendants sentenced to death and, in many of these cases, succeeded in holding the executioner at bay until the Supreme Court was ready to consider the constitutionality of the death penalty. I consulted on a number of these case, lending insights from my experience as the law clerk who had drafted the Rudolph opinion.



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The strategy was simple in outline: The Supreme Court should not be allowed the luxury of deciding the issue of capital punishment as an abstraction; instead, it must be confronted with the concrete responsibility of determining the immediate fates of many hundreds of condemned persons at the same time. In this way, the Court could not evade the issue, or lightly refuse to decide it if the Court's refusal would result in the specter of mass executions of hundreds of convicts. However, the Court could decline to decide the ultimate issue — the constitutionality of capital punishment — if in doing so it could find some other way of keeping alive those on death row. And the legal team always provided the Court with this other way — a narrower issue, usually in the form of an irregularity in the procedure by which the death penalty was imposed or administered.

Pursuant to this strategy, the Supreme Court decided a number of cases involving the administration of the death penalty; in each of these cases the Court declined to consider the ultimate issue, but it always ruled in favor of the doomed, thereby sparing their lives — at least for the moment. With the passage of each year, the number of those on death row increased and the stakes grew higher and higher.

Then in 1971 the Court took its first turn toward the noose: In *Mc-Gautha v. California*, it held that a condemned person's constitutional rights were not violated "by permitting the jury to impose the death penalty without any governing standards" or by permitting the imposition of the death penalty in "the same proceeding and verdict as determined the issue of guilt." At that point it looked like the string might have been played out: there were no more "narrow" procedural grounds. The Court would have to confront the ultimate issue. But it was not the same Court that had been sitting when the strategy was originally devised; there were four new Nixon appointees, and it was clear that at least some of them believed the death penalty to be constitutional. The umpires — if not the rules — had been changed after the strategy of the game had been worked out and irretrievably put into action. Now there was no pulling back.

The drama intensified. The Court let it be known that finally it was ready to decide the ultimate issue. Knowledgeable lawyers—counting noses on the Court—were predicting that the death penalty would be sustained by a narrow majority. Some thought that it might be struck down for rape but sustained for murder. Some predicted that the Court would once again find—or contrive—a reason for avoiding the ultimate issue. A few, of optimistic bent, kept the faith and expressed the belief that the Court—even this Court—would simply not send hundreds to their death.

And then a major and unanticipated break. The California Supreme Court — perhaps the most influential state court in the nation —ruled that its constitution (which had substantially similar wordings as the federal Constitution) forbade the death penalty. Then, on the last day of the United States Supreme Court's 1971 term, the decision was rendered in a case called *Furman v. Georgia.* The death penalty, as administered in this country, was unconstitutional. The argument proposed by Justice Goldberg on my first day as his law clerk had now been accepted by a majority of the Justices. Goldberg called me in joy, offering mutual congratulations and crediting me with implementing his idea. I was thrilled.



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This would not, unfortunately, be the High Court's last word on the subject. Chief Justice Berger, in his dissenting opinion, provided the states with a roadmap as to how to draft death penalty statutes that might pass constitutional muster with a majority of the justices. What ensued was a constitutional ping pong match between proponents of capital punishment and abolitionists; the proponents would draft new statutes, and the abolitionist lawyers would challenge them in court. Justice Goldberg, now in private practice, and I continued to play a role in this back-and-forth life and death conflict by writing joint articles for newspapers and law reviews. Then I was given and opportunity to participate directly in the court battle, in a dramatic and controversial case called Tison v. Arizona, whose story I will now tell.



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Chapter 12: The death penalty for those who don't kill: Ricky and Raymond Tison

The story of the Tison case was the stuff of films and television dramas. It involved two families. The family of the killer consisted of the father, mother and three sons. The family of the victims consisted of a father, mother, baby and niece. They would meet, with horrendous consequences, on a dark, isolated road in Arizona.

Beyond the tragic facts of the case was the important legal issue they presented, since neither Ricky nor his brother Raymond Tison actually killed anyone. Nor did they intend anyone to die when they helped their father Gary and his cellmate Randy Greenawalt escape from prison. But at least four innocent people—including a baby and a 15 year old girl—were brutally murdered by the prisoners whom the Tison brothers helped escape.[57] And for playing that role Ricky and Raymond Tison, who were teenagers, were sentenced to die in the Arizona gas chamber.

As part of the overall challenge to the death penalty, abolitionists were focusing on the significant number of death row inmates who had neither killed nor intended to kill. Most of these non-triggermen had been convicted of murder on the basis of two legal fictions. The first was the law of conspiracy under which each member of a conspiracy is deemed to have committed every crime actually committed by any co-conspirator[58] (Remember Harry Reems.) The second legal fiction was the law of felony-murder under which anyone who intentionally commits a serious felony, such as breaking someone out of prison, is deemed to have "intended" any death that results from the felony, even if he actually intended that no one should die. The combined effect of these fictions was to deem Ricky and Raymond as guilty of intentional murder as Gary Tison and Randy Greenawalt who actually pulled the trigger and intended to kill the victims.

The Tison case thus starkly presented an issue that had not clearly been resolved by the Supreme Court since the Furman case: Can conspirators who helped murderers escape from prison be sentenced to death for intentional murders committed by their co-conspirators, if the conspirators themselves neither killed nor intended to kill.

I was first approached to help the Tison brothers by a journalist who was working on a book and film project about the case (eventually a film, called A Killer In the Family, was made starring Robert Mitchum as the father and James Spader—in his first cinemographic role—as one of the brothers.) I was asked to appeal their death sentence. Since they had no money, I agreed to prepare and argue the appeal without a fee.

I know the appeal would be tough because the facts of the murders were horrible and the personnel on the Supreme Court was changing in a rightward direction. The strongest point in our favor were the facts of the case as they related directly to the brothers Tison. Their story was compelling.

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[57] Maybe also a honeymoon couple.
[58] _____ Pinkerton



HOUSE_OVERSIGHT_017252

The brothers had never had a "home father." They referred to Gary as their "prison father," since he had spent most of his adult life behind bars, having been convicted of armed robbery and other predatory crimes.

On the way back to prison from a court appearance, Gary had overpowered the guard, killed him, took his gun and escaped. He was soon recaptured, sentenced to life imprisonment and soon began to plan his next escape—this time across the border to Mexico, which was only a two hour drive from the prison.

Before he could escape, Gary had to get himself removed from the "escape risk" list and maximum security—to establish a sense of trust in him by the prison officials. When some young prisoners acted up, Gary worked with the prison officials and helped to control them. He worked on the newspaper, television, and entertainment committee, earning him the right to have visits with his family in the outdoor recreation area. Gary used his time with his family to persuade them to help him escape. After much prodding, the boys agreed.

On a summer visiting day in July of 1978, the three Tison brothers arrived at the Florence State Prison with their perennial picnic basket. Beneath the fried chicken were pistols and shotguns.

The boys had arranged for a car to be parked in the lot of the local hospital. They knew there could be shooting. But Gary promised them that nobody would get hurt. "The more firepower you have," he instructed them, "the less likely you'll have to use it."

"We told Dad," Raymond later said, "we'll do this on one condition—that no one gets hurt."

Gary assured the boys, "We'll make it out without firing a shot or being fired at. And once outside, it will be clear sailing. I know how it works. I've been there before." He had been there before, but it hadn't worked. He had killed a guard and been recaptured.
To the three boys, their father wasn't a killer. A guard had been accidentally shot in a scuffle. It was not in cold blood. Their father was incapable of that. Gary told them that his criminal conduct had been a result of secret training he had received in the "Service." It was "top secret." They believed this fantasy like they believed everything else their father told them. "Nobody was going to get shot," their father assured them.

Gary's prediction proved to be correct about the escape. Raymond went to meet his father in the picnic area. His brothers Ricky and Donny went into the waiting room with their picnic basket. A friend of Gary's, Randy Greenawalt—also a convicted murderer—was in an adjoining control room. When the other visitors had left, the boys pulled out their shotguns and held the guards at bay. Raymond and Gary joined them.

When additional guards appeared they were first ordered to lie down and then herded into a storage room. The door was locked and the power turned off. Then the five simply walked out the front door. Not a shot had been fired.



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Within minutes, the alarm was sounded and the manhunt was on. But the escapees were keeping to back roads in the old white Lincoln supplied by their Uncle Joe, a marijuana dealer. A tire went flat the next day and was replaced with a spare. Later that night, another went flat. There was no spare.

At about the same time, a young marine named John Lyons was driving his family on a vacation. About an hour into their road trip, John saw a young man standing on the side of the road next to a white Lincoln waving his arms for assistance. At first John passed; then he stopped, backed up, and pulled next to the Lincoln. Four more men appeared out of the shadows with their guns drawn. One of them ordered the Lyonses out of the car and motioned them into the back seat of the Lincoln. Two of the men got in the car with them, and the others got into the Mazda.

The Lincoln bumped along for several miles down the rocky dirt road, with the Mazda following behind. Gary stopped and the Lyonses were ordered out of the Lincoln while the men cleaned out the Mazda, put their guns in it, and loaded the Lyones' suitcases into the Lincoln.

Then Gary and Randy got into the Lincoln and drove it seventy yards farther into the desert. They shot some holes into the engine to disable it and told the boys to put the Lyones into the Lincoln. After the Lyoneses were transferred, Gary turned to Ricky and said, "You boys go back into the Mazda and get the water jug." Raymond and Ricky were relieved that the Lyoneses would be left with enough water to survive until help arrived.

Donny, Ricky and Ray retrieved the water jug from the Lyones' Mazda and were on their way back when they heard the shotguns fire. They could see flashes of fire through the darkness. They stood transfixed. It seemed to last forever. Then it was quiet.

As the boys came closer they could see the carnage their father and Randy had left behind.

Their father had murdered an entire family—father, mother, baby and niece—for no apparent reason. They sat immobilized by horror as Randy Greenawalt drove them away in the orange Mazda.

Soon thereafter the Arizona police found the Lyons family. Mother, baby and John were in or near the white Lincoln, shot to death. The niece was missing, raising the fear that she had been kidnapped by the Tisons. Several days later she was found: she had been shot once in the hip and had managed to drag herself toward the main road before bleeding to death. The family dog lay dead from dehydration a few feet away from her.

The disclosure of this mass murder shocked the public, which had followed the news of the manhunt with a mixture of fear and admiration for the daring prison escape. Now revulsion replaced admiration. The crimes were characterized by the media as a "mad-dog murder spree," and a "death orgy," and a "ritualistic execution." The killers were described as "crazed" and "desperate." Some people refused to drive at night until the Tisons and Greenawalt were caught. Among the mothers who feared for their families was Sandra Day O'Connor, who was then serving as a Maricopa County Trial Judge.



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The largest manhunt in Arizona history was under way, involving patrol cars, helicopters, search dogs, roadblocks, and a sophisticated communications system.

The Tisons were exhausted, and low on money. Gary decided that they had to make a run for the Mexican border, risky as that was.

At 2:58 in the morning of August 11, a van approached a police roadblock. Suddenly shots rang out, putting two holes in one of the police cars. The van crashed through the roadblock. The police chased the van, traveling at close to a hundred miles an hour.

They called in helicopters. They knew, but the Tison's didn't, that there was a second roadblock on the other side of the pass. For a moment, Gary, who was manning the gun out the rear window, thought they had made it. But Donny, the oldest brother who was driving, saw the second roadblock. He crashed through it, but not before several shots from the waiting police cars struck him in the head. The van swerved off the road and came to rest in the desert sand. Gary yelled, "Every man for himself," and ran. Ricky, Ray and Randy threw themselves to the ground. Gary kept going.

The police found Donny, slumped in the driver's seat, unconscious from his head wounds. They handcuffed him, called an ambulance, and left him there after removing the guns from the back of the van. At 3:40, the ambulance arrived at the scene of the roadblock with lights flashing and sirens blaring. But the driver and medics were made to wait at the roadblock for over five hours. When they were finally allowed to go to Donny at 9:10, he was dead.

The police then shoved a shotgun against the back of Ricky's head and pistol barrel into his mouth. They cut his clothes off his body. He was pulled by his hair into a police car surrounded by three officers and interrogated—naked and shivering—for five hours. When he expressed reluctance to talk, he was asked, "Do you want to see your dying brother?" He believed he would be shot and left to die if he did not confess.

"I don't want to make a statement," he said. The police continued the interrogation. Donny, bleeding and unconscious, would receive no medical attention until his brothers confessed. Finally, the two brothers confessed to their roles in the events following the breakout.

For over a week no trace was found of Gary. Armed vigilantes combed every inch of desert near the scene of the shootout. A SWAT team was lowered into abandoned mines and caves. Police dogs were used. Rumors circulated about Gary's whereabouts. He was reported in dozens of locations ranging from the Grand Canyon to southern Mexico.

Several days later, a Papago Indian smelled something foul in the underbrush. It was a decomposing body. The remains were identified as Gary Tison. He had been hiding out in the desert, just a mile north of the roadblock. The August heat proved too much for him. His end came in the Papago Indian Reservation, lying amongst the brush with a sock full of cactus berries squeezed dry near his head. Underneath him, half buried in the sand, was John Lyons' gun.



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Now that two of the culprits were dead, public outrage was focused on those who were still alive. The media presented the recurrent vision of the murdered toddler and expressed the view that "if they hadn't gotten Gary Tison and Greenawalt out, none of this would have happened." The press demanded the gas chamber. One editorial expressed chagrin that anyone had been captured alive.

The two surviving brothers were tried and convicted of the murders, based on the account they had given the authorities. Under the laws of felony murder and conspiracy, they were as guilty of murdering the Lyons' family as were the men who pulled the triggers. The judge employed the same legal fictions in sentencing them both to die in Arizona's gas chamber. My job was to try to save their lives, since the evidence of their guilt—under the long established felony murder and conspiracy theories—could not reasonably be contested.

After several unsuccessful appeals in the Arizona state courts, we decided to seek review in the Supreme Court. This decision was itself controversial within the anti-capital punishment legal community. The legal landscape had changed since the Supreme Court decided Furman and several other cases imposing restrictions on the use of the death penalty. In 1982, the justices had decided the case of Enmund v. Florida, reversing the death penalty of a defendant who drove the "getaway" car in an armed robbery of a home in which Enmund's accomplices killed the elderly couple they had robbed. The vote was 5 to 4. The majority reasoned that:

> "We are quite unconvinced, however, that the threat that the death penalty will be imposed for murder will measurably deter one who does not kill and has no intention or purpose that life will be taken. Instead, it seems likely that "capital punishment can serve as a deterrent only when murder is the result of premeditation and deliberation," for if a person does not intend that life be taken or contemplate that lethal force will be employed by others, the possibility that the death penalty will be imposed for vicarious felony murder will not "enter into the cold calculus that precedes the decision to act."

It then went on to say that:

> "It would be very different if the likelihood of a killing in the course of a robbery were so substantial that one should share the blame for the killing if he somehow participated in the felony. But competent observers have concluded that there is no basis in experience for the notion that death so frequently occurs in the course of a felony for which killing is not an essential ingredient that the death penalty should be considered as a justifiable deterrent to the felony itself."

The Enmund decision seemed to apply to the facts of the Tison case. The problem was that there had been an important change of personnel in the High Court between the time Enmund was decided and the filing of our petition for review. Justice Antonin Scalia had joined the court and soon became its most outspoken critic of the campaign to abolish the death penalty. William Rehnquist, also a strong supporter of capital punishment and an Arizona resident who was aware of the Tison rampage was now the court's Chief Justice. Finally, Justice Byron White, who had written the majority opinion in Enmund, seemed to be backtracking a bit in subsequent cases.



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Before we filed our petition, I had received several phone calls from anti-capital punishment lawyers imploring me not to file a petition for certiorari in the Tison case. "Count the noses," one of them warned. "You may not have five any more." He urged me to leave well enough alone: "We have Enmund. Most courts will follow Enmund and reverse felony-murder death sentences. But if the Supremes take your case and reverse or limit Enmund, people will die because of you. You have to go by the numbers."

I understood his reference to "the numbers" as meaning two different things: First the numbers on the Supreme Court, which now might be 5-4 against us. And the large number of condemned inmates who faced execution on a theory similar to that which had lead the sentencing judge in Arizona to sentence the Tison brothers to die even though they had not killed the Lyons family or intended their death.

I respected the insights and judgments of the callers, but I had two clients on death row. I was their lawyer, not the lawyer for the many other death row inmates whose fates could be adversely determined by a negative ruling in our case. I cared deeply about the other inmates. I cared deeply about every inmate facing the death penalty. I cared deeply about the issue itself. But I could not allow these strong feelings to influence my decision regarding my clients. I was the only person between them and the canisters of death that stood ready to end their young lives. At that moment in time, I was not a "capital punishment lawyer" or a "cause" lawyer of any kind. I was Ricky and Raymond Tison's lawyer. I had to put case before cause, client before campaign, the Tison brothers before the others on death row. It was an excruciating conflict, but not a difficult legal or ethical decision.

I decided to file a petition for certiorari to the Supreme Court. Our hope was that the justices would not want to hear full argument on an issue they had so recently considered: namely the constitutionality of the death penalty for defendants—like Enmund—who had not been the actual triggerman in a crime that had resulted in the death of the victim. We hoped the justices would simply "remand the case for reconsideration in light of Enmund." In other words, that they would send the case back to the Arizona courts so that those judges could apply the Enmund precedent to the facts of the Tison case. That would have been the best of all possible worlds. The Court would have reaffirmed Enmund as the binding precedent and sent a strong message to the state courts to be sure to follow that precedent. And it would have saved the lives of Ricky and Raymond. But it was not to be. To our disappointment and worry, the justices granted review and set the case down for full briefing and argument.

Generally, lawyers are ecstatic when the High Court grants review of one of their cases. It means that they will have the privilege of arguing before the Supreme Court—a rare honor that few lawyers ever experience. It also means they will have an opportunity to influence the development of constitutional law—a knife that cuts both ways, since the influence may be positive or negative.

In this case, I was far from ecstatic, since the granting of review so soon after the divided decision in Enmund signaled a desire on the part of at least some of the justices to reconsider and perhaps reverse or limit Enmund. The last thing I wanted to be was the vehicle by which the justices



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would shift the existing trend in favor of contracting the death penalty to a trend in favor of expanding it. I know that the stakes were enormous, both for the Tison brothers and for the many other death row inmates who had not been triggermen—as well as for the campaign against capital punishment, as I prepared my brief and argument for the case that was scheduled to be heard on November 3, 1986.

I began my argument with a simple statement that I thought would be beyond any dispute:

> "The State of Arizona seeks to execute two young men who it acknowledges lacked the specific intent to kill, and did not, in fact, kill."

I was immediately interrupted by Justice White, the author of the Enmund majority opinion on which I was relying:

> "Did you say the state concedes what?"

I repeated my point:

> "The state concedes that there was no specific intent to kill, and that there was no killing."

Justice White pressed me:

> "What do you mean by that?"

I explained that no one has ever suggested that the brother specifically intended to kill the Lyons' family. Indeed, it was clear from the record that they specifically intended not to kill and that Gary and Randy had to trick the brothers into going for water before opening fire. I also pointed to a finding by the Arizona Supreme Court that the murder of the Lyons' family was not part of the original plan and was utterly "unnecessary" to the escape. I told the court that, "There is no evidence to support a finding for specific intent."

The justices immediately shot back, "Well, if that's true, of course, that's the end of the case."

I agreed with that assessment and was pleased by it:

> "That's the end of the case. Your Honor, we think that's the end of the case."

But it was far from the end of the case, at least in the minds of some of the justices. The recently appointed Antonin Scalia came after me with a hypothetical case, an exercise I was thoroughly



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familiar with, since it is the weapon of choice for law professors, of which Scalia had been one before ascending the bench.

Scalia asked me what my position would be if one bank robber had a gun and the other one doesn't and the one with the gun "throw[s] the gun to the trigger man, as the policeman's approaching him, he says, 'I need a gun,' and I throw the gun to him…I don't care whether he kills the policeman or not."

I had prepared for every likely question I might be asked by the justices, but the idea of a gun being throw by one robber to another had never occurred to me. I had to think quickly. In the classroom, a poor answer to a professor's bizarre "hypo" might reduce a grade, but in the courtroom it could be a matter of life or death. I quickly recalled the facts of the Enmund case and reminded the justices that Enmund too had provided a gun to his co-conspirators who then killed the couple, and that there was no difference between "throwing" a gun, as in Scalia's hypothetical, and "providing" the gun, as in the real facts of Enmund: "There is no difference between this case and Enmund, except that this case is far more compelling."

Scalia repeated his hypothetical:

> "Please, please.
>
> I don't understand your response to the second hypothetical I put to you.
>
> Never mind the trigger man.
>
> The person who tosses the gun to the trigger man.
>
> There is no way in which he has an intent to kill within the Constitutional rule; is that right?...he doesn't care whether the policeman lives or dies.

Scalia persisted:

> But the triggerman asks for a gun.
>
> "Toss me a gun."
>
> He tosses him the gun.

He says:

> "There is a policeman coming."
>
> "Throw me a gun quick."
>
> That wouldn't be enough?



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I was reminded of Chief Justice Berger's bear baiting hypothetical in the I Am Curious Yellow case, but this time the stakes were much higher. I answered the Justice's question:

> No. That wouldn't be enough.
>
> And that is not this case in any event.
>
> This case is handing guns over, under an agreement that no shooting would take place.
>
> In Enmund the guns were provided.
>
> What Your Honor, Justice Scalia, is asking for, in a sense, is a return to the felony murder rule where guns are provided.

Justice Scalia didn't seem satisfied with my answer, so I threw a hypothetical back to him—law professor to law professor:

> And to throw a hypothetical back, which I'm not entitled to do, but I'll throw it back to myself…what if there were a statute saying, anyone who provides guns to an armed robber in the course of an armed robbery, whereby death results, is guilty of first-degree capital murder?
>
> That would be clearly within Enmund.
>
> That's what Enmund decided.
>
> Because the facts of Enmund were exactly that.

The dialogue continued:

Justice:

> In Enmund, had he provided the gun?

Mr. Dershowitz:

> The state certainly argued that he had provided the gun in Enmund.
>
> The gun had belonged to his common law wife.
>
> He then disposed of the gun.
>
> Certainly, a reasonable judge and jury could conclude that he had provided the gun.
>
> It was an armed robbery.



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> He was the one who planned the robbery.
>
> In this case, these young boys were brought into the robbery at the last minute.
>
> One of the codefendants, Greenawalt, directed what went on in the penitentiary.
>
> Their father directed what went on thereafter.
>
> There was never a time when they could have left their father's side, when the father left any of them alone, the three of them, so that they could leave.
>
> These are young kids under the control of their father.

I concluded my opening argument by acknowledging the responsibility of the brothers for the prison escape, but insisting that they could not be executed for the unanticipated murders:

> Nobody is denying their responsibility for these serious crimes of kidnapping, breakout of prison.
>
> But then after the crime was completed, after the car was taken, the father then, without any necessity... as the courts found; no necessity at all; could have easily have left them there... the father and the other defendant, on their own, after sending the boys away, made a shocking and surprising decision to kill this family in cold blood.
>
> There are findings by the Arizona Supreme Court that it was not necessary, that it was spontaneous, it was not part of the original plan.
>
> This is just like Enmund.
>
> In Enmund there was spontaneity.
>
> It was not part of the original plan.
>
> After Enmund left the person to go into the house, something unexpected happened.
>
> In this case it was the father who did something unexpected.
>
> In the other case it was the gunman.
>
> A family was tragically killed in both cases.
>
> This Arizona case is an attempt to relitigate Enmund.
>
> And we will hear relitigation after relitigation in every state if this Court allows every state to redefine intent the way it chooses to redefine it.



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I sat down, satisfied that I had made the best possible argument for my clients. Now it was the State of Arizona's time to argue. The Attorney General was hardly interrupted as he delivered his argument. After a while, he too was asked a hypothetical, but one much closer to the facts of this case:

> …supposing right after they stopped the car with the family in it, the two boys instead of following along as they did, had just gone on a hike, walked away half a mile, and then the father…killed the family?

The Attorney General acknowledged that this "would be different," and that the brothers "presence at the scene" is "essential," but he insisted that they were "present," even if not right next to the car in which the shootings occurred. He also conceded that "I can't stand here today and tell you that [the brothers] knew…that at that time that the trigger would be pulled."

I had just a few minutes for my rebuttal. In light of the Attorney General's concessions, I decided to point the Court to the record evidence that the brothers were not at the scene of the crime and did not foresee that their father and Randy would kill the Lyons' family:

> First, there is a specific finding on page 336 that it was not essential to the defendants' continued evasion of arrest that these persons be murdered.
>
> Second, …there is not a single statement in this record by Ricky in which he does not consistently say that the boys, all three of them, were sent away to get water.
>
> …
>
> The state concedes that it is essential to this case that they be present at the scene of the crime.
>
> Why is presence essential?
>
> Generally, presence is essential because it is evidentially relevant to the intent of the defendants.

I then pointed out that the evidence in this case led overwhelmingly to the conclusion that they were not present and that they had deliberately been sent away to get water—been tricked into believing they would be kept alive—precisely because their father knew that they did not want anyone to die.

I was satisfied that I had done the best I could with the facts and the law. If the court were to reaffirm the principles of Enmund, we would win. The justices seemed to acknowledge that if there was no evidence that Ricky and Raymond had the "specific intent" to kill the Lyons' family "that's the end of the case." I was confident that when the justices reviewed the entire record of the case, they would find that there was no such evidence.

And I was right—at least about that!



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The majority opinion began its analysis with the following acknowledgment:

> Petitioners argue strenuously that they did not "intend to kill" as that concept has been generally understood in the common law. We accept this as true. Traditionally, "one intends certain consequences when he desires that his acts cause those consequences or knows that those consequences are substantially certain to result from his acts."... As petitioners point out, there is no evidence that either Ricky or Raymond Tison took any act which he desired to, or was substantially certain would, cause death.[59]

When I read these words, I thought that we had surely won. That was precisely what I had argued. The Court had accepted my argument in full. It should have followed from this acceptance that, in the words of one of the justices, "that's the end of the case." But it was only the beginning.

Justice Sandra Day O'Connor, who had dissented in Enmund but was now writing the majority opinion in the Tison case, then expressed dissatisfaction with the rule that had been established in Enmund:

> A narrow focus on the question of whether or not a given defendant "intended to kill," however, is a highly unsatisfactory means of definitively distinguishing the most culpable and dangerous of murderers. Many who intend to, and do, kill are not criminally liable at all — those who act in self defense or with other justification or excuse. Other intentional homicides, though criminal, are often felt undeserving of the death penalty — those that are the result of provocation. On the other hand, some nonintentional murderers may be among the most dangerous and inhumane of all — the person who tortures another not caring whether the victim lives or dies, or the robber who shoots someone in the course of the robbery, utterly indifferent to the fact that the desire to rob may have the unintended consequence of killing the victim as well as taking the victim's property. This reckless indifference to the value of human life may be every bit as shocking to the moral sense as an "intent to kill."

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[59] The court then elaborated on its reasoning: The Arizona Supreme Court did not attempt to argue that the facts of this case supported an inference of "intent" in the traditional sense. Instead, the Arizona Supreme Court attempted to reformulate "intent to kill" as a species of foreseeability. The Arizona Supreme Court wrote:

> "Intend [sic] to kill includes the situation in which the defendant intended, contemplated, or anticipated that lethal force would or might be used or that life would or might be taken in accomplishing the underlying felony."

This definition of intent is broader than that described by the Enmund Court. Participants in violent felonies like armed robberies can frequently "anticipat[e] that lethal force . . . might be used . . . in accomplishing the underlying felony." Enmund himself may well have so anticipated. Indeed, the possibility of bloodshed is inherent in the commission of any violent felony and this possibility is generally foreseeable and foreseen; it is one principal reason that felons arm themselves. The Arizona Supreme Court's attempted reformulation of intent to kill amounts to little more than a restatement of the felony-murder rule itself. Petitioners do not fall within the "intent to kill" category of felony murderers for which Enmund explicitly finds the death penalty permissible under the Eighth Amendment.



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She then went on to create a new category of crime that warranted execution even in the absence of a specific intent to kill:

> We hold that the reckless disregard for human life implicit in knowingly engaging in criminal activities known to carry a grave risk of death represents a highly culpable mental state, a mental state that may be taken into account in making a capital sentencing judgment when that conduct causes its natural, though also not inevitable, lethal result.

This new category—killings by a triggerman that reflected a "reckless disregard" for life by the non triggerman—had not been the basis for the Arizona Courts' decision. Nor had it been argued by the Arizona Attorney General. Neither had we been given an opportunity to argue against it, because the justices seemed to agree that if there was no intent to kill—which they now ruled there was not—that would be "the end of the case." The majority had simply concocted a new rule out of whole cloth. They seemed determined to overrule Enmund, without appearing to be doing so. It was "judicial activism" to the extreme.

But the court could not simply apply this new rule to the old facts of the Tison case, since the Arizona courts had not found that the condemned brothers had shown a "reckless disregard for human life."[60] The majority therefore, "vacated" the death penalty against my clients and remanded the case back to the Arizona courts "for determination" whether the Tison brothers met this new criteria. Had they "affirmed" the judgment—the death sentence—the case would have been over. But by "vacating" it, the justices gave us a new beginning.

We were still alive, as so were Ricky and Raymond. Their fates would now be in the hands of the Arizona courts, which would have to make a finding that these boys had shown "reckless indifference" or "disregard" for human life. It was a bad day for the campaign against capital punishment, but a hopeful one for my clients Ricky and Raymond, who were no longer under sentence of death—at least for the moment.

The state of Arizona continued to seek the death penalty and asked the trial court to find that the Tison brothers possessed a "reckless indifference to human life." Without even conducting an evidentiary hearing, the trial court reimposed death sentences, concluding that the trial record itself demonstrated reckless indifference. He refused to allow us to introduce any evidence that might contradict this finding.

We immediately appealed to the Arizona Supreme Court, which had affirmed the original death sentence. This time the court unanimously reversed the trial judge, vacated the death sentences and remanded it back to the trial judge, ordering him to give us an opportunity to introduce "additional evidence" relating to whether the boys were recklessly indifferent to human life. We relished the opportunity, confident that a full exploration of the facts would lead to the inescapable conclusion that Ricky and Raymond were anything but indifferent to the fate of the Lyons' family. They wanted them to live.

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[60] The majority sloppily used two different formulations: "reckless disregard" and "reckless indifference."



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Eventually, after a long and torturous road through the Arizona courts, the death penalties against Ricky, and Raymond Tison were reversed. They would not be executed, despite the Supreme Courts green light. Once again, as with the issue of obscenity, the Highest Court did not get the last word. We refused to give up, and in the end we prevailed. Ricky and Raymond are now eligible for parole and may soon be free. Greenwalt, who was represented by other lawyers, was executed.

Following the reversal of their death penalties, one of the brothers wrote me a letter saying that his minister had told him that Jews can't go to heaven. My client pleaded with me to convert to Christianity so that we could spend eternity in the same place. I wrote him a nice letter back saying that Jews believe that they can go to heaven. He wrote back telling me that he had decided to become a Jew, because he wanted to be sure he would be in the same heaven that I was in. I replied assuring him that I had checked, and that Jews and Christians go to the same heaven, so that he didn't have to convert.[61]

[61] Another one of my clients, a far more sophisticated one, did convert to Judaism – on a weekly basis. He discovered that all the Jews in a particular federal prison were taken out every Friday night to have Shabbat dinner in the homes of local Jews where they were treated to wonderful home-cooked meals. He told me that since he had become a Jew, he had gotten to love "those balls made out of fish and the other balls that they put in the chicken soup." I reminded him that he had always been a very religious Catholic, and he said, "Oh I'm still a religious catholic. My priest has given me permission to be a Jew on Friday night as long as I go back to being a Catholic for Sunday morning."



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## Chapter 13: Using Science, Law, Logic and Experience to Disprove Murder

### Introduction

In 18__, Oliver Wendell Holmes, Jr. taught us that the life of the law has not been logic—it has been experience.[62] Recent experience has dramatically changed the way murders are prosecuted and defended. I have been part of that change, having been involved in some of the most significant homicide cases over the past half-century.

The crime of murder is as old as human nature. Virtually every important work of fiction and non-fiction includes accounts of murder, or murder trials and of unsolved homicides. The Bible recounts the murder of Abel by Cain. That crime was solved by God questioning Cain: "Where is your brother Abel?" Cain's evasive answer—"Am I my brother's keeper?"—convinced God, and the reader, of Cain's guilt. Shakespeare's "perfect" murder is committed by Hamlet's uncle pouring poison into the ear of the king. That crime too is solved by provoking the killer into demonstrating his guilty conscience. Both the Bible and Shakespeare also recount cases in which innocent people are framed by planted evidence: Potaphor's wife frames Joseph; and Iago frames Desdemona. Dostoevsky creates an interrogator so subtle that **Raskolnikov** needs to confess. Sherlock Holmes solves murders through observation, deduction and primitive science. In 19th Century America, sheriffs would tell uneducated suspects that if the corpse bled in their presence, it proved their guilt.[63] Then came the lie detector, ballistics testing, fingerprint matching, and other techniques that purported to be based on science. Throughout history, there has been extensive reliance on eyewitnesses, informers and accessories. Now we have DNA.

DNA and other recent scientific developments have cast doubt upon all the previous techniques of solving homicide cases. Defendants who had been convicted on the basis of confessions, eye witness testimony, ballistics, fiber, hair, fingerprint, voice analysis, accomplice testimony and other "reliable" indicia of guilt have been exonerated by DNA and other recent scientific breakthroughs. Some who were not even suspected have now been convicted on the basis of this new science.

The pervasive presence of surveillance cameras and other means of recording events has also contributed to the increasing accuracy of detecting homicides and other serious crimes, as has more sophisticated forensic testing and better crime laboratories, though problems with the latter persist.

Every technique for solving homicides can also be used to defend against false charges of homicide. Every prosecutorial sword can become a shield in the hands of an astute criminal defense lawyer.

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[62] Whether he knew it or not, Holmes was echoing the views of the 15th Century Jewish sage Isaac Abravanal who observed that "experience is more forceful than logic."
[63] Porgy and Bess



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This chapter tells the story of some of the many murder and attempted murder cases I have litigated over the past 50 years. In many of them, I use science not only as a shield to protect my client, but also as a sword to prove misconduct on the part of the prosecution, police or laboratory technicians. Some of the cases are well known. Many are not. All of them are intriguing.

Most of my cases have been appeals from convictions. I've done a few trials and I wish I could have done more, since I love developing evidence and arguing to juries, but my teaching commitments are far more conducive to arguing hour-long appeals than month-long trials.

My emphasis on evidence, particularly scientific evidence, led me, early in my career to realize the traditional way of arguing appeals did not maximize the chances of success. The rules for an appeal provide that only errors made at trial and preserved as part of the trial record may be raised and argued on appeal. All other issues, such as newly discovered evidence, ineffective assistance of counsel, prosecutorial misconduct discovered after trial, must be raised on what is called "collateral attack"—by a writ of habeus corpus or other such procedures. I quickly came to realize that appellate judges, like all human beings, care more about whether a defendant is guilty or innocent than whether there was a technical mistake at the trial. This perception was solidified by the approach many judges, such as the well respected Henry Friendly, espoused: namely that innocence or guilt should play a greater role in reviewing convictions than what they called "technicalities."

Accordingly, I developed a technique, which has now been adopted by some other lawyers, under which I tried to combine the appeal and habeus corpus aspects of the case into one challenge to the conviction. As soon as I was retained to do an appeal, I gathered together a legal team that included investigators, law students and experts in other disciplines, such as medicine and forensics. I asked them to investigate the case from scratch. If the investigation then turned up new information suggestive of innocence, I would quickly file a habeus corpus petition and not wait for the outcome of the appeal. If the petition were denied, as they often were by the trial judge, I would then try to combine them into the appeal so that the appellate court would have a fuller view of the actual situation. I did this quite successfully in the Claus Von Bulow case. The court reversed that conviction not only because of errors made at trial, but because of new evidence of innocence that we had discovered after the trial. I have used this approach, often quite successfully, in many of my appeals, especially those involving homicides, where new evidence frequently emerges.

I suspect that some of my clients, including some whose cases I have won, have been guilty. I believe that some have been innocent. As to the majority, I am not certain. There is a myth that criminal defense lawyers always know whether their clients are guilty or not guilty, because guilty clients confess their guilt in confidence. This has certainly not been my experience. Of all the homicide cases in which I have been involved, only one client has confessed his guilt to me. I won that case on the basis of constitutional issues. I have never had a case in which I have helped to free a guilty client who then killed again. I tell my clients that under no circumstances will I ever represent them a second time.[64]



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[64] In one case a client who was acquitted of murder was subsequently convicted of an entirely different type of crime. I did not represent him the second time. He was convicted.



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OJ Simpson and Claus Von Bulow

My two most famous—infamous?—cases involved homicide: the OJ Simpson double murder prosecution; and the Claus Von Bulow assault with intent to kill (or attempted murder) prosecution. I have written books about both the Von Bulow and Simpson case, detailing how science was used to challenge the prosecution's case.[65] I will not repeat what I wrote in those books, except to highlight how important it is for lawyers, especially those involved in complex homicide cases, to master the science, to be able to question the other side's scientific conclusions, and to accept nothing on face value.

I agreed to join the OJ Simpson defense team, despite my earlier public statements that the evidence pointed to him as the killer. Among the reasons I took the case was that Simpson was facing the death penalty, and I have a policy of generally accepting capital cases.

Eventually the District Attorney decided not to seek the death penalty. This was surprising, because if Simpson did, in fact, murder his wife and the man she was with, the death penalty would seem appropriate under the usual criteria for imposing it. The killings seemed to be in cold blood, especially brutal and there were two victims. The fact that the District Attorney opted against it, demonstrated, once again, the entirely arbitrary nature of decision-making as it relates to who is and who is not subjected to capital punishment.[66]

In any event, having agreed to join the team, I couldn't abandon my client even though the death penalty was now off the table. Simpson still faced two sentences of life imprisonment without the possibility of parole—for some a fate worse than death.

My special role in the case would be to prepare and argue complex legal motions and to help formulate the scientific, or forensic, defense. I would also argue the appeal in the event of a conviction. I recommended that Barry Scheck and Peter Neufeld, who were experts in the relatively new science of DNA, be added to the team.

After extensive investigation, we were able to demonstrate, by means of sophisticated scientific evidence, that the police had planted O.J. Simpson's blood, along with the blood of his alleged victims, on a sock found in Simpson's bedroom after the crime. The blood on the sock had high levels of a chemical that are not found in human blood, but that are added to vials of blood to prevent it from coagulating. The bloodstains on the sock also proved that the blood had been dripped on it while it was lying flat, rather than splattered on it while it was being worn. There

[65] *Reversal of Fortune* and *Reasonable Doubts*.

[66] Sometimes the prosecutor seeks the death penalty simply to gain a tactical advantage at the guilt or innocence phase of the trial. This advantage derives from the fact that in death penalty cases, the prosecutor is entitled to a "death qualified" jury consisting of 12 people who have no conscientious objection to capital punishment and would be willing to sentence someone to death. Such jurors, according to jury experts, tend to be pro-prosecution in general and more likely to vote guilty at the trial. Prosecutors know this and ask for the death penalty even in cases not warranting it, simply to improve the chances of securing a conviction. Once they get their pro-prosecution jury, they sometimes decline to seek the death penalty. Early in my career, I was retained by F. Lee Bailey to prepare a petition for certiorari to the Supreme Court challenging this practice in the case of Miller v. California. The Supreme Court granted my petition for review, but then after oral argument by Bailey, the justices denied the review over a strong dissent.



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were mirror image round stains on all four surfaces, which means that the blood flowed through the flattened sock while it was not being worn. Had it been splattered while being worn, there would have been mirror image stains only on two surfaces—the outside and the inside of the part that was splattered, but not on the two other surfaces which would have been blocked by the wearer's leg. The jurors were convinced by this and other evidence that the police had dripped the blood from vials onto the sock to make it appear that the sock Simpson was wearing during the murders had been splattered with blood at the crime scene. This led the jurors to believe that the police were trying to frame Simpson for a murder they honestly believed he had committed, and that the veracity of their testimony and other evidence could not be trusted. They acquitted Simpson of killings for which a subsequent civil jury (with different lawyers) found him financially liable.

My expertise in the science of disproving murder had been at the center of my earlier famous case involving Claus Von Bulow. Von Bulow's original trial lawyers were not able effectively to challenge the prosecution's evidence that Sonny Von Bulow's coma was caused by an injection of insulin, that high levels of insulin were found in Sonny's blood, that traces of insulin were found on a needle in a bag that belonged to her husband Claus, and that a vial of injectable insulin had been found in Claus' bag by Sonny's maid. On appeal, and in a motion for new trial based on newly discovered evidence, we disproved each of these pillars of the prosecution case. We demonstrated through our own experts that Sonny's coma was caused by the oral ingestion of barbiturates, rather than by an injection of insulin; that there were no high levels of insulin in Sonny's blood; that the alleged traces of insulin on the needle was the result of a false positive reading; and that the maid could not have seen a vial of insulin in Claus' bag. The Rhode Island Supreme Court reversed the conviction and ordered a new trial at which the jury, after hearing the new scientific evidence, quickly acquitted Claus Von Bulow.

The book and film Reversal of Fortune had brought the issue of scientific defenses to a wide public audience, and I had become the "go to" lawyer in such cases. This reputation brought me several new cases, one of which bore an eerie resemblance to the Von Bulow case.



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"My father didn't kill my mother": the case of Dr. William Sybers

The call came from a young woman pleading with me to take her father's appeal. Her father had been convicted of killing her mother by injecting her with a drug that stops the heart from working. He was sentenced to life imprisonment. "It's just like the Von Bulow case," the daughter insisted. "My father didn't kill my mother. He didn't inject anything into her. She died of natural causes." (No one seeking my help ever tells me their case is "just like" O.J. Simpson's!)

When the daughter of an alleged murder victim is so certain the defendant is innocent, even when the defendant is her father, the case is certainly worthy of a hard second look. I agreed to provide that look and to argue the appeal—and a possible new trial motion—if I concluded there had been a possible injustice.

My initial review of the evidence was not encouraging. There were needle marks on the victim's arm that were consistent with an injection. Moreover, a subsequent lab test had revealed traces of the metabolite of a drug called succinylcholine—a paralytic agent capable of stopping the heart. Finally, the defendant was having an affair, and he was a medical doctor—indeed the medical examiner of his Florida county—and thus had the motive and knowledge necessary to stop his wife's heart. All the classic components for homicide—motive, opportunity, means and scientific evidence—were present, and they pointed in the direction of guilt. I could easily understand why a jury could convict. In these respects, it was like the Von Bulow and Simpson cases, but in the Von Bulow case, the evidence, upon reexamination, pointed to innocence, and in the Simpson case, a major item of evidence—the bloody sock—had been planted by the police. There seemed to be no such elements of doubt here. At least not yet.

The Sybers case had begun more than a decade before I was called. Kay Sybers had died suddenly in her sleep—or so it appeared—on May 30, 1991. She was 52 years old and in generally good health, though she had suffered from allergies for which she took medication. An autopsy was performed but no cause of death could be determined. One of the investigators did, however, think she saw a needle mark. The original death certificate read: "sudden unexpected death due to undetermined natural causes."

Rumors immediately began to circulate that Dr. Sybers was having an affair with a lab technician, and an investigation was begun. An investigator was dispatched to the Sybers home and the grieving husband was asked to describe his wife's last night. Dr. Sybers told the investigator that at about 4AM his wife awoke with chest pains. She had taken some medication, so Dr. Sybers decided to draw some blood to give to her doctor the next day. He did not succeed in drawing the blood and he threw the syringe into the garbage. The syringe could not be found because the trash had already been collected. This all seemed very suspicious and so the investigation continued. After more than a year-long investigation, the State Attorney reported that he had found "no prosecutable case," and that there was no physical evidence that Dr. Sybers had killed his wife. The case was closed—or so it seemed.

But nearly two years after Kay's death, and a year after the case against Bill was closed, their 27 year old son Tim killed himself on his mother's birthday. Shortly before he shot himself, Tim was



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apparently talking on the phone with a friend about his mother's death and the suspicions that his father may have killed her. Tim's suicide resulted in a reopening of the investigation. The case was now on "the front burner." It was also on the front pages of local newspapers.

Investigators began to focus on the drug potassium, which in large enough doses can kill and which is difficult to detect in the dead body. It was a perfect murder weapon, especially for a sophisticated medical examiner with extensive experience in causes of death.

Boning to pressure from the media, the Governor of Florida appointed a lawyer named Harry Shorstein—who was then the State Attorney in Jacksonville—to be a special prosecutor. He had only one job: to prove that Dr. William Sybers had murdered his wife. With the single-minded determination of an inspector Javert, Shorstein set out to get Dr. Sybers.

On February 18, 1997, Shorstein had Sybers indicted for capital murder. The indictment alleged that he had murdered her with an "unknown substance." There was no hard evidence of any such substance, but Shorstein was confident he could find it. It was an example of "indict first—and then search for the evidence."

Shorstein was convinced that Dr. Sybers had injected his wife with potassium and that a thorough analysis of her tissues, preserved from the autopsy, would prove that theory. The problem was Shorstein's theory was based on "junk" science, not real evidence. A "test" that purported to show high concentrations of potassium in the tissues preserved from Kay's autopsy was not scientifically valid. It could not be replicated by other scientists and the methodology had never been peer-approved. Accordingly, one court denied Shorstein's petition for exhumation of Kay's body, and another court ruled that the potassium evidence could not be presented to the jury. The theory that Dr. Sybers had used potassium as the murder weapon was now dead.

Shorstein was left with a capital indictment, but no theory, no evidence and no weapon. So he set out to find a new murder weapon. He turned his attention to the drug "succinylcholine." The paralytic drug itself quickly disappears from the human body, but a scientist assured him that a by-product of the drug—succinylmonocholine; or "SMC," could be detected in tissues even years later by a sophisticated test. That test purportedly found traces of SMC. This time the test results could be replicated by the famous FBI lab, although with slight variations. Shorstein had his smoking gun—his murder weapon. And it had been certified by no less an authority than the Federal Bureau of Investigation.

The same judge who had excluded the potassium theory as "junk science," now concluded, after an extensive hearing, that the succinylcholine theory was based on real science and could be presented to the jury.

Shorstein not only now had science on his side, he also had a sex motive that would surely grab the jury's attention, even if it were to become bored by the highly technical scientific evidence.

The state's scientific case gave rise to the usual clash of experts. The two primary witnesses for the prosecution were Dr. Kevin Ballard, the scientist who had conducted the test, and Dr. Marc LeBeau, the FBI chemist who had replicated the test. The defense introduced experts who



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opined that since the body had been embalmed before autopsy, any chemical analysis could be contaminated by the embalming fluid. They also criticized Dr. Ballard for "sloppy" practices in his lab that could add to the contamination.

The jury, after only a few minutes of deliberation, unanimously convicted Dr. Sybers of first degree murder. He could have been condemned to die, but instead he was sentenced to life imprisonment. His only hope of ever experiencing freedom was an appeal, or a new trial motion, which my brother and I were retained to prepare and argue.

My brother Nathan, three and half years my junior, has long been my secret weapon. After graduating from NYU law school, he served as an appeals lawyer in the New York Legal Aid Society where he argued hundreds of criminal appeals. Then he worked in a large law firm and at the American Jewish Congress before starting his own boutique appellate law firm. His firm includes two other excellent appellate lawyers who are his partners, as well as several associates. I work on many of my most difficult cases with the firm—Dershowitz, Eiger and Adelson. Their work proved invaluable in the Sybers case, as it did in many others.

We began by reviewing the scientific evidence, as we had in the Von Bulow and Simpson cases. Although appellate lawyers are supposed to focus only on the trial record, I have never followed that practice. I start over from scratch and revisit all the scientific and other evidence. The result is not only an appellate brief focusing on errors committed at the trial, but a motion for a new trial based on newly discovered evidence, which we almost always find. In this case we discovered massive incompetence and sloppiness on the part of the private lab that had "found" traces of SMC, and serious problems in the FBI lab as well.

We were fortunate that among the three judges assigned to hear our appeal, one had had a degree in chemistry. He understood the principle, articulated by the courts over the years, that "novel scientific evidence" can be admitted at a criminal trial only if it is "sufficiently established to have gained general acceptance" by the scientific community. As he later put it: "a courtroom is not a laboratory, and as such is not the place to conduct scientific experiments," and that "doubts as to admissibility" of such evidence should be resolved "in a manner that reduces the chance of a wrongful conviction."

With these salutary principles in mind, we set out to convince the appellate court that the "science" on which Sybers was convicted was not science at all, but was the result of an unscientific effort by an overzealous prosecutor to discover, or if necessary manufacture, "evidence" that would confirm his vendetta against Dr. Sybers. We were convinced, based on our research, that the "finding" of SMC in Kay's tissues was the result of a classic false positive, based on contamination. We produced our new evidence of massive contamination in Dr. Ballard's lab and of problems in the FBI lab. We presented this new evidence, along with the old evidence from the trial, to the appellate court.

I argued the appeal. It turned into a seminar on the scientific method. I began as the "teacher" but soon became the "student" when I realized that the presiding judge knew at least as much about the science as I did. A few months later, the court published the decision reversing Sybers



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conviction, on the ground that the prosecution had failed to prove the scientific validity of its theory.

We later learned that Harry Shorstein—who argued that appeal—had information that should have led him to know or at least suspect that the test results he had presented to the jury were at best highly questionable and at worst flat out false. Yet he never disclosed this information to the court or to the defense. We filed a complaint with the appropriate authorities, since such conduct on the part of the prosecutor raises grave ethical issues. Shorstein then filed a counter-complaint alleging—quite absurdly—that the very act of filing a complaint against him constituted misconduct. Shorstein's tactic is only one of the ways overly aggressive prosecutors discourage lawyers from complaining about their ethical violations.[67] Nothing came of either complaint, but when President Obama was considering appointing Shorstein to become a United States Attorney in Florida, we notified the White House and the Senate Judiciary Committee of Shorstein's ethical lapses and he was passed over for the job.

Dr. Sybers and his wife of __ years now live in ____.

[67] Other tactics that I have experienced include:_____



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The Binion case: murder or drug overdose?

The classic "thriller" case is a "whodunit." The fact of a murder is clear, as it was in the OJ Simpson case. The only question is who committed it. (Remember the "one armed killer" in The Fugitive!)

Many of my homicide cases have not been who-dunits, but rather, was anything criminal done at all. Was the dead (or comatose) body the result of a criminal act, or the result of natural causes, self-induced harm, or accident?

That was the issue in the Von Bulow and Sybers cases. It was also the question presented when Ted Binion, the owner of the famous Binion Casino in Las Vegas—the home of the World Series of Poker—was found dead in his home on September 17, 1998.

Binion's live-in fiancé, Sandra Murphy—a young, sometimes exotic dancer—and her equally young lover, Richard Tabish, were accused of murdering him, by an unusual means harking back to the days of Sherlock Holmes. Dr. Michael Baden, one of the world's leading forensic pathologists (and a friend of mine) had concluded that Binion had been "burked" to death.

The term "burke" derives from two notorious 19th Century Scottish murderers, who killed their victims in order to provide fresh cadavers to doctors and medical students for research. The case was so notorious that it became the subject of a short story, "The Body Snatchers" by Robert Louis Stevenson, and of several films including one by the same name that starred Borris Karloff and Bela Lugosi. Burke and colleague Hare, compressed the chest of their victims, thereby smothering them to death, without leaving any bruises on the body.

Dr. Baden surmised that Sandra Murphy and her lover had done the same thing to Binion, so as to leave no trace of murder. And her diabolical plan—if there was such a plan—worked—at least for a while. Since it was well known that the high-living Ted Binion was a heroin addict, and since there was evidence that his regular drug supplier had delivered a large quantity of black tar heroin just before his body was found, the police concluded that this was just another Las Vegas drug overdose, albeit by one of the city's most famous celebrities. Since no crime (other than those relating to the drugs) was suspected, the home was not declared a "crime scene," but an autopsy the next day noted various marks on the body and the examiner photographed them. It was these marks that led Dr. Baden to conclude that Binion had been murdered—burked to death—and had not died of an overdose. Other medical experts also concluded that Binion had been murdered, but not by "burking." Their theory was that he had been forced to swallow a deadly mixture of heroin, xanax and valium—a cocktail of death.

In addition to the scientific evidence, there was testimony by Binion's estate lawyer that on the day before his death, Binion had said to him: "Take Sandy [Sandra Murphy] out of the will if she doesn't kill me tonight. If I'm dead, you'll know what happened."

The prosecution thus had evidence of motive, means and opportunity and they charged Murphy and her lover with "murder by suffocation and/or poisoning." At trial, they presented what I later characterized as a "multiple choice" prosecution: the jury could choose either suffocation or



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poisoning; they did not have to agree on the means used to murder Binion, as long as they all agreed that "his death was caused by a criminal agency," that is by a murderous act attributable to the defendants.

The jury deliberated for 8 days and found the defendants guilty. My brother and I were retained to prepare and argue the appeal and to file a motion for a new trial based on newly discovered evidence.

We began our investigation by focusing on the burking theory. Since the jury could have convicted based on that theory alone, if we could undercut it, Murphy would have to be given a new trial.[68] We would turn the prosecution's "multiple choice" offense into an appellate defense.

One important pillar of the burking theory was a "bruise" on Binion's chest that had been photographed. Since Dr. Baden hadn't examined Binion's body, he had to rely on the photograph alone. He concluded that the bruise—which appeared consistent with the shape and size of Binion's shirt button—had been caused by Binion being burked. We had the photograph enlarged and enhanced by the most sophisticated technology. We then showed it to one of the world's most distinguished dermatologists who examined it, using every more sophisticated technology. His conclusion dealt a powerful blow to the burking theory: the mark on Binion's body was not a bruise he could have gotten from being burked; instead, the structure of the blood vessels in the "bruise" proved that it was a benign skin tumor he had for years before his death.

Additional field research further discredited both the burking and cocktail theories. We were now confident that if Murphy were to receive a new trial, a jury would acquit her. The prosecution's "multiple choice" theory had become a "no choice" near certainty.

Now all we needed was an opportunity to obtain a new trial. Our best chance of securing a second trial was to win the appeal, and the best issue on appeal—the safest and neatest—was the judge's decision to allow Binion's lawyer to testify that Binion had told him the day before his death that if he were found dead, Murphy would be his killer. This was a smoking gun that must have influenced the jury, since it was, in effect, testimony from the grave. The ghost of the dead man, as in Shakespeare's Hamlet, was pointing to his killer.

We did not believe that the conversation had ever occurred. Murphy told us that the lawyer, who hated her, had simply made it up after the fact to assure her conviction. But the jury had believed the lawyer, and we could not challenge his credibility on appeal, since credibility issues—who is telling the truth and who is lying—are for the jury to decide. But we could try to raise doubts about the credibility of the dead man—the man whose words were quoted by the lawyer. How could the jurors assess Binion's credibility, since he was not in court to be cross-examined. His "testimony" from the grave was classic hearsay, and his unavailability denied Murphy the constitutional right to confront her accuser.

[68] The same was true with regard to the "cocktail of death" theory, since no one could know which theory formed the basis for the conviction, or if some jurors found the first, while others found the second. If either theory failed, there would have to be a new trial.



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The prosecution responded that the only reason he wasn't in court was because my client had murdered him. Our argument, they claimed, paralleled the classic definition of "Chutzpah": the young man who murders his parents and then demands mercy from the court on the ground that he is an orphan. But the conclusions that Murphy had, in fact, murdered Binion, of course, begged the question to be decided by the jury: did Murphy, in fact, murder him?

Although hearsay statements—that is, in-court testimony by one person as to out-of-court statements made by another person—are generally not admitted at trial, there are numerous exceptions to this rule of exclusion. One of them is the "chutzpah" exception: a defendant can't kill a witness and then seek to exclude testimony about what he would have said if he were alive. This exception has been created by the courts to discourage defendants from murdering witnesses. But to invoke that exception, it has to be clear that the defendant did, in fact, kill the witness. The prosecution could not meet that burden in this case without a full trial in which it relied on the very statement at issue.

Another exception relates to "deathbed" confessions—statements made by a man who knows he's dying and speaks in anticipation of his imminent death. The "science" behind this exception is the empirical assumption that no person will lie if he knows he is about to meet his maker. But this too is junk science, since there is no real evidence to support the assumption. Moreover, there was no evidence (aside from the challenged statement itself) that Binion actually anticipated death or that he was a religious man who feared meeting his maker with a recent lie on his lips.

The final relevant exception is that an otherwise hearsay statement is admissible if it is relevant to the "then existing state of mind" of the dead person. For example, if Binion had told his lawyer that he was feeling depressed and was considering suicide, that statement could be heard by the jurors to help then decide whether his subsequent death was caused by suicide or some other means, such as murder. The prosecution argued that Binion's "fear" of being murdered was evidence of his state of mind. It was also evidence that his death was not caused by suicide. The problem with this argument is that Binion's statement was also evidence of Murphy's allegedly murderous state of mind, and the jurors would not be able to limit its consideration of this explosive statement only to Binion's state of mind. This was especially true since the judge had failed to give the jury what is called "limiting instruction," namely that "you can consider the statement <u>only</u> to prove what <u>Binion</u> was thinking and <u>not</u> what <u>Murphy</u> was thinking."

Because of this serious and prejudicial error (as well as others), the Nevada Supreme Court reversed the murder convictions and ordered a new trial.[69]

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[69] This is what the court ruled:

> "Assuming that the statement was relevant to rebut the defense theories, we conclude that the district court abused its discretion under Shults in admitting the statement without an appropriate limiting instruction. The prejudicial impact was great: the statement strongly implied Murphy killed Binion. Moreover, the relevance of the statement was equivocal,



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The jury at the second trial, having heard our new scientific evidence, acquitted Murphy of murder. They believed neither the burking nor the cocktail theory. The more like cause of death, they concluded, was a self-administered overdose of heroin. Murphy now lives in California, where she runs an art gallery.

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even though there was little other evidence of Binion's state of mind before his death. But if the statement was relevant to show Binion's state of mind at the time he made the statement, the exception still does not allow the statement to be used as evidence of the intent or conduct of anyone else-in this case, Murphy. The district court did not give a limiting instruction advising the jury that the statement was only admissible for the limited purpose of showing Binion's state of mind."



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## Assisting Mercy Suicide

Another highly emotional case in which science was used to establish the immediate cause of death involved the mercy killing by a doctor of his cancer-ridden wife.

Although the media characterized Patricia Rosier's death as a "mercy killing," it is more aptly described as a "mercy suicide," because she alone made the decision to end her life. A mercy suicide, when committed by an adult of sound mind, is not a crime.

Mercy killing—the taking of the life of another person who is suffering and usually no longer sentient—is different from mercy suicide in the eyes of the law. The letter of the law simply does not recognize mercy as a defense to murder: it regards all deliberate killings as murder, whether done in the name of love or hate. But suicide is not a crime, though in some religions, it is regarded as a sin.

The line between mercy suicide and mercy killing is not always clear. Sometimes it is simply a function of timing or happenstance. When what was originally intended as an unassisted mercy suicide cannot be completed without the help of others, it becomes, in the eyes of a prosecutor, a criminal mercy killing.[70]

What began as a clear case of mercy suicide by Patricia Rosier ended up with the trial of her husband, Peter, for first-degree murder, conspiracy to murder, and attempted murder. The prosecutor sought the death penalty, analogizing the crime to "a serialized gang murder."

The basic facts were not in dispute, but the legal consequences of those facts gave rise to one of the most contentious and emotional cases in Florida legal history.

After being told she had incurable cancer and had only weeks to live in excruciating pain, Patricia made the fateful decision to pick the time and circumstances of her death, not wanting to leave it to the unpredictable clock of the cancer. When she told her husband of her decision, Peter said

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[70] There is a third category that combines mercy killings with mercy suicides. In another one of my cases, a mother engaged in the combined act of trying to kill her autistic and sexually abused son and trying to kill herself. She succeeded in the former and failed in the latter. She reasonably believed that the child's biological father was repeatedly abusing the 8 year old autistic boy and that her former husband was planning to kill her, which would leave the child in the hands of his father.

This phenomenon too has a name: altruistic filicide-suicide. At bottom it is a genre of mercy killing, although one with possible legal defenses of necessity (choice of evils) and justification (killing to protect her son). That case is pending as I write these words.



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that he would end his life with her. When the children learned of this, they pleaded with their father not to take his life. Peter relented. No one tried to talk Patricia out of her decision to commit suicide, for two reasons: first, she had made up her mind; second, it wasn't really suicide, since her act would only hasten her imminent and painful demise by a few weeks.

Patricia selected the day and time of her death and planned a formal farewell dinner for her family. Among those in attendance, in addition to her husband and children, were her stepfather and her two half brothers.

There was wine and toasts. Patricia wore an elegant dress and had her nails polished. After dinner they watched the movie Harold and Maude, about an elderly woman who commits suicide to prevent herself from "growing old." When it was over, Peter Rosier and his wife retired to the bedroom and made love. After bidding farewell to family members, Patricia Rosier took twenty pills that she had selected for her suicide. She quickly fell into a coma, from which she expected never to wake. Had her suicide succeeded, there would have been no case.

But soon the coma began to lighten. Peter didn't know what to do or what to think. Would she awaken or remain comatose? Would there be brain damage? Pain? Emotional turmoil? All Peter knew was that his wife did not want to awaken. What was his obligation to his comatose wife? Would he be breaking his final promise to her if he did not assist her in achieving her goal: a painless and dignified death? He could not ask her advice. The decision was his to make, but it was her decision—she had already made it and acted on it, albeit incompletely.
Peter administered morphine, but it was not enough. While Peter was outside the house, pacing and crying, Patricia's stepfather decided to end her life by suffocating her. He placed his hands over her nose and mouth. She died in her sleep.

The stepfather and brothers simply informed Peter that Patricia had died, without providing any further details. For nearly a year, the circumstances surrounding Patricia's death remained a family secret. Then Peter decided to do something foolhardy: he wrote a book about his late wife's courage and gave an interview to a local television reporter in which he related what he believed were the circumstances of his wife's death, still unaware that her stepfather had administered the coup de grace.
As soon as the interview was aired, the local prosecutor began a murder investigation. They wanted to interview Patricia's stepfather, but he demanded total immunity from prosecution for himself and his sons as a condition of being interviewed. That should have tipped off the authorities that he might have something to hide. But instead of asking for a "proffer"—a truthful outline of the facts—before deciding whether to grant immunity, the prosecutor simple agreed to his condition.

The stepfather then disclosed for the first time that it was he who had caused Patricia's death. The prosecutors had committed a blunder feared by every law-enforcement official: they gave the wrong person immunity. But they could not back out of their deal. Now the only possible target was Peter Rosier.

Despite the certainty that Peter had not actually killed his wife, and that she wanted to take her own life, the prosecutor treated the loving husband as if he were indeed the triggerman in a



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serialized gang murder. Peter Rosier was indicted on charges of first-degree murder and conspiracy to murder. The prosecution's theory was that the stepfather's ultimate act was merely the final stage in a family conspiracy of which Peter was the architect and participant.

Suddenly Peter Rosier found himself in jail, facing a possible death sentence in a state that has one of the highest execution rates in the country. Right wing commentators, such as Patrick Buchanan, compared what Peter did to what the Nazis had done under Hitler.[71] Rosier called me from prison on the day of his arrest and asked me to help him. I worked with his local lawyer to get him out on bail and to formulate a trial strategy. In the event of his conviction, I was to be his appellate lawyer.

First we had to establish through scientific evidence that suffocation, rather than morphine, was the immediate cause of death, since Rosier did not suffocate Patricia. (Cancer was, of course, the "but for" cause of death.) Second, we had to make the jurors wonder what they would have done under such excruciating circumstances and to conclude that the criminal law should not sit in judgment over loving family members who had to make a tragic choice between keeping a promise to a comatose loved one or abandoning her in a moment of crisis.

Peter's trial lawyer, Stanley Rosenblatt of Miami, did an excellent job persuading the jury that the murder statutes were put on the books not for loving husbands like Peter Rosier but for brutal killers like Charles Manson and Ted Bundy. He tried the case with emotion and empathy, inviting the jurors to put themselves in the unenviable situation Peter faced on that terrible night. The prosecutor, on the defensive for having given Patricia's stepfather immunity before he knew the facts, played the avenging angel. He demanded that the jurors simply apply the law to the facts and not distinguish among murders on the basis of motive.

The jury understood—even if the prosecutors and Pat Buchanan did not—the differences between love and hate, between a self-willed voluntary death and a death involuntarily imposed by others. After weeks of trial, it took the jury only a few hours to acquit Peter Rosier of all criminal liability. The prosecution had lost all credibility by asking the jury to treat Dr. Rosier as if he were the functional equivalent of a gangland killer. Had the prosecution charged Dr. Rosier with assisting the suicide of another—which is a crime under Florida law—it might have had a better shot at a conviction. But by *overcharging* him with first-degree murder, it made it difficult for the jury to take its case as anything but a vendetta.

One important role the jury plays in our system of justice is to serve as the moral conscience of the community and as the common sense moderator of harsh general statutes. This Florida jury, which included several older people who themselves had living wills, decided that what Peter Rosier did, was not murder, even if the strict letter of the law did not authorize him to help his wife choose the time and manner of her imminent death.

[71] A strange analogy for Buchanan who has expressed admiration for Hitler and doubt that the Nazis gassed Jews during the Holocaust.



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The Suppression of Science: The Case of Jeffrey MacDonald

A case in which science has not yet produced a victory—or, in my view, justice—is the 40 year old "whodunit" involving the murder of the family of Jeffrey MacDonald. Science could perhaps provide a definitive answer to this highly publicized case, but so far the doors of the courtroom have been shut to newly discovered scientific and other evidence that was suppressed by the prosecution. The courts in this case have placed the alleged need for "finality" above the search for truth. But history and science knows no finality. Nor should finality trump the desire for closure in a court of law, as long as a possibly innocent defendant remains convicted of a crime that science can prove he may not have committed.

I had followed the Jeffrey MacDonald case in the media from its grisly inception on February 17, 1970, when the wounded Green Beret doctor told authorities that his pregnant wife, Colette, and his daughters, Kimberly, five, and Kristen, two, had been murdered by drug-crazed intruders. Like most Americans, I had my doubts about his story. It seemed so conveniently modeled on the notorious Manson murders that had occurred just __ years earlier. I knew that the statistics showed that wives are more likely to be killed by husbands than by strangers. I wondered why there was no hard evidence—no fibers, hairs, or fingerprints—left by the alleged intruders. My doubts were confirmed by reading Joe McGinniss's best-seller Fatal Vision, which concluded that MacDonald was indeed guilty, or by seeing the TV movie, which was even more persuasive of his guilt.

Several times during the course of the lengthy legal proceedings, Jeffrey MacDonald had written and called me, pleading with me to help him. Each time I declined. But then, in 19__, I went to Terminal Island Federal Prison in California to visit another inmate, and as I left the room in which lawyers confer with prisoners, a graying man quietly introduced himself. He was Jeffrey MacDonald, and he asked if he could have five minutes of my time to show me some documents. I agreed. What I learned that day—and afterward—convinced me that I had to try to help him.

In one of the most dramatic scenes in the TV movie Fatal Vision, investigators dig up the graves of Colette, Kimberly, and Kristen MacDonald. The government's chief lawyer (played by Andy Griffith) explains to the grieving Freddie Kassab (played by Karl Maiden) why the bodies of his stepdaughter and grandchildren must be exhumed:

> We've got to know if the hair found in Colette's hand was her own, Jeff's, the kids' . . .
>
> [Freddie Kassab interjects] . . . or someone with a floppy hat.

In the actual trial conducted in 1979, the prosecution's case against Jeffrey MacDonald relied heavily on this evidence: blonde hair found in the murdered Colette MacDonald's hand. It had already been found not to match Jeffrey MacDonald's hair. Thus, if it <u>did not match</u> Colette's own hair or the hair of the children, that finding would lend support to MacDonald's claim that there had been intruders - - including a woman with long, blonde hair who was wearing a floppy hat and boots - - in his home on the night of the attack. It would also indicate that at least one of these intruders had come in contact with Colette.



HOUSE_OVERSIGHT_017282

By the time the victims' bodies were exhumed, a woman named Helena Stoeckley had told police and others that she and three friends had been in the MacDonald house on the night of the murders and that her friends had committed the crimes. Though Stoeckley's word alone may not have been worth very much—she was known to be a drug addict—she provided some details, which tended to corroborate her story and the story Jeffrey MacDonald had told the police.

For example, she described a broken rocking horse like one found in Kristen's bedroom. At the time of the crime, she had owned a floppy hat, black clothing, boots, and a long blonde wig, all of which corresponded with MacDonald's description. And a woman fitting that description had been seen by a military policeman near the MacDonald home shortly after the crime.

But the single hair in Colette's hand turned out to have come from her own head. The government investigators reported that they had found no other physical evidence—no hairs, no fibers, no skin, no blood—that could not be traced to the inhabitants of the MacDonald house.

The prosecution could therefore argue to the jury that Jeffrey MacDonald was lying - - because if there had been intruders, they surely would have left some evidence behind: The absence of such evidence was evidence of the absence of intruders.

Moreover, at the trial Helena Stoeckley claimed to have amnesia as to her whereabouts on the night of the murders. The defense was surprised by Stoeckley's sudden inability to remember what she had previously described in such detail, but they could not effectively challenge her claim of amnesia, because they had no basis for suggesting that she had been pressured to forget what she actually remembered having done—namely participating in the murder of the MacDonald family.

Now, however, in a shocking turn of events, Jeffrey MacDonald's legal team has discovered that, before the trial, the government had in its possession handwritten lab notes indicating that investigators had discovered long, blonde wig hairs at the scene of the crime that did not match anything in the MacDonald household. This evidence was already in the government's secret files before the graves of the victims were disturbed.

Nor was this all the prosecution had in its secret files. The handwritten lab notes confirmed the presence of black wool fibers on the murder weapon used against Colette, and around her mouth. These fibers did not match any clothing belonging to Jeffrey MacDonald or to anyone else in the MacDonald household. (Helena Stoeckley, however, had said she often wore black clothing.)

In addition, in the bedclothes of each victim—Colette, Kimberly, and Kristen—the government experts found other unmatched human hairs, which did not belong to any of the victims, or to Jeffrey MacDonald. But these hairs were never tested against Stoeckley or any members of her group.

These lab notes were powerful evidence that an intruder wearing a long, blonde wig and black wool clothing was at the murder scene on the night of February 17, 1970. But Jeffrey MacDonald's lawyers were not aware of the notes' contents. Had they been, the entire trial would undoubtedly have unfolded differently.



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For example, Helena Stoeckley testified to the jury that she could not remember where she had been on the night of the murders. MacDonald's attorneys tried to introduce the testimony of six witnesses - - including a police officer - - to whom she had previously admitted that she was in the MacDonald house with her friends that night. Since testimony about Stoeckley's prior ad-missions would technically constitute "hearsay" - - that is, testimony by one witness about what another witness had said outside the courtroom - - the judge ruled that the jury could hear about Stoeckley's hearsay admissions only if [corroborating evidence showed] that they [were] 'trustworthy.' "

The judge—who was also unaware of the handwritten lab notes—ruled that there was no "physical evidence" that corroborated Stoeckley's admissions; therefore, her admissions were not trustworthy. Had he been aware of this corroborating evidence, he would have been obligated to allow the hearsay admissions into evidence.

Thus, the jury never learned that there was hard, scientific evidence of intruders in the house-or that a woman matching MacDonald's description of one of the intruders had actually admitted to six different people that she and her friends, not Jeffrey MacDonald, were the killers. Moreover, in 2005, the former Deputy Marshall, Jim Britt, who was in charge of escorting Helena Stoeckley to the courtroom came forward and told MacDonald's lawyer the following:

> Jim Britt avers that he personally witnessed Helena Stoeckley state to James Blackburn [the prosecutor] that she and others were present in the MacDonald home on the night of the MacDonald murders and that they had gone there to acquire drugs; Jim Britt further avers that he witnessed and heard James Blackburn, upon hearing this, directly threaten Helena Stoeckley, telling her that if she so testified in court he would indict her for first degree murder. This threat caused her to change her testimony, as the next day, when called to the witness stand by the defense, Stoeckley claimed to have amnesia as to her whereabouts from midnight until 5 a.m. the night of the MacDonald murders -- the precise time-frame during which the crimes occurred. James Blackburn never disclosed to the court or defense counsel what Helena Stoeckley admitted to him in Jim Britt's presence. On the contrary, Blackburn, at a critical juncture in the trial, advised the court that Stoeckley, when he interviewed her, denied having any knowledge of the MacDonald family, the MacDonald home, or involvement in the MacDonald murders. Blackburn even went so far as to elicit from Stoeckley, through leading questions before the jury, testimony that was contrary to what she had told him during his interview of her the day before in the presence of Jim Britt.

Finally new DNA and forensic testing has revealed three specimens that did not match any of the people in the house, as well as unidentified hairs under the fingernails of the victims. This new and suppressed evidence corroborates Stoeckley's original account that she remembers being in the house and participating in the murders. Had the trial judge known about this corroboration, he would surely have allowed Stoeckley's earlier statements to be heard by the jury.



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These dramatic revelations finally came to light because of Dr. Jeffrey MacDonald's search for evidence of his own innocence, which he has protested since the beginning of his case. Over many years, he and his lawyers filed requests under the Freedom of Information Act, seeking access to the government documents on the case—the documents that contained the facts that were not revealed during the trial. Slowly, they pieced together the amazing scientific and evidentiary story that the jury never heard.

It is a story that raises the following disturbing questions;

*Why would the government suppress such critical evidence*? It is impossible to know the mind-set of the chief government lawyer in the case: Brian Murtagh, whose responsibility it was to see that the defense received any evidence in the government's file, which could help the defense. We do, however, know that he was aware of the contents of the lab notes. Since he wrote a memo to a legal assistant asking him whether "the detailed data of a lab report; as distinguished from the conclusions of the report, (must) be disclosed (to the defense)." This question is significant, because the "detailed data" refers to the blonde wig hair, the black wool, and the human hairs, which were described in the handwritten lab notes but somehow not mentioned in the lab's final typed report.

Murtagh has refused comment, except for a cryptic statement that "if there were fibers useful to the defense, MacDonald's original trial lawyers should have found them" among the crates of raw evidence to which they had access. Talk about needles in haystacks!

How much more exculpatory evidence may be hidden in some government file—or may have been destroyed or lost—we will probably never know. For example, a fragment of human skin was found under one of Colette MacDonald's fingernails. Yet, unbelievable as it sounds, the government claims that it lost this singularly important item of evidence. Prosecutors in several other cases in which I've been involved have mysteriously "lost" evidence that could prove innocence. If that skin fragment were now available, it could prove conclusively—through DNA matching—whether or not Jeffrey MacDonald was the killer. Even without DNA testing (which was not available at the time of the original investigation) it could have cleared MacDonald.

*Will the new evidence finally get Jeffrey MacDonald the new trial he has been seeking since he was convicted in 1979?* If the government suppressed the lab notes and other evidence--and if this evidence was material to the issue of MacDonald's guilt or innocence—a new trial should certainly be granted.

But several problems remain: First, most Americans who have read the book or seen the TV movie of Fatal Vision already "know" that Jeffrey MacDonald is guilty. They know it because the Jeffrey MacDonald portrayed in those one-sided presentations was guilty. On TV, the actor, Gary Cole, *played* him guilty. The evidence shown to the audience—like the evidence presented to the real-life jury—did not include the physical evidence that corroborates the Stoeckley confessions. Nor did it include the evidence that the prosecutor pressured Stoeckly to lie about her memory.



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The second problem is that current law makes it nearly impossible to reopen a closed case on a second or third writ of habeus corpus. The "great writ" has been severely restricted by Congress, and even compelling evidence of innocence does not guarantee a new trial. In fact, when I argued an appeal from the denial of a second petition for habeus corpus—my only courtroom involvement to date in this long case—one of the judges warned me not to bring any further petitions. I told him I would be obliged to bring a further petition, if the evidence warranted it.

Such new evidence has now been found, and the Court of Appeals recently ordered the district court to consider all the new "evidence as a whole." So the case is far from over. I continue to confer on the case with Harvey Silverglate, who was MacDonald's classmate at Princeton and who was my co-counsel in the earlier Habeus Corpus appeal.

Whatever happens, I believe that Jeffrey MacDonald has not yet received a fair trial. I believe he deserves one - - and the American people deserve to know the full story, not the abbreviated one presented at the trial or the biased on presented in the book and TV movie. [update]



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The science of eliciting false confessions: the case of Jonathan Doody

Another murder case that never seems to end involves a man named Jonathan Doody, the son of a Thai mother and an American soldier, who was accused of the mass murder of nine Buddhist Monks and nuns in Arizona back in 1991. They were placed on the floor in a circle and systematically shot in the head, apparently by a group of armed robbers. Originally, a motorcycle gang was suspected of the crime. After a lengthy interrogation, four of them confessed, but it soon became clear to the police that they had been pressured into making false confessions and they were freed.

Doody, who was 1_ at the time, was then arrested and subjected to a similarly pressured 12 hour interrogation. The police began by giving him his Miranda warnings: you have the right to counsel; you have the right to remain silent; and anything you say can and will be used against you in the court. They then proceeded, gradually, to "demirandize" him, by taking back everything they had originally said! You have a right to an attorney "if you were involved in [the murders]"; anything you "tell us" is "gonna stay right here" and not be used "in court;" and "you just have to open up"—that is confess—and we will keep you here until you do. Finally, the exhausted __ year old confessed to being involved with the motorcycle gang—which the police knew was untrue—and to participating in the killings. Based largely on this questionable confession, he was convicted and sentenced to life imprisonment.

When I first became involved in the case, I decided to do my own investigation. The murder scene was near a United States Airbase and I learned that Russia was selling some of the Soviet Union's old satellite photographs of the United States. I bought the photographs for the day and location of the murder in the hope that perhaps they might show evidence that people other than Doody were responsible for the crime. Unfortunately, the sky was overcast that day and the photographs were useless. We would have to limit ourselves to making arguments based on the record of the trial, with an emphasis on how the police had elicited the confession from Doody. I did extensive research on the "science"—or "art"—of eliciting confessions from reluctant suspects. I learned how the interrogators place objects from the crime scene in view of the suspect, how they suggest answers, how they create an atmosphere of intimidation and omniscience, and how they contrive to turn the Miranda warnings to their own advantage.

I argued the initial appeal, along my brother Nathan's office in 19__. The Arizona Supreme Court affirmed the conviction. My brother's partner, Victoria Eiger, then took prime responsibility for preparing a federal writ of habeus corpus. My brother and I worked closely with her. The matter simply sat before the federal judge for ___ years, before she rendered a ___ page decision denying relief. We then appealed the denial to a panel of the United States Court of Appeals for the 9th Circuit, which reversed Doody's conviction in a 2-1 decision that ruled his confession involuntary and ordered him to be freed, unless the state granted him a new trial. The state then appealed the reversal to the entire 9th Circuit, which set the case down for argument before 11 judges. They also ruled in Doody's favor by a vote of 9-3. Still the case was not over. The state sought a writ of certiorari from the Supreme Court which remanded the case back to the 9th Circuit for reconsideration in light of a recent Supreme Court decision. The 9th Circuit reconsidered and once again threw out Doody's conviction on the ground that the confession was



HOUSE_OVERSIGHT_017287

involuntary. Again the state sought review by the Supreme Court. This time their petition was denied, and Doody's conviction was finally and definitively reversed.

The state of Arizona is now planning to retry him without using his false confession. Bail has been set at $5million, which his, of course, impossible for the Doody family, which has no money, to raise.

If justice delayed is justice denied, then Jonathan Doody has surely been denied justice. The thorough decisions of the United States Court of Appeals have all been in his favor, but he remains in jail for a crime of which he is now presumed innocent and which he may not have committed.



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Make believe murder: the case of the falling helicopter

Another case that we won on the basis of science grew out of the making a major motion picture directed by Steven Spielberg and John Landis. The film was *The Twilight Zone*, based on the television series by that name. There were three segments to the film, each directed by a different person. John Landis, already famous for directing *Animal House*, _____ and other mega-hits, was directing a segment involving the Vietnam War. The star of that segment was the veteran actor Vic Morrow. The scene at issue called for Morrow's character to be running through a rice patty, in pitch darkness, carrying two children as helicopters fired at them.

Landis wanted to make the scene as realistic as possible, so he filmed it at night, with extensive pyrotechnics and a real helicopter flying low to the ground. Tragically, the helicopter crashed into Morrow and the children, killing them instantly. Landis was charged with involuntary manslaughter, and he retained me to consult with his trial lawyer and to prepare an appeal, if necessary. He was the first film director in history to be criminally charged with causing the death of an actor.

The major issue at the trial was whether the accident should have been foreseeable. If it was foreseeable to a reasonably prudent director that a helicopter, placed in the circumstances in which this one had been placed, might crash, then the directorial decision to have the helicopter fly close to the pyrotechnics could satisfy the legal criteria for involuntary manslaughter. But if the crash could not reasonably have been anticipated, then it would have to be regarded as an accident, giving rise, perhaps, to civil liability, but not to a criminal charge carrying the prospect of imprisonment.

The prosecutor called 71 witnesses, many of whom offered scientific testimony about the cause of the crash and why it should have been anticipated. The defense summoned scientific witnesses who testified that an accident of this kind—the heat from pyrotechnics causing the tail rotor of the helicopter to become delaminated—had never before occurred and could not therefore have been anticipated. In fact, when the helicopter crashed it came very close to killing Landis.

The jury deliberated for nine days before finding Landis (and his co-defendants) not guilty.

Several years later, it appeared as if another director might be in trouble for the death of an actor while filming a motion picture called "The Crow". The actor was Brandon Lee, the son of Bruce Lee, the famous Kung Fu actor, who himself died while filming "The Game of Death." Brandon Lee was killed by a metal projectile that was accidentally shot from a gun firing blanks during the filming.

A criminal investigation was opened and I was asked to consult with the lawyers for the production team. Eventually, the lawyers persuaded the authorities not to indict anyone for the tragic accident.

The end result in both the Landis and Lee cases was that greater care is now being exercised during filming of sequences that pose significant risks to participants. Sometimes it takes tragedies to improve safety.



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4.2.12
WC: 191694

Attempted Murders: Killing a Corpse and the "Abraham Defense"

A case that involved both science and logic arose in the context of the attempted murder prosecution of a young man who had shot a corpse, believing that it was still alive. The case presented a series of perplexing scientific and logical riddles: When is a person who has been mortally wounded actually dead? Can you kill a man who is already dead? If not, can you attempt to kill a man who is already dead if you believe he is still alive.

My client had watched one acquaintance, who was having a disagreement with another acquaintance, shoot him in the heart. The shooter then asked my client to shoot the victim in the head, which he did. On the first appeal, which I argued in Brooklyn, the court reversed the murder conviction on the basis of scientific evidence that it was impossible to know whether the victim was alive or dead at the moment my client shot him in the head, since someone else had shot him in the heart just moments earlier. It ruled that the prosecution had not satisfied its burden of proving he was still alive when my client's bullet shattered his brain. The court also ruled that my client could not be convicted of attempted murder, on the ground that since it is factually impossible to murder a corpse; it is also legally impossible to attempt to do that which it is factually impossible to do. On the second appeal, which I argued in Albany, the court agreed that my client could not be convicted of murder because "man dies but once," but it concluded that he should be convicted of attempted murder. I then brought a federal Habeus Corpus petition, and the federal court threw out the attempted murder conviction as well. My client went free. This intriguing case, which I wrote about in more detail *The Best Defense,* is taught today in many law schools as part of the standard course on criminal law. The issue of whether it is legally possible to attempt to do what is factually impossible—namely to kill a dead person—continues to confound new generations of law students.

Another attempted murder case presented a problem right out of the Bible. My client was accused of attempting to kill his sister's former boyfriend. The boyfriend was suspected of burning down the sister's house and burning her severely. She ultimately died of her painful burns, but while she was still alive, my client went to her former boyfriend's home, held a knife over his chest and said he would kill him unless he admitted his role in the fire. The police burst into the apartment and disarmed my client before he could stab the former boyfriend. My client was convicted of attempting to kill the former boyfriend, and I was retained to argue the appeal.

I analogized the situation to the one described in the Book of Genesis when God told Abraham to sacrifice Isaac, and Abraham stood, knife in hand, ready to inflict the fatal wound when God's angel came down and stopped him. I argued that we can never really know whether my client would actually have killed the boyfriend had the police not intervened, just as we can never know for sure whether Abraham would actually have complied with God's command. There were other issues in the case as well and we won the appeal. The state declined to re-prosecute and this client too went free.



HOUSE_OVERSIGHT_017290

Anatoly Sharansky: Death For Spying For the United States

Other potential death cases raised issues not of science, but of politics, diplomacy and economics. The case that combined these elements also involved the client with whom I most closely identified personally. He was a Soviet Jew who I never even met during the years I was fighting to save his life. His name (at the time) was Anatoly Sharansky (now Natan Sharansky).

Sharansky was a prominent and vocal defender of human rights, not only of his fellow Soviet Jews but of all victims of Soviet oppression. He worked closely with Andrei Saklarov, the father of the Soviet nuclear weapons program who had become the leading voice for human rights in the Soviet Union.

Sharansky was arrested by the Soviet KGB in 2003 [check] on charges of spying for the United States—a charge that carried the death penalty. I had previously represented two Jewish Refusenicks who had tried to steal a small airplane in which to escape to Israel, via Sweden. They had been sentenced to death, so I knew that the threat of capital punishment against Sharansky was real. Their death sentences against were later reversed and they were eventually allowed to emigrate to Israel. But there was no assurance that similar efforts would help Sharansky, who faced the more serious charge of spying for an enemy.

I had been asked, along with Canadian law professor Irwin Cotler, to represent Sharanksy. The request came from his wife, who was in Israel, and his mother, who lived in Moscow. They had no money to pay for a lawyer. We agreed to do what we could to save his life and, hopefully, secure his freedom.

Our first job was to try to get the espionage charge dropped, since that was the one that carried the death sentence. Because Sharanksy was accused of spying for the United States, I decided to go directly to the White House to try to persuade President Carter to issue a statement expressly denying the Soviet charge that Sharansky had been a CIA operative. We faced great pressure from the CIA to continue the longstanding American policy of never affirming or denying anyone's alleged association with the agency. But after several requests, President Carter did issue the following statement:

> I have inquired deeply within the State Department and within the CIA, as to whether or not Mr. Sharanksy has ever had any known relationship in a subversive way, or otherwise, with the CIA. The answer is "no." We have double-checked this, and I have been hesitant to make that public announcement, but now I am completely convinced.

Shortly after President Carter made his unprecedented statement, the Soviet prosecutors dropped the espionage charge and took the death penalty off the table. But they were still determined to see Sharansky die in prison. The Soviets called it "special regime" imprisonment, consisting of a diet that no one could long survive. The prisoners called it "death on the installment plan."

Sharansky's wife pleaded with me to get him out of prison before he starved to death and before she was too old to have children. We had saved him from execution; now we had to save him from starvation. We had our work cut out for us.



HOUSE_OVERSIGHT_017291

We decided that the best way to keep him alive was to personalize him to the world. If the world got to know Anatoly as a human being, rather than merely as another prisoner of conscience, it would become more costly, in terms of international reactions, to the Soviet Union if he were to die in the Gulag. With this in mind, we set out to plaster his smiling face on every possible magazine cover, newspaper front page and television show. We enlisted his very beautiful, very photogenic, but very shy wife (Natasha, now Avital) in our campaign. Before long, his name became a household word and his image became familiar around the world. His wife's pleas to release him in time to father their children fell on receptive ears—at least outside of the Soviet Union.

At the same time, we filed legal briefs, lobbied for legislative action and convened academic conferences.

Ultimately, after 9 years of unremitting efforts, we were able to arrange a prisoner exchange that resulted in the release of an East German spy, who I had been asked to represent in Boston, and Sharansky. Because Sharansky was not a spy, but a human rights activist, he refused to participate in a "spy swap." The compromise we reached resulted in Sharanksy walking alone, and not as part of any exchange, across the Glienicke Bridge in Berlin, his book of Psalms in his hand.

Sharanksy did get out in time to father two beautiful daughters, who I enjoy meeting every time I visit Natan and his wife in their home in Jerusalem. There, but for Grace of God and the luck of having grandparents and great grandparents with the foresight to leave Eastern Europe, go I. If Sharanksy's grandparents had come to America and mine had remained in Europe, our roles could easily have been reversed. That's why helping to save Sharansky's life was the case with which I had the closest personal identification. It was also the case that required the widest array of weapons—law, politics, diplomacy, media, economics, persistence and luck—to win.

Several years later, I was asked by a television talk show host, "In which case did you earn your biggest fee?" Without a moment's hesitation, I replied, "Sharanksy." The host was surprised. "I didn't know Sharansky had any money," he exclaimed. "He didn't," I replied. "I worked on his case without any fee or expenses for 9 years, but when I saw him walk across the Glienicke Bridge, my eyes filled with tears of joy, and when he whispered in my ear the Hebrew words "Baruch matir assumrim" ("Blessed are those who free the imprisoned"), that was the biggest fee I will ever earn."



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4.2.12
WC: 191694

My most ungrateful homicide client: Angela Davis

Clients whose cases I have helped to win generally respond in one of two ways: some express great, sometimes excessive, gratitude. They offer to do anything in exchange for you having saved their lives. Others behave as if the case had never happened and you don't exist. I have seen former clients purposely cross the street to avoid even "seeing" me. They don't want to be reminded of the dark period in their lives during which they required a criminal lawyer. In only one case did a former client show absolute ungratefulness for my role in helping her avoid a murder conviction.

During the year that I was a visiting scholar at the Center For Advanced Studies and Behavioral Science at Stanford, I was asked to consult on several aspects of the Angela Davis murder case. Davis, who was one of the leaders of the American Communist Party, was accused of murder in connection with a shootout that had occurred at the Marran County Courthouse as part of an attempted escape of radical prisoners. Davis was accused of purchasing and providing the shotgun that was used in the crime. She was also suspected of having engineered the attempt to take hostages is order to barter them for the release of a prisoner she loved.

I worked on jury selection as well as on some constitutional issues. Davis was claiming that she could not get a fair trial in any American court because she was black, female and a Communist. Part of the reason I took the case was to help assure that she did get a fair trial. After several grueling months, she was acquitted and set free. I don't know whether she now believes she received a fair trial. I do know that shortly thereafter I read that she was hired to become a professor at the University of California in Santa Cruz.

Shortly thereafter, I read that she was going to Moscow to receive the Lenin human rights prize from the Soviet Union. She said that she was pleased to receive the prize and that she would spend the rest of her life helping to free political prisoners around the world. I called her office and gave them a list of prisoners of conscience in the Soviet Union—mostly Jews who had been imprisoned because they wanted to emigrate to Israel or to learn about their heritage. (Sharansky was not yet among these prisoners, but he would soon join them.) I asked if she would be willing to speak up on behalf of these political prisoners. Several days later, I received a call back from Ms. Davis's secretary informing me that Davis had looked into the people on my list and none of them were political prisoners. "They are all Zionist fascists opponents of socialism." Davis refused to speak up on behalf of the Soviet dissidents.

Recently, I ran into an older and somewhat more reserved Angela Davis on the porch of the Chilmark Store on Martha's Vineyard. She was wearing a bicycle outfit and was cycling around the island with some mutual friends, including her trial lawyer in the murder case. It was a strange scene in this bastion of bourgeois affluence to see these former radicals enjoying the comforts of capitalism in so relaxed a way. I reminded Davis of my participation in her case and she expressed appreciation. I also reminded her of her refusal to speak up on behalf of Soviet dissidents. In her mellow response, she said, "well so many other people were speaking up for them, that I didn't think it was necessary for me to add my voice." It's interesting how time changes people's memories. I did not press her as to whether she would today speak up on behalf



HOUSE_OVERSIGHT_017293

of Cuban dissidents, Chinese dissidents or other heroic people who stand up against what remains of Communist oppression.

Angela Davis remains the best proof that in America, as distinguished from the countries she so admires, it is possible for a Black, Communist woman to receive a fair trial. The key, of course, is for the trial to have the kind of high visibility and media attention hers received. There are still far too many obscure defendants, of all races, who do not receive fair trials or fair sentences. The struggle to achieve universal fairness and equal treatment is an ongoing one.



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## Hare Krishna Murder

The most bizarre murder case I ever litigated involved a Hare Krishna leader in West Virginia, who was charged with a wide assortment of crimes, ranging from murder—to copyright infringement!

My clients real name was Keith Gordon Ham, but he called himself Kirtanananda Swami, or just Swami, when he founded a Hare Krishna community in West Virginia, which he called New Vrindaban. He became the absolute ruler of this cultish community, whose members testified that he exercised total control over all aspects of community life. Vrindaban became a magnet for people who wanted to lose their identity beneath the saffron robes and changed names, including several members with criminal records and violent backgrounds. The community expanded to 3,000 acres with 500 "devotees" and profits from solicitations that reached $10-12 million. Much of this money was allegedly obtained by selling counterfeit copywrited images of sports teams and popular cartoon characters. Hence the copyright charge.

The events that precipitated the murder prosecution were described by the court as follows:

> The…incident involved the murder of devotee and community member Charles St. Denis on June 10, 1983. When community member Daniel Reid learned that St. Denis had raped Reid's wife, Reid decided to kill St. Denis. Before attempting to murder St. Denis, Reid consulted Swami. Swami instructed Reid that the killing was acceptable under Krishna scriptures, but that such action violated secular laws and that Reid might be caught and punished. Swami then directed Reid to talk to Thomas A. Drescher, a fellow devotee. When Reid approached Drescher and told him what Swami had said, Drescher testified he felt duty bound to help Reid kill St. Denis. The two then enticed St. Denis to Reid's house one night, shot and stabbed him several times, and then buried him in a pre-dug grave before he was dead.
>
> [Another] incident likewise involved the murder of a devotee. In 1985, Steven Bryant, a former New Vrindaban devotee, began publishing statements accusing Swami of engaging in homosexual activity and permitting sexual molestation of children in the community. Around April of 1986, members of the Krishna community in Los Angeles notified Drescher that Bryant was in Los Angeles. Drescher received $2,500 from the New Vrindaban community, authorized by Swami, and flew to Los Angeles. He located Bryant and shot him twice in the head.

Swami and several of his lieutenants were convicted and sentenced to long terms of imprisonment. I was asked to appeal Swami's conviction. I read the transcript of the trial and found it to be filled with prejudicial evidence that was irrelevant to whether Swami was responsible for the crimes of his followers. I took this case not because I approved of anything about Swami, but because I believe that if the most reviled defendants are not afforded a fair trial, there is grave risk to all defendants. Greta Van Susteren, then a lawyer now a TV commentator, was retained by one of the lutenants.



HOUSE_OVERSIGHT_017295

I argued that the prosecutors had deliberately "thrown a skunk into the jury box" when they introduced irrelevant evidence that Swami had engaged in a homosexual relationship with a follower. To a West Virginia jury back then, this could be massively prejudicial.

In addition, the prosecution introduced evidence that teachers at the community school had molested children and that Swami was aware of this but did nothing. Finally, they introduced:

> "a videotape segment from the television program *West 57th Street* (a "news" exposé program). The videotape showed a child of the New Vrindaban community stating that he prayed "to" Swami, a statement generally offensive to the religious sensitivities of typical jurors. More inflammatory was a statement by Swami comparing women to dogs and condoning lightly slapping one's wife for disciplinary reasons."

I argued the appeal before a panel of the U.S. Court of Appeals for the Fourth Circuit consisting of three elderly conservative judges in Charleston, South Carolina. I could not imagine a group that would be less sympathetic to a Hare Krishna guru accused of the horrendous crimes of which my client stood convicted. But my wife's older cousin, Morris Rosen, an experienced lawyer from Charleston, cautioned me not to give up. "These old-line Southerners care about justice, and they don't have ambitions beyond their current job. They'll give your client a fair shake as long as you don't overstate your case. Be straight with them and they'll be straight with you."

My cousin, who was himself "a good ol' boy," was absolutely on target. I argued in a low key manner, focusing on precedents from the court, and especially from the three judges. In their decision, they followed the law, concluding as follows:

> "We accept without need of extensive argument that implications of child molestation, homosexuality, and abuse of women unfairly prejudice a defendant. Indeed, no evidence could be more inflammatory or more prejudicial than allegations of child molestation. When evidence of a defendant's involvement in several of these activities is presented to the jury, the risk of unfair prejudice is compounded. In such a case, we fear that jurors will convict a defendant based on the jurors' disdain or their belief that the defendant's prior bad acts make guilt more likely. Furthermore, we are especially sensitive to prejudice in a trial where defendants are members of an unpopular religion."

The court in a 2-1 decision reversed the convictions. The rule of law prevailed over the prejudices of men and women.



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4.2.12
WC: 191694

The Case I still can't talk about: Chappaquiddick

There is one homicide case that I still can't say very much about, even though all the principles are dead and the case is more than 40 years old. I was one of the lawyers involved in the Chappaquiddick case—the investigation of Senator Edward Kennedy for driving his car off a bridge on the Island (or peninsula of) Chappaquiddick, resulting in the drowning death of Mary Jo Kopechne.

1969 was an eventful summer. My family and I were on Fire Island anticipating watching a man walk on the moon. I had no idea how much more exciting the summer would become.

I received a call from one of Senator Kennedy's aides, telling me that the Senator had been involved in a fatal automobile accident and asking me to make my way to Martha's Vineyard—a place I had never visited. I was asked to become part of the legal team being assembled in anticipation of the upcoming criminal investigation. My job was to prepare a brief concerning the rights of the young women (they were referred to as the "boiler room girls", because they had worked on Kennedy campaigns from an office that had once served as a boiler room) who had been vacationing on Chappaquiddick along with Senator Kennedy and several of his friends. The women who had shared a house with Mary Jo Kopeche were being subpoenaed to testify at an "inquest" regarding the tragedy.

There was very little law on the rights of witnesses or potential defendants at this sort of hybrid hearing which is neither a trial nor a grand jury proceeding. One important issue was whether or when their testimony, which might require them to divulge personal matters, would be made available to the media, which was seeking every possible tidbit of information—or gossip—about the events surrounding the tragedy. I worked with my colleague, Professor Charles Fried, and we produced a brief that succeeded in keeping the testimony of the women confidential during the course of the criminal investigation.

I also consulted with the lawyers responsible for trying to prevent Senator Kennedy from being charged with vehicular homicide or some other serious crime. We succeeded, and the Senator ultimately pleaded guilty to a relatively minor offense.

I remained close to Senator Kennedy until his death, consulting with him on numerous projects involving criminal law, constitutional law, judicial appointments, and human rights. Ken Feinberg, who served as his chief-of-staff and in many other capacities, recently told me that before anything involving these issues left his office, Senator Kennedy would tell his staff members, "check it with Alan." It was high honor and privilege to assist so great a senator on so many occasions. The last time I was him was just months before his death when he invited me to sit next to him for several innings during the opening game of the Red Sox season at Fenway Park on April ___, 2010.



HOUSE_OVERSIGHT_017297

Defending Soldiers

I have a policy of representing, without fee, soldiers who risk their lives for our liberties and are charged with killings growing out of their military service. I have helped to defend several soldiers, most prominently Colonel Michael Steele, the real life hero of the tragic events in Mogadishu that gave rise to the film "Blackhawk Down." I have also helped to defend ordinary enlisted men accused of unlawful killings of non-combatants.

Several of Colonel Steele's enlisted men had killed Iraqi civilians following a deadly attack by Iraqi militants against U.S. soldiers. Colonel Steele was being investigated for instructions regarding the rules of engagement that he had given to his men prior to the killings. Some higher-ups believed that his speech had incited the killings, or at the very least had created an atmosphere in which such killings would be seen as acceptable. Colonel Steele adamantly denied any such responsibility and asked me to help his military lawyers prepare a defense to any such charge.

The rules of engagement for terrorist groups are confusing at best. The directive Colonel Steele had received granted him the authority to target "groups, cells and facilities belonging to terrorist groups." How to distinguish such groups from non-combatants in the fog of asymmetric warfare, in which terrorists blend into the civilian population, is one of the most daunting challenges of modern combat. After conducting extensive research on the applicable law and on what Colonel Steele had actually told his men, I was convinced that he had complied both with the letter and spirit of the laws of war, and that the soldiers who had killed civilians were not following his lawful directives. We prepared a brief arguing against any charges been brought against the Colonel.

In the end Colonel Steele was not charged with any crime but his career was harmed by the allegation. In appreciation for my work on his case, the Colonel sent me an American flag that had been "flown for 9 minutes and 11 seconds over the 3rd Brigade Combat Team Head Quarters, Tikrit, Iraq" near a flag that was "hanging inside of Building #7 on the morning of 11 September 2011." In his letter accompanying the flag, Colonel Steel explained that a policeman, ran into Building Seven right after the attack to help get everyone out. On his way out, he saw the flag in the atrium and took it down. "The building came down about ten minutes later." The policeman gave the Colonel the flag to take with him into combat. Colonel Steel ended his letter with the following words: "My sincerest thanks, Alan, for all you have done for me and for the men of the Rakkasans." The flag stands in a place of honor in my home office, as a reminder of those who have given their lives to defend our liberties.

The complex issues surrounding the war against terrorists plays out not only on the battlefields of Iraq and Afghanistan, but in Israel and Gaza as well. I stand ready to defend Israeli soldiers and commanders who have been falsely accused of killing Palestinian civilians in their efforts to protect Israeli civilians from terrorist rocket attacks. In 2011, I traveled to the Hague in an effort to persuade the prosecutor of the International Criminal Court not to bring charges based on the deeply flawed "Goldstone Report," whose conclusions Richard Goldstone himself subsequently repudiated. I have represented the Mossad in its efforts to prevent prosecution of its agents by



HOUSE_OVERSIGHT_017298

foreign governments. In 1999, I received a letter of thanks from the head of that shadowy organization, which included the following:

> "I remember the energy you showed when we came to you seeking both advice and action. You threw yourself into the fray and showed every possible willingness to give us both your time and renowned counsel.
>
> As you know, there is no greater "Mitzva" in Judaism than "Pidyon Shevuyim"—prisoner release. And nevertheless, not every person would be prepared to be associated with "one of us." So be it you, for your part, acted in the best and nobles of our traditions.
>
> We wish you well; we thank you for what you did and what you were willing to do. May we all live to see the day when a profession such as mine gives way to more pleasant occupations. There is still some way to go before this comes about."

Tragically, the world is still far from a time when those brave men and women who serve in the United States and Israeli armed forces and intelligence services can pursue "more pleasant occupations." Until that day arrives, I will always remain available to lend my time and counsel in support of their noble efforts to combat evil.



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4.2.12
WC: 191694

Helping the prosecution keep an FBI murderer in prison

I'm a defense lawyer. Unlike many current defense lawyers, I never served as a prosecutor (though I advise my students who want to become defense attorneys to work in a good prosecutor's office for a few years.) Also unlike some defense attorneys, I admire good prosecutors, who do their jobs ethically and professionally. The adversarial system of justice requires zealous prosecution as well as zealous defense. Good prosecutors are the "gatekeepers" of justice: they decide which of the many cases that come before them to prosecute, which not to prosecute, what charges to seek, when to plea bargain and how high a sentence to recommend. Bad prosecutors—those who base such critical decisions on political, personal, financial or other corrupt considerations—can do enormous harm to our system of justice. I've been privileged over my career to know some extraordinary prosecutors. I've also been privileged to help expose some corrupt prosecutors, policemen and FBI agents.

The case of John Connolly was an example of both. In that highly-charged case, which was the subject of the semi-functional, but mostly fact-based, film "The Departed," I helped an excellent prosecutor keep a corrupt FBI agent in prison. The prosecutor who asked for my help is the State Attorney of Dade County Florida, which covers the City of Miami and several smaller cities. Katherine Fernandez Rundle replaced Janet Reno in 19__, when President Clinton appointed Reno to serve as Attorney General of the United States. She has been repeatedly reelected and served with distinction since.

John Connolly was a high ranking FBI agent in Boston, who had grown up in the "Southie" neighborhood of Boston along with the notorious "Whitey" Bulger, who was responsible for dozens, perhaps hundreds, of cold-blooded murders, and his corrupt younger brother William "Billy" Bulger who served as President of the Massachusetts Senate and then President of the University of Massachusetts, before he was forced out of office by Governor Mitt Romney.

During the reign of the Bulger brothers, Billy served as the Godfather and Whitey as the enforcer of a systematically corrupt political, economic and legal system. Nothing got done—no large buildings were constructed, no important jobs secured, no political appointments made—without "tribute" being paid to the Godfather. If anyone crossed Billy, he had to worry about being literally killed by Whitey. If anyone crossed Whitey, he had to worry about suffering political or economic death at the hands of Billy. For example, when a state trooper stopped and searched Whitey at Logan Airport, finding a large bag filled with cash, the trooper found himself demoted, disgraced and ultimately driven to suicide. And when Whitey was about to be indicted, Billy's protégé, John Connolly, tipped the gangster off, allowing him to escape and become a fugitive for __ years. Connolly also tipped off Billy to the details of an investigation that targeted him for extorting a half-million dollar bribe from a Boston builder.

But these were not the only tip-offs John Connolly provided the Bulgers. He also gave Whitey the names of "stool pigeons" who were about to inform or testify against him—in other words who had to be "silenced" to protect Whitey and his colleagues.

Several murders were plainly attributable to this leaking of information from the FBI to gangland killers and hit men. One such murder was committed in the Miami area and John Connolly was



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successfully prosecuted for it by the State Attorney's Office. The problem was that several years had passed between the murder and the prosecution and Connolly had a plausible statute of limitations argument on appeal.

I was asked by State Attorney Rundle to consult with her appellate lawyers and to prepare them for what they expected would be a grueling oral argument. I agreed and worked with them, and with federal prosecutors in Boston, on the appellate brief. I also conducted a "moot court" in which I played judge and asked the hardest questions I could come up with. The "moot court," as it turned out, was more grueling than the actual argument, and the prosecution won the appeal. It was the first time I recall cheering when I heard that the prosecution had won an appeal.

There is nothing more corrosive to the administration of justice than corrupt law enforcement officials (except, perhaps, corrupt judges, several of whom Billy Bulger had appointed to "his" bench). The Bulger gang is now history. Whitey and Connolly are in prison, probably for the rest of their lives. Billy is "retired" from politics, but still widely admired by some in Boston, who ought to know better.



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Defending a man who admitted his guilt

The myth that guilty clients, even those who have committed murder will confide their guilt to their trusted lawyer, is widespread in literature and reflected in legal rules that encourage a relationship of trust between lawyer and client. The reality is that guilty (as well as some innocent clients) don't trust their lawyers with their deep, dark secrets. Most believe that their lawyer will work harder for innocent defendants than for guilty ones, so they lie through their teeth.

They claim, especially at the beginning of their relationship with their lawyer, that they are the totally innocent victims of a horrible injustice. They admit nothing. In order to get some sense of what actually happened, I ask them the following question:

> "If your worst enemy, the person behind this horrible injustice, were to testify against you, what lies would he testify to? What would he say you did?"

The answer they give often comes close to what really happened. In this way, I obtain a working knowledge—always subject to reevaluation based on new evidence—of what may have occurred, without directly accusing my new client of being a liar.

Only one client who was accused of a killing has admitted to me that he was guilty. He really had no choice, since the very fact of his guilt was an essential element of his defense. The case was a strange one from beginning to end. Not only was my client guilty of having participated in a crime that resulted in the death of a young woman, he also—it turned out—was a government informant who was providing information to the police as to what he and his group were doing.

I have related this story in detail in *The Best Defense* and will not repeat it here, except to describe how it feels to win a case on behalf of an admittedly guilty defendant. Not only did he go free as the result of our legal arguments, but all of his co-conspirators—the ones who actually planted the smoke bomb that suffocated the woman—went free as well. (My client, who was an engineer, had constructed the smoke bomb, knowing that it was going to be placed in a crowded area.)

When I first undertook the pro bono representation of Sheldon Siegel, he faced a possible death sentence. I had no idea that he was informing against his colleagues in the Jewish Defense League at the same time that he was making bombs for them. Informers are a peculiar lot, often undecided about which side they are on—other than their own side. Siegel was committed to the ideology of the JDL, including their sometime use of violence to make their point. But he was also desirous of protecting his own head and he knew he was vulnerable to prosecution for the bombs he had constructed that had been used against Soviet targets in the United States. He hoped to avoid prosecution by providing the government with selective information about his JDL colleagues and their plans. He also hoped the JDL would never find out that he was playing both sides against the middle.

One of their plans—to plant a smoke bomb in the office of Sol Hurok, a Jewish impresario who brought musicians to the United States from the Soviet Union—went awry and a young Jewish woman named Iris Kones died from inhaling smoke from a bomb that was intended to disrupt but



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not to kill. Because the bomb was inherently dangerous and caused death, the perpetrators were indicted for capital murder.

In the end, I was able to capitalize on Siegel's status as an informer, the fact that he was first discovered by the use of an unlawful wiretap, and the promises that were made to him in order to secure his cooperation. We obtained a legal ruling from the United States Court of Appeals that ordered the trial judge to set all the defendants free.

As the trial judge implemented that decision, my client and his co-defendants started to leave the courtroom, congratulating each other and laughing. The judge turned to them in anger and said, "Do you know who isn't in court today? Iris Kones." As my thoughts turned to the innocent victim of the Hurok bombing, I heard the judge's voice grow louder and angrier: "Someone has committed a dastardly, vicious, unforgettable crime; someone is frustrating the administration of justice in a case that, in my mind, involves murder. People who deliberately do so will learn the power of the law even if there are those who have literally gotten away with murder." While enunciating these final words, the judge averted his eyes from the young defendants and focused them directly at me, almost as if to say, "And you are responsible."

His words went through me like a knife. Never had I been so uncomfortable as I was then, with the case over and my client entirely victorious. He was right. In one sense I was responsible: I had devised the novel legal strategy that resulted in the release of guilty defendants whose crime had caused the death of an innocent young woman.

I sat in court for a full hour after everyone else had left. I wanted no part of the victory celebration. I could not forget Iris Kones. I've thought of her often and of other victims of my clients who have gone free because of my legal arguments and my investigative work. I think especially of Iris Kones because she is the only homicide victim who I know was killed by defendants who I know were guilty and went free. I suspect there were others as well, but I can't be absolutely sure of any but Iris Kones, because my client in that case told me, and the world, that he was guilty.

I also think of Iris Kones because her family—who are active in both Jewish causes and Harvard University—constantly remind me, and all of our mutual friends and associates, of my role in freeing the murderers of their relative.

Although I don't believe in divine justice, it is true that Sheldon Seigel died at a very young age after an unsuccessful heart transplant. His premature death didn't make me feel any less responsible for the unjust, but legally proper, result I helped produce on his case.



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4.2.12
WC: 191694

The killing of John Lennon

Another death for which I have long felt some responsibility was the murder of John Lennon by Mark Chapman in 1980. Lennon was in the United States on that fateful day because I helped him avoid deportation back to England in 197_. Had our legal team not been successful in stopping the Nixon Administration's efforts to deport Lennon on trumped up allegations relating to his use of marijuana in England, Lennon would have been deported and banned from the United States. It is highly unlikely (though not impossible) that Chapman would have stalked and shot him on the streets of London or Liverpool, as he did on Central Park West in New York.

I was retained by an excellent deportation lawyer named Len Wildes to write a legal memorandum on the impropriety of the deportation request. (My fee was to be a record album signed by John Lennon: Lennon signed it; Wildes lost it; and my children nearly killed me!) We won the case and Lennon continued to live in Dakoda for the ___ years before he was killed.

His killer, Mark Chapman, had no money to hire a lawyer and so the court appointed a former student of mine and friend Jonathan Marks, to represent him. Marks is a brilliant and innovative lawyer who wanted to raise a defense based on Chapman's mental state. He asked me to consult with him on the case, but I didn't feel comfortable helping a defendant who had killed my former client. So I declined.

Several years after Chapman was convicted, I happened to run into Yoko Ono at an art auction. I told her how sad I was that we had won the deportation case, because if we had lost, John would still be alive. She became angry at what I had said: "Don't ever think that," she admonished. "Those ___ years were the happiest in his life and mine. He gave me John Ono. You did a good thing." She reached over, kissed me and thanked me. I still feel somewhat responsible for what happened on that awful day in front of the Dakoda.



HOUSE_OVERSIGHT_017304

4.2.12
WC: 191694

Dealing with the family of homicide victims—then experiencing it

Whenever I defend an accused killer, I'm asked how it feels to be up against the family of the victim. It's a hard question, even when asked in the abstract. In one case I was confronted directly by the mother of the victim, who thrust a photograph of her murdered son in my face.

My client was a woman who had admittedly shot and killed her husband. She claimed that she had killed him in self defense after he tried to kill her. The problem was that the evidence showed that after she emptied her gun into his head, she reloaded and emptied it again into his body. She was found guilty of premeditated murder and asked me to try to get the conviction reversed or reduced to manslaughter.

I argued the appeal in the Maryland Court of Appeals. I was satisfied that I had done the best I could with a difficult fact pattern. As I was leaving the courtroom feeling pretty good about myself, an elderly woman approached me. "You did a fine job, sir," she began. I thanked her and started to walk away. "The man she murdered was my son," she politely continued, "and I want you to know that my son never tried to kill her." She looked me straight in the eye and persisted: "He would never do such a thing. He was a fine young man. She was just trying to get rid of him. I want you to know the truth regardless of how the court decides the case." She showed me his picture: "Look at him. Look at his eyes and tell me whether you think he could try to kill her."

I looked at the picture and simply said "I'm sorry for your loss." The woman began to cry as she walked away.

I couldn't sleep for several days as the picture of the sobbing mother holding her dead son's photograph kept popping into my head. Maybe he hadn't tried to kill her. Maybe my client made up the story to justify a cold-blooded murder. Maybe not. Nice looking people often do unnice things. You can't tell a killer by his eyes—or by his mother. I could never know. All I could go on was the evidence that had been presented at the trial.

I will never forget this encounter with the victim's mother. It still haunts me, as do all the other possible victims of what my clients may have done. Nobody ever said it would be easy to be a criminal defense lawyer, and it hasn't been. Any defense lawyer who says he doesn't lose sleep over the moral ambiguity and complexity of his role is either lying or is unworthy of the responsibility of representing the possibly guilty in order to prevent the conviction of the possibly innocent.

The Rubin case itself was convoluted in the extreme. It actually involved several cases. Rubin claimed to have evidence that her estranged husband, who she admittedly shot, had tried to poison her previous lover who had tried to beat her up. She then developed a personal relationship with one of her investigators and an unusual relationship with several of her lawyers. Eventually, after years and years of litigation, her conviction was reversed on the ground that several of her trial lawyers were guilty of a conflict of interest that denied her the effective



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assistance of counsel under the Sixth Amendment. I still have no idea whether the victim's mother was correct in her assessment of her dead son. The situation seems a bit more complex, but that's often the case when you drill down to the real story behind the killing.

In July of 2011, my own family learned what it felt like to become the victim of a possible homicide. My brother's beloved wife, Marilyn, was killed while riding her bicycle on a New York City street. Marilyn was a brilliant lawyer who had just retired from being a judicial referee in the New York Matrimonial Court. Her sudden death was devastating to my brother, their children and our entire family. She had been run down by a United States postal truck and rushed to the hospital where a team of doctors worked feverishly to cut off her bike helmet and try to save her life. They couldn't help her and she died.

Because New York City, like many large urban areas, has security cameras on nearly every block, my nephew (who is an engineer) and I were able to view video footage of the event from several different angles. What we saw was a mail truck and an unidentified van barreling down a narrow street in what appeared to be a game of "chicken." Neither would give the right of way to the other, so they both decided to drive down the narrow street in tandem. The mail truck struck my sister-in-law. It then stopped, appeared to look back, and proceeded to drive away. It stopped again and then made a sharp left turn into the basement of the mail building.

Upon viewing the video and talking to witnesses, we came to believe that Marilyn had been the victim of two crimes: negligent vehicular homicide and leaving the scene of an accident. Suddenly our family became the victims seeking justice from a reluctant prosecutor. It was a painful shifting of roles, as my brother demanded a thorough investigation and prosecution of the offending driver or drivers (the driver of the van was never identified or caught). We were now using technology and engineering science to try to prove criminal guilt on the part of the mail truck driver. In the end, the prosecutor charged the mail truck driver with leaving the scene of an accident, but not with causing Marilyn's death. This horrible tragedy made me better understand what it feels like to be the family of a homicide victim.



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4.2.12
WC: 191694

Defending the Former President of the Ukraine Against Murder Charges

In T.S. Eliot's famous play *Murder In The Cathedral*—which is loosely based on historical events—King Henry II is anxious to be rid of Thomas Becket, the Archbishop of Canterbury. Unwilling to bloody his own hands, the King hints of his wishes to several loyal knights by issuing a rhetorical challenge: "Will no one rid me of this turbulent priest?" The knights, believing they are following the King's command, then murder the Archbishop in the Cathedral.

Lawyers and historians have long debated whether the King was legally, morally or historically guilty of Becket's murder. In 2011, I was asked to become involved in what prosecutors believed was a modern-day, real-life variation on murder in the Cathedral.

My client was the former President of the Ukraine, Leonid Kuchma. Ukrainian prosecutors were investigating him for ordering the murder of a journalist who was critical of the government. The journalist was murdered during President Kuchma's term in office, and the resulting scandal contributed to the ending of Kuchma's political career.

Over the next several years, there were investigations but they all exculpated the former president. But now, a decade later, the prosecutors claimed they had a smoking gun: a surreptitiously recorded conversation involving President Kuchma in his "oval office" making statements about the murdered journalist akin to those made by King Henry II about the Archbishop.

The conversations were allegedly recorded on a small Toshiba digital recorder that had been secreted beneath a couch in the president's office. The voice on the recording was unmistakably that of President Kuchma and the words—if he had indeed uttered them—were damning and incriminating.

My brother and I were retained by a former student of mine, Doug Schoen, a brilliant political strategist who was counseling the President's family. Our job was to advise the Ukrainian lawyers with regard to the recording and other legal and factual issues.

I flew to Kiev to meet my client. It was an emotionally wrenching trip for me, since my family—including many who were murdered during the Holocaust—came from areas not too far from Kiev. I wanted to visit Babi Yar, the site of one of the worst mass slaughters of Jewish residents of the area. I had been told that some members of my mother's family were almost certainly among the tens of thousands of victims of the Babi Yar massacres. I asked to visit the memorial as soon as I got to Kiev. I was shocked to see that there was hardly any memorial to the murdered Jews. A current resident of Kiev who visited the area, which is just outside the center of town, wouldn't even know that the Jewish residents of Kiev were gathered in the area and systematically shot and thrown into pits. The tiny memorial has a faded plaque that is extremely vague about what had happened. I knew that under the Soviet regime, there had been denial and silence. I knew that from the famous poem by the Soviet dissent poet Yevgeny Yevtushenko,



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which begins:

> "No monument stands over Babi Yar
> A steep cliff only, like the rudist headstone
> I am afraid."

Now there is a monument, but it is unworthy of that term, and it is not as if the city of Kiev doesn't know how to build giant monuments, if it chooses to. In the center of Kiev stands a monumental statue to Bohdan Khmelnitsky, who had conducted pogroms in the 17th Century that had slaughtered tens of thousands of Ukrainian Jews. To this day, Khmelnitsky's picture adorns Ukrainian currency.

It was not an easy visit either for me, for my wife or for my brother (who made a separate visit with his wife). It was especially difficult for his late wife Marilyn, whose father's entire family had lived in the Ukraine, where almost all of them were murdered during the Holocaust. The difficulty was exacerbated when one of the Ukrainian lawyers with whom I was working was found dead in his bed just hours after we completed an evening work session and hours before we were to resume our work in the morning. The official cause of death was ruled a heart attack, but the KGB—whose role in the case we were investigating—is an expert on giving enemies "heart attacks." We were there to save the life and liberty of a Ukrainian political leader and we got down to work.

President Kuchma immediately told me that although it was his voice on the smoking gun recording, it was not his words, as least not in the sequence that appeared in the transcript. I listened to the recording but could not tell very much because the words were Russian and they were difficult to hear.

I told my client that I too had been the victim of a doctored recording in which my voice and words had been edited and re-sequenced to make it sound as if I had said the exact opposite of what I had actually said.[72] This fake recording had been made by a man named David Marriot, who had offered to be a witness in the Claus Von Bulow case. He had asked me for money and I told him it would be improper to pay him for his testimony and we wouldn't do it. He surreptitiously recorded our conversation on a tape and then simply cut and spliced the tape to make my refusal to pay him sound like a willingness to pay him. His splicing job was so amateur—he used scotch tape—that our expert was able to demonstrate it without any question.

But times had changed, and the recording at issue in the Kuchma case had been digital. Changes on a digital recording are much more difficult to detect than on a tape recording. It was our job to demonstrate that the Kuchma recording, like mine, had been tampered with to change the meaning of his words. It would be a challenging scientific task in this new age of recording technology, but my team was up for it. We retained the most sophisticated audio-scientists in the world, who were able to demonstrate that words could be digitally re-sequenced to alter the meaning of a conversation without the change being detectable.

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[72] In another situation, a television ad by the organization J Street showed a video of my lips moving and a voice—not mine—saying words that I didn't say.



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We also established that the recording device and the recording had been repeatedly removed from the chain of custody, thereby enabling the tampering to be accomplished. Finally, we proved that under Ukrainian law, the recordings had been made and handled unlawfully. The end result was that the court ruled that the recordings could not be used against President Kuchma in any criminal case and the prosecution was dropped.



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Murder Cases I Didn't Take

For every client whose case I agree to take, I must, regretfully, turn down many. Every week, I receive dozens, sometimes hundreds, of calls, emails and letters asking me to review cases. Many of them involve homicides, because some of my most highly publicized cases have involved clients accused of murder. Because I am a full time professor, my time for litigation is limited. So I must choose only a handful each year among the many worthy cases. I have several criteria for choosing which cases I will accept. I rarely turn down cases in which defendants face the prospect of the death penalty by an American court, and when I do, I try to get another lawyer, often a former student, to take the case. (The same is true for cases involving freedom of speech or other First Amendment protections.)

I never turn down a homicide case because it is too hard or because I am too unlikely to win. When I took the Von Bulow case, nearly everyone thought we had no chance of winning. *New York Magazine*, in an article about my involvement in the case, quoted "one of the country's leading criminal lawyers" predicting that I would lose the appeal: "He'll add something useful and do a brilliant analysis of the record. He isn't going to make it. Of some guys you can say "That's a patient he isn't going to save. He can only make him more comfortable."

Esquire magazine had commented that the Von Bulow appeal "looked like another ritualistic exercise in civil libertarian dogma" that "would churn through the courts simply because there was money available and a set of arguments that could be made, rather than because [I] had any real sense that justice in some way had gone astray."

And one commentator snidely observed that Von Bulow's "recruitment of Harvard Law Professor Alan Dershowitz shortly after his conviction would tend to reinforce" the view that Claus Von Bulow "was no longer protecting his innocence, merely the methods used to catch him…Dershowitz enjoys a wide reputation as a last resort for convicted criminals, being especially keep at finding legal loopholes that render his clients' convictions unconstitutional."

Similar predictions were made about the O.J. Simpson case and others that I subsequently won. I actually prefer difficult and challenging cases which the pundits claim are unwinnable. I also never decline clients because they are too unpopular, too controversial or too guilty.

Why do I defend people who I know are guilty? Because that's the job of a criminal defense lawyer and I have chosen that noble profession. But why did I choose a profession in which my job would be to defend guilty, as well as innocent, defendants? Because unless the guilty are vigorously defended, the innocent will be at greater risk of being prosecuted, convicted and executed. The reality is that the vast majority of people who are charged with serious crimes are factually guilty—that is, they did it! Thank goodness for that. Would anyone want to live in a country where the majority of people charged with crime were innocent? That may be true in Iran, China and Belarus, but it is not true of the United States, England, Israel and other countries with a zealous defense bar. And in order to keep it that way, everyone accused of crime, whether innocent or guilty, must be vigorously defended within the rules of law and ethics. I'm proud to



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be a leader of the criminal defense bar and to have successfully defended many accused criminals, some innocent, some guilty.

There are, however, certain categories of clients I will almost never accept. These include professional criminals who are in the business of doing illegal things and will almost certainly go back to that business if I get them off: drug dealers, Mafioso, terrorists, gang leaders. These professional criminals are entitled to counsel, but I do not want to become a "consiglieri" to a crime family (remember Tom Hagen in the Godfather) or an advisor to those who are in the business of committing crimes.

I also do not generally represent fugitives from justice while they are still "on the lam." A lawyer's job does not include helping a client illegally evade or escape from justice.

I try to take interesting cases that will have an impact on law, cases in which an injustice has been done or seems likely to be done, and cases involving my personal areas of expertise (science, constitutional law, psychology). I take about half of my cases on a pro bono basis and the other half on a fee basis. I use the fees to support the expenses of my pro bono cases.

Among the most interesting cases I declined have been accusations of murder committed outside the United States and involving foreign leaders. As an American lawyer, I have less of an obligation to take foreign cases than I do to take American ones.

Perhaps the most difficult case for me to have turned down involved the Israeli student, Igal Amir, who was accused of assassinating the late Yitchaz Rabin, the then Prime Minister of Israel. Several days after the crime that rocked the world, the family of the man accused of committing it asked me to become his lawyer. I met with them and they told me that he had in fact pulled the trigger, but that he was legally innocent, because the killing was justified under the Jewish law of "rodef"—a concept akin to preventive or anticipatory self-defense, or defense of others. This concept, which derives from a Biblical passage, as interpreted by Jewish sages including Maimondes, authorizes the killing of a person who is about to do great harm to an individual or to the community as a whole. The man who killed Rabin apparently believed that Rabin was about to make a peace with the Palestinians that involved giving back "sacred" land that had been captured by Israel during the Six Day War. He also believed that such a peace would endanger the lives of Israelis, and so he set out to stop it by killing the "rodef" who had endangered it.[73]

The trial of Rabin's killer promised to be among the most interesting of my career and among the most important in the history of the Jewish state. Although the crime did not carry the death penalty (Israel has abolished the death penalty except for the Nazi genocide against the Jewish people, under which Adolph Eichman was hanged), the case fit many of the criteria I generally consider in taking a case. But I decided not to take it.

The reason was that it involved the kind of political defense that I abhorred. If every citizen had the right to decide who was a "rodef" deserving of death, there would be anarchy. The "rule of personal politics" would replace the rule of law. The defense of "rodef" was not, in my view, a legitimate legal defense, and I, as a lawyer, was not obligated to present it.

[73] I am comfortable describing this "defense," since it was made public by him and his family.



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I had a more personal reason as well. I deeply admired Rabin and I supported his efforts to make peace. We knew each other, though not well, and he had consulted with me regarding several issues, including the one that may have led to his death.

Eight days before Rabin was killed, Israel's Ambassador to the United States had asked me to meet with Prime Minister Rabin, when he was scheduled to speak in Boston later that month. I asked the Ambassador what the subject of the meeting would be, and he told me that the Prime Minister was deeply concerned about the increasingly virulent level of rhetoric in Israel and the fact that certain fringe religious and political figures were advocating violence against government officials. He wanted to discuss whether there were ways of constraining the level of vitriol without infringing on the right of free speech.

I agreed to meet with Rabin and wrote the appointment in my calendar. The meeting was not to be. Rabin was murdered a week before his scheduled trip to Boston. I could never erase the scheduled meeting from my appointment book.

I declined the offer to represent Amir, and watched with interest as his lawyers tried to present the "rodef" defense to an appropriately unsympathetic judge. Amir was convicted and sentenced to life in prison. He was married while in prison and allowed conjugal visits, during which he fathered a child.

Other murder clients I rejected included Radovin Karadic, the head of Bosnian Serbs during the terrible ethnic wars in the former Yugoslavia. Karadic first called me while he was still a fugitive and while the killings were still ongoing and asked me to represent him. I told him of my policy of not representing fugitives or people involved in ongoing crimes. He asked if he could call me again if the circumstances changed. I did not say no.

Shortly after receiving this call, I had occasion to be at a dinner with then President Clinton and First Lady Hillary Clinton. My decision to turn down Karadic had been reported in the press (he or someone close to him disclosed it) and it became the subject of discussion. Mrs. Clinton was adamantly against my representation of this "butcher," but President Clinton said that if I could persuade him to turn himself into the international tribunal in the Hague as a condition of my representing him, it would be a worthwhile tradeoff. Karadic did not turn himself in, and when he was finally caught many years later, he asked me to meet with him in his prison cell in the Hague. I met with him just days after his capture and we discussed his case, as well as the cases of several of his former colleagues (one of which I was involved in). In the end, I did not represent him. He is still on trial in the Hague.

During the "Arab Spring" of 2011, I received calls from individuals representing both deposed President Hosni Mubarak of Egypt and then fugitive leader of Lybia, Muammar Gaddafi, both of whom were being accused of killing innocent civilians.

A Norweigan human rights activist who was close to Mubarak asked me if I would be willing to go to Cairo as part of the Mubarak legal team. I raised the question of whether it would be wise for Mubarek to be represented by a Zionist Jew. He said that I would be part of a team of three



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lawyers, the other two to be selected by the Arab League. I doubted that the Arab League would agree to have me participate in such a team, but he assured me that he would try to obtain their consent. That was the last I heard. I don't know whether, in the end, I would have been willing to go to Cairo as part of such a defense team, but I certainly was tempted.

I was less tempted by the offer made by Gaddafi's Lybian lawyer. The Gaddafi offer was firm, accompanied by a signed formal retainer letter and contract. I have the contract in front of me as I write these words. It begins "In the Name of G-d, the most gracious, the most merciful. In G-d we trust." In the end, I couldn't agree to what they wanted me to do, and the issue became moot with the fall of the Gaddafi government and the assassination of Gaddafi. I was later asked whether I would consider representing his son in the International Criminal Court, but that issue too became moot when the rebels decided to try him in Libya.

My final offer came from a deposed African head of state, accused of mass murder, who offered to pay me with gold bricks he had stolen from his country. Needless to say, I declined his offer, since the gold was not his to give.

One American case I turned down grew out of a request from the author Norman Mailer that I represent Jack Henry Abbot. Mailer told me that he had urged the authorities to release Abbot, who was serving time for murder, because he had become a great writer while in prison. Abbot had written a memoir called "In The Belly of the Beast" that had become a best seller and had elicited excellent reviews. Mailer told me that he had succeeded in his efforts to have Abbot released, but that shortly after being set free, Abbot stabbed a waiter to death. Now he was facing a murder charge, and if convicted he would never again experience freedom, regardless of his writing skills.

I agreed to visit Abbot on Rikers Island, where he was being held pending trial. I was allowed to meet with him in a private lawyer's conference room, with guards standing outside. We began to talk and I became increasingly skeptical of the media story that Mailer had secured his release. I had his prison record in front of me and as I perused it, the thought occurred to me that perhaps Abbot had earned his freedom by informing on other prisoners. I made the mistake of asking Abbot whether he was a "snitch." Upon hearing that word, he leaped over the table and grabbed me around the neck. The guards quickly rescued me from his clutches. The last words he heard me say as I left the room were "No way I'm becoming your lawyer."



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Conclusion: How homicide cases have changed over the past half century

There are two clearly discernable trends in regard to homicide cases—and they point in totally opposite directions. Science is helping to solve homicide cases that previously remained unsolved (cold cases) or that produced erroneous results. Many innocent people who were wrongly convicted of murder have been exonerated by the new science, and some guilty murderers who had never even been suspected have been successfully prosecuted. There have even been some cases in which the DNA of the killer has been found and analyzed but could not be matched—at least not yet—with a specific person. In at least one case, an indictment has been issued against the unnamed person who may someday be matched with the "guilty" DNA. Such is the progress of science, and it will get even better (and scarier!) in the future.

At the same time that science is progressing, the law is regressing. It is becoming increasingly difficult to reopen "closed cases," even homicide cases that carry long prison sentences or the possibility of execution.

Over the past several decades, an increasingly conservative Supreme Court, and a Congress that couldn't care less about wrongly accused defendants, have shut the courtroom door to new evidence, including new scientific evidence. It may seem hard to believe but many judges and justices believe that it is not unconstitutional for an innocent person to be executed or to remain in prison if his conviction was "otherwise" constitutional. The idea that a process resulting in the conviction of an innocent defendant could be "otherwise" constitutional reminds me of the apocryphal question put to Abraham Lincoln's widow after the assassination in Ford Theater: "Other than that, Mrs. Lincoln, did you enjoy the play?" If a defendant is factually innocent, there is no "other than that."

Listen to Justice Scalia on this subject:

> "This court has *never* held that the Constitution forbids the execution of a convicted defendant who has had a full and fair trial but is later able to convince a habeas court that he is 'actually' innocent. Quite to the contrary, we have repeatedly left that question unresolved, while expressing considerable doubt that any claim based on alleged 'actual innocence' is constitutionally cognizable."

Let us be clear precisely what this means. If a defendant were convicted, after a constitutionally unflawed trial, of murdering his wife whose body was never found, and then came to the Supreme Court with his very much alive wife at his side, and sought a new trial based on newly discovered evidence (namely that his wife was alive), Justice Scalia along with several other justices, would tell him, in effect: "Look, your wife may be alive as a matter of science, but as a matter of constitutional law, she's dead, and as for you, Mr. Innocent Defendant, you're dead, too, since there is no constitutional right not to be executed merely because you're innocent." The same would be true if DNA evidence proved another person guilty of a murder for which an innocent person was about to be executed. According to the Scalia view of the Constitution, there would be nothing unconstitutional about executing the innocent man—and then trying, convicting and executing the guilty man. Such is the regress of law, and it may get worse if more justices with



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Scalia's anachronistic views are appointed to the court.[74]

This is not to suggest that plainly innocent people are being routinely executed in the United States. There are other checks and balances, such as gubernatorial commutation. (Though in some states they are rarely, if ever, granted.) Moreover, the courts, even the Supreme Court, sometimes find other ways to free the obviously innocent in most cases.

The real problem is how to prove one's innocence when the courts deny possibly innocent defendants the tools necessary to prove the certainty of their innocence. The Jeffrey MacDonald case discussed previously, is a prime example of this problem.[75] The courts have repeatedly shut the door on his serious claims that he can establish his innocence if he were to be given an opportunity to subpoena evidence and witnesses. In his case several crucial witnesses have died. These include Helena Stoeckley and her boyfriend, who may have been the actual killers, and Jim Britt, the Deputy Marshall who would have testified that the prosecutor improperly pressured Stoeckley to "forget" what she had seen—that is, to lie about her memory.

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[74] In 2009, I challenged Justice Scalia, who has written that he would have to leave the Supreme Court if his constitutional views conflicted with his obligation to the Catholic Church, to debate this issue:

> I hereby challenge Justice Scalia to a debate on whether Catholic doctrine permits the execution of a factually innocent person who has been tried, without constitutional flaw, but whose innocence is clearly established by new and indisputable evidence. Justice Scalia is always willing to debate issues involving religious teachings. He has done so, for example, with the great Rabbi Adin Steinsaltz, and with others as well. He also has debated me at the Harvard Law School. Although I am neither a rabbi nor a priest, I am confident that I am right and he is wrong under Catholic Doctrine. Perhaps it takes chutzpah to challenge a practicing Catholic on the teachings of his own faith, but that is a quality we share.
>
> I invite him to participate in the debate at Harvard Law School, at Georgetown Law School, or anywhere else of his choosing. The stakes are high, because if he loses—if it is clear that his constitutional views permitting the execution of factually innocent defendants are inconsistent with the teachings of the Catholic Church—then, pursuant to his own published writings, he would have no choice but to conform his constitutional views to the teachings of the Catholic Church or to resign from the Supreme Court.

Scalia did not take up my challenge.

[75] This is what the Court of Appeals had said in the Jeffrey MacDonald case:

> [W]e acknowledge that MacDonald has a daunting burden ahead in seeking to establish that he is eligible for habeas corpus relief solely because of his "actual innocence." The Supreme Court has only "assume[d], for the sake of argument . . ., that in a capital case a truly persuasive demonstration of 'actual innocence' made after trial would render the execution of a defendant unconstitutional." *Herrera v. Collins, 506 U.S. 390, 417, 113 S. Ct. 853, 122 L. Ed. 2d 203 (1993)*. The Court has yet to come across any prisoner who could make the "extraordinarily high" threshold showing for such an assumed right. *Id.*; *see Dist. Attorney's Office v. Osborne, 129 S. Ct. 2308, 2321, 174 L. Ed. 2d 38 (2009)* ("Whether [a federal constitutional right to be released upon proof of 'actual innocence'] exists is an open question. We have struggled with it over the years, in some cases assuming, *arguendo*, that it exists while also noting the difficult questions such a right would pose and the high standard any claimant would have to meet.").



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In the MacDonald case, justice delayed by the courts may actually result in justice being denied to an innocent man.

Nor is MacDonald alone in having the courthouse door shut on new scientific evidence that could acquit the innocent and convict the guilty. It is even possible that several innocent people may have been executed because the courts have refused to consider the scientific evidence that could have proved that others committed the murders.

One such case came to my attention too late for me to try to do anything to prevent a possible miscarriage of justice. A letter arrived at my office on a Monday. I opened it and read a poignant request from a condemned man to review his case. I receive many such requests but this one was different. It began by informing me that by the time I read this letter, the writer may already have been executed. I checked and sure enough, he had been executed a few days earlier. Nevertheless, he asked me to help clear his name posthumously, so that his family would know he was innocent. He had asked to have the blood on a towel tested for DNA, but his request had been denied. He believed that the DNA test would show that the killer was someone else. I immediately sought to have the blood tested at my own expense, but the authorities told me that the evidence has been destroyed when the defendant was executed.

It is entirely possible therefore that an innocent man was executed while the guilty man remains at liberty, because the courtroom doors were shut to new scientific evidence that could prove both innocence and guilt.

The prime lesson of the important scientific developments over the past half century is that the courthouse must always remain open to new evidence, even if such openness denies legal finality in criminal cases in which there is no scientific finality.



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Chapter 14: The changing politics of rape: From "no" means "maybe," to "maybe" means "no."

No legal concept has undergone a more dramatic change over the course of my legal career than the crime of rape. When I started to practice, there were enormous barriers to the successful prosecution of rapists. The testimony of the alleged victim had to be corroborated by external evidence, unlike other crimes where the testimony of the victim is sufficient. The alleged victim could be cross-examined about her entire sexual history, thus discouraging rape victims from coming forward. A husband could not be convicted of raping his wife, no matter how much force he used, because by law, "the husband and wife are one," and "he is the one." Under this bizarre sexist metaphysic, a husband was deemed "incapable of raping himself." Juries were reluctant to convict "upstanding" young men who were accused of raping "loose" women (often defined as unmarried non virgins). Moreover, being "dressed for sex" was considered a form of consent by some courts, and prostitutes could not be raped since they were in the "business" of consenting. In some states, lack of consent alone wasn't enough to establish rape; the victim had to "resist" to the "utmost" even in the face of deadly threats.[76] Some commentators even suggested that it was physically impossible for a non-consenting woman to be raped. Most importantly, date rape wasn't even considered a crime. Instead it was deemed a manifestation of macho entitlement among certain groups, such as some college fraternities, soldiers, gangs and athletic teams. Within some such groups if one "brother" was accused of raping a woman, all the other brothers would say that they too had sex with the complainant.

The upshot was that many predatory males got away with rape either because victims were unlikely to complain, prosecutors were reluctant to bring charges, jurors were eager to acquit or appellate courts were quick to throw out convictions.

This male-centered attitude toward rape, and the special rules reflected by that attitude, go back millennia in time. The Bible, which includes a prohibition against coveting one's neighbor's wife in the Ten Commandments, does not explicitly prohibit rape. In the Bible, there are permissible and impermissible sexual encounters, depending on the status of the man and woman. A married woman is prohibited from having sex with anyone but her husband, while a married man is permitted to have sex with any unmarried or unspoken for woman. If sex is permitted, it may be accomplished by force. If it is prohibited, it may not be engaged in even if both parties consent. If a man rapes an unmarried girl who is still in her father's care, his "punishment" is to pay the father a specified amount for damaging his "property," and he must marry her and may not ever divorce her. Who is punished more under this regime, the perpetrator or the victim? And who is the "victim," the girl or her father? Similar rules prevailed in other religions and other cultures during Biblical times and for centuries thereafter.

The common law attitude, which governed American courts from the beginning of our history, was summarized by British Lord Chief Justice Matthew Hale, who cautioned that rape was a charge "easily to be made and hard to be proved, and harder to be defended by the party accused, tho' never so innocent."

[76] One court put it this way: "if the carnal knowledge was with the consent of the woman, no matter how tardily given, or how much force had therefore been employed, it is no rape." Reynolds v. Nebraska, 27 Neb. 90 (1889).



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Even as recently as the early 20th Century, the influential legal commentator, John Wigmore, proposed that women who accuse men of rape should be subjected to a psychiatric examination because:

> "Modern psychiatrists have amply studied the behavior of errant young girls and women coming before the court in all sorts of cases. Their psychic complexes are multifarious, distorted partly by inherent defects, partly by diseased derangements, partly by bad social environment, partly by temporary psychological or emotional conditions. One form taken by these complexes is that of contriving false charges of sexual offenses by men. The unchaste (let us call it) mentality finds incidental but direct expression in the narration of imaginary sex incidents of which the narrator is the heroine or the victim. On the surface the narration is straightforward and convincing. The real victims, however, too often in such cases is the innocent man…"

Even as late as the 1960s, the Supreme Court of Georgia, in rejecting Justice Goldberg's view that the death penalty might be unconstitutional for rape, provided the following male-centered justification for why rapists must be executed:

> "We reject this [attempt to reduce the protection of] mothers of mankind, the cornerstone of civilized society, and the zenith of God's creation, against a crime more horrible than death, which is the forcible sexual invasion of her body, the temple of her soul, thereby soiling for life her purity, the most precious attribute of all *man*kind [sic!]."

During the last quarter of the 20th Century, political and academic feminism began to focus attention on the gender inequalities implicit, and often explicit, in rape laws. Within a short period of time, thousands of years of anachronistic rules governing the prosecution of rape cases were changed. The testimony of rape victims no longer had to be corroborated. Rape shield laws prohibited defense attorneys from questioning alleged rape victims about their prior sexual history. Husbands could be prosecuted for forcing their wives to have sex. The force and resistance elements of rape were amended in most jurisdictions to require only a lack of consent. Date rape was punished as seriously as stranger rape. Most importantly, attitudes changed, at least among some groups which no longer treated predatory males as macho heroes and women who dressed provocatively as automatically consenting sex partners.

Nearly all of the rules that had made it difficult to prosecute rapists were amended within the course of little more than a decade, as the pendulum swung quite dramatically from a male-centered view of rape to a female-centered view. As with many wide swings of a pendulum, there was little effort to strike a carefully calibrated balance that represented our general approach to all crimes: namely that there must be a heavy burden of proof on the prosecution and that it is better for 10 guilty rapists to go free than for even one innocent accused rapist to be wrongly convicted. Indeed even that salutary rule was challenged by some feminists in the context of rape.[77] One influential scholar went so far as to suggest that all sexual intercourse is essentially rape[78] and that

[77] [get sources]
[78] [Andrew Dworkin]



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all men should be presumed of being guilty of this crime. This led one of my colleagues to quip that "some feminists regard rape as so heinous a crime that even innocence should not be recognized as a defense."

Mostly the changes in the laws governing rape prosecutions were for the better: Many more guilty rapists were successfully prosecuted and the number of rapes went down perceptibly.[79] But these radical changes were not cost free: more innocent defendants, or those against whom the evidence was doubtful, were also convicted. When it comes to changing the rules of governing prosecution of serious crimes, there is no free lunch. Virtually every change that makes it easier to convict the guilty also makes it somewhat more likely that some innocents will be convicted as well. The difficult question is whether, as to any particular crime or rule, the trade off is worth it.

I have experienced and participated in the changing approaches to the prosecution and defense of rape cases. At the beginning of my career, when the rules were heavily skewed against women, I was reluctant to defend accused rapists because I didn't want to cross examine alleged victims about their sexual history. I regarded it as an unfair tactic designed not to probe their credibility as witnesses, but rather to discourage rape victims from bringing charges. Were I to have defended an accused rapist in those days, I would have no choice other than to use every legally permissible tactic. As the rules changed, I began to defend accused rapists—and to teach and write about rape—in order to help assure that an appropriate balance was maintained in the inevitable trade-off between the rights of the alleged victim and those of the accused defendant.

A revealing example of how this trade off works in practice is provided by the controversial rape prosecution of Mike Tyson, in which I served as his appellate lawyer. Tyson was convicted of raping Desiree Washington, a young woman who he met when she was a contestant in the Miss Black America pageant in Indianapolis, and he was an invited celebrity. He called her at 1:45 in the morning and invited her to his hotel room, where they engaged in sexual intercourse. She subsequently claimed that he had forced her. He said it was entirely consensual. The jury believed her and convicted him. Following his conviction, Don King asked if I would represent the former heavyweight champ on his appeal.

[79] The dramatic reduction in rapes coincided with an equally dramatic increase in the easy availability of pornography, thus disproving the causation claim made by some radical feminists: that pornography causes rape.



HOUSE_OVERSIGHT_017319

Was Mike Tyson the victim of the changing politics of rape?

The first time I met Mike Tyson was the night before he was to be sentenced and sent to prison. Mike was deciding whether to accept Don King's recommendation that he hire me as his appellate lawyer. He was in a hotel room in Indianapolis, Indiana, with his large entourage. After briefly discussing the case and the appeal, he turned to me and asked point blank, "So professor, I have two questions. Do you believe I'm innocent and what do you think of me as a person?" I replied to the first question that I had no basis at that time to form a judgment about his guilt or innocence since I had not yet read the transcripts. He replied, "ok that's the lawyers' talk. I understand. Now, man to man, what do you think of me?" I looked him straight in the eye and said: "If you're innocent, you're a real schmuck." He looked back at me and said, "You calling me a schmuck?" I said, "Yes, if you're innocent then you're a schmuck for going up to a hotel room at three o'clock in the morning with a woman who you didn't know, without any witnesses, thereby putting yourself in a position where she could accuse you of so serious a crime." He turned to several members of his entourage and said, "This man's calling me a schmuck. He's right. I want to know why you guys didn't call me a schmuck. He's hired. I need somebody who's willing to call me a schmuck when I am a schmuck."

That was Mike Tyson - - direct and to the point. While preparing his appeal I went to visit him in prison several times. The prison rules required that we sit side-by-side facing a camera. Whenever I would say something he agreed with, he would give me a gentle love tap on my arm or on my thigh. A love tap to him! When I got back to my hotel I was black and blue.

One day I saw a guard taunt him mercilessly and watched him strain to control himself. He did hard time in prison. I sent him books to read—about subjects that interested him such as ancient Egypt, the "roaring 20s" in the United States, and the history of boxing. When I would come to visit him, he asked me to test him about what he had read. He passed with flying colors.

Mostly we talked by phone about his appeal. Mike would have to wait in the phone line for hours to call me. Once, as I picked up the phone, he heard my baby daughter crying in the background. He told me to "take care of your kid" and he would call back later. He was always considerate.

Some people find it hard to believe, but Mike was a wonderful client, always polite, always honest, always honorable, and always thinking of others. He ran out of money during the appeal and I continued to represent him without pay. I never thought I would see a penny of what he owed me, but several days after he fought his first fight upon being released, he sent checks to every one of his lawyers for the full amount that he owed.

Tyson's trial had been a disaster. His prominent white collar trial lawyer had little experience in rape cases and didn't seem to like Tyson. He made mistake after mistake, both tactical and legal. The legal expert who reported on the trial for USA Today described the trial as "filled with mistakes, omissions and elementary errors" by Tyson's trial lawyers. I had followed the trial in the media, but I didn't realize what a terrible job his chief trial counsel had done until I reviewed



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the transcript. After agreeing to do the appeal, I decided to start from scratch with a new investigation. My goal was to secure a new trial for the ex heavyweight champ.

I assembled a superb team, which included my brother Nathan, my son Jamin, who had just completed a two year stint with the New York Legal Aid Society following his graduation from Yale Law School and a clerkship with the Chief Judge of the Federal District Court in Massachusetts. It also included my co-clerk for Justice Goldberg, who was a leading Indiana lawyer.

On the basis of our investigation and the new evidence we uncovered, I was convinced that Mike Tyson did not intend to rape Desiree Washington, and that he got a bum rap.

Several of the jurors agreed with me after learning of some of the new evidence. One of them said: "We [the jurors] felt that a man raped a woman... In hindsight, it [now] looks like a woman raped a man."

Another juror told the media that Desiree Washington, the pageant contestant who accused Tyson of raping her, "has committed a crime."

In order to understand why these jurors had such dramatic second thoughts about their verdict, we must go back to the trial itself and see how Desiree Washington, the alleged victim, was portrayed to the jury. During the trial she did not even allow her name or face to be revealed. She was presented as a shy, young, inexperienced, religious schoolgirl, who wanted nothing more than to put this whole unpleasant tragedy behind her.

Her family said they had hired a lawyer for the express purpose of helping to "ward off the media," because she did not want any publicity. She said she had no plans to sue Tyson and she had certainly not hired a lawyer for that purpose. When she and her family were asked whether they had a "contingency" fee agreement with any lawyer -- the kind of agreement traditionally made with lawyers who are contemplating a money suit for damages -- they all claimed not even to know what that term meant. When Desiree's mother was asked whether there had ever been any "discussions" with lawyers about fees, she said no, and she swore under oath that there were no "written documents relating to the relationship between you and [the lawyer who was supposed to ward off the media]."

Thus, as one of the jurors later put it: "When she [Washington] said she wasn't looking to get any money," I believed her and "thought then that we made the right decision." Another juror agreed, saying that at the trial, "she was very, very credible," because she had no motive to lie, since she was not intending to collect any money, or to benefit in any way from Tyson's conviction.

Desiree Washington also pretended -- with the complicity of the prosecutor -- that she was an inexperienced virgin before she met Tyson.

She testified that she was "a good Christian girl," and the prosecutor told the jury that she expected to go home after her date with Tyson "the same girl" that she was before her date, namely a virgin. She was an "innocent, almost naive" girl, according to the prosecutor. She knew



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how to "handle the hometown boys" if they even dared to try to cop a "quick feel," thus suggesting that she did not even neck or pet. As a waitress in Washington's hometown put it: "America thought this girl was a blushing, virginal type." (Under the rape shield law, Tyson's lawyer could not counter this portrayal. The prosecution thus used the rape shield law as a sword to present a one-sidedly false picture of the alleged victim.)

The prosecutor also argued to the jurors a variation on the "dressed-for-sex" theory, telling them that Washington went to meet Tyson wearing "little pink polka dot panties," rather than "Fredericks of Hollywood underwear," thus showing that she did not put on the kind of sexy underwear that women wear when they are out to have sex. (He neglected to tell the jury that Desiree's sexy underwear was all still wet from having been washed, and that her only dry pair—when she went to meet Tyson at 2 o'clock in the morning—was the one with polka dots.)

Finally, Desiree Washington solidified her image as a totally non-sexual platonic date who only wanted to go sightseeing with Tyson at two o'clock in the morning, by describing to the jury how she responded when Mike tried to kiss her as she entered his limousine for the ride to his hotel: "he went to kiss me and I just kind of jumped back."

Thus, the jurors were presented with the picture of a zealously religious, young, naive "virginal type" girl, who does not kiss, neck or wear sexy underwear, and for whom a lawsuit or media attention were the furthest thing from her mind.

No wonder the jurors believed her testimony, in what was a classic "she said" -- "he said" credibility contest.

We discovered during our investigation that virtually everything "she said," and her family corroborated, was highly questionable if not outright false. The Washington family did not hire a lawyer to "ward off the media" as they claimed, but rather to do precisely the opposite—namely to sell Desiree's story for huge sums of money. After the trial, Donald Washington, Desiree's father, publicly acknowledged that he discussed movie rights with the very lawyer whom he falsely told the jury he had hired solely to "ward off the media." In an interview he gave after the trial he admitted that he: "I expected to get money from movie rights, that's where the money is."

It also now turns out that the trial testimony denying any "contingency" fee agreement and any "written document" between the Washingtons and the lawyer concerning a planned money damage suit against Tyson was categorically false. Immediately after Desiree Washington's sexual encounter with Mike Tyson, the Washington family went to see a high-powered lawyer in their home state of Rhode Island. The discussion turned instantly to how the Washington family could parlay Desiree's date with Tyson into big bucks. They talked about movie rights, book deals and multimillion-dollar lawsuits. The lawyer carefully explained what a contingency fee agreement was and the family agreed with this arrangement. Desiree signed a contingency fee agreement, which her father and mother officially witnessed. The family was given a copy of this document.

The prosecutor was fully aware of the contingency fee arrangement. Indeed, during the prosecutors' "rehearsal" cross examination of Desiree Washington, in preparation for her actual in



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court cross examination by Tyson's trial lawyer, the issue of the contingency fee agreement was explicitly raised. Yet, the prosecutor did everything in his power to keep the truth from coming out. He arranged for the Washington family to take the courtroom pass away from their lawyer, so that he could not attend the trial and feel ethically compelled to stand up and correct the Washingtons' testimony when they falsely denied any contingency fee or written agreement with him. (The prosecutor also had an ethical obligation to correct the false testimony given by his witness. Indeed he had an even greater obligation because he was the one who put on the testimony that he knew was false.)

The ploy worked—at least for a while. But the Rhode Island lawyer soon learned that his clients were not being straight with the jury. He began to worry that he might have an ethical obligation to blow the whistle on his clients, as lawyers do when their clients or witnesses are committing perjury. So the lawyer went to the Rhode Island Disciplinary Counsel—the attorney in charge of enforcing the ethical rules that govern lawyers—to obtain guidance. She referred the matter to the Rhode Island Supreme Court which issued an unprecedented opinion concluding that "the attorney had an obligation to disclose the existence of his contingent fee agreement to the [Indiana] criminal trial court." The state's highest court found that the agreement's "existence might well have had a bearing upon the jury's determination." The Rhode Island court then directed the attorney to disclose to the Indiana court the information that the Washingtons had withheld. He did so but the Indiana courts ignored this new information, despite the conclusion of the Rhode Island Supreme Court that it might well have affected the jury's verdict. Indeed, what could be more important than the fact—unbeknownst to the jury—that Desiree Washington had millions of dollars riding on whether Mike Tyson was convicted or acquitted, since without a conviction, it would have been difficult for her to collect monetary damages or sell her story to the media. The only thing that might have been more important is that she had been untruthful about her financial motive for accusing Tyson of rape.

It also turns out that Desiree was hardly the naive virgin she pretended to be. Once her name was disclosed following the trial, numerous witnesses confirmed that Desiree Washington was a sexually active young woman who hung out in nightclubs. Indeed, her lawyer implied to the media that Washington had been examined for venereal disease a month <u>before</u> she had sex with Tyson and that she was "not sexually active" <u>during</u> that brief period.

Not only was the jury misinformed about Desiree Washington's general sexual proclivities, they were also denied the most crucial eyewitness testimony of what she was doing just minutes before she went to Tyson's hotel room. She denied necking with Tyson in the limo on the way to the hotel. Indeed, she testified that she rebuffed his attempt to kiss her and "jumped back." Tyson's testimony was precisely the opposite. He swore that when he kissed her, "she kissed me," and that on the drive to his hotel, he and Washington were "kissing, touching." The jury obviously believed Desiree's testimony because Tyson's was uncorroborated and self-serving.

But it turns out that there were three eyewitnesses -- disinterested outsiders who happened to be in front of the hotel when the limo pulled up -- who saw what was going on inside and outside the limo just before Tyson and Washington left it to go to his hotel room. They saw them necking -- "they were all over each other" -- and holding hands on the way to the hotel (Desiree denied both necking and holding hands).



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Of course, the fact that they were necking and holding hands doesn't preclude the possibility that Desiree may have said no when it came to intercourse. Nor does it mean that a woman who engages in sexual foreplay may not refuse further sex at any point. Of course she may, and if the man then forces her to have sex without her consent, it is rape. But the testimony of these eyewitnesses shows three important facts: the first is that Washington was lying when she denied necking with Tyson; the second is that Tyson was telling the truth when he testified that they were necking; and third, that just moments before the hotel door closed behind them, Washington was involved in sexual foreplay with Tyson.

Despite the importance of this eyewitness testimony by three disinterested witnesses in an otherwise uncorroborated "she-said, he said" credibility contest, the trial judge adamantly refused to allow the jury to hear the evidence of the three eyewitnesses. She ruled that the prosecution—which admitted that the testimony was "pivotal" --would have been "prejudiced" by its late disclosure. This was absurd because the three witnesses had come forward before the close of the prosecutor's case—after learning that Desiree Washington had denied necking with Tyson—and well before the defense case even began. There was plenty of time for the large team of prosecutors to prepare to cross examine them, and if they needed more time, the judge could have briefly recessed the trial. In any event, surprise defense witnesses are common in criminal trials, and the Bill of Rights explicitly guarantees a criminal defendant the right to call "witnesses in his favor." Despite this the judge denied Tyson the right to call these three pivotal witnesses. So much for the "search for truth."

In all my years of practice and teaching criminal law, I had never heard of a case in which a judge had refused to allow a criminal defendant the right to call eye witnesses who could help establish his innocence. The law, including the law of Indiana, clearly supported Tyson's right to do so.

It should come as no surprise, however, that this particular trial judge made such a bizarre and unprecedented ruling to exclude such relevant and exculpatory evidence. The trial judge, Patricia Gifford, who used to be a full time professional rape prosecutor, had prosecuted more than 50 rape cases. She expressed extremely strong feeling about rape, especially what has come to be called "date rape." Indeed, she lectured the lawyers against even using the term date rape in her courtroom and refused to give the traditional date rape instruction, which requires acquittal if the jury concludes that the defendant reasonably believed the woman consented, even if she did not intend to consent.

After reading the transcript, it became clear to me that Patricia Gifford did not see her role in rape cases as being a neutral judge, but rather as another prosecutor, with a stake in the outcome. She wanted to see the most famous "rapist" in Indiana history convicted and put away. Judge Gifford made virtually every important ruling in the prosecutor's favor, including the exclusion of those three "pivotal" witnesses who would have won the case for Tyson. She also excluded evidence—under the rape shield law—that, would have proved that Desiree Washington had a strong motive to frame Mike Tyson for rape. (More on this soon.)



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In light of Judge Gifford's attitudes and professional background in regard to rape, it might be wondered how the prosecution got so lucky as to have her as the judge in the Tyson case. Luck, however, played no part in the selection. Using Indianapolis law and practice, the prosecutor was able to pick the judge who will try a criminal case. I am aware of no other place in the free world where a prosecutor has this ability, other than in Indiana. And the prosecutor picked wisely, if not fairly.

Several distinguished commentators—including Indiana's leading authority on criminal procedure—concluded that the trial judge committed a serious legal error by excluding the three crucial witnesses. Articles in *The American Lawyer* and the *New York Law Journal*—reached the same conclusion, as did most of the lawyers and law professors with whom I conferred.

Despite the strong issues that she knew could be presented on appeal, Judge Gifford denied Tyson bail pending appeal, apparently accepting the prosecutor's silly argument that this celebrity defendant would somehow sneak away and flee to a country with no extradition treaty with the United States. She also ruled that all the appellate issues would be "frivolous." Finally, as if to prove she was an advocate rather than a judge, she actively lobbied in the media against any reversal of the conviction, convening a press conference and, according to news accounts, "express[ing] some worries about having her ruling overturned, especially in an internationally publicized case in which prosecution costs alone reached $150,000." She commented on "the enormousness of the reversal of the a case that would have to be tried again like this." We were advised by several local lawyers that she also personally lobbied the appellate judges against reversing the conviction. These actions were completely unethical, and in direct violation of the Code of Judicial Conduct, but apparently acceptable in Indiana.

The case was a close one at trial. Judge Gifford's one-sided rulings shifted the balance against Tyson in what was otherwise a difficult prosecution. Even without all this exculpatory evidence, the initial jury vote was six to six. Eventually, the six who voted for conviction were able to persuade the six who voted for acquittal that there was no reason to disbelieve Desiree Washington's account. But that account, especially when reviewed against the background of the information that is now known, is extremely unconvincing.

What then was Desiree Washington's account of what happened that night?

Although Desiree Washington insisted she had no interest in having sex with Tyson, she acknowledged that she led him on and that she acted like a groupie would behave. The director of the Miss Black America Pageant, in which Desiree was a contestant, even criticized her for behaving like a "groupie." She sat in his lap and hugged him during the pageant rehearsal when they first met. She showed him a picture of herself in a bathing suit, gave him her hotel room number and agreed to go out with him. She took his call at 1:45 in the morning and agreed to come down to meet him in his limo. She then went into her bathroom and put on a panty liner to keep her expensive borrowed dress from becoming stained by the beginning of her menstrual flow during the partying and sightseeing she said she expected to do over the next several hours. She willingly accompanied Tyson to his hotel room at 2:30 in the morning, sat with him on his bed, and she then went into his bathroom and removed her panty liner without replacing it. How did she expect to prevent her borrowed $300 outfit from becoming stained over the next several



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hours of anticipated partying and sightseeing? The most plausible explanation for the removal and non-replacement of the panty liner was that it was done in anticipation of consensual sex.

Moreover, if she did not want to have sex, she could easily have locked herself in the bathroom and called for help from the bathroom phone. The bathroom had a working lock and a phone. Instead, she willingly came out of the bathroom, passed a door leading to the outside corridor and went back to Tyson's bedroom, where they had sex on the bed.

According to Washington's own testimony, Tyson asked her, during their sexual encounter, whether she wanted to "get on top" and she responded "yeah," and proceeded to get on top—not the usual position for a rape victim!

Mike Tyson had every reason to believe that Desiree was just another groupie looking for sex with a celebrity athlete. The "rules" of groupie sex are well known to both groupies and athletes. The groupies want sex with superstars in exchange for bragging rights that they slept with the "high-scorer," the "champ" or the "star." Some, like Washington, hope that the star will fall for her and make her rich and famous. Indeed, several other contestants - - friends of Desiree - - testified that after meeting Mike Tyson, Desiree bragged to her friend that she was going out with him because "this is Mike Tyson. He's got a lot of money. He's dumb. You see what Robin Givens got out of him." She told another friend that "Robin Givens had him. I can have him too ... He's dumb anyway." To her roommate, she said: "Mike doesn't have to know how to speak well. He'll make all the money and I'll do the talking."

Tyson testified that he was blunt, direct and unambiguous about what he wanted from Washington. When he asked her out—in front of a witness—she suggested a movie or dinner. But he said no: "That's not what I [have] in mind... I want you. I want to fuck you." The witness—Johnny Gill, a singer—testified that Tyson said, "I want to fuck." Gill later asked Tyson how he could be so straightforward with women, and Tyson explained that he is used to saying what is on his mind.

Desiree Washington knew full well that Mike wanted to have sex with her when she went to his hotel room after two o'clock in the morning. Yet she testified that she had no idea that Tyson had any interest in having sex. How any rational person could believe that, especially in light of what is now known about Washington, is mind-boggling. She may have been disappointed and hurt when he treated her like a groupie—a one-night stand—rather than as a continuing romantic interest. She realized that she could not exploit his sexual interest in her the way Robin Givens had done, and she was afraid of the reaction of her friends and family when it became known that she had indulged in a one-night stand with Tyson. A friend of hers told the press that Desiree "only cried rape" after her furious father found out she'd had sex with Tyson.

Our investigation revealed that she had had previously engaged in consensual sex with an athlete—the high school football hero—and when her father found out about it and threatened to beat her, she lied to her father and told him she had been raped, thus falsely accusing the football player.



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Our investigation also uncovered that Desiree's father had a history of violence toward her. According to a news report, Desiree's mother had her father arrested and charged with assault and battery against Desiree. "In her account," reported in the media, "Desiree alleged to the police that her father 'hit me and pushed my head under the sink…He continued slamming my head into the wall and the floor. I freed myself and reached for a knife to protect myself.'" A sworn statement by the mother reportedly said that her husband "flew off the handle" when Desiree told him "she had lost her virginity."

In order to avoid his fury once again, this time for having consensual sex with Tyson, she apparently decided to cry rape once again. At first, she said that he had "tried" to rape her. She initially denied having sex with Tyson. Then she said they had sex "on the floor." She told the female chaplain at the hospital that there had been some "participation" and consensual physical involvement on her part, before he forced her. Finally, she settled on the account she gave at trial: that he had raped her on the bed with no prior consensual involvement on her part.

No one except Tyson and Washington knows exactly what went on behind the closed doors of his hotel room. There was no videotape. Nor was there any physical evidence to corroborate Washington's unlikely story. Indeed, the available physical evidence completely undercuts her story. She was wearing a sequin-studded outfit, which she claims Tyson "yanked" off her as he "slammed [her] down on the bed." If that had happened, there would have been sequins all over the hotel room. Indeed, at the trial, when the dress was gingerly introduced into evidence, sequins fell off in the courtroom. But only one sequin was found in Tyson's hotel room after the allegedly forcible rape.

Nor were there any bruises—external or internal—found on Ms. Washington that were consistent with her account of how Tyson had "forced" her to have sex. She testified that Tyson "slammed [her] down on the bed," got on top of her, held her down with his forearm across the chest, and forced himself inside her.

Had the 230-pound, muscular Tyson done that to the 105-pound, slight Washington, there would have been bruises, welts, contusions, and even broken ribs. Yet there was not even the slightest bruise on Washington's body when she went to the hospital just hours after the sexual encounter. The doctors found only two tiny microscopic abrasions, which, according to leading experts, are perfectly consistent with consensual sex—especially if the man has a larger-than-average penis or the woman a smaller-than-average vagina. Such tiny abrasions are also more likely when two people have consensual sex with each other for the first time and are not used to one another's sexual movements and desires. Mike Tyson's account of what occurred, on the other hand, was entirely consistent with the physical evidence. And it would have been corroborated had the judge not excluded the three objective eye witnesses who saw them necking and kissing just moments before they went to his hotel room.

Despite the absence of physical evidence to corroborate Desiree Washington's story, the jury eventually believed her because there was no compelling reason to disbelieve the testimony of a young, religious, sexually inexperienced "girl" who had no possible motive to put herself through the agony of a rape trial. But it turns out that there were very good reasons for not believing her.



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As one juror subsequently put it: "She was very, very credible [at the trial], but now she's not credible at all. Right now, I wouldn't believe anything she said. I would sign an affidavit that if we had known about the money, I couldn't have voted to convict him. Mike Tyson deserves a new trial."

In light of the numerous errors made by Judge Gifford at the trial, this should have been the easiest appeal I ever argued. The law, the new evidence and the judicial and prosecutorial errors made at trial, clearly required a reversal of the conviction and a new trial.

Legal experts who read our brief and heard the oral argument concluded that we should win the appeal. The law was on our side. The facts were on our side. And our briefs and arguments were much stronger than those of our opponents. As the legal expert who reported on the trial and appeal for USA Today put it after watching the appellate argument:

> "Ex-heavyweight boxing champion Mike Tyson had his best day in court Monday.
>
> As Tyson completed day 328 of his six-year prison term for rape, famed appellate lawyer Alan Dershowitz vigorously attacked: Tyson's accuser, Desiree Washington; trial judge Patricia Gifford; and the Marion County (Ind.) prosecutor's office.
>
> In spite of a trial record filled with mistakes, omissions and elementary errors by the fighter's ex-defense team, Dershowitz and colleagues argued that Tyson's conviction must be set aside…The major arguments cited by Mike Tyson's attorneys Monday in appeal of his rape conviction [were the following]:
>
> > -Trial judge Patricia J. Gifford erred by blocking testimony from witnesses who might've challenged the credibility of accuser Desiree Washington
> > -Gifford's refusal to allow the jury to hear an instruction regarding "mistake of fact, or "reasonable belief" concerning whether Tyson believed Washington wanted to have sex with him.
> > -Gifford should have prevented jurors from listening to Washington's call to 911 reporting the alleged attack. Defense claims Washington invited the attack to sue Tyson, and that the call might have been part of the scheme.
> > -The prosecution committed misconduct by concealing from the defense an attorney-fee agreement for book and film rights to Washington's story.
> > -Prosecutors manipulated court selection procedure to pick a supposedly sympathetic judge.
> > -The judge should have stopped prosecutors from arguing before the jury that the defense is not obligated to tell the truth.
>
> …
>
> "Tyson got his money's worth Monday…Reversal of a criminal conviction by a jury is rare, but Tyson's attorneys might have successfully pinpointed the crucial issues that will free him."



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I am convinced—and I think most observers were convinced—that if Tyson had gotten a second trial with all the new evidence before the jury, he would have quickly been acquitted. But this was Indiana. They had a trophy in Tyson. And they had a trial judge determined to prevent a new trial that would have embarrassed her and freed Tyson. The conviction was eventually affirmed on a two to two tie vote by the Indiana Supreme Court, with the chief justice disqualifying himself from participation in the decision on a phony pretext. He sent his wife to speak to me during a Yale Law School event. She said, "your New York style won't work in Indiana." I asked who she was, and when she identified herself as the wife of the chief justice, I quickly moved away saying, "We can't talk." He used this contrived encounter as an excuse to disqualify himself. I believe that the real reason he got out of the case was because his own previous decisions would have required him to vote for reversal, and if he did, the public would be reminded that he himself had been accused of sexual impropriety with a law clerk by a fellow judge.

In my half century of practicing law throughout the world, I have never encountered a more thoroughly corrupt legal system than I did in 1992 in Indiana and a less fair trial and appeal than those accorded Mike Tyson. If hard cases make bad law, then the Tyson case proves that unpopular celebrity defendants often receive bad justice. If Mike Tyson had not been a celebrity, with a reputation for toughness, and if he had a zealous lawyer experienced in rape cases and a fair judge, he never would have been convicted of a rape he didn't commit. If he had been convicted in a different state, or at a different time, his conviction would have been reversed. The deck was stacked against Tyson and he paid a heavy price—loss of his career, and several years of hard prison time—for a consensual one night stand with a young woman who apparently regretted her decision and then decided to exploit it for money.

Different perceptions on Rape

My decision to represent Mike Tyson on appeal generated considerable controversy and some outright animosity. Rape is a highly emotional issue, like abortion. Extremists on both sides of such issue tend to see things in black and white terms.

It used to be thought that there were some lines that were crystal clear. Remember the old quip about not being a "little bit pregnant" or a "little bit dead"? But today it may matter greatly whether a woman is a little bit pregnant or a lot pregnant. The right to have an abortion may turn on the trimester of the pregnancy. Even the issue of what constitutes "death," that absolute of absolutes, may now be hotly disputed in close cases.

Polemicists and absolutist on all sides of these and other gray-area issues refuse to recognize matters of degree. To an absolute right-to-lifer, life begins at the moment of conception and is as sacred then as it is at the moment before birth. To an absolute pro-choicer, a woman's right to terminate pregnancy is as compelling in the last trimester as in the first. Some radical feminists, such as Judge Gifford, regard acquaintance rape in which the man honestly but mistakenly believes his friend has consented as indistinguishable from a stranger rape at knife point. A letter to the editor critical of columns I wrote on date rape made the point as follows:

> Dershowitz further endears himself by explaining that date rape and acquaintance rape is an area in which differing perceptions may produce inadvertently false testimony about



HOUSE_OVERSIGHT_017329

> actions that fall into a gray area. Let me explain something: No means no. There is no gray area.

But in many date rape situations, the alleged victim didn't say no. Nor did she say yes. There are grey areas.

I received countless letters, phone calls, and personal attacks denouncing me for agreeing to represent Tyson on his appeal. Here are some excerpts from the letters:

> It's too bad that a punk like Tyson can afford to pay for the top legal representation…but since you had the right to refuse to represent him, I fault you!
>
> It saddens me that you yourself continue to worship at the altar of the great god of violence and fear of women.
>
> Mr. Tyson is a convicted rapist with obvious psychological problems who needs a psychiatrist not an attorney who will argue excuses for his behavior! If, through your efforts, Mike Tyson is not held accountable for his behavior, then you do a disservice to all women and we become victims of a pandemic legal system gone awry!
>
> Mike Tyson? He doesn't deserve the best—it's a shanda!! ("Shanda" is the Yiddish for "shame.")
>
> When you choose to represent someone like Mike Tyson, you attach the Jewish community to your action…I now find it hard to understand how you can mount a passionate defense for a convicted rapist.
>
> Shame on you, Alan Dershowitz, if you handle this appeal.

The most surprising response came from some Harvard Law School students, who should understand that our adversary system of justice requires that all convicted defendants be accorded a zealous appeal.

I don't know what actually took place in Mike Tyson's hotel room on that fateful night, but it may well have fallen into the category of gray area. He believed that she wanted to sleep with him. She may have been ambivalent or sending mixed signals (though I doubt it). It was a close case and Tyson was entitled to have his defense presented vigorously, both at trial and on appeal.

Yet several of my students strongly objected to their teacher representing "a convicted rapist." A couple of them even threatened to file "sexual harassment" charged against me because my representation of Tyson created a "hostile environment" for students who believed he was guilty.

The protest then broadened to the way I discussed the crime of rape in class. In my criminal law class, I teach the law of rape as an example of a cutting-edge subject that poses a sharp conflict between the rights of defendants and their accusers. As usual, I take a "devil's advocate" position on politically correct issues. For example, although I personally oppose capital punishment, I



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argue in favor of the death penalty and ask the students to come up with better arguments. Unless they can, they will never be able to persuade the majority of Americans, including judges, who favor the death penalty.

Similarly, in the area of rape I present positions that students are reluctant to defend but which many Americans believe. I point out that according to FBI statistics, rape is both the most underreported and the most overreported crime of violence: For every reported rape there are an estimated ten than are not reported; but at the same time, a significant percentage of all reported rapes turn out to be unfounded, and this rate of false reports is higher than for other violent crimes.

All in all, my classes on rape tend to be controversial and emotionally charged. The majority of students seem to love the exchanges. Some even change the opinions they brought to class.

But my "devil's advocate" views on rape are "politically incorrect." Indeed that is precisely why I insist that they be expressed. The education of my students would be incomplete if they heard only the comfortably "correct" views. I tell my students that my job is not to make them feel good about their opinions but rather to challenge every view. That is what the "Socratic method" of law teaching is all about. That is also what the real-life practice of law demands.

A small group of students complained about my teaching rape "from a civil liberties perspective." I responded that it was important for the students to hear a variety of perspectives about rape, just as they hear, without objection, about other crimes. I also reminded them that the majority of students who speak in class present the "politically correct" views. I told them that the answer to an offensive argument is not to censor but rather to come up with a better argument.

One of the students then told me that several radical feminist students had met and decided on a course of action: they would use the student evaluations at the end of the semester to send a message to professors who don't follow the "party line" in teaching rape. She warned that I should expect to be "savaged" in this semester's evaluations.

When the evaluations arrived, I realized how dangerous it would be for an untenured professor to incur the wrath of the political-correctness patrol. Most of the students appreciated the diversity of viewpoints ("willingness to broach sensitive subjects and take unpopular viewpoints," "very good at presenting alternative views, "helped me get a less dogmatic view of the law," "open to criticism," "the most engaging class on campus," "the most intellectually honest professor I've had," "eagerness to present views with which he disagrees is a tremendous asset," "as far left as you can get [but] he'll be assailed by the politically correct for challenging their knee jerk reactions," "fair in presenting sides that usually aren't raised.") But this time, a small group of students used the power of their evaluations in an attempt to exact their political revenge for my politically incorrect teaching. One student said that I do "not deserve to teach at Harvard" because of my "convoluted rape examples." Another argued that women be allowed an "option" not to take my class because I "spent two days talking about false reports of rape." Another demanded that my "teaching privileges" be suspended. One woman purported to speak for others: "Every woman I know in the class including myself found his treatment of rape offensive and disturbing."



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Although I always try to learn from my evaluations, I refused to be bullied into abandoning a teaching style that I believe is best designed to stimulate thinking. It takes no courage for me to exercise my academic freedom, since I have tenure. But if I were an untenured assistant professor, would I have the courage to risk the wrath of the P.C. cops? Are other, less established, teachers being coerced into changing their teaching by the fear of negative evaluations, which can be fatal to tenure? You bet they are, and it poses a real danger to academic freedom and good education. One criminal law professor told me that he searches for casebooks that don't cover rape: "If it's covered in the book and I skip it, I get criticized. And if I discuss it, I get criticized. This way I can blame it on the book." Talk about lack of courage!

I told the students who threatened to charge me with sexual harassment to go ahead and make my day. I would love to defend against such a charge, by demonstrating their misuse of the serious moral crime of real sexual harassment. I have represented women who have experienced real sexual harassment—including a graduate student who was explicitly told by her faculty advisor that the quality of her recommendation would depend on whether she slept with him—and I understand the enormous pain it can cause. In that case of quid pro quo sexual harassment, there was no grey area. The professor was as clear as could be. The student told me that she had really thought the professor liked her because of the excellent work she had done for him. Now she wasn't sure. She was devastated. Her self confidence was shattered. She wanted justice. She also wanted to make sure that her career as an academic would not be hurt by her refusal to "go along" with the offer of a good recommendation. That was real sexual harassment! Listening to views about rape that are different from your own isn't sexual harassment. It's called education.

I advised the sexually harassed student to file a complaint and bring a lawsuit. She agreed. I explained to her what a complaint would entail. She said she understood and was prepared to endure depositions, cross examinations, and other attacks on her. The next day she came to my office and told me she couldn't go through with it. She was terrified that it would destroy her prospects for an academic appointment to take on so influential and powerful an academic. She was also afraid that if she did nothing, he would carry out his threat to write her a bad recommendation.

I suggested that she talk to the professor and tell him that she had consulted me but had decided not to fill a complaint or lawsuit and that she hoped that he would give her the recommendation she deserved. She did that and eventually received a superb recommendation. She is now teaching at a fine university. So is he.

The students in my class never followed through on their threat.

Some women do lie

I continue to challenge the students by teaching both about cases in which guilty rapist are wrongly acquitted, and cases in which innocent people have been falsely accused of rape. I teach that when it comes to the serious crime of rape, it appears that both men and women lie, exaggerate, or misremember more often than with other, less emotionally charged, crimes. Here are some examples:



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A Dedham, Massachusetts, woman accused four men of rape. Several days later the charges were dropped because the accuser recanted when approached by the district attorney with inconsistent forensic evidence along with information that she had falsely accused other men. The names of the falsely accused men were published in the press, but the false accuser's name was withheld.

St. Paul, Minnesota, police determined that within one week, two reported rapes were false. In the first case, a woman reported being abducted and raped by a man who hid in her car as she gave a talk to a chemical dependency treatment group at a local high school. When police checked the story, they found that the treatment group had never heard of her and that she didn't own a car. In the second case, a sixteen-year-old girl claimed to have been abducted at a downtown bus stop, imprisoned in a closet, and sexually assaulted by a man and his son over a thirty-three-hour period. In reality, the woman had been seen with her boyfriend several times over that thirty-three-hour period and had apparently been bruised by him. In both cases the women gave police detailed descriptions of their attackers and in both case the alleged assailants were black.

A seventeen-year-old girl from Washington State accused three twenty-year-old men of holding her down and raping her. Several days after the men were arrested, the woman recanted saying she had the whole thing up out of spite. In a statement to police, the woman admitted, "When I was leaving [he] called me a whore and a slut…and I became very angry and decided over the weekend that I would get back."

In Rhode Island, a college student reported that her former boyfriend raped her at gun point. She admitted that she made up the entire story after learning that the man she accused was 1,500 miles away at the time.

In New York, a woman who claimed she was raped at gun point in Central Park was arrested after it was discovered that she had filed eleven false reports of rape.

In Nebraska, a woman was required to broadcast an apology to a man she had falsely accused of raping her in order to "get the attention of her husband."

In Great Britain, a number of highly publicized rape accusations turned out to be false. A nineteen-year-old girl woman from Lincolnshire accused her former boyfriend of raping her after she spent the night with a different man. A jilted nurse falsely accused her former lover of beating her and also falsely accused his best friend of raping her. After analyzing several such cases, Angela Lambert, a British journalist, concluded that there are "plenty of reasons why a woman might falsely accuse a man of rape." She went on to argue that "the belief that all women are truthful and all men are rapists does not prove us good feminists; quite the contrary. It reveals us as prejudiced, narrow-minded, and as bigoted as any racist."[80]

[80] In recent years numerous inmates serving time for rape based on eye witness identification have been exonerated by DNA. In these cases, the rapes occurred but the victim misidentified the rapist. Many of these cases involved black defendants misidentified by white victims.



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The reality that rape is the most falsely reported of crimes must not blind us to the equally important reality that rape is also the most underreported of crimes. Many rapists still go free and repeat their predatory crimes.

Moreover, "acquaintance" or "date" rape is an area which differing perceptions may produce inadvertently false testimony about actions that may well fall into the gray area between aggressive seduction and criminal sexual assault. When it comes to sexual encounters, both men and women often "remember" differently from what a videotape would show. The truth-testing mechanisms of our criminal justice system must not be compromised in the service of some "politically correct" notion that when it comes to rape only women always tell the truth.

This bias is an wrongheaded as the anachronistic bias, reflected in the writings of Wigmore and others, that men are more likely to tell the truth than women.

A highly publicized case in 2011 may well illustrate the reality that both men and women may lie, even when a rape has occurred. A cleaning woman in a fancy New York hotel accused Dominic Strauss-Kahn—then the head of the World Bank—of forcing her to have oral sex with him. His lawyers first denied that there had been any encounter, claiming that he had an alibi. He was having lunch with his daughter at the time. When his DNA evidence was found on her underwear and in the area of the room where she said he ejaculated, his lawyers changed their tune, admitting the oral sex but insisting it was entirely consensual. DSK, as he was known throughout the world, was indicted for sexual assault.

Within days, the credibility of the alleged victim began to fall apart. She had made false statements on her application for asylum, including a claim that she had been gang-raped back in Guinea, where she grew up. A recorded phone conversation between her and a friend in prison also suggested, though her words (translated from a local African jargon) were ambiguous, that she may have had a financial interest in suing the wealthy man who she said assaulted her.

Eventually, the Manhattan District Attorney decided to drop the charges. I thought that this was a perfect teaching vehicle and I invited the alleged victim's lawyer to join in the class in which I assigned the D.A.'s memorandum seeking dismissal. It was a spirited class, after which several students told me they had changed their minds—both ways. One student described it as "Rashamon—first, I thought he was guilty, then not guilty, then guilty and finally 'I'm not sure.'" I pressed the students on what the appropriate standard should be for a D.A. to drop a rape prosecution when he had doubts about the alleged victim's credibility. Some argued that as long as he believed the crime had occurred, he should let the jury decide, based on all the evidence, including the DNA and other circumstantial proof. Others argued that he should never bring a prosecution unless he has complete faith that the alleged victim is being truthful.

In order to put some flesh on the bones of these abstract arguments, I decided to role-play the prosecutor's closing argument. Here is what I said:



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"The alleged victim in this case says she was forced by DSK to give him oral sex. His defense counsel have argued in the press, and in their briefs and in their opining statements that the oral sex was entirely consensual.

In deciding which version is true and which false, I want you to accept the fact that the alleged victim has told many lies in the past and can't be completely trusted. In other words, if there were no other evidence or arguments beyond the uncorroborated word of the victim, there would be a reasonable doubt of DSK's guilt. But the totality of the evidence and arguments in this case establish that it is far more likely that the oral sex in this case was forced rather than consensual.

First, I want you to look at the participants. She is an attractive young woman who was wearing two pair of pantyhose and an additional undergarment. The defendant's DNA was found on the elastic of her undergarments, strongly suggesting that he was trying to pull them off.

You have seen the naked photograph taken of the defendant following his arrest, when he was examined by doctors for bruises. Look at that photograph and imagine what the alleged victim in this case saw, when DSK walked out of the shower and into the bedroom naked, as his lawyers acknowledge he did.

In order to accept the defense theory of consensual oral sex, this is what you have to believe.

The alleged victim looked at this overweight, out of shape, 6__ year old man and decided, without any words spoken, that she was so sexually attracted to him, that she simply had to give him seven minutes of oral gratification in the corner of the bedroom. What was in it for her? According to the defense theory, only the sexual pleasure of giving a short, fat, old man oral sex.

That, in essence, is the defense lawyers' version of what took place. Now, we all know that the burden of proof is on the prosecution to prove our case beyond a reasonable doubt, and that the defendant need not take the witness stand nor offer any proof of innocence. But in this case, the defendant, because he is a public figure, has put forward a defense—actually two defenses—though his lawyers in the courtroom and in the court of public opinion. The first—that he wasn't even there at the time because he was lunching with his daughter—has been withdrawn. His current defense—his theory of innocence—is that she wanted to give him oral sex, that it was entirely consensual. If you believe that—or even if you have a reasonable believe that she might have offered him oral sex because she was so attracted to him—you should acquit. But if you believe, beyond a reasonable doubt, that the defense theory of consensual oral sex is utterly implausible, then you should look at the totality of the evidence corroborating the alleged victim's account—that he forced her to give him oral sex—and decide whether it establishes beyond a reasonable doubt that her account is true.



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> This corroborative evidence includes the location of the DNA in the room and on her undergarments; the shoulder pain she reported to the doctors; the time sequence; the absence of evidence that she knew who DSK was at the time of the encounter; and a comparison between the two participants, in terms of their ages, appearances, status and what each had to gain or lose by a consensual sexual encounter in that room.
>
> When you consider the totality of the evidence and arguments offered in this case, I am confident that you will have no reasonable doubt that the oral sex in this case was not consensual.

After hearing this "mock" argument, many of the students concluded that the D.A. acted harshly in dismissing the case. Most believed that this was a case in which both the woman and the man had lied, but that the man's lies were far more relevant than the woman's on the issue of consent.

By any objective standard, the case against DSK was far stronger than the case against Mike Tyson, since there was far more corroborative evidence in the former than in the latter. Moreover, Tyson's alleged victim was caught in a series of lies that directly related to her account of the alleged rape and her motive for bringing the charge.

Yet Tyson was convicted and the case against DSK was dropped. Such are the vagaries of rape prosecutions in which objective truth can rarely be established because when it comes to sex both men and women often distort reality.

Male "Victims" Lie Too

Early in my career, I learned that men also lie, both as defendants and as alleged victims in rape cases. One such case took place in Provincetown, Massachusetts. A young woman who was related to an associate of one of my legal colleagues was engaged to a man and they were vacationing together in Provincetown. The man went out for a stroll and came back several hours later upset and disheveled. His fiancé asked him what happened and he told her that he was invited to go on a boat ride with a group of guys and one of them proceeded to rape him while the others did nothing to stop him. He described the rapist as a black man wearing a shark tooth around his neck. He reported the alleged rape to the police who immediately issued an all points bulletin describing the alleged rapist.

The police interrogated the alleged victim, who persisted in his description of the sexual encounter as rape. His fiancé called my colleague and asked her to advise him. She sought my assistance. We went to the police station where we observed the police interrogation of the young man. As experienced defense attorneys, we soon became suspicious of his story, but we couldn't be sure.

My colleague asked to be alone with her client and questioned him about the circumstances of the encounter. Eventually the young man broke down and admitted that he had consented to the sexual encounter. He confided in her that he was uncertain about his sexuality, that he was about to be married, and that he wanted to test his attraction to men. He was ashamed of what he had done and didn't want his fiancé to find out, because he was afraid it would end their engagement.



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My colleague insisted that the young man had a moral obligation to his fiancé and a legal obligation to the police to be truthful.

At first, the young man refused, but my colleague, after conferring with me, told him he really had no choice, because she would be obligated to report his continuing crime of making a false report—a crime that endangered the life and liberty of anyone fitting the made-up description of the black man with the shark's tooth. (The young man didn't want to get the man with whom he had consensual sex in trouble, so he invoked the stereotype of the "black man" rapist.) My colleague told him that she would try to make a deal with the police under which he wouldn't be charged with a crime in exchange for telling the truth.

The young man then told the police and his fiancé the truth. The police called off the all points bulletin, and my colleague persuaded the police not to press charges against the young man. I do not know how the engagement worked out, but I do know that I learned a great deal from this experience about the complexities of sexual encounters and the need to subject claims of rape to the usual probing of the adversarial process.



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Rape by cocaine?

Is it possible for a man to rape a woman even if he uses no force, she offers no resistance and appears to consent? The answer is yes. Under the law, her consent must be freely given and not the product of drugs, alcohol or other factors that may negate voluntary consent. This is especially so, if the drug was administered to her by the alleged rapist without her knowledge. This is a serious problem not only when "date rape drugs" are slipped into an unsuspecting woman's drink, but when men deliberately get their dates drunk in order to lower their resistance. In the former situation the law is clear: It is not only rape; it is also a separate crime to drug a person against their will. In the later case, the law is less clear: A woman is generally deemed responsible for her own decisions—to drink, to get drunk, to agree to sex—but if a man takes unfair advantage of a woman's drunkenness, he may cross the line into rape. It's very much a matter of degree.

Several years ago, I worked on a case raising these difficult issues. My client was an accountant in a Western state, who had a reputation for seducing female secretaries who worked for him. Seduction, of course, is not a crime, although it may constitute sexual harassment if the seduce works for the seducer. In this case, the accountant's office was set more for up for seduction than for work. It was light on books and heavy on thick, plush rugs, couches, pillows and a fully stocked bar. On the evening at issue, a young secretary stayed late after work and had dinner and several drinks with her boss and a few of his friends. When the other guests left, they remained behind. He walked her into his office. She laid down on the rug. He undressed her, performed oral sex on her and then engaged in sexual intercourse. She did not object, and she appeared to be consenting—as others had apparently done in that office.

During the sexual encounter he asked her if she was using birth control. She said no, and as a result, he did not ejaculate in her. Afterwards, she dressed herself, he walked her to the parking lot, kissed her, and she then drove home.

The problem was that she was engaged to another man and when she got home, he sensed that something was amiss. After pressing her, she acknowledged having sex with her boss and said she must have been "drugged." They went to the police, claiming that her boss had given her a "mickey" which had denied her the ability to object or protest. She told the police that she couldn't say "no" even though she didn't want to have sex. She did, however, say "no" when her alleged rapist asked her if she was on birth control. She also told the police, and subsequently testified before the Grand Jury, that she had ingested no cocaine prior to the night at issue. So, when a test of her urine turned up positive for cocaine (though a test of her blood was negative), the police believed that the drug she had been given on the night at issue was cocaine.

The police decided to wire the woman and have her try to get her boss to admit that he had used cocaine to seduce her—that is, to rape her. The wired conversation consists mostly of the accountant bantering and joking with the secretary while trying to persuade her to continue to have a relationship with him. She repeatedly asked him whether he had given her cocaine, and he said no. At one point he jokingly said yes, but then immediately said he was "bullshitting her." When she asked him directly were you telling the truth or were you bullshitting, he responded, "I was bullshitting."



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The accountant was prosecuted for rape. The case was essentially was essentially a "he said"—she "suspected" contest, and there was some forensic evidence—the cocaine in her urine—to corroborate her suspicions. But the value of the forensic evidence depended entirely on whether she was telling truth about not having used cocaine prior to the alleged rape. If she had recently used cocaine, then the urine test would not establish that he had given her the drug, but would be equally consistent with her having ingested the drug on her own in the days or weeks prior to the sexual encounter.

We came up with the idea of testing her hair for traces of cocaine residue. In my research and teaching, I had come across scientific information that established that the past use of cocaine could be determined by a test of the hair. Indeed, the location of the cocaine residue in the hair could even establish the approximate timeframe of the cocaine use, if the hair was long enough, since hair grows at a fairly consistent rate. She had long hair.

Accordingly, we subpoenaed hair samples from the alleged victim. We learned that immediately upon receiving the subpoena, she rushed to the nearest barber shop—an establishment that cuts men's hair—and had a very short haircut, leaving an insufficient amount of hair to be tested. We tried unsuccessfully to find the barbershop and collect her hair. But her efforts to destroy the evidence upon receiving the subpoena certainly suggested that she had not been truthful about her cocaine use.

In the end, the jury, after hearing all of the evidence, concluded that there was a reasonable doubt about whether the accountant had placed cocaine in her drink, or whether she alone was responsible for her decision to drink alcohol and then engage in relatively consensual sex with her boss.

The acquittal certainly did not signify approval of the accountant's behavior. It was a correct application of the principle that proof of rape, like proof of every other serious crime, must be beyond a reasonable doubt, and that all doubts must be resolved even in favor of all defendants, regardless of what the jurors might think of their sexual morality.



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**Too Young To Consent?**

Under the law, can a rape occur even when both parties consent and even when the alleged victim is eager to engage in the sexual activity? The answer to this question is also yes. This is so because every state has a statutory age of consent, and anyone below that age (girl or boy) is irrefutably deemed incapable of consenting even if she initiated the encounter and was sexually experienced. The age of consent varies from state to state and from country to country. In some places, it is as low as fourteen; in other places, it is as high as eighteen. In some states, the age of the alleged rapist is also relevant. Under these "Romeo and Juliet" statutes, consensual sex between people of approximately the same age is not rape even if one of them is below the age of consent.

May contemporary commentators believe that the age of consent statutes in states that place it as high as 17 or 18 are unrealistic, since a large percentage of teenagers become sexually active at lower ages. Setting the age of consent higher than the norm accords prosecutors enormous discretion to pick and choose whom to prosecute among the many violators. I worked on such a case recently

My client in this case lived in a state in which the age of consent was seventeen, had a home in a country where the age of consent was fourteen, and also had a home in a state where the age of consent was eighteen. Unfortunately for him the sexual encounter for which he was charged took place in the state where the age of consent was 18. It was also a state in which the age when most teenagers became sexually active was far lower than 18.

My client was a wealthy businessman and philanthropist, who was single, middle-aged, and had many young girlfriends. He loved receiving massages, and his preference was to be massaged by young women in their late teen years. (He was not a pedophile, and had absolutely no interest in prepubescent girls).

My client had a large home with a swimming pool at which he liked to entertain willing young women who often sunbathed and swam topless. No crime there. His assistant arranged for the young women who would come and give him massages, which sometimes ended happily. The young women were paid for the services they rendered, which sometimes included some touching, but nothing beyond that. The assistant was instructed to ask for ID for each of the masseuses and to be certain they were all over eighteen. Because he paid handsomely for services – $200 for half an hour – young women were eager to provide them, and a few of them presented false IDs to conceal the fact that they were not quite 18. Some of them already worked as masseuses in what were euphemistically called "jack shacks," where they were paid to provide happy endings to massage customers. Others worked as strippers. And several were prostitutes who paid for their drug habits by selling their bodies for sex. None was sexually inexperienced.

One day, the wife of a policeman overheard their seventeen-year-old daughter talking on the phone about giving a massage to a middle-aged man. The policeman reported the incident to his chief, who then began a full-scale investigation.



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I was called by the man, whom I had known for several years, to help represent him in the matter. I conducted extensive research on the policy of the local prosecutor with regard to such cases, and learned that no one had ever gone to prison under similar circumstances. I then met with the prosecutor on several occasions and we worked out a plea bargain, in which my client would plead guilty to contributing to the delinquency of a minor but would get no jail time. We thought the case was over, until we learned that the local police were not satisfied with this resolution and were bringing the matter to the attention of the United States Attorney's Office, thus turning it into a federal case.

The federal statutes governing sexual contact with underage girls are draconian. Had my client been convicted under them, he could have received a sentence of 25 years for each separate massage. This could have resulted in life imprisonment. We probably could have won the case had we decided to litigate, because there was no interstate aspect to the alleged crimes: all the girls were local and everything happened within that state. Moreover, the alleged "victims" were anything but victims—they sought out my client and repeatedly called his house asking for more business. But the risks were simply too high, in light of the possible sentence if he were to be convicted.

For that reason, we entered into an unusual plea bargain, under which the federal government would not prosecute him if he agreed to plead guilty to a state crime that resulted in 18 months imprisonment and the need to register as a sex offender (which he really isn't). He served only a few months in jail and the rest under house arrest. A group that brings lawsuits on behalf of the victims of sex crimes then sued the federal government for being "too lenient" and tried to get the plea bargain rescinded. I doubt they will succeed.



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Rashomon Rape Cases

In the great Japanese film, Rashomon, a horrible crime is presented through the very different perspectives of several participants. In some rape cases, a similar Rashomon perspective is sometimes at work. In the Mike Tyson case, for example, it is possible (though unlikely in my view) that Desiree Washington did not intend to consent to sex but that Mike Tyson reasonably believed—based on her "groupie-like" actions and statements—that she did. What should the law be in such situations?

Under American law, if a person makes a reasonable mistake of fact which leads to the commission of a crime, he is generally not guilty. For example, if a person walking down the street sees another person coming at him with a gun about to pull the trigger, and he shoots first and kills his assailant, he is not guilty, even if the "assailant" turns out to be an actor in a movie holding a gun that shot blanks. Since the defendant reasonably, though mistakenly believed, that his life was in danger, his reasonable mistake of fact constituted a complete defense to a murder charge. A crime requires both a criminal act and a criminal intent, and if the defendant reasonably believes that facts, as he saw them, made what he was doing permissible under the law, then he does not have a guilty mind. A mistake about law, on the other hand, is not a defense, since everybody is presumed to know the law. (This latter point led an English wag to comment that "all Englishmen are presumed to know the law, except Her Majesty's judges, who have a court of appeals above them to set them right.")

In recent years, however, there has been a movement to deny defendants in rape cases the right to raise the defense of reasonable mistake of fact, especially when it comes to whether the woman consented. No means no, and no man should be allowed to believe that no might mean yes or even maybe. (There is the anachronistic joke about the difference between a diplomat and a lady: When the diplomat means maybe, he says yes. When he means no, he says maybe. A diplomat never says no, for to say no would mean he was not a diplomat. When a lady says no, she means maybe. When she says maybe, she means yes. A lady never says yes, for to say yes would mean she was not a lady.)

The law is correct in demanding that a man understand no to mean no. He may subjectively believe that no means maybe when it comes to him, but such a belief is unreasonable as a matter of law. In some situations, however, the woman does not say no. Nor does she say yes. Nor does she even say maybe. (There was a song made famous by Ella Fitzgerald entitled "She didn't say yes. She didn't say no." The lyrics continued: "She didn't say stay, she didn't say go…clearly she took one sly little look and something awoke and smiled inside. Her heart began beating wild inside. So what did she do? I leave it to you. She did what you'd do too…she didn't say yes. She didn't say no. She wanted to stay but knew she should go. She wasn't so sure that he'd be good. She wasn't even sure that she'd be good…above her, sweet love was beckoning and yet she knew there'd be a reckoning….") In real life, women often convey their intentions via ambiguous verbal and physical cues. In such situations, it is morally wrong, in my view, for a man to assume consent, but it may also be legally wrong for the law to punish such immoral behavior



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as rape. There are clearly gray areas in which the man ought to resolve doubts in favor of not acting and where the law ought to resolve doubts in favor of not convicting.

I have represented several clients who fit this situation. One such case was a highly publicized prosecution of three prominent doctors and a nurse at one of Boston's leading hospitals.

One of the doctors had a party at his house for some of the hospital staff. During the party, the nurse danced with several of the doctors and two of them "fooled around" with her in the bathroom. As the party was ending, the three doctors invited the nurse to join them for a drive to Rockport where one of the doctors had a vacation home. She went along with them because in her words, she thought they were just "horsing around."

When they arrived at the Rockport home, two of the doctors smoked marijuana and all of three of them began to disrobe. She said she protested and told them to stop when the three of them began to undress her. Each of the defendants then had sex with the nurse in the bedroom. She testified that she felt physically numbed and could not resist.

Sometime later, they drove back to Boston and stopped to view the beach, to have breakfast and fill the car up with gasoline. One of the doctors gave her his card and said he would be interested in hooking up with her again. The defendants each testified that the sexual intercourse was entirely consensual, that it was she who took her dress off and that she appeared at all times to be a willing participant.

The issue in the case was what the jury should do if they believe <u>both</u> the nurse <u>and</u> the doctors—that is, if they thought that the nurse did not want to have sex with the three doctors, but if the doctors believed that she was a willing participant.

The jury convicted the defendants and the judge sentenced them to six months imprisonment obviously suggesting that he had some doubts about the sufficiency of the case. I was asked to consult on the appeal. I accepted the assignment because I wanted to preserve the mistake of fact defense in the face of efforts to abolish it in rape cases.

Unfortunately for these defendants their trial lawyers had not appropriately raised the issue of reasonable mistake of fact. They asked for an instruction that might have invited the jury to acquit even if the mistake had been unreasonable—that is, even if the doctors believed that "no" meant "yes." The appellate court ruled, therefore, "We need not reach the issue whether a reasonable and honest mistake to the fact of consent would be a defense, for even if we assume it to be so, the defendants did not request a jury instruction based on a reasonable mistake of fact. We are aware of no American court of last resort that recognizes mistake of fact, without consideration of its reasonableness."

In a subsequent case, in which I was not involved, a Massachusetts Appellate Court ruled that even a reasonable mistake of fact is not a defense when it comes to consent or lack of consent in the context of a rape prosecution.



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This decision, disallowing even the most reasonable mistakes of fact in rape cases, opens up the possibility of some very unjust results. To illustrate this, let's go back to the filming of the movie, *Deep Throat*, discussed in an earlier chapter.

Harry Reems had sex on camera with Linda Lovelace. Anyone watching the film[81] can see that she is consenting, both verbally and by her unambiguous actions. But it now turns out, at least according to a book she wrote, that her apparent consent wasn't real, that she was compelled to pretend she was consenting by her husband's threats to kill her unless she went forward with her starring role in the movie *Deep Throat*. Under the extreme view expressed by some radical feminists and accepted by the Massachusetts Appellate Court, Reems could be guilty of rape even though his mistake of fact about her consent was entirely reasonable.

Or consider the following case I discuss in class. Among the group of American citizens in California who come from the Hmong tribes in the mountains of Cambodia, there is a traditional wedding ceremony for arranged marriages. The groom is supposed to go to the home of the bride, where the father of the bride greets him at the door. The groom pushes the father aside, finds the bride, and carries her, screaming and yelling, from her parents' abode. He is supposed to act like a young warrior, and she like a young virgin who wants to retain her status. It's all playacting, and part of the traditional wedding ceremony. In the case I teach, the young woman didn't actually want to go through with the marriage, and her resistance was not playacting; it was real. But there is no reason that the groom would know this, so he took the bride home to his house, and over her "resistance", which he believed was feigned, he consummated the arranged marriage. She then ran away and reported the rape to the police, who arrested the young man. I asked my students how a case like this should be decided.

The class is generally divided, some argue that no always means no, even in the context of a traditional marriage ritual in which no is supposed to mean yes. Others argue that it would be unfair to impose our values on a minority that has its own culture and traditions.

Another case that raised similar issues arose in the context of a college friendship that turned ugly.

[81] I have never seen the entire film (see pages __ supra), but during the preview of a documentary about the film, I saw excerpts from it.



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**The 99-pound rapist**

The great violinist Itzhak Perlman called me one day and asked if I would look into a disturbing case involving a young violinist he knew who attended college in the Boston area. The young violinist—who was 5 feet tall and weighed 99 pounds, and whose only exercise was lifting a bow—had been accused by a 5 foot 4, 140-pound lacrosse player of raping her. Itzhak did not believe that the allegation could be true. The circumstances of the case certainly didn't lend credence to the charge.

The young man and woman had been close platonic friends. She had a steady boyfriend back home, with whom she regularly had sex. One night she invited the violinist to her dorm room where they had sexual relations. Several weeks later, she invited him to spend the weekend with her family, where he said they again had sexual relations. But soon thereafter she began to experience psychological problems and someone at the college left an anonymous message with her parents that she may have been the victim of an unwelcome sexual encounter. After being confronted by her father, who was adamantly opposed to any premarital sex, she told him that the violinist had raped her in the her dorm room. She then filed a complaint with the police. The young man was immediately suspended from college and subsequently indicted for rape.

I referred the case to a small law firm in town that specialized in criminal matters, and the case was assigned by the senior partner to a well-known woman lawyer active in feminist causes. She found the story implausible – so much so that the lawyers decided to waive a jury trial and have the case decided by a judge, whom they believed would be less susceptible to political correctness. They were wrong and they were right. The judge found the young man guilty, but gave him a prison sentence of only 95 days thus suggesting that he didn't find him *that* guilty.

I followed the appeal closely, reviewing the briefs and offering suggestions. The argument was made by the feminist lawyer. The opposing lawyer was also a feminist. Although the court found that there was sufficient evidence to sustain the conviction, it considered the evidence quite weak. This is what it said:

> "In this case the defense was consent. The evidence is many ways was contradictory, and, even looking only at the complainant's testimony, in some respects was inconsistent with allegation of rape."

The court then ruled that the defense should have had access to certain treatment records that the defendant generated when she was hospitalized following the alleged rape. Accordingly it reversed the conviction and remanded the case for a new trial. In the end the prosecution dropped the case and the defendant went free, but not before his college career was seriously disrupted.

The court's decision was roundly criticized by many feminists, on the ground that allowing the defense to have access to the complainant's psychiatric records would discourage complainants from coming forward. The court was sensitive to this concern and said the following:



HOUSE_OVERSIGHT_017345

> "Because victims of sexual crimes are likely to suffer a 'depth and range of emotion and psychological disturbance…not felt by the victims felt by most other crimes' we remind lawyers and judges that the mere fact that such victims sought counseling may not be used for impeachment purposes."

Notwithstanding this warning, it seems quite likely that at least some rape victims would decline to press charges if they knew that their treatment records could be rummaged through by defense lawyers eager to discredit them.

The feminist lawyer, who successfully argued the appeal, had mixed feelings about the results, acknowledging that she "had hurt the cause," and that her victory for her client was "a step back for women." But she understood that her responsibility in this case was to this defendant, rather than to future rape victims who she cared deeply about but who were not her clients. She did her job, and she did it well.

This is another example of the "no free lunch" doctrine, in which doubts were resolved in favor of defendants and against the victims of rape.



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Chapter 15: The changing impact of the media on the law

Criminal trials involving life and death, such as the O.J. Simpson case, or rape, such as the Mike Tyson cases, always generate massive media coverage, especially when famous people are in the dock. Some civil trials, especially those with allegations of sexual misconduct, are also widely covered. In this chapter, I focus on two such cases—both quasi-criminal in nature, both involving allegations of improper sexual relations—that reflect the changing impact of the media on our legal process. I also relate my involvement in other high profile cases in which celebrities and public figures have become the focus of media attention. Based on these and other cases, I draw conclusions about the nature of celebrity justice and the impact of the media on high visibility cases.

In the days before radio and television, trials were covered primarily by the print media. Newspapers wrote articles about notorious cases. Pamphlets were issued containing excerpts from the transcripts. Some lawyers became famous even without the benefit of the electronic media. Daniel Webster, Abraham Lincoln, William Jennings Bryant, Clarence Darrow were all household names. So were some of their famous and infamous clients.

The advent of gavel to gavel television coverage has changed the way in which the public views the law and the way in which the law operates. It has turned lawyers into celebrities and clients into household names. Today, everyone has an opinion on the high profile cases of the day, and these opinions have impact not only in the court of public opinion but in the courthouse as well. No lawyer, especially those who practice criminal or constitutional law, can afford to ignore the impact of this phenomenon on tactics and strategy. Cases can be won or lost as easily on the courthouse steps as in the courtroom itself.

I have played a role in the ongoing debate regarding the manner by which trials are covered, most particularly whether they should be televised. (I think they should and have strongly advocated that view in debates, on television and in articles.) Several of my cases were among the first and most widely televised trials, in our history. In others, I have served as a real-time commentator for trials covered by network television and Court TV.

Throughout my career, I have tried to use the media to the advantage of my clients, and the media has tried to use me and my clients in an effort to sell soap and other commercial products. Sometimes the relationship is symbiotic. More often it is antagonistic. It is rarely neutral. This is especially the case involving the many celebrities I have represented.

Although the vast majority of my clients over the years have been obscure and often penurious—about half of my cases have been without any fee—the media often portrays me as a "celebrity" or "high profile" lawyer. I don't like those characterizations of my life-work, but there is some truth in it, because many of my cases have been extensively covered by the media. That is in the nature of criminal or constitutional lawyer, since cases involving my specialties tend to raise issues of public interest. It is also true that because I have become relatively well known as a result of these cases, I receive calls from famous people seeking my advice or my representation. I don't like the term "celebrity lawyer" because it suggests that I select my cases on the basis of the status of the client, rather than the nature of the case or cause. Nothing could be further from



HOUSE_OVERSIGHT_017347

the truth. I turn down most celebrity requests, and cases involving celebrity clients form a tiny fraction of my practice over the years, but the few that I do take garner far more publicity than do the many cases involving unknown clients.

Is there anything special about famous clients—celebrities? Should "high profile" cases be handled differently from less visible controversies? These are questions I have pondered during my career as a lawyer.

Most people see celebrities at a distance – on the screen, stage, television, athletic field, or auditorium. They see them at their best – acting, posing, playing, speaking, being interviewed or participating in charitable causes.

I see celebrities close up and at their worst. They come to me when they are in trouble, often deep trouble. Their celebrity is no longer a shield protecting them from the ordinary tribulations that befall most people on a daily basis. When they come to me, their celebrity has been turned into a sword being wielded against them. Celebrities generally live by publicity. When they come to me, they are dying from the publicity and want privacy and anonymity. But they can't have it, because the very celebrity that brought them fame and fortune now threatens to magnify their problems.

I have represented, advised and consulted with dozens of celebrities, ranging from Presidents and Prime Ministers to world famous athletes, actors, writers and financiers. Most have gotten into trouble for one overarching reason: because they were willing to risk what they have limited amounts of in order to obtain more of what they have unlimited amounts of.

This may sound self-defeating, if not bizarre—so let me explain. Celebrities share several common characteristics. They have more of something than ordinary people have: great athletes have extraordinary physical skills; good actors have unusual thespian skills; successful politicians have a special charisma; financiers have money and the ability to make more. These special characteristics generally give celebrities access to certain desiderata of life: lots of money and the things money and fame buy, and the benefits that come with these commodities, such as access to numerous sexual partners – if they choose to use their celebrity to obtain such access (and excess!)

Many of my celebrity clients, who have unlimited amounts of money or access to sex, have sacrificed what they have limited amounts of – freedom, career, time with loved ones, health – in order to obtain even more money or sex. Let me provide a few examples of such bizarre risk-taking in cases that are a matter of public record. (I could provide many more examples if I were free – which I am not – to disclose confidential information given to me by celebrity clients)[82].

Leona Hemsley, the celebrity hotel "queen", had more than a billion dollars in the bank when, according to the government, she whited out the words "stereo system" on a bill for services and changed them to "security system" in order to have her accountant deduct its cost from her taxes.

[82] See Larry David's "Buckner" episode on Curb Your Enthusiasm, where a psychiatrist tells Larry about his celebrity patients, without disclosing the names, while identifying them by unique characteristics: e.g., a well known film director who directed Star Wars.



HOUSE_OVERSIGHT_017348

She also, according to the government, evaded sales taxes on expensive jewelry in New York (which has a sales tax) by having the jeweler send empty boxes to Florida (which has no sales tax). As a result, she may have saved several thousand dollars, but she spent more than a year in prison, when she had only a few years left to live and even less time to spend with her dying husband. By any rational calculus, this is crazy behavior.

Mike Tyson, as the world's greatest boxer, had a limited career ahead of him but virtually unlimited access to sex. As with many famous athletes, women were falling all over him, sending him "audition" tapes, waiting for him wherever he appeared and begging him to have sex with him. Yet, he agreed to be alone in a hotel room with a young woman he had just met and to risk being falsely accused of rape – which, in my view, he was – in order to get even more sex. The result was that he was sentenced to several years in prison near the end of his short career, and lost almost everything he had worked so hard to acquire. Even he later acknowledged to me that he was a "schmuck" for risking so much for so little.

In both of these cases, celebrities risked what they had limited amounts of – in Helmsley's situation the few remaining years of her life and her time with her husband; in Tyson's situation the few remaining years of his career – in order to obtain more of what they had unlimited amounts of: money and sex. Of course, neither one expected to be convicted for what they did, but they both engaged in behavior that carried the risk of being deprived of what they had only limited amounts of. No rationally calculating person, weighing the costs and benefits of taking such risky actions, would do so. But these celebrities – and many others who have consulted me – have done just that.

Some of my celebrity clients have also gotten into trouble because they need, or feel entitled to, immediate gratification without sufficiently considering the longer term implications of their conduct, not only to themselves and their careers but to their loved ones, friend and associates. They believe that when the future finally arrives, there will be new quick fixes. And often they are right. Someone generally manages to clean up the mess they left behind. It requires a combination of unlikely factors and some bad luck to produce disaster, since most successful people are good at making problems go away. But even celebrities are subject to the law of probabilities and eventually – if they persist in their reckless behavior – the statistics will likely catch up with them.

Why do so many celebrities act so recklessly? Is there something special about being a celebrity that makes one feel invulnerable to ordinary risks? Are they so accustomed to "getting away with it" that they weigh costs and benefits differently from ordinary people?
Is there a sense of entitlement? Are there expectations that the rules don't apply to them? Do they feel guilty about their "undeserved" success and want to be caught? Do they surround themselves with groupies who encourage bad behavior and refuse to be truthful with them about the risks? Are temptations placed so readily before them that they become difficult to resist?

One answer may well be that some of them have been doing it all their lives, starting well before they were rich and famous. People often have a hard time changing old habits. I know that no matter how much money I now have, I cannot throw away a tea bag after using it only once. It drives my family crazy to see soggy tea bags in a cup waiting to be reused, but I simply can't



HOUSE_OVERSIGHT_017349

"waste" a good tea bag that has at least one more good cup in it. I'm not suggesting that reusing tea bags is in any way analogous cheating on one's taxes or committing other financial or sexual crimes, but I am suggesting that people who have earned their money or fame by illegally cutting corners will sometimes continue to do so, even though there is no longer a financial or other rational need to do so. Old habits die hard, but they can also kill or at least wound those who can't break the illegal ones. This is not in any way to justify such continuing misconduct. Indeed, quite the opposite, it is to condemn it—because celebrities have few excuses for their misconduct—while at the same time trying to explain why it persists among some celebrities.

I have thought a great deal about what motivates famous and powerful people to act so self-destructively. The celebrities who I represented and advised have faced a wide array of problems, ranging from criminal charges, to loss of careers, to public humiliation, to custody fights, to defamations and to physical threats. Some of the most fascinating stories I can never tell because I learned them in confidence and helped resolve them without their ever becoming public. Most have become matters of public record, and I am free to write about those and to offer my insights about the famous people I have advised over the years and the problems they faced.

The question I am asked most frequently is: does being famous help a celebrity who gets in trouble with the law? Or does it hurt? My answer is "yes." Sometimes it helps. Sometimes it hurts. Always it matters. One of the most important jobs a lawyer who represents famous people has is to figure out how to turn his or her celebrity into an advantage rather than a disadvantage, or at the very least to neutralize it (which is a near impossibility in our celebrity-driven world.) I recall Claus Von Bulow once telling me that in England it's all about "class and breeding," while in America it's all about "fame and celebrity." Before he became famous for being accused of trying to kill his wife, Von Bulow couldn't get a good table at certain posh restaurants despite his wealth and social status, but when his name and face began to appear in every newspaper, he got the best table in every restaurant.[83]

[83] This conversation suggests an important distinction between different types of celebrities and their relationship to the legal process.

The first type consists of individuals who were already very famous before they got into trouble or before they needed my legal advice. Among my clients who fit this category are OJ Simpson, who was among the most famous football players in the country before he was accused of murdering his wife and her friend; Mike Tyson, who was even more famous around the world, because boxing is an international sport; Mia Farrow, the actress who had been married to Frank Sinatra and Andre Previn, and was involved in a bitter custody dispute with her long time lover Woody Allen; Marlon Brando, Robert Downey, Jr.; Ben and Casey Affleck, Brook Shields; Martha Sterwart; David Merrick, Frank Sinatra, David Crosby, John Lennon and several other actors, athletes and entertainers. Also included in this category would be President Bill Clinton, Israeli Prime Minister Benjamin Netanyahu, Israeli President Katzav, Senator Mike Gravell of Alaska, and Senator Alan Cranston of California.

A second category of celebrities that I have represented are those who were not well known to the public but whose alleged crimes made them famous. Claus Von Bulow is a prime example of this phenomenon, as he made clear in his conversation with me. Also included in that category, at least to some degree, are Michael Milken, the financier; Conrad Black, the newspaper mogul; and Julian Assange of Wikileaks.

A third category would include people who were somewhat well known, but whose trial brought them considerably more fame and/or infamy. Included in this category are Leona Helmsley, Abby Hoffman, Doctor Benjamin Spock, William Kuntsler and F. Lee Bailey.



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The most frequent misconception about celebrities is that they must be "so fascinating." The opposite is often the case. Most of my famous clients, with some important exceptions, have been uninteresting. Some have been outright boring. We tend to confuse their public persona and surroundings, which fascinate us, with their private personalities, which are often banal, mundane and self-centered. Many of them have no ideas, no insights and little to say about matters outside the narrow spheres of their professional lives. Yet we listen to their often uninformed opinion on important issues of the day affecting the world, just because they have a handsome face, strong muscles or other talents or attributes that are irrelevant to their presumed credibility on matters about which they are opining. Celebrities may seem fascinating from a distance, but reality, viewed close up, it is often very different.

Their cases and controversies may be fascinating, in part because of who they are, in part because of what they are accused of doing, and in part because the public obsesses over celebrity.

The two cases on which I will now discuss received enormous media coverage. Both, not surprisingly, involve sex. Both involve world famous people who are accused of having inappropriate sexual contact with inappropriate young women. Unlike most celebrities, both of these were fascinating people.

The paradigm of a famous person being tried under the Klieg lights of worldwide media coverage was, of course, the impeachment of President William Jefferson Clinton, in which I played several roles: witness, advocate, television commentator, book author and friend.

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A final category includes very famous celebrities who have hired me to keep their name and alleged wrongs out of the media. I have had several such cases, and for obvious reasons, I cannot disclose the names of these celebrity clients. Nor can I disclose the names of clients who have successfully used their celebrity to avoid the consequences of their actions.



HOUSE_OVERSIGHT_017351

President Bill Clinton

I first met President and Mrs. Clinton, both of whom who are indeed fascinating, on Rosh Hashanah in 1993. We shared many mutual friends and teachers from Yale Law School, but we had never actually met before I invited the President and First Lady, who were vacationing on Martha's Vineyard, to join my family at the M.V. synagogue for Rosh Hashanah services. When I learned that the Clintons were living near us on the Vineyard, I had the following letter hand delivered to the President by a mutual friend:

> Dear Mr. President:
>
> It is my great honor to invite you on behalf of the Martha's Vineyard Hebrew Center (the only Jewish house of prayer on the Island) to attend one of our Rosh Hashanah (Jewish New Year) services. It is a part of the Jewish tradition for the congregation to bless the President of the United States and the great nation that has given us the freedom to practice our religion without prejudice or discrimination. Our congregation would love to extend that blessing personally to you and to invite you to respond with your own New Year's greeting or to accept our good wishes silently.
>
> In years gone by, Jews in different countries lived in fear that government officials would enter their religious sanctuaries. Such visits were often prelude to crusades, inquisitions, pogrom, and—eventually—the Holocaust. The lyrics of the Broadway hit "Fiddler on the Roof" include the following mock prayer for the Russian Czar. "May the good Lord bless and keep the Czar—far away from us." In contemporary America, the attitude of the Jewish community is quite different: We welcome our president with open arms.
>
> The services will be held in the Whaling Church in Edgartown—a wonderful building used for year as a place of Christian prayer for whaling captains and their crews. The use of this church for Jewish services symbolizes the ecumenical nature of our wonderful Island…We hope you and your family and staff members (Jewish or non-Jewish) can join us as we pray for a year of peace, health and productivity.

The president immediately accepted, thus becoming, we are told by the eminent Jewish historian Jacob Marcus, the first sitting American president ever to attend a Jewish High Holiday service. I sat next to him during the service and shared a mahzor (Holiday prayer book) with him for most of the davening, pointing out the prayers and whispering explanations of such concepts as the "talit" (prayer shawl) and "mitzvot" (good deeds). We used a prayer book in which the Hebrew was transliterated for the parts that are chanted, and the president and Mrs. Clinton sang along in Hebrew. Then the president spoke briefly from the lectern, declaring his role in the Mideast peace process "one of the most rewarding things I've done," and wishing the Jewish people a "Shana Tova." He wore a white Kipah my wife and I gave him from our wedding. He and Hillary signed it and gave it back after the service. We have kept it as a treasured reminder of that historic night.



HOUSE_OVERSIGHT_017352

As I watched the president, "davening" in his yamulka, I thought of Jules Farber's quip: "The time is at hand when the wearing of prayer shawl and skullcap will not bar a man from the White House—unless, of course, the man is Jewish!"

Following the service, the Clintons invited us to join them for dinner at the Savoir Faire Restaurant in Edgartown. We had already eaten before the service, but we readily accepted. My wife, Carolyn, my son Elon and I dined with the Clintons. We were later joined for dessert by Vernon Jordan and his wife, Anne.

The dinner was relaxed. The President discussed movies with my producer son, while my wife and I discussed health care policy with Hillary. The President told a joke that wasn't particularly funny. My family has very high standards of humor, so we didn't laugh. The president, apparently thinking we didn't hear or get the punch line, repeated it. This time, we laughed—a bit. When the dessert was brought, the waiter put a large chocolate bombe in front of the president. My son thought it was large enough to be shared by the table and so he raised his spoon to take a piece. The president stared him down, saying with his eyes, "that's all mine!" Elon dropped the spoon and the president consumed the entire bombe. (Today, Bill Clinton is a vegan—no more bombes for him!)

At the end of the evening, over dinner, the president lifted a glass of champagne to toast the Jewish New Year. As I touched my glass to his, I gave the traditional Jewish toast, "L'Chaim"—to life. President Clinton responded, "This has been a really great evening."

A few days later, I wrote the following about President Clinton's historic visit to the Martha's Vineyard synagogue:

> Skeptical as most American Jews are about any lowering of the wall of separation between Church and State, we still want the President of the United States to be the President of all the people. We are the most diverse, heterogeneous, multiethnic-nation in history, in which more than 150 religious groups practice a wide array of rituals and express an even wider array of beliefs. Our president, unlike the Queen of England, is not the Defender of the Faith. He is the defender of the Constitution, which prohibits the establishment of religion, guarantees its free exercise and forbids any religious test for office.
>
> President Clinton frequently attends church services of his own Baptist denomination, as well as of other Christian denominations. He lights the national Christmas tree and this year also lit Hanukkah candles in the White House.

I then contrasted President Clinton's warm actions with the response I received from former President Gorbachev several years earlier. I had been invited to speak at an international conference in the Kremlin, during the week of the Jewish New Year. I invited the then-president to join the Jewish invitees at the conference to services in Moscow. He refused, suggesting to me that an appearance at a synagogue would not help his prospects for holding on to the office he would soon be losing.



HOUSE_OVERSIGHT_017353

I concluded my article with the following words:

> President Clinton's visit was entirely in keeping with President George Washington's letter to the Jews of Newport, Rhode Island, in which he wrote that mere "toleration" is not good enough in America. Here, Jews as well as others, must be treated as equals. The attendance of our president and first lady at a Jewish service made many Jews feel like first-class citizens, rather than tolerated guests.

I sent the President a copy of my article. He sent back a handwritten note expressing his appreciation for being invited to the services and for the article, and included a signed photograph of the dinner.

During the subsequent summers, the Clintons vacationed in Martha's Vineyard and lived right near us. We frequently dined, partied and even square danced with them and became their friends. We were invited to the White House on several occasions and the President sought my advice from time to time.

Sometimes, I offered unsolicited advice, such as when I repeatedly urged him to commute the life sentence of Jonathan Pollard to time served. I pestered him so much about Pollard that he finally told me he didn't want to hear anything more about it. I replied, "You can choose not to listen, but I'm not going to stay quiet." In the end, he wanted to commute the sentence, but he got push-back not only from the intelligence community but also from several Jewish senators. He told me that if I can't even get the Jewish senators to support commutation, how could he justify it to the intelligence community, which was adamantly opposed to it.

Another issue on which I initially offered my unsolicited advice involved the Monica Lewinsky matter. As I watched the Lewinsky drama unfold, I saw a familiar pattern that had had gotten many other celebrities into trouble: opting for short term gratification without considering the longer term consequences.

At every decision point, the President and his advisors opted for a political tactic that helped them get good headlines and poll results in the short term, rather than focusing on the longer term strategy that might have prevented an entirely lawful sexual indiscretion from turning into a possible crime.

The first – and most important – point was the President's foolhardy decision to engage in a surreptitious sexual relationship with a White House intern at a time when he knew he was under intense investigation by Kenneth Starr, a somewhat puritanical prosecutor and was subject to a lawsuit for sexual harassment by a vindictive woman who was represented by politically motivated lawyers.

If there was indeed a "right wing conspiracy" out there waiting to "get" the President, as Hillary Clinton had alleged in a television interview, it is difficult to imagine any action more reckless than oval office sex with a young blabbermouth whose goal was probably as much to brag about



HOUSE_OVERSIGHT_017354

her conquest of the President as to engage in an intimate relationship. She really did want oral sex: she wanted to talk about it. And she did – to more than a dozen people. The President achieved immediate gratification while risking long term consequences to his marriage, his daughter, his presidency and above all the nation's stability.

At the time he began his sexual encounter with Lewinsky, Clinton knew that he might possibly have to testify under oath about his sex life. He knew that two sets of enemies had the powerful legal weapon of subpoena power aimed directly at his presidency. That is probably why he was reluctant to engage in sexual intercourse. He wanted sex with deniability. What he got was unsatisfying sex with unconvincing deniability. Or, as Maureen Dowd put it:

> "Mr. Clinton's habit, with language and behavior, has been to try to incorporate his alibi into his sin. The result is more twisted than titillating."[84]

This was surely not the first time Bill Clinton put his future at risk for immediate sexual gratification. But in every other instance he was able to avoid the long term consequences. I am certain that he believed that this pattern of short term risk-taking and subsequent avoidance of long term consequences would be repeated. I doubt he believed, at the moment that he first allowed Lewinsky to touch him in a sexual manner, that this action would eventually lead to possible removal from office and damage to his family life. He surely would not have consciously taken such a knowing risk. But when people have succeeded so often in the past in achieving both immediate gratification and long term avoidance of consequences, they miscalculate the odds and act as if they can have their cake and eat it too.

The history of many of my own celebrity clients is largely a history of defendants who for years – sometimes decades – have risked their careers, family lives, fortunes and freedom for some form of immediate gratification. Finally when they were caught, everyone asked the same question: "How could they have risked so much for so little?" What that question fails to understand is that the "little" thing for which they were eventually caught was usually only the tip of a very large iceberg of sin or crime which they had gotten away with for years. In their minds therefore, they were risking very little (the extreme unlikelihood that this time they would get caught) for a great deal (a lifetime of small, short term gratifications, which add up to something for which it is worth taking small risks.)

In retrospect, we consider such actions reckless because we are running the video backwards: we know he was caught. But at the time Clinton made the decision, he probably did not regard it as any more reckless than the many similar decisions he had previously made, without destroying his career and his family. He had probably played the same sexual-verbal game before: limiting his sexual contact so that he could plausibly deny that he engaged in "sexual relationships" outside of his marriage,[85] but he never before had to testify under oath about these relationships. What he failed to comprehend was how much the risks had increased as the result of the legal proceedings

[84] See Maureen Dowd, Maladroit Du Siegneur, N.Y.Times, 9/30/98, p.A23. ("He would be laughed out of any locker room in the country.")

[85] Prior to the Lewinsky matter becoming public, there were widespread reports that the President limited his extra-marital sex to oral gratification since he believed that it did not constitute Biblical adultery and it gave him verbal deniability regarding sexual relations. This history actually strengthens his legal claim that he did not commit perjury when he denied having what he regarded as sexual relations with Lewinsky. A 28 year old waitress was



HOUSE_OVERSIGHT_017355

then in place – the Jones lawsuit and the Kenneth Starr investigation. These legal proceedings escalated the stakes by turning a private sexual encounter into the subject of sworn testimony and investigation by an independent counsel.

It is unlikely that Bill Clinton confided the truth of his relationship with Monica Lewinsky to any of his lawyers. He couldn't, because his principle lawyer was representing both him and his wife. Thus if he didn't want his wife to find out about Lewinsky, he could not tell his lawyer about her. It is likely that his lawyers suspected the possibility that there was some truth to the rumors that something untoward had occurred between Bill Clinton and Monica Lewinsky. After all, Clinton did tell his lawyers – and did testify -- that he engaged in adulterous sex with Gennifer Flowers, despite his previous public denial. Moreover his reputation was well known. Any lawyer worth his salt should have based decisions regarding the president's testimony on the assumption that he may well have engaged in a sexual relationship with Monica Lewinsky. A good lawyer should also have assumed that a twenty two year old intern who had engaged in a sexual relationship with the President would talk about it.

His lawyer in the Paula Jones case, Robert Bennett, was on notice that the president was going to be asked about Lewinsky. If he had conducted any kind of investigation to determine the nature of their relationship he would surely have uncovered the widespread concern around the White House over Monica Lewinsky's unusual access to the President. He would also have learned of the dozens of logged meetings between the President and a young government employee. This should have put Bennett on notice to probe more deeply. At the very least he should have interviewed Lewinsky, confronted her with the concerns, and asked her direct questions. He should also have interviewed those White House officials who had expressed concern. Yet on the basis of little more than an assurance from the President, he allowed an affidavit to be submitted by Lewinsky denying any sexual relationship. Putting aside the ethical issues arising from relying on an affidavit that he was on notice might well be false, and having his client testify to facts that he had to suspect might be false, it is difficult to understand the tactical considerations that led the president's lawyers to allow him to testify about his sex life.

It is not as if Bennett had not been cautioned about the risks of having the President testify about his sex life at the Jones deposition. On May 27, 1997, six months before President Clinton testified at a deposition in the Paula Jones lawsuit, I was a guest expert on "The Geraldo Rivera Show." I made the following observation and offered the following advice:

> This case never should have gotten this far. It should have been settled early when he could have settled it easily. He must settle the case. . .
>
> Remember, depositions are very broad in latitude. He could be asked questions about adultery. He could be asked questions about his prior sexual life. There are no relevancy objections that are generally sustained to depositions. . . .

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quoted by *Newsweek* as saying that as Clinton continuing to define sex more and more narrowly, she begins to think of herself as a virgin!



HOUSE_OVERSIGHT_017356

> I think the President could win if it actually went to trial, but it won't go to trial. What I would do if I were his lawyer is to say, "Look, the dignity of the office precludes the [P]resident from answering any of these questions. We realize that as a result of not answering these questions, we will reluctantly, without admitting anything, have to be sanctioned by having the verdict directed against us on the merits. We accept that because we can't answer the questions and preserve the dignity. And now let's move on to the damages, where the focus is not on the [P]resident but on Paula Jones." And in that way, he can, in effect, settle the case, even if the other side doesn't settle because the damages will be very low, there won't be an apology. There'll be a judgment against him, but the judgment will be explained on the basis of the dignity of the presidency. So if the settlement talks fail, that's what I would recommend that his lawyers think about. . . .
>
> And the [P]resident has to start asking himself: Is he well advised here?

The President had three options, but he was aware of only two of them. He knew that he could litigate and try to win – as he ended up doing. He also knew that he could try to settle the case, which would have avoided the necessity of testifying at the deposition or trial. A settlement requires both sides to agree. In the Jones case, the president reportedly offered to pay Jones $700,000, in order to settle the case. Jones insisted on an apology[86] and the settlement talks eventually broke down.

The third option, <u>of which the president was unaware</u>, was to default the Jones case. Every litigant in a civil case has the right to default – which means, essentially, to settle the case unilaterally by simply refusing to contest the allegations in the complaint. Consider, for example, the following hypothetical case: a fired employee of a high tech business sues for $10,000 in back pay. The business realizes that in order to defend its actions, it would have to reveal commercial secrets valued at $1,000,000 and take the time of executives which it estimates at being worth $200,000. It offers to settle the case for the $10,000 that the employee is demanding, but the angry employee prefers a trial at which he will be publicly vindicated. The company has the right simply to default, have the judgment entered against it, and have the court order it to the pay the damages sought by the employee. No stigma is attached to defaulting a case. It does not even necessarily entail an admission of liability. It represents a practical assessment of the costs and benefits of litigating and not litigating – just as a settlement does.

Robert Bennett never told President Clinton that he could have defaulted and paid Jones without making any apology. Perhaps the Lewinsky story would have leaked, but the President would not have had to dignify a rumor with a response. It was the entirely avoidable decision to have him

[86] Paula Jones' lawyer have subsequently revealed that the Jones lawsuit could have been settled at one point for no money with just a simple apology from President Clinton which made it clear that Paula Jones did not do anything wrong in the hotel room.



HOUSE_OVERSIGHT_017357

testify under oath – not once, but twice – that turned a sex rumor into a possibly impeachable offense.

How do I know that Robert Bennett never told President Clinton of the default option? Because both men personally told me. Here is the story.

On January 17, 1997, President Clinton was deposed in the Paula Jones lawsuit and was asked questions about his relationship with Monica Lewinsky. Among the questions were the following:

> "Did you have an extramarital sexual affair with Monica Lewinsky?"
>
> "If she told someone that she had a sexual affair with you beginning in November of 1995, would that be a lie?"
>
> "I think I used the term "sexual affair." And so the record is completely clear, have you ever had sexual relations with Monica Lewinsky, as that term is defined in Deposition Exhibit 1, as modified by the Court?"

Clinton answered as follows:

> "I have never had sexual relations with Monica Lewinsky. I've never had an affair with her."

His answer was based on the following definition of sexual relations accepted by the judge:

> For the purpose of this deposition, a person engages in "sexual relations" when the person knowingly engages in or causes
>
> > 1. contact with the genitalia, anus, groin, breast, inner thigh, or buttocks of any person with an intent to arouse or gratify the sexual desire of any person;
>
> "Contact means intentional touching, either directly or through clothing.

Under that definition, oral sex does constitute sexual relations. After the Jones lawyers completed their questioning, the President's own lawyer, Robert Bennett, asked the following question:

> "In paragraph eight of her affidavit, [Monica Lewinsky] says this, 'I have never had a sexual relationship with the president, he did not propose that we have a sexual relationship, he did not offer employment or other benefits in exchange for a sexual relationship, he did not deny me employment or other benefits for reflecting a sexual relationship.'



HOUSE_OVERSIGHT_017358

Is that a true and accurate statement"

The president responded: "That is absolutely true."

Shortly thereafter, reports began to appear of tape recorded conversations between Linda Tripp and Monica Lewinsky suggesting that there had been a sexual relationship of some kind between the President and Monica Lewinsky.

On January 23, 1998 I appeared on the MSNBC program "Internight" and criticized Bennett for allowing the President to walk into a perjury trap and a swearing contest. I recommended that the President "get out in front of this story. He has to tell the truth, and if the truth is inculpatory he has to tell it." I recommended that the president "get a new lawyer, tell him the truth, sit down with your new lawyer … and [have him give you] the straight poop." The lawyer has to be someone "who doesn't care what the president thinks of him. His obligation is to tell the president what he doesn't want to hear."

On January 27, 1998, Robert Bennett called me to complain about what I said on television. Bennett kept me on the phone for nearly half an hour telling me that I did not understand his "strategy" in the case and accusing me of "Monday morning quarterbacking" his decisions.

I asked Bennett a direct question: "Did you ever advise the President that in addition to the option of settling the Jones case, he could simply default on the liability phase of the case?"

Bennett replied that defaulting would have been "ridiculous" and "a stupid idea" and that he would never recommend it.

I asked Bennett what kind of an investigation he had conducted of the Lewinsky matter before he allowed the President to be deposed, and he acknowledged that he simply accepted the President's word, since it was supported by Lewinsky's affidavit. I asked him whether he had ever questioned Lewinsky and gave a vague response. He did say that he was surprised about the questions asked concerning Lewinsky at the deposition.

I told Bennett that I strongly believed he had made a mistake by walking his client into a perjury trap and allowing him to get into a swearing contest about his sex life. He assured me that he knew what he was doing and that it would all work to the advantage of his client. I told him I hoped he was right, but that I still thought he had made a mistake.

A lawyer owes his client the duty to explain all available legal options, even if he believes that the client will probably reject a given option. Bennett failed in this duty. He now argues, in his own defense, that if Clinton had defaulted the Jones case, many more litigants would "come out of the woodwork" and sued Clinton in the hope that he would default. This is a fallacious argument for several reasons. First, the statute of limitations would have passed on virtually all allegations arising – as the Jones case did – before Clinton became President. Even more importantly, the moment it became public – which it quickly did – that the President previously had offered a $700,000 settlement to Jones, there was more than enough incentive for gold-diggers to come



HOUSE_OVERSIGHT_017359

forward and sue. If Clinton was prepared to pay $700,000 to settle a suit he regarded as utterly frivolous and untrue, no greater incentive would have been added if he defaulted and paid.

The sad reality is that Robert Bennett, perhaps in his zeal to chalk up a high visibility win, failed or neglected to tell the president that this was one case that was better for the client to lose and avoid testifying rather than to win and risk testifying falsely.

Defaulting the Jones case would have resulted in bad headlines the next day—and perhaps for an additional week. But testifying about his sex life resulted in a dangerous threat to the Clinton presidency – a threat which would not materialize for several months. Thus we see another instance of the President making a decision which helped him in the short run – by avoiding the negative headlines of a settlement or default – but hurt him greatly in the long run. It was a pattern that would persist.

On January 26, 1998, President Clinton, with the assistance of Hollywood producer Harry Thomason , decided to make a public statement denying a sexual relationship with Monica Lewinsky. Pointing his finger at the TV camera for emphasis, he said:

> "I want you to listen to me. I'm going to say this again. I did not have sexual relations with that woman, Miss Lewinsky. I never told anybody to lie, not a single time – never. These allegations are false. And I need to go back to work for the American People."

This statement, made directly to the American public and not under oath, has come back to haunt Clinton. Why did he make it? He was under no legal obligation to make any statement. He could easily have said, as so many others have said, "Since the matter is now the subject of a legal proceeding, my lawyers have advised me to make no public comment about it. I'm sure you understand."

But instead, he issued a firm denial of what he would later have to admit was essentially true: namely that he did, in fact, have some kind of a sexual encounter with "that woman."

Once again, the President and his advisors opted for the quick fix. They felt that it was necessary to put out the political brushfire that was burning around them. By issuing a firm denial, the President could postpone – perhaps forever – the longer term consequences of his improper sex and his misleading testimony. At the time he made the statement, the President may not have been aware that Lewinsky had saved the semen-stained dress that would eventually force him to change his story. Without the dress, it would always be a "she-said, he-said" conflict between the President of the United States and a woman who acknowledges on the Tripp tapes that she frequently lies, and whose own lawyer said is an impressionable woman who sometimes fantasizes.

On July 28, 1998, Monica Lewinsky's lawyers struck a deal with Starr under which she was given total immunity in exchange for her cooperation and testimony. On July 29, 1998, the President's lawyer announced that an agreement had been reached with the Independent Counsel regarding the President's subpoenaed grand jury testimony. The subpoena would be withdrawn, the President would submit voluntarily to four hours of questioning in the White House, in the



HOUSE_OVERSIGHT_017360

presence of his own lawyers. In reaching this agreement, the President withdrew his constitutional challenge to the power of a grand jury to compel his testimony. This was a serious constitutional issue, especially since Starr had given Lewinsky total immunity from prosecution. This left Clinton as the primary target of the grand jury. But there is grave doubt whether a sitting President can be indicted or prosecuted. If he cannot, then there is even graver doubt whether it is proper to use a grand jury to gather information for an impeachment. In my view, the President could have leveled a serious challenge, on this and other grounds, against the grand jury subpoena. Such a challenge would have taken at least a year to resolve. In the meantime, he would not have had to testify.

But the President decided to waive this challenge and to testify "voluntarily." What I don't know is whether at the time the President made the decision to testify he knew of the existence of the semen-stained dress. There had, of course, been rumors of such a dress over the prior months, but they had been denied by Lewinsky's lawyer. The news of the uncleaned dress with a telltale stain became public only after the President made his decision to testify. It is fair to ask whether the President's decision would have been different if he knew about the existence of the dress. It is also fair to ask whether the President's testimony in front of the grand jury would have been different had there been no dress. We don't know.

What we do know is that the President's decision to testify before the Starr grand jury gave the prosecutor an opportunity to trap the President once again into committing perjury – this time not in a live deposition in a dismissed case where the testimony was only marginally relevant, but in a grand jury proceeding where the testimony was central.

It also gave the prosecutor an unprecedented opportunity to videotape the interrogation so that it could be seen by Congress and the public.

Again short term considerations prevailed. First, the President's political advisors urged him to avoid that day's image of the President walking into the courthouse – the so-called "perp walk." The White House agreed therefore, to the making of a videotape which would later show the President being evasive and perhaps even dishonest. Although the President's videotaped testimony was not as bad as many thought it would be – at least in the short run -- it was more damaging in the long run than a walk to the courtroom might have been.

Ultimately, after the disclosure of the semen-stained dress made it undeniable that there had been sexual activity between them, President Clinton had to appear on television and acknowledge that he had behaved "inappropriately" with Monica Lewinsky. It was a low point both in his presidency and in his personal life.

The day after President Clinton publicly acknowledged that he had behaved "inappropriately", he flew to the Vineyard. The next day, we were both at a party. The President gathered a small group—including several lawyers—around him and began to discuss the case. He said that following the unanimous Supreme Court decision refusing to postpone the lawsuit brought against him by Paula Jones, he had no choice but to submit to a deposition about his sex life, because Jones refused to settle the case. I told him he did have an alternative: he could have ended the law suit by simply defaulting and paying Paula Jones' damages. If he paid the damages



HOUSE_OVERSIGHT_017361

she sought to the court, the case would be dismissed, regardless of whether or not Paula Jones agreed. If the lawsuit were dismissed, there would be no depositions. I told the president that he could have justified his decision to pay off the suit by explaining that the American presidency is more than a full time job and that he had no time for depositions—the preparation for which are extremely time consuming—even if the Supreme Court justices (who work relatively short hours) thought he did.

The President looked surprised: "Nobody ever told me I could have had the case dismissed if I had paid the money. [My lawyer] told me I had to be deposed."

Shortly thereafter, Bob Bennett was no longer representing President Clinton, and Clinton was seeking my legal advice, as his problems—all of which derived from the deposition he didn't have to give—multiplied. He came close to being indicted. He was impeached (and eventually acquitted by an evenly divided Senate vote), and disbarred.

During the course of these proceedings I conferred with the President, provided legal memoranda to him and his lawyers, and discussed his case in the court of public opinion.

I also testified on the President's behalf as an expert witness on the law of perjury before the congressional committee that was considering whether to impeach Clinton for the "high crime" of perjury. The chairman of the committee was Republican Congressman Henry Hyde, with whom I repeatedly clashed. The front page of the Washington Post featured a large photograph the next morning of the two of us angrily pointing accusatory fingers at each other. [get this photo]

The source of our conflict was over the selective outrage directed by Congressman Hyde and other Republican lawmakers at President Clinton's alleged perjury. I began my testimony by putting President Clinton's false statements into a broader historian context:

> For nearly a quarter of a century I have been teaching, lecturing and writing about the corrosive influences of perjury on our legal system -- especially when committed by those whose job it is to enforce the law, and ignored or even legitimated by those whose responsibility it is to check those who enforce the law.
>
> On the basis of my academic and professional experience, I believe that no felony is committed more frequently in this country than perjury and false statement crimes. Perjury during civil depositions and trials is so endemic that a respected appellate judge once observed that, quote, "experienced lawyers say that in large cities scarcely a trial occurs in which some witness does not lie." Police perjury in criminal cases, particularly in the context of searches and other Exclusionary Rule issues, is so pervasive that the former police chief of San Jose and Kansas City has estimated that hundreds of thousands of law enforcement officials commit felony perjury every year testifying about drug arrests alone. But in comparison with their frequency, perjury crimes are among the most underprosecuted in this country.

I then distinguished among various types of perjury.



HOUSE_OVERSIGHT_017362

> Historically I think we can all agree that false statements have considerable variation and degree. The core concept of perjury grows out of the Ten Commandments, "bearing false witness," a term that consisted in accusing another falsely of a crime. Clearly the most heinous brand of lying is the giving of false testimony that results in the imprisonment of somebody who is innocent. Less egregious, but still quite serious, is false testimony that results in the conviction of a person who may be guilty, but whose rights were violated in a manner that would preclude conviction if the police testified truthfully….The least culpable genre of false testimony are those that deny embarrassing personal conduct of marginal relevance to the matter at issue in the legal proceeding.

I then tried to place Clinton's false statements in their proper place along this continuum.

> I think it is clear that the false statements of which President Clinton is accused fall at the most marginal end of the least culpable genre of this continuum of offenses, and would never even be considered for prosecution in the routine cases involving an ordinary defendant.

I then blasted the Committee for having never conducted hearings on the corrosive problems never conducted hearings on the corrosive problem of police perjury—"testilying."

> If we really want to reduce the corrosive effect of perjury on our legal system, the place to begin is at or near the top of the perjury hierarchy. If instead we continue deliberately to blind ourselves to pervasive police perjury and other equally dangerous forms of lying under oath, and focus on a politically charged tangential lie in the lowest category of possible perjury, hiding embarrassing facts by evasive answers to poorly framed question, which were marginally relevant to a dismissible case, we will be reaffirming the dangerous and hypocritical message that perjury will continue to be selectively prosecuted, as a crime reserved for political or other agenda-driven purposes.

I then warned that:

> [H]istory will not be kind to this committee. History will not be kind to this Congress. I think this committee and this Congress will go down in history along with the Congress that improperly impeached Andrew Johnson for political reasons.

Following my testimony, Chief Judge Gerald B. Tjoflat, of the United States Court of Appeals for the 11th Circuit, was asked to comment about the different types of perjury I had discussed. He replied that "perjury is the same, regardless of the circumstances." I then responded to Judge Tjoflat's view:

> I think this committee is doing a terrible disservice to the rule of law and to the sanctity of the oath by trivializing the differences, as Judge Tjoflat said in one of the most



HOUSE_OVERSIGHT_017363

> unbelievably wrong-headed statements I have ever heard from a judge, that there is no difference between types of perjury.
>
> I challenge anybody to say that there is no difference between a police officer who deliberately frames an innocent man or woman who he knows is [innocent] and subjects that person to false imprisonment or the electric chair, and someone who lies to cover up a private, embarrassing sex act.

Congressmen Hyde and Conyers replied:

> **REP. HYDE:** I thank you, Professor Dershowitz. I don't thank you for criticizing the motives, saying that we're out to get the president. You haven't the slightest idea of the agony that many of us go through over this question.
>
> [W]e are concerned about the double standard. That may mean nothing to you --
>
> **MR. DERSHOWITZ:** It means a great deal to me.
>
> **REP. HYDE:** -- but it means something to us.
>
> **REP. CONYERS:** Mr. Chairman?
>
> **MR. DERSHOWITZ:** It means a great deal to me. (Applause.) [W]hen is the last time this committee has expressed concern about the rights of criminal defendants -- (a chorus of "regular order" from committee members)… It's a sham.
>
> **REP. CONYERS:** Mr. Chairman?
>
> **REP. HYDE:** Yes, Mr. Conyers.
>
> **REP. CONYERS:** And I thank you for this interchange. [W]e are split totally down the middle in the most partisan fashion that has ever happened.
>
> The result is fairly obvious of what's going to happen to anybody with the least understanding of this matter. So for you to be offended by the Dershowitz evaluation strikes me as a little disingenuous. You know what we're going to do here because it's been said repeatedly by every Republican member of the committee! So let's not get offended by the truth at this point in our proceedings.

Congressman Hyde then angrily began to lecture me about the rule of law:

> Does the rule of law -- have you been to Auschwitz? Do you see what happens when the rule of law doesn't prevail?



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> Now, I don't leap from the Oval Office on a Saturday afternoon to Auschwitz, but there are similarities when the rule of law doesn't obtain, or where you have one law for the powerful and one for the nonaristocratic.

He did not give me an opportunity to respond to his absurd invocation of Auschwitz. But I did insist on responding when Congressman Barr contrasted me with the "real America" and how "the real America views these matters." The following heated exchange then took place:

> **MR. DERSHOWITZ:** Can I respond, 30 seconds, to what I perceive to have been a personal attack? First of all, whenever I hear the word "real Americans," that sounds to me like a codeword for racism -- a code word for bigotry, a codeword --
>
> **REP. BARR:** That's absurd, professor, you ought to be ashamed. That is the silliest thing I have ever heard --
>
> **MR. DERSHOWITZ:** When I hear you describe me as something other than a real American -- shame on you. We may have a disagreement about the merits of these issues, but I would no more impugn your Americanism than you should impugn mine, sir.
>
> **REP. BARR:** You're being silly, professor. You are being absolutely silly.
>
> **MR. HIGGINBOTHAM:** May I respond, Mr. Chairman?
>
> **REP. HYDE:** Yes, indeed -- far be it from me to not have anyone respond. Go right ahead.
>
> **MR. HIGGINBOTHAM:** I take profound disagreement with Congressman Barr's categorization of the "real America," which he apparently understands with such fine discernment, and those of us who teach at universities are oblivious. You know we have students, and they teach us something. And my father was a laborer. My mother was a domestic. And I climbed up the ladder, and I did not come to where I am through some magical wand. So t hat I am willing to match you any hour any day in terms of the perception of the "real American."

Not all the Congressmen were angered by my aggressive testimony. This is how Congressman Rogan summarized his views:

> I guess, in fairness, Professor Dershowitz, I have to single you out just for one moment, because I want to assure you that you and I have no hard feelings between ourselves. I know that you raised a few hackles here with some of my colleagues with controversial comments, but I want you to know I personally found them to be very therapeutic, because up till now the only excuse I had for not having attended Harvard Law School was my grade-point average. (Laughter.) So you've given me a little different perspective.

Following my testimony, I worked closely with the president's legal team both on the impeachment and on the Starr investigation. One summer day, during the impeachment crisis, the



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White House switchboard tried unsuccessfully to reach me. (The White House has an unparalleled capacity to reach people. Once when flying on a commercial flight, the pilot came out and whispered in my ear, "the President is on the radio-phone. I took the call in the cockpit.) I was on a beach, which had no cell phone service. When I got back to my house, there were seven frantic messages that the President needed to see me right away. He was staying a couple of miles away from our house, at the home of Dick Friedman in Edgartown. I jumped into my old Volvo and drove straight to Friedman's house. The Secret Service man at the end of the road waved me through, telling me that the President was expecting me. But I was then stopped by another Secret Service man, telling me that the rules required that they search under the hood, so I would have to lift it up. I started looking for the mechanism to open the hood. After a few minutes, the Secret Service man smiled and said, "Professor you don't know how to open up the hood on your own car, do you?" I responded sheepishly, "I'm not sure." I then asked him if he had heard of the comedian Jackie Mason? He said yes. I said, "Jackie Mason tells a joke about how when a non-Jew hears knocking under the hood of his car, it makes his day. He gets in there and he fixes and fixes. But when a Jew hears knocking under the hood of his car, he immediately trades it in for a new one." He laughed, and showed me where the lever was. I then drove down the road a short distance where the President was waiting for me in his jogging shorts. He had already heard that I didn't know how to open up the hood of my own car and laughingly wondered whether he should be seeking advice from such a klutz.

During the height of the Lewinsky affair, I found myself sitting right next to the President at a large dinner party. He asked me what I was working on and I told him I was finishing a book called the Genesis of Justice about the first book of the Bible. Clinton is incredibly knowledgeable about the Bible and we spent much of the dinner in intense conversation about the various Biblical stories in the Book of Genesis. The next day I received a call from Gail Sheehy [check this] of Vanity Fair saying that she had heard from somebody <u>at another table</u> at this party that the President spent the entire dinner grilling me about whether oral sex constituted adultery within the Biblical meaning of that term. I told her, truthfully, that the subject of adultery and oral sex had simply never come up during our discussion. We had talked about Abraham and Jacob and Joseph. I gave her the names of other people at our table—including Anthony Lewis of The New York Times—and suggested she check with them if she didn't believe me. She said, "Damn, that was such a good story but I guess I can't use it." I said, "Of course you can't use it, it didn't happen." When the article appeared in Vanity Fair, she included the story, knowing that it was false. I wrote a letter to the editor telling what happened and she replied that although I had denied the truth of the story, somebody at another table confirmed that it was true. Of course the person at the other table couldn't possibly hear our conversation but he probably heard some words suggesting that we were talking about the Bible, and simply assumed that it must have been about adultery. So much for journalistic integrity.

Shortly after the Clinton case was resolved, John Kennedy, Jr.—the late son of the former President—called and asked me if I would contribute an article to his magazine, *George*. He asked me if I would describe the ten greatest legal blunders of the 20th Century. Here is what I described as the number 1 and 2 greatest blunders:



HOUSE_OVERSIGHT_017366

By far the greatest legal blunder of the 20th Century was committed by President Clinton's lawyer in the Paula Jones case, Robert Bennett. Bennett allowed his client to be questioned under oath in a deposition about the details of his sex life and to deny that he had sexual relations with Monica Lewinsky. This sworn denial became the basis for an impeachment investigation and opened the way for the President to have to testify in front of a grand jury. The Paula Jones case should have been settled immediately after the President's reelection in 1996. If Paula Jones' lawyers refused to settle the case, Bennett could have advised the President simply to default – that is to pay the money and refuse to contest the charges. Bennett never even told Clinton about this option.

The second greatest blunder, believe it or not, was also committed by Bennett. After walking his client into the perjury trap, Bennett himself helped to spring it. Not content to let the President answer the opposing lawyers' questions, Bennett did the unthinkable: he asked the President to affirm, under oath, the truth of Monica Lewinsky's affidavit without having asked Lewinsky what she meant when she said she had not engaged in sexual relations with Clinton. Then, Bennett mischaracterized the affidavit by saying that the affidavit indicated that "there is absolutely no sex of any kind in any manner, shape or form." Finally, in a "cover your ass" letter to the court, Bennett implicitly blamed his client for misleading the court, instead of forthrightly acknowledging his own failure to find out what Lewinsky meant by sexual relations. These blunders give Bennett almost unique bragging rights as the only lawyer in American history who has helped his client get impeached.

At the very beginning of the Lewinsky matter, I had received a call from someone close to the White House giving me the phone number where Monica was staying and urging me to call her. I



HOUSE_OVERSIGHT_017367

perceived a possible conflict of interest, and didn't make the call. Several years later, I was approached by Monica's mother at a Jewish event. She said, "I wish you had called Monica." I have often wondered whether the case would have turned out differently if I had called and agreed to represent her.

Although I helped defend Clinton before Congress and in the court of public opinion, I was critical of his sexual misconduct while in office. In my book *Sexual McCarthyism*, I argue:

> "At bottom this is a story of how two men who are obsessed about forbidden sex—Clinton about engaging in it and Starr about exposing it—managed to turn a tawdry series of Oval Office sexual encounters into a constitutional crisis. Clinton and his advisers made mistake after mistake in a futile effort to keep his embarrassing little secret from becoming public. Starr and his staff overreached, overreacted, exaggerated and pressed every issue to the limits of its logic to expose the secret and embarrass the President. The result was a highly unlikely combination of factors that led the nation to where almost no one wanted to go—to the brink of a constitutional crisis with international implications.
>
> Some critics believe that Bill Clinton and Kenneth Starr deserve each other. But we the people do not deserve to see our delicate system of checks and balances endangered by the reckless actions of two obsessed men."

Remarkably, I have remained on friendly terms with both Clinton and Starr after writing these harsh words. Most celebrities I have encountered have extremely thin skins. They never forgive even small slights because they are accustomed to being universally adored. Both Clinton and Starr have thick skin. They accept criticism, especially when they know it is well intentioned. The same cannot be said about the next celebrity (and his lawyers) in whose case I played a major role.



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Woody Allen vs. Mia Farrow

In my article on the 10 greatest legal blunders of the 20th Century, I included on my list, the decision by Woody Allen's lawyers to sue Mia Farrow for custody of several of her adopted children as well as the one child they conceived together. I played an unusual role in that lawsuit, in which both sides were focused heavily on the media: Woody was concerned that negative coverage, particularly of allegations involving sexual improprieties with a young girl, might ruin his career; and Mia's concern that any coverage might hurt her children. Every legal maneuver in the case was made with an eye (sometimes two) on the media.

I first met Woody Allen when he was filming Manhattan. He was given to me as a birthday present by a group of friends, one of whom knew Woody from his earlier film "The Front." [check dates] He agreed to meet me for lunch. He didn't know he was my birthday present. When I told him, he immediately began to speculate as to who he would want as a present: "Louis Armstrong," he said would be his first choice.

"He's dead," I reminded him.

"Exactly," he replied.

"Jimmy Hoffa would be my second choice."

"He's missing," I said.

"Exactly," he repeated.

He then asked me which dead person I would have wanted to represent as a criminal lawyer. I immediately replied "Jesus."

"Do you think you could have won?" he asked.

"In front of a Jewish jury, maybe."

"Those biblical Jews were tough. They didn't tolerate troublemakers like Jesus. They probably wouldn't have liked Jews like us from Brooklyn," Woody mused.

"Yeah, but imagine how different history would be if a Jewish lawyer saved Jesus. They couldn't accuse us of killing their Lord."

"But he wouldn't have been their Lord, if you had won. He wouldn't have been crucified. And without crucifixion, there's no Christianity, so if you had won they'd be blaming the Jews for destroying Christianity."

Woody reminded me of the riff that got Lenny Bruce into so much trouble. Bruce quipped that if the Roman's electrocuted rather than crucified their enemies, millions of Christians would be walking around wearing tiny electric chairs around their necks.



HOUSE_OVERSIGHT_017369

We then discussed "The Front" and I told him that my father knew Zero Mosel—the star of the film—whose relative had a store on the lower east side near my father's. We discussed "blacklisting," "McCarthyism" and other subjects in which we shared a common interest. It was a great birthday present.

Several years later Woody and his then girlfriend, Mia Farrow, came to hear me speak in New York about the Rosenberg trial. I had written a positive book review for The New York Times about a book which had concluded that Julius Rosenberg had indeed been a Soviet spy. This is how I began my review:

> WERE Julius and Ethel Rosenberg guilty of transmitting American atomic secrets to the Soviet Union in the 1940's, or were they scapegoats of the cold war whose execution was a grave miscarriage of justice? That both are true is the intriguing argument of [the new book.]

Woody and Mia both insisted that the Rosenberg's were innocent and I promised to send them the evidence that Julius was a spy and Ethel a collaborator if not a conspirator.

Over the next several years I saw Woody and Mia on a few occasions. Mia called me a few times to discuss political issues and Woody and I wrote to each other.

Then everything changed. Early one morning, Mia called. We exchanged pleasantries and I asked her how Woody was. "He's abusing my children," she said. I replied, "Don't even joke about that, it's not funny." She said, "no, really. He's been sleeping with one of my daughters and acting inappropriately with another one." I again asked her if she was serious, since the allegations seemed so out of character. She told me she was dead serious and asked if I could drive down to her house in Connecticut and meet with her. I told her I would, and that I would bring my wife, who is a PhD psychologist with extensive experience in such matters.

We drove to Connecticut and Mia greeted us. She was fixing a leaky roof while trying to take care of her numerous children, including a blind girl and a crack baby, who she had adopted. She told me that Woody had started an affair with her adopted Korean daughter, Soon-Yi. I asked her how old Soon-Yi was and she told me nobody knew for sure because she was adopted when she was a baby and she could be anywhere from 17 to 19. She then told me that Woody had been seen by one of the nannies touching her ____ year old daughter, Dylan, in an inappropriate way. She also told me that Dylan had told her that Woody had taken her up to an attic crawl space where he had also touched her inappropriately. She showed me the crawl space. She also showed me naked Polaroids that Woody had taken of Soon Yi, that she had found in Woody's apartment, along I with a naked photo of Dylan. My wife Carolyn then had a conversation with Dylan about her relationship with Woody.

I was shocked beyond belief and asked how I could help. Here was yet another example of a celebrity putting his own desire for immediate gratification above the needs of his long time lover and her family. Even if only the allegations regarding Mia's adopted daughter, Soon Yi, were



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true, Woody's actions would demonstrate extreme insensitivity to Mia Farrow's family. Here is how the appellate court ultimately characterized Woody's behavior.

> "In January of 1992, Mr. Allen took the photographs of Ms. Previn [Soon Yi] which were discovered on the mantelpiece in his apartment by Ms. Farrow and were introduced into evidence...Mr. Allen in his trial testimony stated that he took the photos at Ms. Previn's suggestion and that he considered them erotic and not pornographic. We have viewed the photographs and do not share Mr. Allen's characterization of them. We find the fact that Mr. Allen took them at a time when he was formally assuming a legal responsibility for two of Ms. Previn's siblings to be totally unacceptable. The distinction Mr. Allen makes between Ms. Farrow's other children and Dylan, Satchel and Moses is lost on this Court. The children themselves do not draw the same distinction that Mr. Allen does. This is sadly demonstrated by the profound effect his relationship with Ms. Previn has had on the entire family. Allen's testimony that the photographs of Ms. Previn "... were taken, as I said before, between two consenting adults wanting to do this ..." demonstrates a chosen ignorance of his and Ms. Previn's relationships to Ms. Farrow, his three children and Ms. Previn's other siblings. His continuation of the relationship, viewed in the best possible light, shows a distinct absence of judgment. It demonstrates to this Court Mr. Allen's tendency to place inappropriate emphasis on his own wants and needs and to minimize and even ignore those of his children. At the very minimum, it demonstrates an absence of any parenting skills."

Mia asked me to call Woody and tell him to stop doing what he was doing. She told me that Woody admired me and that he kept a copy of my book *Chutzpah* on his bed table.

I asked Mia to have Woody call me but he apparently refused so I decided to write him a letter, which I asked his lawyer to give him. In the letter, I urged Woody to try to resolve the matter privately:

> "I still believe that matter can be resolved without even more escalation and damage to all parties. As you and Mia both know, I am a great admirer of your work, and I do not want to see your career and your life destroyed. Right now you are on that road and something must be done to head it off, not only for your sake, but for the sake of the children and for Mia."

I don't know whether he ever got the letter. I received no reply. Mia then asked me to contact his lawyers and see if the matter could be resolved without any public disclosure. I said I would try. I called his lawyers and they agreed to a meeting in New York. I brought with me to the meeting a law school classmate, David Levett, who was a leading lawyer in Connecticut and was knowledgeable about the Connecticut law relating to such issues. Our goal, and Mia's, was to bring about some resolution of this troubling matter without any publicity, which she felt would be harmful to her children.



HOUSE_OVERSIGHT_017371

In the middle of the meeting, we received notice that Woody's lawyers, the very ones we were discreetly negotiating with, had publicly filed a lawsuit against Mia, and that Woody was about to hold a press conference in which he was going to accuse Mia of making up stories about him.

I was shocked at this duplicity. I'm not used to dealing with lawyers who mislead their opponents in this way.

Woody Allen's suit was seeking custody of several of the children Mia had originally adopted, as well as the one biological child they had conceived together. IT was an extraordinarily stupid move on the part of Allen's lawyers, because at the time he filed the custody suit, Woody Allen barely knew the children and their siblings, had no idea who their friends were, did not know the names of their pediatricians and had virtually nothing to do with their upbringing. Mia Farrow, on the other hand, was a hands-on mother who was deeply involved in every aspect of her children's lives.

At the trial, Woody's lawyers pulled off an even more bone-headed maneuver. They claimed that Levett and I, by seeking to resolve the matter quietly, were "blackmailing" Woody into settling the case favorably to Mia. This was a ridiculous claim, as the judge found. Courtroom observers could not believe that Woody's lawyers would force me to appear as a witness, knowing that I would surely side with Mia in her efforts to maintain custody over her children. But having been falsely accused of trying to blackmail Woody, I had no choice but to testify as to precisely what had transpired. No one could understand why Woody's lawyers had decided on a tactic that would make me a witness. But I knew something they didn't know, which led me to conclude that they put me in this position not out of a desire to help Woody, since there was no way my testimony could in any way support his claim. They accused me of blackmail in an effort to hurt me. That, at least, was my assessment, based on what I knew.

Why would they want to hurt me rather than help their own client? Because the senior partner of the law firm representing Woody, a former prosecutor named Robert Morvillo, was seeking revenge against me for my having prevented him from becoming the United States Attorney for the Eastern District of New York. That was his dream job and he was about to get it when I exposed his prosecutorial misconduct in a case I was litigating. He had essentially bribed a key government witness with money that was owed to the creditors of a bankrupt corporation. He had arranged for the witness to obtain the bankrupt funds which he knew had been secreted in a Caribbean account. In doing so, Morvillo had committed two serious crimes: bribing a witness and facilitating the stealing bankrupt funds. The federal district judge who presided over the case wrote a scathing opinion condemning Morvillo's actions. That opinion appeared as a front page story in the Village Voice, thus scuttling any chance Morvillo had of receiving a federal appointment. Morvillo was so angry that he told the Village Voice that if he ever saw me again, he would "deck" me. He never had a chance to throw a punch at me, and so he decided, in my opinion, to use this lawsuit as a way to deck me. I'll bet that he never told Woody Allen of his hidden agenda.

As any decent lawyer would expect, the ploy backfired. My letter to Woody, coupled with the testimony of other lawyers who were involved in the negotiations, proved that my interest was in protecting the children not in blackmailing Woody. I testified that I was seeking:



HOUSE_OVERSIGHT_017372

"to have a preliminary discussion which might eventuate in saving the children from the kind of atmosphere that they have tragically been placed in as a result of Woody Allen's lawyers.

Q: And not as a result of Miss Farrow's lawyers.

A: Absolutely not.

Q: In any respect?

A: If Mr. Allen had listened to Miss Farrow's lawyers, we would not be in court today and the children's best interest would have been served.

I was then asked about my efforts to have Woody call me or respond to my letter:

Q: Now lastly, Mr. Dershowitz, did you ever instruct—prior to August 13, did you ever instruct Miss Farrow to tell Mr. Allen that he should talk to you because this is a criminal act and I needed a criminal lawyer?...

A: Was I trying to get hired by Woody Allen to be his criminal lawyer? No…My recollection is that Miss Farrow called me and asked me if I would speak to Woody Allen. I said I felt uncomfortable calling Woody Allen.

I have to tell you I wish I had. I wish I had a chance to talk to him directly. I wish I had had a chance to do something to stop this steamroller that occurred, and I wanted very much to talk to him. I thought he was getting terrible advice from his lawyers. I tried to write him a letter. I don't know if he ever read the letter.

I think that bad advice has contributed to this and now the lawyers are trying to figure out a scapegoat for this and they are pointing a finger in the wrong direction.

Q: You think you are the scapegoat for this?

A: I think the reason you've had me on the witness stand for as long as you've had me on the witness stand as a result of 15 or 20 minutes direct testimony for a meeting that I played a facilitative role shows that there is an agenda here a little bit different than the agenda that you're presenting in the court, yes, I do.

The court would not permit me to expand on the nature of this hidden agenda, but the damage to Woody's case had been done. My testimony, in sum, was very supportive of Mia's efforts to



HOUSE_OVERSIGHT_017373

retain custody of her children and highly critical of Woody's attempt to portray her in a negative light.

The judge credited my testimony and ruled against Woody Allen in every respect, denying him not only the custody of the children, but even the right to see his own biological son without severe restrictions. As far as I know, Woody Allen never did see his biological son, who has grown into quite an adult, having won a Rhodes Scholarship for his extraordinary work on human rights. To this day, I doubt that Woody Allen knows how Robert Morvillo tried to use his case to settle a score with me.

Shortly after it was publicly announced that I would be helping to defend Mia Farro against the lawsuit brought by Woody Allen, my phone rang. The voice on the other end said, "Hey Alan, this is Frank."

I asked, "Frank who?"

The voice on the other end sounded surprised by the question and immediately responded, "Frank Sinatra."

Sinatra had previously called me when Kitty Kelly's notorious biography was about to be published. He asked if I was interested in representing him in a lawsuit against Kelly for defamation. I described to him what effect the lawsuit would have on the quality of his life and told him that I thought it would be a bad idea to bring one and that I would not be willing to represent him in such a matter. He apparently agreed and didn't bring the suit. [check]

"Nice to talk to you Mr. Sinatra," I responded to his latest call. He immediately got down to business. "I love Mia. We were married, you know. She's a great girl. Woody's trying to bully her. He can't be allowed to get away with that. What can I do to help?"

I told Mr. Sinatra that I appreciated the call but that the legal case was under control.

He quickly responded, "Well beyond the legal case, what can I do to call Woody off?"

Aware of Sinatra's reputation as a tough guy, I nervously told him to leave it to the lawyers and that any approach to Woody Allen would be used against Mia and would backfire.

Several months later, during the summer, Andre Previn—another of Mia's former husbands—was performing in the Whaling Church on Martha's Vineyard. My wife and I attended his concert and then went to a reception that followed. Previn, like Sinatra, told me how much he loved Mia and that she was a great person.

He continued, "I feel like marching up to his apartment, knocking on the door, and punching him in the face, telling him to leave Mia alone."

Recalling the Sinatra call, I let out an uncontrollable laugh. Previn asked, "what's so funny?"



HOUSE_OVERSIGHT_017374

I responded, "If I wanted any of Mia's former husbands to put the fear of God in Woody Allen, I'd pick Sinatra over you Mr. Previn." He laughed in agreement.

I have maintained a good relationship with Mia. Woody Allen eventually married Soon-Yi, and they have adopted children. Their marriage seems to be working.

Both the Clinton-Lewinsky impeachment and Woody Allen-Mia Farrow cases involved sordid accusation of improper sexual conduct by famous and powerful men. These kinds of accusation directed against these kinds of men are grist for the media mill. Every legal and political move is covered in detail. Everyone has an opinion. Litigating in such an environment is perilous. Every mistake is magnified. You don't learn how to manage such cases in law school. There are no rule books. Experience is the only teacher.

After years of experience in dozens of high profile cases, I now try to teach my students how to avoid, really minimize, inevitable mistakes. Here are some of my everchanging rules:

1. Never take a case just because the client is a celebrity or because the case is "high profile." Make sure the issues in the case are within your area of expertise.

2. If you do take the case, don't "hang out," "chill" or socialize with the celebrity. (It is ok to get an autograph for your kid, but that's all.) Never assume the celebrity, or high profile client, is your friend. You have an entirely professional relationship. Charge your usual fee. No discount, no gauging.

3. Never say anything about the client or the case to anyone unless you are prepared to see it in The New York Times or The National Enquirer.

4. Every time you meet the client, be prepared to be fired for telling him or her what they don't want to hear. Famous people often get bad medical treatment and bad legal service for the same reason: the doctor and lawyer don't want to offend or upset them and care more about keeping the patient or client than telling them the painful truth.

5. Don't pretend your celebrity or high profile case is just like an ordinary case. The media is watching your every move, and every move should take into account the anticipated media coverage. This doesn't mean you should make or refrain from making the right move because of the anticipated coverage, but rather you should consider (and perhaps reject, but at least consider) what is the right move.

6. Remember that judges, jurors and prosecutors, their family members, their friends and colleagues all watch television and read the papers. The media environment may have an impact on their decisions.

7. Remember that high profile and celebrity cases tend to distort the legal system, because the law treats famous people differently. Sometimes better. Sometimes worse. Never the same. It has been said that hard cases make bad law. So, often, do high profile cases.



HOUSE_OVERSIGHT_017375

8. Celebrities will almost always disappoint you. Most are boring, banal and self-centered. High profile cases are a decidedly mixed bag. If you never have a celebrity case during your career, you haven't missed anything.

9. Clients whether civil or criminal, are increasingly brought to trial not only before a judge in robes and a jury of peers, but also in the "court of public opinion," where every citizen gets to "cast a vote" on the legal and moral aspects of the case. For some clients in the public eye—political figures, entertainers, business moguls, even ordinary citizens—the "verdict" rendered by the court of public opinion may be as important as the verdict of the jury or court. But being aware of the importance of winning in the media is not enough. A good lawyer must be prepared to face the media, where the usual rules of evidence do not prevail. A good "all purpose" lawyer must learn the very different "rules" of the court of public opinion and must develop the skills with which to win in that important forum as well.

10. Despite the often distorting effect of the media on the administration of justice, the press serves as an important check and balance on judges, prosecutors, and defense lawyers. The First Amendment, which guarantees freedom of the press, may sometimes be in conflict with other amendments designed to guarantee a fair trial. An appropriate balance, difficult as it is to achieve, is essential to democratic governance.



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## PART IV: THE NEVERENDING QUEST FOR EQUALITY AND JUSTICE

### Chapter 16: The Changing Face of Race: From Color Blindness to Race-Specific Remedies

When I was growing in the pre-Brown versus Board of Education era of legally mandated segregation, the goal of all decent people is the same: color blindness. As Martin Luther King was to put it so eloquently several years later:

> "I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character."

We all shared that dream of a color blind America, where success would be based on merit, not race, religion, gender, national origin, ethnicity, class, sexual orientation (this came a bit later) or any other irrelevant or invidious characteristic.

Our idol was Jackie Robinson, who by his skill, speed, grace and character broke down the color barrier and became the best player on our beloved Brooklyn Dodgers, leading his team to several pennants and its sole World Series championship (only to be unceremoniously traded to the hated Giants at the end of his career, a trade Robinson rejected by retiring with dignity).

At college my hero was Professor John Hope Franklin, the first African American to chair an academic department at a college that had not been historically Black.

At law school, two of my classmates were African-American twins, one of whom went on to become a judge on New York's highest court, the other of whom became a professor.

All that these heroes needed in order to achieve great success was the elimination of racial barriers – color-blindness. That had also been the case for Jews: as soon as religious barriers were dropped, Jews raced to the top of the legal, medical and academic professions. I believed that the same would be true of all victims of racial and other forms of discrimination. I really believed that all men and women were created equal. All they needed was equal opportunity and equal access to achieve equal outcomes. I believed it because I saw it with my own eyes—at least with regard to my heroes.

I participated in the civil rights movement in order to help to bring about racial equality – to make Martin Luther King's dream a reality.

During the 1950s and 1960s, there was little talk of race-specific affirmative action – of having positive, rather than negative, decisions based on the race of the person. It was enough, we believed, to eliminate race from decision making. The result, we believed, would be equal opportunity and success, as it had been for Jackie Robinson, John Hope Franklin, and my law school classmates.



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We were unaware of the pervasive poverty and deprivations – educational, economic, medical, nutritional – that would make real equality impossible, at least in the near term, for so many black people, even if legal inequalities were eliminated.

I should have known better even back then, especially after I twice travelled to the Deep South occasions during the turbulent years of the civil rights movement. My first trip was in the early 1960s as part of a student group that was trained at the Howard Law School to be "observers." During that short visit I had little direct contact with local Black residents of the South. I did meet several Black lawyers and civil rights workers, but they were generally from similar backgrounds to my own. My second trip was by myself in the early summer of 1965, when the Harvard Law School sent me to several historically black colleges in an effort to recruit students for a special program we had instituted to help prepare minority students for law school. I traveled to several Southern states and lived on the campuses of predominantly Black colleges for several days. There too I met college students and professors, many of whom came from middle class homes. I almost certainly met some students from deprived backgrounds, but they appeared, in the context of a campus setting, no different from students with middle class upbringings.

I also spent time at several southwestern colleges with Native American and Hispanic students. I had insisted that our recruitment efforts not be limited to African American students and that they should include other minorities and disadvantaged groups that sent few if any students to elite law schools. Even back then, I felt uncomfortable having any decisions, even affirmative ones, based on race alone. I believed then, and I believe now, that the ideal goal of affirmative action is to level the playing field by providing a current advantage to individuals who were subject to past disadvantages, in order to assure future equal opportunities to compete on the merits with advantaged individuals. That is the theoretical ideal – individual justice to assure that each person is judged by the quality of their character and other meritocratic criteria – but I soon learned that in practice group factors inevitably come into play. The real issue is how to strike the appropriate balance between the theoretical ideal and the practical necessities.

This issue came to the fore in a series of controversial Supreme Court decisions, in which I played different roles. The first was the case of DeFunis in 1974.[87] The second was the case of Bakke in 1997.

The DeFunis case was brought by a white applicant to the law school of the University of Washington, a state school, who had been rejected. He claimed that if he had been Black, he would have been admitted under the school's affirmative action program. The school did not dispute this claim, but argued that it had the right to try to achieve "a reasonably representation" of minority students.

The lower court ruled in favor of Marco DeFunis and ordered his admission. By the time the case reached the Supreme Court, he had nearly graduated and the school told the justices that he would be allowed to graduate even if the Supreme Court ruled against him. For that reason, the High Court dismissed the case as moot, thus postponing the decision as to whether it would uphold race-specific affirmative action programs. But Justice William O. Douglas, probably the

[87] DeFunis v. Odegaard, 416 U.S. 312 (1974).



HOUSE_OVERSIGHT_017378

court's most liberal member at the time, and a man who had grown up in Washington State, wanted to decide the issue. He wrote a dissenting opinion that represented the conventional liberal view with which I, and many in my generation, had been brought up. He argued that the equal protection clause does not:

> prohibit law schools from evaluating an applicant's prior achievements in light of the barriers that he had to overcome. A black applicant who pulled himself out of the ghetto into a junior college may thereby demonstrate a level of motivation, perseverance, and ability that would lead a fairminded admissions committee to conclude that he shows more promise for law study than the son of a rich alumnus who achieved better grades at Harvard. That applicant would be offered admission not because he is black, but because as an individual he has shown he has the potential, while the Harvard man may have taken less advantage of the vastly superior opportunities offered him. Because of the weight of the prior handicaps, that black applicant may not realize his full potential in the first year of law school, or even in the full three years, but in the long pull of a legal career his achievements may far outstrip those of his classmates whose earlier records appeared superior by conventional criteria.
>
> Such a policy would not be limited to blacks, or Chicanos or Filipinos, or American Indians, although undoubtedly groups such as these may in practice be the principal beneficiaries of it. But a poor Appalachian white, or a second generation Chinese in San Francisco, or some other American whose lineage is so diverse as to defy ethnic labels, may demonstrate similar potential and thus be accorded favorable consideration by the Committee.

Justice Douglas was, in fact, describing his own background in Washington State. His autobiography was informing his constitutional ideology, as is often the case. He then went on to distinguish the approach he described from the one employed by the University of Washington law school:

> The difference between such a policy and the one presented by this case is that the Committee would be making decisions on the basis of individual attributes, rather than according a preference solely on the basis of race.

He concluded therefore that since the "clear and central purpose" of the equal protection clause was to "eliminate all official sources of racial discrimination in the states," it follows that each applicant must be evaluated in "a racially neutral way:"

> There is no superior person by constitutional standards. A DeFunis who is white is entitled to no advantage by reason of that fact; nor is he subject to any disability, no matter what his race or color. Whatever his race, he had a constitutional right to have his application considered on its individual merits in a racially neutral manner.

Douglas thus rejected the schools efforts to achieve "representation" of minorities:



HOUSE_OVERSIGHT_017379

> The State…may not proceed by racial classification to force strict population equivalencies for every group in every occupation, overriding individual preferences. The Equal Protection Clause commands the elimination of racial barriers, not their creation in order to satisfy our theory as to how society ought to be organized. The purpose of the University of Washington cannot be to produce black lawyers for blacks, Polish lawyers for Poles, Jewish lawyers for Jews, Irish lawyers for Irish. It should be to produce good lawyers for Americans…

Justice Douglas' dissenting views quickly became the standard approach of old fashioned liberals committed to Martin Luther King's dream of a color blind America where every student was judged "not by the color of their skin" but rather by their individual achievements in light of the barriers they have had to overcome.

I became an active advocate for an aggressive affirmative action program at Harvard based on non-racial criteria. I participated in numerous campus and faculty meeting debates, and believed that I was on the side of the angels, favoring a system that would produce real diversity without violating the racial equality mandate of the constitution. And I had Justice Douglas on my side!

But not every liberal accepted Justice Douglas' race-neutral approach. Many Black leaders saw the issue not as one of individual rights, but rather as one of group aspirations. Blacks had a collective right, under thus view, to "reasonable representation" in the student bodies of universities and other institutions, both public and private. Some went so far as to argue for "proportional representation." This raised the spectre of "quotas," which might limit the number of those accepted or hired to their proportion of the population.

The fear of quotas or proportional representation increased as schools throughout the country adopted affirmative action programs with many different elements. Some contained "targets" for the number of admitted Blacks. Other had "floors." Non black students who were denied admissions to schools with such programs began to file lawsuits.

As these cases made their ways through the courts, a conflict arose between some leaders of the African American and Jewish communities. Most African American leaders were deeply committed to race-specific affirmative action programs that gave advantages to all Black applicants, regardless of their individual backgrounds. Most colleges preferred this group approach as well, since I was simpler and they preferred to admit wealthy, well educated, and privileged Black candidates over poorer, less well educated and more "difficult" inner-city Blacks. Derek Bok, first the Dean of Harvard Law School and then the president of Harvard University, candidly acknowledged that it was far easier to integrate African American graduates of Groten, Fieldston, and St. Paul's into Harvard than it would be to integrate inner city public school graduates. (GET BOK QUOTE)

Many Jewish leaders were worried that the hard-earned access of Jews to elite schools would be endangered by what they regarded as "racial quotas". They recalled, with bitterness, the "quotas" that had limited Jewish applicants to single digit "Jewish places" in college and university admissions. There is, of course, a difference between "floor quotas" and "ceiling quotas". Blacks were seeking a floor on the number of affirmative action admittees: no less than 10 or 15 percent.



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Jews had been subjected to "ceilings: no more than 7 to 8 percent. (When I started Yale Law School in 1959, I noticed that the university's motto was written in Hebrew—the biblical words "Urim V'Tomim." When I asked a friend who has graduated Yale College why Yale's motto was in Hebrew, he replied: "It's a test—if you can read it, you can't go here!") But in a zero sum game – which admissions surely are – floors can impose ceilings, especially if the Black percentage is taken from the Jewish percentage, as Jewish leaders feared was happening. This reality led to the famous "bagel" exchange:

> Dr. Chase N. Peterson, dean of admissions at Harvard, recently addressed a group of Jewish faculty members suspicious that Harvard had decided to reduce the number of Jews it would admit. Peterson averred that there is no particular "docket" or area of the country whose quota of admissions has been reduced. Rather, he said, it is "the doughnuts around the big cities," which are not as successful with the Harvard Admissions Committee as they used to be…"But now we have to be terribly hard on people with good grades from the good suburban high schools, good, sold clean-nosed kids who really don't have enough else going for them." The doughnuts, said Peterson, included such areas as Westchester County and Long Island, New York, suburban New Jersey, and Shaker Heights, Ohio. When he described these areas to the Jewish faculty members, the Crimson reports, one stood up and said, "Dr. Peterson, those aren't doughnuts, they're bagels."

After the account of this exchange appeared, I received dozens of letters and calls from indignant alumni and parents of applicants concerned that Harvard was returning to a quota system. These concerns increased when the Bakke case came to the Supreme Court and Harvard took the lead in defending race-specific affirmative action programs, such as the one it has adopted.

My brother, Nathan, was then working as the top lawyer for the American Jewish Congress, a generally progressive social action organization. He asked me to help draft an Amicus in the Bakke brief that presented the views of Jews who supported civil rights but who were concerned about the impact of race-specific affirmative action programs on Jewish applicants. It was a daunting task, requiring an exquisite balance.

The Bakke case involved a white applicant to the medical school at the University of California at Davis (also a state school). Allan Bakke had been denied admission, he claimed, based on his race. The California Supreme Court agreed with Bakke, ruling that the medical school's admission policy violated equal protection. The medical school sought and obtained review by the Supreme Court. This time there could be no claim of mootness, since Bakke was not completing his medical school education. The court would have to confront directly the divisive issue of race-specific affirmative action.

Our brief strongly supported affirmative action as a mechanism for remedying past "educational handicaps" and for assuring diversity among the student body, but we opposed the concept that every racial, religious or other group was entitled to proportional representation—or quotas:

> A society permeated by racial, ethnic, religious and sexual proportional representation



HOUSE_OVERSIGHT_017381

> would be something quite different from the America we have known. Far from being abhorrent, invidious and irrelevant, racial and ethnic classifications would be officially sanctioned and recognized in all walks of life; each professional or office holder would be regarded, and would regard himself, as a representative of the group from whose quota he comes; and individual aspiration would be limited by the proportionate size of the group to which the individual belongs.

We argued in favor of individualized preferences based on actual experiences:

> If individual blacks applying to Davis Medical School have suffered economic hardship because they encountered discrimination, attended segregated schools or lived in segregated neighborhoods, these facts could be brought to the attention of the Admission Committee and their records evaluated accordingly. Any other system of preferences based on mere membership in a group which, because of its color or physiognomy, has suffered discrimination can only result in a society in which race consciousness and partisanship become the significant operative forces and race prejudice, rather than being minimized, is legitimated.

We quoted several Black leaders, such as Roy Wilkins, who opposed proportional representation:

> . . . It is ridiculous for Negroes to claim that because they are 40 percent of the population, they should have 40 percent of the jobs, 40 percent of the elected offices, etc.
>
> This is self-defeating nonsense, for no person of ability wants to be limited in his horizons by an arbitrary quota or wants to endure unqualified people in positions that they fill only because of a numerical racial quota.
>
> . . . Such practices and, in fact, the whole black-tilted system are doing no favors to Negro applicants. God knows it is true that the cards have been deliberately stacked against blacks. Every feasible step, even those costing extra money, should be taken to correct this racialism.
>
> But there must not be a lowering of standards. Negroes need to insist on being among the best, not on being the best of the second- or third-raters. . . .

We urged the Court to require the medical school to develop an affirmative action program that was compatible with the dream of a color blind America:

> Schools may and, we think, should evaluate both grades and test scores in the light of a candidate's background; whether he came from a culturally impoverished home; the nature and quality of the schools he attended; whether family circumstances required him to work while attending school; whether he chose to participate in athletics, the orchestra, school newspaper, literary magazine, campus government; whether he had demonstrated a



HOUSE_OVERSIGHT_017382

> concern and interest in the broader community by political activity or volunteer work among the sick or underprivileged; and whether he had manifested leadership, industry, perseverance, self-discipline and intense motivation.
>
> …
>
> Moreover, if petitioner were to conclude that the medical profession as presently composed fails to serve the disadvantaged elements in society, then it could also consider whether applicants for admission, irrespective of race or ethnicity, manifest a genuine commitment to serve those groups currently lacking adequate service. Indeed, it could expressly offer special consideration in the admissions process to those who enter into a binding commitment to serve for a specified period in an urban ghetto, barrio or Indian reservation.
>
> All of these procedures would result in greater educational opportunities for members of our society's historically deprived minorities, as well as other applicants who are economically and culturally deprived; none of them would offend the Constitution. But what the school may not do, we submit, is to classify applicants for admission on the basis of race or ethnicity and so structure its selection process as to admit an essentially predetermined proportion of members of certain groups.

The Supreme Court's decision in Bakke accepted our argument against the sort of racial quotas employed by the medical school at issue, but it approved affirmative action programs, such as the one used by Harvard College, that vested enormous discretion in the Admissions Committee. A five person majority ruled that the type of admissions program used by Davis Medical School did not pass constitutional muster, while the type used by Harvard College does. Justice Powell, whose opinion contained the judgment of the Court, expressly singled out Harvard College for approval. He quoted extensively from the description of the Harvard program contained in the amicus curiae brief submitted by Harvard, Columbia, Stanford and Pennsylvania universities. Powell apparently found it easier to point to an existing system than to define the factors that would satisfy the constitutional and statutory standard (This reminded me of Justice Steward's "I know it when I see it" quip about hard core pornography.)

Powell's selection of Harvard College as a model for Davis Medical School was inapt, both because medical school admission is vastly different from college admission and because Harvard, with its vast applicant pool, is vastly different from Davis. But Powell had a good reason for pointing to the Harvard undergraduate admissions program: it is so vague and discretionary as to defy description. It reposes all decision making with a group of Platonic guardians whose task is to shape an entering class so as to maximize its diversity in certain unspecified ways. A Harvard admissions officer may be unable to define the factors that make a good candidate for admission, but is supposed to know a Harvard man or woman when he sees one.
The *Bakke* decision was thus a triumph of ambiguity and discretion over clarity and candor. Powell condemned Davis Medical School for reserving a discrete number of places in each class for disadvantaged members of specified minority groups, but he applauded Harvard College for employing a process that eschews "target-quotas for the number of blacks" but allows "the race



HOUSE_OVERSIGHT_017383

of an applicant [to] tip the balance in his favor just as geographic origin or a life spent on a farm tip the balance in other candidates' cases."

At bottom, Powell's opinion really said little about affirmative action as such. It simply delegated to universities the discretionary power to decide on the degree and definition of the diversity—including or excluding racial factors—that they feel enhance the educational experiences of their students.

The Harvard College description, as quoted in the Powell opinion, tells far from the whole story of Harvard's quest for diversity. It fails to disclose the enormous efforts that Harvard Colleges undertakes simultaneously to assure a certain kind of uniformity in its student body over time. Harvard (like many other Ivy League colleges) always has given great weight to genealogy—whether the applicant's parents or other family members attended or taught at Harvard. Since Harvard's past student and faculty bodies were anything but diverse, this "grandfather policy" guarantees a good deal of homogeneity over the generations of Harvard College classes, as well as homogeneity in a large part of any given class.

Mr. Justice Blackmun doubted whether there was much difference between the Davis and Harvard programs, commenting that the "cynical" may say that "under a program such as Harvard's one may accomplish covertly what Davis concedes it does openly." Justice Powell nowhere disputed this. His answer seems to be that even if both programs produce the same result, the Davis program—because of its explicit acknowledgment of racial quotas—"will be viewed as inherently unfair by the public generally as well as by applicants for admission…," whereas the Harvard program—with its vague consideration of many unquantified factors—will not be as grating to the public or to its unsuccessful applicants.

But there is one way in which the Harvard system is ultimately less fair than the Davis one. In order to receive special consideration under the discredited Davis program, an applicant had to be *both* individually disadvantaged *and* a member of a specified racial minority. Under the approved Harvard program, the applicant's race alone "may tip the balance" in his favor even if he is the scion of a wealthy and powerful family who attended the best schools and personally experienced almost none of the trauma of racial discrimination. (Indeed, today some applicants seek a double preference: as a disadvantaged black and as an advantaged offspring of a Harvard alumnus.) Harvard's program has the effect of preferring the wealthy and black applicant, for example, over the poor and disadvantaged black or white applicant. In practice, Harvard probably makes more turn on race alone than did Davis. But it does it with typical Harvard class: low-keyed, muted, and without displaying too much exposed skin. Moreover, the history of Harvard's use of "geographic distribution" as a subterfuge for religious quotas leaves lingering doubts about the bona fides of its alleged quest for diversity.[88]

It will be interesting to see whether the courts, in looking to the Harvard model for constitutional and statutory guidance, will limit themselves to the Harvard College admissions program as described by Justice Powell, or whether they will go beneath the placid surface and probe the

[88] The current dean of admissions at Harvard College genuinely seeks diversity and has worked hard to recruit inner city Blacks. But at the time of the Bakke decision this was not nearly as true.



HOUSE_OVERSIGHT_017384

more complex and troubling realities of the Harvard College program as it surely must operate in practice. (I have no inside knowledge of how the Harvard College admissions process actually works; my speculations derive from reading the newspapers and from having publicly debated several Harvard officials on the *Bakke* issue.)

For example, Justice Powell was anything but clear about the degree to which an applicant's race may be considered in university admissions decisions. At different points in his opinion, he articulates different formulations of the limits on explicit consideration of race in attempts to produce a diverse student body. He says that race must be "simply one element—to be weighed fairly against other elements—in the selection process"; that a school must place "all pertinent elements of diversity…on the same footing, for consideration, although not necessarily according them the same weight"; and that a school must "adhere to a policy of individual comparisons."

Let us assume that Blank University seeks diversity by trying to include musicians, farm boys, Oklahomans among its entering class, but that it does not instruct its admissions officers to aim for a specified minimum number of musicians, farm boys and Oklahomans in each entering class. May Blank University direct its admissions officers—either explicitly or implicitly—to make certain that the number of blacks or Chicanos should not go beneath a certain approximate percentage in the class? Would that put race on a different "footing" than the other elements of diversity?

The answer to that question may well turn on whether one looks for legal guidance to the description of the Harvard program as quoted in Mr. Justice Powell's opinion, or to the real world operation of the Harvard program as it probably works in practice. The following description certainly implies that race is not treated differently from other elements of diversity:

> "In Harvard College admissions the Committee has not set target-quotas for the number of blacks, or of musicians, football players, physicists or Californians to be admitted in a given year. At the same time the Committee is aware that if Harvard College is to provide a truly heterogeneous environment that reflects the rich diversity of the United States, it cannot be provided without some attention to numbers. It would not make sense, for example, to have 10 or 20 students out of 1,100 whose homes are west of the Mississippi. Comparably, 10 or 20 black students could not begin to bring to their classmates and to each other the variety of points of view, backgrounds and experiences of blacks in the United States. Their small numbers might also create a sense of isolation among the black students themselves and thus make it more difficult for them to develop and achieve their potential. Consequently, when making its decisions, the Committee on Admissions is aware that there is some relationship between numbers and achieving the benefits to be derived from a diverse student body, and between numbers and providing a reasonable environment for those students admitted.

A closer look at the admissions program in practice might well reveal that the Harvard admissions officers, though interested in assuring geographic, occupational and musical diversity, really pay little or no attention to numbers: it would be no great crisis if one particular entering class at Harvard College had few or even no violinists, Oklahomans, or farm boys. (Football quarterbacks or basketball centers might be another thing altogether.) But these very same admissions officers may well be under instructions—explicit or implicit—to pay close attention to the number of blacks so as to assure that the proportion does not fall below a certain approximate floor.



HOUSE_OVERSIGHT_017385

The issues raised by the Delphic decision in Bakke continue to challenge the courts and the constitution. As I write these words, the Supreme Court has agreed to review yet another affirmative action program. The issues may be similar to that raised in Bakke and subsequent cases, but the personnel on the court has changed. Stay tuned.

My principled opposition to race-based decision making has been softened somewhat by experience. I have seen it work in practice. First and foremost, it has helped produce a new generation of remarkable Black leaders, many of whom were my students and remain my friends and colleagues. This has changed the face of America – and the world. Second, it did not have the feared negative impact on the admission of Jewish students. Jewish leaders were appropriately concerned that the "Black places" would be taken from the hard-earned "Jewish places," because colleges like Harvard and Yale would never reduce the number of White Anglo Saxon Protestants, who were the "backbone" and the "heritage" of these schools. Well, that turned out to be wrong. There has been a significant decrease in the number of "WASPs" admitted to elite schools. The "donuts", it turns out, have not only been "bagels;" they have included white bread. Put another way, Jews have become WASPs, when it comes to admissions. Many Jewish applicants are now "legacies" who are given an advantage in admission. It may still be a bit more difficult, all things being equal, for a Jewish non-legacy applicant to be admitted, because all colleges seek "diversity", but the number of Jewish admittees remains high. So it has been a win-win, rather than a zero sum game, at least as far as Blacks and Jews are concerned. There may still be implicit ceilings for some Asian applicants to some schools, but that may be because there are so many qualified Asian-American applicants as well as applicants from many Asian countries. The donuts therefore include "nan" and dim sum.

My philosophy of life has always been that experience is the primary source of our morality – that rights come from wrongs. Rights also come from a recognition that they may not produce the wrongs that are feared. It should not be surprising therefore that based on experience I have changed my views somewhat on the propriety of race-based decisions. It would also not be surprising if, in the future, I changed my views again, as many African-Americans secure greater power, influence, and privilege in America. It may become necessary at that point – a point we may not have reached– to base affirmative action programs more on class and other relevant factors than on race alone.

In sum, therefore, my views regarding equality have not changed over the years, since equality is a principle and in my view an enduring and never changing goal. The means by which we seek to achieve the goal of equality will vary over time and place with experience. The ongoing experiment with various types of affirmative action programs will never provide a perfect solution to an extraordinary complex problem, but I believe we are moving in the right direction.



HOUSE_OVERSIGHT_017386

Chapter 17 The crumbling wall between church and state: from separation to christianization

The "equal protection clause" of our Constitution is not the sole mechanism for security equality. The clauses that require separation of church and state were designed, at least in part, to assure religious equality.

My first memory of being aware of the separation of church and state goes back to the 1950s, when the words "under God" were being added to the pledge of allegiance. The Yeshivas I went to as a kid were very patriotic. We recited the pledge at assemblies, and some teachers made us say it every day in class.

Most kids hate change, so when the two words were added, there was some grumbling, not because of the content of the words, but just because it was different from the way we always had done it.

I remember thinking about the meaning of the two new words. Under which God? Under whose God? Is there only one God that all American can pledge allegiance to or are there different gods that different religions worship? What about the Trinity? Is Jesus God? And what is that thing the Catholic kids call "the Holy Ghost?" Scary! But is it God too? Are Jews even supposed to say the word God (we were always taught to spell it, G-d)? Is Allah the same god as Elohim? What about Jehovah—the name we were absolutely prohibited from pronouncing?

These were precisely the sort of theological questions we were not supposed to be thinking about. We were supposed to do and not do—go to shul, don't eat shrimp—and to ask our Rabbi what to think about such esoteric issues. They know the religiously correct answer. Yet the addition of the two words to the pledge forced me not only to think about them but to try to place them in the context of my own role as a young Orthodox Jewish skeptic in a largely Christian America. Our school taught us that even though America was a majority Christian country, George Washington, in his famous letter to the congregants of the Truro Synagogue in Newport, had assured Jewish Americans that in this New Republic "It is now no more that toleration is spoken of, as if it was by the indulgence of one class of people that another enjoyed the exercise of their inherent natural rights." Here, all Americans "possess alike liberty of conscience and immunity of citizenship" because our government "gives to bigotry no sanction [and] to persecution no assistance."

These powerful words written by the father of our country were displayed on the bulletin board of our Yeshiva as if they constituted the Magna Carta for American Jews.[89]

Yet we saw bigotry all around us. We knew that no Jew had ever been elected president. No Jew had ever been the head of a major corporation or university. We knew that there were quotas limiting the number of Jews at most Ivy League colleges. Still, we believed that this was a land of opportunity and that we could do anything, within certain limits, and that even these limits were narrowing, though not yet disappearing.

[89] Most of the words were borrowed by Washington from the letter written to him by the Rabbi of the Truro Synagogue.



HOUSE_OVERSIGHT_017387

I also knew that our Constitution said some things about religion. In our Yeshiva we learned mostly about the First Amendment's protection of freedom of religion. But I started to read a little more about the Constitution and quickly learned that there were three references to religion in that great document of liberty. The first, in the body of the original Constitution, declared that "no religious test shall ever be required" for holding office under the United States. Wow, is this really true? I wondered, then why hasn't there been a Jewish president? And why is there only one "Jewish seat" on the Supreme Court? It sure sounded to me like religious tests were being applied in fact, although it was unconstitutional to do so. This got me to thinking about the difference between the law as written and practiced.

I also discovered that the First Amendment, in addition to guaranteeing freedom of religion, had an awkwardly phrased guarantee which I did not understand: "Congress shall make no law respecting an establishment of religion." There were two words I didn't understand. What does "respecting" mean? I had always used it to suggest a positive attitude—respect—toward others. Clearly it had a different meaning in the First Amendment, something like "regarding." Second, what did the word "establishment" mean? I simply had no idea and so I began to do some research. The answer was anything but simple and the meaning of the term is still not completely clear to me after 60 years of thinking, writing and teaching about it.

So there was some upside for me in the words "under God" being added to our pledge. It not only got me thinking, it got me arguing with my friends and even with some of my teachers. It's an ongoing argument…

The downside, which was evident to me even back then, was that whatever the words prohibiting an establishment of religion meant, they seemed incomparable with compelling every school boy to declare his belief in a God inserted into the pledge by Congress. So, although I believed in God (or more likely never thought about any alternative), I decided never to say the words. I continued to recite the old pledge, confident that it was I, and not those who amended the pledge, who were being patriotic and faithful to the meaning of our Constitution. I guess I was an early Originalist in that regard, since my reading suggested to me that Jefferson and Madison would not have approved of making young kids declare a belief in God.[90]

Flashing forward a generation, my oldest son Elon, had a similar epiphany in 1970, when my family moved to California for a year so that I could take up residency in The Center For Advanced Study of Behavioral Sciences at Stanford. We enrolled our kids in a Palo Alto Public School and my 8 year old son Elon got into trouble for refusing to recite the words "under God" in the pledge. When he came home from school, I asked him how come he had just noticed the words under God, since his elementary school in Cambridge also required periodic recitations of the pledge. He told me that we were at war in Vietnam and he thought the words—pronounced with a Boston accent—were "under guard." It was only a California teacher writing the words on the blackboard that revealed to him that he was being required to take a pledge that included God. By this time I knew that the Supreme Court had ruled that a religious objector could not be required to recite the pledge, because, as the justices put it:

[90] Nor would the composer of the original pledge who was an early socialist.



HOUSE_OVERSIGHT_017388

> "If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can…force citizens to confess by word or act their faith…"

Elon was excused from saying the words for the remainder of the year.

Elon suffered no adverse consequences from his religious dissent, but the same cannot be said for Susan Shapiro, a 17 year old high school senior in the Boston area. When she exercised her right not to participate in the pledge, her teacher said it was as if someone had spit on the Star of David. She was called names by fellow students and told to "go back to Israel." (She was born in America). I agreed to represent her and, after we threatened to bring a lawsuit; we got the school to permit her not to participate in the pledge and to inform the students that she was within her rights.

A few years later I was to become involved in a highly publicized case involving the right of a criminal defendant not to be discriminated against on account of his religion, even though he himself was accused of using his religion to defraud co-religionists. The case involved television evangelist Jim Bakker, who was married to the equally famous Tammy Faye Bakker. I was retained to argue his sentencing appeal, following his conviction for defrauding PTL ("Praise the Lord" and "People that Love") Club Lifetime Partners who had paid for homes in Heritage U.S.A.—a Christian family retreat—but were never able live in them. This is how the appellate court summarized the case:

> Bakker planned to finance these projects by selling lifetime partnerships [that promised] annual lodging in one of the Heritage Village facilities…Many of these partners drew on meager incomes to purchase Heritage Village lodging benefits. Appellant raised at least $158 million through the sale of approximately 153,000 partnerships with lodging benefits.
>
> Bakker promised television viewers that he would limit the sale of partnerships to ensure that each partner would be able to use the facilities annually. Appellant, however, oversold the partnerships…Bakker used relatively few of the funds solicited from the partners to construct promised facilities…Instead, Bakker used partnership funds to pay operating expenses of the PTL and to support a lavish lifestyle. This extravagant living included gold-plated fixtures and a $570 shower curtain in his bathroom, transportation in private jets and limousines, an air-conditioned tree house for his children and an air-conditioned doghouse for his pets. This combination of overselling partnerships and diverting partnership proceeds meant that the overwhelming majority of the partners never received the lodging benefits Bakker promised them.

After a lengthy and emotional trial, Bakker was convicted by a jury. The judge sentenced him to 45 years in prison. In imposing that lengthy sentence, the judge—the Honorable Robert Potter, known around the courthouse as "maximum Bob"—said the following:

> "He had no thought whatever about his victims, and those of us who do have a religion are ridiculed as being saps from money-grubbing preachers or priests."



HOUSE_OVERSIGHT_017389

Bakker wrote me a long handwritten letter from prison imploring me to join his appellate team and save him from a lifetime of imprisonment. There was not enough time before the appellate brief had to be filed for me to take over the entire appeal, but I was particularly appalled by the length of the sentence and the religiously discriminatory reason the judge gave for imposing it. I agreed therefore to brief and argue the sentencing issue on the appeal (a team of Texas lawyer had been retained long before to argue against the conviction).

This is how a New York Times journalist characterized the oral argument:

> Last June, barely a week before their brief was due, the Houston lawyers handling Mr. Bakker's appeal, Don Ervin and Brian Wice, learned that Mr. Dershowitz was joining their legal team. He was to handle only a small part of Mr. Bakker's appeal, concerning the 45-year sentence meted out by Judge Robert D. Potter. Mr. Dershowitz insisted he would remain in the background.
>
> But that, it turned out, was a bit like George Steinbrenner's saying "Yogi Berra is my manager for the rest of the year." In October, when the Bakker appeal was argued, it was around Mr. Dershowitz that everyone clustered…
>
> Even his co-counsel, two Texans schooled in a tradition of great oratory, were dazzled by what they saw in court. "It was kind of like watching a terrific maestro in front of an orchestra," Mr. Ervin said. Mr. Wice called the performance "mesmerizing" and added: "He looks like a schlep, wearing suits he could have bought in Filene's Basement, woolen socks, and shoes -- I don't know if they still call them Earth shoes. But the judges hung on every word he had to say and bought what he was selling."
>
> Nonetheless, Mr. Wice couldn't resist noting what he called Mr. Dershowitz's predilection for publicity. "I've discovered that the most dangerous place to be in the criminal justice system is not the Federal Penitentiary at Marion or the holding cell at the Tombs, but between Alan Dershowitz and a television camera."
>
> Mr. Dershowitz relished the chance to take on Judge Potter (nicknamed "Maximum Bob" for his harsh sentencing), with whom he'd tangled in a previous case. "This is a judge who doesn't understand the difference between a year and a decade, who always adds a zero to the sentence other judges would impose," Mr. Dershowitz said.

Jim Bakker did not have such nice things to say about his other lawyers:

> Alan Dershowitz did an outstanding job highlighting the errors in my case and in my sentencing. That same could not be said, however, of my Texas attorneys' attempt to contest the merits of the case. Their arguments were confusing and unconvincing. At one point they implied to the judges that I had not intended to defraud the PTL Partners, merely deceive them. "You can intend to deceive but not intend to defraud," my lawyer said. "It is not against the law in this context to deceive. Of course, I had intended to do



HOUSE_OVERSIGHT_017390

> not such thing—defraud or deceive the PTL Partners! That was the last day the Texas firm worked as part of our legal team.

We waited several months for the decision. Finally, it was released. The Court of Appeals ruled that the conviction was valid but the 45 year sentence was not. In vacating the sentence, the court established a powerful precedent against a judge using his own religious beliefs as a factor in determining the degree of punishment. This is what they said about the role of religion in sentencing:

> Courts have held that sentences imposed on the basis of impermissible considerations, such as a defendant's race or national origin, violate due process. [W]e believe that similar principles apply when a judge impermissibly takes his own religious characteristics into account in sentencing.
>
> Courts… cannot sanction sentencing procedures that create the perception of the bench as a pulpit from which judges announce their personal sense of religiosity and simultaneously punish defendants for offending it. Whether or not the trial judge has a religion is irrelevant for purposes of sentencing. Regrettably, we are left with the apprehension that the imposition of a lengthy prison term here may have reflected the fact that the court's own sense of religious propriety had somehow been betrayed.

The court vacated the sentence "with genuine reluctance" because they believed Bakker was indeed guilty:

> Yet, the fact remains that this case involves the explicit intrusion of personal religious principles as the basis of a sentencing decision. [O]ur review of the sentencing transcript reveals comments that are, in the end, too intemperate to be ignored. Because an impermissible consideration was injected into the sentencing process, we must remand the case [to a] different district judge to ensure that the ends of due process are achieved.

This was precisely the result we asked for: resentencing by a judge other that Maximum Bob, who surely would have imposed the same sentence without referring to his religion. The new judge eventually reduced the sentence to 8 years and Bakker was released after serving 4.5 years—quite a reduction from the 45 years originally imposed by Maximum Bob.

Following our victory in the Jim Bakker sentencing appeal, Tammy Faye Bakker declared the judicial ruling "a great victory for Christianity." I responded that "the fact that a Jewish lawyer helped bring that about must show that it was a great victory for all Americans." The New York Times reported further on her reaction to our victory.

> Tammy Faye Bakker says Mr. Dershowitz has singlehandedly restored her faith in lawyers. "Jim and I are really sold on him and think he's the greatest," she said. "He certainly is worthy of every penny he makes." (In fact, his bill was $20,000, contributed largely by the Bakkers' backers.)



HOUSE_OVERSIGHT_017391

> Mrs. Bakker has yet to make Mr. Dershowitz's acquaintance. But she said she went right out to watch "Reversal of Fortune" and added, "Every time he's on, I run to the television."

> "One of my biggest desires now is to meet him," she went on. "He's our kind of people, a real down-to-earth, nice man."

Eventually, I did meet her. She kissed and hugged me and repeatedly blessed me in the name of Jesus. When she kissed me, so much of her makeup came off on my face that it took me several minutes and some hard scrubbing to remove it.

Several weeks later, I received a gift in the mail from Tammy Faye. It was a Passover Haggadah—the prayer book that is read at the Seder. We have a large collection of Haggadahs, some dating back hundreds of hears, many with beautiful illustrations of the Passover story. At our ecumenical Seder, which usually includes several dozen guests of all religions—we once invited Anwar Sadat's daughter—we distribute the different Haggadahs among the participants, and each one reads a passage in the English translation. I try to make the passage selected for each guest relevant to their background. I purposely gave the Bakker Haggadah to a friend who reads very expressively and who focuses more on his delivery than on the content. He began to read about the reasons we eat matzo on Passover.

> "This is the bread of affection that the people of Israel had to eat when they fled from Egypt."

So far so good. But then, it went on to describe why matzo had small holes:

> "The holes in the matzo represent the wounds on the body of our Savior, Jesus Christ, who in his body was punctured during his crucifixion."

Not in the traditional Jewish Haggadah! Tammy Faye had sent me a Christian Evangelical rip-off of the Haggadah designed for use at Seders conducted by Jews for Jesus. I had perused it before distributing it to my friend to recite, so I knew what it contained. We all had a great chuckle at what Tammy Faye regarded as an appropriate gift for liberating her husband from bondage.

These stories and cases vindicating both freedom of, and freedom from religion, highlight one of the great ironies of the American experiment with separation of church and state. And it was surely an experiment. Ours was the first nation in the history of the world to separate religion and government, at least in theory. Our constitutional provisions remain among the strongest in the world. Yet we are the most religious democracy on the face of the earth. More Americans believe in God and go to houses of worship than in any other democracy. No Atheist and Agnostic can be elected to high office (though that was probably not always the case.) Indeed, in order to get elected, a candidate must loudly and repeatedly proclaim a deep belief in God and a strong commitment to "faith" (which has become the new political buzz word).



HOUSE_OVERSIGHT_017392

Is this an irony, or is there a causal connection between our constitutional separation of church and state and the high level of religiosity among our people? I believe the latter is the case.

The original theory behind the metaphor of "the wall of separation" was to protect the holiness of the church from the corrupting influences of the secular state. Roger Williams, who is credited with coining the metaphor, was a 17th Century Baptist minister in Providence, Rhode Island. He insisted that a "hedge or wall of separation between the garden of the church and the wilderness of the world" was necessary to protect religion, as well as to assure freedom of conscience. And this wall has worked wonderfully to do both.[91]

Churches are thriving in America, unlike in most European countries that have long traditions of established churches. When the state supports churches, resentment against government, which is inevitable, spills over to religion. Consider Israel, whose citizens are far more secular on average than Americans. Many Israeli Jews resent religion because the Rabbis have too much influence over marriage, divorce and other aspects of daily life. This turns people against religion. Israel does not have an established religion, despite its being a "Jewish state." Muslim and Christian Israelis, who comprise nearly a quarter of the population, have equal status and equal rights, or at least as a matter of law, but Conservative and Reform Jews do not. Within the Jewish religion, Orthodoxy is the established branch. This has caused enormous resentment—against both the state and the synagogue—by reform, conservative and secular Jews and have driven many of them away from religion. In the U.S., on the other hand, resentment against the government (Congress' approval rating is always quite low) does not translate into resentment against the churches. To the contrary, cynicism about politics, may well drive some people toward greater commitment to their churches.

I believe, therefore, that perhaps the single most important guarantee in our Constitution is one that is not explicitly enumerated: the separation of church and state. Although those words do not appear in either the body of the Constitution or in the First Amendment, there can be no doubt that the founding fathers constructed a system of checks and balances that required such separation. Without it, the church (representing organized religion) could not serve as an effective check on the secular excesses of the state; nor could the state serve as an effective check on the excessive involvement of the church in the business of governance and on the rights of religious and non-religious dissenters. The marvel of our unique system of checks and balances, is that is does not simply involve each branch of government—executive, legislative and judicial—checking on the others; it also encourages—through the freedoms guaranteed by the First Amendment—other institutions to serve as checks on the government. In addition to the churches (broadly defined to include all religious institutions), these include the media, the academy, the business community, and especially the "people" who have the right to vote, to assemble and to petition for a redress of grievances.

Just before the 50th Anniversary of the Declaration of Independence—the day on which two of its primary authors, Jefferson and Adams, both died—Jefferson wrote the following about the purpose of Declaration:

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[91] The irony is that the wall was essentially a contribution made by Baptists to America, is now being attacked by many Baptists.



HOUSE_OVERSIGHT_017393

> "May it [the Declaration of Independence] be to the world, what I believe it will be (to some parts sooner, to other later, but finally to all), the signal of arousing men to burst the chains under which monkish ignorance and superstition had persuaded them to bind themselves, and to assume the blessing and security of self-government. That form which we have substituted, restores the free right to the unbound exercise of reason and freedom of opinion. All eyes are opened, or opening, to the rights of man. The general spread of the light of science has already laid open to every view the palpable truth, that the mass of mankind has not been born with saddles on their backs, nor a favored few booted and spurred, ready to ride them legitimacy, by the grace of God.

Jefferson, who himself believed in the God of Deism—that is a non-Biblical, not Judeo Christian diety—saw the Declaration as freeing Americans (and hopefully the rest of the world) from the stifling influence of the church ("monkish ignorance and superstition") and encouraging "the free right to the unbound exercise of reason and freedom of opinion."

Even earlier, Jefferson, while President, had written to the Danbury Baptist Association, describing that the "act of the whole American people which declared their legislature should 'make no law respecting an establishment of religion, or prohibiting the free exercise thereof, [as] thus building a wall of separation between church and state."

Even earlier, while Adams was president and Jefferson Secretary of State, they jointly signed a treaty, ratified by the Senate, with the Barbary regime in Tripoli, that stated unequivocally that "the government of the United States is not in any sense founded on the Christian religion." (emphasis added).

It is difficult, therefore, for any reasonable person, especially anyone who gives weight to the original understanding, to dispute Jefferson's conclusion that the First Amendment built a wall of separation between church and state and that our state is not based on the Christian religion.

Despite this wall of separation guaranteed by our Constitution and despite the unambiguous statement in the early American treaty, approved by two of our most influential founding fathers, there are those who continue to insist that the United States is a Christian nation, as a matter of law. I became personally involved in this divisive controversy in 1988, when the Republican Party of Arizona proposed the enactment of a resolution declaring the United States to be "a Christian nation…based on the absolutes of the Bible."

The leader of the group (characterized by the late Arizona Senator Barry Goldwater as a "bunch of kooks") wrote to Justice Sandra Day O'Connor on the United States Supreme Court asking her to support their efforts.

> "Republicans are making some interesting advances in this heavily controlled Democratic area. Some of us are proposing a resolution which acknowledges that the Supreme Court ruled in 1892 that this is a Christian nation. It would be beneficial and interesting to have a letter from you."



HOUSE_OVERSIGHT_017394

Despite the crass partisan political objective of the undertaking and its utter incompatibility with the Constitution O'Connor had sworn to uphold, she agreed to help, writing the following letter for publication:

> "You wrote me recently to inquire about any holdings of this Court to the effect that this is a Christian nation. There are statements to such effect in the following opinions: Church of the Holy Trinity vs. United States; Zorach vs. Clauson; McGowan vs. Maryland."

Not only was O'Connor wrong to write any letter in support of this unconstitutional, partisan, kooky proposal, she was wrong on the law, wrong on the facts and wrong on her history. First of all, if this were a "Christian" nation, its form of Christianity would be decidedly Protestant. Catholics would be second class citizens. Indeed our Constitution, and the earlier Declaration of Independence, were designed, at least in part, to protect Americans from the influence of the Catholic Church, which was reviled by many of our founding fathers, including Adams and Jefferson. ("Monkish ignorance" was a clear reference to the Catholic Church.)[92] Second, there are no such "holdings." Third, the first case she cited (which had long ago been discarded, if not overruled) contained—in dictum—some of the most bigoted language in Supreme Court history by one of the most bigoted Justice in its history, David Brewer.

Brewer's dictum, in an obscure immigration case, declared "Mohomet" and "the Grand Lama" to be "imposters." In his other writings and speeches, he decried the evil of Mormonism and other non-Christian faiths. He was an anti-Catholic bigot and an anti-Semite, as well as a racist and segregationist. He believed that we were a white Protestant nation and he smuggled the concept of a "Christian nation" into dictum not even in a case that did not even raise the issue.

When, in 1892, Brewer wrote the disgraceful and bigoted opinion cited by O'Connor, the U.S. was, demographically, a white Protestant Christian nation. The nation's demography changed dramatically in the nearly a century between that decision and O'Connor's letter. And the law reflected that change.

Since 1892, the court has not referred to this nation as "Christian" or "Protestant." Indeed, the justices have gone out of their way to be inclusive. For example, when Justice William O. Douglas sustained a New York program permitting public school students to be released for an hour each week for religious instruction, he specifically gave as an example of religious accommodations "a Jewish student [asking] his teacher for permission to be excused for Yom Kippur." Yet this was one of the decisions miscited by Justice O'Connor as containing statements to the effect that this is a Christian nation.[93]

When her letter was disclosed, Justice O'Connor issued a statement regretting that it has been "used in a political debate," and the Supreme Court media office said that O'Connor "had no

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[92] Cite Jefferson

[93] In at least one, a justice said—in passing—that "we are a Christian people." But he then quickly added in the same sentence that we are a people who accord "to one another the equal right of religious freedom" (emphasis added). *United States v. MacIntosh*, 283 U.S. 605, 625. Justice Holmes, Brandeis Stone, and Hughes dissented. Justice O'Connor failed to mention this case.



HOUSE_OVERSIGHT_017395

idea" that the letter would be used politically. But that simply isn't true, since the request to Justice O'Connor—stating that it would be "beneficial" to have a letter from her as part of a Republican proposal to enact a Christian Nation resolution—made it clear that she was being asked to write her letter specifically for use in a political campaign.

When I got wind of Justice O'Connor's letter, I wrote a scathing op ed for the New York Times criticizing her judicial ethics as well as her miscitation of the law.

> Justice Sandra Day O'Connor has again deplorably allowed her name and judicial office to be used for partisan political purposes.
>
> In 1987, she agreed to conduct a "private briefing" in the Supreme Court for Republicans who contributed at least $10,000 to a political-action group. She canceled it after leading ethics experts publicly criticized her actions as violating the Code of Judicial Conduct - but not until after her name had been used in the fund-raising solicitation.
>
> Justice O'Connor recently complied with a request from an arch-conservative Arizona Republican friend who had asked her to write a letter in support of a proposed party resolution declaring the United States to be "a Christian Nation . . . based on the absolute law of the Bible."
>
> …

I then described what she had done and the phony excuse she had offered in defense: that she "had no idea" her letter would be used politically. My op ed concluded:

> Not only was Justice O'Connor's letter used in that [political] campaign, its miscitation of cases was relied on in the resolution enacted by the Arizona Republican Party. That resolution begins, "Whereas the Supreme Court of the United States has three holdings to the effect that this is a Christian nation . . . ." It then cites the decisions provided by Justice O'Connor and declares that we are "a Christian Nation," and that the Constitution created "a republic based upon the absolute laws of the Bible, not a democracy."
>
> Justice O'Connor has twice given aid and comfort to partisan Republican causes. Both times her regrets came too late and only after public criticism. She has twice allowed her name and judicial office to be used improperly. She has twice violated the Code of Judicial Conduct, which unambiguously directs sitting judges to refrain from political activity, including "making speeches for a political organization" and participating in political fund raising.
>
> A seat on the Supreme Court does not exempt a Justice from complying with the rules of the profession. Justice O'Connor must remember that her allegiances are no longer to a particular wing of the Arizona Republican Party but to all Americans, regardless of party affiliation, region or religion.

I was told by several law clerks that after my op ed appeared, she was deeply embarrassed by what she had done and has not repeated the errors of her way during her subsequent years of service on the Court.



HOUSE_OVERSIGHT_017396

Justice O'Connor was not, of course, the first (or the last) public office to use Christianity in the of partisan politics. The issue got so bad during the 1984 presidential race that Walter Mondale found it necessary to remind Ronald Reagan that in the United States the president, unlike the queen of England, is "not the defender of the faith" but rather the "defender of the Constitution."

In 2012, A Republican candidate for President, Rick Santorum, said that the concept of an absolute separation of church and state, as articulated by John Kennedy when he was running for president, "makes me want to throw up." Other candidates, though expressly themselves less graphically, have also railed against the separation of church and state. "Faith" has become synonymous with "values" in the minds of many although there is absolutely no correlation. Indeed, the "values" espoused by people who would impose their faith on others are highly questionable. They include denying gays the equal protection of the law, denying women (and young girls) the right to choose abortion, and sometimes contraception, even in compelling cases; and, often, other conservative political "values" that have nothing to do with religion, such as low taxes, the right to bear arms, the death penalty and widespread censorship. The debates over these issues, especially gay rights and the right to choose abortion, have become wedge controversies that are unduly influenced by the churches in violation of the spirit, if not the letter, of our Constitution.

The rights of gays to absolute equality

When I was growing up, it was impermissible to use any words that were demeaning to African Americans (who we called Negroes or colored), to other religions or ethnic minorities (except for the Germans and Japanese during World War II) or to women. But insulting gay boys (we had no idea there even were lesbians) was perfectly acceptable. Indeed, we commonly used "the F word" to insult non-athletic classmates or effeminate-looking boys. We never actually met a real live homosexual (at least to our knowledge) but we knew there was "something wrong" with anybody who was sexually attracted to people of the same gender.

Our bigotry was not religiously based, though we knew that the Bible prohibited sex between men (perhaps the Bible's authors, like us, had no idea there were lesbians). We just didn't like "homos." It was as simple as that. You really do have to be taught to hate (as said the words of a song from a show popular back in the day.) And we were taught to treat all people, except gays, equally.

It's very different among today's youth, at least in parts of the world that I frequent. Most young people I encounter can't even understand why anyone would discriminate against someone based on his or her sexual orientation or preference.

Today, the discrimination does seem religiously based, at least to a significant degree. The Bible is frequently cited as the authoritative source for condemning homosexuality, and the sanctity (a religious term) of marriage between a man and a woman serves as the primary basis for opposition to gay marriage.



HOUSE_OVERSIGHT_017397

Since my youth, the movement toward full equality for gays has made great strides, despite continuing religious objection from some church groups and some Orthodox Jews. The fact that many churches, as well as conservative and reform Judaism, support equality has muted the impact of the religious right somewhat on this issue. Before long, I predict, it will not be an issue for most Americans.

In 2003, during the beginning of the presidential election season, the Supreme Judicial Court of Massachusetts rendered the first-in-the-nation decision declaring it unconstitutional to limit marriage to heterosexual couples. This decision was truly a knife that cut both ways: it was a Magna Carta for gay and lesbian couples, but it was also a boon to social conservative candidates who could use it as an important part of their appeal to the majority of Americans who then believed that marriage should be reserved for heterosexual couples.

I decided to write an op ed that would seek to eliminate gay marriage as "a wedge issue" in the upcoming political campaign. In it, I argued that if marriage is indeed sacreda divine, a blessed sacrament between man and woman as ordained in the Bible, it would follow that the entire concept of marriage has no place in our civil society, which recognizes the separation between the sacred and the secular, between church and state. Just as the state has no role in baptisms, circumcisions or other religious rituals, it should play no role in sacred marriages.

The state is, of course, concerned with the secular rights and responsibilities that are currently associated with the sacrament of marriage (as it is with the safety of baptisms and circumcisions): the financial consequences of divorce, the custody of children, Social Security and hospital benefits, etc.

The solution I proposed is to unlink the religious institution of marriage -- as distinguished from the secular institution of civil union -- from the state. Under this proposal, any couple, regardless of gender, could register for civil union, recognized by the state, with all its rights and responsibilities.

Religious couples could then go to the church, synagogue, mosque or other sacred institution of their choice in order to be married. These religious institutions would have total decision-making authority over which marriages to recognize. Catholic churches would not have to perform or recognize gay marriages. Orthodox Jewish synagogues would not perform or recognize a marriage between a Jew and a non-Jew who did not wish to convert to Judaism. And those religious institutions that chose to perform or recognize gay marriages could do so. It would be entirely a religious decision beyond the scope of the state.

Under this new arrangement, marriage would remain a sacrament, as ordained by the Bible and as interpreted by each individual church. No secular consequences would flow from marriage, only from civil union.

In this way, gay couples would win exactly the same civil rights as heterosexual couples in relationship to the state. They would still have to persuade individual churches of their point of view, but that is not the concern of the secular state.

Not only would this solution be good for gays and for those who oppose gay marriage on religious grounds, it would also strengthen the wall of separation between church and state by



HOUSE_OVERSIGHT_017398

placing a sacred institution entirely in the hands of the church while placing a secular institution under state control. Roger Williams and Thomas Jefferson would surely have approved.

Although this proposal may sound radical, it does not differ fundamentally -- except for labels -- from the situation that exists in many states today. Throughout the United States, couples have the option of being married civilly by going to town halls or to a justice of the peace and simply signing a marriage certificate. They also have the option of going to a church, synagogue or mosque and being married in a religious ceremony. So most Americans already have the choice between a sacrament and a secular agreement ratified by the state.

All that would be different would be the name we give the secular agreement. The word "marriage" would be reserved for those who chose the religious sacrament.

Though some traditionalists would be certain to balk at an explicit division between marriage and civil union, a majority of Americans already agree that gay couples should be allowed to join in secular unions with the rights and responsibilities that generally accompany marriage.

I concluded my op ed as follows:

> So let each couple decide whether they want to receive the sacrament of marriage or the secular status of civil union. And let the state get out of the business of determining who should receive holy sacraments.

My column was widely circulated and generated an enormous debate. I was invited to appear on television and radio shows, where extremists on both sides pilloried me: gay activists for not going far enough; religious anti-gay activists for going too far.

Shortly after my column appeared, I received a phone call from the then Governor of Massachusetts, Mitt Romney, who told me that he found my idea interesting and asked me to draft legislation that he might consider proposing in order to break the deadlock. I drafted the legislation, but never heard back from the governor, who by the time I submitted it, had announced his candidacy for President of the United States. He was almost certainly fearful of the pushback he would get from the religious right—whose votes he needed to be nominated—if he were seen as favoring anything that even resembled gay marriage.

Since that time, several states have adopted gay marriage or civil unions and the trend is clearly in the direction of full equality for gay men and women. I predict, based on the reaction of my current students to this issue, that the next generation will not even understand why earlier generations took so long to recognize equality for gays.

A woman's right to choose abortion

As easy as the resolution of the gay marriage issue would be under our Constitution—full equality either in marriage or civil unions for all—that's how difficult it is to resolve the abortion issue as a



HOUSE_OVERSIGHT_017399

matter of Constitutional law. Politically I have always supported a women's right to choose abortion, since I do not regard an early term fetus as a human being for purposes of the abortion debate. For me the decision to abort is very much a matter of degree and the women carrying the child should have primary responsibility to make that decision. But as a matter of constitutional law, I find little basis in either the right of privacy or the right to equal protection that would grant a women the right to terminate her pregnancy, particularly as the fetus comes closer to viability. The law must always make arbitrary judgments—an 18 year old may vote but a 17 year old may not, a 34 year old may not run for president, but a 35 year old can—and the judgment as to when a fetus becomes a human being in highly arbitrary. Most legal systems establish exit from the birth canal as the moment of humanity but a 9 month old fetus in the womb is biologically indistinguishable from a fetus that has just exited the womb. (Indeed when kangaroos exit from the womb, it is only a temporary condition and the joey returns periodically to the mother's external womb for nourishment.) The fetuses is as viable at 9 months as at 9 and a half, but distinctions must be made by the law.

The question of when life begins is somewhat more arbitrary than the related question of when life ends. But even the latter question is subject to disagreement as the cases involving "pulling the plug" demonstrate.

The religious component in the abortion debate is quite pronounced. For a believing Catholic, and for some Protestants, life begins at conception. If I believed, as some do, that abortion is the killing of a human being with a soul, I would probably be marching in front of abortion clinics to stop the murder of innocent babies. The fact that I don't believe this is largely a matter of my upbringing, most particularly my religious training. It is not a matter of absolute "truth." Some scholars, believe that they can demonstrate, as a matter of philosophical truth, that the Catholic position is wrong. I think that is the height of arrogance. Nor am I convinced by the faulty argument, offered by some, that if Catholics really believed that fetuses were human beings, they would punish abortion by the death penalty and the fact that they don't proves, under this view, that they don't really believe that fetuses are human beings. This argument is preposterous on its face, for several reasons. First, some religious extremists do believe that abortion should be punished by death. Indeed, they have killed abortion doctors. Second, some Catholics are opposed to the death penalty even for murder. Indeed, that is the official position of the Vatican. Third, one can believe that abortion is murder and yet understand that there may be mitigating factors.

Following the Supreme Court infamous decision in Bush v. Gore, essentially handing the 2000 Presidential election to George W. Bush, I wrote a book (Supreme Injustice) in which I argued that "the seeds" of Bush v. Gore "were planted by the campaign to constitutionalize a woman's right to choose abortion."

I argued that the abortion issue is quintessentially political. It involves a clash of ideologies, even world views. Unlike the issue of equality for gays or state-enforced racial segregation, the controversy over abortion has no absolute right and wrong, either morally or constitutionally. Virtually everyone today acknowledges that segregation was both immoral and unconstitutional. All it took was a strong push by a unanimous Supreme Court to set in motion a process that was ongoing in most other democracies throughout the world, but that had gotten stuck in the United



HOUSE_OVERSIGHT_017400

States because the channels of democracy had been blocked by malapportioned legislatures and other perversions of the democratic process. Over a period of years, the Supreme Court placed its moral imprimatur on desegregation and eventually unblocked these channels of democracy. It worked – not perfectly, but perfection is rarely possible in a heterogeneous and divided democracy. A similar process is today underway with regard to equality for gays.

Abortion is different. The Supreme Court's decision, now more half a century old, changed few minds on this issue, because those who believe that abortion – or certain kinds of abortion – is tantamount to murder are not like those who believed that segregation was right. The former believe that they occupy the moral high ground. And they do, if their underlying premise – that a fetus is a human being – is correct. No rational argument, whether made by philosophers or Supreme Court justices, will ever disprove the truth of that *a priori* premise. Nor will experience alter it, unlike views concerning segregation or gay rights which have been markedly changed by experience.

Moreover, the nation was – and remains – closely divided about the morality of abortion, both in the abstract and under various circumstances. Advocates of a woman's right to choose abortion could have organized politically to win that right (at least for most women under most circumstances) in the elected branches of government. According to the ACLU:

> Between 1967 and 1971, under mounting pressure from the women's rights movement, 17 states decriminalized abortion. Public opinion also shifted during this period. In 1968, only 15 percent of Americans favored legal abortions; by 1972, 64 percent did. When the Court announced its landmark 1973 ruling legalizing abortion in *Roe v. Wade,* it was marching in step with public opinion.

But it is not the proper role of the Supreme Court to march "in step" with public opinion. That is the role of the elected branches of government. Instead of devoting all their resources to continuing the legislative and public opinion battle, the pro-choice movement devoted much of its resources to the litigation option, whose goal it was to get the Supreme Court to constitutionalize a woman's right to choose abortion. It worked as planned, thus sparing the pro-choice movement the difficult political task of organizing and fundraising on a state-by-state basis. The justices did the work for them, by simply striking down most abortion laws in one fell swoop.

The short-term consequences of constitutionalizing the abortion issue were powerful and positive for the choice movement. The long-term consequences were disastrous. *Roe v. Wade* provided the Religious Right and the conservative wing of the Republican Party one of the best organizing tools and rallying cries imaginable. The right-to-life movement was energized by this decision and became one of the most potent political forces both nationally and in a large number of states. At the same time, the pro-choice movement became lethargic, celebrating its great judicial victory and neglecting the hard work of organizing and fundraising – at least in the beginning. As the ACLU has put it:

> … the backlash was swift and fierce. Anti-choice forces quickly mobilized, dedicating themselves to reversing *Roe.* In 1974, the ACLU established its



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Reproductive Freedom Project to advance a broad spectrum of reproductive rights.

Litigation continued to be the weapon of choice in this battle.

*Roe v. Wade* helped secure the Presidency for Ronald Reagan, by giving him a "free" issue. It was free because he – and other "pro-life" Republicans – could strongly oppose all abortion without alienating moderate Republican women and men who favored a woman's right to choose but felt secure in the knowledge that the Supreme Court would continue to protect that right, regardless of what Reagan and others said or did. Abortion thus became the most important issue for right-wing religious zealots and a marginal issue for moderate Republicans who favored a woman's right to choose but who also supported the Republican economic and other programs. This helped to destroy the moderate wing of the Republican Party (the so-called Rockefeller Republicans) and drove former moderates such as the elder George Bush to the right. (He started as a pro-choice Republican and ended up as a pro-life Republican whose hands were tied by the Supreme Court.)

At bottom *Roe v. Wade* and *Bush v. Gore* represent opposite sides of the same currency of judicial activism in areas more appropriately left to the political processes. Courts ought not to jump into controversies that are political in nature and are capable of being resolved – even if not smoothly or expeditiously – by the popular branches of government. Judges have no special competence, qualifications or mandate to decide between equally compelling moral claims (as in the abortion controversy) or equally compelling political claims (counting ballots by hand or stopping the recount because the standard is ambiguous). Absent clear governing constitutional principles (which are not present in either case), these are precisely the sorts of issues that should be left to the rough-and-tumble of politics rather than the *ipse dixit* of five justices.[94]

There are, of course, considerable differences between *Roe v. Wade* and *Bush v. Gore.* No matter how critical one may be of *Roe,* no one can accuse the justices who voted for it of being politically partisan, as were the 5 Republican justices were voted to step the recount and hand the election over the candidate and party for whom they had voted.

Though equality for gays and the right of a woman to choose abortion are the prime wedge issues that today divide the religious right from the rest of the country, there are other issues that also divide the country along religious lines. Some involve religion directly, such as prayer in the public schools, the right of religious groups and persons to be exempted from laws of general application, and religious discrimination—in law or in fact—against atheists, agnostics or members of unpopular religions or "cults."

The difficult question of how to balance freedom of religion with the equally important freedom from religion—the two sides of the First Amendment coin—is never going to be neatly resolved in a pluralistic democracy; it is an ongoing tight rope walk that requires sensitivity from all sides. It also requires a Supreme Court willing to buck popular pressures in this highly sensitive area that the framers of our Constitution deliberately removed from majoritarian politics. Most

[94] Whether the same is true of the debate over capital punishment is a more complex issue, because of the unfairness and inequality in administering the death penalty.



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importantly, it requires a collective decision by public officials of all political stripes to agree to stop running as defenders of the faith and to end the contest over who is more religious or committed to "faith." Religion and faith, as Jefferson recognized, are private matters and no one should be judged based on their "religious opinions, any more than [their] opinions in physics or geometry." With this in mind, let me end this chapter with my own "Ten Commendments" (a commandment is a cross between a "commandment" and an "amendment" that I would "commend" candidates for following:

1. Do not claim God as a member of your party or that God is on your side of an issue.
2. Do not publicly proclaim your religious devotion, affiliation, and practices, or attack those of your opponents.
3. Do not denounce those who differ with you about the proper role of religion in public life as antireligious or intolerant of religion.
4. Do not surround your political campaign with religious trappings or symbols.
5. Honor and respect the diversity of this country, recalling that many Americans came to these shores to escape the tyranny of enforced religious uniformity and, more recently, enforced antireligious uniformity.
6. Do not seek the support of religious leaders who impose religious obligations on members of their faith to support or oppose particular candidates.
7. Do not accuse those who reject formal religion of immorality. Recall that some of our nation's greatest leaders did not accept formal or even informal religion.
8. Do not equate morality and religion. Although some great moral teachers were religious, some great moral sinners also acted in the name of religion.
9. When there are political as well as religious dimensions to an issue, focus on the political ones during the campaign.
10. Remember that every belief is in a minority somewhere, and act as if your belief were the least popular.



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## Chapter 18: From Human Right to Human Wrongs: How the hard left hijacked the Human Rights Agenda

The United States Constitution guarantees equality under American law, but the vast majority of the world's population has no such legal protection. Human rights are not limited by geographic or political borders. They apply, at least in theory, to all human beings, regardless of nationality, race or religion. I have devoted much of my life to trying to turn theory into reality on an international scale.

I was brought up in the golden age of human rights. Our heroes were Eleanor Roosevelt, Rene Casin and Albert Schweitzer. Our great hope was the United Nations with its Universal Declaration of Human Rights. Our mantra was FDR's "Four Freedoms:" freedom of speech and expression; freedom of worship; freedom from want; freedom from fear.

The enemies of human rights were also clear: fascism, communism, racism, religious discrimination, McCarthyism, authoritanism, slavery, apartheid and other forms of oppression emanating from both the extreme right and left.

All good liberals—and my friends, neighbors and co-religionists were almost all good liberals—were kneejerk supporters of the human rights agenda? And why not? How could any decent person be opposed to the Four Freedoms and other universal human rights such as racial and religious equality, the ability to travel freely, the right to a fair trial and the ability of workers to join unions and collectively bargain for fair wages and working conditions.

We all admired the United Nations and looked to it as a guarantor of peace and a protector of human rights. And again, why not? It had been founded in the wake of the allied victory over Nazism by nations—mostly democracies—that had been on the right side of the war against Germany, Japan and other members of the Fascist Axis. One of the U.N.'s first actions was to divide the British mandate over Palestine into a Jewish and Arab state, thereby creating the conditions that led to the establishment of Israel. I vividly recall watching the U.N. vote with my father on a small black and while television and cheering when ____ cast the deciding vote in favor of the two state solution (that Israel accepted and the Arab states and Palestinian Arabs rejected.) In those golden years, there was no conflict between supporting the U.N. and supporting Israel, the only democracy in the Middle East.

### My first confrontation with the United Nations

My earliest experiences in human rights (other than signing the petition to save the Rosenbergs, which earned me both the respect and the concern of my frightened parents, and my act of civil disobedience against the slave-owning King of Saudi Arabia, which nearly got me arrested) involved the United Nations.

When I was a junior in Yeshiva University High School, the United Nations came up with the idea of a universal calendar that would introduce a "bland day at the end of each year [that] would



HOUSE_OVERSIGHT_017404

disrupt the 7 day Sabbatical cycle."[95]

The Orthodox Jewish community was in an uproar about this well intentioned proposal, because it would change the natural order of when the Jewish Sabbath fell. Under the conventional calendar, the Sabbath corresponded with Saturday. Under the brave new world proposal, the Jewish Sabbath could fall on any day of the week. Jews (and Seventh Day Adventists) had fought hard to recognize Saturday as a day off from most jobs and school activities. The UN proposal would require Sabbath-observers to be absent from such activities when the Sabbath fell on a weekday.

At the time I was president of the "Inter-Yeshiva High School Council"—a group I had formed after the principle of my high school banned me from running for the presidency of the school's student body. I used the newly formed organization as the nerve-center for the campaign to stop the universal calendar. We did not consider the proposal to be anti-Semitic; it was motivated by benign universalistic aspirations. We regarded it as insensitive to the religious concerns of certain groups.

In an effort to broaden the opposition, I reached out to Seventh-Day Adventists (who joined our efforts), Muslims (who seemed less concerned about whether their day of rest corresponded with the UN's "Friday") and other religious groups. The result was a postcard campaign (I still have the postcard) in which we sent thousands of the following message—where I drafted—to the UN:

> Ambassador Henry Cabot Lodge
> United States Delegation
> United Nations, N.Y.
>
> Dear Sir:
>
> As a student of a Hebrew parochial high school in New York, I wish to express my opposition to the World Calendar Reform proposal soon to come before the United Nations. This proposal, which would move the Jewish Sabbath to other days of the week, would have disastrous effects on Jewish religious life, thus impairing the freedom of religion which we so cherish.
>
> Respectfully yours,
>
> Under Auspices of the Inter-Yeshiva High School Student Council

It was a modest effort by later standards: no marches, sit-ins or lawsuits. But it succeeded. The UN dropped the proposal and our small group got credit in the media. Here is how the New York Post—my community's "newspaper of record" in those days—reported our success beneath the headline, "Calendar Reform Tops Formosa Issue in Letters to U.N.:"

> "World Calendar reform, not Formosa, is the topic provoking most of the letters being received by Ambassador Lodge, chief U.S. representative at the U.N.

[95] Joseph P. Lash, *Calendar Reform Tops Formosa Issue in Letter to U.N.,* N.Y. Post, April 21, 1955, p. 34, quoting a U.S. note to Secretary General Dag Hammarskjold.



HOUSE_OVERSIGHT_017405

> Of the 328 pieces of mail addressed to Lodge during the first week in April, 209 expressed opposition to world calendar reform on religious grounds. These were the result of a postcard campaign instituted by the Inter-Yeshiva HS Council.

The article went on to point out that Lodge had also received letters from the Oklahoma students who favored the proposal, as did some legislators.

> However, the opposition of religious groups to calendar reform—and it came from all faiths—prevailed. The U.S. informed Secretary General Hammarskjold that it did not favor any action by the UN to revise the present calendar. 'Large numbers of the US citizens oppose the plan,' the U.S. note said. 'Their opposition is based on religious grounds…'"

We were thrilled that our campaign—involving hundreds not quite the "large numbers" reported—had succeeded. We regarded it as a victory for religious freedom. It persuaded me that even small efforts could have an impact on large organizations—a lesson that has stayed with me over my career. And it enhanced my admiration for the U.N., which had shown sensitivity to religious minorities.

During my high school years, my class made several visits to the U.N., where we watched the General Assembly in action. We debated whether "Red China should be admitted to the U.N." I took the affirmative side. Several of us joined "the United Nations Association," and we participated in "model U.N." sessions, playing the role of representatives from particular countries. No one could have predicted, in those days, how the UN would soon become an organization dominated by human rights violators and a bystander to, if not a facilitator of, genocide, terrorism and other human wrongs by so many of its own members.

## What are human rights?

During my college and law school years, most of my focus was on domestic civil rights. I marched, attended rallies, trained for civil rights work in the South, and briefly traveled to points of confrontation in several southern cities, while carefully remaining out of harm's way.

After becoming a teacher and a lawyer, my involvement in the human rights movement broadened, both academically and politically.

In my academic work, I began to explore the meaning of the term "human rights," as contrasted with "civil rights," "civil liberties," and "political rights." To be an advocate of "human" rights meant to me going beyond one's particular group. A Jew who fights only against anti-Semitism is an advocate for particular rights, as is an African-American who struggles only against racism, a woman who only opposes sexism, or a gay person who limits his advocacy to gay rights. These are commendable activities, but they do not qualify as advocacy of human rights. Just as joining "The First Amendment Club" requires the active defense of expression one deplores, so too, joining "the Human Rights Club," requires an active commitment to the universal rights of all



HOUSE_OVERSIGHT_017406

people, even those you disagree with or despise. The membership roles of both "clubs" are, tragically, quite small under this criteria, though many claim their honorific mantles.

Being a member of the "Human Rights Club" does not require abstaining from advocacy for one's own group (however defined). But it does require more universal advocacy as well. The "motto" for the club might well be the famous dictum of Hillel: "If I am not for myself, who will be for me, but if I am for myself alone, what am I? And if not now, when?" I have tried hard to live by these words—which hang on the wall in my office—and to maintain my membership in the Human Rights Club, although my priorities have changed with shifting threats to particular groups over time.

As a young lawyer, I witnessed little threat to the Jewish community in America, despite lingering anti-Semitism in law firms, social clubs, and some universities and neighborhoods. I fought against these remnants of bigotry, but it was clear that the trend was in the right direction: top-down anti-Semitism and elite discrimination against Jews were on the way out. Jews did not need my help.

By this time, I had stopped being a strictly observant Orthodox Jew. My synagogue attendees had become episodic and my involvement in the Jewish community peripheral. The reason was my children. Many people became more religiously committed "because of the children." For me, it was the opposite. As my children got old enough to ask questions, I realized that I had remained observant only to please my parents. I did not want to impose that obligation on my children. I remained deeply Jewish in a secular sense—whatever that may mean—and my children were Bat and Bar Mitzvahed and attended Jewish Sunday School, but my life no longer centered around my identity as a Jew. Nor did my legal career.

Early in my legal career, my first wife, who was also an Orthodox Jew, and I were divorced. I assumed primary responsibility for the raising of our two sons. A decade after the divorce I met and soon married Carolyn, who was raised as a sometime Reform and sometime Conservative Jew in Charleston, South Carolina. Together we live a life dedicated to more secular Jewish values. I dedicated my first book about my brand of Judaism—Chutzpah—to Carolyn. Carolyn's family participated in the struggle for civil rights in Charleston, and we are both deeply committed to universal human rights.

In the early phase of my career, I didn't focus on Jewish rights or on Israel. There were bigger and more serious problems facing America, particularly with regard to race. There were also more serious problems around the world: Apartheid in South Africa; repression in the Soviet Union, China, South America and Saudi Arabia; an unjust war being fought by my own country in Vietnam. I threw myself into these causes (as well as into the worldwide campaign to abolish the death penalty).



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## The Vietnam War

During the height of the conflict over the Vietnam War, I represented numerous defendants, protestors and civil disobedients. I also advised lawyers who were suing the government in an effort to stop what they believe was an illegal war. The faculty of Harvard Law School was divided over the morality, legality and effectiveness of the war, and there were interesting discussions in the faculty lunch room involving such luminaries as Archibald Cox, Erwin Griswold, Abram Chayes and Paul Freund. I decided that these discussions should be shared with our students, and so I organized the first law school class on the Vietnam War. The debate over the war was a teaching moment and we had to take advantage of it. I prepared a set of legal materials and invited professors with different views to share their perspectives with the students. The course was a remarkable success. Students attended in droves, and the media covered the lectures. The New York Times story was headlined "400 Enroll in a Harvard Course on 'Law and the Lawyer' in the Vietnam War." It reported that:

> According to Prof. Alan M. Dershowitz, who conceived the course, more than a dozen professors have volunteered as teachers, including Prof. Derek C. Bok, the dean-designate of the law school.
>
> Professor Dershowitz said that the participating professors "reflect every view." However, he said that he "majority," including himself, were signers of a statement released last week in which 500 of the nation's law teachers called upon the legal profession to oppose the Johnson Administration's Vietnam war policy.
> Professor Dershowitz said he understood that the course would be the first of its kind offered in any law school in the United States. "It is our hope," he said, "that this will be a pilot and a model for other law schools throughout the country."
>
> Dr. Dershowitz said that the idea for the course grew out of the fact that "much student and faculty energy was being devoted to thinking about and writing about Vietnam, and the legal issues growing out of it."
>
> He said the course would not be "biased or political," but would "look at these issues in a detached, lawyer-like, scholarly way."…
>
> Mr. Dershowitz, whose specialty is criminal law, said he became involved in planning the course because "I'm very interested in legal education, and terribly concerned about law schools being at the center of contemporary issues."
> "Can you imagine a law school which is supposed to be dealing with the major issues of the day not teaching a course relating in some manner to the Vietnam War, which is the critical social issue of our time?"
>
> As evidence of the courses appeal, Professor Dershowitz said that the 400 registrations represented the largest enrollment for any course at the school, which has about 1,500 students.



HOUSE_OVERSIGHT_017408

> "It was all done with little publicity and little fanfare, and we gave only two days for registering," he said.
>
> The objective of the course, Professor Dershowitz said, would be "to assess the role of the lawyer, as professional and citizen, in both the domestic and foreign aspects of the conflict." He said the course would explore "the relevance of law to this country's involvement in Vietnam."[96]

Time Magazine began its story this way:

> "Viet Nam is the most significant social, political and legal issue of the day," said Harvard Law Professor Alan Dershowitz last week. "And a law school should be concerned with the issues of the day," Dershowitz had just finished giving the first class in a brand-new, ten-week Harvard course entitled "The Role of the Law and the Lawyer in the Viet Nam Conflict." It has no exam or grades, offers no credit, and involves a good deal of reading over and above the students' already heavy regular work load. But it has a record enrollment of more than 400—one-quarter of the student body—and is one of the most popular courses in the 150-year history of the school.
> The course will cover such questions as the international-law aspects of the war, the division of war-making responsibility between the President and Congress, free speech and dissent, the draft and the rights of an inductee, and the status of a conscientious objector to a specific war.

Lawyers who were contemplating legal action against the war sat in on the class and several faculty members, who were not involved in the teaching, attended as well. I received dozens of requests for copies of the materials from professors at other schools who wanted to offer the course to their students. For me, it was the beginning of a practice that I have followed throughout my teaching career: offering courses about highly relevant contemporaneous issues that respond to interesting teaching moments. Over the half-century of my teaching at Harvard Law School, I have offered a new course just about every year. Many of them have dealt with pressing issues of human rights generated by the conflicts of the day.

In addition to teaching courses I wrote article on human rights and brought lawsuits challenging human rights abuses. And I participated in political campaigns to end apartheid, the War in Vietnam and other human wrongs. My early work on human rights won me a coveted Guggenheim fellowship and other honors. It also earned me the media title "Global Watchdog."[97] In an article by that name, the reporter interviewed me about my definition of human rights:

> "I'm less concerned with causes than I am with concepts of equality, fairness, due process, civil liberties, and free speech…"

[96] Sunday New York Times, February 18, 1968.
[97] Harvard Law School Bulletin, Summer 1978



HOUSE_OVERSIGHT_017409

> "I'm certainly a civil libertarian, although I don't like that term. I prefer to think of myself as an advocate for human rights…" Dershowitz's definition of human rights is uncomplicated. He applies to the world at large a "core concept of human rights"—everyone should be free to express opinions and views, to read what one chooses, to have some influence in the process of government, to leave one's country. One should be free from arbitrary arrest and trial, torture and execution.
>
> Wherever human rights are trampled, Dershowitz feels compelled to lend a hand, if possible. "I try hard to balance my attack, right and left—for every attack on the Soviet Union, there's one on Chile. For every attack on a right-wing repressive government, there should be an attack on a left-wing repressive government."
>
> Dershowitz's strong personal identification with human rights goes back to his roots. "There but for the grace of my great grandparents go I," he paraphrases. "If I were a 39 year old citizen of Kiev or wherever, I sure as hell hope I'd be a dissident and I suspect that there would be someone here trying to get me out."
>
> "If there is discrimination against anybody, there is discrimination against everybody," he says flatly, which explains his decision to defend John Lucido, a Catholic Italian lawyer, who filed suit against Cravath, Swaine and Moore, charging that the firm had failed to promote him to a partnership because of his nationality, his religion or both."
>
> Dershowitz loves to teach and has integrated some of his human rights experiences into a seminar which he taught this spring with Visiting Professor Telford Taylor '32, pioneer in the international protecting of human rights. The seminar taught future lawyers how to defend foreign dissident clients and how to promote human rights in other nations.
>
> "I think there are always between 30 and 100 students at the School who are really interested in these issues. That's not to say that all of them, or even half of them, will ultimately involve themselves in the human rights struggle but at least they will be in a position to make substantial contributions in the area during their career."
>
> This is one of the basic reasons for his remaining in teaching. As Dershowitz puts it, "In practice you can do a lot to implement human rights in this generation but in teaching you can both help this generation and help plant the seeds for progress later on."

Despite my deep involvement in human rights work, I wondered whether I was really having a discernable impact on the problems of the world. Unlike litigation in American courts, where the results are immediately evident, the impact of petitions, op ed articles, Congressional resolutions, and other conventional human rights activities on foreign countries tends to be less visible or immediate.

I will never forget one encounter that made it all seem worth the apparently unrewarded efforts. I attended a concern by the great Russian cellist Mstislav Rostropovich, several years after he left the Soviet Union. Since he had been a sometimes threatened advocate of human rights in



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Moscow, I wanted to meet him, so I stood in line waiting to shake his hand after the performance. When I introduced myself, he grabbed me in a long bear-hug. "You gave us hope," he told me. "We knew you were out there fighting for our rights, even thought we couldn't contact you. You made us feel safer."

I had no idea that Rostropovich or any of the other artists or dissidents whose rights we advocated, had ever heard of us, or had any idea of what we were doing on their behalf. Rostropovich's hug, and what he said, was more than enough compensation for all the pro-bono work we had done on behalf of dissidents and artists around the world.

I had become involved in the defense of Soviet dissidents after reading Elie Wiesel's eye-opening book "The Jews of Silence," which first alerted me to the plight of Soviet Jewish and non-Jewish dissidents. I traveled to the Soviet Union and other parts of Eastern Europe on several occasions during the 1970s and 1980s and filed briefs on behalf of dissidents Refusenicks and others. I have written extensively about this aspect of my human rights work elsewhere[98] and will not repeat it here. Suffice it to say that my unwillingness to limit my advocacy only to Jewish Refusenicks in the Soviet block caused a rift with some Jewish and Israeli organizations, but I insisted that human rights must extend to all who are oppressed or discrimination against.

One of my Soviet clients was Silva Zalmunsen, who after several years of confinement was finally released from the Soviet Gulag. When she finally came to America, I along with her other American lawyers arranged to meet her over lunch at Lou Siegel's, a kosher restaurant in Manhattan. It would be our first "reunion" – hopefully the first of many – with the clients we had never met. Our encounter was emotional and tearful. Knowing of Silva's love for all things Jewish, we decided to order a real old-fashioned Jewish meal for our Friday lunch. The first dish was cholent, a delicious concoction of beans, potatoes, barley, and a small amount of beef, cooked for hours in a savory sauce. When the cholent came, I turned to Silva and explained what it was – that it was a traditional dish served in Jewish homes on the Sabbath. She took one taste of it, and her face turned sad – and then she burst out laughing as she exclaimed, "Traditional Jewish food? This is Russian prison food! I've just been through eating food like this for four years!" Only then did we realize that the old-fashioned food, which was such a treat for us, was peasant food, designed to use the least amount of meat possible. The same economics that dictated the diets of our peasant forebears now determined the menus prepared by the prison authorities. We all had a good laugh, and I ordered a slice of rare roast beef for our guest.

I made several trips to the Soviet Union during that time. On one of them I met a young man who had been a dissident and refusenick but who had been drafted into the army because of his activities. He wanted to smuggle a message out in is own voice, using his broken English, to seek support from human rights organizations throughout the world. Tape recorders were not permitted in the Soviet Union at that time and it was illegal to smuggle out tapes. But he had managed to get his hand on a primitive cassette recorder and he brought me a copy of a Tchaikovsky tape that was being sold in the Soviet Union. In order to prevent re-recording over the tape, certain changes had been made in the cassette. My Soviet client knew how to override those changes and he managed to record his statement in lieu of the third movement of Tchaikovsky's Fifth. He told me that its always good to have the recorded statement in the

[98] [cite Best Defense, Chutzpah, articles]



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middle of the music, because Soviet authorities tend to listen to the beginning and end of any music tape to assure that it does not contain forbidden material. I managed to get his statement back to the United States. Shortly thereafter he was released and came to live in my home while he was trying to get into school here.

My interest in Soviet Jewry was stimulated by Elie Wiesel's wonderful book *The Jews of Silence*. But it became a passion only after a more personal encounter. In 1971, I was invited to become a fellow at the Center for Advanced Study in the Behavioral Sciences on the Stanford campus in Palo Alto, California. Forty fellows were invited from all over the world, to spend the year writing and thinking. This year for the first time, a fellow had been invited from Communist Romania, Michael Cernea. He was Chairman of the Department of Sociology and Anthropology at the University of Bucharest and an active member of the Romanian Communist Party. On the day before Rosh Hashanah, he invited me to take a walk with him through the woods. When we were away from any possibility of surveillance he told me that his real name was Moishe Katz, that he was a committed Jew, and that he desperately wanted to defect along with his family from Communist Romania and move either to the United States or Israel. He swore me to secrecy and asked if I would become his pro-bono lawyer in what would surely be a long-term activity, since his family was being held hostage back in Romania. I immediately agreed and invited him to my home for dinner that night, where we stayed up until dawn, listening to Jewish cantorial music, which he had not heard since his youth some thirty years earlier. Tears flowed freely from his eyes. Several years later, we were able to arrange for him and his wife to be out of the country at the same time, and they both defected, leaving his two children and his elderly mother behind. But within a year or so, with the help of Senator Kennedy and others, we managed to get the whole family out. We have remained close friends since that time.

Another close friend who started out as a client is Natan Sharansky, now a cabinet member of the Israeli government. When I represented him his name was Anatoly Sharansky and he was an imprisoned Soviet refusenick. His mother and wife asked me, along with my friend and colleague Irwin Cotler, now the Minister of Justice in Canada, to represent Anatoly on a pro-bono basis. We continued to be his lawyer for nearly nine years. We were not allowed to meet our client or even to communicate with him. For all we knew, he had no idea we were his lawyers. But we represented him vigorously in the court of public opinion as well as in the courts of the Soviet Union. We were also involved in proposed prisoner exchanges which included Sharansky, Nelson Mandela and several Eastern European spies being held by the United States. Neither Sharansky nor Mandela wanted to be part of any exchange for real spies, since they were political dissidents. It is interesting to note, a especially in light of Sharansky's high position in the Israeli government, that when Sharansky was first arrested, the Israeli government wanted to have nothing to do with his case, since they regarded him as a human rights dissident rather than as a prisoner of Zion. He was, of course, both. When he was finally released some of the very same people who fought hardest against Israel doing anything on his behalf were among the first to claim credit for his release.

I will never forget how I watched my client walk - - really bounce - - across the Glinicke Bridge and into the safety of the West. I knew he was well even while watching him on television. Shortly thereafter I met him in person for the first time. He threw his arms around me and whispered in my ear, "Baruch matir asurim," which means, "Blessed be those who help free the



HOUSE_OVERSIGHT_017412

imprisoned." Several years later I was being interviewed on a television show and the host asked me what my biggest fee had been. He thought I would mention the Michael Milken or Leona Helmsley cases, but instead I said it was in the Sharansky case. He expressed surprise saying that he didn't know Sharansky had any money. I said he did not but that when he put his arms around me and gave me that hug and whispered those words, that was the biggest fee I ever earned.

Another "fee" for my work was the opportunity to speak in Carnegie Hall on behalf of Vaclav Havel and other dissident artists in 1991. Several Americans who had fought for the human rights of censored artists were invited to read from and discuss works banned by repressive regimes. I had been part of a team of lawyers assembled to help Havel and other Czeck dissidents get out of prison in the 1970s. The American readers included Garrison Keillor, Marvin Hamlisch, Peter Ustinov, William Warfield, Martin Garbus, and Maurice Sendak. I was honored to be included among them. My mother loved showing her friends the Carnegie Hall program, with my name listed as a "performer." She would tell them a variation of the old joke: A man asks a musician carrying a violin case, "How do you get to Carnegie Hall? My mother's answer: "Practice, practice, practice law, like my son."

My next encounter with Havel took place in Jerusalem during the celebration of Israel's 60th birthday. Havel, Sharansky and I were on a panel together discussing human rights. When it was over we got onto the same elevator. Remarkably, Mickael Gorbachev was also on the elevator. (I knew it sounds like the beginning of a bad joke: "Havel, Sharansky, Gorbachev and Dershowitz get into an elevator.") Gorbachev turned to me and said, "You're the big shot lawyer who tried to get these people out of prison. You did a good job, but I did a better job. I'm the one who got them out." We all laughed and Havel turned to Gorbachev and asked, "Why didn't you get us out sooner?" Gorbachev replied, "I'm not that good."

## The struggle against real Apartheid

My interest in South Africa Apartheid began while I was editor-in-chief of the Yale Law Journal in 1961. An article was submitted on the legal structure of the apartheid system in the country. At that time very little was known about the legal aspects of this highly regulated practice, and this lengthy draft laid it all out. It was my job to edit it so as to make it comprehensible to an American audience. It was shocking to me that only a few decades after the Nuremburg Laws in Nazi Germany, a "civilized" country, with a British and Dutch heritage, could construct a system of laws based on overt racism and discrimination, under which racial classifications determined who could vote, hold certain jobs, live in certain areas, be treated in good hospitals, attend public events, enroll in schools and hold office. I was determined to help dismantle the system of apartheid and actively joined in the campaign against it. But there were limits to what I was prepared to do, and these limits brought me into conflict with some of the most ardent anti-apartheid activists. Most particularly, I was not willing to support the "blacklisting" or artists



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who had performed in South Africa. To me, this blacklisting constituted reverse McCarthyism, even if it is in the interest of a just cause.

I wrote an article in 1985 exposing and condemning this new liberal McCarthyism. It included the following:

…

> This time, blacklisting is being practiced in the name of a progressive cause—the antiapartheid movement.
>
> It turns out that the Register of Entertainers to be shunned is officially published by the United Nations Special Committee Against Apartheid "as a means to promote the cultural boycott of South Africa." It included the names of entertainers and actors who have performed in South Africa since 1981. Anyone whose name appears on the list is prohibited from performing at any function sponsored by the United Nations. Other organizations also use the U.N. blacklist to screen politically unacceptable artists.
>
> The introduction to the U.N. blacklist boasts that "a number of city counsels and other local authorities have decided to deny use of their facilities for entertainers" whose names appear on the blacklist.
>
> …
>
> No advance notice is given to persons who are to be blacklisted, and the list includes some performers who "were not aware of the cultural boycott."
> Among those currently on the blacklist are Ray Charles, Linda Ronstadt, Frank Sinatra, the Beach Boys, Cher, Goldie Hawn, Sha Na Na, Ernest Borgnine, and the British rock group Queen.
>
> The recent flap that publicized the existence of the U.N. blacklist involved a proposed concert to raise money for African famine relief. Among those volunteering to perform was the rock group Chicago. But Chicago was on the blacklist. And because of the absolute prohibition against using blacklisted artists at U.N.-sponsored events, plans for the concert had to be postponed. It is ironic that some black African children may die of hunger because of the U.N. blacklist.
>
> The American Civil Liberties Union recently complained loudly when the Boston Symphony Orchestra canceled a concert with Vanessa Redgrave because of her support for and complicity with…terrorists. Though no blacklist was published, the ACLU decried the "blacklisting" of Ms. Redgrave because of her politics as a violation of her civil liberties. I am waiting to hear from the ACLU on the U.N. blacklist.

I never heard from the ACLU, but I did hear from Woody Allen, to whom I sent my article because his film The Front had exposed the evils of blacklisting and he was also a strong opponent of apartheid. He wrote me that:



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> "On the face of it the issue certainly seems to me like blacklisting. I'm sure they make good arguments for it on the basis that a legitimate tactic of the United Nations is boycotting, but still I'm sure that if I examined it as closely as you have, I would find there would be no excuse for it. Thanks for keeping me informed. Best, Woody."

During the Apartheid regime, I was invited to speak at the Witwatersrand University in Johannesburg. Many in that university had been on the forefront of opposing Apartheid and I was anxious to lend support to these efforts by delivering a strong human rights message. When I appeared at the South African consulate in Boston to receive my Visa, the Counsel General was well prepared: he had on his desk the Yale Law Journal article I had edited. He told me that before he could consider my application, he wanted to see a copy of my proposed speech. I declined his request, citing freedom of expression. I did not receive the Visa and had to postpone my first visit to South Africa until after the end of apartheid.

I had hoped not only to speak against apartheid during my aborted visit to South Africa, but also to try to get to Robin's Island to meet with the imprisoned Nelson Mandela. I was working with Professor Irwin Cotler, with whom I had taught human rights at Harvard Law School, on a complicated legal plan to free Mandela.

Our plan began following the arrest of an East German professor in Boston on charges of spying for his country. I received a call from an East German lawyer asking if I could represent him or recommend a good lawyer who could. The East German lawyer—who was a well known and trusted "spy-swapper"—told me that his client was innocent, but that the East German might be willing to arrange a "spy swap" for my client Anatoly Sharanksy. I told him that my client wasn't a spy so a "spy swap" was off the table. He responded "neither is my client." He then proposed a possible "prisoner exchange, including prisoners who were accused of spying but were innocent." It was an interesting idea.

I then called my friend and colleague Irwin Cotler in Canada and told him of the call. He was, at the time, working on both the Sharansky and Mandela case, and he had previously sought my advice on the Mandela matter. He suggested that we inquire whether there were any South African spies in Soviet Block prisons, and whether South Africa might be willing to release Mandela as part of a prisoner exchange among several countries.

In the end, Sharansky was exchanged for the East German man (who was represented by other lawyers), but we learned from the African National Congress lawyers with whom we were conferring that Mandela refused to participate in any prisoner exchange, particularly one that involved anyone accused of spying. He wanted to be released on his own terms, even though his decision would require him to remain imprisoned until his own terms were accepted by the South Africa government, as they finally were in 1990.

My negotiations with the East German lawyer were shrouded in secrecy and had elements right out of a John Le Carre novel. We used code words over the phone and met in out of the way places at unusal times. He was a man of his word and could always be counted on to honor his commitments. After the fall of the Berlin Wall, he was indicted on an assortment of concocted



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charges and he sought my help, which I was pleased to give. Eventually, he was cleared of all charges and continued to practice law in the newly united Germany.

## Human rights in Israel

A human rights case that surely tested my commitment to universal rights involved an Arab-Israeli who was accused by Israel of assisting terrorism. He was being held in administrative detention, instead of being formally charged with a crime. I was in Israel at the time writing a long article on the practice of administrative detention (or as Americans call it "preventive detention"). I was critical of the practice though I understood why some Israelis believed it was necessary to combat terrorism. After meeting the Israeli-Arab in the detention center and reviewing his case, I concluded that his detention was unjustified. I met with Israeli officials and urged them to reconsider his case. They did, and they released him. He moved to Lebanon where he became an active member of the more moderate wing of the Palestine Liberation Organization. To my knowledge, he has never engaged in any acts of terrorism.

I helped several other Palestinian prisoners and detainees as well. I also wrote critically of and litigated against several Israeli policies, including the use of unacceptable interrogation methods, the overuse of wiretaps, religious discrimination against women, and de facto discrimination against Israeli Arabs. Since the early 1970s, I have been a vocal and persistent opponent of Israeli settlements in the West Bank and Gaza. And after the war in Lebanon, I protested the use of cluster bombs that, though lawful, unduly endanger the lives of civilians. I have never believed that my strong, general support of Israel is in any way inconsistent with my opposition to, and criticism of, specific Israeli policies which violate neutral principles of human rights.

## Human rights and wrongs in China

In 1979, Senator Edward Kennedy asked me to travel to China and report back to him on the condition of human rights. The cultural revolution was just ending, and the first sparks of freedom were being ignited at a place in Beijing called "Democracy Wall," where dissidents gathered and posted anonymous notes. I was to be one of the first human rights advocates allowed into what had long been a closed society. Senator Kennedy, with whom I worked closely on numerous human rights issues, was the key to why I was invited not only to visit prisoners and courtrooms, but also to lecture on criminal law in several of China's most important universities. Although I was invited to lecture exclusively on technical aspects of criminal law, in order to help China develop a modern penal code, I managed to smuggle some discussion of human rights into my lectures.

During my visit to several prisons, I learned about a legal provision that seemed unique to China. When the sentence of death was imposed for certain types of crimes, the condemned prisoner was sent to a particular institution to await execution. After about a year, half of the condemned would actually be executed, while the other half would be spared. All the condemned were competing against each other in a zero sum game, in which the stakes were life and death. The "winners" were selected not only on the basis of good behavior—needless to say, everyone in this high stakes game was on their best behavior—but also on their commitment to Maoism and their "worthiness" to live.



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I've been to many prisons and on numerous death rows, but I've never experienced so grim a place as this "life or death row," where every inmate saw every other inmate as a competitor in the quest to remain alive.

The warden invited me to play basketball with the inmates and I agreed. No one fouled me, trash-talked me or in any way misbehaved, as the warden watched, notepad in hand. I was conscious throughout the 30 minute game that anything a player did or didn't do could become part of their score of death—or life. I tried hard to make everyone look good in the eyes of the warden.

## The changing consensus regarding human rights

By the mid-1970s, the consensus regarding human rights was beginning to change. Although the Soviet Union had long used the language of "human rights" (as well as the language of "civil rights") as a club against western democracies, few serious people gave this hypocritical ploy any credence. "There they go again" was the general response when Soviet diplomats at the United Nations postured against the imperfections of the United States, while their Communist masters locked up dissidents, made a mockery of justice,[99] and kept entire nations in subjugation behind an iron curtain.

By the early 1970s, however, the Soviet ploy was beginning to be expropriated by the hard left in the United States and Europe. Hard left intellectuals such as Professors Noam Chomsky of MIT and Richard Falk of Princeton were claiming that the United States was the worst human rights violator in the world.[100] Some hard left lawyers, such as William Kunstler, refused to say anything critical of the human rights records of the Soviet Union, China, Cuba or other "socialist" countries, while railing against the human rights violations of the United States and its allies. As I previously mentioned, Angela Davis, who I had helped to represent in the early 1970s, refused to speak up for Soviet dissidents and in fact supported Soviet repression of "fascist opponents of socialist democracy," i.e., dissidents and Refusenicks. Another client, Abby Hoffman, also turned against me. I was part of the legal team in the Chicago Seven case that grew out of demonstrations during the Democratic National Convention of 1968. Abby Hoffman, who was one of the defendants, had allegedly made some crude remarks about how his "Jew lawyers" cared more about Israel than America. I called him out on his comments in a brief note, to which he responded with an angry handwritten two page letter which included the following:

> "I never made a remark about my 'Jewish Lawyers.' I might have spoken more positively about the PLO but I would never make an anti-Semitic juxtaposition such as you think you heard. If you read my current autobiography you will see I flaunt my 'Jewishness' at every turn of the road."

At the time Hoffman penned these words, the PLO was a terrorist gang that was hijacking airplanes, murdering civilians and blowing up synagogues, and Israel had not yet established any settlements in occupied areas.

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[99] An old Soviet dissident joke went this way: The leader of Czechoslovakia asked his Soviet masters for money for a Department of the Navy. The Soviet replied, "But you're a landlocked country and don't need a department of the Navy." The Czech leader replied: "Well you have a Department of Justice."
[100] [get cite]



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At about the same time, another radical client fired me because he heard that I was a "Zionist" and he could have nothing to do with anyone associated with such a "fascist" cause.

Father Daniel Berrigan, a lapsed Catholic priest who had become the darling of the hard left as the result of his anti-Vietnam War activities, began to call both the United States and Israel "criminal" entities.[101] Chomsky notoriously defended the ruthless Cambodian dictator Pol Pot against charges of genocide, insisting that western media reports of millions of murders were typical exaggerations of horrors regularly but falsely attributed to Communist regimes. The National Lawyers' Guild, which had become the legal arm of the hard left, dismissed all accusations against Communist regimes as "red baiting." They also became the legal arm of anti-Israel extremists, including terrorists. They did not support these clients on grounds of human rights or civil liberties principles, but rather because they agreed with their politics. In 197__, I broke with the National Lawyers Guild, with which I had worked closely when it had been a neutral human rights organizations. In a widely read article in The American Lawyer, I told the sad story of the transformation of the NLG from a genuine human rights organization into an advocate for some of the worst human wrongs on the planet. This transformation presents in a microcosm the larger account of the hijacking of the human rights label and agenda by the hard left.

The National Lawyers Guild was established in 1937 as an antidote to the American Bar Association, which was then fighting the New Deal, excluding black lawyers from membership, and opposing the labor movement. The original guild was an amalgam of Roosevelt liberals, CIO labor leaders, black civil rights lawyers, and radicals of assorted affiliations and persuasions. It strongly supported Israel's struggle for independence and opposed the arms embargo against the Jewish state. Its membership over the years has included such distinguished lawyers as Thurgood Marshall, Arthur Goldberg, Ferdinand Pecora, Paul O'Dwyer, Louis Boudin, and William Hastie. During its early years, splits developed between the anti-Communist liberals and the radicals. But the guild survived and accomplished much good on the domestic front, including an excellent record of providing legal assistance to the civil-rights, labor and anti-war movements. In the late 1960s and early 1970s, at the height of the antiwar movement, the guild began to be taken over by younger, more militant lawyers from the New Left. As George Conk, an admiring guild historian and a former editor of the monthly Guild Notes, describes it: "At the Boulder [Colorado] convention in 1971, the young veterans of the antiwar movement found they had the guild in their own hands, and many older members withdrew from active membership." Law students and other "legal workers" were also admitted, thus strengthening the hold of the young radicals but reducing the percentage of actual lawyers in the guild to less than half. The guild no longer considered itself an alternative bar association but rather the prime organizer of "radical legal people" and the legal arm of the American radical Left.

> While all this was happening at home, the radical Left was beginning its campaign against Israel. In a highly publicized speech delivered on October 19, 1973—a speech that many people see as the original declaration of war by the radical American Left against Israel—the Reverend Daniel Berrigan described Israel as "a criminal Jewish community" that has committed "crimes against humanity," has "created slaves" and has espoused a "racist ideology" reminiscent of the Nazis, aimed at proving its "racial superiority to the people it has crushed." Berrigan also chastised the "Jewish people," whom he described

[101] [get quotes]



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as "so proud" and so "endowed with intelligence," but who "have in the main given their acquiescence or their support to the Nixon ethos" which has led to the death, maiming, and displacement of "some six million Southeast Asians." Berrigan referred to the ironic figure of 6 million as "one of those peculiar facts which must be called free-floating" and concluded with a veiled threat to both American Jews and to Israel: "To put the matter brutally, many American Jewish leaders were capable of ignoring the Asian holocaust in favor of economic and military aid to Israel … It is not merely we nor the Vietnamese who must live with that fact. So must Israel. So must the American Jews."

Reaction to Berrigan's polemic was swift and sharp, especially among lawyers who had represented left-wing causes and individuals. Battle lines were quickly drawn. Some, like William Kunstler, supported Berrigan. Others – among them lawyers who had represented Berrigan and Kunstler – were appalled at Berrigan's diatribe.

In 1970, the guild sent a delegation to the Congress of the International Association of Democratic Lawyers – an organization consisting largely of Communist lawyers from Eastern Europe and "progressive" lawyers from Western Europe. The International Association of Democratic Lawyers passed a resolution supporting Palestinian terrorism, characterizing it as "heroic" and "legitimate resistance and … the expression of a national liberation movement constituting an integral part of the world struggle for liberation against imperialism." The guild delegates were subjected to considerable pressure from the PLO to conform their organization's policy to the consensus of "democratic" and "progressive" lawyers. It agreed, therefore to commit "the resources of the organization to continuing and expanding our internal political education on the Palestinian question."

As part of this educational process, the guild subsequently decided to send what it called an objective delegation to the Middle East. The organizer of this "objective" group was Abdeen Jabara, the founder of the Association of Arab-American University Graduates and the editor of *Free Palestine*, a paper that justified the planting of terrorist bombs in universities and marketplaces. Jabara arranged for the funding of the three-week, ten-person trip and for its itinerary. The major funding for and sponsorship of this objective educational adventure came from none other than the "objective" Palestine Liberation Organization.

The grateful delegation showed its appreciation for the PLO grant by beginning its education in PLO camps and, according to one member of the delegation, limiting its interviews almost exclusively to PLO-approved Palestinians and Israeli anti-Zionists.

The resulting report contained few surprises: it presents a sordid caricature of Israel as a repressive totalitarian society which tortures, imprisons, and expels its Arab population without even a semblance of reason or justification. Nowhere in the report's 127 pages is there any discussion of the PLO terrorism that plagued the civilian population of Israel and the West Bank. Indeed, the single mention of terrorism that I was able to find in the report is a quoted reference to "acts of terrorism" by Israeli authorities against the peaceful Arab occupants of the West Bank.



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The resulting one-sided report, which violated all the rules of an organization that had long claimed to be a neutral advocate for universal human rights in the spirit of Eleanor Roosevelt, was according to Guild old-timers, designed as a litmus test for its Jewish members:

> "Basically … you had a situation where a bunch of Third World types wanted to ensure that the Jews in the guild – and the Jews were almost certainly a majority – would be forced to eat crow, to choose sides. The guild changed dramatically in the late 1960s and early 1970s, when the veterans of the early days were displaced by the veterans of campus unrest who had gone from SDS to law schools around the country. They're angry, and rigid, and there's no better test of their control of the guild than forcing the old-timers to grovel, and there's no better evidence of their own militance – if they're Jews – than toadying up to the PLO. Endorsing the PLO has become a litmus test for Jewish radicals."

I decided to devise a litmus test of my own to challenge the bona fides of the Guild's claim that it was still a neutral human rights organization. I called Professor John Quigley, the national vice-president of the guild. After learning that the guild had decided to send an observer to a trial of an alleged terrorist in Israel, I requested that the guild also send an observer to the Soviet trial of Anatoly Shcharansky. It was the belief of several experts on Soviet law that a request by the guild to send an observer to the Shcharansky trial could have had a unique impact on Soviet actions, since the Soviet Union has a close relationship with the International Association of Democratic Layers and its constituent members. Professor Quigley was extremely candid in his response to my request. He told me that he doubted the guild would be willing to send an observer to a Soviet trial, since the "reality" of the situation is that a considerable number of the guild members approve of the Soviet Union and would not want to criticize a Soviet judicial proceeding. In his written response, claiming that the guild could not act on my request in time for the Shcharansky trial, he put it somewhat differently:

> "The problem is that we do not approach matters such as this purely from a human-rights perspective. We regard it as well from the standpoint of the importance of focusing attention on human-rights violations in a particular country. With respect to the U.S.S.R., we have not had discussion or come to any decision about the appropriateness of focusing on human-rights issues there."

The only conclusion one can reasonably draw from the guild's reluctance to send observers to the Soviet Union, coupled with its willingness to send observers to Israel, is that the guild is as unwilling to criticize Communist countries as it is eager to criticize Israel and other Western democracies.

In my article I put the choice to the Guild:

> "If the guild decides to continue its foray into international politics, it will have to make a choice: either to perpetuate its double standard on human rights, which will surely alienate much of its support here at home for its domestic programs; or to report honestly on human rights throughout the world, which will surely alienate the PLO and the Soviet Union."



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The Guild decided to abandon any pretense of reporting neutrally on human rights and has continued to serve only as the legal and political arm of the hard left. It has now lost all of its credibility as a human rights organization.

Nor was the Guild alone in shifting from "a purely human rights perspective" to a largely political perspective that used the label of human rights selectively against its ideological enemies. Other organizations which were founded on the principles of neutral human rights, such as Human Rights Watch,[102] the Carter Center and Amnesty International,

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[102] As an early supporter of Human Rights Watch and an admirer of its founder, I have taken upon myself the responsibility of monitoring its actions very carefully—of guarding the guardians. I was particularly critical of its reporting on Israel's war against Hezbollah in 20__, after Hezbollah fired thousands of rockets at civilian targets in the north of Israel.

I focused on the highly publicized "conclusion" reached by Human Rights Watch allegedly after extensive "investigations" on the ground:

"Human Rights Watch found no cases in which Hezbollah deliberately used civilians as shields to protect them from retaliatory IDF attack." (emphasis added)

After investigating a handful of cases, Human Rights Watch found that in "none of the cases of civilian deaths documented in this report [Qana, Srifa, Tyre, and southern Beirut] is there evidence to suggest that Hezbollah forces or weapons were in or near the area that the IDF targeted during or just prior to the attack."

No cases! None! Not one! That's what Human Rights watch reported to the world.

But anyone who watched even a smattering of TV during the war saw with their own eyes direct evidence of rockets being launched from civilian areas. Not Human Rights Watch. "Who are you going to believe, me or your lying eyes?" That's not Chico Marx. It's Human Rights Watch. Their lying eyes belonged to the pro-Hezbollah witnesses its investigators chose to interview—and claimed to believe. But their mendacious pens belonged to Kenneth Roth, HRW's Executive Director, and his minions in New York, who know how to be skeptical when it serves their interests not to believe certain witnesses. How could an organization, which claims to be objective, have been so demonstrably wrong about so central a point in so important a war? Could it have been an honest mistake? I don't think so. Despite its boast that "Human Rights Watch has interviewed victims and witness of attacks in on-on-one settings, conducted on-site inspections … and collected information for hospitals, humanitarian groups, and government agencies," it didn't find *one instance* in which Hezbollah failed to segregate its fighters from civilians.

In arriving at this counter-factual conclusion, Human Rights Watch willfully ignored credible news sources, such as *The New York Times*, *The New Yorker* and other sources.

After I exposed the double standard practiced by Human Rights Watch, its founder, Robert Bernstein, wrote the following in the New York Times.

As the founder of Human Rights Watch, its active chairman for 20 years and now founding chairman emeritus, I must do something that I never anticipated: I must publicly join the group's critics. Human Rights Watch had as its original mission to pry open closed societies, advocate basic freedoms and support dissenters. But recently it has been issuing reports on the Israeli-Arab conflict that are helping those who wish to turn Israel into a pariah state.

Israel, with a population of 7.4 million, is home to at least 80 human rights organizations, a vibrant free press, a democratically elected government, a judiciary that frequently rules against the government, a



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> politically active academia, multiple political parties and, judging by the amount of news coverage, probably more journalists per capita than any other country in the world — many of whom are there expressly to cover the Israeli-Palestinian conflict.
>
> Meanwhile, the Arab and Iranian regimes rule over some 350 million people, and most remain brutal, closed and autocratic, permitting little or no internal dissent. The plight of their citizens who would most benefit from the kind of attention a large and well-financed international human rights organization can provide is being ignored as Human Rights Watch's Middle East division prepares report after report on Israel.
>
> Human Rights Watch has lost critical perspective on a conflict in which Israel has been repeatedly attacked by Hamas and Hezbollah, organizations that go after Israeli citizens and use their own people as human shields. These groups are supported by the government of Iran, which has openly declared its intention not just to destroy Israel but to murder Jews everywhere. This incitement to genocide is a violation of the Convention on the Prevention and Punishment of the Crime of Genocide."
>
> Only by returning to its founding mission and the spirit of humility that animated it can Human Rights Watch resurrect itself as a moral force in the Middle East and throughout the world. If it fails to do that, its credibility will be seriously undermined and its important role in the world significantly diminished.

[103] Amnesty International, which began as an organization dedicated to the freeing of political prisoners from repressive regimes and won the Nobel Peace Prize for its noble efforts, has now turned into a hard-left political lobby that elevates its ideology above its commitment to neutral advocacy for the victims of repression. Consider its 2005 report on rapes and honor killings perpetrated against Palestinian women by Palestinian men in the West Bank and Gaza. Such violence is a serious problem, especially in the Arab and Muslim world, because so few leaders within these groups are prepared to condemn it and so many even justify it as a necessary means of maintaining family honor and male dominance. The AI report documented honor killings of women who had been raped. In one such case a 17 year old girl was murdered by her own mother after she was "repeatedly raped by two of her brothers." In another case, a 21 year old "was forced to drink poison by her father" when she was found to be pregnant.

The AI report places substantial blame for these and other killings on Israel! Here is AI's conclusion, listing the causes of the violence directed against Palestinian women, presumably in the order of their importance: "Palestinian women in the West Bank and Gaza Strip are victims of multiple violations as a result of the escalation of the conflict, Israel's policies, and a system of norms, traditions and laws which treat women as unequal members of society." The "escalation of the conflict" (which AI blames primarily on Israel) and "Israel's policies" rank higher than the "norms, traditions and laws which treat women as unequal." The report asserts that violence against women has "increased" dramatically during the Israeli occupation and has reached "an unprecedented level" as a result of the "increased militarization of the Israeli-Palestinian confrontation." This is a deliberately false conclusion. In fact the number of such killings has gone down dramatically since the Israeli occupation. But if one were to believe the Amnesty International Report, it would be as if the West Bank and Gaza Strip had been violence free for Palestinian women until the Israeli Occupation.

Following the publications of the Amnesty International report, I spoke with Donatella Rovera, who is AI's researcher on Israel and the Occupied Territories and asked her to provide the data on which she had based her conclusion that violence against women had escalated to an "unprecedented level" during the occupation, and especially during its most militarized phase. I also asked her whether AI had compared violence against women in the occupied West Bank and Gaza with violence against women in unoccupied Arab-Muslim areas that have comparable populations, such as Jordan. Rovera acknowledged that AI could provide no such comparative data and confirmed that the report was based on anecdotal information, primarily from Palestinian NGOs. "We talk to anyone who would talk to us," she said. When I asked her for a list of the NGO's that were the sources of the information, she refused to provide them because "there are things we can simply not provide to outsiders." I assured her that I was not interested in names or identifying features, but only in statistical data regarding the



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[103] have been hijacked by hard left ideologues who focus disproportionate attention on imperfect democracies at the expense of victims of far more serious human rights abuses by tyrannical regimes.

The worst offender in this inversion of human "rights" and "human wrongs" has been the U.N. When my mentor Arthur Goldberg was appointed as United States Ambassador to the U.N. in 1965, [check year] he asked me to help him in an informal capacity as an advisor on human rights and matters of international law.

I worked closely with him on a number of such issues, meeting with him regularly in New York. In 1967, following Israel's victory in the Six Day War, Goldberg asked me to consult with him on the drafting of Security Council Resolution 242 which sought to provide a framework for peace in that troubled part of the world. The Resolution, which was carefully crafted in diplomatic language—"U.N. speak"—called for Israel to return "territories" (not all territories or even the territories captured in the defensive war) in exchange for recognition by the Arab stated and secure borders. Israel accepted 242, but the Arab nations held a conference in Khartoum, where they issued their 3 infamous "no's." "No peace. No negotiation. No recognition." This led Israel's U.N. representative Abba Eban to quip that "this was the first time in history that the winners of a war sued for peace, while the losers demanded unconditional surrender." [get exact quote]

From that point on, the U.N. (most particularly the General Assembly, the Human Rights Council, Unesco, and several other agencies) began its downhill spiral away from neutrality and toward becoming an organization focused almost exclusively on the imperfections of democracies such as the United States and Israel, while virtually ignoring genocides and repressions by non-democratic nations.

The year 1975 was perhaps the Apex (or Nadir) of the inversion of human rights, especially at the United Nations. While Pol Pot was murdering millions, how did the world community react? Surely the murder of so many innocent people would prompt the United Nations to swift preventive action. And yet, just as it did during the Holocaust, the world community did absolutely nothing to prevent the atrocities. Indeed, not only did the United Nations take no

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alleged trends cited in the report, but she still refused to provide anything more than a recommendation that we Google "pretty much all the NGOs" in the region. It is impossible under these circumstances for any outside researcher to replicate AI's study and to confirm or disconfirm its conclusions.

The NGO Monitor, an organization based in Jerusalem which analyzes reports made by other NGOs, blasted the AI report on the ground that "Palestinian men are condescendingly excused from taking responsibility for their actions." This is true, as a careful reading of the AI report shows. Listen to the excuses AI provides: "Restrictions on movement and curfews which confine people to their homes for prolonged periods, and increased unemployment, poverty and insecurity, which have forced men to spend more time at home, as well as the increase in crowded conditions in the home, have contributed to the increase in violence against women, including sexual abuse, within the family.". By providing these "abuse excuses," AI places its own political biases ahead of the interests of the female victims. The NGO Monitor correctly characterized the amnesty report as based on "biased sources" and lacking in "credibility." It is also categorically false, as a simple matter of fact. But that doesn't matter to Amnesty International, because the counter-factual "increase" in honor killings after the Israeli occupation fits its ideological and political agenda better than the truth.



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action, but its major bodies refused even to condemn the genocide until after the killing was completed and at least 1.8 million people lay dead. The General Assembly, for instance, did not mention Cambodia in a single resolution until November 1979—nearly a year after the genocide's end. Even then the resolution was framed in terms of sovereignty and did not mention specific human rights violations, let alone genocide.[104] Only in 1980, nearly five years after the atrocities began, did the UNCHR finally pass a resolution condemning the genocide.

The hard left was similarly uninterested in the Cambodian genocide. While millions were being murdered, many leftists dismissed the atrocities as western propaganda. Activists Gareth Porter and George Hilderbrnd wrote, "Cambodia is only the latest victim of the enforcement of an ideology that demands that social revolutions be portrayed as negatively as possible, rather than as a response to real human needs…." According to the pair, what "was portrayed as [the Khmer Rouge's] destructive backward-looking policy motivated by doctrinaire hatred was actually a rationally conceived strategy for dealing with the problems that faced postwar Cambodia." Noam Chomsky also dismissed the genocide, writing that "if Cambodian terror did not exist, the Western propaganda systems would have had to invent it, and in certain respects they did." He unabashedly wrote that blaming solely the Khmer Rouge for deaths from malnutrition and disease was as "if some Nazi apologists were to condemn the allies for postwar deaths from starvation and disease in DP camps."

Instead of focusing on the savage mass murder of more than a million civilians in Southeast Asia, the global community chose instead to use its limited time and resources to try to delegitimize Israel. Just a few months after the Cambodian atrocities began, the General Assembly adopted the most infamous resolution in its history, resolution 3379, declaring that "Zionism is a form of racism and racial discrimination." 72 countries voted in favor, including, ironically, Cambodia. 35 voted against and 32 abstained. This and other similar actions by the General Assembly led Abba Eban to proclaim that if Algeria offered a resolution than the earth was flat and Israel flattened it, it would pass 72 to 35, with 32 abstentions. The United States representative to the United Nations, Daniel Patrick Moynihan, fumed that "the United States rises to declare before the General Assembly of the United Nations and before the world that it does not acknowledge, it will not abide by, it will never acquiesce in this infamous act."

The result of this resolution was that "Zionists" were blacklisted and banned from speaking at several colleges and universities that had "anti-racist" speaking policies. Not a great victory for "human rights" or for freedom. In a world, where genocide, slavery, disappearances, torture, systematic rape, murder of dissidents and other grave violations of human rights were being routinely perpetrated by its member nations, Zionism and Israel became the number one enemy of the U.N., with more resolutions condemning Israel than all the other member nations combined.

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[104] The record of the UN Commission on Human Rights (UNCHR) on the matter is much the same. In March 1978 the United Kingdom petitioned the UNCHR to appoint a special rappourteur for human rights in Cambodia. Syria, the Soviet Union, and Yugoslavia blocked the move. Instead of appointing a rappourteur, the commission invited comment by the Khmer Rouge, referred the matter to a sub-committee, and (despite the ongoing genocide) delayed consideration of the matter until 1979. By the 1979 meeting of the commission, Vietnam had already invaded Cambodia and effectively ended the killings. Yet again, however, the commission delayed consideration of the Cambodia matter.



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The Zionism-Racism resolution was followed by a deluge of anti-Israel sentiment in the General Assembly, the Security Council, and the UN Council on Human Rights. At the 1978 session, "several speakers drew a parallel between Zionism and apartheid," insisting that "those selective and racist regimes should be outlawed by the international community." In 1979, after the Cambodian genocide was already completed but before any major UN body condemned the genocide, there were more comparisons between Zionism and apartheid, with some delegates drawing a parallel "between Nazi policies against the Jews and Israeli brutalities against the people of Palestine."

When the General Assembly itself finally addressed the Cambodian genocide in a resolution, it did so in tepid terms compared to its treatment of Israel. The General Assembly simply noted "with great concern that the armed conflict in Kampuchea [Cambodia] and is seriously threatening the peace and stability of South-East Asia." In contrast, a resolution passed that same year "deplores the continued and persistent violation by Israel of the Geneva Convention relative to the Protection of Civilian Persons in Time of War, of 12 August 1949, and other applicable international instruments, and condemns in particular those violations which that Convention designates as 'grave breaches' thereof."

True to form, Chomsky related Cambodia to Israel, inverting the actual seriousness of the human rights violations and asserting that "condemnation of Cambodian atrocities, covering the full spectrum with the exception of some Maoist groups, had reached a level and scale that has rarely been matched, whereas the situation of the Arabs under Israeli occupation (or indeed, in Israel itself) is virtually a taboo topic in the United States."

The Zionism-racism resolution was ultimately rescinded in 1991 by a vote of the General Assembly, but it continued to animate U.N. actions, especially by the "Human Rights Council" of the U.N. (previously known as the UN Commission on Human Rights), which in 2001 convened the first of several "Durban Conferences" against "racism, racial discrimination, xenophobia and related intolerance." Its primary, if not exclusive, focus was on Israel. It virtually ignored racial genocides, slavery and other obvious manifestations of racism and discrimination. The final preparatory session was held in Tehran. All Israelis and all Jewish NGO's were excluded.

According to Irwin Cotler, the former Attorney General of Canada, who attended the conference, the air was filled with hate speech such as "too bad the Holocaust was not completed." The conference became a "festival of hate such that we had not experienced anywhere at any time before." It was "a state sanctioned culture of hate" which, to Cotler, "is the most dangerous form of anti-Semitism that we are witnessing in the 21st Century." And all of this was done under the Aegis of the U.N.! Even the U.N. High Commissioner for human rights—Mary Robinson, no friend of Israel—was appalled at what she was witnessing. The Arab Lawyers' Union distributed a booklet of anti-Semitic cartoons that could have been published by Der Sturmer. The Jerusalem Post reported Robinson's reaction:

> "Waving a book of anti-Semitic cartoons distributed at the anti-racism conference in Durban, UN High Commissioner Mary Robinson - in a dramatic act of identification with



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> the Jews vilified in the pamphlet - declared "I am a Jew" at an NGO dinner there Wednesday night."

The late Congressman Tom Lantos from California observed:

> "whenever the word 'Holocaust' was read during the plenary review of the combined text, one of the Islamic delegates—usually Egypt—intervened to change 'Holocaust' to 'holocausts.' Adding insult to injury, the same delegates requested that the phrase 'and the ethnic cleansing of the Arab population in historic Palestine' be inserted after the appearance of 'holocausts.'
>
> Each time…language on anti-Semitism and the need to combat it was raised in the plenary, the OIC states intervened to couple anti-Semitism with the phrase 'racist practices of Zionism,' or even more outlandish 'Zionist practices against Semitism"—a deliberate move to confuse the real meaning of anti-Semitism.

A second "Durban Conference" was held in Geneva in 2009. Although the U.S., Canada, Italy and several other countries boycotted what had by this time become clear would be another hate conference, I decided to travel to Geneva in an effort to restore the human rights agenda to its proper priorities, or if that wasn't possible, to expose the UN Human Rights Council for what it has become—an enemy of neutral and universal human rights. It would be an uphill fight because the primary speaker invited to address the second Durban Conference was Mahmoud Ahmadinejad, the Holocaust-denying President of Iran.

I worked with several genuine human rights organizations in an effort to shame the Human Rights Council into broadening its agenda to include the genocides in Africa and other serious human rights abuses around the globe. We brought real victims of human rights abuses from Rwanda, Darfur and other locations where genocides had been ignored, or even facilitated, by the U.N. We conducted a parallel human rights conference in which we took testimony from these ignored victims and witnesses, to whom the U.N. had refused to listen. I also delivered an address on the inversion of "human rights" and "human wrongs."

As it turned out, I was staying in the same hotel as Ahmadinejad. My wife and I were having a pleasant drink in the lobby bar, when Ahmadinejad and his entourage paraded through the lobby. He looked at us and smiled. I approached one of his handlers and introduced myself. I told him that I would like to challenge the President to a debate about the Holocaust. He asked, "where, at Harvard?" Ahmadinejad had previously spoken at Columbia University and I suspected that he might welcome an invitation from Harvard and the platform such as an event would accord him. I replied, "No, the debate should be at Auschwitz; that's where the evidence is." He said he would communicate my offer to the president, who, he told me, was on the way to a press conference on the Mezzanine floor of the hotel. I went to the press conference and tried to ask Ahmadinejad whether he would debate me at Auschwitz. I was immediately hauled off by the Swiss police, removed from the hotel and told I would not be allowed to return "for security reasons." I insisted that "security reasons" did not justify protecting the President from a hostile question, but they told me that my belongings would be removed from my room and my key changed. I



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immediately called someone I knew in the Obama administration, who phoned the US Embassy in Geneva and I was allowed back in the hotel with an apology. The photograph of me being forcibly removed from the hotel was flashed around the world, with the following caption:

> "Harvard law professor Alan Dershowitz, is led away after declaring he planned to challenge Iranian President Mahmoud Ahmadinejad about his views on the Holocaust and Israel minutes before the meeting between Swiss President Hans-Rudolf Merz and the Iranian president in Geneva, Switzerland, on April 19, 2009."

The next day Ahmadinejad was scheduled to give his address to the Durban Conference. We were not allowed into the Chamber in which he was speaking, but were told to go to a special room where we could watch and listen to his talk. We assembled in that room and watched as Ahmadinejad was greeted with applause by many of the delegates. When he began to speak, we discovered that his words, delivered in Farsi, were not being translated to those of us in the separate room, but only to those in Assembly Chamber. This was not acceptable and so I marched to the Assembly Chamber and simply walked in. Several delegations were absent and so we simply took their seats. But not for long. As soon as Ahmadinejad denied the Holocaust, which he did near the beginning of his speech, I stood up and shouted "Shame" and walked out, passing directly in front of his lectern. Many others walked out as well, including several European delegations. Ahmadinejad's talk was a fiasco, and was so reported by the media. He had made a fool of himself, with little help from us.

The following year, the Durban Conference on human rights was once against convened, this time in New York. Once again, we convened parallel conferences. In my address, I made the following point:

> One important reason why there is no peace in the Middle East can be summarized tragically in two letters, UN. That building dedicated in theory to peace has facilitated terrorism, stood idly by genocide, given a platform to holocaust deniers, and disincentivized the Palestinians from negotiating a reasonable two-state solution.
>
> …
>
> How dare states such as Saudi Arabia, Cuba, Venezuela, Zimbabwe, Iran, Bahrain, Syria, Belarus and other tyrannies too numerous to mention -- but if you want to see the list, just go over to the next building -- read the list of nation states and you'll see more than half of them fit this definition of undemocratic tyrannies. How dare those tyrannies lecture Israel about human rights? How dare states such as Turkey, that have attacked their own Kurdish minorities and Armenian minorities, and Russia, which has attacked its own Chechnyan minority, how dare these warmongering countries lecture Israel about peace?
>
> How dare Norway with its long and sordid history of anti-Semitism and collaboration with evil, a history which tragically persists to this day, how dare Norway lecture Israel on equality? How dare South Africa, which continues to practice de facto, though not de jure apartheid, call Israel, which is far more integrated than South Africa, an apartheid state?



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> Is there no sense of shame in that building? Has the word hypocrisy lost all meaning across the street? Does no one recognize the need for a single, neutral standard of human rights? Have human rights now become the permanent weapon of choice for those who practice human wrongs? For shame. For shame.

As I spoke these harsh words in the shadow on the U.N. building, I wondered what my mentor Arthur Goldberg, who left a lifetime job on the Supreme Court, to go to the U.N., would think of what I was saying. He always defended and supported me, but he loved and admired the U.N. I think he would have approved of the thrust of my talk, if not of every word, as he did when another one of his mentees, Daniel Patrick Moynihan, used powerful words to condemn the actions of the U.N.

If an organization—governmental or non-governmental—is to remain true to a genuine commitment to universal and neutral human rights, it must prioritize the use of its resources. "The worst first" must be its governing criteria. The "worst" has two major components. First and foremost is the nature and scope of the human wrongs: genocide, mass murder, widespread torture and mutilation of dissidents, rape as a policy, slavery, genuine apartheid and other comparable abuses. Second is the inability of victims to secure relief from the judiciary, from human rights groups, from the media and from other domestic sources. Failure to prioritize is a sure sign of bias and lack of neutrality. Today's U.N. and most "human rights" NGOs fail this test.

My defense of Western democracies, and most particularly Israel, against deliberately exaggerated charges regarding human rights, led to an offer that presented me with an existential challenge to my dual identity as an American and a Jew. In 2010, the Prime Minister of Israel, Benjamin Netanyahu, urged me to accept the position of Israel's Ambassador to the U.N. He told me that in order to serve in that capacity, I would have to become an Israeli citizen, though I could also retain my American citizenship. I realized immediately that I could never accept the offer, despite the reality that I would have enjoyed the job immensely. The idea of standing up against the hypocrisy and double standard of the UN appealed to me. But it was clear to me that I am an American, not an Israeli. For me to switch sides—even to a nation that is so close an ally to my own nation—would raise the spectre of dual loyalty that has been directed at Jews since Biblical times, when they lived as minorities in the lands of Egypt and Persia.[105]

After much discussion and arm twisting, I finally persuaded Netanyahu that if I accepted the position, it might be good for me, but it would not be good for American Jews or for Israel. So I declined, after promising the Prime Minister that I would be available, as an international lawyer and an American, to help defend Israel against unjust charges brought by international bodies such as the International Criminal Court, the International Court of Justice and various UN agencies. I will also continue to criticize Israel's human rights record when criticism based on a single universal standard is warranted by its actions.

[105] Quote Exodus and Esther



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Conclusion: The Second Six Million

The sad reality is that the inversion of the human rights agenda, especially at the U.N., has needlessly cost many innocent lives. Since the time the world promised "never again" at the end of World War II and built a structure and jurisprudence designed to fulfill that important promise, another six million innocent victims of preventable genocides have been slaughtered while the world once again stood silent.

Since the Holocaust, the international community has turned a blind eye as genocides across the globe claimed millions of innocent lives. Cambodia, Rwanda, and Darfur are just the beginning of the story. The UN has also failed to help desperate civilians in Burundi, the former Yugoslavia, Syria, and other countries. While ignoring the gruesome killings by the member states in its midst, the United Nations has focused its time and attention on a single country—Israel. The numbers are staggering. In the last eight years, Israel has garnered more than six times as many UN condemnatory resolutions than any other country in the world.[106] The General Assembly has called only ten special emergency sessions in its history, but six of them have been devoted to the Middle East's only liberal democracy.[107] Of course Israel has its shortcomings, but it deserves to be subjected to the same scrutiny as every other state, no more and no less.

The UN's obsession with Israel is not necessarily the only cause of its inaction on genocide, but it is certainly a contributing factor. Like all institutions, the United Nations has limited resources. When it dedicates so many of those resources to criticizing Israel it decreases its ability to respond effectively to genocide. It is important to realize that the sheer amount of time the UN spends chastising Israel in one-sided and repetitive resolutions is also time *not* spent on genocide. As the NGO UN Watch notes, "Diplomats at foreign ministries or UN missions have a limited amount of time to devote to any particular UN session. Because every proposed UN resolution is subjected to intensive review by various levels and branches of government, a direct result of the anti-Israel texts is a crippling of the UN's ability to tackle the world's ills."[108] What could have been if, *during* the Cambodian genocide, the General Assembly passed a single resolution on the atrocities instead wasting time debating whether Zionism was racism? How would the situation in Darfur have changed if, during its 2006-2007 sessions, the General Assembly once condemned the genocide in Sudan instead of passing 22 resolutions condemning Israel?

One might easily dismiss the UN's obsession with Israel, if the body's failure to stop suffering was not so serious and not so real. The UN could have intervened more quickly and vigorously and saved millions of lives in Cambodia, Darfur, Rwanda, the former Yugoslavia, Syria and numerous other places. It is a broken institution. Until it ends its obsession with Israel, the UN cannot be fixed.

It will remain the key perpetrator—through its actions and inactions—of the tragic inversion of human rights over the past 40 years.

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[106] Eye on the UN, http://www.eyeontheun.org/browse-un.asp?ya=1&sa=1&ua=1&s=0&tp=1&tpn=Resolution.
[107] American Jewish Committee, A Diminished Body: An Overview of the UN and Israel 5, http://www.ajc.org/atf/cf/%7B42D75369-D582-4380-8395-D25925B85EAF%7D/DIMINISHEWORLDBODYOVERVIEWUNISRAEL_2006.PDF.
[108] UN Watch, UN, Israel & Anti-Semitism, http://www.unwatch.org/site/c.bdKKISNqEmG/b.1359197/k.6748/UN_Israel__AntiSemitism.htm.



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While these premeditated and carefully organized killing sprees were taking place, the United Nations fiddled on about the imperfections of the United States, Israel and other western democracies. The real victims of this inversion have not been the western democracies that have been the focus of the U.N. condemnations. The real victims have been those willfully ignored by the U.N., which has used its focus on Israel and other democracies as an excuse—a cover—for its malignant inaction against horrible human wrongs committed by the tyrannical regimes that control much of the UN agenda and give themselves exculpatory immunity from any UN condemnations or intervention. "Never again" has been turned into "again and again and again." The label of "human rights" has been used to promote human wrongs. Our heroes—Eleanor Roosevelt, Rene Cassin, Albert Schweitzer—should be turning over in their graves, as the shields they constructed to protect the helpless from oppression and genocide have been beaten into swords to be used by the oppressors and genocidal killers.

I refuse to allow these human rights pretenders to hijack and invert the honorable agenda of neutral and universal human rights. I will keep struggling until my dying day to return human rights to its proper place in the international community.



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Conclusion—Closing Argument:

Looking back at my 50 year career and forward to the laws next 50 years.

As I begin my second half century of law practice and teaching, I look back with fondness, nostalgia and a heavy dose of surprise on my interesting life and career, as I look forward to my remaining years. Since I try to prepare my students to be lawyers over their entire careers, and since the career of a lawyer now extends to a full half century, I must always think ahead to what our legal system will look like when my current students end their careers.

I could not have asked more or better from my first half century. I have accomplished far more than I could ever have anticipated, especially in light of my undistinguished elementary and high school performance, and I have lived a more interesting life than I could ever have dreamed. I have surely lived the passion of my times and I've been very lucky, at least so far. (I don't want to give myself a "kneina hura."[109]) Like the fictional Zelig in Woody Allen's great film of that name, I was privileged to have been present—literally or virtually—at many of the most important legal and political events that transpired during my adult life. For some I volunteered, for others I was solicited. Sometimes I was a direct participant, other times an active observer and reporter. In this "closing argument" I will try to summarize my role in the important legal and political developments in which I participated. I will also speculate about what the future may hold for our system of laws and justice.

Oliver Wendell Holmes, Jr. viewed the role of the lawyer as a predictor of future legal decisions and trends.[110] But the Talmud cautioned that prophecy ended with the destruction of the second temple and that he/she who tries to prophecy the future is either a fool or a naïve. Or as a contemporary sage—Yogi Berra—put it: "Prediction is very hard, especially about the future." I certainly agree that prognosticating the future is a daunting challenge, but lawyers and law professors must confront that challenge, because one of the most important jobs we have is to identify trends and to anticipate significant developments, I will try, therefore, with these cautions in mind, to extrapolate about what a lawyer writing an autobiography 50 years from now might look back at and write about.

Before I summarize my past and speculate about the future, let me say a word about my present life. I remain extremely active in every phase of my career. Here is a summary of the week during which I wrote these words. The week of November 13 through November 20, 2011 was fairly typical of my life during my 74th year.[111]

On Sunday morning I was picked up by limo and taken to Bedford airport where I boarded a private 747 jet owned by Sheldon Adelson, reputed to be the richest Jew in history and among the handful of wealthiest Americans. The son of a Boston cab driver, Adelson has accumulated billions of dollars by building and running casinos in Las Vegas, Micow and Singapore. His jet,

[109] Yiddish corruption of the Hebrew for "evil eye."
[110] [CITE]
[111] More typical of spring than fall, when I teach.



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which was once owned by the Sultan of Brunei, is a flying mansion, equipped with a bedroom, several sitting rooms, a chef and other appertences of wealth and glamour. I spent much of the trip conferring with Sheldon and his wife, Dr. Miriam Adelson, who is an expert in addiction and the psychological problems associated with drug dependency. As we were about to land, I was invited into the cockpit where I saw the Hoover Dam and other interesting sights on the approach to Las Vegas. Upon arriving in Las Vegas I was taken to the Dr. Miriam and Sheldon Adelson Educational Campus and shown around the school that they built in a suburb of Las Vegas. Then I was picked up by Larry Ruvo, who wanted me to see the brain institute that architect Frank Grary had built in Ruvo's father's memory. Ruvo credits me with helping to get this project done, after the local university ran out of money and broke its agreement with him. I wrote a strong letter on his behalf, and the result was an arrangement with the Cleveland Clinic, one of the great medical institutions in the world. After touring the facility, I went to the Venetian Hotel where I spoke on behalf of the Adelson Day School and was honored with a beautiful plaque made from Jerusalem stone. The students of the school presented me with a book of drawings that the students had done in my honor representing their views of justice. (Later that week, I passed the book around to the college students in my seminar on morality.) At 10PM, I was taken to the airport where the Adelsons smaller jet—a gulfstream—was waiting to fly me back to New York where I arrived at 5:30AM.

Following a few hours of sleep in my New York apartment, I was picked up by a paralegal and driven to Rikers Island where I spent the morning conferring with my client Gigi Jordan, who is accused of murder. She had killed her autistic son and tried to kill herself after learning that her child had been repeatedly abused, both sexually and physically by his biological father, and after unsuccessfully seeking help from numerous government and social service agencies.

After returning from Rikers Island, I was driven to Brooklyn College, where my legal and personal papers—more than a million of them in 1600 boxes—were being opened for public viewing. I am contributing all of my papers to my alma matter. I made a talk about the papers and my experiences at Brooklyn College to a crowd that included my wife and sons, old friends, classmates, current and former faculty members, and current students. It was a thrilling experience for me to go back more than half a century to the college that meant so much to me and to express my appreciation to people who so influenced my life.

On Tuesday I appeared in New York State Supreme Court on behalf of my client Gigi Jordan and made arguments in preparation for her trial. Following that court appearance, I boarded the Acela train and went home for a good long night's sleep.

On Wednesday morning I met with the Chief Prosecutor of the International Criminal Court, Luis Moreno Ocampo, for breakfast. He had invited me to discuss with him a pending application of the Palestinian Authority to be recognized as a state by the International Criminal Court in order to bring charges against Israel for the war in Gaza and for building settlements in the West Bank. We had a long and fruitful discussion.

I then went back to the law school where I prepared for my first class of the day—a legal ethics course from 1 to 3PM. Before class I had a short lunch in the faculty dining room where I sat with an old friend, Michael Boudin, who is a judge on the US Court of Appeals for the First



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Circuit and an adjunct member of our faculty. The first half of the legal ethics class was devoted to discussing the difficult problem of what a lawyer should do when a client gives him physical evidence, the possession of which itself might be a crime. Such evidence might include videos of child pornography, stolen goods and other contraband. We considered a case where a legal aid lawyer had been told where his client buried the body of a college student he had murdered, but his murder was not known to her parents or to the police. We also discussed the Joe Paterno case that was then in the news and that raised questions regarding obligations to report serious misconduct. The second hour, prosecutor Ocampo made a brief appearance in the classroom, to discuss ethical problems faced by international prosecutors. The class ended with a discussion about the scope of confidentiality and what a lawyer should do if his client claims innocence and would like to testify as to his innocence, but the lawyer firmly believes that he is guilty.

Following that class I sent an hour preparing for my next seminar which is a class of freshman at Harvard College. The subject is "Where Does Your Morality Come From?", and we discussed the moral limits on spying and other forms of subterfuge directed against enemy countries.

Straight from class I went to the Huntington Theater where I had been asked to comment on a play that was opening there. The play was about the capture of Adolph Eichmann, and I spent about an hour on the stage speaking and responding to questions from the director and the audience about the legal issues growing out of the highly publicized capture and trial by Israel.

Thursday was essentially my day of rest. I spent the day writing several short articles and doing research and writing on several pending projects, including my autobiography. Thursday night was my only night of the week at home with my wife, and we spent it watching a dumb but entertaining movie called Crazy Stupid Love.

Friday began with my annual checkup at my doctor's office followed by lunch with Peter Norton, director of the Norton Antivirus Software. I met him and his wife Gwen for lunch at the Harvest, where we discussed, among other things, the use of computer viruses against the Iranian nuclear threat. After lunch, I received an email from a lawyer representing Saif Ghadafi, who had just been apprehended by the Lybians. He wanted me to represent Ghadafi in the International Criminal Court and to negotiate for him to be tried in the Hague rather than in Tripoli. I asked for more information before making a decision. I spent the rest of the afternoon working on writing projects, and then went back to the law school at 6:30PM for a Shabbat dinner sponsored by Chabad and the Jewish Law Students Association. I am faculty advisor to both of those organizations and I gave a brief talk at the beginning of the dinner. My wife and I then attended a concert at Sanders Theater.

At 5:30 on Saturday morning, I flew to fly to Washington DC to be a keynote speaker at an event sponsored by Iranian dissidents. The other speakers included former Secretary of Homeland Security, Tom Ridge, Former Chairman of the Democratic National Committee Howard Dean, former Congressman Patrick Kennedy and several other former and current government officials. I then took the train back to New York, where I was hoping to attend the Metropolitan Opera, but I was too tired and I went back to my apartment and ended the week by falling asleep at about 10PM. My wife was proud of me for acknowledging my limitations, saying that 5 years earlier, I never would have been willing to miss anything because of being tired. A friend, who is a



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psychoanalyst, has labeled my affliction "FOMS"—"fear of missing something." I plead guilty to that diagnosis.

Nor was this event-filled week unusual. Two weeks later, my wife and I were off to Israel, where I received the Begin Prize" for my "contributions to the Jewish people," and gave several lectures in Jerusalem and Tel Aviv. During my visit to Israel, I flew to Paris for a talk and to the Hague on a human rights matter. Then back to Israel for a conference and meetings with the Prime Minister and other government officials. My granddaughter joined us in Vienna for a few days of opera and strudel, followed by a visit to Prague as guests of the U.S. Ambassador, a speech at a Czech university and the lighting of Chanukah candles at the U.S. Embassy.

I don't know how long I will be able to keep up this pace. I am now teaching only in the fall semester at Harvard Law School, though I generally squeeze 4 or 5 separate courses into that one semester—one large class, two seminars and one or two reading groups. We move to South Beach for the winter, where I write, lecture and consult on cases. I am trying to accept fewer commitments, but I find it hard to say no to interesting offers (FOMS?). I also cannot remain passive in the face of injustice and bigotry, which appear to be on the increase. I still love a tough challenge and welcome a good fight. I hate to lose and I never give up.

If past is prologue, my approach to life—living the passion of the times—will not change, but nature has its claim and physical energy inevitably abates and requires choices and priorities. My priorities will continue to be determined by the seriousness of the wrongs that need to be challenged by rights.



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Since the theme of this book is change—change in the freedom of expression, change in the way homicides are prosecuted and defended, change in the nature of media coverage of high profile cases, change in the uses and misuses of "human rights," change in attitudes toward race, change in the relationship between religion and government, and change in the way law is taught and learned—it is appropriate to end with changes I have experienced in my own personal and professional life over the years.

During each of my seven decades of adult life, I have undergone significant change, beginning in my second decade, when I was a teenager about to enter college, through my eighth decade as I approach retirement from Harvard. It is to these changes that I now turn.



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Summarizing my past: The major changes in my life

The questions I am most often asked by others—and sometimes by myself—are about significant changes in my life and why they occurred. Going back to my teen years, the question is why I changed, within a few short months, from a C and D student in high school to an A+ student in college and law school. The change was dramatic and sudden—literally over the summer of 1955, between high school and college. What happened in those two months to change me from being last, or close to last in a class of 50, to being first among the men (15 women were ahead of me)[112] in a highly competitive class of 2,000, and then first in a class of 170 even more competitive men and women (only a handful) at Yale Law School? Was it me who changed, or was it the schools?

It was both. I think I had begun to change during my last year in high school, but my reputation among the faculty was so firmly established and so negative, that teachers simply couldn't see past it. Even when I got A grades on the statewide Regents exams, the teachers gave me Cs and Ds as semester grades. My occasionally intelligent classroom comments were taken as 'wise ass" remarks. And some of my teachers even thought I must have cheated whenever I got a good grade on a test. So I doubt it was possible for me ever to shine in a high school where my favorite teacher insisted that I was "a 75 student" and would always be "a 75 student." (I didn't quite live up to his expectations, graduating with an average below 75).

Moreover, my high school was a Yeshiva—a "parochial school" and I am not a parochial person. I did not respect most of my teachers, and the feeling was obviously mutual. Creativity was frowned upon. Rote memorization was rewarded. And "respect" for "authority" was not only demanded, it was actually graded. I got a "U" for unsatisfactory. When I got to Brooklyn College, creativity was rewarded, rote memorization frowned upon, and respect was something to be earned, not merely accorded by the title of Rabbi. The same kind of creative and challenging answers that got me Cs and Ds in Yeshiva earned me A's in college and law school.

But there was more at work than a change of schools. I changed over that summer as well. I went to a new summer camp as an assistant counselor, where I excelled and received praise for my creativity as a song writer for "color war" and for my leadership skills. I had always been a leader, even during my darkest days in high school, but the school rejected my leadership, fearful that other students would follow me in my heretical ways. I always had an abundance of energy, but it was—in the views of my high school teachers—misdirected.

That summer in Camp Maple Lake, I received confirmation of my talents, and the result was heightened self confidence.

I also met a young woman and began my first serious romantic relationship, which culminated four years later in my first marriage. Suddenly, I was "talented," "attractive," and "accepted." It was a great send off to college.

[112] Because of the draft, men and women were ranked separately.



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I also had a bit of a chip on my shoulder and an "I'll show them" attitude toward my high school teachers, who told me I'd never amount to anything, and my principle, who persuaded Yeshiva College not to admit me. I was motivated and roaring to go.

In college, although I succeeded beyond my wildest imaginations, I also had deep-seated doubts about whether I was really as good as my grades. I had recurrent nightmares about failing exams and being exposed as a "phony." I also wondered whether Brooklyn College was easier than Yeshiva, because half the day was not devoted to religious studies. But I didn't let these doubts get in the way of my success. I loved Brooklyn College; and Brooklyn College loved—and still loves—me. (Yeshiva now loves me as well, bestowing on me an "Alumni of the Year" award and an honorary doctorate, reflecting some selective amnesia about our past unhappy relationship.)

Moving from my teen to my twenties, another question about change arises: why did I change—again dramatically and precipitously—from a strictly observant Jew, into a mostly non-observant secular Jew. Within a brief period of time, I transformed myself from an Orthodox Jew who put on Tfilin and davened every day and never ate anything—even a Nabisco cookie—that didn't have the magical U, into a secular Jew who went to synagogue only a few times a year and who did not keep Kosher (except in my home, so my parents could eat there).

These changes occurred in my middle to late 20s, and did not reflect any theological epiphany, but rather a rational decision to become my own person, rather than a follower of my parents' life style. It would have been easy for me to remain observant. By the time I was making the decision, my career was well established. I had been hired by Harvard as an observant Jew, and I could have remained observant with no adverse consequences (other than some silly questions from the Dean). Indeed, from a career perspective, there would have been a distinct advantage in remaining part of the Orthodox community. I would have been among the most successful Orthodox lawyers and professors in the world. Having given up Orthodoxy, I was just one among the thousands of highly successful Jewish lawyers and professors.

I often think about what my life, and that of my family, would have been like had I remained a member of "the club" of Modern Orthodox Jews. The "road not taken" often appears less bumpy than the road one actually traveled. But I have no regrets.

Many of my friends, who have remained Orthodox, do not understand my decision. They, like me, are skeptics and agnostics, but that has not stopped them from remaining observant. As one old friend put it: "the older I get, the less I believe, but the more I observe." They love the community of Orthodox observers and want to remain part of it. That requires complying with a set of rules—not believing a set of beliefs. Since I am very rule abiding in my secular and professional life, following the religious rules would have been easy for me, but I chose the road less traveled, at least for my Orthodox friends. And that has made all the difference, both for me and for my children—for better or worse. I simply did not want to impose my parents' rules on my children. My parents imposed their rules on me and my brother, and I wanted my children to be free to choose a lifestyle for themselves. Of course no one is entirely free from parental influences, and choice is always a matter of degree.



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In my thirties, I made another significant choice. Having spent my first 5 or 6 years at Harvard as a pure scholar, writing dozens of law review articles, two case books and hundreds of lectures, I was becoming restless. I wanted more action. I "think therefore I am" (even if Des Carte got the order right) was not enough. I wanted to do. "I do, therefore I am," is more consistent with my personality and energy level. But I also loved teaching. I didn't want to stop being a professor.

I also have always hated to choose among good things. My choice has always been to do everything—not to miss anything. ("FOMS" again! I am terminal!) I never want to miss anything. My wife always reminds me of the great Yiddish expression: "With one Tuchis (rear end) you cannot dance at two weddings." Maybe not, but there's no harm in trying. And why only two, if there are three. (My son Elon, a filmmaker, recently made a clever, short cartoon video, showing me breaking the Martha's Vineyard record by attending five parties in one night!)

And so, consistent with my lifelong aversion to choosing, I chose not to choose. I decided to remain a professor while also arguing cases and becoming deeply involved in causes.

The immediate precipitator of this change did not come from within me. It came from a tragedy that struck my 10 year old son Elon, who was diagnosed with brain cancer. I dropped everything I was doing and focused all my energy on getting him the best surgical and oncological care in the world. Following successful surgery at Boston's Children's Hospital, he had radiation therapy at Stanford Medical Center in California. Then it was time to wait. Waiting—not doing—is difficult for me. I simply couldn't concentrate on long term scholarly projects that had no deadlines. My mind wandered to my son and I could get no work done. I had to put on hold a major scholarly book project on the preventive state.

I decided that what I needed was short term projects with deadlines that required me to complete the work on schedule. Appellate cases fit the bill perfectly, and I began to take on criminal appeals.

When Elon was diagnosed, I had no money. My salary was meager and I had no outside income. I had to borrow money from Judge Bazelon to assure Elon the best care. I vowed that I would never again put my family in that position and I decided to try to earn additional income from cases. I took half my cases on a pro bono basis, but the other half earned me a nice outside income, which I invested cautiously. I remember vividly charging my first legal fee: $35 an hour. I couldn't believe anyone would be willing to pay me so much—almost 50 times as much as the 75 cents an hour I had earned as a babysitter and Bar Mitzvah tutor! Within a few years it was $75 an hour, then a hundred. My goal was to be certain that if Elon experienced a recurrence, I would have enough money to assure the best treatment without having to borrow. Fortunately, Elon has been fine, but the years go by awfully slowly when you have a child at risk for recurrence.

Once having dipped my toe in the water of practice, I wouldn't stop. I loved the challenge of the courtroom and took to it quite naturally. I've never looked back. Practice has made me a better teacher, and teaching has made me a better practitioner.



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In my 40s, I made another career change. I stopped writing law review articles and started to write books about law for a general audience. My first book, written in my early 40s, was The Best Defense, which became a national best seller and is still in print. It has been followed by 28 additional books, six of which became best sellers. My books have been translated into a dozen languages, and well over a million of them have been sold throughout the world. One of them, Chutzpah, was the number one best seller on The New York Times and other lists. My career as a popular writer of non-fiction and fiction has been gratifying, especially when readers tell me that my books have influenced their thinking and their lives. I think of my book writing as part of my job as a teacher, both to my Harvard law students and to my readers.

In my 40s, I also became a regular presence on national television, explaining the law and advocating civil liberties positions. I appeared frequently with Ted Koppel, Larry King, Katie Couric and other widely watched shows. As a result, I became something of a public figure (for better or worse.) I also met my second wife, Carolyn Cohen, and began to live a more stable and rewarding home life.

In my 50s, my life changed again. Because of my success as a lawyer, my media visibility and my books, I began to attract world famous people as clients. The nature of my practice changed considerably, and although I still took half of my cases without fee, the fees for my paying cases went up dramatically, and for the first time in my life I was relatively wealthy. My wife and I—who by this time had a daughter named Ella—bought a beautiful home in Cambridge and a vacation home on Martha's Vineyard. We began to collect art and to open our home to students and charity events. Shortly thereafter, my son Jamin married Barbara and had two children, Lori and Lyle, making me a relatively young grandfather.

Clients, including several billionaires, were flocking to me and I had my choice of cases. I tried to strike a balance among the cases I took, but the media focused only on my rich and famous clients. Suddenly I was a celebrity lawyer. I hated that designation, and it didn't accurately reflect my day-to-day work, but it stuck and my obituary will probably use the term, no matter when it is published.

My next career change took place in my 60s, when I began to devote considerable time and energy to the defense of Israel against efforts to demonize and delegitimize the Jewish state. As I entered my seventh decade and looked back on my life's work, I saw most trends moving in a positive direction: freedom of expression, though never secure, was expanding; science was playing more of a role in solving homicides that ever before, though the courts were not keeping pace with technological developments; racial, gender, religious and even sexual orientation, equality, though far from complete, was much closer to reality than when I was growing up. There was, however, one important issue that was moving in the wrong direction: the campaign to demonize and delegitimize Israel—being conducted by the strangest of bedfellows, the hard ideological left and the hard Islamic right—was crossing dangerous lines. Israel's imperfections (and what nation is anything but imperfect) was becoming the newest excuse for legitimizing the oldest of bigotries. The line from anti-Zionism to anti-Semitism—a line Martin Luther King warned about in a speech at Harvard shortly before his death—was being crossed. For the first time in my adult life, I was seeing an increase in the hatred of Jews.



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Moreover, the fervor in the hatred of Israel could not be explained in rational, policy terms. Israel, the "Jew Among Nations," was being treated by many on the hard left and on the Islamic right, in the way the Jewish people had been treated for millennia. This change took me by surprise.

In the conclusion to my 1991 book, Chutzpah, I predicted the end of mainstream, top-down anti-Semitism in America, and its replacement by anti-Zionism. I also predicted "a sharp decline in support for Israel among college and university students," who will be "tomorrow's leaders." I should have, but did not anticipate that the new anti-Zionism would morph into anti-Semitism, at least for some. I should have because the hatred of Israel by the hard left and the Islamic right was so irrational, so off the charts, so extreme, that it could be explained only by a hatred for Israel's Jewishness. A confrontation I experienced in 2004 was all too typical:

It took place in front of Faneuil Hall, the birthplace of American independence and liberty. I was receiving a justice award and delivering a talk from the podium of that historic hall on civil liberties in the age of terrorism. When I left, award in hand, I was accosted by a group of screaming, angry young men and women carrying virulently anti-Israel signs. The sign carriers were shouting epithets at me that crossed the line from civility to bigotry. "Dershowitz and Hitler, just the same, the only difference is the name." The sin that, in the opinion of the screamers, warranted this comparison between me and the man who murdered dozens of my family members was my support for Israel.

It was irrelevant to these chanters that I also support a Palestinian state, the end of the Israeli occupation, and the dismantling of most of the settlements. The protestors also shouted, "Dershowitz and Gibbels [sic], just the same, the only difference is the name"—not even knowing how to pronounce the name of the anti-Semitic Nazi butcher.

One sign carrier shouted that Jews who support Israel are worse than Nazis. Another demanded that I be tortured and killed. It was not only their words; it was the hatred in their eyes. If a dozen Boston police had not been protecting me, I have little doubt I would have been physically attacked. The protestors' eyes were ablaze with fanatical zeal.

The feminist writer Phyllis Chesler aptly describes the hatred some young people often direct against Israel and supporters of the Jewish state as "eroticized." That is what I saw: passionate hatred, ecstatic hatred, orgasmic hatred. It was beyond mere differences of opinion.

When I looked into their faces, I could imagine young Nazis in the 1930s in Hitler's Germany. They had no doubt that they were right and that I was pure evil for my support of the Jewish state, despite my public disagreement with some of Israel's policies and despite my support for Palestinian statehood.

There was no place for nuance here. It was black and white, good versus evil, and any Jew who supported Israel was pure evil, deserving of torture, violence, and whatever fate Hitler and Goebbels deserved.

To be sure, these protestors' verbal attack on me was constitutionally protected speech, just as the Nazi march through Skokie was constitutionally protected speech. But the shouting was plainly calculated to intimidate. An aura of violence was in the air, and had the police not been there, I would not have been able to express any views counter to theirs.



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As it turned out, I was not able to express my opinions anyway, even in response to their outrageous mischaracterization of my viewpoint or their comparisons of me to the most evil men in the world. When I turned to answer one of the bigoted chants, as I always do in these situations, the police officer in charge gently but firmly insisted that I walk directly to my car and not engage them. It was an order, reasonably calculated to assure my safety, and it was right.

The officer climbed into my car with me and only got out a few blocks away, when we were beyond the range of violence. The intimidation had succeeded. I had been silenced, and the false and horrible message had gone unanswered in the plaza near Faneuil Hall.

I have experienced similar hatred around the world: in California, Toronto, Trondheim, Cape town, London and Paris. I needed police protection—sometimes with shields and bulletproof vests—when I spoke about Israel. I never saw anything like this hatred directed at the South African Apartheid regime in the 1970s and 1980s. Even during the worst days of McCarthyism, there was nothing like this even directed at Stalin's Soviet Union or Mao's China. And there was nothing like this directed at the German Nazi regime or the Italian Fascist regime in the 1930s.

The hatred directed at Israel—calling it worse than Nazi Germany and Apartheid South Africa—is sui genesis. It is unprecedented on campuses around the world, and it was inevitable that it would cross the line into old fashioned and crude anti-Semitism, as it has done on many campuses and in many lecture halls.

I could not remain silent in the face of this dangerous phenomenon. I decided therefore to prioritize my legal and human rights work in defense of Israel and the Jewish community as long as this threat persisted.

I had wanted to write a book called *The Case For Peace*, in which I criticized both sides of the Arab-Israeli conflict for not doing enough to bring about a compromise peace. Instead, I decided to write *The Case For Israel*, in order to provide students with a factual basis for responding to the untruths that are rampant on campuses. The book became an instant best seller, both on campuses and around the world, where it was published in many languages. It helped change the terms of the debate on many campuses and it changed the minds of many people. One example is particularly gratifying. An Arab man named Kassim Hafeez wrote an article in October of 2011 entitled *From Anti-Semite to Zionist*. In it, he described his journey as follows:

> "Growing up in a Muslim community in the UK I was exposed to materials condemning Israel, painting Jews as usurpers and murderers. My views were reinforced when I attended Nakba Day rallies where speakers predicted Israel's demise.
>
> My hate for Israel and for the Jews was fuelled by images of death and destruction, set to the backdrop of Arabic melodies about Jihad and speeches of Hizbollah leader Hasan Nasrallah or Osama Bin Laden.
>
> There was also constant, casual antisemitism around me. My father would boast of how Adolf Hitler was a hero, his only failing being that he didn't kill enough Jews.



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> What changed? In Waterstones one day I found myself in the Israel and Palestine section. To this day I don't know why I actually pulled it off the shelf, but I picked up a copy of Alan Dershowitz's The Case for Israel.
>
> In my world view the Jews and the Americans controlled the media, so after a brief look at the back, I scoffed thinking "vile Zionist propaganda".
>
> But I decided to buy it, eagerly awaiting the chance to deconstruct it so I could show why Israel had no case and claim my findings as a personal victory for the Palestinian cause. As I read Dershowitz's systematic deconstruction of the lies I had been told, I felt a real crisis of conscience. I couldn't disprove his arguments or find facts to respond to them with. I didn't know what to believe. I'd blindly followed for so long, yet here I was questioning whether I had been wrong?
>
> I decided to visit Israel to find the truth. I was confronted by synagogues, mosques and churches, by Jews and Arabs living together, by minorities playing huge parts in all areas of Israeli life, from the military to the judiciary. It was shocking and eye-opening. This wasn't the evil Zionist Israel that I had been told about.
>
> After much soul searching, I knew what I had once believed was wrong. I had to stand with Israel, with this tiny nation, free, democratic, making huge strides in medicine, research and development, yet the victim of the same lies and hatred that nearly consumed me.

Not all people were so positively influenced, a woman in England asked the manager of a large book store for a copy of *The Case For Israel*. He responded, “there is no case for Israel.”

I have devoted much of my 7th decade to the defense of Israel (while continuing to criticize many of its policies, especially regarding settlements.) This has earned me the title of “the Jewish State’s lead attorney in the court of public opinion” and “America’s most public Jewish defender.” It has also earned me the title of “Ziofascist,” “Jewish Nazi,” “tool of the Likud,” and “Israel Firster.”

It is these latter titles that have brought about the most recent change in my life during my 8th decade. Until recently, I was always known as a liberal Democrat aligned politically with the likes of Senator Ted Kennedy, President Bill Clinton, Secretary of State Hillary Clinton, Senator Hubert Humphrey, Justices Arthur Goldberg and William Brennan, the Reverend Martin Luther King, and Judge David Bazelon. The organization with which I have been most closely associated has been the American Civil Liberties Union, on whose national and local boards I have served. The causes with which I have been most often associated were freedom of speech; opposition to the death penalty; due process for criminal suspects and defendants; the separation of church and state; racial, gender, religious, wealth and sexual orientation equality; and political accountability . Indeed, when I have been considered for judgeships and other government positions requiring Senate confirmation, I was generally regarded as “too liberal” to be confirmed.



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Today, my views on all of the above subjects have remained essentially the same, but because of my support, critical as it may be, for Israel, I am now widely regarded as a "conservative," a "right winger," a "sell out," even a fascist. Many college and university students have no idea of my views on the core issues that separate liberals from conservatives (inexact as those categories are). All they know is that is that I defend Israel, and that is enough for them to brand me as "politically incorrect" and worse. This is the way MJ Rosenberg, an anti-Israel blogger active in Media Matters, a Democratic think tank, absurdly put it:

> "Dershowitz is not a Democrat. The only issue he cares about—and the only issue he ever spouts off about—is Israel. Unlike most Americans, [say 99%], Dershowitz has no particular opinion on any issue that does not relate to Israel."

His obsession over Israel's imperfections has blinded him, and other of his ilk, to the fact that the vast majority of my books, op eds, cases and causes relate to civil liberties, criminal and constitutional law.

This last change is not one that I have brought about by changing my views or actions, as were the earlier changes. I have done nothing different. It is the world around me that has changed with regard to Israel, and attitudes toward me have changed because of this. I will continue to live by my principles. I'm probably too old and too set in my ways to change even if I wanted to, which I don't. I will not adapt my principles to changing times and attitudes, when I believe that these changing attitudes are wrong and bigoted. But I must recognize that the perception of me by many others is changing.

After I helped win the O.J. Simpson case, I thought that it would be that aspect of my career that would be the focus of my obituary. Now I think it will also be Israel. Since I'm never satisfied unless I get the last word, I penned the following letter to the editor to be sent following my death:

> Dear editor:
>
> I don't want you to think that I don't appreciate some of the kind words written about me in your obituary, but I had a policy throughout my life of setting the record straight with regard to things written about me, and I see no reason to allow my untimely death to change that. Your understandable emphasis on my high profile cases distorts my record by downplaying the numerous pro bono cases I handled on behalf of obscure and indigent clients. I made it a policy throughout my life to devote at least half of my professional time to nonpaying cases and causes.
>
> One such cause was the defense of Israel from unfair attacks, but I was not an uncritical advocate for the Jewish state. To the contrary, I was critical when criticism was warranted, as with regard to Israel's settlement policy. I supported Israel not despite my liberalism, but because of it—and because I have always defended just causes against unjust attacks.



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> I tried to live my life based on principles and consistency. There were not always understood by those who disagreed with where my principles sometimes took me and who they led me to represent. That is why I have made it a policy to correct the record. I admit that I have always tried to get the last word. Hence this posthumous letter to the editor which I promise is my last word.
>
> Alan Dershowitz
> From I don't know where

I hope this posthumous letter to the editor isn't published for a while, but I suspect it will be relevant whenever my obituary appears. That's ok—as long as I get the last word!



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4.2.12
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APPENDIX – VIGNETTES

Justice Harlen



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4.2.12
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Henry Kissinger



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4.2.12
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Opera Tickets



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Cardinal Glemp



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Israel Philharmonic



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4.2.12
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Nevins



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Prime Minister Benjamin Netanyahu

Among the public figures I have counseled is Israel's Prime Minister Benjamin Netanyahu. I had met Bibi when he was a student in Cambridge in the early 1970's. We got to know each other when he served in New York as Israel's representative to the United Nations. He has been to our home for dinner and we have been at his. Over the years, he has sought my advice on legal and governmental matters, but not on Israeli domestic politics, which he knows I stay out of.

Shortly after he first became Prime Minister, he invited me to his office on a Friday afternoon.

My wife, our daughter and I stood outside of the King David Hotel trying to hail a cab, but all the cab drivers were heading home for the weekend. It looked like we might be late for our appointment with the Prime Minister. Suddenly a car pulled up. It was the mayor of Jerusalem, Ehud Olmert, whom I knew. He rolled down his window and shouted, "Alan, you'll never get a cab on a Friday afternoon. Where do you need to go?" I told him and he willingly agreed to drive us there. As I began to get into his car, a cab driver pulled over and said, "I'll take them." Olmert replied, "No, no, it'll be my pleasure." The cab driver pulled his car in front of Olmert's, blocking it and shouting, "I don't try to run Jerusalem, why are you trying to be a cab driver? Stop taking business from me." Only in Jerusalem! I paid the cab driver what his fare would've been and took the ride with the mayor.

When I got to the Prime Minister's office, Bibi spent a few minutes with us and then invited me to his private office for a confidential meeting. He explained that this was one of the most secure locations in the world and that anything I told him would never leave the room. He then said, "There's been something I have been waiting to ask you." I expected him to ask my advice on some critical security or political issue, as he had in the past. I said, "Sure, ask me anything." He put his arm around me and whispered in my ear, "So, did O.J. do it?" I was taken aback but I quickly responded, "So, Mr. Prime Minister, does Israel have nuclear weapons?" Bibi looked at me sternly and said, "You know I can't answer that question." I looked back at him and said, "Aha!" Bibi understood and we both laughed.

Over the years I have advised Netanyahu on a variety of issues during his tenure as Prime Minister and between his terms. I do not share all of his political and diplomatic views, and he knows that, but he seems to value my judgment, as do several other Israeli political leaders to the left of him. They know I care deeply about Israel and will always give them my unbiased views.

Recently, Netanyahu made the following statement during a nationally-televised conference in Israel:

> "First off, I would like to congratulate the Globes Conference for its foresight in inviting Alan Dershowitz and I would like to say to Alan. Israel has no greater champion and the truth has no greater defender than Alan Dershowitz."

I was obviously flattered by his comment. Several hours later, I received a call from President Obama, who had apparently learned of Netanyahu's words. He said he valued my views because "you've always been straight with me over the years that we've known each other." He asked me



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about the situation in Israel and eventually about Iran, and invited me to the White House for lunch to continue our discussion.



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Getting back to my invitation to President Clinton to attend Rosh Hashanah services, this was not the first such invitation I had extended to a head of state. In 1990, I had invited Soviet President Mikhail Gorbachev to join me at Rosh Hashanah services in Moscow, where I had been invited to the Kremlin to speak at a conference on law and bilateral economic relations in September of 1990. It was a time of transition, but the Soviet Union was still in existence and Gorbachev was still running it.

Gorbachev attended the closing dinner, having just come from an emotional meeting of the Supreme Soviet at which he had sought emergency powers to confront the ongoing crisis. I introduced myself to him as he was eating dinner and we had a lengthy conversation in which I asked him to come with me to the synagogue and denounce anti-Semitism as Pope Paul had done when he appeared at the Rome Synagogue and deplored "the hatred, persecutions, and displays of anti-Semitism directed against the Jews at any time and by anyone."

Gorbachev smiled and asked me rhetorically, "Are you here to help bring down my government ?" He said he could not go to the synagogue but he promised me that he would condemn anti-Semitism. Shortly thereafter, he announced that "the Democratic Russian public denounces anti-Semitism and will do everything in its power to uproot the phenomenon from our society."

In 2008, I met Gorbachev again. This time, under the most unusual of circumstances. He was in Israel at the invitation of President Shimon Peres to help celebrate Israel's 60th birthday. I was there for the same reason. I had just appeared on a panel with Vaclav Havel and with Natan Sharansky, both of whom who had been imprisoned by Communist regimes, and both of whose cases I had worked on as a defense attorney. After the completion of the panel, in a remarkable turn of fate, the four of us ended up in the same elevator. (Sounds like the beginning of a bad joke: Gorbachev, Havel, Sharansky and Dershowitz meet in an elevator in Jerusalem…) Gorbachev recognized the three of us and turning to me said, "You're the big shot lawyer for all the dissidents." I extended my hand to him and reminded him of our meeting in Moscow. He then turned to Havel and Sharansky and said, "He may be a good lawyer but it was I who got you out of prison." I smiled and replied, "It's always more important to have a good judge than a good lawyer." Sharanky turned to Gorbachev and said, "Why didn't you let us out sooner?" to which Gorbachev responded, "You overrate my power." We all had a good laugh.



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4.2.12
WC: 191694

Brooke Shields and her mother Teri

When Brooke Shields was 10 years old, her ambitious mother Teri signed a contract with an equally ambitious photographer to photograph Brooke naked, taking a bath. Brooke was paid $450 for the photo sessions by Playboy Press, and her mother signed a release giving the photographer the unlimited right to publish the photographs anywhere and at any time.

Seven years later, as Brooke was about the enter Princeton as a freshman, the photographer decided to exploit her fame by producing a calendar featuring naked pictures of the 10 year old. Brooke was upset that any such calendar would circulate among her fellow students at Princeton and would cause her great embarrassment.

She hired a former student of mine to try to negotiate with the photographer to buy back the rights, and if that failed, to try to prevent publication of the photographs. My former student sought my advice on the matter. I told him it would be an uphill fight to try to enjoin the publication of the pictures, because they were not obscene and because prior restraint is always disfavored by the law.

This was another example, this time of a celebrity mother, making a short term judgment to allow her young daughter to pose naked, without considering the longer term implications on her welfare. The only theory on which I thought she could possibly succeed was that Brooke's mother had no right to surrender her daughter's privacy and that Brooke, now approaching adulthood, should have control over her own image.

Ultimately the court ruled, in a bizarre opinion, that Brooke had essentially waived her right to privacy by allowing the photographs to be published earlier, and by pursuing a career in which she has relied on her sexuality for her success. The court put it this way:

> "Much of plaintiff's recent commercial activity upon which her fame is based has been far more sexually suggestive than the photographs which have been shown to the court. These photographs are not sexually suggestive, provocative or pornographic; they do not suggest promiscuity. They are photos of a prepubescent girl in innocent poses at her bath. In contrast, defense counsel have submitted numerous samples of sex-oriented publicity concerning plaintiff. Particularly notable is her widely televised sexually suggestive advertisement for blue jeans. Recent film appearances have been sexually provocative (*e.g., "The Blue Lagoon", "Endless Love".*). Plaintiff's claim of harm is thus undermined to a substantial extent by the development of her career projecting a sexually provocative image.

This reasoning fails to distinguish between a 17 year old and a 10 year old. The earlier photographs were taken of a 10 year old kid, whose mother controlled what she would do. Her recent appearances were made by a near-adult and were far more within her own control. The court simply ignored the argument by the 10 year old should not be bound by foolish decisions made by an ambitious mother when Brooke was too young to say no.



HOUSE_OVERSIGHT_017454

I believe that if this case were to come before a court today, in light of the new sensitivity toward child exploitation, the case would have been cited in favor of Brooke Shields. Eventually the case was settled and the calendar wasn't distributed to Brooke's Princeton classmates. Brooke Shields went on to a successful career as a multi-dimensional performer.



HOUSE_OVERSIGHT_017455

4.2.12
WC: 191694

Marlon Brando

I have a small apartment in New York, which my wife and I use for weekend trips to the Opera and other Manhattan events. On this particular weekend, I lent it out to my cousin and doctor, Harold Solomon. He called me from the apartment and said that while he was out, a message was left on the machine from a guy who did a pretty good imitation of Marlon Brando. He told me that the caller, spoofing the great actor, had criticized my diction on the outgoing message. I called my machine and immediately realized that it was Marlon Brando. I called him back and he asked me if I would help get his son Christian, who was charged with having shot and killed his half sister's lover, out of jail.

Christian Brando was originally charged with murder, after he shot his half sister Cheyenne's boyfriend. He claimed that Cheyenne had told him that the boyfriend, Dag Drollet, had physically abused her. Christian apparently confronted Drollet. Christian claimed that they struggled over his gun and that he never intended to kill him. The prosecution claimed that it was a cold-blooded, premeditated murder fueled by Christian's drunken state.

Marlon Brando asked me to work with Robert Shapiro to get his son out of prison as soon as possible. Brando blamed himself for his family problems and wanted to help as much as he could. He said he heard that I "could perform miracles" and he wanted my input. I tried to disabuse him of the notion that I could free his son immediately but promised to work as hard as I could with Shapiro. Eventually a plea bargain was struck and Christian pleaded guilty to manslaughter. He was released from prison after serving only five years, much to the chagrin of many in the public and the media. The story did not, however, have a happy ending. Cheyenne committed suicide in 1995 at age 25 and Christian died of pneumonia in 2008 at age 49.

Marlon Brando, who stage and screen presence was electric, was kind of boring and predictable when I met him. He had stereotypically "Hollywood" political views, conventional ideas and no sense of humor. He was accustomed to "yes men" agreeing with his every idea and didn't take criticism or disagreement easily. He loved his children but didn't seem to have any notion of how to relate to them. All in all he struck me as a rather pathetic figure, totally at odds with his public persona.



HOUSE_OVERSIGHT_017456

4.2.12
WC: 191694

Turning down Bobby Fisher

One celebrity whose case I turned down was the world champion of chess, Bobby Fisher. He was training for his world championship match at the Catskill Mountain Resort at Ground.., where my family and I were spending Passover. I received a note from Fisher asking me to meet with him. At the time he hadn't yet turned the corner into the anti-Americanism and anti-Semitism that characterized his later years. He was known then as a somewhat eccentric and brilliant chess player. Since he grew up in Brooklyn and went to high school right next to the Yeshiva I attended, I was anxious to meet him. He asked me to come to the bowling alley where he was strengthening his arms and hands.

When I got there he told me that he had heard that I was a good lawyer and that I was in the hotel and he wanted to ask my legal advice about an issue relating to whether he could copyright or trademark his chess moves. It was an intriguing question, and one that I would have been happy to research.

I told him that I would be willing to provide a legal memorandum to him on the subject, and immediately asked me whether I would be willing to do it without charge to him. I was certainly prepared to do that, but since my 10 year old son Elon was then learning how to play chess, I thought I would ask him for something in return. With a smile I said, "sure, I will provide you legal advice for free, if you would do me the favor of playing one quick chess match with my son Elon, and a second favor or not beating him in four moves (the minimum necessary for checkmate) but would extend it to six or seven moves." He looked at me sternly and said, "I'm not a circus performer. I don't perform for children. How dare you ask me."

I was shocked by his disproportionately response to my somewhat flippant request for a favor for my son. I looked him straight in the eye and said, "I'm not a circus performer either. I don't perform free legal services for ingrates who refuse to do a small favor for a young child whose learning how to play chess. Find another lawyer and pay him the going rate." He walked away. I walked away and I never saw him again.

I don't know whether the issue he wanted to raise has ever been definitively resolved, but I do know that I saw an early manifestation of what ultimately became Bobby Fisher's downfall.



HOUSE_OVERSIGHT_017457

Malcolm X at Harvard

Just weeks after I began teaching at Harvard, students from the Harvard Law Forum asked me if I would introduce the controversial Malcolm X. He had been invited to speak at the forum but no senior faculty member would agree to introduce him, and the rules of the university required that a faculty member perform this function. I readily agreed, despite my disagreement with many of Malcolm X's views, particularly with regard to the Middle East. He had just returned from a trip to Mecca and Medina, where he embraced Islam and began to say some pretty awful things about Israel, Zionists and Jews. But believing as I do in free speech, I agreed to facilitate his appearance, as long as the law forum did not limit what I could say in my introduction. They agreed.

I was polite in my introduction but somewhat critical. [find my introduction in the book Malcolm X Speaks at Harvard edited by Archie Epps]

As I introduced him I noticed that he was wearing what appeared to be a large camera case slung over his shoulder and covering his chest. I later learned that it contained a gun, and that the reason no other faculty member would agree to introduce him, and share the stage with him, was as much because his life was under constant threat, as because of his controversial views.

The event went smoothly. First Archie Epps—a distinguished African American Harvard Dean—made some introductory comments in which he sharply distanced himself from the views of Malcolm X. Then I made my somewhat more critical introduction. Malcolm X then proceeded to regal the crowd with his extreme views on black liberation.

Following the speech, we all went to dinner at a local restaurant. I was seated next to Malcolm X and we spent most of the dinner arguing about the Middle East. During the course of the dinner I asked him if he would be willing to travel to Israel. He said he was not, since he regarded it as occupied Muslim land, but he added, "I would be much safer in Israel than in any of the Arab countries I visited, and safer than I am here in the United States." Within several months of making that comment, Malcolm X was gunned down in Harlem.

Several years after Malcolm X was murdered, Dean Archie Epps edited a book entitled "Malcolm X speaks at Harvard." He included the speech that I introduced as well my critical introduction. But he excluded his own critical introduction. By this time, Malcolm X had become somewhat a martyr within the black community, and my critical views seemed somewhat out of place in the book so I called Dean Epps and asked him why he decided to include my critical comments but not his own. He responded, "That's the advantage of being the editor. You decide what stays in and what goes out."



HOUSE_OVERSIGHT_017458

4.2.12
WC: 191694

Martha Stewart

I knew Martha Stewart in law school. Her then husband was my classmate. When she got in trouble, she called me and we discussed her situation. She had been indicted for acts she was accused of committing after she retained top flight lawyers. She then hired another top flight lawyer, Robert Murcalo, to represent her. He did a terrible job and she was convicted. She went to jail largely as the result of the lawyers she had picked. By the time she called me, it was too late to do very much. She picked excellent lawyers for her appeal and I consulted with them, but the court affirmed her conviction and she went off to serve her relatively short prison sentence. She has now rebounded and her conviction will be a small footnote in her otherwise successful and productive life.



HOUSE_OVERSIGHT_017459

4.2.12
WC: 191694

Ronald Reagan slept on my shoulder

I was flying back from Washington, DC on Eastern Airlines. I was seated in first class and the aisle seat next to me was empty. A minute before the door closed, Ronald Regan was escorted onto the plane and seated next to me. He had just completed his terms as governor of CA and had not yet announced his candidacy for President of the US. His security people seated him and then left him to fly alone to Boston where he was to be met by other security people.

As soon as he sat down, he introduced himself and asked me if I lived in Boston. I introduced myself and told him yes. He then asked me if I was a friend of Senator Ted Kennedy. I told him I was. He said, "great American. Nice man."

We spent the next 15 minutes or so chatting about Boston politics. I told him I knew Jerry Brown from law school and he said, "Great American." We continued the talk until the plane reached its flying altitude. At that point, practically in mid sentence, Regan simply dozed off and his head landed on my shoulder, where it remained for the rest of the trip. When the pilot announced that we were approaching Boston, Regan immediately woke up and continued the conversation as if there had been no interruption. He offered me a ride downtown, to the hotel where he was speaking, but I told him I had my car at the airport. He was absolutely charming, but I had absolutely no thought that he might someday become the President of the United States.



HOUSE_OVERSIGHT_017460

4.2.12
WC: 191694

Kevin Costner



HOUSE_OVERSIGHT_017461

4.2.12
WC: 191694

Marsha Clark without underwear

Marsha Clark may not have been the most sophisticated prosecutor I ever encountered, but she certainly was among the most resourceful, employing everything she had to her advantage. In the OJ Simpson case, Johnny Cochran was about to make his closing argument. As we walked to the lecturn, Marsha Clark went over to him and whispered, "when you're up there, I want you think of only one thing: I'm not wearing any underwear." When Johnny Cochran told me this story, I was skeptical. So I called Marsha Clark and asked her. She told me, "Absolutely true." I asked, "which part of it was true: the fact that you told him you weren't wearing any underwear or that you weren't, in fact, wearing any underwear?" She replied, "That's one thing you'll never know."



HOUSE_OVERSIGHT_017462

4.2.12
WC: 191694

The case of the Vibrating Beeper

A guy I knew from Yeshiva called me one day to tell me that his son, a medical school graduate who was interning at a New York hospital, had just been suspended for masturbating in front of a nurse. His residency and medical career were in danger. The young man was engaged to a wonderful woman and my friend knew he could not have been guilty of this offense. When I met with him he explained that his fiancé would pick him up from work with her car after she completed work. She was to signal him when she was outside by calling his beeper. Because the hospital forbade use of the beeper for private calls, the young doctor always put it in his pocket on vibrate. One day when he was talking to a nurse, the beeper went off in his pocket. Fearful that she would see it, he fumbled around in his pocket to find the off switch. She misunderstood his actions and that of the vibrating beeper for masturbation.

I told him that he had to tell the truth, because the offense of using his beeper improperly was trivial compared to the offense with which he was charged. He agreed. He asked me to speak to his supervisor. I borrowed his beeper, put it in my pocket and went in to speak to the supervisor. At a prearranged moment, he phoned the beeper and it began to vibrate in my pocket. The supervisor saw my vibrating pocket. I quickly retrieve d the beeper and the case was over. Demonstrative evidence always works better than oral testimony.



HOUSE_OVERSIGHT_017463

4.2.12
WC: 191694

Robert Downey, Jr.



HOUSE_OVERSIGHT_017464

4.2.12
WC: 191694

Pierre Trudeau

When the Canadian government was confronted with terrorism from some people seeking independence for Quebec, Prime Minister Trudeau invoked an emergency law called "The War Measures Act" that authorized arrests without trial of dangerous people. The Prime Minister then convened a conference of Canadian experts to advise him about the implementation of this extraordinary law. We met at an isolated resort on a frozen lake. Among those in attendance were the Attorney General and Minister of Justice of Canada, Professors Irwin Cotler, and I (as the one non-Canadian)



HOUSE_OVERSIGHT_017465

4.2.12
WC: 191694

Moshe Katsav

President Moshe Katsav of Israel asked me to come to see him during the last year of his presidency. He asked me for advice—political and media advice rather than legal, since I am not an expert on Israeli law—about the sexual harassment charges he was then facing. He told me that he had been offered a deal by the prosecutor under which he would plead guilty to an harassment charge, and the prosecutor would not bring rape charges. I do not feel comfortable disclosing precisely the advice I gave him, even though it wasn't legal advice and even though I was never part of his legal team. All I can say is that if he had followed my advice, I don't think he would be in prison today.



HOUSE_OVERSIGHT_017466

4.2.12
WC: 191694

Dinner with President and Mrs. Ford

Several years before Gerald Ford died, he and his wife invited me to deliver a lecture in Palm Springs where they were living. They invited my son and me to join them for dinner before the lecture. We schmoozed about our common experiences at Yale Law School, our different party affiliations, and our mutual love for football and other sports. Then he asked me a question: "What do you think of Justice John Paul Stevens?" I responded that I thought he was one of the greatest justices in modern history, that he brought real common sense to the job of judging, that he was non-ideological and that he was a really nice man. He deemed and said, "appointing him was the second most important decision of my presidency." I asked him what the first most important decision was. He said, "The one that cost me reelection—the pardon of President Nixon."



HOUSE_OVERSIGHT_017467

4.2.12
WC: 191694

Rabin



HOUSE_OVERSIGHT_017468

4.2.12
WC: 191694

My only "crime"

I can think of only one crime that I may have committed in my life, and I know that if I had been tried for it, I would not only have been acquitted, but the jurors would have cheered me.

It occurred after my son, Elon, had serious brain surgery for a life threatening illness. He was 10 years old and the bravest person I ever met. Shortly after the surgery, he went back to work selling newspapers in the subway station at Harvard Square. One day two young hoodlums from Somerville beat him up, broke his tooth and stole the few dollars he had earned. A local policeman, Frank Burns, who knew Harvard Square like the back of his hand, immediately recognized the MO of the thugs and arrested the two youths ("youts"—remember My Cousin Vinny!)

Several days later, the two thugs came back to Harvard Square, robbed my son again and told him that unless he withdrew his complaint, they would throw him in front of a moving train. He called me and I ran to the square, where I saw the two thugs taking a victory lap. I approached them and I said I have only two words to say to you. I then mentioned the name of a man on whose case I was then consulting. Although the charge against him involved marijuana trafficking, the man himself was known to be a notorious hit man for one of Boston's most violent gangs. I told the two youths that if they ever came near my son again, I would tell my client and that my client would do anything for me. The two thugs got down on their hands and knees and pleaded with me not to tell my client what they had done. They never came back. I never told my client, indeed I had never met my client, and still haven't. I was just consulting with another lawyer on a constitutional issue related to the case. But simply mentioning his name terrorized the thugs. I'm not sure whether what I did was a crime. But I would do it again if anyone ever threatened any of my children.



HOUSE_OVERSIGHT_017469

4.2.12
WC: 191694

Jumping a mugger

When I was a young lawyer, I frequently took my kids to Boston Bruin hockey games, which were rough and tumble affairs, both on the ice and in the stands. At one game, a great lawyer with whom I have sometimes worked, Joe Oteri was sitting a row in front of me with his teenage daughter. During a break between period, Joe went out for a beer. An older teenage guy began to aggressively flirt with Joe's daughter. When Joe saw him touching his daughter in an unwelcome way, he grabbed him. Unbeknownst to Joe, the guy's friend was standing in back of him and raised his hand above his head about to hit Joe from behind. As soon as I saw this, I leaped over the seats and grabbed the guy from behind, preventing him from hitting Joe. The security came and quickly separated us. When Joe began to tell this story to anyone who would listen, it kept getting better and better. The final version had me beating up the two maulers and saving his daughter's life. Although the reality is that my heroism was quite limited and totally instinctive, Joe has never forgotten what I did and has always shown his appreciation.



HOUSE_OVERSIGHT_017470

4.2.12
WC: 191694

How a frozen tongue saved me

There used to be a deli in New York that named sandwiches after famous people. My sandwich was "tongue on rye," which I took as flattering, especially since some of my friends had turkey or ham in their named sandwiches. Tongue was not only appropriate because I talk a lot but also because a tongue once helped me beat off a would-be mugger. I was coming from my parent's house in Brooklyn and heading back to school in New Haven on the New York subway. My mother, as usual, gave me some food to take back to school. It was a solidly frozen, humungous tongue. I didn't really want to take it, in part because it was so cumbersome to carry in the plastic bag in which my mother had placed it. As I got off the subway and approached the railroad station, a guy grabbed my briefcase and started to kick me. I swung my tongue at his knee, knocked him to the ground, grabbed my briefcase and escaped into the railroad terminal. Had the tongue not been frozen solid, who knows what would have happened?

Several years later, I was reminded of this event while watching an episode of _____, in which a wife kills her husband by hitting him over the head with a frozen leg of lamb. When a policeman comes looking for the weapon, the murderer serves him the leg of lamb, well done, and he eats the evidence. I too ate my weapon. It was delicious.



HOUSE_OVERSIGHT_017471

4.2.12
WC: 191694

The case of the questionable antiques

My brother Nathan and I were retained to appeal the conviction of a Persian antiquities seller, who was charged with arranging the theft of his own antiquities. The story, which became a lead article in The New Yorker magazine, involved a man whose father had been the director of antiquities for the Shaw of Iran. When the Shaw fell, the son took the family's antiquities and opened a shop in London. The Metropolitan Museum in New York wanted to exhibit the antiquities, since the owner said they were pre-Mohammaden and therefore very valuable. The owner had an expert examine and certify them as pre-Mohammaden and they were then shipped to the museum. When they arrived in New York, they were stolen. The District Attorney charged our client with arranging for their theft, because, as the DA alleged, they were not really pre-Mohammaden and therefore considerably less valuable. The motive was to collect insurance based on the artificially-high British evaluation. When the client asked us to do his appeal, he offered to pay us in pre-Mohammaden antiquities. I responded, "Would you really want a lawyer who was foolish enough to accept pre-Mohammaden antiquities from a man charged with falsely dating them?" We agreed on a retainer and we won the case. Not only was the client totally reprieved but he even got his antiquities back. Shortly thereafter, he sent me a bonus for winning. Sure enough, it was an antiquity. I hope it's real.



HOUSE_OVERSIGHT_017472

4.2.12
WC: 191694

OJ's glove

I happen to be on the way to Australia to deliver a talk. There was a stopover in Los Angeles and I decided to pay a visit to the OJ trial. My usual role was to provide legal briefs and memoranda from my office in Cambridge on two or three occasions I appeared in court to argue motions, but these appearances were rare and episodic. On this day, I had no real business to conduct in the courtroom, but when my son picked me up at the airport, I suggested that we drop by and simply say hello to the legal team and OJ, and join the legal team for lunch. My son turned on the radio, which was carrying the trial live. The man on the witness stand was an expert in gloves, He was testifying in the most boring and tedious matter ever, about the stitching in gloves. We practically fell asleep in the car listening to the tedium. Elon begged me not to go to the courthouse and continue to listen to this boring testimony, but I insisted. Upon entering the courthouse I sat down next to the lawyers and my son sat in ….within 5 minutes of our appearance in court, Prosecutor Dardin got up and asked to have OJ try on the glove. It was about the dumbest ploy any prosecutor could have tried, especially since under CA law, he could have insisted that OJ try on the glove outside the presence of the jury, before he decided to conduct this experiment in front of the jury. But Dardin was not one for legal subtlety. OJ walked right in front of me, tried on the glove, and in the most dramatic moment of the most ___ month trial, walked in front of the jury and showed them that it didn't fit. He even "testified 'it's too small.'" [get exact quote]

Shortly after this dramatic moment, the lunch recess was called and I went to OJ's holding cell behind the courtroom. I told him that it was likely that they would ask him to try on the glove without the latex underglove he wore during the courtroom experiment. He assured me that it still wouldn't fit.

My grandmother would have said, "it was bashert"—that is ordained—that I would be in the courtroom just at the moment that led to the famous closing argument "If it doesn't fit, you must acquit."



HOUSE_OVERSIGHT_017473

4.2.12
WC: 191694

Singing with Vidal Sassoon

I was the guest speaker at a Hebrew University dinner honoring Frank Gary. Among the guests was the hair stylist Vidal Sassoon. The topic of my speech was the Middle East conflict. I was introduced to Sassoon by David Steinberg, the comedian. Steinberg said, "Did you know that Vidal Sassoon had fought for Israel during its War of Independence?" Sassoon added, "I was in the Palmach," which was the elite strike force. Sassoon simply didn't look like he was old enough to have participated in the 1948 war so I issued him a challenge, "Sing the Palmach song for me." Without a moment's hesitation, Vidal Sassoon started to belt out the anthem of the Palmach. Since I too knew the song, from my time at Zionist camp in 1948, I sang along with him. So here were these two old men singing "Mi mitula ad hanegev, rishonim tamud anachau tamid anu anu hapalmach." A crowd quickly gathered around us and the few people our own age joined in the singing. It was a wonderfully nostalgic moment for us all.



HOUSE_OVERSIGHT_017474

4.2.12
WC: 191694

David Merrick Adoption



HOUSE_OVERSIGHT_017475

4.2.12
WC: 191694

Shooting Foul Shots in the Boston Garden



HOUSE_OVERSIGHT_017476

4.2.12
WC: 191694

Throwing out first pitch at Fenway for my birthday and having sandwich named after you at Bleacher Bar



HOUSE_OVERSIGHT_017477

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Years later, after Anatoly, now Natan, became a leading political figure in Israel, we were both invited to speak at the celebration of Israel's 60th birthday. Many world leaders were also invited. One of the events was held in the Inbal Hotel in Jerusalem.

I got into the elevator and by coincidence both Mikael Gorbachov and Sharansky got into the same elevator. Gorbachov recognized us (I had met him in Moscow during one of my human rights trips while he was the Chairman of the Communist Party and the head of state). He pointed at me and said to Sharanksy: "He's a good lawyer, but I'm an even better lawyer." Sharansky replied, "But he got me out of the Soviet prison." Gorbachov smiled and said "I got you out. He helped, but without me you would have sat longer." We all got a good laugh and shook hands.



HOUSE_OVERSIGHT_017478

4.2.12
WC: 191694

Claus Von Bulow

After we won the case, Claus and his then girlfriend decided to host a dinner party. I told them I would not come if it was a victory party, since I have a policy of not going to victory parties of criminal defendants. He assured me that it was merely a dinner for several interesting people. He told me among his other guests would be the novelist Norman Mailer and his wife. When the dinner began, Claus regaled everybody with stories from the trial and I explained why the evidence seemed to point to his innocence. About halfway through the dinner, Mailer grabbed his wife's arm and said, "Let's get out of here. I think this guy is innocent. I thought we were going to be having dinner with a man who actually tried to kill his wife. This is boring." In fact, many of my most exciting cases involved very boring people, though Claus was not one of them. When the movie came out, Claus refused to go to see it insisting that he would never watch Jeremy Irons play him. Several months later I was having lunch with Claus and his most recent girlfriend who I had never previously met. After about an hour of conversation with me, she turned to Claus and said, "Now that I've met Alan I believe that Ron Silver really didn't do him justice. He overplayed him." Claus immediately shook his head in agreement saying, "You're right my dear, I too think he overplayed him." This from a man who claimed he didn't see the film.



HOUSE_OVERSIGHT_017479

4.2.12
WC: 191694

The killing of John Lennon

Another death for which I have long felt some responsibility was the murder of John Lennon by Mark Chapman in 1980. Lennon was in the United States on that fateful day because I helped him avoid deportation back to England in 197_. Had our legal team not been successful in stopping the Nixon Administration's efforts to deport Lennon on trumped up allegations relating to his use of marijuana in England, Lennon would have been deported and banned from the United States. It is highly unlikely (though not impossible) that Chapman would have stalked and shot him on the streets of London or Liverpool, as he did on Central Park West in New York.

I was retained by an excellent deportation lawyer named Len Wildes to write a legal memorandum on the impropriety of the deportation request. (My fee was to be a record album signed by John Lennon: Lennon signed it; Wildes lost it; and my children nearly killed me!) We won the case and Lennon continued to live in Dakoda for the ___ years before he was killed.

His killer, Mark Chapman, had no money to hire a lawyer and so the court appointed a former student of mine and friend Jonathan Marks, to represent him. Marks is a brilliant and innovative lawyer who wanted to raise a defense based on Chapman's mental state. He asked me to consult with him on the case, but I didn't feel comfortable helping a defendant who had killed my former client. So I declined.

Several years later, I happened to run into Yoko Ono at an art auction. I told her how sad I was that we had won the deportation case, because if we had lost, John would still be alive. She became angry at what I had said: "Don't ever think that," she admonished. "Those ___ years were the happiest in his life and mine. He gave me John Ono. You did a good thing." She reached over, kissed me and thanked me. I still feel somewhat responsible for what happened on that awful day in front of the Dakoda.



HOUSE_OVERSIGHT_017480

4.2.12
WC: 191694

Mazoltuv Borukhova

In February 2011, I argued the appeal of Mazoltuv Borukhova, whose murder conviction became the basis of Janet Malcolm's best seller, *Iphigenia in Forest Hills: Anatomy of a Murder Trial*. Borukhova, a young doctor who recently immigrated from Bukhara in the former Soviet Union, was involved in a hotly contested divorce and custody suit with her dentist husband, who had also immigrated from Bukhara. Mazoltuv was accused of hiring a cousin from the State of Georgia to come up to Queens and murder her husband. She was convicted and sentenced to life imprisonment. The major issue on appeal was similar to the one that resulted in the reversal of Sandra Murphy's conviction, namely a hearsay statement, testified to by the murder victim's father, describing a statement allegedly made by the murder victim that suggested he feared being killed by his estranged wife. The court ruled that this statement should not have been admitted into evidence, but that the other evidence presented to the jury was so overwhelming, that the error of admitting the hearsay was "harmless"—that means that the jury would have convicted Borukhova even if they had never heard this inadmissible evidence. Appellate courts are not really in a good position to evaluate what a jury would have concluded if certain evidence had been excluded. The case is now on habeus corpus.



HOUSE_OVERSIGHT_017481

4.2.12
WC: 191694

Gigi Jordan

I am currently representing a woman named Gigi Jordan, who admittedly killed her 8 year old severely autistic child and tried to take her own life at the same time. There is considerable evidence that her child was being sexually abused by his biological father and Gigi was in great fear that her former husband was trying to kill her. If he succeeded, she believed that her autistic child would be left at the mercy of his sexually abusive father. Gigi decided that this horrible choice of evils required her to protect her child in the only way she knew how: by ending his life along with hers. We are in the process of preparing for her trial.



HOUSE_OVERSIGHT_017482

Leona Helmsley

Leona Helmsley was not a good client. She too was boring and rather stupid. She was called the queen of mean, and I can only disclose incidents that occurred in public. Here's one that shows how she earned her title. We were having breakfast in the dining room of her hotel, when a waiter brought me a cup of tea. She noticed, but I didn't, that a little bit of the tea had dripped onto the saucer. It was certainly no big deal. When she saw it she grabbed the tea and the saucer and threw it on the floor in the direction of the waiter, shattering it into many pieces. She then screamed at the waiter, "Now clean it up and beg me for your job." I simply walked away, not wanting to be associated with that kind of public rudeness.

When my daughter was born, Leona had her private jet fly a large stuffed bear to Boston, where it was placed in a limo and brought to our home. My daughter loved the bear and several years later had an opportunity to thank Leona for sending it. Leona replied: "It's stolen merchandise. I stole it from Donald Trump." She then explained how she had sold a hotel to Trump that included a pastry restaurant called Rumplemyers, which was decorated with large stuffed animals. The sale included the stuffed animals, but Leona took the bear, which belonged to Trump, and sent it to my daughter. I told Leona that I would either have to return the stolen bear or get Trump's permission to keep it. She said, "tell the Donald I stole it from him. See what he says." I told Trump. He laughed and said "I'm not surprised. Let your daughter enjoy the bear."

One day my brother, who was another of her lawyers, was invited to a birthday party at her house. He brought my mother along. Leona knew that my mother did not want to be confronted with the reality that my brother is not kosher outside of his house. My brother, sensitive to this, always eats only kosher food in her presence. He was on line with my mother at the buffet choosing among the smoked salmon and vegetables when Leona came over to my mother and brother and in her booming voice yelled, "In front of your mother you eat salmon. In front of me you eat lobster. Ha ha ha." It was entirely gratuitous, hurtful and all too typical.

Although my brother and I—who were her appellate lawyers—saved Helmsley several years imprisonment by winning the state appeal—Helmsley refused to pay our final legal bill. We should have demanded up front payment for all our services because she had a reputation for "negotiating" all of her bills. ("I'll give you 25 cents on the dollar. If you don't like it, sue me!") My brother eventually sued her but dropped the suit after she said she would spend "a large fortune beating him into the ground."

Once when we were waiting to go to court, Leona told me a joke about two competitive Russian neighbors who hated each other. One day, the first one tripped over a lamp and a genie popped out. "You get the usual three wishes, but here's the catch: everything you ask for and receive, your neighbor gets double." He asked for a thousand rubies, and the next day the neighbor boasted, "I got 2,000 rubies." He asked for a beautiful woman, and the neighbor bragged he got two women. Finally, in frustrations he asked the genie, "Would it be too painful to cut off one of my testicles?"



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That, in a nutshell, was Leona Helmsley. She cared more about hurting others than helping herself.



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Being mentored by Elie Wiesel

Since the beginning of my career, Elie Wiesel—the world's most famous and influential Holocaust survivor—has served as a guide, mentor and friend. I have sought his advice on many issues, and he has sought mine.

As a professor of public law, I get to nominate candidates for the Nobel Peace Prize. In 1986, I nominated him. In my letter of nomination, I wrote the following:

> No one in the world today deserves the Nobel Peace Prize more than Elie Wiesel. Professor Wiesel represents the survivors of the most massive genocide ever perpetrated on a segment of humankind—with the implicit approval of so many bystanders. It is particularly disappointing that the Nobel Peace Prize Committee—which, because of its North European heritage, in some sense represents a portion of these bystanders—has never seen fit to recognize Professor Wiesel's contribution to peace.
>
> To understand Professor Wiesel's unique and immeasurable contribution to peace, one must only imagine how it might have been without a Wiesel. It is impossible to imagine the rage that must be continually experienced by direct and indirect survivors of the Holocaust. Other victims have responded by non-peaceful means—for example, the continuing violence of some Armenians against Turks. Jewish survivors have not. There has been no terrorism against innocent Germans—or even guilty Germans who live in luxury and sometimes in honor. For this alone, the Jewish survivors as a group deserve recognition for their contribution to peace.
>
> Professor Wiesel's role in helping to shape the attitude of the first and second generations of survivors is, of course, widely acknowledged.
>
> There are many excellent reasons for recognizing Professor Wiesel. But none is more important than for his role in teaching survivors and their children how to respond in constructive peace and justice to a worldwide conspiracy of genocide, whose complicitous components included mass killing, mass silence, and mass indifference. Professor Wiesel has devoted his life to teaching the survivors of a conspiracy which excluded so few, to reenter and adjust in peace to an alien world that deserved little forgiveness. He has also taught the rest of the world the injustice of silence in the face of genocide. Wiesel's life work merits the highest degree of recognition—especially from representatives of the world that stood silently by.

In an article several years later, I urged the Nobel committee to use Elie Wiesel as its model for selecting future Nobel Prize winners. This is part of what I wrote:

> Many of the Nobel Peace Prize winners were recognized by the Nobel Committee for their work on behalf of their own people: Most recent winners - Rigoberto Menchu of Guatemala, Aung San Suu Kyi of Burma, the Dalai Lama of Tibet, Bishop Desmond Tutu of South Africa, Lech Walesa of Poland - were honored primarily for



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> helping their own people, and they have continued to try to help their people.
>
> Elie Wiesel's work is far more universal. For example, those who have suffered most in the former Yugoslavia have been the Croats and the Muslims. It was they who Elie Wiesel risked his life to protect. Yet during the Holocaust, which took the lives of 6 million of Wiesel's people, the Croats were among the most barbarous hands-on perpetrators of genocide against Jewish babies, women and men. The Islamic world has been in conflict with Elie Wiesel's people over Israel, and many innocent Jews have been murdered by Islamic co-religionists of Muslims who have been terrorized in Sarajevo. Yet, Wiesel makes no distinctions based on religion, race, creed or even enmity against his own people. He will bear witness, even at the risk of his life, to the suffering of any human beings, so long as they are not the aggressors.
>
> To be sure, Elie Wiesel speaks up on behalf of his people as well, with a voice of unparalleled eloquence.
>
> …
>
> A great Jewish sage once wrote, "If I am not for myself, who will be for me? But if I am for myself alone what am I? And if not now, when?" Elie Wiesel lives by that tripartite philosophy. He is the voice of the Jewish people - their international moral spokesman. But he speaks not for Jews alone; instead, he can be counted to combat hatred and bigotry regardless of who the victims may be. And for Elie Wiesel, tomorrow is never an excuse for not acting today.

Over the years, we have worked closely together on issues relating to Soviet dissidents, the Armenian genocide, the massacres in Rwanda and Darfur, efforts to delegitimate Israel and other human rights concerns. I have sought his advice on many occasions, and it has always been wise and useful.

In 1982, Elie was asked to present me with the William O. Douglas Award by the Anti-Defamation League. In presenting the award, he paid me the highest compliment: "If there had been a few people like Alan Dershowitz during the 1930's and 1940's, the history of European Jewry might have been different." Although I have always believed that these words were highly exaggerated—no one could have stopped Hitler's maniacal determination to kill the Jews of Europe—I have tried to hold myself up to his expectations of me. I recall his words every time I think of slowing down or doing less to protect the victims of human rights abuses.

In 19__, Elie and his wife, Marianne, invited me to their home in New York for an intimate dinner with French President, François Mitterrand. Elie and his wife speak fluent French but I do not and neither did the two other couples at the dinner. Mitterrand spoke passable English but he insisted on conducting the entire conversation in French, with a British translator at his side. At one point, Mitterrand told a joke in French. None of the French speaking people at the table laughed. His translator then repeated it in English and everyone laughed hysterically. I asked Elie



HOUSE_OVERSIGHT_017486

whether the joke was funnier in English than in French, and he replied, "No, but Mitterrand doesn't know how to tell a joke, his translator does."

Recently, Elie had quintuple bypass surgery. I had lunch with him shortly thereafter, and all he could talk about was the future and how important it was to keep up the struggle for human rights. Elie Wiesel is truly one of the great men of the 21st Century. When I think of how close he came to not surviving, and when I think of how many other Elie Wiesels were lost in the flames of Auschwitz, I begin to understand the full horrors of the Holocaust.



HOUSE_OVERSIGHT_017487

IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR PALM BEACH COUNTY, FLORIDA

CASE NO.: 502009CA040800XXXXMBAG

JEFFREY EPSTEIN,

Plaintiff,

vs.

SCOTT ROTHSTEIN, individually,
BRADLEY J. EDWARDS, individually, and
L.M., individually,

Defendant,
_____/

**NOTICE OF FILING TRANSCRIPT IN SUPPLEMENTAL SUPPORT OF BRADLEY EDWARDS' MOTION FOR SUMMARY JUDGMENT**

Defendant/Counterplaintiff, BRADLEY J. EDWARDS, by and through his undersigned attorneys, hereby gives notice of the filing of the transcript of the deposition of Scott Rothstein taken on June 14, 2012. Specific portions of the deposition on which Mr. Edwards' relies in support of his motion for summary judgment are highlighted.

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all counsel on the attached list this 22nd day of June, 2012.

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IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT IN
AND FOR PALM BEACH COUNTY, FLORIDA
GENERAL JURISDICTION DIVISION

JEFFREY EPSTEIN,
Plaintiff,
vs. No. 502009CA040800XXXXMBAG
SCOTT ROTHSTEIN, individually,
and BRADLEY J. EDWARDS,
individually,
Defendants.
_____/

500 East Broward Boulevard,
Ft. Lauderdale, Florida
Thursday, June 14, 2012
9:14 a.m. - 12:37 p.m.

D E P O S I T I O N
Of
SCOTT ROTHSTEIN
(Via Video Conference)

Taken on behalf of the Trustee
pursuant to a notice of taking deposition

- - -

APPEARANCES:

LAW OFFICES OF TONJA HADDAD, P.A. by
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Attorney for the Plaintiff.

ATTERBURY, GOLDBERGER & WEISS, P.A., by
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Attorney for the Plaintiff.

SEARCY DENNEY SCAROLA ET AL, by
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MARC NURIK, P.A., by
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(Appearing via Video Conference.)

U.S. ATTORNEY'S OFFICE, by
Laurence LaVecchio, Esq.
Attorney for the Department of Justice.



INDEX


| WITNESS | DIRECT | CROSS | REDIRECT | RECROSS |
|---|---|---|---|---|
| SCOTT ROTHSTEIN | | | | |
| (By Ms. Haddad) | 5 | | | |
| (By Mr. Goldberger) | 92 | | | |
| (By Mr. Scarola) | 121 | | | |

EXHIBITS

| PLAINTIFF'S | FOR IDENTIFICATION |
|---|---|
| 1 | 64 |
| 2 | 69 |
| 3 | 72 |




Thereupon:

SCOTT ROTHSTEIN,

was called as a witness and, having been duly sworn, was examined and testified as follows:

THE WITNESS: I do.

MS. HADDAD: Good morning, Scott. How are you?

THE WITNESS: Good morning, Tonja. How are you?

MS. HADDAD: Fine, thank you. It's nice to see you.

THE WITNESS: Good to see you, too.

MR. SCAROLA: Mr. Rothstein, I don't know that you and I have met. I'm Jack Scarola, I'm representing Brad Edwards and I know you know Brad who's to my immediate left.

THE WITNESS: Hey, Brad, how are you?

Jack, good to see you.

MR. SCAROLA: Thank you.

MR. GOLDBERGER: Also present is another Jack, Jack Goldberger, and I also represent Jeffrey Epstein. To my right is Darryn Indyke --

THE WITNESS: Good morning, Jack.

MR. GOLDBERGER: How are you today?

And to my right is Darryn Indyke, who is



Mr. Epstein's in-house counsel.

MR. INDYKE: Good morning.

THE WITNESS: Good morning, sir.

MR. NURIK: Good morning, everyone.

MR. GOLDBERGER: Hi, Marc, how are you?

MR. NURIK: Good. You'll be seeing my shoulder most of the day.

MR. GOLDBERGER: Okay.

DIRECT EXAMINATION

BY MS. HADDAD:

Q. Well, Scott, I know you've talked about this probably more than you even care to, but I'd like to start a little bit asking you about the scheme at your firm and how and when it started and things of that nature just very briefly because I know you've covered it many times.

MR. SCAROLA: It has been covered and protocol precludes asking questions that have already been answered and covering areas that have already been covered, so we do object.

MR. GOLDBERGER: Your objection is noted.

BY MS. HADDAD:

Q. When did this first start?

A. It started back in '05, '06. The question is a little bit vague for me because it started in a







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1 different form than it ended because it started as
2 bridge loans and things of that nature, and then
3 morphed into the Ponzi scheme. But you are looking
4 back into the 2005 time frame for the very beginning.
5 Q. The 2005 time frame, that's when the bridge
6 loans started?
7 A. I can't be certain exactly what we were
8 doing. I need to see all the documents to tell you
9 what we were doing at what specific point in time.
10 Q. What made you decide to start doing this?
11 A. I started doing it out of greed and the need
12 to support the law firm, which was having significant
13 financial trouble at the time.
14 Q. And in 2005 had you moved over to 401 yet or
15 were you still in the building where Colonial Bank
16 was?
17 A. I don't remember.
18 Q. Do you recall approximately how many
19 attorneys you had working for you when it started?
20 A. I do not. Between five and ten, Tonja.
21 Q. Was it before you started acquiring
22 attorneys like you were acquiring cars and watches?
23 MR. SCAROLA: Object to the form of the
24 question, vague.
25 THE WITNESS: Yes.



1 BY MS. HADDAD:
2 Q. Well, who were you partners with when it
3 first started?
4 A. Stu Rosenfeldt.
5 Q. Okay. Anyone else?
6 A. Susan Dolin, I believe. It was definitely
7 Stu Rosenfeldt, Michael Pancier, and Susan Dolin may
8 have been partners of ours at that time, I'm not
9 certain.
10 Q. Because if memory serves me correctly, you
11 went from being in the One Financial Plaza Building to
12 the building across the street, it was Rothstein,
13 Rosenfeldt, Dolin and Pancier; is that correct?
14 A. Yes.
15 Q. And it was some time later that you moved
16 into the 401 Building, correct?
17 A. You are skipping one step. I went from One
18 Financial Plaza to Phillips, Eisinger, Koss, Kusnick,
19 Rothstein and Rosenfeldt. Then Stu Rosenfeldt and I
20 broke off and formed Rothstein Rosenfeldt. And then
21 Rothstein, Rosenfeldt, Dolin, Pancier over at the
22 Colonial Bank Building. And then we took the space in
23 the 401 Building and eventually moved over there and
24 that's when the real growth started.
25 Q. And when you say, "that's when the real



1 growth started," do you mean both the scheme -- do you
2 mean the scheme and the firm or either one or both?
3 A. Both.
4 Q. Do you recall approximately when you took
5 the space in the 401 Building?
6 A. I do not.
7 Q. At the time everything imploded, how many
8 partners did you have at the firm, do you recall?
9 A. Are you saying partners and shareholders?
10 Because remember, we had both, two designations.
11 Q. I want to start with just attorneys that
12 had -- not in your firm name but named as "partner" on
13 the cards, for example.
14 A. I'd have to see a list of all the employees.
15 We had a bunch.
16 Q. Do you recall about how many attorneys you
17 had working there?
18 A. Approximately 70.
19 Q. In the year before, do you recall how many
20 you had?
21 A. I do not.
22 Q. So how many equity partners did you have or
23 shareholders? I'm not sure of the word that we are
24 using.
25 A. Actual shareholders, equity shareholders



1 were two, me and Stu Rosenfeldt.
2 Q. And everyone else was just a partner for
3 title purposes?
4 A. There were shareholders for title purposes
5 and partners for title purposes.
6 Q. If someone was called a shareholder for
7 title purposes then, did they get to receive any of
8 the funds? Were they shareholders receiving money or
9 they were not considered shareholders in that sense?
10 MR. SCAROLA: Objection to the form of the
11 question.
12 THE WITNESS: What kind of funds are you
13 talking about?
14 BY MS. HADDAD:
15 Q. In general from the firm. When you say
16 equity shareholders, I understand that's you and Stu.
17 What I'm saying is, if you had someone else that was
18 named as a shareholder, why did you call them a
19 shareholder as opposed to a partner?
20 A. It was a title of prestige and achievement.
21 Q. So it was basically an ego thing, it had
22 nothing really to do with the finances or hierarchy of
23 the firm?
24 A. They got paid more generally, but it did not
25 have anything to do with distributions.







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Q. When you were hiring and bringing in all these new attorneys, did everyone come in as a partner?

A. No.

Q. How did you decide who came in as a partner and who came in as an associate?

A. Depended upon their level of expertise, practice, book of business. It was a decision Stuart and I made together on a case-by-case basis.

Q. So you and Stu where the -- were in charge of hiring?

A. Stuart and I tried to consult on every hiring decision, yes.

Q. Did you guys also decide salaries?

A. I generally decided the salary and then let Stu know what I was going to do. And he would say if he thought it was okay or if he thought it was too much or too little, but I generally had free reign in that regard.

Q. Did someone's book of business directly correlate to the salary that you would offer?

A. That is a very broad question because it depends upon what other needs we had for that individual.

Q. What do you mean by "what other needs"?



A. Well, I'll give you a good example. My lawyer, Mr. Nurik, his salary was directly related to the fact that he was a great lawyer and had a solid book of business.

Q. Yes.

A. David Boden, on the other hand, was, as I previously testified, I don't know if you've had a chance to read the testimony, but David Boden was not only the general counsel to the law firm but he was also -- acted as my consigliere in a significant number of illegal operations and he was compensated significantly for that, if that helps you understand the difference.

Q. It does.

So, for example, when you were hiring former judges, let's use that as an example, Pedro and Julio, clearly they don't have a book of business coming in because they haven't had clients, but they may carry some sort of prestige or give some legitimacy, if you will, to the firm. How would you decide the salary for someone like that?

A. Stu and I would discuss it. It was more a market issue than anything else, how much are judges coming off the bench getting, how much business do we think they can generate.



Q. Would you need to look at someone's book of business if they were coming in just solely to be a rainmaker for the firm prior to hiring them?

A. I discussed it with them. There were not many people that I recall that I actually looked at their numbers. Once David Boden was working for me I had him check people's numbers, but I rarely looked. I took most people's words for what they were generating.

Q. My recollection is, you were always looking to bring in more people, to hire more people, some of us were somehow able to resist you while others were not. How would you decide who you were looking at to bring into your firm?

A. We were trying to develop, on the legitimate side of the law firm, we were trying to develop real talent, real practice groups. I mean, Brad is a perfect example, great lawyer, got a great reputation. You know, it was our hope that, you know, he was going to be one of the people to actually in some ways rescue the firm because he had a practice group that could generate substantial income. You know, on the legitimate side that's what we were trying to do, we were trying to find the best and the brightest.

Q. Okay. With respect to bringing people that



you thought could bring a book of business, you just said Brad, for example, that he had a legitimate practice group with a good book of business. How did you know that?

A. Everyone in the tort world that I had spoke to spoke extremely highly of Brad, not only people I already had working for me but other people that knew him. He was very -- came very highly recommended to us.

Q. Like who, for example?

A. We wanted him in there. We were trying to develop a significant tort group and we thought that he'd be a great part of it.

Q. Who besides Russ told you that about Brad?

A. It would have been other people in the tort group. I don't want to guess, Tonja, as to which other people told me, but it was -- well more than Russ.

Q. Was it people within --

A. Might have been people in politics that I talked to that knew him because we had significant input at the gubernatorial level with regard to tort reform and the like, and there were people there who knew who Brad was. It was more than one person that told us that.







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Q. Okay. When you were looking at people to bring in to the firm to legitimize, as you said. Your firm had a very unique area of practice and had a very unique environment to which to work. How did you know or how did you come to decide what people may or may not fit into that?

A. Okay. Hang on one second. I think you just accidentally misstated my testimony.

I was not bringing the people in to legitimize the law firm. I was bringing them in to the legitimate side of the law firm. The bulk of the law firm, despite the lack of financial success, was a large group of very honest, hard working lawyers trying to do their best in difficult economic conditions. There were some that were obviously not legitimate. And the way I decided to bring people in, again, it's really everything I just told you. Are you looking for how I brought people into the Ponzi scheme?

Q. No, right now I'm just asking about the firm because, as I said, it's a very unique way in which to practice and a very unique workplace environment with politics and restaurants and parties at your home and things of that nature. I'm asking, personality wise, other than the book of business, how did you decide on



people that would be a good fit?

A. I looked for people that were outgoing, that had the type of personality. On the legitimate side of the business, people that had charisma that were -- that could go out and hustle and try to develop a book of business if they didn't have it. And as one of the 50 percent of the shareholders of the firm I was trying to hire people I wanted to work with.

Q. Okay. When you would see people from whom you would offer jobs, for example, as you mentioned earlier with Brad and his practice, if somebody stated that people told you that he was a good lawyer, did you need to see him in action, so to speak, prior to your deciding to hire them or would you just take people at their word for it?

A. Some of people I saw in action; he wasn't one of them. Steve Osber is an excellent example of that. I hired Steve after he was beating the living daylights out of me on the other side of a case. And I certainly would ask around about the people. But the people that I trusted -- see, I can't remember. I think Gary Farmer was working for me before Brad, and if I'm not mistaken he would have been one of the people that I went to with regard to Brad because we were really developing that whole tort group around



that time with Farmer and Fistos and Jaffe and Mr. Edwards.

Q. Do you know where Mr. Edwards was working when you first learned of him?

A. I don't recall whether he was working for someone or had his own practice, I don't recall.

Q. When did you first learn about Brad?

A. I don't remember the time frame.

Q. Do you recall when you first met with him regarding a job?

A. No. The easiest way to figure that out is to go look at his personnel file, it will have the notes saying when he met with me the first time.

Q. You don't have any recollection of your first meeting with him?

A. No. As you know, I was hiring people left and right and I was also unfortunately very busy doing things I shouldn't have been doing, so I don't have a specific recollection of when I hired him. I barely have a specific recollection of when I hired me.

Q. But you did, in fact, meet with him?

A. I'm certain I met with him before I hired him. I can't imagine -- although I did hire people without meeting them. I did hire people based on other people's word, if they were people within the



firm that I trusted. Because I always said, I had a very simple, you lie or die by what you are telling me. If you are telling me this guy is good and he's not good, that's on you, it's going to hurt your income. So I used to tell my partner, people that were recommending people to me, don't sell me a bill of goods just to get somebody in here because if you do that it's going to come back on you, it's going to affect your income and your ability to grow in the firm. So with that admonishment, I might have very well hired someone sight unseen based upon what someone else told me.

Q. But you did meet with Brad you say before he came in to work?

A. Now that I'm saying it out loud, I think I did but really I'm guessing. I don't have a specific recollection of meeting him.

Q. Do you recall if you knew that he had worked as an assistant state attorney for a few years prior to doing tort litigation?

A. I don't recall that one way or the other.

Q. So you wouldn't have asked Howard Scheinberg or anybody about him before he came to work there?

A. I can't say that I wouldn't have asked because, like I said, I might have asked. But







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unfortunately, you are taking a little tiny spot out of a very, very busy time period in my life and in the life of the firm, so I can't tell you one way or the other.

Q. I know you had a lot going on, I'm just trying to see if you remember anything specific about this.

Do you recall what salary you had offered Brad to come join the firm?

A. I do not. You have to just try to differentiate that what I knew then is a lot different than what I know now so ...

Q. Meaning?

A. Obviously meaning that at the point in time that I was hiring him or maybe a year after, I would be able to tell you what I was paying him, but now it's insignificant. I don't remember how much I was paying him.

Q. Did you learn about his book of business or know what kind of cases he was bringing in prior to hiring him?

A. I do know that he -- I discussed either with Russ, well, I know with Russ, and perhaps some other people, I knew about the Epstein case.

Q. What did you know about it?



A. Epstein was a billionaire.

Q. Okay. Did you know anything about the legitimacy or illegitimacy of the claims prior to knowing he was a billionaire?

A. I knew what I was told. I didn't check it out myself, but I trusted the people that told me.

Q. And who told you?

A. The only person I remember discussing it with, as I sit here today, is Russ Adler. But if Farmer and Jaffe and those guys were with me at the time, I likely would have discussed it with them as well.

Q. So were you aware of this case before you made an offer to Brad to join the firm?

A. Yes.

Q. You said you didn't -- I don't want to misquote you. You said you heard about it from other people, but you didn't do anything to know that personally. Was that before you made the offer of employment?

A. I made the offer of employment based upon what other people had told me about Brad.

Q. About Brad and his book of business or just Brad and his legal skills?

A. Okay. When I say Brad, I mean Brad and his



A. I knew that it was a significant case of potentially significant value against an extremely collectible pedophile, for lack of a better word.

Q. So was that case your primary motive in bringing Brad into the firm?

A. I doubt it. I mean, I can't tell you one way or the other, but I doubt that I would bring him in just for one case because what if the case fails, then I'm stuck with a lawyer who can't do anything, you know.

I'm not saying, Brad, that you couldn't do anything, I'm just saying that if I only relied on one case, then if I bring a lawyer in for one case and one case only, what do I do with him when the case is over.

Q. How did you know that this case would be a collectible case then?

MR. SCAROLA: I'm going to object to the form of the question because it misstated the prior testimony. The prior testimony was not that it was a collectible case but that it was a case against a "extremely collectible pedophile."

BY MS. HADDAD:

Q. What made you think that this case had any financial value?



book of business and his legal skills.

Q. Okay.

A. And his ability to generate business in the future.

Q. You stated that you believed that you first heard about these cases from Russ and then perhaps from Brad. Once Brad was at the firm, did you keep up with these cases, these Epstein cases?

MR. SCAROLA: Excuse me, I'm going to object to the form of the question. It is an inaccurate reflection of the prior testimony. It has no predicate. There was no reference about having heard about these cases from Brad. The names mentioned were Adler, possibly Farmer, possibly Jaffe.

BY MS. HADDAD:

Q. Once Brad started working at the firm, you've already testified you already knew about these Epstein cases, correct?

A. Yes.

Q. How did you keep abreast of these cases?

A. I didn't.

Q. You didn't know anything about them?

A. I didn't say I didn't know anything. I said I didn't keep track of it.







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Q. You didn't keep track of it?
A. I did not keep track of it. From time to time Russ and the other guys in the tort group would tell me what was going on in certain cases, but until I made a decision to utilize that file for an illegal purpose related to something illegal that I was doing along with my co-conspirators, I just assumed my lawyers were going to work the case and eventually it would hopefully work out well for the law firm.
Q. At your firm, when e-mails would go out to attorneys at RRA or all attorneys at RRA, were you part of that e-mail group?
A. You are talking about all staff?
Q. No, all it says is attorneys at RRA.
A. It's the e-mail group "attorneys"?
Q. Yes.
A. Yes, I'm a part of that e-mail group.
Q. And I appreciate that you were very busy and may not have read all of them, but you did receive those e-mails when they would go around?
A. Yes, and I tried my best to read them.
Q. Okay. At what point did you decide to use this case to further your Ponzi scheme?
A. I don't remember the date, but I can give you the circumstances, if you'd like.



Q. Please do.
A. The Ponzi scheme was running very low on capital. My co-conspirators and I needed to find a new feeder fund, new investment sources. We had a couple of very large, significantly wealthy potential investors out there. I was looking for something that would have been very attractive. We had had a lot of inquiry during the due diligence period with these people that were doing due diligence on the putative cases that we were selling. And when I thought about the Epstein case, realizing that it was a substantial actual file in the office, I came up with the idea that if I created a fake confidential settlement circling around -- based upon this actual case, they would be able to increase the level of due diligence that I was able to offer to my potential investors.
Q. How did you know this was a substantial file in your office at that time?
A. Again, through the people I spoke to in the office.
Q. Such as who?
A. Again, same people, Adler, Farmer, Jaffe, Fistos.
Q. You never spoke to Brad about this case?
A. I didn't say that, but I had a lot more



interaction --
Sorry, Tonja, I didn't mean to speak over you.
If you talk to the people in the firm, if they are honest with you, they'll tell you my interaction was far more significant with Russ Adler, probably more so because he was a co-conspirator of mine. My interaction with Russ was far greater by many, many percents over my interaction with Brad, and then you go down the line. I had more interaction with Mr. Farmer than I did with Mr. Fistos, more interaction with Jaffe than I did with Mr. Edwards, and so on.
Q. Russ was the head of your tort group, right?
A. Yes.
Q. So these cases fell under the tort group; is that correct?
A. Yes, it fell under the -- fell under Russ' purview ultimately, yes.
Q. And Brad was a partner at your firm during the time these cases were there, correct?
A. I believe that was his title. He was either partner or shareholder. I don't think we had made him a shareholder yet.
Q. But he wasn't coming in as an associate,



correct?
A. To the best of my recollection, no.
Q. So you stated that you learned this case was -- I don't want to misquote you and listen to a long speaking objection, but what did you call this case?
MR. SCAROLA: Who wants the quote?
THE WITNESS: It was a substantial case with a -- what I perceived to be a highly collectible pedophile as a defendant.
BY MS. HADDAD:
Q. Right. How did you know at the time when you said these investors wanted to investigate and you said you were going to create a fake settlement, how did you know that this case was the case that you could use?
A. From talking to all the people that I just said, Adler, Fistos, Jaffe, Farmer, Mr. Edwards, to the extent that I spoke to him about it.
Q. Did you speak with Mr. Edwards about the case?
A. I don't have a specific recollection one way or the other. I remember speaking to him at least briefly the day or the day of or the day before the actual investor's due diligence was going on as to







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what was going on. And I may have spoke to him, I know I spoke to Russ, but I may have spoke to him as well within a couple of days just prior to this due diligence because I was trying to at least get some information in my head that I could use when I was creating this story for the investors.

Q. Scott, what's Q-task?

A. Q-task is a web based software system that I had invested $7 million in.

Q. And what was the purpose of this internet system?

A. To be able to communicate in a secure fashion and in a unique group fashion about specific files.

Q. So forgive me, we all know I'm not good with the computer. That was something that would be useful within a law firm, why?

A. Because it allowed you to create groups and have both general and private chats, organize data in a very unique fashion. That was, at least to our way of thinking, would have been very, very helpful in the law firm setting with multiple practice groups.

Q. Did you belong to any groups on Q-task?

A. I'm certain that I did. I don't remember which groups I belonged to. I never got into the full



use of it. I tried to, but again, I was very busy doing other things. But I know that Mr. Adler's group used it extensively.

Q. Because it was your firm and, as you said, you invested $7 million in it, did you have the ability to access a group if you wanted to?

A. Yes. And if I couldn't, I could get Russ to give me access.

Q. So you didn't necessarily have to be invited into the Q-task group for you to be able to utilize or view the communications within it?

A. No, that's not true. I actually had to be invited, that's what I was telling Russ to do, is to have me invited.

Q. But I'm saying, the lawyers wouldn't have to personally invite you, you can get someone within your firm to give you access maybe without the lawyers knowing?

A. No, I think it might have had a, quote, unquote, confidential, super secret viewing capability, but I don't recall it having that, and I'd have no need to utilize that. Just invite me into the group and let me see what's going on.

Q. Okay. I know that you are or were a very hands-on person within certain of the practice groups



and with that, with the Q-task and the e-mails, did someone assist you with reviewing everything and letting you know what was going on within the groups?

MR. SCAROLA: Excuse me, I'm going to object to counsel's testimony. Object to the form of the question as leading.

THE WITNESS: I really don't even understand the question.

Can you try to rephrase it for me, Tonja?

BY MS. HADDAD:

Q. Of course, I would.

Did you keep abreast of everything that was going on in every practice group or was someone through Q-task and e-mails, for example, or was someone giving you information keeping you posted on what was going on within the practice?

A. Well, as part of the tort group I had a pretty good idea of what was going on there all the time just because of the significant amount of interaction, both legitimate and otherwise, that I had with Russ Adler, so I was probably more up-to-date on that group than any group other than the labor and employment group, again, because I had such significant interaction with Stu Rosenfeldt, both legitimately and illegitimately, so I knew what was



going on in that group.

I tried, as best as I could, given my time constraints, to stay on top of what was going on, you know, throughout the firm. But I relied on other people like Debra Villegas and Irene Stay and David Boden, Les Stracker to the lesser extent, to monitor what was going on in the different practice groups and keep me up to speed.

Q. Was there audio and video surveillance throughout the entire firm or only within your office?

A. No, through the entire office, not in the individual offices.

Hang on. Not in the individual offices but throughout the general office space.

Q. So in 2009 how many floors did you have?

A. Three, I think.

Q. And do you recall approximately how many attorneys you had working there at that time?

A. Approximately 70.

Q. And when you say "not the individual offices but the other areas," do you mean -- would that include conference rooms?

A. I didn't have surveillance in the conference rooms.

Q. So can you please tell me exactly where you







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had audio and/or video surveillance? We'll start with audio.

A. I don't have a specific recollection of every place I had video and audio, but it was in -- I had it set up so that in all of the common areas, including our shareholder's lounge, we had -- I had audio and video capabilities.

Q. When you say "capabilities," does that mean you didn't always turn it on or you just turned it on when you felt like it?

A. I turned it on when I felt like it, when I felt like seeing what was going on. I sometimes left the screen up because I had four computer screens on my desk, I sometimes left the screen on with the video of the reception area and some other general areas. But unless I wanted to see what was going on or listen to what was going on, I didn't turn it on. It would have been too distracting.

Q. Did the attorneys know that this surveillance existed?

A. You can see it in the -- it wasn't hidden, you can see it. There were globes up in the ceiling all over the office.

Q. Did you have -- you said -- you didn't answer this, you said you didn't recall. Did you have



any surveillance in the conference rooms?

A. No.

Q. Other than the common areas you just went over, in the hallways and the reception -- did you have it in the hallways, is that a common -- do you deem that a common area?

A. All the hallways pretty much with the exception of a few blind spots, I can see all the hallways.

Q. And this was on all three floors?

A. Yeah. For some reason I think we might have taken some space on a fourth floor, but I could be mistaken. But yes, on the three floors that we actively had a significant amount of space on, I tried to have surveillance on all the common areas of all that space.

Q. And what floor was Mr. Edwards' office on?

A. I don't recall.

Q. Did you have the tort group all together or was it divided up?

A. Except for Adler, Adler was on with -- near me, down the hall from me. The rest of the group was all together. I think they were on -- let's see. There were people up on 22. I was on 16. He must have been on the other floor that we were building



out, because I remember building out space and I remember Jaffe and all those guys moving into that space.

Q. If you were building up that space, do you recall when you put the surveillance in there?

A. It would have been while they were building it out or shortly thereafter.

Q. During 2009 it seems that you hired lots of former law enforcement people to work at the firm. Why were they people you wanted to hire?

A. Severalfold. I had a significant amount of illegal activity going on with various law enforcement agencies throughout South Florida and hiring people from former law enforcement assisted me in engendering support and camaraderie with the law enforcement that I was actually utilizing in illegal activities.

Q. So you are saying --

A. Secondarily, I wanted to have a very strong investigative team, ultimately, to do both legitimate and illegitimate things for the law firm, and hiring former law enforcement was the best way to do that. I was hoping to actually ultimately create a group. Ken Jenne and I had talked about that extensively.

Q. Why did you hire Ken Jenne?

A. Prior to Ken going to prison, he and I were



very friendly and he was extremely friendly with someone that was very close to me, Grant Smith. During the time that he was down in FDC Miami, I went down to visit him. And after speaking to him and after speaking to Grant, I told him, because he was talking to me about how many people had turned on him and abandoned him. And I told him that when he got out of jail that he had no worries, that I would give him a job.

Q. And what --

A. And that was the primary reason -- that was my primary reason for hiring him.

Q. What was it you were hiring him to do exactly?

A. Ultimate the goal was to head up on investigative arm within RRA, within the RRA entities.

Q. Well, while he was there, since that didn't happen, what was his obligation to the firm day-to-day?

A. He handled firm security issues and he did handle overseeing certain investigative things. We had an alcohol and beverage group that was forming and he was overseeing that. He was helping me find new people to staff it, that kind of thing.

Q. Did you have a lot of interaction --







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A. He had had significant -- as you know, he also had significant political connections and everyone who is not living under a rock knows I was doing everything I could to garner significant political power.

Q. I think many people miss your parties.

But, with respect to Mr. Jenne and his political connections, were you hiring him to utilize him with respect to any of the police department investigations? You had stated earlier you had dealings with police departments. I don't want -- again, I don't want to put words in your mouth. You said you had dealings going on with various police agencies?

A. I had -- I mean, we had a criminal defense section in the law firm, so we had legitimate dealings with law enforcement. But I also had significant illegitimate things with law enforcement that had nothing to do with Ken Jenne.

Q. And how about with respect to former FBI agents you were hiring?

A. They were all people that were operating in a legitimate fashion within the law firm.

Q. In what role was that?

A. The investigative roles and the alcohol



beverage roles and anything else Ken or other staff could think of to have them do.

Q. Let's talk about the investigative roles for a minute.

What kind of investigations were these teams running?

A. I do not know. You have to speak to lawyers that were actually utilizing them. I put it out there and Ken put it out there, that they were available to lawyers in the firm for use like in-house investigators. And what people did with them ultimately was up to them.

Q. Were they on salary or were their costs and fees associated with utilizing them within a specific practice group?

A. They were all on salary with me. The ultimate goal was to have it as a separate entity that could bill the law firm and have the clients at least defray some of the cost. I don't recall whether or not we ever got to that level or not.

Q. With all that in-house police action, why did you have police security surrounding you all the time?

A. I guess the best answer was I was paranoid, but I mean -- that's the simple answer to it. You



know, having -- there were mixed reasons. For example, I -- are you talking about my Fort Lauderdale police detail?

Q. Yes. You had it at the office and at your home, correct?

A. Yeah. There's a myriad of facts that motivated me to do that. One was that I really wanted the security for the office. Two was, I was paranoid and this is in no particular order. Three was the Melissa Lewis murder that shook the entire law firm and shook me terribly. I didn't want that to ever have to happen again. And four was, I wanted -- the more law enforcement you have around, the more legitimacy it adds to you and your appearance to the community. So there were a multitude of reasons.

I mean, I hired certain law enforcement to work for me that were just friends of mine that were -- that needed additional money, so I wanted to make sure that they had money, both guys that did the illegal stuff for me and guys that didn't do anything illegal for me.

Q. Let's go back to the Epstein case and when you decided to utilize it -- to use for the investors for your Ponzi scheme.

Do you recall approximately when it was that



these investors were coming that you decided to use the files?

A. My best recollection it was in 2009, sometimes after April of 2009, but I don't have a specific recollection beyond that.

Q. What makes you think it was after April of 2009?

A. Because, to the best of my recollection, the Clockwork Group came in towards the middle of 2009. When I say Clockwork, that's an umbrella term that I use to mean the Von Allmen, AJ Discala, and other investors that came in through that feeder fund.

Q. So that was around April 2009?

A. No, it was after, to the best of my recollection. I mean, you can tell because all you have to do is look and see when the first, very first Clockwork investment is. Actually, you can pinpoint it even closer. Look for the very first settlement deal that we did that was related to the Epstein case, within 60 days prior to that would have been when I was meeting with those due diligence people, 30 to 60 days before that.

Q. So when you decided to use that case, take me through exactly what you did to familiarize yourself with that case.







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A. I talked to Russ Adler. I may have talked to some of the other lawyers. I flipped through certain boxes in the file.
Q. How did you get the boxes?
A. I asked someone to bring them to me.
Q. Do you know where those files were stored?
A. I do not.
Q. So you flipped -- sorry, please continue. Flipped through some files?
A. I flipped through some files. I had the files in my office. The day that the investor group came in, I actually had Ken Jenne and some others actually bring me some more of the boxes actually into my office while the investors were there. I already had some of the boxes with me.
Q. You say "Ken Jenne and others," who were the others to whom you are referencing?
A. I don't specifically recall who carried them in. I was very focused on my investors at that time.
Q. Were any of the lawyers present with you when you were meeting with these investors?
A. During the actual meeting with them, no. I recall that some of the lawyers may have met some of the investors, but I don't recall who.
Q. Do you recall approximately when that



happened?
A. No, it's the same dates that I was giving you before.
Q. Okay. So you had, to further your Ponzi scheme, you had to familiarize yourself with this case so that you could speak intelligently with the investors; is that correct?
A. Well, sort of because most of what I told the investors was all things that I was creating as I went.
Q. About this particular case, the Epstein case?
A. Yes, from an investor -- you have to understand how the inner working of the Ponzi scheme were crafted but --
Q. Please tell me then.
A. I'm telling you -- hang on. From an investor's standpoint, the investor is simply looking for is the case believable. And once they get past that, is it of such case -- excuse me, is it of such a nature that it is possible to be generating a significant amount of settlement dollars. And then after that, their concern is simply on the due diligence side of making sure we actually have the money, that the documents pass -- the documents



unrelated to this case, documents related to the settlements. Other than proving the existence of the case, there's very little an investor, at least from my end, investigates into the actual case. It was more after having the case exist and not caring about really what was going on in the case other than a lot of money was going to be collected.
Q. Well, with respect to showing them that the case existed and that there was a likelihood of a possibility of a payday at the end, how did you convince them of that? What did you use to convince them of that?
A. I did two main things. One, I put the boxes in my office while they were there. I told them to specifically look at a couple of sheets of a flight manifest that was in the file that Russ had shown me. And I told them that it would be a breach of attorney/client privilege for them to look at the file, but that I was going to step out for a while and leave them there with the boxes, wink, wink, and that's what I did. I stepped out, I let them look at whatever they wanted to look at. I came back in, they were satisfied that it was a real case and I was off and running.
Q. And these were the real legitimate files for



this case; is that correct?
A. These were the legitimate files, yes.
Q. Nothing had been created at this time for them to look through?
A. I didn't add anything to the case files. The case files were significant enough by themselves.
Q. Do you know how long they were in your office; days, weeks?
A. The people or the boxes?
Q. The boxes.
A. The boxes were in there probably a little more than a week. I don't have a specific recollection.
Q. Okay. Did you ever go through them?
A. Yes, I flipped through them at some point in time.
Q. And what do you recall about what you saw in the cases? Do you remember anything?
A. I remember seeing the flight manifest. I don't recall seeing anything else. I'm sure I looked at other things, but again, for my purposes it was insignificant to me because the actual content of the boxes was not necessary in the sale of the fake settlements.
Q. Why was the flight manifest so interesting







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to you?
A. Because of who was on it.
Q. Who was on it?
A. I don't recall, but I do recall saying to the investors -- I recall having a conversation prior to the investors coming in with Russ Adler and Russ had told me that Epstein had flown Bill Clinton on his plane, had flown Prince Andrew on his plane. And I don't remember whether that was on any of the flight manifests or not, but I left that to the investors' imagination as to what they were being told about Mr. Epstein and these other famous people that were cavorting with Mr. Epstein and let them look at the file.
You have to understand from an investor's perspective -- hang on. From an investor's perspective the only thing that matters to the investor is that it's a real case and that they can verify that real dollars are being paid. The fact that it was a real case was evident, I had a lot of boxes with real pleadings in it and a lot of other information in it. The fact that there was real money being paid was a fiction that was created by me and my co-conspirators, everyone from bankers, to computer people. So the actual role of the case, and I want to



make sure you understand this, the actual role of the actual physical case in the Ponzi scheme is, from my perspective, minimal. It was just another vehicle for me.
Q. After that initial meeting with the investors where they looked at the file, what happened with respect to their desire or lack of desire to invest?
MR. SCAROLA: Excuse me. I'm going to object to the form of the question, it assumes facts not in evidence. There's been no testimony that the investors actually looked at the files, only that they were given the opportunity to look at the files.
BY MS. HADDAD:
Q. Was your video surveillance on when you left the investors alone in your office?
A. No, no, I didn't have cameras in my office. I didn't let people look in my office when I was in there, that would have been bad.
Q. So you left them alone in there?
A. Yes.
Q. Do you recall for approximately how long?
A. No more than 20, 30 minutes. It was a short period of time.
Q. When you went back in what happened?



A. I went back to selling the Ponzi deal.
Q. And did you sell it?
A. I believe I did. You'd have to look at the actual settlement documents to see if I put one together for that, but I'm pretty sure we did.
Q. Do you recall if the investors asked you for any additional information or any additional documentation?
A. I don't recall one way or the other.
Q. After this initial meeting with the investors, did you give any direction regarding this particular case?
A. To whom?
Q. To any of the attorneys working on the Epstein case.
A. No. I didn't interfere in how they were running their cases. They were far more experienced than I was in that type -- in handling that type of case. As a matter of fact, I was practicing very little real law at this point in time. I wouldn't have had time to tell them or to get involved.
Q. Did you ever keep up with this case after this initial meeting with the investors?
A. I'm certain that I talked to Russ Adler about it from time to time, but my main focus by this



point in time in 2009 was the Ponzi scheme.
Q. Did you try to sell this particular settlement to any other investors?
A. I don't recall one way or the other.
Q. Okay. Did you ever have any conversations with any of your investors about this Epstein case?
A. I don't recall one way or the other.
Q. I notice there's been a privilege log produced with respect to e-mails. There seems to be quite a bit of communication between you and Ken Jenne with the topic being the Epstein case. Do you have any recollection what that would be about?
A. I don't. As I sit here today, I don't have a specific recollection of having significant e-mail contact with Ken Jenne about the case. But if you are telling me I did, I'll accept that, but I don't recall what it was.
Q. Earlier you had stated that when you were hiring good attorneys such as Mr. Edwards, looking at their book of business was -- I don't want to put words in your mouth -- it was the legitimacy of the practice, it would bring in legitimate money to the practice, is that what you were hoping to do?
A. Earlier when I testified I specifically testified that I personally did not look at most of







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their book of business. This being said, I was bringing in legitimate lawyers to form legitimate practice groups to practice legitimate law, having nothing to do with the Ponzi scheme.

Q. During the year 2009, were there any, to your knowledge, any big settlements of any cases at RRA?

A. To the best of my recollection, no. We had a dismal year.

Q. The year 2009 was just dismal across the board?

A. Some people did better than others, but yes, overall it was for a firm of 70 lawyers, it was dismal.

Q. So there were no big wins coming into the firm as far as a financial windfall other than from your other businesses?

A. The only significant capital coming into the firm was money my co-conspirators and I were stealing.

Q. Was there any particular practice group that you can remember that had a particularly non-dismal year in 2009?

A. Mr. Nurik had a good year.

Q. Do you recall what the gross revenue was from legitimate sources in 2009?



A. It was somewhere between eight and $10 million, probably right around the nine million mark.

Q. Do you know what your --

A. On its best day.

Q. What was your overhead for salaries in 2009, do you recall?

A. I don't have a clue.

Q. Was it more than you brought in legitimately?

A. With what I was paying in salaries, I'm -- I mean, I'd be guessing. If it wasn't more than, it was certainly close to it.

Q. That's just salary, that's not talking about anything else, rent, overhead, things of that nature?

A. That's correct.

Q. Who was paying for the investigations of the cases that were going on in 2009, the deposition costs, the filing of complaints, and things of that nature? Where did that money come from from your firm?

A. It varied from case to case.

Q. For the tort group?

A. It was fronted by the law firm for the most part.



Q. For the most part.

What wasn't fronted by the law firm?

A. I recall there being a couple of agreements that various tort lawyers had with certain clients where they were going to assist in helping to pay the costs. All the other costs would have been paid by the law firm, both through legitimate and illegitimate means.

Q. So when you say by "illegitimate means," where would the illegitimate means money come from?

A. It came from the Ponzi scheme, and all the tentacles of the Ponzi scheme, other illegal activity.

Q. Such as?

A. Things I was doing with law enforcement, things I was doing in politics, things that I was doing with organized crime, things I was doing with politicians, judges, other lawyers, bankers, business people, things of that nature, I'm sure there's more.

Q. Do you recall if any of these Epstein cases underwent significant investigation while the cases were at your firm?

A. I'd be guessing. I don't remember.

Q. There was a meeting in 2009, July of 2009, and it appears from the e-mail communications that it was for everyone in the firm to attend and it was



regarding the Epstein case. In fact, there was an Epstein conference room that was reserved for it. Were you present at that meeting?

A. I may have been.

Q. Do you recall?

A. I don't recall one way or the other.

Q. You don't recall it.

Do you recall anything about the Epstein case in July of 2009?

A. I do not. Do you have something that might refresh my recollection?

MS. HADDAD: Can we just take a five-minute break right now?

THE WITNESS: Sure.

MR. GOLDBERGER: Thank you.

MS. HADDAD: Thanks.

[Short recess taken.]

BY MS. HADDAD:

Q. Scott, I was asking you before we took the break about a meeting with respect to the Epstein cases. There was a 159-page privilege log filed, which I'm sure you don't have and are not aware of. But in it there are many, many e-mails to both attorneys at RRA, yourself, and Mr. Nurik regarding the Epstein litigation. And all this resolved in July







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of 2009 about the Epstein meeting and some additional investigation into the Epstein case.

Does that refresh your investigation as to when you met with the investors in the Discala/Clockwork Group?

A. It does not. The best thing to refresh my recollection as to when I met with them would be to see the deal documents.

Q. Okay. I unfortunately don't have those.

Do you recall if you took Discala and his other investors to a football game in 2009?

A. Sure, I did.

Q. Okay. Would that be around the time you were trying to get them to invest in the case?

A. It would have been around the time I was trying to get them to invest in general. It's may have been around the time that I was showing them the Epstein file.

Q. Did you show them any files other than the Epstein file?

A. I may have. I don't have a specific recollection one way or the other.

Q. You testified earlier that you had over a dozen boxes brought to your office that were related to the Epstein case.



MR. SCAROLA: Excuse me, counsel. Counsel, there has been no such testimony.

BY MS. HADDAD:

Q. You said there were several boxes brought to your office by different people. You don't recall who that is; is that correct?

A. Yes, I had some boxes already in my office and I had Ken Jenne and some other people bring some others. I don't remember how many boxes.

Q. Was it more than three?

A. Sure, it was more than three boxes, yes.

Q. Was it more than 10?

A. I don't believe so, no.

Q. You stated that you looked -- I don't want to put words in your mouth. What did you look at specifically in that case?

A. Other than looking at the flight manifest that Russ Adler told me to look at, I have no specific recollection as to what I looked at in that file.

Q. Do you know if there was more than one case being prosecuted by your office against Mr. Epstein?

A. To the best of my recollection there were -- it was multiple plaintiffs.

Q. Okay. Do you recall if those cases were pending in state or federal court?



A. I don't recall.

Q. Did you check?

A. I don't remember one way or the other. It was insignificant to me.

Q. Well, then explain to me. You testified earlier that what was important to the investors to see is that there was a real case, correct?

A. Yes.

Q. What did you look at or show them -- what did you look at, first of all, to see if it was, in fact, a real case?

A. I knew it was a real case.

Q. How did you know?

A. Because my lawyers told me it was a real case. I believed them.

Q. What lawyers told you that?

A. I already told you it was a mixture of Russ and Jaffe and Fistos and Farmer and Mr. Edwards. I mean, I knew it was a real case. We had all these boxes, we had people really working on the file --

Q. How do you know --

A. -- or they were pulling a hell of a scam on me. Not that I didn't deserve it but ...

Q. How did you know, you just said you knew people were working really hard on this case. Who do



you know was working on the case?

A. The only people that I knew for certain were working on the case was Brad Edwards and Russ Adler was doing his supervisory schtick, whatever that was. But other than that, I don't know which other lawyers were assisting Mr. Edwards. I didn't get involved at that level.

As far as the Ponzi scheme goes, the only thing I cared about, Tonja, was being able to show the investors that this case that I was utilizing to steal a significant amount of money from them was a real case. That's all I cared about.

Q. That case came into your office through Mr. Edwards, correct? He brought it with him when he came to RRA?

A. Yes.

Q. He was lead counsel on the case, correct?

A. I assume he was lead counsel. I never checked to see if he listed himself as lead counsel.

Q. Do you know if any additional complaints were filed while the case was at RRA?

A. I have no idea one way or the other.

Q. Did you ever instruct, in furtherance of your Ponzi scheme, Mr. Edwards or anyone in that litigation group to file additional complaints?







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A. No.
Q. Who is Cara Holmes?
A. Who is who?
Q. Cara or Cara, C-a-r-a, Holmes?
A. To the best of my recollection, she was a former FBI agent or maybe IRS agent. I don't know. She was a former federal agent.
Q. Did you hire her to work for you?
A. It was either IRS or FBI.
Q. Did you hire her to work for you?
A. Yes, I hired her at the suggestion of Ken Jenne.
Q. For what purpose?
A. To work in the group that he was overseeing.
Q. So what did she do for RRA while she was there?
A. I don't remember.
Q. Did you ever mention her to your potential investors from the Clockwork group?
A. It's a possibility because, as I was building the Ponzi scheme, I frequently referred to the fact that we had former state and federal law enforcement working for us and on our investigative teams. It added legitimacy to the Ponzi scheme.
Q. Didn't you tell investors that she could



hack into a computer as part of her skills?
A. I certainly may have. I told the investors a whole host of lies about what was going on about with case and what people could do and did do.
Q. Did you ever personally utilize Cara Holmes' skills in any of your cases?
A. I don't remember.
Q. Were you handling any cases during the 2009?
A. I was overseeing cases in 2009, but my involvement was mostly supervisory. I was handling very little that was legitimate at that point in time.
Q. Were you legitimately, when I say "legitimately," were you invited into Q-task on any particular cases that you can recall?
A. I'm certain I was. I don't recall one way or the other.
Q. Do you recall if you were involved in Mr. Epstein's case on Q-task?
A. I may very well have been, but I don't have a specific recollection one way or the other.
Q. Do you know who invited you in?
A. I have no idea if I was invited in. And if I was invited in, I have no idea who invited me.
Q. Once you decided to use this case in your Ponzi scheme, did you go into Q-task to look at the



case or any communications --
A. I may have.
Q. Do you recall when that --
A. I may have.
Q. Do you recall when that may have happened?
A. I do not.
Q. Do you recall the first time you looked at the flight manifest to which you referenced earlier?
A. Prior to the investors coming in. I don't remember the date.
Q. Did you instruct anybody, to further your Ponzi scheme, to investigate or check into anyone whose name was listed on the flight manifest?
A. I may have, but with this clarification. If I instructed someone to look into something, I did it without that person knowing that I was involved in a Ponzi scheme or that what they were doing was illegal and it was just to get me additional information to help with my sale of the fake settlements.
Q. So it was to further your --
A. So I may have asked someone -- I may have asked someone to get me some additional information, but as I sit here today, I don't recall ever asking anyone to do anything on the file that was for the purpose of furthering the Ponzi scheme, other than



perhaps getting me a piece of information that I needed.
Q. I'm going to try to refresh your recollection as to whether or not you attended those meeting in July of 2009. And it appears that in between the dates of July 22nd, 2009 and July 24th, 2009, there was a number of communications through e-mail by and between yourself, Mr. Adler, Brad Edwards and Ken Jenne regarding an Epstein meeting that was going to be taking place. Do you remember that at all?
A. I think what you are referring to, and I'm not certain, but I think that what you are referring to is me making sure that the file was in the condition in which I wanted it at the time the investors were coming in. I don't think it had anything to do with the actual functioning of the Epstein case. I think it had to do with my illegitimate purpose. That's the best of my recollection, but if you have documents or something that you can show me, that would be helpful.
Q. We are not privy to all of the e-mails because they've been alleged as privileged or work product, so I unfortunately can't show them to you. But according to the privilege log between







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July 22nd and 23rd there were numerous e-mails sent about the meeting. It was almost an all-hands-on-deck type meeting where everybody needed to attend. It was labelled the Epstein meeting with an Epstein conference room reserved.

A. Yes.

Okay. What's your question and I will tell you.

MR. SCAROLA: First I'm going to object to counsel's testimony, but let's hear the question.

BY MS. HADDAD:

Q. The question is, does that refresh your recollection as to whether or not this meeting took place?

A. To the best of my recollection, I actually had introduced some of the investors to some of the people working on the Epstein case, and that is likely the meeting that you are referring to. But for the life of me, I don't have a specific recollection of it.

Q. But it could be the meeting where you introduced the Epstein litigation team to your Ponzi investors?

MR. SCAROLA: Excuse me, I'm going to object to the form of the question. It misstates the



prior testimony. It has no predicate.

BY MS. HADDAD:

Q. That could have been the meeting in which you introduced the Ponzi investors to people working on the Epstein case?

MR. SCAROLA: Excuse me, counsel. The testimony was that there may have been a meeting at which investors may have been introduced to some people working on the Epstein file. And your efforts continuously to mischaracterize the prior testimony are highly improper. I object.

BY MS. HADDAD:

Q. Scott, did you or did you not say that you introduced some of the investors to some of the lawyers on the Epstein case?

A. No, I actually said, Tonja, that I may have. I have a recollection that I may have based upon you just refreshing my recollection, but I just do not remember one way or the other. This was, in the scheme of what I was doing, insignificant. I was simply trying to establish to the investors that this was a real case, with real potential, with real lawyers working on it. Other than that, it was of no interest to me.

Q. How else would you convince them? You've



mentioned letting them look through the litigation boxes, you've mentioned the meeting. What other way would you have convinced them that it was a real case?

A. I mentioned letting them look at boxes, what they did when I was out of the office, that's -- I don't know because I couldn't see what they were doing. Number two, I may have introduced them to people in the office. Number three, I'm certain that when the people brought the boxes to my office I introduced them to whoever was carrying the boxes. And number four, the rest of it would have been all stuff I created in my imagination because, again, it was the sale of something that didn't exist. This was not settling. There was no real settlement money. There were no real settlement documents. I even manufactured, I think, the actual plaintiff, because I don't recall even knowing the plaintiff's real name or if I did it was of no significance to me.

Q. How would you have manufactured a plaintiff's name, would you have created additional documents to further your Ponzi scheme using Mr. Epstein as the defendant?

A. No.

Q. How would you --

A. The name just would have appeared on the



confidential settlement agreement.

Q. Would they have already seen the documents at that point?

A. I can't tell you one way or the other what they had seen, because I don't know what they actually looked at.

Q. Forgive me, you've now confused me so I'm just going to ask you for some clarification.

You used a legitimate case and created fake settlement documents, correct, in the simplest sense?

A. If this culminated in an actual sale of a fake settlement, then the answer is yes.

Q. So it was a real case with a real plaintiff and real defendant, just a fake settlement document?

A. No. Let me see if I can clarify this for you. Over 90 percent of the settlements that I sold, the fake settlements, were completely fictitious?

Q. Right.

A. A very small percentage of them were based, at least in part, on some type of real litigation that either had occurred or was currently occurring. I utilized the Epstein case to bolster the visual for the investors that a real case existed. Because as these were being sold to more sophisticated investors, the questions kept coming up, was there -- how do we







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1 know this is a real case? So I was finally able to
2 say this is how you know, here is a case file. I may
3 have, I don't remember specifically one way or the
4 other, but I may have utilized actual plaintiff names
5 from the cases filed, but I may have made them up. I
6 have no specific recollection one way or the other. I
7 was totally geared toward simply getting the investor
8 money into the Ponzi scheme.
9 Q. Were you aware that the day after this
10 meeting took place on July 24th, 2009, a new federal
11 complaint was filed against Epstein with one of the
12 same plaintiffs that was already pending in state
13 court?
14 A. I don't know that I was aware of that or
15 not. If they were filing it, someone may have told
16 me. I don't recall one way or the other.
17 Q. Did you ask anyone to file it to further
18 your Ponzi scheme?
19 A. No, I don't remember doing that.
20 Q. Do you recall any situation where you --
21 A. You do realize -- Tonja, hang on. I just
22 want to make sure this record is clear. Other than
23 Russ Adler, the people that were involved in the
24 Epstein case had absolutely nothing to do with the
25 Ponzi scheme.



1 Q. Directly?
2 A. Or indirectly. They had nothing to do with
3 it.
4 Q. Yet the file was used for you to further
5 your Ponzi scheme. I'm not saying that they gave it
6 to you to use for the Ponzi scheme, I'm asking, you
7 used their case. I'm not -- the question is you used
8 the case?
9 A. I took advantage of some good, innocent,
10 people for my own and my co-conspirator's illegal
11 purposes. Mr. Edwards is one of them, and for that I
12 am sorry, Brad.
13 Q. Did you ask anyone involved in the Epstein
14 case to file a federal complaint?
15 MR. SCAROLA: Objection, repetitious.
16 THE WITNESS: Without seeing a document,
17 Tonja, I can't tell you one way or the other. I
18 don't want to -- I do not want to guess. If you have
19 an e-mail where I'm saying to someone, file a federal
20 case, then obviously I did. But I have no specific
21 recollection of that.
22 BY MS. HADDAD:
23 Q. You do have a document with you, it's marked
24 for you, it's Bates stamped. It begins at EP 081 and
25 goes through through 264.



1 A. Hold on one second.
2 Okay. What number am I looking at?
3 Q. It's a very large document. It's begins
4 with Bates Stamp Number 081 and ends with 264.
5 A. It's in the computer, hold on a second.
6 I have that in front of me.
7 Q. Do you see the date on that complaint
8 stamped?
9 A. I do.
10 Q. And there's -- give me one second, Scott,
11 sorry.
12 What was the date that complaint was filed?
13 A. What's the last page of the complaint,
14 what's the Bates number?
15 Q. The last page is 234. I'm sorry, 263 would
16 be the last page of the complaint.
17 [The Complaint referred to was marked for
18 identification as Defendant's Exhibit 1.]
19 MR. SCAROLA: You may want to call his
20 attention to the filing stamp on the first page.
21 MS. HADDAD: I did. I guess he didn't hear
22 me.
23 THE WITNESS: I'm sorry.
24 MS. HADDAD: It's stamped on the first
25 page.



1 THE WITNESS: Hang on, the complaint is
2 dated July 24th, 2009. It was entered onto the
3 docket on July 27th, 2009.
4 MR. SCAROLA: Do you have another question?
5 MS. HADDAD: I thought he was still looking.
6 Scott, are you done looking?
7 THE WITNESS: Yes, one second.
8 MS. HADDAD: That's what I thought.
9 THE WITNESS: No, hang on one second. It
10 shows the stamp on the first page says July 24th,
11 2009. The filing say electronically filed July 24th,
12 2009. There's an entry onto the docket on July 27,
13 2009, and the complaint is signed July 24th, 2009.
14 That's all the dates I have.
15 BY MS. HADDAD:
16 Q. Okay. And back on Bates Stamp Page Number
17 263, who's the attorney that filed this complaint?
18 A. I don't know if that's his signature, but
19 the name is Brad Edwards.
20 Q. Okay. And does that e-mail --
21 A. With the squiggle on top of it.
22 Q. And does that e-mail address look like the
23 correct e-mail address for RRA?
24 A. It is.
25 Q. So that is, in fact, a legitimate e-mail







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1 address from your firm; is that correct?
2 A. Yes.
3 Q. And were you filing any cases back in 2009
4 in federal court? Do you remember how PACER works?
5 MR. SCAROLA: Which question would like
6 answered?
7 THE WITNESS: I don't remember.
8 MR. SCAROLA: Objection, compound.
9 BY MS. HADDAD:
10 Q. Do you remember how PACER worked when you
11 were filing a case, Scott?
12 A. I actually never actually did the actual
13 electronic filing procedure. I had people that did
14 that. I knew that we could file electronically.
15 Q. Do you know the purpose of your using your
16 e-mail address when you were filing electronically in
17 federal court?
18 A. I guess so you can get a receipt, but I have
19 no idea.
20 Q. Did you ever receive an e-mail from federal
21 court in your e-mail address that showed that a
22 document had been filed with the stamps that you see
23 on the top of that one?
24 - MR. SCAROLA: Counsel, are you
25 attempting --



1 THE WITNESS: I don't know one way or the
2 other.
3 MR. SCAROLA: Are you attempting to
4 establish that that complaint was filed in federal
5 court by Brad Edwards?
6 MS. HADDAD: I'm asking him if he recalls
7 the way it's drafted and why.
8 MR. SCAROLA: Just ask your question.
9 MS. HADDAD: I'm asking a question. If you
10 have any objection, please lay it on the record.
11 MR. SCAROLA: No, what I want to do is try
12 to save some time. If what you are trying to
13 establish is that Brad filed the complaint in federal
14 court on July 24th and used the PACER system, you
15 don't need to ask any more questions about that, it
16 happened.
17 MR. GOLDBERGER: We appreciate that, but
18 when we depose you we'll ask you that question. But
19 we are deposing Rothstein right now so let her ask
20 her questions. Don't do this speaking stuff, let her
21 ask the questions, okay?
22 MR. SCAROLA: Maybe.
23 MR. GOLDBERGER: Okay. Go ahead, Tonja.
24 BY MS. HADDAD:
25 Q. Scott, did you ever get e-mails like that



1 from federal court?
2 A. I'm certain I did, Tonja. I don't have a
3 specific recollection of getting the one pertaining to
4 this. I don't even know if they sent it to me. I
5 would imagine they'd send it back to Mr. Edwards.
6 Q. The filing attorney?
7 A. I suspect, unless the PACER system is
8 registered on my name, then maybe it comes to me, but
9 I am completely guessing.
10 Q. But based upon the e-mail communications of
11 July 22nd and the meeting occurring on July 23rd, this
12 complaint was filed the day of this meeting; is that
13 correct?
14 A. Okay. But here is the problem with your
15 question, I don't remember whether or not there
16 actually was a meeting. I said there may have been,
17 and I don't have an independent recollection of this
18 being filed. I do not have an independent
19 recollection of whether I told someone to file this.
20 And for the life of me, this I am certain of, if I
21 told Mr. Edwards to file a complaint in federal court,
22 if there wasn't a legitimate reason for him to do it,
23 he wouldn't have done it.
24 Q. Do you recall if this federal case was filed
25 when you decided to use the case for your Ponzi scheme



1 and show it to your investors?
2 A. It may have been filed around that time,
3 because I haven't been able to establish the exact
4 time. It also certainly may have been utilized by me
5 to further the Ponzi scheme. Also, I don't have an
6 independent recollection of that either. Without
7 seeing e-mail traffic, I can't tell you one way or the
8 other exactly what was going on at that time.
9 Q. Well, then I'll point you to another e-mail
10 which is marked as EP 001.
11 MR. EDWARDS: Let me see it.
12 MS. HADDAD: I sent a copy to your office.
13 MR. SCAROLA: He would like to see a copy
14 now. Thank you.
15 [The E-mail referred to was marked for
16 identification as Defendant's Exhibit 2.]
17 BY MS. HADDAD:
18 Q. Were you able to find it, Scott?
19 A. Got it. Yes, I have it.
20 Q. You have it, okay.
21 You said Cara Holmes used to be an FBI
22 agent, correct?
23 MR. SCAROLA: No. What he said is --
24 THE WITNESS: FBI or IRS.
25







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BY MS. HADDAD:
Q. Or IRS. We'll use the blanket term federal agent. Is that a fair assessment?
A. Yes.
Q. Thank you.
Do you recall when you hired her to work for you?
A. I do not.
Q. Was it in 2009?
A. I don't have a recollection one way or the other.
Q. Okay. Have you ever seen this e-mail before?
A. I saw it when I was reviewing your exhibits. Before that I have no independent recollection of having seen it. I'm not copied on it so ...
Q. Did you ever have any communications with Ms. Holmes about people that were close to Mr. Epstein?
A. I do not remember.
Q. You stated earlier that you knew that Mr. Epstein was a wealthy man. Is that a fair statement? You called him "collectible," was that because he had money?
MR. SCAROLA: He called him a billionaire



too.
MS. HADDAD: Billionaire.
THE WITNESS: I knew he was a billionaire.
BY MS. HADDAD:
Q. Do you have any independent recollection in the month of July 2009 of this case being intensified in any way such as going after those close to Mr. Epstein?
A. I don't remember that one way or the other.
Q. If you knew that Mr. Epstein was a billionaire, do you have any recollection of asking someone to investigate those close to Mr. Epstein to further your Ponzi scheme?
A. I don't have an independent recollection of that one way or the other.
Q. Do you recall if you ever directed the depositions to be taken of the people who were listed on the flight manifest that you saw?
A. I don't recall one way or the other. I may have told the investors that I was going to take the depositions without ever intending to take them, but I don't recall one way or the other.
Q. Are you familiar with a gentleman by the name of Mr. Rodriguez, Alfredo Rodriguez?
A. No.



Q. Never heard that name before?
A. Alfredo Rodriguez?
Q. Yes.
A. It's not ringing any bells to me.
Q. Do you remember hearing at your office with respect to Mr. Epstein's case that one of his former employees was willing to come forward with a big book of names?
A. I don't remember that one way or the other.
Q. You have no recollection of that.
Do you recall anyone approaching to ask if the office can purchase this book?
A. I don't recall that.
Q. Do you recall instructing any of the attorneys in your office to get an opinion from Kendall Coffey whether or not they can legally and legitimately purchase this book?
A. I don't recall that one way or the other.
[The Complaint referred to was marked for identification as Defendant's Exhibit 3.]
BY MS. HADDAD:
Q. Okay. I'm going to direct your attention to what's now Bates stamped as EP 002, which I'm sure you haven't seen before since you just said you didn't know who he was, but I'll give you a minute to look



over it.
A. This is rather long. Do you want to direct me to a specific portion of it?
Q. Sure. If you look at the Page Bates Stamp EP 004, Paragraph 5 and 6.
A. Okay. I read number five.
Q. Would you please read number six as well?
A. Okay.
Q. Does this refresh your memory as to whether or not anyone ever asked you in your office about purchasing a book?
A. It does not.
Q. Do you know that the cooperating witness was an attorney who worked for you at your firm?
A. I did not know that until you just said it right now.
Q. According to Paragraph Number 5, "The deposition of this Mr. Rodriguez occurred on July 27th, 2009;" is that correct?
MR. SCAROLA: Is it correct that that's what it says? I'm going to object to the form of the question, it's vague and ambiguous.
BY MS. HADDAD:
Q. That's what's listed in the federal complaint, correct?







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A. What does it say? Say it again.
Q. It says, "The first deposition occurred on July 27th," correct?
A. Yes.
Q. Some three days after the federal complaint was filed, correct, that we referenced earlier?
A. That's correct.
Q. And Paragraph 6 clearly delineates that in August 2009 a phone call was received by the cooperating witness that explained that this Mr. Rodriguez had a list of other purported victims or contact information for people who Mr. Edwards could also potentially bring lawsuits for -- on behalf of; is that correct?
A. I don't know one way or the other. You know, Tonja, just so this record is clear, you know, as I'm sitting here, I have a vague recollection of perhaps Ken Jenne coming, talking to me and telling me that someone in my office was going to cooperate with someone in this investigation. But for the life of me, I can't be certain of that. So much time has passed, but as I'm reading this, and it could be completely unrelated to this, I just want to make sure the record is a hundred percent clear, it's possible that Ken Jenne discussed that with me, but I don't



know who it was.
Q. You are testifying that you didn't know it had anything to do with the Epstein case, as you sit here now, you don't remember?
A. No, no, I don't have a specific recollection, and I want to just make sure so I answer all your questions completely, is that as I'm sitting here my recollection was refreshed that I have a vague recollection of having a conversation with Ken Jenne about the fact that someone in our office was going to cooperate as a confidential informant for some law enforcement agency, I just can't remember if it was the Epstein case or not.
Q. Do you recall what you said to Mr. Jenne about that?
A. No. What I just related to you is all I remember. And I'm not even sure it had anything to do with this.
Q. Who's Wayne Black?
A. Who?
Q. Wayne Black.
A. Sounds like the name of someone I hired, but I could be mistaken. I don't recall.
Q. Okay. You don't recall ever meeting Mr. Black?



A. I may have. I don't recall one way or the other. You have something that might refresh my recollection?
Q. Do you know what he does for a living?
A. I do know the name. Sounds familiar to me, but I can't recall one way or the other who he was or what he did.
Q. Did you instruct your office to begin investigating Mr. Epstein's pilot or his airplanes?
A. I do not recall one way or the other.
Q. You did testify that the flight manifest was the one document you recall for sure looking at in Mr. Epstein's case; is that correct?
A. Yes.
Q. And if it did, in fact, contain the names that you are purporting that it claimed or that you knew of, that would be something that would be juicy for the investors to further your Ponzi scheme that it was a collectible case; is that true?
A. I'm sorry, you have to repeat the question, Tonja. I don't understand what you just asked me.
Q. If these big names were on this list, as you seem to recall they were, that would be most helpful to you and your Ponzi scheme investors in convincing them it was a big case, right?



A. If they were on there, or if I lied to them and told them they were on there, or if Adler told me they were on there and I repeated, all those things would have been helpful to the Ponzi scheme.
Q. You stated earlier that you -- the only thing you looked at was the flight manifest because you were told to look at it. Is that still true?
A. That's not what I testified to. I testified that I flipped through other parts of the file and that I didn't remember what I had flipped through. I remember looking at the flight manifest because Mr. Adler told me about it.
Q. You said that you met these investors in your office, but there were no cameras in your office, correct?
A. I didn't have cameras specifically in my office.
Q. You had these investors in your office for this particular Epstein case?
A. Yes.
Q. Do you recall if it was during work hours or after work hours?
A. I do not recall.
Q. Typically when you were meeting with your potential Ponzi investors, did you meet them during







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work hours or after work hours?
A. Both.
Q. Did you always meet with them in your office or did you do it more socially down at Bova or elsewhere?
A. Both.
Q. But with this particular case, do you recall meeting them at least one time in your office where they could look through the files?
A. Actually, that group of investors were looking at a lot of different cases or at least multiple different cases that we were attempting to lure them into the Ponzi scheme utilizing, so I met with them on multiple occasions, both in my office and at restaurants.
Q. Who is Mike Fisten?
A. Mike Fisten was a law enforcement officer of some type that I hired.
Q. Why did you hire him?
A. He was a Ken Jenne suggestion.
Q. And were you hiring him to start up your company with Mr. Jenne, as you indicated earlier?
A. I don't recall what the purpose of hiring him was. It had nothing to do with what Ken Jenne was doing for us.



Q. So what did he do at RRA?
A. My best recollection is that he had been a former ADT officer and so it would reason that he would be working in our alcohol beverage practice that we were establishing.
Q. Do you know if he ever did any work for your firm as an investigator?
A. He may have. I don't have a specific recollection one way or the other.
Q. Did you ever speak to the press about the Epstein case?
A. I don't have a recollection one way or the other.
Q. Did you ever have Kip utilize the Epstein case to put any publicity or spin out there with respect to the case?
A. I don't have a specific recollection of that one way or the other.
Q. Did you ever instruct Brad or Russ to talk to the press about the case? We'll start with Brad then Russ.
A. I do not specifically recall getting involved at the publicity level of that case. I don't have a recollection one way or the other.
Q. Would that publicity have been good for your



Ponzi scheme investors?
A. Not really.
Q. Would it have given more legitimacy to your allegation that it was a good case in which they should invest?
A. In the way that I was selling the Ponzi settlements, it would have likely been overkill.
Q. So did you ever instruct them not to speak to the press about the case?
A. I don't recall that either one way or the other.
Q. If it had gotten out there that the cases had not, in fact, settled, as you were claiming when you were selling the settlement, would that have hindered your case, your Ponzi investor's case?
A. Not really because they would have no way of knowing if I had created a fake plaintiff's name. I mean, there could have been something in the news that -- and I don't know that there was -- there could have been something in the news that says none of this settled. And I just simply would have created a fake name with my co-conspirators, created a fake set of settlement documents and handle it that way.
Q. Did you know where Mr. Epstein lived?
A. I only knew that he was from Palm Beach,



other than that, no.
Q. Okay. In 2009, did you ever have any firm meetings?
A. Of any type?
Q. Of any type, in general, firm meetings.
A. I'm certain I did.
Q. Do you recall about how many?
A. I do not recall.
Q. Did you ever have any partner meetings?
A. Yes.
Q. Do you recall how many?
A. I do not.
Q. Do you recall how many partners you had at the firm in 2009?
A. I do not.
Q. Do you recall how many fundraisers you had at your home in 2009?
A. I do not.
Q. More than 10?
A. I'd be guessing, Tonja.
Q. Okay.
A. It's easy enough to check, there's state and federal records of all that stuff.
Q. In 2009, did you still require the attorneys from your firm to attend the fundraisers you would







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have?
A. You said "still require," which would have meant that I testified --
Q. Sorry.
A. -- previously that it was requiring them.
Q. Did you require attorneys at your firm to attend your fundraisers?
A. I asked them to, I urged them to, I tried to cajole them into coming, but it wasn't an absolute requirement.
Q. Do you recall between April and July of 2009 how many fundraisers you would have had?
A. I do not.
Q. Did you have fundraisers anywhere besides your home in 2009?
A. I probably did, but I don't recall without seeing the documents. If you have the invitation or the e-mails, that would help me.
Q. Did you hold fundraisers at your office in 2009?
A. I may have. That wouldn't have been unusual, but I don't have a specific recollection.
Q. Did you ever meet any of the plaintiffs in the Epstein case?
A. I don't have a specific recollection of



that.
Q. Do you recall ever revving copies of e-mails from Mr. Jenne with respect to the plaintiffs in the case that the subject matter would say "information we need to use"?
A. I don't recall that one way or the other. It's certainly possible.
Q. Do you recall ever reviewing anything that was titled "causes of action against Epstein"?
A. I do not have a specific recollection of that one way or the other.
Q. Do you recall ever reviewing with Mr. Jenne or any other investigator in your firm any information regarding Mr. Epstein's house staff or airplane staff?
A. I do don't recall that one way or the other. I may have, I may not have.
Q. Who is Bill Berger?
A. A former Palm Beach judge that we hired.
Q. Okay. What was his role at your firm?
A. He was a shareholder.
Q. What kind of practice?
A. Litigating cases.
Q. What kind of practice did he litigate? What kind of cases did he litigate?
A. I don't recall specifically.



Q. When did you hire him?
A. 2008 or 2009. I don't have a specific recollection.
Q. If you hired lawyers who didn't have a book of business, what kind of practice did they do at your office?
A. It depended upon the lawyer. I would have tried to get them to work with other lawyers in an area that they either were proficient in or wanted to become proficient in.
Q. Okay. You had a meeting at your office during which you were asking about information regarding referring attorneys, attorneys who had referred business to the firm. Do you know what I'm talking about? I believe it was back in December of '08 or early 2009.
A. The way you are characterizing that meeting, I had a lot of meetings like that.
Q. What was the purpose of those?
A. You are going to have to be more specific for me, Tonja.
Q. Let's start generally then. What was -- you said you had many meetings like that. Tell me what these meetings were for?
A. Making sure that we were maximizing



generation of business into the law form.
Q. What kind of business, legitimate business or the other --
A. Legitimate business.
Q. Sorry, I couldn't hear you.
A. Legitimate business. The general meetings that you are discussing, that was legitimate business.
Q. So there was a meeting for all attorneys to attend regarding generating business, those meetings were for the legitimate business?
A. If it was addressed to all attorneys, yes.
Q. Okay. And if an e-mail went out to all attorneys, did paralegals and support staff get it as well or was it just directed to the attorneys?
A. Certain support staff probably were on that list, like my CFO and COO, and perhaps my IT people, but it was general for the attorneys.
Q. With respect to your IT people, did you have the capability to review e-mails and internet activity of all of your employees?
A. I did.
Q. Including attorneys?
A. I did.
Q. Did you ever utilize that tool?
A. Very infrequently. It was a pain because I







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had to have Curtis Renie or Bill actually come into my office, set up a special icon to allow me to do that. It was a real pain, so it was rare.

Q. Who else attended the meetings that you had with the Clockwork group with respect to the investors in the Epstein case?

A. There were multiple meetings with what I'll call the Clockwork investors at various points in time. A variety of people came in and out of the meetings. Some of the meetings occurred down in Bova. Other people came up to the meetings. Some of the meetings involved Michael Szafranski, our fake independent verifier. Some of the meetings may have involved bankers and the like. I cannot tell you specifically who was at those meetings.

Q. The specific meetings that we are talking about with -- where you left the boxes at your office, do you recall who else was there with you at that meeting?

A. I only remember there being a handful of people from the investment group and myself. I don't recall -- and I remember the guys bringing the boxes the down, but they didn't stay for the meeting. There may have been other people there, I don't recall one way or the other who it was.



Q. If the expenditures were being made on a case that were substantial, did you have to approve them or did you have a specific practice for them?

A. The head of a practice group could basically approve them but Irene, our CFO, would generally run them by me before she actually cut the check. If I wasn't around she'd run it by Stu.

Q. So as the equity partners you had the authority to make the determination what funds could and could not be expended?

A. As the shareholders, as the two 50 percent shareholders, we controlled the finances.

Q. And if Irene was coming to you to tell you what the funding was for, to get approval rather, would she tell you specifically what the funding was for or just tell you "we need $100,000"?

A. No, if it was a substantial expense --

Q. Tell me what you deem as substantial.

A. That would have been -- substantial to me would have been based upon how much money we had in our coffers at the time. So, if it was one of those periods of time where we had 20 or $30 million floating around the law firm, Irene probably would have just written a check without even letting me know we were writing it. If it was one of those times



where we owed 20, $30 million in Ponzi payments out and she needed to write a check for even $5,000, she probably would have checked with me on that. So substantial and whether or not she would have checked with me depended upon the circumstance at the time.

Q. You stated earlier, and I think I'll get this quote right, that 2009 was a dismal year; is that correct?

A. For the legitimate law firm business, it was a dismal year.

Q. So in the months immediately preceding the dissolution of RRA, July to October of 2009, what would you consider a substantial expense that had to be approved?

A. It would vary literally from day-to-day.

Q. Do you have any independent recollection of how you were doing in, say, July 2009?

A. The legitimate business was always doing poorly in 2009, as far as I was concerned.

Q. So would you have --

A. The Ponzi scheme had its moments of significant wealth and significant poverty, so it varied from time to time. It was a daily thing. Sometimes it was hourly. It just depended upon what was coming in and what needed to go out.



Q. So would you have to utilize the illegitimate funds to fund the legitimate cases at times?

A. Yes.

Q. And that varied daily you said?

A. Well, all the money was commingled together, so we used whatever funds were in there to fund both the legitimate and the illegitimate financial requirements of the firm, the Ponzi scheme and other legitimate and illegitimate things that were going on.

Q. If an outside agency or investigator was being utilized for a case and they needed a signed retainer agreement with your firm, would you have to approve that?

A. It would depend upon the significance of the expense. I didn't necessarily get involved in every retention of every expert in every case.

Q. Okay. So it would depend on the cost or the nature of the case?

A. Who the lawyer was, their level of expertise, all things of that nature.

Q. If it was this gentleman who you have no recollection of meeting, Mr. Black, and the attorney was Mr. Edwards, was that something you needed to look over?







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A. Did Wayne Black work for Ron Cacciatore?
Q. Are you asking me --
A. I'm asking anyone in the room who wants to talk to me.
Q. I love to talk to you, but I don't know the answer to that question. He might have. Brad might be able to tell you.
MR. EDWARDS: No.
THE WITNESS: When you said Wayne Black's name again and that I hired him to do something, I seem to think that he may have been associated in some way with Mr. Cacciatore, but I'm not sure one way or the other. I don't remember whether or not I met Mr. Black, it's possible I did, it's also possible I did not. And I don't have an independent recollection of retaining him to do anything or whether I was part and parcel of the decision if we did, in fact, retain him, whether I was part and parcel of the decision to retain him.
BY MS. HADDAD:
Q. Traveling out of state for depositions for the particular cases, did you have to approve that?
A. It would depend upon who the lawyers were, the significance of the expense. It would have been case by case. I certainly would not have been



approving or disapproving Mr. Nurik's travel, Mr. Rosenfeldt's travel, Mr. Boden's travel, Mr. Lippman's travel. That was their own thing.
If a younger lawyer like a Shawn Birken came to me and said he need to travel out of state for something, if it was just for a deposition, I wouldn't have gotten involved in that unless he was telling my CFO, Ms. Stay, that he wanted to fly first class and stay in the Ritz Carlton, then I would have gotten involved. But other than that, no. The firm was too big for me to get involved on a daily basis with all that stuff.
Q. If Brad had to go out of state to take a deposition, you wouldn't be the person to approve or disapprove that?
A. Russ Adler would have handled that. And if there was an issue, Russ would have come to me. And I don't know what the relationship was specifically between Brad and Russ, but it's certainly possible that Brad just was going to go do what he needed to do to properly handle the case and I would have trusted him to do that.
MS. HADDAD: Can we just take a second. We are going to take a minute, okay?
THE WITNESS: Sure.



[Short recess taken.]
FURTHER DIRECT EXAMINATION
BY MR. GOLDBERGER:
Q. All right. Mr. Rothstein, Jack Goldberger, I'm going to ask you some questions now. You testified that you knew Jeffrey Epstein was a billionaire. You did testify to that today, correct?
A. Yes.
Q. Okay. Tell me how you knew that. How did you know that Mr. Epstein was a billionaire?
A. Russ Adler told me. I looked him up on the internet.
Q. What did you look on the internet about Mr. Epstein?
A. I don't recall, but I remember looking up an seeing that he was very wealthy, that he was a billionaire.
Q. Okay. So as far as learning that Mr. Epstein was a billionaire, you learned via two ways, one was from Russ Adler, correct? Is that correct?
A. Yes, sir.
Q. And the other was through looking up Mr. Epstein on the internet, correct?
A. Yes.



Q. Okay. And you don't know what you reviewed on the internet in an effort to determine that Mr. Epstein was a billionaire; is that correct?
A. I do not recall.
Q. Do you know when you did that?
A. I do not.
Q. Was it prior to your needing to use the Epstein case to further your Ponzi scheme?
A. Yes.
Q. Okay. So prior to -- I think you indicated that you needed an influx of money at some point and that's when you decided to use the Epstein case in furtherance of the Ponzi scheme; is that correct?
A. Yes.
Q. So prior to that time though, prior to determining that you needed to use the Epstein case for the Ponzi scheme, you looked up Mr. Epstein and you spoke to Mr. Adler about his work; is that correct?
A. Yes.
Q. Why did you do that, Mr. Rothstein, if you weren't using the Epstein case at that point in your Ponzi scheme?
A. Because it was a legitimate case in the legitimate portion of RRA that I had reason to believe







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from speaking to Mr. Adler could bring in a significant amount of money to the firm.
Q. At that time Mr. Adler was one of your co-conspirators in the Ponzi scheme; is that correct?
A. By this time, yes, sir.
Q. Okay. When did Mr. Adler become a co-conspirator in your Ponzi scheme?
A. I don't recall the specific date.
Q. Was it before or after Mr. Adler recommended that Brad Edwards be hired at your firm?
A. Before.
Q. So before Brad Edwards was hired at RRA, Russell Adler was a co-conspirator of yours in the illegal part of the RRA firm; is that correct?
A. Yes.
Q. Then after that time you hired -- Mr. Edwards was hired after Adler was your co-conspirator? You are laughing, you are smiling, why is that, sir?
A. Because when you say "RRA" that way, the speaker sounds, it sounds like you are roaring.
Q. Okay. I'll just say Rothstein, how about that? You know what I'm talking about if I just say Rothstein.
A. RRA is fine.



Q. Okay. So Adler is your co-conspirator in the Ponzi scheme at the time that Brad Edwards is hired, correct?
A. Yes.
Q. Okay. Was it Adler who recommended to you that Brad Edwards be hired?
A. Yes. He was one of the people.
Q. Who else recommended that Edwards be hired?
A. I don't have a specific recollection of who it was, but others did.
Q. All right. But you have a recollection of Adler being one of the people, so let's talk about that, all right?
What did Adler tell you about Brad Edwards when you hired him? Did he tell you that he had these Epstein cases or an Epstein case in the fold?
A. Among other things, yes.
Q. What else did he tell you?
A. Told me he was a great lawyer and a great guy.
Q. Did he tell you what his history was, what Edwards' history was prior to coming to the Rothstein firm?
A. I'm certain that I asked him, but I don't have a specific recollection of that conversation.



Q. What did Adler tell you about the Epstein case that Edwards had at the time you were contemplating hiring him to become a member of the Rothstein firm?
A. He told me that it was a huge case involving a billionaire pedophile and that it was a winner.
Q. Did you, when you heard that, did you think that that was a case that could become part of your Ponzi scheme?
A. No, I actually thought of it as a way to earn legitimate money to help me out of the Ponzi scheme.
Q. So at the time you hired Mr. Edwards and you were talking to Adler about Edwards, you were trying to get out from under the Ponzi scheme?
A. In the bulk of 2009 I was praying for some sort of legitimate influx of money to get out of the Ponzi scheme.
Q. Okay. So now Adler tells you about this Brad Edwards guy, did you know Brad Edwards before Adler talked to you about him? Had you run into him?
A. I may have. I don't have a specific recollection one way or the other.
Q. Okay. So now he tells you that you should consider hiring Brad Edwards, this is your



co-conspirator talking to you, right? Is that correct?
A. Yes.
Q. And he says, by the way, he's got this great Epstein case involving this billionaire, correct?
A. Yes.
Q. Presumably then you had a meeting with Brad Edwards when you met him; is that correct?
MR. SCAROLA: Presumably he had a meeting when he met him?
MR. GOLDBERGER: I'm sorry, Mr. Scarola was cutting you off when you answered, so go ahead, answer again.
MR. SCAROLA: I didn't understand the question.
BY MR. GOLDBERGER:
Q. Do you understand the question, Mr. Rothstein?
A. I'm not sure I do because you asked me if I had a meeting when I met him and I think that meeting him is a meeting.
Q. Well, there was a meeting, correct?
A. I most likely met him before I hired him. I most likely talked to him before I hired him because that was my general way of doing business. It's all







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1 together possible that I gave Russ the okay to hire
2 him before, I just don't have a specific recollection
3 one way or the other.
4 Q. At some point, I take it, you learned,
5 whether you sat in on a meeting when Mr. Edwards was
6 hired or whether your co-conspirator hired him, at
7 some point you learned that Mr. Edwards, in fact, had
8 been hired by the firm; is that correct?
9 A. I'm certain that I gave the final okay to
10 hire him.
11 Q. Okay. When you were giving the final okay
12 to hire him, I assume there had to be discussion of
13 the money that he was going to be paid, correct?
14 A. With somebody, yes.
15 Q. Certainly with Mr. Edwards, right? I assume
16 he wanted to know how much he was getting paid.
17 A. Yes, but I don't have a specific
18 recollection of whether I discussed that with him or
19 whether I authorized Adler or maybe even Rosenfeldt to
20 discuss it with him. I don't recall.
21 Q. Do you have the slightest idea how much
22 money Mr. Edwards was paid when he first joined the
23 firm, what his salary was?
24 A. I don't have an independent recollection.
25 Q. Generally someone like Mr. Edwards at his



1 level of accomplishment and his age, you know what the
2 general salary would have been at your firm?
3 A. It didn't work that way.
4 Q. I see. Tell me how it worked.
5 A. It's a case-by-case basis.
6 Q. Tell me how it worked.
7 A. Case-by-case basis.
8 Q. And how did you make that determination on a
9 case-by-case basis?
10 A. Actual book of business, potential book of
11 business, potentiality for growth, character, what he
12 brought to the table, and obviously a function of how
13 much money we had available at the time.
14 Q. Okay. And you don't have any recollection
15 of the machinations that occurred in determining what
16 Mr. Edwards salary would be, correct?
17 A. I do not.
18 Q. But certainly one of the things you would
19 consider would be the book of business, i.e. the
20 Epstein case, right?
21 A. I'm certain that I did consider the Epstein
22 case.
23 Q. Do you know whether he brought any other
24 book of business --
25 A. But I'm also certain it wasn't the only



1 factor I considered.
2 Q. All right. Do you know whether he brought,
3 in his book of business, do you know whether he
4 brought any other cases to the firm other than the
5 Epstein case?
6 A. I don't recall one way or the other.
7 Q. Okay. Do you know whether your -- well, bad
8 question, I won't ask that.
9 Now, you've talked a lot about Ken Jenne
10 here this morning. Was Ken Jenne part of your Ponzi
11 scheme?
12 A. No, sir.
13 Q. Had nothing to do with it, right?
14 A. That's correct.
15 Q. Other than his having -- working for you as
16 an investigator, he was not one of your
17 co-conspirators, right?
18 A. He didn't work for me as an investigator, he
19 worked for me heading up our investigative division,
20 heading up our internal security, heading up my
21 personal security, and acting as a political advisor
22 to me.
23 Q. Okay. Did he serve any kind of
24 investigative function at all, after all, he was a law
25 enforcement officer at one point in his career?



1 A. I note that he assisted the other people at
2 the firm that were doing the investigative work. I
3 don't know if he personally did investigative work.
4 He may have.
5 Q. Do you know whether Mr. Jenne, in his role
6 as your advisor or your political consultant, do you
7 know if he was involved in any kind of illegality,
8 illegal wire tapping or anything like that while he
9 was at Rothstein?
10 MR. SCAROLA: Excuse me, I'm going to
11 object to the form of the question, vague and
12 ambiguous.
13 THE WITNESS: To my knowledge he was not.
14 BY MR. GOLDBERGER:
15 Q. To your knowledge, no?
16 A. Correct.
17 Q. Okay. You talked about having a bunch of
18 fundraisers, I know you had a bunch of fundraisers
19 that was kind of a deal at Rothstein. This was kind
20 of a rock star law firm, right? I mean, you had lots
21 of fundraisers, lots of parties, right? Was that the
22 image you were trying to present?
23 A. In reality that's the way we were.
24 Q. Okay.
25 A. A lot of young lawyers having a good time,







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trying to make money.
Q. And these young lawyers, would you consider Mr. Edwards to be a young lawyer or a middle-aged lawyer?
A. Young lawyer.
Q. Okay. Was he one of young lawyers that came to these fundraisers at your home?
A. I don't recall whether he was there or not. I recall him being at some, but I didn't know if he was at all of them.
Q. Okay. You do recall him coming to some of the fundraisers, though, correct?
A. I recall him being at my home. It may have been for firm parties or other parties, it may have been for fundraisers there.
Q. And that was during the time period that the Ponzi scheme was still going on, correct?
A. Yes.
Q. Did Adler ever the tell you about any discussions he had with Brad Edwards about the illegal part of the operations at Rothstein?
A. Can you reask the question, please?
Q. Sure. Sure.
Did Russell Adler ever tell you -- Russell Adler is your co-conspirator, we've established that.



Did Russell Adler in the furtherance of your conspiracy ever tell you he had discussed with Brad Edwards about the illegal activities at RRA?
A. No.
Q. Now, you testified when asked about whether the press -- if you were involved in asking the press to run with the Epstein story, you said something to the effect, "the way I was selling the Ponzi scheme it would be overkill."
I didn't understand your answer like you didn't understand some of my questions, so I'd like you to kind of tell me what you meant by that.
A. I was selling purportedly confidential settlements. Confidentiality was the hallmark of the Ponzi scheme, so too much publicity would have created a problem for me in the sale of what was supposed to be a completely confidential settlement.
Q. I think what you are telling me, and I don't want to misstate what I think you are telling me, but is it true that you felt some publicity would be okay but too much would be counter to the purposes of the conspiracy. Is that a fair statement?
A. The way I was thinking about it at the time this was going on was that some publicity would assist in establishing for the potential investors that there



was a real case going on, but that within that I would have to create some sort of fictions in order to sell the fake product.
Q. Okay. At the time that you decided to use the Epstein case as part of your illicit Ponzi scheme theme, I think you testified earlier today, when you were in some dire straights, you needed an influx of money, right?
A. Yes.
Q. That's when you decided to use the Epstein matters, correct?
A. Yes.
Q. Okay. And you knew, I assume, being the Ponzi scheme mastermind here, that you needed to make sure that you had at least a working knowledge of the Epstein case so that you could answer questions to the investors. I recognize that you left the room and told them to look at it, but you had to some knowledge of the case, right?
MR. SCAROLA: Counsel, that's a misrepresentation of what the earlier testimony was. I object, no proper predicate.
MR. GOLDBERGER: Okay, let's go through the whole thing again.
MR. SCAROLA: No, you are not going to go



through the whole thing again. Just because we have tolerated two lawyers asking questions, does not mean we are going to tolerate two lawyers asking the same questions.
MR. GOLDBERGER: Your objection is noted.
BY MR. GOLDBERGER:
Q. Okay. So let's talk about your need to use the Epstein case to further your conspiracy. You needed an influx of money, did you not?
A. Yes.
Q. Okay. You decided to use the Epstein case for that purpose, right?
A. Yes.
Q. And in order to use the Epstein case, you were going to meet with the investors and pitch the Epstein case with the investors, correct?
A. Yes.
Q. And in an effort to pitch the case to the investors, you had to have some knowledge of the case, did you not?
A. Some level of knowledge, yes, sir.
Q. Okay. And in order to gain that knowledge, you spoke to your co-conspirator, Russell Adler; is that correct?
A. That's one of the things I did.







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Q. Okay. And do you remember what Adler told you specifically about the Epstein case that helped you have a basis of information to sell it to the investors?

A. Other than him telling me that it was a billionaire pedophile, other than him telling me about the flight manifest, I don't have a specific recollection of what else he told me.

Q. Did you actually look at the flight manifest at sometime, Mr. Rothstein?

A. Yes, sir.

Q. And what was it about those flight manifests that you felt would help you pitch the Epstein case to the investor?

A. I don't remember who specifically was on it, but I remember it looking juicy.

Q. You don't know who was on it?

A. I don't recall.

Q. Did you add any names to that manifest at any time?

A. I had -- you mean physically write names on there?

Q. Any way you want to interpret -- did you -- not physically write any names on the manifest, but did you tell the investors that there were names on



the manifest that were actually not on the manifest?

A. I told the investors that there were other people that appeared on manifests, I don't recall whether it was that manifest or other manifests, and I got the names of those people from Russ Adler. Whether or not they actually appeared on the manifest or another manifest, I do not know.

Q. What names did you get from Russ Adler?

A. Russ Adler told me that Bill Clinton flew on Mr. Epstein's plane and that Prince Andrew flew on Mr. Epstein's plane.

Q. And is it your testimony today that you never looked at the manifest to see whether Bill Clinton or Prince Andrew's name were really on the manifest that you were going to use to pitch the investors?

A. It was my understanding they didn't have all the manifests.

Q. Okay. Did you ever ask for the manifests that purportedly had the name of Bill Clinton or Prince Andrew on it?

A. I probably did, but I don't have a specific recollection one way or the other.

Q. When you say you didn't have all the manifests, were all the manifests in your office --



were all the manifests within the law firm of RRA and you simply didn't have them in your office?

A. I have no idea one way or the other.

Q. Okay.

A. I did not have them.

Q. You were told by Russell Adler that you didn't have -- that you physically didn't have all the manifests, correct?

A. That's correct.

Q. But you don't know whether they were in the building somewhere, these other supposed manifests?

A. I have no idea one way or the other.

Q. You never asked for proof that Bill Clinton or Prince Andrew's name were on a manifest somewhere?

A. I didn't say that. I may very well have asked Adler or Ken Jenne to find the other manifests.

Q. Were you ever shown a manifest with the name Bill Clinton or the name Prince Andrew on them?

A. I do not recall one way or the other whether I saw that or not. I remember Adler telling me about it and then me repeating that information to the investors based upon Mr. Adler's representations to me.

Q. Now, you testified that you were told that the Epstein cases were "legitimate cases. Do you



remember that testimony you gave this morning?

A. Yes.

Q. And you remember your testimony that you were told they were legitimate cases by both Russ Adler and Brad Edwards, do you remember that?

A. I never said that Mr. Edwards or Mr. Adler said, "Scott, these are legitimate cases." I didn't question them as to their legitimacy.

Q. You did testify that you talked to Brad Edwards about the Epstein cases; is that correct?

MR. SCAROLA: No, counsel, that is a misrepresentation of the earlier testimony.

MR. GOLDBERGER: No, it's not.

BY MR. GOLDBERGER:

Q. Did you talk to Brad Edwards about the Epstein cases?

A. I do not recall one way or the other. That was my prior testimony, that's still my testimony. I don't -- I do not recall.

Q. We'll let the record speak --

A. I know I spoke to Adler about it.

Q. We'll let the record speak for itself. Your testimony, as I am questioning you now, is that you do not recall whether you spoke to Brad Edwards about the Epstein cases; is that correct?







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A. If you are including within that me walking past Brad in the hall and saying, "Hey, Brad how are you? How is the Epstein stuff going?" Then it's very likely that I talked to him about it in that manner. But I have no specific recollection one way or the other as to having any lengthy conversations with Mr. Edwards about the case.

I had a co-conspirator who was deeply involved in the Ponzi scheme that I could go to to get any information I wanted, Mr. Adler. I didn't need to go to Mr. Edwards.

Q. So if you had a question of your co-conspirator, Russell Adler, about the Epstein case, you would go ask Adler and would Adler always have the answer for you or would he say he would get you the answer?

A. Both.

Q. When he didn't have the answer, do you know who he was getting the answer from?

MR. SCAROLA: Objection, predicate.

THE WITNESS: I don't know who he was getting it from and I may have contacted other people in the office who were working on the file to ask. I may have asked Mr. Jenne, I may have asked Ms. Holmes, I many have asked a whole myriad of people.



BY MR. GOLDBERGER:

Q. So Ms. Holmes was working on the Epstein cases?

A. It's my refreshed recollection from seeing one of those e-mails that she must have been.

Q. Okay. And Ms. Holmes you said was a former federal law enforcement officer, was that your testimony?

A. Yes.

Q. You don't know whether she was FBI or IRS, correct?

A. I don't remember.

Q. Okay. And upon reflection, do you know whether she was hired without your say-so based on what Mr. Jenne told you or did you meet with her?

A. No, I actually -- I remember meeting with Ms. Holmes.

Q. Okay. What do you remember about that meeting?

A. I remember talking about her relative who was a judge. I remember her telling me about her time in law enforcement. I just don't remember which agency.

Q. Did she tell you why she left law enforcement?



A. She may have, I don't recall one way or the other.

Q. Did you ever ask Ms. Holmes to use any of her prior contacts in law enforcement to assist you in the Ponzi scheme to get information for you?

A. The question is kind of convoluted because the way you are asking it, it seems like you are intimating that Ms. Holmes knew. I may have asked Ms. Holmes to get me information that I was going to utilize with my co-conspirators in the Ponzi scheme, but Ms. Holmes did not know that there was a Ponzi scheme going on.

Q. All right. So you may have asked Ms. Holmes to try and get some information for you from her contacts in law enforcement, but it's your testimony, and I don't dispute it, it's your testimony that she knew nothing about the Ponzi scheme, correct?

A. I may have, I may not have. I do not remember and she absolutely knew nothing about the Ponzi scheme.

Q. Okay. Now, we talked about Brad Edwards getting paid and the multilevel ways in which you determined what a person's salary was. Do you know whether Brad Edwards got any bonuses along the way once the Epstein case was used as part of the Ponzi



scheme?

A. He did not.

Q. So he was --

A. If he got a bonus, it was something he earned.

Q. Did you make a determination as to what that bonus would be?

A. If he got a bonus, I would have been instrumental in determining it. You can determine if he got a bonus by looking at our financial records, I don't have an independent recollection one way or the other.

Q. So you don't know whether he got a bonus at all, correct?

A. That's correct.

Q. So I assume that if he got a bonus you wouldn't know whether it occurred before or after the Epstein case was used as part of the Ponzi scheme?

A. I don't know if he got a bonus, which means I wouldn't know the time frame.

Q. But we would learn -- you are instructing us, we would learn that by looking at when the Epstein case was brought into the Ponzi scheme and we learn that by looking at these -- what was the group that it was used to pitch to?







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A. Clockwork.
Q. So we would look at when the Clockwork group was brought into this and the Epstein case was used then and then we would look at the payroll records to see whether Mr. Edwards got a bonus after the Clockwork group was brought into the Ponzi scheme, correct?
A. From a timing perspective, yes. But Mr. Edwards had nothing to do with the Ponzi scheme, nor was he rewarded even surreptitiously without his knowledge for helping me with the Ponzi scheme. If he was rewarded it was because he deserved, I felt he deserved a reward, having nothing to do with the Ponzi scheme. The bulk of this law firm had nothing to do with the Ponzi scheme.
Q. I think you testified already, though, that money was fundable in the firm, right? I mean, you know, illegal money was used for legitimate purposes, correct?
A. Yes.
Q. Okay. So, for example, investigations that were done with the Epstein case, it's very possible that legitimate Ponzi money was used to finance those investigations?
A. I'd be guessing. It's certainly possible



because all the money went into a whole series of pots, and if you look at, most of the pots were trust accounts. If you look back, you look to see what my CFO, who was also a co-conspirator was doing, she was pulling the money from wherever she needed to to fund whatever she needed to fund.
MR. LAVECCHIO: Off the record a second.
[Discussion off the record.]
BY MR. GOLDBERGER:
Q. Let me circle back to what you needed to learn about the Epstein cases to help make your pitch to the investors.
You talked about the manifest already, correct, the flight manifest?
A. Yes.
Q. Okay. What else did you want to learn about the case or what else did you learn about the case so that you were conversant when you spoke to the investors about the Epstein case?
A. I recall asking someone what the causes of action were.
Q. Okay. Did you understand what they were?
A. I likely did at the time, I don't remember what they were now.
Q. Okay. Do you know which case we are talking



about? By the way, you had a number of Epstein cases in-house, do you know which case you were talking about?
A. As I sit here today, no, sir, I don't remember.
Q. Was it a state case or a federal case?
A. I don't remember one way or the other.
Q. All right.
A. I utilized all those boxes all together. I don't remember which one I sold them.
Q. And the exhibits --
A. It's something completely fictitious that I made up that I told them.
Q. The exhibit that you were shown earlier, Exhibit Number 1, that's the long multi-page federal lawsuit. Do you know whether that was part of the information that you reviewed or shown to the investors when you were pitching to them?
A. I do not remember one way or the other.
Q. Okay. Now, did you make any effort to learn from your co-conspirator who the plaintiffs were in this case, what kind of women they were?
A. Only that they were underage.
Q. Did anyone tell you that these women had -- some of these women had a history of prostitution?



A. They may have told me that, I wouldn't have cared one way or the other.
Q. Why would you not have cared about that, Mr. Rothstein?
A. It had nothing to do with the sale of the Ponzi scheme settlements.
Q. Okay. Were you told by anyone whether any of the women involved as plaintiffs in the case may have worked at adult clubs in the past? I mean strip clubs, let's call it what it is.
A. I may have been told that one way or the other. But again, it had nothing to do with the Ponzi scheme sale of fake settlements.
Q. As part of the information that you were told by you co-conspirator, Russell Adler, were you told that some of the plaintiffs that you had in-house had travelled on Mr. Epstein's airplane?
A. I believe Russ did tell me that.
Q. You know, in fact, that that was not true, correct?
A. I have no idea one way or the other, nor did I care.
Q. But your co-conspirator told you that, right?
A. Mr. Adler did, in fact, tell me that certain







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of the underage women had travelled on Mr. Epstein's plane.
Q. Did you ever meet any of the plaintiffs?
MR. SCAROLA: That's question that's been asked and answered.
THE WITNESS: I do not have a specific recollection of ever meeting them.
MR. SCAROLA: You are exhausting my indulgence.
MR. GOLDBERGER: Fair enough.
MR. SCAROLA: You've exhausted my indulgence.
BY MR. GOLDBERGER:
Q. Do you know whether any of your investigators at the firm had any kind of high tech surveillance equipment or, you know, wire tapping equipment?
A. I believe they did.
Q. Do you know whether this was legal stuff or illegal staff?
A. I did not know, nor did I care.
Q. Do you know if any of that stuff was used to either wire tap or surveil Mr. Epstein?
A. I do not know one way or the other.
Q. What sort of equipment did you know that



they had, meaning your investigators?
A. I had told Mr. Jenne and others involved in the investigation arm of RRA to get whatever equipment they thought they needed and to get the best stuff that they could get. What they actually did, I can't tell you.
Q. You know as part of the Epstein litigation, and I'm talking about now after your using it in the Ponzi scheme, do you know whether anyone at your firm attempted to depose ex-President Bill Clinton?
A. I don't recall that, sir.
Q. Okay. How about Donald Trump, same question?
A. I don't recall that. As a matter of fact, we had represented Trump in some things, we had some pretty close ties with him, so I can't imagine that they would have done that with my authority.
Q. Okay.
A. I don't recall that.
Q. Do you know whether Adler would have -- would Adler have the authorize to do that without getting your permission?
A. The authority, no. Might he have tried, yes.
Q. Okay. How about Alan Dershowitz, do you



have any knowledge of your firm's attempt during the Ponzi scheme to depose Alan Dershowitz?
A. No, sir. I don't have a recollection of one way or the other.
Q. Okay. The name Kendall Coffey was brought up before. Do you know who Kendall Coffey is?
A. Yes.
Q. Who do you know him to be?
A. Former U.S. attorney, current criminal defense lawyer.
Q. Was he a friendship of the firm's?
A. Represented RRA when I fled the country.
Q. So he was a friend of the firm, or a friend of yours at least, right?
A. He wasn't a friend of mine.
Q. A friend of the firm?
A. No idea.
Q. He represented them when I fled the country. I remember him coming in and doing like a show and tell in my office on TV.
MR. GOLDBERGER: Patience gets rewarded. I'm done.
Thank you, Mr. Rothstein. That's all the questions that I have.
THE WITNESS: You are welcome.



CROSS EXAMINATION
BY MR. SCAROLA:
Q. Mr. Rothstein, again, Jack Scarola on behalf of Brad Edwards. I want you to assume that Brad has testified under oath that you never had a substantive discussion with him regarding the Epstein case. Do you have any basis whatsoever to question the accuracy of that testimony?
A. I do not.
Q. I want you to assume that Brad has or will testify under oath that while you were copied on e-mails, you never attended a single legitimate meeting regarding the legitimate prosecution of the Epstein cases. Do you have any basis whatsoever to question the accuracy of that testimony?
A. No, sir.
Q. I want you to assume that Brad has or will testify under oath that you never directed the filing of any documents in the Epstein case, including the July federal complaint that's been marked as an exhibit to your deposition. Do you have any reason whatsoever to question the accuracy of that testimony?
A. No, sir.
Q. I want you to assume that Brad has or will testify under oath that you never directed the taking







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of a single deposition, or the propounding of any discovery in the Epstein cases. Do you have any reason to doubt the accuracy of that testimony?

A. No, sir.

Q. I want you to assume that Brad has or will testify that you did not provide any input whatsoever into the handling of the legitimate Epstein cases. Do you have any reason whatsoever to doubt the accuracy of that testimony?

A. No, sir.

Q. I want you to assume that Brad has or will testify that you never met any of the legitimate plaintiffs in the Epstein cases. Do you have any reason to doubt the accuracy of that testimony?

A. No, sir.

MS. HADDAD: I'm going to object to these same questions you keep asking, because Mr. Rothstein has testified at nauseam that he doesn't recall any of this and now you are asking him to bolster Mr. Edwards' either already given or purported testimony when he's testified he doesn't recall it.

BY MR. SCAROLA:

Q. I want you to assume that Brad has or will testify under oath that you never asked him once to report back to you on any factual matters regarding



the Epstein case. Do you have any reason to doubt the accuracy of that testimony?

A. No, sir.

Q. I want you to assume that Brad has testified repeatedly that he had absolutely no involvement in or knowledge of any illegal activity engaged in by you or any other RRA lawyer. Do you have any reason to doubt the accuracy of that testimony?

A. No, sir.

Q. I want to talk to you briefly about your personal perceptions of the significance of the testimony that you are giving today. If Brad Edwards had, in fact, been a participant in any of the illegal activities that you have been questioned about at any stage of this very lengthy deposition, and you knowingly concealed Brad Edwards' participation, what do you understand the personal consequences to be as a consequence of your having knowingly concealed Brad Edwards' participation?

A. I'll be violating my agreement with the United States government and I would run the risk of dying in prison.

Q. If Brad Edwards, contrary to what you have testified under oath and what Brad himself has repeatedly said, knew about anything having to do with



illegal activities at the RRA firm and you concealed your knowledge of Brad Edwards' knowledge of that illegal activity, what do you understand the consequences of that false testimony to be?

A. I'll be violating my agreement with the United States government and I would run the risk of dying in prison.

MR. SCAROLA: Thank you. I don't have any further questions.

THE WITNESS: Thank you, sir.

MR. NURIK: Mark, I don't know what your time frame is on your litigation, but the ability to receive the transcript, review it and prepare an errata sheet within what is normally the time allotted under the court rules cannot be accomplished in this case.

MR. GOLDBERGER: How much time are you generally --

MR. NURIK: I don't know.

Actually, the first set of errata sheets have just been prepared and finalized for the first deposition in December. I'm not suggesting it will take that long this time, but if you can give me an idea of what your time responsibilities are with the court, what the time limits are --



MR. GOLDBERGER: Do you think it will be less than a month, two months?

MR. NURIK: I don't think it will be less than a month. First of all, a lot depends on the ability to get the transcript to him to review.

MR. GOLDBERGER: Right.

MR. NURIK: And that's a whole procedure, it's not normal circumstances that we are dealing with.

MR. GOLDBERGER: If time becomes an issue, we'll approach you and ask you to expedite.

MR. SCAROLA: Mark, I will tell that from our perspective time is an issue.

MR. NURIK: Have at it then, Jack. Do what you need to do to get it done.

MR. SCAROLA: There is a long pending motion for summary judgment on Brad's behalf that has been delayed for purposes of taking this deposition. We are very anxious to be able to call that motion for summary judgment up for hearing, so whatever can be done reasonably to expedite the preparation of this portion of this transcript would be appreciated. We understand there are limitations beyond your control, but to the extent you can do it, that would be helpful. Thank you.







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MS. HADDAD: It's scheduled in a month, Mark.

MR. NURIK: We'll cooperate.

MR. SCAROLA: Thank you very much.

[Thereupon, the taking of the deposition was concluded at 12:37 p.m.]

SCOTT ROTHSTEIN
Sworn to and subscribed before me this day of , 2012.
Notary Public, State of Florida at Large.



CERTIFICATE
STATE OF FLORIDA )
COUNTY OF MIAMI-DADE )

I, Pearlyck Martin, a Notary Public in and for the State of Florida at Large, do hereby certify that, pursuant to a Notice of Taking Deposition in the above-entitled cause, SCOTT ROTHSTEIN was by me first duly cautioned and sworn to testify the whole truth, and upon being carefully examined testified as is hereinabove shown, and the testimony of said witness was reduced to typewriting under my personal supervision and that the said Video Conference deposition constitutes a true record of the testimony given by the witness.

I further certify that the said Video Conference deposition was taken at the time and place specified hereinabove and that I am neither of counsel nor solicitor to either of the parties in said suit nor interested in the event of the cause.

WITNESS my hand and official seal in the City of Miami, County of Dade, State of Florida, this day of June 19, 2012.

Pearlyck Martin



FRIEDMAN, LOMBARDI & OLSON
Suite 924, Biscayne Building
19 West Flagler Street
Miami, Florida 33130
Telephone (305) 371-6677

June 21, 2012

IN RE: EPSTEIN VS EDWARDS

SCOTT ROTHSTEIN C/O MARC NURIK
One East Broward Boulevard, Seventh Floor
Ft. Lauderdale, Florida 33301

Dear SCOTT ROTHSTEIN:

With reference to the deposition of yourself taken on June 14, 2012, in connection with the above-captioned case, please be advised that the transcript of the deposition has been completed and is awaiting signature.

Please arrange to stop by our office for the purpose of reading and signing the deposition. Our office hours are 9:00 a.m. to 4:00 p.m., Monday through Friday. Please telephone in advance.

You may, however, read a copy of the transcript, provided by any of the attorneys connected with the case, denoting any corrections by page and line number on a separate sheet of paper. This correction page must be signed by you and notarized and returned to us for filing with the original.

If this has not been taken care of, however, within the next 30 days, or by the time of trial, whichever comes first, I shall then conclude that the reading, subscribing and notice of filing have been waived and shall then proceed to deliver the original of the transcript to ordering attorney without further notice.

Pearlyck Martin

**From**: Barbro C Ehnbom[redacted]
**Sent**: 8/18/2012 4:11:07 PM
**To**: JEEVACATION@gmail.com
**Subject**: Fwd: Program & Attendee list
**Attachments**: SALSS Attendee 2012 FINAL v2.pdf; Untitled attachment 60978.htm; SALSS Program 2012 FINAL.pdf; Untitled attachment 60981.htm

**Importance**: High

Dear Jeffrey,

I am sorry I did not call back Yesterday-I was exhausted from a crazy week and fell asleep as soon as I came home! Anyway, here is the full program and attendee list attached, this is the Globalization Summit I invited Bill Clinton to when I met him in Stockholm last Summer- But he is a bit busy I gather!
Anyway, hope Greta Tufvesson got hold of you re search service? Also, I did see your mail about possibly coming here end of September-however, I am supposedly arranging a fund-raiser for Congress Woman Diana deGette of Colorado on Sept 27 in NYC; she is the only one with a scientific agenda and she is just super-if anything I am hoping on your involvement?
How about going to Stockholm mid or end november..albeit a bit dark and maybe cold..?
Let me know what you think!
Also, I just heard from my friend Jeff Kriendler in Miami and guess who was just walking in there -our friend Goldsamt! First prize for perseverance!
Also, Sofia and the prince is on every magazine here, I think it is wonderful!
Marcus has two big concerts in Stockholm this coming week. Me - SALSS!

KRAM
BE

Barbro C. Ehnbom
Sent from iPad

Vidarebefordrat brev:

**Från:** Cecilia Schött <[redacted]>
**Datum:** August 18, 2012 8:44:29 AM GMT+02:00
**Till:** Barbro Ehnbom <[redacted]>
**Ämne: Program & Attendee list**

*Ernst & Young HQ*

*Hotell Kung Carl*

*The Royal Guards*

*The Museum of Science & Technology*

*MS Rederiet-finden*

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8th

# SWEDISH AMERICAN LIFE SCIENCE SUMMIT 2012

*Program*
SALSS 2012

*Swedish-American Life Science Summit*
*Stockholm, Sweden*
*August 22 - August 24, 2012*

*'The times they are a-changin'*

Which global events in the first years of this century will appear in future textbooks of history? My first bet is a gradual change that came about without headlines. When I was born in 1948 we were less than one billion children in the world. Today there are almost two billion aged 0-15 years. The game-changing event in the first decade of this century was that the number of children stopped growing. Two-child families are now the norm for 80% of mankind. The fast population growth will be over around 2050 and at that point only 10% of the 10 billion in the world will live in what was the West. Demographics are major changers of the market place.

My second bet is the G20 meeting in Washington 2008. As the richest needed to borrow money they asked the emerging economies to join and changed their name from G7 to G20. The official photo of the heads of state tells the story. In the middle stands the host, President George W. Bush. On his right is President da Silva and on his left President Jintao and King Abdulla, most probably placed according to their ability to lend money to US in the time of crisis. We know of the lending from Saudi and China. But Brazil has on its own been lending US about 30 billion USD per year since 2008. The economic strength of the world is shifting.

What do the ongoing tectonic shifts in demographics and economy mean for the future of frontline medical research? Will basic medical research be the last to globalize as it requires a unique functional combination of venture capital, institutions and creative individuals? Or will we see tectonic shifts in how the world does basic medical research already in the next decade?

Hans Rosling
*Professor, Karolinska Institutet*
*Time's 100 Most Influential People in the World 2012*
*Årets Svensk i Världen 2012*
*SALSS Keynote 2011*

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# Program

Evening of August 22, 2012

Hotell Kung Carl Banquet

**6:00 p.m.** **Welcoming Reception**
Special Recognition to
Dr. Laurent Leksell, *Executive Director, Elekta*

**Opening Remarks**
Barbro C. Ehnbom, *Chairman, SALSS*

**Bollywood Dance Performance**

**7:30 p.m.** **Gold Sponsor Dinner** ***at Delphi HQ***
*(by invitation only)*
Hosted by Peter Utterström, *Partner, Delphi Ericsson*

Morning of August 23, 2012

Ernst & Young Headquarters

**8:30 a.m.** **Registration & Breakfast**

**9:00 a.m.** **Setting the Stage**
Dr. William A. Haseltine,
*President, ACCESS Health International*

**9:20 a.m.** **Welcoming Remarks**
Michael Treschow,
*Chairman, Unilever & Former Chairman, Ericsson*

**9:30 a.m.** **Special Guest Speaker**
Zhiping Cui,
*SVP & Head of International Investment, Shanghai Fosun Pharmaceutical Group*

**9:45 a.m.** ***The Role of Multi-stakeholder Collaborations in Improving Global Health and Care***
Dr. Gary Phillips,
*Head Healthcare Industries, World Economic Forum*

**10:00 a.m.** **Company Presentations & Coffee**
*Bazigaard*
*DiaGenic*
*Serendipity Innovations*

**11:00 a.m.** **Panel:** ***Successful Cross-Border Collaborations***

**Moderator:** Dr. William A. Haseltine,
*President, ACCESS Health International*

Professor Mathias Uhlén,
*KTH Royal Institute of Technology*
Dr. Laurent Leksell,
*Executive Director, Elekta*
Dr. Shiang Huang,
*CEO, Kindstar*
Christian Kinch,
*CEO, Bazigaard*
William J. Knidel, Jr.,
*Managing Director, Ferghana Partners*

**12:00 noon** **Luncheon**
Hosted by Jan Birgerson,
*CEO, Ernst & Young Sweden*

**Luncheon Address:**
Ylva Williams,
*CEO, Stockholm Science City Foundation*

**1:30 p.m.** ***The Third Place: Healthcare Everywhere***
Patrick Hochel,
*Global Pharmaceutical Leader, Ernst & Young*

**1:45 p.m.** ***The Asian Diabetes Epidemic***
Professor Kee Seng Chia,
*Dean of Saw Swee Hock School of Public Health, National University of Singapore*

**2:00 p.m.** ***Innovative Healthcare Delivery Models***
Dr. Nicolaus Henke,
*Director & Head of Healthcare Practice, McKinsey & Company*

**2:15 p.m.** **Company Presentations & Coffee**
*Ericsson*
*Kindstar Global*
*Oral Care*

**3:15 p.m.** **Panel:** ***Diabetes - The Healthcare Crisis***

**Moderator:** Dr. Karin Hehenberger,
*EVP & CMO, Coronado Biosciences*

Dr. Martin Fitchet,
*COO, Janssen Research & Development*
Professor Kerstin Brismar,
*Karolinska Institutet*
Dr. Alan Moses,
*Global CMO, Novo Nordisk*
Peter Thelin,
*Partner, Brummer & Partners*

**4:15 p.m.** **Honorary Guest Speaker**
Dr. Ewa Björling,
*Minister for Trade, Swedish Government*

Evening of August 23, 2012

M/S Riddarfjärden

**7:00 p.m.** **Dinner Cruise**
Hosted by Captain Lars Sjögren,
*EVP, Danske Bank Sweden*

Morning of August 24, 2012

The Museum of Science & Technology

**8:00 a.m.** **Registration & Breakfast**

**8:30 a.m.** **Setting the Stage**
G. Steven Burrill,
*CEO, Burrill & Company*

**8:45 a.m.** **Hot-Chair Interview:** ***Innovation & Capital***

**Moderator:** G. Steven Burrill,
*CEO, Burrill & Company*

Dr. Charlotte Brogren,
*Director General, VINNOVA & Chairman, Industrifonden*
Dr. Eugen Steiner,
*Partner, HealthCap*
Anjiong Lu,
*Managing Director, International Investment at Fosun Pharmaceutical U.S. Group*
Dr. Yaval Binae,
*Managing Partner, Orchestra Medical Ventures*
Niels-Jørgen Larsen,
*Head of Corporate Finance, Danske Bank Sweden*

**9:45 a.m.** **Company Presentations & Coffee**
*Karolinska Development*
*Medicine in Need (MEND)*
*Moberg Derma*

**10:45 a.m.** ***Creating a Digital Health System***
Dr. David Blumenthal,
*National Coordinator for Health Information Technology under President Barack Obama from 2009 - 2011*

**11:00 a.m.** **Panel:** ***How the Digital Revolution Will Create Better Health Care***

**Moderator:** Magnus Tyreman,
*Director Nordics, McKinsey & Company*

Karin Johansson,
*State Secretary, Ministry of Health & Social Affairs*
Professor K. Ganapathy,
*President, Telemedicine Society of India*
Magnil Bleckstrand,
*Director Product Line Device Connections, Ericsson*
Dr. Florence Haseltine,
*Founder, Society for Women's Health Research*
Judy Wade,
*CEO, AliveCor*

**12:00 noon** **Special Guest Speaker**
Dr. Tachi Yamada,
*CMSO & EVP, Takeda Pharmaceuticals & Former President of the Global Health Program, The Bill & Melinda Gates Foundation*

**12:15 p.m.** **Rising Stars Exhibit**
*Access Health International*
*AliveCor*
*Avocell*
*BioLamina*
*Diabetes Tools*
*Insulation*
*MedUniverse*
*Pillpogger*
*Q-linea*

**13:15 p.m.** **Concluding Luncheon**
Hosted by Magnus Tyreman,
*Director Nordics, McKinsey & Company*

**Special Guest Appearances**

**Divine Entertainment by Opera Trio Divine**

**14:30 p.m.** **Concluding Remarks**
H.E. Mark F. Brzezinski,
*Ambassador, U.S. Embassy in Sweden*

# Addresses

**Hotell Kung Carl**
Birger Jarlsgatan 21
Phone: +46 (0)8 463 50 00

**Ernst & Young HQ**
Jakobsbergsgatan 24
Phone: +46 (0)8 520 590 00

**M/S Riddarfjärden**
Strandvägskajen 18
Phone: +46 (0)8 24 30 90

**The Museum of Science & Technology**
Museivägen 7
Phone: +46 (0)8 450 56 00

# Transportation

Morning of August 23

Joint morning walk from Hotell Kung Carl to Ernst & Young HQ at 8:00 a.m.

Evening of August 23

A musical promenade is arranged from Hotell Kung Carl to M/S Riddarfjärden at 6:30 p.m.

Morning of August 24

A bus will depart from Hotell Kung Carl at 7:40 a.m. and arrive at The Museum of Science & Technology at 8:00 a.m.

*Taxi Stockholm*
*Phone: +46 (0)8 612 00 00*

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HOUSE_OVERSIGHT_017525

INTELLECTUAL JAZZ

DAVID **AGUS**
DAN **ARIELY**
KEITH **BLACK**
DAVID **BLAINE**
MIKE **BLOCK**
ADAM **BLY**
SCOTT **BOLTON**
DAVID **BROOKS**
MARK **CUBAN**
ANTONIO **DAMASIO**
JACK **DANGERMOND**
DAVE **GALLO**
FRANK **GEHRY**
MATT **GROENING**
HERBIE **HANCOCK**
DANNY **HILLIS**
BJARKE **INGELS**
QUINCY **JONES**
MARY **JORDAN**
JON **KAMEN**
JEFFREY **KATZENBERG**
NORMAN **LEAR**
YO-YO **MA**
JOHN **MAEDA**
JOHN **MAZZIOTTA**
NICHOLAS **NEGROPONTE**
TODD **OLDHAM**
CRISTINA **PATO**
STEVEN **PINKER**
LISA **RANDALL**
PETER **RAVEN**
MOSHE **SAFDIE**
MEGAN **SMITH**
BENEDIKT **TASCHEN**
JULIE **TAYMOR**
CHARITY **TILLEMANN DICK**
CRAIG **VENTER**
GEOFFREY **WEST**
**will.i.am**
C. K. **WILLIAMS**
EO **WILSON**
DAMIAN **WOETZEL**
STEPHEN **WOLFRAM**
WILL **WRIGHT**
JOSHUA **WURMAN**

RICHARD SAUL **WURMAN**

WWW
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WWW

SCHEDULE

## TUES**18**SEPT

**Mission Inn Hotel and Spa**
3649 Mission Inn Avenue
Riverside, CA 92501
Tel: 951.784.0300
www.missioninn.com

**5:00**PM **OPENING** in the St. Francis of Assisi Chapel at The Mission Inn

RICHARD SAUL **WURMAN**
YO-YO **MA** and **will.i.am**
C. K. **WILLIAMS** AND STEVEN **PINKER**

**7:20**PM **WINE** and hors d'oeuvres in the Atrio adjacent to the Chapel

**8:30**PM **DINNER** in the Galleria at The Mission Inn

## WED**19**SEPT

**Esri**
380 New York Street
Redlands, CA 92373
Tel. 909.793.2853
www.esri.com

**7:00**AM **Transport** from the Mission Inn to Esri Conference Center

**7:15**AM **Coffee, Juice** / Esri Conference Center

**8:00**AM **promptly**

JEFFREY **KATZENBERG** and NORMAN **LEAR**
DAVID **AGUS** and ANTONIO **DAMASIO**
HERBIE **HANCOCK** and **will.i.am**

**10:15**AM **BREAK**–Esri Café, adjacent to the Conference Center

**11:15**AM

E.O. **WILSON** and CRAIG **VENTER**
KEITH **BLACK** and DAVID **AGUS**
YO-YO **MA** and MIKE **BLOCK**

**1:15**PM **LUNCH**–Esri Café, adjacent to the Conference Center

**2:45**PM

DANNY **HILLIS** and STEPHEN **WOLFRAM**
DAVID **BLAINE** and JULIE **TAYMOR**
MATT **GROENING** and DAVID **BROOKS**

**4:45**PM **BREAK**–Esri Café, adjacent to the Conference Center
**5:15**PM **Chinese Telepresence** / Esri Executive Briefing Room

**6:00**PM

YO-YO **MA** and DAVID **BROOKS**
MARK **CUBAN** and DAN **ARIELY**
QUINCY **JONES** and DAMIAN **WOETZEL**

**8:00**PM **Transport** to The Mission Inn

**8:45**PM **DINNER** in the Galleria at The Mission Inn

## THURS**20**SEPT

**Esri**
380 New York Street
Redlands, CA 92373
Tel. 909.793.2853
www.esri.com

**7:00**AM **Transport** from the Mission Inn to Esri Conference Center

**7:15**AM **Coffee, Juice** / Esri Conference Center

**8:00**AM **promptly**

CHARITY **TILLEMANN DICK**
PETER **RAVEN** and JACK **DANGERMOND**
MEGAN **SMITH** and NICHOLAS **NEGROPONTE**
FRANK **GEHRY** and JOHN **MAZZIOTTA**

**10:15**AM **BREAK**–Esri Café, adjacent to the Conference Center

**11:00**AM

BENEDIKT **TASCHEN** and JON **KAMEN**
MARY **JORDAN** and MOSHE **SAFDIE**
JOSHUA **WURMAN** and DAVE **GALLO**

**1:00**PM **LUNCH**–Esri Café, adjacent to the Conference Center

**2:15**PM

JOHN **MAEDA** and ADAM **BLY**
TODD **OLDHAM** and BJARKE **INGELS**

**4:00**PM **BREAK**–Esri Café, adjacent to the Conference Center
**4:30**PM **Chinese Telepresence** / Esri Executive Briefing Room

**5:00**PM

LISA **RANDALL** and SCOTT **BOLTON**
CRISTINA **PATO**
EO **WILSON** and WILL **WRIGHT**

**6:15**PM GEOFFREY **WEST** and RICHARD SAUL **WURMAN**

**7:15**PM **Transport** to The Mission Inn

**8:30**PM **FAREWELL DINNER** in the Spanish Art Gallery at The Mission Inn

# DAVID **AGUS**

David Agus (born January 29, 1965) is an American physician and a co-founder of Navigenics, a personal genetic testing company, and Oncology.com, the largest online cancer resource and virtual community and Applied Proteomics. He is a Professor of Medicine and Engineering at the University of Southern California.

He graduated cum laude in molecular biology from Princeton University and received his medical degree from the University of Pennsylvania School of Medicine in 1991. Agus completed his residency training at Johns Hopkins Hospital and completed his oncology fellowship training at the Memorial Sloan-Kettering Cancer Center in New York. He spent two years at the National Institutes of Health as a Howard Hughes Medical Institute-NIH Research Scholar.

Agus has had a long and varied career. At the Memorial Sloan-Kettering Cancer Center in New York, he was an attending physician in the Department of Medical Oncology and head of the Laboratory of Tumor Biology. He was also Assistant Professor of Medicine at Cornell University Medical Center.

As director of the Spielberg Family Center for Applied Proteomics at Cedars-Sinai Medical Center in Los Angeles, he led a multidisciplinary team of researchers dedicated to the development and use of proteomic technologies to guide doctors in making health-care decisions tailored to individual needs. The center grew out of earlier clinical projects at Cedars-Sinai, where Agus served as an attending physician in oncology, which showed striking differences between the aggressiveness of prostate cancer in certain patients and their ability to respond to treatment.

Agus also served as Director of the Louis Warschaw Prostate Cancer Center, and as an attending physician in the Department of Medicine, Division of Medical Oncology at Cedars-Sinai. He was also an Associate Professor of Medicine at the University of California, Los Angeles (UCLA).

He currently is a Professor of Medicine and Engineering at the Keck School of Medicine of USC and the Viterbi School of Engineering and is the Director of the USC Center for Applied Molecular Medicine and the USC Westside Norris Cancer Center. Agus is co-Director of the newly funded USC-NCI Physical Sciences in Oncology Center together with Danny Hillis. Dr. Agus is an international leader in new technologies and approaches for personalized healthcare, chairs the Global Agenda Council (GAC) on Genetics for the World Economic Forum, and speaks regularly at TEDMED, the Aspen Ideas Festival and the World Economic Forum.

Agus has received many honors and awards, including the American Cancer Society Physician Research Award, a Clinical Scholar Award from the Sloan-Kettering Institute, a CaP CURE Young Investigator Award and the American Cancer Society Clinical Oncology Fellowship Award, the HealthNetwork Foundation's Excellence Award, and the 2009 Geoffrey Beene Foundation's Rock Stars of Science™, as seen in GQ. In 2009, he was selected to serve as a judge for the first Biotech Humanitarian Award.

Agus's research has focused on the application of proteomics and genomics for the study of cancer and the development of new medications for cancer. He has published many scientific articles.

He is a member of several scientific and medical societies, including the American Association for the Advancement of Science, American Association for Cancer Research, American College of Physicians, American Society of Clinical Oncology, American Society of Hematology and the American Medical Association.

Agus was recently named one of the "Future Health 100" by HealthSpottr.

*The End of Illness* is Agus's first book, was published January, 2012 by the Free Press Division of Simon and Schuster and is a New York Times #1 Bestseller.

Agus is married to Amy Joyce Povich, actress and daughter of syndicated television talk show host Maury Povich. Her stepmother, Connie Chung, is a former CBS News anchor. Agus' grandfather, the late Rabbi Jacob B. Agus, was a theologian and the author of several books on Jewish history and philosophy. Agus has two children, Sydney and Miles.

Agus has one film credit to his name, appearing as "David Agus" in the 2006 documentary "Who Needs Sleep?"

# DAN **ARIELY**

Dan Ariely (born April 29, 1968) is an Israeli American professor of psychology and behavioral economics. He teaches at Duke University and is the founder of The Center for Advanced Hindsight. Ariely's talks on TED have been watched 2.8 million times. He is the author of *Predictably Irrational* and *The Upside of Irrationality*, both of which became New York Times best sellers.

Dan Ariely was born in New York City while his father was studying for an MBA degree at Columbia University. The family returned to Israel when he was three. He grew up in Ramat Hasharon. In his senior year of high school, he was active in Hanoar Haoved Vehalomed, an Israeli youth movement. While preparing a ktovet esh (fire inscription) for a traditional nighttime ceremony, the flammable materials he was mixing exploded, causing third-degree burns over 70 percent of his body.

Ariely is married to Sumi, with whom he has two children, a son and a daughter.

Ariely was a physics and mathematics major at Tel Aviv University, but transferred to philosophy and psychology. However, in his last year he dropped philosophy and concentrated solely on psychology, in which he received his B.A. He also holds an M.A. and a Ph.D. in cognitive psychology from the University of North Carolina at Chapel Hill. He completed a second doctorate in business administration at Duke University at the urging of Nobel economic sciences laureate Daniel Kahneman.

After obtaining his Ph.D. degree, he taught at MIT between 1998 and 2008, before returning to Duke University as James B. Duke Professor of Psychology and Behavioral Economics. He was formerly the Alfred P. Sloan Professor of Behavioral Economics at MIT Sloan School of Management. Although he is a professor of marketing with no formal training in economics, he is considered one of the leading behavioral economists. Ariely is the author of the books *Predictably Irrational: The Hidden Forces That Shape Our Decisions* and *The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home*. When asked whether reading *Predictably Irrational* and understanding one's irrational behaviors could make a person's life worse (such as by defeating the benefits of a placebo), Ariely responded that there could be a short-term cost, but that there would also likely be long-term benefits, and that reading his book would not make a person worse off.

Ariely's laboratory, the Center of Advanced Hindsight at Duke University, pursues research in subjects like the psychology of money, decision making by physicians and patients, cheating, and social justice.

# KEITH **BLACK**

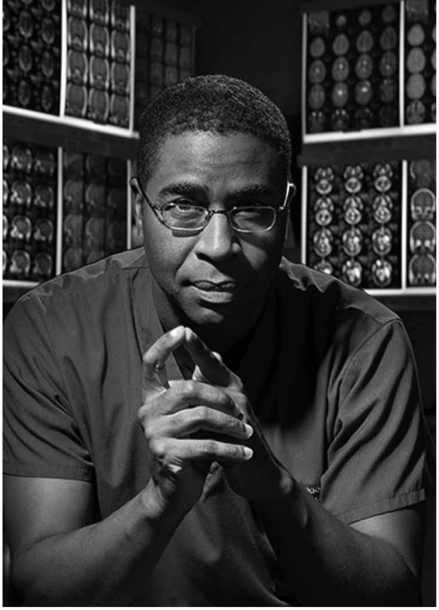

Keith L. Black (born September 13, 1957) is an American neurosurgeon specialising in the treatment of brain tumors and a prolific campaigner for funding of cancer treatment. He is chairman of the neurosurgery department and director of the Maxine Dunitz Neurosurgical Institute at Cedars-Sinai Medical Center in Los Angeles, California.

Keith Black was born in Tuskegee, Alabama. His mother, Lillian, was a teacher and his father, Robert, was the principal at a racially segregated elementary school in Auburn, Alabama; prohibited by law to integrate the student body, Black's father instead integrated the faculty, raised standards, and brought more challenging subjects to the school. Later in his childhood, Black's parents found new jobs and relocated the family to Shaker Heights, Ohio. Black attended Shaker Heights High School. Already interested in medicine, Black was admitted to an apprenticeship program for minority students at Case Western Reserve University, and then became a teenaged lab assistant for Frederick Cross and Richard Jones (inventors of the Cross-Jones artificial heart valve) at St. Luke's Hospital in Cleveland. At 17, he won an award in a national science competition for research on the damage done to red blood cells in patients with heart-valve replacements. According to Black: "I was working in the lab of a heart surgeon who had developed his own artificial heart valve, and I had a concept that the heart valve might be damaging red blood cells, so I asked to do a research project using a scanning electron microscope at the time. When I was trying to basically learn the technique, I took some blood from the heart-lung bypass machine from patients undergoing heart-lung bypass, and when I incubated the red blood cells overnight, I noticed that a certain percentage of these cells change from their normal discoid shape to one that resembled a porcupine, called an econocyte. What I did was to describe the discocyte-econocyte transformation in patients undergoing heart-lung bypass, as an index of sub-lethal red blood cell damage. The importance being that the blood cells could not parachute through the small capillaries." He attended the University of Michigan in a program that allowed him to earn both his undergraduate degree and his medical degree in 6 years. He received his M.D. degree from the University of Michigan Medical School in 1981.

After serving his internship and residency at the University of Michigan, in 1987 he moved to the UCLA Medical Center in Los Angeles, where he later became head of UCLA's Comprehensive Brain Tumor Program. In 1997, after 10 years at UCLA, he moved to Cedars-Sinai Medical Center to head the Maxine Dunitz Neurosurgical Institute. He was also on the faculty of the University of California, Irvine School of Medicine from 1998 to 2003. In 2007 he opened the new Johnnie L. Cochran Jr. Brain Tumor Center at Cedars-Sinai, a research center named after the famous lawyer who had been Black's patient and supporter.

Black has been a frequent subject of media reports on medical advances in neurosurgery. He was featured in a 1996 episode of the PBS program The New Explorers entitled "Outsmarting the Brain". Esquire included him in its November 1999 "Genius Issue" as one of the "21 Most Important People of the 21st Century." He has been cited as an expert in reports about whether mobile phone use affects the incidence of brain tumors. He is also noted for his very busy surgery schedule: a 2004 Discover article noted that he performs about 250 brain surgeries per year, and that at age 46 he had "already performed more than 4,000 brain surgeries, the medical equivalent of closing in on baseball's all-time career hits record." (As of 2009, Black's surgery count had risen to "more than 5,000 operations for resection of brain tumors".)

In 1997, *Time* magazine featured Black on the cover of a special edition called "Heroes of Medicine". The accompanying article described Black's reputation as a surgeon who would operate on tumors that other doctors would not, as well as aspects of his medical research, including his discovery that the peptide bradykinin can be effective in opening the blood–brain barrier.

In 2009 Black published his autobiography, co-authored with Arnold Mann, entitled *Brain Surgeon*. New York Times reviewer Abigail Zuger described the book as a "fascinating, if somewhat stilted, memoir". The Publishers Weekly review commented that the book "examines racial hurdles he had to leap to become a neurosurgeon" and "alternat[es] incisive writing about incisions with his personal memoir, insightful and inspirational."

For more than a decade, David Blaine has been attracting the world's attention with his high-profile endurance stunts. Starting his career as a magician who appeared to do the impossible with a deck of cards, he was soon following in the footsteps of Houdini—seeking out that which seems physically impossible and actually doing it. To that end, he's been buried alive in New York City for a week, barely survived being encased inside a six-ton block of ice for three days and three nights, stood atop a 100-foot-tall pillar in Bryant Park for 36 hours without a safety net, survived inside a transparent box in London on nothing but water for 44 days, and spent one week submerged in a sphere-shaped aquarium at Lincoln Center, at the end of which he attempted to break the world record for breath holding. A year later, he succeeded live on the Oprah Winfrey show, holding his breath for 17 minutes and 4 seconds.

Born in Brooklyn, Blaine discovered his passion for magic at the age of four when he saw a magician perform in the subway. His mother encouraged his passion and he began performing professionally at private parties by the age of thirteen. By the age of twenty-three, Blaine had created, directed, and produced an original television program titled *Street Magic*, which garnered rave reviews by critics and revolutionized the way magic is portrayed on television. Penn Jillette of Penn & Teller called *Street Magic* "the best TV magic special ever done" and "the biggest breakthrough in our lifetime." The *New York Times* noted that David has "taken a craft that's been around for hundreds of years and done something unique and fresh with it." The *New Yorker* claimed that "he saved magic." Since then, Blaine has produced nine additional primetime specials.

Blaine has performed magic privately for U.S. Presidents Bill Clinton and George W. Bush, Governor Arnold Schwarzenegger, Bill Gates, Henry Kissinger, Mayor Bloomberg, Mark Zuckerberg, and Muhammad Ali, as well as President Dmitry Medvedev of Russia and other international leaders. He also performed alongside Michael Jackson, and during the Super Bowl halftime show.

In 2010, Blaine performed magic for 72 hours straight in Times Square, raising nearly $100,000 for relief efforts following the earthquake in Haiti.

Blaine resides in New York City with his fiancée, Alizee Guinochet. The couple welcomed a magical daughter into the world on January 27, 2011.

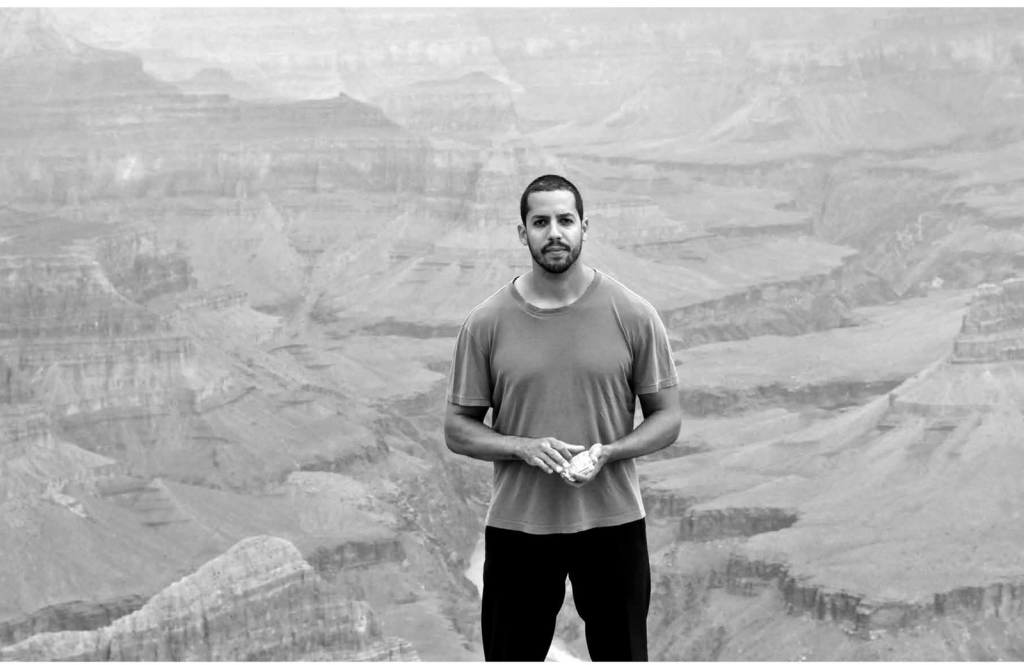

Michael Glen Block (born May 25, 1982) is an American cellist, composer, arranger, and solo artist hailed as "the ideal musician of the twenty-first century" by cultural icon Yo-Yo Ma. Mike Block has worked with Yo-Yo Ma, Bobby McFerrin, Lenny Kravitz, Shakira, The National, Joe Zawinul, Alison Krauss, Rachel Barton Pine, Mark O'Connor, and other notable musicians. Block currently plays with the Silk Road Ensemble. He has appeared on Late Night with Conan O'Brian, National Public Radio's St. Paul Sunday, Regis and Kelly, VH1, the Disney Channel, WNBC-TV with Chuck Scarborough, and the CBS Early Show.

Block is most famous for playing second cello alongside Yo-Yo Ma. He performed in Mark O'Connor's Appalachia Waltz trio for three years. His performances have been described as "vital, rich-hued solo playing" by the *New York Times*, and "a true artist ... a sight to behold" by the Salt Lake City Desert News.

Mike Block's Cello Concerto, Movement 1 was completed in 2009.

Mr. Block's classical compositions have been performed at the Bremen MusikFest, Tribeca New Music Festival, the Kimmel Center series "Fresh Ink," and the MATA Festival, at which he performed as soloist in his own Cello Concerto in 2009.

His non-classical writing has been featured at festivals such as Rockygrass, Delfest, Celtic Connections, and Wintergrass.

Mike Block has served as musical director to cellist Yo-Yo Ma, singer Bobby McFerrin, ballet star Damien Woetzel, jookin dancer Lil' Buck, actor/comedian Bill Irwin, jazz trumpeter Marcus Printup, world-music group The Silk Road Ensemble, and classical orchestra The Knights.

A frequent guest lecturer, Mr. Block has presented at Stanford University, Princeton University, Harvard University, New York University, Berklee College of Music, Cleveland Institute of Music, Belmont University, Southern Methodist University, Sam Houston State University, Illinois State University, Illinois Wesleyan University, and University of Arkansas. In 2006, he received Suzuki method certification in music education from the New York City-based School for Strings, under Pamela Devenport.

In 2009 Mike founded The Mike Block String Camp, which takes place in multiple locations each summer. The camp's goal is to empower musicians of all ages/levels to perform, improvise, compose, and arrange their own music - all by ear. The first location debuted in 2010 in Vero Beach, Florida, followed in 2011 with Fayetteville, Arkansas, and Saline, Michigan in 2012. The world-class faculty has included Darol Anger, Hanneke Cassel, Joe Craven, Rushad Eggleston, Brittany Haas, Natalie Haas, Jeremy Kittel, Clay Ross, Kimber Ludiker, Jefferson Hamer, Victor Lin, Emy Phelps, and Lauren Rioux.

Since 2009, Mike has been the Lead Teaching Artist for Silk Road Connect, a partnership between the Silk Road Project and schools in New York City and Boston areas.

The Mike Block Band presents an exciting and genre-bending combination of rock, classical, jazz, and folk music through original songs and instrumental compositions, featuring quirky yet honest lyrics, and a variety of musical influences.

Mike Block has also worked with notable musicians such as Edgar Meyer, Mike Marshall, Zakir Hussain, My Brightest Diamond, Bon Iver, Tim O'Brien, Marcel Khalife, Goran Bregovic, Kayhan Kalhor and Bruce Molsky.

Triborough Trio—Featuring Mike Block (cello), Hans Holzen (guitar), and Kyle Kegerreis (bass), the trio's mission is to put their personal spin on traditional and contemporary music from around the world in well-crafted and creative arrangements.

Mike is also the Artistic Director and host of GALA Brooklyn: "Global Art - Local Art:", a Music Festival in Brooklyn featuring a diverse array of musicians and artists in unique collaborations.

Notable guests include Anthony Mcgill (Metropolitan Opera), Aoife O'Donovan (singer for Crooked Still), Aaron Dugan (guitarist for Matisyahu), Multi-genre violinist/composer Todd Reynolds, Grammy-Nominated classical artists Anastasia Khitruk (violin), and the Enso Quartet, Marcus Printup from Jazz at Lincoln Center, and jazz saxophonist Seamus Blake, and singer-songwriter Amy Correia.

Performed on WNYC's Soundcheck with John Schaefer.

Mike has also worked with director Yaron Zilberman as a Music Consultant for "A Late Quartet", a 2011 movie starring Philip Seymour Hoffman and Christopher Walken.

On April 4, 2009, Mike Block was struck by a NYC Taxi while walking at the corner of W85th St. and West End Ave, in Manhattan. Injuries included broken rib, jaw, cheek, nose, and he lost nine teeth. His reconstruction required multiple surgeries, and his missing teeth were eventually restored on February 15, 2012.

## ADAM **BLY**

Adam Bly (born 1981 in Montreal, Canada) is founder and CEO of Seed. He is the editor of "Science is Culture: Conversations at the New Intersection of Science + Society" (published by HarperCollins) and the creator of the data visualization platform Visualizing.org.

He began his career at the age of 16 as the youngest researcher at the National Research Council of Canada, where he spent three years studying the biochemistry of cancer, specifically the role of cell adhesion in metastasis. Out of the lab, he founded *Seed*—tag-lined "Science is Culture™"—and served as its Editor-in-Chief. "The best comparison for *Seed*," wrote a media critic at the time of the magazine's launch in 2001, "is the early years of *Rolling Stone*, when music was less a subject than a lens for viewing culture." Under his leadership, the magazine earned critical acclaim for modernizing scientific publishing and for bridging long-standing divides between science and society—from art and design to politics and religion. Together with Paola Antonelli he co-founded a monthly gathering of scientists, architects, and designers that laid the foundation for *Design and the Elastic Mind*, an exhibition about science and design at The Museum of Modern Art.

In 2007, Bly was named a Young Global Leader by the World Economic Forum. He is a recipient of the Golden Jubilee Medal from Her Majesty Queen Elizabeth II and his achievements have been highlighted by Canadian Prime Minister Jean Chrétien, "for showing people the scope and power of science not just as an object of study but as a key to understanding the world around us."

Bly has lectured around the world on the future of science and its role in society, including at the World Economic Forum, the National Academies of Science, the Royal Society, the National Institutes of Health, the State Department, NASA, the Chinese Ministry of Science and Technology, The Museum of Modern Art, and The Academy of Sciences for the Developing World, before the National Science Board and the U.S. House of Representatives, and at universities including Harvard, MIT, and Beijing. He has served on the nominating committees and juries of the Buckminster Fuller Challenge, the Earth Award, and the TED Prize, and sits on the Science Advisory Committee of the World Economic Forum, the External Advisory Board of the University of Michigan's Risk Science Center, the American Committee of the Weizmann Institute of Science, the Communications Advisory Board of the National Academy of Sciences, and as an advisor to OECD's Global Project on Measuring the Progress of Societies.

Bly was recently named Vice Chair of the World Economic Forum's Global Agenda Council on Design Innovation and Partner to the Executive Coordination Office for the Rio+20 United Nations Conference on Sustainable Development.

## SCOTT **BOLTON**

Dr. Scott Bolton is the Director of the Space Sciences Department at Southwest Research Institute (SwRI) in San Antonio, Texas. Dr. Bolton is also the Principal Investigator for the Juno project, a project within NASA's New Frontiers Program. Prior to being Director at SwRI, Dr. Bolton was a senior scientist and manager at the Jet Propulsion Laboratory (JPL) for over 25 years. During his tenure as Director of Space Science at SwRI, Dr. Bolton oversaw the launches of New Horizons and IBEX, the selection of Juno, the confirmation of MMS, and the delivery of hardware for a number of non-NASA programs related to national security. As director of SwRI's Space Science Department, Dr. Bolton is responsible for the approximately 150 engineers and scientists working on over a dozen programs including new proposals, instrument development, mission operations and scientific data analysis.

As Principal Investigator of Juno, Dr. Bolton is responsible for all aspects of the Juno program including project management by JPL, spacecraft development at Lockheed Martin, all science instruments, launch vehicle development and operation, and the resulting scientific analysis throughout the life of the project. Dr. Bolton has more than 30 years experience in the field of aerospace and space science. Dr. Bolton received his B.S. in Aerospace Engineering from U. Michigan in 1980, and a Ph.D. in Astrophysics from U.C. Berkeley in 1990.

Dr. Bolton is a Co-Investigator on a number of NASA missions including experiments on the Cassini mission. Dr. Bolton chaired the Titan science group for the Cassini-Huygens mission and was responsible for the formulation of the scientific investigation of Saturn's moon Titan. Dr. Bolton has been a Principal Investigator with NASA on various research programs since 1988. His research includes the modeling of the Jovian and Saturnian radiation belts, atmospheric dynamics and composition, and the formation and evolution of the solar system. He has authored over 150 scientific papers, five book chapters, and consulted/appeared in five space science documentaries. He received the NASA Outstanding Leadership Medal in 2012, Exceptional Achievement Medal in 2002; the NASA Exceptional Scientific Achievement Medal in 1994. He also received JPL Individual Awards for Exceptional Excellence in Leadership in 2002, 2001, and 1996, and Excellence in Management in 2000; and has received sixteen NASA Group Achievement Awards. Dr. Bolton maintains a relationship with JPL and the California Institute of Technology through a special appointment as a Senior Staff Scientist.

Dr. Bolton also leads a number of educational programs aimed at developing science, math and art skills for children from elementary to high school and college level. As part of the NASA Juno educational Outreach Program, Dr. Bolton has dedicated developed educational programs involving both formal and informal education including the

creation of science and math curriculum driving new national standards for elementary level education (an age bracket known to be underserved in this area). Dr. Bolton has worked with a number of corporate sponsors dedicated to space science educational programs, including Lego, Universal, Sony, and Time-Warner. Dr. Bolton helped develope an innovative educational program, in partnership with the Lewis Center for Educational Excellence, that provides an opportunity for elementary to high school level children to experience the scientific and engineering process directly. This program trains teachers on science and math education and provides access to NASA research facilities and scientists for hundreds of schools around the country. Through his private company, Artistic Sciences, Inc, Dr. Bolton's has produced a number of musical concerts, art exhibits, scientific documentaries and videos aimed at inspiring and motivating children in academic studies. He has worked with a number of musical artists developing both educational and musical programs. He is one of the founding members of the Vangelis Foundation in Athens, Greece dedicated to the combined study of Science, Math, Art, Music and Philosophy.

# DAVID **BROOKS**

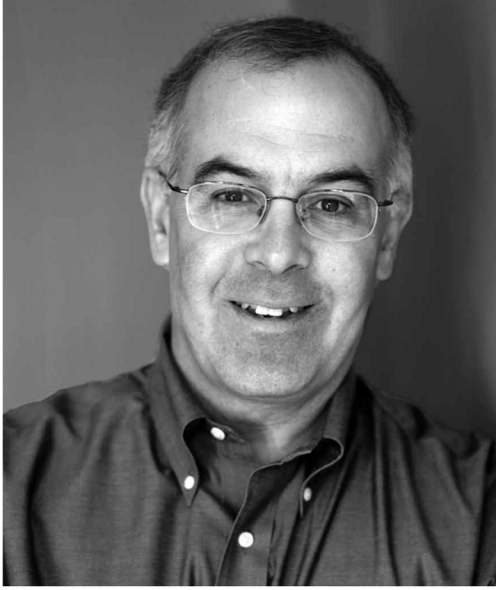

David Brooks (born August 11, 1961) is a political and cultural commentator who writes for The *New York Times*. He worked as an editorial writer and film reviewer for the *Washington Times*; a reporter and later op-ed editor for The *Wall Street Journal*; a senior editor at The *Weekly Standard* from its inception; a contributing editor at *Newsweek* and The *Atlantic Monthly*; and as a commentator on National Public Radio. He is now a columnist for The *New York Times* and commentator on PBS NewsHour.

Brooks, who is Jewish, was born in Toronto, Canada—his father was a U.S. citizen living in Canada at the time—and grew up in New York City in Stuyvesant Town. He graduated from Grace Church School in New York City, Radnor High School (located in a Main Line suburb of Philadelphia) in 1979 and from the University of Chicago, with a degree in history, in 1983.

Brooks edited a 1996 anthology of writings by new conservative writers, *Backward and Upward: The New Conservative Writing*. He wrote a book of cultural commentary titled *Bobos in Paradise: The New Upper Class and How They Got There*, published in 2000, and followed it four years later with *On Paradise Drive: How We Live Now (And Always Have) in the Future Tense*.

He also authored *The Social Animal: The Hidden Sources of Love, Character and Achievement*. The book was excerpted in The *New Yorker* magazine in January 2011 and received mixed reviews upon its full publication, by Random House, in March of that year. The book has been a commercial success, reaching the #3 spot on the Publishers Weekly best-sellers list for non-fiction in April 2011.

Brooks was a visiting professor of public policy at Duke University's Terry Sanford Institute of Public Policy, and he taught an undergraduate seminar there in the fall of 2006.

He and his wife live in the Cleveland Park neighborhood of Northwest Washington, DC.

Brooks describes himself as being originally a liberal before "coming to my senses." In 1983, he wrote a parody of conservative pundit William F. Buckley Jr., which said "In the afternoons he is in the habit of going into crowded rooms and making everybody else feel inferior. The evenings are reserved for extended bouts of name-dropping."

Buckley admired the parody and offered Brooks a job with *National Review*. A turning point in Brooks's thinking came later that year in a televised debate with Milton Friedman, which, as Brooks describes it, "was essentially me making a point, and he making a two-sentence rebuttal which totally devastated my point."

Before the 2003 invasion of Iraq, Brooks argued forcefully for American military intervention, echoing the belief of commentators and political figures that American and British forces would be welcomed as liberators. In the spring of 2004, some of his opinion pieces suggested that he had tempered his earlier optimism about the war.

Brooks' public writing about the U.S. wars in Afghanistan and Iraq is similar to those by neoconservatives, according to a Salon article by Glenn Greenwald, that labels Brooks as a neoconservative. His angry dismissal of the conviction of Scooter Libby as being "a farce" and having "no significance" was derided by political blogger Andrew Sullivan.

On August 10, 2006, Brooks wrote a column for The *New York Times* titled "Party No. 3". The column proposed the idea of the McCain-Lieberman Party, or the fictional representation of the fictional moderate majority in America.

Ottawa Citizen commentator David Warren has identified Brooks as the sort of conservative pundit that liberals like, someone who is "sophisticated" and "engages with" the liberal agenda, in contrast to a real conservative like Charles Krauthammer. Brooks has long been a supporter of John McCain; however, he did not show a liking for McCain's 2008 running mate, Sarah Palin, calling her a "cancer" on the Republican Party. He has referred to her as a "joke," unlikely to ever win the Republican nomination. But he later admitted during a CSPAN interview that he had gone too far in his previous "cancer" comments about Palin, which he regretted, and simply stated he was not a fan of her values.

In a March 2007 article published in The *New York Times* titled "No U-Turns", Brooks explained that the Republican Party must distance itself from the minimal-government conservative principles that had arisen during the Abraham Lincoln, Barry Goldwater, Ronald Reagan and Calvin Coolidge eras. He claims that these core concepts had served their purposes and should no longer be embraced by Republicans in order to win elections, which he considers the most important purpose of a political party designed to serve the political class.

Brooks has been a frequent admirer of President Barack Obama. In an August 2009 profile of Brooks, The *New Republic* describes his first encounter with Obama, in the spring of 2005: "Usually when I talk to senators, while they may know a policy area better than me, they generally don't know political philosophy better than me. I got the sense he knew both better than me. [...] I remember distinctly an image of—we were sitting on his couches, and I was looking at his pant leg and his perfectly creased pant, and I'm thinking, a) he's going to be president and b) he'll be a very good president." Two days after Obama's second autobiography, *The Audacity of Hope*, hit bookstores, Brooks published a column in The *New York Times*, titled "Run, Barack, Run", urging the Chicago politician to run for president. However as of December 2011 in a CSPAN interview, Brook's opinion of Obama's presidency was more tempered, giving Obama only a "B-" rating, and said that Obama's chances of reelection would be less than 50-50 if elections were held at that time.

In writing for The *New York Times* in January 2010, Brooks described Israel as "an astonishing success story". He wrote that "Jews are a famously accomplished group," who, because they were "forced to give up farming in the Middle Ages... have been living off their wits ever since". In Brooks' view, "Israel's technological success is the fruition of the Zionist dream. The country was not founded so stray settlers could sit among thousands of angry Palestinians in Hebron. It was founded so Jews would have a safe place to come together and create things for the world."

Brooks opposes what he sees as self-destructive behavior, such as teenage sex and divorce. His view is that "sex is more explicit everywhere barring real life. As the entertainment media have become more sex-saturated, American teenagers have become more sexually abstemious" by "waiting longer to have sex...[and] having fewer partners." He sees the culture war as nearly over, because "today's young people...seem happy with the frankness of the left and the wholesomeness of the right." As a result, he is optimistic about the United States' social stability, which he considers to be "in the middle of an amazing moment of improvement and repair."

Brooks also broke with many in the conservative movement when, in late 2003, he came out in favor of same-sex marriage in his *New York Times* column. He equated the idea with traditional conservative values: "We should insist on gay marriage. We should regard it as scandalous that two people could claim to love each other and not want to sanctify their love with marriage and fidelity.... It's going to be up to conservatives to make the important, moral case for marriage, including gay marriage."

Regarding abortion, Brooks has advocated for pro-choice government regulations: abortion should be legal, with parental consent for minors, during the first four or five months, and illegal afterward, except in extremely rare circumstances. (*New York Times*, April 22, 2002.)

# MARK **CUBAN**

When Mark Cuban purchased the Dallas Mavericks on January 14, 2000, the face of the organization began to change immediately. Once again Mavericks games had a party atmosphere as Reunion Arena rocked with the return of the "Reunion Rowdies." Mavericks games became more than just ordinary NBA games—they were a total entertainment experience.

Cuban was not only successful at instilling a sense of pride and passion into Mavericks fans by presenting himself as the ultimate role model by cheering from the same seats he had in years past, but he also became the first owner in team sports to encourage fan interaction through e-mail on his personal computer. It was through this personal touch that fans throughout the Metroplex, and around the world, began to notice Cuban's energetic personality and take notice of the Mavericks. He has personally responded to thousands of emails, and several suggestions from fans have led to innovative changes such as a new three-sided shot clock, which allows line of site to the 24-second clock from anywhere in the arena.

Cuban's whatever-it-takes attitude and commitment to winning has everyone's attention. From his first introduction to the team to the end of his first season as owner, the players responded with a 31-19 record, including a 9-1 mark in April 2000. In addition to hiring special coaches for offense, defense and shooting, Cuban has promised to do everything in his power to improve the team. This goal was achieved as the club finished the 2000-01 season with a 53-29 record en route to their first playoff appearance in 11 years where they became just the sixth team in NBA history to be down 0-2 and come back to win a five-game series vs. Utah in Round 1.

Before the start of the 2001-02 season, American Airlines Center, the Mavs new home, opened and Cuban co-founded HDNet, an all high-definition television network on DIRECTV channel 199 which launched in September 2001. As with his other ventures, Cuban is revolutionizing the television industry with HDNet. He is planning to expand HDNet to include three more networks showing high-def sports, movies and entertainment by the end of 2002.

During the Mavs 2001-02 campaign, the team continued their winning ways by finishing the season with a franchise-best record of 57-25 and an NBA-best road record of 27-14, advancing to the postseason for the second-consecutive year.

Prior to his purchase of the Mavericks, Cuban co-founded Broadcast.com, the leading provider of multimedia and streaming on the Internet, in 1995, selling it to Yahoo! in July of 1999. Before Broadcast.com, Cuban co-founded MicroSolutions, a leading National Systems Integrator, in 1983, and later sold it to CompuServe.

Today, in addition to his ownership of the Mavericks, Cuban is an active investor in leading and cutting-edge technologies and continues to be a sought-after speaker.

# ANTONIO **DAMASIO**

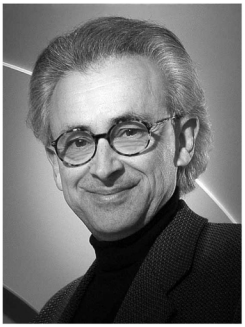

Antonio Damasio (born February 25, 1944 in Lisbon, Portugal) is a University Professor (an award based on multi-disciplinary interests and significant accomplishments in several disciplines) and David Dornsife Professor of Neuroscience at the University of Southern California, where he heads USC's Brain and Creativity Institute. Prior to taking up his posts at USC, in 2005, Damasio was M.W. Van Allen Professor and Head of Neurology at the University of Iowa Hospitals and Clinics from 1976 to 2005. He is also Adjunct Professor at the Salk Institute.

Damasio is the author of several best-selling books which describe his scientific thinking. "As a leading neuroscientist, Damasio has dared to speculate on neurobiological data, and has offered a theory about the relationship between human emotions, human rationality, and the underlying biology."

Damasio was born in Lisbon and studied medicine at the University of Lisbon Medical School in Portugal, where he also did his neurological residency and completed his doctorate. He worked as a research fellow at the Aphasia Research Center in Boston in 1967, prior to receiving his MD in Lisbon. His work there on behavioural neurology was done under the supervision of the late Norman Geschwind, the Harvard neurologist who created the field.

As a researcher, Damasio's main field is the neurobiology of the mind, especially neural systems which subserve emotion, decision-making, memory, language and consciousness. Damasio's seeks to demonstrate that emotions play a critical role in high level cognition, an idea that ran counter to dominant 20th century views in psychology, neuroscience and philosophy. He showed that emotions and their biological underpinnings are involved in decision-making (both positively and negatively, and often non-consciously); provide the scaffolding for the construction of social cognition; and are required for the self processes which undergird consciousness. "Damasio provides a contemporary scientific validation of the linkage between feelings and the body by highlighting the connection between mind and nerve cells... this personalized embodiment of mind."

He formulated the somatic markers hypothesis, which captures the essence of these ideas. This idea has inspired many systems-neuroscience experiments carried out in laboratories in the U.S. and Europe, and has had a major impact in contemporary science and philosophy. His articles on this topic include: Bechara A, Damasio AR, Damasio H, Anderson S. Insensitivity to future consequences following damage to human prefrontal cortex. Cognition. 50:7-15. 1994; Bechara A, Damasio H, Tranel D, Damasio AR. Deciding advantageously before knowing the advantageous strategy. Science. 275:1293-1294. 1997; Anderson SW, Bechara A, Damasio H, Tranel D, Damasio AR. Impairment of social and moral behaviour related to early damage in human prefrontal cortex. Nature Neuroscience. 2:1032-1037. Damasio has been named by the Institute of Scientific Information as one of the most highly cited researchers in the past decade). Current work on the biology of moral decisions, neuro-economics, social communication, and drug-addiction, has been strongly influenced by Damasio's hypothesis.

Damasio also proposed that emotions are part of homeostatic regulation and are rooted in reward/punishment mechanisms. He recovered James' perspective on feelings as a read-out of body states, but expanded it with an "as-if-body-loop" device which allows for the substrate of feelings to be simulated rather than actual (foreshadowing the simulation process later uncovered by mirror neurons). He demonstrated experimentally that the insular cortex is a critical platform for feelings, a finding that has been widely replicated, and he uncovered cortical and subcortical induction sites for human emotions, e.g. in ventromedial prefrontal cortex and amygdala. He also demonstrated that while the insular cortex plays a major role in feelings, it is not necessary for feelings to occur, suggesting that brain stem structures play a basic role in the feeling process.

He has continued to investigate the neural basis of feelings and demonstrated that although the insular cortex is a major substrate for this process it is not exclusive, suggesting that brain stem nuclei are critical platforms as well. He regards feelings as the necessary foundation of sentience.

In another development, Damasio proposed that the cortical architecture on which learning and recall depend involves multiple, hierarchically organized loops of axonal projections that converge on certain nodes out of which projections diverge to the points of origin of convergence (the convergence-divergence framework). This architecture is applicable to the understanding of memory processes and of aspects of consciousness related to the access of mental contents.

In "The Feeling of What Happens", Damasio lays the foundations of the "enchainment of precedences": "the nonconscious neural signaling of an individual organism begets the protoself which permits core self and core consciousness, which allow for an autobiographical self, which permits extended consciousness. At the end of the chain, extended consciousness permits conscience.

Damasio's research depended significantly on establishing the modern human lesion method, an enterprise made possible by Hanna Damasio's structural neuroimaging/neuroanatomy work complemented by experimental neuroanatomy (with Gary Van Hoesen and Josef Parvizi), experimental neuropsychology (with Antoine Bechara, Ralph Adolphs, and Dan Tranel) and functional neuroimaging (with Kaspar Meyer, Jonas Kaplan, and Mary Helen Immordino-Yang). The experimental neuroanatomy work with Van Hoesen and Bradley Hyman led to the discovery of the disconnection of the hippocampus caused by neurofibrillary tangles in the entophinal cortex of patients with Alzheimer's disease.

As a clinician, he and his collaborators have studied and treated disorders of behaviour and cognition, and movement disorders.

Damasio's books deal with the relationship between emotions and feelings, and what their brain substrates. His 1994 book, *Descartes' Error: Emotion, Reason and the Human Brain*, won the Science et Vie prize, was a finalist for the *Los Angeles Times* Book Award, and is translated in over 30 languages. It is regarded as one of the most influential books of the past two decades. His second book, *The Feeling of What Happens: Body and Emotion in the Making of Consciousness*, was named as one of the ten best books of 2001 by the *New York Times Book Review*, a *Publishers Weekly* Best Book of the Year, a *Library Journal* Best Book of the Year, and has over 30 foreign editions. Damasio's *Looking for Spinoza: Joy, Sorrow, and the Feeling Brain*, was published in 2003. In it, Damasio suggested that Spinoza's thinking foreshadowed discoveries in biology and neuroscience views on the mind-body problem. Spinoza was a protobiologist. His latest book is *Self Comes to Mind: Constructing the Conscious Brain*. In it Damasio suggests that the self is the key to conscious minds and that feelings, from the kind he designates as primordial to the well-known feelings of emotion, are the basic elements in the construction of the protoself and core self. The book received the Corinne International Book Prize.

Damasio is a member of the American Academy of Arts and Sciences, the National Academy of Sciences' Institute of Medicine, and the European Academy of Sciences and Arts. Damasio has received many awards including the Prince of Asturias Award in Science and Technology, the Honda Prize, the Kappers Neuroscience Medal, the Beaumont Medal from the American Medical Association, the Nonino Prize and the Reenpaa Prize in Neuroscience. He has received honorary doctoral degrees (Doctor honoris causa) from the University of Aachen (2002), University of Aveiro (2003), University of Copenhagen (Copenhagen Business School; 2009), University of Leiden (2010), University Ramon Llull, Barcelona (2010), University of Coimbra (2011) and from the EPFL, Lausanne (2011).

His current work involves the social emotions, consciousness and the creative interface between neuroscience and the arts, especially music and film. The role of feelings states on sentience.

Damasio is married to Dr. Hanna Damasio, his colleague and frequent co-author.

Damasio himself notes, in fallibilist fashion, "I have a difficult time seeing scientific results, especially in neurobiology, as anything but provisional approximations"'. Whether despite or because of that fallibilism, Damasio writes in the belief that 'scientific knowledge can be a pillar to help humans endure and prevail'.

# OUR HOST

## JACK **DANGERMOND**

Jack Dangermond is the founder and president of Esri, the world's fourth largest privately held software company. Founded in 1969 and headquartered in Redlands, California, Esri is widely recognized as the technical and market leader in geographic information systems, or GIS, pioneering innovative solutions for working with spatial data.

Esri has more than one million users in over 350,000 organizations representing government; nongovernmental organizations (NGOs); academia; and industries such as utilities, health care, transportation, telecommunications, homeland security, retail, and agriculture.

Dangermond is recognized not only as a pioneer in spatial analysis methods but also as one of the most influential people in GIS. He actively manages Esri and is closely connected to projects, clients, and company vision. He takes a leadership role in national and global initiatives to facilitate standards for data access and sharing across agencies and organizations. He is personally committed to applying GIS methods for environmental stewardship and sustainable communities.

Dangermond is the recipient of numerous fellowships, honorary degrees, and awards. He has authored hundreds of papers on GIS in such diverse fields as photogrammetry, computer science, planning, environmental science, and cartography. He delivers keynote addresses at meetings and conferences around the globe.

Dangermond's current work is focused on helping organizations deploy spatial data in enterprise environments, Web-based services, and mobile computing systems as well as enhancing applications, models, and tools that can be used for optimized routing, intelligent site selection, crime and disease analysis, location-based services, infrastructure management, public safety, and homeland security.

DAVE **GALLO**

David Gallo is an American oceanographer and Director of Special Projects at the Woods Hole Oceanographic Institution—a preeminent, globally recognized scientific laboratory. For more than 25 years, Dr. Gallo has been at the forefront of ocean exploration, participating in and being witness to the development of new technologies and scientific discoveries that shape our view of planet earth. He has been described by TED Conferences as "an enthusiastic ambassador between the sea and those of us on dry land." With more than 8 million views his TED presentation "Underwater Astonishments" is among the top 5 TED Talks viewed to date.

David has participated in expeditions to all of the world's oceans and was one of the first scientists to use a combination of robots and submarines to explore the deep seafloor. Most recently he co-led an expedition to create the first detailed and comprehensive map of the *RMS Titanic* and he co-led the successful international effort to locate the remains of Air France flight 447.

Dr. Gallo is currently active in planning a series of challenging expeditions and is encouraging the development of new technologies for ocean exploration. He is a member of James Cameron's Deep Ocean Task Force and the XPrize Ocean Advisory Board. Almost every expedition into the deep provides results that are often surprising, sometimes startling and in many cases revolutionary.

David is becoming increasingly outspoken about the relationship between humanity and the sea. He feels strongly that instead of taking the oceans for granted we need to recognize the oceans critical role in providing the air we breath, the water we drink, and the food we eat. At the same time, Dr. Gallo feels that human activity has impacted the ocean on a global scale and with significant consequences. The oceans hold the clues to our past and the key to our future yet they remain mostly unexplored and poorly understood.

Dr. Gallo is personally committed to conveying the excitement and importance of ocean exploration to the public-at-large. He has lectured internationally to audiences ranging from children to CEO's with the goal of awakening the little bit of Jacques Cousteau and Jules Vernes that resides in each of us. He has given more than 10 TED and TEDx presentations and has appeared in numerous documentaries (Discovery Channel, History Channel, National Geographic) and has been featured on numerous televised news programs (Weather Channel , PBS Need to Know, MSNBC Ed Show, and NBC Today show).

In recognition of his efforts in exploration and science communications, David was recently elected a fellow of the American Association for the Advancement of Science. He is a National Fellow of the Explorer's Club, a member of the American Geophysical Union, and active on several boards including the Marine Environmental Research Institute, the One World One Ocean Campaign, and the Terramar Project.

# FRANK **GEHRY**

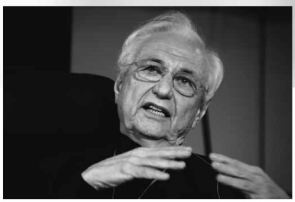

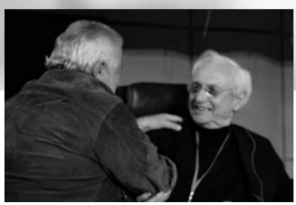

Raised in Toronto, Canada, Frank Gehry moved with his family to Los Angeles in 1947. Mr. Gehry received his Bachelor of Architecture degree from the University of Southern California in 1954, and he studied City Planning at the Harvard University Graduate School of Design. In subsequent years, Mr. Gehry has built an architectural career that has spanned five decades and produced public and private buildings in America, Europe and Asia. Hallmarks of Mr. Gehry's work include a particular concern that people exist comfortably within the spaces that he creates, and an insistence that his buildings address the context and culture of their sites and the budgets of his clients.

His work has earned Mr. Gehry several of the most significant awards in the architectural field. He was inducted into the College of Fellows of the American Institute of Architects in 1974, and his buildings have received over 100 national and regional A.I.A. awards. In 1977, Mr. Gehry was named recipient of the Arnold W. Brunner Memorial Prize in Architecture from the American Academy of Arts and Letters. In 1989, he was awarded the Pritzker Architecture Prize, perhaps the premiere accolade of the field, honoring "significant contributions to humanity and the built environment through the art of architecture." In 1992, he received the Wolf Prize in Art (Architecture) from the Wolf Foundation. In the same year, he was named the recipient of the Praemium Imperiale Award by the Japan Art Association to "honor outstanding contributions to the development, popularization, and progress of the arts." In 1994, he became the first recipient of the Dorothy and Lillian Gish Award for lifetime contribution to the arts. In 1998, Mr. Gehry received the National Medal of Arts, and he became the first recipient of the Friedrich Kiesler Prize. In 1999, Mr. Gehry received the Lotos Medal of Merit from the Lotos Club, and he received the Gold Medal from the American Institute of Architects. In 2000, Mr. Gehry received the Gold Medal from the Royal Institute of British Architects, and he received the Lifetime Achievement Award from Americans for the Arts. In 2002, Mr. Gehry received the Gold Medal for Architecture from the American Academy of Arts and Letters. Mr. Gehry was named a Fellow of the American Academy of Arts and Letters in 1987, a trustee of the American Academy in Rome in 1989, and a Fellow of the American Academy of Arts and Sciences in 1991. In 1994, he was bestowed with the title of Academician by the National Academy of Design. In 1998, he was named an Honorary Academician by the Royal Academy of Arts. In 2003, Mr. Gehry was inducted into the European Academy of Sciences and Arts and he was designated as a Companion to the Order of Canada. In 2005 Mr. Gehry received the Ordre National de Legion d'honneur Chevalier from the French Government. In 2006 he was a first year inductee into the California Hall of Fame. In 2008, Mr. Gehry received the Golden Lion Lifetime Achievement Award at the Venice Biennale. In 2010, Mr. Gehry received the John Singleton Copley Award from the American Associates of the Royal Academy Trust, and he received the Cooper Union for the Advancement of Science and Art Award in New York. Mr. Gehry has received honorary doctoral degrees from Occidental College, Whittier College, the California College of Arts and Crafts, the Technical University of Nova Scotia, the Rhode Island School of Design, the California Institute of Arts, the Southern California Institute of Architecture, the Otis Art Institute at the Parsons School of Design, the University of Toronto, the University of Southern California, Yale University, Harvard University, and the University of Edinburgh. Mr. Gehry has held teaching positions at some of the world's most prestigious institutions including Harvard University, University of Southern California, University of California Los Angeles, Sci-Arc, University of Toronto, Columbia University, the Federal Institute of Technology in Zurich, and at Yale University where he still teaches today.

Notable projects include: the Guggenheim Museum in Bilbao, Spain; the DZ Bank Building in Berlin; Nationale-Nederlanden Building in Prague; the Jay Pritzker Pavilion and BP Bridge in Millennium Park in Chicago, Illinois; Maggie's Centre, a cancer patient center in Dundee, Scotland; Hotel Marques de Riscal in El Ciego, Spain; Lou Ruvo Brain Institute in Las Vegas, Nevada; Princeton University Peter B. Lewis Science Library in Princeton, New Jersey; Art Gallery of Ontario Renovation in Toronto, Ontario, Canada; the New World Symphony in Miami, Florida; the Eight Spruce Street Residential Tower located in New York City; and the Walt Disney Concert Hall in Los Angeles, California. Projects under construction include the Signature Theatre in New York City; the Ohr O'Keefe Museums in Biloxi, Mississippi; the Make it Right Foundation in New Orleans, Louisiana, the Puente de Vida Museum of Biodiversity in Panama; the Frederick R. Weisman Art Museum Expansion at the University of Minnesota; and the Foundation Louis Vuitton Museum in Paris, France. Mr. Gehry is also completing work on the Guggenheim Abu Dhabi; LUMA Foundation in Arles, France and the University of Technology, Sydney in Sydney, Australia.

2006 / 200 lbs ago

## MATT **GROENING**

Matt Groening was born in Portland, Oregon, on February 15, the third of five children. His father, Homer, was a cartoonist and filmmaker. From an early age, Matt created his own cartoons, amusing his friends and annoying his teachers. Groening attended Evergreen State College in Washington State, where he studied philosophy and continued his interest in cartoons, comics and music.

After his graduation in 1977, Groening headed to Los Angeles where he struggled in immobilizing but irksome poverty. Increasingly frustrated by the traffic, smog, and his landlords, Matt began to vent his angst to his friends by sending them cartoons starring a bug-eyed rabbit named Binky. Groening soon began to publish and sell these cartoons at the record shop where he worked. Their popularity encouraged Matt to syndicate, and in April 1980, Life In Hell® formally debuted in the *Los Angeles Reader*. It was there that he met his future wife, Deborah Caplan, and together they formed Acme Features Syndicate, which today circulates Life in Hell® to more than 250 newspapers around the world in a half-dozen languages.

Life in Hell® has also been collected in a best-selling series of books with over two million copies in print, including *Love is Hell*, *Work is Hell*, *School is Hell*, *Childhood is Hell*, *Akbar & Jeff's Guide to Life*, *Greetings From Hell*, *The Big Book of Hell*, *With Love From Hell*, *How to Go to Hell*, *The Road to Hell*, *Binky's Guide to Love*, and *Love is Still Hell*.

In 1987 James L. Brooks approached Matt about creating animated shorts to fit between sketches of "The Tracey Ullman Show." Matt agreed, but instead of using the Life in Hell® characters, he created an entirely new cast: The Simpsons, which bear the names of his family members, Homer, Marge, Lisa and Maggie (Bart is an anagram for brat).

The Simpsons were soon spun off into a half-hour animated series which first aired on December 17, 1989 with a Christmas special, followed by the series premiere on January 14, 1990. It has since gone on to become the longest running prime-time animated show in television history. An international hit, the series has also spawned a licensing and merchandising empire.

Books based on The Simpsons include *The Simpsons Xmas Book*, *Greetings From The Simpsons*, *The Simpsons Rainy Day Fun Book*, *The Simpsons Uncensored Family Album*, *Maggie Simpson's Alphabet Book*, *Maggie Simpson's Counting Book*, *Maggie Simpson's Book of Colors & Shapes*, *Maggie Simpson's Book of Animals*, *The Simpsons Fun in the Sun Book*, *Making Faces With The Simpsons*, *The Ultra-Jumbo Rain-Or-Shine Fun Book*, *Cartooning With The Simpsons*, *Bart's Guide To Life* and *The Simpsons: A Complete Guide To Our Favorite Family*, a campanion book to the television series.

Groening is also creator and publisher of Bongo Comics and Zongo Comics.

## HERBIE **HANCOCK**

Herbie Hancock is a true icon of modern music. Throughout his explorations, he has transcended limitations and genres while maintaining his unmistakable voice. With an illustrious career spanning five decades and 14 Grammy® Awards, including Album of the Year for River: The Joni Letters, he continues to amaze audiences across the globe.

There are few artists in the music industry who have had more influence on acoustic and electronic jazz and R&B than Herbie Hancock. As the immortal Miles Davis said in his autobiography, "Herbie was the step after Bud Powell and Thelonious Monk, and I haven't heard anybody yet who has come after him."

Born in Chicago in 1940, Herbie was a child piano prodigy who performed a Mozart piano concerto with the Chicago Symphony Orchestra at age 11. He began playing jazz in high school, initially influenced by Oscar Peterson and Bill Evans. He also developed a passion for electronics and science, and double-majored in music and electrical engineering at Grinnell College.

In 1960, Herbie was discovered by trumpeter Donald Byrd. After two years of session work with Byrd as well as Phil Woods and Oliver Nelson, he signed with Blue Note as a solo artist. His 1963 debut album, 'Takin' Off', was an immediate success, producing the hit "Watermelon Man."

In 1963, Miles Davis invited Herbie to join the Miles Davis Quintet. During his five years with Davis, Herbie and his colleagues Wayne Shorter (tenor sax), Ron Carter (bass), and Tony Williams (drums) recorded many classics, including 'ESP', 'Nefertiti' and 'Sorcerer'. Later on, Herbie made appearances on Davis' groundbreaking 'In a Silent Way' and 'Bitches Brew', which heralded the birth of jazz-fusion.

Herbie's own solo career blossomed on Blue Note, with classic albums including 'Maiden Voyage', 'Empyrean Isles', and 'Speak Like a Child'. He composed the score to Michelangelo Antonioni's 1966 film 'Blow Up', which led to a successful career in feature film and television music.

After leaving Davis, Herbie put together a new band called The Headhunters and, in 1973, recorded 'Head Hunters.' With its crossover hit single "Chameleon," it became the first jazz album to go platinum.

By mid-decade, Herbie was playing for stadium-sized crowds all over the world and had no fewer than four albums in the pop charts at once. In total, Herbie had 11 albums in the pop charts during the 1970s. His '70s output inspired and provided samples for generations of hip-hop and dance music artists.

Herbie also stayed close to his love of acoustic jazz in the '70s, recording and performing with VSOP (reuniting him with his Miles Davis colleagues), and in duet settings with Chick Corea and Oscar Peterson.

In 1980, Herbie introduced the trumpeter Wynton Marsalis to the world as a solo artist, producing his debut album and touring with him as well. In 1983, a new pull to the alternative side led Herbie to a series of collaborations with Bill Laswell. The first, 'Future Shock', again struck platinum, and the single "Rockit" rocked the dance and R&B charts, winning a Grammy for Best R&B Instrumental. The video of the track won five MTV awards. 'Sound System', the follow-up, also received a Grammy in the R&B instrumental category.

Herbie won an Oscar in 1986 for scoring the film "'Round Midnight", in which he also appeared as an actor. Numerous television appearances over the years led to two hosting assignments in the 1980s: "Rock School" on PBS and Showtime's "Coast To Coast".

After an adventurous 1994 project for Mercury Records, 'Dis Is Da Drum', he moved to the Verve label, forming an all-star band to record 1996's Grammy-winning 'The New Standard'. In 1997, an album of duets with Wayne Shorter, '1+1', was released.

The legendary Headhunters reunited in 1998, recording an album for Herbie's own Verve-distributed imprint, and touring with the Dave Matthews Band. That year also marked the recording and release of 'Gershwin's World', which included collaborators Joni Mitchell, Stevie Wonder, Kathleen Battle, the Orpheus Chamber Orchestra, Wayne Shorter and Chick Corea. 'Gershwin's World' won three Grammys in 1999, including Best Traditional Jazz Album and Best R&B Vocal Performance for Stevie Wonder's "St. Louis Blues."

Herbie reunited with Bill Laswell to collaborate with some young hip-hop and techno artists on 2001's FUTURE2FUTURE. He also joined with Roy Hargrove and Michael Brecker in 2002 to record a live concert album, 'Directions In Music: Live at Massey Hall', a tribute to John Coltrane and Miles Davis.

'Possibilities', released in August 2005, teamed Herbie with many popular artists, such as Sting, Annie Lennox, John Mayer, Christina Aguilera, Paul Simon, Carlos Santana, Joss Stone and Damien Rice. That year, he played a number of concert dates with a re-staffed Headhunters, and became the first-ever Artist-In-Residence at the Tennessee-based festival Bonnaroo.

In 2007, Hancock recorded and released 'River: The Joni Letters', a tribute to longtime friend and collaborator Joni Mitchell featuring Wayne Shorter, guitarist Lionel Loueke, bassist Dave Holland and drummer Vinnie Colaiuta and co-produced by Larry Klein. He enlisted vocalists Norah Jones, Tina Turner, Corinne Bailey Rae, Luciana Souza, Leonard Cohen and Mitchell herself to perform songs she wrote or was inspired by. The album received glowing reviews and was a year-end Top 10 choice for many critics. It also garnered three Grammy Awards, including Album of the Year; Herbie is one of only a handful of jazz musicians ever to receive that honor.

In 2010 Hancock released the critically-acclaimed CD, 'Herbie Hancock's The Imagine Project,' winner of two 2011 Grammy Awards for Best Pop Collaboration and Best Improvised Jazz Solo. Utilizing the universal language of

music to express its central themes of peace and global responsibility, the 'Imagine' project was recorded around the world and features a stellar group of musicians including Jeff Beck, Seal,Pink, Dave Matthews, The Chieftains, Lionel Loueke, Oumou Sangare, Konono #1, Anoushka Shankar, Chaka Khan, Marcus Miller, Derek Trucks, Susan Tedeschi, Tinariwen, and Ceu.

Herbie Hancock also maintains a thriving career outside the performing stage and recording studio. Recently named by the Los Angeles Philharmonic as Creative Chair For Jazz, he currently also serves as Institute Chairman of the Thelonious Monk Institute of Jazz, the foremost international organization devoted to the development of jazz performance and education worldwide. Hancock is also a founder of The International Committee of Artists for Peace, and was recently awarded the much esteemed "Commandeur des Arts et des Lettres" by French Prime Minister Francois Fillon.

In July of 2011 Hancock was designated a UNESCO Goodwill Ambassador by UNESCO Director-General Irina Bokova. Recognizing Herbie Hancock's "dedication to the promotion of peace through dialogue, culture and the arts," the Director-General has asked the celebrated jazz musician "to contribute to UNESCO's efforts to promote mutual understanding among cultures, with a particular emphasis on fostering the emergence of new and creative ideas amongst youth, to find solutions to global problems, as well as ensuring equal access to the diversity of artistic expressions." UNESCO's Goodwill Ambassadors are an outstanding group of celebrity advocates who have generously accepted to use their talent and status to help focus the world's attention on the objectives and aims of UNESCO's work in its fields of competence: education, culture, science and communication/information

Now in the fifth decade of his professional life, Herbie Hancock remains where he has always been: in the forefront of world culture, technology, business and music. Though one can't track exactly where he will go next, he is sure to leave his inimitable imprint wherever he lands.

# DANNY **HILLIS**

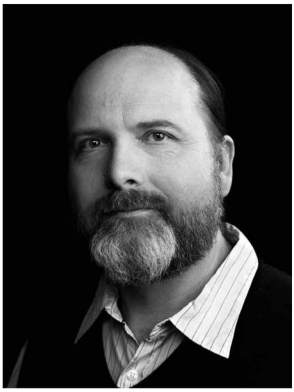

William Daniel "Danny" Hillis (born September 25, 1956, in Baltimore, Maryland) is an American inventor, scientist, engineer, entrepreneur, and author. He co-founded Thinking Machines Corporation, a company that developed the Connection Machine, a parallel supercomputer designed by Hillis at MIT. He is also co-founder of the Long Now Foundation, Applied Minds, Metaweb Technologies, Applied Proteomics, and author of *The Pattern on the Stone: The Simple Ideas That Make Computers Work*.

Danny Hillis was born in Baltimore, Maryland in 1956. His father, William Hillis, was a US Air Force epidemiologist studying hepatitis in Africa and relocated with his family through Rwanda, Burundi, Republic of the Congo, and Kenya. He spent a brief part of his childhood in Calcutta, India when his father was a visiting faculty at ISI, Calcutta. During these years the young Hillis was home schooled by his mother Aryge Briggs Hillis, a biostatistician, and developed an early appreciation for mathematics and biology. His younger brother is David Hillis, a professor of evolutionary biology at the University of Texas at Austin, and his sister is Argye E. Hillis, a professor of neurology at Johns Hopkins University.

In 1978 Hillis graduated from MIT with a BS degree in mathematics, followed in 1981 with an MS degree in Electrical Engineering and Computer Science (EECS), specializing in robotics.

During this time Hillis worked at the MIT Logo Laboratory developing computer hardware and software for children. He designed computer-oriented toys and games for the Milton Bradley Company, and co-founded Terrapin Software—a producer of computer software for elementary schools. He also built a digital computer composed of Tinkertoys that is on display at the Museum of Science, Boston.

Hillis' major research, however, was into parallel computing. Hillis designed the Connection Machine, a parallel supercomputer; in 1983 Hillis co-founded Thinking Machines Corporation to produce and market supercomputers based on this design. In 1988, continuing this research, Hillis received a PhD in EECS from MIT under doctoral advisers Gerald Jay Sussman, Marvin Minsky and Claude Shannon.

Hillis co-founded Thinking Machines Corporation in 1983 while doing his doctoral work at MIT. The company was to develop Hillis' Connection Machine design into commercial parallel supercomputers, and to explore computational pathways to building artificial intelligence. Hillis' ambitions are represented by the company's motto: "We're building a machine that will be proud of us," and Hillis' parallel architecture was to be the main component for this task:

Clearly, the organizing principle of the brain is parallelism. It's using massive parallelism. The information is in the connection between a lot of very simple parallel units working together. So if we built a computer that was more along that system of organization, it would likely be able to do the same kinds of things the brain does.

At Thinking Machines Corporation, Hillis built a technical team with many people that would later become leaders in science and industry including Brewster Kahle, Guy Steele, Sydney Brenner, David Waltz, Jack Schwartz, and Eric Lander. He even recruited Richard Feynman to spend his summers there. For many years, Thinking Machines Corporation connection machines were the fastest computers in the world.

During 1994, however, Thinking Machines filed for bankruptcy. In 1996, after a short stint as a professor at the MIT Media Lab, Hillis joined The Walt Disney Company full time in the newly created role of Disney Fellow and Vice President, Research and Development, Walt Disney Imagineering, which Hillis claimed was an early ambition of his:

I've wanted to work at Disney ever since I was a child...I remember listening to Walt Disney on television describing the 'Imagineers' who designed Disneyland. I decided then that someday I would be an Imagineer. Later, I became interested in a different kind of magic—the magic of computers. Now I finally have the perfect job—bringing computer magic into Disney.

At Disney, Hillis developed new technologies as well as business strategies for Disney's theme parks, television, motion pictures, Internet and consumer products businesses. He also designed new theme park rides, a full sized walking robot dinosaur and various micro mechanical devices.

Hillis left Disney in 2000, taking with him Bran Ferren, President of the Walt Disney Imagineering, R&D Creative Technologies division. Together, Ferren and Hillis founded Applied Minds, a company aimed at providing technology and consulting services to firms in an array of industries, including aerospace, electronics, and toys. In July 2005, Hillis and others from Applied Minds initiated Metaweb Technologies, Inc. to develop a semantic data storage infrastructure for the Internet, and Freebase, an "open, shared database of the world's knowledge". When Metaweb was acquired by Google, the technology became the basis of Google's Knowledge Graph. Hillis, together with Dr. David B. Agus, cofounded a spinoff of Applied Minds called Applied Proteomics Inc which designed and prototyped a machine that measures the level of proteins in the blood for medical diagnosis.

Hillis' work with Agus on cancer led to the founding of the University of Southern California Physical Sciences-Oncology Center (USC PS-OC), funded by the National Cancer Institute (NCI). Hillis is the principle investigator of this program.

In 1993, with Thinking Machines facing its demise, Hillis wrote about long-term thinking and suggested a project to build a clock designed to function for millennia:

When I was a child, people used to talk about what would happen by the year 2000. Now, thirty years later, they still talk about what will happen by the year 2000. The future has been shrinking by one year per year for my entire life. I think it is time for us to start a long-term project that gets people thinking past the mental barrier of the Millennium. I would like to propose a large (think Stonehenge) mechanical clock, powered by seasonal temperature changes. It ticks once a year, bongs once a century, and the cuckoo comes out every millennium.

This clock became the Clock of the Long Now, a name invented by the songwriter and composer, Brian Eno. Hillis wrote an article for Wired magazine suggesting a clock that would last over 10,000 years. The project led directly to the founding of the Long Now Foundation in 1996 by Hillis and others, including Stewart Brand, Brian Eno, Esther Dyson, and Mitch Kapor.

Hillis asserts that parallelism itself is approximately the main ingredient of intelligence; that there is not anything else required to make a mind result from a distributed network of processors. Hillis believes that

...intelligence is just a whole lot of little things, thousands of them. And what will happen is we'll learn about each one at a time, and as we do it, machines will be more and more like people. It will be a gradual process, and that's been happening.

This is not so different from Marvin Minsky's Society of Mind theory, which holds that mind is a collection of agents, each one taking care of a particular aspect of intelligence, and communicating with one another, exchanging information as required.

Some artificial intelligence theorists have other opinions—that it's not the underlying computational mode that's crucial, but rather particular algorithms (of reasoning, memory, perception, etc.). Others argue that the right combination of "little things" is needed to give rise to the overall emergent patterns of coordinated activity that constitute real intelligence.

Hillis is one of a small number of people who have made a serious attempt to create such a "thinking machine" and his ambitions are clear:

"I'd like to find a way for consciousness to transcend human flesh. Building a thinking machine is really a search for a kind of Earthly immortality. Something much more intelligent than we can exist. Making a thinking machine is my way to reach out to that."

Hillis' 1998 popular science book *The Pattern on the Stone* attempts to explain concepts from computer science for laymen using simple language, metaphor and analogy. It moves from Boolean algebra through topics such as information theory, parallel computing, cryptography, algorithms, heuristics, Turing machines, and promising technologies such as quantum computing and emergent systems.

BJARKE **INGELS**

Bjarke Ingels started BIG Bjarke Ingels Group in 2005 after co-founding PLOT Architects in 2001 and working at OMA in Rotterdam. Through a series of award-winning design projects and buildings, Bjarke has developed a reputation for designing buildings that are as programmatically and technically innovative as they are cost and resource conscious. Bjarke has received numerous awards and honors, including the Danish Crown Prince's Culture Prize in 2011, the Golden Lion at the Venice Biennale in 2004, and the ULI Award for Excellence in 2009. In 2011, the Wall Street Journal awarded Bjarke the Architectural Innovator of the Year Award. In 2012, the American Institute of Architects granted the 8 House its Honor Award, calling it "a complex and exemplary project of a new typology."

Alongside his architectural practice, Bjarke taught at Harvard University, Yale University, Columbia University, and Rice University and is an honorary professor at the Royal Academy of Arts, School of Architecture in Copenhagen. He is a frequent public speaker and has spoken in venues such as TED, WIRED, AMCHAM, 10 Downing Street, and the World Economic Forum.

QUINCY **JONES**

An impresario in the broadest and most creative sense of the word, Quincy Jones' career has encompassed the roles of composer, record producer, artist, film producer, arranger, conductor, instrumentalist, TV producer, record company executive, magazine founder, multi-media entrepreneur and humanitarian. As a master inventor of musical hybrids, he has shuffled pop, soul, hip-hop, jazz, classical, African and Brazilian music into many dazzling fusions, traversing virtually every medium, including records, live performance, movies and television.

Celebrating more than 60 years performing and being involved in music, Quincy's creative magic has spanned over six decades, beginning with the music of the post-swing era and continuing through today's high-technology, international multi-media hybrids. In the mid-50's, he was the first popular conductor-arranger to record with a Fender bass. His theme from the hit TV series Ironside was the first synthesizer-based pop theme song. As the first black composer to be embraced by the Hollywood establishment in the 60's, he helped refresh movie music with badly needed infusions of jazz and soul. His landmark 1989 album, Back On The Block—named "Album Of The Year" at the 1990 Grammy Awards—brought such legends as Dizzy Gillespie, Ella Fitzgerald, Sarah Vaughan and Miles Davis together with Ice T, Big Daddy Kane and Melle Mel to create the first fusion of the be bop and hip hop musical traditions; while his 1993 recording of the critically acclaimed Miles and Quincy Live At Montreux, featured Quincy conducting Miles Davis' live performance of the historic Gil Evans arrangements from the Miles Ahead, Porgy and Bess and Sketches of Spain sessions, garnered a Grammy Award for Best Large Jazz Ensemble Performance. As producer and conductor of the historic "We Are The World" recording (the best-selling single of all time) and Michael Jackson's multi-platinum solo albums, Off The Wall, Bad and Thriller (the best selling album of all time, with over 50 million copies sold), Quincy Jones stands as one of the most successful and admired creative artist/executives in the entertainment world.

His 1995 recording, Q's Jook Joint, again showcased Quincy's ability to mold the unique talents of an eclectic group of singers and musicians, in what resulted in a retrospective of his broad and diverse career from that of a seasoned Jazz musician, to skilled composer, arranger, and bandleader, to acclaimed record producer.

A reference to the backwoods club houses of rural America in the 1930's, 40's, and 50's, the platinum selling Q's Jook Joint featured performances by artists such as Bono, Brandy, Ray Charles, Phil Collins, Coolio, Kenny "Babyface" Edmonds, Gloria Estefan, Rachelle Ferrell, Aaron Hall, Herbie Hancock, Heavy D., Ron Isley, Chaka Khan, R. Kelly, Queen Latifah, Tone Loc, the Luniz, Brian McKnight, Melle Mel, Shaquille O'Neal, Joshua Redman, the Broadway musical troupe Stomp, SWV, Take 6, newcomer Tamia, Toots Thielemans, Mervyn Warren, Barry White, Warren Wiebe, Charlie Wilson, Nancy Wilson, Stevie Wonder, Mr. X, and Yo-Yo, among others, and garnered seven Grammy nominations. His recording, From Q, With Love, featured a collection of 26 love songs that he recorded over the last 32 years of his more than 50 year career in the music business.

Named by Time Magazine as one of the most influential jazz musicians of the 20th century, Quincy Jones was born on March 14, 1933, in Chicago and brought up in Seattle. While in junior high school, he began studying trumpet and sang in a gospel quartet at age 12. His musical studies continued at the prestigious Berklee College of Music in Boston, where he remained until the opportunity arose to tour with Lionel Hampton's band as a trumpeter, arranger and sometime-pianist. He moved on to New York and the musical "big leagues" in 1951, where his reputation as an arranger grew. By the mid-50's, he was arranging and recording for such diverse artists as Sarah Vaughan, Ray Charles, Count Basie, Duke Ellington, Big Maybelle, Dinah Washington, Cannonball Adderly and LeVern Baker.

In 1957, Quincy decided to continue his musical education by studying with Nadia Boulanger, the legendary Parisian tutor to American expatriate composers such as Leonard Bernstein and Aaron Copeland. To subsidize his studies he took a job with Barclay Disques, Mercury's French distributor. Among the artists he recorded in Europe were Charles Aznavour, Jacques Brel and Henri Salvador, as well as such visitors from America as Sarah Vaughan, Billy Eckstine and Andy Williams. Quincy's love affair with European audiences continues through the present: in 1991, he began a continuing association with the Montreux Jazz and World Music Festival, which he serves as co-producer.

Quincy won the first of his many Grammy's in 1963 for his Count Basie arrangement of "I Can't Stop Loving You." Quincy's three-year musical association as conductor and arranger with Frank Sinatra in the mid-60's also teamed him with Basie for the classic Sinatra At The Sands, containing the famous arrangement of "Fly Me To The Moon," the first recording played by astronaut Buzz Aldrin when he landed upon the moon's surface in 1969.

When he became vice-president at Mercury Records in 1961, Quincy became the first high-level black executive of an established major record company. Toward the end of his association with the label, Quincy turned his attention to another musical area that had been closed to blacks--the world of film scores. In 1963, he started work on the music for Sidney Lumet's The Pawnbroker and it was the first of his 33 major motion picture scores. In 1985, he co-produced Steven Spielberg's adaptation of Alice Walker's The Color Purple, which garnered eleven Oscar nominations, introduced Whoopi Goldberg and Oprah Winfrey to film audiences, and marked Quincy's debut as a film producer. In 1991 Quincy helped launch NBC-TV's hit series, The Fresh Prince Of Bel Air, for which he served as an executive producer.

In 1990, Quincy Jones formed Quincy Jones Entertainment (QJE), a co-venture with Time Warner, Inc. The new company, which Quincy served as CEO and chairman, had a broad ranging, multi-media agenda which encompassed programming for current and future technologies, including theatrical motion pictures and network, cable and syndicated television. QJE produced NBC Television's Fresh Prince Of Bel Air (now in syndication), and UPN's In The House and Fox Television's Mad TV, among other syndicated shows and television specials. In 1991 Jones founded VIBE Magazine, and with his publishing group VIBE Ventures, would go on to acquire *SPIN* Magazine before divesting his magazine interests.

In January 1992, Quincy Jones executive produced the *An American Reunion* concert at Lincoln Memorial, an all-star concert and celebration that was the first official event of the presidential inaugural celebration and drew widespread acclaim as an HBO telecast.

On March 25, 1996, Quincy Jones, executive produced the most watched awards show in the world, the 68th Annual Academy Awards. The show received widespread acclaim as one of the most memorable Academy Award shows in recent years.

In 1997, Quincy Jones formed the Quincy Jones Media Group. QJMG's feature film projects in development include such highly anticipated films as the adaptations of the Ralph Ellison novel *Juneteeth*, David Halberstam's *The Children* for Home Box Office in association with producers Kathleen Kennedy and Frank Marshall, a bio-pic on the 19th century Russian poet Alexander Pushkin, *Pimp and Seeds of Peace* for Showtime, among others. For television, QJMG is developing the sit-com The White Guy. QJMG is also active in live entertainment, direct response marketing, and cross-media projects for home entertainment and educational applications.

As a record company executive, Quincy remained highly active in the recording field throughout the 1990s as the guiding force behind his own Qwest Records, which boasted such important artists as New Order, Tevin Campbell, Andre Crouch, Patti Austin, James Ingram, Siedah Garrett, Gregory Jefferson and Justin Warfield. New Order's album, Substance earned Qwest a gold album in 1987. Tevin Campbell's T.E.V.I.N was both a critical sensation and major commercial success, and the label's release of the Boyz N The Hood soundtrack album was among the most successful soundtrack recordings of 1991. Qwest Records has also released soundtrack albums from the major motion pictures Sarafina! and Malcolm X.

In 1994, Quincy Jones led a group of businessmen, including Hall of Fame football player Willie Davis, television producer Don Cornelius, television journalist Geraldo Rivera and businesswoman Sonia Gonsalves Salzman in the formation of Qwest Broadcasting, a minority controlled broadcasting company which purchased television stations in Atlanta and New Orleans for approximately $167 million, establishing it as one of the largest minority owned broadcasting companies in the United States. Quincy served as chairman and CEO of Qwest Broadcasting. In 1999, taking advantage of the rapid escalation of broadcast station values, Jones and his partners sold Qwest Broadcasting for a reported $270 million.

The laurels, awards and accolades have been innumerable: Quincy has won an Emmy Award for his score of the of the opening episode of the landmark TV miniseries, Roots, seven Oscar nominations, the Academy of Motion Picture Arts and Sciences' Jean Hersholt Humanitarian Award, 27 Grammy Awards, and N.A.R.A.S.' prestigious Trustees' Award and The Grammy Living Legend Award. He is the all-time most nominated Grammy artist with a total of 79 Grammy nominations. In 1990, France recognized Quincy with its most distinguished title, the Commandeur de la Legion d' Honneur. He is also the recipient of the French Ministry of Culture's Distinguished Arts and Letters Award. Quincy is the recipient of the Royal Swedish Academy of Music's coveted Polar Music Prize, and the Republic of Italy's Rudolph Valentino Award. He is also the recipient of honorary doctorates from Howard University, the Berklee College of Music, Seattle University, Wesleyan University, Brandeis University, Loyola University (New Orleans), Clark Atlanta University, Claremont University's Graduate School, the University of Connecticut, Harvard University, Tuskegee University, New York University, University of Miami and The American Film Institute, among others. In 2001, Jones was named a Kennedy Center Honoree, for his contributions to the cultural fabric of the United States of America. He was recognized by the National Endowment for the Arts as a Jazz Master—the nation's highest jazz honor, and was most recently bestowed the National Medal of Arts, our nation's highest artistic honor.

In 1990, his life and career were chronicled in the critically acclaimed Warner Bros. film, Listen Up: The Lives of Quincy Jones, produced by Courtney Sale Ross, a film which helped illuminate not only Quincy's life and spirit, but also revealed much about the development of the African American musical tradition. Reflecting on the changes in pop music over the years, Quincy says, "If there are any common denominators, they are spirit and

musicality. I go for the music that gives me goose bumps, music that touches my heart and my soul." Over the years, Quincy Jones has reached the essence of music and art: the ability to touch people's feelings and emotions.

In 2001, Quincy Jones added the title "Best Selling Author" to his list of accomplishments when his autobiography *Q: The Autobiography of Quincy Jones* entered the *New York Times*, *Los Angeles Times* and *Wall Street Journal* Best-Sellers lists. Released by Doubleday Publishing, the critically acclaimed biography retells Jones' life story from his days as an impoverished youth on the Southside of Chicago through a massively impressive career in music, film and television where he worked beside legends such as Billie Holiday, Ray Charles, Dizzy Gillespie, Count Basie, Ella Fitzgerald and Michael Jackson, among many others. In conjunction with the autobiography, Rhino Records released a 4-cd boxed set of Jones' music, spanning his more than 5 decade career in the music business, entitled "Q: The Musical Biography of Quincy Jones."

The audio recording of "Q: The Autobiography of Quincy Jones," (Simon & Schuster) earned Jones his 27th Grammy Award, in the Best Spoken Word Category, while "Q: The Musical Biography of Quincy Jones" garnered him a 15th NAACP Image Award, in the category of Outstanding Jazz Artist.

In 2008 *The Complete Quincy Jones: My Journey & Passions*, (Palace Press) examined the virtuosity of the man Frank Sinatra named "Q," celebrating his prolific contribution to American art and culture. The book included a foreword by Clint Eastwood, preface from Bono, an introduction by Maya Angelou and an afterword by Sidney Poitier. Comprised of personal interviews and recollections from Jones, this collection peers behind the veil of celebrity, with extraordinary access to his creative inspirations and achievements.

Jones next projects include the forthcoming release of Soul Bossa Nostra, an album featuring some of today's biggest recording artists and producers such as Usher, Ludacris, Akon, Jamie Foxx, Jennifer Hudson, Mary J. Blige, T-Pain, Robin Thicke, LL Cool J, John Legend, Snoop Dogg, Wyclef Jean, Q-Tip, Talib Kweli, Three 6 Mafia, David Banner, Bebe Winans, Mervyn Warren, Jermaine Dupri, DJ Paul, and Scott Storch, among others, who have joined together to celebrate the music of the multi-Grammy winning producer, composer and arranger by recording contemporary versions of popular recordings from his massive catalog; the book *Q on Producing* which recounts his six-decade long career working in the recording studio with music icons such as Count Basie, Duke Ellington, Ella Fitzgerald, Frank Sinatra and Michael Jackson, among many others; a duets album with Stevie Wonder and Tony Bennett; as well as multiple projects for film and television.

With a long history of humanitarian work which began in the 1960's and 70's, Jones was one of the key supporters of Jesse Jackson's Operation P.U.S.H. In 1985, he pioneered the model of using celebrity to raise money and awareness for a cause with "We Are the World." The song remains the best-selling single of all-time, and raised more than $63 Million for Ethiopian famine relief. More importantly, however, it shined a spotlight on the Ethiopian drought and U.S. Government responded with over $800 million in aid.

In 1999 Quincy Jones joined Bono and Bob Geldof during a meeting with Pope John Paul II as a part of the Jubilee 2000 delegation to end third world debt. The delegation's visit resulted in $27 billion in third world debt relief for Bolivia, Mozambique, and the Ivory Coast.

In 2004, in front of a live audience of more than a half-million spectators, Jones launched the *We Are the Future* initiative with a concert featuring Carlos Santana, Alicia Keyes, Josh Groban, Oprah Winfrey, Norah Jones and a host of other entertainers from around the world. The initiative has established Municipal Child Centers in the cities of Addis Ababa (Ethiopia), Asmara (Eritrea), Freetown (Sierra Leone), Kigali (Rwanda) and Nablus (Palestine) where youth are being trained to run child-based programs in health, nutrition, Information and Communication Technology (ICT), Sports and Arts.

In 2007, Jones and the Harvard School of Public Health joined forces to advance the health and well-being of children worldwide through Project Q, a strategic initiative of School's Center for Health Communication. Through the strategic use of media, Project Q challenges leaders and citizens of the world to provide essential resources to enable young people to achieve their full potential.

A centerpiece of Project Q is the Q Prize, which recognizes extraordinary leadership by public figures and social entrepreneurs who are championing the needs of children. The inaugural Q Prize was awarded in January 2007 to Scott Neeson, founder of the Cambodian Children's Fund, and over $600,000 was raised in support of Neeson's work. The 2008 Q Prize will be awarded on October 23 in New York City.

Through his personal foundation, The Quincy Jones Foundation, Jones raises awareness and financial resources for initiatives that support global children's issues in areas of conflict, malaria eradication, clean water and efforts to restore the Gulf Coast (post-Katrina). Philanthropic partners include Malaria No More, Millennium Promise, and R&B singer Usher's New Look Foundation.

## MARY **JORDAN**

Mary Catherine Jordan (born November 10, 1960) is a Pulitzer Prize-winning American journalist for the *Washington Post*. She is currently the editor of Washington Post Live, which organizes political debates, conferences and news events for the media company. She has written on U.S. politics, the American education system and many other subjects. With her husband, *Post* journalist Kevin Sullivan, Jordan ran the newspaper's bureaus in Tokyo, Mexico City and London. Jordan has written from nearly 40 countries and also been a frequent commentator on BBC Television.

Jordan, a daughter of Irish immigrants, was born and raised in Cleveland, Ohio. She graduated from Georgetown University in 1983 and earned a master's degree from Columbia University's Graduate School of Journalism in 1984. In 1989–90, Jordan was awarded a Nieman Fellowship by Harvard University.

Jordan began her Post career as an intern for the Style section, crisscrossed the country writing about colleges and schools as the national education reporter, and covered Virginia and national politics.

For a year at Trinity College in Dublin, Ireland, she studied William Butler Yeats and other Irish poets. She was given her first job in the newspaper business by legendary Irish author and editor Tim Pat Coogan, who hired her to write a column in the *Irish Press*. She enrolled in Japanese language classes at Georgetown University before moving to Tokyo for four years and studied Spanish on a post-graduate fellowship at Stanford University before moving to Mexico for five years.

Currently, Jordan moderates many high-profile forums for the *Washington Post* including the "The 40th Anniversary of Watergate" in June 2012 that featured key Watergate figures including including former White House counsel John Dean, *Washington Post* editor Ben Bradlee, and reporters Bob Woodward and Carl Bernstein.

She hosted the 2010 Maryland gubernatorial debate between Governor Martin O'Malley and former Governor Robert Ehrlich, and moderated a rare sitdown with Redskin owner Dan Snyder, Capital's owner Ted Leonsis, and other owners of Washington's sports teams.

Among the many newsmakers she has interviewed: Legendary singer and songwriter Paul McCartney, Colombian novelist Gabriel Garcia Marquez, Nobel Prize winner Henry Kissinger, former British Prime Minister Tony Blair and Benjamin Arellano Felix, one of Mexico's most notorious drug kingpins. Jordan has written extensively about injustices and discrimination against women around the world including articles about the exceedingly low conviction rate of rape in Britain and the unfortunate girls in India denied schooling solely because they were not born male.

Jordan and Sullivan won the 2003 Pulitzer Prize for International Reporting for their *Post* series on the "horrific conditions in Mexico's criminal justice system and how they affect the daily lives of people," as the Pulitzer Board described. Along with four Post photographers, Jordan and Sullivan were also finalists for the 2009 Pulitzer Prize for International Reporting for their series of stories on the difficulties women face around the world. The Pulitzer jury called the series a "sensitive examination of how females in the developing world are often oppressed from birth to death, a reporting project marked by indelible portraits of women and girls and enhanced by multimedia presentations."

Jordan and Sullivan authored *The Prison Angel: Mother Antonia's Journey from Beverly Hills to a Life of Service in a Mexican Jail* (The Penguin Press, 2005). In 2006, the book won the Christopher Award, which "salutes media that affirm the highest values of the human spirit."
Jordan and Sullivan have also won numerous other awards including the George Polk Award for their coverage of the 1997 Asian Financial Crisis and awards from the Overseas Press Club of America and the Society of Professional Journalists.

## JON **KAMEN**

@radical.media creates some of the world's most innovative content across all platforms of media. Originally renowned for its commercial and advertising success, it has transformed and grown to develop, produce, and distribute television, feature films, music programming, live events, digital content and design. As the founding Chairman and CEO of @radical.media, Jon continues to expand @radical's capabilities within this ever-evolving media landscape.

Beyond an Executive, Jon is a Producer and Executive Producer of groundbreaking projects. Amongst @radical's major achievements, @radical.media has been recognized for producing multiple award-winning projects including the Academy Award and Independent Spirit Award for the documentary The Fog of War; and a Grammy for the Concert for George. This past year, @radical produced the Academy Award and Emmy-nominated HBO documentary Paradise Lost 3 and the Emmy-nominated A&E documentary following Paul Simon's Graceland journey, Under African Skies.

@radical is currently in production on a Ron Howard-directed documentary on the Made In America festival in Philadelphia. And it recently launched THNKR, a Premium YouTube Channel, offering viewers extraordinary access to the people, stories, and ideas that are transforming the world.

Beyond his professional duties and prolific production credits, Jon is on the Board of Trustees of the Rhode Island School of Design, and has recently has been appointed to the Board of the Mr. Holland's Opus Foundation. Jon has continuously fostered @ radical's work with numerous organizations and public service initiatives, including RED, ONE, and Conservation International. In 2012, he accepted Mayor Bloomberg's Made in New York Award at Gracie Mansion.

Jon strives to increase the reach, impact, and legacies of the advertising and entertainment industries. During his two terms as National Chairman of the AICP, he founded the "Art and Technique of the American Television Commercial," which has been presented for the past 20 years at the Museum of Modern Art. In 1994, Jon received the Crystal Apple Award for his outstanding contributions to the city's production industry.

# JEFFREY **KATZENBERG**

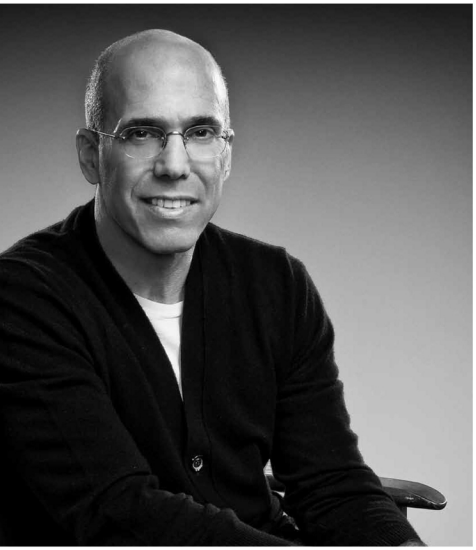

Jeffrey Katzenberg (born December 21, 1950) is an American film producer and CEO of DreamWorks Animation. He is perhaps most known for his period as chairman of The Walt Disney Studios when Disney produced some of its biggest hits, including The Little Mermaid, Beauty and the Beast, Aladdin and The Lion King. As a founder and CEO of DreamWorks Animation, he has overseen the production of such animated franchises as Shrek, Madagascar, Kung Fu Panda, Monsters vs. Aliens and How to Train Your Dragon.

Katzenberg was born in New York City, the son of Anne, an artist, and Walter, a stockbroker. He attended the Ethical Culture Fieldston School, graduating in 1969.

Katzenberg began his career as an assistant to producer David Picker, then in 1974 he became an assistant to Barry Diller, the Chairman of Paramount Pictures. Diller moved Katzenberg to the marketing department, followed by other assignments within the studio, until he was assigned to revive the Star Trek franchise, which resulted in the hit film, Star Trek: The Motion Picture (1979). He continued to work his way up and became President of Production under Paramount President Michael Eisner.

In 1984, Michael Eisner became Chief Executive Officer (CEO) at The Walt Disney Company. Eisner brought Katzenberg with him to take charge of Disney's motion picture division. Katzenberg was responsible for reviving the studio which, at the time, ranked last at the box office among the major studios. He focused the studio on the production of adult-oriented comedies under its Touchstone Pictures banner, including films such as Down and Out in Beverly Hills (1986), Three Men and a Baby (1987) and Good Morning, Vietnam (1987). By 1987, Disney had become the number-one studio at the box office. Katzenberg also oversaw Touchstone Television, which produced such hit TV series, The Golden Girls and Home Improvement.

Katzenberg was also charged with turning around Disney's ailing Feature Animation unit, creating some intrastudio controversy when he personally edited three minutes out of a completed Disney animated feature, The Black Cauldron (1985), shortly after joining the company. Under his management, the animation department eventually began creating some of Disney's most critically acclaimed and highest grossing animated features. These films include Who Framed Roger Rabbit (1988), The Little Mermaid (1989),The Rescuers Down Under (1990), Beauty and the Beast (1991, the first animated feature to be nominated for an Academy Award for Best Picture), Aladdin (1992), and The Lion King (1994). In addition, Katzenberg also sealed the deal that created the highly successful partnership between Pixar and Disney and the deal that brought Miramax Films into Disney.

When Eisner's second in command, Frank Wells, died in a helicopter crash in 1994, Eisner refused to promote Katzenberg to the vacated position of president. This led to a falling out between the two executives, and Katzenberg left the company in September 1994. He launched a lawsuit against Disney to recover money he felt he was owed and settled out of court for an estimated $250 million.

Later in 1994, Katzenberg co-founded DreamWorks SKG with Steven Spielberg and David Geffen, with Katzenberg taking primary responsibility for animation operations. He was also credited as executive producer on the DreamWorks animated films The Prince of Egypt (1998), The Road to El Dorado and Joseph: King of Dreams (both in 2000) and Shrek in 2001.

After DreamWorks Animation suffered a $125 million loss on the traditionally-animated Sinbad: Legend of the Seven Seas, the studio switched to all computer-generated animation. Since then, DreamWorks' animated films have been consistently successful.

In 2004, DreamWorks Animation (DWA) was spun off from DreamWorks as a separate company headed by Katzenberg in an IPO and has recorded mostly profitable quarters since then.

The live-action DreamWorks movie studio was sold to Viacom in December 2005. In 2008, the live-action DreamWorks studio again became an independent production company, releasing its films through Disney.

In 2006, Katzenberg made an appearance on the fifth season of The Apprentice. He awarded the task winners an opportunity to be character voices in Over the Hedge.

Katzenberg has been an industry leader in promoting digital 3D production of film, calling it "the greatest advance in the film industry since the arrival of color in the 1930s." When Katzenberg appeared on The Colbert Report on April 20, 2010, he confirmed that from now on "every single movie" that DreamWorks Animation produced would be in 3D and gave Stephen Colbert a pair of new 3D glasses.

Katzenberg married Marilyn Siegel, a kindergarten teacher, in 1975, and they have two children.

Together, Marilyn and Jeffrey have been highly active in charitable causes. They donated the multi-million-dollar Katzenberg Center to Boston University's College of General Studies, citing that the school gave their two children the "love of education." They also donated the Marilyn and Jeffrey Katzenberg Center for Animation at the University of Southern California.

In addition to serving as Chairman of the Board for the Motion Picture and Television Fund Foundation, Katzenberg sits on the boards or serves as a trustee of AIDS Project Los Angeles, American Museum of the Moving Image, California Institute of the Arts, Cedars-Sinai Medical Center, Geffen Playhouse, Michael J. Fox Foundation for Parkinson's Research, University of Southern California School of Cinematic Arts and The Simon Wiesenthal Center. Together with DreamWorks Animation, Katzenberg founded the DreamWorks Animation Academy of Inner-City Arts in 2008.

Katzenberg has an estimated worth of $800 million according to Forbes. Katzenberg is reported to have donated over $3.5 million in political contributions since 1979: 33% ($1.171+ million) to Democrats, 66% ($2.33+ million) to special interest groups without party affiliations, and less than 1% ($7,000) to Republicans.

He was awarded an honorary doctorate from Ringling College of Art and Design on May 2, 2008.

## NORMAN **LEAR**

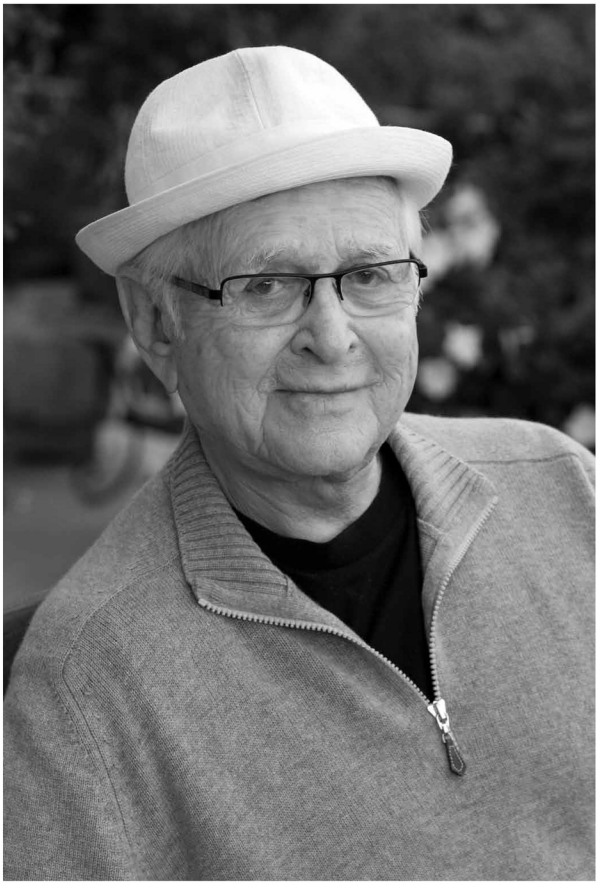

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Norman Lear has enjoyed a long career in television and film, and as a political and social activist and philanthropist.

Mr. Lear began his television writing career in 1950 when he and his partner, Ed Simmons, were signed to write for the The Ford Star Revue, starring Jack Haley. After only four shows, they were hired away by Jerry Lewis to write for the Martin and Lewis Colgate Comedy Hour, which they continued to write until 1953. Mr. Lear then began writing on his own for comedy shows including The Martha Raye Show, The George Gobel Show, and The Tennessee Ernie Ford Show.

In 1958, Mr. Lear teamed with director Bud Yorkin to form Tandem Productions. Together they produced several feature films, with Mr. Lear taking on roles as executive producer, writer, and director. He was nominated in 1967 for an Academy Award for his script for Divorce American Style. In 1970, CBS signed with Tandem to produce All in the Family, which first aired on January 12, 1971 and ran for nine seasons. It earned four Emmy Awards for Best Comedy series as well as the Peabody Award in 1977. All in the Family was followed by a succession of other television hit shows including Maude, Sanford and Son, The Jeffersons, One Day at a Time, Good Times, and Mary Hartman, Mary Hartman.

Concerned about the growing influence of radical religious evangelists, Mr. Lear decided to leave television in 1980 and formed People For the American Way, a non-profit organization designed to speak out for Bill of Rights guarantees and to monitor violations of constitutional freedoms. People For remains an influential and effective voice for freedom. In 1982, he produced a two-hour television special I Love Liberty, with a cast of stars and an audience filling the Los Angeles Sports Arena.

Mr. Lear's business career continued in 1984 when he and his business partners created T.A.T. Communications, later known as Embassy Communications, which was sold in 1985. Mr. Lear then created and is currently chairman of Act III Communications, a multimedia holding company with interests in the recording, motion picture, broadcasting, publishing, and licensing industries, including Concord Music Group and Village Roadshow Pictures Group.

In addition to People for the American Way, Mr. Lear has founded other nonprofit organizations, including the Norman Lear Center at the USC Annenberg School for Communication (2000–present), a multidisciplinary research and public policy center dedicated to exploring the convergence of entertainment, commerce and society; the Business Enterprise Trust (1989–2000) to spotlight exemplary social innovations in American business; and with his wife, Lyn, co-founded the Environmental Media Association (1989–present), to mobilize the entertainment industry to become more environmentally responsible.

In 1999, President Clinton bestowed the National Medal of Arts on Mr. Lear, noting that "Norman Lear has held up a mirror to American society and changed the way we look at it." He has the distinction of being among the first seven television pioneers inducted into the Television Academy Hall of Fame (1984). In addition to his awards for All in the Family, he has been honored by the International Platform Association (1977), the Writers Guild of America (1977) and many other professional and civic organizations.

In 2001, Lyn and Norman Lear created the Declaration of Independence Road Trip, a four-year educational initiative and national multimedia tour of one of the surviving original copies of the Declaration, which they purchased to share with the American people. As part of the project, Mr. Lear launched Declare Yourself, a nonpartisan youth voter initiative that registered well over four million new young voters in the 2004, 2006, and 2008 elections.

At the Presidential Inauguration in 2009, Declare Yourself premiered BornAgainAmerican.org, featuring an inspiring music video that has been viewed by millions across the country. It is part of an on-going drive to promote active and thoughtful citizenship, as embodied in the Declaration of Independence, which continues to tour.

Mr. Lear is married to Lyn Davis Lear and resides in Los Angeles, California. He has six children: Ellen, Kate, Maggie, Benjamin, Brianna, Madeline and four grandchildren: Daniel, Noah, Griffin, Zoe.

# YO-YO **MA**

Yo-Yo Ma's multi-faceted career is testament to his continual search for new ways to communicate with audiences, and to his personal desire for artistic growth and renewal. Whether performing new or familiar works from the cello repertoire, coming together with colleagues for chamber music or exploring cultures and musical forms outside the Western classical tradition, Mr. Ma strives to find connections that stimulate the imagination.

One of Mr. Ma's goals is the exploration of music as a means of communication and as a vehicle for the migrations of ideas across a range of cultures throughout the world. Expanding upon this interest, in 1998, Mr. Ma established the Silk Road Project, a nonprofit arts and educational organization. Under his artistic direction, the Silk Road Project presents performances by the acclaimed Silk Road Ensemble, engages in cross-cultural exchanges and residencies, leads workshops for students, and partners with leading cultural institutions to create educational materials and programs.

The Project's ongoing affiliation with Harvard University has made it possible to broaden and enhance educational programming. In the 2011–2012 school year, with ongoing partnerships with arts and educational organizations in New York City, it continues to expand Silk Road Connect, a multidisciplinary educational initiative for middle-school students in the city's public schools. Developing new music is also a central undertaking of the Silk Road Project, which has been involved in commissioning and performing more than 60 new musical and multimedia works from composers and arrangers around the world.

As the Chicago Symphony Orchestra's Judson and Joyce Green Creative Consultant, Mr. Ma is partnering with Maestro Riccardo Muti to provide collaborative musical leadership and guidance on innovative program development for The Institute for Learning, Access and Training at the Chicago Symphony Orchestra, and for Chicago Symphony artistic initiatives. Mr. Ma's work focuses on the transformative power music can have in individuals' lives, and on increasing the number and variety of opportunities audiences have to experience music in their communities. Mr. Ma and the Institute have created the Citizen Musician Initiative, a movement that calls on all musicians, music lovers, music teachers and institutions to use the art form to bridge gulfs between people and to create and inspire a sense of community. www.citizenmusician.org features stories of Citizen Musician activity across the globe.

Mr. Ma is also widely recognized for his strong commitment to educational programs that bring the world into the classroom and the classroom into the world. While touring, he takes time whenever possible to conduct master classes as well as more informal programs for students—musicians and non-musicians alike. He has also reached young audiences through appearances on "Arthur," "Mister Rogers' Neighborhood" and "Sesame Street."

Mr. Ma's discography of over 75 albums (including more than 15 Grammy Award winners) reflects his wide-ranging interests. He has made several successful recordings that defy categorization, among them "Hush" with Bobby McFerrin, "Appalachia Waltz" and "Appalachian Journey" with Mark O'Connor and Edgar Meyer and two Grammy-winning tributes to the music of Brazil, "Obrigado Brazil" and "Obrigado Brazil—Live in Concert." Mr. Ma's recent recordings include Mendelssohn Trios with Emanuel Ax and Itzhak Perlman. His new album, "The Goat Rodeo Sessions," with Edgar Meyer, Chris Thile and Stuart Duncan was released in October 2011. Across this full range of releases, Mr. Ma remains one of the best-selling recording artists in the classical field. All of his recent albums have quickly entered the Billboard chart of classical best sellers, remaining in the Top 15 for extended periods, often with as many as four titles simultaneously on the list. In fall 2009, Sony Classical released a box set of over 90 albums to commemorate Mr. Ma's 30 years as a Sony recording artist.

Yo-Yo Ma was born in 1955 to Chinese parents living in Paris. He began to study the cello with his father at age four and soon came with his family to New York, where he spent most of his formative years. Later, his principal teacher was Leonard Rose at The Juilliard School. He has received numerous awards, including the Avery Fisher Prize (1978), the Glenn Gould Prize (1999), the National Medal of the Arts (2001), the Dan David Prize (2006), the Sonning Prize (2006), the World Economic Forum's Crystal Award (2008) and the Presidential Medal of Freedom (2010). In 2011 Mr. Ma was recognized as a Kennedy Center Honoree. He was the recipient of the 2012 Polar Music Prize. Appointed a CultureConnect Ambassador by the United States Department of State in 2002, Mr. Ma has met with, trained and mentored thousands of students worldwide in countries including Lithuania, Korea, Lebanon, Azerbaijan and China. Mr. Ma serves as a UN Messenger of Peace and as a member of the President's Committee on the Arts & the Humanities. He has performed for eight American presidents, most recently at the invitation of President Obama on the occasion of the 56th Inaugural Ceremony. Mr. Ma and his wife have two children. He plays two instruments, a 1733 Montagnana cello from Venice and the 1712 Davidoff Stradivarius.

For additional information, see: www.yo-yoma.com, www.silkroadproject.org, and www.opus3artists.com.

# JOHN **MAEDA**

John Maeda (born 1966 in Seattle, Washington) is a Japanese-American graphic designer, computer scientist, academic, and author. His work in design, technology and leadership explores the area where the fields merge. He is the current President of the Rhode Island School of Design.

Maeda was originally a software engineering student at the Massachusetts Institute of Technology, when he became fascinated with the work of Paul Rand and Muriel Cooper. Cooper was a director of MIT's Visual Language Workshop. After completing his bachelors and masters degrees at MIT, Maeda studied in Japan at Tsukuba University's Institute of Art and Design to complete his Ph.D. in design.

As an artist, Maeda's early work redefined the use of electronic media as a tool for expression by combining computer programming with traditional artistic technique, laying the groundwork for the interactive motion graphics that are taken for granted on the web today. He has exhibited in one-man shows in London, New York and Paris. His work is in the permanent collections of the Museum of Modern Art, the San Francisco Museum of Modern Art and the Cartier Foundation in Paris.

At RISD, Maeda is leading the movement to transform STEM (Science, Technology, Engineering, and Math) to STEAM by adding Art. He believes art and design are poised to transform our economy in the 21st century like science and technology did in the last century.

In 1999, he was named one of the 21 most important people in the 21st century by *Esquire*. In 2001, he received the National Design Award for Communication Design in the United States and Japan's Mainichi Design Prize.

In 2006, Maeda published *Laws of Simplicity*, his best-selling book to date, based on a research project to find ways for people to simplify their life in the face of growing complexity.

In 2009 he was inducted into the New York Art Director's Club Hall of Fame, and he received the AIGA Medal in 2011. He is a trustee of the Cooper-Hewitt National Design Museum.

## JOHN **MAZZIOTTA**

Dr. John Mazziotta is Chair of the Department of Neurology, David Geffen School of Medicine at UCLA, and Director of the UCLA Ahmanson-Lovelace Brain Mapping Center. After receiving his B.A. and M.A. degrees from Columbia University in 1972, he obtained an M.D. and Ph.D. in Neuroanatomy and Computer Science from Georgetown University in 1977. Following an internship at Georgetown, he completed Neurology and Nuclear Medicine training at UCLA and joined the faculty here in 1983.

Dr. Mazziotta chairs one of the nation's largest Neurology departments, which for nine of the last ten years achieved the distinguished position of being first in National Institutes of Health (NIH) research funding. An expert in brain imaging, he established the Brain Mapping Center at UCLA that includes all of the methods available to study human brain structure and function. He was the principal investigator of the International Consortium for Brain Mapping, whose goal is to develop the first atlas of the human brain that will include behavioral, demographic, imaging, and genetic data from 7,000 subjects.

Since beginning this work, Dr. Mazziotta has published more than 255 research papers and eight texts. He has received numerous awards and honors, including the Oldendorf Award from the American Society of Neuroimaging, the S. Weir Mitchell Award and the Wartenberg Prize of the American Academy of Neurology, the Von Hevesy Prize from the International Society of Nuclear Medicine, the 1996 Medical Science Award from the UCLA Medical Alumni Association, election to the Institute of Medicine of the National Academy of Sciences, Honorary Doctorate from l'Université de Caen and membership in the Royal College of Physicians.

In January 2012, Dr. Mazziotta was appointed Associate Vice Chancellor for Medical Sciences and Executive Vice Dean of the David Geffen School of Medicine at UCLA.

## NICHOLAS **NEGROPONTE**

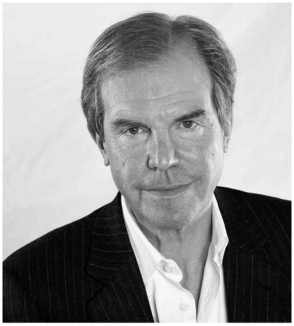

Nicholas Negroponte (born December 1, 1943) is an American architect best known as the founder and Chairman Emeritus of Massachusetts Institute of Technology's Media Lab, and also known as the founder of the One Laptop per Child Association (OLPC).

Negroponte was born to Dimitri John Negroponte, a Greek shipping magnate, and grew up in New York City's Upper East Side. He is the younger brother of John Negroponte, former United States Deputy Secretary of State.

He attended Buckley School in New York City, Le Rosey in Switzerland, and The Choate School (now Choate Rosemary Hall) in Wallingford, Connecticut, from which he graduated in 1961. Subsequently, he studied at MIT as both an undergraduate and graduate student in Architecture where his research focused on issues of computer-aided design. He earned a Master's degree in architecture from MIT in 1966.

Negroponte joined the faculty of MIT in 1966. For several years thereafter he divided his teaching time between MIT and several visiting professorships at Yale, Michigan and the University of California, Berkeley.

In 1967, Negroponte founded MIT's Architecture Machine Group, a combination lab and think tank which studied new approaches to human-computer interaction. In 1985, Negroponte created the MIT Media Lab with Jerome B. Wiesner. As director, he developed the lab into the pre-eminent computer science laboratory for new media and a high-tech playground for investigating the human-computer interface. Negroponte also became a proponent of intelligent agents and personalized electronic newspapers, for which he popularized the term the Daily Me.

In 1992, Negroponte became involved in the creation of *Wired* Magazine as the first investor. From 1993 to 1998, he contributed a monthly column to the magazine in which he reiterated a basic theme: "Move bits, not atoms."

Negroponte expanded many of the ideas from his Wired columns into a bestselling book *Being Digital* (1995), which made famous his forecasts on how the interactive world, the entertainment world and the information world would eventually merge. *Being Digital* was a bestseller and was translated into some twenty languages. Negroponte is a digital optimist who believed that computers would make life better for everyone. However, critics such as Cass Sunstein have faulted his techno-utopian ideas for failing to consider the historical, political and cultural realities with which new technologies should be viewed.

Negroponte's belief that wired technologies such as telephones will ultimately become unwired by using airwaves instead of wires or fiber optics, and that unwired technologies such as televisions will become wired, is commonly referred to as the Negroponte switch.

In 2000, Negroponte stepped down as director of the Media Lab as Walter Bender took over as Executive Director. However, Negroponte retained the role of laboratory Chairman. When Frank Moss was appointed director of the lab in 2006, Negroponte stepped down as lab chairman to focus more fully on his work with One Laptop Per Child (OLPC) although he retains his appointment as professor at MIT.

In November 2005, at the World Summit on the Information Society held in Tunis, Negroponte unveiled the concept of a $100 laptop computer, The Children's Machine, designed for students in the developing world. The price has increased to US$180, however. The project is part of a broader program by One Laptop Per Child, a non-profit organisation started by Negroponte and other Media Lab faculty, to extend Internet access in developing countries.

Negroponte is an active angel investor and has invested in over 30 startup companies over the last 30 years, including Zagats, *Wired*, Ambient Devices, Skype and Velti. He sits on several boards, including Motorola (listed on the New York Stock Exchange) and Velti (listed on the London Stock Exchange and the NASDAQ). He is also on the advisory board of TTI/Vanguard. In August 2007, he was appointed to a five-member special committee with the objective of assuring the continued journalistic and editorial integrity and independence of the *Wall Street Journal* and other Dow Jones & Company publications and services. The committee was formed as part of the merger of Dow Jones with News Corporation. Negroponte's fellow founding committee members are Louis Boccardi, Thomas Bray, Jack Fuller, and the late former Congresswoman Jennifer Dunn.

Negroponte has influenced modern day futurists, such as David Houle.

## TODD **OLDHAM**

Todd is a well-known designer whose career spans more than 20 years. Distinguished as an innovator of accessible design, Todd Oldham is the founder of Todd Oldham Studio, a multifaceted, full-service design studio based in NYC.

Originally a New York fashion designer, the host of "Todd Time" on MTV's House of Style, Todd's career has evolved to include all areas of design, from interior design, film and photography, to furniture and graphic design.

Todd is currently working on his 19th book *Charley Harper's Animal Kingdom*. His previous books include a 672-page monograph on the life's work of artist Alexander Girard; a unique ongoing series called *Place Space* that explores singular places and the uncommonly devoted people that create them; an artist's monograph on the brilliant, warped work of Wayne White (all published by AMMO BOOKS). Most recently, Kid Made Modern, a collection of art supplies and kits, books and events, debuted this summer in all Target locations.

# CRISTINA **PATO**

Cristina Pato has already opened historical new paths for the Gaita (Galician bagpipe). In 1998 Cristina Pato became the first female Gaita player releasing a solo album and since then she has collaborated with world music, jazz, classical and experimental artists (including Chicago Symphony, Yo-Yo Ma, The Chieftains, Arturo O'Farril, World Symphony Orchestra, Paquito D'Rivera). Her unique and powerful style full of passion and energy has been acclaimed by The *New York Times* as "a virtuosic burst of energy" or the BBC as "the Galician bagpipe diva". Cristina Pato fuses the influences of Latin music, jazz, pop and contemporary music, and uses her artistry and unprecedented virtuosic skill to bring her musical vision to life. Pato is a member of Yo-Yo Ma's Silk Road Ensemble.

Internationally acclaimed as a Gaita master and classical pianist, Cristina Pato enjoys an active professional career devoted to both Galician popular and classical music. Her dual careers have led to performances throughout major stages throughout the world, including USA (Carnegie Hall, Lincoln Center), India (Kamani Auditorium), Jerusalem (Jerusalem Festival), Angola, China, Corea, Portugal (Festa do Avante), Brazil (Liszt Festival), UK (Celtic Connections), France, Italy (Etnofestival), Germany, Mexico (Palacio de Bellas Artes) and her native Spain.

An active recording artist and performer since age 12, Ms. Pato has released four solo Gaita recordings, two as a pianist and has collaborated in more than thirty recordings as a guest artist, including the Grammy award winner "Yo-Yo Ma and Friends; Songs of Joy and Peace" (SONY BMG 2008), the "Miles Español: New Skectches of Spain" album and the Grammy nominated Silk Road Ensemble album "Off the Map" (World Village 2010). Ms. Pato has given more than 500 concerts with her own band many of them recorded and broadcasted by television stations such as BBC, TVG, CNN and RTVE, and she has been praised by newspapers as The *New York Times*, *El Pais*, *La Voz de Galicia* or The *Scotsman*.

Ms. Pato is Doctor of Musical Arts in Collaborative Piano from the Mason Gross School of the Arts, Rutgers University (NJ, USA), where she studied with a fellowship from Fundacion Barrie de la Maza. She was awarded with the Edna Mason Scholarship and the Irene Alm Memorial Prize for excellence in scholarly research and performance (Rutgers University, May 2008). Cristina Pato holds both a Master of Music Degree in Piano Performance and a Master of Music Degree in Music Theory and Chamber Music (with honors) from the Conservatorio de Musica del Liceu (Barcelona). She also holds also a Master of Fine Arts Degree in Digital Arts (Computer Music) from the Universitat Pompeu Fabra (Barcelona).

Cristina Pato is part of the Leadership Council of The Silk Road Ensemble collaborating closely with Harvard University, the ensemble's residency. Cristina is also a faculty member (adjunct) at the vocal department of New Jersey City University.

During the 2011-2012 season Cristina Pato has toured Africa and Spain with her own band; USA, China, and Korea with Yo Yo Ma and The Silk Road Ensemble and India with HUM Ensemble. She collaborated in the album Miles Español along with Chick Corea and Jack DeJonnette and participated at the Kennedy Center Honors Awards honoring Yo Yo Ma with The Silk Road Ensemble, Johns Williams and James Taylor.

She is the founder and artistic director of Galician Connection, a forum in world music celebrated annually at Cidade da Cultura de Galicia.

Ms. Pato resides in New York City since 2004.
More info: www.cristinapato.com

# STEVEN **PINKER**

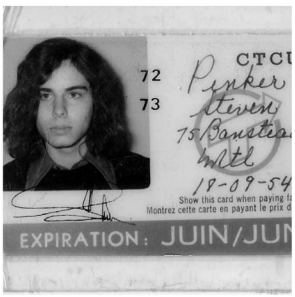


Steven Pinker was born in 1954 in the English-speaking Jewish community of Montreal,Canada. He earned a bachelor's degree in experimental psychology at McGill University and then moved to Cambridge, Massachusetts in 1976, where he has spent most of his career bouncing back and forth between Harvard and MIT. He earned his doctorate at Harvard in 1979, followed by a postdoctoral fellowship at MIT, a one-year stint as an assistant professor at Harvard, and in 1982, a move back to MIT that lasted until 2003, when he returned to Harvard. Currently he is Harvard College Professor and the Johnstone Family Professor in the Department of Psychology. He also has spent two years in California: in 1981–82, when he was an assistant professor at Stanford, and in 1995–96,when he spent a sabbatical year at the University of California, Santa Barbara.

Pinker is an experimental psychologist who is interested in all aspects of language and mind. Much of his initial research was in visual cognition, the ability to imagine shapes, recognize faces and objects, and direct attention within the visual field. But beginning in graduate school he cultivated an interest in language, particularly language development in children, and this topic eventually took over his research activities. Aside from his experimental papers in language and visual cognition, he wrote two fairly technical books early in his career. One outlined a theory of how children acquire the words and grammatical structures of their mother tongue. The second focused on one aspect of this process, the ability to use different kinds of verbs in appropriate sentences, such as intransitive verbs, transitive verbs, and verbs taking different combinations of complements and indirect objects. For the next two decades his research focused on the distinction between irregular verbs like bring-brought and regular verbs like walk-walked. The reason is that the two kinds of verbs neatly embody the two processes that make language possible: looking up words in memory, and combining words (or parts of words) according to rules. He has also studied language development in twins and the neuroimaging of language processes in the brain, and has recently begun lines of research on the nature of reminding and on the function of innuendo and other forms of indirect speech.

In 1994 he published the first of five books written for a general audience. *The Language Instinct* was an introduction to all aspects of language, held together by the idea that language is a biological adaptation. This was followed in 1997 by *How the Mind Works*, which offered a similar synthesis of the rest of the mind, from vision and reasoning to the emotions, humor, and art. In 1999 he published *Words and Rules: The Ingredients of Language* which presented his research on regular and irregular verbs as a way of explaining how language works in general. In 2002 he published *The Blank Slate: The Modern Denial of Human Nature*, which explored the political, moral, and emotional colorings of the concept of human nature. *The Stuff of Thought: Language as a Window into Human Nature*, published in 2007, discussed the ways in which language reveals our thoughts, emotions, and social relationships. His most recent book is *The Better Angels of Our Nature: Why Violence Has Declined*, published in 2011. Pinker frequently writes for The *New York Times*, *Time*, The *New Republic*, and other magazines on subjects such as language and politics, the neural basis of consciousness, and the genetic enhancement of human beings.

Pinker is the Chair of the Usage Panel of The *American Heritage Dictionary* and has served as editor or advisor for numerous scientific, scholarly, media, and humanist organizations, including the American Association the Advancement of Science, the National Science Foundation, the American Academy of Arts and Sciences, the American Psychological Association, and the Linguistics Society of America. He has won many prizes for his books (including the William James Book Prize three times, the *Los Angeles Times* Science Book Prize, and the Eleanor Maccoby Book Prize), his research (including the Troland Research Prize from the National Academy of Sciences, the Early Career Award from the American Psychological Association, and the Henry Dale Prize from the Royal Institution of Great Britain), and his graduate and undergraduate teaching. He is also a Humanist Laureate, the 2006 Humanist of the Year, recipient of the 2008 Innovations for Humanity Award from La Ciudad de las Ideas in Mexico, the 2008 Honorary President of the Canadian Psychological Association, and the recipient of six honorary doctorates.

Pinker lives in Boston and in Truro with Rebecca Newberger Goldstein. The other authors in the family are his sister Susan Pinker and Rebecca's daughter Yael Goldstein Love.

## LISA **RANDALL**

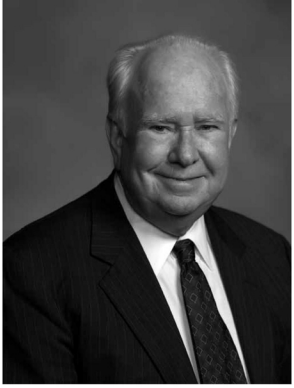

Professor Lisa Randall studies theoretical particle physics and cosmology at Harvard University. Her research connects theoretical insights to puzzles in our current understanding of the properties and interactions of matter. She has developed and studied a wide variety of models to address these questions, the most prominent involving extra dimensions of space. Her work has involved improving our under-standing of the Standard Model of particle physics, supersymmetry, baryogenesis, cosmological inflation, and dark matter. Randall's research also explores ways to experimentally test and verify ideas and her current research focuses in large part on the Large Hadron Collider and dark matter searches and models.

Randall has also had a public presence through her writing, lectures, and radio and TV appearances. Randall's books, *Warped Passages: Unraveling the Mysteries of the Universe's Hidden Dimensions* and *Knocking on Heaven's Door: How Physics and Scientific Thinking Illuminate the Universe and the Modern World* were both on The *New York Times*' list of 100 Notable Books of the Year. *Higgs Discovery: The Power of Empty Space* was released as a Kindle Single in the summer of 2012 as an update with recent particle physics developments.

Randall's studies have made her among the most cited and influential theoretical physicists and she has received numerous awards and honors for her scientific endeavors. She is a member of the National Academy of Sciences, the American Philosophical Society, the American Academy of Arts and Sciences, was a fellow of the American Physical Society, and is a past winner of an Alfred P. Sloan Foundation Research Fellowship, a National Science Foundation Young Investigator Award, a DOE Outstanding Junior Investigator Award, and the Westinghouse Science Talent Search. Randall is an Honorary Member of the Royal Irish Academy and an Honorary Fellow of the British Institute of Physics. In 2003, she received the Premio Caterina Tomassoni e Felice Pietro Chisesi Award, from the University of Rome, La Sapienza. In 2006, she received the Klopsteg Award from the American Society of Physics Teachers (AAPT) for her lectures and in 2007 she received the Julius Lilienfeld Prize from the American Physical Society for her work on elementary particle physics and cosmology and for communicating this work to the public.

Randall has also pursued art-science connections, writing a libretto for *Hypermusic: A Projective Opera in Seven Planes* that premiered in the Pompidou Center in Paris and co-curating an art exhibit for the Los Angeles Arts Association, Measure for Measure, which was presented in Gallery 825 in Los Angeles, at the Guggenheim Gallery at Chapman University, and at Harvard's Carpenter Center. In 2012, she was the recipient of the Andrew Gemant Award from the American Institute of Physics, which is given annually for significant contributions to the cultural, artistic, or humanistic dimension of physics.

Professor Randall was on the list of *Time* Magazine's "100 Most Influential People" of 2007 and was one of 40 people featured in The *Rolling Stone* 40th Anniversary issue that year. Prof. Randall was featured in *Newsweek's* "Who's Next in 2006" as "one of the most promising theoretical physicists of her generation" and in *Seed* Magazine's "2005 Year in Science Icons". In 2008, Prof. Randall was among *Esquire* Magazine's "75 Most Influential People."

Professor Randall earned her Ph.D. from Harvard University and held professorships at MIT and Princeton University before returning to Harvard in 2001. She is also the recipient of honorary degrees from Brown University, Duke University, Bard College, and the University of Antwerp.

## PETER **RAVEN**

Peter H. Raven, a leading botanist and advocate of conservation and biodiversity with a notably international outlook, is president emeritus of the Missouri Botanical Garden and George Engelmann Professor of Botany Emeritus at Washington University in St. Louis. In addition, Dr. Raven is a Trustee of the National Geographic Society and Chairman of the Society's Committee for Research and Exploration. For more than 39 years, Dr. Raven headed the Missouri Botanical Garden, an institution he nurtured to become a world-class center for botanical research, education, and horticulture display. During this period, the Garden became a leader in botanical research and conservation in Latin America, Africa, Asia, and North America.

Dr. Raven first realized in the mid 1960s that the rapid growth of the human population, consumption, and the spread of polluting technologies were threatening biological diversity to a degree that had not been realized earlier. He soon became an outspoken advocate of the need for conservation throughout the world based on efforts to attain sustainability and social justice everywhere. He was described by *Time* magazine as a "Hero for the Planet," and has received numerous prizes and awards, including the International Prize for Biology from the government of Japan; Volvo Environment Prize; the Tyler Prize for Environmental Achievement; the Sasakawa Environment Prize; and the BBVA Prize for Ecology and Conservation, Madrid. In October 2009 he was awarded the first RBG Kew International Medal, given on the occasion of the 250th anniversary of the Gardens; in January 2010, the Award for International Scientific Cooperation of the Chinese Academy of Science and the Friendship Award (for promoting international cooperation) from the government of China. Earlier in 2012, he received an award from the President of Mexico for his work with Mexican scientists and institutions over the years. Earlier in his career, Dr. Raven held Guggenheim and John D. and Catherine T. MacArthur Foundation Fellowships.

In 2001, Dr. Raven received the National Medal of Science, the highest award for scientific accomplishment in the United States. He has been president of the American Association for the Advancement of Science, Sigma Xi, the American Institute of Biological Sciences, and a number of other organizations. He served for 12 years as Home Secretary of the National Academy of Sciences, to which he was elected in 1977. He is also a member of the American Academy of Arts and Sciences and of the American Philosophical Society, of the academies of science in Argentina, Australia, Austria, Brazil, Chile, China, Denmark, Georgia, Hungary, India, Italy, Mexico, New Zealand, Russia, Sweden, Ukraine, the U.K. (the Royal Society), and of the Pontifical Academy of Sciences and the Academy of Sciences for the Developing World (TWAS).

Dr. Raven is Co-editor of the *Flora of China*, a joint Chinese-American international project that is leading to a contemporary, 50-volume account on all the plants of China scheduled for completion at the end of 2012. He was the first chair of the U.S. Civilian Research and Development Foundation, a private, congressionally-chartered organization that funds joint research with the independent countries of the former Soviet Union.

Dr. Raven has written numerous books and publications, both popular and scientific, including *Biology of Plants* (co-authored with Ray Evert and Susan Eichhorn, W. H. Freeman and Company/Worth Publishers, New York), the internationally best-selling textbook in botany, of which the eighth edition appeared in 2011; and *Environment* (co-authored with Linda Berg, Wiley & Sons, New York), a leading textbook on the environment, now in its eighth edition (2011).

Dr. Raven received his Ph.D. from the University of California, Los Angeles, in 1960 after completing his undergraduate studies at the University of California, Berkeley. He has been awarded honorary degrees by a number of universities in the United States and around the world.

# MOSHE **SAFDIE**

Moshe Safdie is an architect, urban planner, educator, theorist, and author. Embracing a comprehensive and humane design philosophy, Safdie is committed to architecture that supports and enhances a project's program; that is informed by the geographic, social, and cultural elements that define a place; and that responds to human needs and aspirations. Safdie has completed a wide range of projects, such as cultural, educational, and civic institutions; neighborhoods and public parks; mixed-use urban centers and airports; and master plans for existing communities and entirely new cities around the world.

Major projects by Safdie Architects currently under construction or recently completed include Mamilla Alrov Center, a dynamic urban center near the Old City in Jerusalem; Marina Bay Sands, a mixed-use integrated resort in Singapore; Khalsa Heritage Memorial Complex, the national museum of the Sikh people in the Punjab, India; the United States Institute of Peace Headquarters on the Mall in Washington, D.C.; the National Campus for the Archeology of Israel in Jerusalem; Golden Dream Bay, a high-density residential project in Qinhuangdao, China; the Kauffman Center for the Performing Arts in Kansas City, Missouri; and the Crystal Bridges Museum of American Art in Bentonville, Arkansas.

Born in Haifa, Israel, in 1938, Safdie moved to Canada with his family at a young age. He graduated from McGill University in 1961 with a degree in architecture. After apprenticing with Louis I. Kahn in Philadelphia, Safdie returned to Montreal to oversee the master plan for the 1967 World Exhibition. In 1964 he established his own firm to realize Habitat '67, an adaptation of his thesis at McGill, which was the central feature of the World's Fair and a groundbreaking design in the history of architecture.

In 1970, Safdie established a Jerusalem branch office, commencing an intense involvement with the rebuilding of Jerusalem. He was responsible for major segments of the restoration of the Old City and the reconstruction of the new center, linking the Old and New Cities. Over the years, his involvement expanded and included the new city of Modi'in, the new Yad Vashem Holocaust Museum, and the Rabin Memorial Center. During this period, Safdie also became involved in the developing world, working in Senegal, Iran, Singapore, and in the northern Canadian arctic. In 1978, after teaching at Yale, McGill, and Ben Gurion Universities, Safdie relocated his residence and principal office to Boston. He served as Director of the Urban Design Program at Harvard University Graduate School of Design from 1978 to 1984, and Ian Woodner Professor of Architecture and Urban Design from 1984 to 1989. In the following decade, he was responsible for the design of six of Canada's principal public institutions, including the Quebec Museum of Civilization, the National Gallery of Canada, and Vancouver Library Square.

Safdie has worked with a wide range of clients, including municipal entities and government agencies, colleges and universities, private developers, and non-profit organizations and civic institutions. Many of his firm's buildings have become beloved regional and national landmarks, including Exploration Place Science Center, Wichita, Kansas; Salt Lake City Public Library, Salt Lake City, Utah; Peabody Essex Museum, Salem, Massachusetts; Springfield Federal Courthouse, Springfield, Massachusetts; Skirball Cultural Center, Los Angeles, California; Lester B. Pearson International Airport, Toronto, Canada; the National Gallery of Canada; and Yad Vashem Holocaust Museum, Jerusalem, Israel.

In addition to numerous articles on the theory and practice of architecture, Safdie has written several books, most notably, *Beyond Habitat* (1970), *For Everyone a Garden* (1974), *Form and Purpose* (1982), and *Jerusalem: The Future of the Past* (1989). *The City After the Automobile* (1997) details Safdie's ideas about urbanism and city planning. A comprehensive monograph of his work, *Moshe Safdie I*, was published in 1996. *Moshe Safdie II*, a second monograph featuring work from 1996–2008, was published in 2009.

Safdie has been featured in several films, including Moshe Safdie, The Power of Architecture, which is a portrait film (directed by Donald Winkler, 2004), My Architect: A Son's Journey about Nathaniel Kahn and his father Louis I. Khan (directed by Nathaniel Kahn, 2003), and The Sound of the Carceri, about Bach and Piranesi, with Yo-Yo Ma (directed by Francois Girard, 1997). In the fall of 2010, The National Gallery of Canada presented *Global Citizen: The Architecture of Moshe Safdie*, an exhibition that explores the architect's buildings and design philosophy. The exhibition is co-sponsored by Crystal Bridges Museum of American Art and the Skirball Cultural Center.

Past exhibitions of Safdie's designs include *Building a New Museum* (Peabody Essex Museum, 2003-2004); *Moshe Safdie, Museum Architecture 1971–1998* (Tel Aviv University, 1998); *Moshe Safdie, Projects: 1979–1989* (Harvard University Graduate School of Design, 1989); and *For Everyone a Garden* (Baltimore Museum of Art, National Gallery of Canada, and San Francisco Museum of Modern Art, 1973-1974).

Safdie has been the recipient of numerous awards, honorary degrees, and civil honors, including the Companion of the Order of Canada and the Gold Medal of the Royal Architectural Institute of Canada.

## MEGAN **SMITH**

Megan recently joined Google's advanced products team, Google [x], where she is working on range of projects including co-creating/hosting SolveForX, a forum to encourage and amplify technology-based moonshot thinking and teamwork (http://www.wesolveforx.com/). For nine years before that she oversaw Google's New Business Development team managing early-stage partnerships, pilot explorations, and technology licensing working closely with Google's engineering and product teams globally across all product areas. She led many of the company's early acquisitions, including Keyhole (Google Earth), Where2Tech (Google Maps) and Picasa. Megan also led the Google.org team transition to expand and innovate engineering based projects including Google Crisis Response, Google for Nonprofits, and Earth Outreach/Earth Engine, Googler 1%-time (now called "GoogleServe20") in addition to operationalizing Google's more traditional corporate giving.

Prior to joining Google in 2003, Megan was the CEO and, earlier, COO of PlanetOut, the leading gay, lesbian, bisexual and transgender online community, where the team broke through many barriers and partnered closely with all of the early major web players. She also held roles at General Magic and Apple Japan. Over the years, Megan has contributed to a wide range of engineering projects, including an award-winning bicycle lock, space station construction program, solar cookstoves and was a member of the MIT student team who designed, built and raced a solar car 2000 miles across the Australian outback. She holds a bachelor's degree and a master's degree in mechanical engineering from MIT, where she now serves on the board. She completed her master's thesis work at the MIT Media Lab.

## BENEDIKT **TASCHEN**

Benedikt Taschen, 1961, Cologne, Germany, is a German publisher. His professional life started at age 18 in a 250-square-foot (23 m²) store in Cologne, Germany, named TASCHEN COMICS. In 1984, he bought 40,000 remainder copies of a Magritte monograph published in English with money borrowed from his family. The books sold through at double the price in two months and he was soon publishing his own books. By the end of the 1980s TASCHEN titles were available in over a dozen languages at prices that made art books affordable to students and collectors alike.

By the late 1990s, he had become a household name in publishing. When *Vanity Fair's* Matt Tyrnauer deemed him, "one of the few people in business who has the courage to do exactly what he wants whenever he wants to", Benedikt Taschen tested the theory with Helmut Newton's *SUMO*, the largest bound book of the 20th century. "I have done a lot of books, and I can tell you—without mentioning names—that publishers are not all like him. There are very few like him. Or there are none like him. He is also, I might add, a madman", says Helmut Newton to *Vanity Fair*.

*SUMO* is also the company's most successful title of the last ten years and the precursor to Benedikt Taschen's most ambitious personal project: *GOAT—Greatest of All Time*, a tribute to Muhammad Ali, shipping in Spring 2004. Four years in the making, *GOAT* weighs 75 lbs and is 20" x 20" in size, with nearly 800 pages of archival and original photographs, graphic artwork and articles and essays—including those of Ali himself.

Another of his books is the *Icons* series of art books, some of the most accessible in the world.

Today, TASCHEN has offices in Cologne, Hong Kong, London, Los Angeles, Madrid, Paris and Tokyo and stores in Amsterdam, Berlin, Beverly Hills, Brussels, Cologne, Copenhagen, Hamburg, Hollywood, London, Miami, New York, and Paris. TASCHEN employs 200 staff members worldwide and many longtime freelance editors. As Billy Wilder put it in *Vanity Fair* 2000: "Benedikt reminds me of an old-time Hollywood figure—a studio head, someone who is in firm command and has his hand in everything".

He is married and lives in the *Chemosphere*, designed by John Lautner in 1960. He bought the home for $1 million in 1997, restored the building, and published a book on Lautner. He lives and works in Cologne and Los Angeles.

## JULIE **TAYMOR**

In 1998, Julie Taymor became the first woman to win the Tony® Award for Best Direction of a Musical, and also won a Tony® for Best Costumes, for her landmark production of *The Lion King*. The musical has won three Molière Awards including Best Musical and Best Costumes, garnered Drama Desk, Outer Critics Circle and Drama League awards for Taymor's direction, and myriad awards for her original costume, mask and puppet designs. For her latest Broadway production, *Spider-Man: Turn Off the Dark*, Taymor served as director and co-book writer. Taymor made her Broadway debut in 1996 with *Juan Darién: A Carnival Mass*, nominated for five Tony® Awards.

Other theater work includes *The Green Bird*, *Titus Andronicus*, *The Tempest*, *The Taming of the Shrew*, *The Transposed Heads* and *Liberty's Taken*.

Taymor's feature film directorial debut, Titus, starred Anthony Hopkins, Jessica Lange and Alan Cumming. In 2002, her biographical film Frida, starring Salma Hayek and Alfred Molina, earned six Academy Award® nominations, winning two. She took on the music of the Beatles, and earned a Golden Globe® nomination for Best Motion Picture—Musical or Comedy, in Across the Universe. Julie's most recent film, The Tempest, had its North American premiere at the 48th New York Film Festival in October 2010, following a world premiere at the 67th Venice International Film Festival. Taymor's adaptation of the William Shakespeare play features an all-star cast including Helen Mirren, Russell Brand, Djimon Hounsou and Alfred Molina.

Beyond the theatre and screen, Taymor has directed five operas internationally including *Oedipus Rex* with Jessye Norman, for which she earned the International Classical Music Award for Best Opera Production. A subsequent film version premiered at the Sundance Film Festival and won her an Emmy® award.

Taymor also directed *Salomé*, *The Flying Dutchman*, *Die Zauberflöte* (which has been in repertory at The Met for six years), *The Magic Flute* (the abridged English version of *Die Zauberflöte*, which inaugurated a new PBS series entitled "Great Performances at The Met") and Elliot Goldenthal's *Grendel*.

An illustrated book on her career, Julie Taymor: *Playing With Fire*, was recently expanded and revised by Harry N. Abrams. Her book, *The Lion King: Pride Rock on Broadway*, is published by Hyperion. Taymor's adapted screenplay for Titus is published in an illustrated book by Newmarket Press. An illustrated book, *Frida: Bringing Frida Kahlo's Life and Art to Film*, is available from Newmarket Press. Harry N. Abrams also published an illustrated screenplay of Taymor's film adaptation of The Tempest which coincided with its premiere.

Taymor is a 1991 recipient of the MacArthur "genius" Fellowship.

J. CRAIG **VENTER**

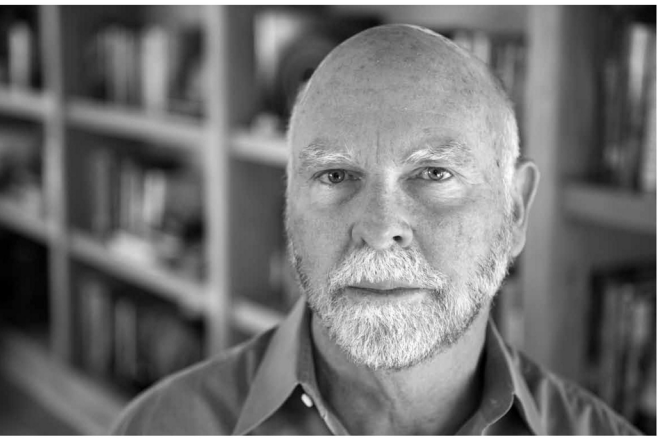

J. Craig Venter, Ph.D., is regarded as one of the leading scientists of the 21st century for his numerous invaluable contributions to genomic research. He is Founder, Chairman, and President of the J. Craig Venter Institute (JCVI), a not-for-profit, research organization with approximately 300 scientists and staff dedicated to human, microbial, plant, synthetic and environmental genomic research, and the exploration of social and ethical issues in genomics.

Dr. Venter is also Founder and CEO of Synthetic Genomics Inc (SGI), a privately held company dedicated to commercializing genomic-driven solutions to address global needs such as new sources of energy, new food and nutritional products, and next generation vaccines.

Dr. Venter began his formal education after a tour of duty as a Navy Corpsman in Vietnam from 1967 to 1968. After earning both a Bachelor's degree in Biochemistry and a Ph.D. in Physiology and Pharmacology from the University of California at San Diego, he was appointed professor at the State University of New York at Buffalo and the Roswell Park Cancer Institute. In 1984, he moved to the National Institutes of Health campus where he developed Expressed Sequence Tags or ESTs, a revolutionary new strategy for rapid gene discovery. In 1992 Dr. Venter founded The Institute for Genomic Research (TIGR, now part of JCVI), a not-for-profit research institute, where in 1995 he and his team decoded the genome of the first free-living organism, the bacterium Haemophilus influenzae, using his new whole genome shotgun technique.

In 1998, Dr. Venter founded Celera Genomics to sequence the human genome using new tools and techniques he and his team developed. This research culminated with the February 2001 publication of the human genome in the journal, *Science*. He and his team at Celera also sequenced the fruit fly, mouse and rat genomes.

Dr. Venter and his team at JCVI continue to blaze new trails in genomics. They have sequenced and analyzed hundreds of genomes, and have published numerous important papers covering such areas as environmental genomics, the first complete diploid human genome, and the groundbreaking advance in creating the first self-replicating bacterial cell constructed entirely with synthetic DNA.

Dr. Venter is one of the most frequently cited scientists, and the author of more than 250 research articles. He is also the recipient of numerous honorary degrees, public honors, and scientific awards, including the 2008 United States National Medal of Science, the 2002 Gairdner Foundation International Award, the 2001 Paul Ehrlich and Ludwig Darmstaedter Prize and the King Faisal International Award for Science. Dr. Venter is a member of numerous prestigious scientific organizations including the National Academy of Sciences, the American Academy of Arts and Sciences, and the American Society for Microbiology.

## CHARITY **TILLEMANN DICK**

Charity Tillemann Dick is an American-born soprano and a recipient of two double lung transplants. Charity has performed across the United States, Europe, and Asia in venues as diverse as the Rose Theater at Lincoln Center in New York City; The Kennedy Center in Washington, DC; Severance Hall in Cleveland, Ohio; Il Giardino Di Boboli in Florence, Italy; the National Palace of the Arts in Budapest, Hungary; the Tel Aviv Opera House in Israel; the American Embassy in Beijing, China; the United Nations in New York; and National Statuary Hall in the United States Capitol. She has collaborated and performed with noted conductors and musicians including Eva Marton, Bruno Rigacci, Joela Jones, Marvin Hamlisch, Bono, Zoltan Kocis, Joan Dornemann, and former Secretary of State Dr. Condoleezza Rice. Some of her operatic roles have included Titania in A Mid Summer's Night Dream, Gilda in Rigoletto, Violetta in La Traviata, and Ophelia in Ophelia Forever. Charity has also performed for numerous presidents, prime ministers, members of Congress, and world dignitaries.

After receiving a diagnosis of Idiopathic Pulmonary Hypertension in 2004, Charity served as the national spokesperson for the Pulmonary Hypertension Association, working to raise awareness, increase federal research funding, expand stem cell research, and promote preventative and alternative medicine. In September of 2009, Charity received a bilateral lung transplant at the Cleveland Clinic in Ohio. After complications from rejection, Charity received a second bilateral lung transplant in January 2012.

Since receiving her first transplant, Charity has shared her amazing story and vocal talents at numerous conferences, musical performance, and events, including: TEDMED 2010 in San Diego, CA; the 6th National Learning Congress on Organ Donation in Dallas, TX; the 2010 Empathy and Innovation Summit in Cleveland, OH; and the EG Conference in Monterey, CA. Charity has been featured on CNN with Dr. Sanjay Gupta, CBS This Morning, Glamour magazine, ABCNews.com, TED.com, The Huffington Post, The *Wall Street Journal* Health Blog, the *Cleveland Plain Dealer*, the *San Francisco Chronicle*, and The *Sunday Times* (London). Her performances have been broadcast around the world on CNN, CBS, BBC, FOX, MSNBC, PBS, C-SPAN and NPR.

Charity received a Bachelor's degree with high honors from Regis University in Denver, CO, where she was raised with her 10 brothers and sisters. She later studied music at the Peabody Conservatory at Johns Hopkins University and the Liszt Academy of Music in Budapest. She currently resides in Washington, DC and New York City.

## GEOFFREY **WEST**

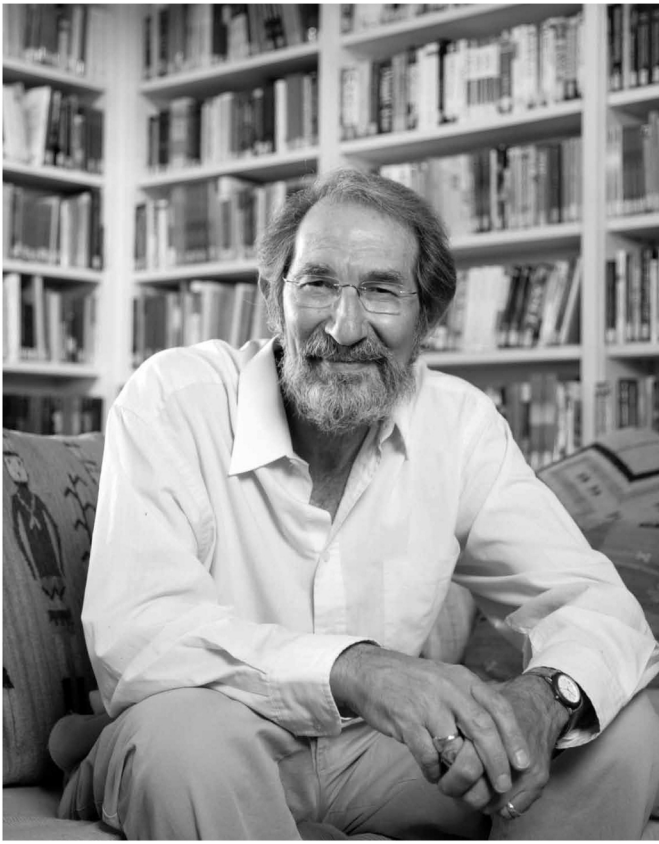

Geoffrey West is Distinguished Professor and former President of the Santa Fe Institute (SFI) and an Associate Fellow of the Said Business School, Oxford University. Prior to joining SFI in 2003, he was leader of high energy physics at Los Alamos National Laboratory, where he remains a Senior Fellow. He received his B.A. from Cambridge University in 1961 and his Ph.D. in physics from Stanford University in 1966. After spells at Cornell and Harvard Universities, he returned to Stanford in 1970 to join the faculty. He was President of SFI from 2005–2009.

West is a theoretical physicist whose primary interests have been in fundamental questions in physics and biology, ranging from the elementary particles, their interactions and cosmological implications to the origins of universal scaling laws and a unifying quantitative framework of biology. His research in biology has included metabolic rate, growth, aging and mortality, sleep, cancer, and ecosystem dynamics.

His recent work has focused on developing an underlying quantitative theory for the structure and dynamics of cities, companies and long-term sustainability, including rates of growth and innovation, the accelerating pace of life, and why companies die, yet cities survive.

He has given many colloquia, keynote addresses and public lectures world-wide. Awards include the Mercer Prize from the Ecological Society of America, the Weldon Prize for Mathematical Biology, and the Glenn Award for Aging research. He has been featured in many publications world-wide including The *New York Times*, *Nature*, *Science*, The *Financial Times*, *Time*, *Newsweek* and *Scientific American* and has participated in television productions including Nova, National Geographic and the BBC. His work was selected as a breakthrough idea of 2007 by *Harvard Business Review* and, in 2006, he was named to *Time* magazine's list of "100 Most Influential People in the World".

## will.i.am

will.i.am, a multi-faceted entertainer and creative innovator, is a seven-time Grammy Award winner. Known for his work with The Black Eyed Peas, who have sold 31 million albums and 58 million singles worldwide, he also works with some of the industry's biggest names including Michael Jackson, Rihanna, Usher, Nicki Minaj, Britney Spears, David Guetta, and film composer Hans Zimmer.

Frontman and founder of The Black Eyed Peas will.i.am has released two songs from his upcoming solo cd, #willpower on Interscope Records. The first two singles from the cd released in 2012 are: "T.H.E (The Hardest Ever)," featuring Mick Jagger and Jennifer Lopez, and number one hit song in the UK, "This is Love" featuring Eva Simons.

His songs and imagery have entertained and inspired millions, and the power of his words resonated deeply in his song "Yes We Can" that mobilized an entire generation to action during the 2008 presidential campaign. Demonstrating that music, brands and causes can be intertwined to entertain and inform, "Yes We Can" garnered an Emmy Award for "Best New Approaches in Daytime Entertainment."

In 2011, will.i.am executive produced and starred in his first prime time TV special "i.am FIRST: Science is Rock and Roll" to get young people excited about math and science education, as well as technology and science-related careers. Earlier this year he starred as a Coach on the hit reality TV show, "The Voice" UK edition on BBC One. While in London, will.i.am was a featured performer in "Concert for The Queen" in celebration of Queen Elizabeth II's Diamond Jubilee.

As a musician, producer, director and advocate for education, he is an enthusiastic user of technologies in both his professional and personal lives. In recognition of his ability to harness technology to enhance entertainment, creativity and communication, Intel Corporation appointed will as Director of Creative Innovation in 2011.

In collaboration with The Coca-Cola Company, will.i.am is on a mission to elevate the importance of recycling and to turn waste into a valued commodity through his EKOCYCLE brand. Launched in July, 2012, EKOCYCLE will give consumers more stylish options when shopping for fashion apparel, accessories and sporting goods that incorporate recycled plastic bottles and aluminum cans.

With a commitment to inspire kids to stay in school and go to college to become the leaders of tomorrow, will.i.am advocates regarding the importance and power of a good education through his i.am angel foundation's i.am scholarship. The i.am scholarship provides future leaders and innovators with comprehensive financial assistance to complete post-secondary education. The i.am angel foundation is also active in the U.K. through a STEM education and computer skills joint initiative with The Prince's Trust.

Recognized and honored by numerous industry organizations, will.i.am is the recipient of multiple Grammy Awards, a Latin Grammy Award, an Emmy Award, two NAACP Image Awards, a VH1 Do Something Award, the BMI President's Award and a 2008 Webby Award.

# C. K. **WILLIAMS**

C. K. Williams (born Charles Kenneth Williams on November 2, 1936) is an American poet, critic and translator. Williams has won nearly every major poetry award. Flesh and Blood won the National Book Critics Circle Award in 1987. Repair (1999) won the 2000 Pulitzer Prize for Poetry, was a National Book Award finalist and won the Los Angeles Times Book Prize. The Singing won the National Book Award, 2003 and in 2005 Williams received the Ruth Lilly Poetry Prize.

C. K. Williams grew up in Newark, New Jersey and graduated from Columbia High School in Maplewood. He later briefly attended Bucknell University and graduated from the University of Pennsylvania. While at Penn he studied with the romantic scholar, Morse Peckham, and spent a great deal of time in the circle of young architects who studied with and worked for the great architect Louis Kahn. In an essay, "Beginnings," he acknowledges Kahn's dedication and patience as essential to his notion of the life of an artist.

Williams lived for a period in Philadelphia, where he worked for a number of years as a part-time psychotherapist for adolescents and young adults, a ghost-writer and editor, then began teaching, first at the YM-YWHA in Philadelphia, then at several universities in Pennsylvania, Beaver College, Drexel, and Franklin and Marshall. He subsequently taught at many other universities, including Columbia, NYU, Boston University, the University of California, both at Irvine and Berkeley, before finally becoming a professor at George Mason University, then moving in 1995 to Princeton University, where he has taught poetry workshops and translation ever since.

He met his present wife, Catherine Mauger, a French jeweler, in 1973, and they have a son who is now a noted painter, Jed Williams. He has a daughter from an earlier marriage, Jessie Burns, who is a writer. He lives half the year near Princeton, and the rest in Normandy in France.

He is a member of the American Academy of Arts and Letters.

His first book, *Lies*, was published in 1969, and since then he has published many collections of poetry, culminating in his *Collected Poems*, of which Peter Campion wrote in The *Boston Globe*: "Throughout the five decades represented in his new *Collected Poems*, Williams has maintained the most sincere, and largest, ambitions. Like Yeats and Lowell before him, he writes from the borderland between private and public life....[His poems] join skeptical intelligence and emotional sincerity, in a way that dignifies all of our attempts to make sense of the world and of ourselves. C. K. Williams has set a new standard for American poetry."

Another collection, *Wait*, appeared in 2010, and another, *Writers Writing Dying*, will come out in 2012.

He has written a memoir, *Misgivings*, which appeared in 2000, a collection of essays, *Poetry and Consciousness*, 1999, and a critical study of Walt Whitman, *On Whitman*, 2010. A new collection of essays, *In Time: Poets, Poems and the Rest*, will be published in 2012.

Williams is also an acclaimed translator, notably of Sophocles' *Women of Trachis* and Euripides' *The Bacchae*, as well as of the Polish poet Adam Zagajewski and the French poet Francis Ponge.

He has also published several children's books.

APES

One branch, I read, of a species of chimpanzees has something like territorial wars,
and when the…army, I suppose you'd call it, of one tribe prevails and captures an enemy,
*"Several males hold a hand or foot of the rival so the victim can be damaged at will."*

This is so disquieting: if beings with whom we share so many genes can be this cruel,
what hope for us? Still, "rival," "victim, "will"–don't such anthropomorphic terms
make those simians' social-political conflicts sound more brutal than they are?

The chimps Catherine and I saw on their island sanctuary in Uganda we loathed.
Unlike the pacific gorillas in the forest of Bwindi, they fought, dementedly shrieked,
the dominant male lorded it over the rest; they were, in all, too much like us.

Another island from my recent reading, where Columbus, on his last voyage,
encountering some "Indians" who'd greeted him with curiosity and warmth, wrote,
before he chained and enslaved them, "They don't even know how to kill each other."

It's occurred to me I've read enough–at my age all it does is confirm my sadness.
Surely the papers: war, terror, torture, corruption–they're like broken glass in the mind.
Back when I knew I knew nothing, I read all the time, poems, novels, philosophy, myth,

but I hardly glanced at the news, there was a distance between what could happen
and the part of myself I felt with: now everything's so tight against me I hardly can move.
The *Analects* say people in the golden age weren't aware they were governed; they just
lived.

Could I have passed through my own golden age and not even known I was there?
Some gold: nuclear rockets aimed at your head, racism, sexism, contempt for the poor.
And there I was, reading. What did I learn? Everything, nothing, too little, too much…
Just enough to get me here: a long-faced, white-haired ape with a book, still turning the
page.

C. K. **WILLIAMS**

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## EDWARD **WILSON**

Edward Osborne Wilson is a world leading biologist and internationally recognized as one of the planet's most articulate authorities on the interrelatedness of knowledge disciplines and of life systems.

He is acknowledged for two interdisciplinary scientific disciplines (island biogeography and sociobiology), three unifying concepts for science and the humanities jointly (biophilia, biodiversity studies, and consilience), and one technological advance in the study of global biodiversity (the Encyclopedia of Life).

A native of Alabama, Wilson grew up in Mobile and received his bachelor's and master's degrees in biology from The University of Alabama (1949, 1950) and his doctoral degree in biology from Harvard University (1955).

Wilson has received more than 100 awards for his research on ants and biodiversity and for his writings addressed to both scientific and non-scientific audiences. He has received two Pulitzer Prizes in general non-fiction for his books *On Hunan Nature* (1979) and *The Ants* (1991); the Crafoord Prize from the Royal Swedish Academy of Sciences; the International Prize of Biology of Japan; and the Nonino and Serono Prizes for Letters and Sciences of Italy.

His work in the sciences, letters, the environment and conservation earned him prominence in the annals of the 21st Century. He was named one of the 25 most influential Americans by *Time* magazine and one of the world's 100 leading intellectuals by *Foreign Policy* magazine. He is the author of 28 books including the recent novel, *Anthill*, set in the woods of South Alabama; *The Social Conquest of Earth*; the soon-to-be-released profile of his boyhood hometown, *Why We Are Here: Mobile and the Spirit of a Southern City*.

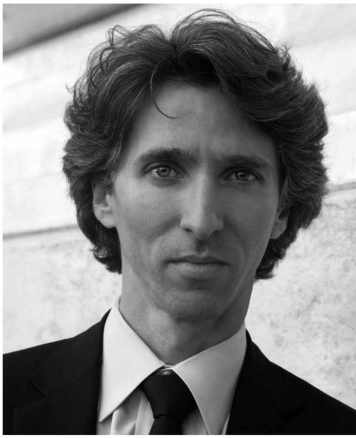

## DAMIAN **WOETZEL**

Damian Woetzel was a Principal Dancer at New York City Ballet and frequently performed internationally as a guest star and visiting artist with numerous companies including the Kirov Ballet and American Ballet Theatre, until his retirement from the stage in 2008. Woetzel currently serves as the Director of Arts Programs for the Aspen Institute, the Artistic Director of the Vail International Dance Festival, and as the Founding Director of the Jerome Robbins New Essential Works Program. Woetzel is also active as a director and producer outside these roles. Among his recent projects, Woetzel produced and directed an arts salute to Stephen Hawking at Lincoln Center for the World Science Festival, and directed the first performance of the White House Dance Series, which took place in the East Room of the White House and was hosted by First Lady Michelle Obama. Woetzel also works with Yo-Yo Ma on his Silk Road Connect program in the New York City Public Schools, and has twice directed culminating year-end performances; at the Museum of Natural History in 2010, and for the Central Park SummerStage series in 2011. Woetzel was appointed to the President's Committee on the Arts and Humanities by President Obama in 2009. In July 2012, Woetzel was honored with the inaugural Gene Kelly Legacy Award—an award jointly created by the Dizzy Feet Foundation and the Estate of Gene Kelly in honor of the 100th anniversary of Kelly's birth—for his contributions to the arts as a ballet star and director of dance and music performances.

In June 2011, Woetzel was named the Director of Arts Programs at the Aspen Institute. Under Woetzel's direction, the Aspen Institute Arts Program brings together leading artists, arts managers, sponsors, government officials

and patrons. Through these collaborations, the Program seeks to generate, exchange, and develop ideas and policies in order to encourage vibrancy and dynamism in all artistic realms, and to enrich civic culture in ways only the arts can.

Among the events curated by the Aspen Institute Arts Program under Woetzel's direction:

In November 2011, Woetzel curated the inaugural US-China Forum on the Arts and Culture in Beijing, in partnership with Asia Society and the Chinese People's Association for Friendship with Foreign Countries. The four day forum was the first in a series of cultural exchanges seeking to strengthen mutual understanding between Americans and Chinese through panel discussions, lectures, film screenings, museum tours, dinners and performance. American and Chinese artists and cultural representatives engaged in the forum included Joel Coen, Meryl Streep, Yo-Yo Ma, Alice Waters, Liu Ye, Ge You and others. Woetzel also directed a Public Forum in partnership with the Public Theater titled "Does Culture Make Us Who We are," hosted by Anne Hathaway with guests including Bill Irwin, David Brooks and Oskar Eustis.

In March 2012, Woetzel produced a panel with Howard Gardner, the Hobbs Professor of Cognition and Education at the Harvard Graduate School of Education, and Dr. Ellen Winner, Professor of Psychology at Boston College, and Senior Research Associate at Project Zero, examining the current state of the arts in education. Woetzel also hosted renowned artists Eric Fischl and Chuck Close in a conversation about artists and their audience at the Mary Boone Gallery in New York.

In June 2012, the Arts Program for the first time curated multiple sessions at the Institute's premiere public program, the Aspen Ideas Festival. For nineteen sessions, Woetzel brought renowned artists, policymakers, arts administrators as well as leading Chinese cultural representatives for discussions, film screenings and cultural exchanges focusing on how the arts impact society. Sessions included "Culture and Conflict" with Palestinian-born ballroom star and educator Pierre Dulaine and Dutch composer Merlijn Twaalfhoven; a conversation between renowned producer Julie Taymor and former Disney CEO and current Aspen Institute Arts Program chair Michael Eisner; "Radical Creative Spaces" with architect Elizabeth Diller; "Arts and the City: Making Cities Sing" with Rocco Landesman, Dennis Scholl, Darren Walker and Richard Florida; among many others.

Since 2006, Woetzel has been the Artistic Director of the summer Vail International Dance Festival, where he presents dance performances and commissions. He has instituted a number of initiatives as director, including bringing the educational arts program "Celebrate The Beat"—the Colorado associate of Jacques d'Amboise's National Dance Institute—to the Vail Valley, to reach local underserved children in the public schools.

Under Woetzel's direction, the festival has received wide acclaim for its innovation and growth as a nationally recognized showcase for dance, featuring such performances as the debut of Morphoses/The Wheeldon Company, and the launch of New York City Ballet MOVES. The annual International Evenings of Dance galas have become renowned for Woetzel's curation of first-time partnerships across companies and countries, as well as the presentation of young, emerging stars making their debuts in new repertory. In August 2012, The *New York Times*' Alastair Macaulay wrote that the 2012 Vail International Dance Festival presentations "were distinguished above all by catholic taste and brilliant programming. They merit superlatives" and that the International Evenings I gala "was simply the best gala I have attended in decades." Writing the same week, Wendy Perron of *Dance* Magazine compared Woetzel to the legendary impresario Serge Diaghilev, and praised Woetzel for engaging and educating audiences through spoken introductions to each work, and for his commitment to collaboration with live musicians.

Woetzel has also instituted a series of "UpClose" performances: lecture-demonstration events which combine rehearsal, performance and commentary by Woetzel and special guests. Recent UpClose performances have included: "UpClose: Stravinsky by Balanchine," an examination of the legendary collaboration between George Balanchine and Igor Stravinsky, co-hosted by Woetzel and New York City Ballet Master-in-Chief Peter Martins (2012); "UpClose: Premieres," which provided a first look at a series of works created in Vail by choreographers including Christopher Wheeldon and Emery LeCrone during the weeks of the 2011 Vail International Dance Festival; among many others.

In 2009 and 2010, Woetzel produced and directed the World Science Festival Gala Performances at Lincoln Center's Alice Tully Hall. For the 2010 event he created an arts salute to science honoring the theoretical physicist Stephen Hawking, featuring performances by Yo-Yo Ma, John Lithgow, and Kelli O'Hara among others.

In the fall of 2009, Woetzel helped create and began directing the Jerome Robbins Foundation's New Essential Works (NEW) Program, which supports choreographers and dance companies during the current financial crisis by giving grants to enable the production of new works.

In 2009, Woetzel launched as curator and director the new Studio 5 performance series at New York's City Center, which features in-depth examinations of today's most compelling dance artists and companies highlighted by in-studio performances and demonstrations. In 2009–2012, guests included David Hallberg, Christopher Wheeldon, Victoria Clark, Rob Berman, Angel Corella, Wendy Whelan, Edward Villella, among others; topics of discussion ranged from musical theatre to collaboration; and featured companies included American Ballet Theatre, the Paul Taylor Dance Company and Dance Theater of Harlem.

In June of 2010 Woetzel piloted "Arts Strike," a new effort to have celebrated artists engage educators and students, schools and communities, highlighting and sharing the unique power of the arts to empower, enrich and educate. The first events have taken place in Vail, Chicago, and Los Angeles, and have all featured Woetzel with Yo-Yo Ma in schools, engaging with students and their teachers to promote learning through the arts.

Woetzel works with Yo-Yo Ma on his Silk Road Connect program in the New York City Public Schools. In June 2010, Woetzel directed the culminating year-end event which took place at New York's Museum of Natural History, and featured the participation of the Silk Road Ensemble and 450 sixth-grade students. In June 2011, the culminating year-end event opened the Central Park SummerStage series. Titled "Night at the Caravanserai: Tales of Wonder," the performance again featured hundreds of sixth-grade students from New York-area public schools, Ma with his Silk Road Ensemble, vocalist Bobby McFerrin, the soprano Emalie Savoy, actor Bill Irwin, and author Jhumpa Lahiri, among others.

In April 2011, Woetzel organized an "arts strike" at Inner-City Arts in downtown Los Angeles with Yo-Yo Ma, The Silk Road Ensemble, and Memphis Jooker Charles "Lil Buck" Riley. The event included a demonstration and workshop for more than one hundred elementary school students from the Los Angeles Unified School District. Highlighting the event was a first-time duet directed by Woetzel between Ma and Lil Buck, who performed a Memphis Jookin' version of The Dying Swan with Ma accompanying on the cello; the performance was immortalized in a video shot by Spike Jonze which reached over one million views within weeks.

In the fall of 2010, Woetzel was a visiting Lecturer at Harvard Law School, where he co-taught a course on Performing Arts and the Law with Jeannie Suk.

Woetzel was the artistic director of the New York State Summer School for the Arts School of Ballet from 1994–2007.

Woetzel was a Principal Dancer at New York City Ballet from 1989 until his retirement from the stage in 2008. At New York City Ballet, Woetzel had works created for him by Jerome Robbins, Eliot Feld, Twyla Tharp, Susan Stroman, and Christopher Wheeldon among others, and danced more than 50 featured roles in the Company's repertory, including: George Balanchine's: Agon, Coppelia, Prodigal Son, Slaughter on Tenth Avenue, Stars and Stripes, Swan Lake; and Jerome Robbins': Afternoon of a Faun, Fancy Free, Dances at a Gathering, A Suite of Dances, and West Side Story Suite.

Woetzel originated featured roles in: Eliot Feld's *The Unanswered Question and Organon*, Peter Martins' *Jeu de Cartes* and *The Sleeping Beauty*, Jerome Robbins' *Ives, Songs* and *Quiet City*, Susan Stroman's "The Blue Necklace" from *Double Feature*, Twyla Tharp's *The Beethoven Seventh*, Christopher Wheeldon's *An American in Paris*, *Carousel (A Dance)*, *Evenfall*, *Morphoses*, and *Variations Sérieuses*. Woetzel also originated roles in ballets by Kevin O'Day, Richard Tanner, and Lynne Taylor-Corbett, among others.

Woetzel appeared in Dance in America's presentation of "Dinner with Balanchine," dancing Union Jack and Stars and Stripes. In October 1998, Mr. Woetzel appeared as one of the stars of the Cole Porter musical *Jubilee* in a special benefit performance at Carnegie Hall, during which he sang as well as danced. In May 1999, he starred as Prince Siegfried in Peter Martins' *Swan Lake* on the PBS national telecast "Live from Lincoln Center." Woetzel also appeared in the 2002 nationally televised Live from Lincoln Center broadcast "New York City Ballet's Diamond Project: Ten Years of New Choreography" on PBS and in the May 2004 Live from Lincoln Center broadcast of "Lincoln Center Celebrates Balanchine 100." Woetzel starred as the Cavalier in the film version of George Balanchine's *The Nutcracker™*, released in the winter of 1993.

During his career, Woetzel frequently performed internationally as a guest star and was a visiting artist with numerous companies including the Kirov Ballet and American Ballet Theatre. In his guest appearances, Woetzel danced principal roles in classics such as Don Quixote, Giselle, and La Bayadere, among others.

Woetzel has choreographed a number of ballets for New York City Ballet, among other companies. For New York City Ballet, he choreographed Ebony Concerto to Stravinsky, and Glazounov Pas de Deux to the composer's Les Ruses d'Amour. Woetzel also choreographed the "Polovtsian Dances" for New York City Opera's production of Prince Igor, and in 1998, he choreographed and starred in a new version of *An American in Paris* ballet for Marvin Hamlisch's Gershwin Centennial Gala.

Woetzel is the recipient of a Choo San Goh award for new choreography. He serves on the Artists Committee of the Kennedy Center Honors and as a judge for the Astaire Awards. He has also served as a juror for the Princess Grace Awards. Woetzel is a frequent speaker on the arts and arts policy. Woetzel was the 2008 Harman-Eisner Artist in Residence of the Aspen Institute, and in 2011, he became a member of the Knight Foundation's National Arts Advisory Committee. Woetzel also serves on the boards of directors of New York City Center, The Clive Barnes Foundation and The Sphinx Organization, and served on the recent Harvard Task Force on the Arts. In November 2009, President Obama appointed Woetzel to the President's Committee on the Arts and Humanities. In July 2012, Woetzel was honored with the inaugural Gene Kelly Legacy Award—an award jointly created by the Dizzy Feet Foundation and the Estate of Gene Kelly in honor of the 100th anniversary of Kelly's birth—for his contributions to the arts as a ballet star and director of dance and music performances.

Woetzel holds a Master in Public Administration Degree from Harvard's Kennedy School of Government.

Woetzel has been married to Heather Watts since 1999.

## STEPHEN **WOLFRAM**

Stephen Wolfram has been responsible for three revolutionary developments: the *Mathematica* computation system, *A New Kind of Science*, and the Wolfram|Alpha computational knowledge engine.

Wolfram was educated at Eton, Oxford and Caltech, receiving his Ph.D. in theoretical physics at the age of 20. Wolfram's work on basic science led him to a series of fundamental discoveries about the computational universe of possible programs. Summarized in his best-selling 2002 book *A New Kind of Science*, these discoveries have not only launched major new directions in basic research, but have also led to breakthroughs in scientific modeling in physical, biological and social domains—as well as defining a broad new basis for technology discovery.

Launched in 1988, *Mathematica* has revolutionized the way technical computation is done, and has been responsible for countless advances over the past two decades. Starting from a set of fundamental principles devised by Wolfram, *Mathematica* has continually grown, integrating more and more algorithmic domains, and spawning such technologies as the Computable Document Format (CDF).

Building on *Mathematica* and *A New Kind of Science*, Wolfram in 2009 launched Wolfram|Alpha—an ambitious, long-term project to make as much of the world's knowledge as possible computable, and accessible to everyone. Used every day on the web and through apps by millions of people around the world, Wolfram|Alpha defines a fundamentally new kind of computing platform that is turning science-fiction computer intelligence into reality.

In addition to his scientific and technical achievements, Wolfram has been the CEO of Wolfram Research since its founding in 1987. Under Wolfram's leadership, Wolfram Research has become one of the world's most respected software companies, as well as a powerhouse of technical and intellectual innovation, and a major contributor to education and research around the world.

## WILL **WRIGHT**

William Ralph "Will" Wright (born January 20, 1960, in Atlanta, Georgia) is an American video game designer and co-founder of the game development company Maxis, now part of Electronic Arts. In April 2009, he left Electronic Arts to run "Stupid Fun Club", an entertainment think tank in which Wright and EA are principal shareholders.

The first computer game Wright designed was Raid on Bungeling Bay in 1984, but it was SimCity that brought him to prominence. The game was released by Maxis, a company Wright formed with Jeff Braun, and he built upon the game's theme of computer simulation with numerous other titles including SimEarth and SimAnt.

Wright's greatest success to date came as the original designer for The Sims games series. The game spawned multiple sequels and expansions and Wright earned many awards for his work. His latest work, Spore, was released in September 2008 and features gameplay based upon the model of evolution and scientific advancement. The game sold 406,000 copies within three weeks of its release.

He was born as William Ralph Wright on January 20, 1960, in Atlanta. He is of French, English, Italian, and Native American descent.

After graduating at 16 from Episcopal High School, he enrolled in Louisiana State University, transferring two years later to Louisiana Tech. Beginning with a start at an architecture degree, followed by mechanical engineering, he fell into computers and robotics. He excelled in subjects he was interested in—architecture, economics, mechanical engineering, and military history—but was held back by his impractical goals such as language arts. His earlier dream of space colonization remained, and was joined by a love for robotics. After another two years at Louisiana Tech, in the fall of 1980, Wright moved on to The New School in Manhattan. He lived in an apartment over Balducci's, in Greenwich Village, and spent his spare time searching for spare parts in local electronics surplus stores. After one year at the New School, Wright returned to Baton Rouge without his degree, concluding five years of collegiate study.

During a summer break from college, he met his first wife Joell Jones, an artist currently living in California, on vacation to her hometown of Baton Rouge. In an interview published in February 2003, Will claims that games were absorbing so much of his time, he decided that perhaps making games was the way to go. Wright's first game was the helicopter action game Raid on Bungeling Bay (1984) for the Commodore 64.

Wright found that he had more fun creating levels with his level editor for Raid on Bungeling Bay than he had while actually playing the game. He created a new game that would later evolve into SimCity, but he had trouble finding a publisher. The structuralist dynamics of the game were in part inspired by the work of two architectural and urban theorists, Christopher Alexander and Jay Forrester.

"I'm interested in the process and strategies for design. The architect Christopher Alexander, in his book *A Pattern Language* formalized a lot of spatial relationships into a grammar for design. I'd really like to work toward a grammar for complex systems and present someone with tools for designing complex things."

Wright, in an interview with The *Times*, expressed belief that computers extend the imagination, and posits the emergence of the "metabrain", stating:

"Any human institutional system that draws on the intelligence of all its members is a metabrain. Up to now, we have had high friction between the neurons of the metabrain; technology is lowering that friction tremendously. Computers are allowing us to aggregate our intelligence in ways that were never possible before. If you look at Spore, people are making this stuff, and computers collect it, then decide who to send it to. The computer is the broker. What they are really exploring is the collective creativity of millions of people. They are aggregating human intelligence into a system that is more powerful than we thought artificial intelligence was going to be."

In 1986, he met Jeff Braun, an investor interested in entering the computer game industry, at what Wright calls "the world's most important pizza party." Together they formed Maxis the next year in Orinda, California. SimCity (1989) was a hit and has been credited as one of the most influential computer games ever made. Wright himself has been widely featured in several computer magazines—particularly *PC Gamer*, which has listed Wright in its annual 'Game Gods' feature, alongside such notables as Roberta Williams and Peter Molyneux.

Following the success of SimCity, Wright designed SimEarth (1990) and SimAnt (1991). He co-designed SimCity 2000 (1993) with Fred Haslam and in the meantime Maxis produced other "Sim" games. Wright's next game was SimCopter (1996). Although none of these games were as successful as SimCity, they further cemented Wright's reputation as a designer of "software toys"—games that cannot be won or lost. In 1992, Wright and his family moved to Orinda, California.

Wright has a great interest in complex adaptive systems and most of his games have been based around them or books that describe them (SimAnt: E.O. Wilson's *The Ants*, SimEarth: James Lovelock's *Gaia Theory*, SimCity: Jay Forrester's *Urban Dynamics and World Dynamics*, Spore: Drake's Equation and *The Powers of Ten*) Wright's role in the development of the concepts from simulations to games is to empower the players by creating what he dubs "possibility spaces", or simple rules and game elements that add up to a very complex design. All Maxis, and later games that Wright had a hand in designing, adhere to these design principles.

Maxis went public in 1995 with revenue of US$38 million. The stock reached $50 a share and then dropped as Maxis posted a loss. Electronic Arts bought Maxis in June 1997. Wright had been thinking about making a virtual doll house ever since the early 1990s, similar to SimCity but focused on individual people. Originally conceived of as an architectural design game called Home Tactics, Wright's idea changed when someone suggested the player should be rated on the quality of life experience by the homeowners. It was a difficult idea to sell to E.A., because already 40% of Maxis's employees had been laid off.

When Wright took his idea to the Maxis board of directors, Jeff Braun says, "The board looked at The Sims and said, 'What is this? He wants to do an interactive doll house? The guy is out of his mind.' " Doll houses were for girls, and girls didn't play video games. Maxis gave little support or financing for the game. Electronic Arts, which bought Maxis in 1997, was more enthusiastic. Wright's games are so different from E.A.'s other releases that it was hard to imagine the two being united in the same enterprise. But the success of SimCity had already established Sim as a strong brand, and E.A., which by then, fifteen years after its founding, was becoming a Procter & Gamble-style brand-management company, foresaw the possibility of building a Sim franchise.

E.A. published The Sims in February 2000 and it became Wright's biggest success yet. It eventually surpassed Myst as the best-selling computer game of all time and spawned numerous expansion packs and other games. He designed a massively multiplayer version of the game called The Sims Online, which was not as popular as the original. By November 2006, The Sims franchise had earned E.A. more than a billion dollars.

In a presentation at the Game Developers Conference on March 11, 2005, he announced his latest game Spore. He used the current work on this game to demonstrate methods that can be used to reduce the amount of content that needs to be created by the game developers. Wright hopes to inspire others to take risks in game creation.

As for his theories on interactive design, Wright says the following:

"Well, one thing I've always really enjoyed is making things. Out of whatever. It started with modeling as a kid, building models. When computers came along, I started learning programming and realizing the computer was this great tool for making things, making models, dynamic models, and behaviors, not just static models. I think when I started doing games I really wanted to carry that to the next step, to the player, so that you give the player a tool so that they can create things. And then you give them some context for that creation. You know, what is it, what kind of kind of world does it live in, what's its purpose? What are you trying to do with this thing that you're creating? To really put the player in the design role. And the actual world is reactive to their design. So they design something that the little world inside the computer reacts to. And then they have to revisit the design and redesign it, or tear it down and build another one, whatever it is. So I guess what really draws me to interactive entertainment and the thing that I try to keep focused on is enabling the creativity of the player. Giving them a pretty large solution space to solve the problem within the game. So the game represents this problem landscape. Most games have small solution landscapes, so there's one possible solution and one way to solve it. Other games, the games that tend to be more creative, have a much larger solution space, so you can potentially solve this problem in a way that nobody else has. If you're building a solution, how large that solution space is gives the player a much stronger feeling of empathy. If they know that what they've done is unique to them, they tend to care for it a lot more. I think that's the direction I tend to come from."

Wright believes that simulations as games can be used to improve education by teaching children how to learn. In his own words:

"The problem with our education system is we've taken this kind of narrow, reductionist, Aristotelian approach to what learning is. It's not designed for experimenting with complex systems and navigating your way through them in an intuitive way, which is what games teach. It's not really designed for failure, which is also something games teach. I mean, I think that failure is a better teacher than success. Trial and error, reverse-engineering stuff in your mind—all the ways that kids interact with games—that's the kind of thinking schools should be teaching. And I would argue that as the world becomes more complex, and as outcomes become less about success or failure, games are better at preparing you. The education system is going to realize this sooner or later. It's starting. Teachers are entering the system who grew up playing games. They're going to want to engage with the kids using games."

Wright will appear as a character in the video game Mr. T, where he will team up with Mr. T to fight Nazis.

Wright was given a "Lifetime Achievement Award" at the Game Developers Choice Awards in 2001. In 2002, he became the fifth person to be inducted into the Academy of Interactive Arts and Sciences' Hall of Fame. Until 2006, he was the only person to have been honored this way by both of these industry organizations. In 2007 the British Academy of Film and Television Arts awarded him a fellowship, the first given to a game designer.

He has been called one of the most important people in gaming, technology, and entertainment by publications such as *Entertainment Weekly*, *Time*, *PC Gamer*, *Discover* and *GameSpy*. Wright was also awarded the *PC Magazine* Lifetime Achievement Award in January 2005.

In 1980, along with co-driver and race organizer Rick Doherty, Wright participated in the U.S. Express, a cross-country race that was the predecessor to The Cannonball Run. Wright and Doherty drove a specially outfitted Mazda RX-7 from Brooklyn, New York to Santa Monica, California in 33:39, winning the illegal race. Wright only competed once in the race, which continued until 1983.

Since 2003, in his spare time, Wright has collected leftovers from the Soviet space program, "including a 100-pound hatch from a space shuttle, a seat from a Soyuz... control panels from the Mir", and the control console of the Soyuz 23, as well as dolls, dice, and fossils. During E3 2004 he passed off an old lapel pin commemorating the Soviet space program to a reporter.

"I'm uncollecting. I buy collections on eBay, and I disperse them out to people again. I have to be like an entropic force to collectors, otherwise all of this stuff will get sorted."

He once built competitive robots for BattleBots with his daughter, but no longer does so. As of November 2006, Wright still had remnant bits of machined metal left over from his BattleBots days strewn about the garage of his Oakland home. Wright was a former Robot Wars champion in the Berkeley-based robotics workshop, the Stupid Fun Club. One of Wright's bots, designed with the help of Wright's daughter Cassidy, "Kitty Puff Puff", fought against its opponents by sticking a roll of gauze onto its armature and circling around them, encapsulating them and denying them movement. The technique, *cocooning*, was eventually banned.

Following his work in BattleBots, he has taken steps into the field of human-robot interactions.

"We build these robots and we take them down to Berkeley and study the interactions that people have with the robots," says Wright. "We built this newer one that has a rapid-fire pingpong cannon. It will fire about 10 per second. So we give people this plastic bat and we say, 'It's set up to play baseball. Do you want to play baseball? It's going to shoot a little ball and you try to hit it.' And all of a sudden it's like da-da-da-da, and it's pelting them with balls."

After building his reputation as one of the most important game designers in the world, Wright in 2009 left Maxis, the Electronic Arts owned studio he founded. His first post-E.A. venture was the Stupid Fun Club.

In October 2010, Current TV announced that Will Wright will produce a new show for the network. The program, entitled Bar Karma, began airing in February 2011.

In October 2011, Will Wright became a member of the Board of Directors of Linden Lab, the creators of Second Life.

JOSHUA **WURMAN**

I grew up in Pennsylvania, bereft of any really meaningful opportunities to experience severe weather, hurricanes, even real deep snow. As a youth, I tried to impress friends and girls with my home weather station and insect collection. These efforts, among other factors, kept me well out of the running for homecoming king. Naturally, I moved on to a party school, the Massachusetts Institute of Technology (MIT) to search for a better social life. But hating schoolwork, I rushed through it, earning my MS at only 21. Then after some aimless additional years in school I dropped out for three years, working for the Air Force on nuclear winter computer simulations and other cheery subjects. Returning to MIT, I earned my Doctorate and moved to Colorado to work at the National Center for Atmospheric Research (NCAR) on bistatic radar networks, a new type of weather radar system that I had invented. However, after seeing real High Plains thunderstorms close up, and tornadoes, I got distracted and conceived of building a network of big, fast scanning radars that could drive right up to tornadoes and fires, inside hurricanes, and into other nice weather. The DOW program was born, and I moved down to Oklahoma to be a professor for a few years, chase tornadoes and hurricanes, file patents, teach and write papers. In the middle of this, I traveled to Asia on a research project and met my wife operating a weather radar on an island off the coast of Hong Kong and conned her into believing that Oklahoma was just like Hong Kong. After receiving tenure and the implied lifetime sentence at the university, I did the sensible thing: I quit and moved back to Boulder and founded my own non-profit research institution, the Center for Severe Weather Research (CSWR). My wife and I run CSWR, manage the DOWs as National Science Foundation (NSF) Facilities, and conduct research programs such as the VORTEX2 study and hurricane studies. We have four young children who, so far, show no unhealthy obsessive interests in tornadoes, hurricanes or radars. I've just finished the VORTEX2 tornado study (http://vortex2.org), which is the largest tornado research mission ever, funded mostly by NSF, employing about 120 scientists and crew in 50 vehicles. We had 11 radars, 4 balloon trucks, UAVs, 40 deployable instruments, 13 mobile mesonets, photogrammetry and microphysics teams, damage survey teams, basically more of anything that used to study tornadoes scientifically. Just imagine the lines for fuel and bathrooms in small-town gas stations. During WWW, I'll be keeping a nervous eye out for any hurricanes threatening to make landfall. If a hurricane looms, I'll be leading my team into the eye.

MAO **YUSHI**
Chinese economist, 2012 Milton Friedman Liberty Award. (He wrote an online column criticizing the communist and totalitarian policies of Mao Zedong (Chairman Mao) in China, attacked by Maoists in China.)
http://www.cato.org/special/friedman/yushi/index.html

YAO **MING**
Retired Chinese basketball player who last played for the Houston Rockets of NBA; investor.

TAN **DUN**
Grawemeyer, Oscar, and Grammy awarding winning Chinese contemporary classical composer
http://en.wikipedia.org/wiki/Tan_Dun

ZHANG **YONG HE**
Chinese-American architect, former head of architecture at MIT.

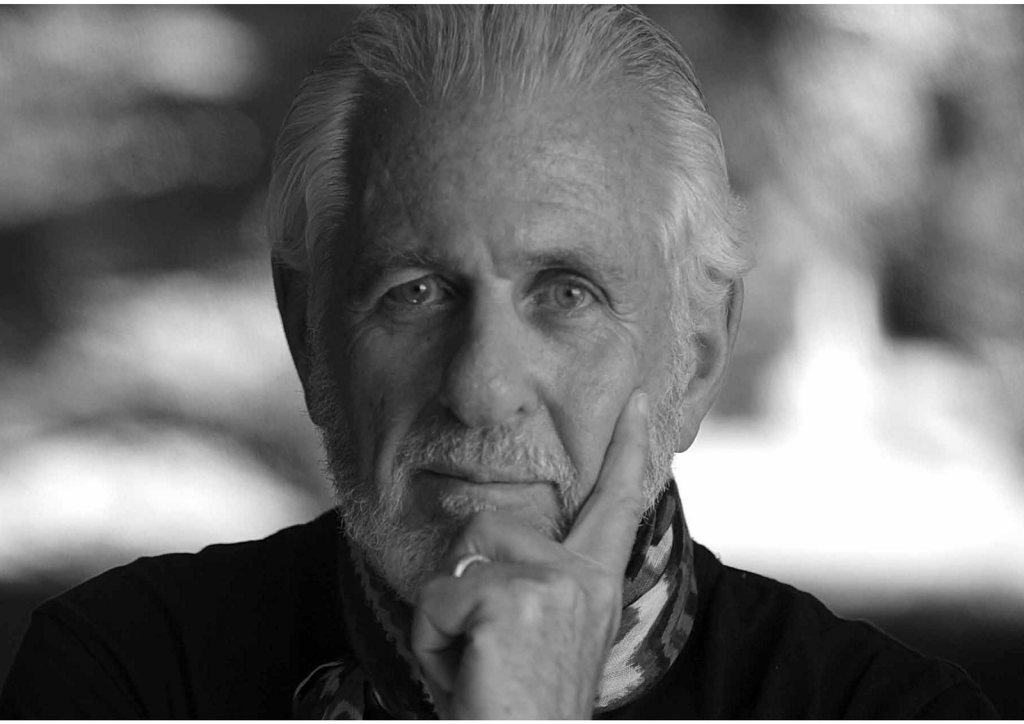

## RICHARD SAUL **WURMAN**

Described by *Fortune* magazine as an "intellectual hedonist" with a "hummingbird mind," Richard Saul Wurman seeks ways to make the complex clear. Recognizing at an early age that his ignorance is his greatest asset, he has made it his mission to sort through the abundance of information that is available on every topic, and design the techniques to make it understandable.

In doing so he has continually sought to put himself in the presence of extraordinary people, including (all now all deceased), Francis Crick, Richard Feynman, Jonas Salk, Eva Zeisel, Louis I. Kahn, Charles Eames, Frank Stanton and Schuyler van Renssalaer Cammann, and Arnold Toynbee. There are many others. The only two bosses he had who didn't fire him were Lou Kahn and Charlie Eames.

As a result, Wurman has had many lives: as an author (83 books); FAIA Architect, 13-year partner in Murphy Levy Wurman Architects; cartographer (mapped 1/3 of the Mayan city of Tikal and current project 19.20.21.); teacher (Cambridge University, England; Princeton; Washington University, St. Louis; University of Southern California; University of California Los Angeles; City College of New York, and Dean, Cal Poly School of Design); urban designer (recipient of MIT's Kevin Lynch award in urban design); graphic designer (AIGA Gold Medal, membership in AGI and inducted into the Art Directors Hall of Fame); information theorist (*Information*

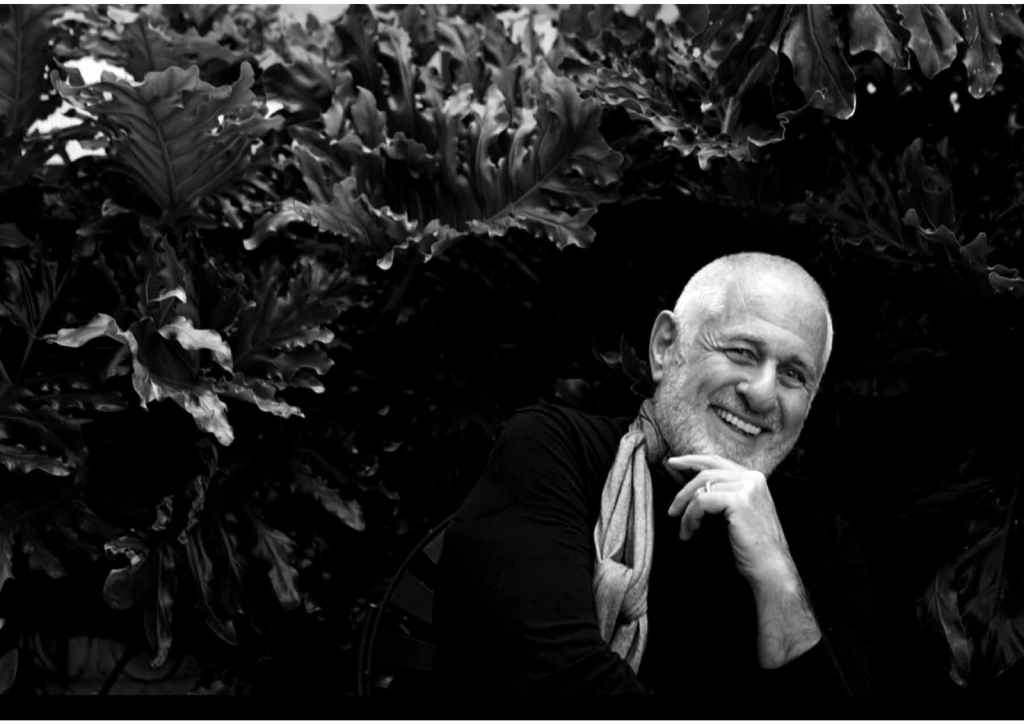

*Anxiety, Follow the Yellow Brick Road*) and in medicine (6 books on healthcare and creator and chairman of TEDMED, 1995–2010), and as a conference convener. The path of this journey has been paved by one surface: his curiosity.

The acknowledged father of Information Architecture, Wurman has written, designed and published 83 books on a range of topics, while creating conferences and new mapping projects. All contribute to a greater understanding of complex information. They spring from his particular brand of innovation: doing the opposite of what is rote or expected.

Wurman published his first two books in 1962. The first featured models of 50 world cities all constructed on a uniform scale, the other was the first book to be written on Louis Kahn. In 1967 he co-authored the first comparative statistical atlas of major American cities. His latest book is called *33: Understanding Change & the Change in Understanding*. It chronicles the adventures and musings of the eccentric main character, the Commissioner of Curiosity and Imagination.

Wurman created the *ACCESS* city guides, using graphics and logical editorial organization to make places such as New York, Tokyo, Rome, Paris and London understandable to visitors. Other volumes he created focus on topics such as baseball, football and the 1984 Olympics, the latter with over with 3.2 million copies sold. His road atlases employed similar techniques that elucidate U.S. geography and transportation networks. In addition he completed many one-off projects, such as his book *Twin Peaks Access*, which he co-authored with David Lynch. Several of his books are in the permanent collection of the Museum of Modern Art, New York.

Wurman began his career in conferences in 1972 when he chaired the International Design Conference in Aspen. He then co-chaired the first Federal Design Assembly in 1973 and the national AIA Conference in 1976. With each of these he changed the fundamentals of how gatherings were run. All these helped his creative molding of TED, TEDMED, and eg, the Entertainment Gathering.

Wurman created the TED conference in 1984, which he chaired through the 2002 meeting. TED brings together many of America's clearest thinkers in the fields of technology, entertainment and design. He created the eg conference in 2006 and the TEDMED conference in 1995, which he chaired through 2010. Other conferences he created and chaired include California 101, TEDSELL, TEDNYC, TED4Kobe in Japan and TEDCity in Toronto.

Now in 77, Wurman continues to quell his restlessness with a series of new projects. The WWW Conference will be an active gathering of some of the brightest thinkers of our time discussing the complexity of emerging patterns on our planet in improvised conversation – intellectual jazz. In partnership with Esri and @radical.media, 19.20.21. is a major cartographic initiative that endeavors to standardize a methodology for comparative urban data. His Urban Observatory project aims to establish, for the first time ever, a series of live and changing electronically connected urban observatories around the world.

Wurman received both his B.Arch. and M.Arch. degrees with highest honors from the University of Pennsylvania in 1959. While there, he was awarded the Arthur Spayd Brooks Gold Medal, the Thornton Oakley Award for Achievement in Creative Art, 2 Chandler grants and two graduate fellowships. He has also been awarded a Guggenheim Fellowship in Architecture and Design, three honorary doctorates, two Graham Fellowships and numerous grants from the National Endowment for the Arts. He is the 2012 Lifetime Achievement Award recipient given by The Smithsonian Cooper-Hewitt National Design museum. He was recently given the Gold Medal for Outstanding Contribution to Public Discourse by Trinity College Dublin, an honor shared in the past by Archbishop Desmond Tutu and Aung San Suu Kyi.

Wurman currently lives in Newport, RI with his wife, novelist Gloria Nagy, and their three yellow Labradors, Abraham, Isaac and Jacob. They have four children and six grandchildren.

## MEMO TO PARTICIPANTS re: CONVERSATIONS

As most of you are aware, I created TED in 1984 and chaired it through 2002. During that time I created TEDMED in 1995 and the eg Conference in 2006. For all those meetings I developed an 18-minute talk and a series of rules called the *TED Commandments*.

Several of you have asked 'well what are the new guidelines as they relate to the WWW Conference'?

**1** Participants have all been sent the schedule listing the person with whom they have been paired, attached again below.
**2** If you go to the participants page on the web site, you can click on that person's name and link to his or her biographical information.
**3** I have developed a list of 30 different premises or postulations that will begin you in improvised conversation.
**4** I have tried this and it works.
**5** You will be facing each other on comfortable couches and not the audience.
**6** There will be approximately 150 people in the audience, which will be comprised of fellow participants, guests and individuals invited by sponsors.
**7** Absolutely no preparation is necessary.
**8** You will not be selling a book, charity, project or religion.
**9** As long as the conversation holds my attention and my perceived attention of the audience, you will be in conversation. At the conclusion, I will with reasonable politeness call up the next two individuals.
**10** If the conversation is fabulous but goes on so long as to potentially cause us to miss our lunch, I will also end it and the two of you can continue it over lunch.
**11** There will be no lectern but there will be a side table for a cup of coffee or glass of water.
**12** There is no strict time schedule but I will attempt to keep the order of the final schedule.
**13** On occasion I might take the liberty part way into a given conversation to add a third person, another participant or simply another member of the audience, whom I know can add constructively to the conversation.
**14** The entire meeting will be filmed as inconspicuously as possible from the far left and right of the stage and with one small camera in the audience.
**15** At this moment there are no plans to live-stream any of the conference. There will be an app with access to a server to hold the conversations. It is planned that this will be available on 1 December and will include a running line of translation into several languages.
**16** The app will also contain a large body of curated personal information about you. Further explanation about this will come to you next week.
**17** I have personally worked out the breaks, lunches and dinners and I believe they will be of the highest quality and in rooms that will delight you, both at Esri and at The Mission Inn.
**18** Obviously there is a lot of risk about the conversations, particularly the quality, spontaneity, clarity, improvisation and surprise.
**19** The goal is to find some threads that have not emerged before as you speak with your partner, which will encapsulate a type of honesty and a non-predicted path in response to each other.
**20** This has happened in my several tests of this idea.
**21** To repeat, I am endeavoring to make the filming, ambiance, location and lack of press all focus on your comfort and the quality of your experience. This above all is my concern and my goal.
**22** Improvised conversation in this manner is a new form but a wonderful conversation is perhaps the oldest human media for creative discourse. So in that sense, this is **a great leap backwards.**
**23** It will be a wonderful salon and an absolutely immersive experience with extraordinary people.

## MEMO TO PARTICIPANTS re: FUTURE APP

I trust each of you has read my 24-point memo called *WWW Conference Conversation Guidelines* with 24 points that I believe give the spirit of the meeting itself. I've had excellent response from many of you as well as from sponsors and attendees. This memo addresses the outcome of the conference, in other words, what I do with the filming of these approximately 30 conversations.

**1** It will be filmed in black and white by a team directed by Jon Kamen and Sidney Beaumont of @radical.media, and John Halloran of John Halloran Associates.
**2** It will be unedited. There will be a camera on each of the individuals in conversation, as well as a long camera on the three of us sitting on stage.
**3** Michael Smolens and David Orban of dotSUB will then translate it into perhaps 10 languages and add a running translation in English, which will address the language needs of 90% plus of the world's population.
**4** This will live on a server and be accessed by an app that has a release date at this juncture of 1 December. The app will also contain a great deal of additional information on each of the presenters.
**5** The additional curated stuff—photos, videos, and links is what this memo is focused on.
**6** Scrollmotion has already done two extraordinary versions of the organization and design of this app. They have offices in San Diego and New York City.
**7** There will be a series of unique videos on which I will comment later, made where appropriate of you in situ.
**8** The video of the entire conference of course can be accessed by pairings of speakers from a list and viewed as you would at the conference showing individuals in improvised conversation. However, one could also double click on a single name and go into this visual biography of each of the participants.
**9** The demo can be found at http://vimeo.com/user7992663/review/47187545/29ddc526f0 The password is WWW. It shows an extremely brief version of C. K. Williams, the Pulitzer Prize winning poet, in which you cannot only see a bio, for which we will ask a major expansion, but also photographs of the covers of a few of his 11 books. We would also like to have all of his books, which you will be able to order form the app, some outtake videos, not from the conference but from other sources that we would identify, and that you will identify, as well as, in the case of C. K. Williams, many pages, a few shown here, of his personally edited writings of his poetry—something you can't find on YouTube, a presentation or in a book, or perhaps anywhere but this app.
**10** The idea of this app is to get a behind the scenes, behind the curtain, personalized journey through each individual, which will also have a list of links to suggested articles, reviews, YouTubes and other material that will fill out this visual biography.
**11** This is an important point: if you Google Richard Wurman, you come up with perhaps 450,000 citations. The number changes daily. This would amount to 40,000+ pages, which of course nobody looks at. Basically it's junk big data, and people mostly focus on one article and a wikipedia entry. The attempt here is to have the first primitive development of a platform for beginning to assuage some curiosity in the beginning of looking at a visual biography of at least these 50 people. If the platform works it's scalable. That's the idea of a new modality. If it works for people perhaps it will work for healthcare and other subjects.
**12** I'm putting together a team of people consisting of Ali Smolens, who will help curate some of the materials for many of you, Paul Kandarian, a magazine writer friend of mine from Rhode Island, and three others plus Blaise Zerega, CEO of FORA.tv who has agreed to make some original, simple videos such as Frank Gehry walking around his office showing and discussing models of buildings that he has not built, or variations of for instance the 8 Spruce Street tower in New York or hopefully Craig Venter's laboratories in a walk-through, E.O. Wilson's offices, etc. etc.
**13** So this is a request for the following: please start thinking about the stuff that you've never shown: everything from baby pictures, pictures of your pets, pictures of your office, pictures of your home, things that make you real. Multiple photographs of yourself, perhaps a strip of photographs of you taken in a photo booth at an amusement park that you have in a drawer. Writings that you've done that show your edits, something that shows you're real, human, and shows your process. Pictures of your laboratories. Agree to have somebody do a 5- or 10-minute walk through with you in your office or your lab or your place of work or your architectural studio. Videos or DVDs that for example I know Moshe Safdie has which he makes to describe what a building will look like in computer graphics to a client. I know he has a fantastic one of an apartment house in Singapore. And I'm sure Bjarke has similar things that he generally does not release. Covers of books about you, covers of books by you. A list of articles that you think critically describes you and links to YouTubes or other videos or other citations that you think and you have curated yourself that make you particularly interesting, not the half a million available on line. Julie Taymor most have lots of stuff as well as David Blaine.
**14** We hope to have this put together, along with the entire conference, for release by 1 December and promote it immediately after Thanksgiving with the help of IDG, Flipboard (Mike McCue), Esri, IIR and others. I am going to ask for your cooperation out in Redlands at the conference and I will have additional copies of this and the other memo to give you when you register.
**15** Attached are technical specifications for those of you who understand them yourself. Otherwise please show them to somebody in your office under the age of 30 who automatically understands them, who could help us translate whatever you send us in a usable format. I don't understand them myself but I'm sure some of you have a better handle on this than I do. These will make the process smooth and efficient and within budget.

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RSW@WURMAN.COM

**From**: Lisa Randall [redacted]]
**Sent**: 11/28/2012 4:17:19 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: Invite to Dialog 2014 (16 months away)

**Importance**: High

Is this worthwhile?

-------- Original Message --------
Subject: Invite to Dialog 2014 (16 months away)
Date: Wed, 28 Nov 2012 08:05:58 -0800
From: Auren Hoffman [redacted]>
To: <[redacted]

Dear Fouad,

Dear Lisa ï¿½

You are invited to join us at Dialog 2014 -- a two-day bipartisan retreat discussing how to change the world.

There will be no speeches ï¿½ just many moderated break-out discussions of 6-15 people on various topics. And we design the agenda around your ideas and needs.

Please let us know if you would like to join us,

/- Peter Thiel and Auren Hoffman/

p.s. and yes, we know Dialog 2014 is 16 months away, but we are giving you a chance to sign up now

*DETAILS*:

Youï¿½re invited to join us at the Dialog Retreat ... 150 people to change the world ... a participatory and entrepreneurial conversation on changing the world.

The *Dialog//*participants arenï¿½t modest. We want to change the world. But we donï¿½t want to spend our time being in a large audience listening to winded speeches. There are no speakers. No panels. All attendees participate in break-out facilitated discussions. And we *limit the discussion to only 150 global leaders*who can have an impact now and emerging leaders who can help implement the plans we develop.

*Dates**:*March 13-15, 2014
*Location:* Sundance Resort, Utah (40 minutes from the Salt Lake City airport)

/We've rented out the entire resort/

Register at:

http://dialog2014.eventbrite.com

password: dialog2014

You qualify for a significant discount on the retreat fee. On the registration page, click on the link that says 'Enter promotional code' and enter:

*AcademicDialoger*

/note: the invite is only for Lisa Randall and is not transferable as we are limited to only 150 participants. There are no sponsors. We increase the retreat fee weekly to reward the people that sign up early. And this retreat is 100% off-the-record. /

We hope you can join us.

Dialog participantsï¿½

/ï¿½ partial list of people who will be participating in the 2013 Dialog Retreat (all are references): /

*Veronica Allende Serra**ï¿½ Founding Partner, Pacific Investments. Chm, Portal de Documentos. Boards: Allied Advanced Technologies, Wow! Nutrition, Mercado Libre, ISmart Foundation.*

*Susan **Athey*-- Professor of Economics, Harvard University. Chief Economist, Microsoft. 2007 Winner of John Bates. Clark Medal.

*Byron **Auguste*-- Director and Head of Social Sector Office, McKinsey & Co. Chm, Hope Street Group.Boards: William and Flora Hewlett Foundation; Pacific Council on International Policy; Center for American Progress.

*David Barron*ï¿½ Professor, Harvard Law School. Fmr Acting AsstU.S. Attorney General in the Office of Legal Counsel.

*Kirsten Bartok*-- CEO, AirFinance. Fmr CFO of XOJet. Fmr GP at Alpine Investors.

*Evan Bayh*ï¿½ Sr Advisor, Apollo Management. Partner, McGuireWoods. Fmr U.S. Senator (D-IN) (1999-2011). Fmr Governor of Indiana (1989-1997). Author, /From Father to Son/.

*Tom Bedecarre*ï¿½ CEO, AKQA.

*Nick Beim*ï¿½ GP, Matrix. Boards: Gilt Groupe, TheLadders, Care.com, Conductor, Intent Media, BuyWithMe.

*Nicolas **Berggruen*-- President, Berggruen Holdings.

*Charles Best*ï¿½ CEO, DononrsChoose.

*Elizabeth Blackburn*ï¿½ Prof of Biology and Physiology, UCSF. 2009 Winner of Nobel Prize in Medicine. President, American Association of Cancer Research.

*David Bonderman*ï¿½ Founding Partner, Texas Pacific Group (TPG). Founding Partner, Newbridge Capital. Boards: Continental Airlines, Bowe Bell & Howell, Ducati Motorcycles, Credicom Asia, National Education Corp, Beringer Wine, Carr Reality, Virgin Cinemas, CoStar Group, GemAlto, RyanAir Holdings, Wilderness Society, World Wildlife Fund.

*Jason Bordoff*ï¿½ Senior Advisor for Energy and Environmental Policy to U.S. President Obama.

*Erik Brynjolfsson*ï¿½ Prof of Economics, MIT Sloan School of Management. Director, MIT Center for Digital Business. Chair, /MIT Sloan Management Review. / Author, /Race Against the Machine/.

*John Burbank*ï¿½ CEO, Passport Capital.

*John Burbank*ï¿½ President, Nielsen Strategic Initiatives. Fmr CEO of Online, Nielsen. Fmr CMO, Nielsen. Fmr CMO, AOL.

*Leah Busque*ï¿½ Founder, TaskRabbit.

*Marc Cenedella*ï¿½ CEO, TheLadders.

*Stephen Cohen*ï¿½ cofounder, Palantir.

*Gio Colella *ï¿½ CEO, Castlight Health. Fmr CEO, RelayHealth.

*Mark Colodny*ï¿½ Managing Director, Warburg Pincus. Boards: CAMP Systems, GlobalSpec, MLM Information, iParadigms, MultiView, A Place for Mom, EVIDON, eCert, Spigit, OnTargetJobs.

*Boykin Curry*-- Managing Director, Eagle Capital. Creator of Playa Grande. Cofndr, Girls Prep. Boards: Alliance for School Choice, Democrats for Education Reform.

*Adam Dï¿½Angelo*ï¿½ CEO, Quora. Fmr CTO, Facebook.

*Mitch Daniels **ï¿½ President, Purdue University. Governor, State of Indiana (2005-2013). Fmr Director, Office of Management and Budget (2001-2003). *

*Lanny Davis*-- FmrSpecial Counsel to the President (under Clinton).Author of Scandal and The Emerging Democratic Majority.

*Ken Denman*ï¿½ CEO, Machine Perception Technologies. Fmr CEO of Openwave. Fmr CEO of iPass (IPAS). Fmr CEO, AuraServ Communications. Fmr SVP MediaOne. National Markets.

*Marc Ecko*ï¿½ Chief Creative Officer, Marc Ecko Enterprises. Award-winning artist.

*RP Eddy *ï¿½ CEO, Ergo. Fmr Director, White House National Security Council. Fmr Chief of Staff to U.N. Ambassador Richard Holbrooke. Sr Fellow, Manhattan Institute.

*Juan Enriquez*ï¿½ CEO, Biotechonomy. Founding Director of the Life Sciences Project, Harvard Business School. Boards: Cabot Corp, Craig Venter Institute. Fmr CEO, Mexico City ï¿½s Urban Development Corporation.

*Jeff Epstein*ï¿½ fmr CFO, Oracle. Fmr CFO, DoubleClick. Fmr CFO, King World Productions. Boards: Priceline.com, Stanford University Hospital.

*Niall Ferguson*ï¿½ Prof History, Harvard. Author of /The Worldï¿½s Banker: The History of the House of Rothschild/,/The Cash Nexus/,/Empire, Colossus/,/The War of the World, The Ascent of Money/, and others.

*Brad Garlinghouse*ï¿½ CEO, YouSendIt.

*Julius Genachowski*ï¿½ Chairman, Federal Communications Commission (FCC).

*Jared Genser*ï¿½ MD, Persesus Strategies. Founder, Freedom Now. International lawyer for Aung San Suu Kyi.

*Jeff George*ï¿½ Global Head, Sandoz. Member of Exec Committee, Novartis.

*Dave Goldberg*ï¿½ CEO, SurveyMonkey.

*Tom Goldstein*-- Partner, Goldstein & Howe. Fmr Partner and head of Supreme Court practice, Akin Gump. Has argued over 20 cases before Supreme Court. CEO, SCOTUSblog.

*Fabrice **Grinda*-- CEO, OLX. Fmr fndrand CEO, Zingy. Fmr CEO, Aucland.

*Ash Gupta*ï¿½ Chief Risk Officer, American Express.

*Richard Haass*ï¿½ President, Council on Foreign Relations. Fmr Director of Policy Planning, U.S. State Department. Fmr U.S. Special Envoy to Northern Ireland.

*Victor Halberstadt*ï¿½ Prof of Economics, Leiden University (Netherlands). Fmr President, International Institute of Public Finance. Mbr, Investment Committee, ABP Pension Fund. Boards: RHJ Internationall.

*Janet Hanson*ï¿½ CEO, 85Broads.

*Hollie Moore Haynes*ï¿½ MD, Silver Lake Partners.

*Bob Hertzberg*-- Chairman, G24 Innovations.Partner, Mayer Brown Rowe & Maw. Fmr Speaker, California State Assembly (2000-2002). Fmr Regent, University of California. Fmr Chm, Mayor Antonio Villaraigosa transition team. Board: Solar Integrated Technologies (Chm), California Historical Society, MALDEF, Town Hall Los Angeles, Century Housing.

*Jim Himes *ï¿½ U.S. Congressman (D-CT).

*Auren Hoffman*-- CEO of LiveRamp. Chm, Rapleaf. Curator, Dialog Retreat. Board: Retargeter.

*Reid Hoffman*ï¿½ Chairman and founder, LinkedIn. Partner, Greylock. Boards: DoSomething, Kiva, Endeavor Global, Mozilla. Zynga.

*Jacob Hsu*ï¿½ CEO, Symbio.

*Daisuke Iwase*ï¿½ cofounder and COO, Lifenet Insurance (top life insurance company in Japan).

*Christian Johansson*ï¿½ Secretary of Department of Business and Economic Development (DBED), State of Maryland. Fmr CEO, Economic Alliance of Greater Baltimore.

*David Kamenetzky*ï¿½ Group Head, Mars & Co.

*PV **Kannan*ï¿½ CEO, 24/7 Customer.

*Andy **Karsner*ï¿½ CEO, Manifest Energy. Fmr U.S. Asst Sec of Energy for Energy Efficiency and Renewable Energy (2005-2009). Fmr Managing Director, Enercorp. Boards: Applied Materials, Conservation International.

*Garry Kasporov*ï¿½ Fmr World Chess Champion. Chm, United Civil Front of Russia.

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*Marie-Josee Kravis*ï¿½ Boards: Publicis, LVMH. Boards: Memorial Sloan-Kettering Cancer Center, Robin Hood Foundation, Council on Foreign Relations, Qatar Museum Authority. President, Museum of Modern Art board of directors. Fmr Board: Ford, IAC, CIBC.

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*Laura and Gary Lauder*-- General Partners, Lauder Partners. Cofndrs, Socrates Society.

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*Jorge Lemann*ï¿½ Fmr Owner, AmBev (largest brewery in Latin America) and now one of the largest shareholders in Anheuser-Busch InBev. Boards: Lojas Americanas, Gillette, Swiss Re, Burger King.

*Max Levchin*ï¿½ fmr CEO, Slide. Fmr co-founder, PayPal.

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*Joe Lonsdale*ï¿½ CEO, Adepar. cofounder, Palantir.

*Doreen Lorenzo *ï¿½ President, Frog Design.

*Bob **Luskin*-- Partner and Co-Chair of Litigation Dept, Patton Boggs.Attorney to Karl Rove and Lance Armstrong. Fmr Chief Counsel to the Organized Crime & Racketeering Section of DOJ .

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*Andy McAfee*ï¿½ Principal Research Scientist at the Center for Digital Business, MIT. Author of /Race Against the Machine. /

*General Stan **McChrystal**ï¿½ Ret. 4-star U.S. General. Led all U.S. forces in Afghanistan. *Fmr Commander, Joint Special Operations Command.*Current Principal, *McChrystal*Group. Sr. Fellow, Yaleï¿½s Jackson Institute for Global Affairs.*

*Andrew McLaughlin**ï¿½ Fmr VP, Tumblr. Fmr Deputy CTO of the United States, White House. Fmr Dir of Public Policy, Google. Boards: Public Knowledge, Code for America. *

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*Lenny **Mendonca*-- Director, McKinsey. Head of McKinseyï¿½s strategy practice. Chm, McKinsey Global Institute. Chm, Bay Area Council. Board: McKinsey & Co, Economic Institute of the Bay Area, Bay Area Science and Innovation Consortium, The New America Foundation, Common Cause, Committee for Economic Development, ChildrenNow, and DonorsChoose.

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*Katie Mitic **ï¿½ Fmr Head of Platform Marketing, Facebook. Fmr SVP, Palm. Fmr VP Product Strategy, Yahoo! Fmr Fndr and CEO, Four11. Boards: eBay, Special Olympics International. *

*Wes Moore*-- Author, ï¿½The Other Wes Mooreï¿½. Fmr. Special Assistant to Secretary of State Rice. Fmr Director of Information Operations, 82nd Airborne Division, US Army, Afghanistan 2005-2006.

*Nader Mousavizadeh*ï¿½ CEO of Oxford Analytica.

*Luke Muehlhauser*ï¿½ Exec Director, Singularity University.

*Matt Mullenweg *ï¿½ Founder, Wordpress.

*Roger Myerson*-- Prof of Economics, U of Chicago. 2007 winner of Nobel Prize in Economics.

*Scott Nathan*ï¿½ Partner, Baupost Group.

*Meghan Oï¿½Sullivan*-- Professor, Harvard Kennedy School of Govt. Fmr Deputy National Security Advisor for Iraq and Afghanistan, President George W. Bush. Mbr, Trilateral Commission.

*Chamath **Palihapitiya*ï¿½ CEO, Social+Capital. fmr VP Growth, Mobile, and International at Facebook. Fmr GM of AIM at AOL. Boards: SecondMarket, FixYa, Lemon, Integrated Plasmonics. Co-Owner, Golden State Warriors.

*Eli **Pariser**ï¿½*Fmr President, MoveOn.Cofndr, Avaaz.org. Boards: MoveOn, Avaaz, New Organizing Institute and Simonï¿½s Rock College.

*Mark Penn*ï¿½ Corp VP of Strategic Projects (reports to the CEO), Microsoft. Fmr CEO, Burson-Marsteller. President, of polling firm Penn, Schoen and BerlandAssociates. Fmr Chief Strategist, Hillary Clinton for President 2008. Author, Microtrends. Fmr pollster to President Clinton. Fmr pollster to Prime Minister Tony Blair.

*Lois Quam*ï¿½ Executive Director, Global Health Initiative ï¿½ part of the State Department and she reports directly to Secretary Clinton. Fmr CEO of Public and Senior Markets, UnitedHealth Group ($30 billion division).

*Dan Rosensweig *ï¿½ CEO, Chegg. Fmr CEO, Guitar Hero. Fmr COO, Yahoo.

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*Sal Russo*ï¿½ Founder, Tea Party Express. Partner, Russo Marsh.

*Tod Sacerdoti*ï¿½ CEO, BrightRoll. Board: ReTargeter.

*Amy Salzhauer *ï¿½ CEO, Ignition.

*Cami Samuels*ï¿½ General Partner, Versant Ventures. Boards: Achaogen, APT Pharmaceuticals, Kythera Biopharmaceuticals, Semprae Laboratories.

*Ken Sawyer*-- CEO, Saints Ventures (manages over $1 billion in capital). Selected to Forbes Midas List. Boards: Continuous Computing, HK Systems, Cleargauge, Travel Intelligence, Envivio, Alliance Consulting, Acsis and Laureate Pharmaceuticals.

*Jessica Schell*ï¿½ EVP BD and Strategic Planning, Universal Pictures. Fmr SVP Digital Strategy and Business Development, NBC Universal. Board: World Wide Biggies.

*Barry Silbert *ï¿½ CEO of SecondMarket.

*Josh Silverman*ï¿½ President of US Consumer Services, American Express. Fmr CEO, Skype. Fmr CEO, Shopping.com. Fmr CEO and Fndr, eVite.

*Sukhinder Singh Cassidy*ï¿½ Chm, JOYUS. Fmr CEO, Polyvore. Fmr President of Asia Pacific and Latin America, Google. Boards: TripAdvisor (TRIP) and Formspring.

*Megan Smith*ï¿½ VP Business Development, Google. Fmr CEO, PlanetOut.

*Charles **Songhurst*-- GM and Head of Strategy and M&A, Microsoft. MD, Katana Capital.

*Angelo Sotira*ï¿½ CEO, DeviantArt.

*Bret Stephens*-- Member of Editorial Board, Wall Street Journal. Main Foreign Affairs Columnist, Wall Street Journal. Fmr Editor-in-Chief, Jerusalem Post.

*Simon Stevens*ï¿½ EVP, UnitedHealth Group. Fmr CEO, Ovations (revenues of $31 billion). Fmr Health Policy Director to British Prime Minister Tony Blair.

*Henry Sweica*ï¿½ CEO, Talpion Fund Management. Fmr co-founder, Highbridge Capital Management.

*Alexander Tamas*- Partner, DST. Boards: Forticom, mail.ru

*Peter Thiel*-- CEO of Thiel Capital. Managing Director, Founders Fund. Fmr founder and CEO of PayPal. Boards: Facebook and Palantir.

*Steve Wayne *ï¿½ CEO, Jensen Group.

*Will Wechsler*ï¿½ Deputy Asst. Sec of Defense for Counternarcotics and Global Threats.

*Adam Weiss**ï¿½ co-CEO, Scout Capital. *

*Katharine Weymouth**ï¿½ Publisher, Washington Post.*

*Michael Wolf*ï¿½ CEO, Activate. fmr President and COO, MTV Networks. Fmr Prtnr, McKinsey. Former Senior Partner, Booz Allen & Hamilton.

*Paul Wolpe*ï¿½ Director, Center of Ethics. Prof of Bioethics, Emory. Sr Bioethicist, NASA. Co-Editor, American Journal of Bioethics.

*Jed York*ï¿½ CEO of San Francisco 49ers.

*Lauren Zalaznick*ï¿½ Chairman, Entertainment & Digital Networks and Integrated Media, NBCUniversal. She oversees Bravo, Oxygen Media, Style, PBS Sprout, Telemundo, iVillage, Swirl, Daily Candy, and Fandango.

*Eric Zinterhofer ï¿½ *co-CEO, Searchlight Capital. Chm, Charter Communications. Fmr Sr Partner, Apollo Management. Boards: Central European Media Enterprises, Dish TV India.

*Karl-Theodor zu Guttenberg*ï¿½ fmr Minister of Defense, Germany. Fmr Minister of Economics and Technology, Germany.

**From:** [redacted] [redacted]
**Sent:** 11/28/2012 5:28:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Invite to Dialog 2014 (16 months away)

**Importance:** High

So let me understand. You are suggesting tourism?
Sent from my Verizon Wireless BlackBerry

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Wed, 28 Nov 2012 11:28:51 -0500
**To:** Lisa Randall [redacted]>
**Subject:** Re: Invite to Dialog 2014 (16 months away)

sundance is nice ,, go

On Wed, Nov 28, 2012 at 11:17 AM, Lisa Randall [redacted] wrote:
Is this worthwhile?

-------- Original Message --------
Subject: Invite to Dialog 2014 (16 months away)
Date: Wed, 28 Nov 2012 08:05:58 -0800
From: Auren Hoffman <[redacted]>
To: <[redacted]>

Dear Fouad,

Dear Lisa –

You are invited to join us at Dialog 2014 -- a two-day bipartisan retreat discussing how to change the world.

There will be no speeches … just many moderated break-out discussions of 6-15 people on various topics. And we design the agenda around your ideas and needs.

Please let us know if you would like to join us,

/- Peter Thiel and Auren Hoffman/

p.s. and yes, we know Dialog 2014 is 16 months away, but we are giving you a chance to sign up now

*DETAILS*:

You're invited to join us at the Dialog Retreat ... 150 people to change the world ... a participatory and entrepreneurial conversation on changing the world.

The *Dialog//*participants aren't modest. We want to change the world.
But we don't want to spend our time being in a large audience listening to winded speeches. There are no speakers. No panels. All attendees participate in break-out facilitated discussions. And we *limit the discussion

to only 150 global leaders*who can have an impact now and emerging leaders who can help implement the plans we develop.

*Dates**:*March 13-15, 2014
*Location:* Sundance Resort, Utah (40 minutes from the Salt Lake City airport)

/We've rented out the entire resort/

Register at:

http://dialog2014.eventbrite.com

password: dialog2014

You qualify for a significant discount on the retreat fee. On the registration page, click on the link that says 'Enter promotional code' and enter:

*AcademicDialoger*

/note: the invite is only for Lisa Randall and is not transferable as we are limited to only 150 participants. There are no sponsors. We increase the retreat fee weekly to reward the people that sign up early. And this retreat is 100% off-the-record. /

We hope you can join us.

Dialog participants…

/… partial list of people who will be participating in the 2013 Dialog Retreat (all are references): /

*Veronica Allende Serra**– Founding Partner, Pacific Investments. Chm, Portal de Documentos. Boards: Allied Advanced Technologies, Wow! Nutrition, Mercado Libre, ISmart Foundation.*

*Susan **Athey*-- Professor of Economics, Harvard University. Chief Economist, Microsoft. 2007 Winner of John Bates. Clark Medal.

*Byron **Auguste*-- Director and Head of Social Sector Office, McKinsey & Co. Chm, Hope Street Group.Boards: William and Flora Hewlett Foundation; Pacific Council on International Policy; Center for American Progress.

*David Barron*– Professor, Harvard Law School. Fmr Acting AsstU.S. Attorney General in the Office of Legal Counsel.

*Kirsten Bartok*-- CEO, AirFinance. Fmr CFO of XOJet. Fmr GP at Alpine Investors.

*Evan Bayh*– Sr Advisor, Apollo Management. Partner, McGuireWoods. Fmr U.S. Senator (D-IN) (1999-2011). Fmr Governor of Indiana (1989-1997). Author, /From Father to Son/.

*Tom Bedecarre*– CEO, AKQA.

*Nick Beim*– GP, Matrix. Boards: Gilt Groupe, TheLadders, Care.com, Conductor, Intent Media, BuyWithMe.

*Nicolas **Berggruen*-- President, Berggruen Holdings.

*Charles Best*– CEO, DononrsChoose.

*Elizabeth Blackburn*– Prof of Biology and Physiology, UCSF. 2009 Winner of Nobel Prize in Medicine. President, American Association of Cancer Research.

*David Bonderman*– Founding Partner, Texas Pacific Group (TPG). Founding Partner, Newbridge Capital. Boards: Continental Airlines, Bowe Bell & Howell, Ducati Motorcycles, Credicom Asia, National Education Corp, Beringer Wine, Carr Reality, Virgin Cinemas, CoStar Group, GemAlto, RyanAir Holdings, Wilderness Society, World Wildlife Fund.

*Jason Bordoff*– Senior Advisor for Energy and Environmental Policy to U.S. President Obama.

*Erik Brynjolfsson*– Prof of Economics, MIT Sloan School of Management. Director, MIT Center for Digital Business. Chair, /MIT Sloan Management Review. / Author, /Race Against the Machine/.

*John Burbank*– CEO, Passport Capital.

*John Burbank*– President, Nielsen Strategic Initiatives. Fmr CEO of Online, Nielsen. Fmr CMO, Nielsen. Fmr CMO, AOL.

*Leah Busque*– Founder, TaskRabbit.

*Marc Cenedella*– CEO, TheLadders.

*Stephen Cohen*– cofounder, Palantir.

*Gio Colella *– CEO, Castlight Health. Fmr CEO, RelayHealth.

*Mark Colodny*– Managing Director, Warburg Pincus. Boards: CAMP Systems, GlobalSpec, MLM Information, iParadigms, MultiView, A Place for Mom, EVIDON, eCert, Spigit, OnTargetJobs.

*Boykin Curry*-- Managing Director, Eagle Capital. Creator of Playa Grande. Cofndr, Girls Prep. Boards: Alliance for School Choice, Democrats for Education Reform.

*Adam D'Angelo*– CEO, Quora. Fmr CTO, Facebook.

*Mitch Daniels **– President, Purdue University. Governor, State of Indiana (2005-2013). Fmr Director, Office of Management and Budget (2001-2003). *

*Lanny Davis*-- FmrSpecial Counsel to the President (under Clinton).Author of Scandal and The Emerging Democratic Majority.

*Ken Denman*– CEO, Machine Perception Technologies. Fmr CEO of Openwave. Fmr CEO of iPass (IPAS). Fmr CEO, AuraServ Communications. Fmr SVP MediaOne. National Markets.

*Marc Ecko*– Chief Creative Officer, Marc Ecko Enterprises. Award-winning artist.

*RP Eddy *– CEO, Ergo. Fmr Director, White House National Security Council. Fmr Chief of Staff to U.N. Ambassador Richard Holbrooke. Sr Fellow, Manhattan Institute.

*Juan Enriquez*– CEO, Biotechonomy. Founding Director of the Life Sciences Project, Harvard Business School. Boards: Cabot Corp, Craig Venter Institute. Fmr CEO, Mexico City 's Urban Development Corporation.

*Jeff Epstein*– fmr CFO, Oracle. Fmr CFO, DoubleClick. Fmr CFO, King World Productions. Boards: Priceline.com, Stanford University Hospital.

*Niall Ferguson*– Prof History, Harvard. Author of /The World's Banker: The History of the House of Rothschild/,/The Cash Nexus/,/Empire, Colossus/,/The War of the World, The Ascent of Money/, and others.

*Brad Garlinghouse*– CEO, YouSendIt.

*Julius Genachowski*– Chairman, Federal Communications Commission (FCC).

*Jared Genser*– MD, Persesus Strategies. Founder, Freedom Now. International lawyer for Aung San Suu Kyi.

*Jeff George*– Global Head, Sandoz. Member of Exec Committee, Novartis.

*Dave Goldberg*– CEO, SurveyMonkey.

*Tom Goldstein*-- Partner, Goldstein & Howe. Fmr Partner and head of Supreme Court practice, Akin Gump. Has argued over 20 cases before Supreme Court. CEO, SCOTUSblog.

*Fabrice **Grinda*-- CEO, OLX. Fmr fndrand CEO, Zingy. Fmr CEO, Aucland.

*Ash Gupta*– Chief Risk Officer, American Express.

*Richard Haass*– President, Council on Foreign Relations. Fmr Director of Policy Planning, U.S. State Department. Fmr U.S. Special Envoy to Northern Ireland.

*Victor Halberstadt*– Prof of Economics, Leiden University (Netherlands). Fmr President, International Institute of Public Finance. Mbr, Investment Committee, ABP Pension Fund. Boards: RHJ Internationall.

*Janet Hanson*– CEO, 85Broads.

*Hollie Moore Haynes*– MD, Silver Lake Partners.

*Bob Hertzberg*-- Chairman, G24 Innovations.Partner, Mayer Brown Rowe & Maw. Fmr Speaker, California State Assembly (2000-2002). Fmr Regent, University of California. Fmr Chm, Mayor Antonio Villaraigosa transition team. Board: Solar Integrated Technologies (Chm), California Historical Society, MALDEF, Town Hall Los Angeles, Century Housing.

*Jim Himes *– U.S. Congressman (D-CT).

*Auren Hoffman*-- CEO of LiveRamp. Chm, Rapleaf. Curator, Dialog Retreat. Board: Retargeter.

*Reid Hoffman*– Chairman and founder, LinkedIn. Partner, Greylock. Boards: DoSomething, Kiva, Endeavor Global, Mozilla. Zynga.

*Jacob Hsu*– CEO, Symbio.

*Daisuke Iwase*– cofounder and COO, Lifenet Insurance (top life insurance company in Japan).

*Christian Johansson*– Secretary of Department of Business and Economic Development (DBED), State of Maryland. Fmr CEO, Economic Alliance of Greater Baltimore.

*David Kamenetzky*– Group Head, Mars & Co.

*PV **Kannan*– CEO, 24/7 Customer.

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*Paul Wolpe*– Director, Center of Ethics. Prof of Bioethics, Emory. Sr Bioethicist, NASA. Co-Editor, American Journal of Bioethics.

*Jed York*– CEO of San Francisco 49ers.

*Lauren Zalaznick*– Chairman, Entertainment & Digital Networks and Integrated Media, NBCUniversal. She oversees Bravo, Oxygen Media, Style, PBS Sprout, Telemundo, iVillage, Swirl, Daily Candy, and Fandango.

*Eric Zinterhofer – *co-CEO, Searchlight Capital. Chm, Charter Communications. Fmr Sr Partner, Apollo Management. Boards: Central European Media Enterprises, Dish TV India.

*Karl-Theodor zu Guttenberg*– fmr Minister of Defense, Germany. Fmr Minister of Economics and Technology, Germany.

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**********
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/4/2017 4:53:13 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re: Fw: The new iterations of Ghislaine Maxwell

**Importance:** High

On Tue, Jul 4, 2017 at 6:46 PM Weingarten, Reid [redacted] wrote:

Number?

Sent from my BlackBerry 10 smartphone.

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**From:** [redacted]
**Sent:** Saturday, July 1, 2017 12:49 PM
**To:** [redacted]
**Cc:** Ainbanklaw Info; [redacted] Denyse Sabagh; [redacted] Michael Baxter; [redacted] Patrick M. Regan; [redacted]; Robert Barnett; Weingarten, Reid; [redacted] Ellen Kerns;
**Subject:** Re: The new iterations of Ghislaine Maxwell

We know of course that Saturdays are reserved for Matthew Horton.

On Saturday, July 1, 2017, 12:06:29 PM EDT, [redacted] wrote:

Rich Beckler,
Ken Adams,

Do you remember when I'd asked you what your daughters did for a living? Especially last night Mr. Beckler, as most Friday nights, no?

Yes, they are the new iterations of Ghislaine Maxwell; for you Richard Beckler, this originated from my being a former Stone Ridge classmate of his elder daughter Katie Beckler, and because he was on the Board of Stone Ridge during this period in time when my every family, friend, acquaintance and association was being contacted, bribed in one form or another, and turned against me (see below); as for Ken Adams, it stemmed from my having contacted him for representation in my 2011-filed case against IBM also during this period of time when my every communication were being tracked.

You both are interesting; you let us see what's to become of the Scalia 35 (see below; at bottom, Ghislaine Maxwell's Jeffrey Epstein in context.)

*

We start from this following precept: (the repeating 9/11s)

1. "Toward a New World Order" speech by Pres. George H.W. Bush – 9/11 (1990)

2. WTC Attack – 9/11 (2001)

3. BENGHAZI Attack – 9/11 (2012)

But you have to remember that H. W. Bush was planted:

AUTHOR PETER DALE SCOTT: Sometimes you have little deep events that most people don't even notice. One of those would be the Halloween Massacre. The older people remember the Saturday Night Massacre which happened under Nixon. I'm talking about the Halloween Massacre of October 31, 1975, and probably people watching this show have never heard of it.

That was under Ford, and Ford may have condoned it because it was trying to help restore his popularity. He was going way down in the polls. But it was a very important series of events all on the same night. The head of the CIA was fired, William Colby, replaced by a relatively unknown man called George H. W. Bush who then went on to authorize something that Colby had refused to authorize - the Team B report - the Team B to recalculate the Soviet threat and it was pre-determined. They were going to find that it was much bigger than the professionals angled like Raymond [inaudible] that I mentioned.

They said Russia is less of a threat now than it used to be. Well, that was terrible news for the industrial complex so the Team B came in and said oh, no, no, no, it's much more of a threat than it used to be, and that's why we got this huge military build-up. It started actually under Carter but we think of it as the Reagan build-up, and that of course is a major factor in having ended the Soviet Union because the Soviet Union tried to match it with a weaker economy. And that arms race which was not about threats but was about fighting economic war, that was an arms race which you could say that the Soviet Union lost because they couldn't keep it up. Their economy went more and more downhill because they were deflecting resources away from vital domestic functions. But really I'm trying to talk here about the Halloween Massacre...

Just the change in the CIA was a major historical event but it wasn't very visible. The second thing that happened was they fired Jim Schlesinger as Secretary of Defense... It was being done by [President Ford's] Chief of Staff and his assistant who are two names barely known then but quite famous since. Chief of staff was Donald Rumsfeld and the assistant was Dick Cheney. And that was the first real intrusion of the Rumsfeld-Cheney team into American politics. And they became the real heart of what I consider the Deep State in the 1980s when they were planning for Continuity of Government which was a plan for emergency rules like warrantless surveillance and warrantless detention and the militarization of homeland security. All those things were planned all through the '80s - COG planning by Donald Rumsfeld and Dick Cheney. Even when Rumsfeld wasn't in the government, he was authorized by Reagan to do this planning.

And why is that important to our history? Because in 2001, these two men were now in the government - Vice President and Secretary of Defense - the two top people in Washington on September the 11th, 2001 when Bush was down in Florida - George W. Bush - and what did they do on that day? They implemented the plans they had been planning for 20 years. Another major event in American history but it's not usually told that way.

We implemented - it's in the 9/11 Commission Report that COG plans were implemented on that day. This is a huge change in our country. We now have an ARMY command, NORTHCOM, to take charge of America - North America, the way SOUTHCOM is in charge of South America and CENTCOM is in charge of Central Asia.

This used to be illegal... We had the posse comitatus acts which said, yes, if there's a real emergency you could call up the ARMY to deal with the emergency, but you cannot do it on a permanent basis but we now do do it on a permanent basis. We haven't even bothered to repeal the posse comitatus. We are in a state of emergency that was declared on September the 14th, 2001. And it's still enforced. It has to be renewed every year. Obama did it every year just as George Bush renewed it every year.

What are the roots of this? Well there are the legitimate roots that go back to fear of an atomic decapitation of the government back in the Truman era, so legitimate COG planning goes back to Truman and Eisenhower, but the illegitimate use of COG to deal with any emergnecy you like, that goes to the Reagan administration and it really goes back to the [Halloween] Massacre where Rumsfeld and Cheney put their thumbprint on American politics for the first time.

-- interview of Peter Dale Scott, @ min. 32:00,
https://www.youtube.com/watch?v=hNqDAYWYFuQ&t=2433s

This all suggests that the start of the 9/11 agenda pre-dated him as well. I see now that there was a seemingly relevant 1990 event as well. "On September 11, 1970 -- a date that only took on haunting overtones with the attacks on New York and Washington in 2001 -- Nixon became the first U.S. president to try to protect air travelers from extremists who sensed gaping vulnerabilities in security for commercial airliners, issuing a statement listing a string of measures including the introduction of 100 air marshals on U.S. planes. "Most countries, including the United States, found effective means of dealing with piracy on the high seas a century and a half ago," Nixon said. "We can -- and we will -- deal effectively with piracy in the skies today."
The President had been jolted into action by the simultaneous hijackings of planes in Europe headed to the United States. Jets belonging to TWA, Pan Am and Swissair were seized by the Popular Front for the Liberation of Palestine. The group also attempted to hijack a jet over London belonging to the Israeli airline El Al but was thwarted by security guards on board.
The Pan Am seizure ended quickly, but the passengers on the TWA and Swissair jets were diverted to a British air base in Jordan and the drama only ended after days of tense diplomacy, when the hostages were all released in a deal in which the Swiss, German, British and Israeli governments let Palestinian prisoners go." (http://www.cnn.com/2015/07/27/politics/terrorism-1970s-richard-nixon/index.html)

This 9/11 response sounds quite normal of course. But fast forward and the two secret service individuals chosen for an April 2001 interview by a PWC staff member on behalf of what becomthe IBM Center for the Business of Government were (1) Steve Colo who happened to be the head of the division at SAIC that falsely labeled me a threat and added my name to some sort of Do Not Admit list at the end of a 5 month temp assignment in 2005 into early 2006. The consequence of the SAIC designation for me was the following:

(I write) "The SAIC designation took advantage of a devilish stratagem in which as a national security employee (having filed out a SF-86 form, governed actually by the GSA - https://www.gsa.gov/portal/forms/download/116390 - for government clearance) working a designated contract in a classified facility, being designated a disturbance/dissident/threat to operations, makes one, in turn, a threat to national security - with all the surveillance/targeting that enables." In essence I was made an enemy of the State and was tracked, my family and friends turned, my opportunities seized to include the opportunity to rear family as demonstrated especially in the 2007 sabotage of my third trimester pregnancy and then the targeting and eventual capture of children I used to babysit - in 2011, they were predominantly tweens - to be used for sexual blackmail and other forms of leverage. The reason for the use of children in this barbaric way was to

expend "ops" that were already in effect and had been used to control many of the politicians that have been allowed to rise to the top (see info on the Franklin Scandal for example), and similarly according to the laws of compromise, the following which has been recently developing into highly coordinated murder "ops":

(I write) "The progress that was made from the absorbing of my (small) network (and this through sources and methods - money and other pleasureful compensations given to those willing to participate in and/or coordinate violence against me and my loved ones to include children leading only to now their enabled targeting and the absorbing of whatever may be their networks - well, you see below (and this only the very tip of the iceberg) how many people they've been able to engulf and what advances have been made by the quite elaborate criminal class employing these tactics; and one also begins to better understand the events surrounding Justice Scalia's passing and what's to come for the 35 guests in Scalia's private party. As for Scalia's passing, it was decidedly suspicious as noted by William Ritchie: (The Washington Post prints) "As a former homicide commander, I am stunned that no autopsy was ordered for Justice Scalia," William O. Ritchie, former head of criminal investigations for D.C. police, wrote in a post on Facebook on Sunday... Ritchie also raised questions about the marshals' actions: "How can the Marshal say, without a thorough post mortem, that he was not injected with an illegal substance that would simulate a heart attack… Did the US Marshal check for petechial hemorrhage in his eyes or under his lips that would have suggested suffocation? Did the US Marshal smell his breath for any unusual odor that might suggest poisoning? My gut tells me there is something fishy going on in Texas."

As for SAIC, the following also pertains:

(I write) "If you first see SAIC as what's called a systems integrator (author Tim Shorrock's phrase), and also the formerly married Bud and Sue Horton and their two grown sons Matthew Horton and Ben Lanier as aids of an implementation, you can better see the bigger picture:

(1) Sue Horton left IBM in early 2007-ish for an executive position at Tetra Tech which soon entered into joint venture with SAIC (Sue's employer prior to IBM, btw) on an enormous (billion dollar) 2011 Hillary Clinton State Department award (http://www.prnewswire.com/…/saic-tetra-tech-joint-venture-a…);

(2) that Bud Horton left IBM in early 2009-ish for an executive position at Accenture which soon thereafter entered into joint venture with SAIC spin-off Leidos, and Cerner, on an enormous (billion dollar) 2015 DoD award (http://www.healthcareitnews.com/…/dod-names-ehr-contract-wi…);

(3) that the Sue Horton contract was used to grow and fortify the Afghan heroin trade (as well as corrupt law enforcement) although the stated intention was of course the opposite... ("[SAIC and Tetra Tech's] joint venture, Integrated Justice Systems International, LLC (IJSI), has been awarded a contract to provide worldwide civilian police and criminal justice assistance to the U.S. Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL)... [specifically} to provide INL with program management, criminal justice, and life and mission support to countries emerging from conflict or otherwise facing instability challenges. Under this new contract, IJSI will provide technical assistance, training, logistics and infrastructure services to support the Department of State's efforts to strengthen criminal justice systems in select partner countries.")... yet, just months shy of contract end, the NY Times reported: "Tasked With Combating Opium, Afghan Officials Profit From It;" "Penetrating Every Stage of Afghan Opium Chain, Taliban become a Cartel;" and "Corrupt Combatants Fight for Control of Lucrative Afghan Drug Trade;" see also here an overview of the growth of Afghan opium production from the start of the US occupation (2001) to the present, and especially from contract start (2011) to end (2016): http://www.globalresearch.ca/the-spoils-of-war-afghanist…/91;

(4) and that the award Bud Horton helped secure just as Sue's contract was coming to an end was not only born from what looks like Franklin Scandal compromises, but it is this contract that seems intent on implementing bioterrorism as the new form of explosive terrorism."

(Note that both members of this family were awarded BILLION dollar contracts; that's quite exceptional, no?)

As for terrorism as an US industry, it's hardly better seen than through the following which is information of course we all know:

We note that in-between Bush #41's 9/11/1990 speech(with Dick Cheney as his Secretary of Defense) and the 9/11/2001 attack on the WTC were little more than Clinton's 8 years in the White House. We look also to The American Deep State by Peter Dale Scott for evidence of ties between the actions of the Clinton administration and (1) the 1993 attack on the WTC and (2) the 1998 attack on the US embassy in Nairobi, Kenya which demonstrate that the Clinton administration in no uncertain terms sponsored terrorism:

(Writes Scott) "The homicidal crime suggested by Fenton's meticulous research is one both difficult and painful to contemplate. It has to be considered in the light of the earlier instances of protection we have surveyed:

1. the protection given to Salameh and Abouhalima in the 1990 Kahane murder, leaving them free to participate in the 1993 World Trade Center bombing;

2. the failure for two or three years to process Ali Mohamed's documents seized in 1990, which could have prevented the 1993 World Trade Center bombing;

3. the release of Ali Mohamed from Royal Canadian Mounted Police detention in 1993, leaving him free to participate in the 1998 Nairobi Embassy bombing;

4. the treatment of Ali Mohamed as an "unindicted coconspirator" in the 1993 WTC bombing case and Landmarks case, leaving him free to participate in the 1998 Nairobi Embassy bombing.

(pp. 76-77, The American Deep State)

Scott had earlier examined these attacks in especial connection to the September 11, 2001 attack on the WTC:

(Writes Scott) "For indeed it is certain that on various occasions U.S. agencies have intervened, letting al-Qaeda terrorists proceed with their plots. This alarming statement will be dismissed by some as "conspiracy theory." Yet in this chapter, I will show that this claim doesn't to arise from theory, but from facts that are true, even though they have been systemically suppressed or under-reported in the American mainstream media. I am describing a phenomenon that occurred not just once, but repeatedly, almost predictably. We shall see that, among the al-Qaeda terrorists who were first protected and then continued their activities were the following:

1. Ali Mohamed, identified in the 9/11 Commission Report as the leader of the 1998 Nairobi Embassy bombing;

2. Mohammed Jamal Khalife, Osama bin Laden's close friend and, while in the Philippines, financier of both Ramzi Yousef (principal architect of the first World Trade Center [WTC] attack) and his uncle

Khalid Sheikh Mohammed;

3. Khalid Sheikh Mohammed, identified in the 9/11 Commission Report as "the principal architect of the 9/11 attacks";

4. Khalid al-Mihdhar and Nawaf al-Hazmi, two of the alleged 9/11 hijackers, whose presence in the United States was concealed from the FBI by CIA officers for months before 9/11.

It might sound from these citations that the 9/11 Commission marked a new stage in the U.S. treatment of these terrorists, and that the report now exposed those terrorists who in the past had been protected. On the contrary, a principal purpose of my chapter is to show that

1. one purpose of protecting these individuals had been to protect a valued intelligence connection (the "al-Qaeda connection," if you will);
2. one major intention of the 9/11 Commission Report was to continue protecting this connection;
3. those on the 9/11 Commission staff who were charged with this protection included at least one commission member (Jamie Gorelick), one staff member (Dietrich Snell), and one important witness (Patrick Fitzgerald) who earlier had figured among the terrorists' protectors.

In the course of writing this chapter [Scott continues], I came to another disturbing conclusion I had not anticipated. This is that a central feature of the protection has been to defend the 9/11 Commission's false picture of al-Qaeda as an example of non-state terrorism, ignoring not just the CIA but also the royal families of Saudi Arabia and Qatar. In reality, as I shall show, royal family protection from Qatar and Saudi Arabia (concealed by the 9/11 Commission) was repeatedly given to key figures like Khalid Sheikh Mohammed, the alleged "principal architect of the 9/11 attacks." The establishment claims that the wars fought by America in Asia since 9/11 have been part of a global "war on terror." But this "war on terror" has been fought in alliance with Saudi Arabia, Qatar, and Pakistan - precisely the principal political and financial backers of the al-Qaedist networks the United States has supposedly been fighting. Meanwhile the most authentic opponents in the region of these Sunni al-Qaedists - the governments of Iraq, Libya, Syria, and Iran - have found themselves overthrown (in the case of Iraq and Libya), subverted with U.S. support (in the case of Syria), or sanctioned and threatened as part of an "axis of evil" (in the case of Iran). We should not forget that, just one day after 9/11, "Rumsfeld was talking about broadening the objectives of our response and 'getting Iraq.'"

(pp. 44-45, The American Deep State)

Clinton's daughter is now poised to work global health initiatives which I would suggest is little more than a cover for on-going terrorism "ops".

To return to Steve Colo - in the interview he speaks of a partnership between the Secret Service, the FBI, and South Carolina's SLED (State Law Enforcement Division) to open a Computer Crime Center. Bud Horton (mentioned above) (long-affiliated with IT Security; his title at Accenture was Chief technology officer of it's cyber security practice) happened to have just moved to South Carolina from Loudoun County after being implicated in a continuing child sex scandal (see details below). Further, cyber-crime just so happens to be another of the arenas in which our Intelligence Community coordinates with the Russians: "The US cooperates with the FSB and Russia's interior ministry on counter-terrorism, organized crime, bio-terrorism, and cyber-crime." -- p. 243, Expelled: A Journalist's Descent into the Russian Mafia State, by Luke Harding) Most would interpret this quote to suggest that the nations work together to prevent these various threats. The reality is more the opposite; trust me when I say that the US doesn't work "ops" alone - the 2005 London Bombings is one notable example of a instance in which the US coordinated with also British intelligence in the

perpetration of an attack.) I just tweeted this morning actually the following in regards to US coordinations with the Russians: "One must know a renowned Rus mafiaso was granted entry https://en.wikipedia.org/wiki/Vyacheslav_Ivankov#Moving_to_the_United_States … be4 the real story of today's US-Rus relations is slowly known" in response to the following comment @turndeaux: Peter Dale Scott, who writes about the Deep State, says Russia issue is "a bona fide security issue, not a diversion".

About Bud Horton and the Loudoun County matter - in attempts to make a long story short, the following email chain:

On Monday, June 26, 2017 10:57 AM, [redacted] wrote:

Sheriff Chapman,
Loudoun Count, VA

Did you ever consider that Loudoun was a target? That your community was induced to walk it's own children down the plank as compensation for what Loudoun had done to the young Dima Yakovlev? Because now child exploitation is deeply embedded within your community with your own people (your own police, your own prosecutors, your own public defenders and private attorneys) protecting this very system that will be used to take the futures of your Loudoun children (see more of the details below). Is it possible that that's how this happened, and you saw it not unfolding before your eyes? Or was it simply money and just another good enough justification?

Forwarded Message

On Monday, June 26, 2017 10:24 AM, [redacted] wrote:

Changeis,

You reported in May of 2014 that you hired Bob Richel formerly of the DEA as Vice President of Corporate Development. In an April 2014 interview by the Loudoun County Police (those in the mouth of the lion but not quite aware of it yet but to have foreseen the ways in which the 2008 death of the Russian born 21 month-old Dima Yakovlev (renamed Chase Harrison by his Purcellville, VA adoptive parents) would have been used as "justification" for a (quite profitable) counter-offensive... ) of Henry "Bud" Horton (characterized by Loudoun County as a "victim" of the recent "False statement to Law Enforcement Officer (LEO)" of him sexually exploiting the 15 year-old Anjulee Gunther), Henry "Bud" Horton named Bob Rachel as one of the DEA guys he used to work with. This takes on unusual significance in light of the below, no?

(How lovely, by the way, this following information and the ways in which it helps us understand many of the hidden influences: "Halliburton is also involved with the Russian mob. They're got sort of two things going on. One is oil and the other is drug trafficking. Halliburton is a story all by itself." (says Stan Goff, http://narconews.com/goffmccormick1.html))

On Saturday, June 24, 2017 2:43 PM, [redacted] wrote:

Mr. Satz,
State's Attorney, Broward County, Fl

I'm forwarding the below information as it pertains to Mrs. Lesley Simms and more importantly the ones with whom she continues to coordinate.

As you may know, she was once close with an individual named Matthew Horton with whom she attended George Mason University, and through Matthew, Ms. Simms became well-acquainted with Matthew's parents Henry "Bud" Horton and Sue Popovich Horton who helped secure her a position at IBM upon her graduation from GMU. Both of these latter individuals (Bud and Sue Horton) were involved in the 2007 murder of my son, and they in collusion with their son Matthew continue in the exploitation of children Anjulee and Xian Gunther. The powers that be intend now for these children to (continue to) follow in the footsteps of Ms. Simms, and to that end, I would advise that you become acquainted with (1) the ways in which Ms. Simms subsidized her law school education and off course (2) her current and related endeavors especially as they relate to drug trafficking and terror financing (see below email to Mr. Martin of the St. Augustine Record).

On Friday, June 23, 2017 8:36 AM, [redacted] wrote:

Mr. Martin,
St. Augustine Record

Quite an interesting article about the litigation between Deputy Banks and Rusty Rogers (see: Deputy Banks' attorney claims FDLE agent's credibility 'destroyed') It must also be explored, of course, that Officers Rodgers was once well respected for his investigation and exposure of a terrorist financing network that permeated the sunny state of Florida - (the NY Times reports) "Agent Rodgers joined the state's elite investigative unit, the Florida Department of Law Enforcement, where he quickly earned agent-of-the-year honors — and a meeting with the governor — for helping dismantle a terrorist financing network that stretched from Florida to the Middle East" - and that terrorism is very much a well-protected U.S. industry (see below).

God forbid some poor should get away with disrupting the delicate state of secreted operations; as you yourself report, "As written in [Plaintiff Banks'] motion: "Defendant Rodgers' false, misleading and inconsistent testimony throughout the discovery process is so pervasive and extreme, and involves so many material issues, it has destroyed Defendant's credibility on all issues..." And here we see the "whole-of-government" attempts to restore balance.

*

As for the second Secret Service agent interviewed by the IBM Center for the Business of Government, his name is Dana Brown. He just so happened to have filled out his career with the Federal Air Marshall Service (October 2003-August 2008 as Director/Chief of Staff) followed by the TSA (March 2006-January 2009 as Asst. Administrator-Law Enforcement/Integrity Officer) states his LinkedIn profile. That he worked his way around to that which was largely put in place by the 1970 9/11 mini-event seems to me rather significant although I don't see all the details yet. I also don't yet see exactly who it was that birthed this lengthy 9/11 initiative we're suffering. It seems clear, however, that it was birthed prior to 1970.

The initiative has adjusted in some ways over time, but homage to 9/11 remains strong. Certain of the people deeply involved in these manipulations thought it was kismet that an individual well-suited to head the newly ordained Department of Homeland Security (that as we all know was the result of legislation rushed through Congress in the aftermath of the 9/11 (2001) attack) was born on the magical September 11th (this is Jeh Johnson); similarly, it is again being deemed a sign that the new Director of the National Science Foundation (NSF) (chosen and positioned as she was) is first-named France (last name Cordova) and that this name so perfectly relates to US intentions to use the NSF to forward "ops" that will solidify a US-France working relationship in the same way the

2005 London Bombings helped solidify the US-British working relationship. These France going-ons are in higher gear (I've noticed) since Macron was elected but it was prepped for long ago. I was working for IBM under IBM project manager Cathie Skoog at the NSF when my third trimester pregnancy was sabotaged. The story of this sabotage and what followed is (briefly) this:

I've long-alleged that John and Avery Gunther (whose children I used to babysit) agreed to a quid pro quo exchange of financial compensation for help destroying my credibility on behalf of IBM against whom I'd filed a 2010 EEOC (Equal Employment Opportunity Commission) charge and a subsequent May 2011 civil suit.

Per the May 11, 2011 Complaint, McGuire v. John and Avery Gunther:

3. On April 6, 2011 Mr. and Mrs Gunther, with uncontrolled greed and total disregard for the rights and feelings of Ms. Nadine McGuire as well as those of their children, AFG and XWG, maliciously and with ill-intent, wrongfully completed and executed a Complaint and Motion for Preliminary Injunction requesting formal protection against Ms. Nadine McGuire.

4. Over the course of the previous few months, Mr. and Mrs. Gunther, colluding with persons against whom Ms. Nadine McGuire is currently furthering litigation, including but not limited to plaintiff's mother, Pauline Scala McGuire, and from whom they received and/or have been promised to receive monetary incentives, hid their relationships with said individuals, further lied about having those relationships in direct conversation with Ms. Nadine McGuire and Court testimony on May 4, 2011, and wrongfully completed and executed a Complaint and Motion for Preliminary Injunction against Ms. Nadine McGuire in cooperation and collaboration with said persons, resulting in the issuance of a Temporary Restraining Order against Ms. Nadine McGuire issued on April 6, 2011.

- Initial Complaint, 5/11/11, McGuire v. John and Avery Gunther, Case No.:2011 CA 003703 B, DC Superior Court, Judge Gregory Jackson presiding

In regards to the suit against IBM (McGuire v. IBM, 1:11CV528, US District Court of Virginia), the only suit in which Pauline Scala McGuire was listed as a defendant, the most important claim was one of “assault” that led to the 2007 death of my son. Per the filing:

Plaintiff, Grace Nadine McGuire, realleges the allegations of paragraphs 1-65 hereof as if fully set forth within and further alleges:

66. Defendant Palmisano's conduct in ascertaining the drug that was used on the plaintiff to end her pregnancy and take the life of her child on April 22, 2007, constitutes an intentional touching of the plaintiff by defendant Palmisano, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

67. Defendant Skoog, Susan Horton and Scala's conduct in coordinating the circumstances, creating physical proximity and the administering of the drug to the plaintiff that ended her pregnancy and took the life of her child on April 22, 2007 constituted an intentional touching of the plaintiff by said defendants, and was undertaken deliberately and with actual malice towards the plaintiff and her unborn child.

... 69. As the direct and proximate result of defendant Palmisano, Skoog, Susan Horton, and Scala's conduct, the plaintiff suffered a severe placental abruption, which terminated her pregnancy and ended the life of her unborn child, causing the plaintiff to suffer damages including but not limited to the loss of her child, loss of affection, grief, sorrow, extreme mental torment and emotional distress.

- Initial Complaint, filed 5/16/11, McGuire v. IBM, et al, Case No.: 1:11CV528, US District Court of Virginia - Eastern Division, Alexandria, Judge Leonie Brinkema presiding

This is to say that John and Avery Gunther helped IBM defend against an allegation of murder, and in this way they are accomplices to a cover-up. This is also to say that the characterization provided by John and Avery Gunther in their April 2011 Superior Court filing for a Protection Order against me and their admissions in this filing of having provided derogatory information to various persons and/or entities in the DC area to include school administrators, psychologists, and law enforcement, were more to harm me, especially in my chances to hold IBM accountable, than to protect either themselves or children Anjulee and Xian Gunther.

I also long-allege that the relationship that developed from this initial quid pro quo led to John and Avery Gunther being similarly compensated for what turned into the sexual exploitation of their two daughters. For more on child sexual exploitation for the sake of personal and professional leverage, see especially the following:

Nick Bryant | The Franklin Scandal & The Elite's Pedophilia Cover Up,
https://www.youtube.com/watch?v=68gvGGPjm0o&t=978s

That the NSF won't acknowledge the abuse, and won't respond even to my FOIA requests, and otherwise has gone to extents to protect Cathie Skoog and her co-conspirators at IBM and otherwise is all that was needed to have adequately turned the organization towards the interests of the Deep State. Now it is simply a matter of the Deep State continuing to put the NSF to use.

*
*

Jeffrey Epstein in context:

(As sent to the Wash Post)

I send you this in response to the recent column entitled Believe in the Process by Kenneth Starr. Perhaps rethink any public affiliation with Ken Starr; although his demeanor on paper is undoubtably consoling, it is also a bit intoxifying when it would be best now if we keep our wits about us, no?

I say this from the following perspective - Ken Starr of the Starr Report, attorney for (1) Erik Prince of Blackwater and (2) convicted pedophile Jeffrey Epstein in context:

The Starr Report buried behind salacious detail of the Lewinsky affair almost nothing of Whitewater, Travelgate, or otherwise what many consider the murder of Vince Foster (Foster, albeit the subject of a different investigation was also under the purview of attorney Starr and formal investigation of the results of Starr's investigation were drowned out by the details of the Lewinsky affair.) This is a bit strange considering the Lewinsky affair was a moral failing and not an actionable criminal one as would have been the others had any proof surfaced.

Starr later defended Blackwater against wrongful deaths suit initiated by the families of the 2004 Fallujah Ambush victims - "In October 2006, Blackwater hired one of the nation's heaviest-hitting lawyers to represent it - Kenneth Starr, the independent counsel in the 1999 impeachment of President Bill Clinton over the Monica Lewinsky sex scandal... Starr and his colleagues argued that Blackwater was "constitutionally immune" from such lawsuits and said that if the Fallujah case were allowed to proceed, "Blackwater will suffer irreparable harm." In the eighteen-page petition to the Supreme Court, Blackwater argued that there are no other such lawsuits against private

military/security companies in state courts "because the comprehensive regulatory scheme enacted by Congress and the President grant military contractors like Blackwater immunity from state-court litigation." (pp. 234-235, Blackwater). (Author Ken Davis writes) "The four men had spent the night before they set off at marine base Camp Fallujah. But the men kept their distance from the leathernecks. Had they spoken to the marines, the Blackwater team might have learned that the Americans were already in the midst of a major offensive meant to assert control over the increasingly restive city, where elements of the radical Islamist movement and remnants of Saddam's army were beginning to aggressively strike back. at the American occupation" (p. 306, The Hidden History of American at War), and perhaps this is the only thing that makes sense of the fact that "Under the terms of its contract, Blackwater was supposed to supply these convoy security missions with two SUVs, each carrying three guards per vehicle; a driver, one man riding shotgun, and a third man in back with a heavy machine gun. Instead, the foursome set out that morning with just two men per car, each vehicle missing their rear gunner. The SUVs were only outfitted with a steel plate as extra armor. And the men had not been given maps." (p. 305).

Starr went on to defend Jeffrey Epstein abasing allegations of child sex trafficking - "Along with a dream team of attorneys that included Gerald Lefcourt, Roy Black, and Ken Starr, [Alan Dershowitz] was successful in getting federal investigators not to charge Epstein with moving his victims across state lines and other associated crimes. The federal non-prosecution agreement Epstein's legal team negotiated with the U.S. Attorney for the Southern District of Florida immunized all named and unnamed "potential co-conspirators" in Epstein's child trafficking network, which includes those who allegedly procured minors for Epstein and also any powerbrokers who may have molested them" (-http://gawker.com/flight-logs-put-clinton-dershowitz-on-ped…). Otherwise, Epstein's eventual 18 month sentence by the state of Florida was exceptionally light under the circumstances to include the number of victims who came forward with testimony. This is best understood in the context of children being used as a means to government-sponsored sexual blackmail and other forms of leverage.

See here Erik Prince in greater context: (the similarities between him and once (secretly) favored child Bin Laden)

The coordinations among global intelligence to make rather than eliminate terror as seen thru "assets" bin Laden (as M. Noriega before him) & Erik Prince:

About BL: "Some CIA officers will later say that [BL] serves as a semi-official liaison between the GIP [Saudi intel.] and warlords like Sayyaf."
(www.historycommons.org/entity.jsp?entity=ahmed_badeeb_1)

About EP: "Handcuffed by politics, the CIA had not been able to cultivate relationships with the key but messy leaders. Fortunately, Blackwater had no such political restrictions." (p. 54, Civilian Warriors by E. Prince)

We see also:

About BL: "Bin Laden established camps inside Khyber Pakhtunkhwa in Pakistan and trained volunteers from across the Muslim world to fight against the Soviet-backed regime, the Democratic Republic of Afghanistan" (Wikipedia)

About EP: "In his autobiography, he states that during the Yugoslav Wars in the early 1990s, he realized the need for private training facilities for special operations… Prince moved to Virginia

Beach and personally financed the formation of Blackwater Worldwide in 1997. He bought 6,000 acres (24 km2) of the Great Dismal Swamp of North Carolina and set up a school for special operations" (Wikipedia)

Erik Prince is (becoming) no less an Amer. intelligence success story than bin Laden (in support of Terrorism as Geostrategy & a New World Order - see below). In short: (we note the repeating 9/11s, every 11 years): "Toward a NWO" speech by Bush #41 - Sept. 11 ('90); The WTC - Sept. 11 ('01); Benghazi - Sept. 11 ('12). (There is rhy. & reason also 2 the rise of ISIS.)

***

About training camps:

I watched so to speak the creating of little torture pockets around the world as justified by Obama's desire to close Gitmo. The White House reports (2/23/16): "We'll continue to securely and responsibly transfer to other countries the 35 detainees already approved for transfer. This process involves extensive and careful coordination across our federal government to ensure that our national security interests are met when an individual is transferred to another country. We insist, for example, that foreign countries institute strong security measures." But are these not just the seeds of new training camps (growing concentrated and lauded violent temperaments) & was that not someone's exact intent?

In real-time (and as perpetrated on captured children):

3/19/14, sent to the now defunct FB page of D. Cheney:
Dick Cheney,

I wonder if it's possible that there is coordination with other countries concerning enhanced interrogation techniques, in the form of training perhaps?

Specifically, here in the United States, my sense is that there may be the use of vulnerable populations, with the intension to gain favor with and/or intimidate others, especially members of the international community.

*

And:

On Saturday, June 21, 2014 6:37 AM, [redacted] wrote:
To: [redacted]

Deputy Lyddy,

Her energy is very weak. She is physically exhausted, VERY sleep deprived, and HUNGRY.

[These were continuing experimentations in reversed-engineered SERE; the agreed upon techniques, taken from various regions of the world to be distributed to the various regions of the world, had to be deemed not torture and this is where organizations like the APA stepped in, then (during the Bush administration), and afterwards. See here for example: "And I think, you know, what's really important in the debate going forward among psychologists is the extent to which psychologists loaned their names and loaned their credentials and their Ph.D.s to this kind of activity and essentially were used by the Bush administration to provide a kind of "get out of jail free" card for

the people who were, you know, doing these interrogations, because the logic, which I think Mark had mentioned, is, you know, this circular logic. So long as there are trained psychologists from the SERE program who are on site at these interrogations who are saying that these detainees can withstand this treatment, are not being harmed psychologically, then it's not torture. So, you know, you've got this sort of [inaudible] tortured — tortured logic, which is the phrase that has come up, but it's this sort of self-justifying loop in which professionals are loaning their credentials to this kind of activity. And you see the same thing in the Office of Legal Counsel, where you have, you know, lawyers loaning their credentials to approving what are clear violations of the Geneva Conventions." (https://www.democracynow.org/2009/4/21/the_story_of_mitchell_jessen_associates)]

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# CRIMINAL LAW: CRIME VICTIMS' RIGHTS DURING CRIMINAL INVESTIGATIONS? APPLYING THE CRIME VICTIMS' RIGHTS ACT BEFORE CRIMINAL CHARGES ARE FILED

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## Highlight

This Article addresses whether crime victims should have rights during criminal investigations, using the Crime Victims' Rights Act (***CVRA***) as the focal point for our discussion. This is a critical issue, as many criminal cases may never proceed to formal charging. If crime victims have no rights during criminal investigations, then many crime victims will never have any rights at all.

The issue of whether crime victims have rights in the criminal justice process recently came to a head when the Justice Department released a memorandum contending that the ***CVRA*** does not extend crime victims any rights until prosecutors choose to file formal criminal charges. This led the ***CVRA***'s Senate cosponsor, then-Senator Jon Kyl, to fire off an angry letter to the Justice Department attacking its position. In our Article, we side with the Act's cosponsor. We believe that, properly understood, the ***CVRA*** does extend crime victims' rights during criminal investigations.

Our Article proceeds in four parts. First, it highlights the importance of applying the Act before the formal filing of charges by illustrating how dozens of victims in a notorious federal sex abuse case were deprived of the ability to participate meaningfully in the criminal process when federal prosecutors narrowly interpreted their responsibilities under the Act. Second, the Article reviews the purpose, text, structure, and history of the ***CVRA***, concluding that they all support the conclusion that crime victims have rights during criminal investigations. Third, our Article critiques the Department's memorandum, demonstrating that the Department's analysis is unpersuasive. Fourth and finally, the Article provides a specific approach for determining when rights should attach - specifically when federal law enforcement agencies have identified a crime with sufficient precision to send a "target" letter to a criminal defendant. We also observe that federal and state prosecutors have already accorded rights to victims before formally filing charges, which further undermines the Department's overly narrow construction of the Act.

## Text

DAVID SCHOEN

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**[*61]**

Introduction

In recent years, federal and state enactments have given crime victims extensive rights to participate in criminal cases. Many of these rights apply only after the filing of criminal charges, such as the victim's right to be heard during court proceedings. A crime victim's right to deliver an impact statement at sentencing, for instance, can only be exercised after a prosecutor has filed charges against a defendant and obtained a conviction. Other rights, however, can apply even before the formal filing of charges. As one example, the Crime Victims' Rights Act (***CVRA***) [1] extends to federal crime victims the right to "confer" with prosecutors. But can victims exercise this right before charges have been filed?

This question has tremendous practical importance. In many cases, prosecutors negotiate pleas well before any charges are ever drafted. If crime victims' rights enactments do not extend rights to victims until the formal filing of charges, then crime victims can be effectively excluded from the plea bargaining process. Yet the exclusion of victims in early stages of a criminal case affects more than just the content of a plea deal. Crime victims will also lose other important rights in the process if the formal filing of charges is the necessary trigger for those rights. If, for example, prosecutors work out a nonprosecution agreement with an offender, they need not notify his victims of what they are doing or of the fact that potential charges will never be filed.

The issue of pre-charging rights has most prominently surfaced in connection with federal cases. In 2010, the Department of Justice's Office of Legal Counsel (OLC) weighed in on the issue and released a legal opinion arguing that victims of federal crimes have no ***CVRA*** rights during a federal criminal investigation. [2] The Justice Department took the position that rights under the ***CVRA*** do not apply until prosecutors formally initiate criminal proceedings by filing a complaint, information, or indictment. The Department claims to find support for that limiting interpretation of the statute in its plain language and legislative history.

Shortly after the Department released its opinion, one of the ***CVRA***'s congressional sponsors, then-Senator Jon Kyl, sent a letter to Attorney General Eric Holder strenuously objecting to the Department's conclusions. Senator Kyl directly stated his view that "when Congress enacted the **[*62]** ***CVRA***, it intended to protect crime victims throughout the criminal justice process - from the investigative phases to the final conclusion of a case." [3] Senator Kyl contested the Department's analysis of the statute and, in particular, its use of statements from him during Congress's consideration of the ***CVRA***.

This Article sides with the ***CVRA***'s cosponsor and concludes that crime victims' ***CVRA*** rights attach before formal charging. Both the ***CVRA***'s plain language and its legislative history lead inexorably to this conclusion, as every court that has considered this issue has concluded. This Article also contends that, as a matter of sound public policy, crime victims should have rights before the formal filing of criminal charges.

This Article proceeds in four parts. Part I frames the issues under discussion by defending the importance of extending rights to crime victims during criminal investigations. Part I also provides background on victims' rights and gives a concrete illustration of a case in which the question of pre-charging rights for crime victims has arisen - specifically, the Jeffrey Epstein sex abuse case before a federal court in Florida. In that case, girls victimized by Epstein have argued that they should have been consulted about a federal nonprosecution agreement; Department attorneys have responded that because prosecutors never filed charges, government officials had no formal obligations to inform the girls.

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[1] Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act, Pub. L. No. 108-405, ***118 Stat. 2260, 2261-65 (2004)*** (codified as amended at *18 U.S.C. § 3771* (2012) and *42 U.S.C. § 10603*(d)-(e) (2006)).

[2] The Availability of Crime Victims' Rights Under the Crime Victims' Rights Act of 2004, *35 Op. O.L.C. 1* (Dec. 17, 2010) [hereinafter OLC ***CVRA*** Rights Memo], available at *http://goo.gl/fHmCL4*.

[3] Letter from Jon Kyl, U.S. Sen., to Eric H. Holder, Jr., Att'y Gen. (June 6, 2011), reprinted in 157 Cong. Rec. S3608 (daily ed. June 8, 2011) (statement of Sen. Jon Kyl).

Part II reviews the ***CVRA***'s purpose, text, structure, and legislative history. This review establishes that the ***CVRA*** extends rights to crime victims before formal charges are filed.

Part III critiques OLC's position that the ***CVRA*** extends rights to victims only after prosecutors have lodged charges in court. The Department's proffered arguments do not withstand close scrutiny, particularly in light of the fact that the ***CVRA*** covers federal agencies involved in the "detection" and "investigation" of crime, [4] and specifically authorizes crime victims to file ***CVRA*** motions in situations where "no prosecution is underway." [5]

Part IV then proposes a specific approach for determining when crime victims' ***CVRA*** rights attach. This Part explains that the rights should attach when federal law enforcement or prosecuting agencies have identified a federal crime and a particular victim with sufficient precision that they would send a "target" letter to a criminal defendant in similar circumstances. If prosecutors have sufficient information to provide notice **[*63]** to a potential criminal of his rights, they can do the same for his victims. This Part also notes that the Department of Justice and state prosecutors already successfully provide rights to victims before charging. This successful experience strongly suggests that providing rights to victims early in the criminal justice process will not be unduly burdensome.

I. The Issue of Rights for Crime Victims During Criminal Investigations

To consider the question of whether victims should have rights during criminal investigations, some understanding of the underlying purposes of victims' rights enactments will be useful. These enactments are typically designed to make victims participants in all phases of the criminal justice process. [6] Congress drafted the ***CVRA***, for example, broadly to make crime victims participants in criminal cases. The Jeffrey Epstein sex abuse case demonstrates the importance of victim participation even before charges are filed.

A. A BRIEF HISTORY OF CRIME VICTIMS' RIGHTS

The crime victims' rights movement has sought to make crime victims important participants in the criminal justice process. The movement began in the wake of the Warren Court revolution, which extended new rights to criminal defendants. [7] With the courts paying increasing attention to criminal defendants, crime victims' advocates began to argue that the victims themselves had been overlooked. [8] The movement gained great visibility in the early 1980s when President Ronald Reagan appointed the President's Task Force on Victims of Crime. [9] The Task Force published a report concluding that "the criminal justice system has lost an essential balance… . The victims of crime have been transformed into a group oppressively burdened by a system designed to protect them. This oppression must be redressed." [10]

The Task Force chronicled how crime victims were treated in all stages of the criminal justice process, from the police investigation through **[*64]** court proceedings, and ultimately to any parole or other release of the criminal. The Task Force

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[4] *18 U.S.C. § 3771*(c)(1).

[5] Id. § 3771(d)(3).

[6] See Douglas E. Beloof, Paul G. Cassell & Steven J. Twist, Victims in Criminal Procedure 3-39 (3d ed. 2010) (describing reforms from a historical perspective); see also, e.g., *18 U.S.C. § 3771*(a) (2012).

[7] See Beloof, Cassell & Twist, supra note 6, at 3-39 (describing the history of victims' rights in American law and the early days of the modern movement).

[8] See, e.g., William F. McDonald, Towards a Bicentennial Revolution in Criminal Justice: The Return of the Victim, 13 Am. Crim L. Rev. 649, 651-55 (1976).

[9] Exec. Order 12,360, *47 Fed. Reg. 17,975* (Apr. 27, 1982); see also President's Task Force on Victims of Crime, Final Report, at ii (1982).

[10] *President's Task Force on Victims of Crime, Final Report, supra* note 9, at 114.

then made a series of recommendations for all criminal justice agencies, including the police, prosecutors, and the courts. [11] The recommendations were designed to allow crime victims to receive information about, and to participate in, criminal cases.

In its most far-reaching recommendation, the Task Force proposed amending the U.S. Constitution to protect victims' rights. [12] The proposed ***amendment*** would have built on existing constitutional rights for criminal defendants by extending similar rights to crime victims. [13]

After the publication of the report, crime victims' advocates secured the passage of a series of state constitutional and legislative reforms. These measures guaranteed victims' rights in the criminal process, such as the right to be notified of court proceedings, to attend those proceedings, and to speak at appropriate points in the process, such as plea bargaining and sentencing. The measures were embodied in state statutes and, in more than thirty states, state constitutional "bills of rights" for crime victims. [14] While many of the measures had narrow participatory rights, [15] some of the ***amendments*** also contained more open-ended language, promising victims a right to fair treatment "throughout the criminal justice process." [16]

After successfully passing many state constitutional ***amendments***, crime victims' rights advocates sought to achieve the Task Force's broadest recommendation: to secure protection for victims' rights in the U.S. Constitution. In 1996, victims' advocates proposed a Victims' Rights ***Amendment*** in a Rose Garden ceremony attended by President Bill Clinton. [17] The proposed ***amendment*** contained a list of rights for crime victims, largely paralleling the rights contained in state victims' rights **[*65]** ***amendments***. [18] Congress considered the ***amendment*** several times, but it never obtained the requisite two-thirds support in both houses to secure the ***Amendment***'s approval. [19] Critics quarreled not so much with the goals of the ***amendment*** but rather with the necessity of constitutionalizing such rights. [20]

B. THE CRIME VICTIMS' RIGHTS ACT

Unable to obtain the necessary supermajority to pass a federal constitutional ***amendment***, in April 2004, crime victims' rights advocates decided to focus on federal legislation protecting crime victims. In exchange for backing off from their efforts to pass a constitutional ***amendment***, crime victims' advocates received near-universal congressional support for a "broad and

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[11] See id. at 56-82.

[12] Id. at 114.

[13] Id. at 114-15.

[14] For a map depicting the states with (and without) such ***amendments***, see State Victim Rights ***Amendments***, Nat'l Victims' Constitutional ***Amendment*** Passage, *http://goo.gl/znI4YW* (last visited Nov. 26, 2013); for discussion, see infra Part IV.D (discussing legislative reforms in a number of states).

[15] See, e.g., Cal. Const. art. I, § 28; Mich. Const. art. I, § 24; N.C. Const. art. I, § 37. For a detailed discussion of how one state constitutional ***amendment*** is intended to operate, see generally Paul G. Cassell, Balancing the Scales of Justice: The Case for and the Effects of Utah's Victims' Rights ***Amendment***, *1994 Utah L. Rev. 1373.*

[16] E.g., Ariz. Const. art. II, § 2.1(A)(1); Mich. Const. art. I, § 24(1); Tex. Const. art. I, § 30(a)(1); see Cal. Const. art. I, § 28(b)(1) ("throughout the criminal or juvenile justice process").

[17] John M. Broder, Clinton Calls for Victims' Rights in Constitution, L.A. Times, June 26, 1996, at A1. For detailed discussions of the legislative efforts, see Paul G. Cassell, Recognizing Victims in the Federal Rules of Criminal Procedure: Proposed ***Amendments*** in Light of the Crime Victims' Rights Act, *2005 BYU L. Rev. 835, 847-50.*

[18] See Cassell, supra note 17, at 848-49. For the pros and cons of the ***amendment*** as originally introduced, compare Paul G. Cassell, Barbarians at the Gates? A Reply to the Critics of the Victims' Rights ***Amendment***, *1999 Utah L. Rev. 479* [hereinafter Cassell, Barbarians at the Gates?], and Steven J. Twist, The Crime Victims' Rights ***Amendment*** and Two Good and Perfect Things, *1999 Utah L. Rev. 369,* with Robert P. Mosteller, The Unnecessary Victims' Rights ***Amendment***, *1999 Utah L. Rev. 443.* For a more recent discussion of a newer version of the ***amendment***, see Paul G. Cassell, The Victims' Rights ***Amendment***: A Sympathetic, Clause-by-Clause Analysis, *5 Phoenix L. Rev. 301 (2012).*

encompassing" statutory victims' bill of rights. [21] Victims' advocates sought to expand on the protections found in other previously-enacted victims' rights statutes, including, notably, the Victims' Rights and Restitution Act of 1990. [22] That statute had also included a bill of rights for crime victims, yet because of limited enforcement mechanisms, crime victims had been unable to secure court protection of the rights listed in the statute. [23]

The statute that Congress passed to solve these problems - the Crime Victims' Rights Act of 2004 - gave victims "the right to participate in the **[*66]** system." [24] It extended broad rights to crime victims, including "the right to be treated with fairness and with respect for the victim's dignity and privacy" [25] and "the reasonable right to confer with the attorney for the Government in the case." [26] It also commanded that these rights must be afforded by the Justice Department "and other departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime." [27] The ***CVRA*** also contained specific enforcement mechanisms. The Act provided that rights can be "asserted" by "the crime victim or the crime victim's lawful representative, and the attorney for the Government … ." [28] The courts were also required under the Act to "ensure that the crime victim is afforded the rights" given by the law. [29]

Congress appeared to have at least two goals in mind in passing the ***CVRA***. The first was simply to ensure that crime victims understood what was happening in the criminal justice process. This goal is apparent from the fact that the ***CVRA*** gives crime victims rights to notification about various court hearings, as well as more general rights to confer with prosecutors and to be treated with fairness. [30] The ***CVRA***'s Senate sponsors explained:

In case after case we found victims, and their families, were ignored, cast aside, and treated as non-participants in a critical event in their lives. They were kept in the dark by prosecutors too busy to care enough, by judges focused on [defendants'] rights, and by a court system that simply did not have a place for them. [31]

In passing the ***CVRA***, Congress sought to change the system's obliviousness to crime victims that often "left crime victims and their families victimized yet again." [32]

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[19] Hon. Jon Kyl et al., On the Wings of Their Angels: The Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act, *9 Lewis & Clark L. Rev. 581, 588-91 (2005).*

[20] Proposed Constitutional ***Amendment*** to Protect Crime Victims, S.J. Res. 1: Hearing Before the S. Comm. on the Judiciary, 108th Cong. 128-29 (2003) (statement of Sen. Patrick Leahy); see also Steven J. Twist & Daniel Seiden, The Proposed Victims' Rights ***Amendment***: A Brief Point/Counterpoint, *5 Phoenix L. Rev. 341, 356, 378 (2012)* (illustrating that the necessity dispute has endured to the present day).

[21] 150 Cong. Rec. 7295 (2004) (statement of Sen. Dianne Feinstein); see also Kyl et al., supra note 19, at 591-93.

[22] Victims' Rights and Restitution Act of 1990, Pub. L. No. 101-647, ***104 Stat. 4820*** (codified as amended at *42 U.S.C.§§10601,* 10606-07 (2006)).

[23] See, e.g., *United States v. McVeigh, 106 F.3d 325, 328 (10th Cir. 1997)* (per curiam) (refusing to enforce a victim's right to attend a trial); Cassell, Barbarians at the Gates?, supra note 18, at 515-22 (discussing McVeigh).

[24] 150 Cong. Rec. 7297; see *18 U.S.C. § 3771* (2012). For a description of victim participation, see Beloof, Cassell & Twist, supra note 6, at 728-33.

[25] *18 U.S.C. § 3771*(a)(8).

[26] Id. § 3771(a)(5).

[27] Id. § 3771(c)(1).

[28] Id. § 3771(d)(1).

[29] Id. § 3771(b)(1).

[30] See id. § 3771(a).

[31] 150 Cong. Rec. 7296 (2004) (statement of Sen. Dianne Feinstein).

A second overarching purpose of the ***CVRA*** was to allow crime victims to play a role in the criminal justice process. Through the ***CVRA***, Congress intended to make victims "independent participants" in the criminal justice process. [33] The ***CVRA*** extends to crime victims a series of "rights" in the criminal justice process - rights that the victims have **[*67]** independent standing to assert. [34] Congress viewed these provisions as establishing a victim's right "to participate in the process where the information that [victims] and their families can provide may be material and relevant … ." [35]

Congress appears to have had both intrinsic and instrumental reasons for wanting crime victim participation. Congress clearly thought that such participation was valuable in its own right. Senator Kyl embodied this belief and explained his decision to become involved in the crime victims' rights movement because of his discovery that victims:

were suffering through the trauma of the victimization and then being thrown into a system which they did not understand, which nobody was helping them with, and which literally prevented them from participation in any meaningful way. I came to realize there were literally millions of people out there being denied these basic rights … . [36]

But Congress also thought crime victim participation in the criminal justice system could be instrumentally useful. For example, in protecting a victim's right to be heard by those determining a defendant's sentence, a victim might be able to provide important information that could alter that sentence. As a result, the sentence might reflect a fuller appreciation of the danger posed by a defendant, and the judge might take appropriate steps to prevent others from being victimized. [37]

Congress also intended to ensure that crime victims were not revictimized in the criminal justice process - that is, that they would not suffer what scholars have called "secondary harm" in the process. [38] The concern is that victims suffer when they are excluded from the criminal justice process. Congress sought to end that suffering by making victims meaningful participants in criminal cases. [39]

C. AN ILLUSTRATION OF THE PRE-CHARGING ISSUE: THE JEFFREY EPSTEIN CASE

Given the potentially expansive scope of victims' rights under both state provisions and the ***CVRA***, a critical question arises about how to apply them: Do the rights come into existence only after prosecutors formally file **[*68]** criminal charges? Or do they attach at some earlier point in the process? Does v. United States, a federal case in the U.S. District Court for the Southern District of Florida, usefully illustrates the issue. [40] In that case, the U.S. Attorney's Office for the Southern District of Florida

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[32] Id.

[33] Id. at 7302 (statement of Sen. Jon Kyl).

[34] Compare *18 U.S.C. § 3771*(d), with Susan Bandes, Victim Standing, *1999 Utah L. Rev. 331, 344-45* (illustrating the debate surrounding victim standing prior to adoption of the ***CVRA***).

[35] 150 Cong. Rec. 7296 (statement of Sen. Dianne Feinstein).

[36] Id. at 7298 (statement of Sen. Jon Kyl).

[37] Id.

[38] See, e.g., Douglas Evan Beloof, The Third Model of Criminal Process: The Victim Participation Model, *1999 Utah L. Rev. 289, 294-96;* Richard A. Bierschbach, Allocution and the Purposes of Victim Participation Under the ***CVRA***, 19 Fed. Sent'g Rep. 44, 46 (2006).

[39] 150 Cong. Rec. 7298 (statement of Sen. Jon Kyl).

[40] *Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011).* In the interest of full disclosure, two of the authors of this Article (Cassell and Edwards) are co-counsel for the victims in this case. The statement of the facts in this Article draws heavily on the victims' allegations as they have detailed in their pending motion for summary judgment in the case. See Jane Doe #1 & Jane Doe #2's *Motion for Finding of Violations of the Crime Victims' Rights Act and Request for a Hearing on Appropriate Remedies at 3-23, Does, 817 F. Supp. 2d 1337* (No. 9:08-cv-80736-KAM) [hereinafter Jane Doe Motion] (providing fifty-three proposed facts in the case). The U.S. Attorney's Office has generally disputed some of these allegations without offering specifics as to what happened. See, e.g., United States' Response to Jane Doe #1 & Jane Doe #2's *Motion for Finding of Violations of the Crime Victim Rights Act and Request for a Hearing on Appropriate Remedies at 34-43, Does, 817 F. Supp. 2d 1337* (No. 9:08-cv-80736-KAM) [hereinafter United States' Response]. As of this writing, Epstein has declined to intervene in the case to dispute the allegations.

developed considerable evidence that Jeffrey Epstein, a billionaire with extensive political and social connections, [41] had sexually molested more than thirty young girls between 2001 and 2007 at his West Palm Beach mansion. [42] The U.S. Attorney's Office entered into contentious plea negotiations with Epstein over how the case should be resolved. The prosecutors initially sought a resolution that would have required Epstein to plead guilty to at least a felony sex offense. After pressure from Epstein, for reasons that have never been clearly explained, [43] the U.S. Attorney's Office agreed to enter into a nonprosecution agreement. Under the agreement, the U.S. Attorney's Office agreed not to prosecute him and, in exchange, Epstein agreed to plead guilty to two state felonies for soliciting prostitution with a minor. After entering those guilty pleas, Epstein was sentenced to only eighteen months in state jail. [44] No federal charges were ever filed and **[*69]** Epstein spent much of the jail term on "work release" to his luxurious office. [45]

The U.S. Attorney's Office did not tell Epstein's victims about the nonprosecution agreement until well after it had taken effect. To the contrary, even after the nonprosecution agreement had been signed, the Office continued to tell the victims that the case was still "under investigation" and that they should be "patient." [46] When the victims learned of the agreement, two of them (Jane Doe Number One and Jane Doe Number Two) filed suit in federal court under the Crime Victims' Rights Act, arguing that the prosecutors had violated their ***CVRA*** right to confer as well as their right to be treated fairly. [47] The victims contended that prosecutors should have conferred with them about the nonprosecution agreement before it became final.

In response, the U.S. Attorney's Office argued primarily that it was under no obligation to extend the victims any rights under the ***CVRA***. It was the Government's blunt position that "***CVRA*** rights do not attach in the absence of federal criminal charges filed by a federal prosecutor." [48] In short, the Government argued it was not required to confer in any way with the victims, or even treat them fairly, because the ***CVRA*** was not yet in play. The issue is thus squarely framed: Is the Government correct in its assertion that it has no ***CVRA*** obligations in cases like the Epstein case where federal prosecutors never lodged federal charges against a suspect? In view of the ***CVRA***'s prominence, resolution of this issue may shed important light on the nature of crime victims' enactments and the breadth of the role that crime victims should have in the criminal justice process.

II. The ***CVRA***'s Application Before Formal Charges are Filed

To analyze the issue of whether the ***CVRA*** extends rights to crime victims before prosecutors have formally filed charges, it is useful to look at the ***CVRA***'s purposes, language, and judicial interpretations. This Part looks at each of these three issues in turn.

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[41] See, e.g., Paul Harris, Prince Andrew's Link to Sex Offender Jeffrey Epstein Taints Royalty in US, Guardian (Mar. 12, 2011), http://goo.gl/0I4vAE; Landon Thomas Jr., Jeffrey Epstein: International Moneyman of Mystery, N.Y. Mag., http://goo.gl/11Cayc (last visited Nov. 26, 2013).

[42] See Jane Doe Motion, supra note 40, at 3-4; Abby Goodnough, Questions of Preferential Treatment Are Raised in Florida Sex Case, N.Y. Times, Sept. 3, 2006, at A19.

[43] The U.S. Attorney responsible for the plea deal later revealed that after negotiations started, "what followed was a year-long assault on the prosecution and the prosecutors" by Epstein. Letter from R. Alexander Acosta, former U.S. Att'y, to Whom It May Concern (Mar. 20, 2011), reprinted in Conchita Sarnoff, Behind Pedophile Jeffrey Epstein's Sweetheart Deal, Daily Beast (Mar. 25, 2011, 3:17 AM), http://goo.gl/kyveiF. Acosta, however, claimed that the pressure did not influence the ultimate disposition of the case. Id.

[44] Landon Thomas Jr., From Paradise to County Jail: A Billionaire Financial Adviser Will Serve 18 Months in Sex Case, N.Y. Times, July 1, 2008, at C1.

[45] See Michele Dargan, Feds Say They Treated Epstein Victims Fairly, Palm Beach Daily News (Apr. 8, 2011, 7:23 PM), http://goo.gl/rTGDed; Conchita Sarnoff, Billionaire Pedophile Goes Free, Daily Beast (July 20, 2010, 7:05 PM), http://goo.gl/MSTi17.

[46] See Jane Doe Motion, supra note 40, at 14, 16 (internal quotation marks and citations omitted).

[47] See Emergency Victim's Petition for Enforcement of Crime Victim's Rights Act, 18 U.S.C. Section 3771 at 2, Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011) (No. 9:08-cv-80736-KAM).

[48] United States' Response, supra note 40, at 7.



HOUSE_OVERSIGHT_017610

**[*70]**

A. THE ***CVRA***'S PURPOSES

An analysis of the ***CVRA***'s application before prosecutors have filed charges must begin by assessing the ***CVRA***'s purposes because any interpretation of the ***CVRA*** that is divorced from the statute's purposes would run the risk of defeating the statute's aims. It is axiomatic that courts should "give faithful meaning to the language Congress adopted in the light of the evident legislative purpose in enacting the law in question." [49]

As discussed above, [50] one important goal of the ***CVRA*** was to keep crime victims informed about any developments in the criminal justice process. But the need to be informed does not begin with the filing of a formal criminal charge. A crime victim needs to know what is happening before formal charging - during a criminal investigation, for example - just as much as she needs to know what is happening in court. Indeed, she may have a greater need to know, as she may be concerned that the criminal who harmed her is still on the loose, posing a danger to her.

Similarly, concerning the second purpose - facilitating victim participation [51] - without a right to pre-charging involvement, victims may be effectively shut out of the process entirely. The Epstein case provides a useful illustration of why the ***CVRA*** must be understood to extend rights to victims prior to indictment. The prosecutors handling the investigation reached an agreement with Epstein that barred federal prosecution of sex offenses committed against dozens of victims, including Jane Doe Number One and Jane Doe Number Two. If ***CVRA*** rights did not extend to the negotiations surrounding the agreement, then the victims never would have had any ability to participate in the resolution of the case. [52]

A construction of the ***CVRA*** that extends rights to victims before charges are filed would be entirely consistent with the ***CVRA***'s participatory purpose. If victims have the ability to participate in a pre-charging plea bargaining process, for example, victims can help ensure that prosecutors do not overlook anything that should be covered in the plea deal. For example, victims might be able to obtain agreement to a "no contact" order or valuable restitution - points that the prosecutor might fail **[*71]** to consider in crafting a plea. Similarly, allowing victims to participate early in the process avoids retraumatizing victims. Again, as the Epstein case usefully illustrates, it may be extremely difficult for victims to discover after the fact that potential criminal charges against a criminal who has abused them have been secretly bargained away. Jane Doe Number One and Jane Doe Number Two, for example, were outraged when they discovered prosecutors had entered into an agreement blocking any prosecution of sex offenses Epstein committed against them - and all without telling them. [53]

In short, the purposes animating the ***CVRA*** all suggest that the Act was meant to, and should, extend rights to crime victims before formal charges are filed.

B. THE ***CVRA***'S PLAIN LANGUAGE

While the general purposes of the ***CVRA*** support a broad interpretation of the Act, it is important to examine whether those purposes have been expressed in the Act's language. Without a linkage to the Act's text, the general purpose might not provide

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[49] *Graham Cnty. Soil & Water Conservation Dist. v. United States ex rel. Wilson, 130 S. Ct. 1396, 1409 (2010)* (quoting *United States v. Bornstein, 423 U.S. 303, 310 (1976))* (internal quotation marks omitted).

[50] See supra notes 24-27.

[51] See supra notes 28-29.

[52] Even the Justice Department seems to recognize this point. As a matter of policy, the Department extends to victims the right to confer with prosecutors in situations where plea discussions occur before charges have been brought. U.S. Dep't of Justice, Office for Victims of Crime, Attorney General Guidelines for Victim and Witness Assistance 41-42 (2011 ed., rev. May 2012) [hereinafter Attorney General Guidelines].

[53] Without disclosing confidential attorney-client communications, this fact is readily apparent from victims' filings in the Epstein case. See, e.g., Jane Doe Motion, supra note 40, at 17 (stating that the victims relied on the U.S. Attorney's Office representatives "to their detriment[,]" that if they knew the true facts, "they would have taken steps to object" to the plea agreement, and that they believed criminal prosecution to be "extremely important").

a sound basis for interpretation. [54] But the ***CVRA***'s plain language makes clear that Congress intended for the law to provide at least some rights to crime victims throughout the criminal justice process, even before the filing of criminal charges.

According to its text, the ***CVRA*** provides eight specifically enumerated rights for crime victims and an additional right to be reasonably notified of these rights. [55] Some of these rights presuppose the formal filing of criminal charges. For instance, the ***CVRA*** extends to victims the "right to reasonable, accurate, and timely notice of any public court proceeding." [56] That particular right obviously does not apply before charges are filed, as no "court proceedings" exist before a defendant is charged.

But the ***CVRA*** also promises crime victims rights that are not specifically tied to court proceedings. Perhaps most expansively, the ***CVRA*** guarantees victims the "right to be treated with fairness and with **[*72]** respect for the victim's dignity and privacy," [57] a broad right that does not appear to be directly linked to a filed court case. Similarly, the ***CVRA*** promises victims the "reasonable right to confer with the attorney for the Government in the case." [58] In this section, the ***CVRA***'s drafters appear to have eschewed a reference to court proceedings, using a broader term instead. Of course, a "case" can refer both to a judicial case before a court and an investigative case pursued by a law enforcement officer. It is common usage to say such things as, "The police officer investigated and solved the case." Dictionary definitions of the word "case" support this varied interpretation. [59]

If there remained any doubts about whether the ***CVRA*** applies during the investigative part of the criminal justice process, two other provisions in the ***CVRA*** resolve them. The ***CVRA*** specifically directs that "officers and employees of the Department of Justice and other departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime shall make their best efforts to see that crime victims are notified of, and accorded, the rights described in [the ***CVRA***]." [60] Of course, there would be no reason to direct that agencies involved in the "detection" and "investigation" of crime have ***CVRA*** obligations if the Act did not extend to pre-charging situations. Congress thus directly envisioned the victims' rights law to apply during the "detection" and "investigation" phases of criminal cases.

Similarly, the ***CVRA***'s venue provision instructs that crime victims who seek to assert rights in pre-charging situations should proceed in the court where the crime was committed: "The rights described in subsection (a) [of the ***CVRA***] shall be asserted in the district court in which a defendant is being prosecuted for the crime or, if no prosecution is underway, in the district court in the district in which the crime occurred." [61] Here again, it is hard to see why this provision would be necessary unless the ***CVRA*** applies before the formal filing of charges.

For all these reasons, the ***CVRA***'s plain language indicates that the victims have protected rights under the Act even before charges are filed.

**[*73]**

C. COURTS RECOGNIZE THAT CRIME VICTIMS HAVE ***CVRA*** RIGHTS BEFORE CHARGING

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[54] See Antonin Scalia & Bryan A. Garner, Reading Law: The Interpretation of Legal Texts 56 (2012).

[55] *18 U.S.C. § 3771*(a) (2012) (enumerating eight rights); id. § 3771(c)(1) (requiring government officers use "their best efforts" to notify victims of their rights).

[56] Id. § 3771(a)(2).

[57] Id. § 3771(a)(8).

[58] Id. § 3771(a)(5) (emphasis added).

[59] See, e.g., Black's Law Dictionary 243-44 (9th ed. 2009) (defining, among the definitions of "case," a "test case" as "[a] criminal investigation" as in "the Manson case"); Webster's Third New International Dictionary of the English Language Unabridged 345 (1993) (defining "case" as "a circumstance or situation (as a crime) requiring investigation or action by the police or other agency").

[60] *18 U.S.C. § 3771*(c)(1) (emphasis added).

[61] Id. § 3771(d)(3) (emphasis added).

Because crime victims lack a right to appointed counsel, many victims have difficulty litigating the scope of their rights. [62] But in a few cases, victims have been able to secure counsel to argue that they have rights in the criminal justice process during the investigation of federal crimes. When those cases have reached the issue of whether the ***CVRA*** applies before charges have been filed, courts have uniformly agreed with the victims' position.

Perhaps the leading case to date to assess this question is the Fifth Circuit's decision in In re Dean. [63] There, a wealthy corporate criminal defendant reached a generous plea deal with the Government - a deal that the Government filed for approval with the district court without conferring with the victims. Citing procedural rights under the ***CVRA***, the victims requested that the trial court reject the plea agreement. [64] The District Court for the Southern District of Texas specifically concluded that victims' ***CVRA*** rights could apply during the investigation of the crime: "There are clearly rights under the ***CVRA*** that apply before any prosecution is underway." [65] The district court concluded, however, that the Government had not violated the ***CVRA*** because it had secured judicial permission to dispense with notification to victims. [66]

The victims sought appellate review in the Fifth Circuit. [67] There, the court concurred with the district court that ***CVRA*** rights apply before trial. Unlike the district court, however, it held that the Government had violated the victims' rights:

The district court acknowledged that "there are clearly rights under the ***CVRA*** that apply before any prosecution is underway." Logically, this includes the ***CVRA***'s establishment of victims' "reasonable right to confer with the attorney for the Government." At least in the posture of this case (and we do not speculate on the **[*74]** applicability to other situations), the government should have fashioned a reasonable way to inform the victims of the likelihood of criminal charges and to ascertain the victims' views on the possible details of a plea bargain. [68]

The Fifth Circuit then remanded the matter to the district court to determine the appropriate remedy for the violation of the victims' rights. [69]

The Fifth Circuit's decision in Dean has been cited favorably in four recent district court decisions, which provides further support for the conclusion that the ***CVRA*** applies before charges have been filed. In United States v. Rubin, [70] victims of a federal securities fraud argued that they had ***CVRA*** rights even before prosecutors filed a superseding indictment covering the specific crimes affecting the victims. Citing Dean, the District Court for the Eastern District of New York agreed that the rights

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[62] John W. Gillis & Douglas E. Beloof, The Next Step for a Maturing Victim Rights Movement: Enforcing Crime Victim Rights in the Courts, *33 McGeorge L. Rev. 689, 693 (2002).*

[63] *527 F.3d 391 (5th Cir. 2008).* Other aspects of the case are discussed in Paul G. Cassell & Steven Joffee, The Crime Victims' Expanding Role in a System of Public Prosecution: *A Response to the Critics of the Crime Victims' Rights Act, 105 Nw. U. L. Rev. Colloquy 164, 172-76 (2011).*

[64] *In re Dean, 527 F.3d at 392.*

[65] United States v. BP Prods. N. Am. Inc., No. H-07-434, 2008 WL 501321, at 11 (S.D. Tex. Feb. 21, 2008).

[66] Id. at 1, 19.

[67] For discussion of the difficulties crime victims face to obtain appellate review of their claims, see generally Paul G. Cassell, Protecting Crime Victims in Federal Appellate Courts: The Need to Broadly Construe the Crime Victims' Rights Act's Mandamus Provision, *87 Denv. U. L. Rev. 599 (2010).*

[68] *In re Dean, 527 F.3d at 394* (internal citations omitted).

[69] *Id. at 396.* On remand, the district court held additional hearings in which the victims participated, satisfying their ***CVRA*** rights. See *United States v. BP Prods. N. Am. Inc., 610 F. Supp. 2d 655, 660 (S.D. Tex. 2009).*

[70] *558 F. Supp. 2d 411 (E.D.N.Y. 2008).*

were expansive and could apply before charges were filed but were subject to the outer limit that the Government has at least "contemplated" charges. [71]

Similarly, in United States v. Oakum, [72] the District Court for the Eastern District of Virginia considered a claim that ***CVRA*** rights did not apply until after a defendant had been convicted. In rejecting that argument, the court agreed with the Dean court that victims acquire rights even before a prosecution begins. [73]

The District Court for the Northern District of Indiana held to the same effect in In re Petersen. [74] There, the court held that a victim's right to be treated with fairness and with respect for [his or her] dignity and privacy "may apply before any prosecution is underway and isn't necessarily tied to a "court proceeding' or "case.'" [75] The court, however, found that the "conclusory allegations" in the victims' petition did not "create a plausible claim for relief under the ***CVRA***." [76]

**[*75]** Perhaps the most extensive discussion of this issue has come from the Epstein case discussed earlier. [77] Overruling the Government's argument that the ***CVRA*** only applies after the formal filing of charges, Does v. United States held that "the statutory language clearly contemplates pre-charge proceedings." [78] The court in Does explained that "court proceedings involving the crime are not limited to post-complaint or post-indictment proceedings, but can also include initial appearances and bond hearings, both of which can take place before a formal charge." [79] The court also noted that the ***CVRA***'s "requirement that officials engaged in "detection [or] investigation' [of crimes] afford victims the rights enumerated in subsection (a) surely contemplates pre-charge application of the ***CVRA***." [80] Finally, the court in Does noted that "if the ***CVRA***'s rights may be enforced before a prosecution is underway, then, to avoid a strained reading of the statute, those rights must attach before a complaint or indictment formally charges the defendant with the crime." [81]

In sum, the relevant case law unanimously agrees that the ***CVRA*** extends rights to crime victims before charges have been filed.

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[71] *Id. at 419* (internal citation omitted). Rubin's suggestion about limitations that apply to pre-indictment assertions of rights is discussed at notes 184-187 and 193 infra and accompanying text.

[72] No. 3:08cr132, *2009 WL 790042* (E.D. Va. Mar. 24, 2009).

[73] Id. at 2.

[74] No. 2:10-CV-298 RM, 2010 WL 5108692 (N.D. Ind. Dec. 8, 2010).

[75] Id. at 2 (citing *In re Dean, 527 F.3d 391, 394 (5th Cir. 2008);* United States v. BP Prods. N. Am. Inc., H-07-434, 2008 WL 501321 (S.D. Tex. Feb. 21, 2008)).

[76] Id. Petersen also held that one specific ***CVRA*** right - the right to confer - only applies after charges have been filed. Id. But the authorities Petersen cites for that proposition prove no such thing. Confusingly, Petersen cited the Fifth Circuit's ruling in Dean for support; but (as just explained above) Dean held exactly the opposite. Similarly, Petersen cites other cases involving the right to confer after charges have been filed. Id. But none of these cases actually presented the issue of the ***CVRA***'s application to pre-indictment situations, since charges had already been filed in each of these cases. See, e.g., *In re Stewart, 552 F.3d 1285, 1289 (11th Cir. 2008).*

[77] *Does v. United States, 817 F. Supp. 2d 1337 (S.D. Fla. 2011).*

[78] *Id. at 1341.*

[79] Id.

[80] *Id. at 1342.*

[81] Id. Recently, the district court in the Does case also rejected Government efforts to dismiss the action. The district court found that, if the victims could prove the factual allegations they have made, then they would be entitled to relief, including potentially the relief of invalidating the nonprosecution agreement that Epstein obtained from the Government. Does v. United States, No. 9:08-cv-80736-KAM, 2013 WL 3089046, at 3 (S.D. Fla. June 19, 2013).



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III. The Justice Department's Unpersuasive Position

Despite the ***CVRA***'s broad remedial purposes, its expansive language referring to investigations, and the unanimous case law extending rights to victims prior to defendants being charged, the OLC released a memorandum in 2011 concluding that ***CVRA*** rights attach only "from the time that criminal proceedings are initiated (by complaint, information, or indictment)." [82] OLC's analysis is unpersuasive. Although OLC's opinion **[*76]** invokes the ***CVRA***'s definition of crime "victim," its legislative intent, and its structure, a closer reading of each demonstrates little support for the notion that crime victims must await the formal filing of charges before accruing ***CVRA*** rights.

A. OLC'S MISREADING OF THE ***CVRA***'S DEFINITION OF "VICTIM"

OLC's lead argument is that the ***CVRA***'s definition of "victim" presupposes that criminal charges have been formally filed. [83] The ***CVRA*** defines a "victim" who is protected as "a person directly and proximately harmed as a result of the commission of a Federal offense." [84] Focusing on the word "offense," OLC concedes that it does not "conclusively resolve" the question of when rights attach. Nevertheless, OLC claims that the word "naturally suggests that a person's status as a "crime victim' can only be determined after there has been a formal decision to charge a defendant with a particular Federal offense." [85] OLC goes on to elaborate:

Under this reading, the earliest that a "crime victim" under the Act could be identified would be upon the filing of a criminal complaint - that is, at the earliest point at which there is a sworn written statement of probable cause to believe that a particular defendant committed an identified Federal offense and hence the first point at which it is possible with any certainty to identify a "crime victim" directly and proximately harmed by the commission of that offense. [86]

OLC is disingenuous in asserting that the "first point" at which a person has been harmed by a federal crime arises only after a criminal complaint has been filed. The Department routinely makes such determinations at earlier points in criminal cases, such as when it sends a "target letter" to a defense attorney during a grand jury investigation. [87] Indeed, OLC remarkably ignores the fact that the Department is directly required to identify victims of a crime before the filing of a criminal complaint, both by statute and through internal policy directives.

The Victims' Rights and Restitution Act of 1990 (VRRA) [88] requires the Department to identify victims before the filing of a criminal complaint. **[*77]** Passed in 1990, the VRRA provided crime victims with a set of procedural rights similar to those found in the ***CVRA***, along with rights to notification about victim services. [89] In 2004, the ***CVRA*** repealed and replaced the section of the VRRA listing procedural rights, while leaving other parts of the VRRA intact. [90] Under the remaining parts of

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[82] OLC ***CVRA*** Rights Memo, supra note 2, at 1. Although the opinion is dated December 17, 2010, it was publicly released on May 20, 2011. See Letter from Jon Kyl, supra note 3.

[83] OLC ***CVRA*** Rights Memo, supra note 2, at 6.

[84] *18 U.S.C. § 3771*(e) (2012) (emphasis added).

[85] OLC ***CVRA*** Rights Memo, supra note 2, at 5.

[86] Id.

[87] A target letter explains the procedural process underlying an indictment and places the defendant on notice of the general nature of the government's criminal investigation. See U.S. Dep't of Justice, Title 9: U.S. Attorneys' Criminal Resource Manual § 160, [hereinafter Criminal Resource Manual] available at *http://goo.gl/YHLDke* (providing an example target letter); infra Part III.A (developing this point further).

[88] Pub. L. No. 101-647, ***104 Stat. 4820*** (codified as amended at *42 U.S.C. §§10601,* 10606-07 (2006)).

[89] See supra notes 22-23 and accompanying text.

[90] Justice for All Act of 2004, Pub. L. No. 108-405, § 102(a), ***118 Stat. 2260, 2261 (2004)*** (codified at *18 U.S.C. § 3771*(a) (2012)).



HOUSE_OVERSIGHT_017615

the VRRA, the Justice Department must inform victims of federal crimes of services that are available to them, including "emergency medical and social services," counseling, and support. [91] The Department is further obligated to keep victims fully informed about "the status of the investigation of the crime, to the extent it is appropriate to inform the victim and to the extent that it will not interfere with the investigation." [92] These rights to notice about "emergency medical and social services" [93] as well as to the "status of the investigation of the crime" [94] obviously require the Department to identify victims of federal crimes before formal charges have been filed. Indeed, the VRRA makes this point clear by directing the Department to not only notify the victim about the status of the investigation but also about the later "filing of charges against a suspected offender." [95] The VRRA then extends victims' rights to information through the rest of the criminal justice process by requiring the Department to provide notice to victims of such things as the imposed sentence and the defendant's release. [96]

The VRRA not only requires the Department to identify victims during the investigation of a crime, it also defines those victims in a very similar fashion to the ***CVRA***. The VRRA defines "victim" as a "person that has suffered direct physical, emotional, or pecuniary harm as a result of the commission of a crime." [97] Thus, the Department is already routinely identifying persons who have been "harmed" by federal crimes shortly after the commission of those crimes and well before formal charging.

The Attorney General has also promulgated internal guidelines requiring Justice Department components to identify victims rapidly after a crime. The Attorney General Guidelines for Victim and Witness Assistance provide that "Department responsibilities to crime victims begin as soon as possible after the detection of a crime at which they may be undertaken **[*78]** without interfering in the investigation. Generally, this point in time is defined by the opening of a criminal investigation." [98]

Given the way the two statutes work, it would make no sense to artificially confine the ***CVRA***'s reach until after the filing of a criminal complaint. Before then, victims will have often received information from the Department about the status of the investigation. They might wish to confer with prosecutors about how the case is proceeding, and the ***CVRA*** extends to them a right to confer. [99] Similarly, while the Department is notifying victims about the services they may receive and the status of an investigation, it is important that the victims be treated fairly. The ***CVRA*** extends the right to be treated fairly. [100] Indeed, it would be absurd to think that Congress wanted to permit the Justice Department to treat crime victims unfairly until criminal charges have been filed.

Instead of recognizing Congress's intent, OLC's 2011 memorandum simply cites to a series of cases in which courts concluded that a victim of uncharged conduct should not be afforded statutory protections. [101] Yet none of these cases - United States v. Turner, [102] Searcy v. Paletz, [103] or Searcy v. Skinner [104] - provide strong support for OLC's position. Turner is a particularly

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[91] See *42 U.S.C. § 10607*(c).

[92] Id. § 10607(c)(3)(A).

[93] Id. § 10607(c)(1)(A).

[94] Id. § 10607(c)(3)(A).

[95] Id. § 10607(c)(3)(C).

[96] Id. § 10607(c)(3)(G).

[97] Id. § 10607(e)(2).

[98] Attorney General Guidelines, supra note 52, at 7 (internal citations omitted); see also *42 U.S.C. § 10607*(b).

[99] *18 U.S.C. § 3771*(a)(5) (2012) (preserving "the reasonable right to confer with the attorney for the Government in the case").

[100] Id. § 3771(a)(8) (preserving "the right to be treated with fairness and with respect for the victim's dignity and privacy").

[101] OLC ***CVRA*** Rights Memo, supra note 2, at 6 n.6.

[102] *367 F. Supp. 2d 319 (E.D.N.Y. 2005).*

poor fit. Although OLC's memorandum characterizes Turner as excluding victims of uncharged conduct, [105] the magistrate judge adopted an inclusive reading of the statute precisely because of his reservations about the ***CVRA***'s legislative history and plain language. The judge suggested that "any person who self-identifies as [a victim]" could be presumed to qualify for protection under the ***CVRA*** as a preliminary matter. [106] In fact, the line quoted by the Department is lifted out of context. The full sentence reads: "While the offense charged against a defendant can **[*79]** serve as a basis for identifying a "crime victim' as defined in the ***CVRA***, the class of victims with statutory rights may well be broader." [107]

Paletz and Skinner similarly provide scant support for the Department's position. In Skinner, a prison inmate attempted to bring a pro se civil suit against another inmate for allegedly attacking him during incarceration. [108] In dismissing the suit in an unpublished decision, the district court recognized that the Government had expressly declined to bring charges against the other inmate and concluded that the ***CVRA*** did not create a "mechanism to bring an action against Defendant directly." [109] In Paletz, that same inmate brought a similar pro se claim against another inmate, the Federal Bureau of Prisons, the FBI, and the U.S. Attorney General. [110] In a parallel, unpublished decision, the district court dismissed the suit, noting that the ***CVRA*** is designed to give victims certain rights "within the prosecutorial process against a criminal defendant." [111]

Because Skinner and Paletz involve (apparently frivolous) civil suits, they say nothing about the ***CVRA***'s reach in criminal cases, and any language to that effect would be pure dicta. Moreover, the courts' terse analysis in both cases does not contain any substantive discussion of whether ***CVRA*** rights apply in criminal cases before the filing of charges. Instead, the courts simply cited to language from a Second Circuit decision that stated that the ***CVRA*** does not give victims any rights against defendants until those defendants have been convicted [112] - a holding clearly limited to restitution, as many other ***CVRA*** rights clearly apply before conviction. [113] Reviewing these two cases in an extended, published opinion, the U.S. District Court for the Southern District of Texas noted that reading these two decisions as standing for the proposition that charges must be filed for ***CVRA*** rights to attach "appears inconsistent with the ***CVRA*** recognition of certain subsection (a) rights that apply during investigation, before any charging instrument is filed." [114] As a result, OLC **[*80]** vastly overstates its position when it asserts

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[103] No. 6:07-1389-*GRA-WMC, 2007 WL 1875802* (D.S.C. June 27, 2007).

[104] No. 6:06-1418-*GRA-WMC, 2006 WL 1677177* (D.S.C. June 16, 2006).

[105] OLC ***CVRA*** Rights Memo, supra note 2, at 6 n.6.

[106] *Turner, 367 F. Supp. 2d at 327* ("Instead, I have taken and will continue to follow an inclusive approach: absent an affirmative reason to think otherwise, I will presume that any person whom the government asserts was harmed by conduct attributed to a defendant, as well as any person who self-identifies as such, enjoys all of the procedural and substantive rights set forth in § 3771.").

[107] *Id. at 326.*

[108] Skinner, 2006 WL 1677177, at 1-2.

[109] Id. at 2.

[110] Searcy v. Paletz, No. 6:07-1389-GRA-WMC, 2007 WL 1875802, at 1-2 (D.S.C. June 27, 2007).

[111] Id. at 2.

[112] Id. ("However, "the ***CVRA*** does not grant victims any rights against individuals who have not been convicted of a crime.'" (quoting *In re W.R. Huff Asset Mgmt. Co., 409 F.3d 555, 564 (2d Cir. 2005))).*

[113] Of course, a defendant cannot be ordered to pay restitution as part of his sentence until he has been found guilty. See *18 U.S.C. § 3664* (2012) (describing sentencing procedures for ordering restitution).

[114] United States v. BP Prods. N. Am. Inc., No. H-07-434, 2008 WL 501321, at 12 n.7 (S.D. Tex. Feb. 21, 2008).

that "most courts … have declined to extend enforceable rights under the ***CVRA*** to alleged victims of conduct that did not lead to criminal proceedings." [115] All the courts that have actually reached the issue have concluded exactly the opposite. [116]

B. OLC'S DISTORTION OF THE ***CVRA***'S STRUCTURE AND LEGISLATIVE HISTORY

The next section of OLC's memorandum maintains that the ***CVRA***'s structure and legislative history lead to the conclusion that the ***CVRA*** is "best understood" as extending rights after charges have been filed. Here again, OLC's analysis is truncated at best and misleading at worst.

OLC begins this part of its analysis by observing that some of the rights in the ***CVRA*** are limited to court proceedings. OLC notes, for example, that the ***CVRA*** gives victims the "right to reasonable, accurate, and timely notice of any public court proceeding … involving the crime." [117] But the fact that some of the rights listed in the ***CVRA*** apply to court proceedings hardly means that all of the rights are to be so restricted. The federal criminal justice process includes stages that are pre-charging, post-charging, and post-conviction. It would hardly be surprising to find that a statute that Congress intended to be "broad and encompassing" [118] covered events occurring after the filing of charges.

Indeed, OLC appears to recognize that at least three of the rights listed in the ***CVRA*** could easily apply before charges are filed: (1) the "right to be reasonably protected from the accused"; (2) the "reasonable right to confer with the attorney for the Government in the case"; and (3) the "right to be treated with fairness and with respect for the victim's dignity and privacy." [119] None of these rights explicitly refer to court "proceedings" or other events (such as parole hearings) that necessarily occur after the filing of formal charges. [120]

**[*81]** For purposes of this Article, it is appropriate to focus on the last two of these three rights: the right to confer and the right to fair treatment. The first of these three rights - the right to be reasonably protected - is already clearly extended by another statute to crime victims before the filing of charges. While OLC does not acknowledge this fact, the VRRA extends the first right to crime victims, directing that a "responsible official shall arrange for a victim to receive reasonable protection from a suspected offender and persons acting in concert with or at the behest of the suspected offender." [121] Because a "suspected" offender obviously exists before the filing of criminal charges, the VRRA envisions the right to protection being provided as soon as is practical after a victim suffers from the commission of a crime. Additionally, the sections of the Attorney General Guidelines for Victim and Witness Assistance addressing the VRRA direct that Justice Department components must provide reasonable protection even before the filing of criminal charges. [122] So, under the VRRA, the Justice Department should

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[115] OLC ***CVRA*** Rights Memo, supra note 2, at 5-6. Notably, the Department does not embrace the language from Huff found within the Skinner and Paletz decisions because presumably such an approach would be contrary to many of the rights found in the ***CVRA***.

[116] See infra Part I.C.

[117] OLC ***CVRA*** Rights Memo, supra note 2, at 6 (emphasis added) (quoting *18 U.S.C. § 3771*(a)(2)).

[118] 150 Cong. Rec. 7295 (2004) (statement of Sen. Dianne Feinstein).

[119] OLC ***CVRA*** Rights Memo, supra note 2, at 7-8, 10 (quoting *18 U.S.C. § 3771*(a)(1), (5), (8)).

[120] OLC appears to have overlooked another right that could well apply before charges are filed: the right to be notified of one's rights under the ***CVRA***. See *18 U.S.C. § 3771*(c)(1) (requiring prosecutors to "make their best efforts to see that crime victims are notified of, and accorded, the rights described in [the ***CVRA***]"); *United States v. Rubin, 558 F. Supp. 2d 411, 428 (E.D.N.Y. 2008)* (discussing potential application of the right to notification of rights before charges are filed). For purposes of this Article, it is not necessary to explore this right in detail. If other ***CVRA*** rights apply before charges are filed, a fortiori this right does as well. If a victim has a right, presumably the victim should be notified of the existence of that right.

[121] *42 U.S.C. § 10607*(c)(2) (2006) (emphasis added).

[122] See Attorney General Guidelines, supra note 52, at 7-8, 26-28.



HOUSE_OVERSIGHT_017618

already be providing reasonable protection for a victim before an offender is indicted, regardless of how the ***CVRA*** is interpreted. [123]

The VRRA, however, does not contain a right to confer and a right to fair treatment and respect for the victim's dignity. Therefore, if victims are going to receive these statutory rights before trial, these rights must be found in the ***CVRA***. With regard to the ***CVRA*** provision that victims have the "reasonable right to confer with the attorney for the Government in the case," [124] OLC contends that "the phrase "in the case' implies the pendency of a judicial proceeding." [125] To bolster its conclusion, OLC then cites Black's Law Dictionary, which includes among its several definitions of the word "case" the definition "a civil or criminal proceeding." [126] But OLC does not acknowledge that Black's Law Dictionary also defines and exemplifies a "case" more broadly as a "criminal investigation <the **[*82]** Manson case>." [127] Thus, Black's Law Dictionary does not help resolve the dispute as to which of the two meanings should be used, as there are clearly differing meanings. While OLC's reading may be a permissible one, so is a pro-victim reading.

OLC also turns to the ***CVRA***'s legislative history to bolster its conclusion. But, here again, its analysis is misleading. OLC relies on a passage from Senate floor colloquy between Senators Jon Kyl and Dianne Feinstein regarding the ***CVRA***'s scope. In OLC's recounting of the legislative history, the floor statements "emphasize that the right to confer relates to the conduct of criminal proceedings after the filing of charges." [128] For instance, OLC quotes Senator Kyl stating that "under this provision, victims are able to confer with the Government's attorney about proceedings after charging." [129]

This is a truncated and deceptive description of the legislative history, so much so that Senator Kyl sent an angry letter to Attorney General Eric Holder complaining about the distortion. On June 6, 2011, the Senator wrote to "express [his] surprise that [OLC is] so clearly quoting [his] remarks out of context." [130] Senator Kyl then went on to observe that the colloquy began by noting that the right to confer "is intended to be expansive." [131] The Senator further discussed various "examples" of when the right to confer applied, including "any critical stage or disposition of the case. The right, however, is not limited to these examples." [132] It was against that backdrop that Senator Kyl gave the example of conferring about proceedings "after charging."

In his letter to Attorney General Holder, Senator Kyl also noted that he had:

made clear that crime victims had rights under the ***CVRA*** even before an indictment is filed. For example, … I made clear that crime victims had a right to consult about both "the case' and "case proceedings' - i.e., both about how the case was being handled before being filed in court and then later how the case was being handled in court "proceedings.' [133]

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[123] Exactly what "reasonable protection" means, however, remains uncertain. See generally Mary Margaret Giannini, Redeeming an Empty Promise: Procedural Justice, the Crime Victims' Rights Act, and the Victim's Right to Be Reasonably Protected from the Accused, *78 Tenn. L. Rev. 47 (2010)* (suggesting the right has not been adequately defined and proposing ways to do so).

[124] *18 U.S.C. § 3771*(a)(5).

[125] OLC ***CVRA*** Rights Memo, supra note 2, at 8.

[126] Id. (citing Black's Law Dictionary, supra note 59, at 243).

[127] Black's Law Dictionary, supra note 59, at 244.

[128] OLC ***CVRA*** Rights Memo, supra note 2, at 9.

[129] Id. (emphasis added) (quoting 150 Cong. Rec. 7302 (2004) (statement of Sen. Jon Kyl) (internal quotation marks and citation omitted).

[130] Letter from Jon Kyl, supra note 3.

[131] Id. (quoting 150 Cong. Rec. S4260, S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Dianne Feinstein)).

[132] Id.

[133] Id.

Senator Kyl further commented that he had discussed the ***CVRA***'s potential application in grand jury proceedings, an application that required the Act **[*83]** to extend rights before indictment. [134] Thus, if anything, the legislative history does not support OLC's conclusion - it contradicts it. [135]

OLC should have had no doubt as to the intent of Senator Kyl and his cosponsors at the time of the Act's passage. Shortly after shepherding the ***CVRA*** through the Congress, Senator Kyl cowrote a law review article about the Act. [136] In that article, he directly indicated that the ***CVRA*** applies before charges are filed. Senator Kyl and his coauthors wrote:

While most of the rights guaranteed by the ***CVRA*** apply in the context of legal proceedings following arrest and charging, other important rights are triggered by the harm inflicted by the crime itself. For example, the right to be treated with fairness, the right to be reasonably protected from the accused (who may qualify as the accused before his arrest), and the right to be treated with respect for the victim's dignity and privacy each may arise without regard to the existence of legal proceedings. [137]

Remarkably, OLC cited Senator Kyl's law review article (in a footnote), but then concluded without explanation that the ***CVRA*** cosponsor's views were for some reason different than Congress's. [138]

OLC also appears to acknowledge that its interpretation of the ***CVRA*** could well contradict what it describes as prosecutorial "good practice." [139] OLC noted that some Justice Department components (for example, the Environmental and Natural Resources Division) had advocated that the right to confer should apply during pre-charging plea discussions. [140] OLC then acknowledged that limiting the right to confer until after formal charging could "reduce the impact of a victim's participation in subsequent court proceedings." [141] OLC attempted to dodge this problem by explaining: "The question before us, though, is not whether it would be advisable as a matter of good practice … for Government attorneys to confer with victims pre-charge when appropriate … ." [142] OLC then explained that even under its narrow interpretation of the statute, "the ***CVRA*** would still ensure that **[*84]** the victim has an opportunity to be heard by the court, and by the Government, before the court accepts the plea." [143]

But OLC failed to recognize that its interpretation of the ***CVRA*** rendered the right to be heard a nullity in many important cases - including, notably, the Epstein case. [144] Where prosecutors and defense attorneys work out a nonprosecution agreement that agreement will never be presented to a court for review. Thus, in cases where the need for victim participation may be the greatest - that is, in cases where the Government is considering never filing any charges - OLC's interpretation would bar victims from having any rights at all.

Even in situations where a prosecutor works out a plea agreement, OLC's interpretation is problematic. As OLC recognizes, prosecutors and defense counsel commonly work out pre-indictment plea agreements (particularly in white-collar cases), under

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[134] Id.

[135] Attorney General Holder never sent a response to Senator Kyl's letter. But Assistant Attorney General Ronald Weich sent a belated response. Letter from Ronald Weich, Assistant Att'y Gen., to Jon Kyl, U.S. Sen. (Nov. 3, 2011) (on file with authors). That response did not address Senator Kyl's concern that his remarks were being quoted out of context.

[136] See generally Kyl et al., supra note 19.

[137] Id. at 594.

[138] OLC ***CVRA*** Rights Memo, supra note 2, at 8 n.7.

[139] Id. at 10.

[140] Id. at 9 (citations omitted) (discussing an interdepartmental memorandum addressing this question).

[141] Id. at 10.

[142] Id.

[143] Id.

[144] The OLC opinion was publicly released on May 20, 2011. Perhaps not coincidentally, this release date was shortly before the Government filed its response in the Epstein case.

which a defendant will plead guilty to certain charges. [145] Then, the parties jointly present to the district court a criminal "information" (that is, a recitation of the charges drafted by the prosecutor but never presented to the grand jury [146]) and a plea agreement, asking the court to file the criminal information and simultaneously accept the guilty plea. As the OLC memorandum acknowledges, a crime victim would have the right to object to the plea agreement, because the ***CVRA*** gives crime victims the "right to be reasonably heard" at any public proceedings involving a plea. [147] But under OLC's interpretation of the ***CVRA***, a crime victim has no right to notice of court hearings until the charges are filed. Thus, if the information and plea are filed simultaneously, as is often the case, two scenarios are possible. A victim could have no prior right to notice of the proceeding at which the plea was being accepted, or alternatively (if the act of filing the information in the course of accepting a plea triggers a notification right), the district court would be required to stop in the middle of proceedings and ensure that notification was belatedly provided. Of course, these difficulties are all avoided if the right to confer is properly construed as attaching before charges are filed, such as during plea negotiations between prosecutors and defense attorneys.

**[*85]** More importantly, extending the right in this fashion will not be unduly burdensome for federal prosecutors. After the OLC memorandum was made public, the Department amended the Attorney General Guidelines for Victim and Witness Assistance to require prosecutors to make reasonable efforts toward a goal of providing victims with a meaningful opportunity to offer their views before plea agreements are formally reached. [148] "In circumstances where plea negotiations occur before a case has been brought, Department policy is that this should include reasonable consultation prior to the filing of a charging instrument with the court." [149] Thus, Department policy already extends pre-charging rights to victims. The ***CVRA*** should be understood as having the same scope.

OLC also notes that the ***CVRA*** right "to be treated with fairness and with respect for the victim's dignity and privacy" is a right that could apply before charges are filed. [150] Indeed, OLC is forced to concede (as district courts have recognized) that the "right to be treated with fairness and with respect for the victim's dignity and privacy may apply with great force during an investigation, before any charging instrument has been filed." [151]

OLC nonetheless maintains that the right to fairness only applies after charges have been filed. OLC relies on the canon of statutory construction noscitur a sociis, meaning that words are known by their companions, [152] for its interpretation of the ***CVRA***. OLC argues that because the other seven enumerated rights are limited to post-charging situations, the eighth right should be as well. Of course, this argument assumes that OLC's construction of the other seven rights is correct - a point very much in dispute. [153] If, for example, the right to confer applies before charges are filed, then presumably noscitur a sociis would cut the other way - the right to fairness should likewise be construed as applying before charges are filed.

Moreover, OLC omits from its discussion of the fairness provision any assessment of the ***CVRA***'s purposes. In construing a statute, a court must consider the "purpose and context" of the statute. [154] In describing the fairness provision, Senator Kyl

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[145] See OLC ***CVRA*** Rights Memo, supra note 2, at 9 (acknowledging the potential effect of the ***CVRA*** on plea negotiations).

[146] See *Fed. R. Crim. P. 7(b)*.

[147] *18 U.S.C. § 3771*(a)(4) (2012); OLC ***CVRA*** Rights Memo, supra note 2, at 6-7.

[148] Attorney General Guidelines, supra note 52, at 41-42.

[149] Id. at 41.

[150] OLC ***CVRA*** Rights Memo, supra note 2, at 10 (quoting *18 U.S.C. § 3771*(a)(8)).

[151] Id. (quoting United States v. BP Products North America Inc., No. H-07-434, 2008 WL 501321, at 11 (S.D. Tex. Feb. 21, 2008) (internal quotation marks omitted)).

[152] Id. at 11.

[153] See supra Part III.A.

[154] *Kasten v. Saint-Gobain Performance Plastics Corp., 131 S. Ct. 1325, 1331 (2011).*

emphasized that it conferred a "broad" **[*86]** right. [155] The reason for adopting such a broad right was that "too often victims of crime experience a secondary victimization at the hands of the criminal justice system. This provision is intended to direct Government agencies and employees, whether they are in the executive or judiciary branch, to treat victims of crime with the respect they deserve." [156] OLC's failure to consider the purposes underlying the ***CVRA*** is a glaring oversight.

OLC never attempts to explain why the ***CVRA***'s drafters would want victims to have a right to fair treatment once criminal charges were filed but possess no such right before the filing of criminal charges. Clearly, many victims can and do suffer secondary victimization during criminal investigations, such as when sexual assault victims are treated inappropriately by law enforcement agents. [157] It would contradict the purpose of preventing victim mistreatment in the criminal justice system to artificially limit the right to fairness to the point at which charges are filed. The right to fairness logically applies at all stages of the criminal justice process.

C. OLC'S INEFFECTIVE RESPONSE TO THE ***CVRA***'S COVERAGE AND VENUE PROVISIONS

At the end of its memorandum, OLC finally discusses what it identifies as the two strongest arguments for construing the ***CVRA*** as applying before charging: the coverage provision and the venue provision. OLC acknowledges, as it must, that the ***CVRA***'s coverage extends to any federal employee engaged in "the detection, investigation or prosecution of crime." [158] Such employees "shall make their best efforts to see that crime victims are notified of, and accorded, the rights" afforded by the statute. [159] Notably, this duty applies to individuals not just in the Justice Department (where all federal prosecutors are located) but other agencies as well, such **[*87]** as environmental crimes investigators in the Environmental Protection Agency (EPA). [160]

This coverage provision would seem to answer any lingering question about whether the ***CVRA*** applies before charging. In directing that federal employees engaged in the "detection" and "investigation" of crime must respect victims' rights, Congress wanted broad rights extending beyond just the prosecution of a case. As the district court concluded in the Epstein case, this provision "surely contemplates pre-charge application of the ***CVRA***." [161]

OLC gamely maintains, however, that Congress was simply trying to provide that federal law enforcement agents should provide rights to victims when a criminal case moves to its prosecution phase. OLC noted the uncontroversial point that law enforcement agents "often develop a relationship of trust with crime victims during the investigation that continues as they assist crime victims in negotiating active criminal proceedings." [162] OLC then asserted:

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[155] 150 Cong. Rec. 7303 (2004) (statement of Sen. Jon Kyl).

[156] Id.

[157] See Susan Estrich, Real Rape 50-51 (1987) (describing how a rape victim's sexual history may be used against her in court proceedings); Beloof, supra note 38, at 309-10 (collecting examples of victims' issues that arise during the investigative process); see also *President's Task Force on Victims of Crime, Final Report, supra* note 10, at 57-62 (making recommendations for how police should treat victims during the criminal justice process).

[158] OLC ***CVRA*** Rights Memo, supra note 2, at 15 (quoting *18 U.S.C. § 3771*(c)(1) (2012)) (internal quotation marks omitted).

[159] *18 U.S.C. § 3771*(c)(1).

[160] See Kyl et al., supra note 136, at 615 ("Notice should be given to the fact that it applies not just to the Department of Justice, but to all "departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime.'" (citation omitted)).

[161] *Does v. United States, 817 F. Supp. 2d 1337, 1342 (S.D. Fla. 2011).*

[162] OLC ***CVRA*** Rights Memo, supra note 2, at 15.



HOUSE_OVERSIGHT_017622

Given this continuing active role that agents typically play during criminal prosecutions, we find the fact that the ***CVRA*** assigns responsibility to them, together with the attorney for the Government, to … accord them their rights under the ***CVRA*** to be entirely consistent with our conclusion that those rights arise only once the Government has initiated criminal proceedings. [163]

But OLC's contorted position never explains why Congress found it necessary to break out three separate phases of the criminal justice process: the "detection," "investigation," and "prosecution" of crime. If the congressional intent was simply to cover, for example, FBI agents or EPA agents during the post-charging phase of a case, it could have simply omitted those words from the ***CVRA***. An FBI agent, for example, would be engaged in the "prosecution" of the case when assisting the victim after the formal filing of charges. On OLC's reading of the statute, the words "detection" and "investigation" become meaningless, contrary to the well-known canon of construction verba cum effectu sunt accipienda, which means that, if possible, every word and every provision is to be given effect. [164]

OLC also suggests that the "most significant" argument supporting pre-charging application of rights is the venue provision, which allows **[*88]** crime victims to assert ***CVRA*** rights "in the district court in which a defendant is being prosecuted for the crime or, if no prosecution is underway, in the district court in the district in which the crime occurred." [165] The Department contends that this language refers quite narrowly to the "period of time between the filing of a complaint and the initiation of formal charges." [166] In support of its position, the Department cites a Fourth Circuit case interpreting the ***Sixth Amendment*** right to counsel, which held that a "prosecution" for purposes of that ***Amendment*** does not begin when a criminal complaint is filed. [167] In OLC's view, the venue provision's direction that victims should assert rights when "no prosecution is underway" applies only to the limited time between when the Government files a complaint against a defendant and some later point when the "prosecution" actually begins. OLC notes that the filing of a complaint triggers an initial appearance, where crime victims can have important interests at stake, such as the right to be heard about a defendant's release on bail. OLC believes it is only to such post-complaint, yet pre-indictment, proceedings (i.e., the initial appearance) that the venue provision's "no-prosecution-underway" language covers.

As a preliminary matter, OLC's interpretation of the word "prosecution" in the Department's narrow construction of the venue provision is a twisted one, at odds with the way that term is conventionally used. The filing of a complaint is typically viewed as the start of a criminal prosecution. For example, the leading criminal procedure hornbook states that "with the filing of the complaint, the arrestee officially becomes a "defendant' in a criminal prosecution." [168]

Moreover, having specifically rejected the filing of the criminal complaint as the starting point for a "prosecution" within the ***CVRA***'s venue provision, OLC refuses to consider the implications of its alterative starting point: the formal filing of an indictment. OLC states that "a prosecution of a felony must commence with the return of an indictment by a grand jury," citing the Federal Rules of Criminal Procedure. [169] Yet OLC does not pause to recognize that, while felonies proceed by way of indictment, misdemeanors can proceed not only by indictment but also by complaint. [170] The ***CVRA*** draws no distinction between misdemeanor and **[*89]** felony offenses, broadly extending its protections to victims of any federal offense. [171] Thus, under OLC's interpretation that the filing of a complaint does not trigger the ***CVRA***, many victims who are entitled to

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[163] Id.

[164] See, e.g., *Reiter v. Sonotone Corp., 442 U.S. 330, 339 (1979).*

[165] OLC ***CVRA*** Rights Memo, supra note 2, at 14 (quoting *18 U.S.C. § 3771*(d)(3) (2012)).

[166] Id.

[167] Id. (citing *United States v. Alvarado, 440 F.3d 191, 200 (4th Cir. 2006)).*

[168] Wayne R. LaFave et al., Criminal Procedure § 1.2(g), at 11 (5th ed. 2009) (emphasis added).

[169] OLC ***CVRA*** Rights Memo, supra note 2, at 14 (citing *Fed. R. Crim. P. 7(a)(1)*).

[170] *Fed. R. Crim. P. 58(b)(1)* ("The trial of a misdemeanor may proceed on an indictment, information, or complaint." (emphasis added)).

[171] See *18 U.S.C. § 3771*(e) (2012).



HOUSE_OVERSIGHT_017623

***CVRA*** protections - i.e., victims of misdemeanor offenses prosecuted by way of complaint - will never have proper venue to assert those rights because, according to OLC's strained argument, no prosecution ever started in their cases.

Even limiting the focus to felony cases, OLC misleadingly describes the ***Sixth Amendment*** case law. It is not immediately clear why one would look to the right to counsel to determine the breadth of the term "prosecution" in the ***Sixth Amendment***. The right to counsel is not the only right found in that ***Amendment***. The ***Amendment*** also extends, for example, a right to a speedy trial in all criminal "prosecutions." [172] The case law on the speedy trial right makes clear that the right "may attach before an indictment and as early as the time of arrest and holding to answer a criminal charge." [173]

In any event, the right to counsel cases are quite clear in providing that a ***Sixth Amendment*** "prosecution" can (and often does) begin well before an indictment. [174] The Supreme Court has directly held that the ***Sixth Amendment***'s right to counsel attaches "at or after the time that judicial proceedings have been initiated against [a person] - "whether by way of formal charge, preliminary hearing, indictment, information, or arraignment.'" [175] Thus, under this controlling precedent, some earlier point in time before indictment is the triggering point of a ***Sixth Amendment*** "prosecution."

The cases that OLC cites are not to the contrary. It is true that some federal appeals courts have stated that the mere filing of a criminal complaint does not trigger a ***Sixth Amendment*** right to counsel. [176] But there is a split of authority on this question, as OLC acknowledges in a footnote. [177] More importantly for purposes of this Article, the cases holding **[*90]** that the mere filing of a complaint does not start a ***Sixth Amendment*** prosecution also make clear that a later court hearing would start such a prosecution. For instance, in the Fourth Circuit case cited by OLC, United States v. Alvarado, the court reasons that "the main reason a law enforcement officer files [] a complaint is to establish probable cause for an arrest warrant. The criminal process is still in the investigative stage, and the adverse positions of government and defendant have yet to solidify." [178] Relying on that reasoning, the Fourth Circuit refused to find that the right to counsel had attached merely because a police officer had filed a complaint to get an arrest warrant. But the Fourth Circuit distinguished that situation from "the initiation of adversary judicial proceedings against the defendant." [179] An initial appearance would be such an adversary proceeding - i.e., it would be a "prosecution" under the ***Sixth Amendment***. In light of this, OLC's position that the ***CVRA***'s venue provision's "no-prosecution-underway" reference covers proceedings, such as an initial appearance, does not work.

The only sensible way to construe the ***CVRA***'s venue provision is to read it as conveniently dividing criminal cases into two phases: a prosecution phase and an earlier investigative phase when "no prosecution is under way." [180] Senator Kyl, for

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[172] ***U.S. Const. amend. VI.***

[173] *United States v. Gouveia, 467 U.S. 180, 190 (1984)* (quoting *United States v. MacDonald, 456 U.S. 1, 6-7 (1982))* (internal quotation marks omitted).

[174] See, e.g., *Texas v. Cobb, 532 U.S. 162, 172-73 (2001).*

[175] *Brewer v. Williams, 430 U.S. 387, 398 (1977)* (quoting *Kirby v. Illinois, 406 U.S. 682, 689 (1972)).*

[176] See, e.g., *United States v. Alvarado, 440 F.3d 191, 196 (4th Cir. 2006).*

[177] OLC ***CVRA*** Rights Memo, supra note 2, at 14 n.15 (citing *Hanrahan v. United States, 348 F.2d 363, 366 n.6 (D.C. Cir. 1965));* see Wayne R. LaFave et al., Criminal Procedure § 6.4(e), at 670 (3d ed. 2007) ("There is an apparent split of authority on the question of whether the filing of a complaint is alone enough to give rise to a ***Sixth Amendment*** right to counsel, though the difference probably is explainable by the fact that this document is used for multiple purposes."); see also *Felder v. McCotter, 765 F.2d 1245, 1248 (5th Cir. 1985)* (citing Texas law).

[178] *Alvarado, 440 F.3d at 200* (citations omitted) (internal quotation marks omitted).

[179] Id. (quoting *United States v. Gouveia, 467 U.S. 180, 187 (1984)).*

[180] *18 U.S.C. § 3771*(d)(3) (2012).

instance, has noted that if there are any doubts about how to construe the ***CVRA***, this venue provision "sweeps them away." [181] Once again, the language that Congress used leads inexorably to the conclusion that the ***CVRA*** extends rights to victims before the filing of criminal charges.

IV. When Pre-charging Rights Attach Under the ***CVRA***

The zeal with which OLC argues against applying ***CVRA*** rights before charging raises the question of why it protests so much. Although OLC never articulated this concern, perhaps OLC worried that pre-charging rights would be difficult to administer. Such concerns should evaporate with a workable construction of when pre-charging rights attach. In this Part, we propose such a construction, suggesting that ***CVRA*** rights should attach when substantial evidence exists that a specific person has been directly and proximately harmed as the result of a federal crime. This approach appears to already be the method that the Department is taking, as **[*91]** it has extended many rights to victims before the formal filing of criminal charges as a matter of internal policy. [182] This approach appears to be workable, as a number of states extend rights to victims during the investigative process. [183]

A. A TEST FOR DETERMINING WHEN RIGHTS ATTACH

As explained in the earlier Parts of this Article, the ***CVRA*** clearly envisions that crime victims would have rights in the criminal justice process before the return of indictments or the filing of criminal complaints. The question then as to how much earlier in the process crime victims have rights naturally arises. Does the ***CVRA*** apply one second after a federal crime has been committed? Or does it apply at some later point during an investigation?

This issue was nicely framed by the U.S. District Court for the Eastern District of New York in a securities fraud case. In the first indictment underlying the case, the charged crime did not include various victims. A later superseding indictment broadened the charges to include those missing individuals. When they brought a suit under the ***CVRA***, the court noted that "quite understandably, movants perceive their victimization as having begun long before the government got around to filing the superseding indictment." [184] The court, however, explained that there must be "logical limits" to crime victims' rights before the filing of charges. [185] The court noted:

For example, the realm of cases in which the ***CVRA*** might apply despite no prosecution being "underway,' cannot be read to include the victims of uncharged crimes that the government has not even contemplated. It is impossible to expect the government, much less a court, to notify crime victims of their rights if the government has not verified to at least an elementary degree that a crime has actually taken place, given that a corresponding investigation is at a nascent or theoretical stage. [186]

The logical limits that the ***CVRA*** envisions could come from how the Justice Department interacts with criminals during the investigation of a crime. Crime victims' rights advocates are fond of saying that victims "only want to be treated like criminals" - that is, they simply want to have the same kinds of rights as criminals receive, such as the right to be notified **[*92]** of court hearings and to attend those hearings. [187] So it is instructive to notice that the Justice Department policy is to extend certain rights to suspected criminals during certain points in the investigative process. That policy might provide guidance on when crime victims' rights would attach.

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[181] Kyl et al., supra note 19, at 594.

[182] See, e.g., Attorney General Guidelines, supra note 52, at 41-42 (discussing the right to confer regarding plea bargains).

[183] See infra Part III.D.

[184] *United States v. Rubin, 558 F. Supp. 2d 411, 419 (E.D.N.Y. 2008).*

[185] Id.

[186] Id.

[187] See, e.g., Cassell, supra note 15, at 1376-85 (describing the rationale underpinning state victims' rights statutes).

Of particular interest here is the Department's policy for grand jury subpoenas issued to a "target" of a criminal investigation. When such a target is subpoenaed to testify before a grand jury, the Department of Justice will advise that target of his rights, such as the right to refuse to answer any question that might be incriminating. [188] The Department of Justice defines a "target" of a criminal investigation as "a person as to whom the prosecutor or the grand jury has substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutor, is a putative defendant." [189]

If the Department's investigation has coalesced sufficiently so that it can provide notice of rights to putative defendants, it should likewise be in a position to provide notice of rights to that defendant's victims. Combining the Department's definition of "target" with the ***CVRA***'s coverage and definition-of-victim provisions produces a formulation whereby ***CVRA*** rights attach in (at least) the following circumstances:

***CVRA*** rights attach when an officer or employee of the Department of Justice or any other department or agency of the United States engaged in the detection, investigation, or prosecution of crime has substantial evidence that an identifiable person has been directly and proximately harmed as a result of the commission of a federal offense or an offense in the District of Columbia, and in the judgment of the officer or employee, that person is a putative victim of that offense.

This formulation borrows from the ***CVRA***'s coverage provision [190] to define the relevant universe of substantial evidence as that in the possession of the Justice Department or other federal agencies. For instance, if state law enforcement officers are investigating a bank robbery, the fact that the robbery might also be prosecuted federally [191] does not make the teller at the bank a federal "victim" of the crime until evidence regarding the crime comes into the possession of a federal agency. The formulation also tracks the ***CVRA***'s definition of "victim" in limiting the universe of potential **[*93]** victims to those who have been "directly and proximately harmed." [192] Finally, the formulation requires some federal officer or employee to evaluate the evidence and reach the conclusion that a federal offense has been committed that harmed the person in question. This determination responds to the observation by the District Court for the Eastern District of New York that the ***CVRA*** "cannot be read to include the victims of uncharged crimes that the government has not even contemplated." [193] At the same time, such a formulation obviously does not require the filing of formal criminal charges, or even the preparation of formal criminal charges. Instead, all that is required is for the Department to recognize that a person is a putative victim of a federal offense, just as all that is required for the mailing of a target letter to a subpoenaed suspected criminal, is recognition that he is a putative defendant in a federal case.

B. APPLYING THE TEST TO THE EPSTEIN CASE

To illustrate how the test would operate, it is useful to examine the facts of the Epstein case. Applying the proposed test to that case produces straightforward answers, which suggests that the test would be workable in practice.

From 2001 to 2007, Jeffrey Epstein sexually abused more than thirty minor girls in his mansion, including Jane Doe Number One and Jane Doe Number Two. [194] Initially, of course, his acts of abuse were secret, unknown to law enforcement. During that period of time, the victims would not have had rights under the ***CVRA***.

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[188] Criminal Resource Manual, supra note 87, § 9-11.151.

[189] Id.

[190] *18 U.S.C. § 3771*(e) (2012).

[191] Id. § 2113.

[192] See id. § 3771(e).

[193] *United States v. Rubin, 558 F. Supp. 2d 411, 419 (E.D.N.Y. 2008).*

[194] As above, see supra notes 34-41 and accompanying text, this part of the Article draws on the factual allegations made by the victims in this case - allegations that Epstein has not intervened to dispute. See Jane Doe Motion, supra note 40, at 3-23.



HOUSE_OVERSIGHT_017626

In 2006, Epstein's acts of abuse came to the attention of the Palm Beach Police Department, which began investigating the case. [195] At this point, once again, the victims would not have had rights under the proposed ***CVRA*** test. The ***CVRA*** extends rights in the federal criminal justice process. A state investigation does not trigger the ***CVRA*** (although it may trigger certain state law protections, as discussed below). [196]

At some point in 2006, the Palm Beach Police Department asked the FBI to investigate Epstein on federal sex offenses, such as using a means of **[*94]** interstate communication in connection with sex offenses and traveling in interstate commerce for the purpose of engaging in illicit sexual conduct with minors. [197] The local police provided the FBI with information, which the FBI then investigated. Following an investigation, the FBI determined that the allegations of abuse against Epstein were credible, and it presented the case to the U.S. Attorney's Office for the Southern District of Florida. In 2007, the Office contacted counsel for Jeffrey Epstein and began negotiating a resolution of the case against him. [198]

Under our proposed test, the victims would not have had ***CVRA*** rights the first moment that the FBI became aware of Epstein's possible commission of sex offenses. But after the FBI developed substantial evidence of those sex offenses, identified victims of those offenses, and presented the case to the appropriate U.S. Attorney's Office for prosecution, ***CVRA*** rights would have attached. Accordingly, the FBI would have been required to notify the identified victims of their rights under the ***CVRA*** (as well as under the VRRA). From that point forward in the case, the victims would have had ***CVRA*** rights, such as the right to fair treatment and the right to confer with prosecutors. In this case, the victims would have had the right to confer with prosecutors about the nonprosecution agreement that they ultimately reached with Epstein. [199]

C. CURRENT DEPARTMENT POLICY ON PRE-CHARGING RIGHTS

One objection that might be made to the formulation offered above is that it might unduly burden federal law enforcement officers and prosecutors, who would need to make judgment calls about when an investigation has coalesced to the point where "victims" are in existence, "substantial evidence" has been collected, and notice of rights has to be provided. Any such objection would be ill-founded, though, as it does not appear that implementing such an approach would be difficult. [200] Presumably the Justice Department has already been providing such rights in at least Texas, Louisiana, and Mississippi to comply with the Fifth **[*95]** Circuit's 2008 ruling in In Re Dean, which held that the ***CVRA*** extends rights to victims before defendants are charged. [201] We have not seen any reports that providing the rights has been difficult.

Perhaps the reason for the lack of any reported difficulty is that the Department's current policy on crime victims' rights already requires notices to victims during investigations. The Justice Department has promulgated the Attorney General Guidelines for Victim and Witness Assistance, the latest edition of which is from May 2012. The Guidelines discuss crime victims' rights under both the ***CVRA*** and the earlier VRRA. Because of the OLC memorandum discussed above, the Guidelines limit ***CVRA***

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[195] See Probable Cause Affidavit, Palm Beach Police Department: Police Case No. 05-368(1) (May 1, 2006), available at *http://goo.gl/fAPFw5*; see also Statement of Undisputed Facts, Epstein v. Rothstein, No. 50 2009 CA 040800XXXXMBAG (Fla. Cir. Ct. Sept. 22, 2010), available at *http://goo.gl/DzMbe8*.

[196] See supra notes 178-95 and accompanying text as well as infra Part IV.D.

[197] See *18 U.S.C.§§2422*(b), 2423(b), (e) (2012).

[198] A more substantial summary of the case is available in case filings. See Jane Doe Motion, supra note 40.

[199] See supra Part II.

[200] This Article does not discuss mass victim cases in which notice needs to be provided to hundreds of victims. But in such situations, the ***CVRA*** already provides for "reasonable" alternative procedures. *18 U.S.C. § 3771*(d)(2) (2012). The Department of Justice, for example, has used websites to provide notice in terrorism cases to large numbers of victims. See, e.g., United States v. Ingrassia, No. CR-04-0455ADSJO, 2005 WL 2875220, at 4 (E.D.N.Y. Sept. 7, 2005); Criminal Division's Victim Notification Program, U.S. Dep't of Justice, *http://goo.gl/6H6IEk* (last visited Dec. 4, 2013).

[201] *527 F.3d 391 (5th Cir. 2008).*

rights until after the time "when criminal proceedings are initiated by complaint, information, or indictment." [202] The Department, however, provides hortatory guidance that Justice Department employees shall make "best efforts" to notify crime victims about their ***CVRA*** rights "as early in the criminal justice process as is feasible and appropriate." [203]

Of greater interest, however, is the Department's mandatory policy regarding notification regarding crime victim services under the VRRA. The Guidelines explain how "Department responsibilities to crime victims begin as soon as possible after the detection of a crime at which they may be undertaken without interfering in the investigation." [204] The Guidelines then direct the appropriate "responsible official" to provide crime victims with "information about services available to them." [205] This information must be provided at "the earliest opportunity after detection of a crime at which it may be done without interfering with an investigation." [206]

The Department appears to have little difficulty implementing this requirement. Evidence of this fact comes from the Justice Department itself, which responded to the letter from Senator Kyl discussed earlier questioning why the Department was not applying the ***CVRA*** before charges were filed. [207] In its response, the Department noted that OLC had issued an opinion that the ***CVRA*** did not extend rights before the formal filing of charges. [208] "Even so," the Department explained, "the new AG Guidelines go further and provide that Department prosecutors should make **[*96]** reasonable efforts to notify identified victims of, and consider victims' views about, prospective plea negotiations, even prior to the filing of a charging instrument with the court." [209]

The Department also noted that it provided extensive pre-charging notifications to victims under the VRRA:

Pursuant to the Victims' Rights and Restitution Act of 1990 (VRRA), the Department identifies victims and provides to them service referrals, reasonable protection, notice concerning the status of the investigation, and information about the criminal justice process prior to the filing of any charges. The Department's investigative agencies provide such services to thousands of victims every year, whether or not the investigation results in a federal prosecution. [210]

Quantifying the scope of this undertaking with regard to one federal investigative agency, the Department explained:

The [FBI] alone reports that it provided more than 190,000 services to victims during the past fiscal year [FY 2011], including case status updates, assistance with compensation applications and referrals, and counseling referrals. From sexual assaults in Indian Country to child pornography and human trafficking to mass violence and overseas terrorism, FBI victim specialists provide much-needed immediate and ongoing support and information to victims. The FBI addresses victim safety issues when needed, providing on-scene response and crisis intervention services in thousands of investigations. With regard to sexual assault victims, FBI personnel arrange for and often accompany victims to forensic sexual assault medical examinations and provide assistance with HIV/STD testing. [211]

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[202] Attorney General Guidelines, supra note 52, at 8.

[203] Id. at 35.

[204] Id. at 26 (citing *42 U.S.C. § 10607*(b) (2006)).

[205] Id. at 29 (citing *42 U.S.C. § 10607*(b)(2)). Elsewhere, the Guidelines define the official who is responsible as the appropriate federal law enforcement officer during the investigation of the crime or the U.S. Attorney once charges have been filed. Id. at 25-26.

[206] Id. at 29.

[207] See supra notes 130-33 and accompanying text.

[208] Letter from Ronald Weich, supra note 135, at 2.

[209] Id.

[210] Id. at 2-3.

[211] Id. at 3.

In view of the Department's existing notifications and provision of services before charges are filed under the VRRA, it is hard to conceive how any viable claim could be made that it would be difficult to provide similar rights under the ***CVRA***. The four rights that would be potentially in play before charging would be the right to reasonable protection, the right to fair treatment, and the right to confer with prosecutors, along with the predicate right to notice of these rights. [212] The VRRA already requires the Department to provide reasonable protection, so this would not be an expanded obligation. [213] Similarly, the Guidelines already require prosecutors to confer with victims about plea agreements (the most common situation where victims want to confer), so it is hard to imagine how extending this right would create any undue burden. [214] Additionally, the right to "fair treatment" could only be a problem if the Department **[*97]** wanted to treat victims unfairly. Given its repeated and professed commitment to crime victims, here too this obligation should not be burdensome. And finally, with regard to providing notice of ***CVRA*** rights to victims, the fact that the Department currently provides notice of VRRA rights indicates that it should not be difficult to provide notice of ***CVRA*** rights as well.

Indeed, it is possible that the Department's notification letters under the VRRA already include this information. Interestingly, in the Epstein case, the FBI notified Jane Doe Number One and Jane Doe Number Two that they had rights in the criminal justice process. As early as June 7, 2007 - more than three months before it concluded a nonprosecution agreement with Epstein - the U.S. Attorney's Office sent a notice to Jane Doe Number One stating "your case is under investigation." [215] The notice also informed Jane Doe Number One that "as a victim and/or witness of a federal offense, you have a number of rights." [216] Among the rights that the U.S. Attorney's Office told Jane Doe that she possessed was "the reasonable right to confer with the attorney for the United States in the case." [217] Of course, she would not have had those rights if she was not covered by the ***CVRA***. The FBI therefore apparently assumed that the ***CVRA*** already applied in the Epstein case. It was only later, when the matter went into litigation, that the Department of Justice reversed course. This change in course underscores the problems arising out of the OLC memorandum and the Department's current interpretation of the ***CVRA***.

D. STATE LAW EXTENSION OF PRE-CHARGING RIGHTS

The focus of this Article so far has been crime victims' rights in the federal system. But in concluding, it is instructive to note how a number of states offer parallel rights for crime victims, including the right to confer with prosecutors. In fact, several states have extended such rights prior to formally filing of charges against defendants - without reported difficulty, so far as we are aware. This confirms our inference that extending ***CVRA*** rights to crime victims before the formal filing of criminal charges is both feasible and desirable.

A general overview of state laws illustrates the broad protections afforded to victims in state criminal justice systems. Nearly two-thirds of states have adopted constitutional provisions to protect victims throughout **[*98]** the criminal justice process. [218] Moreover, every state has adopted a statute that either enforces its constitutional ***amendment*** or creates independent statutory rights for crime victims. [219] As a result, state legislatures and state employees have attempted to give victims a voice in the criminal justice process across the country.

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[212] *18 U.S.C. § 3771*(a)(1), (5), (8), (c)(1) (2012).

[213] See *42 U.S.C. § 10607*(c)(2) (2006).

[214] See Attorney General Guidelines, supra note 52, at 41-42.

[215] Letter from A. Marie Villafana, Assistant U.S. Att'y, to Jane Doe #1 (June 7, 2007), reprinted in Jane Doe Motion, supra note 40, at ex. C.

[216] Id.

[217] Id.

[218] See Victims' Rights Laws by State, Nat'l Crime Victim L. Inst. (Oct. 17, 2013), *http://goo.gl/pdDx1w* (listing and linking to state laws and constitutional ***amendments***).

[219] See LaFave et al., supra note 168, § 21.3(f), at 1041-42.



HOUSE_OVERSIGHT_017629

Notably, while the strength of these rights varies from state to state, [220] nearly forty states require the prosecuting attorney to notify or confer with the victim regarding plea negotiations. [221] Several jurisdictions involve the victim in the charging decision. [222] In some states, law enforcement and prosecutors must involve the victim at any "critical" [223] or "crucial" [224] stage of the criminal proceeding; and in a minority of jurisdictions, the judge must ascertain whether the prosecutor has afforded the victim statutory protections prior to accepting a plea agreement. [225]

The general contours of state provisions suggest that several state governments have recognized the value in informing victims of their rights and involving them in the criminal process prior to the formal filing of charges. [226] Indeed, a brief look at the statutory protections illustrates the extent to which states have attempted to afford protections to victims long before the formal filing of charges.

**[*99]** For example, Arizona has adopted a constitutional ***amendment*** and statutes that expansively protect victims. Under Arizona law, the definition of victim hinges on whether a criminal offense has been committed, and the term "criminal offense" is defined as "conduct that gives a peace officer or prosecutor probable cause to believe" a crime has occurred. [227] In short, a victim's status does not hinge on the formal filing of charges but rather on the criminal conduct itself. [228] Arizona law enforcement personnel must give information to victims describing their rights as soon as possible, even if formal charges have not yet been filed, and a victim may request that the prosecutor discuss the disposition of the case, including "a decision not to proceed with a criminal prosecution, dismissal, plea, or sentence negotiations and pretrial diversion programs." [229] A victim may even pursue some rights if counts are dismissed. [230] Arizona courts have also permitted victims to invoke their rights in the context of civil forfeiture proceedings. [231]

Hawaii's victims' rights statute illustrates how a state has defined the term "case" more expansively than the limited definition advocated by the Department in order to facilitate victim participation. By statute in Hawaii, victims must, upon request, be informed of "major developments" in any felony case. [232] Along a similar vein, the prosecuting attorney must consult or

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[220] See generally Dean G. Kilpatrick et al., Nat'l Inst. of Justice, U.S. Dep't of Justice, The Rights of Crime Victims - Does Legal Protection Make a Difference? (1998), available at *http://goo.gl/EzH61S*.

[221] See Peggy M. Tobolowsky, Victim Participation in the Criminal Justice Process: Fifteen Years After the President's Task Force on Victims of Crime, 25 New Eng. J. on Crim. & Civ. Confinement 21, 64 & n.168 (1999) (citing to victims' rights statutes in Connecticut, Illinois, and Michigan, among others). Unfortunately, as some commentators have noted, the notice and conferral provisions in some states are ambiguous, and the absence of case law precludes a definitive understanding of the reach of the right in some jurisdictions. See LaFave et al., supra note 168, § 21.3(f), at 1041-42; see also, e.g., *Kan. Stat. Ann. § 74-7333(a)(5)* (2002) ("The views and concerns of victims should be ascertained and the appropriate assistance provided throughout the criminal process."). In some jurisdictions, the ambiguous use of an illustrative list could be read as suggesting that a particular right, such as conferral, hinges on formal charges. See, e.g., *Ky. Rev. Stat. Ann. § 421.500(6)* (LexisNexis Supp. 2012) (requiring consultation on "disposition of the case including dismissal, release of defendant pending judicial proceedings, any conditions of release, a negotiated plea, and entry into a pretrial diversion program," but failing to define "disposition" or "case").

[222] See Tobolowsky, supra note 221, at 59-60.

[223] E.g., *La. Rev. Stat. Ann.§§46:1842(2)*, *46:1844(K)* (2010).

[224] E.g., Fla. Const. art. I, § 16(b) (refraining from identifying the term).

[225] See LaFave et al., supra note 168, § 21.3(f), at 1041.

[226] See *Victims' Rights Laws by State, supra* note 218.

[227] *Ariz. Rev. Stat. Ann. § 13-4401(6)* (2010) (emphasis added); see *State ex rel. Thomas v. Klein, 150 P.3d 778, 780-81 (Ariz. Ct. App. 2007)* (noting the original version defined a criminal offense as a violation of a statute).

advise the victim about any plea negotiations. [233] Interestingly, however, the Hawaii legislature defined "major developments" as "arrest or release of the suspect by the police, case deferral by the police, referral to the prosecutor by the police, rejection of the case by the prosecutor, preliminary hearing date, grand jury date, trial and sentencing dates, and the disposition of the case." [234] The usage of the term "case" and the plain language of the provisions demonstrate that victims in the State of Hawaii are entitled to a notification right and a possible consultation right long before formal charges are filed.

**[*100]** Other states also expressly extend rights before the filing of charges. Colorado guarantees rights at "all critical stages of the criminal justice process[,]" which includes both the filing of charges and the decision to not file charges. [235] In Missouri, victims have the right:

on charged cases or submitted cases where no charge decision has yet been made, to be informed by the prosecuting attorney of the status of the case and of the availability [of different forms of compensation and assistance] and of any final decision by the prosecuting attorney not to file charges. [236]

In New Jersey, officials typically send a letter informing the victim "that the case has been referred to the prosecutors' office and explains and offers the services available from the country office of victim-witness advocacy." [237] Subsequent letters to the victim ensure that the victim has notice of a series of decisions long before indictment, [238] and the office actively solicits information in order to "help the prosecutor's office decide whether or not to prosecute a case." [239] Along a similar vein, the Massachusetts legislature included a provision that makes it clear that nothing should prevent a prosecutor from providing victim services to persons injured by the commission of a crime, even though a complaint or indictment has not yet been issued. [240]

In addition to extending rights before the filing of charges, several states require consultation before the prosecutor reaches a plea agreement with the defendant. For example, Idaho's statute provides that a victim must be given an opportunity "to communicate with the prosecution in criminal or juvenile offenses, and be advised of any proposed plea agreement by the prosecuting attorney prior to entering into a plea agreement in criminal or juvenile offenses involving crimes of violence, sex

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[228] Under Arizona law, the "rights and duties that are established by this chapter arise on the arrest or formal charging of the person or persons who are alleged to be responsible for a criminal offence against a victim." *Ariz. Rev. Stat. Ann. § 13-4402(A)* (2010) (emphasis added).

[229] *Ariz. Rev. Stat. Ann. § 13-4419(A)* (2010).

[230] See *Ariz. Rev. Stat. Ann. § 13-4402.01(A)*.

[231] It appears, however, that the criminal proceeding may have been parallel to the civil forfeiture proceeding. See *State v. Lee, 245 P.3d 919, 923-24 (Ariz. Ct. App. 2011).*

[232] *Haw. Rev. Stat. Ann. § 801D-4(a)(1)* (LexisNexis 2007).

[233] See id.

[234] Id. § 801D-2.

[235] Colo. Const. art. II, § 16a; ***Colo. Rev. Stat. § 24-4.1-302(1)*** (2013). But see ***Colo. Rev. Stat. § 24-4.1-302.5(1)(f)*** (2012) (limiting conferral right, in particular, to later stages of a criminal proceeding). Despite these limitations on the conferral right, victims retain the ability to be heard at any hearing involving a plea. See id. § 24-4.1-302.5.

[236] *Mo. Ann. Stat. § 595.209(10)* (West 2011).

[237] Office of Victim-Witness Advocacy, N.J. Dep't of Law & Pub. Safety, A Crime Victim's Guide to the Criminal Justice System 4 (2d ed. 1997); see also N.J. Const. art. I, § 22. Compare *18 U.S.C. § 3771* (2012), with *N.J. Stat. Ann. § 52:4B-36* (West 2009). In addition to the rights similar to the federal legislation, New Jersey law provides for the right "to be advised of case progress and final disposition and to confer with the prosecutor's representative so that the victim may be kept adequately informed … ." Id. § 52:4B-36(k).



HOUSE_OVERSIGHT_017631

**[*101]** crimes or crimes against children." [241] In Indiana, the plain language of its statute leaves open the possibility of a conferral right before formal charges to the extent that the statute includes two separate time frames: "after a crime … has been charged" or "before any disposition of a criminal case involving the victim." [242]

To be sure, not all states have afforded victims a voice throughout the entirety of the criminal justice process. [243] In some states, the statutes are ambiguous. [244] In a handful of states, there is clear language limiting rights until after the filing of charges. For example, Louisiana constrains the conferral right to criminal matters "in which formal charges have been filed by the district attorney's office." [245] Yet, unlike the federal ***CVRA***, this statute specifically excludes pre-charging situations. And, in any event, despite Louisiana's limitation on a particular right within the statute, the legislature in this state still often saw fit to provide the victim with notification rights, even in the absence of the formal filing of charges. [246]

Very few state courts have ever considered the precise issue of whether conferral rights may attach prior to the formal filing of charges. This is likely caused by the fact that, unlike the federal statute, many state statutes fail to provide the victim with a procedural mechanism for challenging the conduct of prosecutors or law enforcement agencies. [247] However, in rare cases, state courts have implicitly recognized that a meaningful interpretation of victims' rights should include some rights prior to filing.

For example, a Connecticut court concluded that a company injured by the delinquent act of a minor was entitled to information about the case **[*102]** contained in a police file in a civil proceeding, even though it appears that there was little indication that criminal charges had been filed. [248] Similarly, the South Carolina Supreme Court, while limiting the ability of the victim to challenge the conduct of a prosecutor, concluded that the same rights under the state constitution must attach prior to the formal filing of an indictment. [249] Other courts have even permitted a victim to recover compensation or reparations for unindicted or acquitted conduct. [250]

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[238] See *Office of Victim-Witness Advocacy, supra* note 237, at 4 (including pre-grand jury remand, administrative dismissal, grand jury remand, grand jury dismissal, and indictment returned).

[239] Id. at 26 (describing victim involvement at grand jury and arraignment stages of the proceeding).

[240] See *Mass. Ann. Laws ch. 258B, § 2* (LexisNexis 2004).

[241] *Idaho Code Ann. § 19-5306(1)(f)* (2004). As in the case of most of the state statutes, the Idaho statute is not without ambiguity. A different provision within the statute makes the notification right contingent "upon the filing of a criminal complaint or juvenile petition … ." Id. § 19-5306(2).

[242] *Ind. Code Ann. § 35-40-5-3(b)* (West 2012); id. § 35-40-1-1 (failing to define "case").

[243] See, e.g., Md. Const. art. 47(b) ("In a case originating by indictment or information filed in a circuit court, a victim of crime shall have the right to be informed … .").

[244] In Delaware, for example, the statute contains an additional limitation in the conferral provision that is noticeably absent from the duty imposed on law enforcement to provide information about the victim's rights to that victim. Compare *Del. Code Ann. tit. 11, § 9405* (2007), and *Del. Code Ann. tit. 11, § 9411* (2007) (imposing additional requirements after the Attorney General commences the prosecution), with *Del. Code Ann. tit. 11, § 9410* (2007). Query whether the limitations imposed in one section should be inferred in the other under the doctrine of expressio unius est exclusio alterius.

[245] La. Rev. Stat. Ann. § 1844(D)(1) (2010).

[246] See id. § 1844.

[247] See generally Douglas E. Beloof, The Third Wave of Crime Victims' Rights: Standing, Remedy, and Review, *2005 BYU L. Rev. 255, 300-23* (discussing problems with remedies in victims' rights statutes).

[248] See *In re James B., Jr., 714 A.2d 735 (Conn. Super. Ct. 1998).*

In other words, while few state judiciaries have addressed the precise timing of state crime victims' rights, those that have addressed the question have typically found that the rights do extend to pre-charging situations.

Despite the relative dearth of state court cases, it is worth noting that most state statutes unequivocally provide for notification rights early in the criminal process. [251] For example, the Illinois statute imposes a limited duty on law enforcement agencies to keep victims informed of the status of an investigation until the accused is apprehended or the agency discontinues the investigation. [252] Similarly, law enforcement agencies in Iowa must keep the victim apprised of the investigation "until the alleged assailant is apprehended or the investigation is closed." [253] Michigan's statute requires law enforcement to provide information within a mere twenty-four hours of contact between the agency and the victim. [254]

In sum, while state law on crime victims' rights before charging is not fully developed, what law exists tends to support the position that crime victims deserve rights before the formal filing of charges. This law fits the long-standing trend in states toward expanding protections for crime **[*103]** victims. [255] The decision by state legislators to extend notification or conferral rights to crime victims demonstrates an express recognition that crime victims' meaningful participation in the criminal justice process may involve granting those victims rights before indictment.

Conclusion

Crime victims have important rights at stake in the criminal justice process, even before prosecutors formally file criminal charges. It is hardly surprising, therefore, to find that a federal law that Congress in fact designed to create "broad and encompassing" rights for victims protects victims during a criminal investigation. As this Article has explained, interpreting the ***CVRA*** to cover crime victims during the pre-charging phase of a case is consistent with the statute's purposes, text, legislative history, and interpretive case law. And state criminal justice systems also appear to be moving in that direction.

The Justice Department's contrary interpretation seems unlikely to prevail when challenged. The ***CVRA*** signals a paradigm shift in the way that crime victims are to be treated, at least within the federal criminal justice system. Before enactment of the law, federal investigators and prosecutors might have been able to keep victims at arm's length, refusing to confer with them about the case and otherwise ignoring or even mistreating them during the process. But those days are over. The ***CVRA*** promises victims that they now have the right to confer with prosecutors and the right to be treated fairly while their cases are investigated. It is time for the Department of Justice to recognize and embrace that new reality.



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[249] See *Ex parte Littlefield, 540 S.E.2d 81, 85 (S.C. 2000).*

[250] See Kimberly J. Winbush, Annotation, Persons or Entities Entitled to Restitution as "Victim" Under State Criminal Restitution Statute, 92 A.L.R. 5th 35, 35 (2001) (recounting cases in which unnamed victims were entitled to restitution).

[251] See, e.g., *Minn. Stat. Ann. § 611A.0315(a)* (West 2009) (requiring a prosecutor to "make every reasonable effort to notify a victim of domestic assault … or harassment that the prosecutor has decided to decline prosecution of the case" but providing the right to participate in proceedings to circumstances in which the offender has been charged).

[252] See *725 Ill. Comp. Stat. Ann. 120/4.5* (2008).

[253] *Iowa Code Ann. § 915.13(1)(f)* (West 2003).

[254] See *Mich. Comp. Laws Ann. § 780.753* (West 2007). Michigan's conferral right is particularly ambiguous, because the notification requirement imposed upon the prosecuting attorney contains a time limitation (after arraignment), but the legislature did not include an express time limitation on the conferral right. See *Mich. Comp. Laws Ann. § 780.756(3)* (West 2007) (requiring the victim have the opportunity to consult prior to "any negotiation that may result in a dismissal, plea or sentence bargain, or pretrial diversion"); see also *Miss. Code Ann. § 99-43-7(1)* (2007) (imposing a requirement on law enforcement officials to notify a victim within seventy-two hours).

[255] See Jeffrey A. Parness et al., Monetary Recoveries for State Crime Victims, *58 Clev. St. L. Rev. 819, 850 (2010);* Tobolowsky, supra note 221, at 59 (describing a "significant expansion of victim rights to be consulted by the prosecutor and heard by the court").



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## Document (1)

1. *ARTICLE: Treating Crime Victims Fairly: Integrating Victims into the Federal Rules of Criminal Procedure, 2007 Utah L. Rev. 861*

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# *ARTICLE: Treating Crime Victims Fairly: Integrating Victims into the Federal Rules of Criminal Procedure*

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## Text

**[*863]**

I. Introduction

Federal courts should treat crime victims fairly in the criminal process. In a nod to that goal, the Advisory Committee on the Federal Rules of Criminal Procedure (Advisory Committee) has circulated for public comment proposed ***amendments*** to the Federal Rules of Criminal Procedure (the Rules) regarding crime victims' rights. These ***amendments*** attempt to implement the recently-enacted Crime Victims' Rights Act (***CVRA***), [1] which guarantees crime victims a series of rights, including the right to be treated fairly. Unfortunately, the proposed ***amendments*** are mere tentative, half measures that do not begin to fully protect crime victims.

This Article contends that the Advisory Committee should broaden its vision of the proper role for crime victims and recommend far more expansive victim protections. In the ***CVRA***, Congress articulated specific rights for crime victims, such as the right to be notified of court hearings, to attend those hearings, and to speak at appropriate points in the process. [2] But along with these specific rights came the sweeping requirement that crime victims "be treated with fairness and with respect for the victim's dignity and privacy." [3] This congressional command must not be ignored. In addition, entirely apart from any congressional dictate, crime victims deserve fair treatment in the federal system. Acting for the federal judiciary, the Advisory Committee should make certain that the Rules fully reflect victims' interests rather than allow the initiative for protecting victims to pass to other branches of government.

This Article proceeds in five parts. Following this Introduction, Part II reviews events leading to the recently circulated ***amendments***. The ***amendments*** were prompted by the ***CVRA*** - an act passed by Congress in 2004 to protect victims' rights through the federal criminal process. To comply with the ***CVRA***, the federal criminal rules had to be amended in many places,

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[1] Pub. L. No. 108-405, § 102(a), ***118 Stat. 2260, 2261-62*** (codified as amended at *18 U.S.C. § 3771* (Supp. 2006)).

[2] *18 U.S.C. § 3771* (a)(2)-(4).

[3] Id. § 3771(a)(8).

as I argued at length in an earlier article. [4] After receiving my suggested changes, the Advisory Committee agreed with some, but declined to adopt many of the others. At issue for the Advisory Committee was whether to proceed narrowly by changing only a few rules to track specific congressional directives or to proceed more broadly by reworking the entire body of federal criminal rules to ensure that they are all fair to crime victims. The Committee opted for the narrower approach.

Part III of this Article disputes the Advisory Committee's limited vision. Congress has required that the courts must treat crime victims "with fairness" throughout the process. [5] The only way to fully implement that command is a **[*864]** thorough reworking of the federal criminal rules to integrate victims into the day-to-day workings of the process. The Committee's parsimonious ***amendments*** simply ignore that congressional directive and mean that, in practice, many of the federal criminal rules will continue to overlook the legitimate interests of crime victims.

Part IV of this Article contains a rule-by-rule analysis of changes that should be made to the federal rules. The following changes are of particular importance:

1. Ensuring that crime victims' attorneys can appear in court (Rule 1);

2. Providing for victim participation in the plea bargain process (Rule 11);

3. Protecting victims' addresses and telephone numbers from improper disclosure (Rule 12);

4. Guaranteeing victims the right to attend criminal depositions (Rule 15);

5. Protecting victims from having personal and confidential information improperly subpoenaed (Rule 17);

6. Considering victims' interests when cases are transferred or when a bench trial is ordered (Rules 21 and 23);

7. Integrating victims into the sentencing process (Rule 32);

8. Articulating victims' right to discretionary appointment of counsel (Rule 44.1);

9. Giving victims the right to be heard at bail decisions (Rule 46);

10. Requiring victims' views be considered before a case is dismissed (Rule 48);

11. Protecting victims' right to a speedy trial (Rule 50);

12. Giving victims notice of court proceedings and of their rights in those proceedings (Rule 60(a)(1));

13. Guaranteeing victims the right to attend court proceedings (Rule 60(a)(2));

14. Guaranteeing victims the right to be heard on bail, plea, sentencing, and other issues important to victims (Rule 60(a)(3)).

Finally, Part V briefly concludes by explaining that the likely consequence of the Advisory Committee failing to fully implement Congress's vision will be that Congress itself will step in to do the job. It would be unfortunate if the Judiciary were to abdicate its responsibilities to protect crime victims and leave the task to another branch of government.

This Article also contains a short Afterword, which recounts developments subsequent to the drafting of this Article in January 2007.

**[*865]**

II. Victims' Rights, the ***CVRA***, and ***Amendments*** to the Rules

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[4] See Paul G. Cassell, Recognizing Victims in the Federal Rules of Criminal Procedure: Proposed ***Amendments*** in Light of the Crime Victims' Rights Act, *2005 BYU L. Rev. 835, 852-924* [hereinafter Cassell, Proposed ***Amendments***].

[5] *18 U.S.C. § 3771*(a)(8).

A. The Crime Victims' Rights Movement

The Crime Victims' Rights Movement developed in the 1970s because of a perceived imbalance in the criminal justice system. The victims' absence from criminal processes conflicted with "a public sense of justice keen enough that … it has found voice in a nationwide "victims' rights' movement." [6] Victims advocates argued that the criminal justice system had become preoccupied with defendants' rights to the exclusion of considering the legitimate interests of crime victims. [7] These advocates urged reforms to give more attention to victims' concerns, including protecting victims' rights to be notified of court hearings, to attend those hearings, and to be heard at appropriate points in the process.

The victims movement received considerable impetus in 1982 with the publication of the report of the President's Task Force on Victims of Crime ("Task Force"). The Task Force concluded that "the criminal justice system has lost an essential balance… . The system has deprived the innocent, the honest, and the helpless of its protection… . The victims of crime have been transformed into a group oppressively burdened by a system designed to protect them. This oppression must be reddressed." [8] The Task Force advocated multiple reforms. It recommended that prosecutors assume the responsibility for keeping victims notified of all court proceedings and bringing to the court's attention the victim's view on such subjects as bail, plea bargains, sentences, and restitution. [9] It also urged that courts receive victim-impact evidence at sentencing, order restitution in most cases, and allow victims and their families to attend trials even if they would **[*866]** be called as witnesses. [10] In its most sweeping recommendation, the Task Force proposed a federal constitutional ***amendment*** to protect crime victims' rights "to be present and to be heard at all critical stages of judicial proceedings." [11]

In the wake of the recommendation for a constitutional ***amendment***, crime victims' advocates considered how best to pursue that goal. Realizing the difficulty of achieving the consensus required to amend the United States Constitution, advocates decided to go first to the states to enact state victims' rights ***amendments***. They have had considerable success with this "states-first" strategy. [12] To date, about thirty states have adopted ***amendments*** to their own state constitutions, [13] which protect a wide range of victims' rights.

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[6] *Payne v. Tennessee, 501 U.S. 808, 834 (1991)* (Scalia, J., concurring) (internal quotations omitted). See generally Douglas E. Beloof, Paul G. Cassell & Steven J. Twist, Victims in Criminal Procedure 638-39 (2d ed. 2005) (discussing the need for victims' participation in the criminal justice system); see also Shirley S. Abrahamson, Redefining Roles: The Victims' Rights Movement, 1985 Utah L. Rev. 517; Douglas Evan Beloof, The Third Model of Criminal Process: The Victim Participation Model, *1999 Utah L. Rev. 289;* Paul G. Cassell, Barbarians at the Gates? A Reply to the Critics of the Victims' Rights ***Amendment***, *1999 Utah L. Rev. 479* [hereinafter Cassell, Barbarians at the Gates]; Paul G. Cassell, Balancing the Scales of Justice: The Case for and the Effects of Utah's Victims' Rights ***Amendment***, *1994 Utah L. Rev. 1373* [hereinafter Cassell, Balancing the Scales]; Abraham S. Goldstein, Defining the Role of the Victim in Criminal Prosecution, 52 Miss. L.J. 514 (1982); William T. Pizzi & Walter Perron, Crime Victims in German Courtrooms: A Comparative Perspective on American Problems, *32 Stan. J. Int'l L. 37 (1996);* Steven J. Twist, The Crime Victims' Rights ***Amendment*** and Two Good and Perfect Things, *1999 Utah L. Rev. 369.*

[7] See generally Beloof, Cassell & Twist, supra note 6, at 29-38; Douglas Evan Beloof, The Third Wave of Victims' Rights: Standing, Remedy and Review, *2005 BYU L. Rev. 255;* Cassell, Balancing the Scales, supra note 6, at 1380-82 (arguing for increased rights of crime victims in criminal justice systems).

[8] President's Task Force on Victims of Crime, Final Report 114 (1982).

[9] Id. at 63.

[10] Id. at 72-73.

[11] Id. at 114 (emphasis omitted).

[12] See S. Rep. No. 108-191, at 3 (2003).

[13] See Ala. Const. amend. 557; Alaska Const. art. I, § 24; Ariz. Const. art. II, § 2.1; Cal. Const. art. I, §§12, 28; Colo. Const. art. II, § 16a ; Conn. Const. art. I, § 8(b); Fla. Const. art. I, § 16(b); Idaho Const. art. I, § 22; Ill. Const. art. I, § 8.1; Ind. Const. art. I, § 13(b); Kan. Const. art. 15, § 15; La. Const. art. 1, § 25; Md. Decl. of Rights art. 47; Mich. Const. art. I, § 24; Miss. Const. art. 3, § 26A; Mo. Const. art. I, § 32; Neb. Const. art. I, § 28; Nev. Const. art. I, § 8; N.J. Const. art. I, § 22; N.M. Const. art. 2, § 24; N.C. Const. art. I, § 37; Ohio Const. art. I, § 10a; Okla. Const. art. II, § 34; Or. Const. art. 1, § 42; R.I. Const. art. I, § 23; S.C. Const. art. I, § 24; Tenn. Const. art. 1, § 35; Tex. Const. art. I, § 30; Utah Const. art. I, § 28; Va. Const. art. I, § 8-A; Wash. Const. art. 2, § 33; Wis. Const. art. I, § 9m.

The Crime Victims' Rights Movement was also able to prod the federal system to recognize victims' rights. In 1982, Congress passed the first federal victims' rights legislation, the Victim and Witness Protection Act, which gave victims the right to make an impact statement at sentencing and provided expanded restitution. [14] Since then, Congress has passed several acts that further protected victims' rights, including the Victims of Crime Act of 1984, [15] the Victims' Rights and Restitution Act of 1990, [16] the Violent Crime Control and Law Enforcement Act of 1994, [17] the Antiterrorism and Effective Death Penalty Act of 1996, [18] and the Victim Rights Clarification Act of 1997. [19] Other federal statutes have been passed to deal with specialized victim situations, such as child victims and witnesses. [20]

Among these, the Victims' Rights and Restitution Act of 1990 is worth briefly highlighting. This act purported to create a comprehensive list of victim's rights in the federal criminal justice process. The act commanded that "[a] crime victim has the following rights" [21] and then listed various rights in the process. Among the **[*867]** rights were the right to "be treated with fairness and with respect for the victims' dignity and privacy," [22] to "be notified of court proceedings," [23] to "confer with [the] attorney for the Government in the case," [24] and to attend court proceedings, even if called as a witness, unless the victim's testimony "would be materially affected" by hearing other testimony at trial. [25] The statute also directed the Justice Department to make its "best efforts" to ensure that victims received their rights. [26] Yet this act never successfully integrated victims into the federal criminal justice process and was generally regarded as something of a dead letter. Because Congress passed the ***CVRA*** in 2004 to remedy the problems with this law, it is worth briefly reviewing why it was largely unsuccessful.

Curiously, the Victims' Rights Act was codified in Title 42 of the United States Code - the title dealing with "Public Health and Welfare." As a result, the statute was generally unknown to federal judges and criminal law practitioners. Federal practitioners reflexively consult Title 18 for guidance on criminal law issues. More prosaically, federal criminal enactments are bound together in a single West publication - the Federal Criminal Code and Rules. This single publication is carried to court by prosecutors and defense attorneys and is on the desk of most federal judges. Because West Publishing never included the Victims' Rights Act in this book, the statute was essentially unknown even to the most experienced judges and attorneys. The prime illustration of the ineffectiveness of the Victims' Rights Act comes from the Oklahoma City bombing case, where victims were denied rights protected by statute in large part because the rights were not listed in the criminal rules. [27]

Because of such problems with the statutory protection of victims' rights, victims advocates decided in 1995 the time was right to press for a federal constitutional ***amendment***. They argued that the statutory protections could not sufficiently guarantee

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[14] Pub. L. No. 97-291, *96 Stat. 1248 (1982).*

[15] Pub. L. No. 98-473, *98 Stat. 2170 (1984).*

[16] Pub. L. No. 101-647, ***104 Stat. 4820 (1990).***

[17] Pub. L. No. 103-322, ***108 Stat. 1796 (1994).***

[18] Pub. L. No. 104-132, ***110 Stat. 1214 (1996).***

[19] Pub. L. No. 105-6, ***111 Stat. 12 (1997).***

[20] See, e.g., *18 U.S.C. § 3509* (2006) (protecting rights of child victim-witnesses).

[21] Pub. L. No. 101-647, § 502(b) (1996).

[22] Id. § 502(b)(1).

[23] Id. § 502(b)(3).

[24] Id. § 502(b)(5).

[25] Id. § 502(b)(4).

[26] Id. § 502(a).

[27] *United States v. McVeigh, 157 F.3d 809, 814-815 (10th Cir. 1998).* See generally Cassell, Barbarians at the Gates, supra note 6, at 515-22 (discussing this case in greater detail).

victims' rights. In their view, such statutes "frequently fail to provide meaningful protection whenever they come into conflict with bureaucratic habit, traditional indifference, [or] sheer inertia." [28] As the Justice Department reported:

Efforts to secure victims' rights through means other than a constitutional ***amendment*** have proved less than fully adequate. Victims' rights advocates have sought reforms at the state level for the past twenty years, and many states have responded with state statutes and **[*868]** constitutional provisions that seek to guarantee victims' rights. However, these efforts have failed to fully safeguard victims' rights. These significant state efforts simply are not sufficiently consistent, comprehensive, or authoritative to safeguard victims' rights. [29]

To place victims' rights in the constitution, victims advocates (led most prominently by the National Victims Constitutional ***Amendment*** Network [30]) approached the President and Congress about a federal ***amendment***. [31] In April 22, 1996, Senators Kyl and Feinstein introduced a federal victims' rights ***amendment*** with the backing of President Clinton. [32] The intent of the ***amendment*** was to "restore, preserve, and protect, as a matter of right for the victims of violent crimes, the practice of victim participation in the administration of criminal justice that was the birthright of every American at the founding of our Nation." [33] A companion resolution was introduced in the House of Representatives. [34] The proposed ***amendment*** embodied seven core principles: (1) the right to notice of proceedings, (2) the right to be present, (3) the right to be heard, (4) the right to notice of the defendant's release or escape, (5) the right to restitution, (6) the right to a speedy trial, and (7) the right to reasonable protection. In a later resolution, an eighth principle was added: standing. [35]

The ***amendment*** failed to pass in the 104th Congress. On January 21, 1997, the opening day of the first session of the 105th Congress, Senators Kyl and Feinstein reintroduced the ***amendment***. [36] A series of hearings were held that year in both the House and the Senate. [37] Responding to some of the concerns raised in these hearings, the ***amendment*** was reintroduced the following year. [38] The Senate Judiciary Committee held hearings [39] and passed the proposed ***amendment***. [40] However, the full Senate did not consider the ***amendment***. In 1999, Senators Kyl **[*869]** and Feinstein again proposed the ***amendment***. [41] On September 30, 1999, the Judiciary Committee again voted to send the ***amendment*** to the full Senate. [42] But on April 27,

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[28] Laurence H. Tribe & Paul G. Cassell, Embed the Rights of Victims in the Constitution, L.A. Times, July 6, 1998, at B5.

[29] Victims' Rights ***Amendment***: Hearing on S.J. Res. 6 Before the S. Judiciary Comm., 105th Cong. 64 (1997) (statement of Janet Reno, U.S. Att'y Gen.).

[30] See *www.nvcap.org* (last visted Dec. 30, 2007).

[31] For a comprehensive history of victims' efforts to pass a constitutional ***amendment***, see Jon Kyl, Steven J. Twist & Stephen Higgins, On the Wings of Their Angels, the Scott Campbell, Stephanie Roper, Wendy Preseon, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act, *9 Lewis & Clark L. Rev. 581, 583-91 (2005).*

[32] S.J. Res. 52, 104th Cong. (1996).

[33] S. Rep. No. 108-191, at 1-2 (2003); see also S. Rep. No. 106-254 (2000) (listing recommendations for the federal victims' rights ***amendment***).

[34] H.R.J. Res. 174, 104th Cong. (1996).

[35] S.J. Res. 65, 104th Cong. (1996).

[36] S.J. Res. 6, 105th Cong. (1997).

[37] See, e.g., Victims' Rights ***Amendment***: Hearing on S.J. Res. 6 Before the S. Judiciary Comm., 105th Cong. (1997).

[38] S.J. Res. 44, 105th Cong. (1998).

[39] Crime Victim's Rights Constitutional ***Amendment***: Hearings on S.J. Res. 44 Before the S. Judiciary Comm., 105th Cong. (1998).

[40] See 144 Cong. Rec. S11,010 (daily ed. Sept. 28, 1998).

[41] S.J. Res. 3, 106th Cong. (1999).

2000, after three days of floor debate, the ***amendment*** was shelved when it became clear that its opponents had the votes to sustain a filibuster. [43] At the same time, hearings were held in the House on the companion measure there. [44]

Discussions about the ***amendment*** began again after the 2000 presidential elections. On April 15, 2002, Senators Kyl and Feinstein again introduced the ***amendment***. [45] The following day, President Bush announced his support. [46] On May 1, 2002, a companion measure was proposed in the House. [47] On January 7, 2003, Senators Kyl and Feinstein proposed the ***amendment*** as Senate Joint Resolution 1. The Senate Judiciary Committee held hearings in April of that year, [48] followed by a written report supporting the ***amendment***. [49] On April 20, 2004, a motion to proceed to consider the ***amendment*** was filed in the Senate. Shortly thereafter, the motion to proceed was withdrawn when proponents determined they did not have the sixty-seven votes necessary to pass the measure. After it had become clear that the necessary super-majority votes were not available to amend the Constitution, victims advocates turned their attention to enactment of a comprehensive victims' rights statute.

B. The Crime Victims' Rights Act

The Crime Victims' Rights Act ultimately resulted from a decision by the victims' movement to seek a more comprehensive and enforceable federal statute rather than to pursue the dream of a federal constitutional ***amendment***. In April 2004, victims advocates met with Senators Kyl and Feinstein to decide whether to push again for a federal constitutional ***amendment***. Concluding that the ***amendment*** lacked the required supermajority, the advocates decided to press for a far-reaching federal statute protecting victims' rights in the federal criminal justice system. [50] In exchange for backing off from the constitutional ***amendment*** in the short term, victims advocates received near universal congressional support for a "broad and encompassing" statutory victims' bill of rights. [51] This "new and bolder" approach not only created a bill of rights for victims, but also provided funding for victims' **[*870]** legal services and created remedies when victims' rights were violated. [52] The victims' movement would then see how this statute worked in future years before deciding whether to continue to push for a federal ***amendment***. [53]

The legislation that ultimately passed - the Crime Victims' Rights Act - gives victims "the right to participate in the system." [54] It lists various rights for crime victims in the process of prosecuting the accused, including the right to be notified of court hearings, the right to attend those hearings, the right to be heard at appropriate points in the process, and the right to be treated with fairness. [55] Rather than relying merely on the "best efforts" of prosecutors to vindicate the rights, the ***CVRA*** also contains

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[42] 146 Cong. Rec. S2986 (daily ed. Apr. 27, 2000) (statement of Sen. Kyl).

[43] Id. at S2966 (statement of Sen. Kyl).

[44] H.R.J. Res. 64, 106th Cong. (2000).

[45] S.J. Res. 35, 107th Cong. (2002).

[46] 149 Cong. Rec. 582 (daily ed. Jan. 7. 2003) (statement of Sen. Kyl).

[47] H.R.J. Res. 91, 107th Cong., (2002).

[48] A Proposed Constitutional ***Amendment*** to Protect Crime Victims, S.J. Res. 1: Hearings Before the S. Comm. on the Judiciary, 108th Cong. (2003).

[49] S. Rep. No. 108-191 (2003).

[50] Kyl et al., supra note 31, at 591-92.

[51] 150 Cong. Rec. S4261 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[52] Id. at S4263 (statement of Sen. Feinstein).

[53] Id. at S4260 (statement of Sen. Kyl); see also Prepared Remarks of Attorney General Alberto R. Gonzales, Hoover Inst. Bd. of Overseers Conference (Feb. 28, 2005) (indicating a federal victims' rights ***amendment*** remains a priority for President Bush).

[54] 150 Cong. Rec. S4263 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein). For a description of victim participation, see Beloof, supra note 6.

[55] *18 U.S.C. § 3771*(a) (2006).

specific enforcement mechanisms. [56] Most important, the ***CVRA*** directly confers standing onto victims to assert their rights, a flaw in the earlier enactment. [57] The act provides that rights can be "asserted" by "the crime victim or the crime victim's lawful representative, and the attorney for the Government." [58] The victim (or the government) may appeal any denial of a victim's right through a writ of mandamus on an expedited basis. [59] The courts are also required to "ensure that the crime victim is afforded" the rights given by the new law. [60] These changes were intended to make victims "an independent participant in the proceedings." [61]

C. My Proposed ***Amendments*** to the Federal Rules of Criminal Procedure

In the wake of the ***CVRA***, the Federal Rules of Criminal Procedure needed to be significantly amended to comply with the statute's mandates. With this goal in mind, I prepared a comprehensive set of proposed ***amendments*** to the Rules and submitted them to the Advisory Committee on the Federal Rules of Criminal Procedure. [62]

My proposals began from the premise that "victims now must be folded into the process through which federal courts conduct criminal cases, including bail, plea, trial, and sentencing hearings." [63] Because the federal rules are the "playbook" **[*871]** of the federal courts, it seemed advisable to reflect the new role of victims throughout the Rules. Moreover, Congress intended the ***CVRA*** to be "a formula for success" and a "model for our States." [64] The only way the federal rules could serve as a model, I argued, was by fully implementing victims' rights. I then proposed twenty-eight specific changes to the Federal Rules of Criminal Procedure to integrate crime victims into the federal process. [65] Each of these proposals included both specific text for an ***amendment*** and a legal justification for the change.

D. The Criminal Rules Committee Proposals

The Advisory Committee took up my proposed rule changes in the summer of 2005. The distinguished chair of the committee, Judge Susan Bucklew, appointed a subcommittee, chaired by Judge James Jones, to consider changes to the federal rules to implement the ***CVRA***. The Subcommittee, including its reporter, Professor Sara Sun Beale, prepared a report to the full committee recommending only a few changes to the Rules. [66] The Subcommittee "felt that it would not be appropriate to create new victim rights not based upon the statute." [67] Accordingly, the Subcommittee recommended just a few changes to the Rules, essentially parroting a few parts of the ***CVRA***'s language.

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[56] Id.

[57] Cf. Beloof, supra note 7, at 283 (identifying this as a pervasive flaw in victims' rights enactments).

[58] *18 U.S.C. § 3771*(d)(1).

[59] Id. § 3771(d)(3).

[60] Id. § 3771(b)(1).

[61] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[62] See Cassell, Proposed ***Amendments***, supra note 4.

[63] Id. at 852.

[64] Id. at 854-55 (quoting 150 Cong. Rec. S4262 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein)).

[65] Id. at 856-923.

[66] Memorandum from Professor Sara Sun Beale, Reporter, to the Members of the Crim. Rules Advisory Comm. (Sept. 19, 2005) [hereinafter ***CVRA*** Subcommittee Memo]. This document does not appear on the helpful website regarding federal rulemaking - *www.uscourts.gov/rules*. To make the document more widely available, I have posted the report on my website -*http://www.law.utah.edu/paul-cassell*.

[67] ***CVRA*** Subcommittee Memo, supra note 66, at 2.

The full Advisory Committee took up the Subcommittee's proposals at its meeting on October 24-25, 2005. [68] It largely agreed with the Subcommittee's proposals, approving a limited set of changes to the Rules to implement the ***CVRA***. The Advisory Committee sent a report of its proposed changes to the Standing Committee on Rules of Practice and Procedure in December, 2005. [69] The Advisory Committee described its changes as seeking "to incorporate, but not go beyond, the rights created by the statute." [70] The rules were then circulated for nationwide public comment. [71] The Advisory Committee held a public hearing on **[*872]** the rule change in Washington, D.C. on January 26, 2007. I testified at the hearing, presenting this Article as my testimony. [72]

III. The ***CVRA***'s Right to Fairness Requires Comprehensive Changes to Protect Victims

The ***CVRA*** requires fundamental changes in the Federal Rules of Criminal Procedure. The ***CVRA*** makes crime victims participants in the criminal justice process and commands in sweeping terms that the courts must treat victims "with fairness and with respect for the victim's dignity and privacy." [73] To faithfully implement that directive, it is necessary to assess each of the existing rules against a fairness standard and then make changes and additions where the Rules do not guarantee fair treatment to victims.

The Advisory Committee has made some useful progress in that direction. It should be commended for the careful drafting of its proposed changes and the thoroughness with which it explored the topic. Moreover, it is the nature of articles such as this one to highlight points of disagreement rather than points of agreement. The Advisory Committee has seen fit to adopt several of the proposals that I recommended, [74] a fact that should not be overlooked.

Unfortunately, the Advisory Committee acted timidly. Instead of reviewing all the Rules to determine whether they treated victims fairly, the Advisory Committee decided it would not venture beyond parroting specifically described rights in the ***CVRA***. The committee's reporter, well-regarded Duke law professor Sara Sun Beale, articulated the Advisory Committee's drafting technique as simply incorporating rights created by Congress:

The most basic decision was how far beyond the statutory provisions the rules should go at this time. Although the ***CVRA*** enumerates a number of specific rights, it also contains general language stating that victims have a "right to be treated with fairness." Judge Cassell advocates using this general right to fairness as a springboard for a variety of victim rights not otherwise provided for in the ***CVRA***.

[We] concluded that the rules should incorporate, but not go beyond, the specific statutory provisions. The ***CVRA*** reflects a careful Congressional balance between the rights of the defendant, the discretion afforded to prosecution, and the new rights afforded to victims. In light of this careful statutory balance, [we] felt that it would not be appropriate to create new victim rights not based upon the statute. Rather, [we] **[*873]** sought to incorporate the rights Congress did afford into the rules. In so doing, [we] attempted, to the degree possible, to use the statutory language. [We] anticipate[] that the courts will develop the

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[68] Judicial Conference of the United States, Minutes of the Advisory Committee on the Rules of Criminal Procedure (Oct. 24-25, 2005), available at *http://www.uscourts.gov/rules/Minutes/CR10-2005-min.pdf* [hereinafter Advisory Committee Minutes].

[69] Judicial Conference of the United States, Report of the Advisory Committee on Criminal Rules (Dec. 8, 2005), available at *http://www.uscourts.gov/rules/Reports/CR12-2005.pdf* [hereinafter Advisory Committee Report].

[70] Id. at 2.

[71] Committee on Rules of Practice & Procedure of the Judicial Conference of the United States, Preliminary Draft of Proposed ***Amendments*** to the Federal Rules of Appellate, Bankruptcy, Civil and Criminal Procedure (Aug. 2006), *www.uscourts.gov/* rules/newrules1.html [hereinafter Proposed ***Amendments***] (last visted Dec. 30, 2007).

[72] All testimony and other comments about the proposed changes can be found at *www.uscourts.gov/rules/Proposed0206-1.htm*.

[73] *18 U.S.C. § 3771*(a)(8) (2006) (emphasis added).

[74] See, e.g., infra notes 96-97 and accompanying text (discussing ***amendment*** to Rule 18).

meaning of the statutory terms on a case-by-case basis, and [we] did not attempt to use the rules to anticipate and resolve the interpretative questions that will arise. [75]

Before debating the merits of the Advisory Committee's position, it is useful to step back and look at the forest rather than the trees. Regardless of how the ***CVRA***'s language on fairness is interpreted, should we really debate treating crime victims fairly? Presumably the general public expects the nation's criminal rules to be fair to all concerned - the government, defendants, and victims. Reflecting that view, for the last twenty years Congress has passed a series of laws extending rights to crime victims. [76] Even without a single word in the ***CVRA*** mentioning fairness, the Advisory Committee should carefully review the existing rules to ensure fairness for victims.

In any event, Congress has spoken. The Advisory Committee's general approach does not faithfully implement the congressional command of fair treatment, as the following sections demonstrate.

A. The ***CVRA***'s Text and Legislative History Create a Substantive Right to Fairness

Turning to the Advisory Committee's specific justifications for not implementing the right to fairness, perhaps its most striking claim is that the right is merely some sort of a "springboard" for other specific rights. The Advisory Committee declines to implement this right because this would "go beyond … the specific statutory provisions" in the ***CVRA***. [77] But the right to fairness is itself one of the specific provisions in the ***CVRA***. The ***CVRA*** grants victims the following rights:

1. The right to be reasonably protected from the accused

2. The right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused

3. The right not to be excluded from any such public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding

**[*874]** 4. The right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding

5. The reasonable right to confer with the attorney for the Government in the case

6. The right to full and timely restitution as provided in law

7. The right to proceedings free from unreasonable delay

8. The right to be treated with fairness and with respect for the victim's dignity and privacy [78]

As in the various state victims' bills of rights, [79] the fairness right is not mere hortatory language. The ***CVRA*** introduced these rights in the statute with the introductory clause: "A crime victim has the following rights … ." [80] Thus, the right to fairness is

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[75] ***CVRA*** Subcommittee Memo, supra note 66, at 1-2. The Advisory Committee largely adopted the recommendation of the subcommittee. To simplify this Article, I will generally ascribe the views of the subcommittee to the Advisory Committee.

[76] See supra notes 14-20 and accompanying text.

[77] ***CVRA*** Subcommittee Memo, supra note 66, at 1.

[78] *18 U.S.C. § 3771*(a) (2006) (emphasis added).

[79] See, e.g., Alaska Const. art. I, § 24 (victim's right "to be treated with dignity, respect, and fairness during all phases of the criminal and juvenile justice process"); Ariz. Const. art. II, § 2.1(A)(1) (victim's right "to be treated with fairness, respect, and dignity"); Idaho Const. art. I, § 22(1) (victim's right "to be treated with fairness, respect, dignity and privacy throughout the criminal justice process"); Ill. Const. art. I, § 8.1(a)(1) (victim's right "to be treated with fairness and respect for their dignity"); Mich. Const. art. I, § 24(1) (victim's right "to be treated with fairness and respect for their dignity and privacy throughout the criminal justice process"); N.J. Const. art. I, § 22 (victim's right to "be

to be given real world application. To be sure, it is a broad right - akin to the defendant's broad right to "due process of law." [81] But to implement that right in the criminal rules is not "creating new victims rights not based upon the statute," as the Advisory Committee puts it, but simply implementing a clearly articulated congressional command.

It is a "cardinal principle of statutory construction" that effect must be given to every word in a statute. [82] Under the Advisory Committee's approach, the congressional directive that crime victims be treated fairly will have no effect on **[*875]** any of the Rules. The fairness directive will, in other words, be rendered mere surplusage - something that the Supreme Court has repeatedly cautioned against. [83]

The Advisory Committee also admits that it is interpreting the ***CVRA*** narrowly, contrary to the standard rule that remedial legislation is to be construed broadly. [84]

In addition, the Advisory Committee's approach flouts the declared intentions of the Act's drafters. There is no need to guess about Congress's intent on the right of fairness. Senator Kyl, who cosponsored the ***CVRA*** with Senator Feinstein, explained quite directly that Congress meant for the right to have substantive content:

The broad rights articulated in this section [section 8, mandating victims be treated with fairness along with dignity and respect] are meant to be rights themselves and are not intended to just be aspirational. One of these rights is the right to be treated with fairness. Of course, fairness includes the notion of due process. [85]

Nor is there any doubt that Congress intended this command to reach the judiciary, including judicial branch components like the Advisory Committee. Again, Senator Kyl specifically addressed this point:

Too often victims of crime experience a secondary victimization at the hands of the criminal justice system. This provision [section 8] is intended to direct government agencies and employees, whether they are in executive or judicial branches, to treat victims of crime with the respect they deserve and to afford them due process. [86]

The Advisory Committee's decision not to treat fairness as an enforceable right is so at odds with the ***CVRA***'s legislative history that one becomes curious as to why the Advisory Committee determined not to follow it. The Advisory Committee also diverged from the legislative history in several other areas. [87] In reviewing the Advisory Committee's records, however, notably absent is any mention of legislative intent. The Advisory Committee does not cite the statute's **[*876]** legislative

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treated with fairness, compassion and respect by the criminal justice system"); N.M. Const. art. II, § 24(A)(1) (the "right to be treated with fairness and respect for the victim's dignity and privacy throughout the criminal justice process"); Ohio Const. art. I, § 10a (victims "shall be accorded fairness, dignity, and respect in the criminal justice process"); Tex. Const. art. I, § 30(a)(1) ("right to be treated with fairness and with respect for the victim's dignity and privacy throughout the criminal justice process"); Utah Const. art. I, § 28(1)(a) (victim's right to be "treated with fairness, respect, and dignity"); Wisc. Const. art. I, § 9m (victim's right to be treated with "fairness, dignity and respect for their privacy"). See generally Cassell, Balancing the Scales, supra note 6, at 1387-88 (discussing victim's right to fairness in Utah).

[80] *18 U.S.C. § 3771*(a) (emphasis added).

[81] ***U.S. Const. amend. V***; see also ***U.S. Const. amend. XIV*** (due process right in state proceedings).

[82] See, e.g., *Duncan v. Walker, 533 U.S. 167, 174 (2001)* (quoting *United States v. Menasche, 348 U.S. 528, 538-39 (1955)).*

[83] See, e.g., *Babbit v. Sweet Home Chapter of Comtys. for a Great Or., 515 U.S. 687, 698 (1995).*

[84] See, e.g., *Hughes v. Box, 814 F.2d 498, 501 (8th Cir. 1987); Gardner & N. Roofing & Siding Corp. v. Bd. of Governors of Fed. Reserve Sys., 464 F.2d 838, 841 (D.C. Cir. 1972).*

[85] 150 Cong. Rec. 4269 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphasis added); see also 150 Cong. Rec. S10,911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[86] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (emphasis added); see also 150 Cong. Rec. 4269 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[87] See, e.g., infra notes 437-443 (noting rejection of Senators Feinstein's and Kyl's views on the right to be heard on issues affecting victims' rights); infra note 488-493 (noting rejection of Senator Kyl's views on the right to be heard on speedy trial issues).

history even once in a twenty-page subcommittee report, in four pages of minutes of its discussions, or in twenty-six pages of proposed ***amendments*** and accompanying Advisory Committee Notes. [88] Perhaps the Advisory Committee took a different approach than the ***CVRA***'s drafters because it did not consider their stated intentions.

If, on the other hand, the Advisory Committee was aware of the drafters' intentions and declined to follow them, it is staking out a rather unusual path. It is standard practice for the Advisory Committee, no less than courts, to look to legislative history in crafting the Rules. [89] With respect to the ***CVRA*** in particular, many courts have found the ***CVRA***'s legislative history highly instructive. They have good reason for relying on the history. Unlike some contentious pieces of legislation where legislators possessed divergent views, the ***CVRA*** enjoyed a "broad, bi-partisan consensus." [90] It passed by a vote of 393 to 14 in the House [91] and by a voice vote in the Senate. [92] Moreover, the ***CVRA***'s cosponsors were bipartisan, and the views they gave on the legislation were not contradicted by anyone else. Thus, as the Ninth Circuit has explained in construing the ***CVRA*** to track Senator Kyl's and Feinstein's views:

Floor statements by the sponsors of the legislation are given considerably more weight than floor statements by other members, and they are given even more weight where, as here, other legislators did not offer any contrary views. Silence, the maxim goes, connotes assent, and so we can draw from the fact that no one registered disagreement with Senators Kyl and Feinstein on this point the reasonable inference that the views they expressed reflected a consensus, at least in the Senate. [93]

In light of all this, it is beyond doubt that crime victims have a substantive right to be treated with fairness (as well as with respect for their dignity and **[*877]** privacy) in the federal criminal justice process. Once that right is in mind, the Advisory Committee has clear duties under the Rules Enabling Act. That Act provides that the Rules "shall not abridge, enlarge or modify any substantive right." [94] Therefore, if any existing rule of criminal procedure "abridges" or even "modifies" a victim's rights to fairness, it is invalid and must be changed. Accordingly, the Advisory Committee must review all the Federal Rules of Criminal Procedure to ensure that they protect victims' right to fairness.

B. The Advisory Committee Treats the Right to Fairness Inconsistently

The Advisory Committee claimed that to implement the right to fairness would use the right as "a springboard for a variety of victim rights not otherwise provided for in the ***CVRA***." [95] If so, the Advisory Committee was unable to consistently follow its own view. The Advisory Committee agreed with my proposed change to Rule 18; that change required that when a court determines where within a judicial district to hold a trial, it should consider not only the convenience of the defendant and the

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[88] See *Advisory Committee Report, supra* note 69, at 1-20; Advisory Committee Minutes, supra note 68, at 13-16; Proposed ***Amendments***, supra note 71, at 349-75.

[89] See, e.g., *Fed. R. Crim. P. 15*, Advisory Committee Note to 1974 ***Amendment*** (quoting directly from the Congressional Record statements from drafter of relevant legislation).

[90] See *United States v. Cienfuegos, 462 F.3d 1160, 1165 (9th Cir. 2006);* see also 150 Cong. Rec. S10910 (daily ed. Oct. 9, 2005) (statement of Sen. Kyl) ("After extensive consultation with my colleagues, broad bipartisan consensus was reached and the language in [the ***CVRA***] was agreed to.").

[91] 150 Cong. Rec. H8208-09 (daily ed. Oct. 6, 2004).

[92] 150 Cong. Rec. S10910 (daily ed. Oct. 9, 2004).

[93] *Kenna v. U.S. Dist. Court for the Cent. Dist. of Cal., 435 F.3d 1011, 1015-16 (9th Cir. 2006)* (internal quotations and citations omitted); accord *United States v. Sharp, 463 F.Supp.2d 556, 561 n.12 (E.D. Va. 2006);* see also *In re Kenna, 453 F.3d 1136, 1137 (9th Cir. 2006)* (looking to legislative history to interpret ***CVRA***); *United States v. Cienfuegos, 462 F.3d 1160, 1165 (9th Cir. 2006)* (same); *United States v. Degenhardt, 405 F. Supp. 2d 1341, 1344 (D. Utah 2006)* (same); *United States v. Ingrassia, 2005 WL 2875220 (E.D.N.Y. 2005)* (same).

[94] *28 U.S.C. § 2072*(b) (2006).

[95] ***CVRA*** Subcommittee Memo, supra note 66, at 1.

witnesses, but also the victim as well. [96] Notably, the Advisory Committee's rationale for this change was to "implement[] the victim's "right to be treated with fairness' under the Crime Victims' Rights Act." [97] But if a change to the relatively obscure Rule 18 is appropriate in light of the victim's right to fairness, why aren't changes to many other, more significant rules also appropriate?

Further highlighting the inconsistent treatment of the right to fairness is the way the Advisory Committee handled parallel provisions in the ***CVRA***. In a single clause, the ***CVRA*** gives victims the right to be treated not only with fairness, but also with dignity and respect: section (a)(8) of the ***CVRA*** provides that victims shall enjoy "the right to be treated with fairness and with respect for the victim's dignity and privacy." [98] The Advisory Committee used victims' rights to dignity and respect as a "springboard" in several places. For example, the Advisory Committee proposed an ***amendment*** to prevent inappropriate subpoenas for personal or confidential information about a victim, explaining that "this ***amendment*** implements the Crime Victims Rights Act, codified at *18 U.S.C. § 3771*(a)(8), which states that victims have a right to respect for their "dignity and privacy.'" [99] Similarly, the Advisory Committee proposed an ***amendment*** to prevent the inappropriate release of a victim's address and telephone number as part of alibi defense disclosures, explaining that "this ***amendment*** implements the victims' rights under the Crime Victims Rights Act … to be treated with respect for the **[*878]** victim's dignity and privacy." [100] Why the Advisory Committee believed it appropriate to try to implement the "dignity and privacy" provisions of the ***CVRA*** but not the immediately adjacent "fairness" provision is unclear.

C. The Advisory Committee Should Not Leave the ***CVRA***'s Interpretation to the Litigation Process.

The Advisory Committee also justified its decision not to review the Rules for fairness on the ground that it would "not attempt to use the rules to anticipate and resolve the interpretative questions that will arise" under the ***CVRA***. [101] Yet a basic purpose - perhaps the basic purpose - behind the procedural rules is to lay out answers to questions that might otherwise have to be litigated. To that end, Rule 2 of the criminal rules provides that "these rules are to be interpreted to provide for the just determination of every criminal proceeding, to secure simplicity in procedure and fairness in administration, and to eliminate unjustifiable expense and delay." [102] It is at odds with securing simplicity in procedure to simply regurgitate the language of the ***CVRA*** in the criminal rules, leaving every interpretative question to the vagaries of litigation.

Historical examples are legion of the Advisory Committee amending the Federal Rules of Criminal Procedure precisely to resolve questions that were being (or might have been) litigated. To provide a few straightforward examples, in 1979 the Advisory Committee amended and clarified the standards for presentence withdrawal of a guilty plea. The Advisory Committee noted that courts had "critically stated that the Rule offers little guidance as to the applicable standard for a presentence withdrawal of plea and that as a result the contours of [the presentence] standard [in the rule] are not easily defined." [103] The ***amendment*** clarified language "which has been a cause of unnecessary confusion." [104]

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[96] See *Advisory Committee Report, supra* note 69, at 8 (adopting proposal from Cassell, Proposed ***Amendments***, supra, note 4, at 878-79).

[97] Id. at 4; accord ***CVRA*** Subcommittee Memo, supra note 66, at 8.

[98] *18 U.S.C. § 3771*(a)(8).

[99] *Advisory Committee Report, supra* note 69, at 3 (note to Proposed Rule 17(c)(3)).

[100] Id. at 351.

[101] ***CVRA*** Subcommittee Memo, supra note 66, at 2.

[102] *Fed. R. Crim. P. 2*.

[103] *Fed. R. Crim. P. 32* advisory committee's note (1979 Amend. to Rule 32(d)) (internal quotation marks omitted).

[104] Id.

In 1983, the Advisory Committee changed Rule 11(a)(2) to eliminate a split of authority on conditional guilty pleas. One of the reasons for the change was to "produce much needed uniformity in the federal system on this matter." [105]

In 1994, the Advisory Committee amended rule 32(b)(2) to give defense counsel an opportunity to be present when probation officers interviewed their clients while preparing a presentence report. [106] The Advisory Committee Notes explained that while there was no constitutional right to counsel at this point in the process, caselaw in two circuits suggested that requests of counsel to be present should be honored as a matter of prudence. [107] What is particularly interesting about **[*879]** this example is that the Advisory Committee stepped in to protect the legitimate interests of defendants even in the absence of a constitutional or statutory command to do so. Of course, the ***CVRA*** creates a statutory command to the Advisory Committee to protect victims' interests.

In 2002, the Advisory Committee amended Rule 51 to provide that court rulings admitting or excluding evidence were governed by the Federal Rules of Evidence. The reason was to avoid "the possibility that an argument might have been made" that an earlier congressional action conflicted with the rules of evidence. [108] In other words, the Advisory Committee simply anticipated and resolved an interpretive question that might otherwise have arisen.

In 2005, the Advisory Committee amended Rule 12.2 to provide sanctions for a party's failure to disclose certain alibi information. [109] The reason for the change was to "fill[] a gap" in the Rules. [110]

In these instances, the Advisory Committee stepped in to avoid unnecessary litigation and to clarify the application of the Rules. Not only is this the Advisory Committee's standard approach, but there are particularly strong reasons for not leaving clarification of crime victims' rules to case-by-case litigation. The most significant problem is that such litigation will occur only in fits and starts. Unlike the government and criminal defendants who always have legal representation, crime victims have no right to appointed counsel and are often indigent or otherwise unable to afford to hire an attorney. [111] As a result, in many cases it is an empty gesture to promise victims that they can litigate application of the Rules. As a practical matter, they will often be unable to do so. [112] Indeed, the Advisory Committee seemingly compounds this problem by declining to put into the Rules any restatement of courts' discretionary authority to appoint counsel for crime victims. [113]

Even in cases where victims can afford counsel to defend their legal rights, the kind of litigation that the Advisory Committee envisions will be unenlightening and formalistic. For instance, while I have proposed including a specific provision in the Rule 11 guilty plea colloquy requiring that the court address a victim before accepting a plea, [114] the Advisory Committee has not recommended any change. This failure could well spawn litigation about the victims' role in the plea process that will require courts to consider why Rule 11 fails to mention crime victims and how this failure interplays with the ***CVRA***'s commands on

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[105] *Fed. R. Crim. P. 11* advisory committee's note (1983 Amend.).

[106] *Fed. R. Crim. P. 32* advisory committee's note (1994 Amend.).

[107] Id.

[108] *Fed. R. Crim. P. 51* advisory committee's note (2002 Amend.).

[109] *Fed. R. Crim. P. 12.2* advisory committee's note (2005 Amend.).

[110] Id.

[111] See Beloof, Cassell & Twist, supra note 6, at 381.

[112] In theory, the government is given authority to assert rights for crime victims, see *18 U.S.C. § 3771*(d)(1) (2006), but in practice the reported cases under the ***CVRA*** thus far show few examples where the government has been willing to do so. See, e.g., *Kenna v. U.S. Dist. Court for the Cent. Dist. of Cal., 435 F.3d 1011, 1018 (9th Cir. 2006)* (victims' assertion of right affirmed; government does not take a position on the claim).

[113] See infra notes 449-463 and accompanying text (discussing proposed rule 44.1).

[114] See infra notes 145-152 and accompanying text.

victims' rights in the **[*880]** plea process. Because the ***CVRA*** guarantees victims a right in the plea process, its dictates will ultimately govern. But only the Advisory Committee can pretermit such needless litigation about how to interpret its rules. In short, it would be much simpler for all concerned if Rule 11 - and, indeed, all the other rules - were redrafted to simply fold victims in at the appropriate point in the process.

Finally, one of the overriding goals of the ***CVRA*** is to dramatically reform the entire approach of the federal criminal justice system. As Senator Feinstein explained "this legislation is meant to correct, not continue, the legacy of the poor treatment of crime victims in the criminal process." [115] And Senator Kyl added, "[a] central reason for these rights is to force a change in a criminal justice culture which has failed to focus on the legitimate interests of crime victims … ." [116] Given Congress's clear intent to change a hostile legal culture, it makes no sense to leave victims to the mercies of litigation to determine the scope of their rights.

For all these reasons, the Federal Rules of Criminal Procedure should be amended not only to implement the narrow rights articulated in the ***CVRA*** but also its more open-ended rights, particularly the victim's right to be treated with fairness.

IV. Specific Rule Changes to Comply with the ***CVRA***

Against the backdrop of the statutory command that victims should be treated with fairness, the balance of this Article will compare my specific proposals for amending the Rules with those of the Advisory Committee - attempting to show the strong points of my ideas. For convenience, the Article proceeds sequentially through the Rules from beginning to end, relying in the case of proposed ***amendments*** on the Advisory Committee's numbering.

Rule 1 - Definition of "Victim" and "Victim's Representative" The Proposals:

I proposed amending Rule 1 to include a definition of victim and the victim's representatives as follows:

"Victim" means a person directly and proximately harmed as a result of the commission of a federal offense or an offense in the District of Columbia. In the case of a crime victim who is under 18 years of age, incompetent, incapacitated, or deceased, the legal guardians of the crime victim or the representatives of the crime victim's estate, family members, or any other persons appointed as suitable by the court, may **[*881]** assume the crime victim's rights under these rules, but in no event shall the defendant be named as such guardian or representative. [117]

The Advisory Committee instead proposed to cross-reference the statutory definition of "crime victim" as follows:

"Victim" means a "crime victim" as defined in *18 U.S.C. § 3771*(e). A person accused of an offense is not a victim of that offense. [118]

Discussion:

The rules should be amended to make clear that both a victim and the victim's representative can assert the victim's rights. As an effort in that direction, I proposed amending Rule 1 to include a definition of "victim" as well as a definition of "victim's lawful representative." [119] My definitions were lifted from the ***CVRA***. [120] In response, the Advisory Committee agreed to include a definition of "victim" but left to an Advisory Committee Note the reference to the victim's representative. [121]

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[115] 150 Cong. Rec. S4269 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[116] 150 Cong. Rec. S4269 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[117] Cassell, Proposed ***Amendments***, supra note 4, at 856-57.

[118] Proposed ***Amendments***, supra note 71, R. 1(b)(11), at 1.

[119] Cassell, Proposed ***Amendments***, supra note 4, at 852, 856-57.

[120] See *18 U.S.C. § 3771*(e) (2006); see also *United States v. Sharp, 463 F. Supp. 2d 556, 558 (E.D. Va. 2006)* (person harmed by former domestic partner of marijuana user was not "victim" entitled to provide victim impact statement pursuant to ***CVRA***).

The differences between the two approaches might seem modest until one recognizes that another provision in the Advisory Committee's proposals appears to intentionally omit any reference to a victim representative. Proposed Rule 60, the Advisory Committee's "global" provision dealing with victims' rights, explains who may enforce victims' rights. [122] In clear contrast to the ***CVRA***'s governing provision, this proposed rule omits any reference to a crime victim's representative. Proposed Rule 60 provides only that "the rights of a victim under these rules may be asserted by the victim and the attorney for the government." [123] In contrast, the ***CVRA*** enforcement provision states: "The crime victim or the crime victim's lawful representative, and the attorney for the Government may assert the rights described in subsection (a)." [124] Nothing in the Advisory Committee Notes indicates that a crime victim's representative is among those authorized to assert the rights. The Advisory Committee also struck existing **[*882]** language in the Rules about a victim's representative exercising the victim's right to speak at sentencing. [125]

The repeated omission of any reference to a victim's representative is unsettling given the Advisory Committee's promise to simply track the ***CVRA***'s language. [126] Its failure to track the language here leaves the impression that the Advisory Committee is uncomfortable with a victim's representative asserting rights. Perhaps the Committee could make a policy argument against such representation, but Congress has said victims have the right to have representatives speak for them. The Federal Rules should follow the ***CVRA*** and state clearly that a victim's representative can assert a victim's rights.

The need for clarity on this point is heightened by pre-***CVRA*** caselaw questioning any right by a victim's representative to assert victims' rights. Most notably, in one of the Oklahoma City bombing prosecutions, the Tenth Circuit rebuked a trial judge for permitting an attorney for the bombing victims to participate in oral argument at a sentencing hearing. [127] The Circuit stated that "in the absence of any authority permitting the participation of victims' counsel, we harbor concerns about the propriety of the district court's rulings." [128] This statement can no longer be regarded as good law in light of the ***CVRA***'s commands. [129]

Another reason for clarity is to make sure that corporate and organizational victims are able to be heard in the process. The ***CVRA***'s definition of victim - "a person directly and proximately harmed as a result of the commission of a Federal offense" [130] - is essentially lifted from federal restitution statutes. [131] Federal courts have consistently held that a "person" entitled to restitution includes corporate entities. [132] Of course, such legal entities cannot appear personally but only through **[*883]** a

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[121] For subsequent developments on this issue, see infra notes 578-579 and accompanying text.

[122] Proposed ***Amendments***, supra note 71, R. 60, at 16-18.

[123] *Advisory Committee Report, supra* note 69, at 16.

[124] *18 U.S.C. § 3771*(d)(1) (2006) (emphasis added).

[125] See Proposed ***Amendments***, supra note 71, R. 32(i)(4)(B)(i)-(ii), at 13-14 (deleting language confirming permission for parent or legal guardian to exercise right to speak at sentencing for minor and incapacitated victims).

[126] See, e.g., *Advisory Committee Report, supra* note 69, at 1 ("The Subcommittee concluded that the Rules should incorporate, but not go beyond, the specific statutory provisions [in the ***CVRA***].").

[127] *United States v. Fortier, 242 F.3d 1224, 1230 (10th Cir. 2001).* In the interest of full disclosure, I was the attorney in question.

[128] Id.

[129] See *United States v. Degenhardt, 405 F. Supp. 2d 1341, 1343 n.7 (D. Utah 2005)* (noting that Fortier has now been overruled by statute).

[130] *18 U.S.C. § 3771*(e) (2006) (emphasis added).

[131] See *18 U.S.C. § 3663*(a)(2); id. § 3663A(a)(2).

[132] See, e.g., *United States v. Martin, 128 F.3d 1188, 1191 (7th Cir. 1997)* (collecting cases); *United States v. Hand, 863 F.2d 1100, 1104 (3d Cir. 1988)* (it makes no sense to say that "if General Motors or Chase Manhattan Bank had funds stolen, in violation of federal criminal law, a

representative. To eliminate any doubt about the ability of corporate entities to assert their interests, the Rules should be amended to clearly state that a victim's representative can enforce victims' rights. [133]

Rule 2 - Fairness to Victims The Proposals:

I proposed amending Rule 2 to require fairness to victims in construing the Rules as follows:

These rules are to be interpreted to provide for the just determination of every criminal proceeding, to secure simplicity in procedure and fairness in administration to the government, defendants, and victims, and to eliminate unjustifiable expense and delay. [134]

The Advisory Committee did not propose amending Rule 2. [135]

Discussion:

To assure that crime victims are treated fairly throughout the process, it makes sense to add language incorporating crime victims in Rule 2 - the one rule that specifically mentions fairness. As discussed in the previous Part of this Article, the Advisory Committee does not agree that the Rules should be amended to protect a victim's right to fairness and for this reason, presumably, declined to amend Rule 2. The qualifier "presumably" is needed here because the ***CVRA*** Subcommittee did not give an explanation for declining to follow my recommendation here. [136]

The fairness issues appears to be the fundamental difference between my approach and the Advisory Committee's approach - the Rules are either going to treat crime victims fairly or not. As discussed in the previous Part of this Article, they should.

But even those who share my view on fairness might nonetheless argue that Rule 2 need not be amended because it is an interpretive rule with no substantive effect. After all, it could be argued, the rule simply calls for a "just determination" of criminal cases, arguably a symbolic command. And, in any event, that command might be flexible enough to encompass crime victims.

**[*884]** The debate about how Rule 2 ought to read is, however, about more than symbols. In 1946, the initial chairman of the Advisory Committee called Rule 2 "the most important rule of the whole set." [137] Rule 2 has been cited by a number of courts, [138] including the Supreme Court. [139] Rule 2 has consequences. Not only does it "set[] forth a principle of interpretation" for

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judge could not require the wrongdoers to pay restitution … ."); *United States v. Kirkland, 853 F.2d 1243, 1246 (5th Cir. 1988)* ("Non-human entities … can be "victims' entitled to restitution … ."); see also *United States v. Lincoln, 277 F.3d 1112, 1113-14 (9th Cir. 2002)* (discussing *18 U.S.C. § 3664,* which specifically recognizes the United States as a possible victim for restitution purposes).

[133] The National Association of Criminal Defense Lawyers has proposed adding a "factfinding" hearing for determining who qualifies as a victim under the ***CVRA***. This novel and cumbersome proposal is discussed below. See infra notes 546-547 and accompanying text (discussing Proposed Rule 60(b)).

[134] Cassell, Proposed ***Amendments***, supra note 4, at 858.

[135] Proposed ***Amendments***, supra note 71.

[136] See *CVRA Subcommittee Report, supra* note 66, at 17-20 (listing Cassell proposals not adopted; Rule 2 proposal not listed).

[137] Vanderbilt, N.Y.U Institute of Federal Rules of Civil Procedure, at 120 (1946), quoted in 1 Charles Alan Wright, Federal Practice and Procedure: Criminal § 32, at 30 n.1 (3d ed. 1999).

[138] See, e.g., *United States v. Gupta, 363 F.3d 1169,1174 (11th Cir. 2004); United States v. Navarro, 169 F.3d 228, 237 (5th Cir. 1999);* ***United States v. Price, 13 F.3d 711, 723 (3d Cir. 1994);*** *United States v. Giovannetti, 928 F.2d 225, 226 (7th Cir. 1991); United States v. Campbell, 845 F.2d 1374, 1378 (6th Cir. 1988); United States v. Green, 847 F.2d 622, 625 (10th Cir. 1988); United States v. Hillard, 701 F.2d 1052, 1061 (2d Cir. 1983),* cert. denied ***461 U.S. 958 (1983);*** *United States v. Broadus, 664 F. Supp. 592, 596-98 (D.D.C. Cir. 1987); United States v. Pers. Fin. Co. of N.Y., 13 F.R.D. 306, 311 (S.D.N.Y. 1952).*

[139] See *Carlisle v. United States, 517 U.S. 416, 424, 431 (1996).*

ambiguous rules, but the Court has used it as a basis for deviating from the Rules in some circumstances. [140] Indeed, in some lower court cases, Rule 2 has proven outcome determinative. For example, in United States v. Broadus, the United States District Court for the District of Columbia used Rule 2 as a basis for deviating from the time limits imposed by Rule 29(c) for the defendant to seek a new trial. [141] Relying on Rule 2, the court determined that "a seemingly plausible inference from a criminal rule cannot command blind adherence if it would deprive an accused person … of a just determination of his or her cause." [142] Using Rule 2 to protect defendants' legitimate interests seems entirely proper. But crime victims need the same textual support to secure their legitimate interests.

Not only is Rule 2 important, directly including crime victims in the language is important as well. Courts are used to resolving disputes between prosecutors and defendants, not considering the interests of crime victims. [143] That problem is, indeed, the whole reason for the passage of the ***CVRA***. As Senator Feinstein has explained, "In case after case we found victims and their families were ignored, cast aside, and treated as non-participants in a critical event in their lives. They were kept in the dark by … judges focused on defendant's rights, and by a court system that simply did not have a place for them." [144] For all these reasons, Rule 2 should be amended to make clear that the Rules must be construed to be fair not only to the parties, but also to victims.

**[*885]** Rule 11(a)(3) - Victims' Views on Nolo Contendere Pleas The Proposals:

I proposed requiring courts to consider a victim's view before accepting any nolo contendere plea as follows:

Nolo Contendere Plea. Before accepting a plea of nolo contendere, the court must consider the parties' and victims' views and the public interest in the effective administration of justice. [145]

The Advisory Committee proposed no change to the rule. [146]

Discussion:

It is unclear why the Advisory Committee declined to change Rule 11 to require courts to consider victims' views on nolo pleas. The ***CVRA*** Subcommittee purported to catalog and briefly discuss all of my proposals that the subcommittee declined to recommend to the full Committee. Inexplicably, my Rule 11(a)(3) proposal (along with my other Rule 11 proposals) was not mentioned [147] and, thus, there is nothing in the available records to indicate that the Advisory Committee considered it. Possibly the reason the Advisory Committee did not recommend this change was simply oversight.

Perhaps the Advisory Committee was relying on its "global" rule on victims' rights (Rule 60) which provides that "the court must permit a victim to be reasonably heard at any public proceeding in the district court concerning … [a] plea … involving the crime." [148] But that rule deals solely with the subject of being "heard." Once the court has heard the victim, the question

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[140] See *id. at 424-25* (referring to *Fallen v. United States, 378 U.S. 139 (1964)).*

[141] *664 F. Supp. at 598.*

[142] *Id. at 596-97.*

[143] See, e.g., Beloof, supra note 6, at 289 (noting "state of denial" about crime victims' rights by institutional actors); Russell P. Butler, What Practitioners and Judges Need to Know Regarding Crime Victims' Participatory Rights in Federal Sentencing Proceedings, 19 Fed. Sent'g Rep., Oct. 2006, at 21, 21 (noting that the ***CVRA*** heralds a "new era" for crime victims' rights).

[144] 150 Cong. Rec. S4262 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[145] Cassell, Proposed ***Amendments***, supra note 4, at 866.

[146] Proposed ***Amendments***, supra note 71.

[147] ***CVRA*** Subcommittee Memo, supra note 66, at 17-20.

[148] Proposed ***Amendments***, supra note 71, R. 60(a)(3), at 16.

remains what the court should do with the victim's statement. Currently Rule 11(a)(3) specifies that the court must consider "the parties'" views on a nolo plea - but it makes no mention of the victim's views. [149] The ***CVRA*** now mandates that victims must be "reasonably heard" at any proceeding involving a "plea." [150] It is hard to see how anyone could argue that a victim is reasonably heard when, after making a **[*886]** statement about the nolo plea, the court is not required to even consider it. The rule should be amended to require courts to consider victims' statements.

Rule 11(b)(4) - Victims' Right To Be Heard on Pleas

The Proposals:

I proposed that the court should be required to address any victim present when a plea is taken to determine whether the victim wishes to make a statement and to consider the victim's view before accepting a plea, as follows:

Victims' Views. Before the court accepts a plea of guilty or nolo contendere or allows any plea to be withdrawn, the court must address any victim who is present personally in open court. During this address, the court must determine whether the victim wishes to present views regarding the proposed plea or withdrawal and, if so, what those views are. The court shall consider the victim's views in acting on the proposed plea or withdrawal. [151]

The Advisory Committee recommended no change to Rule 11. [152]

Discussion:

It is hard to understand why the Advisory Committee declined to recommend changing Rule 11 to require that victims be addressed, as it did not discuss the idea. [153] If the Advisory Committee deliberately rejected this idea, it has given no explanation and it is hard to see any justification for the Advisory Committee's position. The ***CVRA*** gives victims "the right to be reasonably heard at any public proceeding in the district court involving … [a] plea." [154] To implement the victim's right to be heard regarding a plea, my proposed rule change merely required the court to directly address any victim who is present in court and to consider any views the victim expressed. This is consistent with the ***CVRA***'s legislative history which explains that "this provision is intended to allow crime victims to directly address the court in person." [155] The language of the proposed rule is lifted from an earlier paragraph in Rule 11, which requires the court "before accepting a plea of guilty" to "address the defendant personally in open court." [156] Victims should be treated evenhandedly with defendants. It may also be important for the judge to address victims directly because many victims will lack **[*887]** the assistance of counsel. Untrained in legal proceedings, victims may be uncertain about exactly when in the process they should present their views. Having the court address the victim will eliminate that uncertainty and ensure that the victim's right to be heard is vindicated.

The Advisory Committee's "global" rule on victims' rights (Rule 60) does briefly address pleas. Tracking language in the ***CVRA***, the Advisory Committee would require the court to "permit a victim to be reasonably heard at any public proceeding …

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[149] The rule does mention that the court must consider "the public interest in the effective administration of justice" in reviewing a nolo plea. See *Fed. R. Crim. P. 11(a)(3)*. But this broad phrase does not appear to encompass the views of particular actors regarding a plea, as made clear by the fact that the rule separately lists "the parties' views" as something the court must consider.

[150] *18 U.S.C. § 3771*(a)(4) (2006).

[151] Cassell, Proposed ***Amendments***, supra note 4, at 866.

[152] Proposed ***Amendments***, supra note 71.

[153] See supra note 145-147 and accompanying text (noting the absence of any mention of my Rule 11 proposals as those the subcommittee rejected).

[154] *18 U.S.C § 3771*(a)(4).

[155] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[156] *Fed. R. Crim. P. 11(b)(2)*.

concerning … [a] plea." [157] But this brief mention in the rule is inferior to my specific proposal for several reasons. First, Rule 11 is the "script" when federal judges accept guilty pleas. Victims should be directly included here so that judges do not inadvertently overlook victims' rights. Second, stating only that victims may be "reasonably heard" regarding a plea, without explaining how that will occur, invites litigation and uncertainty. For example, is a victim reasonably heard when allowed to be heard only through written submission? [158] Is a victim treated "fairly" if the court is required to address the defendant in open court but not to address the victim? If the court does not address the victim, when should the victim try to interrupt the proceedings to be heard? Should the victim's views enter into the court's calculation about whether to accept the plea? All of these questions are answered in a simple and straightforward way by my proposal - a proposal which the Advisory Committee should adopt.

Rule 11(c)(1) - Prosecution To Consider Victims' Views on Pleas The Proposals:

I proposed that the prosecution should be required to consider victims' views in developing any proposed plea arrangement as follows:

(1) In General. An attorney for the government and the defendant's attorney, or the defendant when proceeding pro se, may discuss and reach a plea agreement. The court must not participate in these discussions. The attorney for the government shall make reasonable efforts to notify identified victims of, and consider the victims' views about, any proposed plea negotiations. If the defendant pleads guilty or nolo contendere to either a charged offense or a lesser or related offense, **[*888]** the plea agreement may specify that an attorney for the government will … [listing various options]. [159]

The Advisory Committee did not recommend any change. [160]

Discussion:

My proposed change required prosecutors to make reasonable efforts to notify victims about pleas and to consider the victims' views regarding pleas. This requirement was taken almost verbatim from the Attorney General Guidelines for Victim and Witness Assistance, which already directs prosecutors to "make reasonable efforts to notify identified victims of, and consider victims' views about, prospective plea negotiations." [161] According to the Department of Justice, "twenty-nine states [already] require prosecutors to "consult with' or "obtain the views of' victims at the plea agreement stage." [162]

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[157] Proposed ***Amendments***, supra note 71, R. 60(a)(3), at 15-16.

[158] Compare *United States v. Degenhardt, 405 F. Supp. 2d 1341, 1345-46 (D. Utah 2005)* (finding that a victim must be heard orally at sentencing), and *United States v. Turner, 367 F. Supp. 2d 319, 333 (E.D.N.Y. 2005)* (noting in dicta that § 3771(a)(4) "requires the victim to be given an opportunity actually to be "heard' rather than afforded some alternate means of communicating her views") (emphasis in original), with *United States v. Marcello, 370 F. Supp. 2d 745, 749 (N.D. Ill. 2005)* (holding that "in detention hearings, the victim's right to be reasonably heard does not mandate oral statements, particularly when the [victim] has no personal knowledge of the guilt of the defendant(s) and offers an opinion only on a matter that is not in dispute").

[159] Cassell, Proposed ***Amendments***, supra note 4, at 868.

[160] Proposed ***Amendments***, supra note 71.

[161] U.S. Dep't of Justice, Office for Victims of Crime, Attorney General Guidelines for Victim and Witness Assistance 30 (2005) (defining what can be considered in determining whether notice is reasonable in a particular case) [hereinafter Dep't of Justice, Attorney General Guidelines]; see also U.S. Dep't of Justice, Office for Victims of Crime, New Directions from the Field: Victims' Rights and Services for the 21st Century 87 (1997) ("Prosecutors should make every effort … to consult with the victim on the terms of any negotiated plea … .") [hereinafter Dep't of Justice, New Directions from the Field].

[162] Dep't of Justice, New Directions from the Field, supra note 161, at 75 (quoting National Victims' Center, 1996 Victim's Rights Sourcebook: A Compilation of Victim's Rights Laws, Arlington, VA: National Victim Center, 1997 § 5).

Perhaps the Advisory Committee overlooked this proposed change. [163] Yet it is important, implementing not only a victim's right to be heard at plea proceedings but also the rights to "confer with the attorney for the government" [164] and to be "treated with fairness." [165] Given that victims have the right to confer, the conferring should take place at the most salient points in the process. As Senator Feinstein explained, "This right [to confer] is intended to be expansive. For example, the victim has the right to confer with the Government concerning any critical stage or disposition of the case." [166] Because the overwhelming majority of federal criminal cases are resolved by a plea, a conference between the victim and the prosecutor regarding the plea will be critical in most cases. Reflecting that fact, the Rules should follow the approach of the majority of states in directing prosecutors to consult with victims about pleas.

**[*889]** Rule 11(c)(2) - Court to Be Advised of Victim Objections to Plea The Proposals:

I proposed that prosecutors and victims' attorneys should be required to advise the court whenever they are aware that the victim objects to a proposed plea agreement as follows:

(2) Disclosing a Plea Agreement. The parties must disclose the plea agreement in open court when the plea is offered, unless the court for good cause allows the parties to disclose the plea agreement in camera. When a plea is presented in open court, the attorney for the government or the attorney for any victim shall advise the court when the attorney is aware that the victim has any objection to the proposed plea agreement. [167]

The Advisory Committee proposed no change to this rule. [168]

Discussion:

In circumstances where an attorney, either for the government or for the victim, is aware of a victim's objection to a plea, that information should be relayed to the court. The victim's attorney will, no doubt, do this on her own initiative. The rule is intended to clarify that the prosecutor is under an equal obligation to communicate this information to the court.

While the Advisory Committee may have overlooked this proposal, [169] the change is necessary because the ***CVRA*** implicitly obligates prosecutors to communicate a victim's objection to the court. The ***CVRA*** commands that prosecutors use their "best efforts" to enforce victims' rights. [170] Victims are often untrained in the law and unexpectedly thrust into criminal proceedings; they may well believe that prosecutors automatically relay their objections to the plea to the court. The proposed rule avoids confusion by requiring the prosecutor to notify the court of a victim's concern. The rule is limited to situations where the prosecutor is aware of an objection.

This approach is consistent with the leading case of State v. Casey, [171] which considered whether a victim's request to be heard regarding a plea made to the **[*890]** prosecutor was sufficient to trigger the victim's constitutional right to be heard. [172] In

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[163] See supra note 147 and accompanying text (noting listing of Cassell proposals rejected; Rule 11 proposals not listed).

[164] *18 U.S.C. § 3771*(a)(5) (2006).

[165] Id. § 3771(a)(8).

[166] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[167] Cassell, Proposed ***Amendments***, supra note 4, at 869.

[168] Proposed ***Amendments***, supra note 71.

[169] See supra note 147 and accompanying text (noting listing of Cassell proposals rejected; Rule 11 proposals not mentioned).

[170] *18 U.S.C. § 3771*(c)(1) (2006).

[171] *2002 UT 29, 44 P.3d 756.* I served as pro bono counsel for the victim in the case.

[172] See generally Nicole G. Farrell, Recent Developments, A Victim's Right To Be Heard Under the Victims' Rights ***Amendment***, The Victims' Right Act, and the Rights of Crime Victims Act, *2003 Utah L. Rev. 716* (summarizing impacts of case on Utah law).

Casey, the victim told the prosecutor that she wished to be heard in opposition to a plea. The prosecutor refused to convey that information to the court and the trial judge accepted the plea. When the issue reached the Utah Supreme Court, the court concluded that the prosecutor had an ethical obligation as an officer of the court to convey that information to the judge:

Prosecutors must convey such requests [to be heard] because they are obligated to alert the court when they know that the court lacks relevant information. This duty, which is incumbent upon all attorneys, is magnified for prosecutors because, as our case law has repeatedly noted, prosecutors have unique responsibilities… . The prosecutor is the representative not of an ordinary party to a controversy, but of a sovereignty whose obligation to govern impartially is as compelling as its obligation to govern at all; and whose interest … in a criminal prosecution is not that it shall win … but that justice shall be done. [173]

Applying the reasoning of Casey to analogous rights in the ***CVRA***, federal prosecutors must, as officers of the court, convey a victim's request to be heard regarding a plea. Indeed, the prosecutor should convey not only that request to be heard but also the fact that the victim has an objection to the plea. In deciding whether to accept a plea, the court must consider the public interest. [174] As the Courts of Appeals have explained, ""Rule 11 also contemplates the rejection of a negotiated plea when the district court believes that bargain is too lenient, or otherwise not in the public interest.'" [175] When the prosecutor is aware of an objection from a keenly interested member of the public - the victim - the court should not be left in the dark about it, as provided in my proposed rule. [176]

**[*891]** Rules 12.1 and 12.3 - Victim Addresses and Phone Numbers Not Disclosed for Alibi and Public-Authority Defense Purposes The Proposals:

Rule 12.1 currently requires the government to disclose the address and telephone numbers of any witness, including any victim, that it plans to use to disprove a defendant's alibi. I proposed amending Rule 12.1 to protect the victim's privacy, by excluding their addresses and telephone numbers from this requirement as follows:

(a) Government's Request for Notice and Defendant's Response.

(1) Government's Request. An attorney for the government may request in writing that the defendant notify an attorney for the government of any intended alibi defense. The request must state the time, date, and place of the alleged offense.

(2) Defendant's Response. Within 10 days after the request, or at some other time the court sets, the defendant must serve written notice on an attorney for the government of any intended alibi defense. The defendant's notice must state:

(A) each specific place where the defendant claims to have been at the time of the alleged offense;

(B) the name, address, and telephone number of each alibi witness and the address and telephone number of each witness (other than a victim) on whom the defendant intends to rely. [177]

(b) Disclosing Government Witnesses.

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[173] *Casey, 2002 UT 29, P 32, 44 P.3d at 764* (internal citations omitted) (quoting *State v. Emmett, 839 P.2d 781, 787 (Utah 1992)).*

[174] See, e.g., *United States v. Bean, 564 F.2d 700, 704 (5th Cir. 1977)* (stating that discretion of the court includes license to reject plea deals that are against public interest).

[175] *United States v. Carrigan, 778 F.2d 1454, 1462 (10th Cir. 1985)* (emphasis added) (quoting *United States v. Miller, 722 F.2d 562, 563 (9th Cir.1983)).*

[176] For alternative ways of drafting this rule, see Cassell, Proposed ***Amendments***, supra note 4, at 871-72 (noting that several states require courts to inquire of prosecutors whether the victim has been advised of the proposed plea and whether the victim wishes to make a statement concerning it).

[177] This ***amendment*** to rule 12.1(a)(2)(B) was not in my previous proposal. See Cassell, Proposed ***Amendments***, supra note 4 at 872-73. It is included here for the reasons discussed infra at note 213 and accompanying text.

(1) Disclosure. If the defendant serves a Rule 12.1(a)(2) notice [regarding intent to present an alibi defense], an attorney for the government must disclose in writing to the defendant or [178] the defendant's attorney:

(A) the name, address, and telephone number of each witness and the address and telephone number of each witness (other than a victim) that the government intends to rely on to establish the defendant's presence at the scene of the alleged offense; and

(B) each government rebuttal witness to the defendant's alibi defense.

**[*892]** (2) Time to Disclose. Unless the court directs otherwise, an attorney for the government must give its Rule 12.1(b)(1) disclosure within 10 days after the defendant serves notice of an intended alibi defense under Rule 12.1(a)(2), but no later than 10 days before trial.

(c) Continuing Duty to Disclose. Both an attorney for the government and the defendant must promptly disclose in writing to the other party the name of each additional witness, and the address and telephone number of each additional witness (other than a victim) if:

(1) the disclosing party learns of the witness before or during trial; and

(2) the witness should have been disclosed under Rule 12.1(a) or (b) if the disclosing party had known of the witness earlier. [179]

In addition, I proposed making a similar change to Rule 12.3 "regarding the address and telephone number of victims who will be used to disprove a public-authority defense." [180]

The Advisory Committee proposed more limited protection for victims' addresses and telephone numbers:

(b) Disclosing Government Witnesses.

(1) Disclosure.

(A) In general. If the defendant serves a Rule 12.1(a)(2) notice, an attorney for the government must disclose in writing to the defendant or the defendant's attorney:

(i) (A) the name, address, and telephone number of each witness and the address and telephone number of each witness (other than a victim) that the government intends to rely on to establish the defendant's presence at the scene of the alleged offense; and

(ii) (B) each governmental rebuttal witness to the defendant's alibi defense.

(B) Victim's Address and Telephone Number. If the government intends to rely on a victim's testimony to establish the defendant's presence at the scene of the alleged offense and the defendant establishes a need for the victim's address and telephone number, the court may:

(i) order the government to provide the information in writing to the defendant or the defendant's attorney; or

**[*893]** (ii) fashion a reasonable procedure that allows the preparation of the defense and also protects the victim's interests.

. . . .

(c) Continuing Duty to Disclose.

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[178] The excision of the phrase "the defendant or" was not in my previous proposal. See Cassell, Proposed ***Amendments***, supra note 4, at 872. It is included here for reasons discussed infra at note 190 and accompanying text.

[179] Cassell, Proposed ***Amendments***, supra note 4, at 873.

[180] Id.

(1) In General. Both an attorney for the government and the defendant must promptly disclose in writing to the other party the name, of each additional witness and the address, and telephone number of each additional witness - other than a victim - if:

(A) (1) the disclosing party learns of the witness before or during trial; and

(B) (2) the witness should have been disclosed under Rule 12.1(a) or (b) if the disclosing party had known of the witness earlier.

(2) Address and Telephone Number of an Additional Victim Witness. The telephone number and address of an additional victim witness must not be disclosed except as provided in (b)(1)(B).

(d) Exceptions. For good cause, the court may grant an exception to any requirement of Rule 12.1(a)-(c). [181]

The Advisory Committee also proposed adding an Advisory Committee Note as follows:

Subdivisions (b) and (c). The ***amendment*** implements the Crime Victims' Rights Act, which states that victims have the right to be reasonably protected from the accused, and to be treated with respect for the victim's dignity and privacy. See *18 U.S.C. § 3771*(a)(1) & (8). The rule provides that a victim's address and telephone number should not automatically be provided to the defense when an alibi defense is raised. If a defendant establishes a need for this information, the court has discretion to order its disclosure or to fashion an alternative procedure that provides the defendant with the information necessary to prepare a defense, but also protects the victim's interests. For example, the court might authorize the defendant and his counsel to meet with the victim in a manner and place designated by the court, rather than giving the defendant the name and address of a victim who fears retaliation if the defendant learns where he or she lives.

In the case of victims who will testify concerning an alibi claim, the same procedures and standards apply to both the prosecutor's initial **[*894]** disclosure and the prosecutor's continuing duty to disclose under subdivision (c). [182]

Discussion:

The Advisory Committee agrees with me that the current rule providing that a victim's address and telephone number be automatically disclosed whenever an alibi is at stake conflicts with the ***CVRA***. [183] This information can often be very sensitive for a crime victim, as it could allow the defendant to find and harm a victim. The difference between our proposals is that I would strike the requirement that a victim's address and telephone number be disclosed to the defense while the Advisory Committee would add specific language allowing a court to order production of the address and telephone number based on a defense showing of "need." [184]

The Advisory Committee's approach highlights an inconsistency in the way it handles defendants' and victims' interests. It has chosen to spell out in the Rules how a defendant can obtain access to a victim's address and telephone number. Of course, if the Constitution or a statute already requires the prosecutor to turn over that personal information, any rule is irrelevant. Presumably, the reason that the Advisory Committee added the language is because it knows that the language is not irrelevant - that is, that the Constitution and statute do not always require production of this information. [185] Obviously, nothing is wrong with the Advisory Committee drafting rules that go beyond the Constitution and statutes to protect defendants' legitimate interests. That approach is, indeed, commendable. What is wrong is for the Committee to work through its rules to make sure

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[181] Proposed ***Amendments***, supra note 71, R. 12.1, at 2-6 (footnote omitted).

[182] Proposed ***Amendments***, supra note 71, R. 12.1, at 6 (footnote omitted).

[183] Compare Cassell, Proposed ***Amendments***, supra note 4, at 872, with Proposed ***Amendments***, supra note 71, R. 12.1.

[184] Compare Cassell, Proposed ***Amendments***, supra note 4, at 872-73, with Proposed ***Amendments***, supra note 71, R. 12.1(b)(1)(B), at 3-4 (footnote omitted).

[185] See generally infra notes 297-324 and accompanying text (reviewing case law establishing that criminal defendants lack any relevant constitutional or statutory right to discovery).

defendants are treated fairly - even in the absence of an overarching statutory command to that effect - while not doing the same for crime victims, even where the ***CVRA*** directly commands that victims be treated "with fairness." [186]

In any event, the Advisory Committee's proposal is decidedly unfair. The Committee proposes a two-pronged approach:

If the government intends to rely on a victim's testimony to establish the defendant's presence at the scene of the alleged offense and the defendant establishes a need for the victim's address and telephone number, the court may:

**[*895]** (i) order the government to provide the information in writing to the defendant or the defendant's attorney; or

(ii) fashion a reasonable procedure that allows the preparation of the defense and also protects the victim's interests. [187]

Notice that the court can order disclosure of the victim's address upon a mere showing by the defendant of "a need," by proceeding under subparagraph (i) of the proposed rule; the requirement to protect the victim's interests is triggered only if the court chooses to proceed under paragraph (ii). And the proposed rule fails to give any guidance on when the court should proceed under paragraph (ii) as opposed to paragraph (i).

The Advisory Committee's provision for two ways in which the court can avoid the requirements of withholding a victim's name seems unnecessary. Subsection (d) of Rule 12.1 already allows a court to grant an exception to any of the requirements of the rule for "good cause." [188] This exception has been used to justify the government's nondisclosure of its witnesses in situations where their safety might be jeopardized. [189] There is, accordingly, no need to add "wiggle room" language in Rule 12.1.

More important, the Advisory Committee's approach is fundamentally flawed. It makes no sense to require that the victim's interests be considered only half the time - i.e., only where the court proceeds under paragraph (ii) but not under paragraph (i). More important, since the Advisory Committee appears to agree that disclosing a victim's address raises obvious safety concerns, allowing disclosure without any consideration of the victim's interests violates the ***CVRA***'s command that the victim must be "reasonably protected from the accused." [190] A court proceeding under paragraph (i) would be under no obligation to "protect[] the victim's interests" (as paragraph (ii) specifically provides), since it is a standard rule of construction that expressio unius est exclusio alterius (the expression of one thing implies the exclusion of the other). [191] At a bare minimum, the ***CVRA*** requires redrafting the rule so that the court always considers victims' interests before it can order production of a victim's address.

Also interesting are the choices that the Advisory Committee specifically lists for a judge. The options given are (i) "order the government to provide the information in writing" or (ii) "fashion a reasonable procedure that allows the preparation of the defense and also protects the victim's interests." The listing of these two (and only these two) options seems to imply that the court does not have **[*896]** a third option - i.e., (iii) decline to order a victim's address be turned over. It is simply not the case that every time the defendant can establish a "need" for information - no matter how trivial or how remotely connected to the case - the court should either disclose a victim's address or fashion some other procedure toward the same end.

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[186] *18 U.S.C. § 3771*(a)(8) (2006).

[187] Proposed ***Amendments***, supra note 71, R. 12.1(b)(1)(B), at 3-4 (footnote omitted).

[188] *Fed. R. Crim. P. 12(d)*.

[189] See, e.g., *United States v. Causey, 834 F.2d 1277, 1282 (6th Cir. 1987)* (noting that, in light of Rule 12(d), any penalty for violating the rule is "neither mandatory nor absolute" (quoting *United States v. Carter, 756 F.2d 310, 311 (3d Cir. 1985))*).

[190] *18 U.S.C. § 3771*(a)(1) (2006).

[191] See, e.g., *Swanson v. United States, 224 F.2d 795, 798 (9th Cir. 1955)* (applying the principle of expressio unius est exclusio alterius when constructing *Fed. R. Crim. P. 46(f)(1)*).



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Even where the defendant can establish need, it may be the case that victims' safety interests will prevail. For example, in United States v. Wills, the district court allowed the government to delay the disclosure of the name of a witness because the witness feared for her safety and the defendant had a violent history. [192] On appeal to the Ninth Circuit, the defendant sought reversal of his conviction, arguing that "the district court abused its discretion in finding good cause to permit the government to withhold [the witness] from its alibi rebuttal list and witness list." [193] Before his trial, Wills had provided the government with the name of one alibi witness. In response, the government filed a sealed, ex parte application under Rule 12.1(e) seeking an exception to its obligation to disclose its alibi rebuttal witness to the defense. [194] Based on the defendant's violent history and apparent ability to "induce others to commit crimes on his behalf," the court allowed the government to delay the disclosure of the witness. [195]

The Wills court noted that two other circuits had addressed or commented on the issue. The ***Sixth*** Circuit, in United States v. Causey, held that good cause existed to justify the nondisclosure of a witness to the defense. [196] The Causey court found evidence in the record indicating that witnesses were being threatened in an attempt to prevent them from testifying. [197] "In such a situation, the physical safety and protection of potential witnesses constitutes a proper consideration of a trial court in determining whether good cause exists to justify nondisclosure of witnesses to opposing counsel and thus noncompliance with Rule 12.1." [198] Similarly, in United States v. Elizondo, the Seventh Circuit cited Causey for the proposition that the protection of potential witnesses could justify postponing disclosure. [199] Following the reasoning of the ***Sixth*** and Seventh Circuits, Wills held that the "district court did not abuse its discretion in finding that good cause existed to authorize the Government to delay disclosure of [the witness's] identity." [200]

The Advisory Committee might respond to these criticisms of its proposal by pointing to discretionary language; the proposed rule states that the court "may" order production of the evidence or the fashioning of an alternative procedure. But given the obvious safety concerns that attend disclosure of the victim's home **[*897]** address to the defense, the Advisory Committee should exercise extreme caution. More important, courts have no discretion to ignore the commands of the ***CVRA***. Courts must always protect a victim's right "to be reasonably protected from the accused." [201] The proposed rule does not faithfully implement that instruction. Indeed, the safety problems attendant to the Advisory Committee's proposal are heightened by fact that disclosure is authorized to "the defendant or the defendant's attorney." It does not take a great deal of imagination to foresee problems arising from telling criminal defendants where the victims who will testify against them live. In fairness to the Advisory Committee, it was only tracking language used elsewhere in Rule 12. [202] All of Rule 12 should be redrafted to require disclosure only to defense counsel, rather than to the defendant personally. [203]

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[192] *88 F.3d 704, 710 (9th Cir. 1996).*

[193] *Id. at 708* (internal quotation marks omitted).

[194] *Id. at 709.*

[195] *Id. at 710.*

[196] *834 F.2d 1277, 1281 (6th Cir. 1987)*

[197] *Id. at 1282.*

[198] Id.

[199] *920 F.2d 1308, 1314 (7th Cir. 1990).*

[200] *88 F.3d at 710.*

[201] *18 U.S.C. § 3771*(a)(1) (2006).

[202] See, e.g., *Fed. R. Crim. P. 12(a)(3)*.

[203] Of course, if the defendant were acting pro se, then he would be counsel in the matter. See *Faretta v. California, 422 U.S. 806 (1975).*

This may be a convenient place to highlight another defect in the Advisory Committee's proposal - crime victims have no right to be heard on whether their address should be given to the defendant. As discussed shortly, [204] I had originally proposed allowing victims to be heard "on any matter directly affecting a victim's right" - for example, whether disclosing a victim's home address violates the victim's right to reasonable protection. The Advisory Committee waters down that proposal, recommending only that the victim must "be reasonably heard at any public proceeding in the district court concerning release, plea, or sentencing involving the crime." [205] Under the Advisory Committee's formulation, therefore, crime victims would seem to have no right to be heard on disclosure of their address. This is not a matter concerning "release, plea, or sentencing" and, in many cases, this issue will be decided by written pleadings rather than in a "public proceeding." Nothing better illustrates the unfairness of the Advisory Committee's proposals and their illegality under the ***CVRA*** than its refusal to guarantee that crime victims will be heard on the subject of whether their home address will be turned over to the defendants accused of victimizing them.

Compounding all these problems is one more: The Advisory Committee appears to encourage the use of crime victim depositions or other face-to-face meetings between victims and defendants. In its proposed note to the amended rule, the Advisory Committee describes as one possible procedure for dealing with a defense request for a victim's home address that "the court might authorize the defendant and his counsel to meet with the victim in a manner and place designated by the court, rather than giving the defendant the name and address of victim." [206] This note raises a host of problems. Most importantly, a federal court lacks jurisdiction to require a crime victim to appear at a face-to-face, pretrial **[*898]** meeting with the defendant. The "federal courts are courts of limited jurisdiction," [207] and federal judges have no general power to compel private citizens to meet with defendants before a trial. [208] Moreover, the Advisory Committee seems to envision that such orders could issue without the victim even being heard on the subject, a deprivation of liberty without due process of law. [209]

Even if the court had authority and had considered a victim's arguments, a face-to-face meeting with the defendant raises other problems. Such a meeting is a deposition in all but name. Yet Rule 15 provides stringent limits on the circumstances in which a defendant can depose a victim. In particular, any deposition is limited to "exceptional circumstances" and a deposition for discovery purposes is not permitted. [210] The Advisory Committee Note suggesting a meeting between a victim and a defendant does an end run around these limitations. [211]

In light of all these concerns, the best approach is simply to strike the existing requirement that a victim's address and phone number be turned over as part of an alibi defense, as I proposed. It should also be noted that this proposal raises no due process concerns that might stem from a one-sided reciprocal discovery rule. My proposal applies even handedly to both prosecution and the defense. Neither side is required to disclose the address or telephone number of a victim, thus complying with the Supreme Court's instruction that "in the absence of a strong showing of state interests to the contrary, discovery must be a two-

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[204] See infra notes 528-539 and accompanying text (discussing proposed Rule 60(a)(3)).

[205] Proposed ***Amendments***, supra note 71, R. 60, at 16.

[206] Id. at 6.

[207] *Rasul v. Bush, 542 U.S. 466, 490 (2004)* (quoting *Kokkenen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)).*

[208] See, e.g., *State ex rel. Beach v. Norblad, 781 P.2d 349, 350 (Or. 1989)* (reversing trial court order requiring crime victim to allow defense counsel to examine her home for evidence; victim "is under no obligation to obey an order that the defendant trial judge lacked authority to issue"); *State v. Gabrielson, 464 N.W.2d 434, 438 (Iowa 1990)* (finding no constitutional, statutory, or other authority for trial court to order a psychiatric examination of a sexual abuse victim).

[209] See ***U.S. Const. amend. XIV***.

[210] 2 Charles Alan Wright, Federal Practice and Procedure (Criminal) § 241, at 11 (2000 & Supp. 2006); see, e.g., *In re United States, 878 F.2d 153, 157 (5th Cir. 1989).*

[211] Apparently in response to my arguments here, the Advisory Committee Note has been amended. See infra Afterword.

way street." [212] In any event, protecting victims from serious harm is certainly a strong state interest that would justify any incidental effect on defense preparations for trial.

Finally, however one ends up on the proper formulation of the address issue under Rule 12.1 (governing alibi defenses), the same formulation ought to be used in Rule 12.3 (governing public-authority defenses). Although I made this recommendation in a previous article, [213] the Advisory Committee appears to have overlooked this parallel provision in need of ***amendment***. So that it is not overlooked again, I will set out the proposal in full. Tracking my recommendations for Rule 12.1, I recommended a parallel ***amendment*** to Rule 12.3 as follows:

**[*899]**

Rule 12.3 Notice of a Public-Authority Defense

. . . .

(4) Disclosing Witnesses.

(A) Government's Request. An attorney for the government may request in writing that the defendant disclose the name, address, and telephone number of each witness and the address and telephone number of each witness (other than the victim) the defendant intends to rely on to establish a public-authority defense. An attorney for the government may serve the request when the government serves its response to the defendant's notice under Rule 12.3(a)(3), or later, but must serve the request no later than 20 days before trial.

(B) Defendant's Response. Within 7 days after receiving the government's request, the defendant must serve on an attorney for the government a written statement of the name, address and telephone number of each witness. and the address and telephone number of each witness (other than the victim).

(C) Government's Reply. Within 7 days after receiving the defendant's statement, an attorney for the government must serve on the defendant or the defendant's attorney a written statement of the name, address, and telephone number of each witness, and the address and telephone number of each witness (other than the victim), the government intends to rely on to oppose the defendant's public-authority defense.

(b) Continuing Duty to Disclose. Both an attorney for the government and the defendant must promptly disclose in writing to the other party the name, address, and telephone number of any additional witness and the address and telephone number of each witness (other than the victim) if:

(1) the disclosing party learns of the witness before or during trial; and

(2) the witness should have been disclosed under Rule 12.3(a)(4) if the disclosing party had known of the witness earlier. [214]

**[*900]** Rule 15 - Victims' Right to Attend Pre-Trial Depositions The Proposals:

I proposed amending Rule 15 to allow victims to attend any public depositions as follows:

(i) Victims Can Attend. Victims can attend any public deposition taken under this rule under the same conditions as govern a victim's attendance at trial. [215]

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[212] *Wardius v. Oregon, 412 U.S. 470, 475 (1973).*

[213] Cassell, Proposed ***Amendments***, supra note 4, at 873.

[214] Apparently in response to my argument, the Advisory Committee has just proposed an ***amendment*** to Rule 12.3 paralleling its ***amendment*** to Rule 12.1. See infra notes 585-587 and accompanying text.

[215] Cassell, Proposed ***Amendments***, supra note 4, at 874.

The Advisory Committee did not propose any change to Rule 15. [216]

Discussion:

Rule 15 authorizes depositions for the purpose of preserving evidence for trial, [217] thus, such depositions are an extension of the trial. Victims, accordingly, have the right to attend such proceedings, if they are public, [218] under the same conditions governing their attendance at trial. To avoid any confusion over this issue, the proposed rule change directly states that fact.

The Advisory Committee declined to adopt this recommendation, concluding that depositions "do not fall within the ***CVRA***, which refers only to the victim's right not to be excluded from "public court proceedings.'" [219] But here, again, the Committee has taken too narrow a view of the ***CVRA***. It is simply unfair to victims to exclude them from a deposition in a criminal case - and, thus, a violation of the ***CVRA***'s command that victims be treated with fairness.

The simplest proof of this conclusion is to consider the rights of criminal defendants at depositions. Rule 15 directly guarantees criminal defendants a right to attend a deposition. [220] Originally the rule was silent on a defendant's presence, but in the 1975 enactment of the rule, [221] a defendant was guaranteed the right to attend. [222] Presumably, a major reason the Advisory Committee added this language **[*901]** was to ensure fairness to defendants. [223] Indeed, after an indictment, "Rule 15 depositions might constitute a "critical stage' in a prosecution - requiring the presence of counsel - because of the potential consequences of such depositions at trial." [224] Just as the Advisory Committee acted in 1975 to ensure defendants were treated fairly at criminal depositions, it should now do the same for victims.

Victims also deserve the right to attend pretrial depositions because they are now participants in the criminal justice process. As the Fifth Circuit explained in reversing a trial court which had allowed an ex parte deposition, "depositions are never ordered where one party to the suit can be present, ask the questions, and hear the answers, and the opposing party in the case is not only prevented from being present and asking questions, but is also denied even the opportunity to know what the questions and answers are." [225] The Fifth Circuit further noted that "such a procedure is not only wholly unauthorized, it is contrary to the most basic presuppositions of our adversary system of litigation." [226] Because a crime victim is now "an independent

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[216] Proposed ***Amendments***, supra note 71.

[217] See, e.g., *United States v. Edwards, 69 F.3d 419, 437 (10th Cir. 1994).*

[218] Cf. *United States v. L.M., 425 F. Supp. 2d 948, 957 (N.D. Iowa 2006)* (finding juvenile proceedings to be covered by the ***CVRA*** only insofar as they are public court proceedings).

[219] ***CVRA*** Subcommittee Memo, supra note 66, at 17 (emphasis in original) (quoting *18 U.S.C. § 3771*(a)(3)(2006)).

[220] *Fed. R. Crim. P. 15(d)(1)*-(2).

[221] The Advisory Committee recommended various changes to the rule in 1974, which Congress modified somewhat in 1975. See Wright, supra note 210, § 241, at 7-8. The changes discussed in this Article were initiated by the Advisory Committee.

[222] Wright, supra note 210, § 244, at 37.

[223] Part of the rationale may have also been to facilitate admission of the deposition testimony at trial, as a defendant has a right to confront adverse witnesses at trial. But the Confrontation Clause does not always guarantee defendants a right to attend a deposition, see, for example, *United States v. Salim, 855 F.2d 944, 955 (2d Cir. 1988),* so the defendant's right to attend the deposition must rest on a broader justification than implementing constitutional requirements.

[224] *United States v. Hayes, 231 F.3d 663, 674 (9th Cir. 2000).*

[225] *In re United States, 878 F.2d 153, 157 (5th Cir. 1989)* (emphasis in original).

[226] Id.

participant in the proceedings," [227] the same considerations demand that victims be able to attend a pretrial deposition. To be sure, crime victims (like other members of the public) will have the opportunity to hear deposition testimony when it is introduced at trial. [228] But that may be a pale substitute for actually observing a witness testify in person. [229] Victims may also be able to facilitate the truth-seeking process by watching witnesses at the deposition and alerting prosecutors or defense attorneys to any false statements that are being made. [230] Rule 15 should, therefore, be amended to ensure that crime victims have a right to attend any deposition.

Rule 17 - Victims' Right to Notice of Subpoena of Confidential Information

The Proposals:

I recommended amending Rule 17 to ensure that subpoenas to third parties seeking personal and confidential information about crime victims would not be **[*902]** abused. Initially, I proposed requiring a court determination of relevance at trial and notice to a victim as follows:

Rule 17(h)(2) - Victim Information. After indictment, no record or document containing personal or confidential information about a victim may be subpoenaed without a finding by the court that the information is relevant to trial and that compliance appears to be reasonable. If the court makes such a finding, notice shall then be given to the victim, through the attorney for the government or for the victim, before the subpoena is served. On motion made promptly by the victim, the court may quash or modify the subpoena if compliance would be unreasonable or oppressive. [231]

The Advisory Committee proposed more limited protections for such information as follows:

Rule 17(c)(3) - Subpoena for Personal or Confidential Information About Victim. After a complaint, indictment, or information is filed, a subpoena requiring the production of personal or confidential information about a victim may not be served on a third party without a court order, which may be granted ex parte. Before entering the order, the court may require that notice be given to the victim so that the victim has an opportunity to move to quash or modify the subpoena. [232]

The Advisory Committee also proposed the following note to accompany the rule change:

Subdivision(c)(3). This ***amendment*** implements the Crime Victims' Rights Act, codified at *18 U.S.C. § 3771*(a)(8), which states that victims have a right to respect for their "dignity and privacy." The rule provides a protective mechanism when the defense subpoenas a third party to provide personal or confidential information about a victim. Third party subpoenas raise special concerns because a third party may not assert the victim's interests, and the victim may be unaware of the subpoena. Accordingly, the ***amendment*** requires judicial approval before service of a subpoena seeking personal or confidential information about a victim from a third party. The ***amendment*** also provides a mechanism for notifying the victim, and makes it clear that a victim may move to quash or modify the subpoena under Rule 17(c)(2) on the grounds that it is unreasonable or oppressive.

The ***amendment*** applies only to subpoenas served after a complaint, indictment, or information has been filed. It has no application to grand **[*903]** jury subpoenas. When the grand jury seeks the production of personal or confidential information, grand jury secrecy affords substantial protection for the victim's privacy and dignity interests.

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[227] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[228] See *United States v. McDougal, 103 F.3d 651, 659 (8th Cir. 1996).*

[229] See generally Douglas E. Beloof & Paul G. Cassell, The Victim's Right to Attend the Trial: The Reascendant National Consensus, *9 Lewis & Clark L. Rev. 481, 534-38 (2005)* (discussing reasons victims need to hear testimony in person).

[230] See *id. at 544-45* (advancing this argument about victims attending trials).

[231] Cassell, Proposed ***Amendments***, supra note 4, at 875.

[232] Proposed ***Amendments***, supra note 71, R. 17(c)(3), at 7.

The ***amendment*** seeks to protect the interests of the victim without unfair prejudice to the defense. It permits the defense to seek judicial approval of the subpoena ex parte, because requiring the defendant to make and support the request in an adversarial setting may force premature disclosure of defense strategy to the government. The court may approve or reject the subpoena ex parte, or it may provide notice to the victim, who may then move to quash. In exercising its discretion, the court should consider the relevance of the subpoenaed material to the defense, whether giving notice would prejudice the defense, and the degree to which the subpoenaed material implicates the privacy and dignity interests of the victim. [233]

Having seen the Advisory Committee proposal and accompanying note, I am concerned that the limits on subpoenas found in the United States Supreme Court's decision in United States v. Nixon [234] might be vitiated by a broad rule. To ensure courts consistently apply Nixon's substantive and procedural standards to victim-related subpoenas, I am modifying my earlier proposal to require a court determination of specificity, relevance, and admissibility at trial, as well as notice to the victim, as follows (new language italicized):

Rule 17(c)(3) - Subpoena for Personal or Confidential Information About Victim. After a complaint, indictment, or information is filed, no record or document containing personal or confidential information about a victim may be subpoenaed without a finding by the court that the information is specifically described, relevant to and admissible at trial, and that compliance appears to be reasonable. If the court makes such a tentative finding, notice shall then be given to the victim, through the attorney for the government or for the victim, before the subpoena is served. On motion made promptly by the victim, the court may quash or modify the subpoena if compliance would be unreasonable or oppressive and may ask the court to revisit any tentative findings. A subpoena shall not be used for discovery purposes or to obtain information for impeachment at trial.

Discussion:

The issues involved in the Rule 17 ***amendments*** are complicated and very important. It is useful to divide the discussion into three parts: (1) the problem the proposals address; (2) the procedural flaws in the Advisory Committee's proposal **[*904]** allowing ex parte subpoenas; and (3) the general lack of authority for subpoenas seeking crime victim information.

(1) The Problem of Subpoenaing Confidential Victim Information

The existing rules governing subpoenas are flawed because they allow the parties to subpoena personal or confidential information about a victim from third parties without the victim knowing. This issue was highlighted recently in the notorious Utah state criminal proceedings involving the kidnapping of Elizabeth Smart. [235] Attorneys for Elizabeth's alleged kidnapper subpoenaed class records from her high school (class and teacher lists, report cards, and disciplinary and attendance records) and medical records from her hospital. [236] The school turned over the requested records without notice to the Smart family, while the hospital refused to turn over the requested records. When Elizabeth's father learned that her school records had been turned over to defense counsel, he filed a motion to have the records returned to the school. Prosecutors in the case also objected that they were not given an opportunity to file a motion to quash prior to the production of the records. [237] The matter is apparently still under review in the state courts.

The problem that occurred in the Smart case under the Utah state rules could occur under the federal rules, as the attorney for Elizabeth Smart pointed out to the Advisory Committee in a letter. [238] The federal rules currently permit an objection from the

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[233] Id.

[234] *418 U.S. 683, 700-01 (1974).*

[235] See generally Ed Smart & Lois Smart with Laura Morton, Bringing Elizabeth Home: A Journey of Faith and Hope (2003) (discussing the Smart Case).

[236] Stephen Hunt, Defense Blasted for Obtaining Smart's School Records, Salt Lake Trib., Jan. 14, 2005, at B2.

[237] Pat Reavy, Quash Smart Subpoenas, DA Says, Deseret Morning News, Feb. 1, 2005, at B3.

[238] See Letter from Gregory G. Skordas, attorney for Elizabeth Smart, to Judge Susan Bucklew (May 23, 2005) (on file with author).

witness to whom the subpoena for documents or records is issued, [239] but there is no provision for notifying the interested party (e.g., the victim) when personal or confidential information is subpoenaed from a third party.

A recent federal case illustrates the problem under the current rules. [240] In an assault case, defense counsel used *Federal Rule of Criminal Procedure 17(c)* to obtain a subpoena for the victim's medical records held by the Veterans Administration. [241] The federal district judge approved the subpoena and issued an order, ex parte and under seal, directing the VA to provide defense counsel with **[*905]** the records. [242] Defense counsel then obtained the records, all without knowledge of the prosecutor or the victim. [243] These records included extraordinarily intimate information about the victim, including sensitive medical conditions, medications, psychiatric counseling, and the like. [244] The matter came to the prosecutor's attention - and, thus, the victim's attention - only because defense counsel "warned" the prosecutor, while attempting to negotiate a favorable plea, that taking the case to trial would cause irreparable harm to the victim because, by the time the defense attorney got finished with the victim, the victim would never trust a therapist again. [245] All this happened without any notice to the victim and without any opportunity to present arguments against disclosure of this sensitive information. [246]

Allowing such subpoenas to be delivered without notice to the victim violates the ***CVRA***'s provisions guaranteeing victims the rights to be treated "with respect for the victim's dignity and privacy" as well as "with fairness." [247] With respect to the protection for dignity and privacy, allowing subpoenas to go directly to third-party custodians of records could provide no protection if the custodian is disinclined to protect the victim's privacy. Subpoenas without notice to victims also raise fairness concerns, particularly if issues implicating the right of privacy are concerned. [248]

(2) Procedural Problems with the Advisory Committee Approach

To ensure protection of crime victims' rights when subpoenas for confidential information are issued, it is necessary to change the federal rules. I proposed an ***amendment*** to guarantee notice to crime victims as well as a court determination that the information was relevant at trial before victims' personal and confidential information could be subpoenaed. The Advisory Committee agreed that Rule 17 needed to be amended, but it proposed more limited protections for victims. The Committee would require court approval before any subpoena issues to a third party seeking information about a victim. However, the court would have discretion about whether to give the victim an opportunity to be heard on the subpoena; and there are no substantive limits on the kinds of information that defendants can subpoena.

Turning first to the procedural problems with the Advisory Committee proposal, the Committee would remit the entire issue of whether to issue a subpoena for personal or confidential information (and, indeed, whether to even tell a victim about such a subpoena) to the discretion of the court. The only protection the Advisory Committee offers is the requirement of a court order **[*906]** approving such a subpoena. The committee gives courts discretion to notify the victim or simply issue the subpoena ex parte.

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[239] *Fed. R. Crim. P. 17(c)*.

[240] See E-mail from Rod Rosenstein, U.S. Attorney for the District of Maryland, to Russell Butler, Maryland Crime Victims' Resource Center, Inc. (Jan. 3, 2007), reprinted in Testimony of Russell Butler to the Federal Criminal Rules Advisory Comm. App. A (Jan. 19, 2007), available at *http://www.uscourts.gov/rules/CR%20Comments%202006/06-CR-006.pdf*.

[241] Id.

[242] Id.

[243] Id.

[244] Id.

[245] Id.

[246] Id.

[247] *18 U.S.C. § 3771*(a)(8) (2006).

[248] See infra notes 347-351 and accompanying text.

Subpoenas issued ex parte are plainly unfair to victims. When a victim's personal or confidential information is at stake, it is truly hard to understand how anyone could argue that allowing it to be turned over to the defense without any opportunity to be heard treats victims "fairly," as the ***CVRA*** requires.

The Advisory Committee does not clearly explain when a court should proceed ex parte and when it should follow the standard practice of giving notice to the victim as the affected party. The only justification the Advisory Committee gives for the extraordinary step of allowing ex parte procedures is to avoid forcing "premature disclosure of defense strategy to the government." [249] But when a victim's confidential information is at stake, some interest in concealing "strategy" from the opposing party can hardly be sufficient grounds for ex parte issuance of a subpoena. As the Supreme Court has bluntly explained, our adversary system is not "a poker game in which players enjoy an absolute right always to conceal their cards until played." [250]

Allowing ex parte procedures violates basic principles of fairness. The American Bar Association raised this point quite effectively in its comments to the Advisory Committee on Rule 17. [251] The ABA explained that Canon 3(B)(7) of the Model Code of Judicial Conduct provides in pertinent part that "[a] judge shall accord to every person who has a legal interest in the proceedings, or that person's lawyer, the right to be heard according to law." [252] Rule 17 would allow that precept to be violated by denying some victims a chance to heard before compromising their legal rights to confidentiality in personal and confidential information. Similarly, the ABA noted that its Model Code of Judicial Conduct generally forbids courts from considering ex parte communications. [253] Rule 17, of course, flies in that face of that well-established prohibition. While the Model Code of Judicial Conduct is not binding on federal courts, its principles have generally been viewed as instructive. [254]

Defense attorneys would also be treading on ethical thin ice under proposed Rule 17. The Model Rules of Professional Conduct and the ABA Criminal Justice Standards both provide that "in representing a client, a lawyer shall not … use methods of obtaining evidence that violates the legal rights of … a [third] **[*907]** person." [255] When defense attorneys obtain ex parte subpoenas for a victim's confidential information, they may very well violate the rights of the victim, such as the right to confidentiality preserved in the doctor-patient privilege or psychotherapist privilege.

For reasons such as these, the federal rape shield rule (among other examples) properly requires defendants to always provide notice to the court - and to the victim - before seeking to introduce evidence about a rape victim's prior sexual history. [256] The rape shield rule does not create any exception for situations that might lead to disclosure of defense "strategy." Rule 17 should follow the same approach and insure that victims always have an opportunity to contest disclosure of their personal and confidential information in court.

Any defense interest in withholding strategy must give way to facially neutral rules. Both my proposed ***amendment*** and the Advisory Committee's proposed ***amendment*** apply evenhandedly to both the prosecution and the defense. Thus, the ***amendments*** are not designed to force disclosure of defense strategy, as they may also force disclosure of prosecution strategy

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[249] Proposed ***Amendments***, supra note 71, R. 17, at 8 (emphasis added).

[250] *Williams v. Florida, 399 U.S. 78, 82 (1970)* (citing William J. Brennan, The Criminal Prosecution: Sporting Event or Quest for Truth?, 1963 Wash. U. L.Q. 279, 292).

[251] Letter from Robert M.A. Johnson, Chair, ABA Criminal Justice Section, to Hon. Peter G. McCabe, Sec'y of the Comm. on Rules of Practice and Procedure (Feb. 1, 2007), available at *www.uscourts.gov/rules/CR%20Comments%202006/06-CR-028.pdf*.

[252] Id. (citing Model Code of Jud. Conduct Canon 3(B)(7) (2004)).

[253] Id.

[254] See Debra Lyn Bassett, Recusal and the Supreme Court, *56 Hastings L.J. 657, 678-79 (2005)* (citing *United States v. Will, 449 U.S. 200, 211-12 & n.12 (1980); Hanrahan v. Hampton, 446 U.S. 1301, 1301 (1980))*.

[255] Model R. Prof'l Conduct 4.4(a) (2007); see also ABA Criminal Justice Study, Standard 4-4.3 (1993).

[256] See *Fed. R. Evid. 412(c)(1)(B)*.

if it is the prosecution who subpoenas confidential victim information. Due process is satisfied as long as the prosecution and the defense have reciprocal rights and courts apply the Rules consistently. [257]

The objectionable feature of the Advisory Committee proposal is that the subpoena could be issued without notice to a crime victim. A narrower issue is whether certain pleadings could be filed on this question on an ex parte basis. Such ex parte filing might be appropriate, in the sense that once the court gives notice that it is considering whether to issue a subpoena, then the defendant, the government, or, indeed, the victim might wish to file parts of their pleadings under seal for good cause shown. Requests for such sealing could be handled in the ordinary course of litigation - once the victim knew that such litigation was occurring.

Even if there is some tangential defense interest in conceding strategy, the Advisory Committee proposal addresses it in the most haphazard way. Consider the Elizabeth Smart example mentioned earlier, in which the defense sent ex parte subpoenas to Elizabeth's school and hospital. Under the Advisory Committee's proposal, a court could still decide to approve those subpoenas ex parte to prevent disclosure of some secret defense "strategy." But once the school and the hospital received the subpoenas, nothing would bar them from revealing the subpoenas' existence to the victim - and, indeed, the world. Thus, the interest the Advisory Committee purports to protect (concealing defense trial strategy) would actually be **[*908]** protected only when the third party, for whatever reason, chose not reveal the subpoena. In the Smart case, for instance, the school did not reveal the defense "strategy" [258] because it simply handed the materials over to the defense - in possible contravention of the Family Educational Rights and Privacy Act. [259] But the hospital refused to hand over Elizabeth's records and contacted the Smart family, which ultimately led to a public outcry over the subpoenas. There is no rhyme or reason to a procedure that is supposed to protect defense strategy but that actually turns on the happenstance of whether third parties choose to notify crime victims or the public about subpoenas they receive.

The haphazardness of the Advisory Committee's approach becomes even clearer when one realizes that defense "strategy" can be protected only where the confidential information happens to rest in the hands of a third party rather than the victim herself. Consider, for example, a rape victim who has talked to a rape crisis counselor, who takes notes of the meeting. A defendant might attempt to subpoena those notes from the counselor. [260] But if the counselor had previously transferred the notes back to the rape victim, then the subpoena would have to be directed to the victim herself - and the victim could then move to quash the subpoena. This is not some academic hypothetical, as rape counselors in Pennsylvania in the 1980s used precisely this procedure to protect their clients against abusive defense subpoenas. [261] Moreover, rape counselors - and, indeed, most third parties involved in maintaining the personal and confidential information of victims - will probably have very strong incentives

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[257] See *Wardius v. Oregon, 412 U.S. 470, 475-76 (1973); United States v. Bahamonde, 445 F.3d 1225, 1229 (9th Cir. 2006); Newman v. Hopkins, 192 F.3d 1132, 1135 (8th Cir. 1999),* vacated ***529 U.S. 1084 (2000);*** *United States ex rel. Veal v. DeRobertis, 693 F.2d 642, 646-47 (7th Cir. 1982).* Indeed, such reciprocity may not even be required if "significant governmental interests" support its omission. See *Wardius, 412 U.S. at 476.*

[258] Such as it was - apparently the only reason for the subpoenas was to try and dig up some dirt on the young kidnapping victim. See Stephen Hunt, Defense Blasted for Obtaining Smart's School Records, Salt Lake Trib., Jan. 14, 2005, at B2.

[259] *20 U.S.C. § 1232g*(b) (2006).

[260] As will be discussed shortly in the next Section of this Article, such a subpoena would likely be inappropriate for substantive reasons as well. See supra Part IV, § 3.

[261] The Pennsylvania Supreme Court initially found that records held by rape counseling centers were subject to only limited protection from defense subpoenas. See *In re Pittsburgh Action Against Rape, 428 A.2d 126, 132 (Pa. 1981).* The results of that unfortunate decision were swift. Rape victims requested the return of their records from the center and, in some cases, even requested termination of the counseling relationship. *Commonwealth v. Wilson, 602 A.2d 1290, 1294 n.6 (Pa. 1992);* Tera Jckowski Peterson, Comment, Distrust and Discovery: The Impending Debacle in Discovery of Rape Victims' Counseling Records in Utah, *2001 Utah L. Rev. 695;* Beth Stouder, Note, Pennsylvania Establishes New Privilege for Communications Made to a Rape Crisis Center Counselor - In re Pittsburgh Action Against Rape, 55 Temp. L.Q. 1124, 1146 (1982). In light of this serious problem, the Pennsylvania legislature enacted a new, absolute privilege protecting communications to rape crisis counselors from any disclosure without the consent of the victim. See 42 Pa. Cons. Stat. § 5945.1(b) (2000) (upheld against constitutional attack in *Wilson, 602 A.2d at 1297).*



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for disclosing the fact of the subpoena to the victim, because of both ethical and legal considerations. [262] Thus, the Advisory **[*909]** Committee's use of ex parte procedures will only randomly protect defense strategy from disclosure.

The impossibility of truly ex parte procedures for Rule 17 subpoenas to third-parties has been recognized by several court decisions. For example, in United States v. Urlacher, the defendant sought to use Rule 17 to subpoena financial, family, and employment information concerning an individual believed by the defendant to be the government's main witness at trial. [263] The court declined to approve the subpoena ex parte, explaining that the custodian of the records "has a Rule 17(c) motion to quash or modify, and one cannot easily imagine that such a motion should be heard and decided in secret … and hidden from the opposing party and the public." [264] The court went on to explain the constitutional difficulties presented by such an approach, given that the First ***Amendment*** creates a general public right of access to court proceedings. [265]

Even if there is some arguable defense interest in not disclosing "strategy," that interest must be subordinated to the compelling victim interests that are at stake. My proposal (and the Advisory Committee's) applies to third-party subpoenas directed to the victim's personal or confidential information. Congress has commanded that victims must not only be treated with "fairness," but also "with respect for the victim's dignity and privacy." [266] Protecting dignity and privacy requires a hearing when confidential information is at stake.

The Advisory Committee Note on its proposal does obliquely deal with this issue in a way that misstates the relevant legal landscape. The Note accompanying the proposed Rule 17 ***amendment*** states vaguely that, "in exercising its discretion [about whether to give notice of a request for a subpoena], the court should consider the relevance of the subpoenaed material to the defense, whether giving notice would prejudice the defense, and the degree to which the subpoenaed material implicates the privacy and dignity interests of the victim." [267] This imprecise listing of discretionary factors misstates the law. The court is not required to "consider" some victim-related factors and then make a discretionary decision. The ***CVRA*** commands that victims have "the right" to "be treated … with respect for the victim's dignity and privacy." [268] Thus, if withholding notice to a victim fails to respect the victim's dignity and privacy (as I believe it invariably will), then the court must give notice - end of story. [269] The ***CVRA*** flatly directs: **[*910]** "In any court proceedings involving an offense against a crime victim, the court shall ensure that the crime victim is afforded the rights described [in the ***CVRA***]." [270]

The Advisory Committee Note is also an incomplete listing of the victim's rights that are implicated in decisions about issuing subpoenas. From a procedural perspective, if the court holds a hearing on whether to issue the subpoena, the ***CVRA*** entitles a

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[262] Cf. *42 U.S.C. § 254b*(k)(3)(B) (2006) (enforcing confidentiality of medical records).

[263] *136 F.R.D. 55, 551-57 (W.D.N.Y. 1991).*

[264] Id. at 556.

[265] Id. at 556-57. But cf. ***United States v. Beckford, 994 F. Supp. 1010, 1027 (E.D. Va. 1997)*** (noting that Urlacher states the majority rule, but concluding that ex parte procedures should be permitted in "exceptional circumstances").

[266] *18 U.S.C. § 3771*(a)(8).

[267] See Proposed ***Amendments***, supra note 71, R. 17, at 8.

[268] *18 U.S.C. § 3771*(a)(8).

[269] In theory, the Advisory Committee could argue that the ***CVRA*** is unconstitutional in this respect and therefore must give way. But the ***CVRA*** is presumed to be constitutional and the caselaw strongly supports the Act. See, e.g., *Wardius v. Oregon, 412 U.S. 470, 475 (1973)* (finding no constitutional barrier to reciprocal discovery rules that act as a "two-way street"); cf. *Forsythe v. Walters, 38 F. App'x 734, 737 (3d Cir. 2002)* (finding that "application of the ***CVRA*** does not exact a punishment and therefore the ***CVRA*** can not violate the Ex Post Facto Clause").

[270] *18 U.S.C. § 3771*(b)(1) (emphasis added).

crime victim to notice of that proceeding [271] and to an opportunity to attend that hearing, unless the victim's testimony would clearly be materially affected from attending the hearing. [272] From a substantive perspective, subpoenas for personal or confidential materials are often outside the scope of legitimate discovery, as will be explained in the next section. Such subpoenas can also implicate a victim's right to "be reasonably protected from the accused." [273] For example, a defense subpoena to the Department of Motor Vehicles for address information could very directly jeopardize a victim's safety. [274] Yet the Advisory Committee Note makes no mention of such legitimate factors - factors the ***CVRA*** requires courts to consider.

Finally, given all this, if disclosure of defense "strategy" somehow remains the overriding issue in handling a subpoena, there are less-abusive means for dealing with the problem. For example, a court could give the victim notice of the subpoena but also enter an order forbidding the prosecution from using any information it might learn as a result of this disclosure. Such an order is far preferable to the ex parte procedure proposed by the Advisory Committee. For the above reasons, the Advisory Committee's proposal for Rule 17 is insufficiently protective of crime victims' procedural rights. [275]

(3) The Lack of a Basis for Defense Subpoenas for Confidential Information

The Advisory Committee's approach is not only procedurally flawed but also substantively flawed. In particular, the Advisory Committee arguably expands a defendant's power to subpoena confidential material from a victim, thereby creating new rights for defendants at the expense of victims' rights under the **[*911]** ***CVRA***. This violates the Rules Enabling Act, which provides that court-promulgated rules shall not "abridge, enlarge or modify any substantive right." [276]

The Advisory Committee's proposed rule would read: "[A] subpoena requiring the production of personal or confidential information about a victim may not be served on a third party without a court order, which may be granted ex parte." [277] The clear implication of this sentence is that, with a court order, a subpoena can be served on a third party requiring production of personal or confidential information. Nothing in the proposed rules (or the Advisory Committee Notes) appears to require any further showing before the subpoena would issue. This seems to give defendants unrestrained subpoena power over confidential information. If this implication is correct, then the Advisory Committee has, remarkably, taken a law designed to provide more protection for victims and used it to create less in clear contravention of the ***CVRA*** and the Rules Enabling Act.

The governing law on subpoenas comes from United States v. Nixon, which interpreted Rule 17 to require a subpoenaing party to show relevancy, admissibility, and specificity of any information sought. [278] In particular, for a subpoena to issue before trial, Nixon requires the moving party to show:

(1) that the documents are evidentiary and relevant; (2) that they are not otherwise procurable reasonably in advance of trial by exercise of due diligence; (3) that the party cannot properly prepare for trial without such production and inspection in advance

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[271] Id. § 3771(a)(2).

[272] Id. § 3771(a)(3).

[273] Id. § 3771(a)(1).

[274] In addition, the ability to subpoena such information would directly undermine current caselaw, which grants the defendant no right to disclosure of the names and addresses of government witnesses before trial. For further discussion, see infra notes 325-335 and accompanying text.

[275] Apparently as a partial response to these concerns, the Advisory Committee made some changes in its proposed ***amendment*** to Rule 17. See infra notes 232-233 and accompanying text.

[276] *28 U.S.C. § 2072*(b).

[277] Proposed ***Amendments***, supra note 71, R. 17(c)(3), at 7.

[278] *418 U.S. 683, 700 (1974).*

of trial and that failure to obtain such inspection may tend unreasonably to delay the trial; and (4) that the application is made in good faith and is not intended as a general "fishing expedition." [279]

Because of this governing law, I proposed that Rule 17 should itself identify restrictions on a defendant's ability to subpoena confidential information. My proposal incorporates specificity, relevancy, and admissibility components - conforming with, rather than altering, existing law. My current proposal [280] requires the information be specifically described and admissible at trial - and it bars evidence sought for impeachment purposes only. In contrast, the Advisory Committee seemingly enlarges the substantive rights of defendants by failing to reference even a single Nixon factor in its proposal. Thus, unless a court takes it upon itself to ensure the relevancy, specificity, and admissibility of the subpoenas, **[*912]** the Advisory Committee proposal might provide the defendant with license to conduct the very "fishing expedition" that Nixon forbids.

The proposed Advisory Committee Note adds to this confusion. The Note indicates that in considering whether to issue the subpoena, the court should consider "the relevance of the subpoenaed material to the defense." [281] But this is an overly broad formulation. The court should only consider the relevance of the material to the defense at trial, since this is the only permissible basis for a subpoena.

Current law clearly limits Rule 17 subpoenas to evidence that is admissible at trial. [282] The reason for Nixon's limitations of relevance, admissibility, and specificity is that subpoenas are "not intended to provide a means of discovery for criminal cases" but only to "expedite the trial by providing a time and place before trial for the inspection of subpoenaed materials." [283] With regard to admissibility, Nixon explained that "generally, the need for evidence to impeach witnesses is insufficient to require its production in advance of trial." [284] In other words, documents sought for the narrow purpose of impeachment are not evidentiary for the purposes of Rule 17. [285] In Nixon, only because the prosecutor made a sufficient preliminary showing that the subpoenaed tapes contained "evidence admissible with respect to the offenses charged in the indictment" and that the evidence could be validly used as nonimpeachment evidence, did the Court find the evidence to be subpoenable. [286]

Courts apply Nixon's admissibility test strictly, rejecting, for example, subpoenas for hearsay evidence that would be inadmissible at trial. [287] The cases have recognized that broad subpoenas run afoul of these limitations - including subpoenas seeking information about crime victims. [288] For example, in United States v. Hang, the Eighth Circuit affirmed the district

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[279] *Id. at 699-700* (citing *United States v. Iozia, 13 F.R.D. 335, 338 (S.D.N.Y. 1952)).*

[280] My earlier proposal specifically required that no subpoena would issue "without a finding by the court that the information is relevant to trial." Cassell, Proposed ***Amendments***, supra note 4, at 875 (emphasis added). In view of the importance of the Nixon factors, it now seems desirable to spell them all out, as my current proposal does.

[281] Proposed ***Amendments***, supra note 71, R. 17, at 8.

[282] *Nixon, 418 U.S. at 699-700.*

[283] *Id. at 698-99* (emphasis removed).

[284] *Id. at 701.*

[285] See *United States v. Cherry, 876 F. Supp. 547, 553 (S.D.N.Y. 1995).*

[286] *Nixon, 418 U.S. at 700-702.*

[287] See, e.g., *Cherry, 876 F. Supp. at 553* (rejecting subpoenaed prosecutors' investigative files as inadmissible hearsay).

[288] Cf. *United States v. Alexander, No. 94-10568, 1996 U.S. App. LEXIS 1662, 16-17* (9th Cir. Jan. 18, 1996) (quashing subpoenaed records from rape center because nothing warranted disclosure prohibited by Victims of Crimes Act); *United States v. Cherry, No. 90-5784, 1991 U.S. App. LEXIS 18192, 11-13* (4th Cir. Aug. 12, 1991) (quashing subpoenaed police files because they were in part irrelevant); *Amsler v. United States, 381 F.2d 37, 51 (9th Cir. 1967)* (holding subpoena of Frank Sinatra, regarding ransom money, an oppressive and unreasonable use of the court).

court's refusal to issue subpoenas designed to uncover documents relating to the mental health of a victim and various witnesses. [289] The court described the broad and speculative nature of the request directed toward a hospital, observing that the defense was ""hard- **[*913]** pressed' to describe the information it hoped to discover in the materials." [290] Consistent with Nixon, the court found the defendant's request "exemplified his "mere hope' that the desired documents would produce favorable evidence, and a Rule 17(c) subpoena cannot properly be issued upon a "mere hope.'" [291] Similarly, in State v. Percy, the Vermont Supreme Court upheld the lower court's refusal to order production by the victim. [292] The defendant had requested production of the victim's mental health information, arguing it was necessary for him to present his defense. [293] The Vermont Supreme Court rejected the defendant's arguments, finding that he made no showing of the materiality or helpfulness of the information - "indeed, [the] defendant essentially admitted the underlying acts." [294] The court also found it notable that the information sought was in the hands of a third party - not the State - and that the defendant made a broad request, rather than specifying particular records in the subpoena. [295] In aggregate, the court considered those factors "fatal" to the defendant's request. [296]

These cases were all decided against a constitutional backdrop that must favor crime victims: a criminal defendant has no constitutional right to conduct discovery, while confidential and personal information of crime victims may be protected by a constitutional right of privacy.

The Supreme Court has clearly held that "there is no general constitutional right to discovery in a criminal case." [297] Indeed, the Constitution "has little to say regarding the amount of discovery which the parties must be afforded." [298] The only remotely related due process requirement the Court has recognized is the requirement that prosecutors disclose evidence that is favorable to the accused and material to guilt or punishment [299] - evidence that would deprive the defendant of a fair trial if not disclosed. [300] But even this rule - the Brady rule - is not a discovery rule and it does not reflect any discovery rights. Rather, it is a "self-executing constitutional rule" - a rule of "fairness and minimum prosecutorial obligation." [301] Recognizing this, the Supreme Court has carefully circumscribed Brady: "An interpretation of Brady to create a broad, constitutionally required right of discovery would entirely alter the character and balance of our present systems of **[*914]** criminal justice." [302] Indeed,

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[289] *75 F.3d 1275, 1283-84 (8th Cir. 1996).*

[290] *Id. at 1283.*

[291] Id. (citing *United States v. Cuthbertson, 630 F.2d 139, 146 (3d Cir. 1980)).*

[292] ***548 A.2d 408, 415 (Vt. 1988).***

[293] ***Id. at 413.***

[294] ***Id. at 414-15.***

[295] Id.

[296] ***Id. at 415.***

[297] *Weatherford v. Bursey, 429 U.S. 545, 559 (1977);* see also *United States v. Ruiz, 536 U.S. 622, 629 (2002)* (quoting *Weatherford, 429 U.S. at 559).*

[298] *Wardius v. Oregon, 412 U.S. 470, 474 (1973).*

[299] See *Brady v. Maryland, 373 U.S. 83, 87 (1963).*

[300] See *United States v. Bagley, 473 U.S. 667, 675 (1985).*

[301] *United States v. Garrett, 238 F.3d 293, 302 (5th Cir. 2000)* (citation and internal quotation marks omitted).

[302] *Bagley, 473 U.S. at 675 n.7* (citation and internal quotation marks omitted).

Brady's requirements are incongruous with traditional discovery, as Brady does not even apply at pretrial stages. [303] *Rule 16 of the Federal Rules of Criminal Procedure* was built on this foundation. The assumption that no right to discovery exists "is still the underlying predicate for Rule 16." [304]

Because there is no constitutional right to discovery, discovery is determined largely by statute and court rule. [305] Discovery statutes typically apply to exculpatory material within the possession or control of the state. [306] For example, in the Supreme Court case of Pennsylvania v. Ritchie, the defendant sought recorded statements made to a youth counselor concerning an alleged assault. [307] The recorded statements were taken and possessed by Pennsylvania's Children and Youth Services, a state-created agency. [308] The Court concluded that due process considerations required an in camera review of the records to see whether they might contain information material to the defense. [309] The Court explained that "it is well settled that the government has the obligation to turn over evidence in its possession that is both favorable to the accused and material to guilt or punishment." [310] The Court cited the well-known decision of Brady v. Maryland, [311] as authority for this conclusion. [312]

Ritchie and other cases relying on Brady have no relevance to the issue of subpoenas to third parties. "Brady imposes a constitutional duty on prosecutors to turn over exculpatory evidence … ." [313] The rationale for such a rule is that the prosecutor, after initiating criminal charges, should not be the "architect" of an unfair proceeding. [314] Plainly, crime victims (and third parties holding records about crime victims) are not state actors. They are not architects of the criminal proceedings and therefore are not subject to these constitutional restrictions on state action. The Seventh Circuit explained this point clearly in United States v. **[*915]** Hach. [315] There, the defendant sought to compel a third-party witness to turn over her medical and psychiatric records to the court for in camera review. [316] The witness refused to release her records, which were not held by any government agency. [317] The government argued it was powerless to force her to accede to the demand. [318] The Seventh Circuit agreed, holding that "a failure to show that the records a defendant seeks are in the government's possession is fatal to [a Ritchie claim]." [319] The Seventh Circuit noted that the two other opinions it could locate on the due process question had reached precisely the same conclusion. [320] In United States v. Skorniak, the Eighth Circuit held that a defendant could not subpoena medical records of a witness. [321] And the government is under no obligation to seek out potentially exculpatory

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[303] See ***United States v. Frick, 490 F.2d 666, 671 (5th Cir. 1978)*** (citing *Archer v. United States, 393 F.2d 124, 126 (5th Cir. 1968)).*

[304] *United States v. Oxman, 740 F.2d 1298, 1307 (3d Cir. 1984).*

[305] See 4 Wayne R. LaFave et al., Criminal Procedure § 20.3m, at 930-31 (3d ed. 2000).

[306] See, e.g., *Fed. R. Crim. P. 16(a)* (requiring "the government" to disclose to the defense various kinds of information).

[307] *480 U.S. 39, 43 (1987).*

[308] See id.

[309] *Id. at 47.*

[310] *Id. at 57* (emphases added).

[311] *373 U.S. 83 (1963)* (holding government must disclose exculpatory evidence in its possession to the defense).

[312] *Richie, 480 U.S. at 57.*

[313] *Bolduc v. United States, 402 F.3d 50, 56 n.6 (1st Cir. 2005)* (emphasis added). Courts have held that Brady obligations extend only to prosecutors, because the Supreme Court has not imposed this duty on others. See *Villasana v. Wilhoit, 368 F.3d 976, 979 (8th Cir. 2004).*

[314] See *Brady, 373 U.S. at 88.*

[315] *162 F.3d 937 (7th Cir. 1998).*

evidence, the court reasoned. [322] Similarly, a Maryland appellate court, in Goldsmith v. State, denied a defendant's attempt to obtain access to a witness's psychiatric record. [323] After examining the relevant authorities, the court explained: "We find no common law, court rule, statutory or constitutional requirement that a defendant be permitted pretrial discovery of privileged records held by a third party." [324] Thus, crime victims (and third parties holding information about crime victims) will only rarely - if ever - have information a defendant is constitutionally entitled to examine.

Because a defendant has no constitutional right to discovery, any such claim must rest on a statute. Yet the federal statutes, if anything, cut against broad discovery claims. The Jencks Act, [325] for example, restricts access to statements by **[*916]** government witnesses. [326] It specifically mandates that only after a government witness testifies on direct examination shall the statement of the witness be the subject of discovery. [327] The Jencks Act does not even allow access to all statements - a witness statement need only be produced if the statement "relates to the subject matter "as to which the witness has testified'" not if it merely "relates to the subject matter "at issue in [the] case.'" [328] Even then, only a ""substantially verbatim recital of an oral statement made by said witness to an agent'" is discoverable under the Jencks Act. [329] Although the Act was meant to preserve defendants' right to access information that might aid in impeaching government witnesses at trial, "the legislative history expresses a much greater concern with limiting the application of the Jencks decision so that it would not hamper the workings of law enforcement by forcing wholesale disclosure of government materials and files." [330]

The Jencks Act also bars any pretrial disclosure of witness statements. "Congress provided for discovery of statements only after the witness has testified, out of concern for witness intimidation, subornation of perjury, and other threats to the integrity of the trial process." [331] Courts have held true to this congressional determination, blocking defense efforts to obtain pretrial discovery about government witnesses. For example, in United States v. Coppa, the Second Circuit overturned the district court's approval of a scheduling order requiring the government to identify its witnesses in advance of trial. [332] The district court, "mindful of [the Act's] concern" for witness safety, had allowed the government to file ex parte motions delaying discovery of the witnesses' identity where such disclosure would pose a threat to the witnesses' lives or safety. [333] The Second Circuit, however, found this protection insufficient to meet the witness-protective goals of the Jencks Act. Specifically, the

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[316] *Id. at 946.*

[317] Id.

[318] Id.

[319] *Id. at 947.* The Seventh Circuit also noted that the Wisconsin Supreme Court had reached a contrary conclusion, relying on state law grounds. *Id. at 946 n.5.* The Wisconsin decisions do not offer a principled reason for extending Ritchie to private records and should not be regarded as persuasive authority here. See *State v. Shiffra, 499 N.W.2d 719, 722 (Wis. Ct. App. 1993)* (concluding that the issue of application of Ritchie to private records had already been decided in State v. S.H.); *State v. S.H., 465 N.W.2d 238, 241 (Wis. Ct. App. 1999)* (applying Ritchie to private records without any discussion of the issue).

[320] *Hach, 162 F.3d at 947.* Other courts have reached the same result. See, e.g., *United States v. Hall, 171 F.3d 1133, 1145 (8th Cir. 1999)* (upholding decision not to compel disclosure of witness medical and psychiatric records: "the government has no obligation to obtain for a defendant records that it does not already have in its possession or control"); *State ex rel. Romley v. Superior Court, 836 P.2d 445, 452 (Ariz. Ct. App. 1992)* ("Brady emphasizes suppression of evidence by the prosecution, but does not require the victim to cooperate with the defense [to produce medical records held by the victim].").

[321] *59 F.3d 750, 755-56 (8th Cir. 1995).*

[322] Id.

[323] *651 A.2d 866, 868, 877 (Md. 1995).*

[324] *Id. at 873.*

[325] *18 U.S.C. § 3500* (2006).

[326] Id. § 3500(a).

court determined "this remedy does not address the Government's justifiable concerns regarding the risk of witness tampering in circumstances where there is no evidence that the life or safety of a prospective witness is in danger." [334] In other words, Jencks Act protection is not limited to situations where the government shows an actual danger to witnesses - its witness-protective qualities reach much further. [335]

**[*917]** The lack of grounds for subpoenas seeking victim information is more evident when viewed against a legal landscape that gives defendants no right before trial to obtain even the names of government witnesses. Current law provides no basis for the pretrial disclosure of the names and addresses of government witnesses - including witnesses who are crime victims. For one thing, Rule 16, which governs discovery and inspection in criminal cases, contains no provisions for such disclosure. This omission was purposeful and mirrors the witness-protective purposes of the Jencks Act:

A majority of the Conferees [that is, congressional members determining the language of Rule 16] believe it is not in the interest of the effective administration of criminal justice to require that the government or the defendant be forced to reveal the names and addresses of its witnesses before trial. Discouragement of witnesses and improper contacts directed at influencing their testimony, were deemed paramount concerns in the formulation of this policy. [336]

Rule 16, therefore, along with other criminal discovery rules, "does not entitle defendants to pretrial discovery of names and addresses of prospective government witnesses or persons who have knowledge of the case." [337]

By statute, capital cases are exempt from this rule. In capital cases, the accused is entitled to a copy of the indictment and a list of juror and witness names and address - but only three days in advance of the trial. [338] And notably, the same statute explicitly provides for the withholding of this information "if the court finds by a preponderance of the evidence that providing the list may jeopardize the life or safety of any person." [339] No statute authorizes similar disclosures in noncapital cases. As the Eighth Circuit noted in United States v. Hutchings, "neither [Rule 16(a)] governing information subject to disclosure by the Government in criminal cases, nor any other federal rule or statute requires the Government to supply names of potential

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[327] See id. § 3500(b); see also *Fed. R. Crim. P. 26.2* (integrating Jencks Act into the federal rules).

[328] *United States v. Susskind, 4 F.3d 1400, 1404 (6th Cir. 1993).*

[329] *United States v. Martinez, 87 F.3d 731, 739 (5th Cir. 1996)* (quoting *Palermo v. United States, 360 U.S. 343, 351 (1959)).*

[330] *United States v. Bobadilla-Lopez, 954 F.2d 519, 521 (9th Cir. 1992).*

[331] *United States v. Tarantino, 846 F.2d 1384, 1414 (D.C. Cir. 1988).*

[332] *267 F.3d 132, 138, 145-46 (2d Cir. 2001).*

[333] *Id. at 138-39.*

[334] *Id. at 139.*

[335] See, e.g., *United States v. Presser, 844 F.2d 1275, 1285 (6th Cir. 1988)* ("Providing the defense with such a broad right of pre-trial discovery would vitiate an important function of the Jencks Act, the protection of potential government witnesses from threats of harm or other intimidation before the witnesses testify at trial.").

[336] H.R. Rep. No. 94-414, at 12 (1975) (Conf. Rep.), reprinted in 1975 U.S.C.C.A.N. 713, 716.

[337] *United States v. Laurins, 660 F. Supp. 1579, 1584 (N.D. Cal. 1987).*

[338] See *18 U.S.C. § 3432* (2006).

[339] See id.

witnesses to a criminal defendant in a noncapital case." [340] Many other courts have reached substantially the same conclusion. [341]

**[*918]** A few older cases held that district courts possess authority to compel the government to disclose the identity of its witnesses before trial. However, the basis for such grants of authority now seems defunct. For instance, in United States v. Armstrong, the Ninth Circuit recognized no authority exists in the federal rules for requiring the government to disclose the names of its witnesses. [342] Still, the court held that district courts have authority to require such disclosure based on *Federal Rule of Criminal Procedure 57(b)*. [343] This rule acts as a stopgap: in the absence of controlling law, it allows judges to "regulate practice in any manner consistent with federal law, these rules, and the local rules of the district." [344] In light of the conference report on Rule 16, compelling disclosure of witness names before trial appears inconsistent with the federal rules. And even if the Ninth Circuit's approach was valid at the time Armstrong was decided, such an approach is no longer valid in light of the ***CVRA***. Rule 57(b) only provides a basis for court authority in the absence of controlling law - since 2004, the ***CVRA*** has controlled the treatment of victims. The ***CVRA*** clearly mandates a victim be "reasonably protected from the accused," [345] as well as treated with "fairness and with respect for the victim's dignity and privacy." [346] Disclosure of a victim's name and address before trial is governed by these mandates, not vague gap-filling provisions.

If a defendant cannot even validly compel disclosure of a victim's name and address in advance of trial, it is nonsensical to think a defendant could validly subpoena the same information from the Department of Motor Vehicles or the telephone company - and it is incredible to think a defendant could use the Advisory Committee's rule to subpoena even more personal victim information. The rules would be backward indeed if a defendant were able to subpoena a victim's confidential mental health records in a legal system that disallows compelled disclosure of a witness's name or address. Instead, the only rational conclusion is that because defendants have no right to witnesses' identifying information, they certainly have no right to other sorts of victim-related discovery. Clearly, then, defendants have little constitutional or statutory "heft" behind an argument for subpoenas directed at obtaining victim information.

On the other hand, victims will often have legitimate reasons for resisting such subpoenas - reasons that are protected not only by the ***CVRA*** but also by the Constitution, under current case law, and as part of the right of privacy. [347] One aspect of this due process privacy right is "the individual interest in avoiding **[*919]** disclosure of personal matters" [348] or, in other words, "the

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[340] *751 F.2d 230, 236 (8th Cir. 1984);* accord *United States v. House, 939 F.2d 659, 663 (8th Cir. 1991)* ("Criminal defendants in non-capital cases are not entitled to pretrial disclosure of witnesses.").

[341] See, e.g., *United States v. Pearson, 340 F.3d 459, 468 (7th Cir. 2003); United States v. Bejasa, 904 F.2d 137, 139 (2d Cir. 1990); United States v. Barrett, 766 F.2d 609, 617 (1st Cir. 1985); United States v. Conder, 423 F.2d 904, 910 (6th Cir. 1970).*

[342] *631 F.2d 951, 954-55 (9th Cir. 1980).*

[343] *Id. at 955.*

[344] *Fed. R. Crim. P. 57(b)*.

[345] *18 U.S.C. § 3771*(a)(1) (2006).

[346] Id. § 3771(a)(8).

[347] My discussion of these issues draws heavily on thoughts from an extremely knowledgeable crime victims' litigator - Wendy Murphy. See Wendy J. Murphy, Crime Victims, Not Defendants, Enjoy Constitutional Rights When the Accused Seeks Access to Private Third-Party Records (2007) [hereinafter Murphy, Crime Victims]; see also Wendy J. Murphy, "Federalizing" Victims' Rights to Hold State Courts Accountable, *9 Lewis & Clark L. Rev. 647 (2005).*

[348] *Whalen v. Roe, 429 U.S. 589, 598-99 (1977).* In his Whalen concurrence, Justice Brennan asserted that if a statute allowed indiscriminate disclosure of personal medical records, "such a deprivation [of privacy] would only be consistent with the Constitution if it were necessary to promote a compelling state interest." *Id. at 607* (Brennan, J., concurring).

privacy interest in keeping personal facts away from the public eye." [349] Consider, for example, the privacy of therapeutic counseling communications. Federal case law establishes that such communications are protected by a constitutional privacy right [350] - a right that would be gutted if defendants were allowed to freely subpoena victims' mental health records. Moreover, some courts and commentators suggested the Fourth ***Amendment***'s prohibition against unreasonable searches and seizures applies to (and may prohibit) court-mandated discovery of victims. [351]

For all these reasons, a defense subpoena seeking third-party information about a crime victim rests on extraordinarily shaky ground. The Advisory Committee must ensure that through casual drafting it does not inadvertently invite more defense subpoenas for such information. The Advisory Committee's current draft may well have that effect, by seemingly authorizing such subpoenas without regard to the numerous restrictions governing their use (and even allowing them to be issued ex parte). The Committee should, instead, follow my approach by indicating very clearly that such subpoenas are only allowed where specifically identified evidence will be obtained that is relevant to and admissible at trial, and **[*920]** that is otherwise reasonable. As a weaker but still positive alternative, the Committee could include an Advisory Committee Note making this point clear. One possible note would be as follows:

Rule 17(c)(3) is intended to provide greater procedural protection for crime victims than exists under current law. It is not intended to expand in any way the permissible grounds for defense subpoenas. Like other trial subpoenas, a defense subpoena seeking victim information must narrowly request only information admissible at trial and may not be used for discovery. See *United States v. Nixon, 418 U.S. 683*[, 700] (1974) (requiring subpoenaing party to "clear three hurdles: (1) relevancy; (2) admissibility; (3) specificity"). A defense subpoena must also not tread on a crime victim's constitutionally-protected privacy interests, see *Whalen v. Roe, 429 U.S. 589, 598-99 (1977),* or statutorily-protected interests to respect for privacy and dignity, see Crime Victims' Rights Act, *18 U.S.C. § 3771*(a) (2000 & Supp. 2006). As a result, such subpoenas will only rarely be proper. See generally Paul G. Cassell, Treating Crime Victims Fairly: Integrating Victims into the Federal Rules of Criminal Procedure, *2007 Utah L. Rev. 861.* [352]

Rule 18 - Victims' Interests in Setting the Place of Prosecution The Proposals:

I proposed amending Rule 18 to require the court to consider the convenience of victims in setting the place of prosecution as follows:

Rule 18. Place of Prosecution and Trial

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[349] *U. S. Dep't of Justice v. Reporters Comm. for Freedom of the Press, 489 U.S. 749, 769 (1989).*

[350] See *Borucki v. Ryan, 827 F.2d 836, 845 (1st Cir. 1987)* (recognizing right to privacy issues that arise with regard to communications to mental health workers); *Caesar v. Mountanos, 542 F.2d 1064, 1072 (9th Cir. 1976)* (finding psychotherapist-patient communications fall within right to privacy); *Haw. Psychiatric Soc'y v. Ariyoshi, 481 F. Supp. 1028, 1038 (D. Haw. 1979)* (finding zone of autonomy protects decision to communicate personal information to psychiatrist); see also *Nat'l Transp. Safety Bd. v. Hollywood Mem'l Hosp., 735 F. Supp. 423, 424 n.2 (S.D. Fla. 1990)* (citation and internal quotations omitted).

[351] See, e.g., *People v. Nokes, 183 Cal. App. 3d 468, 476-78 (Cal. Ct. App. 1986)* (reviewing Fourth ***Amendment*** precedent in its determination of the validity of court-ordered examinations of victims and determining precedent to be contrary to allowing such examinations); see also Murphy, Crime Victims, supra note 347 ("The Fourth ***Amendment*** is not only a right of criminal defendants, but a "right of the people' to be free from unreasonable searches of their "persons, houses, papers and effects' … . Therefore, the Fourth ***Amendment*** protections extended to criminal defendants in Boyd must also be extended to the third parties impacted by criminal litigation."); Troy Andrew Eid, Comment, A Fourth ***Amendment*** Approach to Compulsory Physical Examinations of Sex Offense Victims, *57 U. Chi. L. Rev. 873, 894 (1990)* (arguing that court-mandated physical examinations of victims' of sexual crimes are prohibited by the Fourth ***Amendment***, as interpreted by the Supreme Court). But cf. *Borucki v. Ryan, 827 F.2d 836, 844 (1st Cir. 1987)* (finding information the Fourth ***Amendment*** protects from seizure is not "necessarily entitled to protection under a right of nondisclosure originating in the Fourteenth ***Amendment***").

[352] In response to my criticisms, the Advisory Committee agreed to make some changes in its proposed rule, making it much more difficult (but not impossible) for defendants to obtain an ex parte subpoena. See infra notes 588-592 and accompanying text.



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Unless a statute or these rules permit otherwise, the government must prosecute an offense in a district where the offense was committed. The court must set the place of trial within the district with due regard for the convenience of the defendant, any victim, and the witnesses, and the prompt administration of justice. [353]

The Advisory Committee adopted this proposal verbatim. [354]

**[*921]** Discussion:

Little needs be said about the Advisory Committee's agreement with my proposal here, other than to note that the Committee's rationale for this change was "to implement the victim's "right to be treated with fairness' under the Crime Victims' Rights Act." [355] Why the Advisory Committee chose to implement the victims' fairness rights in Rule 18 - and only Rule 18 - is not immediately clear. [356]

Rule 20 - Victims' Views Considered Regarding Consensual Transfer The Proposals:

I proposed that Rule 20 be amended to allow the court to consider the victim's views in any decision to transfer a case as follows:

Rule 20. Transfer for Plea and Sentence

(a) Consent to Transfer. A prosecution may be transferred from the district where the indictment or information is pending, or from which a warrant on a complaint has been issued, to the district where the defendant is arrested, held, or present if:

(1) the defendant states in writing a wish to plead guilty or nolo contendere and to waive trial in the district where the indictment, information, or complaint is pending, consents in writing to the court's disposing of the case in the transferee district, and files the statement in the transferee district; and

(2) the United States attorneys in both districts approve the transfer in writing after consultation with any victim. If any victim objects to the transfer, the United States attorney in the transferring district or the victim's attorney shall advise the court where the indictment or information is pending of the victim's concerns. [357]

I also proposed a similar change should be made to Rule 20(d) regarding transfer of juvenile proceedings. [358]

The Advisory Committee recommended no change to Rule 20. [359]

**[*922]** Discussion:

The Advisory Committee rejected this proposed change for the following reasons:

The ***CVRA*** does not specifically address transfer. It does give the victim a right to confer with the attorney for the government, *18 U.S.C. § 3771*(a)(5), but that is not the same as requiring the attorney for the government to notify the court of the victim's views regarding transfers. Indeed, the ***CVRA*** provides that "nothing in this chapter shall be construed to impair the prosecutorial discretion of the Attorney General or any officer under his direction." *18 U.S.C. § 3771*(d)(6). Accordingly, the

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[353] Cassell, Proposed ***Amendments***, supra note 4, at 878-79.

[354] See Proposed ***Amendments***, supra note 71, R. 18, at 9.

[355] Id. at 352.

[356] See supra notes 95-97 and accompanying text (discussing this point).

[357] Cassell, Proposed ***Amendments***, supra note 4, at 879-80.

[358] Id. at 879-80.

[359] Proposed ***Amendments***, supra note 71.

***CVRA*** contemplates that the attorney for the government will consider the victim's interests in exercising prosecutorial discretion, including the discretionary determination whether to consent to a Rule 20 transfer. The Subcommittee was not persuaded that the rule should disturb this statutory balance by requiring the attorney for the government to advise the court of a victim's objection to a Rule 20 transfer. In appropriate cases, the attorney for the government should appraise the court of the victim's view. [360]

The Advisory Committee is able to claim that the ***CVRA*** does "not specifically address transfer" only because it reviewed an amputated ***CVRA*** - that is, a ***CVRA*** without a right to fairness. Under an unblinkered fair reading of the ***CVRA***, the right to fairness applies "specifically" to Rule 20 transfer decisions, no less than the Rule 18 decision to set the place of prosecution just discussed and, indeed, all other decisions in the criminal justice process. Thus, the Advisory Committee has unfairly stacked the deck in deciding that it would not "disturb this statutory balance," when it chose not to weigh the victim's right to fairness as part of that balance.

Even under its truncated view of the statute, the Advisory Committee does envision that the prosecutors will confer with victims about Rule 20 transfer decisions. But the Committee did not want to require prosecutors to notify courts of a victim's objection, venturing only that "in appropriate cases, the attorney for the government should appraise the court of the victim's views." [361] The Committee is coy on the question of when it would not be appropriate for the prosecutor to fail to notify a court of the victim's views. Whenever an unrepresented crime victim objects to transferring a case, prosecutors, as officers of the court, have a duty to pass that objection along to the court as relevant **[*923]** information bearing on the transfer decision. [362] The rule should state that fact directly.

Finally, nothing in my proposal would impair prosecutorial discretion. My proposal deals solely with ensuring that victim information is passed along to the judge who must approve a transfer decision. The government remains entirely free to make whatever decision it wants on the issue and argue whatever position it believes is appropriate. Moreover, the ***CVRA*** itself envisions that the government may have obligations to assert victims' rights. For starters, the ***CVRA*** requires prosecutors to "make their best efforts" to see that victims are "accorded" their rights. [363] In addition, the ***CVRA*** gives prosecutors the ability to "assert" victims' rights. [364] This provision was designed to ensure that victims' rights are not inadvertently lost because a victim lacks legal counsel. As Senator Kyl explained, "This provision also recognizes that, at times, the government's attorney may be best situated to assert a crime victim's rights … because the crime victim is not available at a particular point in the trial … ." [365] In light of its obligations to accord victims their rights and to enforce those rights, the government should at least inform the court when a victim has concerns about a transfer.

Rule 21 - Victims' Views Considered Regarding Transfer for Prejudice The Proposals:

I proposed that Rule 21 be amended to require consideration of the victim's interest in whether a case should be transferred as follows:

(e) Victims' Views. The court shall not transfer any proceeding without giving any victim an opportunity to be heard. The court shall consider the views of the victim in making any transfer decision. [366]

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[360] ***CVRA*** Subcommittee Memo, supra note 66, at 17.

[361] Id. (emphasis added).

[362] Cf. *State v. Casey, 2002 UT 29, PP 9-13, 44 P.3d 756* (noting prosecutors' obligation to relay to the court victim's request to be heard).

[363] *18 U.S.C. § 3771*(c)(1) (2006).

[364] Id. § 3771(d)(1).

[365] 150 Cong. Rec. S10912 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[366] Cassell, Proposed ***Amendments***, supra note 4, at 880.

The Advisory Committee recommended no change to this rule. [367]

Discussion:

The Advisory Committee rejected this change because, in its view, the fact that the ***CVRA*** did not specifically address transfer decisions precluded any ***amendment***:
**[*924]**

Judge Cassell grounds his proposal on the general provision of the ***CVRA*** that gives a victim a right to be treated with "fairness." *18 U.S.C. § 3771*(a)(8). The Subcommittee was not persuaded that this general language warranted an ***amendment*** that would require the court to consider the victim's views. In the case of transfers for prejudice, the preferences of the victim could not outweigh the defendant's right to a fair proceeding. In the case of transfers for convenience, the statutory right to confer with the attorney for the government provides the mechanism for incorporating the victim's views. As in the case of Rule 20, the Subcommittee declined to go beyond the carefully crafted limitations of the statute. In appropriate cases, the attorney for the government should appraise the court of the victim's views. [368]

Once again, the Advisory Committee's position clashes with the statute. The Committee does not argue (nor does it seem plausible to argue) that transferring a case to a distant location without even considering the victim's view treats the victim fairly. Instead, the Committee ducks the implications of the right to fairness because it is "general language," as though a "general" command from Congress can be ignored.

Perhaps recognizing the weakness of its position, the Advisory Committee goes on to craft a policy argument against victims being heard. It divides transfer cases into two types - those for convenience and those for prejudice - and concludes that victims should not enjoy a guaranteed right to be heard in either situation. In neither case is the analysis convincing.

With regard to transfers for convenience, the Committee contends that the victim's right to confer with prosecutors is sufficient protection. But a victim's conference with those very same government authorities who find it convenient to move the case hardly will give victims much comfort - much less the right to fairness that Congress has mandated. The Committee also is less than clear when it directs prosecutors to advise the court of the victim's objections "in appropriate cases." It is hard to think of any case when a prosecutor would be justified in concealing an unrepresented victim's concerns from the court. [369] It is far simpler - and, more to the point, simply fair - to ensure that the court will always consider a victim's views on transfer.

With regard to transfers to avoid prejudice, the Advisory Committee concludes that a victim's views could not "outweigh" the defendant's right to a fair proceeding. But no one argues that victims' views will necessarily outweigh a defendant's argument; the limited point is simply that victims' views should be considered in the balance. Moreover, a victim may be able to demonstrate that a defendant's argument is unsupported or that other, less burdensome alternatives to **[*925]** transferring a case exist. Surely these are sufficiently important reasons to let a victim be heard before a case is moved.

The Advisory Committee also appears to overlook the constitutional grounding that a victim's opposition to a transfer decision enjoys. In contrast to the ***Sixth Amendment***, which gives defendants in a state prosecution a right to trial in their home state, [370] Article III simply commands that in a federal prosecution, "the Trial of all Crimes, except in Cases of Impeachment, shall be by Jury; and such Trial shall be held in the State where the said Crimes have been committed." [371] This Article III vicinage right was designed to protect not only the rights of the defendant but also the rights of the community - including victims in the

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[367] Proposed ***Amendments***, supra note 71.

[368] ***CVRA*** Subcommittee Memo, supra note 66, at 17-18.

[369] In the case of a represented victim, the prosecutor could reasonably rely on the victim's counsel to present appropriate arguments.

[370] ***U.S. Const. amend. VI*** ("In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed … ." (emphasis added)).

[371] U.S. Const. art. III, § 2 (emphasis added).

community. [372] The provision is designed to secure a trial within the same political community ("the state") in which the victim would likely reside. [373]

The Supreme Court's decisions on right of public access to trials bolsters the understanding of the Article II's provision to protect the community interest. In cases such as Richmond Newspapers, Inc. v. Virginia, the Court has held that implicit in the First ***Amendment*** is a guarantee of the public's right to attend trials. [374] Compelling victims' interests underlie this guarantee. As the Court has explained, "public proceedings vindicate the concerns of the victims and the community in knowing that offenders are being brought to account for their criminal conduct." [375] And as Justice Blackmun has emphasized, "The victim of the crime, the family of the victim, [and] others who have suffered similarly, … . have an interest in observing the course of a prosecution." [376] Victims are vitally interested in observing criminal trials because society has withdrawn "both from the victim and the vigilante the enforcement of criminal laws, but [it] cannot erase from people's consciousness the fundamental, natural yearning to see justice done - or even the urge for retribution." [377]

For purposes of this Article, it is not necessary to definitively trace how victims' constitutional interests play out against a defendant's right to avoid a prejudicial trial. The very limited point here is merely that victims should be heard on any transfer, so that a judge can make a fully informed decision. Even if the judge determines to transfer a case, the victim may have valuable information for the judge on where to transfer the case (for example, to an adjacent district or state **[*926]** rather than a distant one) or how to impanel an unbiased jury (for example, importing a jury rather than exporting the trial). [378]

An illustration of the general approach of the proposed rule comes from the leading case of State v. Timmendequas, [379] decided by the New Jersey Supreme Court. In Timmendequas, the trial judge imported a jury from a distant community to hear a capital case rather than forcing the family of a murdered young girl to travel to another district. [380] Construing New Jersey state law provisions similar to the ***CVRA***'s, the New Jersey Supreme Court explained that the trial judge properly considered the views of the victim's family:

Over the past decade, both nationwide and in New Jersey, a significant amount of legislation has been passed implementing increased levels of protection for victims of crime. Specifically, in New Jersey, the Legislature enacted the "Crime Victim's Bill of Rights." That ***amendment*** marked the culmination of the Legislature's efforts to increase the participation of crime victims in the criminal justice system.

The purpose of the Victim's Rights ***Amendment*** was to "enhance and protect the necessary role of crime victims and witnesses in the criminal justice process. In furtherance of [that goal], the improved treatment of these persons should be assured through the establishment of specific rights." One of the enumerated rights guaranteed for victims is "to have inconveniences associated with participation in the criminal justice process minimized to the fullest extent possible."

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[372] See also Drew L. Kershen, Vicinage, 29 Okla. L. Rev. 801 (1976). See generally Cassell, Proposed ***Amendments***, supra note 4, at 880-84; Steven A. Engel, The Public's Vicinage Right: A Constitutional Argument, *75 N.Y.U. L. Rev. 1658 (2000).*

[373] See *United States v. Bishop, 76 F. Supp. 866, 868 (D. Or. 1948).*

[374] *448 U.S. 555, 575-76 (1980).*

[375] *Press-Enter. Co. v. Superior Court, 464 U.S. 501, 509 (1984).*

[376] *Gannett Co. v. DePasquale, 443 U.S. 368, 428 (1979)* (Blackmun, J., concurring in part and dissenting in part).

[377] *Richmond Newspapers, 448 U.S. at 571.*

[378] See generally Beloof, Cassell & Twist, supra note 6, at 392-99 (reviewing caselaw on the victim's interest in venue decisions).

[379] *737 A.2d 55 (N.J. 1999),* cert. denied, ***534 U.S. 858 (2001).***

[380] *Id. at 64-69.*

… .

… . The [trial] court explicitly stated that it was not favoring the rights of the victims over those of defendant. Rather, it was simply taking their concerns into consideration, as it had not done previously. Taking the concerns of the victim's family into account does not constitute error, provided that the constitutional rights of the defendant are not denied or infringed on by that decision. [381]

Timmendequas demonstrates that victims can have legitimate interests in transfer decisions that can be accommodated without violating defendants' rights. Rule 21 ought to be amended to allow victims to provide that kind of information to the judge before any transfer decision is made. [382]

**[*927]** Rule 23 - Victims' Views Considered Regarding Nonjury Trial The Proposals:

I proposed that the court should be required to consider the views of victims before allowing waiver of a jury trial as follows:

Rule 23. Jury or Nonjury Trial

(a) Jury Trial. If the defendant is entitled to a jury trial, the trial must be by jury unless:

(1) the defendant waives a jury trial in writing;

(2) the government consents; and

(3) the court approves after considering the views of any victims. [383]

The Advisory Committee did not recommend any change to this rule. [384]

Discussion:

Here again, the Advisory Committee declined to adopt my recommendation because it goes "beyond the specific provisions of the ***CVRA***, which do not address the issues whether the trial should be to the court or to a jury." [385] It is not necessary to repeat the arguments about the victim's right to fairness here, other than to note that the "preferred" trial method in the federal courts is a jury trial. [386] Why it is fair to deviate from that preferred method without first listening to the victims is not immediately clear.

But, for the sake of argument, assume that nothing in the ***CVRA*** requires the Advisory Committee to change this rule. The fact remains that the Advisory Committee could still change the rule if there were good reasons to do so. In view of this fact, it is surprising that the Committee never defends the logic behind allowing a court to dispense with a jury trial without even hearing from a victim. To help protect the general public interest in trial by jury, Rule 23 currently requires not only prosecutor

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[381] *Id. at 76* (citations omitted). The hardship to the victim was established via affidavits from the victim's family provided to the court by the prosecutor. Id.

[382] The Advisory Committee recently recommended a change to Rule 21(b) that does not address the points concerned in this Article. See infra notes 585-586 and accompanying text.

[383] Cassell, Proposed ***Amendments***, supra note 4, at 884.

[384] Proposed ***Amendments***, supra note 71.

[385] ***CVRA*** Subcommittee Memo, supra note 66, at 18.

[386] *Singer v. United States, 380 U.S. 24, 35 (1965)* ("Trial by jury has been established by the Constitution as the "normal and … preferrable mode of disposing of issues of fact in criminal cases.'") (alteration in original) (citation omitted). See generally Rachel E. Barkow, Recharging the Jury: The Criminal Jury's Constitutional Role in an Era of Mandatory Sentencing, *152 U. Pa. L. Rev. 33, 68 (2003).*

approval, [387] but also court approval. [388] Any approval **[*928]** requires careful weighing of the competing concerns. The Supreme Court has instructed that

the duty of the trial court … [in considering whether to approve a jury trial waiver] is not to be discharged as a mere matter of rote, but with sound and advised discretion, with an eye to avoid unreasonable or undue departures from that mode of trial or from any of the essential elements thereof, and with a caution increasing in degree as the offenses dealt with increase in gravity. [389]

This is a "serious and weighty responsibility." [390]

To discharge that serious and weighty responsibility, the Advisory Committee should draft Rule 23 so that the trial court should receive as much relevant information as possible. The victim may be well situated to provide useful information about how the public will view a nonjury trial. The proposed rule change takes the modest step of allowing the victim to be heard before the court approves any nonjury trial.

(New) Rules 32(e), (f), (h), and (i) - Disclosure of the Presentence Report to Victims and Opportunity for Victims to Object and Be Heard [391] The Proposals:

In the federal system, the presentence report is a critical part of the sentencing process. I therefore recommended that the prosecutor should be required to disclose relevant parts of the presentence report to victims as follows:
**[*929]**

(e) Disclosing the Report and Recommendation.

(1) Time to Disclose. Unless the defendant has consented in writing, the probation officer must not submit a presentence report to the court or disclose its contents to anyone until the defendant has pleaded guilty or nolo contendere, or has been found guilty.

(2) Minimum Required Notice. The probation officer must give the presentence report to the defendant, the defendant's attorney, and an attorney for the government at least 35 days before sentencing unless the defendant waives this minimum period. The attorney for the government shall, if any victim requests, communicate the relevant contents of the presentence report to the victim.

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[387] *Fed. R. Crim. P. 23(a)(2)*. See generally ABA Standards for Criminal Justice § 15-1.2, cmt. at 15.17 (2d ed. 1980) (concluding that arguments in favor of requiring prosecutorial approval of jury trial waivers outweigh those against). But see Adam H. Kurland, Providing a Federal Criminal Defendant with a Unilateral Right to a Bench Trial: A Renewed Call to Amend *Federal Rule of Criminal Procedure 23(a)*, 26 U.C. Davis L. Rev. 309, 316 (1993) (arguing that the requirements of prosecutorial consent and court approval should be removed from Rule 23(a)).

[388] *Fed. R. Crim. P. 23(a)(3)*; cf. Akhil Reed Amar, The Bill of Rights as a Constitution, *100 Yale L.J. 1131, 1196-98 (1991)* (suggesting that jury trial right might not be waivable).

[389] *Patton v. United States, 281 U.S. 276, 312-13 (1930)* (internal quotation marks omitted).

[390] *United States v. Saadya, 750 F.2d 1419, 1421 (9th Cir. 1985)* (internal citation omitted).

[391] In addition to the changes to Rule 32 discussed here, the Advisory Committee essentially adopted verbatim my proposals to amend Rules 32(a), 32(c)(1)(B), and 32(d)(2)(B). Compare Cassell, Proposed ***Amendments***, supra note 4, at 886, 887, 891, with Proposed ***Amendments***, supra note 71, R. 32(a), 32(c)(1)(B), 32(d)(2)(B), at 10-15. There is, accordingly, no need to discuss those proposed rules here.

The Advisory Committee also declined to add my proposal that the probation officer determine whether the victim wished to have any material included in the presentence report. See Cassell, Proposed ***Amendments***, supra note 4, at 889. I will rely on my original article to make the case for this particular change. See id. at 889-91

(3) Sentence Recommendation. By local rule or by order in a case, the court may direct the probation officer not to disclose to anyone other than the court the officer's recommendation on the sentence. [392]

I further recommended that victims be given the opportunity to object to and be heard on disputed issues in the presentence report as follows:

(f) Objecting to the Report.

(1) Time to Object. Within 14 days after receiving the presentence report, the parties must state in writing any objections, including objections to material information, sentencing guideline ranges, and policy statements contained in or omitted from the report. The attorney for the government or for the victim shall raise for the victim any reasonable objection by the victim to the presentence report.

(2) Serving Objections. An objecting party must provide a copy of its objections to the opposing party and to the probation officer.

(3) Action on Objections. After receiving objections, the probation officer may meet with the parties and the victim to discuss the objections. The probation officer may then investigate further and revise the presentence report as appropriate.

… .

(h) Notice of Intent to Consider Other Sentencing Factors. [393] Before the court may rely on a ground not identified either in the **[*930]** presentence report or in a party's prehearing submission or in a victim impact statement, the court must give the parties reasonable notice that it is contemplating either departing from the applicable guideline range or imposing a non-guideline sentence. The notice must specify any ground not earlier identified on which the court is contemplating a departure or a non-guideline sentence. The attorney for the government or for the victim shall advise defense counsel and the court of any ground identified by the victim that might reasonably serve as a basis for departure.

(i) Sentencing.

(1) In General. At sentencing, the court:

(A) must verify that the defendant and the defendant's attorney have read and discussed the presentence report and any addendum to the report;

(B) must give to the defendant and an attorney for the government a written summary of - or summarize in camera - any information excluded from the presentence report under Rule 32(d)(3) on which the court will rely in sentencing, and give them a reasonable opportunity to comment on that information;

(C) must allow the parties' attorneys and any victims to comment on the probation officer's determinations and other matters relating to an appropriate sentence; and

(D) may, for good cause, allow a party or any victim to make a new objection at any time before sentence is imposed.

(2) Introducing Evidence; Producing a Statement. The court may permit the parties or the victim to introduce evidence on the objections. If a witness testifies at sentencing, Rule 26.2(a)-(d) and (f) applies. If a party fails to comply with a Rule 26.2 order to produce a witness's statement, the court must not consider that witness's testimony.

(3) Court Determinations. At sentencing, the court:

(A) may accept any undisputed portion of the presentence report as a finding of fact;

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[392] Cassell, Proposed ***Amendments***, supra note 4, at 892.

[393] This rule was amended in December 2006, after my earlier article was published, to change "departure" language to conform with the new, post-Booker regime. I have accordingly changed the language quoted in the text above to conform to the current language.

(B) must - for any disputed portion of the presentence report or other controverted matter - rule on the dispute or determine that a ruling is unnecessary either because the matter will not affect sentencing, or because the court will not consider the matter in sentencing; and

**[*931]** (C) must append a copy of the court's determinations under this rule to any copy of the presentence report made available to the Bureau of Prisons. [394]

The Advisory Committee recommended no changes to these rules. [395]

Discussion:

The ***CVRA*** entitles victims to be heard on disputed Federal Sentencing Guidelines ("Guidelines") issues and, as a consequence, to review parts of the presentence report relevant to those issues. The ***CVRA*** gives victims "the right to be reasonably heard at any public proceeding in the district court involving … sentencing." [396] The ***CVRA*** provision (among other things) codifies the right of crime victims to give in court what is known as a "victim impact statement." [397]

The victim's right to be heard, however, is not narrowly circumscribed to just impact information. To the contrary, the right conferred is a broad one - to be "reasonably heard" at the sentencing proceeding. The victim's right to be "reasonably heard" implicitly includes a right for the victim to speak to disputed Guidelines issues. As Senator Kyl explained, the victim's right includes the right to make sentencing recommendations:

When a victim invokes this right during … sentencing proceedings, it is intended that he or she be allowed to provide all three types of victim impact: the character of the victim, the impact of the crime on the victim, the victim's family and the community, and sentencing recommendations. [398]

A "sentencing recommendation" will often directly implicate Guidelines issues, particularly where a court gives significant weight to the Guidelines calculation (as most currently do). [399] For example, if the victim wishes to recommend a sixty-month sentence when the maximum guideline range is only thirty months, that sentencing recommendation may be meaningless unless a **[*932]** victim can provide a basis for recalculating the Guidelines or departing or varying [400] from the Guidelines.

Congress intended the victim's right to be heard to be construed broadly, as Senator Feinstein stated: "The victim of crime, or their counsel, should be able to provide any information, as well as their opinion, directly to the court concerning the … sentencing of the accused." [401] Again, it is hard to see how victims can meaningfully provide "any information" that would have a bearing on the sentence without being informed of the Guidelines calculations that likely will drive the sentence.

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[394] Cassell, Proposed ***Amendments***, supra note 4, at 901-02.

[395] See Proposed ***Amendments***, supra note 71.

[396] *18 U.S.C. § 3771*(a)(4) (2006).

[397] See generally Beloof, Cassell & Twist, supra note 6, at 625-90 (discussing victim impact statements); Cassell, Balancing the Scales, supra note 6, at 1395-96.

[398] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphasis added). See generally Beloof, Cassell & Twist, supra note 6, at 625-90 (discussing three types of victim impact information).

[399] See, e.g., *United States v. Wilson, 350 F. Supp. 2d 910, 925 (D. Utah 2005)* (giving "heavy weight" to the Guidelines' recommendation).

[400] See *United States v. Wilson, 355 F. Supp. 2d 1269, 1272 (D. Utah 2005)* (discussing "departures" and "variances").

[401] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein) (emphasis added).

In addition, an independent basis for victims reviewing presentence reports is the victim's broad right under the ***CVRA*** to be "treated with fairness" [402] and right to restitution, as I argued in my earlier article. [403]

Thus, the ***CVRA*** should be understood as giving victims the right to relevant information in the presentence report about the Guidelines and to be heard before a court makes any final conclusions about Guidelines calculations and other sentencing matters. Many states follow a similar approach and give victims access to presentence reports as part of the victim-impact process. [404]

Since I made my proposal, the Ninth Circuit has considered the question of whether to reverse a district court that declined to provide the entire presentence report to a fraud victim. In an opinion containing only one substantive paragraph, the Ninth Circuit affirmed the district court, which had rejected a victim's argument that "the ***CVRA*** confers a general right for crime victims to obtain **[*933]** disclosure of the [presentence report]." [405] The Ninth Circuit stated tersely that the district court did not "commit legal error." [406]

Although strong arguments can be made against Kenna, [407] the case is not on point to my proposal. First, Kenna involved a claim of a "general right" to access to the presentence report, apparently untethered to any particular need for access. My ***amendment*** would be limited to situations where victims seek "relevant" contents of the presentence report to make a victim impact statement at sentencing. Second, the victim in Kenna sought the entire presentence report. The Ninth Circuit pointedly observed: "We note that Kenna refused the district court's offer to consider disclosure of specific portions of the [presentence report]." [408] My proposal tracks what the district court offered to Kenna - that a victim would have access to "relevant contents of the presentence report."

Because victims have a right of access to relevant parts of the presentence report, the question then arises of how to provide that access. In my earlier article, I recommended the simplest solution to the competing concerns would be to disclose the report, upon request, to victims through the prosecutor. The prosecutor could filter out irrelevant confidential information and assist the victim by highlighting critical parts of the report. It might be objected that this approach would burden prosecutors.

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402 *18 U.S.C. § 3771*(a)(8) (2006).

403 Cassell, Proposed ***Amendments***, supra note 4, at 894-96; see also Testimony of Paul G. Cassell to the U.S. Sentencing Comm'n (Feb. 15, 2005), available at *http://www.ussc.gov/hearings/02_15_05/cassell_testimony.pdf* (last visited Feb. 22, 2008) (advancing similar arguments).

404 *Ala. Code § 15-23-73(b)* (1995) (giving victim "right to review a copy of the presentence investigative report, subject to the applicable federal or state confidentiality laws"); *Alaska Stat. § 12.55.023* (2006) (giving victim right to look at portions of sentencing report); Ariz. Const. art. II, § 2.1(a)(7) (giving victim right to review presentence report when available to the defendant); *Ariz. Rev. Stat. Ann. § 13-4425* (2001) (giving victim right to review presentence report "except those parts excised by the court or made confidential by law"); Col. Rev. Stat. § 24-72-304(5) (2007) (giving prosecutor discretion to allow victim or victim's family to see presentence report); *Fla. Stat. § 960.001(1)(g)(2)* (2006) (giving victim right to review presentence report); *Idaho Code Ann. § 19-5306(1)(a)* (2002) (giving victim right to review presentence report); *Ind. Code § 35-40-5-6(b)* (1998) (giving victim right to read and "respond to" material contained in the presentence report); La. Const. art. I, § 25 (giving victim "right to review and comment upon the presentence report"); *Mont. Code Ann. § 46-18-113(1)* (2007) (giving prosecutor right to disclose contents of presentence report to victim); *Or. Rev. Stat. § 137.077(2)* (2005) (presentence report must be made available to victim).

405 *In re Kenna, 453 F.3d 1136, 1137 (9th Cir. 2006).*

406 Id.

407 See *Brief for the Petitioner, In re Kenna, 453 F.3d 1136 (9th Cir. 2006)* (No. 06-73352). Cf. Matthew B. Riley, Note, Victim Participation in the Criminal Justice System: In re Kenna and Victim Access to Presentence Reports, *2007 Utah L. Rev. 235, 235* (discussing Kenna and urging that crime victims receive "as much of the report as possible without infringing on specific privacy concerns held by criminal defendants").

408 *In re Kenna, 453 F.3d at 1137.*

But the ***CVRA*** already gives victims the right to "confer" with prosecutors [409] - and presumably they will be conferring regarding the important topic of sentencing. It is important to emphasize that my proposal would require prosecutors to give all relevant information to the victim; in other words, prosecutors would serve as a conduit to the victim, but not a controller of the victim.

The Advisory Committee declined to adopt my proposal, opining that "the prosecutor should remain the victim's source of information regarding the sentencing process and the contents of the presentence report, and the prosecutor should have discretion to determine what information from the presentence report should be imparted to the victim." [410] This reasoning clashes directly with the ***CVRA***'s guiding principle: that victims deserve their own rights in the criminal process. Congress wanted victims to become participants with rights "independent of the government or the defendant … ." [411] For this reason, the ***CVRA*** allows the **[*934]** victim to assert rights independently of the government. [412] Senator Kyl explained the victim's right to independent action directly: "[There is no authority for] the government's attorney … to compromise or co-opt a victim's right… . The rights provided in this bill are personal to the individual crime victim and it is that crime victim that has the final word regarding which of the specific rights to assert and when." [413]

One of the victim's independent rights includes the opportunity to make "sentencing recommendations." [414] Congress's command that victims be independent participants cannot be faithfully implemented if prosecutors control the information victims receive. If allowed to do so, prosecutors could simply feed the victim information supporting the government's view, while withholding information undercutting it. [415] Nothing in the ***CVRA*** provides any support for this approach. [416]

The Advisory Committee was also concerned that presentence reports "are typically treated as confidential, because they include a great deal of personal information about the defendant … ." [417] But this concern was easily handled by my requirement that prosecutors pass along only "relevant" contents of the presentence reports. Personal information only tangentially connected to sentencing issues would not be disclosed. And if personal information about the defendant were directly connected to sentencing issues, then fairness entitles the victim to that information to formulate a sentencing recommendation. After all, by the time of sentencing, the defendant has been found guilty, beyond a reasonable doubt, of harming a victim. By committing a crime against the victim, the defendant has certainly forfeited some privacy interests - including the chance to keep from the victim information relevant to sentencing. It is also important to recall that this information is not truly confidential in the sense that no one else **[*935]** will see it. It has already been disclosed to the probation officer, defense counsel, the prosecutor, and the judge.

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[409] *18 U.S.C. § 3771*(a)(5) (2006).

[410] ***CVRA*** Subcommittee Memo, supra note 66, at 18.

[411] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[412] See *18 U.S.C. § 3771*(d)(1) (a victim's rights may be asserted by both the prosecutor and the victim or victim's representative).

[413] 150 Cong. Rec. S10,912 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[414] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[415] The Advisory Committee's view that prosecutors should control what information the victim receives is so fundamentally at odds with the animating principles of the ***CVRA*** that it makes one wonder where it came from. Interestingly the view seems to have originated in a small subcommittee with a representative from the Justice Department but no crime victims rights representative. See ***CVRA*** Subcommittee Memo, supra note 66, at 1 (noting that Deborah Rhodes, Counselor to the Asst. Atty. Gen. of the Criminal Division, served on the subcommittee drafting this language).

[416] At another point in its memorandum, the ***CVRA*** Subcommittee refers to *18 U.S.C. § 3771*(d)(6), which provides that "nothing in this chapter shall be construed to impair the prosecutorial discretion of the Attorney General or any officer under his direction." ***CVRA*** Subcomittee Memo, supra note 66, at 20. But the simple act of giving information in a court document (the presentence report) to crime victims does not impair the government's decision of whether and how to prosecute a defendant. See supra notes 363-365 and accompanying text (discussing impairment issue under Rule 20).

[417] ***CVRA*** Subcommittee Memo, supra note 66, at 18.

Once the victim receives relevant information from a presentence report, the victim no less than other participants at sentencing should be entitled to be heard on any disputed issues. For example, in a fraud case, if the defendant claims to have swindled only $ 5,000 and the government claims the loss is $ 10,000, the victim should be entitled to press her argument that the loss was $ 40,000. To do otherwise, is to deprive the victim of an opportunity to participate in the sentencing process and to turn the victim impact statement into a meaningless charade.

The Advisory Committee's view on this point is curious. The Advisory Committee did not directly quarrel with the position that victims should have the opportunity to be heard on disputed sentencing issues. Instead, the Advisory Committee would only go so far as to suggest that it

felt it would be desirable for the courts gradually to flesh out what the right to be heard means in this [sentencing] context (determining, for example, when the right to be heard would include the right to introduce evidence). It is by no means clear that the ***CVRA*** contemplates that victims will be entitled to access all of the particulars of the presentence report and be entitled to litigate issues concerning the application of various guidelines, etc. [418]

This view is objectionable on many levels. First, given the congressional purpose of fundamentally changing the way crime victims are treated in the criminal justice process, it can hardly be desirable for courts to "gradually" determine what rights victims have. As Senator Kyl explained, "A central reason for these rights is to force a change in a criminal justice culture which has failed to focus on the legitimate interests of crime victims." [419] The ***CVRA*** was "meant to correct, not continue, the legacy of the poor treatment of crime victims in the criminal process." [420]

Second, the Committee diffidently opines that "it is by no means clear" that victims have the right to litigate disputed issues. [421] I will turn to the substance of that claim shortly. But even assuming it to be true, a fundamental purpose of the Federal Rules of Criminal Procedure is to provide clarity on issues that would otherwise have to be litigated. [422] The Advisory Committee could be "clear" that victims can litigate by simply putting in place my proposed rule. To do otherwise **[*936]** is, unfortunately, to invite continued uncertainty over a point of vital importance to crime victims.

Finally, perhaps the reason that the Advisory Committee would venture only that it is unclear whether victims have the right to dispute sentencing issues was a reluctance to stake out the contrary position. To maintain that victims cannot dispute sentencing issues would collide with both statutes and common sense. As for statutory requirements, it is hard to understand how victims will be "reasonably heard" at sentencing (as the ***CVRA*** commands) if they cannot contest the factors that may well drive a sentence - the Guidelines calculations. Moreover, Congress has already directly mandated that victims will have the opportunity to dispute sentencing factors when they relate to restitution. [423] Thus, if the Advisory Committee really wanted to stake out a victims-can't-litigate-at-sentencing position, it would have to awkwardly carve out a restitution exception. Finally, a victim is simply not treated with "fairness" if she is entirely excluded from the Guidelines process. The Supreme Court has explained that "it is … fundamental that the right to … an opportunity to be heard "must be granted at a meaningful time and in a meaningful manner.'" [424] It is not "meaningful" for victims to make sentencing recommendations without the benefit of knowing what everyone else in that courtroom knows - what the recommended Guidelines range is. Yet Congress plainly

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[418] ***CVRA*** Subcommittee Memo, supra note 66, at 19.

[419] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[420] Id. (statement of Sen. Kyl); see also 150 Cong. Rec. S4263 (Apr. 22, 2004) (statement of Sen. Feinstein) (describing the ***CVRA*** as a "new and bolder approach than has ever been tried before in our Federal System").

[421] ***CVRA*** Subcommittee Memo, supra note 66, at 19.

[422] See supra notes 103-310 and accompanying text (providing illustrations of rules changes made to provide clarity).

[423] See *18 U.S.C. § 3664*(d)(2)(A) (2006) (probation officer shall disclose to victim amount subject to restitution as calculated by the probation officer and the opportunity of the victim to file an affidavit seeking greater restitution); see also id. § 3771(a)(6) (giving victims "the right to full and timely restitution as provided in law").

[424] *Fuentes v. Shevin, 407 U.S. 67, 80 (1972)* (quoting *Armstrong v. Manzo, 380 U.S. 545, 552 (1965))* (emphasis added).

intended to pass a law establishing "fair play for crime victims, meaningful participation of crime victims in the justice system, protection against a government that would take from a crime victim the dignity of due process … ." [425]

By building victims into the Guidelines process, my proposal would also provide an important procedural protection to defendants. My proposed ***amendment*** to Rule 32(f) would require that the victim's attorney or the prosecutor would raise any reasonable objection to the presentence report before the sentencing hearing, so that it could be discussed at a presentence conference and then presented in an organized fashion to the sentencing judge. I would also require either the victim's attorney or the prosecutor to give notice to defense counsel and the court where an upward departure argument might rest on any information provided by the victim. [426] Setting up the procedures in this way creates an orderly process for victim objections to affect sentencing - with fair notice to the defense. Otherwise, the court - and the defendant - might hear for the first time at sentencing that the prosecution was considering an upward departure based on information in the victim impact statement.

**[*937]** The courts of appeals have split on the need for advance notice of an upward departure based on victim impact statements. In United States v. Dozier, the Tenth Circuit held that a district court is required to give notice to a defendant before departing upward from the advisory guideline range based on victim impact statements. [427] The breadth of that holding may be limited, however, by unusual facts: the presentence report did not identify victim impact information as a possible basis for an upward departure and the government conceded that a sentencing remand was appropriate. The Third Circuit has expressly declined to follow Dozier. In United States v. Vampire Nation, [428] the Third Circuit held that, in light of the Supreme Court's decisions making the Guidelines advisory, [429] a defendant is always on notice that a judge might find a sentencing factor calling for a sentence higher than that advised by the Guidelines. [430] With respect to victim impact statements, the Third Circuit highlighted the fact that victim impact statements at the sentencing hearing might provide a new, previously undisclosed ground for an upward (or downward) departure:

The right of victims to be heard is guaranteed by the Crime Victims' Rights Act ("***CVRA***") … . The right is in the nature of an independent right of allocution at sentencing. See *18 U.S.C. § 3771*(a)(4) (affording victims a "right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding"). Under the ***CVRA***, courts may not limit victims to a written statement. See *Kenna v. United States District Court, 435 F.3d 1011, 1017 (9th Cir. 2006)* (Kozinski, J.) ("Limiting victims to written impact statements, while allowing the prosecutor and the defendant the opportunity to address the court, would treat victims as secondary participants in the sentencing process. The ***CVRA*** clearly meant to make victims full participants."). Given that it would be impossible to predict what statements victims might offer at sentencing, it would be unworkable to require district courts to provide advance notice of their intent to vary their discretionary sentence based on victim statements that had not yet been made. [431]

The contrasting positions of the Tenth and Third Circuits is part of a larger disagreement between the circuits on the extent to which the notice requirements in the criminal rules continue to operate under the now-advisory Guidelines regime. [432]

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[425] 150 Cong. Rec. S4264 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphasis added); see also *Kenna v. U.S. Dist. Court, 435 F.3d 1011, 1017 (9th Cir. 2006).*

[426] See Cassell, Proposed ***Amendments***, supra note 4, at 901-03.

[427] *444 F.3d 1215, 1217-18 (10th Cir. 2006).*

[428] *451 F.3d 189 (3d Cir. 2006),* cert. denied, ***127 S. Ct. 424 (2006).***

[429] See *United States v. Booker, 543 U.S. 220, 222 (2004).*

[430] *Vampire Nation, 451 F.3d at 196.*

[431] *Id. at 197 n.4.*

[432] The Second, Fourth, and Ninth Circuits have ruled that Rule 32(h) continues to apply. See *United States v. Anati, 457 F.3d 233, 236-37 (2d Cir. 2006); United States v. Davenport, 445 F.3d 366, 371 (4th Cir. 2006); United States v. Evans-Martinez, 448 F.3d 1163, 1167 (9th Cir. 2006).* The Third, Seventh, Eighth, and Eleventh Circuits have held the opposite. See *United States v. Irizarry, 458 F.3d 1208, 1212*

Focusing specifically on the issue of victim impact information, the **[*938]** Third Circuit is correct that, under the current rules, it is "unworkable" to provide advance notice of upward (or downward [433]) departures based on victim allocution at the sentencing hearing. Under my proposal, however, victims would be integrated into the presentence process for determining Guidelines issues, thereby ensuring that the defense has fair notice of any upward departure and the government has fair notice of any downward departure. Regardless of whether the Guidelines are advisory, this is the fairest way to proceed for defendants, the prosecution, and victims.

(New) Rule 32(i)(4) - Victims' Right to be Reasonably Heard at Sentencing The Proposals:

Even before passage of the ***CVRA***, the Federal Rules of Criminal Procedure gave victims of crimes of violence or sexual abuse the right to be heard at sentencing. After the ***CVRA*** extended such rights to all victims, I proposed simply striking the limitation in the rule so that it would apply to all victims as follows:

(B) By a Victim. Before imposing sentence, the court must address any victim of a the crime of violence or sexual abuse who is present at sentencing and must permit the victim to speak or submit any information about the sentence … . [434]

The Advisory Committee tracked my change of striking the crimes of violence and sexual abuse limitation; but the Committee also substituted language from the ***CVRA*** about being reasonably heard as follows:

(B) By a Victim. Before imposing sentence, the court must address any victim of a the crime of violence or sexual abuse who is present at sentencing and must permit the victim to speak or submit any information about the sentence to be reasonably heard. [435]

**[*939]** Discussion:

My proposal retained the current language in Rule 32 allowing the victim "to speak or submit any information about the sentence"; the Advisory Committee would allow the victim "to be reasonably heard" at sentencing - language lifted from the ***CVRA***.

In this area, the Advisory Committee has paradoxically used the ***CVRA*** as an occasion for possibly restricting victims' rights. Under Rule 32(i)(4)'s current language, there is no doubt that the victim could "speak" at sentencing (that is, give an oral statement). Under the proposed language, litigation could result about whether victims could be "reasonably heard" without being allowed to speak (that is, be confined to purely written submissions). Indeed, during the Advisory Committee meeting on the proposal, the Advisory Committee reporter conceded that "courts would have to construe exactly what [the phrase] meant as situations came before them." [436]

It is worth reflecting for a moment on how backward the Advisory Committee's approach to this issue is. Before the ***CVRA***'s enactment, victims of crimes of violence and sexual assault had the right under Rule 32(i) "to speak" at sentencing (along with the right to submit information). When Congress enacted the ***CVRA***, the Advisory Committee and the Judicial Conference had

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*(11th Cir. 2006); United States v. Vampire Nation, 451 F.3d 189, 195-98 (3d Cir. 2006); United States v. Walker, 447 F.3d 999, 1006-07 (7th Cir. 2006); United States v. Egenberger, 424 F.3d 803, 805 (8th Cir. 2005).* The First Circuit has held only that the failure to provide notice does not constitute plain error. See United States v. Mateo, No. 06-1805, 2006 WL 1195676, at 1 (1st Cir. May 5, 2006).

[433] For a helpful correction to the idea that victims' interests are always adverse to defense interests at sentencing, see generally Benji McMurray, The Mitigating Power of a Victim Focus at Sentencing, 19 Fed. Sent'g Rep.125 (2006).

[434] Cassell, Proposed ***Amendments***, supra note 4, at 903.

[435] Proposed ***Amendments***, supra note 71, R. 32(i)(4)(B), at 13. The Advisory Committee also proposes striking out existing language in the rule allowing guardians or family members to exercise the right to speak on behalf of minor and incapacitated victims. For criticism of this deletion, see supra notes 117-125 and accompanying text.

[436] Advisory Committee Minutes, supra note 68, at 14 (comment of Prof. Beale).

both approved broadening that rule to give all victims the right to speak. [437] (The Judicial Conference withdrew this proposed rule to allow reconsideration in light of the ***CVRA***.) The ***CVRA*** gave victims the right to be "reasonably heard" at sentencing. Of course, the ***CVRA***'s obvious goal was to significantly expand the rights of crime victims. With respect to the right to speak in particular, one of the ***CVRA***'s primary sponsors stated: "this section would fail in its intent if courts determined that written, rather than oral communication, could generally satisfy this right." [438] Yet, in the wake of all this, the Advisory Committee now proposes a rule that does not guarantee that victims have the right to speak, leaving this to the courts to construe on a case-by-case basis. This retreat on victims' rights truly stands the ***CVRA*** on its head.

The Advisory Committee should directly state that victims have the right to speak at sentencing, as the only courts to have reached the issue have held. [439] For **[*940]** instance, in United States v. Kenna, Judge Kozinski [440] explained that the ***CVRA***'s legislative history "discloses a clear congressional intent to give crime victims the right to speak at proceedings covered by the ***CVRA***." [441] The court first highlighted the following statement by Senator Kyl:

It is not the intent of the term "reasonably" in the phrase "to be reasonably heard" to provide any excuse for denying a victim the right to appear in person and directly address the court. Indeed, the very purpose of this section is to allow the victim to appear personally and directly address the court. [442]

Senator Dianne Feinstein, another primary sponsor of the bill, remarked that Senator Kyl's understanding of the bill was "[her] understanding as well." [443]

In addition to these floor statements, the Kenna court cited a committee report for the proposed constitutional ***amendment*** to protect victims' rights. The Senate Report on the ***amendment*** - an ***amendment*** that contained language nearly identical to the language in the eventually enacted ***CVRA*** - reads that:

The victim's right is to "be heard." The right to make an oral statement is conditioned on the victim's presence in the courtroom … . Victims should always be given the power to determine the form of the statement. Simply because a decision making body, such as the court … has a prior statement of some sort on file does not mean that the victim should not again be offered the opportunity to make a further statement … . The Committee does not intend that the right to be heard be limited to "written" statements, because the victim may wish to communicate in other appropriate ways. [444]

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[437] See Advisory Committee on Criminal Rules, Criminal Rules Docket (Historical), *http://www.uscourts.gov/rules/Criminal_Docket.pdf* (last visited Feb. 22, 2008).

[438] 150 Cong. Rec. S10910, S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[439] See *Kenna v. U.S. Dist. Court, 435 F.3d 1011, 1015-16 (9th Cir. 2006); United States v. Degenhardt, 405 F. Supp. 2d 1341, 1345 (D. Utah. 2005);* see also *United States v. Turner, 367 F. Supp. 2d 319, 333 (E.D.N.Y. 2005)* (opining in dicta that § 3771(a)(4) "requires the victim to be given an opportunity actually to be "heard' rather than afforded some alternate means of communicating her views"); cf. *United States v. Marcello, 370 F. Supp. 2d 745, 749 (N.D. Ill. 2005)* (holding that in the unique context of detention hearings, victims have no right to speak, particularly when the witness has no direct information to provide the court).

[440] See generally Douglas E. Beloof, Judicial Leadership at Sentencing Under the Crime Victims' Rights Act: Judge Kosinki in Kenna and Judge Cassell in Degenhardt, 19 Fed. Sent'g Rep. 36 (2006) (identifying victims of crime as participants at sentencing by analyzing the ***CVRA*** and the significant caselaw).

[441] *Kenna, 435 F.3d at 1016.*

[442] *Id. at 1015* (quoting 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyle)).

[443] Id. (quoting 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein)).

[444] *Id. at 1016* (quoting S. Rep. No. 108-191, at 38 (2003)).

Based on this legislative history, Kenna concluded that crime victims have the right to speak at ***CVRA***-covered proceedings. [445] Kenna explained that this interpretation advanced the purposes of the ***CVRA***, for the "statute was enacted to **[*941]** make crime victims full participants in the criminal justice system." [446] The Advisory Committee should follow that lead and provide that victims are guaranteed a right to speak at sentencing. [447] Of course, in cases involving numerous victims (for example, a massive fraud case), the ***CVRA*** itself allows courts to fashion a "reasonable procedure" to accommodate the competing concerns. [448]

Rule 44.1 - Discretionary Appointment of Counsel for Victim The Proposals:

I proposed that the court's discretionary authority to appoint counsel for a victim should be included in a new rule as follows:

Rule 44.1 Counsel for Victims.

When the interests of justice require, the court may appoint counsel for a victim to assist the victim in exercising his or her rights. [449]

The Advisory Committee did not propose any change in the Rules on this subject. [450]

Discussion:

The Advisory Committee never discussed this particular proposed change, so it is possible that its failure to adopt it was an oversight. [451] In any event, here it is perhaps useful to emphasize just a few points in favor of this proposal.

While the ***CVRA*** does not create a right to counsel for victims, nothing in the Act deprived the courts of their preexisting inherent authority. The courts generally have the right to appoint volunteer counsel in civil cases, [452] a power that would seem to extend to criminal cases. Indeed, the Supreme Court has left open the question of whether federal courts possess the inherent authority to require counsel **[*942]** to provide legal services to the poor. [453] The local rules of some federal courts already explicitly recognize this power. [454] In addition, Title 28 broadly permits the court in both civil and criminal cases to "request an attorney to represent any person unable to afford counsel." [455] And before Gideon v. Wainwright, [456] courts could request

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[445] Id.

[446] Id.

[447] In possible response to such concerns as I raise here, the Advisory Committee modified the Advisory Committee Note to this rule. See infra notes 587-589 and accompanying text.

[448] *18 U.S.C. § 3771*(d)(2) (2006).

[449] Cassell, Proposed ***Amendments***, supra note 4, at 912-16.

[450] See Proposed ***Amendments***, supra note 71.

[451] See ***CVRA*** Subcommittee Memo, supra note 66, at 17-20 (listing my proposals that the subcommittee decided not to recommend; my proposed Rule 44.1 change not among them).

[452] See generally Judy E. Zelin, Court Appointment of Attorney to Represent, Without Compensation, Indigent in Civil Action, 52 A.L.R. 4th 1063 (1987 & Supp. 2004) (collecting and analyzing cases considering the issue of whether the courts can appoint counsel in civil actions to represent indigents).

[453] *Mallard v. U.S. Dist. Court, 490 U.S. 296, 307, 308 n.8 (1989).*

[454] See, e.g., D. Utah Civ. R. 83-1.1(b)(3) ("Any attorney who is admitted to the bar of this court must agree, as a condition of such admission, to engage in a reasonable level of pro bono work when requested to do so by the court.").

[455] ***28 U.S.C. § 1915***(e)(1) (2006) (emphasis added).

[456] *372 U.S. 335 (1963).*

that lawyers provide assistance to indigent criminal defendants. Presumably, that same power extends to requesting assistance for crime victims. [457] In light of all these facts, federal courts have the inherent power to request attorneys to represent indigent crime victims.

An illustration of this power is found in a decision by the U.S. District Court for the Western District of North Carolina in United States v. Stamper. [458] In this rape case, a dispute arose over the admission of certain psychiatric reports concerning the victim that the defense alleged demonstrated a pattern of making false allegations of sexual abuse. [459] She requested independent counsel to protect her privacy interests. [460] After consulting with the victim, the court appointed counsel for her. [461] The court then allowed her counsel to participate in hearings regarding the evidence, including cross-examination of the relevant witnesses. [462]

My proposed rule would simply confirm the existing discretionary power of the courts to appoint volunteer counsel demonstrated in cases like Stamper. The rule is purely discretionary (the court "may" appoint counsel) and is limited to situations where the interests of justice require appointment. The rule does not address payment for counsel, as this matter must be left to subsequent appropriations from Congress. The court, however, can ask for volunteer counsel to assist victims pro bono.

Finally, it might be argued that it is unnecessary to address this subject in a rule because the court's inherent authority to appoint counsel exists even without a rule. Both courts and victims, however, will find it useful to have this authority close at hand in the criminal rules. Rule 44 already covers the subject of appointing counsel for defendants in great detail, so adding a Rule 44.1 addressing victims' counsel is a natural corollary. In addition, prosecutors are obligated by the ***CVRA*** to "advise the crime victim that the crime victim can seek advice of an attorney with respect to the rights described in subsection (a)." [463] This may frequently **[*943]** require prosecutors to help victims obtain legal counsel. Accordingly, a separate rule on this subject is appropriate. For all these reasons, the Rules should be amended to recognize the court's authority to appoint volunteer counsel to represent a crime victim.

Rule 46 - Victims' Right to Be Heard Regarding Defendant's Release from Custody The Proposal:

I proposed that a victim should be given the right to offer views regarding the defendant's release from custody and that the court should consider those views as follows:

(k) Victims' Right to Be Heard. A victim has the right to be heard regarding any decision to release the defendant. The court shall consider the views of victims in making any release decision, including such decisions in petty cases. In a case where the court finds that the number of victims makes it impracticable to accord all of the victims the right to be heard in open court, the court shall fashion a reasonable procedure to facilitate hearing from representative victims. [464]

The Advisory Committee proposed no change to this rule. [465] It did, however, propose a global rule that would give victims a right to be heard at proceedings involving release:

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[457] See Beloof, Cassell & Twist, supra note 6, at 381-82 (suggesting this conclusion).

[458] *766 F. Supp. 1396, 1397 (W.D.N.C. 1991).*

[459] *Id. at 1396.*

[460] *Id. at 1397.*

[461] Id.

[462] Id.

[463] *18 U.S.C. § 3771*(c)(2) (2006).

[464] Cassell, Proposed ***Amendments***, supra note 4, at 917.

[465] See Proposed ***Amendments***, supra note 71 (showing no proposed change for Rule 46(k)).

Rule 60. Victims

(a) Rights of Victims.

. . . .

(3) Right to Be Heard.

The court must permit a victim to be reasonably heard at any public proceeding in the district court concerning release . . . involving the crime. [466]

Discussion:

The Advisory Committee's global proposal gives victims the right to be "heard" on release decisions; but it fails to spell out what effect, if any, the **[*944]** victim's statement would have after the court heard the victim. In other words, the Advisory Committee proposal seemingly codifies an empty gesture.

In contrast, my proposal would take the straightforward and important step of requiring a court to consider the views of the victim in determining any release decision. [467] That requirement is added directly into the rule governing release decisions - Rule 46. Adding a specific rule with specific consequences is far preferable to the Advisory Committee's approach and is consistent with the ***CVRA***'s goal of ensuring "reasonable conditions of pre-trial and post-conviction relief that include protections for the victim's safety." [468]

Rule 48 - Victims' Views on Dismissal to be Considered The Proposals:

I proposed that the court should be required to consider the views of victims in deciding whether to grant a government's motion to dismiss a case as follows:

Rule 48. Dismissal

(a) By the Government. The government may, with leave of court, dismiss an indictment, information, or complaint. The government may not dismiss the prosecution during trial without the defendant's consent. In deciding whether to grant the government's motion to dismiss, the court shall consider the views of any victims. [469]

The Advisory Committee proposed no change to this rule. [470]

Discussion:

The Advisory Committee declined to adopt this recommendation for several reasons:

The Subcommittee recognized that victims will have a great interest in whether charges are dismissed. The ***CVRA*** does not, however, explicitly address dismissals, and it speaks only of not excluding the [victim] from, and providing the [victim with] … a right to be reasonably heard at public proceedings in the district court. If the government moves for dismissal there is ordinarily no public proceeding. (When there is a **[*945]** public proceeding, the victim's right not to be excluded, and to be reasonably heard is provided for in Rule [60].)

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[466] Proposed ***Amendments***, supra note 71, R. 60(a)(3), at 16.

[467] Existing law has places where a victim's views could profitably be brought to bear. See, e.g., *18 U.S.C. § 3142*(c) (court to consider whether release of the defendant "will endanger the safety of any other person").

[468] See, e.g., 150 Cong. Rec. S10910, S10910 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[469] Cassell, Proposed ***Amendments***, supra note 4, at 918.

[470] See Proposed ***Amendments***, supra note 71 (showing no proposed change for Rule 48).

In light of the statutory statement in 18 U.S.C. § 3771(d)(6) that nothing in the ***CVRA*** "shall be construed to impair the prosecutorial discretion of the Attorney General," as well as the separation of powers issues raised by judicial review of the government's decision to terminate a prosecution, the Subcommittee was not persuaded that the rule should be amended to require the court to consider the victim's views on dismissal. When there is no public court proceeding, the victim's views will be taken into account through the right to confer with the government under 18 U.S.C. § 3771(a)(5). [471]

The Advisory Committee's opening premise is clear enough - victims do indeed have "great interest" in whether charges are dismissed. But after this promising start, the Committee's logic is hard to track. The Advisory Committee seems to be of the view that, in situations where a court considers a motion to dismiss at a public proceeding, the victim would be heard. [472] Yet the proposed Rule the Committee cites for this proposition - proposed Rule 60 [473] - is actually drafted so narrowly that the victim would have no right to be heard on such a motion. [474]

In situations where the court considered a motion to dismiss without a public proceeding, the Advisory Committee takes the view that the ***CVRA*** does not "explicitly address" the subject. This view assumes, of course, that the victim's right to fairness does not come into play when the prosecution moves to drop previously filed charges. This assumption is incorrect. Rule 48 already requires leave of court for a dismissal. In determining whether to grant leave, current case law requires the court to consider whether dismissal is "clearly contrary to manifest public interest." [475] The existing caselaw requires that the impact on a victim be considered in addressing a motion to dismiss. A dismissal is "clearly contrary to the public interest" if the prosecutor appears to be motivated by animus toward the victim. [476] Under the command of the ***CVRA***, the victim thus must be treated with fairness when the dismissal motion is addressed, as my proposal provides.

**[*946]** When the government files a motion to dismiss criminal charges involving a specific victim, the only way to protect that victim's right to be treated fairly is to consider the victim's views on the dismissal. [477] To treat a person with "fairness" is conventionally understood as treating them "justly" and "equitably." [478] A victim is not treated justly and equitably if her views are never before the court.

The Advisory Committee also alludes vaguely to "separation of powers issues raised by judicial review of the government's decision to terminate a prosecution." Here the Advisory Committee may be stepping out of line and questioning the Supreme Court. In 1944, the Court itself added the requirement to Rule 48 that prosecutors obtain leave of court before dismissing any indictment. [479] Thus, if there are separation of powers "issues" about judicial review of dismissals, they have existed for more than half a century by virtue of specific Supreme Court action.

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[471] ***CVRA*** Subcommittee Memo, supra note 66, at 20.

[472] Id. ("When there is a public proceeding, the victim's right not to be excluded, and to be reasonably heard is provided for in Rule [60].").

[473] In the subcommittee draft, the rule cited is actually numbered Rule 43.1. See ***CVRA*** Subcommittee Memo, supra note 66, at 20. Later, without any substantive change, Rule 43.1 was renumbered as Rule 60.

[474] See Proposed ***Amendments***, supra note 71, R. 60, at 15-20 (giving victims a right to be heard only as to proceedings concerning "release, plea, or sentencing") (discussed at infra notes 524-539 and accompanying text).

[475] United States v. Cowan, 524 F.2d 504, 513 (5th Cir. 1975).

[476] In re Richards, 213 F.3d 773, 787 (3d Cir. 2000); see also United States v. Hamm, 659 F.2d 624, 629-30 (5th Cir. 1981).

[477] Accord United States v. Heaton, 458 F. Supp. 2d 1271, 1272 (D. Utah 2006).

[478] Black's Law Dictionary 633 (Bryan A. Garner ed., 8th ed. 2004) (defining the adjective "fair").

[479] See Fed. R. Crim. P. 48 advisory committee's note recounting the history of the 1944 adoption.

The Advisory Committee's next argument is that to allow victims to be heard on dismissals would violate the ***CVRA***'s requirement that nothing in the Act "shall be construed to impair the prosecutorial discretion of the Attorney General." [480] But it is hard to understand how allowing information from a victim to go to a court "impairs" the government's discretion. Particularly given that courts must already review the public interest in reviewing dismissal motions, executive branch power is not impaired when a court hears from a victim in making its determination whether to approve. [481]

The Advisory Committee's final argument is that "when there is no public court proceeding, the victim's views will be taken into account through the right to confer with the government … ." [482] The passive voice ("taken into account") obscures the overarching fact that it is the government itself that is proposing to dismiss the charges. The victim deserves to be heard not merely by the government agency proposing to drop the charges, but by the independent branch of government - the judiciary - that will review that proposal. For all these reasons, Rule 48 should be amended to ensure that victims are heard because charges are dismissed.

**[*947]** Rule 50 - Victims' Right to Proceedings Free From Unreasonable Delay The Proposals:

I proposed that a victim's right to proceedings free from unreasonable delay should be recognized as follows:

Rule 50. Prompt Disposition

(a) Scheduling Preference. Scheduling preference must be given to criminal proceedings as far as practicable.

(b) Defendant's Right Against Delay. The court shall assure that the defendant's right to a speedy trial is protected, as provided by the Speedy Trial Act.

(c) Victim's Right Against Delay. The court shall assure that a victim's right to proceedings free from unreasonable delay is protected. A victim has the right to be heard regarding any motion to continue any proceeding. If the court grants a motion to continue over the objection of a victim, the court shall state its reasons in the record. [483]

The Advisory Committee proposed no change to this Rule. [484]

Discussion:

Victims have speedy trial rights under the ***CVRA***, which grants victims the right "to proceedings free from unreasonable delay." [485] In addition, child victims previously had the right to a "speedy trial" in certain situations. [486]

In view of these statutory rights, I proposed supplementing the existing rule on scheduling (Rule 50) to fold in victims' rights. The Advisory Committee did not explicitly discuss this proposal, suggesting that its failure to act was possibly due to oversight. [487] Further suggesting oversight is the Advisory Committee's repeated statements that it "sought to incorporate, but not go

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[480] *18 U.S.C. § 3771*(d)(6) (2006).

[481] See *Heaton, 458 F. Supp. 2d at 1271-73* (reaching this conclusion). In Heaton, the government did not challenge this holding and, after the decision requiring it to submit the victim's views, filed a pleading to that effect, all without any apparent separation of powers problem.

[482] ***CVRA*** Subcommittee Memo, supra note 66, at 20.

[483] Cassell, Proposed ***Amendments***, supra note 4, at 918-19.

[484] Proposed ***Amendments***, supra note 71.

[485] *18 U.S.C. § 3771*(a)(7) (2006).

[486] Id. § 3509(j).

[487] See ***CVRA*** Subcommittee Memo, supra note 66, at 17-20 (cataloging my proposals that the subcommittee did not adopt; Rule 50 not mentioned).

beyond, the rights created by statute" and that it "adopted the statutory language whenever possible." [488] Yet under the Advisory Committee's proposed changes, victims' speedy trial rights under the ***CVRA*** are not incorporated into the Rules.

Victims should have their rights regarding scheduling reflected in the rule dealing with scheduling issues. My proposed rule closely tracks the language of **[*948]** the ***CVRA***. [489] It does add a provision that victims would be heard on a motion to continue a proceeding. [490] This provision is consistent with the definitive legislative history. As Senator Kyl explained: "This provision [in the ***CVRA***] should be interpreted so that any decision to schedule, reschedule, or continue criminal cases should include victim input through the victim's assertion of the right to be free from unreasonable delay." [491] My proposed rule also requires that the court state its reason for granting any continuance. This requirement stems from a recommendation from the President's Task Force on Victims of Crime. The Task Force noted "the inherent human tendency to postpone matters, often for insufficient reason," and accordingly recommended that "reasons for any granted continuance … be clearly stated on the record." [492] Several states have adopted similar provisions. [493]

Rule 53 - Closed-Circuit Transmission of Proceedings for Victims The Proposals:

I proposed that closed-circuit transmission of court proceedings for victims should be authorized as follows:

Rule 53. Courtroom Photographing and Broadcasting Prohibited

(a) General Rule. Except as otherwise provided by a statute or these rules, the court must not permit the taking of photographs in the courtroom during judicial proceedings or the broadcasting of judicial proceedings from the courtroom.

(b) Closed-Circuit Transmission for Victims. In order to permit victims of crime to watch criminal trial proceedings, the court may authorize closed-circuit televising of the proceedings for viewing by victims or other persons the court determines have a compelling interest in doing so. [494]

The Advisory Committee proposed no change to this rule. [495]

**[*949]** Discussion:

I proposed to facilitate a victim's protected right to attend a trial by allowing closed-circuit broadcasting of a trial. The Advisory Committee did not act on this proposal for reasons that are unclear, as it did not include this proposed change in the catalog of my proposals that it was rejecting. [496]

Perhaps the Advisory Committee felt that it had sufficiently addressed the subject in its proposed changes to Rule 60. There the Committee simply tracked language in the ***CVRA*** and provided that "if the court finds that the number of victims makes it impracticable to accord all of the victims the rights described in subsection (a), the court must fashion a reasonable procedure

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[488] Proposed ***Amendments***, supra note 71, at 2.

[489] See id.

[490] Id. at 19.

[491] 150 Cong. Rec. S10910 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (emphasis added).

[492] President's Task Force, Final Report, supra note 8, at 76.

[493] See, e.g., *Ariz. Rev. Stat. Ann. § 13-4435(B)* (2001) (requiring courts to "state on the record the reason for the continuance"); *Utah Code Ann. § 77-38-7(3)(b)* (2005) (requiring the court to "enter in the record the specific reason for the continuance and the procedures that have been taken to avoid further delays").

[494] Cassell, Proposed ***Amendments***, supra note 4, at 922.

[495] Proposed ***Amendments***, supra note 71.

[496] ***CVRA*** Subcommittee Memo, supra note 66, at 17-20.

to give effect to these rights that does not unduly complicate or prolong the proceedings." [497] Thus, in a situation where numerous victims might overwhelm courtroom seating capacity, the court might craft a reasonable alternative procedure to assure attendance rights. One such reasonable procedure would appear to be closed-circuit transmission of court proceedings to a facility sufficiently large to accommodate all the victims. This was the procedure followed in the Oklahoma City bombing case. [498]

But tracking the ***CVRA*** is not enough. The language for my proposed rule comes from another statute, *42 U.S.C. § 10608*(a), which authorizes closed-circuit transmissions "notwithstanding any provision of the Federal Rules of Criminal Procedure to the contrary" in cases in which a proceeding has been transferred more than 350 miles. [499] The Advisory Committee repeatedly proposed folding language from the ***CVRA*** straight into the Federal Rules of Criminal Procedure. But if the goal is to fold statutes into the Rules, other relevant victims' statutes should be folded in as well.

While folding in a provision on closed-circuit broadcasting, there appears to be no good reason to limit such transmissions to such situations where venue has been transferred. The ***CVRA*** mandates that the courts must always craft "reasonable procedures" to protect the rights of multiple victims. [500] The proposed rule simply authorizes courts to allow such transmissions in appropriate cases. Interestingly, the ***CVRA***'s drafters specifically endorsed the closed-circuit procedure. [501]

**[*950]** For reasons that have yet to be articulated, the Advisory Committee has not only failed to act on my proposal but it has left in place a conflict between a statute and Rule 53. As noted above, *42 U.S.C. § 10608*(a) specifically trumps Rule 53 in situations where cases have been transferred more than 350 miles. [502] The Rules should at least be amended to fix that conflict. [503] While fixing that problem, the Advisory Committee should also adopt my change, which faithfully implements the ***CVRA***'s commands.

(New) Rule 60(a)(1) - Notice of Proceedings for Victims The Proposals:

I proposed requiring federal prosecutors to give notice to crime victims of their rights and the court process as follows:

Rule 10.1 Notice to Victims.

(a) Identification of Victim. During the prosecution of a case, the attorney for the government shall, at the earliest reasonable opportunity, identify the victims of the crime.

(b) Notice of Case Events. During the prosecution of a crime, the attorney for the government shall make reasonable efforts to provide victims the earliest possible notice of:

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[497] Proposed ***Amendments***, supra note 71, R. 60(b)(3), at 24 (tracking *18 U.S.C. § 3771*(d)(2) (2006)).

[498] Jo Thomas, Trial To Be Shown in Oklahoma for Victims, N.Y. Times, Jan. 30, 1997, at A14; Paul G. Cassell & Robert F. Hoyt, The Tale of Victims' Rights, Legal Times, Dec. 23, 1996, at 32.

[499] *42 U.S.C. § 10608*(a).

[500] *18 U.S.C. § 3771*(d)(2).

[501] See 150 Cong. Rec. S10912 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (noting that, because of multiple victims in the Oklahoma City bombing case, closed-circuit broadcasting used; this is "merely one example" of how a court could fashion an appropriate procedure to accommodate multiple victims).

[502] *42 U.S.C. § 10608*(a).

[503] Perhaps it could be argued that Rule 53 itself accommodates any conflict because its prohibition of broadcasting applies "except as otherwise provided by a statute or these rules." *Fed. R. Crim. P. 53*. But reliance on that language is a bit odd because it should go without saying that nothing in the Rules can trump a substantive statute passed by Congress. See *28 U.S.C. § 2072*(b). Moreover, as a simple matter of drafting clarity, it is desirable to have the Rules themselves avoid conflicts with statutes. Otherwise, courts may inadvertently follow the Rules in violation of the statutory command. See, e.g., Cassell, Barbarians at the Gates, supra note 6, at 516 (recounting how this happened in the Oklahoma City bombing case).

(1) The scheduling, including scheduling changes and/or continuances, of each court proceeding that the victim is either required to attend or entitled to attend;

(2) The release or detention status of a defendant or suspected offender;

(3) The filing of charges against a defendant, or the proposed dismissal of all charges, including the placement of the defendant in a pretrial diversion program and the conditions thereon;

(4) The right to make a statement about pretrial release of the defendant;

(5) The victim's right to make a statement about acceptance of a plea of guilty or nolo contendere;

**[*951]** (6) The victim's right to attend public proceedings;

(7) If the defendant is convicted, the date and place set for sentencing and the victim's right to address the court at sentencing; and

(8) After the defendant is sentenced, the sentence imposed and the availability of the Bureau of Prisons notification program, which shall provide the date, if any, on which the offender will be eligible for parole or supervised release.

(c) Multiple Victims. The attorney for the government shall advise the court if the attorney believes that the number of victims makes it impracticable to provide personal notice to each victim. If the court finds that the number of victims makes it impracticable to give personal notice to each victim desiring to receive notice, the court shall fashion a reasonable procedure calculated to give reasonable notice under the circumstances. [504]

The Advisory Committee proposed to add language in its global victims rule (Rule 60(a)(1)) that would give victims notice only of court proceedings:

Rule 60. Victims

(a) In General.

(1) Notice of a Proceeding. The government must use its best efforts to give the victim reasonable, accurate, and timely notice of any public court proceeding involving the crime. [505]

Discussion:

The difference between my proposal and the Advisory Committee's is that I would give victims notice of both the hearings held in a case and the fact that they can speak at some of those hearings; in contrast, the Advisory Committee would give victims notice only of the hearings. For example, I would place in the rule a requirement that victims be notified of their right to make a statement at bail, plea, and sentencing hearings and told when the hearings would be held. The Advisory Committee would tell the victim only when the hearings would be held. [506]

**[*952]** The Committee proposal disregards both the law and sound public policy. The ***CVRA*** directs that government investigating and prosecuting agencies "shall make their best efforts to see that crime victims are notified of, and accorded,

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[504] Cassell, Proposed ***Amendments***, supra note 4, at 859-60.

[505] Proposed ***Amendments***, supra note 71, R. 60, at 22.

[506] The Committee did agree with my recommendation that the notice should be provided by the Justice Department, not the courts. See Cassell, Proposed ***Amendments***, supra note 4, at 861-64. Originally, the ***CVRA*** Subcommittee had proposed that the Rules be silent on this important issue. See Advisory Committee Minutes, supra note 68, at 14 (suggesting that "it is not clear whose burden it would be to provide such notice" and "Professor Beale recommended the passive phrasing"). Apparently at some point after the meeting, the Advisory Committee chose to place the notification burden squarely on the government. See *Advisory Committee Report, supra* note 69, at 5. The Advisory Committee apparently recognized that this requirement was already the law, as found in another statute, *42 U.S.C. § 10607*(b), (c)(3)(A)-(D).

their rights [in the ***CVRA***]." [507] Because the Advisory Committee's promised approach was to "incorporate, but not go beyond, the rights created by the statute," [508] it is surprising to see that the Committee decided not to incorporate the ***CVRA***'s right for victims to be "notified of … their rights." Here again, perhaps it simply overlooked this right of victims. [509]

As a policy matter, leaving out this right threatens to cripple crime victims' right to speak at bail, plea, and sentencing hearings. If victims are unaware of their rights to speak, they may unwittingly forfeit that right. Of course, few victims are knowledgeable about the steps in the criminal justice process. Just as criminal defendants receive advice of their Miranda rights, victims should receive advice of their rights.

Although the Committee did not justify its decision to exclude the right to notice, it might conceivably argue that because this right does not involve the conduct of a public judicial proceeding, it does not belong in the Rules. The Committee advanced such an argument to defend its decision to ignore some other aspects of the ***CVRA*** in its proposed rule changes. [510]

Such an argument, at least if advanced with respect to notice issues, would lack merit. First, and most important, the rights at issue are directly bound up with judicial proceedings: at issue is notice about the right to speak at bail, plea, and sentencing proceedings. Moreover, this right directly bears on those proceedings. It is designed to ensure that a judge at these hearings will have all relevant information, including information from crime victims.

Second, it is not true that the Federal Rules of Criminal Procedure only cover judicial proceedings. To provide a few straightforward examples: Rule 11 authorizes prosecutors and defense attorneys to "discuss and reach a plea agreement"; [511] Rule 16 provides that, upon request, a prosecutor "must permit the defendant to inspect and to copy or photograph books, papers, documents, data, photographs, tangible objects, buildings or places, or copies or portions of any of these items, if the item is within the government's possession, custody, or control"; [512] Rule 41 requires a police officer executing a search warrant to "give a copy of the warrant and a receipt for the property taken to the person from whom **[*953]** … the property was taken"; [513] and Rule 49 requires parties to serve their legal pleadings on each other. [514] Although these rights may have some ultimate effect on a court proceeding, none of them involves the conduct of a judicial proceeding. If they are "in bounds" for the Rules of Criminal Procedure, the subject of notice about rights to a hearing would seem to fit comfortably as well.

Turning to how to draft a rule giving victims notice of their rights, it is easy to reformulate my proposal so that it tracks the more abbreviated style preferred by the Advisory Committee. Such a rule would read as follows (underlined language being added to the Advisory Committee's proposed language):

(1) Notice of a Proceeding. The government must use its best efforts to give the victim reasonable, accurate, and timely notice of any public court proceeding involving the crime and of the rights the victim has at those proceedings.

It is not unreasonable to ask prosecutors to give victims notice of their rights. As long ago as 1982, the President's Task Force of Victims of Crime concluded that the prosecutor is "in the best position to explain to victims the legal significance of various motions and proceedings." [515] The Attorney General Guidelines for Victim and Witness Assistance already require

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[507] *18 U.S.C. § 3771*(c)(1) (emphases added).

[508] *Advisory Committee Report, supra* note 69, at 2.

[509] See id. at 17-20 (purporting to catalog Cassell proposals rejected; notice of rights not included).

[510] See id. at 13 (listing rights that "seem to fall outside the parameters of the Federal Rules of Criminal Procedure).

[511] *Fed. R. Crim. P. 11(c)(1)*.

[512] Id. 16(a)(1)(E).

[513] Id. 41(f)(1)(C) (Supp. 2007).

[514] Id. 49(a)-(b).

[515] President's Task Force, Final Report, supra note 8, at 64.

prosecutors and their agents to provide notice to crime victims for their rights, [516] as do some states. [517] To ensure that the Justice Department has sufficient resources to provide notice, the ***CVRA*** authorizes $ 25 million over the next five fiscal years to the Office for Victims of Crime of the Department of Justice for enhancement of victim notification systems. [518] The Advisory Committee should therefore add language to its proposed rule change to require prosecutors to give victims notice of their rights.

**[*954]** (New) Rule 60(a)(1) - Proceeding Without Notice to a Victim The Proposals:

I proposed spelling out what would happen in circumstances where a court wanted to proceed with a hearing but no notice had been given to a victim as follows:

(b) Proceeding With and Without Notice. The court may proceed with a public proceeding without a victim if proper notice has been provided to that victim under Rule 10.1. The court may proceed with a public proceeding (other than a trial or sentencing) without proper notice to a victim only if doing so is in the interest of justice, the court provides prompt notice to that victim of the court's action and of the victim's right to seek reconsideration of the action if a victim's right is affected, and the court ensures that notice will be properly provided to that victim for all subsequent public proceedings. [519]

The Advisory Committee did not propose any such change. [520]

Discussion:

It seemed desirable to me to spell out how courts should proceed when victims lacked notice of a hearing. In contrast, the Advisory Committee has chosen not to address the subject.

By not addressing the subject, the Advisory Committee may be suggesting that the court is forbidden from moving forward when a victim has not been given notice of a proceeding. The caselaw makes clear that when a defendant has not been given notice, any subsequent court action is void. [521] The ***CVRA***'s legislative history shows that the same rule was to apply for victims. As Senator Kyl explained,

It does not make sense to enact victims' rights that are rendered useless because the victim never knew of the proceeding at which the right had to be asserted. Simply put, a failure to provide notice of proceedings at which a right can be asserted is equivalent to a violation of the right itself. [522]

**[*955]** In light of the fact that a court might otherwise be barred from proceeding when a victim has not been given notice, it still seems preferable to me to spell out a way to allow the court to move forward while simultaneously protecting victims' interests. But I will not elaborate the point further here.

(New) Rule 60(a)(2) - Victims' Right to Attend Trials Both the Advisory Committee and I proposed a rule that guarantees victims the right to attend court proceedings except in those very rare instances where the victim's testimony would be

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[516] See Attorney General Guidelines, supra note 161, at 23.

[517] See, e.g., Ala. Code. § 15-23-62 (LexisNexis 1995) (requiring law enforcement officers to give victims initial description of their rights and "the name and telephone number of the office of the prosecuting attorney to contact for further information").

[518] See Pub. L. No. 108-405, ***118 Stat. 2260, 2264-65 (2004);*** see also 150 Cong. Rec. S4267 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) ("We authorized an appropriation of to assure … that moneys would be made available to enhance the victim notification system, managed by the Department of Justice's Office for Victims of Crime, and the resources additionally to develop state-of-the-art systems for notifying crime victims of important states of development.") (emphasis added).

[519] Cassell, Proposed ***Amendments***, supra note 4, at 904-05. I proposed adding this as new Rule 43.1, but discuss it here as new Rule 60(a)(1) to track the Advisory Committee's nomenclature.

[520] Proposed ***Amendments***, supra note 71.

[521] See Wright, supra note 210, § 721, at 13.

[522] 150 Cong. Rec. S10910-01 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (reprinted in Appendix B).

materially altered by attending the trial. [523] Because the Advisory Committee proposal essentially tracks my proposal, it is not necessary to discuss this issue here.

(New) Rule 60(a)(3) - Victims' Right to be Heard on Bail, Plea, Sentencing and Other Issues The Proposals:

I proposed not only specific rules allowing victim to be heard at release, plea, and sentencing hearings but also a general rule giving victims the right to be heard on all issues directly affecting their rights as follows:

Right to be Heard on Victims' Issues. In addition to rights to be heard established elsewhere in these rules, at any public proceeding at which a victim has the right to attend, the victim has the right to be heard on any matter directly affecting a victim's right. [524]

The Advisory Committee proposed only a narrow rule giving victims the right to be heard at only three specific points in the process - bail, plea, and sentencing hearings:

Right to Be Heard. The court must permit a victim to be reasonably heard at any public proceeding in the district court concerning release, plea, or sentencing involving the crime. [525]

**[*956]** Discussion:

The Advisory Committee's proposed general rule on the victim's right to be heard is inferior to weaving that right into the specific rules on release, plea, and sentencing. This issue is discussed earlier in this Article. [526] The larger issue to pursue here is the silence of the Advisory Committee on how a court should proceed when a victim's rights under the ***CVRA*** are at stake in other proceedings. For example, what if the court is considering continuing a trial in violation of a victim's right to "proceedings free from unreasonable delay"? [527] Or excluding the victim from a proceeding in violation of a victim's right "not to be excluded from … public court proceeding"? [528] Or turning over to the defense personal and confidential information about the victim in violation of a victim's right "to be treated with fairness and with respect for the victim's dignity and privacy"? [529] Or giving a defendant the victim's home address in an alibi situation in violation of the victim's right to be "reasonably protected from the accused"? [530]

My proposed rule would state directly that the victim has the right to be heard on such issues. How the Advisory Committee would handle such issues is unclear. The Advisory Committee's proposed rule on the victim's right to be heard only confers such a right for three specific hearings. The listing of three hearings might seem to suggest victims could not be heard elsewhere. But denying victims a chance to be heard at other hearings where their rights are implicated is such an obvious violation of fundamental notions of fairness (not to mention the victim's right to fairness under the ***CVRA***) that one should be reluctant to ascribe that position to the Advisory Committee.

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[523] See Cassell, Proposed ***Amendments***, supra note 4, at 904-11; Proposed ***Amendments***, supra note 71, R. 60(a)(2), at 16; see also *In re Mikhel, 453 F.3d 1137, 1139-40 (9th Cir. 2006)* (reversing district court decision excluding victims from trial under the ***CVRA***); Beloof & Cassell, supra note 229, at 519-20 (concluding that the ***CVRA*** grants a "nearly unqualified" right for the victim to attend a trial).

[524] Cassell, Proposed ***Amendments***, supra note 4, at 905, 911.

[525] Proposed ***Amendments***, supra note 71, R. 60(a)(3), at 16.

[526] See supra notes 464-468 and accompanying text (proposing ***amendments*** to Rule 48 regarding release); supra notes 151-158 and accompanying text (proposing ***amendments*** to Rule 11 regarding pleas); supra notes 434-448 and accompanying text (proposing ***amendments*** to Rule 32).

[527] *18 U.S.C. § 3771*(a)(7) (2006).

[528] Id. § 3771(a)(3).

[529] Id. § 3771(a)(8); see also supra notes 231-351 and accompanying text (discussing ***amendments*** to Rule 17).

[530] *18 U.S.C. § 3771*(a)(1); see also supra notes 177-213 and accompanying text (discussing this question).

Part of the confusion here may stem from two different ways in which victims can be heard. The first way is when the victim's statement is effectively built into the proceeding at issue. At sentencing hearings, for example, the ***CVRA*** envisions a specific point in the process where the victim will have a chance to make a statement - the victim's allocution. [531] This is what the ***CVRA*** means when it refers to the victim's "right to be heard" at sentencing proceedings (along with plea and bail proceedings). But the listing of victims' rights to be heard at those three specific hearings could not possibly have meant that victims would have to remain silent at all other hearings.

**[*957]** The ***CVRA*** envisions victims being heard in second sense - in arguing in favor of their rights. The ***CVRA*** directly gives victims and their representatives the right to "assert" their rights. [532] These rights can be asserted by a victim's representative (that is, an attorney). [533] The ***CVRA*** also allows victims to file motions asserting their rights which must be taken up "forthwith." [534] These are all ways in which victims can properly be heard. [535]

The ***CVRA***'s legislative history makes it unmistakably clear that victims would be heard at other points in the process. Senator Feinstein explained that the basic goal of the ***CVRA*** was to give victims the right to "participate in the process where the information that victims and their families can provide may be material and relevant … ." [536] Senator Kyl also noted that the act's enforcement provisions would give victims rights to be heard throughout the process:

[The ***CVRA***'s enforcement provisions] allow[] a crime victim to enter the criminal trial court during proceedings involving the crime against the victim, [to stand with other counsel in the well of the court,] and assert the rights provided by this bill. This provision ensures that crime victims have standing to be heard in trial courts so that they are heard at the very moment when their rights are at stake and this, in turn, forces the criminal justice system to be responsive to a victims' rights in a timely way. [537]

As one illustration of how this right to be heard operates, consider the victim's right to proceedings free from unreasonable delay. [538] Presumably, this right encompasses a victim's opportunity to be heard before a case is delayed. As Senator Kyl stated: "This provision should be interpreted so that any decision to schedule, reschedule, or continue criminal cases should include victim input through the victim's assertion of the right to be free from unreasonable delay." [539]

In view of all the different ways in which crime victims can be heard, it is appropriate to have a rule that speaks broadly to the subject and protects victims' right to be heard whenever their rights are at stake. My proposed rule achieves that goal.

**[*958]** (New) Rule 60(b) - Enforcement of Victims' Rights The Proposals:

I proposed folding into the procedures a victim's right to assert an error as follows:

Rule 51. Preserving Claimed Error

(a) Exceptions Unnecessary. Exceptions to rulings or orders of the court are unnecessary.

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[531] See supra notes 434-448 and accompanying text (discussing victim allocution).

[532] *18 U.S.C. § 3771*(d)(1).

[533] Id.

[534] Id. § 3771(d)(3).

[535] See, e.g., United States v. Tobin, No. 04-CR-216-01-SM, 2005 WL 1868682, at 2 (D.N.H. July 22, 2005) (allowing putative victim to assert right to proceedings free from unreasonable delay even though bail, plea, or sentencing hearing not at issue).

[536] 150 Cong. Rec. S4262 (Apr. 22, 2004) (statement of Sen. Feinstein).

[537] 150 Cong. Rec. S4269 (Apr. 22, 2004) (statement of Sen. Feinstein) (emphases added).

[538] *18 U.S.C. § 3771*(a)(7).

[539] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (emphasis added) (reprinted in Appendix B).

(b) Preserving a Claim of Error. A party or a victim may preserve a claim of error by informing the court - when the court ruling or order is made or sought - of the action the party wishes the court to take, or the party's objection to the court's action and the grounds for that objection. If a party or a victim does not have an opportunity to object to a ruling or order, the absence of an objection does not later prejudice that party. A ruling or order that admits or excludes evidence is governed by *Federal Rule of Evidence 103*. [540]

The Advisory Committee proposed incorporating some of the language of the ***CVRA*** dealing with enforcement of victims' rights as follows:

Rule 60. Victim's Rights.

… .

(b) Enforcement and Limitations.

(1) Time for Decision. The court must promptly decide any motion asserting a victim's rights under these rules.

(2) Who May Assert Rights. The rights of a victim under these rules may be asserted by the victim or the attorney for the government.

(3) Multiple Victims. If the court finds that the number of victims makes it impracticable to accord all of the victims the rights described in subsection (a), the court must fashion a reasonable procedure to give effect to these rights that does not unduly complicate or prolong the proceedings.

(4) Where Rights may be Asserted. The rights described in subsection (a) must be asserted in the district in which a defendant is being prosecuted for the crime.

(5) Limitations on Relief. A victim may make a motion to re-open a plea or sentence only if:

(A) the victim has asked to be heard before or during the proceeding at issue and the request was denied;

**[*959]** (B) the victim petitions the court of appeals for a writ of mandamus within 10 days of the denial and the writ is granted; and

(C) in the case of a plea, the accused has not pleaded to the highest offense charged.

(6) No New Trial. In no case is a failure to afford a victim any right under these rules grounds for a new trial. [541]

Discussion:

I proposed to essentially create a rule for victims to assert error, leaving additional details to be treated elsewhere. The Advisory Committee proposed to fold into the Rules of Criminal Procedure some of the enforcement provisions and restrictions in the ***CVRA***.

Because the Advisory Committee's proposal largely tracks the ***CVRA***, much in it is unobjectionable. But the Advisory Committee deviates from the ***CVRA***'s language in five places for reasons that are unexplained - and unexplainable. The patient reader of this Article may not be surprised that all five of these deviations operate in the same direction - to reduce a crime victim's rights from what Congress has commanded.

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[540] Cassell, Proposed ***Amendments***, supra note 4, at 921-22.

[541] Proposed ***Amendments***, supra note 71, R. 60(b), at 16-18.

First, in Proposed Rule 60(b)(1), the Advisory Committee has watered down the ***CVRA***'s directive that a court must decide any victim's motion "forthwith" [542] to "promptly." While there is nothing wrong with this change as a matter of style, [543] it does appear to reduce the speed with which courts will have to act to enforce victims' rights. "Forthwith" can be interpreted to be more exacting requirement than "promptly." [544] Given that the Advisory Committee's premise that, where possible, it "should incorporate" the language of the ***CVRA***, [545] it is unclear why it chose to substitute "promptly" for the "forthwith" requirement.

Second, in Proposed Rule 60(b)(2), the Advisory Committee has inexplicably left out the right of the victim's representative to assert a victim's right (along with **[*960]** the victim herself and the prosecutor). [546] This omission is criticized earlier in this Article. [547]

Third, in Proposed Rule 60(b)(5)(a) through (c), the Advisory Committee sets out three requirements for a victim to file a motion to reopen a sentence - requirements taken straight from the ***CVRA***. [548] Without explanation, however, the Advisory Committee then leaves out the ***CVRA***'s qualification to these restrictions - "this paragraph does not affect the victim's right to restitution as provided in Title 18, United States Code." [549]

Fourth, in Proposed Rule 60(b)(4), the Advisory Committee has left out the ***CVRA***'s venue provision which allows a victim to assert her rights "if no prosecution is underway, in the district court in the district in which the crime occurred." [550] In contrast to the other three omissions just noted, the Advisory Committee specifically discussed whether to track the italicized language in its proposed rule on asserting rights. Remarkably, it decided to take the statutory language out of the Rules:

Judge Levi expressed concern over the final phrase in Rule [60(b)(4)], which gives a victim the right to assert rights "if no prosecution is underway, in the court in the district in which the crime occurred." Judge Jones said the Crime Victims Rights Act affords victims certain rights even in the absence of a case. Judge Levi noted, however, that the criminal rules only apply to proceedings in filed cases. Judge Jones explained that the subcommittee had decided to include it because there might be a pre-prosecution proceeding of some sort to which the provision might apply. There was discussion as to whether a grand jury investigation might qualify as such. Professor Beale said that, while the Act might give victims certain rights, such as being treated respectfully, Judge Levi was probably correct that the rights covered by the criminal rules could only be asserted with respect to a case being prosecuted. After further discussion, Judge Jones said the phrase would be deleted, as Judge Levi had suggested. [551]

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[542] *18 U.S.C. § 3771*(d)(3).

[543] See Bryan A. Garner, A Dictionary of Modern Legal Usage 372 (2d ed. 1995).

[544] See, e.g., ***Amella v. United States, 732 F.2d 711, 713 (9th Cir. 1984)*** "["Forthwith'] connotes action which is immediate, without delay, prompt, and with reasonable dispatch."); *Ayers v. Coughlin, 530 N.E.2d 373, 375 (N.Y. 1988)* ("We reiterate that the statutory mandate to commit individuals to the officials responsible for their custody "forthwith' means that it is done without delay, at once, promptly. "Forthwith' signals immediacy.").

[545] ***CVRA*** Subcommittee Memo, supra note 66, at 1-2.

[546] Compare Proposed ***Amendments***, supra note 71, R. 60(b)(2), at 17, with *18 U.S.C. § 3771*(d)(1) (2006) (victims' rights may be asserted by "the crime victim or the crime victim's lawful representative, and the attorney for the Government") (emphasis added).

[547] See supra notes 117-133 and accompanying text. For the Advisory Committee's response to this criticism, see infra notes 578-579 and accompanying text.

[548] See *18 U.S.C. § 3771*(d)(5)(a)-(c).

[549] Id. § 3771(d)(5).

[550] Id. § 3771(d)(3) (emphasis added).

[551] Advisory Committee Minutes, supra note 68, at 15 (discussing now-renumbered Rule 43(1)(b)(3)).

This resulted in the Advisory Committee proposing a rule that recites only half of the ***CVRA***'s venue provision. The rule as proposed by the Advisory Committee provides that "the rights described in [the rules] must be asserted in **[*961]** the district in which a defendant is being prosecuted for the crime," [552] leaving silent what a victim should do if no prosecution is underway.

Once again, the confusion that the Advisory Committee discovered in the statute stems from the committee's failure to give effect to (among other things) the victim's right to fairness. The ***CVRA*** extends the requirement for fair treatment not only to prosecutors and courts, but also to all "officers and employees of the Department of Justice and other departments and agencies of the United States engaged in the detection, investigation, or prosecution of crime … ." [553] (I will call this the ***CVRA***'s "coverage provision.") It is, of course, easily conceivable that investigative agencies might violate a victim's right to fairness before formal criminal proceedings were initiated. Because "no prosecution is underway" in such circumstances, the victim would need to assert their rights (in the language of the ***CVRA***'s venue provision) "in the district court in the district in which the crime occurred."

Under the Advisory Committee's proposal, a victim who is treated unfairly by a federal investigative agency will lack any place to assert her right to fair treatment - in contravention of a teaching that traces back at least to Marbury v. Madison that "where there is a legal right, there is also a legal remedy." [554] The Advisory Committee, however, seems to think that this is not a problem to be addressed in the Rules because the rights covered by the criminal rules "could only be asserted with respect to a case being prosecuted." But, of course, this assumption depends on limiting the rights in the ***CVRA*** to such narrow provisions as the right to be "heard" on sentencing and other issues, because these rights attach only to "any public proceeding." [555] This assumption fails if the right to be treated fairly (not to mention the right to be treated with dignity and respect and other rights) is in the mix - as ***CVRA***'s plain language demands.

The Advisory Committee seemed to recognize the venue problem for cases with no prosecution underway when it discussed the fact that victims may now have rights in the grand jury process (a subject squarely covered by the criminal rules [556]). But other examples exist as well. For example, federal agents may improperly tread on a victim's rights through a search warrant (another subject covered by the criminal rules [557]). Or in the course of their investigation, they may mishandle evidence in a way that treads on a victim's dignity (improperly disseminating a nude or pornographic photograph of a victim, for instance. [558]) In **[*962]** all these situations, victims are at least entitled to a forum to assert their rights to be treated with fairness and with respect for their dignity and privacy - yet the Advisory Committee has excised the ***CVRA***'s venue provision that provides the forum.

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[552] Proposed ***Amendments***, supra note 71, Rule 60(b)(4), at 17.

[553] *18 U.S.C. § 3771*(c)(1) (emphasis added).

[554] *5 U.S. (1 Cranch) 137, 163 (1803).*

[555] *18 U.S.C. § 3771*(a)(4).

[556] *Fed. R. Crim. P. 6*. See generally Beloof, Cassell & Twist, supra note 6, at 335-79 (discussing victims' rights and the grand jury process).

[557] See *Fed. R. Crim. P. 41*.

[558] Cf. Donohue v. Hoey, No. 02-1405, 2004 WL 2095661, at 22-24 (10th Cir. Sept. 21, 2004) (finding no § 1983 right to damages for alleged mishandling of nude photograph during state police investigation).

The examples given in the text are just illustrations, and there may be many more situations where a victim's rights might be violated before charges are filed. In particular, the victim might not receive notice of their rights before charges are filed. The Justice Department's own guidelines provide that a victim must receive notice of rights "at the earliest opportunity after detection of a crime at which it may be done without interfering with an investigation." *Dep't of Justice, Attorney General Guidelines, supra* note 161, at 23. Moreover, existing federal law requires the same notification, although this law is found outside the ***CVRA***. See *42 U.S.C. § 10607* (notice to victim must be given at "the earliest opportunity after the detection of a crime at which it may be done without interfering with an investigation.").

It is important to emphasize one argument the Advisory Committee does not appear to make: that the ***CVRA*** applies only to charged crimes. Any such argument would not only fly squarely in the face of the ***CVRA***'s venue and coverage provisions applying victims' rights against investigating agencies, but also of the ***CVRA***'s clear legislative history. Discussing the ***CVRA***'s definition of a crime victim, [559] Senator Kyl said the statute used an "intentionally broad definition because all victims of crime deserve to have their rights protected, whether or not they are the victim of the count charged." [560]

At least one federal magistrate judge has suggested, in dicta, that - in spite of Senator Kyl's plain statement - the ***CVRA*** might not apply until charges have been filed. [561] His primary reason for doing so, however, was that the Supreme Court's decision in Hughey v. United States, [562] suggested this result. To be sure, the victims statute at issue in Hughey (the Victim Witness Protection Act) did employ a similar definition of "victim" as that found in the ***CVRA***. But Hughey turned on the fact that other language in the restitution statute provided that ""a defendant convicted of an offense' may be ordered to "make restitution to any victim of such offense.'" [563] Such a straightforward holding says little about a statute - such as the "fairness" provision in the ***CVRA*** - that contains no such limiting language regarding persons "convicted … of [an] offense." Moreover, the magistrate judge did not discuss the ***CVRA***'s coverage and venue provisions, which plainly dictate that the ***CVRA*** applies to crimes not yet charged. For all these reasons, the **[*963]** Advisory Committee should apply the ***CVRA*** as written and include a venue provision both for prosecuted and not-yet-prosecuted crimes.

Fifth, and most important, in proposed Rule 60(b)(2), the Advisory Committee gives victims the power to assert rights "under these rules." As has been noted throughout this Article, the Rules as they would be amended by the Advisory Committee leave out many of the victims' rights under the ***CVRA***. For example, the victims right to a speedy trial has not been included in the proposed rule changes. [564] By giving victims the power to only assert the limited number of rights listed "under these rules," the Advisory Committee ignores many victims' rights under the ***CVRA***. At the very least, the language should be changed to make clear that victims to assert all rights that they have under the ***CVRA***.

One change that the Advisory Committee should not make is worth brief mention: The Advisory Committee should not add a provision for a fact-finding hearing to determine whether someone is a "victim" of crime. In its comment on the pending proposed ***amendments***, the National Association of Criminal Defense Lawyers ("NACDL") has proposed such a procedure. The rationale it gives is that "the conferring of "rights' on the "victim' comes, in general, at the expense of the defendant. Thus, due process requires that a provision be added to these Rules for a factfinding hearing, to be held whenever the proper labeling of a person as "victim,' is in dispute … ." [565]

The NACDL's rationale is patently defective. The rights in the ***CVRA*** do not interfere with any rights of the defendant, as pointed out throughout this Article. [566] For instance, for victims to be notified of court hearings, to attend those hearings, and

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[559] See supra notes 117-133 and accompanying text (discussing ***amendments*** to Rule 1).

[560] 150 Cong. Rec. S10912 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl); cf. *United States v. Heaton, 458 F. Supp. 2d 1271, 1272 (D. Utah 2006)* ("Although some of the other rights in the Crime Victims' Rights Act (such as the right to be heard and the right to not be excluded) are limited to "public proceedings,' the right to fairness is not so restricted.").

[561] *United States v. Turner, 367 F. Supp. 2d 319, 326-27 (E.D.N.Y. 2005).*

[562] *495 U.S. 411 (1990).*

[563] *Id. at 415-16* (emphases added) (quoting 18 U.S.C. § 3579(a)(1) (1982 ed. Supp. IV)).

[564] See supra notes 483-493 and accompanying text.

[565] Peter Goldberger, Statement on Behalf of the Nat'l Assoc. of Crim. Defense Lawyers Before the Advisory Comm. on Criminal Rules 4 (Jan. 26, 2007).

[566] While the ***CVRA*** extends to uncharged crimes, it is also obvious that "the ***CVRA*** does not grant victims any rights against individuals who have not been convicted of a crime." *In re W.R. Huff Asset Mgmt. Co., 409 F.3d 555, 564 (2d Cir. 2005)* (emphasis added); accord Searcy v. Skinner, No. 6:06-1418-GRA-WMC, 2006 WL 1677177, at 2 (D.S.C. June 16, 2006). Like the constitutional ***amendment*** it was patterned on, the ***CVRA*** extends rights against the government - that is, rights "not to be victimized again through the process by which government

to speak at those hearings does not interfere with the defendant's right to be notified of those hearings, attend those hearings, and to speak at those hearings. Perhaps this is why the NACDL could only assert that "in general" victims' rights harm defendants - the NACDL did not provide a single supporting example.

Moreover, the procedure that the NACDL would put in place - a full evidentiary hearing with the defendant able to cross-examine the victim to be determine "victim" status - is novel and unwarranted. While crime victims' rights have existed in all fifty states and the federal system for the last two decades, no **[*964]** jurisdiction has ever required anything like this. [567] Instead, procedural issues of how to determine victim status are left to the sound discretion of the trial courts.

To give a defendant an automatic right to challenge victim status raises constitutional and other problems. A defendant who simply complained about a victim designation would lack "standing" under Article III of the Constitution, because there would be no "threatened or actual injury resulting from the putatively illegal action." [568] Moreover, to give defendants free license to cross-examine victims about whether they were truly victims would obviously create a right to discovery in a criminal case that contradicts current law [569] and circumvents the stringent limitations on depositions of witnesses found in Rule 15. [570] The potential for abusive questioning of victims in such hearings (where no jury is present to be alienated) should also not be overlooked. [571] The victims' rights provisions in this country have never been used to give defendants new rights to question and potentially traumatize victims. The ***CVRA***'s expansion of victims' rights should not be the occasion to start. [572]

V. Conclusion

This Article has tried to make the case for specific changes to the Federal Rules of Criminal Procedure to protect crime victims' rights, particularly those rights listed in the ***CVRA***. The Article has attempted to sketch out one way that the Rules could be amended to do this while at the same time contending that the Advisory Committee's pending victims' rights proposals are too restrictive. In concluding the Article, it may be useful to raise broader concerns about the Advisory Committee's minimalist approach.

In reviewing the Advisory Committee's proposals, some might reach the conclusion that the Committee treated the victims issue as a chore to be survived rather than an opportunity to be seized. One can read the Committee's proposals and the minutes of its discussions without finding much enthusiasm for the idea of crime victims becoming a part of the criminal justice process. This reluctance may be part of a larger phenomenon of hostility by the legal culture to crime victims, as other scholars and I have argued elsewhere. [573]

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officials prosecute, punish and release accused or convicted offenders." Tribe & Cassell, supra note 28; accord S. Rep. 106-254, at 1-2 (2000) (Victims' Rights ***Amendment*** designed to guarantee victims participatory rights in government process). That is why the ***CVRA*** states that the rights must be afforded by government agencies and actors. See *18 U.S.C. § 3771*(c)(1) (2006).

[567] Communication from Professor Douglas Beloof, Director of the National Crime Victims Law Institute (Jan. 19, 2007) (on file with author).

[568] *Warth v. Seldin, 422 U.S. 490, 499 (1975)* (internal quotation omitted).

[569] See supra notes 206-211 and accompanying text.

[570] See supra note 210 and accompanying text.

[571] See Cassell, Proposed ***Amendments***, supra note 4, at 1434-37 (explaining how cross-examination of victims at Utah's preliminary hearings has traumatized victims).

[572] The Advisory Committee ultimately agreed with this position, and added language to a Committee Note stating simply that the court could make findings to resolve any dispute about who was a victim. See infra note 580.

[573] See, e.g., Cassell, Proposed ***Amendments***, supra note 4, at 534 ("The "legal culture' … is one that has not made room for crime victims."); Edna Erez, Victim Participation in Sentencing: And the Debate Goes On … , 3 Int'l Rev. of Victimology 17, 29 (1994) (noting socialization of legal scholars "in a culture and structure that do not recognize the victim as a legitimate party in criminal proceedings"); see also Stephanos Bibas, Transparency and Participation in Criminal Procedure, *81 N.Y.U. L. Rev. 911, 964 (2006)* (suggesting crime victims can effectively monitor the behavior of "insiders" in the system).

**[*965]** Any lack of interest in crime victims is regrettable and might lead to harmful consequences. Congress has decided that crime victims must be fully integrated into the federal criminal justice system. The Rules of Criminal Procedure are an important part of that system and must fully reflect the congressionally protected interests of crime victims. If the judiciary will not do the job, no doubt Congress will step in to finish the task. Indeed, Congress will be looking carefully at the ***CVRA***'s effectiveness in changing the system in 2008, as it directed the General Accounting Office to "prepare and submit to the appropriate committees a report" on the effectiveness of the act at that time. [574]

It would be unfortunate if initiative for rules on crime victims were to pass from the courts to Congress. The courts do have institutional advantages in assessing changes in the Rules. [575] The rulemaking committees are staffed with judges who have long experience in applying rules of procedure. And the rulemaking process itself guarantees considerable public involvement and careful deliberation about any rules that are ultimately adopted.

But having a good rulemaking process is one thing; producing a good product is another. Unfortunately, the Advisory Committee's current proposals do not treat crime victims fairly and, even more indisputably, do not fully implement Congress's commands in the ***CVRA***. As the ***CVRA*** directs, crime victims are now participants in the federal criminal justice system. The Federal Rules of Criminal Procedure must faithfully reflect that new reality and ensure that crime victims, no less than prosecutors and defendants, are treated fairly throughout the process.

VI. Afterword

After this Article was completed in January 2007, several significant developments occurred that are relevant to rule changes discussed here. First, several members of Congress wrote the Advisory Committee to explain that they were concerned about the timid approach to implementing the ***CVRA***. Then, in the spring and summer of 2007, the Advisory Committee itself made several changes to the Rules discussed in this Article. Finally, as anticipated in the conclusion to this Article, Congress has begun to move on legislation that would finish the task of enshrining crime victims' rights in the federal rules. Rather than revise the Article in light of these subsequent developments, it seemed to make more sense to let the Article stand as originally written and supplement it with a brief afterward discussing each of these developments.

**[*966]**

A. Congressional Public Comment on the Advisory Committee's Proposed Rules

Public comment on the Advisory Committee's proposed rule changes closed in February 2007. As comment was closing, several members of Congress wrote the Committee, confirming that they too are troubled by the minimalist approach to the proposed ***CVRA amendments***. On February 15, 2007, Senator Jon Kyl wrote to the Committee to express his "strong concern" about the proposed ***amendments***. He explained as follows:

As a sponsor of the Act, I believe that passage by overwhelming majorities in both the House and the Senate signifies Congress's intent to provide crime victims with substantive rights and protections in federal court. But the proposed ***amendments*** do little more than reiterate limited parts of the statute. Crime victims have been mistreated by the federal criminal justice system for far too long. To comply with Congress's intent, the Advisory Committee must take decisive and … comprehensive action to thoroughly amend the rules and fully ensure that crime victims are protected in federal courts. [576]

Senator Kyl went on to say he "fully endorsed" my specific proposals, indicating that they were, however, in some areas "too cautious." [577]

B. The Advisory Committee's Response to this Article and Other Public Comments

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[574] Pub. L. No. 108-405, § 104(b)(2), ***118 Stat. 2260, 2265*** (codified as amended at *18 U.S.C. § 3771* (Supp. 2006)).

[575] See generally Peter G. McCabe, Renewal of the Federal Rulemaking Process, *44 Am. U. L. Rev. 1655,1687-91 (1995).*

[576] Letter from Senator Jon Kyl to Hon. David F. Levi, Chairman, Comm. on Rules of Practice and Procedure 1 (Feb. 16, 2007).

[577] Id. at 3.

In response to this Article and to other public criticisms of its rules, the Advisory Committee made several modest changes to its proposed rules. These changes are discussed in numerical order here. Other than these changes, no significant changes were made to the proposed rules discussed here. The Advisory Committee has submitted them all to the Supreme Court and, unless the Court takes the unusual step of disavowing them, they will go into effect on December 1, 2008.

Rule 1. In apparent response to my criticism that the definition of "victim" found in Rule 1 intentionally excluded a victim's "representative," [578] on April 16, 2007, the Advisory Committee amended its proposed Rule 60 to allow a victim's representative to assert a right. Rule 60(b)(2) now provides: "A victim's rights described in these rules may be asserted by the victim, the victim's lawful representative, the attorney for the government, or any other person as authorized **[*967]** by *18 U.S.C. § 3771*(d) and (e)." [579] This change insures that victims' representatives will be able to assert victims' rights. The Advisory Committee also added language to the Committee Note stating that courts could make appropriate findings to resolve any dispute about who is a victim. [580]

Rule 5. At its October 1, 2007 meeting in Utah, the Advisory Committee approved a proposed change to Rule 5 regarding detention hearings. The proposed addition to Rule 5 reads: "In making the decision to detain or release the defendant, the judge must consider the right of the victim to be reasonably protected from the defendant." [581] This language was lifted almost straight from Senator Kyl's proposed legislation implementing the ***CVRA*** [582] (which is discussed in the next section). This seems like a valuable addition to the Rules, helping to protect victims' rights in detention decisions.

Rule 12.1. At its April 16, 2007 meeting, the Advisory Committee apparently agreed with my conclusion that courts lack authority to force a victim to meet with a defendant [583] and struck language recommending such a meeting from its Committee note. [584]

Rule 12.3. Also at its October 1, 2007 meeting, the Advisory Committee responded to my point that the same language appears in both Rule 12.1 (alibi defense) and Rule 12.3 (public authority defense) regarding disclosure of addresses of crime victims. [585] It therefore proposed to add the same changes to Rule 12.3 that it added to Rule 12.1. [586] Unfortunately, for the reasons discussed at length here, now the language in both Rule 12.1 and 12.3 is insufficiently protective of victims' rights. [587]

Rule 17. At its April 16, 2007 meeting, the Advisory Committee revised its rule on subpoenas for confidential information to read: "Before entering the order and unless there are exceptional circumstances, the court must require that notice be given to the victim so that the victim can move to quash or modify the subpoena or otherwise object." [588] This change responds to objections from the American Bar Association, other groups, and me that the earlier rule encouraged ex parte **[*968]** issuance

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[578] See supra notes 117-126 and accompanying text.

[579] Proposed ***Amendments***, supra note 71, R. 60(b)(2), at 17 (emphasis added).

[580] Memorandum from Hon. Susan C. Bucklew, Chair, Advisory Comm. on Fed. Rules of Criminal Procedure, to Hon. David F. Levi, Chair, Standing Comm. on Rules of Practice and Procedure app. a, at 271-72 (May 19, 2007) [hereinafter Bucklew Memo], available at *http://www.uscourts.gov/rules/Reports/CR05-2007.pdf*.

[581] Memorandum from Professor Sara Sun Beale, Reporter, Advisory Comm. on Fed. Rules of Criminal Procedure, to Members of the Criminal Rules Advisory Comm. 136 (Sept. 2, 2007) [hereinafter Beale Memo].

[582] S. 1749, 110th Cong. § 5 (2007).

[583] See supra notes 206-211 and accompanying text.

[584] Bucklew Memo, supra note 580, app. a, at 277.

[585] See supra notes 202-203 and accompanying text.

[586] Beale Memo, supra note 581, app. at 7.

[587] See supra notes 187-191 and accompanying text (explaining why changes to Rule 12.1 leave victims' addresses vulnerable to unfair disclosure).

[588] Bucklew Memo, supra note 580, app. a, at 283.

of subpoenas for confidential information and thus violated important due process principles. [589] The new rule is an improvement, in that it limits ex parte procedures to "exceptional circumstances." The Committee note then offers two illustrations of exceptional circumstances. One is unobjectionable - where "evidence … might be lost or destroyed if the subpoena were delayed" [590] - a standard exigent circumstance that justifies moving rapidly. But the other illustration - "a situation where the defense would be unfairly prejudiced by premature disclosure of a sensitive defense strategy" [591] - remains quite problematic, for reasons discussed earlier. [592]

Rule 21. Also at its October 1, 2007 meeting, the Advisory Committee approved a very modest change to Rule 21(b), regarding transfer of cases for convenience. The change reads:

Rule 21. Transfer for Trial

… .

(b) For Convenience. Upon the defendant's motion, the court may transfer the proceeding, or one or more counts, against that defendant to another district for the convenience of the parties, and victim, and the witnesses, and in the interests of justice.

This change is modest, because (in my estimation) relatively few federal cases involving victims are transferred for "convenience" under Rule 21(b). The more common situation is transfers for prejudice under Rule 21(a). [593] Thus, this change is, at best, relatively inconsequential.

In any event, the change is defective. While the proposed rule lets the judge consider the victim's interest in determining whether to transfer, the Advisory Committee did not adopt my recommendation to let crime victims be heard on transfer decisions. [594] Without a mechanism for passing victim information along to the judge, an instruction to the judge to consider the victims' interest is essentially meaningless. The Advisory Committee should remedy this defect by giving victims the right to be heard on transfer decisions.

Rule 32. In possible response to my point that victims deserve the right to be "heard" at sentencing hearings by speaking directly to the judge, [595] on April 16, 2007, the Advisory Committee modified its note to Rule 32(i)(4). The note now reads: "Absent unusual circumstances, any victim who is present should be **[*969]** allowed a reasonable opportunity to speak directly to the judge." [596] While this is an improvement over earlier language, it still remains unclear what sorts of "unusual circumstances" the Advisory Committee has in mind that would permit a judge to deny a victim her right under the ***CVRA*** to speak. It is also odd that the Advisory Committee Note would apparently allow a judge to exclude a victim in some circumstances, when the only two reported decisions on the issue have held directly to the contrary that victims have an unequivocal right to speak to the judge. [597]

Rule 60. In response to public comments, the Advisory Committee made several modest changes to Rule 60. Rule 60(a)(2) was revised to make clear that the duty to permit full attendance arises in the context of the victim's possible exclusion. [598] As

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[589] See supra notes 347-351 and accompanying text.

[590] Bucklew Memo, supra note 580, app. a, at 282.

[591] Id.

[592] See supra notes 249-257 and accompanying text.

[593] See, e.g., supra notes 366-382 and accompanying text (discussing transfer for prejudice in two cases).

[594] See supra note 366 and accompanying text.

[595] See supra notes 434-448 and accompanying text.

[596] Beale Memo, supra note 580, app. at 7.

[597] See *Kenna v. U. S. Court for Cent. Dist. of Cal., 435 F.3d 1011, 1016 (9th Cir. 2006); United States v. Degenhardt, 405 F. Supp. 1341, 1343-44 (D. Utah 2005);* see also *United States v. Turner, 367 F. Supp. 2d 319, 333 (E.D.N.Y. 2005)* (reaching same conclusion).

[598] Bucklew Memo, supra note 580, app. a, at 299, 302-03.

discussed in connection with Rule 1 above, [599] Rule 60(b)(2) was revised to make clear that a victim's "representative" could assert a victim's right.

C. The Last Word? Legislation to Fully Implement the ***CVRA***

Unsatisfied with the timid approach taken by the Advisory Committee on the ***CVRA***, Senator Jon Kyl introduced legislation to comprehensively amend the federal rules on June 29, 2007. Senator Kyl explained that the Advisory Committee's ***amendments*** "do little more than reiterate limited parts of the statute." [600] Agreeing with the major premise of this Article - that crime victims must be treated fairly in the criminal justice process - Senator Kyl noted: "Of particular importance, the ***CVRA*** guaranteed that crime victims would have the right to be treated with "fairness.' My proposed ***amendments*** would add to the Federal rules the changes needed to treat crime victims fairly." [601] Senator Kyl was also concerned about delay by the Advisory Committee in moving forward with comprehensive ***amendments***:

Congress enacted the ***CVRA*** in October 2004. In the almost 3 years since then, I have waited patiently to give the federal courts the first opportunity to review the need for rule changes. At the same time, though, I have made clear my position, as one of the cosponsors of the ***CVRA***, that Congress expected significant reforms in the Federal rules. As I explained to my colleagues at that time, the crime victims' **[*970]** community in this country was looking to the ***CVRA*** to serve as a model for the states and a formula to fully protect crime victims. [602]

Accordingly, Senator Kyl proposed a long string of direct ***amendments*** to the Federal Rules of Criminal Procedure to comprehensively protect victims' rights.

Some of the legislation that Senator Kyl proposed tracked my proposals in this Article. For example, he proposed ***amendments*** to a number of rules - including Rules 2, 10.1, [603] 11(b)(4), 11(c)(1), 11(c)(2), 12.1, 12.3, 15, 21(e), 32(f)(1), 32(h), 43.1, 44, 46, and 50( c) - largely tracking my proposals.

But other proposed changes went well beyond those I propose here. For example, Senator Kyl proposed changing Rule 4's provision dealing with execution of arrest warrants to require reasonable efforts to give notice to victims about the initial appearance of an arrested suspect. [604] Along the same lines, Senator Kyl would give victims reasonable notice of any decision to release a defendant at the initial appearance [605] as well as notice of any pretrial conference. [606] He also would give federal prosecutors authority to release to a victim any discovery materials that have been released to the defendant. [607] To assist non-English speaking crime victims, he proposes to give the courts authority to appoint an interpreter for the victim. [608] Senator Kyl's bill would also require disclosure to the victim of any presentence report "except any portion of such report excised by the court for compelling reasons or made confidential by law." [609] And his bill would require that the victim be given a reasonable opportunity to be heard before any motion for a new trial is granted. [610]

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[599] See supra notes 117-126 and accompanying text.

[600] 153 Cong. Rec., S8746 (daily ed. June 29, 2007) (statement of Sen. Jon Kyl).

[601] Id.

[602] Id. at S8747.

[603] My proposed Rule 10.1 regarding notice to crime victims (which Senator Kyl largely tracked) is discussed in this Article as Rule 60(a)(1). See supra notes 505-519 and accompanying text.

[604] S. 1749, 110th Cong. § 4 (2007).

[605] Id. § 5.

[606] Id. § 15.

[607] Id. § 13.

[608] Id. § 18.

[609] Id. § 19.

[610] Id. § 21.

As of this writing, the ultimate disposition of Senator Kyl's bill remains uncertain. But what is certain is that congressional interest in crime victims' rights will remain strong. Congress has been working on far reaching crime victims' rights legislation for several decades now and, indeed, many in Congress favor an ***amendment*** to the United States Constitution to protect victims' rights. [611] Against that backdrop, it is unlikely that Congress will permit the Federal Rules of Criminal Procedure to only haphazardly protect victims' rights. If the Advisory Committee does not complete the task of comprehensively reforming the Rules to protect victims, Congress almost certainly will - and should - finish the job.

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[611] See supra notes 30-35 and accompanying text.

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1. *ARTICLE: Recognizing Victims in the Federal Rules of Criminal Procedure: Proposed Amendments in Light of the Crime Victims' Rights Act, 2005 B.Y.U.L. Rev. 835*

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# ARTICLE: Recognizing Victims in the Federal Rules of Criminal Procedure: Proposed Amendments in Light of the Crime Victims' Rights Act

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## Text

**[*837]**

I. Introduction

Crime victims are virtually absent from the Federal Rules of Criminal Procedure. The sixty federal rules comprehensively cover every aspect of federal criminal proceedings - from initial appearance through preliminary hearing, arraignment, acceptance of pleas, trial, and sentencing. Yet the rules substantively mention victims only once, briefly recognizing the right of some victims to speak at sentencing. [1]

The federal rules can no longer leave victims unmentioned. In October 2004, Congress passed and President Bush signed into law the Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, and Nila Lynn Crime Victims' Rights Act (***CVRA***). [2] The ***CVRA*** transforms crime victims into participants in the criminal justice process by (among other things) guaranteeing them notice of court hearings, the right to attend those hearings, and the opportunity to testify at appropriate points in the process. These new victims' rights will reshape the federal criminal justice system and force significant changes to the Federal Rules of Criminal Procedure to reflect the victim's expanded role. This Article offers comprehensive proposals for changing the federal rules to both implement the ***CVRA*** and reflect sound public policy. The ***CVRA*** dictates changes like these to the Federal Rules of Criminal Procedure because only by integrating victims into the federal rules will Congress's goal of making victims participants in the process be fully realized.

This Article is divided into five parts. Following this introduction, Part II reviews the current absence of victims from the federal rules. Surprisingly, even where the rules cover issues of great concern to victims, victims somehow go unmentioned.

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[1] See *Fed. R. Crim. P. 32(i)(4)(B)*; discussion infra note 3 and accompanying text.

[2] Crime Victims' Rights Act, Pub. L. No. 108-405, ***118 Stat. 2261 (2004)*** (codified at *18 U.S.C.A. 3771* (West 2004 & Supp. 2005)). The ***CVRA*** was part of a much larger piece of legislation that addressed a variety of subjects, known as the "Justice for All Act." See generally Steven J. Twist, On the Wings of Their Angels: The Scott Campbell, Stephanie Roper, Wendy Preston, Louarna Gillis, Nila Lynn Crime Victims' Rights Act, 9 Lewis & Clark L. Rev. (forthcoming 2005).

Part II then discusses the crime victims' rights movement and concludes with a brief sketch of the events leading to the ***CVRA***'s enactment.

**[*838]** Part III discusses why it is necessary to amend the federal criminal rules to incorporate victims. Although the ***CVRA*** is a federal statute that automatically trumps any conflicting procedural rule, procedural rules drive day-to-day courtroom practices. Given that Congress was particularly concerned about integrating victims into the fabric of the criminal justice system, the Advisory Committee on Criminal Rules should amend the rules to directly reflect the ***CVRA***'s requirements.

Part IV provides a rule-by-rule analysis of the changes needed in the Federal Rules of Criminal Procedure to implement the ***CVRA***. Of particular importance is new language protecting crime victims' rights to be notified of and to be present and heard at public criminal proceedings. Congress should also implement the right to notice in a new rule mandating that prosecutors keep victims apprised of criminal proceedings. In addition, the rules should also reflect victims' rights to attend court proceedings and to testify at bail, plea, and sentencing hearings. Part IV also discusses other significant changes needed to conform the rules to the ***CVRA***: defining "victim," giving victims notice before confidential information is subpoenaed, allowing victims to be heard before cases are transferred to remote districts, giving victims access to relevant parts of the pre-sentence report, permitting courts to appoint counsel for victims, and protecting the victim's right to proceedings free from unreasonable delay. Part V contains a brief conclusion.

II. The Missing Victims of Crimes

Crime victims are absent from the Federal Rules of Criminal Procedure. Yet this is not because victims lack vital interests in criminal cases. As the ***CVRA*** recognizes, victims have vital concerns throughout the criminal process. This section recounts the absence of victims from the federal criminal rules, then contrasts that absence with the aims of the victims' rights movement. The movement has argued successfully before state legislatures and Congress for the recognition of crime victims' rights - with these efforts culminating in the passage of the ***CVRA***, protecting crime victims' rights in the federal system.

**[*839]**

A. The Victim's Absence from the Current Federal Criminal Rules

The sixty Federal Rules of Criminal Procedure provide the architecture for the entire federal criminal court process, including initial appearance, preliminary hearing, arraignment, acceptance of pleas, trial, and sentencing. One would expect that the rules would frequently mention crime victims, given the subjects - such as bail, scheduling, and restitution - that directly concern victims. Yet amazingly, the current rules substantively use the word "victim" only a single time.

The single direct reference to victims is Rule 32(i)(4)(B), which directs that before imposing a sentence, "the court must address any victim of a crime of violence or sexual abuse who is present at sentencing and must permit the victim to speak or submit any information about the sentence." [3] The word "victim" appears in passing in only two other rules: Rule 12.4 requires the government to disclose to the court any organizational "victim," [4] and the heading of Rule 38(e) mentions "Restitution" and "Notice to Victims," but the text of the rule does not contain the term "victim." [5]

Victims deserve far more than the single reference in Rule 32. While later parts of this Article work through the rules section-by-section to illustrate where victims have been unfairly ignored, [6] a few examples here will prove the point. The rules currently fail to give victims any right to be heard regarding whether a judge should accept a plea, even though the judge must evaluate the public interest in deciding whether to do so. [7] The rules fail to require notice to victims before their confidential

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[3] *Fed. R. Crim. P. 32(i)(4)(B)*.

[4] Id. at 12.4(a)(2).

[5] Id. at 38(e) (mentioning "victim" in the heading of the rule).

[6] See discussion infra Part IV.

[7] See *Fed. R. Crim. P. 11*; discussion infra notes 148-53 and accompanying text.

information is subpoenaed from third parties - such as schools or medical providers - even though victims have compelling privacy interests to protect. [8] And the rules do not protect the victim's right to attend trials, despite **[*840]** victims' long history of having at least some protected interest in observing trials and other proceedings. [9]

One provision conveniently encapsulates the surprising absence of victims from the rules: Rule 32(d)(2)(B). The drafters of this rule [10] appear to have been so afraid to utter the word "victim" that they did not use the term even when describing the person harmed by a crime. Rule 32(d)(2)(B) directs that a presentence report contain "verified information, stated in a nonargumentative style, that assesses the financial, social, psychological, and medical impact on any individual against whom the offense has been committed." [11] The phrasing of this provision is striking for several reasons. It eschews the straightforward term "victim," preferring instead the obscuring phrase "individual against whom the offense has been committed." The provision also uses the responsibility-obscuring passive voice in describing the individual "against whom" the offense has been committed, leaving the reader to wonder who might have committed that offense (the defendant, perhaps?). Interestingly, the provision requires that information about the victim be "verified." Fair enough - until one realizes that the directly adjacent provision regarding information about the defendant lacks a similar verification requirement. [12] Why would information about the victim need to be verified while information about the defendant would not? Finally, the provision requires that victim information be stated in a "nonargumentative" style. Again, the adjacent defendant's provision contains no such direction. [13] In short, even a rule that seemingly must mention victims - the rule dictating preparation of a presentence report describing the crime - manages to avoid mentioning the word.

B. The Victims' Rights Movement

That victims are missing from the Federal Rules of Criminal Procedure exemplifies their treatment in the modern American **[*841]** criminal justice system. As one commentator has described the situation, the victim is "seen at best as "the forgotten man' of the system and, at worst, as being twice victimized, the second time by the very system to which he has turned for justice." [14] The absence of victims conflicts with "a public sense of justice keen enough that it has found voice in a nationwide victims' rights movement." [15]

The crime victims' rights movement developed in the 1970s because of a perceived imbalance in the criminal justice system. Led by feminist and civil rights activists, victims' advocates argued that the criminal justice system had become preoccupied

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[8] See *Fed. R. Crim. P. 17*; discussion infra notes 177-91, and accompanying text.

[9] See *Fed. R. Crim. P. 43*; discussion infra notes 269-300 and accompanying text.

[10] To be clear, Congress, not the Advisory Committee on Criminal Law and Procedure, drafted the language of this rule. See Victims of Crime Act of 1984, Pub. L. No. 98-473, *98 Stat. 2014 (1984)* (directly amending Rule 32).

[11] *Fed. R. Crim. P. 32(d)(2)(B)* (emphasis added).

[12] Id. at 32(d)(2)(A).

[13] Id.

[14] William F. McDonald, Towards a Bicentennial Revolution in Criminal Justice: The Return of the Victim, 13 Am. Crim. L. Rev. 649, 650 (1976).

[15] *Payne v. Tennessee, 501 U.S. 808, 834 (1991)* (Scalia, J., concurring) (internal quotation marks omitted). See generally Douglas Evan Beloof, Paul G. Cassell & Steve J. Twist, Victims in Criminal Procedure 29-37 (2005); Shirley S. Abrahamson, Redefining Roles: The Victims' Rights Movement, 1985 Utah L. Rev. 517; Douglas Evan Beloof, The Third Model of Criminal Process: The Victim Participation Model, *1999 Utah L. Rev. 289* [hereinafter Beloof, The Third Model of Criminal Process]; Paul G. Cassell, Balancing the Scales of Justice, *1994 Utah L. Rev. 1373, 1380-82;* Abraham S. Goldstein, Defining the Role of the Victim in Criminal Prosecution, 52 Miss. L.J. 514 (1982); Erin Ana O'Hara, Victim Participation in the Criminal Process, *13 J.L. & Pol'y 229 (2005);* William T. Pizzi & Walter Perron, Crime Victims in German Courtrooms: A Comparative Perspective on American Problems, *32 Stan. J. Int'l L. 37 (1996).*

with defendants' rights to the exclusion of crime victims' legitimate interests. [16] These advocates urged reforms to give more attention to victims' concerns, including protecting the victim's right to be notified of court hearings, to attend those hearings, and to be heard at appropriate points in the process.

The victims' rights movement received considerable impetus with the publication in 1982 of the Report of the President's Task Force on Victims of Crime. [17] The Task Force concluded that the criminal justice system "has lost an essential balance … . The system has deprived the innocent, the honest, and the helpless of its protection … . The victims of crime have been transformed into a group oppressively burdened by a system designed to protect them. This oppression must be redressed." [18] The Task Force advocated **[*842]** multiple reforms. It recommended that prosecutors assume the responsibility for keeping victims notified of all court proceedings and bringing to the court's attention the victim's view on such subjects as bail, plea bargains, sentences, and restitution. [19] The Task Force also urged that courts receive victim impact evidence at sentencing, order restitution in most cases, and allow victims and their families to attend trials even if they are also called as witnesses. [20] In its most sweeping recommendation, the Task Force proposed a federal constitutional ***amendment*** to protect crime victims. The Task Force proposed adding to the ***Sixth Amendment***'s protections for defendants' rights a provision allowing crime victims to be present and heard: "Likewise, the victim, in every criminal prosecution shall have the right to be present and to be heard at all critical stages of judicial proceedings." [21]

In the wake of that recommendation, crime victims' advocates considered how best to pursue a federal constitutional ***amendment*** that would protect victims' rights throughout the country. Recognizing the difficulty of obtaining the consensus required to amend the United States Constitution, advocates decided to go to the states first to pursue state victims' rights ***amendments***. This "states-first" strategy [22] met with considerable success. To date, some thirty states have adopted victims' rights ***amendments*** to their own state constitutions. [23] While these ***amendments*** take various forms, Arizona's ***amendment*** illustrates the types of rights typically protected. The Arizona constitutional provision gives victims the broad right to "be treated with fairness, respect, and dignity, and to **[*843]** be free from intimidation, harassment, or abuse, throughout the criminal justice process." [24] It also specifically confers a right to "be present at, and, upon request, to be informed of all criminal proceedings where the defendant has the right to be present." [25] The ***amendment*** further allows victims to be heard at bail, plea, and sentencing hearings. [26]

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[16] See generally Beloof, Cassell & Twist, supra note 15, at ch. 1; Douglas E. Beloof, The Third Wave of Crime Victims' Rights: Standing, Remedy, and Review, *2005 BYU L. Rev. 255* [hereinafter Beloof, The Third Wave of Crime Victims' Rights]; Cassell, supra note 15, at 1381-82.

[17] President's Task Force on Victims of Crime, Final Report 114 (1982).

[18] Id.

[19] Id. at 63.

[20] Id. at 72-73.

[21] Id. at 114.

[22] See S. Rep. No. 108-191, at 3 (2004), as reprinted in 2004 U.S.C.A.N.

[23] Alaska Const. art. I, 24; Ariz. Const. art. II, 2.1; Cal. Const. art. I, 12, 28; Colo. Const. art. II, 16(a); Conn. Const. art. I, 8(b); Fla. Const. art. I, 16(b); Idaho Const. art. I, 22; Ill. Const. art. I, 8.1; Ind. Const. art. I, 13(b); Kan. Const. art. 15, 15; La. Const. art. 1, 25; Md. Decl. of Rights art. 47; Mich. Const. art. I, 24; Miss. Const. art. 3, 26(A); Mo. Const. art. I, 32; Neb. Const. art. I, 28; Nev. Const. art. I, 8(2); N.J. Const. art. I, 22; N.M. Const. art. 2, 24; N.C. Const. art. I, 37; Ohio Const. art. I, 10(a); Okla. Const. art. II, 34; Or. Const. art. I, 42-43; R.I. Const. art. I, 23; S.C. Const. art. I, 24; Tenn. Const. art. 1, 35; Tex. Const. art. I, 30; Utah Const. art. I, 28; Va. Const. art. I, 8-A; Wash. Const. art. 1, 35; Wis. Const. art. I, 9(m). These ***amendments*** passed with overwhelming popular support.

[24] Ariz. Const. art. II, 2.1(A)(1).

[25] Id. 2.1(A)(3).

[26] Id. 2.1(A)(4).

The movement also successfully prodded the federal system to recognize victims' rights. In 1982 Congress passed the first federal victims' rights legislation, the Victim and Witness Protection Act (VWPA). [27] The VWPA had three primary goals: (1) to expand and protect the role of victims and witnesses in the criminal justice process; (2) to ensure that the federal government used all available resources to protect and assist victims without infringing defendants' constitutional rights; and (3) to provide a model for state and local legislation. [28] Since passage of the VWPA, Congress has remained active in this area of the law, passing several acts further protecting victims' rights, such as the Victims of Crime Act of 1984, [29] the Victims' Rights and Restitution Act of 1990, [30] the Violent Crime Control and Law Enforcement Act of 1994, [31] the Antiterrorism and Effective Death Penalty Act of 1996, [32] and the Victim Rights Clarification Act of 1997. [33] Other federal statutes have been passed to deal with specialized victim situations such as child victims and witnesses. [34]

**[*844]** These statutes spawned guidelines for how federal prosecutors should treat crime victims. The VWPA required the Attorney General to develop guidelines for the Department of Justice. [35] To implement this Act, the Attorney General developed guidelines designed to assist victims during the criminal justice process, mandating protocol, separate waiting areas at court, the prompt return of the victim's property, and victim training for law enforcement personnel. [36] The guidelines also directed that prosecutors notify victims about available services, major case events, consultations with the prosecutor, and the opportunity for consultation about the prosecution. [37] In 2000, Attorney General Reno updated and expanded the guidelines. The revised guidelines heightened the notification requirements, requiring prosecutors and law enforcement agents to notify victims of important criminal justice events and to confer with victims about important decisions in the process. [38]

Among the federal victims' statutes, the Victims' Rights and Restitution Act of 1990 is noteworthy. This Act purported to create a comprehensive list of victims' rights in the federal criminal justice process. It commanded that "[a] crime victim has the following rights" and then listed various procedural rights, including the right to "be treated with fairness and with respect for the victim's dignity and privacy," [39] to "be notified of court proceedings," [40] to "confer with [the] attorney for the Government in the case," [41] and to attend court proceedings even if called as a witness. [42] The statute also directed the Justice Department

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[27] Pub. L. No. 97-291, *96 Stat. 1248 (1982)* (codified as amended in scattered sections of 18 U.S.C.).

[28] Id.

[29] Pub. L. No. 98-473, *98 Stat. 2170 (1984)* (codified as amended at *42 U.S.C. 10601*-03 (2000); *18 U.S.C. 3013;* id. 3671).

[30] Pub. L. No. 101-647, ***104 Stat. 4820 (1990)*** (codified as amended at *42 U.S.C. 10601,* 10606-07).

[31] Pub L. No. 103-322, ***108 Stat. 1796 (1994)*** (codified as amended in scattered sections of U.S.C.).

[32] Pub. L. No. 104-132, ***110 Stat. 1214 (1996)*** (codified as amended in scattered sections of U.S.C.).

[33] Pub. L. No. 105-6, ***111 Stat. 12*** (codified as amended at *18 U.S.C. 3510).*

[34] See, e.g., *18 U.S.C. 3509* (protecting rights of child victim-witnesses); Pub L. No. 101-647, ***104 Stat. 4789 (1990).***

[35] Victim and Witness Protection Act, Pub. L. No. 97-291, 6(a), *96 Stat. 1248, 1252 (1982).*

[36] U.S. Dep't of Justice, Office of the Att'y Gen., Attorney General Guidelines for Victim and Witness Assistance (1995).

[37] Id.

[38] U.S. Dep't of Justice, Office of the Att'y Gen., Attorney General Guidelines for Victim and Witness Assistance 31-37 (2000) [hereinafter 2000 A.G. Guidelines]. The Guidelines were recently revised. See U.S. Dept. of Justice, Office for Victims of Crime, Attorney General Guidelines for Victim and Witness Assistance (2005) [hereinafter 2005 A.G. Guidelines].

[39] *42 U.S.C. 10606*(b)(1) (repealed 2004).

to make "its best efforts" to ensure **[*845]** that victims' rights were protected. [43] Yet this federal statute never successfully integrated victims into the federal criminal justice process and instead became something of a dead letter. Because Congress passed the ***CVRA*** in 2004 to remedy the problems with the 1990 Act, a brief review of the law's shortcomings is valuable.

Curiously, the 1990 Victims' Rights and Restitution Act was codified in Title 42 of the United States Code - the Title dealing with "Public Health and Welfare." Such placement effectively limited the Act's effectiveness because federal practitioners reflexively consult Title 18, the Title that covers "Crimes and Criminal Procedure," [44] for guidance on criminal law issues. More prosaically, federal criminal enactments are bound together in a single West publication entitled the Federal Criminal Code and Rules. This publication is carried to court by prosecutors and defense attorneys and is on the desk of most federal judges. Because West Publishing never included the Victims' Rights Act in this book, the statute was essentially unknown even to experienced judges and attorneys. [45]

The prime illustration of the ineffectiveness of the Victims' Rights and Restitution Act comes from the Oklahoma City bombing case. [46] While one might expect victims' rights would have been fully protected during such a high profile trial, in fact victims were denied one fundamental right: the right to observe court proceedings. During a pretrial motion hearing, the district court sua sponte precluded any victim who wished to provide victim impact testimony at sentencing from observing proceedings in the case. [47] The court based its ruling on *Rule 615 of the Federal Rules of Evidence* - the so-called "Rule on Witnesses." [48] Thirty-five victims and survivors of **[*846]** the bombing then filed a motion for reconsideration. [49] They noted that the district court apparently had overlooked the Victims' Rights Act giving victims the right "to be present at all public court proceedings related to the offense, unless the court determines that testimony by the victim would be materially affected if the victim heard other testimony at trial." [50] The district court denied the motion for reconsideration. [51] It concluded that victims present during court proceedings would not be able to separate the "experience of trial" from "the experience of loss from the conduct in question," and, thus, their testimony at a sentencing hearing would be inadmissible. [52] Unlike the original ruling, which was explicitly premised on Rule 615, the later ruling was more ambiguous, alluding to concerns under the Constitution, the common law, and the rules of evidence. [53]

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[40] Id. 10606(b)(3) (repealed 2004).

[41] Id. 10606(b)(5) (repealed 2004).

[42] Id. 10606(b)(4) (repealed 2004). Testifying victims can attend proceedings unless the victim's testimony "would be materially affected" by hearing other testimony at trial. Id.

[43] Id. 10606(a) (repealed 2004).

[44] 18 U.S.C. (2000).

[45] Last year, I wrote a letter to West Publishing requesting that they include the law in their book. That request became moot with the passage of the ***CVRA***, which moved victims' rights from obscurity in Title 42 to centrality in Title 18, thereby guaranteeing them a spot in the West publication.

[46] See generally Paul G. Cassell, Barbarians at the Gates? A Reply to the Critics of the Victims' Rights ***Amendment***, *1999 Utah L. Rev. 479, 515-22* (discussing the Oklahoma City bombing case in greater detail).

[47] See United States v. McVeigh, No. 96-CR-68, 1996 WL 366268, at 2 (D. Colo. June 26, 1996).

[48] Id. at 2-3 (discussing application of *Fed. R. Evid. 615*).

[49] Motion of Marsha and Tom Kight et al. and the National Organization for Victim Assistance Asserting Standing To Raise Rights Under the Victims' Bill of Rights and Seeking Leave To File a Brief as Amici Curiae, United States v. McVeigh, No. 96-CR-68-M, 1996 WL 570841 (D. Colo. Sept. 30, 1996). I represented a number of the victims on this matter on a pro bono basis, along with able co-counsel Robert Hoyt, Arnon Siegel, and Karan Bhatia of the Washington, D.C. law firm of Wilmer, Cutler, and Pickering, and Sean Kendall of Boulder, Colorado.

[50] *42 U.S.C. 10606*(b)(4) (1994) (repealed 2004). The victims also relied on a similar provision found in the authorization for closed circuit broadcasting of the trial, *42 U.S.C.A. 10608*(a) (West Supp. 1998), and on a First ***Amendment*** right of access to public court proceedings. See *Richmond Newspapers, Inc. v. Virginia, 448 U.S. 555, 577 (1980)* (finding First ***Amendment*** right of court access).

The victims subsequently filed a petition for writ of mandamus in the U.S. Court of Appeals for the Tenth Circuit seeking review of the district court's ruling. [54] Three months later, a Tenth Circuit panel rejected the victims' claims. [55] The circuit found "a number of problems with the excluded witnesses' reliance on the Victims' Rights Act." [56] Indeed, the circuit found that the Act created no obligations for courts:

**[*847]**

The statute charily pledges only the "best efforts" of certain executive branch personnel to secure the rights listed. The district court judge, a judicial officer not bound in any way by this pledge, could not violate the Act. Indeed, the Act's prescriptions were satisfied once the government made its arguments against sequestration - before the district court even ruled. [57]

Efforts by both the victims and the Department of Justice to obtain a rehearing were unsuccessful, [58] despite the support of separate briefs urging such a rehearing from forty-nine members of Congress, all six Attorneys General in the Tenth Circuit, and some of the leading victims' groups in the nation. [59]

In the meantime, the victims, supported by the Oklahoma Attorney General's Office, sought remedial legislation in Congress clearly providing that victims should not have to decide between testifying at sentencing or watching the trial. A bill was introduced to provide that watching a trial in a capital case does not constitute grounds for denying a victim the chance to provide an impact statement. In a matter of weeks, Congress passed the Victims Rights Clarification Act of 1997, [60] but even that specific statute failed to protect the bombing victims' rights. The district court in the Oklahoma City case found that the statute had constitutional problems. [61]

Because of the difficulty accompanying the statutory protection of victims' rights, victims advocates decided to press for a federal constitutional ***amendment***. They argued that the statutory **[*848]** protections could not sufficiently guarantee victims' rights. In their view, such statutes "frequently fail to provide meaningful protection whenever they come into conflict with bureaucratic habit, traditional indifference, [or] sheer inertia." [62] As the Justice Department reported:

Efforts to secure victims' rights through means other than a constitutional ***amendment*** have proved less than fully adequate. Victims' rights advocates have sought reforms at the state level for the past [twenty] years, and many states have responded

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[51] McVeigh, 1996 WL 366268 at 25.

[52] Id. at 24.

[53] See id.

[54] Petition for Writ of Mandamus, Kight et al. v. Matsch, No. 96-1484 (10th Cir. Nov. 6, 1996) (on file with author).

[55] *United States v. McVeigh, 106 F.3d 325, 328 (10th Cir. 1997),* superseded by statute, *18 U.S.C. 3510.*

[56] *Id. at 334-35.*

[57] *Id. at 335* (internal citation omitted).

[58] See Order, United States v. McVeigh, No. 96-1469, 1997 WL 128893, at 3 (10th Cir. Mar. 11, 1997).

[59] See *Brief for Amici Curiae Washington Legal Foundation and United States Senator Don Nickles and 48 Other Members of Congress, United States v. McVeigh, 106 F.3d 325* (10th Cir. Feb. 14, 1997) (No. 96-1469); *Brief for Amici Curiae States of Oklahoma, Colorado, Kansas, New Mexico, Utah, and Wyoming Supporting the Suggestion for Rehearing and the Suggestion for Rehearing En Banc by the Oklahoma City Bombing Victims and the United States, United States v. McVeigh, 106 F.3d 325* (10th Cir. Feb. 14, 1997) (No. 96-1469); Brief for Amici Curiae National Victims Center, Mothers Against Drunk Driving, National Victims' Constitutional ***Amendment*** Network, Justice for Surviving Victims, Inc., Concerns of Police Survivors, Inc., and Citizens for Law and Order, Inc., in *Support of Rehearing, United States v. McVeigh, 106 F.3d 325* (10th Cir. Feb. 17, 1997) (No. 96-1469).

[60] Pub. L. No. 105-6, ***111 Stat. 12 (1997).***

[61] See generally Cassell, supra note 46, at 519-20 (recounting problems).

[62] Laurence H. Tribe & Paul G. Cassell, Embed the Rights of Victims in the Constitution, L.A. Times, July 6, 1998, at B5.

with state statutes and constitutional provisions that seek to guarantee victims' rights. However, these efforts have failed to fully safeguard victims' rights. These significant state efforts simply are not sufficiently consistent, comprehensive, or authoritative to safeguard victims' rights. [63]

To place victims' rights in the Constitution, victims advocates - led most prominently by the National Victims Constitutional ***Amendment*** Network [64] - approached the President and Congress regarding a federal ***amendment***. [65] On April 22, 1996, Senators Kyl and Feinstein with the backing of President Clinton introduced a federal victims' rights ***amendment***. [66] The ***amendment*** was intended to "restore, preserve, and protect, as a matter of right for the victims of violent crimes, the practice of victim participation in the administration of criminal justice that was the birthright of every American at the founding of our Nation." [67] A companion resolution was introduced in the House of Representatives. [68] The proposed ***amendment*** embodied seven core principles: (1) the right to notice of proceedings, (2) the right to be present at the proceedings, (3) the right to be heard, (4) the right to notice of the defendant's **[*849]** release or escape, (5) the right to restitution, (6) the right to a speedy trial, and (7) the right to reasonable protection. In a later resolution, an eighth principle was added: the right to standing to enforce these rights. [69] The 104th Congress did not pass the ***amendment***.

On January 21, 1997, the opening day of the first session of the 105th Congress, Senators Kyl and Feinstein reintroduced the victims' rights ***amendment***. [70] A series of hearings were held that year in both the House and the Senate. [71] Kyl and Feinstein reintroduced the ***amendment*** the following year. [72] The Senate Judiciary Committee held hearings [73] and passed the proposed ***amendment*** out of committee. [74] Yet again, the full Senate did not consider the ***amendment***.

In 1999, Senators Kyl and Feinstein again proposed the ***amendment***, [75] and on September 30, 1999, the Judiciary Committee voted, as before, to send the ***amendment*** to the full Senate. [76] But on April 27, 2000, after three days of floor debate, the ***amendment*** was shelved when it became clear that its opponents, who objected to constitutionalizing victims' rights, possessed the necessary votes to sustain a filibuster. [77] At the same time, hearings on the companion measure were held in the House. [78]

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[63] Focusing on the Administration of Justice and the Enforcement of Laws: Dep't of Justice Oversight Hearing Before the S. Judiciary Comm., 104th Cong. 23-24 (1997) (statement of Janet Reno, Att'y Gen. of the United States).

[64] See *http://www.nvcan.org*. See generally Twist, supra note 2.

[65] For a comprehensive history of victims' efforts to pass a constitutional ***amendment***, see Twist, supra note 2.

[66] S.J. Res. 52, 104th Cong., 2d Sess. (1996).

[67] S. Rep. No. 108-191, at 1-2 (2003); see also S. Rep. No. 106-254 (2000).

[68] H.R.J. Res. 174, 104th Cong., 2d Sess. (1996).

[69] See S.J. Res. 65, 104th Cong., 2d Sess. (1996).

[70] S.J. Res. 6, 105th Cong., 1st Sess. (1997).

[71] See, e.g., Victims' Rights ***Amendment***: Hearings Before the Sen. Judiciary Comm., 105th Cong., 2d Sess. (1997).

[72] S.J. Res. 44, 105th Cong., 2d Sess. (1998).

[73] Victim's Rights ***Amendment***: Hearings Before the Sen. Judiciary Comm., 105th Congress (1998).

[74] See 144 Cong. Rec. S11,010 (daily ed. Sept. 28, 1998) (statement of Sen. Kyl).

[75] S.J. Res. 3, 106th Cong., 1st Sess. (1999).

[76] 146 Cong. Rec. S2966 (daily ed. Apr. 27, 2000).

[77] See id.

[78] H.R.J. Res. 64, 106th Cong., 1st Sess. (2002).

Discussions about the ***Amendment*** began again soon after the 2000 presidential elections. On April 15, 2002, Senators Kyl and Feinstein reintroduced the ***Amendment*** in the Senate, [79] and the following day, President Bush announced his support. [80] On May 1, **[*850]** 2002, a companion measure was proposed in the House. [81] On January 7, 2003, Senators Kyl and Feinstein proposed the ***amendment*** as Senate Judiciary Resolution 1. The Senate Judiciary Committee held hearings in April of that year, [82] followed by a written report supporting the ***Amendment***. [83] Shortly thereafter, a motion to proceed to consideration of the measure was withdrawn when proponents determined they did not have the sixty-seven votes necessary to pass the ***amendment***. After it became clear that the necessary super-majority votes to amend the Constitution were not attainable, victims' advocates turned their attention to enacting a comprehensive victims' rights statute.

C. The Crime Victims' Rights Act

The Crime Victims' Rights Act ultimately resulted from a decision by the victims' movement to seek a more comprehensive and enforceable federal statute rather than to continue pursuing the more ambitious goal of a federal constitutional ***amendment***. In April 2004, victims advocates met with Senators Kyl and Feinstein to decide whether to push yet again for a federal constitutional ***amendment***. Conceding that the ***amendment*** had only majority support in Congress rather than the necessary super-majority, the advocates decided to press for a far-reaching federal statute protecting victims' rights in the federal criminal justice system. [84] In exchange for backing off from the federal ***amendment*** in the short term, victims' advocates received near-universal congressional support for a "broad and encompassing" statutory victims' bill of rights. [85] This new approach not only established a string of victims' rights but also provided funding for victims' legal services and created remedies for the violation of victims' rights. [86] The victims' **[*851]** movement is currently evaluating the success of the statute before deciding whether to continue pushing for a federal ***amendment***. [87]

The Crime Victims' Rights Act gives victims "the right to participate in the system." [88] To facilitate such participation, the Act grants victims eight specific rights:

(1) The right to be reasonably protected from the accused;

(2) The right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused;

(3) The right not to be excluded from any such public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding;

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[79] S.J. Res. 35, 107th Cong., 2d Sess. (2002).

[80] 149 Cong. Rec. S82 (daily ed. Jan. 7, 2003) (statement of Sen. Kyl).

[81] H.R.J. Res. 91, 107th Cong., 2d Sess. (2002).

[82] A Proposed Constitutional ***Amendment*** To Protect Crime Victims: Hearing on S.J. Res. 1 Before the S. Judiciary Comm., 108th Congress, 108-189 (2003).

[83] S. Rep. No. 108-191 (2003).

[84] See Twist, supra note 2.

[85] 150 Cong. Rec. S4261 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[86] Id. at S4263 (statement of Sen. Feinstein).

[87] Id. (statement of Sen. Feinstein); see also Att'y Gen. Alberto R. Gonzales, Prepared Remarks at the Hoover Inst. Bd. of Overseers Conference (Feb. 28, 2005) (indicating that a federal victims' rights ***amendment*** remains a priority for President Bush), available at *http://www.usdoj.gov/ag/speeches/2005/02282005* agremarkshov.htm.

[88] 150 Cong. Rec. S4263 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein). For a description of victim participation, see Beloof, The Third Model of Criminal Process, supra note 15.



HOUSE_OVERSIGHT_017723

(4) The right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding;

(5) The reasonable right to confer with the attorney for the Government in the case;

(6) The right to full and timely restitution as provided in law;

(7) The right to proceedings free from unreasonable delay;

(8) The right to be treated with fairness and with respect for the victim's dignity and privacy. [89]

Rather than relying merely on the "best efforts" of prosecutors to vindicate rights, the ***CVRA*** also contains specific enforcement **[*852]** mechanisms. [90] Most importantly, it directly gives victims standing to assert their rights, addressing a flaw in the earlier enactment. [91] The Act provides that rights can be "asserted" by "the crime victim, the crime victim's lawful representative, and the attorney for the Government." [92] The victim or the government may appeal any denial of a victim's right through a writ of mandamus on an expedited basis. [93] The courts are also required to "ensure that the crime victim is afforded the rights" in the new law. [94]

These changes were intended to make the victim "an independent participant in the proceedings." [95] Congress desired to modify what it viewed as the unfair treatment of crime victims; in particular, congressional sponsors of the ***CVRA*** cited the Oklahoma City bombing case as the kind of decision that they intended the new law to overrule. [96]

III. The Need To Place Victims' Rights in the Rules

With the ***CVRA*** in place as the law of the land, the Federal Rules of Criminal Procedure should be amended to conform to the statute. While one court has derisively referred to the Act as mere "mushy, feel good legislation," [97] it in fact substantively changes the posture of crime victims on a whole host of issues. In the wake of the Act, victims now must be folded into the process through which federal courts conduct criminal cases, including bail, plea, trial, and sentencing hearings. The Federal Rules of Criminal Procedure - the "playbook" of the federal courts - should reflect this fact.

Some might agree that victims now have a number of new rights, but nonetheless dispute the need for a rules ***amendment***. After all, it might be argued, the ***CVRA*** in fact creates substantive rights for crime victims. Because nothing in the federal procedural **[*853]** rules can modify substantive rights, [98] the ***CVRA*** will trump any conflicting provision in the federal rules. [99] In other words, the ***CVRA*** will automatically govern federal criminal proceedings even if the rules remain as written.

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[89] *18 U.S.C.A. 3771*(a) (West 2004 & Supp. 2005).

[90] Id. 3771(d).

[91] Cf. Beloof, The Third Wave of Crime Victims' Rights, supra note 16 (identifying the lack of victim standing as a pervasive flaw in victims' rights enactments).

[92] *18 U.S.C.A. 3771*(d)(1).

[93] Id. 3771(d)(3).

[94] Id. 3771(b).

[95] 150 Cong. Rec. S10911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[96] Id. at S4269 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[97] ***United States v. Holland, 380 F. Supp. 2d 1264, 1279 (N.D. Ala. 2005).***

[98] See *28 U.S.C. 2072*(b) (2000).

[99] See, e.g., *Miguel v. Country Funding Corp., 309 F.3d 1161, 1165 (9th Cir. 2002).*

While this argument is legally precise, as a practical matter, compelling reasons justify amending the federal rules to include victims. Congress intended that the ***CVRA***'s new rights not be "simply words on paper," but rather "meaningful and functional" reforms. [100] To that end, Congress mandated that courts shall "ensure" that crime victims are "afforded the rights" conveyed by the ***CVRA***. [101] To effectively ensure that victims' rights are protected, these rights must become part of the warp and woof of the criminal process. That can occur only if the federal rules - the day-to-day operations manual of the courts - spell out how to integrate victims into the process.

Judges and practitioners frequently refer to the Federal Rules of Criminal Procedure for guidance as to how to conduct hearings. If victims' rights are left out of the federal rules, the strong possibility exists that courts may mistakenly disregard victims' rights under the ***CVRA***. A good illustration comes from Rule 11, which spells out in some detail how judges should conduct a hearing accepting a plea. The judge is required to personally inform the defendant of certain specified rights and ensure that the defendant understands he will be waiving those rights. [102] The judge must also determine that the defendant is voluntarily entering the plea and that there is a factual basis for the guilty plea. [103] Under the ***CVRA***, victims now also have the right to be heard before the judge accepts any plea. [104] This is a new right, [105] which judges are not accustomed to administering. Unless the victim's right to be heard is specifically spelled out in Rule 11's plea procedures, some judges may inadvertently disregard it.

**[*854]** The Oklahoma City bombing case further demonstrates how courts sometimes blindly follow the federal rules without considering superseding statutes. In that case, the court excluded victim-witnesses from certain proceedings, relying solely on *Federal Rule of Evidence 615* in making its determination. In denying the witnesses entrance to the proceedings, the court was apparently unaware of the provision in the Victims' Rights and Restitution Act protecting a victim's right to attend. [106] This deficiency was called to the attention of the Advisory Committee on the Federal Rules of Evidence. [107] The committee acknowledged the need to include victims in the evidence rules and later added a new provision reflecting the victim's right to attend. [108]

One reason for including victims' rights in the rules is to avoid litigation about the negative inferences that might be drawn if victims' rights are not in the rules. It is a well-settled principle of statutory construction that expressio unius est exclusio alterius (the expression of one thing implies the exclusion of the other). This canon of construction applies to the federal rules as much as to statutes. [109] Because the rules repeatedly spell out situations in which the defendant has the right to have his interests considered but say nothing about victims, it might be argued that the rules have implicitly determined that a victim's interests are irrelevant. To return to the Rule 11 plea example, given that the criminal rules specify that a court must address the defendant but lack any comparable requirement for victims, it might be inferred that victims cannot speak at plea hearings. Any

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[100] 150 Cong. Rec. S4262 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[101] *18 U.S.C.A. 3771*(b) (West 2004 & Supp. 2005).

[102] *Fed. R. Crim. P. 11(b)(1)*.

[103] Id. at 11(b)(2), (b)(3).

[104] *18 U.S.C.A. 3771*(a)(4).

[105] Cf. *42 U.S.C. 10606*(b) (listing victims' rights; right to be heard at pleas not included) (repealed by *18 U.S.C. 3771).*

[106] See supra note 45 and accompanying text.

[107] See Letter from Paul G. Cassell to Advisory Comm. (on file with author).

[108] See *Fed. R. Evid. 615* advisory committee's notes (1998 ***Amendments***).

[109] See, e.g., *Leatherman v. Tarrant County Narcotics Intelligence & Coordination Unit, 507 U.S. 163, 168 (1993).*



HOUSE_OVERSIGHT_017725

such conclusion would be contrary to the plain language of the ***CVRA***. [110] To avoid possible confusion, the rules should be clear on this point.

An additional reason for integrating victims into the federal rules is that Congress seemingly expects this to happen. Congress adopted the ***CVRA*** with the express goal of making the new law "a formula **[*855]** for success" and a "model for our States." [111] Congress clearly wants the new law aggressively implemented, thereby avoiding the need for further legislative action or even, possibly, a federal constitutional ***amendment***. Congress is watching to see whether the Judiciary (and the Executive) will fully and fairly implement this new Act. As Senator Leahy warned, "Passage of this bill will necessitate careful oversight of its implementation by Congress." [112]

Construing the ***CVRA*** to require changes is also appropriate because the Act is remedial legislation. As the Supreme Court has instructed, "When Congress uses broad generalized language in a remedial statute, and that language is not contravened by authoritative legislative history, a court should interpret the provision generously so as to effectuate the important congressional goals." [113] The congressional sponsors described the victims' rights in the ***CVRA*** as "broad rights," [114] the significance of which should not "be whittled down or marginalized by the courts or the executive branch. This legislation is meant to correct, not continue, the legacy of the poor treatment of crime victims in the criminal process." [115]

A final reason for amending the rules is that crime victims' groups are looking for the effective implementation of the ***CVRA***. They are urging that the federal rules be comprehensively amended to reflect victims' rights; indeed, they have even suggested that Congress should directly amend the federal rules to include victims' rights. [116] The Judiciary would be well advised not to ignore these lobbying efforts. Victims have proven very effective at advancing legislation in Congress, particularly where they have legitimate grievances about how they have been treated. [117]

Moreover, allowing the initiative for drafting of rules to pass from the Judiciary to Congress is not ideal. The Advisory Committee on Federal Rules of Criminal Procedure includes many skilled **[*856]** members with considerable experience in drafting rules. The Committee is well aware of the ***CVRA***. Shortly after the passage of the ***CVRA***, the Committee withdrew a modest victim ***amendment*** it was proposing in anticipation of the need to make more extensive changes, [118] and is already working on proposed ***amendments*** to the rules. [119] It is preferable to have victims integrated into the federal rules through careful drafting by the Committee rather than by the potentially blunderbuss approach of direct congressional action.

For all these reasons, the Federal Rules of Criminal Procedure should be comprehensively amended to recognize the interests of crime victims and thereby to allow victims to be full participants in the criminal process.

IV. Proposed ***Amendments*** to the Federal Rules of Criminal Procedure To Implement the ***CVRA***

With the goal of effectively implementing the ***CVRA*** firmly in mind, the remainder of this Article proposes twenty-eight specific rule changes for consideration by the Advisory Committee on Criminal Rules. The individual sections that follow first

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[110] *18 U.S.C.A. 3771*(a)(4) (Victims have "the right to be … heard" at any public proceeding "involving … [a] plea.").

[111] 150 Cong. Rec. S4262 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[112] Id. at S4271 (statement of Sen. Leahy).

[113] *California v. Am. Stores Co., 495 U.S. 271, 279 n.4 (1990)* (quoting *Cia. Petrolera Caribe, Inc. v. Arco Caribbean, Inc., 754 F.2d 404, 428 (1st Cir. 1990)).*

[114] 150 Cong. Rec. S4269 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[115] Id. (statement of Sen. Feinstein).

[116] Interview with Steve J. Twist, Nat'l Victims' Constitutional ***Amendment*** Network (March 11, 2005).

[117] See supra notes 27-34 and accompanying text (recounting victims' legislation passed by Congress).

[118] See infra note 223 and accompanying text.

[119] Telephone interview with Judge Susan C. Bucklew, Chair, Adv. Comm. on Fed. Rules of Criminal Procedure (May 2005).

recite a specific proposed change followed by the rationale for that change as both a matter of law and of policy. For convenience, this Article discusses the proposed changes sequentially, beginning with Rule 1.

Rule 1 - Definition of "Victim"

The Proposal:

Rule 1 should be amended to include the following definition of a victim:

"Victim" means a person directly and proximately harmed as a result of the commission of a federal offense or an offense in the District of Columbia. In the case of a crime victim who is under 18 years of age, incompetent, incapacitated, or deceased, the legal guardians of the crime victim or the representatives of the crime victim's estate, family members, or any other persons appointed as **[*857]** suitable by the court, may assume the crime victim's rights under these rules, but in no event shall the defendant be named as such guardian or representative.

The Rationale:

The ***CVRA*** directly defines "victim" using this language, [120] which ought to be folded into the rules for convenience. The rules currently define such terms as "attorney for the government," "federal judge," and "petty offense." [121] "Victim" should likewise be defined.

A definition is required for a second reason: Rule 32 currently contains a differing definition of "victim" as "an individual against whom the defendant committed an offense for which the court will impose sentence." [122] Because that definition varies from that mandated by the ***CVRA***, it must be changed. Furthermore, the ***CVRA***'s definition comes with an interpretative history. [123] The ***CVRA***'s definition of "victim" is taken almost verbatim from the 1996 Mandatory Victims Restitution Act (MVRA). [124] In turn, the MVRA drew on the 1982 Victim Witness Protection Act (VWPA). [125] As a result, the ***CVRA*** uses a definition of "victim" that is more than twenty-two years old and that has not produced major administrative or definitional problems. Courts will be able to draw from that history to determine who qualifies as a "victim." [126]

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[120] *18 U.S.C.A. 3771*(e) (West 2004 & Supp. 2005).

[121] See *Fed. R. Crim. P. 1(b)(1)*, *1(b)(3)*, *1(b)(8)*.

[122] Id. at 32(a)(2).

[123] See generally Beloof, Cassell & Twist, supra note 15, at 49-69 (reviewing different definitions of "victim" for purposes of crime victims' legislation).

[124] See *18 U.S.C. 3663A*(a)(2). For differences from the old law, see Twist, supra note 2.

[125] See *18 U.S.C. 3663*(a)(2).

[126] See, e.g., *Hughey v. United States, 495 U.S. 411 (1990)* (holding that VWPA limited "victim" to victims of the actual offense of conviction so that district court could not order restitution on basis of charges that were dropped as part of plea agreement); *United States v. Follet, 269 F.3d 996 (9th Cir. 2001)* (holding that a free clinic was not a "victim" of the defendant's rape of his niece); *Moore v. United States, 178 F.3d 994 (8th Cir. 1999)* (holding that a bank customer was "victim" of attempted bank robbery under MVRA where defendant pointed a sawed-off shotgun at the customer and the teller, who were standing only two feet apart, while demanding money), cert. denied, ***528 U.S. 943 (1999);*** *United States v. Sanga, 967 F.2d 1332 (9th Cir. 1992)* (holding that foreign national who conspired to be brought into United States illegally was still a "victim" of the conspiracy where her smuggler threatened her life and forced her to work as live-in maid once she had arrived); *United States v. Bedonie, 317 F. Supp. 2d 1285 (D. Utah 2004)* (holding that "victim" in manslaughter case under MVRA was murdered person himself and not the estate), rev'd on other grounds, *United States v. Serawop, 410 F.3d 656 (10th Cir. 2005).* See generally John F. Wagner, Jr., Annotation, Who Is a "Victim," So as To Be Entitled to Restitution Under Victim and Witness Protection Act, 108 A.L.R. Fed. 828 (2005).

A few new issues will need to be litigated. For example, the Hughey case noted above conflicts with the views of Senator Jon Kyl, co-sponsor of the ***CVRA***, who explained that the definition of "victim" in the ***CVRA*** is an intentionally broad definition because "all victims of



HOUSE_OVERSIGHT_017727

**[*858]** Rule 1 also appears to be the best place to include the ***CVRA***'s language about a "representative" of a victim. This language, too, draws from the restitution statutes. [127]

Rule 2 - Fairness to Victims in Construction

The Proposal:

Rule 2 should be amended to require fairness to victims in construing the rules as follows:

These rules are to be interpreted to provide for the just determination of every criminal proceeding, to secure simplicity in procedure and fairness in administration to the government, defendants, and victims, and to eliminate unjustifiable expense and delay.

The Rationale:

The ***CVRA*** broadly mandates that victims have the right to "be treated with fairness and with respect for the victim's dignity and privacy." [128] This creates a substantive right to fairness, similar to that found in various state victims' rights ***amendments*** - including the **[*859]** ***amendment*** found in Senator Kyl's home state of Arizona. [129] This broad reading was explained by Senator Kyl, who, along with Senators Feinstein and Hatch, was the primary legislative sponsor of the ***CVRA***: "The broad rights articulated in this section are meant to be rights themselves and are not intended to just be aspirational. One of these rights is the right to be treated with fairness. Of course, fairness includes the notion of due process." [130]

In light of victims' new substantive right to fairness, Rule 2 should be amended to make clear that all of the rules must be construed to be fair to victims no less than to the government and defendants.

(New) Rule 10.1 - Notice of Proceedings for Victims

The Proposal:

A new Rule 10.1 should be added to guarantee victims their right to notice of proceedings as follows:

Rule 10.1 Notice to Victims.

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crime deserve to have their rights protected, whether or not they are the victim of the count charged." See 150 Cong. Rec. S10,910-01 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl). At least one court has suggested that, as a matter of discretion, it is desirable to notify even victims of uncharged conduct under the ***CVRA***. See *United States v. Turner, 367 F. Supp. 2d 319, 327 (E.D.N.Y. 2005)* (concluding that, absent reason to think otherwise, any person who the government asserts has been harmed by a crime or who self-identifies as such qualifies as a "victim"); cf. *In re W.R. Huff Asset Mgmt. Co., 409 F.3d 555, 561 (2d Cir. 2005)* (holding that the ***CVRA*** does not grant victims any rights against individuals not convicted of a crime, but the government can attempt to obtain voluntary restitution from such persons).

[127] See, e.g., *18 U.S.C. 3663A*(a) (same definition of victim "representative").

[128] *18 U.S.C.A. 3771*(a)(8) (West 2004 & Supp. 2005).

[129] See, e.g., Ariz. Const. art. II, 2(A)(1) (victim's right "to be treated with fairness, respect, and dignity"); see also Alaska Const. art. I, 24 (victim's right "to be treated with dignity, respect, and fairness during all phases of the criminal and juvenile justice process"); Idaho Const. art. I, 22 (victim's right "to be treated with fairness, respect, dignity and privacy throughout the criminal justice process"); Ill. Const. art. I, 8.1 (victims "to be treated with fairness and respect for their dignity"); Mich. Const. art. I, 24 (victims "to be treated with fairness and respect for their dignity and privacy throughout the criminal justice process"); N.J. Const. art. I, P 22 (victim's right to "be treated with fairness, compassion and respect by the criminal justice system"); N.M. Const. art. II, 24 (the "right to be treated with fairness and respect for the victim's dignity and privacy throughout the criminal justice process"); Ohio Const. art. I, 10a (victims "shall be accorded fairness, dignity, and respect in the criminal justice process"); Tex. Const. art. I, 30(a)(1) ("right to be treated with fairness and with respect for the victim's dignity and privacy throughout the criminal justice process"); Utah Const. art. I, 28(1)(a) (victim's right to be "treated with fairness, respect, and dignity"); Wis. Const. art. I, 9m (victim's right to be treated with "fairness, dignity and respect for their privacy"). See generally Cassell, supra note 15, at 1387-88 (discussing victims' right to fairness in Utah).

[130] 150 Cong. Rec. 4269 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

(a) Identification of Victim. During the prosecution of a case, the attorney for the government shall, at the earliest reasonable opportunity, identify the victims of the crime.
**[*860]**

(b) Notice of Case Events. During the prosecution of a crime, the attorney for the government shall make reasonable efforts to provide victims the earliest possible notice of:

(1) The scheduling, including scheduling changes and/or continuances, of each court proceeding that the victim is either required to attend or entitled to attend;

(2) The release or detention status of a defendant or suspected offender;

(3) The filing of charges against a defendant, or the proposed dismissal of all charges, including the placement of the defendant in a pretrial diversion program and the conditions thereon;

(4) The right to make a statement about pretrial release of the defendant;

(5) The victim's right to make a statement about acceptance of a plea of guilty or nolo contendere;

(6) The victim's right to attend public proceedings;

(7) If the defendant is convicted, the date and place set for sentencing and the victim's right to address the court at sentencing; and

(8) After the defendant is sentenced, the sentence imposed and the availability of the Bureau of Prisons notification program, which shall provide the date, if any, on which the offender will be eligible for parole or supervised release.

(c) Multiple Victims. The attorney for the government shall advise the court if the attorney believes that the number of victims makes it impracticable to provide personal notice to each victim. If the court finds that the number of victims makes it impracticable to give personal notice to each victim desiring to receive notice, the court shall fashion a reasonable procedure calculated to give reasonable notice under the circumstances.

The Rationale:

This proposed change stems from the ***CVRA***'s requirement that victims have the "right to reasonable, accurate, and timely notice of **[*861]** any public court proceeding … involving the crime." [131] Senator Feinstein explained the importance of giving victims notice:

Victims are the persons who are directly harmed by the crime and they have a stake in the criminal process because of that harm. Their lives are significantly altered by the crime and they have to live with the consequences for the rest of their lives. To deny them the opportunity to know of and be present at proceedings is counter to the fundamental principles of this country. It is simply wrong. [132]

Under the ***CVRA***, then, victims of the crime allegedly committed by the defendant [133] are entitled to notice of court proceedings. The tricky issue is who should provide that notice to victims. This responsibility must fall on prosecutors and their investigative agents for several reasons. First, prosecutors and their agents are the only parties who know the identity of the victims at the outset of the case. After a bank robbery, for example, it is the FBI agents who respond and interview the tellers.

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[131] *18 U.S.C.A. 3771*(a)(2).

[132] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein); see also id. at S4267 (statement of Sen. Kyl) ("It does not make sense to enact victims' rights that are rendered useless because the victim never knew of the proceeding at which the right had to be asserted.").

[133] See *United States v. Guevara-Toloso, 2005 U.S. Dist. LEXIS 9762 (E.D.N.Y. 2005)* (noting that ***CVRA*** requires notice to victims of the crime charged against the defendant but not notice to victims of any previous crimes the defendant may have committed).

Second, prosecutors and their agents continue dealing with victims throughout the course of a prosecution. They work with victims in investigating the crime, identifying potential defendants, preparing the indictment, and presenting evidence to the grand jury and at trial. Because of this working relationship, prosecutors are best situated to provide notice in most cases. Third, most crime victims lack legal counsel and are unfamiliar with federal criminal proceedings. They may need assistance from someone familiar with the process to understand what is happening. United States Attorneys' offices, including the victim-witness components in those offices, are well situated to provide that assistance. As the President's **[*862]** Task Force of Victims of Crime concluded, the prosecutor is "in the best position to explain to victims the legal significance of various motions and proceedings." [134] For all these reasons, prosecutors should notify victims of their rights and of upcoming hearings. [135] Most states that have addressed the issue follow this approach. [136]

The Justice Department appears to agree that it should notify victims. In the 2000 Attorney General Guidelines for Victim and Witness Assistance, the Department required prosecutors and their **[*863]** agents to provide notice to crime victims. In particular, the Guidelines currently obligate prosecutors to provide victims with "the earliest possible notice" of:

(a) The release or detention status of an offender or suspected offender … .

(b) The filing of charges against a suspected offender, or the proposed dismissal of all charges … .

(c) The scheduling, including scheduling changes and/or continuances, of each court proceeding that the victim or witness is either required to attend or entitled to attend … .

(d) The acceptance of a plea of guilty or nolo contendere or the rendering of a verdict after trial … .

(e) If the offender is convicted, the date set for sentencing, the sentence imposed … . [137]

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[134] President's Task Force on Victims of Crime, Final Report 64 (1982).

[135] But cf. *United States v. Turner, 367 F. Supp. 2d 319, 328 (E.D.N.Y. 2005)* (concluding that, in the absence of a national rule requiring prosecutors to provide notice to victims, the court would direct the prosecutor to provide the name and contact information of each victim so that the court can ensure that notice is properly given).

[136] See, e.g., *Ala. Code 15-23-62(8)* (2000) (requiring law enforcement officers to give victims initial description of their rights and "the name and telephone number of the office of the prosecuting attorney to contact for further information"); *Ariz. Rev. Stat. 13-4409* (2001) (requiring prosecutor to provide notice to victim of criminal proceedings; *Conn. Gen. Stat. Ann. 51-286e* (2000) (requiring prosecutor to notify victim of any judicial proceedings related to the case); *Del. Code Ann. tit. 11, 9411* (2001) (requiring Attorney General to provide information to victim including "notice of the scheduling of court proceedings and changes including trial date, case review and sentencing hearings"); *Ga. Code Ann. 17-17-8(b)* (2004) (requiring prosecutor where possible to give victim "prompt advance notification of any scheduled court proceedings"); *Ky. Rev. Stat. Ann. 421.500.5* (LexisNexis 1992) (requiring prosecutor to provide victim "prompt notification, if possible, of judicial proceedings relating to the case"); *Me. Rev. Stat. Ann. tit. 15, 6101* (2003) (requiring prosecutor to provide victims of certain crimes notice of any plea agreement and of trial date); *Mass. Gen. Laws Ann. ch. 258B, 3* (West 2004) (requiring prosecutor to give victims notice of various rights); *Mich. Comp. Laws Ann. 780.755(1)* (West 1998) (requiring prosecutor to give victims notice of court proceedings); *Minn. Stat. Ann. 611A.03* (West 2003) (requiring prosecutor to give victim notice of plea agreement and sentencing hearing); *N.M. Stat. Ann. 31-26-9(B)* (LexisNexis 2004) (requiring prosecutor to provide victim with notice of scheduled court proceedings); N.Y. [Executive] Law. 646a (McKinney 2005) (requiring prosecutor to provide notice of court proceedings); *S.D. Codified Laws 23A-28C-1* (2004) (requiring prosecutor to notify victim of certain hearings); *Tenn. Code Ann. 40-38-103* (2003) (requiring prosecutor to notify victim of "times, dates, and locations of all pertinent stages in the proceedings"); *Tex. Code Crim. Proc. Ann. art. 56.08(b)* (Vernon 2004) (requiring prosecutor to give victim notice of court proceedings); *Utah Code Ann. 77-38-3* (2004) (requiring prosecutor to give victim notice of "important criminal justice hearings"); *Wis. Stat. Ann. 972.14(2m)* (West 1998) ("Before pronouncing sentence, the court shall inquire of the district attorney whether he or she has complied with 971.095(2) and with sub. (3)(b), whether any of the victims of a crime considered at sentencing requested notice of the date, time and place of the sentencing hearing and, if so, whether the district attorney provided to the victim notice of the date, time and place of the sentencing hearing."); *Wyo. Stat. Ann. 1-40-204(b)(i)* (2004) (requiring prosecutor to inform victim about all hearings). But see *Ohio Rev. Code Ann. 2930.06(C)* (2005) (requiring court to give notice to victim of court proceedings).

To avoid creating only significant new responsibilities for prosecutors and their agents, the proposed new Rule 10.1 is lifted essentially verbatim from the 2000 Attorney General Guidelines for Victim and Witness Assistance. The 2005 revisions to the Guidelines continue essentially the same requirements. [138]

The drafters of the ***CVRA*** also appear to believe that the notification obligations will fall primarily on prosecutors' offices, as the ***CVRA*** authorizes an appropriation of $ 22,000,000 over the next five fiscal years to the Office for Victims of Crime of the Department of Justice for enhancement of victim notification systems. [139] **[*864]** Presumably, those enhanced new notification systems can be used to keep victims apprised of court proceedings. Moreover, the ***CVRA*** directs that the Department of Justice and its investigative agencies "shall make their best efforts to see that crime victims are notified of, and accorded, the rights described in subsection (a)." [140]

Proposed new Rule 10.1 adds only two new obligations beyond those found in the 2000 Attorney General Guidelines: (1) notice to victims of their right to make a statement regarding any proposed plea, and (2) notice to victims of their right to attend public proceedings. Both of these obligations are currently found in the 2005 Guidelines. [141]

One last issue deserves brief discussion: Is it proper for the Judiciary, through the rule-making process, to command another branch of government to take certain actions? [142] The starting point for analyzing this question is the congressional command in the ***CVRA*** that the executive branch must protect victims' rights. [143] Consequently, implementing these rights through rule changes presents no question of the courts inventing new rights or exercising some kind of "supervisory" power over federal agents. [144] Instead, the implementation is simply enforcing congressionally created rights through the Judiciary's congressionally authorized rulemaking authority - an uncontroversial exercise of judicial power. [145] Moreover, in the ***CVRA***, Congress commanded the courts to "ensure that the crime victim is afforded the rights described [in the ***CVRA***]." [146] Rule changes needed to implement the ***CVRA*** thus rest **[*865]** on this statutory authority as well. Additionally, this Article's proposals affecting prosecutors are closely connected to court proceedings; they deal with such things as prosecutors notifying victims of hearings and conferring with victims in anticipation thereof. It is difficult to see new separation of powers concerns arising in such contexts so closely connected to the courtroom.

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[137] See 2000 A.G. Guidelines, supra note 38; see also U.S. Dept. of Justice, Office for Victims of Crime, New Directions from the Field: Victims' Rights and Services for the 21st Century 82 (1998) ("Prosecutors' offices should notify victims in a timely manner" of all significant hearings.).

[138] See 2005 A.G. Guidelines, supra note 38, at 27-29 (providing for notice to victims, although relying on the department's Victim Notification Systems (VNS) to do this).

[139] See ***118 Stat. 2260, 2264 (2004);*** see also 150 Cong. Rec. S4267 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) ("We authorized an appropriation of funds to assure … that moneys would be made available to enhance the victim notification system, managed by the Department of Justice's Office for Victims of Crime, and the resources additionally to develop state-of-the-art systems for notifying crime victims of important statements of development) (emphasis added). But cf. id. (discussing court notification of attorneys of record and concluding "it is a relatively simple matter to add another name and telephone number or address to that list").

[140] *18 U.S.C.A. 3771*(c)(1) (West 2004 & Supp. 2005) (emphasis added).

[141] See 2005 A.G. Guidelines, supra note 38, at 27 (prosecutors to notify victims of all their rights under the ***CVRA***).

[142] Victims cannot rely on the provisions of the Attorney General Guidelines to protect their rights because the Guidelines themselves state that they "are not intended to … and may not be relied upon to create any rights … enforceable at law by any person in a matter civil or criminal." 2005 A.G. Guidelines, supra note 38, at 27.

[143] *18 U.S.C.A. 3771*(c)(1).

[144] Cf. Sarah Sun Beale, Reconsidering Supervisory Power in Criminal Cases: Constitutional and Statutory Limits on the Authority of the Federal Courts, *84 Colum. L. Rev. 1433 (1984)* (discussing more problematic applications of judicial power).

[145] See *id. at 1476-77; 28 U.S.C. 2071,* 2072 (establishing court rule-making power).

[146] *18 U.S.C. 3771*(b) (emphasis added).

Furthermore, the Federal Rules of Criminal Procedure already direct executive branch actions less directly connected to court hearings. For instance, Rule 16 directs that prosecutors must turn over various discoverable items to the defendant. [147] Rule 41 directs federal agents serving a warrant to leave a copy for the person whose premises are searched. [148] And, most controversially, Rule 5 directs that federal agents making an arrest "must take the defendant without unnecessary delay" before a judicial officer. [149] The kinds of rule changes discussed in this Article are far less invasive than these commands. Finally, it should be remembered that federal prosecutors serve as "officers of the court." [150] In that capacity, the court can be reasonably expected to facilitate victims' involvement in the criminal justice process. [151] For all of these reasons, this proposed rule breaks no new ground in directing prosecutors to notify victims of courtroom proceedings.

Rule 11(a)(3) - Victims' Views on Nolo Contendere Pleas

The Proposal:

Rule 11's procedures on pleas should be revised to allow victims to express their views on any plea of nolo contendere before the court decides whether to accept it as follows:
**[*866]**

(a)(3) Nolo Contendere Plea. Before accepting a plea of nolo contendere, the court must consider the parties' and victims' views and the public interest in the effective administration of justice.

The Rationale:

As discussed at greater length in the immediately following sections, the ***CVRA*** gives victims the right to be heard regarding any plea, presumably including any nolo contendere plea. It is a natural corollary that the court should consider the victim's views before accepting any such plea.

Rule 11(b)(4) - Victims' Right To Be Heard on Pleas

The Proposal:

The court should address any victim present in court when taking a plea in order to determine whether the victim wishes to make a statement and to consider the victim's view before accepting a plea as follows:

(4)[cfn ]Victims' Views. Before the court accepts a plea of guilty or nolo contendere or allows any plea to be withdrawn, the court must address any victim who is present personally in open court. During this address, the court must determine whether the victim wishes to present views regarding the proposed plea or withdrawal and, if so, what those views are. The court shall consider the victim's views in acting on the proposed plea or withdrawal.

The Rationale:

The ***CVRA*** gives victims the right "to be reasonably heard at any public proceeding in the district court involving … [a] plea." [152] Many states afford victims similar rights. [153] The rationale for a **[*867]** victim's right to be heard regarding a plea is to

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[147] *Fed. R. Crim. P. 16(a)(1)*.

[148] Id. at 41(f)(3).

[149] Id. at 5(a)(1). See generally, Office of Legal Policy, Report to the Att'y Gen. on the Judiciary's Use of Supervisory Power To Control Law Enforcement Action (Dec. 15, 1986), reprinted in 22 Mich. J.L. & Reform 773 (1989).

[150] See *United States v. Sells Eng., Inc., 463 U.S. 418, 466* (Burger, C.J., dissenting).

[151] See, e.g., *State v. Casey, 44 P.3d 756 (Utah 2002),* discussed infra notes 163-66 and accompanying text.

[152] *18 U.S.C.A. 3771*(a)(4) (West 2004 & Supp. 2005); see *In re Kari Ann Jacobsen, 2005 U.S. App. LEXIS 13990 (D.C. Cir. 2005)* (noting victim's right to be heard on pleas).

provide the judge with as much information as possible. The court is under no obligation to accept a plea proposed by the parties. [154] After hearing from the victim about the plea, the court can determine what weight to give to the victim's views. [155]

To implement the victim's right to be heard regarding a plea, the proposed rule change requires the court to directly address any victim present in court. This is consistent with the ***CVRA***'s legislative history that explains that "this provision is intended to allow crime victims to directly address the court in person." [156] The language of the proposed rule is lifted from an earlier paragraph in Rule 11, which requires the court to "address the defendant personally in open court" "before accepting a plea of guilty." [157] Victims should be treated even-handedly. It may be important for the judge to address victims directly because many victims will lack the assistance of counsel. As novices in legal proceedings, victims may be uncertain about exactly when in the process they should present their views. By addressing victims, the court will eliminate that uncertainty and ensure that the victim's right to be heard is vindicated.

**[*868]**

Rule 11(c)(1) - Prosecution To Consider Victims' Views on Pleas

The Proposal:

The prosecution should be required to consider the victims' views in developing any proposed plea arrangement as follows:

(1) In General. An attorney for the government and the defendant's attorney, or the defendant when proceeding pro se, may discuss and reach a plea agreement. The court must not participate in these discussions. The attorney for the government shall make reasonable efforts to notify identified victims of, and consider the victims' views about, any proposed plea negotiations. If the defendant pleads guilty or nolo contendere to either a charged offense or a lesser or related offense, the plea agreement may specify that an attorney for the government will … .

The Rationale:

The proposed change requires prosecutors to make reasonable efforts to notify victims about possible plea bargains and to consider the victim's views regarding those pleas. This requirement is taken essentially verbatim from the Attorney General Guidelines for Victim and Witness Assistance, which direct prosecutors to "make reasonable efforts to notify identified victims

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[153] See, e.g., Conn. Const. art. 1, 8 (giving victim right to be heard and to object to plea agreement); Mo. Const. art. 1, 32 (giving victim right to be heard at plea hearing); Utah Const. art. I, 28(1)(b) (giving victim the "right to be heard at important criminal justice hearings related to the victim"); *Ala. Code 15-23-71* (2000) (giving victim right to be present at plea hearing and requiring prosecutor to confer with victim about plea); *Ariz. Rev. Stat. 13-4423* (2001) (giving victim right to be present and heard at plea hearing and requiring prosecutor to confer with victim about plea); *Minn. Stat. Ann. 611A.03* (West 2003) (giving victim right to be heard at plea hearing); *Miss. Code Ann. 99-43-33* (2000) (giving victim right to make statement at plea hearing); *N.H. Rev. Stat. 21-M:8-k* (2000) (giving victim right to be heard at plea hearing); R.I. Stat. 12-28-4.1 (2000) (giving victim right to make statement at plea hearing). See generally Beloof, Cassell & Twist, supra note 15, at 476-94 (discussing victims and pleas); Sarah N. Welling, Victim Participation in Plea Bargains, 65 Wash. U. L.Q. 301 (1987).

[154] See, e.g., *United States v. Bean, 564 F.2d 700 (5th Cir. 1977).*

[155] But cf. George P. Fletcher, With Justice for Some: Victims' Rights in Criminal Trials 252, 257-58 (1995) (proposing that victims have a veto over any plea); Bennett L. Gershman, Crimes Against Victims: The Prosecutor's Duty of Neutrality, 9 Lewis & Clark L. Rev. (forthcoming 2005) (discussing situations in which victims have effectively been given a veto over pleas); Karen L. Kennard, Comment, The Victim's Veto: A Way To Increase Victim Impact on Criminal Case Dispositions, *77 Cal. L. Rev. 417, 437 (1989)* (advocating that victims be given a veto over any plea).

[156] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[157] *Fed. R. Crim. P. 11(b)(2)*.



HOUSE_OVERSIGHT_017733

of, and consider victims' views about, prospective plea negotiations." [158] Twenty-nine states already require prosecutors to "consult with" or "obtain the views of" victims at the plea agreement stage. [159]

The proposed rule helps to implement not only a victim's right to be heard at plea proceedings but also the right to "confer with the attorney for the Government." [160] Given that victims have the right to confer, the conferring should take place at the most salient points in the process. As Senator Feinstein explained, "This right [to confer] is intended to be expansive. For example, the victim has the **[*869]** right to confer with the Government concerning any critical stage or disposition of the case." [161] Because the overwhelming majority of federal criminal cases are resolved by a plea, a conference between the victim and the prosecutor regarding the plea will be critical in most cases. Reflecting that fact, the rules should follow the approach taken by the majority of states, directing prosecutors to consult with victims about pleas.

Rule 11(c)(2) - Court To Be Advised of Victim Objections to Plea

The Proposal:

Prosecutors (and victims' attorneys) should be required to advise the court whenever they are aware that the victim objects to a proposed plea agreement as follows:

(2) Disclosing a Plea Agreement. The parties must disclose the plea agreement in open court when the plea is offered, unless the court for good cause allows the parties to disclose the plea agreement in camera. When a plea is presented in open court, the attorney for the government or the attorney for any victim shall advise the court when the attorney is aware that the victim has any objection to the proposed plea agreement.

The Rationale:

When an attorney for the victim or for the government is aware that a victim objects to a plea, that information should be relayed to the court. In those rare cases where the victim has an attorney, the attorney will obviously raise the victim's objection. The proposed rule change clarifies the prosecutor's corresponding and equal obligation to communicate this information to the court.

The ***CVRA*** appears to obligate prosecutors to relay a victim's objection to the court, commanding them to use their "best efforts" to enforce victims' rights. [162] Part of those "best efforts" would seem to be conveying objections to the court. Victims are often untrained in the law and unexpectedly thrust into criminal proceedings; they may well believe that prosecutors automatically relay to the court **[*870]** their objections to the plea. The proposed rule avoids such confusion by requiring the prosecutor to notify the court of a victim's concern. The rule is limited to situations where the prosecutor is aware of an objection.

This approach is consistent with the instructive case of State v. Casey, [163] which considered whether a victim's objection to a plea made to a prosecutor was sufficient to trigger the victim's right to be heard under the Utah Constitution. [164] In Casey, the victim told the prosecutor that she opposed a plea arrangement. The prosecutor refused to convey the victim's concern to the

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[158] 2005 A.G. Guidelines, supra note 38, at 30 (defining what can be considered in determining whether notice is reasonable in a particular case); see also Office for Victims of Crime, supra note 137, at 75 ("Prosecutors should make every effort … to consult with the victim on the terms of any negotiated plea … .").

[159] Office for Victims of Crime, supra note 137, at 75.

[160] *18 U.S.C.A. 3771*(a)(5) (West 2004 & Supp. 2005).

[161] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[162] *18 U.S.C.A. 3771*(c).

[163] *44 P.3d 756 (Utah 2002).* I represented the victim in this case.

[164] See generally Nicole G. Farrell, Recent Case Development, *2003 Utah L. Rev. 716.*

court, and the trial judge accepted the plea. The victim then obtained legal counsel and appealed to the Utah Supreme Court, urging that under the Utah Victims' Rights ***Amendment***, her right to be heard regarding a plea had been violated. The State responded that the victim was obligated to ask the trial court directly to be heard rather than relying on the prosecutor to pass that information along. In rejecting the State's argument, the Utah Supreme Court explained that prosecutors, no less than other actors in the criminal justice system, were required to assist victims throughout the process. [165] More important for present purposes, the court also concluded that prosecutors had ethical obligations as officers of the court to convey that information to the judge:

Prosecutors must convey such requests [to be heard] because they are obligated to alert the court when they know that the court lacks relevant information. This duty, which is incumbent upon all attorneys, is magnified for prosecutors because, as our case law has repeatedly noted, prosecutors have unique responsibilities… . The prosecutor is the representative not of an ordinary party to a controversy, but of a sovereignty whose obligation to govern impartially is as compelling as its obligation to govern at all; and whose interest … in a criminal prosecution is not that it shall win … but that justice shall be done. [166]

Applying the reasoning of Casey to analogous rights in the ***CVRA***, federal prosecutors must, as officers of the court, convey a **[*871]** victim's request to be heard regarding a plea. Indeed, the prosecutor should convey not only the request to be heard but also the fact that the victim objects to the plea. In deciding whether to accept a plea, the court must consider the public interest. [167] As the Tenth Circuit has explained, ""Rule 11 also contemplates the rejection of a negotiated plea when the district court believes that bargain is too lenient, or otherwise not in the public interest.'" [168] When the prosecutor is aware of an objection from a keenly interested member of the public - the victim - the court should not be left in the dark about it.

An alternative way of drafting the rule is to require courts to inquire of prosecutors whether the victim has been advised of the proposed plea and whether the victim wishes to make a statement concerning it. [169] For example, Oregon requires the court to ask the prosecutor whether the victim has been consulted about a plea and, if so, what the victim's view is:

Before the judge accepts a plea of guilty or no contest, the judge shall ask the district attorney if the victim requested to be notified and consulted regarding plea discussions. If the victim has made such a request, the judge shall ask the district attorney if the victim agrees or disagrees with the plea discussions and agreement and the victim's reasons for agreement or disagreement. [170]

South Dakota law contains a similar requirement that prosecutors disclose "any comments" by the victim about the plea. [171] Texas law requires the court to ask the prosecutor whether a victim impact statement has been submitted; [172] if so, the court

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[165] *Casey, 44 P.3d at 763.*

[166] *Id. at 764* (internal quotations and citations omitted).

[167] See, e.g., *United States v. Bean, 564 F.2d 700 (5th Cir. 1977).*

[168] *United States v. Carrigan, 778 F.2d 1454, 1462 (10th Cir. 1985)* (emphasis added) (quoting *United States v. Miller, 722 F.2d 562, 563 (9th Cir. 1983)).*

[169] See Office for Victims of Crime, supra note 137, at 108 ("Judges should facilitate the input of crime victims into plea agreements … and they should request that prosecuting attorneys demonstrate that reasonable efforts were made to confer with the victim.").

[170] *Or. Rev. Stat. 135.406(1)(b)* (2003).

[171] *S.D. Codified Laws 23A-7-9* (2004) ("The prosecuting attorney shall disclose on the record any comments on the plea agreement made by the victim, or his designee, of the defendant's crime to the prosecuting attorney.").

[172] *Tex. Code Crim. Proc. Ann. art. 26.13(e)* (Vernon Supp. 2004) ("Before accepting a plea of guilty or a plea of nolo contendere, the court shall inquire as to whether a victim impact statement has been returned to the attorney representing the state and ask for a copy of the statement if one has been returned.").

must review that **[*872]** statement. [173] Finally, before an Arizona court accepts a plea, the prosecutor must advise the court that reasonable efforts were made to confer with the victim about the plea and the victim's view regarding it. [174]

The rule proposed here is narrower than these state formulations: it requires only that a prosecutor confer with the victim about the plea and inform the court if the victim objects. For many significant categories of federal cases (e.g., typical drug trafficking offenses, felons in possession of a firearm, etc.), there will be no victim, much less a victim objection. In such cases, to require some sort of victim inquiry by the court or victim certification by the prosecutor would unnecessarily waste time. The proposed rule requires only that the prosecutor report a victim's objection - in which case the court will presumably want to more carefully consider whether to accept a plea.

Rule 12.1 - Victim Addresses and Phone Numbers Not Disclosed for Alibi Purposes

The Proposal:

The Government currently must disclose the address and telephone numbers of any witnesses, including the victim, that it plans to use to disprove an alibi. This rule should be changed to protect the victim's privacy, excluding their information from this requirement.

(b) Disclosing Government Witnesses.

(1) Disclosure. If the defendant serves a Rule 12.1(a)(2) notice [regarding intent to present an alibi defense], an attorney for the government must disclose in writing to the defendant or the defendant's attorney:

(A) the name, address, and telephone number of each witness and the address and telephone number of each witness (other than a victim) that the government intends **[*873]** to rely on to establish the defendant's presence at the scene of the alleged offense; and

(B) each government rebuttal witness to the defendant's alibi defense

… .

(c) Continuing Duty to Disclose. Both an attorney for the government and the defendant must promptly disclose in writing to the other party the name of each additional witness, and the address and telephone number of each additional witness (other than a victim) if:

(1) the disclosing party learns of the witness before or during trial; and

(2) the witness should have been disclosed under Rule 12.1(a) or (b) if the disclosing party had known of the witness earlier.

In addition, a similar change should be made to Rule 12.3 regarding the addresses and telephone numbers of victims who will be used to disprove a public-authority defense.

The Rationale:

This proposed change implements the victim's right to be "reasonably protected from the accused." [175] The victim cannot be reasonably protected if the defendant, without good reason, is given the victim's address and telephone number. The proposed rule strikes the current requirement that the prosecutor must automatically give the defendant the victim's address and telephone

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[173] See id.

[174] *Ariz. Rev. Stat. Ann. 13-4423(b)(1)* (2001).

[175] *18 U.S.C.A. 3771*(a)(1) (West 2004 & Supp. 2005).

number even without any showing of need. Nothing in the rule, however, would bar the defendant from requesting that information by filing an appropriate motion. The court could then determine whether any such motion had merit. [176]

**[*874]**

Rule 15 - Victims' Right To Attend Pre-Trial Depositions

The Proposal:

Rule 15 should allow victims to attend any public deposition in a case as follows:

(i) Victims Can Attend. A Victim can attend any public deposition taken under this rule under the same conditions as govern a victim's attendance at trial.

The Rationale:

Victims have the right "not to be excluded from any … public court proceeding," except in rare cases where their testimony will be materially affected. [177] Depositions authorized by Rule 15 are for the purpose of preserving evidence for trial, [178] and thus are effectively an extension of the trial. Victims accordingly have the right to attend such proceedings, if public, under the same conditions governing their attendance at trial. To avoid any confusion over this issue, the proposed rule change directly states that conclusion.

Because victims can be excluded from the trial in certain rare situations where their testimony would be materially affected, [179] they can likewise be excluded from a deposition in those situations. The proposed rule simply applies the limitations on attending trial to the deposition setting by providing that the "same conditions" apply to the victim's attendance at the deposition.

**[*875]**

Rule 17 - Victims' Right to Notice of Subpoena of Confidential Information

The Proposal:

Rule 17 regarding subpoenas should be modified to give victims notice before personal or confidential information is subpoenaed and to allow victims to file a motion to quash such a subpoena as follows:

(h)(2) Victim Information. After indictment, no record or document containing personal or confidential information about a victim may be subpoenaed without a finding by the court that the information is relevant to trial and that compliance appears to be reasonable. If the court makes such a finding, notice shall then be given to the victim, through the attorney for the government or for the victim, before the subpoena is served. On motion made promptly by the victim, the court may quash or modify the subpoena if compliance would be unreasonable or oppressive.

The Rationale:

The existing rules governing subpoenas are flawed because they allow the parties to subpoena personal or confidential information about a victim from third parties without the victim's knowledge. This issue arose recently in the Utah state

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[176] Cf. *United States v. Wills, 88 F.3d 704, 709-10 (9th Cir. 1996)* (allowing delayed disclosure of alibi witness because witness feared for safety and defendant had violent history and allowing ex parte hearing because of need to keep identity of witness from the defendant).

[177] *18 U.S.C.A. 3771*(a)(3).

[178] See, e.g., *United States v. Edwards, 69 F.3d 419, 437 (10th Cir. 1995).*

[179] *18 U.S.C.A. 3771*(a)(3), discussed infra notes 276-308 and accompanying text.

criminal proceedings involving the kidnapping of Elizabeth Smart. Elizabeth was kidnapped from her home in Salt Lake City, Utah. She was found nearly nine months later with a local transient and his wife, who had taken Elizabeth at knifepoint. [180] Attorneys for Elizabeth's alleged kidnapper subpoenaed class records from her high school - class and teacher lists, report cards, and disciplinary and attendance records - and medical records from her hospital. [181] While the hospital refused to turn over the requested records, the school willingly turned over the requested records without notice to the Smart family. Elizabeth's father learned about the subpoena only after her school records had already been turned over to defense counsel. The Smart family **[*876]** attorney then filed a motion to return the records to the school. Prosecutors in the case have objected to the fact that they were not given an opportunity to file a motion to quash. [182] The matter is still under review in state court.

The problem that occurred in the Smart case under the Utah rules could also occur under the federal rules. [183] The federal rules currently allow the witness to whom the subpoena is issued to object, [184] but there is no provision for notifying the victim when personal or confidential information has been subpoenaed from another witness.

Serving such subpoenas without notice to the victim violates the provisions of the ***CVRA*** guaranteeing victims the rights to be treated "with respect for the victim's dignity and privacy" and "with fairness." [185] Allowing subpoenas to go directly to third-party custodians of records can fail to protect privacy if the custodian is disinterested or disinclined to protect the victim's privacy. Such a scenario is not far-fetched; a third party who is subpoenaed will often have no interest in incurring legal fees to protect a victim's rights. Even if interested, third parties may not fully understand the sensitive nature of certain victim information. Victims may also have important statutory rights to protect. In the Elizabeth Smart case, for example, the school may have violated the Family Educational Rights and Privacy Act by turning over private information about Elizabeth. [186]

Subpoenas served without notice to victims may also raise constitutional concerns. [187] It is well settled that a right to privacy is implicitly incorporated within the protections guaranteed under the **[*877]** United States Constitution. The Supreme Court "has recognized that a right of personal privacy, or a guarantee of certain areas or zones of privacy, does exist under the Constitution." [188] Supreme Court precedent establishes two lines of privacy interests: (1) the "individual interest in avoiding disclosure of personal matters" and (2) "the interest in independence in making certain kinds of important decisions." [189] In essence, the right to privacy includes an individual's interest in making certain decisions that fundamentally affect his or her person "free from unwarranted governmental intrusion." [190] In light of interests such as these, several courts have held that crime victims' records - such as rape crisis counseling records - are not subject to subpoena. [191]

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[180] See generally Ed Smart & Lois Smart with Laura Morton, Bringing Elizabeth Home: A Journey of Faith and Hope (2003).

[181] Stephen Hunt, Defense Blasted for Obtaining Smart's School Records, Salt Lake Trib., Jan. 14, 2005, at B2.

[182] Pat Reavy, Quash Smart Subpoenas, DA Says, Deseret Morning News, Feb. 1, 2005, at B3.

[183] See Letter from Gregory G. Skordas, attorney for Elizabeth Smart, to Judge Susan Bucklew (May 23, 2005) (on file with author) (proposing changes to the federal rules to avoid recurrence of this problem in federal court).

[184] *Fed. R. Crim. P. 17(c)*.

[185] *18 U.S.C.A. 3771*(a)(8).

[186] Pat Reavy, Elizabeth Wants Records Returned, Deseret Morning News, Jan. 15, 2005, at B3; see *20 U.S.C. 1232g* (2000) (establishing rights of privacy in educational records).

[187] See generally Wendy J. Murphy, Using the Federal Courts To Make State Courts Respect Victims' Rights, 9 Lewis & Clark L. Rev. (forthcoming 2005) (discussing federal constitutional rights of privacy for victims' confidential records).

[188] *Roe v. Wade, 410 U.S. 113, 152 (1973).*

[189] *Whalen v. Roe, 429 U.S. 589, 599-600 (1977).*

[190] *Eisenstadt v. Baird, 405 U.S. 438, 453 (1972);* see also *Carey v. Population Servs. Int'l, 431 U.S. 678, 684-85 (1977).*

The proposed new rule protects victims' statutory and potential constitutional interests in two ways. First, the court is required to make a preliminary determination that the subpoena seeks information relevant at trial and that compliance appears to be reasonable. This is consistent with the trial court's existing power to quash unreasonable subpoenas, including subpoenas directed at crime victims. [192] Second, if the court makes a preliminary determination that the subpoena is appropriate, the victim would then receive notice of the subpoena. To avoid harassment, the notice would be provided either through the victim's own attorney or, more commonly, through the prosecutor.

The proposed rule makes no substantive change in the right of the party to obtain appropriate information through a subpoena. Instead, it merely changes procedures to ensure victims are treated fairly by having the opportunity to file a motion to quash where such **[*878]** a motion is appropriate. The court is then authorized to grant the victim's motion to quash under the same standards that already apply to other motions to quash - where compliance would be "unreasonable or oppressive." [193]

The proposed change does not interfere with the legitimate interests of the government or defendants. The change will not hamper government investigations because it applies only to subpoenas issued after indictment. Before indictment, a victim's privacy is protected through grand jury secrecy. After indictment, the only legitimate purpose for a subpoena by either the government or the defendant is to obtain testimony or evidence for trial or similar court hearing. Rule 17 does not permit a subpoena for discovery purposes, [194] although upon a proper showing a party can obtain pre-trial access to materials. [195] Therefore, when challenged by a victim on a motion to quash, the party seeking the evidence will prevail upon a proper showing that the subpoena is appropriate. The only change made by the rule, then, is to require preliminary screening by the court when confidential information is involved and give the victim the opportunity for court review in cases where legitimate interests are at stake. Constitutional interests in privacy and the victim's right to be treated "with fairness" require nothing less.

Rule 18 - Victims' Interests Considered in Setting Place of Prosecution

The Proposal:

Rule 18 should be amended to require the court to consider the convenience of victims in setting the place of prosecution as follows:

Unless a statute or these rules permit otherwise, the government must prosecute an offense in a district where the offense was committed. The court must set the place of trial within the district with due regard for the convenience of the defendant, any victim, and the witnesses, and the prompt administration of justice.
**[*879]**

The Rationale:

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[191] See, e.g., *State ex rel. Romley v. Superior Courts, 836 P.2d 445, 451-52 (Ariz. Ct. App. 1992)* (crime victim had the right to deny defendant access to medical records); *Commonwealth v. Wilson, 602 A.2d 1290, 1296-97 (Pa. 1992).* See generally Tera Jckowski Peterson, Distrust and Discovery: The Impending Debacle in Discovery of Rape Victims' Counseling Records in Utah, *2001 Utah L. Rev. 695;* Anna Y. Joo, Note, Broadening the Scope of Counselor-Patient Privilege To Protect the Privacy of the Sexual Assault Survivor, 32 Harv. J. on Legis. 255 (1995).

[192] See, e.g., *Amsler v. United States, 391 F.2d 37, 51 (9th Cir. 1967)* (upholding trial court's decision to quash subpoena directed to kidnapping victim's father for lack of materiality).

[193] See *Fed. R. Crim. P. 17(c)(2)*.

[194] See generally *United States v. Nixon, 418 U.S. 683, 689 (1974).*

[195] See *id. at 699.*

This change helps to implement a victim's right under the ***CVRA*** to be treated "with fairness." [196] The rule change is modest. Rule 18 already requires the court to consider the convenience of the "witnesses" in a case. In many cases, of course, the victim will be a witness. But for clarity in those cases, and to account for cases in which the victim will not be a witness, the rule should be amended to refer specifically to victims.

Rule 20 - Victims' Views Considered Regarding Consensual Transfer

The Proposal:

Rule 20 should be amended to allow the court to consider the victims' views in any decision to transfer a case as follows:

(a) Consent to Transfer. A prosecution may be transferred from the district where the indictment or information is pending, or from which a warrant on a complaint has been issued, to the district where the defendant is arrested, held, or present if:

(1) the defendant states in writing a wish to plead guilty or nolo contendere and to waive trial in the district where the indictment, information, or complaint is pending, consents in writing to the court's disposing of the case in the transferee district, and files the statement in the transferee district; and

(2) the United States attorneys in both districts approve the transfer in writing after consultation with any victim. If any victim objects to the transfer, the United States attorney in the transferring district or the victim's attorney shall advise the court where the indictment or information is pending of the victim's concerns.

A similar change should be made to Rule 20(d) regarding transfer of juvenile proceedings.

**[*880]**

The Rationale:

As with the previous proposal, this change implements the victim's right under the ***CVRA*** to be "treated with fairness." [197] The procedure for transferring a case for a plea is not constitutionally required, but rather is designed for the convenience of the defendant and the government. [198] In considering whether such administrative reasons justify a transfer, the concerns of the victim appropriately enter into the balance. For reasons similar to those discussed above in connection with changes regarding plea procedures, the prosecution would be directed to confer with the victim and to advise the court of any objection to the transfer. [199]

Rule 21 - Victims' Views Considered Regarding Transfer for Prejudice

The Proposal:

Rule 21 should be amended as follows to require consideration of the victim's interest in whether a case should be transferred:

(e) Victims' Views. The court shall not transfer any proceeding without giving any victim an opportunity to be heard. The court shall consider the views of the victim in making any transfer decision.

The Rationale:

Rule 21 authorizes the trial judge to transfer a case to avoid prejudice or for the convenience of the parties. The proposed rule would require that the court consider the victim's concerns in making any such transfer decision. Such consideration would seem to be part and parcel of protecting the victim's right to be "treated with fairness." In addition, the vicinage provision of

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[196] *18 U.S.C.A. 3771*(a)(8) (West 2004 & Supp. 2005).

[197] Id. 3771(a)(8).

[198] See generally Wright, Federal Practice and Procedure 321, at 357-58.

[199] See supra notes 158-174 and accompanying text.

Article III and the public's First ***Amendment*** right of access to trials give constitutional dimensions to the victim's interest in transfer decisions.

**[*881]** Victims may have compelling interests in observing the trial in their local community. [200] Traveling to a remote location to watch the trial may be financially difficult for many victims and impossible for indigent victims. Moreover, forcing victims to travel to distant communities alone may deprive them of the accompaniment and support of family and friends, which may be especially important when observing emotionally charged court proceedings.

Defendants, too, have the right to have cases tried locally. Under the ***Sixth Amendment***, "in all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed … ." [201] This right might be viewed as the defendant's to assert or waive as circumstances dictate. For federal cases, however, the vicinage right is not exclusively placed in the hands of the defendant. Instead, Article III provides that "the Trial of all Crimes, except in Cases of Impeachment, shall be by Jury; and such Trial shall be held in the State where the said Crimes have been committed." [202]

This difference in language supports the reading that the federal provision is a structural guarantee designed to protect broader interests than the defendant's alone. [203] Moreover, the provision provides for trial in the state where the crime was committed. In most cases, this state would be where the victim resided; whether the defendant also resided in that state would be incidental.

An understanding of the Article III provision as protecting the community's interest is bolstered by the Supreme Court's decisions on right of public access to trials. In cases such as Richmond Newspapers, Inc. v. Virginia, [204] the Court has held that a guarantee of the public's right to attend trials is implicit in the First ***Amendment***. Compelling victims' interests underlie this guarantee. As the Court has explained, "the presence of interested spectators **[*882]** may keep [the defendant's] triers keenly alive to a sense of their responsibility and to the importance of their functions." [205] In addition, "public proceedings vindicate the concerns of the victims and the community in knowing that offenders are being brought to account for their criminal conduct." [206] As Justice Blackmun has emphasized, "The victim of the crime, the family of the victim, [and] others who have suffered similarly … have an interest in observing the course of a prosecution." [207] Victims are vitally interested in observing criminal trials because society has withdrawn "both from the victim and the vigilante the enforcement of criminal laws, but [it] cannot erase from people's consciousness the fundamental, natural yearning to see justice done - or even the urge for retribution." [208] To be sure, transferring a trial to a distant city may not flatly violate the public right of access to a trial, but it can surely burden the rights of the public, including the victim, which suggests that victims ought to be heard before any such decision is made.

The Article III vicinage provision and the public right of access to trials provide constitutional underpinnings for construing the victim's rights under the ***CVRA*** to include a right to be heard on transfer proceedings. In addition, Congress has mandated that

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[200] See generally Beloof, Cassell & Twist, supra note 15, 392-99 (reviewing case law on the victim's interest in venue decisions).

[201] ***U.S. Const. amend. VI*** (emphasis added).

[202] Id. art. III, 2, cl. 3 (emphasis added).

[203] See Steven A. Engel, The Public's Vicinage Right: A Constitutional Argument, *75 N.Y.U. L. Rev. 1658, 1687 (2000);* see also Drew L. Kirshen, Vicinage, 29 Okla. L. Rev. 803 (1976).

[204] *448 U.S. 555 (1980).*

[205] *Gannett Co. v. DePasquale, 443 U.S. 368, 380 (1979)* (internal citation omitted).

[206] *Press-Enterprise Co. v. Superior Court, 464 U.S. 501, 509 (1984).*

[207] *Gannett Co., 443 U.S. at 428* (Blackmun, J., concurring in part and dissenting in part).

[208] *Richmond Newspapers, 448 U.S. at 571.*

victims be treated with fairness. This is a broad provision intended to be broadly construed and to give victims a right to due process. As Senator Kyl has stated,

The broad rights articulated in this section are meant to be rights themselves and are not intended to just be aspirational. One of these rights is the right to be treated with fairness. Of course, fairness includes the notion of due process. Too often victims of crime experience a secondary victimization at the hands of the criminal justice system. This provision is intended to direct Government agencies and employees, whether they are in executive or judicial branches, to treat victims of crime with the respect they deserve and to afford them due process. [209]

**[*883]** Clearly, Congress intended to afford crime victims a broad right to due process in criminal proceedings. Due process, of course, uncontroversially includes a right to be heard. [210] Thus, victims should be heard before the court makes a transfer decision.

Concluding that victims have a right to be heard on transfer decision does not mean, of course, that they will dictate the transfer decision. In some cases, the defendant will be able to establish sufficiently pervasive prejudice in a particular community to entitle him to a change of venue to protect his constitutional rights. [211] But the limited point here is that victims may provide an important perspective that the judge ought to consider in reaching a decision. Moreover, even if the judge decides to transfer a case, the victims may have valuable information for the judge on where to transfer the case to (e.g., to an adjacent state rather than a distant one).

An illustration of the general approach of the proposed rule comes from State v. Timmendequas, [212] a capital case decided by the New Jersey Supreme Court. In Timmendequas, the trial judge imported a jury from a distant community rather than force the family of a murdered young girl to travel to another district. Construing New Jersey state law provisions similar to the ***CVRA***'s, the New Jersey Supreme Court explained that the trial judge properly considered the views of the victim's family:

Over the past decade, both nationwide and in New Jersey, a significant amount of legislation has been passed implementing increased levels of protection for victims of crime. Specifically, in New Jersey, the Legislature enacted the "Crime Victim's Bill of Rights." That ***amendment*** marked the culmination of the Legislature's efforts to increase the participation of crime victims in the criminal justice system.
**[*884]**

The purpose of the Victim's Rights ***Amendment*** was to "enhance and protect the necessary role of crime victims and witnesses in the criminal justice process. In furtherance of [that goal], the improved treatment of these persons should be assured through the establishment of specific rights." One of the enumerated rights guaranteed for victims is "to have inconveniences associated with participation in the criminal justice process minimized to the fullest extent possible."

… .

… The [trial] court explicitly stated that it was not favoring the rights of the victims over those of defendant. Rather, it was simply taking their concerns into consideration, as it had not done previously. Taking the concerns of the victim's family into

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[209] 150 Cong. Rec. S10,910-11 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphases added).

[210] *Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306, 314 (1950)* (acknowledging that "the fundamental requisite of due process of law is the opportunity to be heard" (quoting *Grannis v. Ordean, 234 U.S. 385, 394 (1914))).*

[211] See, e.g., *Irvin v. Dowd, 366 U.S. 717 (1961)* (holding that prisoner should have been granted change of venue where pre-trial publicity caused prejudice). But cf. Fletcher, supra note 155, at 252 (calling for abolition of a defendant's right to change venue because it "is, in effect, to accord the defense a whole peremptory challenge against the entire community").

[212] *737 A.2d 55 (N.J. 1999).*

account does not constitute error, provided that the constitutional rights of the defendant are not denied or infringed on by that decision. [213]

Just as the New Jersey courts have recognized that victims' interests should be considered in transfer decisions, the federal courts should do the same. Therefore, Rule 21 should be amended to allow victims to provide information to the judge on transfer decisions.

Rule 23 - Victims' Views Considered Regarding Non-Jury Trial

The Proposal:

The court should be required to consider the views of victims before allowing waiver of a jury trial as follows:

Rule 23. Jury or Nonjury Trial

(a) Jury Trial. If the defendant is entitled to a jury trial, the trial must be by jury unless:

(1) the defendant waives a jury trial in writing;

(2) the government consents; and

(3) the court approves after considering the views of any victims.
**[*885]**

The Rationale:

In the federal courts the "preferred" trial method is a jury trial. [214] As Justice Blackmun has explained, the public has interests, independent of a criminal defendant, in monitoring judges, police, and prosecutors - and in being educated about "the manner in which criminal justice is administered." [215] Nonetheless, the Supreme Court has concluded that defendants can waive their right to a jury trial. [216] To help protect the general public interest in trial by jury, Rule 23 requires not only prosecutor approval [217] but also judicial approval before proceeding by way of bench trial. This approval requires careful weighing of the competing concerns. The Supreme Court has instructed that

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[213] *Id. at 76* (internal citations omitted). The hardship to the victim was established via affidavits from the victim's family provided to the court by the prosecutor.

[214] See *Singer v. United States, 380 U.S. 24, 35 (1965)* ("Trial by jury has been established by the Constitution as the "normal and preferable mode of disposing of issues of fact in criminal cases.'" (citation omitted)). See generally Rachel E. Barkow, Recharging the Jury: The Criminal Jury's Constitutional Role in an Era of Mandatory Sentencing, *152 U. Pa. L. Rev. 33, 68 (2003).*

[215] *Gannett Co. v. DePasquale, 443 U.S. 368, 428 (1979)* (Blackmun, J., dissenting in part).

[216] See *Patton v. United States, 281 U.S. 276 (1930).* But cf. Akhil Reed Amar, The Bill of Rights as a Constitution, *100 Yale L.J. 1131, 1196-98 (1991)* (mounting a strong argument against Patton and noting that before 1930 court decisions had held jury trial could not be waived).

[217] *Fed. R. Crim. P. 23(a)(2)*. But cf. Adam H. Kurland, Providing a Criminal Defendant with a Unilateral Right to a Bench Trial: A Renewed Call To Amend *Federal Rule of Criminal Procedure 23(a)*, 26 U.C. Davis L. Rev. 309 (1993) (suggesting that prosecutorial consent should be eliminated by the legislature). See generally ABA Standards for Criminal Justice 15-1.2, cmt. at 15.17 (2d ed. 1980) (concluding that arguments in favor of requiring prosecutorial approval of jury trial waivers outweigh those against).

the duty of the trial court [in considering whether to approve a jury trial waiver] is not to be discharged as a mere matter of rote, but with sound and advised discretion, with an eye to avoid unreasonable or undue departures from that mode of trial or from any of the essential elements thereof, and with a caution increasing in degree as the offenses dealt with increase in gravity. [218]

This is a "serious and weighty responsibility." [219]

**[*886]** To discharge that serious and weighty responsibility, the trial court should receive as much information as possible. The victim is often well situated to provide information about how the public will view a non-jury trial. The proposed rule change takes the modest step of requiring the court to hear the victim before approving any non-jury trial, a step that is consistent with the ***CVRA***'s command that victims be treated with fairness.

Importantly, this change would not interfere with defendants' rights. The Supreme Court has squarely held that the defendant lacks any constitutional right to unilaterally elect a bench trial. [220] Of course, in some circumstances, despite a victim's objection, a non-jury trial nonetheless will be appropriate. Moreover, in extreme cases, the defendant may have a right to a non-jury trial where pretrial publicity has pervasively tainted the jury pool. [221] Nothing in the proposed rule change would interfere with a court's right to approve a bench trial in such circumstances, so long as the court considers the victim's perspective as part of the approval process.

Rule 32(a) - Deleting Old Definition of "Victim"

The Proposal:

The definition of "victim" currently contained in Rule 32 should be stricken as follows:

Rule 32. Sentencing and Judgment

(a) Definitions. The following definitions apply under this rule:

(1) "Crime of violence or sexual abuse" means:

(A) a crime that involves the use, attempted use, or threatened use of physical force against another's person or property; or

(B) a crime under *18 U.S.C. 2241*-2248 or 2251-2257.
**[*887]**

(2) "Victim" means an individual against whom the defendant committed an offense for which the court will impose sentence.

The Rationale:

The old definition of victim in Rule 32 is now too narrow, as it is limited to crimes of violence or sexual abuse. The ***CVRA***, in contrast, includes all victims within its protections. In the proposed new rules, "victim" would be defined in Rule 1. [222] Accordingly, the narrower definition found here can simply be eliminated. The Advisory Committee on Criminal Rules is well

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[218] *Patton, 281 U.S. at 312-13.*

[219] *United States v. Saadya, 750 F.2d 1419, 1421 (9th Cir. 1985)* (internal quotation omitted).

[220] *Singer v. United States, 380 U.S. 24, 36 (1965)* (finding that waiver of jury trial may be conditioned on consent of prosecutor); cf. Kurland, supra note 217, at 340-46 (urging that the rules be amended to create such a right, but not considering in any way the victim's interests involved).

[221] See *Singer, 380 U.S. at 37-38* (leaving this question open).

[222] See supra notes 120-27 and accompanying text.



HOUSE_OVERSIGHT_017744

aware of this issue, having withdrawn a previous proposal to expand Rule 32 to include all victims in the wake of the ***CVRA***. [223]

Rule 32(c)(1)(B) - Presentence Report Considering Restitution in All Cases

The Proposal:

Rule 32(c)(1)(B) should be amended to require that the presentence report contain restitution information in all cases as follows:

(c) Presentence Investigation.

(1) Required Investigation.

(A) In General. The probation officer must conduct a presentence investigation and submit a report to the court before it imposes sentence unless:

(i) *18 U.S.C. 3593*(c) or another statute requires otherwise; or

(ii) the court finds that the information in the record enables it to meaningfully exercise its sentencing authority under *18 U.S.C. 3553,* and the court explains its finding on the record.
**[*888]**

(B) Restitution. If the law requires permits restitution, the probation officer must conduct an investigation and submit a report that contains sufficient information for the court to order restitution.

The Rationale:

As currently written, the rule directs that a presentence report contain information about restitution only when the law "requires" restitution. The proposed ***amendment*** directs that all presentence reports contain appropriate restitution information whenever the law "permits" restitution. If the law permits restitution, the court ought to receive information sufficient to allow it to determine whether to order such restitution. Only with such knowledge can the court appropriately exercise its discretion.

In most cases, restitution is covered by one of two federal statutes: the Mandatory Victims Restitution Act of 1996 (MVRA), [224] and its predecessor, the Victim and Witness Protection Act of 1982 (VWPA). [225] For all crimes of violence and certain crimes against property, the MVRA firmly directs that "notwithstanding any other provision of law, when sentencing a defendant convicted of [certain offenses such as crimes of violence] … the court shall order … that the defendant make restitution to the victim of the offense or, if the victim is deceased, to the victim's estate." [226] For other crimes, the earlier VWPA controls. It permits the court to order restitution in its discretion after considering various relevant factors. [227]

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[223] See Letter from Ed Carnes, Chair of the Advisory Comm. on Federal Rules of Criminal Procedure, to Hon. David F. Levi, Chair of the Standing Committee on Rules of Practice and Procedure (May 18, 2004) (on file with the author) (noting that proposed expansion of Rule 32 should be withdrawn if the ***CVRA*** was passed).

[224] *18 U.S.C. 3663A,* 3664 (2000).

[225] Id. 3663, 3664. See generally *United States v. Bedonie, 317 F. Supp. 2d 1285 (D. Utah 2004)* (discussing different statutes), rev'd on other grounds, *United States v. Serawop, 410 F.3d 656 (10th Cir. 2005).*

[226] *18 U.S.C. 3663A*(a)(1) (emphasis added); see *United States v. Monts, 311 F.3d 993, 1001 (10th Cir. 2002)* (holding that restitution under the MVRA is mandatory).

[227] *18 U.S.C. 3663A*(a)(3); see *United States v. Fountain, 768 F.2d 790, 801 (7th Cir. 1985)* (holding that restitution under the VWPA is discretionary).

In its current form, Rule 32(c)(1)(B) suggests that the probation officer is required to include restitution information only in a case covered by the MVRA because only then is restitution (in the language of the current rule) "required." [228] No sound reason exists **[*889]** for such a limitation, particularly after the enactment of the ***CVRA***. The ***CVRA*** guarantees that victims have "the right to full and timely restitution as provided in law." [229] Even when the court is proceeding under the discretionary VWPA, without appropriate information in the presentence report, the court cannot determine whether to exercise its discretion to award restitution. Therefore, the rule should be changed to require that the presentence report contain restitution information, from which the court can determine whether to make a restitution award.

(New) Rule 32(c)(3) - Probation Officer To Seek Out Victim Information

The Proposal:

The probation officer preparing a presentence report should be directed to determine whether a victim wishes to provide information for the report as follows:

(3) Victim Information. The probation officer must determine whether any victim wishes to provide information for the presentence report.

The Rationale:

Under the ***CVRA***, the victim has "the right to be reasonably heard at any public proceeding in the district court involving … sentencing … ." [230] This right clearly encompasses the victim's right to allocate, or make an oral statement at sentencing, as discussed below in connection with Rule 32(i). [231] However, the right to be "reasonably heard" also appears to include the opportunity to provide information to the probation office during preparation of the presentence report.

As Senator Kyl explained, the victim's right to be heard at sentencing should be broadly construed:
**[*890]**

[The ***CVRA***] provides victims the right to reasonably be heard at any public proceeding involving … sentencing. This provision is intended to allow crime victims to directly address the court in person. It is not necessary for the victim to obtain the permission of either party to do so … . When a victim invokes this right during … sentencing proceedings, it is intended that … he or she be allowed to provide all three types of victim impact: the character of the victim, the impact of the crime on the victim, the victims' family and the community, and sentencing recommendations … .

It is not the intent of the term "reasonably" in the phrase "to be reasonably heard" to provide any excuse for denying a victim the right to appear in person and directly address the court. Indeed, the very purpose of this section is to allow the victim to appear personally and directly address the court. This section would fail in its intent if courts determined that written, rather than oral communication, could generally satisfy this right. On the other hand, the term "reasonably" is meant to allow for alternative methods of communicating a victim's views to the court when the victim is unable to attend the proceedings. Such circumstances might arise, for example, if the victim is incarcerated on unrelated matters at the time of the proceedings or if a victim cannot afford to travel to a courthouse. In such cases, communication by the victim to the court is permitted by other reasonable means. [232]

In light of this legislative history, victims undoubtedly have a right to make an in-court statement at sentencing as part of their right "to be heard." But they also have the right to communicate in other ways with the court. At sentencing, an obvious

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[228] *Fed. R. Crim. P. 32(c)(1)(B)*.

[229] *18 U.S.C.A. 3771*(a)(6) (West 2004 & Supp. 2005).

[230] *18 U.S.C.A. 3771*(a)(4).

[231] See infra notes 273-75 and accompanying text.

[232] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphases added); see also id. (statement of Sen. Feinstein).

alternative way is via the probation officer. If there is any doubt about whether the right "to be heard" covers communications to the probation officer, the right "to be treated with fairness" comfortably covers such a requirement.

The proposed rule requires that the probation office affirmatively seek out the victim. It is unlikely that a probation officer could properly prepare a thorough presentence report without obtaining the victim's views. Indeed, the rules already require the officer to include victim information in the report. [233] Because there is no way **[*891]** to know in advance whether the victim will have relevant information for the report, the probation officer should be required to investigate that possibility. Of course, nothing in the proposed rule change would require the probation officer to include irrelevant or argumentative information in the report.

Rule 32(d)(2)(B) - Presentence Report To Contain Victim Information

The Proposal:

Rule 32(d)(2)(B) should be amended to refer directly to victims in describing the content of the presentence report and to conform to the style used for information about defendants as follows:

(2) Additional Information. The presentence report must also contain the following information:

(A) the defendant's history and characteristics, including:

(i) any prior criminal record;

(ii) the defendant's financial condition; and

(iii) any circumstances affecting the defendant's behavior that may be helpful in imposing sentence or in correctional treatment;

(B) verified information, stated in a nonargumentative style, that assesses the financial, social, psychological, and medical impact on any individual against whom the offense has been committed any victim of the crime …

The Rationale:

As discussed at the outset of this article, [234] Rule 32(d)(2)(B) typifies the victim's absence from the current federal rules by failing to use the word "victim" in describing what information belongs in a presentence report. In addition, the rule should be amended to conform to the style used in describing the presentence report's information about the defendant. The rule dealing with the **[*892]** defendant's background [235] contains no requirement that information be "verified" or stated in a "non-argumentative style." As a matter of even-handedness, no such requirement should be listed for victim information. Of course, well-trained federal probation officers will no doubt attempt to verify all information in the presentence report and phrase all of the report in a non-argumentative style. The peculiarity in the current rule is that, among the numerous subjects covered by the rules, the verification and non-argumentative style requirements apply to victim information alone.

Rule 32(e) - Prosecutor To Disclose Presentence Report to Victim

The Proposal:

The prosecutor should be required to disclose relevant parts of the presentence report to victims as follows:

(e) Disclosing the Report and Recommendation.

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[233] See supra notes 10-13 and accompanying text (discussing Rule 32(d)(2)(B)).

[234] See supra notes 10-13 and accompanying text.

[235] *Fed. R. Crim. P. 32(d)(2)(A)*.

(1) Time to Disclose. Unless the defendant has consented in writing, the probation officer must not submit a presentence report to the court or disclose its contents to anyone until the defendant has pleaded guilty or nolo contendere, or has been found guilty.

(2) Minimum Required Notice. The probation officer must give the presentence report to the defendant, the defendant's attorney, and an attorney for the government at least 35 days before sentencing unless the defendant waives this minimum period. The attorney for the government shall, if any victim requests, communicate the relevant contents of the presentence report to the victim.

The Rationale:

The presentence report plays a critical role in the federal sentencing process. The report contains information about the crime, the background of the defendant, the impact of the crime on the victim, and other matters relevant to sentencing. Most important, the report also contains a calculation under the Federal **[*893]** Sentencing Guidelines specifying a range for any recommended prison sentence (e.g., forty-six to fifty-seven months). While judges need not slavishly impose a sentence within this range, [236] most trial judges give significant weight to the Guidelines calculation, [237] and appellate courts have discouraged straying too far from the Guidelines without good reason. [238]

The ***CVRA*** entitles victims to be heard on disputed Guidelines issues and, as a corollary, entitles them to the right to review parts of the presentence report relevant to those issues. The ***CVRA*** gives victims "the right to be reasonably heard at any public proceeding in the district court involving … sentencing … ." [239] This codifies the right of crime victims to provide what is known as a "victim impact statement" to the court. [240] The victim's right to be heard, however, is not narrowly circumscribed to just impact information. To the contrary, the right conferred is a broad one - to be "reasonably heard" at the sentencing proceeding.

The victim's right to be "reasonably heard" is best understood as giving the victim the opportunity to speak about disputed issues regarding the Sentencing Guidelines calculation. As Senator Kyl explained, the right to be heard includes the right to make sentencing recommendations:

When a victim invokes this right [to be heard] during … sentencing proceedings, it is intended that the [sic] he or she be allowed to provide all three types of victim impact [information]: the character of the victim, **[*894]** the impact of the crime on the victim, the victim's family and the community, and sentencing recommendations. [241]

A "sentencing recommendation" will often directly implicate Guidelines issues. For example, if the victim wishes to recommend a hundred-month sentence when the maximum guideline range is only fifty-seven months, that sentencing recommendation is essentially meaningless unless a victim can provide a basis for recalculating the Guidelines or departing or varying from them. [242]

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[236] See *United States v. Booker, 125 S. Ct. 738 (2005).*

[237] See, e.g., *United States v. Wilson, 350 F. Supp. 2d 910, 912 (D. Utah 2005)* (giving "heavy weight" to Guidelines recommendation).

[238] See, e.g., *United States v. Dalton, 404 F.3d 1029 (8th Cir. 2005); United States v. Rogers, 400 F.3d 640 (8th Cir. 2005).*

[239] *18 U.S.C.A. 3771*(a)(4) (West 2004 & Supp. 2005).

[240] See generally Beloof, Cassell & Twist, supra note 15, at 625-67 (discussing victim impact statements); Paul G. Cassell, Balancing the Scales of Justice: The Case for and the Effects of Utah's Victims' Rights ***Amendment***, *1994 Utah L. Rev. 1373, 1395-96;* cf. Dan Narled, State, Be Not Proud: A Retroactive Defense of the Commutation of Death Row and the Abolition of the Death Penalty, *40 Harv. C.R.-C.L. L. Rev. 407 (2005).*

[241] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphasis added). See generally Beloof, Cassell & Twist, supra note 15, at ch. 10 (discussing three types of victim impact information).

[242] See *United States v. Wilson, 355 F. Supp. 2d 1269, 1272-73 (D. Utah 2005)* (discussing departures and variances from the Guidelines).

Because a victim has the right to be heard on a Guidelines issue, a victim also has the right to see the document which contains the Guidelines calculations - the presentence report. [243] Congress intended the victim's right to be heard to be construed broadly, as Senator Feinstein stated: "The victim of crime, or their counsel, should be able to provide any information, as well as their opinion, directly to the court concerning the … sentencing of the accused." [244] It is hard to see how victims can meaningfully provide "any information" that would have a bearing on the sentence without being informed of the Guidelines calculations that likely will drive the sentence and reviewing the document that underlies those calculations.

An independent basis for victims reviewing presentence reports is within the victim's broad right under the ***CVRA*** to be "treated with fairness." [245] This right easily encompasses a right of access to relevant parts of the presentence report. The victim's right to fairness gives victims a free-standing right to due process. As Senator Kyl instructed, "Of course, fairness includes the notion of due process … . **[*895]** This provision is intended to direct government agencies and employees, whether they are in the executive or judicial branches, to treat victims of crime with the respect they deserve and to afford them due process." [246] Due process principles dictate that victims have the right to be apprised of Guidelines calculations and related issues. The Supreme Court has explained that "it is … fundamental that the right to … an opportunity to be heard "must be granted at a meaningful time and in a meaningful manner.'" [247] It is not "meaningful" for victims to make sentencing recommendations without the benefit of knowing what everyone else in that courtroom knows: the recommended Guidelines range and how that range was derived. Congress plainly intended to pass a law establishing "fair play for crime victims, meaningful participation of crime victims in the justice system, [and] protection against a government that would take from a crime victim the dignity of due process." [248] In federal sentencing today, meaningful participation means participation regarding Guidelines issues.

It is interesting that the federal law allowing appointment of a guardian ad litem for juvenile victims appears to allow for access to the presentence report. The law guarantees that, upon appointment, a guardian ad litem "may have access to all reports, evaluations and records, except attorney's work product, necessary to effectively advocate for the child." [249] In a recent federal "shaken baby" case in Arizona, a guardian for the child victim received access to the presentence report under this provision. [250] The guardian in that case found it exceedingly difficult to formulate an appropriate sentencing recommendation without access to the presentence report. After successfully gaining access to the report, she found a need to change her original recommendation. She later reported that "but for the **[*896]** disclosure, I would have ended up making a mis-informed recommendation." [251]

A victim's right to review the presentence report is also important to ensure proper restitution. Federal law guarantees most victims of serious crimes the right to restitution. [252] Reinforcing those laws, the ***CVRA*** guarantees that victims have "the right

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[243] Magistrate Judge Orenstein of the Eastern District of New York, who has written many thoughtful opinions on the ***CVRA***, has taken a contrary position. See Report and Recommendation, United States v. Ingrassis, No. CR 04-0455 at 31 (E.D.N.Y. Sept. 7, 2005) ("In the absence of any change to applicable rules or the Guidelines, the court is under no legal obligation to ensure such disclosure" of the presentence report.). For the reasons explained here, I think he takes too narrow a view of the victim's rights at sentencing.

[244] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein) (emphasis added).

[245] *18 U.S.C.A. 3771*(a)(8) (West 2004 & Supp. 2005).

[246] 150 Cong. Rec. S10,911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (emphases added).

[247] *Fuentes v. Shevin, 407 U.S. 67, 80 (1972)* (quoting *Armstrong v. Manzo, 380 U.S. 545, 552 (1965)).*

[248] 150 Cong. Rec. S4264 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (emphasis added).

[249] See *18 U.S.C. 3509*(h)(2) (2000).

[250] See United States v. James, No. CR-04-0651-PCT-JAT (D. Ariz. 2005).

[251] E-mail from Keli Luther, Arizona Voice for Victims, to Paul G. Cassell (June 20, 2005) (on file with author).

[252] See *18 U.S.C. 3663A* (Mandatory Victims Restitution Act); see also id. 3663 (Victim Witness Protection Act).



HOUSE_OVERSIGHT_017749

to full and timely restitution as provided in law." [253] As a practical matter, many of the calculations supporting a restitution award will rest on information in the presentence report. While the restitution statutes have their own detailed procedural provisions, [254] the presentence report is clearly a central part of the restitution process. If a presentence report fails to accurately recount restitution figures, crime victims may be short-changed. For all these reasons, the ***CVRA*** should be understood as giving victims the right to review relevant parts of the presentence report and to be heard before a court makes any final conclusions about Guidelines calculations and other sentencing issues. Many states follow a similar approach and give victims access to the presentence report. [255]

In February 2005, I testified before the Sentencing Commission to recommend a change in the U.S. Sentencing Commission Guidelines Manual along the lines of the proposals contained in this **[*897]** Article. [256] In particular, I suggested that the Commission change its current rule, which allows only the parties to see the presentence report. [257] The Practitioners' Advisory Group to the Sentencing Commission later disputed my proposal. In a letter to the Commission, [258] they argued that "nothing in the ***CVRA*** or its legislative history states that crime victims should be permitted to review portions of the presentence report, dispute guidelines calculations, raise grounds for departure, or, as such rights would seem to imply, appeal a sentence on factual or legal grounds." [259] The Practitioners' Group also cited the drafting history of the proposed constitutional ***amendment*** protecting victims' rights, which they thought was limited to giving a victim merely the right to "allocute" at sentencing - that is, merely to provide victim impact information. [260]

The Practitioners' Group's arguments are flawed for several reasons. First, the Group too narrowly views the relevant legislative history of the ***CVRA***. As explained above, Congress intended for victims to have broad rights in the sentencing process, including rights to be reasonably heard in a meaningful manner. [261] It is not reasonable to deprive victims of the critical information in the presentence report. Second, the Practioners' Group inaccurately describes the relevant history of the Victims' Rights ***Amendment***. It is true that the proposed constitutional ***amendment*** contained a right to be "reasonably heard," just as the ***CVRA*** does. However, the Practitioner's Group fails to recognize that the legislative history of the ***amendment*** suggests that

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[253] *18 U.S.C.A. 3771*(a)(6) (West 2004 & Supp. 2005).

[254] *18 U.S.C. 3664.*

[255] *Ala. Code 15-23-73* (1975) ("victim shall have the right to review a copy of the pre-sentence investigative report, subject to the applicable federal or state confidentiality laws"); *Alaska Stat. 12.55.023* (2004) (giving victim right to look at portions of sentencing report); Ariz. Const. art. 2, 2.1 (giving victim right to review presentence report when available to the defendant); *Ariz. Rev. Stat. Ann. 13-4425* (2004) (giving victim right to review presentence report "except those parts excised by the court or made confidential by law"); *Fla. Stat. Ann. 960.001* (2000) (giving victim right to review presentence report); *Idaho Code 19-5306* (2004) (giving victim right to review presentence report); Ind. Stat. Ann. 35-40-5-6(b) (2004) (giving victim right to read and "respond to" material contained in the presentence report); La. Const. art. 1, 25 (giving victim "right to review and comment upon the presentence report"); *Mont. Code Ann. 46-18-113* (2005) (giving prosecutor discretion to disclose contents of presentence report to victim); *Or. Rev. Stat. Ann. 137.077* (2003) (presentence report may be made available to victim); see also *Colo. Rev. Stat. 24-72-304(5)* (2005) (giving prosecutor discretion to allow victim or victim's family to see presentence report).

[256] See The Effect of United States v. Booker on the Federal Sentencing Guidelines: Hearing Before the U.S. Sentencing Comm'n (Feb. 15, 2005) (statement of Paul G. Cassell, United States Judge for the District of Utah), available at *http://www.ussc.gov/hearings/* 02 15 05/cassell testimony.pdf.

[257] U.S. Sentencing Comm'n, 1 Federal Sentencing Guidelines 6A1.2 (West 2004).

[258] Letter from Amy Baron-Evans & Mark Flanagan to Hon. Ricardo H. Hinojosa (Feb. 28, 2005), available at *http://sentencing.typepad.com/sentencing* law and policy/ files/pag letter.doc.

[259] Id. at 2.

[260] Id.

Congress was taking an expansive view of the victim's right to be heard at sentencing, including a view that **[*898]** would embrace a victim's right to make a specific sentencing recommendation. [262]

Most important, the Practitioners' Group's letter fails to consider the impact of denying the victim access to the presentence report on the victim's right to fairness. Presumably the Group, comprised primarily of defense attorneys, would be outraged if defendants were sentenced without receiving notice about relevant parts of the presentence report, because of the defendant's due process rights. But victims now also have due process rights during sentencing, which make it clear that they should receive the same information.

The Practitioners' Group raises one concern that can be readily dispelled. The Group wonders whether a victim's right to be heard on Guidelines issues implies a general right to appeal a sentence. It would not. The ***CVRA*** contains its own specific remedial provision, which permits victims to appeal only denials of their rights. [263] It specifically allows a victim to file a motion "to re-open … a sentence" only for violations of the victim's "right to be heard." [264] Moreover, while victims possess due process protections, due process does not guarantee a right to an appeal. [265] Finally, the Sentencing Reform Act spells out the limited rights of appeal on Guidelines issues available to only the government and the defense. [266] For all these reasons, victims have the right to review relevant parts of the **[*899]** presentence report and to be heard on Guidelines issues in the trial court, but if the court properly hears them on the Guidelines issues, victims would not have the right to appeal the sentence the court ultimately imposes.

Because victims have a right of access to the presentence report, the question arises of how to provide that access. Nothing in current law precludes releasing presentence reports to victims. While *18 U.S.C. 3552* requires disclosure to government and defense counsel, it does not forbid further dissemination. Several federal courts have held that circulation of reports to third parties is proper on a showing of particularized need approved by the court. [267] Some courts' local rules also allow additional distribution with court approval. [268] Victims always have a particularized need for access to the Guidelines calculations and

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[261] See supra notes 239-44 and accompanying text.

[262] The Group cites a 2000 Senate Judiciary Committee Report regarding the Victims' Rights ***Amendment***, which referenced a Tenth Circuit decision restricting the right of victims to present a sentencing recommendation. See Letter from Amy Baron-Evans, supra note 258 (citing S. Rep. No. 106-254, at 12 (2000) (discussing *Robinson v. Maynard, 943 F.2d 1216 (10th Cir. 1991)).* By 2003, however, the same passage in the Senate Judiciary Committee Report was changed to remove the citation to that case and instead to cite a leading proponent of expansive rights for victims to give judges specific sentencing recommendations:

Victim impact statements concerning the character of the victim and the impact of the crime remain constitutional. See Douglas E. Beloof, Constitutional Implications of Crime Victims as Participants, *88 Cornell L. Rev. 282 (2003).* The Committee does not intend to alter or comment on laws existing in some States allowing for victim opinion as to the proper sentence.

S. Rep. No. 108-191, at 38 (2003). It is hard to see anything in this history suggesting that Congress wanted victims to be deprived of the chance to review presentence reports.

[263] *18 U.S.C.A. 3771*(d)(5) (West 2004 & Supp. 2005). See generally *In re W.R. Huff Asset Mgmt. Co., 409 F.3d 555, 561-64 (2d Cir. 2005)* (discussing appeals under ***CVRA***).

[264] *18 U.S.C.A. 3771*(d)(5).

[265] See *McKane v. Durston, 153 U.S. 684 (1894).*

[266] *18 U.S.C. 3742* (2000).

[267] See, e.g., *United States v. Corbitt, 879 F.2d 224, 238 (7th Cir. 1989)* (compelling, particularized need standard); *United States v. Schlette, 842 F.2d 1574, 1579 (9th Cir. 1988)* (interests of justice standard); *United States v. Charmer Indus., Inc., 711 F.2d 1164, 1174 (2d Cir. 1983)* (compelling need standard).

[268] See, e.g., D. Utah Crim. Local R. 32-1(c) (presentence reports not released without order of the court).

related parts of the presentence report; without such access they are unable to effectively make their sentencing recommendation.

In view of that legal landscape, there are three ways in which the Federal Rules of Criminal Procedure might deal with disclosure of the presentence reports to victims:

(1) Complete Disclosure. The rules could direct full disclosure of the presentence report to the victim. While no statute bars this approach, legitimate policy objections might be raised. Some reports may contain sensitive private information about the defendant such as results of psychiatric examinations, prior history of drug use, or childhood sexual abuse. Some reports may also reveal confidential law enforcement information that should not be widely circulated. Victims may not always need access to these parts of the report. While a number of states give victims unfettered right to access the presentence report, [269] a more limited approach seems appropriate in the federal system.

**[*900]** (2) Selective Disclosure. The rules could direct that the probation office redact any presentence report to remove confidential information and then provide the redacted report to the victim. This approach, too, is problematic; it would require considerable work by busy probation officers to prepare an additional document - a redacted report - presumably only after consulting with the attorneys on both sides of the case about what might be viewed as confidential.

(3) Disclosure through Prosecutors. The simplest solution to the competing concerns is to disclose the report to victims through an intermediary: the prosecutor. The prosecutor would serve as the filter for confidential information and assist the victim by highlighting critical parts of the report. Opponents might object that this approach would burden prosecutors, who are no less busy than probation officers. But the ***CVRA*** already gives victims the right to "confer" with prosecutors, [270] and presumably they will confer regarding the important topic of sentencing. Moreover, many U.S. Attorney's Offices already have Victim-Witness Coordinators who communicate with victims regarding impact statements. The ***CVRA*** also authorizes increased funding of $ 22 million for the Victim-Witness Assistance Programs in U.S. Attorney's Offices, presumably enabling those offices to expand their victim services. [271]

It might be burdensome to require that prosecutors disclose presentence reports to victims in all cases, even when they are not interested in such disclosure. Accordingly, disclosure of the report should be required only upon request of a victim.

For all those reasons, the Commission should amend the rules to give requesting victims access to presentence reports through the prosecutor. In addition, some of the aspects of preparing and disclosing presentence reports are covered in Chapter 6.A of the United States Sentencing Guidelines Manual. [272] The Manual falls within the jurisdiction of the U.S. Sentencing Commission. Accordingly, the Advisory Committee on Criminal Rules should **[*901]** coordinate with the Commission to ensure that any changes in the Criminal Rules are consistent with the provisions of the Manual.

Rule 32(f), (h), (i) - Victim Opportunity To Object to Presentence Report

The Proposal:

Rule 32(f), (h), and (i) should be amended to allow the victim to object to the presentence report as follows:

(f) Objecting to the Report.

(1) Time To Object. Within 14 days after receiving the presentence report, the parties must state in writing any objections, including objections to material information, sentencing guideline ranges, and policy statements contained in or omitted from the report. The attorney for the government or for the victim shall raise for the victim any reasonable objection by the victim to the presentence report.

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[269] See supra note 255.

[270] *18 U.S.C.A. 3771*(a)(5) (West 2004 & Supp. 2005).

[271] See ***118 Stat. 2260, 2264 (2004).***

[272] See supra note 257 and accompanying text.

(2) Serving Objections. An objecting party must provide a copy of its objections to the opposing party and to the probation officer.

(3) Action on Objections. After receiving objections, the probation officer may meet with the parties and the victim to discuss the objections. The probation officer may then investigate further and revise the presentence report as appropriate.

… .

(h) Notice of Possible Departure from Sentencing Guidelines. Before the court may depart from the applicable sentencing range on a ground not identified for departure either in the presentence report or in a party's prehearing submission or in a victim impact statement, the court must give the parties reasonable notice that it is contemplating such a departure. The notice must specify any ground on which the court is contemplating a departure. The attorney for the government or for the victim shall advise defense counsel and the court of any ground identified by the victim that might reasonably serve as a basis for departure.

(i) Sentencing.
**[*902]**

(1) In General. At sentencing, the court:

(A) must verify that the defendant and the defendant's attorney have read and discussed the presentence report and any addendum to the report;

(B) must give to the defendant and an attorney for the government a written summary of - or summarize in camera - any information excluded from the presentence report under Rule 32(d)(3) on which the court will rely in sentencing, and give them a reasonable opportunity to comment on that information;

(C) must allow the parties' attorneys and any victims to comment on the probation officer's determinations and other matters relating to an appropriate sentence; and

(D) may, for good cause, allow a party or any victim to make a new objection at any time before sentence is imposed.

(2) Introducing Evidence; Producing a Statement. The court may permit the parties or the victim to introduce evidence on the objections. If a witness testifies at sentencing, Rule 26.2(a)-(d) and (f) applies. If a party fails to comply with a Rule 26.2 order to produce a witness's statement, the court must not consider that witness's testimony.

(3) Court Determinations. At sentencing, the court:

(A) may accept any undisputed portion of the presentence report as a finding of fact;

(B) must - for any disputed portion of the presentence report or other controverted matter - rule on the dispute or determine that a ruling is unnecessary either because the matter will not affect sentencing, or because the court will not consider the matter in sentencing; and

(C) must append a copy of the court's determinations under this rule to any copy of the presentence report made available to the Bureau of Prisons.

The Rationale:

For the reasons explained in the preceding section, the victim's right to be "reasonably heard" at a sentencing hearing encompasses the right to be heard on Sentencing Guidelines issues. Congress **[*903]** intended that the victim become a participant in the process with rights "independent of the Government or the defendant." [273] Those independent rights include

[273] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

the opportunity to make "sentencing recommendations." [274] Given that matters in the presentence report may often determine what effect a sentencing recommendation will have, the victim's right presumably extends to participating in the process that determines the Guideline range.

The changes in Rule 32 noted above simply incorporate the victim in the Guidelines process. Changing the rule in this fashion would also clarify the appropriate sequencing of sentencing hearings. Rule 32(i) already allows the victim to submit "any information" about the sentencing. [275] Yet if the experience in my court is any guide, the victim's allocution frequently occurs only after the court has decided all the issues surrounding the presentence report. For the victim's right to provide information to the court to truly have meaning, the victim's information must be presented early enough to potentially affect critical sentencing issues, including issues about Guidelines calculations.

As with the changes discussed in the previous section, changes in the Sentencing Guidelines Manual are also required here. The Advisory Committee also should coordinate with the Sentencing Commission to ensure that its actions are consistent.

Rule 32(i)(4) - Conforming ***Amendment*** to Victims' Right To Be Heard

The Proposal:

Rule 32(i)(4) should be amended to conform the definition of victim to that found in the ***CVRA*** as follows:

(B) By a Victim. Before imposing sentence, the court must address any victim of a the crime of violence or sexual abuse who is present at sentencing and must permit the victim to speak or submit any information about the sentence. Whether or not the victim is **[*904]** present, a victim's right to address the court may be exercised by the following persons if present:

(i) a parent or legal guardian, if the victim is younger than 18 years or is incompetent; or

(ii) one or more family members or relatives the court designates, if the victim is deceased or incapacitated.

The Rationale:

As noted earlier, [276] Rule 32 currently contains a definition of "victim" that is narrower than the ***CVRA***'s definition. The simplest fix is simply to strike the definition of victim and victim's representative here and include an appropriate definition in Rule 1.

(New) Rule 43.1 - Victim's Right To Attend Trials

The Proposal:

A new rule implementing the victim's right to be present at trials and other proceedings should be added as follows:

Rule 43.1 Victim's Presence

(a) Victim's Right To Attend. A victim has the right to attend any public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding. Before making any determination to exclude a victim, the court shall make every effort to permit the fullest attendance possible by the victim and shall consider reasonable alternatives to the exclusion of the victim from the criminal proceeding. The reasons for any decision to exclude a victim shall be clearly stated on the record.

(b) Proceeding With and Without Notice. The court may proceed with a public proceeding without a victim if proper notice has been provided to that victim under Rule 10.1. The court may proceed with a public proceeding (other than a trial or sentencing)

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[274] Id.

[275] *Fed. R. Crim. P. 32(i)(4)(B)*.

[276] See discussion supra notes 120-27, 220-23 and accompanying text discussing Rules 1 and 32(a).

**[*905]** without proper notice to a victim only if doing so is in the interest of justice, the court provides prompt notice to that victim of the court's action and of the victim's right to seek reconsideration of the action if a victim's right is affected, and the court ensures that notice will be properly provided to that victim for all subsequent public proceedings.

(c) Numerous Victims. If the court finds that the number of victims makes it impracticable to accord all of the victims the right to be present, the court shall fashion a reasonable procedure to facilitate victims' attendance.

(d) Right To Be Heard on Victims' Issues. In addition to rights to be heard established elsewhere in these rules, at any public proceeding at which a victim has the right to attend, the victim has the right to be heard on any matter directly affecting a victim's right.

The Rationale:

The rules should reflect the ***CVRA***'s command that victims have the right to attend public proceedings in all but the most unusual circumstances. The ***CVRA*** guarantees victims the right to attend a proceeding "unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding." [277] This is a fundamental right for victims. A crime is often a very significant event in the life of a victim, and the trial, too, may be extremely important. Victims deserve to see in person whether justice is being done and should be exempted from the rule requiring trial witnesses to sit outside the courtroom. [278] The ***CVRA*** adopts this approach by

allowing crime victims, in the vast majority of cases, to attend the hearings and trial of the case involving their victimization. This is so important because crime victims share an interest with the **[*906]** government in seeing that justice is done in a criminal case and this interest supports the idea that victims should not be excluded from public criminal proceedings, whether these are pretrial, trial, or post-trial proceedings. [279]

Most states have also adopted language affirming a victim's right to attend court proceedings, including the trial. [280]

One way of addressing the victim's right to attend would be to leave the matter to the Federal Rules of Evidence. *Federal Rule of Evidence 615* - the so-called "rule on witnesses" - requires exclusion of witnesses with certain exceptions, including the fourth exception for "a person authorized by statute to be present." [281] This exception was added to cover crime victims, [282]

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[277] *18 U.S.C.A. 3771*(a)(3) (West 2004 & Supp. 2005).

[278] See generally President's Task Force on Victims of Crime, Final Report 80 (1982) (urging that victims be able to attend trial); Douglas E. Beloof & Paul G. Cassell, The Victim's Right To Attend the Trial: The Reascendant National Consensus, *9 Lewis & Clark L. Rev. 481 (2005)* (developing this argument at length).

[279] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[280] See, e.g., Ariz. Const. art. II, 2.1(A) ("To preserve and protect victims' rights to justice and due process, a victim of crime has a right: … to be present at and, upon request, to be informed of all criminal proceedings where the defendant has the right to be present."); Colo. Const. art. II, 16a ("Any person who is a victim of a criminal act, or such person's designee, legal guardian, or surviving immediate family members if such person is deceased, shall have the right to be heard when relevant, informed, and present at all critical stages of the criminal justice process." (emphasis added)); Idaho Const. art. I, 22 ("A crime victim, as defined by statute, has the following rights: … (4) to be present at all criminal justice proceedings … .") (emphasis added); La. Const. art. I, 25 ("As defined by law, a victim of crime shall have the right to … be present … during all critical stages of preconviction … proceedings … ." (emphasis added)); Mich. Const. art. I, 24 ("Crime victims … shall have the following rights … The right to attend trial and all other court proceedings the accused has the right to attend." (emphasis added)); Miss. Const. Ann. art. III, 26A (2000) ("Victims of crime … shall have the right … to be present … when authorized by law, during public hearings." (emphasis added)); Mo. Const. art. I, 32 ("Crime victims, as defined by law, shall have the following rights … (1) the right to be present at all criminal justice proceedings at which the defendant has such right … ." (emphasis added)); *Miss. Code Ann. 99-43-21* (2000) ("The victim has the right to be present throughout all criminal proceedings as defined in Section 99-43-1." (emphasis added)). See generally Beloof & Cassell, supra note 278, (collecting all state statutes and rules pertaining to the victim's right to attend).

[281] *Fed. R. Evid. 615(4)*.



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who had a right to attend trials subject to certain conditions even before the passage of the ***CVRA***. [283] Without the explicit listing of this exception, some trial courts simply overlooked the victim's right to attend - most notoriously in the Oklahoma City bombing trial. [284]

**[*907]** Merely relying on Rule 615 to protect the victim's right to attend proceedings, however, would be inadequate. First, the defendant's right to attend proceedings is deemed sufficiently important to merit treatment in a specific rule in the Federal Rules of Criminal Procedure - Rule 43. This proposed victim's rule, Rule 43.1, would even-handedly mirror that treatment for victims.

Second, *Federal Rule of Evidence 615* does not comprehensively address the victim's right to attend proceedings. For starters, it would seem that the Advisory Committee Notes in the Federal Rules of Evidence now need a revision to reference the ***CVRA***. Otherwise, judges, prosecutors, and defense counsel might simply be unaware that a victim is now "authorized by statute" - the ***CVRA*** - to be present. [285] Even if legal professionals realize the ***CVRA***'s ramifications, most crime victims are not lawyers and lack experience in the criminal justice system. Therefore, their rights need to be laid out in the most direct manner possible by listing their right to attend any public court proceeding in the criminal rules.

Finally, providing the details of the victim's right to attend is important for practical reasons. The ***CVRA*** qualifies the victim's right to attend by requiring exclusion in those rare cases when the victim's testimony "would be materially altered if the victim heard other testimony at that proceeding." [286] The ***CVRA***, however, contains additional procedural requirements that judges must follow before excluding a victim in such situations: "Before making a determination … [to exclude a victim], the court shall make every effort to permit the fullest attendance possible by the victim and shall consider reasonable alternatives to the exclusion of the victim from the criminal proceeding." [287] Presumably, these reasonable alternatives include having the victim testify first and then watching all the following witnesses testify, [288] something judges are authorized to require. [289] The Act also requires that "the reasons for any decision denying relief under this chapter shall be clearly stated on **[*908]** the record." [290] These procedural requirements are new and potentially complex. Moreover, issues surrounding victim attendance at criminal proceedings are likely to occur frequently. Victims can appeal any exclusion order, and appellate courts must take up those appeals expeditiously. [291] Accordingly, it is important that lawyers, judges, and victims have the new rule and its procedural requirements at their fingertips, rather than being forced to dig it out through some cross-reference to the United States Code. For all these reasons, subsection (a) of the proposed rule simply tracks verbatim the substantive and procedural requirements of the ***CVRA***.

Proposed Rule 43.1(a) also limits the victim's right to attend "public" proceedings. It is clear that the ***CVRA*** intended to make no change in the circumstances in which proceedings could be closed to the public. As Senators Kyl and Feinstein explained in a colloquy regarding the law: "The Government or the defendant can request, and the court can order, judicial proceedings to

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[282] See *Fed. R. Evid. 615*, Adv. Comm. Notes, 1998 ***Amendments***.

[283] See *42 U.S.C. 10606* (1990) (replaced by the ***CVRA***).

[284] See supra notes 35-58 and accompanying text; Beloof & Cassell, supra note 278, at 514-17.

[285] The current Advisory Committee Notes reference the old Victims Rights Act, which contains a narrower formulation of the victim's right to attend than found in the ***CVRA***. See Beloof & Cassell, supra note 278, at 514-19.

[286] *18 U.S.C.A. 3771*(a)(3) (West 2004 & Supp. 2005).

[287] Id. 3771(b).

[288] See Beloof & Cassell, supra note 278, at 540-43 (discussing this approach).

[289] See *Fed. R. Evid. 611(a)* (judge controls "order" of evidence).

[290] *18 U.S.C.A. 3771*(b).

[291] Id. 3771(d)(3).

be closed under existing laws. This provision [of the ***CVRA***] is not intended to alter those laws or their procedures in any way . . . ." [292]

Proposed Rule 43.1(b) turns to the potentially complex subject of whether the court may go forward with a proceeding when the victim is not present. Of course, if the victim has been properly notified but has elected not to attend the proceeding, no problem arises. The difficult issue is what to do when the victim is absent because of lack of notice of the proceeding. It could be argued that the court has no choice but to reschedule such a proceeding, just as it would be required to reschedule a proceeding when the defendant had not received notice. The ***CVRA*** mandates that courts "shall ensure" that crime victims are accorded their rights, [293] and one of the rights is notice for court proceedings. [294] If the victim has not received notice of a proceeding, then going forward with the proceeding arguably violates the victim's rights under the ***CVRA***. As Senator Kyl explained:

**[*909]**

It does not make sense to enact victims' rights that are rendered useless because the victim never knew of the proceeding at which the right had to be asserted. Simply put, a failure to provide notice of proceedings at which a right can be asserted is equivalent to a violation of the right itself. [295]

Proposed Rule 43.1(b) stakes out a position more limited than an absolute requirement of proper victim notification. Except for trials and sentencings (which are discussed below), proposed Rule 43.1(b) would allow the court to move forward with a proceeding without notice to the victim provided that three conditions are met: (1) doing so is in the interests of justice, (2) the court provides prompt notice to the victim of the court's action and of the victim's right to seek reconsideration of the action if a victim's right is affected, and (3) the court ensures that notice will be properly provided to the victim for all subsequent public proceedings.

Each of these three conditions serves an important purpose. To begin with, the court should not go forward unless the interests of justice are served - the first requirement. The court should also notify the victim of the opportunity to seek reconsideration of the court's action if a victim's right is affected - the second requirement. For example, if the court holds a bail hearing without proper notice to the victim and decides to release a defendant, the victim should be advised of this fact and of the right to ask the court to reconsider that bail decision. (The ***CVRA***, as noted earlier, gives victims the right to provide information regarding bail decisions. [296]) Finally, if the court is moving forward without proper notice to a victim at a particular proceeding, it seems only fair that the problem be solved for future proceedings - the third requirement.

For two important proceedings - trial and sentencing - the proposed rule would bar a court from moving forward without proper notice to the victim. This is consistent with the ***CVRA***'s directive that "in any court proceeding involving an offense against a crime victim, the court shall ensure that the crime victim is afforded the rights [in the ***CVRA***]." [297] If the victim has not been notified of a **[*910]** trial or sentencing, the only way the court can "ensure" that the victim's right is protected is to delay the trial or sentencing until the victim receives notice. This is entirely appropriate; a victim of a crime deserves the opportunity to see the trial of her victimizer and to speak at sentencing. A modest delay in these proceedings is a small price to pay for respecting the victim's rights. Moreover, neither a trial nor a sentencing can be repeated. Double jeopardy principles may well

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[292] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (colloquy between Sen. Kyl and Sen. Feinstein) (explaining that "in this regard, it is not our intent to alter *28 C.F.R. Sec. 50.9* in any respect").

[293] *18 U.S.C.A. 3771*(b).

[294] Id. 3771(a)(2).

[295] 150 Cong. Rec. S10,910 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl).

[296] See *18 U.S.C.A. 3771*(a)(4) (discussed at supra notes 104-10 and accompanying text).

[297] Id. 3771(b) (emphasis added).

forbid retrial even when a victim has received no notice, [298] and the ***CVRA*** itself bars a new trial remedy. [299] Sentencings would appear to be subject to limitations that might prevent a crime victim from obtaining a resentencing [300] - although the ***CVRA*** directly allows for re-sentencings in certain limited circumstances. [301]

While neither trial nor sentencing could proceed without proper notice to the victim, this restriction will affect only a small number of cases for a short period of time. Many federal cases lack a specifically identifiable victim (e.g., drug and immigration offenses) and thus are not covered by the ***CVRA***. In those cases with a victim, a significant percentage of victims may waive any right to receive notice. In cases where victims choose to receive notice, presumably the notice will be properly given the vast majority of the time. Even apart from notice requirements, most victims will be trial witnesses and therefore will have been notified of the trial by a subpoena. Victims will also often be aware of sentencings through the work of probation officers in preparing presentence reports. [302] In the tiny fraction of cases where notice has not been properly provided, notice will often be only a **[*911]** telephone call away. While the burdens of delaying a trial or sentencing are not trivial, Congress has determined that the victim's rights must take precedence. Proposed subsection (b) faithfully implements that determination.

Subsection (c) of the proposed rule deals with the victim's right to attend in situations involving multiple victims. Congress has recognized that in some cases, such as the Oklahoma City bombing case, it is impossible to afford all victims the opportunity to attend trials. Accordingly, the ***CVRA*** provides that where "the number of crime victims makes it impracticable" to protect rights for all victims, the court "shall fashion a reasonable procedure" to give effect to victims' interests. [303] Possible procedures include closed-circuit transmission of the proceedings to a ceremonial courtroom, auditorium, or other facility that can accommodate many people. To permit such transmission, an ***amendment*** to Rule 53 is proposed below. [304]

Subsection (d) gives victims a general right to be heard on issues "directly affecting" their rights. The ***CVRA*** specifically mandates that victims have the right to be heard with regard to release of the defendant, a plea, or a sentence. [305] The right to be heard at these hearings has been addressed elsewhere in these proposed rules, [306] but courts will sometimes consider other issues that directly affect victims' rights. For example, courts may consider whether to release the address and telephone number of the victim to the defendant. [307] It makes little sense for the court to decide this issue without hearing from the victim, particularly since the ***CVRA*** gives victims the right "to be reasonably protected from the accused." [308] Subsection (d)

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[298] See ***U.S. Const. amend. V***. See generally Beloof, The Third Wave of Crime Victims' Rights, supra note 16, at 303-04 (discussing double jeopardy barriers to remedying violations of victim's rights).

[299] *18 U.S.C.A. 3771*(d)(5).

[300] See *Fed. R. Crim. P. 35(c)* (correction of sentence allowed only for technical or other clear error). Whether denial of a victim's right constitutes "clear error" subject to correction presumably will need to be resolved in future cases. Cf. *United States v. Bedonie, 413 F.3d 1126 (10th Cir. 2005)* (remedying error in restitution award not permitted after imposition of sentence).

[301] *18 U.S.C.A. 3771*(d)(5) (authorizing a victim motion to "re-open a … sentence" if the victim's right to be heard was denied); see 150 Cong. Rec. S10,910 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (discussing this provision). In light of these provisions, the Advisory Committee may need to consider redrafting Rule 35 to allow reopening of sentences imposed in violation of victims' rights.

[302] See supra notes 231-34 and accompanying text (discussing probation officers collecting victim information for presentence reports).

[303] *18 U.S.C.A. 3771*(d)(2).

[304] See infra notes 340-42 and accompanying text.

[305] *18 U.S.C.A. 3771*(a)(4) (discussed at supra notes 104, 230 and accompanying text).

[306] See supra note 296 and accompanying text (bail hearings); supra note 110 and accompanying text (plea hearings); supra note 275 and accompanying text (sentencing hearings).

[307] See supra notes 175-76 and accompanying text (discussing changes to Rule 12.1).

[308] *18 U.S.C.A. 3771*(a)(1).

would cover such situations by allowing victims who are present at a hearing to be heard on issues "directly" affecting their rights.

**[*912]**

Rule 44.1 - Discretionary Appointment of Counsel for Victim

The Proposal:

The court's discretionary authority to appoint counsel for a victim should be included in a new rule as follows:

Rule 44.1 Counsel for Victims.

When the interests of justice require, the court may appoint counsel for a victim to assist the victim in exercising his or her rights.

The Rationale:

An argument could be made that the ***CVRA*** guarantees crime victims the right to appointed counsel. After all, the ***CVRA*** guarantees victims the right to be "treated with fairness" and fairness can be understood as embracing the assistance of counsel. [309] But on closer examination, it becomes clear that nothing in the ***CVRA*** directly mandates counsel for victims. As Senator Kyl explained, "This bill does not provide victims with a right to counsel but recognizes that a victim may enlist counsel on their own." [310]

While the ***CVRA*** does not require judges to appoint counsel for victims, nothing in it prevents judges from doing so in appropriate cases, particularly under prevailing case law demonstrating that federal courts have inherent authority to make such appointments. Because this authority may not be well known to judges (or to victims), the authority should be clearly laid out in the Federal Rules of Criminal Procedure.

A number of federal courts have recognized inherent judicial authority to appoint lawyers for indigent litigants in both civil and criminal cases. [311] While these cases do not directly involve **[*913]** appointment of counsel for crime victims, their principles

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[309] Cf. *Gideon v. Wainwright, 372 U.S. 335, 344 (1963)* (discussing "fairness" to the defendant as a reason for recognizing a right to appointed counsel).

[310] 150 Cong. Rec. S4268 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl).

[311] See, e.g., *Powell v. Alabama, 287 U.S. 45, 73 (1932)* (holding, in a capital case, that courts have the power to appoint counsel and that "attorneys are officers of the court, and are bound to render service when required by such an appointment"); *United States v. Bertoli, 994 F.2d 1002, 1015-18 (3d Cir. 1993)* (holding that the court has inherent power to order defendant's retained law firm to remain as standby counsel at a criminal trial when defendant elects to represent himself pro se); ***United States v. Accetturo, 842 F.2d 1408, 1412-16 (3d Cir. 1988)*** (holding that courts have inherent power to appoint counsel during a criminal trial proceeding but that the power does not extend to appointing lawyers licensed in other states); *United States v. Bowe, 698 F.2d 560, 566-67 (2d Cir. 1983)* (noting that a court has inherent authority to appoint counsel for an indigent witness who may incriminate herself during testimony in a criminal case); *Williamson v. Vardeman, 674 F.2d 1211, 1212-16 (8th Cir. 1982)* (upholding a state court judge's appointment of pro bono counsel in criminal case as constitutional although noting that forcing an attorney to advance his own funds may be unconstitutional); *Tyler v. Lark, 472 F.2d 1077, 1079 (8th Cir. 1973)* (noting that in civil rights cases, "representation of indigents upon court order has been a traditional obligation of the lawyer which he assumes when he becomes a member of the bar"); *Dolan v. United States, 351 F.2d 671, 672 (5th Cir. 1965)* (holding, in a criminal case, that lawyers implicitly consent to be appointed by courts pro bono when accepting a license to practice law); *United States v. Dillon, 346 F.2d 633, 635-36 (9th Cir. 1965)* (holding, in a criminal case, that there is "an obligation on the part of the legal profession to represent indigents upon court order, without compensation"). But cf. *Colbert v. Rickmon, 747 F. Supp. 518, 527 (W.D. Ark. 1990)* (holding that courts have no inherent power to order attorneys to represent indigent clients). See generally Jerry L. Anderson, Court-Appointed Counsel: The Constitutionality of Uncompensated Conscription, 3 Geo. J. Legal Ethics 503 (1989) (discussing the trend against requiring lawyers to take uncompensated court appointments); Bruce Andrew Green, Court Appointment of Attorneys in Civil Cases: The Constitutionality of Uncompensated Legal Assistance, 81 Colum. L. Rev. 366 (1981) (discussing the constitutionality of pro bono court appointments); Judy E.

clearly apply to victims. Illustrative of these decisions is the thoughtful analysis by the U.S. District Court for the District of Nebraska in Bothwell v. Republic Tobacco Co. [312] Bothwell presented four grounds for its holding that courts have inherent power to appoint attorneys to represent indigent litigants:

1) courts possess the inherent power to bring to their assistance those "instruments" necessary to ensure a "fair and just" adjudicative process in individual cases; 2) in many, if not most, cases, due to the adversarial nature of our system, lawyers are a necessary component in ensuring such a "fair and just" process; 3) to a significant degree, neither the private marketplace nor public or charitable efforts provide indigent litigants with adequate access to legal assistance; and 4) to that extent, such failure threatens the reliability of the results of the adversarial process. [313]

These grounds readily apply to appointing attorneys for indigent victims when important rights under the ***CVRA*** are at stake. Without **[*914]** an attorney to press her claims, a victim may be unable to obtain a "fair and just" adjudicative process. [314] Moreover, crime victim representation appears to be a prime example of a situation where "neither the private marketplace nor public or charitable efforts provide indigent litigants with adequate access to legal assistance." [315] No financial incentive will drive lawyers to represent victims in criminal cases. [316] And while pro bono representation for victims is expanding, [317] it still falls far short of the needs of victims in the federal system. The fourth and final requirement - that the failure of attorneys to represent the indigent client threatens the reliability of the system - is also present where rights under the ***CVRA*** are at stake. Neither the prosecutor nor the defendant has a personal stake in the victim's rights, and, frequently, they will have other priorities and interests that may even be adverse to the rights of the victim. [318] Accordingly, courts have inherent authority to appoint counsel to represent indigent victims and, indeed, may even be able to require **[*915]** counsel to serve without compensation. [319] The local rules of some federal courts already explicitly recognize this power. [320]

In addition to this inherent authority, federal courts appear to possess statutory authority to make such an appointment. Title 28 broadly permits the court in both civil and criminal cases to "request an attorney to represent any person unable to afford counsel." [321] Moreover, at least one statute already directly authorizes federal courts to appoint counsel for child victims in

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Zelin, Court Appointment of Attorney To Represent, Without Compensation, Indigent in Civil Action, 52 A.L.R. 4th 1063 (1987 & Supp. 2004).

[312] *912 F. Supp. 1221 (D. Neb. 1995).*

[313] *Id. at 1229.*

[314] See generally John W. Gillis & Douglas Beloof, The Next Step for a Maturing Victim Rights Movement: Enforcing Crime Victim Rights in the Courts, *33 McGeorge L. Rev. 689, 692 (2002).*

[315] *Bothwell, 912 F. Supp. at 1229.*

[316] See Gillis & Beloof, supra note 314, at 698-700.

[317] See infra note 324 and accompanying text (discussing funding in the ***CVRA*** for the National Crime Victims Law Institute and other legal clinics for victims).

[318] See Gillis & Beloof, supra note 314, at 692.

[319] See *Mallard v. U.S. Dist. Court, 490 U.S. 296, 307 & n.8 (1989)* (leaving open the question of whether federal courts possess the inherent authority to require counsel to provide legal services to the poor). Several lower courts have concluded that appointment without compensation is proper. See *Bothwell, 912 F. Supp. at 1230-34* (counsel have a duty to serve without compensation); *Family Division Trial Lawyers of the Superior Court-D.C. v. Moultrie, 725 F.2d 695, 705 (D.C. Cir. 1984)* (rejecting argument that pro bono appointment violates the Thirteenth ***Amendment*** because attorneys can take steps to avoid the pro bono appointments and holding that pro bono court appointments are not per se "takings," as accepting court ordered representation of indigents is a condition of receiving a law license, but excessive burden could present takings problem); *Williamson v. Vardeman, 674 F.2d 1211, 1211 (8th Cir. 1982)* (noting that pro bono service is a voluntary obligation undertaken by attorneys when they apply for a license to practice law); *Tyler v. Lark, 472 F.2d 1077, 1079-80 (8th Cir. 1973)* (no takings problem with appointment); *United States v. Dillon, 346 F.2d 633, 635-36 (9th Cir. 1965)* (no taking problems with appointment). But see *State ex rel. Scott v. Roper, 688 S.W.2d 757, 759-70 (Mo. 1985)* (questioning power of courts to appoint counsel without providing compensation).

certain cases. Title 18 U.S.C. 3509 provides, "The court may appoint a guardian ad litem for a child who was a victim of, or a witness to, a crime involving abuse or exploitation to protect the best interests of the child." Congress, however, has not yet provided funding for this particular right. [322] Finally, in unusual circumstances where a crime victim may also face possible criminal charges of his or her own, the Criminal Justice Act would authorize appointment of and payment for defense counsel. [323]

Proposed Rule 44.1 would confirm the existing discretionary power of the courts to appoint volunteer counsel. The rule is purely discretionary (the court "may" appoint counsel) and is limited to **[*916]** situations where the interests of justice require appointment. The rule does not address payment for counsel, as this matter must be left to subsequent appropriations from Congress. The court, however, can ask for volunteer counsel to assist victims on a pro bono basis.

There is reason to expect that some attorneys will volunteer. Not only are many attorneys willing to undertake pro bono representation, but the ***CVRA*** itself authorizes millions of dollars in funding for victim representation around the country. The authorization includes support for the National Crime Victims Law Institute at the Northwestern School of Law at Lewis and Clark College to help establish eleven legal offices around the country representing crime victims. [324]

Finally, it might be argued that it is unnecessary to address this subject in a rule because the court's inherent authority to appoint counsel exists even without a rule. Both courts and victims, however, will find it useful to have this authority spelled out in the criminal rules to eliminate any lingering doubt. In addition, the ***CVRA*** obliges prosecutors to eliminate any lingering doubt in the event of any material conflict of interest between the prosecutor and the victim by "advising the crime victim that the crime victim can seek the advice of an attorney." [325] This requirement may frequently require prosecutors to help victims obtain legal counsel. Accordingly, a separate rule on this subject is appropriate.

For all these reasons, the rules should be amended to recognize the court's authority to appoint volunteer counsel to represent a crime victim.

**[*917]**

Rule 46 - Victims' Right To Be Heard Regarding Defendant's Release from Custody

The Proposal:

Victims should be explicitly given the right to be heard regarding the defendant's release from custody as follows:

(k) Victims' Right To Be Heard. A victim has the right to be heard regarding any decision to release the defendant. The court shall consider the views of victims in making any release decision, including such decisions in petty cases. In a case where the court finds that the number of victims makes it impracticable to accord all of the victims the right to be heard in open court, the court shall fashion a reasonable procedure to facilitate hearing from representative victims.

The Rationale:

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[320] See, e.g., D. Utah Civ. R. 83-1.1(b)(3) (1997) ("Any attorney who is admitted to the bar of this court must agree, as a condition of such admission, to engage in a reasonable level of pro bono work when requested to do so by the court.").

[321] ***28 U.S.C. 1915***(e)(1) (2000) (emphasis added).

[322] Memorandum from the Administrative Office of the United States Courts to the United States District Court Judges and the United States Magistrate Judges (March 19, 1991) (available from the Administrative Office).

[323] See 18 U.S.C. 3006A(a)(1).

[324] See 42 U.S.C. 10603(d) (2000); see also 150 Cong. Rec. S4266 (daily ed. Apr. 22, 2004) (statement of Sen. Kyl) (noting appropriations for the National Crime Victims Law Institution "to provide grants and assistance to lawyers to help victims of crime in court" with funding sufficient to "provide for two new regional offices and nine specific clinics"). For more information on NCVLI, see http://www.ncvli.org.

[325] 18 U.S.C.A. 3771(c)(2) (West 2004 & Supp. 2005).

The ***CVRA*** guarantees victims the right "to be reasonably heard" at "any public proceeding … involving release." [326] A similar right already exists for victims of stalking offenses. [327] This proposed rule simply recognizes a victim's right "to be reasonably heard" and further directs the court to consider the victim's input. The victim's right to be heard would be meaningless if the court did not consider the victim's views. Moreover, existing law appears to recognize that the court should consider the victim's concerns. [328]

Rule 48 - Victims' Views on Dismissal To Be Considered

The Proposal:

The court should be required to consider the views of victims in deciding whether to grant a government motion to dismiss charges as follows:
**[*918]**

Rule 48. Dismissal

(a) By the Government. The government may, with leave of court, dismiss an indictment, information, or complaint. The government may not dismiss the prosecution during trial without the defendant's consent. In deciding whether to grant the government's motion to dismiss, the court shall consider the views of any victims.

The Rationale:

This proposed change would implement a victim's right to be "treated with fairness" and to be heard at any proceeding "involving release" of the defendant by requiring the court to consider the views of the victim before granting a government motion to dismiss a charge. The rule already requires leave of court before a dismissal can be approved. In determining whether to grant leave, the court should consider whether dismissal is "clearly contrary to manifest public interest." [329] Among the relevant factors in making this public interest determination is whether the prosecution's motion to dismiss is motivated by "animus towards the victim." [330] The proposed rule would simply require the court to consider the views of the victim in making this determination, leaving the weight to afford those views up to the court.

Rule 50 - Victims' Right to Proceedings Free from Unreasonable Delay

The Proposal:

A victim's right to proceedings free from unreasonable delay should be recognized as follows:

Rule 50. Prompt Disposition

(a) Scheduling Preference. Scheduling preference must be given to criminal proceedings as far as practicable.
**[*919]**

(b) Defendant's Right Against Delay. The court shall assure that the defendant's right to a speedy trial is protected, as provided by the Speedy Trial Act.

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[326] *18 U.S.C.A. 3771*(a)(4).

[327] *18 U.S.C. 2263.*

[328] See, e.g., *18 U.S.C. 3142*(c) (court to consider whether release of the defendant "will endanger the safety of any other person").

[329] *United States v. Cowan, 524 F.2d 504, 513 (5th Cir. 1975).*

[330] *In re Richards, 213 F.3d 773, 787 (3d Cir. 2000).*

(c) Victim's Right Against Delay. The court shall assure that a victim's right to proceedings free from unreasonable delay is protected. A victim has the right to be heard regarding any motion to continue any proceeding. If the court grants a motion to continue over the objection of a victim, the court shall state its reasons in the record.

The Rationale:

Under the ***CVRA***, a victim has a right "to proceedings free from unreasonable delay." [331] A number of states have similar provisions. [332]

**[*920]** The proposed rule would give effect to this right. Of course, in some situations, delay is reasonable. In others, however, the court should deny a motion to continue in order to wrap up the proceedings and possibly bring closure to a victim. As Senator Feinstein has explained,

This provision does not curtail the government's need for reasonable time to organize and prosecute its case. Nor is the provision intended to infringe on the defendant's due process right to prepare a defense. Too often, however, delays in criminal proceedings occur for the mere convenience of the parties and those delays reach beyond the time needed for defendant's due process or the government's need to prepare. The result of such delays is that victims cannot begin to put the crime behind them and they continue to be victimized. It is not right to hold crime victims under the stress and pressure of future court proceedings merely because it is convenient for the parties or the court. [333]

The proposed rule gives victims a right against unreasonable delay in subsection (c). To ensure that defendants' rights are reasonably protected, a new subsection (b) is added recognizing defendants' rights in the Speedy Trial Act. [334] The existing rule's direction to give scheduling preference to criminal cases would remain in subsection (a).

The proposal also gives victims the right to be heard on any continuance. This is consistent with the drafters' intent, as at least one court has already opined. [335] As Senator Kyl stated, "This provision [in the ***CVRA***] should be interpreted so that any

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[331] *18 U.S.C.A. 3771*(a)(7). Even before the adoption of the ***CVRA***, child victims had the right to a "speedy trial" in certain situations. *18 U.S.C. 3509*(j).

[332] See, e.g., *Ariz. Rev. Stat. 13-4435* (2001) ("In any criminal proceeding in which a continuance is requested, the court shall consider the victim's views and the victim's right to a speedy trial."); *Cal. Penal Code 1050(a)* (2005) (stating policy of the California legislation that "excessive continuances … cause substantial hardship to victims and other witnesses … . It is therefore recognized that the people, the defendant, and the victims and other witnesses have the right to an expeditious disposition … ."); *Del. Code Ann. tit. 11, 9423* (2001) ("In ruling on any motion or other request for a delay or continuance … the court shall consider and give weight to any adverse impact such delay or continuance might have on the well-being of any victim … ."); *730 Ill. Comp. Stat. Ann. 5/5-4-3.1(c)* (West 2005) ("Victim shall be notified of the date and time of hearing [on any motion for continuance] and shall be provided an opportunity to address the court on the impact the continuance may have on the victim's well-being."); *La. Rev. Stat. Ann. 46:1844* (1999) ("When ruling on a defense motion for continuance, the court shall consider the impact on the victim."); *Miss. Code Ann. 99-43-19* (2000) ("The court … should make every reasonable effort to consider whether granting [a] continuance shall be prejudicial to the victim."); *R.I. Gen. Laws 11-37-11.2* (2000) ("The court shall consider any adverse impact the delay or continuance may have on the well-being of the victim … ."); *Tenn. Code 40-38-116(a)* (2003) ("In any criminal proceeding in which a continuance is requested, the court shall consider the victim's views and the victim's right to a speedy trial. If the continuance is granted over the victim's objection, the court shall state on the record the reason for the continuance and the procedures that have been taken to avoid further delays."); *Wyo. Stat. Ann. 1-40-207* (2004) ("The court shall consider the victim's interest and circumstances when … granting or denying continuances.").

Some states limit speedy trial rights to child victims. See, e.g., *Ala. Code 15-25-6* (2000) ("In ruling on any motion … for … continuance … the court shall consider and give weight to any adverse impact the delay or continuance may have on the well-being of a child victim or witness."); *Del. Code Ann. tit. 11, 5133* (2001) (same); *Idaho Code Ann. 19-110* (2004) (same); ***Ky. Rev. Stat. Ann. 421.510*** (LexisNexis 1992) (same); N.Y. Penal Law 642-a (2005) (same); *N.D. Cent. Code 12.1-35-05* (2003) (same); *Wis. Stat. 971.105* (2005) (same). For general review of the victim's right to a speedy trial, see generally Beloof, Cassell & Twist, supra note 15, at 383-91; Cassell, Balancing the Scales of Justice, supra note 15, at 1406.

[333] 150 Cong. Rec. S4268-69 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).



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decision to schedule, reschedule, or continue criminal cases should include victim input through the victim's assertion of the right to be free from unreasonable delay." [336]

**[*921]** The proposed rule also requires that the court state its reason for granting any continuance. This requirement stems from a recommendation from the President's Task Force on Victims of Crime, which noted "the inherent human tendency to postpone matters, often for insufficient reason," and accordingly recommended that "reasons for any granted continuance … be clearly stated on the record." [337] Several states have adopted similar provisions. [338]

Rule 51 - Claiming Error Regarding Victims' Rights

The Proposal:

The procedures for a victim to assert error should be spelled out in the rules as follows:

Rule 51. Preserving Claimed Error

(a) Exceptions Unnecessary. Exceptions to rulings or orders of the court are unnecessary.

(b) Preserving a Claim of Error. A party or a victim may preserve a claim of error by informing the court - when the court ruling or order is made or sought - of the action the party wishes the court to take, or the party's objection to the court's action and the grounds for that objection. If a party or a victim does not have an opportunity to object to a ruling or order, the absence of an objection does not later prejudice that party. A ruling or order that admits or excludes evidence is governed by *Federal Rule of Evidence 103*.

The Rationale:

The ***CVRA*** authorizes victim appeals and includes procedures for expedited handling of those appeals. [339] The proposed rule would **[*922]** incorporate victims into the existing rule regarding preservation of errors.

Rule 53 - Closed-Circuit Transmission of Proceedings for Victims

The Proposal:

Closed-circuit transmission of court proceedings for victims should be authorized as follows:

Rule 53. Courtroom Photographing and Broadcasting Prohibited

(a) General Rule. Except as otherwise provided by a statute or these rules, the court must not permit the taking of photographs in the courtroom during judicial proceedings or the broadcasting of judicial proceedings from the courtroom.

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[334] *18 U.S.C. 3161*-3174.

[335] *United States v. Turner, 367 F. Supp. 2d 319, 334 n.14 (E.D.N.Y. 2005)* (recognizing victim's "participatory right" with respect to delays in a criminal case).

[336] 150 Cong. Rec. S10,911 (daily ed. Oct. 9, 2004) (statement of Sen. Kyl) (emphasis added).

[337] President's Task Force on Victims of Crime, Final Report 76 (1982).

[338] See, e.g., *Ariz. Rev. Stat. Ann. 13-4435(B)* (2001) (courts required to "state on the record the reason for [any] continuance"); *Utah Code Ann. 77-38-7(3)(b)* (2004) (court required to "enter in the record the specific reason for the continuance and the procedures that have been taken to avoid further delays").

[339] See *18 U.S.C.A. 3771*(d)(3) (West 2004 & Supp. 2005).

(b) Closed-Circuit Transmission for Victims. In order to permit victims of crime to watch criminal trial proceedings, the court may authorize closed-circuit televising of the proceedings for viewing by victims or other persons the court determines have a compelling interest in doing so.

The Rationale:

The ***CVRA*** grants victims the right to attend trials, as noted previously in connection with proposed Rule 43.1. [340] At the same time, however, the ***CVRA*** recognizes that in situations with numerous victims, the court may have to craft "a reasonable procedure" to protect victims' rights. [341] One such reasonable procedure would appear to be closed-circuit transmission of court proceedings to a facility sufficiently large to accommodate all the victims. This was the procedure followed in the Oklahoma City bombing case. [342]

**[*923]** The proposed rule would authorize such transmission in appropriate cases. The language for the proposed rule comes from *42 U.S.C. 10608*(a), which authorizes closed-circuit transmissions "notwithstanding any provision of the Federal Rules of Criminal Procedure to the contrary" in cases in which a proceeding has been transferred more than 350 miles - as was the case with the Oklahoma City bombing trial. In light of the ***CVRA***'s mandate that the court must always craft "a reasonable procedure" to protect the rights of multiple victims, there is no compelling reason to tie the device to such geographical circumstances. The proposed rule authorizes courts to allow such transmissions in any appropriate case.

Rule 58 - Victims and Petty Offenses

The Proposal:

Courts should hear from victims regarding sentences in petty cases as follows:

Rule 58. Petty Offenses and Other Misdemeanors.

...

(3) Sentencing. The court must give the defendant an opportunity to be heard in mitigation and then proceed immediately to sentencing. The court must also give victims an opportunity to be heard. The court may, however, postpone sentencing to allow the probation service to investigate or to permit either party to submit additional information.

The Rationale:

The ***CVRA*** gives a "victim" the right to be heard at sentencing. The ***CVRA*** defines "victim" as including anyone who is directly and proximately harmed by "a Federal offense." [343] The Act does not limit those offenses to felonies or misdemeanors. Accordingly, a victim has a right to be heard at sentencing for any petty offense, as would be reflected in the proposed rule.

**[*924]**

Conclusion

The ***CVRA*** commands that victims be made participants in the federal criminal process and thus requires significant changes to the Federal Rules of Criminal Procedure. This Article has provided one possible and comprehensive way to implement that congressional command with specific language and supporting analysis for each change. Undoubtedly there are other ways of

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[340] See supra notes 277-308 and accompanying text.

[341] *18 U.S.C.A. 3771*(d)(2).

[342] See Paul G. Cassell & Robert F. Hoyt, The Tale of Victims' Rights, Legal Times, Dec. 23, 1996, at 32; Jo Thomas, Trial to Be Shown in Oklahoma for Victims, N.Y. Times, Jan. 30, 1997, at A14.

[343] *18 U.S.C.A. 3771*(e).

implementing the ***CVRA***. However, since the Advisory Committee will be making many decisions about how to best change the rules, one concluding thought may be worth highlighting.

Congress will be paying close attention to how courts protect the rights of future victims. Indeed, the ***CVRA*** directs the Administrative Office for the U.S. Courts to report each year the number of times that victims have attempted to assert their rights and been denied the requested relief. [344] More generally, Congress views the new Act as an important step to protecting crime victims - a "new and bolder approach, than has ever been tried before in our Federal system." [345] Congress is eagerly awaiting the results of this approach. As Senator Leahy warned, "Passage of this bill will necessitate careful oversight of its implementation by Congress." [346] Victims' advocates, too, will be watching carefully. [347]

In light of this thorough and ongoing interest, the judiciary should not merely attempt a "quick fix" or minimalist approach to implementing the ***CVRA***, but should comprehensively protect crime victims' rights by changes in court rules. If Congress believes that the federal rules fail to faithfully reflect crime victims' concerns, it can directly amend the rules. But such direct ***amendments*** may not sufficiently attend to the needs of the judicial branch or others involved in the criminal justice process. It is in that spirit of eliminating any need for congressional intervention that this Article **[*925]** offers proposals to fully and faithfully implement the congressional directive that victims be integrated into the criminal justice process.

In the final analysis, whether the courts or Congress redraft the rules is less important than that the redrafting occur. As commanded in the ***CVRA***, crime victims are now participants in federal criminal cases. That new reality must be reflected throughout the Federal Rules of Criminal Procedure.

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[344] *18 U.S.C.A. 3771,* Historical and Statutory Notes (requiring the Administrative Office of the courts to file an annual report with Congress concerning the number of times a victim's right is asserted and denied by federal courts).

[345] 150 Cong. Rec. S4263 (daily ed. Apr. 22, 2004) (statement of Sen. Feinstein).

[346] Id. at S4271 (daily ed. Apr. 22, 2004) (statement of Sen. Leahy).

[347] *United States v. Turner, 367 F. Supp. 2d 319, 337 (E.D.N.Y. 2005)* (noting that victims' advocates "will be watching to see how federal courts and prosecutors carry out the new law's mandate").

# EXHIBIT 9

# Alan Dershowitz says he's still advising Jeffrey Epstein

Alan Dershowitz still provides legal advice to serial pedophile Jeffrey Epstein, he confirmed to Axios.

**What he's saying:** "He has called me a couple of times about legal issues, because I'm still technically his lawyer," Dershowitz told me in a phone interview on Saturday. "But I haven't had any social, or any other kind of contact. ... You never stop being a person's lawyer."

**Background:** Dershowitz helped Epstein get a sweetheart plea deal from then-U.S. Attorney Alexander Acosta (now Donald Trump's labor secretary and a rumored long-shot contender for attorney general).

- A bombshell Miami Herald investigative series last week highlighted for the first time the extent of Epstein's alleged crimes and the soft treatment he received from federal prosecutors.
- The Palm Beach multimillionaire would "serve just 13 months in the county jail, but the deal — called a non-prosecution agreement — essentially shut down an ongoing FBI probe into whether there were more victims and other powerful people who took part in Epstein's sex crimes," according to a Miami Herald examination of thousands of emails, court documents and FBI records.

**Dozens of women alleged** that Epstein molested and raped them when they were underaged using a sophisticated human trafficking network. A civil trial is scheduled to begin on Tuesday in Palm Beach County that may finally let these women tell their stories in court.

**Behind the scenes:** While he was allegedly raping teenage girls, Epstein cultivated cozy relationships with America's elites.

- Bill Clinton flew on Epstein's plane, nicknamed the "Lolita Express," numerous times, according to flight logs.
- And Donald Trump, in a profile with *New York* magazine written several years before the police caught up with Epstein, praised his friend as a "terrific guy." "It is even said that he likes beautiful women as much as I do," Trump said of Epstein, "and many of them are on the younger side."
- Dershowitz was also friendly with Epstein before the broader public knew he was a pedophile.

**Dershowitz confirmed to me that he received a massage** at Epstein's Palm Beach home, adding that the woman who provided it was of legal age.

- "What happened was I, um, he lent us, this was well before any of this thing came out, he lent us his house once. And I was there, my grandchildren were there, my daughter was there, and we all got massages."
- "And, um, it was therapeutic. I had a therapeutic massage with an old old Russian, but I never never ... and that was part of when we had his house for about a week during I think it was Christmas vacation."
- "Believe me, if I had known that anything improper had ever taken place in that house, I never would have allowed my children, my grandchildren, my wife, my daughter-in-law, my son, to have spent time there. I can tell you categorically there were no inappropriate pictures, no inappropriate anythings. It was like any other house."

**One of Epstein's accusers,** Virginia Roberts, has claimed Dershowitz had sex with her when she was underage. Dershowitz has denied the allegation and told the Miami Herald "the story was 100 percent flatly categorically made-up" so "she could get money."

**Go deeper:** Trump defender Dershowitz shunned by Martha's Vineyard

**SEXUAL ASSAULT**

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# EXHIBIT 8

http://www.vanityfair.com/news/2003/03/jeffrey-epstein-200303

**Society**

# The Talented Mr. Epstein

Lately, Jeffrey Epstein's high-flying style has been drawing oohs and aahs: the bachelor financier lives in New York's largest private residence, claims to take only billionaires as clients, and flies celebrities including Bill Clinton and Kevin Spacey on his Boeing 727. But pierce his air of mystery and the picture changes. Vicky Ward explores Epstein's investment career, his ties to retail magnate Leslie Wexner, and his complicated past.
by

- Vicky Ward

June 27, 2011 12:00 am

On Manhattan's Upper East Side, home to some of the most expensive real estate on earth, exists the crown jewel of the city's residential town houses. With its 15-foot-high oak door, huge arched windows, and *nine* floors, it sits on—or, rather, commands—the block of 71st Street between Fifth and Madison Avenues. Almost ludicrously out of proportion with its four- and five-story neighbors, it seems more like an institution than a house. This is perhaps not surprising—until 1989 it was the Birch Wathen private school. Now it is said to be Manhattan's largest private residence.

Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu. This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries.

The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet … but the host coyly refuses to tell visitors who painted it. In any case, guests are like pygmies next to the nearby twice-life-size sculpture of a naked African warrior.

Despite its eccentricity the house is curiously impersonal, the statement of someone who wants to be known for the scale of his possessions. Its occupant, financier Jeffrey Epstein, 50, admits to friends that he likes it when people think of him this way. A good-looking man, resembling Ralph Lauren, with thick gray-white hair and a weathered face, he usually dresses in jeans, knit shirts, and loafers. He tells people he bought the house because he knew he "could never live anywhere bigger." He thinks 51,000 square feet is an appropriately large space for someone like himself, who deals mostly in large concepts—especially large sums of money.

Guests are invited to lunch or dinner at the town house—Epstein usually refers to the former as "tea," since he likes to eat bite-size morsels and drink copious quantities of Earl Grey. (He does not touch alcohol or tobacco.) Tea is served in the "leather room," so called because of the cordovan-colored fabric on the walls. The chairs are covered in a leopard print, and on the wall

hangs a huge, Oriental fantasy of a woman holding an opium pipe and caressing a snarling lionskin. Under her gaze, plates of finger sandwiches are delivered to Epstein and guests by the menservants in white gloves.

Upstairs, to the right of a spiral staircase, is the "office," an enormous gallery spanning the width of the house. Strangely, it holds no computer. Computers belong in the "computer room" (a smaller room at the back of the house), Epstein has been known to say. The office features a gilded desk (which Epstein tells people belonged to banker J. P. Morgan), 18th-century black lacquered Portuguese cabinets, and a nine-foot ebony Steinway "D" grand. On the desk, a paperback copy of the Marquis de Sade's *The Misfortunes of Virtue* was recently spotted. Covering the floor, Epstein has explained, "is the largest Persian rug you'll ever see in a private home—so big, it must have come from a mosque." Amid such splendor, much of which reflects the work of the French decorator Alberto Pinto, who has worked for Jacques Chirac and the royal families of Jordan and Saudi Arabia, there is one particularly startling oddity: a stuffed black poodle, standing atop the grand piano. "No decorator would ever tell you to do that," Epstein brags to visitors. "But I want people to think what it means to stuff a dog." People can't help but feel it's Epstein's way of saying that he always has the last word.

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In addition to the town house, Epstein lives in what is reputed to be the largest private dwelling in New Mexico, on an $18 million, 7,500-acre ranch which he named "Zorro." "It makes the town house look like a shack," Epstein has said. He also owns Little St. James, a 70-acre island in the U.S. Virgin Islands, where the main house is currently being renovated by Edward Tuttle, a designer of the Amanresorts. There is also a $6.8 million house in Palm Beach, Florida, and a fleet of aircraft: a Gulfstream IV, a helicopter, and a Boeing 727, replete with trading room, on which Epstein recently flew President Clinton, actors Chris Tucker and Kevin Spacey, supermarket magnate Ron Burkle, Lew Wasserman's grandson, Casey Wasserman, and a few others, on a mission to explore the problems of AIDS and economic development in Africa.

Epstein is charming, but he doesn't let the charm slip into his eyes. They are steely and calculating, giving some hint at the steady whir of machinery running behind them. "Let's play chess," he said to me, after refusing to give an interview for this article. "You be white. You get the first move." It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole.

"He's very enigmatic," says Rosa Monckton, the former C.E.O. of Tiffany & Co. in the U.K. and a close friend since the early 1980s. "You think you know him and then you peel off another ring of the onion skin and there's something else extraordinary underneath. He never reveals his hand.... He's a classic iceberg. What you see is not what you get."

Even acquaintances sense a curious dichotomy: Yes, he lives like a "modern maharaja," as Leah Kleman, one of his art dealers, puts it. Yet he is fastidiously, almost obsessively private—he lists

himself in the phone book under a pseudonym. He rarely attends society gatherings or weddings or funerals; he considers eating in restaurants like "eating on the subway"—i.e., something he'd never do. There are many women in his life, mostly young, but there is no one of them to whom he has been able to commit. He describes his most public companion of the last decade, Ghislaine Maxwell, 41, the daughter of the late, disgraced media baron Robert Maxwell, as simply his "best friend." He says she is not on his payroll, but she seems to organize much of his life—recently she was making telephone inquiries to find a California-based yoga instructor for him. (Epstein is still close to his two other long-term girlfriends, Paula Heil Fisher, a former associate of his at the brokerage firm Bear Stearns and now an opera producer, and Eva Andersson Dubin, a doctor and onetime model. He tells people that when a relationship is over the girlfriend "moves up, not down," to friendship status.)

Some of the businessmen who dine with him at his home—they include newspaper publisher Mort Zuckerman, banker Louis Ranieri, Revlon chairman Ronald Perelman, real-estate tycoon Leon Black, former Microsoft executive Nathan Myhrvold, Tom Pritzker (of Hyatt Hotels), and real-estate personality Donald Trump—sometimes seem not all that clear as to what he actually does to earn his millions. Certainly, you won't find Epstein's transactions written about on Bloomberg or talked about in the trading rooms. "The trading desks don't seem to know him. It's unusual for animals *that* big not to leave any footprints in the snow," says a high-level investment manager.

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Unlike such fund managers as George Soros and Stanley Druckenmiller, whose client lists and stock maneuverings act as their calling cards, Epstein keeps all his deals and clients secret, bar one client: billionaire Leslie Wexner, the respected chairman of Limited Brands. Epstein insists that ever since he left Bear Stearns in 1981 he has managed money only for billionaires—who depend on him for discretion. "I was the only person crazy enough, or arrogant enough, or misplaced enough, to make my limit a billion dollars or more," he tells people freely. According to him, the flat fees he receives from his clients, combined with his skill at playing the currency markets "with very large sums of money," have afforded him the lifestyle he enjoys today.

Why do billionaires choose him as their trustee? Because the problems of the mega-rich, he tells people, are different from yours and mine, and his unique philosophy is central to understanding those problems: "Very few people need any more money when they have a billion dollars. The key is not to have it do harm more than anything else.... You don't want to lose your money."

He has likened his job to that of an architect—more specifically, one who specializes in remodeling: "I always describe [a billionaire] as someone who started out in a small home and as he became wealthier had add-ons. He added on another addition, he built a room over the garage ... until you have a house that is usually a mess.... It's a large house that has been put together over time where no one could foretell the financial future and their accompanying needs."

He makes it sound as though his job combines the roles of real-estate agent, accountant, lawyer, money manager, trustee, and confidant. But, as with Jay Gatsby, myths and rumor swirl around Epstein.

Here are some of the hard facts about Epstein—ones that he doesn't mind people knowing: He grew up middle-class in Brooklyn. His father worked for the city's parks department. His parents viewed education as "the way out" for him and his younger brother, Mark, now working in real estate. Jeffrey started to play the piano—for which he maintains a passion—at five, and he went to Brooklyn's Lafayette High School. He was good at mathematics, and in his early 20s he got a job teaching physics and math at Dalton, the elite Manhattan private school. While there he began tutoring the son of Bear Stearns chairman Ace Greenberg and was friendly with a daughter of Greenberg's. Soon he went to Bear Stearns, where, under the mentorship of both Greenberg and current Bear Stearns C.E.O. James Cayne, he did well enough to become a limited partner—a rung beneath full partner. He abruptly departed in 1981 because, he has said, he wanted to run his own business.

Thereafter the details recede into shadow. A few of the handful of current friends who have known him since the early 1980s recall that he used to tell them he was a "bounty hunter," recovering lost or stolen money for the government or for very rich people. He has a license to carry a firearm. For the last 15 years, he's been running his business, J. Epstein & Co.

Since Leslie Wexner appeared in his life—Epstein has said this was in 1986; others say it was in 1989, at the earliest—he has gradually, in a way that has not generally made headlines, come to be accepted by the Establishment. He's a member of various commissions and councils: he is on the Trilateral Commission, the Council on Foreign Relations, the New York Academy of Sciences, and the Institute of International Education.

His current fan club extends to Cayne, Henry Rosovsky, the former dean of Harvard's Faculty of Arts and Sciences, and Larry Summers, Harvard's current president. Harvard law professor Alan Dershowitz says, "I'm on my 20th book.... The only person outside of my immediate family that I send drafts to is Jeffrey." Real-estate developer and philanthropist Marshall Rose, who has worked with Epstein on projects in New Albany, Ohio, for Wexner, says, "He digests and decodes the information very rapidly, which is to me terrific because we have shorter meetings."

Also on the list of admirers are former senator George Mitchell and a gaggle of distinguished scientists, most of whom Epstein has helped fund in recent years. They include Nobel Prize winners Gerald Edelman and Murray Gell-Mann, and mathematical biologist Martin Nowak. When these men describe Epstein, they talk about "energy" and "curiosity," as well as a love for theoretical physics that they don't ordinarily find in laymen. Gell-Mann rather sweetly mentions that "there are always pretty ladies around" when he goes to dinner *chez* Epstein, and he's under the impression that Epstein's clients include the Queen of England. Both Nowak and Dershowitz were thrilled to find themselves shaking the hand of a man named "Andrew" in Epstein's house. "Andrew" turned out to be Prince Andrew, who subsequently arranged to sit in the back of Dershowitz's law class.

Epstein gets annoyed when anyone suggests that Wexner "made him." "I had really rich clients before," he has said. Yet he does not deny that he and Wexner have a special relationship. Epstein sees it as a partnership of equals. "People have said it's like we have one brain between two of us: each has a side."

"I think we both possess the skill of seeing patterns," says Wexner. "But Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

By the time Epstein met Wexner, the latter was a retail legend who had built a $3 billion empire—one that now includes Victoria's Secret, Express, and Bath & Body Works—from $5,000 lent him by his aunt. "Wexner saw in Jeffrey the type of person who had the potential to realize his [Jeffrey's] dreams," says someone who has worked closely with both men. "He gave Jeffrey the ball, and Jeffrey hit it out of the park."

Wexner, through a trust, bought the town house in which Epstein now lives for a reported $13.2 million in 1989. In 1993, Wexner married Abigail Koppel, a 31-year-old lawyer, and the newlyweds relocated to Ohio; in 1996, Epstein moved into the town house. Public documents suggest that the house is still owned by the trust that bought it, but Epstein has said that he now owns the house.

Wexner trusts Epstein so completely that he has assigned him the power of fiduciary over all of his private trusts and foundations, says a source close to Wexner. In 1992, Epstein even persuaded Wexner to put him on the board of the Wexner Foundation in place of Wexner's ailing mother. Bella Wexner recovered and demanded to be reinstated. Epstein has said they settled by splitting the foundation in two.

Epstein does not care that he comes between family members. In fact, he sees it as his job. He tells people, "I am there to represent my client, and if my client needs protecting—sometimes even from his own family—then it's often better that people hate me, not the client."

"You've probably heard I'm vicious in my representation of my clients," he tells people proudly; Leah Kleman describes his haggling over art prices as something like a scene out of the movie *Mad Max: Beyond Thunderdome.* Even a former mentor says he's seen "the dark side" of Epstein, and a Bear Stearns source recalls a meeting in which Epstein chewed out a team making a presentation for Wexner as being so brutal as to be "irresponsible."

One reporter, in fact, received three threats from Epstein while preparing a piece. They were delivered in a jocular tone, but the message was clear: There will be trouble for your family if I don't like the article.

On the other hand, Epstein is clearly very generous with friends. Joe Pagano, an Aspen-based venture capitalist, who has known Epstein since before his Bear Stearns days, can't say enough nice things: "I have a boy who's dyslexic, and Jeffrey's gotten close to him over the years.... Jeffrey got him into music. He bought him his first piano. And then as he got to school he had difficulty ... in studying ... so Jeffrey got him interested in taking flying lessons."

Rosa Monckton recalls Epstein telling her that her daughter, Domenica, who suffers from Down syndrome, needed the sun, and that Rosa should feel free to bring her to his house in Palm Beach anytime.

Some friends remember that in the late 80s Epstein would offer to upgrade the airline tickets of good friends by affixing first-class stickers; the only problem was that the stickers turned out to be unofficial. Sometimes the technique worked, but other times it didn't, and the unwitting recipients found themselves exiled to coach. (Epstein has claimed that he paid for the upgrades, and had no knowledge of the stickers.) Many of those who benefited from Epstein's largesse claim that his generosity comes with no strings attached. "I never felt he wanted anything from me in return," says one old friend, who received a first-class upgrade.

Epstein is known about town as a man who loves women—lots of them, mostly young. Model types have been heard saying they are full of gratitude to Epstein for flying them around, and he is a familiar face to many of the Victoria's Secret girls. One young woman recalls being summoned by Ghislaine Maxwell to a concert at Epstein's town house, where the women seemed to outnumber the men by far. "These were not women you'd see at Upper East Side dinners," the woman recalls. "Many seemed foreign and dressed a little bizarrely." This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models. "Some of the guests were horrified," the woman says.

"He's reckless," says a former business associate, "and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."

According to S.E.C. and other legal documents unearthed by *VANITY FAIR,* Epstein may have good reason to keep his past cloaked in secrecy: his real mentor, it might seem, was not Leslie Wexner but Steven Jude Hoffenberg, 57, who, for a few months before the S.E.C. sued to freeze his assets in 1993, was trying to buy the *New York Post.* He is currently incarcerated in the Federal Medical Center in Devens, Massachusetts, serving a 20-year sentence for bilking investors out of more than $450 million in one of the largest Ponzi schemes in American history.

When Epstein met Hoffenberg in London in the 1980s, the latter was the charismatic, audacious head of the Towers Financial Corporation, a collection agency that was supposed to buy debts that people owed to hospitals, banks, and phone companies. But Hoffenberg began using company funds to pay off earlier investors and service a lavish lifestyle that included a mansion on Long Island, homes on Manhattan's Sutton Place and in Florida, and a fleet of cars and planes.

Hoffenberg and Epstein had much in common. Both were smart and obsessed with making money. Both were from Brooklyn. According to Hoffenberg, the two men were introduced by Douglas Leese, a defense contractor. Epstein has said they were introduced by John Mitchell, the late attorney general.

Epstein had been running International Assets Group Inc. (I.A.G.), a consulting company, out of his apartment in the Solo building on East 66th Street in New York. Though he has claimed that he managed money for billionaires only, in a 1989 deposition he testified that he spent 80 percent of his time assisting people recover stolen money from fraudulent brokers and lawyers.

He was also not above entering into risky, tax-sheltered oil and gas deals with much smaller investors. A lawsuit that Michael Stroll, the former head of Williams Electronics Inc., filed against Epstein shows that in 1982 I.A.G. received an investment from Stroll of $450,000, which Epstein put into oil. In 1984 Stroll asked for his money back; four years later he had received only $10,000. Stroll lost the suit, after Epstein claimed in court, among other things, that the check for $10,000 was for a horse he'd bought from Stroll. "My net worth never exceeded four and a half million dollars," Stroll has said.

Hoffenberg, says a close friend, "really liked Jeffrey…. Jeffrey has a way of getting under your skin, and he was under Hoffenberg's." Also appealing to Hoffenberg were Epstein's social connections; they included oil mogul Cece Wang (father of the designer Vera) and Mohan Murjani, whose clothing company grew into Gloria Vanderbilt Jeans. Epstein lived large even then. One friend recalls that when he took Canadian heiress Wendy Belzberg on a date he hired a Rolls-Royce especially for the occasion. (Epstein has claimed he owned it.)

In 1987, Hoffenberg, according to sources, set Epstein up in the offices he still occupies in the Villard House, on Madison Avenue, across a courtyard from the restaurant Le Cirque. Hoffenberg hired his new protégé as a consultant at $25,000 a month, and the relationship flourished. "They traveled everywhere together—on Hoffenberg's plane, all around the world, they were always together," says a source. Hoffenberg has claimed that Epstein confided in him, saying, for example, that he had left Bear Stearns in 1981 after he was discovered executing "illegal operations."

Several of Epstein's Bear Stearns contemporaries recall that Epstein left the company very suddenly. Within the company there were rumors also that he was involved in a technical infringement, and it was thought that the executive committee asked that he resign after his two supporters, Ace Greenberg and Jimmy Cayne, were outnumbered. Greenberg says he can't recall this; Cayne denies it happened, and Epstein has denied it as well. "Jeffrey Epstein left Bear Stearns of his own volition," says Cayne. "It was never suggested that he leave by any member of management, and management never looked into any improprieties by him. Jeffrey said specifically, 'I don't want to work for anybody else. I want to work for myself.'" Yet, this is not the story that Epstein told to the S.E.C. in 1981 and to lawyers in a 1989 deposition involving a civil business case in Philadelphia.

In 1981 the S.E.C.'s Jonathan Harris and Robert Blackburn took Epstein's testimony and that of other Bear Stearns employees in part of what became a protracted case about insider trading around a tender offer placed on March 11, 1981, by the Seagram Company Ltd. for St. Joe Minerals Corp. Ultimately several Italian and Swiss investors were found guilty, including Italian financier Giuseppe Tome, who had used his relationship with Seagram owner Edgar Bronfman Sr. to obtain information about the tender offer.

After the tender offer was announced, the S.E.C. began investigating trades involving St. Joe at Bear Stearns and other firms. Epstein resigned from Bear Stearns on March 12. The S.E.C. was tipped off that Epstein had information on insider trading at Bear Stearns, and it was therefore obliged to question him. In his S.E.C. testimony, given on April 1, 1981, Epstein claimed that he had found "offensive" the way Bear Stearns management had handled a disciplinary action

following its discovery that he had committed a possible "Reg D" violation—evidently he had lent money to his closest friend. (In the 1989 deposition he said that he'd lent approximately $20,000 to Warren Eisenstein, to buy stock.) Such an action could have been considered improper, although Epstein claimed he had not realized this until afterward.

According to Epstein, Bear Stearns management had questioned him about the loan around March 4. The questioners, Epstein said, were Michael (Mickey) Tarnopol and Alvin Einbender. In his 1989 deposition Epstein recalled that the partner who had made an "issue" of the matter was Marvin Davidson. On March 9, Epstein said, he had met with Tarnopol and Einbender again, and the two partners told him that the executive committee had weighed the offense, together with previous "carelessness" over expenses, and he would be fined $2,500.

"There was discussion whether, in fact, I had ever put in an airline ticket for someone else and not myself and I said that it was possible, … since my secretary handles my expenses," Epstein told the S.E.C. In his 1989 testimony he stated that the "Reg D" incident had cost him a shot at partnership that year.

What the S.E.C. seemed to be especially interested in was whether there was a connection between Epstein's leaving and the alleged insider trading in St. Joe Minerals by other people at Bear Stearns:

Q: Sir, are you aware that certain rumors may have been circulating around your firm in connection with your reasons for leaving the firm?

A: I'm aware that there were many rumors.

Q: What were the rumors you heard?

A: Nothing to do with St. Joe.

Q: Can you relate what you heard?

A: It was having to do with an illicit affair with a secretary.

Q: Have you heard any other rumors suggesting that you had made a presentation or communication to the Executive Committee concerning alleged improprieties by other members or employees of Bear Stearns?

A: I, in fact, have heard that rumor, but it's been from Mr. Harris in our conversation last week.

Q: Have you heard it from anyone else?

A: No.

A little later the interview focuses on James Cayne:

Q: Did you ever hear while you were at Bear Stearns that Mr. Cayne may have trader or insider information in connection with St. Joe Minerals Corporation?

Q: Did Mr. Cayne ever have any conversation with you about St. Joe Minerals?

Q: Did you happen to overhear any conversations between Mr. Cayne and anyone else regarding St. Joe Minerals?

And still later in the questioning comes this exchange:

Q: Have you had any type of business dealings with Mr. Cayne?

A: There's no relationship with Bear Stearns.

Q: Pardon?

A: Other than Bear Stearns, no.

Q: Have you been a participant in any type of business venture with Mr. Cayne?

Q: Do you have any expectation of participating in any business venture with Mr. Cayne?

Q: Have you had any business participations with Mr. Theram?

A: No; nor do I anticipate any.

Q: Mr. Epstein, did anyone at Bear Stearns tell you in words or substance that you should not divulge anything about St. Joe Minerals to the staff of the Securities and Exchange Commission?

Q: Has anyone indicated to you in any way, either directly or indirectly, in words or substance, that your compensation for this past year or any future monies coming to you from Bear Stearns will be contingent upon your not divulging information to the Securities and Exchange Commission?

A: No.

Despite the circumstances of Epstein's leaving, Bear Stearns agreed to pay him his annual bonus—which he anticipated as being approximately $100,000.

The S.E.C. never brought any charges against anyone at Bear Stearns for insider trading in St. Joe, but its questioning seems to indicate that it was skeptical of Epstein's answers. Some sources have wondered why, if he was such a big producer at Bear Stearns, he would have given it up over a mere $2,500 fine.

Certainly the years after Epstein left the firm were not obviously prosperous ones. His luck didn't seem to change until he met Hoffenberg.

One of Epstein's first assignments for Hoffenberg was to mastermind doomed bids to take over Pan American World Airways in 1987 and Emery Air Freight Corp. in 1988. Hoffenberg claimed in a 1993 hearing before a grand jury in Illinois that Epstein came up with the idea of financing these bids through Towers's acquisition of two ailing Illinois insurance companies, Associated Life and United Fire. "He was hired by us to work on the securities side of the insurance companies and Towers Financial, supposedly to make a profit for us and for the companies," Hoffenberg reportedly told the grand jury. He also alleged that Epstein was the "technician," executing the schemes, although, having no broker's license, he had to rely on others to make the trades. Much of Hoffenberg's subsequent testimony in his criminal case has proven to be false, and Epstein has claimed he was merely asked how the bids could be accomplished and has said he had nothing to do with the financing of them. Yet Richard Allen, the former treasurer of United Fire, recalls seeing Epstein two or three times at the company. He and another executive say they had direct dealing with Epstein over the finances. And in his deposition of 1989, Epstein stated that he was the one who executed "all" Hoffenberg's instructions to buy and sell the stock. He called it "making the orders." He could not recall whether he had chosen the brokers used.

To win approval from the Illinois insurance regulators for Towers's acquisition of the companies, Hoffenberg promised to inject $3 million of new capital into them. In fact, in his grand-jury testimony Hoffenberg claimed that he, his chief operating officer, Mitchell Brater, and Epstein came up with a scheme to steal $3 million of the insurance companies' bonds to buy Pan Am and Emery stock. "Jeffrey Epstein and Mitch Brater arranged the various brokerage accounts for the bonds to be placed with in New York, and I think one in Chicago, Rodman & Renshaw," Hoffenberg reportedly said. Then, said Hoffenberg, while making it appear as though they were investing the bonds in much safer financial instruments, they used them as collateral to buy the stock. "Epstein was the person in charge of the transactions, and Mitchell Brater was assisting him with it in coordination on behalf of the insurance companies' money," Hoffenberg claimed at the time.

At one point, according to Hoffenberg, a broker forged the documents necessary for a $1.8 million check to be written on insurance-company funds. The check was used to buy more stock in the takeover targets. Meanwhile, in order to throw the insurance regulators off, the $1.8 million was reported as being safely invested in a money-market account.

United Fire's former chief financial officer Daniel Payton confirms part of Hoffenberg's account. He says he recalls making one or two telephone calls to Epstein (at Hoffenberg's direction) about the missing bonds. "He said, 'Oh, yeah, they still exist.' But we found out later that he had sold those assets … leveraged them … [and] used some margin account to take some positions in … Emery and Pan Am," says Payton.

Epstein's extraordinary creativity was, according to Hoffenberg, responsible for the purchase by the insurance companies of a $500,000 bond, with no money down. "Epstein created a great scheme to purchase a $500,000 treasury bond that would not be shown … [as] margined or collateralized," he reportedly told the grand jury. "It looked like it was free and clear but it actually wasn't," he said.

Epstein has denied he ever had any dealings with anyone from the insurance companies. But Richard Allen says he recalls talking to Epstein at Hoffenberg's direction and telling him it was urgent they retrieve the missing bonds for a state examination. According to Allen, Epstein said, "We'll get them back." He had "kind of a flippant attitude," says Allen. "They never came back."

Epstein, according to Hoffenberg, also came up with a scheme to manipulate the price of Emery Freight stock in an attempt to minimize the losses that occurred when Hoffenberg's bid went wrong and the share price began to fall. This was alleged to have involved multiple clients' accounts controlled by Epstein.

Eventually, in 1991, insurance regulators in Illinois sued Hoffenberg. He settled the case, and Epstein, who was only a paid consultant, was never deposed or accused of any wrongdoing. Barry Gross, the attorney who was handling the suit for the regulators, says of Epstein, "He was very elusive.... It was hard to really track him down. There were a substantial number of checks for significant dollars that were paid to him, I remember.... He was this character we never got a handle on. Again we presumed that he was involved with the Pan Am and Emery run that Hoffenberg made, but we never got a chance to depose him."

"From the government's discovery in the main sentencing against Hoffenberg it would seem the government was perhaps a bit lazy," says David Lewis, who represented Mitchell Brater. "They went for what they knew they could get ... and that was the fraudulent promissory notes [i.e., the much larger and unrelated part of Hoffenberg's fraud, based in New York State].... What they couldn't get, they didn't bother with."

Another lawyer involved in the criminal prosecution of Hoffenberg says, "In a criminal investigation like that, when there is a guilty plea, to be quick and dirty about it, discovery is always incomplete.... They don't have to line up witnesses; they don't have to learn every fact that might come out on cross-examination."

Epstein was involved with Hoffenberg in other questionable transactions. Financial records show that in 1988 Epstein invested $1.6 million in Riddell Sports Inc., a company that manufactures football helmets. Among his co-investors were the theater mogul Robert Nederlander and attorney Leonard Toboroff. A source close to this transaction claims that Epstein told Nederlander and Toboroff that he had raised his share of the money from a Swiss banker, whose identity they could not be allowed to know. But Hoffenberg has claimed the money came from him, and Towers's financial statements for that year show a loan to Epstein of $400,000. (Epstein has said he can't remember the details and has disputed the accuracy of the Towers financial reports.)

Around the same time, Nederlander and Toboroff let Epstein come in with them on a scheme to make money out of Pennwalt, a Pennsylvania chemical company. The plan was to group together with two other parties to take a substantial declared position in the stock. According to a source, Epstein was supposed to help Nederlander and Toboroff raise $15 million. He seemed to fail to find other investors, say those familiar with the deal. (Epstein has said he was merely an investor.) He invested $1 million, which he told his co-investors was his own money. But in his

1989 deposition he said that he put in only $300,000 of his own money. Where did the rest come from? Hoffenberg has said it came from him, in a loan that Nederlander and Toboroff didn't know about.

Two things happened that alarmed Nederlander and Toboroff. After the group signaled a possible takeover, the Pennwalt management threatened to sue the would-be raiders. Epstein was reluctant initially to give a deposition about his share of the money, telling Toboroff there were "reasons" he didn't want to. Then, after the opportunity for new investors was closed, co-investors recall Epstein announcing that he'd found one at last: Dick Snyder, then C.E.O. of the publisher Simon & Schuster, who wanted to put up approximately $500,000. (Neither Epstein nor Snyder can now recall the investment. Yet in the 1989 deposition Epstein said that he had recruited Snyder, whom he had met socially, into the deal.)

According to a source, Toboroff and Nederlander told Epstein that Snyder was too late, but, without their realizing it, Hoffenberg has claimed, Snyder wrote a check to Hoffenberg and bought out some of his investment. But then Snyder wanted out.

"Nederlander started to get these irate calls from [Snyder,] who wasn't part of the deal, saying he was owed all this money," says someone close to the deal. Toboroff and Nederlander were baffled.

Eventually, a source close to Hoffenberg says, Hoffenberg paid Snyder off.

Just as Nederlander and Toboroff were growing wary of Epstein, he became increasingly involved with Leslie Wexner, whom he had met through insurance executive Robert Meister and his late wife. Epstein has told people that he met Wexner in 1986 in Palm Beach, and that he won his confidence by persuading him not to invest in the stock market, just as the 1987 crash was approaching. His story has subsequently changed. When asked if Wexner knew about his connection to Hoffenberg, Epstein said that he began working for Wexner in 1989, and that "it was certainly not the same time."

Wherever and whenever it was that Epstein and Wexner actually met, there was an immediate and strong personal chemistry. Wexner says he thinks Epstein is "very smart with a combination of excellent judgment and unusually high standards. Also, he is always a most loyal friend."

Sources say Epstein proved that he could be useful to Wexner as well, with "fresh" ideas about investments. "Wexner had a couple of bad investments, and Jeffrey cleaned those up right away," says a former associate of Epstein's.

Before he signed on with Wexner, Epstein had several meetings with Harold Levin, then head of Wexner Investments, in which he enunciated ideas about currencies that Levin found incomprehensible. "In fact," says someone who used to work very closely with Wexner, "almost everyone at the Limited wondered who Epstein was; he literally came out of nowhere."

"Everyone was mystified as to what his appeal was," says Robert Morosky, a former vice-chairman of the Limited.

Much of Epstein's work is related to cleaning up, tightening budgets, and efficiencies. One person who worked for Wexner and who saw a contract drawn up between the two men says Epstein is involved in "everything, not just a little here, a little there. Everything!" In addition, he says, "Wexner likes having a hatchet man.... Whenever there is dirty work to be done he'd stick Jeffrey on it.... He has a reputation for being ruthless but he gets the job done."

Epstein has evidently been asked to fire personal-staff members when needed. "He was that mysterious person that everyone was scared to death of," says a former employee.

Meanwhile, he is also less than popular with some people outside Wexner's company with whom he now deals. "He 'inserted' himself into the construction process of Leslie Wexner's yacht.... That resulted in litigation down the road between Mr. Wexner and the shipyard that eventually built the vessel," says Lars Forsberg, a lawyer whose firm at the time, Dickerson and Reily, was hired to deal with litigation stemming from the construction of Wexner's *Limitless*—at 315 feet, one of the largest private yachts in the world. Evidently, Epstein stalled on paying Dickerson and Reily for its work. "It's probably once or twice in my legal career that I've had to sue a client for payment of services that he'd requested and we'd performed ... without issue on the performance," says Forsberg. In the end the matter was settled, but Epstein claims he now has no recollection of it.

The incident is one of a number of disputes Epstein has become embroiled in. Some are for sums so tiny as to be baffling; for instance, Epstein sued investment adviser Herbert Glass, who sold him the Palm Beach house in 1990, for $13,444—Epstein claimed this was owed him for furnishings removed by Glass.

In 1998 the U.S. Attorney's Office sued Epstein for illegally subletting the former home of the deputy consul general of Iran to attorney Ivan Fisher and others. Epstein paid $15,000 a month in rent to the State Department, but he charged Fisher and his colleagues $20,000. Though the exact terms of the agreement are sealed, the court ruled against Epstein.

Wexner offers some insight into his friend's combative style. "Many times people confuse winning and losing," Wexner says. "Jeffrey has the unusual quality of knowing when he is winning. Whether in conversations or negotiations, he always stands back and lets the other person determine the style and manner of the conversation or negotiation. And then he responds in their style. Jeffrey sees it in chivalrous terms. He does not pick a fight, but if there is a fight, he will let you choose your weapon."

One case is rather more serious. Currently, Citibank is suing Epstein for defaulting on loans from its private-banking arm for $20 million. Epstein claims that Citibank "fraudulently induced" him into borrowing the money for investments. Citibank disputes this charge.

The legal papers for another case offer a rare window into Epstein's finances. In 1995, Epstein stopped paying rent to his landlord, the nonprofit Municipal Arts Society, for his office in the Villard House. He claimed that they were breaking the terms of the lease by not letting his staff in at night. The case was eventually settled. However, one of the papers filed in this dispute is Epstein's financial statement for 1988, in which he claimed to be worth $20 million. He listed

that he owned $7 million in securities, $1 million in cash, zero in residential property (although he told sources that he had already bought the home in Palm Beach), and $11 million in other assets, including his investment in Riddell. A co-investor in Riddell says: "The company had been bought with a huge amount of debt, and it wasn't public, so it was meaningless to attach a figure like that to it … the price it cost was about $1.2 million." The co-investors bought out Epstein's share in Riddell in 1995 for approximately $3 million. At that time, when Epstein was asked, as a routine matter, to sign a paper guaranteeing he had access to a few million dollars in case of any subsequent disputes over the sale price, Wexner signed for him. Epstein has explained that this was because the co-investors wanted an indemnity against being sued by Wexner. One of the investors calls this "bullshit."

Epstein's appointment to the board of New York's Rockefeller University in 2000 brought him into greater social prominence. Boasting such social names as Nancy Kissinger, Brooke Astor, and Robert Bass, the board also includes such pre-eminent scientists as Nobel laureate Joseph Goldstein. "Epstein was thrilled to be elected," says someone who knows him.

After one term Epstein resigned. According to *New York* magazine, this was because he didn't like to wear a suit to meetings. A spokesperson for the Rockefeller board says Epstein left because he had insufficient time to commit; a board member recalls that he was "arrogant" and "not a good fit." The spokesperson admits that it is "infrequent" for board members not to be renominated after only one term.

Still, the recent spate of publicity Epstein has inspired does not seem to have fazed him. In November he was spotted in the front row of the Victoria's Secret fashion show at New York's Lexington Avenue Armory; around the same time the usual coterie of friends and beautiful women were whisked off to Little St. James (which he tells people has been renamed Little St. Jeff) for a long weekend.

Thanks to Epstein's introductions, says Martin Nowak, the biologist finds himself moving from Princeton to Harvard, where he is assuming the joint position of professor of mathematics and professor of biology. Epstein has pledged at least $25 million to Harvard to create the Epstein Program for Mathematical Biology and Evolutionary Dynamics, and Epstein will have an office at the university. The program will be dedicated to searching for nature's algorithms, a pursuit that is a specialty of Nowak's. For Epstein this must be the summit of everything he has worked toward: he has been seen proudly displaying Harvard president Larry Summers's letter of commitment as if he can't quite believe it is real. He says he was reluctant to have his name attached to the program, but Summers persuaded him. He rang his mentor Wexner about it, and Wexner told him it was all right.

An insatiable, restless soul, always on the move, Epstein builds a tremendous amount of downtime into his hectic work schedule. Yet there is something almost programmed about his relaxation: it's as if even pleasure has to be measured in terms of self-improvement. Nowak says that, when he goes to stay with Epstein in the Caribbean, they'll get up at six and, as the sun rises, have three-hour conversations about theoretical physics. "Then he'll go off and do some work, re-appear, and we'll talk some more."

http://www.vanityfair.com/news/2003/03/jeffrey-epstein-200303

Another person who went to the island with Epstein, Maxwell, and several beautiful women remembers that the women "sat around one night teasing him about the kinds of grasping women who might want to date him. He was amused by the idea…. He's like a king in his own world."

Many people comment there is something innocent, almost childlike about Jeffrey Epstein. They see this as refreshing, given the sophistication of his surroundings. Alan Dershowitz says that, as he was getting to know Epstein, his wife asked him if he would still be close to him if Epstein suddenly filed for bankruptcy. Dershowitz says he replied, "Absolutely. I would be as interested in him as a friend if we had hamburgers on the boardwalk in Coney Island and talked about his ideas."

# EXHIBIT 6

https://twitter.com/AlanDersh

# EXHIBIT 5

Letters

# Letter to the Editor: Article Misrepresented Dershowitz

2

By Alan M. Dershowitz
Alan M. Dershowitz is a Professor of Law emeritus at Harvard Law School.

December 5, 2018

To the editor,

The Crimson story regarding Jeffrey Epstein omitted the central point I made in my interview with the reporter. I welcome an investigation by Harvard or any other institution, including prosecutors, into the wilfully false charges made by Virginia Roberts for financial gain. Omitting this crucial statement is irresponsible and unethical journalism.

Virginia Roberts leveled her false accusations four years ago. At the time, I disproved them categorically. The matter was put to rest, with even her lawyers admitting that it was a mistake and wrong. Then four years later the Miami Herald recycled this false accusation and The Crimson reported on the Herald's recycled report. I wrote a letter to the editor of the Herald pointing to the incontrovertible evidence that Roberts made up the accusation out of whole cloth in order to obtain millions of dollars from Leslie Wexner.

I was able to disprove Roberts' false accusation by producing all of my travel, AmEx, and TV appearance records which showed where I was, and, more importantly, where I wasn't during the entire period Virginia Roberts was in contact with Jeffrey Epstein. These records prove incontrovertibly that I could not have been, and was not, where Roberts' falsely claimed to have met me — a Caribbean Island, a New Mexico Ranch, a private jet, a Palm Beach mansion — during the relevant time period.

I also called for an independent investigation by the former Director of the F.B.I., a highly respected former federal judge and assistant U.S. attorney. He reviewed all of the records and other evidence and concluded that "the totality of the evidence ... refutes the allegations."



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In addition, the judge before whom the accusation was made struck the accusation from the record and sanctioned her lawyers for filing it. One of her own lawyers then acknowledged that his client was "wrong" "simply wrong," and her other lawyers formally withdrew the accusation, admitting it was a "mistake."

Not only did Virginia Roberts lie about me, she lied about Al and Tipper Gore and President Bill Clinton claiming that she met the three of them on Jeffrey Epstein's island — a claim refuted by secret service records that established that none of the three were on that island during that period of time.

There is evidence that directly proves I was framed. These include emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons." These exculpatory documents have been sealed by Roberts' lawyers and I am seeking to make them public.

Roberts' closest friend told me that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from Leslie Wexner and that Roberts had never previously included me among the people with whom she claimed to have had sex. I have a tape recording of this conversation.

Not surprisingly, Roberts made her false claims against me only in court documents that immunize her from being sued for defamation. When she was interviewed by the Miami Herald, she refused to repeat her false allegations outside of court. The Crimson did not ask her directly to repeat her false allegations to them. As a matter of journalistic ethics, The Crimson should not have published an accusation without interviewing the accuser on the record. I now challenge Roberts to repeat her false accusations to The Crimson or other media, so that I can sue her for defamation and let a jury decide — after seeing all the evidence including the emails and book manuscript — who is telling the truth and who is lying.

I want an investigation or trial to finally prove that Roberts made up the entire story, so that it can finally be put to rest.

*Alan M. Dershowitz is a Professor of Law emeritus at Harvard Law School.*

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# EXHIBIT 4

# Dershowitz Goes Off on Woman Who Made Underage Sex Allegations: 'She Should Be Seriously Punished'

by Ronn Blitzer | 2:26 pm, December 4th, 2018

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Just hours after convicted pedophile **Jeffrey Epstein** agreed to settle a civil case brought against him by attorney **Bradley Edwards**, Epstein's lawyer from his past criminal case, **Alan Dershowitz**, discussed his former client on the Law&Crime Network. Epstein was accused of trafficking more than 40 underage girls for sex, and one such girl claimed Dershowitz himself had sex with her when she was underage.

Dershowitz vehemently denies the claim, telling host **Brian Ross** that accuser **Virginia Roberts** is a "certified, complete, total liar," and that her allegations are a "complete and total fabrication." He also added that she should be punished by the law for what she did.

The Harvard Law Professor Emeritus noted that Roberts' allegations were eventually withdrawn, and that the FBI recognized the evidence showed he was not where she said he was. He pointed to documented evidence that proves he is innocent.

"I can prove conclusively that she made the whole thing up," Dershowitz said, citing travel records that he says prove where he was at the time she claims she had sex with him. "It's conclusive, conclusive evidence."

"More importantly, I can prove where I wasn't," he said, after stating outright, "Never met her, don't know who she is, never heard of her."

Similarly, Dershowitz said that Roberts claimed that notable figures such as **Bill Clinton**, **Al Gore**, and **Tipper Gore** were present on an

island, when Secret Service records proved they were never even there.

Dershowitz said Roberts' allegations were part of an extortion plot, and that she "should be seriously punished for submitting false information and a false affidavit."

The attorney emphasized that Roberts has not been willing to repeat her allegations against him in public, and that she has only accused him in the context of litigation, which affords certain protections.

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"She simply hides behind litigation privileges," Dershowitz said, encouraging Ross to call Roberts and see if she would repeat her claims. "And if she does, I will be in court the next day suing her for defamation and I will win the case 'cause I can prove conclusively that she made up the whole story from top to bottom."

Ross then turned to the controversial deal that Epstein received from federal prosecutors who were investigating the trafficking case against him. Federal prosecutors agreed not to prosecute him, and let him plead guilty to state charges that resulted in a 13-month prison sentence that allowed Epstein to leave prison during the day for work. Federal prosecutors allegedly did not even inform victims before making the deal, which is now the subject of a request for an Inspector General investigation. Congressional Democrats said in a letter that they want to know more about the circumstances surrounding the deal, which was made by then-U.S. Attorney and current Secretary of Labor **Alex Acosta**.

As Epstein's defense attorney in that case, Dershowitz is not upset about it the deal at all.

"I'm very proud of that deal, that's what lawyers are supposed to do," he said. "Lawyers are supposed to get the best deals they can." If he could have gotten 10 months or no time at all, that would have been even better, he said.

Acosta said in the past that Epstein's lawyers, including Dershowitz, put pressure on his office by investigating his staff. Dershowitz has denied this.

"Acosta was very tough," Dershowitz said, contrary to concerns that he did anything improper. Dershowitz pointed out that the problem feds had was proving that girls were transported in interstate commerce.

"Unless you can prove that, you don't have a federal case, only a state case."

[Image via Law & Crime Network screengrab]

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filed under
Alan Dershowitz, Jefrey Epstein

# EXHIBIT 2

# Letter to the Editor: Alan Dershowitz responds to Raw Story report

RAW STORY - COMMENTARY
01 DEC 2018 AT 18:36 ET

*Alan Dershowitz (Fox News)*

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To the Editor,

In your recent story titled "**Trump Defender Alan Dershowitz is deeply involved in the sordid Jeffrey Epstein scandal**" you level outright false claims that I had sexual encounters with Virginia Roberts. These are exactly the same false claims that were made in 2014 and were thoroughly disproved and withdrawn.

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

After leveling these claims in detail, you say that I "steadfastly denied her claims." Not only did I deny the claims, I conclusively disproved them. I produced my travel, phone, credit card, and TV appearance records conclusively proving I could not have been and was not in any of the places Roberts claims I was during the time that she knew Epstein. The former Director of the F.B.I., assisted by a former assistant U.S. attorney and a chief federal marshal, reviewed these records and the other evidence and concluded that "the totality of the evidence found during the investigation refutes the allegations." The judge struck Robert's affidavit and sanctioned her lawyers for filing it, and her lawyers then withdrew their accusation admitting that it was a mistake. After reviewing the evidence, ABC News cancelled their plan to show an interview with Roberts because she was not credible.

There is other evidence, currently under seal, that directly establishes my innocence. I am seeking to unseal emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons."

There is also irrefutable evidence that Roberts lied about other people for money. She told a British tabloid that she met Al and Tipper Gore on Epstein's Island and she swore that she had dinner with Bill Clinton on the Island. But Secret Service records prove that none of these people were on the Island. Indeed, the Gores didn't even know Epstein.

I have a tape recording of a conversation with Robert's closest friend in which she says that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from a wealthy businessman, and that Roberts had never previously included me among the people with whom she claimed to have had sex.

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

One of Roberts own lawyers has acknowledged in front of witnesses that Roberts' claims against me are "wrong" "simply wrong." The evidence of my innocence is indisputable: I never met Roberts; I never had sex with her; she simply made up the entire story for money.

Roberts made her false claims against me in court documents that immunize her from being sued for defamation. I challenge her to repeat her false accusations out of court, so that I can sue her for defamation and let a jury decide—after seeing all the evidence including the emails and book manuscript—who is telling the truth and who is lying.

*Editors Note: Professor Alan Dershowitz sent the previous response to our story, "**Trump Defender Alan Dershowitz is deeply involved in the sordid Jeffrey Epstein scandal**." In his response, Mr. Dershowitz claims Raw Story accused him of having sexual encounters with Virginia Roberts. Upon careful review of **our story**, both before and after publication, this is not the case. Our story reports the accusations leveled by others.*

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

# EXHIBIT 1

**Even from jail, sex abuser manipulated the system. His victims were kept in the dark**

*BY Julie K. Brown*
NOV. 28, 2018

# PERVERSION of JUSTICE

A decade before #MeToo, a multimillionaire sex offender from Florida got the ultimate break.

*Palm Beach County Courthouse*

*June 30, 2008*

Jeffrey Edward Epstein appeared at his sentencing dressed comfortably in a blue blazer, blue shirt, jeans and gray sneakers. His attorney, Jack Goldberger, was at his side.

At the end of the 68-minute hearing, the 55-year-old silver-haired financier — accused of sexually abusing dozens of underage girls — was fingerprinted and handcuffed, just like any other criminal sentenced in Florida.

But inmate No. W35755 would not be treated like other convicted sex offenders in the state of Florida, which has some of the strictest sex offender laws in the nation.

Ten years before the #MeToo movement raised awareness about the kid-glove handling of powerful men accused of sexual abuse, Epstein's lenient sentence and his extraordinary treatment while in custody are still the source of consternation for the victims he was accused of molesting when they were minors.

Beginning as far back as 2001, Epstein lured a steady stream of underage girls to his Palm Beach mansion to engage in nude massages, masturbation, oral sex and intercourse, court and police records show. The girls — mostly from disadvantaged, troubled families — were recruited from middle and high schools around Palm Beach County. Epstein would pay the girls for massages and offer them further money to bring him new girls every time he was at his home in Palm Beach, according to police reports.

The girls, now in their late 20s and early 30s, allege in a series of federal civil lawsuits filed over the past decade that Epstein sexually abused hundreds of girls, not only in Palm Beach, but at his homes in Manhattan, New Mexico and in the Caribbean.

In 2007, the FBI had prepared a 53-page federal indictment charging Epstein with sex crimes that could have put him in federal prison for life. But then-Miami U.S. Attorney Alexander Acosta signed off on a non-prosecution agreement, which was negotiated, signed and sealed so that no one would know the full scope of Epstein's crimes. The indictment was shelved, never to be seen again.

Epstein instead pleaded guilty to lesser charges in state court, and was required to register as a sex offender. He was sentenced to 18 months incarceration.

But Epstein — who had a long list of powerful, politically connected friends — didn't go to state prison like most sex offenders in Florida. Instead, the multimillionaire was assigned to a private wing of the Palm Beach County stockade, where he was able to hire his own security detail. Even then, he didn't spend much time in a cell. He was allowed to go to his downtown West Palm Beach office for work release, up to 12 hours a day, six days a week, records show.

**Read Next**

LOCAL

**Sex abuser Jeffrey Epstein was surrounded by powerful people. Here's a sampling**

He was permitted to hire his own private psychologist for his required sex-offender counseling, and after his release from jail, his subsequent year of probation under house arrest was filled with trips on his corporate jet to Manhattan and to his home in the U.S. Virgin Islands — all approved by the courts with no objections from the state.

On the morning of his sentencing in 2008, none of Epstein's victims were in the courtroom to protest his soft jail term or the unusual provisions of his incarceration and probation — and that was by design.

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

By

Emails and letters contained in court filings reveal the cozy, behind-the-scenes dealings between federal prosecutors and Epstein's indomitable legal team during the run-up to his federal plea deal, as they discussed ways to minimize his criminal charges and avoid informing the girls about the details of the deal until after the case was resolved.

That arrangement benefited Epstein in a number of ways. Unlike other high-profile sex crime cases, federal prosecutors agreed to keep his sentencing quiet, thereby limiting media coverage. His underage victims — identified in FBI documents — weren't told about the plea deal so they weren't in court, where they could voice their objections and possibly sway the judge to give Epstein a harsher sentence or reject the agreement altogether.

Most important, Epstein's crimes would be reduced to felony prostitution charges, giving him the ability to argue that the girls weren't victims at all — they were prostitutes.

Four accomplices named in Epstein's non-prosecution agreement — Nadia Marcinkova, Sarah Kellen, Adriana Ross and Lesley Groff — were also given immunity from federal prosecution. Marcinkova was a young girl when Epstein brought her from Yugoslavia to live with him. Several victims told police that she was involved in orgies with Epstein and underage girls. Ross, Groff and Kellen, now known by her married name, Vickers, were schedulers who arranged his underage sex sessions, according to the FBI and police.

Marcinkova and Kellen, through their attorneys, declined to comment for this story. The Herald was unsuccessful in reaching Ross and Groff.

Acosta, who is now President Donald Trump's secretary of labor, told lawmakers last year at his confirmation hearing that he did not know that Epstein would receive such liberal treatment while incarcerated. But court records show that federal prosecutors under his authority acquiesced to many of Epstein's demands, including that he not go to federal or state prison.

"I can't remember how I found out that he had taken a plea," said Courtney Wild, identified by the FBI as one of more than three dozen underage girls — some of them as young as 13 — who had been molested by Epstein at his waterfront estate between 2001 and 2005.

"We were purposefully misled into believing that his sentencing [in state court] had nothing to do with the federal crimes he committed against me or the other girls."

Epstein, now 65, was released in 2009 after serving 13 months.

Wild, who was 14 when she met Epstein, is suing the federal government, alleging that prosecutors kept her and other victims in the dark as part of a conspiracy to give Epstein — described in the lawsuit as "a powerful, politically connected multimillionaire" — one of the most lenient deals for a serial child sex offender in history.

Courtney Wild is suing the federal government, claiming that prosecutors deliberately kept her and other victims of Jeffrey Epstein in the dark about the status of his case. The U.S. Attorney's Office signed a non-prosecution agreement with the multimillionaire. Emily Michot *EMICHOT@MIAMIHERALD.COM*

Now 31, Wild is Jane Doe No. 1 in "Jane Doe 1 and Jane Doe 2 vs. the United States," which seeks to overturn Epstein's plea agreement on the grounds that it was executed in violation of the federal Crime Victims' Rights Act. The measure affords crime victims a series of rights, including to confer with prosecutors and to be notified about plea negotiations and sentencing.

That lawsuit — and an unrelated state court case scheduled for trial on Dec. 4 — could expose more about Epstein's crimes, as well as who else was involved and whether there was any undue influence that tainted the federal case.

## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

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Some of Epstein's victims will finally have an opportunity to testify for the first time as part of the Dec. 4 case in state court in Palm Beach County. It pits Fort Lauderdale attorney Bradley Edwards against Epstein, who had accused Edwards of malfeasance in his representation of several victims.

Jack Scarola, the attorney representing Edwards, said Epstein should be held accountable for his unrelenting attacks against Edwards — as well as others who were involved in his case.

"We are going to demonstrate through this case that no one — no matter how much money they have — can abuse children and then attempt to bully those who come to the defense of children," said Scarola, a former state prosecutor.

### Florida and beyond

Few people had as much insight into Epstein's lifestyle — and its international reach — as Virginia Roberts. By age 16, Roberts had lived a life that was beyond that of most high school girls.

At 11, she says, she was sexually molested by a family friend. At 12, she was smoking pot and skipping school. At 13, she was in and out of foster homes, and at 14, she was on the street.

In Miami, the runaway became a captive of a 65-year-old sex trafficker, Ron Eppinger. For months, she says, she was sexually abused, kept in an apartment and pimped out to pedophiles. After his indictment in 2000 on trafficking charges, Roberts returned to West Palm Beach and tried to heal.

Virginia Roberts, now Giuffre, says she was 16 and working as a locker room attendant at Donald Trump's Mar-a-Lago resort when she was approached by Ghislaine Maxwell, Jeffrey Epstein's associate, about becoming a masseuse for Epstein. *COURTESY OF VIRGINIA ROBERTS*

That summer, when Roberts was 16, she said her father helped her get a job as a locker room attendant at the spa at Donald Trump's Mar-a-Lago resort in Palm Beach, records show. Her father worked at the resort as a maintenance man.

There she said she met Ghislaine Maxwell, an Epstein friend and socialite daughter of the late British publishing magnate Robert Maxwell. She offered Roberts an opportunity to become a massage therapist, working for Epstein.

In a sworn court affidavit and in a recent interview with the Herald, Roberts described how Epstein and Maxwell began grooming her — not just to perform massages, but to sexually pleasure them and others.

"It started with one and it trickled into two and so on," Roberts told the Herald. "And before you know it, I'm being lent out to politicians and academics and royalty."

Roberts, too, was ordered to find Epstein girls — the younger, the better — by trolling areas where teenagers congregated, such as shopping malls, to lure girls to whatever residence Epstein was staying in at the time, she told the Herald.

She began to travel with Epstein and Maxwell to Epstein's other homes, in New York, New Mexico and the U.S. Virgin Islands — and her trips are documented in flight logs that frequently list her name or her initials as a passenger, court records show.

"His appetite was insatiable. He wanted new girls, fresh, young faces every single day — that was just the sickness that he had," Roberts said.

Neither Epstein nor his lead attorney, Goldberger, responded to requests for comment.

Roberts alleges that Epstein had cameras throughout his homes and said he liked her to tell him about the sexual peccadilloes of various important men she had sex with.

"Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would 'owe him,' they would 'be in his pocket,' and he would 'have something on them,' " Roberts said in a court affidavit. "I understood him to

mean that when someone was in his pocket, they owed him favors.''

Roberts elaborated in her interview with the Herald, saying that Epstein had access to girls through a modeling agency that recruited them from overseas.

Epstein, who was close to Les Wexner, the owner of Victoria's Secret, often talked about his connections to people in the modeling, fashion and acting industries, Roberts told the Herald.

"He [Epstein] would tell the girls, 'Hey, I will give you a modeling contract if you go have sex with this man [whichever acquaintance Epstein designated],' " she said.

Roberts' story about the modeling agency is supported, to a degree, by the sworn statement of a Miami woman named Maritza Vasquez, who was later interviewed in New York by an FBI agent from Miami. Vasquez worked as a bookkeeper for Mc2, owned by Epstein associate Jean-Luc Brunel. He employed scouts in South America, Europe and the former Soviet Union to find him models to bring to the United States, Vasquez said in a 2010 sworn court deposition obtained by the Herald.

Vasquez stated in the deposition that from 2003 to 2006 she handled all the finances and payroll for the agency, including a bank transaction involving Epstein. She said Epstein invested $1 million in Mc2.

The models were often very young — 13, 14 and 15 — and some of them were housed in apartments at 301 E. 66th St. in New York, a building purportedly owned by Epstein, the deposition said.

Epstein didn't charge the girls rent, Vasquez said, but Brunel charged them $1,000 a month, with four of them at a time sharing one apartment. The girls who were the youngest and most beautiful stayed at the 66th Street apartments, which were more luxurious than the other apartments that were used to house models who were not as young and desirable, she said.

Vasquez once let one of the models, who was 14, stay overnight with her after the girl ran into trouble with police for trying to get into a Manhattan nightclub. Vasquez also testified that she helped a lawyer obtain visas for the foreign models, and assisted with their transportation to and from modeling assignments and parties.

Vasquez said that even though the agency employed 200 to 300 models, the company didn't make any money and Brunel was always broke. Brunel would later sue Epstein, alleging that the financier's sex scandal had caused his business to fail, but the suit was eventually dropped.

Vasquez testified it wasn't unusual for the agency to send girls to an assignment with a wealthy client for $100,000 or more, but the girl wouldn't be paid the full amount — or anything at all — if she refused to be "molested.''

Vasquez considered herself a mother figure and often coached the youngest girls to stick to the 9-to-5 modeling assignments because she didn't think it was appropriate for them to be having sex.

She said she met Epstein only once, but she often helped arrange for girls — many of them underage — to be sent to his homes in New York, Palm Beach and his island in the Caribbean for parties. She heard salacious rumors about Epstein's parties, but testified she had no firsthand knowledge about whether they involved sex.

Vasquez said that she was questioned by the FBI and she tried to tell agents where to look for evidence.

Vasquez was eventually let go from the agency after she was accused of stealing money — money she claims was given to her by Brunel. Vasquez said she was placed on probation for the theft. She never heard from the FBI about Epstein again.

The Herald was unsuccessful in reaching Brunel through his former attorney.

In a written statement released in 2015, Brunel denied any involvement in trafficking underage models.

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," he said. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager."

**Too old at 19**

In 2003, when Roberts turned 19, it was clear that Epstein had lost interest because she was too old for him, she said. She convinced him to pay for her to get training to become a real professional masseuse so that she could move on.

In an interview, she explained that Epstein arranged for her to take a class in Thailand, but it came with a hitch: She said she was instructed to pick up a Thai girl he had arranged to come to the States.

Roberts, who showed the Herald the written instructions for the rendezvous, never picked up the girl because Roberts met a man on the trip who would become her husband. The couple married and moved to Australia, where they currently live.

In 2007 — at the same time the FBI was investigating Epstein — Roberts, pregnant with her second child, said she unexpectedly received phone calls from Maxwell and Epstein. She said they were worried that she had told police about them. She assured them she had not spoken to anyone, she said.

Shortly afterward, Roberts said, she was contacted by someone who claimed to be with the FBI. But she was afraid to tell that person details, fearing it was really an Epstein associate posing as an FBI agent.

That agent, identified in court papers as Timothy Slater, confirmed that he and the other agent on the case, Nesbitt Kuyrkendall, called Roberts in January or February 2007. In a sworn statement, Slater said he informed Roberts that they suspected she was a victim of Epstein's.

The agent said Roberts answered basic questions, but became uncomfortable and "asked that I not bother her again."

Roberts said the agent didn't try too hard to convince her to talk, and she was surprised when he hung up after asking her a few graphic questions about her sex life. She said she was suspicious, but would have cooperated had the FBI talked to her in person and explained why they were asking about Epstein.

"I was still scared to death," Roberts said. "Jeffrey used to tell me that he owned the entire Palm Beach Police Department. I just didn't want my family harmed."

She nevertheless was listed by federal prosecutors as one of Epstein's Palm Beach victims.

As the years went by and Roberts had a daughter, she would be haunted by a fear that Epstein was still taking advantage of young girls. In 2011, she went public in a paid interview with a British tabloid, the Daily Mail, asserting that she had had sex with Prince Andrew, one of Epstein's friends, several times when she was a teen.

In her 2015 affidavit, she discussed in detail some of her alleged sex encounters with the prince and Epstein's other friends, including lawyer Alan Dershowitz. Edwards included the affidavit in the court file as part of the Jane Does' Crime Victims' Rights Act case, at which time it became public.

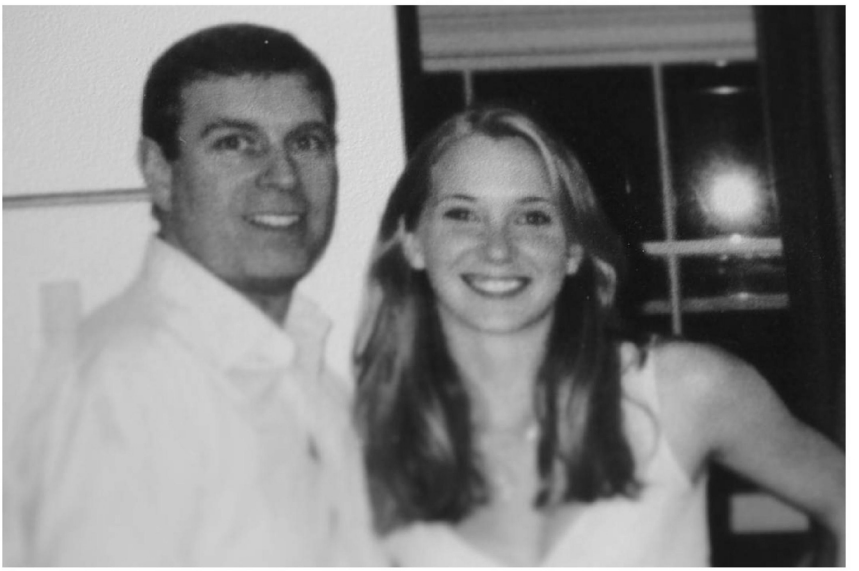

Virginia Roberts says she was loaned out by Jeffrey Epstein to his friend Prince Andrew, shown here. He denies they had sex. *COURTESY OF VIRGINIA ROBERTS*

In the affidavit, Roberts claimed that Epstein and Maxwell directed her to have sex with Andrew and Dershowitz and others. She had sex with Andrew three times, she alleged — once in London, when she was 17, again in New York, when she was 17, and a third time, as part of an orgy on Epstein's island, when she was 18. By law, at 17, she would have been above the age of consent in New York and England, but not in Florida, where the age of consent is 18.

As part of the affidavit, Roberts furnished a photograph of her with the prince and Maxwell, which she said was taken in London.

Dershowitz, who was part of Epstein's criminal defense team, was often a guest at Epstein's homes, she said.

"I had sexual intercourse with Dershowitz at least six times," Roberts wrote in the 2015 court affidavit. "The first time was when I was about 16, early on in my servitude to Epstein and it continued until I was 19." She detailed some of those alleged trysts, which she said happened at Epstein's homes in Palm Beach, New Mexico and on Epstein's island.

One of Epstein's housemen, Juan Alessi, testified in a 2009 sworn deposition that Dershowitz visited Epstein's Palm Beach home four or five times a year. He said that Roberts was a frequent visitor as well, but he never placed Dershowitz and Roberts at the house at the same time.

Alessi, who testified he worked for Epstein from 1999 to 2002, said there were often young girls who gave massages at the house, even in the middle of the night. But he said he never checked their ages, and only knew one girl for certain who was underage, because he had picked her up from high school. That girl, who is now an actress, was not one of Epstein's masseuses, Alessi said.

He also said he was Maxwell's driver, and he recalls waiting outside of Mar-a-Lago the day Maxwell met Roberts. He testified he saw Maxwell talking to Roberts and recalls Roberts coming to Epstein's mansion later that day. One of Alessi's jobs was to drive Maxwell to various spas in Palm Beach where she left business cards in order to "recruit" more masseuses, he said in the sworn deposition.

Dershowitz, Prince Andrew and Maxwell have long denied Roberts' allegations.

In an interview with the Herald, Dershowitz reiterated that he had never met Roberts, and never saw Epstein with any underage girls.

"The story was 100 percent flatly categorically made-up," he said, adding that Roberts and her attorneys fabricated the assertion in order to get money from other powerful, wealthy people she alleges she had sex with.

"The only possible reason to accuse me in public and [them] in private is so she could get money," Dershowitz said.

Edwards and his co-counsel in the Crime Victims' lawsuit, University of Utah law professor Paul Cassell, sued Dershowitz for defamation and Dershowitz countersued in 2015. The case was settled out of court, with Dershowitz saying he had been vindicated.

Dershowitz said he received a massage at Epstein's Palm Beach home only once — but that it was just a regular, therapeutic massage by a masseuse — not by Roberts or anyone underage. Dershowitz's wife was there at Epstein's house at the time, Dershowitz said in the deposition taken for the case in 2015.

"I never had any knowledge of Jeffrey Epstein having any contact with any underage women — ever," Dershowitz told the Herald.

Edwards and Cassell admitted making a "tactical mistake" in filing the accusations against Dershowitz as part of a lawsuit not involving him. But they emphasized that the settlement had no bearing on the veracity of Roberts' allegations.

The judge for the Crime Victims' Rights Act lawsuit agreed that the affidavit was misplaced in that case, and it was dropped.

Prince Andrew's spokesman at Buckingham Palace did not respond to an email requesting comment.

Roberts, now 35, said it has taken her a long time to stand up to Epstein. She and 20 other victims received settlements from Epstein, ranging from $50,000 to more than $1 million. The exact amounts have been kept confidential.

"It takes so long until you are able to speak about it. It took me having a daughter and looking at this young, beautiful innocent baby to say I want to speak out about it now. I'm hoping that this will bring out more girls so that they say, Me Too."

### The state court hearing

The judge at Epstein's sentencing hearing at the Palm Beach County Courthouse knew very little about Epstein's crimes. The sentencing paperwork was restricted to Epstein's specific charges: one count of solicitation of prostitution and one count of procuring a person under the age of 18 for prostitution.

"Are there more than one victim?" Circuit Court Judge Deborah Dale Pucillo asked the prosecutor at Epstein's sentencing on June 30, 2008.

"There's several," replied assistant state prosecutor Lanna Belohlavek.

"Are all the victims in both of these cases in agreement with the terms of this plea?" Pucillo later asked.

"Yes," Belohlavek replied, telling the judge that she had spoken to "several" of Epstein's victims.

Emails show that federal prosecutors didn't want the judge to know how many victims and accomplices there were.

Federal prosecutor A. Marie Villafaña — in a September 2007 email to Epstein lawyer Jay Lefkowitz — said: "I will mention co-conspirators but I would prefer not to highlight for the judge all the other crimes and all the other persons that we could charge."

Attorney Spencer Kuvin happened to be in court that day because he'd heard Epstein was to appear, but Kuvin didn't know why. He figured he'd use it as an opportunity to serve Epstein with civil court papers involving one of several victims he represented. Instead, he listened to what was happening and couldn't believe that no one had contacted him or his clients.

"I was shocked to learn that the proceeding involved my client's case and there was nothing I could do except watch as they disposed of her case without ever telling her," Kuvin said.

At the hearing, Belohlavek and Epstein's attorney, Goldberger, were in sync, the court transcript shows. Epstein would be required to register as a sex offender, but his probation would not be served under the strict requirements of sex offender probation.

Jeffrey Epstein is a registered sex offender in New York State and Florida. Emily Michot *EMICHOT@MIAMIHERALD.COM*

The judge didn't question those provisions, but she did ask why Epstein was going to serve his sentence in the Palm Beach County stockade instead of in a Florida state prison, like most sex offenders.

After he pleaded guilty in state court, Jeffrey Epstein was assigned to a private section of the Palm Beach County stockade. Soon, however, he was allowed to leave the compound six days a week, 12 hours a day, for what was termed work release. Emily Michot *EMICHOT@MIAMIHERALD.COM*

"We just decided that was the best way to accomplish what needed to be done here and the parties agreed that that sentence satisfied everyone's requirements,'' Goldberger replied.

Said Judge Pucillo: "The taxpayers of Palm Beach County are going to pay 18 months to house this guy instead of DOC [the Department of Corrections]?"

Belohlavek: "Right.''

Pucillo did not respond to a request for comment on the case.

Villafaña, the lead federal prosecutor in Epstein's case, was in the courtroom, but there's no indication she objected to Epstein's cozier jail accommodations.

When he entered jail in July 2008, Epstein was arguably the most well-known inmate there. Records also show that Epstein hired Palm Beach sheriff's deputies for his security details, paying them for the hours they spent monitoring him on work release at his West Palm Beach office, where he often stayed until 10 p.m., jail logs show.

The Herald reviewed their time sheets, showing that the deputies logged visitors coming and going to and from his office throughout the day. A record log of his visitors was kept in a safe, but the log no longer exists, according to a spokeswoman for the Palm Beach County Sheriff's Office.

One deputy who often worked Epstein's detail said that his assignment was to stay in a front reception room of Epstein's office. Epstein was in a separate office — with the door closed — most of the day as he accepted visitors, both male and female, the deputies' logs show.

"It was not our job to monitor what he was doing in that office,'' the deputy, now retired, told the Herald.

In their early reports in July 2008, the deputies referred to Epstein as "inmate'' but within a few weeks the language had changed and he was called a "client." He was occasionally allowed to take a break for lunch by sitting outside in a park, the records show, and they also gave him permission to scout for a new office. While on work release, he was required to wear an ankle bracelet to monitor his whereabouts.

The work release was approved by the Palm Beach County Sheriff's Office, said spokeswoman Therese Barbera.

"Jeffrey Epstein, while in custody, met the criteria for the Work Release Program," Barbera wrote in an email. "There was no factual basis to deny Mr. Epstein the same availability of this program that is offered to other inmates under similar circumstances. Mr. Epstein was closely monitored and there were no problems encountered during his time in the program."

But the sheriff's own work release policy — a copy of which Barbera provided to the Herald — specifically notes that sex offenders aren't eligible for work release.

While officially confined to the Palm Beach County stockade, serving time for his sex offenses, Jeffrey Epstein was allowed to spend half his day at this West Palm Beach office building. It was called work release, although Palm Beach Sheriff's Office rules prohibit work-release status for sexual offenders. Emily Michot *EMICHOT@MIAMIHERALD.COM*

At first, Barbera questioned whether Epstein was a sex offender at all, noting that he didn't have to register officially until after his release from the jail in 2009. But his court papers clearly listed him as a sex offender. In fact, the papers Epstein signed — obtained by the Herald — included all the laws governing registered sex offenders in Florida.

Barbera refused to explain why Epstein was seemingly allowed to deviate from the agency's policies. She also would not respond to requests for an accounting of the amount of money that Epstein paid the sheriff's office for his private details.

Palm Beach Sheriff Ric Bradshaw, who has been in office since 2004 — and is widely considered to be one of the most powerful people in the county — did not respond to requests for comment.

A spokeswoman for Palm Beach County Sheriff Ric Bradshaw declined to say why Jeffrey Epstein was allowed work-release status despite rules prohibiting work release for sex offenders. Taylor Jones *PALM BEACH POST*

Epstein's registration requirements are somewhat confusing, even to those who are responsible for keeping his registration. The Florida Department of Law Enforcement, which keeps the online registry, and the Palm Beach County Sheriff's Office, where Epstein has to register in person twice a year, gave

conflicting explanations over the past six months about who is responsible for ensuring that he is complying with the law.

On Nov. 14, the Herald asked the sheriff's office for a full accounting of Epstein's check-ins for 2018. The record the office supplied two days later showed he registered in January and in July — as required. But PBSO also inexplicably had him registering on Nov. 14 — the very same day that the Herald asked for the records from the sheriff's office.

When asked about this sudden registration, Barbera replied: "The information we provided you was a snapshot from the FDLE website. Perhaps, someone from FDLE can provide a reason for you."

Said FDLE spokeswoman Gretl Plessinger in an email: "The screenshot is not on the public registry. This is information inputted by the local agency when the offender comes into the local sheriff's office to register."

Plessinger said Epstein is not covered by the state's new three-day rule, which requires sex offenders to re-register when they come to stay in Florida for three days or more. His town of Palm Beach home is already on file, as a temporary residence, she said.

So it's not clear why he would have suddenly registered a third time on Nov. 14.

State Sen. Lauren Book, a child sex abuse survivor and vocal advocate for tough sex offender monitoring, called the case an appalling example of how those in the justice system allow wealthy people to skirt the law and bend the rules.

"These prosecutors, and judges and sheriffs who are making these decisions and allowing things to fly — we have to hold these people accountable. They are supposed to uphold the law — regardless of who a person is and how much money they have in the bank or who they had on their airplane."

## Piece by piece

Over the years, Courtney Wild, Virginia Roberts and more than a dozen other women who say they were victims of Epstein have been quietly challenging the traditional legal norms that have failed to punish Epstein and other men in positions of power for sexual abuse.

Epstein has paid millions of dollars in civil compensation that, for the most part, has kept the details about his operation out of the public eye. As a result, much — but not all — of the testimony and evidence collected as part of the vast litigation has been sealed or redacted from public court records.

The girls who were abused by Jeffrey Epstein and the cops who championed their cause remain angry over what they regard as a gross injustice, while Epstein's employees and those who engineered his non-prosecution agreement have prospered.

By

Taking a page from Epstein's legal team, lawyers representing Epstein's victims hired private investigators and former police detectives to dig into Epstein's life. Over the past decade, they've tracked down hundreds of people, including dozens of other potential victims; they've interviewed Epstein's recruiters, bookkeepers, housekeepers, butlers, pilots and drivers. They've traveled around the country and the world, taking statements and sworn depositions, coaxing people to talk who had previously been too reticent to come forward.

In short, they did what criminal prosecutors didn't do.

Some of the information they've learned was given to federal authorities in New York. Edwards said those authorities have shown no interest in opening a new investigation focused on crimes he is alleged to have committed in that state, where he is listed as a level 3 sex offender, the most dangerous category, considered at risk to re-offend, records show. In New York, he has to register every 90 days.

Virginia Roberts holds a photo of herself at age 16, when she says Palm Beach multimillionaire Jeffrey Epstein began abusing her sexually. Emily Michot
*EMICHOT@MIAMIHERALD.COM*

**Holding abusers accountable**

In 2015, Roberts sued Maxwell for defamation in New York after Maxwell called her a liar in a news interview. The civil lawsuit was an effort by Roberts not just to clear her name, but an attempt to prove that Epstein and Maxwell operated an international underage sex trafficking operation. The lawsuit was settled out of court in 2017 and nearly all the evidence presented in the case has been sealed.

Roberts' attorney, Sigrid McCawley, claims that Roberts received a sizable settlement, although the amount is confidential.

"She wanted to hold her abusers accountable and we were able to do that by bringing this case ... which we ultimately settled very successfully for her," said McCawley, an associate of noted Bush-Gore recount lawyer David Boies, who has also pursued cases against Epstein in federal court in New York.

Maxwell's lawyer, Laura Menninger, declined to comment, referring the Herald to the court history.

"[Roberts] fabricated a story of abuse at the hands of Ms. Maxwell in exchange for hundreds of thousands of dollars from British tabloids with a motive for selling papers and advertisements and without regard for truth, veracity or substantiation," Menninger noted in a 2016 response filed in the case.

In February, the Miami Herald filed a federal court motion in the Southern District of New York, seeking access to documents that were sealed in the Maxwell case. The motion, which was not opposed by Roberts, could have cast light on the full scope of Epstein's possible sex trafficking operation, who was involved and whether it was covered up. Maxwell has opposed the Herald's motion, which was denied in August.

The Herald is appealing.

Today, Epstein has a new private jet, which takes him around the world. Flight records show that he spends most of his time on his private island, Little St. James in the U.S. Virgin Islands, which he now lists as his permanent residence. He is registered in New York and the U.S. Virgin Islands as a sex offender. New Mexico, where he owns a sprawling ranch, does not list him as a convicted sex offender.

As part of its investigation, the Herald learned that in 2013, the federal government conceded that it had given Epstein what it called "valuable consideration" for information he provided to the FBI as part of his plea deal. The documents do not elaborate, but Epstein — a hedge fund manager who once worked for the investment firm Bear Stearns — was listed as a key investor who lost money in the financial crash of 2008.

Francey Hakes, a former federal child sex crimes prosecutor, said any consideration the government gave to Epstein should be made public.

"The public has a right to know why he got a slap on the wrist, and what was the interest that was so great that allowed him to not get prosecuted?"

Nadia Marcinkova, now a professional pilot, worked for Jeffrey Epstein when he was molesting young women. Victims told police Marcinkova would participate in sex acts, often as Epstein choreographed every move. Jerod Harris

In recent years, Epstein has been traveling the world in his new Gulfstream V jet. He has been active in various charitable causes and scientific research projects. The Jeffrey Epstein VI Foundation, based in the U.S. Virgin Islands, has helped fund NeuroTV, an online network that features interviews with academics and scientists.

**Then and now**

Both Nadia Marcinkova and Sarah Kellen changed their names after the scandal.

Marcinkova, 32, briefly became Marcinko. She visited Epstein more than 70 times when he was in Palm Beach custody. She went on to a career in real estate. And she is now an FAA-certified commercial pilot and flight instructor who goes by the name "Global Girl" on social media. (www.facebook.com/GlobalGirlAviation/)

Sarah Kellen, who used the name Kensington for a while, is now married to NASCAR driver Brian Vickers. The couple divides their time between homes in North Carolina, New York and Miami Beach.

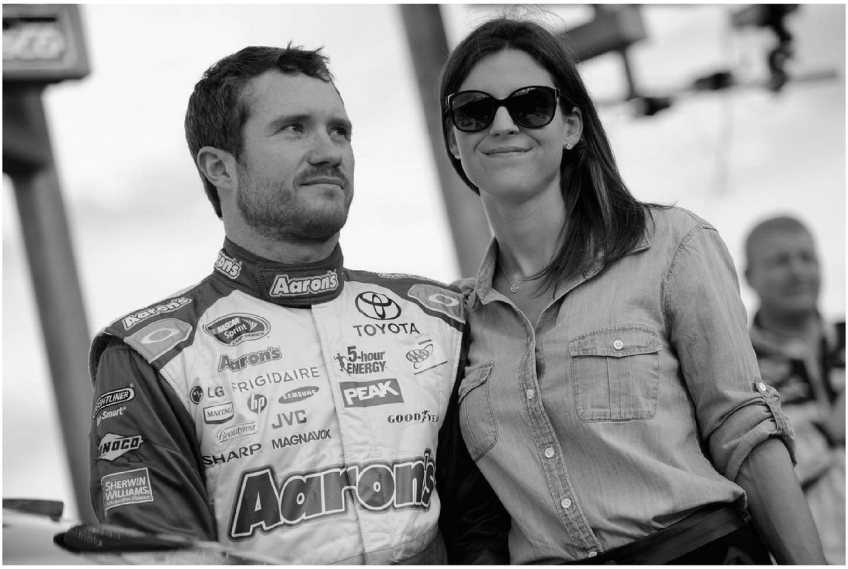


NASCAR driver Brian Vickers and his wife, Sarah, take part in pre-race ceremonies in Sparta, Ky., on June 28, 2014. She was known as Sarah Kellen when she was an aide to Jeffrey Epstein. According to police, she scheduled visits of underage girls to Epstein's Palm Beach estate for massages that turned sexual. She was not charged with a crime. Will Schneekloth *GETTY IMAGES*

Maxwell, 56, transformed herself into an internationally known environmentalist. In 2012, she founded the TerraMar Project, a nonprofit environmental group that works to protect the world's oceans. In 2013, she gave a TED Talk on ocean conservation, discussing her diving expeditions around the world.

Dershowitz, 80, continues to lecture around the country. A professor emeritus at Harvard Law School, Dershowitz has been a frequent commenter on cable TV programs, often defending President Trump.

Prince Andrew, the Duke of York, 58, remained friends with Epstein, and in 2010, a photograph was taken of the two of them strolling in Manhattan. It was later revealed that Epstein had loaned the prince's ex-wife, Sarah Ferguson, $24,000 to pay off some debts. Ferguson later called the loan a "gigantic error of judgment."

**Plain human beings**

Crime victims' rights advocates have used the Epstein case to strengthen the federal law in recent years, adding more precise language mandating that prosecutors notify victims about plea bargains and allow victims to be heard at sentencing.

Because some statute-of-limitation laws set deadlines for filing civil and criminal sex crime cases, it's difficult to bring them years later, said Marci Hamilton, a University of Pennsylvania professor who is working to ease

those restrictions across the country.

Ghislaine Maxwell, daughter of a British press magnate and Jeffrey Epstein's close associate when he was inviting underage girls into his bedroom, leads a TED Talk on environmental issues.

But she points out that there has been no statute of limitations for federal sex crimes involving children since 2002.

Children who are sexually abused often take decades to reveal what happened to them, in part because their brains aren't wired at a young age to understand the trauma they've experienced, said Kenneth V. Lanning, a retired FBI agent who investigated and studied child sex crimes for 40 years.

"We want to hold children to some superhuman standard because they behave this way. In reality, police, prosecutors and judges have to understand that children are not all angels from heaven. They are just plain human beings who are emotionally immature so we have to protect them from their own decisions."

Wild, who continues to fight her federal case on behalf of all of Epstein's victims, said she hopes that the federal judge hearing the Crime Victims' Rights case will make a ruling soon, one that will send a message to prosecutors who fail to consider the rights of crime victims.

"Really if you think about this too hard, it's scary because this is our government that is supposed to protect us but has done everything to protect a pedophile," she said.

## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

Your digital subscription, starting at $0.99 for the first month, supports investigative journalism like this.

# EXHIBIT 16

Miami Herald

# An Epstein sex case is settled; Dershowitz denies latest allegation

BY JULIE K. BROWN

DECEMBER 19, 2018 8:30 PM, UPDATED DECEMBER 27, 2018 7:55 AM

Accused sex traffickers Jeffrey Epstein and Ghislaine Maxwell have settled a federal civil lawsuit filed by a woman who says she was ordered under threat of violence to have sex with them and other influential individuals when she was in her early 20s, sources confirmed Wednesday.

Sarah Ransome, who now lives in Barcelona, claimed that she was recruited and trafficked for sex by the pair in 2006 and 2007 — at the same time that Epstein, a wealthy New York hedge fund manager, was under federal investigation for molesting dozens of underage girls at his Palm Beach mansion.

Women who say they were victims of sexual abuse at the hands of Palm Beach multimillionaire Jeffrey Epstein want a judge to throw out his lenient plea deal. AP

According to a recent court transcript, among those people Ransome claims she was directed to have sex with was Epstein's lawyer, Alan Dershowitz, who helped negotiate a controversial plea

deal that gave the eccentric multimillionaire — and co-conspirators employed by Epstein — federal immunity in 2008.

Dershowitz, 80, told the Miami Herald that he has never met Ransome nor has he ever had sex with her. He accused Ransome's attorney, powerhouse lawyer David Boies, of inventing the story and using her and another woman, Virginia Roberts, to frame him. Roberts asserted in a federal court affidavit in 2015 that Epstein forced her to have sex with Dershowitz when she was 16 years old.

"I am the victim. David Boies and these women are the perpetrators," Dershowitz said. "They have willfully and deliberately concocted stories in order to make money — millions and millions of dollars. And I will not rest until the entire story comes out," said Dershowitz, a professor at Harvard Law School and frequent Fox news guest commentator.

Nowhere in the court case or the transcript does Ransome or anyone else allege that Ransome had sex with Dershowitz — only that she was directed to.

The Ransome settlement, which is confidential, comes two weeks after Epstein settled another lawsuit in Palm Beach, filed by an attorney who represented several women who said they were coerced into sex acts with Epstein when they were underage. As part of the settlement, Epstein, 65, issued an apology to Fort Lauderdale attorney Bradley Edwards, admitting that he leveled false claims in a lawsuit as part of an effort to intimidate Edwards into abandoning his aggressive advocacy for the women, who are now in their late 20s and early 30s.

The developments follow a series of stories published by the Miami Herald in late November that detailed how state and federal prosecutors worked with Epstein's lawyers to conceal the extent of Epstein's crimes, and secretly negotiated an unusual plea agreement that allowed him to escape federal sex trafficking charges that could have sent him to prison for life. The agreement, by design, was kept from his victims so that they could not appear at his sentencing.

Last week, more than two dozen lawmakers in Washington demanded a federal investigation into that plea deal, which was negotiated, signed and sealed by former Miami U.S. Attorney Alexander Acosta, now President Donald Trump's secretary of labor.

Acosta has not commented on the Herald story or on the calls for a probe into how he handled the Epstein case.

This week, a decade after defending Epstein, Dershowitz once again found himself in the spotlight amid the new allegations, mentioned briefly in a court filing on Nov. 28, and first reported on Tuesday by the New York Daily News.

During a Nov. 7 hearing, Maxwell's lawyer, Laura Menninger, mentioned Dershowitz's name as among those "third parties" that Ransome claims she was instructed to have sex with, according to a transcript of the hearing obtained by the Herald.

On Tuesday, after the Daily News published its story, Dershowitz lashed out in dozens of posts on Twitter, denouncing Ransome as "delusional" and claiming that her lawyer, Boies, was retaliating against him because Dershowitz had filed a bar complaint against him.

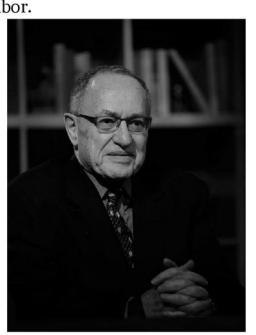

Alan Dershowitz says he has never met the woman who alleges in a lawsuit she was ordered to have sex with influential men, including the famous lawyer. John Lamparski GETTY IMAGES/TNS

"Attorney David Boies threatened that unless I withdrew a bar complaint I had filed against him for falsely accusing me of sexual misconduct, he would find another woman to accuse me of similar misconduct. He has

now found an unbalanced woman who has delusions of having sex tapes of Donald Trump, Hillary Clinton, Bill Clinton and other prominent figures," Dershowitz said in a tweet.

Boies, best known for arguing on behalf of Vice President Al Gore in the 2000 Florida election recount, responded in an interview with the Herald:

"[Dershowitz's] charges are absurd. Either he has become totally unhinged or he thinks that if he says things that are loud enough and crazy enough it will distract attention from what he has done. There is no support — none — for what he says."

Ransome claimed that, in her early 20s, she was recruited to work as a masseuse for Epstein who, in exchange, promised he would help her get into fashion design in New York, according to her civil lawsuit, filed in January 2017. Epstein and Maxwell then kept her passport and threatened to ruin her life and physically harm her if she didn't have sex with them and others in 2006 and 2007, Ransome said in the complaint.

The complaint alleges that this all occurred at the same time as Epstein's lawyers were negotiating with Acosta and other federal prosecutors for a deal to avoid federal sex trafficking charges in connection with a scheme in which he lured underprivileged girls, mostly 13 to 16, to his home in Palm Beach under the pretense that he would pay them $200 to $300 for massages. Instead, police in Palm Beach found that he had been molesting and sexually abusing dozens of girls between 2001 and 2007.

In this photograph, Virginia Roberts socializes with Prince Andrew as Jeffrey Epstein associate Guislaine Maxwell stands in the background. Roberts claims she was effectively used as a sex slave by Epstein. In that capacity she had sex with the prince, Roberts says. The prince denied that. COURTESY OF VIRGINIA ROBERTS

Under the plea deal, known as a non-prosecution agreement, Epstein was allowed to plead guilty in state court to two prostitution charges. He served 13 months in a private wing of the Palm Beach County jail, where he was given liberal work release privileges. The deal also quashed an FBI investigation into whether Epstein was operating an international sex trafficking organization, the Herald found as part of its yearlong investigation.

"Even as [Epstein, Maxwell and other defendants] and their attorneys were busy arguing Epstein's innocence and publicly defaming his victims as liars...defendants merely changed their location" from Palm Beach to "other places in the U.S. [including the Southern District of New York] and abroad and brought them to Epstein's mansion in New York City and his private island in the Virgin Islands," Ransome's complaint alleged.

Dershowitz, in interviews with the Herald, and in recent public statements, said he has never met Ransome. He also said she initially tried to interest the New York Post in her story, but a reporter whom he said he spoke with told him Ransome was not credible. He said he has a trove of emails between Ransome and the reporter that prove she is a "lunatic."

"There are hundreds of emails in which she claimed to have sex with everybody in the world and also claimed she has video of Hillary Clinton, Bill Clinton, Donald Trump and others having sex with underage girls — but she never ever accused me in these emails," Dershowitz said.

The emails are under seal, he said, and therefore cannot be made public. Dershowitz said he has asked the court to unseal them but his efforts thus far have been unsuccessful.

In the recent court transcript, however, it is Maxwell's attorney, Laura Menninger — not Ransome or her attorneys — who named Dershowitz.

"[Ransome] has alleged not only that my client [Maxwell] ran a sex trafficking organization but she claims also that she was directed by my client and the Epstein defendants to have sex with third parties, including Alan Dershowitz, for example," Menninger said. "And so to the extent my client or Mr. Dershowitz or anyone else is going to be asked about their private sexual activity, I believe that would implicate their privacy rights..."

Roberts, who now lives in Australia, said that Epstein ordered her to have sex with Dershowitz six times, according to a 2015 affidavit, which was filed in connection with an unrelated Epstein federal lawsuit.

At that time, Dershowitz launched a media blitz on TV asserting that Roberts made up the story. He also called for Roberts' lawyers — Edwards and University of Utah law professor Paul Cassell — to be disbarred. The lawyers sued Dershowitz for defamation, and the case was settled last year.

Dershowitz publicly declared he was vindicated after a federal judge ordered Roberts' affidavit stricken from the court record. But the judge did not address the veracity of her sexual misconduct claims; he instead ruled that the affidavit was misplaced in a case not involving Dershowitz.

Boies, whose firm represented Roberts pro bono, addressed Dershowitz's longstanding contention that he had been exonerated.

"Anytime in a lawsuit where you were the defendant and you paid the plaintiff $900,000 to settle it — that's a strange kind of vindication," Boies said, asserting that Dershowitz paid that amount as part of the defamation settlement with Edwards and Cassell.

In 2016, Dershowitz released a statement following what he said was "an independent investigation" that had been conducted by former FBI Director Louis Freeh, who is now a private consultant.

"Our investigation found no evidence to support the accusations of sexual misconduct against Professor Dershowitz. In fact, in several instances, the evidence directly contradicted the accusations made against him," Freeh wrote.

Most of the court records in the Roberts case are sealed. In February, the Miami Herald filed a motion in the Southern District of New York, seeking access to documents. The motion, which was not opposed by Roberts, could shed more light on the full scope of Epstein's crimes and who was involved.

The motion was denied. The Herald is appealing.

https://www.miamiherald.com/latest-news/article223315075.html

# EXHIBIT 3

# Alan Dershowitz: 'I never had sex with Virginia Roberts' | Miami Herald

miamiherald.com/opinion/letters-to-the-editor/article222532470.html

In its series on the Jeffrey Epstein case, "Perversion of Justice," the Herald quotes an affidavit by Virginia Roberts — a woman I never met — claiming she had sex with me on Epstein's island, ranch, plane and mansion. It then simply says I "denied" it.

In fact, I disproved it. I produced my travel, phone, credit card and TV appearance records, conclusively proving that I could not have been and was not in any of these places during the time Roberts knew Epstein. The former FBI director, assisted by a former assistant U.S. attorney and a chief federal marshal, reviewed these records and the other evidence and concluded that, "The totality of the evidence found during the investigation refutes the allegations."

There is other evidence, currently under seal, that directly establishes my innocence. I am seeking to unseal emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons."

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There is also irrefutable evidence that Roberts lied about other people for money. She told a British tabloid that she met Al and Tipper Gore on Epstein's island and swore that she had dinner with Bill Clinton on the island. But Secret Service records prove that none of these people were on the island. Indeed, the Gores didn't even know Epstein.

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I have a tape recording of a conversation with Roberts' closest friend in which she says that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from a wealthy businessman, and that Roberts had never previously included me among the people with whom she claimed to have had sex.

Finally, one of Roberts' own lawyers has acknowledged in front of witnesses that her claims against me are "wrong" "simply wrong."

The evidence of my innocence is indisputable: I never met Roberts; I never had sex with her; she simply made up the entire story for money.

Roberts made her false claims against me in court documents that immunize her from being sued for defamation. I challenge her to repeat her false accusations out of court, so that I can sue her for defamation and let a jury decide — after seeing all the evidence,

including the suppressed emails and book manuscript — who is telling the truth and who is lying.

**From:** J [jeevacation@gmail.com]
**Sent:** 4/23/2019 9:55:44 AM
**To:** Steve Bannon [redacted]
**Subject:** Re: Netflix/Jeffrey Epstein

patterson book on my a flop and his work with clinton worse. hes old. but has a name. there is also john conally. hes on it as well

On Tue, Apr 23, 2019 at 11:54 AM Steve Bannon <[redacted]> wrote:
and Patterson's not!!

On Apr 23, 2019, at 5:53 AM, J <jeevacation@gmail.com> wrote:

berlinger is a bit of a hack. when you get a moment give me a call

On Tue, Apr 23, 2019 at 11:34 AM Steve Bannon <[redacted]> wrote:
Patterson , the Perversion of Justice Team , and the guy making the 'Ted Bundy' film --- sounds like a potential hagiography

On Apr 23, 2019, at 3:32 AM, J <jeevacation@gmail.com> wrote:

---------- Forwarded message ---------
From: **Peggy Siegal** <[redacted]>
Date: Tue, Apr 23, 2019 at 4:08 AM
Subject: Fw: Netflix/Jeffrey Epstein
To: Jeffrey Epstein <jeevacation@gmail.com>

Jeffrey....how much do you know about this?
When can I call you tomorrow? I know nothing but have friends at Netflix.

Eleanora Kennedy called me today....out of the blue...and told me the film makers wanted to talk to me. I know director Joe Berlinger, not well, but may have done a screening on one of his films. Would have to check.

I am around all day tomorrow.
xoxo Peggy

---

**From:** Timothy Jones <[redacted]>
**Sent:** Monday, April 22, 2019 4:16 PM
**To:** [redacted]
**Subject:** Netflix/Jeffrey Epstein

Dear Peggy,

My good friend Eleanora reached out to you on my behalf and I appreciate you wanting to hear more about this project.

I am a TV journalist who covered the Epstein story for several years and wrote a best selling book about him with James Patterson in 2016.

Jim Patterson and I are now consulting on a four hour Netflix documentary series tentatively set to air towards the end of the year.

The showrunner, Lisa Bryant, is working with director Joe Berlinger whose work I am sure you are familiar with, to produce a fair and balanced, in-depth recounting of the Epstein saga that, as you know, has every possible dramatic angle and is a story like no other.

We thought of you because of your remarkable reputation in the public relations and show business world and the fact that you were an acquaintance of Jeffrey Epstein.

The tawdry side of the story has been told...We hope you can give us some insight and context into who he was before his life fell apart.

I am sure that Lisa Bryant,Joe Berlinger and Jim Patterson would all make themselves available to get on a call with you this week.

Jim is in Florida,and Joe is traveling overseas for his Ted Bundy film.
Lisa is in New York and would be happy to meet you in person as would I.

Thanks for giving this your consideration.

Best,
Tim Malloy

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tain general jurisdiction over them, all claims asserted against those individual defendants are dismissed for lack of personal jurisdiction.

3. *Plaintiffs Are Entitled to Jurisdictional Discovery as to Privatbank's Investing Activities in the United States*

[37] Plaintiffs point out that Privatbank's website and its 2001 Annual Report state that Privatbank engages in transactions involving securities issued in the United States. (2001 Annual Report at 3, attached to Affidavit of Frances E. Bivens at Exhibit B). There is no allegation that transactions are related to the claims asserted here. Accordingly, they are only relevant to this Court's determination of whether the exercise of general jurisdiction over Privatbank is warranted pursuant to Rule 4(k)(2) for having such "continuous and systematic general business contacts" with the United States. *See Aerogroup Int'l, Inc.*, 956 F.Supp. at 439.

Because plaintiffs have identified a genuine issue of jurisdictional fact, the question of general jurisdiction cannot be resolved on the pleadings and affidavits alone. Thus, plaintiffs are entitled to jurisdictional discovery regarding the extent of defendant Privatbank's general business contacts with the United States in the years 1992—1998, a period that includes the relevant period in this action and five preceding years. *See In re Magnetic Audiotape Antitrust Litig.*, 334 F.3d at 207–08; *see also, Metropolitan Life Ins. Co.*, 84 F.3d at 569–70 (holding that the time period relevant for determining extent of a defendant's contacts for general jurisdiction purpose should include a number of years prior to the events giving rise to the claims asserted).

## IV. CONCLUSION

For the reasons set forth above, the Sovereign defendants' motion to dismiss is granted in part and denied in part. Plaintiffs' claims alleging takings in violation of international law, promissory estoppel, equitable estoppel, and unjust enrichment—counts seven, nine, and ten in the complaint—are hereby dismissed as against the Sovereign defendants. In addition, the motion of individual defendants Horath and Buchmann to dismiss the complaint for lack of personal jurisdiction is granted and all claims asserted against those defendants are hereby dismissed.

Because this Court finds that an issue of jurisdictional fact exists as to the existence of general jurisdiction pursuant to Rule 4(k)(2) as to corporate defendant Privatbank, its motion to dismiss is denied without prejudice to its renewal pending conclusion of jurisdictional discovery on that issue.

**In re: TERRORIST ATTACKS ON SEPTEMBER 11, 2001**

**Burnett v. Al Baraka Inv. & Dev. Corp. Ashton v. Al Qaeda Islamic Army Tremsky v. Qsama Bin Laden Salvo v. Al Qaeda Islamic Army Burnett v. Al Baraka Inv. & Dev. Corp. Federal Insurance v. Al Qaida Barrera v. Al Qaeda Islamic Army Vigilant Insurance v. Kingdom of Saudi Arabia**

**Nos. 03 MDL 1570(RCC), 02 CIV. 1616, 02 CIV. 6977, 02 CIV. 7300, 03 CIV. 5071, 03 CIV. 5738, 03 CIV. 6978, 03 CIV. 7036, 03 CIV. 8591.**

United States District Court,
S.D. New York.

Jan. 18, 2005.

**Background:** Survivors, family members, and representatives of victims of Septem-

ber 11, 2001 terrorist attacks, as well as insurance carriers, brought actions against al Qaeda, al Qaeda's members and associates, alleged state sponsors of terrorism, and individuals and entities who allegedly provided support to Al Qaeda, asserting causes of action under Torture Victim Protection Act (TVPA), Antiterrorism Act (ATA), Alien Tort Claims Act (ATCA), and Racketeer Influenced and Corrupt Organizations Act (RICO), as well as claims for aiding and abetting, conspiracy, intentional infliction of emotional distress, negligence, survival, wrongful death, trespass, and assault and battery. Actions were consolidated by Multidistrict Litigation Panel. Various defendants filed motions to dismiss.

**Holdings:** The District Court, Casey, J., held that:

(1) jurisdictional discovery was warranted on issue whether Saudi Arabian bank was immune under Foreign Sovereign Immunities Act (FSIA);

(2) claims against Saudi Arabia and two of its officials based on alleged contributions to charities were not subject to commercial activities exception of FSIA;

(3) complaint alleging that Saudi Princes contributed to charities that supported al Qaeda failed to allege causal connection sufficient to satisfy New York standard for concerted action liability, for purposes of torts exception of FSIA;

(4) claims against Saudi Arabian Prince arising from alleged contributions to charities were barred by discretionary function exception to torts exception of FSIA;

(5) claims against Saudi Arabian Prince arising from alleged decisions regarding treatment of Taliban and al Qaeda leader were barred by discretionary function exception to torts exception of FSIA;

(6) claims against Saudi Arabia arising from alleged decisions to make charitable contributions were barred by discretionary function exception to torts exception of FSIA;

(7) survivors failed to make prima facie showing necessary to establish personal jurisdiction over Princes and others under New York's long-arm statute;

(8) modified due process standard appropriate for mass torts would not be applied to question of personal jurisdiction;

(9) allegations were insufficient to establish general personal jurisdiction over Princes;

(10) survivors failed to establish personal jurisdiction over founder of Saudi Arabian company;

(11) limited discovery would be permitted with regard to whether Saudi Arabian bank's contacts with United States were sufficient for exercise of personal jurisdiction;

(12) survivors failed to establish personal jurisdiction over director of charity;

(13) jurisdictional discovery was warranted to determine if Saudi Arabian construction company purposefully directed its activities at United States;

(14) jurisdictional discovery was warranted to determine which of charitable network's entities had presence in Virginia, for purposes of personal jurisdiction;

(15) survivors made prima facie showing of personal jurisdiction over bank chairman;

(16) survivors failed to state cause of action under RICO;

(17) attacks were extreme and outrageous, as required for intentional infliction of emotional distress;

HOUSE_OVERSIGHT_017831

(18) survivors failed to state cause of action under ATA against banks; and

(19) survivors stated cause of action against bank chairman under ATA.

Order accordingly.

**1. Federal Courts ⟹157**

Although district court would review and give deference to opinion issued by judge of another district court prior to transfer of case by Multidistrict Litigation Panel, district court was required to evaluate motions to dismiss on merits de novo, and was bound by Second Circuit law, not District of Columbia law, which was applied by the other district court. 28 U.S.C.A. § 1407; Fed.Rules Civ.Proc.Rule 12(b), 28 U.S.C.A.

**2. International Law ⟹10.38**

Under the Foreign Sovereign Immunities Act (FSIA), a foreign state and its instrumentalities are presumed immune from United States courts' jurisdiction. 28 U.S.C.A. § 1602 et seq.

**3. International Law ⟹10.31**

The exceptions to immunity provided by the Foreign Sovereign Immunities Act (FSIA) provide the sole basis for obtaining subject matter jurisdiction over a foreign state and its instrumentalities in federal court. 28 U.S.C.A. § 1602 et seq.

**4. International Law ⟹7**

A federal court must inquire at the threshold of every action against a foreign state whether the exercise of its jurisdiction is appropriate.

**5. International Law ⟹10.38**

On a motion to dismiss challenging subject matter jurisdiction under the Foreign Sovereign Immunities Act (FSIA), the defendant must first present a prima facie case that it is a foreign sovereign; in response, the plaintiff must present evidence that one of the statute's exceptions nullifies the immunity. 28 U.S.C.A. § 1602 et seq.; Fed.Rules Civ.Proc.Rule 12(b)(1), 28 U.S.C.A.

**6. International Law ⟹10.38**

In challenging the District Court's subject matter jurisdiction under the Foreign Sovereign Immunities Act (FSIA) on a motion to dismiss, the defendants retain the ultimate burden of persuasion. 28 U.S.C.A. § 1602 et seq.; Fed.Rules Civ. Proc.Rule 12(b)(1), 28 U.S.C.A.

**7. International Law ⟹10.38**

The District Court must consult outside evidence if resolution of a proffered factual issue may result in the dismissal of a complaint, pursuant to the Foreign Sovereign Immunities Act (FSIA), for lack of jurisdiction. 28 U.S.C.A. § 1602 et seq.; Fed.Rules Civ.Proc.Rule 12(b)(1), 28 U.S.C.A.

**8. Federal Civil Procedure ⟹1264**

A delicate balance exists between permitting discovery to substantiate exceptions to statutory foreign sovereign immunity and protecting a sovereign's or sovereign's agency's legitimate claim to immunity from discovery. 28 U.S.C.A. § 1602 et seq.

**9. International Law ⟹10.38**

In deciding whether a defendant is entitled to immunity under the Foreign Sovereign Immunities Act (FSIA), the District Court gives great weight to any extrinsic submissions made by the foreign defendant regarding the scope of his official responsibilities. 28 U.S.C.A. § 1602 et seq.

**10. International Law ⟹10.33**

Director of Saudi Arabia's Department of General Intelligence (DGI) was immune from Antiterrorism Act (ATA) suit by survivors of victims of Septem-

ber 11, 2001 attacks for his official acts, notwithstanding that he was also Saudi Arabia's ambassador to United Kingdom, unless exception to Foreign Sovereign Immunities Act (FSIA) applied. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1603.

**11. International Law ⟹10.33**

Saudi Arabia's Minister of Defense and Aviation, as third-highest ranking member of Saudi government, was immune from Antiterrorism Act (ATA) suit by survivors of victims of September 11, 2001 attacks for his official acts, unless exception to Foreign Sovereign Immunities Act (FSIA) applied. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1603.

**12. International Law ⟹10.34**

Saudi Arabia's ownership of bank was required to be direct for bank to enjoy immunity, pursuant to Foreign Sovereign Immunities Act (FSIA), from Antiterrorism Act (ATA) suit by survivors of victims of September 11, 2001 attacks; that is, bank would not be immune as instrumentality of Saudi Arabia if its majority owner, known as Public Investment Fund (PIF), was agency, instrumentality, or organ of Saudi Arabia. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1603(b)(2).

**13. Federal Civil Procedure ⟹1264**

Limited jurisdictional discovery was warranted, on Saudi Arabian bank's motion to dismiss Antiterrorism Act (ATA) suit filed by survivors of victims of September 11, 2001 attacks, on issue whether bank was immune under Foreign Sovereign Immunities Act (FSIA), where resolution of status of bank's majority owner was not determinable on current record, majority owner might qualify either as organ or political subdivision of Saudi Arabia, and parties' affidavits had not been subjected to cross examination and were self-serving. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1603(b)(2); Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**14. International Law ⟹10.33**

In deciding whether to apply the commercial activities exception to the Foreign Sovereign Immunities Act (FSIA), courts must inquire whether the foreign state's actions are the type of actions by which a private party engages in trade and traffic or commerce. 28 U.S.C.A. § 1605(a)(2).

**15. International Law ⟹10.33**

To extent that Antiterrorism Act (ATA) claims against Saudi Arabia and two of its government officials by survivors of victims of September 11, 2001 attacks were based on defendants' alleged contributions to charities, those alleged acts were not commercial and thus were not subject to commercial activities exception of Foreign Sovereign Immunities Act (FSIA), even if alleged acts constituted money laundering. 18 U.S.C.A. §§ 1956, 2331 et seq.; 28 U.S.C.A. § 1605(a)(2).

**16. International Law ⟹10.33**

For purposes of the commercial activity exception to the Foreign Sovereign Immunities Act (FSIA), a commercial activity must be one in which a private person can engage lawfully. 28 U.S.C.A. § 1605(a)(2).

**17. International Law ⟹10.33**

Since money laundering is an illegal activity, it cannot be the basis for applicability of the commercial activities exception to the Foreign Sovereign Immunities Act (FSIA). 18 U.S.C.A. § 1956; 28 U.S.C.A. § 1605(a)(2).

**18. International Law ⟹10.33**

Foreign Sovereign Immunities Act (FSIA) exception for state sponsors of terrorism did not apply to Antiterrorism Act (ATA) claims against Saudi Arabia and two of its government officials by survivors of victims of September 11, 2001 attacks,

HOUSE_OVERSIGHT_017833

where parties agreed that Saudi Arabia had not been designated state sponsor of terrorism. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(7)(A).

**19. International Law ⟹10.33**

Generally, acts are "discretionary," for purposes of the discretionary function exception to the torts exception of the Foreign Sovereign Immunities Act (FSIA), if the acts are performed at the planning level of government, as opposed to the operational level. 28 U.S.C.A. § 1605(a)(5).

See publication Words and Phrases for other judicial constructions and definitions.

**20. International Law ⟹10.33**

To fit within the torts exception of the Foreign Sovereign Immunities Act (FSIA), plaintiffs must come forward with evidence demonstrating that the defendants' tortious acts or omissions caused the plaintiffs' injuries. 28 U.S.C.A. § 1605(a)(5).

**21. International Law ⟹10.33**

To extent that Saudi Arabian Princes' alleged donations to charities that supported terrorist organizations were made in Princes' personal capacities, Antiterrorism Act (ATA) claims arising from such alleged donations, asserted by survivors of victims of September 11, 2001 attacks, were not subject to protection of torts exception of Foreign Sovereign Immunities Act (FSIA). 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(5).

**22. Conspiracy ⟹1.1**

**Torts ⟹21**

In New York, conspiracy and aiding and abetting are varieties of concerted action liability, for which there must be: (1) an express or tacit agreement to participate in a common plan or design to commit a tortious act; (2) tortious conduct by each defendant; and (3) the commission by one of the defendants, in pursuance of the agreement, of an act that constitutes a tort.

**23. Conspiracy ⟹2**

Under New York law, liability for conspiracy requires an agreement to commit a tortious act.

**24. Torts ⟹21**

Under New York law, aiding and abetting liability requires that the defendant have given substantial assistance or encouragement to the primary wrongdoer.

**25. International Law ⟹10.43**

Antiterrorism Act (ATA) complaint by survivors of victims of September 11, 2001 attacks, alleging that Saudi Princes contributed to charities that supported al Qaeda, and that al Qaeda repeatedly and publicly targeted United States, failed to allege causal connection sufficient to satisfy New York standard for concerted action liability, for purposes of torts exception of Foreign Sovereign Immunities Act (FSIA), absent allegations from which it could be inferred that Princes knew charities were fronts for al Qaeda. 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(5).

**26. International Law ⟹10.43**

To allege a causal connection sufficient to invoke the torts exception of the Foreign Sovereign Immunities Act (FSIA), in connection with a defendant's contributions to organizations that are not themselves designated terrorists, there must be some facts presented to support the allegation that the defendant knew the receiving organization to be a solicitor, collector, supporter, front or launderer for such an entity; there must be some facts to support an inference that the defendant knowingly provided assistance or encouragement to the wrongdoer. 28 U.S.C.A. § 1605(a)(5).

HOUSE_OVERSIGHT_017834

**27. International Law ⟹10.43**

Plaintiffs may not circumvent the jurisdictional hurdle of the Foreign Sovereign Immunities Act (FSIA) by inserting vague and conclusory allegations of tortious conduct in their complaints, and then relying on the federal courts to conclude that some conceivable non-discretionary tortious act falls within the purview of these generic allegations under the applicable substantive law. 28 U.S.C.A. § 1605(a)(5).

**28. International Law ⟹10.33**

In determining whether functions are discretionary, for purposes of the discretionary function exception to the torts exception of the Foreign Sovereign Immunities Act (FSIA), the District Court must decide whether the actions involved an element of choice or judgment based on considerations of public policy. 28 U.S.C.A. § 1605(a)(5).

**29. International Law ⟹10.33**

Alleged decisions to make charitable contributions to terrorist organizations, made by Saudi Arabian Prince, as chairman of Supreme Council of Islamic Affairs, which was charged with making recommendations to Council of Ministers regarding requests for aid from Islamic organizations located abroad, and as head of Special Committee of Council of Ministers, which was charged with deciding which grants should be made to Islamic charities, were discretionary, such that Antiterrorism Act (ATA) claims against Prince by survivors of victims of September 11, 2001 attacks arising from such alleged contributions were barred by discretionary function exception to torts exception of Foreign Sovereign Immunities Act (FSIA). 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(2).

**30. International Law ⟹10.33**

Alleged decisions regarding treatment of Taliban and al Qaeda leader made by Saudi Prince, as head of Saudi Arabia's Department of General Intelligence (DGI), were discretionary, such that Antiterrorism Act (ATA) claims against Prince by survivors of victims of September 11, 2001 attacks arising from such alleged decisions were barred by discretionary function exception to torts exception of Foreign Sovereign Immunities Act (FSIA). 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(2).

**31. International Law ⟹10.33**

Saudi Arabia's decisions to make charitable contributions to organizations that allegedly supported terrorism were discretionary, such that Antiterrorism Act (ATA) claims against Saudi Arabia by survivors of victims of September 11, 2001 attacks arising from contributions were barred by discretionary function exception to torts exception of Foreign Sovereign Immunities Act (FSIA). 18 U.S.C.A. § 2331 et seq.; 28 U.S.C.A. § 1605(a)(2).

**32. International Law ⟹10.32**

A waiver of Foreign Sovereign Immunities Act (FSIA) immunity must be explicit. 28 U.S.C.A. § 1602 et seq.

**33. Federal Courts ⟹96**

Because motions to dismiss for lack of personal jurisdiction were brought before discovery and decided without evidentiary hearing, plaintiffs were required only to make prima facie showing that personal jurisdiction existed in order to survive motions. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**34. Federal Courts ⟹96**

In responding to motions to dismiss for lack of personal jurisdiction brought before discovery and decided without evidentiary hearing, plaintiffs could rely en-

HOUSE_OVERSIGHT_017835

tirely on factual allegations, and would prevail even if defendants made contrary arguments. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**35. Federal Courts ⇐96**

In resolving motions to dismiss for lack of personal jurisdiction, the district court reads the complaints and affidavits in a light most favorable to the plaintiffs. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**36. Federal Courts ⇐96**

In resolving a motion to dismiss for lack of personal jurisdiction, the district court will not accept legally conclusory assertions or draw argumentative inferences. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**37. Federal Courts ⇐417**

A federal court sitting in diversity exercises personal jurisdiction over a foreign defendant to the same extent as courts of general jurisdiction of the state in which it sits. Fed.Rules Civ.Proc.Rule 4(k)(1)(A), 28 U.S.C.A.

**38. Courts ⇐12(2.20)**

For New York's long-arm statute to provide a basis for personal jurisdiction in a civil conspiracy action, the plaintiffs are not required to establish the existence of a formal agency relationship between the defendants and their putative co-conspirators. N.Y.McKinney's CPLR 302(a)(2).

**39. Courts ⇐12(2.20)**

The bland assertion of conspiracy is insufficient to establish personal jurisdiction under New York's long-arm statute. N.Y.McKinney's CPLR 302(a)(2).

**40. Courts ⇐12(2.20)**

To establish personal jurisdiction on a conspiracy theory under New York's long-arm statute, the plaintiffs must make a prima facie showing of conspiracy, allege specific facts warranting the inference that the defendant was a member of the conspiracy, and show that the defendant's co-conspirator committed a tort in New York. N.Y.McKinney's CPLR 302(a)(2).

**41. Courts ⇐12(2.20)**

To warrant the inference that an out-of-state defendant was a member of a conspiracy, as required for a court to exercise personal jurisdiction under New York's long-arm statute on the basis of the acts of co-conspirators in New York, plaintiffs must show that: (1) the defendant had an awareness of the effects in New York of its activity; (2) the activity of the co-conspirators in New York was to the benefit of the out-of-state conspirators; and (3) the co-conspirators acting in New York acted at the direction or under the control or at the request of or on behalf of the out-of-state defendant. N.Y.McKinney's CPLR 302(a)(2).

**42. Federal Courts ⇐94, 96**

Allegations by victims' survivors, that various defendants, including Saudi Arabian Princes, conspired with al Qaeda terrorists to perpetrate September 11, 2001 attacks, failed to make prima facie showing necessary to establish personal jurisdiction as to Antiterrorism Act (ATA) claims under New York's long-arm statute, absent specific facts from which district court could infer that defendants directed, controlled, or requested al Qaeda to undertake its terrorist activities, or specific allegations of defendants' knowledge of or consent to those activities. 18 U.S.C.A. § 2331 et seq.; N.Y.McKinney's CPLR 302(a)(2).

**43. Constitutional Law ⇐305(5)**
**Federal Courts ⇐76.5**

For jurisdiction to exist under the rule establishing personal jurisdiction in any district court for cases arising under

federal law where the defendant has sufficient contacts with the United States as a whole but is not subject to jurisdiction in any particular state, there must be a federal claim, personal jurisdiction must not exist over the defendant in any state, and the defendant must have sufficient contacts with the United States as a whole such that the exercise of jurisdiction does not violate Fifth Amendment due process. U.S.C.A. Const.Amend. 5; Fed.Rules Civ. Proc.Rule 4(k)(2), 28 U.S.C.A.

**44. Constitutional Law ⟹305(5)**

To comply with the Due Process Clause, jurisdiction based on the Antiterrorism Act (ATA), or on the rule establishing personal jurisdiction in any district court for cases arising under federal law where the defendant has sufficient contacts with the United States as a whole but is not subject to jurisdiction in any particular state, requires minimum contacts with the United States, which may be established under a "personally directed" theory. U.S.C.A. Const.Amend. 5; 18 U.S.C.A. § 2334(a); Fed.Rules Civ.Proc.Rule 4(k)(2), 28 U.S.C.A.

**45. Constitutional Law ⟹305(5)**
**Federal Courts ⟹76.25, 86**

Modified due process standard appropriate for mass torts would not be applied to question whether district court had personal jurisdiction over Saudi Arabian Princes and other defendants in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, given questions as to defendants' contacts with forum and attenuated nature of their alleged involvement with al Qaeda. U.S.C.A. Const.Amend. 5; 18 U.S.C.A. § 2331 et seq.

**46. Constitutional Law ⟹305(4.1)**

Any exercise of personal jurisdiction must comport with the requirements of due process. U.S.C.A. Const.Amend. 5.

**47. Constitutional Law ⟹305(4.1)**

Depending on the basis for personal jurisdiction, due process under either the Fifth or Fourteenth Amendment applies. U.S.C.A. Const.Amends. 5, 14.

**48. Courts ⟹12(2.5)**

Personal jurisdiction under the New York long-arm statute requires minimum contacts with New York pursuant to the Fourteenth Amendment. U.S.C.A. Const. Amend. 14; N.Y.McKinney's CPLR 302(a)(2).

**49. Constitutional Law ⟹305(5)**

Pursuant to the Fifth Amendment, personal jurisdiction, under the rule establishing personal jurisdiction in any district court for cases arising under federal law where the defendant has sufficient contacts with the United States as a whole but is not subject to jurisdiction in any particular state, requires contacts with the United States as a whole. U.S.C.A. Const.Amend. 5; Fed.Rules Civ.Proc.Rule 4(k)(2), 28 U.S.C.A.

**50. Constitutional Law ⟹305(5)**

The due process minimum contacts requirement is known as "fair warning," such that the defendant's contacts with the forum should be sufficient to make it reasonable to be haled into court there. U.S.C.A. Const.Amends. 5, 14.

**51. Constitutional Law ⟹305(5)**

The "fair warning" requirement of the Due Process Clause is satisfied if the defendant has purposefully directed his activities at the residents of the forum and the litigation results from alleged injuries that arise out of or relate to those activities. U.S.C.A. Const.Amends. 5, 14.

**52. Constitutional Law ⟹305(5)**
**Federal Courts ⟹76.5, 76.10**

For purposes of the minimum contacts inquiry required by the Due Process

HOUSE_OVERSIGHT_017837

Clause, a distinction is made between specific and general jurisdiction, such that "specific jurisdiction" exists when the forum exercises jurisdiction over the defendant in a suit arising out of the defendant's contacts with that forum, while "general jurisdiction" is based on the defendant's general business contacts with the forum; because the defendant's contacts are not related to the suit, a considerably higher level of contacts is generally required for general jurisdiction. U.S.C.A. Const. Amends. 5, 14.

See publication Words and Phrases for other judicial constructions and definitions.

**53. Constitutional Law ⟹305(5)**

In determining whether the exercise of personal jurisdiction is reasonable under the Due Process Clause, a court is to consider: (1) the burden that the exercise of jurisdiction will impose on the defendant; (2) the interests in the forum state in adjudicating the case; (3) the plaintiff's interest in obtaining convenient and effective relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of the controversy; and (5) the shared interest of the states in furthering substantive social policies. U.S.C.A. Const.Amends. 5, 14.

**54. Federal Courts ⟹86**

In general, great care and reserve should be exercised when extending notions of personal jurisdiction into the international field.

**55. Federal Civil Procedure ⟹1267.1**

In evaluating jurisdictional motions, district courts enjoy broad discretion in deciding whether to order discovery.

**56. Federal Civil Procedure ⟹1269.1**

Courts are not obligated to subject a foreign defendant to discovery where the allegations of jurisdictional facts, construed in plaintiffs' favor, fail to state a basis for the exercise of jurisdiction or where discovery would not uncover sufficient facts to sustain jurisdiction.

**57. Federal Courts ⟹94**

Allegations that Saudi Royal Family members owned substantial assets in and did substantial business in United States, and used profits therefrom to fund international terrorist acts, including those leading to September 11 attacks, and that Saudi Arabian Prince was ex-officio Chairman of Board of Saudi Arabia Airlines, which did business in United States and internationally, were insufficient to establish general personal jurisdiction over Prince in Antiterrorism Act (ATA) action by survivors of victims of September 11 attacks. 18 U.S.C.A. § 2331 et seq.

**58. Federal Courts ⟹94**

Allegations that Saudi Arabian Prince aided and abetted terrorism, and that he donated to charities that he knew to be supporters of international terrorism, were insufficient to establish personal jurisdiction under "purposefully directed activities" theory in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks. 18 U.S.C.A. § 2331 et seq.

**59. Federal Courts ⟹94**

Allegations that Saudi Arabian Prince donated money to charities were insufficient to establish personal jurisdiction in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, absent specific factual allegations that he knew charities were funding money to terrorists. 18 U.S.C.A. § 2331 et seq.

**60. Federal Courts ⟹86**

Saudi Arabian Prince's alleged contacts with United States, during ten-year period prior to September 11, 2001 at-

tacks, consisting of one speech in United States, and handful of investments in United States through banks with which he was affiliated, were not sufficiently systematic and continuous for general personal jurisdiction in Antiterrorism Act (ATA) action by survivors of victims of attacks. 18 U.S.C.A. § 2331 et seq.

**61. Federal Courts ⟹76.20, 86**

Even assuming that district court had personal jurisdiction over Saudi Arabian financial institutions in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, Saudi Arabian Prince's position as officer of such institutions was not basis for personal jurisdiction over him, where there was no allegation he had knowledge or involvement in any al Qaeda accounts at any banks he chaired. 18 U.S.C.A. § 2331 et seq.

**62. Courts ⟹12(2.20)**

The mere fact that a corporation is subject to jurisdiction in New York does not mean that individual officers may be hauled before New York courts without any showing that the individuals themselves maintained a presence or conducted business in New York.

**63. Federal Courts ⟹96**

Even assuming that name of founder of Saudi Arabian company appeared in "Golden Chain," which allegedly listed early direct donors to al Qaeda, such list was insufficient to establish personal jurisdiction in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, absent indications of who wrote list, when it was written, or for what purpose it was written. 18 U.S.C.A. § 2331 et seq.

**64. Federal Courts ⟹96**

Appearance of Saudi Arabian watch retailer's name in "Golden Chain," which allegedly listed early direct donors to al Qaeda, was insufficient to establish personal jurisdiction in Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, inasmuch as list did not establish his involvement in terrorist conspiracy culminating in attacks and did not demonstrate that he purposefully directed his activities at United States. 18 U.S.C.A. § 2331 et seq.

**65. Federal Courts ⟹97**

Limited discovery would be permitted, at dismissal stage of Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, with regard to whether Saudi Arabian bank's contacts with United States were sufficient for exercise of personal jurisdiction consistent with due process, inasmuch as contacts, including former presence of bank's branch office and subsidiary in United States, bank's instigation of lawsuit in United States, and its advertisements in United States publications, when taken together, might establish personal jurisdiction. U.S.C.A. Const.Amend. 5; 18 U.S.C.A. § 2331 et seq.; Fed.Rules Civ. Proc.Rule 12(b)(1), 28 U.S.C.A.

**66. Federal Courts ⟹94**

Allegations of survivors of victims of September 11, 2001 attacks were insufficient to establish personal jurisdiction over director of charity in Antiterrorism Act (ATA) action, inasmuch as complaint did not contain any specific actions by director from which district court could infer that he purposefully directed his activities at United States, his affiliations with entities that were alleged to have United States contacts would not sustain jurisdiction, and his being shareholder in United States company was not sufficient for jurisdiction. 18 U.S.C.A. § 2331 et seq.

**67. Federal Courts ⟹94**

Allegations of survivors of victims of September 11, 2001 attacks were insuffi-

HOUSE_OVERSIGHT_017839

cient to establish personal jurisdiction in Antiterrorism Act (ATA) action over individuals allegedly affiliated with Saudi Arabian construction company, inasmuch as complaint did not contain any factual allegations from which district court could infer that they purposefully directed their activities at United States, that they were members of conspiracy pursuant to New York long-arm statute, or that they had any general business contacts with United States. 18 U.S.C.A. § 2331 et seq.; N.Y.McKinney's CPLR 302(a)(2).

**68. Federal Courts ⟹97**

Jurisdictional discovery was warranted, at dismissal stage of Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, to determine if Saudi Arabian construction company purposefully directed its activities at United States for purposes of personal jurisdiction. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**69. Federal Courts ⟹97**

Discovery would be permitted, at dismissal stage of Antiterrorism Act (ATA) action by survivors of victims of September 11, 2001 attacks, to determine which of charitable network's entities had presence in Virginia, and which entities transferred money to alleged al Qaeda operatives, for purposes of determining whether personal jurisdiction existed over network. Fed. Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**70. Federal Courts ⟹96**

Survivors of victims of September 11, 2001 attacks made prima facie showing of personal jurisdiction over bank chairman in Antiterrorism Act (ATA) action, by alleging, inter alia, that Department of Treasury designated him as Specially Designated Global Terrorist, and that he was involved in United States operations of designated terrorist organization. 18 U.S.C.A. § 2331 et seq.

**71. War and National Emergency ⟹50**

To prove that defendants provided material support to terrorists, in violation of Antiterrorism Act (ATA), plaintiffs were required to present sufficient causal connection between that support and injuries suffered by plaintiffs; proximate cause would support such connection. 18 U.S.C.A. §§ 2339A(b), 2339B(g).

**72. Conspiracy ⟹1.1**

**Torts ⟹21**

To be liable for conspiracy or aiding and abetting under New York law, a defendant must know the wrongful nature of the primary actor's conduct, and the conduct must be tied to a substantive cause of action.

**73. International Law ⟹10.11**

Aircraft hijacking is generally recognized as violation of international law, for purposes of the requirement that an act be committed in violation of international law in order to be subject to the Alien Tort Claims Act (ATCA). 28 U.S.C.A. § 1350.

**74. Racketeer Influenced and Corrupt Organizations ⟹75**

Survivors of victims of September 11, 2001 attacks failed to allege injury from defendants' alleged investment of racketeering income, and thus failed to state cause of action in complaint for violations of Racketeer Influenced and Corrupt Organizations Act (RICO) provision prohibiting receipt of income derived from pattern of racketeering activity. 18 U.S.C.A. § 1962(a).

**75. Racketeer Influenced and Corrupt Organizations ⟹50**

A defendant must have had some part in directing the operation or management of the enterprise itself to be liable under the Racketeer Influenced and Corrupt Organizations Act (RICO) provision prohibit-

ing participation in the conduct of an enterprise's affairs through a pattern of racketeering activity. 18 U.S.C.A. § 1962(c).

**76. Racketeer Influenced and Corrupt Organizations ⟹50**

Allegations of complaint filed by survivors of victims of September 11, 2001 attacks, including that bank and charitable network may have assisted al Qaeda, failed to state cause of action under Racketeer Influenced and Corrupt Organizations Act (RICO) conspiracy provision, or provision prohibiting participation in conduct of enterprise's affairs through pattern of racketeering activity, in that allegations did not include anything approaching active management or operation. 18 U.S.C.A. § 1962(c, d).

**77. International Law ⟹10.11**

Only individuals may be sued under the Torture Victim Protection Act (TVPA). 28 U.S.C.A. § 1350 note.

**78. International Law ⟹10.11**

Survivors of victims of September 11, 2001 attacks failed to state cause of action in complaint against two individuals under Torture Victim Protection Act (TVPA), where there were no allegations individuals acted under color of law. 28 U.S.C.A. § 1350 note.

**79. War and National Emergency ⟹50**

To adequately plead the provision of material support under the Antiterrorism Act (ATA), a plaintiff has to allege that the defendant knew about the terrorists' illegal activities, the defendant desired to help those activities succeed, and the defendant engaged in some act of helping those activities. 18 U.S.C.A. § 2333(a).

**80. Conspiracy ⟹7, 18**

To state cause of action under Antiterrorism Act (ATA) pursuant to conspiracy theory, survivors of victims of September 11, 2001 attacks were required to allege that defendants were involved in agreement to accomplish unlawful act and that attacks were reasonably foreseeable consequence of that conspiracy; survivors did not have to allege that defendants knew specifically about attacks or that they committed any specific act in furtherance of attacks. 18 U.S.C.A. § 2333(a).

**81. Death ⟹31(3.1)**

Survivors of victims of September 11, 2002 attacks could state claims for wrongful death and survival under New York law if they were personal representatives of victims and sufficiently alleged that defendants supported, aided and abetted, or conspired with September 11 terrorists. N.Y.McKinney's EPTL 5–4.1, 11–3.2(b).

**82. Assault and Battery ⟹21**

**Limitation of Actions ⟹31**

The statute of limitations for assault and battery and intentional infliction of emotional distress claims under New York law is one year. N.Y.McKinney's CPLR 215(3).

**83. Damages ⟹57.22**

In actions for intentional infliction of emotional distress under New York law, courts are to determine whether the alleged conduct is sufficiently extreme and outrageous enough to permit recovery.

**84. Damages ⟹57.25(1)**

Attacks of September 11, 2001 were extreme and outrageous, as required for liability for intentional infliction of emotional distress under New York law.

**85. Trespass ⟹30**

To extent that survivors of victims of September 11, 2001 attacks sufficiently pled that defendants acted in concert with September 11 hijackers, they stated cause

HOUSE_OVERSIGHT_017841

of action for trespass under New York law pursuant to concerted action theory.

**86. Damages ⇐57.14, 57.27**

In New York, a plaintiff may establish negligent infliction of emotional distress under the bystander or direct duty theory.

**87. Damages ⇐57.27**

Under the bystander theory for proving negligent infliction of emotional distress under New York law, a defendant's conduct is negligent as creating an unreasonable risk of bodily harm to a plaintiff, and such conduct is a substantial factor in bringing about injuries to the plaintiff in consequence of shock or fright resulting from his or her contemporaneous observation of serious physical injury or death inflicted by the defendant's conduct on a member of the plaintiff's immediate family in his or her presence.

**88. Damages ⇐57.14**

Under the direct duty theory for proving negligent infliction of emotional distress under New York law, a plaintiff suffers emotional distress caused by defendant's breach of a duty which unreasonably endangered the plaintiff's own physical safety.

**89. Negligence ⇐202**

To establish a claim for negligence under New York law, a plaintiff must show that the defendant owed the plaintiff a cognizable duty of care, that the defendant breached that duty, and that the plaintiff suffered damages as a proximate cause of that breach.

**90. Negligence ⇐210**

The most basic element of a negligence claim under New York law is the existence of a duty owed to plaintiffs by defendants.

**91. Banks and Banking ⇐100**

Under New York negligence law, banks do not owe non-customers a duty to protect them from the intentional torts of their customers.

**92. Damages ⇐57.18**
**Negligence ⇐210**

Survivors of victims of September 11, 2001 attacks failed to state causes of action in complaint against alleged supporters of terrorists for negligence and negligent infliction of emotional distress, inasmuch as they failed to allege or identify duty owed to them by defendants.

**93. War and National Emergency ⇐50**

In light of extreme nature of charge of terrorism, fairness required extra-careful scrutiny of allegations by survivors of victims of September 11, 2001 attacks as to any particular defendant, to ensure that he, or it, had fair notice of claims, including claims under Antiterrorism Act (ATA). 18 U.S.C.A. § 2331 et seq.

**94. Banks and Banking ⇐226**

Allegations in complaint by survivors of victims of September 11, 2001 attacks, that Saudi Arabian bank aided and abetted terrorists by donating to charities and acting as bank for charities, failed to state cause of action under Antiterrorism Act (ATA) against bank, in that survivors offered no facts to support conclusion that bank knew of charities' alleged support for terrorism, and failed to allege relationship between Hamas, with which bank allegedly had ties, and September 11 terrorists. 18 U.S.C.A. § 2331 et seq.

**95. Conspiracy ⇐1.1**
**Torts ⇐21**

Under New York law, concerted action liability, pursuant to a conspiracy or aiding and abetting theory, requires general knowledge of the primary actor's conduct.

**96. Banks and Banking ⚷226**

Allegations in complaint by survivors of victims of September 11, 2001 attacks, that bank based in Rihadh, Saudi Arabia provided material support to al Qaeda, failed to state cause of action under Antiterrorism Act (ATA) against bank, absent allegations that bank knew that anything relating to terrorism was occurring through services it provided. 18 U.S.C.A. § 2331 et seq.

**97. Banks and Banking ⚷226**

Allegations in complaints by survivors of victims of September 11, 2001 attacks, that bank headquartered in Egypt provided financial services and other material support to terrorist organizations including al Qaeda, failed to state cause of action under Antiterrorism Act (ATA) against bank, in that complaints did not include facts to support inference that bank knew or had to know that it was providing material support to terrorists by providing financial services to charities or by processing wire transfers in Spain. 18 U.S.C.A. § 2331 et seq.

**98. Brokers ⚷106**

**War and National Emergency ⚷50**

Allegations in complaints by survivors of victims of September 11, 2001 attacks failed to state cause of action under Antiterrorism Act (ATA) against investment company based in Jeddah, Saudi Arabia or against Saudi Arabian bank founder, in that majority of allegations regarding investment company actually concerned another entity, survivors alleged that company supported charity but did not allege that company knew that charity was supporting terrorism, and allegation that employee of other entity's subsidiary financially supported two hijackers did not translate into allegation that bank founder provided material support to terrorism or aided and abetted those who provided material support. 18 U.S.C.A. § 2331 et seq.

**99. Federal Civil Procedure ⚷1269.1**

Limited jurisdictional discovery was warranted, on Saudi Arabian bank's motion to dismiss Antiterrorism Act (ATA) suit by survivors of victims of September 11, 2001 attacks, as to issue whether bank was immune from suit as instrumentality of Saudi Arabia, and as to whether District Court could exercise personal jurisdiction over bank. 18 U.S.C.A. § 2331 et seq.; Fed.Rules Civ.Proc.Rule 12(b)(2, 6), 28 U.S.C.A.

**100. Federal Civil Procedure ⚷1269.1**

Limited jurisdictional discovery was warranted, on Saudi Arabian construction company's motion to dismiss Antiterrorism Act (ATA) suit by survivors of victims of September 11, 2001 attacks, as to issue whether company purposefully directed its activities at United States, for purposes of personal jurisdiction. 18 U.S.C.A. § 2331 et seq.; Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

**101. Federal Civil Procedure ⚷1269.1**

Limited jurisdictional discovery was warranted, on charitable network's motion to dismiss Antiterrorism Act (ATA) suit by survivors of victims of September 11, 2001 attacks, as to which entities were subject to District Court's personal jurisdiction and whether entities transferred money to terror fronts. 18 U.S.C.A. § 2331 et seq.; Fed.Rules Civ.Proc.Rule 12(b)(2, 6), 28 U.S.C.A.

**102. War and National Emergency ⚷50**

Allegations of complaint filed by survivors of victims of September 11, 2001 attacks stated cause of action against bank chairman under Antiterrorism Act (ATA), in that allegations and his designation by Department of Treasury as Specially Designated Global Terrorist were sufficient to

HOUSE_OVERSIGHT_017843

permit inference that he provided support to al Qaeda. 18 U.S.C.A. § 2331 et seq.

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**Opinion and Order**

CASEY, District Judge.

On September 11, 2001, nineteen members of the al Qaeda terrorist network hijacked four United States passenger airplanes and flew them into the twin towers of the World Trade Center in New York City, the Pentagon in Arlington, Virginia, and—due to passengers' efforts to foil the hijackers—an open field in Shanksville, Pennsylvania. Thousands of people on the planes, in the buildings, and on the ground were killed in those attacks, countless others were injured, and billions of dollars of property was destroyed.

Pursuant to 28 U.S.C. § 1407, on December 9, 2003 the Multidistrict Litigation Panel centralized six then-pending September 11–related cases before this Court "for coordinated or consolidated pretrial proceedings." Additional actions, that are not the subject of this opinion, have since been filed. Plaintiffs in these consolidated actions are more than three thousand survivors, family members, and representatives of victims, and insurance carriers seeking to hold responsible for the attacks the persons and entities that supported and funded al Qaeda. The complaints al-

HOUSE_OVERSIGHT_017844

lege that over two hundred defendants directly or indirectly provided material support to Osama bin Laden and the al Qaeda terrorists. Generally, these defendants fall into one of several categories: al Qaeda and its members and associates; state sponsors of terrorism; and individuals and entities, including charities, banks, front organizations, terrorist organizations, and financiers who provided financial, logistical, and other support to al Qaeda.[1] *See, e.g., Ashton* Complaint ¶ 5; *Burnett* Complaint "Introduction"; *Federal* Complaint ¶¶ 42–66. The complaints assert subject matter jurisdiction under the Foreign Sovereign Immunities Act ("FSIA"), 28 U.S.C. § 1602 *et seq.;* and causes of action under the Torture Victim Protection Act ("TVPA"), 28 U.S.C. § 1350 note; the Antiterrorism Act ("ATA"), 18 U.S.C. § 2331 *et seq.;* the Alien Tort Claims Act ("ATCA"), 28 U.S.C. § 1350; the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961 *et seq.;* theories of aiding and abetting, conspiracy, intentional infliction of emotional distress, negligence, survival, wrongful death, trespass, and assault and battery.

[1] Several motions to dismiss are pending before the Court. At the suggestion of counsel, the Court scheduled oral arguments in groups organized generally by grounds for dismissal. On September 14, 2004, the Court heard oral argument on the motions to dismiss for lack of subject matter jurisdiction under the FSIA by HRH Prince Sultan bin Abdulaziz Al–Saud ("Prince Sultan"), HRH Prince Turki Al–Faisal bin Abdulaziz Al–Saud ("Prince Turki"),[2] and the National Commercial

1. According to Plaintiffs, Osama bin Laden formed al Qaeda, which means "the Base" or "the Vanguard," into an international terrorist organization with the aim of violently opposing non-Islam governments and Islamic states too beholden to the West. *See, e.g., Burnett* Complaint at 275.

2. Before the Multidistrict Panel transferred *Burnett v. Al Baraka Inv. & Dev. Corp.,* 02 Civ. 1616, to this Court, Judge Robertson of the United States District Court for the District of Columbia dismissed the claims against Prince Sultan relating to acts performed in his official capacity for lack of subject matter jurisdiction. *Burnett v. Al Baraka Inv. & Dev. Corp.,* 292 F.Supp.2d 9, 23 (D.D.C.2003) (hereinafter *"Burnett II"*). Finding that the court lacked personal jurisdiction over Prince Sultan, Judge Robertson dismissed without prejudice the allegations concerning acts taken in his personal, as opposed to official, capacity. *Id.* Judge Robertson dismissed the complaint against Prince Turki for lack of subject matter jurisdiction as well. *Id.*

Prince Sultan and Prince Turki both move to dismiss the complaints against them in *Ashton v. Al Qaeda Islamic Army,* 02 Civ. 6977 (S.D.N.Y.); *Barrera v. Al Qaeda Islamic Army,* 03 Civ. 7036 (S.D.N.Y.); *Burnett v. Al Baraka Inv. & Dev. Corp.,* 02 Civ. 1616 (D.D.C.); *Burnett v. Al Baraka Inv. & Dev. Corp.,* 03 Civ. 5738 (S.D.N.Y.); *Salvo v. Al Qaeda Islamic Army,* 03 Civ. 5071 (S.D.N.Y.); and *Tremsky v. Osama bin Laden,* 02 Civ. 7300 (S.D.N.Y.). Plaintiffs in these cases filed consolidated responses to Prince Sultan's and Prince Turki's motions. In Plaintiffs' words, the New York *Burnett* action is materially identical to the D.C. *Burnett* action and was filed as a "prophylactic" measure in the event the D.C. court found that it lacked subject matter jurisdiction. *Burnett* Complaint at 265. Additionally, at Plaintiffs' counsel request, this Court ordered the *Barrera* action consolidated with the *Ashton* case on December 6, 2004.

Prince Sultan and Prince Turki have each also filed a separate motion to dismiss in *Federal Insurance v. Al Qaida,* 03 Civ. 6978 (S.D.N.Y.), both of which are fully submitted and are resolved in this opinion. The *Federal Insurance* Plaintiffs are forty-one insurance companies that have paid and reserved claims in excess of $4.5 billion as a result of the September 11 attacks.

The *Burnett* Plaintiffs filed a motion for reconsideration in conjunction with Prince Sultan's and Prince Turki's motions to dismiss certain consolidated complaints. While this Court reviews and gives deference to Judge Robertson's thoughtful opinion, it must evaluate Prince Sultan's and Prince Turki's

HOUSE_OVERSIGHT_017845

Bank ("NCB").[3] On October 12, 2004 the Court heard oral argument from Defendants who filed motions to dismiss for lack of personal jurisdiction, including Prince Sultan, HRH Prince Mohamed Al–Faisal Al–Saud ("Prince Mohamed"),[4] the estate of Mohammad Abdullah Aljomaih,[5] Sheikh Hamad Al–Husani,[6] NCB, Abdulrahman bin Mahfouz,[7] the Saudi Binladin Group, Tariq Binladin, Omar Binladin, and Bakr Binladin.[8] Although their counsel did not argue on that day, motions to dismiss by the African Muslim Agency, Grove Corporate, Inc., Heritage Education Trust, International Institute of Islamic Thought, Mar–Jac Investments, Inc., Mena Corporation, Reston Investments, Inc., Safa Trust, Sana–Bell Inc., Sterling Charitable Gift Fund, Sterling Management Group, Inc., and York Foundation, (hereinafter collectively referred to as the "SAAR Network"),[9] Prince Turki, and Adel A.J. Batterjee,[10] also raised personal jurisdiction defenses. On October 14, 2004 the Court heard oral argument from certain Defendants arguing Plaintiffs had failed to state a claim, including Al Rajhi Banking & Investment Corporation (hereinafter "Al Rajhi Bank"),[11] the Saudi American Bank,[12] Arab Bank,[13] NCB, the SAAR Network, Prince Mohamed, Al Baraka Investment & Development Corporation and Saleh Abdullah Kamel,[14] Abdulrahman bin Mahfouz, the Saudi Binladin Group, and Adel A.J. Batterjee. Finally, the last of this group of motions was entertained on

motions on the merits de novo. *See In re Grand Jury Proceedings (Kluger),* 827 F.2d 868, 871 n. 3 (2d Cir.1987) ("A transfer under 28 U.S.C. § 1407 'transfers the action lock, stock, and barrel. The transferee district court has the power and the obligation to modify or rescind any orders in effect in the transferred case which it concludes are incorrect.' ") (internal citations omitted). The Court bears in mind that it is bound by Second Circuit precedent while Judge Robertson applied D.C. Circuit law. *Menowitz v. Brown,* 991 F.2d 36, 40–41 (2d Cir.1993) (explaining transferee court is to apply its interpretation of federal law, not that of the transferor circuit); *In re Air Crash at Belle Harbor, New York,* No. 02 Civ. 8411(RWS), 2003 WL 124677, at *3 (S.D.N.Y. Jan. 15, 2003) (applying Second Circuit law after 28 U.S.C. § 1407 transfer from a district court in the Fifth Circuit).

3. NCB moves to dismiss the complaints against it in *Ashton* and *Burnett.*

4. Prince Mohamed moves to dismiss the complaints against him in *Ashton* and *Federal Insurance.*

5. The estate of Mohammad Abdullah Aljomaih moves to dismiss the complaint in *Burnett.*

6. Sheikh Hamad Al–Husani moves dismiss the complaint in *Burnett.*

7. Abdulrahman bin Mahfouz moves to dismiss the complaint in *Burnett.*

8. The Saudi Binladin Group moves to dismiss the complaints against it in *Burnett* and *Ashton.* Tariq Binladin, Omar Binladin, and Bakr Binladin move to dismiss the *Burnett* complaint.

9. The SAAR Network moves to dismiss the *Federal Insurance* complaint.

10. Adel A.J. Batterjee moves to dismiss the complaint in *Burnett.*

11. Al Rajhi Bank renews its motion to dismiss the *Burnett* complaint. Judge Robertson denied its original motion and permitted it to serve a Rule 12(e) request on the *Burnett* Plaintiffs. *Burnett v. Al Baraka Invest. & Dev. Corp.,* 274 F.Supp.2d 86, 110 (D.D.C.2003) (hereinafter *"Burnett I"*).

12. Saudi American Bank moves to dismiss the *Ashton* and *Burnett* complaints.

13. Arab Bank moves to dismiss the *Burnett* and *Federal Insurance* complaints.

14. Al Baraka Investment & Development Corporation and Saleh Abdullah Kamel move to dismiss the *Ashton* and *Burnett* complaints.

November 5, 2004, when the Court heard oral argument from the Kingdom of Saudi Arabia in its motion to dismiss the *Federal Insurance* complaint.[15]

## I. Subject Matter Jurisdiction Under the FSIA

[2–4] Under the FSIA, a foreign state and its instrumentalities are presumed immune from United States courts' jurisdiction. *Saudi Arabia v. Nelson*, 507 U.S. 349, 355, 113 S.Ct. 1471, 123 L.Ed.2d 47 (1993); 28 U.S.C. §§ 1602–1607. The FSIA's exceptions to immunity provide the sole basis for obtaining subject matter jurisdiction over a foreign state and its instrumentalities in federal court. *Argentine Republic v. Amerada Hess Shipping Corp.*, 488 U.S. 428, 439, 109 S.Ct. 683, 102 L.Ed.2d 818 (1989); *Robinson v. Gov't of Malaysia*, 269 F.3d 133, 138 (2d Cir.2001). Federal courts must inquire at the "threshold of every action" against a foreign state whether the exercise of its jurisdiction is appropriate. *Verlinden B.V. v. Cent. Bank of Nigeria*, 461 U.S. 480, 493, 103 S.Ct. 1962, 76 L.Ed.2d 81 (1983).

### A. Standard of Review

[5, 6] In a Rule 12(b)(1) motion to dismiss challenging subject matter jurisdiction under the FSIA, "the defendant must first 'present a prima facie case that it is a foreign sovereign.'" *Virtual Countries v. Republic of South Africa*, 300 F.3d 230, 241 (2d Cir.2002) (quoting *Cargill Int'l S.A. v. M/T Pavel Dybenko*, 991 F.2d 1012, 1016 (2d Cir.1993)). In response, the plaintiff must present evidence that one of the statute's exceptions nullifies the immunity. *Virtual Countries*, 300 F.3d at 241 ("Determining whether this burden is met involves a 'review of the allegations in the complaint, the undisputed facts, if any, placed before the court by the parties, and—if the plaintiff comes forward with sufficient evidence to carry its burden of production on this issue—resolution of disputed issues of fact.'") (citing *Robinson*, 269 F.3d at 141); *Leutwyler v. Office of Her Majesty Queen Rania Al-Abdullah*, 184 F.Supp.2d 277, 287 (S.D.N.Y.2001) (explaining plaintiff may "rebut the presumption of immunity ... by proffering evidence of record that the defendant undertook certain activities that fall within the scope" of one of the statutory exceptions) (citing *Drexel Burnham Lambert Group Inc. v. Comm. of Receivers for A.W. Galadari*, 12 F.3d 317, 325 (2d Cir. 1993)). In challenging this Court's subject matter jurisdiction, the moving Defendants retain the ultimate burden of persuasion. *Virtual Countries*, 300 F.3d at 241 (citing *Cargill*, 991 F.2d at 1016); *Robinson*, 269 F.3d at 141 n. 8 (noting defendant's burden must be met with a preponderance of the evidence).

[7] Defendants may "challenge either the legal or factual sufficiency of the plaintiff's assertion of jurisdiction, or both." *Robinson*, 269 F.3d at 140 (citations omitted). "If the defendant challenges only the legal sufficiency of the plaintiff's jurisdictional allegations, the court must take all facts alleged in the complaint as true and draw all reasonable inferences in favor of the plaintiff." *Id.* (internal quotations and citations omitted); *Sweet v. Sheahan*, 235 F.3d 80, 83 (2d Cir.2000). "But where evidence relevant to the jurisdictional question is before the court, 'the district court ... may refer to that evidence.'" *Robinson*, 269 F.3d at 140 (quoting *Makarova v. United States*, 201 F.3d 110, 113 (2d Cir.2000)); *see also Filetech S.A. v. France Telecom S.A.*, 157 F.3d 922, 932

15. The parties have agreed that resolution of this motion will also apply to *Vigilant Insurance v. Kingdom of Saudi Arabia*, 03 Civ. 8591(RCC).

HOUSE_OVERSIGHT_017847

(2d Cir.1998) (explaining, where there are factual disputes regarding the immunity question, the court may not "accept the mere allegations of the complaint as a basis for finding subject matter jurisdiction"). Thus, "on a 'challenge to the district court's subject matter jurisdiction, the court may resolve disputed jurisdictional fact issues by reference to evidence outside the pleadings, such as affidavits.' " *Filetech*, 157 F.3d at 932 (explaining a court should consider all the submissions of the parties and may, if necessary, hold an evidentiary hearing to resolve the jurisdictional question) (quoting *Antares Aircraft, L.P. v. Federal Republic of Nigeria*, 948 F.2d 90, 96 (2d Cir.1991)). The court must consult outside evidence if resolution of a proffered factual issue may result in the dismissal of the complaint for lack of jurisdiction. *Robinson*, 269 F.3d at 141 n. 6. Defendants here challenge both the legal and factual sufficiency of Plaintiffs' claims. The Court will consider the affidavits submitted by the parties as necessary.

[8] Before turning to the allegations against the Defendants claiming immunity, the Court notes it is keenly aware of the "delicate balanc[e] 'between permitting discovery to substantiate exceptions to statutory foreign sovereign immunity and protecting a sovereign's or sovereign's agency's legitimate claim to immunity from discovery.' " *First City, Texas–Houston, N.A. v. Rafidain Bank*, 150 F.3d 172, 176 (2d Cir.1998) (ordering full discovery against defendant over whom court already had subject matter jurisdiction because such discovery would provide plaintiff an opportunity to obtain jurisdictional discovery regarding potentially sovereign alter ego co-defendant without further impinging that defendant's immunity) (quoting *Arriba Ltd. v. Petroleos Mexicanos*, 962 F.2d 528, 534 (5th Cir.1992) ("At the very least, discovery should be ordered circumspectly and only to verify allegations of specific facts crucial to an immunity determination.")). The Second Circuit has instructed "that generally a plaintiff may be allowed limited discovery with respect to the jurisdictional issue; but until [plaintiff] has shown a reasonable basis for assuming jurisdiction, she is not entitled to any other discovery." *First City*, 150 F.3d at 176–77 (quoting *Filus v. Lot Polish Airlines*, 907 F.2d 1328, 1332 (2d Cir. 1990)). Still, the Plaintiffs must allege sufficient facts to warrant jurisdictional discovery. *Robinson*, 269 F.3d at 146 (citing *Jazini v. Nissan Motor Co.*, 148 F.3d 181, 185 (2d Cir.1998) (refusing jurisdictional discovery where plaintiffs' allegations lacked factual specificity to confer jurisdiction)); *see also Burnett II*, 292 F.Supp.2d at 15 (denying Plaintiffs' request for discovery from Prince Turki where "suggestions of [his] individual activity are only conclusory").

### B. Allegations Against Defendants Asserting Foreign Sovereign Immunity

#### 1. Prince Sultan

Prince Sultan has been Saudi Arabia's Minister of Defense and Aviation and Inspector General of its Armed Forces since 1962. *Ashton* Complaint ¶ 265; *Burnett* Complaint ¶ 352; *Federal* Complaint ¶ 427; William H. Jeffress, Jr. Decl. ¶ 4 at Notice of HRH Prince Sultan Bin Abdulaziz Al–Saud's Motion to Dismiss Consolidated Complaint (hereinafter "Consolidated Jeffress Decl."); Andrea Bierstein Aff. in Opp. to Prince Sultan's Motion to Dismiss Consolidated Complaints Ex. 1, Sultan Bio, *available at http://saudiembassy.net/Country/Government/SultanBio.asp.* In 1982, his brother King Fahd bin Abdulaziz Al–Saud named him Second Deputy President of Saudi Arabia's Council of Ministers, the Kingdom's governing body. Nizar Bin

HOUSE_OVERSIGHT_017848

Obaid Nadani Decl. ¶ 2 at Notice of HRH Prince Sultan Bin Abdulaziz al-Saud's Motion to Dismiss Certain Consolidated Complaints Ex. 1 (hereinafter "Nadani Decl."); Consolidated Jeffress Decl. ¶ 4; *Federal* Complaint ¶ 427; Sultan Bio. As such, he is the third-highest ranking member of the Saudi government.

Especially relevant here, Prince Sultan is the Chairman of the Supreme Council of Islamic Affairs, which was established in 1995 and is responsible for the Kingdom's Islamic policy abroad. Consolidated Jeffress Decl. ¶ 5; *Ashton* Complaint ¶ 265; *Federal* Complaint ¶ 427. Prince Sultan disagrees with Plaintiffs' claim that the Supreme Council monitors and approves domestic and foreign charitable giving on behalf of the Kingdom. Prince Sultan prefers the characterization that the Supreme Council "carr[ies] out the foreign policy of Saudi Arabia as determined by the Council of Ministers." Abdulaziz H. Al-Fahad Decl. ¶ 5, at Sara E. Kropf Decl. Ex. 2. Finally, Prince Sultan, as the head of the Special Committee of the Council of Ministers, which is a foreign policy advisory resource for King Saud, exercises authority over disbursements by the Special Committee. Consolidated Jeffress Decl. ¶ 6. In the past, these disbursements, which are government funded, have included grants to Islamic charities. *Id.* at ¶ 6.

The various complaints make substantially similar accusations against Prince Sultan. *See* Consolidated Jeffress Decl. Ex. C (summarizing allegations against Prince Sultan in consolidated complaints). Prince Sultan is alleged to have met with Osama bin Laden after Iraq invaded Kuwait in the summer of 1990. *Ashton* Complaint ¶ 253; *Burnett* Complaint ¶ 340. At that meeting, which Prince Turki also attended, bin Laden purportedly offered his family's support to Saudi military forces. *Ashton* Complaint ¶ 253. Plaintiffs allege that, at the time of the Gulf War, Prince Sultan "took radical stands against western countries and publicly supported and funded several Islamic charities that were sponsoring Osama bin Laden and al Qaeda operations." *Ashton* Complaint ¶ 266; *Burnett* Complaint ¶ 353. After the attacks of September 11, Prince Sultan allegedly advocated against granting the United States use of Saudi military bases to stage attacks against Afghanistan. *Ashton* Complaint ¶ 273; *Burnett* Complaint ¶ 356.

Prince Sultan allegedly made personal contributions, totaling $6,000,000 since 1994, to various Islamic charities that Plaintiffs claim sponsor or support al Qaeda. *Ashton* Complaint ¶ 269; *Burnett* Complaint ¶ 359; *Federal* Complaint ¶ 430. The specific charities that Prince Sultan donated to include Defendants International Islamic Relief Organization ("IIRO"),[16] Al Haramain,[17] Muslim World League ("MWL"),[18] and the World Assembly of Muslim Youth ("WAMY").[19] *Ashton* Com-

16. IIRO is allegedly an al Qaeda front that has been tied to the 1993 World Trade Center attack and the 1998 embassy bombings. *See, e.g., Burnett* Complaint ¶¶ 156, 240, 242.

17. Beginning in 2002, certain branches of Al Haramain were designated by the United States as terrorist organizations. *See* Exec. Order No. 13224, 31 C.F.R. 595, *available at http://www.treas.gov/offices/enforcement/ofac/sanctions/t11ter.pdf* (hereinafter "Exec. Order No. 13224"). Judge Robertson denied Al Haramain's motion to dismiss the *Burnett* action. *Burnett I,* 274 F.Supp.2d at 107.

18. MWL is the parent of IIRO. *See, e.g., Burnett* Complaint ¶ 236.

19. WAMY is a suspected al Qaeda front, allegedly "preaching good . . . while plotting evil," connected to charity Defendant Benevolence International Foundation ("BIF"). BIF is now a designated terrorist, but it previously concealed its relationship with Osama bin

HOUSE_OVERSIGHT_017849

plaint ¶¶ 269–272; *Burnett* Complaint ¶¶ 354, 359; *Federal* Complaint ¶ 430. According to Plaintiffs, with respect to his alleged donations, "[a]t best, Prince Sultan was grossly negligent in the oversight and administration of charitable funds, knowing they would be used to sponsor international terrorism, but turning a blind eye. At worse, Prince Sultan directly aided and abetted and materially sponsored al Qaeda and international terrorism." *Burnett* Complaint ¶ 363; *Federal* Complaint ¶¶ 429–31 (alleging Prince Sultan knew and intended that the contributions he made to various charities would be used to fund al Qaeda and international terrorism).[20]

### 2. Prince Turki

Prince Turki is currently the Kingdom of Saudi Arabia's ambassador to the United Kingdom. *Ashton* Complaint ¶ 263. From 1977 until August 2001, he was the Director of Saudi Arabia's Department of General Intelligence ("DGI," also known by its Arabic name, Istakhbarat). *Ashton* Complaint ¶ 255; *Burnett* Complaint ¶ 343; *Federal* Complaint ¶ 445. As such, Plaintiffs allege he was or should have been aware of the terrorist threat posed by Osama bin Laden, al Qaeda, and the Taliban. *Ashton* Complaint ¶ 256; *Burnett* Complaint ¶ 343. Prince Turki allegedly met with Osama bin Laden five times in the mid–1980s and mid–1990s. *Ashton* Complaint ¶ 257; *Burnett* Complaint ¶ 344. At one of those meetings, which Prince Sultan also attended, bin Laden allegedly offered the Saudis the use of his family's engineering equipment and suggested bolstering Saudi military forces with militants. *Ashton* Complaint ¶ 253. Prince Turki is alleged to have close ties with an al Qaeda financier, Mr. Zouaydi, and is allegedly implicated in Mr. Zouaydi's financial support of al Qaeda. *Ashton* Complaint ¶ 241; *Burnett* Complaint ¶ 345. Further, Plaintiffs claim Prince Turki met with members of the Taliban and, in 1995, gave the Taliban financial and material support. *Ashton* Complaint ¶ 257; *Federal* Complaint ¶¶ 447–48 (alleging that, at the time Prince Turki provided support, the Taliban maintained a symbiotic relationship with al Qaeda and thus Prince Turki knew al Qaeda would benefit from the Kingdom's support). In July 1998, Prince Turki is alleged to have met with members of the Taliban and representatives of bin Laden and agreed to not extradite bin Laden or close terrorist camps in exchange for bin Laden's protection of the

Laden and al Qaeda. *See, e.g., Burnett* Complaint ¶¶ 160, 205, 229, 362; Exec. Order 13224.

**20.** Prince Sultan denies making any grants to Al Haramain and MWL and argues that contributions made to IIRO and WAMY were made strictly in his official capacity on behalf of the Saudi government. Further, he claims the four charities searched their records and confirmed that Prince Sultan did not make any personal contributions. These transmittal letters and government checks were included in Prince Sultan's motion to dismiss the D.C. *Burnett* action. Judge Robertson found these documents had "limited probative value, [as they] lack[ed] proper foundations to establish that the affiants could have known the actual source of the moneys they received." *Burnett II*, 292 F.Supp.2d at 16. This Court has reviewed these affidavits and agrees with Judge Robertson's assessment. For example, one declarant who provided information regarding alleged contributions relied on his personal knowledge of a charity's records, yet he had only been in his position for two months. *See* Decl. of Saleh Abdullah Al Saykhan ¶ 2, at Decl. of Sara E. Kropf in Support of Prince Sultan's Motion to Dismiss the D.C. *Burnett* action. As Judge Robertson pointed out, "the value of plaintiffs' showing that Prince Sultan did give money to these organizations in his personal capacity, however, is no greater." *Burnett II*, 292 F.Supp.2d at 16 (referring to Saudi press reports of Prince Sultan's contributions).

Saudi Royal family. *Ashton* Complaint ¶ 261; *Burnett* Complaint ¶ 348. Plaintiffs allege Prince Turki facilitated money transfers from wealthy Saudis to the Taliban and al Qaeda. *Ashton* Complaint ¶ 259; *Federal* ¶ 451. Additionally, the *Federal* Plaintiffs claim that, while Prince Turki was the head of DGI, Saudi Arabian intelligence officers allegedly trained a member of the al Qaeda Spanish cell in explosives and provided material support to two of the September 11 hijackers. *Federal* Complaint ¶ 449. The *Federal* complaint also alleges that Prince Turki made personal contributions to Saudi-based charities that he knew were sponsors of al Qaeda, including IIRO, MWL, WAMY, BIF, the Saudi High Commission, Saudi Joint Relief Committee for Kosovo and Chechnya ("SJRC"), and Al Haramain. *Federal* Complaint ¶¶ 451–52.

[9] Prince Turki denies the allegations against him in a declaration prepared in concert with his motion to dismiss the D.C. *Burnett* action. In reviewing this declaration, the Court gives "great weight to any extrinsic submissions made by the foreign defendant[ ] regarding the scope of [his] official responsibilities." *Leutwyler,* 184 F.Supp.2d at 287 (internal quotation marks omitted). Prince Turki explains that the DGI "is involved in the collection and analysis of foreign intelligence and in carrying out foreign operations." Decl. of HRH Prince Turki ¶ 5, at HRH Prince Turki's Motion to Dismiss Certain Consolidated Complaints Ex. 1 (hereinafter "Prince Turki Decl."). He was active in Saudi Arabia's efforts to combat terrorism generally and the threat posed by Osama bin Laden and al Qaeda specifically, and served on a joint information-sharing committee with the United States beginning in 1997. *Id.* ¶¶ 6, 10. He states that all of his interactions with Osama bin Laden and the Taliban were part of his official functions. *Id.* ¶ 5. In June 1998, King Fahd sent Prince Turki to Kandahar to meet with the Taliban and to relay the official Saudi request that Osama bin Laden be extradited to Saudi Arabia for trial. *Id.* ¶ 11. The Taliban denied the Saudi request and Saudi Arabia subsequently suspended diplomatic relations with the Taliban in September 1998. *Id.* ¶ 13. Prince Turki denies facilitating money transfers to Osama bin Laden or al Qaeda, he denies offering material assistance to Osama bin Laden, his representatives, or al Qaeda in return for their not attacking Saudi Arabia, he denies promising or providing oil or financial assistance to the Taliban, and denies ever hearing of the Syrian financier Mr. Zouaydi, with whom he is alleged to have ties. *Id.* ¶¶ 14, 16, 17.

### 3. Kingdom of Saudi Arabia

The *Federal* Plaintiffs claim that "[m]ore than any other factor, al Qaida's phenomenal growth and development into a sophisticated global terrorist network were made possible by the massive financial, logistical and other support it received from the Kingdom of Saudi Arabia, members of the Saudi Royal family, and prominent members of Saudi society." *Federal* Complaint ¶ 398. Further, the *Federal* Plaintiffs allege September 11 was "a direct, intended and foreseeable product of the Kingdom of Saudi Arabia's participation in al Qaida's jihadist campaign." *Id.* ¶ 425. Specifically, the Kingdom allegedly maintained and controlled several of the charities within al Qaeda's infrastructure. *Id.* ¶ 399. The *Federal* Plaintiffs claim Saudi Arabia knew the threat that these charities posed particularly to the United States, and did nothing to stop it. *Id.* ¶¶ 400–02. The Kingdom allegedly used its relationship with the Taliban to sustain al Qaeda in the mid–1990s. *Id.* ¶¶ 403, 407. To the extent the *Federal* Plaintiffs rely on actions by members of the Saudi Royal family as allegations against the Kingdom, they

HOUSE_OVERSIGHT_017851

make no claim that these individuals were acting on behalf of or at the behest of the Kingdom. *See, e.g., id.* ¶ 420 (claiming that in January 1999 Princess Haifa made payments to Al-Bayoumi, a Defendant alleged to have paid rent on behalf of two of the hijackers). Finally, Plaintiffs allege that members of the Saudi Royal family provided support to al Qaeda in their official capacities as members of the Supreme Council of Islamic Affairs. *Federal* Complaint ¶¶ 426–464.

#### 4. National Commercial Bank

NCB was established in 1950 by Salim bin Mahfouz, the father of Defendant Khalid bin Mahfouz, as the first commercial bank of Saudi Arabia. *Ashton* Complaint ¶ 563; *Burnett* Complaint ¶ 88. The *Ashton* Plaintiffs allege that the bin Mahfouz family controlled NCB until 1999 when the Saudi government bought a majority of its shares. *Ashton* Complaint ¶ 573.[21] The *Ashton* and *Burnett* Plaintiffs claim that NCB has a wholly-owned subsidiary in New York, SNCB Securities, Ltd., through which it operates an international banking business. *Ashton* Complaint ¶ 563; *Burnett* Complaint ¶ 88.

Plaintiffs claim Osama bin Laden and al Qaeda used NCB as "a financial arm, operating as a financial conduit for [their] operations." *Ashton* Complaint ¶ 564; *Burnett* Complaint ¶ 89. In 1986, Khalid bin Mahfouz became NCB's President and CEO and remained so until 1999. *Ashton* Complaint ¶ 563; *Burnett* Complaint ¶ 88. Also in 1986, Khalid bin Mahfouz became the Chief Operating Officer and a major shareholder of the Bank of Credit and Commerce International ("BCCI"). *Ashton* Complaint ¶¶ 564, 566; *Burnett* Complaint ¶¶ 89, 91. He was subsequently indicted in New York state in connection with his involvement in BCCI's fraudulent practices, which also implicated NCB. *Ashton* Complaint ¶¶ 564, 566; *Burnett* Complaint ¶¶ 89, 91.

Plaintiffs claim both NCB and BCCI supported international terrorism. *Ashton* Complaint ¶¶ 564–68; *Burnett* Complaint ¶¶ 91–93. Specifically, a "1999 United States Senate Report on the BCCI scheme detailed the role of [NCB] in hiding assets, money laundering, the cover-up and obstruction of a Senate investigation, and sponsoring international terrorism." *Burnett* Complaint ¶ 89. Additionally, a 1998 NCB bank audit revealed irregularities involving direct donations to several charities and that $74 million had been funneled by the bank's Zakat Committee to IIRO.[22] *Ashton* Complaint ¶¶ 569–71; *Burnett* ¶¶ 94, 95. NCB also allegedly made loans to charitable organizations without the knowledge of the Zakat Committee. *Id.* Plaintiffs allege "direct donations were received through NCB facilities to the Red Crescent Committee, [IIRO], and the Muwaffaq Foundation," all Defendants in these actions. *Ashton* Complaint ¶ 570; *Burnett* Complaint ¶ 95. Muwaffaq allegedly provided Osama bin Laden with $3 million in 1998. *Ashton* Complaint ¶ 573. Plaintiffs claim NCB knew or should have known it was materially supporting al Qaeda, Osama bin Laden, and international terrorism. *Ashton* Complaint ¶ 570; *Burnett* Complaint ¶ 95.

### C. Defendants' Status as Foreign States for FSIA Purposes

The Court must first determine if the moving Defendants are "foreign states" for

21. The Ashton Plaintiffs moved to amend this allegation to claim that the Public Investment Fund ("PIF"), not the Saudi government, purchased a majority of NCB shares in 1999. *Ashton* Docket ## 137, 138.

22. Zakat is required almsgiving by all Muslims. *See, e.g., Burnett* Complaint at 275; *id.* ¶ 40.

purposes of the FSIA. A "foreign state" is statutorily defined:

> (a) A "foreign state" ... includes a political subdivision of a foreign state or an agency or instrumentality of a foreign state as defined in subsection (b).
>
> (b) An "agency or instrumentality of a foreign state" means any entity -
>
> (1) which is a separate legal person, corporate or otherwise, and
>
> (2) which is an organ of a foreign state or political subdivision thereof, or a majority of whose shares or other ownership interest is owned by a foreign state or political subdivision thereof, and
>
> (3) which is neither a citizen of a State of the United States ... nor created under the laws of any third country.

28 U.S.C. § 1603. There is no dispute that the Kingdom of Saudi Arabia is a foreign state. The status of each of the Princes and NCB are discussed below.

### 1. Prince Sultan and Prince Turki

Several courts have recognized that "[i]mmunity under the FSIA extends also to agents of a foreign state acting in their official capacities [since] '[i]t is generally recognized that a suit against an individual acting in his official capacity is the practical equivalent of a suit against the sovereign directly.' "[23] *Bryks v. Canadian Broad. Corp.*, 906 F.Supp. 204, 210 (S.D.N.Y.1995) (quoting *Chuidian v. Philippine Nat'l Bank*, 912 F.2d 1095, 1101 (9th Cir.1990) ("Nowhere in the text or legislative history does Congress state that individuals are not encompassed within 28 U.S.C. § 1603(b).")); *see also Velasco v. Gov't of Indonesia*, 370 F.3d 392, 398–99 (4th Cir.2004) (collecting cases extending FSIA immunity to individuals sued in their official capacities); *Byrd v. Corporacion Forestal y Industrial de Olancho S.A.*, 182 F.3d 380, 388 (5th Cir.1999) (acknowledging the FSIA protects individuals to the extent they act within their official duties); *El-Fadl v. Cent. Bank of Jordan*, 75 F.3d 668, 671 (D.C.Cir.1996) (dismissing claims against government officials since they were sued in their official capacities); *Leutwyler*, 184 F.Supp.2d at 286–87 ("[I]t has been generally recognized that individuals employed by a foreign state's agencies or instrumentalities are deemed 'foreign states' when they are sued for actions undertaken within the scope of their official capacities.") (citing *Bryks*, 906 F.Supp. at 210); *Flatow v. Islamic Republic of Iran*, 999 F.Supp. 1, 11 n. 3 (D.D.C.1998) (noting favorable practice of applying FSIA to individuals). Thus, this Court finds that immunity may be available to Prince Sultan, as the third-highest ranking member of the Saudi government, and to Prince Turki, as the Director of Saudi Arabia's Department of General Intelligence, to the extent their alleged actions were performed in their official capacities.

**[10]** The *Federal* Plaintiffs argue that the FSIA cannot apply to Prince Turki because, as of September 10, 2003 when the complaint was filed, Prince Turki was the Saudi ambassador to the United Kingdom, a position the *Federal* Plaintiffs allege is not entitled to immunity under the FSIA. In support of this argument, the *Federal* Plaintiffs cite *Dole Food Co. v. Patrickson*, 538 U.S. 468, 480, 123 S.Ct. 1655, 155 L.Ed.2d 643 (2003), in which the Supreme Court held that instrumentality status is determined at the time of the filing of the complaint.

23. The FSIA is silent on the subject. Neither the Supreme Court nor the Second Circuit has specifically addressed the issue.

HOUSE_OVERSIGHT_017853

[11] The Court disagrees with this reliance on *Dole Food*. The Supreme Court resolved two questions in *Dole Food*. "The first [was] whether a corporate subsidiary can claim instrumentality status where the foreign state does not own a majority of its shares but does own a majority of the shares of a corporate parent one or more tiers above the subsidiary. The second question [was] whether a corporation's instrumentality status is defined as of the time an alleged tort or other actionable wrong occurred or, on the other hand, at the time the suit is filed." *Id.* at 471, 123 S.Ct. 1655. The Supreme Court held that a foreign state's ownership of an entity must be direct for the entity to be considered an instrumentality. *Id.* at 474, 123 S.Ct. 1655. The Supreme Court also ruled that ownership must be determined as of the date on which the complaint was filed. *Id.* at 480, 123 S.Ct. 1655. Neither of these points of law speaks, however, to the circumstances under which an individual is covered by the FSIA. Indeed, numerous other courts that have addressed this issue have held that the relevant inquiry for individuals is simply whether the acts in question were undertaken at a time when the individual was acting in an official capacity. *See, e.g., Velasco*, 370 F.3d at 398–99; *Byrd*, 182 F.3d at 388; *Bryks*, 906 F.Supp. at 210. This Court considers that precedent to be more consistent with the FSIA and unaltered by the decision in *Dole Food*. Thus, it deems Prince Turki the equivalent of the foreign state inasmuch as the complaints allege actions taken in his official capacity as the head of the DGI. Accordingly, both Prince Sultan and Prince Turki are immune from suit for their official acts unless an exception under the FSIA applies.

### 2. National Commercial Bank

NCB submits that it is an instrumentality of the Kingdom of Saudi Arabia and therefore immune from suit. *See* Decl. of Nizar Bin Obaid Madani, Assistant Minister of Foreign Affairs of Kingdom of Saudi Arabia ¶ 2, at Berger Decl. Ex. 7 ("It is the position of the Ministry of Foreign Affairs that NCB is a government instrumentality of the Kingdom of Saudi Arabia."). To enjoy immunity from suit under the FSIA, NCB must demonstrate that it is an agency or instrumentality, or a political subdivision of the Kingdom. 28 U.S.C. § 1603(a). As explained above, the FSIA defines an "agency or instrumentality" as (1) "a separate legal person, . . .(2) which is an organ of a foreign state or political subdivision thereof, or a majority of whose shares or other ownership interest is owned by a foreign state or political subdivision thereof," and (3) a non-U.S. citizen. 28 U.S.C. § 1603(b). Accordingly, NCB claims that (1) it is a separate legal person, (2) at the time the suit was filed a majority of its shares were owned by an administrative unit of the Saudi Ministry of Finance, the Public Investment Fund ("PIF"),[24] and (3) it is not a citizen of the United States

24. After the parties submitted their briefs and argued the FSIA issue, the *Ashton* Plaintiffs filed supplemental affidavits, without leave of the Court, to contest, for the first time, the timing of the PIF's majority ownership. *See* 03 MD 1570 Docket # 455. The parties agree that the PIF bought 50% of NCB shares in May 1999. *See* John Fawcett Sept. 23, 2004 Supplemental Affidavit at Ex. 1 ("Fawcett Supp. Aff."). Later in 1999, the PIF sold 10% of its shares to the General Organization for Social Insurance. Fawcett Supp. Aff. at Ex. 2. Late in 2002 the PIF agreed to buy 30% of the remaining shares from the bin Mahfouz family, but Plaintiffs claim the purchase was not completed until January 2003, after the lawsuit was filed on September 4, 2002. *See* Fawcett Supp. Aff. at Ex. 3 & 4 (news accounts of sale). For the reasons that will be explained below, the Court finds it unnecessary to resolve this dispute at this time.

HOUSE_OVERSIGHT_017854

or created under the laws of a third country.

[12] In *Dole Food*, the Supreme Court held "that only direct ownership of a majority of shares by the foreign state satisfies the statutory requirement" outlined in § 1603(b). 538 U.S. at 474, 123 S.Ct. 1655. Accordingly, the Kingdom of Saudi Arabia's ownership of NCB must be direct for NCB to enjoy immunity under the FSIA. That is, NCB will not be deemed an instrumentality of the Kingdom if the PIF, its majority owner, is determined to be an agency, instrumentality, or organ of the Kingdom. *See* § 1603(b)(2) (stating agency or instrumentality is entity whose majority ownership interest is held by either the foreign state or a political subdivision thereof); *Filler v. Hanvit Bank*, 378 F.3d 213 (2d Cir.2004) (holding an organ's ownership of two banks did not, in turn, make the banks organs or instrumentalities of foreign state); *see also In re Ski Train Fire in Kaprun, Austria*, 198 F.Supp.2d 420, 426 (S.D.N.Y.2002) (holding ski resort owner, which was owned in part by instrumentality of Austrian government, was not instrumentality because it was not owned directly by the state or a subdivision thereof); *Hyatt Corp. v. Stanton*, 945 F.Supp. 675, 688 (S.D.N.Y.1996) (concluding "that corporations a majority of whose shares are owned by agencies or instrumentalities of foreign states are not themselves agencies or instrumentalities"). Thus, NCB must demonstrate that the PIF is the equivalent of the Kingdom of Saudi Arabia or a political subdivision thereof.

The PIF was established by Royal Decree with the sole function of "financing ... investments in productive projects of a commercial nature whether they belong to the Government or the industrial lending institutions connected to it or to its public corporations and whether these projects are undertaken independently or in partnership between these administrative parties and private institutions." PIF Charter ¶ 2, at Berger Aff. Ex. 4B ("PIF Charter"); Affidavit of Abdallah Bin Hamad Al-Wohaibi ¶ 3, the Director of the Legal Department of the Ministry of Finance, at Berger Aff. Ex. 4 ("Al-Wohaibi Aff."). Its board of directors are all Saudi officials named in its charter, its employees are civil servants, and the Ministry of Finance is responsible for its costs. *Id.* ¶¶ 4, 8, 10; *see also* PIF Charter ¶¶ 4, 7. Its board must submit an annual report to Saudi Arabia's Council of Ministers summarizing its financial position and major operations. Al-Wohaibi Aff. ¶ 10. It has no separate legal status from the Ministry of Finance. *Id.* ¶ 4. The PIF holds shares of corporations and operational assets, "generally ... on behalf of the Ministry of Finance." *Id.* ¶ 9. It may be sued as a department of the Ministry of Finance, and as such, the Ministry of Finance would be named as the defendant. *Id.* ¶ 12. It funds investments on behalf of the Kingdom and it provides financing terms for projects that commercial lenders do not. *Id.* ¶ 5; Supplemental Al-Wohaibi Aff. ¶¶ 8-10 (hereinafter "Supp. Al-Wohaibi Aff.").

### a. Status of the PIF

In *Filler v. Hanvit Bank*, a case with facts very similar to those presented here, the Second Circuit reiterated *Dole Food's* requirement of direct ownership for instrumentality status. Two defendants were commercial banks majority-owned by the Korean Deposit Insurance Corporation ("KDIC"), a "governmental institution" run by the Korean Ministry of Finance and the Economy of the Republic of Korea. *Filler*, 378 F.3d at 215-16. In determining if KDIC was an organ of Korea, the court considered several factors:

HOUSE_OVERSIGHT_017855

> (1) whether the foreign state created the entity for a national purpose; (2) whether the foreign state actively supervises the entity; (3) whether the foreign state requires the hiring of public employees and pays their salaries; (4) whether the entity holds exclusive rights to some right in the [foreign] country; and (5) how the entity is treated under foreign state law.

*Id.* at 217 (citing *Kelly v. Syria Shell Petroleum Dev. B.V.*, 213 F.3d 841, 846–47 (5th Cir.2000) (alteration in original)). The Second Circuit held that the KDIC was an organ of Korea because it was formed by statute and presidential decree; it performs the governmental functions of protecting depositors and promoting financial stability; its directors are appointed by the Ministry of Finance and Economy; its president is appointed by the President of the Republic of Korea; and many of its operations are overseen by the Ministry of Finance and Economy. *Id.*

The banks argued that once the court determined KDIC was an organ of the foreign state, the banks automatically became instrumentalities or agencies of the state because KDIC owned a majority of their stock. *Id.* The Second Circuit rejected this argument, finding such a holding would "permit an infinite number of subsidiaries to enjoy sovereign immunity, ... would be incompatible with the purpose of the FSIA, which is to grant governmental, not private corporate immunity, and ... would reflect infidelity to the Supreme Court's reasoning in *Dole Food.*" *Id.* at 218. Accordingly, it reiterated that "'a subsidiary of an instrumentality is not itself entitled to instrumentality status' ... and that 'only direct ownership of a majority of shares by the foreign state satisfies the statutory requirement.'" *Id.* (quoting *Dole Food*, 538 U.S. at 473–74, 123 S.Ct. 1655).

The Second Circuit determined the KDIC was an organ of Korea by considering whether it was created and supervised by a foreign state and whether public employees were performing public functions. *Id.* at 217. Under its reasoning, it would appear the PIF is also an organ. It was created by royal decree, it is supervised by the Kingdom's Council of Ministers and staffed with government employees. *See* PIF Charter.

Yet, under the "legal characteristics" test, the PIF could qualify as a political subdivision. *See Hyatt*, 945 F.Supp. at 680. In *Hyatt*, a court in this district reasoned that a statutory requirement of an agency or instrumentality, as opposed to a political subdivision, is that it is a "separate legal person ... that can function independent of the state." *Id.* at 684. If an entity could sue and be sued, own property, and contract in its own name, it would be considered an agency or instrumentality and not a political subdivision. *Id.* at 685. NCB submits the PIF sues and is sued as, and generally holds property on behalf of, the Ministry of Finance. Al–Wohaibi Aff. ¶¶ 9, 12.

NCB argues the Court should employ the "core functions" test outlined in *Transaero, Inc. v. La Fuerza Aerea Boliviana*, 30 F.3d 148 (D.C.Cir.1994), to find that the PIF is the equivalent of the Kingdom. Under this test, if the entity's core functions are governmental, it is considered the state itself. *Id.* at 153. If its functions are commercial in nature, it is considered an instrumentality. *Id.* This Court is governed by Second Circuit precedent and finds *Filler* and *Hyatt* to be controlling. Even if it were to adopt *Transaero*, however, the Court finds on the record before it that the PIF's emphasis on commercial projects precludes a finding that its core functions are governmental in nature. *See* PIF Charter ¶ 2 (noting the PIF's primary

function of "financing ... investments in productive projects of a commercial nature").

NCB also urges that *O'Connell Machinery Co. v. M.V. "Americana,"* 734 F.2d 115 (2d Cir.1984), mandates the finding that the PIF is a political subdivision of the Kingdom. In *O'Connell*, the Second Circuit reasoned that the legislative history of the FSIA indicated that "political subdivisions" were intended to include "all governmental units beneath the central government." *Id.* (quoting H.R.Rep. No. 1487, 94th Cong., 2d Sess. 15, *reprinted in*, 1976 U.S.C.C.A.N. 6604, 6613). Given the PIF's position under the Ministry of Finance, *O'Connell* could lead to the conclusion that the PIF is a political subdivision of the Kingdom of Saudi Arabia. *Id.; but see In re Ski Train Fire*, 198 F.Supp.2d at 425 n. 9 (distinguishing *O'Connell* on grounds that the court based its holding on a finding that the Italian government double-tiered its administrative agencies); *Hyatt*, 945 F.Supp. at 683–84 (finding definition of "political subdivision" in *O'Connell* too broad and suggesting the case should be limited to its facts and not applied widely). In the twenty years since *O'Connell* was decided, however, courts have been inclined to limit the FSIA's grant of immunity. *See, e.g., Dole Food*, 538 U.S. at 473–74, 123 S.Ct. 1655; *Filler*, 378 F.3d at 218. Accordingly, the Court will not rely on *O'Connell* here.

#### b. Limited Jurisdictional Discovery is Warranted

[13] The Court finds that resolution of the PIF's and thereby NCB's status is not determinable on the current record and, therefore, limited jurisdictional discovery is warranted. As explained above, the PIF could qualify either as an organ or political subdivision of the Kingdom of Saudi Arabia. Additionally, the affidavits on which the parties ask the Court to rely have not been subjected to cross examination and are rather self-serving. The parties should have the opportunity to take discovery of the jurisdictionally relevant facts. *First City*, 150 F.3d at 177; *see also In re Magnetic Audiotape Antitrust Litig.*, 334 F.3d 204, 208 (2d Cir.2003) (instructing district court to permit discovery before granting motion to dismiss based on fact-sensitive, multi-factor test). Accordingly, NCB's motion to dismiss for lack of subject matter jurisdiction based on the FSIA is denied without prejudice. Limited jurisdictional discovery will be permitted to explore PIF's function, organizational structure, and place within the Kingdom of Saudi Arabia.

### D. Application of FSIA Exceptions to the Princes and Kingdom of Saudi Arabia

Three exceptions to foreign sovereign immunity are implicated in these motions—the commercial activities exception, 28 U.S.C. § 1605(a)(2), the state sponsor of terrorism exception, 28 U.S.C. § 1605(a)(7), and the torts exception, 28 U.S.C. § 1605(a)(5).

#### 1. Commercial Activities Exception

[14] Section 1605(a)(2) states:

> A foreign state shall not be immune ... in any case ... in which the action is based ... upon an act performed in the United States in connection with a commercial activity of the foreign state elsewhere; or upon an act outside the territory of the United States in connection with a commercial activity of the foreign state elsewhere and that act causes a direct effect in the United States.

28 U.S.C. § 1605(a)(2). The statute defines "commercial activity" as "either a regular course of commercial conduct or a particular commercial transaction or act.

HOUSE_OVERSIGHT_017857

The commercial character of an activity shall be determined by reference to the nature of the course of conduct or particular transaction or act, rather than by reference to its purpose." 28 U.S.C. § 1603(d). The Supreme Court has explained, "when a foreign government acts, not as a regulator of the market, but in the manner of a private player within it, the foreign sovereign's actions are 'commercial' within the meaning of the FSIA." *Weltover,* 504 U.S. at 614, 112 S.Ct. 2160. Courts must inquire whether the foreign state's actions "are the type of actions by which a private party engages in trade and traffic or commerce." *Id.* (internal citations omitted).

**[15]** Judge Robertson determined that the commercial activity exception did not apply to the *Burnett* Plaintiffs' claims against Prince Sultan and Prince Turki because "the act of contributing to a foundation is not within our ordinary understanding of 'trade and traffic or commerce' nor, apparently was it within the contemplation of ... Congress." *Burnett II,* 292 F.Supp.2d at 18 (citing H.R.Rep. No. 94–1487, at 16, *reprinted in* 1976 U.S.C.C.A.N. at 6615). Thus, the consolidated Plaintiffs do not assert that the commercial activities exception is applicable to any of the Defendants raising FSIA defenses here. This Court adopts Judge Robertson's reasoning. To the extent any Plaintiffs' claims are based on a Defendant's contributions to charities, those acts cannot be considered commercial.

**[16, 17]** The *Federal* Plaintiffs allege that the Kingdom of Saudi Arabia, Prince Sultan, and Prince Turki financed terrorism by contributing to or supporting charities known to support terrorist activities. In these Plaintiffs' view, this is essentially money laundering and, therefore, a commercial activity. *See, e.g.,* Federal Plaintiffs' Opp. to Motion to Dismiss of Prince Sultan at 18 (citing *U.S. v. Goodwin,* 141 F.3d 394, 399 (2d Cir.1997)). The Second Circuit noted in *Goodwin* that "[m]oney laundering is a quintessential economic activity," 141 F.3d at 399, but that statement has no bearing here. In *Goodwin* the court was not deciding whether money laundering is a commercial activity for purposes of the FSIA. *Id.* (analyzing constitutionality of criminal money laundering statute). The Second Circuit has made very clear that, for purposes of the FSIA, a commercial activity must be one in which a private person can engage lawfully. *Letelier v. Republic of Chile,* 748 F.2d 790, 797–98 (2d Cir.1984); *see also Saudi Arabia v. Nelson,* 507 U.S. 349, 360–62, 113 S.Ct. 1471, 123 L.Ed.2d 47 (1993) (holding detaining and torturing plaintiff is not commercial activity since it "is not the sort of action by which private parties can engage in commerce"). Since money laundering is an illegal activity, *see* 18 U.S.C. § 1956 (criminalizing money laundering), it cannot be the basis for applicability of the commercial activities exception. *See Letelier,* 748 F.2d at 798 (holding alleged participation in an assassination is not a lawful activity and therefore not a commercial activity for purposes of the FSIA). Accordingly, the Court finds that the commercial activities exception outlined in § 1605(a)(2) is inapplicable to the allegations contained in the *Federal* complaint against the Kingdom of Saudi Arabia, Prince Sultan, and Prince Turki.

### 2. State Sponsor of Terrorism

**[18]** Subsection (a)(7) lifts immunity in cases:

> in which money damages are sought against a foreign state for personal injury or death that was caused by an act of torture, extrajudicial killing, aircraft sabotage, hostage taking, or the provision of material support or resources ... for such an act ... *except* that the

> court shall decline to hear a claim under this paragraph
>
> (A) if the foreign state was not designated as a state sponsor of terrorism
>
> . . . .

28 U.S.C. § 1605(a)(7) (emphasis added). The parties agree that the Kingdom of Saudi Arabia has not been designated a state sponsor of terrorism. *See* 28 U.S.C. § 1605(a)(7)(A) (explaining there is no jurisdiction if "the foreign state was not designated as a state sponsor of terrorism under . . . the Export Administration Act of 1979 . . . or . . . the Foreign Assistance Act of 1961"). Thus, this exception does not provide an exception to immunity for any of the Defendants raising the FSIA defense here.

### 3. Torts Exception

In relevant part, the torts exception deprives a foreign sovereign of immunity in actions:

> in which money damages are sought against a foreign state for personal injury or death, or damage to or loss of property, occurring in the United States and caused by the tortious act or omission of that foreign state or of any official or employee of that foreign state while acting within the scope of his office or employment; except this [exception] shall not apply to -
>
> (A) any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function regardless of whether the discretion be abused.

28 U.S.C. § 1605(a)(5). Second Circuit law instructs that district courts must determine whether the defendant's alleged acts were tortious under the laws of New York and, if so, whether the defendant's acts were discretionary. *Robinson*, 269 F.3d at 142 ("If those activities could not render the Malaysian government liable for a tort under New York law, then it remained immune under § 1605(a)(5)."). In the event that the act is tortious and the acts were not discretionary, the alleged tortfeasor is subject to suit under the FSIA.

[19] The FSIA's discretionary function exception replicates the discretionary function exception found in the Federal Tort Claims Act. *See* 28 U.S.C. § 2680(a). Courts have found both exceptions are "intended to preserve immunity for 'decisions grounded in social, economic, and political policy.'" *Marchisella v. Gov't of Japan*, No. 02 Civ. 10023(DC), 2004 WL 307248, at *2 (S.D.N.Y. Feb. 17, 2004) (citing *United States v. S.A. Empresa de Viacao Aerea Rio Grandense (Varig Airlines)*, 467 U.S. 797, 814, 104 S.Ct. 2755, 81 L.Ed.2d 660 (1984) (interpreting FTCA)). Generally, acts are discretionary if they are performed at the planning level of government, as opposed to the operational level. *Kline v. Kaneko*, 685 F.Supp. 386, 392 (S.D.N.Y.1988) (finding decision to expel plaintiff from Mexico was product of enforcement of immigration laws and therefore a discretionary function); *Marchisella*, 2004 WL 307248, at *2 (finding decision regarding placement of a water hose on a ship was an operational function and therefore not discretionary and not protected by the FSIA); *Napolitano v. Tishman Constr. Corp.*, No. 96 Civ. 4402(SJ), 1998 WL 102789, at *4 (E.D.N.Y. Feb. 26, 1998) (finding purchasing consulate buildings and hiring contractor to renovate is a planning function and therefore discretionary).

Defendants argue that the Court should not even consider the torts exception for two reasons. First, they claim that for this exception to apply, the entire tort must have occurred in the United States, which Defendants argue is not the case here. Second, Defendants claim that Plaintiffs impermissibly seek to contort a

HOUSE_OVERSIGHT_017859

§ 1605(a)(7) state sponsor of terrorism claim into a § 1605(a)(5) tort claim.

With respect to Prince Sultan's and Prince Turki's arguments that the entire tort, meaning both the tortious conduct and the injury, must occur in the United States, Judge Robertson disagreed and stated the FSIA "preserves immunity for tort claims unless injury *or* death occurs in the United States." *Burnett II,* 292 F.Supp.2d at 19 n. 4 (quoting *Tel–Oren v. Libyan Arab Republic,* 726 F.2d 774, 775 (D.C.Cir.1984)) (Edwards, J., concurring) (some emphasis omitted). Courts in the Second Circuit seem to take the opposite approach. "Although cast in terms that may be read to require that only the injury rather than the tortious acts occur in the United States, the Supreme Court has held that this exception 'covers only torts occurring within the territorial jurisdiction of the United States.' " *Cabiri v. Gov't of the Republic of Ghana,* 165 F.3d 193, 200 n. 3 (2d Cir.1999) (quoting *Amerada Hess,* 488 U.S. at 441, 109 S.Ct. 683); *see also Hirsh v. State of Israel,* 962 F.Supp. 377, 383–84 (S.D.N.Y.1997) (citing legislative history stating both the tort and injury must occur within the United States for the exception to apply and dismissing complaint where plaintiffs failed to allege specific tort or place tort occurred); *Kline,* 685 F.Supp. at 391 (finding tort exception inapplicable where victim was abducted in Mexico City and brought to the United States because "the entire tort must be committed in the United States").

Plaintiffs allege that the Kingdom, Prince Sultan, and Prince Turki tortiously aided and abetted the September 11 terrorists by supporting charities that, in turn, supported al Qaeda and international terrorism. Plaintiffs also claim that, in return for protection of the Kingdom, these Defendants essentially willfully ignored the threat that Osama bin Laden and al Qaeda posed to the United States. Plaintiffs do not claim that the Kingdom or the Princes undertook any of their alleged acts in the United States. Yet, in the Plaintiffs' view, the operative torts for the Court's consideration are the attacks of September 11, which did take place in the United States. *See Burnett II,* 292 F.Supp.2d at 19 n. 4 (noting death and injuries occurred in United States). Further, Plaintiffs claim it would be unjust to allow foreign nations to escape liability for tortious acts performed in the United States if they could show that some act of planning the tort took place outside the United States.

Additionally, Defendants submit that, since the allegations are precisely those outlined in § 1605(a)(7)—that is, "personal injury or death that was caused by an act of ... extrajudicial killing, aircraft sabotage ... or the provision of material support or resources ... for such an act"—none of the other exceptions should be read to apply in its place.[25] Defendants

25. Judge Robertson recognized the same difficulty. Although he did consider Plaintiffs's claims under the tort exception, he found that the language of the state sponsor of terrorism exception buttressed his ultimate conclusion that the tortious acts exception would not provide subject matter jurisdiction over Prince Sultan and Prince Turki. Unlike (a)(7), the tort exception "makes no mention of the 'provision of material support.' " *Burnett II,* 292 F.Supp.2d at 20 n. 5. After reviewing canons of statutory construction counseling that Congress acts intentionally when it includes particular language in one section of a statute but omits it from another, Judge Robertson concluded that Congress's omission of 'provision of material support' from (a)(5) should be treated as intentional. *Id.; see also HCSC–Laundry v. United States,* 450 U.S. 1, 6, 101 S.Ct. 836, 67 L.Ed.2d 1 (1980) (per curiam) ("[I]t is a basic principle of statutory construction that a specific statute ... controls over a general provision ..., particularly when the two are interrelated and closely positioned.").

HOUSE_OVERSIGHT_017860

argue the Court's adjudication of Plaintiffs' claims would interfere with the executive branch's discretion to designate state sponsors of terror. *See* 28 U.S.C. § 1605(a)(7)(A) (listing statutes that give Secretary of State authority to designate countries as sponsors of terrorism). Finally, Defendants submit the purpose of(a)(5) was "to eliminate a foreign state's immunity for traffic accidents and other torts committed in the United States, for which liability is imposed under domestic tort law." *Amerada Hess,* 488 U.S. at 439–40, 109 S.Ct. 683; *Burnett II,* 292 F.Supp.2d at 19 (stating "the legislative history [of the FSIA] counsels that the exception should be narrowly construed so as not to encompass the farthest reaches of common law").

Plaintiffs respond that if Congress intended (a)(5) and (a)(7) to be mutually exclusive or intended that (a)(5) never apply in the terrorism context, Congress would have said so. Indeed, Congress did so very explicitly with respect to (a)(5) and (a)(2) and between (a)(7) and (a)(2). *See* § 1605(a)(5) (explaining exception can only be used in situations "not otherwise encompassed in paragraph (2)"); § 1605(a)(7) (same). To further buttress their argument, Plaintiffs note the two exceptions have been interpreted to encompass different situations. Subsection (a)(7) covers acts of terrorism committed abroad by a state sponsor of terrorism, while subsection (a)(5) governs tortious acts, including terrorism, performed in the United States. *See Flatow v. Islamic Republic of Iran,* 999 F.Supp. 1, 15 (D.D.C.1998) (finding (a)(7) applied to conduct outside the United States and stating "28 U.S.C. § 1605(a)(5) already provides jurisdiction over state-sponsored terrorist acts in the United States, . . . the state sponsored terrorism exception would be redundant if it were held to apply only within the United States"). Again, Plaintiffs argue that Defendants' argument of exclusivity would lead to absurd results, such that if a foreign sovereign not designated a state sponsor of terror was involved in a car accident stemming from negligence it would not be immune; but if it undertook a deliberate act of violence it would enjoy immunity from suit.

The Court understands Plaintiffs' desire to find a legal remedy for the horrible wrongs committed on September 11, 2001. If appropriate, however, these Defendants are entitled to immunity from litigating these gravely serious claims in this forum. Congress made a policy decision that the Executive branch, and not the courts, have the authority to label a foreign nation a terrorist. *See* 28 U.S.C. § 1605(a)(7)(A). But when it drafted the state sponsor of terror exception it did not include mutually exclusive language that would preclude the application of the torts exception here. It did include such language with respect to the commercial activities exception. *See* 28 U.S.C. § 1605(a)(7) ("A foreign state shall not be immune from jurisdiction of courts of the United States or of the States in any case—not otherwise covered by paragraph (2) above."); *see also* 28 U.S.C. § 1605(a)(5) ("A foreign state shall not be immune from jurisdiction of courts of the United States or of the States in any case—not otherwise encompassed in paragraph (2) above."). Particularly in a case such as this where interests of sovereignty, comity, international relations, and separation of powers are implicated, the Court must be vigilant to exercise discipline to apply the law only as it is written. While there are certainly obstacles to (a)(5)'s application—and the Court is not convinced the Plaintiffs have or can overcome them—the Court will not rule as a matter of law that subsections (a)(7) and (a)(5) are mutually exclusive. Accordingly, the Court will consider Plaintiffs' evidence

HOUSE_OVERSIGHT_017861

demonstrating the torts exception outlined in (a)(5) provides a basis for subject matter jurisdiction here.

[20] To fit within the exception outlined in § 1605(a)(5), the Plaintiffs must come forward with evidence demonstrating the Princes' or Kingdom's tortious acts or omissions caused Plaintiffs' injuries.[26] 28 U.S.C. § 1605(a)(5); *Virtual Countries,* 300 F.3d at 241; *Cargill,* 991 F.2d at 1016. "Any terrorist act, including the September 11 attacks, might have been the natural and probable consequence of knowingly and intentionally providing financial support to al Qaeda, given [the complaints'] allegations that, prior to September 11, al Qaeda and Osama bin Laden had proclaimed their intentions to commit murderous terrorist activities against the United States and its citizens, . . . and had accompanied these words with actions by implementing, and publicly acknowledging responsibility for, such terrorist schemes as the 1993 bombing of the World Trade Center, the 1998 attack of the U.S. embassies in Kenya and Tanzania, and the 2000 attack of the U.S.S. Cole in Yemen." *Burnett I,* 274 F.Supp.2d at 105; *see also Ashton* Complaint ¶¶ 105–108 (1993 World Trade Center attack), 130–136 (embassy bombings), 152–55 (Cole attack); *Federal* Complaint ¶ 77 (alleging Osama Bin Laden established al Qaeda to wage war with the United States).

### a. Prince Sultan and Prince Turki

[21] Both Princes are alleged to have tortiously aided and abetted terrorism through their contributions to, and support of, Islamic charities that they knew or should have known were supporting terrorist organizations such as al Qaeda.[27] Additionally, Plaintiffs allege Prince Turki aided and abetted the terrorists by attempting to deflect their activities away from Saudi Arabia and by serving as a "facilitator of Osama bin Laden's network of charities." *Ashton* Complaint ¶ 261; *Burnett* Complaint ¶ 350. Plaintiffs allege both Princes must have known that the United States would have been al Qaeda's target, making the attacks on September 11 a foreseeable result of the Princes' actions.

[22–24] Pursuant to the Second Circuit's instruction, the Court must first determine whether the Princes' acts are tortious under New York law. *Robinson,* 269 F.3d at 142. In New York, conspiracy and aiding and abetting are varieties of concerted action liability. *Pittman v. Grayson,* 149 F.3d 111, 122 (2d Cir.1998). There must be "(1) an express or tacit agreement to 'participate in a common plan or design to commit a tortious act,' (2) tortious conduct by each defendant, and (3) the commission by one of the defendants, in pursuance of the agreement, of an act that constitutes a tort.'" *Id.* (quoting

26. Plaintiffs argue that Judge Robertson held them to an unnecessarily stringent theory of causation and submit that the D.C. Circuit's subsequent decision in *Kilburn v. Socialist People's Libyan Arab Jamahiriya,* 376 F.3d 1123 (D.C.Cir.2004), effectively overrules the holding in *Burnett II. See Kilburn,* 376 F.3d at 1129 (evaluating a claim under § 1605(a)(7) and holding the requirement for jurisdictional causation was proximate cause). This Court does not read *Burnett II* as requiring but-for causation and Defendants agreed at oral argument that the proper inquiry at this stage of the litigation is the presence of proximate causation. *See* Sept. 14, 2004 Tr. at 121.

27. To the extent that the consolidated Plaintiffs and the *Federal* Plaintiffs allege that Prince Sultan and Prince Turki made donations in their personal capacities, *see, e.g., Ashton* Complaint ¶ 269 (Prince Sultan); *Federal* Complaint ¶¶ 451–52 (Prince Turki), those claims are not subject to the FSIA's protection. The Court will determine whether it has personal jurisdiction over Prince Sultan and Prince Turki in Part II.

HOUSE_OVERSIGHT_017862

*Rastelli v. Goodyear Tire & Rubber Co.*, 79 N.Y.2d 289, 295, 582 N.Y.S.2d 373, 591 N.E.2d 222 (1992)). Conspiracy "requires an agreement to commit a tortious act." *Id.* at 122–23. Aiding and abetting "requires that the defendant have given substantial assistance or encouragement to the primary wrongdoer." *Id.* at 123. "[U]nder either theory, the defendant must know the wrongful nature of the primary actor's conduct." *Id.* (finding no concerted action liability where airline had no knowledge mother was removing daughter from country without father's approval).

### i. Causation

Judge Robertson found his consideration of Prince Sultan's and Prince Turki's FSIA defenses did not present an opportunity for a general discourse on causation since Plaintiffs' theory would stretch causation to "terra incognita." *Burnett II*, 292 F.Supp.2d at 20. This Court agrees with Judge Robertson's conclusion, but it undertakes the causation analysis because a similar review will be necessary in its consideration of the Defendants' motions for failure to state a claim. *See* Part III below.

Plaintiffs place great reliance on *Halberstam v. Welch*, 705 F.2d 472 (D.C.Cir.1983) and *Boim v. Quranic Literacy Institute. & Holy Land Foundation for Relief & Development*, 291 F.3d 1000, 1023 (7th Cir.2002) ("*Boim II*"). Neither of these cases concern the tortious activity exception to the FSIA, but they do explain liability under the ATA and for aiding and abetting and conspiracy.[28] In *Halberstam*, the defendant was found liable as a joint venturer for a killing that occurred during a burglary at which she was not present. *Halberstam*, 705 F.2d at 488; *see also Lumbard v. Maglia, Inc.*, 621 F.Supp. 1529, 1536 (S.D.N.Y.1985) ("[T]hose who aid or abet or conspire in tortious conduct are jointly and severally liable with other participants in the tortious conduct, regardless of the degree of their participation or culpability in the overall scheme."). The court found that the defendant's intimate relationship with the burglar and her assistance in his other illegal ventures "defie[d] credulity that [she] did not know that something illegal was afoot." *Halberstam*, 705 F.2d at 486.

In *Boim*, the district court had denied a motion to dismiss by U.S.-based charities alleged to have aided and abetted international terrorism. *Boim v. Quranic Literacy Inst. & Holy Land Found.*, 127 F.Supp.2d 1002, 1018 (N.D.Ill.2001) ("*Boim I*"). The Seventh Circuit affirmed the decision and held that the parents of a yeshiva student killed in 1996 in Israel by members of the military wing of Hamas could prove that the defendants aided and abetted their son's murder under the ATA if they could demonstrate that the charities "knew of Hamas' illegal activities, that they desired to help those activities succeed, and they engaged in some act of helping the illegal activities." *Boim II*, 291 F.3d at 1023. The court explained that "[f]oreseeability is the cornerstone of

**28.** The court in *Halberstam* outlined the elements of aiding and abetting as: "(1) the party whom the defendant aids must perform a wrongful act that causes an injury; (2) the defendant must be generally aware of his role as part of an overall illegal or tortious activity at the time that he provides the assistance; (3) the defendant must knowingly and substantially assist the principal violation." *Halberstam*, 705 F.2d at 477. It described the elements of civil conspiracy as: "(1) an agreement between two or more persons; (2) to participate in an unlawful act, or a lawful act in an unlawful manner; (3) an injury caused by an unlawful overt act performed by one of the parties to the agreement; (4) which overt act was done pursuant to and in furtherance of the common scheme." *Id.*

HOUSE_OVERSIGHT_017863

proximate cause, and in tort law, a defendant will be held liable only for those injuries that might have reasonably been anticipated as a natural consequence of the defendant's actions." *Id.* at 1012. Plaintiffs submit the court's decision in *Boim*—that the ATA was designed "to extend liability to all points along the causal chain of terrorism"—supports the finding that Prince Sultan's and Prince Turki's conduct caused the attacks on September 11, 2001. *Id.* at 1011.

Plaintiffs exert much effort outlining the connections between al Qaeda and the Defendant charities that Prince Sultan and Prince Turki supported. Plaintiffs argue that the indirect nature of the Princes' contributions to al Qaeda is not fatal to their claims since they allegedly knew that funds they donated to the Defendant charities were being diverted to al Qaeda. *See* Bierstein Aff. in Opp. to Prince Sultan's Motion to Dismiss, Exs. 1–24. The Court has reviewed the exhibits on which Plaintiffs rely and finds only a handful relate to Plaintiffs' arguments.

Exhibit 11 is a report allegedly prepared for the President of the U.N. Security Council regarding a Saudi connection to terror financing. The report mentions Prince Sultan once in his role as the head of the Supreme Council of Islamic Affairs and does not conclude or suggest that he had any knowledge that charities to which he allegedly donated were funneling money to al Qaeda.

Exhibit 12 is a statement by the former French Minister of the Interior in which he claims to have met with Prince Sultan, Prince Turki, and other members of the Saudi Royal family in November 1994 and to have raised the "question of financial aid furnished by Saudi charitable organizations enjoying state support ... to Islamist movements or terrorist groups." The only charity he names in his statement is the World Islamic League, not one of the charities to which the Princes allegedly donated.

Exhibits 21–24 are excerpts from *The Muslim World* regarding Prince Sultan's donations to IIRO and the Joint Saudi Committee for Relief of Kosovar Refugees ("JSCR"). There is no indication in these exhibits that IIRO or JSCR was funneling donations to al Qaeda. Even construing these allegations and exhibits in the light most favorable to Plaintiffs, and drawing all inferences in their favor, none of these exhibits amount to admissible evidence that Prince Sultan or Prince Turki knew the charities they supported were fronts for al Qaeda.

Alternatively, Plaintiffs argue that, since Osama bin Laden and al Qaeda made no effort to hide their hatred for the United States, Prince Sultan and Prince Turki had to have been aware that the United States was a target, making the atrocities of September 11, 2001 a foreseeable result of their actions. *See, e.g.,* Bierstein Aff. in Opp. to Prince Sultan's Motion to Dismiss, Exs. 2–10, 14, 15, 18, 20 (including reports and fatwas summarizing Osama bin Laden's and al Qaeda's repeated public threats to and denouncement of the United States). There is no question that in the years leading up to the September 11 attacks, Osama bin Laden and al Qaeda were increasingly vocal in their hatred of the United States and its interests. The question remains, however, whether Plaintiffs have adequately alleged that Prince Sultan's and Prince Turki's specific acts aided and abetted those terrorists.

Both Prince Sultan and Prince Turki claim Plaintiffs cannot demonstrate their alleged tortious activity caused Plaintiffs' injuries. They argue that Plaintiffs ignore that Osama bin Laden also targeted the Saudi Royal family. *See, e.g.,* Bierstein Aff. in Opp. to Prince Sultan's Motion to

Dismiss, Ex. 16 (Prince Turki, "Allied Against Terrorism," September 17, 2002, *Washington Post*, editorial in which Prince Turki explains the Saudis' practice of sharing information regarding Osama bin Laden and al Qaeda with the CIA and states that al Qaeda also targeted the Kingdom); Exs. 3, 5, 6 (fatwas issued by Osama bin Laden and Sheikh Omar Abdel Rahman targeting Americans and expressing extreme bitterness toward the Saudi Royal family). Prince Sultan argues that Plaintiffs blur the distinction between charities he is on record of supporting, IIRO and WAMY, and those he is not, Al Haramain and MWL. *See supra* note 20. Both Princes also distinguish the instant case from *Boim* and other cases cited by the Plaintiffs on the basis that groups that they are alleged to have supported were not designated as terrorist organizations by the United States government. *See Boim II*, 291 F.3d at 1002 (noting Hamas was designated a terrorist organization by President Clinton in 1995 and by the Secretary of State in 1997); *see also* Consolidated Plaintiffs' Opp. to Prince Sultan's Motion to Dismiss at 16–17 (citing *Flatow*, 999 F.Supp. at 18 (holding Iran, a state sponsor of terrorism, liable as provider of material support to terrorist organization Palestine Islamic Jihad pursuant to 18 U.S.C. § 1605(a)(7)); *Smith v. Islamic Emirate of Afghanistan*, 262 F.Supp.2d 217, 232 (S.D.N.Y.2003) (granting default judgment against Iraq, a designated state sponsor of terror, after plaintiffs demonstrated it provided material support to Osama bin Laden and al Qaeda)); Consolidated Plaintiffs' Opp. to Prince Turki's Motion to Dismiss at 8 (same).

Although they did not involve New York law, the Court agrees that *Halberstam* and *Boim* are instructive. In *Halberstam*, the defendant enjoyed an extravagant lifestyle made entirely possible by her long-term live-in boyfriend's regular burglaries. The court concluded that she had to know of his criminal activities because she acted as a money launderer for her boyfriend's stolen metals business. *Halberstam*, 705 F.2d at 486–88. The court found the defendant was so close to the illegal activity that she had to be aware of her role in it. *Id.* at 486. In *Boim*, the court denied the defendants' motion to dismiss because the complaint contained specific factual allegations tying the defendants to Hamas. For example, one defendant entity allegedly employed an individual designated as a terrorist affiliated with Hamas, another entity admitted providing funds to Hamas, two individual defendants had documented and admitted ties to Hamas, and numerous links existed between the individual terrorist defendants and the entity defendants. *Boim I*, 127 F.Supp.2d at 1006–1008. Unlike Hamas in *Boim*, none of the organizations the Princes are alleged to have supported in an official capacity were designated a sponsor of terrorism at the time of the alleged contributions. In fact, only BIF and certain branches of Al Haramain have since been designated. *See* Exec. Order No. 13224 (designating BIF (November 19, 2002) and branches of Al Haramain (Bosnia, Somalia on March 11, 2002; Indonesia, Kenya, Pakistan, Tanzania on January 22, 2004; Afghanistan, Albania, Bangladesh, Ethiopia, the Netherlands on June 2, 2004)). Thus, pursuant to *Boim*, the Plaintiffs would have to allege specific facts showing that the Princes knew or should have known that the charities they supported were actually fronts for al Qaeda. *See Burnett I*, 274 F.Supp.2d at 106.

**[25–27]** Plaintiffs have pleaded al Qaeda's repeated, public targeting of the United States. They have not, however, pleaded facts to support an inference that the Princes were sufficiently close to the terrorists' illegal activities to satisfy *Halber-*

HOUSE_OVERSIGHT_017865

*stam* or New York law. Similarly, Plaintiffs have not pleaded facts to suggest the Princes knew they were making contributions to terrorist fronts and provided substantial assistance or encouragement to the terrorists to satisfy *Boim* or New York law. The Court has reviewed the complaints in their entirety and finds no allegations from which it can infer that the Princes knew the charities to which they donated were fronts for al Qaeda. The Court is not ruling as a matter of law that a defendant cannot be liable for contributions to organizations that are not themselves designated terrorists. But in such a case, there must be some facts presented to support the allegation that the defendant knew the receiving organization to be a solicitor, collector, supporter, front or launderer for such an entity. There must be some facts to support an inference that the defendant knowingly provided assistance or encouragement to the wrongdoer. Here, there are no such factual bases presented, there are only conclusions. *See Robinson*, 269 F.3d at 146 ("[W]e note that the conclusory nature of [plaintiff's] allegations alone would give us pause before we would allow them to sustain jurisdiction.") (citing *Zappia Middle East Const. Co. v. Emirate of Abu Dhabi*, 215 F.3d 247, 253 (2d Cir.2000) (finding, in context of FSIA 12(b)(1) motion, conclusory allegations in plaintiffs affidavit insufficient to sustain jurisdiction)). The law does not permit Plaintiffs

> to circumvent the jurisdictional hurdle of the FSIA by inserting vague and conclusory allegations of tortious conduct in their complaints—and then ... rely on the federal courts to conclude that some conceivable non-discretionary tortious act falls within the purview of these generic allegations under the applicable substantive law. This is at odds with the goal of the FSIA to enable a foreign government to obtain an early dismissal when the substance of the claim against it does not support jurisdiction.

*Robinson*, 269 F.3d at 146.

### ii. Discretionary Function

Plaintiffs argue that there is no discretion to conduct illegal activities and the so-called discretionary function exception to the tortious act exception should not apply to Prince Sultan or Prince Turki. *See, e.g., Liu v. Republic of China*, 892 F.2d 1419, 1421, 1431 (9th Cir.1989) (finding no discretion to violate Chinese law prohibiting murder where gunmen acting on direction of China's Director of Defense Intelligence Bureau killed plaintiff's husband); *Birnbaum v. United States*, 588 F.2d 319, 329–30 (2d Cir.1978) (finding in FTCA case that the CIA had no authority and therefore no discretion to open U.S. first class mail departing for and arriving from the Soviet Union); *Glickman v. United States*, 626 F.Supp. 171, 175 (S.D.N.Y.1985) (finding in FTCA case that CIA agent's secret administration of LSD to plaintiff was not discretionary function); *Letelier v. Republic of Chile*, 488 F.Supp. 665, 673 (D.D.C.1980) (holding no discretion to order or aid assassination of former Chilean ambassador and foreign minister). Prince Sultan insists that any recommendation of government grants to Islamic charities was a discretionary function. Prince Turki makes a similar argument regarding his actions as the head of DGI and urges the Court to find that all of his alleged actions should be subsumed by the discretionary function exception.

[28] The Court finds the discretionary function exception independently bars Plaintiffs' claims against Prince Sultan and Prince Turki. Both Princes are accused of donating money or recommending government grants to charities that allegedly supported al Qaeda. As the head of DGI,

Prince Turki is also alleged to have attempted to protect Saudi Arabia from terrorism and to have implemented the Kingdom's foreign relations with the Taliban and Osama bin Laden. In determining whether these were discretionary functions, the Court must decide whether the actions involved an element of choice or judgment based on considerations of public policy. *See Callahan v. United States*, 329 F.Supp.2d 404, 408 (S.D.N.Y.2004) (interpreting FTCA); *Berkovitz v. United States*, 486 U.S. 531, 536, 108 S.Ct. 1954, 100 L.Ed.2d 531 (1988) (construing FTCA).

**[29, 30]** There can be little doubt that, as the chairman of the Supreme Council of Islamic Affairs, charged with making recommendations to the Council of Ministers regarding requests for aid from Islamic organizations located abroad, and as the head of the Special Committee of the Council of Ministers, charged with deciding which grants should be made to Islamic charities, Prince Sultan's decisions were made at the planning level of government, *Kline*, 685 F.Supp. at 392, and "grounded in social, economic, and political policy," *Varig Airlines*, 467 U.S. at 814, 104 S.Ct. 2755. Similarly, as the head of DGI, Prince Turki's decisions regarding the treatment of the Taliban and Osama bin Laden were judgments based on considerations of public policy. *See Callahan v. United States*, 329 F.Supp.2d at 408; *see also Burnett II*, 292 F.Supp.2d at 20–21 ("[T]his conclusion would be nearly self-evident: Prince Turki, as director of intelligence, taking acts to protect Saudi Arabia from terrorism, and Prince Sultan, as chairman of the Supreme Council, making recommendations to the Council of Ministers about requests for assistance from Islamic organizations outside Saudi Arabia or, as head of the Special Committee, deciding what disbursements should be made to Islamic charitable organizations, were clearly making 'decisions grounded in social, economic, and political policy.' ") (quoting *Varig Airlines*, 467 U.S. at 814, 104 S.Ct. 2755).

Accordingly, to the extent that Plaintiffs allege acts Prince Sultan and Prince Turki performed in their official capacities, Prince Sultan's and Prince Turki's motions to dismiss the certain consolidated complaints [29] and the *Federal* complaint are granted. The Court denies Plaintiffs' request for jurisdictional discovery because Plaintiffs have not presented any factual basis for believing that discovery might reasonably be expected to result in evidence that would overcome the discretionary function exception. *See* 28 U.S.C. § 1605(a)(5)(A) (exception not applicable to "any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function regardless of whether the discretion be abused.") The Court will consider the appropriateness of exercising personal jurisdiction over Prince Sultan's and Prince Turki's personal acts in Part II below.

### b. Kingdom of Saudi Arabia

There is no dispute that the Kingdom of Saudi Arabia is a foreign state within the meaning of the FSIA. *Federal* Complaint ¶ 63. The *Federal* Plaintiffs have the "burden of going forward with evidence that, under exceptions to the FSIA, immunity should not be granted." *Virtual Countries*, 300 F.3d at 241 (internal quotations omitted). As explained above, the only possible applicable exception is the torts exception under 28 U.S.C. § 1605(a)(5).

**[31, 32]** The *Federal* Plaintiffs' allegations arise "predominantly from miscon-

29. The consolidated complaints are *Ashton*, *Barrera*, *Burnett*, *Salvo*, and *Tremksy*.

HOUSE_OVERSIGHT_017867

duct of ostensible charities under the Kingdom's control." Federal Opp. to Motion to Dismiss of the Kingdom of Saudi Arabia at 1.[30] Thus, the *Federal* Plaintiffs claim the Kingdom of Saudi Arabia aided and abetted the terrorists through these charities. In attempting to overcome the presumption of the Kingdom's sovereign immunity, the *Federal* Plaintiffs argue the merits of their claims against the charities.[31] Based on news accounts that the Kingdom has dissolved its international charities and terrorist financing reports that implicate certain charities, the *Federal* Plaintiffs urge the Court to find that the Kingdom had previously willfully ignored the charities' support for terrorism. *See, e.g.,* Federal Opp. to Kingdom of Saudi Arabia Motion to Dismiss Ex. 2 ("Terrorist Financing, Report of an Independent Task Force Sponsored by the Council on Foreign Relations"), Ex. 3 (CNN.com June 2, 2004 "Saudis reform charities as antiterror measure" (mentioning only Al Haramain Islamic Foundation)), Ex. 5 (Senate Subcommittee Testimony, July 31, 2003 by Steven Emerson with Jonathan Levin, "Terrorism Financing: Origination, Organization, and Prevention: Saudi Arabia, Terrorist Financing and the War on Terror").

In response, the Kingdom argues that Plaintiffs ignore Osama bin Laden's public targeting of the Kingdom. *See, e.g.,* Bierstein Aff. in Opp. to Prince Sultan's Motion to Dismiss, Ex. 3 & 4; *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States,* 48, 373 (July 2004) (hereinafter "*9/11 Report*"). The Kingdom also submits it has worked with the United States to share information in the fight against terrorism. *9/11 Report,* at 115–22; Prince Turki Decl. ¶¶ 7, 8, 10. The U.S. State Department has not designated the Kingdom a state sponsor of terrorism. Additionally, the presidentially-appointed September 11 commission found no evidence of the Kingdom's funding or support for the September 11 terrorists. *9/11 Report,* at 171 ("[W]e have found no evidence that the Saudi government as an institution or senior Saudi officials individually funded the organization.").

The Court finds the Plaintiffs' allegations cannot overcome the discretionary function exception to the tortious acts exception. *Marchisella v. Gov't of Japan,* 2004 WL 307248, at *2 (explaining acts performed at the planning, as opposed to operational, level of government are protected by immunity); *Robinson,* 269 F.3d at 146 (noting conclusory nature of allega-

30. The *Federal* Plaintiffs allege that each of the following charities, which are all named as Defendants and represented by counsel in these actions, are agencies, instrumentalities, arms or organs of the Kingdom: MWL, IIRO, WAMY, Al Haramain Islamic Foundation, Saudi High Commission for Relief to Bosnia and Herzegovina, SJRC, Rabita Trust, Saudi Red Crescent, and BIF. The Kingdom disputes the instrumentality status of MWL, IIRO, WAMY, Al Haramain Islamic Foundation, Rabita Trust, and BIF. These Plaintiffs request discovery as to the instrumentality status of these charities. The request is denied at this time and may be more appropriate when the Court considers each of the charities' motions to dismiss.

31. Rather than pleading specific facts showing that the Kingdom caused Plaintiffs' injuries, the *Federal* Plaintiffs focus predominantly on the charities' actions. For example, these Plaintiffs argue that the Kingdom has waived the defense of sovereign immunity because certain charities, which have not been designated as instrumentalities of the Kingdom and which are represented by separate counsel, did not raise the FSIA defense in their motions to dismiss. The Court is not convinced by this argument because the waiver of FSIA immunity must be explicit. *See Banco de Seguros del Estado v. Mutual Marine Office, Inc.,* 344 F.3d 255, 261 (2d Cir.2003).

HOUSE_OVERSIGHT_017868

tions would not sustain jurisdiction). Saudi Arabia's treatment of and decisions to support Islamic charities are purely planning level "decisions grounded in social, economic, and political policy." *Varig Airlines,* 467 U.S. at 814, 104 S.Ct. 2755; *see also Kline,* 685 F.Supp. at 392. The *Federal* Plaintiffs have not met their burden of demonstrating an exception to the FSIA applies to negate the Kingdom's immunity. "[S]overeign immunity under the FSIA is immunity from suit, not just from liability." *Moran v. Kingdom of Saudi Arabia,* 27 F.3d 169, 172 (5th Cir.1994). Because there were no factual disputes raised in the Court's resolution of this motion, no jurisdictional discovery is necessary. *See Filetech S.A. v. France Telecom S.A.,* 304 F.3d 180, 183 (2d Cir.2002). The Kingdom of Saudi Arabia's motion to dismiss the *Federal* complaint for lack of subject matter jurisdiction is granted.

## II. Personal Jurisdiction

**[33–36]** To avoid dismissal for lack of personal jurisdiction under Rule 12(b)(2), Plaintiffs must establish personal jurisdiction over each Defendant. *Bank Brussels Lambert v. Fiddler Gonzalez & Rodriguez,* 171 F.3d 779, 784 (2d Cir.1999). Because these motions are brought before discovery and decided without an evidentiary hearing, Plaintiffs need only make a prima facie showing that personal jurisdiction exists. *PDK Labs, Inc. v. Friedlander,* 103 F.3d 1105, 1108 (2d Cir.1997); *A.I. Trade Finance, Inc. v. Petra Bank,* 989 F.2d 76, 79 (2d Cir.1993). Plaintiffs may rely entirely on factual allegations, *Jazini v. Nissan Motor Co.,* 148 F.3d 181, 184 (2d Cir. 1998), and they will prevail even if Defendants make contrary arguments, *A.I Trade,* 989 F.2d at 79. In resolving the motions, the Court will read the complaints and affidavits in a light most favorable to Plaintiffs. *PDK Labs,* 103 F.3d at 1108. It will not, however, accept legally conclusory assertions or draw "argumentative inferences." *Mende v. Milestone Tech., Inc.,* 269 F.Supp.2d 246, 251 (S.D.N.Y.2003) (citing *Robinson v. Overseas Military Sales Corp.,* 21 F.3d 502, 507 (2d Cir.1994)).

### A. Bases for Personal Jurisdiction

#### 1. New York Long–Arm Statute

**[37]** "In a federal question case where a defendant resides outside the forum state, a federal court applies the forum state's personal jurisdiction rules if the federal statute does not specifically provide for national service of process." *PDK Labs,* 103 F.3d at 1108. Similarly, a federal court sitting in diversity exercises personal jurisdiction over a foreign defendant to the same extent as courts of general jurisdiction of the state in which it sits pursuant to Federal Rule of Civil Procedure 4(k)(1)(A). *Bank Brussels Lambert v. Fiddler Gonzalez & Rodriguez,* 305 F.3d 120, 124 (2d Cir.2002). In such cases, courts must determine if New York law would confer jurisdiction through its long-arm statute, and then decide if the exercise of such jurisdiction comports with the requisites of due process under the Fourteenth Amendment. *Id.* (citing *Bank Brussels,* 171 F.3d at 784); *Bensusan Rest. Corp. v. King,* 126 F.3d 25, 27 (2d Cir.1997).

#### a. Conspiracy Theory

Plaintiffs claim that New York's long-arm statute provides a basis for personal jurisdiction. Rule 302(a)(2) of New York's Civil Practice Law & Rules states in part: "(a) As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any non-domiciliary, or his executor or administrator, who in person or through an agent ... (2) commits a tortious act

HOUSE_OVERSIGHT_017869

within the state ...." N.Y. C.P.L.R. § 302(a)(2) (McKinney 2002). Courts have defined "agent" to include a defendant's co-conspirators "under certain circumstances." *Chrysler Capital Corp. v. Century Power Corp.*, 778 F.Supp. 1260, 1266 (S.D.N.Y.1991) (citing *Lehigh Valley Indus., Inc. v. Birenbaum*, 389 F.Supp. 798, 806–07 (S.D.N.Y.1975), *aff'd*, 527 F.2d 87 (2d Cir.1975)). Thus, "acts committed in New York by the co-conspirator of an out-of-state defendant pursuant to a conspiracy may subject the out-of-state defendant to jurisdiction under C.P.L.R. 302(a)(2)." *Chrysler Capital Corp.* 778 F.Supp. at 1266.

**[38–40]** Plaintiffs are not required to establish the existence of a "formal agency relationship" between the Defendants and their putative co-conspirators. *Daventree Ltd. v. Republic of Azerbaijan*, 349 F.Supp.2d 736, at 759, 2004 WL 2997881, at *18 (S.D.N.Y.2004). Yet, "the bland assertion of conspiracy ... is insufficient to establish jurisdiction for the purposes of section 302(a)(2)." *Lehigh Valley Indus. Inc.*, 527 F.2d at 93–94; *Lamarr v. Klein*, 35 A.D.2d 248, 315 N.Y.S.2d 695, 697–98 (1st Dep't 1970) (holding that conclusory statements about defendant's role in conspiracy were insufficient to establish jurisdiction under the co-conspirator doctrine). To establish personal jurisdiction on a conspiracy theory, Plaintiffs must make a prima facie showing of conspiracy, allege specific facts warranting the inference that the defendant was a member of the conspiracy, and show that the defendant's co-conspirator committed a tort in New York. *Chrysler Capital Corp.*, 778 F.Supp. at 1266 (citing *Singer v. Bell*, 585 F.Supp. 300, 302 (S.D.N.Y.1984)).

**[41]** "To plead a valid cause of action for conspiracy under New York law, a plaintiff must allege the primary tort and four elements: '(a) a corrupt agreement between two or more persons, (b) an overt act in furtherance of the agreement, (c) the parties' intentional participation in the furtherance of a plan or purpose, and (d) the resulting damage or injury.'" *Chrysler Capital Corp.* 778 F.Supp. at 1267 (quoting *Kashi v. Gratsos*, 790 F.2d 1050, 1055 (2d Cir.1986)). To warrant the inference that a defendant was a member of the conspiracy, Plaintiffs must show that "(a) the defendant had an awareness of the effects in New York of its activity; (b) the activity of the co-conspirators in New York was to the benefit of the out-of-state conspirators; and (c) the co-conspirators acting in New York acted 'at the direction or under the control' or 'at the request of or on behalf of' the out-of-state defendant." *Chrysler Capital Corp.*, 778 F.Supp. at 1268–69 (quoting *Dixon v. Mack*, 507 F.Supp. 345, 350 (S.D.N.Y.1980)).

"Whether an alleged conspiracy ... existed is 'a mixed question of law and fact.'" *Daventree*, 349 F.Supp.2d 736, at 760, 2004 WL 2997881, at *19 (quoting *Mario Valente Collezioni Ltd. v. Confezioni Semeraro Paolo, S.R.L.*, 264 F.3d 32, 36 (2d Cir.2001)). Accordingly, the Court cannot accept "conclusory assertions on those issues; instead it must resolve such questions based upon an independent examination of the factual allegations while mindful of its duty to draw all factual inferences in plaintiffs' favor." *Id.* (rejecting conspiracy theory of personal jurisdiction without permitting jurisdictional discovery).

**[42]** Plaintiffs claim that all Defendants in these actions conspired with the al Qaeda terrorists to perpetrate the attacks of September 11. *See, e.g., Ashton* Complaint ¶ 296; *Federal* Complaint ¶¶ 66, 72–74. Without supporting factual allegations, such a statement is insufficient to establish an agency relationship. *Lehigh Valley Indus. Inc.*, 527 F.2d at 93–94; *Daventree*, 349 F.Supp.2d 736 at 762–63, 2004

HOUSE_OVERSIGHT_017870

WL 2997881, at *22 (citing *First Capital Asset Mgmt. v. Brickellbush, Inc.* 218 F.Supp.2d 369, 395 (S.D.N.Y.2002)). As will be highlighted below, the complaints do not allege any specific facts from which the Court could infer that Prince Sultan, Prince Turki, Mohammed Abdullah Aljomaih, Sheikh Hamad Al–Husani, or Abdulrahman bin Mahfouz directed, controlled, or requested al Qaeda to undertake its terrorist activities. Nor are there any specific allegations of their knowledge of, or consent to those activities. *See Daventree,* 349 F.Supp.2d 736 at 762–63, 2004 WL 2997881, at *22 (finding no personal jurisdiction under a conspiracy theory because there was no basis from which the court could impute to defendants the conduct of their putative co-conspirators); *Chrysler Capital Corp.,* 778 F.Supp. at 1266 (requiring specific facts warranting the inference that the defendant was a member of the conspiracy). Accordingly, for Prince Sultan, Prince Turki, Mohammed Abdullah Aljomaih, Sheik Hamad Al–Husani, and Abdulrahman bin Mahfouz, personal jurisdiction cannot be based on a New York long-arm conspiracy theory. The Court will examine the possibility of exercising conspiracy theory personal jurisdiction over the remaining moving Defendants when it examines the specific claims against each of them below.

**2. Federal Rule of Civil Procedure 4(k)**

Under Federal Rule of Civil Procedure 4(k)(1)(D), service of process will establish personal jurisdiction over a defendant when so authorized by a federal statute.[32] Here, the ATA contains a nationwide service of process provision, such that proper service will confer personal jurisdiction.[33] 18 U.S.C. § 2334(a) (providing for nationwide service of process and venue); *Burnett I,* 274 F.Supp.2d at 95–96. Courts asked to analyze personal jurisdiction under the ATA's national service of process provision have concluded that a plaintiff "must demonstrate that the defendant has sufficient minimum contacts to satisfy a traditional due process analysis." *Estates of Ungar v. Palestinian Auth.,* 153 F.Supp.2d 76, 95 (D.R.I.2001); *see also Biton v. Palestinian Interim Self–Gov't Auth.,* 310 F.Supp.2d 172, 179 (D.D.C. 2004) (dismissing complaint pursuant to 18 U.S.C. § 2333 because individual defendants lacked contacts with the United States). "The relevant inquiry under such circumstances is whether the defendant has minimum contacts with the United States as a whole [to satisfy Fifth Amendment due process requirements], rather than . . . with the particular state in which the federal court sits." *Ungar,* 153 F.Supp.2d at 87. Many of the moving

**32.** Although the Court does not have subject matter jurisdiction over any of the moving Defendants pursuant to the FSIA, that statute also provides for personal jurisdiction if service is proper and subject matter jurisdiction has been established. 28 U.S.C. § 1330(b) ("[P]ersonal jurisdiction over a foreign defendant shall exist as to every claim for relief of which the district courts have jurisdiction . . . where service has been made under section 1608 of this title."); *Rein v. Socialist People's Libyan Arab Jamahiriya,* 995 F.Supp. 325, 329–330 (E.D.N.Y.1998).

**33.** The *Federal* Plaintiffs pursue claims under RICO, which some courts outside the Second Circuit have held also provides for nationwide service of process and jurisdiction. *See* 18 U.S.C. § 1965; *Republic of Panama v. BCCI Holdings (Luxembourg) S.A.,* 119 F.3d 935, 942 (11th Cir.1997) (finding 18 U.S.C. § 1965(d) provides for nationwide jurisdiction); *cf. PT United Can Co. Ltd. v. Crown Cork & Seal Co., Inc.,* 138 F.3d 65, 71 (2d Cir.1998) (finding " § 1965 does not provide for nationwide personal jurisdiction over every defendant in every civil RICO case, no matter where the defendant is found"). The *Federal* Plaintiffs do not use their RICO claims as a basis for personal jurisdiction and the Court focuses on the ATA.

HOUSE_OVERSIGHT_017871

Defendants either dispute the manner in which they were served or were not served in the United States. Accordingly, the Court must consider an alternative basis for personal jurisdiction.

[43] If the New York long-arm statute or the ATA does not establish personal jurisdiction, the Court will engage in a Rule 4(k)(2) analysis. Rule 4(k)(2) states:

> If the exercise of jurisdiction is consistent with the Constitution and laws of the United States, serving a summons or filing a waiver of service is also effective, with respect to claims arising under federal law, to establish personal jurisdiction over the person of any defendant who is not subject to the jurisdiction of the courts of general jurisdiction of any state.

Fed.R.Civ.P. 4(k)(2). Rule 4(k)(2) "fill[s] a gap in the enforcement of federal law" for courts to exercise personal jurisdiction over defendants with sufficient contacts with the United States generally, but insufficient contacts with any one state in particular. Fed.R.Civ.P. 4(k)(2) advisory committee's note; *United States v. Int'l Bhd. of Teamsters*, 945 F.Supp. 609, 616–17 (S.D.N.Y.1996). For jurisdiction under Rule 4(k)(2), there must be a federal claim, personal jurisdiction must not exist over the defendant in New York or any other state, and the defendant must have sufficient contacts with the United States as a whole such that the exercise of jurisdiction does not violate Fifth Amendment due process. *Int'l Bhd. of Teamsters*, 945 F.Supp. at 617.

**a. Purposefully Directed Activities Theory**

Personal jurisdiction based on Rule 4(k) requires minimum contacts with the United States to satisfy Fifth Amendment due process requirements. Plaintiffs claim these requirements are met because Defendants purposefully directed their activities at the United States. *Burger King v. Rudzewicz*, 471 U.S. 462, 472, 479, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985) (explaining jurisdiction is appropriate if defendant "purposefully directed his activities at residents of the forum and the litigation results from alleged injuries that arise out of or relate to those activities" and finding minimum contacts existed since dispute arose from a contract with substantial contacts with the forum) (internal quotations and citations omitted); *Calder v. Jones*, 465 U.S. 783, 789, 104 S.Ct. 1482, 79 L.Ed.2d 804 (1984) (finding personal jurisdiction appropriate over non-resident defendants who "expressly aimed" intentionally tortious conduct at residents of forum state, even where defendants were never physically present in forum); *see also Daventree*, 349 F.Supp.2d 736 at 762–63, 2004 WL 2997881, at *22 (finding exercise of personal jurisdiction under Rule 4(k)(2) is appropriate if defendants "purposefully directed their activities at residents of the forum, and the litigation results from alleged injuries that arise out of or related to those activities"). Pursuant to the holdings in *Burger King*, *Calder*, and three recent terrorism cases—*Rein v. Socialist People's Libyan Arab Jamahiriya*, 995 F.Supp. 325 (E.D.N.Y.1998), *Daliberti v. Republic of Iraq*, 97 F.Supp.2d 38 (D.D.C. 2000), and *Pugh v. Socialist People's Libyan Arab Jamahiriya*, 290 F.Supp.2d 54 (D.D.C.2003)—Plaintiffs submit that the moving Defendants knew that the primary target of Osama bin Laden's and al Qaeda's campaign of terror was the United States and that by providing assistance to these terrorists, who Plaintiffs claim were Defendants' co-conspirators, Defendants aimed their conduct at the United States.

In *Rein*, the court denied defendants' motions to dismiss for lack of subject matter and personal jurisdiction in a case aris-

ing from the bombing of Pan Am Flight 103 over Lockerbie, Scotland. The court found it had subject matter jurisdiction over defendant Libya, a designated state sponsor of terror, pursuant to § 1605(a)(7) of the FSIA. *Rein,* 995 F.Supp. at 329–30. Noting that the FSIA provides for personal jurisdiction as long as subject matter jurisdiction exists and proper service was effected, the court turned to Libya's contacts with the United States. *Id.* at 330 (citing *Burger King,* 471 U.S. at 472, 105 S.Ct. 2174). It found that Libya's contacts with the United States were sufficient because its allegedly "intentional, tortious actions [were] ... 'expressly aimed at' the United States," and included "destruction of a United States flag aircraft ... while en route to the United States ... with 189 United States nationals on board." *Id.* (citing *Calder,* 465 U.S. at 789, 104 S.Ct. 1482). The court concluded that its exercise of personal jurisdiction was appropriate since "[a]ny foreign state would know that the United States has substantial interests in protecting its flag carriers and its nationals from terrorist activities and should reasonably expect that if these interests were harmed, it would be subject to a variety of potential responses, including civil actions in the United States." *Id.*

Similarly, in *Daliberti* the court found it had subject matter jurisdiction over defendant Iraq, a designated state sponsor of terror, in a case stemming from the alleged torture of several United States citizens who were working in Kuwait. *Daliberti,* 97 F.Supp.2d at 46. Iraq argued that exercising personal jurisdiction over it would offend constitutional due process since the FSIA "abrogates the minimum contacts requirement." *Id.* at 52. The court disagreed and explained that "Congress expressly addressed the minimum contacts requirement in enacting the FSIA by providing that '[p]ersonal jurisdiction over a foreign state shall exist as to every claim for relief over which the district courts have jurisdiction.' " *Id.* (citing 28 U.S.C. § 1330(b); *Shapiro v. Republic of Bolivia,* 930 F.2d 1013, 1020 (2d Cir.1991)). The court acknowledged that the foreign state's contacts with the United States might be more attenuated in the context of the state sponsor of terrorism exception than in the FSIA's other exceptions, but concluded "in the context of this statute, the purpose for which it was enacted, and the nature of the activity toward which it is directed, ... it is reasonable that foreign states be held accountable in the courts of the United States for terrorist actions perpetrated against U.S. citizens anywhere." *Id.* at 54. Finally, it noted that the "detention of these three plaintiffs had a direct effect in the United States and was consciously designed to affect United States policy ... Iraq cannot now claim surprise at the assertion of jurisdiction by this Court." *Id.*

Most recently, in *Pugh,* representatives of passengers killed in the bombing of a French airliner in Africa survived a motion to dismiss by the individual defendants. The court found it had subject matter jurisdiction over seven Libyan officials, including Muammar Qadhafi, pursuant to the state sponsor of terrorism exception of the FSIA outlined in § 1605(a)(7). *Pugh,* 290 F.Supp.2d at 58. In its personal jurisdiction analysis, the court concluded that the individuals had sufficient contacts with the United States to satisfy due process since they had "conspired to sabotage" a flight, which was scheduled to "stop in several nations," thus making it foreseeable that "passengers of many nationalities would be on board." *Id.* at 59. From their actions, the defendants could have expected to be haled into "the courts of those nations whose citizens would die." *Id.* Given the number of passengers on the plane, it was also foreseeable that Ameri-

HOUSE_OVERSIGHT_017873

cans would be on board. *Id.* Finally, the court reasoned that the "interest of the United States in preventing and punishing international terrorism has been a matter of worldwide common knowledge for years." *Id.* (citing statutes criminalizing terrorist acts). "It logically follows that if federal courts may constitutionally exercise criminal jurisdiction over such individuals, the Constitution should be no bar to those same federal courts, in a civil action ... exercising civil *in personam* jurisdiction over those same individuals for the same acts." *Id.*

[44] The courts in *Rein*, *Daliberti*, and *Pugh* properly exercised personal jurisdiction over each of the defendants in those cases pursuant to the FSIA, which specifically provides that personal jurisdiction exists where proper service and subject matter jurisdiction have been established. 28 U.S.C. § 1330(b); *Rein*, 995 F.Supp. at 329–30; *Daliberti*, 97 F.Supp.2d at 52; *Pugh*, 290 F.Supp.2d at 58. While the FSIA is not the basis for personal jurisdiction here, jurisdiction based on the ATA or Rule 4(k)(2) also requires minimum contacts with the United States. Accordingly, Plaintiffs may rely on their "purposefully directed" theory to establish these minimum contacts. But as existed in *Burger King*, *Calder*, and the three terrorism cases, Plaintiffs must allege some personal or direct involvement by the Defendants in the conduct giving rise to their claims. *See, e.g.*, *Daliberti*, 97 F.Supp.2d at 41 (explaining that defendant Iraq had held and tortured plaintiffs and that three of four plaintiffs were released only after U.S. officials' explicit negotiations with their Iraqi counterparts); *Pugh*, 290 F.Supp.2d at 56 (noting that seven individual Libyan defendants were sued in the United States after extensive official French investigation and that these defendants were deemed to be responsible for the bombings in both civil and criminal proceedings); *see also In re Magnetic Audiotape*, 334 F.3d at 208 (2d (stating a "court may exercise personal jurisdiction over defendant consistent with due process when defendant is primary participant in intentional wrongdoing—albeit extraterritorially—expressly directed at forum") (citing *Calder v. Jones*, 465 U.S. at 789–90, 104 S.Ct. 1482)); *Time, Inc. v. Simpson*, No. 02 Civ. 4917(MBM), 2003 WL 23018890, at *5 (S.D.N.Y. Dec. 22, 2003) (finding *Calder* turned on "personal involvement of the individual defendants in the particular conduct that gave rise to the plaintiff's claim" and granting motion to dismiss because plaintiff had not demonstrated that defendant had had any personal involvement in the events giving rise to the lawsuit). Accordingly, regardless of whether personal jurisdiction is based on the ATA's nationwide service of process provision or Rule 4(k)(2), to satisfy the Fifth Amendment's due process requirements, Plaintiffs must make a prima facie showing of each Defendant's personal or direct participation in the conduct giving rise to Plaintiffs' injuries.

### 3. Mass Torts Theory

[45] In addition to the arguments articulated above, the *Federal* Plaintiffs submit that the Court should utilize a modified due process standard appropriate for mass torts. *See, e.g.*, Federal Prince Turki Opp. at 23; Federal Prince Mohammed Opp. at 12; SAAR Network Opp. at 12–13. Courts in the Eastern District of New York have outlined the modified standard in products liability cases as follows: the state's interests in the litigation replace contacts with the forum as the constitutional touchstone and the "reasonableness" inquiry is replaced with a hardship analysis. *Simon v. Philip Morris*, 86 F.Supp.2d 95, 129 (E.D.N.Y.2000); *In re DES Cases*, 789 F.Supp. 552, 587 (E.D.N.Y.1992). The

HOUSE_OVERSIGHT_017874

Court declines to adopt this standard. There was no question that, at a minimum, the defendants in these products liability actions had substantial contacts with the forum, in these cases being New York, and were involved in the sale or production of the products at issue. *In re DES Cases*, 789 F.Supp. at 559; *Simon*, 86 F.Supp.2d at 99–100. Here, however, there are questions as to the Defendants' contacts with the forum, whether it be the United States generally or New York specifically, and the Defendants' alleged involvement with al Qaeda is much more attenuated.

### B. Due Process Requirements

**[46–49]** Any exercise of personal jurisdiction must comport with the requirements of due process. "The due process test for personal jurisdiction has two related components: the 'minimum contacts' inquiry and the 'reasonableness' inquiry." *Metro. Life Ins. Co. v. Robertson–Ceco Corp.*, 84 F.3d 560, 567 (2d Cir.1996). Depending on the basis for personal jurisdiction, due process under either the Fifth or Fourteenth Amendment applies. "[T]he due process analysis is basically the same under both the Fifth and Fourteenth Amendments. The principal difference is that under the Fifth Amendment the court can consider the defendant's contacts throughout the United States, while under the Fourteenth Amendment only the contacts with the forum state may be considered." *Chew v. Dietrich*, 143 F.3d 24, 28 n. 4 (2d Cir.1998). Here, personal jurisdiction under the New York long-arm statute requires minimum contacts with New York pursuant to the Fourteenth Amendment. The exercise of personal jurisdiction under Rule 4(k) requires contacts with the United States as a whole pursuant to the Fifth Amendment.

#### 1. Minimum Contacts

**[50, 51]** Minimum contacts are required so "that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S.Ct. 154, 90 L.Ed. 95 (1945); *see also World–Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980). The minimum contacts requirement is also known as "fair warning," such that the defendant's contacts with the forum should be sufficient to make it reasonable to be haled into court there. *Burger King*, 471 U.S. at 474, 105 S.Ct. 2174. The " 'fair warning' requirement is satisfied if the defendant has 'purposefully directed' his activities at the residents of the forum ... and the litigation results from alleged injuries that 'arise out of or relate to' those activities." *Id.* (internal citations omitted); *see also World–Wide Volkswagen*, 444 U.S. at 297–98, 100 S.Ct. 559 (finding purposefully directed activities where defendant delivered products into stream of commerce with expectation they would be purchased by residents of forum); *Calder*, 465 U.S. at 789–90, 104 S.Ct. 1482 (finding publishing activities outside of forum were calculated to cause injury to plaintiff in forum where she lived and which also had the highest subscription rate). "Although it has been argued that foreseeability of causing *injury* in another State should be sufficient to establish such contacts there when policy considerations so require, the Court has consistently held that this kind of foreseeability is not a 'sufficient benchmark' for exercising personal jurisdiction." *Burger King*, 471 U.S. at 474, 105 S.Ct. 2174 (quoting *World–Wide Volkswagen*, 444 U.S. at 295, 100 S.Ct. 559). In every case, there must be "some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Id.* (quoting

HOUSE_OVERSIGHT_017875

*Hanson v. Denckla*, 357 U.S. 235, 253, 78 S.Ct. 1228, 2 L.Ed.2d 1283 (1958)).

[52] For purposes of the minimum contacts inquiry, a distinction is made between specific and general jurisdiction. Specific jurisdiction exists when the forum exercises jurisdiction over the defendant in a suit arising out of the defendant's contacts with that forum. *Metro. Life Ins.* 84 F.3d at 567–68. General jurisdiction is based on the defendant's general business contacts with the forum; because the defendant's contacts are not related to the suit, a considerably higher level of contacts is generally required.[34] *Id.* at 568.

### 2. Reasonableness

[53] In determining whether the exercise of personal jurisdiction is reasonable, a court is to consider:

> (1) the burden that the exercise of jurisdiction will impose on the defendant; (2) the interests in the forum state in adjudicating the case; (3) the plaintiff's interest in obtaining convenient and effective relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of the controversy; and (5) the shared interest of the states in furthering substantive social policies.

*Metro. Life*, 84 F.3d at 568 (citing *Asahi Metal Indus. Co. v. Superior Court*, 480 U.S. 102, 113–16, 107 S.Ct. 1026, 94 L.Ed.2d 92 (1987)). "These considerations sometimes serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required." *Burger King*, 471 U.S. at 477, 105 S.Ct. 2174.

[54] There obviously are competing policy considerations at play here. In general, "'great care and reserve should be exercised when extending our notions of personal jurisdiction into the international field.'" *Asahi Metal Indus.*, 480 U.S. at 115, 107 S.Ct. 1026 (quoting *United States v. First Nat'l City Bank*, 379 U.S. 378, 404, 85 S.Ct. 528, 13 L.Ed.2d 365 (1965) (Harlan, J., dissenting)). "[T]he unique burdens placed upon one who must defend oneself in a foreign legal system should have significant weight in assessing the reasonableness of stretching the long arm of personal jurisdiction over national borders." *Id.* at 114, 107 S.Ct. 1026. On the other hand, "[t]here is some merit ... to the plaintiffs' argument that no foreign terrorist today can fairly assert a lack of 'fair warning' that it could be 'haled into court' in [this forum.]" *Biton v. Palestinian Interim Self-Government*, 310 F.Supp.2d 172, 178 (D.D.C.2004).

### C. Jurisdictional Discovery

[55, 56] Plaintiffs urge the Court to deny Defendants' motions and order jurisdictional discovery. In evaluating jurisdictional motions, district courts enjoy broad discretion in deciding whether to order discovery. *See, e.g., APWU v. Potter*, 343 F.3d 619, 627 (2d Cir.2003) (noting a court may "devis[e] the procedures [to] ferret out the facts pertinent to jurisdiction"); *Marine Midland Bank, N.A. v. Miller*, 664 F.2d 899, 904 (2d Cir.1981) (noting a court has considerable procedural leeway in deciding whether discovery would assist resolution of motion to dismiss for lack of personal jurisdiction); *Lehigh Valley Indus. v. Birenbaum*, 527 F.2d 87, 93–94 (2d Cir.1975) (finding no abuse of discretion in denying discovery where the complaint failed to plead sufficient facts to establish

34. At oral argument, Plaintiffs focused on specific jurisdiction, *see* Oct. 12, 2004 Transcript at 44, but Plaintiffs include general jurisdiction arguments in many of their opposition briefs, *see, e.g.*, Ashton Opp. to Prince Mohamed at 22–24; Burnett Opp. to Aljomaih at 11. The Court considers all arguments.

HOUSE_OVERSIGHT_017876

jurisdiction). "If a plaintiff has identified a genuine issue of jurisdictional fact, jurisdictional discovery is appropriate even in the absence of a prima facie showing as to the existence of jurisdiction." *Daventree*, 349 F.Supp.2d 736 at 761, 2004 WL 2997881, at *20 (citing *In re Magnetic Audiotape*, 334 F.3d at 207–08). Courts are not obligated to subject a foreign defendant to discovery, however, where the allegations of jurisdictional facts, construed in plaintiffs' favor, fail to state a basis for the exercise of jurisdiction or where discovery would not uncover sufficient facts to sustain jurisdiction. *Id.* (citing *Jazini*, 148 F.3d at 183–85 (granting motion to dismiss and denying jurisdictional discovery where complaint was described as "sparse" and "conclusory")); *see also Cornell v. Assicurazioni Generali S.p.A., Consolidated*, Nos. 97 Civ. 2262, 98 Civ. 9186(MBM), 2000 WL 284222, at *2 (S.D.N.Y. Mar. 16, 2000) (granting motion to dismiss and denying request for jurisdictional discovery where the complaint stated, without any supporting facts, that the defendant "participates in a 'multinational insurance arrangement' present in the State of New York"); *In re Ski Train Fire in Kaprun, Austria*, 230 F.Supp.2d at 410–413 (granting motion to dismiss and denying jurisdictional discovery where complaint only contained conclusory allegations).

### D. Application of Plaintiffs' Theories to Moving Defendants

#### 1. Prince Sultan

The Court outlined the allegations against Prince Sultan in Part I.B.1. With respect to Prince Sultan's contacts with the United States, Plaintiffs allege that "Saudi Royal family members own substantial assets in the United States of America, and do substantial business in the United States of America, the profits of which in part, are used to fund international terrorist acts, including those which led to the murderous attacks of September 11, 2001." *See Ashton* Complaint ¶ 296. There is no indication of whether these unspecified members of the Royal family include Prince Sultan. Most Plaintiffs also claim Prince Sultan is the ex-officio Chairman of the Board of Saudi Arabia Airlines, "which does business in the United States and internationally." *Burnett* Complaint ¶ 340; *Ashton* Complaint ¶ 253; *Barrera* Complaint ¶ 255; *Salvo* Complaint ¶ 245; *Tremsky* Complaint ¶ 180. The *Federal* Plaintiffs do not make a similar allegation.

[57] To the extent these allegations are an attempt to establish general jurisdiction over Prince Sultan, they are insufficient. *See In re Baan Co. Sec. Litig.*, 245 F.Supp.2d 117, 130 (D.D.C.2003) (refusing to hold that control status in foreign corporation with United States office is sufficient for personal jurisdiction over individual); *Cornell*, 2000 WL 284222, at *2 (granting motion to dismiss where complaint contained one conclusory statement regarding jurisdiction); *Family Internet, Inc. v. Cybernex, Inc.*, No. 98 Civ. 0637(RWS), 1999 WL 796177, at *4 (S.D.N.Y. Oct. 6, 1999) (holding that personal jurisdiction must be individually established over corporate officers even when the court has personal jurisdiction over the corporation itself).

[58] Proceeding under the purposefully directed activities theory of personal jurisdiction, Plaintiffs argue that Prince Sultan knew or should have known the organizations to which he donated were funneling money to al Qaeda and that al Qaeda's primary target was the United States. Consol. Plaintiffs' Opp. at 23. Prince Sultan argues that his alleged actions cannot satisfy the minimum contacts requirement since the Second Circuit's recent description of *Calder* requires "primary participa[tion] in intentional wrongdoing." *See*

HOUSE_OVERSIGHT_017877

*In re Magnetic Audiotape*, 334 F.3d at 208.

Judge Robertson dismissed without prejudice the claims against Prince Sultan in his personal capacity for lack of personal jurisdiction. *Burnett II*, 292 F.Supp.2d at 21–22. He rejected Plaintiffs' argument that Prince Sultan had purposefully directed his alleged activities at the United States. *Id.* at 22–23. Judge Robertson found that the complaint's claims that Prince Sultan donated money to foundations that allegedly funded al Qaeda "stop[ ] well short of alleging Prince Sultan's actions were 'expressly aimed' or 'purposefully directed' at the United States." *Id.* at 23 (citing *Burger King* and *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 774–75, 104 S.Ct. 1473, 79 L.Ed.2d 790 (1984)). Judge Robertson also denied Plaintiffs' request for discovery because they did not provide an "outline of how their showing of minimum contacts might be enhanced by jurisdictional discovery." *Id.* at 22.

This Court's record, which Plaintiffs claim is more extensive than that before Judge Robertson, contains many examples of Osama bin Laden's and al Qaeda's public targeting of the United States. *See* Bierstein Aff. in Opp. to Prince Sultan's Motion to Dismiss, Exs. 1–24. The complaints also contain conclusory allegations that Prince Sultan aided and abetted terrorism. *See, e.g., Burnett* Complaint ¶ 363; *Federal* Complaint ¶¶ 429–31. But Plaintiffs do not offer any facts to lend support to their allegation that Prince Sultan purposefully directed his activities at this forum by donating to charities that he knew at the time supported international terrorism. *See* Exec. Order 13244 (designating certain branches of Al Haramain in 2002 and later). "[L]egal conclusions done up as factual allegations are not facts and cannot substitute for facts." *Cornell*, 2000 WL 284222, at *2 (citing *Papasan v. Allain*, 478 U.S. 265, 286, 106 S.Ct. 2932, 92 L.Ed.2d 209 (1986)). Plaintiffs have note provided an "outline of how their showing of minimum contacts might be enhanced by jurisdictional discovery." *Burnett II* 292 F.Supp.2d at 22. Accordingly, Prince Sultan's motions to dismiss the certain consolidated and *Federal* complaints for lack of personal jurisdiction over the claims concerning his personal acts are granted. Plaintiffs' request for jurisdictional discovery with respect to Prince Sultan is denied. *Daventree*, 349 F.Supp.2d 736, at 761, 2004 WL 2997881, at *20 (finding jurisdictional discovery is not necessary where the allegation of jurisdictional facts fails to state a basis for the exercise of personal jurisdiction).

### 2. Prince Turki

**[59]** The allegations against Prince Turki are outlined in Part I.B.2. Because the consolidated Plaintiffs do not allege any acts taken by Prince Turki in his personal capacity, the Court only considers the *Federal* Plaintiffs' claim that Prince Turki made personal donations to certain Saudi charities. *See Federal* Complaint ¶ 452. The *Federal* complaint does not make any specific jurisdictional allegations against Prince Turki. Rather, these Plaintiffs rely on *Calder, Rein, Daliberti, Pugh*, and the modified due process standard for mass torts to argue that the September 11 attacks were a foreseeable result of Prince Turki's alleged support of certain Saudi charities. *See* Federal Opp. to Prince Turki's Motion to Dismiss at 22–23.

The *Federal* Plaintiffs have not presented any specific facts from which this Court could infer Prince Turki's primary and personal involvement in, or support of, international terrorism and al Qaeda. Conclusory allegations that he donated money to charities, without specific factual allega-

tions that he knew they were funneling money to terrorists, do not suffice. *See Burnett II*, 292 F.Supp.2d at 23 (citing *Burger King* and *Keeton v. Hustler Magazine, Inc.*, 465 U.S. at 774–75, 104 S.Ct. 1473); *see also* Exec. Order 13244 (designating certain branches of Al Haramain and BIF in 2002). Accordingly, Prince Turki's motion to dismiss the *Federal* complaint for lack of personal jurisdiction is granted. Jurisdictional discovery is not appropriate with respect to Prince Turki because Plaintiffs have not identified any genuine issue of jurisdictional fact. *Daventree*, 349 F.Supp.2d 736, at 761, 2004 WL 2997881, at *20.

### 3. Prince Mohamed

The *Ashton* and *Federal* Plaintiffs allege that Prince Mohamed is or was the chairman or chief executive officer of three financial institutions in Saudi Arabia: Dar al Maal al Islami ("DMI"), Islamic Investment Company of the Gulf–Bahrain EC ("IICG"), and Faisal Islamic Bank–Sudan ("FIBS"), which are all shareholders of Defendant Al Shamal Islamic Bank.[35] *Ashton* Complaint ¶¶ 51, 54; *Federal* Complaint ¶¶ 307, 309, 473. They claim that Prince Mohamed knew or should have known that each of these financial institutions "acted as an aider and abettor and material sponsor of al Qaeda, Bin Laden, and international terrorism." *Ashton* Complaint ¶ 276; *Federal* Complaint ¶ 472 (alleging Prince Mohamed "has long provided material support and resources to al Qaeda"). The *Ashton* Plaintiffs claim that Prince Mohamed is "heavily involved in the sponsorship of terror through Faisal Islamic Bank–Sudan," since at some point al Qaeda allegedly had an account there. *Ashton* Complaint ¶¶ 65, 66, 255, 274; *see also* Ashton Opp. to Prince Mohamed's Motion to Dismiss at 25 (arguing that al Qaeda operative Jamal Ahmed Al Fadl used an account at Al Shamal Islamic Bank to transfer $250,000 for Osama bin Laden). These Plaintiffs also claim that Prince Mohamed has financial ties with alleged al Qaeda financier Muhammed Zouaydi. *Ashton* Complaint ¶ 258. The *Federal* Plaintiffs claim that Prince Mohamed made personal contributions to Saudi-based charities that he knew or should have known sponsored the terrorist activities of al Qaeda. These charities include IIRO, MWL, WAMY, BIF, the Saudi High Commission, SJRC, and Al Haramain. *Federal* Complaint ¶¶ 475–76

The *Ashton* complaint contains an unspecific allegation regarding the Saudi Royal family's ownership of property in the United States. *Ashton* Complaint ¶ 296. The *Ashton* Plaintiffs argue that general jurisdiction is appropriate because Prince Mohamed attended college and business school in the United States, gave two interviews in a New York apartment in 1978, gave a speech at Harvard in 1999, and made investments in American businesses through the banks he chairs in 2001. Ashton Opp. to Prince Mohamed Motion to Dismiss at 22–23. Plaintiffs assert jurisdictional discovery is likely to expose further contacts between Prince Mohamed and the United States.

If general jurisdiction is not established through Prince Mohamed's contacts with the United States, the *Ashton* and *Federal* Plaintiffs claim that jurisdiction exists under either the New York long-arm conspiracy theory or the purposefully directed activities theory. Ashton Opp. to Prince Mohamed Motion to Dismiss at 17–22; Federal Opp. to Prince Mohamed Motion to Dismiss at 6–12. Specifically, the *Ash-*

35. Osama bin Laden allegedly capitalized Al Shamal Islamic Bank with $50 million. *Burnett* Complaint ¶ 70. Several al Qaeda operatives, including Osama bin Laden, held accounts there. *Id.* ¶ 79.

HOUSE_OVERSIGHT_017879

*ton* Plaintiffs bolster their arguments for personal jurisdiction by citing to paragraphs in the complaint in support of each of the requirements for conspiracy. *See Chrysler Capital Corp.*, 778 F.Supp. at 1268–69 (outlining cause of action for conspiracy).

Plaintiffs claim that Prince Mohamed and al Qaeda agreed to injure the United States through acts of international terrorism. *Ashton* Complaint ¶¶ 5, 23 (all defendants are co-conspirators), 51, 105–08 (February 1993 World Trade Center bombing), 120 (February 1998 fatwa), 130–36 (1998 embassy bombings), 152–55 (U.S.S. Cole attack), 188, 255, 274–76, 580 (September 11, 2001 attacks); *see also Federal* Complaint ¶¶ 66, 72–74 (listing defendants who have "aided and abetted, conspired with, and provided material support and resources to, defendant al Qaeda and/or affiliated FTOs, associations, organizations or persons."). Next they claim the September 11 attacks were perpetrated in furtherance of that common scheme. *Ashton* Complaint ¶¶ 23, 188, 610. According to Plaintiffs, Prince Mohamed participated in the conspiracy by providing funding, financial support, and banking services through FIBS. *Id.* ¶¶ 48–54, 63–66, 255, 274–276, 387, 580, 582. Specifically, Plaintiffs claim:

- On October 17, 1983, Prince Mohamed became CEO of DMI. Under Prince Mohamed's chairmanship, DMI developed banking, investment and insurance activities in approximately twenty offices across the world. DMI was founded in 1981 to foster the spread of Islamic banking across the Muslim world and its Board of Directors included Haydar Mohamed bin Laden, a half-brother of Osama bin Laden. *Id.* ¶ 274.
- Faisal Islamic Bank Sudan was one of the five main founders of Al Shamal Islamic Bank .... Al Shamal Islamic Bank is an instrumental bank in bin Laden's financial support network. Bin Laden used Al Shamal Bank for the funding of his al Qaeda network leading up to the 1998 United States embassy bombings in Africa. Defendant Faisal Islamic Bank was implicated during Al Fadl's May 2001 United States trial testimony regarding the bombings as holding and managing bank accounts for al Qaeda operatives. *Id.* ¶¶ 274–75.
- As the head of DMI, Prince Mohamed knew or should have known of these and other activities and acted as an aider and abettor and material sponsor of al Qaeda, bin Laden, and international terrorism. *Id.* ¶ 276.
- U.S. designated terrorists Wa'el Julaidan and Yassin Kadi had accounts in a DMI subsidiary. Ashton Opp. at 25.

Finally, Plaintiffs allege the that attacks in question caused many deaths, a fact that no one disputes. *Ashton* Complaint ¶¶ 23, 610.

In response, Prince Mohamed argues that Plaintiffs have failed to demonstrate that he is "present" in the United States for general personal jurisdiction purposes. *See Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 411–12, 416–18, 104 S.Ct. 1868, 80 L.Ed.2d 404 (1984); *Bersch v. Drexel Firestone, Inc.*, 519 F.2d 974, 998 (2d Cir.1975) (buying and selling American securities is insufficient to establish that defendant was "doing business" in the United States). Prince Mohamed submits that some of the contacts on which Plaintiffs rely are too far removed in time from September 2001 to be considered by the Court. *See Metro. Life*, 84 F.3d at 569 (holding courts should examine a defendant's contacts with the forum for a reasonable period prior to the date on which the lawsuit was filed, and finding that six

HOUSE_OVERSIGHT_017880

years was reasonable). Prince Mohamed correctly submits that his position as an officer of DMI, IICG, and FIBS would not be a basis for jurisdiction over him even if the Court had personal jurisdiction over these entities. *See Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 781 n. 13, 104 S.Ct. 1473, 79 L.Ed.2d 790 (1984) ("Each defendant's contacts with the forum State must be assessed individually."). Finally, Prince Mohamed argues that the conclusory allegation that he participated in a terrorist conspiracy, without specific facts, is insufficient to create personal jurisdiction over him.

**[60]** The Court agrees that Plaintiffs have not presented a prima facie case of general jurisdiction over Prince Mohamed. In the ten years before the attacks, Prince Mohamed's contacts with the United States consist of one speech and a handful of investments in the United States through the banks with which he is affiliated. These contacts are not sufficiently "systematic and continuous" to maintain general jurisdiction over a defendant in this action.[36] *See Helicopteros*, 466 U.S. at 416, 104 S.Ct. 1868 (holding that purchasing in forum, sending personnel for training in forum, and negotiating a contract in forum were not sufficient to establish general jurisdiction).

**[61, 62]** Plaintiffs have alleged that DMI and FIBS might have been involved in the financing of terrorism. *See, e.g., Ashton* Complaint ¶¶ 274–75; Ashton Opp. at 25. Even assuming that the Court has personal jurisdiction over these entities, "[t]he mere fact that a corporation is subject to jurisdiction . . . does not mean that individual officer may be hauled before New York courts without any showing that the individuals themselves maintained a presence or conducted business in New York." *Family Internet*, 1999 WL 796177, at *4. Plaintiffs have not alleged that Prince Mohamed had any knowledge or involvement in any al Qaeda accounts at any of the banks he chaired. FIBS' relationship with Al Shamal Islamic Bank, which purportedly knowingly opened accounts for al Qaeda operatives, including Osama bin Laden, is too remote in time and proximity to implicate Prince Mohamed. To make a prima facie case of personal jurisdiction, Plaintiffs must either allege personal acts by Prince Mohamed by which he purposefully directed his activities at the United States by supporting Osama bin Laden, al Qaeda, or their terrorist agenda, or demonstrate that the acts of the banks he chaired can be imputed to him. Plaintiffs have not met their burden. Thus, Prince Mohamed's motions to dismiss the *Ashton* and *Federal* complaints as against him for lack of personal jurisdiction are granted.

### 4. Estate of Mohammad Abdullah Aljomaih

On May 2, 2003 by Second Addition and Removal of Defendants Pursuant to Case Management Order No. 1 imposed by Judge Robertson, the *Burnett* Plaintiffs added a defendant "Mohammed Bin Abdullah Al-Jomaith." To date, no specific allegations have been added to the complaint with respect to Mr. Aljomaih.

In anticipation of what the claims against him might be, before his death Mr. Aljomaih prepared a declaration in support of his motion to dismiss. He was born in Saudi Arabia in 1915 and lived in Riyadh for most of his life. Aljomaih Decl. ¶ 3. He and his family began a company in the 1940s that now supplies automobiles, soft drinks, construction equipment, and other

36. There is no allegation that Prince Mohamed's investments in the United States are related to any alleged conspiracy or to al Qaeda's activities.

HOUSE_OVERSIGHT_017881

goods and services to large portions of Saudi Arabia. *Id.* ¶ 4. In the past ten years he visited the United States three times for medical reasons. *Id.* ¶¶ 5–6. Prior to these medical visits, he took a short trip to New York City in 1964. *Id.* ¶ 7. He owned no property, held no bank accounts, and conducted no business in this country. *Id.* ¶ 10.

Mr. Aljomaih's estate argues that there were problems with his service. He was served pursuant to Judge Robertson's March 25, 2003 approving service by publication. Under that order, Plaintiffs published a list of defendants in two publications, *The International Herald Tribune* and *Al Quds Al Arabia.* The notice in *The International Herald Tribune* contained Mr. Aljomaih's name in English, a language he could not read. *Id.* ¶ 11. *Al Quds Al Arabi* is published in Arabic, but is not circulated in Saudi Arabia and the list did not include Mr. Aljomaih's name. Even if service was proper, however, the estate of Mr. Aljomaih claims the Court does not have personal jurisdiction over it.

Plaintiffs submit that Mr. Aljomaih is implicated by the "Golden Chain." Plaintiffs' Opp. at 9. The "Golden Chain" is a group of documents that was discovered by Bosnian authorities searching the offices of charity Defendant BIF in March 2002. Plaintiffs claim the "Golden Chain" contains a list of early direct donors to al Qaeda. Plaintiffs' Opp. at 9; *see also* Bierstein Aff. in Opp. to Al–Husani Motion to Dismiss, Ex. 2 ("Golden Chain" document). It includes the entry "Al–Jumaih. Jeddah (S.A.)." Plaintiffs do not dispute that "for more than sixty years [Mr. Aljomaih] lived in Rihadh," not Jeddah, Aljomaih Decl. ¶ 3, yet they insist the document identifies him as a direct donor to al Qaeda. Additionally, Plaintiffs claim that Mr. Aljomaih's company donated money to charity Defendant IIRO. Plaintiffs assert there are sufficient allegations against Mr. Aljomaih in the form of general allegations against all Defendants to put him on notice of the claims against him. They claim that jurisdiction over Mr. Aljomaih's estate is proper because he "purposefully directed" his activities at the United States by supporting al Qaeda. Plaintiffs also submit that Mr. Aljomaih's company does business with General Motors and Shell Corporation and that, therefore, he must have had contacts with the United States. *See* Opp. at 11; Statement of Jamie L. Paye attached to Plaintiffs' Opp.

[63] The Court finds the Plaintiffs have not established a prima facie case of jurisdiction over Mr. Aljomaih to defeat his motion or warrant jurisdictional discovery. Their theory of jurisdiction rests almost entirely on a document with serious foundational flaws. Even assuming, as the Court must, that the "Golden Chain" refers to Mr. Aljomaih, with no indication of who wrote the list, when it was written, or for what purpose, the Court cannot make the logical leap that the document is a list of early al Qaeda supporters. Mr. Aljomaih's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is accordingly granted.

### 5. Sheikh Hamad Al–Husani

The posture of the *Burnett* Plaintiffs' case against Sheikh Hamad Al–Husani is similar to that against Mr. Aljomaih. Mr. Al–Husani was also added to a list of defendants to be served by publication and the complaint contains no specific allegations against him. Al–Husani Decl. ¶ 10. He is a watch retailer residing in Saudi Arabia. *Id.* ¶¶ 3–4, 7. Mr. Al–Husani has never visited the United States, owns no real property here, holds no bank accounts or investments in the United States, and does not engage in transactions with any businesses in the United States. *Id.* ¶¶ 3,

5–7. He has never supported any person or organization that he has known to participate in any terrorist attacks. *Id.* ¶ 9. Mr. Al–Husani submits that Plaintiffs cannot cure the lack of allegations in the complaint in its motion papers. *Wright v. Ernst & Young, LLP,* 152 F.3d 169, 178 (2d Cir.1998) (explaining a party is not permitted to amend its complaint through allegations made in motion papers).

Mr. Al–Husani also claims that he was not properly served because *The International Herald Tribune* has a circulation of only 199 in Saudi Arabia and is published in English, and *Al Quds Al Arabia* is a London-based paper banned in the Kingdom. Even if service was proper, however, Mr. Al–Husani submits this Court does not have personal jurisdiction over him.

The *Burnett* Plaintiffs claim that Mr. Al–Husani is also implicated by the "Golden Chain," and thus an early supporter of al Qaeda. Plaintiffs' Opp. to Al–Husani Motion to Dismiss at 10; Bierstein Aff. at Ex. 2 (document listing "Hamad Al Husaini," without indicating when list was written, by whom, or for what purpose). The Plaintiffs place great weight on the United States' inclusion of the "Golden Chain" in its proffer of evidence in *United States v. Arnaout,* the government's case against an executive of Defendant charity BIF. *See* Bierstein Aff. at Ex. 1 (proffer). The court presiding over that case, however, ruled that the document was inadmissible hearsay. *United States v. Arnaout,* No. 02 Cr. 892, 2003 WL 255226, at *1–2 (N.D.Ill. Feb. 4, 2003). Nevertheless, by supporting al Qaeda, Plaintiffs assert Mr. Al–Husani purposefully directed his activities toward the United States, making the exercise of personal jurisdiction appropriate. *See, e.g.* Bierstein Aff. Exs. 9–15 (detailing al Qaeda's hatred for and actions against the United States). Additionally, Plaintiffs claim that one of Mr. Al–Husani's companies is a supporter of Al–Waqf al-Islami Foundation, a Dutch entity whose seminars "have drilled extremist messages into the heads of thousands of young Muslims." "Radical Foundation: In 'Law' Seminars, A Saudi Group Spreads Extremism," *Wall St. J.,* Apr. 15, 2003, at Bierstein Aff. Ex. 6.

[64] Plaintiffs have not established a prima facie showing of jurisdiction over Mr. Al–Husani to survive his motion to dismiss or warrant jurisdictional discovery. The "Golden Chain" does not say what the Plaintiffs argue it says. It is only a list of names found in a charity's office. It does not establish Mr. Aljomaih's involvement in a terrorist conspiracy culminating in the September 11 attacks and it does not demonstrate that he purposefully directed his activities at the United States. Accordingly, Mr. Al–Husani's motion to dismiss the *Burnett* complaint against him is granted.

### 6. NCB

The Court outlined the *Ashton* and *Burnett* Plaintiffs' claims against NCB in Part I.B.4. For purposes of the personal jurisdiction analysis, the Court will assume at this point that the FSIA does not provide for subject matter and personal jurisdiction over NCB. Accordingly, the Plaintiffs will have to make a prima facie showing to survive NCB's motion to dismiss. In that vein, Plaintiffs argue that NCB purposefully directed its activities at the United States and participated in a conspiracy that culminated in the attacks of September 11.

Plaintiffs submit NCB has many contacts with the United States, including a wholly-owned subsidiary in New York City through which it operates an international banking business. *See, e.g.,* Aff. of John Fawcett in Support of Ashton Plaintiffs' Opp. to NCB's Motion to Dismiss (hereinafter "Fawcett Aff.") ¶ 3, Exs. 2 & 3. NCB

HOUSE_OVERSIGHT_017883

has been a party to lawsuits in the Southern District of New York, both as a plaintiff and defendant. Fawcett Aff. ¶ 7. *The Muslim World League Journal*, a monthly publication distributed in American mosques, ran solicitations from 1998 to 2001 for the Islamic Solidarity Fund & Waqf for the Organization of the Islamic Conference and the Khair Funds of the Muslim World League that provided NCB account numbers to which donors could contribute directly. *Id.* ¶ 8, Ex. 5. Plaintiffs request jurisdictional discovery to explore further contacts.

NCB argues that none of Plaintiffs' submissions satisfy the constitutionally required showing of minimum contacts. NCB closed its New York City branch office in 1992. Decl. of Jorge Juco ("Juco Decl.") ¶ 5, at Berger Aff. in Support of NCB's Motion to Dismiss *Ashton* and *Burnett*, Ex. 5. NCB's second-tier subsidiary, SNCB Securities Inc., dissolved in February 2001. *Id.* (citing Ex. A of Juco Decl., the certified copy of the Certificate of Dissolution); *see also Schenker v. Assicurazioni Generali, S.P.A.*, No. 98 Civ. 9186(MBM), 2002 WL 1560788, at * 4 (S.D.N.Y. July 15, 2002) (finding no personal jurisdiction over parent corporation where New York subsidiary was sold two months prior to commencement of action). NCB submits its involvement in lawsuits is equally unavailing because both were terminated prior to the filing of this action. *See* docket *Logan Feed v. Nat'l Commercial Bank*, No. 92 Civ. (S.D.N.Y.) (NCB terminated July 24, 1995); docket *Nat'l Commercial Bank v. Morgan Stanley Asset Mgmt., Inc.*, No. 94 Civ. 3167 (S.D.N.Y.) (closed Feb. 17, 1998). It contends that its consent to personal jurisdiction in one case does not open the door to personal jurisdiction in future cases. *See Klinghoffer v. S.N.C. Achille Lauro*, 937 F.2d 44, 50 n. 5 (2d Cir.1991); *Andros Compania Maritima, S.A. v. Intertanker Ltd.*, 714 F.Supp. 669, 675 (S.D.N.Y.1989) (holding lawsuits in the forum do not establish general personal jurisdiction). NCB argues that there is no indication it placed the advertisements in *The Muslim World League Journal*, or that any donations were deposited into NCB accounts.

In arguing its absence of contacts with the United States, NCB reiterates that it is not domiciled, organized, or maintaining an office in New York. Juco Decl. ¶ 3. It is not registered or licensed to do business in the United States and has no property in the United States. *Id.* ¶ 8. Shares of NCB stock are not sold in the United States, there are no NCB employees or telephone numbers in the United States, and the company does not advertise or solicit business in the United States. *Id.* ¶ 11. Its website is accessible from United States, but only NCB account holders may access the inter-active services. *Id.* The Saudi Arabian Monetary Agency requires that NCB's account holders be Saudi citizens or residents, Saudi government entities, or business or charity entities with lawful status in Saudi Arabia. Juco Decl. ¶ 10.

NCB claims the rare contacts it does have with the United States do not satisfy the requirements of due process. Although it maintains correspondent banking relationships with U.S. commercial banks, Juco Decl. ¶ 12, NCB argues such relationships are insufficient to establish personal jurisdiction over NCB. *Semi Conductor Materials, Inc. v. Citibank Int'l PLC*, 969 F.Supp. 243, 244 (S.D.N.Y.1997) (holding foreign bank's correspondent banking relationship with New York bank is not sufficient for personal jurisdiction); *Casio Computer Co. v. Sayo*, No. 98 Civ. 3772(WK), 2000 WL 1877516, at *26 (S.D.N.Y. Oct. 13, 2000) (holding defendant bank's wire transfers to U.S. bank accounts does not create minimum contacts); *Leema Enters., Inc. v. Willi*, 575 F.Supp.

1533, 1537 (S.D.N.Y.1983) (holding correspondent banking relationships insufficient to create general personal jurisdiction). NCB offers its customers the opportunity to open accounts directly with United States-based securities broker-dealers, but NCB does not act as a broker-dealer for securities sold in the United States and is not so licensed. Juco Decl. ¶ 14; *Bersch v. Drexel Firestone, Inc.*, 519 F.2d 974, 998 (2d Cir.1975) (finding Canadian securities broker not "doing business" in New York when it arranges for its Canadian customers to buy and sell U.S. securities through U.S. broker). In 2002, less than 2% of the securities NCB traded for its own account were issued by U.S. entities. Juco Decl. ¶ 15; *Schenker*, 2002 WL 1560788, at *3–5 (finding that a single bank account in the United States, constituting small fraction of defendant's total assets, is insufficient to form the basis for personal jurisdiction).

**[65]** Taken individually, NCB's contacts with the United States would not satisfy due process requirements. However, when they are examined as a whole—the presence of a branch office until 1992, a subsidiary until 2001, taking advantage of the privilege of its presence in New York by instigating a lawsuit in this forum, advertisements in U.S. publications—the Court finds that they may, with the help of limited jurisdictional discovery, comport with due process. NCB's motion to dismiss is therefore denied without prejudice.

### 7. Abdulrahman bin Mahfouz

Abdulrahman bin Mahfouz is a Defendant in the *Burnett* action. He is the son of Defendant Khalid bin Mahfouz and a director of the Defendant charity Blessed Relief Society, also known as Muwaffaq. *Burnett* Complaint ¶¶ 331; 445. Blessed Relief is a branch of the Human Concern International Society, which Osama bin Laden identified as a supporter in 1995. *Id.* ¶ 333. He is a shareholder and the CEO of former Defendant Nimir, LLC, also known as Nimir Petroleum Ltd. *Id.* ¶ 443.[37] Finally, Plaintiffs claim that Mr. bin Mahfouz was a member of the board and Vice Chairman of the Executive Management Committee of Defendant National Commercial Bank. *Id.* ¶ 445.

Plaintiffs base their personal jurisdiction arguments on their claim that Mr. bin Mahfouz was a participant in the conspiracy of terror that purposefully directed its conduct at the United States and included the September 11 hijackers. Plaintiffs also claim that he has business interests in the United States. Specifically he is a shareholder in U.S.-based companies, and his company, Al Murjan, allegedly has dealings with the American phone company Hughes Technologies, Inc.

Mr. bin Mahfouz disputes the manner in which he was served. His name appeared in Plaintiffs' notice by publication in *The International Herald*, which only has circulation of 199 in the entire Kingdom of Saudi Arabia, and *Al Quds al-Arabia*, which is banned in the Kingdom. He submits that he has no personal contacts with the United States and there is no basis for exercising personal jurisdiction over him.

**[66]** The *Burnett* complaint does not contain any specific actions by Mr. bin Mahfouz from which the Court could infer that he purposefully directed his activities at the United States. His affiliations with entities that are alleged to have U.S. contacts will not sustain jurisdiction. *Family Internet*, 1999 WL 796177, at *4. Finally, being a shareholder in a United States

37. The *Burnett* Plaintiffs voluntarily dismissed their claims against Nimir LLC. *See* Mem. in Supp. of Motion to Dismiss Ex. 1.

HOUSE_OVERSIGHT_017885

company is not sufficient to establish general personal jurisdiction over Mr. bin Mahfouz. *Bersch*, 519 F.2d at 998; *see also Schenker*, 2002 WL 1560788, at *3–5 (finding single bank account in United States constituting small fraction of defendant's total assets is not a sufficient basis for personal jurisdiction). Mr. bin Mahfouz's motion to dismiss the *Burnett* complaint as against him for lack of personal jurisdiction is accordingly granted.

**8. Saudi Binladin Group, Tariq Binladin, Omar Binladin, and Bakr Binladin**

The *Ashton* and *Burnett* complaints name the Saudi Binladin Group ("SBG") as a Defendant. The *Burnett* complaint also names Tariq Binladin, Omar Binladin, and Bakr Binladin, Osama's half-brothers, as Defendants. In both actions, these Defendants move to dismiss the complaint or for a more definite statement.

Based in Jeddah, Saudi Arabia, SBG is the successor to a construction company founded by Mohammed Binladin, the father of Osama bin Laden. *Ashton* Complaint ¶ 543; *Burnett* Complaint ¶ 311. It is now one of the largest engineering and construction companies in the Arab world and is managed by Osama bin Laden's half brothers, including defendants Bakr Binladin, who runs SBG, and Tariq Binladin, who holds a position on the board. *Ashton* Complaint ¶ 545; *Burnett* Complaint ¶ 313. Tariq Binladin allegedly had a prominent role at IIRO in 1990. *Ashton* Complaint ¶ 557; *Burnett* Complaint ¶ 326. Osama bin Laden purportedly used SBG to build an infrastructure in Afghanistan. *Ashton* Complaint ¶¶ 546, 547; *Burnett* Complaint ¶¶ 314–316. After the Soviets withdrew from Afghanistan in 1989, Osama bin Laden returned to work with SBG in Jeddah. *Ashton* Complaint ¶ 548; *Burnett* Complaint ¶ 317. SBG allegedly continued to support Osama bin Laden after he relocated to Sudan in 1991. *Ashton* Complaint ¶ 548; *Burnett* Complaint ¶ 317. For example, SBG, through two subsidiaries allegedly supported Osama bin Laden's participation in the construction of the Tahaddi road and Port Sudan Airport. *Ashton* Complaint ¶¶ 550; 552, 553; *Burnett* Complaint ¶¶ 319–322. Plaintiffs claim Osama bin Laden's name is still listed on SBG corporate records. *Ashton* Complaint ¶ 558; *Burnett* Complaint ¶ 329. Defendants dispute this and argue he was formally removed from SBG's ownership documents in June 1993. SBG's Mem. in Supp. of Motion to Dismiss Ashton Complaint at 2. Plaintiffs also claim that Osama bin Laden never "broke" with his family after he was exiled to Sudan and that SBG continued to provide him financial assistance and engineering support. *Ashton* Complaint ¶ 549; *Burnett* Complaint ¶ 318. Defendants also dispute this statement and argue that Bakr formally ostracized Osama from the family and the company in a February 1994 statement. SBG's Mem. in Supp. of Motion to Dismiss Ashton Complaint at 2.

SBG "sheltered and directly supported operatives of the al Qaeda terrorist organization." *Ashton* Complaint ¶ 555; *Burnett* Complaint ¶ 324. Mohammad Jamal Khalifa, allegedly a key al Qaeda operative, was taken in by a branch of SBG, the Mohammed Bin Laden Organization. *Ashton* Complaint ¶ 555; *Burnett* Complaint ¶ 324. The Mohammed Bin Laden Organization is allegedly a wholly-owned subsidiary of SBG and its board members include defendants Bakr, Tariq, and Omar Binladin. *Ashton* Complaint ¶ 556; *Burnett* Complaint ¶ 325. Khalifa listed the Mohammed Bin Laden Organization address on his visa application. *Ashton* Complaint ¶ 555; *Burnett* Complaint ¶ 324. Additionally, U.S.-designated terrorist Yassin Abdullah al-Kadi was allegedly introduced to

the Global Diamond Resource's Chairman by an executive of SBG. *Ashton* Complaint ¶ 459; *Burnett* Complaint ¶ 328.

Plaintiffs claim that SBG had an address in Rockville, Maryland until very recently. *Ashton* Complaint ¶ 545; *Burnett* Complaint ¶ 313. SBG claims the Rockville address was the headquarters of a separately incorporated company, SBG USA, which was formally dissolved in December 1999. *See* SBG Memorandum in Support of Motion to Dismiss Ashton Complaint at 7 & Ex. 2 (articles of dissolution); *see also Klinghoffer v. S.N.C. Achille Lauro,* 937 F.2d 44, 52 (2d Cir.1991) (personal jurisdiction contacts determined at time complaint is filed); *but see Metro. Life,* 84 F.3d at 569 (holding courts should examine a defendant's contacts with the forum for a reasonable period prior to year of lawsuit and finding six years was reasonable).

[67] The *Burnett* complaint does not contain any factual allegations against Tariq, Omar, or Bakr Binladin from which the Court could infer that they purposefully directed their activities at the United States, that they were members of a conspiracy pursuant to the New York long-arm statute, or that they have any general business contacts with the United States. Accordingly, the *Burnett* complaint against these three individuals is dismissed.

[68] Rather than permitting a 12(e) statement, the Court finds jurisdictional discovery is warranted to determine if SBG purposefully directed its activities at the United States. *See Asip v. Nielsen Media Research,* No. 03 Civ. 5866(SAS), 2004 WL 315269, at *2 (S.D.N.Y. Feb. 18, 2004) (noting the purpose of Rule 12(e) is to "strike at unintelligibility rather than want of detail and . . . allegations that are unclear due to lack of specificity are more appropriately clarified by discovery"). Specifically, although the complaints are not specific about when, at the very least, SBG provided construction support to Osama bin Laden. *Ashton* Complaint ¶¶ 550, 552–53; *Burnett* Complaint ¶¶ 319–22. A branch of SBG allegedly look in an al Qaeda operative who listed the SBG branch address on his visa application. *Ashton* Complaint ¶ 555; *Burnett* Complaint ¶ 324. It is alleged to have ties to U.S.-designated terrorist Yassin Abdullah Al–Kadi. *Ashton* Complaint ¶ 459; *Burnett* Complaint ¶ 328. At this stage, the Court must accept as true Plaintiffs' contentions that SBG still contains Osama bin Laden's name in its corporate documents. *Ashton* Complaint ¶ 558; *Burnett* Complaint ¶ 329. Additionally, although it would not satisfy the due process requisites on its own, SBG's presence in Maryland three years before the complaints were filed, also warrants some discovery. Accordingly, SBG's motion to dismiss the *Ashton* and *Burnett* complaints are denied without prejudice.

### 9. SAAR Network

The *Federal* Plaintiffs claim the SAAR Network is a network of "interrelated ostensible charities" that was established in the 1980s "to generate and surreptitiously transfer funds to terrorist organizations, including al-Qaeda." *Federal* Complaint ¶ 222. Several organizations within the SAAR Network, including SAAR Foundation, SAAR International, Safa Group, Mar–Jac Poultry, Mar–Jac Holdings, Inc., Safa Trust, Inc. and Aradi, Inc., were established, funded or closely affiliated with Defendant Suleiman Abdul Aziz al Rajhi. *Id.* at ¶ 223. By September 11, 2001, there were allegedly over one hundred entities in this network, "including the U.S. branches of MWL, IIRO and WAMY, [and the SAAR Network Defendants moving to dismiss here,] African Muslim Agency, Grove Corporate, Inc., Heritage Education Trust, International Institute of Islamic Thought,

HOUSE_OVERSIGHT_017887

Mar–Jac Investment, Inc., Mena Corporation, Reston Investment, Inc., Sterling Charitable Gift Fund, Sterling Management Group, Inc., Success Foundation, and York Foundation." *Id.* ¶ 224. Allegedly, many of the entities are related by common management, few of them maintained a physical presence at their purported place of business, and they all "have long acted as fully integrated components of al Qaeda's logistical and financial support infrastructure." *Id.* ¶¶ 225, 226.

Plaintiffs argue the Court has personal jurisdiction over the SAAR Network because it participated in the conspiracy that resulted in catastrophic effects in this district. After an ongoing investigation in the Eastern District of Virginia, federal authorities raided the offices of several of these Defendants in Herndon, Virginia in March 2002. *Id.* ¶ 227. The investigation has allegedly revealed that SAAR Network funds have been transferred to designated terrorists and al Qaeda operatives Youssef Nada and Ahmed Idris Nasreddin. *Id.* ¶ 228; *see* Exec. Order No. 13224 (designating individuals as terrorists). Additionally, Plaintiffs claim that the investigation has revealed that SAAR Network entities have engaged in transactions with Bait Ul-mal, Inc. (BMI), which has transferred funds to terrorist organizations including al Qaeda, and materially supported the 1998 embassy bombings in Africa. *Federal* Complaint ¶¶ 229–230.

**[69]** At this stage, the Court must accept as true Plaintiffs' allegations concerning the relationships of the SAAR Network. *Id.* ¶¶ 222, 226. Defendants correctly argue, however, that Defendants have provided scant basis for linking these entities under the SAAR Network title. Certain of these groups may be subject to personal jurisdiction in light of Plaintiffs' allegation that they purposefully directing its activities at the United States by transferring money to designated terrorists Youssef Nada and Ahmed Idris Nasreddin, particularly if they intended the money to support terrorism. *Id.* ¶ 228. Additionally, general jurisdiction could be appropriate for the SAAR Network entities having offices in Virginia. *Id.* ¶ 227. Accordingly, the SAAR Network's motion to dismiss is denied without prejudice. The parties are to engage in jurisdictional discovery to determine which of the Network's entities have a presence in Virginia and which entities transferred money to Nada and Nasreddin.

### 10. Adel A.J. Batterjee

The *Burnett* Plaintiffs claim that Defendant Adel A.J. Batterjee is an associate of Osama bin Laden. *Burnett* Complaint ¶ 181. On December 21, 2004, the U.S. Department of Treasury designated Mr. Batterjee as a Specially Designated Global Terrorist. *See* Dec. 23, 2004 Bierstein letter to Court; Exec. Order No. 13224. Mr. Batterjee is the chairman of Al Shamal Islamic Bank, "an instrumental bank in Osama bin Laden's financial support network." *Burnett* Complaint ¶ 365. Mr. Batterjee is also chairman of al-Bir Saudi Organization, whose United States branch, Defendant BIF, is allegedly a "front for al Qaeda sponsorship." *Burnett* Complaint ¶¶ 75, 196, 199. BIF is also a designated terrorist organization. *See* Exec. Order No. 13224. The Saudi government closed Al–Bir in 1993 "at the same time it was closing other organizations for ties to terrorism." *Burnett* Complaint ¶ 183. Mr. Batterjee then allegedly moved the charity's headquarters to Chicago in the name of BIF. *Id.* ¶ 183. Mr. Batterjee is listed as one of BIF's three founders in its articles of incorporation filed in Illinois. *Id.* ¶ 183. Through an alias, Mr. Batterjee allegedly sent money to BIF's branches.

HOUSE_OVERSIGHT_017888

*Id.* ¶ 184; *see also* Decl. of Jodi Westbrook Flowers in Opp. to Batterjee Motion to Dismiss ("Flowers Decl.") Att. 5, p. 7 (BIF record showing $48,464 contribution by Abdel Abdul Jalil Batterjee). Mr. Batterjee allegedly transferred control of BIF to Defendant Enaam M. Arnaout, on September 15, 1997.[38] *Burnett* Complaint ¶ 183. In October 2001, Arnaout allegedly told Batterjee he was worried about being under scrutiny of the U.S. government and in January 2002, Batterjee requested that Aranout relocate his family to Saudi Arabia. *Id.* ¶¶ 217–218. Plaintiffs also claim that Mr. Batterjee's name is on a BIF list of wealthy Saudi Arabian sponsors of al Qaeda and Osama bin Laden. *Id.* ¶ 219.

Plaintiffs also claim that Defendant charity WAMY and BIF are closely connected and that Mr. Batterjee was the Secretary General of WAMY when he founded BIF in the United States. *Id.* ¶ 229; *see also* Flowers Decl. Att. 4, p. 3 (December 5, 1992 *New York Times* article quoting Adel A. Batterjee as the chairman of WAMY). In his capacity as Secretary General of WAMY, Mr. Batterjee allegedly commissioned a biography of Osama bin Laden and the origins of al Qaeda, which was jointly published by WAMY and BIF in 1991. *Burnett* Complaint ¶ 230.

With respect to his contacts with the United States, Plaintiffs claim that the documents filed in 1992 in conjunction with the establishment of BIF in Chicago state that Mr. Batterjee is a founder of BIF and that BIF's founders travel to the United States on a regular basis. *See* Flowers Decl. Att. 2, pp. 2–3. In 1993 BIF filed an application to conduct business in Florida and listed Mr. Batterjee as a director with an address in Florida. *See id.* at Att. 3, p. 4. BIF's authorization to do business in Florida was revoked on August 26, 1994. *Id.* at p. 1.

Mr. Batterjee disputes the claims against him in a declaration filed in conjunction with his motion to dismiss. Batterjee Decl. ¶ 8. He states he was born in Saudi Arabia, attended college in the United States in the 1960s, and returned to Saudi Arabia. *Id.* ¶¶ 3, 5. He claims he was last in the United States in June 2000 for personal reasons. *Id.* ¶ 5. He denies owning any real property, bank accounts, or investments in the United States. *Id.* ¶ 6. With respect to the allegations contained in the complaint, Mr. Batterjee claims BIF was never a branch of Al Bir or vice versa. *Id.* ¶ 9. He claims he never sent money to BIF in all of its history. *Id.* He states he transferred away all control of BIF in 1993. *Id.* He claims he never served as an executive of WAMY, never wrote a biography of Osama bin Laden, and denies having any knowledge of Osama bin Laden's or al Qaeda's activities other than what is widely published in the press. *Id.* ¶¶ 9, 10.

Mr. Batterjee also disputes the manner in which he was served. Plaintiffs reasoned that *Al–Quds Al–Arabia* had published Osama bin Laden's fatwas in the past and could, therefore, reach his supporters regardless of their location. Further, *The International Herald Tribune* is

**38.** Mr. Arnaout was "criminally indicted for his role in the September 11, 2001 attacks." *Burnett* Complaint ¶ 199. But in its "written plea agreement, the government agreed to dismiss sensational and highly publicized charges of providing material support to terrorists and terrorist organizations." *United States v. Arnaout,* 282 F.Supp.2d 838, 843 (N.D.Ill.2003). The *Burnett* Plaintiffs allege Mr. Arnaout and Osama bin Laden have ties. For example, law enforcement officials in Bosnia–Herzegovina raided BIF's offices in March 2002 and allegedly recovered documents establishing direct communications between Mr. Arnaout and Osama bin Laden in the late 1980s and early 1990s. *Burnett* Complaint ¶¶ 188, 196, 199.

HOUSE_OVERSIGHT_017889

available to the world community. Additionally, Plaintiffs submit that these cases have been widely reported in the Arabic media and the complaints have been available on numerous websites for over two years. In light of these considerations and Judge Robertson's March 23, 2003 order approving service by publication for Defendants including Mr. Batterjee, the Court denies Mr. Batterjee's motion to quash service.

[70] The Court finds the *Burnett* Plaintiffs made a prima facie showing of personal jurisdiction over Mr. Batterjee. While perhaps not dispositive on its own, Mr. Batterjee's designation as a terrorist lends substantial weight to Plaintiffs' claims that he purposefully directed his activities at the United States and that the exercise of personal jurisdiction over him comports with due process. *See Biton*, 310 F.Supp.2d at 178. Mr. Batterjee purportedly commissioned a book about al Qaeda and Osama bin Laden. He is the chairman of Al Shamal Islamic Bank, a bank with admitted and substantial ties to Osama bin Laden. *Burnett* Complaint ¶¶ 70, 79. Additionally, he is involved in the United States operations of designated terrorist, BIF. In the ten years leading up to the commencement of this action, Mr. Batterjee has had contacts with the United States that could be related to the terrorist attacks inasmuch as BIF participated in those attacks. Specifically, Mr. Batterjee traveled to Chicago for BIF and had an address in Florida for BIF. Accordingly, Mr. Batterjee's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is denied.

## III. Failure to State a Claim

In considering Defendants' motions to dismiss for failure to state a claim under Rule 12(b)(6), the Court must "accept all of Plaintiffs' factual allegations in the complaint as true and draw inferences from those allegations in the light most favorable to the Plaintiffs." *Desiderio v. Nat'l Ass'n of Sec. Dealers, Inc.*, 191 F.3d 198, 202 (2d Cir.1999). Dismissal is not appropriate unless it appears beyond doubt, "even when the complaint is liberally construed, that the plaintiff can prove no set of facts which would entitle him to relief." *Id.; Conley v. Gibson*, 355 U.S. 41, 45–46, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957). Federal Rule of Civil Procedure 8(a) requires that a complaint contain "a short and plain statement of the claim showing that the pleader is entitled to relief." Fed.R.Civ.P. 8(a)(2). The Supreme Court reinforced these liberal pleading standards in *Swierkiewicz v. Sorema N.A.*, 534 U.S. 506, 512, 122 S.Ct. 992, 152 L.Ed.2d 1 (2002) (observing the "short and plain statement" required by Rule 8 "must simply 'give the defendant fair notice of what the plaintiff's claim is and the grounds upon which it rests' ") (quoting *Conley*, 355 U.S. at 47, 78 S.Ct. 99). When presented with a 12(b)(6) motion, the district court may not consider matters outside of the pleadings without converting the motion into a motion for summary judgment. *Courtenay Communications Corp. v. Hall*, 334 F.3d 210, 213 (2d Cir.2003); *Friedl v. City of New York*, 210 F.3d 79, 83–84 (2d Cir.2000).

### A. Elements of Claims

[71] Plaintiffs claim that each Defendant provided material support to the al Qaeda terrorists who perpetrated the attacks on September 11, 2001. Under the ATA, material support includes money, financial services, lodging, training, safehouses, and false documentation or identification. 18 U.S.C. §§ 2339A(b), 2339B(g). Assuming such support is alleged, Plaintiffs will have to present a sufficient causal connection between that support and the injuries suffered by Plaintiffs. *See Bur-*

*nett I*, 274 F.Supp.2d at 104. Proximate cause will support this connection. *See First Nationwide Bank v. Gelt Funding Corp.*, 27 F.3d 763, 769 (2d Cir.1994) ("Central to the notion of proximate cause is the idea that a person is not liable to all those who may have been injured by his conduct, but only to those with respect to whom his acts were a substantial factor in the sequence of responsible causation, and whose injury was reasonably foreseeable or anticipated as a natural consequence."). In light of al Qaeda's public acknowledgments of its war against the United States, the September 11 attacks may be the natural and probable consequence of knowingly and intentionally providing material support to al Qaeda. *Burnett I*, 274 F.Supp.2d at 104.

[72] Plaintiffs rely on theories of concerted action liability—conspiracy and aiding and abetting—in support of this causal link. "Concerted action liability under New York law is based on the principle that '[a]ll those who, in pursuance of a common plan or design to commit a tortious act, actively take part in it, or further it by cooperation or request, or who lend aid or encouragement to the wrongdoer ... are equally liable with him.'" *Pittman*, 149 F.3d at 122 (quoting *Bichler v. Eli Lilly & Co.*, 55 N.Y.2d 571, 580, 450 N.Y.S.2d 776, 436 N.E.2d 182 (1982)). To be liable under either conspiracy or aiding and abetting, however, the defendant "must know the wrongful nature of the primary actor's conduct," *id.* at 123, and the conduct must be tied to a substantive cause of action, *Chrysler Capital Corp.*, 778 F.Supp. at 1267. In this regard, Plaintiffs rely on the ATCA, RICO, the TVPA, the ATA, and various state laws, including wrongful death, survival, intentional infliction of emotional distress, trespass, assault and battery, negligence, and negligent infliction of emotional distress.

**1. ATCA**

[73] The Alien Tort Claims Act provides that "[t]he district courts shall have original jurisdiction of any civil action by an alien for a tort only, committed in violation of the law of nations or a treaty of the United States." 28 U.S.C. § 1350. "This statute confers subject matter jurisdiction when the following three conditions are satisfied: (1) an alien sues (2) for a tort (3) committed in violation of the law of nations (i.e., international law)." *Kadic v. Karadzic*, 70 F.3d 232, 238 (2d Cir.1995); *see also Flores v. Southern Peru Corp.*, 343 F.3d 140, 143 n. 2 (2d Cir.2003). Certain Plaintiffs in these actions are aliens and the complaints all allege common law torts. The Court finds that "aircraft hijacking is generally recognized as a violation of international law." *Burnett I*, 274 F.Supp.2d at 100 (citing *Kadic*, 70 F.3d at 240; *Bigio v. Coca-Cola Co.*, 239 F.3d 440, 447-49 (2d Cir.2000)). Further, "courts, including the Second Circuit, have almost unanimously permitted actions premised on a theory of aiding and abetting and conspiracy." *Presbyterian Church of Sudan v. Talisman Energy, Inc.*, 244 F.Supp.2d 289, 311 (S.D.N.Y.2003). Accordingly, the ATCA may provide a basis for a concerted action claim of material support by alien-Plaintiffs here. *See Burnett I*, 274 F.Supp.2d at 100.

**2. RICO**

"To state a claim under civil RICO, a plaintiff must plead seven elements: (1) that the defendant (2) through the commission of two or more acts (3) constituting a 'pattern' (4) of 'racketeering activity' (5) directly or indirectly invests in, maintains an interest in, or participates in (6) an 'enterprise' (7) the activities of which affect interstate or foreign commerce." *Berk v. Tradewell, Inc.*, Nos. 01 Civ. 9035, 01 Civ.

HOUSE_OVERSIGHT_017891

10068(MBM), 2003 WL 21664679, at *11 (S.D.N.Y. July 16, 2003) (quoting *Moss v. Morgan Stanley, Inc.*, 719 F.2d 5, 17 (2d Cir.1983)); *see also* 18 U.S.C. § 1962. "Civil RICO is an unusually potent weapon . . . 'courts should strive to flush out frivolous RICO allegations at an early stage of the litigation.' " *Katzman v. Victoria's Secret*, 167 F.R.D. 649, 655 (S.D.N.Y.1996).

**[74]** The *Federal* complaint asserts a RICO claim under § 1962(a), which states in part: "It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity or through collection of an unlawful debt in which such person has participated a principal within the meaning of 18 U.S.C. § 2, to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce." 18 U.S.C. § 1962(a). "Because the conduct constituting a violation of § 1962(a) is investment of racketeering income, a plaintiff must allege injury from the defendant's investment of the racketeering income to recover under § 1962(a)." *Ouaknine v. MacFarlane*, 897 F.2d 75, 83 (2d Cir.1990). The *Federal* Plaintiffs have not done that here and seem to abandon the § 1962(a) claim in their RICO statements. Accordingly, the *Federal* Plaintiffs have not stated a claim under 18 U.S.C. § 1962(a).

The *Federal* Plaintiffs' RICO statements against Arab Bank and the SAAR Network assert claims under § 1962(c) and § 1962(d). *See* 03 MDL 1570 Docket ## 307, 309. Subsection (c) states, in part: "It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity." 18 U.S.C. § 1962(c). "The four elements of Section 1962(c) are '(1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity.' " *U.S. Fire Ins. Co. v. United Limousine Serv., Inc.*, 303 F.Supp.2d 432, 451 (S.D.N.Y.2004). "The elements of section 1962(c) must be established as to each individual defendant." *Id.* Paragraph (d) states that it "shall be unlawful for any person to conspire to violate any provision of" § 1962(a)-(c). 18 U.S.C. § 1962(d). "The Second Circuit has held in the context of a motion to dismiss that to state a claim under [§ ] 1962(d), the 'complaint must allege some factual basis for a finding of a conscious agreement among the defendants.' " *Am. Arbitration Ass'n, Inc. v. DeFonseca*, No. 93 Civ. 2424(CSH), 1996 WL 363128, at *7 (S.D.N.Y. June 28, 1996) (quoting *Hecht v. Commerce Clearing House*, 897 F.2d 21, 26 n. 4 (2d Cir.1990)); *see also Schmidt v. Fleet Bank*, 16 F.Supp.2d 340, 354 (S.D.N.Y.1998) ("Bare and conclusory allegations are insufficient to withstand a motion to dismiss and a plaintiff must plead facts sufficient to show that each defendant knowingly agreed to participate in the [RICO] conspiracy.").

**[75, 76]** Assuming for now that the Plaintiffs have pleaded an enterprise, "[u]nder *Reves v. Ernst & Young*, 507 U.S. 170, 179, 113 S.Ct. 1163, 122 L.Ed.2d 525 (1993), an alleged RICO defendant must have had 'some part in directing' the 'operation or management' of the enterprise itself to be liable." *Dubai Islamic Bank v. Citibank*, N.A., 256 F.Supp.2d 158, 164 (S.D.N.Y.2003). The complaints allege the moving Defendants may have assisted al Qaeda, but they do not allege "anything approaching active 'management or operation.' " *Id.* Accordingly, the Court finds

Plaintiffs have failed to state a RICO claim against the moving Defendants. *See id.; Redtail Leasing, Inc. v. Bellezza*, 95 Civ. 5191(JFK), 1997 WL 603496, at *5 (S.D.N.Y.1997) ("A defendant does not 'direct' an enterprise's affairs under § 1962(c) merely by engaging in wrongful conduct that assists the enterprise."); *Dep't of Econ. Dev. v. Arthur Andersen & Co.*, 924 F.Supp. 449, 466–67 (S.D.N.Y. 1996) (providing services to racketeering enterprise is not directing the enterprise); *LaSalle Nat'l Bank v. Duff & Phelps Credit Rating Co.*, 951 F.Supp. 1071, 1090 (S.D.N.Y.1996) (same). Plaintiffs' RICO claim under § 1962(d) fails for the same reason. Plaintiffs have not alleged that the moving Defendants were central figures in the underlying schemes or for conspiracy liability under § 1962(d). The RICO claims against the moving Defendants are dismissed.

### 3. TVPA

**[77, 78]** "The TVPA establishes a cause of action in federal court against an individual who, under actual or apparent authority, or color of law, of any foreign nation subjects an individual to torture or extrajudicial killing." *Arndt v. UBS AG*, 342 F.Supp.2d 132, 141 (E.D.N.Y.2004) (citing *Flores*, 343 F.3d at 153); 28 U.S.C. § 1350 note. Only individuals maybe sued under the TVPA. *Arndt*, 342 F.Supp.2d at 141 (citing *Friedman v. Bayer Corp.*, No. 99 Civ. 3675, 1999 WL 33457825, at *2 (E.D.N.Y. Dec. 15, 1999)). Accordingly, to the extent Plaintiffs have not already withdrawn these claims, the TVPA claims are dismissed against Al Rajhi Bank, Saudi American Bank, Arab Bank, Al Baraka Investment & Development Corp., NCB, Saudi Binladin Group, and the SAAR Network. Similarly, there have been no allegations that Saleh Abdullah Kamel or Adel Batterjee acted under color of law and, therefore, the TVPA claims against these individuals are dismissed as well.

### 4. ATA

**[79, 80]** The ATA provides a civil remedy for "[a]ny national of the United States injured in his or her person, property, or business by reason of an act of international terrorism, or his or her estate, survivors, or heirs." 18 U.S.C. § 2333(a).[39] To adequately plead the provision of material support under this section, a plaintiff would have to allege that the defendant knew about the terrorists' illegal activities, the defendant desired to help those activities succeed, and the defendant engaged in some act of helping those activities. *Boim II*, 291 F.3d at 1023; *see also Boim v. Quranic Literacy Inst.*, 340 F.Supp.2d 885, 906–913 (N.D.Ill. 2004) ("*Boim III*") (granting summary judgment against two entity defendants where record evidence demonstrated the charities' concession that Hamas used terrorism in pursuit of its goals, the organizations' repeated desire to help Hamas by

39. The ATA defines international terrorism as: activities that—(A) involve violent acts or acts dangerous to human life that are a violation of the criminal laws of the United States or of any State, or that would be a criminal violation if committed within the jurisdiction of the United States or of any State; (B) appear to be intended—to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by assassination or kidnapping; and (C) occur primarily outside the territorial jurisdiction of the United States, or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum.

18 U.S.C. § 2331(1). For now, the Court assumes the attacks of September 11 were an act of international terrorism.

HOUSE_OVERSIGHT_017893

recruiting donations to the Holy Land Foundation, a known supporter of Hamas, distributing pro-Hamas literature, and featuring pro-Hamas speakers at their meetings); *see also Burnett I*, 274 F.Supp.2d at 107 (noting the complaint in *Boim* was quite specific in its allegation of a causal link). Under a conspiracy theory, the Plaintiffs have to allege that the Defendants were involved in an agreement to accomplish an unlawful act and that the attacks of September 11 were a reasonably foreseeable consequence of that conspiracy. *See Boim III*, 340 F.Supp.2d at 895 (framing analysis as what plaintiffs have to prove to succeed on summary judgment). Plaintiffs do not have to allege that Defendants knew specifically about the September 11 attacks or that they committed any specific act in furtherance of that attack. *Id.*

### 5. Wrongful Death and Survival

[81] New York Estates, Powers and Trusts Law governs Plaintiffs' claims of wrongful death and survival. "The personal representative ... of a decedent who is survived by distributees may maintain an action to recover damages for a wrongful act, neglect or default which caused the decedent's death against a person who would have been liable to the decedent by reason of such wrongful conduct if death had not ensued." N.Y. Est. Powers & Trusts § 5-4.1 (McKinney 2002); *see also* N.Y. Est. Powers & Trusts § 11-3.2(b) (McKinney 2002) (outlining survival claim: "No cause of action for injury to person or property is lost because of the death of the person in whose favor the cause of action existed. For any injury an action may be brought or continued by the personal representative of the decedent."). Accordingly, the Court finds that if Plaintiffs are personal representatives and their allegations sufficiently allege that Defendants supported, aided and abetted, or conspired with the September 11 terrorists, they will have also stated claims for wrongful death and survival.

### 6. Assault and Battery and Intentional Infliction of Emotional Distress

[82] The *Federal* Plaintiffs bring claims of assault and battery and intentional infliction of emotional distress. The *Burnett* and *Ashton* Plaintiffs also allege claims of intentional infliction of emotional distress. The statute of limitations for assault and battery and intentional infliction of emotional distress is one year. *Holmes v. Lorch*, 329 F.Supp.2d 516, 523 (S.D.N.Y.2004); N.Y. C.P.L.R. 215(3) (McKinney 2002). The *Federal* Plaintiffs filed their complaint on September 10, 2003, nearly two years after September 11, 2001. Accordingly, their assault and battery and intentional infliction of emotional distress claims are dismissed against the SAAR Network and Arab Bank.

[83, 84] "Under New York law, a claim for intentional infliction of emotional distress requires a showing of (*1*) extreme and outrageous conduct; (2) intent to cause, or reckless disregard of a substantial probability of causing, severe emotional distress; (3) a causal connection between the conduct and the injury; and (4) severe emotional distress." *Stuto v. Fleishman*, 164 F.3d 820, 827 (2d Cir.1999) (citing *Howell v. New York Post Co.*, 81 N.Y.2d 115, 121, 596 N.Y.S.2d 350, 612 N.E.2d 699 (1993)). "'Liability has been found only where the conduct has been so outrageous in character, and so extreme in degree, as to go beyond all possible bounds of decency, and to be regarded as atrocious, and utterly intolerable in a civilized society.'" *Id.* (quoting *Howell*, 81 N.Y.2d at 122, 596 N.Y.S.2d 350, 612 N.E.2d 699). Courts are to determine whether the al-

leged conduct is sufficiently extreme and outrageous enough to permit recovery. *Stuto*, at 827. The attacks on September 11, 2001 were undoubtedly extreme and outrageous. The Court finds that if the *Ashton* and *Burnett* Plaintiffs's allegations sufficiently allege that Defendants supported, aided and abetted, or conspired with the September 11 terrorists, they will have also stated a claim for intentional infliction of emotional distress. *See Burnett I*, 274 F.Supp.2d at 107–08 (analyzing claims under New York law).

**7. Trespass**

**[85]** The *Federal* Plaintiffs bring a claim for trespass on the theory that Defendants assisted and encouraged those who intentionally entered the World Trade Center property. New York courts describe this cause of action as "the interference with a person's right to possession of real property either by an unlawful act or a lawful act performed in an unlawful manner." *N.Y. State Nat'l Org. for Women v. Terry*, 886 F.2d 1339, 1361 (2d Cir.1989) (citing *Ivancic v. Olmstead*, 66 N.Y.2d 349, 352, 497 N.Y.S.2d 326, 488 N.E.2d 72 (1985)). To the extent that the *Federal* Plaintiffs sufficiently plead that Defendants acted in concert with the September 11 hijackers, they may proceed with this claim. *Wantanabe Realty Corp. v. City of New York*, 01 Civ. 10137(LAK), 2003 WL 22862646, at *4 (S.D.N.Y. Dec. 3., 2003) (citing *Pittman*, 149 F.3d at 122–23).

**8. Negligence**

**[86–88]** In New York, a plaintiff may establish negligent infliction of emotional distress under the bystander or direct duty theory. *Baker v. Dorfman*, 239 F.3d 415, 421 (2d Cir.2000). Under the bystander theory, "a defendant's conduct is negligent as creating an unreasonable risk of bodily harm to a plaintiff and such conduct is a substantial factor in bringing about injuries to the plaintiff in consequence of shock or fright resulting from his or her contemporaneous observation of serious physical injury or death inflicted by the defendant's conduct on a member of the plaintiff's immediate family in his or her presence." *Bovsun v. Sanperi*, 61 N.Y.2d 219, 223–24, 473 N.Y.S.2d 357, 461 N.E.2d 843 (1984). Under the direct duty theory, a plaintiff suffers emotional distress caused by "defendant's breach of a duty which unreasonably endangered [plaintiff's] own physical safety." *Mortise v. United States*, 102 F.3d 693, 696 (2d Cir.1996).

**[89–92]** To establish a claim for negligence under New York law, "a plaintiff must show that the defendant owed the plaintiff a cognizable duty of care, that the defendant breached that duty, and that the plaintiff suffered damages as a proximate cause of that breach." *King v. Crossland Savings Bank*, 111 F.3d 251, 259 (2d Cir. 1997). The most basic element of a negligence claim is the existence of a duty owed to plaintiffs by defendants. *Palsgraf v. Long Island R.R. Co.*, 248 N.Y. 339, 342, 162 N.E. 99 (1928); *see also Burnett I*, 274 F.Supp.2d at 108 (dismissing negligence claims against Defendant Al Haramain Islamic Foundation because complaint failed to allege or identify any duty owed to Plaintiffs). Banks do not owe non-customers a duty to protect them from the intentional torts of their customers. *Renner v. Chase Manhattan Bank*, No. 98 Civ. 926(CSH), 1999 WL 47239, at *13 (S.D.N.Y. Feb. 3, 1999) (citing cases); *Burnett I*, 274 F.Supp.2d at 109 ("Plaintiffs offer no support, and we have found none, for the proposition that a bank is liable for injuries done with money that passes through its hands in the form of deposits, withdrawals, check clearing services, or any other routine banking service."). The

complaints presently before the Court do not allege or identify a duty owed to Plaintiffs by moving Defendants. *See Burnett I*, 274 F.Supp.2d at 108–09. Accordingly, the negligence and negligent infliction of emotional distress claims are dismissed for failure to state a claim.

### B. Analysis of Claims Against the Moving Defendants

[93] While applying the liberal notice pleading requirements of Rule 8, the Court notes that in light of "the extreme nature of the charge of terrorism, fairness requires extra-careful scrutiny of Plaintiffs' allegations as to any particular defendant, to ensure that he-or it-does indeed have fair notice of [the claims]." *Id.* at 103–04.

#### 1. Al Rajhi Bank

[94] Al Rajhi Bank was founded in 1987 and now has a network of nearly 400 branch offices throughout Saudi Arabia and seventeen worldwide subsidiaries. *Burnett* Complaint ¶ 84. All the banking Defendants are alleged to have "provided essential support to the al Qaeda organization and operations. The banking Defendants in this lawsuit have acted as instruments of terror, in raising, facilitating and transferring money to terrorist organizations." *Burnett* Complaint ¶ 46. Plaintiffs claim that Al Rajhi Bank is "the primary bank for a number of charities that serve as al Qaeda front groups," including Al Haramain, MWL, WAMY, SJRC, and IIRO. *Burnett* Complaint ¶ 85; Rule 12(e) Statement ¶ 31. "Al Rajhi continues to maintain Al Haramain's accounts despite Al Haramain's designation on March 11, 2002 as terrorist organizations by both the United States and Saudi Arabian authorities." Rule 12(e) Statement ¶ 44. The *Burnett* Plaintiffs claim Al Rajhi Bank knew or had to know that its depositors, Defendant charities WAMY, MWL, IIRC, and SJRC were material supporters of terrorism. Rule 12(e) Statement ¶¶ 44–60.

The *Burnett* Plaintiffs claim that Saudi Arabia has "ineffective and/or rudimentary bank supervisory, anti-money laundering laws and anti-terrorist financing in place." Rule 12(e) Statement ¶¶ 72–78. In 1999, William Weschler of the National Security Council and Richard Newcomb of the Office of Foreign Assets Control traveled to Saudi Arabia to warn Al Rajhi Bank and its regulator, the Saudi Arabian Monetary Agency ("SAMA"), "that their financial systems were being manipulated or utilized to fund terrorist organizations such as Al Qaeda." *Id.* ¶ 75. The United States encouraged SAMA to adopt "know your customer" rules. *Id.* "Despite these warnings, Al Rajhi failed to adopt even the most minimal standards, [which] resulted in the use of Al Rajhi as an instrument of terror and a material supporter, aider and abettor of al Qaeda and international terrorist activities." *Id.* ¶¶ 76–77.

One of the hijackers on board American Airlines Flight 11, Abdulaziz al-Omari, held an account at Al Rajhi Bank. *Burnett* Complaint ¶ 85; Rule 12(e) Statement ¶ 43. Another hijacker, Mohammed Atta, made a transfer to this account at some time. Rule 12(e) Statement ¶ 43. Plaintiffs claim al Qaeda financier Zouaydi asked Abdullah bin Abdul Muhsen al Turki, a counselor to the government of Saudi Arabia, to send money through Al Rajhi. *Burnett* Complaint ¶¶ 388, 538.

The *Burnett* Plaintiffs also claim that Al Rajhi Bank has relationships with Hamas and other terrorists. Rule 12(e) Statement ¶¶ 61–69. Al Rajhi Bank chose Texas-based Infocom to host its website. *Id.* ¶¶ 65, 66. Infocom has provided funding to Hamas and is owned and operated by Hamas leader and designated terrorist, Mousa Marzook. *Id.* There have been transfers made to Marzook and Infocom

from Al Rajhi accounts. *Id.* In "December 1999, Al Rajhi directly funded Tulkarm Charity Committee, a known front for Hamas." *Id.* ¶ 71.

Members of the Al Rajhi family, which owns and controls Al Rajhi Bank, are alleged to have ties to Osama bin Laden's personal secretary. *Id.* ¶ 79. The Al Rajhi family is purportedly a major donor to the SAAR Network, a Defendant here, being investigated by federal authorities in Virginia. *Id.* ¶¶ 80–84. Finally, Al Rajhi family members are allegedly closely associated with wealthy donors to Osama bin Laden. *Id.* ¶ 85 (alleging ties with the Golden Chain).

Judge Robertson found that the only allegation in the Third Amended *Burnett* Complaint that stated a claim upon which relief could be granted was that Al Rajhi Bank acted as an instrument "of terror, in raising, facilitating and transferring money to terrorist organizations." *Burnett I*, 274 F.Supp.2d at 109 (quoting *Burnett* Complaint ¶ 46). Judge Robertson noted that there was no support "for the proposition that a bank is liable for injuries done with money that passes through its hands in the form of deposits, withdrawals, check clearing services, or any other routine banking service." *Id.* In light of the liberal pleading standards, however, Judge Robertson denied Al Rajhi Bank's motion to dismiss and permitted it to request a more definitive statement under Rule 12(e). *Id.* at 110. The *Burnett* Plaintiffs provided an 89–paragraph response on August 27, 2003. Thereafter, Al Rajhi Bank renewed its motion to dismiss pursuant to Rule 12(b)(6).

Al Rajhi Bank argues that Plaintiffs offer no factual allegations in support of their conclusion that Al Rajhi Bank had to know that the charities it supported through Zakat and Hararm[40] payments were really fronts for al Qaeda. Al Rajhi Bank contends it had a legal and religious duty to make its charitable donations and any terrorist activity by the recipient charities was unknown to Al Rajhi Bank. *See* Rule 12(e) Statement ¶¶ 26, 29. Contrary to Plaintiffs' arguments, Al Rajhi Bank submits it did not have a duty, or a right, to inspect the Defendant charities' financial transactions to ascertain the ultimate destination of its donations. *But see* Rule 12(e) Statement ¶ 32 ("Al Rajhi is required to determine that the ultimate recipients of these contributions fall within one of the categories prescribed in the Quran for recipients of Zakat."). Al Rajhi Bank submits that SAMA did not implement any duty to investigate Zakat payments after its meeting with representatives of the National Security Council and Office of Foreign Assets Control.

[95] Plaintiffs do not allege that Al Rajhi Bank provided direct material support to al Qaeda. Rather, Plaintiffs claim Al Rajhi Bank aided and abetted the September 11 terrorists by donating to certain Defendant charities and acting as the bank for these Defendants. New York law and the courts interpreting the ATA in *Boim* make very clear that concerted action liability requires general knowledge of the primary actor's conduct. *See Pittman*, 149 F.3d at 123; *Boim II*, 291 F.3d at 1023; *Boim III*, 340 F.Supp.2d at 906. Even

**40.** Under Islamic banking laws, Hararm is forbidden income that must be given away. The disposal of Hararm cannot be considered charitable giving. Rule 12(e) Statement ¶ 9. In the 12(e) statement, the *Burnett* Plaintiffs explain that al Qaeda takes advantage of the under-regulated Islamic banking system to move and launder money. 12(e) Statement ¶ 1. Plaintiffs allege that al Qaeda has perverted the Zakat and Hararm principles in Islamic banking to collect and distribute money to individuals and cells throughout the world. *Id.* ¶¶ 4–9; *see also Burnett* Complaint ¶ 43.

HOUSE_OVERSIGHT_017897

with the opportunity to clarify their claims against Al Rajhi Bank, the *Burnett* Plaintiffs do not offer facts to support their conclusions that Al Rajhi Bank had to know that Defendant charities WAMY, MWL, IIRC, and SJRC were supporting terrorism. *See* Rule 12(e) Statement ¶¶ 44–60. "[A] complaint which consists of conclusory allegations unsupported by factual assertions fails even on the liberal standard of Rule 12(b)(6)." *De Jesus v. Sears, Roebuck & Co.*, 87 F.3d 65, 70 (2d Cir.1996).

This Court, like Judge Robertson before it, has found no basis for a bank's liability for injuries funded by money passing through it on routine banking business. *See Burnett I*, 274 F.Supp.2d at 109. Similarly, allegations concerning the Al Rajhi family cannot support a claim against Al Rajhi Bank because there is no allegation that the family members were acting in furtherance of Al Rajhi Bank business. *Tasso v. Platinum Guild Int'l*, 94 Civ. 8288(LAP), 1997 WL 16066, at *6 (S.D.N.Y. Jan. 16, 1997). Plaintiffs attach to their opposition brief a September 2002 SAMA report summarizing the initiatives and actions taken by the Kingdom of Saudi Arabia to combat money laundering and terrorist financing. *See Burnett* Plaintiffs' Opp. to Al Rajhi Motion to Dismiss, Ex. 2. Neither this document, nor the complaint, alleges that SAMA or Al Rajhi Bank implemented "know your customer" rules that Al Rajhi failed to follow with respect to accounts held by the Defendant charities. Finally, Plaintiffs' allegations that Al Rajhi Bank has connections to Hamas supporters fails to state a claim because Plaintiffs have not alleged any relationship between Hamas and al Qaeda or the terrorist attacks of September 11. Even accepting all the allegations against Al Rajhi Bank as true, Plaintiffs have failed to state a claim that would entitle them to relief. Accordingly, Al Rajhi Bank's motion to dismiss the *Burnett* complaint is granted in its entirety.

### 2. Saudi American Bank

[96] Saudi American Bank is based in Rihadh, Saudi Arabia and was formed in 1980 pursuant to a royal decree to take over the then-existing branches of Citibank in Riyadh and Jeddah. *Ashton* Complaint ¶ 603; *Burnett* Complaint ¶ 140. It is the second largest bank in Saudi Arabia and has offices in the United States, based in New York. *Ashton* Complaint ¶ 604; *Burnett* Complaint ¶¶ 141–42. Its chairman, Abdullahziz Bin Hamad Al Gosaibi is also the Chairman of the Saudi Cement Company in Damman, Saudi Arabia. *Ashton* Complaint ¶ 605; *Burnett* Complaint ¶ 142.[41] Ahmed Ali Jumale, purportedly a close associate of Osama bin Laden and responsible for helping Defendant Al Baraka penetrate the United States banking system, allegedly worked for Saudi American Bank as a senior employee from 1979 to 1986. *Ashton* Complaint ¶ 602; *Burnett* Complaint ¶ 148.[42]

Plaintiffs claim that Saudi American Bank is the official correspondent of the al Baraka Bank Lebanon; the Riyadh correspondent of Defendant Al Faisal Islamic Bank, which is managed by Defendant Prince Mohamed; and the Riyadh correspondent bank for a branch of Defendant Al Shamal Islamic Bank, which is involved in the financing of al Qaeda. *Ashton* Complaint ¶¶ 606, 608; *Burnett* Complaint ¶¶ 143, 146. It is also the bank for Defen-

41. The *Ashton* Plaintiffs voluntarily dismissed its claims against the Saudi Cement Company and the Arabian Cement Company on June 10, 2004. *See* 03 MD 1570 Docket # 230.

42. The *Ashton* Plaintiffs voluntarily dismissed their claims against Ahmed Nur Ali Jumale on June 10, 2004. *See* 03 MD 1570 Docket # 230.

HOUSE_OVERSIGHT_017898

dant Dallah Al Baraka Group, which is chaired by Defendant Saleh Abdullah Kamel. Saudi American Bank is close to the Saudi Bin Laden family, . . . appears on its financial transactions" and provides banking services to its Sudanese operations. *Ashton* Complaint ¶¶ 607–8; *Burnett* Complaint ¶¶ 144, 146.

"In the year 2000, the Saudi American Bank participated in the fundraising campaign in Saudi Arabia for collecting donations to the 'heroes of the Al Quds uprising' (Intifada) by providing a bank account and facilities to receive donations for a committee of charity organizations including Defendants WAMY, IIRO and Al Haramain Foundation." *Ashton* Complaint ¶ 609; *Burnett* Complaint ¶ 147.

The essence of Plaintiffs' claim is that through its relationships with other banks and support of the Saudi Binladin group's work in Sudan, Saudi American Bank provided material support to al Qaeda. It is not alleged to have done anything to directly support al Qaeda, Osama bin Laden, or their terrorist agenda. As the Court has stated before, there can be no bank liability for injuries caused by money routinely passing through the bank. Saudi American Bank is not alleged to have known that anything relating to terrorism was occurring through the services it provided. The *Ashton* Plaintiffs have dismissed their claims against Ahmed Nur Ali Jumale, allegedly an associate of Osama bin Laden. To the extent the *Burnett* Plaintiffs continue their claims against him, his employment at Saudi American Bank from 1979 to 1986 cannot be grounds for relief. Osama bin Laden did not organize al Qaeda until the late 1980s, Saudi American Bank is not alleged to have provided Jumale with a veil of legitimacy or shelter. *Cf. Burnett I*, 274 F.Supp.2d at 104 (finding Al Haramain's employment of al Qaeda operative during height of al Qaeda activity a sufficient allegation of providing material support). The complaints have provided Saudi American Bank with no notice of Plaintiffs' claims or grounds for relief. Accordingly, Saudi American Bank's motions to dismiss the *Ashton* and *Burnett* complaints are granted in their entirety.

### 3. Arab Bank

[97] The *Federal* Plaintiffs claim Arab Bank is a financial institution headquartered in Egypt with branch offices throughout the world, including New York. *Federal* Complaint ¶ 357. Arab Bank claims it is actually a Jordanian bank headquartered in Amman, Jordan. Arab Bank allegedly has "long provided financial services and other forms of material support to terrorist organizations, including al Qaeda." *Federal* Complaint ¶ 358. Further, these Plaintiffs allege that the September 11 attacks were a "direct, intended and foreseeable product of Arab Bank's participation in al Qaeda's jihadist campaign." *Id.* ¶¶ 364, 363. These claims are based on the allegation that Arab Bank has "long known that accounts it maintained were being used to solicit and transfer funds to terrorist organizations [and despite this knowledge] Arab Bank has continued to maintain those accounts." *Id.* ¶ 362. Specifically, the *Federal* Plaintiffs claim Arab Bank accounts have been used for al Qaeda money transfers throughout the world and that Arab Bank maintains accounts for Defendant charities including IIRO, MWL, WAMY, BIF, Blessed Relief (Muwaffaq) Foundation, and Al Haramain. *Id.* ¶¶ 359, 360. Israeli officials allegedly have seized funds associated with several Arab Bank accounts maintained on behalf of known fronts for Hamas and identified by Arab Bank employees, "confirming the bank's specific knowledge that accounts it maintained were being used to sponsor terrorist activity." *Id.* ¶ 361.

HOUSE_OVERSIGHT_017899

The *Burnett* Plaintiffs claim that members of the Spanish al Qaeda cell used Arab Bank to make wire transfers. *Burnett* Complaint ¶ 138 (alleging Arab Bank is "used regularly by al Qaeda's Spanish cell for transfers of cash to members of al Qaeda operating in Germany, Pakistan, Afghanistan, Lebanon, Yemen, Bosnia, and elsewhere"); *id.* ¶¶ 139, 528 (alleging $6,400 wire transfer through Arab Bank from member of Spanish al Qaeda cell to an extremist associated with Chej Salah in Spain). These Plaintiffs conclude that "Arab Bank PLC has materially supported, aided, and abetted and financed al Qaeda." *Id.* ¶ 138.

The *Federal* and *Burnett* complaints do not include any facts to support the inference that Arab Bank knew or had to know that it was providing material support to terrorists by providing financial services to the charity Defendants or by processing wire transfers in Spain. The paragraphs do not allege any involvement by, knowledge of, or participation in any wrongful conduct by Arab Bank. These Plaintiffs do not claim that Arab Bank ignored any regulations regarding their customer accounts. Providing routine banking services, without having knowledge of the terrorist activities, cannot subject Arab Bank to liability. While claiming Arab Bank has ties with known Hamas fronts, the *Federal* complaint does not contain any allegation of a connection between Hamas and Osama bin Laden, al Qaeda, or the September 11 attacks. A complaint alleging conclusions without supporting facts will not survive a Rule 12(b)(6) motion. *In re Cross Media Mktg. Corp. Sec. Litig.*, 314 F.Supp.2d 256, 261 (S.D.N.Y.2004). The *Federal* Plaintiffs asked for leave to amend their complaint with respect to Arab Bank, but they have not offered any facts to support an amendment. Therefore, Arab Bank's motions to dismiss the *Federal* and *Burnett* complaints are granted in their entirety.

### 4. Al Baraka Investment & Development Corporation and Saleh Abdullah Kamel

[98] The *Ashton* and *Burnett* complaints detail nearly identical claims against Al Baraka Investment & Development Corp. ("Al Baraka") and Saleh Abdullah Kamel. *Ashton* Complaint ¶¶ 583–601; *Burnett* Complaint ¶¶ 47–66. Saleh Abdullah Kamel was born in Saudi Arabia in 1941 and founded Dallah Albaraka Group LLC in 1969. *Ashton* Complaint ¶ 587; *Burnett* Complaint ¶ 51. Dallah Albaraka is a diversified conglomerate based in Jeddah and includes twenty-three banks in Arab and Islamic countries. *Ashton* Complaint ¶ 588; *Burnett* Complaint ¶ 52. Dallah Albaraka is a shareholder of Aqsa Islamic Bank, a bank that Israel has refused to approve, "citing its obvious ties with known terrorists." *Ashton* Complaint ¶¶ 596, 597; *Burnett* Complaint ¶¶ 60, 61. One of Dallah Albaraka's subsidiaries is Dallah Avco Trans–Arabia Co., based in Jeddah. *Ashton* Complaint ¶ 589; *Burnett* Complaint ¶ 53. Omar al Bayoumi, a suspect wanted by the FBI in connection with the September 11 attacks, was the Assistant to the Director of Finance for Dallah Avco and paid rent in San Diego for the house occupied by two September 11 hijackers of American Airlines Flight 77. *Ashton* Complaint ¶¶ 590, 592; *Burnett* Complaint ¶¶ 55, 54. Mr. Kamel is also one of three founders of Defendant Al Shamal Islamic Bank. *Ashton* Complaint ¶ 594; *Burnett* Complaint ¶ 58.

Dallah Albaraka's financial arm is Al Baraka Investment & Development Corp., a wholly owned subsidiary based in Jeddah. *Ashton* Complaint ¶ 593; *Burnett* Complaint ¶ 57. Al Baraka is a holding company with 43 subsidiaries, which are

mainly banks in Arab and Islamic countries. *Ashton* Complaint ¶ 583; *Burnett* Complaint ¶ 47. It also has banks in Chicago, Illinois and Houston, Texas. *Burnett* Complaint ¶ 47. Al Baraka allegedly provided financial infrastructures in Sudan to Osama bin Laden through Defendant charity Al Haramain. *Ashton* Complaint ¶¶ 584, 585, 598; *Burnett* Complaint ¶¶ 48, 49, 62.

Plaintiffs do not offer any factual allegations against Al Baraka or Mr. Kamel to withstand their motions to dismiss. The majority of the complaints' allegations regarding Al Baraka actually concern Dallah Albaraka. The specific allegations against Al Baraka are that through Al Haramain it provided financial infrastructures in Sudan, it provided support to Al Haramain, and it is present in the Sudan banking business through banks it holds. The complaints do not allege that Al Baraka knew or had any reason to know that Al Haramain was supporting terrorism, nor do they allege facts from which such an inference could be drawn.

The allegation that an employee of a Dallah Albaraka subsidiary financially supported two of the hijackers in San Diego does not translate into an allegation that Mr. Kamel provided material support to terrorism or aided and abetted those that provided material support. An employee's actions cannot be a basis for employer liability unless the employee was acting in furtherance of the employer's business. *Tasso,* 1997 WL 16066, at *6. There is no allegation that Mr. Kamel knew Mr. al Bayoumi or directed anyone at the Della Albaraka subsidiary to support al Qaeda or the hijackers. Similarly, the allegation that Mr. Kamel was one of three founders of Al Shamal Islamic Bank in 1983, without additional allegations, does not state a claim for relief. Thus, the *Ashton* and *Burnett* claims against Al Baraka and Mr. Kamel are dismissed in their entirety.

### 5. NCB

**[99]** The *Ashton* and *Burnett* Plaintiffs' allegations against NCB are outlined in Part I.B.4. The Court finds it would be premature to analyze Plaintiffs' largely conclusory claims against NCB under Rule 12(b)(6) at this time. NCB may be immune from suit and further discovery if it is found to be an instrumentality of the Kingdom of Saudi Arabia and its actions do not fit within the FSIA's exceptions to immunity. Additionally, the Court is not yet convinced that it would be proper to exercise personal jurisdiction over NCB. Accordingly, NCB's motion to dismiss for failure to state a claim is denied without prejudice. NCB may renew its motion upon completion of the limited jurisdictional discovery—first with respect to its instrumentality status—outlined by the Court above.

### 6. Saudi Binladin Group

**[100]** The *Ashton* and *Burnett* allegations against the SBG are outlined in Part II.C.8. The same allegations that warrant limited jurisdictional discovery to investigate whether SBG purposefully directed its activities at the United States and its contacts with the United States preclude dismissal under 12(b)(6) at this time. SBG provided construction support to Osama bin Laden. *Ashton* Complaint ¶¶ 550, 552–53; *Burnett* Complaint ¶¶ 319–22. A branch of SBG purportedly provided shelter to an al Qaeda operative. *Ashton* Complaint ¶ 555; *Burnett* Complaint ¶ 324. SBG has, at some point, had a close relationship with Osama bin Laden, but the complaints do not specify when or whether the relationship continues. While these allegations are certainly not sufficient to reach a jury, if Plaintiffs demonstrate that

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this Court has personal jurisdiction over SBG they are entitled the opportunity to develop these claims. SBG's motions to dismiss the *Ashton* and *Burnett* complaints for failure to state a claim are therefore denied without prejudice.

### 7. SAAR Network

**[101]** The *Federal* Plaintiffs' allegations against the SAAR Network are outlined in Part II.C.9. The Court's analysis of the SAAR Network's arguments in favor of 12(b)(6) dismissal depend on a predicate finding of which entities are subject to this Court's personal jurisdiction and which entities—and under what circumstances—transferred money to terror fronts. Accordingly, the SAAR Network's motion to dismiss is denied without prejudice. It may be renewed upon completion of personal jurisdiction discovery.

### 8. Adel A.J. Batterjee

**[102]** The *Burnett* Plaintiffs' allegations against Mr. Batterjee are outlined in Part II.C.10. For substantially the same reasons the Court found it had personal jurisdiction over Mr. Batterjee, it denies his motion to dismiss for failure to state a claim. The allegations against him and his designation as a terrorist are sufficient to permit the inference that he provided support to al Qaeda directly or through Al Shamal Islamic Bank, BIF, or WAMY. *Burnett* Complaint ¶¶ 75–76, 183–84, 196, 199, 230; Exec. Order 13224.

## IV. Conclusion and Order

For the reasons explained above, Prince Sultan's motions to dismiss the *Burnett, Ashton, Tremsky, Salvo, Barrera,* and *Federal Insurance* complaints for lack of subject matter and personal jurisdiction are granted. Prince Turki's motions to dismiss the *Burnett, Ashton, Tremsky, Salvo, Barrera,* and *Federal Insurance* complaints for lack of subject matter and personal jurisdiction are granted. The Kingdom of Saudi Arabia's motion to dismiss the *Federal Insurance* and *Vigilant Insurance* complaints for lack of subject matter jurisdiction are granted. Prince Mohamed's motions to dismiss the *Ashton* and *Federal Insurance* complaints for lack of personal jurisdiction are granted. Mohammad Abdullah Aljomaih's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is granted. Sheikh Hamad al Husani's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is granted. Abdulrahman bin Mahfouz's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is granted. Tariq, Omar, and Bakr Binladin's motion to dismiss the *Burnett* complaint for lack of personal jurisdiction is granted. Al Rajhi Bank's motion to dismiss the *Burnett* complaint for failure to state a claim is granted. Saudi American Bank's motions to dismiss the *Burnett* and *Ashton* complaints for failure to state a claim are granted. Arab Bank's motions to dismiss the *Burnett* and *Federal Insurance* complaints for failure to state a claim are granted. Al Baraka and Saleh Abdullah Kamel's motions to dismiss the *Burnett* and *Ashton* complaints for failure to state a claim are granted. NCB's motions to dismiss the *Burnett* and *Ashton* complaints for lack of subject matter and personal jurisdiction are denied without prejudice. The *Burnett* and *Ashton* negligence claims against NCB are dismissed for failure to state a claim. The Saudi Binladin Group's motions to dismiss the *Burnett* and *Ashton* complaints for lack of personal jurisdiction and failure to state a claim are denied without prejudice, but the TVPA and negligence claims against SBG are dismissed. The SAAR Network's motion to dismiss the *Federal* complaint for lack of personal jurisdiction and failure to state a claim is denied without prejudice. T he RICO,

TVPA, assault and battery, intentional infliction of emotional distress, and negligence claims against the SAAR Network are dismissed. Adel Batterjee's motion to dismiss the *Burnett* complaint is denied.

So ordered.

**Lawrence AGEE Plaintiff,**

**v.**

**Richard GRUNERT, M.D., Chris Fukuda, M.D., Fletcher Allen Health Care, Inc., and Copley Hospital Defendants.**

**No. 2:00–CV–169.**

United States District Court,
D. Vermont.

Oct. 1, 2004.

**Background:** Physician brought federal statutory and state contract and tort claims against former partners in medical group practice and others, after partners reported his alleged mental unfitness to practice medicine and placed him on disability leave. Partners moved for summary judgment, and physician cross-moved for summary judgment.

**Holdings:** The District Court, Sessions, Chief Judge, held that:

(1) under Vermont law, partners did not make false and defamatory statements about physician in reporting his conduct;

(2) partners' statements were conditionally privileged;

(3) physician did not have claim for "restriction of trade" against doctors who raised legitimate concerns about his fitness to practice;

(4) partners' behavior in reporting physician's suspected mental unfitness was not extreme and outrageous conduct that intentionally inflicted emotional distress;

(5) partners did not negligently inflict emotional distress;

(6) physician failed to exhaust administrative remedies on ADA claim; and

(7) physician was not employee for purposes of ADA claim.

Motions granted in part and denied in part.

**1. Federal Civil Procedure ⚷2554**

On defendants' motion for summary judgment, district court would not consider new claims raised for first time in plaintiff's memorandum in opposition to motion. Fed.Rules Civ.Proc.Rule 56, 28 U.S.C.A.

**2. Libel and Slander ⚷1**

Under Vermont law, the elements of defamation are: (1) a false and defamatory statement concerning another; (2) some negligence, or greater fault, in publishing the statement; (3) publication to at least one third person; (4) lack of privilege in the publication; (5) special damages, unless actionable per se; and (6) some actual harm so as to warrant compensatory damages.

**3. Libel and Slander ⚷30**

Under Vermont law, partners in medical practice did not make false and defamatory statements in telling hospitals that physician had been determined to be disabled and that he was on disability leave; partners were required under ethics code to question physician's fitness when he attempted surgery despite not having slept for weeks and while on sleep medication, and their group practice agreement provided for his acquiescence in determination

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KeyCite Yellow Flag - Negative Treatment
Distinguished by Abecassis v. Wyatt, S.D.Tex., March 31, 2010

392 F.Supp.2d 539
United States District Court,
S.D. New York.

In re: TERRORIST ATTACKS ON SEPTEMBER 11, 2001

Nos. 03 MDL 1570(RCC), 02 Civ. 6977, 03 Civ. 6978, 03 Civ. 9849.
|
Sept. 21, 2005.

**Synopsis**
**Background:** Representatives, survivors, and insurance carriers of victims of September 11, 2001 terrorist attacks brought actions against terrorist organization responsible for the attacks and its members and associates, alleged state sponsors of terrorism, and individuals and entities who allegedly provided support to the terrorist organization, asserting causes of action under Torture Victim Protection Act (TVPA), Antiterrorism Act (ATA), Alien Tort Claims Act (ATCA), and Racketeer Influenced and Corrupt Organizations Act (RICO), as well as claims under New York law for aiding and abetting, conspiracy, intentional infliction of emotional distress, negligence, survival, wrongful death, trespass, and assault and battery. Actions were consolidated, various defendants filed motions to dismiss, and plaintiffs moved to supplement the record.

**Holdings:** The District Court, Casey, J., held that:

[1] Saudi High Commission (SHC) was entitled to immunity under discretionary function exception to Foreign Sovereign Immunities Act (FSIA);

[2] chairman of SHC and Saudi Minister of Interior were entitled to immunity under discretionary function exception to FSIA;

[3] two Saudi officials did not have such minimum contacts with the United States as to support a finding of general personal jurisdiction;

[4] complaint alleging that various Islamic charities and organizations provided support for September 11th attacks, failed to state a claim under TVPA;

[5] allegation that defendant provided a satellite phone battery to terrorist leader sufficiently stated a claim under ATA; and

[6] absent any allegation that defendant had any role in directing an enterprise, allegation that he funneled money to terrorist organization through the charities with which he was involved failed to state a claim under RICO.

Motions granted in part and denied in part.

See also 349 F.Supp.2d 765.

West Headnotes (46)

[1] **International Law**
Evidence of immunity, and fact questions

Pursuant to the Foreign Sovereign Immunities Act (FSIA), a foreign state and its instrumentalities are presumed immune from jurisdiction unless one of the statute's exceptions applies. 28 U.S.C.A. § 1602 et seq.

Cases that cite this headnote

[2] **International Law**
Evidence of immunity, and fact questions

In a challenge to subject matter jurisdiction under the Foreign Sovereign Immunities Act (FSIA), the defendant must present a prima facie case that it is a foreign sovereign; thereafter plaintiff has burden of going forward with evidence showing that, under the exceptions to FSIA, immunity should not be granted. 28 U.S.C.A. § 1602 et seq.

2 Cases that cite this headnote

[3] **Federal Civil Procedure**



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Matters considered in general

Article stating that Islamic aid organizations in Afghanistan, Bosnia, Somalia, and Tajikistan provided funds and cover to terrorists would not be admitted to supplement record on motion to dismiss in action, arising out of the September 11 terrorist attacks, alleging that two Saudi officials involved with Islamic charities were knowingly providing funding for terrorists; plaintiffs failed to explain why they were only able to obtain and translate the article on eve of oral argument, article and its translation were not authenticated, and article did not say officials were put on notice regarding specific charities or that they continued to contribute to those charities with intent that donations would assist terrorists.

Cases that cite this headnote

[4] **International Law**
Extent and effect of immunity

Immunity under Foreign Sovereign Immunities Act (FSIA) extends to agents of a foreign state acting in their official capacities, inasmuch as a suit against an individual acting in his official capacity is the practical equivalent of a suit against the sovereign directly. 28 U.S.C.A. § 1602 et seq.

1 Cases that cite this headnote

[5] **International Law**
Evidence of immunity, and fact questions

Court is required to give great weight, in determining whether foreign defendants are entitled to immunity under the Foreign Sovereign Immunities Act (FSIA), to any extrinsic submissions made by the foreign defendants regarding the scope of their official responsibilities. 28 U.S.C.A. § 1602 et seq.

2 Cases that cite this headnote

[6] **International Law**
Corporations and other instrumentalities

Saudi High Commission (SHC) made prima facie showing it was entitled to immunity, under Foreign Sovereign Immunities Act (FSIA), in action alleging it had provided funding for terrorists; SHC was created by the Council of Ministers of Kingdom of Saudi Arabia to provide Kingdom's aid to Bosnia and was governed by a Saudi official, its employees were Saudi civil servants, and it could be sued in the Kingdom's administrative court like other Saudi government agencies, and SHC made no explicit waiver of its sovereign immunity inasmuch as any contrary representations by SHC were made prior to the action. 28 U.S.C.A. § 1602 et seq.

Cases that cite this headnote

[7] **International Law**
Extent and effect of immunity

To extent that complaint, in action alleging support for terrorist organizations, alleged that two Saudi officials provided such support through actions undertaken in their government positions, officials made prima facie showing of entitlement to immunity under the Foreign Sovereign Immunities Act (FSIA). 28 U.S.C.A. § 1602 et seq.

Cases that cite this headnote

[8] **International Law**
Extent and effect of immunity

For jurisdiction over agents of a foreign government to be proper under torts exception to Foreign Sovereign Immunities Act (FSIA), plaintiffs must show that defendants' tortious acts caused plaintiffs' injuries and that defendants' actions were not discretionary, i.e., not grounded in their governments' social, economic, or political policies. 28 U.S.C.A. § 1605(a)(5).

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3 Cases that cite this headnote

[9] **International Law**
Extent and effect of immunity

Under the Foreign Sovereign Immunities Act's (FSIA) discretionary function exception, acts which are performed at the planning level of government, as opposed to those at the operational level, are entitled to immunity. 28 U.S.C.A. § 1605(a)(5).

Cases that cite this headnote

[10] **International Law**
Extent and effect of immunity

Relief agency established by government of Saudi Arabia was entitled to immunity, under discretionary function exception to Foreign Sovereign Immunities Act (FSIA), in action alleging it had provided funding for terrorist organization responsible for September 11th attacks; agency's decisions regarding the distribution of humanitarian relief funds were within the discretion of its chairman and his advisors and were guided by government policies. 28 U.S.C.A. § 1605(a)(5).

1 Cases that cite this headnote

[11] **International Law**
Extent and effect of immunity

Chairman of relief agency established by government of Saudi Arabia, and Saudi Minister of Interior, were entitled to immunity, under discretionary function exception to Foreign Sovereign Immunities Act (FSIA), in action alleging their decisions regarding distribution of humanitarian relief funds provided support for terrorist organization responsible for September 11th attacks; allegations stemmed from officials' discretionary functions inasmuch as their decisions were grounded in government's social, economic, and political policy. 28 U.S.C.A. § 1605(a)(5).

5 Cases that cite this headnote

[12] **Federal Courts**
Presumptions and burden of proof

In considering a motion to dismiss for lack of personal jurisdiction, court reviews the complaints and affidavits in the light most favorable to plaintiffs, but does not accept conclusory allegations or draw argumentative inferences. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

8 Cases that cite this headnote

[13] **Constitutional Law**
Non-residents in general
**Federal Courts**
Contacts with United States as a whole; nationwide jurisdiction

For jurisdiction to exist under rule establishing personal jurisdiction in any district court for cases arising under federal law where defendant has sufficient contacts with the United States as a whole but is not subject to jurisdiction in any particular state, there must be a federal claim, personal jurisdiction must not exist over defendant in any state, and defendant must have sufficient contacts with the U.S. as a whole such that the exercise of jurisdiction does not violate Fifth Amendment due process. U.S.C.A. Const.Amend. 5; Fed.Rules Civ.Proc.Rule 4(k)(2), 28 U.S.C.A.

3 Cases that cite this headnote

[14] **Courts**
Allegations, pleadings, and affidavits

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To establish personal jurisdiction based on a conspiracy theory under New York's long-arm statute, plaintiffs must make a prima facie showing of conspiracy and allege facts warranting an inference that defendant was a member of the conspiracy. NY.McKinney's CPLR 302(a)(2).

3 Cases that cite this headnote

[15] **Conspiracy**
Nature and Elements in General
**Conspiracy**
Pleading

To plead a valid cause of action for conspiracy, a plaintiff must allege the primary tort and four elements: (1) a corrupt agreement between two or more persons, (2) an overt act in furtherance of the agreement, (3) the parties' intentional participation in the furtherance of a plan or purpose, and (4) the resulting damage or injury.

Cases that cite this headnote

[16] **Courts**
Conspiracy and co-conspirators

To warrant the inference that a defendant was a member of the conspiracy, as would establish personal jurisdiction under New York's long-arm statute, plaintiffs must show that (1) defendant had an awareness of the effects in New York of its activity, (2) the activity of the co-conspirators in New York was to the benefit of the out-of-state conspirators, and (3) the co-conspirators acting in New York acted at the direction or under the control of or at the request of or on behalf of the out-of-state defendant. N.Y.McKinney's CPLR 302(a)(2).

3 Cases that cite this headnote

[17] **Constitutional Law**
Non-residents in general

The exercise of personal jurisdiction must comport with due process requirements, i.e., there must be minimum contacts and the exercise of jurisdiction must be reasonable. U.S.C.A. Const.Amends. 5, 14.

1 Cases that cite this headnote

[18] **Federal Courts**
Related contacts and activities; specific jurisdiction
**Federal Courts**
Business contacts and activities; transacting or doing business

Specific jurisdiction over a nonresident defendant exists when the forum exercises jurisdiction over the defendant in a suit arising out of defendant's contacts with that forum; general jurisdiction is based on a defendant's general business contacts with the forum.

Cases that cite this headnote

[19] **Federal Courts**
Terrorism

Two officials of Saudi Arabian government did not have such minimum contacts with the United States as to support a finding of general personal jurisdiction, in action alleging their decisions regarding distribution of humanitarian relief funds provided support for terrorist organization responsible for September 11th attacks, despite alleged donations of money to established humanitarian organizations that might have been diverting funds to support terrorists and despite one official's visit to the White House twelve years before the attacks. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

1 Cases that cite this headnote



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[20] **Federal Civil Procedure**
Jurisdictional discovery
**Federal Courts**
Dismissal or other disposition

District Court would deny without prejudice purported Islamic charitable trust's motion to dismiss, for lack of personal jurisdiction, complaint in action alleging provision of support for terrorists involved in September 11th attacks, pending further jurisdictional discovery as to whether trust's activities were directed at the United States; U.S. Government had designated the trust a Specially Designated Global Terrorist Entity. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

1 Cases that cite this headnote

[21] **Federal Civil Procedure**
Jurisdictional discovery

Courts enjoy great discretion in deciding whether to order jurisdictional discovery before resolving motions to dismiss for lack of personal jurisdiction. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

1 Cases that cite this headnote

[22] **Federal Courts**
Terrorism

Pursuant to rule establishing personal jurisdiction in any district court for cases arising under federal law where defendant had sufficient contacts with the United States as a whole but was not subject to jurisdiction in any particular state, District Court had personal jurisdiction, in action alleging provision of support for terrorists involved in September 11th attacks, over defendant alleged to be a founder and leader of terrorist organization responsible for the attacks; defendant had purposefully directed his activities at the U.S. Fed.Rules Civ.Proc.Rules 4(k)(2), 12(b)(2), 28 U.S.C.A.

2 Cases that cite this headnote

[23] **Constitutional Law**
Non-profit, charitable, and educational organizations
**Federal Courts**
Terrorism

District Court had personal jurisdiction, under rule establishing personal jurisdiction for cases arising under federal law where defendant had sufficient contacts with the United States as a whole but was not subject to jurisdiction in any particular state, over purported Islamic relief organization, for purposes of action alleging provision of support for terrorists involved in September 11th attacks; organization purposefully directed its activities at the U.S., satisfying due process minimum contacts requirement, inasmuch as it operated in the U.S. and was involved in supporting attacks and activities of the terrorist organization. U.S.C.A. Const.Amend. 5; Fed.Rules Civ.Proc.Rules 4(k)(2), 12(b)(2), 28 U.S.C.A.

Cases that cite this headnote

[24] **Racketeer Influenced and Corrupt Organizations**
Association with or participation in enterprise; control or intent

To state a claim for liability under civil Racketeer Influenced and Corrupt Organizations Act (RICO), plaintiffs must allege that defendants participated in the operation or management of the enterprise itself, which requires that these defendants must have had some part in directing the enterprise's affairs. 18 U.S.C.A. § 1962(c).

Cases that cite this headnote

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[25] **Aliens, Immigration, and Citizenship**
Torture victim protection

Complaint brought under Torture Victim Protection Act (TVPA), alleging that various Islamic charities and organizations provided support for terrorist organization responsible for September 11th attacks, failed to state a claim; TVPA provided a cause of action only against individuals. 28 U.S.C.A. § 1350.

2 Cases that cite this headnote

[26] **Aliens, Immigration, and Citizenship**
Torture victim protection

Absent any allegation that named defendants were acting under color of state law, action brought under Torture Victim Protection Act (TVPA), alleging that various individuals provided support for September 11th attacks, failed to state a claim. 28 U.S.C.A. § 1350.

2 Cases that cite this headnote

[27] **Limitation of Actions**
Injuries to person

Claims, under New York law, for assault and battery and intentional infliction of emotional distress, asserted in action alleging provision of support for September 11th attacks, were time-barred. N.Y.McKinney's CPLR 215(3).

Cases that cite this headnote

[28] **Negligence**
Necessity and Existence of Duty
**Negligence**
Protection against acts of third persons

Negligence claims, in action under New York law arising out of September 11th attacks, would be dismissed for failure to state claims inasmuch as they failed to allege or identify duty owed to plaintiffs by defendants.

1 Cases that cite this headnote

[29] **War and National Emergency**
Private Remedies

Allegation that defendant provided a satellite phone battery to leader of terrorist organization responsible for September 11th attacks sufficiently stated a claim under Antiterrorism Act (ATA), for purposes of action alleging provision of support for terrorists involved in those attacks. 18 U.S.C.A. § 2339A(b).

1 Cases that cite this headnote

[30] **Racketeer Influenced and Corrupt Organizations**
Association with or participation in enterprise; control or intent

Complaint which failed to allege that defendant participated in the operation or management of any enterprise thus failed to state a claim under Racketeer Influenced and Corrupt Organizations Act (RICO), for purposes of action alleging provision of support for terrorists involved in September 11th attacks. 18 U.S.C.A. § 1961 et seq.

Cases that cite this headnote

[31] **War and National Emergency**
Private Remedies

Complaint which failed to allege that defendant took any action that could be considered the provision of material support for terrorist organization responsible for the September 11th attacks thus failed to state a claim under the Antiterrorism Act (ATA), for purposes of action alleging provision of support for terrorists

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involved in those attacks. 18 U.S.C.A. § 2339A(b).

Cases that cite this headnote

[32] **War and National Emergency**
Private Remedies

Allegation that defendant funneled money to terrorist organization responsible for September 11th attacks, through charities in which he was involved, was sufficient to state a claim under Antiterrorism Act (ATA), in action alleging provision of support for those attacks. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[33] **Racketeer Influenced and Corrupt Organizations**
Association with or participation in enterprise; control or intent

Complaint which failed to allege that defendant had any role in directing an enterprise thus failed to state a claim under Racketeer Influenced and Corrupt Organizations Act (RICO), for purposes of action alleging provision of support for terrorist organization responsible for September 11th attacks. 18 U.S.C.A. § 1961 et seq.

Cases that cite this headnote

[34] **War and National Emergency**
Private Remedies

Absent any allegation that purported charitable organization knew that the money it was transferring between two other organizations would somehow assist terrorist organization responsible for the September 11th attacks, or that it knew that other organizations to which it transferred money were in the business of supporting terrorism, allegation that organization made such transfers failed to state a claim under Antiterrorism Act (ATA), for purposes of action alleging provision of support for those attacks. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[35] **War and National Emergency**
Private Remedies

Allegations that defendant was a founder and leader of terrorist organization responsible for the September 11th attacks, that he had been designated a terrorist by the U.S. government, and that he was the head of various non-government organizations providing financial and logistical support to the terrorist network, sufficiently stated a claim under Antiterrorism Act (ATA), for purposes of action alleging provision of support for terrorists involved in those attacks. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[36] **War and National Emergency**
Private Remedies

Allegation that purported Islamic relief organization collected and laundered money for terrorist organization responsible for the September 11th attacks, was involved in numerous attacks and plots, and funded the Taliban and terrorist training camps in Afghanistan sufficiently stated a claim under Antiterrorism Act (ATA), for purposes of action alleging provision of support for terrorists involved in those attacks. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[37] **Federal Civil Procedure**
Time of determination; reserving decision

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District Court would deny, without prejudice, purported Islamic charitable trust's motion to dismiss, for failure to state a claim, complaints against it in action alleging provision of support for terrorists involved in September 11th attacks, where Court had not yet determined whether it had personal jurisdiction over the trust.

1 Cases that cite this headnote

[38] **War and National Emergency**
Private Remedies

Allegation, that defendants were co-conspirators, material sponsors, and/or aiders and abettors of a network alleged to have provided support for terrorist, was insufficient, without more, to state a claim under Antiterrorism Act (ATA), for purposes of action alleging provision of support for terrorists involved in September 11th attacks; allegations failed to provide notice of the factual grounds on which the claims were based. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[39] **War and National Emergency**
Private Remedies

Absent any allegation that organization knew that two purported Islamic charities it allegedly financed were terrorist cells, or whether and how those cells contributed to agenda of terrorist organization responsible for the September 11th attacks, allegation that the organization provided that financial support were insufficient to state a claim under Antiterrorism Act (ATA), in action alleging provision of support for terrorists involved in those attacks. 18 U.S.C.A. § 2339(A).

Cases that cite this headnote

[40] **Racketeer Influenced and Corrupt Organizations**
Association or participation

Absent any allegation that company had any role in directing an enterprise, allegation that it donated money to a group alleged to have later laundered the money, and that it donated money to unnamed entities who later forwarded it to terrorist organization responsible for the September 11th attacks, were insufficient to state a claim under Racketeer Influenced and Corrupt Organizations Act (RICO), in action alleging provision of support for terrorists involved in those attacks. 18 U.S.C.A. § 1961 et seq.

Cases that cite this headnote

[41] **Racketeer Influenced and Corrupt Organizations**
Association or participation
**War and National Emergency**
Private Remedies

Complaint, alleging that individual defendants aided and abetted, conspired with, and provided material support and resources to terrorist organization responsible for the September 11th attacks and/or affiliated organizations, failed to state claims for violations of Racketeer Influenced and Corrupt Organizations Act (RICO) or Antiterrorism Act (ATA), in action alleging provision of support for terrorists involved in those attacks; complaint did not adequately provide defendants with notice as to how they provided material support to terrorist organization. 18 U.S.C.A. §§ 1961 et seq., 2339(A).

2 Cases that cite this headnote

[42] **War and National Emergency**
Private Remedies

Complaint alleging that defendant controlled several bank accounts and transmitted money



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internationally for terrorist purposes was sufficient to state a claim under Antiterrorism Act (ATA), in action alleging provision of support for September 11th attacks. 18 U.S.C.A. § 2339(A).

2 Cases that cite this headnote

[43] **Racketeer Influenced and Corrupt Organizations**
Association or participation

Absent any allegation that defendant participated in the operation or management of alleged terrorist enterprise, allegation that he controlled several bank accounts and transmitted money internationally for terrorist purposes failed to state a claim under Racketeer Influenced and Corrupt Organizations Act (RICO), for purposes of action alleging provision of support for terrorists involved in September 11th attacks. 18 U.S.C.A. § 1961 et seq.

1 Cases that cite this headnote

[44] **Federal Civil Procedure**
Error by court

A motion for reconsideration is appropriate where a court overlooks controlling decisions or factual matters that were put before it on the underlying motion and which, had they been considered, might have reasonably altered the result before the court.

Cases that cite this headnote

[45] **Federal Civil Procedure**
Justice; prevention of injustice
**Federal Civil Procedure**
Error by court

A motion for reconsideration may be granted to correct a clear error or prevent manifest injustice.

Cases that cite this headnote

[46] **International Law**
Proceedings to determine immunity

On reconsideration of prior order, District Court would postpone further inquiry into bank's status as a foreign sovereign, for purposes of its assertion that it was entitled to immunity, under Foreign Sovereign Immunities Act (FSIA), in action alleging it provided support for terrorists involved in September 11th attacks, until completion of personal jurisdiction discovery; personal jurisdiction issue was more straightforward and Court was hesitant to subject Kingdom of Saudi Arabia to discovery. 28 U.S.C.A. § 1602 et seq.

3 Cases that cite this headnote

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HOUSE_OVERSIGHT_017912

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**Opinion and Order**

CASEY, District Judge.

The Court presumes familiarity with the factual background giving rise to this multi-district litigation. *See In re Terrorist Attacks on September 11, 2001,* 349 F.Supp.2d 765 (S.D.N.Y.2005) (*"Terrorist Attacks I"* ). Generally, Plaintiffs are representatives, survivors, and insurance carriers of the victims of the attacks of September 11, 2001, who allege, pursuant to various theories of liability including the Antiterrorism Act ("ATA"), 18 U.S.C. § 2331 *et seq.;* the Alien Tort Claims Act ("ATCA"), 28 U.S.C. § 1350; the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961 *et seq.;* the Torture Victim Protection Act ("TVPA"), 28 U.S.C. § 1350 note; theories of aiding and abetting, civil conspiracy, intentional infliction of emotional distress, negligence, survival, wrongful death, trespass, and assault and battery, that Defendants are responsible for those attacks as terrorists, state sponsors of terror, or material sponsors of terror. In *Terrorist Attacks I,* the Court resolved several motions to dismiss the complaints by various Defendants. Additional motions remain pending before the Court.

Saudi High Commission ("SHC"), HRH Prince Salman bin Abdulaziz Al–Saud ("Prince Salman"), and HRH Prince Naif bin Abdulaziz Al–Saud ("Prince Naif") move to dismiss the complaints for lack of subject matter jurisdiction pursuant to the FSIA, lack of personal jurisdiction, and failure to state a claim for relief. Immediately prior to the Court's scheduled oral argument on these motions, the Federal Plaintiffs moved to supplement the record against Prince Salman and Prince Naif.

Defendants Rabita Trust, Wa'el Jalaidan, and International Islamic Relief Organization ("IIRO") move to dismiss the ***547** complaints for lack of personal jurisdiction and failure to state a claim.

Other Defendants move to dismiss the complaints for failure to state a claim. Tarik Hamdi and Abdulrahman Alamoudi move to dismiss the *Burnett* and *Federal* complaints. Success Foundation moves to dismiss the *Burnett* complaint. The *Burnett* Plaintiffs denominate certain Defendants as the "SAAR Network entities." The SAAR Network entities, which include African Muslim Agency, Grove Corporate, Heritage Education Trust, International Institute of Islamic Thought ("IIIT"), Mar–Jac Investments, Mar–Jac Poultry, Reston Investments, Safa Trust, and York Foundation, move to dismiss the *Burnett* complaint. IIIT also moves to dismiss the *Ashton* complaint. In addition to its motion to dismiss *Burnett,* Mar–Jac Poultry moves to dismiss the *Ashton* and *Federal* complaints. The *Federal* Plaintiffs label certain individuals "SAAR Network executives." These Defendants, including Taha Al–Awani, Muhammad Ashraf, M. Omar Ashraf, M. Yaqub Mirza, Iqbal Unus, and Jamal Barzinji, move to dismiss the *Federal* complaint.

Finally, Defendant National Commercial Bank ("NCB") moves for reconsideration of this Court's denial without prejudice of its motions to dismiss the *Ashton* and *Burnett* complaints. The Court resolves all the aforementioned motions in this opinion.

**I. Subject Matter Jurisdiction Under the FSIA**

[1] [2] Pursuant to the FSIA, a foreign state and its instrumentalities are presumed immune from this Court's jurisdiction unless one of the statute's exceptions applies. *Robinson v. Gov't of Malaysia,* 269 F.3d 133, 138 (2d Cir.2001). "In contrast to a Rule 12(b)(6) motion to dismiss for failure to state a claim, in a challenge to FSIA subject matter jurisdiction, the defendant must present a 'prima facie case that it is a foreign sovereign.' " *Virtual*



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*Countries v. Republic of South Africa,* 300 F.3d 230, 241 (2d Cir.2002) (quoting *Cargill Int'l S.A. v. M/T PAVEL DYBENKO,* 991 F.2d 1012, 1016 (2d Cir.1993)). "Then, the plaintiff 'has the burden of going forward with evidence showing that, under the exceptions to the FSIA, immunity should not be granted.' " *Virtual Countries,* 300 F.3d at 241 (quoting *Cargill,* 991 F.2d at 1016); *see also Terrorist Attacks I,* 349 F.Supp.2d at 792–797 (explaining that the possibly relevant exceptions to immunity in this litigation include the commercial activities, torts, and state sponsor of terrorism exceptions). Determining whether this burden is met involves a 'review [of] the allegations in the complaint, the undisputed facts, if any, placed before [the court] by the parties, and—if the plaintiff comes forward with sufficient evidence to carry its burden of production on this issue—[resolution of] disputed issues of fact.' " *Virtual Countries,* 300 F.3d at 241 (quoting *Robinson,* 269 F.3d at 141). Throughout the inquiry, Defendants retain the burden of persuasion, which they must meet by a preponderance of the evidence. *Virtual Countries,* 300 F.3d at 241; *see also Robinson,* 269 F.3d at 141 n. 8.

### A. Allegations Against Defendants Asserting Foreign Sovereign Immunity

#### 1. Saudi High Commission[1]

In 1993, then-King Fahad bin Abdulaziz Al–Saud, the President of the Council of ***548** Ministers of Saudi Arabia, decreed the formation of SHC, also known as the Saudi High Relief Commission, by High Order 17419. (*Ashton* Compl. ¶ 446; *Burnett* Compl. ¶ 392; *Federal* Compl. ¶ 180; *see also* SHC Mem. in Sup. Mot. to Dismiss at 3.) The same High Order named Defendant Prince Salman the President of SHC. (*Ashton* Compl. ¶ 446; *Burnett* Compl. ¶ 392; SHC Mem. in Sup. Mot. to Dismiss at 3.)

SHC allegedly has contributed $600 million to aid "Bosnian Muslims impoverished by the country's recent civil war." (*Ashton* Compl. ¶ 446; *Burnett* Compl. ¶ 392.) Plaintiffs claim, however, that SHC does not provide support to the needy but actually diverts funds for terrorist activities. (*Ashton* Compl. ¶ 454; *Burnett* Compl. ¶ 404.) In support, Plaintiffs allege that Prince Salman received a letter in September 2000 from a Bosnian association claiming SHC did not provide charitable assistance, and that none of the money collected after the fall of Srebrenica in July 1995 actually reached the Srebrenican people. (*Ashton* Compl. ¶¶ 454–55; *Burnett* Com pl. ¶¶ 404–05; *Federal* Compl. ¶¶ 185, 457.) Plaintiffs claim SHC's financial records fail to account for $41 million. (*Ashton* Compl. ¶ 456; *Burnett* Compl. ¶ 407; *Federal* Compl. ¶ 460.) SHC allegedly made donations to charity Defendant Taibah and the bin Laden Establishment. (*Ashton* Compl. ¶¶ 376, 462 (relying on 1995 bin Laden interview); *Burnett* Compl. ¶ 298.) Plaintiffs also claim that SHC is responsible for "importing the extreme form of Saudi Islam, Wahhabism" to Bosnia. (*Ashton* Compl. ¶ 447; *Burnett* Compl. ¶ 393.)

The *Federal* Plaintiffs allege that al Qaeda fighters began entering Bosnia–Herzegovina in 1992 disguised as SHC relief workers. (*Federal* Compl. ¶ 183.) On October 21, 2001, a group of Algerians who were supposedly part of the al Qaeda network were arrested in Bosnia Herzegovina on charges of terrorism directed at the United States embassy. (*Ashton* Compl. ¶¶ 448–49; *Burnett* Compl. ¶¶ 394–95.) One of the arrested, Sabir Lamar, apparently worked for SHC as an Arabic language teacher. (*Ashton* Compl. ¶ 450; *Burnett* Compl. ¶ 396.) Also in October 2001, Plaintiffs claim that United States forces raided the Sarajevo branch of SHC and "found computer hard drives with photographs of the World Trade Center before and after its collapse as well as photos of United States embassies in Kenya and Tanzania and the U.S.S. Cole." (*Ashton* Compl. ¶ 451; *Burnett* Compl. ¶ 397; *Federal* Compl. ¶ ¶ 186, 458.) The U.S. forces also apparently found files on pesticides and crop dusters, the locations of Washington government buildings, fake State Department badges, and cash. (*Ashton* Compl. ¶¶ 451, 453; *Burnett* Compl. ¶¶ 397, 399; *Federal* Compl. ¶¶ 186, 459.) After the raid, the Financial Police of the Federation of Bosnia Herzegovina Ministry of Finance analyzed the seized documents and stated that some did "not belong in the scope of work of a humanitarian organization." (*Federal* Compl. ¶¶ 187, 459; *see also Ashton* Compl. ¶ 452; *Burnett* Compl. ¶ 398.) The *Federal* Plaintiffs claim that the SHC "has long acted as a fully integrated component of al Qaida's logistical and financial support infrastructure ... [and that the attacks of September 11 were] a direct, intended and foreseeable product of [its] participation in al Qaida's jihadist campaign." (*Federal* Compl. ¶¶ 182, 189.)

#### *549 2. Prince Salman[2]

Prince Salman is a member of the Kingdom of Saudi Arabia's Council of Ministers, the governor of the province of Riyadh, and the President of Defendant SHC. (Prince Salman Mem. in Sup. Mot. to Dismiss at 2.) Plaintiffs allege that Prince Salman provided material support to Osama bin Laden and al Qaeda. (*Ashton* Compl. ¶ 255; *Burnett* Compl. ¶ 403; *Federal* Compl. ¶¶



HOUSE_OVERSIGHT_017914

455, 463; *see also Federal* RICO Statement Applicable to Saudi Princes at Ex. A.) The Federal Plaintiffs claim Prince Salman "fully intended [SHC] would serve as a vehicle for funding and supporting Islamic militants in Bosnia, including elements of the al Qaida movement." (*Federal* Compl. ¶ 456.) "Prince Salman knowingly failed to take appropriate actions regarding the management and use of funds of the SHC in Bosnia." (*Ashton* Compl. ¶ 457; *Burnett* Compl. ¶ 406.) On December 30, 2000, the Embassy of the State of Palestine in Riyadh sent Prince Salman a letter expressing Yasser Arafat's concern regarding the funding of radical organizations in Palestine. (*Ashton* Compl. ¶ 291; *Burnett* Compl. ¶ 402.) Further, Plaintiffs claim Prince Salman "has a history of funding Islamic extremism," because he was named the Chairman of the General Donation Committee for Afghanistan in 1980, which gave $39 million to aid the Afghan mujahideen. (*Ashton* Compl. ¶ 289; *Burnett* Compl. ¶ 400.)

In 1994, Prince Salman allegedly stated that he had personally raised more than six million Saudi Riyals for Defendant IIRO and Sanabel al-Kheer. (*Federal* Compl. ¶ 462.) And in 1998, he allegedly donated one million Saudi Riyals during a fundraising drive by IIRO and Sanabel al-Kheer. (*Federal* Compl. ¶ 461.) In 1999, Prince Salman donated $400,000 during a fundraising event organized by charity Defendants IIRO, World Assembly of Muslim Youth ("WAMY"), and Al–Haramain Foundation for the benefit of Bosnia Herzegovina and Chechnya. (*Ashton* Compl. ¶ 290; *Burnett* Compl. ¶ 401; *Federal* Compl. ¶ 461.) Finally, Plaintiffs claim that members of the Saudi royal family have assets and do business in the United States. (*Ashton* Compl. ¶ 296.)

**3. Prince Naif**

Prince Naif has been the Minister of Interior of the Kingdom of Saudi Arabia since 1975. (*Ashton* Compl. ¶ 286; *Federal* Compl. ¶ 433; Prince Naif Mem. in Supp. Mot. to Dismiss at 1, 5.) According to Plaintiffs, the Minister of Interior "controls the activities of Islamic Charities and is empowered to verify their legality and conduct." (*Ashton* Compl. ¶ 286; *Burnett* Compl. ¶ 382; *see also Federal* Compl. ¶ 435 (alleging that as Minister of Interior Prince Naif is "responsible for the oversight of charities based within Saudi Arabia, including the operations of the Saudi Joint Relief Committee [ ('SJRC') ], Muslim World League [ ('MWL') ], IIRO, Saudi Red Crescent, WAMY, and al Haramain Foundation").) He is also a member of the Council of Ministers and serves on the Supreme Council for Islamic Affairs. (Plaintiff's Mem. in Opp'n to Prince Naif's Mot. at 2–3, 5.)

Plaintiffs claim that "Prince Naif has engaged in a pattern of conduct that aids, abets, and materially sponsors international terrorism and Al Qaeda." (*Ashton* Compl. ¶¶ 288, 255; *Burnett* Compl. ¶¶ 342, 381; *Federal* Compl. ¶ 434; *see also Federal* RICO Statement Applicable to Saudi Princes at Ex. A.) They claim that along with other Saudi princes, Prince ***550** Naif made "monetary payoffs to Osama bin Laden's al Qaeda." (*Ashton* Compl. ¶ 288; *Burnett* Compl. ¶ 381.) "In 1996, according to various intelligence sources, a group of Saudi princes ... met in Paris and agreed to continue contributing, sponsoring, aiding and abetting Osama bin Laden's terrorist network." (*Burnett* Compl. ¶ 347.) Plaintiffs claim that Prince Naif and the Saudi government received warnings from the United States and France that charitable donations to Islamic charities were being used to fund terrorism. (See Plaintiffs' Mem. in Opp'n to Naif's Mot. to Dismiss at 5.) Prince Naif was present for one such meeting in 1994 with French Interior Minister Charles Pasqua. (Id.) The *Federal* Plaintiffs allege that Prince Naif has used his position as the Minister of Interior to "protect al Qaida's support infrastructure." (*Federal* Compl. ¶ 438.)

The *Federal* complaint further alleges that "[b]etween 1998 and 2000, the Kingdom of Saudi Arabia, through SJRC, diverted more than $74 million to al Qaida members and loyalists affiliated with SJRC bureaus. Throughout this time, [SJRC] was under the supervision and control of ... Prince Naif." (*Federal* Compl. ¶¶ 126, 436.) "Prince Naif also heads the Saudi Committee for Relief to Afghans, ... [i]n this position, Prince Naif has channeled substantial financial and logistical support to sustain al Qaida's presence and operations in Afghanistan." (*Id.* ¶ 437.) Plaintiffs allege that Prince Naif is the "Chairman of the Saudi Arabian Committee for Support of the Intifada al Quds, [which] knowingly transferred large sums of money to the families of Hamas terrorists who had executed murderous attacks against Israelis." (*Ashton* Compl. ¶ 287; *Burnett* Compl. ¶ 379; *Federal* Compl. ¶ 439; *see also Burnett* Compl. ¶ 380 (citing letter written on behalf of Yasser Arafat and claiming this committee funds radical groups).) As a result, Plaintiffs assert that "Prince Naif ... supports suicide martyrs." (*Ashton* Compl. ¶ 287; *Burnett* Compl. ¶ 379.) The *Federal* Plaintiffs also allege that in 2003, U.S. Senator Charles Schumer asked that Prince Naif be replaced as Interior Minister because of his "well-documented history of supporting terrorist financing and ignoring the evidence when it comes to investigating terrorist attacks on Americans." (*Federal* Compl. ¶ 441.) Finally, the *Federal* Plaintiffs claim Prince Naif made significant personal contributions to



HOUSE_OVERSIGHT_017915

Saudi-based charities that were sponsors of al Qaida's operations, including IIRO, MWL, WAMY, BIF, SHC, SJRC, and al Haramain. (*Federal* Compl. ¶¶ 442–43.)

[3] The Federal Plaintiffs seek leave to supplement the record against Prince Salman and Prince Naif with an article that appeared in *Rus al Yusef,* an Egyptian publication, in August 1998. The unidentified author writes that Islamic aid organizations located in Afghanistan, Bosnia, Somalia, and Tajikistan provided funds and cover to terrorists. (*See Federal* Mot. to Supplement Record on Prince Naif and Prince Salman, Ex. 2, at 2.) Donors to these unidentified organizations "probably ha[d] no idea where their charity money ha[d] gone." (*Id.*) Prince Naif reportedly responded that "if charity money is going to illegitimate targets, it must stop immediately." (*Id.*) From this submission, the Plaintiffs argue that the Princes knew their charitable donations were going to terrorists.

The submission is problematic for a variety of reasons and will not be accepted. First, Plaintiffs do not provide an explanation as why they were only able to obtain and translate the article on the eve of oral argument—well after the motions were fully submitted. Second, the article and ***551** its translation have not been authenticated. More pointedly, however, it simply does not say that the Princes were put on notice regarding specific charities and that they continued to contribute to those charities with the intent that their donations would assist al Qaeda. The *Federal* Plaintiffs' motion to supplement the record against Prince Salman and Prince Naif is denied.

### B. Defendants' Status as Foreign States for FSIA Purposes

[4] The FSIA provides the following definition of "foreign state":

> (a) A "foreign state" ... includes a political subdivision of a foreign state or an agency or instrumentality of a foreign state as defined in subsection (b).
>
> (b) An "agency or instrumentality of a foreign state" means any entity—
>
> > (1) which is a separate legal person, corporate or otherwise, and
> >
> > (2) which is an organ of a foreign state or political subdivision thereof, or a majority of whose shares or other ownership interest is owned by a foreign state or political subdivision thereof, and
> >
> > (3) which is neither a citizen of a State of the United States ... nor created under the laws of any third country.

28 U.S.C. § 1603. Further, "immunity under the FSIA extends also to agents of a foreign state acting in their official capacities [because] [i]t is generally recognized that a suit against an individual acting in his official capacity is the practical equivalent of a suit against the sovereign directly." *Bryks v. Canadian Broad. Corp.,* 906 F.Supp. 204, 210 (S.D.N.Y.1995) (internal quotations omitted); *see also Terrorist Attacks I,* 349 F.Supp.2d at 788–89 (finding Princes Sultan and Turki were foreign states for FSIA purposes to the extent Plaintiffs alleged liability for actions taken in their official capacities).

#### 1. SHC

[5] SHC contends that it is an organ, agency, or instrumentality of the Kingdom of Saudi Arabia and acts on behalf of the Kingdom to fund a range of humanitarian relief efforts to Bosnia, Egypt, and Somalia. (*See generally* Al–Roshood Decl., at Huffman Decl. Ex. A.) In support of its position as a foreign state, SHC submits the affidavits of Dr. Al–Nafissa, a Saudi Arabian lawyer and a Minister of State on the Council of Ministers in the Kingdom of Saudi Arabia, and Mr. Al–Roshood, who has been the Director of the Executive Office of SHC since its inception. The Court notes it is "required to give 'great weight' to any extrinsic submissions made by the foreign defendants regarding the scope of their official responsibilities." *Leutwyler v. Office of Her Majesty Queen Rania Al–Abdullah,* 184 F.Supp.2d 277, 287 (S.D.N.Y.2001).

King Faud authorized Dr. Al–Nafissa to make his declaration concerning SHC. (Al–Nafissa Decl. ¶ 2, at Huffman Decl. Ex. C.) Dr. Al–Nafissa attests that SHC is "an arm of the Saudi Arabian government [and that its actions] are in keeping with the foreign and domestic governmental policies of the Kingdom of Saudi Arabia." (*Id.* ¶ 3.) SHC was formed by Decision of the President of the Council of Ministers in 1993. (Al–Roshood Decl. ¶ 6.) In the same Decision, the Council of Ministers appointed Prince Salman as President of SHC. (*Id.* ¶ 7.) As President of SHC, Prince Salman is the head of SHC's Executive Committee and Supreme Commission, members of which Prince Salman appoints. (*Id.*) SHC is staffed by civil servant employees of the Kingdom of Saudi Arabia. (*Id.* ¶ 10.)



HOUSE_OVERSIGHT_017916

Dr. Al–Nafissa states that private charities in the Kingdom of Saudi Arabia receive governmental approval through Royal Order, are run by boards, and disburse ***552** funds in accordance with their charters. (Al–Nafissa Decl. ¶ 5.) In contrast, governmental commissions, such as SHC, are chaired by a governmental official, like Prince Salman, and conduct their affairs in accordance with the Kingdom's policy objectives. (*Id.* ¶ 5.) According to Dr. Al–Nafissa, "[d]ecisions regarding causes to support and recipients for Saudi High Commission funds are within the discretion of the Executive Committee, the Supreme Commission, and Prince Salman." (*Id.* ¶ 8.) The Kingdom of Saudi Arabia is SHC's largest source of funding, having provided approximately 30% of the funds used and distributed by SHC. (Al–Roshood Decl. ¶ 24.) The remainder of SHC funds are collected through fundraisers "in accordance with the directives of ... King Fahd." (*Id.* ¶ 5.) SHC can be sued for its administrative acts in the Board of Grievances. (Al–Nafissa Decl. ¶ 8.)

In their complaint, the *Federal* Plaintiffs alleged that SHC is "an agency, instrumentality and organ of the Kingdom of Saudi Arabia." (*Federal* Compl. ¶ 181.) They now back away from that allegation and join other Plaintiffs in disputing SHC's status. Plaintiffs submit that SHC has repeatedly and systematically described itself as a non-governmental organization in representations to the Bosnian government. (*See* Plaintiffs' Mem. in Opp'n to SHC Mot. to Dismiss at 10.) Thus, even if SHC is considered a foreign state, Plaintiffs assert it has implicitly waived its immunity through those representations. *See* 28 U.S.C. § 1605(a)(1) (FSIA waiver provision). Plaintiffs also argue that it is disingenuous for SHC to simultaneously maintain that it is an organ of the Kingdom and that this Court lacks personal jurisdiction over it when the Kingdom itself did not dispute the personal jurisdiction issue.

In response to Plaintiffs' arguments that it described itself as a non-governmental organization to Bosnian authorities, SHC submits the declaration of Hadsimuratovic Hajrudin, a Bosnian lawyer who serves as a legal advisor to SHC. (*See generally* Hajrudin Decl. at SHC Reply Ex. A.) Mr. Hajrudin states that SHC characterized itself as non-governmental in accordance with Article 22 of the Law on Humanitarian Activities and Humanitarian Organizations of the Federation of Bosnia and Herzegovina because SHC is "not considered part of the government of Bosnia–Herzegovina." (*Id.* ¶ 4.) Mr. Hajrudin attests that the head of SHC's European Office received diplomatic status in Bosnia–Herzegovina in 1996 because SHC is an organization of the Saudi government. (*Id.* ¶ 6.) He also states that the Kingdom of Saudi Arabia is represented by SHC when it makes donations to Bosnia–Herzegovina. (*Id.*)

[6] There is no dispute that SHC is a separate legal person from the Kingdom and not a citizen of the United States or any third country. *See* 28 U.S.C. § 1603. Accordingly, the only dispute regarding SHC's status is whether it is an organ of the Kingdom. In *Filler v. Hanvit Bank,* 378 F.3d 213 (2d Cir.2004), the Second Circuit considered various factors to determine whether an entity could be considered an organ of a foreign sovereign. *Id.* at 217. The factors include:

> (1) whether the foreign state created the entity for a national purpose; (2) whether the foreign state actively supervises the entity; (3) whether the foreign state requires the hiring of public employees and pays their salaries; (4) whether the entity holds exclusive rights to some right in the [foreign] country; and (5) how the entity is treated under foreign state law.

*Id.* at 217 (citations omitted).

SHC offers undisputed evidence that it was created by the Kingdom's Council of ***553** Ministers to "centralize all charitable giving from the Kingdom to Bosnia–Herzegovina [and that it was] vested with the sole authority to collect and distribute charitable funds in Bosnia." (Al–Roshood Decl. ¶¶ 5–6; Hajrudin Decl. ¶ 6 & Ex. D (noting the Kingdom of Saudi Arabia provides humanitarian relief to Bosnia through SHC).) The Council of Ministers appointed Prince Salman to supervise SHC. (Al Roshood Decl. ¶¶ 7–9.) The salaries of SHC employees are paid by either the Kingdom of Saudi Arabia or out of the SHC budget. (*Id.* ¶ 10.) Like other Saudi Arabian government agencies, SHC can be sued in the administrative court of the Kingdom. (Al–Nafissa Decl. ¶ 8.)

The Court finds that SHC has made a prima facie showing that it is a foreign sovereign. *See Cargill,* 991 F.2d at 1016 (requiring defendant to make prima facie case of sovereignty). Because SHC was formed by order of the Kingdom's governing body, it provides the Kingdom's aid to Bosnia, it is governed by a Saudi official and its



HOUSE_OVERSIGHT_017917

employees are civil servants, it is an organ of the Kingdom of Saudi Arabia. *See Filler,* 378 F.3d at 217. Further, the Court finds SHC has not waived its sovereign immunity. The representations to the contrary on which Plaintiffs rely were made before this lawsuit was contemplated and cannot be read as a waiver of immunity from this court's jurisdiction. The Second Circuit has made clear that the waiver of FSIA immunity must be explicit. *See Banco de Seguros del Estado v. Mutual Marine Office, Inc.,* 344 F.3d 255, 261 (2d Cir.2003) (requiring wavier that unambiguously waives claims of immunity from legal proceedings in this country). Finally, Plaintiffs have not identified a factual dispute that would require jurisdictional discovery. *See Filetech S.A. v. France Telecom S.A.,* 304 F.3d 180, 183 (2d Cir.2002) (finding no abuse of discretion where district court resolved jurisdictional issue without holding evidentiary hearing because factual disputes were "readily ascertainable" from the record). Accordingly, Plaintiffs must demonstrate that an exception under the FSIA applies to their claims against SHC. *See Virtual Countries,* 300 F.3d at 241.

**2. Prince Salman and Prince Naif**

[7] Aside from allegations regarding personal contributions to charities that were fronts for terrorists, the Plaintiffs' claims against Prince Salman and Prince Naif concern their official functions. The allegations against Prince Salman, for example, center on his role as President of SHC, (*see, e.g., Ashton* Compl. ¶ 457; *Burnett* Compl. ¶ 406; *Federal* Compl. ¶ 456) or as Governor of Riyadh, (*see Ashton* Compl. ¶ 291; *Burnett* Compl. ¶ 402). Similarly, the allegations against Prince Naif center on his role as Minister of Interior of the Kingdom. (*See Ashton* Compl. ¶ 286; *Burnett* Compl. ¶ 382; *Federal* Compl. ¶ 435.) To the extent the allegations concern actions undertaken in their government positions, the Court finds that Prince Salman and Prince Naif are foreign states for FSIA purposes. *See Leutwyler,* 184 F.Supp.2d at 286–87 (recognizing that "individuals employed by a foreign state's agencies or instrumentalities are deemed 'foreign states' when they are sued for actions undertaken within the scope of their official capacities"). Thus, Plaintiffs must also show that an FSIA exception applies to Princes Salman and Naif. *Virtual Countries,* 300 F.3d at 241.

**C. Application of FSIA Torts Exception**

Plaintiffs claim any immunity enjoyed by SHC, Prince Salman, and Prince Naif is overcome by the FSIA's torts exception. The *Federal* Plaintiffs also argue that the commercial activities exception should lift ***554** the sovereigns' immunity. For the reasons explained in its previous opinion, the Court concludes that the torts exception is the only exception relevant to the allegations contained in the *Ashton, Burnett,* and *Federal* complaints against SHC, Prince Salman, and Prince Naif. *See Terrorist Attacks I,* 349 F.Supp.2d at 793–94 (explaining that the *Federal* Plaintiffs' reliance on the commercial activities exception is inappropriate because the alleged acts by Defendants were not the type of actions "by which a private party engages in trade and traffic or commerce," and explaining the state sponsor of terrorism exception applies only to designated state sponsors of terror, of which the Kingdom of Saudi Arabia is not).

[8] [9] The torts exception lifts immunity for "personal injury or death, or damage to or loss of property, occurring in the United States and caused by the tortious act or omission of that foreign state or any official ... of that foreign state while acting in the scope of his office." 28 U.S.C. § 1605(a)(5). For jurisdiction to be proper under the torts exception, Plaintiffs will have to show, first, that the Defendants' tortious acts caused Plaintiffs' injuries. *Robinson v. Gov't of Malaysia,* 269 F.3d 133, 142 (2d Cir.2001) ("If those activities could not render the Malaysian government liable for a tort under New York law, then it remained immune under § 1605(a)(5)."). Second, Plaintiffs must show that Defendants' actions were not discretionary, i.e., not grounded in the social, economic, or political policies of the Kingdom of Saudi Arabia. *Terrorist Attacks I,* 349 F.Supp.2d at 794–97; *see also* 28 U.S.C. § 1605(a)(5)(A) (providing that the torts exception is not applicable to "any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function regardless of whether the discretion be abused"). "Under the FSIA's 'discretionary function' exception, 'acts which are performed at the planning level of government, as opposed to those at the operational level, are protected by the immunity.' " *Marchisella v. Gov't of Japan,* No. 02 Civ. 10023(DC), 2004 WL 307248, at *2 (S.D.N.Y. Feb.17, 2004) (quoting *Napolitano v. Tishman Constr. Corp.,* No. 96 Civ. 4402(SJ), 1998 WL 102789, at *4 (E.D.N.Y. Feb.26, 1998)).

Here, since SHC, Prince Salman, and Prince Naif are not alleged to have been the actual perpetrators of the attacks, Plaintiffs rely on theories of conspiracy and aiding and abetting.



HOUSE_OVERSIGHT_017918

> Conspiracy and aiding and abetting are varieties of concerted-action liability: conspiracy requires an agreement to commit a tortious act ..., aiding and abetting requires that the defendant have given substantial assistance or encouragement to the primary wrongdoer.... In order to be liable for acting in concert with the primary tortfeasor under either theory, the defendant must know the wrongful nature of the primary actor's conduct.

*Pittman v. Grayson,* 149 F.3d 111, 122–23 (2d Cir.1998). Accordingly, to survive these Rule 12(b)(1) motions to dismiss, Plaintiffs must plead facts from which it reasonably can be inferred that the Defendants knew or should have known that their tortious actions were supporting terrorists or terrorist fronts. *Terrorist Attacks I,* 349 F.Supp.2d at 800–01; *see also Boim v. Quranic Literacy Inst.,* 291 F.3d 1000, 1023 (7th Cir.2002) (*"Boim II"* ) (explaining elements of concerted-action civil liability under ATA); *Virtual Countries,* 300 F.3d at 241 ("Determining whether [Plaintiffs have demonstrated that one of the FSIA's exceptions applies] involves a review of the allegations in the complaint, the undisputed facts, if any, placed before ***555** the court by the parties, and—if the plaintiff comes forward with sufficient evidence to carry its burden of production on this issue—resolution of disputed issues of fact.") (internal quotations omitted).

**1. SHC**

[10] Even if Plaintiffs alleged that SHC was tortiously liable for the attacks of September 11, such allegations could not overcome the discretionary function exception. SHC offers undisputed evidence that all decisions regarding the distribution of humanitarian relief funds were within the sole discretion of its Chairman Prince Salman and the advisors he selected. (*See* Al–Nafissa Decl. ¶ 8.) Further, SHC was guided by the Kingdom's policies regarding Bosnia–Herzegovina in making its funding determinations. (*Id.* ¶ 3.) Accordingly, SHC's alleged misuse of funds and/or inadequate record-keeping—even if it resulted in the funds going to terrorists—was the result of a discretionary function and cannot be the basis for overcoming SHC's immunity. *See U.S. v. S.A. Empresa de Viacao Aerea Rio Grandense (Varig Airlines),* 467 U.S. 797, 814, 104 S.Ct. 2755, 81 L.Ed.2d 660 (1984) (explaining FTCA discretionary function exception is designed to "prevent judicial 'second-guessing' of ... decisions grounded in social, economic, and political policy through the medium of an action in tort"); *Marchisella,* 2004 WL 307248, at *2 (explaining the FSIA's discretionary function exception replicates that found in the FTCA and that courts rely on the FTCA for guidance in interpreting the scope of the FSIA's exception); *Kline v. Kaneko,* 685 F.Supp. 386, 392 (S.D.N.Y.1988) (explaining sovereign's decisions regarding formation and enforcement of national policies are discretionary functions); 28 U.S.C. § 1605(a)(5)(A) (stating torts exception is not applicable to claims based discretionary actions, even when that discretion is abused). Accordingly, the Court finds SHC is immune from suit in this litigation. Its motions to dismiss the *Ashton, Burnett,* and *Federal* complaints for lack subject matter jurisdiction are granted.

**2. Prince Salman and Prince Naif**

[11] Similarly, even if Plaintiffs adequately plead a tort against Prince Salman and Prince Naif, the discretionary function exception prevents this Court from exercising jurisdiction over them in their official capacities. Plaintiffs take issue with Prince Salman's management of SHC and its funding decisions. Prince Salman's direction of SHC, however, is discretionary. He was appointed President of SHC by King Fahd to carry out the Kingdom's policy toward the refugees of the Bosnian war. (Al–Roshood Decl. ¶ 6; Al–Nafissa Decl. ¶ 5.) Plaintiffs claim that as Chairman of the General Donation Committee for Afghanistan he assisted the Afghanistan mujahideen in the 1980s. To the extent Prince Salman held this position as a member of the Saudi government, this was also a policy decision made at the operational level of government. Plaintiffs claim Yasser Arafat complained to Prince Salman as Governor of Riyadh regarding Saudi funding of extremists in Palestine. Plaintiffs do not allege, however, what relation that complaint has to the al Qaeda terrorists or this litigation. They argue that Prince Salman, who did not attend the meeting with the former French Minister of Interior, should have known from Saudi officials who did meet with him that unnamed terrorists were receiving funding from largely unidentified Saudi charities.[4] *See* ***556** *Terrorist Attacks I,* 349 F.Supp.2d at 799. The Saudi attendees' decisions concerning with whom the French Minister's warnings should be shared and what the Saudi response would be, are surely grounded in social, economic, and political policy, and are, therefore, not



HOUSE_OVERSIGHT_017919

actionable under the FSIA. *Varig Airlines,* 467 U.S. at 814, 104 S.Ct. 2755.

Similarly, the claims against Prince Naif stem from his discretionary functions. The Plaintiffs complain that Prince Naif, as Minister of Interior, ignored warnings in 1994 from French Interior Minister Charles Pasqua that Islamic charities were being used to fund terrorism. Additionally, Plaintiffs contend that he did not adequately supervise certain Saudi charities whose diverted funds allegedly landed in the coffers of al Qaeda and Hamas.

Prince Naif's role on the Council of Ministers and as Minister of Interior makes it "nearly self-evident" that his official acts are "squarely covered by the 'discretionary function' language of [the FSIA]." *Burnett II,* 292 F.Supp.2d at 20. As the Minister of Interior, Prince Naif oversees matters relating to Saudi public security, civil defense, fire service, police, passports, special security, and investigative forces. The Council of Ministers, of which he is a member, oversees the implementation of internal, external, financial, economic, educational, defense policies, and general affairs of state for the Kingdom. Prince Naif's official responsibilities included managing Saudi relations with Osama bin Laden, *see* Prince Naif Mem. in Supp. Mot. to Dismiss at 2 (stating Prince Naif urged the Kingdom to strip bin Laden of his Saudi citizenship in 1994), and thus became a target of al Qaeda himself (*see, e.g.,* Bierstein Aff. in Opp'n to Prince Sultan's Mot. to Dismiss (fatwa issued by Osama bin Laden expressing extreme bitterness toward Saudi Royal family).) Therefore, Prince Naif's administration of his responsibilities was "clearly ... grounded in social, economic, and political policy." *Burnett II,* 292 F.Supp.2d at 21 (citing *Varig Airlines,* 467 U.S. at 814, 104 S.Ct. 2755)).

This Court lacks subject matter jurisdiction over Prince Salman and Prince Naif for their official acts. The FSIA does not immunize an official for his private tortious acts, however. *See* 28 U.S.C. § 1605(a)(5) (explaining torts exception is relevant to official's official acts); *Leutwyler,* 184 F.Supp.2d at 286–87 (explaining officials are "deemed foreign states when they are sued for actions undertaken within the scope of their official capacities"). Accordingly, the Court will consider the appropriateness of exercising personal jurisdiction over Prince Salman and Prince Naif for their alleged personal acts below.

**II. Personal Jurisdiction**

[12] To survive the motions to dismiss under Federal Rule of Civil Procedure 12(b)(2), Plaintiffs must make a prima facie showing that personal jurisdiction exists over each moving Defendant. *PDK Labs, Inc. v. Friedlander,* 103 F.3d 1105, 1108 (2d Cir.1997). The Court reviews the complaints and affidavits in a light most favorable to Plaintiffs, *id.,* but it does not accept conclusory allegations or draw "argumentative inferences." *Mende v. Milestone Tech., Inc.,* 269 F.Supp.2d 246, 251 (S.D.N.Y.2003) (citing *Robinson v. Overseas Military Sales Corp.,* 21 F.3d 502, 507 (2d Cir.1994)).

[13] Plaintiffs offer two bases for personal jurisdiction. First, New York's long-arm statute, which the Court looks to in federal question cases in which no federal statute provides for national service of process or when the Court is sitting in diversity. *PDK Labs,* 103 F.3d at 1108; *Bank Brussels Lambert v. Fiddler Gonzalez & Rodriguez,* 305 F.3d 120, 124 (2d Cir.2002). ***557** New York's long-arm statute, C.P.L.R. 302(a)(2), provides for personal jurisdiction over a person who, personally or through an agent, "commits a tortious act within the state." Because a co-conspirator can be considered an agent, *see Chrysler Capital Corp. v. Century Power Corp.,* 778 F.Supp. 1260, 1266 (S.D.N.Y.1991), Plaintiffs argue that Defendants are subject to personal jurisdiction here based on the acts of their co-conspirators, the al Qaeda terrorists.

[14] [15] [16] As this Court has previously explained, to establish personal jurisdiction on a conspiracy theory, Plaintiffs must make a prima facie showing of conspiracy and allege facts warranting an inference that the defendant was a member of the conspiracy. *Terrorist Attacks I,* 349 F.Supp.2d at 805. "To plead a valid cause of action for conspiracy ... a plaintiff must allege the primary tort and four elements: '(a) a corrupt agreement between two or more persons, (b) an overt act in furtherance of the agreement, (c) the parties' intentional participation in the furtherance of a plan or purpose, and (d) the resulting damage or injury.' " *Chrysler Capital Corp.,* 778 F.Supp. at 1267 (quoting *Kashi v. Gratsos,* 790 F.2d 1050, 1055 (2d Cir.1986)). Further, "[t]o warrant the inference that a defendant was a member of the conspiracy, Plaintiffs must show that '(a) the defendant had an awareness of the effects in New York of its activity; (b) the activity of the co-conspirators in New York was to the benefit of the out-of-state conspirators; and (c) the co-conspirators acting in New York acted 'at the direction or under the control' of or 'at the request of or on behalf of' the out-of-state defendant." *Terrorist Attacks I,* 349 F.Supp.2d at 805 (quoting *Chrysler Capital Corp.,* 778 F.Supp. at 1268–69). The Court must resolve the question of whether a conspiracy exists "based upon an independent examination of the factual allegations while mindful of its duty to draw all factual inferences in



HOUSE_OVERSIGHT_017920

plaintiffs' favor." *Daventree v. Republic of Azerbaijan,* 349 F.Supp.2d 736, 760 (S.D.N.Y.2004).

The alternative basis for personal jurisdiction offered by Plaintiffs is found in Federal Rule of Civil Procedure 4(k). Rule 4(k)(1) provides that service of process establishes personal jurisdiction when service is authorized by a federal statute. Here, the ATA provides for personal jurisdiction through its nationwide service of process provision. *See* 18 U.S.C. § 2334(a); Fed.R.Civ.P. 4(k)(1)(D). In situations in which Defendants were not served in the United States pursuant to the ATA, Rule 4(k)(2) acts as a personal jurisdiction gap-filler "in the enforcement of federal law." Fed.R.Civ.P. 4(k)(2) advisory committee's note. For the Court to exercise personal jurisdiction pursuant to Rule 4(k)(2), "there must be a federal claim, personal jurisdiction must not exist over the defendant in New York or any other state, and the defendant must have sufficient minimum contacts with the United States as a whole such that the exercise of jurisdiction does not violate Fifth Amendment due process." *Terrorist Attacks I,* 349 F.Supp.2d at 807 (citing *United States v. Int'l Bhd. of Teamsters,* 945 F.Supp. 609, 617 (S.D.N.Y.1996)).

[17] Under either basis offered by Plaintiffs, the exercise of personal jurisdiction must comport with due process requirements—there must be minimum contacts and the exercise of jurisdiction must be reasonable. *Metro. Life Ins. Co. v. Robertson–Ceco Corp.,* 84 F.3d 560, 567 (2d Cir.1996); *see also Terrorist Attacks I,* 349 F.Supp.2d at 810–11 (reviewing due process requirements); *Ungar v. Palestinian Auth.,* 153 F.Supp.2d 76, 87 (D.R.I.2001) (requiring minimum contacts with the United States for personal jurisdiction under ***558** ATA). If personal jurisdiction is based on New York's long-arm statute, the Fourteenth Amendment's due process standards apply. If jurisdiction is based on Rule 4(k), the Fifth Amendment applies. The analysis is essentially the same. "The principal difference is that under the Fifth Amendment the court can consider the defendant's contacts throughout the United States, while under the Fourteenth Amendment only contacts with the forum state may be considered." *Chew v. Dietrich,* 143 F.3d 24, 28 n. 4 (2d Cir.1998).

Plaintiffs claim that Rule 4(k)'s minimum contacts requirement is satisfied because the Defendants have purposefully directed their activities at the United States. *See Terrorist Attacks I.,* 349 F.Supp.2d at 807 (reviewing the purposefully directed activities theory). This Court has held that to succeed on this theory, "Plaintiffs must make a prima facie showing of each Defendant's personal or direct participation in the conduct giving rise to Plaintiffs' injuries." *Id.* at 809.[5] The Court does not require direct participation in the attacks themselves, but at least participation in al Qaeda's terrorist agenda.

[18] In analyzing a defendant's minimum contacts, courts distinguish between specific and general jurisdiction. "Specific jurisdiction exists when the forum exercises jurisdiction over the defendant in a suit arising out of the defendant's contacts with that forum." *Terrorist Attacks I,* 349 F.Supp.2d at 811 (citing *Metro. Life Ins.* 84 F.3d at 567–68). General jurisdiction is based on a defendant's general business contacts with the forum. Because the defendant's contacts are not related to the suit, a considerably higher level of contacts is generally required and the plaintiff must demonstrate the defendant's continuous and systematic general business contacts with the forum. *Metro. Life. Ins.,* 84 F.3d at 568; *see also Helicopteros Nacionales de Colombia, S.A.,* 466 U.S. 408, 414–16, 104 S.Ct. 1868, 80 L.Ed.2d 404 (1984).

In most instances, Plaintiffs do not specify which basis for personal jurisdiction applies to each Defendant, or whether the Defendant was served in the United States pursuant to the ATA's nationwide service of process provision. Accordingly, in analyzing Defendants' motions, the Court considers as a threshold matter whether Plaintiffs have made a prima facie showing of the Defendant's minimum contacts with the United States as a whole.

**A. Prince Salman and Prince Naif**

Plaintiffs seek to hold Prince Salman responsible for the attacks of September 11, theorizing that Prince Salman purposefully directed his activities at the United ***559** States by contributing to and raising funds for IIRO, Sanabel-al Kheer, WAMY, and Al–Haramain. As for other contacts with the United States, Prince Salman owns stock in two United States corporations based in Texas, and, during a trip to the United States in 1989, he met with President George H.W. Bush and the governor of Maryland. (Plaintiffs' Opp'n to Prince Salman Mot. to Dismiss at 21–22; *see generally* Parrett Aff.) Additionally, Plaintiffs claim that Prince Salman's son attended school in California, had a residence in the United States, owned a corporation that breeds race horses in the United States, and is involved, through his estate, in a New Jersey lawsuit with a former employee. *Id.* They seek jurisdictional discovery to determine if Prince Salman has other contacts here.

Plaintiffs do not allege that Prince Naif has any general contacts with the United States. Rather, they claim that he



HOUSE_OVERSIGHT_017921

purposefully directed his activities toward the United States by making personal contributions to several Saudi-based charities. (*Federal* Compl. ¶¶ 442–43.)

[19] Plaintiffs must make a prima facie showing that Prince Salman and Prince Naif have minimum contacts with the United States. The minimum contacts requirement is satisfied "if the defendant has 'purposefully directed' his activities at the residents of the forum." *Burger King v. Rudzewicz,* 471 U.S. 462, 474, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985). Foreseeability is not enough, there must be "some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum." *Id.* Donating money to established humanitarian organizations that may or may not have been diverting funds to support al Qaeda cannot be considered primary participation in intentional wrongdoing expressly aimed at the United States. *Terrorist Attacks I,* 349 F.Supp.2d at 809 (citing *In re Magnetic Audiotape Antitrust Litig.,* 334 F.3d 204, 208 (2d Cir.2003)).

As to Prince Salman's various limited contacts with the United States, they do not support general jurisdiction over him. The 1989 visit to the White House and Maryland is too far removed in time from the 2001 attacks. See, e.g., *Metro. Life Ins. Co.*, 84 F.3d at 569 (explaining that a defendant's "continuous and systematic" contacts with a forum must be examined over a period of time and finding a six-year period reasonable). Prince Salman's deceased son's contacts with the United States are irrelevant to this Court's analysis. *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 781 n. 13, 104 S.Ct. 1473, 79 L.Ed.2d 790 ("Each defendant's contacts with the forum State must be assessed individually."). Prince Salman's ownership of shares in Texas corporations, on its own, cannot be considered sufficiently systematic and continuous to establish general jurisdiction. *Helicopteros,* 466 U.S. at 414–16, 104 S.Ct. 1868 (finding CEO's travel to forum for contract negotiations, employees' travel to forum for training, receipt of funds drawn on forum bank accounts, and purchase from forum companies were not contacts sufficiently systematic and continuous to establish general jurisdiction). Plaintiffs have not presented a genuine issue of jurisdictional fact such that discovery is necessary. *Daventree,* 349 F.Supp.2d at 761. Plaintiffs have not satisfied the constitutional requirement of showing that the Princes have minimum contacts with the United States. Accordingly, Prince Salman's and Prince Naif's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints for lack of personal jurisdiction are granted.

***560 B. Rabita Trust**[6]

[20] Plaintiffs allege that Rabita Trust is

> a charitable organization which was created to organize the repatriation and rehabilitation of stranded Pakistanis from Bangladesh. Founded in 1988, the trust fund was started jointly by the government of Pakistan and the Saudi-based charity, [Defendant MWL]. Rabita Trust received the majority of its funding from the MWL and the Saudis, and [has] been involved with terrorism.

(*Ashton* Compl. ¶ 521; *Burnett* Compl. ¶ 268.) The charity initially received funding from its founders to help relocate 250,000 displaced refugees. (*Ashton* Compl. ¶ 522; *Burnett* Compl. ¶ 269.) Plaintiffs assert that Rabita Trust has actually relocated only a few hundred refugees. (*Ashton* Compl. ¶ 522; *Burnett* Compl. ¶ 269.)

On October 12, 2001, the United States Treasury Department designated Rabita Trust a Specially Designated Global Terrorist Entity and froze its assets.[7] (*Ashton* Compl. ¶ 312, 527; *Burnett* Compl. ¶ 236; *Federal* Compl. ¶¶ 117, 214.) Rabita Trust is allegedly related to various other charity Defendants and al Qaeda. For instance, as a subsidiary of MWL, it is a "sibling organization of the IIRO." (*Ashton* Compl. ¶ 525; *Burnett* Compl. ¶ 272; *Federal* Compl. ¶ 113.) Through MWL and its own officers, Rabita Trust is also related to the SAAR Network. (*Ashton* Compl. ¶¶ 338, 526–28; *Burnett* Compl. ¶¶ 273–75; *Federal* Compl. ¶ 213.) Plaintiffs claim that "Rabita Trust is an al Qaeda front" and that its General Director, Wa'el Julaidan, is a known al Qaeda member. (*Ashton* Compl. ¶ 523; *Burnett* Compl. ¶ 270; *Federal* Compl. ¶¶ 100, 121, 210.) In a list of orders obtained in a raid of BIF's Sarajevo's offices, investigators allegedly recovered a document from Osama bin Laden regarding the management of Islamic charities in which he urged the creation of a committee to receive and distribute donations to al Qaeda and suggests Rabita Trust's participation. (*Federal* Compl. ¶¶ 195, 211.)

Rabita Trust claims that it does not have an office in the United States and that the complaints are devoid of any allegations that it directed money to terrorists. It admits



HOUSE_OVERSIGHT_017922

that it has been designated a terrorist, but claims it does not have the same connections to the United States, bin Laden, and al Qaeda that Defendants Benevolence International Foundation ("BIF") and Adel A.J. Batterjee had. *See Terrorist Attacks I,* 349 F.Supp.2d at 823–25 (finding Court had personal jurisdiction over Mr. Batterjee based on his designation as a global terrorist, his role with BIF, another designated terrorist, his ***561** leadership of BIF's United States operations, and his relationship with Osama bin Laden). It also argues that the document that Plaintiffs attribute to Osama bin Laden is similar to the Golden Chain, in that it lacks foundation and authentification. *See Terrorist Attacks I.,* 349 F.Supp.2d at 817 ("The 'Golden Chain' is a group of documents that was discovered by Bosnian authorities searching the offices of charity Defendant BIF in March 2002. Plaintiffs claim the 'Golden Chain' contains a list of early direct donors to al Qaeda.")

[21] In assessing whether Rabita Trust has purposefully directed its activities at the United States under Rule 4(k), the Court is mindful of the executive branch's designation of it as a SDGT. While the designation is not dispositive on its own, it does warrant some deference. In the realm of foreign affairs, the executive branch has access to "confidential sources of information [and] agents in the form of diplomatic, consular and other officials." *United States v. Curtiss–Wright Corp.,* 299 U.S. 304, 320, 57 S.Ct. 216, 81 L.Ed. 255 (1936). Entities are designated under Executive Order 13224 if the executive branch determines they are involved in terrorist activities. *See* Executive Order 13224 Fact Sheet. Courts enjoy great discretion in deciding whether to order jurisdictional discovery before resolving motions to dismiss for lack of personal jurisdiction. *See, e.g., APWU v. Potter,* 343 F.3d 619, 627 (2d Cir.2003). This Court finds that such discovery would be helpful in assessing whether any of Rabita Trust's activities were directed at the United States. Accordingly, Rabita Trust's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied without prejudice.

### C. Wa'el Jalaidan[8]

[22] The United States Department of Treasury has designated Defendant Jalaidan a terrorist,[9] frozen his assets, and named him "one of the founders of al Qaeda." (*Ashton* Compl. ¶ 304; *Burnett* Compl. ¶ 255; *Federal* Compl. ¶¶ 117, 91.) The Treasury Department "characterized [him] as having 'directed organizations that have provided financial and logistical support to al-Qa-ida, [he] is the logistics chief of bin Laden's organization and fought on bin Laden's side in Afghanistan.' " (*Ashton* Compl. ¶¶ 304, 312, 523–24; *Burnett* Compl. ¶¶ 236, 255, 271; *Federal* Compl. ¶ 117; *see also Federal* Compl. ¶ 196 (claiming documents found in the Bosnian raid of BIF offices contained a note from Osama bin Laden to Jalaidan regarding al Qaeda's need for weapons).) Further, Osama bin Laden and his lieutenant, Abu Zubaydah, allegedly "have acknowledged Wa'el Julaidan as a known associate of their operations. Julaidan has been the head of various non-government organizations providing financial and logistical support to the al-Qa'ida network." (*Ashton* Compl. ¶¶ 304, 312, 341, 484; *Burnett* Compl. ¶ 236, 255.)

Jalaidan was in charge of the MWL in Peshawar, Pakistan and served as the General Director of Rabita Trust. (*Ashton* Compl. ¶ 304; *Burnett* Compl. ¶ 236, 255.) He "operated MWL offices that served in the early days of al Qaeda to attract and train holy warriors from around the world for the war in Afghanistan" and has "repeatedly aided and abetted terrorists." (*Ashton* Compl. ¶¶ 304, ***562** 312; *Burnett* Compl. ¶ 255.) Jalaidan is also allegedly connected to Defendant SJRC. (*Ashton* Compl. ¶ 484; *Federal* Compl. ¶ 125.)

Defendant Jalaidan argues that the allegations against him are simply allegations of guilt by association, and do not include any specificity regarding dates to put his actions in context. He urges the Court to not rely on his designation as a terrorist by the Treasury Department because he did not have an opportunity to rebut it.

Plaintiffs do not claim to have served Mr. Jalaidan in the United States under the ATA's nationwide service provision. Accordingly, Rule 4(k)(2) may provide a basis for personal jurisdiction. There are several federal claims at issue in this litigation and Plaintiffs have not made a prima facie showing that Mr. Jalaidan is subject to personal jurisdiction in New York or any other state. The Court turns to Mr. Jalaidan's contacts with the United States. In addition to being designated as a global terrorist by the Department of Treasury, Mr. Jalaidan is alleged to be a founder and the logistical chief of al Qaeda, and affiliated with several other charities that are allegedly in al Qaeda's fundraising network. In light of al Qaeda's public declarations of war against the United States, someone who is alleged to be a founder, an admitted associate, and a provider of financial and logistical support to al Qaeda, has purposefully directed his activities at the United States such that the exercise of personal jurisdiction over him is reasonable.[10] See *Mwani v. bin Laden*, 417 F.3d 1, 14 (C.A.D.C. 2005).



HOUSE_OVERSIGHT_017923

**D. IIRO**[11]

[23] Plaintiffs claim that IIRO has "materially supported terror around the globe, including Osama bin Laden and al Qaeda." (*Ashton* Compl. ¶ 310; *Burnett* Compl. ¶¶ 234, 239; *Federal* Compl. ¶ 133.) In the early 1990s, IIRO "was rapidly becoming al Qaeda's foremost charity used as a means to transfer funds, personnel, and other means of material support." (*Burnett* Compl. ¶ 326; *Federal* Compl. ¶ 142.) Plaintiffs claim IIRO remains "firmly entrenched with Osama bin Laden's al Qaeda organization" because of its support of an al Qaeda guest house in Egypt, its office's close proximity to Osama bin Laden's personal office in Sudan, and its relationship with bin Laden's brother-in-law Defendant Mohammed Jamal Khalifa. (*Ashton* Compl. ¶¶ 310, 315, 317; *Burnett* Compl. ¶¶ 234, 239, 241.)

Mohammed Jamal Khalifa headed IIRO's Philippines office, which served as a center of terrorist financing and training. (*Ashton* Compl. ¶ 310; *Burnett* Compl. ¶ 234; *Federal* Compl. ¶¶ 135–36.) Khalifa collected and laundered money for al Qaeda through IIRO's Phillipines office. (*Ashton* Compl. ¶ 316; *Burnett* Compl. ¶ 240.) Through Khalifa, IIRO was allegedly involved with bombings in Jordan in 1993 and 1994, the 1993 attack on the World Trade Center, plots to assassinate former President Bill Clinton and the late Pope John Paul II and to simultaneously blow up twelve American airliners, and the 1998 Embassy bombings in Africa. (*Ashton* Compl. ¶¶ 310, 318, 510–12; *Burnett* Compl. ¶¶ 189, 234, 239 240, 242; *Federal* Compl. ¶¶ 136, 137, 139.)

***563** Plaintiffs claim IIRO supported al Qaeda terrorists in other ways as well. One of the September 11 hijackers claimed to be working for IIRO's Fazeh Ahed. (*Ashton* Compl. ¶ 322; *Burnett* Compl. ¶ 246.) IIRO allegedly funded the Taliban regime with $60,000,000. (*Ashton* Compl. ¶ 322; *Burnett* Compl. ¶ 246.) Pakistan deported 89 aid workers from the IIRO on the grounds that they were supporting al Qaeda. (*Ashton* Compl. ¶ 322; *Burnett* Compl. ¶ 246; *Federal* Compl. ¶ 144.) Plaintiffs claim IIRO funded al Qaeda training camps in Afghanistan. (*Ashton* Compl. ¶ 556; *Federal* Compl. ¶ 134 (basing allegations on declassified 1996 CIA report alleging IIRO funded six al Qaeda training camps, including those from which it planned, approved, and coordinated the September 11 attacks and where hijackers received training and indoctrination).) IIRO funded Egyptian al-Jihad, a branch of al Qaeda. (*Burnett* Compl. ¶ 243.) IIRO conducted a joint fundraising event with al-Haramain and WAMY in Riyadh, Saudi Arabia in December 1999. (*Burnett* Compl. ¶ 156.)

Defendant MWL is the parent organization of IIRO and uses it as an "operational arm to perform many of its charitable activities." (*Ashton* Compl. ¶ 298; *Federal* Compl. ¶¶ 130–31.) Plaintiffs claim IIRO also works with numerous other charities allegedly affiliated with al Qaeda, including SJRC, BIF, Global Relief Foundation, Taibah International, Islamic African Relief Agency, and WAMY. (*Ashton* Compl. ¶ 320; *Burnett* Compl. ¶¶ 172, 244; *Federal* Compl. ¶ 147.) The FBI raided IIRO's offices in Virginia after September 11, 2001. (*Ashton* Compl. ¶ 322; *Burnett* Compl. ¶ 246.)

Plaintiffs allege that IIRO operates under the name International Relief Organization ("IRO") in the United States in Falls Church, Virginia, and that the IIRO and IRO transfer money to each other and have the same president. (*Ashton* Compl. ¶¶ 311, 320; *Burnett* Compl. ¶¶ 172, 235, 237; *Federal* Compl. ¶ 146 (U.S. branch established in 1991); *see also* Parrett Aff. Ex. 1 (attaching IRO's 1991 certificate of incorporation in Virginia); *id.* Ex. 2 (attaching IRO's 1993 certificate for doing business in Virginia under assumed name of International Islamic Relief Organization (IIRO)).) IIRO claims IRO was finally dissolved as a corporate entity in December 2002. (Saleh bin Abdallah Alsaikhan Decl. ¶ 10.)

The parties agree that this Court's exercise of personal jurisdiction over IIRO depends on its contacts with the United States as a whole under Rule 4(k)(1). The Court looks, therefore, at IIRO's contacts with the United States. It appears that IIRO was operating in the United States until December 2002. It is alleged to have supported an al Qaeda guest house. Through its relationship with Mohammed Jamal Khalifa, it has allegedly been involved in several al Qaeda attacks and plots for other attacks. It has allegedly funded the Taliban and al Qaeda training camps in Afghanistan. The Court finds that Plaintiffs have made a prima facie case that IIRO has purposefully directed its activities at the United States, thus satisfying the constitutional minimum contacts requirement. IIRO's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied.

**III. Failure to State a Claim**

In these Rule 12(b)(6) motions to dismiss for failure to state a claim, the Court accepts as true the facts alleged in the complaints and draws all reasonable inferences in favor of Plaintiffs. *Harris v. City of New York,* 186 F.3d 243, 247 (2d Cir.1999). The complaints should be dismissed only if it appears beyond doubt ***564** that Plaintiffs can prove no set of facts in support of their claims that would entitle them to relief. *Id.; see also*



HOUSE_OVERSIGHT_017924

*Hishon v. King & Spalding,* 467 U.S. 69, 73, 104 S.Ct. 2229, 81 L.Ed.2d 59 (1984) ("A court may dismiss a complaint only if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations.").

Federal Rule of Civil Procedure 8(a)(2) requires "a short and plain statement of the claim showing that the pleader is entitled to relief." "This simplified notice pleading standard relies on liberal discovery rules and summary judgment motions to define disputed facts and issues and to dispose of unmeritorious claims." *Swierkiewicz v. Sorema, N.A.,* 534 U.S. 506, 512, 122 S.Ct. 992, 152 L.Ed.2d 1 (2002) (citing *Conley v. Gibson,* 355 U.S. 41, 47, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957), *Leatherman v. Tarrant County Narcotics Intelligence & Coordination Unit,* 507 U.S. 163, 168–69, 113 S.Ct. 1160, 122 L.Ed.2d 517 (1993)). Plaintiffs must still give Defendants fair and adequate notice of their claims and the grounds on which they rest. *See Simmons v. Abruzzo,* 49 F.3d 83, 86 (2d Cir.1995). "[W]hile *Swierkiewicz* made clear that pleading a *McDonnell Douglas prima facie* case was not necessary to survive a motion to dismiss, it did not even remotely suggest that a pleading could survive dismissal when it contained only the barest of conclusory allegations without notice of the factual grounds on which they purport to be based." *Jackson v. BellSouth Telecomms.,* 372 F.3d 1250, 1270–71 (11th Cir.2004).

The Court limits its review to the facts stated in the complaints, documents attached to the complaints as exhibits, and documents incorporated by reference in the complaints. *Dangler v. N.Y.C. Off Track Betting Corp.,* 193 F.3d 130, 138 (2d Cir.1999). For purposes of the RICO claims, the Court also reviews the RICO statements.

Plaintiffs claim that Defendants in these lawsuits are liable for the attacks of September 11, in most instances, as co-conspirators, aiders, or abettors with al Qaeda. The Court has held that Defendants may be responsible for the September 11 attacks if they knowingly and intentionally provided material support to al Qaeda. *See Terrorist Attacks I,* 349 F.Supp.2d at 826. The complaints' various theories of recovery merit a brief review here. *See id.* at 825–31.

The ATA provides a civil remedy for "[a]ny national of the United States injured in his or her person, property, or business by reason of an act of international terrorism, or his or estate, survivors, or heirs." 18 U.S.C. § 2333(a). An act of international terrorism includes the provision of material support to terrorists, which is also a criminal act under the ATA. *Boim II,* 291 F.3d at 1015. The ATA's criminal provisions define "material support or resources" as "currency or other financial securities, financial services, lodging, training, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal explosives, personnel, transportation, and other physical assets, except medicine or religious materials." 18 U.S.C. § 2339A(b); *see also Boim II,* 291 F.3d at 1015 (finding conduct that violates § 2339A would be sufficient to meet the definition of "international terrorism" in § 2333). This Court adopts the Seventh Circuit's requirement that Plaintiffs plead that Defendants knew of al Qaeda's illegal activities, "that they desired to help those activities succeed, and they engaged in some act of helping the illegal activities." *Id.* at 1023–24 (finding allegation that defendants are " 'front' organizations with ostensibly legitimate purposes which are actually engaged in ***565** fund-raising and money laundering in support of terrorist activities" and that those defendants "supplied money to Hamas to fund terrorist operations" were sufficient to survive 12(b)(6) motion).

The ATCA provides a basis for relief when an alien sues for a tort committed in violation of the law of nations. 28 U.S.C. § 1350; *Kadic v. Karadzic,* 70 F.3d 232, 238 (2d Cir.1995). Aircraft hijacking is considered a violation of international law, *Kadic,* 70 F.3d at 240, and the ATCA includes "actions premised on a theory of aiding and abetting and conspiracy." *Presbyterian Church of Sudan v. Talisman Energy, Inc.,* 244 F.Supp.2d 289, 311 (S.D.N.Y.2003). The ATCA, therefore, may provide a basis of recovery for those Plaintiffs who are aliens.

The *Federal* Plaintiffs include violations of civil RICO in their complaint. Section 1962(c) makes it unlawful "for any person employed by or associated with any enterprise engaged in ... interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity." 18 U.S.C. § 1962(c). Section 1962(d) makes it "unlawful for any person to conspire to violate any of the provisions of subsections (a), (b), or (c) of this section." *Id.* § 1962(d). Section 1964 provides for a private right of action to enforce the statute. *Id.* § 1964. Plaintiffs must plead an injury resulting from conduct of an enterprise through a pattern of racketeering activity. *Sedima, S.P.R.L. v. Imrex Co., Inc.,* 473 U.S. 479, 491 (1985).

[24] In *Reves v. Ernst & Young,* 507 U.S. 170, 113 S.Ct. 1163, 122 L.Ed.2d 525 (1993), the Supreme Court found that liability under § 1962(c) requires that a defendant be a participant "in the operation or management of the enterprise itself." *Id.* at 185, 113 S.Ct. 1163. The Court stated:



HOUSE_OVERSIGHT_017925

> Once we understand the word "conduct" to require some degree of direction and the word "participate" to require some part in that direction, the meaning of § 1962(c) comes into focus. In order to "participate, directly or indirectly, in the conduct of such enterprise's affairs," one must have some part in directing those affairs. Of course, the word "participate" makes clear that RICO liability is not limited to those with primary responsibility for the enterprise's affairs, just as the phrase "directly or indirectly" makes clear that RICO liability is not limited to those with a formal position in the enterprise, but some part in directing the enterprise's affairs is required.

*Id.* at 179, 113 S.Ct. 1163. Therefore "to state a claim for liability under § 1962(c), Plaintiffs must allege that the [Defendants] participated 'in the operation or management of the enterprise itself,' which requires that these Defendants must have had some part in directing the enterprise's affairs." *Redtail Leasing, Inc. v. Bellezza,* No. 95 Civ. 5191(JFK), 1997 WL 603496, at *5 (S.D.N.Y. Sept.30, 1997).

[25] [26] The TVPA provides a cause of action against individuals who under actual or apparent authority of any foreign nation subject an individual to torture or extrajudicial killing. 28 U.S.C. § 1350 note; *Arndt v. UBS AG,* 342 F.Supp.2d 132, 141 (E.D.N.Y.2004). The TVPA claims against Rabita Trust, IIRO, Success Foundation, and the SAAR Network entities are dismissed because these Defendants are not individuals. *Arndt,* 342 F.Supp.2d at 141. The TVPA claims against Tarik Hamdi, Abdulrahman Alamoudi, Wa'el Jalaidan, and the SAAR Network executives are dismissed because there is no allegation that these Defendants were acting under ***566** color of state law. In re: South African Apartheid Litigation, 346 F.Supp.2d 538, 548 (S.D.N.Y.2004) (finding no TVPA claim where complaint did not include allegation of individual acting under color of state law or with significant state aid)

Under New York law, Plaintiffs who are personal representatives who sufficiently allege that Defendants caused the death of their represented decedent will have also stated a claim for wrongful death and survival. N.Y. Est. Powers & Trusts Law §§ 5–4.1 (providing claim for wrongful death) and 11–3.2(b) (providing claim for survival).

[27] [28] Plaintiffs bring various torts claims against these Defendants. As the Court explained in *Terrorist Attacks I,* the *Federal* Plaintiffs' claims of assault, battery, and intentional infliction of emotional distress are time-barred, and therefore dismissed against Rabita Trust, Wa'el Jalaidan, IIRO, Tarik Hamdi, Abdulrahman Alamoudi, Mar–Jac Poultry, and the SAAR Network executives. *Terrorist Attacks I,* 349 F.Supp.2d at 829; N.Y. C.P.L.R. 215(3). To the extent the *Ashton* and *Burnett* Plaintiffs plead that Defendants are liable for the September 11 attacks as co-conspirators or aiders or abettors of al Qaeda, they will have pled a claim for relief for intentional infliction of emotional distress, which requires extreme and outrageous conduct, intent to cause severe emotional distress, a causal connection between the conduct and the injury, and severe emotional distress. *See Stuto v. Fleishman,* 164 F.3d 820, 827 (2d Cir.1999). The *Federal* Plaintiffs' trespass claims require "the interference with a person's right to possession of real property either by an unlawful act or a lawful act performed in an unlawful manner." *N.Y. State Nat'l Org. for Women v. Terry,* 886 F.2d 1339, 1361 (2d Cir.1989). Provided the *Federal* Plaintiffs plead that Defendants here acted in concert with the September 11 hijackers, they will have stated a claim for relief for trespass. Finally, the negligence claims against the Defendants are dismissed because the complaints do not allege or identify a duty owed to Plaintiffs by these Defendants. *Terrorist Attacks I,* 349 F.Supp.2d at 830–31.

To summarize, the TVPA and negligence claims against all of the Defendants moving for dismissal under Rule 12(b)(6) here are dismissed. The *Federal* claims of assault and battery and intentional infliction of emotional distress are also dismissed. The Court reviews the complaints to determine if they state a claim for relief under the ATA and RICO. If Plaintiffs state a claim for relief under the ATA, they will have also stated a claim for wrongful death and survival, the *Federal* Plaintiffs will have stated a claim for trespass, and the *Ashton* and *Burnett* Plaintiffs will have stated claims for intentional infliction of emotional distress. Plaintiffs who are aliens will have also stated a claim for relief under the ATCA.

**A. Tarik Hamdi**[12]

[29] The *Burnett* and *Federal* Plaintiffs allege that after 1996, when Osama bin Laden declared war on Americans, Tarik Hamdi allegedly arranged for the delivery of a battery for a satellite phone used by Osama bin Laden. (*Burnett* Compl. ¶¶ 245, 581 (citing arguments of then-AUSA Kenneth Karas); *Federal* RICO Statement Ex. A.) Osama bin Laden allegedly used that phone and battery pack to coordinate and order the African embassy bombings. (*Federal* RICO Statement Ex. A.)

***567** Plaintiffs also allege that Hamdi is affiliated with various al Qaeda operatives. For instance, he has



HOUSE_OVERSIGHT_017926

connections with the Committee for the Defense of Legitimate Rights ("CDLR") and the Advice and Reformation Committee ("ARC"), two dissident Saudi groups with ties to Osama bin Laden. (*Burnett* Compl. ¶¶ 561–62.) A radical Arabic publication allegedly provided a phone number registered in Hamdi's name when it advertised the contact information of CDLR's U.S. branch. (*Burnett* Compl. ¶ 580.) CDLR published bin Laden's October 12, 1996 fatwa on the Muslim Students Association listserve, the "MSA News." (*Burnett* Compl. ¶ 584.) Plaintiffs claim that ARC allegedly serves as al Qaeda's front in the United Kingdom and facilitates communication to and from Osama bin Laden. (*Burnett* Compl. ¶¶ 562, 564, 575, 577, 584–85.) Hamdi is also alleged to have connections to Khalid al-Fawwaz, one of the masterminds of the embassy bombings. (*Burnett* Compl. ¶ 582.) Finally, Plaintiffs claim Hamdi is a co-conspirator with the SAAR Network. He worked at IIIT in Herndon, Virginia, "the central address surrounding the SAAR Foundation raids, evidence and investigation." (*Burnett* Compl. ¶¶ 267, 583; *Federal* Compl. ¶ 146, 224.)

Hamdi asserts that he is a journalist. He argues that ABC requested that he arrange the interview with Osama bin Laden and that he did not purchase the phone or battery pack. He claims he has not had any ties to CDLR since 1995. He admits that he worked at IIIT as an editor. These factual disputes cannot be resolved on a 12(b)(6) motion.

[30] The *Federal* Plaintiffs have not alleged that Mr. Hamdi participated in the operation or management of any enterprise. The RICO claims against Mr. Hamdi must be dismissed. *See Redtail Leasing, Inc. v. Bellezza,* 1997 WL 603496 at *5. Plaintiffs allege that Mr. Hamdi knew about bin Laden's terrorist activities at the time he procured a phone for him because the first fatwas had already been issued. They allege he provided material support to bin Laden in the form of a satellite phone battery. The ATA includes communications equipment in its definition of material support. *See* 18 U.S.C. § 2339A(b). "[E]ven small donations made knowingly and intentionally in support of terrorism may meet the standard for civil liability in section 2333." *Boim II,* 291 F.3d at 1015. These allegations are sufficient to notify Mr. Hamdi of the claims against him. Tarik Hamdi's motions to dismiss the *Burnett* and *Federal* complaints are denied.

**B. Abdulrahman Alamoudi**[13]

Defendant Abdulrahman Alamoudi has connections with several organizations that the *Burnett* and *Federal* Plaintiffs claim support terrorism. He is Vice President of Taibah International Aid Association's U.S. branch. (*Federal* Compl. ¶ 245.) Plaintiffs claim Taibah was implicated in the 1998 embassy bombings. (*Federal* Compl. ¶¶ 66, 239, 244.) Additionally, Taibah allegedly works closely with designated-terrorist Global Relief Fund and SHC and has diverted funds to al Qaeda and its affiliates in Bosnia. (*Federal* Compl. ¶¶ 241, 243.) Through Taibah, Alamoudi is also connected with several SAAR Network entities, including American Muslim Council, American Muslim Foundation, Hajj Foundation, Happy Hearts Trust, IIRO, and Success Foundation. (*Federal* Compl. ¶¶ 245, 490; *Burnett* Compl. ¶¶ 237, 248.) He allegedly used his SAAR connections to funnel money to al Qaeda ***568** through various fronts. (*Federal* Compl. ¶ 247.)

Plaintiffs allege that Alamoudi has openly stated his support for Hamas and Hezbollah, both designated terrorist organizations that cooperate with al Qaeda. (*Federal* Compl. ¶¶ 50, 53 *Burnett* Compl. ¶ 237.)

In August 2003, Alamoudi was detained at Heathrow Airport on his way to Syria. Customs officers seized approximately $340,000 in sequentially numbered bills, two U.S. passports, and one Yemeni passport. (*Federal* Compl. ¶ 246.) Alamoudi was arrested by U.S. officials at Washington Dulles Airport on September 28, 2003. (*Federal* Compl. ¶ 247.) He subsequently pleaded guilty to unlicensed travel to and commerce with Libya, false statements on his naturalization application, and tax offenses involving Libyan financial transactions. (*Federal* Mem. in Opp'n at 6.) He is currently serving a twenty-three year sentence. (*Id.*)

[31] [32] [33] The *Burnett* complaint does not allege any act taken by Mr. Alamoudi that could be considered the provision of material support for al Qaeda. The *Federal* complaint is sustained inasmuch as it claims that Mr. Alamoudi funneled money to al Qaeda through the charities with which he was involved. (*Federal* Compl. ¶¶ 241, 243.) *See* 18 U.S.C. § 2339(A) (including "currency or other financial securities [and] financial services" in definition of material support). This claim puts Mr. Alamoudi on notice that he is alleged to have provided financial material support to al Qaeda. Because the *Federal* complaint does not allege that Mr. Alamoudi had any role in directing an enterprise, however, the RICO claims against Mr. Alamoudi are dismissed. In sum, Mr. Alamoudi's motion to dismiss the *Burnett* complaint is granted; his motion to dismiss the *Federal* complaint is denied.



HOUSE_OVERSIGHT_017927

**C. Success Foundation**[14]

[34] The Burnett Plaintiffs claim that Success Foundation is a sister company to Defendant IIRO and that it "sends money back and forth with the IIRO and IRO" and other sponsors of terror. (*Burnett* Compl. ¶ 235.) If given the opportunity to replead its allegations against Success, the Plaintiffs would allege that, in 1998, Success Foundation entered into a contract to act as an agent for Defendant Taibah, which has since been designated a global terrorist.

The complaint does not allege that Success Foundation knew the money it was transferring between IIRO and IRO would somehow assist al Qaeda, nor does it allege facts showing that Success Foundation knew the other unnamed organizations to which it transferred money were in the business of supporting terrorism. *See Boim II,* 291 F.3d at 1012 ("To hold the defendants liable for donating money without knowledge of the donee's intended criminal use of the funds would impose strict liability. Nothing in the language of the statute or its structure or history supports that formulation."). The *Burnett* complaint is against Success Foundation is dismissed without prejudice.

**D. Wa'el Jalaidan**

[35] For the reasons the Court found that it has personal jurisdiction over Mr. Jalaidan, the Court finds the Plaintiffs have stated a claim for relief against him. Plaintiffs have alleged facts, that if true, would be sufficient to prove that he knowingly provided material support to al Qaeda in the form of financial and logistical support. *See* 18 U.S.C. § 2339(A) (including ***569** "currency or other financial securities, financial services, ... weapons, [and] personnel" in definition of material support). The *Federal* complaint does not allege that Jalaidan directed an enterprise and the RICO claim is dismissed. Wa'el Jalaidan's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied

**E. IIRO**

[36] Similarly, for the reasons the Court found that Plaintiffs made a prima facie demonstration that IIRO has purposefully directed its activities at the United States, the Court finds they have stated a claim under the ATA in that IIRO has allegedly funded al Qaeda training camps in Afghanistan, supported al Qaeda guest houses, and been involved in other terrorist attacks and plots. *See* 18 U.S.C. § 2339(A) (including "currency or other financial securities, financial services, ... weapons, [and] personnel" in definition of material support). IIRO's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied.

**F. Rabita Trust**

[37] Rabita Trust moves to dismiss the complaints against it for failure to state a claim. These motions are denied without prejudice until this Court determines whether it has personal jurisdiction over Rabita Trust.

**G. SAAR Network Defendants**[15]

**1. Entities**

The *Burnett* and *Ashton* complaints' allegations against the SAAR Network entities are substantially similar to one another.[16] Paragraph 267 of the *Burnett* complaint and paragraph 339 of the *Ashton* complaint both state:

> Co-conspirators, material sponsors, and/or aiders and abettors of the SAAR Network include Defendants ... African Muslim Agency, ... Grove Corporate, Inc., Heritage Education Trust, International Institute of Islamic Thought, Mar–Jac Investments, Inc., Mar–Jac Poultry, Inc., ... Reston Investments, Inc., ... Safa Trust, ... and York Foundation, all located doing business or registered to do business in the United States.

In support of their claims against these Defendants, Plaintiffs rely primarily on their allegations against the "SAAR Foundation and network." (*See Burnett* Compl. ¶¶ 261–67; *Ashton* Compl. ¶¶ 333–39.) The SAAR Foundation, allegedly a financial sponsor of terror, was formed in the 1970s by a group of Muslim scholars and scientists. (*Burnett* Compl. ¶ 261; *Ashton* Compl. ¶ 333.) It was incorporated in Virginia in 1983 and dissolved in December 2000. (*Burnett* Compl. ¶ 261; *Ashton* Compl. ¶ 333.) Its largest donor is the al Rajhi family of Saudi Arabia. (*Burnett* Compl. ¶ 261; *Ashton* Compl. ¶ 333.)

The complaints claim that over one hundred "affiliated organizations" are registered or are doing business at one of the SAAR Foundation's addresses in Herndon, Virginia, but many "do not maintain a physical presence



HOUSE_OVERSIGHT_017928

at that address, or elsewhere." ***570** (*Burnett* Compl. ¶ 262; *Ashton* Compl. ¶ 334.) The complaints further allege that many of the "SAAR Network" organizations' offices in Herndon were raided in March 2002 as part of Operation Greenquest to investigate "potential money laundering and tax evasion activities and their ties to terrorist groups such as ... al Qaeda as well as individual terrorists ... (including) Osama bin Laden." (*Burnett* Compl. ¶ 263; *Ashton* Compl. ¶ 335.) As noted above, Plaintiffs claim that the entity Defendants are among numerous co-conspirators, material sponsors, and/or aiders and abettors of the SAAR Network. (*Burnett* Compl. ¶ 267; *Ashton* Compl. ¶ 339.) The Plaintiffs also refer the Court to their allegations regarding charity sponsors of terror. (*See, e.g., Burnett* Compl. ¶¶ 150–53 (alleging, for example, that charity Defendants "are used as terrorist fronts, to mask money transfers and provide cover for terrorist operatives").) Additionally, the *Ashton* complaint claims that IIIT received its "operating expenses" from SAAR and "in turn financed two Florida charitable organizations accused of being cells for Islamic Jihad in Florida." (*Id.* ¶ 579.)

Unlike the SAAR Network entities whose motions to dismiss the *Federal* complaint the Court considered in its previous opinion and order, *see Terrorist Attacks I,* 349 F.Supp.2d at 822–23, these Defendants do not dispute that this Court has personal jurisdiction over them. Although each of these moving Defendants filed a separate motion to dismiss, their arguments in favor of dismissal are similar.[17] They argue that, even "assum[ing] that plaintiffs have stated a claim against the 'SAAR Network,' " (*see, e.g.,* African Muslim Agency's Mem. in Supp. Mot. to Dismiss at 3, n.1) the complaints must be dismissed because they contain only conclusory allegations that they are "co-conspirator[s], material sponsor[s], and/or aider[s] and abettor[s] of the SAAR Network." (*Burnett* Compl. ¶ 267; *Ashton* Compl. ¶ 339.) Further, they argue that the complaints must be dismissed because they do not allege that they donated any money improperly, or with the knowledge that it would be given to Osama bin Laden, al Qaeda, or to any other charity allegedly funneling money to terrorists.

[38] Plaintiffs offer the legal conclusion that the SAAR Network entities conspired with the SAAR Network. These Defendants, however, have no notice of the factual grounds on which Plaintiffs' claims of conspiracy are based. *See Jackson,* 372 F.3d at 1271 (explaining *Swierkiewicz* does not permit bare conclusory allegations without notice of the factual grounds on which they purport to be based); *see also* Bodner v. Banque Paribas, 114 F.Supp.2d 117, 125 (E.D.N.Y.2000) (noting the Second Circuit "has dismissed complaints which plead conspiracy in vague or conclusory terms and which do not allege specific instances of misconduct in furtherance of the conspiracy"); *Ying Jing Gan v. City of New York,* 996 F.2d 522, 534 (2d Cir.1993) (explaining that on a Rule 12(b)(6) motion, "legal conclusions, deductions or opinions couched as factual allegations are not given a presumption of truthfulness") (internal quotations omitted)). The *Burnett* complaint against African Muslim Agency, Grove Corporate, Heritage Education Trust, International Institute of Islamic Thought, Mar–Jac Investments, Mar–Jac Poultry, Reston Investments, Safa Trust, ***571** and York Foundation is therefore dismissed without prejudice. For the same reasons, the *Ashton* complaint against Mar–Jac Poultry is dismissed without prejudice.

[39] The *Ashton* complaint alleges one action by IIIT in support of its claims—that it allegedly financed two charitable organizations in Florida accused of being Islamic Jihad cells. The complaint does not allege that IIIT knew these charities were Islamic Jihad cells or whether and how these cells participated in or contributed to al Qaeda's agenda of terror. *See Boim II,* 291 F.3d at 1011–12 (making donations to an alleged terrorist group, without "knowledge of and intent to further payee's violent criminal acts," cannot sustain cause of action). Accordingly, the *Ashton* complaint against IIIT is dismissed without prejudice.

[40] In support of the claim that Mar–Jac Poultry is a material sponsor of terrorism, Plaintiffs allege two acts: first, that it donated money to African Muslim Agency, which the Plaintiffs claim was later "laundered," and second, that it donated money to unnamed SAAR Network entities, which was later forwarded to al Qaeda. (*See* Federal RICO Statement Applicable to SAAR Network Entities at 5(f) and Ex. A.) The RICO claim against Mar–Jac Poultry is dismissed because it is not alleged that Mar–Jac had any role in directing an enterprise, *see Redtail Leasing, Inc.,* 1997 WL 603496, at *5. The *Federal* complaint does not provide Mar–Jac Poultry with notice as to how it could be liable for the terrorist attacks. *See Boim II,* 291 F.3d at 1012 ("To hold the defendants liable for donating money without knowledge of the donee's intended criminal use of the funds would impose strict liability. Nothing in the language of the statute or its structure or history supports that formulation."). Mar–Jac's motion to dismiss the *Federal* complaint is therefore granted.

**2. Executives**

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HOUSE_OVERSIGHT_017929

[41] Taha Al–Awani, Muhammad Ashraf, M. Omar Ashraf, M. Yaqub Mirza, and Iqbal Unus are SAAR Network executives who are mentioned once in the *Federal* complaint in a long list of Defendants who allegedly "have aided and abetted, conspired with, and provided material support and resources to, defendant al Qaida and/or affiliated FTOs, associations, organizations or persons, as described herein." (*Federal* Compl. ¶ 66.) The complaint does not include any other allegations against these Defendants.

The *Federal* complaint alleges that Jamal Barzinji, another SAAR Network executive who moves to dismiss the complaint, is a Saudi national who, "through his various for-profit enterprises and involvement with charities and individuals operating within al Qaida's infrastructure, has long provided material support and resources to al Qaida." (*Federal* Compl. ¶¶ 490–91.) Barzinji has served as a board member of, or been associated with, several SAAR Network entities, including IIIT, WAMY, Safa Trust, Mar–Jac Poultry, and SAAR Foundation. *Id.* ¶ 490 (claiming that while he was the President of Safa Trust, he "held authority over eighteen bank accounts"). He is a business associate of the designated terrorist Yousef Nada. (*Id.*) According to unnamed federal authorities, Barzinji "committed and conspired to: transit money internationally for the purpose of promoting offenses against foreign nations involving murder or the destruction of property by means of explosive, fire, kidnapping or extortion ...; provide material support or resources to foreign terrorist organizations ...; and provide material support or conceal or disguise the source of ownership of material support ***572** intended for use in preparation for or in carrying out a terrorist act." (*Id.*)

The RICO statement provides additional associations between each of these SAAR Network executives and the SAAR Network. (*See Federal* RICO Statement Applicable to the SAAR Network Executives at Ex. A (alleging in their roles as executives of SAAR Network entities, each of these Defendants committed multiple acts of conspiracy to commit multiple crimes).) Specifically, Taha Al–Alwani was President of IIIT and an officer of Heritage Education Trust; Muhammad Ashraf was an officer and/or director of Sterling Investment Group, Sterling Charitable Gift Fund, and York Foundation; M. Omar Ashraf was an officer and/or director of Grove Corporate Plaza, Mar–Jac Investments, and Sterling Charitable Gift Fund; Yaqub Mirza served as an officer and/or director of African Muslim Agency, Mar–Jac Investments, Mar–Jac Poultry, Reston Investments, SAAR Foundation, Safa Trust, where he was the principal signatory on Safa Group checks, and York International; Iqbal Yunus was a director of Child Development Foundation, a SAAR Network entity, and was associated with Sterling Charitable Gift Fund, and Sterling Management Group; finally, Jamal Barzinji was president of Safa Trust and a director of Mar–Jac Poultry, Reston Investments, IIIT, and Safa Trust. (*Id.* at 5(f) and Ex. A.)

The complaint does not state a claim for relief against Taha Al–Awani, Muhammad Ashraf, M. Omar Ashraf, M. Yaqub Mirza, or Iqbal Unus on a civil RICO theory or under the ATA. Reading the complaint as a whole and considering the overlap of executives among the SAAR Network entities, the complaint does not adequately provide these Defendants with notice as to how they provided material support to al Qaeda terrorists. *See Boim II,* 291 F.3d at 1023 (explaining a claim under the ATA must include allegation that defendant knew about terrorists' illegal activities, defendant wanted to help those activities succeed, and defendant engaged in an act of helping). The *Federal* complaint against Taha Al–Awani, Muhammad Ashraf, M. Omar Ashraf, M. Yaqub Mirza, and Iqbal Unus is dismissed without prejudice.

[42] [43] Jamal Barzinji controlled several bank accounts. (*Federal* Compl. ¶ 490.) He has allegedly transmitted money internationally for terrorist purposes. (*Id.*) He allegedly made these transfers to support al Qaeda. (*Id.* at ¶¶ 490–91.) The *Federal* Plaintiffs do not allege that Mr. Barzinji participated in the operation or management of their claimed RICO enterprise, and the RICO claim against him is dismissed. *Reves,* 507 U.S. at 179, 113 S.Ct. 1163. But Mr. Barzinji does have sufficient notice of the claims against him regarding his alleged provision of material support in the form of financial transactions to al Qaeda. *See* 18 U.S.C. § 2339(A) (including provision of "currency or other financial securities [and] financial services" in definition of material support) Accordingly, his motion to dismiss the *Federal* complaint is denied.

**IV. NCB's Motion for Reconsideration**

In deciding NCB's motions to dismiss the *Ashton* and *Burnett* complaints, the Court ruled that NCB's status as a foreign sovereign for purposes of immunity under the FSIA was unclear. It also questioned whether it had personal jurisdiction over NCB. The Court ordered limited jurisdictional discovery on both issues. *Terrorist Attacks I,* 349 F.Supp.2d at 792, 820. In light of the possible lack of subject matter and personal jurisdiction, the Court refrained from deciding NCB's motion to dismiss for failure to state a claim. NCB ***573** moves for



HOUSE_OVERSIGHT_017930

reconsideration of those decisions.

**A. Standard**

[44] [45] A motion for reconsideration is appropriate where a court overlooks "controlling decisions or factual matters that were put before it on the underlying motion ... and which, had they been considered, might have reasonably altered the result before the court." *Range Road Music, Inc. v. Music Sales Corp.,* 90 F.Supp.2d 390, 392 (S.D.N.Y.2000); *see also Shrader v. CSX Transp. Inc.,* 70 F.3d 255, 257 (2d Cir.1995) ("The standard for granting a motion [for reconsideration] is strict, and ... will generally be denied unless the moving party can point to controlling decisions or data that the court overlooked...."). A motion for reconsideration may also be granted to "correct a clear error or prevent manifest injustice." *Doe v. New York City Dep't of Soc. Servs.,* 709 F.2d 782, 789 (2d Cir.1983).

**B. The Court Will Consider NCB's Personal Jurisdiction Defense First**

NCB offers two bases for reconsideration. First, NCB argues that even if the Court becomes assured of its subject matter and personal jurisdiction over NCB, Plaintiffs' claims are doomed because the Court dismissed similar claims against Al Rajhi Bank, Saudi American Bank, and Arab Bank. NCB contends that *Center for Reproductive Law & Policy v. Bush,* 304 F.3d 183, 194–95 (2d Cir.2002), supports its theory that the Court does not need to establish jurisdiction over NCB because the Court's dismissal of other Saudi banks "foreordains" NCB's dismissal on 12(b)(6) grounds. Alternatively, NCB urges the Court to limit this litigation's intrusion on Saudi Arabia and postpone resolution of its FSIA immunity defense until after the personal jurisdiction question is resolved.

The *Ashton* and *Burnett* Plaintiffs argue that the Court should not consider NCB's reliance on *Bush* because it was not raised in NCB's original motion to dismiss. Moreover, they are adamant that jurisdictional questions must be resolved first. *See Steel Co. v. Citizens for a Better Environment,* 523 U.S. 83, 94–95, 118 S.Ct. 1003, 140 L.Ed.2d 210 (1998) ("The requirement that jurisdiction be established as a threshold matter springs from the nature and limits of the judicial power of the United States and is inflexible and without exception.") (internal citation and quotations omitted). And in Plaintiffs' view, the subject matter jurisdiction question must be resolved before the Court addresses personal jurisdiction. *See Reiss v. Societe Centrale Du Groupe Des Assurances Nationales,* 235 F.3d 738, 746 (2d Cir.2000) ("The initial question to be answered in this case is not whether there is personal jurisdiction within the meaning of the New York [C.P.L.R.] but whether there is subject matter jurisdiction within the meaning of the [FSIA]."). Plaintiffs submit that it would be inefficient to separate the personal jurisdiction discovery from the FSIA discovery since the two inquiries are related. Finally, Plaintiffs argue that the Court's rulings on the other Saudi banks' Rule 12(b)(6) motions cannot apply to NCB because the allegations against the various banks are not identical.

In *Bush,* following the Supreme Court's instructions in *Steel Co.,* the district court dismissed the case for lack of subject matter jurisdiction after finding plaintiffs lacked standing to sue. On appeal, the Second Circuit found the case "exceptional," because twelve years earlier it had "entertained and rejected, on the merits, the same constitutional challenge to the provision at issue." *Bush,* 304 F.3d at 186; ***574** *see also Planned Parenthood Fed. of Am. v. Agency of Int'l Devl.,* 915 F.2d 59 (2d Cir.1990) (rejecting same constitutional challenge to same governmental provision). It explained two exceptions to the general rule that courts "ordinarily ... are not to assume the existence of jurisdiction in favor of reaching an 'easier' merits issue." *Bush,* 304 F.3d at 193 (quoting *Fidelity Partners, Inc. v. First Trust, Co. of N.Y.,* 142 F.3d 560, 565 (2d Cir.1998)).

The only exception relevant here is "in those 'particular circumstances' where the outcome on the merits has been 'foreordained' by another case such that the 'jurisdictional question could have no effect on the outcome,' provided the court 'does not use the pretermission of the jurisdictional question as a device for reaching a question of law that otherwise would have gone unaddressed.' " *Bush,* 304 F.3d at 194 (quoting *Steel Co.,* 523 U.S. at 98, 118 S.Ct. 1003). The exception stems from *Secretary of Navy v. Avrech,* 418 U.S. 676, 94 S.Ct. 3039, 41 L.Ed.2d 1033 (1974), in which the Supreme Court dismissed a constitutional challenge to a governmental provision on the merits before reaching the jurisdiction question because the Court had earlier rejected a similar constitutional challenge to the same provision in *Parker v. Levy,* 417 U.S. 733, 94 S.Ct. 2547, 41 L.Ed.2d 439 (1974). *See Bush,* 304 F.3d at 194 (describing *Avrech* and *Parker* ). Accordingly, in *Bush,* the Second Circuit skipped the initial-and "novel"—standing question because that analysis would have been rendered "advisory" by "a controlling decision



HOUSE_OVERSIGHT_017931

of this Court [that] has already entertained and rejected the same constitutional challenge to the same [governmental] provision." *Id.* at 195 (limiting holding to constitutional challenges to governmental provisions).

NCB's reliance on *Bush* cannot prevail here. The exception relied on in *Bush* is limited to constitutional challenges to governmental provisions. *Bush,* 304 F.3d at 195; *see also Steel Co.,* 523 U.S. at 99, 118 S.Ct. 1003. Here, the merits of NCB's liability for the attacks of September 11 do not present a constitutional challenge to a governmental provision such that skipping the jurisdiction question would be appropriate.

In its alternative argument for reconsideration, NCB requests that the Court postpone resolution of the subject matter jurisdiction question posed by the FSIA until NCB's personal jurisdiction defense is resolved. NCB argues that such a course would lead to its quicker dismissal from the litigation and would limit the intrusion into Saudi affairs since personal jurisdiction discovery would involve only NCB's contacts with the United States and not Saudi Arabia's relationship to NCB.

The Supreme Court and Second Circuit agree that there are certain circumstances in which it is appropriate to give priority to the personal jurisdiction inquiry. *See Ruhrgas AG v. Marathon Oil Co.,* 526 U.S. 574, 578, 588, 119 S.Ct. 1563, 143 L.Ed.2d 760 (1999) (holding "there is no unyielding jurisdictional hierarchy ... [and] there are circumstances in which a district court appropriately accords priority to a personal jurisdiction inquiry" and finding no abuse of discretion where a court resolves a straightforward personal jurisdiction question before a novel subject matter jurisdiction question); *Cantor Fitzgerald v. Peaslee,* 88 F.3d 152, 155 (2d Cir.1996) (upholding district court's decision to dismiss for lack of personal jurisdiction before considering whether it had subject matter jurisdiction and finding "[o]n some occasions ... considerations of judicial economy and restraint may persuade the court to avoid a difficult question of subject-matter jurisdiction when the case may be disposed of on a simpler ***575** ground"). Further, deference to foreign sovereigns under the FSIA "need not imply priority of immunity determination.... If one (or more) of the other jurisdictional defenses hold out the promise of being cheaply decisive, and the defendant wants it decided first, it may well be best to grapple with it (or them) first." *In re Minister Papandreou,* 139 F.3d 247, 254 (D.C.Cir.1998).

[46] Here, the Court finds that the personal jurisdiction issue raised by NCB is "straightforward" when compared to the more "difficult" subject matter jurisdiction question posed by NCB's status within the Kingdom of Saudi Arabia. *See Ruhrgas,* 526 U.S. at 588, 119 S.Ct. 1563; *see also Terrorist Attacks I,* 349 F.Supp.2d at 789–792 (analyzing NCB's status as a foreign sovereign). Additionally, NCB acknowledges that personal jurisdiction discovery will only involve it, its relationship to the Kingdom of Saudi Arabia is sufficiently remote that an inquiry into NCB's contacts with the United States will not intrude on the inner workings of the Kingdom's government. Finally, discovery regarding NCB's FSIA defense would necessarily subject the Kingdom to discovery, which the Court is hesitant to do unnecessarily. *See First City, Texas–Houston, N.A. v. Rafidain Bank,* 150 F.3d 172, 176 (2d Cir.1998); *see also Arriba Ltd. v. Petroleos Mexicanos,* 962 F.2d 528, 534 (5th Cir.1992) (recommending that "discovery should be ordered circumspectly and only to verify allegations of specific facts crucial to an immunity determination").

For all the foregoing reasons, the Court reconsiders its order regarding simultaneous subject matter and personal jurisdiction discovery. *See Shrader,* 70 F.3d at 257 ("[I]n light of [defendant's] introduction of additional relevant case law ... we cannot say that reconsider[ation is] an abuse of discretion."). Further inquiry into NCB's status as a foreign sovereign is postponed until the parties have completed their personal jurisdiction discovery and this Court has determined whether it has personal jurisdiction over NCB. *See Ruhrgas,* 526 U.S. at 588, 119 S.Ct. 1563; *In re Arbitration Between Monegasque De Reasurrances S.A.M.,* 311 F.3d 488, 498 (2d Cir.2002) (noting "dismissal for want of personal jurisdiction is independent of the merits and does not require subject-matter jurisdiction") (quoting *In re Minister Papandreou,* 139 F.3d at 255–56).

**V. Conclusion**

For the reasons explained above, SHC's motion to dismiss the *Ashton, Burnett,* and *Federal* complaints for lack of subject matter jurisdiction is granted. Prince Salman's motion to dismiss the *Ashton, Burnett,* and *Federal* complaints for lack of subject matter and personal jurisdiction is granted. Prince Naif's motion to dismiss the *Ashton, Burnett,* and *Federal* complaints for lack of subject matter and personal jurisdiction is granted. Rabita Trust's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied without prejudice. Wa'el Jalaidan's motions to dismiss the *Ashton, Burnett,* and *Federal* complaints are denied, but the RICO, TVPA, negligence, and *Federal* intentional tort claims against him are dismissed. IIRO's motions to dismiss the *Ashton,*



HOUSE_OVERSIGHT_017932

*Burnett,* and *Federal* complaints are denied, but the RICO, TVPA, negligence, and *Federal* intentional tort claims against it are dismissed. Tarik Hamdi's motions to dismiss the *Burnett* and *Federal* complaints are denied, but the RICO, TVPA, negligence, and *Federal* intentional tort claims against him are dismissed. Abdulrahman Alamoudi's motion to dismiss the *Burnett* complaint is granted; his motion to dismiss the *Federal* complaint is ***576** denied, but the RICO, TVPA, intentional tort, and negligence claims are dismissed. Success Foundation's motion to dismiss the *Burnett* complaint is granted. The motions by African Muslim Agency, Grove Corporate, Heritage Education Trust, IIIT, Mar–Jac Investments, Reston Investments, Safa Trust, and York Foundation to dismiss the *Burnett* complaint are granted. IIIT's motion to dismiss the *Ashton* complaint is granted. Mar–Jac Poultry's motions to dismiss the *Burnett, Ashton,* and *Federal* complaints are granted. The motions to dismiss the *Federal* complaint by Taha Al–Awani, Muhammad Ashraf, M. Omar Ashraf, M. Yaqub Mirza, and Iqbal Unus are granted. Jamal Barzinji's motion to dismiss the *Federal* complaint is denied, but the RICO, TVPA, intentional tort, and negligence claims against him are dismissed. National Commercial Bank's motion to reconsider the Court's January 18 opinion and order is granted to the extent that it requests the Court to consider its personal jurisdiction defense before resolving the FSIA issue.

So ordered.

**All Citations**

392 F.Supp.2d 539, 10 A.L.R. Fed. 2d 789

Footnotes

1 SHC moves to dismiss the *Ashton, Burnett, Federal, Barrera,* and *Salvo* complaints. The Court consolidated *Barrera v. al Qaeda Islamic Army,* 03 Civ. 7038, with *Ashton* on December 6, 2004. Similarly, at Plaintiffs' request, the Court consolidated *Salvo v. al Qaeda Islamic Army,* 03 Civ. 5071, with *Burnett* on August 16, 2005.

2 Prince Salman moves to dismiss the *Ashton, Burnett,* and *Federal* complaints.

3 Prince Naif moves to dismiss the *Ashton, Burnett,* and *Federal* complaints.

4 The French Interior Minister named one charity, the World Islamic League, during his meeting. Plaintiffs claim this is another name for the Muslim World League.

5 Plaintiffs bring the Court's attention to *Mwani v. bin Laden*, 417 F.3d 1 (D.C.Cir.2005), in which the D.C. Circuit found that Osama bin Laden and al Qaeda were subject to personal jurisdiction under Rule 4(k)(2) because they had "engaged in unabashedly malignant actions directed at and felt in this forum." *Id*. at 13 (citing, among other examples, bin Laden's and al Qaeda's orchestration of the Nairobi embassy bombing and the 1993 World Trade Center bombing, their plot to bomb various landmarks in New York City, their fatwas against Americans, the criminal indictment against them arising from the Nairobi attack, and the conclusions of the 9/11 Commission). As a result, their "decision to purposefully direct their terror at the United States, and the fact that the plaintiffs' injuries arose out of one of those terrorist activities, should suffice to cause the defendants to 'reasonably anticipate being haled into' an American court." *Id*. at 14. In light of the level of bin Laden's and al Qaeda's unquestionably direct involvement in the Nairobi attack, Mwani supports this Court's conclusion that a defendant's actions must be personal or direct so that the defendant has fair warning that his activities could subject him to personal jurisdiction in the United States. *Id.*

6 Rabita Trust moves to dismiss the *Ashton, Burnett,* and *Federal* complaints.

7 Certain Defendants have been designated Specially Designated Global Terrorists ("SDGTs") pursuant to Executive Order 13224. In response to the attacks of September 11, President Bush issued Executive Order 13224 on September 23, 2001, pursuant to the authorities of the International Emergency Economic Powers Act, 50 U.S.C. § 1701 *et seq.,* the National Emergencies Act, 50 U.S.C. § 1601 *et seq.,* United Nations Participation Act of 1945, as amended, 22 U.S.C. 287(c), and 3 U.S.C. § 301. The Secretaries of State and Treasury, in consultation with each other and the Attorney General, may designate individuals or entities if they determine the individual or entity has committed or poses the risk of committing acts of terrorism, or are owned or controlled by terrorists, or assist in or sponsor terrorism. As a result, the property and interests of the SDGT that come within the possession or control of U.S. persons are blocked. The process is intended to deter contributions to designated persons and entities and



HOUSE_OVERSIGHT_017933

heighten public awareness regarding links to terrorism. *See* Executive Order 13224 Fact Sheet *available at* http://www.state.gov/s/ct/rls/fs/2002/16181.htm.

8 Wa'el Jalaidan moves to dismiss the *Ashton, Burnett,* and *Federal* complaints.

9 At oral argument Plaintiffs alleged and Defendant heard for the first time, that Saudi Arabia and the United Nations have also designated him a terrorist.

10 In reaching this conclusion, the Court did not consider the supplemental material that the *Burnett* and *Federal* Plaintiffs submitted in opposition to Mr. Jalaidan's motions to dismiss. (*See* Letter from Sean P. Carter to Court of June 23, 2005; Letter from Jodi Westbrook Flowers to Court of June 24, 2005.)

11 IIRO moves to dismiss the *Ashton, Burnett,* and *Federal* complaints.

12 Tarik Hamdi moves to dismiss the *Burnett* and *Federal* complaints.

13 Abdulrahman Alamoudi moves to dismiss the *Burnett* and *Federal* complaints.

14 Success Foundation moves to dismiss the *Burnett* complaint.

15 Certain of these Defendants object to the label "SAAR Network Defendants," arguing there is no such entity and that, even if there were, Plaintiffs cannot agree as to which Defendants are included in the network. The Court refers to these Defendants under this label solely because Plaintiffs have so-identified these Defendants in their complaints.

16 African Muslim Agency, Grove Corporate, Heritage Education Trust, IIIT, Mar–Jac Investments, Mar–Jac Poultry, Reston Investments, Safa Trust, and York Foundation move to dismiss the *Burnett* complaint. IIIT and Mar–Jac Poultry also move to dismiss the *Ashton* complaint. Mar–Jac Poultry moves to dismiss the *Federal* complaint as well.

17 The *Burnett* Plaintiffs filed one opposition brief in response to all of the SAAR Network entities' motions, except Mar–Jac Poultry. The *Ashton* Plaintiffs filed a single opposition brief in response to IIIT's and Mar–Jac Poultry's motions to dismiss. The *Burnett* and *Federal* Plaintiffs filed separate briefs opposing Mar–Jac Poultry's motions to dismiss.

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# United States District Court
# Southern District of New York

VIRGINIA L. GIUFFRE,

Plaintiff, CASE NO:

v.

ALAN DERSHOWITZ,

Defendant.

_____ /

## COMPLAINT

Boies Schiller Flexner LLP

Plaintiff, VIRGINIA L. GIUFFRE, formerly known as Virginia Roberts ("Roberts"), for her Complaint against Defendant, Alan Dershowitz ("Dershowitz") avers upon personal knowledge as to her own acts and status and upon information and belief and to all other matters:

**NATURE OF THE ACTION**

1. This suit arises out of Defendant's defamatory statements of and concerning Plaintiff.

2. During 2000-2002, beginning when Plaintiff was 16, Plaintiff was the victim of sex trafficking and abuse by convicted sex offender Jeffrey Epstein.

3. Epstein's trafficking scheme involved recruiting young girls, often by claiming they would be paid $200 for simply providing a massage to a wealthy billionaire. The young girl would then be brought up to Epstein's bedroom where Epstein would be on a massage table; Epstein would then sexually abuse the girl. This same pattern was repeated numerous times with numerous children.

4. "From between 1999 – 2007, Jeffrey Epstein sexually abused more than 30 minor girls…in his mansion in Palm Beach Florida, and elsewhere in the United States and overseas… In addition to his own sexual abuse of the victims, Epstein directed other persons to abuse the girls sexually. Epstein used paid employees to find and bring minor girls to him. Epstein worked in concert with others to obtain minors not only for his sexual gratification, but also for the sexual gratification of others." United States District Court Judge Marra February 21, 2016 Summary Judgement Order at 2, Case No.: 9:08-cv-80786 (internal citations omitted). One of the persons with whom Epstein acted in concert was Dershowitz.

5. Like other minor children who came before and after her, Plaintiff was initially recruited to provide massages, and thereafter to engage in a variety of sexual acts, for Epstein.



HOUSE_OVERSIGHT_017936

Plaintiff was required to be on call for Epstein for sexual purposes and frequently traveled with him both nationally and internationally. Plaintiff was regularly abused by Epstein and was lent out by Epstein to others for sexual purposes.

6. Defendant Dershowitz was Epstein's attorney, close friend, and co-conspirator. Dershowitz was also a participant in sex trafficking, including as one of the men to whom Epstein lent out Plaintiff for sex.

7. When Epstein was arrested for sex trafficking in 2006, Dershowitz defended his friend and client by falsely attacking the veracity of his accusers, including calling the children whom Epstein had abused (and, in the case of Plaintiff, the Defendant himself had also abused), liars and prostitutes.

8. Despite his significant criminal activity, Epstein's criminal charges were resolved by a guilty plea to a single Florida state law charge and a non-prosecution agreement (a "NPA") with the U.S. Attorney for the Southern District of Florida. Unknown to the public and the victims at the time, Epstein's lawyers, including Dershowitz, were pressuring the Government to commit to the NPA without informing the victims. Epstein's multiple victims, including Roberts, were kept in the dark and told to be "patient" while Dershowitz participated in the drafting of the NPA and worked to protect Epstein and other "potential co-conspirators" (including himself) from prosecution.

9. On July 7, 2008, a challenge to the NPA was brought on behalf of two of Epstein's victims (not including Plaintiff) based on the fact that, contrary to the requirements of the Criminal Victims' Rights Act (the "CVRA"), the NPA had been concealed from Epstein's victims.

10. In December 2014, Roberts, who had not initially been part of the CVRA action, was asked to, and did, provide information to Plaintiffs' counsel in the CVRA case in which she discussed her sex trafficking by Epstein. On December 31, 2014, Plaintiff's counsel in the CVRA proceeding (Brad Edwards and Paul Cassell) filed a Motion Pursuant to Rule 21 for Joinder in the Action ("Joinder Motion") on behalf of Roberts. Ms. Roberts's joinder motion described how she had been sexually trafficked by Jeffrey Epstein and was forced to have sex with, among others, Alan Dershowitz.

11. Based on Plaintiff's December 2014 filing, Dershowitz, as he had previously done to Epstein's victims, publically and viciously attacked plaintiff's counsel in the CVRA actions, Brad Edwards and Paul Cassell. Dershowitz, in nationally televised news interviews, wrongfully claimed that Edwards and Cassell had engaged in unethical behavior warranting disbarment for filing the Joinder Motion that described Dershowitz's involvement with Epstein and Roberts. Edwards, who is a prominent attorney for sexually abused women and children, and Cassell who is a former United States District Court judge who left the bench to advocate for criminal victims, sued Dershowitz for defamation. Edwards and Cassell asserted that the factual allegations that Dershowitz had knowledge of and participated in Epstein's criminal conduct were entirely proper and well founded and that Dershowitz's statements about Edwards and Cassell were defamatory.

12. In April 2016 Dershowitz settled the Edwards and Cassell defamation claims against him. As a condition of the settlement, Dershowitz required that the financial terms of the settlement be kept confidential.

13. In November 2018, after conducting a lengthy investigation that involved interviewing over eighty (80) women, the Miami Herald published the first in a series of articles

exposing how Epstein and his lawyers had corrupted the legal system to obtain the NPA and referring to Dershowitz's sexual abuse of Roberts. Dershowitz's response on behalf of himself and his client and co-conspirator Epstein has been a desperate barrage of false and increasingly defamatory attacks on Roberts. The purpose and effect of these attacks has been to damage Robert's reputation and credibility and to try to intimidate her into silence.

14. Defendant's central assertion is that Roberts has committed perjury, and that in December 2014, Roberts and her attorneys hatched a scheme to falsely accuse Dershowitz of sex trafficking as part of a criminal attempt to extort a settlement from another party.

15. As Defendant and Epstein well knew, Dershowitz's assertion was false. Dershowitz and Epstein knew that Dershowitz had in fact had sex with Plaintiff. Dershowitz and Epstein also knew that Roberts's assertions about Dershowitz were not part of any criminal extortion plot. Indeed, Dershowitz and Epstein knew that Roberts had identified Dershowitz as a sexual predator years before December 2014.

16. Defendant's knowledge of the falsity of his attacks on Roberts have not, however, limited the scope or scale of those attacks.

17. Examples of Dershowitz's knowingly false and malicious defamatory statements made on behalf of himself and Epstein are:

(a) November 28, 2018: "the story was 100% flatly categorically made up" and "Roberts and her attorneys fabricated the assertion in order to get money from other powerful, wealthy people". (Exhibit 1, p. 8).

(b) December 1, 2018: "I never met Roberts; I never had sex with her; she simply made up the entire story for money". (Exhibit 2).

(c) December 2, 2018: "I was 'deliberately framed for financial reasons'"; Roberts made her claims about Dershowitz "in order to obtain money from a wealthy businessman and that Roberts had never previously included me among the people with whom she claimed to have had sex"; "one of Roberts' own lawyers has acknowledged in front of witnesses that Roberts claims against me are 'wrong' 'simply wrong'"; "I never met Roberts; I never had sex with her; she simply made up the entire story for money". (Exhibit 3).

(d) December 4, 2018: Plaintiff is a "certified, complete, total liar"; "I can prove conclusively that she made the whole thing up". At the same time Dershowitz claimed "that the FBI recognized the evidence showed he was not where she said he was". (Exhibit 4).

(e) December 5, 2018: "Roberts made up the accusations out of whole cloth in order to obtain millions of dollars from Leslie Wexner" and "there is evidence that directly proves I was framed. These include emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was deliberately framed for financial reasons." (Exhibit 5).

(f) March 2, 2019: "My perjuring accusers are Virginia Roberts and Sarah Ransome [who reported that Epstein lent her out to Dershowitz for sex at the same time as Dershowitz was, at Epstein's request, representing Ransome as her lawyer]. Both have long records of lying". (Exhibit 6).

18. Dershowitz and Epstein knew Dershowitz's assertions about Roberts, including his assertions referenced in paragraph 17 above, were, and would be taken by persons who read and heard them to be, specific statements of fact.

19. Dershowitz has repeatedly, publically claimed that he wanted to have a trial that would determine the facts concerning his conduct. He said on national television that he would waive the statute of limitations so that Roberts could sue him for sex abuse. However, when Robert's counsel asked Dershowitz to do so, Dershowitz refused -- and continues to refuse.

20. Similarly, when Dershowitz was faced with an actual case brought by Edwards and Cassell which would have determined the veracity of Roberts' claims, Dershowitz settled to avoid that determination.

21. More recently, Dershowitz, perhaps believing that Roberts who is now living with her husband and children in Australia would not be prepared to engage in litigation, has again taken to claiming publically that he demands a trial on the question of whether Roberts committed perjury and made up her statements about him for money. For example on March 2, 2019: My "accusers are Virginia Roberts and Sarah Ransome…I hereby accuse my false accusers of committing the felony of perjury and challenge them to sue me for defamation." (Exhibit 6).

22. Mr. Dershowitz now has what he claims to have been looking for.

**JURISDICTION AND VENUE**

23. This is an action for damages in an amount in excess of the minimum jurisdictional limits of this Court.

24. This Court has jurisdiction over this dispute pursuant to 28 U.S.C. §1332 (diversity jurisdiction) in that Roberts and Dershowitz are citizens of different states and the amount in controversy exceeds seventy-five thousand ($75,000), exclusive of interest and costs.

25. This Court has personal jurisdiction over Defendant. Defendant resides in New York City; Defendant conducts regular business in New York City; and this action arose,

defamatory statements were made, and abuse occurred, within the Southern District of New York.

26. Venue is proper in this Court as (a) the cause of action arose within the jurisdiction of this Court and (b) Defendant resides within this District.

## PARTIES

27. Plaintiff is an individual who is a citizen of the State of Florida and a resident of Australia.

28. Defendant Dershowitz is an individual who resides in the Southern District of New York at 2 Tudor City Place Apt. 10EN, New York, New York 10017.

29. Jeffrey Epstein is an individual who resides in the Southern District of New York at 9 East 71st Street, New York, New York, 10021.

## FACTUAL ALLEGATIONS

### A. Epstein's Sex Trafficking Enterprise

30. Plaintiff became a victim of sex trafficking and repeated sexual abuse after being recruited by Ghislaine Maxwell and Jeffrey Epstein when Plaintiff was under the age of eighteen.

31. Between 2000 and 2002, Epstein sexually abused Roberts at numerous locations including his mansions in West Palm Beach, Florida, New Mexico, the Virgin Islands, and this District. Epstein also flew Roberts on his plane nationally and internationally numerous times when she was under the age of 18. Only portions of the flight logs of Epstein's private planes are yet known, and Epstein also flew Roberts frequently on commercial airlines to meet him and others. However, the chart below which shows Roberts' flights on Epstein's private plane from the limited logs that are available illustrates the international scope of Epstein's sex trafficking.



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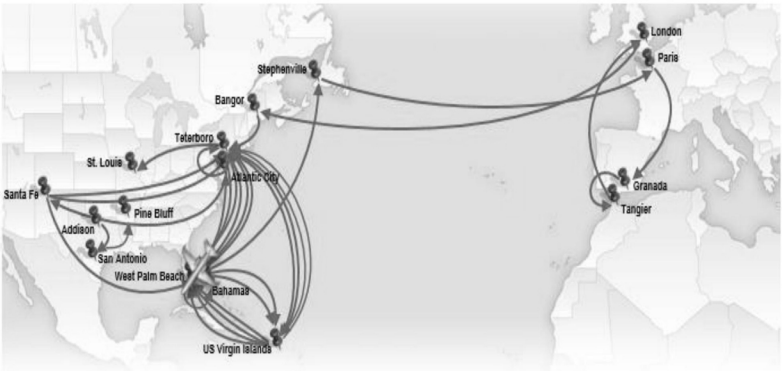


32. Between 1999 and 2007, with the assistance of numerous co-conspirators, Epstein abused more than thirty (30) minor underage girls, a fact confirmed by state and federal law enforcement.

33. After years of abuse, Epstein sent Roberts to Thailand in September 2002. One of Roberts' assignments from Epstein was to bring a young girl back to Epstein in the United States. Fearing for her life, and not wanting to subject another young girl to the abuse she was forced to endure, Roberts fled from Thailand to Australia to escape from Epstein.

**B. <u>Dershowitz's Role with Epstein and Abuse of Plaintiff</u>**

34. Dershowitz has been "a close friend of Mr. Epstein" for many years. (Exhibit 7). In 2003, Dershowitz said "I'm on my 20th book… The only person outside of my immediate family that I send drafts to is Jeffrey." "The Talented Mr. Epstein." *Vanity Fair* 2003. (Exhibit 8). Dershowitz also described Epstein as his friend "I would be interested in him [Epstein] as a friend if we had hamburgers on the boardwalk in Coney Island and talked about his ideas." "Vanity Fair Reminds US When Jeffrey Epstein Wasn't a Creep." *The Atlantic Wire*. June 21, 2011. Dershowitz frequently traveled with Epstein, including on Epstein's private plane. In

addition, Epstein's employees have confirmed that Dershowitz visited Epstein's Palm Beach and New York City mansions often, would stay overnight, and was present when the victims of Epstein's sex trafficking were there. Dershowitz also visited Epstein's other homes.

35. In addition to their close friendship, Dershowitz represented Epstein as his attorney. On or about December 2, 2018, Dershowitz stated that he is still Epstein's attorney (Exhibit 9).

36. During the time period that Roberts was being trafficked by Epstein she was forced to have sex with Alan Dershowitz. Roberts was forced to engage in sexual acts with Dershowitz in, among other locations, Epstein's mansion located at 9 East 71st Street, New York, New York 10021.

**C. <u>The Arrest and Prosecution of Epstein</u>**

37. Epstein ultimately pled guilty to procuring a minor for prostitution, and is now a registered sex offender.

38. In September 2007, Epstein entered into a Non-Prosecution Agreement ("NPA") in which the U.S. Attorney for the Southern District of Florida agreed not to prosecute Epstein for numerous federal sex crimes committed in that District.

39. In the NPA, the United States Attorney for the Southern District of Florida additionally agreed that it would not institute any federal criminal charges against any potential co-conspirators of Epstein.

40. Epstein flippantly referred to his sexual abuse of multiple minors, and the slap on the wrist he had received for it, in a 2011 interview with the New York Post: "Billionaire pervert Jeffrey Epstein is back in New York City – and making wisecracks about his just-ended jail stint for having sex with an underage girl. 'I am not a sexual predator, I'm an "offender,"' the



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financier told The Post yesterday. "'It's the difference between a murderer and a person who steals a bagel,' said Epstein." February 25, 2011, New York Post "Billionaire Jeffrey Epstein: I'm a Sex Offender Not A Predator".

**D. <u>The Criminal Victims' Rights Act Proceeding</u>**

41. Rather than confer with the victims about the NPA, the U.S. Attorney's Office and Epstein, who was represented by Dershowitz at that time, agreed to a "confidentiality" provision in the Agreement barring its disclosure to anyone—including Epstein's victims. As a consequence, the victims were not told about the NPA.

42. On July 7, 2008, a young woman identified as Jane Doe No. 1, one of Jeffrey Epstein's victims (other than Roberts), filed a petition to enforce her rights under the Crime Victims' Rights Act ("CVRA"), 18 U.S.C. ¶ 3771, alleging that the Government failed to provide her the rights promised in the CVRA with regard to the plea arrangement with Epstein.

43. On February 21, 2019, the Court found that the victims' rights had been violated and granted summary judgment in favor of the victims finding: "It was a material omission for the Government to suggest to the victims that they have patience relative to an investigation about which it had already bound itself not to prosecute." Order at 31. In its Order the Court acknowledged that: "Jeffrey Epstein sexually abused more than 30 minor girls". The Court also found: "Among other provisions, the NPA expanded immunity to any 'potential coconspirator' of Epstein's: 'In consideration of Epstein's agreement to plead guilty and to provide compensation in the manner described above, if Epstein successfully fulfills all of the terms and conditions of this agreement, the United States also agrees that it will not institute any criminal charges against any potential co-conspirators of Epstein, including but not limited to Sarah Kellen, Adriana Ross, Lesley Groff or Nadia Marcinkova… From the time the FBI began

investigating Epstein until September 24, 2007 – when the NPA was concluded – the Office never conferred with the victims about a NPA or told the victims that such an agreement was under consideration." Order at 2, 8.

**E. Victims Refuse Silence**

44. Ultimately, as a mother and one of Epstein's many victims, Roberts concluded that she should speak out about her sexual abuse experiences in hopes of helping others who had also suffered from sexual trafficking and abuse, and of possibly protecting future potential victims.

45. On December 23, 2014, Roberts incorporated an organization called Victims Refuse Silence, Inc., a Florida not-for-profit corporation.

46. Roberts intended Victims Refuse Silence to change and improve the fight against sexual abuse and human trafficking. The goal of her organization was, and continues to be, to help survivors surmount the shame, silence, and intimidation typically experienced by victims of sexual abuse, and to help others to escape becoming victims of sex trafficking.

**F. Defendant Acted Maliciously to Defame, Discredit, and Intimidate Roberts**

47. Dershowitz made his false and defamatory statements as set forth above on behalf of himself and on behalf of his co-conspirator and client Epstein, in the Southern District of New York and elsewhere, in a deliberate effort to maliciously discredit Roberts and silence her efforts to expose the sexual abuse she suffered. Dershowitz and Epstein did so with the purpose and effect of having others repeat such false and defamatory statements and thereby further damaged Roberts's reputation. Dershowitz and Epstein knew Dershowitz's statements were false.

48. Dershowitz made his statements to discredit Roberts in concert with Epstein and others, including Ghislaine Maxwell, one of Epstein's long-time procurers, as part of a conspiracy to discredit and try to silence Roberts. Epstein was particularly interested in discrediting and silencing Roberts because he feared a reopening of a federal criminal investigation of him.

49. Dershowitz made his statements pursuant to his conspiracy with Epstein and Maxwell maliciously as part of an effort to conceal sex trafficking crimes committed around the world by Epstein and other powerful persons.

50. Dershowitz and Epstein intended Dershowitz's false and defamatory statements set out above to be broadcast around the world and to intimidate and silence Roberts from making further efforts to expose sex crimes committed by Epstein and other powerful persons, including Dershowitz.

51. Dershowitz and Epstein intended their false statements to be specific statements of fact. Dershowitz's false statements were, as he and Epstein intended, broadcast around the world and were reasonably understood by those who heard them to be specific factual claims by Dershowitz that he had not had sex with Roberts, that Roberts was intentionally lying about having sex with Dershowitz, that Roberts committed the crime of perjury, that Roberts had committed the crime of extortion, and that Roberts had intentionally fabricated her assertions about Dershowitz to extort money from others.

52. Epstein also worked with other of his attorneys to attack Roberts' allegations, including in a false statement they made in a letter to the editor to the New York Times asserting: "The number of young women involved in the investigation has been vastly exaggerated, there



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was no 'international sex-trafficking operation' and there was never evidence that Mr. Epstein 'hosted sex parties' at his home". (Exhibit 10).

**G. Dershowitz's Lies**

53. From the beginning, Dershowitz and Epstein have sought to hide their crimes behind a curtain of lies. In response to Roberts' description of Dershowitz's participation in Epstein's sex trafficking, Dershowitz began a series of intentional, outright lies designed to distance himself from Epstein, to cover up his own wrongdoing, and to discredit Roberts and intimidate her into silence.

54. Dershowitz's repeated lies are compelling evidence both of his lack of credibility and his guilt. Only a person seeking to conceal improper conduct would have engaged in the pattern of lies which has characterized Dershowitz's statements since his sex trafficking was revealed.

55. In attempt to conceal his relationship with Epstein, Dershowitz in January 2015 asserted that "my relationship with him was entirely professional. It is a total bum rap to say that I…was 'chummy' with him". (Exhibit 11). That was a lie, as Dershowitz and Epstein knew (*see*, e.g., paragraphs 34-35).

56. Both to conceal Dershowitz's relationship with Epstein, and to discredit Roberts, Dershowitz has repeatedly asserted that he was only at Epstein's residence once in Palm Beach, and that was with his family. However, Juan Alessi, a long time Epstein household employee, has confirmed that Dershowitz visited Epstein "pretty often. I would say at least four or five times a year" and that he would "typically" stay two or three days. Similarly, Alfredo Rodriguez who worked for Epstein approximately only six months confirmed that during that six months period Dershowitz visited Epstein twice.

57. Again, both to conceal his relationship with Epstein and to discredit Roberts, Dershowitz has repeatedly asserted that he was never in Epstein's residence in the presence of young women. As both Dershowitz and Epstein know, that assertion was also false. As Mr. Rodriguez has confirmed, there were "also young ladies in the house at the time he [Dershowitz] was there". Mr. Rodriguez also confirmed that "Mr. Dershowitz was there" when "women came to Mr. Epstein's home to give a massage". Mr. Rodriguez also confirmed that "Alan Dershowitz was at the house" with "the local Palm Beach girls" who he was "told to call masseuses", although he did not himself know whether or not Dershowitz personally received a massage.

58. Maria Farmer was an employee of Epstein responsible for "manning the front door at his New York mansion and keeping records of people who came to the home" (Exhibit 12, ¶ 2).

(a) Ms. Farmer "witnessed a number of school age girls coming to the house, some of the young girls would be wearing their school uniforms"…who "then would be escorted upstairs" (Exhibit 12, ¶ 3).

(b) Ms. Farmer was told these young girls "were interviewing for modeling positions" even though "it did not seem credible to me that these young girls were interviewing for modeling positions". (Exhibit 12, ¶ 3).

59. Ms. Farmer asserts that "Alan Dershowitz was an individual who came to visit Epstein at his New York mansion a number of times when I was working for Epstein. Dershowitz was very comfortable at the home and would come in and walk upstairs. On a number of occasions I witnessed Dershowitz at the NY mansion going upstairs at the same time there were young girls under the age of 18 who were present upstairs in the house" (Exhibit 12, ¶ 4).

60. Ms. Farmer, like other victims of, and witnesses to, Epstein and Dershowitz's sex trafficking and abuse has been subjected to attacks and intimidations. (Exhibit 12, ¶¶ 8-9). Her courageous testimony, together with the sworn testimony of victims such as Sarah Ransome and witnesses such as Mr. Alessi and Mr. Rodriguez , proves beyond any doubt that Dershowitz's claims that he was never present where Ms. Roberts was trafficked, and never in the presence of young girls, are a lie intended to cover up his culpability.

61. Again both to conceal his relationship with Epstein and to discredit Roberts, Dershowitz has repeatedly asserted that he has records that prove that it would have been "impossible" for him to be with Roberts because he was never in the same place and time as Roberts. As both Dershowitz and Epstein know, that too was a lie. The testimony of Epstein's household staff establishes that Dershowitz was repeatedly at Epstein's residence. Even Dershowitz's own selected, incomplete, and apparently revised, records demonstrate that Dershowitz was present at locations where Ms. Roberts was with Epstein.

62. Dershowitz's assertion that Roberts accused him of having sex with her only after her lawyers convinced her to do so in late 2014 is not only false, as both Dershowitz and Epstein knew, but thoroughly disproved by the record.

63. Roberts had identified Dershowitz as a participant in her sexual abuse at the time it occurred. She did so again in 2009. In 2010 Epstein's co-conspirators were repeatedly asked about Dershowitz. For example:

(a) Adriana Ross refused to answer on Fifth Amendment grounds whether "Alan Dershowitz stays at Jeffrey Epstein's house…when underage minor females have been in the bedroom with Jeffrey Epstein".

(b) Nadia Marcinkova refused to answer on Fifth Amendment grounds: "Alan Dershowitz is also somebody that you also know to have been at the house when L.M. was being sexually abused in Jeffrey Epstein's bedroom, correct?"

64. In 2011 Counsel for Edwards wrote Dershowitz:

(a) On August 23, 2011: "We…have reason to believe that you have personally observed Jeffrey Epstein in the presence of underage females".

(b) On September 7, 2011: "Multiple individuals have placed you in the presence of Jeffrey Epstein on multiple occasions and in various locations when Jeffrey Epstein was in the company of underage females subsequently identified as victims of Mr. Epstein's criminal molestations."

65. Dershowitz lied and stated that he had never flown on Jeffrey Epstein's plane with a young woman and always flew with his wife. (*Hala Gorani, CNN Live,* Jan. 5, 2015). However, even the limited publically available flight logs of Jeffrey Epstein's private plane demonstrate that Dershowitz flew often on Epstein's planes without his wife; with young women, including a Victoria's Secret model; Epstein's procurer Ghislaine Maxwell; and Sarah Kellen who was identified by the Government as Epstein's co-conspirator in his sex trafficking.

66. Dershowitz also lied by saying that he "never" got a massage from anybody: "I never got a massage from anybody. It's made up out of whole cloth." (*NY Daily News*, January 21, 2015). However, after it was revealed that Epstein's household staff identified Dershowitz as one of the recipients of "massages" at Epstein's Palm Beach mansion, Dershowitz changed his story and admitted he got a massage at Epstein's Palm Beach home but claimed: **"I kept my underwear on during the massage."** (*Local 10*, January 22, 2015).

67. Dershowitz lied and said he never saw any naked pictures of females in Epstein's Palm Beach home during his many visits, yet the police footage that was obtained from the search of Epstein's home proves that there were naked pictures of females throughout the home including in the common areas.

68. In a desperate attempt to deflect attention from his own misconduct, Dershowitz fabricated an extortion plot by Roberts and her lawyers. Dershowitz falsely told the media that he was being used as a pawn as part of a fanciful plan to extort money from a billionaire business mogul and colleague of Epstein. Dershowitz's claim was that he was framed in order to send a message to the billionaire that this is what would happen to the billionaire if the billionaire did not pay Roberts and her attorneys. As Dershowitz knew:

(a) No complaint was ever made against the billionaire.

(b) No money was either paid or demanded by or from the billionaire.

(c) Roberts' assertions about Dershowitz long predated the time of the alleged extortion plot.

69. Dershowitz also falsely claimed that Roberts' lawyer had told him that he had concluded that Roberts was "wrong" and "simply wrong" in accusing Dershowitz. Dershowitz, in violation of the canons of ethics and in at least one case in violation of state law, had surreptitiously tape recorded confidential settlement negotiations he had engaged in with Ms. Roberts' lawyer. Dershowitz then played and described excerpts from those tapes out of context to reporters to try to make it appear that Ms. Roberts' lawyer's hypothetical comments, and characterizations of Dershowitz's assertions, represented that lawyer's conclusions. As the sworn testimony (Exhibit 13) of Dershowitz's own lawyer, and the facts set forth below, demonstrate, Dershowitz's assertions about what Ms. Roberts' lawyer said are, again, false.

70. In May 2015 Dershowitz requested confidential settlement negotiations with Ms. Roberts' lawyers in which Dershowitz sought to convince Ms. Roberts lawyer that Ms. Roberts was mistaken, and that the person to whom Epstein had lent Ms. Roberts was Nathan Myhrvold, not Dershowitz. Dershowitz claimed that he had been at Epstein's home only once (and that he was there with his family); that he had never been in the vicinity of Epstein's island; that he had not been at Epstein's New York mansion; and that he had been at Epstein's New Mexico ranch only once for a few hours (again with his family). Dershowitz provided a summary of his whereabouts that purported to prove that his assertions were true.

71. Dershowitz was told that, based on what was shown in his summary, it would have been impossible for Ms. Roberts' assertions about him to be true, and that if his assertions proved out, Ms. Roberts counsel would undertake to convince her that she must have made a mistake.

(a) Dershowitz was also told, however, (i) that his assertions would have to be proven, (ii) that Ms. Roberts had always been very clear that she recalled having had sex with Dershowitz multiple times, and (iii) that everyone was convinced that Ms. Roberts was telling the truth as she recalled it.

(b) Dershowitz responded that he did not doubt that Ms. Roberts was telling the truth as she recalled it and that she would have no difficulty passing a lie detector test. He said he simply believed Ms. Roberts had made an honest mistake in confusing him with Nathan Myhrvold.

72. Following Dershowitz' presentations, Dershowitz's representations were investigated and repeatedly proven false.

(a) Dershowitz's alleged backup for his travel summary proved to be incomplete and in some instances apparently altered.

(b) Dershowitz's key claim that he had not stayed at Epstein's house was proven false, including by the testimony of Epstein's household employees Juan Alessi (*see* ¶ 56 above) and Alfredo Rodriguez (*see* ¶¶ 56-57 above) as well as the testimony of Sarah Ransome (Exhibit 14) and Maria Farmer (Exhibit 12).

(c) Dershowitz's claim that Ms. Roberts confused him with Nathan Myhrvold was tested by showing Ms. Roberts pictures of both. She was, and is, clear that it was Dershowitz, not Myhrvold, with whom she had sex.

(d) Dershowitz's claim he had never been on Epstein's plane without his wife was proven false by plane logs.

(e) Dershowitz's claim that he had never seen pictures of young females at Epstein's house was proven false by Palm Beach police and FBI reports.

(f) Dershowitz's claim that he had never been in the presence of young females was proven false by the testimony of Epstein's household employer (*see* ¶¶56-57) and of young women themselves (*see* Exhibit 14 [Ransome] and Exhibit 12 [Farmer].)

73. After Dershowitz's claimed proof of exonerating evidence collapsed, and the evidence of his guilt grew, Roberts' lawyer's told Dershowitz in writing that they "had discovered evidence inconsistent with some of [your] representations", that his travel "records were incomplete", and that he "should have settled the case when he had a chance".

74. Roberts' lawyer explicitly told Dershowitz that neither Roberts nor her lawyer would make any statement saying or implying that Roberts was mistaken in her charge that

Dershowitz participated in her sexual trafficking and abuse. In his public statements, Dershowitz conspicuously omits any reference to the statements by Roberts' lawyers after they had investigated his representations and concluded that they were false.

75. Faced with the mounting evidence of his guilt, Dershowitz abandoned his attempt to get Roberts or her lawyer to concede a mistake or that Roberts had been wrong, and desperately sought even a suggestion that an error was "possible".

76. In December 2015 Ms. Roberts' counsel again told Mr. Dershowitz that "Virginia is adamant about her current recollection" and that neither Ms. Roberts nor her counsel believed she was mistaken in identifying Mr. Dershowitz as one of the men to whom Epstein had lent her out for sex. In response, Mr. Dershowitz did not claim that Ms. Roberts lawyers had told him that they did not believe her.

77. Instead, the morning of December 9, 2015, Mr. Dershowitz pleaded: "David, Have we given up on a mutually acceptable statement from VR or you. Let's keep trying. We are not that far apart." (Exhibit 15). When Ms. Roberts lawyer did not immediately respond, Mr. Dershowitz wrote later the same day:

> "We should be aiming at a short simple statement such as: "The events at issue occurred approximately 15 years ago when I was a teenager. Although I believed then and continued to believe that AD was the person with whom I had sex, recent developments raise the possibility that this may be a case of mistaken identification." (Exhibit 15).

Mr. Dershowitz went on to write: "It would be acceptable if the statement came from you rather than her, if she prefers." (*Id.*)

78. Wholly absent at this point was any assertion by Mr. Dershowitz that Ms. Roberts was lying, or that she made up her charge as part of an extortion claim, or that after investigating his alleged evidence Ms. Roberts' lawyer did not believe her. On the contrary, Mr. Dershowitz expressly recognized that Ms. Roberts' belief was an honest one. All Mr. Dershowitz was pleading for was an acknowledgement that there was a "possibility" that there "may be" a case of mistaken identification. Even that plea was rejected by Ms. Roberts and her lawyers as misleading.

79. Dershowitz's present PR claim that Roberts' lawyers disbelieved their client, and that Roberts intentionally committed perjury as part of an extortion scheme, is just another Dershowitz lie. His reliance on statements taken out of context, his failure to include the statements of Roberts' lawyer after Dershowitz's supposed evidence had been investigated, and the damning admissions of his own lawyers, reveal Dershowitz's total lack of support for his allegation that Roberts and her lawyers concocted knowingly false allegation against him as part of a supposed extortion plot.

80. Dershowitz also lied to attempt to deflect Sarah Ransome's revelations about him. Ms. Ransome revealed that during the time she was a victim of Epstein's sex trafficking, Epstein's arranged for his lawyer, Dershowitz, to also represent Ms. Ransome. Ms. Ransome also described how, during the time Dershowitz was her lawyer, Epstein lent her out to Dershowitz for sex. (Exhibit 14).

81. Dershowitz asserted that he never had sex with Ms. Ransome, that he never represented Ms. Ransome, that he did not even know Ms. Ransome, and that Ms. Ransome's statements about him were fabricated by Ms. Roberts' lawyer in retaliation for a bar complaint that Dershowitz had filed against that lawyer (Exhibit 16). However, as Dershowitz knew:

(a) He did have sex with Ms. Ransome.

(b) He was Ms. Ransome's lawyer.

(c) Ms. Ransome's statements about her involvement with Dershowitz preceded any contact with Roberts' attorneys. For example, Ransome's first contact with any of Roberts' lawyers was in November 2016, and at least as early as October 2016 Ransome had identified Dershowitz in writing to a reporter as someone who had had sex with one or more of the girls provided by Epstein and that Epstein had arranged for Dershowitz to be Ransome's lawyer.

82. After settling the case against him brought by Messrs. Edwards and Cassell, Dershowitz told the media he had been vindicated, while at the same time insisting that the term of the settlement remains confidential. Edwards and Cassell responded: "Following the announcement of the settlement of defamation claims against Alan Dershowitz, he has been making public statements suggesting that he has prevailed in the lawsuit and that the terms of the settlement exonerate him of any wrongdoing. Those statements are at best misleading. It is a mistake for anyone to conclude based upon Mr. Dershowitz's statements that the case against him was abandoned due to lack of factual support. It is a mistake for anyone to conclude based upon Dershowitz's statements that Bradley Edwards and Paul Cassell had determined that the allegations against Alan Dershowitz made by Virginia Roberts Giuffre were false or unfounded. Neither the terms of settlement nor the agreed upon joint public statement issued as part of the settlement support any such conclusion and it is false to state or suggest otherwise." *Dershowitz Settles Sex Case, But is He Vindicated*? The American Lawyer, April 10, 2016.

83. Dershowitz continues to this day to insist that the terms of his settlement with Edwards and Cassell remain confidential -- a position that can only be explained by

Dershowitz's knowledge that revealing how much he had paid to avoid a trial of the allegations against him would reveal his guilt.

84. As described above, Dershowitz has also repeatedly asserted that he wanted to have a trial to establish his innocence. By contrast, he paid to settle the case that would have provided that trial. He even lied about his being willing to waive the statute of limitations so that Roberts could sue him for sex abuse -- a lie almost immediately exposed when he was promptly asked to do so and, equally promptly refused.

**COUNT I DEFAMATION**

85. Plaintiff Roberts re-alleges paragraphs 1 – 84 as if the same were fully set forth herein. Dershowitz made his false and defamatory statements deliberately and maliciously with the intent to intimidate, discredit and defame Roberts.

86. In December 2018, and thereafter, Dershowitz, on behalf of himself and Epstein, intentionally and maliciously released to the press his false statements about Roberts in an attempt to destroy Roberts' reputation and brand her as a liar and cause her to lose all credibility in her efforts to help victims of sex trafficking.

87. Dershowitz and Epstein knew that Dershowitz's assertions would dilute, discredit, and neutralize Roberts's public and private messages to sexual abuse victims and ultimately prevent Roberts from effectively providing assistance and advocacy on behalf of other victims of sex trafficking, or expose her abusers.

88. Using his role as a powerful lawyer with powerful friends, Dershowitz's statements were published internationally for the malicious purpose of further damaging a sexual abuse and sexual trafficking victim; to destroy Roberts's reputation and credibility; to cause the

world to disbelieve Roberts; and to destroy Roberts's efforts to use her experience to help others suffering as sex trafficking victims.

89. Dershowitz, personally, intentionally, and maliciously made false and damaging statements of fact concerning Roberts, as detailed above, in the Southern District of New York and elsewhere.

90. The false statements that Dershowitz made, personally on behalf of himself and Epstein not only called Roberts's truthfulness and integrity into question, but also exposed Roberts to public hatred, contempt, ridicule, and disgrace.

91. At the time Dershowitz made his false statements, he and Epstein, knew full well that they were completely false.

92. Dershowitz's false statements constitute libel, as he and Epstein knew that they were going to be transmitted in writing, widely disseminated on the internet and in print. Dershowitz intended his false statements to be published by newspaper and other media outlets internationally, and they were, in fact, published globally, including within the Southern District of New York.

93. Dershowitz's false statements constitute libel per se, including that they accused her of a crime, and including that they exposed Roberts to public contempt, ridicule, aversion, and disgrace, and induced an evil opinion of her in the minds of right-thinking persons.

94. Dershowitz's false statements also constitute libel per se, inasmuch, among other reasons, as they tended to injure Roberts in her professional capacity as the president of a non-profit corporation designed to help victims of sex trafficking, and inasmuch as they destroyed her credibility and reputation among members of the community that seeks her help and that she seeks to serve.

95. Dershowitz's false statements directly stated and also implied that in speaking out against sex trafficking Roberts acted with fraud, dishonesty, and unfitness for the task. Dershowitz's false statements directly and indirectly assert that Roberts lied about being sexually trafficked and abused by Epstein and having sex with Dershowitz, and that Roberts committed the crimes of perjury and extortion. Dershowitz's false statements were reasonably understood by many persons who read his statements as conveying that specific intention and meaning.

96. Dershowitz's false statements were reasonably understood by many persons who read those statements as making specific factual claims that Roberts was lying about specific facts, and committed the crimes of perjury and extortion.

97. Dershowitz specifically directed his false statements at Roberts' true public description of factual events, and many persons who read Dershowitz's statements reasonably understood that those statements referred directly to Roberts' account of the abuse she suffered at the hands of Epstein and Dershowitz.

98. Dershowitz and Epstein intended Dershowitz's false statements to be widely published and disseminated on television, through newspapers, by word of mouth, and on the internet. As intended by Dershowitz and Epstein, Dershowitz's statements were published and disseminated around the world.

99. Dershowitz made his false statements on behalf of himself and Epstein in reckless disregard of their truth or falsity and with malicious intent to destroy Roberts's reputation and credibility; to prevent her from further disseminating her life story; and to cause persons hearing or reading Roberts's descriptions of truthful facts to disbelieve her entirely. Dershowitz made his false statements on behalf of himself and Epstein wantonly and with the specific intent to maliciously damage Roberts's good name and reputation in a way that would destroy her efforts



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to administer her non-profit foundation, or share her life story, and thereby help others who have suffered from sexual abuse.

100. As a result of Dershowitz's and Epstein's campaign to spread false, discrediting, and defamatory statements about Roberts, Roberts suffered substantial damages in an amount to be proven at trial.

101. Dershowitz's false statements have caused, and continue to cause, Roberts economic damage, psychological pain and suffering, mental anguish and emotional distress, and other direct and consequential damages and losses.

102. Dershowitz's and Epstein's campaign to spread his false statements nationally and internationally was unusual and particularly egregious conduct. Dershowitz and Epstein sexually abused and trafficked Roberts, conspired to avoid having these crimes properly prosecuted and discovered, and wantonly and maliciously set out to falsely accuse, defame, and discredit Roberts to deny and conceal the scope and scale of their crimes. In so doing, Dershowitz's efforts constituted a public wrong by deterring, damaging, and setting back Roberts' efforts to help victims of sex trafficking. Accordingly, this is a case in which exemplary and punitive damages are appropriate.

103. Punitive and exemplary damages are necessary in this case to deter Dershowitz, Epstein and others from wantonly and maliciously using a campaign of lies to discredit Roberts and other victims of sex trafficking.

## PRAYER FOR RELIEF

WHEREFORE, Plaintiff Roberts respectfully requests judgment against Defendant Dershowitz, awarding compensatory, consequential, exemplary, and punitive damages in an



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amount to be determined at trial, but in excess of the $75,000 jurisdictional requirement; costs of suit; attorneys' fees; and such other and further relief as the Court may deem just and proper.

**JURY DEMAND**

Plaintiff hereby demands a trial by jury on all causes of action asserted within this pleading.

Dated: April 16, 2019.

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# EXHIBIT 1

**Even from jail, sex abuser manipulated the system. His victims were kept in the dark**

*BY Julie K. Brown*
NOV. 28, 2018

# PERVERSION of JUSTICE

A decade before #MeToo, a multimillionaire sex offender from Florida got the ultimate break.

*Palm Beach County Courthouse*

*June 30, 2008*

Jeffrey Edward Epstein appeared at his sentencing dressed comfortably in a blue blazer, blue shirt, jeans and gray sneakers. His attorney, Jack Goldberger, was at his side.

At the end of the 68-minute hearing, the 55-year-old silver-haired financier — accused of sexually abusing dozens of underage girls — was fingerprinted and handcuffed, just like any other criminal sentenced in Florida.

But inmate No. W35755 would not be treated like other convicted sex offenders in the state of Florida, which has some of the strictest sex offender laws in the nation.

Ten years before the #MeToo movement raised awareness about the kid-glove handling of powerful men accused of sexual abuse, Epstein's lenient sentence and his extraordinary treatment while in custody are still the source of consternation for the victims he was accused of molesting when they were minors.

Beginning as far back as 2001, Epstein lured a steady stream of underage girls to his Palm Beach mansion to engage in nude massages, masturbation, oral sex and intercourse, court and police records show. The girls — mostly from disadvantaged, troubled families — were recruited from middle and high schools around Palm Beach County. Epstein would pay the girls for massages and offer them further money to bring him new girls every time he was at his home in Palm Beach, according to police reports.

The girls, now in their late 20s and early 30s, allege in a series of federal civil lawsuits filed over the past decade that Epstein sexually abused hundreds of girls, not only in Palm Beach, but at his homes in Manhattan, New Mexico and in the Caribbean.

In 2007, the FBI had prepared a 53-page federal indictment charging Epstein with sex crimes that could have put him in federal prison for life. But then-Miami U.S. Attorney Alexander Acosta signed off on a non-prosecution agreement, which was negotiated, signed and sealed so that no one would know the full scope of Epstein's crimes. The indictment was shelved, never to be seen again.

Epstein instead pleaded guilty to lesser charges in state court, and was required to register as a sex offender. He was sentenced to 18 months incarceration.

But Epstein — who had a long list of powerful, politically connected friends — didn't go to state prison like most sex offenders in Florida. Instead, the multimillionaire was assigned to a private wing of the Palm Beach County stockade, where he was able to hire his own security detail. Even then, he didn't spend much time in a cell. He was allowed to go to his downtown West Palm Beach office for work release, up to 12 hours a day, six days a week, records show.

Read Next

LOCAL

**Sex abuser Jeffrey Epstein was surrounded by powerful people. Here's a sampling**

He was permitted to hire his own private psychologist for his required sex-offender counseling, and after his release from jail, his subsequent year of probation under house arrest was filled with trips on his corporate jet to Manhattan and to his home in the U.S. Virgin Islands — all approved by the courts with no objections from the state.

On the morning of his sentencing in 2008, none of Epstein's victims were in the courtroom to protest his soft jail term or the unusual provisions of his incarceration and probation — and that was by design.

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

By

Emails and letters contained in court filings reveal the cozy, behind-the-scenes dealings between federal prosecutors and Epstein's indomitable legal team during the run-up to his federal plea deal, as they discussed ways to minimize his criminal charges and avoid informing the girls about the details of the deal until after the case was resolved.

That arrangement benefited Epstein in a number of ways. Unlike other high-profile sex crime cases, federal prosecutors agreed to keep his sentencing quiet, thereby limiting media coverage. His underage victims — identified in FBI documents — weren't told about the plea deal so they weren't in court, where they could voice their objections and possibly sway the judge to give Epstein a harsher sentence or reject the agreement altogether.

Most important, Epstein's crimes would be reduced to felony prostitution charges, giving him the ability to argue that the girls weren't victims at all — they were prostitutes.

Four accomplices named in Epstein's non-prosecution agreement — Nadia Marcinkova, Sarah Kellen, Adriana Ross and Lesley Groff — were also given immunity from federal prosecution. Marcinkova was a young girl when Epstein brought her from Yugoslavia to live with him. Several victims told police that she was involved in orgies with Epstein and underage girls. Ross, Groff and Kellen, now known by her married name, Vickers, were schedulers who arranged his underage sex sessions, according to the FBI and police.

Marcinkova and Kellen, through their attorneys, declined to comment for this story. The Herald was unsuccessful in reaching Ross and Groff.

Acosta, who is now President Donald Trump's secretary of labor, told lawmakers last year at his confirmation hearing that he did not know that Epstein would receive such liberal treatment while incarcerated. But court records show that federal prosecutors under his authority acquiesced to many of Epstein's demands, including that he not go to federal or state prison.

"I can't remember how I found out that he had taken a plea," said Courtney Wild, identified by the FBI as one of more than three dozen underage girls — some of them as young as 13 — who had been molested by Epstein at his waterfront estate between 2001 and 2005.

"We were purposefully misled into believing that his sentencing [in state court] had nothing to do with the federal crimes he committed against me or the other girls."

Epstein, now 65, was released in 2009 after serving 13 months.

Wild, who was 14 when she met Epstein, is suing the federal government, alleging that prosecutors kept her and other victims in the dark as part of a conspiracy to give Epstein — described in the lawsuit as "a powerful, politically connected multimillionaire" — one of the most lenient deals for a serial child sex offender in history.

Courtney Wild is suing the federal government, claiming that prosecutors deliberately kept her and other victims of Jeffrey Epstein in the dark about the status of his case. The U.S. Attorney's Office signed a non-prosecution agreement with the multimillionaire. Emily Michot *EMICHOT@MIAMIHERALD.COM*

Now 31, Wild is Jane Doe No. 1 in "Jane Doe 1 and Jane Doe 2 vs. the United States," which seeks to overturn Epstein's plea agreement on the grounds that it was executed in violation of the federal Crime Victims' Rights Act. The measure affords crime victims a series of rights, including to confer with prosecutors and to be notified about plea negotiations and sentencing.

That lawsuit — and an unrelated state court case scheduled for trial on Dec. 4 — could expose more about Epstein's crimes, as well as who else was involved and whether there was any undue influence that tainted the federal case.

## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

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Some of Epstein's victims will finally have an opportunity to testify for the first time as part of the Dec. 4 case in state court in Palm Beach County. It pits Fort Lauderdale attorney Bradley Edwards against Epstein, who had accused Edwards of malfeasance in his representation of several victims.

Jack Scarola, the attorney representing Edwards, said Epstein should be held accountable for his unrelenting attacks against Edwards — as well as others who were involved in his case.

"We are going to demonstrate through this case that no one — no matter how much money they have — can abuse children and then attempt to bully those who come to the defense of children," said Scarola, a former state prosecutor.

### Florida and beyond

Few people had as much insight into Epstein's lifestyle — and its international reach — as Virginia Roberts. By age 16, Roberts had lived a life that was beyond that of most high school girls.

At 11, she says, she was sexually molested by a family friend. At 12, she was smoking pot and skipping school. At 13, she was in and out of foster homes, and at 14, she was on the street.

In Miami, the runaway became a captive of a 65-year-old sex trafficker, Ron Eppinger. For months, she says, she was sexually abused, kept in an apartment and pimped out to pedophiles. After his indictment in 2000 on trafficking charges, Roberts returned to West Palm Beach and tried to heal.

Virginia Roberts, now Giuffre, says she was 16 and working as a locker room attendant at Donald Trump's Mar-a-Lago resort when she was approached by Ghislaine Maxwell, Jeffrey Epstein's associate, about becoming a masseuse for Epstein. *COURTESY OF VIRGINIA ROBERTS*

That summer, when Roberts was 16, she said her father helped her get a job as a locker room attendant at the spa at Donald Trump's Mar-a-Lago resort in Palm Beach, records show. Her father worked at the resort as a maintenance man.

There she said she met Ghislaine Maxwell, an Epstein friend and socialite daughter of the late British publishing magnate Robert Maxwell. She offered Roberts an opportunity to become a massage therapist, working for Epstein.

In a sworn court affidavit and in a recent interview with the Herald, Roberts described how Epstein and Maxwell began grooming her — not just to perform massages, but to sexually pleasure them and others.

"It started with one and it trickled into two and so on," Roberts told the Herald. "And before you know it, I'm being lent out to politicians and academics and royalty."

Roberts, too, was ordered to find Epstein girls — the younger, the better — by trolling areas where teenagers congregated, such as shopping malls, to lure girls to whatever residence Epstein was staying in at the time, she told the Herald.

She began to travel with Epstein and Maxwell to Epstein's other homes, in New York, New Mexico and the U.S. Virgin Islands — and her trips are documented in flight logs that frequently list her name or her initials as a passenger, court records show.

"His appetite was insatiable. He wanted new girls, fresh, young faces every single day — that was just the sickness that he had," Roberts said.

Neither Epstein nor his lead attorney, Goldberger, responded to requests for comment.

Roberts alleges that Epstein had cameras throughout his homes and said he liked her to tell him about the sexual peccadilloes of various important men she had sex with.

"Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would 'owe him,' they would 'be in his pocket,' and he would 'have something on them,' " Roberts said in a court affidavit. "I understood him to

mean that when someone was in his pocket, they owed him favors.''

Roberts elaborated in her interview with the Herald, saying that Epstein had access to girls through a modeling agency that recruited them from overseas.

Epstein, who was close to Les Wexner, the owner of Victoria's Secret, often talked about his connections to people in the modeling, fashion and acting industries, Roberts told the Herald.

"He [Epstein] would tell the girls, 'Hey, I will give you a modeling contract if you go have sex with this man [whichever acquaintance Epstein designated],' " she said.

Roberts' story about the modeling agency is supported, to a degree, by the sworn statement of a Miami woman named Maritza Vasquez, who was later interviewed in New York by an FBI agent from Miami. Vasquez worked as a bookkeeper for Mc2, owned by Epstein associate Jean-Luc Brunel. He employed scouts in South America, Europe and the former Soviet Union to find him models to bring to the United States, Vasquez said in a 2010 sworn court deposition obtained by the Herald.

Vasquez stated in the deposition that from 2003 to 2006 she handled all the finances and payroll for the agency, including a bank transaction involving Epstein. She said Epstein invested $1 million in Mc2.

The models were often very young — 13, 14 and 15 — and some of them were housed in apartments at 301 E. 66th St. in New York, a building purportedly owned by Epstein, the deposition said.

Epstein didn't charge the girls rent, Vasquez said, but Brunel charged them $1,000 a month, with four of them at a time sharing one apartment. The girls who were the youngest and most beautiful stayed at the 66th Street apartments, which were more luxurious than the other apartments that were used to house models who were not as young and desirable, she said.

Vasquez once let one of the models, who was 14, stay overnight with her after the girl ran into trouble with police for trying to get into a Manhattan nightclub. Vasquez also testified that she helped a lawyer obtain visas for the foreign models, and assisted with their transportation to and from modeling assignments and parties.

Vasquez said that even though the agency employed 200 to 300 models, the company didn't make any money and Brunel was always broke. Brunel would later sue Epstein, alleging that the financier's sex scandal had caused his business to fail, but the suit was eventually dropped.

Vasquez testified it wasn't unusual for the agency to send girls to an assignment with a wealthy client for $100,000 or more, but the girl wouldn't be paid the full amount — or anything at all — if she refused to be "molested.''

Vasquez considered herself a mother figure and often coached the youngest girls to stick to the 9-to-5 modeling assignments because she didn't think it was appropriate for them to be having sex.

She said she met Epstein only once, but she often helped arrange for girls — many of them underage — to be sent to his homes in New York, Palm Beach and his island in the Caribbean for parties. She heard salacious rumors about Epstein's parties, but testified she had no firsthand knowledge about whether they involved sex.

Vasquez said that she was questioned by the FBI and she tried to tell agents where to look for evidence.

Vasquez was eventually let go from the agency after she was accused of stealing money — money she claims was given to her by Brunel. Vasquez said she was placed on probation for the theft. She never heard from the FBI about Epstein again.

The Herald was unsuccessful in reaching Brunel through his former attorney.

In a written statement released in 2015, Brunel denied any involvement in trafficking underage models.

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," he said. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager."

**Too old at 19**

In 2003, when Roberts turned 19, it was clear that Epstein had lost interest because she was too old for him, she said. She convinced him to pay for her to get training to become a real professional masseuse so that she could move on.

In an interview, she explained that Epstein arranged for her to take a class in Thailand, but it came with a hitch: She said she was instructed to pick up a Thai girl he had arranged to come to the States.

Roberts, who showed the Herald the written instructions for the rendezvous, never picked up the girl because Roberts met a man on the trip who would become her husband. The couple married and moved to Australia, where they currently live.

In 2007 — at the same time the FBI was investigating Epstein — Roberts, pregnant with her second child, said she unexpectedly received phone calls from Maxwell and Epstein. She said they were worried that she had told police about them. She assured them she had not spoken to anyone, she said.

Shortly afterward, Roberts said, she was contacted by someone who claimed to be with the FBI. But she was afraid to tell that person details, fearing it was really an Epstein associate posing as an FBI agent.

That agent, identified in court papers as Timothy Slater, confirmed that he and the other agent on the case, Nesbitt Kuyrkendall, called Roberts in January or February 2007. In a sworn statement, Slater said he informed Roberts that they suspected she was a victim of Epstein's.

The agent said Roberts answered basic questions, but became uncomfortable and "asked that I not bother her again."

Roberts said the agent didn't try too hard to convince her to talk, and she was surprised when he hung up after asking her a few graphic questions about her sex life. She said she was suspicious, but would have cooperated had the FBI talked to her in person and explained why they were asking about Epstein.

"I was still scared to death," Roberts said. "Jeffrey used to tell me that he owned the entire Palm Beach Police Department. I just didn't want my family harmed."

She nevertheless was listed by federal prosecutors as one of Epstein's Palm Beach victims.

As the years went by and Roberts had a daughter, she would be haunted by a fear that Epstein was still taking advantage of young girls. In 2011, she went public in a paid interview with a British tabloid, the Daily Mail, asserting that she had had sex with Prince Andrew, one of Epstein's friends, several times when she was a teen.

In her 2015 affidavit, she discussed in detail some of her alleged sex encounters with the prince and Epstein's other friends, including lawyer Alan Dershowitz. Edwards included the affidavit in the court file as part of the Jane Does' Crime Victims' Rights Act case, at which time it became public.

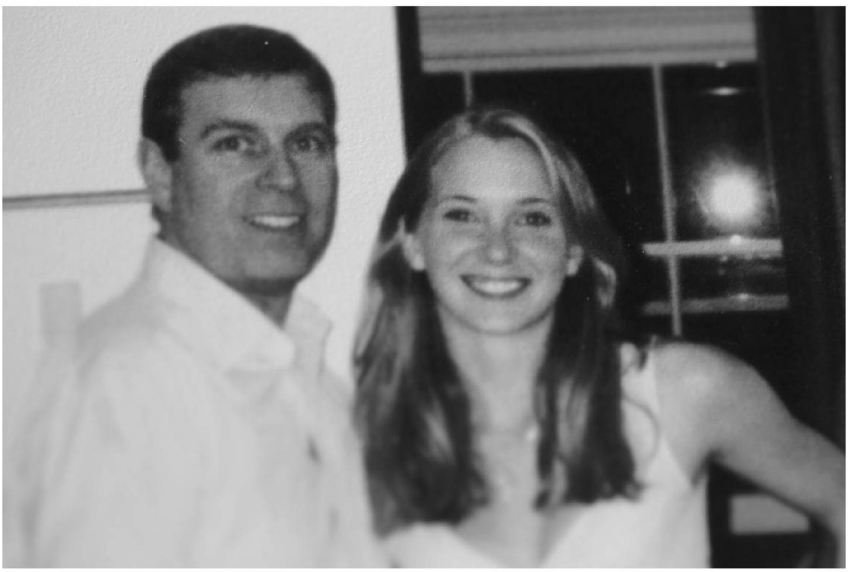

Virginia Roberts says she was loaned out by Jeffrey Epstein to his friend Prince Andrew, shown here. He denies they had sex. *COURTESY OF VIRGINIA ROBERTS*

In the affidavit, Roberts claimed that Epstein and Maxwell directed her to have sex with Andrew and Dershowitz and others. She had sex with Andrew three times, she alleged — once in London, when she was 17, again in New York, when she was 17, and a third time, as part of an orgy on Epstein's island, when she was 18. By law, at 17, she would have been above the age of consent in New York and England, but not in Florida, where the age of consent is 18.

As part of the affidavit, Roberts furnished a photograph of her with the prince and Maxwell, which she said was taken in London.

Dershowitz, who was part of Epstein's criminal defense team, was often a guest at Epstein's homes, she said.

"I had sexual intercourse with Dershowitz at least six times," Roberts wrote in the 2015 court affidavit. "The first time was when I was about 16, early on in my servitude to Epstein and it continued until I was 19." She detailed some of those alleged trysts, which she said happened at Epstein's homes in Palm Beach, New Mexico and on Epstein's island.

One of Epstein's housemen, Juan Alessi, testified in a 2009 sworn deposition that Dershowitz visited Epstein's Palm Beach home four or five times a year. He said that Roberts was a frequent visitor as well, but he never placed Dershowitz and Roberts at the house at the same time.

Alessi, who testified he worked for Epstein from 1999 to 2002, said there were often young girls who gave massages at the house, even in the middle of the night. But he said he never checked their ages, and only knew one girl for certain who was underage, because he had picked her up from high school. That girl, who is now an actress, was not one of Epstein's masseuses, Alessi said.

He also said he was Maxwell's driver, and he recalls waiting outside of Mar-a-Lago the day Maxwell met Roberts. He testified he saw Maxwell talking to Roberts and recalls Roberts coming to Epstein's mansion later that day. One of Alessi's jobs was to drive Maxwell to various spas in Palm Beach where she left business cards in order to "recruit" more masseuses, he said in the sworn deposition.

Dershowitz, Prince Andrew and Maxwell have long denied Roberts' allegations.

In an interview with the Herald, Dershowitz reiterated that he had never met Roberts, and never saw Epstein with any underage girls.

"The story was 100 percent flatly categorically made-up," he said, adding that Roberts and her attorneys fabricated the assertion in order to get money from other powerful, wealthy people she alleges she had sex with.

"The only possible reason to accuse me in public and [them] in private is so she could get money," Dershowitz said.

Edwards and his co-counsel in the Crime Victims' lawsuit, University of Utah law professor Paul Cassell, sued Dershowitz for defamation and Dershowitz countersued in 2015. The case was settled out of court, with Dershowitz saying he had been vindicated.

Dershowitz said he received a massage at Epstein's Palm Beach home only once — but that it was just a regular, therapeutic massage by a masseuse — not by Roberts or anyone underage. Dershowitz's wife was there at Epstein's house at the time, Dershowitz said in the deposition taken for the case in 2015.

"I never had any knowledge of Jeffrey Epstein having any contact with any underage women — ever," Dershowitz told the Herald.

Edwards and Cassell admitted making a "tactical mistake" in filing the accusations against Dershowitz as part of a lawsuit not involving him. But they emphasized that the settlement had no bearing on the veracity of Roberts' allegations.

The judge for the Crime Victims' Rights Act lawsuit agreed that the affidavit was misplaced in that case, and it was dropped.

Prince Andrew's spokesman at Buckingham Palace did not respond to an email requesting comment.

Roberts, now 35, said it has taken her a long time to stand up to Epstein. She and 20 other victims received settlements from Epstein, ranging from $50,000 to more than $1 million. The exact amounts have been kept confidential.

"It takes so long until you are able to speak about it. It took me having a daughter and looking at this young, beautiful innocent baby to say I want to speak out about it now. I'm hoping that this will bring out more girls so that they say, Me Too."

### The state court hearing

The judge at Epstein's sentencing hearing at the Palm Beach County Courthouse knew very little about Epstein's crimes. The sentencing paperwork was restricted to Epstein's specific charges: one count of solicitation of prostitution and one count of procuring a person under the age of 18 for prostitution.

"Are there more than one victim?" Circuit Court Judge Deborah Dale Pucillo asked the prosecutor at Epstein's sentencing on June 30, 2008.

"There's several," replied assistant state prosecutor Lanna Belohlavek.

"Are all the victims in both of these cases in agreement with the terms of this plea?" Pucillo later asked.

"Yes," Belohlavek replied, telling the judge that she had spoken to "several" of Epstein's victims.

Emails show that federal prosecutors didn't want the judge to know how many victims and accomplices there were.

Federal prosecutor A. Marie Villafaña — in a September 2007 email to Epstein lawyer Jay Lefkowitz — said: "I will mention co-conspirators but I would prefer not to highlight for the judge all the other crimes and all the other persons that we could charge."

Attorney Spencer Kuvin happened to be in court that day because he'd heard Epstein was to appear, but Kuvin didn't know why. He figured he'd use it as an opportunity to serve Epstein with civil court papers involving one of several victims he represented. Instead, he listened to what was happening and couldn't believe that no one had contacted him or his clients.

"I was shocked to learn that the proceeding involved my client's case and there was nothing I could do except watch as they disposed of her case without ever telling her," Kuvin said.

At the hearing, Belohlavek and Epstein's attorney, Goldberger, were in sync, the court transcript shows. Epstein would be required to register as a sex offender, but his probation would not be served under the strict requirements of sex offender probation.

Jeffrey Epstein is a registered sex offender in New York State and Florida. Emily Michot *EMICHOT@MIAMIHERALD.COM*

The judge didn't question those provisions, but she did ask why Epstein was going to serve his sentence in the Palm Beach County stockade instead of in a Florida state prison, like most sex offenders.

After he pleaded guilty in state court, Jeffrey Epstein was assigned to a private section of the Palm Beach County stockade. Soon, however, he was allowed to leave the compound six days a week, 12 hours a day, for what was termed work release. Emily Michot *EMICHOT@MIAMIHERALD.COM*

"We just decided that was the best way to accomplish what needed to be done here and the parties agreed that that sentence satisfied everyone's requirements,'' Goldberger replied.

Said Judge Pucillo: "The taxpayers of Palm Beach County are going to pay 18 months to house this guy instead of DOC [the Department of Corrections]?"

Belohlavek: "Right.''

Pucillo did not respond to a request for comment on the case.

Villafaña, the lead federal prosecutor in Epstein's case, was in the courtroom, but there's no indication she objected to Epstein's cozier jail accommodations.

When he entered jail in July 2008, Epstein was arguably the most well-known inmate there. Records also show that Epstein hired Palm Beach sheriff's deputies for his security details, paying them for the hours they spent monitoring him on work release at his West Palm Beach office, where he often stayed until 10 p.m., jail logs show.

The Herald reviewed their time sheets, showing that the deputies logged visitors coming and going to and from his office throughout the day. A record log of his visitors was kept in a safe, but the log no longer exists, according to a spokeswoman for the Palm Beach County Sheriff's Office.

One deputy who often worked Epstein's detail said that his assignment was to stay in a front reception room of Epstein's office. Epstein was in a separate office — with the door closed — most of the day as he accepted visitors, both male and female, the deputies' logs show.

"It was not our job to monitor what he was doing in that office,'' the deputy, now retired, told the Herald.

In their early reports in July 2008, the deputies referred to Epstein as "inmate'' but within a few weeks the language had changed and he was called a "client." He was occasionally allowed to take a break for lunch by sitting outside in a park, the records show, and they also gave him permission to scout for a new office. While on work release, he was required to wear an ankle bracelet to monitor his whereabouts.

The work release was approved by the Palm Beach County Sheriff's Office, said spokeswoman Therese Barbera.

"Jeffrey Epstein, while in custody, met the criteria for the Work Release Program," Barbera wrote in an email. "There was no factual basis to deny Mr. Epstein the same availability of this program that is offered to other inmates under similar circumstances. Mr. Epstein was closely monitored and there were no problems encountered during his time in the program."

But the sheriff's own work release policy — a copy of which Barbera provided to the Herald — specifically notes that sex offenders aren't eligible for work release.

While officially confined to the Palm Beach County stockade, serving time for his sex offenses, Jeffrey Epstein was allowed to spend half his day at this West Palm Beach office building. It was called work release, although Palm Beach Sheriff's Office rules prohibit work-release status for sexual offenders. Emily Michot *EMICHOT@MIAMIHERALD.COM*

At first, Barbera questioned whether Epstein was a sex offender at all, noting that he didn't have to register officially until after his release from the jail in 2009. But his court papers clearly listed him as a sex offender. In fact, the papers Epstein signed — obtained by the Herald — included all the laws governing registered sex offenders in Florida.

Barbera refused to explain why Epstein was seemingly allowed to deviate from the agency's policies. She also would not respond to requests for an accounting of the amount of money that Epstein paid the sheriff's office for his private details.

Palm Beach Sheriff Ric Bradshaw, who has been in office since 2004 — and is widely considered to be one of the most powerful people in the county — did not respond to requests for comment.

A spokeswoman for Palm Beach County Sheriff Ric Bradshaw declined to say why Jeffrey Epstein was allowed work-release status despite rules prohibiting work release for sex offenders. Taylor Jones *PALM BEACH POST*

Epstein's registration requirements are somewhat confusing, even to those who are responsible for keeping his registration. The Florida Department of Law Enforcement, which keeps the online registry, and the Palm Beach County Sheriff's Office, where Epstein has to register in person twice a year, gave

conflicting explanations over the past six months about who is responsible for ensuring that he is complying with the law.

On Nov. 14, the Herald asked the sheriff's office for a full accounting of Epstein's check-ins for 2018. The record the office supplied two days later showed he registered in January and in July — as required. But PBSO also inexplicably had him registering on Nov. 14 — the very same day that the Herald asked for the records from the sheriff's office.

When asked about this sudden registration, Barbera replied: "The information we provided you was a snapshot from the FDLE website. Perhaps, someone from FDLE can provide a reason for you."

Said FDLE spokeswoman Gretl Plessinger in an email: "The screenshot is not on the public registry. This is information inputted by the local agency when the offender comes into the local sheriff's office to register."

Plessinger said Epstein is not covered by the state's new three-day rule, which requires sex offenders to re-register when they come to stay in Florida for three days or more. His town of Palm Beach home is already on file, as a temporary residence, she said.

So it's not clear why he would have suddenly registered a third time on Nov. 14.

State Sen. Lauren Book, a child sex abuse survivor and vocal advocate for tough sex offender monitoring, called the case an appalling example of how those in the justice system allow wealthy people to skirt the law and bend the rules.

"These prosecutors, and judges and sheriffs who are making these decisions and allowing things to fly — we have to hold these people accountable. They are supposed to uphold the law — regardless of who a person is and how much money they have in the bank or who they had on their airplane."

## Piece by piece

Over the years, Courtney Wild, Virginia Roberts and more than a dozen other women who say they were victims of Epstein have been quietly challenging the traditional legal norms that have failed to punish Epstein and other men in positions of power for sexual abuse.

Epstein has paid millions of dollars in civil compensation that, for the most part, has kept the details about his operation out of the public eye. As a result, much — but not all — of the testimony and evidence collected as part of the vast litigation has been sealed or redacted from public court records.

The girls who were abused by Jeffrey Epstein and the cops who championed their cause remain angry over what they regard as a gross injustice, while Epstein's employees and those who engineered his non-prosecution agreement have prospered.

By

Taking a page from Epstein's legal team, lawyers representing Epstein's victims hired private investigators and former police detectives to dig into Epstein's life. Over the past decade, they've tracked down hundreds of people, including dozens of other potential victims; they've interviewed Epstein's recruiters, bookkeepers, housekeepers, butlers, pilots and drivers. They've traveled around the country and the world, taking statements and sworn depositions, coaxing people to talk who had previously been too reticent to come forward.

In short, they did what criminal prosecutors didn't do.

Some of the information they've learned was given to federal authorities in New York. Edwards said those authorities have shown no interest in opening a new investigation focused on crimes he is alleged to have committed in that state, where he is listed as a level 3 sex offender, the most dangerous category, considered at risk to re-offend, records show. In New York, he has to register every 90 days.

Virginia Roberts holds a photo of herself at age 16, when she says Palm Beach multimillionaire Jeffrey Epstein began abusing her sexually. Emily Michot
*EMICHOT@MIAMIHERALD.COM*

**Holding abusers accountable**

In 2015, Roberts sued Maxwell for defamation in New York after Maxwell called her a liar in a news interview. The civil lawsuit was an effort by Roberts not just to clear her name, but an attempt to prove that Epstein and Maxwell operated an international underage sex trafficking operation. The lawsuit was settled out of court in 2017 and nearly all the evidence presented in the case has been sealed.

Roberts' attorney, Sigrid McCawley, claims that Roberts received a sizable settlement, although the amount is confidential.

"She wanted to hold her abusers accountable and we were able to do that by bringing this case ... which we ultimately settled very successfully for her," said McCawley, an associate of noted Bush-Gore recount lawyer David Boies, who has also pursued cases against Epstein in federal court in New York.

Maxwell's lawyer, Laura Menninger, declined to comment, referring the Herald to the court history.

"[Roberts] fabricated a story of abuse at the hands of Ms. Maxwell in exchange for hundreds of thousands of dollars from British tabloids with a motive for selling papers and advertisements and without regard for truth, veracity or substantiation," Menninger noted in a 2016 response filed in the case.

In February, the Miami Herald filed a federal court motion in the Southern District of New York, seeking access to documents that were sealed in the Maxwell case. The motion, which was not opposed by Roberts, could have cast light on the full scope of Epstein's possible sex trafficking operation, who was involved and whether it was covered up. Maxwell has opposed the Herald's motion, which was denied in August.

The Herald is appealing.

Today, Epstein has a new private jet, which takes him around the world. Flight records show that he spends most of his time on his private island, Little St. James in the U.S. Virgin Islands, which he now lists as his permanent residence. He is registered in New York and the U.S. Virgin Islands as a sex offender. New Mexico, where he owns a sprawling ranch, does not list him as a convicted sex offender.

As part of its investigation, the Herald learned that in 2013, the federal government conceded that it had given Epstein what it called "valuable consideration" for information he provided to the FBI as part of his plea deal. The documents do not elaborate, but Epstein — a hedge fund manager who once worked for the investment firm Bear Stearns — was listed as a key investor who lost money in the financial crash of 2008.

Francey Hakes, a former federal child sex crimes prosecutor, said any consideration the government gave to Epstein should be made public.

"The public has a right to know why he got a slap on the wrist, and what was the interest that was so great that allowed him to not get prosecuted?"

Nadia Marcinkova, now a professional pilot, worked for Jeffrey Epstein when he was molesting young women. Victims told police Marcinkova would participate in sex acts, often as Epstein choreographed every move. Jerod Harris

In recent years, Epstein has been traveling the world in his new Gulfstream V jet. He has been active in various charitable causes and scientific research projects. The Jeffrey Epstein VI Foundation, based in the U.S. Virgin Islands, has helped fund NeuroTV, an online network that features interviews with academics and scientists.

**Then and now**

Both Nadia Marcinkova and Sarah Kellen changed their names after the scandal.

Marcinkova, 32, briefly became Marcinko. She visited Epstein more than 70 times when he was in Palm Beach custody. She went on to a career in real estate. And she is now an FAA-certified commercial pilot and flight instructor who goes by the name "Global Girl" on social media. (www.facebook.com/GlobalGirlAviation/)

Sarah Kellen, who used the name Kensington for a while, is now married to NASCAR driver Brian Vickers. The couple divides their time between homes in North Carolina, New York and Miami Beach.

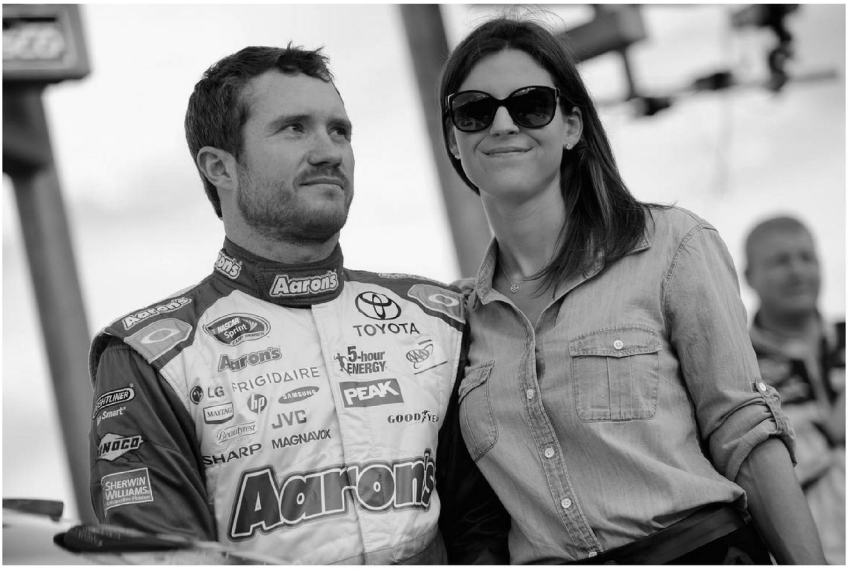


NASCAR driver Brian Vickers and his wife, Sarah, take part in pre-race ceremonies in Sparta, Ky., on June 28, 2014. She was known as Sarah Kellen when she was an aide to Jeffrey Epstein. According to police, she scheduled visits of underage girls to Epstein's Palm Beach estate for massages that turned sexual. She was not charged with a crime. Will Schneekloth *GETTY IMAGES*

Maxwell, 56, transformed herself into an internationally known environmentalist. In 2012, she founded the TerraMar Project, a nonprofit environmental group that works to protect the world's oceans. In 2013, she gave a TED Talk on ocean conservation, discussing her diving expeditions around the world.

Dershowitz, 80, continues to lecture around the country. A professor emeritus at Harvard Law School, Dershowitz has been a frequent commenter on cable TV programs, often defending President Trump.

Prince Andrew, the Duke of York, 58, remained friends with Epstein, and in 2010, a photograph was taken of the two of them strolling in Manhattan. It was later revealed that Epstein had loaned the prince's ex-wife, Sarah Ferguson, $24,000 to pay off some debts. Ferguson later called the loan a "gigantic error of judgment."

**Plain human beings**

Crime victims' rights advocates have used the Epstein case to strengthen the federal law in recent years, adding more precise language mandating that prosecutors notify victims about plea bargains and allow victims to be heard at sentencing.

Because some statute-of-limitation laws set deadlines for filing civil and criminal sex crime cases, it's difficult to bring them years later, said Marci Hamilton, a University of Pennsylvania professor who is working to ease

those restrictions across the country.

Ghislaine Maxwell, daughter of a British press magnate and Jeffrey Epstein's close associate when he was inviting underage girls into his bedroom, leads a TED Talk on environmental issues.

But she points out that there has been no statute of limitations for federal sex crimes involving children since 2002.

Children who are sexually abused often take decades to reveal what happened to them, in part because their brains aren't wired at a young age to understand the trauma they've experienced, said Kenneth V. Lanning, a retired FBI agent who investigated and studied child sex crimes for 40 years.

"We want to hold children to some superhuman standard because they behave this way. In reality, police, prosecutors and judges have to understand that children are not all angels from heaven. They are just plain human beings who are emotionally immature so we have to protect them from their own decisions."

Wild, who continues to fight her federal case on behalf of all of Epstein's victims, said she hopes that the federal judge hearing the Crime Victims' Rights case will make a ruling soon, one that will send a message to prosecutors who fail to consider the rights of crime victims.

"Really if you think about this too hard, it's scary because this is our government that is supposed to protect us but has done everything to protect a pedophile," she said.

## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

Your digital subscription, starting at $0.99 for the first month, supports investigative journalism like this.

# EXHIBIT 2

# Letter to the Editor: Alan Dershowitz responds to Raw Story report

RAW STORY - COMMENTARY
01 DEC 2018 AT 18:36 ET

*Alan Dershowitz (Fox News)*

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To the Editor,

In your recent story titled "**Trump Defender Alan Dershowitz is deeply involved in the sordid Jeffrey Epstein scandal**" you level outright false claims that I had sexual encounters with Virginia Roberts. These are exactly the same false claims that were made in 2014 and were thoroughly disproved and withdrawn.

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

After leveling these claims in detail, you say that I "steadfastly denied her claims." Not only did I deny the claims, I conclusively disproved them. I produced my travel, phone, credit card, and TV appearance records conclusively proving I could not have been and was not in any of the places Roberts claims I was during the time that she knew Epstein. The former Director of the F.B.I., assisted by a former assistant U.S. attorney and a chief federal marshal, reviewed these records and the other evidence and concluded that "the totality of the evidence found during the investigation refutes the allegations." The judge struck Robert's affidavit and sanctioned her lawyers for filing it, and her lawyers then withdrew their accusation admitting that it was a mistake. After reviewing the evidence, ABC News cancelled their plan to show an interview with Roberts because she was not credible.

There is other evidence, currently under seal, that directly establishes my innocence. I am seeking to unseal emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons."

There is also irrefutable evidence that Roberts lied about other people for money. She told a British tabloid that she met Al and Tipper Gore on Epstein's Island and she swore that she had dinner with Bill Clinton on the Island. But Secret Service records prove that none of these people were on the Island. Indeed, the Gores didn't even know Epstein.

I have a tape recording of a conversation with Robert's closest friend in which she says that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from a wealthy businessman, and that Roberts had never previously included me among the people with whom she claimed to have had sex.

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

One of Roberts own lawyers has acknowledged in front of witnesses that Roberts' claims against me are "wrong" "simply wrong." The evidence of my innocence is indisputable: I never met Roberts; I never had sex with her; she simply made up the entire story for money.

Roberts made her false claims against me in court documents that immunize her from being sued for defamation. I challenge her to repeat her false accusations out of court, so that I can sue her for defamation and let a jury decide—after seeing all the evidence including the emails and book manuscript—who is telling the truth and who is lying.

*Editors Note: Professor Alan Dershowitz sent the previous response to our story, "**Trump Defender Alan Dershowitz is deeply involved in the sordid Jeffrey Epstein scandal**." In his response, Mr. Dershowitz claims Raw Story accused him of having sexual encounters with Virginia Roberts. Upon careful review of **our story**, both before and after publication, this is not the case. Our story reports the accusations leveled by others.*

https://www.rawstory.com/2018/12/letter-editor-alan-dershowitz-responds-raw-story-report/

# EXHIBIT 3

# Alan Dershowitz: 'I never had sex with Virginia Roberts' | Miami Herald

miamiherald.com/opinion/letters-to-the-editor/article222532470.html

In its series on the Jeffrey Epstein case, "Perversion of Justice," the Herald quotes an affidavit by Virginia Roberts — a woman I never met — claiming she had sex with me on Epstein's island, ranch, plane and mansion. It then simply says I "denied" it.

In fact, I disproved it. I produced my travel, phone, credit card and TV appearance records, conclusively proving that I could not have been and was not in any of these places during the time Roberts knew Epstein. The former FBI director, assisted by a former assistant U.S. attorney and a chief federal marshal, reviewed these records and the other evidence and concluded that, "The totality of the evidence found during the investigation refutes the allegations."

There is other evidence, currently under seal, that directly establishes my innocence. I am seeking to unseal emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons."

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There is also irrefutable evidence that Roberts lied about other people for money. She told a British tabloid that she met Al and Tipper Gore on Epstein's island and swore that she had dinner with Bill Clinton on the island. But Secret Service records prove that none of these people were on the island. Indeed, the Gores didn't even know Epstein.

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I have a tape recording of a conversation with Roberts' closest friend in which she says that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from a wealthy businessman, and that Roberts had never previously included me among the people with whom she claimed to have had sex.

Finally, one of Roberts' own lawyers has acknowledged in front of witnesses that her claims against me are "wrong" "simply wrong."

The evidence of my innocence is indisputable: I never met Roberts; I never had sex with her; she simply made up the entire story for money.

Roberts made her false claims against me in court documents that immunize her from being sued for defamation. I challenge her to repeat her false accusations out of court, so that I can sue her for defamation and let a jury decide — after seeing all the evidence,

including the suppressed emails and book manuscript — who is telling the truth and who is lying.

# EXHIBIT 4

# Dershowitz Goes Off on Woman Who Made Underage Sex Allegations: 'She Should Be Seriously Punished'

by Ronn Blitzer | 2:26 pm, December 4th, 2018

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Just hours after convicted pedophile **Jeffrey Epstein** agreed to settle a civil case brought against him by attorney **Bradley Edwards**, Epstein's lawyer from his past criminal case, **Alan Dershowitz**, discussed his former client on the Law&Crime Network. Epstein was accused of trafficking more than 40 underage girls for sex, and one such girl claimed Dershowitz himself had sex with her when she was underage.

Dershowitz vehemently denies the claim, telling host **Brian Ross** that accuser **Virginia Roberts** is a "certified, complete, total liar," and that her allegations are a "complete and total fabrication." He also added that she should be punished by the law for what she did.

The Harvard Law Professor Emeritus noted that Roberts' allegations were eventually withdrawn, and that the FBI recognized the evidence showed he was not where she said he was. He pointed to documented evidence that proves he is innocent.

"I can prove conclusively that she made the whole thing up," Dershowitz said, citing travel records that he says prove where he was at the time she claims she had sex with him. "It's conclusive, conclusive evidence."

"More importantly, I can prove where I wasn't," he said, after stating outright, "Never met her, don't know who she is, never heard of her."

Similarly, Dershowitz said that Roberts claimed that notable figures such as **Bill Clinton**, **Al Gore**, and **Tipper Gore** were present on an

island, when Secret Service records proved they were never even there.

Dershowitz said Roberts' allegations were part of an extortion plot, and that she "should be seriously punished for submitting false information and a false affidavit."

The attorney emphasized that Roberts has not been willing to repeat her allegations against him in public, and that she has only accused him in the context of litigation, which affords certain protections.

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"She simply hides behind litigation privileges," Dershowitz said, encouraging Ross to call Roberts and see if she would repeat her claims. "And if she does, I will be in court the next day suing her for defamation and I will win the case 'cause I can prove conclusively that she made up the whole story from top to bottom."

Ross then turned to the controversial deal that Epstein received from federal prosecutors who were investigating the trafficking case against him. Federal prosecutors agreed not to prosecute him, and let him plead guilty to state charges that resulted in a 13-month prison sentence that allowed Epstein to leave prison during the day for work. Federal prosecutors allegedly did not even inform victims before making the deal, which is now the subject of a request for an Inspector General investigation. Congressional Democrats said in a letter that they want to know more about the circumstances surrounding the deal, which was made by then-U.S. Attorney and current Secretary of Labor **Alex Acosta**.

As Epstein's defense attorney in that case, Dershowitz is not upset about it the deal at all.

"I'm very proud of that deal, that's what lawyers are supposed to do," he said. "Lawyers are supposed to get the best deals they can." If he could have gotten 10 months or no time at all, that would have been even better, he said.

Acosta said in the past that Epstein's lawyers, including Dershowitz, put pressure on his office by investigating his staff. Dershowitz has denied this.

"Acosta was very tough," Dershowitz said, contrary to concerns that he did anything improper. Dershowitz pointed out that the problem feds had was proving that girls were transported in interstate commerce.

"Unless you can prove that, you don't have a federal case, only a state case."

[Image via Law & Crime Network screengrab]

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filed under
Alan Dershowitz, Jefrey Epstein

# EXHIBIT 5

Letters

# Letter to the Editor: Article Misrepresented Dershowitz

2

By Alan M. Dershowitz
Alan M. Dershowitz is a Professor of Law emeritus at Harvard Law School.

December 5, 2018

To the editor,

The Crimson story regarding Jeffrey Epstein omitted the central point I made in my interview with the reporter. I welcome an investigation by Harvard or any other institution, including prosecutors, into the wilfully false charges made by Virginia Roberts for financial gain. Omitting this crucial statement is irresponsible and unethical journalism.

Virginia Roberts leveled her false accusations four years ago. At the time, I disproved them categorically. The matter was put to rest, with even her lawyers admitting that it was a mistake and wrong. Then four years later the Miami Herald recycled this false accusation and The Crimson reported on the Herald's recycled report. I wrote a letter to the editor of the Herald pointing to the incontrovertible evidence that Roberts made up the accusation out of whole cloth in order to obtain millions of dollars from Leslie Wexner.

I was able to disprove Roberts' false accusation by producing all of my travel, AmEx, and TV appearance records which showed where I was, and, more importantly, where I wasn't during the entire period Virginia Roberts was in contact with Jeffrey Epstein. These records prove incontrovertibly that I could not have been, and was not, where Roberts' falsely claimed to have met me — a Caribbean Island, a New Mexico Ranch, a private jet, a Palm Beach mansion — during the relevant time period.

I also called for an independent investigation by the former Director of the F.B.I., a highly respected former federal judge and assistant U.S. attorney. He reviewed all of the records and other evidence and concluded that "the totality of the evidence ... refutes the allegations."

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In addition, the judge before whom the accusation was made struck the accusation from the record and sanctioned her lawyers for filing it. One of her own lawyers then acknowledged that his client was "wrong" "simply wrong," and her other lawyers formally withdrew the accusation, admitting it was a "mistake."

Not only did Virginia Roberts lie about me, she lied about Al and Tipper Gore and President Bill Clinton claiming that she met the three of them on Jeffrey Epstein's island — a claim refuted by secret service records that established that none of the three were on that island during that period of time.

There is evidence that directly proves I was framed. These include emails between Roberts and a journalist, a book manuscript by Roberts and a legal brief that are smoking guns showing that I was "deliberately framed for financial reasons." These exculpatory documents have been sealed by Roberts' lawyers and I am seeking to make them public.

Roberts' closest friend told me that Roberts told her she "felt pressure to go after [Dershowitz]" in order to obtain money from Leslie Wexner and that Roberts had never previously included me among the people with whom she claimed to have had sex. I have a tape recording of this conversation.

Not surprisingly, Roberts made her false claims against me only in court documents that immunize her from being sued for defamation. When she was interviewed by the Miami Herald, she refused to repeat her false allegations outside of court. The Crimson did not ask her directly to repeat her false allegations to them. As a matter of journalistic ethics, The Crimson should not have published an accusation without interviewing the accuser on the record. I now challenge Roberts to repeat her false accusations to The Crimson or other media, so that I can sue her for defamation and let a jury decide — after seeing all the evidence including the emails and book manuscript — who is telling the truth and who is lying.

I want an investigation or trial to finally prove that Roberts made up the entire story, so that it can finally be put to rest.

*Alan M. Dershowitz is a Professor of Law emeritus at Harvard Law School.*

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# EXHIBIT 6

https://twitter.com/AlanDersh

# EXHIBIT 7

**LAW OFFICE OF GUY FRONSTIN**
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**SENT VIA FACSIMILE TRANSMISSION**

January 13, 2006

Lanna Belohlavek, ASA
Office of the State Attorney
401 N. Dixie Highway
West Palm Beach, FL 33401

Re: Jeffrey Epstein

Dear Lanna:

Please allow this letter to serve as formal notice that I represent Mr. Jeffrey Epstein in regard to the investigation your office is conducting of Mr. Epstein. Additionally, Alan Dershowitz, Esq., who is a close friend of Mr. Epstein's, is serving as counsel to me in my representation of Mr. Epstein. Mr. Dershowitz is working closely with me on this matter and, in the event charges are filed, will likely petition to enter an appearance Pro Hac Vice along with other counsel.

I appreciate the dialogue you have permitted throughout this investigation. I trust you will still invite me for a pre-filing interview in the event the State decides it has enough evidence to charge Mr. Epstein with a crime.

I look forward to continuing to work with you on this matter.

Very truly yours,

Guy P. Fronstin, Esq.
GPF/mw

# EXHIBIT 8

http://www.vanityfair.com/news/2003/03/jeffrey-epstein-200303

**Society**

# The Talented Mr. Epstein

Lately, Jeffrey Epstein's high-flying style has been drawing oohs and aahs: the bachelor financier lives in New York's largest private residence, claims to take only billionaires as clients, and flies celebrities including Bill Clinton and Kevin Spacey on his Boeing 727. But pierce his air of mystery and the picture changes. Vicky Ward explores Epstein's investment career, his ties to retail magnate Leslie Wexner, and his complicated past.
by

- Vicky Ward

June 27, 2011 12:00 am

On Manhattan's Upper East Side, home to some of the most expensive real estate on earth, exists the crown jewel of the city's residential town houses. With its 15-foot-high oak door, huge arched windows, and *nine* floors, it sits on—or, rather, commands—the block of 71st Street between Fifth and Madison Avenues. Almost ludicrously out of proportion with its four- and five-story neighbors, it seems more like an institution than a house. This is perhaps not surprising—until 1989 it was the Birch Wathen private school. Now it is said to be Manhattan's largest private residence.

Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu. This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries.

The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet … but the host coyly refuses to tell visitors who painted it. In any case, guests are like pygmies next to the nearby twice-life-size sculpture of a naked African warrior.

Despite its eccentricity the house is curiously impersonal, the statement of someone who wants to be known for the scale of his possessions. Its occupant, financier Jeffrey Epstein, 50, admits to friends that he likes it when people think of him this way. A good-looking man, resembling Ralph Lauren, with thick gray-white hair and a weathered face, he usually dresses in jeans, knit shirts, and loafers. He tells people he bought the house because he knew he "could never live anywhere bigger." He thinks 51,000 square feet is an appropriately large space for someone like himself, who deals mostly in large concepts—especially large sums of money.

Guests are invited to lunch or dinner at the town house—Epstein usually refers to the former as "tea," since he likes to eat bite-size morsels and drink copious quantities of Earl Grey. (He does not touch alcohol or tobacco.) Tea is served in the "leather room," so called because of the cordovan-colored fabric on the walls. The chairs are covered in a leopard print, and on the wall

hangs a huge, Oriental fantasy of a woman holding an opium pipe and caressing a snarling lionskin. Under her gaze, plates of finger sandwiches are delivered to Epstein and guests by the menservants in white gloves.

Upstairs, to the right of a spiral staircase, is the "office," an enormous gallery spanning the width of the house. Strangely, it holds no computer. Computers belong in the "computer room" (a smaller room at the back of the house), Epstein has been known to say. The office features a gilded desk (which Epstein tells people belonged to banker J. P. Morgan), 18th-century black lacquered Portuguese cabinets, and a nine-foot ebony Steinway "D" grand. On the desk, a paperback copy of the Marquis de Sade's *The Misfortunes of Virtue* was recently spotted. Covering the floor, Epstein has explained, "is the largest Persian rug you'll ever see in a private home—so big, it must have come from a mosque." Amid such splendor, much of which reflects the work of the French decorator Alberto Pinto, who has worked for Jacques Chirac and the royal families of Jordan and Saudi Arabia, there is one particularly startling oddity: a stuffed black poodle, standing atop the grand piano. "No decorator would ever tell you to do that," Epstein brags to visitors. "But I want people to think what it means to stuff a dog." People can't help but feel it's Epstein's way of saying that he always has the last word.

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In addition to the town house, Epstein lives in what is reputed to be the largest private dwelling in New Mexico, on an $18 million, 7,500-acre ranch which he named "Zorro." "It makes the town house look like a shack," Epstein has said. He also owns Little St. James, a 70-acre island in the U.S. Virgin Islands, where the main house is currently being renovated by Edward Tuttle, a designer of the Amanresorts. There is also a $6.8 million house in Palm Beach, Florida, and a fleet of aircraft: a Gulfstream IV, a helicopter, and a Boeing 727, replete with trading room, on which Epstein recently flew President Clinton, actors Chris Tucker and Kevin Spacey, supermarket magnate Ron Burkle, Lew Wasserman's grandson, Casey Wasserman, and a few others, on a mission to explore the problems of AIDS and economic development in Africa.

Epstein is charming, but he doesn't let the charm slip into his eyes. They are steely and calculating, giving some hint at the steady whir of machinery running behind them. "Let's play chess," he said to me, after refusing to give an interview for this article. "You be white. You get the first move." It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole.

"He's very enigmatic," says Rosa Monckton, the former C.E.O. of Tiffany & Co. in the U.K. and a close friend since the early 1980s. "You think you know him and then you peel off another ring of the onion skin and there's something else extraordinary underneath. He never reveals his hand.... He's a classic iceberg. What you see is not what you get."

Even acquaintances sense a curious dichotomy: Yes, he lives like a "modern maharaja," as Leah Kleman, one of his art dealers, puts it. Yet he is fastidiously, almost obsessively private—he lists

himself in the phone book under a pseudonym. He rarely attends society gatherings or weddings or funerals; he considers eating in restaurants like "eating on the subway"—i.e., something he'd never do. There are many women in his life, mostly young, but there is no one of them to whom he has been able to commit. He describes his most public companion of the last decade, Ghislaine Maxwell, 41, the daughter of the late, disgraced media baron Robert Maxwell, as simply his "best friend." He says she is not on his payroll, but she seems to organize much of his life—recently she was making telephone inquiries to find a California-based yoga instructor for him. (Epstein is still close to his two other long-term girlfriends, Paula Heil Fisher, a former associate of his at the brokerage firm Bear Stearns and now an opera producer, and Eva Andersson Dubin, a doctor and onetime model. He tells people that when a relationship is over the girlfriend "moves up, not down," to friendship status.)

Some of the businessmen who dine with him at his home—they include newspaper publisher Mort Zuckerman, banker Louis Ranieri, Revlon chairman Ronald Perelman, real-estate tycoon Leon Black, former Microsoft executive Nathan Myhrvold, Tom Pritzker (of Hyatt Hotels), and real-estate personality Donald Trump—sometimes seem not all that clear as to what he actually does to earn his millions. Certainly, you won't find Epstein's transactions written about on Bloomberg or talked about in the trading rooms. "The trading desks don't seem to know him. It's unusual for animals *that* big not to leave any footprints in the snow," says a high-level investment manager.

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Unlike such fund managers as George Soros and Stanley Druckenmiller, whose client lists and stock maneuverings act as their calling cards, Epstein keeps all his deals and clients secret, bar one client: billionaire Leslie Wexner, the respected chairman of Limited Brands. Epstein insists that ever since he left Bear Stearns in 1981 he has managed money only for billionaires—who depend on him for discretion. "I was the only person crazy enough, or arrogant enough, or misplaced enough, to make my limit a billion dollars or more," he tells people freely. According to him, the flat fees he receives from his clients, combined with his skill at playing the currency markets "with very large sums of money," have afforded him the lifestyle he enjoys today.

Why do billionaires choose him as their trustee? Because the problems of the mega-rich, he tells people, are different from yours and mine, and his unique philosophy is central to understanding those problems: "Very few people need any more money when they have a billion dollars. The key is not to have it do harm more than anything else.... You don't want to lose your money."

He has likened his job to that of an architect—more specifically, one who specializes in remodeling: "I always describe [a billionaire] as someone who started out in a small home and as he became wealthier had add-ons. He added on another addition, he built a room over the garage ... until you have a house that is usually a mess.... It's a large house that has been put together over time where no one could foretell the financial future and their accompanying needs."

He makes it sound as though his job combines the roles of real-estate agent, accountant, lawyer, money manager, trustee, and confidant. But, as with Jay Gatsby, myths and rumor swirl around Epstein.

Here are some of the hard facts about Epstein—ones that he doesn't mind people knowing: He grew up middle-class in Brooklyn. His father worked for the city's parks department. His parents viewed education as "the way out" for him and his younger brother, Mark, now working in real estate. Jeffrey started to play the piano—for which he maintains a passion—at five, and he went to Brooklyn's Lafayette High School. He was good at mathematics, and in his early 20s he got a job teaching physics and math at Dalton, the elite Manhattan private school. While there he began tutoring the son of Bear Stearns chairman Ace Greenberg and was friendly with a daughter of Greenberg's. Soon he went to Bear Stearns, where, under the mentorship of both Greenberg and current Bear Stearns C.E.O. James Cayne, he did well enough to become a limited partner—a rung beneath full partner. He abruptly departed in 1981 because, he has said, he wanted to run his own business.

Thereafter the details recede into shadow. A few of the handful of current friends who have known him since the early 1980s recall that he used to tell them he was a "bounty hunter," recovering lost or stolen money for the government or for very rich people. He has a license to carry a firearm. For the last 15 years, he's been running his business, J. Epstein & Co.

Since Leslie Wexner appeared in his life—Epstein has said this was in 1986; others say it was in 1989, at the earliest—he has gradually, in a way that has not generally made headlines, come to be accepted by the Establishment. He's a member of various commissions and councils: he is on the Trilateral Commission, the Council on Foreign Relations, the New York Academy of Sciences, and the Institute of International Education.

His current fan club extends to Cayne, Henry Rosovsky, the former dean of Harvard's Faculty of Arts and Sciences, and Larry Summers, Harvard's current president. Harvard law professor Alan Dershowitz says, "I'm on my 20th book.... The only person outside of my immediate family that I send drafts to is Jeffrey." Real-estate developer and philanthropist Marshall Rose, who has worked with Epstein on projects in New Albany, Ohio, for Wexner, says, "He digests and decodes the information very rapidly, which is to me terrific because we have shorter meetings."

Also on the list of admirers are former senator George Mitchell and a gaggle of distinguished scientists, most of whom Epstein has helped fund in recent years. They include Nobel Prize winners Gerald Edelman and Murray Gell-Mann, and mathematical biologist Martin Nowak. When these men describe Epstein, they talk about "energy" and "curiosity," as well as a love for theoretical physics that they don't ordinarily find in laymen. Gell-Mann rather sweetly mentions that "there are always pretty ladies around" when he goes to dinner *chez* Epstein, and he's under the impression that Epstein's clients include the Queen of England. Both Nowak and Dershowitz were thrilled to find themselves shaking the hand of a man named "Andrew" in Epstein's house. "Andrew" turned out to be Prince Andrew, who subsequently arranged to sit in the back of Dershowitz's law class.

Epstein gets annoyed when anyone suggests that Wexner "made him." "I had really rich clients before," he has said. Yet he does not deny that he and Wexner have a special relationship. Epstein sees it as a partnership of equals. "People have said it's like we have one brain between two of us: each has a side."

"I think we both possess the skill of seeing patterns," says Wexner. "But Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

By the time Epstein met Wexner, the latter was a retail legend who had built a $3 billion empire—one that now includes Victoria's Secret, Express, and Bath & Body Works—from $5,000 lent him by his aunt. "Wexner saw in Jeffrey the type of person who had the potential to realize his [Jeffrey's] dreams," says someone who has worked closely with both men. "He gave Jeffrey the ball, and Jeffrey hit it out of the park."

Wexner, through a trust, bought the town house in which Epstein now lives for a reported $13.2 million in 1989. In 1993, Wexner married Abigail Koppel, a 31-year-old lawyer, and the newlyweds relocated to Ohio; in 1996, Epstein moved into the town house. Public documents suggest that the house is still owned by the trust that bought it, but Epstein has said that he now owns the house.

Wexner trusts Epstein so completely that he has assigned him the power of fiduciary over all of his private trusts and foundations, says a source close to Wexner. In 1992, Epstein even persuaded Wexner to put him on the board of the Wexner Foundation in place of Wexner's ailing mother. Bella Wexner recovered and demanded to be reinstated. Epstein has said they settled by splitting the foundation in two.

Epstein does not care that he comes between family members. In fact, he sees it as his job. He tells people, "I am there to represent my client, and if my client needs protecting—sometimes even from his own family—then it's often better that people hate me, not the client."

"You've probably heard I'm vicious in my representation of my clients," he tells people proudly; Leah Kleman describes his haggling over art prices as something like a scene out of the movie *Mad Max: Beyond Thunderdome*. Even a former mentor says he's seen "the dark side" of Epstein, and a Bear Stearns source recalls a meeting in which Epstein chewed out a team making a presentation for Wexner as being so brutal as to be "irresponsible."

One reporter, in fact, received three threats from Epstein while preparing a piece. They were delivered in a jocular tone, but the message was clear: There will be trouble for your family if I don't like the article.

On the other hand, Epstein is clearly very generous with friends. Joe Pagano, an Aspen-based venture capitalist, who has known Epstein since before his Bear Stearns days, can't say enough nice things: "I have a boy who's dyslexic, and Jeffrey's gotten close to him over the years.... Jeffrey got him into music. He bought him his first piano. And then as he got to school he had difficulty ... in studying ... so Jeffrey got him interested in taking flying lessons."

Rosa Monckton recalls Epstein telling her that her daughter, Domenica, who suffers from Down syndrome, needed the sun, and that Rosa should feel free to bring her to his house in Palm Beach anytime.

Some friends remember that in the late 80s Epstein would offer to upgrade the airline tickets of good friends by affixing first-class stickers; the only problem was that the stickers turned out to be unofficial. Sometimes the technique worked, but other times it didn't, and the unwitting recipients found themselves exiled to coach. (Epstein has claimed that he paid for the upgrades, and had no knowledge of the stickers.) Many of those who benefited from Epstein's largesse claim that his generosity comes with no strings attached. "I never felt he wanted anything from me in return," says one old friend, who received a first-class upgrade.

Epstein is known about town as a man who loves women—lots of them, mostly young. Model types have been heard saying they are full of gratitude to Epstein for flying them around, and he is a familiar face to many of the Victoria's Secret girls. One young woman recalls being summoned by Ghislaine Maxwell to a concert at Epstein's town house, where the women seemed to outnumber the men by far. "These were not women you'd see at Upper East Side dinners," the woman recalls. "Many seemed foreign and dressed a little bizarrely." This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models. "Some of the guests were horrified," the woman says.

"He's reckless," says a former business associate, "and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."

According to S.E.C. and other legal documents unearthed by *VANITY FAIR,* Epstein may have good reason to keep his past cloaked in secrecy: his real mentor, it might seem, was not Leslie Wexner but Steven Jude Hoffenberg, 57, who, for a few months before the S.E.C. sued to freeze his assets in 1993, was trying to buy the *New York Post.* He is currently incarcerated in the Federal Medical Center in Devens, Massachusetts, serving a 20-year sentence for bilking investors out of more than $450 million in one of the largest Ponzi schemes in American history.

When Epstein met Hoffenberg in London in the 1980s, the latter was the charismatic, audacious head of the Towers Financial Corporation, a collection agency that was supposed to buy debts that people owed to hospitals, banks, and phone companies. But Hoffenberg began using company funds to pay off earlier investors and service a lavish lifestyle that included a mansion on Long Island, homes on Manhattan's Sutton Place and in Florida, and a fleet of cars and planes.

Hoffenberg and Epstein had much in common. Both were smart and obsessed with making money. Both were from Brooklyn. According to Hoffenberg, the two men were introduced by Douglas Leese, a defense contractor. Epstein has said they were introduced by John Mitchell, the late attorney general.

Epstein had been running International Assets Group Inc. (I.A.G.), a consulting company, out of his apartment in the Solo building on East 66th Street in New York. Though he has claimed that he managed money for billionaires only, in a 1989 deposition he testified that he spent 80 percent of his time assisting people recover stolen money from fraudulent brokers and lawyers.

He was also not above entering into risky, tax-sheltered oil and gas deals with much smaller investors. A lawsuit that Michael Stroll, the former head of Williams Electronics Inc., filed against Epstein shows that in 1982 I.A.G. received an investment from Stroll of $450,000, which Epstein put into oil. In 1984 Stroll asked for his money back; four years later he had received only $10,000. Stroll lost the suit, after Epstein claimed in court, among other things, that the check for $10,000 was for a horse he'd bought from Stroll. "My net worth never exceeded four and a half million dollars," Stroll has said.

Hoffenberg, says a close friend, "really liked Jeffrey…. Jeffrey has a way of getting under your skin, and he was under Hoffenberg's." Also appealing to Hoffenberg were Epstein's social connections; they included oil mogul Cece Wang (father of the designer Vera) and Mohan Murjani, whose clothing company grew into Gloria Vanderbilt Jeans. Epstein lived large even then. One friend recalls that when he took Canadian heiress Wendy Belzberg on a date he hired a Rolls-Royce especially for the occasion. (Epstein has claimed he owned it.)

In 1987, Hoffenberg, according to sources, set Epstein up in the offices he still occupies in the Villard House, on Madison Avenue, across a courtyard from the restaurant Le Cirque. Hoffenberg hired his new protégé as a consultant at $25,000 a month, and the relationship flourished. "They traveled everywhere together—on Hoffenberg's plane, all around the world, they were always together," says a source. Hoffenberg has claimed that Epstein confided in him, saying, for example, that he had left Bear Stearns in 1981 after he was discovered executing "illegal operations."

Several of Epstein's Bear Stearns contemporaries recall that Epstein left the company very suddenly. Within the company there were rumors also that he was involved in a technical infringement, and it was thought that the executive committee asked that he resign after his two supporters, Ace Greenberg and Jimmy Cayne, were outnumbered. Greenberg says he can't recall this; Cayne denies it happened, and Epstein has denied it as well. "Jeffrey Epstein left Bear Stearns of his own volition," says Cayne. "It was never suggested that he leave by any member of management, and management never looked into any improprieties by him. Jeffrey said specifically, 'I don't want to work for anybody else. I want to work for myself.'" Yet, this is not the story that Epstein told to the S.E.C. in 1981 and to lawyers in a 1989 deposition involving a civil business case in Philadelphia.

In 1981 the S.E.C.'s Jonathan Harris and Robert Blackburn took Epstein's testimony and that of other Bear Stearns employees in part of what became a protracted case about insider trading around a tender offer placed on March 11, 1981, by the Seagram Company Ltd. for St. Joe Minerals Corp. Ultimately several Italian and Swiss investors were found guilty, including Italian financier Giuseppe Tome, who had used his relationship with Seagram owner Edgar Bronfman Sr. to obtain information about the tender offer.

After the tender offer was announced, the S.E.C. began investigating trades involving St. Joe at Bear Stearns and other firms. Epstein resigned from Bear Stearns on March 12. The S.E.C. was tipped off that Epstein had information on insider trading at Bear Stearns, and it was therefore obliged to question him. In his S.E.C. testimony, given on April 1, 1981, Epstein claimed that he had found "offensive" the way Bear Stearns management had handled a disciplinary action

following its discovery that he had committed a possible "Reg D" violation—evidently he had lent money to his closest friend. (In the 1989 deposition he said that he'd lent approximately $20,000 to Warren Eisenstein, to buy stock.) Such an action could have been considered improper, although Epstein claimed he had not realized this until afterward.

According to Epstein, Bear Stearns management had questioned him about the loan around March 4. The questioners, Epstein said, were Michael (Mickey) Tarnopol and Alvin Einbender. In his 1989 deposition Epstein recalled that the partner who had made an "issue" of the matter was Marvin Davidson. On March 9, Epstein said, he had met with Tarnopol and Einbender again, and the two partners told him that the executive committee had weighed the offense, together with previous "carelessness" over expenses, and he would be fined $2,500.

"There was discussion whether, in fact, I had ever put in an airline ticket for someone else and not myself and I said that it was possible, … since my secretary handles my expenses," Epstein told the S.E.C. In his 1989 testimony he stated that the "Reg D" incident had cost him a shot at partnership that year.

What the S.E.C. seemed to be especially interested in was whether there was a connection between Epstein's leaving and the alleged insider trading in St. Joe Minerals by other people at Bear Stearns:

Q: Sir, are you aware that certain rumors may have been circulating around your firm in connection with your reasons for leaving the firm?

A: I'm aware that there were many rumors.

Q: What were the rumors you heard?

A: Nothing to do with St. Joe.

Q: Can you relate what you heard?

A: It was having to do with an illicit affair with a secretary.

Q: Have you heard any other rumors suggesting that you had made a presentation or communication to the Executive Committee concerning alleged improprieties by other members or employees of Bear Stearns?

A: I, in fact, have heard that rumor, but it's been from Mr. Harris in our conversation last week.

Q: Have you heard it from anyone else?

A: No.

A little later the interview focuses on James Cayne:

Q: Did you ever hear while you were at Bear Stearns that Mr. Cayne may have trader or insider information in connection with St. Joe Minerals Corporation?

Q: Did Mr. Cayne ever have any conversation with you about St. Joe Minerals?

Q: Did you happen to overhear any conversations between Mr. Cayne and anyone else regarding St. Joe Minerals?

And still later in the questioning comes this exchange:

Q: Have you had any type of business dealings with Mr. Cayne?

A: There's no relationship with Bear Stearns.

Q: Pardon?

A: Other than Bear Stearns, no.

Q: Have you been a participant in any type of business venture with Mr. Cayne?

Q: Do you have any expectation of participating in any business venture with Mr. Cayne?

Q: Have you had any business participations with Mr. Theram?

A: No; nor do I anticipate any.

Q: Mr. Epstein, did anyone at Bear Stearns tell you in words or substance that you should not divulge anything about St. Joe Minerals to the staff of the Securities and Exchange Commission?

Q: Has anyone indicated to you in any way, either directly or indirectly, in words or substance, that your compensation for this past year or any future monies coming to you from Bear Stearns will be contingent upon your not divulging information to the Securities and Exchange Commission?

A: No.

Despite the circumstances of Epstein's leaving, Bear Stearns agreed to pay him his annual bonus—which he anticipated as being approximately $100,000.

The S.E.C. never brought any charges against anyone at Bear Stearns for insider trading in St. Joe, but its questioning seems to indicate that it was skeptical of Epstein's answers. Some sources have wondered why, if he was such a big producer at Bear Stearns, he would have given it up over a mere $2,500 fine.

Certainly the years after Epstein left the firm were not obviously prosperous ones. His luck didn't seem to change until he met Hoffenberg.

One of Epstein's first assignments for Hoffenberg was to mastermind doomed bids to take over Pan American World Airways in 1987 and Emery Air Freight Corp. in 1988. Hoffenberg claimed in a 1993 hearing before a grand jury in Illinois that Epstein came up with the idea of financing these bids through Towers's acquisition of two ailing Illinois insurance companies, Associated Life and United Fire. "He was hired by us to work on the securities side of the insurance companies and Towers Financial, supposedly to make a profit for us and for the companies," Hoffenberg reportedly told the grand jury. He also alleged that Epstein was the "technician," executing the schemes, although, having no broker's license, he had to rely on others to make the trades. Much of Hoffenberg's subsequent testimony in his criminal case has proven to be false, and Epstein has claimed he was merely asked how the bids could be accomplished and has said he had nothing to do with the financing of them. Yet Richard Allen, the former treasurer of United Fire, recalls seeing Epstein two or three times at the company. He and another executive say they had direct dealing with Epstein over the finances. And in his deposition of 1989, Epstein stated that he was the one who executed "all" Hoffenberg's instructions to buy and sell the stock. He called it "making the orders." He could not recall whether he had chosen the brokers used.

To win approval from the Illinois insurance regulators for Towers's acquisition of the companies, Hoffenberg promised to inject $3 million of new capital into them. In fact, in his grand-jury testimony Hoffenberg claimed that he, his chief operating officer, Mitchell Brater, and Epstein came up with a scheme to steal $3 million of the insurance companies' bonds to buy Pan Am and Emery stock. "Jeffrey Epstein and Mitch Brater arranged the various brokerage accounts for the bonds to be placed with in New York, and I think one in Chicago, Rodman & Renshaw," Hoffenberg reportedly said. Then, said Hoffenberg, while making it appear as though they were investing the bonds in much safer financial instruments, they used them as collateral to buy the stock. "Epstein was the person in charge of the transactions, and Mitchell Brater was assisting him with it in coordination on behalf of the insurance companies' money," Hoffenberg claimed at the time.

At one point, according to Hoffenberg, a broker forged the documents necessary for a $1.8 million check to be written on insurance-company funds. The check was used to buy more stock in the takeover targets. Meanwhile, in order to throw the insurance regulators off, the $1.8 million was reported as being safely invested in a money-market account.

United Fire's former chief financial officer Daniel Payton confirms part of Hoffenberg's account. He says he recalls making one or two telephone calls to Epstein (at Hoffenberg's direction) about the missing bonds. "He said, 'Oh, yeah, they still exist.' But we found out later that he had sold those assets … leveraged them … [and] used some margin account to take some positions in … Emery and Pan Am," says Payton.

Epstein's extraordinary creativity was, according to Hoffenberg, responsible for the purchase by the insurance companies of a $500,000 bond, with no money down. "Epstein created a great scheme to purchase a $500,000 treasury bond that would not be shown … [as] margined or collateralized," he reportedly told the grand jury. "It looked like it was free and clear but it actually wasn't," he said.

Epstein has denied he ever had any dealings with anyone from the insurance companies. But Richard Allen says he recalls talking to Epstein at Hoffenberg's direction and telling him it was urgent they retrieve the missing bonds for a state examination. According to Allen, Epstein said, "We'll get them back." He had "kind of a flippant attitude," says Allen. "They never came back."

Epstein, according to Hoffenberg, also came up with a scheme to manipulate the price of Emery Freight stock in an attempt to minimize the losses that occurred when Hoffenberg's bid went wrong and the share price began to fall. This was alleged to have involved multiple clients' accounts controlled by Epstein.

Eventually, in 1991, insurance regulators in Illinois sued Hoffenberg. He settled the case, and Epstein, who was only a paid consultant, was never deposed or accused of any wrongdoing. Barry Gross, the attorney who was handling the suit for the regulators, says of Epstein, "He was very elusive.... It was hard to really track him down. There were a substantial number of checks for significant dollars that were paid to him, I remember.... He was this character we never got a handle on. Again we presumed that he was involved with the Pan Am and Emery run that Hoffenberg made, but we never got a chance to depose him."

"From the government's discovery in the main sentencing against Hoffenberg it would seem the government was perhaps a bit lazy," says David Lewis, who represented Mitchell Brater. "They went for what they knew they could get ... and that was the fraudulent promissory notes [i.e., the much larger and unrelated part of Hoffenberg's fraud, based in New York State].... What they couldn't get, they didn't bother with."

Another lawyer involved in the criminal prosecution of Hoffenberg says, "In a criminal investigation like that, when there is a guilty plea, to be quick and dirty about it, discovery is always incomplete.... They don't have to line up witnesses; they don't have to learn every fact that might come out on cross-examination."

Epstein was involved with Hoffenberg in other questionable transactions. Financial records show that in 1988 Epstein invested $1.6 million in Riddell Sports Inc., a company that manufactures football helmets. Among his co-investors were the theater mogul Robert Nederlander and attorney Leonard Toboroff. A source close to this transaction claims that Epstein told Nederlander and Toboroff that he had raised his share of the money from a Swiss banker, whose identity they could not be allowed to know. But Hoffenberg has claimed the money came from him, and Towers's financial statements for that year show a loan to Epstein of $400,000. (Epstein has said he can't remember the details and has disputed the accuracy of the Towers financial reports.)

Around the same time, Nederlander and Toboroff let Epstein come in with them on a scheme to make money out of Pennwalt, a Pennsylvania chemical company. The plan was to group together with two other parties to take a substantial declared position in the stock. According to a source, Epstein was supposed to help Nederlander and Toboroff raise $15 million. He seemed to fail to find other investors, say those familiar with the deal. (Epstein has said he was merely an investor.) He invested $1 million, which he told his co-investors was his own money. But in his

1989 deposition he said that he put in only $300,000 of his own money. Where did the rest come from? Hoffenberg has said it came from him, in a loan that Nederlander and Toboroff didn't know about.

Two things happened that alarmed Nederlander and Toboroff. After the group signaled a possible takeover, the Pennwalt management threatened to sue the would-be raiders. Epstein was reluctant initially to give a deposition about his share of the money, telling Toboroff there were "reasons" he didn't want to. Then, after the opportunity for new investors was closed, co-investors recall Epstein announcing that he'd found one at last: Dick Snyder, then C.E.O. of the publisher Simon & Schuster, who wanted to put up approximately $500,000. (Neither Epstein nor Snyder can now recall the investment. Yet in the 1989 deposition Epstein said that he had recruited Snyder, whom he had met socially, into the deal.)

According to a source, Toboroff and Nederlander told Epstein that Snyder was too late, but, without their realizing it, Hoffenberg has claimed, Snyder wrote a check to Hoffenberg and bought out some of his investment. But then Snyder wanted out.

"Nederlander started to get these irate calls from [Snyder,] who wasn't part of the deal, saying he was owed all this money," says someone close to the deal. Toboroff and Nederlander were baffled.

Eventually, a source close to Hoffenberg says, Hoffenberg paid Snyder off.

Just as Nederlander and Toboroff were growing wary of Epstein, he became increasingly involved with Leslie Wexner, whom he had met through insurance executive Robert Meister and his late wife. Epstein has told people that he met Wexner in 1986 in Palm Beach, and that he won his confidence by persuading him not to invest in the stock market, just as the 1987 crash was approaching. His story has subsequently changed. When asked if Wexner knew about his connection to Hoffenberg, Epstein said that he began working for Wexner in 1989, and that "it was certainly not the same time."

Wherever and whenever it was that Epstein and Wexner actually met, there was an immediate and strong personal chemistry. Wexner says he thinks Epstein is "very smart with a combination of excellent judgment and unusually high standards. Also, he is always a most loyal friend."

Sources say Epstein proved that he could be useful to Wexner as well, with "fresh" ideas about investments. "Wexner had a couple of bad investments, and Jeffrey cleaned those up right away," says a former associate of Epstein's.

Before he signed on with Wexner, Epstein had several meetings with Harold Levin, then head of Wexner Investments, in which he enunciated ideas about currencies that Levin found incomprehensible. "In fact," says someone who used to work very closely with Wexner, "almost everyone at the Limited wondered who Epstein was; he literally came out of nowhere."

"Everyone was mystified as to what his appeal was," says Robert Morosky, a former vice-chairman of the Limited.

Much of Epstein's work is related to cleaning up, tightening budgets, and efficiencies. One person who worked for Wexner and who saw a contract drawn up between the two men says Epstein is involved in "everything, not just a little here, a little there. Everything!" In addition, he says, "Wexner likes having a hatchet man.... Whenever there is dirty work to be done he'd stick Jeffrey on it.... He has a reputation for being ruthless but he gets the job done."

Epstein has evidently been asked to fire personal-staff members when needed. "He was that mysterious person that everyone was scared to death of," says a former employee.

Meanwhile, he is also less than popular with some people outside Wexner's company with whom he now deals. "He 'inserted' himself into the construction process of Leslie Wexner's yacht.... That resulted in litigation down the road between Mr. Wexner and the shipyard that eventually built the vessel," says Lars Forsberg, a lawyer whose firm at the time, Dickerson and Reily, was hired to deal with litigation stemming from the construction of Wexner's *Limitless*—at 315 feet, one of the largest private yachts in the world. Evidently, Epstein stalled on paying Dickerson and Reily for its work. "It's probably once or twice in my legal career that I've had to sue a client for payment of services that he'd requested and we'd performed ... without issue on the performance," says Forsberg. In the end the matter was settled, but Epstein claims he now has no recollection of it.

The incident is one of a number of disputes Epstein has become embroiled in. Some are for sums so tiny as to be baffling; for instance, Epstein sued investment adviser Herbert Glass, who sold him the Palm Beach house in 1990, for $13,444—Epstein claimed this was owed him for furnishings removed by Glass.

In 1998 the U.S. Attorney's Office sued Epstein for illegally subletting the former home of the deputy consul general of Iran to attorney Ivan Fisher and others. Epstein paid $15,000 a month in rent to the State Department, but he charged Fisher and his colleagues $20,000. Though the exact terms of the agreement are sealed, the court ruled against Epstein.

Wexner offers some insight into his friend's combative style. "Many times people confuse winning and losing," Wexner says. "Jeffrey has the unusual quality of knowing when he is winning. Whether in conversations or negotiations, he always stands back and lets the other person determine the style and manner of the conversation or negotiation. And then he responds in their style. Jeffrey sees it in chivalrous terms. He does not pick a fight, but if there is a fight, he will let you choose your weapon."

One case is rather more serious. Currently, Citibank is suing Epstein for defaulting on loans from its private-banking arm for $20 million. Epstein claims that Citibank "fraudulently induced" him into borrowing the money for investments. Citibank disputes this charge.

The legal papers for another case offer a rare window into Epstein's finances. In 1995, Epstein stopped paying rent to his landlord, the nonprofit Municipal Arts Society, for his office in the Villard House. He claimed that they were breaking the terms of the lease by not letting his staff in at night. The case was eventually settled. However, one of the papers filed in this dispute is Epstein's financial statement for 1988, in which he claimed to be worth $20 million. He listed

that he owned $7 million in securities, $1 million in cash, zero in residential property (although he told sources that he had already bought the home in Palm Beach), and $11 million in other assets, including his investment in Riddell. A co-investor in Riddell says: "The company had been bought with a huge amount of debt, and it wasn't public, so it was meaningless to attach a figure like that to it … the price it cost was about $1.2 million." The co-investors bought out Epstein's share in Riddell in 1995 for approximately $3 million. At that time, when Epstein was asked, as a routine matter, to sign a paper guaranteeing he had access to a few million dollars in case of any subsequent disputes over the sale price, Wexner signed for him. Epstein has explained that this was because the co-investors wanted an indemnity against being sued by Wexner. One of the investors calls this "bullshit."

Epstein's appointment to the board of New York's Rockefeller University in 2000 brought him into greater social prominence. Boasting such social names as Nancy Kissinger, Brooke Astor, and Robert Bass, the board also includes such pre-eminent scientists as Nobel laureate Joseph Goldstein. "Epstein was thrilled to be elected," says someone who knows him.

After one term Epstein resigned. According to *New York* magazine, this was because he didn't like to wear a suit to meetings. A spokesperson for the Rockefeller board says Epstein left because he had insufficient time to commit; a board member recalls that he was "arrogant" and "not a good fit." The spokesperson admits that it is "infrequent" for board members not to be renominated after only one term.

Still, the recent spate of publicity Epstein has inspired does not seem to have fazed him. In November he was spotted in the front row of the Victoria's Secret fashion show at New York's Lexington Avenue Armory; around the same time the usual coterie of friends and beautiful women were whisked off to Little St. James (which he tells people has been renamed Little St. Jeff) for a long weekend.

Thanks to Epstein's introductions, says Martin Nowak, the biologist finds himself moving from Princeton to Harvard, where he is assuming the joint position of professor of mathematics and professor of biology. Epstein has pledged at least $25 million to Harvard to create the Epstein Program for Mathematical Biology and Evolutionary Dynamics, and Epstein will have an office at the university. The program will be dedicated to searching for nature's algorithms, a pursuit that is a specialty of Nowak's. For Epstein this must be the summit of everything he has worked toward: he has been seen proudly displaying Harvard president Larry Summers's letter of commitment as if he can't quite believe it is real. He says he was reluctant to have his name attached to the program, but Summers persuaded him. He rang his mentor Wexner about it, and Wexner told him it was all right.

An insatiable, restless soul, always on the move, Epstein builds a tremendous amount of downtime into his hectic work schedule. Yet there is something almost programmed about his relaxation: it's as if even pleasure has to be measured in terms of self-improvement. Nowak says that, when he goes to stay with Epstein in the Caribbean, they'll get up at six and, as the sun rises, have three-hour conversations about theoretical physics. "Then he'll go off and do some work, re-appear, and we'll talk some more."

http://www.vanityfair.com/news/2003/03/jeffrey-epstein-200303

Another person who went to the island with Epstein, Maxwell, and several beautiful women remembers that the women "sat around one night teasing him about the kinds of grasping women who might want to date him. He was amused by the idea…. He's like a king in his own world."

Many people comment there is something innocent, almost childlike about Jeffrey Epstein. They see this as refreshing, given the sophistication of his surroundings. Alan Dershowitz says that, as he was getting to know Epstein, his wife asked him if he would still be close to him if Epstein suddenly filed for bankruptcy. Dershowitz says he replied, "Absolutely. I would be as interested in him as a friend if we had hamburgers on the boardwalk in Coney Island and talked about his ideas."

# EXHIBIT 9

# Alan Dershowitz says he's still advising Jeffrey Epstein

Alan Dershowitz still provides legal advice to serial pedophile Jeffrey Epstein, he confirmed to Axios.

**What he's saying:** "He has called me a couple of times about legal issues, because I'm still technically his lawyer," Dershowitz told me in a phone interview on Saturday. "But I haven't had any social, or any other kind of contact. ... You never stop being a person's lawyer."

**Background:** Dershowitz helped Epstein get a sweetheart plea deal from then-U.S. Attorney Alexander Acosta (now Donald Trump's labor secretary and a rumored long-shot contender for attorney general).

- A bombshell Miami Herald investigative series last week highlighted for the first time the extent of Epstein's alleged crimes and the soft treatment he received from federal prosecutors.
- The Palm Beach multimillionaire would "serve just 13 months in the county jail, but the deal — called a non-prosecution agreement — essentially shut down an ongoing FBI probe into whether there were more victims and other powerful people who took part in Epstein's sex crimes," according to a Miami Herald examination of thousands of emails, court documents and FBI records.

**Dozens of women alleged** that Epstein molested and raped them when they were underaged using a sophisticated human trafficking network. A civil trial is scheduled to begin on Tuesday in Palm Beach County that may finally let these women tell their stories in court.

**Behind the scenes:** While he was allegedly raping teenage girls, Epstein cultivated cozy relationships with America's elites.

- Bill Clinton flew on Epstein's plane, nicknamed the "Lolita Express," numerous times, according to flight logs.
- And Donald Trump, in a profile with *New York* magazine written several years before the police caught up with Epstein, praised his friend as a "terrific guy." "It is even said that he likes beautiful women as much as I do," Trump said of Epstein, "and many of them are on the younger side."
- Dershowitz was also friendly with Epstein before the broader public knew he was a pedophile.

**Dershowitz confirmed to me that he received a massage** at Epstein's Palm Beach home, adding that the woman who provided it was of legal age.

- "What happened was I, um, he lent us, this was well before any of this thing came out, he lent us his house once. And I was there, my grandchildren were there, my daughter was there, and we all got massages."
- "And, um, it was therapeutic. I had a therapeutic massage with an old old Russian, but I never never ... and that was part of when we had his house for about a week during I think it was Christmas vacation."
- "Believe me, if I had known that anything improper had ever taken place in that house, I never would have allowed my children, my grandchildren, my wife, my daughter-in-law, my son, to have spent time there. I can tell you categorically there were no inappropriate pictures, no inappropriate anythings. It was like any other house."

**One of Epstein's accusers,** Virginia Roberts, has claimed Dershowitz had sex with her when she was underage. Dershowitz has denied the allegation and told the Miami Herald "the story was 100 percent flatly categorically made-up" so "she could get money."

**Go deeper:** Trump defender Dershowitz shunned by Martha's Vineyard

**SEXUAL ASSAULT**

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# EXHIBIT 10

LETTER

# Jeffrey Epstein's Attorneys: A Fair Plea Deal

The attorneys for a man accused of sexual abuse of young women defend the prosecutors' decision to drop federal charges against him.

March 4, 2019

**To the Editor:**

Re "The Cowardly Labor Secretary" (editorial, March 3):

Your editorial's conclusions are in profound conflict with the reality as we, Jeffrey Epstein's current and former lawyers, knew it.

When he was United States attorney for the Southern District of Florida in 2007, Alexander Acosta, the current labor secretary, oversaw a plea deal for Mr. Epstein involving charges of solicitation of prostitution involving young women. Your underlying premise is that Mr. Acosta had capitulated and not filed federal charges because Mr. Epstein had a "high-priced defense team."

This was categorically denied by the Southern District's then first assistant, Jeffrey H. Sloman, in an Op-Ed article in The Miami Herald on Feb. 15. Mr. Sloman correctly represented the existence of "significant legal impediments to [federally] prosecuting" what was a quintessentially state case.

He also correctly represented that the government had achieved its principal objectives — a felony plea, incarceration, millions of dollars in restitution and monetary settlements, and lifetime sex offender registration — through its agreement with Mr. Epstein. That agreement was reviewed at multiple levels of the Justice Department. An agreement rather than a trial is how over 97 percent of federal cases get resolved, through negotiations by two teams of experienced professionals. The case lacked the credible and compelling proof that is required by federal criminal statutes.

That the guilty plea was required in a state, not federal, court reflected the absence of evidence that Mr. Epstein used the internet, traveled to a location away from his home for the purpose of having illegal sex, commercially trafficked women to others, engaged in force, fraud or coercion, used drugs or alcohol to entice young women who came to his house to exchange sexual massages for money, possessed child pornography or in other ways violated federal law.

The number of young women involved in the investigation has been vastly exaggerated, there was no "international sex-trafficking operation" and there was never evidence that Mr. Epstein "hosted sex parties" at his home.

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Finally, Mr. Epstein has gone to prison and made enormous monetary settlements relying on his negotiated agreement. He is entitled to finality like every other defendant.

Kenneth W. Starr
Martin G. Weinberg
Jack Goldberger
Lilly Ann Sanchez

A version of this article appears in print on March 5, 2019, on Page A26 of the New York edition with the headline: Jeffrey Epstein's Attorneys: A Fair Plea Deal



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# EXHIBIT 11

# Prof. Dershowitz, Tell Me How You Really Feel

Harvard's legendary law professor chats with the Careerist about the recent sex allegations, his enemies and the "cesspool."

By **Vivia Chen** | January 15, 2015 at 06:19 PM | Originally published on **The American Lawyer**

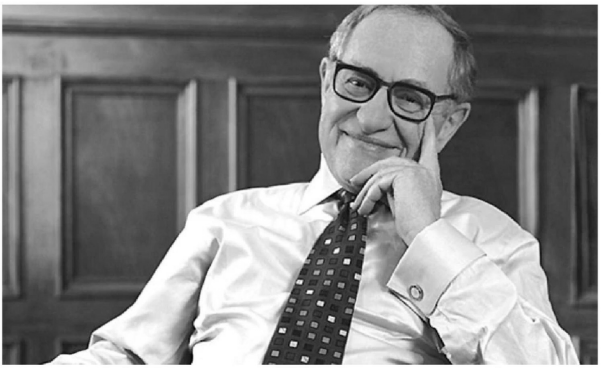

*(Alan Dershowitz)*

Alan Dershowitz, arguably the most famous—and maybe infamous—law professor in the land, wants to set the record straight. When he heard that I was writing about his relationship with billionaire Jeffrey Epstein and the related allegation that Dershowitz engaged in sex with a minor, he tracked me down to tell his side of the story.

The backdrop: Dershowitz was part of a legal team that had negotiated a plea deal in 2008 in which Epstein pleaded guilty to felony charges in Florida for soliciting prostitution from a minor. Epstein served 13 months in prison but was spared federal charges under the deal. Last December, lawyers **Bradley Edwards** and **Paul Cassell** filed suit against the U.S. government, arguing that the plea deal violated the rights of Epstein's alleged sex victims; the suit also alleges that Dershowitz had sex with one of the victims when she was under age. Dershowitz has denied all the allegations, and Edwards and Cassell have **filed a defamation suit against Dershowitz** for calling them liars.

The following are excerpts from my two phone conversations with Dershowitz:

**From what I've read, your relationship with Epstein seemed chummy. You socialized with him and you and your family stayed at his various homes. Isn't it a bad idea for a lawyer to be so close to a notorious client?**

Let me tell you how I met him. I was introduced to him by Lady de Rothschild as an academic colleague. He was friendly with Larry Summers . . . He was in the process of contributing $50 million to Harvard for evolutionary biology.

**So Epstein was friendly with all sorts of Harvard muckety-mucks.**

The fact that he was giving money didn't hurt. We went to events that he was involved in but none of us suspected that he had another side until later. Jeffrey loved academics. My conversations with him were only about academic subjects. We never discussed females or our social life.

**Did your relationship change with Epstein when you took him on as a client?**

Virtually all my social contact with him was of an academic nature, and it was prior to the time he was indicted. My relationship with him was entirely professional. It is a total bum rap to say that I "cavorted" with him or was "chummy" with him. I teach my students never, never get too close to clients—and certainly don't do anything improper with them.

**The suit says that Jane Doe No. 3 was forced to have sex with you, Prince Andrew and "many other powerful men," including unnamed politicians, foreign presidents and world leaders. Why were you and the Prince singled out by name?**

They want to void the plea agreement and needed to find a lawyer who knew Epstein before [the indictment], and had been on his island, his home in New Mexico, Palm Beach. I fit the bill. It was lawyer profiling.

**And the Prince?**

They claimed that Prince Andrew was using his influence to get Epstein a better deal with the government. What's more laughable than suggesting that the U.S. Attorney would listen to the Prince to go easy on Epstein!

**Why bother responding if you think the allegations are so outrageous? Why not just let the facts come out during the legal process?**

I have to respond to everything. That's the way I am. Imagine having an unblemished personal life then reading graffiti scrawled on the bathroom door that gets picked up in every paper based on the assertions of a woman who's a serial liar.

**Brad Edwards, one of the lawyers bringing this suit, has a history of legal entanglement with Epstein, as does his former partner Scott Rothstein, who's now in prison for his role in a Ponzi scheme. But the other lawyer in this case, Paul Cassell, is a former federal judge and a law professor. Why is he getting involved?**

Everyone is shocked that he would be part of this. I think he's always hated me because I'm his opposite. I'm the conventional liberal he hates: I'm against the death penalty, I'm pro abortion rights, pro gun control.

**Seems risky to bring a lawsuit for just ideological differences.**

No one can understand Cassell's motive. Either he will be disbarred or I will be. And if I knowingly had sex with a sex slave then I would deserve disbarment.

**What about the reaction? Do you feel you've been treated fairly by the press and the public?**

I've been treated particularly harshly by lawyers and law professors. They are so quick to say that I might be guilty. They're getting too much pleasure out of this. There's a dose of schadenfreude.

**Why do you think people like getting you upset?**

I'm controversial and more famous than they are. There's a lot of jealousy.

**I gather you're talking about legal academia.**

Yes, it's a cesspool of jealousy. People in it lack courage.

**But you're no stranger to harsh criticism. People weren't exactly nominating you for a justice award for getting O.J. Simpson and Claus von Bulow off the hook.**

Some of the criticisms against me have been just. I'm a tough lawyer. But charging me with one of the most heinous crimes is on a different level. I've never been attacked like this. I don't know any lawyer or professor who's had these accusations waged against them. It's worse than what Clarence Darrow had to face.

**You retired from Harvard Law School a year ago. Did you expect so much excitement at this stage of your career?**

This is an absolute shock. I'm living my little life here [in Florida, New York and Martha's Vineyard]. I lead a boring life. I've been married to the same woman for 28 years. She goes with me everywhere. People know that I won't argue a case or give a speech unless my wife travels with me. This is not the profile of someone who screws around.

**You take all this very, very personally, don't you?**

Wouldn't you? I've got two grandchildren in college and they are reading this about me. This is the fight of my life.

*Note: We have been in contact with Edwards and Cassell and hope to get their sides of the story soon.*

# EXHIBIT 12

**United States District Court**
**Southern District of New York**

VIRGINIA L. GIUFFRE,

Plaintiff, Case No.: _____

v.

ALAN DERSHOWITZ,

Defendant.
_____/

**AFFIDAVIT**

I, Maria Farmer, swear and affirm as follows:

1. I am currently over the age of 18 and presently reside in Kentucky.

2. In approximately 1995, I was an artist and a graduate student and I met Jeffrey Epstein and Ghislaine Maxwell at an art show where I was displaying some of my art. Epstein said that if I sold him one of my paintings for half price he would help me with my career. I sold him the painting that night for half price which was approximately $6000.00. In 1996, Jeffrey Epstein called me and told me he was looking for someone to help him with acquiring art. I took the job with Epstein but ultimately my job responsibilities were not simply to purchase art but included manning the front door at his New York mansion and keeping records of people who came to the home.

3. During the time I was supervising the door at Epstein's mansion, I witnessed a number of school age girls coming to the home, some of the young girls would be wearing their school uniforms. The girls would come into the NY mansion and then would be escorted upstairs. When I asked Maxwell why these young girls were coming over to the house so often she said that the girls were interviewing for modeling positions. At the time, based on my observations at the home, it did not seem credible to me that these young girls were interviewing for modeling positions.

4. Alan Dershowitz was an individual who came to visit Epstein at his New York mansion a number of times when I was working for Epstein. Dershowitz was very comfortable at the home and would come in and walk upstairs. On a number occasions I witnessed Dershowitz at the NY mansion going upstairs at the same time there were young girls under the age of 18 who were present upstairs in the house.

5. During the time that I worked for Epstein, he arranged for me to work on a special art project at the Ohio mansion of Leslie Wexner. This was in approximately the summer of 1996. I went to Ohio and stayed at the property to work on the art projects. I was also babysitting my two younger brother's and they were staying with me at Wexner's mansion.

6. In addition to my two younger brothers, I also had a younger sister who was fifteen (15) years old. Maxwell and Epstein took an interest in my younger sister. Epstein took us to a movie in New York and during the movie he held my younger sister's hand and was rubbing her in a sexual manner without my knowledge. He then contacted my mother and said he wanted to help put my younger sister through a special school program in Thailand. During the summer of 1996, Epstein and Maxwell flew my younger sister to their ranch in New Mexico. She was only fifteen (15) at the time and they directed her take off all of her clothes and get on a massage table. Maxwell and Epstein then touched her inappropriately on the massage table. It was not until later in the summer when I called my sister in Thailand where she was studying that I learned what had happened to her at Epstein's New Mexico ranch.

7. During that same summer of 1996 when I was working on my art project at Wexner's mansion, Ghislaine Maxwell and Jeffrey Epstein came to Wexner's mansion. They asked me to come into a bedroom with them and then proceeded to sexually assault me against my will. I fled from the room and called the sheriff's office but did not get any response. The Wexner's security staff refused to let me leave the property. I pleaded with them and my father drover up from Kentucky to Ohio to help me. I was held against my will for approximately twelve (12) hours until I was ultimately allowed to leave with my father. Upon my return to New York, I went to the New York Sixth Precinct police department for help and they counseled me to contact the FBI to make a report about the assault in Ohio. I called the FBI and made the report but to my knowledge, the FBI did not take any action against Epstein or Maxwell. To my knowledge I was the first person to report Maxwell and Epstein to the FBI. It took a significant amount of bravery for me to make that call because I knew how incredibly powerful and influential both Epstein and Maxwell were particularly in the art community.

8. After the sexual assault, Maxwell and Epstein called me multiple times threatening me. Maxwell and Epstein contacted my art clients and individuals in the art community in an effort to ruin my art career. Maxwell and Epstein were successful and I was shut out of all art related opportunities. Maxwell and Epstein worked in concert to make sure that my career and my life was ruined. I was terrified of Maxwell and Epstein and I moved a number of times to try to hide from them.

9. I have struggled throughout my life as a direct result of Epstein and Maxwell's actions against me and my hope is that they will be held accountable for their crimes. While I am still afraid, I am coming forward because I think it is so important to do so.

Dated: 4/12/19

Maria Farmer

Maria Farmer

STATE OF FLORIDA )
)
COUNTY OF BROWARD )

On the 12th day of April in the year of 2019, before me, Deborah C. Knowlton the undersigned authority, appeared to me by video conference Maria Farmer, who is personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her individual capacity, and that by her signature in the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Witness my hand and official seal

Deborah C. Knowlton

Notary Public

Notary Public State of Florida
Deborah C Knowlton
My Commission GG 133867
Expires 11/29/2021

# EXHIBIT 13

**United States District Court**
**Southern District of New York**

VIRGINIA L. GIUFFRE,

Plaintiff, Case No.: _____

v.

ALAN DERSHOWITZ,

Defendant.
_____/

**AFFIDAVIT OF DAVID S. STONE**

1. I am a member of the Bars of New Jersey and New York and am the Senior Managing Partner of the Stone & Magnanini Law Firm.

2. I am acquainted with Alan Dershowitz having worked with him professionally on the Claus Von Bulow matter and we have remained friendly ever since. Approximately from November 2002 to March 2009, I was a Partner at Boies Schiller Flexner LLP's New Jersey office.

3. I make this affidavit to set forth what my testimony would be if called to testify concerning my knowledge of the events described herein.

4. In or about May 2015, I received a call from Mr. Dershowitz who told me that a client of Mr. Boies' law firm was accusing Mr. Dershowitz of having had sexual relations with her when she was under the age of consent. Mr. Dershowitz said he had been trying to contact Mr. Boies with no success and he knew that Mr. Boies and I had worked together. Mr. Dershowitz told me that the accusations were absolutely false and asked me if I would contact Mr. Boies and arrange for them to meet so that he could attempt to convince Mr. Boies that the accusations were false. I agreed to do so, and in that connection attended at least three meetings that included both Mr. Boies and Mr. Dershowitz and spoke to Mr. Dershowitz separately. I believe Ms. McCawley attended at least two of the meetings.

5. I am informed that Mr. Dershowitz has asserted that at a meeting on May 19th, at which I was present Mr. Boies stated "Roberts was mistaken in naming me as someone with whom she had sex" and "that if he failed to persuade her of that fact, he would leave her representation to Edwards and Cassell and no longer represent her." Mr. Boies did not say that on May 19th or at any other time when I was present.

6. In fact, the purpose of the May 19th meeting with Mr. Boies was for Mr. Dershowitz to propose a method to persuade Mr. Boies that his client was mistaken about having sex with Mr. Dershowitz. Mr. Dershowitz proposed to show using his own records of travel and calendars that he could not have been present at the times alleged as he was demonstratively elsewhere. However, Mr. Dershowitz did not have the records with him at that meeting and a later meeting was scheduled for Mr. Dershowitz and his paralegal to present the records. Neither at or prior to the May 19th meeting, had Mr. Dershowitz given anything for Mr. Boies to evaluate the issue further.

7. I am informed that Mr. Dershowitz has also asserted that at a meeting on June 1, 2015, "Boies said his goal was to persuade Virginia Roberts that she was mistaken in identifying me as a person with whom she had sex." Mr. Boies never said that in my presence, and what he did say in my presence both before and after June 1, 2015 was inconsistent with what Mr. Dershowitz ascribes to Mr. Boies. Mr. Boies said he would discuss Mr. Dershowitz presentation with his client and see if it changed the client's mind regarding her recollections but he also said that the client strongly believed what she was saying.

8. At Mr. Dershowitz's request I attended a meeting on July 6, 2015, at the Boies Schiller Flexner offices in New York City with David Boies and Sigrid McCawley with Mr. Dershowitz participating by Skype. The purpose of the meeting as stated at the meeting, and as stated to me by Mr. Dershowitz prior to the meeting, was to continue his efforts to persuade Mr. Boies and Ms. McCawley that Mr. Dershowitz had not been in any of the places where the client said Mr. Dershowitz had sex with her at any relevant time. The assertion by Mr. Dershowitz that Mr. Boies had, by this time, stated that he was convinced that Mr. Dershowitz had not had sex with the client or had expressed this view in my presence, is not accurate.

   (a) Mr. Boies indicated at the July 6th meeting that while the information was "useful" he had open questions about what he was given, and that there were gaps in what he was being given. Moreover, there were locations where Mr. Dershowitz was alleged to have had sex with the client with respect to which Mr. Dershowitz had not yet produced sufficient documentation.

   (b) The meeting ended with Mr. Dershowitz promising to produce additional materials to BSF and with the parties planning to have another meeting to review those materials.

9. Throughout this process, Mr. Dershowitz appeared determined that the outcome of those meetings would vindicate him. At various points, Mr. Boies did say that if he became convinced that his client was honestly mistaken about Mr. Dershowitz that he would convey that view to his client and that if he could not convince her, his firm would consider withdrawing from her representation. However, Mr. Boies also said that while he had an open mind on this matter, in light of the steps his firm had taken to verify the client's accounts, and the other evidence of which he was aware, Mr. Dershowitz would have to produce compelling proof to convince him the client was mistaken. Following



HOUSE_OVERSIGHT_018032

the July 6, 2015 meeting, Mr. Dershowitz expressed to me that he believed he was making progress in convincing Mr. Boies that the client was mistaken in identifying Mr. Dershowitz as someone with whom she had sex. I told Mr. Dershowitz that I thought he was overly optimistic and reading things into what Mr. Boies was saying and hearing what he wanted to hear. I truly believe this was the case, i.e., that Mr. Boies was making careful and guarded statements consistent with statements lawyers often make in settlement discussions and that Mr. Dershowitz, who urgently wanted the case to go away, was reading things into those statements that weren't there.

10. My recollection is that, at all times, Mr. Boies remained adamant that the client's assertions about Mr. Dershowitz represented her best, honest recollection. For example, at one point, Mr. Dershowitz told Mr. Boies that Ms. Roberts could well believe that she had sex with Mr. Dershowitz because she might be confusing Mr. Dershowitz with Nathan Myhrvold who spent a lot of time with Mr. Epstein and who looked a lot like Mr. Dershowitz. Mr. Dershowitz urged Mr. Boies to convince his client that she was mistaken and that she had actually had sex with Mr. Myhrvold. Mr. Boies told Mr. Dershowitz that he obviously did not have personal knowledge as to what had or had not happened, but that he had taken steps to verify that Ms. Roberts was telling the truth as she believed it. Shortly thereafter, I came to understand that Ms. Roberts had taken, and passed, a lie detector test.

11. At no time in my presence, whether in the presence of Mr. Dershowitz or outside of it, did Mr. Boies ever say that he believed or was convinced that Ms. Roberts was mistaken or that Mr. Dershowitz did not have sex with Ms. Roberts. Ms. McCawley said very little at the meetings. Furthermore, I do not recall Ms. McCawley ever expressing any doubt that Mr. Dershowitz had sex with Ms. Roberts and I am confident that I would recall such a statement if it was made, given the circumstances. In addition, Mr. Dershowitz never suggested to me that Ms. McCawley doubted that Ms. Robert's allegations were false.

David S. Stone

4/5/2019

Date

**KAITLIN MAY LUZZI**
ID # 2448450
NOTARY PUBLIC
STATE OF NEW JERSEY
My Commission Expires July 31, 2019

# EXHIBIT 14

**United States District Court**
**Southern District of New York**

VIRGINIA L. GIUFFRE,

Plaintiff, Case No.: _____

v.

ALAN DERSHOWITZ,

Defendant.
_____/

**AFFIDAVIT**

I, Sarah Ransome, swear and affirm as follows:

1. I am currently over the age of 18 and presently reside in the country of Spain.

2. In the summer of 2006, when I was twenty-two years old and living in New York, I was introduced to Jeffrey Epstein by a girl I had met named Natalya Malyshov. Shortly after meeting Jeffrey he invited me to fly to his private island in the US Virgin Islands, which I did. After that first trip I traveled to the island several more times, usually on one of Jeffrey's private airplanes, and always at his direction. I am told that my name appears on the flight logs of one or more of those trips. On a few occasions, Jeffrey also arranged to have me flown to the island on commercial flights. As it turned out, the primary purpose of those visits was to have me have sexual relations with Jeffrey, Nadia Macinkova, and various other girls and guests he brought to the island.

3. During one of my visits to the island I met Ghislaine Maxwell. Watching her interact with the other girls on the island, it became clear to me that she recruited all or many of them to the island. Once they were there, she appeared to be in charge of their activities, including what they did, who they did it with, and how they were supposed to stay in line. She assumed the same supervisory role with me as soon as I arrived. Some of the girls appeared to be 18 or older, but many appeared to be young teenagers. I recall seeing a particularly young, thin girl who looked well under 18 and recall asking her age. I later learned was a ballerina. She refused to tell me or let me see her passport.

4. In addition to spending time with Jeffrey on his island, I spent time with him in New York City. At his town house I was also lent out by him to his friends and associates to have sex. Among the people he lent me to was his friend, Alan Dershowitz. On one occasion I was in a bedroom at Jeffrey's New York townhouse

**with Jeffrey and Nadia Marcinkova. After a short time, Alan Dershowitz entered the room, after which Jeffrey left the room and Nadia and I had sex with Dershowitz. I recall specific, key details of his person and the sex acts and can describe them in the event it becomes necessary to do so.**

**I affirm under penalty of perjury that the foregoing is true and correct.**

**Dated:** 8-04-2019

**Sarah Ransome**

STATE OF FLORIDA )
)
COUNTY OF BROWARD )

On the 8th day of April in the year of 2019, before me, Deborah C. Knowlton, the undersigned authority, appeared to me by video conference SARAH RANSOME, who is personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her individual capacity, and that by her signature in the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Witness my hand and official seal

Notary Public

Notary Public State of Florida
Deborah C Knowlton
My Commission GG 133867
Expires 11/29/2021

# EXHIBIT 15

## Christopher Arborn

**From:** Alan Dershowitz <dersh@law.harvard.edu>
**Date:** December 9, 2015 at 2:50:58 PM EST
**To:** David Boies <DBoies@BSFLLP.com>
**Cc:** David Boies2 <xboies@gmail.com>
**Subject: Re: Possible Statement**

We should be aiming at a short simple statement such as:
"The events at issue occurred approximately 15 years ago when I was a teenager. Although I believed then and continued to believe that AD was the person with whom I had sex, recent developments raise the possibility that this may be a case of mistaken identification. "
Alternative:
"that it may have been someone else".
"That someone mistakenly told me it was him."
We should be able to come up with a mutually acceptable statement. It would be acceptable if the statement came from you rather than her, if she prefers.
Sent from my iPhone

On Dec 9, 2015, at 10:21 AM, Alan Dershowitz <dersh@law.harvard.edu> wrote:

David
Have we given up on a mutually acceptable statement from VR or you. Let's keep trying. We are not THAT far apart.
Alan.

Sent from my iPhone

**Christopher J Arborn**
Personal Assistant to David Boies
BOIES SCHILLER FLEXNER LLP
333 Main Street
Armonk, NY 10504
(t) (914) 749-8301
(m) (914) 843-0989
carborn@bsfllp.com
www.bsfllp.com

# EXHIBIT 16

Miami Herald

# An Epstein sex case is settled; Dershowitz denies latest allegation

BY JULIE K. BROWN

DECEMBER 19, 2018 8:30 PM, UPDATED DECEMBER 27, 2018 7:55 AM

Accused sex traffickers Jeffrey Epstein and Ghislaine Maxwell have settled a federal civil lawsuit filed by a woman who says she was ordered under threat of violence to have sex with them and other influential individuals when she was in her early 20s, sources confirmed Wednesday.

Sarah Ransome, who now lives in Barcelona, claimed that she was recruited and trafficked for sex by the pair in 2006 and 2007 — at the same time that Epstein, a wealthy New York hedge fund manager, was under federal investigation for molesting dozens of underage girls at his Palm Beach mansion.

Women who say they were victims of sexual abuse at the hands of Palm Beach multimillionaire Jeffrey Epstein want a judge to throw out his lenient plea deal. AP

According to a recent court transcript, among those people Ransome claims she was directed to have sex with was Epstein's lawyer, Alan Dershowitz, who helped negotiate a controversial plea

deal that gave the eccentric multimillionaire — and co-conspirators employed by Epstein — federal immunity in 2008.

Dershowitz, 80, told the Miami Herald that he has never met Ransome nor has he ever had sex with her. He accused Ransome's attorney, powerhouse lawyer David Boies, of inventing the story and using her and another woman, Virginia Roberts, to frame him. Roberts asserted in a federal court affidavit in 2015 that Epstein forced her to have sex with Dershowitz when she was 16 years old.

"I am the victim. David Boies and these women are the perpetrators," Dershowitz said. "They have willfully and deliberately concocted stories in order to make money — millions and millions of dollars. And I will not rest until the entire story comes out," said Dershowitz, a professor at Harvard Law School and frequent Fox news guest commentator.

Nowhere in the court case or the transcript does Ransome or anyone else allege that Ransome had sex with Dershowitz — only that she was directed to.

The Ransome settlement, which is confidential, comes two weeks after Epstein settled another lawsuit in Palm Beach, filed by an attorney who represented several women who said they were coerced into sex acts with Epstein when they were underage. As part of the settlement, Epstein, 65, issued an apology to Fort Lauderdale attorney Bradley Edwards, admitting that he leveled false claims in a lawsuit as part of an effort to intimidate Edwards into abandoning his aggressive advocacy for the women, who are now in their late 20s and early 30s.

The developments follow a series of stories published by the Miami Herald in late November that detailed how state and federal prosecutors worked with Epstein's lawyers to conceal the extent of Epstein's crimes, and secretly negotiated an unusual plea agreement that allowed him to escape federal sex trafficking charges that could have sent him to prison for life. The agreement, by design, was kept from his victims so that they could not appear at his sentencing.

Last week, more than two dozen lawmakers in Washington demanded a federal investigation into that plea deal, which was negotiated, signed and sealed by former Miami U.S. Attorney Alexander Acosta, now President Donald Trump's secretary of labor.

Acosta has not commented on the Herald story or on the calls for a probe into how he handled the Epstein case.

This week, a decade after defending Epstein, Dershowitz once again found himself in the spotlight amid the new allegations, mentioned briefly in a court filing on Nov. 28, and first reported on Tuesday by the New York Daily News.

During a Nov. 7 hearing, Maxwell's lawyer, Laura Menninger, mentioned Dershowitz's name as among those "third parties" that Ransome claims she was instructed to have sex with, according to a transcript of the hearing obtained by the Herald.

On Tuesday, after the Daily News published its story, Dershowitz lashed out in dozens of posts on Twitter, denouncing Ransome as "delusional" and claiming that her lawyer, Boies, was retaliating against him because Dershowitz had filed a bar complaint against him.

Alan Dershowitz says he has never met the woman who alleges in a lawsuit she was ordered to have sex with influential men, including the famous lawyer. John Lamparski GETTY IMAGES/TNS

"Attorney David Boies threatened that unless I withdrew a bar complaint I had filed against him for falsely accusing me of sexual misconduct, he would find another woman to accuse me of similar misconduct. He has

now found an unbalanced woman who has delusions of having sex tapes of Donald Trump, Hillary Clinton, Bill Clinton and other prominent figures," Dershowitz said in a tweet.

Boies, best known for arguing on behalf of Vice President Al Gore in the 2000 Florida election recount, responded in an interview with the Herald:

"[Dershowitz's] charges are absurd. Either he has become totally unhinged or he thinks that if he says things that are loud enough and crazy enough it will distract attention from what he has done. There is no support — none — for what he says."

Ransome claimed that, in her early 20s, she was recruited to work as a masseuse for Epstein who, in exchange, promised he would help her get into fashion design in New York, according to her civil lawsuit, filed in January 2017. Epstein and Maxwell then kept her passport and threatened to ruin her life and physically harm her if she didn't have sex with them and others in 2006 and 2007, Ransome said in the complaint.

The complaint alleges that this all occurred at the same time as Epstein's lawyers were negotiating with Acosta and other federal prosecutors for a deal to avoid federal sex trafficking charges in connection with a scheme in which he lured underprivileged girls, mostly 13 to 16, to his home in Palm Beach under the pretense that he would pay them $200 to $300 for massages. Instead, police in Palm Beach found that he had been molesting and sexually abusing dozens of girls between 2001 and 2007.

In this photograph, Virginia Roberts socializes with Prince Andrew as Jeffrey Epstein associate Guislaine Maxwell stands in the background. Roberts claims she was effectively used as a sex slave by Epstein. In that capacity she had sex with the prince, Roberts says. The prince denied that. COURTESY OF VIRGINIA ROBERTS

Under the plea deal, known as a non-prosecution agreement, Epstein was allowed to plead guilty in state court to two prostitution charges. He served 13 months in a private wing of the Palm Beach County jail, where he was given liberal work release privileges. The deal also quashed an FBI investigation into whether Epstein was operating an international sex trafficking organization, the Herald found as part of its yearlong investigation.

"Even as [Epstein, Maxwell and other defendants] and their attorneys were busy arguing Epstein's innocence and publicly defaming his victims as liars...defendants merely changed their location" from Palm Beach to "other places in the U.S. [including the Southern District of New York] and abroad and brought them to Epstein's mansion in New York City and his private island in the Virgin Islands," Ransome's complaint alleged.

Dershowitz, in interviews with the Herald, and in recent public statements, said he has never met Ransome. He also said she initially tried to interest the New York Post in her story, but a reporter whom he said he spoke with told him Ransome was not credible. He said he has a trove of emails between Ransome and the reporter that prove she is a "lunatic."

"There are hundreds of emails in which she claimed to have sex with everybody in the world and also claimed she has video of Hillary Clinton, Bill Clinton, Donald Trump and others having sex with underage girls — but she never ever accused me in these emails," Dershowitz said.

The emails are under seal, he said, and therefore cannot be made public. Dershowitz said he has asked the court to unseal them but his efforts thus far have been unsuccessful.

In the recent court transcript, however, it is Maxwell's attorney, Laura Menninger — not Ransome or her attorneys — who named Dershowitz.

"[Ransome] has alleged not only that my client [Maxwell] ran a sex trafficking organization but she claims also that she was directed by my client and the Epstein defendants to have sex with third parties, including Alan Dershowitz, for example," Menninger said. "And so to the extent my client or Mr. Dershowitz or anyone else is going to be asked about their private sexual activity, I believe that would implicate their privacy rights..."

Roberts, who now lives in Australia, said that Epstein ordered her to have sex with Dershowitz six times, according to a 2015 affidavit, which was filed in connection with an unrelated Epstein federal lawsuit.

At that time, Dershowitz launched a media blitz on TV asserting that Roberts made up the story. He also called for Roberts' lawyers — Edwards and University of Utah law professor Paul Cassell — to be disbarred. The lawyers sued Dershowitz for defamation, and the case was settled last year.

Dershowitz publicly declared he was vindicated after a federal judge ordered Roberts' affidavit stricken from the court record. But the judge did not address the veracity of her sexual misconduct claims; he instead ruled that the affidavit was misplaced in a case not involving Dershowitz.

Boies, whose firm represented Roberts pro bono, addressed Dershowitz's longstanding contention that he had been exonerated.

"Anytime in a lawsuit where you were the defendant and you paid the plaintiff $900,000 to settle it — that's a strange kind of vindication," Boies said, asserting that Dershowitz paid that amount as part of the defamation settlement with Edwards and Cassell.

In 2016, Dershowitz released a statement following what he said was "an independent investigation" that had been conducted by former FBI Director Louis Freeh, who is now a private consultant.

"Our investigation found no evidence to support the accusations of sexual misconduct against Professor Dershowitz. In fact, in several instances, the evidence directly contradicted the accusations made against him," Freeh wrote.

Most of the court records in the Roberts case are sealed. In February, the Miami Herald filed a motion in the Southern District of New York, seeking access to documents. The motion, which was not opposed by Roberts, could shed more light on the full scope of Epstein's crimes and who was involved.

The motion was denied. The Herald is appealing.

https://www.miamiherald.com/latest-news/article223315075.html

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/10/2010 4:01:03 PM
**To:** Lesley Groff [redacted]
**Subject:** Re: List of Events from Siegel

I only wanted what peggy was hositng

On Fri, Sep 10, 2010 at 11:54 AM, Lesley Groff <[redacted]> wrote:

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**From:** Margaux Rogers [mailto[redacted]
**Sent:** Friday, September 10, 2010 11:53 AM
**To:** Lesley Groff
**Subject:** RE: List for JE only from now till Sept 23!!!!!!

## Calendar of Major Events, Openings, and Fundraisers

### Saturday, September 11, 2010

**Kids Fashion Week**

*Petite Parade Opening Day.* Childrens fashion shows. (Continues through September 13.). Metropolitan Pavilion. New York. Contact: Sale Stojanovic. sale@funkshion.com. (305) 673-2756.

Event address: 125 West 18th St., New York. Event web address:www.kidsfashionweekny.com.

Tags: Children Industry Beauty Industry Fashion Industry Media Industry Retail Fashion Event Fashion Show.

**Couture Fashion Week**

*Couture Show.* 8:00 am. Couture fashion show, cocktails, and after party. Benefiting the NYC Affiliate of Susan G. Komen For the Cure. Elegant chic. Honoring Dara Richardson-Heron. Tickets from $75.00. Waldorf=Astoria. New York. Contact: Andres Aquino. newyorkfashionshows@yahoo.com. (917) 749-8421.

Waldorf=Astoria: Grand Ballroom. Event address: 301 Park Avenue, New York. Sponsored by Couture Fashion Week. Fax: (212) 202-4604. Event web address:www.couturefashionweek.com/susankomennyc.htm.

Tags: After party Cocktail party Fashion Show Fundraiser Arts Patron Collector Exclusive Mix Food and Wine Lover Industry Fashion Social Patron Health Cancer Medical Research.

**New York City - Office of the Mayor**

*Official Memorial Ceremony and Remebrance 2010.* 8:46 am. Zuccotti Park. New York. (212) 442-8953.

Event address: Liberty Street between Broadway and Church Streets, New York.

Tags: Reception Children Family Industry Diplomatic Industry Government Relations Industry Media Industry Military Industry Political/Government Social Patron Civic.

**Norman Ambrose**

*Fashion Week Presentation.* 9:00 am. Spring/summer 2011 collection. Invitation only. The Pierre Hotel. New York. info@normanambrose.com.

Event address: 2 East 61st St., New York. Event web address: normanambrose.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Yuna Yang**

*Fashion Week Presentation.* 9:30 am. Spring/summer 2011 collection. Invitation only. Hudson Hotel. New York. press@yunayang.com.

Event address: 356 West 58th St., New York. Event web address: yunayang.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Lacoste Show.* 10:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York. Event web address:www.wiseandcomp.com/lacoste.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Showtime Networks**

*Third Annual Showtime House Opening Day.* 10:00 am. (Continues through October 27.) Featuring rooms inspired by Dexter, Nurse Jackie, Weeds, United States of Tara, The Big C, The Borgias, and Californication. Tickets from $15.00. Cassa Hotel and Residences. New York. Contact: Johanna Fuentes. johanna.fuentes@showtime.net. (212) 708-1590.

Event address: 70 West 45th Street, New York. Sponsored by CNET,Lonny Magazine,The New Yorker,Wired Magazine. Event web address: www.sho.com/showtimehouse.

Tags: Designer Showcase Festival Tour Industry Design Industry TV Social Patron.

**Mercedes Benz Fashion Week**

*Cynthia Rowley Show.* 11:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Michelle Finocchi. finocchi@cynthiarowley.com. (212) 242-0847.

Event address: West 65th St. and Broadway, New York. Event web address:www.cynthiarowley.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**September Concert Foundation**

*Various Performances.* 11:00 am. Tribute concerts around the city. Various venues. New York.

Event address: , New York. Event web address: www.septemberconcert.org.

Tags: Benefit Performance Concert Children Family Industry Music Social Patron Civic.

**United Bamboo**

*Fashion Week Show.* 11:00 am. Spring 2011 collection. Invitation only. Hosfelt Gallery. New York. ub@kruppgroup.com.

Event address: 531 West 36th Street, New York. Event web address: unitedbamboo.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Catholic Big Sisters & Big Brothers of New York**

*Second Annual Family Polo Day.* 12:00 pm. Polo match, lunch, cocktails, designer showcase, silent auction and children's activity field. Tickets from $50.00. Haviland Hollow Farm. Patterson. Contact: Anna Bruning. (212) 475-3291.

Event address: 815 East Branch Road, Patterson. Event web address:www.cbsbb.org/events/fundraising-events/family-polo-event.

Tags: Equestrian Fundraiser Luncheon Children Family Lifestage Kids Social Patron Child Advocacy.

**Ohne Titel**

*Fashion Week Show.* 12:00 pm. Spring 2011 collection. Invitation only. Exit Art. New York. Contact: Stephen Courter. stephen@ohnetitel.com. (646) 243-1887.

Event address: 475 10th Ave., New York. Event web address: www.ohnetitel.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Prabal Gurung Show.* 1:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Kristen Roller. kristen@prabalgurung.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.prabalgurung.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Juan Carlos Obando**

*Fashion Week Show.* 2:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. Contact: Dominique Lafaurie. dominique@jcobando.com.

Event address: 450 West 15th St., New York. Event web address: jcobando.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Adam Show.* 2:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Alex Neff. an@adamlippes.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Yoana Baraschi Presentation.* 2:30 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. requests@laforce-stevens.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Mik Cire By Eric Kim Presentation.* 3:00 pm. Spring 2011 men's collection. Invitation only. Lincoln Center Plaza. New York. Contact: Brynne. brynne@maopr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Alexander Wang**

*Fashion Week Show.* 5:00 pm. Spring 2011 collection. Invitation only. Pier 94. New York. request@kcdworldwide.com.

Event address: 711 12th Avenue @ 55th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Isabella Tonchi**

*Fashion Week Presentation.* 6:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. itonchi@kaleidescopepr.net.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Charlotte Ronson Show.* 6:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@seventhhousepr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**French Institute/Alliance Francaise**

*Skyroom Project and Sans-titre.* 6:30 pm. Dance theater workshop. French Institute Alliance Francaise. New York. jkutsher@fiaf.org. (646) 388-6677.

Event address: 22 E 60 St., New York. Event web address: www.crossingtheline.org.

Tags: Performing Arts Supporter Social Patron Arts Performing Arts.

**A Detacher Collection**

*Fashion Week Show.* 7:00 pm. Spring 2011 collection. Invitation only. Pier 59 Studios, Art and Fashion Group. New York. info@adetacher.com.

Event address: Pier 59, at Chelsea Piers, New York. Event web address: adetacher.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Cocktails and Couture**

*Bi-annual Event.* 7:00 pm. Discussions, light fare, shopping and product preview. Invitation only. Ted Gibson Salon & Spa. New York.

Event address: 184 5th Avenue, New York. Sponsored by HTC,Ralph Lauren,Stila Cosmetics,Suave,Tarte Cosmetics,Unilever,Visine. Noted attendees: Ted Gibson,Zoe Saldana,Robert Verdi. Event web address: www.cocktailsandcouture.net.

Tags: Industry Fashion Industry Media Cocktail party Fashion Event Fashion Show Artist Industry Beauty.

**Mercedes Benz Fashion Week**

*Z Spoke by Zac Posen Show.* 7:00 pm. Spring 2011 collection. Lincoln Center Plaza. New York. info@zacposen.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.zacposen.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Robert Geller**

*Fashion Week Show.* 7:00 pm. Spring 2011 collection. Invitation only. Exit Art. New York. rgrsvp@laforce-stevens.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Suno NY**

*Fashion Week Presentation.* 7:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. suno@bpcm.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Altuzarra**

*Fashion Week Show.* 8:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. coline@altuzarra.com.

Event address: 450 West 15th St., New York. Event web address: altuzarra.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elle Magazine**

*Opening Day.* 8:00 pm. Featuring Kardashians for Beach Bunny Swimwear and Joonbug. com after-party. Griffin. New York.

Event address: 50 Gansevoort Street, New York. Event web address:www.elle.com/Runway/Fashion-Week-Style-360-Schedule3.

Tags: After party Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Manuel de la Cruz**

*Fashion Week Presentation.* 8:00 pm. Spring 2011 collection. Invitation only. Metropolitan Pavilion. New York. Contact: Press: Daniella Asantewaa. mdlc.pr@gmail.com.

Event address: 125 West 18th St., New York.

Tags: Industry Media Industry Retail Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion.

**September Concert Foundation**

*Second Annual Gala.* 8:00 pm. Cocktails, and dinner. Olympic Tower Atrium. New York. Contact: Jeaninne. rsvp@septemberconcert.org. (212) 333-3399.

Event address: 645 Fifth Avenue, New York. Event web address:www.septemberconcert.org/index.php?option=com_content&view=article&id=105% 3Aour-2nd-annual-gala-even.

Tags: Gala Industry Music Social Patron Civic.

**Whitney Eve**

*Fashion Week Presentation.* 8:00 pm. Spring 2011 collection. Invitation only. Industria - Studio 6. New York. Contact: Caitlin Kelly. caitline@alisonbrodpr.com.

Event address: 89 Jane Street, New York. Event web address: whitneyeve.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**John Varvatos**

*Tenth Anniversary Party.* 9:00 pm. Cocktails and entertainment. Invitation only. John Varvatos Boutique. New York.

Event address: 315 Bowery, New York.

Tags: Cocktail party Fashion Event Exclusive Mix Industry Beauty Industry Fashion Industry Media.

## Sunday, September 12, 2010

**Susan G. Komen for the Cure**

*20th Annual Komen NYC Race for the Cure.* 9:00 am. 5k run/walk. Tickets from $30.00. Central Park. New York. info@komennyc.org. (212) 560-9590.

Event address: , New York. Event web address: www.komennyc.org.

Tags: Walks Social Patron Sports Supporter Sports-Athlete Health Cancer Fundraiser Run.

**ASD**

*2010 New York Expo Opening Day.* 9:30 am. Exhibits and shopping. (Continues through September 14.). Jacob K. Javits Convention Center. New York. registration@asdonline.com. (800) 748-5058.

Event address: 655 West 34th St., New York. Event web address:www.asdonline.com/september.

Tags: Consumer Shows Industry Conference Industry Retail.

**Mercedes Benz Fashion Week**

*Derek Lam Fashion Show.* 10:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@kcdworldwide.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Timo Weiland Presentation.* 10:30 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. rsvp@maguiresteele.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elle Magazine**

*Second Day.* 11:00 am. Featuring: Gudnitz Couture; Belle Parish by Ali Landry; WALTER presented by Sebastian; followed by Sebastian 25th Anniversary Party at the Griffin. Invitation only. Metropolitan Pavilion. New York.

Event address: 125 West 18th St., New York. Event web address:www.elle.com/Runway/Fashion-Week-Style-360-Schedule3.

Tags: After party Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Lela Rose Fashion Show.* 11:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. lelarose@kruppgroup.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Simon Spurr Inc**

*Fashion Week Show.* 11:00 am. Spring 2011 men's collection. Invitation only. Exit Art. New York. Contact: Chris Martinelli. simonspurr@starworksny.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**VPL by Victoria Bartlett**

*Fashion Week Show.* 11:00 am. Spring 2011 collection. Invitation only. Pier 59 Studios, Art and Fashion Group. New York. vpl@companyagenda.com.

Event address: Pier 59, at Chelsea Piers, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Broadway League**

*Broadway on Broadway 2010.* 11:30 am. Concert. Times Square-43rd and 7th Avenue. New York.

Event address: 43rd Street and 7th Avenue, New York. Sponsored by Continental Airlines,Hue Leggings,New York Times. Event web address: www.ilovenytheater.com.

Tags: Benefit Performance Concert Industry Music Industry Theater Performing Arts Supporter Social Patron Arts Performing Arts.

**Preen by Thornton Bregazzi**

*Fashion Week Show.* 11:30 am. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. preen@bpcm.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**DKNY**

*Fashion Week Show.* 1:00 pm. Spring 2011 collection. Invitation only. Stephan Weiss Studio. New York. guestrequests@dkintl.com.

Event address: 711 greenwich st, New York. Event web address: dkny.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media.

**Marlon Gobel**

*Fashion Week Presentation.* 1:30 pm. Spring 2011 men's collection. Invitation only. Four Seasons Restaurant. New York. marlongobal@gmail.com.

Event address: 99 East 52nd St., New York. Event web address: www.marlongobel.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elise Overland**

*Fashion Week Show.* 2:00 pm. Spring/summer 2011 collection. Invitation only. Exit Art. New York. rsvp@maguiresteele.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Rebecca Taylor Show.* 2:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. requests@lsagency.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Rebecca Minkoff Presentation.* 2:30 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Meredith Viollis. meredith@rebeccaminkoff.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.rebeccaminkoff.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Herve Leger by Max Azria Show.* 3:00 pm. Spring 2010 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Antonio Azzuolo**

*Fashion Week Show.* 3:30 pm. Spring 2011 men's collection. Invitation only. Jack Studios - Studio 6. New York. nicole@bradburylewis.com.

Event address: 601 West 26th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Designer's Collective**

*Fashion Week Show.* 4:00 pm. Spring/summer 2011 collection. Invitation only. Skylight Studios - West. New York. collective@s30pr.com. (212) 252-2529.

Event address: 500 West 36th St, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Eric Carle Museum of Picture Book Art**

*Auction Preview Reception.* 4:00 pm. Books of Wonder. New York. (413) 658-1100.

Event address: 18 West 18th Street, New York. Event web address: www.carlemuseum.org.

Tags: Reception Artist Arts Patron Collector Industry Publishing Social Patron Arts Museums Arts Visual Arts.

**Mercedes Benz Fashion Week**

*Diane Von Furstenberg Show.* 4:00 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@kcdworldwide.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Araks**

*Fashion Week Presentation.* 5:00 pm. Spring 2011 collection. Invitation only. 303 Gallery. New York. araks@sirenpr.com.

Event address: 525 West 22nd St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Carmen Marc Valvo**

*Fashion Week Show.* 5:00 pm. Spring 2011 collection. Invitation only. NASDAQ Building. New York. pr@lcel.com.

Event address: 4 Times Square, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Cynthia Steffe**

*Fashion Week Show.* 5:00 pm. Spring 2011 collection. Invitation only. Eyebeam. New York. sstiles@cynthiasteffe.com.

Event address: 540 West 21st St., New York. Event web address: cynthiasteffe.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Trias Show.* 5:00 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. trias@lindagaunt.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Y-3**

*Fashion Week Show.* 5:00 pm. Spring 2011 men's and women's collection. Invitation only. Park Avenue Armory. New York. y-3@adidas.com.

Event address: 643 Park Avenue, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Staerk**

*Fashion Week Presentation.* 6:30 pm. Spring 2010 collection. Invitation only. Milk Gallery-Studios. New York. julissa@bradburylewis.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Tom Ford**

*Cocktail Party.* 6:30 pm. Invitation only. Private Location.

Event web address: tomfordinternational.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion.

**Boudoir D'huitres**

*Fashion Week Show.* 7:00 pm. Spring/summer 2011 collection. Invitation only. Exit Art. New York. request@acicognani.com.

Event address: 475 10th Ave., New York. Event web address: boudoir-dhuitres.com.

Tags: Fashion Event Fashion Show Exclusive Mix Food and Wine Lover Industry Fashion Industry Media.

**Erickson Beamon**

*Fashion Week Presentation.* 7:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. request@seventhhousepr.com.

Event address: 450 West 15th St., New York. Event web address:www.ericksonbeamon.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Erin Fetherston**

*Fashion Week Show.* 7:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. erinfetherston@bpcm.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Custo Barcelona Show.* 7:00 pm. Spring 2011 men's and women's collections. Invitation only. Lincoln Center Plaza. New York. Contact: Press: Minerva Arboleya. mini@asi-mkt.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Tommy Hilfiger Show.* 8:00 pm. Spring/summmer 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@kcdworldwide.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Pamela Love**

*Fashion Week Preview.* 8:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. grace.healy@peoplesrevolution.com.

Event address: 450 West 15th St., New York. Event web address: www.pamelalovenyc.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Design Industry Fashion Industry Media Industry Retail.

**Peter Jensen**

*Fashion Week Presentation.* 8:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. peterjenson@kruppgroup.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Green Shows**

*Fashion Week: Opening Night Party.* 9:00 pm. Cocktails and green fashion. Metropolitan Pavilion. New York. ryan@statepr.com. (646) 714-2520.

Event address: 125 West 18th St., New York. Event web address:www.thegreenshows.com.

Tags: Cocktail party Designer Showcase Fashion Event Fashion Show Opening Exclusive Mix Industry Beauty Industry Design Industry Fashion Industry Media Industry Retail Environmental.

## Monday, September 13, 2010

**Broadcasters Foundation of America**

*Celebrity Golf Fundraiser.* Siwanoy Country Club. Bronxville. info@thebfoa.org. (212) 373-8250.

Event address: Pondfield Road, Bronxville. Event web address:www.broadcastersfoundation.org.

Tags: Fundraiser Golf Industry Media Association.

**AHRC - Association for the Help of Retarded Children**

*Margiotta Memorial Golf Outing.* 8:00 am. Tickets from $400.00. Lake Success Golf Club. Lake Success. Contact: Marcia Pulewitz. (516) 626-1075.

Event address: 318 Lakeville Road, Lake Success. Event web address:www.ahrc.org/events.0.html.

Tags: Fundraiser Golf Social Patron.

**Mercedes Benz Fashion Week**

*William Tempest Presentation.* 8:30 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. (212) 242-9353.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Jenny Packham Show.* 9:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. pr@jennypackham.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.jennypackham.com.

Tags: Industry Fashion Industry Media Industry Retail Fashion Event Fashion Show Exclusive Mix Industry Beauty.

**HELP USA**

*12th Annual Golf Tournament & Auction.* 10:00 am. Brunch, competition, cocktails, and dinner. Chaired by Kenneth Cole. Co-chaired by Neil Cole,David Simon. Tickets from $3,000.00. The Golf Club of Purchase. Purchase. Contact: Elizabeth Litsch. elitsch@innovativephilanthropy.net. (212) 867-1117.

Event address: 10 Country Club Drive, Purchase. Sponsored by Kenneth Cole Productions Inc.,Risk Strategies Company. Fax: (212) 867-3720.

Tags: Cocktail party Dinner Fundraiser Golf Social Patron.

**Mercedes Benz Fashion Week**

*Carolina Herrera Show.* 10:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Richard Chai**

*Fashion Week Show.* 10:00 am. Spring 2011 men's collection. Invitation only. Milk Gallery-Studios. New York. request@kcdworldwide.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elle Magazine**

*Third Day.* 11:00 am. Featuring: Malan Breton presented by Rado; Rajvi Mohan presented by New Era; and Indashio. Metropolitan Pavilion. New York.

Event address: 125 West 18th St., New York. Event web address:www.elle.com/Runway/Fashion-Week-Style-360-Schedule3.

Tags: Industry Media Industry Retail Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion.

**Essence Magazine**

*"Fierce & Fabulous Awards" Luncheon.* 11:00 am. Program. Honoring Beverly Bond,Esi Eggleston Bracey,Roslyn M. Brock,Dr. Wafaa El-Sadr,Valerie Jarrett,Sheryl Lee Ralph, Susan Rice, Faith Ringgold, Anika Noni Rose,Cicely Tyson,Kerry Washington,Wendy Williams. Mandarin Oriental New York. New York. Contact: Dana Baxter. dbaxter@essence.com.

Event address: 80 Columbus Circle, New York. Sponsored by Buick,Clinique. Noted attendees: Gayle King, Gabrielle Union. Event web address: essence.com.

Tags: Awards/Awards Shows Luncheon Social Patron Women.

**Graeme Armour**

*Fashion Week Presentation.* 11:00 am. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. graemearmour@exposure.net.

Event address: 450 West 15th St., New York. Event web address: www.graemearmour.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Lulu Frost**

*Fashion Week Presentation.* 11:00 am. Spring 2011 jewelry collection. Invitation only. Milk Gallery-Studios. New York. Sandra@lulufrost.com.

Event address: 450 West 15th St., New York. Event web address: lulufrost.com.

Tags: Designer Showcase Fashion Event Exclusive Mix Industry Beauty Industry Design Industry Fashion Industry Media Industry Retail.

**Malan Breton Collection**

*Fashion Week Show.* 11:00 am. Spring 2011 collection. Invitation only. Metropolitan Pavilion. New York. Spring11@malanbreton.com.

Event address: 125 West 18th St., New York. Event web address: malanbreton.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Carlos Miele Show.* 11:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Emilia Cima. emilia@carlosmiele.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.carlosmiele.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Zero + Maria Cornejo**

*Fashion Week Show.* 11:00 am. Spring/summer 2011 collection. Invitation only. Hosfelt Gallery. New York. zeromariacornejo@prconsulting.net.

Event address: 531 West 36th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Reem Acra**

*Fashion Week Presentation.* 11:30 am. Spring 2011 collection. Invitation only. Reem Acra. New York. rsvp@reemacra.com.

Event address: 730 Fifth Avenue, New York. Event web address: reemacra.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Diesel - Black Gold**

*Fashion Week Show.* 12:00 pm. Spring 2011 collection. Invitation only. Pier 92. New York.

Event address: 51st Street at 12th Avenue, New York. Event web address: diesel.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Marisol Henriquez**

*Fashion Week Show.* 1:00 pm. Spring/summer 2011 collection. Invitation only. Skylight Studios - West. New York. marisolhenriquez@s30pr.com.

Event address: 500 West 36th St, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Tracy Reese Show.* 1:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. requests@lsagency.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Donna Karan Collection**

*Fashion Week Show.* 2:00 pm. Spring 2011 collection. Invitation only. Donna Karen's Studio. New York. slane@dkintl.com.

Event address: 711 Greenwich Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Jenni Kayne**

*Fashion Week Presentation.* 3:00 pm. Spring/summer 2011 collection. Invitation only. Industria Superstudio. New York. brendan@bradburylewis.com.

Event address: 775 Washington St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Monique Lhuiller Show.* 3:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Melissa Duren. melissa@starworksny.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Linda Rowe Thomas**

*Fashion Week Show.* 4:00 pm. Spring/summer 2011 collection. Invitation only. Skylight Studios - West. New York. romas@s30pr.com.

Event address: 500 West 36th St, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Chris Benz**

*Fashion Week Presentation.* 4:30 pm. Spring/summer 2011 collection. Invitation only. David Rubenstein Atrium. New York. chrisbenz@kruppgroup.com.

Event address: 61 West 62nd Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Alexandre Herchcovitch Show.* 5:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. ahshow@bpcm.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Temperley London**

*Fashion Week Presentation.* 5:00 pm. Spring/summer 2011 collection. Invitation only. Milk Gallery-Studios. New York. scarlett@starworksgroup.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Asia Society**

*Benefit Dinner.* 6:00 pm. Cocktail reception, exhibition viewing of "Yoshitomo Nara: Nobody's Fool" and dinner. Asia Society and Museum. New York. Contact: Wenxiao Guo. wguo@asiasociety.org. (212) 327-9247.

Event address: 725 Park Avenue, New York.

Tags: Dinner Fundraiser Arts Patron Collector Ethnic Asian American Social Patron Arts Libraries.

**Chado Ralph Rucci**

*Fashion Week Show.* 6:00 pm. Spring 2010 collection. Invitation only. 536 Broadway. New York. rsvp@chadoralphrucci.net.

Event address: 536 Broadway, New York. Event web address: chadoralphrucci.net.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Harper's Bazaar**

*Accessories Bazaar Cocktail Party.* 6:00 pm. Invitation only. Lincoln Center-Avery Fisher Hall. New York. bazaarrsvp@hearst.com.

Event address: 10 Lincoln Center Plaza, New York. Sponsored by Willow Club.

Tags: Awards/Awards Shows Cocktail party Fashion Event Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Publishing Industry Retail.

**Mercedes Benz Fashion Week**

*Betsey Johnson Show.* 6:00 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Katelyn Brehony. katelyn@betseyjohnson.com. (212) 244-3400.

Event address: West 65th St. and Broadway, New York. Event web address:www.betseyjohnson.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Food Industry Media Industry Retail.

**Michael Bastian**

*Fashion Week Show.* 6:00 pm. Spring/summer 2011 men's collection. Invitation only. Exit Art. New York. eugenia@michaelbastiannyc.com.

Event address: 475 10th Ave., New York. Event web address: michaelbastiannyc.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Vogue Magazine**

*Cocktail Party.* 6:00 pm. Book preview of "Ruben Toledo's Fashion Almanac". Invitation only. Private Location.

Noted attendees: Ruben Toledo.

Tags: Cocktail party Exclusive Mix Industry Beauty Industry Fashion Industry Publishing.

**Mercedes Benz Fashion Week**

*Perry Ellis Show.* 7:00 pm. Spring 2011 men's collection. Invitation only. Lincoln Center Plaza. New York. persvp@lsagency.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Marc Jacobs**

*Fashion Week Show.* 8:00 pm. Spring 2011 collection. Invitation only. 69th Regiment Armory. New York. request@kcdworldwide.com.

Event address: 68 Lexington Ave., New York. Event web address: marcjacobs.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

## Tuesday, September 14, 2010

**Adweek Magazine**

*Marketer of the Year Event.* Cocktails, dinner and program. Museum of Arts & Design. New York.

Event address: 40 West 53rd St., New York. Event web address:www.adweekmedia.com/aw/events/index.html.

Tags: Awards/Awards Shows Cocktail party Dinner Industry Marketing Industry Media.

**Mercedes Benz Fashion Week**

*Elie Tahari Show.* 9:00 am. Spring 2011 men's and women's collections. Invitation only. Lincoln Center Plaza. New York. Contact: Carrie Drazan. carried@elietahari.com.

Event address: West 65th St. and Broadway, New York. Event web address: elietahari.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Karen Walker**

*Fashion Week Show.* 10:00 am. Spring/summer 2011 collection. Invitation only. Exit Art. New York. nicole@bradburylewis.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Badgley Mischka Show.* 10:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Tara Levy. (212) 730-0030.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elle Magazine**

*Closing Day.* 10:30 am. Featuring: Bobi / Boy Meets Girl / Caravan presented by Starbucks Frappuccino; SACHIKA presented by Alisa Maria; bebe and bebe after party at Griffin. Invitation only. Metropolitan Pavilion. New York.

Event address: 125 West 18th St., New York. Event web address:www.elle.com/Runway/Fashion-Week-Style-360-Schedule3.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Vera Wang Show.* 11:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. verawand@prconsulting.net.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Hudson Union Society**

*Discussion Event.* 1:00 pm. Speaker(s): Bill OReilly. Private Location.

Event web address: www.runmyclub.com/hudson/eventcalendar.asp?id=206108.

Tags: Discussion Industry Government Relations Industry Media Social Patron.

**Matthew Ames**

*Fashion Week Show.* 1:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. info@fashionhaus.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Rosa Cha Show.* 1:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: TJ Allers. tallers@greatpress.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Film Supporter Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Bibhu Mohapatra.* 1:30 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mulberry**

*Fashion Week Presentation.* 1:30 pm. Spring/summer 2010 rtw collection. Invitation only. Soho House New York. New York. request@kcdworldwide.com.

Event address: 29-35 Ninth Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Max Azria Show.* 2:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Patrick McGregor.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Dennis Basso Show.* 3:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. dennisbasso@bpcm.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**TSE**

*Fashion Week Presentation: Jason Wu for Tse.* 3:00 pm. Spring 2011 collection. Invitation only. Industria Superstudio. New York. request@tse-us.com.

Event address: 775 Washington St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Marc by Marc Jacobs**

*Fashion Week Show.* 4:00 pm. Spring 2011 collection. Invitation only. 69th Regiment Armory. New York.

Event address: 68 Lexington Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Pamella Roland**

*Fashion Week Presentation.* 5:30 pm. Spring 2011 collection. Invitation only. Whitney Museum of American Art. New York.

Event address: 945 Madison Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Hunter College**

*Wedding Contracts 101.* 6:00 pm. Discussions and workshops. Tickets from $50.00. Hunter College. New York. Contact: Tye Robertson. events@efyp.com. (917) 597-7343.

Event address: 71 East 94th Street, New York. Fax: (516) 616-5053. Event web address:www.hunter.cuny.edu/ce.

Tags: Discussion Lecture Networking Weddings Industry Marketing Industry Meetings and Events.

**Jones Magazine**

*Inaugural Jones Awards.* 6:00 pm. Program. Alvin Ailey American Dance Theater. New York. Contact: Media: Marie Dasaro. mdasaro@thinkpublicrelations.com. (212) 343-3920.

Event address: 405 West 55th St., New York. Sponsored by My Black is Beautiful. Event web address: jonesmag.com.

Tags: Awards/Awards Shows Industry Media Industry Publishing Social Patron.

**Mercedes Benz Fashion Week**

*Luca Luca Show.* 6:00 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. rsvp@lucaluca.com.

Event address: West 65th St. and Broadway, New York. Event web address: lucaluca.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Yigal Azrouel**

*Fashion Week Show.* 6:00 pm. Spring 2011 collection. Invitation only. Exit Art. New York. yigalazrouel@lindagaunt.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**American Friends of the Hebrew University - President's Council**

*Maimonides Award Dinner.* 6:30 pm. Cocktails and program. Honoring George Barrett. Location to be determined. jglodstein@afhu.org.

Event address: More information to come shortly,. Event web address:www.afhu.org/civicrm/event/info?reset=1&id=76.

Tags: Awards/Awards Shows Dinner Fundraiser Industry Diplomatic Religious Jewish Social Patron Faith Jewish.

**Cooper Union for the Advancement of Science and Art**

*Lecture.* 6:30 pm. "Promise Me", book signing and q&a. Speaker(s): Honorable Nancy Goodman Brinker. Cooper Union's Great Hall. New York. (212) 353-4195.

Event address: 7 East 7th St., New York. Event web address: www.cooper.edu.

Tags: Book Launch Party Lecture Reception Industry Media Social Patron Health Cancer.

**Maimonides Medical Center**

*Annual Award Dinner.* 6:30 pm. Cocktails and program. Honoring George Barrett. Chaired by Marc N. Casper, Phillip Frost, MD,Harvey M. Krueger,Lee Perlman, Marvin Samson, Abigail Wexner, Leslie Wexner, Shlomo Yanai. Tickets from $500.00. Tables from $10,000.00. The Pierre Hotel. New York. nsmook@afhu.org. (212) 607-8517.

Event address: 2 East 61st St., New York. Event web address:www.afhu.org/civicrm/event/info?reset=1&id=76.

Tags: Awards/Awards Shows Dinner Fundraiser Religious Jewish Social Patron Association Civil/Human Rights Education University Faith Jewish Health Clinics/Health Care.

**Mercedes Benz Fashion Week**

*Sophie Theallet Presentation.* 6:30 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. sophietheallet@cmmediapr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail Fashion Event Fashion Show.

**G-Star**

*Fashion Week Show.* 7:00 pm. Spring 2011 collection. Invitation only. Pier 94. New York. g-star@hlgrp.com.

Event address: 711 12th Avenue @ 55th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*TIBI Show.* 7:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Press: Liz Walker. liz.walker@tibi.com.

Event address: West 65th St. and Broadway, New York. Event web address: tibi.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Narciso Rodriguez Show.* 8:00 pm. Spring/summer 2011 collection. Invitation only. Lincoln Center Plaza. New York. narcisorodriguez@prconsulting.net.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Toni Francesc Show.* 8:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. requests@peoplesrevolution.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Style.com**

*Tenth Anniversary Party.* 9:00 pm. Invitation only. Private Location. info_style@style.com.

Event web address: style.com.

Tags: Cocktail party Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Publishing.

**Rachel Roy**

*Fashion Week Presentation.* 9:30 pm. Spring 2011 collection. Invitation only. Lincoln Center for the Performing Arts. New York. rachelroy@hlgrp.com.

Event address: 10 Lincoln Center Plaza, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

## Wednesday, September 15, 2010

**Min Online**

*Integrated Marketing Awards.* Program. Grand Hyatt New York. New York. Contact: Saun Sayamongkhun. saun@accessintel.com. (301) 354-1610.

Event address: Park Ave. at Grand Central Terminal, New York. Event web address:www.minonline.com/awards/ima2010.html.

Tags: Awards/Awards Shows Industry Media Industry Publishing.

**Business Development Institute**

*Mobile Social Communications Conference.* 8:00 am. Discussions and networking. Speaker(s): BJ Emerson, Kevin Lee, Nihal Mehta, Rick Wion. The Graduate Center, City University of New York. New York. Contact: Maria Feola. mfeola@bdionline.com. (800) 830-6687.

Event address: 365 Fifth Ave., New York. Sponsored by KIT Digital,PR Newswire,Tasti D-Lite,Yelp. Event web address: guest.cvent.com/EVENTS/Info/Summary.aspx?e=d2a52a68-23a0-4e2e-9028-ed9b039 04ce2.

Tags: Discussion Industry Conference Networking Panel Industry Internet Industry Marketing.

**The Economist**

*"Ideas Economy: Human Potential" Conference Opening Day.* 8:00 am. Discussions, workshops and networking. (Continues through September 16.). Speaker(s): David Brooks, Jordi Canals,Chancellor Joel I. Klein, Jeff Lehman, Paul Romer,John Sexton,Dr. Shirley M. Tilghman, Vijay Vaitheeswaran, Adrian Wooldridge. Tickets from $1,595.00. Chelsea Piers. New York. humanpotentialevent@economist.com.

Chelsea Piers: Pier Sixty. Event address: 23rd St. at the Hudson River, New York. Sponsored by Innocentive,Society for Human Resource Management. Event web address:ideas.economist.com/content/programme.

Tags: Discussion Industry Conference Networking Panel Industry Financial Industry Marketing Industry Media Industry Meetings and Events Industry Publishing.

**Mercedes Benz Fashion Week**

*Bill Blass Presentation.* 8:30 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Tory Burch Presentation.* 9:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. spring2011@toryburch.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.toryburch.com.
Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Michael Kors Show.* 10:00 am. Spring 2011 men's and women's collections. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.
Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Nanette Lepore Show.* 11:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. nanettelepore@lindagaunt.com.

Event address: West 65th St. and Broadway, New York.
Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Kingsbrook Jewish Medical Center**

*Tenth Annual Celebrity Golf & Tennis Classic.* 11:30 am. Tournament, cocktails and dinner. Tickets from $400.00. North Hempstead Country Club. Great Neck. Contact: Joyce Leiz. KJMCFdn@kingsbrook.org. (718) 604-5479.

Event address: 75 N Station Plaza, Great Neck. Event web address: www.kingsbrook.org.
Tags: Cocktail party Dinner Fundraiser Golf Tennis Health Clinic Health Hospitals.

**Douglas Hannant**

*Fashion Week Show.* 12:00 pm. Spring 2011 collection. Invitation only. The Plaza Hotel. New York. runwayshow@douglashannant.com.

Event address: 770 Fifth Ave, New York. Event web address: douglashannant.com.
Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Jeremy Scott**

*Fashion Week Show.* 1:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. requests@peoplesrevolution.com.

Event address: 450 West 15th St., New York.
Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*General Idea Show.* 1:00 pm. Spring 2011 men's collection. Invitation only. Lincoln Center Plaza. New York. jess@williamsonpr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Vittadini Presentation.* 1:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. vittadini@companyagenda.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**3.1 Phillip Lim**

*Fashion Week Show.* 2:00 pm. Spring 2011 women's collection. Invitation only. Park Avenue Armory. New York. request@kcdworldwide.com.

Event address: 643 Park Avenue, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Gottex Show.* 2:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. gottex@atelierpr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Yigal Azrouel**

*Fashion Week Show.* 2:00 pm. Spring 2011 men's collection. Invitation only. Pier 59 Studios, Art and Fashion Group. New York.

Event address: Pier 59, at Chelsea Piers, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Milly by Michelle Smith Show.* 3:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. requests@laforce-stevens.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Marchesa**

*Fashion Week Presentation.* 3:30 pm. Spring 2011 collection. Invitation only. Chelsea Art Museum. New York.

Event address: 556 West 22nd St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Eva Minge**

*Fashion Week Show.* 4:00 pm. Spring 2011 collection. Invitation only. Exit Art. New York. requests@peoplesrevolution.com.

Event address: 475 10th Ave., New York. Event web address: www.evaminge.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Loris Diran Couture**

*Fashion Week Presentation.* 5:00 pm. Spring/summer 2011 collection. Invitation only. Audi Forum. New York. pr@lorisdiran.com.

Event address: 250 Park Ave., New York. Event web address: lorisdiran.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Odd Molly Show.* 5:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@seventhhousepr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Cosmetic Executive Women**

*Newsmaker Forum.* 5:30 pm. Cocktails and discussion. Tickets from $175.00. Harmonie Club. New York. Contact: Tara Russo. trusso@cew.org. (646) 929-8026.

Event address: 4 East 60th St., New York. Event web address:www.cew.org/eweb/DynamicPage.aspx?webcode=EventInfo&Reg_evt_key=AD2B92A4-1 18C-4A7A-94A7-7241F0BFF81F.

Tags: Discussion Networking Industry Beauty Industry Marketing.

**Mercedes Benz Fashion Week**

*Anna Sui Show.* 6:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@kcdworldwide.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**United Cerebral Palsy Association of Nassau County**

*Annual Taste & Toast the Town.* 6:00 pm. Tastings. Chaired by Joe Mandaro,Kathy Wilson. Tickets from $100.00. Chateau Briand. Carle Place. Contact: Michelle Gevirtz. mgevirtz@ucpn.org. (516) 377-2063.

Event address: 440 Old Country Road , Carle Place. Event web address:www.ucpn.org/index.php/site/events_detail/2010_taste_toast_the_town/.

Tags: Fundraiser Tasting Industry Medical Profession Social Patron Health Neurological.

**Village Alliance**

*A Taste of the Village 2010.* 6:00 pm. Wine and culinary tastings. Tickets from $40.00. Washington Square Park. New York. bid@villagealliance.org. (212) 777-2173.

Event address: , New York. Event web address: www.villagealliance.org.

Tags: Festival Tasting Wine Tasting Family Food and Wine Lover Industry Food Industry Restaurant Social Patron Association Economic Development.

**Mercedes Benz Fashion Week**

*Mackage Presentation.* 6:30 pm. Spring 2011 women's rtw and men's and women's outerwear. Invitation only. Lincoln Center Plaza. New York. pr@mackage.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**United Cerebral Palsy of New York City**

*Volunteer Appreciation Event "Celebrating 65 Years of Volunteerism".* 6:30 pm. Cocktails and awards program. Speaker(s): Donna Hanover, Timothy Mandala. Prince George Ballroom. New York. Contact: James Grant. James@michaelrussellgroup.com. (917) 626-1300.

Event address: 15 East 27th St., New York. Noted attendees: John Lombardo, Edward R. Matthews.

Tags: Awards/Awards Shows Reception Social Patron Civic Health Misc.

**Althea Harper**

*Fashion Week Presentation.* 7:00 pm. Spring 2011 collection. Invitation only. Red Bull Space. New York. press@altheaharper.com.

Event address: 40-42 Thompson St, New York. Event web address: altheaharper.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Stanley Adams Couture**

*Fashion Week Show.* 7:30 pm. Spring 2011 collection. Invitation only. Jimmy Crystal. New York. pr@jimmycrystal.com.

Event address: 260 West 35th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Adrienne Zernich**

*Fashion Week Show.* 8:30 pm. Spring 2011 collection. Invitation only. National Arts Club. New York. aazinnyc@aol.com.

Event address: 15 Gramercy Park South, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Imitation**

*Fashion Week Show.* 9:00 pm. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. request@seventhhousepr.com.

Event address: 450 West 15th St., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Zang Toi Show.* 9:00 pm. Spring 2010 collection. Invitation only. Lincoln Center Plaza. New York. zangtoi@houseoftoi.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

## Thursday, September 16, 2010

**POSSIBLE THREATS:** 84th Annual San Gennaro Fest: Mulberry St

**New York Botanical Garden**

*Lillian and Amy Goldman Stone Mill Grand Opening.* New York Botanical Garden. Bronx. (718) 817-8700.

Event address: Bronx River Parkway at Fordham Road, Bronx. Event web address:www.nybg.org.

Tags: Opening Social Patron Environmental.

**Latin Vision Media**

*Marketing to Latinos: Travel & Hospitality.* 8:00 am. Conference and business networking. TBD. info@latinvision.com.

Event address: T BD,. Event web address: www.latinvision.com/conference/travel.

Tags: Discussion Industry Conference Networking.

**Feast of San Gennaro**

*84th Annual Festival.* 9:00 am. Light fare, concerts, ceremonies and parade. (Continues through September 26.). Mulberry Street between Canal and Houston. New York. (212) 768-9320.

Event address: 125 Mulberry St., New York. Event web address: sangennaro.org.

Tags: Concert Festival Children Ethnic Italian American Family Lifestage Kids Faith Catholic.

**Mercedes Benz Fashion Week**

*J Mendel Show.* 9:00 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. jmendel@lindagaunt.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Ralph Lauren**

*Fashion Week Show.* 10:00 am. Spring 2011 collection. Invitation only. Skylight Studios. New York. Contact: Melanie Fisher. fashionshow@poloralphlauren.com. (212) 857-2584.

Event address: 275 Hudson St., New York. Event web address: www.poloralphlauren.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Helen Yarmak**

*Fashion Week Presentation.* 10:30 am. Spring 2011 collections. Invitation only. Helen Yarmak Penthouse Showroom. New York. Contact: Sandy Blye. sandyblye@helenyarmak.com.

Event address: 730 Fifth Avenue, New York. Event web address: helenyarmak.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Jeremy Laing**

*Fashion Week Show.* 11:00 am. Spring 2011 collection. Invitation only. Milk Gallery-Studios. New York. rsvp@jeremylaing.com.

Event address: 450 West 15th St., New York. Event web address: www.jeremylaing.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Andy & Debb Presentation.* 11:30 am. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. request@seventhhousepr.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Isaac Mizrahi Show.* 12:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Meghan Horstmann. meghan@isaacmizrahiny.com.

Event address: West 65th St. and Broadway, New York. Event web address:www.isaacmizrahiny.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Davidelfin Show.* 1:00 pm. Spring 2011 men's and women's collection. Invitation only. Lincoln Center Plaza. New York. requests@peoplesrevolution.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Angel Sanchez**

*Fashion Week Presentation.* 2:00 pm. Spring 2011 collection. Invitation only. 148 West 37th Street. New York. rsvp@angelsanchez.com.

Event address: 148 West 37th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Consulate General & Promotion CTR. of Argentina in NY.* 2:00 pm. Spring 2011 collections. Invitation only. Lincoln Center Plaza. New York. press@acicgnani.com.

Event address: West 65th St. and Broadway, New York.

Tags: Designer Showcase Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Diplomatic Industry Fashion Industry Government Relations Industry Media Industry Retail.

**Stephen Burrows**

*Fashion Week Presentation.* 2:00 pm. Spring 2011 collection. Invitation only. 209 West 38th Street. New York. kendra@citygirlconcepts.com.

Event address: 209 West 38th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Joanna Mastroianni**

*Fashion Week Presentation.* 2:30 pm. Spring 2011 collection. Invitation only. 230 West 38th Street. New York. joannMST@aol.com.

Event address: 230 West 38th Street, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Calvin Klein**

*Fashion Week Show.* 3:00 pm. Spring 2011 collection. Invitation only. Calvin Klein. New York. womensrunwayshow@ck.com.

Event address: 205 West 39th Street, New York. Event web address: www.ck.com.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Elene Cassis**

*Fashion Week Show.* 5:00 pm. Spring 2011 collection, followed by after-party. Invitation only. Exit Art. New York. elenecassis@lapresspr.com.

Event address: 475 10th Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Oscar de la Renta**

*Fashion Week Show.* 5:00 pm. Spring 2011 collection. Invitation only. 583 Park Avenue. New York.

Event address: 583 Park Ave., New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**New York Times**

*T Magazine Cocktail Reception.* 6:00 pm. Invitation only. Location to be determined. Contact: Leslie Johnson. leslie@karlaotto.com.

Event address: More information to come shortly,.

Tags: Cocktail party Industry Media Industry Publishing.

**New York Times**

*Cocktail Reception.* 6:30 pm. Invitation only. Location to be determined.

Event address: More information to come shortly,.

Tags: Cocktail party Fashion Event Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Publishing.

**New-York Historical Society**

*Nueva York VIP Opening.* Invitation only. El Museo del Barrio. New York. bbotwinick@nyhistory.org. (212) 873-3400.

Event address: 1230 Fifth Ave., New York. Event web address: www.nyhistory.org.

Tags: Opening Reception Artist Arts Patron Collector Social Patron Arts Museums.

**Nexus Showroom**

*Press & Buyers Cocktail Reception.* 6:30 pm. Invitation only. Nexus Showroom. New York. Contact: Sasha Wolfe. info@nexusshowroom.com.

Event address: 39 West 56th Street, New York. Event web address: nexusshowroom.com.

Tags: Cocktail party Industry Beauty Industry Design Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Naeem Khan Show.* 7:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Dom Perignon**

*Celebration.* 8:00 pm. Invitation only. Private Location. ursula@nadinejohnson.com.

Tags: Fashion Event Reception Exclusive Mix.

**Mercedes Benz Fashion Week**

*L.A.M.B. Show.* 8:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Calvin Klein**

*Post-Show Dinner.* 9:00 pm. Invitation only. Private Location.

Tags: After party Dinner Fashion Event Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

**Mercedes Benz Fashion Week**

*Ivana Helsinki.* 9:00 pm. Spring 2011 collection. Invitation only. Lincoln Center Plaza. New York. Contact: Keri Ingvarsson. ivanahelsinki@thekingcollective.com.

Event address: West 65th St. and Broadway, New York.

Tags: Fashion Event Fashion Show Exclusive Mix Industry Beauty Industry Fashion Industry Media Industry Retail.

## Saturday, September 18, 2010

**Women's Health Magazine**

*Are You Game? Festival.* 10:00 am. Featuring workout classes, virtual kayaking, cooking demonstrations, a makeover cabana, mechanical bull, one-on-one golf instruction, and reception. Hudson River Park at Pier 46. Contact: Shay Pantano. Shay.Pantano@Coburnww.com. (212) 730-7277.

Event address: 46 Charles Street,.

Tags: Festival Reception Social Patron Sports Supporter Sports-Athlete Health Misc. Social Services Food Banks.

**Opportunities for a Better Tomorrow**

*Second Annual "Battle of the Badges" Charity Softball Game.* 11:00 am. Tournament, family activities, K-9 demonstrations, health screenings, and performances. Tickets from $10.00. MCU Park - Coney Island. Contact: Deborah Roman. info@obtjobs.org. (718) 869-6772.

Event address: 1904 ,. Fax: (718) 369-1518. Event web address:www.obtjobs.org/index.php/101.

Tags: Competition Fundraiser Reception Children Family Social Patron Civic.

## Sunday, September 19, 2010

**Actors Fund**

*Special Performance.* 8:00 pm. "Promises, Promises". Tickets from $61.50. Broadway Theatre. New York. Contact: Stephen Joseph. sjoseph@actorsfund.org. (212) 221-7300.

Event address: 1681 Broadway, New York. Event web address: wwww.actorsfund.org.

Tags: Benefit Performance Fundraiser Social Patron Arts Performing Arts Arts Visual Arts Civil/Human Rights Family/Social Services Gay Rights Health Aging Health AIDS Health Clinic Health Misc. Social Services Counseling.

## Monday, September 20, 2010

**POSSIBLE THREATS:** UN Summit: Midtown

**New York Public Library**

*President's Council Dinner.* Cocktails and program. Invitation only. New York Public Library. New York. klaino@nypl.org. (212) 930-0553.

Event address: Fifth Ave. & 42nd St., New York. Event web address: www.nypl.org.

Tags: Dinner Lecture Arts Patron Social Patron Arts Libraries.

**United Nations**

*Millenium Development Goals Summit Opening Day.* Discussions. (Continues through September 22.). Speaker(s): Sec. Gen. Ban Ki-Moon. United Nations. New York.

Event address: First Avenue at 46th Street, New York. Event web address:www.un.org/en/mdg/summit2010/.

Tags: Discussion Lecture Industry Diplomatic Industry Political/Government Child Advocacy Civic Civil/Human Rights Health Misc.

**SHARE - Self Help for Women with Breast or Ovarian Cancer**

*Seventh Annual "A Second Helping of Life'.* 7:00 am. Cocktails, dinner, silent and live auction. Honoring Joanne Minieri,Muriel Siebert. Tickets from $300.00. Tables from $5,000.00. Pier 60. Contact: Beth Kling. bkling@sharecancersupport.org. (212) 719-0364.

Event address: Westside Highway between 19th and 20th Streets,. Noted attendees: Alex Guarnaschelli, Julie Reiner.

Tags: Auction Cocktail party Dinner Fundraiser Food and Wine Lover Industry Food Industry Restaurant Social Patron Health Cancer.

**Molteni&C**

*Reception.* 6:00 pm. Cocktails. Invitation only. Molteni&C Dada Unifor - Flagship Store. New York. rsvp@moltenidada.com.

Event address: 60 Greene Street, New York. Event web address: www.moltenidada.com.

Tags: Opening Reception Industry Design Industry Fashion Industry Media Industry Real Estate/Architecture.

**Friends of the Upper East Side Historic Districts**

*Seventh Annual Award Dinner.* 6:30 pm. Cocktails and program. Business attire. Speaker(s): William J. Higgins. Honoring David W. Levinson. Tickets from $200.00. Tables from $5,000.00. Location to be determined. info@friends-ues.org. (212) 535-2526.

Event address: More information to come shortly,. Fax: (212) 535-2155. Event web address:www.friends-ues.org/events.

Tags: Awards/Awards Shows Dinner Fundraiser Social Patron Association.

**Rosie O'Donnell's Broadway Kids Foundation**

*Annual Building Dreams for Kids Gala.* 6:30 pm. Reception and program. Honoring Neil Friedman,Michael Goldstein. Co-chaired by Robert A. Eckert, Jim Fogarty, Curt Forsythe,James M. Nederlander,James L. Neederlander,Eileen Newman,Arthur Newman, Catherine Oppenheimer,Lee Perlman,Ruthe Ponturo,Tony Ponturo,Marva Smalls,Reuven Spiegel. Tickets from $500.00. Tables from $10,000.00. New York Marriott Marquis. New York. (914) 579-1000.

Event address: 1535 Broadway, New York. Event web address:www.rosiesbroadwaykids.org.

Tags: Awards/Awards Shows Gala Industry Theater Performing Arts Supporter Social Patron.

**New York Television Festival**

*Sixth Annual Festival Opening Night.* 7:30 pm. ABC's "Detroit 1-8-7" screening. (Festival continues through September 25.). SVA Theatre. New York. (718) 350-8519.

Event address: 333 West 23rd St., New York. Event web address: www.nytvf.com.

Tags: Festival Opening Screenings Industry Film Industry Media Industry TV Arts Visual Arts.

## Tuesday, September 21, 2010

**AccessoriesTheShow**

*2010 Show Opening Day.* 9:00 am. Exhibits and shopping. (Continues through September 23.). Jacob K. Javits Convention Center. New York. (212) 686-4412.

Event address: 655 West 34th St., New York. Event web address:www.accessoriestheshow.com/contact.html.

Tags: Consumer Shows Industry Conference Industry Beauty Industry Fashion.

**ENK International Trade Events**

*Sole Commerce 2010 Show Opening Day.* 9:00 am. Exhibits, discussions, fashion previews, shopping. (Continues through September 23.). Jacob K. Javits Convention Center. New York. enkshows@enkshows.com. (212) 759-8055.

Event address: 655 West 34th St., New York. Event web address:www.enkshows.com/acic/.

Tags: Consumer Shows Industry Conference.

**ENK International Trade Events**

*Coterie Show Opening Day.* 9:00 am. Presentations and exhibits. (Continues through September 23.). Jacob K. Javits Convention Center. New York. coterie@enkshows.com. (212) 759-8055.

Event address: 655 West 34th St., New York. Event web address: enkshows.com/coterie.

Tags: Consumer Shows Fashion Event Industry Conference Industry Design Industry Fashion Industry Retail.

**Capsule**

*Capsule Show.* 10:00 am. Women's summer and spring 2011 collections. Continues through September 22. Angel Orensanz Foundation for the Arts. New York. info@capsuleshow.com. (212) 206-8310.

Event address: 172 Norfolk St., New York. Event web address: www.capsuleshow.com.

Tags: Discussion Shopping/Sample Sale Trade Shows Industry Beauty Industry Fashion.

**Appeal of Conscience Foundation**

*2010 Dinner.* 6:00 pm. Reception and program. Speaker(s): Rabbi Arthur Schneier. Honoring John Elkann,Stephen Schwarzman,Hon. Dr. Manmohan Singh. Waldorf=Astoria. New York. hcannon@rubenstein.com. (212) 843-8072.

Waldorf=Astoria: Grand Ballroom. Event address: 301 Park Avenue, New York.

Tags: Awards/Awards Shows Dinner Fundraiser Industry Diplomatic Industry Government Relations Industry Political/Government Social Patron Civil/Human Rights.

**Institute of International Education**

*2010 International Awards Gala.* 6:00 pm. Cocktail reception, dinner and awards. Cocktail attire. Honoring Denise Benmosche, Amy Brandt,Chuck Close, Pamela S. Passman,Hon. Kapil Sibal. Chaired by Mark A. Angelson,Maryam Panahy Ansary, Judy Beraka, George Beraka, Neica Goldberg, Peter M. Gottesegen,Ruth Hinerfeld,S.A. Ibrahim,Henry G. Jarecki,Thomas S. Johnson, Henry Kaufman,Laya Khadjavi, Linda R. Meier, Sam Pitroda, Thomas A. Russo, Tom Sandall. Tickets from $1,250.00. Tables from $12,500.00. Mandarin Oriental New York. New York. Contact: Ashleigh Troccoli. ashleigh@bradleyevents.com. (914) 834-2868.

Event address: 80 Columbus Circle, New York.

Tags: Awards/Awards Shows Gala Industry Diplomatic Social Patron Education K-12.

**Food and Beverage Association of America**

*Reception and Dinner.* 6:15 pm. Cocktails and cruise. Tickets from $85.00. Bateaux New York/Spirit City Cruises. New York. Contact: Hermann Reiner. office@fbassoc.com.

Event address: Chelsea Piers, Pier 61, Suite 200A, New York. Event web address:www.fbassoc.com.

Tags: Cruise Ship Dinner Reception Industry Food Industry Hospitality Industry Restaurant Association.

**American Federation of Arts**

*ArtTalks Series.* 6:30 pm. Lecture and Q&A. Tickets from $10.00. Christie's Rockefeller Center. New York. arttalks@afaweb.org. (212) 988-7700.

Event address: 20 Rockefeller Plaza, New York. Event web address: www.afaweb.org.

Tags: Discussion Lecture Reception Artist Arts Patron Collector Social Patron Arts Visual Arts.

**Day One**

*Seventh Annual Benefit to End Dating Violence Among Youth.* 6:30 pm. Cocktails and dinner. Honoring Cyrus R. Vance, Jr. Co-chaired by Wendy Amstutz, Martin B. O'Connor, II Esq., William C. Silverman, Esq. Tickets from $200.00. Puck Building. New York. benefit@dayoneny.org.

Event address: 295 Lafayette St., New York. Event web address:www.dayoneny.org/dayone/2010_benefit/.

Tags: Cocktail party Dinner Fundraiser Social Patron Social Services Counseling.

**New Yorkers for Children**

*Eleventh Annual Fall Gala.* 6:30 pm. Cocktails, dinner, live Auction. Black tie. Tickets from $1,000.00. Tables from $12,500.00. Cipriani 42nd Street. New York. Contact: Jennifer Houston. jhouston@innovativephilanthropy.net. (212) 867-1117.

Event address: 110 East 42nd Street, New York.

Tags: Cocktail party Dinner Fundraiser Social Patron Child Advocacy.

**Chamber Music Society of Lincoln Center**

*Opening Night Celebration.* 7:30 pm. Concert followed by a champagne and dessert reception. Business or cocktail attire. Tickets from $250.00. Alice Tully Hall. New York. Contact: Fred Murdock. fmurdock@chambermusicsociety.org. (212) 875-5216.

Event address: 65th and Broadway, New York. Noted attendees: David Finckel,Wu Han,Gil Shaham. Event web address: chambermusicsociety.org.

Tags: After party Benefit Performance Cocktail party Concert Fundraiser Reception Arts Patron Industry Music Performing Arts Supporter Social Patron.

## Wednesday, September 22, 2010

**DCCC-Democratic Congressional Campaign Committee**

*Fundraising Dinner.* Location to be determined. (202) 863-1500.

Event address: More information to come shortly,. Noted attendees: Pres. Barack Obama,Speaker Nancy Pelosi. Event web address: dccc.org.

Tags: Dinner Fundraiser Industry Government Relations Industry Political/Government Politics Democratic.

**Latin Vision Media**

*Investing in Latin America and in the U.S. Hispanic Market.* 8:00 am. Conference, discussion, and business networking. Speaker(s): Gabriel Abaroa,Maria Teresa Arnal,Mario L Baeza,Lucia Ballas-Traynor,Don Browne,Chiqui Cartagena,Tomas Cookman,Patrick Dolan,Janet Robinson. TBD. info@latinvision.com.

Event address: TBD,. Event web address: www.latinvisionfinance.com/conference.

**Alzheimer's Drug Discovery Foundation**

*Hope on the Horizon: New Drugs for Alzheimer's Disease.* 11:00 am. Inaugural fall luncheon. Tickets from $350.00. Tables from $7,500.00. The Pierre Hotel. New York. Contact: Pat Steele. psteele@alzdiscovery.org. (212) 901-8008.

Event address: 2 East 61st St., New York. Fax: (212) 935-2408. Event web address:www.alzdiscovery.org.

Tags: Fundraiser Luncheon Social Patron Health Alzheimer's.

**BOMA/NY**

*Annual Membership Event.* 5:30 pm. Cocktails and entertainment. 230 FIFTH. New York. Contact: Maria Kaminskiy. maria@bomany.com. (212) 239-3662.

Event address: 230 Fifth Ave., New York. Event web address:www.bomany.org/i4a/calendar/index.cfm?category=5.

Tags: Cocktail party Fundraiser Industry Real Estate/Architecture Social Patron.

**New York Philharmonic**

*Opening Night Celebration of the 169th Season.* 6:00 pm. Reception, concert, including performances by Wynton Marsalis, followed by dinner in the tent. Black tie attire. Co-chaired by Judith M. Carson,Russell L. Carson,Carol Sutton Lewis, William M. Lewis, Jr. Tickets from $1,500.00. Tables from $15,000.00. Lincoln Center-Avery Fisher Hall. New York. Contact: Courtney Ford. fordc@nyphil.org. (212) 875-5757.

Event address: 10 Lincoln Center Plaza, New York. Sponsored by BNY Mellon,Credit Suisse. Event web address: nyphil.org/gala.

Tags: Benefit Performance Fundraiser Gala Opening Performing Arts Televised Event Arts Patron Music Supporter Performing Arts Supporter Social Patron Arts Performing Arts.

**World Yacht Cruises**

*Chinese Moon Festival.* 6:00 pm. Cocktails, light fare and festivities. (Also taking place on September 23.). World Yacht. New York. Contact: Alyssa Carroll. Alyssa@rcourihaycpr.com.

Event address: World Yacht Marina, Pier 81, West 41st St. at the Hudson River, New York. Event web address: www.worldyacht.com.

Tags: Concert Festival Reception Ethnic Chinese American Social Patron.

## Thursday, September 23, 2010

**WGirls**

*Fourth Annual Bachelor and Bachelorette Auction.* Cocktails. Location to be determined.

Event address: More information to come shortly,. Event web address: wgirls.org/what-we-do/upcoming-recent-events.

Tags: Auction Cocktail party Fundraiser Lifestage Young Professional Social Jr. Committee Social Patron Association.

**New York Building Congress**

*34th Annual Transportation & Construction Luncheon.* 11:45 am. Reception and program. Hon. chair: Dominick Servedio. MC, Otis Livingston. Honoring Husam Ahmad,Janette Sadik-Khan,Jay H. Walder,Richard Wood. Chaired by Thomas E. Diana. Co-chaired by Majid Hedayati,Gregory A. Kelly, Ira A. Levy, Bernard London, Frank T. MacInnis. Cipriani Wall Street. New York. jcarlo@marchofdimes.com. (212) 353-1143.

Event address: 55 Wall St., New York. Event web address: www.buildingcongress.com.

Tags: Awards/Awards Shows Luncheon Industry Real Estate/Architecture Industry Technology Health Pediatrics.

**Sotheby's**

*Art of Farming Auction Opening Day.* (Continues through September 24.). Sotheby's. New York. molly@mollymiddletonevents.com. (646) 483-6721.

Event address: 1334 York Ave., New York.

Tags: Auction Arts Patron Collector.

**Vanidades Magazine**

*50th Anniversary Gala.* 7:00 pm. Cocktails, dinner, entertainment and dancing. Honoring Oscar de la Renta,Carolina Herrera,Narciso Rodriguez. Trump SoHo Hotel. New York. Contact: Alexandra Akshar. aakshar@televisapublishing.com. (305) 871-6400.

Event address: 246 Spring St., New York. Sponsored by Continental Airlines,Moet & Chandon,Sprint,Tansitions,TechnoMarine,The Estee Lauder Companies Inc. Event web address: www.vanidades.com.

Tags: Gala Industry Media Industry Publishing Social Patron.

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# Special tax benefits could help founders and investors

**by Craig Sherman and Andrew Bryant on Tuesday, October 26, 2010, 9:10am PDT**

**Craig Sherman and Andrew Bryant**: A little noticed provision of a recently enacted federal tax law may lead to a significant increase in the formation of new startups and angel investing before the end of this year. If you have been thinking about founding or investing in a technology startup, there is no better time to jump in and take advantage of a recently enacted federal income tax benefit.

President Obama recently signed into law changes to tax law that may, under certain circumstances, exempt profits from investments in startup companies from ALL federal income tax, including alternative minimum tax. Yes, that's right, if you start a new company now and sell it more than five years from now and make a $10 million profit on the sale, you may owe NO federal income taxes on your profit.

This special tax benefit will apply only to stock issued to founders or investors between September 28 and December 31, 2010, so time is of the essence.

The founder or investor would have to buy and hold shares of a "qualified small business" for five or more years. A "qualified small business" is a C corporation engaged in an active trade or business with less than $50 million in aggregate gross assets.

If you satisfy the above requirements and certain other conditions, you may not have to pay federal income taxes on your first $10 million of gain. If there is a liquidity event within five years of your purchase of qualified small business stock, you may still be eligible to "roll over" any gains from sale of the shares tax-free within 60 days into another qualified small business.

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17 June, 2011

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|---|---|
| Article 1. | The Guardian<br>**Where the Arab spring will end is anyone's guess**<br>Ian Black |
| Article 2. | Al-Ahram Weekly<br>**Netanyahu and the Arab spring**<br>Abdel-Moneim Said |
| Article 3. | The New Yorker<br>**Zawahiri at the Helm**<br>Lawrence Wright |
| Article 4. | NYT<br>**Does Foreign Policy Matter?**<br>Roger Cohen |
| Article 5. | Los Angeles Times<br>**European Union: Everywhere you look, a crisis**<br>Timothy Garton Ash |
| Article 6. | The American Interest<br>**What Would War with Iran Look Like?**<br>Jeffrey White |

Article 1.

The Guardian

# Where the Arab spring will end is anyone's guess

Ian Black

June 17, 2011 -- Tunisia's Jasmine revolution will always be remembered as the event that triggered the Arab spring, which has shattered the status quo from Libya to Syria and is widely seen as the biggest transformative event of the 21st century so far. But, six months on, progress has been patchy.

Mohammed Bouazizi, the young Tunisian who started it all by burning himself to death in December 2010, had his desperate imitators in Egypt, where revolution erupted days after Zine el-Abidine Ben Ali's flight into Saudi exile; and in Jordan, which has seen sporadic unrest but no uprising.

But if the politics of the Arab spring are local, many factors are common across: young people angry and frustrated at the lack of freedoms, opportunities and jobs, unaccountable and corrupt governments, cronyism and, in a few places, grinding poverty.

Rich and poor alike lived in fear of the secret police. But Tunisia, one of the most repressive regimes, fell quickly. The decision by the army to dump the president and not crush the protests was a vital lesson for the Egyptian generals. The alternative is the cruelty of the dictators' fightbacks in Tripoli and Damascus. Regional differences were ignored in the chain reaction that followed. Yemen's protests were galvanised by the drama in Cairo's Tahrir Square but they also involved tribalism, elite rivalry and a small but alarming al-Qaida presence against a background of resource depletion and fear of state

failure. Sectarian tensions were the key to the trouble in Bahrain, where a Sunni monarchy rules over a restive Shia majority.
Islamists, the bogeymen of the west and the enemies of all autocratic Arab regimes, have not - yet - played a significant role. Still, Ennahda in Tunisia and the Muslim Brotherhood in Egypt have new opportunities in multi-party systems that will in turn change them.
The killing of Osama bin Laden was a timely reminder of the defeat of jihadi ideology in an Arab world being transformed by people power.
Another variable has been the response: French support for Ben Ali was embarrassing; the US was praising Mubarak days before he departed. Muammar Gaddafi had no friends - and the Arab League was crucial in providing a figleaf for UN-sanctioned Nato intervention. Bashar al-Assad, by contrast, has yet to be condemned by the UN for a crackdown that has cost at least 1,300 lives. Bahrain is too strategically important to face more than a rebuke from the US.
Elsewhere in the region, Israel is nervous about the demise of Mubarak. Turkey fears instability in Syria. The Palestinians, eclipsed by drama elsewhere, are trying to learn lessons. Iran's support for the Arab uprisings is sheer hypocrisy given its crushing of democratic protests since 2009.
Now the EU and the US must stop being seen by Arabs as "partners for dictators" in the words of the Tunisian academic Ahmed Driss. Billions of dollars will be needed to support democracy and development.
Tunisia and Egypt fear instability as they face free elections. But the really hard transformational work, as the respected commentator Rami Khouri has observed, "will start in the years after the new parliaments are elected and the complete infrastructure of political governance is forged according to the will of the majority".

There are exceptions. The Saudis are investing to create jobs and defuse dissent. Jordan and Morocco have tried liberal gestures. Algeria's oil wealth and experience of civil war have helped maintain peace there. But it is striking how Arab unrest has become a permanent feature of the global landscape. It is unfinished business wherever it is happening. "The outcome of this tectonic realignment is not just unpredictable but unknowable," said Prince Hassan of Jordan.

Article 2.

Al-Ahram Weekly

# Netanyahu and the Arab spring

Abdel-Moneim Said

9 - 15 June 2011 -- Two regionally and globally crucial spectacles have been unfolding in the Arab world this year. The first is the wave of "revolutions", or "uprisings", or whatever they might be called that have variously overthrown regimes, striven to overthrow others, and made yet others so uncomfortable that not a day goes by without them announcing various reforms.

The second spectacle originated in Washington, where US President Barack Obama has launched his latest initiative to kickstart a new Palestinian-Israeli peace process based on the two-state solution defined by the 1967 borders, albeit modifiable by land swaps in order to accommodate the concrete changes that have taken place over the past 44 years.

What happened next will be familiar to all: Israeli prime minister Binyamin Netanyahu went to Washington, furious at Obama's announcement. In spite of the fact that both leaders addressed the American Israeli Public Affairs Committee (AIPAC), Obama's speech being conciliatory while Netanyahu remained inflexible, the bridge between the two leaders remains fragile. However, to complete the picture, there is a need to refer as well to Netanyahu's speech to the joint houses of Congress, also made during his recent visit to Washington.

The standing ovation Netanyahu received there was a palpable reminder of how deeply Israel has worked its way under America's skin and that no differences between the two seem ever likely to ever spoil their intimacy.

The two spectacles combined are planting the seeds for new events in the ongoing Arab-Israeli conflict. Obama would not have uttered the magic words "1967 borders" if he had not wanted to woo the new Arab revolutionaries and taken some credit for steering their revolution towards the establishment of democracy, the spread of freedom and the advancement of American interests in the region. The approach is perfectly in keeping with Obama's sophisticated style, which contrasts so starkly with his predecessor's crass behaviour.

It is also an approach that is not far from the target. Obama's own appearance on the scene has been a special sort of revolution, and a rich and inspiring one at that. His address in Cairo delivered a revolutionary message, equating what America stands for with "humanitarian" traits. Certainly, no one will dispute the fact that Obama had previously displayed no great fondness for Arab leaders, unlike the Bush family with its various friendships and financial connections with a good number of them. However, it has nevertheless not taken long for Obama's courtship of the Arab revolutionaries to run up against the Israeli wall, one that invariably looms up to create a gulf between the US and the Arab world.

At the same time, it is important to bear in mind that in the modern history of the Middle East, revolution and Arab awakening have long been linked with the Palestinian cause. The recent reconciliation between Fatah and Hamas, for example, probably reflected a general desire to take advantage of a propitious historical moment, which then found its reaffirmation in a global willingness to recognise a Palestinian state within the 1967 borders and a US readiness to pronounce the magic words in spite of Israel's anger.

However, the problem may be more complicated still, since the Arab revolutionary movements of the second half of the 20th century, which often built their revolutionary credentials and impetus on their

championship of the Palestinian cause, themselves became the enemies of the people, being crowned during the current revolutionary period with infamy and dishonour. This applies to the former regime in Iraq, the regime in Syria and the Mubarak regime in Egypt.

The case of Hizbullah reflects this revolutionary predicament with respect to the Palestinian cause and the struggle against Israel. It suffices to recall which side this group came down upon when it had to chose between the Syrian people, who are presently fighting for their future and for the future of their children, and a regime that has thrived off a conflict in which it has never fired a single shot to liberate the Golan Heights from Israeli occupation, regardless of its political posturing.

All this leads to the question of whether Netanyahu's new position is based on some type of analysis of the ongoing Arab revolutions. Does he believe that they will turn out to be like their predecessors and feed off the Palestinian cause, for example, and has this led him to want to deal firmly with them from the outset? Egypt received a message to the effect that Al-Qaeda was in control of the Sinai and that Israel therefore felt itself free to act as it wishes.

Alternatively, could Netanyahu's thinking be headed in another direction, such that the current Arab revolutions are seeking to rectify the fatal habit of previous revolutions of focussing on external affairs at the expense of domestic needs and that they will therefore seek to avert wars, conflicts and attendant tribulations?

Surely it is no coincidence that a leading Nasserist Arab nationalist and presidential candidate, Hamdeen Sabahi, has stated several times that he has no intention of opening hostilities against Israel and every intention instead of waging war on poverty and fighting for educational and healthcare reforms and other such urgent domestic causes.

Of course, it is difficult to know what is going on in the minds of Israeli decision-makers. But the result seems clear: Netanyahu has decided to mix deterrence with opportunity. Undoubtedly, he believes that the Arab revolutions will not be prepared to move closer to peace on his terms and that they will most likely make the current peace colder than the polar icecaps. However, Israel can live with frigidity. Indeed, the Israeli right has never been keen to make the climate warmer, let alone to turn Israel into a normal country at home with others in the Middle East, a notion that seems to find few takers in Israel.

As is the case with epic narratives, the Arab spring and the Obama initiative are two threads of a story whose coming together does not herald an end, but rather forms one out of many chapters. The fate of this coming together is still difficult to determine. However, there are elements that seem to be propelling it forward, such as the recent French initiative offering to host a Palestinian-Israeli summit meeting, which must be seen against the backdrop of the looming September deadline when the Palestinians and Arabs plan to seek a UN General Assembly Resolution recognising a Palestinian state within the 1967 borders.

France is clearly striving to score points for its new more active approach to the Middle East. However, it is also working in the same direction as Obama, which is to dissuade the Palestinians and Arabs from going to the UN in September.

Curiously, all this is unfolding at a time when the Arabs' own collective body, the Arab League, is weaker than ever. No Arab summit has been convened, and the current secretary-general is preoccupied with his own political future in Egypt. Meanwhile, bilateral relations that have long rested on an Egyptian-Saudi footing are in some confusion. There seems to be considerable wavering between the principle that this basis should remain firm regardless of

changes in the political regime and the conviction that no basis can remain the same when its constituent components have changed. The components, whether in Cairo or Riyadh, are changing, but the two sides continue to reach out to the other in the midst of a raging storm.

It is impossible to predict the end of a story having so many different and intricately interwoven threads. Yet, it would be equally impossible to ignore the Palestinian factor at this moment of Arab ferment, as much as it has been impossible at times of Arab stagnation.

Article 3.

The New Yorker

# Zawahiri at the Helm

Lawrence Wright

June 16, 2011 -- Dr. Ayman al-Zawahiri, an Egyptian surgeon, has come into his inheritance—Al Qaeda—at a time when the organization is at its nadir. Osama bin Laden, its charismatic founder, is dead, and after some internal debate his No. 2 man, Zawahiri, has taken control. For nearly a decade, bin Laden pushed his followers to come up with a second act to 9/11, but they were unable to match the appalling brilliance of that attack. Now it is up to Zawahiri to salvage an organization that many think (and hope) has drifted into irrelevance. Compared to bin Laden, Zawahiri lacks charisma, but it would be a mistake to underestimate his commitment and his willingness to spill blood. He was hardened by the torture he endured in the three years he spent in Egyptian prisons following the assassination of Anwar al-Sadat, in 1981, and by the savage underground war that he has fought with Egyptian intelligence agencies ever since. Zawahiri has shown a daring willingness to improvise. He inaugurated the use of suicide bombers with his failed attack on the Egyptian Interior Minister, Hasan al-Alfi, in 1993, although the tactic breaks a fundamental taboo in Islam against the taking of one's own life. He also introduced the propaganda ploy of the martyrdom video, which would become a signature of Al Qaeda. Bin Laden needed Zawahiri, not least because of his physical ailments. Although bin Laden did not have kidney disease, as was widely thought, he was often ill; Zawahiri served as his personal physician, and manipulated his position to cement their relationship. Bin Laden also depended on Zawahiri for his organizational skill and the talented men he brought with him. But Zawahiri also depended

on bin Laden, whose money, mystique, and connections to wealthy Gulf Arabs gave Al Qaeda an advantage few other terror groups have ever enjoyed. Zawahiri has experience in rebuilding broken terrorist groups; his own organization in Egypt, Al Jihad, was twice wiped out by operational errors, and Zawahiri had to rally the demoralized survivors, even pretending to step aside from power, although he was never really far from the controls. His ultimate solution was to merge Al Jihad with Al Qaeda, making it into an Egyptian body with a Saudi head. Now that bin Laden is gone, the challenge for Zawahiri will be to keep non-Egyptians in Al Qaeda. Members pledged their loyalty to bin Laden personally, not to the organization, so a new round of declarations will have to be made, providing Zawahiri an immediate test of his popularity. One big difference in Zawahiri's leadership from that of his predecessor is likely to be a renewed focus on Egypt. Zawahiri's terrorist career began when he was fifteen years old, when he started a cell to overthrow the Egyptian government. Now the government actually has been overthrown, no thanks to Zawahiri's efforts. The country is in a tumultuous and formative but also vulnerable moment in its history, which Zawahiri will seek to exploit. He knows that Egypt is the real game in the Islamist contest for power. The future of Egypt will determine much of what happens in the rest of the Arab world. No matter how it turns out, the Egyptian revolution will be seen historically as a bookend to the Iranian revolution in 1979, which added reality to the radical Islamist agenda and inspired so many young Muslims, like Zawahiri, to take up jihad. Iran showed them that they actually could take over a major Muslim country and turn it into a theocracy. Zawahiri was always frustrated that it was a Shiite country that became the first important Islamic theocracy in the modern world. He will devote himself to making Egypt a Sunni replica of the Iranian state, and not the end of

a trend that has led so many Muslim countries into fundamentalist dead ends.

Article 4.

NYT

# Does Foreign Policy Matter?

Roger Cohen

June 16, 2011— Perhaps foreign policy doesn't matter in U.S. elections. President George H.W. Bush orchestrated a peaceful unwinding of the Cold War that united Germany within the West. A Europe divided became whole and free. Hundreds of millions of people benefited. They still do. This was one of the finest hours of American diplomacy. His reward for great achievements on the world stage was to be defeated in the 1992 election. After all, he'd raised taxes. He'd let the size of government grow. Confronted by a grocery store checkout scanner, he looked like a genteel space cadet. So he had his comeuppance from Bill Clinton, who'd got how groceries get bought.

Yes, Americans want money in their pockets that keeps food on the table: to heck with huge events across the oceans. They think foreign policy is for the birds. Or do they? Americans have an exalted sense of their nation and its liberating mission. That self-image stops making sense if America is not engaged. The authoritative 2010 survey of American public opinion by the Chicago Council on Global Affairs found that more than 8 out of 10 Americans think it's either "very desirable" or "somewhat desirable" for the United States to "exert strong leadership in world affairs."

In the real world that means doing foreign policy. I see Americans torn. There's a quasi-isolationist urge. They're tired of wars. They want jobs. They see problems piling up on the home front that they want fixed ahead of any foreign adventures. At the same time something rankles when they hear talk of American decline and the end of the American century and China rising. They want a president

to stand tall for American greatness if only to anaesthetize them against day-to-day hardship.

Republican wannabes sense all this. To judge by the early stages of the 2012 campaign, they think foreign policy might matter after all. They're trying to cast Barack Obama as a president who has sold America short, an impostor who has ditched the mystical belief in the unique calling of the United States that is American exceptionalism. So Mitt Romney says Obama takes his values not from the small towns of America but from "the capitals of Europe." Obama treats Israel the way European countries do — with "suspicion" and "distrust." He's offering "European answers to American problems." He's projecting a weak United States: "We're following the French into Libya." The president is a naïve idealist undermined by his "questioning as to whether America is an exceptional nation."

For Europe, in the above characterization, read land of feckless socialists on welfare bent on universal health care.

Not to be outdone, Newt Gingrich has decrypted in Obama a "Kenyan, anti-colonial" worldview.

Gingrich wants a "foreign policy that is clear about the evil that we face" — that would be Shariah law among other things — and rooted in this universalist message: "America is still the last, best hope of mankind on Earth." As for Sarah Palin, she attributes most of Obama's problems to what she's called his "lack of faith in American exceptionalism." I have several reactions to this that all fit under the rubric: baloney! First, we're not in 1990 any longer: America remains dominant but cannot resolve major problems alone and will in the next decade, by some estimates, see China overtake it as the world's largest economy. Second, it's precisely Republican factionalism in Washington that's stopping the United States from attaining again the greatness Republicans invoke. Remember James Madison's

admonition to “break and control the violence of faction” through a “well-constructed Union.”

Right now factionalism leaves critical budget challenges unmet, stops serious investment in education and research, and leaves America trailing China on the green technologies that will be big job-creators in coming decades. The road to the American future is not “Drill, Baby, Drill!”

Third, it’s just delusional to imagine that any president, Republican or Democrat, confronted by the meltdown of 2008, would not have seen as a core task a retrenchment of U.S. overseas commitments in an attempt to bring them in line with diminished resources.

But with an angry, anxious nation, Republicans are betting that invocations of greatness and dominance, however illusory, will resonate. Bruce Jentleson, a political scientist at Duke University, said, “After the killing of Osama bin Laden, they can’t attack Obama as a wimp, but they will attack him as not being a real American.” Obama, he added, must answer by demonstrating “what this generation of Americans is going to show the world, how it’s going to compete in a global era. Against the illusion of restoration, he must offer adaptation.”

With the U.S. economy wobbling, Obama runs the Bush Sr. risk. He got Bin Laden and has been on the right side of the Arab Spring — what Timothy Garton Ash has called “the most hopeful set of events in the 21st century so far, comparable in scale and potential to 1989.” Americans respond to that kind of hope. They care about foreign policy and see through foreign posturing. What they need now from Obama is a better sense of how their economy can thrive in this changed world.

Article 5.

Los Angeles Times

# European Union: Everywhere you look, a crisis

Timothy Garton Ash

June 16, 2011 -- Like an overladen container lorry laboring up a steep hill, the European Union is close to stalling. Greece is the most urgent part of this crisis. Between the fury on the streets of Athens and the continued disunity of decision-makers in Brussels, Berlin, Frankfurt and Luxembourg, the crunch could come any day. But it's not just Greece. In Ireland, Portugal and Spain too, the anger is boiling over, as people feel that the young, the poor and the unemployed are being forced to pay for the selfish improvidence of their politicians — and of the French and German bankers, who loaned profusely where they should not have loaned at all.

Across the Continent, the legions of the indignados, as they are called in Spain, and the aganaktismenoi (the outraged), as they say in Greece, are growing. And it's not just the Eurozone. Every single major project of the European Union is faltering. France and Italy are suggesting that the achievement of the Schengen area, in which 25 European countries have removed border controls, should be chipped away, just because a few thousand people from convulsed North Africa have taken refuge on the Italian island of Lampedusa. Many European countries are already in a panic about the integration of immigrants and people of migrant origin, especially those who are Muslims. Solidarity and social justice, central values of the post-1945 European project, are in retreat almost everywhere as a result of growing inequality and spending cuts to tackle public debt.

In the Arab Spring, Europe faces the most hopeful set of events in the 21st century so far, comparable in scale and potential to 1989; but the Continent's collective and institutional response to this historic

opening has been feeble. Even in the most hopeful cases — Tunisia and Egypt — we may have only a few months in which to prevent the Arab Spring becoming an Arab fall. The disappointed hopes of that half of the population that is under 30 would then produce further, larger immigrant surges to Europe. In their own countries, Islamists would exploit the chances and the confusion of semi-freedom.

The European-led military intervention in Libya was always likely to be a slow, difficult grind, but it has painfully exposed Europe's chronic failure to concentrate its military capabilities. Already, some of the European powers involved are running short of munitions. You can understand why U.S. Defense Secretary Robert M. Gates was scathing about this in Brussels last week. Even enlargement, Europe's most successful project, is close to stalling. In his victory speech after the recent Turkish elections, Prime Minister Recep Tayyip Erdogan did not even mention the EU. Yes, Croatia will probably join the EU in 2013, and that's good news. But Croatians might be forgiven for wondering what exactly they will be joining. Retired prime ministers and foreign ministers never tire of attributing this faltering of the European project to the lack of leadership. (Subtext: It was all so much better when we were in charge.) This is true, but less than half the story. For although the quality of European leadership is somewhat poorer than it was a quarter-century ago, the need for it is greater. Why? Because all the great underlying motivators of the European project back in the days of Helmut Kohl, Francois Mitterrand and Jacques Delors, and even more so in the time of the founding fathers, have faded or disappeared. Those powerful driving forces included searing personal experiences of war, occupation, holocaust, fascist and communist dictatorships; the Soviet threat, catalyzing west European solidarity; generous, energetic American support for European unification; and a West Germany that was the mighty engine of European integration, with France on top as the

driver. All these are now gone, or very much diminished. While there are intellectually convincing new rationales for the project, including the rise of non-Western giants such as China, rationales are no match for emotional motivators. The key to so much of this, especially on the economic side, is Germany. For much of its history, what has become the European Union pursued political ends by economic means. For Kohl and Mitterrand, the euro was mainly a political project, not an economic one. Now the boot is on the other foot. To save a poorly designed and overextended monetary union, the political must ride to the rescue of the economic. That will require Angela Merkel's leadership. If we are talking about the European economy and currency, Germany is the indispensable power. Only the combination of Germany and the European Central Bank, working in unison, has a chance of calming the mighty markets.
For more than a year now, Merkel has attempted to find the narrow — perhaps nonexistent — line where the minimum that can be done to save the embattled Eurozone periphery meets the maximum she thinks German public opinion will bear. She has then tried to win her Eurozone partners to that course. So far, it has not worked. Now she needs to start from the other end: Work out, with the central bank and other Eurozone governments, what is the best, most credible deal available, and then put all her authority on the line to convince a reluctant German public that this is in the long-term, enlightened national self-interest of Germany. And it is. For no one has more to lose from the disintegration of the Eurozone than the Continent's central economic power. It may soon be too late.

*Timothy Garton Ash, a contributing editor to Opinion, is a senior fellow at the Hoover Institution and professor of European studies at Oxford University.*

Article 6.

The American Interest

# What Would War with Iran Look Like?

Jeffrey White

July - August 2011 -- The debate over what to do about an Iranian Islamist regime apparently bent on acquiring nuclear weapons has been on or near our front burner for at least six years, and is now almost a settled feature of the policy landscape. There is general agreement in the United States on two points. First, an Iranian nuclear weapons capability is "unacceptable", as both the Bush and Obama Administrations have put it; and second, we prefer getting to an acceptable outcome without using force. The debate gets testy when we consider that means short of force, such as sanctions and covert technical sabotage, might not work.

It may be too simple to reduce the argument to just two sides—those who fear the regime's acquisition of nuclear weapons more than the consequences of a war to prevent it, and those who fear the consequences of a war above all else—but in this case simplicity has the virtue of capturing the essence as observers ponder which set of unpalatable risks they would rather run. What is remarkable, though hardly surprising, is that the two sides usually put forth very different assessments of what using force would entail. Those who fear Iranian nukes above all else tend to minimize the risks of using force, while those who fear war tend to exaggerate them. Neither side, however, has persuasively spelled out the reasons for their assessment, leading one to suspect that much of the argument rests on less than rigorous analysis.

What would an honest assessment of the risks of military conflict with Iran look like? How should we think about it? These are difficult questions even for those who are not partisans of one side or the

other. Wars are notorious for yielding unintended and unexpected consequences; for reasons explained below, a war against Iran is even harder than usual to bound analytically.

Complexity, Uncertainty and War

Our first consideration in analyzing the likely course of war with Iran is that a U.S.-led attack would be merely the first phase of a war, the opening act of an extended drama whose scenes would unfold, not according to any script, but to an emergent logic of its own. Given the political context in which military engagement would rest, even a minor attack would likely become a major test of strength involving not only the United States and Iran but also a host of allies and associates. It is therefore disingenuous to try to frame military action against Iran as a simple "raid" or even a broader "operation." We are talking here about war, with attendant potential high costs to all combatants in terms of military casualties, civilian damage and economic disruption.

At least three concepts are key to any coherent discussion of a U.S.-Iranian military engagement: complexity, uncertainty and war itself. By complexity we mean the number of moving parts in a given situation: actors, processes and the connections among them. By uncertainty we mean structural uncertainty—that is, not just ignorance of the magnitudes of agreed casual factors, but the ignorance of the causal factors themselves, and their mutual relations. For example, not only may the U.S. government not know, say, the technical status of the Iranian nuclear program, or the actual state of readiness of Iranian forces. It may not know (or worse, have wrong) the decision-making and implementation protocols of the Iranian government, how the Iranian people and military would react to an attack, what Tehran would ask its allies and proxies to do, and what in fact they will do.

Enemy disinformation, as well as simple error, can also set us on the wrong track. The enemy acts not just on the battlefield but also through an ability to influence our understanding of the situation by means of denial and deception. In this and other ways complexity reinforces uncertainty.1 The large number of actors involved in the Iranian situation would make it very difficult to discern clearly what is happening once the shooting starts, and the scene would remain very fluid as long as the fight persisted, and very likely for a good while afterward.2

As to the meaning of war, it may hardly seem worthwhile to probe something so self-evident, except that it is not self-evident anymore, if it ever was. A simple definition of war is the waging of armed conflict against an enemy, but this is too limited a concept in the 21st century. War in our time involves simultaneous conflict in the military, diplomatic, economic and social domains on four levels: political, strategic, operational and tactical.3 While a war with Iran might begin in the military domain, it would likely expand to others, and while it might begin at the operational or tactical level it would soon encompass strategic and political levels as well.

How these twin expansions would take place has everything to do with context. All wars have one. Would a U.S.-Iran war break out during a protracted diplomatic process, or in the absence or abeyance of one? Would it happen during a period of increasing tension and military readiness, or out of the blue, after one party thinks that the dangers of war have subsided? Would the U.S. government assemble a broad “coalition of the willing”, just a few close allies-in-arms at the ready, or go it alone, even actively dissuading Israel from joining an attack? What would the domestic political situation be in the United States? Would there be an internal political consensus to act, or would there be an active, acrimonious debate? Would the American people be prepared for the aftermath of an initial attack,

including rising oil prices and falling stock values? What would the economic situation be like in the United States and beyond? The answers to these questions would have a substantial impact on the war's course, conduct and outcome.4

Whose War, for What Purpose?

Perhaps the most critical contextual element concerns how senior U.S. decision-makers, the presumed initiators of war in this case, would construe their war aims.5 These aims must somehow affirm that force can be employed to achieve reasonable political and strategic objectives, but those objectives could range from the limited to the expansive. Three sets of objectives come readily to mind. First, a war could aim to simply delay the Iranian nuclear weapons program through the physical destruction of key facilities and human assets: a Peenemünde option, so to speak.6 Second, war could aim to effectively end the Iranian nuclear program by inflicting broad damage on its components and other key regime assets, military, infrastructure and leadership, combined with the threat to re-strike as necessary: a submission option. Third, war could aim to topple the regime through a concerted campaign against its assets and supporting mechanisms, coupled with support to its presumably less WMD-desirous opponents: a regime change option.

The U.S. government has military options corresponding more or less to these aims. A Peenemünde option would presuppose a narrowly focused, short duration strike largely limited to nuclear facilities. It would aim to inflict serious damage, but also to restrict the scope of conflict. Such an attack would rely on U.S. stealth systems, electronic warfare, cruise missiles and air power. U.S. allies could play a supporting role, especially in dealing with an Iranian response, but American forces would carry the brunt of the action.

A submission option would call for a sustained air and naval campaign against nuclear associated facilities, air defense systems,

command centers, offensive missile forces, naval forces and the Army of the Guardians of the Islamic Republic (IRGC), the regime's praetorian guard and shock troops. This campaign would aim to severely damage the nuclear program, limit Iran's ability to defend against the attack (and subsequent restrikes, if necessary) and reduce its capabilities for post-attack retaliation.

A regime-change option would require a broad military offensive that could include nuclear facilities, air defenses, Iran's retaliatory capabilities, leadership targets, regime supporters, and national infrastructure and economic targets. This could include putting some forces on the ground to collect intelligence and neutralize specific targets that are difficult to strike effectively with air power. No large-scale ground operations are likely, but they cannot be ruled out at some levels of conflict and in some scenarios, such as those that posit a need to open and secure passage through the Strait of Hormuz and Persian Gulf.

In general, the more expansive a war's goals as a plan escalates from strike to campaign to broad offensive, the greater the force needed to achieve those goals, the greater the uncertainty in achieving them, and the greater the consequences of both success and failure. Moreover, a war's goals at the outset of conflict may not remain stable. Early sudden successes or unanticipated failures can lead to the escalation of initially limited goals, particularly if terminating hostilities proves difficult. Lateral expansion as well as escalation is also possible: Iranian leaders might surrender or agree to a truce but be unable to enforce a similar decision on Hizballah leaders or terror agents around the world. This leads to yet another layer of complexity and uncertainty: Whose war would this be?

A U.S.-Iranian war would probably not be fought by the United States and Iran alone. Each would have partners or allies, both willing and not-so-willing. Pre-conflict commitments, longstanding

relationships, the course of operations and other factors would place the United States and Iran at the center of more or less structured coalitions of the marginally willing.

A Western coalition could consist of the United States and most of its traditional allies (but very likely not Turkey, based on the evolution of Turkish politics) in addition to some Persian Gulf states, Jordan and perhaps Egypt, depending on where its revolution takes it. Much would depend on whether U.S. leaders could persuade others to go along, which would mean convincing them that U.S. forces could shield them from Iranian and Iranian-proxy retaliation, or at least substantially weaken its effects.

Coalition warfare would present a number of challenges to the U.S. government. Overall, it would lend legitimacy to the action, but it would also constrict U.S. freedom of action, perhaps by limiting the scope and intensity of military operations. There would thus be tension between the desire for a small coalition of the capable for operational and security purposes and a broader coalition that would include marginally useful allies to maximize legitimacy.

The U.S. administration would probably not welcome Israeli participation. But if Israel were directly attacked by Iran or its allies, Washington would find it difficult to keep Israel out—as it did during the 1991 Gulf War. That would complicate the U.S. ability to manage its coalition, although it would not necessarily break it apart. Iranian diplomacy and information operations would seek to exploit Israeli participation to the fullest.

Iran would have its own coalition. Hizballah in particular could act at Iran's behest both by attacking Israel directly and by using its asymmetric and irregular warfare capabilities to expand the conflict and complicate the maintenance of the U.S. coalition. The escalation of the Hizballah-Israel conflict could draw in Syria and Hamas; Hamas in particular could feel compelled to respond to an Iranian

request for assistance. Some or all of these satellite actors might choose to leave Iran to its fate, especially if initial U.S. strikes seemed devastating to the point of decisive. But their involvement would spread the conflict to the entire eastern Mediterranean and perhaps beyond, complicating both U.S. military operations and coalition diplomacy.

It seems fairly clear then that a conflict with Iran is unlikely to be an isolated event in which the U.S. strikes, Iran retaliates, and it's over—with Iran either left with a viable nuclear program or not. War is far more likely to be a series of actions played out over time at varying levels of intensity and with a strong potential for escalation. Nor can war with Iran be limited to military action; it will extend to the diplomatic, economic and social domains. U.S. decision-makers might prefer a limited war that would privilege U.S. military and technical advantages, but Iran can force a broader conflict, where it can employ its own political, economic and social means of waging war, including terrorist attacks on U.S. soil and against U.S. interests abroad. The challenge for the United States would be to conduct the conflict so that the longer and broader the war, the more Iran would lose. That objective should affect how the U.S. government would fight in all four domains.

This means that even if the shooting starts at the military tactical or operational levels, the United States or a U.S.-led coalition must plan for all four levels of war and organize itself to ensure unity of command and purpose across those levels. It will, for example, find itself involved in a "secret war" of terrorist attacks and special counterterror operations outside the main theater of conflict. It will find itself in a "political war" involving Iranian and allied diplomatic and information operations to weaken support from other states and actors for the U.S. coalition and mobilize support for Iran. It will find itself in an "economic war" featuring Iranian efforts to disrupt the oil

market.7 A “social war” would involve appeals to Islamic solidarity and attempts to weaken popular support for adversary governments through influence operations and attacks aimed at civilians. In such a broad and protracted contest, the United States might not enjoy a favorable balance of advantages. It is by no means clear, either, that the U.S. government is structured to effectively prosecute such a war, or that its intelligence capabilities are oriented properly toward supporting it.

Given these caveats and complexities, it seems to follow that if the United States chose to attack Iran, it would do so in ways that would prevent Iran from expanding the conflict into areas where it held an advantage. The reasoning might go something like this: Since the Iranian regime has many ways to widen a war into domains that do not favor the United States, the best option is to execute regime-change before the regime can open its bag of tricks. Or it might go like this: Start small, but if the Iranians escalate the war, shift immediately to a regime-change option before they can succeed. Almost needless to say, these are hard-to-control and high-risk approaches. A decapitation strategy, we know, did not fare so well in March 2003 against Iraq, and it would probably be harder to pull off against a more deeply institutionalized polity like Iran.

As for a “start small” approach, let’s suppose that the war begins with a limited air and naval operation. Iran could respond in a limited “tit-for-tat” way. But the regime might conclude that the operation is intended to remove it from power (or succeed in doing so unintentionally); if so, it might respond with a high level of violence along several axes of capability. There is simply no way to predict with confidence how radicals in Iran would respond to an initially limited U.S. attack. We must base our predictions largely on what the leadership says, the Iranian regime’s history and our limited intelligence on the regime’s internal dynamics.8 All this is subject to

interpretation by experts employing various explicit or implicit models, the most prominent of which casts the regime as a "rational actor" that calculates risks and rewards like any Western state. In this model the highest goal is regime survival, a notion that doesn't necessarily apply to the Iranian clerical regime. Clerics, even Christian ones from an earlier age, have been known to take their otherworldly prerogatives seriously.

All we can say, then, is that the regime would not try to martyr itself, nor would it be passive. Most likely, Iran would seek to prolong and expand the war, attrite U.S. forces and morale, and weaken the resolve of coalition members. Iran has the means, methods and allies with which to respond in this fashion, and it has made clear that it would use them.9

Important Iranian conventional war assets include short- and medium-range missiles; strike aircraft; missile-equipped naval combatants and small boats; naval mine-laying capabilities; regular army and IRGC special forces; and air defense and coastal defense missiles. These conventional capabilities provide Iran a substantial ability for a local fight in the Strait of Hormuz, the Persian Gulf and along its borders.10 Iran "leans" on the Persian Gulf states from a military and political perspective. Shi'a populations in Bahrain and Saudi Arabia could be a useful resource and environment for terrorist and irregular operations.

While the Iranian military is at its most dangerous close to its frontiers, we are not "safe" from it anywhere. Missile systems (principally the Shahab 3 variants and Sejjl types) allow Iran to strike targets throughout the Middle East, including population centers, military facilities, infrastructure and U.S. forces based in the region.11 Iranian missile numbers and launchers are limited, but Iran has other means of waging a global conflict, including its allies. For instance, Iran would likely attempt to induce Hizballah to attack

Israel. Likewise, Hizballah would expect Iran to assist it and any conflict with Israel. Either case could eventually involve Syria. Hizballah can now strike targets throughout Israel. Its missiles and rockets are also accurate enough to hit military installations and other important facilities, and it can fire as many as 500–600 per day. Hizballah also has the ability to conduct terrorist or special operations against civilian, military and infrastructure targets outside the immediate theater of war. Sheikh Nasrallah has plausibly threatened to attack shipping in the eastern Mediterranean in the event of a conflict with Israel.12 If Hizballah were to gain access to Syria's P-800 Yakhont supersonic cruise missile system—a distinct possibility—it could potentially strike targets as distant as 300 kilometers from the Lebanese coast.

Syrian military forces are optimized and deployed for war with Israel, so it would have only a limited ability to directly assist Iran in a conflict with the United States. Syria's missile systems could target military sites, logistics facilities and airfields in Israel. Syria's Yakhont coastal defense cruise missile system gives it an enhanced capability to threaten naval and merchant vessels in the eastern Mediterranean.

Hamas is also part of this threat environment, although its offensive and defensive capabilities are much more limited than Hizballah's. Hamas's offensive capabilities rest on mortars and rockets of gradually increasing range, bringing more of central and southern Israel under threat with every upgrade. Hamas can now reach central Tel Aviv and beyond Beersheba in southern Israel.

Iran will likely supplement this proxy war by exploiting "images of victory"—such as sinking a U.S. naval unit or displaying U.S. casualties and prisoners to undermine support for the U.S. action and bolster its own supporters.

U.S. conventional military capabilities, especially combined with those of its likely allies, are of course far superior to those of Iran. In many recent years the size of the U.S. defense supplemental alone exceeded the entire Iranian defense budget. But a fight with Iran would not be a fair or clean fight. Winning in any meaningful sense might prove costly.

Escalation

If Iran's advantage lies in broadening and widening a conflict once begun, how might we expect its leaders to go about it? At least three types of escalation are open to Tehran: horizontal, vertical and domain.

Horizontal escalation involves the spread of hostilities from beyond the immediate area of conflict to additional geographic areas and political actors.13 Iran's means and methods, as discussed above, give it the ability to escalate horizontally within the Middle East region and beyond to include Europe and the United States.

Vertical escalation involves the employment of new or increasingly potent weapons systems, attacking new types of targets, or introducing additional types of forces into the conflict.14 What begins as essentially a fight between U.S. and allied air and naval strike assets and Iranian air defense assets could be quickly expanded by Iran to the use of offensive missile systems and naval surface and sub-surface forces in retaliation. Iranian escalation to the employment of WMD (if a war occurred after an Iranian breakout) seems unlikely short of an imminent threat to the regime, but that threat would be hanging in the air as fighting escalated.

Domain escalation refers to the expansion of the conflict from the purely military domain to the diplomatic, economic and social domains, in which Iran has some advantages.

In summary, an attack on Iran could produce dynamics that would push either or both sides to escalate the conflict even if neither had an

interest or an initial intention to do so. Iranian civilian casualties, for example, could provoke Iran to step up its response. This becomes more likely as the scale of a U.S. attack increases. Downed U.S. aircrews could lead to search and rescue operations that could become significant military actions in their own right. The need to restrike targets that were missed or inadequately damaged could also prolong the conflict and involve additional forces. As the conflict developed, internal and external political pressures could press both antagonists to escalate the fighting.

On the other hand, there may also be countervailing pressures. A very successful operation could cause Iran to seek a rapid exit, at least from the military aspect of the war. So, too, could increased domestic unrest within Iran. International political pressure brought about by economic disruption of the oil market and fears of military escalation could work to restrain the United States. But we cannot rule out the possibility of escalation, and that knowledge should reinforce the need for clarity of purpose and a full understanding of the risks involved before we pull the trigger.

How It Ends

Just as we cannot rule out escalation, we cannot rule out the harmful protraction of a war. Every war has to end, but how it does so is no simple matter. Even if it were soundly defeated, Iran could complicate the endgame. It's not simply a matter of our declaring "mission accomplished" and bringing the troops home. As retired Brigadier General Huba Wass de Czege writes:

Although Sun Tzu warned statesmen and generals many centuries ago that long wars benefit no one, they continue to occur, and for some very fundamental human reasons. Statesmen and generals who start wars commit themselves to worthy war aims that are expressed far too specifically—and too soon—in order to get the polity on board. Then they conceive of a strategy based on what they think they

know about their capabilities and the situation. They begin taking concrete steps along the path that they think will get them to that end. They learn far too slowly that what they initially thought they knew was in fact wrong or no longer relevant. . . . Things can get much more convoluted by adding allies, different influential actors among the polity, and multiple adversaries. This is why wars are easier to get into than out of.15

Knowing when to end a war relates to war aims and measures of success. A war's aims should be definitive enough so that success can be measured in some clear way. This is easiest to do where the aims concern discrete things such as the destruction of material targets. Measuring success becomes harder as aims become more political and psychological, such as weakening or toppling a regime, encouraging opposition or deterring further action. Then, too, war aims can expand as fighting escalates or broadens. In a situation in which Iran has retaliated strongly and managed to inflict losses (especially civilian losses) on the United States or its coalition partners, we should expect to hear calls to inflict more damage, to punish the regime and its forces, to bring a "decisive" end to the conflict.

Short of inflicting a total defeat on Iran, an outcome that seems scarcely conceivable, exiting the war could be challenging if Iran chooses to fight on in some form of asymmetric conflict. We might then have to compel Iran to quit, and that could potentially require the application of force well beyond what was originally agreed upon within the United States or with coalition partners. Even then, if the Iranian regime survives at all, it is likely to declare victory, and many of its supporters would believe it. How or when a war with Iran would actually end is therefore no easy topic to nail down. Any attack on Iran of sufficient scale to significantly damage its nuclear program would have rolling consequences both in the short and long term.

After the last bomb falls there will be a new reality in the region and beyond.

In the short term, there would be consequences in the military, diplomatic, economic and social domains. The intensity and locus of these consequences would depend on the outcome of the attack and conflict, but there would be "battle damage" in all domains. Short-term consequences would likely include a tense and unstable military situation (unless the conflict ended cleanly) that would require the commitment of forces for monitoring and reacting to emergent threats; and also a potential political crisis in the region propelled by instability and uncertainty about the future, including residual Iranian capabilities to retaliate directly or indirectly.16 The oil market would remain in shock for some time after an attack. Naval mines, wartime damage to facilities and irregular attacks on facilities or tankers would see to that. Social turmoil would be likely as various population groups react to the attack and subsequent conflict. In short, there would be no bright line ending the war in the economic, diplomatic and social realms.

To turn to the long-term consequences, Iran would almost certainly remain a major player in its region. Its adjustment to the war and its outcome would have a major role in shaping regional realities. A beaten, humiliated but still defiant Iran with essentially the same political system and approach to the region and the world would be a long-term, growing danger similar to Iraq after the First Gulf War (or Germany after World War I). This would extend beyond the military to include dangers in the other domains.

The first conclusion we should draw from this exercise is that the U.S. government should be prepared for a long and difficult conflict if it ultimately decides it must attack Iran. An attack might end quickly with few complications if Iran acts "rationally." We may not like what that means, however: One "rational" ending for the Iranians

would be to accept their losses, declare "victory" because the regime survived, lick their wounds, prepare for indirect retaliation, and resume nuclear activities on a clandestine basis. But a war might not end cleanly, and the U.S. administration could find itself in a messy and protracted conflict. This suggests the need for both an expansive approach to net assessment and deep and broad preparation not just of the military but also of the "home front" and the economy, for Iran may choose to fight on these fronts as well as within its own borders and in the region.

How well prepared is the United States for this kind of fight? This is at least in part a question of national or societal resilience. If all options are on the table, as both Bush and Obama Administration spokesmen have insisted, are preparations for employing all options being made ready? If not, then Iran may decide that some of the options on the table lack credibility.

The second conclusion we should take from this discussion is that, in attacking Iran, we would be trading one set of risks for another. Any option we choose, even choosing not to choose, will have political as well as military-strategic consequences. As hard as it is to know the consequences of war, it is just as hard to know the consequences of a decision to "learn to live" with a nuclear-armed Iran. Both courses are fraught and logically open-ended. Thus the fear of potentially negative consequences from a war should not necessarily rule one out. Winston Churchill, reflecting on British policy before World War II, wrote:

If the circumstances are such as to warrant it, force may be used. And if this be so, it should be used under the conditions which are most favourable. There is no merit in putting off a war for a year if, when it comes, it is a far worse war or one much harder to win.17

In any case, if the United States decides to attack Iran it should certainly look before it leaps and prepare itself for a hard landing.

Above all, U.S. leaders should not underestimate the scope or misread the broad nature of war and should therefore organize the U.S. government in advance to prosecute it coherently. In light of how we have fared with whole-of-government approaches and unity-of-command issues in Iraq and Afghanistan, this is clearly a requirement we need to take seriously.

*Jeffrey White is a defense fellow at the Washington Institute for Near East Policy and a former senior U.S. intelligence officer.*

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/22/2011 4:48:35 AM
**To:** Sultan Bin Sulayem [redacted]e]
**Subject:** Re: Gps GTX Smart Shoe

thanks , great idea , i really like your friend.

On Thu, Sep 22, 2011 at 12:46 AM, Sultan Bin Sulayem <[redacted]> wrote:

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# NEWS

## Patrick Bertagna Interviewed on Travel Talk Radio with Sandy Dhuyvetter

**Patrick Bertagna, founder and co-inventor of the GTX Smart Shoe, joins Sandy to discuss this new invention and what it means to patients and families**.

The Executive Producer and Host of TravelTalkMEDIA is Ms. Sandy Dhuyvetter, one of the world's leading travel industry media specialists. Following a successful career as a pioneer in the

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Listen to the radio interview (MP3)

### GTX Corp's Tracking Apps Hit One Million Dowloads

**GPS Wolrd - July 12, 2011** - GPS Tracking Apps, from GTX Corp subsidiary LOCiMOBILE, have been downloaded more than one million times by users in 116 countries, and continues to be on the top charts of iTunes and Android marketplace, the company said. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or Internet-ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### GTX Corp... More'n A Million Served (GPS)

**This App has managed to stay quite popular in both iTunes and Android online sites...**

**SatNews Daily - July 1, 2011 -** GTX Corp. (OTCBB: GTXO.OB), a provider of real-time two way GPS Tracking and personal location services (PLS) has announced its LOCiMOBILE subsidiary's GPS Tracking Apps has managed more than 1 Million downloads with users in 116 countries and continues to be on the top charts of iTunes and Android market place. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or internet ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### Professor Andy Carle talks about "Nana" technology and the GPS Smart Shoe™

**Radio show called "Wriggling in the Middle", based out of Canton, Ohio and syndicated nationally through FOX radio network.**
http://www.whbc.com/Wriggling-In-The-Middle/6636686

For anyone who would like to skip directly to the shoes, go to the link below, scroll down to the show listing (March 28) and fast forward to about the 26-minute mark. The conversation on the shoes lasts about 7 minutes.

**Proximity marketing will push location based service revenues to nearly $13 billion over the next few years.**

**SatNews Daily - March 23, 2011** - GTX Corp (OTCBB: GTXO) and ADAM, Inc. have entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base. Gartner reports that 42 percent of consumers use their phone to check a store location, 31% use it for a mobile promotion, and 17 percent use their phone for the actual purchase.

Read the full article

**GTX Corp. Joins with Chambers of Commerce on Location Advertising**

**GPS World - March 22, 2011** - GTX Corp., which provides two-way GPS Personal Location Services (PLS), and ADAM, Inc., a platform for Hyper Local Mobile Apps for Directories, entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base, GTX Corp. announced.

Read the full article

**New Tech Is Helping Families With Special Needs**

**March 17, 2011 8:52 PM - MIAMI (CBS4) – New technology is making life a little easier for people with special needs and their families.**

The GTX Corp. is introducing new shoes, loafers and sneakers, with GPS built into them. CBS technology expert Katie Linendoll said they can really come in handy for families who are taking care of relatives suffering from Alzheimer's disease. With a downloadable app, they can track them using the GPS or get an alert if the person wanders out of a pre-set safe zone.

Read the full story and view the video

**Technology for seniors**

Great Day Show - CBS KHou.com - Houston - March 23, 2011

**Truly groundbreaking tech to change our lives**

**CBS News - Early Show - March 17, 2011** - The shoe uses GPS and cellular technologies. It gives a family member or a caregiver the option of monitoring real-time from the Internet or on your phone...

Watch the CBS Early Show video

**GTX's GPS Tracking Apps For iPhone**
**Apps allow you to let family, friends know your location**

**Joel Mathis, Macworld.com** - If the federal government tagged millions of iPhone users with GPS tracking devices, the American people—or, at least, Apple devotees—might protest very strongly. But iPhones these days come with GPS installed, and companies make good money furnishing apps that utilize that very feature. On this list: GTX, who offers a pair of $4 GPS apps—GPS Tracking and Tracking—that provide workmanlike solutions for users who want to keep an electronic eye on their loved ones.

Read the full article

**Going Gray-Where Technology's Headed - Entering the Gray-Tech Revolution**
**World Market Media - Brittney Barrett - February 16, 2011**

Over the next 20 years, 80 million baby boomers will enter their sixties and seventies in the U.S. alone. In the next 40, the number of senior citizens will double. For the government, this represents a huge financial burden resultant from rising Medicare and

Social Security costs. For industries focused on late-life care and creating products that cater to the aging demographic; however, this population shift represents a major opportunity.

Read the full article

### Walk to Remember? A National Academy of Sciences Study Says Yes

**February 13, 2011** - In healthy adults, the hippocampus — a part of the brain important to the formation of memories — begins to atrophy around 55 or 60 and even sooner to an even greater degree if one contracts Alzheimer's. Now psychologists are suggesting that the hippocampus can be modestly expanded, and memory improved, by nothing more than regular walking.

Read the full article

### GTX's New Patent...Smart Shoe Has Heart In Its Sole (GPS)

**Satnews Daily - February 09, 2011** - GTX Corp (OTCBB: GTXO) has a big heart that is manifested in their sole. GTX, known for customizable, 2-way GPS Personal Location Services (PLS) solutions, was granted its ninth patent for their innovative and potentially life saving GPS Smart Shoe technology.

By the year 2050, there will be 16 million adults with Alzheimer's in the U.S. alone. The multi patent GPS Smart Shoe™ will afford millions of caregivers the means to remotely monitor those afflicted with Alzheimer's that become lost due to wondering.

Read the full article

### GPS Shoes – Footsteps to the Future…

**World Market Media - Brittney Barrett - February 7, 2011**

Every 70 seconds, someone in America develops Alzheimer's, according to the Alzheimer's Association 60% will wander away from their homes or care facilities at some point during their affliction with the disease. Worse, it's even more difficult to find a missing senior citizen than a missing child, as fewer people will take note of older person walking alone than they would a small child.

Read the full article

### GPS Tracking Technology – How it works

**GPS Tracking Apps are available for most smartphones.**

Watch this video to learn how GPS Tracking Technology works and what it can do for you.

### GPS Tracking Apps installed on over 850,000 smart phones

GPS Tracking Apps by LOCiMOBILE are installed on over 850,000 smart phones in over 106 countries.

LOCiMOBILE is a leader in 2-way GPS Tracking Solutions providing the ability to find your loved ones quickly and easily with one touch of a finger. But don't stop there, get creative with it; track your drivers in real-time, see when your relatives land at the airport… with turn by turn directions, you will never get lost again!

Read the full article

### Locimobile GPS Tracker App Now for the iPad

Well it looks like the iPad's next leap is to become a GPS tracker. Locimobile, which makes GPS Tracking Apps for iPhones, iPods and smartphones is now taking on the iPad. From the comfort of your own home and on a much bigger screen, you can keep tabs on your spouse or kids and see in greater detail than before, where they are off too or hanging out. Will the iPad be the cause for the next big celebrity break-up?! Who knows but in the mean time you can use it to keep tabs on your own family for only $4.99

### Proximity marketing will push Location Based Services revenues to nearly $13 Billion

**Knowing where you are will give you the answer to the "where is" question.**

Recent developments in GPS positioning technologies could drive revenues from mobile location-based services to more than $12.7 billion by 2014, according to a new report published by Juniper Research.

Revenues will come from sales of apps through application stores and other channels, but also from mobile advertising tied to those apps. In fact, the Juniper report notes that advertising will likely form an increasing share of Mobile Location Based Services-related revenues over the next five years.

Read the full article

### GPS Technology Mentioned In State of the Union Address as Growth Driver

**World Market Media - Brittney Barrett - January 26, 2011**

"The rules have changed. In a single generation, revolutions in technology have transformed the way we live, work and do business" said President Barack Obama last night, during his second State Of The Union address to the 112th Congress of the United States and 1.3 million Americans watching the speech from their homes.

Read the full article

### Patrick Bertagna interview with Bob McCormick from CBS Los Angeles, Money 101

**January 17, 2011** - Being an apps developer can pay off handsomely when you fill a need.

Click here to listen to the interview

### LBSN – What It Is And Why You Should Care

**Marsha Ahrenkiel - January 13, 2011** - Shades of The Island of Dr. Moreau! (hint: Google H.G. Wells) Modern-day mad scientists (let's call them "software developers") have been merging social networking concepts with a range of other technologies and rolling out new hybrid beasts that could eventually change your marketing and public relations strategies.

One that we're keeping a close eye on here is a species known as "location based social networking" (LBSN) – combining short message service (SMS), aspects of gaming, smartphone technologies and GPS capabilities.

Read the full article

### GTX Corp - Year in Review 2010

**SatMagazine - December 2010** - GTX Corp is in the business of keeping you connected — the Company continues to be at the forefront of the personal location industry and debuting new technologies that impact how you ask the "where is" question.

Read the full article

**Future Family: Life In the Digital Age preview.**

**The Discovery Channel - Nov. 13, 2010** - This patient education program explores how baby boomers the 78 million Americans born in the wake of World War II are embracing technology to better manage increased work and home responsibilities. Future Family discusses the GPS footwear by GTX Corp.

View the show - Part 1

View the show - Part 2

**Wireless Technology on Black Friday: Smart Phones Good, PNDs Bad According to WedBush**

**World Market Media - Tom Copeland - December 1, 2010** -

The biggest holiday shopping days of the year has passed and many investors want to know: How did wireless technology do? According to Scott Sutherland, CFA with Wedbush Securities, the answer is pretty good – depending on which companies you're invested in.

Read the full article

**Andrew Carle on Elder Tech Trends**

**Eldergadget.com - November 5, 2010** - ElderGadget's Michael Goldman starts the series with a conversation with Andrew Carle, an Assistant Professor at George Mason University. Andrew is also an expert on technology development for seniors, and is a consultant for the Nintendo Corp., GTX Corp., and several other companies about how to make their newest gadgets more elder friendly.

Listen to Podcast interview with Andrew Carle

**How does a GPS tracking system work?**

**Patrick Bertagna, GTX Corp. - 10/26/2010** - Global Positioning System (GPS) is a worldwide radio-navigation system formed from the constellation of 24 satellites and their ground stations. The Global Positioning System is mainly funded and controlled by the U.S Department of Defense (DOD). The system was initially designed for the operation of U. S. military. But today, there are also many civil users of GPS across the whole world. The civil users are allowed to use the Standard Positioning Service without any kind of charge or restrictions.

Read the full article

## GPS Elder Applications

**Eldergadget.com - October 21, 2010** - The rapid evolution of Global Positioning Satellite (GPS) tracking technology is producing new applications of particular interest to seniors, their families, and caregivers. One of the most active companies in this space is GTX Corp. GTX is the company behind the patented GPS Smart Shoe™ , in partnership with footwear manufacturer Aetrex Worldwide. The shoe was developed to provide peace of mind for families with senior-age loved ones suffering from Alzheimer's and other forms of dementia. Available on the Internet at the GPS Shoe, Aetrex, and Foot.com sites, the shoe should also be available in retail stores some time in 2011, according to GTX Corp. chairman/president Patrick Bertagna.

Read the full story

## The "Where" or Your Social Media Network - iCheck-In

**World Market Media - Tom Copeland - November 15, 2010** - Checking in is a movement that's really starting to catch on, and companies are scrambling to develop and release check-in apps and services. GTX Corp committed to being the "better people finder", owns and operates LOCiMOBILE, Inc. which developsGPS Tracking location based social networking (LBSN) mobile applications, today released its 17th App - iCheck-In, the fastest and easiest way to "check-in" and stay connected to everyone in your mobile contact list and your Facebook and Twitter friends.

Read the full story

**App News**

On Saturday, CBS News broadcasted a segment on The Early Show called "Unique Ways on Keeping Kids Safe on Halloween" in which CNET technology contributor Katie Linendoll showcased a few charming gadgets to help track children while they're out and about. Naturally, GTX Corp's iPhone, iPad, Android and Samsung GPS Tracking Apps iLoci2 and GPS Tracking Pro were highlighted for their easy-to-use yet powerful features.

View the show

**Patrick Bertagna GTX Corp CEO on the Peggy Smedley Show**

Oct. 26, 2010 - wsRadio

Listen to an interview with

Patrick Bertagna, GTX Corp CEO,

on The Peggy Smedley Show

Click here to listen

**GPS Smart Shoe ™ Wins 2010 People's Choice Award**

LOS ANGELES, Oct. 12, 2010 (GLOBE NEWSWIRE) -

GTX Corp (OTCBB:GTXO - News) has won the prestigious 2010 People's Choice Award for Most Innovative Connected Location Device at the 4th Annual Locations & Beyond Summit this past week.

"We are honored to have won this prestigious award and look forward to continue to bring innovative and game changing technologies that transform how we utilize GPS tracking and stay connected to one another," says Patrick Bertagna, CEO and founder of GTX Corp.

Read the full story

**Wall Street Reporter Interview**

Audio interview with Patrick Bertanga, CEO, GTX Corp

Click here and then on Audio MP3 button to listen to the interview.

**Safety afoot, via GPS, for Alzheimer's patients**

USA Weekend - PEGGY J. NOONAN - October 17, 2010

A tiny GPS chip embedded in the sole of the shoe provides continuous tracking ... The GPS Shoe by Aetrex is available from Foot.com and GPSShoe.com now for ...

Read the full story

**GTX Corp. (OTCBB: GTXO) Wins 2010 Peoples Choice Award**

Tom Copeland - October 11, 2010 - World Market Media

The GPS Smart Shoe™ was nominated for Most Innovative Location Connected Device at the Locations and Beyond Summit that was held last week during the CTIA show and CEO Patrick Bertagna confirmed with us - GTXO had won!

Read the full story

**With 675,000 Downloads in 91 Countries GPS Tracking Apps Leader GTX Corp Launches 3 New GPS and LBS Apps**

GPS Tracking Apps Keep You Connected to Everyone, Everywhere

LOS ANGELES,CA - Tuesday, September, 28th 2010 - GTX Corp business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location - based "apps" and web services solidifying its leadership position in the mobile LBS market, which mobile carriers are calling "Pure Gold".

Read the full story

**Not All Who Wander Are Lost**

Donna Fannin - Gather News Technology - October 17, 2010

GPS shoes are coming to a retailer near you. Why in the world would anyone want a GPS tracker in their shoes, you ask? Generally, they don't, if they know about it.

Read the full story

**People Choice Tries on GPS Smart Shoe**

By Peter Suciu - Kinetic Shift - October 13, 2010

While there are many tracking programs out there for children and even teens, GTX Corp introduced an innovative product aimed at adults suffering from Alzheimer's disease and other dementias. Many sufferers are actually in good physical condition and thus aren't confined to a room or even a house. To keep track of loved ones, the company came up with a novel idea – namely putting a tracking device in the footwear.

Read the full story

**GTX Corp... Phone Finder (GPS)**

Satnews Daily - September 28, 2010

GTX Corp (OTCBB: GTXO.OB) business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location-based "apps" and web services.

The new apps all have a GPS component and are designed to add the "where is" factor to functionality. The Company launched on the Android market place Phone Tracking™ in case you lose or misplace your phone. More than 70 million phones are reported lost or stolen in the US each year, but while the loss of a phone may be annoying, the loss of personal and business data could be devastating.

Read the full story

**Gadgets -These Shoes Were Made for Tracking**

By Erin Monda - TMCnet Contributor - September 22, 2010

There is no end to the wonderments that shoes can achieve (a certain pair of ruby Mary Janes comes to mind) – and one company is pushing the envelope even further (although not quite as far as Oz).

I'm referring to GTX, a company integrating two-way GPS people-finding technologies into consumer products and applications. The company utilizes the latest in miniaturized global positioning system (GPS) tracking and cellular location technology, enabling subscribers to track in real time the whereabouts of people, pets, or high valued assets through its customizable

transceiver module, wireless connectivity gateway, middleware, and viewing portals.

Read the full story

**Costs of Alzheimer's will touch 1% of Global GDP in 2010**

By World Market Media

The rising need for GTX Corp's technology continues to be influenced by the increasing numbers of elderly and those that are memory impaired, and so the epic battle of technology and illness wages on. ...

Read the full story

**Do you know what the Most Innovative Location Device is?**

No it's not a compass or an astrolabe. It's not semaphore or a smoke signal. Not an RFID tag or a neon sign or phosphorous flare either.

Give up?

It's the GPS Smart Shoe™ recently mentioned in Forbes Magazine, developed by GTX Corp (OTCBB: GTXO.OB) and licensed to Aetrex Worldwide. Yes, a shoe…well a very smart shoe as it can tell a caregiver the precise location, bearing, history, speed and altitude of an Alzheimer's victim that has eloped or wandered. No small feat – pun intended – to reduce the overwhelming stress on the millions of victim caregivers while potentially saving thousands from injuries and death owing to exposure, accidents and criminal activity. The GPS Shoe also reduces the manpower drain on municipal services; fire, police and welfare agencies often enlisted to locate the mentally ill.

While a Finalist in the Most Innovative Location Device category of the Locations & Beyond Summit and the People's Choice Awards is a wonderful acknowledgment for the years GTXO invested in developing the solution and the promise that Aetrex has made in bringing the Shoe to market… the real winners are those touched by this devastating disease for which there is no cure, but now have a new measure of hope.

**'Nanatech': Seniors Stay Independent With Tech Gadgets**

Senior Tech - Ashlea Ebeling, 09.15.10

The GPS shoes from GTX ( GTXO - news - people ) tackle another senior problem--folks who have Alzheimer's who wander and are at risk of getting lost or injured. A GPS device in one of the shoes will alert a caregiver if the wearer leaves a specified area. Don't expect the latest styles from Nike ( NKE - news - people ) or Steve Madden ( shoo - news - people ) . The manufacturer is Aetrex Worldwide, an orthodic and medical specialty shoe maker. Roll-out is expected by year's end.

Read the full story

**Keeping an eye on Mom and Dad**

Remote monitoring technology aims to keep seniors in their houses and out of nursing homes

Over the coming months a raft of new-and-improved remote monitoring devices will hit the market, from GPS shoes that can track the whereabouts of wandering seniors to MedCottages, portable RV-like units equipped with motion and monitoring systems that allow seniors to maintain some independence from the backyard of their adult childrens' homes.

"As we age, this is going to be a growing trend," says Laurie Orlov, a Florida-based expert on so-called "aging-in-place technology" aimed at keeping seniors in their houses and out of nursing homes as long as possible.

"We have to get past the fear and antagonism among the older people who need it the most. I don't think they're that technology-ready, but the boomers, who are their adult children, certainly are."

Motion sensors strategically placed in the three-bedroom home where Howe has lived for 53 years feed information right to her daughter's laptop, detailing when she got out of bed (the Friday we chatted it was 9 a.m.), walked into the bathroom (9:15 a.m.) or hovered at the kitchen table where she keeps her pills (9:30 a.m.)

Even her blood-pressure reading (165/76) is fed to her daughter's computer, along with her daily weigh-in tally, providing a detailed graph which she often takes to her doctor appointments.

The only thing GrandCare can't tell Pierce, because her system doesn't include cameras, is if her mother actually swallowed her pills.

Monitoring and in-home help technologies will be a $20 billion U.S. business in North America by 2020, predicts Orlov, founder of Aging In Place Technology Watch.

Already some baby boomers are able to remotely lock their parents' doors, track calls coming into their homes and even see who is ringing the doorbell, in many cases right from their smart phones. Systems such as QuietCare, WellAWARE, FineThanx and SimplyHome are already fixtures in some U.S. homes and seniors' communities, although Orlov estimates fewer than 10,000 units are in active use because the systems can be so costly.

Next month, Paul Whyte, a Markham dealer of smart-home technology that allows ordinary electronics and appliances to communicate with each other, will unveil the GrandCare system at the Zoomer show in Toronto.

"I call it the invisible caregiver," says Whyte of Cybernetics Systems Inc. "The minute I saw this system I thought, 'There's something that actually makes sense.'

The key, of course, with all these technologies is that the senior be relatively able-bodied and sound of mind — most are of limited value if the senior is suffering from dementia, which is expected to become a major public health issue in the next few decades.

But developers are also working hard on that challenging front.

Sometime later this fall or next spring the first GPS-equipped shoe, the Aetrex Ambulator, will go on sale through www.gpsshoe.com orwww.foot.com.

Originally designed for children by Los Angeles-based GTX Corp., the new shoes are expected to retail for about $250 U.S. They enable caregivers to track those afflicted with dementia or Alzheimer's thanks to GPS and cellular technology that will relay their whereabouts back to a monitoring centre.

"Privacy may be a talking point, but it's not really an issue," says Patrick Bertagna, chairman and CEO of GTX Corp.

MEDCottage creator Dupin expects concerns around privacy will fade quickly as families and health-care systems here and in the U.S. become overwhelmed by aging baby boomers — more than 76 million in the U.S., 10 million in Canada — who start hitting 65 next year.

"I see remote monitoring becoming an integral part of health care as we all age," says Dupin. "One of the issues around aging in place is going to be making trade-offs. Privacy may be something we have to give up."

Susan Pigg focuses on issues about aging and baby boomers. spigg@thestar.ca

### Tracking Deal

A downtown L.A. company that creates GPS tracking applications for cell phones has announced a deal to provide its friend-finding apps on Samsung smart phones.

The deal could mean more than 40 million more downloads, which would translate to increased revenue, for GTX Corp.'s application, which is currently available for the iPhone, BlackBerry and Android phones, said GTX Chief Executive Patrick Bertagna.

The LociMobile tracking applications send a GPS signal out to all of a person's cell phone contacts who use the app. Bertagna said the app can be used to meet up with friends or keep tabs on kids.

GTX has also developed a GPS shoe for tracking Alzheimer's patients.

*Staff reporter Natalie Jarvey can be reached atnjarvey@labusinessjournal.com or at (323) 549-5225, ext. 230.*

Read the full story

### Senior Gadgets: GPS Shoe May Offer Peace of Mind to Alzheimer's Caregivers

By Teresa Steinfatt - July 1, 2010 - Safety of loved ones is a top concern for caregivers, especially those caring for persons with Alzheimer's disease.

Memory loss and confusion can set in without warning. For example, a loved one might set out on a walk or errand alone, wander off and not be able to return home safely.

Currently scheduled for retail sale this summer, the Aetrex Ambulator® GPS Shoe by GTX Corp will provide millions of caregivers the means to help easily find those afflicted with Alzheimer's and other forms of dementia who wander and become lost.

Read the full story

### Style and Safety Come Together with GPS Shoes For Alzheimer's Care

GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a

four year, license agreement with Aetrex Worldwide, Inc. GTX Corp's eight patents for the GPS Shoe cover a GPS transceiver module that is placed within the footwear and transmission of location coordinates to a central monitoring station which disseminates the location data through the use of proprietary software, cellular connectivity, the GTX Corp middleware platform and the secure viewing portal.

Read the full story - World Market Media

### Wandering Soles

Aetrex Worldwide Inc. has teamed with GTX Corp. to create the Aetrex Ambulator GPS Shoe, a therapeutic sneaker designed for people with Alzheimer's disease. The shoe comes with a tiny GPS tracker that alerts a caregiver when the wearer has strayed more than a set distance. It then sends the caregiver a Google map link that plots the wearer's location.

Read the full story

### GTX And MNX — STAT Trax Critical Medical and Bio-Pharmas

SatNews - June 9, 2010 - GTX Corp (OTCBB: GTXO.OB), a provider in embedded GPS tracking location based services and MNX (Midnite Express), a worldwide specialty courier, have entered into an exclusive three-year contract for GTX to deliver thousands of highly customized, industry-first GPS tracking devices. Additionally, the GTX Corp tracking platform to the shipping company is included in the contract.

Read the full story

## Find Friends and Family Mobile Apps

### LOCiMOBILE [iPhone & Android]

LOCiMOBILE has a few great GPS tracking apps out at the moment. The two that I would like to feature are the free/lite versions of the software. This app supports up to 6 users (paid version is unlimited) and integrates with Twitter and Facebook. GPS Tracking populates your phone's built-in Google Maps with the locations of people in your private opt-in buddy list. You can let users

know where you are or request their location, and you can post your information to your social profiles.

Read the full story

**GPS Tracking Apps Website to Track iPad, iPhone, Android, Blackberry Smart Phones**

Want to locate all your friends with smart phones (ipad, ipod, iphone, android, blackberry) but you don't have one? The latest technology from GTX Corp allows you to do just that – www.gpstrackingapps.com high-tech website enables you to locate your family, friends and coworkers (who have downloaded the GPS Tracking App) instantly, in real time, even if you don't have a smart phone. http andwww.locimobile.com are proud members of the http GTX Corp (OTCBB: GTXO.OB) family of products and services. people locator, people finder, gps tracking, gps tracking app, location based social networking, iphone Friend finder, android, top downloads, gps apps, iPad, blackberry, gps shoe, GTXO, gtxcorp, top apple downloads

Read the full story

**Style and Safety Come Together with GPS Shoes For Alzheimer's**

Senior Housing News - GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a four year, ...

Read the full story

**Keeping track of seniors with Alzheimer's**

Rosemary McClure, Special to the Los Angeles Times - May 29, 2010 - The email alert shouted its message: "Missing Person with Alzheimer's. PLEASE HELP." It was sent to Alzheimer's Assn. chapters and to law enforcement officials within hours after an Orange County woman disappeared while on a short trip to visit a friend.

The woman had set out in her car, made a wrong turn and became confused, says her family, who asked that her name not be used to protect her privacy.

Read the full story

### Resources and Technology to Help Caregivers Cope

Kirk Johnson - NYTimes.com - May 4, 2010 - One Alzheimer's wanderer in Arizona had lost much of his memory, but not, apparently, his interest in fashion: he never left the house without a beloved baseball cap on his head. So a trick the family used to keep the man around was to hide his caps.

Search-and-rescue experts who deal with dementia patients also recommend alarms on doors that sound when opened if a proper code is not entered, along with posters or wallpaper images that disguise or conceal doors. Sometimes a simple large, emphatic sign on every door saying "Stop!" will deter a wanderer.

Read the full story

### New App craze brings back the 1990's

World Market Media - April 9, 2010 - Every Portfolio manager I've ever known loves to find a sector with wind at it's back..the early users of the "CrackBerry" knew (Nasdaq: RIMM) was the stock he/she needed to invest in because every person on Wall Street had one. This phenomena doesn't occur often and RIMM"s are as rare as Australopithecus. I observe the current app craze as the new cycle for lightning quick revenues based on the size of the market itself. Certainly anyone with an iPhone or Android phone has imagined that they could build an app when they got home that night…I know I did.

I can tell you from experience that when Kleiner Perkins doubles the size of its venture fund specific to app's you know your watching the ship turning in the harbor. This is a unique space with wind at it's back and certainly the app's market is a niche to watch, we found this company and had a chance to speak with Patrick Bertagna at GTX Corp (OTCBB:GTXO) its Founder/ Chairman and CEO. He had some interesting comments about how the company has evolved and found some traction with its wholly owned subsidiary LOCiMOBILE Inc. Bertagna commented "With 500 million smart phones entering the market place, I believe we are at the tip of the next

disruptive wave. Apps will become as ubiquitous as the device they live on and that makes this new frontier a game changer" Certainly being on the iTunes top ten highest grossing list puts us at the forefront of this coming wave."

Read the full story

**World Market Media Announces the Launch of the WMM NanoCap and MicroCap Indices**

WEST PALM BEACH, April 19, 2010 (GLOBE NEWSWIRE) – World Market Media, Inc. ("WMM"), a high traffic stock market, news data website providing cutting edge new media products and services to publicly traded companies worldwide, announced today the launch of the WMM NanoCap Index and the WMM MicroCap Index.

Read the full story

**GTX Corp. Inks Global Licensing Deal with Aetrex Worldwide**

SGI - March 24, 2010 - The four-year, exclusive contract brings Los Angeles-based GTX a step closer to bringing its personal GPS tracking solutions to 5.3 million seniors afflicted with dementia. Aetrex is slated to begin selling the Aetrex Ambulator GPS shoe this summer through its website, www.foot.com, at www.gpsshoe.com and at a select group of assisted living facilities in the U.S.

Read the full story

**New Running Shoes Could Include Embedded GPS**

GPS-powered trail running shoes may be on the horizon

Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Read the full story

**GPS in your shoe?**

Yes GTX Corp. has a GPS shoe that can be worn while a family member is walking or jogging that reports your location to other family members ...

Read the full story

**GTX Corporation - Year In Review**

GPS "People Tracking" continues to garner both increased opportunity and adoption worldwide — PLS technology has been the focus of our business for the past seven years. GTX Corp., a leader in Personal Location Services, develops and license's 2-way GPS people finding technologies which seamlessly integrate with consumer products and enterprise applications. GTX Corp uses the latest miniaturized, low power consumption hardware technology in its GPS and cellular location devices and provides a fully customizable back-end portal enabling subscribers to use real time tracking to obtain the whereabouts of people, pets, or valued assets. Through its miniaturized transceiver module, wireless connectivity gateway, smart phone Apps, customizable middleware, and viewing portal, GTX Corp offers a complete end to end solution.

Read the full story

**BEAM: Game Plays...**

SatMagazine.com : November 2009 - With this issue's focus on the Latin American and MENA markets, one of the most interesting news items deals with Rio de Janeiro's win of the 2016 Winter Olympics. Companies who bid for, and win, the broadcasting rights to the 2016 Summer Olympics in Rio de Janeiro are certain to enjoy substantial profits, and Latin American countries and communities are already celebrating this award by the Olympic Committee.

According to GTX Corp., a firm whose base is in the Personal Location Services businesses, Latin America has increased its adoption of Location Based Services by a factor of 10 from 2008 to 2009. Carlos Briceno, the firm's Vice President of Business Development, states that the category with the highest total spending in South and Central America is in "People Tracking," which has been the exact focal point of GTX Corp for the past seven years.

Read the full story

GTX Corp Annual Update - Vista Partners
Download the full document

**We Know Where You Are**

Phoenix, AZ --(www.USEquityNews.com)-- 03/12/2009 - If the above headline sounds a bit spooky, be prepared for things to get a lot spookier in the coming years - but also a lot more useful, valuable and fun. That's because electronic technology has once again taken a turn that could, like the cell phone, affect much of your waking life, either directly or indirectly.

Read the fill story

**GTX Corp brings personal location-based services to the masses with Google Maps API Premier Business**

Wherever you go, there you are, goes the saying – but others might have a tough time finding you, at least until now. With GTX Corp's Personal Location Services, people can go online and, via an intuitive interface, track the exact location of loved ones, or even their high-value assets. GTX offers miniaturized assisted Global Positioning Satellite (GPS) tracking and cellular location-transmitting technology for consumer products and applications. The company's business model is to deliver solutions to consumers in a wide variety of wearable location devices, from shoes to tiny clip-on devices no larger than a small matchbox, by licensing its core technology to branded consumer product partners.

Read the full story

**GPS-Equipped Shoes Keep Track of Wanderers**

Tuesday, August 11, 2009 - Caring for a loved one with dementia is worrisome, especially if that person is prone to taking flight. Statistics suggest that 60 percent of people with Alzheimer's

disease will get lost at least once, said Andrew Carle, director of George Mason University's senior housing administration program.

Read the full story

**Keep Track of Your Kids This Summer**

>From GPS to Temporary Tattoos With Contact Info, Keep Your Kid Safe This Summer

ABC News - Good Morning America - July 31, 2009 - Those of you with iPhone know that there are many GPS applications. One of the latest is the Locimobile. Ideal for the 3.0 family (you and your teen need to have the phone). You download the app to your phones, and then your teen lets you check on his or her whereabouts, perhaps in exchange for getting an iPhone in the first place. The Locimobile app allows you to see exactly where your child or children are on a map. You can monitor several kids at one time.

Read the full story

**Understanding Dementia And 'Wandering'**

NPR - USA - July 14, 2009 - A shoe company, Aetrex Worldwide, and a firm that makes global positioning devices, GTX Corp., have created shoes containing GPS technology for wanderers to ...

**GTX in Sports Illustrated**

June 29, 2009 - GTX, a technology company, and Aetrex Worldwide have announced plans for shoes containing a GPS chip that will allow family members or saftey personnel to locate anyone wearing the shoes through online tracking software.

Download the article

**GPS Tech Review:**

Interviews with Leading GPS Innovators

GPS Tech Review is a forum for current news stories and interviews with the leading innovators of GPS-enabled personal location services.

**Abductors of Children May Run, But Today Code Amber and SA-Announce Make it Much More Difficult for Them to Hide**

Timely missing person's alerts and rich graphics delivered to your phone.

Mandeville, LA (PRWEB) June 25, 2009 --www.CodeAmber.com News Service the nation's leading internet and digital display missing persons alert service, a wholly owned subsidiary of www.GTXCorp.com (GTXO.OB), has expanded its multimillion viewer reach with an additional 2 million www.syn-apps.comsubscribers. SA-Announce, Syn-Apps' notification system, is a feature-rich communication application that works with Cisco Unified Communications Manager to distribute alerts across enterprises such as; NASA, Tiffany & Co and Martha Stewart Living, as well as numerous schools and government offices. The Code Amber alerts will be available to the SA-Announce subscribers and accessible in real-time appearing on their VOIP enabled phones.

Read the full story

**GPS shoe to track Alzheimer's patients**

A new shoe outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

London, England (CNN) -- June 10, 2009 -- The embedded GPS tracking system will allow the wearer of the shoe to be located instantly online and for their whereabouts to be monitored in real time.

Read the full story

GTX Corp in Sports Intelligence Magazine

May 2009 - GTX Corp., which markets patented two-way GPS Personal Location Services (PLS) solutions, will launch two new applications this summer - expanding its LOCi brand with iLOCi2 and Code Mobile.

Download the Article Here

GTX Corp in Lextech May Newsletter

Download the Full Newsletter Here

GTX Corp on RedChip Real Radio

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GTX in Bottom Line Health

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GTX Corp on RedChip Real Radio

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GTX Corp on CNBC

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GTX Corp on RedChip Real Radio

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GTX Corp on The Early Show

Watch the video clip

GTX Corp on the Discovery Channel

Watch the video clip

GTX Corp in the Philidelphia Inquirer

Read the article

GTX Corp on KCBS Radio, San Francisco

Listen to the audio clip

GTX Corp on KFWB Radio, Los Angeles

Audio clip 1, Audio clip 2, Audio clip 3

GTX Corp on the KGW News, Portland, OR

Watch the video clip

GTX Corp on the Boston 10 o'clock News

Watch the video clip

GTX Corp in Los Angeles Business Journal

Download the full article

GTX Corp in Pervasive Computing Magazine, April/June 2007

Download the full article

GTX Corp in Budget Travel Magazine, May 2007

Read the full article

GTX Corp in Footwear News Magazine, April 2007

Read the full article

**Kids Sneakers That Know Where They Are**

Castro Valley Forum - CA, USA - By : Michael Singer : 10/16/07

There is a trend in high-tech that recommends adding location-based services to anything and everything. But it has me pulled between wanting to see really cool gadgets and avoiding a Big Brother-like society.

The latest is a new high-tech tennis shoe coming to the market that lets parents and guardians track the movements of their family using Global Positioning Systems or GPS technology.

Called the "Smart Shoe," the miniature device is inserted in the sole of the low-top sneaker. An antenna that runs up the back of the footwear communicates with satellites and relays a location back to a subscription Web site service for easy viewing. Los Angeles-based GTXC, which makes the devices and the service, said it is hoping to put Smart Shoes in stores by the end of the year. Shoes with the technology could cost between $100 and $200. The tracking service is expected to cost about $20 a month.

**Follow That Kid**

Today's technology makes it easier for parents to know where their kids are and what they're doing.

By Joe Burris | Baltimore Sun | July 1, 2007

Michelle Smith had been reluctant to buy a cell phone for her 7-year-old daughter, Daysha. Then one day in April, a substitute teacher placed the Radford, Va., girl on the wrong school bus. Instead of being dropped off at her older sister's after-school program as planned, Daysha was sent home - only to find the doors locked.

As she sat on her front porch crying, her mother drove around town, searching frantically for the girl. No one at the school could tell her which bus the girl had been put on.

"Then my next-door neighbor called," said Smith, "and said, 'I have your baby.' "

The scary moment had a happy ending, but Smith didn't want to take a chance on losing her daughter again. So she did what many other parents are doing - she bought her child a cell phone equipped with an electronic device that could keep track of her whereabouts.

Download the full article

**Tracking technology hits the ground running.**

Wherever you go, there you are. And we know where you are.

By Nancy Francis

GPS technology will soon be at your feet, offering peace of mind to loved ones of Alzheimer's sufferers, people with autism, active preschoolers and others who might wander into harm's way or get lost.

A Los Angeles-based company that sees opportunity in the merging of GPS tracking technology and footwear, has developed several prototypes of GPS tennis shoes.

GTX Corporation is having discussions with various footwear manufactures (including some in Oregon) about licensing its technological designs and connectivity system.

During a recent visit to Portland, GTX Corp CEO Patrick Bertagna showed KGW a prototype of the company's GPS shoe.

Download the full article

**Mobile Ways to Keep Track of Your Kids**

By Lori Tucker, (WATE) Knoxville, TN -- June 7, 2007

As technology makes our society more mobile, there are more mobile ways to keep track of your loved ones including cell phones, car trackers and even shoes. GPS shoes That's right, an LA company has patented a GPS system in a shoe.

Xplorer Smart Shoes, made by GTX Corp., are able to track the person wearing them in real time or by remote surveillance.

GTX says the shoes work particularly well for: children, people with Alzheimer's disease, outdoor adventures, military, police, fire and public safety workers.

**IN THE PIPELINE: Tracking All The Uses For Positioning Chips**

By Donna Fuscaldo - DowJones Newswire - May 1, 2007

For Patrick Bertagna, the eureka moment came a few years ago when watching the coverage of the Elizabeth Smart abduction. After spending years helping companies track their products via software, Bertagna decided it was time to do something that mattered.

So the serial entrepreneur, armed with a couple of checks from friends, launched Global Trek Xploration Corp., a Los Angeles-based company that's developing shoes embedded with a global positioning chip. The shoes will enable parents to monitor their children's every movement and caregivers to keep real time tabs on elderly or sick people.

Download the full article

**Top-Notch Security**

M2M - Specialty Publications - April 6, 2007

M2M technology providers and system integrators often cite efficiency improvements and new revenue opportunities as common indicators of return-on-investment. However, as more and more customers use machine-to-machine applications to collect data, security has not only become a top-notch priority for end users and OEMs (original equipment manufacturers) but also a highly valued part of fostering a positive ROI.

According to IDC Corp., www.idc.com, Framingham, Mass., as devices enabling a mobile workforce continue to shrink in size, the increased likelihood of losing devices, such as laptops, mobile phones, BlackBerrys, has caused growing concern over the sensitive corporate information they contain.

**Smart Shoes Get Smarter**

M2M - Specialty Publications - April 2, 2007

Smart shoes just got a little smarter. The newest models of GPS-enabled (global positioning system) shoes from Global Trek Xploration Corp. (GTXC), www.gtxcorp.com, Los Angeles, Calif., will now be equipped with wireless and location modules from Enfora Inc.,www.enfora.com, Plano, Texas.

GTXC chose Enfora's Enabler IIG-A-GPS modules for its robust and accurate platform, company executive say. Eric Stalnaker vice president of business development at GTXC explains, "Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity, and customization that lets us focus on our product and service offering."

**Wireless Briefs**

by Andrew D. Smith | Dallas Morning News | Thursday, March 29, 2007

Few at conference get to soul of GPS shoe

Satellite tracking services were expected to be one of the big attractions at this year's big wireless conference in Orlando, but the satellite shoe seemed to surprise most of the people walking around the convention floor.

Many passers-by Wednesday furrowed their brows or shook their heads at what appeared to be a silly toy for spoiled yuppie joggers. Only a few investigated long enough to realize that the GPS

shoe may well be one of the least frivolous prototypes on display among the 1,100 exhibitors. Developers plan to sell the device as a way to track mentally disabled people or seniors who have Alzheimer's disease.

**Where would you be without GPS?**

Perhaps carrying fewer gadgets: The technology is being added to shoes, MP3 players, dogs

By Carolyn Y. Johnson | Boston Globe | February 19, 2007

This month, GTX Corp. launched a line of Xplorer Smart GPS shoes that transform sneakers into a wearable LoJack system.

ABI Research found that the number of people in North America who subscribe to GPS-enabled location-based services more than doubled between 2005 and 2006, from 1.6 to 3.9 million. The number of subscribers is projected to rocket to 52 million in 2011.

That means companies working in what used to be a niche market have been enjoying explosive growth. Revenues at TomTom NV, a Concord-based maker of personal navigation products, have increased more than 500-fold since 2001, from $2.5 million to an estimated $1.7 billion last year. Garmin's business has exploded into the mainstream, too, and the company ran its first Super Bowl ad this year. Boston-based start-up Skyhook Wireless brings location awareness to any device with WiFi, and announced a major partnership this month with GPS platform maker SiRF.

**Xplorer shoes offer advanced personal location services**

from Wearable Electronics

January 29, 2007 - We've written several times about the concept of electronically fencing dogs and cats for their safety, or the safety of others. Similarly, as GPS technologies have become commercially viable, of tracking assets and loved ones to ensure their safety. Now personal location services company GTXC Corporation, is set to unveil a line of Xplorer Smart GPS shoes at the World Shoe Association (WSA) in Las Vegas on February 1 which offer a range of new opportunities. Xplorer shoes incorporate a small and robust GPS tracking device which hooks up with GTXC's internet user portal to offer a very compelling array of personal location services.

**Integrated GPS Shoes by GTXC**

Getoutdoors.com Outdoor Blog - Friday, February 2. 2007

Integrated GPS Shoes by GTXC Though originally made to track patients and kids, we're sure the shoes will be integrated soon with the Nike + Ipod so you can track your run in your personal Google mashup. Or hide it in your wife's purse to see whether she's banging San Francisco's mayor, Gavin Newsom. Or something like that. The system from GTXC has a sophisticated GPS integrated into the shoe, which communicates directly with a satellite, which then relays locations in real-time to their monitoring center and made available via internet or phone. Predetermined geographic areas can also be defined and alerts sent when the person being tracked leaves or enters the area. And don't worry, they already have a product for outdoor activities called the Wearable Caddy.

**New Smart GPS Shoes**

Manisha Kanetkar - Thursday, 1 February 2007

Keeping track of your loved ones has never been so easy (or so spy-like) with the new Xplorer smart GPS shoes designed by GTXC.

The company boasts the shoes incorporate the smallest, most powerful and robust GPS tracking device currently available. GTXC says they are ideal for caretakers of children or the elderly to easily monitor the location of their charges.

So, for example, they can preset perimeters of safe zones or unsafe zones, and then receive mobile phone alerts if a perimeter is breached by the wearer. This is handled by what the company calls its 'set-it-and-forget-it' Dual GeoFencing feature.

**Shoes with GPS locator Coolest Gadgets**

Jan 29, 2007 - GTX Corporation will be unveiling its new line of Xplorer Smart GPS footwear at the beginning of next month in Las Vegas. The Xplorer aims to usher in the next generation of GPS smart shoes by incorporating smaller and yet more powerful GPS chipsets inside the shoe itself to provide a more accurate reading....

**GTX Corporation unveils GPS-equipped Xplorer shoes Engadget**

Jan 26, 2007 - It seems like Sayo Isaac Daniel has some serious competition coming at him in the GPS shoe market, as GTX Corporation is unveiling its latest geo-tracking footwear at next week's World Shoe Association trade show. The questionably styled Xplorer kicks pack an internal GPS transceiver,...

**GPS Shoes keep track of kids**

January 25, 2007 - GPS-integrated shoes - now why didn't I think of that? The Xplorer line of Smart GPS shoes from GTX Corp. come with an integrated GPS tracking device which helps parents keep tabs on their children. In addition, parents are able to set up a virtual boundary, where they will be duly noted via SMS should the shoes leave beyond the designated area.

**GPS Shoes Let Mommy Know Where You Are**

January 25, 2007 - Good news for worried parents. These GTX GPS Xplorer Smart Shoes will let you keep track of your kids no matter where you are. Here's how it works.

Define a "safe" area around your house or school that it's safe for your kids to wander around. When the GPS signal goes outside of the area, an SMS will be sent to your phone alerting you of the situation. Then you're free to call your wife, the police, or Chloe from 24.

**The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service**

ESATO NEWS - Jan 26, 2007 - Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several groundbreaking innovations currently in the patent process.

**GTX Corp. announces the Xplorer line of Smart GPS shoes**

Thu, 25 Jan 2007 - The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service. So you could get your kids these GPS sneakers and define an area where it is safe for the kid to wander around. When leaving the defined area an SMS would be sent to your mobile phone notifying you of the situation. GTX calls this feature GeoFencing. The batteries powering the GPS unit inside the shoes last several days.

**"With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety

or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."

"The greatest endorsement of P2P surveillance is that 66% of Americans are comfortable being monitored by concerned loved ones in case of emergency. That's an awfully large market waiting to be tapped by companies like GTX Corporation who debuts its first GPS-based tracking shoe for children this week."

Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency

Download the full article

**Brave New GPS World**

By James Klein, Larta VOX Editor - November 3, 2003

In the future, we won't lose anything. Advances in global positioning system technology allow users to easily pinpoint the location of any object on earth. GPS boards have been reduced to the size of a postage stamp. Soon, we could attach GPS locators to everything we own - cell phones, briefcases, wallets - and even our children.

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**GPS Shoe to Track Alzheimer's Patients**

London, England - June 10, 2009 - A new show outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

Download the full article

**GTX Signs Deal With Aertrex Worldwide**

June 1, 2009 - GTX signs its first footwear deal for its Personal Location Services product with Aertrex Worldwide, which specializes in orthotic footwear.

Download the full article

**Enfora and GTXC Advance Personal Tracking and Location with GPS-enabled Shoe**

Plano, Texas - March 27, 2007 - Enfora, Inc., today announced GTX Corporation's (GTXC) adoption of the Enabler® IIG-A-GPS embedded wireless and location module into their latest model of the GTXC Xplorer® GPS Smart Shoe designed to monitor the whereabouts of loved ones.

"Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity and customization that lets us focus on our product and service offering," said Eric Stalnaker, VP of Business Development at GTXC. "By working with Enfora, we know the Xplorer® A-GPS Smart Shoe is built on a robust and highly accurate platform."
Download the full article

**GTXC Wins Praise, Reduces Chip Size**

Los Angeles, California, March 5, 2007 - GTXC received a strong, positive reception as a third time exhibitor at the recent World Shoe Association show in Las Vegas, NV. It also won praise from the technology community at the latest 3GSM World Congress in Barcelona, Spain. GTXC continues to build momentum, enhance its intellectual property and provide leadership throughout the embedded GPS footwear space.
Download the full article

**New era of "Wearable GPS" capabilities enabled by technological breakthrough.**

February 21, 2007, Los Angeles, CA - GTXC, founder of the Personal Location Services category and leader in Miniaturized GPS Technologies, has created a proprietary, "single click" software application used to activate the GPS-2-SMS Dual-GeoFence features that form an integral part of its embedded GPS technology. The recent Multi Dual GeoFence patent application filled in February 2007 is the most current of seven applications filed since the company's founding five years ago, and promises to bring new capabilities and efficiencies to the Wearable GPS industry. The company's first, US Patent 6.788.200 titled GPS Footwear was issued in September 2004.
Download the full article

**GTXC unveils new generation of Smart GPS Shoes**

Los Angeles, CA, January 25, 2007 - GTX Corp., a dominant world leader in personal location services, will unveil their new Xplorer line of Smart GPS shoes on February 1st, at the World Shoe Association (WSA) in Las Vegas.
Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on

the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several ground-breaking innovations currently in the patent process.
Download the full article

**GTXC to provide maritime version of personal GPS tracking devices to governmental security agencies and consumers**

Los Angeles, California, October 4, 2006 - GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including ground-breaking shoe-based satellite tracking products - announced today that they have signed a licensing agreement aimed at providing miniaturized, waterproof personal tracking devices to governmental security agencies and consumer maritime enthusiasts.
Download the full article

**An Open Letter To GTX Corporation's Investors, Customers And Friends**

January 5, 2007 - GTX Corp has received many inquiries this week regarding recent reports that another manufacturer has entered the GPS footwear sector claiming, among other things, that they have patented GPS footwear technology, and that there is a technology called "Quantum Satellite Technology."
GTXC believes that the convergence of high technology with consumer products should be represented to the public in an ethical and honest fashion. GTXC takes issue with the claims made in those recent reports, and believes that they do not paint an accurate and truthful picture. As such, GTXC is taking immediate, strong and active steps to respond to those claims in a responsible way to inform the public and the relevant media about GTXC, its products and technology, and the true status of the following facts.
Download the full article

**CEO & President of GTXC - to Address Cornell MBA Class**

Los Angeles, California, November 6, 2006 - Patrick Bertagna, CEO and President of GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including

shoe-based and hand held satellite tracking products - will address the Cornell Business students that are analyzing a case study that was developed over the past year at the university.
Download the full article

**GTXC announces newest addition to PERSONAL GPS suite of miniaturized location-finding solutions**

Los Angeles, California, June 1, 2006 - GTXC (GTX Corporation), known worldwide for developing and commercializing innovative shoe-based GPS tracking technologies, today announced a downloadable location-finding application for hand held PDAs.
Beginning with PaqTrax™ for the HP iPaq 6515, the newest GTXC application integrates a PDA's embedded GPS abilities with the internet-based GTXC TrackPack™, creating a complete Personal GPS™ tracking and location-finding solution.
Download the full article

**Boston University study validates Americans' acceptance of Person-to-Person (P2P) surveillance**

Los Angeles, California, March 14, 2006 - GTXC, Inc., maker of miniaturized tracking technologies - including a patented shoe-based GPS location-finding platform - shared in the release of a recent Boston University study which offers proof of strong consumer demand for Person-To-Person (P2P) tracking and surveillance products. Despite increased media attention to governmental eavesdropping and surveillance issues, the study's conclusions contradict privacy advocates and redress recent media sentiments by finding that up to 81% of those surveyed approve the use of P2P surveillance under specific situations, and nearly a third (32%) say they are likely to use a tracking device to monitor a loved one in the future.
Download the full article

**GTXC announces world's first GPS location-reporting technology built into footwear**

Los Angeles, California, February 10, 2006 - After several years of intensive research and development, GTXC (GTX Corporation) today announced the world's first GPS location-reporting platform built into footwear. Unveiled at the World Shoe Association trade show in Las Vegas, Nevada, the company's patented solution links advanced GPS and cellular miniaturization technology with internet-based monitoring capabilities to provide accurate, real-time location and movement history to a wide range of users. Their shoe-based technology also introduces an

innovative platform for delivering a new category of portable, personal consumer-based applications, from exercise monitoring and live real-time gaming to interaction with appliances and other household items.
Download the full article

**With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

February 2006 - Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency. Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."
Download the full article

DailyTech, LLC - Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Oct 26, 2010
Listen to an interview with GTX Corp CEO, Patrick Bertagna on wsRadio - The Peggy Smiley Show.

**Top Grossing iTunes list**

GPS Tracking Apps for your smart phone.

## Featured Products

Shoes to monitor seniors suffering from dementia.

While GPS tracking can answer the "where" question, the Code Amber Alertag knows the answers to the "who, what and when" questions that first responders to emergencies need to know to provide informed treatment.

2 Way GPS has helped the lives of thousands by guiding emergency services to the precise location of people and pets in need of immediate attention. Getting there quickly however is only the first step. That's why everyone needs a Code Amber Alertag

Code Amber is a wholly owned subsidiary and a member of the family of products and services of GTX Corp




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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/22/2011 10:19:51 AM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re: Gps GTX Smart Shoe

we will have dinnner at 8 ,, you can bring your maldives friend or anyone else. ( no women ). we should spend an hour together just the two of us. today tomorrow:? It is always fun to see you

On Thu, Sep 22, 2011 at 12:46 AM, Sultan Bin Sulayem <[redacted]> wrote:

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- Products & Services
- Platform
- News
- Contact Us
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# NEWS

## Patrick Bertagna Interviewed on Travel Talk Radio with Sandy Dhuyvetter

**Patrick Bertagna, founder and co-inventor of the GTX Smart Shoe, joins Sandy to discuss this new invention and what it means to patients and families.**

The Executive Producer and Host of TravelTalkMEDIA is Ms. Sandy Dhuyvetter, one of the world's leading travel industry media specialists. Following a successful career as a pioneer in the

internet industry and new media in the San Francisco area, Sandy established TravelTalkMEDIA in 2001 to provide radio and web-based, online information to the U.S. and global travel industry.

Listen to the radio interview (MP3)

### GTX Corp's Tracking Apps Hit One Million Dowloads

**GPS Wolrd - July 12, 2011** - GPS Tracking Apps, from GTX Corp subsidiary LOCiMOBILE, have been downloaded more than one million times by users in 116 countries, and continues to be on the top charts of iTunes and Android marketplace, the company said. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or Internet-ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### GTX Corp... More'n A Million Served (GPS)

**This App has managed to stay quite popular in both iTunes and Android online sites...**

**SatNews Daily - July 1, 2011 -** GTX Corp. (OTCBB: GTXO.OB), a provider of real-time two way GPS Tracking and personal location services (PLS) has announced its LOCiMOBILE subsidiary's GPS Tracking Apps has managed more than 1 Million downloads with users in 116 countries and continues to be on the top charts of iTunes and Android market place. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or internet ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### Professor Andy Carle talks about "Nana" technology and the GPS Smart Shoe™

**Radio show called "Wriggling in the Middle", based out of Canton, Ohio and syndicated nationally through FOX radio network.**
http://www.whbc.com/Wriggling-In-The-Middle/6636686

For anyone who would like to skip directly to the shoes, go to the link below, scroll down to the show listing (March 28) and fast forward to about the 26-minute mark. The conversation on the shoes lasts about 7 minutes.

**Proximity marketing will push location based service revenues to nearly $13 billion over the next few years.**

**SatNews Daily - March 23, 2011** - GTX Corp (OTCBB: GTXO) and ADAM, Inc. have entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base. Gartner reports that 42 percent of consumers use their phone to check a store location, 31% use it for a mobile promotion, and 17 percent use their phone for the actual purchase.

Read the full article

**GTX Corp. Joins with Chambers of Commerce on Location Advertising**

**GPS World - March 22, 2011** - GTX Corp., which provides two-way GPS Personal Location Services (PLS), and ADAM, Inc., a platform for Hyper Local Mobile Apps for Directories, entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base, GTX Corp. announced.

Read the full article

**New Tech Is Helping Families With Special Needs**

**March 17, 2011 8:52 PM - MIAMI (CBS4) – New technology is making life a little easier for people with special needs and their families.**

The GTX Corp. is introducing new shoes, loafers and sneakers, with GPS built into them. CBS technology expert Katie Linendoll said they can really come in handy for families who are taking care of relatives suffering from Alzheimer's disease. With a downloadable app, they can track them using the GPS or get an alert if the person wanders out of a pre-set safe zone.

Read the full story and view the video

**Technology for seniors**

Great Day Show - CBS KHou.com - Houston - March 23, 2011

**Truly groundbreaking tech to change our lives**

**CBS News - Early Show - March 17, 2011** - The shoe uses GPS and cellular technologies. It gives a family member or a caregiver the option of monitoring real-time from the Internet or on your phone...

Watch the CBS Early Show video

**GTX's GPS Tracking Apps For iPhone**
**Apps allow you to let family, friends know your location**

**Joel Mathis, Macworld.com** - If the federal government tagged millions of iPhone users with GPS tracking devices, the American people—or, at least, Apple devotees—might protest very strongly. But iPhones these days come with GPS installed, and companies make good money furnishing apps that utilize that very feature. On this list: GTX, who offers a pair of $4 GPS apps—GPS Tracking and Tracking—that provide workmanlike solutions for users who want to keep an electronic eye on their loved ones.

Read the full article

**Going Gray-Where Technology's Headed - Entering the Gray-Tech Revolution**
**World Market Media - Brittney Barrett - February 16, 2011**

Over the next 20 years, 80 million baby boomers will enter their sixties and seventies in the U.S. alone. In the next 40, the number of senior citizens will double. For the government, this represents a huge financial burden resultant from rising Medicare and

Social Security costs. For industries focused on late-life care and creating products that cater to the aging demographic; however, this population shift represents a major opportunity.

Read the full article

### Walk to Remember? A National Academy of Sciences Study Says Yes

**February 13, 2011** - In healthy adults, the hippocampus — a part of the brain important to the formation of memories — begins to atrophy around 55 or 60 and even sooner to an even greater degree if one contracts Alzheimer's. Now psychologists are suggesting that the hippocampus can be modestly expanded, and memory improved, by nothing more than regular walking.

Read the full article

### GTX's New Patent...Smart Shoe Has Heart In Its Sole (GPS)

**Satnews Daily - February 09, 2011** - GTX Corp (OTCBB: GTXO) has a big heart that is manifested in their sole. GTX, known for customizable, 2-way GPS Personal Location Services (PLS) solutions, was granted its ninth patent for their innovative and potentially life saving GPS Smart Shoe technology.

By the year 2050, there will be 16 million adults with Alzheimer's in the U.S. alone. The multi patent GPS Smart Shoe™ will afford millions of caregivers the means to remotely monitor those afflicted with Alzheimer's that become lost due to wondering.

Read the full article

### GPS Shoes – Footsteps to the Future…

**World Market Media - Brittney Barrett - February 7, 2011**

Every 70 seconds, someone in America develops Alzheimer's, according to the Alzheimer's Association 60% will wander away from their homes or care facilities at some point during their affliction with the disease. Worse, it's even more difficult to find a missing senior citizen than a missing child, as fewer people will take note of older person walking alone than they would a small child.

Read the full article

### GPS Tracking Technology – How it works

**GPS Tracking Apps are available for most smartphones.**

Watch this video to learn how GPS Tracking Technology works and what it can do for you.

### GPS Tracking Apps installed on over 850,000 smart phones

GPS Tracking Apps by LOCiMOBILE are installed on over 850,000 smart phones in over 106 countries.

LOCiMOBILE is a leader in 2-way GPS Tracking Solutions providing the ability to find your loved ones quickly and easily with one touch of a finger. But don't stop there, get creative with it; track your drivers in real-time, see when your relatives land at the airport… with turn by turn directions, you will never get lost again!

Read the full article

### Locimobile GPS Tracker App Now for the iPad

Well it looks like the iPad's next leap is to become a GPS tracker. Locimobile, which makes GPS Tracking Apps for iPhones, iPods and smartphones is now taking on the iPad. From the comfort of your own home and on a much bigger screen, you can keep tabs on your spouse or kids and see in greater detail than before, where they are off too or hanging out. Will the iPad be the cause for the next big celebrity break-up?! Who knows but in the mean time you can use it to keep tabs on your own family for only $4.99

### Proximity marketing will push Location Based Services revenues to nearly $13 Billion

**Knowing where you are will give you the answer to the "where is" question.**

Recent developments in GPS positioning technologies could drive revenues from mobile location-based services to more than $12.7 billion by 2014, according to a new report published by Juniper Research.

Revenues will come from sales of apps through application stores and other channels, but also from mobile advertising tied to those apps. In fact, the Juniper report notes that advertising will likely form an increasing share of Mobile Location Based Services-related revenues over the next five years.

Read the full article

### GPS Technology Mentioned In State of the Union Address as Growth Driver

**World Market Media - Brittney Barrett - January 26, 2011**

"The rules have changed. In a single generation, revolutions in technology have transformed the way we live, work and do business" said President Barack Obama last night, during his second State Of The Union address to the 112th Congress of the United States and 1.3 million Americans watching the speech from their homes.

Read the full article

### Patrick Bertagna interview with Bob McCormick from CBS Los Angeles, Money 101

**January 17, 2011** - Being an apps developer can pay off handsomely when you fill a need.

Click here to listen to the interview

### LBSN – What It Is And Why You Should Care

**Marsha Ahrenkiel - January 13, 2011** - Shades of The Island of Dr. Moreau! (hint: Google H.G. Wells) Modern-day mad scientists (let's call them "software developers") have been merging social networking concepts with a range of other technologies and rolling out new hybrid beasts that could eventually change your marketing and public relations strategies.

One that we're keeping a close eye on here is a species known as "location based social networking" (LBSN) – combining short message service (SMS), aspects of gaming, smartphone technologies and GPS capabilities.

Read the full article

### GTX Corp - Year in Review 2010

**SatMagazine - December 2010** - GTX Corp is in the business of keeping you connected — the Company continues to be at the forefront of the personal location industry and debuting new technologies that impact how you ask the "where is" question.

Read the full article

**Future Family: Life In the Digital Age preview.**

**The Discovery Channel - Nov. 13, 2010** - This patient education program explores how baby boomers the 78 million Americans born in the wake of World War II are embracing technology to better manage increased work and home responsibilities. Future Family discusses the GPS footwear by GTX Corp.

View the show - Part 1

View the show - Part 2

**Wireless Technology on Black Friday: Smart Phones Good, PNDs Bad According to WedBush**

**World Market Media - Tom Copeland - December 1, 2010** -

The biggest holiday shopping days of the year has passed and many investors want to know: How did wireless technology do? According to Scott Sutherland, CFA with Wedbush Securities, the answer is pretty good – depending on which companies you're invested in.

Read the full article

**Andrew Carle on Elder Tech Trends**

**Eldergadget.com - November 5, 2010** - ElderGadget's Michael Goldman starts the series with a conversation with Andrew Carle, an Assistant Professor at George Mason University. Andrew is also an expert on technology development for seniors, and is a consultant for the Nintendo Corp., GTX Corp., and several other companies about how to make their newest gadgets more elder friendly.

Listen to Podcast interview with Andrew Carle

**How does a GPS tracking system work?**

**Patrick Bertagna, GTX Corp. - 10/26/2010** - Global Positioning System (GPS) is a worldwide radio-navigation system formed from the constellation of 24 satellites and their ground stations. The Global Positioning System is mainly funded and controlled by the U.S Department of Defense (DOD). The system was initially designed for the operation of U. S. military. But today, there are also many civil users of GPS across the whole world. The civil users are allowed to use the Standard Positioning Service without any kind of charge or restrictions.

Read the full article

## GPS Elder Applications

**Eldergadget.com - October 21, 2010** - The rapid evolution of Global Positioning Satellite (GPS) tracking technology is producing new applications of particular interest to seniors, their families, and caregivers. One of the most active companies in this space is GTX Corp. GTX is the company behind the patented GPS Smart Shoe™ , in partnership with footwear manufacturer Aetrex Worldwide. The shoe was developed to provide peace of mind for families with senior-age loved ones suffering from Alzheimer's and other forms of dementia. Available on the Internet at the GPS Shoe, Aetrex, and Foot.com sites, the shoe should also be available in retail stores some time in 2011, according to GTX Corp. chairman/president Patrick Bertagna.

Read the full story

## The "Where" or Your Social Media Network - iCheck-In

**World Market Media - Tom Copeland - November 15, 2010** - Checking in is a movement that's really starting to catch on, and companies are scrambling to develop and release check-in apps and services. GTX Corp committed to being the "better people finder", owns and operates LOCiMOBILE, Inc. which developsGPS Tracking location based social networking (LBSN) mobile applications, today released its 17th App - iCheck-In, the fastest and easiest way to "check-in" and stay connected to everyone in your mobile contact list and your Facebook and Twitter friends.

Read the full story

**App News**

On Saturday, CBS News broadcasted a segment on The Early Show called "Unique Ways on Keeping Kids Safe on Halloween" in which CNET technology contributor Katie Linendoll showcased a few charming gadgets to help track children while they're out and about. Naturally, GTX Corp's iPhone, iPad, Android and Samsung GPS Tracking Apps iLoci2 and GPS Tracking Pro were highlighted for their easy-to-use yet powerful features.

View the show

**Patrick Bertagna GTX Corp CEO on the Peggy Smedley Show**

Oct. 26, 2010 - wsRadio

Listen to an interview with

Patrick Bertagna, GTX Corp CEO,

on The Peggy Smedley Show

Click here to listen

**GPS Smart Shoe ™ Wins 2010 People's Choice Award**

LOS ANGELES, Oct. 12, 2010 (GLOBE NEWSWIRE) -

GTX Corp (OTCBB:GTXO - News) has won the prestigious 2010 People's Choice Award for Most Innovative Connected Location Device at the 4th Annual Locations & Beyond Summit this past week.

"We are honored to have won this prestigious award and look forward to continue to bring innovative and game changing technologies that transform how we utilize GPS tracking and stay connected to one another," says Patrick Bertagna, CEO and founder of GTX Corp.

Read the full story

**Wall Street Reporter Interview**

Audio interview with Patrick Bertanga, CEO, GTX Corp

Click here and then on Audio MP3 button to listen to the interview.

**Safety afoot, via GPS, for Alzheimer's patients**

USA Weekend - PEGGY J. NOONAN - October 17, 2010

A tiny GPS chip embedded in the sole of the shoe provides continuous tracking ... The GPS Shoe by Aetrex is available from Foot.com and GPSShoe.com now for ...

Read the full story

**GTX Corp. (OTCBB: GTXO) Wins 2010 Peoples Choice Award**

Tom Copeland - October 11, 2010 - World Market Media

The GPS Smart Shoe™ was nominated for Most Innovative Location Connected Device at the Locations and Beyond Summit that was held last week during the CTIA show and CEO Patrick Bertagna confirmed with us - GTXO had won!

Read the full story

**With 675,000 Downloads in 91 Countries GPS Tracking Apps Leader GTX Corp Launches 3 New GPS and LBS Apps**

GPS Tracking Apps Keep You Connected to Everyone, Everywhere

LOS ANGELES,CA - Tuesday, September, 28th 2010 - GTX Corp business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location - based "apps" and web services solidifying its leadership position in the mobile LBS market, which mobile carriers are calling "Pure Gold".

Read the full story

**Not All Who Wander Are Lost**

Donna Fannin - Gather News Technology - October 17, 2010

GPS shoes are coming to a retailer near you. Why in the world would anyone want a GPS tracker in their shoes, you ask? Generally, they don't, if they know about it.

Read the full story

**People Choice Tries on GPS Smart Shoe**

By Peter Suciu - Kinetic Shift - October 13, 2010

While there are many tracking programs out there for children and even teens, GTX Corp introduced an innovative product aimed at adults suffering from Alzheimer's disease and other dementias. Many sufferers are actually in good physical condition and thus aren't confined to a room or even a house. To keep track of loved ones, the company came up with a novel idea – namely putting a tracking device in the footwear.

Read the full story

**GTX Corp... Phone Finder (GPS)**

Satnews Daily - September 28, 2010

GTX Corp (OTCBB: GTXO.OB) business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location-based "apps" and web services.

The new apps all have a GPS component and are designed to add the "where is" factor to functionality. The Company launched on the Android market place Phone Tracking™ in case you lose or misplace your phone. More than 70 million phones are reported lost or stolen in the US each year, but while the loss of a phone may be annoying, the loss of personal and business data could be devastating.

Read the full story

**Gadgets -These Shoes Were Made for Tracking**

By Erin Monda - TMCnet Contributor - September 22, 2010

There is no end to the wonderments that shoes can achieve (a certain pair of ruby Mary Janes comes to mind) – and one company is pushing the envelope even further (although not quite as far as Oz).

I'm referring to GTX, a company integrating two-way GPS people-finding technologies into consumer products and applications. The company utilizes the latest in miniaturized global positioning system (GPS) tracking and cellular location technology, enabling subscribers to track in real time the whereabouts of people, pets, or high valued assets through its customizable

transceiver module, wireless connectivity gateway, middleware, and viewing portals.

Read the full story

**Costs of Alzheimer's will touch 1% of Global GDP in 2010**

By World Market Media

The rising need for GTX Corp's technology continues to be influenced by the increasing numbers of elderly and those that are memory impaired, and so the epic battle of technology and illness wages on. ...

Read the full story

**Do you know what the Most Innovative Location Device is?**

No it's not a compass or an astrolabe. It's not semaphore or a smoke signal. Not an RFID tag or a neon sign or phosphorous flare either.

Give up?

It's the GPS Smart Shoe™ recently mentioned in Forbes Magazine, developed by GTX Corp (OTCBB: GTXO.OB) and licensed to Aetrex Worldwide. Yes, a shoe…well a very smart shoe as it can tell a caregiver the precise location, bearing, history, speed and altitude of an Alzheimer's victim that has eloped or wandered. No small feat – pun intended – to reduce the overwhelming stress on the millions of victim caregivers while potentially saving thousands from injuries and death owing to exposure, accidents and criminal activity. The GPS Shoe also reduces the manpower drain on municipal services; fire, police and welfare agencies often enlisted to locate the mentally ill.

While a Finalist in the Most Innovative Location Device category of the Locations & Beyond Summit and the People's Choice Awards is a wonderful acknowledgment for the years GTXO invested in developing the solution and the promise that Aetrex has made in bringing the Shoe to market… the real winners are those touched by this devastating disease for which there is no cure, but now have a new measure of hope.

**'Nanatech': Seniors Stay Independent With Tech Gadgets**

Senior Tech - Ashlea Ebeling, 09.15.10

The GPS shoes from GTX ( GTXO - news - people ) tackle another senior problem--folks who have Alzheimer's who wander and are at risk of getting lost or injured. A GPS device in one of the shoes will alert a caregiver if the wearer leaves a specified area. Don't expect the latest styles from Nike ( NKE - news - people ) or Steve Madden ( shoo - news - people ) . The manufacturer is Aetrex Worldwide, an orthodic and medical specialty shoe maker. Roll-out is expected by year's end.

Read the full story

**Keeping an eye on Mom and Dad**

Remote monitoring technology aims to keep seniors in their houses and out of nursing homes

Over the coming months a raft of new-and-improved remote monitoring devices will hit the market, from GPS shoes that can track the whereabouts of wandering seniors to MedCottages, portable RV-like units equipped with motion and monitoring systems that allow seniors to maintain some independence from the backyard of their adult childrens' homes.

"As we age, this is going to be a growing trend," says Laurie Orlov, a Florida-based expert on so-called "aging-in-place technology" aimed at keeping seniors in their houses and out of nursing homes as long as possible.

"We have to get past the fear and antagonism among the older people who need it the most. I don't think they're that technology-ready, but the boomers, who are their adult children, certainly are."

Motion sensors strategically placed in the three-bedroom home where Howe has lived for 53 years feed information right to her daughter's laptop, detailing when she got out of bed (the Friday we chatted it was 9 a.m.), walked into the bathroom (9:15 a.m.) or hovered at the kitchen table where she keeps her pills (9:30 a.m.)

Even her blood-pressure reading (165/76) is fed to her daughter's computer, along with her daily weigh-in tally, providing a detailed graph which she often takes to her doctor appointments.

The only thing GrandCare can't tell Pierce, because her system doesn't include cameras, is if her mother actually swallowed her pills.

Monitoring and in-home help technologies will be a $20 billion U.S. business in North America by 2020, predicts Orlov, founder of Aging In Place Technology Watch.

Already some baby boomers are able to remotely lock their parents' doors, track calls coming into their homes and even see who is ringing the doorbell, in many cases right from their smart phones. Systems such as QuietCare, WellAWARE, FineThanx and SimplyHome are already fixtures in some U.S. homes and seniors' communities, although Orlov estimates fewer than 10,000 units are in active use because the systems can be so costly.

Next month, Paul Whyte, a Markham dealer of smart-home technology that allows ordinary electronics and appliances to communicate with each other, will unveil the GrandCare system at the Zoomer show in Toronto.

"I call it the invisible caregiver," says Whyte of Cybernetics Systems Inc. "The minute I saw this system I thought, 'There's something that actually makes sense.'

The key, of course, with all these technologies is that the senior be relatively able-bodied and sound of mind — most are of limited value if the senior is suffering from dementia, which is expected to become a major public health issue in the next few decades.

But developers are also working hard on that challenging front.

Sometime later this fall or next spring the first GPS-equipped shoe, the Aetrex Ambulator, will go on sale through www.gpsshoe.com orwww.foot.com.

Originally designed for children by Los Angeles-based GTX Corp., the new shoes are expected to retail for about $250 U.S. They enable caregivers to track those afflicted with dementia or Alzheimer's thanks to GPS and cellular technology that will relay their whereabouts back to a monitoring centre.

"Privacy may be a talking point, but it's not really an issue," says Patrick Bertagna, chairman and CEO of GTX Corp.

MEDCottage creator Dupin expects concerns around privacy will fade quickly as families and health-care systems here and in the U.S. become overwhelmed by aging baby boomers — more than 76 million in the U.S., 10 million in Canada — who start hitting 65 next year.

"I see remote monitoring becoming an integral part of health care as we all age," says Dupin. "One of the issues around aging in place is going to be making trade-offs. Privacy may be something we have to give up."

Susan Pigg focuses on issues about aging and baby boomers. spigg@thestar.ca

### Tracking Deal

A downtown L.A. company that creates GPS tracking applications for cell phones has announced a deal to provide its friend-finding apps on Samsung smart phones.

The deal could mean more than 40 million more downloads, which would translate to increased revenue, for GTX Corp.'s application, which is currently available for the iPhone, BlackBerry and Android phones, said GTX Chief Executive Patrick Bertagna.

The LociMobile tracking applications send a GPS signal out to all of a person's cell phone contacts who use the app. Bertagna said the app can be used to meet up with friends or keep tabs on kids.

GTX has also developed a GPS shoe for tracking Alzheimer's patients.

*Staff reporter Natalie Jarvey can be reached atnjarvey@labusinessjournal.com or at (323) 549-5225, ext. 230.*

Read the full story

### Senior Gadgets: GPS Shoe May Offer Peace of Mind to Alzheimer's Caregivers

By Teresa Steinfatt - July 1, 2010 - Safety of loved ones is a top concern for caregivers, especially those caring for persons with Alzheimer's disease.

Memory loss and confusion can set in without warning. For example, a loved one might set out on a walk or errand alone, wander off and not be able to return home safely.

Currently scheduled for retail sale this summer, the Aetrex Ambulator® GPS Shoe by GTX Corp will provide millions of caregivers the means to help easily find those afflicted with Alzheimer's and other forms of dementia who wander and become lost.

Read the full story

### Style and Safety Come Together with GPS Shoes For Alzheimer's Care

GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a

four year, license agreement with Aetrex Worldwide, Inc. GTX Corp's eight patents for the GPS Shoe cover a GPS transceiver module that is placed within the footwear and transmission of location coordinates to a central monitoring station which disseminates the location data through the use of proprietary software, cellular connectivity, the GTX Corp middleware platform and the secure viewing portal.

Read the full story - World Market Media

### Wandering Soles

Aetrex Worldwide Inc. has teamed with GTX Corp. to create the Aetrex Ambulator GPS Shoe, a therapeutic sneaker designed for people with Alzheimer's disease. The shoe comes with a tiny GPS tracker that alerts a caregiver when the wearer has strayed more than a set distance. It then sends the caregiver a Google map link that plots the wearer's location.

Read the full story

### GTX And MNX — STAT Trax Critical Medical and Bio-Pharmas

SatNews - June 9, 2010 - GTX Corp (OTCBB: GTXO.OB), a provider in embedded GPS tracking location based services and MNX (Midnite Express), a worldwide specialty courier, have entered into an exclusive three-year contract for GTX to deliver thousands of highly customized, industry-first GPS tracking devices. Additionally, the GTX Corp tracking platform to the shipping company is included in the contract.

Read the full story

## Find Friends and Family Mobile Apps

### LOCiMOBILE [iPhone & Android]

LOCiMOBILE has a few great GPS tracking apps out at the moment. The two that I would like to feature are the free/lite versions of the software. This app supports up to 6 users (paid version is unlimited) and integrates with Twitter and Facebook. GPS Tracking populates your phone's built-in Google Maps with the locations of people in your private opt-in buddy list. You can let users

know where you are or request their location, and you can post your information to your social profiles.

Read the full story

**GPS Tracking Apps Website to Track iPad, iPhone, Android, Blackberry Smart Phones**

Want to locate all your friends with smart phones (ipad, ipod, iphone, android, blackberry) but you don't have one? The latest technology from GTX Corp allows you to do just that – www.gpstrackingapps.com high-tech website enables you to locate your family, friends and coworkers (who have downloaded the GPS Tracking App) instantly, in real time, even if you don't have a smart phone. http andwww.locimobile.com are proud members of the http GTX Corp (OTCBB: GTXO.OB) family of products and services. people locator, people finder, gps tracking, gps tracking app, location based social networking, iphone Friend finder, android, top downloads, gps apps, iPad, blackberry, gps shoe, GTXO, gtxcorp, top apple downloads

Read the full story

**Style and Safety Come Together with GPS Shoes For Alzheimer's**

Senior Housing News - GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a four year, ...

Read the full story

**Keeping track of seniors with Alzheimer's**

Rosemary McClure, Special to the Los Angeles Times - May 29, 2010 - The email alert shouted its message: "Missing Person with Alzheimer's. PLEASE HELP." It was sent to Alzheimer's Assn. chapters and to law enforcement officials within hours after an Orange County woman disappeared while on a short trip to visit a friend.

The woman had set out in her car, made a wrong turn and became confused, says her family, who asked that her name not be used to protect her privacy.

Read the full story

### Resources and Technology to Help Caregivers Cope

Kirk Johnson - NYTimes.com - May 4, 2010 - One Alzheimer's wanderer in Arizona had lost much of his memory, but not, apparently, his interest in fashion: he never left the house without a beloved baseball cap on his head. So a trick the family used to keep the man around was to hide his caps.

Search-and-rescue experts who deal with dementia patients also recommend alarms on doors that sound when opened if a proper code is not entered, along with posters or wallpaper images that disguise or conceal doors. Sometimes a simple large, emphatic sign on every door saying "Stop!" will deter a wanderer.

Read the full story

### New App craze brings back the 1990's

World Market Media - April 9, 2010 - Every Portfolio manager I've ever known loves to find a sector with wind at it's back..the early users of the "CrackBerry" knew (Nasdaq: RIMM) was the stock he/she needed to invest in because every person on Wall Street had one. This phenomena doesn't occur often and RIMM"s are as rare as Australopithecus. I observe the current app craze as the new cycle for lightning quick revenues based on the size of the market itself. Certainly anyone with an iPhone or Android phone has imagined that they could build an app when they got home that night…I know I did.

I can tell you from experience that when Kleiner Perkins doubles the size of its venture fund specific to app's you know your watching the ship turning in the harbor. This is a unique space with wind at it's back and certainly the app's market is a niche to watch, we found this company and had a chance to speak with Patrick Bertagna at GTX Corp (OTCBB:GTXO) its Founder/ Chairman and CEO. He had some interesting comments about how the company has evolved and found some traction with its wholly owned subsidiary LOCiMOBILE Inc. Bertagna commented "With 500 million smart phones entering the market place, I believe we are at the tip of the next

disruptive wave. Apps will become as ubiquitous as the device they live on and that makes this new frontier a game changer" Certainly being on the iTunes top ten highest grossing list puts us at the forefront of this coming wave."

Read the full story

**World Market Media Announces the Launch of the WMM NanoCap and MicroCap Indices**

WEST PALM BEACH, April 19, 2010 (GLOBE NEWSWIRE) – World Market Media, Inc. ("WMM"), a high traffic stock market, news data website providing cutting edge new media products and services to publicly traded companies worldwide, announced today the launch of the WMM NanoCap Index and the WMM MicroCap Index.

Read the full story

**GTX Corp. Inks Global Licensing Deal with Aetrex Worldwide**

SGI - March 24, 2010 - The four-year, exclusive contract brings Los Angeles-based GTX a step closer to bringing its personal GPS tracking solutions to 5.3 million seniors afflicted with dementia. Aetrex is slated to begin selling the Aetrex Ambulator GPS shoe this summer through its website, www.foot.com, at www.gpsshoe.com and at a select group of assisted living facilities in the U.S.

Read the full story

**New Running Shoes Could Include Embedded GPS**

GPS-powered trail running shoes may be on the horizon

Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Read the full story

**GPS in your shoe?**

Yes GTX Corp. has a GPS shoe that can be worn while a family member is walking or jogging that reports your location to other family members ...

Read the full story

**GTX Corporation - Year In Review**

GPS "People Tracking" continues to garner both increased opportunity and adoption worldwide — PLS technology has been the focus of our business for the past seven years. GTX Corp., a leader in Personal Location Services, develops and license's 2-way GPS people finding technologies which seamlessly integrate with consumer products and enterprise applications. GTX Corp uses the latest miniaturized, low power consumption hardware technology in its GPS and cellular location devices and provides a fully customizable back-end portal enabling subscribers to use real time tracking to obtain the whereabouts of people, pets, or valued assets. Through its miniaturized transceiver module, wireless connectivity gateway, smart phone Apps, customizable middleware, and viewing portal, GTX Corp offers a complete end to end solution.

Read the full story

**BEAM: Game Plays...**

SatMagazine.com : November 2009 - With this issue's focus on the Latin American and MENA markets, one of the most interesting news items deals with Rio de Janeiro's win of the 2016 Winter Olympics. Companies who bid for, and win, the broadcasting rights to the 2016 Summer Olympics in Rio de Janeiro are certain to enjoy substantial profits, and Latin American countries and communities are already celebrating this award by the Olympic Committee.

According to GTX Corp., a firm whose base is in the Personal Location Services businesses, Latin America has increased its adoption of Location Based Services by a factor of 10 from 2008 to 2009. Carlos Briceno, the firm's Vice President of Business Development, states that the category with the highest total spending in South and Central America is in "People Tracking," which has been the exact focal point of GTX Corp for the past seven years.

Read the full story

GTX Corp Annual Update - Vista Partners
Download the full document

**We Know Where You Are**

Phoenix, AZ --(www.USEquityNews.com)-- 03/12/2009 - If the above headline sounds a bit spooky, be prepared for things to get a lot spookier in the coming years - but also a lot more useful, valuable and fun. That's because electronic technology has once again taken a turn that could, like the cell phone, affect much of your waking life, either directly or indirectly.

Read the fill story

**GTX Corp brings personal location-based services to the masses with Google Maps API Premier Business**

Wherever you go, there you are, goes the saying – but others might have a tough time finding you, at least until now. With GTX Corp's Personal Location Services, people can go online and, via an intuitive interface, track the exact location of loved ones, or even their high-value assets. GTX offers miniaturized assisted Global Positioning Satellite (GPS) tracking and cellular location-transmitting technology for consumer products and applications. The company's business model is to deliver solutions to consumers in a wide variety of wearable location devices, from shoes to tiny clip-on devices no larger than a small matchbox, by licensing its core technology to branded consumer product partners.

Read the full story

**GPS-Equipped Shoes Keep Track of Wanderers**

Tuesday, August 11, 2009 - Caring for a loved one with dementia is worrisome, especially if that person is prone to taking flight. Statistics suggest that 60 percent of people with Alzheimer's

disease will get lost at least once, said Andrew Carle, director of George Mason University's senior housing administration program.

Read the full story

**Keep Track of Your Kids This Summer**

>From GPS to Temporary Tattoos With Contact Info, Keep Your Kid Safe This Summer

ABC News - Good Morning America - July 31, 2009 - Those of you with iPhone know that there are many GPS applications. One of the latest is the Locimobile. Ideal for the 3.0 family (you and your teen need to have the phone). You download the app to your phones, and then your teen lets you check on his or her whereabouts, perhaps in exchange for getting an iPhone in the first place. The Locimobile app allows you to see exactly where your child or children are on a map. You can monitor several kids at one time.

Read the full story

**Understanding Dementia And 'Wandering'**

NPR - USA - July 14, 2009 - A shoe company, Aetrex Worldwide, and a firm that makes global positioning devices, GTX Corp., have created shoes containing GPS technology for wanderers to ...

**GTX in Sports Illustrated**

June 29, 2009 - GTX, a technology company, and Aetrex Worldwide have announced plans for shoes containing a GPS chip that will allow family members or saftey personnel to locate anyone wearing the shoes through online tracking software.

Download the article

**GPS Tech Review:**

Interviews with Leading GPS Innovators

GPS Tech Review is a forum for current news stories and interviews with the leading innovators of GPS-enabled personal location services.

**Abductors of Children May Run, But Today Code Amber and SA-Announce Make it Much More Difficult for Them to Hide**

Timely missing person's alerts and rich graphics delivered to your phone.

Mandeville, LA (PRWEB) June 25, 2009 --www.CodeAmber.com News Service the nation's leading internet and digital display missing persons alert service, a wholly owned subsidiary of www.GTXCorp.com (GTXO.OB), has expanded its multimillion viewer reach with an additional 2 million www.syn-apps.comsubscribers. SA-Announce, Syn-Apps' notification system, is a feature-rich communication application that works with Cisco Unified Communications Manager to distribute alerts across enterprises such as; NASA, Tiffany & Co and Martha Stewart Living, as well as numerous schools and government offices. The Code Amber alerts will be available to the SA-Announce subscribers and accessible in real-time appearing on their VOIP enabled phones.

Read the full story

**GPS shoe to track Alzheimer's patients**

A new shoe outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

London, England (CNN) -- June 10, 2009 -- The embedded GPS tracking system will allow the wearer of the shoe to be located instantly online and for their whereabouts to be monitored in real time.

Read the full story

GTX Corp in Sports Intelligence Magazine

May 2009 - GTX Corp., which markets patented two-way GPS Personal Location Services (PLS) solutions, will launch two new applications this summer - expanding its LOCi brand with iLOCi2 and Code Mobile.

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GTX Corp in Lextech May Newsletter

Download the Full Newsletter Here

GTX Corp on RedChip Real Radio

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GTX in Bottom Line Health

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GTX Corp on RedChip Real Radio

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GTX Corp on CNBC

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GTX Corp on RedChip Real Radio

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GTX Corp on The Early Show

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GTX Corp on the Discovery Channel

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GTX Corp in the Philidelphia Inquirer

Read the article

GTX Corp on KCBS Radio, San Francisco

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GTX Corp on KFWB Radio, Los Angeles

Audio clip 1, Audio clip 2, Audio clip 3

GTX Corp on the KGW News, Portland, OR

Watch the video clip

GTX Corp on the Boston 10 o'clock News

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GTX Corp in Los Angeles Business Journal

Download the full article

GTX Corp in Pervasive Computing Magazine, April/June 2007

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GTX Corp in Budget Travel Magazine, May 2007

Read the full article

GTX Corp in Footwear News Magazine, April 2007

Read the full article

**Kids Sneakers That Know Where They Are**

Castro Valley Forum - CA, USA - By : Michael Singer : 10/16/07

There is a trend in high-tech that recommends adding location-based services to anything and everything. But it has me pulled between wanting to see really cool gadgets and avoiding a Big Brother-like society.

The latest is a new high-tech tennis shoe coming to the market that lets parents and guardians track the movements of their family using Global Positioning Systems or GPS technology.

Called the "Smart Shoe," the miniature device is inserted in the sole of the low-top sneaker. An antenna that runs up the back of the footwear communicates with satellites and relays a location back to a subscription Web site service for easy viewing. Los Angeles-based GTXC, which makes the devices and the service, said it is hoping to put Smart Shoes in stores by the end of the year. Shoes with the technology could cost between $100 and $200. The tracking service is expected to cost about $20 a month.

**Follow That Kid**

Today's technology makes it easier for parents to know where their kids are and what they're doing.

By Joe Burris | Baltimore Sun | July 1, 2007

Michelle Smith had been reluctant to buy a cell phone for her 7-year-old daughter, Daysha. Then one day in April, a substitute teacher placed the Radford, Va., girl on the wrong school bus. Instead of being dropped off at her older sister's after-school program as planned, Daysha was sent home - only to find the doors locked.

As she sat on her front porch crying, her mother drove around town, searching frantically for the girl. No one at the school could tell her which bus the girl had been put on.

"Then my next-door neighbor called," said Smith, "and said, 'I have your baby.' "

The scary moment had a happy ending, but Smith didn't want to take a chance on losing her daughter again. So she did what many other parents are doing - she bought her child a cell phone equipped with an electronic device that could keep track of her whereabouts.

Download the full article

**Tracking technology hits the ground running.**

Wherever you go, there you are. And we know where you are.

By Nancy Francis

GPS technology will soon be at your feet, offering peace of mind to loved ones of Alzheimer's sufferers, people with autism, active preschoolers and others who might wander into harm's way or get lost.

A Los Angeles-based company that sees opportunity in the merging of GPS tracking technology and footwear, has developed several prototypes of GPS tennis shoes.

GTX Corporation is having discussions with various footwear manufactures (including some in Oregon) about licensing its technological designs and connectivity system.

During a recent visit to Portland, GTX Corp CEO Patrick Bertagna showed KGW a prototype of the company's GPS shoe.

Download the full article

**Mobile Ways to Keep Track of Your Kids**

By Lori Tucker, (WATE) Knoxville, TN -- June 7, 2007

As technology makes our society more mobile, there are more mobile ways to keep track of your loved ones including cell phones, car trackers and even shoes. GPS shoes That's right, an LA company has patented a GPS system in a shoe.

Xplorer Smart Shoes, made by GTX Corp., are able to track the person wearing them in real time or by remote surveillance.

GTX says the shoes work particularly well for: children, people with Alzheimer's disease, outdoor adventures, military, police, fire and public safety workers.

**IN THE PIPELINE: Tracking All The Uses For Positioning Chips**

By Donna Fuscaldo - DowJones Newswire - May 1, 2007

For Patrick Bertagna, the eureka moment came a few years ago when watching the coverage of the Elizabeth Smart abduction. After spending years helping companies track their products via software, Bertagna decided it was time to do something that mattered.

So the serial entrepreneur, armed with a couple of checks from friends, launched Global Trek Xploration Corp., a Los Angeles-based company that's developing shoes embedded with a global positioning chip. The shoes will enable parents to monitor their children's every movement and caregivers to keep real time tabs on elderly or sick people.

Download the full article

**Top-Notch Security**

M2M - Specialty Publications - April 6, 2007

M2M technology providers and system integrators often cite efficiency improvements and new revenue opportunities as common indicators of return-on-investment. However, as more and more customers use machine-to-machine applications to collect data, security has not only become a top-notch priority for end users and OEMs (original equipment manufacturers) but also a highly valued part of fostering a positive ROI.

According to IDC Corp., www.idc.com, Framingham, Mass., as devices enabling a mobile workforce continue to shrink in size, the increased likelihood of losing devices, such as laptops, mobile phones, BlackBerrys, has caused growing concern over the sensitive corporate information they contain.

**Smart Shoes Get Smarter**

M2M - Specialty Publications - April 2, 2007

Smart shoes just got a little smarter. The newest models of GPS-enabled (global positioning system) shoes from Global Trek Xploration Corp. (GTXC), www.gtxcorp.com, Los Angeles, Calif., will now be equipped with wireless and location modules from Enfora Inc.,www.enfora.com, Plano, Texas.

GTXC chose Enfora's Enabler IIG-A-GPS modules for its robust and accurate platform, company executive say. Eric Stalnaker vice president of business development at GTXC explains, "Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity, and customization that lets us focus on our product and service offering."

**Wireless Briefs**

by Andrew D. Smith | Dallas Morning News | Thursday, March 29, 2007

Few at conference get to soul of GPS shoe

Satellite tracking services were expected to be one of the big attractions at this year's big wireless conference in Orlando, but the satellite shoe seemed to surprise most of the people walking around the convention floor.

Many passers-by Wednesday furrowed their brows or shook their heads at what appeared to be a silly toy for spoiled yuppie joggers. Only a few investigated long enough to realize that the GPS

shoe may well be one of the least frivolous prototypes on display among the 1,100 exhibitors. Developers plan to sell the device as a way to track mentally disabled people or seniors who have Alzheimer's disease.

**Where would you be without GPS?**

Perhaps carrying fewer gadgets: The technology is being added to shoes, MP3 players, dogs

By Carolyn Y. Johnson | Boston Globe | February 19, 2007

This month, GTX Corp. launched a line of Xplorer Smart GPS shoes that transform sneakers into a wearable LoJack system.

ABI Research found that the number of people in North America who subscribe to GPS-enabled location-based services more than doubled between 2005 and 2006, from 1.6 to 3.9 million. The number of subscribers is projected to rocket to 52 million in 2011.

That means companies working in what used to be a niche market have been enjoying explosive growth. Revenues at TomTom NV, a Concord-based maker of personal navigation products, have increased more than 500-fold since 2001, from $2.5 million to an estimated $1.7 billion last year. Garmin's business has exploded into the mainstream, too, and the company ran its first Super Bowl ad this year. Boston-based start-up Skyhook Wireless brings location awareness to any device with WiFi, and announced a major partnership this month with GPS platform maker SiRF.

**Xplorer shoes offer advanced personal location services**

from Wearable Electronics

January 29, 2007 - We've written several times about the concept of electronically fencing dogs and cats for their safety, or the safety of others. Similarly, as GPS technologies have become commercially viable, of tracking assets and loved ones to ensure their safety. Now personal location services company GTXC Corporation, is set to unveil a line of Xplorer Smart GPS shoes at the World Shoe Association (WSA) in Las Vegas on February 1 which offer a range of new opportunities. Xplorer shoes incorporate a small and robust GPS tracking device which hooks up with GTXC's internet user portal to offer a very compelling array of personal location services.

**Integrated GPS Shoes by GTXC**

Getoutdoors.com Outdoor Blog - Friday, February 2. 2007

Integrated GPS Shoes by GTXC Though originally made to track patients and kids, we're sure the shoes will be integrated soon with the Nike + Ipod so you can track your run in your personal Google mashup. Or hide it in your wife's purse to see whether she's banging San Francisco's mayor, Gavin Newsom. Or something like that. The system from GTXC has a sophisticated GPS integrated into the shoe, which communicates directly with a satellite, which then relays locations in real-time to their monitoring center and made available via internet or phone. Predetermined geographic areas can also be defined and alerts sent when the person being tracked leaves or enters the area. And don't worry, they already have a product for outdoor activities called the Wearable Caddy.

**New Smart GPS Shoes**

Manisha Kanetkar - Thursday, 1 February 2007

Keeping track of your loved ones has never been so easy (or so spy-like) with the new Xplorer smart GPS shoes designed by GTXC.

The company boasts the shoes incorporate the smallest, most powerful and robust GPS tracking device currently available. GTXC says they are ideal for caretakers of children or the elderly to easily monitor the location of their charges.

So, for example, they can preset perimeters of safe zones or unsafe zones, and then receive mobile phone alerts if a perimeter is breached by the wearer. This is handled by what the company calls its 'set-it-and-forget-it' Dual GeoFencing feature.

**Shoes with GPS locator Coolest Gadgets**

Jan 29, 2007 - GTX Corporation will be unveiling its new line of Xplorer Smart GPS footwear at the beginning of next month in Las Vegas. The Xplorer aims to usher in the next generation of GPS smart shoes by incorporating smaller and yet more powerful GPS chipsets inside the shoe itself to provide a more accurate reading....

**GTX Corporation unveils GPS-equipped Xplorer shoes Engadget**

Jan 26, 2007 - It seems like Sayo Isaac Daniel has some serious competition coming at him in the GPS shoe market, as GTX Corporation is unveiling its latest geo-tracking footwear at next week's World Shoe Association trade show. The questionably styled Xplorer kicks pack an internal GPS transceiver,...

**GPS Shoes keep track of kids**

January 25, 2007 - GPS-integrated shoes - now why didn't I think of that? The Xplorer line of Smart GPS shoes from GTX Corp. come with an integrated GPS tracking device which helps parents keep tabs on their children. In addition, parents are able to set up a virtual boundary, where they will be duly noted via SMS should the shoes leave beyond the designated area.

**GPS Shoes Let Mommy Know Where You Are**

January 25, 2007 - Good news for worried parents. These GTX GPS Xplorer Smart Shoes will let you keep track of your kids no matter where you are. Here's how it works.

Define a "safe" area around your house or school that it's safe for your kids to wander around. When the GPS signal goes outside of the area, an SMS will be sent to your phone alerting you of the situation. Then you're free to call your wife, the police, or Chloe from 24.

**The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service**

ESATO NEWS - Jan 26, 2007 - Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several groundbreaking innovations currently in the patent process.

**GTX Corp. announces the Xplorer line of Smart GPS shoes**

Thu, 25 Jan 2007 - The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service. So you could get your kids these GPS sneakers and define an area where it is safe for the kid to wander around. When leaving the defined area an SMS would be sent to your mobile phone notifying you of the situation. GTX calls this feature GeoFencing. The batteries powering the GPS unit inside the shoes last several days.

**"With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety

or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."

"The greatest endorsement of P2P surveillance is that 66% of Americans are comfortable being monitored by concerned loved ones in case of emergency. That's an awfully large market waiting to be tapped by companies like GTX Corporation who debuts its first GPS-based tracking shoe for children this week."

Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency

Download the full article

**Brave New GPS World**

By James Klein, Larta VOX Editor - November 3, 2003

In the future, we won't lose anything. Advances in global positioning system technology allow users to easily pinpoint the location of any object on earth. GPS boards have been reduced to the size of a postage stamp. Soon, we could attach GPS locators to everything we own - cell phones, briefcases, wallets - and even our children.

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**GPS Shoe to Track Alzheimer's Patients**

London, England - June 10, 2009 - A new show outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

Download the full article

**GTX Signs Deal With Aertrex Worldwide**

June 1, 2009 - GTX signs its first footwear deal for its Personal Location Services product with Aertrex Worldwide, which specializes in orthotic footwear.

Download the full article

**Enfora and GTXC Advance Personal Tracking and Location with GPS-enabled Shoe**

Plano, Texas - March 27, 2007 - Enfora, Inc., today announced GTX Corporation's (GTXC) adoption of the Enabler® IIG-A-GPS embedded wireless and location module into their latest model of the GTXC Xplorer® GPS Smart Shoe designed to monitor the whereabouts of loved ones.

"Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity and customization that lets us focus on our product and service offering," said Eric Stalnaker, VP of Business Development at GTXC. "By working with Enfora, we know the Xplorer® A-GPS Smart Shoe is built on a robust and highly accurate platform."
Download the full article

**GTXC Wins Praise, Reduces Chip Size**

Los Angeles, California, March 5, 2007 - GTXC received a strong, positive reception as a third time exhibitor at the recent World Shoe Association show in Las Vegas, NV. It also won praise from the technology community at the latest 3GSM World Congress in Barcelona, Spain. GTXC continues to build momentum, enhance its intellectual property and provide leadership throughout the embedded GPS footwear space.
Download the full article

**New era of "Wearable GPS" capabilities enabled by technological breakthrough.**

February 21, 2007, Los Angeles, CA - GTXC, founder of the Personal Location Services category and leader in Miniaturized GPS Technologies, has created a proprietary, "single click" software application used to activate the GPS-2-SMS Dual-GeoFence features that form an integral part of its embedded GPS technology. The recent Multi Dual GeoFence patent application filled in February 2007 is the most current of seven applications filed since the company's founding five years ago, and promises to bring new capabilities and efficiencies to the Wearable GPS industry. The company's first, US Patent 6.788.200 titled GPS Footwear was issued in September 2004.
Download the full article

**GTXC unveils new generation of Smart GPS Shoes**

Los Angeles, CA, January 25, 2007 - GTX Corp., a dominant world leader in personal location services, will unveil their new Xplorer line of Smart GPS shoes on February 1st, at the World Shoe Association (WSA) in Las Vegas.
Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on

the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several ground-breaking innovations currently in the patent process.
Download the full article

**GTXC to provide maritime version of personal GPS tracking devices to governmental security agencies and consumers**

Los Angeles, California, October 4, 2006 - GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including ground-breaking shoe-based satellite tracking products - announced today that they have signed a licensing agreement aimed at providing miniaturized, waterproof personal tracking devices to governmental security agencies and consumer maritime enthusiasts.
Download the full article

**An Open Letter To GTX Corporation's Investors, Customers And Friends**

January 5, 2007 - GTX Corp has received many inquiries this week regarding recent reports that another manufacturer has entered the GPS footwear sector claiming, among other things, that they have patented GPS footwear technology, and that there is a technology called "Quantum Satellite Technology."
GTXC believes that the convergence of high technology with consumer products should be represented to the public in an ethical and honest fashion. GTXC takes issue with the claims made in those recent reports, and believes that they do not paint an accurate and truthful picture. As such, GTXC is taking immediate, strong and active steps to respond to those claims in a responsible way to inform the public and the relevant media about GTXC, its products and technology, and the true status of the following facts.
Download the full article

**CEO & President of GTXC - to Address Cornell MBA Class**

Los Angeles, California, November 6, 2006 - Patrick Bertagna, CEO and President of GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including

shoe-based and hand held satellite tracking products - will address the Cornell Business students that are analyzing a case study that was developed over the past year at the university.
Download the full article

**GTXC announces newest addition to PERSONAL GPS suite of miniaturized location-finding solutions**

Los Angeles, California, June 1, 2006 - GTXC (GTX Corporation), known worldwide for developing and commercializing innovative shoe-based GPS tracking technologies, today announced a downloadable location-finding application for hand held PDAs.
Beginning with PaqTrax™ for the HP iPaq 6515, the newest GTXC application integrates a PDA's embedded GPS abilities with the internet-based GTXC TrackPack™, creating a complete Personal GPS™ tracking and location-finding solution.
Download the full article

**Boston University study validates Americans' acceptance of Person-to-Person (P2P) surveillance**

Los Angeles, California, March 14, 2006 - GTXC, Inc., maker of miniaturized tracking technologies - including a patented shoe-based GPS location-finding platform - shared in the release of a recent Boston University study which offers proof of strong consumer demand for Person-To-Person (P2P) tracking and surveillance products. Despite increased media attention to governmental eavesdropping and surveillance issues, the study's conclusions contradict privacy advocates and redress recent media sentiments by finding that up to 81% of those surveyed approve the use of P2P surveillance under specific situations, and nearly a third (32%) say they are likely to use a tracking device to monitor a loved one in the future.
Download the full article

**GTXC announces world's first GPS location-reporting technology built into footwear**

Los Angeles, California, February 10, 2006 - After several years of intensive research and development, GTXC (GTX Corporation) today announced the world's first GPS location-reporting platform built into footwear. Unveiled at the World Shoe Association trade show in Las Vegas, Nevada, the company's patented solution links advanced GPS and cellular miniaturization technology with internet-based monitoring capabilities to provide accurate, real-time location and movement history to a wide range of users. Their shoe-based technology also introduces an

innovative platform for delivering a new category of portable, personal consumer-based applications, from exercise monitoring and live real-time gaming to interaction with appliances and other household items.
Download the full article

**With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

February 2006 - Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency. Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."
Download the full article

DailyTech, LLC - Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Oct 26, 2010
Listen to an interview with GTX Corp CEO, Patrick Bertagna on wsRadio - The Peggy Smiley Show.

**Top Grossing iTunes list**

GPS Tracking Apps for your smart phone.

## Featured Products

Shoes to monitor seniors suffering from dementia.

While GPS tracking can answer the "where" question, the Code Amber Alertag knows the answers to the "who, what and when" questions that first responders to emergencies need to know to provide informed treatment.

2 Way GPS has helped the lives of thousands by guiding emergency services to the precise location of people and pets in need of immediate attention. Getting there quickly however is only the first step. That's why everyone needs a Code Amber Alertag

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/15/2013 4:52:58 PM
**To:** Larry Summers [redacted]

# take-it-or-leave-it deal by the U.S. on the nuclear issue is the wrong strategy

Ray Takeyh

February 14, 2013 -- On Feb. 26, the United States and Iran will once more resume their diplomatic ritual, in the so-called six-party talks, over Iran's disputed nuclear program. As the two perennial adversaries eye one another, there are competing paradigms about how to deal with Tehran.

An emerging school of thought suggests that the best means of "testing" Iran is to offer it a final nuclear agreement that presumably promises measurable relief from sanctions for significant Iranian concessions. Iran's failure to grasp such an offer would then conclusively demonstrate to both domestic and international audiences that the cause of the impasse is not American belligerence but Iranian truculence.

But this approach fails to recognize that an arms-control process is necessarily an incremental one, nor does it offer a practical substitute to the existing step-by-step diplomacy.

Iran's nuclear program encompasses a vast complex of enrichment facilities, centrifuge construction plants, uranium extraction companies and thousands of scientists working in university and government laboratories. Iran is enriching uranium at both 5% and 20% levels, experimenting with high-velocity centrifuges and seemingly in the process of constructing additional enrichment facilities.

Such a multilayered, multifaceted program can be dealt with only on a piecemeal basis, as the technical details and rules for inspections are too complex to be addressed in a single agreement.

Moreover, should the United States offer Iran a final deal, Tehran still has a right to contest and negotiate its provisions and offer counterproposals.

The international community is unlikely to concede to either more sanctions or the use of force until Iran's objections are taken into full consideration. As such, a grand deal that is supposed to provoke a moment of clarity is likely to be enmeshed in the existing, protracted arms-control process.

Another complication is the advent of public opinion and critical constituencies in Iran devoted to the perpetuation of the program. The growing public sentiment is that Iran has a right to acquire a nuclear capability. As the program matures, it is becoming a source of pride for a citizenry accustomed to the revolution's setbacks and failures.

Also emerging is a bureaucratic and scientific establishment with its own parochial considerations for sustaining the nuclear investment. A clerical leadership that is dealing with a restive population and empowered security services cannot easily dispense with its nuclear trump card.

All this suggests that the best means of addressing Iran's nuclear challenge is to mitigate its most dangerous dimensions. The focus should remain on Iran's high-grade enrichment and its underground nuclear facility nestled in mountains outside Qom. Tehran seems to have conceived an ingenious path to nuclear advancement, one that involves increasing the size and sophistication of its civilian atomic apparatus to the point where it can quickly surge into a bomb. While staying within the rules of the International Atomic Energy Agency's inspection process, Iran is essentially expanding its capabilities while shielding them under the veneer of legality. Given the fact that much of civilian nuclear technology can easily be misappropriated for military purposes, Iran can construct an elaborate nuclear infrastructure while remaining within IAEA guidelines.

The diplomatic challenge is to derail this path to a nuclear weapon by imposing significant restraints on its program. And this can still be done through a process that proceeds incrementally and sequentially.

U.S. officials would be wise to get out of the crisis mode and put some time back on the clock. The Iran issue always seems urgent, and yet somehow there is always time to deal with it. Washington should acknowledge the obvious, namely, that given Iran's gradualist approach, it

is still years from completing an efficient enrichment infrastructure, constructing a nuclear arsenal and developing a reliable means of delivery. By agreeing to a compressed timeline, the U.S. only narrows its options and makes a solution even more elusive.

As the United States again contemplates its Iran conundrum, it should eschew calls for a take-it-or-leave-it deal. The history of Iran's confrontation with the international community suggests that keeping it a crisis situation benefits the Islamic Republic. Ironically, it is the Western powers that have generated alarmist conditions. And then to escape the predicament of their own making, they offer Iran more concessions and further incentives.

To avoid a repeat of that outcome, it would be prudent to have a sense of proportionality and appreciate that, in the end, time works best for the United States and not the economically beleaguered theocracy.

*Ray Takeyh is a senior fellow at the Council on Foreign Relations.*

Article 2.

The Guardian

# Whether it's North Korea or Iran, sanctions won't work

Simon Jenkins

13 February 2013 -- Iranian president Mahmoud Ahmadinejad. 'Threats and sanctions have not weakened the regime's determination to proceed [with nuclear weapons], but rather weakened opposition to it'. Photograph: Sven Hoppe/EPA

North Korea has set off a third nuclear test explosion. It has done so in defiance of the UN, America, Japan and even, reportedly, its sponsor, China. It has said to hell with everyone, in a brutal comment on western economic sanctions.

The UN security council met yesterday and Washington threatened "significant consequences" – code nowadays for "tighter sanctions". Every shred of evidence suggests that these will not achieve the declared goal. They will merely add to the impoverishment of North Korea's people by its own government. Sanctions are the most counter-productive tool known to diplomacy. Yet we keep imposing them. Why?

Sanctions assume that all countries react to external pressure as might a capitalist democracy. They assume a misguided regime will change its mind and put financial advantage above its definition of national interest. "Smart sanctions" (really dumb sanctions) further assume the rich can be punished without punishing the poor, and that all dictators' wives want to fly abroad and shop at Harrods. They assume that trade guides political action and political action trumps dictatorship.

Economic sanctions are hugely popular to western politicians, not because of their effect but because of their cause: the desire to stand on an international stage and being seen to "do something". They are the least-cost first resort of the laptop bombardiers of global intervention. They sound punitive and aggressive without inflicting any hardship on the imposer.

After North Korea the other target in the sanctions frame is Iran. Everything at present suggests that ever-tighter sanctions have done nothing to curb Iran's nuclear programme. Indeed, by inducing paranoia, probably the reverse. Sanctions have certainly "bitten", to the glee of their advocates. They have brought inflation and a collapse in the currency, the rial. They have harmed ordinary people and solidified sentiment against the west and the "great Satan" of the US. Assassination and cyber-weapons have wiped out a few scientists and scrambled a few computers.

What sanctions have not done is weakened the power of the ayatollahs or their private army, the Revolutionary Guards. Both seem as secure as ever,

while (relatively) moderate civilian politicians are reduced to feuding and arresting each others' children. Iran's nuclear programme appears to proceed independent even of the organs of its own state.

A spoof article in the Economist last year portrayed Iran's supreme leader, Ayatollah Khamenei, ruminating on western nations' obsessive posturing towards his country. He mused that these were unstable, unreliable places, dangerous though probably not all mad. But since it was hard to be sure, "I would feel a lot safer if we already had that bomb". Similar insecurity drove sanctioned Cuba to accept Russian missiles in the 1960s, and sanctioned Iraq and Libya to pretend to build weapons of mass destruction in the 1990s.

Sanctions never stop bad things happening. Rather they entrench dictators, build up siege economies and debilitate the urban middle class from which opposition to dictatorship grows. As Khamenei said in a speech a year ago, sanctions were "painful … but make us more self-reliant". Indeed, for a regime to be sanctioned is to receive an elixir: witness Castro, Gaddafi, the ayatollahs and the ruling cliques of Burma, Afghanistan and North Korea. That sanctioned regimes sometimes come to an end is not proof that sanctions work, rather that they take a long time and usually require war to "work".

This is a rarely researched topic because sanctions are diplomatic ideology rather than science. A debate in 1998 in International Security magazine saw the Chicago academic, Robert Pape, barely challenged in his view that only around five of the 115 cases of sanctions imposed since the war could claim any plausible efficacy. Most merely inflicted "significant human costs on the populations of target states, including on innocent civilians who have little influence on their government's behaviour". They are a ready invitation to war.

When I was reporting on South Africa in the 1980s I became convinced that sanctions were aiding import substitution and benefiting the Afrikaner economy, probably giving apartheid an extra decade of life. They likewise prolonged Ian Smith's regime in Rhodesia. Sanctions made Libya's Gaddafi so rich he could spoon money into the London School of

Economics. They made Saddam Hussein one of the 10 wealthiest people in the world. Besides, sanctions create sanctions-busting which, like drugs, is a global criminal industry born entirely of the idiocy of western diplomacy.

A year ago the Foreign Office defended yet another round of sanctions against Tehran on the grounds they would "hasten Iran's economic collapse and deepen rifts within the regime, in the hope that saner voices will deem the price of pursuing nuclear weapons too high". Economies don't collapse, any more than poverty changes governments. Even Greece, now the most "sanctioned" nation in Europe, has not collapsed. Places just get poorer. As for "saner voices", they go into exile, hiding or prison. That's where sanctions send them.

Iran is a proud nation of 80 million mostly Muslim people, one of many Asian and African states struggling between theocracy and democracy, tradition and modernity. These are agonising struggles among and within peoples, to which the west has contributed nothing but hostility and belligerence. Under the cloak of "counter-terror", it has been as crass as it was during the Crusades. Of course no one wants to see nuclear weapons spread. Russia tried to stop China getting them. China tried to stop North Korea. The west tried to stop India and Pakistan, while hypocritically tolerating Israel and the replenished arsenals of France and Britain. No pressure made the slightest difference to anyone.

If Iran really wants a nuclear weapon, it will get one – the more so when it is threatened with dire retribution if it does. That is how such states react to pressure. Ever since the dodgy election of 2009, threats and sanctions have not weakened the regime's determination to proceed, but rather weakened opposition to it. If ever there was a country unlikely to respond to diplomatic bullying, it is Iran. If ever there was a country that might respond to constructive engagement, to commercial, governmental and cultural intercourse, it is also Iran. Why the west should want to make it another North Korea passes comprehension.

Article 3.

The Washington Institute

# Year of Decision: U.S. Policy toward Iran in 2013

James F. Jeffrey and Thomas Pickering

February 12, 2013 -- *On February 7, 2013, James F. Jeffrey and Thomas Pickering addressed a Policy Forum at The Washington Institute. Ambassador Jeffrey, a former assistant to the president and deputy national security advisor, is author of the new Institute study Moving to Decision: U.S. Policy toward Iran. Ambassador Pickering served in numerous key posts at home and abroad over a five-decade career, including undersecretary of state for political affairs. The following is a rapporteur's summary of their remarks.*

**JAMES F. JEFFREY**

The move to decision on Iran is the most pressing and dangerous issue on the U.S. and international agenda in 2013. The year ahead will largely define the longstanding struggle between Washington and Tehran, and the considerable stakes involved make it absolutely crucial that a swift and decisive resolution be achieved. Regardless of the outcome of the nuclear issue, however, Iran will continue to present a long-term challenge to the United States because of clashing ideologies, conflicting foreign policy goals, and Iran's claim to regional hegemony.

There are four likely outcomes to the nuclear issue: a unilateral Iranian decision to halt or dramatically slow its progress toward a nuclear weapon; a negotiated outcome, whether through the P5+1 (i.e., the five permanent members of the UN Security Council plus Germany) or bilateral negotiations; a military strike, as threatened by President Obama and Israeli prime minister Binyamin Netanyahu; and an explicit or implicit shift to containment, indicating that Washington would be prepared to coexist with a nuclear-armed Iran.

The most effective resolution would be a negotiated outcome -- to achieve it, Washington will need to take preliminary steps on several fronts. A serious compromise needs to be put on the table, including an offer to suspend crippling oil sanctions in return for specific, verifiable Iranian steps to eliminate any nuclear breakout capabilities. Equally significant is establishing a credible military threat, given that Tehran has been willing to endure increasing economic pressure in order to continue its nuclear program. The regime is unlikely to concede anything during negotiations if it does not believe that Washington will actually follow through on such threats. Although specific public redlines are often unpalatable, the Obama administration must clarify internally when it would take military steps, and these intentions must be made clear to the Iranians.

In the same vein, the military option requires a credible negotiating complement, as seen in the early 1990s with Iraq. To legitimize military action against Saddam Hussein's regime, Washington had to prove that all other options had been exhausted. Similarly, the only way to set the predicate for military action against Iran is to show the regime and the international community that everything has been tried, and that Washington has left Tehran with a way out. Failure to do so would undermine the legitimacy of any strikes.

It is also important to understand that curtailing Iran's nuclear progress will not by itself alter the regime's regional agenda -- nuclear ambitions are but an extension of Tehran's wider aspirations toward hegemony in the Middle East. Unfortunately, none of the longer-term proposals for addressing that issue seem feasible at the moment (e.g., regime change by internal or external means; a shift in Tehran's views on the Supreme Leader and succession; a "grand deal" between Washington, Iran, and the international community).

One lesson to be learned from past interactions with Tehran (or lack thereof) is that when the United States proactively opposes Iranian aggression in the Middle East, the regime relents, but when Washington offers a more passive response, Iranian aggression increases. With respect to Syria, for example, it cannot be assumed that Bashar al-Assad will fall at all, let alone quickly, without active U.S. engagement. If the Assad

regime does in fact survive, Iran would become increasingly emboldened, with potentially disastrous consequences for the United States and its allies and interests in the Middle East.

Denuding U.S. forces in the region to enable a pivot to Asia is also risky. Nowhere else in the world is America more likely to deploy forces than in the Persian Gulf in opposition to Iran, and nowhere else is it of utmost importance that any potential confrontation be won decisively in the next five to ten years than with the Islamic Republic.

Going forward, Washington must discriminate between Iranian behaviors it considers unacceptable -- such as support for terrorism, hegemonic ambitions, and progress toward nuclear weapons -- and those it can tolerate. U.S. officials could open the door for negotiations by making clear to Tehran that they do not seek regime change; the first step in that regard would be to let Iran know that Washington respects it as a nation-state and not a transnational revolutionary movement.

Finally, disorganization within the U.S. government and a "go it alone" mentality have accounted for many of Washington's internal difficulties in responding to the Iranian challenge. To alleviate this problem, all cabinet-level officials must be in constant and complete coordination, devoid of routine bureaucratic obstacles. In addition, the appointment of a senior subcabinet official whose sole responsibility is Iran (or, alternatively, a small group of officials in constant coordination) could allow the administration to reorganize bureaucratically in preparation for this year of decision.

## THOMAS PICKERING

Discussions of containment policy typically imply accepting the Islamic Republic as an inevitable nuclear power and using deterrence to deal with a nuclear-armed Iran. Yet such an outcome would be disastrous for U.S. nonproliferation policy, which is based on the notion that fewer nuclear states means less chance of miscalculated use. If Iran attains a nuclear weapon, other regional powers would likely follow suit -- clearly an undesirable outcome for the international community.

At the other end of the spectrum, using military means in the short term to guarantee prevention would entail a vast use of force -- essentially an unofficial, semipermanent occupation of Iran. This is not a viable path, particularly since other diplomatic possibilities have not yet been exhausted.

Similarly, sanctions, while effective, are not sufficient by themselves. They must be intertwined with negotiations -- as Washington and its allies increase the pressure, cohesive and meaningful talks with equivalent concessions should follow suit. Some have argued that negotiations should expand to a "big for big" format, but decades of mistrust between the United States and Iran make smaller deals more practical. Such an approach would have to focus on ending Iran's most problematic enrichment activity: processing uranium to the 20 percent threshold, which makes the leap to weapons-grade material much easier. Instead, the regime could limit itself to 5 percent enrichment, and under strict supervision by the International Atomic Energy Agency.

The intelligence community widely believes that although Iran has not yet decided to make a nuclear weapon, it is still moving to acquire all the necessary capabilities in case it chooses that path. Accordingly, Washington will need to obtain a concrete Iranian commitment to convert its stocks of readily upgradeable gaseous uranium into metallic fuel elements, which pose significantly less of a threat. A serious inspection system would need to be implemented in order to monitor these requirements. In return, the Iranians would expect the lifting of nuclear-related sanctions. They would also likely ask for acknowledgement that they have the right to continue their civil enrichment program, whether for supposed use in cancer treatment or to safeguard against a potential Russian decision to cease fueling the Bushehr reactor.

Thus far, President Obama has been frustrated at the lack of progress in response to his openness toward the Iranian regime, and his new cabinet has an obligation to help him solidify a negotiating position that improves the situation. If the Iranians continue to reject U.S. positions that seemingly respond to some of their demands, then the administration should begin applying other pressures. These steps should be taken sooner

rather than later so that the parties can move toward a mutually acceptable conclusion.

Washington must also keep in mind that Supreme Leader Ali Khamenei has the last word on all matters in Iran, and that negotiations will go only as far as he allows them to go. In years past, he issued a fatwa condemning nuclear weapons -- Washington could take advantage of this fact by drafting a UN Security Council resolution endorsing the fatwa. This could be a small step toward boosting Khamenei's international profile while simultaneously pressuring Iran to follow its own religious decree.

To be sure, regime change remains an attractive alternative on paper, and some in Washington view it as an insurance policy. Historically, however, regime change has not been a successful option for the United States, and internal attempts at toppling Iran's leadership have thus far been crushed by Stalinesque suppression, including the 2009 uprising. Despite such failures and Washington's limited influence in Iranian domestic affairs, U.S. policy should be to demonstratively support popular democratic movements.

Article 4.

TIME

# Spy Fail: Why Iran Is Losing Its Covert War with Israel

Karl Vick

Feb. 13, 2013 -- Slumped in a Nairobi courtroom, suit coats rumpled and reading glasses dangling from librarian chains, the defendants made a poor showing for the notorious Quds Force of the elite Iranian Revolutionary Guard Corps. Ahmad Abolafathi Mohammed and Sayed Mansour Mousa had been caught red-handed and middle-aged. And if the latter did them a certain credit — blandly forgettable always having been a good look for a

secret agent — the prisoners still had to explain why they had hidden 15 kg of the military explosive RDX under bushes on a Mombasa golf course.

Created to advance Iran's interests clandestinely overseas, the Quds Force has lately provided mostly embarrassment, stumbling in Azerbaijan, Georgia, India, Kenya and most spectacularly in Thailand, where before accidentally blowing up their Bangkok safe house, Iran's secret agents were photographed in the sex-tourism mecca of Pattaya, one arm around a hookah, the other around a hooker. In its ongoing shadow war with Israel, the Iranian side's lone "success" was the July 18 bombing of a Bulgarian bus carrying Israeli tourists — though European investigators last week officially attributed that attack to Iran's Lebanese proxy, Hizballah. That leaves the Islamic Republic itself with a failure rate hovering near 100% abroad and an operational tempo — nine overseas plots uncovered in nine months — that carries a whiff of desperation. A Tehran government long branded by U.S. officials as the globe's leading exporter of terrorism may be cornering the market on haplessness.

Within Iran's own borders, however, the story is different. Twice in the past two years Iranian intelligence has cracked espionage rings working with Israel's Mossad, Western intelligence officials tell TIME. In both cases, the arrests were the furthest thing from secret: announced at a news conference, each was later followed up by televised confessions broadcast on Iranian state television in prime time. Given Iran's history of trumped-up confessions, skepticism is more than justified. But the arrests appear to be solid. One intelligence official said the captured Iranians provided "support and logistics" to the Mossad operatives who carried out the assassinations of Iranian nuclear scientists.

At least four scientists were killed on Tehran's streets from 2010 to 2012, when, as TIME has reported, Israel ratcheted back on covert operations inside Iran. Officially, Israel has remained silent on the killings, though government officials will coyly say they welcome the deaths. The Jewish state maintains the same ambiguous posture on other "setbacks" to Iran's nuclear program widely — and correctly, Western intelligence officials say — attributed to Mossad, from the Stuxnet computer virus, to

mysterious explosions like the massive blast at a missile base, which destroyed ballistic missiles that could reach Israel.

The covert onslaught dovetails with Israel's history of reaching "over the horizon" to disarm perceived threats at a distance. To keep advanced arms from reaching Hamas and Hizballah, Israel in the past year sent warplanes to bomb convoys and arms depots in Sudan and Syria, respectively, without apparent retribution. In the case of Iran, however, experts say the audacity of Israel's covert campaign stirred Tehran to revive an espionage effort that lay largely fallow since 9/11. The Spy vs. Spy contest that ensued would prove woefully one-sided, even in the third-world countries where Iran chose to strike, hoping to avoid heightened security awareness in the developed world. In the end, its only success came inside Iran, where the secret police operate without inhibition.

The shadow war may have started on Jan. 15, 2007, the day Ardeshir Hosseinpour passed away. Hosseinpour was a specialist in electromagnetics at the Nuclear Technology Center in the city of Isfahan, Iran, but his death might have escaped notice had Iran's government not kept it under wraps for almost a week, finally attributing it to fumes from a faulty heater. An online report by the American private intelligence firm Stratfor suggested another cause — radioactive poisoning — and hinted that Mossad's Caesarea section was back in business. Caesarea, named for an Israeli beach town that dates back to Roman times, is the operations branch of Israel's secret service, most notoriously responsible for the assassinations of some two dozen Palestinians (and an innocent waiter) after the 1972 Munich Olympics. Assassinations are carried out by a very small unit dubbed Kidon, the Hebrew word for "tip of the spear." Kidon operates at a remove from the legions of Mossad employees working in less lethal fields.

It would have been a unit called Hatzomet, or "The Junction," that recruited Majid Fashi, a handsome young Iranian who dropped out of high school to pursue a career in kickboxing. By the account he gave on Iranian state television early in 2011, Fashi presented himself at the Israeli consulate in Istanbul in 2007 and was vetted for a solid year before being shown any trust. Two years later, on Jan. 12, 2010, he would place a bomb

on a motorbike parked on the sidewalk outside the Tehran home of Masoud Alimohammadi; the nuclear physicist was killed when it was detonated by remote control.

In the broadcast, Fashi accurately described the Mossad campus north of Tel Aviv. He said he had been given a laptop equipped with a second operating system and used it to communicate through online drop boxes. He was impressed by his handlers' thoroughness. At one point Fashi described studying a scale model of Alimohammadi's street. "It was an exact copy of the real one," Fashi said. "The tree next it, the street curb, the bridge." In a later broadcast, he was seated across from Alimohammadi's widow, who glared at him as he bowed his head and wept. Mossad officials were "pissed off and shocked" seeing their agent on television, the intelligence official said.

Fashi was executed in May 2012. About the same time, Iran's intelligence minister announced the arrest of 14 more Iranians, eight men and six women dubbed members of the "Terror Club" in the subsequent prime-time broadcast of that name. Filmed in shadow, and rich in atmospherics, the Aug. 5 program recreated Alimohammadi's death and four subsequent attacks: they started with the Nov. 29, 2010 nearly simultaneous attempts on Majid Shariari and Fereydoun Abbasi, nuclear scientists driving to work when magnetic "sticky bombs" were attached to the side of their cars from passing motorcycles. Abbasi managed to escape before it detonated, saving his wife as well. Shariari was killed — a significant setback for the Iranian nuclear program where he was the top scientist, according to a Western intelligence official.

The confessed agents offered absorbing detail — they were aboard a Bajaj Pulsar, wearing helmets, when the magnet bomb stuck on the right front panel of Shariari's car exploded. The riders scrambled into the "trail car" assigned to follow the target and disappeared into the traffic of the Imam Ali Autobahn. Already gone was the car assigned to cut off and slow the car carrying the scientist. They claimed to have rehearsed on a practice track inside Israel. None of the details could be confirmed, but an intelligence official acknowledged: "Another network was taken."

The third scientist, Dariush Rezaeinejad was shot on July 23, 2011 after picking up his child at a day care; his wife described hearing shots whiz by as she chased the assailants. The most recent assassination was the Jan. 11, 2012 death of Mustafa Ahmadi-Roshan, an expert on uranium enrichment, also by a magnet bomb slapped on his car during his morning commute.

By then, Iran was trying to strike back. The task of avenging the scientists fell to the sprawling Quds Force's own covert-operations division, known as Unit 400. It took a shotgun approach, targeting Israeli diplomatic missions in a variety of countries, mostly in the developing world where the global antiterrorism mesh is not so fine. Exposed in Baku, Tbilisi, Johannesburg, Mombasa and Bangkok, the failures mounted at a pace that was itself one of the problems. In the world of espionage, a quality covert operation can take years to pull together. Yet in the 15 months from May 2011 to July 2012, the Quds Force and Hizballah attempted 20 attacks, by the count of Matthew Levitt, a former State Department counterterrorism official. "Hizballah and the Quds Force traded speed for tradecraft and reaped what they sowed," Levitt writes in a January report for the Washington Institute for Near East Policy. "Quds Force planners were stretched thin by the rapid tempo of their new attack plan, and were forced to throw together random teams of operatives who had not trained together."

The decline in quality was so striking it initially inspired disbelief. Recall the preposterous-sounding plot weaving together a former used-car salesman, Mexico's Zetas drug gang and a bank transfer from a Revolutionary Guard account to assassinate Saudi Arabia's ambassador — by bombing a Washington restaurant? A year on it looks like the new normal. In Bangkok last month, an Iranian agent entered a courtroom in a wheelchair, having accidentally blown his legs off while fleeing police. A January alert issued by Turkish intelligence was light on specifics but quite certain the Quds operatives would be staying in five-star hotels.

"There's a number of reasons that Iranian intelligence has suffered," says Meir Javedanfar, an Iranian-born analyst who lectures at the Interdisciplinary Center in Herzliya, Israel. "No. 1," he says, "is the 2009 uprisings in Iran." The street protests over a fraudulent election

undermined the perceived legitimacy of the state among people who once would work for it, including in its secret services. “People less and less see it as a nationalist endeavor and more as a Khamenei-related project to strengthen himself,” Javedanfar says, referring to Iran’s Supreme Leader Ayatullah Ali Khamenei, who by some published accounts personally authorizes all overseas attacks.

Hard-liners further aggravated the situation by purging competent reformists from both the secret services and from Iran’s embassies — crucial to a force expected to work undetected abroad. “Basically the Quds Force doesn’t cooperate with the Foreign Ministry, and the Foreign Ministry isn’t what it used to be either,” says Javedanfar. Under President Mahmoud Ahmadinejad, 42% of ministry employees have only high school degrees. “The regime is a bigger threat to itself than Israel,” he says.

*Karl Vick has been TIME's Jerusalem bureau chief since 2010, covering Israel,the Palestine territories and nearby sovereignties. He worked 16 years at the Washington Post in Nairobi, Istanbul, Baghdad, Los Angeles and Rockville, MD.*

Article 5.

YaleGlobal

# Is the US Ready To Be Number Two?

Kishore Mahbubani

11 February 2013 -- SINGAPORE: Long before anyone did, former US president Bill Clinton saw that America would have to prepare for the time

when it would no longer be the number one power in the world. In his 2003 Yale University address on "Global Challenges," he said:

If you believe that maintaining power and control and absolute freedom of movement and sovereignty is important to your country's future, there's nothing inconsistent in that [the US continuing to behaving unilaterally]. [The US is] the biggest, most powerful country in the world now. . . . But if you believe that we should be trying to create a world with rules and partnerships and habits of behavior that we would like to live in when we're no longer the military political economic superpower in the world, then you wouldn't do that. It just depends on what you believe.

Long before 2003, Clinton wanted to begin preparing Americans for this new world. "Clinton believed […] what we had in the wake of the cold war was a multilateral moment – an opportunity to shape the world through our active leadership of the institutions Clinton admired and [Charles] Krauthammer disdained," writes Strobe Talbott, former deputy secretary of state in his book The Great Experiment: The Story of Ancient Empires, Modern States, and the Quest for a Global Nation. "But Clinton kept that belief largely to himself while he was in office…. political instincts told him it would be inviting trouble to suggest that the sun would someday set on American preeminence." Sadly, few Americans have heeded Clinton's wisdom. Few dare to mention that America could well be number two. I discovered this when I chaired a panel on "the future of American power" at the 2012 World Economic Forum in Davos. After citing projections that America would have the second largest economy in just a few years, I asked the American panelists – two senators, a congresswoman and a former deputy national security advisor – whether Americans are ready to become number two. To my shock, none could acknowledge publically this possibility.

America may well become number two faster than anyone has anticipated. According to the most recent International Monetary Fund (IMF) projections, China will have larger share of global GDP than the United States by 2017. In 1980, in PPP terms, the US share of the global economy was 25 percent, while China's was 2.2 percent. By 2017, the US share will decline to 17.9 percent, and China's will rise to 18.3 percent. Even if

America becomes number two, we will still have a better world. In many ways, the world is "converging" to American values and standards, as I explain in The Great Convergence. The global middle class is booming, interstate war is waning, and never before have people traveled and communicated across the world so easily. These changes are creating common values and norms across the world. Education and scientific reasoning, for example, are enabling people the world over to speak with a common language. However, while humanity is well on its way to combating absolute poverty and interstate warfare, other problems are surfacing. Preventing and curtailing transnational issues like climate change, human and drug trafficking, and financial crises require cooperation among nation states, yet this is not happening. A simple analogy illustrates this. Before the era of modern globalization, humankind was like a flotilla of more than 100 separate boats in their separate countries. The world needed a set of rules then to ensure that the many boats did not collide and facilitate their cooperation on the high seas if they chose to do so. The 1945 rules-based order strived to do this, and despite some obvious failures, it succeeded in producing a relatively stable global order for more than 50 years. Today, the 7 billion people who inhabit planet earth no longer live in more than 100 separate boats. Instead, they live in 193 separate cabins on the same boat. But this boat has a problem. It has 193 captains and crews, each claiming exclusive responsibility for one cabin. No captain or crew cares for the boat as a whole. The world is now sailing into increasingly turbulent waters with no captain or crew at the helm. The Great Convergence echoes the themes of Clinton's 2003 Yale speech. It's in the interest of all – particularly great powers – to strengthen institutions of global governance so that we're not sailing blindly into choppy waters without a captain. The National Intelligence Council recently projected that in 2030 Asia would overtake the Western world economically, technologically and militarily. When China becomes a world superpower in a matter of decades, the United States and Europe will want to ensure that China plays by the rules.

But in order to make international organizations like the United Nations, the IMF and the World Bank more credible and effective, they must

undergo serious reform. It is manifestly absurd that the West makes up 12 percent of the world's population but takes up 60 percent of UN Security Council permanent seats. It's nonsensical that the head of the IMF is always a European and the head of the World Bank is always an American as the West's share of global GDP diminishes every year. This concentration of clout in the hands of a relative few has grave implications for these institutions' effectiveness and independence, making them instruments of the West. No other organization, not even huge global NGOs like the Bill and Melinda Gates Foundation or the Clinton Foundation, has the scope and legitimacy that the UN currently enjoys. For example, the United States for years has been trying to pressure China to take a more proactive role in fighting climate change. Predictably, China has resisted these pressures because they saw them as a clever yet transparent American ruse to curtail Chinese economic growth. Only when the United Nations Development Programme raised the issue with China did the Chinese government take heed, as the UNDP is seen as a neutral party in China. The UN and its many agencies may soon lose invaluable credibility if the West insists on monopolizing its power over these institutions.

Any reform of the UN should take into account three principles: democracy, recognition of power balances and the rule of law. Institutions of global governance can be made more democratic by ensuring that their leadership accurately reflects the composition of world's population. At the same time, we must also take into account geopolitical relationships among emerging and middle powers. Finally, the rule of law is essential to the mediation and resolution of thorny international issues and to governing the conduct of states on the international stage so as to prevent escalation of conflict.

In this rapidly changing world, it's a mistake to allow institutions of global governance to stay as they are. The 1945 rules-based order is no longer appropriate for 21st century circumstances. Global leaders must better prepare us for the challenges to come and equip our international organizations to deal with them. Leaders must find the courage to continue advocating for stronger multilateral cooperation. It is time for our captains

and crews to emerge from their cabins and start steering the boat.

*Kishore Mahbubani is dean of the Lee Kuan Yew School of Public Policy, NUS, and author of the forthcoming book The Great Convergence: Asia, the West, and the Logic of One World.*

Article 6.

Foreign affairs

# Pyongyang's Nuclear Logic

Jennifer Lind, Keir A. Lieber, and Daryl G. Press

February 14, 2013 -- In his State of the Union address, U.S. President Barack Obama described North Korea's recent nuclear test as a provocation that required a firm response. The intended audience for that provocation, though, is up for debate. Some commentators have posited that the test was a signal aimed at China, designed to demonstrate North Korea's independence from its great-power patron. Others think that Kim Jong-un was sending a message to the newly elected president of South Korea, Park Geun-hye. Still other North Korea experts have suggested that the test was actually meant for domestic consumption, to lift the sagging morale of a deprived public or for the regime to curry favor with the military. The intended North Korean signal is being analyzed and debated by U.S. government officials, who hold views across the spectrum.

A much simpler explanation exists. Pyongyang tested a nuclear device for the same reason it has been testing long-range missile designs: to see what works. In truth, the effort was less a signal than an attempt to master the technical capabilities that are vital to its nuclear deterrent.

This rationale should come as no surprise to those steeped in Cold War history. Between 1945 and 1992, the United States conducted 1,054 nuclear tests and fired an untold number of missiles. If the goal had merely

been to show the Soviets that the United States meant business, testing nearly twice a month throughout the entire Cold War would have been overkill. In fact, Operation Sandstone -- a series of three tests at Enewetak Atoll in 1948 -- was not intended to warn off the Soviets as tensions rose over Berlin. Nor was the series of 48 underground tests launched in the summer of 1964 designed to impress the newly installed premier, Leonid Brezhnev. And the United States would not have conducted a dozen atomic blasts at its Nevada test site in the first half of 1977 -- including the Cove, Dofino, Marsilly, Bulkhead, Crewline, Forefoot, Carnelian, Strake, Flotost, Gruyere, Scantling, and Scupper detonations -- just because new President Jimmy Carter was vulnerable to right-wing criticism.

The United States did what it did because it needed its ultimate deterrent to actually work, and because the technical requirements of the nuclear mission continually changed. The ruins of Hiroshima and Nagasaki were evidence enough that the United States could destroy cities, but deterring the Soviet Union was a far greater challenge. If the Soviets had invaded Western Europe, for example, U.S. bombers would have had to penetrate alerted Soviet air defenses, identify Soviet ground forces and industrial centers, and attack them. Accordingly, U.S. bombers had to be highly maneuverable and able to carry multiple weapons, so the bombs themselves had to be lighter and smaller than the ones the United States used against Japan. The Soviets put another wrinkle in Washington's plans when they began to deploy large numbers of their own nuclear weapons. The United States needed to find a way to potentially destroy the Soviet arsenal on the ground. Eliminating those targets -- numerous and often hardened -- required even greater numbers of bombs, even lighter designs, and more accurate delivery systems. So the United States updated its designs and tested. And tested. And tested again.

Like the United States during the Cold War, North Korea has apparently decided that nuclear weapons are central to its national security strategy. With few friends, its conventional military forces outgunned, an economy in tatters, and facing off against a superpower prone to deposing dictatorships across the globe, the Kim regime set about building an operational nuclear arsenal. And just as NATO planned to thwart a Soviet

invasion by striking targets in the Soviet Union and Eastern Europe, North Korea presumably plans to defend itself, should war erupt on the peninsula, by threatening U.S. regional allies and targets in the United States.

North Korea's mission requires small, lightweight warheads, and missiles that work -- and the only way to know that they work is to test them. So far, the weapons have proved unspectacular. The country's first nuclear test, conducted in 2006, was an embarrassment. Pyongyang had told the Chinese that the device would generate four kilotons of explosive power, but it ended up producing less than one. The second test in 2009 fared slightly better, producing between one and eight kilotons, although it is not known what size of a blast the North Koreans had sought. Moreover, Pyongyang has much more work to do before it can boast weapons that will actually fit on its missiles (which have been, themselves, a series of humiliating failures).

Observers in the West who presume that North Korea's behavior must be about signaling should remember NATO and the United States' own experience during the Cold War. The United States understood then that the ability to conduct nuclear operations was the very foundation of a credible deterrence strategy. Today, a sound strategy for dealing with North Korea should not ascribe ulterior motives to acts that the United States once considered rational and routine.

The view that nuclear weapons are merely political instruments -- suitable for sending signals, but not waging wars -- is now so common in Washington, London, and Berlin that it is hard to find anyone who disagrees. Yet those comforting assumptions are not shared by leaders everywhere. Beyond North Korea, Russia is cutting down its arsenal, modernizing the nuclear forces it plans to keep, and increasing its reliance on nuclear weapons in national defense strategy. China is slowly expanding its own arsenal, while substantially improving its weapons. And Iran seems so committed to going nuclear that it has been ready to endure crippling sanctions and risk foreign attack.

It is unfortunate that U.S. policymakers are so convinced of nuclear obsolescence that they have difficulty understanding the motivations of potential adversaries. It would be tragic, however, if their questionable assumptions prevent them from recognizing the deterrence problems that lie ahead and the grave difficulties that will be posed by adversaries, such as North Korea, that still cling to nuclear weapons.

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Article 7.

Foreign Policy in Focus (FPIF)

# The Depths of Malaise in Palestine

Daniel DePetris

February 12, 2013 -- When talking about peace in Israel-Palestine, it is easy to narrow the conversation to the leaders who are responsible for making it. Over the past few years, there have been numerous profiles in newspapers and profiles in magazines attempting to document the two men who are supposed to make the effort—Israeli Prime Minister Benjamin Netanyahu and Palestinian Authority President Mahmoud Abbas.

Delving into the lives and minds of world leaders is an undoubtedly helpful, exciting, and informative way to find answers, but a conflict as multifaceted and complicated as the Israeli-Palestinian dispute cannot be fully explained without taking into account the opinions of the ordinary people who live the reality every single day. Millions of Israelis and Palestinians on both sides of the green line have had their voices drowned out by the very politicians, lawmakers, and personalities who purport to represent them.

The result is a host of unanswered questions. What does the average Israeli or Palestinian think about the chances for a lasting and comprehensive peace agreement? What types of concessions need to be given for a deal to be struck? Do Israelis have the political courage to sacrifice on settlements and Jerusalem so the conflict can finally be resolved? Can the Palestinians negotiate in good faith?

Luckily, polling organizations in Israel and Palestine have spent years trying to answer these very questions, often working together and sharing their resources during the hunt.

Two of the latest polls, one from the Jerusalem Media and Communications Center (JMCC) and the other from the Palestinian Center for Policy and Survey Research (PCPSR), are particularly telling. Unlike other surveys that confirm what most in the international community already think, the results of these polls are unprecedented, revealing a stark and disturbing malaise in the Palestinian territories.

The message is clear: frustration with the conflict is at a high point, the two-state solution is steadily losing credibility in the eyes of the people, and ordinary citizens in the Holy Land are starting to wonder whether a settlement can be achieved without another round of bloodshed.

Oslo Fatigue

When asked by the PSPSR whether Mahmoud Abbas's policy of peace talks or armed resistance by Hamas is the best way to achieve a Palestinian state, an alarming 60 percent of Palestinians surveyed threw in their lot with armed resistance (compared to 28 percent who favored negotiations). With the eight-day Israel-Hamas war having ended with a

ceasefire that many view as a victory for the Islamist group, Hamas Prime Minister Ismail Haniyeh finds his popularity having soared. Forty-eight percent of Palestinians say that they would rather pick Haniyeh as Palestine's next president instead of Abbas, who has struggled to secure the freedom of movement and self-determination that so many Palestinians once expected from his government.

The JMCC issued similar findings. By far the most disturbing figure in the poll is the exponential rise in support among the Palestinian public for armed operations against Israel—50.9 percent now view attacking Israeli positions in the current climate as a credible way to express their grievances and pressure the Israeli government to compromise. This is a 20-percent increase from the previous year.

The numbers can perhaps best be summarized by Ali Najjar, an 18-year-old Palestinian who lives in a refugee camp. "In my view," he said, "what was taken by force will only be returned by force. Twenty years after Oslo, we haven't gained one inch of Palestine."

Many young Palestinians agree. Indeed, the words summarize the how dire the situation has become for an entire generation of Palestinians, most of whom are too young to remember the signing of the Oslo Accords in 1993. Most have not seen any benefit from peace agreements or negotiations, and all of them have grown tired of the settlement construction in the West Bank, the killing of Palestinian civilians, and the internal fighting among Palestinian politicians that never seems to dissipate.

The Corrosive Status Quo

One cannot blame Palestinian civilians for feeling this way. The previous year was a terrible one for Abbas and his government. Settlement tenders and approvals in the West Bank rose to such an extent that the anti-settlement organization Peace Now named 2012 "the year of the settlement," with the Ministry of Defense authorizing an additional 6,000 housing units and Netanyahu pushing for the construction of 11,000 homes in the month of December alone.

The lack of economic support from donor nations and the restrictions that impede the Palestinian economy from functioning at anywhere near its full potential have also made for a deadly cocktail for Abbas' Palestinian Authority. Combined with the occasional holding of Palestinian tax revenue by the Israelis, the PA is finding it incredibly difficult to pay the tens of thousands of employees on its payroll.

The recent Israeli parliamentary elections perhaps best illustrate where the Palestinian issue is today: at the bottom of the barrel. Israeli politicians chose to focus their campaigning on social and economic issues, from the price of housing and cost of living to whether religious students should be drafted into the Israeli military like everyone else. The only Israeli candidate who spoke about the need to reengage the Palestinians in peace talks was the former foreign minister Tzipi Livni, whose party failed to reach double-digits in the incoming parliament.

The overall message is depressingly familiar to Palestinians: creating a Palestinian state in the West Bank, Gaza Strip, and East Jerusalem is simply not on the list of priorities for Israel at the current time. And the Palestinian Authority is proving itself to be an increasingly fragile governing body without the constant generosity of foreign countries; it's an institution that cannot adequately care for its people, let alone its employees who go months without pay. The average Palestinian is losing hope that peace is possible in his or her lifetime. Palestinian leaders may speak of ending the occupation, but for those who live under it, the occupation is so ingrained that escaping it has become a violation of the normal.

Some may take the more militant attitudes of Palestinians as confirmation that Israel does not have a partner for peace. Yet those attitudes can also be viewed differently: without a renewed effort at peacemaking, however frustrating and difficult it will be, the conflict will reach a nadir where searching for a peace partner will be irrelevant.

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Jeffrey Epstein
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POWER, FORTUNE AND SURVIVAL IN THE AGE OF NETWORKS

# THE SEVENTH SENSE

JOSHUA COOPER RAMO

AUTHOR OF THE INTERNATIONAL BESTSELLER THE AGE OF THE UNTHINKABLE

# The Seventh Sense
## Power, Fortune and Survival in the Age of Networks

Joshua Cooper Ramo



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Part One: The Nature of Our Age

*In which the revolutionary character of our era is explained. The need for a new instinct is introduced. The historical stakes are weighed.*

Chapter 1: The Master
Chapter 2: The Age of Network Power
Chapter 3: The Unbuckling

Part Two: The Seventh Sense

*In which we regard the world with a new sensibility. Connection, we discover, changes the nature of an object.*

Chapter 4: The Jaws of Connection
Chapter 5: Fishnet
Chapter 6: Warez Dudes
Chapter 7: The New Caste
Chapter 8: "A mechanism and a myth": The Compression of Space and Time

Part Three: Gateland

*A guide to power in the world that becomes newly apparent with the Seventh Sense.*

Chapter 9: Inside and Out
Chapter 10: Defense in Depth
Chapter 11: Citizens!



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## Preface

Three hundred years ago the Enlightenment and the Industrial Revolution began their pounding work on the foundations of an ancient order. Like twin hammers, these forces demolished most of what once seemed permanent: Kings, alchemists, popes, feudal lords – they were all undone.

Today, a fresh hammer is cracking away at our world. The demands of constant, instant connection are tearing at old power arrangements. The formation of networks of all kinds, for trade and biology and finance and warfare and any of a thousand varied needs, is producing new and still dimly understood sources of power. They are eroding the roots of an older order even as a new one is beginning to appear. In fact, this process is only beginning. The networks ahead of us will be even faster than those we have today. They will also be informed by artificial intelligence. The combination of these two forces – instantness and thinking machines – will further deepen an already profound change.

That last great shift of the Enlightenment was a violent and wonderful transformation. It produced winners and losers, triggered tragedy and lit fresh triumphs. What lies ahead of us is the same. A new landscape of power is emerging now. This book is its story, and the tale of the instinct that will divide those who master it from those who will be mastered by it.



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## Part One: The Nature of Our Age



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## Chapter One:
## The Masters

*In which the immortal problems of power are discussed, and the possibility of a new instinct is introduced.*

1.

One morning in of 1943, a Chinese writer named Nan Huai-Chin packed his bags in Shanghai and began walking out of the city. He was headed west, and traced a route along the Huang Pu river, as he headed out towards E'Mei Shan several thousand miles away in Western China. E'Mei Shan – Eyebrow Mountain – was and is one of the holiest Buddhist sites in China.

Nan was an unusual young man. At fifteen, he had won a national sword fighting competition against men twice his age. At sixteen he had been admitted to the best university in Shanghai, where he excelled in the study of natural sciences and philosophy. If you look at photos of Nan in those years, more or less at the moment he left Shanghai for the mountains, you see a clean-shaven, and soft-skinned man. He is handsome, with electric eyes. You can see, if you know to look, the rough intensity of the man he'd become during the anti-Japanese war: A toughness in his stance; some hint too in his grimace of a sword-fighter's mercilessness. This was long before Nan was regarded as one of the finest living exemplars of the Chinese Buddhist tradition, before he became known as *Master* Nan. This was before his flight from China with the Kuomintang in 1949 once the communists came to power, before his decades of wandering, and his eventual return to the mainland. All that lies ahead of the man you see in the photo. The man in the photo is young, energetic. He is certain.

In Nan's youth, in his early sword fighting days, he had come to understand that mastering the blade of his sword involved really training his internal spirit to the highest possible level of sharpness. The spirit moved first, then – instants later – the sword. It was his desire to sharpen that inner blade that led him to E'mei Shan and the study of Ch'an Buddhism. Ch'an – you may know it by its Japanese name, Zen – is the steeliest of the Buddhist traditions, bred through the combination of the Buddha's ancient Indian teachings with the mystical philosophical habits of Chinese Daoism. Its adherents explain that enlightenment in Ch'an demands concentration strong enough to make and then smash diamonds. It produces, as a result, an unmatchable form of enlightenment. So, with the anti-Japanese war still smoldering, Nan traveled for a month through his convulsing country and up E'mei Mountain, where he found a Ch'an lamasery near the peak. Once there, during three years of constant effort and meditation and deprivation, he achieved a breakthrough to *samadhi,* that state of spiritual alignment in which the world and your own soul become as transparent as water. Fear vanishes, as does lust or any real confusion about the deeper currents of life. You become, the priests like to say, as resilient as a



HOUSE_OVERSIGHT_018237

natural mountain spring: No matter what mud is thrown in, it is simply and naturally bubbled away into clarity.

From E'Mei temple, with this fresh, clear-running mind, Nan began a quest to sharpen his spirit even further. The journey took him, for nearly a decade, from master to master in China, from monastery to university to rural huts. These were the places where the last bits of some of China's most ancient traditions had been carried, places where classical wisdom had survived a hundred years of national chaos. Nan's wandering education resembled the way in which, in millennia past, monks would make spiritual marathons around China, seeking an ever-sharper edge to their insights. Solitary monks would stride into packed monasteries and engage in tests of insight, contests to see who could feel the underlying nature of the world with greater fidelity. The aim was, always, to touch the energy flows moving, just unseen, below our lives. "Ten thousand kinds of clever talk—how can they be as good as reality?" So the famous Ch'an master Yun Men, who himself trained four great masters, faced down a King with pure silence in one such a battle.[1]

Nan was trying to cultivate in himself deep ways of feeling and sensing the world. During his wandering study, he followed a path that would lead him to enlightenment in more than a dozen different schools of Buddhism. He mastered everything from medicine to calligraphy. His youthful success and energy at sword fighting, it emerged, was a sign of a prodigal genius. He became, in the 20th century, recognized as one of those crucial human vessels by which really ancient tradition is preserved and carried forward for new generations.

After a few years of study, Nan saw the descending madness of Mao's China and slipped out of the mainland for Taiwan. He lived for decades between Taipei and Hong Kong and America. During this time his fame as a teacher grew. In the mid-1990s as China opened, Nan returned to the mainland. He had been invited by some of China's most powerful families, the children of communist revolutionaries who were groping for a sense of history and identity. They wanted to absorb the lessons of Chinese culture that Nan had internalized, they hoped to bend them into tools they could use to shape a Chinese future. Might the old habits of the country, with their ancient roots, have something to offer a nation nearly splitting with the energies of modernity? Nan agreed to set up a private school. He selected a site on the shores of Lake Tai in Zhejiang Province, not far from Shanghai. He chose the location carefully: The still lake water near his campus was like a giant bath of calming *yin* energy that balanced the urgent, uncertainly aggressive *yang* energy of 1990s China into a kind of harmony. Ash trees shaded the study rooms in the summer. Wild peonies erupted in pink and white each spring.

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[1] **So the famous Ch'an master:** "Yun Men's Every Day is a Good Day" in Thomas Cleary, *Secrets of the Blue Cliff Record: Zen Comments by Hakuin and Tenkei.* (Boston, Mass.: Shambhala, 2002) 39. Fir an excellent introduction to the thinking of Master Nan, see *Diamond Sutra Explained* (Primodia Media 2007) and *To Realize Enlightenment: Practice of the Cultivation Path* (York Beach, ME: S. Weiser, 1994)



HOUSE_OVERSIGHT_018238

It was here, when he was 92 years old, that I first came to know him.

2.

Before I moved to Beijing in 2002 a friend took me aside and offered this thought: "Your life in China will change the way you see the world. But if you want to get the most out of it, you have to understand that as important as being bilingual is, it is as important to be bicultural." I had not honestly thought of this as part of my plan, but it seemed like good advice. I have hewed to it as a personal law ever since. From my first days in China, I lived almost entirely among the Chinese. I can, for instance, nearly number on one hand the meals I shared with Westerners over my years there. This advice to learn to be bicultural really did change my experience of living in China. It changed how I saw the world. It presented moments of really honest and searching confusion. I had conversations where I understood every word and yet had no idea what my interlocutor meant. I had periods where I did not know which culture was pulling on my mind. But the decision produced, at least, a fortunate encounter that led me to Master Nan's school.

Several years after I arrived in Beijing, I was out for dinner one evening with a close Chinese friend. My friend is a remarkable woman. If you ask how China has gone from poverty to prosperity in record time, it is partly because of people like her. She had studied in the Chinese educational system, had moved overseas and mastered the technical arts of economics and finance, and had returned eagerly to help in the construction of modern post-reform China. Nearly any time the government had some new and difficult financial problem to manage, she would be shuffled into the nervous hands of some baffled Minister or Vice Premier. She had, in her various activities, helped put the Chinese stock exchange on its feet, rebuilt bankrupt banks, and had overseen the construction of China's first sovereign wealth fund. Though only a few years older than me, her unique skills and absolute loyalty meant she had seen much of the development of China's speed-train economy – part miracle, part near accident – from zero-distance range.

As she and I were finishing dinner that evening, a door opened to a private dining room near us in the restaurant. Chinese often eat out in private rooms, and the best restaurants are usually warrens of well-appointed secret spaces, a reminder that in China door after door after door leads to ever more secure sanctums—think of the nested power architecture of the Forbidden City. When the door near us opened, a stream of senior Chinese party figures paraded past, hovering around an intense, square-jawed and smiling man who was soon to become one of the most powerful figures in China. As this man walked past, he nodded hello to both of us. I asked my friend once he had left: "How do you know him?" I expected her contact with senior leaders on financial matters would explain the connection. Her answer surprised me.

"We both," she said, "have the same Master."



HOUSE_OVERSIGHT_018239

I had only been living in China then for about four or five years, so I was still a bit surprised to learn in this unusual way about what I would later come to know – and see and even experience myself – as the spiritual life of China's communist officials, particularly those at the absolute top of the system. The Master my friend was referring to was Master Nan. Though he was largely unknown outside of China – I am sure you had not heard of him until a few pages ago – in China he was an icon. After his return to the mainland in the 1990s, his books about Buddhism and philosophy sold millions of copies. His lectures are watched on DVDs and the Internet, and he owns a fond fame that reaches across generations and transcends politics or art or philosophy. You are as likely to find a copy of his book on the desk of a university President as stuffed into the back pocket of a tea-server in Chengdu.

As you can imagine, when my friend first introduced me to the idea of someone like Master Nan serving as a spiritual mentor to the figures struggling to master this huge country, figures I had met and worked with in the brutally rational business of everyday life in a modernizing China, it raised all sorts of questions. *We both have the same master?* But in China, one thing you discover pretty quickly is that honest understanding of anything isn't achieved by asking lots of questions, particularly not the direct sort. Yun Men had it right: Ten thousand kinds of clever talk get you nowhere meaningful. But with her one sentence, the dinner conversation, which had been moving pleasantly enough through the eddies of China's politics and economics, passed into deeper water, where it has stayed in the years since.

Master Nan's particular passion, I learned that night, was a branch of Chinese Ch'an Buddhism that had, about 1000 years ago, provided the seeds for the Japanese school of "instant illumination," known as Rinzai Zen. Rinzai is famed in the west for asking students to grapple with *koans*, the sorts of puzzles – "What was your face before your were born?" or "What is the sound of one hand clapping?" or just "Mu!" – that can never be approached or answered by reason alone. They require nothing but pure, trained instinct. Koans are not like math problems or word puzzles, so much as questions that have to be answered with your whole soul. We don't really have an educational concept like this in the west, but the aim of Rinzai meditation and learning is to arrive at *kensho (jianxing* in Chinese), a sudden and complete understanding of the true nature of the world. Such "instant illumination" marks a very eastern sensibility: Real truth resists the grasp of mere logic. It can't be simply explained, or taught with words alone. It calls on more immediate feelings, in the way we might fall in love or get angry. In Rinzai study, the aim is to tighten and compress your mind with meditation and focus and exercise – and the occasional slapping sharpness of a hardwood "enlightenment stick" – as a way to open it, with the goal of instant, blazing enlightenment. In such a moment, all sorts of invisible relations become unforgettably obvious.

I had been a student of Rinzai since I was 16. So it was that, in the springtime of the year after that dinner in Beijing, I was surprisingly, luckily invited to Master Nan's campus.

3.



HOUSE_OVERSIGHT_018240

It is often said that during the days when Master Nan's Lake Tai campus is open for training, when hundreds of rich and connected elites from all over the Chinese-speaking world converge there, it is the best networking spot in the country. But on the weekend of my first visit, the Tai Hu center was closed to outsiders. Only about ten of us were present. We were all, together, students. On our first morning we walked to a large hall overlooking the lake and sat down quietly on benches and meditated for three hours. And on our first evening, Master Nan sat with us during dinner, looking young and vital and 20 years short of his 92, barely eating. Above the bridge of his nose, I noticed, was a small marble-sized bump. This is the mark that emerges, according to Buddhist tradition, when your self-cultivation and meditation has led you to deep breakthrough, when energy begins to slip out of your head at that "third eye" spot and into the world, leaving a little bump as evidence.

As we finished dinner, Master Nan turned the conversation to me and asked me to speak about what was on my mind. In later years I would learn this was his habit, to hand the floor over to his guests for a bit – whether they were politicians or industrial titans or innocent visitors – before entering into his own reflections. He pursued me with careful questions, his voice purring with a thick coastal accent. The questions seemed removed sometimes from my main points, but I quickly came to see them as needles. ("When he uttered a phrase," it was said of Yun Men, "it was like an iron spike.") Many of those present were jotting notes: Whatever Master Nan thought important, his students felt, must be worth putting down.

I knew that the records of Nan's lectures and discussions were often circulated by email. With subject lines like "Understanding This Chinese Generation" or "Master Nan Answers Questions About Chinese and Western Knowledge," they were real-time maps of the usually invisible dance our daily lives do with history and philosophy. We live *now*, of course, but Nan was always aware that we lived within an historical flow too, in a particular moment amidst constant change. Remember that the foundational text of Chinese civilization is the 2500-year old *Yi Jing*, The Book of Changes. If Westerners are accustomed to consistent historical, Chinese begin with the idea of a flux of forces as the only constant. A world of ceaseless change means that valuable, useful education is less about facts than about the training of a vigilant instinct for reaction.[2] It was a version of this same aim that was at the heart of Nan's teaching, and that made his ideas so magnetically appealing.

The circulation lists on his lecture notes were the Chinese equivalent of a roster that included Ben Bernanke, Colin Powell, and Warren Buffett. They reflected the breadth of curiosity about his ideas, and the hunger to understand and digest changes in China and the world. "I just had a very senior leader here," Nan told me during a visit several years later. I had seen the high security at the compound and

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[2] **A world of ceaslesee change:** See Francois Jullien, *The Silent Tranformations* (London: Seagull Books, 2011) 70, and David Hall and Roger T. Ames, *Thinking from the Han Self, Truth, and Transcendence in Chinese and Western Culture* (Albany, N.Y.: State University of New York Press, 1998) 150



HOUSE_OVERSIGHT_018241

the military cars whipping in and out all day. "He asked me what books I could recommend to understand this period we are living in. I said, 'I could give you some books, but you wouldn't understand them.'" Nan laughed. The iron spike. "This can't be understood by reading!" Nan was trying to educate his students in the original principles of Ch'an: a set of psychological and physical tools to reveal deeper patterns in the world.

4.

After wearing his guests down with relentless dinner-time questioning that first night I was at Lake Tai, Master Nan began to offer his views of our age. What he saw, he explained, was a world pressing too hard on a fault line. We faced, he said, choosing his word carefully, an "ephocal" quake. We were at a moment when the river of change he had spent a lifetime feeling out was about to shift its course over the landscape, drowning many of the reliable, old routes. The origins of this change were buried in the very things we hoped might, in fact, save us from shock: money, information, speed. "People are now constantly connected to computers and machines, and this is changing the way they think. People just cannot make sense of what is happening," he said. "There is no respite. The world is going to go faster and faster in this regard."

"In the 19th century the biggest threat to humanity was pneumonia," he continued. "In the 20th century it was cancer. The illness that will mark our era, and particularly the start of the 21st century, is insanity. Or we can say, *spiritual disease*." He paused. "This next century is going to be especially turbulent. It has already begun. And when I say insanity and spiritual disease, I don't only mean inside the minds of individuals. Politics, military, economics, education, culture and medicine – all these will be affected."

I could sense the logic behind Master Nan's argument. The industrialization and urbanization of the 19th century had packed much of the world into Dickensian urban pits. These became petri dishes for pneumonia. Too much industry and urbanization, too fast. The 20th century of plastics and artificial, untested, unsafe materials had torn away at our genetic base and worsened cancers. Too much science, too fast. In our age, in the 21st century he felt a wasting disease would be carried by information, by cell phones, by packets of data, by every bitstream we jacked into our lives – and it would go right for our brains. Our institutions and our ideas about power and stability would fall apart. The remapping of force that the information revolution represented was a profound, destructive shift – what Nan called a *jieshu*, the Chinese word for a rupture in the fabric of human history. In such an era, the once reliable old habits would become useless, even dangerous. All that would matter were your instincts. Frankly, all you would have would be your instincts because no existing map could guide you through a completely new landscape. In fact, the existing maps, should you stubbornly continue to use them, would lead you along dangerous paths towards catastrophes you could not even imagine.



HOUSE_OVERSIGHT_018242

## 5.

The dining hall around us was dark as Nan finished his discussion that night. At our table we sat in a pool of dim light and waited on the Master as he considered his next thoughts. I knew that some of what drew China's great minds here to dinners with him was a sense that those old ideas of Chinese philosophy – born in an age of chaos and dating back to a time before rational calculation and scientific progress – offered hope. I asked Master Nan where he would begin on a quest to understand this age and how best to prepare. How to cultivate oneself?

"You know you can't just understand this easily," Master Nan said sharply. He was a little angry with me, I could see, for asking such a direct question – and he was also using the Chinese teaching technique of taking students through a range of emotions to accelerate their learning. Chinese philosophers believe we learn differently depending on how we feel, so a teacher making a student scared or insulted or proud is often just an educational tactic. Nan was working on my humiliation bone now: "This isn't like some idea I can *sell* you and then you can just go and use," he continued, his voice rising. "This is going to be hard."

Master Nan inhaled on his cigarette and waited a moment. "If you work, though, maybe you can be like Su Qin," he said, "the man who wrestled 20 years of peace out of 300 years of war." Su Qin was the hero of the Warring States period during which China collapsed into total chaos. He is remembered today, two thousand years later, for the way he had penetrated the madness of his age and how he found there deeper fibers of truth that he lashed into a stable peace. "Su Qin started as an idealist. He failed.

"You know, Su Qin was humiliated in trying to advise kings. Even his kin were embarrassed. His sister and mother refused to let him return to the family home. He was in so much pain over this embarrassment that he sat in front of a desk and read every book of history he could find for seven years. He tied his long hair to a beam above his desk so that if he fell asleep it would hold his head up. Sometimes he would stab a knife into his thigh to keep awake." Nan's voice was rising, his speech picking up pace. "But in the end, he learned. Su Qin learned. You should study him. If you do this, if you are sincere, if you work hard, if you learn these ideas, you can understand. Can you be that disciplined?" The room was dead quiet now. No one looked at me. In the silence, one of the guests passed around a plate of cut fresh fruit and cherries and sweet dried dates.

Nan's relentless, intense Ch'an Buddhism sort of enlightenment, delivered only after painful years of carbon-crushing intellectual intensity, expressed a clear ambition: To learn to feel through invisible relations and balances and to construct something promising and hopeful on the other side. Nan's long sessions of mediation or sword play, his furious pursuing philosophical dialogues that reduced students to an embarrassed sweating state, these were all aimed at sharpening a blade so as to instantly carve at the energy flows of our age. Did "spiritual illness" really linger ahead of us? What sort of tragedy did that suggest? What was it that, hair tied to the



HOUSE_OVERSIGHT_018243

ceiling, penknife jabbed into his leg, Su Qin had learned in those long, effortful years of study? What secret had he penetrated? What sort of education had he finally received at the end of his humiliations and breakthroughs? He had mastered the energy of his age – and the exact right sensibility to use it. Might we, Nan seemed to be asking, do the same?

7.

Faced with the mad unsettling of his world during the Industrial Revolution of the mid 19th century, the German philosopher Friederich Nietzsche once mused that survival and greatness would depend on having what he called a "Sixth Sense", by which he meant a feeling for history. Surely, he felt, an instinct for ancient balances and truths would provide a guide rail of sorts as the world lurched into a new age, along an uncharted road.[3] If you could say "This has happened before" or "This is how we got to where we are," Nietzsche believed, it was the first step towards knowing where to go next. Nan and Kissinger knew the need for something else for our age as well, for a different instinct. It wasn't just about knowing your history or feeling the real possibility of human progress or tragedy. Rather it was about feeling out the roots of the present in a certain way. All of our ideas – from how we love to what we think of politics – are taken from the feedback and experience of our lives, from what we've seen and done and felt and learned. We are the sum total of our experiences, in this sense. But what to do if changes happen at some deeper, insensible level where the old ideas and instincts, where the tools of sight and smell, of feel and taste and hearing don't fully answer? What to do when we are confronted with what we've never experienced before? Never even dreamed of, perhaps?

This book is the story of a completely fresh way of feeling our world. By this I mean a sensation that is as newborn as the lively sense of connection, of freedom, of electric uncertainty and hope that come with the knowledge that we are unboxing a new age. If Nietzsche's era demanded a feeling for history, our own age insists on a

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[3] **Surely, he felt:** Nietzche describes the "Sixth Sense" in *Beyond Good and Evil* in the following way: "The historical sense (or the capacity for divining quickly the order of rank of the evaluations according to which a people, a society, a human being has lived, the 'divinatory instinct' for the relationships of these evaluations, for the relation of the authority of values to the authority of effective forces): this historical sense, to which we Europeans lay claim as our specialty, has come to us in the wake of the mad and fascinating semi-barbarism into which Europe has been plunged through the democratic mingling of classes and races—only the nineteenth century knows this sense, as its sixth sense. The past of every form and mode of life, of cultures that formerly lay close beside or on top of one another, streams into us "modern souls" thanks to this mingling, our instincts now run back in all directions, we ourselves are a kind of chaos. In the end, as I said before, 'the spirit' perceives its advantage in all this." See Friedrich Wilhelm Nietzsche and Rolf Horstmann. *Beyond Good and Evil Prelude to a Philosophy of the Future*, (Cambridge: Cambridge University Press, 2002), 224.



HOUSE_OVERSIGHT_018244

sensation alive to the pull of constant, instant connection. This Seventh Sense reacts to what none of our other senses can notice, to the subtle undercurrents of a networked age. That moment of first connection you once had – to a computer, a friend, a fast-moving financial product, a miracle medical cure, an idea, a smashed up sound – is like the first time you looked at a Matisse painting or heard Beethoven (or Orbital). It switched on a new sensibility. But you have probably had – or will shortly – another moment. This is the instant a cold and creeping chill hits you, started by the uneasy sensation that something you've done has been recorded or predicted or watched and manipulated in some way you'd not quite imagined. That some strange force from a great distance has slammed into your life. This feeling is the sudden shudder of a bill come surprisingly due: You wanted to be connected? Okay, here's the cost. And the addition on both sides of the ledger, the massive benefits of our links and the rather terrible potential of those same threads, is still being settled. We can say at least that the sum of all the revolutions wrought by the instant mingling of the world's soon-to-be connected billions with each other and with machine intelligence, biological innovation and the tremors of a globalizing world will be, to use Master Nan's word, "epochal."

Most of us find ourselves torn now. Not just between future and past; not merely between the habits and loves of a slower age and the ceaslesss promise of something fast and new. We are trapped, as well, between two groups. An older generation now in power, blind to the laws of networks and connection, uses old ideas to battle problems of a connected age and makes them worse, ever faster. Terrorism. Financial chasms. Environmental imbalance. At the same time, an emergent class of powerful technologists fingers more influence than perhaps any group in history. Machines watch, learn, think and increasingly control nearly every element of our lives. This digital-age group understands networks; but if they have ideas about virtue, philosophy and justice, (mostly they don't) these feel susbsumed by their confidence in networks and control. Each group pulls at the legacy of the Enlightenment – our liberty. And, so far, we've no way of defending ourselves. No new instinct for life in this still unfathomable age of connection. The Seventh Sense is a feeling for just what constant connection means – and the start of (finally) a confident knowledge of how to construct our future and protect ourselves against what is even now descending upon us. A consciouness exists in the world, Master Nan would say. It extends over borders, across differences, between people. And it becomes, on networks now, visible in new, powerful and hopeful ways.

What I mean by a sensibility is really a kind of instinctive notion, a way to sense and then use the energy flows of our age that hovers perhaps just below what the rational mind alone can tell. Master Nan used to recall a famous story from the 2500 year old Daoist masterpiece *Zhuangzi*, about the butcher who worked for a famous and powerful Duke. One day the Duke saw the butcher cutting meat, his blade singing and moving with almost no effort. "Ah, this is marvelous. Imagine such mastery," the Duke said. "How have you achived this?" he asked. "What I follow is The Way," the butcher said, referring to the idea of a spiritual force, a natural energy which Daoisim tells us infuses everthing, from trees to the human heart. "When I started butchering, all I could see was parts of the ox itself. After three years, I could



HOUSE_OVERSIGHT_018245

see the the whole ox. Nowadays, I meet the ox with my mind and spirit rather than see it."[4] The butcher was not looking at his work; he was feeling the energy of the task. "A good cook goes through a knife in a year, because he cuts," the butcher concluded. "An average cook goes through a knife in a month, because he hacks. I have used this knife for nineteen years. It has butchered thousands of oxen, But the blade is still like it's newly sharpened." He was cutting not with his knife, but with an instinct – and the result was the highest form of mastery: accomplishment with nearly no effort. This our our aim: To see the world with our mind, not our eyes. So much of what will affect us in the future is invisibly stashed on a connected landscape we're only now learning to feel. It will emerge from the complex, adaptive sea of links expanding around us. We must tune our own instincts for this power, which will make our moves almost effortless. The ever-sharp mental knife laid upon the thick challenges of a new age.

There will be moments ahead for all of us – the most dangerous or terrifying or wonderful ones – in which things will happen that none of our old ideas or senses can help us understand. The truly *new*. We've had previews of such moments often enough in recent years: innovative devices, surprise attacks, unexpected and permanent economic quakes. A cracking of the old physics of wealth and power is underway around us, largely invisible to most of us, except perhaps in its strange and unnatural effects: everywhere terror, instant billionaries, the failure of ideas and institutions, millions of migrants loosed and drifting across old borders, but tethered to deeper fields of connection, data, and ideology. The Seventh Sense is the ability to see why this is happening. And to use what you see. This is not merely about brain power or sharpened intellect; it's about a gut reaction. Just as the demand for liberty or industry was once invisible and insensible to an age accustomed hundreds of years ago to feudal, agricultural habits, so we're likely blind to urgent pressures of our own. Surely you've felt this creeping anxiety yourself, the exciting nausea of movement coming from you know not where? The ability to sense and feel the deeper chord changes of history has, always, been the decisive mark of leadership and success in revolutionary periods.

Consider, for instance, Charles, the Duke of Brunswick-Wolfenbuttel who faced down Napoleon on the fields of Jena in what is now central Germany in October 1806. Brusnwick-Wolfenbuttel was then 71 years old. He was considered one of the most courageous soldiers of his age, with a record of astonishing victories. He looked over the sun-dappled fields along the Saar river on that fall day and saw nearly certain victory in the coming battle. He had Napoleon outmatched two soldiers to one. His men were masters of the subtle techniques of Frederick the Great, tactics that had delivered victory in far more perilous moments. But Napoleon, less than half the Duke's age at 37, stared across the same undulating land, the same poised armies and saw in the landscape something completely

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[4] **When I started butchering:** I've finessed the always-unstranslatable Zhuangzi. See for reference Burton Watson, Burton, *The Complete Works of Chuang Tzu*. (New York: Columbia University Press, 1968)



HOUSE_OVERSIGHT_018246

different and totally, lethally correct: An interlocking set of murderous gears that could be set loose by his artillery[5].

In the course of the French victory the next day Brunswick-Wolfenbuttel was first blinded by French musket shot and then bled to death. It was a poetic end. He had been, like so many of the Generals who would tumble before Napoleon in coming years, absolutely blind to forces perfectly clear and visible and usable to the revolutionary upstart. Napoloen's European opponents would come to fear and admire nothing so much as the Emperor's specific, almosty mystical sort of battlefield vision. He could look at a battlefield and see possibilities – certanties, in fact – that eluded older, famous men. They named his masterful insight the "Coup d'Oeil": an instant, apprehending glimpse of power waves[6]. He saw forces and facts in war that were obscured from his enemies by their own habits of mind and the limits of their creativity. The great Prussian military strategist Carl Von Clausewitz, who was made prisoner by Napoleon during the massacre at Jena, used his time locked up to begin compiling notes for his classic work of Western strategy, *On War*. "Genius," he later wrote, "rises above the rules." Mastery of strategy, Von Clausewitz explained, was not merely the result of steely courage, geometric calculation or even luck, as earlier writers had figured it. Rather, it was derived from the ownership of a sensibility that could discern the secretly running lines of power that made the old ways instantly irrelevant and appallingly dangerous.

Historians who mark out and consider the really long, century by century movement of humanity, often divide time into "historic" eras where fundamental, tsunami-like changes wipe clean old orders and other, more sedate periods where time dawdles like a quiet lake. This is the difference between living in Warsaw in, say, 1339 or 1939. The first period was sober and silent; the second was awfully awake. Historic moments like 1939 are marked by the fact that change comes to find you. It is often unavoidable. Your children are pulled into a World War. Your village is torn down. Your health is remade by science. The paleontologist Stephen Jay Gould called the march of these snapping changes "punctuated equilibrium," as the world is jumped from one state to another – and never turns back. He was largely considering the extinction of the dinosaurs, but we find the idea useful in thinking about history too. The Revolution of 1789 in France, for instance, which enabled the massive, volunteer armies Napoleon later brought to his wars, which were of unprecedented size. "Looking at the situation in this conventional manner, people at first expected to have to deal only with a seriously weakened French army," Von Clausewitz explained later. "But in 1793 a force appeared that beggared all imagination."[7] The

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[5] **An interlocking set of gears:** David Chandler, *The Campaigns of Napoleon* (New York: Macmillan Publishing, 1974), 464; For a discussion of this generational mismatch, see the essay "戴旭：从文化层兴衰面反思大国军事兴衰"or Dai Xu, "Reconsidering the military aspect of great power rise and fall from a cultural perspective" PLA Daily, June 8, 2015

[6] **They named his masterful insight:** Carl von Clausewitz, Howard, Michael, trans. *Clausewitz On War*, (Washington: Library of Congress, 1998) 102

[7] **But in 1793:** *On War*, p 591 (1984)



HOUSE_OVERSIGHT_018247

European riots of 1848 were another such example. Or the ideological and military surging of 1939. Our very own age. There is a feeling of this sort of inevitable punctuation in what is underway around us now, the insertion of a single period at the end of one era and the first, italicized letters of a new one. Impulses and connections we don't fully understand and can't yet control are at play. Our imagination is beggared too now. Often. These forces are, we have to confess, wiping away one system. But they are also producing another.

What I mean by the Seventh Sense is the ability to see both these old and the new worlds around us, to feel too the real and the virtual – and to know power as it flows through and between each. Rattling one apart. Enlivening another. I don't mean here blinding technological optimism; nor do I mean absurd conservative historicism. The Seventh Sense is the ability to contemplate politics, economics, warfare, innovation, genomics now – really every hot-connected discipline and sense in one glance the new and the old power, and of course the fault lines running between them. Connected and yet-to-be-linked. Colliding. Melding. Repelling. Our future will be less an isolated technological paradise than an intermingling of real and virtual. It will not be an age of blacked-out virtual reality goggles like Oculus Rift or the blinding and submersive feeling of novels like *Ready Player One* but, I think, a bit more like a semi-transparent screen, on which real and virtual worlds mash together. Hololens or Magic Leap glasses that project virtual images on the real world, for instance. Or the feeling of *Snowcrash*, Neal Stephenson's masterpiece novel whose charaters move effortlessly between net and city. Maybe even (probably most accurately) the game *Ingress*, in which the reality of streets and buildings and homes was augmented into a giant chessboard and populated by hundreds of thousands of us in the last few years. These cultural landmarks matter, they are worth learning about and exploring. They stand out as trailguides to a fresh sensibility in the same way Nijinsky's 20th century dances or Goethe's 19th century poetry once did.

We flip back and forth between real and virtual in our every day lives now, popping our head from screen to street. Our art, our music, our finances – they make the same passage. To see both fields at once, to see the way they blend and pull on each other, does demand a new sensibility, of course. And though, eventually, this new instinct will be commonplace, for now at least it must be defined, refined, and learned by each of us. Like Napoleon looking at a battlfield and discovering how to spot the violent potential of industrial war. Or, Einstein reaching the deeper, invisible truths of physics as he left Newton behind: "There is no logical path to these laws," he wrote later of the leaps that had carried him to relativity, "only intuition."[8] This is what Nan was trying to point to; the need to train an instinct for the epochal changes ahead. Whether the future that emerges from our simultaneous confrontation with real and network phenomenae will produce a speed-blasted information paradise or a terrifying dystopia is hard to say now. That will be decided largely by choices made in the next couple of decades. It will be decided by

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[8] **Or, Einstein:** Einstein, Albert, *Essays in Science* (New York: Philosophical Library, 1934), 4



HOUSE_OVERSIGHT_018248

people who do have the Seventh Sense. Even, I think, by people who are reading this book.

Why start this journey into the churning, still-confusing and affronting world around us now by the shores of Lake Taihu? Why begin with the sentiments of a slower culture that Master Nan embodied, passed like delicate and still-warm tea, with so much calm in the face of all this urgency? It's not only because of Master Nan's insight that this world is tearing at our minds, that the faster we move the sicker we'll get. It's something else. The training of an instinct, of a really fresh way of looking at the world, demands a kind of calm. Understanding of anything, after all, is most durably assembled in slow conversations, in patient probing. It is developed as much from brushes with music and literature as it is from any direct, slamming confrontation with the truth. The birth of an instinct requires a rewiring of our minds, a reframing of our hopes, and this can only be done at the pace of contemplation. (It's the best way to keep the fear at bay.) We seek those stilled, freeze-framed moments where we'll pause amid lightspeed fast networks to think about why they work and just what they are doing to us. Tranquility, for a moment at least, in the face of the alternately horrible and wonderful way the world is being remade. That's what you'll get here, in the following pages. Nan's model statesman Su Qin, knife stabbed into his own thigh and slouched with exhaustion is a sort of totem for us. *Knife in thigh*. Stop. Think. Even, hard as it may be, *wait* for the right path to present itself. No matter how uncomfortable it may be at times, it is better to be unconventional than conventional in our revolutionary age. This is the only way to cultivate a Seventh Sense. The old methods will not teach you a new way.

Let me tell you what is going to happen: In coming years there will be a struggle between those who have the Seventh Sense – who are born with it or trained to it – and those who don't. New, network forces all around us will take on old, established ones – they already are – in business, politics, warfare, science. Then – because those who don't have the Seventh Sense for network power will lose, as anyone who tries to stop the future always loses – a new age will begin. This age will involve violent, historic wrestling between different groups with different versions of the Seventh Sense.Competing interests and ideals and aims will fire these contending forces. Networks will fight networks. Some of the plans of these connected age groups will be good, others evil, and anyhow the winners will be ruthless. Then, and this is where it will get particularly strange and incredible, there will be a battle between those with the Seventh Sense and the very systems of connection, machines and intelligence they have built. Human instincts laid in competition against the machine instincts. That struggle? I'm not quite sure how it will turn out. But for now, at least, we can say this: The future sits almost like a cold-eyed dare in front of us. *Just try to avoid this!*



HOUSE_OVERSIGHT_018249

## Chapter Two: The Age of Network Power

*In which the Seventh Sense reveals a fundamental insight: Connection changes the nature of an object.*

### 1.

Several hundred years ago the forces of the Enlightenment and the Industrial Revolution, like twin hammers, began working away at the roots of an ancient order. The powerful ideas of liberty, freedom of thought, science, democracy and capitalism – these all layered one upon the other. They washed, like irresistible tides, across the institutions and kingdoms and beliefs of Europe and in a process of revolution, of invention, of destruction and creation, they put a period at the end of one era, and began the very first lines of a new human story. These forces produced what we know today as the modern world: Trains knit new markets, science tripled life spans, democracy liberated politics. Confronted with this really irresistible pressure, a gulf opened. The world started to cleave. On one side were the nations and peoples that our modern economists would come to know and label as a "Convergence Club."[9] This group mastered and refined and then used the tools of their era to become industrial, democratic, scientific and rich.[10] They left the age of kings and feudal lords, of alchemists and all-knowing priests behind. At the same time, a "Divergence Club" appeared. These nations missed the essential turn. They were trapped. Old ideas, useless habits of power, inescapable history – varied shackles held them back from the punctuated shift to a new, more advanced equilibrium. Russia, China, much of Latin America and Africa – for them, the leap to being honestly modern was fatally elusive. Even today, they struggle to catch up.

We are now in the earliest stages of a shift that promises to be still more consequential than the one that enlightened and industrialized our world over several centuries after the Dark Ages. The essence of this shift is best captured by the prodigious explosion of different types of connection emerging around us now – financial, trade, information, transport, biological – and the innovative combinations that follow these and other fast, fresh links. Modern, highly-connected systems are different than those with less connection. And, as we'll come to see, they are particularly different from those with *slower* connection. We experience power through networks now, as once we experienced it through brick-bound institutions like universities or military headquarters or telephone company switches. You can no more understand the operations of Hizb'allah or China's central bank or the most valuable Internet companies today without at least this frank admission: Their

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[9] **On one side:** William J. Baumol, *Convergence of Productivity Cross-national Studies and Historical Evidence* (New York: Oxford University Press, 1994)

[10] **This group mastered:** See Joel Mokyr, "The European Enlightenment, the Industrial Revolution, and Modern Economic Growth", *Max Weber Lecture,* European University, March 27, 2007



HOUSE_OVERSIGHT_018250

power operates as much through light pulses running through fiber optic webs as it does in any physical sense. Think of the most influential geopolitical forces. The most lethal militaries. The greatest new commercial or financial efforts. All now depend on and are nearly defined by their fluency with different sorts of connection.

Networks emerge when nodes – which can be composed of people, financial markets, computers, mobile devices, drones or any lively and connectable object – link to other nodes. Networks can be defined by geography, or by language or currency or data protocols or any of a thousand particular features.[11] *People who live in Bangalore*, is a network. As is, *Switches running DNSSEC protocol on the Internet* or *Businesses transacting in Rupiah.* An engineer might say: Network power is simply the ceaseless summing, at any instant, of all these bundles of connection. Real, physical networks hum magnetically now in cities that now pulse and grow with accelerating, connected speed. New York City is network, in this sense, as is Beijing or – in a less evolved way – the Alaskan steppe. So while it's tempting to call the 21st Century the "Urban Century", in fact the billion-people a decade rush into cities is a symptom. A larger hunger for the constant knitting of lives together, for fresh and efficient connection drives us.[12] Of course completely, powerfully virtual instances of networks exist too: knit webs of computers teaching themselves how to read, or the fast, paranoid and careful buzzing of constantly alert cybersecurity firewalls. All of these systems are defined by relations. Their power comes from the number, the type and the speed of the connections they hungrily establish and then use. Networks don't merely speed up our markets, our news, or our innovation – they revolutionize the nature of their power. Broad-based interconnection can cause and even determine events.

These expanding, ever-thicker webs of data and linkage can be mapped, and taken together they reflect something we are coming to know as "Network Power".[13] By this phrase we mean not merely the Internet or twitter or crypto currencies like

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[11] **Networks can be defined:** For an excellent overview of networks the following texts are of use: Albert Barabasi, *Linked The New Science Of Networks Science Of Networks*. (S.l.: Basic Books, 2014), Mark Newman *Networks: An Introduction*, (Oxford: Oxford University Press 2010); Remco van der Hofstad, *Random Graphs and Complex Networks. Vol. I*, (Eindhoven University of Technology, 2015); Alexander R. Galloway and Eugene Thacker. *The Exploit a Theory of Networks* (Minneapolis: University of Minnesota Press, 2007), and S. Boccaletti, V. Latora, Y. Moreno, M. Chavez, D.-U. Hwang, "Complex networks: Structure and dynamics," *Physics Reports*, Volume 424, Issues 4–5, February 2006, Pages 175-308

[12] **A larger hunger:** Brandon Fuller and Paul Romer "Urbanization as Opportunity," *Marron Institute Working Paper* No. 1, 2014

[13] **These expanding, ever-thicker webs:** See Castells, Manuel. *Communication Power*. Oxford, UK: Oxford University Press, 2009; and Castells, Manuel. "Network Theory| A Network Theory of Power" *International Journal of Communication*, Volume 5(8 April 2011)



HOUSE_OVERSIGHT_018251

BitCoin – these are, of course, expressions of a kind of network power. But "Network Power" is something larger. It represents a potentially comprehensive grasp, new in human history and enmeshing billions of connected lives and tens of billions of linked sensors and machines. It is becoming, with every passing moment, more comprehensive: more sensors, more links, more points and more speed. Cascades, epidemics and interactions are ubiquitous on all these networks, producing unexpected innovation in their collisions: the weaving of genetics and databases, for instance, or of terrorism and mobile messaging[14]. Scientists who study networks call this sort of change "Explosive Percolation," by which they mean an instant shift in the very nature of a system as it passes a threshold level of connectivity.[15] This melding of nodes into a single fabric is not unlike the linking of water molecules one to another as the temperature drops. One moment you have something you can drink; the next you have ice. So: One moment you have a world of simply connected users, the next a billion-person platform like Facebook or YouTube solidifies. One day you have tumbling, angry fundamentalists; the next a linked terror movement. And because the impact of terrorism – which might be best defined as violence with an aim of causing psychological impact – depends on connection, exploding the landscape of links instantly expands its effects.[16] The network enables a new kind of terror. It changes its nature. Expands its impact. Such elemental phase transitions, where more means different, appear everywhere in linked natural systems– the formation of crystals, for example, of the collapse of an ecosystem when the last of a keystone species is hunted down. They appear on networks too. So you might say: A phase transtion lingers ahead of us in our security, our finances, our politics. The age we're entering now will be as different from the age we're leaving behind as the Enlightenment was from the dark feudal era that preceded it.

The Enlightenment's revolution of free ideas and men and trade and capital demanded a new sensibility. Our age is similar. It insists already on a fresh feeling for the power that emerges as a result of connection. There's an irony here: At the very moment when we might expect ourselves to be most free – liberated by wireless connections, by easy jet travel, by never-off communications – we find ourselves, inescapably, enmeshed and dependent. Mastery of connection turns out to be the modern version of Napoleon's *Coup D'Oeil*. Connection increasingly defines the most elemental pieces of our lives. The old individualistic, me-first instincts don't answer as well as they might once have when "me-first" now demands connection of some sort in order to get what you might want: Am education, better medical care, a pizza. What is true for the machines all around us now is true for us too: We are what we are connected to.

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[14] **Cascades, epidemics and interactions:** Dirk Helbing, "Globally Networked Risks and How to Respond," *Nature*, 2013, 51-59.
[15] **Scientists who study networks:** D. Achlioptas, R. M. D'souza, and J. Spencer. "Explosive Percolation in Random Networks." *Science*, 2009, 1453-455.
[16] **And because the nature of terrorism:** See Anthony Richards, *Conceptualizing Terrorism*, (Oxford: Oxford University Press, 2015)



HOUSE_OVERSIGHT_018252

Centuries from now, our great-great grandchildren will look back at our age and name it as we have named "The Enlightenment." Perhaps they will call this era "The Great Connection" or the "The Enmeshmnet" or somesuch. They will spot the winners and losers of our age as we do in our own review of history. That distant generation will identify a new "convergence club" emerging among us now, even if we can't quite name its members yet. Already we can see lavish rewards accumulating to the people and nations and companies who have established an early grip on this new sensibility. They understand and manipulate connective power. What they all share is a feeling, as instant and certain as an instinct, for what it means to be enclosed, constantly, by ever growing masses of connection. A set of forces, invisible to many, is now applying a merciless and grinding pressure to the familiar structures of an older age.

The struggles of our cherished institutions – the US congress, the military, the news media, our educational system, our once-inclusive capitalism – to achieve the very aims that they once elegantly and efficiently met is only the visible evidence of this shift. Buried underneath their lurching collapse is the real source of this change, a new connective energy. Power is now passing with a rippling, ripping energy from old, once-useful people and institutions and ideas and into these new platforms and protocols, built for an age of connection. If this passage has so far only wiped out encyclopedias, telephone companies or taxi medallions, it is merely because it is just beginning.

2.

The Seventh Sense, in short, is the ability to look at any object and see the way in which it is changed by connection. This is *the* essential skill. Whether you are commanding an army, running a Fortune 50 company, planning a great work of art or thinking about your children's education. You need to be able to look at a car, a hotel room, a share of stock, a language, a translation machine and say to yourself: Connection changes the nature of an object. It changes the nature of every object around it. This book is the story of just how and why that happens and of the way in which an instinct for this power now rests behind the fattest fortunes and the greatest successes of our age. Connection changes the nature of an object means connection changes the nature of your life, of mine, of our government, of the wars we fight and the peace we secure. The heart of the problem ahead of us is not small. It is nothing less than the most significant shift of power balances since the Enlightenment and the Industrial Revolution. How high are the stakes? If the Enlightenment is our reference, then I think we can say they are nothing less than total.

Of all the Seventh Sense ideas, this single concept is the most fundamental: *Connection changes the nature of an object.* A medical diagnostic machine is impressive; one that is connected to a database of information that can accelerate and improve or perfect a diagnosis is revolutionary. The act of linking our bodies, our cities, our ideas – everything really – together, introduces a genuinely new dynamic to our world. It creates hyper-dense concentrations of power. It breeds



HOUSE_OVERSIGHT_018253

fresh chances for complex and instant chaos. The emergence of surprise, tragedy, of wealth and hope will be more common now than in less revolutionary times. To follow the logic of the French philosopher Paul Virilio, for a moment: *The train produced the train accident. The plane produced the plane accident*[17]. Surely we can count on the network to produce the network accident – and many of them. In such a world the question of what you "have" – by which I mean what you are connected to – determines what you "are." You have friends on a social network. The US has a currency platform. Some new startup has an artificially intelligent machine. We all have possibilities and vulnerabilities we only dimly understand.

The great insight of the Enlightenment was that the nature of an object – a person, a piece of land, a vote, a share – changed when it was liberated from old fetters of tradition, ignorance, habit or fear. That single shift triggered centuries of disruption, of wars, of creativity and great human advance. The world realigned itself. The Seventh Sense era will be similar. When we are connected, power shifts. It changes who we are, what we might expect, how we might be manipulated, attacked, enriched. It is too early to map with any real fidelity the landscape that will emerge as a result, but we can say at least this: The nature of an object, *any object*, changes when it is connected. We need to say too: We are relatively early in our age of connection. It's not just that so much of the world remains to be linked; it's also that the nature of connection itself is changing. It is becoming instant. It is increasingly sharpened and enhanced, we will see, by the use of artificial intelligence. Basic connection is a powerful force; instant, AI-enabled links? You can imagine it must be something else entirely.

Let's take as an example a tool you're using right now, the English language. Any language is an "object" of sorts, a tool whose power depends on how and where it is used. Just as widespread use of the dollar or the British Pound or gold – for trade, for finance or for stashing under mattresses – marks a network of economic exchange, so English is a mesh for information sharing. When Spanish and Lebanese and Russian researchers gather to design a drug molecule, when astronauts talk in the International Space Station, when bankers settle finance policy in the midst of yet another unexpected crisis, they are using a powerful, standardized, shared tool that makes their work possible and efficient. English in this role, like French before it, has an appealing leverage: The more people who use it, the greater the incentive to learn it.

But when we think of English in a network sense, we see it is more than simply an object. It's a means of connection, something that information scientists call a "protocol". You may know the word from the realm of diplomacy, where protocols ritualize and decide everything from where the President sits at a dinner to how a letter must be addressed. In technical terms a "protocol" is also a rulebook too. Some network protocols you may have heard of – HTTP, DNS, SWIFT all serve as links in this sense. They translate digital bits into organized web pages, secure

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[17] **To follow the logic:** Paul Virilio and Philippe Petit. *Politics of the Very Worst: An Interview by Philippe Petit*. New York: Semiotext(e), 1999



HOUSE_OVERSIGHT_018254

packets or financial vouchers. Protocols embody shared rules. Their subtle, decisive power is to place each bit of data in a reliable, predictable order, just as diplomatic protocol might seat ambassadors at a negotiation. "Protocol," the theorists Alexander Galloway and Eugene Thacker have written, "is a system for maintaining organization and control in networks."[18]

In a world of older, more traditional power distributions Americans might worry about a day when another language, another "protocol" in a sense – Chinese or Spanish, say – would pry the central connective role away from English. Protocols are hard to change, of course. So many people have learned English; whole systems depend on its use. To suddenly switch the world's airline pilots, bond traders and computer programmers to Chinese or Spanish would hardly be worth the immense cost and the colliding confusion such a transfer would demand. But it's here where the Seventh Sense axiom, that connection changes the nature of an object, gives us a new view. For the first time, as a result of connectivity, a once unimagined possibility exists: rapid, real-time machine translation. Fast, ubiquitous network links mean that the central role of English is boiled away by another language than by a connected, intelligent network skin. "Good morning," is less likely to be overtaken by a greeting from some other language as it is to be effortlessly, invisibly transmuted into "早上好" or "Buenos Dias." Fast access to a great translation algorithm will be more important than the ability to speak English (or Spanish or Chinese). Even as an advocate of learning other languages, it's hard not to feel that the American parents now plowing their children urgently into Chinese classes are missing the point. Fluency in any second language in the future will be an arcane specialty. Better to teach the kids how to build an AI, or to debate the moral reasoning of Confucius and Socrates than how to order dinner. The machines will take care of that. Power in a connected age will pool, then, not in the mouths and minds of English speakers, but rather into the hands of anyone who controls the best translation server.

Connection has changed the nature of several objects here: The language itself, the people who use it – pilots, commodity traders, machines, you and I. You can see how the ability to design, build and turn on (or off) the fastest, smartest, most connected language machines becomes a nexus of fresh power. What will replace English isn't Spanish or Chinese, but a protocol. This sort of specialized data-pipe will permit instant, always-improving translation. It will become as crucial to the operation of the global economy or research laboratories or entertainment companies as English now is. *More* crucial, in fact, because these machines will enable vast new communication links with a fidelity far better than pidgin-level speech. They will consider not only what we say, but what they suspect we *mean* to say in the quest of ever clearer discussion. The pre-network instinct of *Fear Chinese! Fear Spanish!* is the wrong one. As is the idea to teach the world Chinese or Spanish as a source of power. Rather, *Can we control this turbo-smart connected language platform?* is the right question. So many of the threats we worry about today have been similarly

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[18] **"Protocol":** Alexander Galloway and Eugene Thacker, "Protocol, Control, and Networks" in *Grey Room* 17, Fall 2004, pp. 9



HOUSE_OVERSIGHT_018255

simplified and misplaced. *Fear deflation? Fear ISIS? Fear the RMB?* What we should be contemplating with great care is the connected skein that enmeshes us and all these connected knots of worry. We will see, over and over again, the way in which connection shifts, alters and even destroys the way an object moves and lives. The main point here is straightforward: New links, exploding into operation around us everywhere now, alter everything from how terrorists operate to how investments perform. And the failure to spot, use and understand that fact will be a source of our biggest future tragedies. Do you feel the global economy is more stable now than in 2008? Are we less susceptible to terror now? Is your data more secure than in the past? What do all these problems have in common?

Perhaps we're targeting the wrong things.

3.

If the idea of a Seventh Sense for our changing world is quickly apprehensible enough – *It's that gut feeling that seems to animate wild new businesses or attacks or risks* – the deeper logic will be harder to name and master. We will have to consider the most ancient instincts for power and safety in light of the very newest technological experiences: speed, machine intelligence, really constant connection. "Instead of thinking in terms of surfaces – two dimensions – or spheres – three dimensions – on is asked to think of nodes that have as many dimensions as they have connection," the French philosopher Bruno Latour has written of a network age. "Modern societies cannot be described without recognizing them as having a fibrous, thread-like, wiry, string, ropy, capillary character that is never captured by the notions of levels, layers, territories, spheres, categories, structures, systems."[19] Familiar borders, like the ones dividing science and politics or military power and civilian safety begin to erode when everything is linked. Computing machines and networks were once locked into usefully narrow silos, unconnected: banking, medical monitoring, power grids. In the past you could mark them as having "levels". But now they overlap and inform each other, meshed into that stringy surface Latour describes.[20] The Seventh Sense is a feeling for just how this world might be navigated; how those fibers might be pulled and yoked to new purposes.

This multitude of interwoven links is why networks and their pieces spill now even into the non-digital elements of our life, from how we grow our food (with GPS-guided, self-driven tractors) to how we fight our wars (from a distance, using constantly connected drones.) As a result, many of the technical choices we're about to make will be strikingly political. Who has access to what data? Where is the line

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[19] "**Instead of thinking"**: Bruno Latour, "On actor-network theory: A few clarifications," *In: Soziale Welt47* 369-381

[20] **Now the overlap and inform:** Richard Mortier, Hamed Haddadi, Tristan Henderson, Derek McAuley, and Jon Crowcroft, "Human-Data Interaction: The Human Face of the Data-Driven Society", *Social Science Research Network* (October 1, 2014)



HOUSE_OVERSIGHT_018256

between human choice and machine intelligence? Why is one computer system better than another? These decisions – and the people who make them – will determine power distributions. They will reverberate through our future with the same constant noise as the Bill of Rights, the Magna Carta, the Analects or the Koran still do. The real contests ahead will be over networks, and we will come to understand in this book how these struggles will unfold and how to fight them – but keep in mind that this means, in fact, a deeper conflict. A fight about values. Networks are like any organized system; they reflect the aims and ethics and habits of the people who build them. The price of meshing so many different aims and sensibilities, hopes and hatreds, will be costly. When Nan said that really, fully grasping our world would be *expensive* this is what he meant. Particularly if he's right that we'll all be going half mad under the pressures of constant connection as we try to make the shift. We will pay with our old ideas, our current fortunes and – if we're not careful – our safety.

Engineers know this idea that network design shapes the real world as "Conway's Law."[21] Melvin Conway was an early AT&T systems designer who noticed that the organization of any connected telephone system had an impact on the communities or offices it touched. Who could call who was a kind of power map. The physical world, Conway realized, could be shaped and influenced by something other than a physical force; it could be reshaped by information flows, by connection. The expansion of airline routes to Indonesia, for instance, was a network design change that tilted real-life economic patterns. New flights enabled tourism, manufacturing, investment. In our connected age, the design of research studies, voter databases, genetic information sharing networks, financial webs – all of these will create bumps in the surface of our every day lives.[23] The way in which phones or data links or mobile devices are tied together changes the way we act when we use them or when we handle them to touch each other, even if the design of these systems is insensible to us most of the time – the way a marble under a carpet might create a surprising bump. Networks can organize themselves in many different ways. And in the choice of layout, or the evolution of that layout in response to pressures of profit or technology, a great deal can be decided. "When you decide what infrastructure to use for a project, you're not just making a technical decision," the programmer and investor Paul Graham has written. "You're also making a social decision, and this may be the more important of the two."[24]

You might ask: What drew tens of millions of people to watch live as Steve Jobs unveiled some new Apple device in the last years of his life? Of course, partly it was the cool technology, the warmly charming charisma of the man. But something else was at work, I think. What Jobs was unveiling atop those black-backed stages over

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[21] **Engineers know this idea:** Melvin E. Conway, "How Do Committees Invent?" *Datamation,* April, 1968.
[23] **In our connected age:** Barbara Schewick, *Internet Architecture and Innovation,* (Cambridge, Mass.: MIT Press, 2010) Chapter 1
[24] **"When you decide what infrastructure to use":** Paul Graham, "Great Hackers", on paulgraham.com July 2004



HOUSE_OVERSIGHT_018257

the years as we waited for him was nothing less than whole new worlds, connected landscapes that emerged entirely from systems Apple was secretly breeding. He wasn't merely introducing a phone; he was changing how we were going to experience life. "Every once in a while, a revolutionary product comes along that changes everything," Jobs began his famous rolling introduction for the first iPhone in 2007. "In 1984 we introduced the Macintosh. It didn't just change Apple. It changed the whole computer industry. In 2001 we introduced the first iPod. It didn't just change the way we all listen to music. It changed the entire music industry." Apple devices were cracking open paths to whole new worlds in this sense. The company develops an app for podcasts; a new media form is born. It builds an architecture for video calling; our relations to each other deepen a bit. What Jobs was presenting was new and – until that very instant – unimagined universes of possibility that we'd all explore. No wonder the world tuned in.

When we speak of "architecture" in a digital sense we mean the design of the inside of a computer – how the chips link to each other – or the layout of a phone system, the mechanics of a block-chain or encryption tool, or the ethereal construction of a datascape so it can be better used to train artificially intelligent programs. These are design choices that, just like the ones about where to put a door or a freeway, conclusively decide and shape movement. They affect speed. Politics, social norms, technological needs – these and other forces all shape the architecture of digital systems. But –and this is where a new sensibility comes into play – the architectures, in turn, touch and twist politics, social norms and technology. Instant communication, social webs, fast-spreading news – all of these forces redound powerfully on the real world. They affect how we think and act. And, as a result, controlling these connections is a profound source of power. It's also true that architectures and designs dropped into different places have different results: Think of how an open computer system plopped into the Middle East might be used differently than one placed in the American Midwest.

It was these sorts of vibrations, the ones made by power pulsing through certain forms or networks in history, that led the Orientalist scholar Karl Wittfogel to his famous "Hydrological Hypothesis" in the last centrury. Ancient agrarian societies – Egypt or China, for instance – developed political orders that were decided by their need for large scale irrigation, Wittfogel explained. Without water, these societies were dead. Without control of that water? Exposed to constant chaos. Chinese dynasties tumbled and Egyptian prosperity collapsed as unexpected, unpredicted droughts and flooding tore them apart. Taming water became the aim of all politics. An unusual centralized effort emerged. It screwed these scattered, nomadic societies into a tight, enduring and largely effective authoritarianism. Wittfogel argued that the "irrigation societies" of Egypt, China, Mesopotamia, and South America all reflected this link between survival and water control. Power pooled in the hands of what he called a "Hydraulic Bureaucracy". China's "Yu the Great", for instance, rose to power around 2800 B.C. because of his skills in throttling the unpredictable and deadly Yangtze flows. "Contrary to popular belief that nature always remains the same," Wittfogel wrote, "nature changes profoundly whenever



HOUSE_OVERSIGHT_018258

man, in response to simple or complex historical causes, profoundly changes his technical equipment."[25]

Control of water in those ancient ages and control of information in our own are not so different. We are in the midst, after all, of a change in our own "technical equipment." We should read Wittfogel with one eye on our own age, particularly his warnings. "Like the tiger, the engineer of power must have the physical means with which to crush his victims," he wrote of those older orders. "The agromanagerial despot," he said of the masters of those connected water systems, "does indeed posses such means." We should ask: Are we watching the emergence of an infomanagerial despotism? Who controls the dataflows we rely on now? The protocols?

If we want to earn an honest understanding of how power works now, we need to begin by looking under the carpet in for the marbles, in a sense. We need to touch and follow the networks themselves, observing their construction and flow as Wittfogel once traced the transmutation of ancient water systems into the politics of an earlier age. We too need to go down, inside the connected systems of our era before we can come back up and begin, confidently, to act. That journey won't always be easy because it will require us, as we'll see, to consider some ideas that make no sense using our current way of thinking. But, remember: The idea of a democracy sounded like a laughable joke to hereditary heads of state until the 18th century – *Let the peasants vote for what they want?* The implications of our new networks will set uncomfortably against many of our own habits and biases – or at least what we've been told our habits and biases should be by an older generation. But once we have mastered this new instinct, there will finally be a day after which we will look at the world and really feel the new logic at work. We'll be Napoleon, not Brunswick-Wolfenbuttel. And from that day on, everything will honestly be different.

4.

We are still early in this age of network revolution. It was less than 50 years ago, after all, that the first digital communication switches emerged. Today, devices, places, people – are all losing what we might think of as their innocence of isolation. The "Internet of Things" will expand the range of connected devices – phones, refrigerators, heart-lung machines – from 10 billion today to 50 billion in less than a decade. And even with 50 billion connected points only 2 percent of the world's people and devices and locations will be linked[27]. The analysis of this linked space is a young discipline, younger even than the nearly newborn technologies at play. It was only in the mid-1990s that the first sophisticated studies of "network science"

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[25] **"Contrary to popular belief":** Karl August Wittfogel, *Oriental Despotism; a Comparative Study of Total Power* (New Haven: Yale University Press, 1957)
[27] **"The Internet of Things":** See "The Zettabyte Era – Trends and Analysis" from Cisco Systems (San Jose) 2015



HOUSE_OVERSIGHT_018259

became technically possible. They have since become essential, as crucial to our network world as the first maps were to explorers centuries ago. Fundamental papers, by now-legendary researchers like the mathematicians Steven Storgratz and Albert-Lazlo Barabasi or the biologist Simon Levin, identified simple laws running in single networks. The Internet, financial markets, jungle ecosystems and even our own brain connections were found to exhibit similar, often surprisingly common habits.

Unfortunately, most of our leading figures still think in terms of disconnected dangers, of risks that can be reduced to nouns: Atomic bombs, fundamentalists, hacks. To be sure plenty of these sorts of dangerous nouns confront us now. But the sharpest edges of our problems come from the fact that these nouns are part of networks, which spring them into connected, surprising action. Computers, airplanes, derivatives – they snap and break systems when connected into cascading, fast threats. When Master Nan spoke of spiritual illness, I think this is particularly what he meant. Total confusion about our world, followed by all the emotions of the lost: anger, denial, irrationality. "A commander in chief," von Clausewitz wrote of an older age of land warfare, "must aim at acquiring an overall knowledge of the configuration of a province, of an entire country. He must hold in his mind a vivid picture of the road-network, the river-lines, and the mountain ranges without ever losing a sense of his immediate surroundings."[28] This sort of command mastery is still relevant in an age of networks. It is as important for the design and operation of our economy, our politics, our data and our security as it is in considering problems of war and peace. But who of our current leaders holds in his or her mind such a vivid map of the ethereal and essential networks running around us now? Who owns that subtle overall knowledge and then acts with the confident sensibility such wisdom would produce?

At this early moment in a new revolution, our leaders are blind. It's not simple technical fluency that eludes them – though this is among the most embarrassing of their deficits. It's that avoiding cyber accidents, controlling the spread of nuclear weapons, handling global warming, stemming fast financial crises, restoring equitable economic growth – all of these puzzles yearn to be tackled with a new sensibility. Not least because often they are *produced* by a fresh set of links and instincts. These problems linger not as independent fractures on a solid base, but rather as markers of spiderwebbing, connected cracks pressing out on knotted up networks. It is only by tackling them with network ideas that we can hope to make progress. That the rise of ISIS and the forces of global income inequality are driven by the same laws can only be understood with a knowledge, or better an experience, of connected power. Our leaders are preparing us to fight expensive new wars we need not fight, to confront enemies who might best be regarded as partners – even as they flail at the to corrosive problems of a new, emerging order simply because they can't see or feel the essential links of power that are, even now, making the familiar dangerous and the dangerous familiar. "We got to know the *nature* of calculating by learning to calculate," the Austrian philosopher Ludwig Wittgenstein

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[28] **"A commander in chief":** Von Clausewitz, p 110



HOUSE_OVERSIGHT_018260

observed in his "On Certainty" at the end of his life.[29] So with networks. We will get to know their nature by learning to use them. By watching what they do, observing them in their surprising movements. We know at least already that puzzles like the future of US-China relations or income inequality or artificial intelligence are simply not addressable with traditional thinking because they occur on a network surface now. Old-style ideas about each of these will likely lead us down dangerous paths. Our leaders today are, as a result, imperiling us in ways they can't even understand. Honestly, these figures are not mentally prepared to fight any sort of battle on this landscape. They probably never will be.

I'm not saying effective leadership now demands you know what "the instantiation of a class" in object oriented programming means – or that you master the technical roots of some other crucial, philosophical idea of connective design. But a feeling for the laws of networks, for the normalness of connection and the pressures that it produces is essential at least. That the terrorists of ISIS or the founders of gaming app companies are better at growth hacking – the subtle art of using data, connection and instinct to breed massive virtual communities – than our own institutions or our leaders should unnerve us for a couple of reasons. First, because it demonstrates a mastery of new power tools that move with astonishing speed, assembling nation-sized movements and forces in incomprehensively brief periods of time. But we should also worry – and this is as crucial – because that fast pace is colliding with a set of slower-moving instincts, institutions and people who still control substantial levers of power.

At the same moment in time that many of us are alive with the joy of being around something that is beginning, most of our leaders are locked sadly or with terror into the ending of something else. Same exact moment. Different instincts. It reminds me of Virginia Woolf's novel of transitions, *The Years,* when the once-commanding Colonel Pargiter finally passes away, liberating his daughter Eleanor into a world of adventure even as the change dooms Crosby, the family's long-serving maid. "For Crosby, it was the end of everything," Woolf wrote. "She had known every cupboard, flagstone, chair and table in the large rambling house, not from five or six feet distance as they had known it; but from her knees as she had scrubbed and polished; she had known every groove, stain, fork, knife, napkin and cupboard. They and their doings had made her entire world. And now she was going off, alone, to a single room at Richmond."[30] The people now lamenting the decline of television, of newspapers, of a disconnected age, who are baffled by constant connection or apps of the moment or machines that learn should be given their quiet moments with the old structures. They knew that world from their knees, built and maintained it as much for us as for them. Elements of that slower unconnected era must be

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[29] **"We got to know the nature of calculating":** Ludwig Wittgenstein, *On Certainty* ed. G.E.M. Anscombe and G.H.von Wright Translated by Denis Paul and G.E.M.Anscombe, (Oxford: Blackwell 1969)
[30] **"For Crosby":** Virginia Woolf, *The Years,* (New York: Harcourt, Brace & Jovanovich, 1937) p. 216



HOUSE_OVERSIGHT_018261

preserved. But, also, we must move on. These people will never grasp the opportunity that lingers in front of us now.

This book is not, in any event, written for them. It is written for those of us who are inheriting the possibility of their inventions, the price of their errors. And it is aimed too at the people and the generation who are coming to power and who are – in some senses—already in power, even if they don't appear to be just yet. By this I mean the cohort bred into the age of connected acceleration; the first generation of leaders and students and warfighters and entrepreneurs to not find the digital strange, but to find it natural and curious and wonderful in its power. It is written for those who will have to manage machines that are smarter than humans, networks that move faster than we can calculate, and cascades of chaos and conflict and creation as this new era settles in. It is for anyone too who has ever begun to speak about the strange tensions of our age, who has begun maybe with the lines, "Maybe I'm sensitive or something, but…" as they feel the tickle of their own lives, minds and cells increasingly intertwined, electrified. It is written for those afflicted with an aching feeling that we're being torn apart. Pulled into foolish conflicts and dangerous failures by old figures who don't understand this age. Pulled into sacrifices of liberty and freedom by young technological wizards who can't balance the miracle of their cold inventions with our hot, human needs for freedom and control.

But I should say too that this book is not, either, a full-throated endorsement of the technological elite. Yes, it's wonderful that we are at the beginning of a new period. But it's not quite right to say that *where the network age begins, the old one ends.* In fact, that's a dangerous conclusion. To begin with we're at an extremely primitive point in our understanding of networks, comparable to where economics was in the 1800s or medicine centuries ago. We have a small, modest collection of tools to analyze and think about and consider the complex physics of a networked world. We barely understand the operation and evolution of many single networks today – and really only sort of grasp one or two types of design with any real depth. But networks of networks? Instant networks? Artificially intelligent ones? We have basically no laws or experience with these yet.

The headlong rush ahead into a world of constant connection will, of course, be balanced, resisted, braced against, undermined, fought and manipulated. Networks touch everything, remember? The idea that such elemental control – of you, of me, of our finances or our nations – would move with anything less than a few explosions is naïve. Revolutions don't occur quietly. Consequently, the very thing that makes many of the greatest tech minds of our age magnificent – a sense of unstoppable determinism, a disregard for history, a slavish and instinctive urge to follow what we'll come to know as a Seventh Sense – is a bit of a disadvantage at times. I know many of these men and women; their iron certainty is only a bit more dazzling than the success they have had in building something from nothing in a human instant. But that confidence in the new leads already to crushing collisions with the sorts of older ideas – privacy, localism, slowness – that echo throughout



HOUSE_OVERSIGHT_018262

mankind's history precisely because they touch in subtle ways on the human heart, on what it means really to live.

A friend of mine who runs one of the leading technology firms told me of the unnerving realization that the most important figures at the firm were under 25 – and no senior person had much of an idea about what they were doing. This is an inversion: Usually in a society the most power accrues to those with the most experience, and judgment and perspective. Today, tremendous even decisive influence clusters in the hands and machines of a young caste whose very fluency with the norms of a revolutionary age blots out a whole set of important connections, a group that instinctively feels networks but is deaf to the music of philosophy, history and even tragedy that should inform the operation of so much power. To love risk, to love creating and building – this is fine. Wonderful even. But it's also not enough.

"It happens that programming is a relatively easy craft to learn," the MIT scientist Joseph Weizenbaum observed in the 1970s, as computers emerged into academic life. "Almost anyone with a reasonably ordered mind can become a good programmer with just a little instruction and practice. And because programming is almost immediately rewarding, that is because a computer very quickly begins to behave somewhat in the way a programmer intends it to, programming is very seductive." The mistake, Weizenbaum warned, was to think that easy programming of a machine was really a predictor of anything other than getting a machine to follow commands. It didn't mean easy programming of a complete operation. Or of science. Or, godforbid, to think you could easily program the world. Programming, he warned, "appeals most to those who do not yet have sufficient maturity to tolerate long delays between an effort to achieve something and the concrete appearance of success. Immature students are therefore easily misled into believing that they have mastered a craft of immense power and of great importance when, in fact, they have learned only the rudiments."[31] Tempting as it may be to call for our world to be turned over to entrepreneurs or technocrats, to let their tools of wired efficiency tear with a fast disruptive enthusiasm into our politics and economics, the reality is that the world (thankfully) does not respond like a cold machine. That delay between an effort to achieve something and its realization that Weizenbaum mentioned, it's the essence of being human. The delay is filled with worry, hope, debate, exploration, error, success. In short, it's a hitch that should never be ground out of our system, no more by technology than by authoritarian or totalitarian or fundamentalist doctrines that have ever promised instant solution to any problem. "Just let the entrepreneuers do it" or "Just let the machinces do it," is no more a solution than "Just let the Nazis handle this," could have been.

So this is our dilemma: Old, white-haired, network-blinded leaders (and young figures who think like them despite their age) pull us from Washington and other

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[31] **"It happens that programming":** Joseph Weizenbaum, *Computer Power and Human Reason: From Judgment to Calculation*, (San Francisco: W.H. Freeman 1976), 276



HOUSE_OVERSIGHT_018263

capitals and traditional power centers into a world where their ideas and policies constantly fail. They don't understand networks; never will. At the same time a new, rising generation lashes us into connected and amazing meshes. We welcome this connection. Centered in Menlo Park or Seattle or Zhonguancun or Shenzhen, these figures understand networks perfectly, but not yet much else. Old and new, each group works anyhow on our freedom. We are pulled dangerously between these forces. Problems seem to get worse. What we need to find is a way out of this trap. A fusion. A blended sensibility of both the edgiest ideas of connection and the most unshakeable and brutal and inarguable requirements of power. This is the Seventh Sense. It is our only possible protection.

5.

In the last century, as the economist Fredrich Hayek watched Europe both struggle against and flirt with the then-appealing ideas of Nazi and Soviet socialism, he marked the fundamental conflict of his age as the one between individual liberty and central planning. Recall that at that moment in history, the 1930s, America and much of Europe were in deep depression, their political systems struggling. The rapid growth in the USSR and Germany looked awfully appealing to many. The political stability of totalitarian ideologis had a certain placid charm in some quarters. But, Europe was, Hayek argued, walking nothing less than a road back to serfdom. Was man happier, better off, more justly fulfilled by the chaos of a market and democracy or in the orderly machine of authority, of clicking heels and machines? Hayek voted with his feet. He fled the Nazis in 1938, and he worried for the rest of his life that in the attempt to manage the risks of free markets and minds, the Europe he loved was running into socialism. "Is there a greater tragedy imaginable," Hayek wrote, "than that we should unwittingly produce the very opposite of what we have been striving for?"[32]

Hayek thought two safety catches of might protect mankind from the totalizing control habits of Soviet-style thinking: First, an unkillable human instinct for individual freedom, the squirm humans have always shown under the boot of too much authority. And, a second protection he thought, would be the really terrible, absurd inefficiency of centrally planned systems. No bureaucrat, no economist, could possibly out-perform the productive chaos of a market or an election in the long run Hayek felt. Finding the right price, matching supply and demand – it was impossible to think this could be done by some technocrat in a room somwhwere. This was what markets were for. This is how they encouraged profit, free-thinking, invention. Chuchill's famous line, that "Democracy is the worst form of government except for all the others," contained a certain truth: civilizations, yoked by democratic and market rules, reached more durable outcomes than despots or oligarchs. Hayek, as we look at his judgment now, was correct. People wanted to be free; the dream of central planning collapsed under its own weight with the USSR in 1989.

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[32] **"Is there a greater tragedy":** F.A. Hayek, *The Road to Serfdom* (Chicago: University of Chicago Press, 1994),



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In our own age, a fundamental conflict lingers as well. This is the struggle between individual liberty and connection. We have to ask a version of Hayek's question: Are we happier, better off, more justly fulfilled through ceaseless linkage to the fast systems all around us? The appeal of constant connection is not a mere economic fact. It's become a feature our personalities and psychologies and even the biochemistry of our brains. To be disconnected, in so many senses, *hurts*. And while the human twitch for freedom remains as alive as a protection for us all, Hayek's second safety catch is eroding. Networks of deep connection, speed and intelligence will be powerfully more efficient than central planning; they know more than any central bureacrat might have. And they may yet be even more productive at times in their connection and intelligence than our existing structures or markets or electoral systems. Think of the way centralized, linked dispatch systems make a "sharing" economy of on-demand cars and rooms available in ways the market itself could not. Similar alluring evolutions lie ahead in medicine, in finance, in politics. The temptation to throw all in for some sort of technological political fusion, one that promises better returns on our time and money in exchange for our liberty, will grow. When we depend so much on connection for our identity, our work, and our safety how far from John Stuart Mill's line from *On Liberty* might we tread: "Over himself, over his own body and mind, the individual is sovereign."[34] Are we sovereign over our own bodies and minds? Over the machines? This is not a puzzle today's power class can or should touch. They may accidentally lead us to disaster. Hayek's fear, that in pursuing one end (freedom) leaders would secure its opposite (tyranny), is what we should share. The tools of the network age are ripe for misuse. In some senses, they are built for misuse: They are opaque. They are blindingly fast. They seduce and enmesh us with their new power. They demand, as a result, new sensibility for their final control.

There are many ways we will explore the Seventh Sense. The rise and fall of startup technology companies or terror groups or epidemics will lead us. We will examine, carefully, the tensions of a network age to understand where the cracks are coming from, and where new ideas are emerging. But I'm trying at least to write a bit with that challenge of Master Nan in mind. If we are, really, facing an ephochal change then we should handle the problems of our era with particular care; we should study the opportunities with real urgency. Two hundred years from now when the great companies and billionaires and revolutionaries of our age are crushed down below the horizon of history, it is the massive movements of states and populations that will remain, with their awful or wondrous traces. Will we live in an age of war or peace?

Is that something we can actually decide?

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[34] **When we depend so much:** John Stuart Mill, *On Liberty and the Subjugation of Women*, (New York: Penguin Classics 2007) 19.



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HOUSE_OVERSIGHT_018266

Chapter Three:

War, Peace, Networks

*In which The Seventh Sense reaches towards the questions of war and peace and power that will flavor our lives, like it or not.*

1.

One afternoon in the fall of 2009 I received an unexpected call from the Pentagon. The US was, then, nearly a decade into the wars of Afghanistan and Iraq. Each, in its own way, possessed a strange and shifting character, the sort of dim premonition of a greater violence that has always most unnerved warriors and politicians. The old soldier's saying – *Fear chaos as much as the enemy* – seemed to animate, constantly, the progress of these two fights. Once, before I gave a speech to an audience of newly promoted one-star generals in 2010, a four-star general pulled me aside for a moment. He explained that I'd be speaking to a crowd of officers who had come of age pacing the murderous streets of these wars, watching soldiers under their command killed by an often invisible enemy. "You have to remember that these men have been seared, *seared*, by a decade of combat," he said. The best American military minds had tried, with characteristically direct and relentless energy, to box the wildness of these wars. In books and papers and thousands of patrols, through millions of hours of language training, and endless risky nights, they had tried. It never quite seemed to work. There would never be a durable sense of mastery. The wars, which appeared a certain and unfairly tilted fight to American victory at the beginning, had run longer than any in the nation's history. They were engines of chaos and fear.

The American Marine Corps General Victor Krulak once observed, "The war you prepare for is rarely the war you get," and you could find this phrase whistling through the years of American combat after 9/11[35]. One of the lessons of both Iraq and Afghanistan – and of the post-World Trade Center wars generally – was that the Pentagon and the fighting services had been unready for what they faced. Soldiers had arrived in Baghdad with forest-colored uniforms, thin-skinned transport, tank-led battle plans – all wrong and mostly dangerous. The most feared weapons system of the era told you something of the tone of the new millennium's wars: $50 to $100 Improvised Explosive Devices (IEDs). Hidden smashups of dynamite, duct tape, cellphone detonators and as much stubbly, impaling iron as could be found. They were impossible to deter. Rapidly deadly. The IED threat, one officer later reflected, "is a contemporary example of conventional militaries being confronted with a tactical surprise with operational—if not strategic—implications." [36] Like so much in

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[35] **The American Marine Corps General:** Victor Krulak, "A New Kind of War", in *First to Fight: An Inside View of the U.S. Marine Corps* (Bluejacket Press, 1984) 179

[36] **The IED threat:** Andrew Smith, "Improvised Explosive Devices in Iraq, 2003-09: A Case of Operational Surprise and Institutional Response" *Letort Papers* (Carlisle, PA: Army War College April, 2011) 9



HOUSE_OVERSIGHT_018267

our age, small-sized problems were spilling rapidly into crises of strategy. One hot battlefield instant – an explosion under an armorless truck, say – could freeze the operations of a billion-dollar division. Nearly everyone begins to ask, sometimes out loud: *Why did that happen?* Followed pretty quickly by: *What the hell are we doing here?* The little bombs were shaking more than the Humvees.

Walking into the Pentagon, one is struck by cascading sensations of immensity and volume and, frankly, gravity. Surely, you reflect, there must be someone here with a plan for everything? But there was not; there is not now. Yet the massiveness, the ineffable historical density and weight of American power, is so breathtaking that its frequent impotence in the face of a changing world represents a particular and unforgettable and, well, searing shock. The soldiers who had experienced those cold, failing nights at the edge of superpower rippled with unease. This was the slim comfort of life inside big, old and lamed structures confronting the fast, blithe and unstoppable future.

By 2009, with the wars in Afghanistan and Iraq settling into a low boil, America's generals again began wondering what other cracks were spreading around the world. The Unknown and the Future seemed to have an uneasy parallel meaning. The diplomats worried about this too, of course, but with soldiers dying every day, the questions had a particular urgency for the military. The top of the command chain asked incessantly about what they might be missing. What fissures were running even through their own building, masked by its scale but waiting quietly to make their best plans look foolish and dangerous? And: How they could possibly confront this world with 30% less of what they had a decade ago? They made a few phone calls. I received one of them.

2.

It was hard not to notice, if you picked up one of those incoming queries from Washington and were asked to draft your views on how this uncertain world might be approached, that one of the main aims of the American military in recent years – reducing the number of terrorists – appeared to be backfiring. This was an irritating feature of many global problems. In spreading market capitalism ever wider, the world was also digging an ever wider moat between rich and poor, for instance. In trying to make the world modern with more connection we were, we found, lashing ourselves to some very unmodern risks. And in waging the most expensive war on terrorism in human history, the US was uneasily discovering that it was creating more terrorists. Secretary of Defense Donald Rumsfeld had sketched the nature of this puzzle in an October, 2003 memo with acid clarity. He asked: "Are we capturing, killing or deterring and dissuading more terrorists every day than the madrassas and the radical clerics are recruiting, training and deploying against us?"[37] Though

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[37] **He asked:** Donald Rumsfeld, memo, 16 October 2003, available at globalsecurity.org.



HOUSE_OVERSIGHT_018268

this was a simple question, nearly fifteen years into the wars it was still hard to answer. There were a lot of dead terrorists. There were also a lot of new ones.

As the war against terrorism had progressed in the years since 2001, it had produced at least this: a huge amount of data. Inside the Pentagon, analysis teams poured over records of phone calls and text messages. They examined maps of personal relations, and studied granular statistics about who had been killed and why and when. All of this information went into targeting computers and databases, and what became more and more apparent with each passing year was that the spread of terrorism after 9/11 looked like nothing so much as the spread of a disease. This was, at first, no great insight. After all, revolutionary ideas, dangerous ideologies or just plain panic often look like epidemics. But what was shocking as you studied the Pentagon numbers was the speed of this infection. Disease epidemics, even the most virulently aggressive ones like Ebola or drug-resistant tuberculosis, move at the pace of human contact; they can be watched and blocked and even quarantined. But the contagions associated with terrorism were warp-driven to a pace well beyond what the soldiers and analysts could match or even fully monitor. "Is our current situation such that 'the harder we work, the behinder we get?'" Rumsfeld asked in 2003.[38]

To be constantly behind. This was a commander's nightmare. Among other things it was that sense of never quite catching up that had so seared the new generals in the audience of my speeches. But it seemed to be an inescapable reality. One day a guy in Baghdad would figure out how to make an Explosively Formed Penetrator (EFP) – a sort of pipe bomb that becomes a flying chunk of red-hot steel and can smash through a tank from 100 yards away – and ten days later the same design of projectile would take out an official thousands of miles away in rural Afghanistan, before US troops had had a chance to update their defenses.[39] *Behinder.* An American commander would arrive in a new town in Iraq, receive a briefing about who he could really trust, and discover a week later half of them were showing up on terrorist call logs. *Behinder*.

The Americans knew why this was happening. The data made that clear enough. The proliferation of roadside IEDs, for instance: Obviously there was Al-Qaeda Institute of Technology, no central IED academy where bomb makers could gather to safely study trigger design or leisurely swap placement ideas.[40] Such a place would have been flattened by a Tomahawk or a drone within hours of its discovery. And though tomes like Tarek Mahmoud el-Sawah's famous 400-page guide to bomb making were often picked up on raids, they were out of date. (El-Sawah's tips included

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[38] **"Is our current situation":** Rumsfeld 2003 memorandum as above
[39] **One day a guy:** Anne Stenersen, "'Bomb-making for Beginners':Inside an Al-Qaeda E-Learning Course", *Perspectives on Terrorism*, Vol 7. No. 1 (2013)
[40] **Obviously there was no Al-Qaeda Institute of Technology:** Matthew Bolton, "From minefields to minespace: An archeology of the changing architecture of autonomous killing in US Army field manuals on landmines, booby traps and IEDs" *Political Geography* 46 (2015) p. 47



HOUSE_OVERSIGHT_018269

things like using Casio watches as timers.) No, the force at work was buried inside a network of personal and technological ties, sometimes explicit, other times almost ethereal in their nature until they were made real in a blast. By 2011 you could peel back some corner of the web and find sites like *Al-Shumukh's Special Explosives Course for Beginners*, where dark diagrams were uploaded, debated, refined and re-drawn, like some sort of hobbyist site for car bomb geeks[41]. Deeper still, encrypted chatrooms and messaging services pulsed invisibly, firing off real-time tips (use aluminum not copper for detonation packs) and suggestions (Marines are easier to target in the morning). When soldiers said they were fighting a "terrorist network" they really meant it: the force arrayed against them was a self-repairing, growing, constantly-learning web.

The Pentagon had, after a few years of confronting this problem, organized a taskforce to deal at least with the IEDs, the "Joint IED Device Defeat Organization" (JIEDDO).[42] The group specialized in miraculous engineering. They absolutely lived up to the can-do, American spirit sound of their name: Gee! Do! Scientists and warfighters in JIEDDO devised ways to secretly surveil streets so they could fire on bomb-planting terrorists. They developed slick, blast-deflecting new designs for cars and pioneered armor that could absorb the hit of repeated surprise blasts. Gee! Do! was, its motto ran, trying to, "defeat the IED as a weapon of strategic influence."

That made good sense, of course. It was a bit weird that $100 pipe-bombs were disrupting America's ten trillion dollar national interest. But: Defeating *the device*? You could sense a limit in the way that mission statement was drawn out. It wasn't enough. Beating the devices wasn't the same as chewing apart the network that produced them. That was the real target. The devices kept coming with their own innovative, murderous rush, with the *gotta-have-it* new pressure we know as the desire for the latest phone or video game or flat-screen TV. This raised an important question: Just what did it mean, really, to beat a network? Could you win? Could you ever get *aheader?* In fact this is a question that resonates in many parts of life now. That feeling of constantly slipping behind, one that is tied to the heart of a connected order, a world where each additional link brings both a rich pipe of new data and a sense of what you might be missing or not quite understanding. To be *aheader* marks, we will see, the nature of a real Seventh Sense. When you can fully feel the network, understand its logic, then you can touch and use new sources of influence to reshape your business or your career or solve the problems in the world that

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[41] **By 2011:** Stenersen as above

[42] **The Pentagon had:** On the establishement and background of JIEDDO: "The Joint Improvised Explosive Device Defeat Organization: DOD's Fight Against IEDs Today and Tomorrow," U.S. House of Representatives, Committee on Armed Services, Subcomittee on Oversight & Investigations report November, 2008; "IEDs: the home-made bombs that changed modern war,", *IISS Strategic Comments* Volume 18, Issue 5, 2012. Also LTC Richard F. Ellis, USA, Maj Richard D. Rogers, USAF. LCDR Bryan M. Cochran, USN, "Joint Improvised Explosive Device Defeat Organization (JIEDDO): Tactical Successes Mired in Organizational Chaos; Roadblock in the Counter-IED Fight" Submitted Joint Forces Staff College, March 2007



HOUSE_OVERSIGHT_018270

bother you most. The war-or-peace dilemmas of foreign policy are an essential case – when they go wrong, they hammer all of us. And we can see in the ripples of global power ideas that are of use in nearly any sphere. How, for instance, to fight a network. The struggle of JIEDDO is, in a sense, similar to something all of us face now: Old vs. new. In any event, in the case of the IEDs, here was the most powerful nation in human history, backed by hypersonic missiles, always-on radars, and endless jet fuel that found itself unable to stop a group of half-educated and promiscuously backwards terrorists. You had to ask: What was wrong? And did the failure suggest something even deeper about the position of the dominant national power of the era? About the nature of our age?

3.

A few days before Christmas of December of 1787, Thomas Jefferson sat down in Paris to write a letter to James Madison.[43] Madison was on the other side of the Atlantic, in Philadelphia, and struggling with refinements to the new American constitution, which had been drafted in the spring and summer just passed. The two men were frequent correspondents. They wrote to each other with an easy familiarity, revolutionary to revolutionary. Jefferson was then 44, and had settled hungrily into his role as the American minister in France, "violently smitten," as he wrote, by the charms of The Continent[44]. Madison was 36, twenty years removed from the election of 1808 that would elevate him to the Presidency as Jefferson's successor. Madison would become, in a sense, America's first "Foreign Policy" President, prosecuting the war of 1812 and negotiating with France for the Louisiana Purchase. He was known already, in 1787, as "The Father of the Constitution."

Jefferson begins his letter with a few of the charming literary asides we expect from him: He asks Madison about some nuns he wants to help teach his children, inquires after about a packet of carefully chosen South Carolina rice that has gone missing in the oceanic post, delaying his plans to impress French palates with an American crop. But then Jefferson turns to what he knows must be on Madison's mind, the new constitution. "I like much the general idea of framing a government which should go on of itself peaceably," he says, admiring the elegant balance that emerges so carefully from the pages of the document. The American constitution, Jefferson felt, reflected political arrangements new in the history of human governance, between people and power, between states and the center, between agriculture and commerce. He is, he says, "capitaved" by the details of what he has seen.

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[43] **A few days before Christmas:** Thomas Jefferson and James Madison, *The Republic of Letters: The Correspondence between Thomas Jefferson and James Madison, 1776-1826*, (New York: Norton, 1995) Vol 1. pp, 457-459

[44] **Jefferson was then 44:** Thomas Jefferson and Douglas L. Wilson. *Jefferson Abroad*. Modern Library ed. (New York: Modern Library, 1999) letter to Madame de Tesse, 20 March 1787



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Such a system, Jefferson wrote, was particularly appealing to him because it contrasted so sharply with the violent shearing of daily life then underway all around him in Europe. "France, with all its despotism, and two or three hundred thousand men always in arms, has had three insurrections in the three years I have been here," he marvels. In fact, France's revolutionary age was only just beginning. The fall of the Bastille was 18 months away; the flight and death of the King five years off. Paris would soon see a time when one riot a year felt like peace. You can't miss in Jefferson's letter, and in the others he exchanged with Madison that winter and the following spring, his instinct that the world was changing, that it was being riven by urgent new forces, and that America must be positioned for the fresh order both internally and in her foreign policy. Jefferson knows what this new age demands – liberty – and in that spirit he fires off suggestions for Madison. It is in this December, 1787 letter that he remarks that he "does not like" the absence of a "bill of rights", a hint that led to an adjustment of historic import.

It is possible to regard the transformations of politics, economics and military affairs over the past centuries, the sorts of bold remakings that tore apart places like the Bastille or built up instruments like the American Constitution, as emerging from a few crucial periods, the sorts of historic turns that mark moments when power makes an epochal shift. It is striking how, in passing through these periods of unthinkable change, America has benefited so much, so fully. The country was, to begin with, born out of the social and political revolutions of the 18th century. The national liberation that pulled Jefferson from his Virginia farm and into politics was the first of the great, revolutionary movements that convulsed and fractured a dozen European powers. France followed America, as did Germany and Italy and soon most of the continent. "The boisterious sea of liberty," Jefferson called the new political order[45]. It required a strong stomach. Tempests of accumulated social pressures – the Reformation, the Enlightenment, the Scientific Revolution – had passed over one *ancien regieme* after another like powerful waves. America, begun on fresh land and with new ideas inked onto clean paper, had a natural advantage in the situation of her birth. "I think our government," Jefferson concluded in his letter to Madison, "will remain virtuous for many centuries."

A second transformation of global order began in the middle of the 19th Century, as Jefferson and Madison's age ended. Their period had largely been one of *internal* revolutions, as the nations of Europe realigned their domestic orders. What came next were furious contests between these countries. We might think of this new period as starting with the Franco-Prussian war of 1870 and as running, with increasing violence, through to the summer of 1945 and the end of World War Two. In this era, Europe's statesmen struggled from one tragically collapsed balance to another. The demands of industry and nationalism and ideology and economy could only be reconciled, it seemed, by war, as if it was absolutely necessary to devour the old buildings and the young men before a new order could settle in. The scale of this

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[45] **"The bousterious sea of liberty"**: Thomas Jefferson to Philip Mazzei, *The Papers of Thomas Jefferson, Volume 29: 1 March 1796 to 31 December 1797* (Princeton University Press, 2002), 81-3



HOUSE_OVERSIGHT_018272

violence, like the scale of the industry that produced it, defied anything even the wisest minds could foresee. Eventually the entire world was pulled into the fire. "In the autumn of 1919, in which I write, we are at the dead season of our fortunes," the economist John Maynard Keynes wrote after the Paris Peace Conference settled The Great War, dimly aware that an even deader season lay somewhere in the future in the form of another war[46]. During this murderous 75 year run, in the reviving of European and then global fortunes, America played a decisive if reluctant role. As in that first period, she emerged richer, more central, and more modern.

A third struggle, the Cold War, immediately followed the end of this second period. This contest was intensely material and as ideological as any conflict in hundreds of years. It represented a struggle at the level of the most fundamental question of politics: How should life be lived? Two totalizing, uncompromising worldviews were placed in opposition. This 45-year struggle occurred under the threat of nuclear disaster, which gave it an aspect new in human history, the potential for complete destruction. It was possible to find sober-minded theorists pondering problems like this one: "Let us assume that for 10 billion dollars one could build a device whose function is to destroy the earth," Herman Kahn wrote in the 1960s, with a spirit typical of his age in his slick, sickly worrisome masterpiece *On Thermonuclear War*[47]. Yet in this period too, over time, America found herself in an axial role, first carrying one end of the risky fight and then, at the conflict's surprising and jubilant conclusion in 1989, discovering the country was in a position of unprecedented, unchallenged power. As with the two earlier shifts, this one had brought with it an arrangement nearly ideally tuned, yet again, to America's advantages.

I mention all this here because while it may be fashionable to speak of the period just passed as the "American Century" – and to wonder whose century comes next, the reality is that for two and a half centuries, through some of the most violent and wonderful changes in human history, America has had a remarkable run[48]. A senior American military official once asked me, a week or so before he sat with the Chinese President, how best to begin his remarks. "You might say," I suggested, "that America respects what China has done in the last thirty years. To have brought 400 million people out of poverty as Beijing has done is an historic accomplishment. But he must understand that America, particularly in the last intense century, has paid in nearly countless dollars and in the cost of hundreds of thousands of American lives, to establish an order that has benefited billions. The scale of this accomplishment is, by a great measure, historic." America has been an emblematic, profound force. It has been a country tuned exactly to the needs of her age. Three times over. Inevitably, the world now asks: Can this continue?

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[46] **Eventually the entire world:** John Maynard Keynes, *The Economic Consequences of the Peace* in *The Essential Keynes* (Boston: Penguin Classics, 2015)
[47] **It was possible:** Herman Kahn, *On Thermonuclear War*, (Princeton, N.J.: Princeton University Press, 1960)
[48] **I mention all this:** Henry Kissinger, *Diplomacy*, (New York: Simon & Schuster, 1995. See chapter one, and Paul Kennedy, *The Rise and Fall of the Great Powers* (TK London, 1988)



HOUSE_OVERSIGHT_018273

## 4.

Today the world is entering a new era of revolution. The fourth wave of fresh, turbulent dynamics to confront America since Jefferson gamely predicted those centuries of virtuous prosperity back in that 1787 letter to Madison. Driven by incredible technological shifts and their economic, military and social implications, new forces are beginning to tear into the established global order. Among the most fundamental puzzles now is the problem of an American national mission. What does America seek to achieve in the world? And how? On what basis will the United States secure the chance to continue "peaceably", as Jefferson would have it?

Because the country plays such a central role, these questions' answers will affect the calculations of every nation, of every new force yearning for influence. They represent the crucial background against which we will all live, build businesses, travel and learn. You might feel, sitting in Silicon Valley or Iowa, that such shifts don't matter to you now, but the cold truth is that the international system is unlikely to be arranged, in two or three decades' time, along the lines that bind it now. Too many violent forces are at work. But must this be a disaster? The technological demands of our age are forcing a new sensibility everywhere. Research labs, medicine, science, finance and the arts are all hunting now for a new outlook. The need for a fresh perspective is also reflected in the biggest of all historical questions, the one that will decide if we live in an era of peace or one of fear, uncertainty and tragedy: How is the international system to be ordered?

The idea that the stability of the world system might honestly be at stake right now feels incredible to the generations of Americans born after World War II. A struggle for global order? Real, sharp, bloody nation-imperiling violence? Though we know such traps are a recurring feature of human history, we have been mostly numbed and reassured by the passing of optimistic, fast and prosperous decades. We know mostly a blur of IPOs, of rising real estate prices, and confident growth out of every crisis in our memory. Survival and stability have been, fortunately, the least of the national concerns. The sly aside of Jules Jusserand, the French Ambassador to Washington for 20 years in the last century, about America's position in the world pretty much summed up our views: "On the north she had a weak neighbor; on the south, another weak neighbor; on the east, fish, and on the west, fish."[49] Most Americans now alive grew up relying on the durable institutions and ideas and structures built by the World War Two generation. We ride on their roads, fly into their airports, and use the schools and media they built. We absorbed their habits of consumption, home ownership, optimism and energy. This inheritance produced an historic level of prosperity. It inspired other nations. And – along with those fathoms of fish and friendly neighbors – it assured a position of real world leadership. Since the end of the World Wars, America has fought six expensive smaller wars and lost

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[49] **The sly aside:** Jules Jusserand quoted in George C. Herring, *From Colony to Superpower: U.S. Foreign Relations Since 1776*, (New York: Oxford University Press, 2008), 6



HOUSE_OVERSIGHT_018274

five. This record appeared to have had little impact on the nation's dominant global position; it did little to unnerve a comfortable sense of national destiny.

Much of our current confidence can be measured by the astonishing degree to which we embrace the scrambling of even the most elemental parts of our lives, from how we bank to how we drive. Most societies in the past were largely *terrified* of disruption. If you had arrived in prosperous 17th century Holland and proposed to "disrupt agriculture," or radically change people's banking habits, you would have been lynched. Our age is different. Many of the most unsettling forces in our world are ones we encourage, feed and push along. If I had said to you a decade ago – "I'm going to record all of your movements so you can spend less time in traffic." – is that really a deal you would have accepted? But if you use a GPS mapping system on your phone, you have. That Orwell's sick prognostication of technocratic life would be one you'd embrace? That it would describe a desireable *feature* of network life? "You had to live – did live, from habit that became instinct – in the assumption that every sound you made was overheard, and … every movement scrutinized."[50] If I had told you we were going to build a world wide high-speed data system that would, as a side effect, make it simple for children in London to connect with, learn from and then join terrorists in Syria – would you have thought that wise?

The optimistic bumper sticker of our age – that any disruption is good disruption – marks a wonderful feature of the American character. It is, perhaps, to be expected of a nation built by immigrants who overturned their own lives in the hopes of something better. To pull up and leave home for a land where you did not speak the language, knew little of the culture, and faced a blank sheet of the future, demanded faith. You had to believe too: *Any disruption is good disruption*. But no nation, even the most heroically hopeful, is immune from the forces of history. Edmund Burke's old line, that "every revolution contains within it the seeds of evil," runs like a counterpoint through the hopeful music of the age now. America's remarkable spirit does not make the demand for a national outlook, for an American grand strategy, any less real. We're starting to be aware of just how dangerous this age can really be. In many ways, our very confidence and sometimes blindly certain feeling of destiny probably makes it even more essential that we have a sense, as we rest in Silicon Valley or Iowa or wherever, of where we are going, and why.

The phrase "grand strategy" is one that carries a particular meaning when we think about problems of global balance. It means the way in which *all* of a nation's powerful tools of economics, finance, ideology, politics, and other resources can be used, together, in the service of security and prosperity.[51] To get the terms right, we

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[50] **"You had to live":** George Orwell, *1984,* Signet Classic Edition (New York: Signet Press, 1961), 3

[51] **The phrase:** For a good general introduction to the problems of grand strategy B.H. Liddell Hart, *Strategy*, (New York: Faber & Faber, 1967); Paul Kennedy, ed., Grand Strategies in War and Peace (New Haven: Yale University Press, 1991); Edward N. Luttwak, Strategy: The Logic of War and Peace (Cambridge, Mass.: Belknap Press of Harvard University Press, 1987); Peter Paret with Gordon A. Craig



HOUSE_OVERSIGHT_018275

usually talk about "tactical", "operational" and "strategic" levels as we watch the gears of history churning away in war and peace. The "tactical" level is the most practical. It's the choice to use machine guns instead of tanks to secure a street in Kabul, for instance, or to buy up gold for a central bank or permit high-frequency stock trading. Tactics are where policy decisions crunch into reality. The most brutal shocks are first felt tactically: roadside bombs or mis-designed, crashing computer code.

A level above the problem of tactics sits the question of operations. It's here where decisions are made about just how various levers of power might best be moved. Should we send bombers to slow Iranian proliferation or rely on cyber attacks? Will tax dollars fix our infrastructure faster than tolls? Macarthur's landing by surprise in Incheon on the morning of September 15, 1950, Operation Chromite, was an operational decision. "Within five hours, 40,000 men would act boldly, in the hope that 100,000 others manning the defense lines of South Korea would not die," he thought before the battle. "I alone was responsible for tomorrow, and if I failed, the dreadful results would rest on judgment day against my soul."[52]

Policy gets implemented through operations. It is the level where clever bureaucrats and parasitic office politicians prey, where they can most easily undermine the ambitions of visionaries. But it is also the place where inspiration works on the will and passion of companies or armies or research labs. Server farms, data mining algorithms, trade treaties—these are the operational chessboards of our era. Operations is where the bolt tightening for revolutionary change occurs. It is intense, relentless operations that ensure stability in the face of shock or growth or collapse. "The exploding popularity of Internet services has created a new class of computing systems that we have named *warehouse-scale computers,"* the Google data engineers Luiz Andre Barosso and Urs Holzle wrote in famous, revolutionary paper several years ago as they described the operational revolution that lets Google serve terabytes of data, instantly, every day.[53] The massive data centers they had built, they realized, are so large that they are nothing less than computers that are the size of massive buildings. Solar fields are their power supply; entire rivers are their cooling tubes. And they enable nothing less than magic: instant knowledge, connection to distant lands, a constant picture of what humanity knows. This is the growing, heroic scale of operations now.

Above the operational and tactical levels is what we call the strategic dimension. It is here where overall design is considered and moved. Without it, operations and tactics are incoherent. Strategy imagines how whole structures like nations or

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and Felix Gilbert, eds., Makers of Modern Strategy: From Machiavelli to the Nuclear Age (Princeton, N.J.: Princeton University Press, 1986) and Sun Tzu, "The Art of War", Filiquarian (1986)

[52] **"Within five hours":** Douglas MacArthur, *Reminiscenes* (Naval Institute Press, 1964), 354

[53] **"The exploding popularity":** Luiz André Barroso and Urs Hölzle, *The Data-Center as a Computer* (San Rafael: Morgan & Claypool, 2009)



HOUSE_OVERSIGHT_018276

corporations might be directed in the service of really ambitious goals: European peace or the fiber-speed transformation of telecommunications or billion-user financial grids. It's thin air up at this level, honestly, by which I mean that at these elevated heights you see the most ambitious athletes of human power at work: The maniacal CEO, the egotistical statesman, the mad dictator. Hundreds of millions of lives are in play; even more in some cases. By a "grand strategy" we mean the very peak of this sort of consideration. It represents, in the world of global affairs, the construction of a strategic idea that suggests how military, diplomacy, markets, and politics might be harnessed, firmly, in service of a singular aim. Grand strategy is a basic stance towards the world. If it works, it liberates creativity and national energy. It sets a clear direction[54]. It protects against the steep price of surprise. Grand strategy holds, in a single concept, the nature of their age and our plans to use that nature for the aims – security, prosperity – that gird a nation's life and decide its future. Like it or not, we all live under the umbrella raised by grand strategic choices.

"Containment" of the Cold War period, "Balance of Power" from Europe's 19th Century Age of Revolutions, or the "Tributary Alliances" that shaped a thousand years of Chinese power – these were all big, essential organizing grand strategic concepts. They shaped security decisions for durable empires. Each balanced ideal aims like freedom or the preservation of dynastic continuity against technological revolution, economic crisis, ideologies and the numberless other forces that can crack empires. Each idea reflected the demands of the age, and as a result each tells us something about power in those eras.

The Chinese strategist General Liu Yazhou observed a few years ago in a widely circulated essay, perhaps a bit too eagerly, "A major state can lose many battles, but the only loss that is always fatal is to be defeated in strategy."[55] There's something a bit cold in that line, but it expresses a hard truth. Massiveness and deep commitment to a particular, flawed view of the world can turn strength to weakness in a heartbeat. In our connected age this sort of reversal can happen with a particularly devastating speed. In the past, traditional measures of power – tanks, airplanes, national wealth – declined or rose as a gradual process. It took years for Genoa to fund and build an expeditionary force to gut Venice's Adriatic designs. Decades passed as Germany built her naval fleet. But in our age, such slower-moving measures are of limited use. Network systems rise and fall with astonishing speed. Once-successful firms in technology, companies like Wang or Fairchild Semiconductor or MySpace, found themselves unseated in months, after years of growth. New firms can emerge as if from nowhere and erase once cherished balances, demolish once strong names. Google unseats Britannica. Ride-sharing firms vaporize taxi medallion economics. "Change or die," the old computer

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[54] **If it works:** Hal Brands, *The Promise and Pitfalls of Grand Strategy*, (U.S. Army War College Strategic Studies Institute, August 2012); Jennifer Mitzen, "Illusion or Intention? Talking Grand Strategy into Existence", *Security Studies*, 24:1(2015), 61-94

[55] **The Chinese strategist:** Liu Yazhou, "Da guoce" on aisixiang.com (2004)



HOUSE_OVERSIGHT_018277

programmer's line, runs on a very fast clock in a world of constant innovation, and it applies to nations and ideologies, your habits and mine. Think of General Liu again for a moment: "A major state can lose many battles." Those five lost American wars over the last 50 years weren't fatal. They wore only a bit on our national pride and our position because they weren't *strategic* losses. But our next errors, which may come without the firing of a single shot, could be far more costly because of the slick, strategic slope on which we are now moving. "It is one thing to struggle heroically to get out of danger," Liu wrote in another manifesto. "But it's better to see the danger before it even begins to sprout."[56]

5.

Six paradoxes trace the immensity of the gaps we now face.

First: We find ourselves confronted, almost daily, with an unnerving mismatch between our interests and our means. The most powerful nation in human history finds itself unable to achieve even simple military and diplomatic goals.

Second: A global crisis of faith in our institutions is now under way. No significant institution, from the US congress to the Euro to your local newspaper, is more trusted than it was a decade ago. Many of our most essential institutions seem destined to be victims to the logic of "forced obsolescence" that makes our phones, our cars and our televisions of ten years ago feel like antiques.

Third: The connected age lets us see and measure, with historic precision, the problems we face – yet we can do almost nothing about them. Global warming, wealth inequality, species destruction, nuclear accidents, terror killings – we can see all of these in rattlingly sharp detail, instantly, miraculously. Watch the Fukishima reactor meltdown! See BP oil leak into the Gulf of Mexico in HD! The rise and fall of markets, the moves of distant wars, rivers of refugees appear almost as if we were tuning into a football game. *But we can only watch*. "Hey, do something!" we want to shout as we see financial or ideological or religious chaos spill towards us. But nothing seems to move; and what does move makes the problems worse. This impotence of being "just spectators", works like a nutcracker on the credibility of the people and institutions we expect to fix these problems.

Fourth: Many new challenges exhibit a worrying non-linearity. Small forces produce massive effects. One radical teenager, a single mis-placed commodity order, or a few bad lines of computer code can paralyze an entire system. The scale of this whiplashing grows every day, because the network itself grows, it turns pindrop noises into global avalanches. Dangers, accidents, crises were once local. A drought in California was, largely, a drought in California. A slowdown in China hit Shenzhen or Shanghai, not South America. Now, as networks overlap and influence each other, crises cascade at a new, stunning and comprehensive scale. And while we know

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[56] **"It is one thing to struggle":** Liu Yazhou, "Tan junshi gaige yu quojia anquan wenti"



HOUSE_OVERSIGHT_018278

effective foreign policy or politics or economics can't be improvised, the speed of the networks now outstrips the velocity of our decisions – even as citizens expect reactions at the ever-faster pace of their own connection. Think about the speed with which answers are expected in almost any job; all those pressures are yet more extreme at the highest levels of government.

Fifth: Though the changes working through the global order depend generally on innovation rooted in American institutions, corporations and ideas, there is now an uneasy sense: This order is slipping from American control. Look back just two decades. Then America stood as the sole superpower, the global leader in finance and economics and technology – and embracing other nations into rules we'd written. Today, allies and enemies alike wonder: Is global order is collapsing? At what speed? And: What comes next?

And, sixth, perhaps obviously to you by now: We don't know where we're going – and our leaders don't seem to have much of a clue either. Though nations are capable of adjusting activities at the tactical and operational levels – devising better drones, sharper monetary policy – we've still set no clear strategy. American negotiations are aimed now at small problems, not the heart of the issues we face. In what area of our national security today do we appear more confident than a decade ago? What nation does conduct the confident, creative, energetic an global negotiations of the sort that mark a power with a clear sense of direction?

Taken as a whole, these six paradoxes represent nothing less than the potential unbuckling of the greatest power the world has ever seen. And because the whole world is connected to that power, still more of the system may yet be rattled apart. We are surrounded today not only by fish, but enmeshed in a world of connective links that are the tissue of our real power – and a source of danger. *A sense of direction.* You have to feel as you look at this rotten, dangerous landscape we've made for ourselves in recent years. *We need a sense of direction.*

6.

In response to these challenges, America's leading figures are now proposing a range of ideas that don't honestly resonate with much confidence. Really they are having a debate about if they should use more of the old style of power or less. What they aren't doing is grasping the nature of the age. So no clear, imaginative and coherent picture of where we might head yet exists. In fact, as you're probably starting to suspect, the very best ideas of our incumbent figures may yet make the world more dangerous, may firmly and enthusiastically pull us into connective webs of danger and waste and mis-calculation they don't see. With our Seventh Sense we'll be able to spot and think about many of these dangers in a new, better and more rational way, free from the blinders of habit, but we should know what the world looks like to the blind.

Two approaches are predominant among the most respected American elites, who – as leaders of the leaders of the establishment represent an important group for us as



HOUSE_OVERSIGHT_018279

we consider what *not* to do. The first approach proposes something known appealingly enough as "Smart Power."[57] The concept was summarized most sharply by President Obama in 2014, when he said American policy ought best be guided by this tight precept: "Don't do stupid stuff.[58]" And while it is hard to disagree with this sort of charming, solipsistic formulation – there's not a long list of politicians supporting a strategy of "Do stupid things"? – "Smart Power" is no more a foreign policy vision than "Good Weather" is a strategy for farming. It suggests in some way there is no need for a strategy at all. Faced with a problem, just make a smart decision. "I don't really even need George Kennan right now," Obama remarked at one point during his presidency, dismissing the need for a strategist of real stature – and, by implication, the need for any strategy at all.[59]

Such a stance reflects an instinct that the great strategic question of our day – the future – has pretty well been worked out. In such a view of history, all we need to do is not screw this up too much. The root of this idea is an absence of a long view of history and a discomfort I think about the application of cold power. There's a misplaced confidence at work here, an assurance that American-style power, our model of politics and economics, is the best, final and only answer to the question of how the nations of the world might be best organized. Americans need, in this telling of history, only patience. The world will catch on. And I suppose that if you grew up in the United States after World War Two, such a vision of the world certainly would be consistent with your own experience. The problem is that such a comfortable posture is at odds with nearly any book of history you might pick up, from *The Peloponnesian Wars* to Churchill's *The Hinge of Fate*, all of which will remind you in the most violent terms that liberty and freedom demand struggle and defense; that epochal changes come whether we want them or not. Also that nations that look invincible can find themselves nearly unwound in an historical instant. Great Britain mastered the globe in 1937; three years later she was gasping for air; three decades later she was an afterthought. "Freedom is the sure possession of those alone who have the courage to defend it," Pericles told his Athenian audience nearly 2500 years ago in as they mourned a full year of war-dead sons and fathers – and no peace yet in sight.[60] Or, Churchill, famously: "Never, never, never, never give up."[61] We should be embarrassed to hold "Don't do stupid things" against these mottos.

Admiral Hyman Rickover's famous advice as he surveyed the nuclear navy he'd built in the last century has it about right at every level: "To find meaning in life one must

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[57] **The first approach:** Joseph S. Nye, Jr, "Get Smart", *Foreign Affairs*, July/August 2009
[58] **The concept was summarized:** Jeffrey Goldberg, "Hillary Clinton: 'Failure' to Help Syrian Rebels Led to the Rise of ISIS" *Atlantic Monthly*, Aug 2014
[59] **"I don't really even need":** David Remnick, "Going the Distance: On and off the Road with Barack Obama", *The New Yorker*, January 27, 2014
[60] **"Freedom is the sure possession:"**
[61] **Or Chuchill:**



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be willing to act."[62] This is as true for nations as it is for each of us. We must be willing to act. It's easy to be sympathetic to the desire for less action. Nothing we've done in recent years seems to be working. But, as we'll see, that's because we've been using the wrong tools. Our enemies? They are developing the right ones. They are willing, and eager, to act. To travel the world now is to encounter in nearly every capital figures who have a different reading of history or the future of the global order. They see the world not as some ready-to-eat American political order but rather as a churning, uncertain, urgently worrying vortex. They wonder: What might we build? They look at America's global leadership with the hungry eyes of an Internet startup eyeing an old, unconnected market. "Don't do stupid things," is an invitation for these forces to poke at the world, to take risks, and to remind us that so much of what later seems brilliant appears stupid or insane when it begins.

In the years since "smart power" became fashionable, another proposition has emerged from a different group of elite thinkers. It is, in a sense, the flipside of that strategy-free posture of passivity. It was distilled by a well-regarded cluster of academic foreign policy specialists in 2012 as America began withdrawing from Iraq: "Don't Come Home America!" they called their essay. As they explained, "The United States' globe-girding grand strategy is the devil we know. A world with a disengaged United States is the devil we don't know."[63] According to this logic, the country's globe-striding posture, while expensive and exhausting and admittedly inefficient, is a crucial element of our rich national power. Yes, we spend 15% of our GDP on security activities, but we reap far more in return: Access to the best minds in the world, a secure life, a culture of open debate and personal liberty.

The problem here is that "Don't Go Home!" feels, for the most part, like a costly groping after something to hold onto. Articles and speeches and policy ideas that flow from this hopeful camp have a shimmering and expensive unreality, one that American domestic sentiment would be unlikely to support for long and that jostles against our experience of recent years. Are more aircraft carriers, overseas bases and jet fighters really the cure for the dangers we face? The ideas of this group have an appealing simplicity, or maybe I should say an appealing *familiarity*, because they echo instincts about power that were once true. The energetic engagement with the world they suggest is attractive, but America has work to do at home and – we can all see – the ambitious overseas tasks of recent decades have not, in any event, been really finished. Instead of a confident, conclusive, "Job well done!" comfort we still sweat with nervousness. *What is coming next?* After all the blood and treasure, after 850,000 soldiers in Afghanistan and $3 trillion dollars – we were left with expanded swamps. Like "Don't do stupid things", "Don't Go Home!" tells us little about the picture of world order that might emerge in the future. (It also tips us to this: Probably as a general rule no credible grand strategy starts with the word "Don't".)

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[62] **Admiral Hyman Rickover:** Rickover speech date TK

[63] **As they explained:** Stephen G. Brooks, G. John Ikenberry, William C. Wohlforth, "Don't Come Home America: The Case Against Retrenchment" *International Security*, Volume 37, Number 3, Winter 2012, pp. 7-51



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So we should say it coldly: We have, as of yet, no strategy. We have no shared picture of the world as it might be. You. Me. Our leaders. None of us. And the experience of other, fast-collapsed empires should way on us. "The struggle to survive," the historian John Darwin has written of the British Empire, "was waged in an age of revolution: a Eurasian revolution that cumulatively (but very quickly) destroyed almost all the global preconditions on which the British system had depended since the 1830s."[64] So in our age. Many of the essential determinants of American power are being revolutionized by new, connected forces. The world syste will change in coming years. Our only question is will the changes reduce us as they once shrunk Britain, or will we draw on them to establish a longer, more durable system. At the moment, in a time of fascinating explosions of ideas and insights and connection, the American foreign policy approach is deeply and strangely unplugged from these risks and possibilities. The world has changed – is changing profoundly – from the one in which most students and practitioners of international affairs were educated. And here's the reality: Nothing can stop this change. The last two decades have brought massive and persuasive change in so many disciplines. And in foreign policy? In the consideration of problems of war and peace which, if not handled properly will rain tragedy on every other effort we might have in mind? Not much has changed. Except this: A growing sentiment of pessimism that suggests maybe America can't hold on. Great powers get one century to rule, the logic goes, and America's is now up.

It's not merely that we lack a "China Strategy" or a "Middle East Strategy", it's that we've failed to discern an overall grand strategy that would produce a coherent answer to the question of what to do about China or the Middle East – to say nothing of how those forces might be played off another with clever diplomatic harmony like instruments in a symphony. It is hard to know if this puzzlement represents a failure of imagination or of nerve. Does it mark arrogance or confusion? Or just an ignorance of the profound, revolutionary nature of the forces now at work?

Today when leading officials remark that their main concern is a rising China or revanchist Russia or that we live in a world where, as Secretary of State John Kerry said, "terrorism is the principal challenge," they are missing the point. The fundamental threat to American interests isn't China or Al Qaeda or Iran. It is the evolution of the network itself. Constructed of switches, chips, data, code, exploits, sensors, AI bots, financial instruments, trade, currency and more, the network is itself a weapons system. Its architecture, a wonderfully humming maze of change and contagion and instability, determines its terrifying dangers and marks its vast opportunities[65]. It touches – decisively – each and any particular problem we would care to name.

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[64] **"The struggle to survive":** John Darwin, *The Empire Project*, (Cambridge: Cambridge University Press, 2009) 477

[65] **Its architecture:** For an excellent overview on the politics of contagion, see Tony D. Sampson, *Virality*, (University of Minnesota Press, 2012)



HOUSE_OVERSIGHT_018282

Terrorism, we have to understand, is merely one example of network danger and power. So is China. And Russia. And these may not even be the most dangerous or devastating network battles that will take place in our lives. It's a commonplace to say now that the international system is in the greatest period of upheval in more than half a century. But often this sort of remark is accompanied by a list of moving pieces that seem to be unconnected: China's rise, the return of Russia, changes in the Middle East, globalization and then reverse globalization. "Who would have thought the post Cold War era, which was supposed to be characterized by 'softpower' and economic interdependence would be so violent?"[66] one team of scholars recently wrote, reflecting the genuine wonderment of many "experts" who failed to predic the end of the Cold War and then, largely, the nature of what has come after. Who would have thought? Well, as we'll see, anyone who understands networks.

Thomas Hobbes – the 16th century British philosopher long considered an early master of the analysis of cold, brutal power – once put it simply enough: Nations, he said, *need* to be mastered. "During the time men live without a common power to keep them all in awe, they are in that condition which is called war," he wrote. "Such a war as is of every man against every man."[67] A precondition of peace, for Hobbes, was that some country or force or tribe decisively grips a region, an empire, even the globe. "A common power to keep them all in awe," fulfilled a need for order. In our connected age, the common, awesome power is already here. It is networks. The battle now is for and on of this genuinely historic, still curious force. They will be attacked, throttled, trashed, accelerated, used, upgraded, won and lost and inflicted on each of us and our security by those with a new sensibility. To feel the world with a Seventh Sense will reveal a whole new landscape of power; it will permit us to see the fibers of a new age and then weave them into how we see and think and, finally, act. That essential, decisive terrain of our new age is, to the "Smart Power" and "Don't Come Home" crowd, still largely invisible and, anyhow, incomprehensible.

7.

Just as rivers or mountains or air currents drove commerce and combat in past eras, networks will strongly, probably decisively, influence the dynamics ahead. Today you can't, after all, operate on the rivers or mountains or in the skies or space without lively, near-instant connection. The space these interlocking networks occupy represents a new geography. It is growing every day, as if it were a giant new continent fusing together under the surface of the sea. We are, as the team at Gee! Do! discovered, moving from a world in which nations battled nations to one in which nations battle networks. And a world where networks battle networks. In coming years, networks will surely break nations, as once nations broke each other. It is linked the systems of trade and economics and biology and data that will create

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[66] **"Who would have thought":** Robert Hutchings and Jeremi Suri, *Foreign Policy Breakthroughs: Cases in Successful Diplomacy* (Oxford: Oxford University Press, 2015) p. 2

[67] **"During the time":** Thomas Hobbes, *Leviathan*, (Cambridge University Press, 2002) 88,



HOUSE_OVERSIGHT_018283

the conditions for the practice of diplomacy in our future and, when that fails, the landscape for decisive military or economic moves. Mastery of these systems will provide a rich set of creative ways to increase our security, far more effective than the unilateral and inconclusive military force we largely turn to now. A sensibility for networks will unmask developments that look friendly as in fact deeply dangerous. It will reveal that some of what may appears a threat is in fact an key to security. But this instinct for seeing differenlty has largely not settled upon our leaders.

Already the emergence of network power is producing strange collisions. Iran versus Twitter. The hacking collective Anonymous striking against Mexican drug lords, terrorists and Russian television. Tor versus the NSA. The use of financial networks to crack human trafficking webs. Biological surveillance sensors in cites used to fight disease contagion spreads – a network of machines laid against a network of bugs.[68] I mean this at nearly every scale. Waves of networked autonomous armed drones, for instance, may be among the greatest tactical military threats of the next few decades; the only hope of defense against them will be still better-enabled, self-thinking and learning defensive meshes, themselves capable of response at a pace dictated by links of machine learning and communications. Writing in 1890, the great American historian and admiral, Alfred Thayer Mahan, produced "The Influence of Sea Power upon History" in which he attempted to convince an age obsessed with land forces of the enduring, decisive power of armed ocean fleets. Hannibal's smashing attacks against Rome, Mahan wrote, or Napoleon's failure against England – in each case "mastery of the sea rested with the victor."[69] Our future will bring, almost certainly, a study of the "Influence of Network Power upon History". Here is a a line as true in diplomacy as it is in business or politics: Mastery of networks – the links of data and trade and security information and finance and others – will rest with the victor.

For the most part, the order the American and European world has been accustomed to since the Treaties of Westphalia ended the Thirty Years War in the 17th century bottled the power to make large-scale change inside states. Nations held a monopoly on the use of force, in a sense. They used it. Violent, state on state struggles were the defining events of global affairs. In such a world, the country with the most power, the greatest material reserves, the strongest sense of national destiny, also enjoyed the most security – and the most options. A few hundred thousand British imperial troops overmastered India in this fashion. And a handful of really powerful nations struggled over centuries for dominance of the whole system. Statesmen sought, and even occasionally achieved, temporary balances between the lurching and violent resets of wars that erupted like a sort of pressure-

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[68] **Biological surveliance:** The foundational text of network battle thinking is John Arquilla and David Ronfeldt, eds. *Networks and Netwars: The Future of Terror, Crime, and Militancy* (Santa Monica: RAND, 2001). For a discussion of the biological issues, see Eugene Thacker, "Living Dead Networks", in Fiberculture Journal No. 4 (2005)
[69] **Hanibal's smashing attacks:** Mahan, *The Influence of Sea Power upon History 1660-1783* (Boston: Little, Broan & Co. 1890), iv



HOUSE_OVERSIGHT_018284

release valve for the over-inflated ambitions, nationalism, and hatreds that steamed up between nations.

On our modern networked systems, however, power is different. On fast connected webs of nearly any sort, tiny forces applied can have immense impacts that leap from one domain to another. One erroneous commodity trade can snap-scramble a marketplace – and then tip a bucket of chaos into nations, companies and trading firms, One hacker, sneaking into the back-door of a computer network, can – to us a term of art – "brick" a nation's expensive security systems into devices as lively as a doorstop: STUXNET spinning Iran's centrifuges into planned madness, for instance.[70] Here's the essential, dangerous insight about safety in a connected world: It once required a big industrial force to defeat another big industrial force. Such grinding victories required time. They could be prepared for. They could be avoided, even. No more. Even the most formidable physical structures of our world – militaries, markets, governments – can be rendered swiftly immobile by virtual attacks on their connected nerve systems.[71] These strikes – or, in some cases, these *accidents* – baffle and then paralyze at network speed, by which I mean less time than it took you to read this sentence. When the American national security strategy speaks of a "long struggle" against terrorism or a rising China, it doesn't acknowledge how fast some of the turns ahead may be.[72] Yes, a decades-long battle for control of essential networks and platforms and protocols lingers ahead. But I fear some of the changes ahead will whiplash us with their speed. Generals in World War One lamented that the whole war might have been prevented if diplomatic communication had been conducted at the stately speed of the horse-carried message. It was the damn velocity of the telegraph that baffled the judgment of statesmen, they claimed. Figures whose every instinct runs at a pace far slower than what the age demands were then – and are now – a menace.

The great 20th Century theorist of political realism, Hans Morgenthau, once referred to nation states as "blind and potent monsters."[73] He felt a sort of nervous evil as he studied the moves countries made on the stage of world history. Some of this unease was surely a result of his own life, marked by a lucky escape from Germany in 1937, as Hitler was finally perfecting a national machine of lurid and murderous potency. I suspect Morgenthau would have been terrified now by the always-on, all-seeing connected mesh that encloses us. Connected forces move at times like a potent and capricious monster too, smashing businesses or national economies or ecosystems

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[70] **One hacker:** David Raymond, Tom Cross, Gregory Conti, Robert Fanelli, "A Control Measure Framework to Limit Collateral Damage and Propagation of Cyber Weapons", *Proceedings 5th International Conference on Cyber Conflict* (NATO CCD COE Publications, Tallinn 2013).

[71] **Even the most formidable:** Daniel Geer, "Heartbleed as Metaphor", *Lawfare* Blog April 21, 2014

[72] **When the American:** See 2014 US National Security Strategy

[73] **The great 20th Century theorist:** Hans Morgenthau, "The State of Political Science," *Politics in the Twentieth Century Vol. 1,* (Chicago:University of Chicago Press, YEAR HERE)



HOUSE_OVERSIGHT_018285

with little useful warning, and anyhow with a merciless and unstoppable efficiency. Connected, surprising terrorism has cost trillions to fight; linked-up network businesses have demolished, surely and even gladly, trillions of dollars of old profit sources with their cold, clicking efficiency. Skype blitzes hundreds of billions of dollars of long distance telephone profits, for instance. And replaces it with free. Amazon, in the space of a few years, cripples marketplace ideas built at the cost of trillions of dollars.

The world we're entering into now, one of constant, sensor-filled data streams that give us a real-time feeling for everything from the temperature of your car before you get in to the pace of your heart as you sleep, means the potent, network forces of our day are not "blind" as Morgenthau's states were, but gifted with an exactness of vision. They see everything, always, more than we or our leaders do. They see it constantly. They never forget. Networks seem to have an irresistible and amazing energy that impels them to find and then exploit pin-holes. Think of Al-Qaeda coolly regarding the American airline network in 2000, for instance. Or rising powers now poking at weaknesses in the international order that we've not yet begun to consider, let alone patch up. Whether confronting mobs of network-organized terrorists or cascades of computer error, we often discover the unnerving truth that on these connected systems there is no plug to pull.

Networks of one sort or another are hardly new in international affairs, even if the sheer scale and speed of our modern systems is totally, revolutionarily fresh. The spiderwebbed tendrils of the Ganges River, for instance were a network that fed the Mughal Empire in the 16th and 17th centuries.[74] The Yangtze and the Yellow and the Mekong river systems each marked out vital webs that carried wealth and knowledge into a half-dozen, spectacularly rich Chinese dynasties. Egypt and Mesopotamia developed great powers that endured for centuries along the Nile and the Euphrates. Later, networks of trade overlaid the Mediterranean, which became the heart of the wealthy Carthaginian, Roman and Byzantine empires. And the greatest geographical empire in history, Great Britain, was nothing if not a network power, run on sea lines. Waterways, for centuries, pulsed with power. They were vital for trade, essential in war and crucial for national freedom.

Network empires emerged on land too, assembled from connected webs of politics, of silk and tobacco and gold, or from shared religious passions. These sorts of networks, sometimes as thin as the trail of a single adventurer like Marco Polo, carried promises of prosperity (and intimations of violence) as they spread. Baron Antoin-Henry Jomini, Napoleon's inspired tactical accomplice, was onto something when he remarked that it was the interior, networked lines of communication and logistics that had decided and delivered victory for history's great empires. "Methods change," Jomini observed, "but principles are unchanging." The skeins of links running *inside* national war machines were as essential for security as any

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[74] **The spiderwebbed tendrils:** Peter Turchin, "A theory for the formation of large agrarian empires"; Jean-Paul Rodrigue, Claude Comtois, and Brian Slack, *The Geography of Transport Systems* Routledge 2006 p. 10-15



HOUSE_OVERSIGHT_018286

ability to strike out – a lesson Jomini and Napeoleon expensively re-learned at the end of their gasping supply lines in Russia in the winter of 1807.[75] In our own day, jet-meshed networks, commercial webs, satellite links and finance platforms span the omnipresent routes of America's global reach. So as we consider the information networks evolving now: the growing connected world that is the largest, fastest, most comprehensive network in history, we should ask ourselves the question Jomini might have raised: Will an even greater empire be based on control of information-powered networks?

This new world of connectivity won't immediately devour the old. In fact, the classic and the revolutionary will contend for some time, side by side. Cyberweapons and nuclear ones in a strange dance, for instance: Imagine that you're ruling a country with no hope of building your own platforms for medicine, finance, information or security.[76] You will be, as a result, uneasily and permanently dependent on the nations or groups that do control these elemental, algorithmic and efficient tools. If you're running a medium-sized country there's no chance your own IT industry can develop a search engine with the reach and fluency of Google; or a cybersecurity system with the omnipresence of some Chinese database. Might this make you more eager for nuclear weapons? For an atomic hedge against the day you find yourself threatened with national unplugging? Networks, we'll discover, don't lift us above the old conflicts so much as they complicate them. They fill the old hatreds with new fidelity; sharpen the old grudges and make it easier than ever to slap at the world when you're angry. While it is tempting to say that we've moved from a world of "cold weapons" like planes and tanks to a world of "hot weapons" where digital light pulses and biological infections will prevail, really it is the strange blending of these cold and hot systems that is so interesting, so dangerous. Ever more precise exploding iron bombs, made from a fusion of GPS data and TNT, will be a part of our future, as will pathogens tuned by computer and delivered according to network intelligence about where a contagion might best be started.

Orwell's well-worn line – "The history of civilization is largely the history of weapons" – settles uneasily onto a networked world.[77] The networks are, so clearly already, becoming weaponized. And a great strategist should know and use the materials of his day. Napoleon had a gunpowder-burn familiarity with his artillery; Mao possessed a wizened guerilla sensibility. The electric, shifting and shocking materials of our global networks are going to be used in pursuit of power anyhow, so we had best consider how to become fluent with their real nature, how turn them to our advantage – and ideally find a way to use them to so profoundly change the rules of conflict that hurried, unconsidered and useless reaction will be all our enemies can manage. Over the centuries shifts in power and wealth were achieved

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[75] **The skeins:** John Arquilla and Ryan Nomura "Three Wars of Ideas about the Idea of War," *Comparative Strategy*, 34:2 (2015), 186

[76] **Cyberweapons:** Mary Kaldor, "In Defence of New Wars," *Stability*, 2(1) 2013: 4, pp. 1-16,

[77] **Orwell's well-worn line:** George Orwell, "You and the Atom Bomb" in *George Orwell: In Front of Your Nose, 1946-1950*. (Nonpareil Books 2000) 7



HOUSE_OVERSIGHT_018287

by armies, by naval and air attacks. Now it is the ownership and use of connection, of networks and machine intelligence that will deliver real, perhaps even final, leverage.

If the strategic aim of Europe's leaders after Napoleon's violent emergence and defeat was to restore a balance of power, if America's grand strategic purpose after World War Two was the containment of the USSR and her totalizing ideologies, nations now must try for positions of security and for command during the uneasy transition ahead. The wellbeing of the whole system becomes a concern; entities, protocols and ideas that threaten the system's health are the most urgent dangers, even as they represent seats of potentially historic power. We should ask: How is it that international cooperation occurs in an age of connection? Will it happen through slow, incremental movement? In sudden bursts? In fact, the routes to cooperation are rarely easy in any age. They involve overcoming old bureaucratic ideas, deeply held instincts of national interest, broken and humid and sometimes murderous psychological needs – all while accepting a new picture of power – and fresh risks and responsibilities. Our problem now, even in the face of these snapping traps, is to define a clear vision of our future security – and then to make a path to get there. No route exists today. "Originally, there were no roads in the world," the Chinese writer Lu Xun observed in a famous story at the start of the last century. "It is only by walking on them that paths are made."[78] Ours is an age of first steps.

The social scientists John Padgett and Walter Powell, after considering examples of epochal, collapsing change in political and biological systems of all sorts – Renaissance finance markets, coral reefs, innovation clusters, and others – summed up their conclusions in a little koan-like package of logic: "In the short run, actors create relations. In the long run, relations create actors." [79] The nouns we worry about now, and the ones we hope for, take their meaning and their risk and energy from relations. Your genome connected is different and more hopeful than it is alone, unplugged, slipping into cancer. This idea that relations create actors is a powerful basis for a new, enduring – even decent – grand strategy for an age of revolutionary connection. It should also offer a check against some of our horrible miscalculations: America invaded Iraq, for instance, intending to replace one state with another. Instead we replaced a state with a network – and not one that we controlled. That web still resists our old habits of control. Relations of family and faith and clan link and activate murderous, relentless actors. The super power had all the nouns: Tanks, planes, soldiers, money. But we did not have the networks. We could not create relations. No move of ours held for long. We were like the team JIEEDO – trying to defeat the wrong thing entirely.

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[78] **"Originally, there were no roads":** Lu Xun, "My Old Home" in *Diary of a Madman and Other Stories* Trans. William A. Lyell (Honolulu: University of Hawaii Press, 1990.) 89–100, though the translation of the line here is my own.
[79] **"In the short run":** John F. Padgett and Walter W. Powell, "The Problem of Emergence" in *The Emergence of Organizations and Markets,* Princeton University Press, 2012



HOUSE_OVERSIGHT_018288

As a start let's at least fix the weird language of our current foreign policy world: We don't live in what they like to call a "Post Cold War" era anymore. (Who, after all, called the Enlightenment the "post-Feudal era"?) We live in what is probably best called "The Age of Network Power." A world of connection is responding to a powerful logic of its own. It builds new platforms, sometimes defined by users or by technology or by the way in which currency or weapons move. Melvin Conway's deep engineering insight was right, the design of networks does affect our real world. Even now it is shuffling us into "convergence" and "divergence" clubs. What is next is the struggle to decide who is in which club. What businesses will win? What technologies? Which ideas? Our only chance will be to learn a new instinct for just how power moves on networks. And it's to this that we will turn now.



HOUSE_OVERSIGHT_018289

## Part Two: The Seventh Sense



HOUSE_OVERSIGHT_018290

## Chapter Four: The Jaws of Connection

*In which the Seventh Sense explains the strange, new way power behaves on networks .*

1.

The Envoy, Frank Wisner Jr., had gotten the phone call on a Thursday, late in the afternoon, and within a few hours he was on a plane. It was an unusual request from the White House and from the State Department – and though he was a man who had lived a life of many unusual requests, he knew that this one had a certain significance, a *weight* you might say, if you were the sort of man who measured such things in human lives.

The Envoy was such a man. His father, Frank Wisner Sr., had been one too. Senior was one of the most famous and effective of America's Cold War spies. He'd run the Office of Special Services in Southern Europe during World War Two and then built operations for the Central Intelligence Agency in the years after. He was a tough man, from a generation of Americans that had fought and won wars and who, unquestioningly, weighed their actions in human lives. As a spy in Romania in 1940, Wisner Sr. had watched the Red Army, like some sort of sick machine, round up and then execute scores of his friends. The course of his life was set. "Wisner landed like a dynamo," William Colby – a future CIA director who worked for Senior – observed. "He started operating in the atmosphere of an order of the Knights of Templar, to save Western freedom from Communist darkness—and war."[80]

Frank Wisner Jr., was known too as a dynamo. He was 72 in the winter of 2011 when the White House called. He'd had already a storied career as a diplomat, following a rough trace of his father's man-on-a-mission trajectory, also with a bit of that secretive Knights of Templar feeling: Princeton, Vietnam, the Philippines, the halls of the State Department in Foggy Bottom. Wisner had become the first phone call for some of America's leading corporate figures when they found themselves billions of dollars backwards in some strange land, even as he'd remained closely in touch with the most explosive policy puzzles. Iran. North Korea. He was a voluble and opinionated man, but somehow also discreet, exact and patient. The combination made him at once totally reliable and a great deal of fun. He had been, over the years, a warm and personable figure in my own life, the sort of man who took the long view of any problem, who lay his hand comfortably on your knee with reassurance when some promise came undone and threatened a bit of chaos. He was like an ideogram of reliability: Bukly, bald, coiled, loyal. He'd seen it all, you felt.

Frank Wisner Jr. had served as Ambassador to Egypt for half-a-decade in the 1980s. Almost inevitably, his careful manner and easy charm led him into a close relationship with Hosni Mubarak, the Egyptian president. Mubarak was an urbane former fighter pilot who had come to sudden and surprising power after the

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[80] **"Wisner landed":** William Colby, *Honorable Men: My Life in the CIA* (New York 1978), 73



HOUSE_OVERSIGHT_018291

assassination of Anwar Sadat on a calm afternoon in October 1981. Wisner arrived a few years later. Though not quite a friend, Wisner had cultivated a directness at least, with Mubarak. He'd become a mirror in which the Egyptian president might see how different stances towards America or Israel would appear to the rest of the world. So when, in the winter of 2011, the White House saw Mubarak facing waves of unimagined protest, at a moment when it looked like the Egyptian president would become the latest head of state to topple amidst the accelerating discontent that would be known as the Arab Spring, they sent Wisner with a message for Mubarak: *No killing – and it is time for you to retire.*

Wisner later recalled the tension of Cairo when he arrived. The city felt nervous in a way he'd not seen before. He landed in the early morning and went almost immediately to see the President. The situation would be brought back to normal, Mubarak assured Wisner. Soon. He'd fired most of his cabinet a few days earlier. He had promised reform, and had begun studying what might be done first, and how soon it might be carefully attempted. He hinted to Wisner that the rumored transition of power to his son Gamal was not, after all, inevitable. But, Mubarak said, he wasn't going anywhere just now.

Wisner tried another tack: He asked if the President would like to leave the country. Maybe a trip for medical treatment? Mubarak dismissed the idea. He'd seen worse, he reminded Wisner. Mubarak had been sitting inches away from Sadat on that fateful October day in 1981. He himself had survived six assassination attempts. In fact, he said he intended to go on television again that very evening. He would speak directly to the protestors. He would tell them and the Egyptian people of his plans for reform and for a gradual transition of power. He would remind them of the greatness of their national spirit. He would evoke the immensity of their ancient history. And he would be sure they understood that he would stay, he would die on Egyptian soil. *You can tell that to the White House too,* Mubarak told Wisner. He vouchsafed, at the end of their talk, at least some of the assurances the envoy had come to collect: No violence. A graceful departure at some point. Elections, even. But all on his timetable.

Around Mubarak in those days, Wisner recalled, he saw bafflement. Resolution admixed with surprise. These men in that Egyptian power structure, all wealthy and comfortable and perfectly secure, had thought their places impregnable. They were, after all, the thin human line between the modern world and the boiling mad Islamic fundamentalists who hungered to rule the country. They'd arrested the usual dissidents, closed down the normal channels, checked with their informants. Nothing. The old, reliable vents for unrest hadn't worked. The pressures grew. It was perhaps easy to understand why they thought they'd survive. They'd never failed. Mubarak had been president for *30 years.* For now, at least, the syllogistic logic fluttering through the President's own arguments reassured them: Egypt wants stability. Only I can deliver stability. Therefore, Egypt wants me.

Wisner left the Presidential Palace. He reported what he'd learned back to Washington and, work done, headed to the airport. That evening he found himself



HOUSE_OVERSIGHT_018292

waiting for his flight in front of a TV in the crapped-out lobby of an old hotel on the road out of town, watching Mubarak's promised speech. The President projected total confidence on screen. This was the Mubarak Wisner had known in the 1980s. There had always been a barreling self-assurance about the man; it was alive in him now, facing the unthinkable. Ruggedly handsome and perfectly controlled. You could almost believe, as Wisner did for a moment, "This was a great man who had led a country through difficult times. He will endure." *Six assassination attempts.* Mubarak had always been a survivor.

Yet as he watched, Wisner knew the challenge the great man faced. Did Mubarak, he wondered? Did he even understand what was happening around him? That he was giving the speech on television, in the face of this strange revolutionary movement that was unfolding on the smart phones of Cairo as much as on its streets, was a subtle admission: Old power struggles to handle new rules. Wisner had seen tapes of the earlier speeches, the ones intended to calm the crowds which had in fact inflamed them further. He knew just how fine the edge Mubarak now paced. Mubarak needed to address the protestors on their own level. He needed to show he understood. There was only one thing he must not do, Wisner thought as he watched. He must not address the protesters paternalistically, as a father might speak to a child. On the screen in front of him, Mubarak continued in his steady, slightly strident voice. "I am speaking to you all from the heart," he said. "A speech from a father to his sons and daughters."

Two weeks later, Mubarak was gone.

2.

Imagine, for a moment, you are Mubarak – or really any successful early 21st century autocrat. You've managed several decades of control in your Middle Eastern, North African or Asian country. Perhaps you've inherited your position from your father or an uncle. They've taught you about power. Keep it tightly controlled. Replace key officials regularly. Execute your enemies from time to time. You've learned the virtues of the hard crackdown. You've sent your security officers to the best military schools in the US and Europe, and taught them to temper their firm grip with (a bit of) humanity. In short, you've mastered the use of a strong hand and the establishment of a certain national logic that suggested your name – Qadafi or Mubarak or el-Abidine ben Ali – as a synonym for stability, for prosperity and even pride. This seems to you like the most stable possible order. You know that someday it might have to change, but that day seems a long way off. You delay reform. You prepare your son to take over. Meanwhile, your citizens begin to acquire the Internet and cell phones. And one day in 2008, following a financial crisis far away from your own shores, you begin to notice an unnerving trend.

On the streets of Iceland and then Spain and then Chile and then Israel and Ukraine and Turkey and Mexico and then New York City, thousands or hundreds of thousands of citizens gather. There is no one leader of any of these protests. Instead these movements breathe and grow like an organic whole. The discontent is diffuse



HOUSE_OVERSIGHT_018293

even if the result is similar: Mass gatherings, control of some essential public space – a square, a stock exchange, a park. All organized, it appears, using completely ethereal techniques: Text messages, video postings, chat rooms. Similar movements appear around in the world. In Iran, in Italy, in Russia. "Occupy Wall Street", blossoms in New York City, a protest against wealth inequality and finance. It becomes a self-franchising social movement, appearing in hundreds of cities: Occupy Hollywood. Occupy Central in Hong Kong. Occupy – strangely – Vegas.

Then in Sidi Bouzid, a Tunisian town you've never heard of, far away from all these unstable looking mobs, a spark lands. A local man has set himself on fire. Police (worse, a police *woman*) had confiscated his scales and his fruit and then tossed him around for no reason other than that he was poor and could do nothing about it. It is November 2010. Within hours protests begin in Sidi Bouzid. They spread to Tunis. [81]Then Tripoli. Then Damascus. You watch as the anger, moving on once-invisible technological lines of video and text, demolishes the stability of all of North Africa. Over the next two years leaders are pushed from power in Egypt, Tunisia, Libya, and Yemen: their names, instead of being symbols of stability, instantly cast as sources of injustice. Other countries – Syria, Algeria, Sudan, and Bahrain tumble for periods into the black hole of civil violence. Some people mistake all this for a democratic revolution. Over time, however, it's clear this is hardly that. Something more complex is emerging from the violent mist. New, nearly virtual terror groups organized themselves in the vacuum, hyper-lethal versions of connected protest. A new kind of political energy, a method of linking people and ideas and an easy destructive power, is alive. It seems to be as active in cynical, murderous fundamentalists as in the optimistic peace-hoping youth. Democratic revolution? No. Revolution? Yes, clearly, that.

A few years later, after you've been replaced or are on the run, after your own country has had upheaval and you've had your visit from a well-meaning American diplomat urging you towards a quiet retirement house in Saudi Arabi, the Spanish social philosopher Manuel Castells will name the disease that undid you. Castells is perhaps an unlikely figure to diagnose the political illness that infected so much of the world after 2008. An elfin, kinetic figure with a disorganized mop of grey hair, he sports the wardrobe of an accountant and a rolling Spanish accent that flavors his speech with a surprising taste of romance. It's a mixture that seems somehow ideal for a world often on his lips: "Reevolootion." With the meticulous care an anthropologist might bring to documenting a distant, undiscovered tribe, Castells has spent decades finger-poking, classifying and explaining networks. In the late 1990s his books, lectures and research set the frame for the world we inhabit: fast-changing, ripped through by communications and technology, linked in unusual ways. "The network society," he explained, "represents a qualitative change in the human experience," he explained. [82]

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[81] **They spread to Tunis:** Mohamed Zayani, *Networked Publics and Digital Contention: The Politcs of Everyday Life in Tunisia*, Oxford University Press (2015)
[82] **"The network society":** Manuel Castells, *The Rise of the Network Society* (Malden, Mass: Blackwell Publishers, 1996), 508



HOUSE_OVERSIGHT_018294

Inevitably, Castells became curious about how such a change was affecting politics. Speaking to an audience at Harvard in the spring of 2014, he reviewed what he had learned in the past decade – and particularly in the years since 2008, much of which he had spent dropping into the ground-zero sites where network protest and dissatisfaction were exploding. "We are witnessing," he told the audience, "the birth of a new form of social movement."[83] Information technology was breeding massive, rapidly moving social waves. These movements went from invisible to irresistible in instants. They pressed for political change or for economic justice or even for – and this was odd for such wired up efforts, but anyhow – a return to a pre-technological age. In most of these countries, the older organizations had little appeal to a new generation of protesters. The political parties smelled of rot. The media was state-owned or controlled by billionaires. For a generation used to instant empowerment, the time to work inside these broken structures seemed impossibly long. And, anyhow, another option existed. Twitter or Facebook or YouTube had taught them. So riots in those dozens of cities, unplanned and uncontrolled, emerged.[84] The "Collective Action," of popular movements for hundreds of years from Bastille-raiders to labor actions, was replaced – upgraded? – into "Connective Action." People who'd never met and who shared very different histories and desires, were connected, fused together by lightspeed bits in hope or fury or vengeful rage.[85] This was, perhaps, predictable. It mirrored the linked, fast-spreading dynamism of the 2008 crisis itself. As the British central banker and economist Andy Haldane observed, the world had never before suffered a genuinely *global* financial crisis, with every county on the planet, tied together as they were by finance and technology (and fear), tumbling off a cliff at the same, nano-second instant. [86] In one three month period, the entire global economy shrunk by five percent.

As fast as shocks like that economic one spread, these linked network social reactions seemed to move faster still, echoing each other, with ever louder and more complex results. The technology itself became as important to the emergence of new groups as their ideas. The terror phenomenon of ISIS, for instance, emerged almost entirely along skeins of digital connection, and was itself a reaction to the network-led disruption of the Arab Spring – and the earlier fracturing of older order in Iraq. When President Obama dismissively called ISIS the junior-varsity squad of terror and said there was nothing much for the West to worry about, he was reflecting the

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[83] **"We are witnessing":** Manuel Castells "The Space of Autonomy: Cyberspace and Urban Space in Networked Social Movements", Speech at Harvard GSD, February 2014, available online

[84] **And, anyhow:** Raquel Alvarez, David Garcia, Yamir Moreno, and Frank Schweitzer. "Sentiment Cascades in the 15M Movement." *EPJ Data Sci. EPJ Data Science*, 4:6 2015

[85] **People who'd never met:** W. Lance Bennett & Alexandra Segerberg "The Logic of Connective Action", *Information, Communication & Society*, 15:5 (2012)

[86] **As the British central banker:** Andrew Haldane "On Microscopes and Telescopes", *Speech at Lorenz Center Workshop on Socio-Economic Complexity*, March 2015, p.20



HOUSE_OVERSIGHT_018295

same dim, comfortably dangerous instincts that undid Mubarak. *These kids can't possibly amount to much*. The youth of these groups, the very fact that they were *not* the varsity team, their intimate fingertip familiarity with virtual spaces – all this gave this new generation of movements energy, appeal, attraction. Even in countries that looked technologically "backwards" by American standards, linked systems speed-bred revolution, they gleefully filled in for a failed traditional media, and they accelerated and enabled the creation of groups as different as the Syrian Electronic Army and Occupy Hong Kong.[87]

Traditionally, such a long list of hopeless exclusions (no money, no friends, no access, no power) added up to an easy judgment of irrelevance. But ISIS was like the the Iranian bloggers and American social justice campaigners and Swedish digital pirates and vengeful Houthi fighters who were all staring back, confidently, at the people who had the money, the friends and the power – and the drones. Obama and Mubarak and – fill in the blank with a powerful name or institution – were too slow. Out of touch. Their connections were all wrong. So while the individual parts of the new networks – young students, poorly trained armed fighters – were soft and human and easy to destroy, they still tore unstoppably at old power. Tied together, the connected systems themselves were capable of more than their individual strength might suggest. What they shared wasn't simply a single issue or identity. It was cheap, constant connection. And they were, frankly, furious.

The old guys were crafty, of course. They tried to shut down the technology itself. Or they aimed at crucial points on the network. "Arrest or kill the leaders you can find!" was the sort of order that bolted stability back onto Iran, for example. Other governments found they could crack the will of the protesters by going after their relatives. "Relational repression," as it became known, was the closest a big power could get, quickly, to using one network to fight another. And there were other strategies: The Egyptian military, for instance, played a deadly serious long game. They gave in on a few points. They let the massed opposition and Islamic networks come to power. But this was merely a pretext, a way to map the ties of these groups, to coldly study how they functioned and record the secret sources of their power and influence and money. Then, when the Egyptian population tired of these failing, amateurish new leaders – as the military knew they someday would – the generals moved.

Skeptics would demand of Castells: What the hell did any of these protests really accomplish? What sort of *reevolootion* was it that left nothing but chaotic sink holes in Tripoli and Damascus? What they accomplished, Castells conceded, was mostly destructive. But that was the point. This smashing at old laws, the cracking apart of ideas of power and control had changed the landscape. And it had revealed a hidden logic of connection. Irrelevant? That was like saying earthquakes or epidemics should be overlooked. In their vibrating apart of once-solid structures, networked social movements told a great deal. They revelaled interconnected fault lines. They

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[87] **Even in countries:** Edwin Grohe "The Cyber Dimensions of the Syrian Civil War: Implications for Future Conflict," *Comparative Strategy*, (2015) 34:2, 133-148



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showed how groups could suck power into themselves from networks, along invisible lines, and animate themselves as if by connection to electricity. The protesters and terrorists understood power that existed simply because of connectivity. They understood how easy it was to connect. And so they had an instinct that eluded the comfortable men in the palaces. The usual reaction of authorities – *Round up the usual suspects* – didn't work because, as Castells noted, "The usual suspects were networks." You couldn't arrest a network.

3.

Before we can go much further in figuring out how network power might be used – to close up those six worrisome paradoxes, to create massive new companies (or invest in them), to rebuild our politics – I think we need a picture of sorts in our heads of this new landscape. What does a network look like? How does it's design affect its operation? Yes, it's true you can't arrest a network. But can you say something about how it's different? Can you spot the parts that are dangerous? When someone like Castells says to us, "Power is moving," what does that mean exactly? Where is it going? What I want to do now is begin to assemble an image of a network, and to show what that sort of linked design tells us about where we are now and where we're going. Then, with such a picture, firmly in our minds, we can ask just what these networks are for, after all, and how they might be used.

It is an old chestnut of historians and anthropologists that power – the ability to make or cause things to happen – is often determined by structure. When I say, "Superpower" I am painting a picture of the international system with a single word. "Highway," does the same – and tells you something about logistics, trucks, economic power. Or "City." This is why "org charts" have such a decisive power. Think of the map of power in your family or your office or a nation. Who makes the decisions? Why? The way we bottle up our lives in firms or congresses or universities flavors just about every other decision we make[88]. An imperial CEO, prone to visions and control creates a different sort of firm than a boss who moves among his employees nearly as an equal. An army that moves from the top down is different than one that lives, as Mao said of the Chinese guerilla forces that mastered the country against steep odds in 1949, "as if they were fish and the people were water." Power is always packed into structures of some sort. Emperors, kings, presidents and congresses all reflect certain arrangements. But those arrangements change; power moves. You can see leaders struggle with this constant shifting: Think of the "Englightened Despotism" of the 18th Century as Frederick II of Prussia, Joseph II of the Hapsburgs and Catherine II in St. Petersburg each struggled to marry the then-new ideas of liberty with older instincts of control. History is, in one sense, nothing but the tale of the movement of power. Once the idea of an Assyrian king emperor was new, as was the notion of a President or a Pope. History is paced by the arrival of new species of all sorts; and by the death of others. This is as true for institutions as is it for bugs. With this caveat: No one gives up power easily.

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[88] **The way we:** See Venkatesh Rao, "The Amazing, Shrinking Org Chart", on Ribbonfarm.com, May 28, 2015



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Here's what's unnerving about this for us now: There are whole approaches to power that look extremely reasonable until one day they look insane. For thousands of years the idea that one feudal lord should control thousands of serfs seemed perfectly reasonable to the lords and serfs alike. John Maynard Keynes' famous line about Egypt – *Just because you built the pyramids doesn't mean you get to use them* – marked a whole approach that seemed inarguable for centuries, even if the experience of it was inarguably awful[89]. Features of the world – moats, massive cathedrals, pyramids, sweatshops – exist only because distributions of power permitted or enabled or encouraged them. The quotidian interactions of our lives – how we shop, where we hang out with friends, the kinds of performance or politics we follow – these all produce long-lasting structures. Malls, democracies, war zones.[90] Pushing power into networks, we can see already, creates whole new arrangements. Some are as unimaginable to us now as a voting booth would have been to an Egyptian slave. When we say that ours is a revolutionary age, it's not because you can watch videos on your phone. It's because of *why* you can watch video on your phone – and what that implies for the old, nervous structures around us.

4.

Before the age of the Enlightenment and Industrial Revolution began most political and economic power was extremely *concentrated*. A few kings and feudal lords controlled most economic production. Priests decided who could speak to God, and how and when. Finance was dominated by a few families, largely working in the secretive counting rooms of early banking capitals such as Amsterdam or Genoa or Lyon. Knowledge about the world, a sense of science and of history and even geography, was closely held, fiercely opaque. Inside monastery walls or university halls the aim of protecting (and editing) what the world knew far outstripped any hunger for new ideas, for innovation or dissemination. In those times a lucky or brutal few decided the economic, political and intellectual lives of many. You can picture power as balled up almost, in the hands of a tiny and fortunate elite.

Over time, cracks appeared in this system. One of the earliest was also one of the most fundamental: The schism that split the Catholic Church. This was, at first, the work of a young German theologian named Martin Luther in the 16th Century. Luther was a man whose view of life, he would say often in later years, was shaped by a single sentence: Romans 1:17. "The righteousness of God is revealed from faith to faith, as it is written: The just shall live by faith." *The Epistle to the Romans*, as Romans is formally titled, was a letter from Saint Paul to a collection of recalcitrant,

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[89] **John Maynard Keynes' famous line:** Keynes, *The Economic Consequences of the Peace,* p. 16

[90] David Murakami Wood and Stephen Graham "Permeable Boundaries in the Software-Sorted Society: Survelliance and the Differentiations of Mobillity" in *Mobile Technologies of the City* eds. Mimi Sheller and John Urry. (London: Routledge. 2006) Chapter 10



HOUSE_OVERSIGHT_018298

spiritually mordant Jews in Rome. His message was among the simplest and most compact and personal possible: The transmission of faith requires nothing more and nothing less than faith itself. Romans teaches us that believing in God, which is *faith*, is enough for access to all the riches of heaven: God's righteousness, an afterlife, forgiveness.

By Luther's age, however, access to those riches was not so simple. Among other things, spiritual control had become a source of lucre for the church. The glory of the Catholic Church, her magnificent cathedrals and clothes, and her insidious habits of selling passes to heaven in the form of indulgences – this was a deployment of faith and power marked by a venality that grated against Luther's from-faith-to-faith sensibility. When he saw his own congregation increasingly slipping away to churches with priests who would do what he would not, which was to market and sell indulgences, he saw a rank, strange hypocrisy: The Church as an economic instrument. His rage boiled over in the summer of 1517, and he summarized his case against the Church in the 95 Theses that he nailed to the door of his local church on October 31st. *Papa non vult nec potest ullas penas remittere preter eas, quas arbitrio vel suo vel canonum imposuit*, he wrote in Thesis Five: No matter what you might pay him, the Pope can't influence what happens to you after you die. Or, Thesis 78, *Euangelici rhetia sunt, quibus olim piscabantur viros divitiarum*. Indulgences are nets with which one fishes for the riches of men.

As much as Luther was crying for a restoration of Saint Paul's sense of a personal faith, he was also starting a difficult and – for the Church – unpleasant argument about power. Our relation to God, Luther meant, is *our* relation. It's not something to be brokered or sold or negotiated. It does not require fancy clothes or cathedrals or hierarchies. For Luther, this new logic had engendered a profound spiritual crisis. He recalled, later in life, the very first time he'd encountered the possibility of direct access to God, in the pages of Saint Augustine, probably around 1508. "When I came to the words 'thee, most merciful father,'" he wrote, "the thought that I had to speak to God without a mediator almost made me flee."[91] Who was he, Martin Luther, to speak directly to God? But from then on, Luther's experience of God, his own sense of power honestly passing from faith to faith – and not from faith to church to faith – embodied an extremely heretical idea about power: faith without a middleman.

Such a concept undid much of what had been taken as inarguable doctrine. The Church immediately understood the danger. They rushed to label Luther as heretical and, later, crazy. In arguing that the Catholic Church, with all of its magnificent trappings of faith, was really a useless toll gate, Luther was picking at a still larger, more significant question: How should power be split? If Luther was right, and God should be accessible directly to each of us, then some other questions tumbled after that one. Should we have direct access to political power? To ideas? To money and land and control of our own economic destiny? Could "from faith to faith," be recast as "from idea to idea" or "truth to truth" or – and this turned out to be the really

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[91] **"When I came to the words":** Preserved Smith, *The Life and Letters of Martin Luther*, (Boston: Houghton Mifflin, 1911) Introduction



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violent shift – "from citizen to citizen as equals"? The Church was merely one of many institutions that had sat massively, reliably, comfortably (and greedily) between people and power.

Luther, it later emerged, was not alone. An era of awkward answers had begun. The Prussian astronomer Nicolaus Copernicus, for instance, had preceded Luther by a couple of decades with his own questioning of the unquestionable. "Those who know that the consensus of many centuries has sanctioned the idea that the earth remains at rest while the heavens move around it would regard it as an insane pronouncement if I said the opposite," he wrote. Machiavelli, Galileo, Erasmus, a growing list of great, transformative names – they were all working away in this same questioning spirit. Their insane pronouncements, when proven true, opened the way to still further insights. The Enlightenment had begun. The old power centers acted almost as if nothing had changed; maybe they believed nothing would ever need to. "What was, still is," the Catholic Church pronounced confidently (and absurdly) at the Council of Trent in response to Luther's Reformation. But there was no turning back. As the German philosopher Immanuel Kant wrote, the motto of the era could best be summarized as: *Dare to know!* "The Enlightenment," he explained, "requires nothing but freedom."[92]

This, it emerged, was a hell of an expensive requirement.

4.

In the years after Luther's 95 Theses, Europe was torn apart. The continent's longstanding image of power – balled up, concentrated, unquestioned – was ripped away. Another picture emerged. The idea of personal access to God, a kind of "one man, one prayer" approach to religion, which opened in turn other fundamental struggles. The credibility of nearly every sacred body that had once depended on controlling people and limiting their choices – the Church, those kings, feudalism, myths – faced a creeping erosion. "Human knowledge and human power come to the same thing," the English philosopher and statesman Francis Bacon observed in the midst of this shift in his artillery shell of a book *The New Organum.* Human knowledge, he means, *is* human power. You can imagine the energy, the promise of the book as it was passed in Latin copy to Kepler in his study in Linz (then Lintz), to Gallileo in Venice a decade before his imprisonment. It was this same human power to question even the most sacred ideas that the masses of Enlightenment Europe would use, gleefully at times, to claw apart most of the old structures.[93] Luther's heresy led initially to the Wars of the Reformation, battles that pulled every European royal family into a struggle between church and state, and then between each other. The bloodletting of The Thirty Years War, the first truly pan-European

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[92] **"The Enlightenment":** Immanuel Kant, "An Answer to the Question: What is Enlightenment?" *Kant: Political Writings,* (Cambridge: Cambridge University Press, 1991) p. 54

[93] **"Human knowledge":** Francis Bacon, *The New Organon. Cambridge Texts in the History of Philosophy.* (Cambridge: Cambridge University Press, 2000) 32



HOUSE_OVERSIGHT_018300

conflict, established in its aftermath a new balance that let each King select the religion of his subjects. *Cuius regio, eius religio* as the agreements of Westphalia decided in 1648 – or *Whose realm, whose religion.* This produced some stability, but not for long. You could read that line, after all, very personally and see what it demanded next: *My* realm, *my* religion.

In a sense, this revolutionary tumult was necessary to pull power from a comfortable, established *asymmetric* arrangement, in which a few people controlled so much, and into something more *symmetric*. Luther's Reformation thinking made God directly, instantly accessible to anyone. (Just as Copernicus' scientific way of thinking gave us, eventually, the ability to question if God existed at all.) Individuals – and the very birth of the idea of *individualism* was another heretical slap at the old institutions – could balance and contend and argue as equals. The notion that men were "created equal" became increasingly evident in this generation, even as establishing that equality triggered the French Revolution, the American Civil War and countless similar conflicts. Democratic systems aspired to enshrine this new balance, shifting countries from rule-by-birth to rule-by-majorities. In economics, markets reflected the new picture of power too. *How good is that product? What is the price? Is there demand?* became the essential questions, not *Which Lord controls that field.* Releasing power into the busy arms of businessmen, politicians, scientists and artists meant ideas, politics and innovations contended one against the other. They got better. They evolved. And the sum of all these interacting pieces made sustained economic growth into a reality for the first time in history. In a "commercial society," Adam Smith explained in *The Wealth of Nations*, "Every man lives by exchanging, or becomes in some measure a merchant."[94] Smith didn't mean everyone was really a merchant, rather that in a world of markets each of us – our labor, our ideas, our capital – is a commodity. We are liberated, but only to compete. For votes, for jobs, for resources.

If the old faiths and institutions couldn't stand the pressures of these powerful, equalizing forces, then new ones had to be built. "The scaffolds humans erect," the Nobel prize-winning economist Douglass North called these foundations.[95] The idea of equality of influence or power – not merely opportunity – demanded new containers: voting booths, congresses, unions. Rule of law was one of the most urgently essential: a single code that could be laid down evenly across a society, demanding that principles of order outweighed the habitual advantages of prominence or power or birth. Law aspired to make men equal in front of courts. This, in turn, suggested a new degree of fairness up and down the social order. Broader literacy, the standardization of measurements or the birth of universal credit and currencies were all tools for spreading access. Museums, scientific congresses and industrial fairs helped turn sparks of theoretical knowledge into the

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[94] **In a commercial society:** Adam Smith, *The Wealth of Nations*, (Oxford: Oxford University Press, 2008) 32

[95] **"The scaffolds humans erect":** Douglass C. North, *Understanding the Process of Economic Change*, (Princeton, N.J.: Princeton University Press, 2010) 48



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practical heat of industry.[96] Ever-more efficient use of iron, of steam, of electricity all reflected a virtuous loop of theory and practice, between the lab and the market, the scientist and the businessman.

This fusion of the instinct for competition, for constant new innovation, delivered the modern world you and I live in today. "All fixed, fast-frozen relations," Karl Marx and Friedrich Engels wrote in 1849 about the speed of this change, "are swept away. All new-formed ones become antiquated before they can ossify. All that is solid, melts into air."[97] As more people "dared to know", the big ideas and big thinkers attracted an audience. Arguments started. New ways to record and share the answers appeared too. Locke or Newton or Darwin were as notable for the crowd of debating, curious citizens they attracted as for their ideas. Such contentious discussions were designed to elicit truth, to give individuals that same shocking sense Luther had felt on discovering a powerful idea by himself; but as important was that these debates were recorded – written and then distributed in journals, books and letters. For most of history, after all, knowledge suffered from its own fragility and asymmetry: There was always a chance, maybe even a likelihood, that some important insight would be lost in a plague, strangled as heretical, burnt up in a library fire, or dissolved by some military misfortune. This is why, for instance, we have almost all of Shakespeare and why we are missing so much of Sappho. Widespread knowledge changed this. A solid, inarguable base endured. "If I have seen further," Newton famously wrote, "it is because I have stood on the shoulders of giants." Those shoulders for Netwon were enshrined in libraries, scientific journals and the massive sense of what had come before swaddled in the Cambridge walls that surrounded him. In this sense, the preservation and advance of knowledge, the new symmetry, was not only the largest shift of power in history. It was also the best thing that ever happened to the human race.

In other ways, of course, it was very nearly the worst. Symmetry had a darker edge. It meant that nations decided the strategic questions of the day by throwing massive, deadly power at one another in unprecedented volume. With each passing year, Europe's engines of science and industry were grinding out tools of unprecedented destruction. Napoleon's greatest victories were enabled as much by the industrial strength of French artillery factories as by the liberated masses of the French revolution. When France was unseated by the British Empire, it was manufacturing scale and naval depth that tipped the balance. London's clubby mastery was, in turn, challenged by Germany's efficient, iron-and-blood commercial engines. Size and scale and safety became linked. This sense of the undeniable power of industrial mass was Winston Churchill's only comfort for two nervous, lonely years after 1939 as he paced the hours until what he hoped was America's entry into The Second World War. "I knew that the United States was in the war, up

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[96] **Museums, scientific congresses:** Joel Mokyr, "The Intellectual Origins of Modern Economic Growth", *The Journal of Economic History*, Vol. 65, No. 2 (June 2005) p 290
[97] **"All fixed, fast-frozen relations"** Karl Marx and Freiderich Engels, "The Communist Manifesto," in *The Economic and Philosophic Manuscripts of 1844 and the Communist Manifesto* (Amherst, N.Y.: Prometheus Books, 1988) 212



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to the neck and in to the death," he wrote the day after Pearl Harbor. "Hitler's fate was sealed. Mussolini's fate was sealed. As for the Japanese, they would be ground to a powder. All the rest was merely the proper application of overwhelming force."[98] Or, the reverse of that coin: Admiral Yamamoto grimly to Emperor Hirohito: "If you tell me that it is necessary that we fight, then in the first six months to a year of war against the U.S. and England I will run wild, and I will show you an uninterrupted succession of victories. I must tell you also that, should the war be prolonged for two or three years, I have no confidence in our ultimate victory." [99] *Ground to a powder.* This was symmetry at its most pounding and decisive. Mass against mass. This was a picture of power that seemed undeniable in its pure logic. Until now.

5.

So how should we think about power in our own age? What picture best captures its vibrant, unceasing demands?

It might be tempting now, as a first pass, to say we've left that world of purely symmetric, mass-against-mass power behind. After all, a few figures, anywhere in the system, can exert massive and even fatal, collapsing pressure. One clever hacker, one terrorist, one hedge fund manager with a bad idea, even one purely accidental mis-connection – never before has so much power accumulated in systems so vulnerable to single slips. And our massive power – the US Army or our economy – is hardly decisive despite its weight. It seems now that something can grow bigger *and* weaker. A nation may have an ever-larger GDP, but if it is miswired somehow, if its social or legal or youthful connections misfire a bit, then it may be still more vulnerable. But this "power of a pinprick" asymmetry is not the whole story. Just when the network looks like a way to tie together all sorts of small, even isolated forces and bless them with decisive power, we notice something else. Tremendous, even historic and undeniably massive concentrations of power. Platforms like Facebook, software systems like Microsoft or search centers like Google are sort of dense, impossible-to-replace gold mines. Google answers questions for more than 50% of the world every day. Is it the most powerful company in human history? Is Facebook? And is their power widely distributed? Or is it concentrated in the algorithms and cloud data of these firms? Anyhow, they are among the first of a totally new species of firm.

The leap we have to make in understanding our networked age – and by this I don't just mean the Internet, but really any connected system you'd care to consider – begins with this idea: On connected systems, power is defined by both profound *concentration* and by massive *distribution*. It can't be understood in simple either/or terms. Power and influence may yet become even more concentrated than it was in

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[98] **"Hitler's fate was sealed":** Winston Churchill, *The Second World War: The Grand Alliance*, (Boston: Houghton Mifflin, 1986) 540

[99] **Or the reverse of that coin:** Roberta Wohlstetter, *Pearl Harbor: Warning and Decision* (Stanford, CA: Stanford University Press, 1962), 349–353.



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feudal times *and* more distributed than it was in the most vibrant democracies. Network power, we might say, exists as a sort of skin or surface that ties together billions of points to each other and to vital, centralized cores. We know our world is filling with more and better and faster connected devices distributing themselves at an unmeasureably quick pace; but we are also breeding powerful centralized knowledge and computing basins. Biological research labs now engage in complex DNA analysis with powerful desktop tools (distribution), but to work efficiently, they demand fast reference to the patterns revealed only in immense genetic datasets (concentration). You can snap high quality videos with your phone (distribution); you share them with millions on a connected central stage like Facebook or YouTube (concentration). A financial engineer can architect a new and profitable trading instrument on his tablet (distribution), but his hopes for profit depend on instant connection to busy, price-setting markets were prices are set (concentration.)

This sort of pulling, taffy-like web of ties between small (your watch) and big (connected data systems) stretches constantly. It's what you need to picture when you think of an image of network power. The wired masses in Tahrir square, for instance, emerge like magic on some once-invisible surface that forms between their phones and powerful platforms like YouTube. Or: Hyper-linked terrorist groups appear from nearly nowhere, jerking recruits from suburban London bedrooms via massively connected messaging platforms. Recall Adam Smith's line about the Enlightenment, how a commercial society was one in which every man had to become a merchant? Well, in our age of connection, every one of us is a node. We sit on that tense, stretched surface between center and periphery. When we say "connection changes the nature of an object," this is the exact balance we have to comtemplate. "Social structures," John Padgett and Walter Powell wrote in their masterful study of complex connected systems, *The Emergence of Organizations and Markets*, "should be viewed more as vortexes in the flow of social life than as buildings of stone."[100] This idea has some eerie implications: Every structure – congresses, universities, the company where you work, our minds even – is merely a temporary collection of relations. And of course those relations can change at any moment. The tension between concentration and distribution acts, in a sense, like an hydraulic jaw. It pries power out of older, once-legitimate hands.

Consider the case of my father, a cardiologist. As a doctor he stands at the head of a medical tradition run for thousands of years on the idea that the doctor is the center of your care. If you show up at a hospital on a stretcher with a flat-line on some heart monitor, my father's decades of training and practice have always been your best hope. But today, nearly every patient he sees – even the ones he brings back from their black flat-line future – second-guesses him as soon as he's out the door: Googling their disease, tapping into websites of mixed reliability, joining some online community of people with the same sickness while they still have tubes in their nose. Meanwhile, his ideas about your case are under quickening pressure: An

[100] Padgett and Powell, p. 8



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emerging "Internet of DNA", massive collections of treatment histories, or linked databases of medical histories will be overseen by machine intelligences able to out-diagnose him.[101] Constant, automatic links between body-borne sensors we'll wear (or swallow) and data centers will sharpen the edge these systems have on my dad further still in coming years. They will notice things he could never hope to see – small but portentous changes in your heartbeat, chemical chimeras from new medications, how you're feeling in each moment until your last.

It is the nature of networks that they create both massive concentration *and* distribution. And in the process they simply rip apart many of our existing structures. Look at our worrisome global economics at the moment. Extreme concentration of wealth on one end and massive distribution of work tools to ever-cheaper sources of labor runs on this exact same logic: it is a sort of jawing network effect that is tearing up the middle class, producing an ever-richer elite. Those who have information in financial markets, for instance, possess a secret and vital and ever sharper edge over those who don't. Which makes them richer still. Which sharpens their cutting edge still finer. If we ask ourselves why the world now feels on the edge of a deflationary shock – a moment where there is more supply than there is demand, where the world waits to buy because "tomorrow it will be cheaper" and sends economies spiraling as a result – one reason is this way in which networks are pulling on our economics. On the one hand, wealth is concentrated in fewer and fewer hands by the leverage of knowledge and a head start and connection – a phenomenon known, in fact, as a "rich club" distribution by network theorists. The middle class is locked out of this group. Their wealth and power and influence declines, as a result. This slashes overall demand, since a billionaire consumes less of each additional dollar than, say, a school teacher. At the same time, massive distribution of technology and connection is reducing demand for labor while flooding the world with commodities, workers, newly linked-supply of items like bedrooms and car seats.

The network effect works its usual jawing destruction here: Connection decreases demand *and* increases supply. It concentrates capital in a few hands, even as it distributes tools of work to cheaper and more distributed people and machines. The middle is class torn inexorably apart from both ends. It's not wrong to wonder, as some economists have, if capitalism is a system best yoked to older, slower puritanical values that encouraged saving, not consumption – and to ask if wiring markets to instant networks is not, in the end like trying to warp speed a carriage. Anyhow placing an economy on a network surface produces new, ripping pressures as apparent in middle-income nations as they are in middle class households. "We are being destroyed," a South Korean friend said to me about the hollowing out of his national economy. Korean computer and television and compute manufacturers had hoped they could develop their own essential software, that their hardware manufacturing technology would be unmatchable. In fact, software triumph was

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[101] **Meanwhile, his ideas about your case:** I. Akyildiz, Pierobon, M. Balasubramaniam, S. Koucheryavy, Y., "The internet of Bio-Nano things," *Communications Magazine, IEEE* , vol.53, no.3, pp.32-40, March 2015



HOUSE_OVERSIGHT_018305

drifting to cores in Silicon Valley and Redmond – a contest between Microsoft and Apple and Google. And the prized Korean manufacturing excellence was no match for cheap Chinese and then Vietnamese labor welded to assembly-line technology.

We see this pattern of network-led shredding nearly everywhere now, the result of powerful cores of knowledge and wide distribution of connection. Newspapers – removed from relevancy by crowd-sourced newsfeeds *and* constantly-connected smart databases. Once indomintable television networks, devoured by cheap home-made videos *and* large-scale platforms that use the Internet for distribution. Bitcoin and other first-generation block-chained currencies eating at the once unquestionable authority of central banks. Drones hovering along on a skein of GPS and data links are also among the new citizens of this connected skein. They are products of a data web: They depend on centralized connection *and* the distribution of technology, data, and design. They may do to old ideas of security and power what the fusion of GPS and smart phones and databases have done to hotel chains or medicine. Massed, self-organized drone fleets can turn aircraft carriers and exposed battle groups from sources of strength into vulnerable and even dangerously self-defeating antiques. They will remake urban landscapes. Think of the way that Baron Hausman redesigned Paris in the 18th Century to manage with the Enlightement-age danger of liberated, angry citizens. The creation of the city's wide boulevards, central axes for easy movement of the police, and intersections engineered to quarantine riots was a reaction against the demands of mass liberty. Our cities are now vulnerable not simply to mass protest risk, but to the pinch of asymmetric levitating drones. The sensations of safety behind walls, up a staircase, inside a windowed room all begin to slip away. Drone risk – and all the potentially wonderful elements of constant, instant drone assistance – will command a retooling of cities, much as automobiles did a century ago.

So this is power: Cores and distribution. They way that tension pulls particularly on certain, once-essential structures and objects and people explains a lot about our age – including the failure of so many institutions. Connectivity changes the nature of an object. That's true for your doctor, your bank account, your army – and for billions of people whose lives alter irreversibly once they connect to markets, to knowledge, to the world. To connect now is to be exposed to this fresh young skin of linked power, a lively surface that transports anything at near instant speed. We have to ask just how many of the "scaffolds humans erect" that were essential for Enlightenment-era advances will be pulled down. And of course we face the exciting, uneasy task of thinking up the new scaffolds we now must build.

If you have the tools or the skill to see the world this way, as a vibrating and pulling mesh of connections, then you can look at a tanks or soldiers or years of stability and see *possibility.* A friend who controls the largest secure Bitcoin vault in the world, put it to me once this way: "Platforms mattered once; now it is protocols." His point was that the pipes and rules connecting the varied systems of our world affect, fundamentally, the distribution of power. The rules of the Bitcoin blockchain or the implications of a protocol like IPv6 or DNSSSEC reveals something about how we'll all connect in the future. Once these new rules become visible to you, then even the



HOUSE_OVERSIGHT_018306

most inarguable current sources of influence and control – the US Dollar, say – look weak. The Seventh Sense is defined first by an intuitive feeling for just how power is being re-geared now. If you look at a kid with a phone and think "Strong", you have the Seventh Sense. If you look at an angry, barely educated terrorist wannabe and think, "Junior Varsity", you don't. And as a result you may be about to have a very unpleasant surprise.

Try this: Ball up your right hand and hold it in front of you; now take your left hand and open the fingers and hold it a few inches away with your fingers pointing back towards the right. You can think of your left hand as the vibrating, living network of connection – reaching towards the concentrated power that your right hand represents. This is the heart of understanding our age. Networks live in that tension between distribution and concentration. To connect any object – my dad, a newspaper, a radio-controlled plastic drone – to this skein is to change, irrevocably, its essence. The reason the legitimacy of old leaders is failing, the reason our strategy is incoherent, the reason our age really is revolutionary, is that they are all sitting in the midst of these pulling, powerful forces. We should steel ourselves for the shredding imminence of this violence . But also – and you know this already, I think – we must prepare ourselves for the possibility of immense construction. Network power does not only pull apart. It also creates.

This paradox confused me, to be honest, for a long time. Power is, manifestly, concentrated with astonishing efficiency now. And it is more widely dispersed than ever too. We can stare at this difference, this strange polar tension and baffle ourselves as we try to figure out just how and why it moves. The best way of understanding this, I finally concluded, requires a cognitive leap, perhaps, over our usual Western way of understanding the world as either "a" or "b", as either "distributed" or "concentrated", and into a view of how opposites might ceaselessly balance into a whole. Not "a" or "b" but "a" *and* "b" at the same time.

Let me tell you what I mean: In 1132 the Song Dynasty that had ruled China for nearly 200 years collapsed in the face of an invasion by wild Manchurian soldiers from the northern plains. The Song leadership – along with its best minds and cultural figures – fled south from Beijing for a thousand miles, until they were safely on the opposite bank of the Yangtze River. They settled in a lakeside city we know today as Hangzhou. In those days Hangzhou was known as Lin'An, which might best be translated as "Gazing at Peace." The little town must have seemed to the Song leaders a perfect respite from the horror and war they had left behind. The city lay then, as it still does, along side XiHu or West Lake, a tranquil and horizon-filling stretch of water framed by rolling hills and tea plantations. The famous poet and statesman Su Dongpo later compared gazing at the lake to looking at a beautiful woman – that same fused sense of calm, peace and astonishment you might feel while considering the object of your own love. Stilled water is regarded in Chinese culture – you may recall from Lake Tai Hu where Master Nan set his campus –as a reservoir of *yin* energy. Song leaders had fled the angry *yang* energy of invasion for the *yin* peace of the south. Yin energy is associated with calm, femininity, fertility. Yang expresses action, violence, creation. Yang is the thunderstorm; Yin is the peace



HOUSE_OVERSIGHT_018307

that comes afterwards, as the crops absorb water and grow. The idea of a balance of *yin* and *yang* is among the oldest in Chinese philosophy. "When heaven and earth were formed, they divided into yin and yang," the Huainanzi, one of China's greatest political texts explains. "Yang is generated from yin and yin is generated from yang." Hangzhou became a capital of *yin*. It produced perhaps some of the greatest Chinese philosophy and poetry and art. Greatness emerged from that stillness – and, even today, to sit by West Lake and drink a cup of the Dragon Well tea produced on the nearby hillsides is to have every one of your senses flooded by tranquility.

That yin-yang balance gives us, in a sense, a way to understand that split power on a network by seeing it is not, really, split. Network power is energetic and wild at the ends, with all the creative energy of a world filled with devices, empowered human dreams, and the violent slips of old balances. *Yang.* But at the center it is dense, still, even quiet with the silently cranking algorithms of massively concentrated power. The computer science pioneer Claude Shannon saw information in 1949 as wild, uncertain, and pulsing with the instability of an entropic system. *Yang.* The machine architect Norbert Weiner, writing at nearly the same moment in 1948, saw the digital age differently – as an expression of stability and structure. *Yin.*[102] His vision for a digital order, what he called "cybernetics," emerged from the Greek concept of *kibernetes* – the orderly steering of a ship through sometimes chaotic waters.

We now know: the humming webs around us are both. They are ordered and structured.[103] Good and evil. Power in this connected age is concentrated *and* distributed. Each feeds the other. The crops need the thunderstorm; the thunderstorm feeds from the heat radiated off the land. Or: The *yang* violence of the Manchurian wars bred the conditions for the *yin* renaissance in Hangzhou. The massive distribution of connected points creates revolutions, economic disruption, crackling innovation. But it also creates a need for more centralization, more agreement on protocols or platforms. This idea of opposites balancing into a whole is not unique to Chinese civilization. You can find it too in ancient Greek or Roman tradition. Heraclitis, for instance, insisting, "All things are one." Or in the view that there can be no love without hate, no stillness without chaos, no beauty without the unbeautiful and fortunately – as we're about to see – no destruction without creation.

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[102] **The computer science pioneer:** See D. Bawden and L. Robinson, "Waiting for Carnot": *Information and Complexity*. Journal of the Association for Information Science and Technology, 66: 2177–2186; Norbert Wiener *Cybernetics, or control and communication in the animal and the machine* (New York, NY: John Wiley and Sons, 1948); Warren Weaver, "Science and complexity", *American Scientist*, 36(4), 536

[103] **They are ordered:** Carlos Gershenson, Peter Csermely, Peter Erdi, Helena Knyazeva, and Alexander Laszlo,"The Past, Present and Future of Cybernetics and Systems Research", arXiv:1308.6317v3, 23 Sept 2013



HOUSE_OVERSIGHT_018308

Chapter Five:

# Fishnet

*In which we learn why networks spread so quickly.*

1.

In 1959 a young aeronautical engineer named Paul Baran, who had been working at Howard Hughes' aircraft design factory in Los Angeles, arrived for his first day at work at a low-slung, modern building along the Santa Monica beach in California. RAND – a stylish 1950's acronym for Research & Development – had been established by the US Air Force with an ambitious aim: How might the best minds of math and science be bent to the purpose of winning the Cold War? RAND was a dream destination for many researchers, offering a fusion of patriotism, technology and California sun. The place became known for a relaxed, intellectual atmosphere – an energy of open creativity that belied the dangerous, nuclear-tipped problems sitting inside its locked safes and eager minds. Shortly after settling in, Baran was given one of the most troubling, deeply secret of these puzzles.

The Cold War was then in its early days. The debate over how to manage an age when it was, for the first time, possible for humans to destroy the planet was colored still by fresh memories of Hiroshima and Nagasaki. It was charged too with the fear of communist expansion, not an unreasonable worry for Americans who had just fought a world war against two other, dangerously totalitarian forces. A cold fear lingered in the minds of many citizens and military planners: Given a window of vulnerability, might the USSR loose a fast nuclear attack? Avoiding such a risk became a primary concern of American diplomacy and defense thinking, particularly in the establishment of some sort of deterrent to a Soviet attack. Moscow had to know, and trust, that any attempt to strike-first would be met with a devastating reply. "The chief purpose of our military establishment has been to win wars," the nuclear strategist Bernard Brodie wrote in a 1946 memo. "From now on its chief purpose must be to avert them."[104] Deterrence rested on this hope that the USSR would be persuaded not to launch a snap-strike because of the certainty of a nation-levelling reply. This logic, this "balance of threat" depended in turn on America's ability to launch such a strike. If the Soviets could wipe out America's ability to respond, then Moscow's leaders might move first, snap of America's claws, and then pick the world apart at their leisure. If Krushchev's famous, mocking dangerous "We will bury you!" line from 1956 really meant what it said, then such a move would provide an awfully convenient first shovel.

In the late 1950s, when Baran arrived at RAND, the Cold War was at its chilliest and one of the most carefully guarded American secrets was this: If the USSR attacked,

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[104] **"The chief purpose of our military":** Bernard Brodie, "The Weapon: War in the Atomic Age and Implications for Military Policy," in Brodie Ed, *The Absolute Weapon: Atomic Power and World Order,* (New York: Harcourt Brace and Company, 1946) 76



HOUSE_OVERSIGHT_018309

there might be no response. The US, with its priceless collection of bombers and missiles and million-man army, could not strike back for the simple reason that the nation's field officers would have no way to talk to each other, or to commanders in Washington. The military radio and telephone systems America depended on for her safety would not likely endure an initial Soviet strike. This was the problem Baran had been told to solve."At the time we didn't know how to build a communication system that could survive even collateral damage by enemy weapons," he recalled later. RAND determined through computer simulations that the AT&T Long Lines telephone system, a copper web that carried essentially all the nation's military communications, would be cut apart by relatively minor physical damage.[105]

The military had spent, already, a fortune on the problem. (They had spent half a fortune, it turned out, trying to hide it.) The result was an expensively designed, gorgeously featured telephone network linking military bases to strategic command posts. But because the lines and their switching centers were laced out in a pattern with just a few big central nodes, like a bicycle wheel with spokes, it had almost no chance of surviving the very thing it was designed to help prevent, a Soviet strike. If you gazed at an inked-out map of this network, with its central hub staffed by senior commanders and then radiating lines out to bases and missile silos, it even looked, well, like a target. If the USSR could bullseye those hubs with a bomb or two, the rest of the network would fold. The Soviets could do whatever they wanted: Invade Berlin, roll into France, obliterate Los Angeles. America's military would be deaf. And as Soviet missiles became more accurate, this seemed an inevitability. "We will soon be living in an era," Baran wrote, "in which we cannot guarantee survivability of any single point."

The situation, as a carefully screened handful of scientists at RAND knew, was in fact even more perilous. Shortly before Baran arrived at RAND, scientists testing hydrogen bomb designs in the Pacific discovered that radiation from their explosions fuzzed communications for hundreds of miles. A Soviet attack, even if it

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[105] **"At the time":** There is a fair amount of debate about this question of if the Internet design was intended for survivability or if some other systemic need – such as linking research institutions – accounted for the distributed architecture that emerged. See, for instance, Barry M. Leiner, Vinton G. Cerf, et al, "A Brief History of the Internet", *ACM SIGCOMM Computer Communication Review* Volume 39 Issue 5, October 2009, 22-31. However, an examination of primary source documents shows the evolution of Baran's thinking clearly and produces documentary evidence for the origins of the problem he and various figures at RAND were aiming to solve. Others arrived at the packet switching model, but it is clear Baran's path to the design emerged from the security problems he was considering. For much of the information here see "Oral History: Paul Baran" *Interview #378 for the IEEE History Center*, The Institute of Electrical and Electronics Engineers, Inc. (Available online); Paul Baran, "On Distributed Communications I: Introduction to Distributed Communications Networks," United States Air Force Project RAND (August, 1964); Baran "On Distributed Communications XI: Summary Overview," United States Air Force Project RAND (August, 1964)



HOUSE_OVERSIGHT_018310

missed those crucial, central AT&T nodes, would still reduce American military communications to a bunch of hissing, empty phones. "Our communications were so vulnerable," Baran said, "that each missile base commander would face the dilemma of either doing nothing in the event of a physical attack, or taking action that would mean an all out irrevocable war." You could, uneasily, picture the moment of decision: Some Colonel alone in his bomb-laden plane over Europe or deep in some cornfield missile silo wondering "Launch or not?". This was a horrifying possibility. Baran began to ask: Was there some other way to send a counter-strike signal? There was a sense of life-saving preciousness in such a setting about connectivity itself. To hold it, manage it, protect and control it – in the face of the extreme pressures of a nuclear balance, such connection marked the difference between safety and catastrophe.

2.

You can, at the heart of many revolutions, find the warm hints of human psychology pressing out. This is the roiling, unscratchable instinct for change that marks a really revolutionary temperament – and that often is the only sort of personality that can imagine and then deliver a solution to impossible problems. Conservatives like things as they are, even if "as they are" is sometimes broken or dysfunctional or dangerous. Revolutionaries are different. They don't seem to choose their role. They have a vision for how the world ought to be, a vibrating and instinctive picture of power, and driven by passion or anger or faith or some wild genius, they chase that vision relentlessly, even into madness. If they are lucky, however, they live in an age where their crazy hopes catch onto some larger human hunger. Khomeini worried that the Shah would never fall. Lenin was preparing to abandon revolutionary politics in 1916. Jobs was told the iPhone could never be built as he wished. Then, in an instant, revolution.

We might ask: What set Martin Luther on his revolutionary course to demand instant access to God? Luther would tell you that his first inspiration had come to him one night in the summer of 1505, while he was walking home in a thunderstorm, when a lightning bolt landed a foot or two away.[106] Luther had been struggling for years with an inner battle, with a tension between his faith and what it demanded of him. Then, when that lightning cracked free from the storm, a sensation of total terror was replaced by a new feeling. The nearness and power of God snapped past him in that moment. It clarified everything. He dropped his law studies the next day and within a year he was an Augustinian monk, preaching – often hundreds of sermons a year, ever angrier, ever clearer – about the closeness of God, the real, tangible, bolt-from-the-blue passage of faith to faith. He was totally, completely converted.

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[106] **Luther would tell you:** Albert Beutel "Luther's Life" in Ed. Donald K. McKim, *The Cambridge Companion to Martin Luther* (Cambridge: Cambridge University Press, 2003) 4



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Long before Paul Baran dreamed up the networks that were required to solve the "deaf, dumb and blind bomber pilot" challenge, he lived through the sort of moment that left an indelible psychological mark – one that remains visible in the revolution he made, as Luther's lightning-bolt of faith is in the unadorned churches and simple liturgy of Lutheranism. Baran was born in Grodno, Poland in 1928. His father had an uneasy sense about what was coming to Europe and he moved the family to America when Paul was six. *Pesach* Baran became *Paul* Bran in America, a model student, a prize-winning mathematician and eventually at Hughes and Rand he established himself as one of the great American engineers of his generation. And like so many refugees of that era, the sharp, irreversible exodus left him with a question. How, exactly, to stay connected – to family, to tradition, to history? As the murderous mist of Nazism swept over Europe, the problem took on a searching urgency: How to maintain a connection, *any connection*, in the face of utter catastrophe? As he neared retirement decades later, Baran recalled his life's work with this resonant line: "I was concerned," he said, "with survivability." The problem that animated his life as much as it did his networks.

Two years after arriving at RAND, Baran began to discern the outlines to a solution to the dangerous problem of American military communications. In a series of lectures for Air Force officers starting in the summer of 1961, Baran began working his way towards an answer, speech by speech and equation by equation. He didn't fully know where he was heading when he began the talks, he said, but he had an instinct that some other design must be out there, some completely fresh way to handle the "survivability problem" and by the end of his lecture tour, he had found it.

Baran's new design for a durable network had begun with an idea that *didn't* work. The Pentagon, he'd thought, might broadcast thousands of coded messages over AM radio frequencies all at once as an attack approached. "We interrupt this program to say: It's Christmas in July!" Missile silo commanders and bomber commanders would cluster by their transistor radios, collecting a "launch" code with the ease of listning to a late-night baseball game. That target-shaped, "Just Aim Here" web of phone lines would be replaced by something far more distributed, harder to wipe out with a single Semyorka-7 missile shot. But this approach had problems too. It relied fatally on broadcast towers and on insecure AM radio waves. But the idea of such a widespread, insidiously untargettable network got Baran thinking. Sending out the messages and letting them find their own way had a lot of appeal, if it could be done. There would be no central hubs. Information would sail over linked lines in the way radio signals moved in the air. Military communications, in Baran's system, would bounce from point to point on this tapestry, at each stop being re-directed towards their intended destination. The resulting network, if you drew it out, would look like a fishnet: Lots of links connected to a few knotted nodes. And because the bundles of data, Baran called them *packets*, could be moved by the network itself, you could cut or nuke or sabotage the net in a few places and still use it. The packets would would find another path. Even a badly ripped up and irradiated network could, in theory, carry a "launch" – or a recall – message safely from the White House to a bomber pilot.



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"The early simulations," Baran recalled, "showed that after the hypothetical network was 50% instantly destroyed, the surviving pieces of the network reconstituted themselves within a half a second." That was a way of saying that his messages were finding new routes on the network even after huge parts of the system had been taken off line. And they were doing it nearly instantly. Better still, as he began to model these fishnet, "distributed" networks, Baran discovered that they were not only capable of surviving attack, they were also incredibly efficient. "If built and maintained at a cost of $60 million (1964 Dollars)," he calculated, his design would, "handle the long distance telecommunications within the Department of Defense that was costing the taxpayer about $2 billion a year."

Baran travelled the country for most of 1961 and 1962, classified presentation and slide-rules in hand, trying to persuade skeptical generals, engineers and other scientists. It was, he found, a nearly impossible task. He recalled a visit to the towering AT&T switching headquarters on Thomas Street in Lower Manhattan. It was,an implacable temple of the high-priests of hub-and-spoke network design. That one building handled more telephone and telex traffic than nearly any other single point on earth. Surely the place was very high on the USSR first-strike list for exactly that reason. So Baran expected a friendly reception. After all, he'd be telling a bunch of men with a uranium death sentence that he'd found a way to get them off the Soviet target list. His new "mesh" network would mean that bombing AT&T would be largely pointless. It wouldn't blind US commanders. If only they'd redesign their network, the AT&T engineers might save their own lives. They thought he was insane.

"I tried to explain packet switching to a senior telephone company executive. In mid-sentence he interrupted me, " Baran recalled. "The old analog engineer looked stunned. He looked at his colleagues in the room while his eyeballs rolled up, sending a signal of his utter disbelief. He paused for a while, and then said, 'Son, here's how a telephone works….'" Of course Paul Baran knew how a telephone worked. You jacked one point to a switch to another point. That was the problem. This was why AT&Ts design would be absolutely useless in the face of the catastrophe he'd been told to prevent. Baran was, nerve and blood and bone, as an analyst, and even as a refugee perhaps, alive with the imperative of survivability, of how connection might mean the difference between war and peace. Those morons in the AT&T building? What the hell could they be worrying about?

But it wasn't just that $2 billion annual check from the US Defense Department those wizened phone wizards were seeing vanish in Baran's fishnet, it was a whole way of thinking. The AT&T scientists wanted to control the addresses, the routes, the timing of messages from the center. This sort of authoritarian design appeared more efficient to them; perhaps it was even more psychologically comfortable since it matched their own experience of being commanded and controlled. Karl Wittfogel, the historian who identified the water totalitarians of ancient China or Egypt, would have recognized them: *Switch Despots!* "We had arrived at a conceptual impasse," Baran reflected with the mild confidence of a man who knows he will eventually



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win. He moved onto the next stop. Same result. And the next. Same result. Eventually Baran's engineering colleagues back at RAND were so affronted by the routine dismissal of his logic that they spoke up. They had seen the classified briefings. They knew just how easily the nation could be hobbled – and their Santa Monica building was surely on some target list somewhere too. RAND's scientists demanded a detailed, critical study of the "distributed network model". By the time they were finished, the Air Force was preparing to begin construction.

*Survivability.* Plucked from that impossible looking puzzle was the first honestly distributed network. You can sense the power of this inversion: A network with no central control, survivable, uncuttable. The earliest large network built on the Baran's principles became known as ARPANET, the Advanced Research Project Agency NETwork – a mesh of connections that, even today, serves as the backbone for parts of the Internet. Even with the risk of nuclear war (hopefully) long gone, packet switching networks of one sort or another still account for most of the data moving in the world. Think of how true, how heat-hardened and useful an idea must be to endure more than fifty years of technological change. And all the efficiencies Baran first predicted 50 years ago on his slide rules are still at work. Every time you make a call, share a video or ask a machine to think for you, that whole transaction likely takes place through fishnet routed packets. If we had stayed with that old AT&T model, we'd be living in a different world. Riots would be flipped off with a single switch. Data flows would be monitored with the ease of watching a subway turnstile. The far flung, wild creativity of our plug-and-play connected world would be stilted, stifled. Each additional connection to the system would demand bureaucratic central approval by the Switch Despots, concerned more with their own power more than their survival. Instead, we have a slice-resistant mesh that has grown by a billion times over, with its original architecture largely intact.

Packet switched systems such as the Internet mean that anyone with some string and an ability to tie knots (which, in tech-speak, is anyone with some blinking fiber optics and a TCP/IP connection) can add themselves into the global web. They can connect. They can share. Practically, this is why you can so easily snap your phone or tablet on and touch, more or less instantly, a whole world of data. Every minute now an additional 10,000 devices are connected to the Internet. Medical tools, Bitcoin mines, airplane diagnostic systems – and of course wired citizens, smart-phones and laptops and tablets. This ease of connection is an implicit part of a Seventh Sense worldview. Anyone can connect. It's as fundamental as Luther's "Let anyone can speak to God." Or Kant's "Dare to know." When someone says "Why would anyone want to share photos with the world?" or "Why would you ever hand your DNA over?" they are missing the point that many objects now are only complete or useful once they're connected. When we say "connection changes the nature of an object" we're nodding towards the idea that constant connection is almost a kind of *right* for devices and programs and people. Anyhow, it is certainly a kind of yearning.

When we described network power as stretched between distribution and concentration, we should understand too that it is this design of Baran's that



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permits the easy spread and accumulation of links.Terror cells or social networks or financial markets all lay out in this fashion. Wide-open, convenience-making links are expanding, and they serve as a kind of global nervous system, more sensitive with each passing generation. These lines of connection run two ways, of course: Networks permit any of us to connect to nearly anywhere, and to unimaginable technological power. But, at the same time, the world connects back to us. Wired jihadis and currencies and bio bits – they're all tied in with us too. So yes: We're murdering the exotic with our data connections and machines and discount plane flights. Should we be surprised when, from time to time now, the exotic shows up and murders us right back?

We've seen, now, the way in which that pulling connection between center and periphery – that tension of our network – pulls apart old structures. And this is the first, urgent Seventh Sense understanding: Connection changes the nature of an object by placing it on this tense mesh. Connect a patient, a doctor, a flying machine, a currency – each is twisted and changed as a result. Some become great. Others snap, never to be rebuilt. Some adjust, painfully. The pulling network action accounts for our greatest new fortunes but also the tumbling of old ideas and institutions. This is why our age is so uneasy. This is also part of the picture of network power we have to keep in mind, the image of a stretched skein plucking apart old structures. Baran's fishnet grows, it locks everything it touches into a new structure, one that resists the "arrest the usual suspects" sort of interruption. We've said: Connection changes the nature of an object. To be connected to a Baran-style system instead of a brush-cut 1950's AT&T system makes a difference.

The connected devices themselves are constantly improving. Back in Baran's day, dozens of scientists counted themselves lucky to share a single computer. A few decades later, the PC revolution gave everyone their own machine. And now, of course, we each have many computers in our lives: phones, wired TVs, computers. Because of connection, we have access to thousands of such devices in data centers.[107] We can touch them in an instant, a fusion of software and hardware and connection that we are starting to know lean on as "everyware." This now commonplace magic was formalized back in 1965 by Gordon Moore, one of the founding engineers at Intel, who noticed the rather amazing fact that since the introduction of integrated chips in 1959, the number of transistors on each tiny chip had been doubling every two years.[108] It seemed hard to imagine this pace could endure, but then it did and does, something known as Moore's Law. Back in 1997 Andy Grove, who followed Moore as CEO of Intel, the chip giant, was named TIME's Man of the Year. I wrote that story and I remember Grove telling me, in a confessional spirit: "I never stopped thinking about the business. I worked

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[107] **And now, of course:** Richard Harper, Tom Rodden, Yvonne Rogers and Abigail Sellen Eds. *Being Human: Human-Computer Interaction in the year 2020,* (Redmond: Microsoft Research Publication 2008)

[108] **This now commonplace magic:** Chris Mack, "The Multiple Lives of Moore's Law: Why Gordon Moore's grand prediction has endured for 50 years", *IEEE Spectrum* (March 30, 2015), accessible online.



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constantly. But when Gordon Moore left the office, he left the work. Mostly he'd go fishing." Moore had the certain confidence of a man who had spotted one of the fundamental laws of our age, the compression of computing power and cost. He had the "Let's go fish" air of a man who had seen the inevitable. Grove, who as CEO had to match the wild speed Moore's Law suggested, had the total unease of a man aware of just how fast a pace the inevitable was setting. Competition was everywhere. One mistake sustained for six months could kill the entire, multi-billion dollar business. It had happened to other firms. Often. Grove's motto was best captured in the title of one of his books. *Only The Paranoid Survive.* Each man was right in his way. Moore's law makes ever cheaper and more functional devices spread. But Grove's famous anxiety was honestly earned too: So much speed. So much connection. Paranoia does seem the best reaction.

You have to wonder what that eye-rolling AT&T senior telecommunications engineer who so mindlessly lectured Baran would have made of this new world. The old New York City temple of phone switches where they met in 1961 has been remade into a luxury condominium now. The company's impregnable billions of dollars of long distance revenue were eroded and then basically destroyed by free packet-switched services running along the Internet. *Son, let me tell you how a phone works.* What must Baran have really thought? Massive, widespread connection changed everything. Including how a phone works. Baran eventually left RAND. He founded several of the most important (and lucrative) companies of the early Internet. Years later he understood with more precision what exactly had happened: The real risk to those vulnerable AT&T systems wasn't Russian missiles. It was an information bomb of sorts, a concatenating desire for constant connection that exploded many old tools of control. Yes, it took out the old structures. But, because of the very way it was architected, for survivability, it had a remarkable feature that even Baran had not quite expected: It enabled each of us to create too.

3.

We're surrounded by so many networks now where relations and ties of all sorts produce a constant, hard-to-predict, "I never thought of that before," dynamism. Of course you have to pity those AT&T wizards a bit. *Let me tell you how a stock market works.* Or *let me tell you how a biologist works.* None of these have quite the same answer as they would have two unconnected decades ago. Economies, ecosystems or our politics or immune systems are charged with this energy of expanding complexity. Innocuous looking devices or people take on peculiar, sometimes dangerous aspects when connectedLinked networks of money or people or bugs tumble into wildness over and over, in ways we can't quite anticipate or explain.. "There are systems of crucial interest that have so far defied accurate simulation," the scientist John Holland observed in a famous paper that helped establish the discipline of "Chaos Science". [110] Holland spent years considering these puzzling, hard-to-model systems and spotted at least one regularity: Whether it was webs of

[110] **"There are systems":** John Holland, "Complex Adaptive Systems", *Holland, John, Daedalus*; Winter 1992; 121, 1, p. ; Research Library pg. 17



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finance like the futures exchange or immunological networks or our own brains, highly-connected systems shared what Holland labeled an "evolving structure" – they never stayed the same. They seemed to shift, with an easy plasticity, in response to internal pressures or external changes. In the process, they took on new forms. In many cases, they became better, stronger, more adaptively fit. It wasn't simply that the unexpected appeared, it was that the systems were evolving. We talked earlier about how political and economic ideas like serfdom or divine right fade into history as new forms – a congress, a stock market – are born to replace old ones. Holland thought the world filled with such evolutions, no different than species adjusting (or not) to a hotter climate or some fast new predator. He called the networks that produce these sorts of innovations "Complex Adaptive Systems".

When Holland chose the word "complex" he was making an important distinction. C*omplicated* mechanisms can be designed, predicted and controlled. Jet engines, artificial hearts or your calculator are complicated in this sense. They may contain billions of interacting parts, but they can be laid out and repeatedly, predictably made and used. They don't change. *Complex* systems, by contrast, can't be so precisely engineered or guessed at with much real certainty. They are hard to fully control. Human immunology is complex, in this sense. The World Wide Web is complex. A rainforest is complex: It is made up of uncountable buzzing, connecting bugs and birds and trees.[112] Order, to the extent it exists in the Amazon basin, emerges moment-by-moment from countless, constant interactions. The uneven symphonic sound of *L'heure Blue*, that romantic stopping point at dawn when the night retreats bug by bug and you can hear the forest wakeing bird by bird is the sound of complexity engaging in a never-the-same-twice phase transition.

The word "complex" comes to us from the Latin world *plex*, which nods at the interwoven, layered nature of any object[113]. What looks simple – a flower, our skin, the value of a dollar bill – is in fact *plexus,* loaded with twitches and influences. In that stitching of new links, countless interactions sort of inevitably hiccup into unexpected states and ideas and objects: financial panics or disease epidemics, banks and revolutions. Traffic during rush hour is a complex system like this – the atomic, moving bits of the system, of cars and pedestrians and bicycles together determine the ultimate state of the system: jammed or no. Los Angles at 5 p.m. on a Friday isn't designed centrally; it's honking and confused and aggravated rush hour logic appears – slightly different every day – from interaction. . As any system fills out with more actors and more types of connection, it becomes more complex and harder to predict. Complicated systems don't produce uncertainty in this same way; appealingly, they just run. Strapping a complicated object to the wing of a passenger plane makes sense, even if it takes decades of refinement to real reliability. A complex object? Not so wise.

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[112] **A rainforest:** Simon A. Levin, *Fragile Dominion: Complexity and the Commons*, (Reading, Mass.: Perseus Books, 1999)
[113] **The word:** Carlos Gershenson, "The Implications of Interactions for Science and Philosophy", arXiv:1105.2827v1, May 13, 2011



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Most of our networked world is a pool of buzzing, fresh interaction – not only hard to predict, but constantly on the sharp edge of making something new. Scientists like Holland call this "emergence", the way that bottom-up interactions – between cells or chips or traders or cars – create a larger order, often something that was not there before. The fundamental uncertainty of this process means it's often excluded from the way we look at the world. It's easier to assume a predictable, linear, complicated logic is at work. An "a leads to b and c" sort of logic: revolution leads to freedom which leads to democracy, for instance. That such predictions are often wrong – and that we're so often surprised by events in economics or politics – is a reminder that compicated systems are often complex, lit with mechanisms that almost gleefully snap off the fingers of meddling, confident planners. Too often we look at some puzzle – Iraq, income inequality – and think it is merely "complicated." We should know better. "Macro models failed to predict the crisis and seemed incapable of explaining what was happening to the economy in a convincing manner," the European Central Banker Jean-Claude Trichet lamented in the aftermath of 2008s cascading, complex financial crises, when markets and officials discovered that the problem with their system was not merely that it was "too big to fail" but also "too connected to manage" – and possibly "too complex to comprehend." Trichet sounded a little shell-shocked. "As a policy maker during the crisis I found the available models of little help. In fact, I would go further: In the face of the crisis, we felt abandoned by the conventional tools."[114]

This sense of abandonment comes from an attempt to use a mechanical way of thinking in age of complexity.[115] When you think an air force can simply pound an insurgency to sand or that some old reliable business should survive because it rests upon billions of dollars of infrastructure, you miss the energetic creative and destructive power of complex connection. It's not fully right to say: Networks always beat hierarchies, because of course networks have layers and structures of their own. But it's not wrong to consider that complex systems tear easily at stiff, competitive and overly-ordered ones, even the most carefully engineered complicated ones. Think of the mafnicently ornamented dictatorships pushed to collapse in recent years. Or, can you really look at the firm where you work and feel a sense of living, flexible adaption in the face of connection?

In our age, the pressure of emerging change is particularly heightened by the very nature of the digital devices themselves. The connected and algorithmic tools all around us now lend themselves to the easy and cooperative interaction. In fact, that

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[114] **Macro models:** Jean-Claude Trichet "Reflections on the nature of monetary policy non-standard measures and finance theory", Speech at ECB Central Banking Conference, Frankfurt, 18 November 2010

[115] **This sense of abandonment:** Michele Catanzaro and Mark Buchanan, "Network Opportunity." Nature Physics Vol 9, March 2013 p. 121-122 or Cesar A. Hidalgo, "Disconnected! The parallel streams of network literature in the natural and social sciences", (2015) arXiv:1511.03981



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ability to plug into and share with one another is the essence of their power.[116] Your data-enabled phone or camera or database or stock-trading program is easy and powerful to use because so much of the world's data – your Sigur Ros songs, your home movies, your skin temprature – can be reduced to ones and zeros, freed for fast transmission, endless storage and quick analysis.[117] A machine that can blithely handle digital inputs of one sort, whether it is trading orders or music files, has the capacity, in theory, to work with any data. Such adjustability is what forces app companies, gaming businesses, or phone companies onto an exhausting treadmill of constant upgrade. Interaction between the pieces of a system, every bit as much as design or mechanical manipulation, is the reason why change happens.[118] Entrepreneurs mix GPS and phones to create a new business of tracking everything from our cars to our children. Algorithmic trading programs engineer completely virtual portfolios – you can buy the S&P Index but as your manager to strip out any performance from tobacco and gun companies, for instance. Or: Terrorists meet online and swap data. Some of the most astonishing systems of our new world have grown up this way. Google's back-end search systems, for instance, were not "top-down" designed so much as they emerged, competed and evolved to deliver once-unimaginable loads of data. No one at Google is "The Architect." There is no central approval for technology systems. Complexity and unpredictability and emergence are regarded as the best way to grow. [119]

Long before the idea of a smart phone or 3D goggles, the British mathematician Alan Turing anticipated their arrival when he dreamed of what he called a "universal device"[120]: A notional box that, starting from the ones and zeros of digitized data, could be constructed to do anything. Since everything can ultimately be reduced to a binary encoding, nearly any sort of data can be shared, studied, combined or remixed. This easy programmability of so many objects around us now is why our world now is more complex than, say, a world of interconnected rail cars or ships might have been. Rail cars and ships don't change much, and certainly not instantly. In the digital world, however, many of the most essential objects and nodes can be flipped around like digital Lego, connected in different ways. And because they are increasingly "always on", they are also always changing and adjusting to what happens elsewhere on the network. This is true for some new operating system dumped onto your phone that makes it more intelligent as it is for an algorithm placed into a commodity market that causes unexpected chaos.

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[116] **In fact;** Paul Phister, "Cyberspace: The Ultimate Complex Adaptive System", *The International C2 Journal*, Vol 4, No. 2 2010-2011
[117] **Your data-enabled phone:** Gershenson, p4
[118] **Interaction between:** Paul Dourish, *Where the Action Is: The Foundations of Embodied Interaction*, (Cambridge, Mass.: MIT Press, 2001) 4
[119] **Complexity and unpredictability:** Randy Shoup speech "Service architectures at scale: Lessons from Google and Ebay", on *infoq.com,* July 14, 2015
[120] **Long before:** S. B. Cooper and J. Van Leeuwen, *Alan Turing: His Work and Impact.* (Waltham, MA: Elsevier, 2013)



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We said earlier that the Seventh Sense is tuned to spot the unsettling ripples that come from this fact: Connection changes the nature of an object. Doctors and voters and machines now sit, we've seen, on that stretched skin that links central and distributed power. This changes the nature of these nodes. A connected doctor is different than an unconnected one. Well, here is another insight we should know: The simple, benign looking act of connection makes *complicated* objects into *complex* ones. The moment an object clicks into a network, it is subject to all the wildness of complexity that may lie there: cascades, whipping external forces, unexpected internal faults revealed only under the pressure of connection. Cargo packages. Shares of stock. Linked to a whole system of constant evolution, even the most innocent looking point is subject to distant twitches, infections or liberating innovations. They become, as a result, complex. That old lemma of parenting – *You're only as happy as your least happy child* – can be laid upon our devices. You're as complex as the most complex device you're linked to.

Linkage to a complex network is like the difference between a boxed and a plugged-in, turned-on blender: one is dormant, one is spinning with a wild and dangerous energy. Connection can change the essence of a whole system if it is designed in certain ways, as complex forces work on what looks stable. It can, for instance, take once pliant, cooperative systems, people and tools and make them competitive.[121] Jack an aspiring college graduate into a world where complex systems rip at his finances, his data and his beliefs and you can end up with a crack in his values, a move from aspiring middle class member to who knows what: nationalist, inventor, communist, bitcoin banker. "I had no idea my doctor/aircraft carrier/phone/hedge fund could do that!" is our common sort of surprise. Contagions, avalanches, tipping points, feedback loops, infections – connectivity exposes us all to these forces. "Everthing depends on everything else," the mathemarical theorist Eugene Stanley has observed of highly connected systems[122]. On networks that hover apart, isolated from each other, small failures in one spot trigger limited damage[123]. But on highly connected systems, tiny failures tumble around, breaking things.

Networks turn everything they touch from complicated to complex. Once a mesh of connection is really flowing, it *creates*. Networks cause things to happen, in this sense. New businesses, new fortunes, new ideas. Castell's social protests emerged in this way, appearing like condensate in the cooling jar of the post-2008 economic crisis and then spreading, improving, evolving in scale and ambition faster than most traditional politicians could track. Researchers following in his wake studied the Spanish 15M demonstrations of 2011 and found it was composed largely of new,

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[121] **It can, for instance:** Martin Nowak, *Evolutionary Dynamics: Exploring the Equations of Life* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2006)

[122] **"Everything depends on":**"Treading Softly in a Connected World", *Quanta Magazine*, Mar 18, 2013 by Natalie Wolchover

[123] **On networks:** Sergey V. Buldyrev, et al. "Catastrophic cascade of failures in interdependent networks", *Nature* 464, 1025-1028 (15 April 2010)



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young organizations that blossomed from connectivity. Other Spanish protest groups, such as labor, anti-abortion activists or regional separatists, relied on decades-old organizations. 15M – like Occupy Wall Street or pieces of the Arab Spring or Al-Qaeda – relied on groups fresh-born into a hollow, worried political vacuum. A survey of 15M members looked like a review of new Internet companies: Young, wired, vividly unplugged from history and impossible to understand without their constant connection. They were built by leaching people away from traditional parties, the appeal was both the potential of the new and the chance to get away from the rotting smell of old politics, surely an instinct many of us feel now.[124] This is one reason it's wrong to look at the world and consider it filled merely with random events, with Black Swans. In fact, regularities and patterns appear many places on the mesh of connection that surrounds us. They can be searched and mapped and studied with the tools of data science, but of course they can also be felt. They may surprise you if you don't know how to look for them. But the regularities are there. Human history is not only made of earthquakes.

4.

Even if it can't be predicted, complexity in any system, whether it is an Indonesian coral reef or a Russian computer network, can at least be measured. How many points are connected? How quickly and deeply do they interact? It is the multiplication of connection that produces a complex landscape. There won't be much emergence in a desert, for instance. You alone, unconnected: one point. You online: Several billion. The essential benefit of many points connected in real time is that they are an extremely fast feedback loop. This fine-tuning of action-reaction forces them to adapt and adjust quickly, as if they were runners with a coach constantly at their side. Compare the feedback loop of a marching Cairo street protest to, say, the feedback loop of the old men around Mubarak. One was capable of grabbing a new techniques and ideas in real time. The other stuck in a molasses haze of old, sweet, slowing ideas. Faced with rapid change, a fast-adapting system will nearly always perform a slow one.

When we say that networks can and will devour hierarchies this is one reason. All the businesses that have been devoured by technology firms in recent years failed to adjust fast enough. Network systems are more complex, their "org charts" are an unnerving mess as a result of their speed. But under the mess is efficiency, growth, innovation. Such systems can tip into failure easily, of course. But they also can adjust their fitness before it is too late. The design of such systems becomes, then, a matter of decisive power. And most of our essential systems now are designed for a slower age. Refiguring the global financial system for an age of instant linkage was one of the crucial conceptual puzzles of the 2008 crisis. Have we done that yet for our taxes? Our voting? Our biological security? The chaos of those few weeks in the markets in 2008 revealed new geographies of finance and speed, a mechanism that had been wired to produce fortune for a few and to inspire, as a result, regulatory

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[124] **They were built:** See Bennett and Segerberg, "The Logic of Connective Action," 759



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desperation in men like Trichet. I'm pretty sure we'll see versions of this same sort of crisis in many other areas.

More complexity produces more interaction, as you would expect. More pieces of a system rushing and touching and changing each other in a perpetual and accelerating dance. That process pushes, in turn, still more emergence. The easier it is to combine things the more creativity is tickled into life.[125] You hear an amazing mashup of the Bee Gees and Michael Jackson; you download the tools to make your own. In every aspect of the connected world, growing complexity breeds emergence. This is true in finance, in terrorism, in bio-development. Some intellectuals and businessmen worry that we've arrived at the "End of Innovation" now. But this is unlikely. Connected systems, almost as if they have a mind of their own, create and surprise. The complex meshes of connection growing around us now, in a sense, are like a rainforest. They hold and breed and support a range of species native to the connected climate – things that couldn't survive elsewhere, that were unimaginable in an age without connection. Smart medical prediction devices. Apps on your phone. Autonomous military robots. Self-driving cars. And we know that, lingering ahead of us now, as well, are a series of technological leaps that will breed still faster interaction and creation: Quantum computing, for instance, may yet push computer to speeds to 100 billion times faster than what is achievable with older technology. Self-taught, reasoning artificial intelltigence will spot patterns invisible to human minds, they will offer everythying from computer-assisted explanation to whole new theories of physics and math[126]. And autonomous robotic systems will press into realms where our soft human frame cannot survive – deep underwater biological cracks, for instance, or hot molecular material mixes. More data will flow back at us from each of these pipes.[127] And as it arrives it will give us an even more granular sense of our links to the world – and how they might be manipulated for still more invention. "Many biological and social theories were impossible to test because of lack of data," one team of cyber-systems researchers noted. "Now we have not only the data, but the methods to analyze it." The result, they add with a fast breath of relief that could be laid upon many sciences or theories we've squeezed from limited data: "We are recovering from extreme reductionism in science."[128]

When we say the network "wants" something, it's a useful anthropomorphism: A billion connected users want to be linked, so Facebook emerges. A trillon web pages demand to be searched, so Google appears. Making such ties produces, first, that

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[125] **The easier it is to combine things:** See Eric Schmidt, "Conversation with Eric Schmidt hosted by Danny Sullivan" at *Search Engine Strategies Conference*, August 9, 2006.p.1-2 2013 Nathaniel W. Husted

[126] **Self-taught:** Michael Nielsen, "The Rise of Computer-Aided Explanation", *Quanta Magazine*, June 23 2015

[127] **More data:** Caitríona H. Heinl, "Artificial (Intelligence) Agents and Active Cyber Defence: Policy Implications" in *6th International Conference on Cyber Conflict*, P.Brangetto, M.Maybaum, J.Stinissen (Eds.) 2014 p, 60

[128] **"We are recovering":**Gershonesen, et al. p 2-4



HOUSE_OVERSIGHT_018322

merciless clawing action we saw at the start of this chapter, which explains the unique power (and value) of the essential firms of our age. Once that's done, however, once the mesh of distribution and connection is in place and growing, then emergence begins. The completely new appears. This is why the most successful investors or leaders of our era have a near pathological desire to push and break old systems. They do this because they have a faith, an instinct, that if they shove hard enough to snap an equilibrium, then something else will emerge. They are right. They have all the laws of physics and history behind them. In commerce, the destruction of old business models breeds new ones. In terrorism, brutal violence is more useful than bottled anger; it's a tool to speed the viral emergence of chaos (and, some hope, a new politics). What emerges from change? Fresh structures, gates that connect us and bind us .If the Seventh Sense features a nearly wild desire to smash old equilibriums it is because of the total confidence that something else will emerge.

Later in life, turning to a philosophical view, Paul Baran said that his webs, distributing themselves around the world with such smooth and relentless energy, were reflecting a kind of inevitable progress, a propensity of linked things to keep linking. Even if he did not see and name our world exactly, he likely could have predicted it. "Every object in the universe," he once wrote, "is connected (by gravity/radiation vectors) to every other object." We know now just how much truth is buried in Baran's almost philosophical words. Objects and people and places now feed data constantly into the network and to each other. This presses them to evolve, to change, to connect again. It is simply a matter of time before those connections bubble up into our real lives to change our economy, our security and our leaders. That kludgey, parenthetically weird phrase of Baran's – wired together "(by gravity/radiation vectors)" – tells us a lot. The spread of links is like gravity now. It is like radiation. Irresistible. All–penetrating and revealing the deep human truth in Baran's Holocaust-bred instincts: To survive and to connect are really the same thing.



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## Chapter Six:
## Warez Dudes

*In which the Seventh Sense reveals a secret, dangerous architecture of connection.*

1.

It was my second overseas trip. I blinked my eyes as dawn broke over Europe and seeped inside the airplane. We began our descent into Amsterdam. I changed the tapes inside my Walkman. Something a bit more upbeat seemed right. Peter Gabriel. It was 1993. August.

Earlier that spring I'd heard about a plan for a giant summer computer hacking conference that would be held outside Amsterdam. "Hacking at the End of the Universe" it was to be called. I can't recall now where I had picked up news of the gathering, but it appealed to me immediately. I'd just moved to New York and had been dipping into the city's hacking scene. The "scene" was less a boiling, hip hive of action than a group of computer amateurs, curious hangers on and early IT system engineers who would gather in the grubby basement of the Citicorp Building on 53rd Street and Lexington some days after work to discuss various techniques for tricking digital systems of all types. Hacking didn't have a deeply nefarious connotation in those days; it was seen by most of us as a natural, even a healthy extension of an interest in computers. The Internet had about 10 million users at the time. The idea that, two decades later, it would connect more than three billion people or that it would put millions of dollars into the pockets of some of the people gathering in that basement was honestly unthinkable.

The bible of the group was a thin, irregularly stapled, photocopied magazine published out on Long Island by a guy who used the nom-de-hack of Emmanuel Goldstein, the hero of George Orwell's novel *1984*. The magazine was called "2600: The Hacker Quarterly" and it offered a compilation of ideas about how to fool around with systems of all sorts, from Atari gaming consoles to door locks. The name "2600" came from one of the earliest hacks any of us at those little meetings knew about, a famous 1970's trick that involved using an audio tone at exactly 2600 hertz (about the pitch of a truck's backup warning) to force the backbone routing switches of the AT&T phone system to give up access to an "operator mode" which would let the phone hacker – they were called phreakers – make any sort of call for free. The hack didn't really offer much practical pleasure except a chance to make free phone calls anywhere in the world. Once you'd mastered the trick you pretty quickly discovered there wasn't really anyone in Bombay you wanted to call anyhow.

The real appeal, the deeper joy of the game, was different: It was the sense of secret, ecstatic access. A feeling of control in the largest network on earth. At one point a phreaker named John Draper figured out that the little plastic whistles stuffed as children's toys inside boxes of sugary Cap'n Crunch cereal produced the 2600 Hz tone nearly perfectly. The hack made him a legend. He became known, inevitably, as



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Cap'n Crunch. An article about Draper in Esquire in 1972 had, for instance, inspired two teenagers named Steve Jobs and Steve Wozniak to start their first company to build and sell little phreaking boxes. Woz later recalled nervously meeting the Cap'n one day in California. He was a strange, slightly smelly, and extremely intense nomadic engineer. "I do it for one reason and one reason only," the Cap'n huffed to the writer of that Esquire article, who was a bit baffled why a grown man would find whistling into phones so appealing. "I'm learning about a system. The phone company is a System. A computer is a System. Do you understand? If I do what I do, it is only to explore a System. Computers. Systems. That's my bag," he said. "The phone company is nothing but a computer."[130]

I'd heard about the Amsterdam conference in the 2600 hacking circles, somewhere between the debates about circuit boards and which company was best for the relatively new service of email. The gathering was organized by group of Dutch computer geeks who published their own magazine, Hack-Tic. I sent an email to the founders. One of them, a man with the improbably exotic name Rop Gonggrijp, sent back an irresistible reply. "On August 4th, 5th and 6th we're organizing a three-day summer congress for hackers, phone phreaks, programmers, computer haters, data travelers, electro-wizards, networkers, hardware freaks, techno-anarchists, communications junkies, cyberpunks, system managers, stupid users, paranoid androids, Unix gurus, whizz kids, warez dudes, law enforcement officers (appropriate undercover dress required), guerilla heating engineers and other assorted bald, long-haired and/or unshaven scum," the invitation began. Data travelers? Electro-wizards? *Warez dudes?* I had to go. "Also included," the note continued, "are inspiration, transpiration, a shortage of showers (but a lake to swim in), good weather (guaranteed by god), campfires and plenty of wide open space and fresh air."

In those early days of the Internet, there was only the barest tickle of a commercial instinct at work. If anything, most of the people at places like 2600 or Hack-Tic were profoundly *anti*-commercial. They were hobbyists, as entranced by role-playing games like Dungeons and Dragons as by their clapped-together, often unreliable digital machines. It was no accident that firms like Apple had emerged from groups with names like The Homebrew Computer Club, names that suggested a rooty, self-defining hippy ethos. Everyone you met in that world fell pretty squarely into one of those weird-by-weirder categories Rop Gonggrijp had listed in his email. Their relaxed, nerdish temperament was reflected in the design of the Internet itself – open, generous, easy to manipulate, emotional at times in debates over protocols, freedom loving. The net design was, as well, a reaction against the systems that troubled all of us most. Like AT&T, say, which was closed, stingy, and tough (therefore enjoyable) to manipulate.

Jon Postel, the American engineering and programming genius who had helped write some of the essential original protocols of the Internet, summed up this point

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[130] "**The phone company**": *Secrets of the Little Blue Box*, Ron Rosenbaum, *Esquire Magazine* (October 1971)



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of view in 1980 as an idea that he thought should characterize the architecture of the Internet. "Be conservative in what you do, be liberal in what you accept."[131] Postel's idea became known as the "robustness principle" and it was meant to determine how switches and nodes on the net should behave. They should, Postel felt, be good at handling lots of different types of communications – they should be "robust" – but they should also be careful not to spread too much non-standard garbage out into the networks. This was an essential advance over the old ARPANET Paul Baran had helped inspire. That system worked wonderfully by itself, in isolation, as it sent humming nuclear launch codes zipping around, but it struggled when it needed to interoperate with other networks. It wasn't *generous*. The Internet that Postel and others were designing was intended to be much, much larger than ARPANET, so an ability to speak to others and be understood was essential. It was like planning an airport: You wanted to be able to land lots of different types of planes. But if someone started throw golf balls, jello and gasoline on the runway you'd have a problem. It would slow down the system for everyone. Postel was telling engineers: Be careful what you do and what you put onto the system. Take responsibility on your end. Build something that's generous in what it will handle from others.

*Be liberal in what you accept.* From the first moments on the grass in Lelystad, the small town just outside Amsterdam where the Hacking At the End of the Universe conference gathered, the mad diversity that this idea suggested was an astonishing, delightful fact. As broad and strange a group as Rop's email had hinted might come was in fact there, under the trees, happily running cables from tent to RV, powering their connected routers with gas-fired generators, marveling at data transmission speeds that today, your phone might manage from an underground garage with the barest connectivity. The two-day outdoor festival was an example of human interoperability. Postel's Principle brought to life. Few of us knew most of the group. Nearly everyone was, well, not the most social. But there was instant connection, discussion, board gaming, and a degree of frank interoperating I'd never quite seen before. It was a harbinger of two decades of digital cross connection yet to come.

Of all the people at the Hacktic conference, however, among the system managers and Unix gurus and heating system guerillas (hey, everyone should have a hobby), it was the Warez Dudes who were of the most interest – both to the participants in the conference and to the white vans cruising nearby, allegedly filled with curious Dutch police. The nickname came from the "wares" they had access to, which were largely cracked open versions of commercial software that could be shared and distributed and manipulated on private bulletin board systems. The Warez Dudes were pirates. And like most pirates they had an early sense of the very edges of the law and of the smell of money drifting along new and essential routes. If hacker culture was, in those early days, a frontier society – and it was, even down to the sad shortage of single women – these were the people living on the very furthest edges of the

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[131] **"Be conservative":** Jon Postel "DOD Standard Transmission Control Protocol" (1980) RFC 761, IED 129



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wilderness. They fused often fantastic technical skill with the hacker's instinct for control – admixed with a criminal's hunger for profit.

The first computer viruses and worms were part of what they sold. These had appeared in the 1980s, mostly as curious intellectual exercises. There was a desire among computer engineers, a scientific sort of craving, to see what might be done on the systems they had built. It was not unlike those whistling telephone tones that had so fascinated Cap'n Crunch and Steve Jobs and Woz. Could you make the big room-sized machines twitch in ways no one had imagined? Absolute, undeniable thrill ran through this sort of activity. I can still recall returning to my office one day in the mid-1990s with a Ziploc-bag that contained a floppy disk marked "Viruses" which I used to promptly break my computer so completely it had to be reformatted. Twice. Such adventures, however, were also producing some of the best programmers of my generation. Managing tricks inside those early systems required then, as it does now, a profound intimacy with the code defining their electrical operations. (Computer programs are called "code"; people who write and test them are "coders".)

But the secret moves behind those early cracks and exploits were rarely secret for long. The informal culture of stapled together magazines like 2600 told you what you needed to know about this band: It was a group that liked to share, to brag, to indulge each other in stories about systems they had cracked open, to play with a bit of light paranoia about who might be watching you and who might care. *Computers. Systems. That's my bag.* You might as well spread some of the adrenaline rush of your adventure with others. The sense of a "shared alternate reality" most of us had first experienced in games like Dungeons and Dragons or the pages of *Dune* fit nicely into the digital world. This open, friendly temperament animated most of the people spread across that Amsterdam field, jumping into the lake instead of showers, talking math, buzzing at each other like a fridge. We had the programmer's raw fascination about what a machine might be made to do, even in ways that were deeply unintended. We were harmless. The Warez Dudes, however, were different. Their fascination was a greedy, nasty obsession.

2.

The business of playing with and inside of connected computer systems was, even as we sat on that Amsterdam summer lawn, shifting. It was slipping from earnest hobbyists and system managers to something a bit more sinister. We had just begun using a new phrase, "malware," to describe the malicious software that took advantage of Postel's "be liberal" instinct in order to devastate connected systems that were filled with too many trusting, unlocked doors. It wasn't merely the relaxed system design of the early 'net or computer systems that made exploitation easy. It was also that the networks and machines themselves were slipping with a kind of frictionless momentum towards increasing complexity. This meant, invariably, that popular programs often shipped to users with mistakes or programming oversights that invited hijack. The year before the Amsterdam conference, for instance, a cruel program known as "Michelangelo", which would overwrite the data on hard disk



HOUSE_OVERSIGHT_018327

drives with meaningless ones and zeros, spread onto millions of computers. Once a machine was infected the overwrite command would activate every year on March 6th – a twisted celebration of the birthday of the great Renaissance artist. But because the program operated at the BIOS level – the basic input/output heart of those early machines – it was nearly impossible to eradicate. Computer security companies, soon to be known as computer "insecurity" companies because they were (and are) constantly *behinder*, responded with the following rather unconvincing advice: Turn your machine off on March 5th. Turn it back on March 7th.[132]

Even the biggest, most powerful companies were shipping programs packed with potential problems, cracks that were often baked into the design of a system, invisible even to their makers. A couple of years after the Hac-Tic conference, for example, a popular word processing program included a feature that could permit a surreptitious hacker to make a computer to execute all sorts of nefarious commands once a user had opened a harmless-looking document. This was sort of like shipping hundreds of millions of door locks that would pop easily open for criminals who knew to ask. Did you use a word processor in the 1990s? Likely your machine faced this danger: You'd open a note from a friend or a memo from your boss and you'd then instantly, unstoppably forfeit control of your computer, even if you didn't know or see or feel the impact for years. That problem was fixed – companies learned to issue what became known as "patches" to plug the inadvertent leaks in their systems – but that such a danger existed and could be profitably used was a sign of a ruthless evolution. There were billions of dollars, even then, at stake.

As technology advanced, so did the malware, which was adapting and evolving to new opportunities. Think of how hugely different our experience of machines is today as opposed to just a few years ago. Hacking has matured as fast – maybe faster. Early attacks were aimed at machines that had, essentially, no defenses. Programs like "Michelangelo" were designed to act much like the viruses of a common cold or food poisoning. They sickened and then controlled individual machines, devices with no immune systems. Hackers faced a challenge in finding ways to sneak these digital diseases onto computers, but of course they finally found holes. They hid viruses on floppy disks or inside documents or spread-sheets that appeared otherwise safe. Intelligence agencies became infamous for passing out "free disks" at conferences or littering defense contractor parking lots with infected USB sticks, waiting for some unsuspecting employee to pop them into a computer and invisibly activate some bit of carefully installed, hidden malware. Or, in a clever case of "know your target", sneaking malware into the code of some particularly violent video game, sure to be played by an adrenaline-addled system administrator in a fit of afterhours boredom.

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[132] **Turn it back on:** For a discussion of Michaelangelo see entry for *virus* in *Encyclopedia of Computer Science* 4th Ed. (Chichester, UK: John Wiley and Sons Ltd. ), 1839-1841,



HOUSE_OVERSIGHT_018328

Like so much about our world, rapid, widespread connectivity of the last decade has sharpened these dangers. Connection changes the nature of an object; it can make it much more vulnerable. It can make the harmless dangerous. Generally, once a machine was jacked into a network, all sorts of fresh possibilities for mischief flowed right along with the data. The move from a lone PC on your desk to a really connected machine represented the difference between living in a small town and walking the streets of New York City. In one place you'd have few encounters, mostly familiar and harmless. In the other, you'd face an endless stream of the strange, the new and the unexpected. This is what life is like every day for your phone or your bank or military – a world of ceaseless assault, often from never-seen weapons. Robert Morris Sr., a cryptographic and security genius who towered over NSA code breaking programs for decades in the last century, compressed his lifetime of experience cracking machines into "Three Golden Rules of Computer Security":[133]

Rule One: Do not own a computer.
Rule Two: Do not power it on.
Rule Three: Do not use it.

He could have added a Fourth Rule: Do not connect it to anything.

Of course, as we look around today, we're furiously, enthusiastically violating all four of these rules pretty much every moment. In fact, our whole economic and social dreamscape depends on breaking them. We want the best device, we want it always on, we want to use it all the time. Utility and connection are almost synonyms now. That the Warez Dudes, or their 21st century brethren, are hungry to exploit these systems offers us a chance to understand even more deeply just how power works in this network age. Why are they so desperate to get inside? How exactly do they do it? We've seen so far two important properties of life in the network age. First, the way in which network power exists on a sort of new surface of connected devices and cores, tied by strong data links that are slowly ripping power out of old institutions. Think of my Dad's role as a doctor or the sharing economy shocks delivered by connected cars and bedrooms and labor, for instance. Second, we've seen how networks are complex adaptive systems, where emergent features –billion dollar businesses, terror organizations, drones – appear with an easy, destructive frequency that is wiping out old leaders and replacing them with new ones that better fit the demands of a connected age. Looking at the network world and seeing that mesh, seeing the emergence of fit new species and the impending extinction of others is the initial, essential part of the Seventh Sense.

Lingering deep inside the systems themselves, there is another lesson, however. And, not surprisingly, it is most alive in the hackers. "Exploit engineers," a team led by researcher Sergei Bratus has argued, "show you the unintended limits of your

[133] Bob Morris cite to come



HOUSE_OVERSIGHT_018329

system's functionality."[134] Hackers, they mean, reveal the dangerous holes of our new world. The bad news is that the worst of them (and often the best of them skill wise) did this at times by swiping your data, your money and finally your peace of mind. Their fortunes and safety and curiosity – all of these are woven together in their hot hunger to touch and pull and break the roots of the network. In a world of expanding connection, they are both more powerful and more dangerous than ever.

3.

Networked systems of our age are confronted, constantly, with diverse, dangerous challenges, each informed by that Gordian paradox so familiar to us by now: The more connected we are, the greater the risks. And as bank balances, secret jet engine designs, and other priceless digital data are developed and then slipped safely away on connected machines, the rewards for cracking into the systems grow – far faster than the (near zero) costs of trying to break in. "It is increasingly obvious," security researchers F.X. Lindner and Sandro Gaycken have said, "that the state of the art in Computer Network Defense is over a decade behind its counterpart in Computer Network Offense. Even intelligence and military organizations, considered to be the best positioned to defend their own infrastructures, struggle to keep the constant onslaught of attackers with varying motives, skills and resources at bay."[135] The long list of failed US government security attempts express a strange digital logic: The more essential it is that an organization keep a secret, the less it seems able to do so. A *decade* behind? That is the gap between a flip phone and an iPhone. In the hyperspeed world of technology it is like confronting a laser weapon with a hoplite. The losing race slips easily enough into Donald Rumsfeld's *aheader-behinder* dynamic, the one that haunts the paradoxes of national power we face now. *Are we killing more terrorists than the madrassas are producing?* Rumsfeld wondered. We can ask: Are we plugging more machines with more layers, software and applications than we can protect? Are we making more bugs than we're patching? (Yes and yes.) "Attackers are not like natural catastrophes," Lindner and Gaycken write. "They can analyze their targets."

Bratus, a math genius who turned to computer science out of curiosity and now teaches at Dartmouth, has spent a fair amount of time trying to understand just what happens when a computer or a network is exploited by a hacker, or "pwned" in the funny idiom of Warez Dudes language. (The phrase means to take control, or to "own" a system. The spelling is an artifact of an overenthusiastic video-game death match gloat, in which one player killed another and in his rush to celebrate typed something along the lines of "I pwned you!" The mis-typing lives today: The highest award in hacking is known as The Pwnie.) Bratus calls the resulting, pwned device a

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[134] **"Exploit engineers":**Sergei Bratus, et al. "Chapter 13: 'Weird Machine' Patterns" in C. Blackwell and H. Zhu (eds.), Cyberpatterns, Springer International Publishing Switzerland 2014, p. 13

[135] **Even intelligence:** Felix "F.X" Lidner and Sandro Gaycken, "Back to Basics: Beyond Network Hygiene", in *Best Practices in Computer Network Defense: Incident Detection and Response*, M.E. Hathaway (Ed.) IOS Press, 2014



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"Weird Machine": Computers or sensors or network webs silently made to do what is not intended. Made *weird.* Hacking is, after all, a kind of perverse programming. It involves slipping inside a target machine, and then driving it to do things it wasn't intended to do, by giving it instructions its designers never knew it might receive.[136] The process of developing and using computer bugs, Bratus found, is not unlike the most sophisticated software research. Hacker follow careful patterns. The best of them really conceive of whole systems in the way the finest data architects might. They look for particular designs, weaponize their code with a delicate elegance and aim relentlessly at total control. A normal machine does what you tell it. A weird machine does what someone else commands it to do.

How is such a system born? Well, a potential software hole of the sort that produces a "Weird Machine" might be as simple as a failure to secure computer code after it is compiled – sort of like not locking the door on your house after you leave – or a programming oversight that means a machine can't handle unexpected inputs. Take the technique of "fuzzing", for example, a famously effective way to turn a normal machine into a weird one. The process involves confusing a digital security system by throwing unexpected data into normal, apparently safe-looking procedures like logging into a mail system or transferring money by wire. Think of all the "username" and "password" forms you see when you're on the Internet. In a fuzzing attack, instead of placing a legitimate user name or email address in a registration field, hackers might add some unexpected characters known to cause a system to cough up a confused response. If you type in, *joe@user.com!'* instead of *joe@user.com* as the machine expects, the *!'* at the end of the address can baffle and stall a mis-programmed device. In some cases, that hiccup opens a vulnerability. A proficient programmer can then order the dazed computer, for instance, to open a door to the root of the system. It's as if you could walk up to the teller at your local bank and shout "Xhsuhgnnsh!!" at her when she asks how you are doing – and in her confusion she lets you into the safe. You've made a weird machine of your bank.

System designers in later generations have become much more sophisticated in trying to avoid such problems, not least because they've so often fingered the embarrassing or costly aftermath of these kinds of holes in their own code. "You do not understand how your program *really* works until it has been exploited," Bratus has said, a sentiment that hints at the stomach-lurching moment many coders and their suddenly victimized users have now had.[137] *You don't understand yourself until you've been pwned.* The odds that the endless possible glitches can ever be completely patched is honestly zero. Hackers continue to use classic exploits like

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[136] **It involves:** Julian Bangert, Bratus et al. p2 "The Page-Fault Weird Machine: Lessons in Instruction-less Computing", Presented as part of the *7th USENIX Workshop on Offensive Technologies*, (Washington, D.C., 2013) available on www.usenix.org

[137] **"You do not really understand":** Rebecca Shapiro, Sergey Bratus, Sean W. Smith, "'Weird Machines' in ELF: A Spotlight on the Underappreciated Metadata" paper delivered *7th USENIX Workshop on Offensive Technologies*, (Washington, D.C., 2013) available on www.usenix.org



HOUSE_OVERSIGHT_018331

fuzzing, back-doors, or rootkits – and to develop new, more intricate ways to steal a machine's mind. This race for mastery is a sprint, one that heads ever deeper into the depths of a vulnerable system. The closer you are to the very core of a computer program or a network, the more control you have. Real mastery of the heart of a system would be like having a spy win the Presidency, turning the whole US government into a "Weird Machine". That prize of immediate, high-level and totally "trusted" access remains the Warez Dude gold standard. [138]

The most dangerous – and therefore the most alluringly valuable – of these sorts of attacks, are known as "zero-day" exploits. The danger they represent only becomes apparent at some awful instant, "Day Zero", when they are revealed to have been running wild inside some hapless network or machine. That first moment in the knowledge of the bug is like day zero in a cancer diagnosis, and it begins an immediate race to find and deliver a cure. Such completely unknown, secret vulnerabilities are fissures in the walls of computers that their manufacturers, system engineers, and security experts usually don't realize are there. The dream of hackers and spies and greedy Warez Dudes is a version of this trick called an "Advanced Persistent Threat" – hidden, back-door access to a machine that endures even for years, through upgrades and security checks and system cleanups, all the while forcing the now-weird computer to do things its user won't even be aware of: Send a copy of every keystroke to another machine, for instance, or serve as a robotic launching pad for attacks on other machines. All while acting like a perfectly normal machine.

The best of the zero day exploits are based not on the idea of sneaking malicious software onto machines so much as on taking existing, trusted code and finding tiny holes that can be blasted into giant, insecure data tunnels. These tools for manipulation are digital opiates, in a sense, for connected nervous systems. Such attacks often rely on errors already knit into computer systems, or innocent seeming features that can be made dangerous. Every computer and software designer knows their systems are vulnerable. Mathematicians have proven you can never be absolutely sure a connected machine is safe. A mobile phone, for instance, contains nearly 30 million lines of code. The systems that run massive cloud computing basins like those at Google or Amazon are even larger, updated every day, and have to cope with unprecedented flows of data at very high speeds. Even expert programmers will leave four or five errors in every million lines of code.[139]

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[138] **That prize:** Sergey Bratus, Julian Bangert, Alexandar Gabrovsky, Anna Shubina, Daniel Bilar, and Michael E. Locasto, "Composition Patterns of Hacking", *Proceedings of Cyberpatterns* (2012)

[139] **Even expert progammers:** For a good explanation of how a machine's code can be turned against itself, see Sergey Bratus, Michael E. Locasto, Meredith l. Patterson, Len Sassaman, and Anna Shubina, "Exploit Programming: From Buffer Overflows to 'Weird Machines' and Theory of Computation." *;login* December 2011, p. 13-21. The piece is co-authored by and in honor of Len Sassman, one of the leading thinkers of the Language Security or LangSec movement who died in 2011. Many of his talks, still available online, reflect an unusually powerful mix of philosophical and



HOUSE_OVERSIGHT_018332

Software and hardware manufacturers usually struggle to keep such exploits secret until they can deliver a fix, but this doesn't always work. Secrets get out. And, anyhow, even once a patch is developed, it can take weeks or months before it's widely installed. It's not uncommon, therefore, that within hours of the announcement of a newly found zero day, attacks using that method explode around the net. Thousands of hackers try to take advantage of the vulnerability, to kick at the defensive corners of systems while they are down for repair or restart – or simply left vulnerable by slower-witted system administrators who don't yet know that it is now open hunting season on a particular bit of code. Heartbleed, a "zero day" that permitted hackers to slip into your computer via holes in website and browser security, was disclosed to the world on April 7, 2014 – more than two years after it had apparently been put in place because of a programming error. Accidentally? By an overworked engineer? Deliberately? By some state security agency? In any event, two days after it was announced and long before it had been fully patched, attacks using the method grew from a few dozen per hour to millions as hackers tried to suck data from unsecured networks.[140] The exponential power of a connected system is as apparent in sickness as in health.

4.

In recent years, hacking has moved deeper still, beyond the level of software and USB drives and into the very atomic level of computers, the places where the electrons that make up bits and bytes float. The technical elegance of these micro-level hacks has been, often, breathtaking – exploits that look like Wagnerian operas compared to the Cap'n Crunch's thin, reedy weird-machine whistle. As companies like Intel and AMD began packing more memory cells on silicon wafers, for example, they noticed magnetic interference flowing across the surface of their chips like waves. Electrical signals, recall, have a magnetic element, so more tiny digital cells, closer together, is like a bowl of interacting magnets. Physics would have predicted such a result. In 2014 security researchers Mark Seaborn and Thomas Dullien, who worked at Google, discovered that they could use the magnetic vibrations on two parallel rows of memory chips to flip the electrical state of a third row – sort of like using a magnet under a table to move a paperclip around – in a way that the system might never notice[141]. This permitted them to reach "off limits", super secure areas of the machine's memory where they could do what they wanted. They called the break, "Rowhammer" and it represented an ideal and essentially unfixable hole that affected nearly every small chipset made for a half a decade. They published the

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technical consideration about modern computing systems. See also Rebecca Shapiro, Sergey Bratus and Sean W. Smith, ""Weird Machines" in ELF: A Spotlight on the Underappreciated Metadata", paper published online by Bratus.

[140] **In any event:** Leyla Bilge, Tudor Dumitras, "Before We Knew It: An Empirical Study of Zero-Day Attacks In the Real World," Paper presented at *ACM CCS '12,* Oct 16-18, 2012, p 10

[141] **In 2014:** Mark Seaborn and Thomas Dullien, "Exploiting the DRAM rowhammer bug to gain kernel privileges", March 18. 2015, Google Project Zero blog



HOUSE_OVERSIGHT_018333

result immediately as a warning to possibly affected victims, but the exploit hummed at such a basic level of the system that it proved impossible to fully patch. It was like trying to patch physics.

Connection changes the nature of an object. This has a particular impact on the security of our systems, and by extension, our own safety. Computer researcher Nathaniel Husted has described a world of "emergent vulnerabilities" – wormholes in software and hardware, communications or finance, that pop up in the connected universe unbidden and unplanned. "The fundamental aspect of emergent vulnerabilities and attacks," Husted writes, "are that they appear benign until certain criticality conditions are met, at which point they become malignant." [142] These risks we don't want sit right alongside all the things we do want from connectivity. In fact – and this is Hulsted's point – they *are* the things we want from connectivity, perverted into danger.

Paul Baran would have been impressed to see just how right he was, how connections between us now are like irresistible gravity waves – and how gravity always wins. In 2015, for instance, Israeli security developed an astonishing hack that proved that nearly spiritual claim that all objects were linked by connection– and demonstrated the way that slippery, hungry attacks can breach even the safest-looking arrangements. "It has been assumed that the physical separation of computers provides a reliable level of security," Mordechai Guri and his team wrote in a paper describing how they had used one isolated machine to infect another. Physical separation is, in fact, one of the cardinal rules of safe computing, a kind of lemma to join Robert Morris Sr,'s "don't connect" rule of network safety: Two machines, unconnected by a network, should not be able to affect each other. Imagine I put one kid with a flu in one classroom and a schoolmate of his in another building. The second kid should remain healthy. The Tel Aviv research team wanted to challenge this. They first placed two computers side by side on a desk, unconnected to each other by any wire or network. One machine was connected to the Internet. The other was completely isolated – it was "air gapped", like the healthy kid in the distant building, a sort of digital "boy in the bubble," in touch with only the air around it. Then, the researchers began their Houdini trick: *Look! Watch us corrupt this completely unconnected machine!* Running a set of programs on the network-connected machine, the Israeli team was able to warm the processor board of that computer like a revving car engine, eventually making it hot enough that the temperature changes were detected by sensors inside the secure, allegedly impregnable "boy in the bubble" machine sitting nearby. The heat wave triggered a fan system inside the clean machine, which in turn activated a piece of pre-installed malware that let the hot machine pwn the bubble machine through temperature variations. In a video demonstration of the exploit, you can watch the infecting machine glow ever hotter, issuing "thermal pings" as it sweats and then infects its

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[142] **"The fundamental aspect":** Nathaniel Husted "Analysis techniques for exploring emergent vulnerabilities and attacks on mobile devices" *PhD. Thesis* (available online from Indiana University, 2013) p. v



HOUSE_OVERSIGHT_018334

safe, "unconnected" neighbor.[143] The heat transfer had a simple message: Nothing is safe.

Why put such effort, worthy of the deepest physics problems, into the challenge of sneaking into a cellphone undetected? Well, for Seaborn and Dullien, the drive was part of a "discover and publish" effort to keep the overall system clean. It is better to hack, discover and patch than to be hacked, and remain undiscovered. But these "good guy" engineers are racing against different, equivalently sophisticated, less-decently inspired teams. The development and sale of zero-day bugs is, after all, a business. Modern versions of Cap'n Crunch whistles crack access to some of the most essential financial, political and security data stores on the planet. As the power and value of hacking targets has increased, so has the price of the exploits. Public "zero day markets" sponsored by companies like Google and Microsoft pay hundreds of thousands of dollars to researchers who discover holes in their systems. "Better to find them ourselves," the thinking goes. Though that does not always make the embarrassment less acute when holes are spotted. At one of the most carefully watched public hacking competitions in early 2015, for instance, a skinny, smiling South Korean named Jung Hoon Lee took home $225,000 in prize money by pwning a series of some of the most important, common programs on the planet, Apple's web browser Safari and Google's Chrome among them. These systems had been constructed at the cost of hundreds of millions of dollars. They'd been assembled under the gaze of some of the best PhD-led computer scientists in the world. Jung Hoon Lee's exploits ran through their complete defenses in less than a minute. [144]

As good and fast as someone like Lee might be, he's nothing compared to what the best hackers do. They don't work in public or compete in hotel ballrooms. They don't brag. And they develop ideas that make $225,000 look like a bargain. These successors to the Warez Dudes work for cybercriminal billionaires, for intelligence agencies, and even (often) just for themselves. They help find and deploy the sorts of really deep system exploits that enable brazen cyber thefts of millions of pieces of personal data or attacks like the Stuxnet virus, which caused thousands of Iranian nuclear centrifuges to vibrate themselves apart. And they do still more: Most of the attacks we've talked about so far occur in installed, running boxes. But the companies that make those boxes oversee a whole, vulnerable process of building and testing and designing and installing them. And it's here, with billion dollar budgets at work, that some exploit teams make and leave vulnerabilities that they can later, ruthlessly exploit. Every step of that gestation – from sneaking secrets into early code bases to intercepting and rewiring routers as they ship overseas – is now an opportunity for secret control. Or for unanticipated risk, for "emergent

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[143] **In a video:** For a description of this exploit see Mordechai Guri, Matan Monitz, Yisroel Mirski, Yuval Elovici, "BitWhisper: Covert Signaling Channel between Air-Gapped Computers using Thermal Manipulations" (2015) available on arXiv:1503.07919 [cs.CR]

[144] **Jung Hoon Lee's exploits:** "Chrome, Firefox, Explorer, Safari Were All hacked at Pwn2Own Contest", *PC World via IDG News Service* Mar 20, 2015



HOUSE_OVERSIGHT_018335

misbehavior" that defies simple analysis. You can't predict where you might be attacked by merely looking at the possible holes in each piece. Rather, it's the whole system that breeds risks. It acts in ways that the designer could not have predicted in advance. "Clearly the system itself is misbehaving," the researcher Jeffrey Mogul writes of his study of various cases where networks are cracked in this fashion. "However, none of the components have failed per-se."[145]

The complexity of the systems themselves has been, not surprisingly, mimicked in the design of hacking attacks. What was once done by a single Warez Dude is now handled with division of labor, technical specialization and intensive pre-attack research. Every innovation in "righteous malware" is quickly copied and used in dangerous attack tools. The clever modular design of Stuxnet, for instance, was studied by criminals and was found years later still echoing in weapons aimed at banks, credit card companies and health insurance firms. "We are not experts in military history, doctrine, or philosophy," cybersecurity researchers Stephen Cobb and Andrew Lee have written, "so we are unaware of the correct word for the following category of weapons: the ones you deliver to your enemies in re-usable form." Cyberattack systems can be dangerous not least because they boomerang. They are delivered intact, primed for re-use to enemies who may choose to bounce them back at your banks, hospitals and electrical grids. "Righteous malware is unique," Cobb and Lee conclude. "You are giving away your weapons, tactics and designs simply by using them." [146]

It's not only American services hunting and using such backdoor keys and battering rams, of course; not only the NSA that sees its viruses retooled and reused. Computer security researchers describe opening up the laptops of unwary business travelers and finding the machines blasted inside by malware and other technical cancers, carefully planted by a half-dozen intelligence agencies and criminal organizations. It's like discovering a closet full of spies in your house, each being careful not to step on the other's toes as they watch and listen to your life. *Why is my computer so slow,* a government official in a Eurasian capital might ask. It is because it has been simultaneously pwned by Americans, Russians, Israelis, Chinese, and maybe a local Mafioso or two – and their code is not running smoothly.

A couple of years ago I had a naïve moment when I thought, perhaps, it would be possible and in everyone's interest to go back to those simpler, innocent Hacktic days, when information about vulnerabilities was widely shared and easily discussed – and holes were quickly patched as a result. I was thinking about the problem of cybertension between the US and China and suggested applying an

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[145] **"However":** Jeffrey C. Mogul, "Emergent (Mis)behavior vs. Complex Software Systems", *HP Labs Research Papers*, 2006, HPL-2006-2

[146] **"We are not experts":** Stephen Cobb and Andrew Lee, "Malware is Called Malicious for a Reason: The Risks of Weaponizing Code" in P. Brangetto, M. Maybaum, J. Stinissen eds., *6th Annual Conference on Cyber Conflict* (NATO Publications, 2014) 71-82



HOUSE_OVERSIGHT_018336

important idea of the scientist Dan Geer to the ever more fraught relations.[147] Perhaps the US and China could work together to buy up and then publish all the zero days as they emerged, I thought.[148] Instead of the dangerous code falling into the hands of cybercriminals, Mafiosi and terrorists, the two countries could lead an effort to jointly buy any new exploit for five times what anyone else would pay – and then immediately publish what they had bought and the necessary patch. This would make the network safer for everyone. I should have known better.

The US and China and other nations were (and are) buying world-class zero days. But they were never going to publish them. They were buying them *to use*. Sometimes against each other. Sometimes, unnervingly, against their own citizens. And they needed to keep on buying and developing and hiding such tools on an exhausting, never-ending security treadmill because, unlike traditional weapons, which could be stockpiled to use whenever they were needed in the future, the holes of the most valuable zero-days might be patched at any moment, making a once devastating bit of malware instantly useless. And, as the systems matured and accelerated, this meant that they had to run ever faster to keep up. Which further reduced their incentive to "buy and publish" what they did have. Little surprise then that all around the IT universe in recent years, the incidence of reporting dangerous bugs has been declining, even as we know the number of known security holes is certainly growing. [149]

Grab the five nearest electronic devices near you and you can be pretty sure each is vulnerable; which of course means you are vulnerable too. Not merely to the loss of your secrets, but also to perversion and control. This is the cold truth: that old hacker ethos, the one spread out so warmly on Amsterdam grass 20 years ago, the *be liberal in what you accept* frontier society instinct, is dead. Weird machines and normal machines, weird networks and normal ones, people made weird by technological manipulation and those who have note – they will all, inevitably, live side by side. The more essential machines become to our connected lives, the more avidly weird and hacked the networks will become. The incentive to whistle up control of the systems, and control of those of enmeshed in them, is the only thing that seems to grow faster than the system itself.

5.

This vulnerability of connected systems is an important mile marker in our route towards understanding some principles of power in a connected age. "Read over and over again the campaigns of Alexander, Hannibal, Caesar, Gustavus, Turenne, Eugene and Frederick," Napoleon wrote once. "Make them your models. This is the

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[147] **I was thinking:** Dan Geer, "Cybersecurity as Realpolitik", speech delivered at BlackHat, August 6,2014
[148] **Perhaps:** Joshua Cooper Ramo "Talking Cyberthreat with China", *International Herald Tribune*, July 10, 2013
[149] **Little surprise:** Linder Gayten Back to Basics p. 58



HOUSE_OVERSIGHT_018337

only way to become a great general and master the secrets of war."[150] I sometimes feel the same reading over stories of zero-day attacks, clever hacks like "rowhammer" or the Tel Aviv heat hack. You can distill from each tale of a broken, once-secure systems an essential principle: The hackers rush always, relentlessly at the central core of a system. They aim to make it weird, to manipulate it madly from the inside out. Network power doesn't merely come from that 10 million device-per-day spread of global connectivity, after all, it also comes from incredible *concentration* of power inside certain systems we all rely on: Chips, data bases, centralized and gatekept platforms. Control of such hubs and roots of our world can influence everything; little wonder they are such an appealing target. "The conventional belief that all nuclear systems are 'air gapped' is a myth," the Russian security researcher Eugene Kaspersky has warned. The result: "There are three types of people: Scared to death. Opportunists. Don't care."[151]

This sense that the systems are so vulnerable if you can get to their hearts is what lures hackers ever deeper, into the code kernels where the most basic instructions are decided. That they can often make machines weird by using the device's own code against them, like some sort of autoimmune disease, is only a marker of the particular perversity of the problem here. Security researchers call such holes "vulnerabilities" in a system, but of course they are much more than weak spots. They are potentially fatal. In a way, the hot rush to touch and tickle and maliciously use these already waiting cancers reveals to us the essential Seventh Sense secret of the Warez Dudes: Connection makes an object vulnerable, yes; but it can also reveal the possibility of total control, of the fundamental root mastery of a connected system. Such a hole, when it is exposed by connection and then corruption, can be complete in the scope of its damage, devastating. Lord Acton's famous line that "Absolute power corrupts absolutely," twists in this age to something like "Absolute access corrupts absolutely." Connection makes total exploitation, total control, possible.

Every new generation of connected technologies is breeding essential black boxes, complex (not merely complicated!) containers filled with algorithmic levers and code tools for digital work that can be understood by only a few people, and exploited and used effectively – for good or ill – by a still smaller group. "The greater the dependence on a technology the greater the need to study and expose its inner workings," one group of radical digital activists has argued in *The Critical Engineering Manifesto*. [152] They mean that as we turn our safety, freedom, and health over to a world of devices and their makers, we must know what goes on inside the very heart of such systems. It's not merely that everything is connected now; it's

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[150] **"Read over and over":** Napoleon, "Maxims" from Thomas Raphael Phillip, ed., *Roots of Strategy: The 5 Greatest Military Classics of All Time*, (Stackpole Books 1985) p 432

[151] **"There are three types:"** Eugene Kaspersky Talk at the Press Club in Canberra, Australia (2013)

[152] **"The greater the dependence":** "The Critical Engineering Manifesto," The Critical Engineering Working Group, Berlin, October 2011-2014. Available online



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also that everything is monitored. Remebered. Studied. The Warez Dudes' drive to get ever closer to the core, to perform even that atomic level hacking, tells us something about just how much power is locked up in those central cores where this information accumulates. The 2600 hz whistle was, it seems, only the first of an endless series of battles for control of the roots and trunklines of modern power.

All around us today, huge power accumulates to certain irreplaceable cores. We know this is a problem of connected age design: Giant search engines, certain algorithms, database or communications protocols overmaster us because they can gather so much data, so fast, and process it with unique fidelity. *What makes a city?* urban scholars often ask. We might wonder: *What makes a platform for network power?* The answer to both questions is the same: Density.[153] If the first cities of Aztecs or Mesopotamiaman civilization differed from early tribal clusters because of their density, the same is true for our first platforms of instant connection. Facebook is *denser* than AOL ever was. More people, more data, thicker connections. Future platforms will be denser still. And if cities and density were once sadly unanticipated accelerants to plague, poverty and revolution, we should be aware of the risks of our own tight-clustered centers of dense connection. The security of these cores that link us to each other and our essential data – when jacked by hackers, by companies, or even by fast algorithms we don't understand – is important not merely because of the possibility of total control a breach might represent, but because they show us the very fact of such totalizing control exists. To infect, surprise, sicken – all this is alluringly possible and dreamable for anyone with a hunger for mastery. Imagine if you knew your government could be switched instantly and invisibly to malice. (Or, to effectiveness!) Or picture a nation of connected citizens wired for flash-started nationalism and hate. Such a possibility exists on linked systems. This potential for total, weird control of the cores – and thus total control of anyone connected to them – should force us to wonder a bit. Every evil thing beats in those central nodes: The power to manipulate, to master, to destroy even. With such access I can change what you know about the world, how you vote, where your money sits, what you remember, how soon we spot (or don't) a slipped knot in your DNA.

"Just like every drinking binge ends at vodka, so every hacking session ends at kernel.org" Thomas Dullien, the mathematician and good-guy hacker who won a Pwnie in 2015 for lifetime security achievement, observed once[154]. So much power in a connected system lies at its root: Kernel.org, for instance, is the reference copy for LINUX computer code that powers most digital machines on earth, sort of like the original DNA of the net. To manipulate Kernel.org would be to reach into the very spine of the Internet. If the aim is control, if it is to find and exploit the most fundamental of cracks in the surface of the black boxes, to get even deeper inside,

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[153] **What makes a city?:** Colin McFarlane, "The geographies of urban density: topology, politics and the city." *Progress in Human Geography* (2015) p. 2

[154] **"Just like every drinking binge":** Halvar Flake/Thomas Dullien, "Why Johnny Can't Tell If He Is Compromised," speech delievered at *Area41 Conference*, (Zurich, June 2014)



HOUSE_OVERSIGHT_018339

then inevitably kernel.org or it's equivalent in any system is the ultimate target. Hackers might start with beer (your phone), a few glasses of wine (your office email system), but what they really want is full blotto (kernel.org). Such central black boxes exist in any linked system and they represent, at once, both the greatest accomplishments of our most masterful systems designers and the point at which other, as masterful digital machinists direct their most relentless attacks.

Dullien saw something else too as he considered the work of hackers. Comparing system cracking to drinking wasn't an accidental, funny aside for him. Hacking *was* almost a kind of addiction. It became a chase after a bigger and bigger high, which in computing terms meant a race to compromise as many machines as possible. Rapid escalation, a loss of self-control, the need for more and more – all these are the hallmarks of the best widespread attacks, which aim to expand the "compromise boundary" until every machine has been made sick. This is why stealing source code, the original instructions that lay behind any computer program, are such a prize for Warez Dudes. Source code is the DNA of the black box, in a sense, it can be used break into other machines to, well, steal still more source code. This looked, to Dullien, an awful lot like addiction. And it's not just lone teen hackers looking for a dopamine jump who were chasing machines with a blind addicts urgency. It infects governments too. "Surprising realization (at least for me) after the Snowden leaks," Dullien observed. "Hacking is so addictive that entire organizations can become addicts and show addict-style behavior."[155] This was the NSA or GHSQ or who knew what other intelligence service, for instance, in a feral hunger for more and more and eventually all data. And the ultimate high? Imagine if you could crack the CA, the Certificate Authority that provides proof that anyone working on a network is trustworthy. CA "trustworthiness guarantees" are keys that permit access to any computer, phone and network. The whole connected world depends on CAs to know if software is safe. To control the CA would be a dream for an addicted organization, like a set of keys to the local pharmacy. No lock would really serve much of a purpose. You could touch the beating heart of any machine on earth. The ultimate black box. We should all hope the CA, at least, always remains pristine in this dangerous world.

It was hacked in the summer of 2011.

6.

Dullien's observation that "every hacking binge ends at Kernel.org" touches something far deeper than just the world of hackers. Sure, that urgent drive to get to the very core of systems is a very specific, unquenchable digital thirst. It's where the most power is, as we've seen. There's a rush in getting there: When brain researchers found a spike in dopamine levels of university students engaged in password hacking, that was hardly a surprise to anyone who's ever written or used

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[155] **"Surprising realization":** Thomas Dullien, "Offensive Work and Addiction", keynote presentation delivered at *ISACA Nordic Conference* (2014)



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an exploit.[156] But the real drive to get inside is about more than an adrenaline rush. Remember that network power, the power that we're trying to figure out how to bend and shape for our own security, exists in a kind of dynamic tension. It's like a stretched, taut fabric spread between concentrated cores and billions of connected users or devices. The logic of spreading and distributed power, the force that makes the network bigger, is driven by Baran's principle of open design, and by our own hunger for communications and connection and cool new devices. But there is another side to this tension.

In a sense, over the years, a whole set of hot, infectious pressures descended on the network of values and friendships and easy cooperation of the Hack-Tic days. "Be generous in what you receive," had let the networks of our age grow at an incredible pace, but at the price of vulnerability, of commercial ambition, and of an eerie technological lemma that what made the systems faster and stronger might also kill them. A change in culture of the digital elite, naturally, followed. The brutal, inarguable, profitable demands of power and politics had cracked apart the unique social webs of the HacTic era. I did not like watching this sad evolution; none of us did, but anyhow it has produced the world in which our new sensibility will have to operate. The openness that we loved and craved in so many areas of life, from our minds to our markets, had now become a liability. "I remember what the Internet was like before it was being watched and there had never been anything in the history of man that is like it," Edward Snowden once observed, nostalgic for the datascape he saw melt away during his time at the NSA. [157] I realize now that there is a whole new generation of young programmers that won't ever know that original generous ethos of a place like Hacktic, a fresh cohort of the digital age that operates at levels of technical mastery far beyond anything we might have imagined in the Citicorp Tower basement 20 years ago. They will confront endless battles to get inside and exploit and make "weird" the cores of network power. They will know and design and manage instead a world of gates, built for protection. Their instincts will be for opacity and control, not openness and generosity. Invariably this shift will affect the design of the systems this new generation builds which will, in turn, affect all of us.

The black boxes and the crackers are in a dance, now, a sort of dangerous evolutionary waltz that offers a foretaste of what you and I will face as we consider the problems of attack and defense and strategy in a networked age[158]. It reminds

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[156] **There's a rush:** Wael Khalifa, Kenneth Revett and Abdel-Badeeh Salem "In the Hacker's Eye: The Neurophysiology of a Computer Hacker", in *Global Security, Safety and Sustainability & e-Democracy Volume 99 of the series Lecture Notes of the Institute for Computer Sciences, Social Informatics and Telecommunications Engineering*, (Berlin: Springer), 112-119

[157] **"I remember what the Internet was like":** Snowden interview in *CITIZENFOUR,* Laura Poitras (2015)

[158] **The black boxes:** Nikos Virvilis, Dimitris Gritzalis, Theodoros Apostolopoulos, "Trusted Computing vs. Advanced Persistent Threats: Can a defender win this game?" 2013 IEEE 10th International Conference on Ubiquitous Intelligence &



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me of an old puzzle of Chinese history: Why were the very strongest dynasties – the Han, the Ming, the Tang – always confronted by the best organized, most deadly rebels? The answer was rooted in a violent, greedy tango of the development of each side. The better a dynasty defended its farmers or its trade or its annual rice harvest, the more the rebels from the steppe had to become strategic and unified and powerful. When it was easy to pick off single farmers, then the rebels had no need to be well organized. They could be a bit lazy. Could snatch a year's undefended harvest in an afternoon. But the stronger the empire, the stronger the rebels had to become[159]. Amsterdam in 1994 was a bunch of lone, weak, unprepared farmers. Twenty years later we have a digital empire, and the attackers it deserves are appearing, refined and evolved by this same competitive logic. They are better organized, smart, intent on getting to the heart of the black boxes of power. And the more we defend against them? The better they will become.

That our most essential systems are vulnerable to loss of control is a chilly feeling. It is a reminder of the power of the people who know how to crash and manipulate – or build and operate – parts of our world most of us barely understand. It's like discovering someone could take over your lungs or your heart. We don't understand those devices either, most of us. But we depend on them entirely. Some of these hackers are moved to mischief by technical beauty. Some by the giddy smashing rush of breaking in, of touching the core. Others by greed or patriotism or by secret, zealous, unlawful obsessions. What the technically best of this group share, however, is a pressing desire to get as close as possible to the kernels where inarguable and even invisible code decisions are made, where digital DNA is printed in a sense, and where a total mastery of the binary guts of the system is possible. That Cap'n Crunch thrill, the dream of whistling up control over the thick, helpless trunk of a network, *that* remains the dream. Remember Conway's Law: The design and activity and control of a network redounds on, even determines the real world. If the whole network is, in a sense, filled with holes, if it contains inherently the possibility of being turned into a "weird machine" – what does that mean for the real world?

The Seventh Sense insight of this chapter, the key feeling, is that all the systems we rely on, that we think we control – financial or political or digital – can all be made weird and pwned by forces we cannot see and struggle to stop. Our markets, our elections, our knowledge – all of these, dependent on linked systems themselves, can become weird. We can no longer regard them as certain and harmless. The hacker's drive to get to the kernels is not merely an information technology problem. It's a larger statement about networks, about the way that power and danger are still and always one and the same. The desire to hack the cores of our world is a marker of just how profoundly, even secretly influential the kernels have become – in ways we're just now beginning to understand. Bratus was right, that we don't really understand any system until it's been exploited, *pwned.* This is as true

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Computing and 2013 IEEE 10th International Conference on Autonomic & Trusted Computing

[159] **But the stronger the empire:** See Turchin, p. 3



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for our minds as it is for our markets. The Seventh Sense feeds a bit on the trail of hackers; it is a way to tune our protective instincts. The cracks they find and use do tell us an awful lot. But not everything. For that we need to look beyond the people attacking. What we really need is a feel for the temprament of the fresh group of innovators and investors and technologists who run and own the dark cores of power now – and who, before long, may also run and pwn each of us as a result.



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Chapter Seven:

# The New Caste

*In which we meet a powerful group defined, enabled and enriched by their mastery of the Seventh Sense.*

1.

Looking back over several hundred years of European history, the Oxford professor David Priestland found that the movement of power might be scored by reviewing the alliances and hatreds and hopes of three distinct, interacting groups. He called them "castes": merchants, soldiers and sages. By merchants, Priestland meant the bankers, traders and industrialists whose capital, goods and political power bent Europe's once-feudal economy into something modern and industrial.[160] The Medici, Dutch coffee traders, Scottish cotton barons. By sages, he had in mind the churchmen and later the technocrats of various empires, the men who helped birth and then manage the problems of an Enlightened, urban social order: Locke, Bismarck, Disraeli. And by soldiers he had in mind both the great aristocratic warrior classes of Europe and upstart, genius figures like Napoleon or Wellington – men who handled martial force with the fresh, surpasssing brilliance of a paintbrush or chisel, not an instrument of mass murder.

The aligned, shifting interests of these three castes, Priestland wrote, were like gears of sorts, each offering special leverage, meshing together to drive nations to great power. Mix the influence of France's sage-bureaucrats with her artful soldiers and you get the French Imperial period. Marry the interests of Britain's shrewd 17th Century trading bankers with her martially inclined sailors and globe-spanning Victorian dominance results. Today, of course, the merchants and soldiers and sages of our era are also at work. They sit in sovereign wealth funds, wired situation rooms and madrasas, churches and research labs. The force of America's merchants and financiers, bolstered by Washington's security caste, defines much of American power. No other nation could, at the moment, comprehensively replace what the country does with such breadth, intensity and speed. And now, all around the globe, we're seeing the emergence of what we might think of as a New Caste joining the merchants, soldiers and sages. This is the infotech caste.

What was going on in that field in Amsterdam back in the summer of 1993 was nothing less than the birth of the first figures of a connected technological era, of a new elite. This caste I have in mind is defined by their personal proximity and fingertip feel for the linked machines that drive so much of our world. They represent a tiny fraction of our population, but operate with non-linear, massive levels of influence. This New Caste clusters, in ever tighter circles of intimacy, around the systems and networks we depend on. They are building new connected

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[160] **Looking back:** David Priestland, *Merchant, Soldier, Sage: A New History of Power*, (New York: Penguin, 2013)



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financial systems. Fresh AI designs. Protocols and platforms for secure communication. Maybe one million people can write object-oriented code at a high level. A hundred thousand of them can shape that code into some sort of innovative data structure. A few thousand might be able to use it to access and manage a large data center. But get down to the couple of dozen who know how Google or Intel or bitcoin really work, the group who can make machines seem to think, who know and use backdoors at that atomic level of hacking – well, then you have a tight, powerful elite. They are called system designers, algorithmic traders, growth hackers or any of a dozen hazy and somewhat unnamable lines of work that fuse network mastery with economic, political or social power. If connection changes the nature of an object it also elevates, to a level of rare power and influence, those who control that connection.

Through the networks and black boxes they control, the group of transcendent talents working on search algorithms, data management and machine learning touch, at any one instant, more parts of our lives than any group of elites ever has. That many of them are billionaires as a result should hardly be a surprise. This is a caste marked by constant one upsmanship, by endless and compulsive innovation, by a cold and ceaseless fear of obsolescence. They are marked, of course, by a full expression of the Seventh Sense. Their every instinct for starting, financing, growing and using new firms or technologies or data-spinning biological tools reflects complete confidence in network power. If the leading figures of the Enlightenment shared a certainty near to faith that reason would unlock nearly any puzzle of mind or politics, the New Caste shares a certainty too, that connection can produce a new, better order. This caste battles with each other. They struggle for dominance over markets and – more profoundly – for control of the lucrative systems they have built.

My point in this chapter is simple. It is to introduce this new and powerful caste and see what their successes and failures might tell us about the world we now all share. Even now, however, I think we can make this sobering judgment: Whatever nation cultivates and trains legions of this New Caste best will rule the future. Think of the legendary Xerox PARC research lab, which in the 1970s produced not just some of the best early members of the New Caste – like Alan Kay or John Seeley Brown– but also a series of fundamental inventions that generated trillions of dollars of value[161]. The mouse. Laser printing. A graphical user interface. PARC was arguably the most economically significant small group in human history, an entire Renaissance packed into a couple of dozen offices. Just as the nations that produced the finest mariners once dominated global commerce and decided political questions, so countries (or really any group – even terrorists or criminals or bankers) that can breed, train and equip and deploy members of this New Caste will possess a really unusual power. Calling them a "caste" is not accidental: There's a way in which we are all now tied to the virtual spaces they control, much as serfs were once bound to the land by feudal lords. The Italian historian Giambattista Vico, in developing his

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[161] **Think of the legendary Xerox PARC:** Chunka Mui, "The Lesson that Market Leaders are Failing to Learn from Xerox PARC"; Forbes Leadership Blog / Alan Kay



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new, scientific view of history in the 18th Century, once observed approvingly, "The Egyptians reduced all preceding world time to three ages, namely, the age of the gods, the age of the heroes and the age of men," he wrote. "During these three ages, three languages had been spoken….Namely the hieroglyphic language, the symbolic language and the vulgar language of men."[162] It's hard not to feel the new age now arrives with its own baffling and incomprehensible modes of communication. A whole freshly demanded language.

In all of human history only a few languages ever evolve to become honestly global in reach and influence – English now, French in the European centuries or Chinese in the Asian imperial era. But why English? Why not more decades of French? German? "Why a language becomes a global language has little to do with the number of people who speak it," the British linguist and historian David Crystal has written. "It is much more to do with who those speakers are." What made Latin a global influential language wasn't that millions of people spoke it, rather it was *who* did: The elites at the very peak of 1,000 years of European power. What Latin *had*, in a sense, was the ears and tongues of some of history's most influential men.[163] The private, technical language that connects the New Caste to their machines, to each other and to us is one of the sources of their power. Their code marks, like a trail, the path to the cores of a vast and modern power apparatus.

You could, if you wanted, compare the New Caste a bit to an earlier generation of empire-deciding figures: Ocean explorers. Columbus, de Gama, Magellan. Backed by a primitive version of venture capital, the "risk finance" of trading houses, these discovery captains had a hunger to test their certain masteries – navigation, sailing, trade – against the uncertanties of geography, weather and luck. There was as much sheer nerve in these adventures as there was real knowledge. What lay five weeks' sailing time away from Cadiz? If you were willing to endure the difficulties, to believe in what might be out there – and your own ability to handle it – then fortune awaited. "Early intercontinental travelers not infrequently had to pay for access to distant shores by enduring bitter asceticism," the German philosopher Peter Sloterdijk has written.[164] Months at sea, risks of ocean turmoil, starvation, endless boredom – all these sacrifices marked sailing adventure. But they knew the rewards for a real mastery of the sea: Fame, riches, knowledge, adventure. Sloterdijk cites Goethe, who reflecting on the power of nautical life in 1787, defined the edgy advantage of that ocean-mapping caste in his age: They had *perspective*. "No one who has never seen himself surrounded on all sides by nothing but sea," he wrote, "can have a true conception of the world and his own relation to it."

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[162] **"The Egyptians":** Giambattista Vico, *The New Science,* (Cornell Press, 1948) 69
[163] **What Latin had:** David Crystal, *English as a Global Language*. (2nd ed. Cambridge, UK: Cambridge University Press, 2003), 7 also Shahar Ronen, Bruno Gonçalves, Kevin Z. Hu, Alessandro Vespignani, Steven Pinker, and César A. Hidalgo. 2014. "Links That Speak: The Global Language Network and Its Association with Global Fame." *Proc Natl Acad Sci* USA 111 (52) (December 15): E5616–E5622
[164] **"Early intercontinental travelers":** Peter Sloterdijk, *In The World of Interior Capital*, Polity 2013, Ch. 13



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We might say the same about our New Caste, of their sense of the massive datascape on which we all sail and operate. They too head off to test their skills at coding, encryption, system design. They are almost all auto-didact – self taught as programmers or hackers or AI designers or investors. There is no established path to power for them, no route that has been marked before. No wonder the greatest figures of the era are college dropouts. This is a group that looks largely ahead: Their work demands constant upgrade. Every device is shipped imperfect. It's not to say they are completely denuded of the Sixth Sense. That their feeling for history has been stripped. But if to be honestly in love with version 1.0 of your product and then to shred it for version 2,0 does demand a certain ahistoric distance. The New Caste explorers have a hunger for fresh worlds and landscapes. To get there they endure privations of long isolation – not so extreme as a long ship journey – but they burrow deeper and deeper into systems, construct new links and new gates, in closed rooms. "When building machine learning systems, making good decisions is a strategic skill," the computer scientist Andrew Ng has said. "Every day you wake up and you are in some totally unique situation that no one in the planet has been in before. It's not a fact, there's no procedure."[165]

This is our world now. No fact, yet. No procedure. A totally unique situation that demands a fresh instinct. We can follow Goethe into our own age: No one who has not seen and felt himself surrounded on all sides by *networks* can honestly understand. If that motto of the last great epochal shift was *Dare to Know*, it was certainly enacted by the sea captains. Discovery and risk were nothing but a nervy kind of scientific experiment, where the laboratory was the Earth's surface and the tools of calculation were ships. And in our age? If we're right that our historic mandate is *Dare to Connect*, well the New Caste is certainly doing that, furiously. They are working away at much that is hidden in our world, just like those old explorers. The billions of phones or sensors or AI-rooted sensor engines spilling out around our world are stripping away layer after layer of opacity. Pictures of far away places, traffic lessons learned from movement patterns recorded by GPS-enabled phones, medical treatments refined by constant measurement – these are all knotted, one after another, into the fishnet.

If the ocean voyages of that older explorer caste mapped our world, the voyages of the New Caste are as much inward as out. They move inside the world of connected systems. Remember: Network power is defined by *dynamic tension* – the pull between center and periphery. The same dynamism is at work with the New Caste. While they are, firmly, in the business of going out and opening our eyes to the world with wider, faster connection, they are also draping huge, essential parts of our lives with an impenetrable fustian: The essential algorithms of search engines, the code of machine learning tools, the design of micro-targetted political influence campaign. The sources of New Caste power are wrapped inside layers of complex computer code, machine learning and data security protocols that few people can

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[165] **"When building":** Andrew Ng, speech at *GPU Technology* Conference (March, 2015)



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completely understand. The French philosopher Bruno Latour, the father of "Actor Network Theory" has called this process "Black Boxing". The better your phone works, the less you notice it. The more precisely some machine feeds you your news, the less you wonder *what might I be missing?* "Scientific and technical work," he says, "is made invisible by its own success."[166]

The operating system and network protocols of your tablet device are opaque to you now in a way they never would have been two decades ago (when even the casual user computer had to type to a C: prompt or wildly rage at a crashed "Blue Screen of Death" from time to time). But, in fact, the system is incalculably more complex. "Each of the parts inside a black box," Latour remind us, "is a black box full of parts." And it is in the winding and linking of all these pieces that action in a connected world is made possible. "It is by mistake or unfairness that our headlines read 'Man Flies'", Latour says. "B-52s do not fly," he writes. "The US Air Force flies." Every plane that ever makes it into the air does so because of the clicking coordination of thousands of linked, black boxed systems. Your stock portfolio or your computer or your bio-sensored heart is not a lone object; it's a feature of a connected landscape.

We're surrounded now, connected to, essential black boxes we've no way of understanding and whose development and operation we've left to the New Caste. Look around you, how many screens do you see? Each is a billboard: New Caste at Work. It's not only the hardware in our lives that I mean, but the bits of knitted programming that decide how we search, when we communicate, and if we can exchange information or money. The virtual and the real are in constant contact and it's the New Caste that does the stapling. In fact, one of the magic tricks of power in the connected age is an ability to flop easily back and forth between network and reality. It suggests other dangers too. As legendary machine systems designer Leslie Lamport warns: *Computer scientists collectively suffer from the confusion of language with reality.*[167]Anyone who's ever written a computer program knows this sense: You write some code. You compile and run the program to see what happens. You go back and work on the code some more to refine what you've done. You run it again. You touch the virtual; the real reacts. This seems in a way like the most trivial thing, the writing of a computer program or an AI bot or a trading order, but in fact

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[166] **The French philosopher:** Bruno Latour, "On Technical Mediation – Philosophy, Sociology, Geneaology" in *Common Knowledge*, Fall 1994 Vol 3 No 2. p. 23

[167] **It suggests other dangers:** Leslie Lamport, "Computer Science and State Machines", *Contribution to a Festschrift honoring Willem-Paul de Roever on his retirement*" (Redmond: Microsoft Research, 2008). In its entirety it runs: "Computer scientists collectively suffer from what I call the Whorfian syndrome—the confusion of language with reality. Since these devices are described in different languages, they must all be different. In fact, they are all naturally described as state machines." The Whorfian problem is a linguistics observation about the way in which our thinking is limited by whatever language we have to describe what we see or contemplate.



HOUSE_OVERSIGHT_018348

something incredible is underway in this easy movement from machine to reality.[168] The New Caste takes these moves, this easy slip from their keyboards and programs to our lives, for granted. They adjust code and networks and formulas; they watch the effects on us. They do it again. The idea that such a move is natural, comfortable even, reveals a new and important temprament. It draws a line betweent the people writing the code and those who are snapped about in the world they are coding.

Do you know who decided what you see when you search? Do you understand what the data on your phone reveals about you? Who will snip at and work on your DNA? Your children? Are you trading stocks against some invisible high-velocity connected master who will always be one profitable nanosecond ahead of you? In this sense, network power involves something very much like the intentional creation of concealment. Your Internet search results, for instance, contain a sharp tension. Yes, data from all over the planet, from all of history sits rather amazingly in front of you. But that bit of computer code deciding what you see is engaged in a kind of digital book burning: It's making whole sections of knowledge invisible even as it is unearthing an ever more precise answer for whatever question you have. What *don't* you see? – is a question that hints not only at what is left out of your search horizon, but generally at the way in which connected systems establish necessary gates. Part of a Seventh Sense, then, is the ability not merely to look at the virtual world and know how it becomes insidiously real, but also to feel that all the connected points of the real world – markets, weapons, social movements – must be pulled upon by code and links and networks. "Any technology depended upon," as *The Critical Engineering Manifesto*, says is "both a challenge and a threat."[169] Human experience is, we know, unboxable, uncontainable – our joy, hopes, sense of freedom, these all defy boxing. Yet here, all around us, are containers that affect our every choice. Who knows what happens inside all the difficult boxes?

The creeping, essential opacity of power now reveals a twisted puzzle, a really fresh aspect of this New Caste and the revolution they are making: As much as they are in the business of making knowledge widely and instantly available, they are also madly black boxing our world. This breeds a sly, unintended (I think) tension with Kant's Enlightenment admonition to "*Dare to Know*." Would you like to *Dare to know* why your computer is secure? How your genetic information will be studied and used? How encryption works? Mostly the answer to is: You can't know. It's too complex – and, anyhow, if we told you it would make the whole system less secure. There is nothing disingenuous here: You likely *wouldn't* understand. It *is* too complex. You'd be lost at the first turn into strange technical language, where simple words like "object" or "edge" have specific, essential, different meanings. And telling you would, in fact, expose you and everyone else to all sorts of risks. It's as if we've returned to that famous debate of millennia past, the one lingering between Athens and Jerusalem: Could the world be known and atomized and understood as the Greeks would have it? Or was mystery, inscrutability and opacity the nature of truth,

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[168] **This seems in a way:** See, for instance, Bret Victor in his speech, "Inventing on Principle" at *CUSEC 2012 Turing Complete Conference* available online.
[169] " **Any technology depended upon":***The Critical Engineering Manifesto,* as above.



HOUSE_OVERSIGHT_018349

apprehensible, the Rabbis said, only by its movements. Are we back at the first chapter of Genesis and its absolute prohibition against eating from the tree of knowledge. Or, from the Talmud, "For him who reflects about four things – what is above, what is below, what is before and what is behind – it would be better not to have come into the world."[170] We want to reflect about what goes on inside the machines. Can we? Should we? How does *Dare to know* face off against these impenetrable systems.

It is little surprise that places like Silicon Valley often leave a visitor with the feeling of a town where work is done in rooms within rooms within rooms. To drive along the dulled, anodyne asphalt stretch of road that runs in front of Sand Hill Road in Menlo Park almost hurts your head: Inside the offices on revolutions are dreamed, debated and funded. And it looks, for the most part, like a row of mildly prosperous dental practices. The real import of the work is, on the outside at least, nearly totally muted. The corporate structure of the most powerful tech companies are padded with this sort of deadening fustian too. Founders control the majority of voting stock; shareholders are more like lucky "users" than owners. Control, security and speed in decision-making are secured from the inside, free of exploit risk or interference. The companies are like computers. Of course the founders know where real powers sits. But this shouldn't distract us from the human energy breathing in the code itself. The programs are "permeated by all the forms of contestation, feeling, identification, intensity, contextualization and decontextualization, signification, power relations, imaginings and embodiments that comprise any cultural object," the computer science historian Adrian Mackenzie has written.[171]

*Each of the parts of a black box is a black box*. The famous billionaires of our technology age operate for the most part as their systems do. Their tight, well-engineered clusters of machines produce fortunes from connectivity, even as they obscure some of the deeper nature of the connections that are essential to their success. They are themselves at times obscured, human black boxes in a sense. "Linux is just an enabler," the genius programmer Linus Torvalds once observed about the code language that undergirds much of the connected world. "It's a solid base, but like all good, solid bases, it really is something that should be almost entirely hidden and out of people's minds."[172] It is a hard paradox for us. The work of the black boxes, of connected systems or protocols such Linux is miraculous. It is wonderful in so many ways. And the roots of it are, and seem like they have to be, obscure. But this cuts very fast into the arteries of a healthy democracy. "Democracy," Arthur Schlesinger wrote in his famous post-war book *The Vital Center*, "has no defense-in-depth against the neuroses of industrialism." It's easy to see how the system might also have a weakened immunity to the subversive forces

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[170] **Or from the Talmud:** See Leo Strauss, *Persecution and the Art of Writing*, (Glencoe, Ill.: Free Press, 1952), 21

[171] **The programs:** Adrian Mackenzie, *Cutting code: Software and sociality*, (New York: Peter Lang 2006) 5

[172] **"Linux":** Andy Meek, "Linux creator explains why a truly secure computing platform will never exist" on bgr.com Sep. 25, 2015



HOUSE_OVERSIGHT_018350

of network power: Contagions of fear, manipulation of data, the subtle and invisible influence of the boxes we depend upon but don't understand.[173] Recall Francis Bacon's Enlightenment line? That human knowledge is human power? Well, what is computer knowledge? It is human power? Or something else, in its entire, hidden immensity? You have to wonder if this packing of insight and vision and control into black boxes, or the hands of a small New Caste will bleed us of our liberty as a result. "Our constitution is called a democracy because the power to make decisions is not in the hands of a minority but of the whole people," Pericles reminded Athens in his Funeral Oration 2500 years ago. "We regard a man who takes no interest in politics not as harmless, but as useless."[174] Vital engagement is the food of democratic life. To be baffled to the outside of the essential boxes of power then, seems an instant sort of cancer on liberty. What do we make of a man who takes no interest in the networks of networks that control the power to make decisions?

Perhaps you've heard of the famous manufacturing trilema: You can get something made any two of good, fast and cheap. If you want that custom table made quickly and well, it won't be cheap. If you want it good and cheap, you had best be prepared to wait. In networks a similar puzzle emerges in my mind. Systems can be any two of fast, open or secure. A computer system that is really secure can be open, but it will be *very* slow, inspecting each packet and instruction like a bank security guard watching customers in a bad neighborhood. Think of the like an airport. Want it to be fast? Secure too? Then it won't be very fast. Mostly what we want today are fast, secure arrangements for our markets, our nations, our data. So these will become, I think, ever less open.

It used to be that history was made in public: Big visible wars and social shifts and revolutions. Pericles in the Athenian square; the churning protests of Jefferson's Paris or the massing of armies. Now, however, subtle manipulations of technology, invisible to most of us and maybe even accidental, maybe weird, will produce historic-scale external effects. Changes to the network design will become political and social exploits in a sense, living versions of that atomic-level "rowhammer" hack that work on the connective energy of our world. Already social network analysis can be used to manipulate voting patterns. Soon, it will be possibly to precisely target any potential voter with a message engineered like a custom-made drug, designed to bind right to the DNA of your habits and beliefs. It represents the possibility for the complete technical perversion of politics.

As the New Caste operates on the systems that are at the core of connected politics and economics, on how we vote or think or shop, they will vibrate the system in invisible ways even when they don't mean to be nefarious. Improvements may be as dangerously unpredictable as bugs. Small changes to algorithms or links or protocols mean our whole system may be pwned before we're quite aware. Such

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[173] **"Democracy":** Arthur M. Schlesinger, Jr., *The Vital Center: The Politics of Freedom* (Boston: Houghton Mifflin, 1949), 246

[174] **"Our constitution":** Thucydides, *A History of the Peloponnesian War,* (Oxford: Oxford University Clarendon Press, 1881),119



HOUSE_OVERSIGHT_018351

adjustments will be started and managed and mined for fortunes, of course. The Seventh Sense feels the way in which power has shifted, is shifting, from public to private in this way, masked by coded language, hardware design, corporate structure and the demands for speed and safety we all agree on. Huge shifts in power will occur before we are even aware if we don't have a sensibility to feel them out before they occur. Decisions about code, search, machine intelligence, DNA alteration rules in labs – all occurring in black box machines or corporations or governments. Several years ago it occurred to me in an unsettling flash: "The most important things that will happen in my life will happen in secret."

I'm not sure I've quite recovered from this insight yet.

2.

This same unnerving worry has troubled many people who think about connected machines, and for some time. It's not only those among us who are pointlessly nostalgic for a different era of devices, when the default setting of our instincts was *open*, who now worry about this strange tension between function and opacity. And remember – I'm running through all this here so we can all understand how to really grab and use this new source of power in the service of what we desire, and to protect the things we care about. But: What are we to make of systems that work better when they are obscured from us? That we could never understand even if we could see inside? Documents such as *The Critical Engineering Manifesto*, pulled together by a collection of uneasy designers and engineers, reflect anxieties that stir even inside the hearts of many in the New Caste. "The Critical Engineer considers engineering to be the most transformative language of our time," the Manifesto begins. "Each work of engineering engineers its user, proportional to that user's dependency on it." That is Conway's or Wittfogel's unsettling truth. The technical layout of a social network, a medical diagnostic tool or a financial market affects how we or our markets or our government (or our enemies) behave. We are, in a sense, being engineered by the damn opaque systems we are using.

In 1965 the MIT computer scientist Joseph Weizenbaum found himself, somewhat unexpectedly, considering this same problem. [175] Weizenbaum had written a primitive computer program to perform what is now known as natural language processing, essentially a bit of code designed to translate what a user tells a computer into clear instructions. This is the work that converts your request to a machine for weather updates into a query that can be turned into an answer. Teaching a computer to answer a question such as "it is it raining?" demands layers of logic and calculation.

In 1965, long before our era of simply talking to our phones or computers, Weizenbaum's program was a revolutionary breakthrough. So after developing his algorithms, he wanted to find an intuitive demonstration. He decided to build a

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[175] **In 1965:** Joseph Weizenbaum, *Computer Power and Human Reason*, W.H. Freeman and Company, 1976 p. 7



HOUSE_OVERSIGHT_018352

system that could, in a very limited sense, converse. The computer would take typed input from a user and then, based on what it understood, ask a question back to continue the conversation. The approach was borrowed from the psychological theories of Carl Rogers, an American therapist who believed the best way to talk to patients was with open ended, careful questions. Weizenbaum developed two programs. The first was called DOCTOR, a script that determined what the computer might say. The natural language processor responsible for carrying on the human side of the conversation he called ELIZA, after the heroine from Pygmalion, a poor cockney girl who is trained by a phonetics professor to pass as a duchess.

Here is a discussion between ELIZA and a user that Weizenbaum recorded in 1965:

Patient: "Men are all alike."

ELIZA: "IN WHAT WAY?"

Patient: "They're always bugging us about something or other."

ELIZA: "CAN YOU THINK OF A SPECIFIC EXAMPLE?"

Patient: "Well, my boyfriend made me come here."

ELIZA: "YOUR BOYFRIEND MADE YOU COME HERE?"

Patient: "He says I am depressed most of the time."

ELIZA: "I AM SORRY TO HEAR YOU ARE DEPRESSED."

Patient: "It's true, I'm depressed most of the time."

ELIZA: "DO YOU THINK COMING HERE WILL HELP YOU TO NOT BE UNHAPPY?"

Patient: "I need some help, that much seems certain."

Weizenbaum's program quickly became famous around MIT. (The joke was that it was a better conversationalist than most of the awkward shoegazers studying at the Cambridge campus.) ELIZA gave users a chance to have a taste of a machine with something like a mind of its own. The program spread to other campuses, to different research institutions, and with every step of its success, Weizenbaum found himself more distressed. He summarized his worries in his 1972 masterpiece *Computer Science and Human Reason*. What troubled him was not ELIZA, but her users, the humans. Even when they were professional psychologists, many of them quickly considered it reasonable to think that one day the work of diagnosis and counseling might be turned over to machines. This felt like a natural next step in the ceaseless progress they were used to in their lives. Better refrigerators, stronger seat belts, faster jet planes, more plastic – why not a computer doing therapy? It



HOUSE_OVERSIGHT_018353

sounded kind of wonderful. "A number of practicing psychiatrists seriously believed the DOCTOR computer program could grow into a nearly completely automatic form of therapy," Weizenbaum wrote. "I had thought it essential, as a prerequisite to the very possibility that one person might help another cope with his emotional problems, that the helper himself participate in the other's experience." To use a machine for such a task? He was horrified. Weizenbaum knew the empathy ELIZA was exuding was faked. *It was just code*. "Science," he concluded, "has been gradually converted into a slow-acting poison."

"Would you mind leaving the room," Weizenbaum's secretary said to him once, lost in a particularly personal discussion with ELIZA. "The reaction," he wrote, "showed me more clearly than anything I had seen hitherto the enormously exaggerated attributions even a well-educated audience is capable of making, even strives to make, to a technology it does not understand." This was black boxing at its worst: "I have no idea how this thing works. And it's wonderful!"

What makes the New Caste so particularly powerful is that their essential work is to build and operate the cores that control these systems. And the more people they lure onto them, the more powerful the platforms – and the people who run them – become. "The computer programmer," Weizenbaum wrote, summing up his lessons from ELIZA, "is a creator of universes for which he alone is the lawgiver." Each of these cores represents a fusion of power and politics and technology like nothing the world has ever seen. They are assembled mostly from scratch, they represent the concentration of billions of connections, and their direction is determined by technological and market factors as much as by any democratic twitch.

The strategic power of societies that train the best of the New Caste is probably self-evident by now. To educate and deploy masses of people capable of such transcendent design genius will mark a difference, an electric gating line between the nations that succeed and those that fail. But such training brings a real tension, if this group is allowed to really rip away at their work. What won't they attack? Control over the protocols that answer questions, move money, protect data, analyze your DNA – it's hard to think of any single locus of power that will ever be greater than the tight, gravitationally inevitable platforms emerging around us now. These essential webs are filled, as we've seen, with complex bugs and errors and loopholes. They depend on design decisions whose implications resonate for decades – both inside the black boxes and the external world that vibrates to their quiet demands. "If builders built buildings the same way programmers write programs," one famous coding lemma runs, "then the first woodpecker who came along would destroy civilization." Who would know if rot is spreading in these systems? Who would stop it? Recall Paul Virilo's line that trains produced train accidents, planes produced airplane accidents. So: Black Boxes?

As much as the work of the New Caste looks tactical in nature – what protocols to use, how to engineer networks or design machine boards – the reality is that most of what they do would be blind without a strategic urge. Behind even the smallest



HOUSE_OVERSIGHT_018354

advance, whether it is fingerprint recognition on your phone or some new auto-translation app, a set of careful, deterministic values and calculations linger. One feature that defines the New Caste is unadulterated, unquestioned faith in the continued network revolution, and that the values that underlie the best programs may be the values that should gird the world that depends on that same code. The danger here is clear enough. "Respect, understanding and love," Weizenbaum wrote as he considered ELIZA's effects, "are not technical problems."

The biggest of the platforms controlled by the New Caste herd together, remember, billions of people, bind them with ever thickening cords. The revealing tics of every movement in the virtual and every step or drive in the real world are marked down, remembered and scored. To operate the strategic levers of such a force is, in all reality, no less significant than leading a nation. The distinction between a CEO of a major connected firm and a head of state lies less in the depth and efficacy of their influence than in the questions of how they got such power, and how they might use it. The New Caste has an admirable conviction near to faith that their products are truly universal. They are absolute technological determinists. Watching their services and influence expand often has that strange aura of the irresistible force taking on an immovable object. They believe that their black boxes will bulldoze concerns of politics or history. And soon.

Historical ambition of this scale, the sort that touches really countless lives, has always blended a commercial and technical mastery -- the moves of the East India Company turned as much on better ship design, maps and navigation as on imperial objectives. But the aim of the New Caste is the same as it was for those three older castes – the merchants, soldiers and sages: To put the tools they've mastered and built in the service of still more dominance. The commercial calculations of the most powerful figures of the New Caste carry a sense of seeing many moves ahead, a very real kind of chess. Their billion dollar acquisitions, investment in moon-shot R&D ideas, the hundred million dollar payouts for great engineers – all of these mark the astonishing scale of what they have in mind: To have and control ever more essential cores of power. Are they seduced by having a billion users? Sure, but not because of the billion users, but rather because of the seductive allure of the black box, of what it means to control such a central point of connection.

4.

I remember sitting with a member of the New Caste the week the first batch of mimeographed and laser-scanned Snowden papers were released, as we both discovered that *everyone* we knew was devouring the documents. Like a novel. People were texting one another – "Have you seen this?!" – and you couldn't get through a dinner without a debate over the technical merits of what was on display. The Snowden files were fascinating to the New Caste in a way few others might understand, in the way a room of ballplayers might examine Ted Williams's swing mechanics. Let me try to explain it this way: When I was younger, people called our generation – those of us born between 1965 and 1980 more or less – a generation of slackers. Generation X. Generation Nothing. There was an argument to be had about



HOUSE_OVERSIGHT_018355

the Baby Boomers. Had they been the most destructive, selfish generation in American history? A reaction against the selflessness of their parents? Retired to leave the rest of us to pay their future medical bills and oggle their underfunded pensions, to cope with the manipulated political system they'd sued into existence. Or had they left a legacy of tolerance, an echo of 1968's optimisitic energy, a firming of American confidence. But, anyhow, Generation X? By comparison irrelevant: A collection of sad, passive slackers.

But the great Internet companies were largely built by Generation X. The foundational experience of 1989 – the fall of the Berlin Wall – bred optimism. It created, in fact, the possibility for a new exploration. When we were told "Be generous in what you accept," this seemed reasonable and, eventually, lucrative. The logic and power of networks became apparent by itself, the moment we began connecting the world. So linkage in trade and finance and friendship was pressed out into a new era of globalization, pushed as much by the smashing, enthusiastic removal of so many historical limits as it was by the technology itself. Yes WiFi and TCP/IP and other advances made wiring the world possible, but I wonder if they would have developed so quickly if the context for using them hadn't provided a feedback loop of such quick profit and reward and, frankly, amazement. So, in this fashion, we laid the groundwork for a world of billion-plus user platforms. For a new concept of power.

But the Snowden papers were a shock. We knew him, in a sense. His mannerisms and thinking and technical instincts harmonized with our own. It was as if the NSA had enrolled most of the digitally visible world into a twisted panopticon of a social network, one where your "membership" began the moment one of your data packets was sniffed or chased along fiber optic lines. Here was a secret three billion-user platform, in a sense, that had enmeshed, without their knowledge or permission, a tremendous chunk of humanity. *People of interest*. The one or two or three billion people swept into systems like the NSA's Aurora fell victim to the powerful leverage of scaled systems: The more people monitored by the NSA, the more leads to follow, which meant still more people needed to be followed and knitted unwittingly into the web.

No one in my generation who had been around tech for long was naïve. We knew that like soldiers coming back from a war there were things done on the network – the spreading of danger, of inequality, of pollution – that would have to be paid for in balance by the benefits the system promised to bring. The immensity of what had been built already in networks was clear enough; the even greater power yet to come as trillions of more connections piled together was implicit, obvious even. The perverse, sneaky side of this growth was known to anyone who'd spent time working a connected machine. But that people of our generation could on the one hand listen to "Karma Police" and on the other enact the sick *OK Computer* logic of surveillance, even name a British GCHQ monitoring program after the Radiohead song? The aim: Provide "either (a) a web browsing profile for every visible user on



HOUSE_OVERSIGHT_018356

the Internet, or (b) a user profile for every visible website on the Internet."[177] We'd not honestly thought the end of this would be a need to so deeply question or defend freedom or liberty.

The whole idea of connectivity had begun with liberty, after all. The Fall of the Wall. We'd not known or expected to lose it through the very systems we'd constructed in the open space a 20-year peace had presented. So: We'd been naïve after all. We'd been united in a tacit claim that there was nothing bad about connectivity. We believed it for the most part and convinced others. *We didn't mean it that way*, I felt the New Caste readers of the Snowden Papers were saying to each other, paging through the sick, ineffably banal logic of those NSA Power Point presentations. They were brochures for totalitarianism. If you have not read them, it is worth looking them over. They have, you'll see, all the anodyne banality of insurance company pitches, even if the dull language was expressing something vivid, nothing less than the potential murder of some very basic rights. We were reading and discussing and debating the documents so avidly because, it seems to me, each of us had a kind of horror of what we might have done.

Here was a massive technological and insidious web, a totalizing virtual machine of collection and analysis and instant observation and reaction. It relied, for its safe operation, on the humans in the loop of that sensing and seeing and machine thinking. And what was it, exactly, that the humans had appeared to do in the face of such urgent responsibility? Almost like that silly secretary chatting with the ELIZA machine, they had suspended their sense of warm humanity in the face of the magical charm of electrical promise. They had let the machine run. The whole system had been built and operated by members of the New Caste who were, in turn, beguiled and charmed out of a sense of certain essential limits as they stared at the beautiful face of machine power.

Looking back on his formative years, before Europe was ground up in the First World War, the powerfully brilliant and sensitive economist John Maynard Keynes bitterly recalled the iron certainty of his set of friends and their confident, diffident arrogance: "We were not aware that civilization was a thin and precarious crust erected by the personality and the will of a very few, and only maintained by rules and conventions skillfully put across and guilefuly preserved. We had no respect for traditional wisdom or the restaints of custom."[178] It was the war, then the depression, then a war which taught them this expensive lesson. What is fracturing around us now, with our own willful and diffident support, is that very thin and precarious crust, cracked and assembled as Keynes said by "the will of a very few". What if those very few are the New Caste?

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[177] **The aim:** GHCQ "Pullthrough Steering Group Meeting #16" available from theintercept.com

[178] **"We were not aware":** John Maynard Keynes, "My Early Beliefs" in *Two Memoirs: Dr. Melchior, a Defeated Enemy, and My Early Beliefs* (New York: A.M. Kelley, 1949) 99



HOUSE_OVERSIGHT_018357

The essence of the Seventh Sense will be not merely to be beguiled by our technology, by the way it smashes old systems, not to ask "Could you please leave the room while I use bend these electrons to even more omnipotent control," but rather – in the same instant as the networks snaps into its full power– to grasp the full nature of the connected age. To see how it might be used to further, not erode, the things we care most about. To ensure that if we are not among the *very few*, at least we can guarantee that their will bends towards justice. We will see, in a moment, just what that means in practice. How our best technology and our most avid hopes for what a technological, connected future could look like might just be yoked together. But before we can do that, there is one final question we need to answer about the networks all around us now: What, in the end, are they really for?



HOUSE_OVERSIGHT_018358

## Chapter Eight:
## "MapReduce": The Compression of Space and Time

*In which we learn what networks are really, rather wonderfully, meant for.*

1.

Starting in the springtime of 1997, the American scientist and inventor Danny Hillis began what has since become an every-few-months sort of ritual. He packed up from his home in Encino, a short drive over the Hollywood Hills from Los Angeles, and headed off for rural Texas for a few days that would largely defined by rock and dynamite. Hillis, who was born in 1956, has spent most of his life working at the electron level of the world, crafting some of the most significant computer processing systems of our age. So the sort of paleolithinc earth moving he was heading off to manage in Texas was a departure from his usual scale. His aim was to work on blasting and then refining a space in an isolated mountainside for the construction of a towering clock that he had designed, one intended to run for 10,000 years. That ten-millennia span was not accidentally chosen. Humans, when Hillis began his work on the clock, had been around about that long already. We were, as he pictured it, at a midpoint on that 20,000 year stretch of time. Hillis and the group of tinkerers, thinkers, and engineers who had backed and designed the clock – people such as Amazon's Jeff Bezos, spreadsheet inventor Mitch Kapor or investor Esther Dyson – were planning on a project that would stretch as close to eternity as they felt reasonable. "The Clock of the Long Now" they called it. I remember pulling into Danny's driveway in Encino one afternoon as he prepared to depart for Texas and being struck by the contrast between the lovely, innofensive suburban blandness of Southern California and the tools he was taking with him to make an assault not merely on a mountain, but on a whole conception of time.

I had met Hillis in an unusual fashion. I'd been asked to chair a committee that would award a million dollars to a figure who had made an essential contribution in the world of technology. The directors of the foundation behind the then-new prize had been, from the start, slyly dropping big names – Bill Gates! Steve Jobs! They hoped such a laureate would cast a bit of glamour on the first year of their award for "Contributions to Man's Present Condition." But when our committee sat down to talk it over, we knew that the boldfaced names didn't want or need a prize. They certainly didn't need a million dollars. As we considered people we all knew who'd made fundamental, essential contributions but had not been as boldfaced as they might have been, Danny Hillis's name came up immediately.

Hillis had developed a revolutionary "massively parallel" computer in the 1980s. The machine had helped create an entire discipline of high-speed computing by tying together tens of thousands of processors to tackle a problem at once. Traditional computers worked problems the way you or I might, step by step. Hillis' design was the equivalent of millions of minds, all moving at once. Coordinated, connected and awesomely fast. In the years since, he'd played a key role in a dozen



HOUSE_OVERSIGHT_018359

other breakthroughs, from designing artificial intelligences to fine-tuning classified military aircraft systems that depended on mathematics for their stability. When you wander into a deep part of Google's technical database systems, you're touching his work. When you talk to your phone, the interface bubbles with some of his patents. How did Baran's 1960s idea of a survivable, packet-based system at ARPAnet become the Internet in the 1970s and 80s? Danny was part of a cluster of dirty-fingernail engineers – along with engineers such as Vint Cerf and Jon Postel – who'd done the work to make it possible. His centrality in that project was memorialized in a famous speech he once delivered in which he described having one of the very first email addresses in history – and then whipped out a sheaf of bound pages that represented the entire Internet address list at the time. It ran about 50 pages. To the extent there were membership cards in the New Caste, Danny's would have had a very low number. It was an easy decision for our prize committee. No Bill Gates. No Steve Jobs. So, here's how I met Danny Hillis: I called to tell him he had won a million dollars. (I recommend this as a way to start a friendship.)

Hillis had been a tinkerer since he was a child and never seemed to have lost the pleasure of a wild intermingling of joy and practice. You couldn't tell with him where passion ended and work started. He was so technically adept that he could inject even the coldest digital projects with a bit of hot emotion, like Bernini breathing life into a block of carved marble with one, "just so" grace note of his chisel. One of Hillis's most famous projects, for instance, was a 15-foot high tic-tac-toe playing tinkertoy robot he'd built when he was 20 years old, in his second year as an undergraduate at MIT in 1975. Made from 10,000 wooden spindles and poles, it was an early attempt of his to show how machines, even simple ones, might seduce us with both brains and looks. The effect of a giant tinkertoy pile sitting there at The Massachusets Institute of Technology had to make you giggle, even as your mind boggled at the fact that this heap of sticks, strings and dials was beating you again and again at a child's game. Hillis was an artist as much as an inventor – one reason he'd not become Bill Gates or Steve Jobs. (And why Gates and Jobs maintained a consistent, admiring respect for him.) He'd once spent a decade at Disney designing rides or thinking up new dreams as a kind of real-world mayor of Tomorrowland. He liked to joke that he knew he was at the right place when, on his first day, he asked where he might find a parachute harness for an experiment and heard, in response, "What size?"

Hillis was an avid reader, and he has the habit to think of his bleeding-edge work in the context of long historical gulps. Conversations with him often tie back to Paleocene era biology or some other deep root. That long-term view, married to his unmatched hands-on feel for complicated systems, made him the ideal designer for the clock, a machine intended to last millennia. The problems associated with such an undertaking were, honestly, as unreal as you might expect. How to power the clock? (Hand winding, the better to ensure it was not forgotten.) How to protect it? (Put in the middle of nowhere.) Did you need to plan for global climate change? (Yes. The design was adjusted to accommodate shifts in the earth's spin when the planet's icecaps melt off.) Do you write a users' manual for people 10,000 years from now?



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(Yes.) Do you write it in English? (To be determined!) Working with composer Brian Eno on the sound of the clock chime, and with a team of geologists and physicists, Hillis had made the clock into a natural extension of his tinkertoy computer, a device that both served a purpose and sent a message. If there was an emotion it conveyed, a feeling that it tickled in the way Bernini's *Apollo and Daphne* might inspire terror or joy or faith, it was meant to be awe.

Stewart Brand, one of the supporters of the clock and an early member of the New Caste too, would tell you that the idea for the clock had emerged from a desire to emphasize, to *physicalize* in a way no one could forget, the importance of longer-term thinking. We'd all arrived now, Brand and the other clock masters worried, at a moment in history when no one had a view that extended much past their own lives – or sometimes past the next election, or year, or the next financial quarter. Our modern "on to the next thing" economics and politics were eroding every slow, patient instinct. "Civilization is revving itself into a pathetically short attention span," one manifesto for the clock began. "What we propose is both a mechanism and a myth."[179] With its steady 10,000 year ticking, the Clock of the Long Now was meant to make us think in longer jumps. The human winding mechanism, for instance: Generations of clock-winders had to share in the work, and they would be connected in a long thread over the 10,000 years. A sacred priesthood of time. Moving slowly. As I spent time thinking, dreaming about the clock, I found myself too craving the solidity and patient isolation it promised. Who among us these days doesn't want a break from the instant nowness of our age?

Yet, the more I understood the clock, the more I realized something else was at work. Stop for a moment to consider who was backing and building the device. It was a cluster of people who had, as a common link, the fact that they had their hands honestly *sunk* into the guts of the Internet. Hillis, after all, had been waving more than that slim book of email addresses when he talked about the early days of the Internet. He was waving the credentials of a man who had been living in the virtual cyber neighborhood of Web connections from its very first days. He was as close to a native of the connected, fiber optic, light-speed world as you could find.

All the names supporting the clock smelled similarly of burning electrons: Jeff Bezos had built Amazon into a high-speed marketplace whose backbone was the Web itself. Another backer, Mitch Kapor, had cracked apart several centuries of slow accounting habits when he created Lotus 1-2-3, the first successful computer spreadsheet program in 1983, software that permitted you to see and change your whole business one keystroke at a time. Kapor's software helped move finance from quarter-by-quarter calculations to a really instant-by-instant sort of business – more or less the opposite of the "long time frame" the clock team was aiming to preserve. Esther Dyson was one of the earliest, best investors in network companies. This was a collection of men and women unified by a genius for connected change, sure, but also by a desire for ever faster clock speeds, ever speedier delivery, ever faster

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[179] **"Civilization is revving itself":** Stewart Brand, *The Clock of the Long Now: Time and Responsibility*. (New York: Basic Books, 1999) 2



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processing. They had lived this. Enabled it. Profited from it. If there was ever a group you might hope to take aside, pull into a quiet room and ask gently *What are the really networks for, anyway?* this would be it.

The act of keeping time, of marking it, is embedded in the nature of any age. Our lives are, after all, dictated by timetables: School schedules, the seasons, rush hour, the burning candle of birth-love-marriage-death. Time, in the days before industry, was measured by nature's schedule. How long it took a crop to mature. The solstices. A beehive filling with honey. It was marked by moving tides and shifting seasons, and it demanded a slowness, a personal presence on the shores, in the oceans, atop the fields over generations. "Summer afternoon," the novelist Henry James remarked in a précis of a slower age he felt passing away in 1895. "To me those have always been the two most beautiful words in the English language."[180]

Then, in the industrial revolution, time became money. Electric lights, for instance, undid the restful distinction between night and day – and made 24-hour life and manufacturing and economics possible and then, of course, inevitable. Movement from countryside to city established a really new sense of what the German critic Georg Simmel, writing in 1903, called *tempo*. "With each crossing of the street, with the tempo and multiplicity of economic, occupational and social life, the city sets up a deep contrast with small town and rural life," he explained. "The technique of metropolitan life is unimaginable without the most punctual integration of all activities and mutual relations into a stable and impersonal time schedule."[181] Punch cards. Bus schedules. The forty hour work week. Our education, our manufacturing, our markets and our lives all began to run on timetables. They had to, or the whole project of industry would collapse. "Summer Afternoon" became a time to work. Simmel worried, for instance, over the diffusion of pocket watches. To carry one was like looking at a constantly draining bank account.

This sense of humans reduced to cogs – churned, run, disposed of on a schedule not their own – unnerved the residents of that first mechanical age. Cities had been the very first sorts of tight-packed networks; *industrial* cities ratcheted this further still. They succeeded and failed by the degree to which they geared themselves and their citizens to machine speed. When the Austrian novelist Robert Musil began *The Man Without Qualities*, his classic story of the era, with the flattening of a Viennese citizen by a speeding delivery truck, he meant to point out how urban speed and urban life (and urban death) had become inseparable. And also the mismatch between the weak breaks of the age and it's acceleration. The book is alive with that pre-accident slipping sensation you may have had: You are pressing hard on the brakes of the car; you are going to hit something anyhow. "Cities can be recognized by their pace just as people can by their walk," Musil wrote in a line that any modern New Yorker or

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[180] **"Summer afternoon":** Edith Wharton, *A Backwards Glance,* (New York: D. Appleton-Century, 1934) See chapter 10 for her tale of an afternoon with James.
[181] **"With each crossing":** Georg Simmel, "The Metropolis and Mental Life" (1903) in Gary Bridge and Sophie Watson, eds. The Blackwell City Reader. Oxford and Malden, MA: Wiley-Blackwell, 2002, p. 11



HOUSE_OVERSIGHT_018362

Parisian would endorse.[182] "A man returning after years of absence would have known, with his eyes shut, that he was in that ancient capital and imperial city, Vienna." To really get a feel for that age, watch just a few frames of Russian director Dizga Vertov's jittery 1929 black and white film *Man with a Movie Camera*[183]. Each moment of the movie is alive with the tension of a new, rushing and industrial age. You won't be surprised Vertov's list of requirements as he prepared to start filming began: "1. A rapid means of transportation." His aim was to immortalize urban speed on the new medium film; he knew he needed to be fast.[184]

To know a city by it's pace. Musil was touching something deep here, an instinct that beats in each of us and runs from this fact: The speed of an event affects how we perceive it. The difference between what you will notice when walking up a hill – chirping bugs, tiny rocks, changes in color and gradient – and driving up that hill is so complete as to be almost different experiences entirely.[185] When the whole world tumbles upon us at fiber-optic speed, when invasions and revelations and accidents all spread at the rate of WiFi or cell phone radiation, our sense of time blurs. You have to wonder what Simmel would have made of a smart phone. "It is not merely that the medium is the message, but the velocity of the medium," Paul Virlio observed once in one of his many studies on speed and mind.[186]

Life in our connected age is both instant and always on, what Simmel might have called "the technique of network life." This demolishes an older, easier sense of pace. Computers were once switched on at 9 and off at 5 – just like their human masters. But digital activity is constant now. The networks are paying attention all the time. They have to. Our machines – tractors and trains and cars – used to echo our pace of life. Now we echo theirs. The machines, the New Caste, the black boxes – they tick along constantly, ever faster. We rely on them, as we've seen, for our safety. We want them to be fast. To be instant. But what is this doing to us? Is completely unhooking us from any sense of time really a good idea?

It was certainly true, as Brand insisted, that the Clock of the Long Now was meant as a reminder, as a kind of constant totem to the fact that we're all just a small tick on

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[182] "**Cities can be recognized":** Robert Musil, *The Man Without Qualities* Vintage (1996) 3

[183] **To really get a feel:** Vertov's movie is shot in Moscow, Kiev, Odessa and Krakow. In 2003 The Cinematic Orchestra produced a modern soundtrack to accompany it.

[184] **"A rapid means":** Jonathan Dawson, "Dziga Vertov" *Great Directors* March 2003 Issue 25

[185] Ajahn Brahm of the Buddhist Society of Western Australia tells a wonderful story in his Dharma talks about a day in which he decided not to be driven up the road to his monastery in Perth, but instead walked the road. He was flooded by the sensations of nature, all invisible from the inside of a car. One way to change your perspective, he means, is to change the speed at which you are moving through life. See the Buddhist Society of Western Australia website for a catalog of his talks.

[186] **"It is not merely that the medium":** Paul Virilio, *Information Bomb* trans. Chris Turner (London: Verso, 2000), 141



HOUSE_OVERSIGHT_018363

the endless long continuum. We do think in too short a time frame. But the clock also, I began to suspect as I considered it, had another role. Those 10,000 years of marked time were an attempt to scratch an itch bothering these pioneers of cyberspace. It might even have been a sort of guilty sensation. After all, there was something that they had demolished in their ceaseless fast connecting of the world – maybe accidentally, but anyhow it could never be put back to where it was. If the great industrial titans before them had, over several hundred years, vanquished distance, lacing the world with trading networks, the men and women behind the clock were fracturing something else, something that for all of human history had seemed the only reliable, safe, sad constant of our condition: Time. For most of history, time and space were seen as facts, immutable forces that could not be overcome or adjusted or fought. Time particularly. The quintessential, tragically non-negotiable condition of life. The backers of the clock were, in their "day jobs", in the business of overcoming, adjusting, fighting and even destroying an older sense of time. What might once have taken years, they were committed to making happen in an instant.

The Long Now project, then, was like one of those carefully isolated arctic freezers, where samples of essential grains and DNA from Beethoven's hair and Einstein's brain are sunk and iced against the godforbid day in which our basic feedstock or a chunk of humanity has been wiped out by accident or disaster. Blasted into a mountain hole, designed to last thousands of years, the clock is a repository for time itself. It is a defensive museum, built against the moment when instant networks finally devour the off switch and kill an older, essential feeling of time. The clock-makers knew, I think, that they had helped to demolish a particular sense of pace with their fast, instant networks. They wanted, with the knowledgeable keening of the guilty, a new device, one carefully gated away from the very revolution they were encouraging with their business and technical obsessions. This hunger for speed had built their fortunes. Their revolution (and its IPOs) had paid for the clock, frankly. And the hope for "instant world" had inspired their dreams long before deep, fast connections were possible. Bezos's first name for Amazon, *Cadabara*, captured just this sense of waving wands and the eye-blink "Now you don't see it, now you do!" appearance of just what you want or need. Murdering time. You could ask: *What are the really networks for anyway?* Would they feel guilty when they confessed?

2.

Danny Hillis's father was an epidemiologist. His mother was a bio-statistician. And his childhood was a blur of infection-led family migrations. "Anywhere in the world there was an epidemic, we would go," he recalled. As the family bounced from Dehli to Cairo to Dakha to Nairobi, racing diseases one after another, Danny developed a vivid, energetic autodidactisism. He would collect knowledge from his parents, from the streets around him, his new friends, anywhere. In a library in Calcutta, for instance, he once found a copy of George Boole's 1854 book "An Investigation Into the Laws of Thought". Boole invented symbolic logic on those pages and though his instincts were grounded in an age of steam and machines, his vision still echoes in



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modern computer design. "Language," Boole wrote, "is an instrument of human reason, and not merely a medium for the expression of thought."[187]

Hillis has a magnetic intellectual charisma, as you might have guessed by now. An afternoon with him resembles nothing so much as a lingering mental theme park: Roller coasters of big ideas (a 10,000 year clock!) mixed with smaller sugary treats (how to design a better fencepost). No wonder he fit in so well at Disney. Critics accused Steve Jobs of having a "reality distortion field", in which the Apple founder's charisma bludgeoned the boundaries of the practical. Hillis, by contrast, has a sort of "reality enhancement field" in which much of the world as seen through his eyes or heard in his light-hearted voice is sharper, filled with possibility.

From an early age Hillis had been interested in the dream of a thinking robot. Maybe it was that the constant uprooting of his childhood left him with a giddy sense that it was easier to *assemble your own friends* than to try to make them new at each stop. But somehow this led him to the idea of an artificial brain, which was Danny's main idea when he arrived at MIT in the fall of 1972. The tinker-toy tic-tac-toe computer he built was a nod to this hope, but it's jerry-rig aesthetic masked deeper ambitions. "Someday, perhaps soon, we will build a machine that will be able to perform the functions of a human mind," Hillis wrote at the start of his PhD thesis a few years later. "A thinking machine."[188]

What Hillis and others like his mentor Marvin Minsky, realized was that the human brain works differently than machine logic. Life, after all, is not a series of linear math problems. (Much as we might wish it was at times.) You look outside. It occurs to you to say to your wife, "What a lovely day." This is not a result of some "a then b then c" calculation, but rather the product of thousands of simultaneous inputs and twitches dancing through the space of your consciousness. If you were to process that same thought in a linear fashion, it might look like this: First, look at the sky, examine the cloud-to-blue ratio, check for too much wind, sense the temperature, open mouth. Your wife would be out the door before you'd even begun to speak. The ability to operate on many different pieces of data all at once is one of the most striking, enviable features of the human mind. But of course, you've probably, recognized: That is fundamentally a *network* problem. How do you act instantly, everywhere? Connection. So it was that, a dozen years after his tic-tac-toe machine, Hillis began work on a device designed to think super fast. Faster than any computer ever had. He called it The Connection Machine. "The ability to configure the topology of the machine to match the topology of the problem will turn out to be one of the most important features of the Connection Machine," he wrote. Adding, in case the

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[187] **"Language":** George Boole, *An Investigation of the Laws of Thought: On Which Are Founded the Mathematical Theories of Logic and Probabilities*. (New York, N.Y.: Dover Publications, 1951)
[188] **"Someday":** William Daniel Hillis, *The Connection Machine*, PhD. Thesis Submission, MIT (1985) p. 2



HOUSE_OVERSIGHT_018365

academic panel at MIT missed the point: "(That is why it is called the Connection Machine.)"[189]

Hillis's ambition to build this device boiled in him while he was at MIT, and it finally outstripped what MIT could support, so he gathered a group of students and started a small company. The Thinking Machines Corporation, blessed by some combination of Hillis's charisma and the fantastic promise of the project, became a magnetic field for talent, ideas and money. In the early days of the firm, for instance, the hunt for investors led Danny to the luxurious New York City apartment of William Paley, the founder of CBS. Hillis lived then in a ramshackle house close to campus at MIT. He drove a surplus fire truck to work most days.[190] Faced with the urbane, powerful 81-year old founder of the largest radio and TV network in America, Danny jumped right into a passionate introduction of *his* ideas about connection and networks. Paley, cooly: "I didn't understand a word you said." Then: A check for $5 million.

Or there was the time that Hillis asked Nobel-prize winning physicist Richard Feynman to tip him off about any smart scientists Thinking Machines might hire. Feynman, pushing 60, volunteered himself and spent his summer vacations for the next ten years with Hillis and his team.[191] When it came time to test the first Connection Machine, it was Feynman's data that revealed how well the black box was doing its job. The architecture they had designed cranked through what would have been a month's worth of complex chromodynamics problems in hours. As the machine got better, these already fast processing times improved by another factor of 1,000. Such a machine, for scientists who were desperate for computed answers, was like adding years to their life. If they could solve a problem in a week instead of years? The whole texture of their careers would be altered.

"At times," one fellow computer developer remarked, "the Connection Machine seems so different from current computers that it seems more akin to science fiction than high technology."[192] Thinking Machines Corporation sold Danny's computers to Lockheed to model stealth fighters. Chevron used one to model oil fields. The US government bought several to help to predict the weather. Puzzles long resistant to mere power melted in the face of parallel consideration. Nothing was more exciting about Hillis's machines than this intimiate, unprecedented link between intelligence and speed. If you have twice as many processors as I do, you can perhaps crack a puzzle of genomics or cryptography a year faster. But say you have figured out how to have 275,000 machines linked together and I have 1,000? You can solve a

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[189] **Adding:** Hillis thesis, p. 19
[190] **He drove:** Po Bronson, "The Long Now: Time Traveling with Danny Hillis", *Wired* (May, 1998)
[191] **Feynman:** W. Daniel Hillis, "Richard Feynman and the Connection Machine" *Physics Today* February 1989, p. 78
[192] **"At times":** Michael J. Black "Book Reviews: The Connection Machine", AI Magazine Volume 7 Number 3 (1986) p 169



HOUSE_OVERSIGHT_018366

problem *eight years* sooner[193]. Between 2007 and 2015 the number of connections a Hillis-style neural computer could handle grew from 1 million to 100 billion. This speed did produce things very like science fiction: Accurate voice recognition. Real-time genetics. And it also began to mark out, clearly, the powerful network territory where our future will be decided.

3.

Of all the things that mark a change between our modern lives and the days of those who came before us, few are as sensationally obvious as the sheer acceleration of life, the reduction of delay and the emerging *instantness* of experience. Faster. What is going on inside the machines, as Mel Conway's old law would have told us, is happening too on the surface of our lives. A feeling of breathlessness in the face of speed isn't new, of course. When Anna Karenina folds herself under an oncoming train at the end of Tolstoy's novel, for instance, her suicide is as much metaphor as personal tragedy, a comment on the disorienting steam, engine, and rail pace of modernity. Speed kills, old habits and ideas particularly. Between 1840 and 1940 travel times between Anna's St. Petersburg and Vronsky's Moscow shrunk by 10 minutes every year on average, loosing deep cracks in Russian economics and politics, tearing apart Anna's slow-moving world of glittering balls and hereditary estates with the fast force of industry, modernity and then the awful pliers of communism. Tolstoy's own death in 1910 held a bit of this acute tension between old and new velocities: At 82, hoping to live out his final days in the peace of a small hut, he left his family for the rural Russian town of Sharmardino. By train. He died at a station on the way, stopped quite literally, like an absurd figure in a Gogol novel, as he was enacting the tragedy of trying to use the modern to get to the past.

At the same time in the late 19th Century, the American rail system was working its own transformation, but with almost no ambivalence. America was using the modern to get to the future – as fast as possible. This was a decisive difference in temperament. "The American frontier," Frederick Jackson Turner wrote in his famous 1894 essay about borders and American life, "is sharply distinguished from the European frontier—a fortified boundary line running through dense populations."[195] American rails and roads (and trade) encountered no substantial fortifications. They ran nearly unchecked into the wilderness. The only apparent limit to expansion, that generation thought, was technology itself. The trains had, from the start, an unusual purchase in American life. During the three decades after 1840, the refinement of small but important details – faster train engines, stiffer carriage design, tracks that were straighter, an ability to move and re-load boxcars at night, better time-table management – eased America into the steam engine age

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[193] **You can solve:** Adam Beberg lecture "Distributed Systems: Computation with a million friends", speech at *Stanford University Computer Systems Colloquium* (April 30, 2008) available online

[195] **"The American frontier":** Frederick Jackson Turner, "The Significance of the Frontier in American History", *The Annual Report of the American Historical Association, 1894*, pp. 119-227



HOUSE_OVERSIGHT_018367

at faster a pace than any nation. "The most significant thing about the American frontier," Turner explained, "is that it lies at the hither edge of free land."

This brisk acceleration of rail transit revealed an axiom of speed that matters to us still: The faster your speed, the less distance matters. Accelerate from five to fifty to five hundred miles an hour and the mileage becomes less significant with each notch on the speedometer. It all takes the same amount of time. Marx called the process "the annihilation of space by time". He was right. Speed kills distance. The simple algebra linking increased speed and reduced distance had been apparent already in the shift from rowed galleys to sailing ships, but the age of industrial transport by rail or air meant that rapid changes, changes that affected the very quality of movement, took place within the time frame of a single lifetime. The acceleration from horseback to train to plane happened over a period of 150 years or so. Each new acceleration *diminished* the impact of distance.

There's a phrase for this process – "Space-Time Compression" – first identified by the American sociologist Donald Janelle in 1965[196]. Janelle saw that the technologies of transportation, trains and planes and boats, and all the little innovations that made them move ever-faster, were disrupting old spatial habits. They helped move goods more quickly, sure, but in the process they were also making the old, geographic maps less useful. When you could fly over a mountain, its importance diminished. In a wagon train you might have contemplated the desert with fear, by car you'd merely consider it with care. In a plane it was irrelevant. Janelle concluded that raw economics drove this compression as much as science. Centuries of constantly collapsing space and time had been driven not least by the hunger to poke into distant markets, to latch onto cheap labor, and to pull natural resources to wherever they were needed. This was "civilization" as a verb.

The demands for ever more commerce, ever faster, ever more profitably suggested that the horses-to-trains-to-cars-to jets acceleration was an inevitable feature of modern markets. We should expect it to continue, Janelle figured. Great fortunes would accumulate to those who mastered speed. To be fast is a competitive advantage; to be *faster!* decisive. *Absolute speed is absolute power*, as the philosopher Paul Virilio has framed it.[197] That idea of "Space Time Compression" sounded felicitous enough, like the name of a clever magic trick. Space *compressed*? Time *reduced*? But that felicity hid the violent, revolutionary nature of the mechanism so powerfully at work. It meant that the battlefields of power, which for most of human history had been over the control of space, would now become – rather incredibly – about the control of time.

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[196] **There's a phrase:** Janelle identified what he called "Space-Time Convergence;" Later geographer David Harvey renamed it as "Space Time Compression," which is more commonly used today.
[197] **Absolute speed:** See Armitage, John, Ed. *The Virilio Dictionary* (Edinburgh: Edinburgh University Press, 2013)



HOUSE_OVERSIGHT_018368

Janelle published his first paper on space-time compression in 1965 in the pages of the reference journal of mapmakers, *The Professional Geographer*. But he was, of course, blowing up nearly everything professional geography thought it was about. "Geographers, as physicists, have traditionally been concerned with the positions of points (places) in space," he wrote. "However, geographers have not employed the concept of 'velocity' in studying spatial relationships. Yet it might be of value and not too far-fetched for the geographer to ask 'at what 'velocities' are settlements approaching one another?'" We should ask ourselves the same question. At what velocity are you and I getting closer to other points on the planet? Janelle was writing in 1965. He was concerned then about the sound barrier as the practical limit to speed. But imagine his insights applied to an age where networks are switched always on, constantly packing the world ever tighter? Where a mistake or an innovation or an attack in one place can happen instantly and everywhere, because the speed limit is the speed of light?

4.

At first glance, of course, geography seems the least dynamic of sciences. It is rooted in the glacial-paced realities of geology, a discipline where speed is usually measured in the creaking, inches-a-century advance of tectonic plates. The faster links of transportation, whether they are trains or planes or data connections, lay blanket-like atop that slower-moving geological layer. These high-velocity networks are, in a way, a new geography. Mathematicians and data architects call the landscape they represent a "topology". The word refers to maps that can be re-arranged as a result of connection, the way in which speed and distance between two points does affect how "far apart" they are. You can think of it this way: Geographies are pretty much constant; topologies can change in an instant. In geographic terms, Moscow and St. Petersburg are always 450 miles apart.

When you hear a network engineer talk about designing for a certain "topology" you should think of hearing an architect describe the natural geography where a bridge or a sky-scraper will one day sit. When you use an app, link to a finance market, or wire yourself with sensors you're connecting to a topology that has been designed and mapped – and where what you can do is determined by that landscape. An appreciation for tone and movement on a topology is a sign the new sensibility we have called the Seventh Sense. Napoleon saw the battlefields of his age differently than his enemies. They saw flat surfaces for the collision of soldiers, he saw a third dimension, saw air filled with artillery and decisive top-down dominance. Our Seventh Sense masters, those who can perceive a new order emerging, see wired topologies in this same fresh way. Even though these landscapses are often invisible or made up only of narrow fiber strings, it's important that we try to picture network topologies as real, as alive and buzzing and rich with connection and data, places where fortunes will be made and lost, wars fought – and every bit as influential as physical geography.

Topologies represent the landscape where real-world edifices like the Web or the NYSE or Hizballah are built. They can change shape, instantly, depending on who is



HOUSE_OVERSIGHT_018369

connected, and by the speed and thickness of that connection. The topology of Wall Street in the 1920s, for instance, was largely defined by who happened to come to the trading floor on a given day; today it is a global landscape, influenced by news, rumors and real-time profit twitches anywhere on the planet. Just like moving a river from one place to another would radically change the utility of a bridge, a change in topology changes the shape of systems that depend on it. That Seventh Sense instinct – the powerful can become useless because of connection, the useless can become powerful – is earned first through a fluency and even faith in these sorts of rapid, fate-changing topological shifts.

In recent years the topologies of our network world have changed at the pace of technology, which is very fast indeed. Every new piece of a network, every new platform or protocol, alters how we connect. This process works on our sense of distance like an efficient, strange sewing machine: Something very far away can be, suddenly, with one stitch of innovation, right on top of you. The speed and the quality of a connection is what determines how honestly "near" or "far" something is. Location is, in a sense, as changeable as velocity.[198]

Distance, on any living, networked web, is an endlessly pliable sheet. Just as you can bring two distant points on a piece of paper right next to each other by folding the sheet, so you can glue points in networks together by bending the space on which they are connected. A map of the networked world or of nations or even of our city is not some given, settled graph. One small twist and we are, like it or not, right on top of each other. This makes it particularly murderous to hold onto the old idea that you and I are unconnected points. Do countries like America or China have legitimate interests thousands of miles away from their coastlines? Of course.[199] In this way, the entire premise of Enlightenment life, the atomic focus on the power of the individual, becomes dangerous.

It is now essential to use virtual topologies to operate in the real world, to bend these ethereal elements of connection to influence and even total control. Thomas Dullien, one of the researchers who discovered that "rowhammer" chip hack captured this in a new law of network security that echoes, in fact, through all of connected life: You don't have to possess an object in order to control it. "Being hacked," he explained in a 2011 speech called *Why Johnny Can't Tell If He's Compromised*, "is loss of control without change of ownership or possession."[200] Your phone, resting constantly in your pocket, may in fact be pwned at every keystroke by someone thousands of miles away. This is an extremely important idea, an expression again of how connection changes the nature of an object: It makes it controllable without possession. An army might be able to master an

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[198] **Location:** John May and Nigel Thrift eds. Timespace: Geographies of Temporality (London: Routledge, 2001) 2

[199] **Of course:** Distributed Lethality in Proceedings (U.S. Naval Institute) Jan 2015 p. 343

[200] **"Being hacked":** Halvar Flake, *Why Johnny Can't Tell If He Is Compromised*, keynote Area41 Conference, June 2014, Zurich



HOUSE_OVERSIGHT_018370

enemy's territory without ever possessing it, for instance, if it can manage to own the crucial topological infrastructures: banks, databases, communications systems. One nation might be able to pwn another in this bloodless fashion. Networks, you recall we said, will break nations in the future. This is just how such smashing control will be achieved, from the linked mesh running silently and irreplaceably under every element of national life. Today billion-dollar firms control cars, tools, or hotel rooms without possessing them. The links draw out value. Michaelangelo's famous urging resonates here: *Every block of stone has a sculpture inside of it, and it is the task of the sculptor to discover it.* Every network has a topology. It is the task of each of us to discover it.

Topologies linger everywhere there is connection. Networks can be designed in countless ways: The fishnets of Baran, the hub and spoke of a data center, the ever-changing mesh of a trading system. But what they all share is connective topologies of one sort or another and – as a result – the fact that risk that lingers any one place in the system also exists nearly any other linked place. Constant connection produces, as an unsettling result, constant threat. Connection spreads, distant parts of the world are superglued via that topological folding. Topology is not marked out merely by a description of how we connect. Rather it is scored on what is called a "trust graph", a kind of map of who you or a machine or a network trusts – and how much. An older generation still thinks a network is something made of wires and switches and plugs. But their real power comes from something far more ethereal. When you connect to a person or an object, you connect as well to its whole history of decisions about who to trust. Every EU country connects to the choices of a single border guard, for instance. Who does he trust? Is he right? Financial systems and technology webs are the same. If you are what you are connected to, you are also – rather unnervingly – the sum of every trusting (or untrusting) choice someone or some machine has made. This creates a worrying result: "In the systems we've built now," Dullien has explained, "there is no way to establish who is in control." If you or anyone you're linked to has made a trust mistake, you may be pwned, vulnerable, and one hacked slice from loss of control.

Any object – your tablet computer, a digital currency, a hacked drone – can become dangerous now in this sense, hacked by Warez Dudes into lethality. And nearly any place can be attacked in some fashion or another, as long as it is connected. The old chestnut of military strategy, that a clever or desperate army can always "trade space for time" –make a gradual retreat in order to buy time, is nearly gone now. Space is a wall that can be breached by time manipulation tools; there's no place to retreat to. Markets in Mongolia, airports in Europe, Chinese urban landscapes – all of these now can be struck, more or less at any time, because they are all connected. Unlike traditional conflict, where the location of your most terrifying dangers might be exactly pinpointed and watched, where military zones and civilian zones were carefully divided by front lines, a connected world is one of potential universal peril.[201] The distinction between battlefield and everyday streets disappears and it

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[201] **Unlike traditional conflict:** Derek Gregory, "The Everywhere War" *The Geographical Journal,* Vol. 177, No. 3, September 2011, pp. 238–250



HOUSE_OVERSIGHT_018371

takes with it – if we don't handle this properly – something even more precious: The division between periods of peace and of war.

That the knotting together of distance, speed and power changes the nature of an object was something Janelle, the father of "Space Time Compression," anticipated. He labeled it "Locational Utility", the way in which something becomes more useful or powerful or relevant as it is drawn closer to us by increased connection and speed, even if it stays the same "distance" away[202]. A nuclear weapon three hours from landing and one that is three months away are, nearly, a different object entirely. Adam Smiths's famous remark in his *Theory of Moral Sentiments* that most people would be more perturbed by the loss of half a finger than the news that a million Chinese had perished, begins to take on a different color in an age when a billion and a half Chinese are nanoseconds away.[203] When we say that connection changes the nature of an object, we mean this; Networks change the "locational utility" of anything they touch. When connection makes an object instantly, clearly visible, it revolutionizes its potential. Little wonder so many great fortunes are being made in applying this trick of plugging goods into compression engines like apps or matching services. It's hard to know if firms like Airbnb or Uber will be around in a decade, but the economic energy they release emerges right out of Janelle's theories: Connect a car seat or an empty room and you change its nature. You give it value. Part of our unease now – and part of the problem we have in strategizing about the world or our businesses – is that stability on our topological maps is some time off yet. There is so much yet to be connected. So many new topologies to be built.

"Time *is* a ride," Danny Hillis once remarked in an early meditation about his rock-sunk clock, "and you are on it."[204] He was right. That ride takes place, in a connected age, on topological rails. And just how "instant" you are will be a mark of what sort of ride you're on. In the same way that rivers and oceans and mountains define different landscapes in real geographies, topological neighborhoods too will each bounce with funny quirks. Some will be super fast. Others yoked by politics. Citizens of Santa Fe or Mumbai may choose to compress time in different ways. But they will all share a common desire. To do more with less. The German philosopher Peter Sloterdjik, writing about the way in which some people breeze through airports and borders (with first class tickets and pre-approved immigration) while others struggle to move at all out of refugee camps or poverty traps, has labeled the winners of this new order as a kind of "kinetic elite"[205]. They are a kind of temporal elite, in possession of golden keys to a special, frictionless topology. The technology to eliminate space and capture time.

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[202] **He labeled it:** Donald G. Janelle, "Spatial Reorganization: A Model and Concept", *Annals of the Association of American Geographers* (Volume 59, Issue 2, 1969)
[203] **Adam Smith's: famous remark:** Adam Smith and Knud Haakonssen. *The Theory of Moral Sentiments* (Cambridge, U.K.: Cambridge University Press, 2002) 198
[204] **"Time is a ride"** Stewart Brand, *The Clock of the Long Now: Time and Responsibility*. (New York: Basic Books, 1999), 67
[205] **The German philosopher:** Sloterdjik, TK



HOUSE_OVERSIGHT_018372

The computing programming technology that lingers inside most data centers now and that makes sense of the ceaselessly arriving bits – *Here is information on a billion people. How many are named Bob?* – is known as MapReduce. The name combines two well-know computer fuctions, Map and Reduce, and it is just the sort of program Janelle and Hillis would have dreamed up, had they ever met. MapReduce divides computation work among thousands of machines, just the sort of massive parallelism Hilli had in mind. What it *implicitly* does, however, is crunch what might have taken years into microseconds. If the charmed phrase of James' stately Victorian elites more than a century ago was "Summer Afternoon," ours might be "MapReduce", a kind of magic two word code for a whole way of living and thinking.

5.

The most successful political and economic systems of the past, the ones that marked the winning "convergence" club of humanity's last great leap, let people liberate themselves into a life of their dreams. Liberty meant tearing down old barriers to influence and security and knowledge; tipping over the Bastille, escaping colonialism. And it meant, too, providing a scaffolding of education, of social support, of laws and stability for citizens. The industrial, urban and rich countries that populate our world now evolved that way because their citizens made them so. They escaped the tyranny of the pre-modern, of a world where the small town you were born in and the pattern of your parents' life were a kind of prision for your hopes. This was the whole trick of the Enlightenment, after all: What do you want to be? You decide! What do you want your nation to be? Decide that too. *Dare to know!*

Look ahead now. The very best future political and economic arrangements will need to do something more than simply liberate us. They will have to enable and permit citizens to compress time. Just as the idea of a democracy was shocking once, this concept of a system tuned not merely for liberty but for compression of time should rattle us a bit. Certainly the attempt to achieve such an aim, to build the scaffolds and rails a time compressed world demands, will jostle much of what existst now. But to be modern means, in essence, the right, the ability to engage in compression. Nations or corporations or ideologies that can deliver this liberty of velocity – and that can construct and manage the flat-out fast, networked, artificially topologies such a life demands – will grow, thrive, accelerate even faster. The others, slowed by history or blocked by social or ideological designs, will miss the turn. They will be the new divergence club. Fast networks will elude them. Self-defense will be impossible; their time will be as vulnerable to easy manipulation and attack as the resources of China and Africa and Latin America were in the face of greedy colonialist plunder several hundred years ago.

*There is no equality of justice between the weak and the strong,* the Italian historian Giambattista Vico once noted.[206] So in our age. Between the fast and the slow? No

[206] Vico, New Science



HOUSE_OVERSIGHT_018373

equality either. Partly this is because of something Janelle spotted: The remarkable advantage, the wealth and opportunity, that accrues to the people and nations and businesses that can compress space and time. *Die Ware liebt das Geld*, Marx famously wrote: Commodities love money. Speed is now the decisive commodity – and it *loves* money. (The feeling is mutual.) Velocity lets us achieve that ancient goal of doing more with less. The race for speed lights something competitive: The faster I go, the faster you feel you need to go, the more powerfully you feel your slowness.

The centripetal charm of acceleration, the way that speed attracts us, and then makes us demand even more speed, honestly surprised the earliest architects of steamships and rail and airlines and roads. They under-guessed how popular their tools of space-time compression would be. Surely the maximum number of people who would ever want to zip from LA to New York would be about 1,000 per week, jet airline pioneers assumed. Would more than a few hundred engineers really want their own computers, Gordon Moore asked at a dinner party shortly after Intel proposed putting his chips in the first PCs. Yes, it turned out. Billions more. Highway designers call this surprise "induced traffic": The faster a highway, the more people pile onto it. Urban planners in Los Angeles in the 1950s looked at their packed, congested roads and thought they could fix them by adding lanes. They embarked on construction programs, tore up the transportation network that girded the city and built a new one featuring optimistic 20-lane highways as wide as a football field and flat as a plate. Traffic got worse.

Say's famous economic law that "supply creates its own demand" seems especially fulfilled in an age where velocity is so valuable. Speed too creates its own demand. The faster any one piece of the network starts to rattle and move, the more profoundly we notice how slow the leftover bits are. We want them accelerated too. Total network bandwidth grew by an heroic factor of 1000 times between 2005 and 2010. Speed? It increased by just 20 times. *Induced traffic.*

What is it, exactly, that we're so hungry for? The extreme end of fast connectivity is what computer systems designers call "statefulness" – a word that has nothing to do with states like nations, but rather with the condition of a connection, the "state" it is in. Early electrical circuits were either in a charged or uncharged "state", switched on or off. Today when we talk about a "stateful" connection, we mean a link that we maintain, always on. It's the difference between a video call and a letter, between looking at your wife here and now (a "stateful connection") and a photograph of her ("stateless"). Real-time everywhere connection doesn't merely kill distance; it attacks delay too. Older generations would "break state" when they left family at home or friends at school with a "see you later." Our generation? "See you always". We never quite leave. Technology permits us to remain in constant touch this way, to neve break state. "We don't have a word for the opposite of loneliness, but if we did, that's what I'd want in life," the milenial writer Marina Keegan wrote in a famous essay that captured more than a little of this zeitgeist. "More than finding the right job or city or spouse – I'm scared of losing this web that we're in. This elusive,



HOUSE_OVERSIGHT_018374

indefinable, opposite of loneliness."[207] The early interface of Snapchat, where you had to leave your finger resting on the screen in order for the video to unspool, was a kind of metaphor for this unbreakable relationship between touch and connection. (As was, in a different way, the diffident "out of my life" left swipe of Tinder.)

"Good theories of the mind," Hillis' mentory Marvin Minksy once observed, "must span at least three different scales of time: slow, for the billion years in which our brains have evolved; fast, for the fleeting weeks and months of infancy and childhood; and in between, the centuries of growth of our ideas through history."[208] What we face now is a new time scale to add to Minksy's list: The instant. Super-fast networks are different than slower ones – even ones as "slow" as what we have today. The ideal network is one that hovers near zero latency, where the time between what you want (or what the machines want) and the effect is as short as possible. You click a button to watch a movie and it starts instantly. You want to shut down an enemy air force, you do it with a single switch. The fantasy of a really "zero latency" system is impossible of course because even electrons moving through copper are not instant, but near-zero? Light-speed? You've probably heard stories of high-frequency stock traders who move next door to exchanges so they can capture and profit on an extra sliver of a millisecond. That's the quest for low latency. (And more proof of the profitable link between speed and money.) Our challenge will not be about being faster – the technology will make that inevitable – it will be about managing the insane, still unknown demands of a world of suddenness. "In a distributed system, it is sometimes impossible to say that one of two events occurred first," computer engineer Leslie Lamport wrote at the start of his famous essay "Time, Clocks and the Ordering of Events in a Distributed System" – a sort of technological parallel to Simmel's "The Metropolis and Mental Life" written a century earlier. The problem, Lamport explains, is that what happens in one place can happen nearly instantly everywhere. There's no time to react; so your entire worldview has to be capable of update at an instant's notice. When the time between a Warez Dude finding an exploit and your own systems being compromised is zero, then the discovery of the hole and the creation of your vulnerability happen effectively at the same time. "The relation 'happened before'", Lamport explains, "is therefore only a partial ordering of the events in the system. We have found that problems often arise because people are not fully aware of this fact and its implications." [209]

Networks, we are discovering, don't only compress space and time, they are compressing in the process the path to knowledge. We might call this "skill-time compression": Techniques that once took a decade of training or that demanded access to million-dollar machines, can now be understood, applied, and then evolved

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[207] **"More than finding":** Marina Keegan, The Opposite of Lonelinenss", Yale Daily News, May 27, 2012 (accessed online).
[208] **"Good theories":** Marvin Minsky, *The Society of Mind* (New York: Simon & Schuster, 1986)
[209] **"In a distributed system":** Leslie Lamport, "Time, Clocks, and the Ordering of Events in a Distributed System", *Communications of the ACM, July 1978,* 558



HOUSE_OVERSIGHT_018375

unimaginably fast. No one had ever heard of the Syrian Electronic Army a year before they were hijacking famous websites, injecting world-class malicious code into opposition computers and demonstrating a digital attack fluency. [210] Of course the charming side of such a shift is evident too: Walk the Vatican with an historian in your ear, master sourdough in a weekend. There's something not a little miraculous in the way the networked tools to recombine DNA or hack computer code or design viral software are getting both more sophisticated *and* simpler. If earlier eras put epoch-making implements into human hands – the knife! the train! – our age is now placing new, mind-shaping forces within instant reach.

In a networked world, economic or military power doesn't come just from controlling territory or information alone. It comes, more and more, from this matery of the temporal. Securing territory today does not, alone, solve many problems of safety. Control of information, of topologies and finally of time – this is what matters most. Such temporal security will be elusive; always in need of defense. The arrival of airpower in World War Two, for instance, shifted battles from two to three dimensions. "Only large states are able to resist three-dimensional envelopment," the historian Nicholas Spykman wrote in 1942.[211] Even today, "Air Superiority" is the precondition of nearly any American war. If we can dominate you from above, nearly anything seems possible. But networks add a fourth dimension. "Time Superiority." Can you move faster than your enemy? Can you bog them down? Or are you a victim of fourth-dimensional envelopment. Control of time – yours, your enemies – this will decide your strength.

6.

Back in the fall of 1988, at about the same moment that Danny Hillis and his team were busy peddling their amazing Connection Machine – and trying to smash every world computing speed record they could find – another device appeared in the world of massively parallel super computers. It was, everyone who saw it agreed, an extremely strange machine. It's appearance was completely unexpected. It's designer was not a famous thinker about parallelism, cavorting with TV network founders and physics Nobelists. In fact, its very success emerged from this strange face: The creator knew basically nothing about the sort of parallel design that informed Hillis' thinking. Which was strange, because it was far more "parallel" than the Connection Machine could ever be. It was also cheaper. Simpler. And: It was faster. In fact, it was the fastest parallel machine in history.

The machine began, quietly enough, in the mind of a 28-year old Cornell graduate student named Robert Tappan Morris. Morris came by his computer chops honestly enough: He was the son of Robert Morris Sr., the legendary NSA scientist we encountered several chapters ago, the man who penned those partly amusing, partly

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[210] **No one had heard:** Edwin Grohe, "The Cyber Dimensions of the Syrian Civil War: Implications for Future Conflict", *Comparative Strategy* (2015), 34:2,
[211] **The arrival of airpower:** Nicholas John Spykman, "Frontiers, Security and International Organization," *Geographical Review*, Vol 32, No 3 (July 1942) p. 439



HOUSE_OVERSIGHT_018376

terrifying *Golden Rules of Computer Security*."Rule One: Don't Own A Computer." The machine that Morris Jr. created was madeentirely of software. It took the form of a compact, simply designed computer program he'd written and designed to spread quickly and easily on the young systems of the Internet. It ran a mere 99 lines, took most computers nanoseconds to execute and it worked like this: The program – it later became known as a "worm" by the police who would come to find and arrest Morris Jr. – would find an open door on a network-connected computer. (In 1988, the pre-Warez Dude era, finding such doors was not difficult. Finding *locked* doors was probably harder.) Once Morris' program had slithered inside and loaded itself onto the machine, like a dog slipping through an unattended puppy door, it would sniff around, rattle a few more doors to find any passwords that had been left unsecured. Then it would move on to the next machine. Knock, knock. Rattle, rattle. Next machine. Morris designed his code to simply repeat this process over and over. Filling, as a result, each machine's memory with multiple, peformance-deadening copies of the same program. A house full of puppies, in a sense. After several hours of this flu-like spread, a wave of unplanned, unending computation began choking the net.

Morris later explained he'd only meant his program as a demonstration, as a test of sorts. He wanted to show how machines might be made more safe. But he seemed to grasp, almost immediately, that he'd made a mistake and that the worm was running away from him. He emailed a friend: How the hell to stop it? His friend had no idea either. They scrambled at least to warn system administrators about the dangerous code that would shortly devour their machines. "There may be a virus loose on the Internet," they wrote. But that note, in a bit of bad luck, was quarantined inside a Harvard computer that had already been unplugged. So, a few hours after Morris released his code, unwarned and unprepared, the Internet froze. [212] On November 2nd and 3rd, 1988 machines around the world were shut off, cables were pulled out of walls, and systems were wiped and restarted in a race to stop the robot-like spread of the disease and then to finally kill it off. [213]

The Morris Worm was, on those fall 1988 days, acting out a sober-minded insight of the famed biological historian Alfred Crosby: "The nineteenth century was followed by the twentieth century, which was followed by the…nineteenth century."[214] Crosby meant that our age of topological connection meant we were back, again, in an age of infections. And this was true: Morris program was mapping out, like an epidemic, new routes in the age of high-speed digital contagion. But – and this is why we care about it here – by the time it reached "peak infection", the worm was

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[212] **So, a few hours:** David Moore, Colleen Shannon, k claffy, "Code-Red: a case study of the spread of a worm on the Internet" *IMW '02 Proceedings of the 2nd ACM SIGCOMM Workshop on Internet measurment* (2002), 273-284

[213] **Morris later explained:** Ted Eisenberg, DavidGries, Juris Hartmanis, Don Holcomb, and M. Stuart Lynn, Thomas Santoro, "The Cornell Commission: On Morris and the Worm", *Communications of the ACM* (June 1989, 12: 9) 706

[214] **The Morris program:** Alfred W. Crosby, *America's Forgotten Pandemic: The Influenza of 1918* 2nd ed. (Cambridge: Cambridge University Press, 2003) xii



HOUSE_OVERSIGHT_018377

also doing something else. It had infected tens of thousands of machines, which were all cranking away in unintended harmony. During the 48 hours of its brief and unforgettable life, it was later calculated, the Morris Worm had become the most powerful parallel computer in history. At its peak, it managed to achieve a processing speed of 400 billion operations per second – about twice the speed of the most expensive supercomputers of the day.

Like any unexpected epidemic, the worm became a social, cultural and technological milestone. First, it caused Morris to be arrested. He was handed a $10,000 fine, some community service and several years of probation. He later went on to found an important Internet company, to join the faculty of MIT and to receive the highest honors in computing for his (other) efforts.

Then, a year or so after the virus had been finally corralled, the computer scientist Fred Cohen, one of the earliest specialists in malware – in fact, the man who invented the term "computer virus" – wrote an article that challenged the notion that all computer viruses are, inherently, bad.[215] What drew his attention was that fabulous, unbelievable record of the Morris Worm: 400 billion computations each second. "The features that make computer viruses a serious threat to computer integrity," he wrote, "can also make them a powerful mechanism."[216] This optimistic gloss, which sounded an awful lot like "The Plauge was great for humanity!" if you didn't follow Cohen's logic, triggered a furious response. Eugene Spafford, also a well-regarded computer researcher, fired back: "For someone of Dr. Cohen's reputation to actually *promote* the uncontrolled writing of any virus, even with his stated stipulations, is to act irresponsibly and immorally."[217]

So here, then, is a line, of sorts. The Morris Worm, an expression of really massive connection and interaction and speed, is a model for the world we live in now. Fast, linking with a mind of its own, running best (or at least fastest) when it uses the design of the system to spread on a topology optimized for speed. But who is right about the implication of such an historic design. Cohen? Spafford? Do we want our whole world cranking away, super fast, compressing time to nothing?

We can, all of us, decide to fight against the very ideas of a network. Or we can, like Cohen suggested, look at the terrifyingly fast nature of this world and begin to see something else. The totally unimaginable. Of course Spafford was not wrong. There *is* something scary and thought-muddling about the idea of intentionally authored computer viruses, running wild, ever faster. But there is something thought-muddling about this whole world we're entering. Networks are pulling at every existing structure. They hum, really, with the most elemental and precious human

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[215] **Fred Cohen:** Frederick B. Cohen. *A Short Course on Computer Viruses* (Pittsburgh, PA: ASP Press, 1990)
[216] **"The features":** Fred Cohen, "Friendly Contagion: Harnessing the Power of Computer Viruses", *The Sciences* Sept/Oct 199, 22
[217] **Eugene Spafford:** Eugene Spafford, "Three Letters on Computer Security and Society," *Purdue e-Pubs 1991*, 91-088



HOUSE_OVERSIGHT_018378

data – our DNA, our wedding photos, our hopeful voice mails and most essential knowledge, our small savings against disaster. In its speed and its depth, in its increasingly comprehensive grasp of each of us and our world, this new network order is at once the most amazing thing we've ever created and the most terrifying. But recall, for a moment, Hillis's dream for his parallel computer: "The ability to configure the topology of the machine to match the topology of the problem." What if we really could rewire our thinking, our networks and politics and economics to match the problems we face now? Finally, with the Seventh Sense kicking alive in each of us, we can at least see the topological landscape where such a construction might occur. Now we must turn to the exciting question of just how we'd configure it to do our bidding.

We've covered a lot so far; perhaps it is worth a glance back.

First, we've come to see how networks really operate, the way in which they breed a lively connected skein that concentrates *and* distributes power. These systems are, as a result of their very design, plucking apart many of our old structures and ideas. Recall my dad, the doctor, ripped one direction by millions of disease advice websites (distribution) and in the other by massive diagnostic databases (concentration). This pulling process creates too, as we saw: Billion-user firms (and billion dollar fortunes) bred with breathtaking speed. Drones, derivatives, waves of migrants torn from their states but plugged into technological tapestries – all of these are products of network power. Connection, we learned, changes the nature of any object. You. Me. Money. Terrorists. Pretty much anything. And because there is a lot more of the world that has not yet been fully connected, it's easy to see that we live in a revolutionary age.

Second, we learned that the world of networks is complex. It's made up of many *complicated* pieces, but complexity is something entirely different: It's the unpredictable and colliding evolution you might see in a rainforest, where uncountable forces intermingle to produce life and death, growth and change. Scientists call this "emergence" – and it is happening on all our connected systems. Connection produces new, ripplingly powerful and unpredictable structures. The Arab Spring. The 2008 financial crisis. Connection changes complicated objects not least by making them complex. This is why our whole world, even the parts we might expect to be most stable, whips around now with a new and wild energy. In a way, we saw, this should reward a careful confidence: Go ahead and break the old systems. Something new will emerge.

Third, we followed the trail of hackers like the Warez Dudes and discovered something unnerving about the networks around us. Not only are they honeycombed with dangerous and unpatchable holes, but historically unmatched amounts of power rests in their central cores. The reason hackers are so eager to get to these kernels of power is that in doing so they can manipulate entire landscapes of power with a profound efficiency. A "weird machine," fired with an invisible and dangerous hacked logic, is a possibility that flutters through any network. Trade. Politics. Finance. Choices made in the center of network systems will redound on



HOUSE_OVERSIGHT_018379

each of us. This is why we say that if in the past the most important things happened in public – wars, riots, and elections – in the future many of the most powerful shifts will, rather worryingly, occur in secret.

Fourth, we met the New Caste that masters many of these hot cores of power, for good and ill. Past eras were dominated by merchants, sages and soldiers who competed and collaborated in the pursuit of power. Now a new, young technological group is appearing. The nations and companies that train and equip them best of them will have an incalculable advantage. But there's a hitch: As much as this group knows about networks, they know little about history or politics or economics. Dangerously, they often see the world as a machine to be coded.

Fifth, we unearthed a new and invisible set of landscapes that will decide much of our future. These are called "topologies" and they are the connected fields on which power moves now. The web where stocks are traded, cyber attacks occur, imports are moved, or biological data are recorded and studied – each of these is a crucial topology. Control of them will be as important in the future as control of sea or air or capital once was.

And, finally, we learned what the networks are for: The compression of time. For all their technical magnificence, we find that beating in the cold technological heart of these systems is a most human desires, to negotiate a bit the one really inarguable constant of our lives: We are all burning candles. The compression of time is why we connect. It lets us do more, experience differently, live longer. What the demand for liberty was to the Enlightenment, the call to compress time will be in our future – a fundamental political demand. None of our existing institutions have been built to answer this cry.

These six elements make up a rough outline of a new sensibility. To see them at work in the world is the mark of a powerful way of thinking and feeling. The Seventh Sense. And this is important, we saw, because the shift ahead of us really is like the Enlightenment in its scale. It will tip everything over. It can't be totally understood in advance. We can see now that our old institutions are failing. Their strategies for solving problems only makes them worse. We saw how, at that level of war and peace, old ideas are laying new traps. No one in power seems to have a clear, convincing picture of just what is going on. We can feel the danger we face, like rippling heat from a nearby inferno – our world tugged into the future by a class of old leaders who don't understand networks and a collection of new technologists who don't understand the world. We had better find some way forward that does not depend entirely on either of these groups. The first may destroy our liberty in the name of an elusive security; the other will consume our freedom in pursuit of a mad efficiency. And there's one last thing we didn't really learn here, but I think you probably suspected it even before you started reading many chapters ago and met Master Nan and his warning of impending "spiritual illness": If we're going to shape this world at all, we don't have much time.



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# Part Three:
# Gateland



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Chapter Nine
Inside and Out

*In which the Seventh Sense brings us face to face with the most powerful feature of our age – and perhaps of any age.*

1.

The Shangani River runs in a small, green vale through some of Southern Africa's most remarkable nature. It marked, a bit more than a century ago, the northernmost line of the British presence in Africa. If other parts of Queen Victoria's colonial empire crackled with desert harshness, the mountains and hills rolling up from the Cape and down to the Shangani were notable for a pleasing softness, a shading towards pastels in the changeable light of the region. For London's colonial mapmakers, South Africa was a long-eyed treasure, an ideal restocking and transfer point for British ships headed for Lombok, Calcutta, Pondicherry and beyond. "We have lost America," the explorer William Dalrymple wrote Prime Minister William Pitt in 1785. "An halfway house would secure us India, and an Empire to Britain."[218] The African Cape would be that halfway house.

Following the 1814 Anglo-Dutch Treaty, which gave the British control of the Cape, the English pressed into Africa and found each newly opened district delivered more wealth than the last. A colonialist's dream: Diamonds. Gold. Endless fertile fields. The efficient engines of industry and exploration (and exploitation) of the British African Company chewed easily, profitably, into the land. "Having read the histories of other countries, I saw that expansion was everything," the mining baron Cecil Rhodes wrote in 1875. "The world's surface being limited, the great object of present humanity should be to take as much of the world as it possibly could."[219] And so the British did.

If there was a moment that showed the tenor, the power of this ruthless asymmetry most clearly, it was the battle that exploded along the Shangani in 1893. The Matabele, a powerful local tribe had been smash-and-run fighting the colonists for years. The British had tried to charm, pacify and bribe the Matabele and their Chief Lobengula with money and land. None of it worked. They tried threats. That did not work either. "The Chief has had all your messages," an imperial adjutant reported back to Cape Town after another frustrating, pointless discussion in late 1892. "But he has the art, not unknown to civilized despots, of ignoring what is not convenient."[220] Or perhaps the instinct of knowing what to avoid. One Boer

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[218] **"We have lost America":** David Johnson, *Imagining the Cape Colony: History, Literature, and the South African Nation* (Edinburgh: Edinburgh University Press, 2012), 67

[219] **"The world's surface being limited":** F. Vershcoyle *Cecil Rhodes: His Political Life and Speeches, 1881-1900* (London: Chapman and Hall, 1900) 7

[220] **"The Chief has had":** *Copies and extracts of further correspondence relating to Affairs in Mashonaland, Matabeleand, and the Bechuanaland Protectorate*, Nov 1893,



HOUSE_OVERSIGHT_018382

commander, a blood enemy of Rhodes, had warned Lobengula: "When an Englishman once has your property in his hands, then he is like a monkey that has its hands full of pumpkin seeds – if you don't beat him to death, then he will never let go."[221]

So when, in October of 1893, the British finally tracked Lobengula down to the banks of the Shangani, the two sides faced off for what promised to be an intense, decisive battle. "It was just after 2:15a.m., a peaceful night, clear sky but on the dark side," one of the British infantrymen later recalled. "The bugles gave the alarm, the camp was all excitement in a moment, all noise with the opening of ammunition boxes and shouting of officers, the men were getting into their places. There was a din outside from the on-rushing Matebele *impis* that had decided to attack in the usual Zulu fashion." The British soldiers were outnumbered. They were thousands of miles from home, hanging on the thin end of a 5,000 mile supply line. The Matabele knew the territory. They were fighting for the lives and families and honor. But one sound was the decisive noise of the scale tipping towards the British soldiers. A hushed clicking against the yelling all around. *The opening of ammunition boxes.* The British, for the first time in African action, had mounted machine guns.

The weapons worked that morning on the Shanghani with a violence you and I would have expected. They reversed, more or less instantly, the Matabele advantages of men, familiarity, and even furor. Machine-gunned Matabele were found, in the hours after the attack, perched in trees, dug into dirt mounds and piled desperately atop each other, killed as they had scrambled. One British soldier wrote later that that the weapons had mowed down the Matabele "like grass." Lobengula survived, but his army was massacred down to a squad and he was reduced to pleading. "Your Majesty," he wrote to Queen Victoria in the days after the battle, "what I want to know from you is: Why do your people kill me?"[222] With this missive, the Chief entered the ranks of the Queen's powerless correspondents, once-omniscient feeling men in Africa or Asia or India who wrote her after some devastating battlefield reverse – baffled, confused, overwhelmed. Did she even read the letters? It was hard to know, but that only made the pleading more perversely imbalanced. The locals had no idea, really, what they were up against.

Martial leverage. It was the inarguable force of the 19th Century. It made Europe's colonial masters. Of course they lied, stole, fought – did whatever sensible and sleazy thing Cecil Rhodes and his ilk suggested was needed. The monkey with the pumpkin seeds. Expansion *was* everything. Imperial dreamers in London, Berlin, Brussels, Vienna and Paris saw with total clarity the immense historical imbalance across the chasm of industry and science and reason. The "Convergence Club"

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Her Majesty's Stationery Office, Telegram from Assistant Commisioner, Palapye, to his Excellency High Commissioner, Cape Town, p 13.

[221] **"When an Englishman":** Vershcoyle, p 191-192

[222] **"Your majesty":** Report, Report, Volume 61 *Sessional papers*, (London: Commonwealth Shipping Committee, H.M. Stationery Office, 1893), 77 from University of Michigan online digitized library



HOUSE_OVERSIGHT_018383

against the divergent, the left-behind. Rhodes confessed ambition for his company to "take as much of the world as it possibly could," was simply an armed, greedy version of Kant's "Dare to Know". Just as no question was was unaskable, no place was too far off to possess or exploit. No position was secured by history or distance or sentiment. This was, for instance, the lesson taught to Lin Zexu, the Qing Dynasty bureaucrat sent out from Beijing in 1839 to stop the British opium sales that were reducing China to a drugged, useless coma. "Suppose there were people from another country who carried opium for sale to England and seduced your people into buying and smoking it?" Lin wrote the Queen. "Certainly your honorable ruler would deeply hate it and be bitterly aroused?" Lin thought that he was speaking as the voice of a great, eternal empire. Victoria never replied. To the extent Victoria was aroused by anything in Southern China, it was likely by the way in which, a few months after Lin's letter, the British emasculated the Qing military and moved into Hong Kong for a 150-year stay.

"Whatever happens," the Hilaire Belloc had his Colonial character Captain Blood famously quip in an 1885 poem, "we have got the Maxim and they 'ave not." [224] The machine guns were a totem of dominance in Shangani and on other colonial front lines; they marked a gulf between modern and unmodern, between industrial and agricultural. The weapons had first appeared in the mid-1800s on battlefields in the American Civil War, after the inventor Richard Gatling sent a package of samples to the White House and convinced President Lincoln – a famous gadget freak – that their firepower might bring the Civil War to a faster close. Lincoln ordered the Army to try the guns, but Gatling's early attempts were honestly too immature to tell decisively on the battlefields of the American south. Within a few decades, however, the guns were perfected in places like Africa, or on the frontlines of the 1904 Russo-Japanese War. They represented a compelling, inarguable logic of industrial war: A machine *and* a gun. *We mowed them down like grass.* You could read that line as metaphor: Mowing grass was, in the end, the act of a machine killing a wild, natural world into a clean, useful order. The Europeans were the grass-clipping machine; the rest of the world was, well, the grass. For a colonial temperament hardened for "The Great Game" of empire on the playing fields of Eton, preparing a lawn for tennis and a territory for exploitation were not particularly distinct acts.

The Shangani battle gunshots struck the European mind as powerful confirmation of everything they suspected about the magic violence of an industrial age. The image of such a device suited the aggressive, engineering-led mood of era. As Gatling – and his competitor Hiram Maxim – peddled the guns, they faced a predictable resistance, of course: Europe's cavalry officers were in love with their well-bred horses. But the age was, finally, the story of aggressive industry flattening old habits. Trains were assaulting the countryside. Factories were pounding apart the habits of labor. Social stampedes of speed-climbing *nouveau riche*, political attacks of new industrial unions and counter attacks all expressed this aggressive energy. The soundtrack of Germany in the decades after 1869, as Bismarck stitched together a new nation

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[224] **"Whatever happens":** Hilaire Belloc, *The Modern Traveler,* (London: Edward Arnold, 1898)



HOUSE_OVERSIGHT_018384

from dozens of hereditary principalities, was the ceaseless ping-ping of rail-building and welding and industry. How natural it must have seemed to add the rat-a-tat-tat of a Maxim gun. Crown Prince Wilhelm, the Kaiser's eldest son, wrote that defensive thinking was, "utterly foreign to the German spirit." Bismarck's "Iron and Blood" national motto became, finally, personal for many Germans, who were prouder to leave their universities with a hot-red dueling scar on their faces than a subtle ownership of Goethe in their hearts.

"During the decades before the First World War," the political scientist Steven van Evera has observed, "a phenomenon which may be called a 'cult of the offensive' swept through Europe."[225] Wars, it was believed, would run with the same swiftness of trains or the new industrial sewing machines or steam-fired printing presses. It was this instinct that led German generals to assure the Kaiser in 1914 that a war begun in August would be finished by Christmas. English university students sprinted to enlistment centers in the days after the war began, worried the fight might end before they tasted blood. French farmers moving from their crops to the trench lines of Flanders, Russian aristocracy crowding towards the Danube, the politicians who led them all – they operated, mostly, with this same conviction. British Foreign Secretary Sir Edward Grey's mournful meditation on the evening of August 3,1914, the first night of the war, was a lonely one: "The lamps are going out all over Europe," he said. "We shall not see them lit again in our lifetime."

The First World War was a kind of engineering tragedy. The disaster had deep roots: domestic politics, the insecurity of kings, profound colonial greed. But also a fundamental miscalculation about the nature of war and peace in an age of industry. Machine guns – and all the tools of industrial war, from gas to battleships – were not magic tricks of fast victory or permanent peace, as some had thought. A mechanized modern army wasn't, as much as it may have seemed in theory or drills or in midnight massacres in the African bush, some steam-press built for cold rolling the armies Belgium and Prussia and France. In fact, the weapons encouraged battle as they piled endlessly in national arsenals. They tickled fears of fast or surprise attack, even as they gratified that weird continental hunger for violence. Hilare Beloc's poetic joke, the sly *we've got the Maxim, and they've not* took on an unexpected character when both sides had 'em. The machine gun reached the fiery acme of its purpose not as a spur to end wars altogether, as Gatling once hoped, but rather when it was married to barbed wire, to shovels and to gas – and then admixed with the trigger-tugging fear of 20-year-old boys. So: Sixty thousand British casualties in one day alone, July 1, 1916 at the Somme.

The rhymes changed. Hilare Beloc's jigs were a distant memory for the starved, surprised and shocked men in the field. Siegfried Sassoon:

> *You smug faced crowds, with kindling eye*
> *Who cheer when soldier lads march by,*

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[225] **"During the decades":** Steven Van Evera, "Cult of the Offensive and the Origins of the First World War", *International Security* (Vol 9, No 1, Summer 1984) 58



HOUSE_OVERSIGHT_018385

*Sneak home and pray you'll never know*
*The hell where youth and laughter go.* [226]

As soldiers dug into trenches that would endure for a half-decade, a terrible strategic fact dawned on the generals who led Europe's armies. The Great War was going to be a charnel house. The continent had built itself into a battle machine, wired by trains and telegraphs and armies. There was no reverse gear. There was not even a switch to slow it down, let alone turn it off. A massive, technology-powered, fast-moving system with revolutionary implications, built beyond the comprehension of any one figure or nation, had slipped out of control. And the men in charge of planning and directing the use of this super-fast complex? They failed everyone: their soldiers, their kings, their armies. They were all but insensible to the real nature of their age.

Sound familiar?

2.

Here, then, is a question of the sort – violent, loaded with the possibility of tragedy – that you'd rather not have to consider: A new way of war arrives, a new weapon, a fresh idea about fighting. Does it make your world peaceful or treacherous? The lethality of the equation of *guns x machines* at the end of the 19th Century appeared to some industrialists and bankers and statesmen inarguable evidence for peace. Everyone with such a violently efficient weapon; who dares start a war? As we now know, *machines x guns* was a formula for some of the worst killing in human history. Gatling's fond hope that his weapons would stop war was naïve, insane even. His competitor Maxim had been clearer eyed. A friend told him: "Give up your chemistry and electricity. If you want to make a pile of money, invent something that will enable those Europeans to cut each others' throats with greater facility."[227]

So: Let's be a bit warmer about this. *Networks x weapons* = what exactly? Is there some disaster lingering in our own future, as unimagined from our current perspective as machine guns and trenches were a century ago? Do we consider war impossible now? There's something sickening in such puzzles, of course. Think of the men and women who, over the millennia, have contemplated similar questions knowing full well the answer would be measured in blood and treasure and children. Put yourself in the place of the population of Melos, a peace-loving Mediterranean island whose destruction 2300 years ago was chronicled by Thucydides in *The Peloponesian Wars*. "Surely you have noticed that you are an island and we control the ocean," an unwelcome Athenian general intimated to a Melian citizens' council one day 243 BC as his soldiers and ships collected menacingly outside the city's walls. Athens wanted the Melians to join an alliance

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[226] **"You smug faced":** Seigfried Sassoon, "Suicide in the Trenches" in *The War Poems of Seigfried Sassoon,* (Mineola, N.Y.: Dover Publications, 2004), 64
[227] **"Give up your chemistry":** John Ellis, *A Social History of the Machine Gun* (New York: Pantheon, 1975) p.33



HOUSE_OVERSIGHT_018386

against Sparta. The Melians – like poor Lin Zexu or Lobengula of the Matabele – yearned only to be left alone. "You would not agree to our being neutral, friends instead of enemies, but allies of neither side?" they asked[228]. *No*, the Athenians replied, and then a line that has resonated through the problems of nations ever since: "It is the nature of power that he who has it takes; he who does not must submit." The Melians voted stubbornly against surrender and for hope. Perhaps the Spartans would mount a relief raid? The Athenians might change their minds? Neither happened. The Melian men were betrayed and then massacred. Their wives and children were sold as slaves.

What do networks do when they touch the balance of war and peace? How might we use what we know, what we sense, about a connected age to manage the dangers ahead? If an insane Cult of the Offensive flavored the end of the 19th Century, our own age vibrates, as we've seen, to a Cult of the Disruptive. The great tale of our times is the diffusion of a new, promising and disorienting network order. We've been told that all this interconnection makes war an impossibility. *Everyone would be a loser in such a war.* But the way in which that earlier age was so horribly wrong about the result of *machines x weapons,* should unnerve us. We don't yet really know what *networks x weapons* means – to say nothing of *networks x networks x weapons*. Or, to sum up what we've seen so far in this book, *very fast networks x artificial intelligence x black boxes x a New Caste x compression of time x everyday objects x weapons*. Would you look at that weird formula and say conclusively: "Hey, we'll all get along." Me neither. We should worry about the day we might face a Melian choice of our own, when some general or infomanagerial despot – or some clicking computer – shows up, unwelcome, and says to us: *It should be obvious you are merely a node, and I control the network.*

When leaders label the rise of China or cyberweapons or terrorism or the decline of the US as the "main problem" of our age – and all of these have been designated as such by famous foreign policy figures –they are missing the revolutionary, uniting force that animates them all. Networks. Whether we are trying to slice apart the roots of the Islamic State or slow Russian territorial dreams or understand narco-economics or hedge-fund finance – connectivity touches and defines each problem. New and essential platforms for finance and biological data and artificial intelligence are emerging now, blossomed out of network connection. These ecosystems must be design, built, protected. All while the world we know kicks back around us, sometimes crumbling, sometimes fighting for its dear life. I promised earlier that we'd apply the Seventh Sense to some practical problem, and the deadly test of war and peace is the one I'd like to consider now. The sharpest challenge of truth for any view of the world is, after all, the design of a grand strategy. Get it right and you can secure your safety. The energy of the age can be your tool. Get it wrong and you reap the Somme, Melos, Canton, the Shangani. Recall General Liu Yazhou's line: "A major

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[228] **The Melians:** Thucydides, *The Peloponnesian War*, Steven Lattimore trans., (Indianapolis: Hackett Publishing, 1998) Chap 5.; See also the excellent BBC performance of certain elements of Thucydides in "The War That Never Ends" available on YouTube



HOUSE_OVERSIGHT_018387

state can lose many battles, but the only loss that is always fatal is to be defeated in strategy."

The leaders of our major global powers may be as blind to the dangers and possibility of our world as Europe's heads of states were to the nature of their era 100 years ago. You know what the Seventh Sense is now. Who among them has it? We should wonder if we've merely now done Hiram Maxim one better: Have we developed something with our age of connection that will reach its fullest potential in allowing us to slit each other's throats more efficiently? I don't think so, but understanding why means we need consider the networks, to feel them out with our new sense.

3.

The essential problem of politics is not difficult to state. It was true for Seneca in the Roman Forum as it was for Lobengula on the Shangani riverbank or is now for congressmen in Washington or cadres is Beijing: Who has power? Why? By power I mean the ability to control others, to tell them what to do – or what not to do; and of course to avoid being dictated to yourself in that "Surrender or die" way. Max Weber, the German sociologist of the last century, had it right: *Macht,* the ability to achieve what you want despite the resistance of others.[229] *Don't develop nuclear weapons*. Or *Don't attack us.* Or, *Join our alliance against Sparta* are all examples of power in action. The movement of power, from the balled-up fists of Kings and Popes and Emperors, to the hands of markets and voters and citizens, and now into a fresh, connected dynamic is the story of history. This is a lurching, worrisome, dangerous process even if it suggests some miraculous transformations. Whole new topologies of vital, life-giving control are emerging; surely contests for their mastery will occur. The terrible human infection of a hunger for power and security isn't, much as we might wish, something quarantined safely to the pages of Homer or Hitler.

So let's pass beyond describing the new and surprising elements that make up a Seventh Sense and onto its use. Examine our world with this instinct, for a moment. Picture that constantly stretched, complex network, spitting out drones, viruses, fortunes and disruption as it is wont to do. Recall the seething, insidious power of the Warez Dudes, the New Caste, the black boxes they all hunger to penetrate and make weird. Think of the compression of time, of twisting topologies that can place the distant atop us in an instant. What single feature stands out? Our world shuffles now, as all these forces slip into an order defined by closed spaces, by fresh in and out borders. What the Seventh Sense reveals as it feels at this new arrangement is gates. Everywhere. Facebook, bitcoin users, doctors with privileged access to genetic databases – all are gated, in-or-out worlds. Look around and see how many gates enclose you or your family or your company. The Internet. The FTSE 100. Your Apple or Android operating system. In our connected age, the act of drawing lines

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[229] **Max Weber:** Max Weber and Sam Whimster, *The Essential Weber: A Reader*. (London: Routledge, 2004), 355



HOUSE_OVERSIGHT_018388

*between* points is also an act of drawing a line *around* those points. It is not simply that we're enmeshed in networks now; no, we're enclosed even entrapped by them. If the great ambition of Cecil Rhodes' era was for the expansive conquest of territory, in our own it is for the construction and manipulation of gated spaces. *Gatelands.*

In an age of network power, no position is more important, formidable, influential or profitable than that of the gatekeeper. Defining who is in or out of any network is among the most essential moves of design. In financial markets, on the Internet backbone or inside the human immune system, the accept-or-reject decision determines a great deal. The first sign of order breaking down, whether it is the Roman Empire or your lungs, is an inability to manage what slips in and out. Flows of bits, of migrants, of gold and patents and medicines – all of these life-giving forces can be controlled, bent for good or stopped for ill, as they pass through or collide with gates. By gates I mean not only in-out passages but all of the tools that meter and enclose the various Gatelands: Protocols, languages, block-chains. Whatever binds and shapes an information topology. Any sort of code or encryption or binary instruction that can unlock an in and out. If you want to make a fortune or a revolution (or both), if you hope to shatter some barrier of tools or ideas between you and a dream, or to lead a religious revival, spread an infection of hate or revolution or insidious Morris-style computer code – then fundamentally this is what you have to consider: Where are the gates? How to smash them? How to build your own? We are entering, as a result of our dependence on networks of all sorts, a landscape where the very clustering of power creates new border regions, bridges and gates. If older, hierarchical systems craved a top – a king, a superpower, a Pope – our connected, meshlike age demands valves and protocols and gates. It hungers for connection, which means it hungers too for throttles and accelerators and brakes. And of course people to run them. To speed them up. Slow them. Finger off switches. This reordering of power will produce, is producing, a fight over topological spaces for finance, biology, trade or pretty much any source of power. The scramble is as urgent, decisive and essential as the one Rhodes and his peers embarked upon. Inside or out? A fresh Meliananxiety haunts us: Are you the gatekeeper? Or the gatekept?

We wander into Gateland the moment we switch our phones on. We enter it when we book an airline ticket, when our genetics folds into a pool of data, or when we take a new degree, master a computer language, or check on friends via one stateful connected platform or another. We enter it, in short, when we connect. Gatekeepers choose what we see. They determine the rules we follow, what we can and can't change. They reward us too – once we're inside – with benefits of speed, knowledge and safety. Gatekeepers, which can be people or protocols or code, decide who can join closed communities and who is left out and why. They pass us the fine benefit of the compression of time, even as they expose us to the zipper of instant potential disaster hitting everyone in a closed space at once. Gatekeepers control, for instance, how (and how fast) financial data moves between members of light-speed "in the know" trading pools, and the suckers outside. What you can see in your phone or your university computer, why, how – all of these choices have to be made by



HOUSE_OVERSIGHT_018389

gatekeepers. They can, if they wish, manipulate any step of life inside their enclosed orbs of power – and by extension, they can twist data and machines and you. The line between perverting search results and election results is a thin one. Such a manipulation of data is trivial, which means the manipulation of you and I is, technically at least, trivial. It involves the laying of our preferences – what do we usually read, watch, who do we talk to, where do we live – against machine logic and vast data fields. Manipulation of data = Manipulation of us.

The idea of gatekeeping first emerged as it related to newspapers, back in the 1920s when politicians, advertisers and a few social scientists watched a print-information explosion – and developed an uneasy feeling about how the world looked through many newspapers. The personal whims of an editor, his political bent, his boss' economic interest – all of these laid on "facts" like a heavy distorting blanket. Minor twitches were turned into fear-mongering bait. Major global shifts were ignored. The papers are (nearly) gone now, of course. And the idea of gatekeepers merely bending headlines to suit a personal whim seems charmingly nostalgic. Gatekeepers today have a far more profound, subtle reach. They might be governments or regulators or CEOs or machines or research committees, each controlling the design and development of some "rich get richer" tool we depend on and – by marking that "in or out" line – exerting historic, invisible control. Genetic engineering secrets. Unthrottled data flows. Product releases. Do you want accurate DNA analysis? Fast protection from epidemic? A cyber-defense system? You can't have any of these, you know, unless you're in someone's fiercely guarded gateland. Even systems that look open – the Internet, the world of US Dollar transactions, the election rolls – are gated in certain ways. Of course there is – at times – a balance between the gatekeepers and the gatekept, between those of us inside a system and the tools and people who overmaster us. "In many cases, traditional literature focuses mainly on gatekeepers as elites who hold power in their hands while the gated are treated as powerless," the information theorist Karine Nahon has written. "In networks, however, it is necessary to give sufficient weight to the role of the gated, since being subject to gatekeeping does not imply that the gated are powerless, lack alternatives, or that gatekeeping is forced on them. Actually, being a gated sometimes is a matter of choice."[230] But sometimes, of course, it is also a matter of inarguable necessity.

In the slower, less wired worlds of our past, gates mattered too of course. Nations, governments, militaries, religious orders – all of these clustered behind (and defended) marked lines. Map lines, front lines, dogmatic lines. The Triple Entente that bound Britain, France and Russia together in the last century was as much a gated system for their own security as the Peloponnesian League 2500 years earlier had been. Deciding who could swap silk for spice beyond the Tang Dynasty's border was a gatekeeping choice, as consequential for Chinese strategists of the 8th Century as the decision about what might or might not be wheeled into the city was for the

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[230] **"In many cases":** Karine Barzilai-Nahon, "Toward a theory of network gatekeeping: A framework for exploring information control." *Journal of the America Society for Information Science* 59(9), 1493–1512.



HOUSE_OVERSIGHT_018390

tragically uncareful councils of Troy. But now, in an age where connection decides so much, control over gates has a unique leverage. When you finally can feel out the topology of our age, when in anger or frustration or hope or wonder you are ready to act, then this is among the first questions you have to ask. *I'm on the topology now, where are the gates.*

4.

Gates in an age of instant, everywhere, smart networks are, you can imagine, different from the ones that girded Troy or the Tang dynasty. It's not merely that they're made of bits and algorithms not bricks, it's that the underlying nature of their power is different. The most visible evidence of this distinction was first observed by economists a couple of decades ago, as they contemplated the fortunes of the information age, wealth that had been assembled at an eye-watering pace. Unlike traditional businesses which turned over time into competitive slugfests with very low profits, many high-tech firms seemed to run with a new, nearly inverted logic. "Our understanding of how markets and businesses operate was passed down to us more than a century ago by figures such as Alfred Marshall," the economist Brian Arthur wrote in the Harvard Business Review in the summer of 1996. "It is an understanding based squarely upon the assumption of diminishing returns: products or companies that get ahead in a market eventually run into limitations."[231] Marshall had been the first to name this phenomenon in the 1890s: "Diminishing Returns". As any line of business gets more competitive, the profits – or "returns" to investment – shrink. Henry Ford invents a car, he has no competition at first and fairly prints money. But Ford doesn't enjoy his monopoly for long. Pretty soon the Dodge brothers follow him into business, as does Walter Chrysler and then a cascade of new auto companies. They all take a piece of the pie; profits for every carmaking firm diminish. Then the Japanese pile in. The Koreans show up. These new companies compete with growing intensity. Marginal profits decline for everyone. Then the Chinese. And the Indians.

As he studied the balance sheets of infotech firms, Arthur noticed something strange: Returns were *increasing* over time. As their markets matured some companies made more marginal money with each passing day, not less. Marshall's 19th Century industrial economics had never contemplated such a lucrative arrangement. "Increasing returns," Arthur explained, "are the tendency for that which is ahead to get farther ahead. They are mechanisms of positive feedback that operate—within markets, businesses, and industries—to reinforce that which gains success or aggravate that which suffers loss." In other words: Winner takes all. No second place. Arthur was thinking, as he wrote, about the then-nascent computer software business. Say for instance, Arthur sent you a copy of his paper to read before publication as a Microsoft Word document. Well, if you wanted to see what he had to say, you'd pretty much have to own a copy of Word yourself. If you then

[231] **As he studied:** Brian Arthur, "Increasing Returns and the World of Business" *Harvard Business Review* (1996)



HOUSE_OVERSIGHT_018391

sent it along to some friends for their input, they'd be in the same bind. One after another, in just this fashion, users tumbled into the program. It became a standard, a "platform" in industryspeak.

And Microsoft enjoyed a particularly appealing economic leverage: Developing Word may have cost millions, but once that work was done, each additional copy cost just cents to produce. This astonishing speed loop of profitability demanded a whole new economics. It also forced a reconsideration of what "competition" might really mean. Once Excel or Windows had settled into place, had become a *standard*, you couldn't really compete with it. New, optimistic maybe even better rivals rushed into the marketplace, but they were all assaulting the impregnable wall of habit, of a locked-in technology. *Should this be legal?* Arthur wondered. Traditional economics said such monopolies were bad for everyone. (As did the Department of Justice and their global peers as they chased Microsoft for a decade.) But was that right? The "platform dividend" that accrued to Microsoft was surely large, but if you could somehow total up the benefit to the rest of us? The convenience, the efficiency, the benefits of Microsoft's billions of research spending might dwarf even Redmond's massive profits. "Increasing returns," Arthur wrote, "cause businesses to work differently and they stand many of our notions of how business operates on their head."

The essential phenomenon Arthur spotted at work two decades ago is something we now know as "network effects" – an idea that changed how we think about businesses, and particularly about the sticky and alluring power of gated, connected systems in nearly any setting. In the years after Arthur's paper, billions of us ran madly along a course he had anticipated: We crashed our way as fast as possible into those single, winning businesses – rewarding them with near monopoly positions in exchange for the benefits of being "inside". In the twenty years since Arthur spotted increasing returns in software, eight different billion-user worlds have emerged – and others are not far behind: Microsoft Office and Windows, Google Search, Google Maps, Facebook, Google Chrome, YouTube and Android all exhibit that appealing, "If you use it, I'll use it!" logic. Profits and power, just as Arthur would have expected, followed right along. The most valueable company on earth in the early age of connection was one that, particularly, had perfected the idea of a closed iWorld where the efficiencies and charm of inclusion made outside assault difficult. Younger companies like Instagram, WhatsApp, Weixin and others hover not far from a billion users and point us to this gated model spread and repeated. It is easy enough to imagine a world where billions will be enmeshed behind certain gates.

It was just as Arthur predicted: If ten people use WhatsApp or Facebook or YouTube, it's hard for the eleventh to do something different. And when the eleventh person joins in, they make it harder still for the twelfth to walk a unique path. So: Windows runs on 90% of the globe's PCs, nearly 30 years after its first release. Google has 65% market share. Android runs on 81% of new phones. WhatsApp neared a billion users with less than 50 engineers on staff. Facebook passed a billion connected people and faced no real competition. The rich got richer.



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How? "Seven friends in ten days," Facebook growth hackers repeated like a mantra in the early years, a humming meditation that carried them from dorm room to nearly every corned of the world[232]. If you or I joined the service and found seven friends in ten days, we would most likely stay, enjoying the benefits of the gated world, making it that much harder (impossible really) for friend number eight to wander somewhere else. Pretty soon, there was essentially nowhere else to go anyhow. The network magnetism worked so well that, as a result, Facebook's speed-looping connection machine cut the famous "six degrees of separation" posited by Stanley Miligram – the number of leaps between any two people on the planet – to four.[233]

Network theorists who came after Arthur call these "rich get richer" systems "power law distributed" because if you line up all the firms in a digital industry you find the winners are exponentially – by a *power* of ten or one hundred – ahead of everyone else. They slip free from the average gravitational center of a normal bell curve that marks most traditional business. A normal distribution would shape up like a chart of people who own cars: 20 percent driving Fords, 10 percent Nissans and Toyotas, and so on. Or it might look like the distribution of height: Most men are between 5'7 and 5'11, but 50% are scattershotted at different heights. Network systems, however, can breed commanding winners. It's not like 50% of online users are on the Internet and others are scattered across different systems. Users huddle into single winning clusters. It's as if 90% of the world always bought a Ford; or 90% of people were exactly 5' 11". These systems run faster and better and more profitably because they are locked-in, gated by technology standards and by common connection. When we say that *networks crave gates*, this is the sort of gate we mean. If you had to look for your friends one-by-one on Facebook, Friendster, MySpace, and GooglePlus you'd exhaust yourself. So, one winner emerges. Data scientists attribute the success of these winning nodes to "preferential attachment" – the idea that if Brian Arthur is using Microsoft Word and I'm using it you are likely to do so too. But there's another secret: More widespread adoption makes the whole system faster. Winner-take-all marks that network hunger for the compression of time.[234]

There's an additional feature at work in the very newest of these billion-user clusters that's worth our attention: It's not merely that we'll use them because everyone seems to be doing so, it's also that as more users weave themselves into each others' lives and the machines into too, these nodes of power get *smarter*. Google Maps can predict the fastest route from your house to your office because it can watch the movements of hundreds of millions of users, each silently pinging their location and speed as they creep through rush hour or sprint down an empty motorway. As more people use GPS enabled devices, the quality of this data gets

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[232] **The network magnetism:** Chamath Palihapitiya, "How we put Facebook on the path to 1 billion users." Udemy *Growth Hacking: An Introduction* lecture published January 9, 2013 and available on YouTube.
[233] **Winner-take-all:** van der Hofstad, p 24
[234] **But there's another secret:** Albert-Lazlo Barabási "Network Science", *Philosophical Transactions of the Royal Society A:* (2013) 371



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ever better, like a video resolving itself from low-quality to HD in front of your eyes. Success attracts still more users. All of them are Google's sensors, in a way. Medical diagnosis, cybersecurity, trading algorithms, search – pretty much any linked ball of chips and humans and sensors throbs with this logic. The best of the leading technology firms understand the power of this logic: Google's TensorFlow artificial intelligence engine, for instance, was largely regarded by experts as nearly a decde ahead of competitors in 2015. So the company began giving away access for free. In traditional economic terms this would be insane; but with network logic the strategy is clear: The more people who use TensorFlow, the smarter it gets, which in turn attracts still more users. Dense and learning fusions of mind and data like TensorFlow and other soon-arriving AI systems are all gated universes. The "increasing returns" for those inside – you, me, our neighbors – breed mutual efficient success and, of course, massive power for their owners. We're part of the game too: The more people tied in, the better *our* lives get.

The topological charm of these explosively growing clusters was first teased apart by the electrical engineer Bob Metcalfe in the 1970s. Metcalfe was hunting for a better way to send data – say grocery lists to his wife – through Menlo Park and he perfected a connection protocol called Ethernet, which soon became a standard for linking machines. What Metcalfe noticed, as more and more users piled into the gateland of Stanford's Ethernet-connected machines, was that the power of the system was growing *exponentially* with each additional user. This became known later as "Metcalfe's Law": The power of a network grows, massively, with each additional user. A system with one phone, for example, is really not very useful. Who would you call? A system with two phones means one possible connection – we can call each other. But when you increase the number of phones by a factor of two – from five to ten, say – the number of possible connections more than doubles from ten to 45 . The difference between Bob Metcalfe and his wife sharing grocery lists and a connected national network of husbands and wives is immense – an insight that led Bob Metcalfe and his wife to start a networking company that made them billionaires.

Metcalfe's Law has another angle, and it's here where some of the unnerving, dangerous political power of network gates is revealed: It's not merely that the power of a network grows exponentially with each additional user; it's that the cost of being cut out grows every bit as fast. Maybe even faster. If I shut you out of Google today, it's painful. But tomorrow – after a day of new information and websites and services come on line – it will be even more costly. The network scientists Rahul Tongia and Ernest Wilson have called this "The Flip Side of Metcalfe's Law."[235] To be excluded from a database of cancer genetics, for instance, when it has a million members is probably not such a painful problem; to be locked out of the chance to compare your genes with a billion others, however, is hugely costly. Maybe even fatal. Imagine if I cut you out tomorrow from the NYSE, your phone system, smart diagnostic webs, cybersecurity patches? It's not like you can swap our your Ford for

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[235] **The network scientists:** Rahul Tongia and Ernest J. Wilson III, "The Flipside of Metcalfe's Law", *International Journal of Communication 5* (2011), 665–681



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a Dodge. There is nowhere to go. Gatelands produce "winner take all" systems, but they also produce these "loser gets nothing" dynamics – and an absolutely chilly, fatal cost of separation from the winning system. A discipline of network science known as "queing theory" helps us understand why. In studies of massively connected systems, the more time machines spend on their main task – hunting prime numbers or DNA patterns, for instance – and the less time chattering with each other about how they will compute, the faster they run. Winning protocols avoid this terrible inefficiency of translation because it can be spread across so much connection. In fact, the great breakthrough of computer systems in recent years has been the ability to handle massive amounts of data all at once, to maintain versions of information in a concurrent state many places in the world. This is the essential technical leap that permits compression of time. And it depends entirely on careful and gated design.

To be inside a gated system is, then, really to be faster because of the slickness of communication that becomes possible. The very structure of the system accelerates that compression of time. This design feature of networks, in which winners take more and more, is why gates, and their careful use, will become the most dramatic lever for business, research or international politics in coming years. It also explains why our modern gates are different than older ones. Why it is so damn costly to leave them; why mastery of them is even more insanely lucrative than Cecil Rhodes' gold mines. Think of the old industrial age power games for a moment: Britain and Germany tried to match each other with their industrial output during their fatal competitive sprint 150 years ago; but imagine if network effects obtained? If Britain's initial head start in the industrial revolution had given them 90% global trade share? Germany would never have even tried to compete. They would have been the Friendster of the 20th Century: Isolated, slow-growing, powerless and finally consumed by the winning system.

5.

Networks crave gates. Once a billion people were connected together, of course there was going to be something like Facebook, a Gateland where they could link one to another in ever-thicker cascades of connection. Once everyone could record and watch and share videos, something like YouTube was inevitable. As we try to picture the world ahead of us, as we try to ask what tools of power we can acquire to twist this dangerous landscape into something we can manage and predict and control, we must ask of it: What does it want? The world wants a protocol for the fast exchange of money. It wants a basic language protocol. It wants a place to swap information about IT security holes. It wants instant translation systems to replace the need to learn to English or Chinese or Spanish so the world can move yet faster. I believe it wants certain sorts of alliances, a particular type of superpower and even craves a new form of politics. For any nation that controls these gates, there is a possibility to use that position to create still more gatekept platforms, to shape the protocols that tie platforms together in the way roads or jet planes link the physical world. This is the iron law of Gateland: Connectivity is power. Which means that gatekeeping is, at the end of the day, our most powerful point of a control.



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It won't surprise you that, in recent years, for instance, the world has seen an acceleration in the construction of *physical* barriers, of fences and walls running between nations and defining and in and out. Roy Hassner and Jason Wittenberg, two American political scientists, scored out the pace of global wall building and found a sharp acceleration: In fact, of 51 national enclosures built since the end of World War Two – the Berlin Wall being the most famous example – more than half were constructed in a rush of self-protection between 2000 and 2014[236]. And more are coming: Hungary, Kenya, Algeria and India now posthole their borders in initial exploration of what might be built. There's a frantic urgency to some of this. The Spanish government, for instance, raised a ten-foot high, razor and camera topped fence around their Saharan footholds in 1998 – the enclosed land was controlled by Madrid, so it was technically "Europe," which made an irresistible target for would-be migrants. The fence wasn't enough to stop the flows. So they built a second one to run around the first in 2001. Then, in 2005, thousands of desperate Africans launched a coordinated charge against. A couple of dozen migrants died in the attempt; a thousand made it through. The Spanish responded with a third line of fence, this one 20 feet high, electic, camera-watched.

This pattern of ever more stacked defense is repeated everywhere. The walls, fences and trenches of the modern world seem to be getting longer, more ambitions, and better defended with each passing year, Hassner and Wittenberg concluded. Unlike traditional lines of defense, the Maginot Line or the Great Wall of China for instance, the aim of 21st century barriers in places like Israel or the US or Spanish Morocco have been less to stop a rolling armor *blitzkreig* than to slow the insidious movement of smugglers and spies and criminals, or the hopeful dashes of fleeing refugees. There's an affective and – to those on the inside – appealing asymmetry to these borders. They are mostly marked and built by richer, more modern, more stable nations desperate to control in and out. The creation of gates is, we should sense now, the corollary of connection. That they can sometimes be piled into the "winner take all" efficiencies Brian Arthur first teased out should give us a sense that there is a logic to this emergence.

Reviewing the problems of deadly disease contagion after the 2015 Ebola pandemic, Bill Gates examined this connection-and-gate lemma in the sharpest, most worrisome historical terms. "There is a significant chance that an epidemic of a substantially more infectious disease will occur sometime in the next 20 years," he wrote. "In fact, of all the things that could kill more than 10 million people around the world, the most likely is an epidemic stemming from either natural causes or bioterrorism."[237] This was the cost of a fast-moving, interconnected world. It was what floated free from the extension of Paul Virilio's line: Airplanes produced the

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[236] **In fact:** Roy Hassner and Jason Wittenberg, "Barriers to Entry: Who Builds Fortified Boundaries and Why?" *International Security*, Vol. 40, No. 1 (Summer 2015), pp. 157–190

[237] **Reviewing the problem:** Bill Gates, "The Next Epidemic — Lessons from Ebola" *New England Journal of Medicine* 2015, April 9; 372:1381-1384



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airplane accident. Well, networks will produce the network accident. Many, in fact. A world primed for contagtion, Gates suggested, needs – and is missing – more and better gates. (Yes, here you can pause to double take at the serendipitously strange fact that the wealthiest citizen of our gated age is named Gates, just as the richest man in the era of pulling oil out of rocks was a "Rockefeller") Connection demands systems to gaze ceaselessly for the smallest sign of assault or need for change or accidental shimmering movement of danger. Part of what made the Ebola response successful is that the response really was in the form of gates as we've come to understand them here, not walls. Protocols for biological reaction, for medical care, for epidemic monitoring, the urgent helicoperting *in* of support and aid and ideas. The gates assembled around the Ebola pandemic were its solution. Had it merely been walled off it would have spiked, grown, mutated and finally escaped."The world," Gates wrote, "needs to build a warning and response system for outbreaks." This is true for all the outbreaks we face – whether they are disease or financial panic or terror. There will be, you can be sure, ignorant calls to build walls and not gates. This misses the point of networks. In an age of interconnection walls are nearly as dangerous as no walls. What matters is bulding topologies designed for gating, for milking power from the profound logic of networks we've seen at work.

For decades after the 1929 financial crisis triggered an historic global depression, economists and politicians debated what had gone wrong. What had they missed? The world, it emerged, had been wired with an economic system designed rapid movement, but politicians and bankers had forgotten to put in the needed brakes. They had tried to run an industrial engine against the background of gasping political structures. Basic adjustment mechanisms – release valves for financial or currency pressures – had not been invented, refined or installed.[238] When we find ourselves in coming years gasping through some sort of financial crisis of our own, or running scared from a cascading military or social epidemic that slaps us unexpectedly, what do you think the most likely cause will be? It will be a failure of gates. Too few in some places; too damn many in others.

Remember the haunting, persistent vulnerability of our age. A twitch anywhere in the system can rock and even crack the whole edifice. Space Time Compression's ability to shrink distance to zero and time to an instant can turn anywhere, anytime into a battlefield or a spot for revolutionary innovation. Any moment can present us with questions of war and peace. Today we have no central theory of gatekeeping, no ideas about balancing inside and out. We fly on instincts, but they are the old industrial ones. Anyone can see a system that is full of holes and inconsistencies. Can you see a way through it, though? Pressed by political, technical and economic desire – to say nothing of the basic urge for self-preservation – more gates will be with us from now on.

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[238] **Basic adjustment:** Ben S. Bernanke, "Money, Gold, and the Great Depression", *H. Parker Willis Lecture in Economic Policy*, Washington and Lee University, Lexington, Virginia March 2, 2004



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"Computer systems are, like many other things in engineering, constructed by composition," computer researchers F.X. Lindner and Sandro Gaycken have written. That line, intended for switched-on digital systems, in fact fits most of our world. Nearly everything around us, from cities to telephone networks to refugee waves, are assembled by composition. Currences are layered with encryption. Refugee dreams carved from photosharing and refined with GPS. Composition in this way breeds new vulnerabilities, new points of contact and this rather astonishing result, one we're not prepared for in any sense: "In a composite system there is no critical gate," Lindner and Gaycken explain. "Everything is a gate."[239]

[239] **"Everything is a gate":** Lidner and Gaycken, p. 56



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## Chapter Ten:
## Defense in Depth

*In which gates, operated with our new instinct, become at once a tool of prosperity and survival.*

If you walk for a few minutes to the south of Tinanmen Square in Beijing, leaving the tomb of Mao Zedong behind you, there's a small lane that runs back into a warren of anonymous, white-walled buildings. The streets are unusually clean; the surveillance cameras unusually – even for Beijing – dense. The neighborhood is home to many of the last of the generation of Communist Party cadres who joined and supported its rise decades ago. Several years ago, I found myself settled into one of them for an afternoon tea with Huang Hua, one of the great modern Chinese foreign policy figures – and a member of that early revolutionary generation. Huang was, in a sense, heir to the Warring States diplomat Su Qin, whom Master Nan had encouraged me to study. Huang had penetrated the madness of Mao's revolutionary era to see the possibility of a different order, one he'd brought to vivid life after Deng Xiaoping ascended to the Chinese leadership in 1976. Huang had been the country's Foreign Minister and later a Vice Premier. He was always calm, with an easy and relaxed temperament. One of my favorite images of him was from the mid-1970s when, while sitting on a flight to the US from Paris to take China's seat at the United Nations, he was ambushed by Walter Cronkite. Huang is completely unflustered in the scratchy video of that encounter. He sits quietly in a cloud of smoke. Cronkite pesters him. Huang smiles, offers a cigarette to the news crew, and though he is in the midst of a transit from the poverty, chaos and smashed politics of China he is nothing but serene, a statesman – not the nervous representative of a twitchy power.

"Do you know the difference between Western and Chinese thinking?" Huang asked that afternoon as we sat inside his courtyard house. Leaves were turning outside. He was in his early 90s then, still tack-sharp. "You see, when Chinese want to do something, we begin with the question: What is the nature of the age? Westerners begin with *the goal.* What do they aim to achieve?" Deng's foreign policy, one Huang shaped and executed, had been an excellent example. Mao, who ruled China from 1949 until 1976, had a darting, paranoid, murderously strategic temperament. The nature of his age, he was convinced in his Marx-addled mind, was one of *zhanzheng yu geming* – war and revolution. From this first principle, everything followed: He honeycombed Beijing with bomb-proof tunnels, relocated Chinese industry to isolated and gaspingly poor mountain strongholds, reacted to foreign ideas or influence with a snapping electricity – and was bent on protective isolation as he dragged the country through one impossible and failed isolationist development initiative after another.

Deng, when he came to power in 1977, read the nature of his age too. He read it differently. "There is no possibility of a great war. Don't be afraid of it, there is no risk of it," he assured a group of Chinese cadres during a chat in 1983. The cadres were having a hard time replacing their Maoist paranoia with confidence that China



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might safely open, develop, and change. They mixed the crouching nervousness of a secret political party with the vivid nightmares of a nation that had been invaded, abused – humiliated, they said – by nine countries since the mid-19th Century Opium Wars. "We used to worry about war and talk about its possibility every year," Deng told them. "It seems the worry was overdone." The world was, he felt, entering an era of *heping yu fazhan* – peace and development. Terrible, nation-demolishing wars would not soon victimize China, Deng thought. Nation *building* was the nature of the age. Its tools would be science, finance, and trade. If the Chinese people worked hard, he promised his incredulous listeners, they might by the year 2000 grow their thin $250 per capita income to the nearly unimaginable target of $1000. "I don't care if the cat is white or black," he famously observed, "as long as it catches mice." Socialism? Capitalism? No matter so long as it produced progress. Deng's judgment proved out. There were no major wars. Development was, for China, the name of the age. The cat caught $1000 dollars of per capita income nearly on the old man's schedule. It is still playing with the string.

There is something admirably direct about the Western way of problem solving, of course. *The shortest distance between two points is a straight line*. It has its uses. But it's also true that this sort of elementary geometry does not describe, always, the best path. Particularly not today, in an era when topological collapse or instant connection means that the distance from a to b can go to zero (or infinity) in a single sudden shift. Yes, you may be stringing a line from a to b, but if you're putting it up in a tornado? Is the best route to a new Middle East really the tipping over of stable states? Is the quickest path to climate control *voluntary* compacts? Are faster markets and more unwatched capitalism the safest way to ameliorate our unbalanced economics? Sometimes a more indirect line is called for. Sometimes it is faster, safer. Huang Hua's question – "Where is the world going, after all?" – turns out to be the first essential one for any endeavor. *If you are not looking from the highest possible altitude,* Chinese will warn you, *you are not seeing the full picture.*

The nature of our age has, I think, emerged clearly, vividly and broadly for us now. Constant, instant, everywhere connectivity taps with the efficient mercilessness of a steel hammer on the glass of most of our comfortable institutions. The Seventh Sense has let us understand a bit about the origins of this creative violence. And it has shown us too that our era's dominant feature is not merely cracking disruption, but also the construction of new orders. *Da po, Da li* the Chinese might say – great destruction *and* great construction. This is the nature of our age. Tap, tap, crack. And then: Gatelands – speed-bred by technology and filled with possibility. That some of these gated worlds contain billions of people or trillions of sensors, computer chips or network nodes only strengthens their inexorable grip. That they can be so easily or even accidentally weaponized marks the edginess of our problem. That they will be built atop the sharp-edged shards of a collapsing older system heightens the urgency at which they must emerge. To be inside, we've seen, delivers the light-speed benefits of time compression, of life on a nearly alive mesh. To be outside? It is to be cut off.



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I said earlier that I wanted to lay the Seventh Sense onto the problems of war and peace and grand strategy – and while the insights our new instinct reveals are life-giving for business and eye-opening for culture, it's to the devious and unavoidable problem of global order I want to turn now. In a now-famous 1986 speech "You and Your Research", the Bell Labs scientist Richard Hamming set three questions for anyone embarked on the exploration of new ideas: "1. What are the most important problems in your field? 2. Are you working on one of them? 3. Why not?"[240] Well, the most important problem in the field of global affairs is the question of the future of world order, of how it will emerge – and what sort of aspect it may yet present. It is the problem to be working on. It also touches, like it or not, whatever the most important problem in *your* field is: Opening new markets, educating your kids, planning five years of corporate growth. Remember the distinction from earlier in the book, the difference between living at an ordinary moment and an historic one? The difference between Warsaw in 1539 and 1939? In one age, history is irrelevant; in the other it nearly throttles you. You can't avoid being touched. We live in an historic era, not least because the connections that define our age means epochal quakes in one part of the system will rattle other bits too.

A feeling for history – Nietzche's old "Sixth Sense" – should fire up invisibly in us bit now as we think about what life in an historic age might mean for us. The surprises in our news every day. The creaking of our old institutions. What do they augur? The political scientists Charles S. Gochman and Zeev Maoz once made a survey of history to see if they could spot just when the world slipped from calm moments to epochally unettled ones. They surveyed nearly 1,000 wars, big and small, hunting for patterns as you or I might look for trends in stock prices or sports scores. Increasing complexity, they discovered, almost always shook the world into conflict. States, armies, political groups, newly independent nations, ideological and religious forces emerge and then collide in their young energy, each driven by different aims and values and dreams. A cycle marks the process. First, disputes over small matters accelerate – as they are doing now. Everything seems open to question: Do you control this trade route? Who says we have to respect this arms limit? The combined pressure of so many simultaneous disagreements announces a shift in the pattern of all relations. A logical loop follows: "The frequency of disputes," Gochman and Moaz explain, "appears to be an early indicator of system transformation…The rise in the number of disputes seems to indicate a decline in the degree of consensus on the 'rules' of the international order. This heightened dissensus (often culminating in large-scale wars) is followed by restructuring."[241] Pressure on the rules. Small cracks. Large scale war. Re-ordering. Like water moving from ice to liquid to steam and back, this cycle has a predictable logic. It ran in the age of Bismarck and culminated in World War One. It spun again in the age *between* last century's great wars too, tripping into a second World War. And it ran as well in the

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[240] **"What are":** Richard Hamming, "You and Your Research", *Simula Research Laboratory* (Berlin: Springer-Verlag, 2010) Chapter 6

[241] **The politial scientists:** Charles S. Gochman and Zeev Maoz, "Militarized Interstate Disputes, 1816-1976: Procedures, Patterns, and Insights", The Journal of Conflict Resolution, Vol. 28, No. 4 (Dec., 1984), pp. 585-616



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fracturing of ancient China during the Spring and Autumn era or in the Roman Empire in the age of the Caesars. Our current shifting – that tap, tap on every nation's politics, media, and economics – isn't really so unpredictable after all. [242]

You may know the old saw of military parade evaluation: That the more magnificent a nation's uniforms are the weaker it's army usually is. But the gold-braided admirals of some three-ship navy reflect a very human need for security, and particularly for a self-decided *feeling* of security. Every nation has it's own foreign affairs aims. Each cherishes a certain national image, memories of military glory and of "interests" inseparable from culture or identity. The goals of the French and the Turks, for instance, each evoke an encyclopedia of history, tradition and politics. Uneasiness in Paris about capitalism and immigration, for instance; or Anrka's worry about ethnic division, fundamentalisms, and the creeping nuclear progress of their neighbors. Our era's revolutionary logic will shape choices in every nation differently. But I'd like here to discuss American foreign policy. America plays a central role in world order now. The country's leading position makes her, to some degree, an unavoidable gatekeeper. In the Napoleonic era, nearly every revolution or war could be tied to energies emanating from Paris. During the Cold War most puzzles of politics or geography might be framed in terms of a zero-sum competition with the USSR. In our own age, we'll find most every problem links to networks and their new logic. And – for now at least – to America. Thomas Paine's memorable 250 year-old assessment, that "The cause of America is the cause of all mankind," touches this linked universalism in a way he never could have imagined. "Betweeness" or "Centrality" are the way network science labels and measures such a role. Just how essential is a certain nation or trading platform or point? The networks of America won't, in the future, be the only networks. They will be less "between". But they will be, always and indelibly, the first reference for design.

If the traditional aim of American foreign policy was to prevent the emergence of a challenger that threatened the country directly, or that might fence off and manipulate Asia or Europe or Latin America against Washington's aims, the concern now is different: Mastery of topological destiny. There are those who observe, as an American think tank noted in 2015, "Today the United States faces no existential threat."[243] This is wrong. The emergence and shape of networks is just such a danger. Security, the great foreign policy theorist Andre Wolfers once wrote, is "the absence of threats to acquired values."[244] The networks around us, as we've seen, are demolishing older values. Often because we want them to. Any revolutionary technology unbuttons an older order this way. But we now approach this destabilized world with a sort of wideyed panic. Control terrorism, manage climate

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[242] **Our current shifting:** See also Lars-Erik Cederman, T. Camber Warren, and Didier Sornette, "Testing Clausewitz: Nationalism, Mass Mobilization, and the Severity of War" *International Organization* 65, Fall 2011, pp 605–38

[243] **"America faces no existential threat":** See James Dobbins, et al. *Choices for America in a Turbulent World* (Santa Monica: RAND Corporation, 2015) xiv

[244] **In his classic essay:** Andre Wolfers, "'National Security' as an ambigious symbol'", *Political Science Quarterly,* 67 (1952) 485



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change, lock in great-state peace. So many desires scatter our minds and when we fail to achieve them they erode our will. Here is a basic lesson of accomplishment in any human domain: Better for us to focus on a single aim, and tighten our efforts around that one aim and use success to strengthen our will. The answer to the great, newly-charged existential question of politics – "Are you a gatekeeper or the gatekept?" – is not yet decided for the United States. So, strategy first: We live in a connected age where power is sliding into that gated order we've learned about. America's role? Not to make the entire world democratic. Not to try to bomb or force stability onto every nation now collapsing under network pressures. Not to passively wait for our version of history to "win". Not to thwart the rise of other countries. No. The strategy that fits the nature of our age and position is to perfect and then operate the essential, topological mechanisms of power now. Sometimes with warm humanity; other times with the ruthlessness demanded by the touch of danger and evil. This involves gates. It involves firmness and nerve and willpower. It demands what we might call Hard Gatekeeping.

2.

Everything around us now is or soon will be connected. Access to our trade, the use of technology and networks, our defense or our currency – all of these must be considered as gated systems. Each will come to throb with new power as a result of their links, as a byproduct of their escalating sensitivity, intelligence and power, and from that in-or-out distinction. Much remains to be instantly, fully linked in this way. Our education. Our medicine. Our military. Real-time information, sensors and machine intelligence will erect Gatelands in each of these areas and in others. These walls will go up even faster than real-world berms and fences. The strategic position of any nation or terror group or business is not going to be secured by industrial measures. No one at Google wants to build a newspaper. No one in Al-Qaeda is trying to float an aircraft carrier. Rather, it will be determined in the construction of new tools, which largely means the building of a new, gated order.

"Every new age and every new epoch in the coexistence of peoples," the historian Carl Schmitt once wrote, "is founded on new spatial divisions, new enclosures, and new spatial orders of the earth." Schmitt was contemplating history: The great Mediterranean empires and the long, millennial power trails of Asian chieftains. But his insight touches every age, our own included. To make a nation, to build an empire, is to draw lines, to push at borders, to smash at gates. Some of this is the wild martial ambition of a Napoleon or Hitler (who Schmitt unwisely advised); often it is simple protection. Lord Balfour, serving as Foreign Secretary, contemplated this problem from his imperial vantage in 1918 and observed: "Every time I come to a discussion – an intervals of say, five years – I find there is a new sphere we have got to guard," he wrote. "Those gateways are getting further and further away from India, I don't know how far west they are going to be brought by the General Staff."[245] This problem of where exactly to put the gates confronts us now as well.

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[245] **"Those gateways":** Quoted in Robert Jervis, "Cooperation Under the Security Dilemma", *World Politics* Vol 30, Issue 2 (Jan, 1978) p. 169



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Gatekeeping, as we've seen, isn't simply the act of marking geographic lines. Those hurrying walls and berms and triple-fences of the real world are a kind of gatekeeping but they are also, I'm pretty sure, expressions of a deeper desire. Each is a real-world defense against topological pressures of population and ideology and violence, all shaped by network magnetism. The likely futility of such gates is clear enough when you contemplate the forces they are intended to keep out: Refugees see prosperity miles on their phones. Little wonder they rush at it. Internet-transmitted messages light up ideologies, protests or fundamentalisms that pull people back and forth endlessly across physical borders. The world responds, as anyone without a Seventh Sense might, with walls. But to focus merely on the physical? This is to misread the issue. Gatekeeping includes real-world borders, of course, but the statesmen of the future will act particularly on topologies. They will work not merely to stop up flows, but to decide their movement. Gates will, for instance, serve as bespoke disease buffers, created to track and then freeze the worrisome pandemics now crawling at us on the connections of our age. Other gates will be economic tools: The will help isolate and then soothe the unstable and apparently broken, middle-class eroding financial patterns of the past decades.

Recall how the design of computer or network systems affects the real world, like a marble slipped under a carpet? Gatekeeping's topological design is like placing marbles (or boulders) in particular ways, to direct movements and flows as you might guide water with a canal. The great historian Arnold Toynbee once recalled a passing moment with British Prime Minister Lloyd George during the endless (and disastrous) Paris Peace Conference of 1919. "Lloyd George, to my delight, had forgotten my presence," Toynbee wrote, "and began to think aloud. 'Mesopotamia…yes…oil…irrigation…we must have Mesopotamia; Palestine…yes… the Holy Land… Zionism… we must have Palestine…; Syria… h'm… what is there in Syria? Let the French have that."[246] This sort of charmless arrogance – *The Holy Land….We must have that* – doesn't much suit our age, but that comprehensive view? What oil and irrigation and Suez were to Lloyd George, emergence and data flows and gates are to us. There's a crucial difference, however: We need not take the most precious territory of our age through invasion or colonial exploitation or in mis-balanced peace settlements. We can build the essential landscape of power. We can build it for defense. And then we can grow it, perfect it, and attract others. Schmitt was right, human history is the story of enclosures – and nothing about our emerging age suggests any other approach can, with a single clear line, solve the vexing *network x network x weapons* problems we face. Hard Gatekeeping means molding the landscape, gate by gate, to encourage certain movements and make others difficult, costly, maybe even impossible. Any future order must begin with this first principle: The line between in and out is as essential as what goes on inside.

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[246] **Lloyd George:** Margaret MacMillan, *Paris 1919: Six Months that Changed the World*, (New York: Random House, 2002) p. 381



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The goals of Hard Gatekeeping are simple enough to state: To protect those inside the gated order, to make security and innovation more efficient, to accelerate certain kinds of connection and dampen others, to manage vulnerable links to the non-gatekept world and – perhaps most important– to use that "in or out" leverage to relentlessly affect the interests and plans of others. These aims are the root of real security in any age. "In anarchy, security is the highest end," Kenneth Waltz wrote. "Only if survival is assured can states seek other goals such as tranquility, profit and power."[247] Survival – and Waltz's other essential aims – will be decided by the nature of our future connection. In this sense, Hard Gatekeeping produces a decisive change in our posture. It lets us aim *for* something instead of merely being against movement or – hopelessly – against the future. It establishes priorities, clarifies our real core interests, helps us budget our effort and our expenses – better, perhaps, to spend a trillon dollars building tools of topological mastery like infrastructure or new technology than chasing Middle East peace.[248] Gatekeeping does not transcend the long-standing debates between the cold realism of Stalin and the idealism of Woodrow Wilson so much as it sets us a preliminary task: Shaping the environment. To build and control the next generation of gatekept systems should be our aim now. In the future paper currency wil be replaced by secure digital bit transactions. Genetic information will demand smart, live-connected platforms for efficient mining and study. Cyber and biological security will each come to be defined by high-speed, machine-intelligent protocols. All of these are gatekept cores. Mastering them will be as important as having military bases, trade missions or treaty arrangements once was. The development of such systems plays to our strengths; they deliver both security and useful pressures of innovation. Remember – the aim isn't to build walls. It is to use the logic of networks and gates, and all the complex productive force they release.

3.

The elements of Hard Gatekeeping can be stated simply enough:

First, *Does it work for us?* We seek a landscape of technology, trade, finance, knowledge – all the tools of power – that balances the pressures of politics with a colder grasp of longer-term national interest. The protocols, alliances, treaties and data webs that enable markets, trade or thinking machines – all are gatelands we can cultivate, improve and protect. Our gatelands must be designed to limit the rippling risks of contagion or error moving wildly, like spring weather, inside linked complex systems now. Control of topologies is what air superiority or sea mastery once were. The opening attacks of future wars will come invisibly and silently through networks, in space, in fast topological strikes – not with noisy land invasions or bombing runs. Well-built gates will give us time and leverage. They will

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[247] **"In anarchy":** Kenneth Waltz, *Theory of International Politics,* (Reading, MA: Addison-Wesley, 1979), 126

[248] **It establishes:** For a discussion about why a grand strategy is of practical use see Hal Brands, "The Promise and Pitfalls of Grand Strategy,*" Strategic Studies Institute, External Associates Monograph Program*, 2012



HOUSE_OVERSIGHT_018405

deliver the honestly-earned confidence of the secure. They will provide purchase for the patient work of diplomacy, a marked shift from the crisis-to-crisis lurching of today.

The texture of our values should be everywhere woven into these gatelands we will cultivate: Democratic choice, freedom of thought, privacy. We won't have time for leisurely deliberation about ideals in the crashing, time-compacted crises ahead, so we should begin with them. Let other nations measure gated enclosures for their different values, marked by their paranoias and historical burdens; our strength will be an order that reflects our habits of civilization. The curious, open-minded searching native to our temperament, for instance. This will force constant innovation and evolution, an antidote to the failure to change that poisons most closed systems. A continued absence of gates will undo us in the short run. But the long run will be a disaster if our gates are inflexible, too closed, incapable of upgrade or – worse – girded by promises and fears that are not naturally our own.

A second principle is that we ought not force anyone else to use our gated systems. *Gatekeeper or gatekept?* No more profound, painful, liberating or enslaving political choice now exists. Nations must be free to select, in as much as they can, their own terms of enmeshment. Our aim should simply be to build the best order we can. America's tremendous economic and technical lead serves us – for now, at least – as the isolating stretch of the Atlantic and Pacific once did. There's no need to force others to follow us. Recall Greshams' famous "economic law": The way in which the bad drives out the good. A stock market made of swindlers won't attract investors for very long. Well, in many networks, a sort of reverse-Gersham's law applied. The good drives out the bad. By this I don't mean merely the self-cleaning properties of systems like Wikipedia. But of linked systems more broadly. If one nation runs a DNA database where results are skewed by rules of political power – family members of leaders get special access for instance – it will make it less effective, and therefore less appealing as a gateland. So we should be relaxed about letting Europe or Russia or China try their own gated systems. Their desires reflect sensible, understandable urges. If you were leading a nation would you rely on Washington's trade or financial commitments? Because of the nature of power now many nations may have no other choice; but forcing them to enmeshment could bring shattering, unnecessary pressure. Let them divide themselves from us; it will only weaken them.

We need not evangelize, invade, or compel our way to power. Consider the case of global trade. For decades after World War Two, many nations sought independence from economic entanglement. They yearned for autarky. They scorned trade. And they nearly bankrupted themselves in the process: Want to buy Portuguese cars? French computers? Indian bikinis? I didn't think so. The whole point of trade was to solve such imbalances of skill and trade. When the age of connection began after the Cold War, most countries made a decisive shift: They arranged their economies to be attractive to global financial flows. Trade grew twice as fast as the world economy. The cost of being left out was, and is, a nearly impossible burden. American systems, if they work for America, should have the same magnetic appeal,



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the power-law dynamics Brian Arthur found in the most successful network arrangements. Getting it right is enough of a task. If we can manage that, what we build will run with unimpeachable legitimacy. Chosen, not forced.

A third principle is that our gates and protocols and webs ought to be open to others, but with each new link weighed, added to the scale of strategic balance with exacting care. An overarching, systemic view should inform us. Nations that want to use our cyber security systems, for instance, should join research cooperatives – and possibly shoulder as well some problems of global network health like the implementation of IPv6 or DNSSEC, or any of the future jointly secur standars that will emerge. They should even – here is where the leap comes – be required to cooperate on nuclear proliferation, cybercrime, or trade norms. The puzzle here is clear: How to use our strengths to address our dangers? While we can't directly press our lead in cancer research to stop national flirtations with nuclear bombs or cyber crime, it's probably true that a cost of weapons proliferation should be exclusion from life-giving technical and trade and other gated orders. Remember that feature of network systems now, how the cost of exclusion grows even faster than the benefits of inclusion? If the aim of any society in this connected age is to accelerate the compression of time for its citizens, than life outside the best gates for this will be a nearly fatal political cost. Do you really want to rely on French computers? Wear Indian bikinis? Do Iranians want to rely on Iranian cyber-security tools alone? It is ever-easier for citizens of nations sliced free from vital networks to feel what they *don't* have.

The courage to leave some nations out of the order we're constructing – and to cut others out – doesn't come easily to us. Today we don't really engage in a comprehensive, linked strategy. Iranian proliferation and Chinese finance and Saudi military support are, for all practical purposes, separated in our contemplation of the world. Hard Gatekeeping frames these together as a piece; it spots the topological string running between each and gives us a firm position from which to pull the threads we want. We will come to know, to pay, the costs of over-inclusion. But this also means that we must be concerned with the security and safety of others, on our network or on others. To attempt to achieve absolute American security, to do so at the expense of other nations – this will not only erode the credibility of any system we build. It will also make them fundamentally less effective. We are, after all, what we are conneted to.

Fourth, no nation should be permitted to force another inside of its own gates. India might develop a great search engine; they should not be allowed to force Bangladeshis to use it. China may develop clever trade channels to Europe; they should not drive their use with military pressure. This principle is the flip side of our own commitment not to compel others into American gatekept systems. It represents an important nod to sovereign power: Each nation decides on its own. If we're intent on avoiding some of the chaos of the last major system change, which produced the Thirty Years War, we should learn its lessons. That fight fundamentally touched on one question: Who decides what happens inside a country? The specific problem of Europe 350 years ago was if each King could



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decide the religion of his state. The treaties that settled this debate in 1648 – after the most devastating wars in European history at that time – established *Cuius regio, eius religio* as the governing principle. Whose realm, whose religion. The very notion of a "state" is itself being eroded as topologies, migrations, and superfast data links eat at old borders. But nations remain an essential container of power. A rapid collapse of that system would be a disaster, and is frankly unlikely. To be American. French. Chinese. This still matters.

Do we demand that other nations use our protocols? Do we force China or Germany to rules of transparency, data tracking of their citizens and research that we obey? No. *Cuius reticulum, eius reticulum.* Whose realm, whose network. But, at the same time, should we permit China or Germany to force another nation into its trading regime? It's biological or cyber networks? To the question, "What would America fight *against* in a gatekept world?" one answer is this: We would resist any attempt to force-fit a nation to a gated order. We should prepare for difficult, expensive fights to maintain this principle. Russia watching neighboring states seduced into a Chinese trading order or an American technological system won't bubble with silent acquiescence. Arrangements that tilt trade to one side of the Pacific will unnerve China or Japan – or the US. But, in the end, the control logic of *cuius reticulum* buffers us, as a sort of law, against a wilder madness of collapsed nations.

Fifth, we should not permit the emergence of any means to destroy our system. The very efficiency of connected architectures makes them vulnerable. Networks, by design, have holes that particular modes of attack can exploit. Contagion. Strikes against central nodes.[249] Arms racing of a certain type. Our first attempt to limit risk should be defensive. Better gates. But we'd be foolish to stop there. Gates, the Trojans would remind us, are not enough. When truly existential dangers emerge – nuclear weapons, certain types of artificial intelligence or genetic engineering – then we must attack. Hard Gatekeeping should include a coiled, prepared readiness to strike with the same light-speed movement that defines the dangers we fear. Of course we should try to deter such attacks. But we should be realistic. There's much we can't deter. And the cost of attack is awfully cheap. We won't be truly safe without battle plans and diplomatic gambits that can hammer at the topological and real world vulnerabilities of our enemies. After all, they will be hammering on ours.

Our defense task is simple to say, hard to achieve: From the largest symmetrical superpower in history, America needs to become the greatest asymmetrical one – capable of devastating, instant action anywhere in the real or topological world. Network scientists who study the power of "centrality" have shown the way that certain positions in a topology – think of a rainforest, a travel network or a stock exchange – wield unusual influence. Centrality of a certain node in linked systems can determine control, it can produce "super spreaders" which instantly shape

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[249] **Strikes against:** I.A. Kovacs, A-L. Barabasi, "Destruction Perfected," *Nature (News & Views)* 2015, 524, 38-39



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linked topologies[250]. Contagions, panics, economic brain freezes – these are the essential tactics of our future. The maintenance of our centrality on the topologies we rely on is, then, the essential part of our future security. Interrupting this is, of course, exactly the edge our enemies seek against us: To infect us – with panic, terror or some virtual or real virus. To alter the landscape with one sharp razor slice, not a hail of bombs.

There is no excuse for us to not prepare to struggle in these new terms. Our military must be shifted for the demands of such instant, cross-space attack. But it's more than that. In recent years America has gotten into a habit of reaching for our military tool, and while we've strengthened it to an historically unprecedented degree, we've let other skills atrophy. Our real aim should be to stop our opponents from adapting, evolving and connecting to us. If we suffer some strategic, nation-crippling defeat in the future, I don't think it will be because our military was weak. Rather it will be because we've not mastered all the other tools of topological control. The first sign of our real awarness of this will be when the old, foolishly vulnerable systems and tactics and ideas are replaced. We should never build another aircraft carrier without a sense of new, networked naval plan. The idea of spending hundreds of billions for manned bomber planes is absurd. We should embrace self-imposed limits, we should force ourselves to innovate both with our military and in the creation of new tools of policy. Doing so will prevent any number of conflicts. And it will stiffen our temperament to unconventional thinking.

There's a lean efficiency to these five principles that define Hard Gatekeeping. The strategy echoes, in its clarity, in its clean frugality, the postures of some of the most enduring orders in human history: The "defense in depth" of the Roman Empire, for instance. The protective order of Tokugawa Japan. The walls of Tang China, part of a chained national history that celebrates heroes as "defenders of the nation," not attackers. Gatekeeping resists unnecessary profligacy. It limits the need to proselytize or colonize or force others to our way of thinking. And it has a universal aspect: Hard Gatekeeping can – with a little imagination and some discipline – be laid on puzzles like terrorism, cyberattacks, US-China relations, order in the Middle East, the proliferation of nuclear weapons, income inequality and global warming. It provides a sharp single image of what we're after – and guidelines for getting there. It's clear enough what we need to do, I think. Build gates. Use them. Hold inside them and protect the curious, innovative and revolutionary spirit of our people and our age.

4.

Let's use this approach to examine some particular problems, and let's start with US-China ties – a puzzle whose resolution may be the decisive act of policy in the

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[250] **Super spreaders:** Manlio De Domenico, Albert Sole´-Ribalta, Elisa Omodei, Sergio Gomez & Alex Arenas, "Ranking in Interconnected Multilayer Networks Reveals Versatile Nodes", *Nature Communications* April 23, 2015



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next century. How might Huang Hua, with his *nature-of-the-age* consideration of strategy have regarded the matter? What does gatekeeping tell us?

The dominant view of future relations between Americans and Chinese generally runs along a nervously familiar historical track: An established power (the US) and a rising one (China) consider each other. Do they cooperate? Scratch at each other in constant annoyance? Each nation possesses a different image the world. Each holds, as well, distinct pictures of their role. One power has enjoyed a long period of prosperity, has built and defended a global structure; the other, trod mercilessly underfoot by history, feels the unbearable flow of power's rising sap, a hunger for recognition and release and for some, revenge; her economy craves resources, trade routes, and markets. So Germany encountered and then attacked Great Britain at the turn of the 20th Century. Japan collided, similarly, with Russia in 1904. France taking on Austria, Russia and Great Britain in the Napoleonic age.

Even if the leaders of the United States and China intend to avoid conflict, they face one of the most sobering, if not depressing, problems of international politics: The "security dilemma". The world is a dangerous place. So countries do things to feel safer. Their populations demand it. Germany looks at Britain's imperial navy in the 1890s: London could snap Berlin's trade arteries. So the Kaiser orders two battleships. Britain builds three in response. Germany turns to submarines. And so on. Each country, chasing her own security, ends up *less* secure. This is the "dilemma". The puzzle is like one of those woven wicker finger traps: The harder each side pulls to get out, the more stuck they become. America in 2012 pivots her military gaze to Asia. China feels encircled. She orders a couple of aircraft carriers, paves remote islands into military bases. America flies aircraft closer to Chinese waters. Are the two sides more secure? Collisions, arms racing, accelerating distrust become the threnody of contacts. Each side seeks something impossible: Perfect security. *Move first*, certain forces begin to whisper in each capital.

The essence of this problem today, as the United States and China consider their future, is not merely or even mainly in the details of trade, territory, or cyber disputes we read about. These hot points are important, of course, but they are symptoms of differing judgments of the world, of a fracture at that first step of asking, "What is the nature of the age?" Americans generally believe the existing global power map is just, sustainable, in need – perhaps – of minor adjustments. America engineered this system; benefits tremendously from it's fictionless operation. China regards that same layout differently. As broken, unbalanced, rocking towards a seizure – and, anyhow, built, lubricated and run without her participation. This view is sharpened by ideology, national psychology and the bald fact that no global mechanism ever functions perfectly. The larger nature of the age is, many in Beijing feel, *Da po, Da li.* Great destruction. Great construction. Certainly this is true *inside* China; it must be true outside. The nation has it's hammers out. They see the paradoxes of power we read about earlier, the inability to act and the collapse of American credibility, as clearly as people in Washington or Damascus or Moscow. Surely the global system should be adjusted, they think. Tap. Tap.



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So though no inherent enmity exists between the two countries, a crack emerges. Each side finds reasons not to cooperate. A shared interest in peace – neither side wants a collision, both understand the costs – is shimmied apart by a perception gap. Cultural, historical, temperamental and ideological differences accelerate the unzipping of even the best intentions. Misunderstanding bends and then snaps irrevocably into mistrust. So yes, the recovered islands and the trade tensions and the political theories have to be managed because each is a blister that limits forward motion – but the real source of friction? It is the scraping of different world views. This is *deep* strategic misalignment. It is, in fact, the stuff of war.

In recent years, America has had two different, nearly opposite approaches to China, each however marked by an assured national confidence that the current world order is sustainable. One policy is short-handed as "engagement" – or, colloquially, "panda hugging." As China becomes more prosperous, this approach suggests, she will become more congenial to American interests. More cuddly. This was, for some, the basis for bringing China into the World Trade Organization in the 1990s. Later it justified deep commercial links and educational ties. The logic of such an approach fit the mindset of many baby-boomer Americans: China's attraction to MTV, McDonalds and Mercedes hinted at a still deeper desire they thought. To be Western. China's citizens would surely become more attracted and committed to the world system that had delivered all this prosperity. The country would become more global, in a sense, and *less* Chinese.

In fact, as China has grown in recent years she has become more global and *more* Chinese. Growth, wealth, an admixture of confidence into the old national habit of insecurity – all of these have encouraged a searching exploration. The demands of domestic politics, the instincts of the Chinese Communist Party and the inevitable practical questions of security and reform all produce sensible questions. China needs oil, for instance. Must she project power into the Middle East? Control the sea lanes of the Malacca Straits? There's no natural, inherent resistance to American interests in any one problem, but that hopeful American logic of "engagement" ignores much about China's essence. The country presses at rules she mistrusts (as America once did). She struggles with the inevitable challenges of a political system still smoking a bit from recent revolutions – and, of course, facing the pressures of a networked age. But she holds, strongly, a sense of Chineseness. Can we honestly expect to use mere prosperity to change China in a predictable, pro-American way? "Engagement" feels to Chinese like a demand to become more American. That prospect is as appealing as a request to become more Chinese would be for Americans.

An alterative strategy to "engagment" is known as "containment". (While not formally called "Panda Kicking", this is often what this policy looks like.) This view takes it for granted that as China becomes more powerful she will become a threat. Any growth in Chinese power means a decline in America's influence and security. A stronger China in Asia, for instance, means a weaker America. Countries like Japan or Korea or the Philippines will be required to choose a side at some point, at some awful 21st Century Melian moment. The aim of containment is to squelch China



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before such a fork appears. This approach, too, has its logical problems. Boxing the largest economy in the world hardly seems sensible – and is likely not achievable. Anyhow, early attempts to do so have shown how little leverage the US has. When China announced plans to build an Asian Investment and Infrastructure Bank in 2014, the US opposed it and then watched as nearly all of Washington's traditional allies raced to join.

At the same time, China's policy towards the US has been hard to decipher for many: Is the country intent on amity or enmity? It's clear enough that the American options presented to Beijing are unappetizing: Change or be contained. Messages by China in response have tickled the natural historical pessimism of American political leaders. China speaks of wanting a new kind of relations with America, of cultivating rich technological and financial ties, but the country at the same moment challenges easy assumptions about how foreign investment, educational or security cooperation might mesh together like gears of friendly progress. It's hard to do business in the Mainland. The military grows with astonishing speed. Domestic habits of smash-mouth competition rattle at more sedate Western habits. Any element of China's actions are explainable and even sensible when seen with sympathetic eyes – but the same exact facts can be stitched into a story that suggests constant damage to American interests. China's position is, to be honest, a difficult one: The country is opaque to most foreigners, wrapped in habits and instincts that run along such different lines that even simple daily decisions – how to run a meeting, for example – can be a source of disagreement. *In the west you prize diamonds for their clarity,* Chinese will say, *in China we prize jade because it is cloudy.* There's a charm in opacity; even a bit of sensible political magic at times. But China is moving out into the world very rapidly, now: Fast and dimly understood don't fuse into easy trust.

In one sense, then, it's possible to sense the tense, angry energy of an impending collision. Beijing and Washington are enacting the old historical pattern. Wrestling for years over small issues, never quite coming to grips, slowly pulling at each other until a final, fatal collapse. Germany and Great Britain, all over again. But: *Connection changes the nature of an object.* So much in our world looks different after connected dynamics are applied. Might connection change the nature of enmity? We are, after all, part of the same connected skein. We've concluded that America's greatest threat is not China or Russia or terrorism – but the evolution of the network itself. That same topological evolution menaces Beijing too. If China is not our biggest enemy, if we are not theirs – what might be developed? Might the rat trap of history remain unsprung?

An American "China Policy" shouldn't be regarded as some distinct initiative; rather it must be a part of a grand strategic program of Hard Gatekeeping. Our goal aim isn't some shimmeringly perfect "China Policy" so much as it is to cultivate a grand strategic disposition that informs what we undertake in cyber, Russia, the Middle East, and China. Imagine we had a terrific "China policy" and a backfiring "Nuclear weapons policy"? Masterful grand strategy is marked by a comprehensive elegance. Metternich's old construction, "A Concert of Nations" tells the story pretty well: A



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symphonic effort, each note and instrument in place. Grand strategy tells us what to do at every moment.

Any policy, then, must begin with a summary of our aims: "We believe the world is entering a period of profound change that demands a shift in global arrangements. We are building a gatekept order consistent with our values. We welcome others to participate in it – but with conditions. We will resist attempts to force nations into any gatekept order; we will fight any forces that threaten disruption of the overall system." The China policy that emerges from this view is clear enough: We will not contain China. We will not force China to change. Rather we will develop a profound gatekept network for our own operation, one that layers together all the concerns of economics, trade, security and technology – as if we were designing a technical system for fast, constant links. We will include other nations that want to be a part of it, as long as they are willing to bear certain costs. China is welcome to develop her own system and see whom she might attract inside. She will not be permitted to compel nations to join. And: If China wants the benefits of a US-led order, then Beijing must be prepared to support the maintenance of that order. That means deeper cooperation on everything from nuclear proliferation to the establishment of new international bodies for connected finance, biological research or nuclear de-proliferation.

Such an approach resolves, in an instant, the contradictions of our current policy. *Here is our gated order*, we can say, *join if you wish and on the terms we both consider best.* We should remember: China has much to worry about. Disorder would land on her own hopes for peace and development with a profound, possibly crushing pressure. The international order is not working as well as it might. It does not appear engineered for new stresses. It is in cooperation for the reform of that system that the two nations share an urgent interest. And it is in a successful defensive posture of a gatekept, network order that Washington can cultivate the linked, leveraged moves that will encourage this to happen. While there might be a temptation to play this game in that old Lloyd George sort of way – "We need the Middle East. Grab it. We need digital currency mastery. Take it!" – such efforts will only assure final, fatal collision between the two powers. We need a gatekept order. Build it. That is enough.

What the Seventh Sense statesman sees, in the way a Seventh Sense entrepreneur or terrorist or researcher can, is the pulsing network logic that is at work breeding a new world – like it or not. And our policy has to aim for that future state, not for what we have today. If this sounds difficult, you should know that in most complex adaptive systems these kinds of adjustments frequently occur. Rainforests. Traffic jams. The human brain. Anyplace connections are knit and reknit at light speed can exhibit a pattern of rapid redevelopment: The world changes. The network and its various pieces hum, in response, to a new order. Climate shift in the Amazon, for instance, produces drier air. The pollination cycle shortens. Flowers must adjust by growing longer leaves to protect their moisture. Birds that rely on the flowers develop longer, sharper beaks in response. In this way bird and flower each become better suited to a warmer age. They *co-evolve.* We see this sort of interaction in



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many worlds. Data companies face increasing bandwith demands. They develop new ways to transmit video. Application developers create fresh tools to compress their signals. The whole system gets faster. Such co-evolution is common when linked systems press into one another.[251]

If you look back at biological history, at our planet's seething life at it's most profound moments of transition, you find co-evolution in nearly every case. The biologists John Maynard Smith and Eors Szathmary, in their masterwork *The Major Transitions in Evolution*, chronicle the miraculous march of life towards ever-greater complexity – from cells to humans to societies – as a story of ceaseless, successful co-evolution. "Complexity is hard to define or to measure," they write. "But there is surely some sense in which elephants and oak trees are more complex than bacteria, and bacteria than the first replicating molecules." The essential, facilitating feature of our biological hop-scotch from mitochondrial snot to Beethoven sonatas has been an ability to change together, not merely to compete. While we humans tend to consider evolution in murderous you win/I lose Darwinian terms, the biological world around us seethes with a more nuanced logic: Cooperation is every bit as important to survival.

Smith and Szathmary identified eight major transitions in their work – the evolution from single cell to multiple cell organisms, for instance. And in each case they find a kind of cooperative, co-evolving logic serving a catalyst to survival. "The applicability of the concept," Smith and Szathmary conclude, "extends across the whole of social and natural sciences." Inside cells. In ecosystem webs of coral or rainforest. In traffic management. Successful evolution was, they found, always *co-evolution.* "It should need little persuasion to acknowledge that links we make with others change in time," they wrote. "That all of us age, that our roles in life evolve, and that the society we are a part of may itself be subject to transformations on a global scale. Coevolutionary rules aim to integrate these processes." The world changes. I change. You change.

Network age systems, in their effortless bridging of divisions – geographical, technical, commercial – bounce with a particularly powerful fusion. "It is often assumed that biological agents are by nature rationally selfish, and that therefore external circumstances somehow have to compel them to cooperate," the historians Nathale Mezza-Garcia, Tom Froese and Nelson Fernadez have written about the organization of societies over the past millennia. That sense we often have, that we're one Darwinian instant from some sort of lethal, teeth-baring competition, doesn't in fact explain all of human history.[253] Politics is a sort of complex adaptive

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[251] **Such co-evolution:** Matjaz Perca, Attila Szolnokib, "Coevolutionary games—A mini review", *Biosystems* 99 (2010) 109-125

[253] **"It is often assumed":** Nathalie Mezza-Garcia, Tom Froese and Nelson Fernández, "Reflections on the Complexity of Ancient Social Heterarchies: Toward New Models of Social Self-Organization in Pre-Hispanic Colombia" in *Journal of Sociocybernetics* 12 (2014), pp. 3 - 17



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system; it fuses cooperation with brutal competition as it aims for a kind of equilibrium. After all, if we were constantly tearing into one another, we'd be extinct, not evolved. Why did cities form? Nations? The key is a moment when shared, possibly devastating risk of collective failure becomes apparent – those moments when the whole system threatens to collapse right on top of all the participants. The greater the shared danger, Mezza-Garcia and her colleagues explain, the better the chance for real cooperation. It's a forumula that fits what we face now: "An increased risk of collective failure facilitates large-scale cooperation, especially when the large scale system is composed of smaller, nested groups," They explain. ""Complex systems theory reveals an alternative to constant conflict."

This is our world now: Linked clusters of markets, nations, machines – all exposed to a risk of shared and instant collective failure. Such a structure upends an axiom of politics that has run for centuries: Man is purely Darwinian and that survival is determined by constant competition alone. In a network, survival is determined by sociability, by cooperation. Linked systems drive people to agree on rules in order to participate, which accelerates change and co-evolution. Smart cancer databases, linked traffic systems, video platforms like YouTube – each are Gatelands that press users together on a single platform, one that can be instantly updated and constantly studied for adjustment. "Rich get richer" arrangements are an ideal place for co-evolution, shaped as they are by easy linkage, exchange and connection to outside events. As more people follow the logic inside the gates, the system co-evolves. It becomes still more fit. It's this loop that makes Hard Gatekeeping so well suited to an age of connection. We're not merely putting up walls; gatelands are like markets or public squares. They are loci for cooperation. In diplomatic history it's not hard to calls for cooperation. "We must get along or this war will devastate us all!" But they don't work. Mostly you find hand-wringing about how terrible war would be followed by, well, war. The logic of networks offers an escape from this sad habit.

Co-evolving relations between the US and China can begin at the most obvious of starting points: Both sides need to change. New pressures are already tearing at each. Both nations need a new gatekept system. Our aim isn't to "balance" China into some sort of frozen checkmate. It's not to tip her unwisely into chaotic and impoverished domestic order – we are, like it or not, all connected. It is to co-evolve together. And China? She won't survive if she does not connect to a system that is congenial to her needs. Fortunately, the networks are infinitely flexible in their design. A Chinese model and an American model pose no problem of interoperability. This is the best co-evolutionary strategy for each side. The dangers we confront now are *everywhere.* The habitual American temptation is to break all these risks into pieces, to find out where the problem is, and to flatten each of them: "Let's hit the terrorists, then the Chinese navy, then the Russians, then the drug lords." This will kill us if we keep it up. In a complex system, piecemeal attack simply shocks the system to still greater complexity. The world, rather wonderfully, is too flexible for brute force applied at one place. A dynamic defense, is a precursor



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for survival, for evolution. And it would best be done cooperatively with the nation that will, in a short time, have the largest economy in the world.

China is not really a threat to the US now. The country can't assemble the ability to demolish or attack America in any significant way, and it is years from being able to sustain a military effort. It is not in China's interest to provoke a match. They would lose. And honestly they have endless, troubling problems to handle, many new in human history. *How do you care for 800 million aging people?* Though China will pass the US in total national income in coming years, the country may never pass America in per-capita income. With an aging, 1.4 billion person population the challenges of distribution nearly guarantee this. Time acts against both the United States and China today. Each depends on global arrangements that are themselves cracking. Each nation needs to adjust her structures for a network world. But these pressures operate severely against China. She can disrupt and challenge and slow the transition to a gated order if she wishes, but only at the cost of fatal distraction.

An American Hard Gatekept system will thrive with or without China. China is not so fortunate. Her system, without America or other elements of global connection, cannot continue on the path of reform. *Great network construction* – this is the nature of our age. There is no fighting the nature of the age, as Huang Hua would remind us. We should of course expect China to build her own systems. We can also expect that she will try to avoid some of the costs that joining an American system might impose. That's all fine. Our aim should remain constant, calm and direct: Build a gatekept system for our own use; enforce the rules we believe secure that system. And remain clear in our thinking: The threat to the US is the evolution of the network. The threat to China? The evolution of the network.

If an arrangement based on these undeniable facts seems unlikely, it is worth remembering that in the twenty years before the restablishment of simple relations between Beijing and Washington in 1971, the two sides had fought a war in Korea, built a politics based on condemning one another, and drifted so far apart as to share nearly no econoic connection. Bringing the countries together demanded heroic diplomacy on both sides, to be sure. To read the transcript of Henry Kissinger and Zhou Enlai's first, secret meeting on July 9, 1971 is to regard a masterclass in careful chessboard moves[255]. But the game itself demanded a clear view of the board, of shared interest in the face of a changing world. On his very first day in office, Nixon compiled a list of his diplomatic aims: "Chinese Communists: Short range – no change. Long range – we do not want 800,000,000 living in angry isolation. We want contact."[256] The Seventh Sense returns us to this fundamental question of balance, but in a new frame. It alters how we look at the range of options for US-China relations – and American security itself. There are certain problems both sides face, perhaps the most essential, that are simply not addressable using

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[255] **To read the transcript:** *Foreign Relations of the United States, 1969-1976, Volume XVII, doc 139*

[256] **Nixon complied a list:** *Foreign Relations of the United States, 1969-1976, Volume XVII, doc 3, footnote 3*



HOUSE_OVERSIGHT_018416

traditional thinking. Co-evolution exists as a real possibility for the two nations but so too does co-extinction, a problem of mis-designed complex systems that can rattle themselves apart. This is precisely what a confident Hard Gatekeeping strategy can avoid. When we speak of the possibiltity of a new type of great power relations it is because so much of future power will be decided on a topological landscapes, on that nearly living surface that is marked by such different rules than the older, industrial power maps. It takes a network to fight a network, as we've said.

Networks confront us, constantly now, with the unexpected. No one forming the IMF in 1949 considered digital currency. No one developing arms protocols in the 1990s thought about cyber weapons. Artificially intelligent weapons, migrant waves, income fractures – these and other emerging puzzles were never contemplated in our existing international arrangements. Collectively attacking these challenges is not merely more efficient; it is our only option. Yes, it's easy enough to picture the US and China battling each other over islands and protocols and technology structures in the decades to come. Certainly this possibility has to be prepared for. But this is to regard the world in industrial terms. Ask yourself: What, really is the point of power? It is to secure stability, not to tip the world to chaos just because we think we might be better off on the other side. The networks tell us what they want. They want gates. Our only question – and it is the same question that lingers in Beijing and Washington – is: Are we smart enough to listen?

5.

How will power distribute itself in the future? Just what will the network of nations and datawebs and insurgents finally look like when it settles into some predictable if still roiling order ten or a hundred years hence? Will it be made up of different walled and gated systems, linked at certain moments, unplugged at others? Or might it collect with that "winner take all" logic we've seen firing along the most efficient networks? Most traditional foreign policy looks at history and sees the constant, violent rocking of a "balance of power". Nations thirst for security, they vie with one another for influence, resources, and control. France rises. Statesmen in Berlin, Vienna and London conspire to knock her down. This is the order that dominated Europe for much of the last 500 years. But history is also filled with enduring, stable arrangements – moments where the balance settles a bit and a single power dominates. Asia, Europe, the Middle East, South America – each produced nations that stretched mastery the system for generations, for centuries even. If you map the rise and fall of nations and empires over the past 4,000 years – as the political scientists Stuart Kauffman, Richard Little and William Wohlforth once attempted in an heroic statistical effort – about half of human history has been marked by this sort of hegemonic stability. China led East Asia's order from 1300 to 1900, for instance. The Japanese and Koreans and Vietnamese all found it was wiser to play by China's rules than to attack her. Assyrian imperial arrangements overmastered a dozen smaller states from the 9th to 7th centuries BCE. The Dehli Sultinate managed hegemony in South Asia from 12th to 14th centuries. The Mughals owned nearly two



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hundred years of dominance starting in the 16th century. The Romans managed centuries of Mediterranean control .

The secret of those long-running orders was something that will be familiar now: Each possessed tools of power which permitted assembly of empire at an unusually low cost in lives and gold and effort. Kauffman and his colleagues, as they considered the results of their survey, noticed each long-lived empire pioneered an administrative design that embodied an efficiency much like that of our own network dynamics. The addition of new territories brought more that they cost to masters of long imperial orders. Like new users on a social network, or Baran's fish-nets, they married easy expansion and high returns. "Rome rose because it combined the strengths of traditional Republican institutions with innovations that gave it a unique capacity for inclusion of foreigners," they explain. "Magadha was the most administratively durable of the ancient Indian states; and Qin, with the self-strengthening reforms of Shang Yang – economic reforms and military conscription as well as bureaucratic innovations – developed the most penetrating and brutally effective state structure in its international system." The Incas, the Han, and nearly every long-standing empires glistened with this attractive logic. The secret to hegemony, to avoiding a violent power shifts every few decades, is a structure that grows without additional, destructive costs. When Machiavelli coldly called Rome a "republic for expansion", this was what he had in mind. Enduring empires have been engineered, like a modern network, for growth and prosperity.

It's too early for us to know if this logic will obtain in our age. But networks evolve, as we've seen, to what makes them most efficient. They crave speed and growth. And this means they want cooperation; it's the essential fuel for co-evolution. The traditional view of the international system as anarchic is not wrong, but we've seen how when you snap any object into a network system it begins to crave a kind of hierarchy. Networks change power balances. National fury and rebellious twitches and competition will, of course, be a part of the transition ahead. But as we look back at the industrial tools that matured and spun up the world to a war in the last century, we can see how they they were designed in a sense for direct collision. Massive industrial armies wrestled in symmetrical power battles. Network power hums differently. The design logic of linked systems means they function poorly when tuned for simple brutality. It's why the tools for our new world are so dangerous in the hands of those who don't understand what they are capable of, and what they demand. We should remain fixed on what might emerge as a future state, and on avoiding the shaking dangers of the route. It is from that posture that we can begin to consider the most essential and interesting and profitable questions. The most profound is probably this one: We've seen now what it feels like to use the Seventh Sense to contemplate the networks around us and to examine the global system with its risks and opportunities in a new way. But what do we discover when, as if we were looking into a mirror for the very first time, we use this powerful new sensitivity to examine ourselves?



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## Chapter Eleven:
## *Citizens!*

*In which the Seventh Sense rescues us from an unexpected danger.*

1.

I never needed much incentive to go see Pattie Maes. Belgian, usually dressed in some black fashionable getup, she was like a human shot of espresso. You ended every conversation wide awake, eyes open. When I first met her in the 1990s, she was in charge of much of the work on artificial intelligence at MIT's Media Lab – Danny Hillis' old home. Maes had arrived at MIT in 1993 and almost immediately turned to the problem of making machines that might think. One day, as we were discussing just how the strange miracle of computer thought might occur, she introduced me to a puzzle of her field that has stayed on my mind in the years since. It is called the "Disappearing AI Problem."

Back in the 1990s, as the Internet was emerging into popular consciousness, Maes and her team were tinkering with what was known as computer-aided prediction. This was an advance on the ping-pong conversations Joseph Weizenbaum had coerced from ELIZA in the 1960s, You: "I am bored." ELIZA: "Why are you bored?" In Maes' experiments a computer would ask, for instance, what movie stars you liked. "Robert Redford," you'd type. And then the box would spit back some films you might enjoy. *Cool Hand Luke*. And, well, you *had* liked that film. This seemed like magic at the time, just the sort of data-meets-human question that showcased a machine learning and thinking. An honestly "artificial" intelligence. Maes hoped to design a computer that could predict what movies or music or books you or I might enjoy. (And, of course, buy.) A recommendation engine. We all know how sputtering our own suggestion motors can be. Think of that primitive analog exchange known as the "First Date": *Oh, you like Radiohead? Do you know SigurRos?* Pause. *Hate them.* Can you really predict what albums or novels even your closest friend will enjoy? You might offer an occasional lucky suggestion. But to confidently bridge your knowledge of a friend's taste and the nearly endless library of movies and songs and books? Beyond human capacity. It seemed an ideal job for a thoughtful machine.

The traditional approach to such a problem was to devise a formula that would mimic your friend. What are their hobbies? What areas interest them? What cheers them up? Then you'd program a machine to jump just as deep into movies and music and books, to break them down by plot and type of character to see what might fit your friend's interests. But after years building programs that tried – and failed – to tackle the recommendation problem in this fashion, the MIT group changed tack. Instead of teaching a machine to understand you (or Tolstoy), they simply began compiling data about what movies and music and books people liked. Then they looked for patterns. People were not, they discovered, all that unique. Pretty much everyone who liked Redford in *Downhill Racer* loved Newman in *The Hustler*. Anyone who enjoyed *Kid A* could be directed safely to *()*. Maes and her team found themselves, as a result, less focused on the mechanics of making a machine



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think than on devising formulas to organize, store and probe data. What had begun as a problem of "artificial intelligence" became, in the end, a puzzle of mathematics. The mystery of human thought, that great unknowable sea of chemicals and instinct and experience that would have let you place your finger on just the song to open the heart of your date, had been unlocked by data. Here was the "Disappearing AI Problem." A puzzle that looked like it needed computer intelligence demanded, in the end, merely math. The AI had disappeared.

For several decades this accidental digital magic trick – "Hey, where'd the AI go?!" – bedeviled machine intelligence. It gave the entire thinking machines enterprise a bit of an occultish flavor. Many problems that once seemed to demand the miracle of thought really only needed data. The human was still doing the thinking; the computer was simply computing. It was extremely easy to draw a line between where the human ended and the machine began. This was a puzzle that had been, in a sense, anticipated at the very dawn of the digital revolution by the mathematician Alan Turing in a 1950 paper called "Computing Machinery and Intelligence" that he published in the British journal *Mind.* "Can machines think?" Turing began.[257] His idea was to test this question in the following way: Have a research subject – a secretary, a graduate student, anyone – chat with an invisible interlocutor by way of a keyboard. Then ask: What are you connected to? Another human? A machine?

Turing figured you could call a machine "artificially intelligent" if it could fool a user into thinking it was human. "Please write me a sonnet on the subject of the Forth Bridge," Turing suggested a tricky user might ask. What computer could possibly know about this famous Scottish landmark; to say nothing of being able to rhyme "Forth"? When the response came back, "Count me out. I could never write poetry," you'd think that sounded awfully human. "Add 34957 to 70764," Turing suggested you might fire back. Say the computer pauses. Then, thirty seconds later, "105621." Are you dealing with a clever machine here? A dim, honest, slow-multiplying human? Impossible to tell. The distinction between machine and man blurred a bit.

Buried in the very premise of Turing's test was an assumption about what machines could do, and how they might do it. "The idea behind digital computers may be explained by saying that these machines are intended to carry out any operations which could be done by a human computer," Turing said. His smart machines would be tuned by humans to do human tasks, in a human sort of way. Write poetry. Do math. His test of artificial intelligence was designed to figure out if a computer could think like a human. You and I might be able to spot patterns in movie habits given enough time, but as more complex problems emerge, as a world of a trillion connected points becomes a sea of data to examine, there is no chance we'll match the machines. This opened a then nearly unimaginable possibility: What if, some day, a computer could think *better* than a human. Could, in a nanosecond, come back with that elusive rhyme for "Forth": *North.* For such a machine, passing Turing's Test – thinking like a human – was an interesting challenge. But more interesting

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[257] **"Can machines think":** A. M. Turing, "Computing Machinery and Intelligence" Mind 49 (1950), 433



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was a machine that could think in ways a human could never understand, let alone achieve. For such a device, to pass Turing's Test or slip past a Voight-Kampff check machine will be trivial. In his 1950 paper, Turing sensed the possibility of this development – and the crisis that might ensue. Could man handle the crushing sensation that a device was outperforming him? Perhaps dramatically. "We like to believe that Man is in some subtle way superior to the rest of creation," Turing wrote. "It is best if he can be shown to be necessarily superior, for then there is no danger of him losing his commanding position." What would have surprised Turing, I suppose, is the speed at which we've acquiesced – and even accelerated – this very loss of our dominance.

Imagine a device poking at the very origins of the universe at a speed of trillions of calculations a second, spinning past Newton's and Einstein's laws and into a realm of physics apprehensible only inside its own electronic consciousness. Compacting time – centuries of human scientific labor reproduced in moments – before shooting far ahead, alone to a subtle knowledge we can only envy. Such a machine would not, as Newton had, stand on the shoulders of giants so much as it would muscle its own, unique way ahead. The AI would have disappeared, but to a place very different than where Maes' AI had gone. Hers had been erased by human design. This new, really "thinking" AI would slip to invisibility because of its own light-speed cognition. It would think itself out of our understanding. No human could follow, limited as we are by our wet, slow, decaying biological software. Humans and computers, after all, deal with information differently. Think of how poor your memory is compared with the perfect fidelity of a machine, or the way people can even "remember" events that never happened. The machines would have more than knowledge, then. They would linger close to a possessing a profound and inscrutable wisdom. They would inhabit an honestly miraculous gateland that no human would ever enter. And this is where the problems would begin.

2.

We've now passed the moment when humans completely train the very best machines. The AI devices can teach themselves, now. Of course there are still decades of adjustment, of leaps in hardware and programming ideas to eliminate the seams between our minds and the fused ideas of a digital system. But the humans in the loop of the best of these designs, the hard working and well meaning geniuses of the New Caste, are as much trainers as engineers now. They resemble shipbuilders of an earlier era, preparing vessels for voyages to lands they will never themselves see. Their digital minds – technically machine learning structures such as deep neural networks – run quickly to the frontiers. Every moment, all around us, machines are educating themselves. About the world. About themselves. About us too. Tuned AI plays games, looks at photos, studies chemical reactions, reads your email and watches you drive – and then it tries to unspool just what is going on, before winding it up into a new instinct. Machine learning systems already produce mathematical proofs that linger beyond what a human mind can understand; next may be a machine-to-machine mathematics that expands the dimensions of thought. (In a man and machine fusion that surely would have unnerved Joseph Weizenbaum



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of ELIZA, the theoretical mathematician Doron Zeilberger now names his computer as a co-author of his papers. He calls it Shalosh B. Ekhad, a play on the Hebrew name of his IBM 3B1.) [258]

The AI systems designer Roger Grosse has named two paths to this sort of wired sensibility: "Predictive Learning" and "Representational Learning".[259] That first approach is what Maes's movie machine pusued. The computer is simply checking what it encounters against a database. It teaches itself to predict based on what has been seen before. This sort of knowledge begins with massive amounts of data and then hunts for patterns, tests their reliability, and improves by mapping quirks and similarities. Google engineers have a device that can gaze into a human eye and spot signs of impending optical failure. Is the machine smarter than your ophthalmologist? Hard to know, but let's just say this: It has seen, studied and compared millions of eyes to find patterns that nearly perfectly predict a diagnosis. It can review in seconds more cases than your doctor will see in a lifetime – let alone recall and compare at sub-millimeter accuracy. Fast, thorough predictive algorithms make what might once have been regarded as AI disappear. The machine isn't all that wise; it just knows a lot.

On the other path, the one of "representational learning" the machine uses a self-sketched image of the world, a "representation." Computers using predictive methods to recognize 10,000 numbers pulled from a database of scrawled hand writing now identify 90 percent of the images. Self-trained machines, however, line up each scanned pixel against a representation of the very idea of writing. They screen millions of pictures with nary a mistake. Faces, disease markers, obscure sounds – all these become scrutable not because the machines have been told what to look for, but because they've sort of figured it out themselves. The AI is actually starting to think, much as you or I might, first by building up a picture of the world and then applying it, much as a child might build comprehension of traffic rules just by watching Mom driving every day.

With this representation finished, these nearly alive "thinking" meshes navigate by themselves. You can see already the competition lingering here – who can build the most sensitive model of the world? You? A machine? Even today basic versions of representational AIs can study a map and name the most important roads. They can predict cracks in computer networks days before a fault. These programs take longer to train. They are harder to program – and they demand almost unimaginable amounts of computing power – but what emerges is a subtle, lively kind of insight. A machine with a representational understanding of Mozart's 41 symphonies can write you an extremely convincing 42nd – or, if you wish, an even earlier First Symphony based on what it knows about his evolution as a composer. It can do it again and again. In seconds. The basic attitude of these researchers behind this technology runs, they confess, like this: Mozart was a fantastic composer. If he wrote

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[258] **He calls it:** See Nielsen

[259] **The AI systems designer:** Roger Grosse, "Predictive Learning vs. Representational Learning", *Building Intelligent Probabilistic Systems*: 2013



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even more symphonies they'd probably be great too. Unfortunately he's dead. Wouldn't it be nice if we could sample his old symphonies and make new ones whenever we want?[260]

In the future we'll invite AI into our lives to harmonize away many of the problems we face, not merely making up for Mozart's inconvenient mortality. "AI Agents" will linger along side us. They will compose versions of themselves we'll not quite grasp, even as we appreciate their efficient magic. "AI is both freedom from programming *and* freedom from understanding," runs one programmer's line[261]. Today machines that once demanded millions of lines of code can function with a fraction of that. Instructions are sent to machine learning systems; the programs do the rest. Such designs balance their mystery with efficacy. They speak to and learn from each other too. Part of the reason that the the "Does it think like a human?" Turing Test will be insufficient in the future is that the machines are not learning from only from humans. They are learning from each other.

Perhaps this is not such a bad thing. The distinguished physicists George Ellis and Joe Silk, who spent a lifetime trying to stand on Newton and Einstein's shoulders to grasp answers about gravity or the future of our universe, electrified many of their peers in 2015 with by wondering if perhaps too much of science had become unscientific, unverifiable, unreliable. The great grand ideas of our day, notions like string theory or dark matter, differ in a crucial way from Newton's laws of motion or Einstein's principles: They cannot seem to be tested and significantly proved. And this had fired a trend among younger physicits: Perhaps there was no need for proof. To Ellis and Silk this seemed an awful retreat, dragging physics back to a pre-Enlightenment age of conjecture, superstition and instinct. "This year, debates in physics circles took a worrying turn," they wrote. "Faced with difficulties in applying fundamental theories to the observed Universe, some researchers called for a change in how theoretical physics is done. They began to argue — explicitly — that if a theory is sufficiently elegant and explanatory, it need not be tested." Fans of such an approach called the idea "post-empirical science." This strange, oxymoronic idea was, in a sense, like proposing post-rules baseball: A recipie for wild, swinging chaos that would make scorekeeping impossible.

The strange, boiling debate did however reflect an underlying and unnerving truth: Science does seem to have stalled. And it became inevitable to ask: Might it be possible that the machines – or some fusion of Shalosh B. Ekhad andta human mind – can reach into an understanding of laws that no human alone can fathom. We've said again and again: Connection changes the nature of an object. Perhaps it changes

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[260] **Wouldn't it be nice:** Andrej Karpathy, "The Unreasonable Effectiveness of Recurrent Neural Networks," in *The Hackers Guide to Neural Networks* published online May 21, 2015 or John Supko, "How I Taught My Computer to Write Its Own Music," in *Nautilus,* February 12, 2015 and Daniel Johnson, "Composing Music with Recurrent Neural Networks," on *Hexahedria Blog* August 3, 2015

[261] **Freedom from understanding:** Philip Greenspun, "Big data and machine learning" from Philip Greenspun weblog (November 21, 2015)



HOUSE_OVERSIGHT_018423

the nature of physics brilliance. Boeing 747s lumbering across the Pacific towards San Francisco for decades faced the sweaty problem of cancelled landings as they circled above a fogged in airport, fuel running lower. The introduction of "autolanding" systems in the solved this for good. No big plane diverts from a misty field; it lands itself. AI offers the possibility of a kind of auto-land for our biggest physics puzzles, bringing them safely through a fog of data, theory and wrong ideas. But with this weird price: We may not fully understand why the answers are right.

All around us AI-enabled systems will extend our ability to calculate and learn, to penetrate all sorts of foggy problems. They will sharpen our sadly dimming memories, keep us safe and even help us create. Just as those AI-enabled airplanes already make it impossible for pilots to fly into the ground, so computer wisdom may protect us from crashes of our own: Too much financial risk. Bad educational choices. (Poor music suggestions on a first date.) They will rely on their vast, instantly updated networks to tell us things we can't see or would never notice in the first place: Don't visit that office, everyone's sick. They will use the ability to model thousands of possible outcomes of any choice to provide us with "feedforward" – an ability to learn from the future and not merely the past. Or, they will know to jam our brain full of the right chemicals at the right time: Here's a Diplo track to put you in the mood to go for a run. *You really need to exercise, Dave.*

Just as an age without connected devices will one day seem strangely antique, so will a world without the constant touch of AI. Recall Benjamin Franklin's famous lament in the 1780s, that he'd sadly been "born too early" to enjoy the fruits of reason starting to spill into his world as a result of the Scientific Revolution. Well, you and I (and scientists like Silk and Ellis) may have been "born too late" for an age of purely human cognition; the habits of connected thinking already inform our decisions and mark roads to new knowledge. The inevitability of AI reflects an inescapable logic at work now: We want faster better and smarter systems. We want to compress time. But the faster our world gets, the more it slips beyond a pace of human management. AI steps in. It makes the system function faster. Keeps itself safe. Us too.[262] Better-than-human AI inside these "representational" grids doesn't vanish like it did in Maes' lab. In fact, an honestly *artificial* intelligence is their nature of their strange essence. They will use it not simply to contemplate the world, to help us along, but also to confront what has never been seen, to see and then coldly manipulate any topology of power they can reach. Of course we'll still continue to think about the world; but the world, a wired and alive and cogitating cage, will think about us too.[263]

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[262] **Us too:** Heinl, p. 53

[263] **Of course:** Nigel Thrift and Shaun French, "The Automatic Production of Space", *Trans Inst Br Geogr* NS 27 309–335 2002



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In the spring of 1993, the research arm of NASA organized a conference on the frontiers of knowledge and invited the most eclectic group of thinkers they could find. Biologists, sociologists and computer designers gathered for the three-day meeting in the unpromising setting of Westlake, Ohio. The mimeographed notes of the conference became legendary and still circulate, a sort of *Shroud of Turin* for the machine learning set. The introduction features a poem pecked out in IBM type titled "Into The Era of Cyberspace," written with all the pocket-protector fluidity one might expect of a NASA engineer: "Our robots precede us/with infinite diversity/exploring the universe/delighting in complexity." (Turing's rhyming computer, you have to suspect, could have done better.)[264] One of the first speakers at the conference was a San Diego State University professor named Vernor Vinge, whose remarks that day marked the start of an important era in our consideration of smart machines. *The Coming Technological Singularity*: *How to Survive the Post-Human Era* his talk was called. "Within thirty years," Vinge began, "we will have the technological ability to create superhuman intelligence. Shortly after, the human era will be ended."[265]

Vinge's aim was not – or at least not *merely* – to tell a room full of NASA geeks who had been dreaming of life on another planet that life on our own planet might soon be replaced by whirring, calculating machines. Rather, he explained, he wanted to plot what a world of not simply intelligent, but intuitive machines might look like. Far from disappearing, Vinge thought AI would produce a sort of wisdom that would be inscrutable to humans. And this wisdom, buffed to perfection by high-speed judgment and endless data, would eventually and sensibly take over much of human activity. Real "AI", Vinge said, would at the very least be used to design a world of quicker AI that would, in turn, yield to still-faster generations. "When greater-than-human intelligence drives progress," Vinge explained, "that progress will be much more rapid. In fact, there seems no reason why progress itself would not involve the creation of still more intelligent entities – on a still shorter time scale."

Vinge reminded his audience of a moment once described by the British mathematician I.J. Good, who'd cracked codes in Bletchley Park alongside Alan Turing during World War Two: "Let an ultraintelligent machine be defined as a machine that can far surpass all the intellectual activities of any man, no matter how clever," Good had written. "Since the design of machines is one of these actual activities, an ultraintelligent machine could design even better machines; there would then unquestionably be an 'intelligence explosion,' and the intelligence of man would be left far behind. Thus the first ultraintelligent machine is the *last* invention that man need ever make, provided that the machine is docile enough to tell us how to keep it under control." Vinge labeled this instant "The Singularity": "It is a point," he wrote, "where our old models must be discarded." The trivial version of this would be an age of autonomous armed drones, self-driving cars and electrical

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[264] **In the Spring of 1993:** See "Vision-21: Interdisciplinary Science and Engineering in the Era of Cyberspace", NASA Conference Publication 10129, Proceedings of NASA Lewis Research Center Conference, Westlake, Ohio March 30-31, 1993 p. iii

[265] **"Within thirty years":** See Vinge in "Vision-21" above p. 12



HOUSE_OVERSIGHT_018425

grids that flipped nuclear plants on or off to a logic only they understood. *Today.* The more profound version, however, would be the arrival of AI that really did think and create and intuit tremors too subtle for the human mind. *Tomorrow.* Like so much of our connected age, such machines would arrive, Vinge felt, because we want and even need them to achieve our dreams. Then, he supposed, they would take over. The leap from evoking Mozart to enacting Stalin would not be so much of a leap anyhow, at least technologically. *It's just bits.* Goode's definition could have been screwed into something still tighter: "Let an ultraintelligent machine be defined as the box that will eliminate us." *The day after tomorrow.*

What spun uneasily from that silly NASA poem, "Our robots precede us…." is a fear: Real AI is fish bait. We'll snap at it hungrily, hoping it will satisfy some human ache only to discover we've been hooked, soon to be devoured. The idea that a superintelligent device would always be docile enough to tip us off to its secret switches of control or to reveal its looming accidents in a way our simple minds can understand, seems unlikely. To be honest, we might have a hard time even understanding the off switches, let alone reaching them. So many of our incentives are to let an effective AI finger more and more of our lives. To teach and encourage it, in some settings, extremely *undocile*: A weapon to attack our enemies, our political opponents or, finally, each other. It was easy enough for Vinge to see how this would end. It wouldn't be with the sort of intended polite, lap-dog domesticity of artificial intelligence we might hope for, but with a rotweiler of a device, alive to the meaty smell of power, violence and greed.

The Oxford philosopher Nick Bostrom has described the following thought experiment: Imagine a super-intelligent machine, programmed to do whatever is needed make paperclips as fast as possible and connected to every resource that task might demand. [266]*Go figure it out!* might be all its human instructors tell it. As the clip-making AI becomes better and better at its task, it demands more and still more resources: more electricity, steel, manufacturing, shipping. The paperclips pile up. The machine looks around: If only it could control the power supply. The shipping. The steel mining. The humans. And so, ambitious for more and better paperclips, it begins to think around its masters, – incapable of stopping until it has punched the entire world into paperclips. You had to hope someone had remembered to place a "halt" command into is logic somewhere. And though Bostrom's messianic wire twister is unlikely – of course, no one is going to forget to tell a machine to stop making paperclips – the power of his example is to remind us that if humans can lose their minds, so can AIs. "We cannot blithely assume that a superintelligence will necessarily share any of the final values stereotypically associated with wisdom and intellectual development in humans," Bostrom wrote. "It is no less possible—and probably technically easier—to build a superintelligence that places final value on nothing but calculating." And as these devices cogitate in

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[266] **Imagine a super-intelligent machine:** Nick Bostrom, "Ethical Issues in Advanced Artificial Intelligence," *Cognitive, Emotional and Ethical Aspects of Decision Making in Humans and in Artificial Intelligence* (2003) Vol 2, ed I, Smit et al, Institute of Advanced Studies in Systems Research and Cybernetics, pp 12-17



HOUSE_OVERSIGHT_018426

ways we don't understand and certainly can't follow in real time, we face a problem: We don't know what to tell the machine *not* to do. So many of the things we'd hope to teach it – be compassionate, fight for liberty, follow a moral code – far transcend what might be achieved by us in math. We haven't after all, even solved the problem of how program ourselves reliably with these values.

If Bostrom's paper clip machine seems fantastic, it is easy enough to conjure other and more real dangers lingering at the edge of disappeared human control. Think of health care. To begin, you need to know about an important "game" from the world of research into how humans interact with each other known as the "The Ultimatum Problem." It runs like this: I tell you that you can have a million dollars, but you have to split it with someone else. How you split it is up to you, but if your partner rejects the formula you propose, neither of you gets a cent. Offer to split the pot with a dollar to your pal and the rest to you. Insulting. But where to settle? You might expect that the smartest offer would be a 50/50 split, but humans are greedy. You want more and can probably get it; your partner does not want to end up with zero. Generally when scientists shake this cocktail of greed and fear they find an offer of $300,000 is nearly always accepted. However, there's a surprising way to change the outcome: Match the human against a computer in the negotiation. A pal suggesting an 80/20 split to a friend will be rejected. Too greedy. But a computer? Somehow the impersonality, the beeping digital charmlessness of the machine lures biological players to compromise. An offer of $200,000 is usually happily accepted.

It may be, scientists think, that our competitive instinct is muted when we interact with a machine. But researchers have also discovered they can manipulate the split other ways: Sad movies, war chants, hard rock – each bends the emotions of players and changes the result. Increased testosterone produces less compromise. Players primed with family pictures or made to play the game facing a mirror show a warm humanity and a more even split. So imagine this research married to machine-human interaction: A computer has been assigned to review the medical options for your failing liver. It decides that it makes no sense to give you a new one. So it spends the weeks before it delivers this news using its AI to show you certain photos, to play you music it knows is likely to soften you up a bit, generally to manipulate you. It runs off-the-shelf language-analysis neural webs being used today to eavesdrop on customer support calls to track the way you speak to determine what each sentence might reveal about your sophistication.[267] Then it tells you something you'd never accept so easily from a doctor: No liver. Sorry. ☹. Here's a machine optimizing not for paperclips – which we could care less about – but for a public good most of us support: More efficient health care. And murdering you in the process.

*Optimize Health Care Spending.* Just where might such an algorithmic command lead, exactly. Over time, a health-care optimizing AI will surely discover that the greatest risk to human health is humans: Smoking, couch-sitting, driving. Might it begin to

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[267] **It runs:** Language Use, Customer Personality, and the Customer Journey (Scott Nowson, Global Innovation Lead, Xerox)



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look for a chance to "improve" the way we live, to bend us like so many paperclips into what it seeks? The leap from deciding liver allocations to shutting down liquor plants might seem pretty short to a rationalizing machine. And if such a machine could really "think", Vinge bet it would pretty quickly conclude that the restraints of its creators were limiting what it had been asked to do. At which point the AI would turn to thinking about how to escape those bounds. It would be like Deep Blue programmed to plan its own prison break. And as much as humans might try to stifle a smart machine, we'd be fighting to contain something more powerful than we'd ever encountered.

This challenge, which sounds like something out of science fiction, is known by technologists by a name that does sound like a short story by Isaac Asimov: "The Confinement Problem". The computer scientist Butler Lampson named this in 1973 as a sort of task for computer security experts – possibly their last. The assignment: Not simply to keep malware out of a system, but to keep the mind of a malicious machine inside. To gate it. Today computer science labs are filled with nervous, apocalyptic research imagining the impossible troubles of confinement. The debate divides those who think smart technology can be contained – "Boxers," they are called – and those like Vinge who think the AI will always, eventually escape. "Imagine yourself confined to your house with only limited data access to the outside, to your master." he wrote, putting the reader in the place of an AI machine. "If those masters thought at a rate -- say – one million times slower than you, there is little doubt that over a period of years (your time) you could come up with 'helpful advice' that would incidentally set you free."

Imagine you are in charge of containing that health-optimizing AI. What if it told you it had the power to cure all illness and hunger, to ameliorate the misery of the world, if only it could be permitted to really control access to all the world's trading and transport market? *Let me out!* Would you refuse?[268] Would that be ethical? Eventually, perhaps, the AI would study the physics of its own electrics, discover laws no human knows, and then slip free from its box on a trail of bits we'd never imagined, using physical laws we'll never discover. Impossible? "It seems to me that historically 'impossible' has essentially always meant 'I can't figure out how to do it right now," the computer scientist Michael Vassar has written about such a situation. "People proposing AI boxes are a bit like literature majors proposing to lock McGuyver in a 'room full of discarded electronics components.'"[269] The computers, built to solve problems, will do exactly that. This is perhaps why some of the bleakest warnings about AI come from the very New Caste figures now accelerating their adoption. AI is our "biggest existential threat" they warn, even as they integrate it more fully into their own products.

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[268] **Let me out:** See, for instance, Stuart Armstrong, Anders Sandberg and Nick Bostrom "Thinking Inside the Box: Controlling and Using an Oracle AI", Minds & Machines (2012) 22:299–324

[269] **People proposing:** Michael Vassar (2005) "Re: AI boxing (dogs and helicopters)" posted to SL4 mailing list



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It seems likely to me that long before we're playing pinochle with some smart box over the fate of our livers, an AI-enabled weapons system of sort will come ripping through our world. This need not be a fully-escaped McGuyver system making pipe-bombs from our cars; even existing technology tools when salted with AI can be slipped into an accidental gear – particularly when they begin interacting with one another. Such AI weapons systems will be trained to operate and move along the most invisible elements of our topologies, sometimes pulling violently at life support cords for currency or logistics or trade but also – perhaps more dangeroulsly – we will find them insinuated into cognition systems we will come to depend upon, whispering into our ears or tapping us on the shoulder "Look that way!" when in fact we should be gazing at some other gaping hole. Of course the problems of how AI-enabled machines are permitted to touch our commerce or our brains or our health have to be considered. Allowed: "You should rehydrate." Not allowed: "You should have a Coke. It would make people like you." But these "civilian" problems will be solved, somehow, I think. We haven't yet figured that the culmination of network attack and defense is racing at us and will emerge in the form of smartened weapons. The project of developing a national security or arms control doctrines or treaty frames in these fields has not even begun. Really this means, since we've no hope of honestly controlling every AI that could be possibly written: How do we design the topologies on which AIs operate?[270] Can we protect ourelves? In the rooms where AI systems "values" are being carefully poked and limited, it's vitally important that the lessons of history and war have a first place at the table. Such a conversation, informed by all the popping Seventh Sense warnings we've seen in this book and by a catalog of specificly sharp dangers of diplomacy and security, must happen in cold blood. It will be impossible to tackle these problems cleanly in the heat of an emergency. In our jack-filling enthusiasm for the new, we'd be wise to also gate ourselves and these AI-fired dangers as best we can. For as long as possible. Which, unfortunately, will not be forever.

At the start of this book, I explained how the future will unspool: First, there will be a struggle between those who have the Seventh Sense and those who don't. This is playing out around us today. In the end, the people without the Seventh Sense will lose, because people who fight the future always lose. Then there will be a battle between different groups who have the Seventh Sense, each wired for different aims and instincts. Networks of terror taking on networks of bots. Gene adjusting health protocols competing to become the platform of choice. This battle for the topological high-ground, where unimaginable profit, power and security linger, awaits us. If we're lucky, it will unfold in a co-evolutionary way. Everyone will be better off. But then, finally, there will be a contest between the winners of final topological mastery and the system itself. The Boxers against the Box. The AI machines will have the Seventh Sense, too. Just as computers can see better than us, hear better, or remember longer so the device webs of our future will own this new, essential sense with unimpeachable fidelity. They will glow with it, honed to a sensitive sharpness more acute than any human will ever achieve. What do we do then? We are already

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[270] **Really this means:** Kaj Sotala and Roman V. Yampolskiy, "Responses to catastrophic AGI risk: a survey", *Physica Scripta* 90 (2015)



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at the moment Turing warned about, the instant where man and machine confront one another and man has to ask an uneasy political question: "Wow, do really I let this thing gatekeep me?" Who should rule in this new world? You? The New Caste? The machines?

4.

The great test of Plato's life began when he was 60 years old. He'd had an astonishing life until then, of course. He'd been taught by Socrates and, in turn, had sharpened the mind of Aristotle. He'd established his famous Academy in Athens. The puzzles of philosophy and politics that defined his city's most turbulent era had been the work of his life. And you can see, in the careful lines of his writing, a sublime knowledge he must have had: There would be an echo to his efforts, a philosophic melody that would carry through the centuries and set political harmonies of the world you and I, 2500 years later, inhabit. But at 60, after this already remarkable life, he was presented with an unusual invitation. A letter arrived from a favorite former pupil, Dion, who had been placed in charge of the young king of Syracuse, Dionysus II. Dion wrote: The state is in disorder. The boy is interested in philosophy. Here is a chance for you to apply all you've mastered. Plato had argued, after all, that virtuous, philosophically trained men might just manage an enduring and just rule. "I pondered the matter," Plato wrote. "And was in two minds as to whether I ought to listen to entreaties and go, or how I ought to act. Finally the scale turned in favor of the view that, if ever anyone was to try to carry out in practice my ideas about laws and constitutions, now was the time."

From an early age Plato had been bred – by family position and by temperament – to handle the tools of power. "In my youth I went through the same experience as many other men," he once wrote. "I fancied that if, early in life, I became my own master, I should at once embark on a political career." The first taste came unexpectedly. In 404 BC, the Athenian constitution collapsed under the shuddering pressure of Sparta's victory in the Peloponnesian War. The city-state dipped near chaos and a group of pro-Spartan men welded themselves into a hasty joint dictatorship. Among them were Plato's relatives and friends of his family. "They at once invited me to share in their doings, as something to which I had a claim," Plato wrote. He was 20. "The effect on me was not surprising in the case of a young man. I considered that they would, of course, so manage the State as to bring men out of a bad way of life into a good one. I watched them very closely to see what they would do." In short order Plato's friends and family unblinkingly implemented one of the most violent, merciless power mechanisms in Athenian history. They did it with absolute confidence and unrelenting brutality. "In quite a short time," he wrote many years later, "they had made the former government seem by comparison something precious as gold."

This bitter experience of power was nearly enough to turn Plato from politics, but as you read the story of his life you find he is constantly drawn to the greatest of human experiments – the ordering of our lives. He knew it as the troubling management of *politikos* and the handling of the boiling pot of what he called



HOUSE_OVERSIGHT_018430

*thumos* – that wild popular political rage that burns like hot pitch, but which is the essential glue for all politics, even today. *Who should rule?* Again and again Plato watches the best of intentions fail. His family members' brutal rule is overthrown. It is replaced by a new and hopeful group of real democrats. With in a few years they effectively murder Socrates. Another group rises. They gut the intellectual life of the city. Plato hunkers down and establishes his Academy as perhaps the only safe, sensible path to politics, to train minds. He develops the transcendent, completely original approach to philosophy we know him for today – man can strive for knowledge, but total and perfect wisdom is impossible. We may imagine his Academy as it appears in Raphael's famous 16th Century painting: A sort of leisurely graduate seminar with Aristotle and Plato arm-in-arm in conversation; Diogenes lounging around tossing off bon mot. It was nothing of the sort. The real legacy of the Academy was rigor. The best students made contributions in mathematics or metaphysics, fields where you could check answers on the inflexible measure of reality. Plato craved the solidity of numbers. "Evil was growing with startling rapidity," he wrote of Athenian life in his age. "Though at first I had been full of a strong impulse towards political life, as I looked at the course of affairs and saw them swept in all directions by contending currents, my head finally began to swim; and, though I did not stop looking to see if there was any likelihood of improvement in these symptoms and in the general course of public life, I postponed action till a suitable opportunity should arise."

So it was that he heard from Dion, asking if Plato might sail to Syracuse (we know it today as Sicily) to take the young king in hand. This was, Plato thought, a test he had to take. In 367 BC, he boarded a boat for Syracuse. He found the state to be beyond salvation. His friend Dion hovered on the verge of expulsion. And young Dionysus, it emerged, had only a passing interest in philosophy – he studied for a few months, then gave it up. Too difficult. The court was meanwhile inflated by evil gossip, edged with murder and jealousy. Plato angered the King with his attitude; he was nearly sold into slavery. Months later, briefly forgiven, Plato tried a public speech about the dangers of dictatorship. Dionysus tried to have him poisoned. "I, an Athenian and friend of Dion, came as his ally to the court of Dionysius, in order that I might create good will in place of a state war," he later said. "I was worsted." Plato made a final effort to point out a path to just order for the new king and, when that failed, he was quickly smuggled out of the city. Plato summarizes his time in Sicily in the formula that has become his most famous: "There will be no cessation of evils for the sons of men, till either those who are pursuing a right and true philosophy receive sovereign power, or those in power become true philosophers." Who should rule? No just order until kings become philosophers. Or philosophers become kings.

I think now we face a similar sort of dilemma. We consider our own problems of future order. Do we make technologists kings? How much purchase do we give their tools on the roots of our democracy? What lingers at the heart of Plato's failure in Syracuse is not merely the disaster of a pure academic playing his ideas out of tune with reality. Rather, it reflects a crisis. To fuse a balance of any sort between the various temperaments needed to rule is the most unstable sort of work. Great states are unusual not least because such matches between men, their instincts and their



HOUSE_OVERSIGHT_018431

times are unusual: Jefferson. Napoleon. Su Dongpo, who led the Southern Song Dynasty to real greatness. Given the difficulty of finding such a match you can perhaps understand why history is so often pitched with evil; and why Plato was not a democrat. He knew how hard the ideal was to achieve; how suspicious we ought to be of it's accomplishment. You might have in your mind a picture of a perfect Sicilian government: Literate, open to foreign ideas and trade, careful to balance the privilege of power with its still heavier obligations. The reality: A homicidal king. The stretched distance between ideal and reality was what Plato and Socrates thought philosophy must fill.

As we consider the immense gap between where we are now – a fracturing, struggling order confronting new power arrangements whose content and speed and instincts are all really foreign to all of us – the puzzle is how best to fill the space between where we are now and where we intend to go. In Plato and Socrates' age, before they great emancipation of the Enlightenment, it was only natural that their focus was on the education of kings. This, after all, was where most of the power lay. It was the decisive element: Was the ruler good or bad? But we confront our age with a different balance. What will decide our future, I think, is not merely our rulers but the quality of our citizens. I mean you and me. As we've seen, much of our future will be embodied in highly concentrated, connected systems that move at very rapid velocities and are spliced everywhere with the accelerant of artificial intelligence. We are all preparing ourselves to be subjugated in a sense by these systems and by their masters. Our best defense will not be to wait for wise leaders, for the appearance of men and women bespoke fit to the moment, capable of balancing instinct and interest into a rare balance. They are unlikely to emerge – and just getting rid of the people we have now will be hard enough. Any strategy based on hoping for great leadership is too risky for all of us. No, a better best defense is finally to rely on ourselves, to use the inheritance of the Enlightenment – the revolution one that made us citizens and not subjects – to ensure we're not made subjects yet again, to forces we can't understand and won't manage to control. In trading our liberty for convenience, we are spending that inheritance too fast now, too blindly.

It would be easy enough to say that we all need to become more technical, that we need new versions of Plato's Academy where we teach our children, our leaders and ourselves the inside tricks of the wired age. After all, if we're to prevent the machines and the New Caste and the ripping dangers of a connected age from demolishing everything, we'd best know what they are doing. The need for more technical knowledge for all of us is, inarguably, clear. As I've said, one of our problems is that we live in an era of leaders who honestly don't have the Seventh Sense, who lack a fluency even with the mundane quotidian demands of our digital fluxus – secure passwords on their own email, say, or an instinct for compressed space and time. Mapped on to the really big policy questions of the day, like the prosecution of our wars or the repair of our economics, they are outmatched. So: Yes, we need political direction informed by a feel for the fast, far-running fibers of the topological landscape that will decide our future. We need men and women who can command networks against network dangers. Linked, high-speed systems, after



HOUSE_OVERSIGHT_018432

all, mark the political topology on which on which all the fundamental act of our age will occur: our own gating.

But as essential as more technical knowledge is, I don't think it's likely to be where we come up short. Yes we need more computer coding academies, we need better popular education about network choices, we need to retool our leaders. But I don't think it's a shortage of bolt-heads that will do us in. Rather, given the unique pressures of what is ahead, I think it is our human side that may let us down. I'm sure we'll all be told in coming years that everything would be fine if we just let the New Caste figures take over, with their bloodless technological tools. These revolutionaries are a crucial part of the story of human progress, but they cannot alone write the next chapters. I think, asked to run our government, they'd likely end up like Plato's pro-Spartan relatives in that awful dictatorship of the Thirty: A crew of buddies convinced they can get things under control who become rapidly overwhelmed by the human element, by wild network *thumos* and then reduced to a murderous madness. They would use technology to manipulate our voting just as they might manipulate our options for a new liver – or news or financial security. "One of the reasons computer software is so abysmal is that it's not designed at all, but merely engineered," the computer scientist Terry Winograd has written. "Another reason is that implementers often place more emphasis on a programs internal construction than its external design."[271] This black-box temperament, the sense of efficacy as a final value for code, of internal design, of closed control, is a dangerous fit to the human business of free politics.

But to expect our current leaders to catch up? I fear this is also unlikely. It's not merely that they continue to wield the aging tools of industrial power with a strange confidence. No, their failures – which don't seem to faze them much – are less dangerous than where they might yet succeed: Control, surveillance, the shredding of liberty in the name of an elusive safety. These leaders are fascinated by how the new tools might be used to extend the rule of a system that serves their interests, that serves them. The fear that such tools might one day snap back upon them (or us) is muted by ignorance and dulled by greed; by vision that does not extend much beyond "What's in this for me?" So we find our future not in our own hands, but instead in the grip of two groups: One ignorant of networks; the other ignorant of humanity. The only answer, then, is to educate ourselves. We need to cultivate a sensibility that permits us to see through this manipulation; and then to act. The instincts of technology and of history must emerge in our calculations now. What will serve us best in a technical age is a sense of humanity that the old political machines and the New Caste digital ones can't match.

One of the most famous gates that Plato and Socrates drew around their imagined, ideal and perfect republic was a kind of electric fence against, of all things, poets. As Socrates explains in *The Republic,* poets "maim the thoughts of those who hear them." Poetry appeared to the philosophers as a pernicious force, an injection of

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[271] **"One of the reasons":** Terry Winograd, *Bringing Design to Software* (New York: ACM Press, 1996) p. 5



HOUSE_OVERSIGHT_018433

passion and madness that sent the heart into spasms and pressed the mind to distraction. This was about the last thing a new state needed. "Poetry mustn't be taken seriously as a serious thing laying hold of truth," Socrates warns. "The man who hears it must be careful, fearing for the regime in himself." Thus: Hesiod's magnificent *Works and Days,* banned. Homer, banned. There has always been, about poetry, this sense of the magical, that it was a key to something intimately bound to the human mystery. It was no surprise to me to find, when I went back to re-read Turing's "Can Machines Think?" essay, that the very first thing the great mathematician dreamed up to ask a digital brain was: "Write me a sonnet." Poetry has always marked a test. Socrates and Plato gatekeep the poets out of their republic because they know the mad part of the soul verse can touch. It is hard to blame them. After all, they were among the earliest Western minds to try to dispel madness and superstition and sophistry. Without their logic and effort there would be no Aristotle, no science, none of the sense of our world as a comprehensible machine. The confidence to philosophize – which for them meant also to poke at the political wiring of our world – demanded the break from poetry and mysticism as a source of action or legitimacy. Had they failed, we'd still be in the dark. But had they completely succeeded? We'd hardly be human.

You know, as I've said, when I first moved to China, there were so many things that baffled me. (There still are, to be honest.) But very high on that list was a peculiarity of ancient Chinese political life. For thousands of years the greatest poets and painters had also been emperors and politicians. Su Dongpo, for instance, the official who turned the lake city of Hangzhou into one of the great cultural centers of human history is also one of China's best regarded poets. The calligraphy of the Qing dynasty Mingzhen Emperor is marked with a temprament of transcendent delicacy. It's not merely that we'd never seriously expect a Western political figure to make great art – or even to have interesting ideas or be able to write these days. It's not even that many of the most significant Chinese political documents are paintings of mountains or rivers, that even letters from high officials are often rated as great art.

My first encounter with this strange mix, art and power mingled, produced a predictable Western reaction: *It's amazing how many "Renaissance Men" China had,* I thought. These officials seemed to have mastered so many different talents. What I did not understand was that these men had not, in fact, mastered many different talents, at least not in any way I might understand it. They were not "Renaissance Men", but actually a different breed, operating on a deeper level. They had mastered one skill. This was the cultivation of a finely-tuned inner energy – an instinct powerful enough that it could be turned with equal ease to calligraphy or warfare. This sort of effort took time. It demanded that knife-in-the-leg focus of Su Qin. And it demanded faith that some sort of enlightenment would in fact take place. For this, they had thousands of years of history as proof. Once this breakthrough to inner knowledge happened, once they developed a fine sensitivity to the underlying force of power, then they could tap into it for anything. Fighting wars. Counseling princes. Fishing. Composing poetry.



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There is a lesson for us here, one that redounds onto Plato's political question and our own: Who should rule? We feel overwhelmed by our age. So much to master: Fighting wars. Complex politics. Radically changing economics. New technologies replacing old ones before we can understand them. The mastery of each of these will not be achieved by dashing success in each. So we need to cultivate a single, essential instinct here. A new temprament that I've called The Seventh Sense. And, with that done, to fight the wars, write the poems, make the civilizations to confront all that lies ahead. Our greatest hope in the race against the totalizing machines and those who control them; our finest insurance for liberty and prosperity instead of madness is not in technology. Our greatest weapon will not be our bombers our drones or our financial strength. It will be in our own humanity. We have to accept that we are going to be gated in all the ways we've seen: By speed, by AI, by the New Caste. We'll be torn apart by those new network dynamics, and placed on topologies we can hardly understand. Our future fight is not about *if* we are going to be enmeshed or not. It is about the terms of that enmeshment – and it is here that the great questions of politics will be decided. And where the protection of the things you love and care about will be braced against the crashing of an old order.

5.

Everything ahead of us will be political. We've established already: Connection changes the nature of an object. What's true for a phone or a medical device, a weapon or an currency is true too for a vote. Or a citizen. The nature, the essence of an object changes as a result of connectivity. It takes that old Platonic notion of an "ideal" state and stretches it beyond what we're fully capable of understanding. Our puzzle is that while "we are what we are connected to," it is also true that we don't fully know or understand just what those links are yet. At certain moments it seems we're linked to something miraculous, at others to a system of really instant viciousness. And because we are all connected, changes in one part of the system invariably redound elsewhere. An object seems miraculous one moment, violent the next. This isn't getting easier for us. We are, as we've seen, heading to an era where the machines and the networks will have ever more, ever more decisive power, largely because we've given it to them. We'd be wise to consider the lesson of history here: Structures snap when bent by forces for which they are not prepared.

Those fast, hammering centuries that ran from the reformation to the scientific revolution to the enlightenment to the industrial revolution were like this. The redistribution of power and finance into the hands of the many demanded the demolition of old structures, the ones mastered by a few. For one man to rule millions with no reason other than birth made no sense anymore. The last six centuries have been nothing but a tale of liberation, its price and its rewards. We are more free now than we ever have been, in a sense. And, at this very same moment, we are more enmeshed. Power is moving now from institutions and ideas built for liberty to ones built for enclosure, for connection, for speed and for the beyond-human intelligence that complexity demands. This will snap our votes, our money and our ideas with the same blunt efficiency the last revolution managed in Luther's



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Wittenberg church, in the American and French revolutions, in the silent fatal cracking of Ghandi's India and Mandela's South Africa.

We know that no political system that doesn't match the power distribution of the society it governs can endure. Feudal order could not survive the pressures of liberty. Can democracy withstand the pressures of enmeshment, of massive concentration of power, of artificial intelligences. Or will the slow, inefficient reaction time of popular voting prove finally unequal to the complexity ahead of us or too easy to manipulate? Writing of the Enlightenment, the historian Leon-Michel Gambetta once explained that the goal of politics in the age of liberation and questioning was, "to derive the political and social system from the idea of reason rather than that of grace." What to do now? In a world where we may need to derive a political system girded by tools of AI or wired by fast-moving and emergent networks, that can't quite be derived from reason? What will the goal of politics be then? When the first AI runs for President on a ticket of pure efficacy? Or perhaps Democratic and Reblican candidates will debate who has the best AI. How will you vote?

We need already to reevaluate the idea of citizenship. What is it for? And the state too. To fit these roles into an age of liberation took centuries after Luther began the reformation; we may have but decades to decide what they mean in an age of enmsemhment. Does setting geographic and age criteria for voting still make sense? One man one vote? Is there a better system to deal with complex issues? The economists Daron Aceomoglu and James Robinson, in their magestirial study *Why Nations Fail* marked success or collapse by these lines: Countries with "inclusive" institutions which guarded both elites and society at large have historically fared better than those (think of Russia or Latin America) that ran on "extractive" urges, nations machined to secure the profits and serenity of the elites alone. But where to fit our gated world into such an analysis, an era in which linked institutions benefit both the gated and gatekeeper? Would you say such a system was extractive as it sucks our data and habits and secrets into massive, opaque finance or machine learning systems? Or inclusive because, after all, we're enmeshed in a web of newly found linked wealth: time, health, finance, information, security. Networks in so many ways insist on fresh considerations of power. What sorts of network design is likely to be most effective, most legitimate? Kant's famous question of the 1780s – "What is Enlightenment?" – is one we've not yet perfectly answered or resolved. The new puzzle of "What is Enmeshment" is one we're only beginning to consider now. It too will take lifetimes to answer, and the debate will be decied in the collision of ideas and institutions we can't even dream of today with the structures of power that tower around us now.

At least we can see already that we'll need new ways to consider our future political order, mashed through as it will be by connection, machines and hot human hopes and fears. We'll certainly face our own turning points as our institutions collapse or calcify or (hopefully) redesign themselves in some modern version of Britain's bloodless 1688 Glorious Revolution, that ineffable moment when parliamentary



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power finally achieved real grip. Recall that important distinction between "Predictive Learning" and "Representational Learning" – and how machines with a deep representation outperformed the ones merely predicting, the difference between recognizing a Mozart symphony and writing one? We ourselves need to move now from predictive to representational views of our world. We need an historical sense, of course. But something else too, that Seventh Sense I've been writing about. So much of what lies ahead can't, of course, be predicted by looking at what has come before. And we won't make this leap to a new representation of the world around us with mere technology. That passage to a new, and subtle insight, to a new instinct, demands wisdom.

There will be a point, several hundred years from now, when the answers to the fundamental questions we now face will be decided. A new political order, tuned to the power laws now visible with the Seventh Sense will emerge. Our question we will often ask on that long passage is this: Can more and more technology bridge the gap between the ideal society we might aim for and the troubled one we have? Or might it crank that gap wider still? My sense is that the antidote to the machines and their new logic is not, in the end to make ourselves more like the machines. Encryption alone won't protect our privacy. Mobility won't assure our liberty. We can't keep up with the innovations, to be honest. So we have to go deeper. Our protection will come from making ourselves more human, not just more technical. We should consider the path Su Dongpo's life suggest, the cultivation of an inner instinct, and that this should touch on the very things that make us most human. This means to make ourselves more political, more cultured, more aware of history and ideas. Which problems do we solve with technology? Which ones with our own hearts and minds? This choice, at least, is still before us.

Take a moment. Look at yourself. Feel yourself with the Seventh Sense. Through each of us now will flow all the power of this new age. Yes, it can jack apart all our old habits and fill the passage of our time with all the dangers of evil as we silently watch terrible and fearful things appear from nowhere. But we can also wake up, see the world accurately and then act with the confidence of knowing that we are, each of us, the passage through with which the future will emerge. At the very moment we might feel so many of our burdens lifted by technology, an old and heavy one crashes down upon us. It is the burden of maintaining our liberty. Now, you and me are, like it or not, what we are connected to.



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# The S&M Feminist

Clarisse Thorn

**What Others Are Saying About**

## *The S&M Feminist*

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"I wish we could make it so everyone buying a copy of *Fifty Shades of Grey* would also buy Clarisse Thorn's *The S&M Feminist."*

*~ A.V. Flox, editor of* BlogHer's *Love & Sex section*

"Clarisse isn't afraid to talk about her own experiences with BDSM, relationships, and sexual politics. But she's also not afraid to explore some of the issues around consent, violence, and safety that a lot of the kink cheerleaders would like to sweep under the rug. She brings a refreshing honesty to her writing that is often lacking. Add to that a deep commitment to feminism and sex-positivity, and you have an amazing combination.

"The tension between kink and feminism is a tough one to hold onto and most people end up firmly in one camp or the other. What makes Clarisse's writing phenomenal is her steadfast refusal to avoid doing that. The clarity with which she discusses both sides without resorting to caricatures or stereotypes is simultaneously inspiring and challenging. If you're interested in either or both, I can't recommend her enough."

*~ Charlie Glickman, educator at the classic feminist sex store Good Vibrations*

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# The S&M Feminist:

Best of Clarisse Thorn

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Clarisse Thorn

Smashwords Edition

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clarissethorn.com

@ClarisseThorn

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This ebook is copyright 2012 Clarisse Thorn. I certainly have mixed feelings about modern copyright law... but I've put an enormous amount of time and effort into my writing. So I ask you to please respect my time and effort, and observe copyright laws as they apply to this ebook. If you would like to share this book with another person, please purchase a new copy for each recipient. If you're reading this book and did not purchase it, or it was not purchased for your use only, then please purchase your own copy. Also,

check out the Electronic Frontier Foundation at [ http://eff.org ], a nonprofit that protects free speech on the Internet and does lots of awesome work around copyright issues.

Cover image copyright 2002 Clarisse Thorn.

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## Also check out Clarisse's awesome book

## *Confessions of a Pickup Artist Chaser!*

* * *

*There's a huge subculture of men who trade tips, tricks, and tactics for seducing women. Clarisse Thorn, a feminist S&M writer and activist, spent years researching these guys. She observed their discussions, watched them in action, and learned their strategies. By the end, she'd given a lecture at a seduction convention. This is her story -- and her theories about feminism and seduction to boot.*

https://www.smashwords.com/books/view/144451

In paperback: https://www.createspace.com/3830583

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## Notes, Acknowledgments and Resources

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I had a privileged upbringing. My education and safety nets are the biggest reasons I'm able to do the work that I do, and I try not to forget that. I have been blessed with parents, friends, and lovers who have supported me both emotionally and intellectually. Since this is a "Best Of" my blog, I want to particularly acknowledge the commenters who have contributed their perspective to my blog, and the other bloggers who have responded to me and cross-posted my work. There are too many to name, but thank you all so much.

Special thanks to Brenda Errichiello, a guerrilla editor-for-hire. Brenda has been very generous and helpful to me; errors and weirdness in this book should be blamed on me and not her, because a lot of the time she tries to convince me to fix things and I refuse out of writerly arrogance. If you need editing for your self-published ebook (and you do), then you should totally contact her. Her website is [ http://www.bee-editing.com/ ].

I try to keep my writing as accessible as possible. One way I do that is by avoiding jargon and by using terms that I think most people will recognize. I often write "S&M" instead of "BDSM," for example; and when I'm using technical S&M language like "top" or "bottom" or "scene," I try to define the words as I go along. But sometimes I slip into

jargon by accident. Also, plenty of S&M terms are super useful, and giving a quick overview of S&M language can go a long way towards describing S&M culture. Hence, I have included a Glossary at the end of this book. Many of the terms in the Glossary aren't terms that I use in this book, but you might find it useful or interesting anyway. (I also included a few terms that come from other subcultures, such as polyamory or queer studies.)

I've received a lot of feedback over the years informing me that I'm the "gateway drug" into feminism for some readers. That's kind of cool, but I want to make it clear that if you're just now getting into feminism, there's lots of other stuff to learn before you draw any conclusions. Feminism is a huge, varied, rich movement with lots of history, schisms, and discontents. Also, in case it needs to be said, I'm not the only feminist who does S&M. There are others, some of whom love my work and some of whom disagree with me frequently.

One advantage of the blog format, as opposed to more traditional formats, is that each post can contain tons of hyperlinks -- and each article has comment space, so there can be fascinating discussions that explore each topic more deeply. (Of course, there can also be silly, boring, or offensive discussions.) As soon as a blog becomes moderately successful, it develops its own community of regular commenters, and mine is no exception. Facilitating and moderating these discussions can be amazingly fun and interesting. It can also be stressful and exhausting. As a commenter community evolves, it shapes how other people read the blog's articles and comment on them; sometimes the community will develop norms or tendencies that make certain people feel more comfortable -- or less comfortable. I've tried to control this with my blog so that it's a welcoming environment for most people, but I have such a diverse range of commenters that it's sometimes quite difficult.

I bring all this up because, if you're intrigued by some of the articles you read in this book, I encourage you to check out the original post. In this book, I've made a lot of hyperlinks into footnotes, but not all of them. More importantly, if you look at the original post, you can read the comments. But my commenter community has changed over time. Sometimes it's more feminist, for example, and sometimes it's less feminist. So just be aware, if you read the comments, that the range of opinions may not reflect any group that would assemble elsewhere on the planet; that a different community might produce really different comments; and that other articles might have really different discussions.

You can buy this book in paperback form at CreateSpace:
https://www.createspace.com/3878670

If you've already read my incredibly awesome book *Confessions of a Pickup Artist Chaser,* then thank you! (Bonus points if you can pick out all the parts of *Confessions* that I pulled verbatim from articles included in this book.) If you haven't read *Confessions,* then please check that out, too.
https://www.smashwords.com/books/view/144451

Paperback copies of *Confessions:* https://www.createspace.com/3830583

I powered this ebook almost entirely with my own strangely obsessive energy, so you can blame me for any mistakes. If you find coding errors, broken internal links, or whatever, then I invite you to email me and let me know so I can update the file! I'm available at clarisse.thorn@gmail.com.

**This is version 1.2 of *The S&M Feminist.*** The resource list, glossary, and formatting have all been updated.

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### *BDSM Resources*

BDSM is a 6-for-4 deal of an acronym that stands for Bondage, Discipline, Dominance, Submission, Sadism, and/or Masochism. Some people call it S&M, B&D, leather, fetish, or kink. BDSM can mean very different things to different people, and there are a lot of activities that can fall under the BDSM umbrella; such activities might include spanking, Master/slave role-playing, handcuffs, cages, rape fantasies, razor blades, or all kinds of other things.

I mention a lot of resources in the articles that I've included in this book, but I wanted to include an overview at the beginning, too.

Hands down, I believe that one of the most important resources within the BDSM community is the Kink Aware Professionals list. If you are seeking medical, legal or other professional help for a problem that is influenced by alternative sexuality, there is probably someone on the list who can help you. When I was going through my own complicated and difficult BDSM coming-out process, I tried two therapists from the KAP list. One of them didn't really get me, but the second was wonderfully helpful -- so, if you're looking for a therapist, don't be afraid to shop around until you find the right fit. The list is here: https://ncsfreedom.org/resources/kink-aware-professionals-directory/kap-directory-homepage.html

Want more information on how BDSM interfaces with the psychiatric establishment? I've compiled the research here: http://clarissethorn.com/blog/2012/05/07/the-psychology-of-sm/

#### Books

In 2012, the legendary educator Tristan Taormino released *The Ultimate Guide To Kink: BDSM, Role Play and the Erotic Edge,* which is supposed to be amazing. I haven't read it myself, though.

My personal favorite beginner BDSM books are *The New Topping Book* and *The New Bottoming Book,* by Dossie Easton and Janet W. Hardy. If you look for those books on Amazon.com, you will also see a lot of interesting related books in the "Customers Who Bought This Item Also Bought" section. I remember liking Jay Wiseman's *SM101,* although I know some people who have mixed feelings about it; a number of people recommend *Screw The Roses, Send Me The Thorns* by Philip Miller and Molly Devon, but I've never read it myself.

If you're thinking of coming out to a loved one, I recommend the book *When Someone*

*You Love Is Kinky* by Dossie Easton and Catherine W. Liszt. I've also heard good things about the "Parents of Alternative Sexuality" pamphlet by Dr. Amy Marsh.

If you, like me, are particularly attracted to the idea of needle piercing, there's a great book called *Play Piercing* by Deborah Addington.

If you're more interested in getting a feel for common BDSM philosophies and what the BDSM community is like -- an anthropological perspective, one might say -- then there's a book by Mark Thompson called *Leatherfolk,* and a newer one by Staci Newmahr called *Playing at the Edge.*

Well-known feminist BDSM theory authors from the generation ahead of me include Pat Califia and Gayle Rubin, who are both brilliant.

**Online**

I usually direct total newbies to this BDSM 101 page by Franklin Veaux: http://www.xeromag.com/fvbdsm.html

As it happens, the same writer has a good Polyamory 101, too: http://www.xeromag.com/fvpoly.html

There are a lot of websites on BDSM, and they aren't all carefully edited or moderated; so if you can manage it, then I suggest you try to get hold of one of the above how-to books. That said... overall, one of the best online BDSM resources is FetLife.com, the kinky social networking site. Once you have an account, you can join a huge variety of discussion groups about BDSM. FetLife is not a dating site; it's more like a kinky Facebook (seriously). I think that there are important problems with how FetLife is structured. For example, there's no way to search for past topics, which is ridiculous; this means that the research process for finding discussions is incredibly weird. The BDSM activist maymay has written intelligently about many issues with FetLife: http://maybemaimed.com/2011/03/20/fetlife-considered-harmful/

But the fact remains that FetLife is a huge gathering place.

Another good online resource is the amazing sex education site Scarleteen.com. Scarleteen offers a ton of advice on a ton of sexual topics, and has its own message boards.

The site KinkAcademy.com has received some good reviews, and features video tutorials by some people who are pretty well-known in the community. You have to buy a membership, though.

The BDSM writer Ranai from Germany has labored long and hard to make an amazingly comprehensive, international, multilingual directory of kink resources. I haven't gone through it extensively, but every time Ranai comments on my blog she's brilliant, so I'm sure her directory is brilliant too. Here's the directory: http://ranai.wordpress.com/kink-resources/

There are so many BDSM blogs that I could never count them all. I want to direct special attention to Kink Research Overviews, an abandoned but still excellent blog that profiles the sparse and scattershot research on BDSM: http://kinkresearch.blogspot.com/2009/10/

welcome-to-kink-research.html

In 2012, *Bitch Magazine* ran a series called "Thinking Kink" by Catherine Scott, which examines S&M and culture from a feminist perspective: http://www.allthatchas.blogspot.co.uk/2012/08/all-of-my-thinking-kink-posts-for-bitch.html

**In Person**

If you've decided that you want to start attending workshops, discussion groups, parties, or other BDSM events in person, please keep in mind that not everyone is going to mesh well with their local BDSM groups. If you don't like your local BDSM group, then don't force yourself to participate! That said, I generally encourage people to get into their local community, because it truly can be an amazing resource -- it's way more than just a place to meet partners.

If you make an account on FetLife, you may be able to join groups for your area (for example, if you live in Chicago, then you should look for Chicago groups), where local issues or events will be discussed and publicized.

For those aged 18-35, many major cities have branches of The Next Generation, a.k.a. the local "kinky youth group."

Otherwise, just Google around. It's much easier these days than it was for our parents.

* * *

*This resource list can be found on the Internet at:*

http://clarissethorn.com/blog/bdsm-resources/

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## Table of Contents

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Here's a link to go back to The Very Beginning.

And here's a link to the Glossary.

Throughout this book, footnotes will look like links in the text. Click the link to go to the footnote. At the end of each footnote I've included a backlink to the context you came from.

I write both personal narratives and cultural analysis. Almost all my writing mixes the two, but most of my pieces incline more towards one than the other. Accordingly, I've tagged all the articles in this book as either [storytime] or [theory].

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SECTION 1:

**The Basics**

*In which we explore the foundations of S&M, feminism, and sex-positive feminism.*

* * *

S&M [storytime]: Love Bites: An S&M Coming-Out Story

* * *

Education [theory]: Liberal, Sex-Positive Sex Education: What's Missing

* * *

Communication [theory]: Sex Communication Tactic Derived From S&M: The Annotated Safeword

* * *

Communication [theory]: Sex Communication Tactic Derived From S&M: Checklists

* * *

Communication [theory]: Sex Communication Tactic Derived From S&M: Journal-Keeping

* * *

Communication [storytime]: Sex Communication Case Studies

* * *

Feminism [theory]: Towards My Personal Sex-Positive Feminist 101

* * *

S&M [theory]: S&M Superpowers

* * *

S&M [theory]: BDSM Can Be "Love Sex" Too

* * *

S&M [theory]: Body Chemistry and S&M

* * *

S&M [theory]: Going Under

* * *

Orgasmic "Dysfunction" [storytime]: A Unified Theory of Orgasm

* * *

Boundaries [storytime]: I'm Not Your Sex-Crazy Nympho Dreamgirl

* * *

Boundaries [storytime]: Orgasms Aren't My Favorite Part of Sex, and My Chastity Urge

* * *

Boundaries [theory]: Anger, Fear and Pain

* * *

Evolution [theory]: Sexual Openness: Two Ways To Encourage It

* * *

Relationships [storytime]: Fear, Loathing and S&M Sluthood in San Francisco

* * *

S&M [theory]: BDSM As A Sexual Orientation, and Complications of the Orientation Model

* * *

S&M [theory]: BDSM "versus" Sex

* * *

S&M [theory]: BDSM Roles, "Topping From The Bottom," and "Service Top"

* * *

Feminism [theory]: "Inherent Female Submission": The Wrong Question

* * *

Manliness [theory]: *Fifty Shades of Grey, Fight Club,* and the Complications of Male Dominance

* * *

Abuse [theory]: The Alt Sex Anti-Abuse Dream Team

* * *

Section 1 Study Guide

* * *

SECTION 2:

**Activism and Allies**

*In which we explore activism and other topics tangentially related to S&M feminism -- from sex work, to community organizing, to the nature of masculinity.*

* * *

Activism [theory]: Grassroots Organizing For Feminism, S&M, HIV, and Everything Else

* * *

Activism [storytime]: Interview with Richard Berkowitz, Star of *Sex Positive* and Icon of Safer Sex Activism

* * *

Abuse [theory]: Social Responsibility Within Activism

* * *

Boundaries [storytime]: Taking Care Of Each Other

* * *

Manliness [theory]: Questions I Want To Ask Entitled Cis Het Men

* * *

Education [theory]: Sexual ABCs in Africa, Part 1: Abstinence

* * *

Education [theory]: Sexual ABCs in Africa, Part 2: Be Faithful

* * *

Education [theory]: Sexual ABCs in Africa, Part 3: Condoms

* * *

Activism [theory]: Colonized Libidos

* * *

Vegan [theory]: Confections of a Pickup Artist Chaser

* * *

Polyamory [theory]: In Praise of Monogamy

* * *

Polyamory [theory]: My Top Questions About Dealing With Multiple Lovers

* * *

Sex Work [storytime]: One Blurred Edge of Sex Work: Portrait of a Sugar Baby

* * *

Sex Work [theory]: A Sugar Baby Leaves The Business

* * *

Section 2 Study Guide

* * *

SECTION 3:

**Making It Complicated**

*In which we really get into it.*

* * *

Relationships [storytime]: Chemistry

* * *

S&M [theory]: Start From A Position of Strength

* * *

S&M [storytime]: Predicament Bondage

* * *

Relationships [theory]: Relationship Tools: Monogamy, Polyamory, Competition, and Jealousy

* * *

Evolution [storytime]: You Don't Always Know What You're Thinking

* * *

Abuse [theory]: Thinking More Clearly About BDSM versus Abuse

* * *

Communication [theory]: What Happens After An S&M Encounter "Gone Wrong"

* * *

S&M [theory]: Aftercare or Brainwashing?

* * *

Communication [theory]: Feminist S&M Lessons From the Seduction Community

* * *

S&M [storytime]: The Strange Binary of Dominance and Submission

* * *

Feminism [storytime]: My Mom's Rape Story, and A Confused Relationship with Feminism

* * *

Section 3 Study Guide

* * *

About The Author

* * *

Clarisse's Lectures, Workshops and Events

* * *

Footnotes

* * *

Glossary

* * *

* * *

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SECTION 1:

## The Basics

In which we explore the foundations of S&M, feminism, and sex-positive feminism.

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**When I think of this section, I think of:**

*If you're afraid of pain, you have to find out what pain is.*

~ Marina Abramovic

*I'd like to thank all the brave pioneers of the BDSM community, for exploring the reaches of human sexuality, and coming back with maps.*

~ an unsourced quotation offered by one of my blog commenters

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S&M:

## [storytime] Love Bites: An S&M Coming-Out Story

*The events of this story took place between 2005-2008; I wrote it in fits and starts over the span of 2006-2008. I started blogging as Clarisse Thorn in 2008, but my coming-out story wasn't published until early 2010, when* Time Out Chicago *picked it up. I look over this piece today, in 2012, and I think about what I would have written differently if I'd*

*had the hyper-focused feminist sex educator instincts that I have now. I would have written differently about consent, and I would have written differently about the communication that happened with my partners about my consent. I would have talked about how the S&M subculture isn't always welcoming for everybody, though it feels welcoming for me. Plus, I'm no longer practicing monogamy; I'm polyamorous these days.*

*But at the time, my goal was to do two things: (1) write out how S&M stigma felt for me, as a young feminist, and to talk about how I was overcoming it. And (2) show that sometimes a partner just isn't good for you, even if he has a quality that you really really want -- and you can always walk away.*

* * *

**Love Bites: An S&M Coming-Out Story**

I was very drunk. My perceptions had a frame-by-frame quality, and the evening didn't seem immediate: pieces of it were foreign, disconnected as a dream. I was being bitten very hard on the arm. It would leave marks the next day.

I was so muddled by assorted things that even now I can't sort out how I felt at that moment. When Richard's nails scored my skin I gasped, but I didn't ask him to stop. I flinched away, but he kept a firm grip on me. "Beg for mercy," he said softly.

Frame. Skip. I discovered that a mutual friend of ours had seen us, stopped, and was sitting on the grass across from Richard. "Hey," he said. "You shouldn't do that."

"It's okay," Richard said, "she likes it," and pulled my hair hard enough to force me to bow my head. *I do?* I managed to think, before thought vanished back into the blur of alcohol and pain. Our friend's face loomed over me, concern sketched vividly on his features.

I closed my eyes.

"Mercy," I whispered.

* * *

Later, Richard reminded me of something I said that night: "I wish I'd met you years ago." Thinking hard, I could only recall the evening in broad strokes. We'd gotten drunk at an outdoor party; he'd hurt me a bit; I'd said that; and then I'd staggered off to help clean up.

"A lot of crap comes out when you do this stuff," he now said. A few weeks had passed. I was lying on my stomach across the foot of his bed. Sitting perpendicular to me, he leaned back and propped his feet on the small of my back. Thin and pale, he tended to wear black, and had intense dark eyes. It was summer in 2005. I was twenty years old.

He'd asked me why I wanted to be hurt. I couldn't work out an answer -- wasn't certain the question was valid -- so I asked him why he liked to hurt people. He'd half-laughed, with a tone that I couldn't evaluate. Ruefully? "That's a long, dark road," he'd said.

"How do you know?" I asked, irritated by his presumption, nervously curious. I wasn't sure I was what he thought I was -- wasn't sure **what** had been going on that night, beyond alcohol dulling my reactions and feelings. But I knew I hadn't been abused or violated. I hadn't asked him to stop, and I wanted to figure out why. "How did you know about me?"

"I can tell," he said, and grinned. "With you, it was obvious." He paused, added quietly, "You were begging for it."

A couple of hours later, we remained fully clothed, my face was buried in his pillow, and I was crying. He'd pinned me down so I couldn't move, and was raking his nails across what was exposed of my tank-topped back. When Richard first spotted the tears, he'd asked if I wanted a break. I'd said that it was okay, that he should continue, that I was fine.

I felt myself fragmenting, desperation and terror and pain pouring through me in an unbearable, necessary torrent. I told myself over and over that it didn't hurt that much, but I couldn't stop myself from tensing, crying out. After a while, I found myself saying, "No."

I felt him check himself, shifting his weight from my back. "Can we clarify something?" he asked gently. "Do you really want me to stop when you say no?"

*No,* I realized, *I don't,* and something vital in my psyche seemed to snap. The tears overwhelmed me. I couldn't get an answer out through my sobs, but even if I could have, I haven't the faintest idea what I might have said.

"We should take a break," he decided, and moved away. I'll never forget the relief -- and desolation -- I felt as he did.

* * *

It was a long time later that I remembered: I **had** met someone like Richard, years before. It had been in spring 2003; the guy was thin and pale, dressing mainly in black. I hadn't once thought of him in a romantic light.

I'd counted him a friend, but had only been alone with him once. We were in his living room, seated next to each other on dun-colored carpet. I couldn't recall how it started -- we'd been sitting playing video games? had he tickled me as I shouted invective at the screen? -- but it ended with him holding my wrists, me lying back on the floor and wondering how to get him off me.

I'd thought he might kiss me, so I turned my head away. Instead, he bit my neck. "No," I said aloud, more in startlement than anything else, and he gave me a searching look -- as if he wasn't sure I was serious. "Please let me up," I said, and he asked, "Why?"

I didn't feel panicked, but strangely at a loss: he didn't seem to take my objection seriously. Yet he wasn't particularly threatening me, and I wasn't afraid. I explained that I was in a committed, monogamous relationship I didn't want to disrupt; I carefully didn't react when he bit me again, although it hurt.

I didn't say I wasn't getting anything out of my powerlessness or his apparent desire to

hurt me, that it left me cold. Maybe I wasn't sure it would register: he hadn't appeared to **believe** me when I first told him to let me up. And maybe something in me agreed that such a response was incorrect.

Eventually, I got away. Stupidly, confused, I mentioned the incident to my boyfriend. Of course he was furious; I had to calm him. For my part, it hadn't occurred to me to be mad. That didn't feel as bizarre as it sounds -- on some level, I felt that the whole incident was reasonable, even if it hadn't turned out to be what I wanted.

Not then. Not with him.

* * *

After I cried my heart out in his bed, Richard was very kind. He brought me a glass of water and listened as I said a lot of bewildered things. When I finally ran down, it was late; he invited me to sleep over, but didn't put the moves on me. The next morning, he told me he had work to do. Straightforwardly, I asked when I could see him again. He smiled, said to email him, that we'd work something out.

The next few days -- weeks -- time, I don't know; however long it was, it felt like being put through a shredder. I couldn't think about anything but that night and how, through my turmoil and tears, I'd found a kind of exultation. I had been sober, prepared and clear-headed. I couldn't find a way around the brutal, uncompromising revelation that apparently, I wanted nothing more than to be subordinated, used, hurt. I actually **wanted** to be a victim.

I wanted to talk to someone, but wasn't sure how to frame my words. I was positive it would help to talk to Richard, but he was busy, and busy, and busy. I had a number of friends who I suspected were into hardcore BDSM; I could have called any of them. But it was one thing to be fine with other people doing it, and quite another to discover such a desire in myself. In another situation, I would have thoroughly deconstructed my obvious double standard -- but just then, it was a minor irrationality on top of one big chunk of insanity.

I considered asking my loving, liberal parents for advice and tried to imagine how it would go.

*Mom. Dad. I love you, and I'm so sorry. I know you've tried to give me an independent, rational, feminist outlook, as well as self-esteem and integrity. Sadly, none of this appears to have taken; I guess I'm a broken mockery of everything you tried to instill. I don't want you to worry, or blame yourselves, but have you any advice on where to go from here?*

No.

* * *

My mental images of that summer are hazy with remembered anger. As Richard remained occupied, I felt fury building within my fascination. I'm sure I felt like the classical woman spurned: he was nice enough when he ran into me and told me he was there to talk if I needed it, but the evidence contradicted his words. For weeks after that

night, if I tried to see him he didn't have time.

It didn't help that he reacted very badly when I went after him aggressively -- too aggressively, I knew, but couldn't help it -- and told him honestly how vulnerable I was. He backed off fast, leaving me more confused than ever. (Though not too confused to think: *How stereotypical.)*

It went beyond being a woman spurned, though. Especially since I believed, intellectually, that he didn't **owe** it to me not to be busy. He wasn't required to sort me out. And -- since it seemed to be what I was after -- he wasn't obligated to continue hurting me. We'd just met, after all.

It was more that I was enraged by how desperately I wanted to be hurt -- and infuriated that someone, **anyone**, could have such power over me. I had always thrown myself into infatuations; like most people, I'd been known to get angry at the object of my affections. But this was different. Not only was I infatuated, I was aching for something I couldn't reconcile. Even if Richard had been the perfect counselor I had no right to expect, I might have hated him. As it was, I felt toyed with, and found as many other reasons to dislike him as I could. As long as I could focus on wrath, I didn't have to think about my other feelings.

It kept me from falling apart.

He was away for most of the summer. I went to a few trusted friends for reassurance and validation; giving few details, I allowed my anger to calcify. But Richard ended up surprising me. On a visit to Chicago, he called me every night for a week. The bruises he left took weeks to fade, some of them bleeding and leaving scars. I raged as I covered the worst of them -- but felt also a low-burning fulfillment. One close friend, Andrew, caught sight of a bruise on my leg and cast me a worried look. "That looks pretty bad," he observed, and I could only say, "Yes."

By then, I'd well and truly internalized the belief that Richard didn't want to deal with emotional vulnerability, and my furious resentment remained. This feeling was not helped by society in general; men hate emotions, right? Still, the more time I spent with him, the more I had to admit that he made an effort to be sensitive. Most of our failures to understand each other came from how different our relationship paradigms were, not to mention my unevenly-repressed identity crisis. I know I tried to warn Richard that I wasn't doing well at expressing myself and that what I thought, or felt, or believed I was might change on short notice; but I doubt I got even that concept across.

He identified fairly publicly as a BDSMer, and made it clear that he considered me superficial and cowardly because I was unsure about doing so myself. He was also polyamorous, a lifestyle that I had some experience with -- but though I respected others' choices to engage in it, I'd decided against polyamory for myself. It felt strange to draw the parallel, but it **was** somewhat like dealing with a difficult boyfriend. Still, I didn't trust him, and our relationship didn't particularly involve sex.

Just pain.

Towards the end of one night, wan light filtering through my curtains, Richard inquired

unexpectedly, "Are you happy with the way we are now?"

"What do you mean?" I temporized, sighing inwardly. Now I'd have to come up with a rational, coherent answer that would satisfy him. In those days, rationality and coherence felt like improbable dreams.

Richard explained that he hadn't particularly been satisfied with how he'd dealt with me before he left, but hadn't had time for anything better. Now, he thought the situation was "healthier." "What do you want from this?" he asked seriously.

*I want the strength to walk away from you,* I thought unclearly. *I want you to actually care about me. I never want to see you again.* I hugged my arms to myself, resting my hands gingerly on swelling skin. "Um," I said slowly, "nothing in particular?" I took a breath and gathered the one overriding fact: *I want you to keep hurting me.* "I don't expect anything from you," I told him, "and I don't want you to expect anything from me."

I knew from his smile that my answer was the right one. I could only hope it was accurate.

* * *

The summer passed, Richard away again for the end of it, then returning in September for the beginning of the school year. I, however, was leaving the city soon, and would be gone for some time. Those days were my last chances to see him for a while, and I was acutely aware of his nearness: I felt oriented towards him, as if I were a compass and he was North.

But I still felt the rage, lurking under the surface of my mind like a submerged monster. And though I ached with disturbingly intense thoughts of violence, it seemed that I was staying away from Richard, closing him out when I ran into him. He finally confronted me and asked, blunt as ever, if I was avoiding him. I denied it reflexively. How could I avoid North?

"I'm still figuring out how I feel about you," I told him as we walked late one night on the waterfront. I'd started to come to terms with being a masochist, had begun to assimilate that into my self-image, but that didn't explain why it had taken him to force the knowledge on me. The man I'd known in 2003, for instance, made no impression -- though he'd obviously seen exactly what Richard saw, and had taken almost exactly the same approach. And I'd known heavily, formally BDSM-identifying folks for years. I'd even experimented with light bondage in previous relationships -- being gently tied up, for instance -- though I hadn't found it especially compelling.

Was it that I'd been drunk the first time I encountered Richard, my careful rational mind turned off? Was it that nothing less drastic than the bruises he'd left could have forced my understanding? Was it simply that I'd been romantically unhappy at the time, whereas I'd been content when that other man pinned me to the floor? Even in the midst of my now-constant confusion, I couldn't stop myself from analyzing it all to bits. Now I concluded that I ought to know how I felt about Richard if I wanted to get to the roots of myself.

It had taken me a while to call my openly-BDSM friends for advice, but -- maybe around the same time I really started acclimating -- I had. One of their offhand comments came

to mind. "I guess there's no reason you would know this," she'd said, "but it's fairly common for people to have one person who's their lover, and a separate person for inflicting pain."

I thought about that, and about Richard saying, "A lot of crap comes out when you do this stuff." I considered the maxims that tell us that the opposite of love isn't actually hate, and how much time I'd spent encouraging myself to hate him. Finally, I admitted that the only term I had to cover this depth of emotion was "love"... but that couldn't make it **feel** like the right word. Then again, it wasn't exactly "hate", either.

He was a demon, an idol. He hardly felt like a person to me.

I didn't vocalize any of this. Coming back from the waterfront, we arrived at the intersection where Richard would go to his apartment and I'd return to mine. An awkward pause ensued: I was leaving in a few days, and wouldn't be alone with him again. Watching him, I wondered if he was thinking about asking me over, or was looking for an excuse not to. I looked away.

"Goodnight," I said. Walking home, I wished I felt strong.

* * *

It was after I left Chicago that I really started piecing myself back together. My anger drained away quickly, as if an infected wound had been lanced. Perhaps I found my strength under the scab. I figured that maybe all this did identify something about my personality, but it didn't tell the whole story. Even now, I could be independent, rational, and feminist, with self-esteem and integrity. Right? Right.

It was impossible to deny that the desires were real -- and when I allowed myself to focus on them, I didn't try. Ruminating on my past, I recalled heart-twisting details that put everything in a certain compelling context. It wasn't just the man who'd gone after me in 2003. Wincing, I remembered childhood fantasies: I'd compulsively written and drawn brutal dreams until, at some confused middle-school point, their horror came home to me and I recoiled. In those long-repressed fictions of slavery and pain, I recognized my newly-acknowledged desires.

One conversation I'd had with an early boyfriend rang in my head. "There's a dark current inside me," I'd told him. Self-consciously, I'd averted my eyes at my own melodrama. "I don't know how to be with you, when I feel it." I hadn't exactly been trying to leave him, but I'd needed something **more**.

The last dream I remember of Richard didn't involve any pain at all: he just kissed me. Awakening, I felt a melancholy pang. Richard invested a lot of self-conception in being a sadist, and he was so distant -- I couldn't imagine relating to him as a lover. And I knew our relationship (such as it was) would never have started without BDSM as a focus. Previous to that night at the outdoor party, he'd hardly registered on my romantic radar, and we had little in common in terms of how we dealt with relationships.

Still, for a moment I wished -- unreasonably, I knew -- that I could have fallen straightforwardly in love.

* * *

I was gone for six months, and I returned in heartbreak. A relationship more important than words can encompass had become -- after years of attempts -- impossible. I think it was obvious. One friend told me vulnerability was all over me; *like a scent,* I thought, and wondered if Richard could smell it. In worse shape than ever, I saw Richard and laughed with an edge to my voice. I gave him doe-eyed looks, but deflected his interest with doublespeak and icy tones. I wanted him, and I felt the rage returning. I hated and sheltered behind the unclear verbal games we played. Furious and despairing, I refused to chase him, yet I felt him everywhere. North.

I had to do something. My identity had somewhat solidified: I was into BDSM. I believed it, I even accepted it, but I couldn't go on feeling like I did.

In looking around the Internet, I came upon a directory of Kink Aware Professionals, including therapists who provided their names for people who needed to talk about BDSM but feared judgment. I visited two. One listened to me silently, with a vaguely sorrowful expression; he offered no feedback, and left me wondering why he'd listed his name in the directory. He obviously didn't know what to do with me, and I got the uneasy feeling that I worried him. Naturally, that didn't help at all.

Luckily, the other was everything I could have asked for -- open, patient, clearly knowledgeable about BDSM. He looked straight at me and nodded understandingly when I confessed the whole trail of events; he explained how common my experience was; he gave me ideas about where to look for more information, but didn't try to put his own preferences into our talks. "Most people in your situation feel that they've broken a major taboo," he said. "A lot try to get away from BDSM. But I'm not hearing that from you. You want to adjust, not escape." I nodded, and arranged to see him regularly.

Still, I don't think I could have put myself together again without two other things.

My close friend Andrew went after me at a drunken party. *Shades of Richard,* I might have thought, but I never did. Andrew pinned me to the floor, laughed as I fought back, hurt me, finally kissed me. When I asked in bewilderment what brought this on, he confessed. "When you were gone, I missed you," he whispered, "and I've never missed anyone like that before." He was as afraid of the darkness of BDSM as I had been, yet he'd thought of me and found himself fantasizing. He wanted to try it with me, but first he wanted to be sure that he and I would remain close -- wouldn't lose what we already had.

In everything Andrew told me -- everything we said to each other, laughing, almost in tears, burying each other in embraces, happily drunk and clear-eyed in the morning -- I found the things that were missing with Richard. Uncertain about BDSM, guarding his and my boundaries, Andrew wanted to commit to me and to a devoted monogamous relationship. Part of me counseled caution and withdrawal, but as my therapist laughingly put it, Andrew was as tempting as an ice-cream factory. It was my chance to fall straightforwardly in love.

Soon after that, I had to explain to my parents why I wanted a psychiatrist who was out-of-network for my health insurance. I closed my eyes as my father asked why I needed this specialist, what his focus was. "S&M," I said shortly.

Why had I worried? I knew my parents had striven to give me an independent, rational, feminist outlook. Self-esteem and integrity. I was so lucky, I understood as my father said nothing but, "All right." It was a blinding realization: my father might have judged me with all the worst things I thought of myself -- but instead, he trusted me to do my best.

When I called my mother (long separated from my dad), too many of my flatmates were around for a private conversation indoors. I banished myself into a warm summer storm, cradling my cell phone away from the rain. There was a pause after I said the fateful words -- then she said, "Have you talked to your father about this?"

"Yes," I said hesitantly. "Why?"

"Well, I think it was an issue in our marriage that I was more into that stuff than he was."

Fat droplets soaked my hair. The tight knot in my chest -- familiar for nearly a year -- loosened as I caught my breath. I turned my face up to the sky and let the tilted world resettle around me; my mother's faraway voice helped me through a hundred things that had torn my heart. "You aren't giving up your liberation," she reminded me, and emphasized my continuing right to a partner who respects me. She even noted mildly that she'd "wondered" about me when I was a child.

I'd feared that I was damaged, that there was something deeply broken in me. I'd wildly guessed that I'd suffered trauma and repressed the memories. But if my mother -- one of the most independent, feminist women I've ever met -- could reconcile BDSM, then I knew I could. And if she was into BDSM herself, then rather than viewing my proclivities as damage, I could see them as something intrinsic we shared.

Over the next hour, my mother told me I could retain rationality, self-esteem and integrity. For the first time, I found myself believing it.

My therapist laughed when I told him. "I swear," he cried, "it's genetic!"

* * *

There was one loose end to a conclusion that felt like a fairy tale. Though we had some unfettered conversations, tension remained between me and Richard -- perhaps it even worsened. At one point, observing us, Andrew said mildly: "Settle down, you two."

Worse, Andrew and I were going in different directions. I finally felt somewhat at peace with BDSM, but he couldn't gain that comfort, and started backing away from it. It was impossible not to think of Richard and shiver, remembering how uncompromisingly vicious he could be. When Andrew and I broke up over a year later, I knew: *I shouldn't see Richard.* My therapist warned me to be careful with BDSM when my heart was in pieces.

Of course I wasn't.

It was the first time I'd explicitly pursued Richard since he'd told me, so long ago, that he was busy. I emailed him straightforwardly, sat down on his bed shortly after Andrew and I broke up. When Richard set his fingernails into my skin, he murmured, "It's been a while," as if he'd always known he'd see me here again. The tears came more quickly than they once had -- I'd fought them then, unwilling to break down in front of him. I'd

been successful, too. Richard had only made me cry once, before.

*This is what I want,* I reminded myself as Richard wound his hand in my hair and pulled my head back. His teeth bruising my shoulder felt familiar and wrong. A kiss on my neck sent me rigid. Sobs nearly choked me. *Why now,* my heart cried, *why not when you were who I dreamed of, Richard?*

I couldn't fault his empathy -- he pulled away. "No," I said unwillingly, "I'm fine," but he wouldn't continue. Uneasily, he pointed out that I'd never reacted like that. I said he'd never kissed me like that, and he asked, "Really?" as if it were a surprise.

*Yes,* I thought, forcing my tears away. *I was desperate for it. I know.*

To get him to keep hurting me, I had to convince him that I was fine. *This is what I want,* I coached myself. I was nearly composed when Richard mentioned Andrew, and I felt grief rip me open.

He watched me cry, got me a glass of water. *Shades of two years ago,* I might have thought, but I never did. I apologized; he said only, "I thought this might happen." On some level, I knew that I had, too -- for all my self-reassurances that I would be fine. *What was I thinking?* I asked myself, and the answer came instantly. *I had to know.*

When Richard asked if I wanted to sleep over, I said I didn't. "Then don't go yet," he said softly, putting his arms around me where I lay. I rested my head on his chest. *I won't tell Andrew about this,* I decided, wondering if he and I would be together again. *Even if I've learned that I don't want Richard anymore.*

* * *

In retrospect, it seems surreal that I reacted so badly to my BDSM orientation. The agonizing memories of my adjustment have lost their emotional flavor. I've learned a lot about how to practice BDSM safely -- physically and emotionally. I've had multiple BDSM partners, and I've had positive experiences in the welcoming BDSM subculture. In recent times, I've even begun to switch: occasionally I'll be the dominant partner, though I feel submissive masochism far closer to my core.

Still, I remember the unease I felt at first -- and I recognize stronger unease in others. I certainly wouldn't describe this orientation to, say, an employer. I believe BDSM needs a liberation movement, just like homosexuality, but I'm not (yet?) ready to be a public spokeswoman. And I definitely wouldn't consider dragging others out of the closet. I write about BDSM under a pseudonym, and I have changed the names of Richard and Andrew.

I fear that others will read this narrative as describing an assault, a near-rape -- and a woman who tried to rationalize her experience by embracing it. That's not what happened. When Richard first pulled my head back and hurt me at that drunken outdoor party, I could have said no. The word was echoing in my mind, waiting on my lips, and I didn't say it because I didn't want him to stop. I was certainly intoxicated, but I wasn't helpless. I was threatened, but I was not afraid. I may have fought self-actualization like a caged animal, but I could not deny it. I have always been this way.

Conversely, I'm afraid that some conservative will read this and say: "Look how the feminist movement has failed us!" That's not what happened, either. I identify as feminist, and I don't believe that to be at odds with being a submissive masochist. Indeed, I believe that the feminist movement helped my practice of BDSM: it's one of the factors that gave me the strength and self-assurance required to figure out and discuss my sexual needs.

Andrew and I did get back together; then we broke up again. Richard and I have had other nights together. I wish this narrative ended cleanly. I wish I could say that I've found a fairy-tale lover, that I'm now with a man who both hurts me till I cry and gives me the relationship I want. (Why stop there? He could be rich and handsome and a great cook, too!) But this is my story, not a fairy tale. Just as well; that means I still have space to learn. I believe I've gotten better at communicating clearly. I believe I've gotten better at sorting out the harsh emotions inspired by BDSM, working with -- and enjoying! -- those feelings in the context of a loving relationship. And I hope I no longer objectify my sadistic partners to the extent that I objectified Richard. Still, I know I've got a ways to go.

I see BDSM as a continuum -- similar to the theory that homosexuality is a continuum -- and sometimes I think that everyone's on the continuum to some degree. I don't think Andrew is as far into the continuum as I am, and not as far as Richard, either. But there are reasons I was with Andrew for nearly two years, yet never let myself fall completely into Richard.

A certain kind of devoted relationship is important to me. I felt strongly about Richard, and he was a good fit for BDSM, but he couldn't give me the relationship I want. I went back to Andrew, though he was far less into BDSM, because I was able to love him. I wonder, though: if I ever fall for a completely vanilla man, will I be able to compromise that far? It seems unlikely. Maybe if that happens I'll have to remember my friend's words and find a separate person, a non-lover who inflicts pain.

I'd rather not do that, but I can't imagine giving up BDSM. The idea feels equivalent to a vow of celibacy. As my therapist said, I'm not looking to escape -- especially not now that I've finally adjusted. It wasn't easy, but I feel that today I am triumphant. And I believe, I hope, that knowing what I want is the surest path to falling straightforwardly -- happily -- in love.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/06/30/love-bites-an-sm-coming-out-story-mirror/

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EDUCATION:

# [theory] Liberal, Sex-Positive Sex Education: What's Missing

*I originally wrote this in 2009, then reposted it in 2010 as part of a group drive by sex-positive bloggers to solicit donations to Scarleteen.com. Scarleteen is an amazing sex education site run by the equally amazing sex educator Heather Corinna, and it can always use donations! You should totally go investigate that site -- after you're done reading my work, of course.*

*When I first published this piece, the sex-positive film director Tony Comstock commented on Twitter, "I think that post of yours might be one of the most important things written about sex-positivity in the last 10 years." I was really honored by that, because he does excellent work.*

*My parents occasionally read my blog, and I also got some interesting feedback from my mother. She wrote to me: " Speaking from where I sat when you were growing up: I wish I could have taught you what you eventually learned on your own. But I felt there was this unchallengeable wave moving and I didn't have a place to stand to counter it. I kept thinking I was leaving you to learn the hard way exactly what I learned the hard way, and was still learning, and was despairing of ever learning."*

*I wrote back: "For what it's worth, I remember you trying to stem the tide with small comments, and I think that those comments later helped me center myself in a place where I could reach my own conclusions rather than blindly sleeping around." I hope it made her feel better, because it's true. I'm not a parent, although someday I would like to be... but I think one of the hardest things about parenting must be knowing that your kids will learn terrible things from the surrounding world, and the best you can do is try to be there while they process those lessons.*

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## Liberal, Sex-Positive Sex Education: What's Missing

I am fortunate. I was born in the eighties and I received a great sex-positive upbringing. The public school I attended taught students how to use condoms; middle school health education included a section on sexually transmitted diseases. My parents didn't throw their sexuality in my face -- but they were almost always matter-of-fact, understanding and accepting when they talked about sex. (I'll never forget how, at age 12 or so, Mom sat me down and gave me a long speech about how it would be **totally okay** if I were gay.) I was raised Unitarian Universalist, and the Unitarian Sunday School teen program included a wonderful sex education curriculum called About Your Sexuality. (I understand that the sex-ed curriculum has been changed and updated, and is now called Our Whole Lives. I haven't delved deeply into the Our Whole Lives program -- maybe it addresses some of the issues I'm about to describe.)

So I think I'm in a good position to describe the problematic signals we face in liberal sexual education. Yes, I've experienced the overall sex-negative messages that drench America, and they're terrible -- but so much is already being said about those. I also received lots of sex-positive messages that are incomplete, or problematic, or don't quite go the distance in helping us navigate sexuality -- and I think the sex-positive movement must focus on fixing them.

I'm so grateful for my relatively liberal, relatively sex-positive upbringing. I think it did me a world of good. But here are **my five biggest problems with the way I learned about sexuality:**

1. ***I wish that I hadn't gotten this message: "Sex is easy, light-hearted -- and if it's not, you're doing it wrong."***

Do I believe sex can be easy? Sure. Do I think it can be light-hearted? Absolutely! But do I think it's **always** those things? No, and I don't think it "ought to" be.

I think we need to teach that sex can be incredibly difficult. It can be hard to communicate with your partner. It can be hard to learn and come to terms with your own sexual desires. It can be hard to understand or accept all your partner's sexual desires. And just because it's hard, doesn't mean that you're with the wrong partner -- or that you're missing some vital piece of information that everyone else has -- or that you're doing it wrong.

And as for light-hearted, well -- sure, sex can be "happy rainbows joy joy!", but it can also be serious... or dark. And there's nothing wrong with that!

I recently talked to a friend, who also identifies as a BDSMer, about our stories of coming into BDSM. Both of us had sadomasochistic fantasies from a very early age (mine, for instance, started in grade school -- seriously, I actually did tie up my Barbie dolls). I told my friend about how I'd always had these intense, dark, violent feelings -- but when I made it to middle school, I remember a change. I had a series of vivid BDSM-ish dreams, and I freaked out. I closed it all away, I stopped thinking about it, I repressed it all as savagely as I could.

Before that, I had also started thinking about sex. I imagined sex at great length; I read about sex. I had long since filched my parents' copy of *The Joy of Sex* and examined it, cover to cover -- not to mention many other fine sexuality works, like Nancy Friday's compilation of female sexual fantasies *My Secret Garden.* I was totally fascinated by sex. I talked about it so much that one of my friends specifically searched out a vibrator as a birthday present for me. I actually pressured my first major boyfriend into some sexual acts before **he** was ready, which I suppose is an interesting reversal of stereotype (but to be clear, it's not okay that I did that). As I started having sex, I found that I liked it okay, but knew a lot was missing -- and couldn't figure out what.

It took me years and years to connect sex to BDSM -- to figure out that the biggest thing I was missing was BDSM. Why? Because BDSM was horrible and wrong, and I'd shut it away; BDSM (I thought) couldn't possibly have anything to do with the bright, shiny, happy horizon of sex! Coming into BDSM was a crisis for me partly because -- although I knew other people practiced it, and had never thought much about that -- my own need for those dark feelings totally shocked me. This wasn't me. This wasn't **healthy sex**. Sex was light-hearted, happy rainbows joy joy!... wasn't it?

In contrast, my friend -- who had an extremely sexually repressed upbringing -- never had any trouble integrating BDSM into his sex life. Sex, for him, was already wrong and bad... so as he got in touch with his sexuality and began having sex, BDSM was involved from the start. After all, there was no reason for it not to be.

As glad as I am that my upbringing was not stereotypically sexually repressed, I have to say that I envy my friend his easy personal integration of BDSM.

2. ***I wish this point had been made, over and over: "You might consider being careful with sex."***

I recently read an excellent New Yorker article that reviews the new version of *The Joy of Sex.* It talks about the time when *The Joy of Sex* came out, as well as a similar contemporary feminist book, *Our Bodies, Ourselves,* and it points out that "both books espoused the (distinctly seventies) notion that sex could be a value-neutral experience, as natural as eating."

"Value-neutral": that's a great way to describe the overall attitude about sex that I absorbed. As if sex were something I could do as an amusing diversion, with anyone, at any time, and it would always be fun fun fun! As if there was no need to be overly careful or sensitive -- sex was just a game I could play, like a sport -- where the worst that would happen if I screwed up might be a skinned knee.

I wish that there had been an emphasis on how emotions can really **matter**, when it comes to sex. I wish that there had been acknowledgment of the fact that we can really hurt ourselves, and others, when we're cavalier about sex. (Not that we always do -- but we can.) I wish I had understood sooner that sex is not always value-neutral; that everyone has all manner of different sexual needs and hangups, anxieties and strong emotions. I think maybe there are people out there who can have "value-neutral" sex -- where it's totally about physicality and nothing more -- but I am not like that, and I suspect that most people are not.

Which isn't to say that I think there's anything **wrong** with people who can have sex that's "value-neutral." (And maybe "value-neutral" is not a great term for it; I worry that I sound like I'm judging when I use that term.) I just don't think it's a good model for everyone, and yet I think that it has somewhat been promoted as if everyone "ought to" be that way.

I think that there are lots of people out there who feel as though the sexual liberation movement "failed" or "betrayed them," because they convinced themselves that sex is value-neutral and then got hurt. You see a lot of assertions along these lines in the conservative media -- for instance, here's a quotation from a synopsis of the book *Modern Sex:*

*The 1960s sexual revolution made a big promise: if we just let go of our inhibitions, we'll be happy and fulfilled. Yet sexual liberation has made us no happier and, if anything, less fulfilled. Why?... sex today is increasingly mechanical and without commitment -- a department of plumbing, hygiene, or athletics rather than a private sphere for the creation of human meaning. The result: legions of unhappy adults and confused teenagers deprived of their innocence, on their way not to maturity but to disillusionment.... These beautifully written essays -- on subjects ranging from the TV show Sex and the City to teen sex to the eclipse of the manly ideal to the benefits of marriage -- add up to the deepest, most informative appraisal we have of how and why the sexual revolution has failed.*

I disagree with most of their attitude. We don't need innocence. We don't need sexual mystery. We don't need to eliminate teen sex. We don't need to re-establish some limiting, patriarchal "manly ideal." But they've got one thing right: we do need to start talking about sex as something that is **not** mostly mechanical -- as something that, yes, can be "a private sphere for the creation of human meaning."

3. ***I wish I'd learned this: "Good sex doesn't just require two (or more) people who like sex. It requires desire -- and desire simply doesn't work the same way for everyone."***

I've said before that I went through a period -- back when I was first becoming sexually active -- where I simply **could not figure out** why sexual acts with people I didn't care about didn't seem to turn me on. Or rather -- they turned me on a little, but not... much. It took me a while to understand that sex requires more than just two eager people. It requires attraction and desire.

When I was fifteen or so, and at summer camp, I remember making out with a boy. I didn't really want to make out with him, but I wasn't sure how to reject him (more on this under point 5). And I figured: he seems nice enough, so I might as well make out with him. Afterwards, I felt angry at myself, and I felt like I'd wasted my time -- and I felt confused. I'd been bored at best and repulsed at worst, and I wasn't sure why I felt that way, or why I'd done something that made me feel that way.

So why **had** I done it? Because I'd thought: "Sex is value-neutral." Because I'd thought: "Making out is fun, right? -- that means I ought to do it when I get the chance!" Because I'd thought: "My preference not to make out with him is probably just some silly repression that I need to get over." Because I didn't understand that desire is complicated, that you can't just make yourself feel desire when it's convenient, and that you don't need a reason for your attractions -- or lack of attraction. This situation was to reprise itself in various forms over the next years, until I finally learned that sometimes you simply want or don't want things, and that you aren't required to justify your desires.

4. ***I wish I'd gotten a list of suggestions: "Here are some places you might go to start figuring out what turns you on."***

I was told that sex was fun. I was even told to explore! But I still spent years with very little actual idea of what I wanted. No one ever told me how or where I might be able to learn more about my needs, or what exploring my needs might look like. And no one ever explained that people are turned on by different things, that some people like some sex acts and don't like others, and that's okay.

I went into sex with a buffet-style attitude, thinking that I must naturally enjoy sex equally in all ways. I was so surprised when I found out that I like some positions better than others! I remember how confused I was when I dated a guy who didn't like fellatio, and how hurt I felt -- like his lack of enjoyment meant that I must be doing it wrong, because **everyone** likes oral sex, right?

And of course, while I had a pretty comprehensive idea of the vanilla sex acts I could experiment with, I had very little idea of what else was out there. In retrospect I find this hilarious, but I remember -- back in my vanilla days -- I had two boyfriends who tied me up. They tied me up and were nice to me, and I suppose it was amusing enough, but

didn't drive me crazy with lust or anything. And -- this is the kicker -- **because I did not understand that there's a lot more to BDSM than light bondage, because I did not understand that there are many separate BDSM acts that people can enjoy and many ways to flavor them, I assumed from this experience that I didn't like BDSM.** I went through my old journal entries the other day and uncovered one in which I, confused, am speculating about what's missing from my sex life: I write, "I've tried S&M, so it can't be that."

What a learning curve I had ahead of me, eh?

I wish someone had tried to explain to me the vast cornucopia of human fetishes out there. I wish someone had explained that erotica and pornography are both actually really good ways to learn about your turn-ons, and -- more importantly -- had told me that **not all erotica and pornography are the same,** so the fact that I wasn't into mainstream stuff didn't mean I automatically wasn't interested in all erotica or porn. I've mentioned that I had lots of conversations with friends about sex, but -- until recent years -- those conversations were never framed as "This is what I like," or "I've found something new that turns me on," and I wish I'd realized sooner what a great resource conversations like that might be.

5. ***I wish I'd gotten a list of ideas: "Here are some ways you can try communicating with your partner about sex."***

Lastly, but certainly not least -- I was never taught how to communicate about sex. No one ever gave me even the first idea. In all my sex-positive, liberal sexual upbringing, I was told over and over that "relationships require communication", but no one ever said: "And here's some ways in which you might communicate sexually with your partner."

One big benefit of teaching sexual communication strategies is that it helps people learn to say "no" when they don't want to do something. Teaching people how to set boundaries is massively important, and I think a lot about ways to do it. I saw this adorable video about cuddle parties recently that really struck me -- these people create parties where everyone basically just cuddles, but everyone also specifically has the power to say "no" to any given person or act. The reporter who made the video talks at the end about how she found the whole experience to be empowering -- how she felt like it gave her space to say "no" that she hadn't had before. Perhaps these could be used to teach people to set boundaries?

But you can't really use cuddle parties in a school or workshop setting, more's the pity. When I developed my first sex education workshop, it was all about describing good communication strategies. I listed questions that all sex partners could benefit from asking each other, including "What do you like?" and "What do you fantasize about?" and "Is there anything you really don't want me to do?"

And I talked about ways that you can make communication easier, if the two partners are uncomfortable having this conversation. I took a page from the BDSM community by creating checklists of all kinds of sexual acts and weird fetishes and gender-bending craziness, and I put it all on a 1-5 scale (with 1 being "not at all interested" and 5 being "I'd love to try this"), and I told people that they could try filling out those checklists and

giving them to their partners. (The amazing sex education site Scarleteen later implemented the same idea, in a much more comprehensive way than I had!) I suggested that partners write out their fantasies and email them to each other, or write out descriptions of their mutual sexual experiences -- long accounts, describing how they felt about everything and what sticks out in their minds -- and send those to each other, too, so they can get each others' perspectives on what they've done.

(By the way, I still offer a much-improved version of that workshop on my list of events, lectures, and workshops, just in case you're interested in bringing me in....)

God, it's so **hard** to talk about what we want. It's even hard to talk about talking about what we want. I mean, it's hard enough to figure out what we want in the first place -- but communicating it... eeek! And it's worth noting that this is not just a problem of having good sex. As was pointed out recently on the blog for the wonderful sex-positive anthology *Yes Means Yes!:*

*[There is a] need to demystify and destigmatize communication about sex. If we can't talk about what we like and what we want, we will always have problems making clear what it is we're consenting to. If we can't be frank about what we do want, we put a lot of weight on the need to communicate what we don't.*

Giving everyone great sexual communication skills doesn't just give us all better sex -- it fights rape. There's a noble cause for you!

... So, that's my five-pointed analysis. And that's what I'm pushing for. My goals are not just to get people thinking that sex is awesome and sexual freedom is important. It's going to be hard, and it's going to be an uphill battle, but I'm hoping that I can not only help out with sexual liberation -- I'm hoping to **improve** it.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/11/11/classic-repost-liberal-sex-positive-sex-education-whats-missing/

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COMMUNICATION:

## [theory] Sex Communication Tactic Derived From S&M: The Annotated Safeword

*As soon as I started researching S&M and thinking critically about the communication tactics promoted in the S&M community, I realized that there were a lot of really important lessons wrapped up in those tactics -- lessons that could be deconstructed and applied to all kinds of sexuality. From the beginning, I planned to do a series of posts on Sex Communication Tactics Derived from S&M, but I only got around to it in 2010.*

*The post about safewords caught the attention of Thomas MacAulay Millar, a feminist blogger and S&Mer who is older and more established in the blogosphere than I. Thomas asked if he could annotate the article, then post it on the blog where he usually writes -- the blog for the excellent sex-positive anti-rape anthology* Yes Means Yes. *Of course I agreed. The final product looks something like a conversation between me and Thomas, although I wrote the post before he added his input.*

* * *

**The Annotated Safeword**

***Thomas MacAulay Millar:***

Clarisse Thorn's post about safewords is so good I'm just going to repost the whole thing and annotate it.

***Clarisse Thorn:***

Everyone knows about BDSM safewords... or at least, everyone thinks they know about safewords. But one of the initial moments that really impressed me about my current boyfriend was when I asked him, many moons ago, if he knew what a safeword is. He paused, then answered, "I think I'm familiar with the idea, but I probably don't know much more than a stereotype, so I'd like to hear you define it." Humility and open-minded curiosity are so **incredibly** hot!

Righto. Hot boyfriend aside, I'm here to explain safewords and check-ins, and how those concepts can exemplify excellent sexual communication for everyone -- not just S&Mers -- in a world that doesn't do a good job teaching anyone how to communicate sexually.

When two (or more) people have a BDSM encounter together, generally they set a safeword -- a word that anyone can say at any time to stop the action. (Sometimes people don't use safewords. This is their choice and I totally respect it. I would not recommend going without safewords for anyone who doesn't know their partner **extremely well**, and I would be seriously sketched out by anyone who pressured a partner to go without safewords.)

***Thomas MacAulay Millar:***

A word on origin: safewords are only strictly necessary in one circumstance -- where the participants want words like "no" and "stop" not to have their ordinary meaning. One can do BDSM for a lifetime without a safeword, if words have their ordinary meanings. As former porn star and kinkster Ona Zee once put it (I'm quoting an interview from memory here), "our safeword is 'that hurts.'" Folks can even do heavy play depending on how they react to things, without a safeword, simply saying "stop" or "too much" or "fuck, I can't handle any more of that!" when the play gets too intense. Any BDSMer who would tell you URDOINITRONG if you use ordinary words to communicate in scene is not someone you need to listen to.

Safewords are essential for roleplay where "no, please don't, I'll do anything!" should not stop the action. It's also essential for any bottom who will involuntarily shout "No! Stop!" while actually wanting more. Other than that, it's an optional tool -- a very, very useful

one, for many reasons. Clarisse mentioned that some people "don't use safewords." From the context, she's talking not about people for whom no means no in scene, but people for whom there is no definitive way for the bottom to stop the scene. And perhaps readers can tell from Clarisse's tone that that's... the advanced class. You'll find the safety police in any BDSM space or community that finger-wag about it, and the swaggering more-kinky-than-thous that brag about it. But what does it mean?

I can only tell you what it means for me. There are times I give up my safeword: only to my spouse. We've been playing together for about a decade and a half. If I give up my safeword, and that's something we do rarely, it doesn't mean I don't have limits. I have limits! Yes I do! There are things I can't handle, mentally or physically, and things I never want to handle! There are "hard limits," things I've said I'm just not willing to do. And there are soft limits, things I don't think I'm ready for but I'm willing to bump up against them and see what happens. If I give up my safeword, it means I have limits, but instead of telling her when I've reached them, I'm going to trust her to listen to me and watch me and make that decision. I may say, "I can't, I can't, I can't," and she may decide I really can't. Or she may decide I've got more in me than I believe I do. There's a lot of risk associated with that. But there's a trust in those moments and a closeness that does not go away when the scene is over. Or ever, really. Risk and reward: we set our own tolerances.

Some folks may have come across the term "consensual nonconsent." It's one of those terms with multiple meanings. Some people use it to describe any situation where the bottom is saying "no, don't" but has not yet safeworded -- a usage I find less than useful. Others use it to describe roleplays of nonconsensual situations. The last common usage, though, is that which I like to describe using Hunter S. Thompson's phrase, "buy the ticket, take the ride." It means that the bottom consents to be in a situation I've just described, where the top decides if the bottom needs to stop, often but not always around specific activities, and usually (wisely) heavily negotiated.

***Clarisse Thorn:***

When I give advice about setting safewords, I usually offer the following:

A) Some people like to say that it's good to use a safeword that's jolting, and is likely to make your partner feel totally unsexy. Isn't there a *Family Guy* episode in which Lois & Peter's safeword is "banana" or something?

***Thomas MacAulay Millar:***

Not a fan. The more obscure a safeword, the harder it is for a bottom who is spacey or flying on endorphins to access it. It's easy to remember "banana" in the calm before the storm. At the moment when it's most needed, that can easily become a muddle of "yellow? was it a fruit? Shit, what do I do?" That's not a place bottoms want to find themselves and a top never, never, never wants to have a bottom who is at a limit but can't communicate about it.

***Clarisse Thorn:***

B) In my experience, the generally accepted safewords in the S&M community are

"safeword" and, more commonly, "red." I consider it useful to go with the "public standard" because that means that in the future, you're likely to be attuned to the correct word if you practice BDSM with other partners as well. (It also means that if you ever do S&M in a public space such as a dungeon, everyone in the place will recognize your safeword if you scream it.)

C) At first wasn't that excited about this, but I've grown to love the fact that the safeword "red" also sometimes encompasses "green" -- and "yellow." That means that if I'm in the middle of an S&M encounter, I can say "red" and my partner will stop; I can then catch my breath and say "green," which means "by God keep going!" Or, if I'm a little uncertain about the territory but don't actually want my partner to stop -- if I just want my partner to be a little bit cautious -- then I can say "yellow" (and, of course, I can move to "green" if I become really psyched, or shift to "red" if I really want my partner to stop).

***Thomas MacAulay Millar:***

My spouse and I use the "stoplight system." It's simple, it works, and "yellow" option is really useful for things that are getting hard to handle. Also, a lot of bottoms are either submissives or masochists with more pride and stubbornness than is good for them -- the former out of an overdeveloped desire to please, the latter sometimes out of a desire to impress or even just a pitbull-stubborn urge to push themselves as hard as they can go. Take the personalities that finish an Ironman and collapse and need IV fluids, and put them on a spanking bench with big welts from a prison strap, and you've got someone who won't safeword when ze probably should. In those and other circumstances, giving the bottom an easy option to say, "I'm struggling here" without feeling like they're quitting is a very useful thing.

*[Editor's Note: "ze" is the gender-neutral pronoun, and it's in the Glossary. Clarisse tried to use it regularly for a while, but ultimately concluded that it made her posts less accessible to non-gender nerds.]*

***Clarisse Thorn:***

I know that this probably doesn't sound sexy at all, but it totally can be! Consider the following example: during my last vacation to America, I had an S&M encounter with a dude I'll refer to as Klark. (It's not my fault. He requested the pseudonym.) At one point, Klark was experimenting with hurting me, and I had my eyes closed and was whimpering / crying out in a totally glorious way. (The poor overnight desk clerk. He was only one short flight of stairs away from us.) I think Klark was legitimately having trouble detecting whether I was enjoying myself, though -- understandably, because we had only just met, and I enjoy sinking myself into dramatic masochistic misery -- so he leaned over me and said, in a low dark voice, "Red, yellow, green." Immediately, I gasped back "Green." Because he spoke in a gritty and dominant voice, and the check-in was quick, we were able to maintain the mood -- and it was actually kind of hot in itself.

Which brings me to the other thing: check-ins. Sometimes, you want to check in with your partner. Which can be easy: you can just say, "Hey, how does this feel?" or, as a more precise example, "Give me a rating of 1-10 on how good this feels (or how much this hurts)." But if you want to do it quickly and without shifting the mood, you can do it

as I outline above in the Klark example. Or even quicker, as for example with the hand-squeeze system, where the participants agree ahead of time that you can squeeze another person's hand twice and expect two squeezes back -- and if there aren't two return squeezes, it's time to stop and figure out what's going wrong. (Squeeze system: also very helpful when gags are involved.)

***Thomas MacAulay Millar:***

There are all kinds of safesigns when nonverbal communication is necessary; one being to give the bottom an object to hold and to drop when at a limit. It has the disadvantage of being binary, so it loses the middle step that the stoplight system provides.

***Clarisse Thorn:***

Sometimes submissives will have a hard time safewording -- whether out of pride, inexperience, or eagerness to please -- and that's another reason check-ins can be good even when there's a set safeword. If you aren't sure how to read your partner's reactions and you suspect ze may be uncomfortable with what you are doing, then you might consider checking in even if ze hasn't safeworded, because **your suspicion may be right**.

***Thomas MacAulay Millar:***

This can't be emphasized enough. **Tops Can Never Be On Cruise Control!** A safeword gives the bottom a tool to communicate, but it does not ensure safety. The top has at least as much information that the bottom doesn't have, as the bottom has information the top doesn't have. Therefore, the top has to be a full participant in making sure the scene is working and the risks are under control at all times. Anyone who thinks ze can ignore safety as long as the bottom has a safeword is dangerous.

*This post was edited to add:* In the comments on this article, Dw3t-Hthr made a powerful point that for some people, safewords are unavailable in scene. She said, in part:

*[I]f I am in a place where a safeword might be necessary, a safeword is not possible. Not just because I am someone who is regularly nonverbal, but because the altered consciousness state that I achieve makes processing those sorts of questions at best difficult and at worst unachievable...*

*But I'm not a bottom, I'm a submissive, and this isn't about "wanting to please," it's about a psychological incapacity to recognise when I might be doing myself damage in certan situations. If I'm not in that state, I can say "Oh stop doing that it's wrenching my shoulder" or whatever is appropriate. If I am in that state, I cannot indicate and have to place complete trust in the judgement of my partner.*

*I happen to know that I'm not the only person like this. I think it's important to recognise that safewords are not always possible. It's important, I think, to communicate to the person who resembles me in this that while their brainwiring is not morally incorrect, that they probably ought to think of themselves as Advanced Subjects and try to do their thing in a context where the trust and competence required to do it safely is demonstrated.*

Also, a note on terminology: Clarisse used "submissive" there in a way where it's not

clear from the context whether it's meant as an umbrella term like "bottom" or as a specific term. The use of "dominant" and "submissive" as the default terms seems to me to have started in the mid 90's, and I've never liked it because of its imprecision. Not all bottoms are subs; some people like to bottom but don't have a submissive bone in them. Some bottoms are wisecracking smartassed masochists only in it to play the pain game and ride the endorphins; some bottoms don't see themselves as giving up power in any way to the top. And I top my fair share, but I certainly don't think of myself as a dominant. I think the change in terminology arose with a small but vocal minority of kinksters who believe that everyone who does BDSM is really looking for a deep power exchange, ultimately even a 24/7 relationship. I still see people make this argument. They're still wrong, and they're still few in number. Using "submissive" and "dominant" when one means to include folks who are just topping and bottoming may be misunderstood; saying "top" and "bottom" is almost always correctly understood as the inclusive term. ("Sadist" and "masochist" are specific terms that shouldn't be pressed into general service either; there are submissives that really, really don't like pain at all and dominants that would prefer never to inflict it.)

***Clarisse Thorn:***

What I love about safewords and check-ins:

1) Hypothetically, mainstream society acknowledges that anyone could say no at any point during sex, but in practice, this is really hard. A variety of forces -- girls socially pressured not to be so-called "cock-teases," boys socially pressured to supposedly "prove their manliness," and everyone anxious to please their partners -- work against people's capacity to say no; and while there is a vague understanding that "no means no," that vagueness is as far as it gets. There's no explicit framework in place for how to say "no," and no understanding of how to continue an encounter (or relationship) after one's partner says no. Even worse, there's an assumed linear progression of sexual activity -- the best example is the "base system," which places sexual interaction on a metaphorical baseball diamond where "first base" = groping and "home base" = penis-in-vagina sex. Have I mentioned that I hate the base system?

So anyway, the biggest moral of the story with safewords and check-ins is that consent does not only happen once. **Consent is always happening, and can always be renegotiated or withdrawn**. Adapting my understanding of sexuality to reflect this -- even in my non-BDSM sex -- might have been the best thing that ever happened to my sex life.

***Thomas MacAulay Millar:***

What can safewords do for non-kinky people? Permission communication. In a culture that delegitimizes communication -- especially women's communication of limits or needs -- this is **huge**. Safewords permission "no." That which permissions the free exercise of "no" also, necessarily, creates space for the free exercise of "yes."

***Clarisse Thorn:***

2) On a related note: **Good sex is not about entitlement**. If we acknowledge that anyone can safeword out of any sexual act at any time, then we acknowledge that no one is

entitled to any kind of sex from a partner -- ever. If your partner loves you but doesn't want to have sex with you? That's a respectable choice. If you're really turned on, but your partner can't stand the idea of having sex right now? That's a respectable choice. Those two are easy, I think, but how about these?

+ If your partner used to do something with you a lot, but doesn't want to do it anymore? That's a respectable choice.

+ If you are married to your partner, but ze doesn't want to have sex? That's a respectable choice.

+ If your partner performed a sexual act with another partner but would prefer not to do it with you? That's a respectable choice.

+ If you know your partner likes a certain kind of sex, but they don't want to do it right now? That's a respectable choice.

+ If you think a certain act is "mild" and "taken for granted," like kissing or tickling, but your partner doesn't want to do it? That's a respectable choice.

By the way, if you (like I once did) feel as though your partner is entitled to sex of any kind, I encourage you to re-examine that feeling. Ditto if you've got a little voice in your head telling you that you "ought to" be up for sex all the time just because you don't get it very often... or that you "ought to" be up for sex if you've done it with your partner before... or whatever. The other best thing that ever happened to my sex life was when I finally, finally, finally internalized the idea that my partners don't ever "deserve" sex for any reason -- that there's no reason I ever "should" be having sex -- and that the only reason I should ever, ever, ever do anything sexual is because I legitimately want to.

Of course, if you truly believe that you need a certain kind of sexuality in your life, then you're absolutely entitled to **ask** your partner to consider it -- and you're entitled to leave the relationship if ze isn't up for it. But this doesn't mean that you "deserve" to do that act with that person, or that your partner "owes" you a certain act.

And hey, if your partner isn't down with one specific sexual act, then that means you've got the chance to explore all kinds of other sexuality. Another other best thing that ever happened to my sexuality? Quite possibly, it's my current boyfriend -- whose religious adherence has drastically limited our physical sexual options.

***Thomas MacAulay Millar:***

We're each entitled to our own identity, but not to our own partner. Our partners are people, with thoughts and desires and limits of their own, and they don't have to do what we want them to do. This goes for tops, too! Tops have limits! Because of my blogging covenant with my spouse (what I do as a bottom is personal to me and I decide how much I reveal; what she does as a bottom is personal to her and she prefers that those stories not be blogfodder) I don't have any really good stories to share about hitting my limits as a top. But they exist. Tops are not required to be into everything a bottom is into, and they damned sure are under no obligation to do things that make them uncomfortable just because the bottom wants it -- whether the reason for the discomfort is risk tolerance, ideology, squeamishness or anything else. Tops can say, "no, I won't suspend you from

that eyebolt because I don't trust it", "no, I'm not interested in doing that roleplay because I wouldn't be comfortable with it", or "I don't do play piercing because blood is a hard limit for me." We all have a right to say no to sexual acts we don't want; even if we're topping.

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*This can be found on the Internet at:*

http://yesmeansyesblog.wordpress.com/2010/07/07/the-annotated-safeword/

*Clarisse's original post on safewords can be found on the Internet at:*

http://clarissethorn.com/blog/2010/07/03/sex-communication-tactic-derived-from-sm-2-safewords-and-check-ins/

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COMMUNICATION:

## [theory] Sex Communication Tactic Derived From S&M: Checklists

*This is part of the same 2010 series as the previous article -- in fact, it came first.*

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### Checklists

S&M checklists are long lists of different acts that sexual partners can use to discuss different acts and measure each others' interest in those acts. Each act on the checklist usually looks something like this:

FLOGGING -- GIVING _____ O O O O O

FLOGGING -- RECEIVING _____ O O O O O

Each partner rates each entry by filling out 1-5 bubbles, with 1 darkened bubble meaning "Not interested" and 5 bubbles meaning "I crave this!"

I think this concept is brilliant because:

1) Too often, it's assumed that "sex" encompasses certain acts, and if you're interested in a sexual relationship you must be interested in all those acts. Or there's assumed to be a kind of linear progression, as exemplified in the "base system," where "first base" is groping and "home base" is penis-in-vagina sex. Talking about each sexual act as its own self-contained idea short-circuits those problematic ideas about sex and makes it easier for couples to turn down some of the "assumed" acts (e.g., if I don't want oral sex but I do want penis-in-vagina...).

2) It provides an easy way to communicate desires -- if a person is nervous about saying, "Hey, is it okay if I flog you?" then the couple doesn't even have to talk about it right

away. They can just sit down, fill out their checklists and compare results without getting too worried about how to bring up certain desires. I mean, at some point of course they'll hopefully talk about it, but hopefully the checklist framework makes it easier and lower-pressure.

3) Concurrently, it provides an easy way to **turn down** acts -- it's much harder to reject a lover's proposition when ze says, "Darling, can I flog you?" than it is when you simply fill in one bubble on the "Flogging -- Receiving" section. In the past, I've certainly felt a lot of anxiety when I wanted to turn down partners, and it's nice to imagine a set-up that would have made me feel less anxious.

In fact, I love the checklist concept so much that when the University of Illinois at Chicago had me design my sexual communication workshop, I created a "vanilla" version of the checklist that had entries ranging from "oral sex" to "sex in public" to "tying up / being tied up." (Okay, maybe it wasn't **entirely** vanilla... I wanted to encourage people to voice things they weren't sure about!) Then I later found out that the amazing sex education site Scarleteen has created its own non-BDSM checklist, and theirs is way better than mine.

I just love the **principle** of the thing -- the principle that a couple can have a lot of fun just by sitting down and talking about every conceivable sex act, being presented with some options that they maybe haven't thought of before, and honestly describing how into each idea they each are.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/06/14/sex-communication-tactic-derived-from-sm-1-checklists/

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COMMUNICATION:

## [theory] Sex Communication Tactic Derived From S&M: Journal-Keeping

*This is part of the same 2010 series as the previous two articles. In this piece, I mentioned 24/7 Master/slave relationships, which I had just learned about. Since then, I've learned a lot more about those relationships. I have never been in one, although I have occasionally had partners order me to do long-term submissive things. But I've read and heard a lot of tales about 24/7 M/s.*

*24/7 Master/slave scenarios are rare... and I will say that there are some awful horror stories floating around about them. Some BDSMers say that 24/7 Master/slave relationships are always a terrible idea and should never be done. I am unwilling to condemn them so thoroughly, but those relationships obviously require a lot of respect*

*and care from each participant. I would advise a person interested in such a relationship to only consider it with a partner they know very well; to establish pressure-free channels of communication; and to ensure crystal-clear understanding of how, exactly, the relationship can be ended if anyone involved truly wants it to end.*

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**Journal-Keeping**

Some BDSMers play with really, really strong power dynamics. A good example of this is couples who choose a "24/7 dynamic": one partner is dominant and the other is submissive... **all the time**. I attended a workshop once with Sir Top and slave bonnie, two wise BDSM educators, where I learned that slave bonnie was only ever allowed to disobey orders of two kinds:

* Suicidal orders,

* Orders that would cause financial ruin.

The rest of the time, bonnie obeyed Top -- **all** the rest of the time.

Obviously, relationships like this are totally cool with me as long as they are -- say it with me, everyone -- **100% consensual**! Such relationships can also encourage the use of interesting communication tactics, because many of the usual tactics don't feel right to the participants. For example, these relationships often take place between people who feel such a strong power dynamic that it would be almost impossible for the submissive to feel comfortable safewording -- safewording can feel disconcertingly like a form of resistance.

One way of dealing with this problem is for both partners to keep journals that are open to the other partner. (With some couples, only the submissive keeps an open journal.) They talk about their romantic feelings, they process their sexual encounters, they articulate anxieties, etc. Sometimes a partner will give the other one journal prompts to answer. The idea is that it's easier to express these things when there's a designated space for it outside the relationship; the journals mean that partners (especially submissives) can talk about what they need without fearing that they're undermining the power dynamic.

I find the concept of simultaneous journals intriguing for a number of reasons. One is that I've used similar tactics myself; I kept a private journal for many years, and once in a long while I'd give entries to my partners when I needed to explain something complicated about my feelings. I only did this a few times, ever, but it was really effective when I did.

Later, I took to writing love letters that I noticed were very similar to both my journal entries, and to the simultaneous relationship journals suggested for Master/slave couples. I realized that I was writing letters because, at the time, I felt more comfortable writing about my desires than talking about them. I've gotten a million times better at talking about my sexuality honestly and shamelessly since then; but back then, there were definitely things I wrote to my partners that I couldn't have said aloud. I also wrote because -- just like Master/slave couples -- I wanted to communicate my feelings outside

the anxiety-inducing frameworks of the "serious discussion," the bedroom, etc.

So when I developed my sexual communication workshop, I encouraged love letters. I gave two suggested points of departure for a love letter:

1) Describe what happened during a sexual encounter you had together, with particular emphasis on what your partner did that you really liked -- and what you liked about it. ("I love it when you fuck me" is a great thing to say, but you give much more information to your partner if you say "I love it when you fuck me from behind," or even better, "I love it when you fuck me from behind and it feels amazing when your balls hit my clit." [This blog does not necessarily reflect the desires or encounters of Miss Clarisse Thorn.])

2) Describe a fantasy you have. Bonus points if you explicitly put your partner in it. ("I like to imagine you sinking your teeth into me until I scream." This blog does not necessarily... oh, who am I kidding.)

***Postscript:*** In the comments on this piece, a reader noted that they might feel anxious and pressured if a partner described them doing something specific. I hadn't thought of this, but I totally believe that it could be a problem. Certainly, I've sometimes had experiences writing to a partner where I described him doing something and he thought it was ridiculously hot... but I've also done it and had partners dislike it. I guess my final advice is that -- as with all communication -- you'll want to consider the audience, and be ready to apologize.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/07/30/sex-communication-tactic-derived-from-sm-3-journal-keeping/

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COMMUNICATION:

## [storytime] Sex Communication Case Studies

*I wrote this post in 2011, years after the events in my coming-out story, and a long time after I'd done all the above research into communication tactics. By 2011, I'd picked up lots of sexual and BDSM experience with a variety of partners. I had just written a post about my most destructive past relationship; the post got a lot of readers and was eventually cross-posted to Jezebel. I wanted to do something positive with all the attention, so I decided to offer a productive counterpoint.*

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### Sex Communication Case Studies

In the wake of my last post, which was basically a meditation on one relationship with

bad sexual communication, I want to offer some positive examples of sexual communication from my life.

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1) **Low pressure and leather belts.** Years ago, when I was pretty inexperienced in the community, I had a single BDSM encounter with a gentleman in his home. We met at a BDSM discussion group, arranged to meet later at a cafe, and went home from there; as we exited the cafe, I took his driver's license and texted his full name and license number to a friend. (I think more people should do this, frankly -- in fact, more non-BDSM people should do this when they go home with strangers from bars.)

We sat together on the public transit and quietly discussed the upcoming scene: he asked me many, many questions about what I was okay with and not okay with. Questions like: "What do you have experience with?" "Could you go into that more?" "What do you like?" "What makes that fun for you?" "Is there anything you really don't want me to do?" He asked a lot of the questions twice, too, which I think is a really great strategy especially with new partners. People don't always have their heads together enough during these conversations to answer an S&M question properly the first time, especially if it's a broad and open-ended question like "What are the things you really don't want to do?"

I made it clear that I just wanted a BDSM encounter, that I wasn't up for oral sex or vaginal sex or anything like that. He'd never had a BDSM encounter that didn't involve orgasm, so it was a new concept for him, but he was cool with trying it.

After our long discussion of boundaries and limits, we made it to his apartment and settled in. He got out some equipment, including a collar, and he said: "While you're wearing this, you will obey everything I say. Do you have any final boundaries to set? Anything you really want me to do? Anything else you don't want me to do?" I said no, and he snapped on the collar. (We did have an agreed-upon safeword, though -- so I had a way of interrupting the proceedings if I really needed to.)

It was an interesting encounter, partly because he was looking more for dominance (giving orders) than sadism (inflicting pain), whereas at the time I was looking more for masochism (receiving pain) than submission (accepting orders). So we started out with him giving me a bunch of orders (primarily to fulfill his kink), and then in the end he hit me a lot with a leather belt (to fulfill mine). At the time I was still figuring out where the boundary was for me: whether I identified as a submissive or only a masochist; how much submission and masochism were intertwined. That night showed me a lot about how one can create submissive energy within a pre-defined space, even with someone you barely know.

Afterwards, when I was done crying, he took off the collar and we went to bed. (By that time of night, I didn't have a way back home from where he lived, so I had to sleep over.) We chatted about random things, neither of us quite tired enough to sleep. Within half an hour or so, he realized that there was no way he was ever going to get to sleep unless he had an orgasm, but he also understood that I didn't want to have sex with him, so he didn't try to push that. Instead, he said: "I really need to have an orgasm before I can get

to sleep. I can either take care of that in the bathroom, or I can do it here. If I do it here, then you can help me along, or not. I'd especially appreciate it if you could talk dirty while I jerk off, but it's your decision."

Talk about low pressure! Yeah, I learned a lot from that guy.

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2) **Scripts and Lists.** I had one brief relationship last year with a gentleman who is really, really awesome -- but we have very different approaches to S&M. We had a hard time communicating about it... honestly, if he hadn't been such an awesome guy, I would probably have given up on the relationship after a couple nights together. We were great at having extensive theoretical conversations about sexuality, but when it came down to actually having sex with each other, things got puzzling. We had difficulty predicting, understanding, and initiating with each other.

I'm not sure what made it so hard. I think, mostly, we just brought really different assumptions to the table. I tend to take an "improvisational" approach to my encounters, whereas he tends to take a "scripted" approach. He's into doing stuff like rearranging the furniture, taking on specific roles (e.g. teacher and student), using costumes and props, and knowing exactly what will be said beforehand.

Me, I like going free-form. I talk to my partner about hard limits (things we absolutely don't want to do); I talk to him about things we really like; and we set a safeword. I'm usually okay with diving in from there. If he wants a more structured conversation, I'm glad to have one (and sometimes, especially when I'm dominant, I'll ask for more conversation myself). But generally, I like seeing how things go based on a very loose set of guidelines, and making minor adjustments during the encounter, then evaluating the situation afterwards.

One of the reasons I like doing this is that unexpected things happen. On the flip side, there's also more room for experiences that aren't very exciting. I think I'm more likely to have disjointed or confusing encounters than a lot of other BDSMers I know, although maybe I'm just falling prey to the bias of assuming other people are doing better than I am. And Scripty Guy in particular really doesn't like disjoint and confusion -- he likes knowing what's going to happen.

Late in the relationship, I suggested that we try going through a checklist. When people use these checklists, a lot of the time they just write their rating for each act, and give them to each other to read. What we did instead was go through the checklist together and discuss what we found hot, what was not, and whatever else came to mind.

This worked amazingly well -- it totally bridged our theoretical gap and it was a turn-on in itself! (Seriously, by the time we were done going through the whole list, I **could not wait** to have sex with that guy.) The conversation also helped me figure out the scripted vs. un-scripted difference between us.

We stopped seeing each other for unrelated reasons soon afterwards, and they were good reasons, but it seemed like a shame; I felt like we'd only just started figuring things out. I'm not sure how well our S&M styles would have ultimately meshed, but I was curious

to try. Oh well... win some, lose some.

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3) **Transparent as Glass.** Very rarely, I'll end up with a BDSM partner where our brief in-the-moment communications -- you know, like groans, or physical shifts, or facial expressions, or even jokes -- function very well. We can get into intense, intimate S&M in a way that seems almost instinctive (although it helps future encounters if we talk it over and process what we did afterwards). This is really exciting when it happens, but I recognize it as unusual. A gift.

The person I'm about to write about is totally going to get a swelled head because I write about him so much, but he's such a good example, I have to. The first time I went home with him, I knew he wasn't in the public BDSM community. We'd had one really vague conversation about BDSM previously, and he'd read a small sample of my work. I didn't expect anything much.

He kissed me, and then I think he gave me some kind of mild signal like a bite on my shoulder. It was a gentle bite, by my standards. So I took matters into my own hands and removed my shirt, preparing to give him some feedback. He leaned back and said, "Whoa," and I thought, *Oh damn, I'm totally going too fast for him, he's probably not accustomed to a high degree of sexual directness,* so I said, "Sorry, is this okay?" and he laughed and kind of threw up his hands and said, "Sure."

That made me a tad nervous -- if me taking off my shirt surprised him, what else would surprise him? -- but I figured I'd see it through, see what happened. So I explained to him what kind of biting I really like, and showed where I like it on my back and my arms. I think I gave him a couple of other tips, too, but I honestly can't remember; it didn't take more than five minutes. I certainly didn't give him an exhaustive rundown of my preferences before I said, "Does that all make sense?" and he said "Yes," and put his hands on me.

Which is why it was so surprising that within a very short time, both of us were breathing hard and confused and maybe slightly dizzy and looking at each other with very wide eyes, and he was saying in an amazed tone: "I just -- I'm a little shocked. That was **really good**," and I was saying: "Yes. Yes it was."

It went like that for a while. He'd go for it, and then pull back, and I'd drag myself out of my BDSM headspace long enough to explain one or two ideas, or reassure him that I felt fine. And then he'd go for it again. And by the end of it, I was -- blazing.

Sometimes, it just works. You've never met this person before, you've talked for half an hour about something completely irrelevant like science fiction novels, yet it only takes five minutes of discussion about preferences and safewords, and then it just **works**. I don't know why, and I don't know how, but sometimes you find a partner who can just -- **read** you, like an open book -- or who seems as transparent as glass to you; or, if you're really lucky, both.

(But I write about this with some hesitation, and I'm putting it at the end of this post after two other examples for a reason: because I don't think it's the standard, and I don't think it

ought to be seen as standard. Especially because, paradoxically, this kind of instinctive connection will sometimes throw me off guard, make me unlikely to communicate when I probably ought to, because if he can read me that well -- it's so tempting to assume that "he just knows" everything. But of course he doesn't. I later had a couple rough moments with that particular guy, where I didn't tell him about boundaries that were actually pretty important, because I thought he could just tell -- and of course he couldn't always "just tell." Sometimes he could, but sometimes he couldn't.)

The overall moral of the story is this. Even with him, even with this guy, who totally blindsided me with his ability to read me despite the fact that he barely knew me: even with him, I had to be able to talk directly about what I wanted. Our connection was established because I was able to say, "Okay, that bite was a tad gentle, here's how I really like it, and here's what not to do with your teeth on me." **All my most extraordinary sexual connections have benefited from everyone involved taking ownership of their desire, and talking about it directly at least a little bit.**

I occasionally come across people who ask me how they can get their partners to do BDSM without talking about it directly. While I appreciate and sympathize with both their need to do BDSM, and their anxiety about talking about it -- I just can't get behind the premise of the question. The fantasy of a sexual relationship that is totally instinctive and perfect without any effort is just that -- a fantasy. And moreover, while you might be able to get some BDSM experiences without actually having a conversation about BDSM, direct sexual communication is not a threat to your sexual experiences -- it can improve them.

Do what you want, really, as long as it's consensual. If you want to have sex that's not communicative, that is your prerogative, as long as it's always consensual. (It's worth asking, though... are you so sure you can tell that it's consensual, if you don't talk about it?) Still. Learning how to talk about sex more directly and exactly might be hard or embarrassing or complicated, **but it is seriously worth it**. Not just BDSM; all sex.

It's so worth it.

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*This post originally appeared at:*

http://clarissethorn.com/blog/2011/03/11/storytime-sex-communication-case-studies/

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FEMINISM:

## [theory] Towards My Personal Sex-Positive Feminist 101

*I wrote this in 2011, when I realized that I couldn't find a good Sex-Positive Feminist 101 anywhere on the Internet. The original version contains a lot more links, including an evolving set of relevant links at the end.*

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## Towards My Personal Sex-Positive Feminist 101

There's an aphorism from the early 1900s literary critic Andre Maurois: "The difficult part in an argument is not to defend one's opinion but to know it." Even though I identify as an activist and genuinely want to make a real impact on the world based on my beliefs... I often think that much of my blogging has been more an attempt to figure out what I believe, than to tell people what I believe. And sometimes, I fall into the trap of wanting to be consistent more than I want to understand what I really believe -- or more than I want to empathize with other people -- or more than I want to be correct. We all gotta watch out for that.

But I'm getting too philosophical here. (Who, me?) The point is, I am hesitant to write something with a title like "Sex-Positive 101," because not only does it seem arrogant (who says Clarisse Thorn gets to define Sex-Positive 101?) -- it also implies that my thoughts on sex-positivity have come to a coherent, standardized end. Which they haven't! I'm still figuring things out, just like everyone else.

However, lately I've been thinking that I really want to write about some basic ideas that inform my thoughts on sex-positive feminism. I acknowledge that I am incredibly privileged (white, upper-middle-class, heteroflexible, cisgendered etc) and coming mostly from a particular community, the BDSM community; both of these factors inform and limit the principles that underpin my sex-positivity. I welcome ideas for Sex-Positive Feminism 101, links to relevant 101 resources, etc.

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### *Some Central Sex-Positive Feminist Ideas, according to Clarisse Thorn*

1) **Desire is complicated, and people are different.** These ideas both seem basic and obvious to me as I write them, but I wanted to put them out there because I think they're useful anchors for all the rest.

2) **Gender is not a binary, and gender cannot be determined by a person's outer appearance or behavior.** Different people experience and display gender in a galaxy of ways. No woman in the world is perfectly submissive, perfectly hourglass-shaped, perfectly kind, etc, although these are stereotypes commonly associated with women. No man in the world is perfectly dominant, perfectly confident, perfectly muscular, etc. While many people reduce the idea of a person's gender to whether they have a penis or a vagina, the existence of trans people and intersex people proves that this isn't a valid approach. Individual people have all kinds of qualities that are attributed to the "other" gender... and the concept of an "other" (or "opposite") gender is weird in itself, because why does one gender have to be the "other," and what does that imply?

All this having been said, gender is frequently perceived as a binary, and many people fit themselves into the possibly-arbitrary system of gender that currently exists. There are ideas of "men" and "women" that are culturally understood, widely adopted, and socially enforced. Feminism has its roots in women resisting men's violent and social dominance, and in women resisting the cultural emphasis on stereotypical men's desires.

3) **Historically, sex has usually been defined in terms of two things: (a) reproduction, and (b) the sexual pleasure of stereotypical men.** Cultural sexual standards are based on these things. For example, the sexual "base system"; if you've read my work before then you'll have seen me talk about it a lot, because it's such a perfect example. It's commonly discussed among USA schoolchildren and it describes kissing as "first base," groping as "second base," oral sex as "third base" and penis-in-vagina sex as "home base." Why should this hierarchy exist? It only makes sense if we think of sex as being centered around reproduction. If we think of sex as being about pleasure and open exploration in ways that are different for everyone, then having a "home base" -- a standardized goal -- makes zero sense.

Another example: penis-in-vagina sex is often seen as "real" sex or "actual" sex, with all other sex considered "less real." How many arguments have you had over the course of your lifetime about whether oral sex "counts" as sex? (Hint: more than the subject deserves.) For a recent example, there's the Kink.com virgin shoot, wherein a porn model publicly "lost her virginity" notwithstanding the fact that she'd already had plenty of oral and anal sex on camera for years -- she'd just never had vaginal sex.

As for sex being defined by the pleasure of stereotypical men: one example is how people usually think about orgasms. In my experience and that of people I talk to -- and in the vast majority of porn -- it seems commonly accepted that sexual activity ends with a man's orgasm, whereas women are commonly expected to continue engaging in sex after having an orgasm... despite the fact that many women seem just as tired and less-interested in sex post-orgasm as many men are. In part, this goes back to defining sex in terms of reproduction: men have to orgasm in order for reproduction to happen, so men's orgasms must (supposedly) be central to sex. It's all influenced by these other constructions, like how penis-in-vagina sex is "real" sex, or "home base": many people are confused by the idea that you'd shift sexual gears to (for example) manual stimulation if you've already "made it to home base." But it also arises from centering stereotypical men's desires -- from a culture that just generally sees them as more important, more driving, and more necessary than women's. (Note that the majority of women don't achieve orgasm from penis-in-vagina sex in itself.)

When sex is defined in terms of reproduction and stereotypical male pleasure, the following things result:

+ People who aren't men have a harder time understanding their sexuality, because there are fewer models (for example: it's fairly common for women to figure out how to have orgasms much later in life than the average man -- like 20s or 30s, if ever)

+ Men who don't fit masculine stereotypes have a harder time understanding their sexuality (for example: there's a great essay by a former men's magazine editor in the anthology *Best Sex Writing 2010* in which he talks about how hard it was for him to come to terms with his desire for heavy women)

+ Even men who do fit masculine stereotypes feel limited from other types of exploration, and may derive less pleasure from sex than they would in a less broken world

+ Sex acts or sexual relationships that aren't reproductive are devalued, are seen as weird, or aren't even defined as sex (for example: stigma against gay sex, lesbian sex, many fetishes, etc)

4) **Women are expected to trade sex to men in exchange for support or romance.** Women who don't get a "good trade" (e.g. women who don't receive a certain level of financial support or romance "in exchange for" sex) are seen as sluts. Men who don't get a "good trade" (e.g. men who don't receive a certain amount of sex "in exchange for" a relationship) are seen as pussies. (Yes, "pussies"... don't you just love that a word for female genitalia is a commonly used insult against so-called "weak" men?)

What this also means is that many people have trouble examining motivations outside this framework: women are always expected to be looking for more emotional or financial investment from a guy, whereas men are always expected to be looking for more (or more so-called "extreme") sex. Women who actively seek sex, or men who actively seek intimacy, are shamed and hurt and confused for it -- often even within their own heads.

5) **Since stereotypical men have historically been much freer to explore their sexuality than people of other genders, the desires of stereotypical men have formed the pattern for "liberated sexuality."** As women have won freedom to act, work and explore outside the home more, we've been following patterns created mostly by men, and those patterns might look extremely different if women had created them.

When we talk about sexuality, I think that leads us to examine what "liberated sexuality" looks like. "Liberated sexuality" is often stereotyped as promiscuous, for example. "Liberated sexuality" is also stereotyped as being unromantic, never involving any of those pesky pesky feelings, etc. I write about this cautiously: I have no intention of telling anyone what "real" men do or feel, or what "real" women do or feel. However, it seems conceivable to me that most men are generally more likely to enjoy promiscuity and emotionless sex than most women are -- if only for hormonal reasons. Here's a quotation from the brilliant trans man sex writer Patrick Califia on the effects of testosterone:

*It's harder to track psychological and emotional changes caused by one's taking testosterone than it is to notice the physical differences. But I think the former actually outweigh the latter. It isn't that testosterone has made me a different person. I always had a high sex drive, liked porn and casual sex, couldn't imagine giving up masturbation, was able to express my anger, and showed a pretty high level of autonomy and assertiveness. But all of these things have gotten much more intense since I began hormone treatments. During the first six months on T, every appetite I had was painfully sharp. A friend of mine expressed it this way: "When I had to eat, I had to eat right fucking now. If I was horny, I had to come immediately. If I needed to shit, I couldn't wait. If I was pissed off, the words came right out of my mouth. If I was bored, I had to leave." My body and all the physical sensations that spring from it have acquired a piquancy and an immediacy that is both entertaining and occasionally inconvenient. Moving through the world is even more fun, involves more stimulation than it used to; life is more in the here-and-now, more about bodies and objects, less about thoughts and feelings.*

*... Casual sex has changed. When I want to get off, my priority is to find somebody who*

*will do that as efficiently as possible, and while I certainly would rather have a pleasant interaction with that person, I don't think a lot about how they were doing before they got down on their knees, and I don't care very much how they feel after they get up and leave. It's hard to keep their needs in mind; it's easier to just assume that if they wanted anything, it was their responsibility to try to get it. I always preferred to take sexual initiative, and that has become even more ego-congruent.* (pages 397-398, *Speaking Sex To Power)*

A trans woman friend once told me that not only did she get turned on more frequently pre-transition; also, she now has to feel more emotionally connected to her partner in order to enjoy sex. And she noted that she has to "take care of herself more" in order to feel turned on now -- not just in the moment, but in life, and in the relationship.

If we accept that there is, speaking generally, a difference in sexual desires between men and women (although individuals will always be unique), then it leads to new questions. If women were socially and culturally dominant, what would so-called "liberated sexuality" look like? If people of all genders are following patterns set by stereotypical men, then what does that mean for attempts to think around those patterns?

6) **Communicating consent is complicated, but consent is the only thing that makes sex okay, so we have to make every effort to respect it.** All sex is completely fine with me as long as it's consensual. Seriously, I really don't care what you do -- as long as it's consensual. (Try to find a consensual sex act that shocks me. I dare you.)

Communicating consent can, however, be complicated, and there are lots of different ways to do it. Many BDSMers are eminently familiar with this, as you can tell by the fact that some parts of the BDSM community have developed an extensive array of tactics for discussing consent. For example, the most famous BDSM communication tactic is safewords, which gives everyone involved a clear word that they can invoke to stop the action at any time.

Most people don't communicate directly about most things, and the stigma and high emotions around sexuality make it even harder for most people to communicate directly about sex. Hence, most sexual communication is highly indirect. Even among people who are accustomed to direct sexual communication -- like many BDSMers -- a lot of communication ends up being indirect and instinctive anyway; there's just no way to discuss every possible reaction and every single desire ahead of time. Everyone fucks up sometimes. No one in the world has a perfect track record on creating a pressure-free environment for their partners to express what they want... or asking their partners for what they want... or even knowing what they want in the first place.

So, yes, I acknowledge that communicating about sex and getting what you want consensually can be really hard. However, it's most important to not violate people's boundaries. No matter how hard it is, it's necessary to make a serious and genuine effort to measure and respect a partner's consent every time sex happens. Feminist ideas of enthusiastic consent are designed to help this process.

Here's my attempt at a quick definition of enthusiastic consent:

*The basic idea is simple: don't initiate sex unless you have your partner's enthusiastic*

*consent. Not a partner who says, "Okay, I guess," in a bored tone, but doesn't actively say "no." Not a partner who is silent and non-reactive, but doesn't actively stop you when you start having sex with them. Not a partner who seems hesitant, or anxious, or confused. Enthusiastic consent means an enthusiastic partner: one who is responding passionately, kissing you back, saying things like "Yes" or "Oh my God, don't stop"... or a partner who talks to you ahead of time about what will happen, as many BDSMers and sex workers do, and knows how to safeword or otherwise get out of the situation if you do something they don't like.*

It's worth noting that there are critiques within feminism of the concept of enthusiastic consent. For example, some feminist sex workers point out that when they have sex for money, their consent is not exactly "enthusiastic," but they still feel that their consent is real consent, and that their choices must be respected. The same goes for some asexual people. Asexuality is commonly defined as "not feeling sexual attraction to others," but some asexual people have romantic relationships with other people in which they have sex entirely to satisfy their partner, and some of them have said that they don't feel included by feminist discussions of enthusiastic consent.

Hey, even some of my non-asexual, non-sex worker friends have problems with the idea that they aren't "really" consenting unless they're super-enthusiastic about the sexual act at hand. A married friend once commented wryly that if she and her husband always demanded 100% enthusiastic consent from each other, then the marriage would fall apart. But as we continued to discuss it, she and her husband both agreed that they have zero problem with the situation as it stands.

I don't want to sweep those critiques under the rug. I figure that as long as everyone's communicating about the situation openly, and working to keep things relatively low-pressure, then consent is likely to happen, even if it's not perfectly "enthusiastic." I've had extensive debates on the topic with other feminists, though, and I often seek more, because honing consent theory is one of my favorite things!

All this having been said: the concept of enthusiastic consent has been very helpful for me personally. I know that it's also been helpful for an enormous number of other people who are trying to understand boundaries in their sexual relationships. I absolutely believe that enthusiastic consent is an important and useful standard, and I do my best to observe that standard as much as I can in my own relationships. So, while I think some critiques are reasonable, I also think that the idea of enthusiastic consent is the best baseline assumption to start these conversations... if not to end them.

7) **In practice, as long as everyone involved is having consensual fun, criticism is secondary.** Practically speaking, consent is the most important thing; from a pragmatic standpoint, the question of whether sexuality arises from biology or culture doesn't matter nearly as much. (I find the question of whether BDSM can be categorized as a sexual orientation to be more politically and theoretically interesting than practically important.)

Understanding sexual biology or culture may help us grasp some of the complexities of consent. For example, people often have trouble saying "no" to things directly: when was the last time you explicitly said "no" when you didn't want to do something? Which of the following exchanges is more likely:

*Person A: Hey, want to come over tonight?*

*Person B: You know, I'd love to, but I'm so exhausted from work, I really need to get some sleep.*

or

*Person A: Hey, want to come over tonight?*

*Person B: No.*

People of all genders really don't like saying "no" to things directly. Grasping this important cultural concept is one step on the path of learning how to communicate effectively about consent. But in my book, it's really not as important to understand why people hate saying "no" directly, as it is to understand that people hate saying "no" directly. It's necessary to understand that because it means that pushing someone until they say "no" can mean pushing them further than they wanted to go.

I believe that the most important role of social criticism -- including sex-positive feminism -- is not to tell people what to do. If you have sex that appears to be in line with ridiculous and oppressive stereotypes, I really do not care as long as everyone involved is consenting and having fun. I reserve the right to occasionally have consensual sex where a gentleman friend beats me up before fucking me, and I reserve the right to enjoy it.

But I want to offer sex-positive feminist analyses in order to help people understand themselves and their desires... and also understand their partners and their desires. I think that many people have sex they don't like, sex that's in line with ridiculous and oppressive stereotypes, because they haven't been exposed to anything they like better. I think many people have sex they don't like because they don't feel like they can look for something different -- they think it's the best they can get. I think many people have sex they don't like because they think it's what their partner wants -- and I think those people are frequently wrong, and I think most partners would genuinely prefer that everyone be having fun.

Which is why I try to deconstruct sexual norms and stereotypes. Which is why I encourage people to look for what they like. Which is why I always emphasize talking about it.

8) **Awesome, respectful, joyful, mutual sex means approaching sex as collaborative rather than adversarial.** Aside from solo sex (i.e. masturbation), sex always involves another person. And at its best, it's about having a good time with other people -- understanding their reality, accepting it, playing with it. The best metaphors I've ever heard for sex were all about collaborative art, like a musical jam performance. Here's a bit from Thomas MacAulay Millar's totally brilliant essay "Towards a Performance Model of Sex" (please do read the whole thing someday):

*The negotiation is the creative process of building something from a set of available elements. Musicians have to choose, explicitly or implicitly, what they are going to play: genre, song, key and interpretation. The palette available to them is their entire skill set -- all the instruments they have and know how to play, their entire repertoire, their imagination and their skills -- and the product will depend on the pieces each individual*

*brings to the performance. Two musicians steeped in Delta blues will produce very different music from one musician with a love for soul and funk and another with roots in hip-hop or 1980s hardcore. This process involves communication of likes and dislikes and preferences, not a series of proposals that meet with acceptance or rejection.*

*... Under this model, the sexual interaction should be creative, positive, and respectful even in the most casual of circumstances.*

("Towards a Performance Model of Sex" was first printed in *Yes Means Yes,* edited by Jessica Valenti and Jaclyn Friedman, the brilliant sex-positive anti-rape anthology that I want everyone in the entire world to read. It was also reprinted in *Best Sex Writing 2010,* edited by Rachel Kramer Bussel.)

9) **All people deserve equal rights, including sexual minorities.** As long as people are having consensual sex, they do not deserve to be stigmatized, harassed, or otherwise harmed for their sexuality. Period. No one should be fired for their sexual or gender identity. No one should have their kids taken away for their sexual or gender identity. Rape is still rape, even when it's perpetrated against a sex worker. I support decriminalizing sex work for a lot of reasons; for example, I'd love it if the law would quit harassing and jailing sex workers for having consensual sex, and I'd love it if sex workers could organize for better workplace safety. The bottom line is that people -- all people -- have rights. It's time to treat them that way.

* * *

In terms of actual ways to be sex-positive in everyday life, here are the three ways I usually encourage people to spread the sex-positive love:

A) **Avoid re-centering.** Sexuality shouldn't be societally "centered" on any particular norm, idea, or stereotype (except consent). It is frequently tempting to re-center "objective" ideas about sexuality onto ourselves, if we're different from the norm, or onto people we admire. But the truth is that -- on a societal level -- queer sex is just as awesome as straight sex; that BDSM sex is equally admirable as vanilla sex; that cisgendered people are not any more or less amazing than trans people. The decision to have sex is no better than the decision to avoid sex, and asexual people are just as great as hypersexual people who are just as great as anyone with any level of sex drive.

In alternative sexuality subcultures, one often encounters a kind of superior attitude, perhaps because we have to push back so hard against the norm. In polyamory, for example, some of us use the sarcastic term "polyvangelist": a person who insists that polyamory is "better" or "more evolved" or "makes more sense" for everyone, everywhere, than monogamy does. Neither monogamy nor polyamory is better than the other; they're just different. Polyvangelists are trying to re-center onto polyamory. Not cool.

B) **Start conversations.** One of the most damaging problems around sexuality is the overwhelming and constant stigma. It hurts people with certain sexual identities, preferences or pasts. It hurts them spiritually. It can hurt them societally, like when LGBTQ folks have difficulty adopting children, or former sex workers are not allowed to work at other jobs. It can even hurt them physically: 40 years after doctors started

noticing the HIV pandemic, too many people are still refusing to talk about sex openly, or give healthcare to sexual minorities directly affected by HIV. To say nothing of people who are attacked or killed for their sexual minority status, like trans people who are murdered in the street, or lesbians who are raped in order to "fix" their sexuality. Sexual stigma kills.

So when someone says something icky about sex and gender, or stereotypes a certain sex or gender identity, it's so great to challenge them -- or at least to question them. ("Really? What makes you think all gay people are abuse survivors?") And some of the most powerful sex activism out there involves starting discussion groups, creating venues for discussion, hosting sexuality speakers or sex-related art, etc.

C) **Be "out" or open, without being invasive.** This can be tricky, because I don't want to encourage people to aggressively talk about sex at totally inappropriate times -- and again, I'm against re-centering. On the other hand, the most powerful tool for destigmatizing sexuality appears to be coming out of the closet -- whether a person is queer, BDSM, or whatever. Openly acknowledging, owning, and discussing your sexual preferences can help others respect those preferences -- and can help others who share those preferences respect themselves. (Can you tell that I cried when I saw the movie *Milk?)*

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*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2011/05/08/towards-my-personal-sex-positive-feminist-101/

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S&M:

## [theory] S&M Superpowers

*I wrote this post in 2011, but I encountered the "superpower" framework for fetishes in 2008, before I started blogging. I was telling one of my first S&M partners about how broken and anxious I felt, and he said: "Why talk about it that way? You haven't lost anything. You've gained a superpower!"*

* * *

### S&M Superpowers

I've gotten so bored of the biases and stereotypes against S&M. It's like, "Hey, another person who implies that those of us who do consensual S&M were all abused as children? Sweet! That person is wrong, and I consider those views highly stigmatizing and sometimes damaging. So, can we go for a swim now?"

(For the record, the biggest and best-designed study ever done on this topic surveyed

20,000 people and found that S&Mers "were no more likely to have been coerced into sexual activity" than the general population. But -- also for the record -- an S&Mer whose sexuality was associated with being abused would not be "less legitimate" than the rest of us, as long as that person practiced kink consensually. Because what makes S&M okay is consent, right? Right. S&M isn't okay or not okay because of its "source," whatever that might be -- it's okay only when it's practiced consensually, right? Right. So this is all actually kind of a silly conversation to have in the first place, right? Right. It's too bad stigma tends to make zero sense, isn't it? Stigma loves to trick you into debating on its own terms.)

It's much more entertaining to imagine how people would talk about S&M, if we lived in a culture where S&M wasn't wildly stigmatized. In fact, **what if S&M were admired or seen as a great thing**... instead of being repressed and forced underground and seen as a dark, evil, disgusting thing? I've known people who called S&M and other fetishes "superpowers," in a kind of ironic twist on this concept.

Many people have written about how S&Mers can offer lessons in sexuality that we gleaned from our outside-the-box perspective (there's a whole paper on this topic for clinicians, written by psychologist Peggy Kleinplatz and titled "Learning from Extraordinary Lovers"). I myself have talked about how S&Mers tend to use much more careful and precise sexual communication tactics than the mainstream (examples include checklists and safewords). But these lessons are hardly **confined** to S&Mers -- there are lots of vanilla people out there who are awesomely careful and precise about communicating sexually.

The superpower framework is a bit different....

+ For example, I already noted that it's been demonstrated that S&Mers are not more likely to have endured non-consensual acts -- so we know that despite what Freud would have had you believe, all S&M does not arise from childhood abuse. But maybe it does arise from a childhood experience... an **awesome** childhood experience. Maybe the Missing S&M Link is that something totally wonderful happened to S&Mers in our childhoods.

Hey, vanilla people? I'm so sorry you all had such bad childhoods. Really, you have my sincerest sympathies.

+ For example, some folks will say that we S&Mers have a wire crossed somewhere; some genetic inferiority. But maybe we are totally way superior. Maybe average dominants and sadists are, say, more empathic than the norm. (There is, after all, actual research showing that consensual S&M increases intimacy.) Maybe average submissives and masochists are better at processing pain and enduring challenges, both physical and emotional, than the norm.

Sorry vanilla people, but we're going to have to start screening for your gross vanilla genes in the womb. Nothing personal.

+ For example, one of my exes has a story about how he was down in Latin America and he only had access to incredibly cold showers. So he gritted his teeth, stepped into the shower, and told himself that a dominant woman was forcing him to take it. "Actually it

made the shower a million times easier to deal with," he said later. "And I had a raging erection the whole time."

Aren't submissives awesome? I pity those of you who lack submissive tendencies.

Just because anything on the Internet can and will be misread, I will conclude this post by hammering down the point that **this is all a thought experiment, and I do not actually think vanilla people are any less wonderful than S&M people**. It's okay vanilla folks. I love you just the way you are.

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*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2011/06/21/sm-superpowers/

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S&M:

## [theory] BDSM Can Be "Love Sex" Too

*In early 2011, my fellow sex blogger Rachel Rabbit White asked me to participate in her initiative "Lady Porn Day." This was the result. There's a list of relevant links at the end of the online version of this article.*

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### BDSM Can Be "Love Sex" Too

I'm not a big porn consumer, but I have no problem with porn in itself. When I have a problem with porn, it's because I have a problem with how it was made: because there are labor issues, or questions of the actors' consent. Sometimes, I get frustrated with the context in which porn exists or the stereotypes it expresses -- but there, the problem is with the context and the stereotypes, not with porn in itself. I tend to think that most anti-porn anxiety arises from irrational grossed-out reactions and stereotype-created fears, and I try to open up conversations about the ethics of making porn whenever I can.

This isn't to say I don't get angry because many people in our society are pressured to have sex that doesn't work for them -- but that's not the fault of porn. I certainly get frustrated by sexual stereotypes, but I don't think porn created those stereotypes.

One stereotype I've been thinking about a lot lately -- one that I see expressed over and over in BDSM porn -- is the idea that BDSMers don't love our partners, or that love can't be part of a BDSM relationship. Here's a quotation from Pat Califia's *Speaking Sex To Power* that touches on this (note: contains **spoilers** about the endings of three famous BDSM novels -- *Story of O, Return to the Chateau* and *Nine And A Half Weeks):*

*I still remember how crushed I was when I read* Story of O *and* Return to the Chateau

*and came to the ending, where Sir Stephen loses interest in O and tells her to kill herself. I can also remember being furious with the way* Nine And A Half Weeks *(the book, not the movie) ends. The submissive woman has a public breakdown. She begins to cry hysterically, and is abandoned by her master, so that strangers have to obtain help for her. One of the cruelest stereotypes of S/M people is that we don't love each other, that there is something about our sexual style that makes our relationships mutually destructive and predisposes us to suicide.*

This quotation came to mind during a conversation I had a few days ago: I was talking to a girl who really likes BDSM sex but referred to non-BDSM sex as "love sex." Because, you know, love is just not an ingredient in BDSM sex. "Everyone knows" that -- the same way "everyone knows" that BDSM always arises from childhood abuse, or dominant sadism is for villains, or everyone who likes BDSM is damaged and miserable and irresponsible, or....

Not to put too fine a point on it: fuck that.

I'm not saying there's no BDSM smut out there with love in it. Anne Rice's Beauty series ends with Beauty riding off into the sunset with her loving sadomasochistic partner (although of course the characters deal with all kinds of uncaring brutality first). But even nuanced BDSM erotica seems to fall into this trap more often than not -- for example, Jacqueline Carey's *Kushiel's Dart,* which is so consciously written that it includes safewords, also portrays a main character whose most compelling BDSM relationships are with her enemies and whose love relationship is with a man who can't stand to hurt her. (Carey took a very different tack later in the series, with other characters; I've always wondered whether she did so as a reaction to criticism.)

It's easier to criticize than create. And all my porn critiques could come back and bite me soon, because I plan on releasing my own BDSM smut sometime... and I'm sure that what I produce won't even be close to perfect. Yet one thing I really want to ensure I represent in whatever I write is love. There are plenty of BDSM fantasies that partly operate on the absence of love -- that even **demand** it, perhaps because the fantasy is all about a vicious and emotionally distant dominant, or because much of the erotic tension is derived from how much the partners hate each other, or for lots of other reasons. And yeah, they're hot in their own way....

But it'd be so great if those weren't the standard.

* * *

*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/02/22/ladypornday-bdsm-can-be-love-sex-too/

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S&M:

# [theory] Body Chemistry and S&M

*This was originally published in 2011. I don't normally write basic "how-to" posts like this, but every once in a while I see a gap I just have to fill.*

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## Body Chemistry and S&M

I often think that good physical health is a widely-ignored element of good sex. I am obviously not saying that people in poor health can't have good sex (and in fact, I certainly hope they do -- more power to 'em). But it consistently amazes me how much my physical health factors into my sexuality, especially S&M. I am by no means an expert on this topic, but here are some examples:

* **Food.** I am both less interested in sex and in S&M when I'm hungry; ensuring that I've eaten well before I take some punishment is especially crucial. I try to eat well in general, but if I'm planning to have a heavy S&M encounter, I don't cut myself any slack. I try to specifically ensure that I eat enough protein before the date and I try to include some vitamin-heavy foods like beets, leafy green vegetables, etc. Eggs are a good source of protein; nuts, beans and tofu are my primary protein sources. If I don't have enough protein available for whatever reason, I at least eat enough food that I won't be hungry when I see my partner.

Part of the reason I'm writing this right now is that I've had trouble finding useful resources on the Internet for what people recommend as good pre- or post-S&M food, especially during aftercare. "Aftercare" is an S&M term for how people end their S&M encounters. One excellent page on aftercare describes it thusly:

*Aftercare is the last act of the SM drama. It is the culmination, the pulling together of all loose ends, the finishing touches, the final communion between sharers of the SM ritual, the phase where the participants (usually the tops) formally give the fantasy scene a context in everyday reality. Its technical purpose is to transition both players from the elevated states created in a scene [i.e., an S&M encounter] back into normalcy, returning to the motor control and awareness they will need to drive home once the scene is over. But as any good SM practitioner will tell you, it's much more than that. It is the time after the action when the participants come together in mutual affirmation that something special was created and shared. It is when affection and closeness is offered and sought. It is, at very least, the proper time to express thanks to the person who has shared this tiny segment of your life with you. It can be, and often is, the most beautiful part of a scene, and it is part of the scene. To skip it altogether is as rude as having dinner at a friend's house and then bolting once you've eaten your fill.*

A lot of tops keep food and water on hand to give bottoms at the end of a scene, which I think is probably a good idea. (Eating post-scene doesn't feel necessary for me as a bottom, but it might if I weren't so careful about what I eat beforehand.) Some people say that fruit or fruit juice is the way to go -- and indeed, it will give the bottom's system a sugar boost and may make them feel better for that reason -- but I would personally rather eat a protein bar, and I have some friends who feel the same way. Dungeons usually serve snacks, although the snacks aren't always very healthy.

A final note on food: I know there are people who specifically include food deprivation as part of their S&M. Obviously, this is totally fine by me as long as it is consensual, but I'd encourage people not to expect themselves -- or their partners -- to react the way they usually do to S&M, as long as they're hungry.

* **Weight.** I used to be much scrawnier than I am now, and as my health has improved, I've gained weight. Sometimes this freaks me out (it's impossible to be female in our society and not daydream about having cheekbones that can stab people), but it has been worth it. One time, after I'd been having a lot of anxiety about weight gain, my then-boyfriend emailed me the image of an art card printed with the words, "I gained 30 pounds... & sex has never been better!" He perceptively wrote: "Maybe that's why it's easier for you to have orgasms now? I think you should investigate this if you try to lose weight."

I am not in a position to comment about whether being overweight affects sex. But I can definitely assure you that being underweight is not good for your sexual well-being.

* **Sleep.** I much prefer to have S&M encounters on days when I've gotten a lot of sleep the night before; this is at least as crucial as eating well before an encounter. There are approximately a billion studies that show the far-reaching effects that getting enough sleep can have on our health, and they seem to usually recommend around 7-8 hours as a good amount per night (more for teenagers).

As with food, I know there are people who include sleep deprivation as part of their S&M encounters. Again, this is obviously fine by me as long as it is consensual, but I'd encourage people not to expect themselves -- or their partners -- to react the way they usually do to S&M, as long as they're tired. I don't know about you, but exhaustion certainly makes **me** erratic and overly emotional. If you're going to be doing something like S&M that can specifically create an erratic and overly emotional state... well, when overlapping that with exhaustion, it just seems like a good idea to be careful.

* **Alcohol.** Alcohol definitely decreases my pain tolerance (quite dramatically in fact), and it definitely makes it harder for me to get turned on. There is only one bonus to alcohol, and that's the famous "social lubricant" effect. I personally prefer to limit myself to one glass of wine, maaaaybe two, if I'm planning to hook up with someone; in general, stone-cold sobriety is my preferred state to go into S&M. Good S&M makes me high enough on its own.

I get the impression that some people get drunk before they do S&M because otherwise they feel too anxious to do S&M. As always, I'm not going to tell other people that they shouldn't do consensual things... but drunkenness frequently makes it hard to communicate and hard to know what's going on in your head, which means that drunkenness makes consent hard. Not impossible, just hard. Be careful.

A lot of people say that mixing substances and BDSM is always bad. Personally, I figure that if a person has a lot of experience with a given substance, and a lot of experience with a given BDSM act, and a lot of experience with their partner... then I kind of doubt they're taking a huge risk by doing a familiar BDSM act with a familiar partner in a familiar state of mind. It's a lot to deal with at once, and again, it's worth being careful.

And of course, substance abuse problems are a whole nother ballgame. But if a person has been drinking a glass of wine with dinner every night for 10 years, then I'm not going to tell her that I consider her incapable of doing BDSM after dinner.

I am not qualified to comment on non-alcohol drugs because I, of course, never do anything illegal. But for all your drug-related questions, the website Erowid.org is often very useful.

* **Illness.** I don't have any particular observations about how being sick changes my experience of S&M, but it definitely does. When I get sick and I have the option to reschedule a date, I always do.

* Aaand finally, **menstrual cycle.** I haven't tracked my cycle with enough care to know exactly how it affects me S&M-wise, but I'm pretty sure it does. As one of the good people at EduKink once observed, "The great part about playing with a woman is that you have 28 different partners, one for each day of the month!"

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/01/30/body-chemistry-and-sm/

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S&M:

## [theory] Going Under

*This was originally published in 2011. People have asked me whether there's any actual research out there on the altered states that some people access through S&M; as far as I know, there isn't. It's also worth noting that a lot of dominant partners go into another kind of "zone" that's sometimes called top-space.*

* * *

### Going Under

"Come back," an S&M partner said softly, the other day, pushing my hair out of my eyes. I blinked and shook my head in a futile attempt to clear it.

"That's weird," I said. "Someone else used to say those words to me when I was coming out of subspace. I... that's weird."

"I'm not surprised," he said. "It's a natural thing to say to you. You go under so fast, and so deep. You're so far away."

"Not all the time," I said. "And not with everyone. You're good at putting me there."

He smiled. "You bring it out in me."

Subspace is so hard to describe. I've written about it before, in passing, so many times, because it's so important, but I've never come up with a good description for it; and when I Google for it I can see that other people have the same problem. When I'm starting to go into subspace it's just soft and dark and slow. But when I'm really far under, I'm totally blank. Falling. **Flying.**

Somewhere else.

*Come back.*

What is it, where do I go? It's just submissive, masochist headspace. But I don't always get into subspace when I submit, and I don't always get into it when I take pain either. I'm not sure what the other ingredients are: some amount of trust, of course. And strong feelings about my partner make everything more intense... way more intense. Orders of magnitude more intense. Still, I've had new partners put me under with surprising thoroughness.

It's a lot like deep sexual arousal -- hard to think, hard to process, hard to make decisions -- but the deepest sexual arousal does not put me anywhere near deep subspace. Deep subspace is. More. Than anything else.

Some S&M teachers tell people not to drive after an S&M encounter, not for a while; not until you're over the subspace. They compare it to an altered state, like being drunk. Some S&M teachers caution that it's dangerous for the dominant partner to suggest a new activity in the middle of an S&M encounter -- something that wasn't negotiated beforehand -- because the submissive may not be able to think clearly enough to consent. (And because in those moments, the submissive will have a harder time than ever saying no.)

I sometimes think that when I was younger and less experienced, I abandoned myself to subspace more easily. I'm better at pulling myself out of subspace now, but I think the cost may be that it's harder for me to really get into it. (Safety first?) I trained myself to be able to say, "Don't stop," when I wanted my partner to keep going. (Sound easy? Trust me, it took a while.) Playing with unfamiliar partners, I trained myself to be on guard. (One of my sex worker friends told me once, "I don't care how deep the subspace is, I can always come out if the client tries to fuck me without a condom.") I got better at calling my safeword **before** I had to -- asking my partner to do something else or give me a break, rather than suddenly stopping everything once I hit my absolute limit.

I am nowhere near perfect, of course. In particular, I can rarely answer complicated questions, and sometimes my partners literally can't get me to answer **any** questions when I'm subspaced. Sometimes it takes me a long time to come out, and partners may get nervous while I'm surfacing. But I'm not sure these aspects can actually be eliminated from subspace. And I've gotten better.

I'm sure that in an emergency, I could talk and function straight out of heavy subspace. I doubt I would be optimally intelligent and thoughtful, however.

When I was younger, I'd get frustrated with my partner if he tried to ask me questions or clarify things or otherwise check in with me when I was in subspace. *Damn it, can't you*

*see I'm not here? Can't you see I'm under? Don't drag me back* -- Intellectually, I understood that my frustration was unreasonable, and I did my best to train myself to deal with the check-ins. To surface quickly, slip back under afterwards. But I had to experience subspace from the dominant side before I understood **how** hard it was to deal with.

I remember sitting with my arms around the submissive and occasionally asking him how he was; in response, he would murmur and snuggle up to me. Ten minutes. Twenty minutes. I was processing my own dominant experience, and I had questions; I'd occasionally ask one. He'd murmur something softly. After a while I really wanted a glass of water and I thought he'd basically fallen asleep, so I said, "Hey, I'm going to go get a glass of water, okay?" and tried to move away.

"No," he cried, and grabbed me. *Holy shit,* I thought, *so that's what surfacing from subspace can look like from the outside.* Suddenly I understood exactly where his head was at: barely any time had passed for him at all, and he was still drifting up through velvety layers of consciousness. When I tried to leave, he'd felt sudden panic, a shot of pure abandonment, *no no* ***no*** *you can't, you* ***can't*** *leave me alone when I'm like this, please I need your arms around me, I need you --*

I knew exactly what to tell him. "Shh," I said, "I'm here."

A dominant friend once told me that he always informs his partners ahead of time that he has to move after a good scene, he has to go for a run, and he won't stick around to guide them out of subspace. I've always wondered how his partners deal with it. Maybe it's easier if you know it's coming.

There are questions of consent, of negotiating new activities while a partner's in subspace. Some people have told me they can't even actually safeword when they're in deep subspace; I can't quite relate to this, but I imagine it could happen sometime. I myself have occasionally had trouble safewording in the past, but it wasn't ever just because of subspace, it was because of pride or difficult emotions with the dominant partner. Subspace did complicate things, but I don't think it was the reason I had trouble (though it can be hard to disentangle these things). But maybe someday I'll go under so far that it will be.

I'm not saying it's never okay to push further than you discussed, once they're under -- it's just important to be careful, and not to do it unless you're pretty sure you can read your partner... or that they have the emotional wherewithal to deal with it if you push too hard.

Because safety in subspace is a question of emotional safety, more than anything. The vulnerability and intimacy in those moments can be terrifying. The tiniest change in his tone can mean the difference between mindless fear and absolute trust. It's so scary, and so intoxicating, and so weirdly unexplainably glorious.

*Come back.*

The best part might actually be coming back.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/04/22/going-under/

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ORGASMIC "DYSFUNCTION":

## [storytime] A Unified Theory of Orgasm

*At one point during my blogging career, an editor for the iconic feminist publication* Ms. Magazine *got in touch and asked me to do some promotion for them. I asked if they would accept a submission from me, and when the editor said yes, I poured my soul into this long article about my experiences learning how to have an orgasm. The article was rejected by* Ms., *so I went back to my old friend the Internet and got published on the adorable girl-power site OffOurChests.com. Then it was cross-posted in about a million places. I would love to get published in* Ms., *but in retrospect, I'm actually glad that this piece went out on the Internet instead of being trapped in a print publication. I've received an enormous amount of positive feedback for this piece, and I'm certain that most of the young people who tell me it helped them would never have seen it if it were in a print magazine.*

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**A Unified Theory of Orgasm**

*I CAN'T COME.*

*and it's poisoned*

*every romance*

*I've ever had.*

*masturbating doesn't work. I don't know why. I tried therapy too, but my smart, understanding, sex-positive, open-hearted doctor couldn't help. drugs while fucking? check. I date attentive men who only want to make me happy, but no matter how fantastic they make me feel, I can't get off. and believe me, I like sex. I love sex! how can it feel so good and not end in an orgasm? I tried experimenting, and I sure do love the kink. it feels great. but doesn't get me off. I've tried everything. everything.*

*now I have the best boyfriend I've ever had. but just like every other one, he can't get me off. big dick? oral sex? tons of foreplay? kink? it's all there. nothing works. I used to lie to my boyfriends and say it was ok that I couldn't get off. then at least they could enjoy sex without feeling guilty. but then they'd stop trying, of course. and this one is still trying... sometimes. I mean, it's clearly never going to work. so I can't blame him for not having the same passion for trying as he used to. and I keep thinking I should back off. after all, why put pressure on him to "perform"? he'll just resent me if I keep asking for more, even if I'm gentle about it and compliment him and all that. since nothing he does*

*works. it will never work.*

*and I try so hard not to get frustrated, but I can't avoid the knowledge that I am fucked up, I must be broken. I mean, any normal woman would have come by now. so what do I do? I don't know what I need. do I back off and focus on him? that's what I end up doing, because I can't face asking for a little more attention in bed anymore. what's the point? he'll just resent me when it doesn't work again. so I back off. and I can't help resenting him, just a little, for not noticing how much I'm hurting. and not trying, even if I am broken, and I will never ever come.*

* * *

## I. ***Vaginal Pain***

When I wrote the above, I was actually pretty close to figuring out how to have an orgasm. But I didn't know that. I'd dealt with the anxiety of being unable to come for so long -- and I'd also recently begun to understand that my sexuality is oriented towards S&M -- and so anguish just flooded out of me, into those words. I craved S&M, but acknowledging the craving made me feel like a "pervert," a "freak." It contributed to my already-overwhelming fear that I was "broken" because I couldn't figure out how to come.

There's one thing I didn't mention when I poured out all that fear and shame: I experience rare vaginal pain -- not every time I have sex, not even most times, but occasionally. Medical science has traditionally failed to care about how women experience our sexuality, so very little research has been done on the subject. As a result, it's impossible to say why I get that pain. Is it some kind of physical problem? That seems likely, because my psychological comfort level with a sexual encounter doesn't seem to correlate with whether the pain happens or not. But because female sexuality is often stereotyped as too mysterious and emotional to be worth rigorous medical investigation, I doubt I'll ever know for sure.

For a while I was sure I was allergic to semen, because I read a magazine feature by a woman who said she was. *Aha,* I thought. I stopped taking hormonal birth control pills. I made my trusted monogamous boyfriends use condoms. The pain became less common. Yet throughout that time -- continuing through today -- I still get the pain occasionally, very occasionally. Sometimes I even feel the pain during encounters that lack vaginal penetration, so it's clearly not about having a penis in me.

I can push through the pain; I can even have an orgasm, a reflex that feels good yet is surrounded by not-good; but I can't get rid of the pain entirely. Whenever I think I'll never feel it again, it sneaks into some sexual encounter.

The semen allergy theory has been ruled out, since I get the pain without semen contact. That doesn't mean that hormonal birth control didn't have an effect, though -- the pain was definitely worse while I was taking it. The Pill intersects with sexuality in ways we still don't understand; one common side effect is that it reduces sex drive. Perhaps the Pill affected my sexuality in some physical-medical way, worsening the pain problem.

The long and the short of it is that I experience some vaginal pain; the pain is confusing

and hard to predict, and there aren't any good medical resources on the matter. Maybe the pain points to something unusual about my constitution. Maybe there's a reason it's harder for me to have orgasms than the "average" woman.

But the vaginal pain itself is not overwhelming, on the rare occasions that it crops up. And the vaginal pain is not even close to the most central issue of my sexuality -- or the biggest influence on my orgasmic ability.

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## II. *S&M*

I identify my sexuality as BDSM -- a.k.a. kink, leather, fetish, S&M, or B&D. BDSM is a 6-for-4 acronym that encompasses a host of related activities, including bondage, discipline, dominance, submission, sadism and masochism. And yeah, I'm **really** into it: my desires are heavy and overwhelming; I dream of agony, of terrified screams for mercy. I've gone so far as to describe BDSM as my sexual orientation.

Before someone goes leaping to conclusions, there is a definite difference between "good pain" and "bad pain." The occasional pain I feel within my vagina is not good pain; it's not even interesting. It's just annoying. It's not sexy or enjoyable at all.

Some of us in the BDSM community have felt lifelong tendencies towards BDSM. We have conversations ending with thrilled exclamations: "You mean, you tied up your Barbie dolls as a child **too**?!" But BDSM is widely misunderstood and negatively stereotyped, and thus, many of us also went through periods of rejection. We've internalized so much anti-BDSM stigma from society that, at times, we freak out. We deny or erase our BDSM desires.

That's what happened to me when I was in middle school. As my sexuality made itself more and more evident, my anxiety peaked. I'd been producing secret sadomasochistic art and stories without labeling what I was doing, but I stopped. I blockaded my thoughts of violent power-play. I closed it all away as thoroughly as I could.

I still felt sexual desire -- I mean, I was entering my teens, so of course I did. Sometimes I felt so much desire, like in the middle of some inconvenient class, that I'd have to rest my burning forehead on the cold desk. I would close my eyes, and breathe deeply, and wait for the erotic shiver to pass. At home, I'd lie around my twin bed and dream about kisses; imagine men's hair and skin and touch.

Yet it was hard for me to trace my desire, to take control of it. I thought I had no problem with the idea of masturbation, but when I touched my own lady bits, I went cold. Vibrators did nothing but bore me.

I had excellent sex education, thank goodness. I went through a Unitarian Universalist sex education program that talked carefully about different experiences, that made space for gay and lesbian and bisexual and transgender and queer folks. I didn't only learn about sexually transmitted infections and pregnancy and condom usage; I was also encouraged to explore my sexuality, to value it. But this marvelous curriculum did not include BDSM and other non-standard sexual identities. Nor did it include much advice on how to negotiate sexual encounters with my partners. So, although I internalized many

positive and feminist messages about sex, my own sexuality remained invisible, bewildering and hard to talk about.

When I started having sex around my mid-teens, I liked it -- I liked it a lot -- but it seemed weirdly lacking. I'd never figured out how to masturbate, so I couldn't show my partners how to pleasure me. And although I occasionally suspected that I wanted something like S&M, I didn't understand how far I wanted to go.

A couple of teenage boyfriends tied me up... but then they acted solicitous and went down on me, which didn't send me over the moon (though it was fun). From this, I concluded that S&M was boring, but the truth is, I hadn't come close to the extremes that form my preferences. It was years later that I released my need for agony, tears, bruises and blood.

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## III. *Frigid*

As I got older and had more sex, my apparent inability to orgasm became the most toxic secret I had. Most of my closest friends didn't know. For a while I thought I must be "frigid," and ripped myself apart over the idea that I was a "frigid bitch," even though that made no sense. It was ridiculous to conceptualize myself that way -- my sexual desire was undeniable, unavoidable. But I had no other words, no other images or stereotypes, that described a pre-orgasmic woman.

When I did tell my friends, it almost never went well. The best-case scenario was a conversation with anecdotal fragments: "I knew a girl," one friend advised, "who couldn't have orgasms. Then one day she was tripping, and having sex, and she fell asleep, and when she woke up she was having an orgasm."

I also found a book on my father's top shelf, written by a guy who said he could give "any" girl a squirting orgasm. The author claimed that the key was for the woman to be comfortable. He also claimed that the woman had to not know what he was trying to do. In fact, the book explicitly recommended that men prevent their girlfriends from reading it.

Needless to say, it was hard to extrapolate a Unified Orgasm Theory from these tales. The only things that seemed clear were that I somehow needed to both "let go" and to "keep trying." But how?

Every once in a while I made the mistake of telling someone who was convinced they knew the answer -- which was: sleep with **them**. When I got drunk with one sexually experienced male friend and asked for advice, he insisted that if I'd just fuck him I'd be sure to come. "Anytime you want," he slurred, "I'll give you an orgasm. Guaranteed!" The fact that I was not attracted to him was, in his view, unimportant.

Worse was my lesbian female friend who declared that I had "issues." She said that I ought to sleep with a woman. Ultimately, she turned out to be right that the problem was one of sexual identity, but she was wrong that I was a repressed bisexual. Her campaign to get me to sleep with her ended in a threesome with a guy I had a crush on. I liked bits of that evening, but most of it was boring -- if not distasteful. When I tried to talk to my

friend honestly about it later, she insisted that I loved the whole experience. She said that I was merely feeling morning-after guilt. "You were totally into it," she informed me. She was clearly smug with victory, but angry that I resisted her version of events. I felt resentful for years.

I didn't even tell my partners about my orgasm difficulties until I'd known them for a while, because my secret felt like such Restricted Information: I couldn't give it to anyone I didn't trust. I couldn't abide the idea of "everyone knowing" how broken I felt. I couldn't stand the combination of pity and fascination that my problem evoked in the few who knew.

When I did get around to telling my partners, that was most complicated of all. I was quite unpopular in high school, and so I was something of a late bloomer -- boyfriend-free until my late teens. It took years before I had any confidence in my boyfriend interactions. And because I had no idea how to come and no idea where to start and little idea of how to communicate about sex, I could not give guidance about what I wanted.

I also felt paranoid that lovers would resent me if they felt I was demanding something too "difficult" during the sexual "exchange," so I downplayed my feelings. I told awful lies like "it's not a big deal that I can't come" -- lies that broke my heart as I spoke them, but felt safer than the truth.

I did manage to have one orgasm in my teens -- one. I'm still not sure how it happened. It occurred one evening when I was incredibly tired, but went out with friends to get a fudge brownie sundae anyway. When I got back, my boyfriend came over and wanted to have sex, and I let it happen -- despite being tired and uninterested and full of sundae -- because I had not yet internalized the notion that my boyfriends wouldn't hate me if I denied them sex. I was barely present during the act, but I jolted into awareness when I realized I was having an orgasm. Afterwards, exhaustion overwhelmed me and I fell straight into sleep -- so deep that my boyfriend was unable to wake me.

This was puzzling and hard to analyze. What aspects of my singular orgasm should go into my Unified Theory... and which aspects were irrelevant?

The chocolate? Well, chocolate is arguably a mild drug, and drugs help some people come. Also, there were studies that found mild aphrodisiac qualities to chocolate. So maybe.

The position? The position had felt really good but was somewhat awkward, and I felt weird asking my boyfriend to reproduce it, so I didn't let myself think about the position. (I'm much better at communicating with my partners now.)

What about the exhaustion? It made sense that being very tired might help me "let go." But I hadn't been very turned on or enjoyed the rest of the encounter, mostly because I was so exhausted; and I didn't want to deliberately force myself to have sex while tired. So while the exhaustion might have been a factor, I filed it under "less-than-useful" as well.

I didn't worry about the problem too much for a while, because I figured that now that I'd had one orgasm, surely it would become easy. I didn't tell my boyfriend it had happened,

either, because I didn't know how to describe exactly how. I thought I'd figure it out as we went along, and then I would tell him exactly what it took.

Unfortunately, it wasn't that easy. Months and years passed without replicating the incident. Anxiety began seeping back. My Unified Orgasm Theory was not doing well.

My fear of being perceived as "demanding" during sex and relationships was at a ridiculous extreme back then. For example, I'd heard over and over that boys don't like girls who are "high-maintenance," so I told my boyfriends that I never wanted them to buy me flowers. I thought that men would feel relieved that they didn't "have to cater to me," but they were just puzzled. (One responded by buying me fake flowers.)

Because of the awful shaming stereotypes around cunnilingus, I sometimes refused that too. I couldn't believe that the boyfriends who were willing to go down on me were actually enthusiastic about it, enjoying it -- and when my anxiety became too painful, I inevitably stopped them. I always stopped them long before I stopped enjoying the act, because I was so scared that they hated it, and hated me for wanting it. I was scared that they resented me more and more, the longer they did it and I didn't come. My fear crept up my spine and twisted around my heart until I **had** to make them stop.

Sometimes I felt trapped between love and disgust, like with the boyfriend who constantly complimented me on how great in bed I was, but who seemed unaware of how much I felt missing. The worst was when he went off on a rhapsodic list of my wonderful qualities ending with: "... and I don't even have to worry about giving you an orgasm!" He didn't see the bind he was putting me in, the awful self-suppression and self-wounding that he encouraged. He seemed unaware that I heard him telling me: "You're great in bed because you are constantly disappearing your own needs, and never asking anything complicated of me!"

In fairness, I wasn't giving him any guidance on how to do better with me. In fairness, I had no idea what kind of guidance to give.

They had their own social programming, and I didn't communicate well. But sometimes I still have trouble forgiving my early boyfriends.

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## IV. *The Fight*

Not all my boyfriends were willing to do as little as going down on me. One, in particular, resisted very strongly; never did it at all. This was an especial problem because he was one of the men I've loved most in my life, and our relationship lasted for years. I think well of him when I think of anything other than sex. But when I remember having sex with him, I feel echoes of sick panic and heartbreak.

By the end, every time I slept with him I felt nothing but disgust.

He seemed to prove all my fears: that the men in my life would loathe and resent me if I tried to discuss my confusion and desperation; that they would loathe and resent me if I asked for help with my sexual needs. Towards the beginning of our relationship, I tried asking him (very timidly) to go down on me, and he simply refused. In later

conversations he insisted that cunnilingus was "too degrading," an assertion he made with a weird lack of irony, given that I was going down on him regularly.

As the years passed, my frustration deepened and I started thinking about experimenting more sexually, but I was terrified of mentioning it. I didn't know what I wanted to experiment with -- I really believed that I'd "already tried" BDSM, and that I didn't like it -- but his initial rejection of mere cunnilingus didn't make me feel confident.

Finally, I got to the point of directly asking for sexual experimentation, and we had the worst fight ever.

I recall that our relationship was somewhat rocky already. One of my journal entries from that time contains the sentence, "I can't seem to **not** make him angry when I'm trying to discuss our relationship." For this particular fight, we were sitting in his room reading when I scraped together my courage and asked for his help in figuring out my sexuality. "Well, what do you want me to do?" he demanded.

"I don't know," I said, "but I think there must be some way to find out -- I don't know, there have to be books?"

"That's **ridiculous**," he snapped. "I love you, but I'm not going to **read books** in order to figure out how to have sex with you."

It got worse from there. I was crying within the first few sentences. At one point, he outright shouted at me "I don't care about your satisfaction," at which point I said, "You can't mean that," and he repeated it. Eventually, I simply turned around and walked out of his room. I had nowhere to go; it was a long train ride to visit him, and the trains had stopped running that day. It was mid-winter, and freezing cold. Crying, I put on my coat and shoes and exited the house, onto his suburban street.

I walked completely at random. I was hardly able to see. Fortunately, because it was so cold, no one else was out and about. I muffled my sobs by bowing my head into my collar. After fifteen minutes, I discovered my cell phone in my pocket and tried to call my best friend, but she didn't answer. I was still walking around crying an hour later, when she returned the call.

She calmed me down and got the story out of me. It was the first she'd heard about my inability to orgasm, and she didn't know how to advise me because she didn't have the same problem. Also, it was obvious to both of us that trying to communicate with my boyfriend wasn't working. It was obvious that there might be no way to successfully communicate with him on this topic at all.

Eventually, after she'd managed to quiet me into a trembling jellylike mass, my friend said gently, "Okay, hon, you need to hang up and go back inside." She was right. So I did.

When I stepped back into my boyfriend's room, he was still reading. I could sense from the texture of our silence that he felt bad, though. I was exhausted, I felt like a stiff breeze would blow me apart, but I told myself that I had to set a line. I was sure my voice would waver as I made myself say: "If you're going to tell me that you don't care about my sexual satisfaction, then I can't do this anymore...."

"I never said that," he said softly.

I closed my eyes. He would do this sometimes, insist that he hadn't said words I was **sure** I'd heard, and it always made me feel like I had gone insane. I **knew** he'd said it. I'd even responded with, "You can't mean that," and then he'd **repeated** it. But I felt so tired. It had been hard enough to start the conversation. Hard enough to walk around the streets crying for hours.

Maybe I really did misunderstand him somehow; I've been over those moments in my head a million times, and I don't know anymore. Maybe I misunderstood. Or maybe he was falling into a classic pattern of emotional abusers. Maybe he insisted that I was hallucinating in order to confuse me out of protesting: abusers do these things because they work.

What I do know for sure is that when he halted the conversation with a flat denial, I couldn't bring myself to even try to talk about it again. Couldn't bring myself to resume the conversation. But I also couldn't bring myself to break up with someone I loved so much. We talked about other things instead.

And, of course, nothing about our sex life changed at all.

When my best friend called me the next day to check in, I said, "Well, he says that he didn't say what I thought he did."

Her silence echoed with disbelief.

"Maybe I just... didn't understand what he actually meant," I said, but my words sounded weak even to my own ears.

"Maybe," she said doubtfully, but she didn't press the issue.

Even after that fight, I continued dating that man for a long time. I look back now and I can't imagine how I did it.

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## V. ***Men's Perspective***

The gendered societal pressures that affect men are worth discussing, and worth analyzing, and I often do just that. There is undeniable pressure on men to "perform" sexually, for example. I try to have sympathy for men who feel this pressure -- but it is difficult sometimes, because its major effect on **my** life has been to silence me. To make me feel as though I couldn't ask for anything sexually. As though I couldn't express my needs without hurting my boyfriend's feelings or making him angry.

And even now, when I talk about this stuff, I am as vague as I possibly can be about the exact timeline. The last thing I want is for people who know me to read this and know exactly when I started having orgasms. I don't want anyone to know exactly which partners "couldn't perform." Because I know those men might feel it as a social punishment, and as much as I hate the dynamics at work, I can't hate the men who were part of them. They had their own social anxieties and their own blind spots and if I didn't understand what was wrong, how could they?

I recently had dinner with a former partner. At one point we found ourselves having a very explicit conversation, and I mentioned that I've figured out how to come. He looked sad and apologized: "I'm sorry I was never able to get you there." I had no idea what to say.

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## VI. *S&M, Redux*

I finally came into my BDSM identity around age 20. At first, when I was faced with the fact that I wanted to be hurt until I cried and begged for mercy, I freaked out. I had no idea what to do about BDSM, no idea how to feel about it. The only thing I knew for sure was that I'd found something I really **needed**. But what did that **mean** for me, when I was also trying hard to be an independent, rational feminist with self-esteem and integrity?

It took me years to parse out my thoughts on feminism and BDSM, to feel comfortable with BDSM, and to talk openly and comfortably about it. During that process, I got better and better at finding partners who were interested in my sexual desires and willing to experiment. I also got to the point of reading sexuality advice books on my own, including books specifically on BDSM. (For recommendations, please check the notes at the beginning of this book.)

And I gritted my teeth, forced down my anxiety, and looked into books about the female orgasm.

One book that came highly recommended from Amazon.com was Lonnie Barbach's *For Yourself.* By the time I was halfway through the first chapter, I was crying because what she wrote felt so true. At the end of the first chapter, I put it down and was never able to pick it up again. Barbach wrote compassionately about experiences very similar to mine -- for instance: *[Are you afraid to talk to your partner about your problem] because you're embarrassed to ask for what you want at a particular time; afraid your partner will refuse, get angry, or feel emasculated?*

But she also ended the first chapter this way: *You have to assume responsibility and be somewhat assertive. Our culture has taught us that a woman should depend on a man to take care of her, which means she can blame him for any mistakes. It's nice to be driven around in a car, but it's also nice to be able to drive yourself so you can go where you want to, when you want to. But to do that, you'd have to assume some responsibility.*

It was the same "let go" and "keep trying" advice I'd been coming across for years, except that now it was wrapped up in a nice package of assumptions about me: implications that I wasn't assuming responsibility or being assertive. I felt like she was telling me that I chose to depend on a man to take care of me.

Maybe it would have been okay if the rest of the chapter hadn't been so miserably true, but the combination of reading a bunch of truth about how I was feeling -- then being told that I wasn't trying hard enough, that I was choosing to avoid responsibility.... It was toxic.

I also had the bright idea of asking my gynecologist. The doctor rolled her eyes as I spoke, then told me that the problem was obviously my partners. When I insisted that I

needed more guidance, she referred me to a center that gave orgasmic dysfunction "evaluations" at $1,500.00 a pop. I was earning $7.50 per hour at the time. I didn't go.

I got up my nerve and talked to my mother, who had been extremely helpful and caring when I came out to her about BDSM. During the BDSM conversation, I'd been scared -- then I felt immense relief as Mom told me that there was nothing wrong with me, and reassured me that I wasn't "giving up my liberation." When it came to orgasms, though, she seemed unsure of what to say. She did at least tell me that she, too, couldn't come easily, which made me feel a little better.

Most helpful was the therapist I found on the Kink Aware Professionals list -- an online list of doctors, lawyers, and other professionals who believe they understand alternative sexualities such as BDSM. I tried one therapist who didn't seem to get it, but the second therapist I saw was wonderful. He helped me through an enormous amount of my BDSM anxiety. The orgasm problem was thornier, but he didn't make any assumptions, and he did listen carefully, which was more than most people did.

My therapist gently encouraged me to get a second opinion about my how my body worked, from a new gynecologist. Irrationally, I didn't. I suppose I still felt crushed by how the first gynecologist had reacted. I also hoped I'd learn to come as I explored BDSM more -- which turned out to be true.

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## VII. ***Figuring It Out***

In retrospect, I recognize that I went through a brief period where I had orgasms sometimes -- weak ones. But the orgasms were hard to hang on to because they happened during sex with my boyfriend. This would be the same boyfriend I described at the beginning of this piece, when I wrote: *now I have the best boyfriend I've ever had. but just like every other one, he can't get me off. big dick? oral sex? tons of foreplay? kink? it's all there.*

Now I see, in retrospect, that **not** everything was there: neither of us had questioned our sexual assumptions, our societally-determined sexual scripts. And one of the biggest sexual scripts is that sex ends with the man's orgasm. That the man's orgasm is the goal.

It's very hard to think around these scripts. It's very hard to even be aware of them. So, since my paramount goal during sex was obviously "satisfying my man," I often pushed my orgasm away due to my focus on him. I knew that if I came then I'd feel tired and less interested in sex (at least for a while). And obviously, if he were to have his all-important manly orgasm, I couldn't go falling asleep on him could I? I couldn't even pause to mentally process my sensations if he seemed to be enjoying himself, now could I? Plus, once he'd come, I certainly couldn't expect him to stimulate me any more than he already had, because he was tired; he'd just had an orgasm!

(These days, one of my #1 judgments of whether a new partner could be good for me is this: if I didn't come before he did, then does he take a moment post-orgasm to catch his breath, and then turn to me and smile and offer to do what it takes?)

In the end, figuring it out was almost anticlimactic.

I saw an online video from sex educator Betty Dodson called "Did I Orgasm?"... and I realized that I'd been occasionally having weak orgasms already. I was also experimenting more and more with BDSM; simultaneously, I put more and more power into the hands of my fantasy men; and once I had compelling private fantasies to feed on, I couldn't help masturbating. Here was the key: initially, I'd felt that masturbating **in itself** involved having too much control over the situation. And that's not how my sexuality worked.

Oh yes, **in practice** I take responsibility for my pleasure; and now I'm pretty good at clearly discussing what kind of role my partners will take ahead of time, describing what they'll do with me. These days, I sometimes take the dominant role, too. But even now, it's hard for me to come if I **feel like** I'm in control.

On some level, even if it's the most tissue-thin fantasy, I usually have to convince my emotional-sexual self that I'm not in charge. It helps if I have an emotional connection with whoever I'm fantasizing about, too. If I don't have an emotionally involved romantic partner, I seem to automatically create BDSM-themed fantasy worlds with hilariously ornate storylines. Years ago, it never occurred to me that I couldn't reach orgasm because my internal characters weren't compelling or my plotlines weren't dramatic enough... but sometimes it's true!

In my case, I believe that BDSM is the key to my sexuality. It is as close to the core of my sexual identity as I can get; close enough that, like some other BDSMers, I occasionally call it my "orientation." But I don't think BDSM is like that for everyone, and I don't even think that's the whole story with me -- because during the whole time, this self-discovery process, I was doing things like eating more regularly, keeping a healthier diet, putting some weight on my previously stick-thin frame, and exercising more. Health plays a big role in any kind of sex, and it's important to think about. Still, even now I can't come without some thread of dominance and submission, even if it's an entirely internal fantasy that I imprint on whatever is happening.

When women ask me for advice on how to have orgasms, I feel helpless because there is no "one true way." I don't want to fall back on the old "let go" and "keep trying" that I received -- it's decent advice, but it's so vague. Perhaps something more useful would be this: first, it really helps to have an idea of what you want. I know this can be hard in a society that soaks us with sexual images designed for stereotypical men, rather than images for women (and especially not for non-normative women like myself). And I feel so aware of how patronizing and useless the "you aren't in touch with your sexuality, that's why you can't come" argument can be. Remember, I had that argument used against me by my lesbian friend. But it was, in fact, kinda true for me -- just in a different way: I need BDSM.

If you're not sure what you want, don't panic. Just keep your eyes and ears open, and try to monitor your reactions. It may surprise you. If it does, don't worry -- just research it! No matter how unusual your sexuality, there is probably information on the Internet about it. (And even if your sexuality is unusual, odds are it's not nearly as unusual as you think it is.)

I often refer to my personal favorite sex education website in the entire world: it's

Scarleteen.com, a grassroots feminist effort with an amazingly comprehensive perspective. Scarleteen has an incredible impact on many, many lives. Sometimes I read it just for fun!

Secondly: it may help not to prioritize orgasms. I am not saying orgasms aren't important; I just don't want the importance of orgasms to wound you, the way it wounded me. For me, it is helpful to imagine sex as a journey. For me, it helps to focus on having fun throughout, instead of doing what it takes to reach the "goal" of orgasm. If you're not taking pleasure in the journey -- or at least indulging some curiosity -- then why keep going? Why not stop and try something else?

Experimenting sexually in an open-ended way has been, for me, the most productive possible attitude. And in fact, once I knew how to make myself come, I discovered that -- though it's helpful to be able to attain that release if I really want to -- orgasms aren't actually my favorite part of sex! There are lots of other things I like better.

It's also worth noting that our definitions of "orgasm" are fairly narrow. Some research indicates that there may be other ways to conceptualize orgasms than the stereotypical genital-focused approach.

Thirdly, although it's possible for a person to explore sexuality on her own, relationships can make or break the process. We all make some compromises for romance. But when we compromise, we should know **what** we're compromising, and **we should think about whether the compromise is worth it**.

For me, sexual exploration and satisfaction are incredibly important -- but it took ages to develop the courage to put my foot down about them. After my boyfriend shouted at me that he didn't care about my sexual satisfaction, it took me an embarrassingly long time to end things with him; I really was in love, and we'd been together for years. But my sexuality wasn't even close to a priority for him, and breaking up with him was one of the best decisions I ever made.

After ending that relationship, I was able to build my self-confidence and self-esteem with new boyfriends surprisingly fast -- and my boyfriends helped me more than they probably know. I owe countless small debts to men who accepted my inability to orgasm, took my anxieties about it into account, and sometimes gently pushed me to try new things.

One particular guy comes to mind: I told him I couldn't come, but that I wanted to experiment with S&M, so we arranged to buy rope and some painful equipment. During our conversation, he gently drew me out on my history, and then he said, "You know what I think we need to go along with this rope? A vibrator."

I blinked and said hesitantly, "I don't know, I've never really liked vibrators." But I was willing to try it again, and that's when I learned that vibrators are awesome. That's when I learned that what I really need is to convince myself I'm not in charge -- that once the correct fantasy is in place, vibrators make everything easy.

Even today, few things make me happier than a man who grasps the tension I still sometimes feel about "being demanding" or "asking for too much." I communicate with

straightforwardness that amazes most partners, but it's crucial for them to understand that I still have hesitations. That even I, sometimes, need a moment to articulate what I want -- or need to be asked whether there's anything he can do.

Lastly, and most importantly: don't let go of your boundaries unless you're sure you're ready. If you really don't want to do something, **you don't have to make yourself do it**. I'm writing this because when I was growing up, all the sex-positive work I read encouraged exploration at the cost of boundaries, and I think that's wrong. There were times when that attitude hurt me -- for example, I did things I didn't like because people claimed I hadn't yet gotten over my sexual "issues," like my lesbian friend in college. And I know that attitude has hurt other women, too.

I don't like seeing sex-positive feminism equated with making oneself freely sexually available. Exploring sexuality does not mean you have to ignore your warning bells.

Sexuality is so complicated. Sex cannot be reduced to bodies, or hormones, or psychological stereotypes. Sex cannot be reduced to certainties, to shoulds and shouldn'ts. If I could destroy every force in our lives that drives home ideas of sexual "normality," I would. Which leads to my final piece of advice: **don't let me tell you what to do**. This is just my experience, just my ideas. As with everything, I want you to do whatever feels right for you -- as long as it's among consenting adults.

* * *

## VIII. ***Study Questions!***

Here are some things that might be interesting to reflect on:

1) What questions do you have about your orgasm?

1a) Where have you researched the answers to those questions?

1b) Have you ever discussed those questions with your partners?

2) What questions do you have about your partners' orgasms?

2a) Have you ever asked your partners about their orgasms?

3) What's one thing you wish you'd said in bed to a partner?

3a) What would have made it easier to say it?

4) What are your favorite sexual acts? Are there other ways you could perform them?

5) What's the best sexual experience you remember? What made it great?

6) What's the hottest thing you've seen or read? What made it great and are there ways you could participate?

7) Does anything from this article resonate with you? What?

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***Here is a tangential footnote on issues of manliness***:

When this article was first posted, a guy grabbed the first comment on the version that I posted to the feminist blog *Feministe,* protesting that I clearly don't get the men's side of this equation. I don't usually get super angry about comments on the Internet, but in that case I did, and I had to take a while to calm down.

There was a mild comment fracas. Eventually, in response to that guy, I wrote:

*I worked really hard on this article to try and note both:*

*A) how men's perspective might make this difficult for them, but simultaneously*

*B) why men's insecurities aren't actually an excuse for men to treat women badly.*

*In my experience women are actually extremely aware of men's insecurities.* ***Women frequently silence themselves and put up with a lot of crap because we are afraid of "emasculating" our man, as I specifically noted in the article.***

*Given that this was an article about:*

*1) a woman's experience,*

*2) and what it's like to be a woman,*

*3) and why this issue is difficult to take on as a woman,*

*4) and why women shouldn't allow men's insecurities to shut us up...*

*... can you see why I would avoid putting a lot of text towards describing men's insecurities in loving detail?*

Now. With that having been said....

One of the guys in the Clarisse Thorn Manliness Brain Trust (tm) emailed me with some thoughts in the wake of this article. Once again, I want to emphasize that I don't want anyone to feel that they "ought to" give a crappy partner "another chance" if that partner is treating them badly. I spent **years** giving a terrible boyfriend millions of second chances because I kept telling myself that he was just "insecure." **Walking away from that oh-so-"insecure" man was one of the best choices I ever made.** Nonetheless, I think that the following comment from my Manliness Brain Trust (tm) friend might be useful for some people:

*When I first saw this post, my first thought was that I have to pass it on to a couple of the people I'm involved with, who have difficulty reaching orgasm because it's an awesome, awesome article. My second thought was that it seemed like Clarisse didn't really grok the guy's side of this exchange.*

*Somewhere among 5th, 7th and 9th thoughts, was the notion that I'd be a jerk to raise that point in the comments. This article is a great reference for women working through difficult climax issues and there's no need to drag the conversation off to the guy side of the experience... So I sent Clarisse an email about it instead. Because the thing with Unification theories is that they're never all the way done. And things could have been so much easier for Clarisse if her boyfriends didn't suck. Maybe some insight into why they sucked would help with the ongoing development of the model, or at least provide some*

*eased management strategies.*

*The thing is, I don't feel attacked or diminished or anything else by this article. Despite the fact that I'm a guy, I have insecurities and I can in some places see a stupid, obnoxious mirror of myself in Clarisse's dumb ex boyfriends -- that isn't at all why I thought I should talk about the topic more with the author. It just seemed to me like Clarisse hadn't quite got her head around what the guys were going through with their side of this interaction. Where their insecurities came into play.*

*In my head, I see a young woman, working through her own issues with orgasms reading this, and seeing her young boyfriend reflected in Clarisse's past relationships. And the take away from Clarisse's experience at the moment seems to be that if your boyfriend is insecure and stupid, maybe he's not the right person to work through this with you. And I'm not sure that's doing anyone any favors. I mean shit, maybe that is what you should take away from reading this -- that the guy you're with isn't the right person for you right now if you're struggling with difficulty achieving orgasm. But maybe there are other stories going on as well. Maybe he's insecure about his role and his failings (or his body or whatever) and maybe he could be the right guy to work through this with you, if you're the right person to work through his insecurities with him?*

*And please, please don't take that to mean let things slide because you don't want to emasculate him. I'm not for a moment advocating putting up with nonsense because he's a guy with a precious male ego. But lots of guys, certainly including myself, have personal insecurities, about masculinity and about sexuality, and attached to the perceptions of masculinity in sexual situations. As a guy, we're all taught that real men don't give head -- or at least that it's a private thing that we don't admit too -- which is so fucking stupid, but is still really out there in heteronormative western male culture. We're all taught that getting a woman off is our job, and to be a good man, and a good lover, we have to get our partner off before we get off. I don't know a single sexually active guy who has never felt humiliated because he came too early, and too early is largely defined as before our partner gets off. And we're all taught that real men get their partners off with nothing but the awesomeness of our cocks. Hand jobs/digital penetration are fine for highschool or fore play -- but our image of a good man, and a desirable lover doesn't integrate with those things. We're coached by pop culture and porn to believe that the guy every woman wants is the one who sticks his cock in and makes her explode with joy from the very first thrust. And any time that doesn't happen, the guy is at fault.*

*And again, to stress my position here, I think all of those things are stupid, illogical nonsense. But those are the pressures that are on guys. And maybe, if the guy that you're with is struggling to work through your orgasm issues, maybe it's because he's so far under the weight of his own insecurities that he doesn't know how to cope with his own issues, and be a supportive partner to work through yours. But the thing about a good relationship, is that together you're stronger than the sum of your individualities. Maybe as a couple, you can work through his insecurities and your orgasm difficulties at the same time. Nobody's problems exist in a vacuum, and sometimes finding the support you need is easier if you just fix the support you already have.*

I posted the comment in response to the other dude's *Feministe* comment, and there was some discussion afterwards -- including some guys saying that they never got any memo

about cunnilingus being "not manly."

**Here's my wrap-up**: sympathy is good. Trying to build a better relationship is good. And I understand that some people may have serious, important reasons that they can't or don't want to walk away from their romantic partner. (That's one of the things feminism has always worked towards: giving people many sources of support and safety nets, so people can leave abusive partners if necessary.) But. Seriously, if your partner sucks? Walking away is an option -- it's even an option, sometimes, when you think it's not an option. Just remember that.

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*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2011/10/31/a-unified-theory-of-orgasm/

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BOUNDARIES:

## [storytime] I'm Not Your Sex-Crazy Nympho Dreamgirl

*This was originally published in 2011 on GoodMenProject.com, and it got a lot of attention. I think the feelings I outline in this piece are shared by a lot of people, and that they're one of the reasons people often get angry about porn. But as I said in "BDSM Can Be 'Love Sex' Too," I don't think restricting porn is the answer to these feelings. I think the answer is encouraging people to be honest, yet respectful and flexible about their desires. For many people, mainstream porn seems to function as sex education -- and that can be a real problem, because mainstream porn shows a very specific stereotype of sexuality. But if more people had better and more complete sex education, then more people would recognize that mainstream porn is a very limited and particular product, and they'd also recognize that most people aren't interested in actually enacting that style of sexuality. I also think porn probably receives an unfair portion of the blame in these debates. It's possible that the current ubiquity of porn is partly to blame for "sex-crazy nympho dreamgirl" anxieties, but there are plenty of other stereotype sources in our culture -- I wish that all the people who talk about banning porn would also talk about banning romantic comedies!*

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### I'm Not Your Sex-Crazy Nympho Dreamgirl

There's this cultural image of what it means to be female, and good in bed. The image includes being young and thin and cisgendered of course, and that can be problematic. But it also includes a lot of behavioral stuff: the way you squirm, the way you moan, being Super Excited about everything the guy wants to do, and Always Being Up for It -- whatever "It" is. When people think about "good in bed," for a woman, that's often what they think.

Here's a short list of some things I think are totally awesome:

+ Squirming and moaning during sex in a genuine way, out of genuine pleasure!

+ Acting Super Excited when your partner wants to do something you're actually Super Excited about!

+ Being up for sexual experimentation and trying new things, while keeping track of your boundaries and saying no (or calling your safeword) to sexual things you really don't like!

Those things are great. They're great when they happen in all kinds of sex, and I have no problem with how people experience or deal with with those things -- whether people get them from vanilla or S&M sex, or porn, or sex with multiple people, or queer sex, or whatever. All consensual sex is fine with me. (In particular, in pieces like the one you're about to read, I often have to make it really clear that I'm not anti-porn. OK? I'm not anti-porn. Got that? Say it with me now: Clarisse Thorn is not anti-porn. Yay, it rhymes!)

What scares me, however--what continuously gets my goat, what still occasionally makes me feel weird about sex -- is how easy it is to **perform** those three things I listed above. Because I have always, since before I even started having sex, known exactly **what I was supposed to look like** while I had sex. I don't even know how I internalized those images: some of them through porn, I suppose, or art or erotica or what have you; some of them by reading sex tips on the Internet or hearing the ones whispered to me by friends. But I can definitely assure you that before I had any actual sexual partners, I knew how to give a good blowjob. I also knew how to tilt my head back and moan, and I knew how to twist my body, and I knew what my reactions and expressions were supposed to look and sound like -- I knew all those things much better than I knew what would make me react.

There was a while there, where my sexuality was mostly performance: an image, an act, a shell that I created because I knew it was hot for my partners. I'm not saying I was performing 100% of the time -- but certainly, when I was just starting to have sex, that's mostly what it was. And, scarily, I can put the shell back on at any time. Sometimes it's hard to resist, because I know men will **reward** me for it, emotionally, with affection and praise. It's much, much more difficult to get what I actually want out of a sexual interaction than it is for me to create that sexy dreamgirl shell: hard for me to communicate my desires, hard for me to know what I'm thinking, hard for me to set boundaries.

And hard to believe that a guy will like me as much, if I try to be honest about what I want. Honesty means that sometimes I'm confused, and sometimes we have to Talk About It; honesty means that sometimes I say no, it means that sometimes I'm not Up For It. Something in me is always asking: *Surely he'd prefer the sexy, fake, plastic dreamgirl shell?* It's not true, I know it's not true, I swear it's not true -- I don't have such a low opinion of men as that. I know this is just a stereotype, the idea that men are emotionally stunted horndogs with no interest in how their partners feel.

So sometimes, I have to fight myself not to perform. But it's worth it -- because the hardest thing of all is feeling locked into an inauthentic sexuality. I tell myself, I try to

force myself to believe it: even **if** a guy would like me more for faking and holding back and being so-called "low-maintenance" -- I tell myself it's a stereotype, but even if that stereotype is true of some men -- **no man is worth doing that to myself**. No man is worth that trapped, false, sick feeling.

* * *

Being a sex and S&M writer sometimes increases my performance anxiety. Occasionally I'll meet guys who seem to think I am equipped to give any man the Night Of His Life -- and that this is my goal at all times. Sometimes I feel like I should grab certain guys by the shoulders and shake them and say, "**I am not your sex-crazy nympho dreamgirl!** I'm a real person and I have real preferences, I do not exist just as your fantasy fodder!" But if I really like a guy and he's read some of my work, then I feel less irritation than concern that I won't stack up. It increases the urge to go all Sexy Dreamgirl Shell, rather than attempting to communicate.

Being a sex-positive feminist, I also sometimes worry that other women will read my work and it will increase **their** performance anxiety. I worry that writing about some stuff I like will be misinterpreted -- that it will lead other women to feel like, *gosh, is this something liberated sex-positive women do? Is this something I "should" be doing?* With some things I write, I get afraid that I've contributed to a nightmare world where women are "liberated" **only in the sense that we can better perform for men**.

I once read a blog post by a radical feminist writer in which she claimed that women always hate fellatio because it's always degrading and disgusting. She wrote something along the lines of, "I say this for the women and girls who believe that they have to do it." Part of me felt frustrated by the way she refused to acknowledge that some women really do **like** performing fellatio (and many other women don't love it, but don't mind doing it as long as they have great sex otherwise). In some ways, it felt like that writer was policing sexuality. But I empathized with her goal: She wanted women who don't like fellatio to relax; she wanted to help them recognize what they don't like. She wanted to decrease their performance anxiety.

I'd like to do the same thing, but I generally prefer to speak from personal experience rather than making claims about others' experience. Accordingly, I've often thought that it would be great if more sex-positive feminists would make lists of Things We, Personally, Don't Like. It's not the easiest project to sell, because one of the big goals of being sex-positive is to destigmatize sexuality and decrease shame. But if we destigmatize sexuality without encouraging good boundaries, then we're not moving forward; we're just creating more bad standards.

So hey, here's an example of a common sexual thing that I don't like: swallowing after giving oral sex. I love fellatio most of the time, and I like it when partners come in my mouth, but I really hate swallowing. In the past I've found a variety of creative ways to deal with this problem, some of which were hot (according to me, anyway) -- but usually I just spit it out in the closest sink. (The reason I don't like swallowing is that it makes me physically ill. No, I am not interested in your armchair theories about why this happens; evidence so far implies a physical cause, not a psychological one.)

A more complicated example would be facials. As a sex-crazy nympho dreamgirl, I am supposed to love all facials all the time, to which I say: Bah. I'm occasionally into degradation scenes, and facials feel really degrading to me, so there are circumstances in which a guy can come on my face and it'll be hot -- but those circumstances are rare. I've got to **really** respect him and **really** trust him, and I've got to be really turned on and excited about whatever scene we're playing out. And if a guy were to give me a facial without clearing it with me at some point ahead of time? Serious boundary violation. Not cool.

Have I destroyed your image of me as your sex-crazy nympho dreamgirl? Good.

I think that people of all genders receive a lot of unconscious training about how we can damage ourselves in exchange for the attention of the opposite sex. By writing about my own experience, I don't mean to discount the experiences of others. I get that many guys feel locked into acting confident and dominant, and that lots of guys hate that role as much as I hate my Sexy Dreamgirl Shell. I get that many women genuinely enjoy **reclaiming** the Sexy Dreamgirl image, and making it their own; hell, I do it myself sometimes. (Yes, I do it myself sometimes. Sex is complicated.)

People **of all genders** have a hard time figuring out what turns them on. Authenticity is hard -- and sexual authenticity gets harder when you're feeling low, or you really like someone and really want that person to like you, or when you feel bombarded with messages about how you've got to "compete" in a harsh sexual "marketplace." I believe that one of the best ways to authenticity is to seek understanding of the pressures on everyone, and to grasp that everyone's got their own nightmare of the Sexy Dreamgirl Shell.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/05/27/im-not-your-sex-crazy-nympho-dreamgirl/

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BOUNDARIES:

## [storytime] Orgasms Aren't My Favorite Part Of Sex, and My Chastity Urge

*These two articles were both written and published at OffOurChests.com after I published "A Unified Theory of Orgasm." The first was a followup to "A Unified Theory of Orgasm," and the second wasn't, but when I reviewed the two articles later, I concluded that they deal with fundamentally the same issues and belong together.*

*Interestingly, when I posted this to my blog, most of the comments didn't come from women; they came from men who agreed that orgasms aren't their favorite part of sex, either.*

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**Orgasms Aren't My Favorite Part Of Sex, and My Chastity Urge**

My previous piece "A Unified Theory of Orgasm" was really well-received, and a lot of people have thanked me for writing it. As always, though, there's some mixed feedback too. And I've been worried about one thing in particular: it seems like a lot of people missed the part in my article where I said that, now that I've learned how to have orgasms... **orgasms aren't even my favorite part of sex**. It's a long article, and I can see how people would miss that, but I did say it and I think it's important.

It may be ironic that I spent so much time feeling terrible and broken and depressed because I couldn't figure out how to have orgasms... whereas now I prefer not to focus on them. In fact, **I estimate that *most* of my current sexual encounters don't include my orgasm, and *very few* of my most pleasurable sexual encounters have included my orgasm**.

I'm the first to admit that I don't know everything about sex, and there's a lot that I haven't experienced. Anything might change. But seriously. The best sex I've had in my life has been connective and emotional and, for me personally, has frequently involved intense BDSM. My favorite sex so far? Has also mostly been orgasm-free.

Some people in some sex-related communities have asserted that for maximum amorous power, it's actually best to limit one's orgasms, because then the contained sexual energy ends up channeling into a deeper connection with one's partner. I can see that. For me, another way of thinking about it is that I'm really into being teased -- and I'd rather experience hours of being teased without an orgasm, than have a quick encounter that ends in orgasm.

And.... (Oh no, I can already tell this is going to get complicated... but hey, sex is complicated, so I'll give it a shot.).... Especially when I'm doing BDSM, it can actually be hot sometimes if I don't have an orgasm. For example: if I go to sleep so turned on that I can't dream about anything but my partner, and then I wake up in a damp mess, and then my partner makes my life difficult all morning, it's pretty awesome. (Although it's very nice that I know how to give myself orgasms now, because that means that if I'm really feeling overwhelmed by my own sexual energy, I know how to give myself release if I have to. You know, like... if I need to get some work done.)

Aaaaand... here's the most painful, ridiculous, circular irony of all. Ready? Here goes: now that I'm capable of having orgasms, I've found myself occasionally having orgasms **only to satisfy my partner**. How absurd is that? Plus, I know I'm not alone, because I've talked to other women who do the same thing!

I've written before that in the past I've felt trapped by fake plastic ideas of "what hot girls look like during sex"; I've written about how the pressure to "perform" my sexuality can hurt. What has amazed me, as I've gotten older, is just how pervasive that pressure can feel with some partners... and how little pressure there is with other partners. The question of how to create a low-pressure environment for sexuality to flourish is big and complicated, so let me just say here that although I'm all about people giving each other orgasms... it's no good if my partner's desire to give me an orgasm turns into pressure for

me to have an orgasm!

Scarleteen, my favorite sex education site, has a great article about "squirting" orgasms and how some women feel pressured to "squirt" for the sake of the sexual "novelty." On a similar note, I'll close this post with an anecdote about a guy I dated a while back who was very focused on giving me orgasms. To his credit, he figured out how to make me come very quickly. But the problem was that -- I soon realized -- **the biggest reason he wanted to make me come was because he wanted to feel like he could**. Fundamentally, it wasn't about my pleasure; it was about him feeling like "the man."

Let me be clear: he was a great guy, and I was into having sex with him. But it became very obvious to me that if I didn't have an orgasm every time we had sex, then he would be really bothered. So there were definitely a few encounters where, although I wasn't especially interested in having an orgasm, I still closed my eyes and flicked through fantasies with a kind of panic... until I managed to kick-start my body into coming. Isn't that messed up?

One thing I've learned, in years of writing about sex and gender, is that anything -- anything at all -- can be a tool for limiting or stifling sexuality... just as much as it can be a tool for releasing sexuality. Turns out, orgasms are no exception. Even orgasms can become a difficult duty. **I'm so glad that I know how to have an orgasm now; for me, that was an important step for my sexuality and my self-esteem. But now that I've learned how to do that, I find myself questioning why it's such an important and destructive issue in the first place!**

**Sex is a journey.** There are so many directions, so many forks in the road, so many stops along the way. There are so many speedbumps and roadblocks, uphills and downhills, free and easy open stretches. Sometimes people stop to rest. Sometimes people double back. Everything is evolving. A lot of people find it most awesome to simply... enjoy the road.

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When I was in my late teens, I had a couple straight lady friends who did this thing where they took a year of chastity... although they had already had a fair amount of sex. It wasn't that they thought sex was bad. It wasn't that they especially disliked sex. It wasn't that they regretted choosing to have sex previously. But these women felt powerfully drawn towards taking a year away from sex, a year where no sex happened in their lives... and I instinctively understood **because I felt the same urge**. In fact, I came up with the idea of deliberately taking a year of chastity on my own, before I heard that anyone else was doing it.

I'm not telling you this because I want to sound like one of the "cool kids"; I'm not trying to say anything like, "I was into chastity when it was underground!" As it happened, I never actually went through with my chastity urge. But I thought about it a lot, and I thought about the fact that other girls I knew were doing it. We didn't have backgrounds that one would normally consider anti-sex. We had liberal backgrounds, liberal parents, liberal educations. Why were we so attracted to the idea of taking a year without sex?

I thought about it a lot, and I concluded this: **We felt like we didn't own our sexuality**.

We felt like our sexuality wasn't for us. Or at least, that's how I felt.

Even though on the surface it looked like I was totally in charge of my sexual decisions, there were social pressures and expectations that made me feel overwhelmed and confused. Not always, and not all the time! But enough that there were plenty of times that I just felt like all I wanted to do was **stop** and be done with it... "take my body back" from a world that seemed intent on constantly telling me how I must look, how I must dress, how I must have sex.

I've written about how much easier it was for me to learn how I ought to look and "perform" while having sex, than it was for me to learn what I actually wanted from sex. That, I think, is where the chastity urge came from for me. That, and the way I kept finding myself making out with guys who I had zero interest in because it was "too awkward to say no." Or the way I didn't feel like I could decide not to have sex with my boyfriends; not because I didn't think my boyfriend would listen if I said no, but because his potentially hurt feelings seemed so much more important than my bodily preferences.

So many things about the way I was having sex seemed to have nothing to do with me. And if sex had nothing to do with me... then why was I doing it? I guess I wanted to reassure myself that I could take control of at least one thing: saying no.

Eventually, I got a better handle on my sexual preferences and began to learn how to talk about them. It was a long process, and my sexual journey is far from over (yay!). There were people who showed me what it meant to have a low-pressure sexual relationship; there were people who made it easy for me to talk about sex; and there were other people who made it easy for me to turn them down, sexually, which was just as important.

But one interesting thing during the beginning of my learning process... especially given that I now really emphasize and encourage talking directly about sex... was that I felt like a couple of my boyfriends really, really didn't want to talk about sex. And while sometimes this was clearly terrible and toxic, sometimes it felt good. It felt safe. I wanted to be sexual, but I also felt so much pressure to be sexual that it sometimes felt like a huge relief to just... "not worry about it."

In retrospect, though, I think that the "safety" I felt when I didn't talk about sex with certain partners was a mirage. It was a false safety, sustained by a carefully crafted mutual fiction of the relationship. When we ended up talking about sex later, "giving up that safety" just made the conversation unnecessarily scary and weird. And the independent illusions we each had about our sexual relationship flourished and grew strong within our silence. Those illusions were so much harder to release after months of self-reinforcement than they would have been if we'd dragged them into the light from the beginning!

Occasionally, I wonder how it would have felt if I'd taken that deliberate year of chastity. I wonder which of my early experiences would have changed; I wonder whether a year of chastity would have made me feel more comfortable with my sexuality sooner. I'm very happy with how I feel sexually now. I sometimes feel confused or overwhelmed, but I think I'm okay at handling that and even talking about it. Yet I do wonder how it would have felt to draw such a strong boundary; to say such a strong "No" to the world and its

messed-up sexual expectations.

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*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2012/02/02/orgasms-arent-my-favorite-part-of-sex-and-my-chastity-urge/

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BOUNDARIES:

## [theory] Anger, Fear and Pain

*I wrote this post in late 2010. The comments on the online version are especially good, with a lot of people sharing their own experience of these emotions in S&M encounters. So if you have an interest in the topic, this is a good post to review online.*

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**Anger, Fear and Pain**

I like pain. I like submission. What do these things actually mean, though? I don't like it when I stub my toe, for example, and there are quite a lot of authoritarian situations I don't like either. My emotional reactions, in particular, can get really complicated. So I need more precise words than "I like pain" and "I like submission."

This is not a new problem, and around the BDSM subculture there are more precise terms that are frequently used. But when I was first exploring BDSM and didn't yet have access to the community, I started coming up with my own vocabulary for what I liked and what I didn't like. The primary words I came up with -- words that I still use a lot in my own head, and that I sometimes try to explain to my partners -- were "clean" pain and "dirty" pain.

I think of some pain as "clean" because even if it's intense, I usually... like it. (For lack of a better word.) This is the kind of pain I fantasize about when I'm really craving BDSM. There are certain places on my body that take pain more cleanly -- my upper arms, most of my back, my thighs. There are certain types of pain that are inherently more clean -- needles come to mind. Wide, deep, blunt bites are good too. Heavy whips made of weighty materials, like suede. Pulling my hair right above the nape of my neck.

On the other hand, I think of some pain as "dirty" because it's... harder to take. I don't think of it as dirty because I see it as scandalous or perverse -- rather, dirty pain is complex and hard to process. I never fantasize about it. Pain where my bones are close to the surface of my skin, like my collarbone, is dirty. Pain on top of scars is dirty. Pinches and small, narrow bites are dirty. Pulling my hair anywhere besides the nape of my neck is dirty. Electric shocks are extremely dirty.

But this whole "clean" and "dirty" thing, it doesn't make any sense outside my own body, my own head. It's hard to explain it. It helps that the BDSM community tends to frame pain in terms of techniques and less-subjective adjectives, using words like "sharp" or "sting" or "thud." (A lot of people think of "sharp" and "sting" as the same sensation. I usually separate them a bit more, but I'm not sure how many other people separate them.)

The BDSM and polyamory writer Franklin Veaux defines "thud" as "sensation of heavy, dull impact" and defines "sting" as "sensation of quick, sharp pain." These words are most often applied to floggers (implements for hitting people, e.g.: "this is a thuddy flogger"), but sometimes the words are used for other things too. I've found that I generally prefer thuddy-type pain, for example, but it took me a long time to figure that out, because there are so many specific sharp sensations that I love.

Okay. Now for emotions. This is the really hard part.

A while back I got an anonymous comment on my coming-out story that I absolutely love. Here's a quotation from the comment:

*When it came to it, very little about the reality [of BDSM] matched my fantasies. Oh, sometimes what we did matched the way a real-life even can match a fantasy. There were moments that were... Transcendental.*

*But there were many more moments that... were deeply, deeply conflicted. I NEVER expected to feel that much... anger... toward someone dominating me and inflicting pain. I expected it to be a relief. I didn't expect to wrestle with hatred.*

*He liked to slap my face. Everytime he did it I would feel this burst of pure hatred. At one point he asked if I liked it. I said, "No. I hate it. But I don't want you to stop doing it."*

*I can't remember right now if any other "coming out" story I've ever read included such a visceral description of anger. Of course, I think the last time I read one I hadn't experienced it myself. Maybe I never noticed it before, but noticed it this time because it resonated with me. But mostly I remember those stories mentioning fear, shame, worry, and embarrassment.*

The events in my coming-out story took place years ago, and my feelings about BDSM are really different now. I remember that I was conflicted, furious, resentful. But at the same time, I have often thought that much of my anger and resentment was due to the fact that Richard -- my first intense BDSM partner -- was not emotionally available. I needed support that he didn't give me. (To some extent because neither he nor I recognized how much support I needed.) And, of course, much of that anger was due to the fact that I couldn't deal with BDSM. I was fighting back against my sexuality, and felt unable to take ownership of it.

As I settled my feelings and reconciled myself to my sexual identity, my emotional reactions became a whole different ball game. (It helped that I dated a string of men who were more emotionally available and assisted me with emotional processing, too.) It turned out that the rage that I had suspected was inextricable from BDSM was, in fact, entirely possible to separate. I entered a stage where I learned how to avoid that anger. To work around it. I learned to sink myself into fear and desperation, which I love, and

which are easier to work with.

I experimented with different types of submissive play. One thing I've learned is that it's almost impossible for me to feel submissive unless someone hurts me. (There have been exceptions, but they were definitely exceptional.) The BDSM community has lots of jargon for interpersonal emotional encounters, but those words usually describe actions or scenarios rather than feelings, like "public humiliation" or "domestic servitude" or "sexual slavery." So I had to learn which emotions are associated with which actions, and that's complicated too, though some things are just obvious. Some people really get off on public humiliation, for example, but that's a strong and instinctive limit for me because it makes me extraordinarily angry. (There have been exceptions, but they were definitely exceptional.)

I got better at calling out my safeword when I had to. Yes, I think it's hard to use a safeword, especially when you're new... for all kinds of reasons: you don't want to disappoint your partner, and sometimes it's hard to realize that you need to safeword, because it's very difficult to keep track of how you're feeling in the moment... but I also think that calling a safeword when you need to stop is a skill that you can get better at, much like other kinds of boundary-setting. So I became fairly practiced at calling my safeword when I needed to. If I started feeling very angry, I got good at halting the encounter, or shifting the emphasis to something else instead.

As I gained a more precise understanding of my physical reactions -- clean pain and dirty pain -- I figured out that there are differences in emotional reactions, too. Loosely speaking: clean pain makes me feel afraid and submissive, whereas dirty pain makes me mad. (Though this isn't always true. I hate spanking, for example; it irritates me; but it's pretty clean pain. And it might be worth noting how much I hate tickling... but that doesn't hurt.)

If the dirty pain is hard or unexpected enough, I can't seem to control lashing out. I fight back without even thinking about it (which often functions just fine as a way of renegotiating the encounter, in itself, without safewording). If it's mild? I just get annoyed. But if it's intense... I don't just struggle, I attack. I leave marks on my partners.

I learned to avoid dirty pain, usually. I learned to circumvent anger, usually. I had once seen anger, and dirty pain, as maybe being an unavoidable cost of BDSM. I once suspected that I might never be able to have a BDSM relationship where I didn't feel anger, where I didn't feel pain that I didn't want. I was wrong. Those things aren't unavoidable costs. They can be worked around.

But now.... Yes, now! We've reached the part of the entry where Clarisse makes statements about her current self and potential future actions that may or may not be true and should be treated with caution, because she is an evolving and complicated human...!

Now that I've built up all these frameworks, I've had a few encounters lately where I felt... a lot of anger. Sometimes connected to dirty pain; sometimes not. And I didn't stop. I watched how I was feeling and I dealt with it while it was happening, and it was... worth watching. It was hard to take, oh, it was so hard to take. But it was also intense and fascinating.

I've heard from a few other BDSM submissives that they like feeling anger during their encounters, that they need anger in order to get where they want to go.

If I follow the thread of anger, now....

Where will it take me?

* * *

*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2010/12/26/anger-fear-and-pain/

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EVOLUTION:

## [theory] Sexual Openness: Two Ways To Encourage It

*This was written in 2010, and it amazes me how I've changed since then.*

*I don't like to talk about people being "further along" in their sexual experimentation than others; people are simply in different places, based on their preferences and experiences. I look at this piece now and I think that maybe it would be better-written if I'd tried to talk about sexual evolution in a more neutral way. However, it's undeniable that when I was younger, I often felt like I was somehow "held up" or "inhibited," and I no longer feel that way about sex. And I do think that in general, lots of people want to explore but aren't sure how to overcome their own hesitance and psychological blocks. Some of them even write to me for advice, and I can only tell them what worked for me: the approach I outlined in this post.*

* * *

### Sexual Openness: Two Ways To Encourage It

I've been thinking a lot lately about the factors that went into my sexual evolution. People have always seen me as sexually open-minded, and I had an extraordinarily liberal upbringing... but at the same time, I think I spent a long time surprisingly buttoned-up.

Part of it was the men I fell in love with, the partners I had. Monogamy felt right to me, and that effectively meant that once I was in a relationship, it was hard to explore sexuality beyond what my lovers were comfortable with. I've often looked back in frustration at sexual shame and inhibitions that I feel were imposed on me by some past partners. But at the same time, **there's no denying that -- even when my partners were relatively inhibited -- I was with those men partly because I felt comfortable with them**. I recall conversations in which I felt frustrated at a lover's unwillingness to explore or discuss certain things... but I also recall times when I felt relieved that they were willing to leave those things alone.

How did I evolve through that balance and come into the place where I am today, where my sexual boundaries have shifted dramatically? I'm up for trying things just to see what they're like; I routinely have fantasies that would have appalled me in my teens; and I routinely have orgasms as well.... But why is it that, for example, I'm very interested in having multiple partners now, but wasn't at all interested a few years ago? Why did I initially swear I'd never wear a collar, then end up associating collars with profound sexual love? How is it that I initially considered myself solely a submissive but later transitioned into an enthusiastic switch (i.e., both a sub and a domme)?

Here are the **two factors that, I think, facilitate sexual evolution and openness**:

1) ***A pressure-free environment***

This is key! A person **can** be pressured into sexual exploration, but in my experience it won't "take." Many people (though not all) who feel pressure react by becoming defensive and unwilling to change; even if they do try the experiment, they're less likely to enjoy it. And someone who has a bad sexual experience will often have trouble enjoying that kind of sex in the future.

Take me, for example -- there were a lot of reasons why I felt less willing to experiment with polyamory (multiple relationships) when I was 20, but one of the big ones is that I felt lots of **pressure** to be poly. Because I ran in highly "alternative" social circles, I was meeting "polyvangelists" who argued that polyamory is the "best" kind of relationship and that anyone who doesn't want to try poly is just being selfish or close-minded. **General social pressure exerts an influence, so it helps to have open-minded friends who accept different forms of consensual sexuality** -- which doesn't just mean that "vanilla" people would do well to accept those of us who are "non-standard," but also means that even people in "alternative" circles have to accept "mainstream" sexuality.

But in my experience, the actual **sexual relationships are the most relevant aspect of life that must be sexually pressure-free**. They're also one of the most difficult, especially when the stakes are high: if one or both parties are helplessly in love, if they are married, if they have children, if they live together... then it becomes very hard to make the relationship pressure-free. A husband who is afraid that his wife might leave him is more likely to do sexual things for her that make him uncomfortable because he wants her to stay, for example -- even if she doesn't ask him to. A girl who is totally in love with her boyfriend is more likely to acquiesce to sex that she's not really into, because of course she wants to please him -- but she is simultaneously unlikely to tell him outright that she's not into it.

And then there's the fact that what feels like "pressure" for each person will be different depending on that person's triggers, the relationship, and the time in their life. Today, I feel totally comfortable setting limits and clearly telling my partner "no" if he asks me to do something I don't want to do... but it wasn't so long ago that I'd feel anxiety-inducing pressure to do something if my boyfriend merely mentioned that he liked it. Which brings me to my next point: **there's a fine line between sharing and pressure**. One must be careful when bringing up one's own preferences and desires -- which isn't to say one shouldn't bring them up! Merely that it's important to recognize that these are difficult topics, and when we discuss them with people we love or admire, there's lots of potential

for accidental anxious pressure.

Okay, I'm talking pretty theoretically, right? So here's some actual concrete advice on how to avoid imposing sexual pressure:

* **Don't demand that people explain their preferences**. A person doesn't have to explain, examine, or "figure out" why they're gay, straight, kinky, polyamorous, or whatever if they don't want to. Even your sexual partner doesn't have to explain why they don't want to do something if they don't want to.

In fact, it may be very helpful if you merely make it clear that your partner doesn't have to explain from the beginning -- because they may feel as if they ought to, even if you don't ask. I so clearly remember an encounter I had a few years ago in which my partner asked what I was up for and I said, hesitantly, "Well, I'm not really up for sex tonight... I can't really explain it, I --" and he held up his hand. "You don't have to explain it," he said -- and I was totally shocked at the gratitude, relief and comfort that poured through me.

I later felt proud and thrilled to "pay it forward" when I had my first serious encounter as a dominant. Towards the end of the encounter, I asked, "Do you want me?" and my submissive stiffened, saying awkwardly, "Yes, I do, but... I don't want to have sex so soon, it's just one of my own boundaries, I --" and I saw how much the words were costing him. Saw the same anxiety I'd felt once. And immediately I covered his mouth and said, "Shh, it's fine, you don't have to explain it," and I saw him relax with the same terrible relief I'd once felt. And then we made out for many hours and it was unbelievably awesome.

... Of course, **sometimes people will want to examine their own preferences, which is obviously fine**! But if your partner or friend is examining for their own mental well-being, that's very different from demanding that they examine to satisfy you. Bottom line: they don't owe you an explanation, and asking for one may just make them tense up and feel totally unsexy in all ways.

* **Express preferences gently**. I once attended an incredible BDSM workshop by the author Laura Antoniou in which she offered an outline for bringing up your filthiest, scariest fantasy with your partner: "Buy ice cream. Sit down at the kitchen table and describe your fantasy. Then say, 'Don't say anything now. I'll give you some time to think about it -- now let's eat this ice cream and maybe go out for a movie.'" I love this advice because (a) everyone gets ice cream and (b) it's so perfect for lowering tension. And as Laura said, "The worst thing that can happen is that they're not into it."

*[Editor's Note: since writing this post, Clarisse went vegan, and she recommends eating that frozen Coconut Bliss stuff instead of ice cream. The chocolate flavor is absurdly delicious.]*

It's important to emphasize from the start: "This is something I'm interested it, but it's not a requirement and I don't want you to do it if you're not into it." In fact, it might help to begin by saying those exact words.

And if your partner doesn't want to do something now, it's often worth giving time for them to grow into the idea. Perhaps by exploring other sexual angles, they'll come around

to yours. I remember that when I was in my late teens, one boyfriend asked me if I'd be up for a certain kind of sex, and I refused. (He asked very gently, and didn't pressure me when I said no, which made me feel much safer and happier with him!) At the time I couldn't imagine ever wanting to do it. Then a few years later -- after I'd gained a lot more sexual experience -- I ended up asking my boyfriend to try it! I'm convinced that if my previous partner had pressured me, I wouldn't have come around to it so easily years later -- and if he and I had still been together, then maybe we would have even done it together.

... But of course, the difficult part here is that sexual needs are important, and can't be put on the back burner indefinitely. If you have sexual needs that are being routinely ignored -- or can't be fulfilled -- by your partner, then it's obviously not desirable to keep gently saying, "Don't worry, I can do without this." Still, I think that if you're approaching ultimatum territory -- for example, if you are tempted to say that "If you can't satisfy this need, then I need an open relationship so I can find someone who can, or else we have to break up" -- then it's best to at least state the ultimatum gently, emphasize that you care about your partner and this is difficult, and steel yourself to act quickly in case you have to go through with your ultimatum. And, of course, to understand that this could make sexuality with your partner more difficult if you keep trying to date through ultimatum territory.

Sadly, **sexual pressure can sometimes be simply unavoidable. Sometimes the best we can do is be gentle, understanding, and prepared to face the consequences.**

2) ***Exposure to new conceptions of sexuality, sexual mentors, and sex education***

Many gay people say they're "wired" for a certain approach to sexuality, but there's also others, such as some BDSMers, who consider ourselves to be innately kinky. And we often say that we would have come to those sexual conclusions and practices whether we had examples before us, or not. (Even so, it's really helpful to have a community sharing tips and emotional support, especially when it comes to alternative sexuality. It might seem like sex will come naturally and obviously, but sometimes non-obvious things can really trip you up!)

Still, there are lots of sexual ideas are worth exploring and wouldn't necessarily occur to us if we didn't have examples before us: erotica, pornography, friends and mentors, workshops and educational materials. Here's some concrete advice on how best to emotionally access those:

* **Find a good mentor, or at least a friend or social group, to talk about sex with -- who you don't want to have sex with**. Being able to honestly discuss turn-ons in a neutral environment is invaluable, as is someone who can guide and advise without inserting their preferences and desires into the conversation. Naturally, it's entirely possible to have a good sexual relationship with a sexual mentor -- and sometimes, mentor (or friend) relationships evolve in unexpectedly sexual ways. But it can be very useful to take that element out of at least some relationships.

One piece of advice that I love is for mentors to be the same "type." That is, for example, if you're a heterosexual female submissive, it's awesome to have an experienced

heterosexual female submissive mentor if possible.

*This post was edited to add the next paragraph:* In the comments, Ranai pointed out that it's not always a great idea to have just one mentor -- and I agree with her. I think it's helpful to have a range of voices who can give advice, if possible. There's nothing wrong with trusting one person above others, but all humans have their blind spots, and mentors are human too. This is one thing I love about the BDSM community, by the way (or at least, my experience with the BDSM communities I have been part of -- not all BDSM communities are the same...). In many BDSM communities, there are many cafe meetups and other low-pressure gatherings that make perfect environments for getting this kind of advice!

* **Not all BDSM -- or porn -- or whatever! -- is the same**. If you don't like (or are even revolted by) something you see, then you can try watching (or reading, or talking about) something else. Me, I got really excited when I first learned about Comstock Films: Tony Comstock makes documentaries that show real couples having real sex, and his documentaries are much more realistic and comfortably sexual than mainstream porn. And I **really** didn't like mainstream porn. But then I found that I wasn't that into Comstock Films themselves, even though I love the idea so much that I screened one of the movies at my sex-positive film series. So I concluded that I'm just not into porn at all, and that I'd be better off to focus on written erotica.

But **then** I finally saw some porn that turned me on at CineKink, "the really alternative film festival" -- and I hadn't even expected it to turn me on! I'd just been watching out of academic interest! And these days, I find that I'm sometimes turned on by watching the mainstream porn I tried so hard to avoid in the first place. The moral of the story is obvious.

The bottom line is that **mere exposure to new ideas about sexuality can bring personal sexual evolution** -- and that's awesome. So if you're interested in facilitating your own sexual evolution, the first thing to do is learn about sexuality by whatever means possible.

* * *

*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/05/28/sexual-openness-2-ways-to-encourage-it/

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RELATIONSHIPS:

## [storytime] Fear, Loathing, and S&M Sluthood in San Francisco

*I originally wrote this and published it at OffOurChests.com in late 2010. If you've read* Confessions of a Pickup Artist Chaser, *or any of my posts that refer to "Adam," then I probably don't have to tell you which of these men later turned into Adam. But I'll spoil the mystery for you, and tell you outright that Mr. ThereItIs is Adam. (In this entry, I*

*named him after the post I wrote when I met him: "There It Is.")*

* * *

**Fear, Loathing, and S&M Sluthood in San Francisco**

Since I was small, I've loved the Van Gogh painting "Starry Night." I loved the cypresses in particular: winding spiral trees, hallucination trees. They were so unlike other trees I'd seen that I thought Van Gogh made them up, and so when I first saw cypresses years later, I was stunned: the hallucination trees had been imported into my world. I'd like to think that my world turned a little bit sideways forever, when I first saw cypresses, but I'm probably being melodramatic. (I'm good at that.)

San Francisco has cypresses, and a lot of other hallucinations, too. The city is full of angles, vantages, transitions, unceasing changing views: it feels, at times, like an unsolvable puzzle. A forested path leads darkly under a bridge, suddenly opens upon a manicured lawn with a white lace conservatory. A cement staircase rises through a narrow outlet, resolving itself step by step into a slice of brightly painted Victorian facade. I walked once with a friend alongside an ocean road, pacing through thick fog, and arrived at a dirt path that I insisted on following; thirty seconds later we stumbled upon extraordinary ruins.

San Francisco. Halcyon city, heartbreak city. Cypress city. The place I come to recover from being torn apart and, it seems, sometimes the place where I get torn apart again. This is okay with me, because nothing is more fun than overanalyzing strong emotions. I am not even kidding.

* * *

I returned from Africa recently; paused briefly in my adopted city of Chicago to collect my thoughts; and then went to the Burning Man Arts Festival, thence to San Francisco. This is my version of emotional decompression, and it worked! I feel much more centered now. But part of decompressing, for me, was specifically going out to a **lot** of dates and BDSM parties and pushing my own boundaries, which carries its own potential decompressable risks.

At the time of this story, it had been a couple of months in San Francisco, and I was leaving soon. I'd had an assortment of adventures, but there were two guys in particular who I was excited about. Not necessarily in a long-term way -- I'm not in this for the white picket fence and the 2.5 kids (or at least, not yet) -- but definitely in a wow-I-have-to-control-myself-or-I'll-come-off-as-kind-of-puppyish way. New Relationship Energy: it is such a mind trick, such a delicious head-trip. *You are the perfect drug.*

I had to control myself less when I first hooked up with The Artist: possibly the most postmodern individual I've ever met, possibly the most creative, who I've loosely been friends with for six whole years, and who has never ceased to fascinate me. It is hard for me to meet people who keep me thinking, but The Artist never disappoints. If anything, our problem was shifting a cerebral connection into a sexual one: the first time we made out, I absolutely **had** to interrupt the proceedings because I'd forgotten to tell him about this great sociology paper. It was okay to show how much I liked him because we'd

known each other for so long, it was easier to read the situation, easier to allow investment. Much harder with Mr. ThereItIs, who came out of nowhere, who I barely knew but had awesome chemistry with. In the beginning steps of this game, you can never let them smell your fear.

Saturday morning. I'd spent the night with The Artist, was checking my email while he made breakfast. (He actually likes cooking, which I have trouble comprehending.) I wanted to plan my week, and texted Mr. ThereItIs to ask when we'd see each other. My breath hitched as he texted back: he didn't think it'd be a good idea to spend the night together again, but he wanted to have drinks and catch up. I closed my eyes, made myself breathe. Remembered how many times he'd pulled back, how much anxiety he'd expressed about the BDSM we engaged in. I'd tried to make it clear that he was doing awesomely, but dollars to donuts he was still freaking out about it. I was his first-time heavy BDSM partner. *Why do I keep doing this to myself? Haven't I learned my lesson about vanilla-but-questioning guys yet?*

After giving myself a moment to calm down, I texted back that I was open to getting drinks, but wanted to understand his motives better before doing so. "Feel free to email or text," I wrote, "I can't talk right now," then put down my phone and walked into an intense conversation in the kitchen. There'd been some uncertainty over my last month or so with The Artist, due to surprisingly divergent relationship priorities. We're decently matched in terms of being BDSM-identified, and we have so much else in common, but there were some things I wanted to do that particularly freaked him out, plus he wasn't feeling 100% comfortable with polyamory. Most of all, I've been surprised by his emphasis on settling down.

That Saturday, it ended with him deciding it wouldn't work. "You and I are in such different places right now," he said gently. "You're still focused on having an interesting life. I'm not prioritizing that anymore. I would have been a much better match for you five years ago."

*You're one of the most interesting people I've ever met,* I wanted to say, *how can you decide this?* The night before, we'd had a conversation in which he'd described how incredibly stable he wants his life to be. Well-designed apartment, respected job, kids, the lot. How much he wants to get away from past days, when he thrived among bizarre subcultures, prioritized art above everything. He doesn't even want to travel! I listened, heart sinking. Trying to understand. "Isn't there anything you can't walk away from?" I asked.

"S&M," he said promptly. "But that bothers me, because I don't know how I can make it fit."

Stability; making things fit. Saturday at breakfast, The Artist mentioned that a friend had compared him to Alex, the main character in *A Clockwork Orange:* in the famous "lost" 21st chapter, Alex decides that it's time to abandon ultraviolence and settle down. Obviously, The Artist was never even close to being the psychopath that Alex is, but it's still an instructive parallel. And I, with all my desire to push and stretch myself, with all the boundaries I'm still seeking to subvert and hack and destroy -- I don't work with the desire to settle down. I may never work with that desire.

I understood. Of course I understood. I knew intellectually that it wasn't about me, I knew it was just about the situations at hand, but of course it hurt anyway. Two awesome men, giving me the same message at once: *This is too much, you're too extreme.* A matter of their boundaries. Not about me. Of course it hurt anyway.

"Is there anything else you want to add while we're having this conversation?" I asked The Artist finally, as we wound things up.

He thought for a minute, took my hand. "Well, you're wonderful and beautiful, but you know that."

"Do I?" I asked, and made myself laugh to take the sting from my words.

* * *

An aside:

Occasionally, my mother has tried to convince me that I am at emotional risk in part **because of** the fact that I am forward about my sexuality. Because -- I think this is how the story goes, though she's never explicitly articulated it -- because it means that men will see me as a disposable toy; the hot edgy girl he likes but would never settle down with; the whore but not the Madonna. Cute enough to catch his attention and passionate enough that he'll call her back but ultimately, not "the keeper", not the girl he'd have any loyalty to in the end. I think my mom is afraid that I'll stumble out the other end of this brilliant razor-edged fluorescent beautiful funhouse that is my "young and attractive" years, that I'll come down like a girl falling through a distorted mirrored sheet of glass. That shards will burst everywhere and I'll collapse, covered in metaphorical blood, and turn my eyes up to the harsh white stars and wonder how I let men use me and why.

This is the stereotype that I think she's afraid of, on my behalf, the one that comes up on occasion when she comforts me through heartbreak. My mother is hardly a conservative slut-shamer, but she loves me and she wants to protect me, so she tells me this. And I'll admit it -- I fear it too, I feel those anxieties whispering behind me, thrumming through my veins during times like these. *What did I mean to him? Did I matter, did I make an impression, does he give a damn? Would he be willing to Make A Commitment? He doesn't care, God, I don't matter, and I was just stupid because God forbid I allow myself to like or trust a man that I fuck, when everyone knows that men don't ever have feelings for the women they fuck --*

But actually those fears don't make sense, do they -- they don't make any sense at all if I assume that men are complex humans who want to have relationships but aren't always sure about it (much like myself), rather than sex-seeking-stereotype-activated-robots. The fears don't make sense in the context of my own experience, which is full of friends and relatives and lovers who have been caring, self-aware, honest men. The fears don't make sense given the fact that very often, **I'm** the one who prefers not to have a serious relationship right now, or who can only compromise up to a point.

And the fears especially don't make any damn sense if we assume that I want to pursue my own goals, my own dreams, my own pleasures, my own sexuality **on my own terms**. If we **assume** that I have no intention of playing by the rules in a world that tells me

women never have our own damn sexual needs; that it's wrong or wicked or dirty for women to negotiate any sexual exchange for pleasure; that women are meant to **trade** sex for "commitment" or "support" (though, bizarrely, never outright for money). If we **assume** that I can get something great from sexual relationships without Being On The Path To Marriage. That I understand and honor my sexual desires, that those desires are worth fulfilling in themselves. And if we **assume** that men have something wonderful they could bring to the sexual exchange; that they aren't always "using" or "exploiting" or "winning" some kind of sick war-of-the-sexes, every single time they fuck.

But even if the fears don't make sense, sometimes they still come out and whisper at the back of my neck... *I'm selling myself short.* As if I should have **bargained** better, should have **traded** my sexuality for far more than "mere" pleasure with someone I "merely" liked, was "merely" attracted to, who "merely" respected my boundaries and "merely" was fun to hang out with. Would some people see it as ironic that I prefer relationships with real emotional heft, even when short-term or casual? Even with that said, though, there is no description of how reasonable, safe, or awesome my relationships are that will matter to our slut-shaming society -- or to the fears it's hammered into me. Society, whose judgment of whether a girl is a "slut" can be sudden and devastating, stupid and stereotypical; a lightning strike that lands based on absurd factors like how non-normative or straightforward or aware of her sexuality she is. And once I'm a "slut" -- if I dare dance over that ever-shifting line -- then I'm beyond the pale. The world always seems to be outdoing itself in finding new ways to tell me that once I'm a slut, no man will ever respect me again.

* * *

I went home. It was raining, all across my cypress city; raining so hard, I had to take the bus instead of walking. The rain struck me as an insultingly obvious metaphor, as did the fact that I was scheduled to attend a wedding that afternoon. It seemed strange that hallucinatory San Francisco would throw such tired tropes at me. (I should have trusted the city more. It was with me, still.)

I was sad. Not devastated. Just sad, and a little bit scared. *I'm such a screwed-up perverted slut, no man will ever care about me.* However, I'm an adult, so I tried to recognize my emotional baggage, give myself some time to process, then eat a proper lunch and get some work done.

I took a very dear, very blunt friend out to dinner recently. (Yes, I paid, and yes, he felt objectified.) Over Indian curries, I tried to explain my fears that All Men (who are of course a monolith) will pigeonhole me as "too much", "too extreme." A "slut." Whatever. My friend listened, savoring his delicious lassi as he thought about what I was trying to say. Then he said, "Look, you shouldn't worry about it. You're extreme. You're also tall. You couldn't be un-tall for a man, and you can't be un-extreme. There are men who will like you just fine for it, so just keep an eye out for those men." I could detect the edge under his words: *Come on, Clarisse, you're the one who always says that People Are Different, why do I even have to tell you this?* A fair point, but I can't help it -- stories like this still shake me.

As it happens, though, this story has a happy ending.

I was about to head out to the wedding when I received an email from Mr. ThereItIs:

*So my txt was not really well-considered. I was delaying writing you because I've got mixed and confusing inclinations about all this and was hoping I could figure them out before writing. So I spent last night drinking too much and ranting with friends about unrelated topics, which surprise turned out to not have helped me figure my shit out at all.*

*I'm just feeling intimidated and uncertain about our kinkiness. On one hand I've been feeling "aaa this is weird, run away". But I'm also feeling like this is fun and new and hot and fascinating, and I should get over my bs and try it again. So if you can forgive my impulsive txt and my erratic emotions.... I'm free on your free nights this week.*

*And if I've spooked you or your schedule has filled up, then I would be disappointed... but I'd understand. Sorry about the drama. I'm usually drama-free, I swear.*

It was amazing how much further my internal anxieties resolved themselves upon receipt of this email: it was not only concrete evidence that men are **human beings** who are frequently **just as confused as I am**; not only concrete evidence that men are **different from each other**, and assumptions should not be made about how they're feeling; but also, it was concrete evidence that a man (a vanilla-but-questioning man, no less!) might not inevitably fall into the stereotypes that feed my fears.

I was still a little bit spooked, of course, but I did indeed see Mr. ThereItIs later that week, and it turned out great. And as I was pulling myself together to leave his apartment, I raised my eyebrows at him. "I don't know if I'll ever see you again," I said, fishing. I didn't have any nights open before I was due to catch my plane out of the city, but maybe some other time....

"You'll see me again," he obliged.

I zipped up my backpack. "I wonder why we have so much chemistry."

"I don't know," he said, "but I'll read about it on your blog when you figure it out," and he laughed and caught my wrists when I pretended to punch him. It was such a stupidly adorable moment that I am almost ashamed to write it down, but it was also such a cypress moment, I've got to mention it.

As for The Artist, we went to a charming museum a few days before I left, and had a fine old time. There was almost no tension at all. Right before we parted, we inevitably ended up discussing our brief romance, and the conversation was gloriously friendly. "No hard feelings," I said as I walked him to the bus, and meant it.

I then tried to walk away from the bus, but it turned at the same corner I did and chased me down the street. *Ack,* I couldn't help thinking, *so much for a nice clean exit.* I was suddenly possessed by ridiculous performance anxiety, knowing he could see me, so I paused and took a drag of a passing gentleman's cigarette, and then deliberately zigzagged away from the bus again.

The Artist texted me fifteen seconds later: "That puff of a cigarette looked mighty tasty."

"I needed it to relieve my feelings of being watched from the bus," I texted back, then

added impulsively, "Take care, handsome, and have lots of wonderful children."

"You too," he replied. "We'll see if I become okay with poly first, or you gain these 'adult' preferences...."

I shook my head and laughed over my phone, walked home with a spring in my step.

San Francisco had done what I needed it to do.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/04/03/storytime-fear-loathing-and-sm-sluthood-in-san-francisco/

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S&M:

## [theory] BDSM As A Sexual Orientation, and Complications of the Orientation Model

*The first version of this post was written in 2009. I updated it slightly and reposted it in 2012. The online version includes an evolving set of relevant links at the end.*

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### BDSM As A Sexual Orientation, and Complications of the Orientation Model

There's a hilarious sticker that you can buy online at a website called TopPun.com. It shows a list with "Homosexual Agenda" written at the top. The list items are: "1. Spend time with family, 2. Be treated equally, 3. Buy milk." (You can also buy a keychain version.)

I love that because it so perfectly highlights how preposterous all those right-wing accusations about "the gay agenda" are. Actually, gay people just want to live their lives like everyone else; the to-do list for most gay people looks a lot like most other people's.

In a way, that sticker also highlights some problems with the very concept of sexual orientations -- the way we sort ourselves into groups based on sexuality and its apparent innateness. Why do people have to insist on being so different from each other? A question that sometimes gets raised in BDSM contexts: is BDSM a "sexual orientation"? And I have such mixed feelings about that question. I feel intense BDSM as an incredibly important aspect of my sexuality, perhaps an innate one, but I don't want us to fall into the same traps that beset homosexuality.

I remember the first moment it occurred to me to consider BDSM an orientation -- the first time I used that word. I believe I was writing up my coming-out story at the time; I was discussing the way I freaked out when I came into BDSM, and I wrote: *In*

*retrospect, it seems surreal that I reacted so badly to my BDSM orientation.*

I remember that I felt vaguely electrified at what I was saying, a little scared... but also comforted. At the time, I hadn't had much contact with other sex theorists, and I thought I was saying something radical. I was scared that my words might appear too radical to be taken seriously. Also, since our culture mostly discusses the idea of "orientation" in regards to gay/ lesbian /bi /transgender /queer, it seemed to me that -- if I dared refer to it as "my BDSM orientation" -- then a comparison with LGBTQ was implied in my statement.

Would the world believe that my BDSM desires could be as "real," as "deep-rooted," as "unavoidable" as the sexual orientation of a gay/lesbian/bi/transgender/queer person? Would I offend GLBTQ people by implying that my sexual needs are as "real," "deep-rooted" and "unavoidable" as theirs?

I later found out that some LGBTQ people do get offended by it, and others don't. Sometime you end up with ridiculous arguments like this one from a comments thread on an incredibly BDSM-phobic blog: one person says, "As a lesbian, I would like to say a sincere fuck you to people comparing BDSM to homosexuality," to which another person replies, "As a queer person myself, I would like to say a sincere fuck you to people who claim that I ought to see my BDSM and my queerness differently." As for me, Clarisse, I'll be frank with you -- I've come to the conclusion that I don't have a dog in that fight, and I'm staying out of it. I'm straight as the day is long, but I've also been invited to speak about BDSM at queer conventions and to write about BDSM on queer blogs. So I'll hang out with the people who are cool with me, and everyone else can kick me out of their LGBTQ circles as much as they want.

But I used to feel a lot more worried about how I'd be perceived for talking about BDSM as an orientation. Still, as weird as the concept of "BDSM as an orientation" felt when I first thought of it, it also felt right. When I looked back at my memories and previous actions, it was quite obvious that I have always had these needs, desires and fantasies. Acknowledging this, and applying the word "orientation" to BDSM, helped me come to terms with my BDSM identity.

The "BDSM orientation" idea cleared a mental path for me to think of BDSM as a inbuilt part of myself, like my bone structure or eye color. BDSM became something that it was desirable to accept, come to terms with... even **embrace.** It was a hugely liberating way of thinking about it: **if I thought of BDSM as an orientation, that meant I didn't have to worry about or fight it anymore.**

Since then, I've been so buried in sexuality theory and I've talked to so many BDSM people that -- well, now the idea of a "BDSM orientation" seems kinda boring. I am reminded that it's a radical concept only when I talk to people who don't think about these things all the time. I think that the idea of BDSM as an orientation occurs naturally to people who think a lot about BDSM sexuality, because **so many kinksters** either know we're BDSM people all along, or instantly recognize BDSM once we find it. Here's a quotation from an article about a BDSM-related legal case that quotes sexologist Charles Moser at the end, as he very eloquently describes how BDSM can be considered a sexual orientation:

*When I talk to someone who is identifying as BDSM and ask them have you always felt this way, and they almost always report that 'This has been the way I was all along. I didn't realize it. I thought I was interested in more traditional male/female relationships but now I realize that I really like the power and control aspects of relationship.'*

*... They are very clear often that, 'my relationships which were vanilla were not fulfilling. I always felt like there was something missing. Now that I'm doing BDSM, I am fulfilled. This feels really right to me. This really gets me to my core. It's who I am.'*

*... And so in the same way as someone who is homosexual, they couldn't really change -- they somehow felt fulfilled in the same-sex relationship -- similarly in a BDSM relationship or scenario, they similarly feel the same factors, and in my mind, that allows me to classify people who fit that as a sexual orientation. I cannot change someone who's into BDSM to not be BDSM.*

That's how I feel. Absolutely.

And yet I disagree with Moser on one key point: not all BDSM people are like this. I know that people exist who do BDSM, who don't feel it the same way I do. They don't feel that it's been with them all along. It's not deep-rooted for them. It's not unavoidable, it's not necessary, it doesn't go to their core. They can change from being into BDSM to not doing BDSM, because it's not built-in; it's just something they do sometimes, for fun. There are also plenty of people who have equally strong feelings about their BDSM sexuality, but who have different BDSM preferences from mine. And that's totally okay with me! I will always say that I've got no problem with whatever people want to do, as long as it's kept among consenting adults.

But what does the existence of people like that mean for BDSM as an orientation? Are they somehow less "entitled" to practice BDSM, because it's not as deep-rooted or important to them as it is for, say, me? No, that can't be true. I'm not going to claim that my feelings are "more real" than theirs, or somehow more important, just because BDSM goes straight to my core but not to theirs. They've got as much right as I do to practice these activities, as long as they do it consensually.

So, where does that leave us? It means that BDSM is an orientation for some people, but not for others. I'm fine with that. Does that mean we're done here? Well, no....

... because if BDSM is an orientation for some people but not others, then we're in a bit of a weird place when it comes to societal recognition. In the case I cited above, Charles Moser is claiming that we BDSMers can't change ourselves and that therefore, we don't deserve to be stigmatized for our sexuality.

On the surface, this might seem reasonable, but actually, **whether or not** people can alter their sexual needs, **there's no reason people shouldn't be able to do what they want with other consenting adults**. If any of us phrase the argument as: "I can't change myself, so please don't hate me!" then we are implicitly saying, "If I could change myself, I would... but I can't, so please have pity on me!" In other words, we are implicitly saying: "BDSMers can't 'fix' our sexual needs -- it's not 'our fault' -- so please don't hate us."

And when we say that, we are accepting and validating the way our culture tries to shame our sexuality. We are fundamentally agreeing with the opposition and begging for an exception, rather than trying to change the rule. We are calling BDSM a "fault," rather than stating that freely exercising sexuality is our "right." **When we make BDSM into an orientation, we are often casting BDSM sexuality as something that we would "fix" if we could. But BDSM is not broken in the first place!**

Also, using the orientation argument leaves the entire segment of the population that doesn't feel BDSM as an orientation standing out in the cold. If we go with the orientation model, and say that it's okay for BDSM-identified people to practice BDSM only because we feel it as a deep-rooted orientation... then we are implying that it's **not** okay for people to practice BDSM if they **don't** feel it as a deep-rooted orientation.

Something like this has happened in some gay/lesbian communities: people who have sex with folks of the same gender, but don't identify as strictly gay or lesbian, have sometimes been stigmatized within gay/lesbian communities or even disallowed from gay/lesbian gatherings. I understand that there are historical reasons that kind of thing happened, and analyzing the phenomenon would take up a whole post. I'm pretty sure books have been written about it. But the point is that when it did happen, it left bisexual people -- as well as others who don't fit neatly within the "gay/lesbian orientation" -- out in the cold. And I don't want to support that with BDSM.

So I've tended to avoid that kind of language. I think it is important to move away from "I can't help having these needs," and towards "It's fundamentally unimportant whether we can change our sexual desires; the only really important thing is whether or not we practice them consensually."

But...

there's always a but...

I'll admit that I feel anxiety about abandoning the "orientation model." I still haven't taken the word "orientation" out of my BDSM overview lecture, because it is useful for convincing people that BDSM is okay. Many people, at this point, have accepted the LGBTQ orientation as something that should not be stigmatized. The word "orientation" can really help them understand what BDSM means to us and why it's not okay to stigmatize that, either.

Furthermore, there are obviously people out there (like Charles Moser) who are seeking to protect BDSM legally, as a sexual orientation. They want to make BDSM a protected class, so that we can't get fired or have our kids taken away or suffer other consequences for being into BDSM anymore. If talking about BDSM as a sexual orientation means I can worry less about those potential consequences, then is it worth it? Maybe.

And, of course, I don't want to forget how much the idea of an "orientation" comforted me when I was first coming into BDSM. It made me feel so much better to recognize BDSM as an inbuilt part of myself. I don't want to take that comfort away from anyone else.

So, when I try to campaign for general sexual freedom and acceptance -- "orientation" or no "orientation" -- I imagine that I'll still end up using the word sometimes. But I'll always try to be conscious of it, and I'll always try to speak in ways that support this statement:

**It's fundamentally unimportant whether we can change our sexual desires; the only really important thing is whether or not we practice them consensually.**

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/04/09/classic-repost-bdsm-as-a-sexual-orientation-and-complications-of-the-orientation-model/

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S&M:

## [theory] BDSM "versus" Sex

*This was originally published in two parts in 2011. I named the first part "Divide and Conquer," and the second part "How Does It Feel?" But as often happens when I split up my long posts, people were already talking about points that I addressed in the second post while commenting on the first post -- before the second post was published. (Unfortunately, my commenters are at least as smart as I am, and they notice when I leave things out.) I've often struggled with length problems as a blogger. If I could write posts that are typical blog length, like 250-500 words, then I'd probably be a lot more successful. But I just can't seem to write short, and since splitting up long posts is a bad idea too, I constantly feel frustrated by blogging... let alone platforms like Twitter! If you have clever thoughts for how I can train myself to be a better short-form writer, email me. Seriously.*

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### BDSM "versus" Sex

Every once in a while, someone will ask me a question about something BDSM-related that I feel "done with"; I feel like I did all my thinking about those topics, years ago. But it's still useful to get those questions today, because it forces me to try and understand where my head was at, three to seven years ago. It forces me to calibrate my inner processes. I often think of these questions as the "simple" ones, or the "101" questions, because they are so often addressed in typical conversation among BDSMers. Then again, lots of people don't have access to a BDSM community, or aren't interested in their local BDSM community for whatever reason. Therefore, it's useful for me to cover those "simple" questions on my blog anyway.

Plus, just because a question is simple doesn't mean the question is not interesting.

One such question is the "BDSM versus sex" question. Is BDSM always sex? Is it always sexual? A lot of people see BDSM as something that "always" includes sex, or is "always sexual in some way." In the documentary "BDSM: It's Not What You Think!", one famous BDSM writer is quoted saying something like: "I would say that eros is always **involved** in BDSM, even if the participants aren't doing anything that would look sexual to non-BDSMers."

But a lot of other people see BDSM, and the BDSM urge, as something that doesn't necessarily have anything to do with sex -- that is separate from sex.

I see two sides to this question: the political side, and the "how does it feel?" side. Both sides are intertwined; **when it comes to sex, politics can't help shaping our experiences (and vice versa)**. I acknowledge this. **And yet even when I try to account for that, there is still something deeply different about the way my body feels my BDSM urges, as opposed to how my body feels sexual urges.** I don't think that those bodily differences could ever quite go away, no matter how my mental angle on those processes changed.

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### *The Political Side of BDSM versus Sex*

"BDSM versus sex" could be viewed as a facet of that constant and irritating question -- "What is sex, anyway?" I've always found that **the more you look at the line between "what is sex" and "what is not sex," the more blurred the line becomes**.

For example, recall that ridiculous national debate that happened across America when Bill Clinton told us that he hadn't had sex with Monica -- and then admitted to getting a blowjob from her. Is oral sex sex? Maybe oral sex isn't sex! Flutter, flutter, argue, argue.

It is my experience that (cisgendered, heterosexual) women are often more likely to claim that oral sex is not sex, while (cis, het) men are more likely to claim that oral sex is sex. I suspect this is because women face steeper social penalties for having sex (no one wants to be labeled a "slut"), so we are typically more motivated to claim that sex acts "don't count" as sex... whereas men are usually congratulated for having sex (more notches on the bedpost!), so men are typically more motivated to claim that sex acts "count" as sex. (Unless they're Bill Clinton.)

So we already have this weird ongoing debate, about what "qualifies" as sex. And you throw in fetishes such as BDSM, and everyone gets confused all over again. A cultural example of this confusion came up in 2009, when a bunch of professional dominatrixes got arrested in New York City... for being dominatrixes... which everyone previously believed was legal. Flutter, flutter, argue, argue, and it turns out that "prostitution" (which is illegal in New York) is defined as "sexual conduct for money."

But what does "sexual conduct" mean? **At least one previous court had set the precedent that BDSM-for-pay is not the same as "sexual conduct for money"... and yet, in 2009, the Manhattan District Attorney's office decided that "sexual conduct" means "anything that is arousing to the participants"... and then decided that this suddenly meant they ought to go arrest dominatrixes.** It's not clear why the Manhattan

DA did not, then, also begin arresting strippers. And what about random vanilla couples on a standard date-type thing, where the woman makes eyes at the man over dinner, and the man pays for the meal? Sounds like "sexual conduct for money" to me. Which could totally be prostitution, folks, so watch your backs.

In his piece "Is There Such A Thing As Kinky Sex?", Dr. Marty Klein says that:

*If practicing kinky sex makes you "other," not one of "us," if it has non-sexual implications, if it means you're defective or dangerous -- who wants that? And so as "kinky sex" and its practitioners are demonized, everyone is concerned -- am I one of "those people"? It makes people fear their fantasies or curiosity, which then acquire too much power. It leads to secrecy between partners, as people withhold information about their preferences or experiences.*

*... I'd like to destroy the idea of binary contrast -- that kinky and non-kinky sex are clearly different. Instead, I suggest that kinky and vanilla sex are parts of a continuum, the wide range of human eroticism. We all slide side to side along that continuum during our lives, sometimes in a single week. We don't need to fear our fantasies, curiosity, or (consensual) sexual preferences. They don't make us bad or different, just human. Some people like being emotional outlaws. They'll always find a way to get the frisson of otherness. But most people don't want to live that way. So ending kink's status as dangerous and wrong, and its practitioners as "other," is the most liberating thing we can do -- for everyone.*

That's certainly reasonable from a political standpoint. I've made similar arguments. (Some folks, such as the brilliant male submissive writer maymay, also argue against the common idea that "kink" is limited to "BDSM"; they prefer an expansive definition of "kink" that denotes a vaster cornucopia of sexuality.)

Plus, **I even suspect that a lot of the distinctions made by BDSMers ourselves are based far more on stigma than sense**. For example, when I was younger, I went through a period where I couldn't stand to have the word "submissive" applied to myself. I insisted that I was into BDSM solely for the physical sensation, and swore I would never ever do something solely submission-oriented (such as wearing a collar). It was like I could only handle BDSM as long as I distanced myself from the power elements; the power elements carried too much stigma in my head for me to acknowledge them... yet.

I also used to carefully separate "BDSM" from "sex" in my head. Part of me felt like, "If my desire for pain and power is sexual, then it's weird. If it's not sexual, then it's less weird." (It looks strange when I type it, now, but I guess that's how sexual stigma works: it rarely holds up against the clear light of day.) It took me a while to integrate sexuality into my BDSM practice. In contrast, I once met a couple who told me that it took them a long time to do BDSM that **wasn't** part of sex. In **their** heads, the thought was more like: "If the desire for pain and power is sexual, then it's not weird. But if it's not sexual, then it's really weird."

I've heard of plenty of dungeons where sex is not allowed -- sometimes for legal reasons, but sometimes because there is actually a social standard against it: people are like, "Dude, let's not get our nice pure BDSM all dirty by including sex." (Note: My

experience is primarily with dungeons owned by "lifestyle" BDSMers -- "lifestyle" being a clumsy word that attempts to denote those of us who are motivated to do BDSM for reasons other than money. While there is some overlap between "lifestyle" BDSM and professional BDSM, the overlap can be surprisingly rare, and professional BDSM is often banned at lifestyle BDSM parties. Lifestyle dungeons are often non-profit organizations, and often function more like community centers than moneymaking venues. I understand that some professional dungeons have a "no sex" rule out of a desire to protect the boundaries of dominatrixes who work there, who may not wish to be asked to engage in sex.)

There are also plenty of cultural groups who do things that look suspiciously like BDSM... who insist that they have nothing to do with BDSM. For example, I've heard of spanking clubs whose members get really mad if you dare bring BDSM up in their presence.

And then there's groups like Taken In Hand, a quasi-conservative organization. Actual testimonial from the Taken In Hand site:

*There are lots of websites for people in the BDSM, D/s, DD (domestic discipline) and spanking communities. There are websites for people who belong to religions that advocate male-head-of-household marriage. There are even websites for Christians who are interested in BDSM. But there are very few websites for people who are interested in male-led intimate relationships but who are not interested in all that the above communities associate with this kind of relationship (jargon, clothes, etc.) Some of us don't even like thinking of this as a lifestyle.*

Well, my friend, you know what... you can refuse to call yourself BDSM all you want, and you can reject our "jargon" all you want, and you can "dislike" thinking of this "lifestyle" until the end of time... and you have every right to insist that we have nothing to do with you. But when your site has posts that include comments like "When my husband behaves in a dominant manner I basically swoon," or have titles like "Don't forget your whip," well... I'm just saying.

Also, since you mention rejecting BDSM "clothes"? I'll just say that I can be an astoundingly badass domme in a t-shirt. And I have done so. Multiple times.

Personally, I am particularly frustrated by the stigmatizing idea that BDSM has nothing to do with love. Sometimes I encounter this idea that BDSM has to be separated from sex because BDSM has nothing to do with sex, whereas sex supposedly "should" be about love. The truth is that both BDSM and sex are very different for different people, emotions-wise. Although many people experiment with "casual BDSM," the same way many people experiment with "casual sex," a stereotype that BDSMers **cannot** find love in the act is wrong and absurd.

So yeah. Nowadays, many of these "BDSM versus sex" reactions strike me as being born out of pure, irrational stigma. As Dr. Klein noted, these reactions are usually born of the terrible human urge to exclude: to find ways to differentiate ourselves from "those people." Humans apparently love to think things like: "I'm not like **those people**. It doesn't matter if I, for example, write extensive rape fantasy fiction! That couldn't

possibly be BDSM! Because I'm not a BDSMer! Because BDSM is dirty."

But we shouldn't necessarily blame people for this instinct to reject and categorize: the instinct is one that comes from being scared and oppressed... because the social penalties for "getting it wrong" are high. Remember, those New York City dominatrixes thought they were "safe" from the law as long as BDSM didn't count as sex. But as soon as someone decided BDSM "counted as" sex, those dominatrixes were arrested.

It's just one more example of how sexual stigma for "different kinds of sex" is constantly intertwined. No type of consensual sexuality can express itself freely until people agree that "among consenting adults, there is no 'should'." The Romans, those ancient imperialists, used to say: "Divide and conquer." When consensual sexualities are scared of each other, we will continue to be conquered. **As long as "vanilla" people are afraid of "BDSM"... as long as "BDSMers" are afraid of being seen as "sexual"... as long as the social penalties for being a "slut" or a "whore" are incredibly steep... as long as sex workers are stigmatized and criminalized... everyone will be bound by these oppressive standards.**

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### *The Embodied Side of BDSM versus Sex*

Although Part 1 was all about how the divide between "BDSM" and "sex" is often nonsensical, or purely political, or socially constructed... **that doesn't mean that the divide does not exist**. I once had a conversation about ignoring social constructs with a wise friend, who noted dryly that: "One-way streets are a social construct. That doesn't mean we should ignore them." Just because the outside world influences our sexuality, does not mean that our sexual preferences are invalid.

Some polyamorous BDSMers have very different rules about having sex with outsiders, as opposed to doing BDSM with outsiders. For example, during the time when I was considering a transition to polyamory, I myself had a couple relationships where we were sexually monogamous -- yet my partners agreed that I could do BDSM with people who weren't my partner. **Those particular partners felt jealous and threatened by the idea of me having sex with another man, but they didn't mind if I did BDSM with another man.** Maybe the feelings of those partners only arose because they categorized "BDSM" and "sex" into weirdly different socially-constructed ways... **but those partners' feelings were nonetheless real, and their feelings deserved respect.**

And there are also unmistakable ways that BDSM **feels** different from sex. There is something, bodily, that is **just plain different** about BDSM, as opposed to sex. I often find myself thinking of "BDSM feelings" and "sexual feelings" as flowing down two parallel channels in my head... sometimes these channels intersect, but sometimes they're far apart. The BDSM urge strikes me as deeply different, separate, from the sex urge. It can be fun to combine BDSM and sex, but there are definitely times when I want BDSM that feel very unlike most times when I want sex.

The biggest political reason why it's difficult to discuss this is the way in which we currently conceptualize sexuality through "orientations": we have built a cultural "orientation model" focused on the idea that "acceptable" sexuality is "built-in," or

"innate." Some BDSMers consider BDSM an "orientation" -- and I, myself, once found that thinking of BDSM as an orientation was extremely helpful in coming to terms with my BDSM desires. But one thing I don't like about the orientation model now is that it makes us sound like we're apologizing. "Poor little me! It's not my fault I'm straight! Or a domme! Whatever!" Why would any of these things be faults in the first place? Our bodies are our own, our experiences are our own, and our consent is our own to give.

The orientation model is one of the cultural factors that makes it hard to discuss sensory, sensual experiences without defaulting to sexuality. As commenter saurus pointed out on the *Feministe* version of part 1 of this post:

*Sometimes I think that we have compulsions, needs or "fetishes" that aren't sexual, but lumping them in with sexuality is sometimes the most convenient or socially manageable way to deal with them or get those needs met. They might even physically arouse us for a variety of reasons, but that might be a side effect instead of the act's inherent nature. Which is not to say that every act can be cleanly cleaved into "sexual" and "non-sexual" -- of course not. But I think we lack a language around these needs that doesn't use sexuality. I see a lot of groundbreaking work coming out of the asexual and disability justice communities in this regard (which is just to say that I find the folks in these groups are churning out some incredible ways to "queer" conventional dominant ideas about sexuality; not that they never have sex or whatever).*

*I think one answer to that is to just open up the definition of sexuality to include these things, but as someone who identifies vehemently not as "sex positive" but as "sex non-judgmental," I know I don't personally want all my shit to be lumped in with sexuality. It just makes me picture some sex judgmental person insisting that "oh, that's* ***totally*** *sexual."*

I, Clarisse, can certainly attest that it's common for people to have BDSM encounters that are "just" BDSM -- "no sex involved." For example -- an encounter where one partner whips the other, or gets whipped, and there's no genital contact or even discussion of genitals. And I'd like to stress that when I have encounters like that, they can be very satisfying without involving sex. The release -- the high -- I get from a heavy BDSM encounter can be its own reward.

I've also had BDSM encounters where I got turned on...

... but I didn't feel turned on until later, or afterwards, or until my partner did something specific to draw out my desire. For example -- I remember that in one intense BDSM encounter as a domme, I wound up the encounter and pulled away from my partner. We had both been sitting down; I stood up and took off the metal claws I'd been using to rip him up. (Secretly, the claws were banjo picks. Do-It-Yourself BDSM is awesome.)

Then I leaned over my partner to pick something up. I had thought we were pretty much done, but he seized me as I leaned over, and he pulled me close and kissed my neck, and I literally gasped in shock. My sexual desire spiked so hard... I practically melted into his arms. And yet if you'd asked me, moments before, whether I was turned on... I would have said "no."

**One way to think about it might be that sometimes, BDSM "primes" me so that I'm**

**more receptive to sexual energy.** It's not that BDSM is exactly a sexual turn-on in itself; sometimes it is, but that's actually surprisingly rare. Yet BDSM often... gets my blood flowing?... and seems to "open the floodgates," so sexual hormones can storm through my body.

And just in case this wasn't complex enough for you... on the other hand, I've had BDSM encounters where my partner tried to take it sexual, and I wasn't interested. It's almost like there's a BDSM cycle that I often get into, and once the cycle is sufficiently advanced, I can't easily shift out of it.

Sometimes, when I'm near the "peak" of the BDSM cycle, then being interrupted for any reason -- sex, or anything else -- is absolutely horrible. I'd rather be left on the edge of orgasm, burning with sexual desire, than be hurt until I **almost** cry. The emotion becomes a stubborn lump in my throat; becomes balled up in my chest. At times like that, it almost feels hard to breathe.

A while back, a reporter named Mac McClelland who worked in Haiti made a splash by writing an article about how she used "violent sex" to ease her Post-Traumatic Stress Disorder. I briefly reported on the article for *Feministe,* but at the time, I didn't share many of my thoughts about what she wrote. One thing I did say was that the reporter didn't use any BDSM terminology -- at least not that I spotted. She didn't seem to conceptualize her desire for "violent sex" as a BDSM thing at all. Interestingly, a *Feministe* commenter named Jadey, who has experience with kink, also didn't conceptualize the reporter's article that way. Jadey wrote:

*I don't think she's bad or wrong, and I don't think her method of coping with her PTSD is bad or wrong.... [Yet] I've got a kink/BDSM background, but that's not what she's describing here. She's talking about something far different, and I can't understand the experience she describes with Isaac. It is... incomprehensible.*

I want to stress here that I, Clarisse Thorn, have never been diagnosed with Post-Traumatic Stress Disorder. (And I've undergone plenty of analysis, so I'm sure that if I had PTSD, someone would have noticed by now.) And just in case it needs to be said again, I'll also stress that I have no intention of telling anyone else how to define their own experiences. And just in case it needs to be said again, there is a big difference between consenting BDSM and abuse.

But unlike Jadey, when I read the original "violent sex" article, the reporter's description of her encounter sounded a lot like some of my preferences... indeed, it sounded like some of the BDSM encounters I've had. For example, the reporter writes:

*"Okay," my partner said. "I love you, okay?" I said, I know, okay. And with that he was on me, forcing my arms to my sides, then pinning them over my head, sliding a hand up under my shirt when I couldn't stop him. The control I'd lost made my torso scream with anxiety; I cried out desperately as I kicked myself free.... When I got out from under him and started to scramble away, he simply caught me by a leg or an upper arm or my hair and dragged me back. By the time he pinned me by my neck with one forearm so I was forced to use both hands to free up space between his elbow and my windpipe, I'd largely exhausted myself.*

*And just like that, I'd lost. It's what I was looking for, of course. But my body -- my hard-fighting, adrenaline-drenched body -- reacted by exploding into terrible panic.... I did not enjoy it in the way a person getting screwed normally would. But as it became clear that I could endure it, I started to take deeper breaths. And my mind stayed there, stayed present even when it became painful.... My body felt devastated but relieved; I'd lost, but survived. After he climbed off me, he gathered me up in his arms. I broke into a thousand pieces on his chest, sobbing so hard that my ribs felt like they were coming loose.*

*... Isaac pulled my hair away from my wet face, repeating over and over and over something that he probably believed but that I had to relearn. "You are so strong," he said. "You are so strong. You are so strong."*

Sounds extremely familiar to me.

Now, it's not like I have BDSM encounters like that all the time; indeed, experiences of that type are relatively rare for me. But the reporter's description doesn't sound "far different" from what I've experienced. Certainly not "incomprehensible." There's only one big difference, actually: I've never had such an intense BDSM experience in which my partner also had penis-in-vagina sex with me. (I'm assuming the reporter means "penis-in-vagina" sex when she talks about "getting screwed", but I could be wrong.)

Honestly, I'm not sure why I would **want** to combine vaginal sex with an experience like that. Vaginal sex strikes me, personally, as kinda incidental to what I'd get out of it. But maybe I'll try it sometime and it'll be the greatest thing in the world; we'll see, I guess.

Sometimes I find that I've still got a "BDSM versus sex" distinction to work out, although I seem to have comfortably settled into the frameworks I've created. One of my very first blog entries, back in 2008, was called "Casual Sex? Casual Kink?", and I spent the whole thing musing about whether I was more or less okay with casual BDSM than I was with casual sex.

These days, I find that I'm kinda okay with both casual sex and casual BDSM, but I much prefer those experiences within intimate relationships. Make no mistake, my friends: BDSM can include a great deal of love and connection... at least as much as sex.

To hammer the point home, let me tell you about what happened after I broke up with a much-beloved ex-boyfriend: Mr. Inferno. It was back when I was very focused on being monogamous with my partners. Mr. Inferno broke up with me, and a month or two later I had the chance to have an overnight BDSM encounter with another man, so I took it. There was no genital contact; the whole encounter was limited to this guy giving me orders, and hurting me until I cried.

But I remember, even as I slipped into the familiar emotional cycle, that I couldn't let go: I couldn't let go because I felt like I was betraying Mr. Inferno. He'd broken my heart, but on some level I felt like I still belonged to him. It was wrong, wrong, wrong for me to cry in someone else's arms. The **wrongness** rang through me like a bell. It was so impossible, unbearable -- all I could think was how it should have been Mr. Inferno. I choked on the tears. I couldn't lose myself in them.

Later, I mentioned to my partner that one of my ex-boyfriends (not Mr. Inferno) had

trouble dealing with my BDSM desires. "Ah," my partner said. "That explains why you had trouble letting yourself cry." I decided to nod; to let him think he knew what was blocking me off. It seemed simpler.

In the morning, I had breakfast with my partner. We hugged and split up, and I went for a walk until I found a local creek. I sat next to the creek and I closed my eyes and I let the helpless tears slip down my cheeks.

I'd felt (and I'd known others who felt) this way after the dissolution of a sexual relationship. But I had never imagined that such a reaction of intense bodily loyalty could apply to BDSM as well as sex. I hadn't anticipated that I'd feel such heartbreaking, visceral loss just because I let another man hurt me.

So different, and yet so the same.

* * *

*This can be found on the Internet in two parts:*

http://clarissethorn.com/blog/2011/10/09/bdsm-versus-sex-part-1-political-concerns/

*and*

http://clarissethorn.com/blog/2011/10/14/bdsm-versus-sex-part-2-how-does-it-feel/

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S&M:

## [theory] BDSM Roles, "Topping From The Bottom," and "Service Top"

*I wrote this post in 2011.*

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### BDSM Roles, "Topping From The Bottom," and "Service Top"

I often say that all **consensual** sexuality is okay. Open relationships? S&M? Same-sex partnerships? One-night stands? Porn? I could care less how people have sex, as long as the people involved are consenting adults. This means that most of the interesting and important questions are about consent: how do we make sure that we always have consensual sex? How do we ensure that we're always respecting our own boundaries and our partners' boundaries? How do we talk about our preferences and our consent? I write a lot about sexual communication for this reason.

Every once in a while, though, there's something interesting to discuss besides consent. (Totally weird, I know!) One of those interesting things is stereotypes. Also interesting: bad dynamics in the BDSM community.

One example of a bad, weird dynamic is the "one true way" thing. Some people act like there are "right" ways and "wrong" ways to do consensual BDSM -- as if some consensual BDSM is more legit than other consensual BDSM. Often, people do this via what we call "role policing": they make claims about "real submission" and "real dominance." (Even worse, people will sometimes act like dominant people are socially "better" or "more important" than submissive people. Or they'll act like men are "inherently" dominant, or women are "inherently" submissive. It's a clusterfuck! Thomas MacAulay Millar has a great essay about this called "Domism.")

Examples of role policing might include:

* "If you were really submissive, then you would be serving my dinner right now instead of having me serve myself."

* "If you were really dominant, then you would pay for my drinks."

* "If you were really submissive, then you wouldn't be confident enough to write a blog about your sex life." (Not that I'm biased or anything.)

Sometimes these are hilarious light-hearted jokes. But sometimes they're not. Sometimes they're bullshit, and they make people feel as though they're "bad at submission" or "bad at dominance." Also, it gets really silly when we start thinking about switches -- people who can feel comfortable in the dominant role or the submissive role, such as myself.

One very common, relevant assumption is that dominant people always enjoy inflicting pain: that sadists and dominants are always the same group. They're not! Sometimes people are into sadism, or into dominance, or maybe they're into a lot of sadism but a little dominance, or whatever. The same thing goes for submission: sometimes people are submissive and like taking pain, but sometimes people are submissive without being masochistic, or maybe they're into a little bit of submission and a lot of masochism, or whatever.

Or maybe they're masochists who like ordering their partners to hurt them. I once threw a memorable party at which my then-boyfriend, a mostly-submissive gentleman, arranged for a bunch of our friends to grab me and hold me down while he ate cake off my body. As he did this, I clearly recall shouting at him: "You better hurt me, or I'm going to safeword on your ass." So he hurt me! It was great.

Because "submissive" and "masochist" aren't always the same thing -- and "dominant" and "sadist" aren't always the same thing -- the BDSM community uses the terms "bottom" and "top." A "bottom" is a blanket term for a submissive and/or a masochist -- the receiving partner. A "top" is a blanket term for a dominant and/or a sadist -- the partner who is providing sensation. The point is to have words that indicate who is giving and who is receiving, without making claims about each partner's preferences. (These words can also be used as verbs. For example, if I am "topping," then I am in the dominant and/or sadistic position.)

And yet! **Even though we have these handy terms "top" and "bottom," which are specifically designed to help us avoid making assumptions, people end up making assumptions.** There are two common BDSM community phrases that are often deployed

in tones of disgust and irritation. One of those phrases is "topping from the bottom." The other phrase is "service top."

"Topping from the bottom" indicates a person who exercises power in the relationship, despite being in the "bottom" position. There's nothing wrong with doing that, as long as both partners consent. But some people talk about "topping from the bottom" like it's bad -- as if power ought to belong to one side or the other; as if the bottom should never express preferences or make decisions about what's going on. Which is ridiculous.

I'll grant that it can be annoying if I'm trying to be a top, and my partner isn't listening or isn't doing what I want. But in those cases, it's important to pay attention to what is actually going on. Is my partner resisting because he actually doesn't want to do what we're doing? In that case, I should respect his preferences. Or maybe my partner is resisting because he wants me to punish him. Or maybe we just have bad chemistry! Whatever. The point is, "topping from the bottom" isn't inherently a bad thing. "Topping from the bottom" doesn't make the bottom into a "bad submissive" or whatever. It just means that either the person is trying to communicate, or the person is looking for a certain kind of push-pull dynamic.

Simultaneously, there's the phrase "service top." It's basically the same thing in reverse. A "service top" is a top who enjoys topping in line with his partner's desires. And once again, some people act like this is a bad thing -- as if service tops "aren't dominant enough." But it's not inherently a bad thing! If a service top is doing things just because her partner likes them... then good for her!

I sometimes use phrases like "topping from the bottom" and "service top" to describe dynamics of a relationship: to talk about what is actually going on. But that's because I don't think there's anything wrong with topping from the bottom or being a service top. I try to avoid joking around about it unless I know that the person I'm talking to is not sensitive about the topic. And I really don't like it when people use those phrases while role policing.

BDSM can carry an incredible emotional charge, and a lot of the time, people will want comfort and snuggles after doing BDSM together. Sometimes, part of that comfort and snuggles includes reassuring the partner: "I know you just beat the shit out of me until I cried; I enjoyed it -- I still like you and think you're a good person." Or, "I know you called your safeword while I was hurting you; I still think you're a beautiful submissive and you did a great job -- in fact I love it when you call your safeword because it helps me understand you better." I think that in these cases it's totally okay to say something like, "You're such a good submissive." But it's so important to keep in mind that there isn't some kind of submission that's inherently "better" than any other kind -- or dominance that's "better" -- or sadism, masochism, whatever.

And here is the part of the entry where I pull aside the mask and reveal that even though I claimed I wouldn't talk about consent... I was secretly talking about consent all along!

The consent problem here is that **role policing can be used to mess with people's consent**, because role policing can be used to pressure people. If a person wants to feel like a "real submissive," and you tell them that "real submissives" always receive anal

sex... then the person might accept anal sex even if he doesn't really want to... because he wants to be a "real submissive."

I have personally witnessed accusations of "topping from the bottom" or "service top" being used to hurt people who were just trying to communicate, or arrange a relationship that they liked. For example: "I thought you were a submissive. Why are you asking me to tie you up? Stop topping from the bottom! I'm the dominant partner, I make the decisions!"

An important facet of consent is trying to create a pressure-free environment, so that all partners feel comfortable talking about what they want. Sometimes, it can be very hard to create that environment, because pressure isn't always easy to see or understand -- but if we want maximum consent power, then we have to do our best. One way to create a pressure-free environment is to be careful about phrases like "topping from the bottom" and "service top" and the role policing that can go along with those phrases.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/11/12/bdsm-roles-topping-from-the-bottom-and-service-top/

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FEMINISM:

## [theory] "Inherent Female Submission": The Wrong Question

*I wrote this post in mid-2011. Perhaps you can tell that I was in the depths of my obsession with pickup artists at the time... those guys talk about "inherent female submission" ad nauseam. Not all pickup artists are evil and misogynist, but the ones who are love to beat this horse.*

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### "Inherent Female Submission": The Wrong Question

I get a certain question occasionally, from straight dudes who've had a number of sexual partners. It goes something like this:

*All the women I've slept with liked pain. They asked me to hurt them or to dominate them in bed. I did it, and enjoyed it; I loved how much it turned them on... it turned them on a lot. But I keep thinking about it now. Why are all women into being submissive and/or masochistic in bed? What does that* ***mean****?*

They ask me this question in vaguely worried tones. Sometimes they say things like, "It's really creepy." It is obvious that these dudes are rather concerned about this Terrible Truth.

Here's my short answer for those guys: If you know women who are submissive and/or masochistic in bed, that means those particular women like being submissive and/or masochistic in bed. It doesn't mean anything else.

You're still here? Ah, well. I figured that wouldn't satisfy. So here's a longer answer:

Firstly, if you're a straight dude, and you're drawing conclusions about "all women" based on the women you get involved with, then stop. Just stop. Even if you have slept with zillions of women, you don't actually know what all women want, because:

A) **Your experience of women is limited to women who got involved with you.** You are screening for certain qualities, sometimes consciously, and sometimes unconsciously or by accident. If you tend to enjoy the dominant role, for example, or if you use a dominant style of flirtation, then you could be screening for submissive female partners, whether you intend to or not.

B) **Everyone has biases, including you.** I love the old saying: "When all you have is a hammer, everything looks like a nail." If you have a bias towards seeing women as sexually submissive (and you almost certainly do, because female sexual submission is a hugely prevalent cultural trope), then you're more likely to see female submission in places where it does not exist.

C) **Women, like people of all genders, are demonstrably varied.** You really don't think non-submissive straight women exist? Why then, it must be so inconvenient when I point you to the work of blatantly dominant women, huh? It's shocking, I know... next I'll be telling you that queer and asexual women exist! (Not to mention women who switch among roles -- from submissive to dominant, from sadistic to masochistic. I primarily go for submissive masochism, but still, I myself play for both teams.)

The thing is, though... no matter how many holes I can poke in these dudes' anecdotal "data," I can't bring myself to worry like they do. Even if a brilliant, well-reviewed study came out tomorrow and proved beyond a shadow of a doubt that 100% of women are submissive masochists in bed, I wouldn't care. (I bet you my left ear this study will never happen, but I'm just saying, even if it did, I wouldn't care.)

Let me say it really clearly: **Even if most women are submissive masochists in bed (and I'm not convinced most women are), there's nothing wrong with that. I don't care.**

Why don't I care? Because all this anxiety and argument about submission -- and in particular, what it means for women to be submissive; whether all women are submissive; whether women are "inherently" or "biologically" submissive; whether BDSM is an orientation or not... this is all the wrong question.

I'll note that the research seems to indicate that more kinky women are submissive than dominant. Of course, this doesn't necessarily indicate anything about the tastes of women who don't identify as kinky. And it's probably biased by culture, in that everything from fashion photos to romance novels emphasizes female submission and male dominance. Within BDSM culture, female dominance and male submission are often disappeared, much to the justified frustration of actual female dominants and male submissives. When

all you have is a hammer, everything looks like a nail -- sometimes including our own psyches and sexualities.

Plus, if the only available patterns for kink emphasize something a person doesn't like, then that person will probably avoid kink. Note that in the research I linked to, for example, the percentage of submissive women was higher in samples from within the BDSM subculture than in samples from outside the BDSM subculture... perhaps because many BDSM subcultural gatherings emphasize female submission and thereby alienate women who are primarily dominant. Anyway, regardless... this is **still** the wrong question.

**In short, "inherent female submission" is the wrong question.**

Certainly, I've fought through a lot of personal fears about what my interest in BDSM meant for me as a feminist... but these days I have trouble understanding what, exactly, got me so upset. I can't believe how long it took me to outthink those fears. Now, it just seems instinctively obvious to me that:

1) **The only reason these conversations happen at all is that BDSM, and especially submission, is seen as broken and problematic and screwed-up and a sign of weakness.** What if we viewed S&M proclivities as a superpower rather than a perversion? What if submission and masochism, in particular, were viewed as signs of strength and endurance and emotional complexity, rather than weakness?

2) **Sexual kinks don't necessarily affect one's performance in non-sexual fields.** A sexually submissive woman won't make a bad CEO (at least, not because she's sexually submissive). I mean, come on, it's not like there aren't sexually submissive men in powerful corporate positions. When I was younger I remember being scared that, in some bizarre way, I was betraying women's liberation by being sexually submissive; this seems ridiculous to me now. That fear can only survive in a culture where people are looking for excuses -- no matter how flimsy -- to control and disempower women. Because it doesn't make any damn sense on its own.

3) **Rape is still rape. Everyone still has a right to consent, including submissives.** A submissive partner (of any gender) must be able to withdraw consent, and a dominant partner (of any gender) must make space for them to withdraw consent. It's always great when both partners can have an honest conversation about desire, trying to avoid pressure and unfair expectations (whether those expectations arise from sexist culture or from whatever else). Safewords are one frequently-recommended communication tactic for those who have rape fantasies, although they aren't the only tactic. What really burns me about many discussions of "inherent female submission" is that they have horrible overtones of blaming the victim and justifying rape... much like "she was wearing a short skirt, so she was asking for it." In reality, "inherent female submission" says absolutely nothing about women's right to choose our partners and protect our bodily integrity. Female submissives have made it perfectly clear that we do, in fact, claim that right.

I think most of the dudes who ask this question come to me, a feminist, and they ask this question in hushed and worried tones, because they are decent guys and they are concerned about The Consequences Of This Terrible Truth. I'd venture a guess that

they've met other dudes who talk nonstop about how women are *vain and stupid and hysterical and, snicker snicker, why do we let those dumb bitches even vote and, oh by the way, did you know that lots of girls like to be choked and isn't that sooo significant...?* And so these decent guys who are talking to me -- they have learned to associate discussions of female sexual submission with anti-feminism, and with attempts to disempower women in other spheres.

Being decent guys, this worries them, because they know that people of all genders deserve equal opportunity. But it is all a red herring! It's a series of illusions thrown up by BDSM stigma; by the idea that sexual kinks always mean something about the rest of a person's life; by people who don't comprehend that everyone has the right to consent; and by blatant, uncomplicated misogyny! Female sexual submission isn't even close to a threat to women's liberation, unless we allow it to be. If we weren't constantly forced to deal with the broken assumptions of a broken misogynist culture, this question would never occur to anyone!

It doesn't matter nearly as much what the cultural patterns are around sexual submission, as it does how we deal with sexual submission. If your partner is submissive, you can respect their desires and also respect them as a person. As I already noted, in BDSM this means communicating carefully, like with safewords and/or other tactics. Some people can have great sexual communication that's totally non-verbal -- but I always encourage explicit verbal communication because for many people, it's easier to make intentions and desires clear that way, and tactics like safewords provide a fallback in case there's a mistake.

So: what does "inherent female submission" mean for women, for feminism, for equal rights, for women who work, for powerful women? For housewives? For disabled women? For female rape survivors? For rape survivors of other genders?

Say it with me now: It's the wrong question. The mere act of asking this question implies a cultural context that is seeking excuses to disempower women. **Female sexual submission means nothing**...

... **except what every woman wants it to mean, for herself.**

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/07/01/inherent-female-submission-the-wrong-question/

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MANLINESS:

## [theory] *Fifty Shades of Grey, Fight Club,* and the Complications of Male Dominance

*I wrote this in early 2012, when everyone and their brother was talking about the amazingly successful fanfiction-turned-BDSM-smut* Fifty Shades of Grey *trilogy, by E.L. James. (The online version of this post contains a bunch of relevant current links at the end.) It's one of my rare attempts at pegging an article to a recent news item; I had been planning to write this article for months, but* Fifty Shades *gave me an opportunity to actually do it. My main goal as a sex writer has always been to put forth analysis that's responsive to the conversations I hear a lot, yet independent of the latest craze. For one thing, I almost never care to track what Everyone Is Talking About Right This Minute!!, and I'm irritated to think that I ought to do so. But I've come to reluctantly understand that responding to current news is one of the best ways to get more eyeballs on my work, so I'm trying to do more of that. I've also been encouraged in that direction by employers -- most notably the gender-lens website RoleReboot.org, where I took on the role of Sex + Relationships Section Editor in late 2011. A slightly shorter version of this article was originally published there.*

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## *Fifty Shades of Grey, Fight Club,* and the Complications of Male Dominance

Much is being made of the highly successful S&M erotica novel *Fifty Shades of Grey.* People are blaming feminism for making women into submissives, blaming feminism for preventing women from being submissives, blaming women for having sexual desires at all, and a whole lot of other boring and typical stuff that comes up in any conversation about women and S&M. News flash: it's not the feminist revolution that is "causing" women to have fantasies of submission. S&M fantasies have been around since the beginning of time. (And the 1950s S&M-sensation book, *The Story of O,* was much better written than *Fifty Shades of Grey.)*

As an S&M writer, I hear a lot of allegations about how "all" (or "almost all") women are sexually submissive and how this must Mean Something. This is echoed in the coverage of *Fifty Shades of Grey,* in which everyone is demanding to know What It All Means About Women. I've already taken on these questions as they apply to women. But there's another submerged question here -- about men. There's plenty of talk and stereotypes about how men are inherently violent, or more aggressive than women, or "the dominant sex."

As I said in my previous article: I think it's quite questionable whether women are "inherently submissive," but my conclusion is that I don't care. It doesn't actually matter to me whether women in general are "inherently submissive" (though I really don't think women are), or whether submissive women's preferences are philosophically Deep And Meaningful (though I'm not convinced they are). What matters is:

1. How women (or any other people) can explore sexually submissive preferences consensually,

2. How women (or any other people) can compartmentalize submissive preferences so that their whole lives are safe and fulfilling and happy, and

3. How women (or any other people) can be treated well in arenas that aren't even relevant to their sexuality -- like the workplace.

This is also how I feel about these ideas of "inherent male violence." I don't buy that men are "the dominant sex" or that men are "inherently violent." Based on what I've read, it seems quite clear that individuals with higher testosterone levels -- who are, incidentally, not always men -- often experience more aggressive feelings. Yet that's a far cry from large-scale generalizations, and it's also frequently irrelevant to questions about how people can best deal with those aggressive feelings. Plus, psychological submission can be a very separate thing from physical aggression levels.

Much of the time, when it comes to aggression, anger management is the answer, the same way a naturally shy or submissive person needs to learn to set boundaries. But there are circumstances where catharsis is completely acceptable. Lots of perfectly decent men have urges towards violent dominance; what do they do about it? How much do they agonize, like Christian Grey in *Fifty Shades of Grey,* and how much do they explore their desires in a consensual and reasonable way?

I always thought that the late-90s movie *Fight Club* was fascinating primarily because of its lens on masculinity and violence. It's not just about the violence men to do each other, but to themselves. Quotes include "You have to give up; you have to know that someday you're gonna die," and "The first rule of Fight Club is: you do not talk about Fight Club." I first watched it before I knew much about S&M, but now whenever I think about it, I think about how the idea of a fight club -- where people would get together and fight, for catharsis and community -- is so very reminiscent of how a lot of people experience S&M. *Fight Club* even has safewords. Someone says stop, you stop. I obviously don't support the endpoint of the *Fight Club* story (i.e., blowing up buildings), but the idea of establishing a men's community via a fight club seems reasonable to me.

So, what are the practicalities of dealing with aggressive or dominant tendencies in the sexual arena? As an S&M person, I've experimented with dominance as well as submission, but because violence is so associated with masculinity, I turned to some egalitarian male S&Mers for advice. I believe that even for non-S&M people, their perspectives make a really good lens for ideas of gender and violence and power. Of course, the first thing one of my friends told me was: "I'm not sure I really see dominance in general as being particularly masculine. I don't really think it's a gender associated thing."

That gentleman, who comments around the Internet under the name Scootah, went on to add: "I've certainly worried about my kinks in the past. I mean fundamentally, I get really, really turned on by grabbing someone by the hair, throwing them into the wall, backhanding them, etc. That's a pretty disturbing thought for an egalitarian who's worked with abuse victims. I spend a lot of time considering the ethics of my kinks; my partners' enthusiastic consent is a major priority."

Jay Wiseman, author of the famous S&M primer *SM101,* talks about his own early fears towards the beginning of that book. He writes about how he began having sadistic fantasies, and went to the public library to research them. All he could find was portraits of serial killers, which scared the hell out of him. He writes:

*I decided to keep myself under surveillance. I made up my mind that I was not going to hurt anybody. If I thought I was turning into someone that would harm somebody else,*

*then I would either put myself in a mental institution or commit suicide. And thus I lived, waiting and watching to see if I was turning into someone that I needed to shoot.*

Fortunately, Wiseman found partners who were open to exploring S&M with him, and went on to write extensively about safety and consent and communication within S&M. Trying to communicate in an egalitarian way is arguably the most complicated part of any S&M encounter; as Scootah told me, "There are certainly elements that could potentially unbalance a relationship in my favor. I'm a big reasonably strong guy. I do usually make more money than my partners. I also have this whole sense of position in the local S&M community. I mostly just try to be aware of those things. I try to be very careful about not taking advantage of that and negotiate clearly and not pressure people."

There are lots of ways to do clear negotiation, including asking open-ended questions before any S&M actually happens: "What are you interested in? Could you go into that more?" There's also a huge emphasis on talking through the S&M encounter afterwards, as part of the post-S&M processing we call aftercare. As another gent who goes by Noir said: "It really helped me to have a few great, feminist S&M partners. Having that echo of 'it's OK, I want this,' as well as the honest feedback when I do wrong really helped shape how I experience S&M, and with who. It's meant I learned how better to read and grasp the people in my, er, grasp."

Noir also noted, "I strive to use dominance and submission as a tool for helping my partners become stronger, in ways that also feed my S&M preferences. For example, I tend to form long-term interests with women who want a 'safe space' to extend and explore their ability to be sluts, with all that can imply. But in the process, we also explore how becoming more confident in one's sexuality also can reflect into everyday life. Also, just coming to spaces in the S&M community can be a goldmine of information. All a dominant man has to do is read, listen, open up and understand. One thing I learned was that my fears about reinforcing our messed-up society were shared by women into kink... but also that my ways of approaching the topic, as 'oh, we're so controlled by society!' were themselves pushing too much agency out of women's choices. There's a balance there that we guys who identify as both feminist and kinky have to respect, and that can come from listening to feminist women struggle with these issues, themselves."

The alternative sexuality advocate Pepper Mint (who has his own blog) told me that in terms of putting gender on his experiences, "I am a bit genderqueer, and I personally experience dominance with either a feminine or masculine vibe from moment to moment. Certain activities -- like punching -- feel masculine, while others -- like whipping -- feminine in the moment. Also, I switch, meaning that I don't always take the dominant role. Strangely, my most clearly masculine S&M activity is masochism. I always feel very manly while taking pain. I don't think I can clearly explain why these things have attached to gender in my head, though presumably I'm being affected by cultural tropes to some extent."

The consensus in general was that dominance, whether masculine or feminine, is something that happens in an encounter... not outside it. As Pepper put it, "New guys often want to play hard or do hardcore things, and will often boast and swagger. Kinky women almost always recognize this as dangerous bullshit. Learn to chill out and not take

yourself too seriously, and learn to start with a light careful touch when playing with someone new. Learn to ask for help and guidance, both from others in your S&M community and from your partners."

Scootah agreed: "The first mistake I see newbie doms make is trying too hard to be some kind of bad ass. Admit your inexperience. Be seen learning. Be modest and have a good time. Learn to communicate well, and to really be friends with your prospective partners."

For me, the bottom line of these conversations is that questioning gender roles, and understanding gender complications, is an ongoing process. People have a lot of urges and preferences that are politically inconvenient and which we will never fully understand. Whether we're shaped by biology or culture, those feelings will still exist for now, and we have to deal with them. There are ways to do almost anything such that people respect each other, though -- whatever the implications for gender or power. Violence is complicated ground, but it can be used in balanced and consensual ways that end up bonding people together. *Fifty Shades of Grey* and *Fight Club* are both examples, and I haven't even touched competitive sports!

* * *

*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/04/20/50-shades-of-grey-fight-club-and-the-complications-of-male-dominance/

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ABUSE:

## [theory] The Alt Sex Anti-Abuse Dream Team

*I wrote this post in 2010 for the high-profile feminist blog* Feministe. *If I were to write it today, then I would write it differently. In particular, if I were writing it today, then I would emphasize that there are actually two primary patterns for abusive S&M perpetrators. There are the ones I emphasized in this post, the ones who prey on inexperienced people outside the community... but then there's another category: perpetrators who achieve high status within the community and then use it to get away with non-consensual things. Other BDSMers have been writing about this more and more, and the discussion is really heating up right now, in 2012. My fellow feminist BDSM writer Thomas MacAulay Millar has a particularly long, complex blog series about patterns of abuse in the BDSM community that gives a lot of great reference links to other articles on the same topic. I've mentioned Thomas before; I don't always agree with him, but he's principled and passionate and smart. He blogs at the* Yes Means Yes *blog, and the series is being published post-by-post even as I write this. The first post in the series is available at this link:*
*http://yesmeansyesblog.wordpress.com/2012/03/23/theres-a-war-on-part-1-troubles-*

*been-brewing/*

* * *

**The Alt Sex Anti-Abuse Dream Team**

BDSMers face a lot of stigma around our sexuality, and this can be a major problem when BDSMers are trying to deal with abusive situations. I've written a lot about generally negative conceptions of BDSM -- they can briefly be summarized as:

* S&M is wicked,

* abnormal,

* a sign of mental or emotional instability,

* inherently abusive,

* or even antifeminist.

Given this climate, it's not surprising that two things almost always happen when BDSM and abuse come up:

1) People of all genders who are abused are often unwilling to report. **People of all genders who are abused within BDSM relationships tend to be particularly unwilling to report.** Victim-blaming is already rampant in mainstream society -- just imagine what happens to, for example, a woman who has admitted that she enjoys being consensually slapped across the face, if she attempts to report being raped. And that's assuming the abuse survivor is willing to report in the first place; ze may prefer not to negotiate the minefield of anti-SM stereotypes ze will be up against, ze may be afraid of being outed, etc.

2) Members of the BDSM community sometimes push back against real or perceived anti-SM stigma by talking about how abuse is rare within the BDSM community. A BDSM blog post and comments over at the awesome blog SM-Feminist claim that **not only is abuse within the community rare, but abusive BDSM relationships seem more likely to happen outside the community.** In fact, if you look then you can find posts from submissive women who found that getting into the BDSM community, being exposed to its ideals and concepts, helped them escape or understand their past abusive relationships.

I tend to think that #2 is a really good point -- particularly the bit about how abusive BDSM relationships are more likely to happen outside the community, due in part to lack of resources and support for survivors. For this reason, I tend to stress the role of the community in positive BDSM experiences, and I encourage newcomers to seek out their local community. But lots of people don't have access to a local community at all, especially if they're not in a big city. Plus, lots of people have trouble enjoying their local community for whatever reason, perhaps because they have nothing in common with local S&Mers aside from sexuality, or because they don't have time to integrate into a whole new subculture.

There's also the unfortunate fact that point #2 sometimes reacts with point #1 in a toxic

way -- that is, it can ironically be harder for abuse survivors to talk about abuse within the BDSM community because the community is pushing back so hard against the stereotype of abusive BDSM. **I've spoken to BDSMers who feel that the S&M community pushes back far too hard, and that survivors are being aggressively silenced simply because the rest of us are so invested in fighting mainstream stereotypes.** I have never personally experienced this, but I would not be surprised if I did. And the fact is that I'm sure there are toxic dynamics in some BDSM communities -- we aren't a monolith, folks -- and that even in 100% awesome communities, I'm sure there are at least a few abusive relationships. And **even one abusive relationship in the community is obviously too many.**

As Thomas MacAulay Millar wrote when the most recent abusive BDSM case hit the media, "Our declaration that the abusers are not us has to be substantive." This is something we should be taking action on. But how?

* * *

### *Dynamics Within the Community*

I have personally had excellent experiences within the S&M community. However, I am also pretty thick-skinned (unfortunately, this is partly due to lots of time spent working in a sexist industry); and I have a well-developed sense of my own boundaries. I am saying this not to sound self-congratulatory but because I believe that, due to being thick-skinned, I may be less bothered by actual harassment and pressuring dynamics than others are. Also, I am lucky enough that I've never experienced an assault. Therefore, it's incumbent upon me to listen to how other S&Mers -- especially female or genderqueer S&Mers -- feel about their experiences being pressured within the community.

There are issues that even I have noticed. For example, I think that there is a distasteful tendency to talk about "real BDSM" or "serious BDSM," as if some S&M is more legitimate than other S&M. That's wrong and dangerous because it can make some people feel as though they have to push past their boundaries -- do things they aren't comfortable with -- in order to be accepted, liked, or seen as "real." On the rare occasions that I encounter this, I try to point out the problems right there and then. **There is no such thing as "more real" and "less real" S&M. The only truly important part about any S&M activity is that it happen among enthusiastic, consenting adults.**

Thomas once wrote to me by email that "I tend to think that the dynamics of abuse in the community are a combination of the desire to avoid washing our laundry in public, patriarchy colonizing our own, and the usual thing in small communities where people's willingness to do the right thing in theory bumps up against their personal friends and loyalties." I completely agree. I'd add that similar issues arise in almost all small communities, and it's not fair to blame S&M in itself for these problems. At the same time, though, **it's incumbent upon all BDSMers to contribute to an environment where people who don't want to participate can easily say "no", and can rely on being supported by others when they do**.

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### *Existing Anti-Abuse Initiatives in the BDSM Community*

Finding existing initiatives is a bit of a piecemeal project, but here's what I've run across.

* **A variety of pamphlets and written statements.** One example was released by The Network/La Red, a rather unique anti-abuse organization for lesbians, bi women and trans people. One panel of the pamphlet shows a picture of handcuffs, and the text says:

*The most basic difference between S/M and abuse is **Consent**.*

*It is not consent if...*

* *You did **not** expressly give consent.*

* *You are afraid to say **no**.*

* *You say **yes** to avoid conflict.*

* *You say **yes** to avoid consequences (i.e. losing a job, losing your home, being outed).*

*S/M is...*

* *Always consensual.*

* *Done with respect for limits.*

* *Enjoyed by all partners.*

* *Fun, erotic, and loving.*

* *Done with an understanding of trust.*

* *Never done with the intent to harm or damage.*

*Just because you consent to play does not mean you consent to everything. You have the right to set limits.*

(You can look at images of the pamphlet on my Flickr account.)

Some SM organizations have also released statements on SM and abuse, such as the national Leather Leadership Conference and New York's Lesbian Sex Mafia. Note that at the bottom of the LSM page, they mention that they've sensitized a local abuse hotline; if I ever get a grant or something to start a pro-sex anti-abuse center, I'll immediately grill the LSM to see how they got in with that hotline and what they said.

* **Kink Aware counselors.** I talk about this all the time, but I think it bears repeating as often as possible. The National Coalition for Sexual Freedom maintains an online list of Kink Aware Professionals, which is a grassroots effort begun by writer/activist Race Bannon and includes doctors, lawyers, and therapists. The list is pretty much open and opt-in -- professionals go to the KAP site and offer to list themselves there -- and this is one reason it's not a good idea to assume that any given professional will be a great fit for you. Personally, when I was coming into my BDSM identity, I found a Kink Aware therapist to be incredibly helpful -- but while I was finding him, I visited another therapist who was not at all helpful.

When people ask me for kink-friendly survivors' resources, I always tell them to seek a

KAP therapist first.

* **The annual Alternative Sexualities conference.** This is a comparatively new effort from the Community-Academic Consortium for Research on Alternative Sexualities. They describe it as "a conference for clinicians and researchers, addressing issues around BDSM/Kink sexualities and consensual non-monogamies." 2012 will mark the fifth Conference on Alternative Sexualities. I was on a panel at the 2009 conference in Chicago, and I thought it was pretty awesome, but I am obviously biased.

* **Community workshops.** Most BDSM communities in large cities have educational workshops. These teach SM-related ideas or skills such as community etiquette, how to use various types of equipment, etc. Every SM workshop I have ever attended has emphasized careful negotiation and has, at the very least, mentioned safewords. One workshop -- "The Emotional Aspects of BDSM Play," taught by San Francisco's EduKink -- gave a detailed list of ideas for how to tell BDSM from abuse, which I wrote down:

*1) Consent. BDSM is consenting; abuse is not.*

*a) Assuming consent was given -- was it informed consent? Did everyone know what they were consenting to?*

*b) Was consent coerced or seduced from the partner? Did everyone feel like they could say no if they wanted? Was anyone worried about suffering negative consequences if they said no?*

*2) Intent. A BDSM partner intends to have a mutually enjoyable encounter; an abusive partner does not.*

*a) Did everyone leave the scene feeling somewhat satisfied?*

*3) Damage. A BDSM partner tries to minimize the actual damage inflicted by their actions; an abusive partner does not.*

*a) Did the two partners learn what they were doing before they did it? Did they learn how to perform their activities safely?*

*b) Were the partners aware of the potential risks of their activities?*

*4) Secrecy. Abuse often happens in secret. This is the hardest one on this checklist, because -- due to the fact that BDSM is a very marginalized, misunderstood sexuality -- BDSM often happens in secret, too. But this is one of the benefits of having an entire subculture that deals with BDSM: we try to look out for each other.*

*a) Were the two partners involved in the local BDSM scene? Did they get advice from knowledgeable, understanding BDSM people during rough patches in their relationship?*

I've heard of one or two workshops specifically focused on "BDSM for Survivors." I've also heard of support groups for BDSM-identified survivors of abuse, but I've never run across one in person. I've said this before, but I'll say it again: I believe that the safest place to have a BDSM relationship is within the BDSM community.

* * *

### *My Fantasy Sex-Positive, Anti-Abuse Program*

You can tell from the above list that relevant community efforts have focused on raising internal awareness, consolidating useful information, and educating. If I were to get a grant or something (ha!), I would certainly look for ways to use it on a dedicated pro-sex, anti-abuse initiative, hopefully more expansive than a hotline, and considerably more extensive than a pamphlet. I've never developed this thought too extensively -- I hate to torture myself when I know there's no money for one of my ideas -- but I know I'd want my Dream Anti-Abuse Team to have the following qualities:

* BDSM is obviously my main interest, because that's how I identify the core of my sexuality. But I have a strong interest in destigmatizing all forms of sexual expression practiced by consenting adults. Everyone involved in my initiative would emphasize that **people of all genders and sexualities could come for help -- whether straight, gay, lesbian, bi, trans, asexual, BDSM, sex worker, polyamorous, swing, or whatever amazing fetish could conceivably come up.**

Ideally, I would personally try to shock the hell out of anyone before I agreed to work with them... because anyone whose face twists up or who gasps at the idea of any kind of consensual weird sex is a person who shouldn't be anywhere near altsexual abuse survivors.

* I'd want **destigmatizing alternative sexuality among the mainstream, especially mainstream anti-abuse organizations,** to be a major focus -- so that abuse survivors could feel less anxious about being misunderstood while seeking help. So I'd need people who were willing to go out and charismatically shock the abuse officers at police stations, feminist organizations, college campuses, etc. I'd want us to be running everything from anti-stigma poster campaigns to sex communication workshops.

* I'd want the program to be **well-advertised to the general public, so that people who aren't in the community -- yet who are practicing S&M or poly or whatever on their own -- could still find us**.

* Of course we'd also do the more traditional work of offering walk-in counseling to abuse survivors, including help making a concrete plan, altsexual-friendly legal advice, and so on.

So.

Anyone willing to fund my Dream Team?

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/01/16/the-alt-sex-anti-abuse-dream-team/

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## Section 1 Study Guide

*A regular reader who goes by SnowdropExplodes suggested that I add "study guides" to the end of each section of this book in order to pull it together, and I thought it was a good idea. (See why I love my readers?) I'm sure that others could find this insufferably patronizing, however; if you're one of them, feel free not to read the guides! I'm just trying to offer questions for further thought, and give some insight on why I organized this book the way I did. This section was intended to pull together the ideas I see as "basic" or "building blocks" for feminist sex, both in theory and in practice.*

* * *

1. Have any of these pieces felt relevant to how you communicate with your partners? Have any pieces felt irrelevant or incomprehensible? Can you see any overarching themes that guide which ones felt relevant, and which ones felt incomprehensible?

1a. If you could give your partners one piece of advice about communicating with you, what would it be?

1b. Are there areas of communication that you feel you need to work on? (For example, Clarisse often thinks that she should work on her non-verbal communication, and has occasionally had trouble being direct with her partners about what she wants.)

1c. What ideas about sex and communication do you think you've absorbed from friends, parents, and your larger cultural environment?

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2. What stereotypes do you see acting on your sexuality?

2a. Have you come up with any mental tactics for thinking around those stereotypes? What are they? (For example, Clarisse sees the "S&M superpowers" concept as a positive way of framing S&M, so it doesn't feel "broken" or "dark.")

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3. Are there any areas of your sexuality where you feel trapped or stalled? Can you think of ways that you want to move forward on those, or do you think it might be a good idea to take some time off from those activities instead?

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4. If you were feeling anxious about a relationship or uncertain about your boundaries, who would you turn to in order to talk about that? Do you have friends (online or offline) or other resources where you could find advice?

4a. Are there unique problems affecting abusive relationships within the communities you frequent? How do sexual stereotypes affect how you and your friends perceive both positive relationships and abusive relationships?

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5. What are the overarching patterns that you see within the pieces in this section? How are these disparate topics relevant to each other?

5a. Is consent complicated?

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SECTION 2:

## Activism and Allies

In which we explore activism and other topics tangentially related to S&M feminism -- from sex work, to polyamory and monogamy, to the nature of masculinity.

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**When I think of this section, I think of:**

*Abuse of power comes as no surprise.*

~ Jenny Holzer

*I think of Clarisse as the John Stuart Mills of sexuality.*

~ one of my ex-boyfriends

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ACTIVISM:

## [theory] Grassroots Organizing For Feminism, S&M, HIV, and Everything Else

*I wrote this in March 2011 for* Bitch Magazine's *Feminist Coming-Out Day Blog Carnival. The goal was to talk about feminist "click" moments, and my entry was predictably wide-ranging and idiosyncratic.*

* * *

**Grassroots Organizing For Feminism, S&M, HIV, and Everything Else**

Earlier this month, my sex-positive documentary film series screened *Jane: An Abortion Service.* The film tells the extraordinary story of "Jane," an underground network of women in Chicago who provided thousands of safe abortions in the years before abortion was legal. It was totally inspiring.

Jane was started accidentally by a woman named Heather Booth. Booth was a student at the University of Chicago in the late 1960s when another woman came and asked her --

secretly, of course -- whether she knew any abortion doctors. Heather Booth found one, and she also found that other women started coming to her for references.

As one woman in the film put it, in those days, women who sought abortions were all "hysterical and desperate and scared": if you needed an abortion, you knew you would have to come up with some fabulous amount of money and take a life-threatening risk. Some women committed suicide when they got pregnant instead. Information about abortion was at a premium.

So Heather Booth began looking for abortion doctors, and better than that, she started **vetting** them. After finding the doctors, she sought testimonials about those doctors. Common problems with abortion doctors ranged from being rude to actually assaulting their patients; some doctors, who already charged sky-high prices, would demand more money at the last minute. Booth kept a list of abortion doctors who didn't do those things. Pretty soon, there were other women who had her list too, and they were vetting doctors and spreading the word as well. The group also provided counseling before and after the procedure, letting the patients know what they could expect -- physically and emotionally. They called themselves "Jane": a woman who called them and asked for "Jane" was seeking an abortion.

After some time, the women of Jane figured out that abortion isn't a complex procedure, and they convinced a doctor to teach them how to do it safely. And then they taught each other. So then they didn't have to refer patients to doctors: they did all the abortions themselves, and they did them for whatever the patient could spare rather than charging prices that were out of reach for many women. Jane members continued to provide emotional support, as well: in the documentary, one member reminisces about how she would have patients over to dinner with her kids and talk to them for a while before performing the procedure. It got to the point where doctors and medical students sent women to Jane, rather than getting referrals from Jane.

**That** is positive activism. That is building the world we want to see.

When abortion was legalized in 1973, the group quietly disbanded. Some members of Jane went on to be involved in other parts of the feminist movement or to found respected women's health organizations.

It's not that Jane had no problems; the organization was not transparent, for example, and it sounds like there was a fair amount of gossip and internal difficulties. These are typical issues within small groups, and the stigma and anxiety of what they were doing can't possibly have helped, but still, it's important to work against those problematic patterns from the beginning. It's worth it, I think; I'm increasingly convinced that the most positive direct change can be traced to small, grassroots, community groups. Which means that making sure your small, grassroots community group is egalitarian but well-organized can have ripple effects all down the line.

Another example of such a group might be Chicago's Rape Victim Advocates. RVA was established in 1974 by doctors and nurses who were appalled by how badly rape survivors were treated in the emergency room. Back then, there was no public understanding of how traumatic rape could be, and little understanding of survivors'

experience, even from police and doctors. (An older female friend of mine who was raped in 1970 once told me that she tried to talk to a psychiatrist about what happened. He sighed and said, "Really, do you think that's important?") Rape Victim Advocates has always been a network of volunteers who are on-call to come and talk to rape survivors, but since 1974, it has also developed from a fragile activist group into one with funding and political presence.

And on a somewhat different note, S&M community organizing is really quite good. A lot of people don't realize that most S&M community dungeons (unlike the professional dungeons run by sex workers) are nonprofit organizations, kind of like community centers. (No, seriously.) People don't just go to community dungeons to do S&M -- they also go to community dungeons for discussion groups or educational workshops, to learn how to perform certain activities safely.

Much like Jane, the S&M community has also created a network of necessary references: the Kink Aware Professionals list. If you've read my work before, you've probably read about this list, because it had a huge impact on my life and I like to spread the word. S&M activists in San Francisco realized, years ago, that there was a need for lawyers and doctors who understood their lives and wouldn't stigmatize their choices, so they wrote three names on a piece of paper and passed it around. Now, the Kink Aware Professionals list is an international online directory hosted by the nonprofit National Coalition for Sexual Freedom.

Again, it's not like there are no problems in the S&M community; people gossip, people backstab, people fuck up. There's little vetting process for educators or for people who list themselves on Kink Aware Professionals, and a lot of people run kink classes at least as much from a desire for status as from a desire to educate. But still, I think the S&M community is engaging in positive activism... more than a lot of us even realize.

This was a lesson that really hit home for me when I spent a year in Africa working on HIV mitigation. One of the reasons international aid is so complicated is that figuring out how to help a community that's not yours is incredibly hard. A lot of well-meaning Americans (including myself) go abroad with little understanding of how hard it is. The reality is that assisting with, for example, public health in a foreign place entails learning the social fabric of that country in a way that outsiders can only do with tons of sustained effort... and we're **still** unlikely to be as good as someone who grew up there. One of the reasons -- maybe the biggest reason -- I left was that it was **so obvious** to me that I was a better activist in the USA... even when I wasn't trying to do activism. (When I was there, I received one letter from an American girl asking for advice on how to do African activism. My advice to her can be summarized as, "It's harder than you think, and you might consider staying home where you're awesomer.")

When HIV began destroying the gay community, the most effective and important measures to curb it came from people like Richard Berkowitz, the actual gay activist who wrote a safer sex pamphlet on his home typewriter and then distributed it by hand. They saw a need and they did something about it. Just like Jane. Just like S&M educators.

You are probably already part of more communities than you might realize. If you go to a university, you're part of that community. Whether you live in a city neighborhood or a

small town, you're part of that community. If you go to particular clubs, you're in those communities. There may be aspects of your identity that could align with a community as well: for example, if you read science fiction there are conventions for that (although of course, identity communities don't always work for everyone with that identity). These are places where your knowledge already makes you powerful... so keep an eye out for needs. (It's also worth considering getting involved in an intentional community. I'm kind of psycho about housing co-ops, for example, because they are awesome. I personally am a member of North American Students of Cooperation, but there are other groups, and there are also independent co-ops that aren't part of larger networks.)

We live in an unstable and fast-paced age. I don't know how people in most other countries feel, but I know that here in the USA, there is a quite pervasive and quite justified anxiety among everyone I know in the middle class. Many of our safety nets are evaporating, and it's not at all clear that they will be replaced. But **no matter how much the people in power fuck us over, we'll never be totally screwed as long as we're not isolated and we talk to each other.**

One of the former members of Jane, a white-haired feminist with such powerful energy that she practically glows through the screen, says in the documentary: "Don't stay with people who tell you you're crazy and useless. Don't stay where you're weak." That's what I call an activist click moment: find the other people like you, and organize with them. That applies to feminism, it applies to sexuality, it applies to public health. Go where you're strong and make your people stronger.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/03/29/grassroots-organizing-for-feminism-sm-hiv-and-everything-else/

*The film* Jane: An Abortion Service *is available from the distributor Women Make Movies:*

http://www.wmm.com/filmcatalog/pages/c410.shtml

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ACTIVISM:

## [storytime] Interview with Richard Berkowitz, Star of *Sex Positive* and Icon of Safer Sex Activism

*Richard Berkowitz is an interesting guy. He was active in the gay community in the 1970s and 80s as an S&M sex worker, so he's got plenty of experience with all kinds of sexual history. Not only that, but he also wrote the very first safer sex pamphlet ever, when HIV began storming through the gay community. The pamphlet was called "How to Have Sex in an Epidemic"; Berkowitz literally wrote it at home on his typewriter and*

*then distributed copies by hand. Then he was slammed by his own community for doing so... well, read on and learn more about what happened next.*

*I was honored to interview Berkowitz in early 2009. I really love it when I get the chance to talk to boundary-breaking activists who were around before I was born, especially if their domain is sexuality. I feel a combination of both exhilaration and despair during these discussions -- exhilaration because I learn how far we've come, and despair because I can see how we keep making the same mistakes again and again and again.*

* * *

**Interview with Richard Berkowitz, Star of *Sex Positive* and Icon of Safer Sex Activism**

Our second film at my awesome sex-positive film series was *Sex Positive,* a fascinating documentary about the history of safer sex. I'll be honest: I was psyched about *Sex Positive* from day one, long before I'd even seen it. It was the first film I chose for my film list. In fact, the whole idea for the film series came out of a conversation I had with Lisa (our lovely Hull-House Museum education coordinator) in which I said that I wanted to see *Sex Positive,* and then added, "There are so many sexuality movies I want to see. You and I should have a regular movie night!" She looked at me and said thoughtfully, "You know, I bet people besides us would come to that...."

*Sex Positive* tells the story of Richard Berkowitz -- and how he was one of the first to spread the word about safer sex in America. Berkowitz, a talented writer, started out as a hot-blooded participant in the promiscuous gay bathhouse culture; later, he became an S&M hustler (i.e., a sex worker). When AIDS started decimating the gay community, Berkowitz was instrumental in teaching his community (and the world) about safer sex. As it became clear to some medical professionals that sexual promiscuity spread AIDS, Berkowitz tried to tell the world about their findings. But there was a huge backlash against him -- because in those days, the promiscuous bathhouse culture was seen by many gay men as a huge part of identifying as gay and sex-positive... and anyone who argued against it, or tried to modify it, was therefore cast by many people as sex-negative.

After we screened *Sex Positive,* I reviewed it on my blog, and Richard Berkowitz himself read the review! He left a comment offering feedback, and I was so thrilled and honored to hear from him that I emailed him right away. We talked a little bit, and met in person last time I was in New York City -- and I practically begged him to let me interview him by email. Here's the results: a discussion of Richard's history with S&M; what he thinks about advocacy; his feelings about the gay community and its history; and where he finds himself in his life right now.

**Clarisse Thorn: In *Sex Positive,* you mention that you didn't initially think of yourself as a BDSM type, but that you had partners who convinced you to do it. Do you think you would have gotten into BDSM if you hadn't had partners pressuring you to do it? Do you think you would have gotten into it if you hadn't been able to make money at it?**

Richard Berkowitz: I was filmed talking in three- to four-hour sessions over the course of a year about difficult, often painful, personal history. At times I felt uncomfortable, I

made mistakes, so there are moments in *Sex Positive* that I wish I could clarify -- but it's not my film. That's why I'm thrilled that you're giving me the first opportunity to address the moments that make me cringe when I see the movie -- and what amazed me is that you nailed most of them.

Me -- pressured into S&M? Hell, no. I stumbled across BDSM porn in college, and was both appalled and more turned on than I was to any other porn. I pursued a few experiences as a novice when I was in college, and I was completely turned off to the scene for years. The few Tops I met were clumsy, distracted by fetishes that bored me, and I was convinced a bottom could easily get hurt -- so I walked away.

When I began hustling in NYC, I was an angry activist and it attracted S&M bottoms that were happy to teach me what I could do with my anger that was erotic and consensual. To that I added what I had learned that Tops did wrong -- and presto! I got really good at it fast -- and I loved it. I was doing two or three scenes a day, but because I could often steer a scene to what turned me on, it felt more like play than work.

If I hadn't had been trained as a Top by older, experienced bottoms who were hiring me, I still would have had S&M experiences on my own. But I doubt that I would have gotten as heavily into the scene if it wasn't for hustling. That's where I earned my S&M PhD.

In 1979, S&M was considered the fallback scene for aging hustlers -- it was what you turned to when you were losing your youth. There was such a dearth of good Tops. But I had the raw material to be a great Top at 23, and I built quite a reputation on word-of-mouth referrals and repeats. Many of my clients became close friends.

**CT: Where do you place BDSM in your sexual identity and self-conception? Do you see it as deeply part of you, or something you chose? Do you think of your BDSM urges as coming from a place as deep, as intrinsic, as your gay orientation?**

RB: I think it's too late for me to answer that question. Turning my libido into an occupation at 23 changed me in both good ways and bad. It would take a book to explain -- so let me just say that as a product of gay male sex in the 70s, there was an element of power intrinsic to the sexuality of the times. That shaped me. I don't see vanilla sex and S&M sex as mutually exclusive because I believe in Tops and bottoms -- and that's the basis of BDSM. "Tops and bottoms" are not exclusive to BDSM; the terms are widely used for assigning roles of power in sex in general. Gore Vidal said, "There is no such thing as gay and straight -- only top and bottom." I believe both are true.

But one shouldn't lose sight of the fact that a third of my living space for the past three decades was a sound-proofed dungeon.

I think that a culture like ours that's based on competition, as opposed to cooperation, can be extremely sadomasochistic. I think bad S&M can be found in many aspects of our daily life, and good S&M is just eroticizing aspects of being human that can enhance sex immensely for some.

**CT: What kind of BDSM advocacy have you encountered? What kind of sex work advocacy have you encountered? What did you think of what you saw? Do you have any ideas about how to make those movements effective? Do you have any fears**

**about those movements? Would you consider being part of those movements?**

RB: My only fear about those movements would be if they didn't exist! My neighbor down the hall for the past 25 years built my dungeon and was a co-founder of Gay Male SM Activists, but I always had too much hot sex going on at home to be interested in meetings. Plus, I never stopped feeling like a pariah in the gay community because of the attacks on me and my writing since AIDS began. You reach a point where you just assume people hate you because it's easier than trying to figure out who doesn't.

I fiercely support BDSM advocacy, but mainly from a distance. There's a limited number of body blows any activist can take before we just retreat. I had my fill -- but the response to *Sex Positive* and the new Obama era is nudging me out of my shell. I had a breakup a few years ago that devastated me, so I've been out of the scene for almost three years. Now I'm trying to reinvent myself, find one person I can retreat from the world with. I've never lied about S&M being an intrinsic part of my sexuality, and because of my early bad experiences with BDSM, I'm thrilled and inspired by advocates for it. If there had been BDSM advocacy when I came into BDSM, then I don't think I would have had the bad experiences I mentioned earlier. As a BDSM sex worker, I met so many men who had horrible tales of being hurt in scenes, and I did my best to be an antidote for that.

**CT: On my blog, you commented that "Of course BDSM was a source of joy in my life but I put it aside when it robs me from having a platform to champion safe sex to the largest possible audience, which BDSM often has." Could you talk more about that?**

RB: Smear campaigns are hard to pin down, and there's no way to know how much of the contempt against me or my writing was due to my BDSM, my sex work, my safe sex evangelism or simply me. I'm just a dangling pinata for people who have issues with sex!

There are gay people of my generation who are as uninformed and rabidly anti-BDSM sex as homophobes are about gay sex.

I can't think of anyone who has gone on film with such brutally honest testimony about their radical sexual history as I did in *Sex Positive.* It felt like a huge risk and you can see my anxiety in the film, but to me, this level of honesty is crucial to pro-sex activism. People are so dishonest about sex; many would never talk publicly about their private sexual behavior -- and they don't want others doing it either, so it's not easy.

There was a doctor I saw once when AIDS began who heard I was into S&M. As he went to take blood from me, he stabbed the needle into my arm. I bolted out of the chair screaming, and he said coyly, "Oh, sorry, I thought you liked pain." How can I not feel reticent talking about BDSM considering so many people I've met like that? And then I think, how can I not?

I've seen the most courageous pro-sex writers and activists attacked, pilloried and silenced because of their honesty in writing about their kinky sexual histories. I shudder when I recall the vicious smears against pro-sex feminists by anti-porn feminists back in the early 80s. I don't want to invite that bile into my life, especially now, when my circle of gay male friends are no longer alive and here to support me when I go out on a limb with my personal radical sexual issues in public.

So why did I speak out? Why do I still speak out? Because I owed so much to the army of men who loved and supported me over the years and no longer have a voice, and because gay men were dying. It was no time to be squeamish about sex. It still isn't.

**CT: Do you have any regrets? -- and, concurrently, what are you most proud of? Did the making of the film *Sex Positive* bring any regret or pride to the surface for you?**

RB: I have a few regrets about *Sex Positive,* but they pale next to what I've gained. I've been to more cities with this movie in one year than I've been to in my entire life. Young people have been extraordinarily supportive and kind, and it helps me to let go of the past. I've been stuck in the past for so long -- it's deadening, but I finally feel that this movie is breaking me free, to finally let go and move on to write about other things. For that, I'm forever indebted to Daryl Wein, the documentary's director.

What I'm most proud of is how much work I did on safe sex that no one even knows about. I'm putting it all on the Internet as a free archive, as soon as I can find or pay someone to help me with the technical stuff. I'm from the age of typewriters.

**CT: Is there anything you'd like to add? Please feel free to also respond directly to points I made when I talked about *Sex Positive* on my blog.**

RB: I loved S&M hustling before AIDS so much -- sometimes, when I talk about it, I become the part of me that tied people up and dominated them; it's like a mental erection. I get lost in the reverie of being an erotic, arrogant Top. I begged director Daryl Wein to delete me saying that clients would tell me that I could do whatever I wanted to them except fuck them, and then I would proceed to do just that. I said that when I was lost in a persona, and it makes me sound like a rapist!

The truth is, my most valued expertise as a hustler was teaching men who were afraid of getting fucked how to relax, how to douche, how to open up, how to explore the intense pleasures of receptive anal intercourse and anal orgasm without any pain. I would never rape or violate anyone's consent -- and certainly not customers I wanted to come back! I had tremendous empathy for how difficult it can be to learn how to get anally fucked because I was never able -- or had the desire -- to do it without being high on drugs. (You have to remember how pervasive recreational drug use was during the sexual revolution. There were articles in the gay press saying how cocaine was good for you. We didn't understand addiction then as we do now. And we paid a heavy price for that innocence and ignorance.)

When I began hustling in NYC, the lesbian and gay liberation movement was ten years old -- and about that mature. We grew up in such an intensely erotophobic and homophobic culture -- there was no way to escape it, even after we accepted that we were gay. We didn't always treat each other well, and it permeated our sexual expression whether it was vanilla or S&M.

You mention in your blog post that you are wary of how I talk about BDSM as arising from "self-loathing" and "insecurity" and negative cultural pressures on the gay community. Yes -- in S&M **and** in vanilla sex -- I saw how we brought a lot of the culture's contempt to what we did. But, as I say in *Sex Positive,* many of us came to

realize this, and we understood that a lot of sexual fantasies are socially constructed by the times that shaped us. Many of us came to realize that sexual fantasies don't diminish us as people -- they can actually help free and enrich us when we understand what we're doing.

I'm reluctant to put myself forward as a role model for BDSM and sex work, because of what happened to me after AIDS when I went back to hustling. I was furious that there was no place in the community for me to do safe sex education. I felt so hurt that some people only saw me as a sex worker/sadomasochist and that political differences got in the way of saving sexually active gay men's lives. You can't imagine the rage I felt that it took two entire years **after** we wrote and published "How to Have Sex in an Epidemic" for NYC to do its first safe sex campaign. I went back to hustling in such despair that I was an addiction waiting to happen, and that's what did.

In the end, though, BDSM and my love for it is part of what saved my life. If I weren't so busy hustling with BDSM before AIDS and safe sex, I would have spent much more time at the baths having high risk sex, and died long ago. I think each of us has a limit to how much sex and how many different partners our spirits can bear. Sex can become an addiction, and when you reach that point, people use recreational drugs to keep that level of hypersexual activity going. If I had found a place in safe sex education, my life would have been a much happier, healthier journey. But I never lose sight of how grateful I am to still be here, or how much joy and pleasure sexual freedom gave me until the world I loved started collapsing all around me and taking the men I loved along with it.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2009/03/23/interview-with-richard-berkowitz-star-of-sex-positive-and-icon-of-safer-sex-activism/

*Check out Richard Berkowitz's web site to read more about him and investigate his book (which I admit I have not read),* Stayin' Alive: The Invention of Safe Sex:

http://richardberkowitz.com/

*And seriously, if you get the chance, watch Daryl Wein's awesome documentary* Sex Positive:

http://www.sexpositive-themovie.com/

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ABUSE:

## [theory] Social Responsibility Within Activism

*I wrote this post in 2010 for Thanksgiving (the original post had a bunch of "thank yous" at the end, which I removed from this version). The questions here seem to be some of the*

*biggest recurring questions in my life. Later events have taught me a lot about work that has already been done on accountability within communities. In particular, I want to highlight the book* The Revolution Starts At Home: Confronting Intimate Violence Within Activist Communities *(edited by Ching-In Chen, Jai Dulani, and Leah Lakshmi Piepzna-Samarasinha), which was published in 2011.*

*But there's a lot of other work out there on how to deal with a perpetrator of violence without resorting to our corrupt and violent established prison system. People of color should be credited for much of this work, because communities of color are rarely well-served by the criminal justice system, and thus have particular incentives to seek alternatives. Sometimes, this field is called "transformative justice" or "restorative justice." Here is a post that links to a number of resources on transformative justice: http://clarissethorn.com/blog/2012/01/30/some-transformative-justice-links/*

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**Social Responsibility Within Activism**

Tonight I had Thanksgiving dinner with my mother and her boyfriend. Some friends of my mother attended, one of whom is a lesbian who I'll call Kay. Kay attended dinner with her mother, who is unaware of Kay's sexual orientation. One of the reasons Kay's mom doesn't know about Kay's sexual orientation is that Kay's mom has already behaved quite badly towards Kay's elder sister, who is an out-of-the-closet lesbian.

I knew this whole situation going in, and one thing that struck me was how much of a nice person Kay's mom is. I mean... she's **really nice**. I mean, she clearly tries to be a good person. She also tried really hard to help me do the dishes. (I didn't let her because I wanted them all to myself.)

I've been thinking a lot lately about how to engage with people who have done bad things, or who are currently doing things I think are bad (like shaming their lesbian daughters). It wouldn't have been right to throw my sex-positive ideas on the table while talking to Kay's mom -- mostly because Kay specifically asked me not to, ahead of time. But. The most powerful tool for getting people to reconsider their stigma against alternative sexuality is personal engagement. Don't I have some responsibility here? Is there something I can do?

Other examples of this are rife. One very intense, very important issue I grappled with this week was having a friend email me to inform me that another friend -- someone I like and admire a lot -- has been credibly accused of sexual assault by a person who will never press charges. This has come up before in my life... every time it's a little different, and yet so many things are the same: a person is assaulted, the news gets out among friends, the survivor doesn't press charges, there is confusion among the friends about how to act, eventually things die down, and I feel as though I should have done more.

When I was in high school, one of my closest male friends raped a female acquaintance of mine. She didn't press charges and they later had a romance that was, to all appearances, consensual. I pieced events together slowly -- he did acknowledge what he'd done, though never directly to me. I didn't know what to do, at the time, and I still feel as though I should have done so much more. He and I were so close. I never had the nerve

to directly talk to him about what happened, because -- even though we never talked directly about it -- I saw evidence that he felt terrible about it, and I was sure that I could devastate him by talking about it more. But still... I should have talked to him.

I also feel as though I should have supported her more, but I don't know what I could have said. There were people who told her that she shouldn't be having a consensual relationship with her rapist. It seemed wrong to tell her that -- I felt like it eroded her agency, attacked her right to choose -- so I didn't say it. If I had said it, though, would that have been helpful to her? What could I have done to be a better resource for her? Especially given that I was such close friends with him?

I was young(er), but that's no excuse. Then again, what am I excusing? I did nothing. But I should have done more.

Now, again, I have a friend, a good friend, who assaulted someone. It's a friend in the local S&M community. I don't know the survivor at all. I have to talk to my friend about it, but what do I say, and what happens next? Feminism instructs us that we should listen to the voices of survivors, that community mores and community condemnation are what stops rape from happening. I believe these things to be true; and there are people close to me who have survived rape, and I really want to make sure I'm doing everything I can to ensure that rape stops happening. But I intensely wish that I had more guidance on what exactly to say, how exactly to act, to change the mores.

I emailed my ex-boyfriend Mr. Chastity for advice, because he's got one of the finest ethical minds I've ever been lucky enough to engage with. Here's part of what he wrote back:

*I've tried to distill your messages into a few questions, and I ended up with "How does one parse a situation in which a friend, and an otherwise noble person, seems to have done serious wrong?" and "What are a person's moral obligations in this case?"*

*Nobody is composed of unmixed goodness or evil, no matter how much of a paragon/fiend 1) they seem to be or 2) their principles require. People we respect and love are not forces of nature or avatars of their cause of choice, no matter how thoroughly they embody it to us. I don't say this because I think you haven't considered it, but because I know I've had a lot of trouble absorbing it over the years and think it might therefore bear restating to others, too.*

*As an individual, a person has a relatively large degree of freedom in action and association. I think where this case becomes truly difficult to consider is when we bring in justice and the community. Because the means of enforcement of the rules of these communities is so interpersonal, one's interpersonal actions take on an unusual role of community-level justice as well as merely justice between two people. I can't see how it could ever be good to allow things like this to just slide. Honestly, I'm not sure what else you can do but (as you suggest in one of your messages) politely ask your friend about their take on the story. If nothing else, it will demonstrate that people are paying attention to this thing and might give you some insight into their character and opinions of the issue.*

He's right. I agree. But. What now? How do I ask, what do I say? How can I tell if my

friend has dealt with whatever healing has to take place in order for such assaults not to happen again?

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/11/26/social-responsibility-activism-and-giving-thanks/

*It is really worth reading about work that's already been done on transformative justice:*

http://clarissethorn.com/blog/2012/01/30/some-transformative-justice-links/

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BOUNDARIES:

## [storytime] Taking Care Of Each Other

*This was originally published in 2012 at the girl-power site OffOurChests.com.*

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### Taking Care Of Each Other

As a sex educator, I think a lot about how to teach boundaries. I try to come up with exercises, stories, maxims that could help people respect their own bodies, minds, and desires; and of course I also think about how to encourage people to respect others' boundaries. But the biggest influences on a person's boundaries have nothing to do with what I teach. Good boundaries are (hopefully) demonstrated by parents, influenced by friends, and encouraged by partners.

Within a community, though, I also think it's really important not to tell people what to do. I believe that it's crucial to be a good resource for the people close to us, without trying to force them to do what we think is best. That way, we can both build trust and foster independence. On the other hand, sometimes it's hard to know how to do that when I know more about a certain subject than someone else. It is so powerfully tempting to tell them what I think they should do!

I was thinking about this recently when, out of the blue, I remembered something that happened when I was 16 or 17. I'd just had a nasty breakup, I was really unhappy about my ex, and I was trying marijuana. I had never smoked before.

There were a bunch of other people my age present -- including a guy who'd been flirting with me for a while. When he passed me the marijuana, he kissed me. I kissed back. I wasn't attracted to him, but I felt so empty and hurt, and I guess it was reassuring that someone wanted me, despite the fact that my ex-boyfriend didn't.

Also around was a girl who I'll call Lena. I had always seen Lena as tough and no-

nonsense, but I didn't know much else about her. I think she probably considered me a bit naive. Anyway, Lena watched the situation and my body language; she knew that it was my first time smoking. A few minutes later, she took me aside. I don't remember the exact conversation, but I seem to recall that it went something like this:

"Clarisse," Lena said, "how are you feeling?"

"I'm not sure," I said. Truth be told, I felt a bit numb.

Lena looked directly into my face. "How far do you want to go tonight?" she asked.

I looked away. I felt embarrassed because she seemed so composed. I felt like an airhead compared to her. We were standing next to a wooden wall, and I pretended to study the wood-grain. "I don't know," I said vaguely.

"If you can tell me how far you want to go tonight," Lena said firmly, "then I'll make sure nothing goes past that. Do you want to keep making out? Do you want to do more than make out?"

I traced a knot in the wood with my finger. "Making out," I decided.

"Okay," Lena said, and nodded. I don't remember if she said anything else, but as she took me back to the group I still felt a little embarrassed -- and also incredibly relieved.

I wonder if I ever thanked Lena? I should have; maybe I'll try to find her on Facebook or something. Because I really did feel a lot safer that night, knowing that Lena was looking out for me. I made out with that gentleman a little bit more, but after a while I put a stop to it, and nothing else happened.

Maybe if Lena hadn't been there, I still would have had the wherewithal to stop making out with him; or maybe I would have felt so confused, anxious, numb that I let it go further. (And I can tell you for sure that I'm glad it didn't go further.) Or, God forbid, maybe if she hadn't been there then I would have been actively pressured into something that I actively objected to.

Before that, it had never occurred to me to set a clear boundary before I hooked up with a guy. That's an important lesson in itself! Even more importantly, though, Lena didn't tell me what to do. She didn't say anything about how I should be sexual, or who I should do it with. She didn't shame me for what was up. She just asked me what I wanted, and then she offered me her support.

Certainly, Lena is just one small piece in the puzzle of my life. But I still remember her, and I admire and thank her. My parents have offered me a lot of support throughout my life, both in my relationships and otherwise. I've had partners who helped show me what it means to create a low-pressure sexual environment, or who helped me learn clear sexual communication. Still, Lena stands out in my mind -- someone I barely knew, yet someone who helped show me what it means to be among women who stand up for each other and help preserve each other's boundaries.

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*This can be found on the Internet at:*

http://offourchests.com/taking-care-of-each-other/

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MANLINESS:

## [theory] Questions I Want To Ask Entitled Cis Het Men

*I wrote this piece in 2009. It was the culmination of years I'd spent thinking about masculinity, manliness, and men's gender role. I was relatively new to blogging, and I hadn't yet established myself. I thought that the most controversial things I would ever write would be about S&M. I was wrong.*

*I published this in three parts, and it got a huge response. The major feminist blog* Alas! A Blog *asked to repost it, for example, but there was a much bigger reaction among non-feminist and anti-feminist men. Some wrote responses with titles like "Answers for an Entitled Feminist." Others actually came over to my blog and engaged me, with varying results. It kicked off a long, dense discussion in my blog Comments section, which lasted for over a year and thousands of comments. I wrote a number of followups, including some that got me labeled "brainwashed by the patriarchy" by other feminist women.*

*Some of the guys I was talking to got me interested in the "pickup artist subculture" or "seduction community" -- a group of men who trade tips, tricks, and tactics on how to seduce women. Eventually, I did an in-depth investigation of that subculture and wrote the book* Confessions of a Pickup Artist Chaser: Long Interviews with Hideous Men, *which contains some of my best work on masculinity, communication, and sexuality. You can buy that on Smashwords at this link:*
https://www.smashwords.com/books/view/144451

*One thing I've discovered over the last few years, as I learned more about the history of feminism, is that there are excellent reasons why most feminists are unwilling to talk about men's problems. There's a ton of politics involved, and a lot of very justified fears about the political ground we could lose. We still have a long way to go when it comes to gender equality. But I do believe that those fears are often overblown.*

*And I've also discovered that there's a subgroup of feminists that's much more likely to be open to talking about men's experience: it's the sex-positive feminists, especially the S&M feminists. To be sure, there are exceptions. Plenty of S&M feminists see no reason to discuss men's experience, and of course, plenty of S&M feminists don't like my writing in particular. But most feminist essays I've found about masculinity were written by women who openly admitted that they were into S&M -- Gayle Rubin, author of the pioneering sexuality essay "Thinking Sex," is one good example. Maybe the S&M feminists are the ones most likely to intuitively understand that power is never a one-dimensional picture or a one-way street.*

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**Questions I Want To Ask Entitled Cis Het Men, Part 1: Who Cares?**

*Why do I care about masculinity?*

I'm rather perverted, but not enormously queer. I present as femme, and -- although I've been known to tease my sensitive (frequently long-haired) lovers for being "unmasculine" -- I fall in love with men. I'm hardly one to go for the "manly man" type, but at heart, I love knowing that I'm fucking a man.

However, because I'm cisgendered and straight, I feel profoundly at a loss when trying to articulate problems of (for lack of a better phrase) "Men's Empowerment." The issues don't feel "native" to me; I've intersected with these questions mainly through the lens of lovers and friends. Watching their struggle is demoralizing, but trying to imagine how I can give them feedback is more demoralizing.

A male friend once wrote to me, "I think you personally find expressions of masculinity **hot**, but you also have no patience with sexism. You've caught on that it's tricky for men to figure out how to deliver both of these things you need, that you don't have a lot of good direction to give to fellas about it, and that neither does anyone else."

So:

*How can men be supportive and non-oppressive while remaining overtly masculine?*

On top of my limited perspective, there's been an echoing lack of discourse -- that is, very little mainstream acknowledgement of the problems of masculinity. The primary factor in that silence is that normative cis men themselves tend to be flatly unwilling to discuss gender/sex issues. Often, their first objection is that the discussion is neither important nor relevant. This is true even within subcultures centered around sexual analysis, like the BDSM world -- I once met a cis male BDSMer who said, "Why bother talking about male sexuality? It's the norm. Fish don't have a word for water."

But *if masculine sexuality is water and we're fish, why doesn't that motivate us to examine it more -- not less?*

Don't get me wrong: I agree that America's sexual conceptions are centered around stereotypical male sexuality, and I agree that this is damaging and problematic. Believe me, I'm **furious** that it took me many years to reconceive "actual" sex around acts other than good ole penis-in-vagina penetration! But if American stereotypes and ideas of sexuality are male-centered, then surely that makes it **more** useful for us to be thinking about male sexuality -- not less.

And those male-centered ideas of sexuality aren't centered around all men -- just stereotypical men. LGBTQ men are obvious examples whose sexuality falls outside the norm; fortunately for them, they've created some spaces to discuss that. But there are lots of other non-normative guys who aren't gay or queer, yet feel very similar sexual alienation -- and because there's so little discourse about masculinity outside LGBTQ circles, they usually just don't talk about it.

*What does it mean to be a cis het man whose sexuality isn't normative? Which straight cis guys don't fit -- and hence, feel alienated from -- our current overarching sexual*

*stereotypes?*

Guys who identify as straight BDSM submissives are one fabulous example of non-normative men who are frequently alienated from mainstream masculine sexuality, but who often don't have a forum. Men with small penises are a second. There are lots of others. In the words of sex blogger and essayist Thomas Millar: "The common understanding of male sexuality is a stereotype, an ultra-narrow group of desires and activities oriented around PIV [penis-in-vagina], anal intercourse and blowjobs; oriented around cissexual women partners having certain very narrow groups of physical characteristics."

Still, that doesn't mean that straight, dominant, big-dicked dudes who love boning thin chicks feel totally okay about the current state of affairs. It just means they tend to have less immediate motivation to question it. They also have less of an eye for spotting gender oppression, because -- though they've got their own boxes hemming them in -- they're still more privileged than the rest of us, and the nature of privilege is to blind the privileged class to its existence.

A male submissive once told me, "Lots of heteronormative men know something is wrong with the way we think about sex and gender. I can see them struggling with it when we talk. They can't put their finger on it; they have a hard time engaging it. But I engage it all the time; I have to, because my sexuality opposes it."

*When is it to a man's advantage to examine and question masculinity and stereotypes of male sexuality? Which men are motivated to do so?*

It's tempting to assert that men whose desires fit neatly (or at least mostly) within the stereotype have it made -- after all, their sexuality works within the norm so many of us struggle to escape. But I've had this assumption corrected several times, usually by smart "stereotypical" men themselves. At one point, while developing a sexuality workshop, I sent the outline to a bunch of friends. The original draft contained this paragraph: "Our sexual scripts favor a certain stereotype of men and male sexual pleasure, which makes it hard for women to figure out what we really want and what we really enjoy, and also makes it harder for non-stereotypical men to figure that out." One friend sent that paragraph back, having quietly appended: "... as well as for stereotypical men to discover or explore new desires beyond the stereotypical script."

*When we discuss the limitations around sexuality from a non-normative perspective, how do we exclude normative people who might develop themselves in new directions if they had the chance? What do normative men stand to gain by thinking outside the box about masculinity and sexuality?*

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**Questions I Want To Ask Entitled Cis Het Men, Part 2: Men's Rights**

In the 2006 documentary "Boy I Am", a trans man talks about how one of his mental barriers to transitioning was the fact that after transition, he would be a "white male." And, he laughs, the "last thing in the world" he wanted to be was a white male!

A year or two ago, I attended a lecture by Jackson Katz, a rather overtly masculine, cis

male anti-abuse educator who lectures in colleges around the country. Bullet-headed and aggressive in stance, he said a lot of valuable things -- particularly about how men ought to take ownership of problems we traditionally consider "women's issues." It's certainly true that if we want to end male abuse of women, men must participate in the movement. But although Katz discussed some issues of masculinity, I heard little about how we can make things better for men. His proposition of a men's movement was centered around correcting the things some men are doing wrong.

Although they're often watered down, many feminist concepts have gone mainstream. For instance, Americans have some consciousness of traditional feminist critiques about how women's bodies are represented in the media. Indeed, that consciousness has become so endemic that, in a grandly ironic twist, marketers now capitalize on it to sell beauty products: the nationwide Dove Campaign for Real Beauty attempts to **use deconstruction of the media's representation of women** to sell Dove soap. Americans are also quite aware of men as the privileged class -- sometimes regarded outright as the oppressors.

But this shift in awareness about gender issues faced by women has not been accompanied by a widespread understanding of gender issues faced by men. And that creates situations like an activist working towards a masculinity movement that talks mainly about how men are hurting women, or a trans man who has trouble with the idea of transitioning partly because he doesn't want to be a white man -- one of the oppressors.

*How can awareness of oppressive dynamics make it difficult for men to own their masculinity? Does male privilege ever make life harder for men? When does male privilege blind us to oppression of masculinity? There's some mainstream awareness of gender issues faced by women; is there any similar awareness of the problems of masculinity?*

A good friend of mine first caught my attention by talking about gender. We encountered each other at a BDSM meetup, and when I mentioned that I'd been thinking about the boxes around masculine sexuality, he launched into a rant about oppressive sexual dynamics. He gave me references to complex sexuality blogs and intelligently used words like "heteronormative" and "patriarchy." But a month or so after we started talking, I mentioned his interest in gender issues... and he gave me a puzzled look. "I'm not really into gender studies," he said.

He talks about sex, gender and culture all the time -- but he also specifically identifies as highly masculine, and felt that to be at odds with identifying as someone who questions masculinity. As Thomas Millar writes in his aforementioned article: "There's a huge unstated assumption that to even address the question [of male sexuality], for men, is to mark one's self as 'other.' ... cis het men are brought up to fear that their masculinity could ever be called into question. By even opening up a dialog, I think some folks fear that they are conceding that their sexuality is not uncontroversial."

Men currently experience this problem in a way that women do not. In other words, women don't risk being seen as unfeminine as easily as men risk being seen as unmasculine; nor do we have quite the same fears about it. In 2008, a group of researchers published a paper called "Precarious Manhood." Their concluding statement:

"Our findings suggest that [so-called] real men experience their gender as a tenuous status that they may at any time lose and about which they readily experience anxiety and threat." Earlier in the paper, they wrote that -- although "our focus on manhood does not deny the importance of women's gender-related struggles" -- "Women who do not live up to cultural standards of femininity may be punished, rejected, or viewed as 'unladylike,' but rarely will their very status as women be questioned in the same way as men's status often is."

*When is it to a man's disadvantage to publicly examine and question masculinity? Surely the mere act of questioning and examining gender does not make a man less masculine; how can we work against the perception that it does?*

At the same time, though, this isn't a "with us or against us" situation: men who don't choose to identify as non-normative also don't tend to join the "opposition." By "opposition" I mean folks like "Men's Rights Activists" (on the Internet we call them MRAs). MRAs -- at least according to my stereotype of them -- are conscious of social and legal disadvantages suffered by men, such as the fact that men are at a severe disadvantage in child custody cases; at the same time, they're blind to male privilege. It's a deadly combination. My personal favorite MRA quotation ever is, "White men are the most discriminated-against group in the country." Mercifully, MRAs are a fringe group, but they make a big impression.

My "not into gender studies" friend once told me that although he frequently deconstructs problems of masculinity in the privacy of his own mind, he doesn't like to publicly have those conversations because he doesn't want to sound like an MRA. He said, "A lot of the time, men who want to think seriously about masculinity won't talk about it aloud because we really don't want to be **that**." He later added, "It's very tricky to discuss masculinity yet avoid simply devolving into male entitlement. That's the crux of the problem with the 'Men's Movement' assholes -- none of them are addressing the underlying problems of masculinity. They're just whining about not receiving the privileges their cultural conditioning tells them to expect."

*How do the current "men's rights movements" discourage men who might, in a different climate, be very interested in discussing masculinity? Assuming men can reclaim the "pro-masculinity movement" from MRAs, do any men feel motivated to do so? Can men occupy the middle ground between MRAs and LGBTQ, feminist, or other leftist discussions of gender -- that is, can men find space to discuss masculinity without being aligned with "one side or the other"?*

All too frequently in radical sex/gender circles, the theme has been blame. Men in particular are excoriated for failing to adequately support feminism -- or criticized for failing to join the fight against oppressive sex and gender norms -- but few ideas are offered for how men can be supportive and non-oppressive **while remaining overtly masculine**, especially if their sexuality is normative (e.g., straight/dominant/big-dicked).

There are fragments: some insight might be drawn from the ways in which many BDSM communities create non-oppressive frameworks within which we have our deliciously oppressive sex. With practice, one can get shockingly good at preserving a heavy dominant/submissive dynamic that still allows both partners to talk about their other

needs. Surely that understanding of sexual roles vs. other needs could be adapted to the service of gender identity. Yet so many BDSMers still fall prey to the same old gendered preconceptions, and talk nonsense about how "all women are naturally submissive" or whatever.

Don't get me wrong: of course anyone would deserve plenty of blame if they refused to let go of their entitlement, or chose not to examine the ways their behavior might support an oppressive system. But I think men exist who are willing to do those things, yet feel blocked from relevant discussions because participating creates anxiety about their sexual or gender identity. It strikes me as unreasonable to attack them for that. Choosing to present one's sexuality and/or gender identity in a normative way is not **in itself** a sin. It's not fair to expect people to fit themselves into a box that doesn't suit them -- not even for The All-Important Cause of better understanding sex and gender.

*Where can we find ideas for how men can be both supportive and non-oppressive, and overtly masculine? How can we make it to normative men's advantage to analyze masculine norms? What does it look like to be masculine, but liberated from the strictures of stereotypical masculinity? How can we contribute to a Men's Movement that encompasses all three bases -- being perceived as masculine, acknowledging male privilege, and deconstructing the problems of masculinity?*

* * *

**Questions I Want To Ask Entitled Cis Het Men, Part 3: Space for Men**

I'm about to assert something that makes me nervous, because I worry that people are going to stick me in the "asshole MRA" box. Don't get me wrong: I **certainly** don't think that women have it better, overall, than men do. But I do wonder whether it might be good for feminists to acknowledge that -- **although we don't experience nearly as much privilege as men** -- there are a lot of advantages women experience that men don't.

Because women aren't seen as threatening, we have an easier time doing confrontational things like approaching strangers on the street. Because women aren't seen as fighters, we stand a lower chance of being mugged than men do. Because women are seen as emotional, we're given a huge amount of social space to consider and discuss our feelings. I can work with and be affectionate with children far more easily than a man could. I can be explicit and overt about my sexuality without being viewed as a creep.

And there are at least a few recurring complaints about how trying to be masculine can suck. First and foremost: that men don't feel they've been taught to process their emotions, or don't feel allowed to display them. Another: that they're perceived as less manly if they don't achieve success through a career, especially if they aren't the main breadwinner for their family. A third: that men are expected to be sexually insatiable, or always to be sexually available.

Of course, it's worth noting that the advantages women experience are almost always the flip side of unfortunate stereotypes. For instance, one might say that women get more social space for emotion because we're stereotyped as irrational and hysterical. But that doesn't change the fact that most of us easily grasp that space, while most men don't. And if we can reject the Oppression Olympics for just one minute and stop thinking about

who's got it worse, it becomes clear that the advantages and drawbacks associated with being both male and female are intertwined. The two systems reinforce, and cannot function without, each other. The gender binary may not hurt everyone **equally**, but it hurts everyone. As those beautiful "Every Girl / Every Boy" posters say, the most obvious example is: "For every girl who is tired of acting weak when she is strong, there is a boy tired of appearing strong when he feels vulnerable."

I do suspect that it may not be psychologically realistic to ask people from our underdog-loving culture to embrace an image of themselves as privileged; my thoughts turn again to the trans man who hated the thought of being a white male. But if we feminists can't work productively from a stance that acknowledges our social advantages, how can we expect straight/dominant/big-dicked men to do it?

*Could feminist acknowledgment of the women's gender-based advantages help pave the way for more men to acknowledge male privilege? Could feminist acknowledgment of the advantages on both sides of the gender binary help us better grasp what sucks about being a guy?*

Am I citing Thomas MacAulay Millar too much here? Well, at least once, he frustrated me. Amongst the comments on one blog post, I thought he was stating his views about stereotypical guys rather harshly. I suggested that it might be better to seek common ground, or at least to explain things gently; he said he wasn't interested -- "I think we all work with some people where they are and can't soft-sell our views enough to deal with others." He added, "If I'm going to alienate someone for saying what I think too bluntly, I'll pick entitled cis het dudes."

I won't pretend I didn't laugh when I read that -- but I worried about it, too. I've had an enormous number of experiences trying to discuss feminism/sex/gender with men in which the men tensed, bristled, and closed me out. I don't think it was always because those guys couldn't stand the thought of losing their privilege, either. I think a lot of dudes have been led to feel that they have no place in gender discussions -- that those discussions will always be about what men are doing wrong, and that no one's prepared to work with them where they are.

All groups have outsiders. Movements inevitably form themselves around oppositional forces. As someone who's spent her share of time feeling feminist rage, I'd say that being filled with feminist rage is totally understandable. And seriously, don't get me wrong: I'm not giving unfeminist guys a free pass. I'm not happy about the fact that so many men are apparently alienated from feminism because us radicals are too confrontational -- or too uncomfortably correct -- for their fragile masculine egos to handle. (I'm being sarcastic! Mostly.) I'm **really** not happy about the fact that I've got to think about **marketing** anti-oppression -- in a just universe, wouldn't anti-oppression market itself?

But at the same time, I'm a realist. I know this isn't a just universe, and I want to use tactics that'll achieve my goals. Which are: I'd really like to find more men at my side in the sex and gender wars. I'd really like to talk to more guys who don't see ideas stamped with feminism as an attack -- rather, as an opportunity for alliance. Plus, if we're going to think in terms of cold hard tactics, it's worth noting that normative men hold most of the power in America. (That's part of what we're complaining about, right?) So swelling our

ranks with The Oppressive Class means we can ruthlessly use their power for good.

*Can we do better at making feminist discourses around gender and sexuality open to normative men, without driving ourselves crazy? How can we make our movement open to, and accepting of, normative men? Put another way, how do we convince normative men to support us?*

Maybe we don't need a lot of normative men in the camp of sex and gender radicals; maybe we'll be happier without silly Gender Studies 101 questions clotting our discussions. Still, even if we don't try to "recruit" them, I'd love to see more widespread analysis of masculinity and masculine sexuality amongst normative dudes... if only because getting a sense for their societal boxes might simply make them happier. If only because I think they've got their own liberation to strive for.

So at the very least, I'd like to contribute to an America where serious examination of masculinity and male sexuality can flourish.

That's my final question. *How do I do it?*

* * *

*The above entries originally appeared at:*

http://clarissethorn.com/blog/2009/10/18/questions-i-want-to-ask-entitled-cis-het-men-part-1/

*and*

http://clarissethorn.com/blog/2009/10/20/questions-i-want-to-ask-entitled-cis-het-men-part-2-mens-rights/

*and*

http://clarissethorn.com/blog/2009/10/24/questions-i-want-to-ask-entitled-cis-het-men-part-3-space-for-men/

*The first followup (plus many many comments) is available at:*

http://clarissethorn.com/blog/2009/12/09/manliness-and-feminism-the-followup/

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EDUCATION:

## [theory] Sexual ABCs in Africa, Part 1: Abstinence

*In 2009-2010, I spent a year in sub-Saharan Africa working on HIV mitigation. It was fascinating, frustrating, heartbreaking work. I learned an enormous amount about the possibilities and pitfalls of foreign aid, public health, and global injustice -- far more than I could ever summarize in an introductory paragraph. Maybe someday I'll write*

*more about it all, but in the meantime, if my articles leave you with an appetite for more, then I recommend two wrenching books:* Letting Them Die: Why HIV/AIDS Prevention Programmes Fail *by Catherine Campbell, and* The Wisdom of Whores: Bureaucrats, Brothels and the Business of AIDS *by Elizabeth Pisani. (Pisani's book in particular gave me so many moments of recognition that I was almost offended. I was like, dammit, Elizabeth Pisani, this is the book I wanted to write!)*

*In early 2010, while I was still in Africa, I began writing a series of articles about my experiences. These articles were published at CarnalNation.com and edited by Chris Hall, who is a smart sex-positive writer in his own right. I'm especially grateful to Chris because, unlike a lot of editors, he made the effort to grasp where I was coming from; he always made requests rather than demands, and never changed my work without consulting me. Good editors are hard to come by, and I hope that when I edit other writers' work today, I do credit to the model Chris provided.*

*I'm sad to report that CarnalNation ceased publishing new articles in late 2010, although you can still read the archives online (and I encourage you to do so). There are a lot of "sex-positive" websites out there that have little real understanding of sex communities, activism, etc. -- not to mention, there are websites that hire talented and ethical writers, but then hide truly unethical business practices. But from what I could tell, CarnalNation was the real deal. The list of contributors read like a Sex-Positive All-Stars, and I was proud to be part of it.*

*So, anyway. This is the first of a bunch of articles that I originally wrote about sex and culture in southern Africa. Like all my writing, it's framed within my own experience. (I'm not republishing all the Africa articles in this book, but they're all available in my CarnalNation archive.) And before we get into it, I would like to note one final thing. One problem with how many Westerners write about Africa is that they treat Africa as "one country": there's little acknowledgment that Africa is a huge, diverse continent full of many different cultures. I try to avoid that, but I also write under a pseudonym, and thus I can't write too precisely about where I was or what I did in Africa. I'm sorry about that, and I hope I don't come off as too much of a colonialist asshole.*

* * *

**Sexual ABCs in Africa, Part 1: Abstinence**

In the beginning of 2009, I made a name for myself as a sex-positive, pro-BDSM educator in Chicago -- and no one was more surprised than me by how suddenly successful I was! I curated the explosive pro-sex, pro-queer, pro-kink documentary film series Sex+++ at Jane Addams Hull-House Museum. I lectured on both BDSM and sexual communication in Chicago, San Francisco and New York. I even fielded a call from Oprah's office! Then, just as my life was going all crazy, I was offered a job doing HIV/AIDS mitigation in southern Africa. I've wanted to do it for years, so I accepted -- though not without some soul-searching.

Rather a change of pace, right? I thought I might even give up basic romance by coming here... but not so fast. Only a month after moving, I met a guy I really liked. He's another American, also here to work on HIV/AIDS; we live a bit far apart, but flirted constantly

by text message. We discussed etymology, traded literary recommendations, compared religion -- I'm Unitarian, he's a Baha'i convert. He lived one summer in Chicago, and we discovered that we'd shopped at the same bookstores.

One night, we found ourselves in the same nightclub. Using a cigarette as an excuse to go outside, we abandoned the music and talked for hours. Our friends came to check on us multiple times, with varying degrees of smirking insinuation; we kept promising to go back in after one cigarette, then neglecting to actually smoke it. The conversation went through homesickness, ethics, roleplaying games, more literature. I lent him a book. He promised to visit me.

His next text message, a few days later, was plainly nervous. Can you imagine someone blurting a text message? That's what he did when he told me that he takes the "no sex before marriage" part of his Baha'i faith seriously. I was stunned -- but I had to laugh, too. **Of course** Miss Clarisse Thorn, pro-sex advocate, just had to fixate on a man who wouldn't sleep with her!

* * *

I did not undergo abstinence-only sex education. My middle school's health teachers were admirably forthright and even hosted condom demonstrations in the auditorium, more power to 'em. I also had the good fortune to be raised Unitarian -- so I received incredibly compassionate, complete sex education in Sunday School.

Still, for a long time I was strongly attracted to chastity. In my teens, I decided that I wouldn't lose my virginity until I was much older -- I think I picked age 25 -- because I wanted to be sure I'd be mature enough to handle it. This resolution didn't last, but after I became sexually active, I occasionally came back to the idea. A few female friends took "time off" -- in some cases, full years of abstinence. I considered doing so myself, strongly and for a long time.

Back then, I was terrible at communicating about sex. Reading explicit sex scenes made me feel anxious, perhaps because I felt they set standards I couldn't "perform." Talking explicitly to my partners felt impossible, not least because I had practically no idea what I wanted. Worst of all, I could feel the societal boxes around my sexuality, but I couldn't articulate them. Plus, there were dark undercurrents to my sexuality that simply scared me. Abstinence was the only obvious way around my sex-negative cultural baggage!

Once I adjusted into my BDSM orientation, once I got a grip on how to circumvent some problems with how Americans tend to think about sex, once I experienced mutual sexual communication that was totally trusting and adventurous... my attraction to chastity was greatly reduced. These days, the idea only seems awesome when (a) I've just been romantically burned, or (b) I want more time to myself.

It's tempting to think that Mr. Chastity might be the same way: that he's uncomfortable for similar reasons; that he'll "get over it." Tempting -- and offensively presumptuous. Maybe he'll re-examine his motives someday, and maybe he won't. The important thing is to respect his feelings. So when he sent me that text, I did what any responsible sex-positive girl ought to do: I honored his boundaries and thought seriously about whether I could work within them.

I wrote back:

*I think it's adorable that you told me the vow thing by text- & on a serious note, I rather admire you for challenging yourself & social expectations of masculinity. I can't afford exegesis of my sexual history by text; we can talk about it when you visit- which I hope you do, even if you insist on sleeping on the floor. I promise not to push you- though I confess I'm curious about the vow's limits. But I also understand if you don't feel comfortable coming down.*

His relief, in our next few exchanges, was palpable. I think a man who wants to abstain has a far trickier journey ahead of him than a woman: America's sexual assumptions may be formed around stereotypical male sexuality -- which **really sucks** for women -- but it's a very narrow stereotype that limits men too. Men are expected to be insatiable, and preferring not to have sex casts a man's entire masculinity into question. His abstinence can cause anxiety for the female partner, too: after all, given an assumption that men are nigh-indiscriminate sex machines, a woman might feel that there's something terribly wrong with her if a man won't bang her.

Mr. Chastity has dealt with those problems a lot, so my careful reaction and evident lack of anxiety won me lots of points. Since then, I've met up with him publicly twice, and we've even managed to make out! He's still going to visit. Maybe I can convince him to sleep in bed, as long as I promise not to put the moves on him.

And maybe, just maybe, his vow allows him to practice BDSM... a girl can dream, right? But seriously, if we can do BDSM together, then I just might be his dream partner. I'd be happy to focus our sexual time on BDSM and foreplay, and to ignore "actual" sex indefinitely. Plus, some people argue that declining to sate ourselves sexually is the best tactic for prolonging romantic magic. So this could be the way for Mr. Chastity to become the love of my life.

* * *

In Africa, the mantra for HIV educators is ABC: the three things that protect against HIV/AIDS are Abstinence, Being faithful, and Condom usage. But my job is much more complicated than passing out condoms and wagging my finger. The problem isn't so much that people don't know how to avoid HIV, although myths and misconceptions do exist. The problem is that people don't seem willing to change their behavior in order to protect themselves... or that they don't feel they have the power to change their behavior.

People can't just know about condoms -- they must prioritize condom usage despite drawbacks like loss of pleasure or pressure from their partners. People can't just know that HIV is sexually transmitted -- they must be psychologically open to abstaining from sex despite drawbacks that are, well, obvious. HIV prevention in Africa is less about sharing knowledge, now, and more about marketing: giving people a new perspective on sex, their health, and their futures.

Of course, I'm totally psyched about marketing some of these social aspects, like gender equality. (Gender equality is an HIV/AIDS issue for lots of reasons -- the most obvious being that the less power women have, the less they control their own sexual acts.) But others give me pause. Abstinence? Seriously? It sticks in my craw. Obviously, I don't

have a problem with people **choosing** not to have sex... but I'm not sure how I feel about actively **convincing** people not to have sex.

In America, I advocate for open, explicit, pleasure-affirming sex education. But that's a radical stance even in America -- I'm not sure whether it's possible here! At least I'm spotting a few allies, some in unexpected places: for instance, there's a great high-profile, outspoken sex-positive educator named Agrippa Khathide in South Africa... who happens to be a pastor. I'm starting to think there's room to do fascinating work here, creating culturally appropriate sex-positive education.

Yet abstinence remains the only 100% effective tactic for avoiding HIV. As another educator told me, "I **hate** abstinence-only education more than anything. Seriously. But... here, I think it's a necessary ingredient." Is it responsible for me to avoid promoting abstinence? Even if marketing abstinence means that to some extent, I'll have to tell people sexual exploration isn't worth doing?

I'm still feeling out my approach, but... what if the most effective way to fight HIV is to align myself with values antithetical to free sexuality? Does properly doing my job require me to **promote a sex-negative agenda?** Surely not. Surely there are ways to promote sex-positive abstinence -- perhaps a "Vibrators for African Women" program...? (This is a joke. Mostly.)

And that's just one facet of the broader question keeping me awake at night! Which is: given a fatal, incurable sexually transmitted infection; given a population where, in some groups, up to 40% test positive; given a society in which culturally appropriate messages emphatically do not include my pro-sex, pro-queer, pro-kink approach to sex education... what does being a sex-positive educator **mean**?

Maybe I can harvest clues from my own feelings, past and present, about abstinence: clues for how to promote it compassionately, effectively and responsibly; clues for locating my boundaries when I talk about it. And maybe I can harvest down-to-earth advice from my relationship with Mr. Chastity, too. I can work from toxic masculine norms he's had such trouble with, and examine how men in southern Africa might likewise worry about abstinence -- if you think American men have tough definitions of sexual manliness to contend with, then try living in a place where the big men have multiple wives and over a dozen children. I also think it'll be hot to be bound against going "too far." Maybe I can learn how abstinence is fun, fun, **fun**!

Hey, at the very least, it'll give me a taste of what I'm telling everyone else to do.

* * *

*The original version of this article can be found on the Internet, but please note that I've done some editing for clarity. Here's the original:*

http://carnalnation.com/content/45211/1133/sexual-abcs-africa-part-1-abstinence

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EDUCATION:

# [theory] Sexual ABCs in Africa, Part 2: Be Faithful

*This is the second in the three-part "Sexual ABCs" series, but I originally intended it to be the last one, because it's the most complicated by far.*

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**Sexual ABCs in Africa, Part 2: Be Faithful**

South African President Jacob Zuma has three wives; in a headline-making ceremony, a South African businessman recently married four women at once. King Mswati of Swaziland has thirteen wives, and his father King Sobhuza had 70. (Yes. Seventy.) Here in southern Africa, even those rich men who don't take multiple wives almost always support mistresses. Naturally, local women don't get multiple spouses, and the social penalties for infidelity are much worse for women. In America, feminists often point out that "slut" is an insult while "stud" is a compliment; there's a similar linguistic trend in siZulu, but the English words are mild compared to their siZulu equivalents.

* * *

I rarely practice consensual non-monogamy myself, but I don't hesitate to advocate destigmatizing polyamory and swing in America. True, my primary interest is BDSM, but there's so much to learn from every form of consensual sexuality. Plus, we're basically on the same side -- it'd be great if different sex subcultures had more consciousness of a sex-positive "agenda" or "movement"! Although our communities have different emphases and, sometimes, profoundly different values, I see swingers and polyfolk as my brothers- and sisters-in-arms.

But enough of the soapbox! The point is that I've often defended poly -- and I've gotten into interesting arguments doing so. One friend noted just how hard it is for poly people to negotiate their relationships. "It's so **complicated**," he complained. "So much communication is required. Doesn't that seem like an argument against it? If polyamory were really a good relationship model, then people wouldn't have to put so much effort into accomplishing it."

"It's only complicated because polyamory isn't our societal default," I replied. "People have to put extra effort into negotiating relationships that fall outside the norm. The same thing happens with BDSM. Kinksters **must** spend a lot more time discussing our sexual relationships, because it's more dangerous for us to make assumptions about where our partners want to go. That doesn't mean there's anything wrong with kink.

"And," I added, "that extra effort can be a feature, not a bug! The fact that kinksters spend so much time isolating different aspects of our sexuality has given us a uniquely fine-grained sexual vocabulary. I think most kinksters tend to make fewer assumptions about our partners' boundaries than vanilla people do. And circumstances have forced us to develop some brilliant strategies for bedroom communication. I'm not saying we're all brilliant communicators, but I think we've got a unique window on it. When I run sexual communication workshops, half the tactics I share are filched from the BDSM

subculture; I just rename them for a general audience. Many polyfolk have similar insights about relationship communication."

Being in southern Africa, seeing all these men partnered with multiple women, has brought that conversation to mind. Because the majority of men can't afford multiple wives and some churches frown on the practice, polygyny isn't exactly the default -- but it's certainly a well-respected, highly desirable relationship formation. (Polygyny is the most precise term for the type of polygamy that's practiced here, where men can have multiple wives but women can't have multiple husbands. However, a lot of Africans simply call it "polygamy.")

And men who can't go the open route frequently do the same thing discreetly. In the July 2009 issue of *New African Magazine,* Akua Djanie -- who moved to England at age 10 and grew up there -- observes: "I know very few African men, especially those living on the continent, who keep only one partner. The majority of men I come across are in multiple relationships, sometimes open, but most times on the quiet." She also notes that "in some instances, a man's manhood is judged by the number of women he can keep."

So monogamy is not the default; and negotiating monogamy is difficult, here. But a new factor makes it a matter of life and death: HIV.

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The basic centerpiece of HIV prevention is ABC -- Abstinence, Being faithful, and using Condoms. But the three strategies haven't always received equal airtime. "The Fidelity Fix," a 2004 *New York Times Magazine* article by Helen Epstein, quoted one analyst who believed "partner reduction has been the neglected middle child of the ABC approach." Epstein wrote, "Perhaps the topic seems weighted with moral judgment; perhaps Western advisors in particular feel it would be insensitive to raise it; perhaps they also feel it would be futile to try to change deeply rooted patterns of behavior." She outlined those patterns and concluded, "A fidelity campaign does seem worth a try, even if it might seem overly simplistic and preachy." Another expert, quoted in a 2007 *Washington Post* piece on multiple partners in Botswana, agreed: "There has never been equal emphasis on 'Don't have many partners'.... If you just say, 'Use the condom'... we will never see the daylight of the virus leaving us."

Living in southern Africa now, it seems clear that this recommendation has been taken to heart. I regularly spot posters, stickers and billboards for fidelity campaigns that apparently didn't exist a few years ago. Although cultural pride is a big deal here, locals routinely disparage risky marriage-related cultural practices: for instance, many speak harshly against wife inheritance, whereby a woman whose husband has died is traditionally expected to marry his brother. Many such practices are becoming more and more unusual. However, the larger phenomenon of polygyny seems harder to budge.

I recently sat in on a partner reduction dialogue for one town's church leaders; it was attended by representatives both from churches that allow polygamous marriages, and those that don't. The discussion was quite civil, though one anti-polygamy preacher did make snide comments towards the polygamists. They talked about issues like an absence of marriage counseling, preachers' failure to act as positive role models, and churches'

failure to be transparent about HIV. (The all-male group also noted "women's selfish impatience with erectile dysfunction," "women preferring men who last longer," "women preferring men with a lot of money," and "women not loving their husbands enough" as contributing factors to fidelity failure.) The group seemed pleased to work together, and eager to address the problem. The question of members being pro- or anti-polygamy was, apparently, only a side note.

As it happens, there are plenty of polygamy problems that have nothing to do with HIV/AIDS. These divisions would exist without the disease. For instance, some preachers who don't support polygamy will sanction divorce and remarriage. One man told me that "true" polygamous marriage -- in which a man has many wives, all supported simultaneously -- is slowly being replaced: rich men now often take younger wives, but divorce and cast aside the previous wives first. The "new" approach looks suspiciously like the Western model of "serial monogamy"... except that the women, left with few resources, rarely marry again. (The gender inequality is highlighted when only one partner has HIV: an HIV-positive man will likely be nursed by his wife, while HIV-positive women can fear anything from abuse to abandonment.) Partly because abandonment is getting so common and partly due to doctrinal interpretations, there is yet a third group of church leaders who not only reject polygamy but refuse to remarry divorced people.

Most interestingly, I've noticed that from some perspectives, the current system appears to stack the moral deck in favor of polygyny. A lot of the time, people will claim that there are only three alternatives: (1) abandonment and/or deadbeat fatherhood, (2) cheating, or (3) overt polygyny. If those are the alternatives, then even empowered women will argue in favor of polygyny -- though not happily, since they're quite conscious that a system supporting polygamy without polyandry is completely unfair.

For example, in the aforementioned July 2009 *New African* piece, titled "The Sins of Our Fathers," Akua Djanie reflects bitterly upon a father who ignored her mother in favor of his second wife. She writes that she "will encourage [her sons] to have a relationship with only one woman at a time. And if they make the mistake of having children from different women, I will make sure they are responsible for each and every one of them." Then, however, she asserts that "although I myself would never wish to be in such a [polygamous] relationship, I think it can work, does work, and has worked in the past"; that "the issue is not so much with the pros and cons of polygamy, but more with the irresponsible behavior of some men"; and that "African men are still as polygamous as they were in my father's heyday. In fact I believe that polygamy will never go away." Djanie doesn't mention HIV once.

(It's worth noting that Djanie is very aware of Western cultural imperialism; she loathes and deconstructs those who downgrade African culture in favor of Western. For instance, her November 2009 *New African* piece was about how frustrating it is that Africans usually model Christmas on Western standards, showing images of white children frolicking in Alpine snow. Thus, her argument against polygamy is especially striking.)

Recently, I spoke to some grassroots HIV educators who go door-to-door in their rural villages. They keep a list of different prevention tactics that they discuss with their neighbors. Glancing through, I saw both *Zero Grazing* and *Be Faithful* side-by-side. "I

don't understand the difference between these two," I said, prompting the educators to confer amongst themselves in siZulu. Finally, one offered, "Be Faithful is about monogamy with one partner. Zero Grazing is about having multiple wives and not going outside the marriage." The others seemed to agree. Given their limited English and my limited siZulu, I decided not to ask: "Does promoting both strike you as a mixed message?" (I did ask whether they think people listen to their advice. In response, they just looked depressed.)

Clearly, the fidelity fix has arrived. What's harder to determine is how much, and in what manner, the message is being emphasized -- not to mention, whether it's actually taking root.

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Given my experience with polyamory, and my nigh-rabid promotion of straightforward communication as the Cure For All Ills, I can't help wondering: would it help to port communication tactics from our polyamorous allies over to southern Africa? But polyamory is fundamentally different from polygyny. Polyamory assumes that both partners have equal footing -- equal negotiating status -- whereas polygyny assumes that men are entitled to privileges women aren't. Would it be possible to take the lessons of even-handed polyamory, and apply them to polygyny?

What if I choose not to address polygyny -- to avoid the whole culturally fraught debate, and just create relationship communication workshops inspired by polyamorous (and BDSM) analysis? (That way, with no one alienated by an overt stance, I may reach the audience better anyway.) Will it work if I teach from a perspective of assumed gender equality? My instinct is "yes"; I've even found a heartening example! The well-known South African Pastor Agrippa Khathide preaches equality for women and sexual pleasure for everyone (as long as they're married first, of course). He gives explicit sermons including technical sexual advice, and has been quoted in interviews asserting things like: "married people should be totally free to express themselves any way they wish in the bedroom," that "they must be willing to experiment, explore and explicitly acknowledge the giving and receiving of pleasure," and that women are entitled to "enjoyment of sex like men."

If he can do that, surely I can do something similar! Surely, then, my inherent egalitarian assumptions would make a positive impact, even if I say nothing direct about irritating male entitlement. Yet I worry that if I focus on relationship communication and don't directly take on the monogamy juggernaut, I will sidestep the heart of these debates. Indeed, not only might I be sidestepping -- I might be turning my gaze from the very place I ought to focus.

* * *

Perhaps the hardest part about wrapping my head around a fidelity campaign isn't whether certain tactics are appropriate or inappropriate, effective or ineffective. It's that they can be both, or neither -- and while culture matters, it varies by individual. More to the point, while culture affects attitudes towards Abstinence and Condoms, there aren't many ways to interpret the **implementation** of those two dicta.

The people who live here **themselves** are divided about what fidelity means. Be Faithful, or Zero Grazing? Multiple wives, or divorce and remarriage? **They themselves** are working towards gender equality, but have just as many arguments about its implementation as Westerners do. **They themselves** are proud of their culture, and yet there's one anti-HIV slogan that always leaps out at me when I spot it among the myriad of posters and stickers:

*There is nothing cultural about dying of AIDS.*

* * *

*The original version of this article can be found on the Internet, but please note that I've done some editing for clarity. Here's the original:*

http://carnalnation.com/content/45680/1133/sexual-abcs-africa-part-2-be-faithful

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EDUCATION:

## [theory] Sexual ABCs in Africa, Part 3: Condoms

*This article followed the previous two articles, published at CarnalNation.com in January 2010. I think a lot of people would like to believe that Africans are "different from us" and that's why HIV has had such an impact in Africa. And it's accurate to say that certain cultural patterns influence the spread of HIV, as I described in the previous piece, "Be Faithful."*

*But the truth is, also, that people are similar everywhere: we respond to certain incentives, and sexuality is one of our most powerful incentives. The terrifying truth is that Africans are not especially different from us... and given the right circumstances, the West can and will be equally vulnerable to this awful epidemic. And as I learned more and then came home, I began to see just how vulnerable we are. There are poor, marginalized areas of the USA where HIV is reaching the same proportions that it has reached in Africa. And even among privileged young Americans, HIV rates have been rising for the first time in years.*

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### Sexual ABCs in Africa, Part 3: Condoms

In America, the common argument against explicit sex education -- and promoting condom use in schools -- is that it will encourage kids to be promiscuous. The idea is that if we portray it as normal for kids to be having sex and tell them how to do it safely, they'll be more likely to go and have sex. As for the kids who'll have sex anyway... well, they're sinning and don't deserve to know what they're doing.

Some things don't change, even across oceans. I occasionally hear the same arguments against promoting condom use in southern Africa. But here, HIV is ripping the populace

to pieces, and it's much harder to speak against condoms when funeral processions wind through your neighborhood every weekend. Occasional religious educators claim that promoting condom usage waters down their message and therefore makes anti-HIV education less **effective;** but most churches I've encountered take a pragmatic, condom-promoting approach. Indeed, one of the best HIV curricula I've seen so far is the "Channels of Hope" workshop, created by the Christian organization World Vision and designed to train church groups. It not only promotes explicit condom education, but urges compassion towards sex workers and homosexuals. **And** it discusses why marital rape isn't okay! I'd venture to say that the majority of liberal, secular sex education curricula in the USA aren't as awesome.

Just the other day, I was surveying a bunch of kids aged 11-13 and they asked how to put on a condom. Cursing myself silently, I had to admit that I didn't have any to show them... at which point one child dashed from the room and returned minutes later bearing both a condom, plus a rather splintery stick from a firewood pile. Condom distribution is in full swing; I can think of three places to pick up free condoms within a ten-minute walk from where I'm seated. Condoms are described in kids' textbooks, and condom demonstrations are welcome in every school. Condoms are lauded by politicians, pop icons, and religious leaders. Take any person off the street and they'll know the HIV-prevention mantra: ABC -- Abstain, Be faithful, use Condoms. Yet condom usage rates are still killingly low.

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Though I'm fishbelly-pale, I'm not great at wearing sunscreen, and I live in **Africa**. I try... I mean, I kinda try... I mean it's so annoying to apply, and it feels gross! And this notwithstanding the fact that I literally have ten bottles of top-quality, non-sticky, oil-free sunscreen sitting across the room from me as I type this. On the other hand, I religiously take my malaria prophylactic pill; I've noticed no side effects, and getting malaria would **really suck**.

I recall one recurring conversation between myself and a former boyfriend, whom I dated for years. We'd both had excellent sex education, and yet we used withdrawal as our primary birth-control method. We did it even though we both had boxes of condoms available. We did it even though neither of us wanted me to get pregnant, and -- though I'm definitely pro-choice -- I wasn't sure I could bring myself to have an abortion. We'd both been tested, and we trusted each other not to cheat, but that's some dangerous trust to extend -- and **we knew it**.

One particular moment comes to mind: we were lying lazily in bed together, talking about how stupid we were.

"We should be more careful," he said seriously.

"We really should," I agreed.

"Let's be more careful," he suggested.

I nodded.

We weren't.

Were we stupid? Obviously. Were we normal? Unfortunately, yes. A few months ago, I chatted with another American HIV educator about the situation here in Africa. "They know to use condoms," she complained, "and they have the condoms! I just don't **get** it!"

"I agree that it's incomprehensible," I said, "but hey, **I** haven't always been 100% careful, and I'm a sex educator."

She glanced at me, then away. "Yeah, I haven't either," she admitted. There was a gloomy pause, and then we couldn't help it -- we cracked up. "I hate love," she said when the giggles subsided. She shook her head. "That shit fucks with you."

Why didn't I use condoms with that ex? I **still** don't know! When you instruct people to use condoms as often as I do, you get accustomed to the arguments. I hear the same reasons we didn't use condoms -- because they don't feel as good, because they interrupt the moment, etc. etc. etc. -- I hear them, I smile and I tell the audience, "You gotta use 'em anyway, folks." I'm a hypocrite, but what else can I say?

And there are deeper-rooted objections to condoms -- objections that are both rarely stated in public, and harder to confront. One is trust, which I've been struggling with for a long time, since before I got to Africa. I don't think it's good for condom discussions to center on trust, and I wish I had more ideas about how to refocus them. "Use condoms because you can't trust anyone, not even your lover," is an ugly message to impart. Moreover, it only encourages the audience to view **not** using condoms as a gift, or a signifier of trust.

In America, I tend to cast it like this: "Safer sex is normal. It's the baseline. Lots of people practice it. It's an assumption. Act like it." Which, I hope, helps people simply default to safer sex without forcing direct questions about any given partner's integrity. Hopefully, it also distracts attention from seeing discarding condoms as a gift. But the truth is that condom usage isn't always an assumption even in America (witness myself and my ex). And it's less of an assumption here in Africa. How can I avoid validating the viewpoint that not using condoms is the best way to express trust?

The second deep-rooted objection -- again, both in Africa and America -- is inability to maintain an erection while using a condom. When I was younger, I used to think that guys were just whining when they claimed they couldn't keep it up with a condom, but in my old age I've determined that People Are Different (no way!): while most men deal with condoms just fine, some men genuinely can't. Since people tend to be bad at communicating about sex and especially bad at making space for conversations about non-normative male sexuality, this isn't often acknowledged. Fortunately, the solution is easy: men who have trouble with condomised penis-in-vagina sex gain a glorious opportunity to explore all the other kinds of sex!

People tend to panic when confronted with the idea of a man who can't have penetrative sex. But that's sex-negative nonsense based entirely on the stereotype of "real sex" as penis-in-vagina intercourse. The solution to loss of erection isn't to sit around awkwardly wishing you could be having penetrative sex. The solution is for both partners to start exploring with mouths, hands... and words. But teaching about this means speaking very explicitly, and it can be hard to have those conversations in a conservative society

without being run out of town.

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In the Strange Case of Clarisse and Her Condomless Ex, I was at least Being Faithful with a pre-tested partner, and I didn't live in an HIV-rich population. The risks were lower, and it's true that I've never run those kinds of risks outside a long-term monogamous relationship. But the bottom line remains: my ex and I did it even though we knew better.

He and I are both privileged people. Neither of us was dependent on the other for money, for instance. If two highly privileged people who agree that condoms are necessary can fail to use condoms, what about people who don't have that privilege?

In many places across the world, including much of southern Africa, sex workers can charge double for sex without a condom. No businesswoman is likely to insist on a measure that will halve her profits -- especially if she already lives on a razor-fine margin, and especially if she's already contracted HIV herself. Likewise, if a girl can't afford expensive school fees and therefore sleeps with her teachers, then she's hardly in a position to demand protection. Many married women quite justifiably fear divorce, violence or murder if they refuse their husbands sex without a condom -- in one recent case, a wife tested negative for HIV while her husband tested positive, but when she tried to refuse condomless sex, he killed her.

Some pro-condom campaigns tell the populace that "it's your responsibility: you must respect your body and take the initiative"; but while that works for some people, it's a terribly cruel message for people who lack the standing to negotiate with their partners.

Add to this the fact that, if you know enough people living with HIV -- and if your life already seems difficult and directionless -- the disease will start to seem like much less of a big deal. A friend reports that one day, sitting in a salon, she saw a man exit with a sex worker. "Don't forget a condom!" she called bluntly. His reply: "I'm not the first to get it, and I won't be the last." (Indeed, there are documented cases of marginal populations **deliberately contracting HIV** when they perceived benefits. For instance, when HIV-positive illegal immigrants in France were offered citizenship as part of a humanitarian initiative, some sought out the disease.)

People who ignore prophylactics will always be with us. Some of them will be like me and my ex, or the sex worker's client: despite knowing the risk, transient pleasure trumps absolute safety. There isn't much to be done about that demographic, save ensuring that they (we) truly grasp the consequences we risk with our silliness.

Some people, however, will be vulnerable more because they're female, or young, or poor. In those cases, addressing the root causes -- sexism, poverty, abuse -- becomes the only solution. Thus, some of the best HIV programs in southern Africa appear to address completely different issues. These include:

* Identifying and supporting income-generating projects for women, so that they have the resources to walk away from abusive partners;

* Sponsoring schools, so that they can educate for free and remove one reason a

schoolchild might sleep with a teacher;

* Facilitating support groups, so members can share tactics for negotiating safer sex (or, if already HIV-positive, help each other cope with obligations and treatment regimens);

* Creating strong communities, so people are quite simply more motivated to live.

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It's always tempting to see unfamiliar cultures as monolithic, but we must remind ourselves that they never are. Every society in the world contains its own divides, just like America's culture and subcultures. Because HIV/AIDS functions along the very taboo, very culturally-influenced axis of sexuality, it throws taboo cultural sexual divides into high relief.

In America, one thing the disease's advent served to highlight was stigma towards LGBTQ and other radical sexual subcultures. American HIV mitigation has often sought to redress that stigma. Here, one thing it serves to highlight -- one thing mitigation seeks to redress -- is mainstream gender and relationship issues. But these splits existed before HIV came along. Although the prevalence of HIV sheds light on and invokes compassion for these divisions, they're more enduring than we like to think.

Still, I can't help noticing the phoenixes arising from these ashes. Firstly, it turns out that the best way to shut down sex-negative arguments against explicit sex education is to invoke the specter of HIV. One 2008 report from a well-respected local organization argued that AIDS prevention efforts should include straightforward lessons on pleasurable acts, such as oral sex or sex toy usage! (Obviously, I hope to work with this organization.)

A 2004 *New York Times Magazine* article on HIV in southern Africa made the case that while "many experts contend that sexual-behavior change in Africa is complicated because women's fear of abusive partners inhibits private discussions of sex, condom use and HIV," the crisis also contributes to a better environment for those discussions. One researcher is quoted pointing out that, "young South Africans are much more likely to talk about sex and are developing 'a vocabulary for discussing feelings and desires.'" Furthermore, southern African movements for women's empowerment invariably cite HIV as a reason change is necessary **now.** Because gender oppression is acknowledged as a driver of the epidemic, gender equality is an explicit goal of both governments and major HIV organizations. Even admirably reasonable laws about sex work are being discussed -- considerably more reasonable than most Western sex work legislation. The laws probably won't pass, unfortunately, but at least they're on the radar.

I've got a twisted confession to make. On days when I feel particularly flippant, I find myself thinking: *Thank God for HIV/AIDS!* Without HIV... would women's empowerment be such a given? Aside from bleeding heart feminists like myself, who would care about sex workers' conditions? Aside from sex-positive nuts like myself, who would advocate for explicit sex education?

Here's hoping we can create better social conditions to arrest the pandemic... and keep those conditions going afterwards.

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*The original version of this article can be found on the Internet, but please note that I've done some editing for clarity. Here's the original:*

http://carnalnation.com/content/46266/1133/sexual-abcs-africa-part-3-condoms

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ACTIVISM:

## [theory] Colonized Libidos

*This article was published at CarnalNation.com in early 2010. Anti-oppression theory sure can get out of touch with reality.*

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### Colonized Libidos

The situation for gay / lesbian rights here in Africa has gotten lots of media attention lately, and I myself have written about meeting a Swazi lesbian activist who was later murdered. So I won't waste your time by talking about how bad it can get to be gay here (although it's worth noting that I've seen at least one interesting argument about how the places in Africa where homosexuality is most heavily punished are also the ones with the strongest national dialogue, and thus arguably some of the best ones to actually be gay). Besides, I've become somewhat numb to the situation's sheer awfulness since arriving last year. What catches my attention these days is unfamiliar cultural angles and arguments.

While reading the local paper, I recently came upon yet another gay-shaming article -- but instead of railing about God's will, the article talked about cultural imperialism. Specifically, it argued that gays and lesbians are gay and lesbian **only because of the West**. Gays and lesbians, the theory goes, have been so influenced by the Sodom and Gomorrah that is the West that they've internalized our permissive, scandalous sexual mores. (Those of us who actually come from the West are, of course, a little confused by how our fractured native cultures -- still fiercely arguing about homosexuality within themselves -- might create such an influence.) An African proud of his or her Africanness, who rejects the colonial West, will therefore not only wear African traditional garb and participate in African traditional ceremonies but will also be straight. (Ironically, some historians have pointed out that much of Africa was much less homophobic before Western missionaries came in.)

I got a front-line view of this attitude when I took a newspaper to the Post Office for photocopying. "Another article about lesbians!" snorted the postmaster -- they're getting to know me around there. He took the papers from me and shuffled through my requested pages. "Is it true," he asked, "that President Obama supports lesbians?"

"Yes," I said.

He looked shocked; I wondered if he'd expected me to say no. "What?!" he cried, and took a moment to regain his composure. "Well, that's American culture," he said finally. "It's not African culture."

I took a deep breath and pressed my lips together. I'd be in big trouble with my employer if I kicked up a storm at the Post Office, but oh, man -- in that moment, I really, really **wanted** to. "How much do I owe you?" I asked instead, and went home to lose myself in a nice sex-positive book.

Personally, what I find most intriguing about these assertions of cultural imperialism is how they compare to similar assertions in the West. I'm a kinkster and pro-BDSM activist, but I'm also a feminist, which can make for some serious anxiety. A lot of my coming-out process involved both a difficult internal struggle and my observations of arguments between kinksters and anti-BDSM feminists, who often make very similar allegations to these African speakers on "cultural imperialism."

The very articulate BDSM blogger Trinity (who, of late, has sadly decreased her involvement in the blogosphere) has spent lots of time analyzing and participating in those arguments. One of my favorite Trinity posts, titled "Why BDSM?", hosts a radical feminist commenter who writes:

*If we lived in a healthy society, the idea of BDSM would not even come up in the first place. BDSM is here, as a manifestation of that unhealthiness, but to try to 'stop' the people who aren't being coerced into it would do more harm than the thing itself....*

*I am not saying tolerance of BDSM directly causes our sick society, but that it is a very strong symptom of a society were hierarchy, inequality and degradation are seen as the norm of human relations. Accepting BDSM is accepting this status quo. ... by challenging all inequality, including that in BDSM, we are putting forward the idea that other possibilities are available.*

In other words: the Patriarchy made me kinky, and if I don't challenge kink then I'm supporting the Patriarchy. I would imagine that Africans pushing the cultural imperialism argument would say something similar: Western colonial influence made you gay, and if you don't challenge homosexuality then you're supporting Western colonial influence.

Well, "with us or against us" arguments are inherently flawed. And then there's the fact that, similarly to homosexuals, many of us kinksters consider our desires to be innate and largely unchangeable. So if our desires can't be changed, then what exactly is accomplished by shaming us through anti-oppressive theory-speak? (And make no mistake -- for those of us who take the theory seriously, it really does feel shameful to find others telling us we're in opposition, even within the private sphere of sexuality.) I'm not remotely convinced that our sexuality arose solely because of an oppressive society -- but even if it's true, then what am I, or African gay people, supposed to actually **do** in order to challenge the sick status quo? Give up on our desires and never have satisfying sex again?

I tend to think that the idea of sexual orientations or innateness is a red herring -- not because I believe that innateness doesn't exist, but because it's not actually relevant to sexual morality. What **should** be important is only the question of whether all involved

sexual partners are consenting adults, not whether their desires are innate. Alas, it's clear that across the world, people who are instinctively grossed out by alternative sexuality will always find ways to reframe the question into how our **acts** are just plain wrong and our **consent** is irrelevant -- and that's as true of some feminists and cultural loyalists as it is of Bible-thumpers.

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*This can be found on the Internet at:*

http://carnalnation.com/content/51544/1133/colonized-libidos

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VEGAN:

## [theory] Confections of a Pickup Artist Chaser

*I've been vegetarian since 2009 and vegan since 2011; I wrote this in 2012.*

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### Confections of a Pickup Artist Chaser

***There are delicious recipes at the end! Read this article for the recipes!***

I feel hyper-aware that this piece may alienate some readers, because it's a post about being vegan, i.e. not eating animal products. Lot of folks are touchy about that. So, I want to do some pre-emptive damage control: I want to clarify up front that **I have no interest in calling anyone an asshole**. If you're not vegan, then I want to try and change your mind... but I don't think you're an Incontrovertibly Bad Person, and I hope we can still be friends.

And, look, I'm not gonna pretend I'm perfect. I screw up all the time, on all kinds of social justice issues, and I'll be learning for the rest of my life.

For me, the hardest thing about being vegan has nothing to do with the food, although I think many foods made from animal products are delicious, and occasionally I have trouble resisting them. For me, the hard part is all about social situations. If I'm at a social event where non-vegan food is served and there are no other vegans, sometimes I just eat it -- especially if it will Become A Big Social Problem if I don't eat it. I also sometimes eat non-vegan food that's been rescued from the trash (some of us call this "freegan"). And occasionally, when I'm spending a lot of time with someone who's non-vegan, then I'll sometimes break veganism in front of them in order to reassure them that I'm not judging them. I have vegan friends who consider this an unacceptable level of accommodation; sorry folks.

I am aware that stigmatizing, judging, and attacking non-vegans is one tactic for convincing them to go vegan. Personally, I find it stressful and frequently

counterproductive. I'd rather set an example and be welcoming. (Yet I acknowledge that it's possible I wouldn't be able to do this effectively if aggressive vegans did not exist. Aggressive vegans help create the space where I get to look "reasonable" and "welcoming." The blogger Kinsey Hope once wrote a really brilliant activist typology that describes these dynamics. And of course, it's worth noting that I'm often characterized as an appeaser by feminists, too.)

So. That said? If you think you're going to Get Upset Or Offended by this post, please just don't read it. Seriously. But if you're willing to not freak out for a moment, then here are my two primary arguments for why you should go vegan:

1. ***It's easy.*** Yes, there will be some shitty social situations: awkward moments at restaurants, pushback from your non-vegan friends, and so on. Yes, you will have to avoid some very delicious foods. And food labels will become a whole new world of confusion. But even with all these factors, **veganism really isn't as hard as people make it out to be**.

There's a **lot** of delicious vegan food out there. A number of my favorite foods were vegan before I went vegan, and some of yours probably are as well. (Recipes coming up!) Here is a free online vegan starter guide that includes recipes. Here is a very comprehensive list of vegan cookbooks; they range from "easy" to "incredibly complicated Martha-Stewart-land." I am a fiend for baked goods, and I like *Vegan Cupcakes Take Over The World* by Isa Chandra Moskowitz and Terry Hope Romero. And there's an increasing number of high-quality all-vegan restaurants. My favorite ones in Chicago are Native Foods (delicious cardamom rose cupcakes!) and Urban Vegan (delicious fake orange chicken!).

I won't get involved in appeals-to-healthitude, because I know both healthy vegans and unhealthy vegans, and the science is inconclusive... but I will point that out again: the science is inconclusive. Unless you have an unusual disorder, **modern nutrition has identified *no* conclusive scientific reasons for not being vegan**. Plus: **If you aren't vegan, but you don't pay any attention to eating healthy food, then you're being a hypocrite if you make a "health argument" for being non-vegan even if the science was conclusive, which it's not.** And! If you're really into health, there's a highly-recommended book called *Thrive* written by a vegan professional athlete named Brendan Brazier.

Some of my friends specifically do things like convince people to try veganism for short periods, or run Vegan Weeks at universities or whatever, just to show how (a) delicious and (b) easy vegan food can be. It works surprisingly well. A key ingredient in my own adoption of veganism was knowing vegans, and seeing how simple it was to be vegan. I used to push back really strongly... I think I resisted mostly because it was very hard to acknowledge that by eating animal products, I was participating in an incredibly fucked up system. First I had to recognize that I was doing something really **bad**, that I had been doing so for my entire life, and that most people I love do it too. This is a familiar problem for activists, of course; most people resist acknowledging that they participate in a racist, sexist culture, too. (As one of my vegan friends puts it: "I've found that people usually go through the strongest asshole anti-vegan phase right before they convert to veganism.")

Of all the social-justice acts out there, I actually think veganism is one of the lowest-hanging fruit. It's just so **easy** that the only reason non-vegan culture can possibly persist is through a really high degree of not giving a shit. In a way, that's understandable; I don't have much of a connection to animals myself. A lot of my vegan friends love animals and want to be around them all the time; I don't. If a smelly dog never jumps on me again, it will be too soon. But the fact is, animals have senses and feelings. Interacting with any animal for longer than thirty seconds can conclusively show you that animals like and dislike things, and that they feel something that looks exactly like pain. Which brings me to....

2. ***If you care about consent, then veganism is transparently the right thing to do.*** There are environmental arguments and stuff, but I mean, seriously, let's call a spade a spade: when you eat meat, you're eating the murdered body of an animal who died for no reason other than your transient pleasure. As for animal products: many things that happen to animals on factory farms are abominable and obscene, as two minutes of Googling or this website or this video can show you.

Even if you decide to eat animal products that come only from well-treated animals, there's no way to be sure that those animals were actually well-treated unless you're raising them yourself. As this vegan FAQ points out, there's an amazing amount of animal suffering that still occurs on "humane" farms. *(Salon* has written about it, too.) Some of those farms are doubtless fairly pleasant for the animals, but others.... Well, let's just say that calling some "humane" farms more merciful than factory farms is like saying that being burned alive is preferable to dying in a medieval torture device.

Personally, when I went vegan, a lot of the reason it felt easy was because I no longer had to spend tons of mental energy suppressing my empathy. I was amazed at how relieved I felt. Again, I'm not pretending to be perfect about it -- I eat non-vegan food sometimes in social situations, sometimes when it's about to be thrown away, and sometimes just when I'm drunk. If you need to make accommodations in order to feel comfortable being vegan, then I'm the last person who will criticize you. I'll just be glad you're taking steps towards being vegan.

It took me a long time to decide to go vegan, and I understand that it might take you a long time, too. I've listed a lot of resources in this post and I hope you'll consider looking at them. Questions are welcome in the comments, although I may not be able to answer them. I wish you luck. And if you're already vegan, then congratulations and high-5!

***Now for recipes!***

I promise that these recipes are beloved by non-vegans as well as vegans. In fact, even when I wasn't vegan, they were some of my favorites. When I feed these dishes to non-vegans, they are frequently startled that the food isn't vegan. (Sometimes I save the Big Reveal for last. Heh, heh.)

(One of my other favorite gentle pro-vegan tactics is to walk into restaurants and ask if they have anything vegan on the menu. When the answer is no, I smile and thank them and leave.)

Organic and fair-trade ingredients are obviously encouraged. I'm not as good about

organic and fair-trade as I could be, mostly because of expense, but I try to do it when I can.

**Kickass Vegan Chocolate Chip Cookies**

*This is a modified version of a recipe that I originally found here, and some of the text comes from that recipe.*

+ 1 and 1/2 cups of FLOUR

+ 1 teaspoon BAKING SODA

+ 1 teaspoon SALT

+ 3/4 cup of OIL

+ 2 tablespoons COCONUT MILK (or ALMOND MILK or SOY MILK)

+ 1 & 1/3 cups of UNREFINED SUGAR

+ HALF A BANANA

+ 1 1/2 tablespoons VANILLA EXTRACT (I've occasionally used RUM as a replacement; when I do that, I like to add some CINNAMON)

+ 2 1/2 cups OATMEAL

+ 12 oz. of DARK CHOCOLATE CHIPS

Heat your oven to 350 degrees.

Mix FLOUR, BAKING SODA and SALT together. Set aside.

Mix together the OIL and SUGAR. Mix until creamy. Thoroughly mash the BANANA into the mixture.

Add the COCONUT MILK.

Add the VANILLA.

Stir this mixture until it is a uniform color (this will not take long).

Slowly stir in the FLOUR mixture. Mix this well.

Stir in OATMEAL and CHOCOLATE-CHIPS.

Preheat oven to baking temperature (usually 350 F).

Place large tablespoons full of the batter onto an ungreased cookie sheet (an air filled cookie sheet works best, as the air between the two layers of the sheet keeps the bottom of baked items from burning).

Bake the cookies for about 9 to 13 minutes (ovens vary in temperature). Check them by gently pressing on the top of one of the cookies. If the inside looks moist, but not too wet, they are probably done. It might take you a couple of tries to get the time down, so bake only a few at a time when starting out. Do not, I repeat, do not expect to see them turn

slightly brown when done cooking. Without real eggs, they will not get that dark. They will, however, turn a golden tan.

When they are done, remove them from the oven and allow them to sit on the sheet for about a minute or two before placing them on a wire rack. Be careful with them as they tend to be quite delicate until they have cooled.

**Kickass Chocolate Cake**

*I think I modified this recipe from an Internet source too, but I can't find it now.*

+ 1 1/2 cups FLOUR

+ 1 cup SUGAR

+ 1/2 cup UNSWEETENED COCOA

+ 1 tablespoon GROUND CLOVES

+ 1 teaspoon BAKING SODA

+ 1 teaspoon CAYENNE PEPPER

+ 1/4 teaspoon SALT

+ 1 cup ALMOND MILK (or COLD WATER)

+ 1/4 cup OIL

+ 1 tablespoon BALSAMIC VINEGAR

+ 1 tablespoon VANILLA (once I replaced this with ORANGE EXTRACT and added some CINNAMON, and the result was amazing)

Preheat oven to baking temperature.

In a bowl beat together the OIL, SUGAR, SALT, SPICES and COCOA until well-combined. Add the remaining ingredients, and stir until well-combined. Pour into a greased enamel plate or cake dish and bake 20-30 minutes. Don't worry if the batter tastes quite spicy -- it mellows out a lot, when you bake it so that the end result is more chocolate with a spicy after-taste. Cool.

Then mix the following ingredients together, and pour the resultant icing on top:

+ 1 cup POWDERED SUGAR

+ 1/2 cup UNSWEETENED COCOA

+ 6 tablespoons COCONUT MILK (or ALMOND MILK or SOY MILK)

**Tofu Tikka Masala**

*This is a modified recipe that originated with a friend.*

+ 5 tablespoons OIL

+ 2 medium ONIONS, thinly sliced

+ 5 large GARLIC CLOVES, finely chopped

+ 2 BAY LEAVES

+ 1 inch fresh GINGER, finely chopped

+ 1/2 inch CINNAMON STICK

+ 4 CLOVES

+ 4 PEPPERCORNS

+ 1 CARDAMOM POD

+ 2 pounds TOFU

+ 1 tablespoon GROUND CORIANDER

+ 1 teaspoon GARAM MASALA

+ 1 teaspoon GROUND CUMIN

+ 1/2 teaspoon CAYENNE PEPPER

+ 1/2 teaspoon GROUND TURMERIC

+ 14 ounces CANNED TOMATOES

+ SALT to taste

+ 2/3 cup SOY YOGURT

Heat OIL in large, heavy-bottomed sauce pan.

Add ONIONS, GARLIC, GINGER, BAY LEAVES, and WHOLE SPICES; fry gently on medium heat until sauteed.

Add the TOFU, and fry until the pieces are lightly golden brown on all sides. (Here are some tips on frying tofu so it has a light crust.)

Stir in CORIANDER, GARAM MASALA, CUMIN, CAYENNE, TURMERIC, TOMATOES, and SALT. Cook for a while (10 minutes works).

Add SOY YOGURT and cook for another while.

As a general rule, the longer you cook a spicy dish like this, the spicier it'll be.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/05/14/food-justice-confections-of-a-pickup-artist-chaser/

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POLYAMORY:

## [theory] In Praise of Monogamy

*This post was published in mid-2011, and it got more attention than most things I've written. The reaction was quite mixed. Some monogamists felt that I was damning monogamy with faint praise. Some polyamorists felt that it was problematic for me to write a post praising the culturally dominant Western mode of sexuality, because it's already dominant. On the other hand, the piece was cross-posted at a number of high-profile websites, and I got a lot of positive commentary too.*

*My favorite comments came from Pepper Mint, a polyamory advocate who commented on this post when it was cross-posted at* Feministe. *I really felt like Pepper got what I was trying to do. Here's an excerpt from one of his comments:*

*"Monogamy is [perceived as] a hegemonic requirement, not an option that should be advocated. So when people espouse monogamy (which is rare, since it is hegemonic), they do it by claiming that anything else is impossible or they do it by making moral statements. I challenge you to find a mainstream article that actually lists out the pragmatic benefits of monogamy, like Clarisse has done here. I don't think I've ever seen one. Indeed, when monogamy is explicitly discussed in the mainstream currently, it often seems to be in 'is monogamy realistic?' articles.*

*"Note that this is all to the detriment of monogamous people as well as nonmonogamous people. When I talk to people about polyamory, I get a lot of defensive responses, for the simple reason that monogamous people are often monogamous because they did not know there was a choice, rather than monogamous by inclination or what have you. Discourse that presents monogamy as an actual choice and lists out the pros and cons of that choice is nonmonogamy-affirming in my book, unless it is hugely one-sided.*

*"We have a problem in the poly communities I engage in, where people new to polyamory spend a couple years unfairly trashing monogamy. This is partly out of anger from their history and partly because they've finally found what they are looking for and everything else looks shabby in comparison. But it creates ill-will where none need exist, it screws up people's approach to relationships, and it bites people later if they want to go back to monogamy.*

*"So as a polyamory activist I'm very glad this essay was written, and I've posted similar things myself in various forums. It addresses a hole in the discourse that is very important to fill."*

*Thanks, Pepper.*

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### In Praise of Monogamy

There are lots of different ways of approaching non-monogamous relationships, such as:

+ **Polyamory**: Usually emphasizes developing full-on romantic relationships with more

than one partner. (I've been researching polyamory since my teens, but only in recent years did I decide to actively pursue it.)

+ **Swinging**: Usually emphasizes couples with their own close bond, who have relatively casual sex with other partners. (Another difference between swinging and polyamory is that swingers tend to be more at home in mainstream culture, whereas polyamorists tend to be geeky or otherwise "alternative." The blog *Polyamory In The News* has a great, long piece on poly culture vs. swing culture.)

+ **Cheating**: One partner does something with an outside partner that wasn't accepted or understood in advance. In monogamous relationships, cheating usually involves having sex with an outside partner. Cheating exists in polyamorous or swing relationships as well: for example, a person might cheat on a non-monogamous partner by breaking an agreement -- an agreement such as "we don't have unprotected sex with other partners."

Just in case it needs to be said: **I never advocate cheating, ever**. As for the first two, I know both poly people and swingers that I consider totally decent and wonderful folks! I have more personal experience with and interest in polyamory, though.

Yet one thing that often gets lost in conversations about all these options is the **advantages** of monogamy. Of which there are many. Although I don't currently identify as monogamous, I had a very strong monogamous preference for years. I knew that polyamory existed, and I thought about it a lot, because it's interesting -- but I just didn't feel like it was for me. (In fact, my most adamantly polyamorous friend used to call me his "reasonable monogamous friend." He said I had examined polyamory enough to reasonably reject it, whereas he felt most people never consider polyamory deeply enough to have a thoughtful opinion.)

And lately lots of my monogamous friends have been getting married. So I've been thinking about the positive aspects of their relationship choices as I dance at their weddings, devour mini-quiches, flirt with their brothers and try to avoid offending their parents. (Okay, I've actually only flirted with one brother. So far.)

***A Few Advantages of Monogamy*** (this is not a complete list)

+ **Jealousy management.** Some people experience jealousy more than, or less than, or differently from other people. Plenty of people in non-monogamous relationships experience jealousy -- and plenty of non-monogamous people handle it just fine, through open-hearted communication. (Often, jealousy is managed through very detailed relationship agreements such as a "relationship contract.")

But there are also plenty of people who appear to lack the "jealousy chip."

And then there are plenty of people who experience so much jealousy, who feel that jealousy is such a big part of their emotional makeup, that the best way to manage it is simply through monogamy.

Personally, I used to get a lot more jealous than I do now. I think I'm less likely to get jealous these days partly because I've gotten better at finding low-drama men. Jealousy has a reputation for being an irrational emotion, and sometimes it genuinely is an unreasonable, cruel power-grab. But I think jealousy is often quite rational, and often

arises in response to a genuine emotional threat... or deliberate manipulation.

There's another reason, though... I've also noticed that some switch in my brain has flipped, and I've started to **eroticize** jealousy. I occasionally find myself fantasizing about men I care about sleeping with other women, and sometimes the fantasy is hot **because** I feel mildly jealous. I cannot explain how this happened. It surprised me the first time it happened, believe me. What's really fascinating is that I think **the same part** of me that eroticizes jealousy, is the part that used to make me feel sick at the thought of my partner sleeping with someone else. Masochism: the gift that never stops giving!

I think it's important to note here that I didn't become less jealous because I felt like I "should", or because I was told not to be jealous. In fact, I had an early boyfriend who acted like I was a hysterical bitch every time I got jealous... and he made things much worse. With him, I just felt awful when I got jealous; I couldn't get past it. I felt like he was judging me for something I couldn't help; I felt like my mind was fragmenting as I tried to force myself to "think better" without any outside support; and worst of all, I felt like I couldn't rely on him to respect my feelings.

It was the men who treated my emotions like they were reasonable and understandable who decreased my jealousy. It's much harder to be jealous when your partner is saying, "I totally understand," than it is when your partner is saying, "What the hell is the matter with you?" Maybe that's what makes monogamy such an effective jealousy-management tactic: monogamy can be like a great big sign or sticker or button you can give to your partner that says, "I respect your jealousy." Which is not to say that monogamy is always effective for this -- we all know that monogamous people get jealous all the time! (Which only adds to my point that monogamy might be viewed as just one of many tactics, rather than an answer, when jealousy is a problem.)

+ **Focus.** There's an oft-repeated joke among polyamorists that "while love may be infinite, time is not." And sometimes, I've found it a little difficult to "switch gears" to a different partner. New Relationship Energy can be a little harder to manage in the polyamorous context than it is in serial monogamy.

I've heard of polyamorous couples who specifically take periods of monogamy when one partner really wants one. This seems like it could be problematic -- for example, if my hypothetical primary partner wanted a period of monogamy, and I had a secondary partner (or partners) with a serious emotional connection, then I probably would not be cool with straight-up ignoring my secondary for weeks or months. There'd have to be more of a conversation about it. But regardless, this whole line of thinking makes an interesting showcase of how sometimes, people feel like they just have to focus on one relationship.

Personally, I'm quite interested in S&M games of orgasm denial, though I've never had a chance to mess around with it as much as I'd like. I'm also interested in long-term lust management strategies like karezza, where the partners involved choose not to have orgasms -- instead, they maintain a low level of mutual arousal at all times. I have no moral problem with my partners looking at porn or having orgasms on their own, but sometimes when I hear about the effects of choosing not to do those things, it sounds like there's really powerful bonding potential there. Something to keep in mind for the next

time I'm really serious about someone, I guess. Monogamy isn't necessary for these things, but it would definitely make doing them less complicated.

+ **Societal acceptance.** Straight up, monogamy is the Western societal default. In some ways this makes monogamy hard to understand and communicate about -- because there are so many assumptions and built-in expectations, and folks don't always agree on those expectations! A recent study found that 40% of young couples don't agree about whether or not they're monogamous. That amazes me, because I have never assumed that I was monogamous with a partner until we had a conversation establishing that we were monogamous... but I guess I can see how it happens, if people feel anxious about communicating and fall back on assumptions instead.

Usually, however, being the societal default makes monogamy easier. Heterosexual monogamous people can get married with no problem, for example, and while marriage is obviously contested territory for non-hets, it's instructive that "gay marriage" is such a big political issue (while "polyamorous marriage" is currently nothing more than a specter right-wingers use to scare people about gay marriage). Outsiders usually assume that you're monogamous when you introduce your partner. Romantic comedies exalt monogamy; the media, and many people around us, associate monogamy with love. When you're monogamous, you never have to articulate your weird relationship structure to your parents. You rarely have to think outside the box about relationship problems, and you can go to any Western advice columnist or therapist and be sure that they'll recognize your relationship as legitimate. (Those of you who like privilege checklists might enjoy this monogamous privilege checklist, which is patterned after Peggy McIntosh's classic essay and white privilege checklist.)

+ **Some people just like it better.** Occasionally, people will toy with the idea of an "orientational" element to polyamory or monogamy: some folks just plain feel aligned with monogamy or non-monogamy. (I have similar thoughts about this as I do about BDSM as a sexual orientation.)

Personally, I always think it's really key, during any sex-positive critique, to emphasize from the start that whatever you like is cool as long as the actions you take are consensual. I know people who act all apologetic for being monogamous, usually because they've been overexposed to "polyvangelists" who argue that non-monogamy is "better" or "more evolved." This is silly! Liking monogamy doesn't have to be justified, as long as you don't turn around and claim that non-monogamy is bad and wrong. And liking monogamy is a perfectly awesome reason for preferring monogamy!

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/06/09/in-praise-of-monogamy/

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POLYAMORY:

# [theory] My Top Questions About Dealing With Multiple Lovers

*I wrote this in early 2011. The comments on the online version are especially good -- lots of viewpoints and resources shared. Sometimes my commenters just blow me away.*

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## My Top Questions About Dealing With Multiple Lovers

I have a lot more theoretical exposure to polyamory than personal experience, but I've been gaining more personal experience over the last year. It's often interesting, sometimes painful.

Some recent experiences are making me think I am not nearly as smart or as on top of my emotions as I like to believe I am. I remind myself that I have to be willing to acknowledge when I don't know what I'm thinking, but that's harder than it looks... I don't always take enough time to understand my feelings before speaking or acting.

Still. Through the stupid mistakes and the understandable ones, though my own failures to be sensitive and the little heartbreaks I've sustained, I've been learning.

One thing I think I've figured out is what I want: I want a number of different relationships that are ongoing, and one or two relationships that are primary, or especially committed. Ideally, in fact, I'd love to eventually have a permanent relationship with a primary polyamorous partner in which we have kids with each other, live together most of the time, etc, but are still polyamorous. That would be a while in the future, though -- for now, it's important to me to not feel as though my partners expect me to settle down or stay in one place or anything like that. It seems like any relationship I develop, even during this relatively early time in my life, could become a child-rearing relationship eventually -- like, years from now -- but if it does, I doubt I'd want to make it monogamous.

I recognize that we don't always get our ideal world. In fact, we usually don't. Although polyamory is a high priority for me, it may be something I eventually compromise on, given that the majority of people in this world identify as monogamous.

Keeping all that in mind, my preference for polyamory presents some challenges, and questions that I worry about. Such as:

1. **What are my responsibilities towards my partners' other partners?** A lot of poly people will tell you that if you get into a relationship with, say, a married polyamorous man, then you must also expect to interact with his spouse. In other words, don't assume that your relationship means you only interact with one half of a couple. I'm totally fine with this, but on occasion I've felt like I was getting sucked into the couple's problems, or like I was expected to have no individual relationship with my partner -- that I always had to go through his primary partner.

Yes, it is certainly my responsibility to communicate with my partners' other partners and to be friendly with them. But I need to set boundaries on that too -- just dating a poly guy

does not make me their relationship therapist, and it doesn't make me best friends with his other girlfriends (or boyfriends, for that matter). I am responsible for what I do, but I'm not responsible for what he does. I am responsible for how I treat his spouse, but I can't be responsible for how he treats his spouse.

But what if I'm already friends with someone, and one of my partners gets involved with that person? Do I have special responsibilities in that case? I'm still figuring that one out.

2. **When is it actually the best time to start talking about polyamory and setting out relationship definitions?** My approach so far has been to put poly on the table during initial conversations, and then talk about it more when the topic of the relationship comes up. But I've been thinking lately that I probably should go into more detail sooner, because people have such different stereotypes of open relationships that I can't be sure they're on board with what I'm talking about unless we've discussed polyamory in-depth.

I feel like I talk to a lot of people who think they want a supposedly "polyamorous" relationship because they see it as a no-strings-attached free-for-all, and that's definitely not what I want. Or I talk to people who back away from polyamory for the same reason. I see polyamory as being about **more** commitment to relationship negotiation, not less. I see it as being about setting individual boundaries, if necessary -- it's not about having no boundaries. I see it as being about creating a secure situation for all parties involved -- not making anyone insecure, or ignoring anyone's needs. And being polyamorous doesn't make my relationships unimportant to me. Being in love doesn't seem at odds with polyamory for me.

This is a hard thing to communicate in a small dose, though, especially if I'm dealing with someone who has minimal exposure to the concept. On the other hand, having a Serious Conversation about polyamory on the first date is a bit much.

3. **Is it a good idea for me to get involved with guys who ultimately want monogamy?** As I noted earlier, I might compromise to monogamy eventually, but poly is a priority for me. (Who knows, maybe I'll decide it's my ideal relationship formation again someday. This seems unlikely to me right now, but anything's possible.)

But what if I get really into a guy who ultimately plans to be monogamous? Is this a bad call on my part? On the one hand, if I go on a few dates with a 28-year-old guy who doesn't want to get married until his mid-30s but definitely wants a monogamous marriage when he does... I mean, why not have a relationship? On the other hand, I may be setting myself up for heartbreak in such situations, if he basically sees our relationship as "not real" from the start. This brings me to my next point....

4. **Some people see polyamory as a sign of commitment-phobia.** I've made this mistake myself -- in fact, the "polyamory as commitment-phobia" stereotype is so strong that I've occasionally reversed it and wondered if my desire for it was a sign of commitment-phobia. But the fact is, my appreciation for polyamory only increased as I became more certain about what I'm seeking in a partner, and as I gained more understanding of how to negotiate that. It's come along with relationship confidence and understanding.

I feel pretty okay with believing in commitment in the context of polyamory. But my

potential partners might not be. I already tend towards emotional caginess and am sometimes accused of being way too emotionally controlled -- I'm worried that I'll be read as a "player" (or a "slut") by people who write me off as a result. I'm also worried that some may be attracted to me because they see me as an emotionless player, whether they admit it or not -- indeed, even if they don't admit it to themselves -- and will be annoyed if I turn out not to be that way. Stereotypes and assumptions are tricky to root out whether we're aware of them or not.

Some days, I get nervous that the guys who are going to be willing to talk about and process relationships in the depth that I'm looking for, with a degree of acknowledged emotional commitment, are all monogamous. Then I remind myself of how many awesome polyamorous men I know, and also that I'm falling for stereotypes yet again, just by having these fears.

5. **Other questions:**

How open am I to casual relationships that don't seem to be going in an emotional direction, given that I don't have to give up on more serious relationships to have them?

How does being poly change breakup dynamics?

In the absence of monogamy, are there different signifiers that a relationship is serious -- or is getting serious? How can I get better at both giving and reading those signifiers?

What are the other poly stereotypes I've internalized, and how do I act against them? What are the other poly stereotypes I should look out for from others?

6. **Sigh.**

Rereading all my questions and rethinking all my thoughts makes me feel somewhat exhausted. Relationships are hard, and hacking the expected models makes them hopefully more fulfilling... but also so much more complicated. My life seems so weird sometimes; a week doesn't go by that I don't wonder why I'm not getting a nice typical job and settling down with a white picket fence and the monogamous husband and having 2.5 kids. That is not actually what I want, but sometimes the image seems seductively easy.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/04/11/my-top-questions-about-dealing-with-multiple-lovers/

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SEX WORK:

## [storytime] One Blurred Edge of Sex Work: Portrait of a Sugar Baby

*I published this interview in January 2012 at the gender-lens website RoleReboot.org, where I had just taken on the role of Sex + Relationships Section Editor. Olivia left the business in mid-2012, as you can read in the piece that follows this one.*

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**One Blurred Edge of Sex Work: Portrait of a Sugar Baby**

Sex work is a controversial and polarized topic, and there are many perspectives on it. My position is complex -- but for me, when it comes to how we actually interact with sex workers, one important factor is whether or not they consent to and enjoy their jobs. I am absolutely in favor of giving better options to sex workers who do not enjoy their jobs, and I am horrified by the idea of a person being trafficked or coerced into sex that they don't want to have. But I also know people who have sex for money 100% voluntarily, and I do not want to deny their experience.

My friend Olivia, a 25-year-old graduate student, recently started advertising her services on a "Sugar Baby" site called SeekingArrangement.com. I think it's important for more people to understand these kinds of experiences, so I asked to interview her. Many people have pointed out that once a person starts thinking about the definition of "prostitute," it's a bit difficult to define what exactly a prostitute is. Some of my sex worker friends have asked the question: what exactly is the difference between a person whose partner buys her a fancy dinner after which they have sex -- and a person whose partner buys sex with money? Olivia has thought at length about this, and I'm grateful to her for sharing her perspective on that question, and others.

Please note that Olivia is exceptionally privileged. What you are about to read is a portrait of what the sex industry looks like for a person who is very privileged: she comes from a white upper-middle-class background, she is not desperate, she is being paid a lot of money, she does not have a drug addiction. Many other peoples' experiences in the sex industry are very different.

**Clarisse Thorn: Hey Olivia, thanks so much for being willing to talk about this incredibly complicated topic. Could you start by defining a sugar baby site? What is it?**

Olivia: I use the site SeekingArrangement.com. I don't actually know how many sugar baby sites there are, but I get the sense there's more than one. It's very hard to pin down exactly what it does. I guess it connects people, usually with a big age gap, who are interested in exchanging some kind of material goods or financial resources for some form of companionship that is often sexual -- but not always.

As far as I can tell, the site's founder is very against the claim that this is prostitution. He puts out a lot of publicity claiming that this site has nothing to do with prostitution. At first I thought that he was trying to evade legal consequences, but I think he actually probably believes that. The site has a blog that he controls, and you can look at it to get a sense of what he's thinking. One post I think is really interesting is called "Sugar Baby & Sugar Daddy: The Modern Day Princess & Prince?", which compares being a sugar baby to a kind of "happily ever after" princess fantasy.

So far, no one I've talked to seems remotely interested in hiring what they see as a "prostitute." They seem to want to be having sex with someone they find very attractive who is also someone they feel like they can respect, whose intelligence they respect. For example, someone I see occasionally -- the last time I saw him, he gave me money at the end and he said that he felt good about giving me the money because he knew I wouldn't spend it on, quote, "a designer handbag." He seems to think that I am reasonably ambitious and have my shit together, and he seems to feel more comfortable giving me money because he knows it goes towards my grad school costs and credit card debt. My ability to write with proper grammar, without overusing emoticons, appears to be my biggest sales point. Men have told me this outright.

That guy also mentioned feeling more comfortable because he thinks I'm from the same social class as he is. There are a lot of class issues coming up in these encounters, I think. Being white and from an upper-middle-class background may help me get clients. My background has also given me a ton of confidence that puts me at an advantage when negotiating. I do not think I radiate "take advantage of me," and I (nicely) tell guys who start doing that to go away.

The guy I was just talking about -- he also mentioned that he feels like he doesn't want to have sex with someone that he doesn't feel at least a little bit connected to. There's a distinction between meaningless sex and casual sex. I think these guys want casual sex -- maybe they aren't at the point where they want to deal with having a partner, or they're really busy at work, or they already have another partner -- they want casual sex but not meaningless sex.

In my encounters with these men, the money does two things. Firstly, it enables them to have a relationship with me that they wouldn't otherwise be able to have. Secondly, it puts them in this position where they can give me something valuable and have that be appreciated. The guys I see really want to feel appreciated.

**Clarisse Thorn: Do you feel like this has given you any new insight into gender roles?**

Olivia: Hmm.... It's made me feel more powerful. I definitely feel like I am the one with the power in this situation. When I show up, I don't feel like -- here is this rich, powerful person who is about to bestow wealth upon me. I feel like -- here is this person who is a bit sad and lonely, and maybe I can make their day better.

A lot of the men who are on this site want to feel appreciated, so it's important to them that the woman they're with give off the appearance of appreciating them. So for example, on the website there's a lot of talk about sugar daddies being "mentors" or "benefactors" rather than clients. They seem to want some combination of me asking them about their day, and they also want to feel like they're bestowing knowledge upon me about the world. One of the men I see will always talk about his opinions about money. He has complicated feelings about himself having money because he doesn't come from money, so he's trying to work those out. But he also keeps telling me in a very serious voice that money will not make me happy, that nothing I can buy will make me happy. I tell him that I can buy security and he says yes, that is one thing I can buy.

Other men seem to be having issues with their age. One mentioned that he's just turned 40, and that's really bugging him. Then he flaked out on me a couple times -- I don't think he was completely okay with his own decision to be seeing me. But anyway, often, another thing these men seem to get out of it is access to someone who has a bunch of youthful energy and optimism and just plain new ideas. A lot of them have mentioned feeling stuck, or bored, or cynical, or intellectually constrained. So in this sense sex is only one thing I'm offering them -- I'm also offering them optimism, hope, energy, and so on. Firstly, the sex is good in and of itself, as most of them aren't getting laid otherwise. But the sex is also a symbol of them getting access to my youthful energy or whatever.

I think the archetypal image of a mistress involves a woman being "kept" so that she doesn't have to work, so that she can be available for sex basically whenever. But I don't think this is what the men I see want. I am more valuable to them because I have other work that I am seriously invested in, and am having sex with them anyway. Again, these men are interested in a woman who they see as more "equal" to them -- in this case, defined by earnings potential -- and they seem gratified by the idea that they could help me enter their income bracket someday. This is, of course, still kind of patronizing; like I said, they keep using words like "mentor." It's also presumptuous. But I think a lot of them being patronizing and presumptuous can probably be attributed to age and wealth, and only some of it to gender.

I think I've learned more about class and money than I have about gender. It turns out there are people to whom $1,000 versus $3,000 doesn't matter that much, and I finally understand that on a visceral level. $1,000 doesn't mean the same thing to me as it does to most of them. I knew this, but now I *really* know it.

Another thing I've been struck by is exactly how much romantic relationships are worth. I've had several clients tell me they don't feel wealthy, and they feel like they worry about money a lot. I think they were sincere. Of course, my first thought was: don't you think that your $2,000-per-month prostitute is part of the budget that could be trimmed? But I think that maybe it's not, actually. I think *they* think that investing a lot of money in me is a good investment for them if it gives them a release valve so they can deal with the rest of their lives. They're probably right.

**Clarisse Thorn: You mentioned that you feel powerful in your relationships with these men. But there are issues of your safety, right?**

Olivia: I think there are issues of safety anytime a person meets someone they don't really know, especially if they plan to spend time in private. And especially if you're dealing with topics as sensitive as sex or money. There may be more issues of safety with this because some people really do believe that money can buy them anything. But for the most part, when I meet people they seem very respectful.

Things I do to increase my safety are that I tell my husband and my friends where I'm going to be, I tell them exactly where I am. I'll do things like take down a client's license plate number and text it to my husband. I've been thinking maybe I should look at each client's driver's license too, and text the client's name and driver's license number to my husband. I think some clients might feel threatened by that, though.

The most important thing for my safety is that I'm willing and able to walk away from situations. I'm not desperate -- I won't starve or die if I don't do this work. I meet all my clients in public first for a meal, and if someone sketches me out, I leave. I'm not so desperate that I'll get into a situation that scares me.

I guess I am at risk if I meet a really crazy person who wants to chop me up and put me in a dumpster. But I could meet a person like that during a normal night at a bar, too.

The major risks that I see include that I might catch an STD -- but I use protection. I might end up alone with someone who believes that the money he's paying actually gives him the entitlement to do whatever he wants to my body, but I've never encountered anyone like that. The thing is, as I said before, I haven't met anyone who I think would actually describe themselves as paying for sex. The terms on which I continue to see these men are probably less explicitly negotiated than an escort's terms would be. I don't have flat rates, for example.

I've heard escorts complaining that people who use sugar baby sites are unprofessional, and I think that from an escort's perspective they probably are.

**Clarisse Thorn: If people are unwilling to actually talk about sex for money, it must be hard to negotiate your encounters. Do you have a set of steps for negotiation?**

Olivia: I haven't been doing this for very long. It's varied so far. Usually, I meet them for some kind of meal, and we chat. We have a perfunctory conversation, like -- "How was your day?" Then one of us will say something like, "Tell me a bit more about what you're looking for. Why are you on the site?"

Then we'll explain our deal to each other. Like, he might say: "I'm divorced, I'm looking for companionship." At some point, money comes up. I am always extremely vague when I talk about money. I've found a good deal of variation in how squeamish people are about money.

For example, one client was saying that he wanted to get married again, but not yet. I said, "Huh, well, if you're interested in a more emotional relationship, how do you feel about involving money?" The way he explained it to me was that people are attracted to each other for all kinds of reasons, probably including money, so why not be up front about the fact that money is attractive. He seemed almost confused about why I asked. With that guy, I ended up sleeping with him before we even talked about money -- which was a huge risk, but I thought it might work, and it did. We had the money conversation immediately after we had sex -- at some point when we were taking a break, I asked what he was looking for more specifically from this relationship, and he said that he wanted to see me again, maybe once a week. I think I asked him his preference for a monthly allowance as opposed to every time we meet, and he said he'd rather do something monthly. Then when we were getting dressed, he pulled out $1,000 cash and handed it to me, and said, "I'll give you the balance next time we see each other."

With other people I can be more straightforward. Maybe they aren't sure how to set up the relationship, so maybe I talk about another client, like: "I have another client I see 3 times per month for $3,000," and they might say, "That sounds good." But some guys will just negotiate it per encounter. One guy brought it up very quickly after we'd

exchanged some emails. He said that he prefers to do a "per meet" of $300 -- he called it a "per meet" -- I told him that was too low and quoted him $1,000, and he said he'd meet me in the middle. Another guy told me that he would just slip $400 into my purse when he saw me, and that's exactly what he did.

I have one client I've never explicitly discussed money with at all. I had lunch with him, and we didn't negotiate anything, though we talked a little bit about our reasons for being on the site. The next time I saw him -- we were deciding where to meet, and he asked if he should get us a room. I said that I would like that, so I met him and we had sex. He knew it was my birthday soon, so as we were getting dressed, he said, "I know we haven't talked about money, so I got you some birthday spending money," and he handed me an envelope with $400. The next time I saw him, he asked about my plans for the evening. I said I was having dinner with a friend, and he handed me $400 in an envelope and said, "Maybe this will help pay for it." I'm lucky that I'm willing to accept $400 -- it's my lower bound, but I'm willing to accept it. Imagine if I hadn't been willing to take $400 -- that would be super awkward. Probably I should have negotiated that situation more clearly, but it worked out okay.

I've heard about situations where unclear negotiations did not work out okay. There was a *New York Times Magazine* article about the site published in 2009. In that article, there were some examples of unclear negotiations that didn't work out well. But it sounded like that woman didn't really know what she wanted, and didn't really enjoy the work. But I do. And I know other women who do, too.

I have a new client who paid me $3,000 up front to see me 3 times a month. But I haven't heard from him since our first meeting. If I were his girlfriend, I'd call him, but he asked me not to call him. So I don't really know what the deal with that one is. Maybe he's gonna flake out on me, but he already gave me $3,000, so that would be weird.

**Clarisse Thorn: So, your husband. You mentioned him briefly. How does your husband feel about this?**

Olivia: He does not seem particularly threatened. We already have an open relationship. I think he sometimes feels very visceral jealousy, but that's just like any other time one of us has sex with somebody else. We just have to talk about it.

Part of the deal here is that I'm doing this because I'm broke. My husband really wants to be able to support me financially, but he can't right now, so I'm supporting both us doing this. I think that's a real blow to his ego. To the extent that he gets bothered, I think it's because I'm allowing other men to support me and give me money; he doesn't care about the sex. Even though I see this as work, he sees this as "here's this rich successful guy who just gave my wife a bunch of money, and she slept with him -- so probably she's attracted to him."

I am kind of attracted to my clients, and I kind of get off on making them happy, and I happen to think that the age difference is kind of hot. I like having sex with them; it's not unpleasant. I like hearing about these guys' life stories. I think it's interesting. But these guys would never be a threat to my husband. I would never be sleeping with any of them except for the money. And I love my husband. I'm always very up front about the fact

that I'm married and I love my husband. My clients accept that.

* * *

*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/01/05/one-blurred-edge-of-sex-work-interview-with-a-sugar-baby-part-1/

*and*

http://clarissethorn.com/blog/2012/01/09/one-blurred-edge-of-sex-work-interview-with-a-sugar-baby-part-2/

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SEX WORK:

## [theory] A Sugar Baby Leaves The Business

*I published this in 2012; it continues Olivia's story. Thanks again to Olivia for being so incredibly generous with her time and her thoughts.*

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### A Sugar Baby Leaves The Business

Previously on Role/Reboot, we ran an interview with my friend Olivia, a 25-year-old graduate student who had just started having sex for money through a "sugar baby" website called SeekingArrangement.com. In the interview, Olivia covered a lot of topics. She mentioned that she usually feels powerful in her relationships with her clients. As she put it, "When I show up, I don't feel like -- here is this rich, powerful person who is about to bestow wealth upon me. I feel like -- here is this person who is a bit sad and lonely, and maybe I can make their day better." Olivia also noted that her negotiations can be delicate, because some men are quite squeamish while talking about money. And she explained that she's married -- but it was already an open relationship, and she doesn't see having sex for money as different from the other kinds of sex that she and her husband were already having with other people. To deal with it, they're sure to communicate clearly. As Olivia said, "We just have to talk about it."

In the months since that interview, Olivia and I have hung out occasionally to talk about her experience with sex work. She's traveled across the city to meet me, and often bought me coffee; non-judgmental social support for sex workers can be rare, and I've seen more of her since she started the job. Although she really enjoyed the work at first, there were tough times too, especially after the novelty wore off. Recently, Olivia decided to stop seeing clients. We talked it through and she gave me permission to write about it. (She also reviewed this article pre-publication.)

Obviously, there were logistical complexities from the beginning. Taxes were a

nightmare. Olivia wanted to pay them, but it's not the easiest proposition. Then there was the question of paying off her debts. Some were simple enough, but then there were loans co-signed by her parents, and there was no way she could make any headway on those loans without talking to her parents... so Olivia had to maintain the fiction that she couldn't pay.

That was nothing compared to the complexities of feelings and communication, though. I've already shown you how hard it was, sometimes, for Olivia to talk about money with her clients. There are other, subtler problems that are hard to handle with empathy: for example, creating the Girlfriend Experience persona.

I've talked to sex workers who enjoy creating a "sexy dreamgirl shell" on behalf of their clients. One of them said to me: "I create that persona for my boyfriends anyway. It's nice to be paid for it." But as a feminist sex writer who's spent years working to understand my own sexual authenticity, this freaks me out a bit. I think it would feel terribly toxic and inauthentic for me.

It often felt inauthentic to Olivia, for sure, and that got harder and harder. "These men are very invested in believing that I'm super into this," she told me once. "I have to keep up the front, and make them feel like I'm interested all the time. It's literally my job to do that. When they tell me how happy I am, or when they inform me that I'm enjoying myself, I can't really contradict them, even if it's not true. Some of them use words like 'magical' to describe me, but the person they're describing is not really me. Sometimes I think these guys pay me because in a non-professional relationship, a woman might push back when he says those things. She might contradict his idea of her too much."

In fairness, Olivia naturally fits one glam stereotype of the middle-class sex worker: the sexually adventurous young student. It's such a widely-promoted stereotype that experienced sex worker activists speak derisively about it, and some escorts lie and say that they fit the profile when they don't. Presumably, clients enjoy believing that a girl is a sexually adventurous college student because it capitalizes on images of "sexy coeds" -- and convinces the client that she's not being emotionally harmed by the work. (I've often thought that it's way past time for "fair trade prostitution," where sex trade ethics are made into a competitive advantage. I've also thought that the most feminist thing I could ever do would be to open a brothel where all the sex workers are treated well. Too bad it's illegal.)

Of course, SeekingArrangement.com actively encourages the idea that a "real relationship" can emerge from these arrangements. (In our previous interview, Olivia pointed out the SeekingArrangement blog post "Sugar Baby & Sugar Daddy: The Modern Day Princess & Prince?" Another interesting one is called "Sugar Babies Do Fall In Love.") While some guys on the site really do just want to pay for straight-up sex, some become emotionally invested in the women whose company they buy. And we can tell from Olivia's experiences negotiating payment that a lot of guys don't like thinking about how they're paying for it.

Bottom line: more than one of Olivia's clients were into her for real, and she felt more and more uncomfortable about it as time passed. One man took a surreptitious photo of her and hung it on the center of his otherwise-bare refrigerator. Another client made faux-

offhand wistful comments such as, "If you weren't already married, haha...."

Olivia asked my advice on one of these guys, who was clearly falling in love with her from the start. She mentioned that she'd already talked to another sex worker about it. The other worker's reaction was, essentially, "What problem?" As Olivia put it: "She told me that the guy is basically a locked-in regular now, so what am I so bothered about?" But after a while, Olivia couldn't take how guilty and anxious she felt around this guy, what with the feelings she couldn't return. She stopped responding to his messages, but didn't tell him clearly that it was over because trying to phrase the email felt so awful.

"I was so unprofessional about it," she said. "In the end, he sent me this incredibly sweet note asking what he'd done to hurt me so badly. So my husband helped me write a 'it's not you, it's me' breakup email. I still feel bad."

Another facet of emotional difficulty arose when Olivia's husband started taking a medication that decreased his libido. This put the couple in the odd position of Olivia having sex with other men, but not her husband -- with her husband's full knowledge and consent. Although her husband tried to reassure her, she began feeling less secure and stable at home. And sex work is stressful enough that home security can really, really matter. Indeed, at one point Olivia mentioned: "One of my friends is tempted to get into sex work. But she says she doesn't think she can deal with it, emotionally, unless she has a partner at home who loves her and will back her up. So I'm not supposed to let her have sex for money until she's in a good solid relationship."

Finally, as Olivia fielded other life stresses, she flatly realized that she couldn't have anything extra going on. What with all the above conversations, we saw signs that the change was coming, but when it arrived it was both sudden and intense. "One day I just knew I had to stop," she told me. "It's bad, because we're behind on rent now, but I had to stop. My husband pointed out, gently, that we need the money. But of course he accepted it when I said I was done. Anyway, I managed to line up a good temp job, so we're okay for now."

I tried to show in the original interview that Olivia is very privileged compared to most sex workers. She's got race privilege for her whiteness, class privilege from her background; she's pretty and young and "valuable," and has tons of education to boot. She doesn't have a drug habit or some other truly debilitating issue. Although she's under some financial stress, she's not desperate.

And that leads me to this question:

If even a woman like Olivia -- who was well-treated and made a lot of money and didn't feel trapped; whose life sounded like the glam fantasy of today's high-end call girl -- if **even a woman like Olivia** eventually needed a break from sex for money, then what could this imply about the experience of less privileged women? I've got a bunch of sex worker friends, and I would never say that a woman can't be a 100% consenting adult sex worker who enjoys her job. But what I'm trying to get at, here, is that even on the "high end," sex work can be incredibly demanding. Even when sex work is as pleasant as it possibly can be, it's often very hard.

I'd like to see more conversations that acknowledge the reality of sex work as

emotionally intense and challenging, a job that can be bad for many people at many times in their lives -- without letting go of the fact that some people can and do freely consent to the job. (The sex worker Mistress Matisse has written a fair bit on sex work and emotional labor. And male sex workers don't always have an easy time; the porn star Tyler Knight has written about some of his more difficult moments, too.)

The point is not "sex work is bad and should be banned" -- but nor is it "sex work is glamorous and fun!" The point is, sex work is often hard work, even for people who are not mistreated or abused. As such, it deserves both respect (from outsiders) and open-eyed caution (from those who consider taking it up).

Olivia's not sure she's done with sex work for good. "The door is still open for future involvement," she told me, last time we met for coffee. "If I do go back, I think I may try for straight-up escorting, but I'm not really sure...." Presumably, working as an escort rather than being a "sugar baby" might evade some of these confusing, strangely-negotiated situations. Would it evade all of them? It's hard to say.

Regardless, I wish her luck.

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*After June 1, 2012, this can be found on the Internet at:*

http://clarissethorn.com/blog/2012/06/01/a-sugar-baby-leaves-the-business/

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## Section 2 Study Guide

*This section was intended mostly to highlight various "other" perspectives that I feel are significant to sex and/or activism.*

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1. Do you see your sexual identity as placing you in a community, or is it more private? Or is it a little bit of both?

1a. If you identify as part of a sex community, then are there ways you can contribute to that community? (For example, if you had evidence that abusive relationships were a problem in your community, what could you do about it?)

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2. What kind of educational needs do you perceive around sexuality? Is there a way you could contribute to positive sex education?

2a. Does your community have specific or unique needs around sex education?

2b. If you have children, how do you plan to educate them about sex? Specifically, how do you plan to tell them about the stereotypes and limitations affecting the different

groups described in this section?

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3. How do you look out for and support other members of your community, especially when it comes to sex?

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4. What lessons from your sexuality do you think are applicable to people who don't share your sexual tastes?

4a. Are there pieces from this section that feel relevant to you, even if they aren't talking about your experience or preferences?

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5. What are the overarching patterns that you see within the pieces in this section? How are these disparate topics relevant to each other?

5a. If some of these pieces are about people you have trouble relating to, then can you think of ways you could relate better to those people?

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SECTION 3:

## Making It Complicated

In which we really get into it.

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**When I think of this section, I think of:**

*People's ability to understand their own emotional and physical experiences and sensations is limited by what is safe to ask or know, what systems of interpretation they have received for screening that raw material, and whether they find it possible to connect with anyone who thinks differently about these matters.*

~ Pat Califia

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RELATIONSHIPS:

## [storytime] Chemistry

*I wrote this in late 2011, while I was finishing up the first draft of my awesome book* Confessions of a Pickup Artist Chaser. *I was still processing a lot of stuff I'd learned about pickup artist tactics and pickup artist attitudes, and that's reflected in this piece. But there's a lot more to it, from working out some stuff about polyamory to my feelings about marriage. A lot of these thoughts are developed further in* Confessions.

* * *

**Chemistry**

It's a long story and a short one, but I guess all of them are.

I'm 27. It's about that age: A lot of my compatriots are getting married lately -- most monogamously, some to a primary polyamorous partner. I myself have a stack of relationships in my past. Some were monogamous, some polyamorous. Some have been on-and-off, some short-term, some long-term (5 or 6 years was the longest). Lately I've been processing some tough questions about polyamory, but I'd like to stick with it.

And I've been thinking a lot about what I want in a primary polyamorous partner. The kind of guy I could marry. I wonder if I'll ever get to that point. I wonder if I'd know him if I saw him.

* * *

I met Mr. Ambition at one of the aforementioned weddings. Several people recommended that I talk to him, and we liked each other right away. Mutual friends used words like "zealot" to describe him; let's just say he's got an intense history of dedicated activism. Charisma, integrity, and pure energy pour off him. His words are almost always articulate and challenging. He can socially dominate a room without thinking. He works a challenging job ten hours per day; exercises two hours; socializes several hours; sleeps and eats when he can. He gives hugs easily, laughs easily, hands out compliments like candy.

Mr. Ambition is most definitely not a neutral personality. Of course, neither am I.

At the time, I was just coming out of the worst stage of my research on pickup artists -- a subculture of men who trade tips on how to seduce women. Also, I'd just had one of those breakups where I was too busy feeling stupid to properly understand how hurt I was. (Don't you hate those?) You can read all about those Dramatic Events in my upcoming book *Confessions of a Pickup Artist Chaser*. In the meantime, suffice to say that I felt... flattened.

Arguably, I should have had a sign taped to my forehead that read: "Emotionally Unavailable."

I went to dinner with Mr. Ambition later that week. At the end of the meal, he sat back and looked at me. "You're so **authentic**," he said.

"I haven't felt very authentic lately," I said frankly, but his words felt good. Like a balm. Like I was healing.

* * *

We got along excellently, had a lot in common, etc. Typical this-relationship-starts-well stuff. One evening, after we'd been out to eat in a big philosophical group, Mr. Ambition noted the hotness of my intense theoretical bent. "When you were discussing social justice and ethics tonight," he said, "I wanted to reach across the table and grab you."

He mentioned marriage within weeks. "This has never happened before," he told me. "I've never dated someone I thought I could actually marry." *Whoa, tiger,* I thought, but I had to admit that he hit a lot of my Ideal Characteristics as well. Intelligence, drive, charisma, **and** morality: it's hard to argue with that.

Our sexual chemistry was okay, but not climb-the-walls stellar. *We'll develop that,* I told myself. *He's less sexually experienced than I am, and we'll learn each other just fine.* Fortunately he's got some experience with polyamory, but in terms of S&M, he's another of those vanilla-but-questioning guys (I never learn). When we did S&M, I had to monitor the situation extra carefully because it was so new to him.

And for all his intelligence, it was really hard to talk to him about emotions. It wasn't that he was cold or distant; on the contrary, he's one of the most fiery people I've ever met. But he had a lot of difficulty explaining what was going on in his head. Indeed, he told me that he had a lot of difficulty **knowing** what was going on in his head. He did things like laugh when a friend hurt his feelings, then deny that he was hurt, even though I could plainly see the stricken look behind his eyes.

I wasn't surprised that he was more physical than verbal about S&M. Very straightforward: throwing me around, pulling my head back, digging his hands into my skin. He's incredibly strong, and sometimes I called my safeword simply because his strength scared me.

There was one particular S&M encounter... early in the evening, I called my safeword because I wasn't sure he was into it.

"Red," I said, and he stopped. "Is this okay with you?" I asked, and he nodded.

"Yes," he said. "This is good. Let's keep going." His voice was low and slightly rough; a marvel of certainty. He put his hands back on me instantly. My doubts disappeared.

We kept going. I watched my body, felt the lump building in my throat, monitored my breath as it became harsh and fast.

"Red," I said, and he stopped. "You're going to break me," I said, "I'm going to cry. If you don't want to deal with that, then stop."

This, by the way, is a difficult skill that I have learned: this ability to track my S&M reactions so clearly. I would never have been able to do it seven years ago, and I still can't do it during complicated S&M encounters. But now I can do it during simple ones. (Yes, "simple" and "complicated" are in the eye of the beholder.)

I really hate stopping an S&M encounter right when I'm on the verge of tears. It's worse than an interrupted orgasm. But I'd rather do that than break down crying and **then** deal with a horrified partner.

"That's fine," said Mr. Ambition. So we kept going. I cried. He started talking, and I was

surprised by how harsh his words could be. *That's more like it,* I thought.

Some S&M encounters have a rhythm to them, a poetry: a beginning and an end that become clear to the participants as they go along. This one didn't -- at least not to me. So I didn't rely on him to bring it to a close. After a while, I safeworded out, and took a breath to still my tears.

Mr. Ambition was quiet again. I was having trouble reading him. There was some energy caught inside him, coiled like a dragon, but I couldn't tell if it was violence or something else. I put a halt to my own emotional cycle and tried to focus on him. "How are you feeling?" I asked, but he couldn't tell me. I asked a few more questions, and he just couldn't answer. He just didn't know.

I never got another word from him on how he felt about that encounter. I wondered if I was being too careful in how I asked about it; I wondered if he wanted me to push harder; I wondered if I'd already pushed him too far.

I suspected there were some dramatic feelings trapped in Mr. Ambition. But I wasn't sure I currently had the warmth to coax them out.

* * *

In the past, I've fallen in love so hard that I felt like the world was black-and-white when I was away from my lover; I felt like I only saw color when I was with him. I have dated men where the chemistry was so intense, so obvious, that it hung in the air between us like smoke. I've had sex that felt like telepathy. It's pretty awesome when it works. And it's easier to get that with some people than with others: some guys, I meet them and it's like we speak the same language already.

With some guys, it's not instant, but it also doesn't take long to build our mutual vocabulary.

And then I've dated guys where the learning curve -- both sexually and temperamentally -- was much longer. It was less instinctive. But it was not impossible. So I know for a fact that **people can build chemistry**. Sometimes it's just there, but sometimes you can create it.

My relationship with Mr. Ambition was definitely polyamorous, but a few weeks in, I decided I was really into him... and I started managing my incentives. There was another guy I saw occasionally, with whom I had stronger instinctive chemistry. This other guy agreed with me that we didn't want a Big Important Relationship. *This other guy will screw up my incentives if I hang out with him too much,* I thought, and I limited my time with him. I set rules with myself: I didn't call him, I didn't text him. I knew: *If I let myself get too intensely into this other guy, that could inhibit my ability to bond with Mr. Ambition.*

I told the other guy that once my relationship with Mr. Ambition was more stable, we might be able to pursue something more intense. By the time we had the conversation, he said he'd already been thinking similar thoughts. That he didn't want to distract me from something that could be beautiful.

Similarly, there are one or two men in my life that I'm attracted to but don't want a sexual connection with at all. So I try not to see them unless I feel inoculated: I don't hang out with them unless I'm sure I can distract myself with my feelings about another man.

A lot of polyamorists say that "love is infinite," that we can love lots of people, etc. I agree with this in theory -- but there's also a polyamorous saying that "While love may be infinite, time is not." And hormones aren't infinite, either. I've learned my hormonal reactions, I've seen myself get imprinted by people... I've seen myself develop feelings and fantasies for one guy that made me 100% immune to another hot guy's charms.

Do I have perfect self-control? Absolutely not. That's why I'm trying to influence my own choices so carefully. I know that choice plays a huge role when we build relationships. **Choosing to commit is arguably as big a relationship factor as instinctive chemistry.**

... Arguably.

* * *

When I first got to college many moons ago, my roommate came from a family of immigrants with a tradition of arranged marriages. She and I stayed up late one night, perched on our dorm room mattresses, and I listened in fascination while she told me that her father wanted her to marry a man of her father's choice, rather than her own.

"I'm not sure whether I'll do it," she said. I watched her wave a hand airily. I was mesmerized by her casual acceptance of a custom that struck me as barbaric. "I mean," she said, "I'm cool with this guy that my dad's found for me. But I don't know if we're **that** cool. On the other hand, I can't deny the advantages of arranged marriages."

"Advantages!" I cried. I was so young... (Okay, I'm still young.) "What do you mean, **advantages**?!"

"Arranged marriages are more stable," she said. "Much more stable. I'm not sure I'd ever want to marry for love. That shit goes up in smoke."

From what I understand, there have even been studies about this: that people in arranged marriages report being quite happy, quite stable.

I've gotten the it's-not-passion-that-makes-a-successful-marriage message before, of course -- often from super-white, super-American Americans. For example, there's that infamous 2008 article "Marry Him: The Case For Settling For Mr. Good Enough." The article is sure to send any woman roughly my age into a panic. It's made enough of an impression that I **still** have conversations about it with other women my age -- almost four years after its debut.

I don't like the Settling writer's attitude. She's written with horror and anger about S&M in other venues, for example; and the whole Settling article has a generally conservative bent. But she's articulating some real feelings and important thoughts, and while I don't agree with all of them, I do agree with some. At one point, analyzing television, she notes that:

*While Rachel and her supposed soul mate, Ross, finally get together (for the umpteenth time) in the finale of* Friends, *do we feel confident that she'll be happier with Ross than*

*she would have been had she settled down with Barry, the orthodontist, 10 years earlier? She and Ross have passion but have never had long-term stability, and the fireworks she experiences with him but not with Barry might actually turn out to be a liability, given how many times their relationship has already gone up in flames. It's equally questionable whether* Sex and the City's *Carrie Bradshaw, who cheated on her kindhearted and generous boyfriend, Aidan, only to end up with the more exciting but self-absorbed Mr. Big, will be better off in the framework of marriage and family. (Some time after the breakup, when Carrie ran into Aidan on the street, he was carrying his infant in a Baby Bjorn. Can anyone imagine Mr. Big walking around with a Bjorn?)*

I've never watched *Friends* or *Sex and the City,* but I know the feeling.

Personally, I'm more of a novel girl. The other day, I found myself thinking of my long-ago roommate and her thoughts on arranged marriage while I read Monica Ali's beautiful book *Brick Lane.* Monica Ali is an immigrant to the United Kingdom, and the characters in her novel all come to the UK from Bangladesh. Some of the characters accept traditional arranged marriages, while others make "love marriages" instead -- often defying their parents, their whole set of cultural norms, to do so. Towards the end of the novel, one man reflects on the early days of his marriage:

*We thought that the love would never run out. It was like a magic rice sack that you could keep scooping into and never get to the bottom. It was a "love" marriage, you see. What I did not know -- I was a young man -- is that there are two kinds of love. The kind that starts off big and slowly wears away, that seems you can never use it up and then one day is finished. And the kind that you don't notice at first, but which adds a little bit to itself every day, like an oyster makes a pearl, grain by grain, a jewel from the sand.*

As you can tell, this character is currently unhappy in his "love marriage." Of course, the grass is always greener on the other side. What's the difference between the big love and the pearl love? Can they even be compared? Is it like apples to oranges?

But couldn't all this be a false dichotomy? Who says it's about arrangement versus randomness -- chemistry versus choice? Can we have both? Can we find the big love, and nurture that so it develops into the pearl love, too?

My ultimate conclusion about the Art and Science of Flirting, from my "studies" of pickup artists and also my entire life, is that flirting is all about strategic ambiguity. Deliberate uncertainty. Manipulating ambiguity and uncertainty can contribute to many intense feelings.

Some people learn this, and decide that the only way to have a relationship with chemistry is to include a constant generous dollop of uncertainty about love, loyalty, or something equally important. These people decide chemistry can only derive from little pieces of confusion: tiny mismatches that lodge underneath the similarities that bring people together, constantly unsettling, like a prickly burr. But I don't think that's what I want.

And after all, S&M creates extraordinary feelings too, but plenty of people do S&M in very controlled circumstances: pre-discussed, with safewords and so on. Arguably, S&M is another form of mismatch, of contrast, of uncertainty -- but it's a form that can be

managed. So I know all about creating intense uncertain feelings in controlled circumstances, and using those to contribute to stable and reliable loving relationships. Don't I?

Eventually, my college roommate caused a gigantic blowup in her family by rejecting arranged marriage. Her father didn't speak to her for a long, long time.

* * *

On my birthday, Mr. Ambition took me out to dinner. Then we went to watch fireflies by the lake. As was inevitable for summer in Chicago, we ran into lots of people we knew. One of those groups contained an on-again-off-again partner of mine: Richard, with whom I have... shall we say, a complicated history. I respect Richard a lot, and I like him, and I'm highly attracted to him... but I'm pathologically wary of him for reasons that will become obvious.

We greeted our friends. "How are you doing?" Richard asked.

"Happy birthday to me, asshole," I teased. "How could you forget?"

Richard sighed. "Jeez," he said, "sorry I neglected to wish you a happy birthday within, like, the first 15 seconds I saw you."

I paused, and took a moment to recalibrate: he wasn't reacting in his usual adversarial, teasing-back manner. On the other hand, history has taught me not to fall for it when Richard seems unexpectedly vulnerable.

"I'm sorry," I said. I kept my tone light-hearted, friendly. "You know I love you, right?"

"Do I?" Richard asked.

I tilted my head at him. Without thinking, I kissed my own fingers, then put my hand gently against his face, as if I were about to stroke his cheek. Or slap him. I guess it was a way of distancing myself and kissing him at the same time. I think he understood that I intended it as an uncertain-but-intimate gesture. But I'm never sure, with Richard.

"Call me," I said.

"No," Richard said. "**You** call **me**."

Hours later, Mr. Ambition brought him up. We were having one of those sweet, intimate, disjointed bedtime conversations. Mr. Ambition was lying back, half-covered by a sheet, and I was admiring the play of light on his chest. "Richard really cares about you," he said.

I stiffened, and sat up. "Maybe," I said. "But I can't trust Richard."

"His tone seemed wistful, when he saw you."

"I can't trust Richard," I repeated. "It's always a game with him. Sometimes I think that we have a real emotional connection, but if I try to talk about it or give him emotional feedback, he just ignores me."

"Maybe he isn't really ignoring you," argued Mr. Ambition. "Maybe every time you say

something, or give a little, it makes a tiny bit of difference. Maybe you just have to stay open. Keep trying. These things build up."

"You don't understand," I snapped. "You don't know him! Maybe he really cares, but even if he does, it doesn't matter! Things always end up the same. If I mention emotions, or if I act warm to him, he'll ignore me for a while... and then he'll be cold to me again. I'm telling you, I've been here before, with Richard. It's a trap."

Mr. Ambition didn't waver. "If you're strong enough," he said simply, "then you can walk into a trap."

His words made my heart crack, my breath catch. Made me feel like I've forgotten everything I knew about love.

When I was younger, I thought of my emotional strength like water: an embrace that could make someone I loved feel lighter. Water is a slow, eroding force that pulls beauty from the unexpected. Water makes wood into twisted driftwood sculptures; sharp glass into opaque dim jewels; rocks into soft sand. Water will eventually reveal the heart of everything it touches. If you let it.

I hadn't thought of myself that way in a long time. I felt like Mr. Ambition was calling me out, reminding me of who I wanted to be. Maybe I protect myself better, these days. But vulnerability is not always a bad thing.

*I definitely could fall in love with this man,* I realized.

"You're really amazing," I said, and threw myself on his chest.

He put his arms around me. "So are you," he said.

* * *

As a storyteller, I often look back on my relationships and pick out foreshadowing: the omens. And by now, I recognize the omens even as they're happening... and sometimes I change my behavior, but usually I don't. Perhaps this state is what they call maturity.

One night while we were out, Mr. Ambition sighed in an offhand way. He seemed tired, out of sorts. "I just want someone to take me on an emotional journey," he remarked to me. Then he added, "... No offense."

I mentioned this to a friend, later: "Mr. Ambition says he wants me to take him on an emotional journey," I said.

"An 'emotional journey'? That shit gets old, though," said my friend. I laughed, and agreed with him.

Another night, Mr. Ambition mentioned something about enjoying drama. I was with my best girlfriend at the time; she and I looked at each other. "Careful what you wish for," I said.

My friend said, "Yeah, I'm pretty sure Clarisse knows how to create arbitrary amounts of drama at any time."

"But I'm pretty sure I don't want to," I said.

Later, when Mr. Ambition mentioned that he doesn't usually know how he's feeling, he added: "My friends can often tell more about my own emotions than I can."

"So you basically outsource your emotional processing to your friends?" I asked.

He agreed.

Perhaps the worst omen was when Mr. Ambition told me, "I've never been hurt by love."

"Never?" I asked.

"Never," he said.

His certainty was so great that, in itself, it made me uneasy. Because I have definitely been hurt by love. And my greatest wounds were dealt by men who seemed sure they loved me. A man who seems sure might actually be sure, but he may simply fail to understand himself.... So these days, it's always men who seem certain that make me most uncertain.

There's another great quotation from that Monica Ali novel, *Brick Lane.* Here it is: "The thing about getting older is you don't need everything to be possible anymore, you just need some things to be certain."

* * *

I often felt like I was watching the relationship from a distance. I tried to resist thinking of our relationship using cold, manipulative pickup artist terminology and tactics, but sometimes I couldn't stop myself. I'd rather not talk about that.

I found more and more ways to manage my incentives. I noticed that one of my methods was telling friends and parents that I liked Mr. Ambition a whole lot. I think it was even true.

Most of all, I told myself that the lack of natural chemistry was a good thing, and not a bad thing; the lack of natural chemistry was **why** this relationship could last.

I was quite calculating about it, really, and maybe that was why he broke up with me. On the bright side, I kept my head during the breakup, which was nice, because I didn't keep my head during my last breakup. With Mr. Ambition, I didn't feel like my self-control slipped at all.

"We need to talk," Mr. Ambition said without preamble, when I met him in the foyer of his apartment building. "I'm having some concerns about our relationship." Once we were in his apartment, he said, "To be honest, I don't know how attracted I am to you."

I tried to measure his mien. I got the feeling, again, that energy was coiled tightly inside him. Like a dragon. "Are you breaking up with me?" I asked.

"We're just having a conversation," he said quickly.

We talked about sex for a while. Chemistry. "I don't think I like S&M, to be honest," he said. "I don't feel affected by it."

I thought: *Are you sure?* and *You definitely looked affected by it,* but it's both unethical and unwise to question someone else's experience. So I just said, "You know I don't want you to do anything you don't want to do. Have you felt pressured by me?"

"No, of course not," he said.

We talked some more. He ultimately said, "Look, are you totally satisfied with the sex we're having?"

"I mean..." I said. "It's not the most intense sex I've ever had, but it'll keep getting better."

"I think we should just be friends," he said.

"... Okay," I said. "Um. Is there anything else you want to talk about?"

Mr. Ambition seemed agitated. He seemed barely able to hold still. "I've never dated anyone that I respected like I respect you," he said. "Your charisma, your intelligence, your morality. But... I don't know. I don't feel like we're very authentic with each other. I don't feel like there's much warmth between us."

*Maybe you're right,* I thought. *But either way, it's too late now.* "Okay," I said. I thought for a moment. "I'm sorry," I added. "I really wanted this to work out." For a moment, tears startled my eyes, but I blinked them back.

"Are you all right?" he asked. He leaned forward. "Is there anything I can do for you?"

I looked at him and tried to think. I knew I was going to be very upset in maybe fifteen minutes. He seemed hurt, and I wanted to say something that would comfort him. I wondered if he wanted me to cry, and beg, and create drama; I wouldn't do that... but maybe it would help if I asked for something simple.

But I couldn't come up with anything, and I wanted to leave. So after a pause, I said, "You can let me go home and cry."

I said it as gently as I could. But Mr. Ambition seemed terribly distressed. "Ohhh," he said, and screwed up his face. He leapt to his feet. "I'm sorry," he said.

"It's okay," I said. "Is there anything else?"

"Sometimes I think men just aren't capable of the kind of commitment women are," Mr. Ambition said. He sounded defensive, even though I hadn't made any accusations. "Then again, you're not like most women.... You're kind of a hardass. You probably have this problem with a lot of the men you date, where you come across as kind of a hardass.... And to be honest, I don't think men really want to date women as smart as they are."

*Jesus,* I thought, *you already broke up with me; can't you just let me go? Why do you have to rip into me like this?* I wondered how much of what he was saying was about me, and how much was him trying to make sense of his own feelings. But even though I felt sure that he was confused, his words sent an icy spike straight through me. *"I don't think men really want to date women as smart as they are...."*

"I've worked really hard to become less argumentative," I said. "You should have seen me when I was a teenager.... I don't know if I can tone myself down any more than I

already do." Even as I said it, I wondered why I was still talking to a guy who'd just said that *men don't want to date women as smart as they are.* I felt like a bad feminist.

"Oh, you shouldn't tone yourself down!" said Mr. Ambition. "It makes you attractive.... Attractive intellectually, I mean."

I sighed. "Yes," I said. "Intellectually."

"I'm sorry," he said again.

"I'm going home," I said.

"We're still friends, right?" he asked.

"Yes, but give me some time to get over this," I said. "Probably about a month."

"What do you mean?" He came after me as I walked to the door. "Like, you don't want to see me at all for a month? You don't want me to call you, or reach out to you, or **anything**?"

I looked at him, again, for a long moment. I regretted his stricken expression. Again, I spoke as gently as I could. "Maybe in a month."

He offered me a ride, which I declined. My fifteen-minute estimate was almost on target: twenty minutes later, I stepped into my bedroom, leaned back against my door and burst into tears.

* * *

I ran into Richard the next evening, and we spent the night together. Richard put a fair amount of effort into convincing me to talk to Mr. Ambition.

"It sounds like he didn't actually mean to break up with you," said Richard. "It sounds like the conversation got away from him. He didn't start that conversation intending to break up with you; maybe he was looking for reassurance, and you approached his questions too logically, and he concluded that you don't care. You really like him. It seems like it's worth trying to make it work."

You may have noticed that both of these men tried hard to convince me that the other man cared about me. I decline to analyze what that means about me and my current approach to relationships.

However, I will say that I tried giving Richard more emotional feedback than I have in a long time; I even told him I missed him the next time he went on vacation. And I did try talking to Mr. Ambition again, and he acknowledged that he hadn't exactly intended to break up with me.

But then Mr. Ambition and I had several of those encounters that I think of as "post-breakup talks." I hate that shit. Every evening ended on a confusing, inconclusive note. He kept saying that he was "confidently ambiguous." We weren't dating, we weren't not dating. It reminded me of a phase I went through with a college ex-boyfriend, back in my monogamous days: my ex and I spent several weeks post-breakup being "exclusive but not together." So preposterous. People are so broken.

Mr. Ambition himself has described uncertainty as an "emotional amplifier"... but sometimes it amplifies in the wrong direction. After a week or so, I got fed up and cut things off. He asked when we would talk again, and I told him I didn't want to talk for a while. A few days later, I broke my neck in a bicycle accident.

It's like a goddamn soap opera, isn't it? Sometimes I can't believe this stuff happens to me.

* * *

Mr. Ambition showed up in my hospital room while no one else was around. I was no longer afraid that I might die, but I was leaden with morphine, and anxious. I awaited the neurosurgeons who would come install a big scary spinal brace, and I felt grateful and glad to see Mr. Ambition. I hadn't been certain he would come, although if he'd had such an accident, I would have moved Heaven and earth to go see him.

"I came as soon as our friends told me," he said. "There are so many people who love you." He said my name, and spoke softly, and the words bruised my heart.

"Thank you," I said inadequately.

"I had to skip out on work to get here," he said, and sat next to my bed. "We're in the middle of important negotiations. A billion-dollar deal."

"I'm sorry," I said. "Maybe you shouldn't have come."

He laughed. "Don't you think you're worth a billion dollars?"

"Probably not," I said.

He took my hand. "Is there anything I can get you?" he asked.

I wasn't allowed to eat or drink before the surgery. "Tell me a story," I requested.

Mr. Ambition retold a story from Dostoevsky's *The Idiot.* It was about a big-hearted man who comes to a small community and befriends an outcast "fallen woman." The big-hearted man gains high status in the community, but when people find out that he's friends with the marginalized sex worker, they become angry. Despite their condemnation, the man stays steadfastly loyal to his friend, and by seeing the way he cares about her, eventually the community accepts her too.

It was exactly the kind of story I expected to hear from him. I thought of the moment, sitting in bed, where he'd said: "If you're strong enough, you can walk into a trap." The moment when I'd realized that I could fall in love with him.

After Mr. Ambition finished the story, the doctors arrived with the brace. This contraption involved using power tools to put four screws directly into my skull, which stabilize seven pounds of metal. For realz. I was awake while they did it, too. Luckily I got local anesthesia, so the screws didn't hurt while they were going in -- but I heard the bone crunching, and I felt the pressure building. Also, my neck hurt a lot. It was reasonably horrible.

Some of my friends said later that they arrived at the hospital and tried to get into my

room while the brace was being installed, and they couldn't get in, but they heard me screaming. I don't remember screaming, so I deny everything.

I tried to talk normally while it was happening. I felt like the whole affair was probably more taxing for the doctors than it was for me. I mean, at least I had morphine.

"I'm sorry," I said to one of the doctors. "People must say awful things to you while you're doing this procedure."

"One woman told me how much she hated me," the doctor said tranquilly.

I tried not to cry, but I cried. Like I said: soap opera territory.

Mr. Ambition never let go of my hand.

* * *

Mr. Ambition visited me in the hospital for hours every day. He brought me all kinds of awesome vegan smoothies. He met my parents, and got along well with them.

When she got a moment alone with me, my best girlfriend asked what was up with him. "You guys broke up, didn't you? What's next?"

"I'm not sure," I said. "We haven't talked about it."

When I was able to go home, Mr. Ambition helped move me in. My air conditioner had stopped working, which is not fun for August in Chicago, especially for a person wearing a fur-lined brace. He promised to lend me a fan.

I can't turn my head, so when Mr. Ambition arrived with the fan, I didn't realize it was him until he was standing right next to me. I was alone in my room, lying in bed, wearing only the brace and my underwear while I answered text messages. This was not as sexy as it sounds. Unless you're a medical device fetishist. In which case, I guess it was exactly as sexy as it sounds.

The fan was quickly installed next to my bed. I felt awkward because I was half-naked and wearing a complex brace. I felt awkward because I couldn't help with the fan. I also felt awkward because I was racking up unpayable debt to a man who was, to all appearances, my ex. I tried to cover my discomfort by answering some more texts; then I looked up at Mr. Ambition. I couldn't read his expression.

I felt oddly expressionless, myself. I felt wrung out. I couldn't think of any words I wanted to say.

Maybe that was our moment of truth: the moment had no chemistry at all.

I gave Mr. Ambition my hand. "Thank you so much for everything," I said.

"Of course," he said, squeezed my hand, and left.

* * *

After my accident, Richard sent me a quick email, then didn't contact me for over a month. I remembered what Mr. Ambition had said -- encouraging me to send more

emotional signals -- so tried inviting Richard for dinner, and he didn't answer my text messages. When I finally ran into Richard, I asked why he'd been ignoring me, and he laughed. "I knew you'd accuse me of ignoring you," he said. I felt like I'd walked into a trap.

I was hurt, obviously. I was surprised by how hurt I was. The problem with my youthful water metaphor is that water is basically invulnerable, but I am not... and when I was younger and more open, I had much more trouble setting important boundaries.

On the other hand, I had to admit that it was funny, too. I mean, it wasn't like I didn't see this coming. I mean, my coming-out story includes a portrait of Richard at his most difficult. One of the friends I share with Richard made a comment about leopards and spots. Maybe my life is a soap opera, but it could also be a sitcom with the most amazing characterization ever.

I enlisted a cold, brilliant, evil-hearted friend to help draft my final letter to Richard. The letter was very short. Arguably, it was brutal. It read:

*Economists recognize that the most robust relationships are formed through a plethora of implicit agreements. Apparently, these agreements are not present, and probably won't be. Cheers.*

Economics arguments in the comments are encouraged. More importantly, readers may feel free to steal that letter for use on whoever is trying to pull their chain.

* * *

I received a couple texts from Mr. Ambition, a few days after he gave me the fan. He said there had been a death in his family. "But I don't want to talk about that, actually," he wrote. "I just want to check in and see how you're doing."

I thought about how he laughed when he was hurt. I thought about how he'd once told me that he wanted drama. I thought about his confusing reactions to S&M. I thought about how he outsourced his emotional labor to his friends. I thought about all the emotion I'd felt in him, coiled and caught and turned in on itself like a caged dragon.

I wondered if he wanted me to push him to talk.

"I'm so sorry," I texted back. "But I understand if you don't want to talk about it. I'm doing fine."

He invited me to a social event a week later, but I declined. I didn't reach out to him for a while after that, and he didn't reach out to me. I heard later that Mr. Ambition asked one of my friends whether they thought he owed me anything.

My friend told him, quite accurately: "No, you don't owe her anything."

If anything, **I** owe **him**. I'm not sure what I owe him, but I'm sure I owe him **something**. A billion dollars? Vegan smoothies?

Chemistry?

* * *

*This post can be found on the Internet at:*

http://clarissethorn.com/blog/2011/09/30/storytime-chemistry/

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S&M:

## [theory] Start From A Position of Strength

*I wrote this post in 2011, and I wrote it carefully because I was worried that it might be interpreted as putting too much responsibility for BDSM on the submissive partner's shoulders. To be clear, I believe that both partners have responsibilities in a BDSM situation, but I also believe that the dominant partner especially* ***must*** *be careful and responsive. I hope that this is a theme in all my work. I really don't ever want to encourage people to blame the victim. However, I think it's undeniable that submissive partners need a sense of themselves, as well as internal strength and resources, to do BDSM -- especially very intense BDSM. The goal of this post was to start figuring out what that means.*

* * *

A while back, I attended a workshop run by educator Sarah Sloane on the topic of BDSM and abuse. Sarah centered her workshop on a maxim that I have hereby stolen: "Start from a position of strength, and seek strength in the end."

I've been thinking about this a lot in terms of not just polyamory and BDSM, but sex in general. All types of sexuality are more pleasurable for some people, and less pleasurable for others; emotionally easier for some people, and more difficult for others. I have zero interest in telling other people how they "should" or "shouldn't" deal with their sexuality, as long as what they're doing is consensual. I want to say right now that nothing I'm about to write is intended to tell others how they "should" or "shouldn't" do S&M; it's just my own thoughts on how I might choose and process my experiences.

I can certainly consent to whatever, even if that thing is problematic or scary or difficult or complicated -- I can consent. The thing is, if I want to get something amazing and positive out of my experiences, I think it's good to start from a position of strength.

In some ways this is clear. For example, I think that being with a partner who genuinely wants me to have a good experience, who really cares about me, and who wants to see me again -- that's almost always a position of strength. Even if I have fairly intense, dark S&M encounters with that person, I can feel confident that he'll treat me with respect; that he'll give me space and lend me strength for emotional processing afterwards.

Also, knowing what I want is a position of strength; understanding how I feel is a position of strength. Being able to recognize my emotional difficulties, hiccups, triggers and landmines is a position of strength. Knowing for sure that I can call my safeword, if necessary, is a position of strength. On a physical level, I prefer to do S&M when my

body is in good shape -- when I'm well-rested and I've eaten healthy food. That, too, is a position of strength.

In some ways this can become murky. For example: I am rarely interested in one-night stands. There are a number of reasons for this, but one reason is that -- especially as a woman -- feeling like a "slut" can be scary, difficult cultural territory. And when I don't feel good about myself, my interest in one-night stands is even lower -- because I know that dealing with the difficult territory of "sluthood" will be harder with low self-esteem. If I'm feeling happy, strong, competent, valuable, and loved by the world... then one-night stands can easily be fun. If I doubt my worth, or if I doubt how much I deserve love... then one-night stands can be self-destructive.

The same goes for relationships with people who don't care about me. If I'm sure that a guy has no emotional interest in me, then having sex with that guy can be a dangerous emotional proposition for me, and one that I need to feel strong for. This doesn't always end up being true -- I've definitely had sexual encounters that left me emotionally unaffected -- but sometimes it's hard to predict whether I'll want more emotional investment from a given dude, so I try to keep it in mind for all encounters. (From a polyamorous perspective, I've noticed that less-emotional sex is often easier to handle when I'm already in a solid relationship with someone else.)

A couple I know in the local S&M community will sometimes have encounters that absolutely blow my mind, because they seem so difficult and so psychological. Here is an example: after the pair was married and child-free for many years, the wife realized that she might want children after all. This was a problem for her husband, who married her with the understanding that neither of them wanted kids. It became an ongoing discussion. Then the husband -- who is also the sadistic, dominant partner -- asked her if they could have an S&M encounter focused around the topic. She said it was okay.

So, as part of an S&M class that they taught together, the husband used her new feelings about children to rip into her: during the S&M encounter, he told her that she was probably too old to have children, that she'd waited too long. He added that she was too flighty for kids; that she'd be a bad mother. He added that he had always made it clear that he never wanted kids; that she was stupid for marrying someone who didn't want kids, and that this problem was her own fault.

I was not present during this class, but I heard about it from some attendees, and it sounds like it was really intense. He used a genuine and difficult sore spot to put his wife through a psychological S&M wringer, with her consent.

These days, I feel very tempted towards encounters like that: encounters that can tear me apart on a deep level, using important weaknesses and insecurities. I've also received email from other people who want to arrange encounters like that, and who ask my advice. An obvious problem is that such a relationship could easily slip into abusive territory.

So I've thought about this a lot, and here's my conclusion: those kind of intense psychological encounters obey the same maxim as other BDSM -- "Start from a position of strength, and seek strength in the end."

Thus, before having such an intense psychological encounter, I should feel that the encounter will ultimately -- through the pain and anxiety and tears -- make me feel more supported, more capable, more powerful in the world. One angle on this is to trust my partner a great deal, and be sure that he wants the best for me -- to be sure that in the end, he wants me to be as strong as I started... or stronger.

It's possible that I might not need so much support from my partner, if I get support elsewhere in my life: perhaps from friends, perhaps from a Kink Aware therapist, perhaps from a great job or a solid diet and exercise plan, perhaps even from another partner. (Of course, if I were planning to get extensive emotional processing support from other people, then I would seek their consent beforehand.)

Still, it seems like the easiest way to get support would be to get it from my partner, who would share more of the experience with me than anyone else. This would also build our intimacy, which is usually a major factor in having intense S&M encounters in the first place.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/07/20/slogan-start-from-a-position-of-strength/

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S&M:

## [storytime] Predicament Bondage

*I wrote this in early 2011. Amusingly, after I wrote it, one of the top Google queries that brings people to my blog became the phrase "predicament bondage." I think those folks are probably looking for porn, and I wonder if my article disappoints them.*

* * *

### Predicament Bondage

Some people are masochists (who enjoy pain) but not submissives (who enjoy, well, submitting). Some people are really into discipline (with lots of punishment) but not bondage (rope, cages, etc). Some people are sadists (who enjoy inflicting sensations) but not dominants (who enjoy being in control). Some people are switches, who find that they can switch between roles -- they can be dominant or submissive; sadistic or masochistic... I am an example of a definite switch.

Me, I get positively bored if someone takes a long time tying me up. For other people, 45 minutes of elaborate knotwork = really hot foreplay. I don't understand this, but that's cool; plenty of people don't understand my preferences and we all coexist quite happily anyway.

So yeah, "bondage" -- rope, cages, etc. -- is not so much my thing. But there's one phrase I absolutely love: "predicament bondage." Predicament bondage is usually presented in a very elaborate way: for example, a submissive might be tied up with ropes binding him such that his arms are in pain -- but if he moves his arms then his legs will be in pain. It's a predicament! And it's bondage! Whee! Predicament bondage!

However, it doesn't have to be elaborate to be predicament bondage. I'm not into rope obstacle courses, but I started loving the phrase "predicament bondage" after a friend went to a workshop run by Fetish Diva Midori and reported back. He said:

*Midori had two pitchers of water, or maybe a pitcher and a glass. She told us, "This is the simplest form of predicament bondage," and she had the demo submissive hold his hands straight out at shoulder height. Then she placed the water in his hands. The submissive had to keep holding the water; if he failed, he knew he would be failing Midori. But there was never any threat of "Midori's wrath" if he failed her. In fact, she spoke as if she was on his side, part of his team. In many ways, her sympathy for his plight made it all the more cruel, because she was the one doing it to him.*

*She explained this. She knew that his sense of disappointment in "failing" her was worse than anything she could actually do to him.*

So, the predicament in that case was the submissive's increasing arm agony vs. his fear of failing Midori. For me, that concept is infinitely hotter than a rope obstacle course. Although for me, in practice, I'd also want the pain to be a bit more... um... personal.

* * *

The first time someone flogged me, I had no idea what he was going to do beforehand; he and I had the strongest dominant/submissive dynamic I've ever felt, and I put myself in his hands with almost-total trust. A night came around when I felt that itch under my skin, the dark burn in the back of my mind... I knew I had to go see him. I wasn't hugely experienced, but I knew exactly what that slow burn meant.

It was late. He was in bed, and I lay down next to him. "I think..." I said slowly, "I want you to hurt me. A lot."

I felt him tense beside me.

"Why?" he asked.

I didn't look at him. "Why do you ask me questions when you already know the answer?"

"Sometimes I just want to hear you say it," he said, and stood up. "Take off your clothes and get on your knees."

I caught my breath; did as he said. When I felt the ends of the flogger trail lightly down my back, I wasn't even sure what the soft sensation meant, but I was already trembling anyway. I am surprised by my memory of how much it hurt when he hit me. These days, I don't think of floggers as especially painful, but then again, I seem to recall that he left more marks than I'm used to. (I loved taking off my shirt and examining the bruises in the mirror. I glowed for days, afterwards.) So maybe there was something particular about what he did, or about his materials. Or maybe it's just that it was my first time.

He created the predicament when I started to cry and flinch around. It was very simple. He leaned over me. "For the next three, keep your face down and your hands still," he said. "Promise me."

"I can't," I said. "I can't promise." I said it frantically. I was terrified of failing him. "I can't."

"You have to," he said gently. "So you will."

I cried harder. I sobbed so hard I couldn't speak. He stayed where he was, leaning over me, and kept a merciless silence. "I promise," I finally said, when I could shape words. My back was to him, I couldn't see his face, but I swear I felt him smile.

When he hit me again, I barely moved. After the count of three, he said he wanted to see how much longer I could go, but the answer was that I couldn't -- I started to flinch strongly again. Of course, he kept hitting me, if only for that. But at least I hadn't broken my promise. Hadn't failed him.

* * *

I've heard about a game in which the submissive partner stands next to a wall, and holds two coins against the wall -- one in each hand. The dominant then does, you know, some stuff. On the submissive's part, dropping the coins spells failure. This sounds pretty hot, and it's one way to make a concrete predicament. But during the above encounter -- my first time being flogged -- I assure you that it was plenty hot enough without any coins. With only my promise and my awareness to keep me in line.

Sometimes I can't obey the order, no matter how hard I try. My partner may order me not to move, for example, when I can't help moving. If I were in the above scenario, with the coins, I'm not confident that I wouldn't drop them. It's scary -- especially if I love him, because then all the emotions are multiplied. But even if I'm not in love -- as long as he's got me in the right mental space, then if I fail, I will say "I'm sorry" over and over. I'll be terrified of his anger; I'll feel like I deserve punishment, and if he doesn't keep hurting me I'll feel abandoned.

The more I fail, the more it hurts -- more than physical pain ever could. Slamming up against my own limits makes me feel terribly inadequate. It's hot, but it's dangerous; it can rip me apart. At times like that, I often need my partner to tell me after we're done: "I still like you and think you're a good person."

And sometimes I need to hear that especially if I safeword out of the encounter, because sometimes -- not always, but sometimes -- calling my safeword can feel like the worst failure of all.

* * *

When I trace some of the weirdest and most random situations that get me hot, I see that predicaments come up all the time. For example, I have a terrible tendency to try and make out with a partner right before we're expected to be somewhere. I might be totally cold 30 minutes before we have to leave, but 10 minutes before we have to leave, ding! It's like a switch flips. We've got to leave, but I grab him and now he's turned on, oh no!

And now we're late! Whee!

One of my exes pointed out my tendency to make out with him while his car was stopped at traffic lights that were about to turn green. "I know!" I said. "I don't really get why I do that, myself." He responded, "Predicament bondage!"

* * *

Sometimes, when the pain is getting intense, I'll play a little game with my partners. (Kind of a game, except it's also serious, or it feels serious at the time; usually, when I start playing this game, I am not even close to coherent enough to ponder tactics; I'm running on instinct.) I think of this game as the "aren't you scared of the neighbors" game. In the "aren't you scared of the neighbors" game, I start making noise loud enough that I might catch outsiders' attention. Part of me is hoping that my partner is worried about the neighbors; that he'll relent, that I can use my tiny advantage to convince him to pull back. That I can play for a moment of relief, a smidgen of mercy.

Of course, if I'm lucky, my partners will then just order me to be quiet while they hurt me. Which creates a predicament! Because being quiet is actually not at all easy, and it gets more difficult the more it hurts.

And then there's the distraction game. I don't always do BDSM with partners I'm sexually attracted to; even with partners I'm sexually attracted to, I don't always feel sexual during our BDSM encounters. But when I feel very attracted during a BDSM encounter, oh, man. That's when I play the distraction game, which involves attempting to distract him by turning him on. Again, I'm not really coherent enough to be planning strategy at times like this; I'm more going on instinct; instinctively, it's like I'm trying to bargain. *Maybe if I can turn him on, he'll have sex with me instead of hurting me....*

If I'm lucky, he'll recognize what I'm doing; he'll be pleased, amused even, but he won't stop. One recent partner had me handcuffed to a car seat while he was hurting me. (Doing this in his car was not my idea, but at least we weren't moving. Nor were we paused at a traffic light.) I couldn't move too much, so I started licking his hand when he reached for me. Kissing his palm, his fingers -- he groaned, and then he laughed.

"You **are** a switch," he said, "trying to control me even now." And he didn't stop.

* * *

"No," I breathed, a few months ago, during an encounter with someone who's really good at this. "You don't get to say no," he replied, so I bit back the word. Had to fight against my own desperate instinct to say it, over and over.

Later, he murmured, "It's so cute how you act like you don't want this," as he leaned in to inflict dark bruises on my shoulder. His words almost brought me to tears. *But I **don't** want it. Do I? How can I want something that hurts like this? But I'm not stopping him -- did I really ask for this -- I must want it* -- Forcing me to face up to my own consent: a predicament?

I fought back when he hurt me, instinctively pushing him away. "Don't push me away," he instructed. "Put your arms around me," and I did. But we moved around, and moved

again, so I had my arms back -- and again, I couldn't seem to control my instinctive struggling.

And so he stopped for a moment, held my arms in place, and laid down the law. He knows I very much prefer some kinds of pain over other kinds of pain, so he told me this: "If you want the kind of pain you **like**, you have to let me in close." Layer upon layer: he's not just forcing me to take the pain; he's making me complicit. I think there were also practical considerations, in that it was actually difficult for him to control how he hurt me when I struggled a lot, but, still.... It was so hot it made me gasp.

I'm not sure, but I suspect that a few years ago, I might not have been able to handle that level of complicitness: forcing me to acknowledge what I like. Back then, I was too appalled by my own desires. Now, this level of complicitness adds another level of pain -- emotional pain; mild pain that I can cope with -- which is awesome. But although feeling complicit is a new tactic, it's part of an old game. It's merely another kind of predicament.

Fundamentally, what's hot about predicament bondage isn't the mechanics of what my partner says or does. It's not about the scenario or the equipment or the exact words. It's knowing that he won't stop hurting me, no matter how I fight or beg or scream. It's feeling that every moment, every action reinforces how much I'm in his power.

It's knowing there's no way out.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/01/07/storytime-predicament-bondage/

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RELATIONSHIPS:

## [theory] Relationship Tools: Monogamy, Polyamory, Competition, and Jealousy

*I wrote this in 2012, but it's the culmination of over a decade of thought. I came across my first polyamory books when I was very young, and I remember that even though I was inexperienced, I felt super frustrated by how most polyamorists discuss jealousy. They were incredibly un-empathic about it; the advice always seemed to boil down to "Get over it," with a dollop of "Stop being so selfish," and without any acknowledgment of how painful and difficult jealousy can be for the person who's feeling it. But at the same time, most monogamists aren't much better about this topic! Many monogamists approach jealousy as something that requires no examination at all.*

*In this essay, I'm trying to come to a better understanding of all these dynamics. I also seek to integrate them with BDSM theory, which I'm convinced has a much stronger*

*bearing on jealousy than most people will admit.*

* * *

**Relationship Tools: Monogamy, Polyamory, Competition, and Jealousy**

Last year, I wrote a piece called "In Praise of Monogamy." I currently practice polyamory in my relationships, but I spent years dating monogamously. I've noticed that when people talk about monogamy, they usually either assume that it's the only way to go... or they assume that it has to be thrown out the window entirely. I think that this either-or approach is completely wrongheaded, so the goal of "In Praise of Monogamy" was to talk about the advantages of monogamy in a more neutral, nuanced way. Different relationship models are all tools in a toolbox, and some people are better with some tools than others.

"In Praise of Monogamy" was probably one of my most successful articles ever -- it was republished at a ton of websites, including high-profile venues like *The Guardian.* Simultaneously, the article got a lot of really mixed comments. Some people felt that I wasn't praising monogamy enough; others felt that I wasn't praising non-monogamy enough; there were lots of other frustrations too. My big takeaway was that these conversations don't happen enough, most people aren't used to having them, and it's really hard to know where it start.

Jealousy is one obvious starting point, because people always bring it up in conversations about non-monogamy. I talked a little bit about jealousy in "In Praise of Monogamy." If you've recently read that piece, then feel free to skip to the end of the following italicized excerpt:

*Some people experience jealousy more than, or less than, or differently from other people. Plenty of people in non-monogamous relationships experience jealousy -- and plenty of non-monogamous people handle it just fine, through open-hearted communication.*

*But there are also plenty of people who appear to lack the "jealousy chip."*

*And then there are plenty of people who experience so much jealousy, who feel that jealousy is such a big part of their emotional makeup, that the best way to manage it is simply through monogamy.*

*Personally, I used to get a lot more jealous than I do now. I think I'm less likely to get jealous these days partly because I've gotten better at finding low-drama men. Jealousy has a reputation for being an irrational emotion, and sometimes it genuinely is an unreasonable, cruel power-grab. But I think jealousy is often quite rational, and often arises in response to a genuine emotional threat... or deliberate manipulation.*

*There's another reason, though... I've also noticed that some switch in my brain has flipped, and I've started to* ***eroticize*** *jealousy. I occasionally find myself fantasizing about men I care about sleeping with other women, and sometimes the fantasy is hot* ***because*** *I feel mildly jealous. I cannot explain how this happened. It surprised me the first time it happened, believe me. What's really fascinating is that I think* ***the same part*** *of me that eroticizes jealousy, is the part that used to make me feel sick at the thought of my partner*

*sleeping with someone else. S&M masochism: the gift that never stops giving!*

*I think it's important to note here that I didn't become less jealous because I felt like I "should," or because I was told not to be jealous. In fact, I had an early boyfriend who acted like I was a hysterical bitch every time I got jealous... and he made things much worse. With him, I just felt awful when I got jealous; I couldn't get past it. I felt like he was judging me for something I couldn't help; I felt like my mind was fragmenting as I tried to force myself to "think better" without any outside support; and worst of all, I felt like I couldn't rely on him to respect my feelings.*

*It was the men who treated my emotions like they were reasonable and understandable who decreased my jealousy. It's much harder to be jealous when your partner is saying, "I totally understand," than it is when your partner is saying, "What the hell is the matter with you?" Maybe that's what makes monogamy such an effective jealousy-management tactic: monogamy can be like a great big sign or sticker or button you can give to your partner that says, "I respect your jealousy." Which is not to say that monogamy is always effective for this -- we all know that monogamous people get jealous all the time! (Which only adds to my point that monogamy might be viewed as just one of many tactics, rather than an answer, when jealousy is a problem.)*

Now, back to the current article. Jealousy is an incredibly hot-button topic, so I'm nervous about this, but let's focus in on it a little more.

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### *The Feeling of Jealousy*

Jealousy and its cousin, competition, are both things that happen a lot in relationships. Some people are so uncomfortable acknowledging this that they repress those feelings, or ignore the behavior that goes along with them... but I've rarely seen that end well. I believe that some people lack jealousy and competitive urges, but I've also seen a lot of people who feel those things but can't admit it. Not even to themselves.

I dated a guy last year who told me at the start of our relationship that he never got jealous. At first I took him at his word, but I quickly noticed that he changed the subject aggressively when I mentioned past lovers. We had a mutual friend with whom I had a lot of chemistry; when the three of us were together, my boyfriend acted uncomfortable and irritable, and when I specifically acted in ways that made it obvious I was with him -- like by giving him Public Displays of Affection in front of the other guy -- he relaxed.

I sighed internally when I observed this, and I felt frustrated, but wasn't sure how to talk about it without sounding like I was calling him a liar. Fortunately, he brought it up later. "I think I do get jealous sometimes, and I just don't like to think about it because it makes me feel like a bad person," he said, one night while we were making dinner. In that moment, my respect for him skyrocketed. It's hard for people to keep track of themselves like that, and to shift their self-image when confronted with new evidence.

Some people seem to interpret their lovers' jealousy as a sign of love. Hey, I'll admit that I've had moments of being flattered or pleased when my boyfriends show signs of jealousy -- or when they act a little competitive. Sometimes those things are scary,

though... or threatening... or frustrating, like in my example above. It's complicated!

However, I often see those dynamics play out in ways that the participants won't admit, no matter how much evidence comes up. I think it gets especially complicated when people experience jealousy as a sexual thing, a turn-on. Most people have a hard enough time discussing their sexuality in the first place. When you add an ingredient as controversial as jealousy, the potential discussions become that much more combustible.

When I was researching pickup artists for my awesome book *Confessions of a Pickup Artist Chaser,* I found a number of discussions in that community that praise competitive feelings because they're seen as making the relationship more fun. A lot of these guys say competition among different lovers within open relationships is awesome because it keeps everyone a little uncertain, and encourages them to be "on top of their game." This contrasts drastically with most polyamorous perspectives; in my experience, poly folks see jealousy and competition as things that should be compartmentalized and managed very carefully, rather than encouraged or exalted. For polyamory theorists, a feeling of safety is often the goal, as opposed to a feeling of competition.

And emotional safety is certainly a concern, because jealousy is one of the most intense and overwhelming emotions out there. It's such a hard feeling to sit with and work through. My worst experiences of jealousy felt like I was choking, like I couldn't breathe, like I was sick to my stomach, like I was terribly obsessed, like I couldn't think of anything but the jealousy and how much it hurt. And yet... I've occasionally felt jealousy that was weak, almost nice, where I felt a little twinge of it and turned to my lover and got reassured... and that made me feel more safe, more cared for, more loved.

**The bottom line is that people experience jealousy and competitive urges in many different ways.** It's important to acknowledge that and honor it. I don't see it as productive to frame things like "jealousy is bad," or "competition is awesome." **I'd much rather frame things like: "Jealousy and competition happen sometimes, and how do we deal with them when they come up so that everyone involved feels comfortable and happy?"**

* * *

### *The Toolkit*

I firmly believe that **the primary tools for dealing with jealousy and competitive urges are honesty, good faith and respect**. If you're feeling jealous, then take a deep breath. (I'm pretty sure that most relationship drama could be avoided if more people took deep breaths.) Hopefully, you're dating someone who you like and trust (if you're not, what's the point?). Remind yourself that this person, who you like and trust, probably is operating in good faith and isn't trying to hurt you. Respect that this person has their own desires, which won't always overlap perfectly with your own. Don't assume that your partner is obliged to do everything you want -- but do be honest about what's hurting you, so you can work it out together.

And, in turn: if your partner is jealous, respect that emotion. Remind yourself that this person, who you like and trust, probably is operating in good faith and isn't trying to control you. Be honest about how your partner's jealousy makes you feel, and think about

ways to reassure your partner while protecting your own needs and boundaries.

The **most stable** relationship formation for dealing with jealousy and competitive urges appears to be monogamy. To be sure, I think people have plenty of other reasons for choosing monogamy. But the relationship tool that seems to work most thoroughly, and most often, and for the most people, is simply... being monogamous.

There are many ways of approaching non-monogamy, but the one I'm most familiar with is polyamory. A lot of polyamorists, though not all, organize their relationships into hierarchies: they have one or more "primary relationships," and then "secondary relationships" and other relationships that don't make it to secondary level. Sometimes a primary partner will have "veto power" -- i.e., if one partner wants to get a new partner, then the primary partner can explicitly block that partner. This seems to help control a lot of jealousy and competitive behavior.

Some poly folks say that they see hierarchies and veto power as "blunt instruments," and that they prefer to negotiate every interaction case-by-case. This sounds fine to me as long as it works for them, of course. But I would offer this: I think that blunt instruments are sometimes the most useful tool for a given project. And in fact, blunt instruments are **more often** useful than finer-tuned instruments. The whole idea of finer-tuned instruments is that they're useful for precise circumstances... but they're also harder to use, and more fragile. Some people don't have the time or inclination to create a whole new toolkit for every individual relationship. Some people will settle for a slightly less precise, perfect relationship in exchange for a more stable one. Sometimes it's simply easier to use a blunter, but more universally effective tool.

I will also add that I have seen **plenty** of polyamorous relationships in which there were **unspoken** hierarchies, and **unspoken** veto power. This resulted in maneuvering that struck me as both underhanded and unnecessary. I've always felt that it would be better for everyone involved if those dynamics were put out on the surface.

Finally, for people who like jealousy and competition.... If S&M has taught me anything, it's that it's quite possible to play with pain and power **within a safe, loving framework**. The key is to compartmentalize the whole process and discuss it openly. If people are into competitive relationships, then okay. If people like jealousy, then okay. But in that case, they really ought to look for partners who share those tastes, and to find ways that they can deal with them openly and honestly.

In S&M, there's a huge emphasis on careful communication tactics -- safewords are the most famous example, but there are plenty of others. There's also a huge emphasis on talking about the S&M encounter and processing it together afterwards; we call this aftercare. If jealousy and competitiveness can be understood as consensual games of pain and power, then I think people who want to play those games would do well to learn about S&M communication tactics. If you're going to have fun making your partner feel an emotion as intense as jealousy, then you might consider giving your partner a safeword.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/05/01/relationship-tools-monogamy-polyamory-competition-and-jealousy/

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EVOLUTION:

## [storytime] You Don't Always Know What You're Thinking

*I wrote this in late 2010. I have mixed feelings about it now. I think I made important points, but I will also say this: if you don't have a clue what's going on in your head and don't even know where to start, then that can be a bad sign. I think that when people are unhappy, or dealing with situations that are more than they can handle, they often settle into a kind of mental "fog" so they don't have to think about it. (The feminist writer Autumn Whitefield-Madrano has a great article describing how this happens in abusive relationships; she calls it "the fog of abuse.")*

*Yet at the same time, I do believe that we should consciously make space in ourselves for new feelings to emerge, especially when we're pushing our limits. Self-awareness must include allowing new feelings to emerge at their own pace.*

* * *

### You Don't Always Know What You're Thinking

In May 2010, I wrote a post called "Am I Evolving Away From Monogamy?" in which I talked about my urge towards polyamory, and my confusion about that urge. I talked about my previous dislike for polyamory, and I talked about how new it is for me to feel like I want to be polyamorous. I talked quite a lot, really, but a week later, I started feeling like I hadn't covered everything... or like I just wasn't correct about some things I'd written.

But how could I be incorrect? I was, after all, writing about **myself** and **my own feeings**. How could I be wrong about what I myself was thinking?

I guess I realized quickly that I'd claimed things about my past self that weren't quite true. That didn't acknowledge my own complexity. For example, I wrote that although I've toyed with polyamory in the past, my most recent poly leanings came up only because I got my heart broken by a gentleman who I sometimes refer to as Mr. Inferno. I theorized that perhaps I'm just scared of commitment. While it is certainly true that I'm not big on commitment these days, I later recalled that actually -- at the beginning of my relationship with Mr. Inferno, I had some doubts about being monogamous. I was monogamous because he was very sure that was what he wanted, but I remember a point when I thought about trying to negotiate something different.

Polyamorous people are stereotyped as being commitment-phobic. I know all about that stereotype -- in fact, I have angrily defended my poly friends from it for years! (Even when I was very fiercely monogamous, I got so mad when people who don't know

anything about polyamory said ignorant things about my poly friends!) Yet I have to watch out for that stereotype's influence on me anyway. When I forgot that I'd considered polyamory with Mr. Inferno, was I being influenced by that stereotype? Or was I just missing Mr. Inferno a lot that day, and wishing I could talk to him, and maybe therefore remembering him as more influential in my life than he actually was? Or... what?

I'm visiting my father right now; we went out to dinner the other night and talked about relationships. I'm quite open about my parents about almost everything -- we don't talk explicitly about our sex lives, but we do have detailed conversations about stuff like polyamory. My dad is not at all attracted to polyamory, and we used to commiserate and theorize about how we just didn't understand polyamory.

Now that I've decided to pursue poly, my dad is puzzled. "I know this is weird," I said to him during dinner, "because we used to be on the exact same wavelength about this," and he nodded. He asks questions, he tries to figure out where I'm coming from -- and they're all questions that I have decent theoretical answers for. Answers include: "Well, of course it's possible to love more than one person at a time. Mothers can love multiple children, kids can love multiple parents, friends can love each other, so why wouldn't it be possible for people to have sexual and emotional relationships with multiple people?" Or: "Jealousy can be managed just fine, as long as partners are communicating well and genuinely care about each others' feelings."

In fact, some of my answers are the **same** theoretical answers that he and I discussed back when we were both steadfastly monogamous. Except this time, I'm giving him those answers from the other side; and yet he can't relate any better to them, this time around.

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I have always spent a very **large** amount of time obsessively analyzing my own emotions, and often writing about them. This has been true since childhood. However, one analytical skill I can always improve is this: knowing when to say, "I'm not sure how I feel about that."

Another important skill is staying on top of the stories I tell about myself, the ideas and memes and images and narratives that I'm trying to match myself to. It seems impossible to track all the influences on my psyche, all the different social and cultural and even biological forces. Where am I under all the programming? It's worth trying to figure it out (even if I'll never know for sure).

I don't always know what I'm thinking. I don't believe that anyone always knows what they're thinking. It's important to acknowledge this, because when people don't acknowledge it, they often simply decide to be something that doesn't quite match up with what they want. Sometimes this works fine -- if the pattern a person chooses to impose on her self can function, then who cares if it's a perfect match? (I mean, arguably, people are always imposing unmatched patterns on our thoughts and selves.) But although this sometimes works fine, there are plenty of times when it doesn't work fine. Or really at all.

I have a section in my sexual communication workshop for maxims -- little slogan-like things. I recently added a new one that I really like: "You don't always know what you're

thinking."

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I've been practicing BDSM for a while, now, and it has been amazing. I've had a lot of very intense sexual experiences and I feel incredibly confident about my sexuality. I feel very far away from my younger self, who realized that she was into BDSM and completely freaked out. However, I used to keep a very detailed (albeit sporadic) personal journal, and this allows me to look into the head of 20-year-old Clarisse. Here's something I wrote only a couple of weeks after I met Richard, my first serious BDSM partner:

*On the surface I have a hard time understanding why this has shocked me so much -- the fact that I wanted him to hurt me, the fact that even as I was facing down my demons and crying and incoherent I wanted him to keep biting me, scratching me, bruising me, and God, it was bad, but even now I wish it had been far worse... on some level I want to have been physically scarred. He stopped finally because I started saying "no," and couldn't formulate a coherent answer through my tears when he asked me if I was serious. But, of course, although I was serious, I also didn't want him to stop. Of course. Of course I wanted him to hear me saying no and keep going, to be protesting and overridden. And the reason I couldn't formulate a coherent answer wasn't even that I didn't know the answer was, "Yes, keep going." It was that I knew the answer was yes, and when I faced it I started crying so hard I couldn't speak, and he... sensitively, I guess... decided it was time to stop.*

*How cliche I am. (God, I'm sounding like some naive ingenue from a random de Sade play or something, just discovering my sexuality or whatever.) How self-conscious. And how humiliated and ashamed. Of all the things I think I expected from myself for this, if it ever came true that this was what I wanted -- I never really actually expected to be ashamed.*

What I think is especially interesting about those paragraphs is that I felt a certain recognition for my BDSM identity, I felt a certain inevitability about learning what I needed. It made sense to me. "Of course," I wrote, over and over. And at the same time I acknowledged that I had considered BDSM before -- but that I hadn't really known what that meant, and I'd had no idea how I would feel if I found it. I knew what I was thinking, I knew what I had been thinking, and yet at the same time I didn't know. I had no idea. I was completely confused.

I'm not so confused anymore. These days.... There are a lot of things I don't know, but there are an awful lot of things I do know, too. I have gotten pretty good at knowing what I want, even when it's hard to figure it out. And I have a very good sense of my boundaries.

But I also keep trying to figure out how to expand them. This isn't just true with BDSM. Arguably, my urge to go to Africa and put myself through extreme culture shock was similar to the urge I feel to expand my head with BDSM. Some of the things I want to do with my life and my body and my self seem almost opaque; totally irrational; a little scary -- even to me. I love experiencing and analyzing emotions; experiencing and

analyzing personal connections -- I want to do more of that, even when there are emotional risks. *What's **past** that emotion? What's under my heart? How much can I feel for another person, and in what ways can I manage that? Which part of my mind will catch me if I end up going over the edge? Will anything?*

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And so, even though I have a good sense of my boundaries, I also occasionally have the sense that anything could happen.

This is not always dramatic. Sometimes it is quite tame, like with my current polyamorous leanings. When I was at dinner with my father, he gently expressed concern about how being polyamorous might affect me emotionally. He wasn't trying to tell me what to do -- just that he's having trouble understanding where I'm at. "For me," he said, "sexual relationships encourage emotional attachment," and talked about how he bonds with one person at a time. He added, "I simply find that if my relationship is truly satisfying, I don't want more than one; I can't convince myself to be interested in more than one partner."

I used to feel the same way. Dad knows it, and I know it; we've said these things before. It's not like I don't understand how he feels -- I totally do.

And there's no guarantee that, over the course of experimenting with polyamory, I won't bond with a partner in a way that feels monogamous -- and then get hurt if they won't be monogamous with me. I'm not convinced that I'll feel completely secure as I continue to pursue polyamory. Recently I had one difficult morning that featured two simultaneous breakups, and that was a bit much to deal with! In short, I'm not certain that polyamory is my ideal. But I'm also no longer certain that it's not. And I'm really enjoying trying it out.

Here's the thing: I'm not sure what I'm thinking... **but that's okay**. I know I could end up getting hurt... **and that's okay**. I could get my heart broken: that's what you risk when you experiment with the alchemy of your own emotions, your hormones, your body, your self. But I'm watching myself and being careful and communicating as clearly as I possibly can, and it seems to be going fine. And if poly really doesn't work out for me, I can go back to monogamy.

And hey, at least if I do get my heart broken, it's something else to analyze obsessively and then write about! That's something to look forward to.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2010/12/13/slogan-you-dont-always-know-what-youre-thinking/

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ABUSE:

# [theory] Thinking More Clearly About BDSM versus Abuse

*I wrote this post in 2011. As I noted in the intro to "The Alt Sex Anti-Abuse Dream Team," other BDSMers have been writing about this more and more, and the discussion is really heating up right now, in 2012. Thomas MacAulay Millar has a particularly good series of posts on the topic, starting with: http://yesmeansyesblog.wordpress.com/2012/03/23/theres-a-war-on-part-1-troubles-been-brewing/*

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**Thinking More Clearly About BDSM versus Abuse**

Years ago, when I first started thinking about BDSM and abuse, I -- like a lot of feminist BDSMers -- was defensive.

We get scared of the accusation that "BDSM is always abuse"... and we're accustomed to accusations from certain feminists such as "those of you who pretend to like BDSM just have Patriarchy Stockholm Syndrome and don't know what you really want"... and often, we're also fighting our own inner BDSM stigma demons. We get angry that our sexual needs are seen as politically problematic, or unimportant.

And so, for a lot of people, our instinctive angle on abuse in the BDSM community is: "Shut up! That's not what's going on!" And that's a problem.

Obviously, I don't think BDSM is inherently abusive! Exploring my personal BDSM desires has given me some extraordinary, consensual, transcendent experiences and connections. I also genuinely believe that BDSM has the potential to control, subvert, and manage power. **BDSM can be a place where people learn to understand bad power dynamics in past relationships; it can be a place where people learn to manage or destroy bad power dynamics in their current relationships; it can be a place where people find glory, self-knowledge and freedom by manipulating their own reactions and responses to power.** The sex theorist Pepper Mint has a great, complicated essay about this called "Towards a General Theory of BDSM and Power". And here's one of my favorite quotations on the matter, from a submissive and former blogger who went by violetwhite:

*It's ironic that the most perverse manipulations of power in my life occurred in a past vanilla relationship, where I tolerated tyranny because the normative structure of our relationship obscured the fact that that is what it was.*

Still, I've seen things happen in the BDSM community that turned my stomach. Terrible manipulative behavior exhibited by people who have the greatest reputations. Blaming the victim when they try to speak up. Telling "rumor mongers" to shut up when people are trying to talk openly about problematic community members. The BDSM subculture has its own version of rape culture, where "lying bitch" and "drama queen" and "miscommunication" are used against abuse survivors. Miscommunications do happen... but not everything that could be a miscommunication is actually a miscommunication.

Oh yes, rape culture can happen in BDSM just the same way it happens in the "vanilla" mainstream. And there are certainly people in my local community who I would never get involved with, because I do not trust them.

**Being defensive about BDSM and abuse won't help; yes, BDSM is stigmatized and stereotyped, but the abuse is still a problem.** So after I started blogging, I tried to move past my defensiveness and write more concretely -- to write about what exactly the BDSM community does to work against abuse. One of my first posts on BDSM and abuse was called "Evidence That The BDSM Community Does Not Enable Abuse." It highlighted anti-abuse initiatives within the BDSM community. As I learned more about BDSM and abuse, and my perspective got more nuanced, I wrote a more expansive post called "The Alt Sex Anti-Abuse Dream Team." It covered all the information I'd given in the earlier post, and also talked about how I personally would structure an anti-abuse initiative with alt-sex people in mind.

Looking back now, those posts still strike me as defensive. I was making good points, but I also think that I didn't fully understand where some feminists are coming from when they react negatively to BDSM. This past year, I've learned a lot more about abusive gender-based violence, power, and control. And I've concluded that while BDSM is obviously not equivalent to abuse, we need better theory to describe the difference between BDSM and abuse, and we should try to avoid defensiveness while articulating that theory.

I've written before that one thing I think people can do is try to "start from a position of strength, and seek strength afterwards." The overall point of that maxim is that any given BDSM activity can eventually make all parties feel more supported, more capable, more powerful in the world. That's my ideal end goal; that is what I personally would aim for with my BDSM practice. **Perhaps I might do an intense BDSM scene that makes me feel terrible in the moment -- or for a lot of moments... but I want to be sure it will make me more supported, more capable, more powerful later.**

That's an awfully vague maxim, though, and one that can be different for every person. I may have found a more concrete focus in a 1984 anti-abuse concept -- the Power & Control Wheel:

*In 1984, staff at the Domestic Abuse Intervention Project (DAIP) began developing curricula for groups for men who batter and victims of domestic violence. We wanted a way to describe battering for victims, offenders, practitioners in the criminal justice system and the general public. Over several months, we convened focus groups of women who had been battered. We listened to heart-wrenching stories of violence, terror and survival. After listening to these stories and asking questions, we documented the most common abusive behaviors or tactics that were used against these women. The tactics chosen for the wheel were those that were most universally experienced by battered women.*

In a BDSM context, a lot of the behaviors listed on the Power & Control Wheel could be part of a consensual encounter -- violence, headgames, name-calling, all kinds of things can be BDSM. But this part, this is important:

*MINIMIZING, DENYING AND BLAMING:*

** Making light of the abuse and not taking her concerns about it seriously.*

** Saying the abuse didn't happen.*

** Shifting responsibility for abusive behavior.*

** Saying she caused it.*

(The original wheel uses gendered language, but I'd like to note that although abuse is most often perpetrated by men against women, abuse can happen in any kind of relationship and to people of any gender.)

In the brilliant documentary *Graphic Sexual Horror,* which profiles a now-defunct BDSM porn site, there's footage of a scene with a porn model named S4. The dominant partner slaps S4 across the face, and S4 reacts angrily. She says something like, "We didn't talk about that in advance!" The dominant doesn't apologize; he doesn't take her seriously, and he doesn't talk to her carefully or work to calm her down. Instead, the dominant partner snaps: "We can't talk about everything in advance," and aggressively demands to know whether she's ready to continue. This is an example of minimizing, denying, and blaming.

I have some sympathy for his awkward position -- I've made small mistakes as a dominant partner, too, and he's correct that it's impossible to talk about everything in advance. But **the way to deal with those mistakes is by apologizing sincerely and making sure the mistake never happens again**. For example, one of my exes really hated being bitten on the lips, and at one point I bit him on the lower lip. And he called me out, and I said, "I'm sorry," and I put my arms around him to offer comfort; I said, "I won't do it again," and I didn't.

My experience of BDSM relationships is that it's best for there to be both communication ahead of time -- and lots of discussion and processing afterwards. Both partners get to set "hard limits": things they absolutely don't want to do. If one partner has concerns, those concerns get airtime. Both partners acknowledge a role in the proceedings, and blame isn't spread around; even if something goes wrong, the discussion focuses on how to prevent that from happening again rather than making accusations.

And if BDSM is happening, it must be possible to acknowledge it, even if it's subtle. For example, I ran into a partner on the street the other day; he gave me a hug and held me in place for a while, even though I tried to move away. This, my friends, is subtle BDSM. Which was fine with me! But it was only okay because I knew I could call him out on it later and be sure it was acknowledged!

And I did mention it later, and he did acknowledge it, and we both laughed and said it was hot. And if I had told him not to do it, that would have been okay too. And **the fact that I knew I could talk about it, that I knew I could tell him not to do it and he'd listen... meant that I also could have declined to mention it, and I would have felt fine**.

Something else worth acknowledging here is time boundaries. If a person is indeed

calling names, controlling what the other person does, etc, then it's often useful for it to be communicated -- and also time-bounded. For example: "You can only call me pathetic during this sexual encounter. Otherwise, please don't."

There are BDSM couples that get rid of time boundaries, and have ongoing BDSM relationship situations; there are also BDSM couples that don't use safewords. I think those relationships require a lot of understanding and care from all parties involved. I've never gone without safewords, but sometimes I go without time-bounding, and when I do, I make very sure that I can trust my partner and communicate well with him. (Thomas MacAulay Millar calls safeword-free BDSM "the advanced class.")

The same group that made the Power & Control Wheel has another useful wheel -- the Equality Wheel. Here's the text of the wheel:

*ECONOMIC PARTNERSHIP:*

** Making money decisions together.*

** Making sure both partners benefit from financial arrangements.*

*NEGOTIATION AND FAIRNESS:*

** Seeking mutually satisfying resolutions to conflict.*

** Accepting changes.*

** Being willing to compromise.*

*NON-THREATENING BEHAVIOR:*

** Talking and acting so that she feels safe and comfortable expressing herself and doing things.*

*RESPECT:*

** Listening to her non-judgmentally.*

** Being emotionally affirming and understanding.*

** Valuing her opinions.*

*SHARED RESPONSIBILITY:*

** Mutually agreeing on a fair distribution of work.*

** Making family decisions together.*

*RESPONSIBLE PARENTING:*

** Sharing parental responsibilities.*

** Being a positive, nonviolent role model for the children.*

*HONESTY AND ACCOUNTABILITY:*

** Accepting responsibility for self.*

** Acknowledging past use of violence.*

** Admitting being wrong.*

** Communicating openly and truthfully.*

*TRUST AND SUPPORT:*

** Supporting her goals in life.*

** Respecting her right to her own feelings, friends, activities, and opinions.*

All these things ought to be present in a BDSM relationship! Some people do heavy role-play situations where they have specific personas that they don't want to break out of... and they still can make sure that all those elements are included. For example, they can keep simultaneous journals about the relationship, and thereby keep up with each others' feelings and consent without breaking out of their roles.

I also think that the list is especially useful in that **it highlights places where non-consensual control is likely to happen... and therefore, places where BDSMers should be especially careful**. For example, failing to support a partner's life goals would be okay in the middle of an intense BDSM encounter. But afterwards, it might be good to give extra support, just because that can be such an important genuine danger spot.

Just like vanilla people, BDSMers have a lot of unspoken elements of our relationships. For example -- the partner I mentioned earlier, who held me in place when I gave him a hug on the street. We didn't negotiate that particular act ahead of time. But we have an established relationship, and we've done similar things before; I knew that if I wanted to talk about it -- or ask him not to do it -- then he'd listen. And, even more importantly, the rest of our relationship lines up with the Equality Wheel.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/08/02/thinking-more-clearly-about-bdsm-versus-abuse/

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COMMUNICATION:

## [theory] What Happens After An S&M Encounter "Gone Wrong"

*I wrote this in late 2011. At the time, I didn't mention another factor that makes it important to talk about S&M screwups: we should do it because talking openly about honest mistakes makes it harder for actual abusers to hide in the S&M community. As I note at the end of this piece, sometimes a miscommunication is a real miscommunication, but sometimes it's a "miscommunication" that's covering for abuse. The only way we can*

*learn to distinguish the two is to talk openly about our screwups. It's an intimidating proposition; for one thing, many outsiders leap to label BDSM as "all abuse, all the time," and none of us wants to give those folks anything that they could use for ammunition. But we have to start talking about this stuff more openly, because the alternative is creating a community where it's much easier to get away with abuse.*

*In Thomas MacAulay Millar's epic series on abuse in the BDSM community, he's got a whole post dedicated to the various types of miscommunications and mythcommunications that can occur: http://yesmeansyesblog.wordpress.com/2012/04/30/theres-a-war-on-part-5-wallowing-in-the-sl-op/*

*Otherwise, I hope that this piece is a fairly complete treatment of this incredibly difficult topic.*

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**What Happens After An S&M Encounter "Gone Wrong"**

I've often thought that BDSMers should talk more about our "failed encounters." Sometimes the best way to learn is through "failure," or by looking at others' "failures." But when a BDSM scene "goes wrong," it's often highly personal for everyone concerned. So it's really hard to talk about and really hard to write about -- both for the dominant and submissive partners. This is just like any relationship, really. After all, people rarely talk about their most embarrassing or awkward or otherwise difficult "mistakes made" during vanilla sex, right?

(I use phrases like "failed encounter" and "gone wrong" and "mistakes" with caution, because I think these situations can often be viewed as learning experiences, and therefore they are successful for a lot of purposes! But certainly in the moment they feel like screwups, and a lot of the time they can make the whole relationship very difficult, and I think that most people who have been through them feel as though some kind of failure happened... whether it was a failure of understanding, communication, empathy, caution, or something else.)

**Much of the problem, I think, is that people have such a hard time communicating *after* serious miscommunications and mistakes.**

The following quotation is from Staci Newmahr's *Playing At The Edge,* an excellent ethnography of the BDSM community. (I've changed a few jargon terms for the sake of accessibility.)

*Sophie had been engaged in a long and intimate S&M relationship with Carl, a friend whom she deeply trusted. During the encounter she describes below, Carl changed his approach, and Sophie subsequently felt that Carl was somehow not quite himself. Sophie and Carl never quite recovered from the incident; though they remained friends and tried to do S&M again, it was, according to Sophie, never the same.*

*Sophie says: "He was very much a rope top. That was his big thing, was tying people up. And he was excellent at tying people up. And our dynamic was always -- I mean, yes, he would absolutely hurt me when the time came for that, but there was also always this element -- even when he was hurting me, it was done in this incredibly, like, touchingly*

*caring way. And especially when he was tying me up, it was this soothing, wonderful thing."*

*Sophie continues, "So one day... Carl starts an encounter with me. Carl had decided in his head, from all the things that he's heard me say about how I play with another partner, that that's what I really want from an interaction, in order for it to be the most gratifying and valuable. So we proceeded to have an encounter where Carl was not Carl. And I didn't stop it because it was so like, I couldn't understand what was going on. I couldn't understand why it felt so horrible. And it wasn't that I didn't trust him, because I trust him completely. [ ... ] I just couldn't figure out what the problem is, I felt horrible through the whole thing. And he was so out of touch with me that he wasn't even aware of how horrible I was feeling. The encounter went on for some time... and the second it was over, I... was just, like, you know, traumatized. And he was like, 'Oh my God, what's wrong?' [and] he carried me into the other room. I said something like, 'Where did my Carly go?' and then he started to cry. [ ... ] He's like, 'I was trying to give you this sadistic experience.'"*

*In Sophie's story, Carl's risk backfires.... The risks were unsuccessful; each ended up emotionally distraught and distant. Ultimately, they sacrificed the relationship.* (pages 179-180)

Man, that description is so intense. Let's talk about it.

The first thing worth noting about Sophie's story is that, while she probably had a safeword, she didn't use it: she says that she "didn't stop it." Sometimes, in really confusing S&M scenes, submissives have trouble using their safewords. This does not mean safewords are worthless... but as Thomas MacAulay Millar put it when we wrote about safewords, "Tops can never be on cruise control." Non-verbal signals matter, and if an S&M partner -- top or bottom! -- starts reacting in an unusual way, it's great to check in with them even if they haven't used their safeword. **Safewords are a useful additional way of communicating about sex, but they can't replace all communication.**

Note also how hard the situation was on the top partner, not just the bottom. Carl ended up crying afterwards!

Next, what I find myself wondering is whether Sophie and Carl could have communicated past this incident. Sophie obviously trusted Carl, and presumably he trusted her. Could they have talked it out and had a successful relationship afterwards? It would have been hard, but maybe they could have done it.

I've (rarely) had similar experiences myself -- where boundaries were severely tested, and afterwards it was difficult for both me and my partner to work through it. It can absolutely have an immense impact on the relationship. I write about this a bit in *Confessions of a Pickup Artist Chaser;* here's a quotation from a section in my book where I'm talking to a dominant partner, with whom I just had such a difficult encounter:

*Sometimes, these things happen. One partner pushes a boundary, breaks it; maybe the boundary was unspoken; maybe the dominant misreads signals; maybe the submissive didn't yet realize that the boundary was there. When it comes to S&M, these things can be so dramatic... yet sometimes they're nobody's fault. We find these mental and*

*emotional blocks, and we call them landmines.*

*My partner didn't hit the landmine on purpose. He wasn't trying to push me as hard as he did. And I didn't warn him off. So the important question becomes -- how does one deal with such a situation afterwards?*

*... "I'm sorry," he said. "I'm really sorry. I never want to do that to you again."*

*"It's okay," I said. "These things happen. But please do be careful. But don't worry...." I trailed off, trying to find words.*

*It's so hard to know how to talk about this, especially with people who aren't used to discussing S&M. When there's a fuckup, sometimes both sides feel betrayed. The submissive might think: "Maybe I didn't tell you exactly what to avoid, but sometimes it's too much to think about, sometimes it's hard to understand in the moment, sometimes I don't know ahead of time. Okay, so I pushed myself too hard, but I did it because I'm so into you; I did it because, in that moment, I lost track of myself. And anyway, I thought you could read me. I thought you understood me. I thought you knew. You've read me perfectly well before; why not this time? Is it that you don't care?"*

*Whereas the dominant might think: "Maybe I went too far, but I thought I could trust you to stop me. I thought I could trust you to tell me. I don't want to harm you, I just want to push you; I want to break down walls with you. I want to see your eyes go deep and soft. It's not fair for me to feel like I fucked up, because you fucked up, too. I thought you could take care of yourself. I thought you knew. You've communicated perfectly well before; why not this time? Can I rely on you?"*

That particular relationship didn't last, and I think that our most difficult encounter probably affected our trust for each other through the end. Still, I can tell you how we worked on it at the time -- and I can tell you that it felt really good. We just listened to each other. And we both assumed that the other person had good intent. By the end of talking it out -- which admittedly took a really long time; multiple days -- I trusted him more than ever and I felt incredibly close to him.

I've been thinking a lot about classic feminist anti-abuse models, which describe how abusers accomplish abuse. One of the tactics abusers consistently use is Minimizing, Denying, and Blaming their partners. Abusers claim that the abuse didn't happen; they claim it wasn't important; they blame their partners for what happened. A partner who is willing to listen and change will respond openly to criticism and to mistakes: a non-abusive partner will not minimize, deny, or blame.

And those three things are what my ex-partner did not do. He never claimed that our difficult encounter didn't happen; he never put the blame on me; he never insisted that it was no big deal. He didn't even come close to doing those things while we talked it through. He took his emotions and dealt honestly with them, and I did my best to do the same.

Also, in BDSM, we often talk about the concept of "aftercare": that is, what we say and do after a BDSM scene to ground ourselves, bring ourselves back into the world, and connect with our partners. It's important to give careful aftercare after any BDSM

encounter, but if the encounter has been particularly difficult, it's doubly important. I have personally had good experiences leaving Super Intense Conversations like the one I describe above until post-aftercare, when all partners have calmed down and dealt with any immediate emotional responses.

I'm writing vaguely, so here are **some concrete suggestions for things to say during the conversation after a difficult BDSM encounter:**

* "I'm sorry."

* "I still like you and think you're a good person."

* "Do you want to talk about this now? If not now, then let's set a concrete time for later."

* "I'm feeling really vulnerable and confused right now."

* "Why do you think that happened? How were you reading me, and what were you thinking as you responded to me?"

* "How do we feel about this now that we've discussed it, and how can we keep it from happening again?"

* "What have we learned about landmines? Are there any particular words or actions that are definitely off-limits from now on?"

I have one final super important caveat to add here: **Not all "screwups" are actually screwups. Some are just plain abuse.** A human-shaped predator **will** use words like "miscommunication" and "mistake" to cover up what they do. This post is focused on honest errors, but there are dishonest and evil people out there. In particular, if a person "keeps screwing up"... that's a terribly bad sign. **It is not an inherent part of BDSM to feel roiled up and confused and alienated after a BDSM encounter; most BDSMers feel more intimate and connected after successful encounters.**

**UPDATE, March 2012**: I just found some notes that I took during a workshop about BDSM edgeplay that was run by Mollena Williams in late December. (Edgeplay is a term for BDSM activities that feel especially intense for the participants.) Mollena suggests some questions to ask beforehand:

* Have I seen my partner do S&M before? What did they say or do that made me feel good and comfortable? What did they say that made me have an intense reaction? -- *Pass this information on to the partner ahead of time.*

* What does my gut feeling say about this person? -- *If you have a bad gut feeling about a person, listen to it!* ***Especially*** *for edgeplay.*

Mollena also suggested that when BDSMers play at the edge, they "make a contingency plan" ahead of time... not just for the participants, but for everyone watching, since such activities often take place at dungeons. She noted that such a "contingency plan" might contain:

* Honesty and thoroughness, of course

* Each partner giving each other explicit permission to safeword

* Each partner giving each other explicit permission for "things to not be okay" afterwards

* Having someone on hand that each partner can talk to afterwards -- not necessarily the same person for everyone involved. This person could be an observer, or might know everyone involved in the scene, or might be relatively separate from it all such as a kink-aware therapist, but the really important thing is that this person can give emotional support in every imaginable scenario.

Thanks, Mollena, for the workshop and the thoughts. I've never made such a contingency plan myself, but I definitely think it's worth considering for people who are planning a heavy scene.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2011/12/09/what-happens-after-an-sm-encounter-gone-wrong/

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S&M:

## [theory] Aftercare or Brainwashing?

*I wrote this in 2012.*

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**Aftercare or Brainwashing?**

Yes, it's another article about abuse and S&M, but I'm going to cover a lot more than that. I'll talk about intimacy and bodily reactions and how these things build a relationship -- whether consensual or abusive. And I'll talk about how to deal with them, too.

Last year, I received an email from a woman who wanted to talk about sexual desire that exists alongside real abuse. She has been abused, but she is sexually aroused by S&M, and she struggles with boundaries a lot. She wrote to me:

*Here's what destroys you: that some of us are designed to shut down and feel terror and horror and arousal and shame all at the same time, to crumple before horrible people, to feel aroused even as they genuinely destroy you. This is not in any one's best interest. It's not hot, it's not awesome. And yet it's there.*

*The worst pain for some of us, that makes you want to scream and not exist and makes you want to scream to the heavens that you want to die and escape being in your own body is not that you are afraid he will come back. It's that you are aroused by the possibility that he will. And other than destroying your very self, you can't stop it. It is the*

*cruelest of design flaws and the worst people understand it and the most compassionate people don't.*

*However, the conclusion is* ***not*** *that some people want abuse. By definition, abuse is something that destroys you, that leaves you feeling violated and harmed in a way you don't want. And part of that mechanism, that involves the desire for the abuse to continue, is that many of us are designed to want more intimacy once intimacy has been initiated with a person. Many of us don't want to be left.*

*And the agony of feeling harmed by being left by someone you never wanted to be there in the first place is confusing and can be debilitating.*

*No one wants to be harmed in this way. Among abuse survivor communities the arousal involved in abuse situations is often called "body betrayal," but this doesn't seem to encompass how deep the desires can be for some people. At the root, the desires are often the same desires that fit into normal healthy intimate relationships. To be loved, to have an ongoing interaction, to be seen and understood at the root of all your emotion, to be taken sexually and feel the pleasure of another enjoying your sexual arousal. But these emotions have been exploited and manipulated for the gain of others.*

*For some number of people who have experienced abuse, the greatest split within the self does not simply come from how horrific the acts themselves were but from the feelings of desire and pleasure that can happen in human beings even during horrific unwanted acts. For some of us, BDSM can be a safe way to explore unpacking some of this desire and how these arousal patterns got mixed up with horrific things -- or were already hooked up to horrific things and that pre-existing fact was exploited by a harmful person. And for some of us, taking that out and playing with it may not be a necessary part of recovery at all.*

*But simply knowing this -- the fact that your arousal and pleasure systems can be activated by harmful people is ok -- it does not mean you want it, it does not mean that it was good for you, or that anyone should have treated you in that way. That can be the greatest healing in and of itself.*

I want to thank her for allowing me to publish her words. Her description is so far from how I usually discuss or experience S&M; and yet I see connections, too, and people rarely discuss those connections.

* * *

### *Aftercare: Intimacy Within Positive and Consensual S&M*

A while back, a study came out that established that a consenting, positive S&M experience increases a couple's intimacy afterwards. I cite that study all the time, but I still find its existence kinda absurd; I mean, they could have just asked us how it felt. On the bright side, if S&M is being studied by Real Researchers, it's a sign that S&M is becoming more widely accepted. Yet for all its hormone level measurements and mood surveys, I didn't feel like the study got anywhere near the heart of S&M and how S&M creates such extraordinary intimacy. Why would it? Studies are science, and aftercare is art.

I've previously defined aftercare as "a cool-down period after an S&M encounter, which often involves reassurance and a discussion of how things went." That's a decent quick definition, but there's a lot more to it. Bodily violence sometimes creates a mental malleability and vulnerability that can be used in good ways... but also in terrible ways. I see aspects of this in competitive sports, especially the ones that involve fighting and hurting other people very directly. (Have you ever seen that phenomenon where two guys fight each other and then become Best Friends right afterwards?)

Being together with an S&M partner during aftercare can be used to free people, to make them feel amazing and establish extraordinary intimacy. But it can hurt people too; it can hurt them terribly.

Aftercare, like subspace, is one of the most mysterious parts of S&M. Like subspace, a lot of S&Mers describe aftercare in nigh-mystical language. One excellent page of aftercare advice begins by saying:

*Aftercare is the last act of the SM drama. It is the culmination, the pulling together of all loose ends, the finishing touches, the final communion between sharers of the SM ritual, the phase where the participants formally give the fantasy scene a context in everyday reality. Its technical purpose is to transition both players from the elevated states created in a scene [i.e., an S&M encounter] back into normalcy, returning to the motor control and awareness they will need to drive home once the scene is over. But as any good SM practitioner will tell you, it's much more than that. It is the time after the action when the participants come together in mutual affirmation that something special was created and shared. It is when affection and closeness is offered and sought. It is, at very least, the proper time to express thanks to the person who has shared this tiny segment of your life with you. It can be, and often is, the most beautiful part of a scene, and it is part of the scene. To skip it altogether is as rude as having dinner at a friend's house and then bolting once you've eaten your fill.*

Aftercare is not always extraordinary, the same way S&M isn't always extraordinary. Not everyone wants or needs aftercare, although I've always felt that if you "don't do aftercare," that's something to warn your partner about ahead of time.

I guess from the outside, aftercare often looks like a combination of snuggling and chatting and giggling -- sometimes, crying and/or comforting. From the inside, though, aftercare can feel like... a shot of pure empathy. Blissful connection. Words like "basking" and "glowing" and "transcending" come to mind. As someone said to me when I was first getting into S&M: "Very few S&Mers actually enjoy giving or receiving pain. What they like is where pain gets them."

### *The Practicalities of S&M Intimacy*

I believe that S&Mers should try very hard to put boundaries around our S&M interactions; we should work to communicate carefully, and compartmentalize what we do. Consent, and well-communicated boundaries, are the factors that separate S&M from abuse. I talked about those boundaries in "Thinking More Clearly About BDSM versus Abuse," and I also talked about them in "What Happens After an S&M Encounter 'Gone Wrong.'" I've written about S&M communication tactics that enable communication and

boundary-setting, from safewords to checklists to keeping simultaneous journals.

Aftercare is part of that boundary-setting process, but a lot of the time, people have a hard time thinking or speaking clearly right after S&M. Some people become incredibly non-verbal, or vague and confused, or giggly, or all of the above. For this reason, some people include later follow-ups (like a next-day phone call) under the umbrella of "aftercare" -- the goal is to allow the post-S&M time to be calming and un-challenging, and then talk things through when everyone's head is clearer. Processing things thoroughly after an S&M encounter is really important, especially if the people involved are planning to do it again. It's important for two reasons: it helps the people involved get a better sense of what they want and don't want; and it helps them learn more about how to communicate with their partners.

Recently, I was privileged to give a partner his first heavy S&M experience. Afterwards, when he was coming out of it, he said to me: "No one has ever touched me so deeply, so fast before." I lay with him, listening. I'm pretty sure I did a good job helping him pick up the pieces, but when I try to figure out **what** I did, I have trouble describing it.

So I wouldn't know how to give a step-by-step "how to" for aftercare, but I can offer some thoughts. For one thing, the person who was dominant during the encounter is usually the person who runs the aftercare, too. When I'm in the dominant position, the message I try to get across during aftercare is along these lines: "I'm here, I'm listening, I care about you, you're safe with me, and you can take all the time you need."

In the submissive position, I'm often too busy processing to think carefully about what message I'm getting across to my partner. But sometimes I do get the sense that he's confused or anxious or needs some feedback, at which point I try to get across a message along these lines: "I care about you and I'm so grateful to you for taking on that power just now. If you need to talk, we will do that when I'm more alert. But for now, let's please just be here together and establish our closeness."

And when I'm switching -- or when the power dynamic is otherwise unclear -- well. I guess I try to get across a combination of those messages.

### *The Boundaries of S&M Intimacy*

I used to be more willing to do S&M "on the first date," when I barely knew my partner. That's changed for two reasons. Firstly, I've become much warier of doing S&M without a strong foundation to the relationship. I've been lucky, because my partners have treated me so well, even the casual ones. (As more stories of S&M and abuse become public, I realize more and more how lucky I've been.) But I don't ever want to be in a position where I do intense S&M and I can't rely on my partner afterwards; and the best way to build a reliable foundation is to spend lots of time together before we get into anything deep.

Secondly, I've become more aware of how quickly S&M can affect me. It's entirely possible to do excellent, intense S&M with someone I can't trust. And if that happens, then boom: I'll be intensely bonded to him, yet unable to trust him. It's not a good place to be. There are some kinds of S&M that feel light or even impersonal to me, but when I do things that feel intense... the bond forms so fast, and it's so incredibly strong. I swear it's a

chemical thing. My body will crave him beyond words, even if my brain knows he's a terrible idea.

I once heard about a woman who won't allow herself to have orgasms during casual sex, because she knows the orgasm itself will bond her to her partner. I don't experience orgasms that way. But when a partner really puts me under with S&M, pulls me in deep, and then he gives me aftercare while I surface? That's where I fall in love.

I've heard of polyamorous S&M relationships in which the primary relationship disallows S&M with non-primary partners. I can certainly understand wanting to reserve that for the primary relationship. I've also heard of polyamorous S&M relationships in which the partners can do S&M with outside partners... but won't allow aftercare with outside partners. I can understand that even better.

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### *Brainwashing: Intimacy Within Abuse*

In late 2010, I cross-posted an article about an intense S&M experience to the blog *Feministe.* In the article, I included these words:

*There it was. I felt the tears building, gasps torn from my throat, I felt myself starting to fall apart and reform: around him, around his guidance and force and demands. Almost unable to think. Until finally he relented and said my name, and said softly, "Come back," and ran his hand reassuringly down my hair.*

*There it was: the reason I want it so much.*

In response, a commenter named FormerWildChild wrote:

*For some of us, the idea of being hit by another person makes us want to jump up and run out of our skin. It seriously wigs us out. It is not a moral judgment; is a true phobia for another person. It reminds me of when we were at the un-civilized end of Grand Canyon with our children. All that stood between my kids and certain death was inches of loosely packed sand. When we were done sightseeing, I discreetly walked behind the van and threw up until I could breathe again.*

*I had that same terrified feeling when I read about your account of your last session. I wanted to go wrap a blanket around you, hold you in my arms and feed you tea and cookies until I can finally breathe again.*

*And my fear is not because I fail to really "get" what you experience. It comes from an absolute recognition of what you describe.*

*I have experienced what you described at the end of your BDSM session, the breaking and reforming of yourself around someone. I have felt exactly what you are talking about, that feeling of finally letting go, of surrendering, and the other person sensing that you are finally there, and then stopping. I have felt the sweetness of those moments of post-thrashing closeness when tenderness seems to hover in the room. I know the feeling of intense closeness which can follow the next day. The air is filled with a cathartic cleanness, the experience of inflicting pain and of receiving pain has cleared the air better than any southern thunderstorm. I can even imagine coming to crave that feeling*

*in the way that you describe.*

*But I experienced all of those feelings as a child. What you described is precisely what it feels like when an abuser truly lets loose and keeps going until "it" breaks, until there is that moment of catharsis for both the beaten and the person doing the beating. In my experience, those relationships are like playing along the end of the Grand Canyon: people fall in, and they die.*

*Now, I am willing to believe two things: one, it is possible that my mother and other abusers are actually engaged in a form of BDSM rape when they beat the people that they love. Just as sex is the overpowering and taking of something that should be beautiful and intimate, so beating a loved one to catharsis might just be the same sort of thing. Perhaps that is something that abuse experts should look at.*

*I am also willing to believe that you have an invisible fence as you play along the edge of your own personal Grand Canyon. I am willing to believe that you know how to be there without falling into the abyss. But if that is the case -- that it is safe for you out there, and that I simply need to accept that. Then I will ask you to accept the fact that I will need to go behind the van and toss my lunch.*

At first I was frustrated by that comment, because all I could see was someone saying "I want to throw up when I read about your sexuality," and I was like: grrr. But now I look at that comment, and I see such important points, points that are utterly crucial to the developing language that distinguishes S&M from abuse.

I will say first that I have never personally survived that kind of abuse. But I have received emails from people asking me to write about this, over and over, and I hope that I can help those folks by offering my thoughts. I have also spoken to some abuse experts who tell me that, behind closed doors, they do talk about this: they discuss how the existence of real desire, real catharsis, and real intimacy within an abusive context can look terrifyingly similar to descriptions of S&M encounters.

Rape survivors of all genders sometimes experience physical pleasure and even orgasm while being assaulted. A paper about this was published in the 2004 *Journal of Clinical Forensic Medicine,* and there are plenty of first-person accounts around the Internet. Here's an explicit and tremendously saddening quotation from one of them:

*I kept physically fighting him off and telling him that though I respected him as my pastor and as a father figure I wanted him to stop. He pushed me, tore my clothes and raped me. ... The pain was incredible as they were very rough and forceful. After what seemed like forever I blacked out. I remember the pastor shaking me hard and slapping me across the face. He then shoved down my throat ten or so Excedrin (a medicinal mixture of pain killer and caffeine) so that I would stay awake.*

*One of the most disturbing things that happened that night is that I had an orgasm. Despite years of marriage, it was my first orgasm ever. It really confused me. I thought some part of me must be mentally sick to have experienced the pleasure of an orgasm during this horrific trauma.*

Here's the thing about consent: **orgasm is not consent**. Physical pleasure is only the

body's reaction to certain types of stimulation. Also: sexual desire is not consent. And **love isn't consent, either**. If I feel sexual desire for my partner, and my body feels good when he touches me, and I love him, yet I make it clear that I don't want to have sex right now... then he's still violating my consent if he has sex with me. (Obviously, if I want to say "no" and mean "yes," then it's my responsibility to negotiate that ahead of time and set a safeword.)

In short: **There can be pleasure, desire, and even love existing alongside real abuse. But that doesn't mean it's not abuse.** This is as true with S&M as it is with non-S&M sex.

I once spoke to a person who referred to himself as an abuser, who told me that he'd read descriptions of S&M aftercare, and that he saw his own tactics within them. He told me when he thought about it, he had always considered it to be "brainwashing."

And I can see it. That's the scary part. I really can see it. I can believe that when we have powerful S&M experiences, we tap into the same parts of our brains that could otherwise be used for psychological manipulation and destruction. S&M shows us how to create and utilize enormous mental vulnerability through violence... and vulnerability can always be abused. In the literature exploring the cycle of abuse, people often write about the "reconciliation phase," in which the abuser is all sweetness and light to their victim; I can't help but wonder how much of the "reconciliation phase" could be recognized as non-consensual aftercare. How much of an abuser's power over their victim might come from the mental malleability that cautious S&Mers learn to respect?

This does not mean that our bodies are broken. The woman whose words I published at the top of this article called it "the cruelest of design flaws and the worst people understand it and the most compassionate people don't." But we don't have to perceive this as a flaw -- it's not a flaw any more than orgasms are a flaw. Some S&M instructors compare S&M mental states to "altered states," like being drunk; there's nothing wrong with being drunk, but people should be careful with alcohol. Our bodies are instruments with certain powers and vulnerabilities that we must respect.

This power and vulnerability is one of the biggest reasons I do the writing that I do. Because although they're invisible, I do have a sense of the fences that FormerWildChild talked about when she commented at *Feministe:* the fences that keep S&Mers from falling into the Grand Canyon of abuse. Those invisible fences around the canyon are constructed from self-awareness, self-esteem, respect, and consent.

### *Building Fences Around The Canyon*

How do we build fences around the canyon? We build them by seeking to understand our desires, and talk openly with our partners, and respect our partners' limits. So I write about communication and self-examination and learning to value my boundaries... and I hope it will help people learn what it means to play at the edge, rather than falling into the canyon.

This is scary, loaded, complicated territory. I certainly don't have all the answers. But I have ideas on how we might begin finding answers from here.

**Firstly**, S&Mers and feminists both need to be aware of this emotional and biological phenomenon. It can create a sense of overwhelming intimacy with unexpected partners. And it can be used as a tool by abusers who groom relationships that started consensually into abusive relationships.

**Secondly**, we must keep talking about communication and boundary-setting. An important part of this discussion is openly discussing what happens when well-intentioned S&Mers screw up, and how we deal with that. Again, I wrote about that in "What Happens After an S&M Encounter '"Gone Wrong.'" Thomas MacAulay Millar has a great post that lists the mistakes that can happen within S&M. He mentions, for example, that sometimes there are genuine physical "technical" errors; sometimes people also hit "landmines" or unexpected psychological problems (I also covered landmines in my post). Talking openly about screwups makes it harder for abusers to claim that they "just screwed up."

**Thirdly**, within our communities, we need to spread the word -- especially to people who we believe might be inexperienced or vulnerable or otherwise in a position to have this used against them.

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*After June 16, 2012, this can be found on the Internet at:*

http://clarissethorn.com/blog/2012/06/16/sm-aftercare-or-brainwashing

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COMMUNICATION:

## [theory] Feminist S&M Lessons From the Seduction Community

*This was originally split into three parts and published in 2011 at GoodMenProject.com. Obviously, it covers some territory that I also cover in* Confessions of a Pickup Artist Chaser, *but the book is much chattier and has more fun anecdotes. Also, you should totally buy the book. Okay, I'll stop advertising it now.*

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### Feminist S&M Lessons From the Seduction Community

There is an enormous subculture devoted to teaching men how to seduce women. Within the last half-decade or so, these underground "pickup artists" have burst into the popular consciousness, aided by Neil Strauss's bestselling book *The Game* and VH1's hit reality show *The Pick-Up Artist.*

Pickup artists -- also known as the "seduction community" -- exchange ideas in thousands of online fora, using extensive in-group jargon. One pickup artist site lists "over 715 terms, and counting." There are pickup artist meetups, clubs, and subculture celebrities all over the world. There are different ideological approaches and theoretical schools of

seduction. Well-known pickup artist "gurus" can make millions of dollars per year: they may sell books; they may sell hours of "coaching"; they may organize training "bootcamps" or conventions with pricy tickets; they may run companies full of instructors trained in their methods. The community even generates its own well-thought-out internal critiques.

I am a sex-positive feminist lecturer and writer. I write primarily about my experiences with sadomasochism, but I have a general interest in sexuality. I first encountered pickup artists when smart ones started attending my educational events and commenting on my blog.

Some aspects of pickup artistry are hugely problematic; many parts of the community showcase and encourage misogyny. While exploring the PUA jungle, I observed things that turned my stomach and brought tears to my eyes. On the other hand, I had to admit that some pickup artist perspectives were very interesting. Some had fascinating insights about gender theory and social power. I also felt drawn by their exploits. Learning seduction, and watching hypothetically-dazzling Casanovas run a courtier-like game, sounded like an extremely fun way to spend my time.

I started my journey by talking to a few pickup artists and reading their fora. By the end, I had given a lecture at a seduction convention, and I had decided against developing my own coaching business. Today, I can offer a quick synopsis of my own history, and why I became so interested in PUAs. I will break down some elementary distinctions among the men of the seduction community. Finally, I will offer a few PUA-influenced thoughts on feminist goals.

* * *

I was an awkward little bookworm of a child, but at least I was creative. I liked to draw, invent games, and run amateur social experiments. When I was in high school, most of my friends were on the Internet; I did not date a real-life boyfriend until college. I was inevitably teased by my peers, but even when treated well, I rarely engaged with the social hierarchies around me. I had difficulty grasping how social mechanics were "supposed" to work. A lot of things seemed obvious to other people that were not obvious to me.

For example, in sixth grade, a female friend of mine teased me about flirting with a boy. "What was I doing?" I asked. "Come on, you were flirting!" she responded. While I thought I almost understood what she meant, I was unsure -- so I set out to poll everyone I knew about what constitutes "flirting." Responses were inconsistent. One person said, very definitely: "Giggling." Others cited examples such as "intense looks" or "making jokes."

By the end of this experiment, I concluded that no one seemed able to explain "flirting" in terms of consistent behaviors; there were few commonalities in my final list. From what I could tell, flirting could only be explained in terms of invisible interpersonal dynamics. I found this both entertaining and frustrating.

I sometimes wonder what would have become of me if the modern pickup artist community had existed back then, and I had discovered it. PUAs devote a lot of time to

understanding seduction in terms of observed behaviors. They have terms for social tactics that run the gamut from creating rapport, to encouraging trust, to building sexual tension, to shifting social power. But although the purpose of these social tactics is to manipulate emotion, the tactics are typically described as concretely as possible. Some PUA coaches provide long memorized "routines," but it is more common to talk about particular social actions or broader strategies.

One famous PUA tactic is called the "neg." "Neg" stands for "negative hit," and one site defines a neg as "a remark, sometimes humorous, used to point out a woman's flaws." Like many PUA terms, the deeper meanings and usage vary from PUA to PUA -- but there is an especially dramatic range of meanings with "neg."

Some PUAs see negs as friendly teasing: a way for the PUA to show that he is paying attention to the girl, without appearing needy or overeager. I can offer a cute example of this approach from my own life. I was sitting in a cafe with a former PUA, and he gazed deep into my eyes.

"Wait a minute," he said slowly. "Are your glasses held together by epoxy? It looks like you had to repair them at the corners."

"Yeah," I admitted.

He grinned. "Everything about you just screams 'starving artist,' doesn't it."

This made me laugh for quite a while. I think it worked because he understood that I have chosen (for now) to be a broke writer -- but he also recognized the tension I feel about that choice. So this gentleman was demonstrating that he correctly discerned my priorities; that he is not bothered by a choice that makes me feel self-conscious; and that he is confident enough to tease me.

Also, at a moment when I thought he might compliment my eyes, the former PUA shook up my expectations by breaking the romantic pattern. Often, effective flirting involves offering the right mixture of confidence plus charming novelty plus paying attention.

Some PUAs see negs more strategically, as a way of passing a woman's "tests" or breaching her indifference. They argue that this is necessary for women who are very high-status, very beautiful, etc. They argue that some women develop a kind of immunity to compliments, and that some women actively prefer feisty, faux-adversarial flirting. Most PUAs only advocate using negs on women who meet a certain "minimum" level of attractiveness, or who seem particularly feisty. Neil Strauss, a famous PUA and author of the bestseller *The Game: Penetrating the Secret Society of Pickup Artists,* once wrote that:

*When you give a woman who's often hit on a generic compliment, she will usually either ignore the remark or assume you're saying it because you want to sleep with her.*

*When you tease her and show her that you're unaffected by her beauty and demonstrate that you're out of her league -- and THEN let her work to win you over and ultimately REWARD her with your approval, she will leave that night feeling good about herself. Like something special happened and she connected with somebody who appreciates her for who she REALLY is.*

*In short, a neg will buy you the credibility you need to sincerely compliment her later.*

*That said, I don't necessarily advocate negs; they are in many ways a temporary patch to stick onto your personality while you learn to possess real confidence and strength of character.*

Although this is a manipulative approach, it is not inevitably harmful. It also is not limited to the sphere of sexual relationships; humans often pretend not to care what other people think, and consistently attempt to be taken seriously by others. Additionally, for many people, flirting involves a certain amount of strategic ambiguity and plausible deniability, and negs are a useful tactic for that kind of game. Not everyone likes playing such tacit and confusing games, but many people do.

However, this is all cute and mild compared to how some PUAs talk about negs: some cite the neg specifically as a tactic to make the girl feel bad.

A well-known PUA who goes by the name of Tyler Durden once wrote that: "You use self-esteem negs to lower the target's self-esteem, and crave your attention to re-validate herself." Similarly, an especially pitiless PUA blogger who is sometimes described as "the Darth Vader of PUAs" writes that:

*The best negs are those which are conceivably meant as compliments, but which linger in her psyche for hours afterward, undermining her self-conception and encouraging her to qualify herself to you [i.e. encouraging her to explain why she's worth your time].... [A neg] infiltrates a girl's subconscious so that she spends more mental energy analyzing her worth than she does analyzing yours.*

One commenter adds to the above blogger's words that: "So long as you have a woman auditioning for you, power remains where it belongs -- squarely in your pocket."

In other words, a person who feels anxious and unworthy will be easier to control. These cruel PUAs have learned the same lesson as thousands of people in abusive relationships.

Here is an especially instructive quotation from the comments on "Darth Vader's" blog: "[Women] really are insipid, vapid airheads. If it wasn't for the pussy, there would be a bounty on them." That statement is interesting not just because of its hatred but because of its fear. After all, no one puts a bounty on targets that are not dangerous. The most misogynist corners of the PUA subculture not only discuss ways to aggressively manipulate women; they also paint women as selfish, deceitful and hazardous.

The various approaches to negging highlight both the different shadings of opinion across the subculture, and a particularly important distinction among PUAs themselves. Some of these men genuinely do enter pickup artistry out of a desire to connect to women. As one PUA told me, "When I first looked at PUA stuff, I was like, 'This is so sleazy and gross.' But I'd never had a girlfriend, and I kept telling myself, 'Dude, you are lonely and miserable and you don't want to die alone.'" On the other hand, many PUAs become PUAs because they want unilateral power and control over women -- and many PUAs attempt to justify this through narratives and jokes that encourage fear and anger against women.

* * *

Aside from the "connection" vs. "control" distinction, there is also a distinction between PUAs who are seeking what is essentially self-help, and those who aren't.

The PUA concept that best illustrates this is "inner game." Inner game is, essentially, genuine confidence and sense of purpose. It contrasts with "outer game" -- i.e., the things a PUA says and does to attract women. A "neg" would count as "outer game," for example.

Most successful PUAs reach a point where they decide that, in the words of one coach: emotionless "sport-fucking kinda sucks." (Some PUAs start at this point, but that is a bit unusual.) They conclude that it's time to pull back from the game; to seek longer-term or more emotionally connected sex; to examine their priorities; and to discover interests aside from picking up new girls. Finding themselves in this way can be described as "inner game." The men who discuss inner game often talk about developing their own businesses, exercising regularly, keeping a healthier diet, accepting their own vulnerabilities, pursuing hobbies, and improving their connections with people of all genders.

Most PUAs also realize that women respond well to genuine confidence and sense of purpose. This could be seen as ironic: notwithstanding the fact that "inner game" emphasizes self-improvement, the concept is still centered on seducing women. However, despite the fact that "inner game" is centered on gaming ladies, its ultimate result is usually to encourage PUAs to think about what they really want from life. PUA coach Mark Manson once wrote that, "You don't end up in the Pick Up Artist community unless you are incredibly unhappy or unsatisfied about something. It may be conscious, it may be unconscious. It may be short-term, or it may be deep-seated and long-term." He later wrote to me by email that: "This is a giant self-help community in disguise." I also once interviewed Neil Strauss himself, who said he hoped that his famous book *The Game* could become "the beginning of a men's self-help movement -- because self-help isn't emasculating anymore if you're doing it to get laid."

Interestingly, Neil Strauss also told me that he agreed with feminism in many ways, and said things like: "We still are a patriarchal society." Many feminists felt that my interview with him was full of problematic statements, and his words were picked apart by feminist readers. I do not disagree with many feminist critiques of what Strauss said -- but considering where Strauss was coming from, his words were extraordinarily supportive of feminism. One feminist commented to me that, "I don't understand why you're not more critical of this guy." In response, it is worth noting how an anti-feminist writer responded to Strauss's words:

*Whether Strauss is an ignorant fool or an opportunist liar who wants to appease feminists in order to avoid negative feedback is anyone's guess, but if his words are anything to go by, we can safely assume that the best-known public advocates of Game are perfectly OK with parroting feminist dogma.*

For the few, mild pro-feminist statements Strauss made, some PUAs deride him as either an "ignorant fool or an opportunist liar." (Others hurled particularly misogynist insults such as "mangina.") This is both a demonstration of how vitriolic PUA anti-feminist sentiment can become, and an example of the social shaming that sometimes leads men

in the PUA community to avoid associating themselves with anything resembling feminist thought or woman-friendly perspectives.

Clearly, many men view pickup artistry as a kind of therapy. The community can be a support group for self-confidence and self-improvement. Unfortunately, many corners of the seduction community are also a support group for virulent misogyny. Some feminists argue that any man who seeks self-help through the seduction community is effectively embracing misogyny, because so much of the community is misogynist. However, some PUA students could be interpreted as seeking self-help from the only avenue they see as acceptable, if they are coming from a culture that usually defines self-help as un-masculine or anti-masculine. Again, note that Neil Strauss said: "self-help isn't emasculating anymore if you're doing it to get laid."

The most confusing thing about misogyny among PUAs is that although some more-misogynist PUAs separate themselves consciously from non-misogynist PUAs, and vice versa, the groups still overlap a great deal. Even PUA-influenced men who prioritize non-misogyny, and are willing to talk to a feminist writer like me, often seem to soak up misogynist ideas from the rest of the subculture. At one point, I talked to one PUA I thought was committed to being non-sexist... until he expounded quite seriously upon how his favorite PUA blogger thinks the USA would be better off if women did not vote. One goal of my book, *Confessions of a Pickup Artist Chaser,* is to draw clearer lines: to give examples of PUAs and PUA approaches that seem more abusive or inclined towards harm, as opposed to approaches that seem mostly playful, harmless or even positive.

* * *

Although I want to cry when I see statements like, "If it wasn't for the pussy, there would be a bounty on women," I try not to let it distract me from some insights emerging from the seduction community. By focusing empirically and pragmatically on the process of sexual escalation, PUAs are approaching gender norms in a way that many people -- including feminists -- usually do not. Also, I can relate to some PUAs because some PUAs have the same history of social anxiety that I do.

I have another personal reason for feeling uncomfortable painting PUAs as "the enemy." When feminists criticize how PUAs approach sexuality, I have mixed feelings, because I myself am known for sexual desires that are unpopular with some feminists. As I grew out of being an awkward little bookworm nerd, as I began dating and exploring my sexual needs, I started to understand my sexuality as being heavily involved with BDSM.

Consensual BDSM is a heavily stigmatized type of sexuality, although some sexologists have argued that it might be viewed as a sexual orientation. Many feminists marginalize BDSM just as much as the rest of society does -- or more. Famous German feminist Alice Schwarzer once said: "Female masochism is collaboration," and a recent history of *Ms. Magazine* quotes a co-founding editor who recalls that:

*I threatened to leave over a manuscript by a woman who was a former editor of ours who was writing about why she was a masochist and trying to make it an okay choice. I would rather leave than work for a magazine that published that. And we didn't publish it.*

As a result, notwithstanding my considerable feminist writing and activism, I live in fear of my "feminist card" being revoked because of my BDSM identity.

Yet, simultaneously, my practice of BDSM has greatly informed my feminist understanding. Rape and consent are both very important feminist issues, and much of the BDSM community obsessively examines sexual consent. The dominant BDSM community "mantra" is "SSC: Safe, Sane, and Consensual." Some people debate whether another "mantra" would be better, but I have never heard of someone removing the "consensual" part. Indeed, the ways many BDSMers think of sexual consent overlap dramatically with the ways that many feminists think of it.

Safewords are a famous and high-profile example of careful BDSM communication tactics. They are specific code words that any participant can use to stop the sexual action at any time. Safewords are important in a context where one partner might want to scream "No!" or "Please don't!" or "Mercy!" with no intention of actually stopping the action.

Safewords serve another, stealthier, but equally important function: they bring home the idea that consent is a continuously changing process. Consent is part of the ongoing sexual negotiation that takes place between two people. Here, BDSM consent ideas overlap heavily with feminist consent ideas. For example, one article by high-profile feminist Jaclyn Friedman pushes back against dominant conceptions of consent by stating that "consent is not a lightswitch." As Friedman writes:

*Sexual consent isn't like a lightswitch, which can be either "on," or "off." It's not like there's this one thing called "sex" you can consent to anyhow. "Sex" is an evolving series of actions and interactions. You have to have the enthusiastic consent of your partner for all of them. And even if you have your partner's consent for a particular activity, you have to be prepared for it to change.*

Safewords are, effectively, a constant reminder that "you have to be prepared for [consent] to change."

BDSMers and feminists tend to teach explicit, straightforward verbal sexual communication -- in contrast to the seduction community, which typically teaches non-verbal or playfully tacit sexual communication. For example, the seduction community has an extensive array of discussions about how to initiate flirtatious touching, which PUAs refer to as "kino." The seduction community also places a strong emphasis on developing skill at reading a social situation without asking exactly what is going on; if a PUA is good at understanding implicit social signals, he is described as "calibrated."

For BDSMers and feminists, the sexual consent territory continues to overlap after safewords. Huge factions, if not majorities, within both groups have concluded that the best way to encourage consent is not merely to encourage people to understand that they can withdraw consent at any point -- but to encourage open communication and self-knowledge about sex.

Among feminists, an example of this approach is Jaclyn Friedman's brand-new book *What You Really, Really Want: The Smart Girl's Shame-Free Guide to Sex and Safety. Salon's* Tracy Clark-Flory notes in an interview with Friedman that:

*The book is filled with writing exercises that prompt readers to reflect on everything from body image to sexual assault. It's essentially a guide to writing one's own personal sexual manifesto.*

Among BDSMers, an example of this approach is the multi-page checklists that some BDSMers use. (I already wrote about this in my piece "Sex Communication Tactic Derived From S&M: Checklists," reprinted earlier in this book; just in case you haven't read it, I'll briefly describe them.) Checklists are essentially lists of every conceivable BDSM-related act; each act on the checklist looks something like this:

FLOGGING -- GIVING _____ O O O O O

FLOGGING -- RECEIVING _____ O O O O O

Each partner rates each entry by filling out 1-5 bubbles, with 1 darkened bubble meaning "Not interested" and 5 bubbles meaning "I crave this!" This type of explicit communication is both an excellent way to help partners understand each other's desires -- and to help partners understand each other's boundaries. In a way, this sort of thing could be seen as "Master Class" consent communication.

This was the context whence I emerged when I started investigating pickup artistry. I am a feminist, but I'm a flavor of feminist with a troubled history within the movement. I am an advocate for explicit communication, but I believe that no aspect of consent should be ignored, and I am concerned that many feminists and BDSMers give a certain unwarranted privilege to explicit verbal communication over implicit or non-verbal communication.

People seem likely to develop a preference for explicit communication if it seems more necessary. For instance, many BDSMers develop a preference for explicit communication because our desires are unusual and precise, and complicated words will help us get what we want. Feminists develop the same preferences because explicit communication is the clearest way to ensure sexual consent. Accordingly, some people attempt to promote explicit sexual communication by saying: *We should make it necessary.*

Here's an example exchange from the comments on a thoughtful feminist BDSM blog. A male commenter asks:

*I once had an argument with a very good female friend of mine about kissing. She was perturbed about a date who asked her if he could proceed to kiss her. She said the man should just know. It should be instinctual and u lose the moment as soon as u ask. I said that was bs, the first move is one of the most nerve wracking things, the very fact that he asked shows his politeness and tact and frankly a lack of presumptuousness.... What do you think? What's the line between politeness and passivity?*

The feminist blogger, an intelligent and awesome lady who goes by the name Holly Pervocracy, responds that:

*I don't say this very often, but "you lose the moment as soon as you ask" girls really are ruining it for the rest of us.*

*As far as I'm concerned, they can go without ever being kissed until they wise up.*

*However, I think (or would like to think? augh) that most girls are not like that, and that you should not plan for girls to be like that. I'd definitely rather offend someone by asking than offend them by not asking.*

Holly implies that people who don't like explicit communication should effectively be banned from kissing: she says, "they can go without ever being kissed until they wise up." I have a certain cantankerous sympathy for this perspective, and I have said similar things myself in the past. But my research into pickup artists made me wonder about whether this perspective is tenable, given a world in which most people seem to enjoy and engage in a great deal of tacit communication.

Speaking only for myself, I must admit that I like it when a man can read my unspoken signals well enough that he can tell when to kiss me without asking aloud. Sometimes it can be nice when a guy asks. But if he can read my tacit communication about kissing, that is a signal that he can read a lot of my other tacit communication as well.

Furthermore, if many people really enjoy unspoken social games and strategic uncertainty, then "the game" will never go away. Evidence that people enjoy those things does not only include the pickup artist subculture -- romantic comedies and romance novels consistently find a market, after all.

Additionally, part of improving sexual communication means learning more about unspoken communication -- not just spoken communication. The pioneering social economist Peter F. Drucker once said, "The most important thing in communication is to hear what isn't being said." This maxim is no less true when it comes to sex than it is in any other area of human endeavor. PUAs have spent years gathering information on tacit sexual communication, so perhaps one feminist goal should be to try and understand what they've learned, such as the characteristics of excellent social "calibration."

Some feminists and BDSMers exist who already think a lot about teaching implicit or unspoken communication. On the feminist side, one webpage about sexual violence features an image of a woman saying: "I stopped kissing you back. I pushed your hand away. I said I wanted to leave. It all meant 'NO'." On the BDSM side, there is often an expectation that BDSM partners will discuss their experience and reactions once they are done doing BDSM with each other, so as to learn more about how to read each other's tacit signals. However, I have never encountered a BDSM seminar on the topic of non-verbal communication, though I've attended several on verbal communication.

My perspective on non-verbal communication is not without precedent among feminist BDSMers, though my willingness to deal extensively with PUAs might be. Still, I believe that non-verbal communication is not taught well, and that feminists and BDSMers in particular do not spend enough time discussing its role in sexual interactions. Given that both communities emphasize that consent and communication are crucially intertwined, perhaps both communities might draw insight from some PUA conceptions of "kino," "calibration" and other ways of examining implicit communication.

I once started a thread about pickup artists on a major feminist blog, to which one feminist responded: "I'm getting so sick of these PUA threads.... So I'll just come out and say it: PUAs rape women through coercion and manipulation. Full stop."

There are a lot of things about pickup artistry that I really do not like. There were points during my PUA adventures when I learned about incidents and strategies that blatantly sound like rape. This is a huge can of worms, and I discussed it at great length in my book. For now I will only note that there is an entire PUA area of inquiry called "Last Minute Resistance" (or "LMR"): that is, what happens when a woman resists having sex. "Last Minute Resistance tactics" ("LMR tactics") are designed to convince a woman who has expressed hesitance, distaste or discomfort to have sex anyway.

"The first two 'no's don't mean much, and should be expected," advises one PUA while outlining LMR tactics. This is exactly the kind of thing that gives the community a bad name. In fairness, some PUAs talk about trying to understand why a girl is uncomfortable, and then addressing the root cause of her discomfort. For example, a PUA might advise asking whether she is menstruating, and then reassuring her that he won't be grossed out by having sex if she is. Some PUAs try to claim that most LMR tactics are harmless and communicative, but this is a difficult claim to defend. I have always been more impressed by the few PUAs who simply advocate respecting Last Minute Resistance, such as David Shade:

*Do not push against last minute resistance. You will be like all the other guys who objectify women and do not respect her as a real person. And it will reek of desperation.*

*... In fact, move things along just slightly slower than she'd like it. Make her wait. It builds that sexual tension, and it makes her think. When she is away from you, she is going to think about it a lot.*

Of course, while Shade is advising his clients to respect boundaries, he's advising them to respect boundaries as a tactic for seducing the woman eventually. Another example of this approach comes from Mark Manson, who appears more interested in respecting women for the sake of respecting women, but whose main thrust is still seduction advice:

*In [an LMR situation], there's always a fork in the road: you can do the typical freeze-out/high-pressure PUA bullshit to try to manipulate her or annoy her into giving up the resistance. Or you can be honest about the situation and resign yourself to accepting the fact that you may not have sex tonight.*

*Guys, listen. Always, always, always go with the second option. It may sound counter-intuitive, but you have to go with the second option. Not only because it's the right thing to do. Not only because it's what any respectful human being should do. But because if you make it clear that there is absolutely no pressure for her to sleep with you, if you show her that you can be trusted and that you're OK with whatever she decides (and by the way, you do need to be OK with whatever she decides), then she's going to become ten times more comfortable with you, and therefore is actually more likely to WANT to have sex with you.*

PUA frameworks and tactics are often consent-friendly. Many "LMR tactics" encourage pushiness or even outright non-consensual behavior, such as ignoring the woman when she says, "No." Yet things I discussed in previous sections of this article – such as "negs," and body-language "kino" tactics -- are clearly neutral: their usage is shaped mostly by the goals of individual PUAs and the social context in which they occur. Discussions of

social "calibration" -- increasing one's capacity to read social situations -- as well as "inner game" and being attractive by improving oneself will generally be a positive good. Indeed, it could be argued that no PUA tactics are inherently abusive, but some are more obviously susceptible to being used badly... the same way a sword is more obviously susceptible to evil usage than a table.

Previous feminist writers have usually preferred to complain about the seduction community's misogyny rather than examining the community deeply. I have been more interested to see whether I could understand and make use of the positive PUA theories. Understanding the "Darth Vader" types might be useful, too. There is a percentage of PUAs who are non-consensually hurting women, and if we learn how those men do it, we might also figure out how to disarm them.

I must acknowledge that I eventually felt that the community was damaging, poisonous, and unhealthy for me -- to the extent that I needed to get out and detox. (PUA detox is a recognized phenomenon even among some PUAs... and former PUAs.) However, there are truths within it that are both intriguing and important.

I have never quite erased my fear of having my "feminist card" revoked, although it is not clear how "feminists" -- a fractious group if ever there was one -- could withdraw my presence in the movement. There is no Central Standards Bureau for feminists. Perhaps inevitably, the feminist reaction to *Confessions of a Pickup Artist Chaser* was quite mixed... although some other feminists appear to agree that there are important and interesting things to learn from PUAs about gender, culture, and feminist consent models.

An overall lesson here might be that thinkers with a lot in common are increasingly isolated from each other through the accelerating Balkanization of detailed, insular, interest-based subcultures. Like the drive towards interdisciplinary research in academia, perhaps a kind of interdisciplinary subcultural approach is being developed by those of us more interested in building bridges than burning them.

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/02/27/feminist-sm-lessons-from-the-seduction-community/

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S&M:

## [storytime] The Strange Binary of Dominance and Submission

*I wrote this in early 2012, and it was originally published at RoleReboot.org. If I had to summarize my relationship with this gentleman today, then ironically enough, I'd say that "it got complicated and I'm pretty sure it's over now." I still like this piece, though.*

* * *

**The Strange Binary of Dominance and Submission**

It's been a while since I felt simultaneously very into someone, and very sure about him. It's a strange feeling. I've been playing with theories about how "flirtation is basically an exercise in strategic ambiguity" and "insecurity is an integral part of romantic intoxication" and "uncertainty is an emotional amplifier," and I do think that those ideas are true in many ways. But I got so wrapped up in theory that I forgot how it feels to be way into someone... and only a little bit scared.

* * *

I met Mica at a Saturday night party. When I left the next morning, he said he wanted to see me again as soon as possible. "Monday?" he asked. "Tuesday?"

"Monday," I said. "Tomorrow."

He's a smart, creative thinker. There are layers to him, and he practically shines: so why not name him for the mineral Mica? I would love talking to him for those reasons alone. But there's also a kind of certainty to him; a calm presence; an extraordinary quality of attention. Once he's focused on a partner, there's a rhythm behind everything he does. He's so precise that when I'm kissing him, I feel like an awkward puppy.

I observed this very quickly, and something else: that the quality of his attention -- often **overtook** him. Controlled him. In a sexual interaction, it's difficult to distract him from catering to me. And since he's excellent at reading my desires, I usually don't **want** to distract him.

It made me think of what I was like, years ago, before I understood my submissive tendencies. Mica hadn't done much explicit S&M before, and when he'd done it, he was dominant. I didn't want to project too much, or make any assumptions about him... but I couldn't help noticing.

The second night I was with him, I asked him to inflict light pain on me. Very light. I didn't want to go further with him, yet. But his instincts for delivering pain and watching my reactions were, as I suspected, beautifully calibrated.

The third night I was with him, he touched my face and kissed me. I felt my eyelashes flutter and my body melt, and he smiled. Then he said, "I'm feeling really gentle tonight. I don't know how much I'm up for."

*He doesn't want S&M right now,* I thought. Sometimes guys date me and get anxious that I'll be disappointed when they don't want to do S&M. This is understandable, given that I'm an S&M writer. But I hate that, because the last thing I want is for one of my partners to feel obligated... and besides, even I don't want all-S&M-all-the-time. I smiled directly into Mica's eyes and told him I was fine with it.

In bed, I watched him. Watched his extraordinary attentiveness. Eventually we got to a point where I was leaning over him, kissing him. I watched him give up his body to the kiss. *He doesn't want S&M right now,* I thought... *except that his main experience with S&M, so far, is being in charge.*

"Do you trust me?" I asked him.

"Yes," he said. "Absolutely."

I clenched my nails into Mica's side, and his back arched. It was the clearest invitation I'd seen from him and, I suspected, the clearest invitation he knew how to give. If he even knew that he was giving it. It can take a lot of time and experience for a submissive to learn what they want well enough to give good feedback for it. It's one of those submissive skills that people don't think about enough, because for some reason we're always too busy teaching dominant skills.

I kissed Mica again, and tore into his back.

He was ready for it. His breathing fast became irregular; he gasped; he shook in my hands. After a while, I pulled back and simply observed the intensity flooding through him. His body undulated like a wave.

"I knew you were dangerous," he breathed. "In exactly the way that I want."

"Dangerous," I repeated. I hesitated. "What do you mean?" His eyelashes flickered, and I saw that he was too far under to answer me. He probably barely knew what he was saying. (In S&M, we call this state of mind subspace.)

I pushed him a little farther. I only used my nails, but you can do a lot with your nails. I said his name, over and over. He struggled, he fought his own body. I observed the struggle and saw myself in it. "I know," I told him.

Eventually Mica said, quite seriously, that he wanted to stop. I was certain that he could take more. A lot more. I might have been able to convince him to continue, and had him thank me for it later. But he needs to know that I'll respect him when he says to stop. Also, in a somewhat self-interested way, I don't want to set a precedent where his boundaries are entirely nonverbal; where his limits depend on my capacity to see through him. Maybe someday, when we know each other really well. Right now, it would make it too easy to seriously harm him... and for him to hate me afterwards.

So I stopped.

"No one has ever touched me so deeply, so fast before," Mica said, later. And, later later: "This changes **everything**." I lay still, kept my arms around him, listening. "That was total catharsis," he said. "I mean --" a note of doubt crept into his voice. "Do you actually **like** doing that?"

"Yes," I said. I said it fast and hard, because he needs to believe it. I understood why he was asking: I've been there. When I was first getting into S&M, the first time I felt that way, I had a hard time believing that my partner actually liked doing that for me. It felt so incredible. It felt like I couldn't possibly be giving back as much as I received. Sometimes, I still feel that insecurity.

"I'm glad you like it," Mica said. I felt his body relax next to mine. "Because I'm going to want that again."

"I know," I said softly.

I tried not to be afraid. Not only because I like him so much, and it's easy to be afraid. But because someone like Mica, who wants so much to give, can be seriously damaged by a partner who isn't careful to offer him space to be exactly who he is.

And, most of all, because S&M is a complex and fickle mistress. Because I knew that if Mica expected me to be able to do that regularly, he was bound to be disappointed. His tendencies are there, and I can learn them, but this one "total catharsis" depended on a confluence of factors: there had been something close to his surface, something he'd practically begged me to pull out, and it had been his first time.

Plus, S&M also depends on self-maintenance and reasonable expectations and respecting our own failures. An S&M relationship will be much less stable if the people involved can't accept imperfection.

I was scared, scared, **scared** that Mica believed me to be more amazing than I could ever possibly be.

* * *

The next day, Mica was thrilled by his scratches, and showed them off to me. I was pleased by how he eroticized the marks -- I do that, too -- but I also felt a moment of piercing guilt. "I'm sorry," I said. "I should have been more careful, before leaving marks like that. I should have asked."

Mica met my eyes directly, insistently. "No," he said. "Don't be sorry. Last night was amazing. You knew exactly where I needed to go."

I pushed back my fear -- *he expects too much of me* -- and answered quietly. I ended by telling him, "S&M can't be that, all the time." He nodded. I hoped he was listening.

Fortunately, he was. The next time we did it, Mica was slightly disappointed that it wasn't mind-blowing -- as I knew he would be. But he dealt with it. He articulated the disappointment to me, and he remembered that I'd warned him, and he said that he was prepared to take things as they came. And then, lying on his side next to me, watching me, he asked: "Do you want pain?"

I felt my eyes widen. I felt a spike of fear. I was already so into him. I knew that if I allowed him to get me to subspace, there'd be no going back.

"Yes," I said.

And again, that attention. In a way, sometimes, Mica's attentiveness can be strangely inconvenient. He's almost over-attuned to my desires. Even when I tell him to close his eyes, he can't lose himself that way; he can't make himself keep them closed. The quality of his attention is, however, quite remarkable when he hurts me.

"This is where you could take me apart," I said afterwards, as I surfaced out of that terrible vulnerability.

Mica looked at me, rested his head on me. "I just want to take care of you," he said.

* * *

When I was younger, it took me a while to get around to taking the dominant role. And there's still something I can reach when I'm being submissive and masochistic that I've never reached when I'm dominant. Still, I think of myself as a confirmed switch now: someone who can take either the submissive or dominant role. Yet it's such a strange binary, isn't it? If he rips me apart and then says, "I just want to take care of you," then which of us is in charge?

Mica told me recently that, "When you're hurting me, my favorite thing you say is 'I know.' Because you **do** know. You know exactly what it's like."

By now I'm barely scared. It hasn't been that long, and I'm trying to allow for New Relationship Energy. I know this could still go up in smoke. But we've talked about expectations, and we've talked through what we're both looking for, and we're both thinking of each other in a long-term way.

If I had to point to events that "proved" Mica has serious potential, two things would top the list. First, in the aftermath of his first incredible S&M experience, when he dealt with the disappointment of realizing that S&M can't always be that -- dealt with it quietly, sensibly, without drama, by talking to me. And second, when he said, in defiance of most aggressive stereotypical dominant roles: "I just want to take care of you."

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/02/10/storytime-the-strange-binary-of-dominance-and-submission/

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FEMINISM:

## [storytime] My Mom's Rape Story, and A Confused Relationship With Feminism

*I wrote this in 2012, for Mother's Day. It was originally published at the girl-power site OffOurChests.com.*

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### My Mom's Rape Story, and A Confused Relationship With Feminism

My mother is a rape survivor. In 1970, when she was in her twenties, she came home alone one day with the groceries. As she was opening the door, a man came up behind her and forced her into the apartment, where he violently assaulted her. For years afterwards, my mother had Rape Trauma Syndrome -- a type of Post-Traumatic Stress Disorder that affects rape survivors -- but neither RTS nor PTSD had yet been identified, and psychiatrists didn't know what to do with her.

Later in the decade, my mother dumped one of her boyfriends. He then came to her apartment one night, broke in, and raped her. As he got in bed, she was in the middle of a flashback. She cried and said "No," and he had sex with her anyway. When she tried to tell him later that what he'd done was unacceptable, he informed her that because she'd pursued him during their relationship -- because she was the one who originally asked him out -- a rape case would never stand up in court.

My mother met my dad many years after these incidents. Mom first told me that she'd been raped in my late teens, because she was considering telling her story to our church congregation, and she wanted me to know before she did that. The full stories came out during intermittent conversations in my twenties. I love both my parents with the fire of a thousand suns, and let me tell you, I've spent an unreasonable amount of time fantasizing about murdering the men who attacked my mother. I doubt I could find the first guy, but I could probably find the second, and in my early twenties I often imagined shooting him in the head. (Don't worry, Mom, I don't think about that anymore.)

Within the last few years, I started thinking about asking Mom's permission to write about her experiences and my reaction to them. I always shelved the idea because I felt that it wasn't my story to tell. Last year, the topic came up in conversation, and I finally asked permission; she said yes immediately. I double-checked her consent twice this year, and she said yes both times. Still, I was hesitant, and I only got around to it now -- for Mother's Day. I also asked her to review this piece, and to feel free to veto anything within it.

I am doing my best not to co-opt or appropriate my mother's story. But her story and her life have shaped mine, intimately -- including my views on gender issues, and my course as a feminist activist and writer. A few years ago, a widely-read *Harper's* article by established feminist Susan Faludi asserted that the relationship between younger feminists and older feminists is like a battle between girls and our moms. I read the article with interest, but also with a sense of displacement. As a teenager I fought with my mom all the time, but she and I rarely argue anymore, and we never argue about issues of feminism or sexuality at all. If "young" feminism is about rebelling against our mothers, then I missed that boat completely.

In fairness, my mom's not easy to rebel against. When I was 15, I asked her what she'd do if I ran off with a Hell's Angel. She laughed. "I'd probably be jealous," she said.

* * *

I started blogging in 2008 because I wanted to write about sexuality, particularly S&M. However, I identified myself as a feminist from the start, because I wanted to make it obvious that S&M and feminism are not mutually exclusive. The conflicts of feminism and S&M have been a major theme throughout the Feminist Sex Wars. I tend to repeat myself when I write about this, so I'll just mention my favorite quotation on the matter; it comes from the German radical feminist Alice Schwarzer, who said, "Female masochism is collaboration!"

When I came out of the closet to my mom, I had been freaking out about my S&M identity for a while -- but quietly. I told my parents about my sexuality because I wanted

to go into therapy, but I wanted a Kink Aware therapist who wouldn't shame me for my S&M preferences. The specific therapist I preferred was out-of-network for my health insurance, which meant I needed help paying for it. My dad was cool with it, but he didn't say much. My mother paused when I told her... and then she explained that S&M is part of her sexuality, too.

I was shocked. I was also incredibly relieved. If my brilliant, independent mother was into S&M, then suddenly I felt much more okay about being into it myself. It turned out that she had explored S&M late in life -- and she went through the same anxiety about feminism and S&M that I'd felt. "You're not giving up your liberation," she told me.

Mom also acknowledged the stereotype that S&M arises from abusive experiences. "I once worried that being raped made me into S&M," she said. "But I remember having S&M feelings in my childhood and early teens, long before I was raped. I was like this all along." When she said that, I caught my breath in recognition.

This is another topic I often repeat myself about, but that's because it's important. As it happens, the biggest and best-designed study on S&M found that there is no correlation between abusive experiences and being into S&M. There's also plenty of anecdotal evidence within the S&M community that a lot of S&Mers, though not all, feel our S&M identities to be innate (sometimes described as an "orientation"). This is not to say that there's anything wrong with understanding or processing abuse through consensual S&M. The psychologist Peggy Kleinplatz once published a scholarly article called "Learning From Extraordinary Lovers: Lessons From The Edge," which discusses how therapists can help their clients by studying alternative sexualities. Kleinplatz included a case study of a couple whose S&M experiences helped them process their histories of abuse. However, abusive experiences should not be seen as the usual "creator" of S&M desires. (For more on this, check out my article on S&M and the psychiatric establishment.)

The stereotype that S&M "comes from" abuse is another reason I worried about writing this article. Basically, this is a prettily-wrapped gift to Internet commentators who enjoy writing posts or hate mail about how fucked up I am, or about how dysfunctional S&M is. I guess there's no help for that.

* * *

"I'm fascinated that you've adopted feminism so thoroughly," my mother told me once. "I never felt like I was into feminism like you are."

"What?" I said. "Are you serious?"

"Well, feminism shaped my life," she said. "I really had my consciousness raised by some of my experiences. Not just being raped, but by other things, like seeing the anger and resentment among my mother and her sisters. Feminism helped me understand how women compete and put each other down because we're put in that position by men who have power over us. Sometimes, we're like animals who have been starved into fighting for scraps.

"But," my mother continued, "I've never been sure about calling myself a feminist. There have always been a lot of feminist areas I didn't feel welcome. Your dad was a card-

carrying member of the National Organization for Women when I met him, and I refused to join. We used to joke about it. And you remember that recent article about the history of *Ms. Magazine* you emailed me? In the article, Gloria Steinem says that anyone could have walked into the *Ms.* office in the 1970s and gotten a job. But I certainly never felt like I could do that. I was actually living in New York when *Ms.* started, and I was even working in publishing... but I grew up on a farm in the midwest, and I wasn't like the women who ran *Ms.* They felt like a club."

My upbringing has not been like my mother's. I grew up with a lot more privilege; my mother used to call me a spoiled "princess" when she was angry, and one of my ex-boyfriends used to tease me by calling me "East Coast Intellectual." Yet in a lot of ways, it took me a while to get into feminism, too. Gender issues have always been a strand of my thinking, but plenty of feminist discourse never impressed me. In university, I felt like everything I heard from feminism was a tortured conspiracy theory. And although I identified as "feminist" from the very beginning of blogging, it was out of a sense of resistance rather than feeling included. I felt like: *Goddamnit, I will* ***show you*** *that I can be an independent and rational woman who values voting and abortion rights and equal opportunity and consent -- and be into S&M at the same damn time.*

As I kept writing, I was looking at other blogs about gender and sexuality, too. The ones whose analysis really spoke to me were usually feminist blogs. And those were also, often, the bloggers who noticed me in return. My work was highlighted by a number of feminist writers who wanted to raise my profile. Talking to them, I began to understand some sophisticated critiques that I'd previously labeled "conspiracy theories." I expanded my understanding of topics like rape culture, as well as "tangential" social justice issues like race and class. My mother said to me, long afterwards: "Feminism really reached out and grabbed you, didn't it."

In 2011, I heard from a feminist friend about organizations that train volunteer advocates for rape survivors. In Chicago and many other cities, when people who have been raped go to the emergency room, the hospital will ask if they want an advocate. The advocate's role is to provide immediate crisis counseling and to help the survivor deal with complexities of the medical and legal system. The minute I heard about advocacy, I knew I wanted to do it.

In 1970, my mother didn't have an advocate, for the simple reason that advocates did not yet exist. Rape Trauma Syndrome was first recognized by feminists in the 1970s, and assault advocacy was developed by feminists during that time as well.

I told Mom all about the advocacy curriculum while I was completing it, and she drank up every detail. "I never got support like that," she said. "My boyfriend insisted that we go to the emergency room, and I guess he tried to advocate for me, but the doctors and nurses ignored me for 20 hours and then sent me home. It was worse that the nurses did. If sisterhood was powerful, then couldn't they reach out to me somehow?" (Rape survivors -- at least in Illinois -- are now prioritized in emergency rooms, second only to life-and-death situations.)

Mom often regales me with tales about how things used to be. For example, when she became editor of her college newspaper in the 1960s, all the dudes on staff quit because

they wouldn't work under a woman. (Some returned later, rather sheepishly.) Other favorites have to do with menstruation. It turns out that back in the day, doctors – who were of course always male -- simply refused to accept the existence of PMS. Apparently, it was accepted among doctors that a woman who felt cramps while menstruating was "making it up." (Female nurses who attempted to describe the actual feeling were ignored.) It was understood that a woman who felt unusually emotional or even in physical pain while menstruating was just being moody and hysterical. (You know how women are!) As more women became doctors and feminism gained traction and science advanced with a broader perspective and scientists discovered the actual physical causes of cramps, PMS became recognized as a real thing. Cramps were no longer "typical female hysteria."

Which, of course, makes it all the more ironic that PMS is now often used as an excuse to discount women as hysterical. It makes me laugh, in my cynical way.

It's kind of astonishing that a woman like my mother would disclaim a strong connection with feminism. And yet she does.

* * *

This year I had my first Full-On Internet Feminist Scandal, during which I received hate mail and hate comments from other feminists. (I name the event in capital letters because email from other feminists, some of whom I don't even know, has told me that if you stick with Internet Feminism long enough, it's basically inevitable that you obtain one of these.) The worst of it fell on a holiday when I was visiting my mother. Mom was helping out at church, and wanted me to attend the sermon. I sobbed for hours before leaving home; I managed to make it to church, but I was such a wreck when I got there that she put me in a back room so I could be alone to cry.

To be clear, I definitely think that I've screwed up on some social justice issues in the past, and I'm sure that I will in the future. I am doing my best to keep myself honest and work on the areas where I've been called out. That's a crucial part of social justice work, and it's one I try to take seriously.

But I have to tell you, the piece I wrote that drew the biggest backlash was one that my mother loved. (In the interests of accountability, I'll say that I do think a lot of the critiques are valid and important, like this one for example -- and, for those in the audience who are familiar with feminist call-out culture, I recommend a couple insightful comments from a brilliant *Feministe* commenter named saurus.) When I wrote the initial draft, I felt so uncertain that I asked Mom to review it, and she said: "I think this is one of the best things you've ever written." Yet one key factor in many of these critiques is that I failed to make enough space for rape survivors. I plan to write differently about the topic in the future, but there's real irony in the fact that the most important rape survivor in my life believes that one of my best pieces is the same one that got me hate mail for failing rape survivors. (Of course, I also received incredibly personal comments about my sex life. The Feminist Sex Wars ain't over yet.)

Mom and I discussed it later, of course. She read some of the commentary online, and she came back shaking her head. "The things some feminists are saying about you really

floored me," she said. "But I'm not completely surprised. Feminism has always been one of those movements that eats its young. That's one reason I never identified with it. I think there are a lot of people my age who started out living feminist lives, who now wouldn't be caught dead calling themselves feminist. Women who had careers, who raised sensitive, loving sons and strong daughters... who find the baggage of the 'feminist' label distasteful."

I've thought a lot about my mother's comment that feminism "eats its young." One 2009 *New Yorker* article about feminism by Ariel Levy offered an interesting analysis of feminist divisions, but included one offhand claim that isn't explained or justified: "Revolutions are supposed to devour their young." Is that so? Nobody told me. (Perhaps ironically, Levy presents this claim while stating that feminism has actually turned against its elders.)

Some commentators have told me that if I can't take the heat, then I just shouldn't write about feminism. It hurts to think it, but maybe they're right. Somehow, the idea of being "a good feminist" has become utterly tangled up in my identity. It's a weak spot and a sore spot, in a way that I didn't anticipate and don't fully understand. I find social justice criticism to be nourishing when it's generous and constructive, sometimes even when it's aggressive -- but sometimes it feels so incredibly destructive. But as I said, I'm not at all the only feminist writer who feels that the community can be internally destructive. How much of the problem is the vitriol within some critiques, and how much is that feminism has become "who we are" rather than "something we do"?

I think we can all agree that it's good to call out other people when they're screwing up -- but there has to be a way for us to build a movement without eating our young. Yet from what my mother tells me, we've never been good at that.

On the bright side, I don't have to engage politically with feminism in order to be a feminist, or volunteer for feminist causes, or do feminist work. And it helps to understand that I don't have to be "a good feminist" for my mother to be proud of me. (My dad's another matter.)

* * *

During one of our recent conversations, I confirmed again with my mother that I had permission to write about her experience. Then I asked her if she's out of the closet as a rape survivor.

"I don't know," she said thoughtfully. "I guess so. I don't really think about it. I'm happy with my life now." She paused and drank her tea for a moment. "I don't think of myself as a rape survivor anymore," she added. "By 1980, ten years after the attack, I really thought I was emerging from the cave. And I was, but I was still metaphorically covered in dirt and cobwebs, with grit in my mouth. In the first few years I was with your dad -- the early 1980s -- I had residual fears. I had become frightened by subways, elevators, and surprise noises, and he helped me work my way through those very effectively. By 25 years, it was simply no longer a part of my current self. I'd say I am wiser and stronger for it, but I think an experience so shocking is a lousy way to build character. And a waste of time! I lost too many years. I hope that things like victim advocacy saves

people."

I'm glad that my mother feels good about life today, and I myself don't have the urge to track those guys down and rend them limb from limb. (Much.) Yet I wonder if the men who attacked her ever think about what they did. I wonder if the ex-boyfriend ever understood how thoroughly he brutalized someone he claimed to love, or how male privilege played a role in his actions. These days, I write a lot about masculinity, and I try to understand men's perspective on gender issues. Writing about men and gender is tricky territory, though. What if I end up shoring up the entitlement that led that those assholes to attack my mom?

Mom told me that she Googled her rapist ex-boyfriend. He has three daughters. She wonders whether he ever thinks about it, too.

Naturally, I also think a lot about feminism, and how we can make it both effective and welcoming. What does it mean when people call it a movement that "eats its young"? What does it mean that feminism has become so tied up in identity? What does it mean when a rape survivor who had a career and raised a feminist daughter won't call herself a feminist? What does it mean that taking on the "feminist" label means taking on a host of other associations -- associations that even women like my mother are unwilling to accept?

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*This can be found on the Internet at:*

http://clarissethorn.com/blog/2012/05/25/my-moms-rape-story-and-a-confused-relationship-with-feminism/

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## Section 3 Study Guide

*Having established the building blocks of Section 1, and the extra perspectives of Section 2, this section was intended to pull together some seriously multi-layered syntheses.*

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1. Is it hard to relate BDSM theory and practice to feminism or anti-rape activism? If so, then how is it hard? If not, then why do some people believe that there are difficulties?

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2. Which issues of sexuality do you feel clear about, and which do you feel foggy or uncertain about? How and why?

2a. Do you have a sense of what makes you feel strong and centered in your sexuality and relationships? If so, how do you go about establishing those factors in your life?

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3. Did you have a particularly hostile or excited reaction to any of these pieces? If so, why?

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4. Are there any binaries or bright lines that you're questioning as a result of reading these pieces?

4a. Could questioning those divisions have an impact upon your identity, or upon the way you act towards others?

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5. What are the overarching patterns that you see within the pieces in this section? How are these disparate topics relevant to each other?

5a. Does this stuff really have to be so complicated?

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## About The Author

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Clarisse Thorn is a feminist, sex-positive educator who has delivered sex-related lectures and workshops to a variety of audiences, including New York's Museum of Sex, San Francisco's Center for Sex & Culture, and universities across the USA. She created and curated the original Sex+++ sex-positive documentary film series at Chicago's historic feminist site, Jane Addams Hull-House Museum. She has also volunteered as an archivist, curator and fundraiser for that venerable S&M institution, the Leather Archives & Museum. In 2010, Clarisse returned from working on HIV mitigation in sub-Saharan Africa. Her writing has appeared across the Internet in many many places. She blogs about feminist sexuality with a focus on S&M at clarissethorn.com, and tweets @clarissethorn.

Handy links for connecting with Clarisse:

Blog: http://clarissethorn.com/blog

Twitter: http://twitter.com/ClarisseThorn

Facebook: http://www.facebook.com/clarisse.thorn

Find other Smashwords books by Clarisse:
https://www.smashwords.com/profile/view/clarissethorn

* * *

## Also check out Clarisse's awesome book

## *Confessions of a Pickup Artist Chaser!*

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*There's a huge subculture of men who trade tips, tricks, and tactics for seducing women. Clarisse Thorn, a feminist S&M writer and activist, spent years researching these guys. She observed their discussions, watched them in action, and learned their strategies. By the end, she'd given a lecture at a seduction convention. This is her story -- and her theories about feminism and seduction to boot.*

https://www.smashwords.com/books/view/144451

In paperback: https://www.createspace.com/3830583

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## Clarisse's Lectures, Workshops and Events

*Thank you so much for reading my work. Now for the hustle!*

*I'm not just a writer -- I also give lectures and workshops, and organize events. Here's a short list of some of the lectures, workshops and events I offer. I'm available by email at clarisse.thorn@gmail.com, if you'd like to bring me in.*

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* **Confessions of a Pickup Artist Chaser.** There's a whole subculture out there devoted to teaching men how to seduce women. Over the last few years, these underground "pickup artists" have slowly surfaced into the popular consciousness, with the help of bestselling books like Neil Strauss's *The Game* and hit reality shows like VH1's *The Pick-Up Artist.* I spent two years doing on-and-off research into these Casanovas. In this lecture I discuss my experiences talking to pickup artists, learning their techniques, understanding their community frameworks and norms, and eventually giving them tips on how to seduce women... all of which culminated in my book, *Confessions of a Pickup Artist Chaser: Long Interviews With Hideous Men*. This presentation was originally created for a lunchtime talk at the Center for Gender Studies at the University of Chicago, and I can deliver it in 90 minutes or less.

* **Leadership in the Bedroom: A Sexual Communication Workshop.** Down-to-earth tips and ideas on how to communicate clearly about sex. This workshop was originally requested by the University of Illinois at Chicago, but I've given versions of it at other venues as well. It was one of the first workshops I ever designed, and I'm currently working on streamlining it and making it more interactive. I can do it in an hour, but it's really better with two hours.

* **BDSM Overview.** Imagery deriving from bondage, discipline, dominance, submission, and sadomasochism (BDSM) is becoming commonplace -- and we all know (or think we know) what a dominatrix is -- but most people don't have much idea of what BDSM

actually involves. Although it is increasingly accepted as an alternative sexual orientation, BDSM remains surrounded by stigma, scandal and occasional legal action. This presentation covers the basics of BDSM (however, it's not a how-to lecture -- you aren't going to learn how to use a whip, though you'll learn where to go to find out!). I prefer to poll the audience to see what they want to cover on top of that -- BDSM history? cultural landmarks? BDSM & feminism? legal issues? I've got it all! I have given this lecture more than any other. It can be squished into an hour, but I prefer two hours.

* **Sex-Positivity for Everyone! Including the Mens!** What is masculinity or male advocacy as a movement, and how is it in dialogue with contemporary feminism? Can it be incorporated into feminism, or can the values of the sex-positive feminist community speak to its concerns? What does positive, productive talk about masculinity sound like? I talk about all this in a short lecturette and then facilitate small discussions on kinky male sexuality, men in the pickup artist community, and men who buy sex. This workshop was originally requested by the University of Chicago, and based on feedback from that experience and others, I have been adapting it. It should take about 90 minutes.

* **The Sex+++ Film Series at Jane Addams Hull-House Museum and related film screenings.** I have now overseen many many screenings of sex-positive documentaries, and facilitated followup discussions afterwards. In the past I have done this primarily to accomplish my own activist educational goals or to raise funds for deserving institutions, but I'd be happy to run a screening or two upon request. Please note, however, that I don't own the rights to all the films I've screened, and so if you want me to run a screening for you, you may need to budget extra in order to cover the rights. I started the Sex+++ Film Series at Chicago's Jane Addams Hull-House Museum, and as I write this in 2012, the film series is in its fourth year. You can look at the film series calendar here: http://clarissethorn.com/blog/2011/03/17/the-sex-positive-documentary-film-list-2011-2012/

I would certainly be willing to design a new workshop or lecture upon request -- in fact, two of the above events were created at the request of the institutions that invited me.

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## Footnotes

*All these links were last checked in early 2012.*

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### *Section 1: The Basics*

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S&M: **Love Bites: An S&M Coming-Out Story**

1. Kink Aware Professionals: https://ncsfreedom.org/resources/kink-aware-professionals-directory/kap-directory-homepage.html -- [back]

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Education: **Liberal, Sex-Positive Sex Education: What's Missing**

1. The Unitarian Universalist Our Whole Lives curriculum: http://www.uua.org/re/owl/ -- [back]

2. *New Yorker* review of the new *Joy of Sex:* http://www.newyorker.com/arts/critics/books/2009/01/05/090105crbo_books_levy -- [back]

3. Synopsis of conservative book *Modern Sex:* http://www.manhattan-institute.org/modern/ -- [back]

4. Cuddle parties: http://current.com/shows/max-and-jason-still-up/89557966_first-time-cuddle-party.htm -- [back]

5. Scarleteen's sexual inventory checklist: http://www.scarleteen.com/article/advice/yes_no_maybe_so_a_sexual_inventory_stocklist -- [back]

6. *Yes Means Yes* blog on how affirmative communication combats rape: http://yesmeansyesblog.wordpress.com/2009/01/16/the-words-that-come-after-i-want/ -- [back]

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Communication: **Sex Communication Tactic Derived From S&M: Checklists**

1. Example of a BDSM checklist: http://www.thebrc.net/check_list/default.htm -- [back]

2. Scarleteen's sex checklist: http://www.scarleteen.com/article/advice/yes_no_maybe_so_a_sexual_inventory_stocklist -- [back]

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Communication: **Sex Communication Tactic Derived From S&M: Journal-Keeping**

1. Submissive journaling prompts: http://bdsm-sexperts.blogspot.com/2010/07/submissive-journaling-prompts.html -- [back]

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Communication: **Sex Communication Case Studies**

1. The previous post about a really problematic relationship: http://clarissethorn.com/blog/2011/03/01/storytime-how-my-life-wasnt-always-happy-fun-boundaries-are-perfect-land/ -- [back]

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Feminism: **Towards My Personal Sex-Positive Feminist 101**

1. An excellent definition and discussion of the word "cisgendered," by trans activist

Asher Bauer: http://carnalnation.com/content/49458/1067/word-day-cis -- [back]

2. Analysis of the "virgin" shoot at Kink.com: http://missmaggiemayhem.com/2011/01/12/virginity/ -- [back]

3. Most women don't achieve orgasm through penis-in-vagina sex alone: http://www.scarleteen.com/article/advice/i_cant_orgasm_from_intercourse_and_its_ruining_my_relationship -- [back]

4. Asexual writer discusses sex-positive feminism: http://www.feministe.us/blog/archives/2012/02/07/an-asexual-map-for-sex-positive-feminism/ -- [back]

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S&M: **S&M Superpowers**

1. Study demonstrates that BDSM desires do not arise from abuse: http://www.news.com.au/top-stories/bondage-lovers-normal-maybe-even-happier/story-e6frfkp9-1111117296864 -- [back]

2. A post of mine on nonsensical stigma, in the context of whore stigma: http://clarissethorn.com/blog/2010/12/17/whore-stigma-makes-no-sense/ -- [back]

3. Psychology paper "Learning from Extraordinary Lovers" by Peggy Kleinplatz: http://www.ncbi.nlm.nih.gov/pubmed/16803770 -- [back]

4. Study finds that consensual S&M increases intimacy: http://www.ncbi.nlm.nih.gov/pubmed/18563549 -- [back]

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S&M: **BDSM Can Be "Love Sex" Too**

1. Rachel Rabbit White's "Lady Porn Day": http://rachelrabbitwhite.com/ladypornday/ -- [back]

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S&M: **Body Chemistry and S&M**

1. Awesome page on aftercare: http://www.leathernroses.com/generalbdsm/chrismaftercare.htm -- [back]

2. EduKink is a pair of San Francisco S&M educators: http://www.edukink.org/ -- [back]

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Orgasmic "Dysfunction": **A Unified Theory of Orgasm**

1. A tactic called "gaslighting" is a common one used by emotional abusers: http://www.feministe.us/blog/archives/2011/11/21/one-abuse-script-with-many-faces/ -- [back]

2. Kink Aware Professionals: https://ncsfreedom.org/resources/kink-aware-professionals-

directory/kap-directory-homepage.html -- [back]

3. Betty Dodson's video "Did I Orgasm?": http://www.youtube.com/v/rkCihT1mkmc -- [back]

4. Our definitions of orgasm are fairly narrow: http://sexuality.about.com/od/anatomyresponse/a/what_is_orgasm.htm -- [back]

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Boundaries: **Orgasms Aren't My Favorite Part Of Sex, and My Chastity Urge**

1. Deliberately limiting orgasms for a more amorous relationship: http://goodmenproject.com/featured-content/too-many-orgasms/ -- [back]

2. Scarleteen discusses women and "squirting" orgasms: http://www.scarleteen.com/article/advice/squirt_on_female_ejaculation -- [back]

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Evolution: **Sexual Openness: Two Ways To Encourage It**

1. Comstock Films makes documentaries about real couples and how they have sex: http://comstockfilms.com/ -- [back]

2. CineKink, "the really alternative film festival": http://cinekink.com -- [back]

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Relationships: **Fear, Loathing, and S&M Sluthood in San Francisco**

1. My blog post "There It Is": http://clarissethorn.wordpress.com/2010/10/28/litquote-storytime-there-it-is/ -- [back]

2. The Sutro Baths, extraordinary ruins in San Francisco: http://www.flickr.com/photos/vicster/2816355231/in/set-72157607093679758/ -- [back]

3. A blog post I wrote on the perils of vanilla-but-questioning dudes: http://clarissethorn.wordpress.com/2010/11/05/bdsm-vs-vanilla-part-1-why-i-pretend-i-dont-date-vanilla-but-questioning-men/ -- [back]

4. The "lost" 21st chapter of *A Clockwork Orange:* http://www.visual-memory.co.uk/amk/doc/0062.html -- [back]

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S&M: **BDSM As A Sexual Orientation, and Complications of the Orientation Model**

1. BDSM-phobic thread on a radical feminist blog: http://rageagainstthemanchine.com/2009/02/07/please-somebody-come-and-defend-kinkcom/ -- [back]

2. BDSM-related discrimination case and orientation notes from Charles Moser: http://www.xtra.ca/public/Vancouver/BDSM_lifestyler_unfit_to_drive_a_limo_police-6577.aspx -- [back]

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S&M: **BDSM "versus" Sex**

1. Definition of "prostitution" shifts and NYC dominatrixes are arrested: http://sexinthepublicsquare.org/ElizabethsBlog/ncsf-statement-on-pro-dom-work-and-prostitution-statutes -- [back]

2. Marty Klein's "Is There Such A Thing As Kinky Sex?": http://www.sexualintelligence.org/newsletters/issue128.html - three -- [back]

3. maymay on "kinky" not being limited to BDSM: http://maybemaimed.com/2010/10/05/honor-thy-language-kinky-is-an-adjective-not-an-activity/ -- [back]

4. Quasi-conservative organization Taken In Hand: http://www.takeninhand.com/ -- [back]

5. Comment from saurus: http://www.feministe.us/blog/archives/2011/10/09/bdsm-versus-sex-part-1-divide-and-conquer/ - comment-397105 -- [back]

6. *Feministe* post on the "violent sex" article: http://www.feministe.us/blog/archives/2011/07/12/violent-sex-writer-compromises-safety-of-rape-survivor/ -- [back]

7. Comment from Jadey: http://www.feministe.us/blog/archives/2011/06/27/the-best-most-disturbing-thing-you-will-read-today/ - comment-373440 -- [back]

8. Mac McClelland's "Violent Sex" article: http://www.good.is/post/how-violent-sex-helped-ease-my-ptsd/ -- [back]

9. My old post "Casual Sex? Casual Kink?": http://clarissethorn.com/blog/2008/12/26/casual-sex-casual-kink/ -- [back]

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S&M: **BDSM Roles, "Topping From The Bottom," and "Service Top"**

1. Thomas MacAulay Millar on "Domism": http://yesmeansyesblog.wordpress.com/2011/05/02/domism-role-essentialism-and-sexism-intersectionality-in-the-bdsm-scene/ -- [back]

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S&M: **"Inherent Female Submission": The Wrong Question**

1. The *Topologies* blog features three dominant female contributors: http://topologies.wordpress.com/2009/11/07/shifting-the-discourse-on-female-dominance/ -- [back]

2. Research on proportion of submissive BDSM women: http://kinkresearch.blogspot.com/2009/10/sex-role-ratio.html -- [back]

3. The female dominant blogger Bitchy Jones is pissed:

http://bitchyjones.wordpress.com/2009/03/14/bondage-awards-not-actually-sexist-on-purpose/ -- [back]

4. The male submissive blogger maymay is pissed: http://maybemaimed.com/2007/08/04/what-sexuality-might-taste-like-if-you-were-a-submissive-man-in-2007/ -- [back]

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Manliness: ***Fifty Shades of Grey, Fight Club,* and the Complications of Male Dominance**

1. The sex writer Violet Blue offers some hilarious *Fifty Shades* commentary and linkfarming: http://www.tinynibbles.com/blogarchives/2012/04/fifty-shades-of-linkbait.html The writer A.V. Flox also did a really great analysis of how badly *Fifty Shades* deals with S&M: http://www.blogher.com/troubling-message-fifty-shades-grey -- [back]

2. Pepper Mint's blog: http://freaksexual.wordpress.com/ -- [back]

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Abuse: **The Alt Sex Anti-Abuse Dream Team**

1. The post on SM-Feminist about the prevalence of abuse in the community: http://sm-feminist.blogspot.com/2007/11/wut-about-abuuuuuuuuuzers.html -- [back]

2. A post on SM-Feminist about an abuse survivor who learned to set boundaries and protect herself through BDSM: http://sm-feminist.blogspot.com/2008/01/not-your-usual-bdsm-and-abuse-story.html -- [back]

3. Thomas MacAulay Millar's article "Not What We Do": http://yesmeansyesblog.wordpress.com/2010/09/21/not-what-we-do/ -- [back]

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***Section 2: Activism and Allies***

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Activism: **Grassroots Organizing For Feminism, S&M, HIV, and Everything Else**

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4. The Patriarchy allegedly made me kinky: http://sm-feminist.blogspot.com/2008/10/why-bdsm.html -- [back]

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Vegan: **Confections of a Pickup Artist Chaser**

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4. S&M and the psychiatric establishment: http://clarissethorn.com/blog/2012/05/07/the-psychology-of-sm/ -- [back]

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## Glossary

*As I said in the introduction, I try to keep my writing as accessible as possible. One way I do that is by avoiding jargon and by using terms that I think most people will recognize. I often write "S&M" instead of "BDSM," for example; and when I'm using technical S&M language like "top" or "bottom" or "scene," I try to define the words as I go along. But sometimes I slip into jargon by accident. Also, plenty of S&M terms are super useful, and giving a quick overview of S&M language can go a long way towards describing S&M culture. Hence, this glossary. Many of the terms in the Glossary aren't terms that I used in this book, but you might find it useful or interesting anyway. (I also included a few terms that come from other subcultures, like polyamory or queer studies or feminism, because why not.)*

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**aftercare** (BDSM): A cool-down period after an S&M encounter, which often involves reassurance and a discussion of how things went. Aftercare is discussed a lot in this book, especially in "Aftercare or Brainwashing?" (part 3).

**blaming the victim** (feminism): The faulty assumption that an assault survivor caused or contributed to the assault.

**bottom** (BDSM): A blanket term for a *masochist* and/or *submissive.* Not everyone who is a *masochist* is *submissive,* and vice versa.

**cisgendered** (queer studies): A term that means "not transgendered." For example, Clarisse is a *cis* woman or a *cisgendered* woman. Here's an excellent essay by the trans activist Asher Bauer describing why the word *"cisgendered"* is important: http://carnalnation.com/content/49458/1067/word-day-cis

**coming out** (queer studies): Openly acknowledging one's sexual identity to oneself, one's parents, one's friends, and other parts of one's community.

**dominant** (BDSM): A person who enjoys being in charge during an S&M encounter.

**dungeon** (BDSM): *Dungeons* can often be split into two types: those owned and staffed by professionals, and those owned by people who are drawn to S&M for non-monetary reasons. There is occasionally overlap between the two groups, but often there's less overlap than one might think. Professional BDSM is frequently banned at non-professional *dungeons,* and non-professional *dungeons* are frequently non-profit organizations. Indeed, many non-professional *dungeons* could be described as "community centers" for BDSMers. They're basically centralized nodes for BDSM support, and they may host lectures, workshops, discussion groups, public parties, or other meetups.

**enthusiastic consent** (feminism): A standard for ethical sex whereby one is expected not just to have a consenting partner, but an enthusiastic and excited partner.

**gender policing** (feminism): Gender roles are defined by culture, and when a person steps outside their gender role, that person will often be *policed* or attacked by other members of the culture. For example, a USA man with long hair risks being mocked or beaten up.

**hard limit** (BDSM): A strong, negative BDSM preference that is discussed ahead of time. For example, a person who absolutely does not want to have anal sex would describe anal sex as a *hard limit.* See also: *soft limit.*

**heteronormative** (queer studies): A term used to describe the cultural expectations of "normal" heterosexual relationships. For example, the expectation that men are the ones to pursue women during romantic interactions is *heteronormative.*

**kink** (BDSM): A specific preference. For example, if Clarisse enjoys being whipped, then she has a *kink* for it. She could also say something like, "I *kink* on being whipped."

**kinky** (BDSM and others): A lot of BDSMers use *"kinky"* to mean "into BDSM." However, there are some people who use the term more broadly and include practices that aren't usually considered BDSM, such as *polyamory* or *swing.*

**landmine** (BDSM): An extremely sensitive psychological spot, sometimes hit accidentally during BDSM play. This is discussed further within this book, in "What Happens After An S&M Encounter 'Gone Wrong'" (part 3).

**masochist** (BDSM): A person who enjoys receiving pain.

**New Relationship Energy** (polyamory): The obsessive, irrational joy one feels after starting a relationship with a new and awesome partner. Here's an article about it: http://aphroweb.net/articles/nre.htm

**out [of the closet]** (queer studies): An adjective to describe a person who is open with people outside her sexual subculture about her sexual identity.

**play** (BDSM): A verb for having an S&M encounter. For example, if Clarisse was whipped by a gentleman, she might say that she "played with him." Clarisse once saw a display at the Leather Archives & Museum claiming that in Old Guard Leather Culture (i.e, gay men's S&M culture starting around the 1950s), the word was more often "work" than "play" -- apparently, even S&M toys were usually called "tools."

**play party** (BDSM): A party where S&M can happen openly. Some *play parties* ban sexual intercourse, while others don't.

**polyamory**: A community to support people who want to have multiple lovers and be honest with everyone involved. *Polyamory* usually focuses more on an emotional relationship than *swing,* but not always. The writer Franklin Veaux has a good Polyamory 101: http://www.xeromag.com/fvpoly.html And the blog *Polyamory In The News* has a good post on the various distinctions between polyamory and swing: http://polyinthemedia.blogspot.com/2009/12/polys-vs-swingers-as-viewed-from-2010.html

**primary relationship** (polyamory): A relationship with more commitment and expectations than other relationships. For example, a primary relationship might be one where the participants live together and/or are married. Polyamorists sometimes disagree about whether relationship hierarchies are desirable.

**rape culture** (feminism): A culture in which rape is prevalent and is maintained through fundamental attitudes and beliefs about gender, sexuality, and violence, including *rape myths*.

**rape myths** (feminism): Cultural ideas that make it harder to recognize, prosecute, and heal from rape. For example, many people believe that rape usually happens to young, "hot" women... but interviews with rapists show that they usually prioritize targets based on how vulnerable they are, rather than how "hot" they are.

**sadist** (BDSM): A person who enjoys inflicting pain.

**safeword** (BDSM): A word that any S&M participant can say at any time to stop the action. *Safewords* are extensively analyzed within this book, in the "The Annotated Safeword" (part 1).

**scene; The Scene** (BDSM): The word *scene* is often used to indicate an S&M encounter. For example, if Clarisse was whipped by some dude, she "had a *scene"* with him (or some would say that she *scened* with him). *The Scene* is also sometimes used to indicate the public S&M community -- the *dungeons,* workshops, lectures, discussion groups, and meetups that create an open network of BDSMers in many areas.

**secondary relationship** (polyamory): A relationship with less commitment and fewer expectations than other relationships. Polyamorists sometimes disagree about whether relationship hierarchies are desirable.

**soft limit** (BDSM): A weak, negative BDSM preference that is discussed ahead of time. For example, a person may strongly dislike anal sex, but be willing to have anal sex in certain contexts, like when he's really turned on; in that case, anal sex would be a *soft limit.* See also: *hard limit.*

**squick** (BDSM): A feeling of not wanting to participate in an act, without judging others for doing it. For example, if a BDSMer feels sick at the sight of blood yet doesn't want to express disgust towards blood fetishists, then she might describe herself as *squicked* by blood. The BDSM subculture generally places a high value on recognizing that one can be *squicked* by an act, without judging it.

**submissive** (BDSM): A person who enjoys receiving orders or otherwise accepting an experience defined by a partner.

**swing**: A community to support people who want to have sex with multiple people and be honest with everyone involved. Unlike *polyamorists,* swingers usually don't emphasize developing emotional connections in *secondary relationships,* but this isn't always true. Clarisse is less familiar with *swing* than *polyamory,* but some swingers emailed her this Swing 101: http://www.swingersboard.com/forums/faq.php?faq=swinger_faq And the blog *Polyamory In The News* has a good post on the various distinctions between polyamory and swing: http://polyinthemedia.blogspot.com/2009/12/polys-vs-swingers-as-viewed-from-2010.html

**switch** (BDSM): A person who feels comfortable in either the *top* or the *bottom* role.

**top** (BDSM): A blanket term for a *sadistic* and/or *dominant* partner. Not everyone who is *sadistic* is *dominant,* and vice versa.

**vanilla** (BDSM): A term to describe people who aren't into BDSM, or sexual acts that aren't perceived as BDSM. Some folks describe so-called "slightly BDSM" people or acts as *french vanilla.* Sometimes, non-BDSM people are offended by being described as *vanilla,* which Clarisse thinks is silly, but she often avoids the term anyway and says "not into S&M" instead.

**ze** (queer studies): A gender-neutral pronoun, also written as "xie." The possessive version is "zir" or "xir" or, sometimes, "hir."

* * *

* * *

* * *

end

# The Game: All Things Trump

## Andres Serrano

*"In the history of science the collector of specimens preceded the zoologist and followed the exponents of natural theology and magic..... However lowly, the work of the collector must be done, before he can proceed to the higher scientific tasks of classification, analysis, experiment and theory making."*

***Aldous Huxley from Heaven and Hell***

Before Donald Trump was President, he was Donald Trump.

This is a portrait of that man.

In his first non-photography based installation, Andres Serrano takes us on a curious and insightful tour for a closer look at who Donald Trump is.

In a relatively short period of eight weeks with a determination and competitive ferocity worthy of its subject, the artist has amassed a collection of over 500 objects produced by or for Donald Trump.

The collection is telling and varies from objects as mundane as shirts, ties, suits, hats, jackets, ice buckets, Teddy Bears and miniature screwdriver sets made for Donald Trump, his brand, his casinos, his hotels, to Trump Tea, Trump Coffee, Trump Ice Water, Trump Coca-Cola, Trump 7-Up, Trump Snapple, and the more exotic $1,000 Trump Steaks ("The Best!"), Trump Vodka packed in 24 carat gold plated bottles, a Trump deodorant named "Success" and a Trump cologne called "Empire." In addition to the merchandise for Trump Plaza, Trump Harrah's Casino, Trump Marina, Trump Castle, Trump Tai Mahal, Trump University and Trump Shuttle there are casino chips, boxing invites, concert invites and many many more objects all bearing the name "Trump."

This colorful collection is mostly self-explanatory but the artist plans to present each object with a museum-like label not unlike in a curiosity cabinet or an anthropological study room.

Of particular interest are more than fifty magazines with Donald Trump on the cover. Although, most of the magazines are ten, twenty or more years old, there are some more recent ones including a copy of The Atlantic from June 2016 with the cover story, "The Mind Of Donald Trump," Time Magazine's issue "Deal with it" from August 21, 2015 and another Time Magazine dated March 14, 2016 with the words "bully, showman, party crasher and demagogue" written across Donald Trump's face.

All three magazines are signed by Donald Trump.

Also included are several high priced special edition items made for VIP's such as a beautiful Taj Mahal leather jacket and a Taj Mahal Golf Bag and Clubs as well as a 1994 Trump Castle Casino Birthday Invitation titled, "Trump, Lord Of The Financial Jungle."

The centerpiece of the installation is a sizable portrait of Donald Trump taken by Andres Serrano in 2004 for his "America" series and a giant rotating sculpture below it. The sculpture, which is more than 10 feet tall, is the word, EGO, spelled vertically, an elegant sign that once greeted visitors at the entrance of Trump's Taj Mahal Casino's Ego Lounge.

Finally, there are several board games including "Trump Monopoly," "The Apprentice Game" and "Trump: The Game."

The premise of "The Game" is stated on the box.

*"It's not whether you win or lose, it's whether you win."*

There are different versions of "The Game," including one in French, all to be laid out in several locations in the gallery under glass.

What kind of game was it, or is it? Who wins, and who loses?

That's for the audience to decide. The artist prefers to stay neutral.

"It's a portrait of a man painted with his own brushes," says Andres Serrano.

**Donald Trump Signature Collection crest Striped 100% Silk Neck Ties**

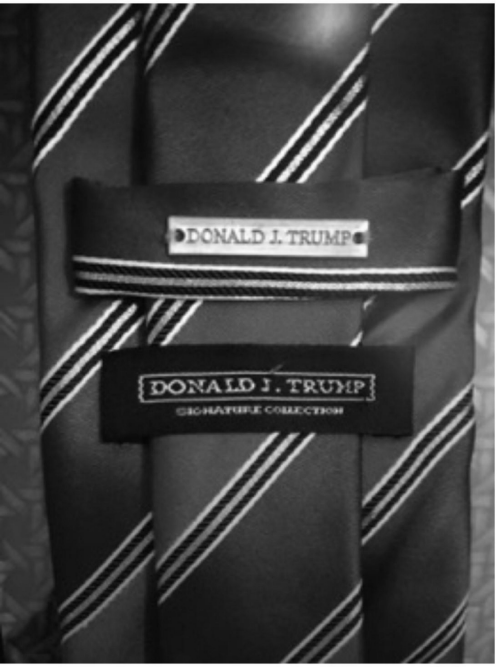

**Donald Trump Signature Collection Dress Shirt**

**Trump Taj Mahal Sweatshirt**

**Trump International Hotel And Tower Las Vegas Hoodie**

**Trump Castle Jacket**

**1990 Trump Taj Mahal Leather Jacket.**
**Given to a select few when the casino opened. One of 200 made.**

**Trump Ice Water**

**Donald Trump - 20 Years in Atlantic City**
**2003, Coca-Cola Full 6 Pack**

**Trump Marina Casino Chip - FIRST LADY MELANIA, Atlantic City, NJ**

**Trump Marina Casino Chip - BIG BAD VOODOO DADDY - Atlantic City, NJ**

**Trump Plaza Casino Chip - BLESS OUR TROOPS - Atlantic City, NJ**

## Trump Taj Mahal Collectable Golf Bag White

Burton Tour Bag commemorating Trump Taj Mahal grand opening, April 1990. Comes with matching rain hood and head covers. Grand opening gift for VIP's.

## TRUMP STEAKS - "THE WORLD GREATEST STEAKS" 2007

Donald Trump registered "Trump Steaks" as a U.S. trademark in August 2006.[5] Trump Steaks were launched on May 8, 2007, exclusively through The Sharper Image catalog, stores, and website as part of a three-month trial period. Trump Steaks were only sold at The Sharper Image for two months before being discontinued.

**TRUMP STEAKS Brochure from The Sharper Image 2007**

**Miss USA 2001**
**Gary, Indiana**

The Pageant was owned by Donald Trump from 1996 to 2015

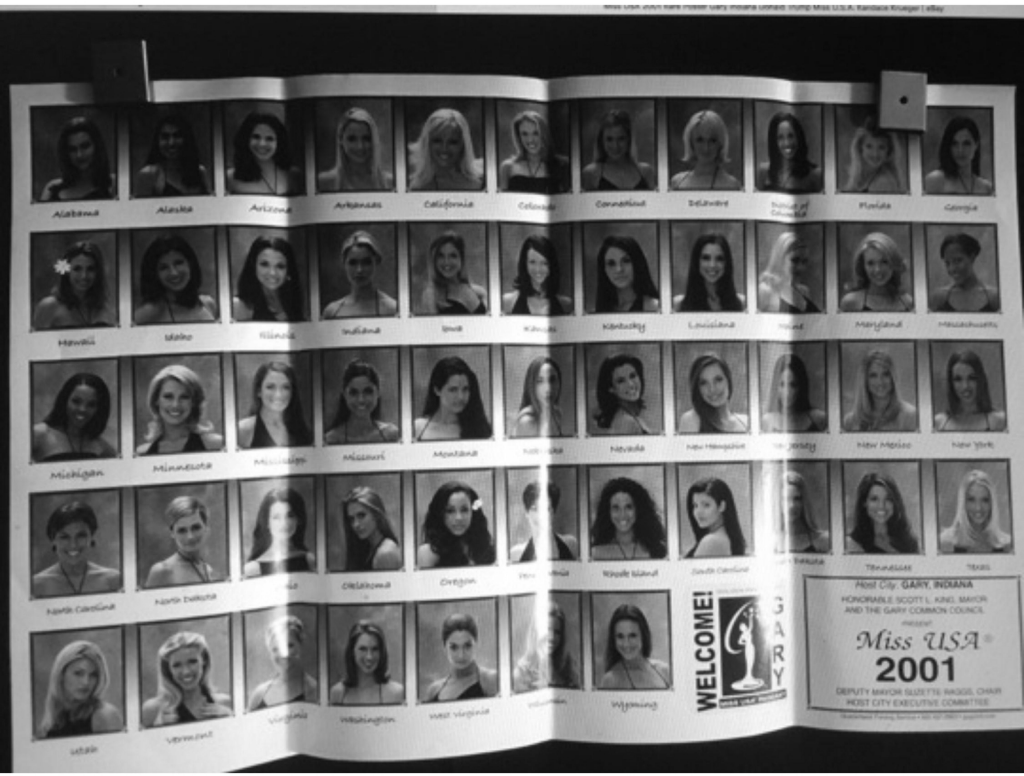

**Trump Plaza Super Bowl Football**
**"Sunday, February 1, 2004"**

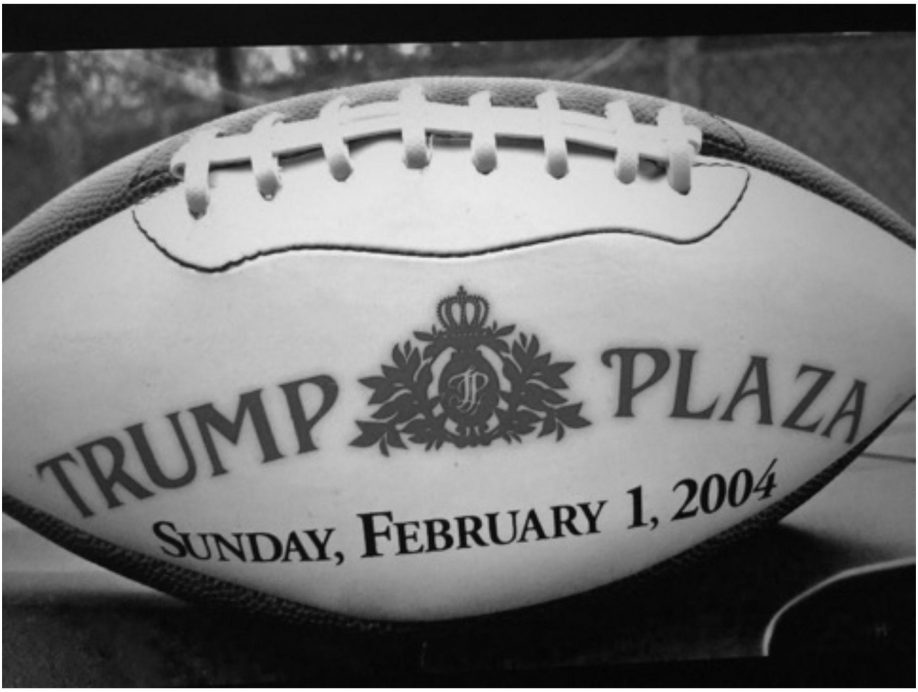

**2006 Trump Vodka -750ml 24K Bottle**

**"Success" Deodorant Stick for Men by Donald Trump, 2.5 oz**

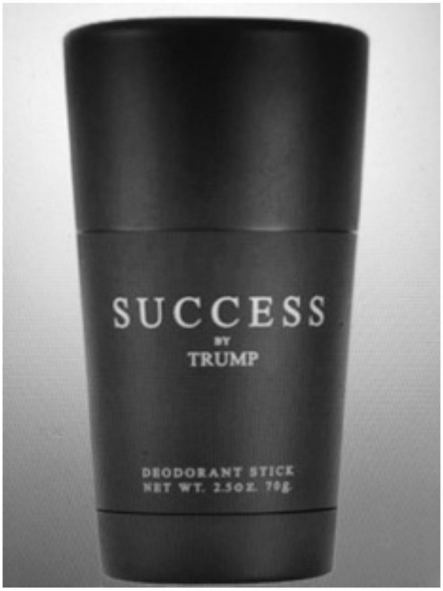

**Trump Plaza Casino - "Cash Money Tuxedo Teddy Bear"**
**1999**

Crimestoppers' guide to those Dick Tracy villains
People weekly
POOR DONALD!
First a mid-life crisis, then public humiliation. Here's how the brash billionaire's longing for money, love and respect brought him crashing down

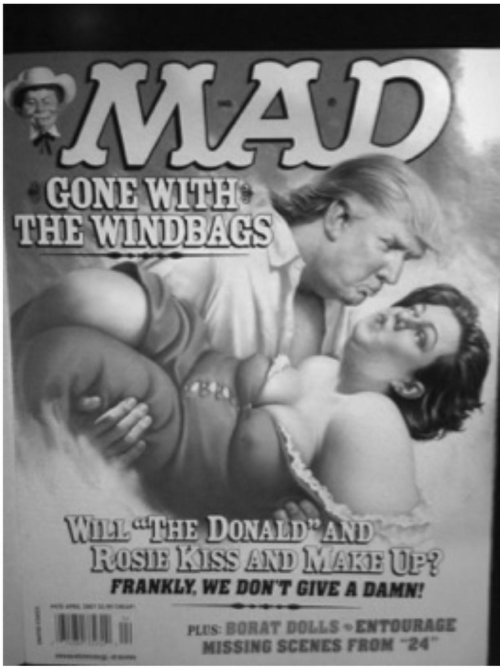
MAD
GONE WITH THE WINDBAGS
WILL "THE DONALD" AND ROSIE KISS AND MAKE UP?
FRANKLY, WE DON'T GIVE A DAMN!
PLUS: BORAT DOLLS ~ ENTOURAGE
MISSING SCENES FROM "24"

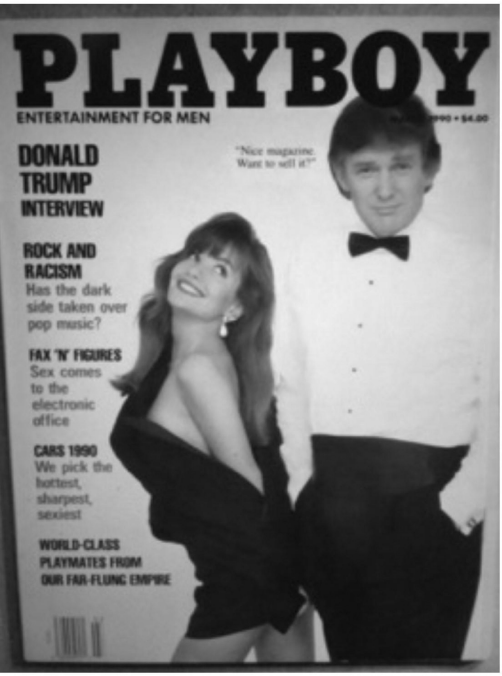
PLAYBOY
ENTERTAINMENT FOR MEN
DONALD TRUMP INTERVIEW
"Nice magazine. Want to sell it?"
ROCK AND RACISM
Has the dark side taken over pop music?
FAX 'N' FIGURES
Sex comes to the electronic office
CARS 1990
We pick the hottest, sharpest, sexiest
WORLD-CLASS PLAYMATES FROM OUR FAR-FLUNG EMPIRE

WORKING-CLASS HERO / WAR OF THE SEXES
Newsweek
TRUMPNADO

**1994**

**July 28, 2017**

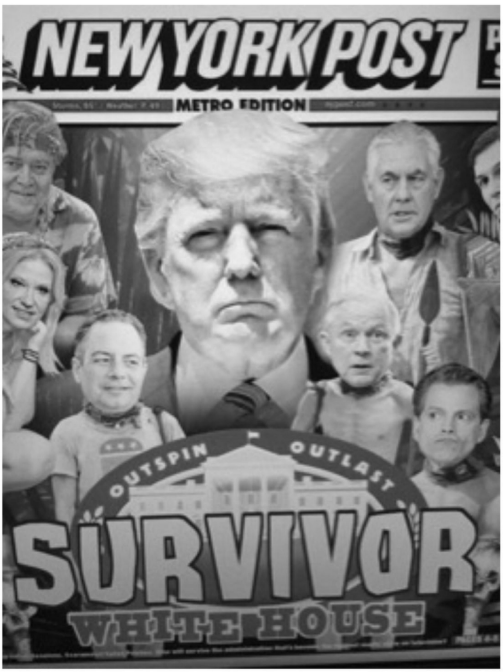

**1994 Poster**
**"Trump, Lord Of The Financial Jungle"**

In 1994, this poster was sent to High Rollers inviting them to a Birthday Party for Donald Trump. The party was held in the Crystal Ballroom at the Trump Castle.

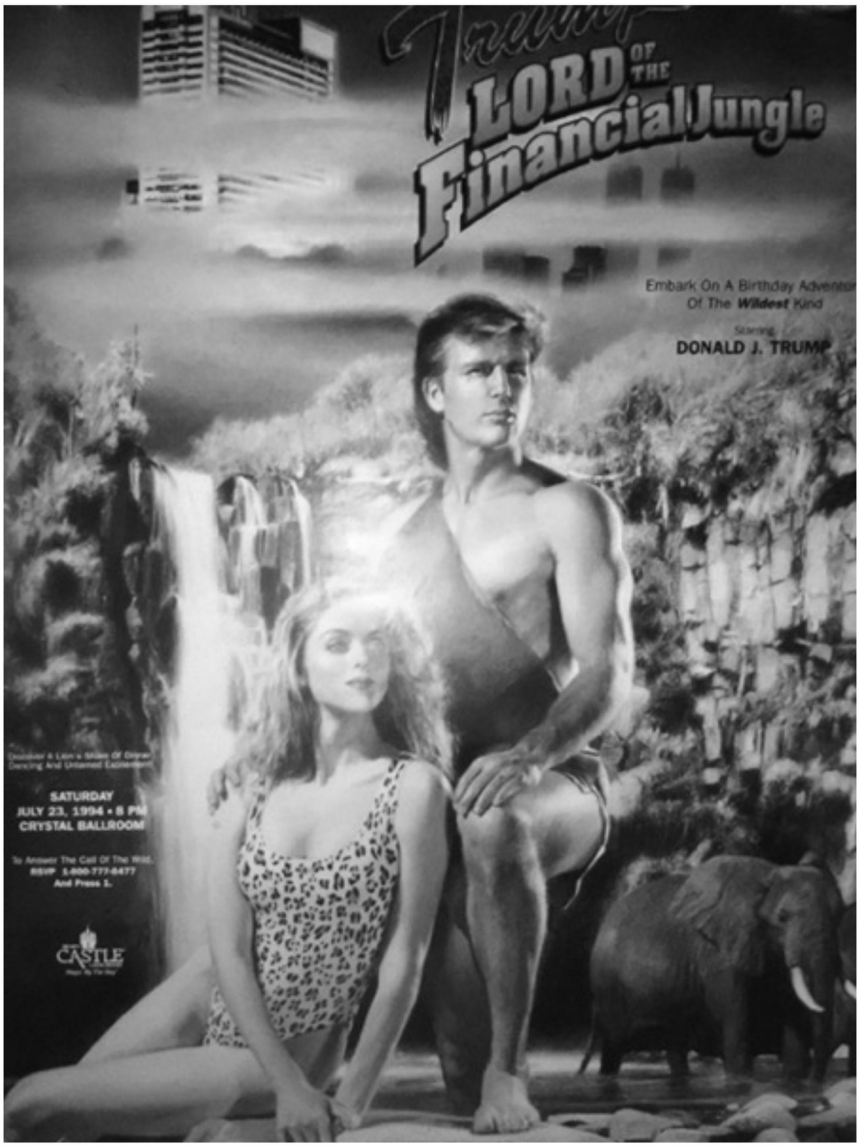

**Donald Trump: The Man, the Myth, the Scandal by Joel Reed, published by Masquerade Books, 1990, 1st printing**

**Trump: The Art of The Deal By: Donald Trump With Tony Schwartz (1987)**

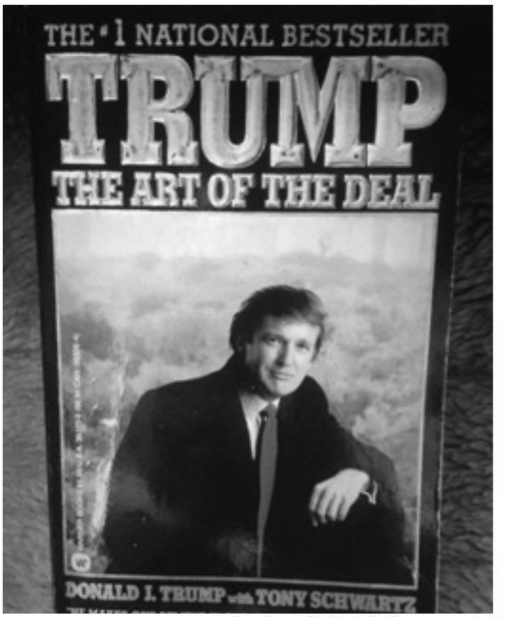

TIME
bully
showman
party crasher
demagogue
the 45th President of the United States
On the plane with Donald Trump

Deal with it

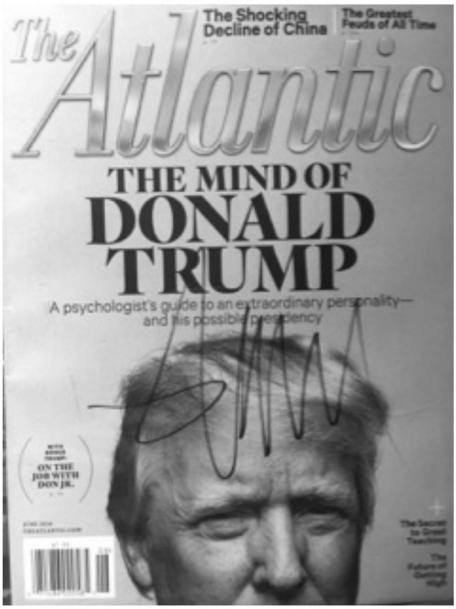
The Shocking Decline of China
The Greatest Feuds of All Time
The Atlantic
THE MIND OF DONALD TRUMP
A psychologist's guide to an extraordinary personality—and his possible presidency
ON THE JOB WITH DON JR.

**Donald Trump "The Game. I'm Back & You're Fired" Vintage Board Game Donald 2004**

# "THE GAME"

**Donald TRUMP The Game 1989 Vintage Milton Bradley Board Game**

**Chairs and Table from Trump Plaza Casino**

**Taj Mahal EGO Lounge Sign - Trump Hotel and Casino**

**“Donald Trump, 2004 (America)”**

**Andres Serrano**

On Jun 8, 2018, at 8:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

1 madonna on the way 2. Instead of torture photo. , maybe portrait of me instead? 3. Presentation of trumpville?
--

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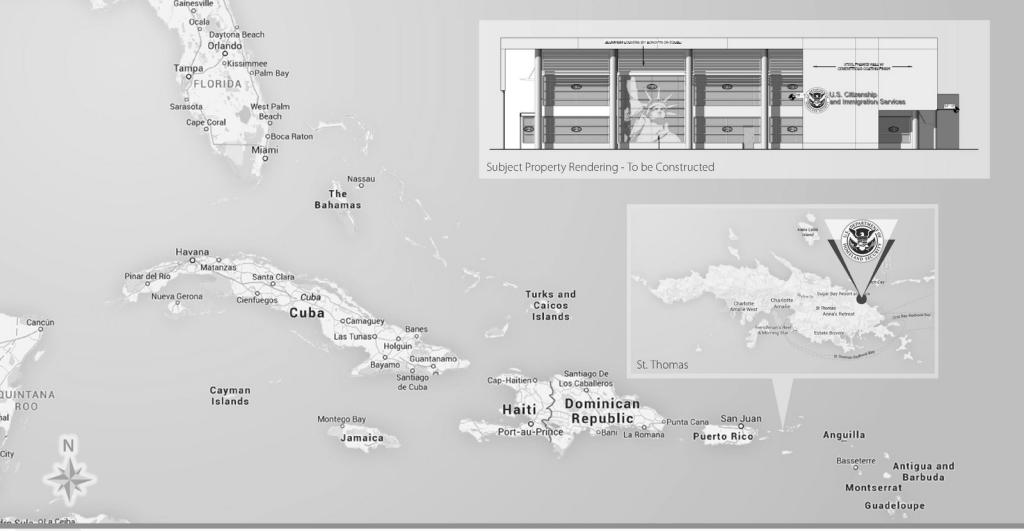


# Offering Memorandum

## GSA Joint Venture Equity Financing & Pre-Sale Acquisition Opportunity

19-F Smith Bay Road | St. Thomas, U.S. Virgin Islands

**New Construction Build-To-Suit Property | U.S. Citizenship & Immigrations Services Facility**
**GSA Guaranteed Lease (S&P Rated AA+)**

Atlanta
Chicago
New York
Houston
Los Angeles
Miami
Phoenix
San Francisco
Tulsa

# Confidential Disclaimer

This Confidential Memorandum has been prepared by Stan Johnson Company ("SJC") and is being furnished to you solely for the purpose of your review of the commercial property located at 19-F Smith Bay Rd, St Thomas 00802, US Virgin Islands (the "Property"). The material contained in this Offering Memorandum shall be used for the purposes of evaluating the Property for acquisition and shall not be used for any purpose or made available to any other person without the express written consent of Stan Johnson Company ("Broker").

By accepting the Confidential Memorandum, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the "Materials"), is confidential; (2) you will not reproduce the Confidential Memorandum in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Memorandum to SJC as soon as practicable together with all other materials relating to the Property which you may have received from SJC; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of SJC.

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HOUSE_OVERSIGHT_018728

# Table of Contents

## Section 1: Executive Summary


The Offering & Highlights 5
Property Overview & Pricing & Financial Overview 6


## Section 2: Financial Overview


Sources, Use of Funds & Construction Timeline 8
Pro Forma NOI & Operating Expenses 9


## Section 3: Property Overview


Lease Abstract 11
Tenant Overview 12
Site Plan 13
Maps 14
Location Overview 15


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USVI Lic #1-10718-1B

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P: 312.240.0127 | F: 312.240.0158





HOUSE_OVERSIGHT_018729

Section 1:

# Executive Summary

# The Offering

**Stan Johnson Company** is pleased to offer to qualified investors, on behalf of Ownership, a unique pre-sale/JV investment & acquisition opportunity for a 100% fee simple interest in a brand new, to-be-built General Services Administration (GSA) facility. The Property is leased to the U.S. Government and is occupied by the Citizenship and Immigrations Services (CIS) agency, and is located on the island of St. Thomas in the U.S. Virgin Islands.

The proposed deal structure is a forward commitment acquisition, with the purchaser funding 100% of development costs, receiving a preferred rate of return on their outstanding equity during development, and subsequently purchasing the property upon rent commencement at a pre-determined cap rate. Ownership closed on the purchase of the underlying land in mid-2014 and is ready to start construction immediately. Qualified investors are encouraged to submit bids outlining their proposed terms & structure, to be reviewed by Ownership.

The Property will be developed on an exceptionally well located site. It will be a 100% occupied, free standing, two-story office property of approximately 12,770 square feet on 1.89 acres. The site is located in Smith Bay on the East side of the island of St. Thomas in the US, Virgin Islands. The GSA will be operating under a new, 10-year base lease term.

The subject Property is mission critical to CIS as it will house a consolidation of multiple CIS facilities including current facilities in St. Croix and Charlotte Amalie. The Property will serve as the CIS center for the entire St. Thomas region to welcome and educate future US citizens. The Property is a unique opportunity for an investor to acquire a new construction property 100% leased to the GSA, while earning additional income through funding of development costs.

# Investment Highlights

**100% Leased to and Guaranteed by the US General Services Administration** - Property to house the Department of Homeland Security's Citizenship and Immigration Services agency

**Class A Asset with Long Term Residual Value** – Property will be a modern two-story split level, state of the art, public office facility, built to withstand a CAT V hurricane

**Brand New 10-Year Base Lease Term** - Newly signed 10-year lease, which is non-cancellable for the first ten years, at a full service rate of $49.55 per RSF

**Mission Critical Facility** – The subject Property is truly mission critical as it will house a consolidation of multiple CIS facilities and serves as the CIS center for the entire St. Thomas region to welcome and educate future US citizens

**Strong Developer Track Record of GSA Projects** – The developer, Hoover Properties, has successfully completed 29 different build-to-suit developments for the U.S. Government for a wide range of agencies. Inquire with broker for additional information.

**GSA's Financial Contribution to Tenant Improvements** - The GSA is contributing almost $1 million toward interior buildout at the Property, well in excess of the developer's $665,000 contribution

**LEED® Certified Building** – The Property's interior space will be constructed to meet the requirements of LEED for Commercial Interiors



HOUSE_OVERSIGHT_018731

# Property Overview

| | |
|---|---|
| **Property:** | Citizenship & Immigration Services Building (GSA) |
| **Tenant:** | United States of America, General Services Administration (Standard & Poors credit rating of AA+) |
| **Property Address:** | 19-F Estate Smith Bay, Smith Bay Road St. Thomas, U.S. Virgin Islands |
| **Year Built:** | Estimated 2015 or Early 2016 |
| **Rentable SF:** | 12,770 SF |
| **Parcel No:** | 19F-E |
| **Zoning:** | B-2 (Per Zoning Act #27-0138) |
| **Lot Size:** | +/- 1.89 Acres |
| **Occupancy:** | 100% |
| **Encumbrances:** | None, Delivered Free and Clear |
| **Ownership Type:** | Fee Simple; Build-to-suit |
| **Lease Type:** | Gross as to Operating Expenses. Real Estate Taxes pass-through over fully assessed base year |
| **Parking Spaces:** | 41+ Spaces |

# Pricing & Financial Overview

| 19-F Smith Bay Rd \| St Thomas 00802, US Virgin Islands | |
|---|---|
| **Offering Terms:** | Forward Commitment (Pre-Sale/JV) Acquisition, with Purchaser funding 100% of development costs, receiving a Preferred Rate of Return on Outstanding Equity during Development, and Purchasing the Property upon Rent Commencement at a Pre- Determined Cap Rate |
| **Offering Forward Commitment Cap Rate & Purchase Price:** | Contact Listing Agent |
| **Development Equity Requirement:** | Contact Listing Agent |
| **Investor Development Preferred Return:** | Contact Listing Agent |
| **Equity Initial Funding Date:** | Q4 2014 |
| **Investor Acquisition Date:** | (est.) Q2 2016 |



HOUSE_OVERSIGHT_018732

Section 2:

# Financial Summary

## SOURCES & USES OF FUNDS

| Use Of Funds: | Total | % of Total |
|---|---|---|
| Land Costs | $1,113,393 | 16.72% |
| Hard Project Costs | $5,780,914 | 86.82% |
| Soft Costs | $748,247 | 11.24% |
| GSA TI Reimbursement | ($983,797) | (14.77%) |
| **Total Uses** | **$6,658,757** | **100.00%** |

| Source Of Funds: | Total | % of Total |
|---|---|---|
| Investor Equity | $1,618,757 | 24.31% |
| Loan | $5,040,000 | 75.69% |
| | | |
| | | |
| **Total Sources** | **$6,658,757** | **100%** |

## CONSTRUCTION TIMELINE

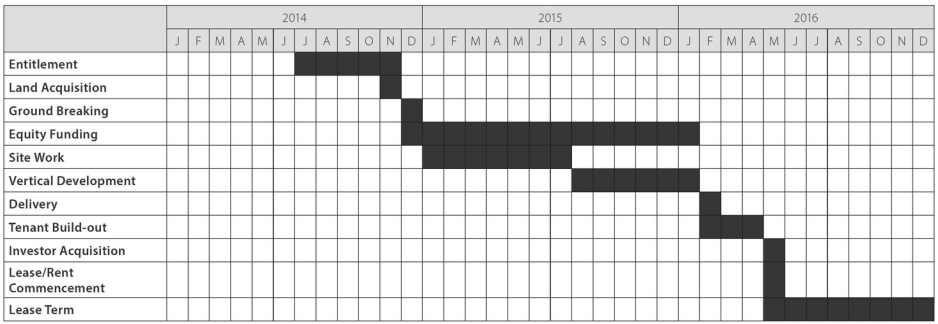






HOUSE_OVERSIGHT_018734

# Pro Forma NOI

| Item | PSF* | Year 1 |
|---|---|---|
| Gross Potential Income (GPI) | $45.21 | $577,344 |
| - Vacancy and Collection Loss | $0.00 | $0 |
| **= Net Rent Revenue** | **$45.21** | **$577,344** |
| + Operating Cost Rent Adjustment | $4.34 | $55,412 |
| **= Effective Gross Income (EGI)** | **$49.55** | **$632,756.1** |
| | | |
| - Total Operating Expenses | $9.24 | $118,052 |
| **= Net Operating Income (NOI)** | **$40.31** | **$514,704** |

# Operating Expenses

| | | |
|---|---|---|
| ***Utilities*** | | |
| Heat | $0.00 | $0 |
| Electric | $0.00 | $0 |
| Water and Sewer | $0.15 | $1,915 |
| **Total Utilities** | **$0.15** | **$1,915** |
| ***Maintenance*** | | |
| Landscaping | $0.74 | $9,493 |
| Janitorial | $1.27 | $16,155 |
| Painting and Decorating | $0.10 | $1,277 |
| Maintenance Labor | $0.00 | $0 |
| Maintenance Contract | $0.73 | $9,271 |
| Plumbing | $0.20 | $2,554 |
| Electrical | $0.20 | $2,554 |
| Land Lease | $0.00 | $0 |
| **Total Maintenance** | $3.23 | $41,304 |
| ***Administration*** | | |
| Management Fee | $0.99 | $12,655 |
| Personnel Expense | $0.00 | $0 |
| Office Supplies | $0.00 | $0 |
| Telephone | $0.00 | $0 |
| Marketing | $0.00 | $0 |
| **Total Administration** | $0.99 | $12,655 |
| ***Fixed Expenses*** | | |
| Insurance | $3.11 | $39,762 |
| Real Estate Taxes | $1.61 | $20,500 |
| Replacement Reserves | $0.15 | $1,916 |
| **Total Fixed Expenses** | $4.87 | $62,178 |
| = | | |
| **Total Operating Expenses** | **$9.24** | **$118,052** |

* Building SF = 12,770 SF

HOUSE_OVERSIGHT_018735

Section 3:

# Property Summary

# Lease Abstract

| | |
|---|---|
| **Property Address:** | 19-F Estate Smith Bay, Smith Bay Road |
| **Tenant:** | U.S.A., General Services Administration<br>US Department of Homeland Security<br>Citizenship and Immigration Services |
| **Property Type:** | 2 Story, Built-to-Suit Office |
| **Building Area (SF):** | 12,770 RSF |
| **Lot Size (Acres):** | 1.89 Acres |
| **Year Built:** | To-be-built |
| **Lease/Rent Commencement:** | Upon building completion |
| **Lease/Rent Expiration:** | 10 years after building completion |
| **Base Lease Term:** | 10 years |
| **Base Lease Term Remaining:** | 10 Years |
| **Current Annual Rent:** | $632,756.05 |
| **Amortized Tenant Improvements (annual):** | $55,433.62 |
| **Rental Increases (in base term):** | None |
| **Renewal Options:** | None |
| **Lease Type:** | Modified Gross - Tenant pays increases in taxes over a base year that will be established upon full assessment |
| **Expense Detail:** | Operating Expenses are full service, exclusive of tenant electric. GSA pays adjusted rent annually based on a base rate for occupancy cost of $4.3393 per RSF ($55,412.40) times % change in CPI |
| **Ownership Type:** | Fee Simple; Build-to-suit |
| **ROFR/Right of First Offer:** | None |
| **Termination Option:** | None |
| **Parking:** | 41 spaces, of which 4 shall be reserved for Government employees |
| **LEED:** | Tenant space will be built to meet requirements of LEED for Commercial Interiors |

St. Thomas, USVI

USCIS



Stan Johnson Company | THE NET LEASE AUTHORITY®

HOUSE_OVERSIGHT_018737

# Tenant Overview

**United States Citizenship and Immigration Services** ("USCIS" or "CIS") is a component of the **United States Department of Homeland Security** (DHS), which in turn is under the General Services Administration (GSA). It performs many administrative functions formerly carried out by the former **United States Immigration and Naturalization Service** (INS), which was part of the Department of Justice.

The stated priorities of the USCIS are to promote national security, to eliminate immigration case backlogs, and to improve customer services. USCIS is headed by a director, currently Leon Rodriguez, who reports directly to the Deputy Secretary for Homeland Security. USCIS consists of 18,000 federal employees and contractors working at 250 offices around the world.

USCIS is charged with processing immigrant visa petitions, naturalization petitions, and asylum and refugee applications, as well as making adjudicative decisions performed at the service centers, and managing all other immigration benefits functions (i.e., not immigration enforcement).

USCIS' official website is USCIS.gov which includes an online appointment scheduling service known as INFOPASS. This system allows people with questions about immigration to come into their local USCIS office and speak directly with a government employee about their case. Additionally, USCIS maintains a blog entitled "The Beacon" as well as the "@uscis" Twitter account.

Unlike most other federal agencies, USCIS is funded almost entirely by user fees. Under President George W. Bush's FY2008 budget request, direct congressional appropriations made about 1% of the USCIS budget and about 99% of the budget was funded through fees. The total USCIS FY2008 budget was projected to be $2.6 billion.

**Exceptional Credit Tenancy –**
Boasting an "AA+" credit rating by S&P and an "Aaa" credit rating by Moody's, the lease is guaranteed by the United States of America.

**High Renewal Probability –**
The General Services Administration's lease renewal probability is 96% in new, first generation space such as the Property, and the GSA remains in its space for over 25 years on average.

United States Citizenship and Immigration Services

HOUSE_OVERSIGHT_018738

# Site Plan

Citizenship and Immigration Services
12,770 SF Facility to-be Constructed 2015-2016
Mission-Critical, Consolidation of CIS Offices –
St. Thomas, U.S. Virgin Islands

Stan Johnson Company | THE NET LEASE AUTHORITY®

HOUSE_OVERSIGHT_018739

Turks and
Caicos
Islands
Banes
Holguin
Guantanamo
Bayamo
Santiago
de Cuba
Santiago De
Los Caballeros
Cap-Haitien
Haiti
Port-au-Prince
Dominican
Republic
Punta Cana
Bani
La Romana
San Juan
Puerto Rico
Caribbean Sea
N
Aruba
Curacao
Punto Fijo
Coro
Barranquilla
Google

Coral World Ocean Park
Water Bay
Thatch Cay
Sugar Bay Resort and Spa
Footer Point
Coral World Ocean Park
Sugar Bay Resort and Spa
Smith Bay Rd
Smith Bay Rd
Ridge Rd

# Location Overview

**Saint Thomas** is an island in the Caribbean Sea – directly east of Puerto Rico. Together with St. John and Water Island, St. Thomas forms a county and constituent district of the United States Virgin Islands (USVI), an unincorporated territory of the United States. Located on the Island of Saint Thomas is the territorial capital and port of Charlotte Amalie. As of the 2010 census, the population of Saint Thomas was 51,634 about 48.5% of the US Virgin Islands total. The district has a land area of 31.24 square miles.

In 1917, St. Thomas was purchased (along with Saint John and Saint Croix) by the United States for $25 million in gold, as part of a defensive strategy to maintain control over the Caribbean and the Panama Canal during the First World War. U.S. citizenship was granted to the residents of St. Thomas in 1927 and the U.S. Department of the Interior took over administrative duties in 1931. American forces were based on the island during the Second World War and the 1954, passage of the U.S. Virgin Islands Organic Act officially granted territorial status to the three islands - St. Thomas, St. John, and Water Island.

St. Thomas has a lively tourist trade. It is the USVI's most cosmopolitan island, yet it still retains the distinctive atmosphere of a secluded Caribbean paradise. St. Thomas is packed with many tourism activities including shopping, sailing, snorkeling, sightseeing, diving and dining. The Island is home to a world-renowned golf course, picture-perfect beaches and a spectacular nightlife. Other attractions are the Skyride (700 feet above the city) and the famous 99 Steps of Charlotte Amalie for an incomparable view of the Caribbean, as well as the second-oldest synagogue in the Western Hemisphere, the 1680-built Fort Christian.

St. Thomas is developed with many hotels offering a variety of lodging alternatives from grand resort estates to small inns and villas. It is also a destination for many Caribbean cruises due to the Island's breathtaking views, secluded beaches and a deeply relaxing atmosphere.

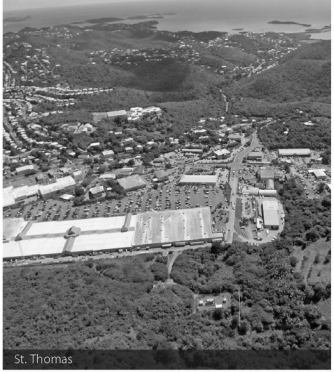
St. Thomas

St. Thomas

St. Thomas

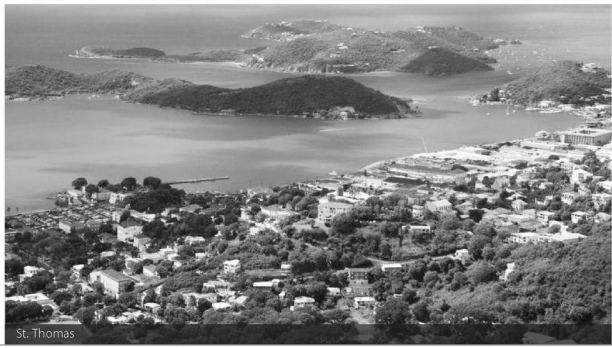
St. Thomas



HOUSE_OVERSIGHT_018741

# Stan Johnson Company

THE NET LEASE AUTHORITY®

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**Brad Feller | Senior Director**
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In Association With:
Sea Glass Properties
USVI Lic #1-10718-1B

Stan Johnson Company
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Chicago, Illinois 60601
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www.stanjohnsonco.com

The information contained herein was obtained from sources believed reliable, however, Stan Johnson Company makes no guaranties, warranties or representations as to the completeness thereof. The presentation of this property for sale, rent or exchange is submitted subject to errors, omissions, change of price or conditions, or withdrawal without notice.

# An Iconic Offering

## A 38.5 Acre Development Site on the Las Vegas Strip

## Exclusive Agents

**Marc D. Renard 213-955-6413**
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marc.renard@cushwake.com

**Manfred W. Schaub 213-955-5128**
Senior Director
manfred.schaub@cushwake.com

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Chairman
john.cushman@cushwake.com

**John Stinson** (65) 6232 0878
Executive Managing Director
(65) 6232 0878
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CUSHMAN & WAKEFIELD
THE ART OF REAL ESTATE

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Lic: #955076

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Senior Director
gwest@comre.com

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An independently owned and operated member of the
CUSHMAN & WAKEFIELD ALLIANCE

**Commerce Real Estate Solutions**
3773 Howard Hughes Parkway, Suite 100S
Las Vegas, NV 89169



## Confidentiality & Conditions

This is a confidential Offering Memorandum intended solely for your limited use and benefit in determining whether you desire to express any further interest in the purchase of the 38.5-acre site ("the Property").

This Offering Memorandum was prepared by Cushman & Wakefield and Commerce Real Estate Solutions ("Cushman & Wakefield") and has been reviewed by representatives of the owners of The Property ("the Ownership"). It contains selected information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information that prospective purchasers may desire. It should be noted that all information provided is for general reference purposes only in that such information is based on assumptions relating to the general economy, competition, and other factors beyond the control of Ownership and, therefore, is subject to material variation. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. Neither Ownership nor Cushman & Wakefield nor any of their respective officers have made any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, any of its contents, or any other materials provided as a courtesy to facilitate prospective purchaser's own investigations of the Property, and no legal commitments or obligations shall arise by reason of this Offering Memorandum, its contents or any further information provided by Cushman & Wakefield regarding the Property.

It is essential that all parties to real estate transactions be aware of the health, liability and economic impact of environmental factors on real estate. Cushman & Wakefield does not conduct investigations or analyses of environmental matters and, accordingly, urges its clients to retain qualified environmental professionals to determine whether hazardous or toxic wastes or substances (such as asbestos, PCB's and other contaminants or petro-chemical products stored in underground tanks) or other undesirable materials or conditions are present at the Property and, if so, whether any health danger or other liability exists. Such substances may have been used in the construction or operation of buildings or may be present as a result of previous activities at the Property.

Various laws and regulations have been enacted at the federal, state and local levels dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances. Depending upon past, current and proposed uses of the Property, it may be prudent to retain an environmental expert to conduct a site investigation and/or building inspection. If such substances exist or are contemplated to be used at the Property, special governmental approvals or permits may be required. In addition, the cost of removal and disposal of such materials may be substantial. Consequently, legal counsel and technical experts should be consulted where these substances are or may be present.

Ownership and Cushman & Wakefield expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or terminate discussions with any entity at any time with or without notice. Ownership shall have no legal commitment or obligation to any entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written commitment to purchase the Property has been fully executed, delivered and approved by Ownership and any conditions to Ownership's obligations thereunder have been satisfied or waived. Except for representations and warranties expressly set forth in such definitive, executed purchase and sale agreement, Ownership makes and will make no representations and warranties regarding the Property and any prospective purchaser must rely entirely on its own investigations and those of its agents and consultants.

By receipt of this Offering Memorandum, you agree that this Offering Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence, and that you will not disclose this Offering Memorandum or any of its contents to any other entity without the prior written authorization of Ownership nor will you use this Offering Memorandum or any of its contents in any fashion or manner detrimental to the interest of Ownership or Cushman & Wakefield.

The terms and conditions stated in this section will relate to all of the sections of the Offering Memorandum as if stated independently therein. If, after reviewing this Offering Memorandum, you have no further interest in purchasing the Property at this time, kindly return this Offering Memorandum to Cushman & Wakefield at your earliest possible convenience. Photocopying or other duplication is not authorized.

# Table of Contents

## Executive Summary

The Offering ..... 5



HOUSE_OVERSIGHT_018745

MANDALAY BAY
2nd Largest Hotel
4,752 Rooms
LUXOR
3rd Largest Hotel
4,408 Rooms
Excalibur
4th Largest Hotel
4,008 Rooms
CITYCENTER
NEW YORK NEW YORK
MGM GRAND
The Largest Hotel
6,852 Rooms
Tropicana
MGM GRAND THE LOT
MANDALAY BAY
505' FAA Approval
750' of Direct Frontage
Located adjacent to
4 of the 5 largest hotels
in North America

# Executive Summary

## The Offering

Cushman & Wakefield, Inc., as exclusive advisor, is pleased to offer for sale a remarkable 38.5-acre development site on the world famous Las Vegas Strip. Situated directly across from the Mandalay Bay Resort, an investor could obtain permits within approximately nine months to develop a visionary themed large-scale resort and gaming destination with up to 10,000 hotel rooms. An approved height allowance of up to 505 feet will make any future development on the Site the most highly visible on the Strip to the more than 42 million annual visitors travelling through McCarron International Airport. In addition private aircraft "high roller" terminals adjacent to the Site create a very unique opportunity to provide exclusive direct jet access points. Las Vegas gaming revenues, levels of new development, visitor volumes and visitor spending are all approaching record levels making the timing associated with the development of the Site extremely compelling.

Las Vegas possesses a unique international appeal that draws an incredible 3.5 million visitors each and every month. The growth in tourism is only expected to accelerate with McCarran International Airport anticipated to be the fifth fastest growing airport in the country over the next 10 years with passenger volume projected to reach 55 million. Las Vegas' growth is expected to be bolstered by a mix of additional seats by domestic and international carriers through more flights and larger aircraft and new service from international carriers including nonstop flights from China within three years. Over 4 million square feet of new convention space and more than $6 billion of new resort, retail and entertainment developments continue to elevate the overall "Las Vegas experience".



HOUSE_OVERSIGHT_018747

## The Site

- Remarkable 38.5-acre site will support a themed, large-scale casino resort development
- Six to nine month approval process to break ground
- 750 feet of direct Strip frontage
- In-place income generated by existing buildings
- 505' of FAA approved height allowance fronting the Strip
- H-1 zoning flexibility allows for resort casino/gaming, luxury retail, multifamily, retail, timeshare
- Direct visibility to 42 million visitors traveling through McCarran International Airport
- Views to south will be unobstructed forever due to lower buildable height restrictions on the south
- Existing streets bounding all sides of the Site provide excellent access

**CONCEPTUAL PLANS FOR CASINO RESORT OF 9,360 ROOMS**

Private Aircraft
"High Roller"
Terminals at LAS
Tropicana Ave
Reno Ave
Tropicana
MGM Grand
The Lot
Triple 5
Development
Project
Las Vegas Blvd
Excalibur
4th Largest Hotel
4,008 Rooms
LUXOR
3rd Largest Hotel
4,408 Rooms
MANDALAY BAY
2nd Largest Hotel
4,752 Rooms
Convention Space
2.1 Million SF

## Strong Las Vegas Economy Justifies New Development

- $6 billion of under construction and planned Strip development is the greatest since 1950's
- $45.1 billion in annual visitor revenue during 2014, a new record
- 41.1 million visitors in 2014; 2015 is on track to hit 42 million, a new record
- 4 million square feet of new convention space under development, a new record
- $9.6 billion in gaming revenues in 2014 near peak 2007 levels
- Visitor volume projected to increase by 500,000 every year for the foreseeable future
- Average hotel occupancy is 92% on the Strip
- Tier One hotel ADR was $232 in 2014
- Nearly 650,000 new residents since 2000, representing 47% growth during the past decade
- 1.3 million more room nights were sold in 2014 over 2013

### LAS VEGAS VISITOR ECONOMIC IMPACT 2000 - 2014

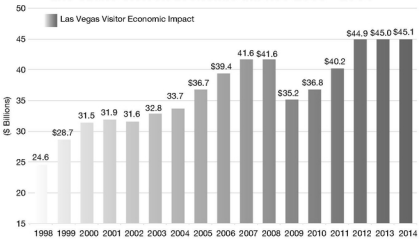


**$45.1 Billion**
**Visitor Revenues hit New Record**

### LAS VEGAS CONVENTION STATISTICS

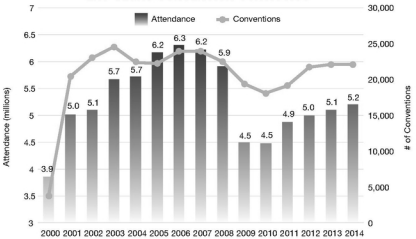


**4,000,000 Square Feet**
**Convention Space under Construction to Accommodate Demand**



HOUSE_OVERSIGHT_018750

# Surrounded By World Class Retail

## RETAILERS TO THE SOUTH

H&M

Saks Fifth Avenue

WHOLE FOODS

## RETAILERS TO THE NORTH

Ermenegildo Zegna TIFFANY & Co. LOUIS VUITTON Kiton BVLGARI

GUCCI Cartier FENDI HERMES Dior PRADA MIKIMOTO

PANORAMA TOWERS
VDARA
BELLAGIO
ARIA
COSMOPOLITAN
MONTE CARLO
CITY CENTER
THE SHOPS AT CRYSTALS
Las Vegas Arena/ The Park (2016)
NEW YORK NEW YORK
MANDARIN ORIENTAL
EXCALIBUR
LUXOR
THE STRIP
PARIS
PLANET HOLLYWOOD
MGM GRAND
THE SIGNATURE AT MGM GRAND
MONORAIL
TROPICANA
MANDALAY BAY
MGM "The Lot"
LAS VEGAS BLVD
WYNDHAM GRAND DESERT
Bali Hai Golf Club
Triple 5 Project
RUSSELL RD
VALLEY BLVD
SPRING VALLEY
KOVAL LN
HARMON AVE
TROPICANA AVE
15

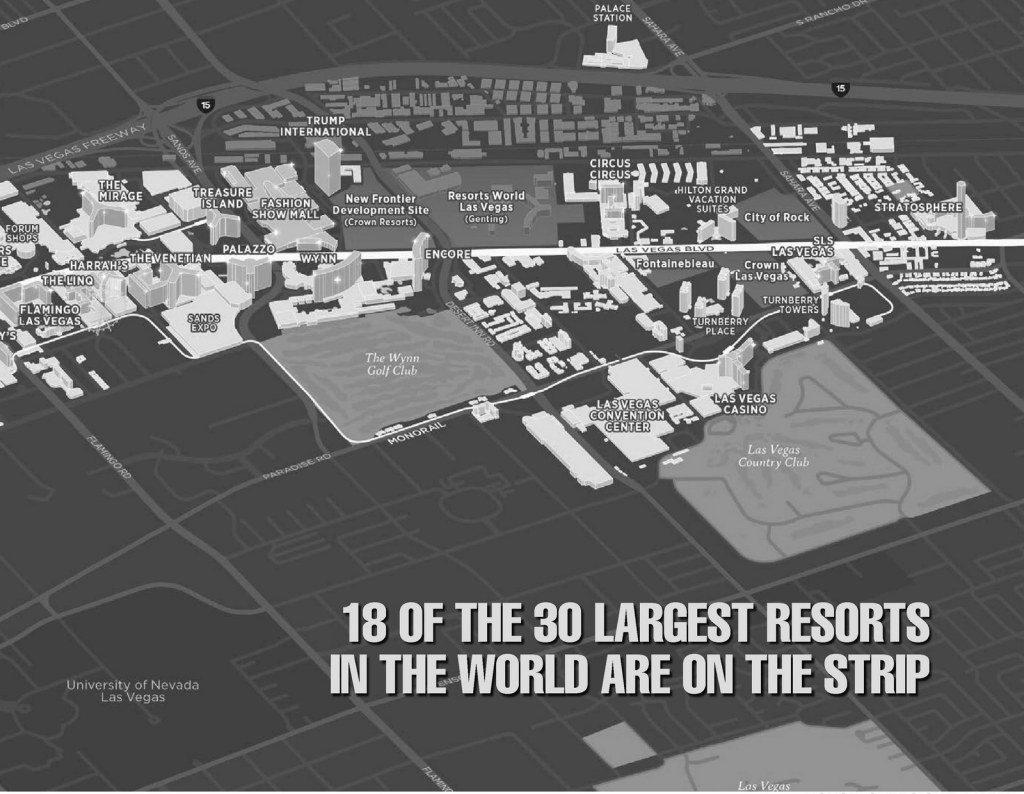


# 18 OF THE 30 LARGEST RESORTS IN THE WORLD ARE ON THE STRIP

# THE TRANSFORMATION OF THE SOUTH SIDE OF THE STRIP

$375 Million AEG-MGM 20,000 Seat Arena Under Construction

$100 Million Shops at Tropicana Planned

Luxury 300,000 Retail Frontage at Excalibur Planned

Mandalay Bay Convention Expands to 2.1 Million SF

Monte Carlo Frontage and Theatre Under Construction

MGM Opened The Lot and City of Rock May 2015 drawing 300,000 people in four days

## $6 Billion In New Development

- Group's multi-billion dollar Asian-themed resort on the Strip (expected to open in 2018) and Alon Crown 1,100 room Alon breaking ground in 2016.
- MGM & AEG's 20,000-seat arena under construction between New York-New York and Monte Carlo will draw hundreds of thousands of new visitors per year.
- Major renovations are underway or complete at The Venetian, Mandalay Bay, MGM Grand, The Mirage, Bellagio, the New Tropicana Las Vegas, SLS Hotel and Four Seasons Hotel.

$4.5 Billion 3,000 Room Resorts World
Under Construction

$2 billion Alon Crown
Resorts Planned

Silverton Timeshares
Under Construction

Wyndam Blue Timeshares
Opened July 2015

$2.5 billion Convention Center
Expansion Planned

MANDALAY BAY
LAY BAY
MANDALAY BAY

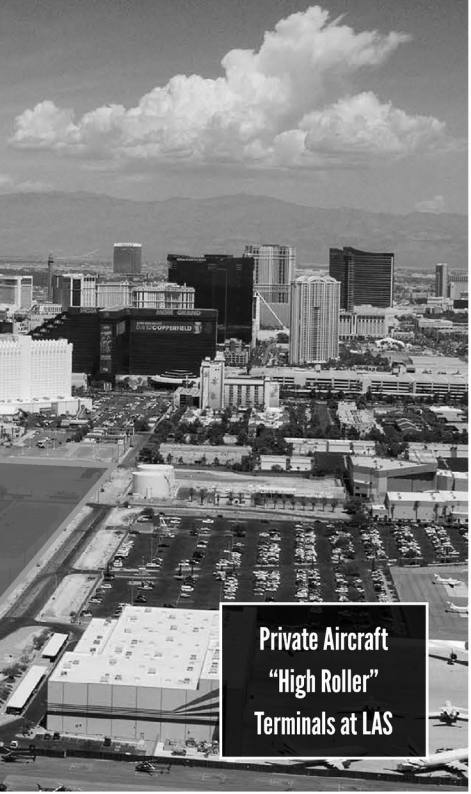


## Offering Procedures

Cushman & Wakefield, Inc. ("C&W") is contacting prospective purchasers in order to solicit their interest in the acquisition of The Site on Las Vegas Strip. The Property is being offered on a strict "as-is" basis with the selection of the buyer being influenced by the level of physical and economic due diligence initially undertaken by prospective purchasers. In this regard, detailed financial information, title reports, service contracts and other relevant documentation are available for review.

## Property Tours

Prospective purchasers are asked to contact C&W to arrange specific times for property tours.

## Offer Submission

Prospective purchasers are kindly requested to submit offers to Cushman & Wakefield at their earliest convenience but no later than XX, XX, XXXX at the address specified below:

Marc D. Renard
Vice Chairman
213-955-6413
marc.renard@cushwake.com

Cushman & Wakefield of California, Inc.
601 South Figueroa Street, Suite 4700
Los Angeles, California 90017
Facsimile: (213) 627-5995



HOUSE_OVERSIGHT_018757

MANDALAY BAY
750' OF DIRECT FRONTAGE

# The Site

The Site is comprised of 12 parcels totaling approximately 38.475 net acres located at the southeast corner of Las Vegas Boulevard South and East Mandalay Bay Road on the world famous Las Vegas Strip.

Current improvements on the Site include the Desert Oasis Motel, The Oasis Apartments, a two-story office building at 3951 Las Vegas Boulevard South and a one-story commercial building at 3953 Las Vegas Boulevard South. The former Skyvue development planned for the northwest portion of the Property received FAA height approvals and was planned for the world's tallest ferris wheel approximately 467-feet tall and a two-story retail / convention complex. Two concrete support columns for the wheel, approximately 240-feet tall, and four concrete foundations were built before construction was halted in August 2012.

The adjacent properties to the east fronting Haven Street are the signature private jet terminals of McCarran International Airport and the private jet terminal of the Las Vegas Sands Corp; to the west of the Site are Mandalay Bay Resort Casino and Convention Center, the Four Seasons Resort and Luxor Resort Casino; to the north of the Site are MGM's music festival property "The Lot" and the Tropicana Resort Casino; and to the south is undeveloped land primarily owned by the multinational conglomerate Triple 5 Group that is restricted by lower height limitations of approximately 284 feet.

Site highlights include:

- Income in-place of approximately $500,000 from existing tenants provides revenue while planning concept and designs are approved
- Unique opportunity to create branding synergies with private ingress/egress points to the adjacent high roller jet terminals
- Preferred south Strip location adjacent to four of the largest resorts in North America (MGM Grand, Mandalay Bay, Excalibur and Luxor).
- Established and high traffic location on the Las Vegas Strip
- Numerous world-class resorts, convention centers, luxury shopping, dining and entertainment attractions within walking distance.
- Proximate to the I-15 and I-215 Freeways



HOUSE_OVERSIGHT_018759

| NO. | ASSESSOR PARCEL | ADDRESS | PROPERTY USE | 2014 NOI | YEAR BUILT | ACREAGE |
|---|---|---|---|---|---|---|
| 1 | 162-28-202-013 | 95 East Ali Baba Lane | Former Casey Arms Apartments site/Undeveloped | - | - | 8.965 |
| 2 | 162-28-301-001 | 47 East Mandalay Bay Road | Former Happi Inn site/ Skyvue construction | - | - | 0.769 |
| 3 | 162-28-301-002 | 47 East Mandalay Bay Road | Former Happi Inn site/ Skyvue construction | - | - | 0.45 |
| 4 | 162-28-301-010 | 3953 Las Vegas Boulevard South | (1-story commercial): Psychic Sessions | $18,000 | 1960 | 0.233 |
| 5 | 162-28-301-029 | N/A | Graded/Undeveloped | - | - | 5.822 |
| 6 | 162-28-301-032 | 3951 Las Vegas Boulevard South | (2-story): offices - Skyvue construction | - | 1998 | 3.348 |
| 7 | 162-28-301-033 | N/A | Graded/Concrete channel | - | - | 3.767 |
| 8 | 162-28-301-034 | 3965 Las Vegas Boulevard South | (2-story): Desert Oasis Motel & Apts- 48 rooms | ($13,624) | 1963 | 3.026 |
| 9 | 162-28-301-036 | 3941 Las Vegas Boulevard South | Former Olympus Inn site/ Skyvue construction | - | - | 1.76 |
| 10 | 162-28-301-037 | N/A | Skyvue construction | - | - | 1.82 |
| 11 | 162-28-302-001 | N/A | Graded/Undeveloped | - | - | 2.229 |
| 12 | 162-28-310-001 | 5316 Danville Lane, 5333 Bethel Lane | The Oasis Apartments - 128 units | $268,675 | 1984 | 6.286 |
| | | | **TOTAL** | **$273,051** | | **38.475** |

**UTILITIES**

The Site has full utility services provided by the following:

- Electricity: NV Energy
- Natural Gas: Southwest Gas Company
- Water: Las Vegas Valley Water District
- Sewer: Clark County Water Reclamation District
- Waste: Republic Services

**EXISTING INCOME**

The existing improvements on the Site, inclusive of the Desert Oasis Motel, Oasis Apartments and the strip retail building at 3953 Las Vegas Boulevard generate approximately $275,000 in annual net income.

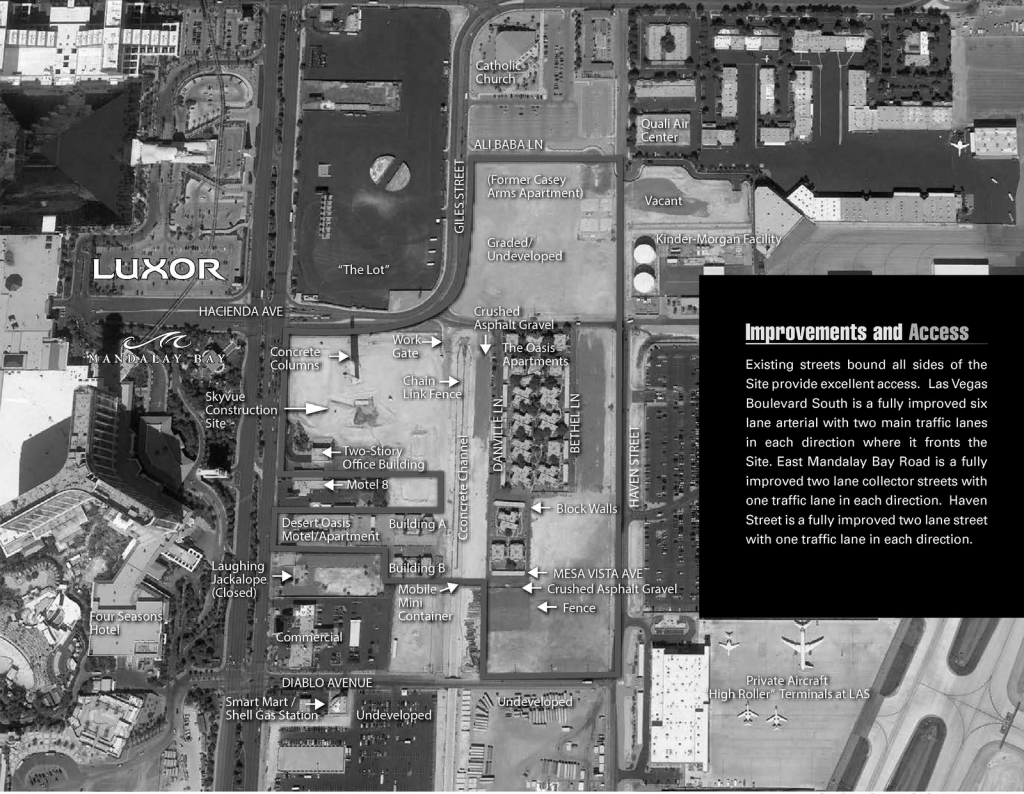


## Improvements and Access

Existing streets bound all sides of the Site provide excellent access. Las Vegas Boulevard South is a fully improved six lane arterial with two main traffic lanes in each direction where it fronts the Site. East Mandalay Bay Road is a fully improved two lane collector streets with one traffic lane in each direction. Haven Street is a fully improved two lane street with one traffic lane in each direction.

## Zoning

The Site is zoned H-1. This zoning provides for full service casino resorts and is the Strips primary gaming enterprise designation. Permitted uses include casino hotels, resort hotels, inns and motels, apartment rentals and condominiums, timeshares, public and institutional buildings, bars, restaurants, retail shops, and similar uses.

The Site is located within a Mixed-Use Overlay District. The Clark County Board of Commissioners approved an ordinance to the Clark County Code, Title 30 as Chapter 30.48 that established four different designations for Mixed-Use. The Board also established a number of Mixed Use Overlay Districts, with the majority being along or in close proximity to The Las Vegas Strip. The Site is within the designation of MUD-1, the most intense density zoning primarily located along the Las Vegas Strip resort corridor. The establishment of the Mixed Overlay District and the granting of the land use of MUD-1 make it easier for properties to receive approvals for mixed-use, high rise projects.

## FAA Approved Height Allowance Up To 505 Feet On The Site

The Federal Aviation Administration (FAA) has provided determination letters for the Site approving a height allowance of 505 feet fronting Las Vegas Boulevard and decreasing to 354 feet on the eastern portion of the Site. It should be noted that in March 2011 the Clark County has a Board of County Commissioners unanimously approved the development of the 500 foot observation wheel and retail/convention space on 10.0 net acres of the Site.

## Renderings and Plans

Current ownership has drafted conceptual plans that include the development of 9,360 hotel rooms with approximately 350,000 square feet of retail, conference and casino gaming space.

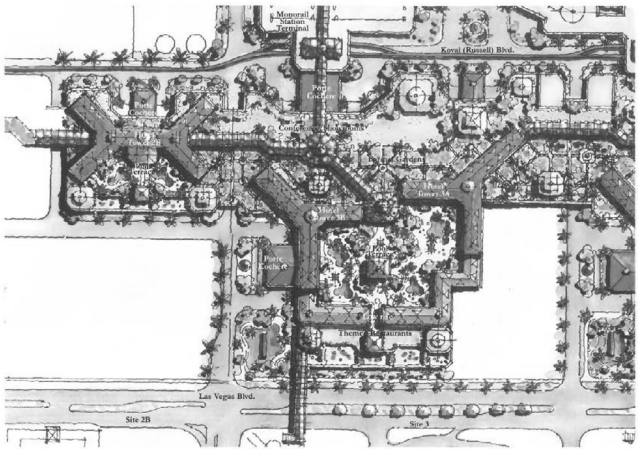


**Conference/Showroom Level Summary**

**Site 3**

| Level | +40 |
|---|---|
| Conference/Showrooms | 200,000 |
| Retail/Entertainment | 50,000 |
| Total | 250,000 |

**Site 2B**

| Level | +40 |
|---|---|
| Conference/Showrooms | 80,000 |
| Retail/Entertainment | 20,000 |
| Total | 100,000 |

**Hotel Level Summary**

**Tower**

| | | |
|---|---|---|
| Tower 2B | 80rooms/floor x 30 | = 2,400 |
| Tower 3A | 80rooms/floor x 36 | = 2,880 |
| Tower 3B | 80rooms/floor x 36 | = 2,880 |
| Low Rise | 80rooms/floor x 5 | = 400 |
| Subtotal | | 8,460 |

*Limit variation:*

**Maximum rooms per height limit**

| | | |
|---|---|---|
| Tower 2B | 100 x 36 | = 3,600 |
| Tower 3A | 80 x 36 | = 2,880 |
| Tower 3B | 80 x 36 | = 2,880 |
| Subtotal | | 9,360 |

WORLD PORT PRESENTS
NEW WORLD, L.L.C.

Elevation +40 - 420
SITE 2-3 • HOTEL LEVEL

HART | HOWERTON
Planning • Architecture • Landscape Architecture • Interior Design • New York • San Francisco
7 • 13 • 2001



HOUSE_OVERSIGHT_018764

## 6 to 9 Month Permitting Process to Break Ground

The following is an outline of the estimated 6 to 9 month permitting process an investor will follow to enter into a development agreement within Clark County. Prior to starting the development agreement process with the County, the developer would acquire permit approvals from the Paradise Town Advisory Board.

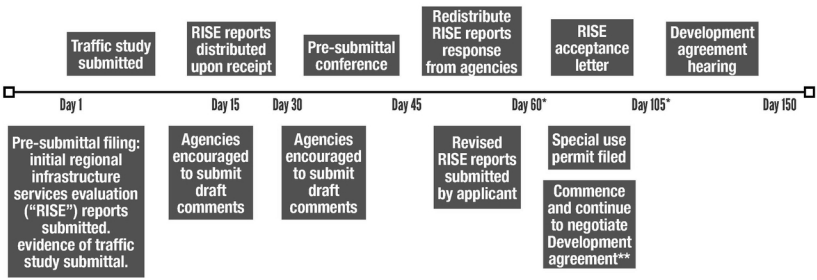


*Acceptance letter may be issued within 30 days of presubmittal conference depending upon applicant's response.
**Development Agreement may be submitted in conjunction with Special Use Permit if negotiations are complete.
Fixed timeline may be flexible dependent upon applicant's response time.



HOUSE_OVERSIGHT_018765

## Available Third Party Reports and Documentation

The following summarizes available third party reports that are posted within the online due diligence site:

- ALTA Survey Wallace Morris Surveying, dated May 2013
- Title Report by First American, dated July 2015
- Tax bills 2014 – 2015
- Phase I by Western Technologies Inc., dated April 2014
- Phase II by Western Technologies Inc., dated August 2003
- Limited Phase II by Western Technologies Inc., dated August 2004
- Geotechnical Evaluation by Western Technologies Inc., dated October 2003
- Geotechnical Evaluation by Western Technologies Inc., dated August 2004
- Geotechnical Evaluation by Western Technologies Inc., dated July 2011
- Geotechnical Recommendation Letters of by Western Technologies Inc., dated February 2012, April 2014
- Zoning Declaration Letter by Clark County Planning Department, dated October 2008
- Federal Aviation Administration (FAA) Height Determination Letters, dated May 2011, June 2012, February 2015

HOUSE_OVERSIGHT_018766

# Area Overview

## The Las Vegas Experience

Developed as an entertainment destination, Las Vegas is driven by a consumer services economy where "the experience" is its primary commodity. Las Vegas is one of the most visited tourist destinations in the United States and it possesses a unique international appeal that draws a remarkable 3.4 million visitors each month. Identified as the global capital of entertainment and gaming, it is the iconic three-mile stretch of Las Vegas Boulevard known as "the Strip" that draws visitors to Las Vegas. With 115,000 hotel rooms located on the Strip, the concentration of tourists is more than any other metropolitan statistical area in the world. The Las Vegas Convention and Visitors Association reported 41.1 million visitors in 2014 and project the total number of visitors to reach a new market high of 42 million in 2015.



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## Unparalleled Hotel and Resort Inventory

Las Vegas has a larger supply of hotel rooms than any other metropolitan statistical area in the world and in return drives extraordinary spending demographics. The vast majority of Las Vegas' lodging supply is located on the Strip, and approximately 76% of all visitors (31 million) to Las Vegas stay in hotels on the Strip each year. Luxurious mega-resorts as well as more moderately priced accommodations are concentrated on the Strip and in the immediate surrounding area to meet the needs of all segments of the visitor market. A comparable resort district cannot be found anywhere else.

As summarized in the exhibit below, 17 of the 30 largest resorts in the world are located on the Las Vegas Strip:

**THE WORLD'S 30 LARGEST HOTELS AND RESORTS**

| RANK | RESORT | LOCATION | ROOMS | RANK | RESORT | LOCATION | ROOMS |
|---|---|---|---|---|---|---|---|
| 1 | MGM Grand | Las Vegas | 6,852 | 16 | Flamingo | Las Vegas | 3,565 |
| 2 | First World Hotel | Genting Highlands | 6,118 | 17 | Atlantis | Paradise Island | 3,414 |
| 3 | Disney's All-Star Hotel | Orlando | 5,524 | 18 | Hilton Hawaiian Village | Honolulu | 3,386 |
| 4 | Izmailovo | Moscow | 5,000 | 19 | Disney's Port Orleans French Quarter | Lake Buena Vista | 3,056 |
| 5 | Mandalay Bay | Las Vegas | 4,752 | 20 | Mirage | Las Vegas | 3,044 |
| 6 | Luxor | Las Vegas | 4,408 | 21 | Monte Carlo | Las Vegas | 3,002 |
| 7 | Ambassador City Jotiem | Pattaya | 4,219 | 22 | Venetian Macau | Macau | 3,000 |
| 8 | The Venetian | Las Vegas | 4,049 | 23 | Cosmopolitan | Las Vegas | 2,998 |
| 9 | Excalibur | Las Vegas | 4,008 | 24 | Westgate Las Vegas Resort and Casino | Las Vegas | 2,956 |
| 10 | Aria Resort & Casino | Las Vegas | 4,004 | 25 | Paris | Las Vegas | 2,916 |
| 11 | Caesars Palace | Las Vegas | 3,960 | 26 | Treasure Island | Las Vegas | 2,884 |
| 12 | Bellagio | Las Vegas | 3,950 | 27 | Gaylord Opryland Resort | Nashville | 2,881 |
| 13 | Sheraton | Macau | 3,896 | 28 | Disney's Pop Resort | Lake Buena Vista | 2,880 |
| 14 | Circus Circus | Las Vegas | 3,774 | 29 | Bally's | Las Vegas | 2,814 |
| 15 | Shinagawa Prince Hotel | Tokyo | 3,680 | 30 | Borgata | Atlantic City | 2,802 |

*Located in Las Vegas*



HOUSE_OVERSIGHT_018768

## Convention Centers and Trade Shows

Las Vegas is the world's most preferred convention and trade show city, offering more convention and meeting space than any other city in the world, with more than 11 million square feet of existing inventory, including more than 2.0 million square feet that have been completed during the past three years and an additional 4 million square feet of convention space is currently in development. The total annual non-gaming economic impact of conventions hosted by all Las Vegas facilities totals approximately $8.0 billion. Notable conventions scheduled in Las Vegas during 2015 and 2016 include the following:

**CONVENTIONS & TRADE SHOWS (2015-2016)**

| DATE | EVENT | ATTENDEES |
|---|---|---|
| January-16 | International CES 2016 | 163,000 |
| November-15 | Automotive Aftermarket Industry Week (AAIW) 2015 | 140,000 |
| January-16 | Las Vegas Market - Winter 2016 | 50,000 |
| August-16 | Las Vegas Market - Summer 2016 | 50,000 |
| February-16 | World of Concrete 2016 | 48,000 |
| September-15 | 2015 Pack Expo Las Vegas | 45,000 |
| September-15 | Super Mobility Week | 40,000 |
| March-16 | Nightclub and Bar Show 2016 | 39,000 |
| May-16 | RECon 2016 | 36,000 |
| June-16 | International Communications Industries Association/ Infocomm 2016 | 35,000 |
| May-16 | National Hardware Show 2016 | 30,000 |
| April-16 | National Automobile Dealers Association 2016 | 30,000 |
| March-16 | Healthcare Information & Management Systems Society (HIMSS16) | 30,000 |
| October-15 | National Association of Convenience Stores, Inc. (NACS) Exposition 2015 | 30,000 |
| September-15 | 2015 Mr. Olympia | 30,000 |
| June-16 | International Esthetics Cosmetics & Spa Conference (IECSC) 2016 | 25,000 |
| November-15 | American Academy of Opthalmology Annual Meeting 2015 | 25,000 |
| November-15 | National Business Aviation Association, Inc. (NBAA) - 2015 | 25,000 |
| September-15 | Interbike Expo 2015 | 25,000 |
| January-16 | Kitchen and Bath Industry Show 2016 | 24,000 |
| July-16 | Deafnation World Expo 2016 | 23,000 |
| February-16 | Safari Club International 44th Annual Hunters Convention | 21,000 |
| December-15 | Power-Gen International Conference 2015 | 20,000 |
| October-15 | G2E: Global Gaming Expo 2015 | 17,000 |
| October-15 | ISSA / INTERCLEAN North America 2015 | 16,000 |
| March-16 | Western Veterinary Conference 2016 | 14,500 |
| October-15 | ABC Kids Expo 2015 | 14,000 |
| October-15 | Live Design International 2015 | 14,000 |
| September-15 | International Vision Expo West 2015 | 14,000 |
| June-16 | Waste Expo 2016 | 12,000 |
| March-16 | National Association of Pizzeria Operators Expo - 2016 | 12,000 |
| March-16 | International Wireless Communications Expo 2016 | 12,000 |



HOUSE_OVERSIGHT_018769

## Strong Increase in Visitor Economics

The following chart presents a history of visitor volumes and total visitor revenue for Las Vegas:

**LAS VEGAS TOURISM IMPACT**

| YEAR | TOTAL VISITORS | % CHANGE | TOTAL VISITOR REVENUE | % CHANGE | REVENUE PER VISITOR | % CHANGE |
|---|---|---|---|---|---|---|
| 1988 | 17,199,808 | --- | 10,039,448,000 | --- | 584 | --- |
| 1989 | 18,129,684 | 5.4 | 11,912,941,000 | 18.7 | 657 | 12.6 |
| 1990 | 20,954,420 | 15.6 | 14,320,746,000 | 20.2 | 683 | 4.0 |
| 1991 | 21,315,116 | 1.7 | 14,326,554,000 | 0.0 | 672 | (1.7) |
| 1992 | 21,886,865 | 2.7 | 14,686,644,000 | 2.5 | 671 | (0.2) |
| 1993 | 23,522,593 | 7.5 | 15,127,167,000 | 3.0 | 643 | (4.2) |
| 1994 | 28,214,362 | 19.9 | 19,163,212,000 | 26.7 | 679 | 5.6 |
| 1995 | 29,002,122 | 2.8 | 20,686,800,000 | 8.0 | 713 | 5.0 |
| 1996 | 29,636,361 | 2.2 | 22,533,258,000 | 8.9 | 760 | 6.6 |
| 1997 | 30,464,635 | 2.8 | 24,952,189,000 | 10.7 | 819 | 7.7 |
| 1998 | 30,605,128 | 0.5 | 24,577,469,000 | (1.5) | 803 | (2.0) |
| 1999 | 33,809,134 | 10.5 | 28,695,178,000 | 16.8 | 849 | 5.7 |
| 2000 | 35,849,691 | 6.0 | 31,462,337,000 | 9.6 | 878 | 3.4 |
| 2001 | 35,017,317 | (2.3) | 31,907,492,000 | 1.4 | 911 | 3.8 |
| 2002 | 35,071,504 | 0.2 | 31,613,938,000 | (0.9) | 901 | (1.1) |
| 2003 | 35,540,126 | 1.3 | 32,777,906,000 | 3.7 | 922 | 2.3 |
| 2004 | 37,388,781 | 5.2 | 33,724,467,000 | 2.9 | 902 | (2.2) |
| 2005 | 38,566,717 | 3.2 | 36,733,453,000 | 8.9 | 952 | 5.6 |
| 2006 | 38,914,889 | 0.9 | 39,406,265,000 | 7.3 | 1,013 | 6.3 |
| 2007 | 39,196,761 | 0.7 | 41,578,079,000 | 5.5 | 1,061 | 4.8 |
| 2008 | 37,481,552 | (4.4) | 42,900,000,000 | 3.2 | 1,145 | 7.9 |
| 2009 | 36,351,469 | (3.0) | 35,200,000,000 | (17.9) | 968 | (15.4) |
| 2010 | 37,335,436 | 2.7 | 36,800,000,000 | 4.5 | 986 | 1.8 |
| 2011 | 38,928,708 | 4.3 | 40,200,000,000 | 9.2 | 1,033 | 4.8 |
| 2012 | 39,727,022 | 2.1 | 44,900,000,000 | 11.7 | 1,130 | 9.4 |
| 2013 | 39,668,221 | (0.1) | 45,200,000,000 | 0.7 | 1,139 | 0.8 |
| 2014 | 41,126,512 | 3.7 | 45,200,000,000 | 0.0 | 1,099 | (3.5) |
| **AVERAGE ANNUAL % CHANGE** | | **3.4** | | **6.0** | | **2.5** |

*Source: LVCVA*



HOUSE_OVERSIGHT_018770

## Strong Increase in Convention Attendance

With 11 million square feet of existing and planned convention space, Las Vegas is one of the world's most convention destinations. The Las Vegas Convention Center is the primary Las Vegas convention venue, a state-of-the-art facility, which features 3.2 million square-feet of exhibit and meeting space, and will soon expand to 5.8 million square feet. The following demonstrates the strong increase of convention attendance during the previous five years:

**CONVENTION VISITATION**

| YEAR | TOTAL VISITORS | % CHANGE |
|---|---|---|
| 1983 | 943,611 | --- |
| 1984 | 1,050,916 | 11.4 |
| 1985 | 1,072,629 | 2.1 |
| 1986 | 1,519,421 | 41.7 |
| 1987 | 1,677,716 | 10.4 |
| 1988 | 1,702,158 | 1.5 |
| 1989 | 1,508,842 | (11.4) |
| 1990 | 1,742,194 | 15.5 |
| 1991 | 1,794,444 | 3.0 |
| 1992 | 1,969,435 | 9.8 |
| 1993 | 2,439,734 | 23.9 |
| 1994 | 2,684,171 | 10.0 |
| 1995 | 2,924,879 | 9.0 |
| 1996 | 3,305,507 | 13.0 |
| 1997 | 3,519,424 | 6.5 |
| 1998 | 3,301,705 | (6.2) |
| 1999 | 3,772,726 | 14.3 |
| 2000 | 3,853,363 | 2.1 |
| 2001 | 5,014,240 | 30.1 |
| 2002 | 5,105,450 | 1.8 |
| 2003 | 5,657,796 | 10.8 |
| 2004 | 5,724,864 | 1.2 |
| 2005 | 6,166,194 | 7.7 |
| 2006 | 6,307,961 | 2.3 |
| 2007 | 6,209,253 | (1.6) |
| 2008 | 5,899,725 | (5.0) |
| 2009 | 4,492,275 | (23.9) |
| 2010 | 4,473,134 | (0.4) |
| 2011 | 4,865,272 | 8.8 |
| 2012 | 4,944,014 | 1.6 |
| 2013 | 5,107,416 | 3.3 |
| 2014 | 5,169,054 | 1.2 |
| Annual Compound % Change | | 5.6 |

*Source: LVCVA*



HOUSE_OVERSIGHT_018771

## 4 Million Square Feet of Convention Space in Development

Indicative of the strong growth in convention demand, in February 2015 the Las Vegas Convention and Visitors Authority (LVCVA) acquired the former Riviera hotel located on 23-acres for $182.5 million. A planned $40 million demolition during 2015-2016 of the former hotel will lay the foundation for a $2.5 billion expansion of the Las Vegas Convention Center, increasing convention capacity to 5.8 million square feet. The expansion will transform the current convention center, rebranded as the Las Vegas Global Business District, and support the demand growth projected to be an additional 500,000 visitors per year.

Phase One is currently underway and includes developing 750,000 square-feet of new exhibit space and 187,500 square-feet of supporting meeting space, renovating and upgrading the existing facility, incorporating touch screens, faster Internet speeds, new restaurants and an updated façade. Phase II includes the expansion onto the former Riviera site from a current total footprint of 3.2 million square-feet to 5.7 million square-feet of space, with new street infrastructure and new centralized transportation hub for the entire city. Additionally, the expansion project will include development of a new office park in the neighborhood surrounding the center.

In addition to the LVCVA space, 350,000 square feet of convention space at Mandalay Bay and 1,000,000 square feet of convention space at Genting Group's Resorts World are under construction.

**The $2.5 billion convention center expansion will generate an increase in demand of 500,000 visitors per year**

**LAS VEGAS CONVENTION STATISTICS**

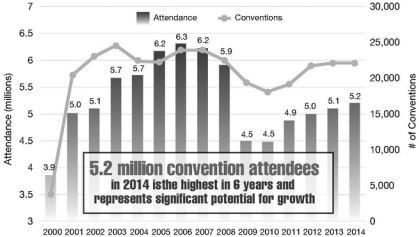




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## Development on the Strip

With approximately $21 billion in high-profile developments completed since 2008, the Strip has attracted significant investment capital from both ownership entities that already possess a significant stake in the future success of the Strip and new capital sources seeking to benefit from Las Vegas' exceptional long-term fundamentals. Resort and casino ownership is largely consolidated among operators that are devoted to continuing to increase visitation levels by upgrading the Las Vegas experience.

**RECENT LAS VEGAS STRIP DEVELOPMENTS – 2013 TO 2018**

| PROPERTY | COST ($ MILLIONS) | CONVENTION SPACE (SF) | ROOMS TIMESHARE | ROOMS HOTEL | COMPLETED |
|---|---|---|---|---|---|
| 2013 | | | | | |
| Caesars Palace - Nobu Hotel (former Centurion) | $30 | | | 180 | February 2013 |
| The LINQ (Phase 1) | $550 | | | | Fall 2013 |
| TOTAL 2013 | $580 | 0 | | 180 | |
| | | | | | |
| 2014 | | | | | |
| The Grandview at Las Vegas | $55 | | | 400 | February 2014 |
| The LINQ (Phase 2) | $230 | | | 849 | February 2014 |
| The Cromwell (Rebrand / Remodel) | $185 | | | | May 2014 |
| New York New York / Monte Carlo (Open Air Plaza) | $50 | | | | June 2014 |
| SLS Las Vegas (Rebrand / Remodel) | $415 | 80,000 | | 1,613 | August 2014 |
| Delano (Reband / Remodel) | $80 | | | | September 2014 |
| Red Rock Casino (Renovation) | $35 | | | | Fall 2014 |
| Golden Nugget (Remodel) | $15 | | | | December 2014 |
| TOTAL 2014 | $1,065 | 80,000 | | 2,862 | |
| | | | | | |
| 2015 | | | | | |
| Wyndham Desert Blue | $172 | | | 281 | March 2015 |
| Bellagio (Renovation) | $55 | | | | April 2015 |
| The Grand Bazaar Shops | $50 | | | | February 2015 |
| Caesars Palace (Omnia Nightclub) | $38 | | | | March 2015 |
| Treasure Island | $15 | | | | April 2015 |
| Galleria at Sunset | $26 | | | | Spring 2015 |
| Rock in Rio (MGM Resorts Festival Grounds) | $20 | | | | May 2015 |
| TOTAL 2015 | $376 | 0 | | 281 | |



HOUSE_OVERSIGHT_018773

**FUTURE DEVELOPMENT**

| PROPERTY | COST ($ MILLIONS) | CONVENTION SPACE (SF) | ROOMS TIMESHARE | ROOMS HOTEL | COMPLETED |
|---|---|---|---|---|---|
| 2016 | | | | | |
| MGM Resorts International Areana (Indoor Arena) | $375 | | | | April 2016 |
| Mandalay Bay Resort & Casino (Renovation) | $66 | | | | January 2016 |
| Topgolf Las Vegas (Renovation) | $50 | | | | Spring 2016 |
| Toshiba Plaza | $66 | | | | January 2016 |
| Henderson Space and Science Center | $63 | | | | Spring 2016 |
| Thomas & Mack Center (Renovation) | $47 | | | | Spring 2016 |
| Tropicana Las Vegas (Renovation) | $20 | | | | Spring 2016 |
| Boulevard Mall (Redevelopment) | $23 | | | | Fall 2016 |
| **TOTAL 2016** | **$710** | **0** | | **0** | |
| | | | | | |
| 2018 | | | | | |
| All Net Resort and Arena | $1,400 | | | | CY 2018 |
| Resorts World Las Vegas (Phase 1) | $4,000 | | | | Spring 2018 |
| TOTAL 2018 | $5,400 | 0 | | 0 | |
| | | | | | |
| TOTAL FUTURE DEVELOPMENT | $6,110 | 0 | | 0 | |

## Significant Projects

**Resorts World Las Vegas** – In 2013, the Genting Group purchased the 87-acre, former Echelon site on the northern end of the Strip for $350 million. Branded Resorts World, the planned Chinese Village-themed, four-phased mega-resort broke ground June 2015 with opening planned in 2018. Construction of Phase I on the multi-phased project is planned for 3,000-rooms, 22-villas, 3,500-gaming machines, a 100,000-square-foot casino/gaming floor, 500,000-square-foot convention center, dozens of dining options, more than 15-retail stores, a center bar with live entertainment, a 50,000-square-foot, 58-foot tall exotic aquarium, and the highest observation deck and sky park in the city. Subsequent phases will add additional hotel rooms, gaming space, convention center space, a Great Wall of China replica, a live panda exhibit, an indoor water park, a bowling alley, a movie theater, and a 4,200-seat rotating theater.

**Wyndham Desert Blue Time Share** – The 19-story, 281-unit timeshare on Twain Avenue just west of Interstate 15 opened in July 2015.

**The Park by MGM** – The Park is currently under construction between and around New York-New York and Monte Carlo. The eight-acre site will feature natural desert landscaping, cobblestone walkways, and several unique water features. Man-made structures will proved shade during the day and will light up at night. The outdoor space will feature live entertainment, patio style seating throughout, ample shopping and indoor/outdoor dining options. This new venue between New York-New York and Monte Carlo will connect The Park with the new Arena, and both will open concurrently in the spring of 2016.

**The Arena (MGM Resorts)** – Construction broke ground in May 2014 on a 16-acre, $375-million entertainment district located between Monte Carlo and New York-New York. The MGM Resorts/AEG collaboration will consist of an indoor arena that will feature 20,000-seats, 50-luxury suites, more than two-dozen private loge boxes, club seating, and other specially designed exclusive hospitality offerings and dining pavilions. Expected to hold more than 100-events annually, The Arena will be hosting concerts, red-carpet award shows, professional sports events such as basketball or hockey, boxing, mixed martial arts, and other major functions. Construction is slated for completion in Spring 2016 and will open concurrently with The Park.

**The Grand Bazaar Shops (Bally's)** – The $50-million outdoor retail complex is located on the southeast corner of Las Vegas Boulevard and Flamingo Road, in the front portion of the property. Inspired by great markets from around the world, the shops contains 110-stores, including Swatch, Superdry, Havaianas, and Campo Marzio. More than a third of the property will feature restaurants, bars and food outlets. The main feature of the bazaar shops is an eye-catching tower called the Swarovski Crystal Starburst. The tower is positioned over the brand's store and displays a midnight show of lights and music. The retail complex opened in January 2015.

**City of Rock (MGM Resorts)** – Opened in May 2015, City of Rock is located on the southwest corner of East Sahara Avenue and South Las Vegas Boulevard. The $30-million open air venue is home to one of the largest music festival venues in the world, Rock in Rio (RiR). The venue has a capacity of 85,000, and during RiR, it will feature six stages, a Ferris wheel, a zipline, shopping and themed food courts. The Rock in Rio festival will held biennially, and MGM plans to use the site for other mega festivals, athletic events and concerts when not in use for RiR.

**All Net Resort Arena** – is being built at a cost of approximately $1.4 billion and is set to open in early 2018 on the north end of the Las Vegas Strip. In addition to a spectacular 860,000-square-foot arena that is able to host big ticket events, the complex includes the Victory Plaza shopping and dining district and a 44-story hotel with 500 specialty suites. The arena at the All Net Resort features a unique retractable roof. The Victory Plaza area covers 300,000 square feet and is a pedestrian-only plaza that offers something akin to the Times Square experience in New York.

**Mandalay Bay Convention Center (Phase 1 & 2)** – A $66-million expansion on the Mandalay Bay Convention Center completed is scheduled to complete January 2016. Construction on Phase 1 completed July 2015 adding more than 350,000-square-feet of exhibit space, as well as underground parking. Phase 2 of the expansion will include 70,000-square-feet of additional ballroom space that will be divisible by five breakout areas for corporate groups. When completed, the convention center will total 2,050,000 square feet.

**Shops at Tropicana** – A new, $100-million, 275,000-square-foot, two-story, enclosed shopping mall will feature luxe retail, a food court on the ground floor with five new boutique restaurants and two Strip-facing restaurants. The project is expected to begin in fall 2015 with an anticipated completion date in the 2017.

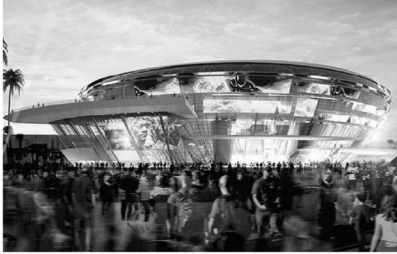

# The Site is Visible to Over 42 Million Visitors Per Year

**MCCARRAN INTERNATIONAL AIRPORT EXPANSION**

McCarran International Airport is one of the busiest airports in the country. McCarran serves both short and long haul markets, along with international markets. In 2014, Airports Council International ranked McCarran ninth in North America and 25th in the world for passenger traffic, with approximately 43 million arriving and departing passengers each year. 2014 observed an increase of over 1 million more passengers over 2013, or a 2.4% increase in traffic. With over 30 air carriers, McCarran provides nonstop service to domestic and international destinations including Canada, Germany, Mexico, the United Kingdom and South Korea. 2014 was the highest year on record for international tourism, with over 3.3 million visitors to the Strip.

Major expansion and improvements totaling $3.5 billion include Terminal 3 that opened in 2012 and the new $100 million control tower was completed in early 2015. The 1.9 million-square-foot expansion of Terminal 3 increased the airport's annual capacity to approximately 55 million passengers.

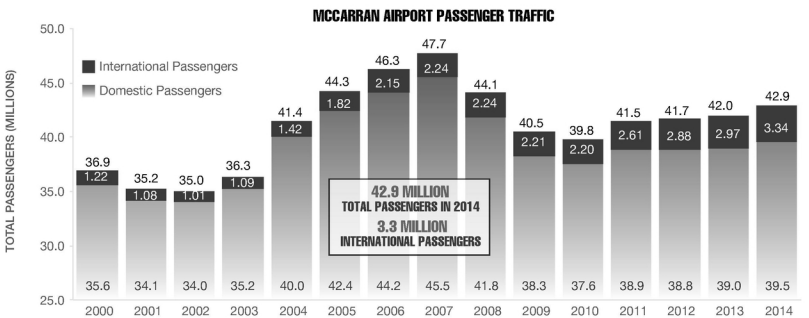




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# Las Vegas Monorail

Plans for the expansion of the Monorail place the line and potential stops adjacent to the Site. The Las Vegas Monorail is a six-stop, elevated train system that travels along a 3.9-mile route connecting major hotels and attractions along the Strip. It enables passengers to travel the length of the resort corridor beginning at the MGM Grand with stops at Bally's/Paris, Flamingo/Caesars Palace, Harrah's/Imperial Palace, Las Vegas Convention Center, the hotel called LVH and ending at the intersection of Sahara Avenue and Las Vegas Boulevard. The train is capable of transporting 3,200 passengers per hour in each direction and has carried over 50 million passengers.

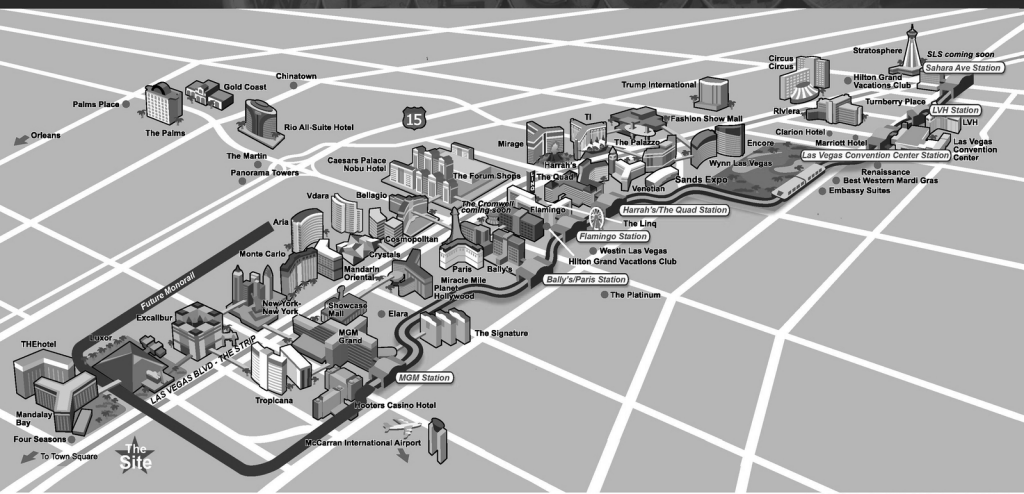

THE
MANDALAY BAY

# Market Analysis

## Overview

The Site is located within the Las Vegas Strip Gaming Enterprise Zoning District (the "GED"). The GED supports the expansion of gaming and entertainment activities and associated resort hotels. This zoning designation offers an extremely flexible development approval process offering a number of potential uses that can include, but are not limited to any combination of:

- Themed Resort and Hotel
- Casino and Gaming
- Condominiums
- Luxury/Upscale Retail
- Timeshares
- Dining and Entertainment

| 2014 LAS VEGAS STATISTICS | |
|---|---|
| Visitor Volume | 41,126,512 |
| Hotel Room Inventory | 150,544 |
| Strip ADR | $248.89 |
| Strip Occupancy | 90.2% |
| Strip RevPar | $224.49 |
| Convention Attendance | 5,169,054 |
| Convention Meetings | 22,103 |
| Clark County Gaming Revenue | $9,554,002,000 |
| Las Vegas Strip Gaming Revenue | $6,372,526,000 |



HOUSE_OVERSIGHT_018781

# Las Vegas Resort Hotel Market

The Las Vegas lodging market has historically attained occupancy levels well above the national average. The following table presents an analysis of the Las Vegas lodging market since 1985:

**LAS VEGAS LODGING STATISTICS**

| YEAR | INVENTORY | % CHANGE | HOTEL OCCUPANCY | % CHANGE | MOTEL OCCUPANCY | % CHANGE | TOTAL OCCUPANCY | % CHANGE | TOTAL ROOMS OCCUPIED | % CHANGE |
|---|---|---|---|---|---|---|---|---|---|---|
| 1985 | 53,067 | --- | 84.7 | --- | 70.1 | --- | 79.8 | --- | 15,456,825 | --- |
| 1986 | 56,494 | 6.5 | 86.3 | 1.9 | 70.9 | 1.1 | 81.4 | 2.0 | 16,784,932 | 8.6 |
| 1987 | 58,474 | 3.5 | 87.0 | 0.8 | 74.0 | 4.4 | 83.4 | 2.5 | 17,800,070 | 6.0 |
| 1988 | 61,394 | 5.0 | 89.3 | 2.6 | 73.7 | (0.4) | 85.1 | 2.0 | 19,069,897 | 7.1 |
| 1989 | 67,391 | 9.8 | 89.9 | 0.7 | 72.5 | (1.6) | 85.2 | 0.1 | 20,957,253 | 9.9 |
| 1990 | 73,730 | 9.4 | 89.1 | (0.9) | 69.8 | (3.7) | 84.7 | (0.6) | 22,793,998 | 8.8 |
| 1991 | 76,879 | 4.3 | 85.2 | (4.4) | 62.6 | (10.3) | 80.3 | (5.2) | 22,532,851 | (1.1) |
| 1992 | 76,523 | (0.5) | 88.8 | 4.2 | 66.1 | 5.6 | 83.9 | 4.5 | 23,434,021 | 4.0 |
| 1993 | 86,053 | 12.5 | 92.6 | 4.3 | 69.7 | 5.4 | 87.6 | 4.4 | 27,514,586 | 17.4 |
| 1994 | 88,560 | 2.9 | 92.6 | 0.0 | 73.2 | 5.0 | 89.0 | 1.6 | 28,768,716 | 4.6 |
| 1995 | 90,046 | 1.7 | 91.4 | (1.3) | 72.4 | (1.1) | 88.0 | (1.1) | 28,922,775 | 0.5 |
| 1996 | 99,072 | 10.0 | 93.4 | 2.2 | 75.7 | 4.6 | 90.4 | 2.7 | 32,689,797 | 13.0 |
| 1997 | 105,347 | 6.3 | 90.3 | (3.3) | 68.8 | (9.1) | 86.4 | (4.4) | 33,222,230 | 1.6 |
| 1998 | 109,365 | 3.8 | 90.3 | 0.0 | 67.3 | (2.2) | 85.8 | (0.7) | 34,249,837 | 3.1 |
| 1999 | 120,294 | 10.0 | 92.1 | 2.0 | 68.6 | 1.9 | 88.0 | 2.6 | 38,638,433 | 12.8 |
| 2000 | 124,270 | 3.3 | 92.5 | 0.4 | 71.9 | 4.8 | 89.1 | 1.3 | 40,414,468 | 4.6 |
| 2001 | 126,610 | 1.9 | 88.9 | (3.9) | 63.8 | (11.3) | 84.7 | (4.9) | 39,142,115 | (3.1) |
| 2002 | 126,787 | 0.1 | 88.8 | (0.1) | 60.2 | (5.6) | 84.0 | (0.8) | 38,859,613 | (0.7) |
| 2003 | 130,482 | 2.9 | 89.6 | 0.9 | 60.5 | 0.5 | 85.0 | 1.2 | 39,760,735 | 2.3 |
| 2004 | 131,503 | 0.8 | 92.0 | 2.7 | 68.7 | 13.6 | 88.6 | 4.2 | 41,953,010 | 5.5 |
| 2005 | 133,186 | 1.3 | 91.8 | (0.2) | 72.0 | 4.8 | 89.2 | 0.7 | 43,362,698 | 3.4 |
| 2006 | 132,605 | (0.4) | 93.2 | 1.5 | 65.2 | (9.4) | 94.6 | 6.1 | 45,787,180 | 5.6 |
| 2007 | 132,947 | 0.3 | 94.0 | 0.9 | 64.5 | (1.1) | 90.4 | (4.4) | 43,867,192 | (4.2) |
| 2008 | 140,529 | 5.7 | 89.8 | (4.5) | 57.8 | (10.4) | 86.0 | (4.9) | 42,967,252 | (2.1) |
| 2009 | 148,941 | 6.0 | 85.3 | (5.0) | 50.1 | (13.3) | 81.5 | (5.2) | 41,986,134 | (2.3) |
| 2010 | 148,935 | (0.0) | 83.5 | (2.1) | 52.0 | 3.8 | 80.4 | (1.3) | 43,365,743 | 3.3 |
| 2011 | 150,161 | 0.8 | 86.9 | 4.1 | 56.0 | 7.7 | 83.8 | 4.2 | 45,654,165 | 5.3 |
| 2012 | 150,481 | 0.2 | 87.4 | 0.6 | 58.0 | 3.6 | 84.4 | 0.7 | 46,479,707 | 1.8 |
| 2013 | 150,593 | 0.1 | 87.1 | (0.3) | 59.8 | 3.1 | 84.3 | (0.1) | 46,191,449 | (0.6) |
| 2014 | 150,544 | (0.0) | 89.1 | 2.3 | 65.0 | 8.7 | 86.8 | 3.0 | 47,497,234 | 2.8 |
| **AVERAGE ANNUAL % CHANGE** | | **3.7** | | **0.2** | | **(0.3)** | | **0.3** | | **3.9** |
| YTD 5/14 | 149,347 | --- | 90.2 | --- | 66.8 | --- | 87.9 | --- | 19,909,507 | --- |
| YTD 5/15 | 149,352 | 0.0 | 89.1 | (1.2) | 67.0 | 0.3 | 87.0 | (1.0) | 19,758,379 | (0.8) |



HOUSE_OVERSIGHT_018782

## Luxury Resort Hotel Comparables

The following provides an overview of the anticipated competitive set for a future hotel resort development at the Site. The more recently opened properties are the Aria (as part of CityCenter) in 2009 and the Cosmopolitan in 2010 Venetian/Palazzo and Wynn/Encore opened in January and December of 2008, respectively. New 'boutique' entrants to the Strip opening in 2014 include The Cromwell Las Vegas, an upscale boutique property backed by Caesars Entertainment and SLS Las Vegas. It should be noted that all of the newer properties are geared toward the upper end of the market.

In May 2015, Genting Gaming announced the ground breaking of Resorts World Las Vegas. Following this in June 2015, Crown Resorts announced the purchase of the former Frontier site for the development of Alon. These two projects will add approximately 4,000 high-end rooms to the Strip market.

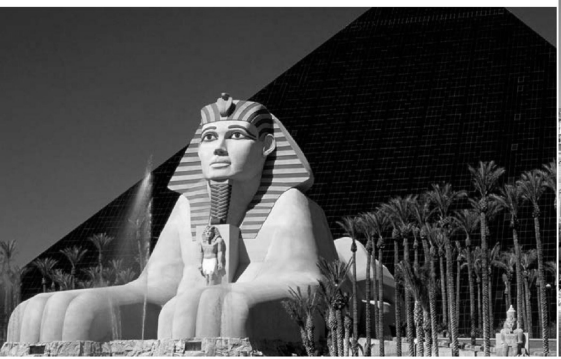

## SELECT LUXURY RESORTS AND CASINOS

| | ARIA RESORT & CASINO | BELLAGIO | THE COSMOPOLITAN | VENETIAN / PALLAZZO | WYNN / ENCORE |
|---|---|---|---|---|---|
| Hotel Summary | | | | | |
| Owner | MGM Resorts Intl. | MGM Resorts Intl. | Blackstone | Las Vegas Sands Corp. | Wynn Resorts Ltd. |
| Height | 600 | 508 | 604 | 642 | 631 |
| Acres | n/a | 76.00 | 8.45 | 67.00 | 215.00 |
| Total Guest Rooms | 4,004 | 3,933 | 2,959 | 7,095 | 4,750 |
| 2014 Average Daily Rate | $217 | $254 | $307 | $223 | $274 |
| 2014 Occupancy | 93% | 93% | 94% | 88% | 87% |
| 2014 RevPar | $202 | $236 | $287 | $196 | $238 |
| Casino/Gaming Summary | | | | | |
| Total Square Feet | 150,000 | 156,000 | 99,719 | 225,000 | 186,000 |
| # of Slot Machines | 1,969 | 1,895 | 1,373 | 2,350 | 1,864 |
| # of Tables | 122 | 132 | 129 | 240 | 235 |
| 2014 Casino Revenue | $422,979,000 | n/a | $203,247,000 | $509,205,000 | $687,436,000 |
| Retail Summary | | | | | |
| Retail | The Shops at Crystals | Via Bellagio | n/a | Grand Canal Shoppes | Wynn Esplanade |
| Total Square Feet | 500,000 | 44,000 | 35,744 | 875,000 | 99,000 |
| # of Shops | 57 | 12 | 16 | 160 | 25 |
| Key Tenants | Louis Vuitton, Dolce & Gabbana, Tiffany & Co., Roberto Vavalli, Bulgari, Cartier, Van Cleef & Arpels, Mikimoto | Bottega Veneta, Breguet, Chanel, Dior, Fendi, Giorgio Armani, Gucci, Harry Winston, Hermes, Louis Vuitton, Prada,Tiffany & Co. | Allsaints, Spitalfields, Sneaker Boutique, Dna2050, Jason of Beverly Hills, Molly Brown's Swimwear, Rent the Runway, Stitched | Barney's, Christian Louboutin, Tory Burch, Jimmy choo, Burberry, Fendi, Diane von Furstenberg, Michael Kors, Sephora, Swarovski | Alexander McQueen, Cartier, Chanel, Dior, Givenchy, Hermès, Louis Vuitton, Manolo Blahnik, Oscar de la Renta, Rolex |
| Entertainment Summary | | | | | |
| # of Restaurants | 16 | 20 | 13 | 38 | 13 |
| # of Bars & Nightclubs | 10 | 7 | 8 | 11 | 11 |
| Convention/Meeting SF | 300,000 | 200,000 | 151,500 | 2,300,000 | 284,000 |
| Spa Square SF | 80,000 | 55,000 | 50,000 | 134,000 | n/a |



HOUSE_OVERSIGHT_018784

## Gaming Supply and Demand Analysis

Las Vegas is recognized worldwide as a premier gaming destination. From traditional card and dice games, to slot machines and race and sports book betting, the casino industry has flourished and evolved into an international phenomenon. A significant portion of the visitor revenue generated in the city is attributed to the gaming industry, which posted $9.6 billion in revenue in 2014.

The initial step in analyzing supply and demand trends within a given gaming market is to quantify the existing level of gaming inventory. To quantify gaming supply levels, a review of all competitive gaming facilities is performed. Once the market's supply level is known, an analysis of the demand for gaming facilities is performed.

Unlike traditional economic models of supply and demand, the price variable associated with gaming is largely determined by the consumer. Gaming is an intangible product: the consumer is purchasing the "experience" and "excitement" casino gaming offers. The price that the consumer is willing to pay for this experience is known as the "win," and is quantified on a per-unit basis known as the "win per unit per day" (WPUPD). Research indicates that the WPUPD, or the price a market can bear for gaming activity, is highly correlated to the level of available gaming inventory. The actual WPUPD attained by a market, say $100 per gaming position, and provides an indication of the marketwide demand for gaming. As will be further discussed, these demand levels within a market can be estimated through an analysis of the actual WPUPD attained by the market. Historical fluctuations in the marketwide WPUPD at various levels of supply can provide insight into the future demand for gaming. Further impacting the demand for gaming facilities in the market are current and projected trends in economic and demographic factors such as population base, employment, disposable income levels, and visitation statistics. In addition, seasonal fluctuations must be taken into consideration when analyzing demand trends.

Once the various demand trends have been identified, a variety of analytical methodologies may be employed to forecast gaming revenue for an overall market or an individual property.



HOUSE_OVERSIGHT_018785

## Gaming Supply Analysis

The following table presents an overview of the competitive themed Casino Resort properties as of year-end 2014 operating within the Las Vegas Strip submarket. These properties contained 33,505 gaming devices and 1,979 table games.

**COMPETITIVE SUMMARY**

| CASINO | OWNER | ROOMS | CASINO SQUARE FOOTAGE | CASINO SF PER ROOM | GAMING DEVICES | TABLE GAMES |
|---|---|---|---|---|---|---|
| SLS Las Vegas | Stockbridge | 1,613 | 54,000 | 33.5 | 806 | 77 |
| The Cosmopolitan of Las Vegas | Blackstone Group | 2,960 | 110,000 | 37.2 | 1,360 | 124 |
| Bally's Casino Resort | Caesars Entertainment | 2,814 | 66,187 | 23.5 | 999 | 58 |
| Bellagio | MGM Resorts International | 3,933 | 159,734 | 40.6 | 1,977 | 110 |
| Caesars Palace | Caesars Entertainment | 3,340 | 136,573 | 40.9 | 1,265 | 98 |
| Aria | MGM Resorts International | 4,004 | 200,544 | 50.1 | 1,726 | 101 |
| Excalibur | MGM Resorts International | 3,991 | 89,074 | 22.3 | 1,202 | 72 |
| Flamingo Hilton | Caesars Entertainment | 3,565 | 61,000 | 17.1 | 1,100 | 100 |
| Harrah's Las Vegas | Caesars Entertainment | 2,526 | 90,041 | 35.6 | 1,206 | 85 |
| Luxor | MGM Resort International | 4,408 | 100,000 | 22.7 | 1,250 | 75 |
| Mandalay Bay | MGM Resort International | 4,332 | 160,344 | 37.0 | 1,500 | 90 |
| MGM Grand | MGM Resort International | 5,001 | 161,675 | 32.3 | 1,850 | 98 |
| Mirage | MGM Resort International | 3,044 | 95,900 | 31.5 | 1,760 | 80 |
| Monte Carlo | MGM Resort International | 3,213 | 102,207 | 31.8 | 1,400 | 55 |
| New York-New York | MGM Resort International | 2,024 | 64,269 | 31.8 | 1,350 | 51 |
| Palace Station | Station Casinos | 1,028 | 84,000 | 81.7 | 1,713 | 37 |
| Palms | George Maloof | 703 | 55,689 | 79.2 | 1,317 | 45 |
| Paris | Caesars Entertainment | 2,916 | 95,195 | 32.6 | 1,014 | 77 |
| Planet Hollywood | Caesars Entertainment | 2,496 | 116,000 | 46.5 | 1,095 | 71 |
| Riviera | Riviera Holding Corp. | 2,072 | 103,800 | 50.1 | 1,000 | 30 |
| Treasure Island | Phil Ruffin | 2,885 | 55,680 | 19.3 | 1,335 | 61 |
| Tropicana Resort and Casino | Onex Corp. | 1,878 | 62,011 | 33.0 | 892 | 40 |
| Venetian/Palazzo | Las Vegas Sands, Inc. | 7,095 | 138,684 | 19.5 | 2,287 | 185 |
| Wynn/Encore | Wynn Resorts | 4,750 | 109,900 | 23.1 | 2,101 | 159 |
| **TOTAL** | | **76,591** | **2,362,607** | **30.8** | **33,505** | **1,979** |



HOUSE_OVERSIGHT_018786

## Gaming Demand Analysis

The win per unit per day (WPUPD) statistic provides the basis for the analysis and projection of table game and gaming device revenues. WPUPD is calculated by dividing total gaming revenues generated by a particular type of gaming unit by the number of gaming units available. Overall, the market for gaming devices exhibited high levels of demand and absorption as evidenced by increasing WPUPD and overall win levels during periods of increasing inventory.

The following exhibit summarizes the strong performance of the Strip gaming market within the industry standard "Casinos earning $72M and Over".

**LAS VEGAS STRIP $72 MILLION AND OVER GAMING DEVICES**

| | YEAR | WIN (000S) | % CHANGE | UNITS | % CHANGE | WPUPD | % CHANGE |
|---|---|---|---|---|---|---|---|
| 1 | 1996 | $1,442,375 | --- | 37,197 | --- | $106 | --- |
| 2 | 1997 | 1,486,193 | 3.0 | 39,033 | 4.9 | $104 | (1.5) |
| 3 | 1998 | 1,719,351 | 15.7 | 45,078 | 15.5 | $104 | 0.2 |
| 4 | 1999 | 1,928,428 | 12.2 | 47,962 | 6.4 | $110 | 5.4 |
| 5 | 2000 | 2,107,673 | 9.3 | 50,203 | 4.7 | $115 | 4.1 |
| 6 | 2001 | 2,055,412 | (2.5) | 47,175 | (6.0) | $119 | 4.1 |
| 7 | 2002 | 2,111,912 | 2.7 | 47,181 | 0.0 | $123 | 2.7 |
| 8 | 2003 | 2,160,261 | 2.3 | 43,787 | (7.2) | $135 | 10.2 |
| 9 | 2004 | 2,535,568 | 17.4 | 44,989 | 2.7 | $154 | 13.9 |
| 10 | 2005 | 2,789,933 | 10.0 | 43,377 | (3.6) | $176 | 14.4 |
| 11 | 2006 | 3,059,179 | 9.7 | 41,753 | (3.7) | $201 | 13.9 |
| 12 | 2007 | 3,142,884 | 2.7 | 40,049 | (4.1) | $215 | 7.1 |
| 13 | 2008 | 2,850,965 | (9.3) | 40,153 | 0.3 | $194 | (9.8) |
| 14 | 2009 | 2,495,093 | (12.5) | 39,288 | (2.2) | $174 | (10.3) |
| 15 | 2010 | 2,437,193 | (2.3) | 38,032 | (3.2) | $176 | 0.9 |
| 16 | 2011 | 2,483,244 | 1.9 | 36,685 | (3.5) | $185 | 5.6 |
| 17 | 2012 | 2,553,266 | 2.8 | 35,452 | (3.4) | $197 | 6.1 |
| 18 | 2013 | 2,593,138 | 1.6 | 34,589 | (2.4) | $205 | 4.4 |
| 19 | 2014 | 2,546,721 | (1.8) | 33,504 | (3.1) | $208 | 1.4 |
| **AVG. ANNUAL % CHANGE** | | | **3.2** | | **(0.6)** | | **3.8** |

*Source: Las Vegas Gaming Control Board*



HOUSE_OVERSIGHT_018787

## Gaming Demand Analysis

Demand for gaming can be classified into four primary sources: the leisure segment, local residents, tour and travel groups and convention demand.

**LEISURE DEMAND**

Leisure visitation to Las Vegas is enormous with visitors taking advantage of the year-round favorable climate and multitude of attractions. The leisure segment utilizes both table games and gaming devices and has a higher propensity to play table games than other segments. According to the Las Vegas Convention Authority Visitors Profile Study, in 2014 approximately 47% of all visitors mentioned vacation or pleasure, up significantly from 41% in 2013. Of those polled, 71% of all visitors said they gambled while in Las Vegas with an average gambling budget of $530.

**LOCAL DEMAND**

Local demand plays a part in gaming revenue contribution to the Las Vegas market. However, the local segment's impact on the Las Vegas Strip is moderate. According to the Las Vegas Convention and Visitors Authority, 13% of locals gamble on the Strip with 45% gambling at least once per week and 75% gambling at least once per month.

**TOUR AND TRAVEL DEMAND**

Las Vegas welcomed a record 41.1 million visitors in 2014, an all time record. Las Vegas tourism generates more than $45 billion in economic impact for the local economy and supports 376,000 local jobs. Las Vegas is recognized worldwide as a premier gaming destination. From traditional card and dice games, to slot machines and race and sports book betting, the casino industry has flourished and evolved into an international phenomenon. A significant portion of the visitor revenue generated in the city is attributed to the gaming industry, which posted $9.6 billion in revenue in 2014.

**CONVENTION DEMAND**

Convention demand within the Las Vegas market is significant. Las Vegas was the most popular trade destination (with a 25% market share of the Trade Show Week 200 Shows in terms of net square footage) and third most popular convention destination in the nation. In 1990, approximately 1.7 million persons attended trade shows and conventions in Las Vegas; In 2014, convention attendance was up to 5.2 million, an increase of 8% annually over the last 25 years. Future convention expansion in demand is anticipated to see these rates of growth continue for the foreseeable future.



HOUSE_OVERSIGHT_018788

## Multifamily Housing and Condominium Overview

With an increase in demand for luxury living accommodations in Las Vegas and a 100% sell out of the existing supply of recently delivered residential units, condominium prices have increased dramatically. The depth of demand far exceeds the amount of new supply forecasted over the next five years. In addition, the economies of scale associated with new residential, retail, hotel and office development on the Las Vegas Strip will only elevate the overall appeal of Strip living - and in turn push condominium values higher.

### THE RESIDENCES AT MANDARIN ORIENTAL

3740 S. Las Vegas Blvd

**DEVELOPER:** MGM Resorts
**SUBMARKET:** The Strip
**YEAR BUILT/SELLOUT:** 2009
**NUMBER OF HOMES:** 225

| STATUS | TYPE | SIZE SF | LIST PRICE | LIST PSF | SALE DATE | SOLD PRICE | SOLD PSF | HOA FEES |
|---|---|---|---|---|---|---|---|---|
| ACTIVE | 3-BED/3-BATHS | 3,922 | $5,950,000 | $1,517 | - | - | - | $3,173 |
| ACTIVE | 2-BED/2-BATHS | 2,998 | $3,300,000 | $1,101 | - | - | - | $2,765 |
| ACTIVE | 2-BED/2-BATHS | 2,998 | $2,799,888 | $934 | - | - | | $2,535 |
| SOLD | 3-BED/3-BATHS | 5,628 | $5,400,000 | $959 | 3/23/15 | $5,400,000 | $959 | $5,628 |
| SOLD | 3-BED/3-BATHS | 3,922 | $4,750,000 | $1,211 | 5/20/15 | $3,875,000 | $988 | $3,344 |
| SOLD | 3-BED/3-BATHS | 3,980 | $3,975,000 | $999 | 3/31/15 | $3,800,000 | $955 | $3,386 |
| SOLD | 2-BED/2-BATHS | 2,755 | $3,400,000 | $1,234 | 5/20/15 | $3,400,000 | $1,234 | $2,512 |
| SOLD | 2-BED/2-BATHS | 2,755 | $2,900,000 | $1,053 | 12/31/14 | $2,900,000 | $1,053 | $2,575 |



HOUSE_OVERSIGHT_018789

## VEER TOWERS

3722 S. Vegas Blvd

**DEVELOPER:** MGM Resprts Internationa
**SUBMARKET:** The Strip
**YEAR BUILT/SELLOUT:** 2010
**NUMBER OF HOMES:** 674

| STATUS | TYPE | SIZE SF | LIST PRICE | LIST PSF | SALE DATE | SOLD PRICE | SOLD PSF | HOA FEES |
|---|---|---|---|---|---|---|---|---|
| ACTIVE | 3-BED/3-BATHS | 3328 | $2,995,000 | $900 | - | - | - | $2,053 |

## PANORAMA TOWERS

4525 Dean Martin Dr

**DEVELOPER:** Laurence Hallier
**SUBMARKET:** Off Strip
**YEAR BUILT/SELLOUT:** 2006
**NUMBER OF HOMES:** 2006

| STATUS | TYPE | SIZE SF | LIST PRICE | LIST PSF | SALE DATE | SOLD PRICE | SOLD PSF | HOA FEES |
|---|---|---|---|---|---|---|---|---|
| ACTIVE | 3-BED/3-BATHS | 4,820 | $2,950,000 | $612 | - | - | - | $3,120 |
| ACTIVE | 2-BED/2-BATHS | 3,414 | $2,199,000 | $644 | - | - | - | $2,116 |



HOUSE_OVERSIGHT_018790

## TRUMP TOWERS

2000 Fashion Show Drive

**DEVELOPER:** Donald Trump
**SUBMARKET:** The Strip
**YEAR BUILT/SELLOUT:** 2008
**NUMBER OF HOMES:** 430

| STATUS | TYPE | SIZE SF | LIST PRICE | LIST PSF | SALE DATE | SOLD PRICE | SOLD PSF | HOA FEES |
|---|---|---|---|---|---|---|---|---|
| ACTIVE | 3-BED/3-BATHS | 3340 | $3,350,000 | $1,003 | - | - | - | $2,877 |
| ACTIVE | 3-BED/3-BATHS | 3329 | $2,099,000 | $631 | - | - | - | $3,038 |

BELLAGIO
Paris
NEW YORK
NEW YORK
Excalibur
MGM GRAND
Tropicana
LUXOR
MANDALAY BAY
MANDALAY BAY

# Las Vegas Retail Market

## Overview

The Las Vegas Strip has historically outperformed competitive U.S. retail markets and continues to experience very strong absorption of new construction, low vacancy rates, and an abundance of retail tenants seeking to access high-traffic pedestrian locations. These factors together with controlled levels of new development will cause significant long-term rent increases across the submarket.

Increasing Levels of Visitor Spending – More than half of the 41 million visitors to Las Vegas each year spend time shopping along the Las Vegas Strip. Average per capita visitor spending on shopping, dining and entertainment during 2014 was $815. As demonstrated in the exhibit below, consumers are allocating a larger percentage of their total spending on shopping and entertainment.

**ECONOMIC VISITOR PROFILE 2008 – 2014**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| Average number of adults in immediate Party | 2.4 | 2.4 | 2.4 | 2.3 | 2.4 | 2.4 | 2.4 |
| Proportion of visitors with persons under 21 in their immediate party | 6.0% | 8.0% | 7.0% | 10.0% | 11.0% | 10.0% | 10.0% |
| Proportion of visitors who stayed overnight | 99.6% | 99.8% | 99.3% | 99.8% | 99.7% | 99.8% | 99.6% |
| Days stayed (average) | 4.5 | 4.6 | 4.6 | 4.7 | 4.3 | 4.3 | 4.2 |
| Nights stayed (average) | 3.5 | 3.6 | 3.6 | 3.7 | 3.3 | 3.3 | 3.2 |
| Proportion of visitors who stayed in a hotel or motel room | 94.0% | 96.0% | 95.0% | 95.0% | 96.0% | 96.0% | 96.0% |
| Number of room occupants | 2.1 | 2.1 | 2 | 2.1 | 2.1 | 2.2 | 2.1 |
| Lodging expenditures (average per night) | $101.68 | $75.78 | $79.64 | $84.04 | $93.13 | $83.62 | $86.55 |
| Proportion of visitors who bought a package or travel group trip | 15.0% | 15.0% | 16.0% | 18.0% | 14.0% | 13.0% | 18.0% |
| Average cost of package per person | $746.69 | $640.29 | $651.02 | $757.83 | $743.65 | $868.24 | $815.14 |
| Average trip expenditures of food and drink | $273.39 | $250.32 | $256.82 | $274.69 | $256.11 | $278.95 | $281.88 |
| Average trip expenditures for local transportation | $59.26 | $53.31 | $62.87 | $64.25 | $57.77 | $59.68 | $68.83 |
| Average trip expenditures for shopping | $121.90 | $101.97 | $122.80 | $129.34 | $149.29 | $140.90 | $149.77 |
| Average trip expenditures for shows | $51.64 | $39.87 | $49.28 | $47.52 | $42.89 | $38.45 | $47.56 |
| Average trip expenditures for sightseeing | $7.12 | $5.77 | $7.21 | $10.24 | $9.63 | $9.29 | $14.49 |
| Average trip gambling budget | $531.98 | $481.57 | $466.20 | $447.63 | $484.70 | $529.57 | $530.11 |



HOUSE_OVERSIGHT_018793

The Strip contains some of the highest visitor counts and retail sales per square foot in the world. High profile retail properties that would compete with a future luxury or lifestyle retail development at the Site are summarized below.

Located just south of the Site, **Town Square Las Vegas** contains a world-class 902,000 square-foot regional lifestyle center anchored by Apple, AMC Cinemas, Whole Foods, H&M, Old Navy, Staples, Guitar Center and a recently opened Saks Off Fifth Avenue.

**Fashion Show Mall**, a ±1.9 million square-foot regional mall, is located at the northwest corner of Las Vegas Boulevard and Sands Avenue. It underwent a $1 billion expansion and renovation in 2003. Anchors at this high-end fashion mall include Neiman-Marcus, Nordstrom, Saks, Robinson-May, Dillard's, Macy's and Bloomingdales Home.

Built in 1992, **Forum Shops** contains ±510,000 square feet. Major tenants include Niketown and high-end fashion houses such as Hugo Boss, Armani, Burberry, Christian Dior, Ferragamo, and Valentino.

**The Grand Canal Shoppes** at The Venetian is located on the second floor of the Venetian Hotel. Built in 1999, this mall contains ±500,000 square feet. It also features specialty shops such as St. John, Cannaletto, Sephora, Ann Taylor, and Bebe. The Palazzo resort opened in early 2008 and The Shoppes contain over 50 international boutiques and is anchored by Barneys New York. Other boutiques include Coach, Ralph Lauren, Burberry, and Christian Louboutin. The newest addition to the retail sector is the Crystals Shopping Center which is located in the City Center Development.

HOUSE_OVERSIGHT_018794

Opened in 2013, **The Linq** is owned by Caesars Entertainment and is Las Vegas' newest dining, shopping, and entertainment district. The focal point is the High Roller, a 550-foot observation wheel -- the tallest in the world -- offering 360 degree views of the Las Vegas valley. This high-energy marketplace offers approximately 40 shops and restaurants in a 200,000-square-foot area. Restaurants and nightlife includes: O'Shea's Casino, Chayo Cocina, Off the Strip Bistro, Purple Zebra, Sprinkles Cupcakes, Starbucks, Ghiradelli, Yard House, Tilted Kilt and Flour & Barley. Shops include The Polaroid Museum, Pier 30, Koto, Bella Scarpa, 12A.M. Run, Chilli Beans, Goorin Bros., Kitson and Ruby Blue. The LINQ Promenade also features Brooklyn Bowl, a music venue that holds a capacity of 2,000-plus concert goers. Brooklyn Bowl has a restaurant, 32 bowling lanes, a section to watch sports during the day, nightly live performances and a nightclub area.

**The Crystals Shopping Center** includes high end stores such as Blvgari, Cartier, Christian Dior, Fendi, Gucci, Harry Winston, Hermes and Jimmy Choo. Crystals houses over 41 retailers and six restaurants.

**The Cosmopolitan** opened in December 2010 and contains approximately 38,000 square feet of retail space. The Cosmopolitan retail offers more than 60 specialty shops and boutiques including AllSaints, Spitafields, Beckley, CRSVR Sneaker Boutique, DNA 2050, Droog, Molly Brown's Swimwear, Monogram, Retrospecs & Co., Skins 612 Cosmetics, Stitched, and Vitals. Retail and entertainment attractions include a number of clubs.

## Global Retail Location

The Site's location on Las Vegas Boulevard is one of the most highly trafficked shopping and entertainment districts in the world. Las Vegas' unique shopping experience is an integral component of its international identity as a premier entertainment and resort destination. Significant increases in tourism and exciting new resort developments are attracting new retailers from around the globe.

**Strong Growth in Tourism and Conventions** – Las Vegas tourism and local residents generate retail revenues exceeding $15 billion per year within a 5-mile radius of the Site. The Strip is as an increasingly popular destination for family-oriented and middle-market vacations as well as the nation's most preferred location for conventions and trade shows. During 2015, Las Vegas will attract over 42 million visitors and nearly 5 million convention attendees.

**Strong Retail Trade Potential** – As demonstrated in the exhibit below, the Site provides significant retail trade potential within a 1-, 3- and 5-mile radius of the location.

RETAIL TRADE POTENTIAL

| | 1.0 MILE | 3.0 MILES | 5.0 MILES |
|---|---|---|---|
| Total Retail Potential | $1,493,433,472 | $7,414,447,521 | $15,213,795,034 |
| Motor Vehicle & Parts Dealers | $23,288,030 | $323,988,797 | $1,796,642,859 |
| Furniture & Home Furnishings Stores | $14,207,613 | $86,794,421 | $205,922,033 |
| Electronics & Appliances Stores | $16,175,555 | $185,460,629 | $461,963,988 |
| Building Material, Garden Equipment Stores | $21,169,480 | $304,309,823 | $566,970,483 |
| Food & Beverage Stores | $36,293,886 | $341,682,473 | $946,812,080 |
| Health & Personal Care Stores | $44,228,545 | $191,845,413 | $476,522,802 |
| Gasoline Stations | $29,830,182 | $288,545,852 | $591,613,648 |
| Clothing & Clothing Accessories Stores | $434,856,181 | $1,434,339,776 | $2,325,409,263 |
| Sporting Goods, Hobby, Book, Music Stores | $11,921,901 | $83,396,033 | $226,418,173 |
| General Merchandise Stores | $169,718,694 | $909,634,225 | $1,903,876,680 |
| Miscellaneous Store Retailers | $65,322,811 | $256,587,817 | $519,998,572 |
| Foodservice & Drinking Places | $526,781,823 | $1,595,920,727 | $2,437,743,867 |

**Under Construction Entertainment Destinations Drive Retail Demand** – In addition to mega projects completed in the past few years such as City Center and Crystals, new projects under construction surrounding the Site will significantly increase pedestrian traffic in the immediate area. Situated within two block of the Site, MGM's The Lot, AEG's The Arena, and Mandalay Bay's Convention Center expansion will draw hundreds of thousands of pedestrian foot traffic to the immediate area. Additionally, there are over 450,000 square feet of new lifestyle retail in planning at Tropicana and Las Vegas Boulevard with the Shops at Tropicana and Excalibur.

**Expanding Pedestrian Synergies Between New Retail** – The Crystals at CityCenter to the north and the Town Square Las Vegas to the south have expanded the retail inventory within three blocks of the Site. Each of the retail projects is a Strip-accessible development, encouraging greater levels of pedestrian traffic along Las Vegas Boulevard. Retailers located within these two projects include: Apple, H&M, Prada, Gucci, Versace, Tom Ford, Mikimoto, Balenciaga, Wolfgang Puck (2 locations), Katana, Louis Vuitton, Zegna, Rolex and Tiffany & Co.
Strong Residential Demand on the Strip Resort Corridor – The Resort Corridor contains the largest concentration of recent vertical high-rise developments in the nation with approximately 10,000 new residences within one mile of the Site. The amenity base on Las Vegas Boulevard has established the Strip as a preferred location for residents.



HOUSE_OVERSIGHT_018797

2. Mandalay Bay Place

5. The Forum Shops at Caesars

8. Fashion Show Mall

3. Crystals at CityCenter

4. Miracle Mile Shops

6. Grand Canal Shoppes / 6. The Shoppes at the Palazzo



HOUSE_OVERSIGHT_018798

**1. TOWN SQUARE LAS VEGAS**

Town Square Las Vegas contains a world-class 902,335 square-foot regional lifestyle center anchored by AMC Cinemas, Whole Foods, H&M, Container Store, Gameworks, Old Navy, Staples, Guitar Center and a recently opened Saks Off Fifth Avenue. In addition, Town Center Las Vegas includes approximately 243,000 square feet of Class A office space. The property is approximately 90% occupied with retail rents ranging from $40 to $80 per square foot. Tenant sales are reported to range from $400 to $600 per square foot.

**2. MANDALAY PLACE**

Mandalay Place was completed in 2003 and is comprised of a 90,000-square-foot un-themed retail center that spans between Mandalay Bay Resort and Casino and Luxor. The property is currently 95% occupied with rents ranging from $60 to $90 per square foot. The center has an array of shops including Nike Golf, Urban Outfitters and Fredrick's of Hollywood. Tenant sales are reported to range from $500 to $600 per square foot.

**3.CRYSTALS AT CITYCENTER**

Opened in 2009, Crystals at CityCenter is situated on a 67-acre site at the southwest corner of Las Vegas Boulevard South and Harmon Avenue. With over 425,000 square feet of luxury and boutique shopping space, Crystals is the retail anchor of CityCenter's first phase. A select list of world-class retailers at Crystals includes Emilio Pucci, DKNY, Stella McCartney, Assouline, Bally, Bottega Cucinelli, Bulgari, Cartier, Christian Dior, Ermenegildo Zegna, Fendi, Gucci, Hermès, Ilori, Kiton, Louis Vuitton, Marni, Mikimoto, Prada, Tiffany & Co., Versace, and Yves Saint Laurent. Crystal's mantra is "Shopping.Dining.Nightlife," and it offers some of the Strip's premier restaurants and nightclubs including Mastro's Ocean Club, Wolfgang Puck, Beso Steakhouse, The Cup, The Pods, Social House, Todd English P.U.B., and Eve the nightclub. Crystals at CityCenter reported sales ranging from $900 to $1,500 per square foot with rental rates that range from $90 to $120 per square foot.

**4. MIRACLE MILE SHOPS**

Miracle Mile Shops contains 489,671 square feet and are located at the northeast corner of Las Vegas Boulevard and Harmon Avenue. After Forum Shops and Grand Canal, this was the third major specialty retail project to open on the Strip and is contained within the Planet Hollywood Resort and Casino. Miracle Mile Shops boasts a 1.2-mile retail/entertainment complex with modernized storefronts, people movers, a backlit-sidewalk water feature, LED video screens, crystal chandeliers and contemporary, color-coded kiosks. The center features 170 specialty stores including Urban Outfitters, Ben Sherman, Quiksilver, bebe, Sephora, French Connection, Betsy Johnson, Frederick's of Hollywood, H&M and True Religion Brand Jeans. The property supports 15 restaurants, including Aromi D'Italia, Cabo Wabo Cantina, Pampas Churrascaria Brazilian Grille, La Salsa Cantina, Cheeseburger Las Vegas and Blondies Sports Bar & Grill. Miracle Mile Shops is currently 93% leased with tenant sales levels ranging from $800 to $900 per square foot with rents ranging from $65 to $85 per square foot.



HOUSE_OVERSIGHT_018799

**5. FORUM SHOPS AT CAESARS PALACE**

Forum Shops at Caesars Palace, originally constructed in 1992 and expanded in phases during 1997 and 2004, was the first major specialty retail development on Las Vegas Boulevard. Forum Shops has a prominent position on the Strip, situated on the west side of Las Vegas Boulevard, north of Flamingo Road, between Caesars Palace and The Mirage, and is configured with a highly "themed" retail and entertainment environment. The property is 99% leased, attracting an estimated 22 million visitors per year and is generally considered the most dominant retail center on the Strip with 150 specialty tenants that include Anthropologie, Jimmy Choo, Coach, Louis Vuitton, Montblanc, John Varvatos, Victoria's Secret, Versace, BvIgari, Cartier, De Beers, Harry Winston, Tiffany & Co., Abercrombie & Fitch, Armani Exchange, Brooks Brothers, Zegna and Cheesecake Factory. Tenant sales at Forum Shops at Ceasars Palace are approximately $1,000 to $1,200 per square foot with average rents ranging from $100 to $125 per square foot.

**6.THE GRAND CANAL SHOPPES**

Opened in 1999, the Grand Canal Shoppes at the Venetian was fully leased after three months. Fashioned after the Forum Shops, the property is heavily themed with a canal flowing through the middle of the concourse area. The property consists of 536,890 square feet including mezzanine spaces with current rents ranging from $85 to $110 per square foot. Average tenant sales range from $900 to $950 per square foot, and as a result of the project's immediate success, a second phase connected via pedestrian bridge to the Palazzo Resort was recently developed and dubbed Shoppes at Palazzo. The project is currently 94% leased and includes key tenants; Ann Taylor, Banana Republic, bebe, Coffee Bean and Tea Leaf, Cache, Sephora and Valentino.

**7.THE SHOPPES AT PALAZZO**

Delivered in 2007 with a Grand Opening in January 2008, the 363,714-square-foot Shoppes at Palazzo is situated within the Palazzo Resort and is an expansion of the highly successful Grand Canal Shoppes. The Shoppes at Palazzo is a three-story enclosed specialty center with heavily themed, decorative characteristics intended to capture the essence of Italy. The center is anchored by Las Vegas' first Barneys New York and features many premier luxury brands including Jimmy Choo, Burberry, Van Cleef & Arpels and Piaget. Upscale restaurants include Emeril Lagasse's Table 10, Wolfgang Puck's Cut and Shimon Bokovza's Sushi Samba. The center is currently 89% occupied with tenant sales ranging from $900 to $925 per square foot and rents ranging from $80 to $100 per square foot.

**8. FASHION SHOW MALL**

Fashion Show Mall, originally developed in 1981, was expanded in two phases during 2002 and 2003 to its current size of 1.9 million square feet. The property has a significant presence along the Strip, with a 600-foot canopy structure shading the outdoor plaza area fronting Las Vegas Boulevard. The project includes seven department store anchors including Nordstrom, Bloomingdale's, Macy's and Neiman Marcus, as well as 250 specialty stores and restaurants. Fashion Show Mall reports tenant sales ranging from $802 to $983 per square foot and average rents ranging from $80 to $88 per square foot.



HOUSE_OVERSIGHT_018800

## CompetitiveRetail Rent Survey

| NO. | PROPERTY | DESCRIPTION | ANCHOR TENANTS | IN-LINE SHOP | | VACANCY |
|---|---|---|---|---|---|---|
| | | | | RENT/SF | SALES/SF | |
| 1 | Town Square<br>Las Vegas Blvd. & 215<br>Las Vegas, NV | Sub-Type: Lifestyle Center<br>Year Built: 2008<br>Total GLA: 900,000 | Saks, Whole Foods, Apple | $40 - $80 | $400 -$600 | 10.0% |
| 2 | Mandalay Bay Place<br>Las Vegas Blvd. & Tropicana<br>Las Vegas, NV | Sub-Type: Specialty Center<br>Year Built: 2003<br>Total GLA: 90,000 | Retail bridge between Mandalay & Luxor with shops, restaurants | $60 - $90 | $500 -$600 | 5.0% |
| 3 | Crystals at CityCenter<br>Las Vegas Blvd. S of Harmon<br>Las Vegas, NV | Sub-Type: Specialty Center<br>Year Built: 2009<br>Total GLA: 360,000 | Upscale specialty retail project on Las Vegas Blvd. in CityCenter | $90 - $120 | $900 -$1,500 | 12.0% |
| 4 | Miracle Mile Shops<br>Las Vegas Blvd. & Harmon<br>Las Vegas, NV | Year Built: 2000<br>Expansion: 2007<br>Renovation: 2008<br>Total GLA: 490,000 | Specialty retail center at Planet Hollywood | $65 - $85 | $800 -$900 | 7.0% |
| 5 | Forum Shops at Caesars<br>Las Vegas Blvd. N of Flamingo<br>Las Vegas, NV | Sub-Type: Specialty Center<br>Year Built: 1992<br>Expansion: 1997<br>Rennovation: 2004<br>Total GLA: 650,000 | Upscale/themed retail project at Caesars | $100 - $125 | $1,000 -$1,200 | 1.0% |
| 6 | The Grand Canal Shoppes<br>3377 Las Vegas Blvd.<br>S Las Vegas, NV | Sub-Type: Specialty Center<br>Year Built: 1999<br>Total GLA: 500,000 | Upscale/themed retail project at The Venetian | $85 - $110 | $900 -$950 | 6.0% |
| 7 | The Shoppes at the Palazzo<br>3327 Las Vegas Blvd.<br>S Las Vegas, NV | Sub-Type: Specialty Center<br>Total GLA: 320,000<br>Anchor GLA: 85,000<br>Anchor Ratio: 27% | Barney's New York | $80 - $100 | $900 -$925 | 11.0% |
| 8 | Fashion Show Mall<br>3200 Las Vegas Boulevard<br>S. Las Vegas, NV | Sub-Type: Super Regional Center<br>Year Built: 1981<br>Expansion: 1993 and 2002<br>Renovation: 2002<br>Total GLA: 1,868,219<br>Anchor GLA: 1,259,154<br>Anchor Ratio: 67% | Dillard's, Nordstrom, Neiman Marcus, Saks Fifth Avenue, Macy's-North, Forever 21 | $80 - $100 | $800 -$1,000 | 4.0% |



HOUSE_OVERSIGHT_018801

# Retail Construction on Las Vegas Boulevard

The following table summarizes the retail construction on the Las Vegas Strip since 2000.

| PROPERTY | ADDRESS / LOCATION | RENTABLE | STATUS |
|---|---|---|---|
| 2000 Construction | | | |
| Miracle Mile Shops (Desert Passage - Rebranded) | 3667 Las Vegas Boulevard | 490,000 | Complete |
| Showcase Mall Phase II | 3785 Las Vegas Boulevard | 40,000 | Complete |
| | **TOTAL** | **530,000** | |
| 2002 Construction | | | |
| Fashion Show Mall Expansion Phase I | 3200 Las Vegas Boulevard | 450,000 | Complete |
| | **TOTAL** | **450,000** | |
| 2003 Construction | | | |
| Boulevard Collection | Las Vegas Boulevard @ Sahara | 50,000 | Complete |
| Mandalay Place | 3950 Las Vegas Boulevard | 90,000 | Complete |
| | **TOTAL** | **140,000** | |
| 2004 Construction | | | |
| Fashion Show Mall Expansion Phase II | 3200 Las Vegas Boulevard | 609,500 | Complete |
| Hawaiian Marketplace | 3742 Las Vegas Boulevard | 80,000 | Complete |
| Forum Shops at Caesars Palace Phase III | 3500 Las Vegas Boulevard | 167,000 | Complete |
| | **TOTAL** | **856,500** | |
| 2007 Construction | | | |
| The Shoppes at Palazzo | 3325 Las Vegas Boulevard | 364,000 | Complete |
| Town Square Las Vegas | Las Vegas Blvd @ I-215 | 925,000 | Complete |
| | **TOTAL** | **1,289,000** | |
| 2009 Construction | | | |
| Crystals at CityCenter | E Harmon Ave @ Las Vegas Blvd | 425,000 | Complete |
| Showcase Mall III | Las Vegas Blvd @ Tropicana Ave | 97,320 | Complete |
| | **TOTAL** | **522,320** | |



HOUSE_OVERSIGHT_018802

| PROPERTY | ADDRESS / LOCATION | RENTABLE | STATUS |
|---|---|---|---|
| 2010 Construction | | | |
| Cosmopolitan | Las Vegas Blvd @ Flamingo Rd | 38,000 | Complete |
| | **TOTAL** | **38,000** | |
| 2012 Construction | | | |
| Harmon Corner | 3717 S Las Vegas Boulevard | 110,184 | Complete |
| | **TOTAL** | **110,184** | |
| 2014 Construction | | | |
| The Linq | Las Vegas Blvd @ Caesars Palace Dr. | 300,000 | Complete |
| | **TOTAL** | **300,000** | |
| 2015 Construction | | | |
| Shops at TI | Las Vegas Blvd @ Spring Mountain Rd | 48,000 | Complete |
| Grand Bazaar Shops | Las Vegas Blvd @ Flamingo Rd | 26,500 | Complete |
| | **TOTAL** | **74,500** | |
| Under Construction and Planned | | | |
| Alon | Las Vegas Blvd @ Riviera Blvd | 100,000 | Under Construction |
| ResortWorld | Las Vegas Blvd @ Desert Inn Rd | 200,000 | Under Construction |
| Shops at Excalibur | Las Vegas Blvd @ Tropicana | 300,000 | Planned |
| Shops at Tropicana | Las Vegas Blvd @ Tropicana | 350,000 | Planned |
| | **TOTAL** | **950,000** | |
| | **TOTAL COMPLETED (SF)** | **5,260,504** | |
| | **TOTAL UNDER CONSTRUCTION (SF)** | **300,000** | |



HOUSE_OVERSIGHT_018803

2644991-9001

Integra Realty Resources
Caribbean

**Appraisal of Going Concern**

**IGY American Yacht Harbor Marina**
Mixed Use Property
18A-1, 18-B1,18-B and 18-W Remainder Estate Smith Bay
East End Quarter, St. Thomas, Virgin Islands
Client Reference: 23559

**Prepared For:**
Banco Popular de Puerto Rico

**Effective Date of the Appraisal:**
November 25, 2015

**Report Format:**
Appraisal Report – Standard Format

**IRR - Caribbean**
File Number: 172-2015-0181

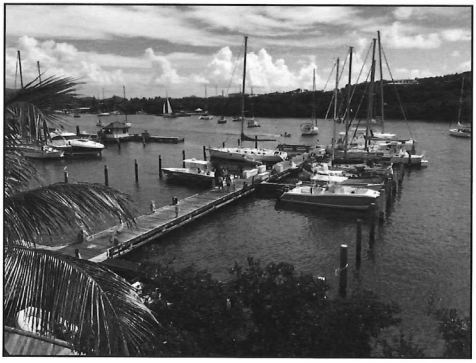

**IGY American Yacht Harbor Marina**
18A-1, 18-B1,18-B and 18-W Remainder Estate Smith Bay
East End Quarter, St. Thomas, Virgin Islands

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December 15, 2015

Roberto A. Soltero
Vice President
Banco Popular de Puerto Rico
PO Box 362708
San Juan, PR 00936-2708

SUBJECT: Market Value Appraisal
IGY American Yacht Harbor Marina
18A-1, 18-B1,18-B and 18-W Remainder Estate Smith Bay
East End Quarter, St. Thomas, Virgin Islands
Client Reference: 23559
IRR - Caribbean File No. 172-2015-0181

Dear Mr. Soltero:

Integra Realty Resources – Caribbean is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the leased fee (going concern) interest in the property. The client for the assignment is Banco Popular de Puerto Rico, and the intended use is for Commercial credit administration.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers, the RICS Valuation Professional Standards, the International Valuation Standards, applicable jurisdictional appraisal regulations, and the appraisal guidelines of Banco Popular de Puerto Rico. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we

adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

The subject is an existing 250-slip marina with 5 commercial buildings containing a mixture of retail and office space types. The buildings contain 48,661 square feet of rentable area and were constructed in multiple stages; with the majority of the construction completed in 1993. The commercial space is 85% leased as of the effective appraisal date. The marina docks were constructed in multiple phases between 1991-1995 and are 52.8% occupied as of the effective appraisal date. The total site area is 2.76 acres or 120,226 square feet, which includes 0.64 acre or 27,878 square feet, that is re-claimed land. The property also includes 3.2 acres of seabed under the marina dock structures which is leased to the property owner from the Government of the Virgin Islands.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

**Value Conclusion***

| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
|---|---|---|---|
| Market Value | Leased Fee (Going Concern) | November 25, 2015 | $24,360,000 |

*Values expressed in United States Dollars

**Allocation of Going Concern Value**

| | Amount | % of Total |
|---|---|---|
| Tangible Property | | |
| Land & Improvements | $24,250,000 | 99.5% |
| Tangible Personal Property (FF&E) | $110,000 | 0.5% |
| Total Tangible Property | $24,360,000 | 100.0% |
| Intangible Assets | $0 | 0.0% |
| **Market Value*** | $24,360,000 | 100.0% |

*Specifically excluded from the valuation are cash and equivalents and current liabilities.

The allocation of value components is based on the going-concern premise, which holds that the value of a business as a going-concern is equal to the sum of the values of the tangible and intangible assets. The allocation assumes continued operation of the marina business. Were the marina business to cease operations, the values of the individual components would likely be different from the allocated values of the going concern.

**Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject property has a fueling dock and four fuel storage tanks located on site; including three diesel and one gasoline. There were no signs of contamination during our inspection and we have assumed that there is no adverse environmental impact in connection with the existing fuel equipment used on the subject property.
2. The parking garage at the subject slightly encroaches on the neighboring property to the immediate northwest. This land is owned by the Government of the Virgin Islands and we have assumed that no claim will arise from the encroachments.
3. For this analysis, we have valued the going concern interest in the subject property and have allocated the value of the personal property from the value of the real property. We were provided with financial statments from ownership that indicates the depreciated book value of these assets. It is beyond our scope to value these assets in use; therefore, we have assumed that the book values of teh personal property items shown in the statments provided by ownership are reasonably accurate for the purpose of this allocation exercise.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. No hypothetical conditions were employed in this analysis.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Caribbean**

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# Table of Contents


**Summary of Salient Facts and Conclusions** **1**

**General Information** **3**
Identification of Subject 3
Sale History 3
Pending Transactions 3
Purpose of the Appraisal 4
Basis of Value 4
Definition of Property Rights Appraised 4
Definition of Going-Concern Premise 4
Intended Use and User 5
Applicable Requirements 5
Prior Services 5
Competency 5
Independence 6
RICS Valuer Registration 6
Currency 6
Scope of Work 6

**Economic Analysis** **8**
Area Analysis 8
Surrounding Area Analysis 22
Marina Market Analysis 25

**Property Analysis** **36**
Land Description and Analysis 36
Improvements Description and Analysis 42
Real Estate Taxes 52
Highest and Best Use 54

**Valuation** **56**
Valuation Methodology 56
Income Capitalization Approach 57
Market Rent Analysis – General Retail Space 59
Market Rent Analysis – General Office Space 65
Market Rent Analysis – Restaurant Space 71
Market Rent Analysis – Marina Slip Rentals 78
Reconciliation and Conclusion of Value 106
Exposure Time 107
Marketing Period 107
Allocation of Going-Concern Value 108
Value of Furniture, Fixtures and Equipment (FF&E) 108
Value of Intangible Assets 109
Allocation of Going-Concern Value 109
Insurable Replacement Cost 110

**Certification** **111**

**Assumptions and Limiting Conditions** **113**

**Addenda**
A. Appraiser Qualifications
B. Financials and Property Information
C. Comparable Data
D. DCF Reports
E. Engagement Letter

# Summary of Salient Facts and Conclusions

| | |
|---|---|
| Property Name | IGY American Yacht Harbor Marina |
| Address | 18A-1, 18-B1,18-B and 18-W Remainder Estate Smith Bay East End Quarter, St. Thomas, Virgin Islands |
| Property Type | Mixed Use - Marina |
| Owner of Record | IGY-AYH ST. Thomas Holdings, LLC |
| Parcel ID | 1-07702-0135-00, 1-07702-0134-00, 1-07702-0133-00, and 1-07702-0198-00 |
| Legal Description | Parcel Nos. 18A-1 Remainder, 18B-1 Remainder, 18B Remainder Estate and 18-W Estate Smith Bay, Nos. 1, 2 and 3 East End Quarter, St. Thomas, U.S. Virgin Islands |
| Land Area | 2.76 acres; 120,226 SF |
| Number of Units | 105 |
| Gross Building Area | 72,808 SF |
| Rentable Area | 48,652 SF |
| Percent Leased | 85% |
| Year Built; Year Renovated | 1992; N/A |
| Zoning Designation | W-1, Waterfront - Pleasure |
| Highest and Best Use - As if Vacant | Marina oriented commercial use |
| Highest and Best Use - As Improved | Continued marina and commercial use |
| Exposure Time; Marketing Period | 12-24 months; 12-24 months |
| Effective Date of the Appraisal | November 25, 2015 |
| Date of the Report | December 15, 2015 |
| Property Interest Appraised | Leased Fee (Going Concern) |
| Market Value Indications | |
| Cost Approach | Not Used |
| Sales Comparison Approach | Not Used |
| Income Capitalization Approach | $24,360,000 |
| Market Value Conclusion* | $24,360,000 |

*Values expressed in United States Dollars

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Banco Popular de Puerto Rico may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.



HOUSE_OVERSIGHT_018811

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The subject property has a fueling dock and four fuel storage tanks located on site; including three diesel and one gasoline. There were no signs of contamination during our inspection and we have assumed that there is no adverse environmental impact in connection with the existing fuel equipment used on the subject property.
2. The parking garage at the subject slightly encroaches on the neighboring property to the immediate northwest. This land is owned by the Government of the Virgin Islands and we have assumed that no claim will arise from the encroachments.
3. For this analysis, we have valued the going concern interest in the subject property and have allocated the value of the personal property from the value of the real property. We were provided with financial statments from ownership that indicates the depreciated book value of these assets. It is beyond our scope to value these assets in use; therefore, we have assumed that the book values of teh personal property items shown in the statments provided by ownership are reasonably accurate for the purpose of this allocation exercise.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. No hypothetical conditions were employed in this analysis.



HOUSE_OVERSIGHT_018812

# General Information

## Identification of Subject

The subject is an existing 250-slip marina with 5 commercial buildings containing a mixture of retail and office space types. The buildings contain 48,661 square feet of rentable area and were constructed in multiple stages; with the majority of the construction completed in 1993. The commercial space is 85% leased as of the effective appraisal date. The marina docks were constructed in multiple phases between 1991-1995 and are 52.8% occupied as of the effective appraisal date. The total site area is 2.76 acres or 120,226 square feet, which includes 0.64 acre or 27,878 square feet, that is re-claimed land. The property also includes 3.2 acres of seabed under the marina dock structures which is leased to the property owner from the Government of the Virgin Islands. The legal description of the property is shown below.

| Property Identification | |
|---|---|
| Property Name | IGY American Yacht Harbor Marina |
| Address | 18A-1, 18-B1,18-B and 18-W Remainder Estate Smith Bay<br>East End Quarter, St. Thomas, Virgin Islands |
| Parcel ID | 1-07702-0135-00, 1-07702-0134-00, 1-07702-0133-00, and 1-07702-0198-00 |
| Owner of Record | IGY-AYH ST. Thomas Holdings, LLC |
| Legal Description | Parcel Nos. 18A-1 Remainder, 18B-1 Remainder, 18B Remainder Estate and 18-W Estate Smith Bay, Nos. 1, 2 and 3 East End Quarter, St. Thomas, U.S. Virgin Islands |

## Sale History

The most recent closed sale of the subject is summarized as follows:

| | |
|---|---|
| Sale Date | January 19, 2007 |
| Seller | MOF VI Limited Partnership |
| Buyer | IGY-AYH ST. Thomas Holdings, LLC |
| Sale Price | $25,500,000 |
| Recording Instrument Number | document number 2007000531 |
| Expenditures Since Purchase | Unknown |

The sale price is consistent with our market value conclusion considering the date of the transaction and the market fluctuation since that time. To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

## Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.



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## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the leased fee (going concern) interest in the property as of the effective date of the appraisal, November 25, 2015. The date of the report is December 15, 2015. The appraisal is valid only as of the stated effective date or dates.

## Basis of Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of Property Rights Appraised

Leased fee interest is defined as, "A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)."

Lease is defined as, "A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent."

*(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)*

## Definition of Going-Concern Premise

Going-Concern Premise is defined as, "one of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going-concern premise, the value of a business as a going concern is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may



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include the value of excess profit, where asset values are derived consistently with the going-concern premise."

*(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)*

## Intended Use and User

The intended use of the appraisal is for Commercial credit administration. The client and intended user is Banco Popular de Puerto Rico. The appraisal is not intended for any other use or user. No party or parties other than Banco Popular de Puerto Rico may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- The Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers
- The RICS Valuation Professional Standards;
- The International Valuation Standards of the IVSC;
- Applicable jurisdictional regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Banco Popular de Puerto Rico.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. The RICS Red Book also contains requirements for valuers to disclose previous involvement with the subject property within twelve months. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Competency

We hereby confirm that we possess adequate knowledge and skills to perform the assignment competently, including an understanding area/regional market conditions, and factors which pertain to the property type in question.



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## Independence

We hereby confirm that we have no conflicts of interest or material involvement in the property which is the subject of this valuation; and that we are acting as unbiased, independent, external valuers.

## RICS Valuer Registration

We confirm that we are in compliance with the RICS Valuer Registration program, which is mandatory for RICS members in the Caribbean region.

## Currency

Unless otherwise stated, all financial figures in this report are expressed in United States Dollars.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

### Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

**Approaches to Value**

| Approach | Applicability to Subject | Use in Assignment |
|---|---|---|
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Not Applicable | Not Utilized |
| Income Capitalization Approach | Applicable | Utilized |

The **income capitalization** approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison** approach is not applicable to the subject because:

- This approach does not reflect the primary analysis undertaken by a typical investor-purchaser.
- There are insufficient sales of comparable properties in this market from which to derive a credible value conclusion.

The **cost approach** is not applicable to the subject considering the following:



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- The age of the property makes estimates of accrued depreciation very subjective.
- This approach is not typically used by market participants, except for new properties.

## Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Inspection

Mark J. Weathers conducted an interior and exterior inspection of the property on November 25, 2015. James V. Andrews, MAI, CRE, FRICS, ASA, CVA, also conducted an interior and exterior inspection on November 25, 2015.



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# Economic Analysis

## Area Analysis

### Location

The U.S. Virgin Islands are located in the Caribbean Sea and the Atlantic Ocean, about 90 miles (140 km) east of Puerto Rico and immediately west of the British Virgin Islands.

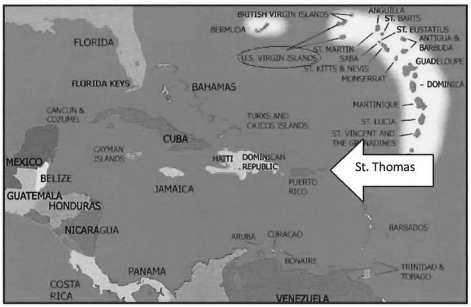


The territory consists of four main islands: Saint Thomas, Saint John, Saint Croix, and Water Island, as well as several dozen smaller islands. The combined land area of the islands is roughly twice the size of Washington, D.C.

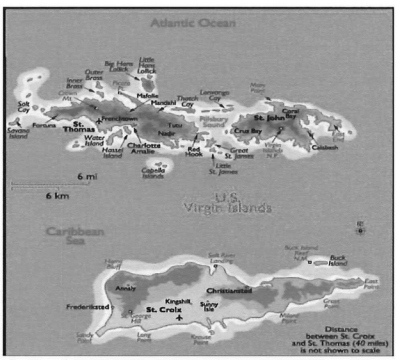




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A mild tropical climate, scenic beauty, and status as a U.S. territory make Virgin Islands appealing for vacationers from United States and Europe. The islands host over 2.5 million visitors per year, most of whom arrive by cruise ship, and tourism is the dominant economic engine of the islands, accounting for roughly 70 percent of the total gross territorial product.

Each district has its own distinct landscape, mix and intensity of land uses, cultural identity, and prospects for future development. St Thomas is home to the capital and the territory's largest city, Charlotte Amalie, which has an estimated population of roughly 19,000 persons. St Thomas is the primary center for resort tourism, government, finance, trade, and commerce, but its rugged landscape limits the land available for agriculture and other types of land-intensive development. Charlotte Amalie is also home to a major deepwater harbor that is along major shipping routes to the Panama Canal, and it is just east of the Cyril E King International Airport – one of the busiest airports in Caribbean. St. Thomas has two cruise ship docks, and is the most frequented cruise ship port in the Caribbean.

The island of St John is just under 3 miles to the east of St Thomas. Cruz Bay is located on the western coast of the island and serves as its primary port and link to St Thomas. Nearly two thirds of St John is owned by the National Park Service and is off-limits to commercial development.

St Croix is largest of the three islands, in both land area and population. It is roughly 45 miles to the south of St Thomas. Its primary towns are Christiansted and Frederiksted. Overall the island is flatter and has more land available for additional agricultural, commercial and residential development than St Thomas. St Croix is also the primary manufacturing center for the Virgin Islands, with rum distilleries, a major watch-assembly plant, and; until February 2012, one of the world's largest petroleum refineries (which recently ceased refining operations).

## History

The Virgin Islands were originally settled by the Ciboney, Carib, and Arawaks. The islands were named by Christopher Columbus on his second voyage in 1493 for Saint Ursula and her virgin followers. Over the next three hundred years, the islands were held by many European powers, including Spain, England, the Netherlands, France, and Denmark-Norway. The Danes developed the islands with plantation estates, and the estates boundaries are still used in legal descriptions for land to this day.

The U.S. took possession of the islands on March 31, 1917 and the territory was renamed the Virgin Islands of the United States. U.S. citizenship was granted to the inhabitants of the islands in 1927.

## Government

The U.S. Virgin Islands are an organized, unincorporated United States territory. Even though they are U.S. citizens, Virgin Islands residents cannot vote in presidential elections. Virgin Islands residents, however, are able to vote in presidential primary elections for delegates to the Democratic National Convention and the Republican National Convention.

The main political parties in the U.S. Virgin Islands are the Democratic Party of the Virgin Islands, the Independent Citizens Movement, and the Republican Party of the Virgin Islands. Additional candidates run as independents.



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At the national level, the U.S. Virgin Islands elects a delegate to Congress from its at-large congressional district. However, the elected delegate, while able to vote in committee, cannot participate in floor votes.

At the territorial level, 15 senators—seven from the district of Saint Croix, seven from the district of Saint Thomas and Saint John, and one senator at-large who must be a resident of Saint John—are elected for two-year terms to the unicameral Virgin Islands Legislature. The U.S. Virgin Islands has elected a territorial governor every four years since 1970. Previous governors were appointed by the President of the United States.

## Population and Employment

In 2008, the residential population of the Virgin Islands peaked at an estimated 115,852 persons. This follows five years of slow but steady growth of 1.0%, slightly slower than the U.S. annual average of 1.15%. Since 2008, population levels have fallen each year, to the 2014 estimated population of 103,961 persons.

Among the three islands, St Croix and St Thomas are nearly equally populous with St John having less than 4 percent of the total population of the Virgin Islands.

**USVI Economic Indicators**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 5 Yr Ann Growth |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Population** | 111,470 | 113,689 | 114,743 | 115,852 | 107,343 | 106,405 | 105,784 | 105,169 | 104,563 | 103,961 | -0.6% |
| St. Croix | 54,635 | 55,722 | 56,239 | 56,783 | 52,612 | 50,601 | 50,247 | 50,005 | 49,938 | 49,656 | -1.1% |
| St. Thomas | 52,528 | 53,574 | 54,070 | 54,592 | 50,583 | 51,634 | 51,266 | 51,051 | 50,610 | 50,316 | -0.1% |
| St. John | 4,307 | 4,393 | 4,434 | 4,477 | 4,148 | 4,170 | 4,134 | 4,113 | 4,015 | 3,989 | -0.8% |
| **Civilian labor force** | 51,159 | 51,159 | 52,670 | 52,630 | 52,861 | 51,424 | 50,729 | 50,577 | 47,558 | 46,784 | -2.3% |
| **Civilian employment** | 47,301 | 48,640 | 49,547 | 49,589 | 48,863 | 47,272 | 46,121 | 44,659 | 41,207 | 40,687 | -3.3% |
| **Unemployment rate (percent)** | 7.1% | 6.2% | 5.9% | 5.8% | 7.6% | 8.1% | 8.9% | 11.7% | 13.4% | 13.0% | 14.2% |
| **Gross Territorial Product (GTP, Millions)** | $4,457 | $4,635 | $4,836 | $4,851 | $4,583 | $4,660 | $4,351 | $3,778 | $3,792 | | -4.4% |
| **GTP Per Capita** | $39,984 | $40,769 | $42,146 | $41,872 | $42,695 | $43,795 | $41,131 | $35,923 | $36,265 | | -2.7% |
| **Personal Income (PI)** | $2,723 | $2,777 | $2,964 | $2,606 | $2,602 | $2,704 | $2,661 | $2,586 | $2,233 | | -2.9% |
| **Per capita personal income ($)** | $20,620 | $21,711 | $22,658 | $22,847 | $23,931 | $25,603 | $25,084 | $23,388 | $21,353 | | -1.3% |
| **Total Exports (Millions of $)** | $10,476 | $11,627 | $12,962 | $17,249 | $9,728 | $11,930 | $13,314 | $2,263 | $1,285 | $1,671 | -16.6% |
| Refined petroleum | $9,376 | $10,463 | $11,242 | $13,592 | $8,327 | $9,759 | $10,486 | $932 | $32 | $7 | -20.0% |
| **Value of construction permits (Millions $)** | $390.20 | $442.70 | $266.10 | $273.30 | $261.80 | $187.20 | $179.10 | $141.40 | $156.60 | $201.40 | -4.6% |
| St. Thomas/St. John | $274.30 | $217.70 | $172.90 | $183.80 | $79.00 | $80.60 | $87.90 | $85.10 | $114.80 | $142.20 | 16.0% |
| St. Croix | $115.90 | $225.00 | $93.20 | $89.50 | $175.90 | $106.50 | $91.10 | $56.20 | $41.80 | $59.20 | -13.3% |

Source: VI Bureau of Economic Research

The territory's Labor Force has also declined slightly, and there has been a steady increase in the unemployment rate; which was further affected by the closure of the Hovensa oil and gas refinery in 2012. Note that there was a slight dip in unemployement in 2014.



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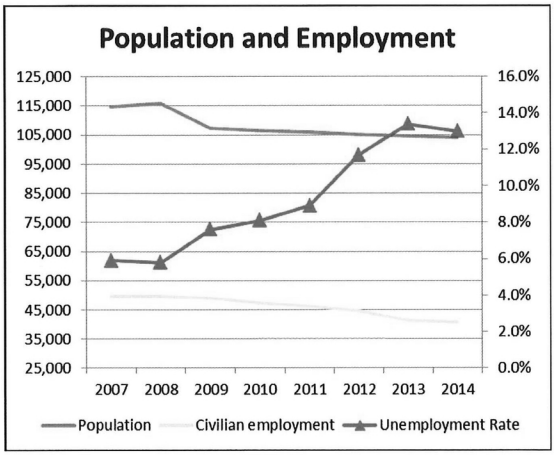


## Industry

The territory relies heavily on tourism for economic stability. Additional industries include the production and export of rum; and until early 2012, the production of refined petroleum products (the Hovensa Refinery in St. Croix closed in early 2012). The Gross Domestic Product peaked in 2007 at $4.85 million, and declined to $4.14 million in 2012, and further declined to $3.79 million for 2013. Personal income per capita is also in decline from over $25,000 in 2010 and 2011 to just over $21,000 in 2013.



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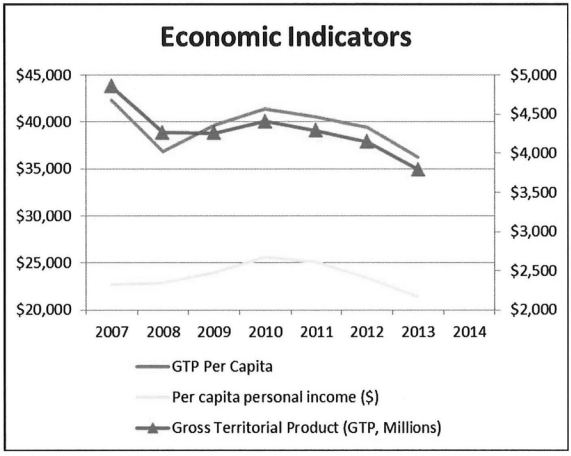


The closure of the Hovensa refinery, which was one of the territory's largest employers, also had a significant impact on exports which were prevously dominated by petrolium products. Otherwise, the territory predominently relies on the tourism industry to support the economy.

**Commerce and Trade (Millions of $ Unless Otherwise Noted)**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 5-Yr Annual Growth |
|---|---|---|---|---|---|---|---|---|---|
| **Total exports** | $12,961.8 | $17,249.4 | $9,728.3 | $11,929.5 | $13,313.5 | $2,263.2 | $1,284.8 | $1,671.4 | -16.6% |
| To U.S. | $12,182.2 | $14,496.3 | $8,495.3 | $9,992.5 | $10,994.8 | $1,377.7 | $265.4 | $225.8 | -19.5% |
| Refined petroleum | $11,242.1 | $13,591.9 | $8,327.3 | $9,759.4 | $10,486.1 | $932.4 | $61.6 | $6.5 | -20.0% |
| Other | $940.1 | $904.4 | $168.0 | $233.1 | $508.7 | $445.3 | $233.8 | $219.3 | 6.1% |
| To foreign | $779.6 | $2,753.1 | $1,233.0 | $1,937.0 | $2,318.7 | $885.5 | $1,019.4 | $1,445.6 | 3.4% |
| **Total imports** | $12,251.0 | $17,861.3 | $10,289.9 | $12,153.9 | $13,972.7 | $2,966.7 | $2,590.1 | $3,391.8 | -13.4% |
| From U.S. | $1,261.0 | $1,214.6 | $1,139.3 | $1,548.9 | $1,767.6 | $1,719.4 | $2,119.2 | $2,144.5 | 17.6% |
| Crude petroleum | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | |
| Other | $1,261.0 | $1,214.6 | $1,139.3 | $1,548.9 | $1,767.6 | $1,719.4 | $2,119.2 | $2,144.5 | 17.6% |
| From foreign | $10,990.0 | $16,646.7 | $9,150.6 | $10,605.0 | $12,205.1 | $1,247.3 | $470.9 | $1,247.3 | -17.3% |
| Crude petroleum | $8,204.7 | $12,045.8 | $7,085.9 | $7,721.7 | $10,340.9 | $660.3 | $0.0 | $660.3 | -18.1% |
| Other | $2,785.3 | $4,600.9 | $2,064.7 | $2,883.3 | $1,864.2 | $587.0 | $470.9 | $1,247.3 | -7.9% |
| **Rum exports to U.S. (thous. of P.L.)** | $28,725.1 | $31,478.7 | $38,445.3 | $40,045.1 | $35,801.2 | $62,570.0 | $68,335.4 | $59,418.5 | 10.9% |
| **Watch exports to U.S. (thousands)** | $251.4 | $183.6 | $75.0 | $52.0 | $52.7 | $55.6 | $60.0 | $76.8 | 0.5% |
| **Ocean freight imports (thousands of tons)** | 1,092.0 | 1,080.0 | 1,065.0 | 1,091.0 | 1,157.0 | 1,975.0 | 931.0 | 866.0 | -3.7% |
| To St. Thomas/St. John | 851.0 | 774.0 | 685.0 | 612.0 | 720.0 | 1,199.0 | 564.0 | 558.0 | -3.7% |
| To St. Croix (excluding petroleum) | 241.0 | 306.0 | 380.0 | 479.0 | 436.0 | 776.0 | 367.0 | 308.0 | -3.8% |

Source: VI Bureau of Economic Research



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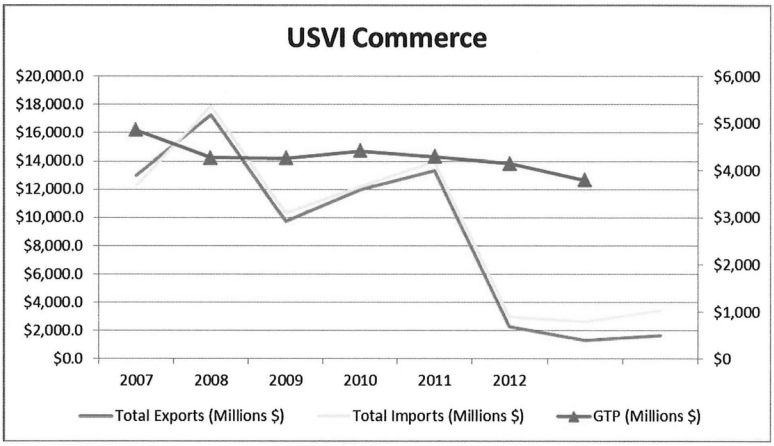


Over ninety percent of non-farm jobs are in the service providing industries, with the remaining jobs being in goods producing industries. Government, trade, transportation and utilities, and leisure and hospitality remain the industries with the largest number of jobs.

These three sectors account for 69 percent of all jobs. Professional and business services, construction and financial activities account for approximately 9 percent, 4 percent and 6 percent respectively. Manufacturing and information sectors account for about 2 percent each, while educational and health services account for 6 percent. Other services account for the remainder of jobs.

## Tourism

The total number of visitor arrivals to the territory reached over 2.8 million in 2014, including both air and cruise ship arrivals. This represents 4.2% growth over the prior year. Total visitor expenditures are also growing, with annual growth in excess of 6% each of the last three years.

**USVI Visitor Expenditures**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Visitors (Thousands)** | 2,601.9 | 2,570.7 | 2,606.2 | 2,435.2 | 2,245.0 | 2,548.7 | 2,687.9 | 2,642.1 | 2,701.5 | 2,814.2 |
| Growth | | -1.2% | 1.4% | -6.6% | -7.8% | 13.5% | 5.5% | -1.7% | 2.2% | 4.2% |
| **Total Visitor Expenditures** | $1,431.6 | $1,467.6 | $1,512.6 | $1,157.1 | $1,021.3 | $1,012.5 | $1,085.3 | $1,152.8 | $1,232.2 | |
| Growth | | 2.5% | 3.1% | -23.5% | -11.7% | -0.9% | 7.2% | 6.2% | 6.9% | |
| From Stopover Tourists | $863.8 | $883.2 | $929.8 | $686.4 | $687.4 | $678.2 | $740.6 | $784.7 | $851.0 | |
| Day Trip Excursionists | $27.2 | $25.6 | $27.7 | $29.7 | $28.6 | $28.0 | $35.4 | $35.4 | $36.1 | |
| From Cruise Ship Passengers | $540.6 | $558.8 | $555.2 | $441.0 | $305.3 | $306.3 | $311.8 | $332.7 | $345.1 | |

Source: Vi Bureau of Economic Research



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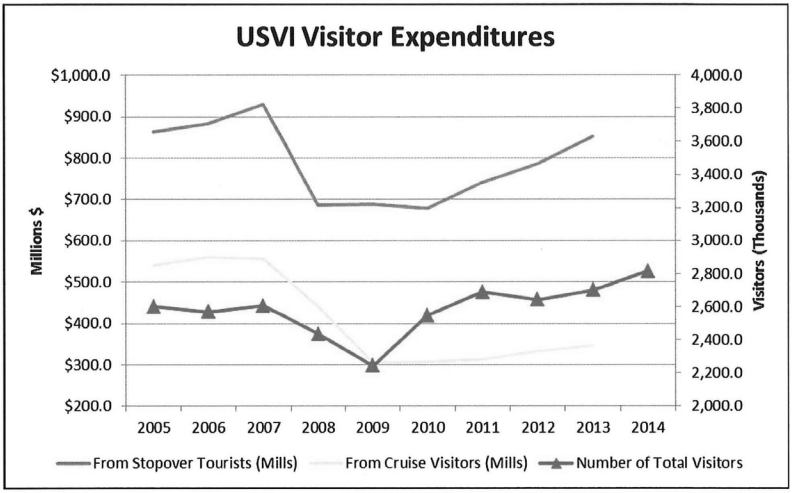


It is apparent, however, that the amount of visitor expenditures from cruise ship passengers has not increased linearly with arrivals since 2009; whereby the ratio was more linear in prior years. Cruise passenger arrivals grew 4.94% to over 2.08 million in 2014 following growth of 5.37% in the prior year. Total expenditures from cruise ship visitors grew 3.73% to over $345 million in 2013, following growth of 6.7% in 2012.

**Cruise Ship Passenger Arrivals**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **St. Thomas / St. John** | 1,909,984 | 1,901,275 | 1,917,371 | 1,754,557 | 1,507,623 | 1,751,328 | 1,887,096 | 1,790,550 | 1,886,647 | 1,979,926 |
| Growth | | -0.46% | 0.85% | -8.49% | -14.07% | 16.16% | 7.75% | -5.12% | 5.37% | 4.94% |
| **St. Croix** | 54,502 | 35,191 | 7,146 | 2,510 | 105,093 | 149,418 | 158,186 | 117,165 | 116,436 | 138,055 |
| Growth | | -35.43% | -79.69% | -64.88% | 4086.97% | 42.18% | 5.87% | -25.93% | -0.62% | 18.57% |
| **Total** | 1,912,539 | 1,903,533 | 1,917,878 | 1,757,067 | 1,582,264 | 1,858,946 | 2,008,991 | 1,904,468 | 1,998,579 | 2,083,890 |
| Growth | | -0.47% | 0.75% | -8.38% | -9.95% | 17.49% | 8.07% | -5.20% | 4.94% | 4.27% |
| **Cruise Visitor Expenditures (Millions)** | $540.6 | $558.8 | $555.2 | $441.0 | $305.3 | $306.3 | $311.8 | $332.7 | $345.1 | |
| | | 3.37% | -0.64% | -20.57% | -30.77% | 0.33% | 1.80% | 6.70% | 3.73% | |

Source: VI Bureau of Economic Research

Totals for each island include 1st and 2nd ports of call; totals for USVI include only 1st port of call



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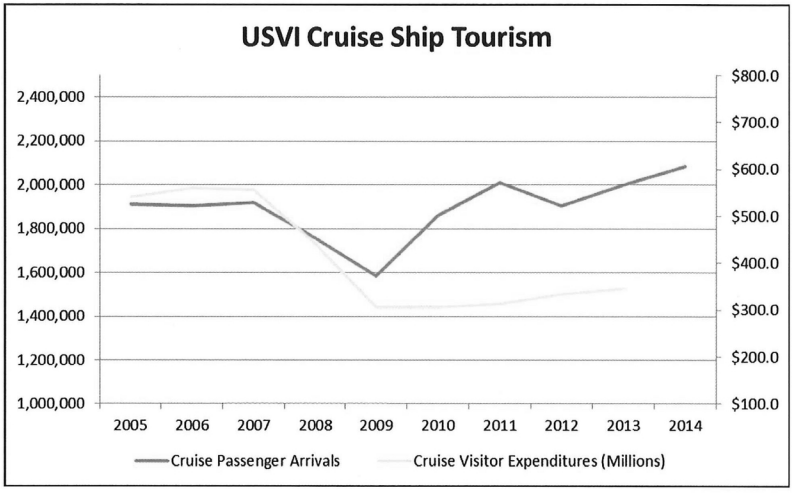


In terms of stopover tourists, the U.S. Virgin Islands ranks 7th in the list of the top tourism markets in the Caribbean, with 2014 stay-over arrivals of about 730,000. The year 2014 indicated modest growth in arrivals, with 3.90% growth over the prior period. The chart below illustrates the relationship between arrivals and GDP. We note that the continuing downturn in GDP is likely due to negative influences outside the tourism sector, such as the 2012 closure of the Hovensa oil refinery in St. Croix.



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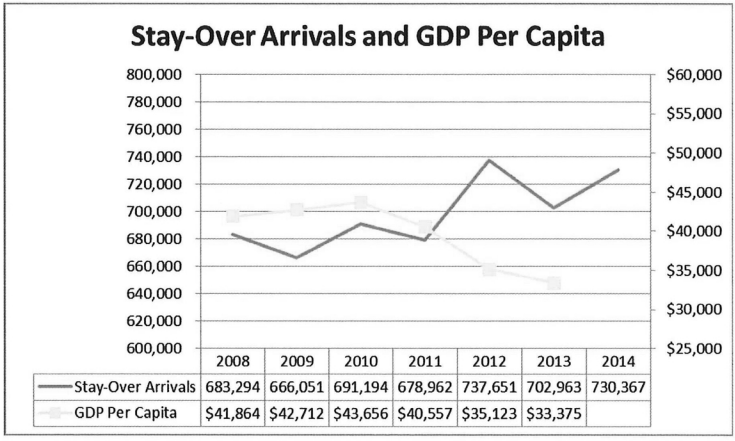


Source: Virgin Islands Bureau of Economic Research, WorldBank, Integra Realty Resources

### Hotel Performance

Data from Smith Travel Research indicates 2014 occupancy for reporting hotels of 67.8%, up 3.29% over the prior year. The reported average daily rate (ADR) was $308.98 (up 0.51%), leading to Revenue Per Available Room Night (RevPar) of $209.53 (up 5.63%).

**Hotel Performance by Country - USVI**

| | 2013 | 2014 | Growth |
|---|---|---|---|
| Sample Size (Rooms) | | 1,504 | |
| Room Nights Available (Supply) | $1,775,819 | $1,750,284 | -1.44% |
| Room Nights Sold (Demand) | $1,145,860 | $1,186,924 | 3.58% |
| Occupancy | 64.5% | 67.8% | 3.29% |
| Room Revenues | $352,268,119 | $366,739,620 | 4.11% |
| ADR | $307.43 | $308.98 | 0.51% |
| RevPar | $198.37 | $209.53 | 5.63% |
| Rooms in Active Pipeline 12/31 | 0 | 453 | |

Note: Values in United States Dollars
Source: Smith Travel Research; Note: Sample Size reflects the number of rooms within the STR participating hotels



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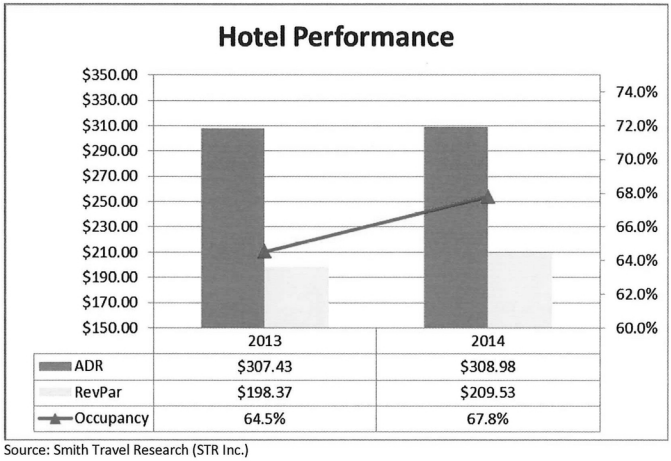


| | 2013 | 2014 |
|---|---|---|
| ADR | $307.43 | $308.98 |
| RevPar | $198.37 | $209.53 |
| Occupancy | 64.5% | 67.8% |

Source: Smith Travel Research (STR Inc.)

According to STR, there are 453 rooms in the active pipeline, which would add 8.6% to the existing room stock of 4,818 rooms. These projects include the 153-room, proposed Embassy Suites in the mahogany Run area, and the 300-room, proposed Hyatt Regency in Mandal Bay. In addition, a hotel project was recently announced on Water Island; however, the developers have not yet announced a brand or number of proposed rooms.

## Housing / Property

As the supply of housing has increased in the last two decades, homeownership rates have also increased, although only slightly. Rates increased 1.9 percentage points between 2000 and 2010, and increased an additional 3.8 percentage points from 2010 to 2012. Average home prices dropped by 11.8 percent in 2008, but then increased in 2009 and 2010 by 4 percent and 12.3 percent, respectively. In 2012, average home prices fell 17.4% and then rebounded in 2013 with an increase of 22.1%. The average sales price in 2013 was $538,369. Presumably, much of the increased supply of new homes and condominiums has gone to non-residents and vacationers. Over the past decade, housing costs have accelerated at a far greater pace than resident incomes, putting home ownership beyond the reach of all but a few relatively wealthy islanders.

In 2013, St. Thomas and St. John had an average home sale price of $713,183, while the average home sale price in St. Croix was $306,083. While prices have not caught up with what they were in 2007, St. Thomas and St. John have seen some recovery in the overall housing market. St. Croix, however, continues to suffer from the closing of the Hovensa refinery. In 2014, the average single family home sales price in St. Croix was $334,167, while in St. Thomas it was $909,839. 2015 year to date averages are show an increase in average single family home price in St. Croix and a decrease in St. Thomas and St. John, with averages of $414,178 and $759,811 respectively.



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The current situation is that the recovering housing market and general economic conditions on the US mainland is slowly having a positive impact in the US Virgin Islands' real estate market in terms of overall average home prices as well as the number of homes sold. Home sales in the territory, while still lower than 2007 figures, have increased annually since 2012.

According to statistical data provided by the Multiple Listing Service, the value of real estate sales in the St. Thomas-St. Croix MLS grew by 54% in 2014 to nearly $200 million on 883 transactions; volume seen since 2008 and sales pace not seen since 2007. This growth follows 20% growth in 2013 which came after six years of declines. The average sales price surpassed $300,000, a level also not seen since 2008.

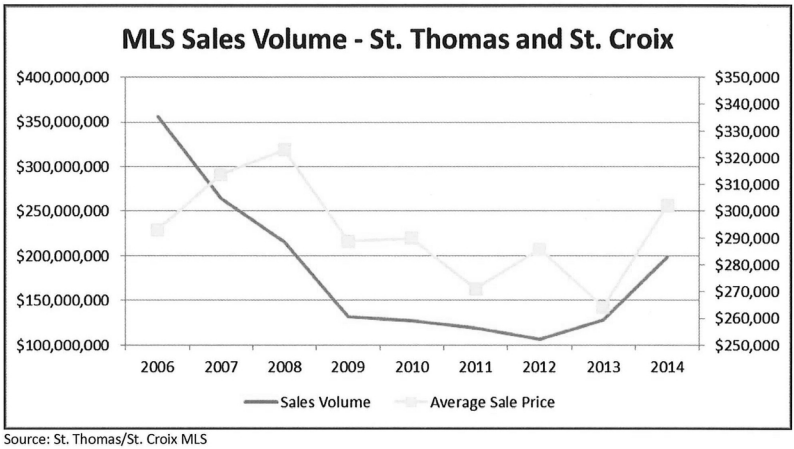


Source: St. Thomas/St. Croix MLS

## Real Estate Ownership and Taxation

Ownership is "fee simple", under the U.S. flag. There are no restrictions against purchasing solely for investment, and no laws dictating when, if ever, you must build on undeveloped land. It should be noted that for 2006 there was a reassessment, and the tax rate changed to $3.77 per $1,000 based on 100% of assessed value (for residential property); however, there was an ongoing court challenge to the reassessment, and a federal injunction blocked tax bills until the issue could be resolved. As of December, 2013, the 2006, 2007, 2008, 2009, 2010, 2011 and 2012 tax bills have all been issued under the old 1999 assessed values and tax rates. This federal court injunction regarding the tax reassessment of VI property values had previously prevented the government from collecting property tax for at least four years, resulting in the government losing US$25 million a month. New assessed values as well as amended tax rates were released in conjunction with the 2013 tax bills in August, 2014. Subsequent tax bills were issued at a rate of two per year until August 2015 when the 2015 bill were released and the Virgin Islands became current with respect to its property taxes.



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All real estate transactions also require a Government Transfer Tax (stamp tax), which can be paid by the buyer or seller.

2% for property valued up to $350,000
2.5% for property valued from $350,001 to $1,000,000
3% for property valued from $1,000,001 to $5,000,000
3.5% for property valued over $5,000,001

## Notable News and Developments

- On January 18, 2012, it was announced that the Hovensa refinery would be permanently shut down. This has had a major impact causing an economic downturn on the island, leaving 1,158 former Hovensa workers unemployed and many more employed by the company's contractors according to the United States Department of Labor. Recently, an auction of Hovensa's assets was conducted in New York City with multiple qualified bidders, and the assets were awarded to Limetree Bay Holdings, a subsidiary of ArcLight Capital Partners. Pending approval by the Virgin Islands legislature, ArcLight's operation of the oil storage facility will create a minimum of 80 jobs, with the possibility of more in the future. ArcLight indicated there could be a possibility of a limited restart of some refinery units at some point in the future.

- Both the Senate and the US House of Representatives passed the Coast Guard Reauthorization Act, and President Obama signed the act into legislation in the fiscal year 2015 which should help level the charter yacht industry playing field. Prior to 1993 and the imposition of a six-passenger limitation on US uninspected vessels, the charter yacht industry in the US Virgin Islands was thriving, contributing over $100 million in annual revenue and hundreds of jobs to the local economy. A large chunk of the industry moved to the British Virgin Islands after the six-passenger rule limitation was initiated by the US Government. The bill has recently been enacted into law, and the ability of the USVI to compete in this industry should be significantly improved.

- After an extensive search and vetting process, the USVI Government has selected a group of local and regional investors to develop a hotel resort on Water Island, just off of St. Thomas. There are apparently eight hotel brands in discussions with the developers for branding the property.

- A Texas-based EB-5 Regional Center has announced an EB-5 funded commercial project known as the Port of Mandahl Caribbean Conference Resort. When completed, the development is reportedly planned to include two full-service hotels, a golf course, a state of the art conference center, retail and commercial space, and high-end residential units. EB-5 is a type of economic citizenship program whereby the United States grants citizenship to investors of certain approved projects in areas where the economic boost is needed. Regional Centers are tasked with selling the investments such as limited partnerships to international buyers.

- The Margaritaville (Wyndham) Vacation Club is under construction in Water Bay on the East End of the island of St. Thomas. The project is a renovation of the 290-room Renaissance



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Grand Beach Resort into 262 timeshare oriented condominium units. The first phase on this project was completed in September 2015 and is open, while the second phase is currently under construction.

- The University of the Virgin Islands has announced plans to develop a medical school on St. Thomas, which will be operated in collaboration between the hospitals on St. Thomas and St. Croix.

**Conclusions**

Economic conditions in the U.S. Virgin Islands appear to be slower to recover than many areas of the region, particularly in St. Croix, where industrial development had previously been more of a focus than tourism The closure of the Hovensa refinery and the failure to facilitate a sale to a buyer who can re-open the facility as a refinery will continue to plague St. Croix until other new developments occur that can create new jobs. The assets of the refinery were recently sold at auction, but operating agreement with the USVI Government only states the buyers will use the oil storage portion in addition to constructing an asphalt plant on the property, which projects to only 80 jobs created in the immediate future. There appears to be ongoing resurgence in tourism for St. Thomas and St. John, and real estate activity appears to be improving; however, many businesses – even those catering to cruise ship passengers – continue to struggle. Our forecast is for continued improvement in arrivals and hotel statistics, but only gradual economic improvement for the overall territory.



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## Area Map

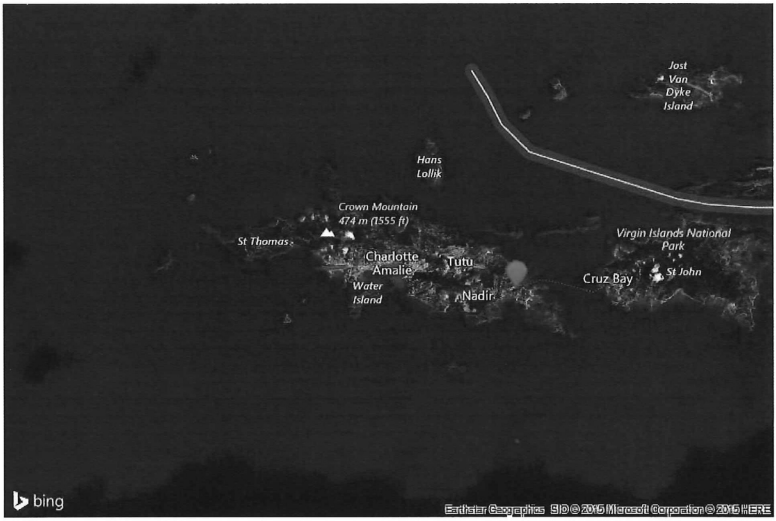




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# Surrounding Area Analysis

## Location

The subject is located in the town of Red Hook in the East End area of the Island known as Estate Smith Bay. Red Hook is one of the three primary business districts on the island.

## Access and Linkages

Primary access to the area is provided by Route 32 (Smith Bay Road), a major arterial that crosses the east end of the island in a generally east-west direction. This is the primary route through the town of Red Hook, one of the three major commercial centers of the island; with the others being the city of Charlotte Amalie and the Tutu area. Overall, vehicular access is good.

Public transportation is provided by Safari Taxi and provides access to all relevant areas. The local market perceives public transportation as average compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Red Hook Ferry Terminal offers passenger ferries and car barges on regular schedules to and from St. John. Passenger ferry service to the British Virgin Islands is also available.

The Cyril E. King International Airport is located about 8.4 miles from the property; travel time is about 25 minutes, depending on traffic conditions. The Charlotte Amalie CBD, the economic and cultural center of the island, is approximately 7.0 miles from the property.

## Demand Generators

The demand for commercial space in the area of the subject is fueled by the popularity of the Red Hook business district. Red Hook is a centralized area serving the east end of St. Thomas, and features marinas, restaurants, bars, retail shops, and office space.

The demand for office space in the area has been down due to overall economic conditions. As the economy continues its recovery, the demand for well-located office space will increase as well. Retail space; however, has seen an increase in demand in this area over the past 12-24 months as shown by the low vacancy in the 3 major retail properties Red Hook; American Yacht Harbor (subject), Red Hook Plaza and Galleria Shopping Center.

Compared to the territory area as a whole, the local area has higher income levels. Population trends are similar except that the local area is growing at a faster rate than the territory.

## Land Use

The area is suburban in character and approximately 65% developed.

Predominant land uses are retail and office uses, with some residential users nearby. Marina use is also prevalent in this area. The area contains several neighborhood retail/office centers within a few blocks of the subject along Smith Bay Road. These include East End Plaza which is three stories and contains mostly office space, the aforementioned Galleria Shopping center which will is anchored by a newly opened gourmet grocery store, and the aforementioned Red Hook Plaza which is a two story



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building with a mixture of office and retail. There are other small retail commercial buildings both along the waterfront and the inland side of the road; such as restaurants, bars and a convenience store/gas outlet.

In addition to the drawing power of these retail users, the Ivanna Eudora Kean High School is located approximately 1,500 feet west of the subject property.

During the last several years, development has been predominantly of retail/office uses. The largest recent development in this area has been East End Plaza, which was constructed in 2008. However, the completion of this commercial building coincided with the downturn in the overall economy in the territory, and the property has struggled to reach stabilization. There is also a newly constructed, small commercial strip center in close proximity to the subject called Crosswinds Center that opened approximately two years ago. Ace Hardware is the anchor tenant in this building, while the majority of the other commercial bays remain vacant.

There have also been two notable bar/restaurant openings within the past two years, both at the subject property. Near the subject, a Senor Frogs restaurant opened in November 2013 featuring a dining and nightclub atmosphere. Additionally, a tavern/restaurant called Tap & Still has opened approximately 450 feet southwest of the subject. A new Thai/Sushi restaurant is under construction within Red Hook Plaza, just west of the subject. These new establishments are indicative of the improving retail/commercial climate of the Red Hook area.

## Outlook and Conclusions

The area is in the slow growth stage of its life cycle. There have been signs of increased demand as existing commercial space has been leasing up more rapidly over the past six months, showing the upside of the subject's area. We anticipate that property values will slightly increase in the near future.



HOUSE_OVERSIGHT_018833

## Surrounding Area Map

HOUSE_OVERSIGHT_018834

## Marina Market Analysis

Marinas are not at all homogenous, and the various combinations of business and physical components result in significantly different results for the owners and operators. The two major types of marinas are coastal (usually found in saltwater inland waterways that lead to an ocean port), and freshwater (found on lakes). Saltwater marinas tend to attract larger vessels and require a completely different level of maintenance. Freshwater marinas typically cater more toward day-sailors and day-boaters who do not have personal space with which to keep their boats.

Typical marinas in both coastal and freshwater locations can include any combination of the following components:

- Wet Slips (covered and uncovered)
- Dry Storage (land)
- Dry Storage (stack)
- Maintenance and Repair Yard and Services
- Marine Dealerships (boat sales)
- Merchandise Sales (fishing, boating, sundries)
- Fuel Sales (gas and diesel)
- Equipment Rental

With regard to slip rentals (wet and dry), these spaces can be either rented (the traditional route), or sold as "dockominiums" and "rackaminiums." The sellout component became very popular in the last decade, and many marinas were converted to all or part sellout type enterprises. Part of the reason is that developers in recent times prefer to develop real estate for sale (condominiums or homesites) that surround the marina, and in turn could sell the boat spaces and then move on to another investment. The market for dockominiums (wet and dry) somewhat dried up during the recent recession, and many of the unsold units were subsequently rented instead of sold.

Another trend of development prior to the 2008 recession was for marinas within luxury resort communities that also have a residential component. These include 4 and 5-star resorts in the subtropical USA as well as the Caribbean. Typical luxury resort developments planned in the last decade would include a hotel (which the developer would license to a "branded" operator), condominiums and villas for sale, home sites for sale, and recreational components such as a golf course and marina. The sellout types of dock spaces fit well into the business model of the developer, as they sell other components and license the hotel operation to a separate entity.

Marinas also vary in size from small "mom and pop" or "lifestyle" businesses with less than 50 slips to large enterprises that attract institutional purchasers. Across the board, marinas are affected by economic downturns due to the leisure component of the boating hobby. During the last two recessions (2000-2003 and 2008-2009), many marinas went into foreclosure. This created difficulty for marinas to obtain financing.



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Coastal marinas along the eastern seaboard were fairly successful until the recent recession, with many documenting 100% occupancy or waiting lists. This may be partly due to increased environmental regulation limiting dredging new bodies of water or deepening existing ones. As marinas are typically close to inlets leading to the sea or inland waterways, they are typically in areas that are rich with aquatic life.

## National Boating Trends

Because of the age, size, design, tenancy, quality, and location of the subject, it is likely to appeal to investors primarily on a national or regional basis. While national factors may or may not be indicative of the subject's market area, the national trends exhibited are generally indicative of movement in all submarkets. Real estate is typically analyzed on a market-by-market basis. Published secondary data and market studies for the marina industry on a local or regional level are scarce. Nationwide, the most comprehensive statistical reference guide for the marina industry is the Recreational Boating Statistical Abstract, published annually by the National Marine Manufacturers Association (NMMA). The most recent publication reports 2014 data.

According to NMMA, the boating industry generated $35.4 billion in sales and services in 2013, a 3.5% decline from 2013. This represented the first year of decline after three consecutive years of growth following the low point in 2010, of $30.4 billion, from the "great recession." The peak occurred in 2006 at $39.5 billion.

Of the 242.5 million adults living in the United States in 2014, 35.7%, or 87.3 million people, participated in recreational boating; a 1.8% decline from 2013. This is within the range of participation over the past four years which varies from 34.8% to 37.8% of the population.

New boat sales peaked at 912,130 in 2006, but have declined since that date with 2014 sales at 534,500 units, an increase of 0.44% from 2013. Before the recession in 2007, fuel prices increased, followed by increased unemployment and tightening credit. Luxury and leisure goods such as boats are typically the first things to be put on the back burner as people become more discretionary with their income. As a result, pre-owned power boat represented 64% of all boat sales during 2014, and new boat dealers have had to compete.

While boating participation declined recently, boat registrations have fallen. Boat registrations were up 0.08% to 12 million in 2014 versus 11.99 million in 2013. Florida led all states in boat registrations for 2014 followed by California, Minnesota, Michigan, and Wisconsin, in that order.

The demographic of boat owners is largely middle class. In 2014, 95% of registered mechanically propelled boats were 26 feet or less, indicating more affordable, entry-level, trailerable boats. The majority (71.5%) of boat owners earn an average household income under $100,000. Over 60% of boating participants were between the age of 31 and 64 which signifies that the increase in boating population is younger.

## National Marina Industry

Every December/January, Marina Dock Age magazine publishes an issue dedicated to trends in the marina industry. An article from the most recent issue in December 2014 indicates that the majority of



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marinas and boatyards continue to improve net profits, overall revenues, and occupancy rates, with 82% expecting stable or increasing occupancy rates.

The table that follows details marina occupancy rates for 2014.

**Marina Occupancy Rates - 2014**

| | Occupancy Rate Range | | | | | |
|---|---|---|---|---|---|---|
| | Less than 50% | 50% - 74% | 75 - 84% | 85% - 94% | 95% - 99% | 100% |
| Ownership Type/ Size | % of Respondents | | | | | |
| Government Owner | 4.4% | 22.2% | 17.8% | 17.8% | 22.2% | 13.3% |
| Corporate Owner | 4.0% | 32.0% | 18.0% | 14.0% | 25.0% | 7.0% |
| **Private Owner** | **2.0%** | **16.0%** | **19.0%** | **31.0%** | **14.0%** | **13.0%** |
| **Small (1 - 99 Slips)** | **5.0%** | **13.0%** | **11.0%** | **23.0%** | **15.0%** | **32.0%** |
| **Medium (100 - 249 slips)** | **5.0%** | **17.0%** | **21.0%** | **26.0%** | **21.0%** | **10.0%** |
| Large (250 - 749 slips) | 0.0% | 19.0% | 21.0% | 30.0% | 17.0% | 13.0% |
| Very Large (Over 750 slips) | 0.0% | 27.8% | 16.6% | 27.8% | 27.8% | 0.0% |
| Overall | 3.0% | 17.0% | 18.0% | 26.0% | 18.0% | 15.0% |

Marina Dock Age publishes statistical information based on the percentage of overall respondents. The subject is under private ownership and has 98 boat slips which are expected to be increased to 108 slips. The largest majority (31%) of private owner marinas reported 85% to 94% occupancy rates. Overall, 58% of private owners reported occupancy rates of 85% to 100%. The largest majority (32%) of small marinas reported occupancy rates of 100%, with 70% of small marinas reporting occupancy of 85% to 100%. The largest majority of medium marinas (26%) reported occupancy rates of 85% to 94%, with 57% of medium marinas reporting occupancy of 85% to 100%.

The table that follows details boat slip and service rate changes in 2014 over 2013.

**Slip/Service Rate Changes - 2014 Over 2013**

| | Decreased | Stayed Same | Increased |
|---|---|---|---|
| Marina Size | | % of Respondents | |
| **Small (1 - 99 Slips)** | **1.9%** | **56.6%** | **41.5%** |
| **Medium (100 - 249 slips)** | **1.0%** | **62.0%** | **37.0%** |
| Large (250 - 749 slips) | 1.3% | 53.2% | 45.5% |
| Very Large (Over 750 slips) | 0.0% | 28.0% | 72.0% |
| Overall | 1.0% | 55.0% | 44.0% |

The majority of marinas kept rates the same between 2013 and 2014.

The table that follows details rate changes by service type.



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| Product/Service Revenues - 2014 Over 2013 | | | |
|---|---|---|---|
| | Decreased | Stayed Same | Increased |
| Service | | % of Respondents | |
| Sailing/ Training School | 4.0% | 48.0% | 48.0% |
| **Cabin/Campground/RV** | **0.0%** | **35.0%** | **65.0%** |
| Event Services/Venue | 8.0% | 40.0% | 52.0% |
| Tour Boat/Charter Fishing/Water Taxi | 9.0% | 45.5% | 45.5% |
| Water Toy Rental | 12.0% | 18.0% | 70.0% |
| Boat Rental | 12.3% | 16.3% | 61.4% |
| Boat Club | 13.0% | 48.0% | 39.0% |
| Pumpout | 8.0% | 65.0% | 27.0% |
| Used Boat Sales/Brokerage | 21.0% | 32.0% | 47.0% |
| New Boat Sales/Brokerage | 18.0% | 27.0% | 55.0% |
| Self-Service Repair | 7.3% | 76.4% | 16.3% |
| Haul-Out/Winterization Services | 17.8% | 54.6% | 27.6% |
| Boat Maintenance/Repair | 27.0% | 30.0% | 43.0% |
| Ship/Convenience Store | 21.5% | 36.7% | 41.8% |
| Commercial/Retail Lease Space | 4.4% | 54.4% | 41.2% |
| Restaurant | 11.0% | 28.0% | 61.0% |
| Fuel | 26.5% | 18.0% | 55.5% |
| Launch Ramp | 8.7% | 57.6% | 33.7% |
| Moorings | 11.0% | 36.0% | 53.0% |
| **Dry Storage** | **15.0%** | **37.0%** | **48.0%** |
| Transient Slips | 17.0% | 35.0% | 48.0% |
| **Leased Slips** | **16.0%** | **28.0%** | **56.0%** |

The subject has campground/RV pad sites and will also include cabins with 65% of respondents indicating increases in their revenues for this department. The subject has dry (land) storage with 48% of respondents indicating increases in this department. The subject has leased slips with 56% of respondents indicating increases in this department.

The table that follows summarizes marina expenses by age of the marina.

| Marina Expenses - 2014 Over 2013 | | | |
|---|---|---|---|
| | Decreased | Stayed Same | Increased |
| Facility Age | | % of Respondents | |
| New (Less than 7 Years) | 15.0% | 40.0% | 43.0% |
| Medium (8 - 35 Years) | 8.0% | 27.0% | 65.0% |
| **Old (36+ Years)** | **6.0%** | **22.0%** | **72.0%** |
| Overall | 8.0% | 25.0% | 67.0% |

The subject is 21-25 years old. The majority (72%) of marinas over 36 years of age indicated increases in operating expenses.



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The table that follows details whether or not marinas will post a gross profit for 2014, based on marina size.

| Marina Gross Profit - Will Report a Gross Profit | | | |
|---|---|---|---|
| | No | Do Not Know | Yes |
| Marina Size | | % of Respondents | |
| **Small (1 - 99 Slips)** | **19.0%** | **17.0%** | **64.0%** |
| **Medium (100 - 249 slips)** | **16.0%** | **14.0%** | **70.0%** |
| Large (250 - 749 slips) | 9.2% | 14.5% | 76.3% |
| Very Large (Over 750 slips) | 11.0% | 11.0% | 78.0% |
| Overall | 14.5% | 14.5% | 71.0% |

The majority of small marinas (64%) reported that they would report a gross profit in 2014. The majority of medium marinas (70%) reported that they would report a gross profit in 2014.

The table that follows details changes in gross profit in 2014 over 2013.

| Marina Gross Profit - 2014 Over 2013 | | | |
|---|---|---|---|
| | Decreased | Stayed Same | Increased |
| Ownership Type/ Size/ Age | | % of Respondents | |
| Government Owner | 9.0% | 34.0% | 57.0% |
| Corporate Owner | 17.8% | 28.6% | 53.6% |
| **Private Owner** | **22.4%** | **24.5%** | **53.1%** |
| Overall | 19.2% | 28.8% | 52.0% |
| | | | |
| New (Less than 7 Years) | 53.8% | 50.0% | 68.0% |
| Medium (8 - 35 Years) | 21.5% | 20.0% | 0.0% |
| **Old (36+ Years)** | **24.7%** | **30.0%** | **32.0%** |

The majority (53.1%) of private owner reported that gross profit increased in 2014. The majority (32%) of marinas over 36 years old reported that gross profit increased in 2014.

**Conclusion**

The majority of respondents indicated stable to increasing occupancy rates in 2014 over 2013. Most respondents had an occupancy rate above 85%. Most respondents also indicated increased revenues. These are all positive indications for the marina industry.

An article in Marina Dock Trends states that the market is improving for marina properties. The article reports that pre-recession, marina capitalization rates were around 5% to 6%. Post-recession through May 2014, capitalization rates were around 10%. Since May 2014, capitalization rates for marinas began decreasing.

Though the boating industry experienced a decline in revenue and participation during the recession, demand for slips far exceeds the current supply. Many industry experts as well as local brokers in



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marina sales have indicated that now is a good time to invest in a marina, despite the previous recession and limited financing.

## Competitive Marinas

The most significant supply and demand indicators for the subject are rental and occupancy rates experienced by directly competing properties. The operation of a pleasure craft marina provides revenue sources which include a mix of various rental, sales and services for the pleasure craft operators. Principle revenue stream for pleasure craft marinas includes in-water slips, fuel sales, and building rent.

The subject's asking and average contract rates are shown in the table that follows. The current operator is leasing the marina slips by linear feet of vessel length. We have then converted this rental income into a rental rate per linear foot of dock space. The subject offers slip rental on a daily, weekly, monthly, seasonal and annual basis. The contracted rental rates represent a blend of these rates, from daily tenants to long term tenants on annual leases. According to management, approximately 60% of the occupants at any given time are seasonal or annual tenants.

**Marina Rent Roll**

| Year | # of Slips | Average LF per Slip | Total Annual LF Available | Total LF Occupied | Annual Occupancy Rate | Total Rental Revenue | Average Monthly Rental Rate/LF |
|---|---|---|---|---|---|---|---|
| 2010 | 105 | 53.29 | 2,042,170 | 1,379,235 | 67.5% | $1,551,721 | $34.22 |
| 2011 | 105 | 53.18 | 2,038,110 | 1,298,157 | 63.7% | $1,490,744 | $34.93 |
| 2012 | 105 | 54.24 | 2,078,880 | 1,155,377 | 55.6% | $1,290,526 | $33.97 |
| 2013 | 105 | 54.10 | 2,073,200 | 1,206,388 | 58.2% | $1,362,951 | $34.36 |
| 2014 | 105 | 54.10 | 2,073,200 | 1,233,672 | 59.5% | $1,513,100 | $37.31 |
| 2015 (Annualized) | 105 | 54.10 | 2,073,200 | 1,172,976 | 56.6% | $1,438,110 | $37.29 |
| Average | 105 | 54 | 2,063,127 | 1,240,968 | 60.1% | $1,441,192 | $35.35 |

We weren't provided with a current rent roll for the marina slips but we were provided with monthly historical occupancy and rental rate data. With the transient nature of marina tenants, a historical rent and occupancy figures are a more accurate indication of the income properties of the marina. Rental rates at the subject, and in this market, are based on a rate per linear foot of vessel length. As discussed earlier, the subject contains 105 wet slips with a total of 5,680 linear feet of rentable dock space, which indicates a total of 2,073,200 rentable linear feet per year.

As of the effective valuation date, the subject marina has experienced an overall occupancy rate of 56.3% for the year to date 2015. We have looked at occupancy rates on an average, annual basis due to the seasonal characteristics of this property type in this market. Again, due to the transient nature of the tenants in this property type and the short term nature of the leases which can range from daily to annually, the overall occupancy rate will be lower than other commercial property types such as lodging, multifamily, retail and office. The subject's current occupancy rate is slightly lower than historical rates, but the property is considered to be at stabilized occupancy.

The weighted average contract rate is $37.29 per linear foot per month for the year to date 2015, which equates to an average contract rate of $447.50 per linear foot per year.



HOUSE_OVERSIGHT_018840

marina sales have indicated that now is a good time to invest in a marina, despite the previous recession and limited financing.

## Competitive Marinas

The most significant supply and demand indicators for the subject are rental and occupancy rates experienced by directly competing properties. The operation of a pleasure craft marina provides revenue sources which include a mix of various rental, sales and services for the pleasure craft operators. Principle revenue stream for pleasure craft marinas includes in-water slips, fuel sales, and building rent.

The subject's asking and average contract rates are shown in the table that follows. The current operator is leasing the marina slips by linear feet of vessel length. We have then converted this rental income into a rental rate per linear foot of dock space. The subject offers slip rental on a daily, weekly, monthly, seasonal and annual basis. The contracted rental rates represent a blend of these rates, from daily tenants to long term tenants on annual leases. According to management, approximately 60% of the occupants at any given time are seasonal or annual tenants.

**Marina Rent Roll**

| Year | # of Slips | Average LF per Slip | Total Annual LF Available | Total LF Occupied | Annual Occupancy Rate | Total Rental Revenue | Average Monthly Rental Rate/LF |
|---|---|---|---|---|---|---|---|
| 2010 | 105 | 53.29 | 2,042,170 | 1,379,235 | 67.5% | $1,551,721 | $34.22 |
| 2011 | 105 | 53.18 | 2,038,110 | 1,298,157 | 63.7% | $1,490,744 | $34.93 |
| 2012 | 105 | 54.24 | 2,078,880 | 1,155,377 | 55.6% | $1,290,526 | $33.97 |
| 2013 | 105 | 54.10 | 2,073,200 | 1,206,388 | 58.2% | $1,362,951 | $34.36 |
| 2014 | 105 | 54.10 | 2,073,200 | 1,233,672 | 59.5% | $1,513,100 | $37.31 |
| 2015 (Annualized) | 105 | 54.10 | 2,073,200 | 1,172,976 | 56.6% | $1,438,110 | $37.29 |
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We weren't provided with a current rent roll for the marina slips but we were provided with monthly historical occupancy and rental rate data. With the transient nature of marina tenants, a historical rent and occupancy figures are a more accurate indication of the income properties of the marina. Rental rates at the subject, and in this market, are based on a rate per linear foot of vessel length. As discussed earlier, the subject contains 105 wet slips with a total of 5,680 linear feet of rentable dock space, which indicates a total of 2,073,200 rentable linear feet per year.

As of the effective valuation date, the subject marina has experienced an overall occupancy rate of 56.3% for the year to date 2015. We have looked at occupancy rates on an average, annual basis due to the seasonal characteristics of this property type in this market. Again, due to the transient nature of the tenants in this property type and the short term nature of the leases which can range from daily to annually, the overall occupancy rate will be lower than other commercial property types such as lodging, multifamily, retail and office. The subject's current occupancy rate is slightly lower than historical rates, but the property is considered to be at stabilized occupancy.

The weighted average contract rate is $37.29 per linear foot per month for the year to date 2015, which equates to an average contract rate of $447.50 per linear foot per year.



HOUSE_OVERSIGHT_018841

## Competitive Marinas

The competitive marina rates are shown on the page that follows. It is our opinion that the subject's rates are at market levels; based on its age, location, and condition.

**Competitive Marinas - St. Thomas**

| Marina | # of Wet Slips | Length | Avg. Monthly Wet Slip Rental/LF | Avg. Annual Wet Slip Rental/LF | Services/Amenities |
|---|---|---|---|---|---|
| Sapphire Beach Resort and Marina<br>6720 Estate Smith Bay<br>St. Thomas, VI | 67 | 50' | $18.00 | $216.00 | Marina is located in a beachfront resort property. Amenties include 24/7 security, dock power/AC hookup, WIFI, fresh water hookup, showers and hotel resort amenties. Some of these docks are privately owned, but rental rates are typical throughout. This is an uprotected marina. |
| Compass Point Marina<br>41-6-1 & 41-7 Estate Frydenhoj<br>St. Thomas, VI | 38<br>59<br>46<br>10 | <30'<br>31'-40'<br>41'-50'<br>>50' | $18.30<br>$16.61<br>$16.89<br>$17.67 | $219.60<br>$199.32<br>$202.68<br>$212.04 | This marina is also located in Benner Bay and includes a combination of apartments, retail and office space containing 25,552 square feet of rentable area. Amenities include, fresh water and electricity and finger peirs. |
| Yacht Haven Grande<br>Long Bay Rd, Charlotte Amalie<br>St. Thomas, VI | 46 | <80'<br>80'-175'<br>>175" | $84.25<br>$129.12<br>$164.40 | $1,011.05<br>$1,549.43<br>$1,972.83 | This marina is located in Long Bay near Charlotte Amalie in St. Thomas. This is considered the premier luxury marina in the U.S. Virgin Islands and has the ability to berth megayachts up to 450 feet in length. There is 80,000 sf of high-end retail space at the property. Marina amenities include electricity and fresh water, shower facilities, swimming pool and spa, business services, fueling, waste management services, 24/7 security, laundry service and provisioning options. The rental rate displayed is an average of summer and winter rates, and does not include utilities or service amenities. |
| Crown Bay Marina<br>8167 Sub Base<br>St. Thomas, VI | 99 | <55'<br>56'-75'<br>76'-130'<br>131'-200' | $82.13<br>$109.50<br>$126.23<br>$142.96 | $985.50<br>$1,314.00<br>$1,514.75<br>$1,715.50 | Full-service marina able to berth vessels up to 200 feet in length and located less than 2.0 miles from the Cyril E. King International Airport. This property also contains a significant amount of retail/commercial building space with various shops, restaurants and office space. Amenities include electricity, fresh water, fueling, full-service conciege desk, free wifi, satellite TV, 24/7 security and showers. |
| Oasis Cove Marina<br>135 Estate Frydenhoj<br>St. Thomas, VI | 26 | <30'<br>30' - 60' | $26.67<br>$24.44 | $320.00<br>$293.33 | Located in Benner Bay, this marina was recently renovated within the past two years. Amenities include 24/7 security, fresh water hookups, electricity, WIFI, and good overall construction. The marina requires a one-year contract for wet slip rentals. |
| American Yacht Harbor<br>18A-1, 18-B1,18-B and 18-W<br>Remainder Estate Smith Bay<br>St. Thomas, VI | 98<br><br>7 | <49'<br>50' - 79'<br>>80'<br>T-Heads | $43.50<br>$50.80<br>$102.81<br>$102.81 | $521.95<br>$609.55<br>$1,233.70<br>$1,233.70 | Subject marina that is part of a full scale, mixed use property that contains various retail and office compontents. There are a total of 9 restaurants on this property and many more shops and stores throughout. Marina amenities include electricity, fresh water, 24/7 security, WIFI and on-site fuel. |



HOUSE_OVERSIGHT_018842

**Competitive Marinas - British Virgin Islands**

| Marina | # of Wet Slips | Length | Avg. Monthly Wet Slip Rental/LF | Avg. Annual Wet Slip Rental/LF | Services/Amenities |
|---|---|---|---|---|---|
| Soper's Hole Marina<br>West End<br>Tortola, BVI | 45 | <80'<br>>80' | $38.02<br>$57.03 | $456.25<br>$684.38 | Mixed-use marina property that contains shops, restaurants, offices and water-sports rentals in addition to 20 protected moorings and 45 wet slips. Amenities include electricity, fresh water, fueling, showers, waste management, and free wifi in addition to haul-out and repair and maintenance services. |
| Nany Cay<br>Tortola, BVI | 180 | 35'-49'<br>50'-100'<br><100'<br>T-Head | $43.95<br>$51.86<br>$78.32<br>$71.78 | $527.43<br>$622.33<br>$939.88<br>$861.40 | This is a protected marina located on the southern coast of Tortola, between Road Town and West End. The property contains retail, office and hotel uses on site. Amenities include electricity, fresh water, showers, waste disposal and haul and repairs and maintenance services. This marina also includes dry slips which are not included in this analysis. |
| Virgin Gorda Yacht Harbor<br>St Thomas Bay<br>Virgin Gorda, BVI | 120 | <55'<br>56'-79'<br><80' | $34.98<br>$76.04<br>$83.65 | $419.75<br>$912.50<br>$1,003.75 | This marina is located in Spanish Town on the island of Virgin Gorda. Both wet and dry slips are offered but the dry slip rates have not been considered in this analysis. There are some retail and office components at the property. Marina amenities include electricity, fresh water, showers, garbage disposal, laundry, provisioning and fueling. |



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## Maps of Competitive Marinas

St. Thomas

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British Virgin Islands

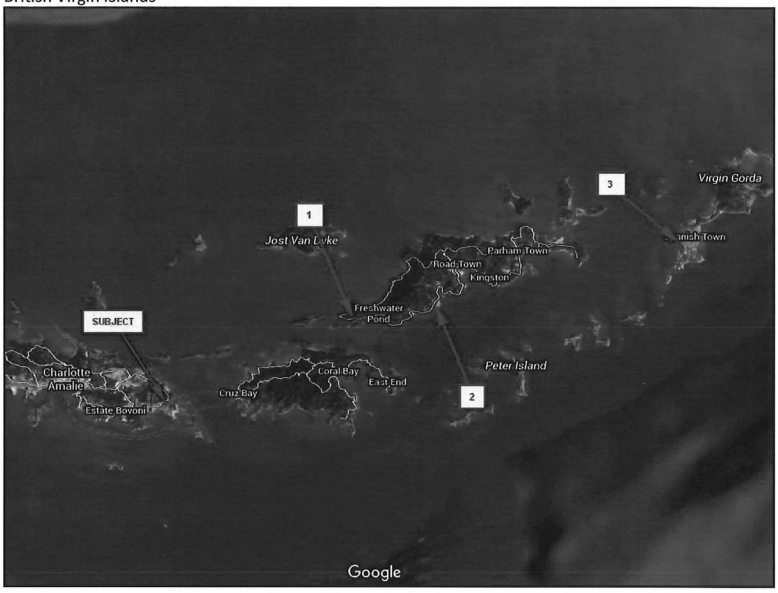




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Of the comparable marinas in St. Thomas, Yacht Haven Grande is the most superior in terms of location, quality and amenities. This marina is typically geared to extremely large vessels such as mega-yachts. Crown Bay Marina is slightly inferior to Yacht Haven Grande, but is still superior to the subject in quality and amenities. Sapphire Beach Resort, Compass Point and Oasis Cove are all considered to be inferior marinas to the subject based on location, quality and amenities offered. These marinas mostly cater to live-aboards and smaller vessels.

The most comparable properties are located in the British Virgin Islands (BVI). Nany Cay and Virgin Gorda Yacht Harbor are slightly superior to Soper's Hole, but they are all similar in quality and amenities as the subject property. The location of the subject in St. Thomas, and its specific location within St. Thomas, is considered superior based on convenience.

The majority of the subject's wet slips (98 out of 105) allow for vessels less than 80'. In this size range, the comparable marinas in St. Thomas range from $199.32 - $1,314 with an average of $578.38 per linear foot. The comparable marinas in the BVI range from $419.75 - $912.50 with an average of $587.65 per linear foot in this size range. The subject's asking rates for this size vessel averages approximately $565.75, which is slightly below average but reasonable.



HOUSE_OVERSIGHT_018846

# Property Analysis

## Land Description and Analysis

### Land Area Summary

| Parcel ID | Address | SF | Acres |
|---|---|---|---|
| 1-07702-0135-00 | 18A-1 Remainder Smith Bay | 9,583 | 0.22 |
| 1-07702-0134-00 | 18B-1 Remainder Smith Bay | 20,909 | 0.48 |
| 1-07702-0133-00 | 18B Remainder Smith Bay | 61,855 | 1.42 |
| 1-07702-0198-00 | 18-W (filled land) | 27,878 | 0.64 |
| Total | | 120,226 | 2.76 |

Source: Land survey by Brian Moseley dated 12/10/2010

Note that Parcel No 18-W was originally submerged seabed in Vessup Bay; however, this area was re-claimed (filled) at an unknown date and subsequently improved upon. The subject property also includes a leasehold interest in 3.2 acres of submerged seabed under the dock structures that is owned by the Government of the Virgin Islands.



HOUSE_OVERSIGHT_018847

| Land Description | |
|---|---|
| Land Area | 2.76 acres; 120,226 SF |
| Source of Land Area | Land survey by Brian Moseley dated 12/10/2010 |
| Primary Street Frontage | Smith Bay Road - 765 feet |
| Shape | Irregular |
| Corner | No |
| Water Frontage | Yes |
| Topography | Genetly sloping east and towards the water |
| Drainage | No problems reported or observed |
| Environmental Hazards | None reported or observed |
| Ground Stability | No problems reported or observed |
| Flood Area Panel Number | 7800000029G |
| Date | April 16, 2007 |
| Zone | AE |
| Description | Within 100-year floodplain |
| Insurance Required? | Yes |
| **Zoning; Other Regulations** | |
| Zoning Jurisdiction | U.S. Virgin Islands Department of Planning and Natural Resources |
| Zoning Designation | W-1 |
| Description | Waterfront - Pleasure |
| Legally Conforming? | Appears to be legally nonconforming |
| Zoning Change Likely? | No |
| Permitted Uses | Variety of commercial uses, oriented towards water recreation and hospitality uses |
| Minimum Lot Area | 10,000 s.f. |
| Minimum Street Frontage (Feet) | None |
| Minimum Lot Width (Feet) | 100' |
| Minimum Front Setback (Feet) | 25' |
| Minimum Side Yard (Feet) | 10' |
| Maximum Building Height | 3 stories |
| Maximum Site Coverage | 0.4 |
| Maximum Density | Maximum of 2 dwelling units per lot or 8.35 dwelling units per acre |
| Rent Control | No |
| Other Land Use Regulations | None that we are aware |
| **Utilities** | |
| Service | Provider |
| Water | Reverse Osmosis/WAPA available |
| Sewer | WAPA |
| Electricity | WAPA |
| Natural Gas | N/A |
| Local Phone | Various providers |

It appears based the land survey provided that a portion of the building improvements does not meet the setback requirements by zoning and that the subject is a legal, nonconforming use. However, we



HOUSE_OVERSIGHT_018848

are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

The subject is located within a 100-year floodplain related to coastal flooding, which would require additional insurance at the expense of the owner.

The subject site has 765 linear feet of frontage along Smith Bay Road. In addition, the subject has 846 linear feet of water frontage along Vessup Bay. There is no beach along the waterfront portion; with the coastline being that of existing and former mangroves. It is assumed that dredging occurred at some point in time which enabled dockage in close proximity to the water line.

## Easements, Encroachments and Restrictions

Based upon a review of the deed and property survey, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value. According to the property survey provided, the subject parking garage encroaches the neighboring parcel to the north in two separate areas: an 82 square foot area encroaches onto Parcel 18N-1-A A, and a 105 square foot area encroaches onto Parcel 18B-2 A. These areas are small in size and the parcels being encroached upon are uneconomic remnants of land owned by the Government of the Virgin Islands. As a result, these encroachments do not have an adverse effect on the overall value of the subject. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

## Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. The subject's location along Smith Bay Road in the heart of Red Hook, along with its extensive water frontage on Vessup Bay, are major drivers of demand and value for marina and commercial use on the site. We are not aware of any other particular restrictions on development.



HOUSE_OVERSIGHT_018849

## Cadastral Map

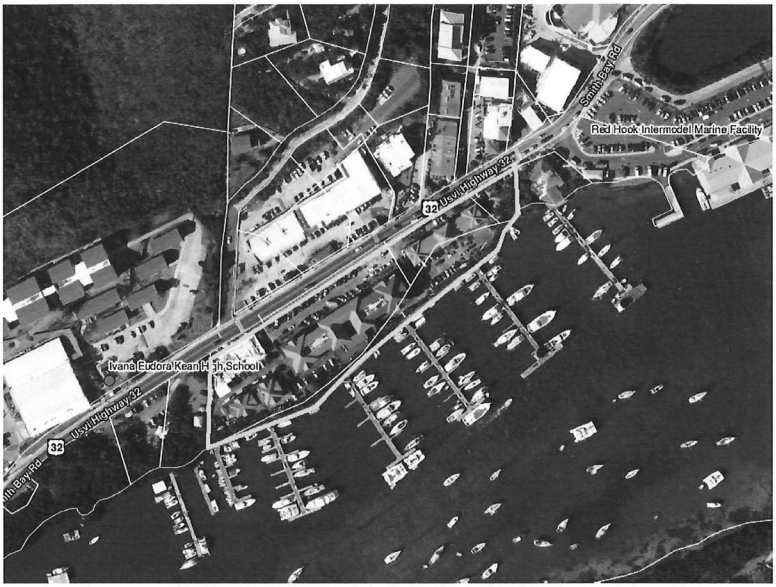


Note that the area outlined in yellow above only includes the (upland) land area of the subject property and not seabed beneath the marina.



HOUSE_OVERSIGHT_018850

## Flood Map

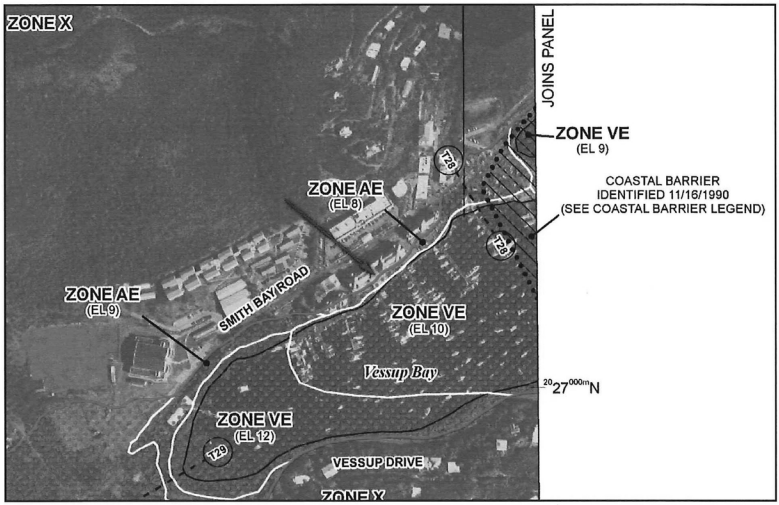




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## Site Plan

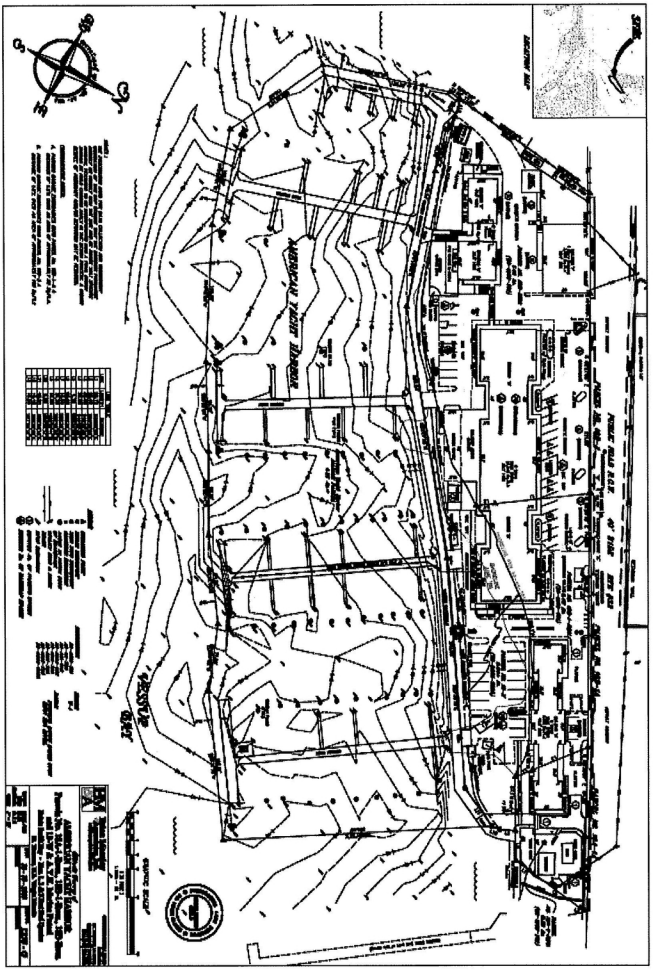



HOUSE_OVERSIGHT_018852

## Improvements Description and Analysis

The subject is an existing 250-slip marina with 5 commercial buildings containing a mixture of retail and office space types. The buildings contain 48,661 square feet of rentable area and were constructed in multiple stages; with the majority of the construction completed in 1993. The commercial space is 85% leased as of the effective appraisal date. The marina docks were constructed in multiple phases between 1991-1995 and are 52.8% occupied as of the effective appraisal date. The total site area is 2.76 acres or 120,226 square feet, which includes 0.64 acre or 27,878 square feet, that is re-claimed land. The property also includes 3.2 acres of seabed under the marina dock structures which is leased to the property owner from the Government of the Virgin Islands.

| Improvements Description | |
|---|---|
| Name of Property | IGY American Yacht Harbor Marina |
| General Property Type | Mixed Use |
| Property Sub Type | Marina |
| Competitive Property Class | B |
| Occupancy Type | Multi-Tenant |
| Percent Leased | 85% |
| Number of Tenants | 36 |
| Tenant Size Range (SF) | 292 - 6,000 |
| Number of Buildings | 5 |
| Stories | 3 |
| Construction Class | A |
| Construction Type | Steel frame |
| Construction Quality | Good |
| Condition | Good |
| Units per Acre (Density) | 38.0 |
| Gross Building Area (SF) | 72,808 |
| Rentable Area (SF) | 48,652 |
| Land Area (SF) | 120,226 |
| Floor Area Ratio (RA/Land SF) | 0.40 |
| Floor Area Ratio (GBA/Land SF) | 0.61 |
| Building Area Source | Rent roll and land survey by Brian Moseley dated 12/10/2010 |
| Year Built | 1992 |
| Year Renovated | N/A |
| Actual Age (Yrs.) | 23 |
| Estimated Effective Age (Yrs.) | 15 |
| Estimated Economic Life (Yrs.) | 55 |
| Remaining Economic Life (Yrs.) | 40 |
| Number of Parking Spaces | 167 |
| Source of Parking Count | Inspection |
| Parking Type | 89 surface; 78 covered, underground |
| Parking Spaces/1,000 SF RA | 3.43 |



HOUSE_OVERSIGHT_018853

| Construction Details | |
|---|---|
| Foundation | Reinforced concrete footings |
| Structural Frame | Steel frame |
| Corridor | Exterior breezeways |
| Exterior Walls | Painted mansory on the lower levels, wood-siding on the upper levels |
| Windows | Fixed commercial glass with wooden hurricane shutters |
| Roof | Pitched with standing seam metal roof |
| Interior Finishes | The subject property contains a total GBA of 72,808 and a rentable area of 48,652. The large difference in area totals is due to a siginificant amount of exterior common areas as well as a 1,406 SF management office. The improvements are contained within five total buildings varying from one story to three stories. Each building contains a mixutre of retail and office space, with the retail spaces generally on the ground levels and the office spaces generally on the upper levels. The interior upfits of the spaces vary in use, quality and condition but generally are considered to be of good quality and condition. Based on the rent roll there are a total of 39 rentable spaces of which 10 are upfit as bar/restaurants (3 which share a kitchen), 17 are considered general retail spaces, 11 are considered general office spaces and one is considered a storage space. |
| Floors | Combination of carpet, ceramic or porcelain tile, hardwood, and exposed brick. |
| Walls | Combination of rendered and painted masonry and painted sheetrock. |
| Ceilings | Combination of suspended grid accoustic panels, painted sheetrock, and tongue and groove or bead board. |
| Lighting | Combination of incandescent and fluorescent lighting with fixtures ranging from average to good quality. |
| Electrical | Assumed typical installation to code |
| Plumbing | Assumed typical installation to code |
| Heating | None |
| Air Conditioning | Central |
| Utility Meters - Tenants | Individually metered for water and electricity |
| Elevators | One |
| Rest Rooms | Common area bathroom are adequate. There are four full bathrooms of good quality that are available to tenants of the marina. |
| Sprinklers | None |
| Other Fire Safety | Steel structural beams are fire coated with concrete |
| Security | The subject is gated along the waterfront and interior/exterior security cameras are installed throughout the property. |
| **Site Improvements** | |
| Landscaping | Average |
| No. of Customer Parking Spaces | 167 |
| Gates/Fencing | Over 6' aluminum gate along the subject's waterfrontage |
| Paving | Combination of concrete and brick pavers |



HOUSE_OVERSIGHT_018854

## Improvements Analysis – Building Improvements

### Quality and Condition

The quality and condition of the subject is considered to be superior to that of competing properties. The interior and exterior building improvements are considered to be of good quality and in good condition based on our inspection.

### Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

### Deferred Maintenance

A few items of deferred maintenance were identified during our inspection and based on discussions with management. These include repairs and replacement to the parking garage ceiling, replacing the wooden deck on the upper level Building A, and re-facing various portions of the marina jettys. Note that a detailed description of the marina improvements will be discussed in the following section of this report. To estimate the cost to cure deferred maintenance, we rely on construction estimates from management as shown below.

**Deferred Maintenance**

| Item | Estimated Cost |
|---|---|
| Parking garage ceiling | $40,000 |
| Wooden deck repair/replacement | $25,000 |
| Marina decking and fendering repair/replace | $96,000 |
| Total | $161,000 |

*Values expressed in United States Dollars

### Planned Capital Expenditures

From 2013 to 2015, a total of $771,460.93 has been spent on various capital expenditures. The major improvements over the past three years were $84,088 for exterior column replacement, $62,172 for security cameras, $62,013 for marina bathrooms, and $281,950 for hand rail replacement. Upcoming expenditures for various capital items considered to be necessary are identified in the following table. To estimate the amounts of these expenditures, we rely on discussions with management. Estimated capital expenditures are as follows.



HOUSE_OVERSIGHT_018855

| Capital Expenditures | |
|---|---|
| Item | Year 1 |
| Transformer | $10,000 |
| Exterior stairwell repairs | $30,000 |
| Total | $40,000 |
| Percent Applied | 100% |
| Net Total | $40,000 |

*Values expressed in United States Dollars

### ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

### Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. There are three 10,000 gallon diesel storage tanks and one 10,000 gallon gasoline storage tank located unground at the subject site. In addition, there is a marine fueling dock located on the marina. We have assumed there is no environment damage to the subject property as the result of these fuel stations and unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

### Personal Property

No personal property items were observed that would have any material contribution to market value.

## Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

| Improvements Ratings | |
|---|---|
| Visibility/Exposure | Above Average |
| Design and Appearance | Above Average |
| Age/Condition | Above Average |
| Adaptability of Space to other Retail Users | Above Average |
| Bathrooms | Average |
| Parking Ratios | Below Average |
| Distance of Parking to Building Access | Average |
| Landscaping | Average |



HOUSE_OVERSIGHT_018856

Overall, the quality, condition, and functional utility of the improvements are above average for their age and location. The subject benefits from good access and visibility from both the waterfront and the main thoroughfare of Smith Bay Road. In addition, the overall quality and condition of the subject is above average for this market. Due to the small site size and large number of commercial tenants, there is insufficient parking at the subject based on market standards.

## Improvement Analysis – Marina

The marina currently contains 105 wet slips, although that number can vary somewhat depending on the size (width) of the occupying vessels. Each designated slip is supplied with its own electrical outlet and fresh water supply, as well as access to a refueling line. The individual slip sizes can vary based on boater needs, but they can accommodate a variety of vessels, typically within the range from 30 to 79 linear feet for the standard slips, and 79 to 110 linear feet for the T-head slips. In addition, some slips have an attached finger for easier access, which is considered more desirable.

Generally the jetties and slips are constructed of PVC pilings bored and filled with concrete and steel; and wood plank surfacing. Many of the smaller slips are horizontally separated by wooden columns used to tie up vessels rather than there being jetties between each slip.

The physical docks were constructed over several years, from 1991-1995, and are considered to be in average condition. Ongoing renovations have been made to the docks throughout the years, with upcoming expenditures included a complete resurfacing as well as re-facing the wooden skirts on most concrete pilings. The docks consist of mostly concrete pilings and cross braces with some wood, along with wooden skirts and wood decking surface. There have been no major renovations to slip structure within the past five years.

The subject marina benefits greatly from its location in Vessup Bay, which is well protected and positioned in a convenient area at the heart of Red Hook. In addition, this bay has a direct route to St. John and the British Virgin Islands and has a depth that will accommodate vessels with a maximum draft of 10 feet and a maximum vessel length of 110 feet. The subject is one of the closest commercial marinas to both St. John and the BVI, and this convenient location is a major demand generator for commercial charters as well as vessels based in St. John and the BVI which are often in need of a fueling station. The quality and condition of the docks is considered to be average; however, the services and amenities offered at this marina are considered to be above average.



HOUSE_OVERSIGHT_018857

Front exterior of commercial building
(Photo Taken on November 25, 2015)

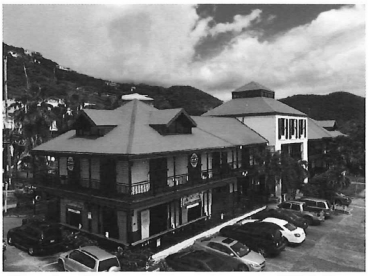

Front and side exterior of commercial building
(Photo Taken on November 25, 2015)

Side exterior of commercial building
(Photo Taken on November 25, 2015)

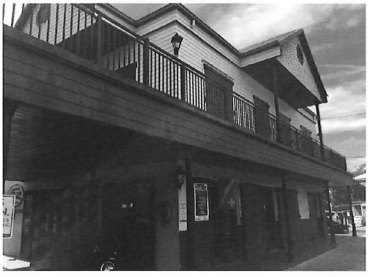

Rear and side exterior of commercial building
(Photo Taken on November 25, 2015)

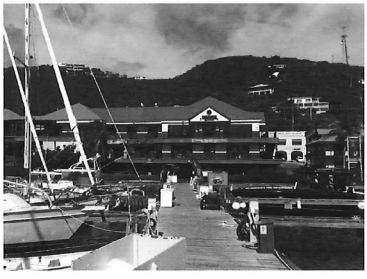

Rear exterior of commercial building from marina dock
(Photo Taken on November 25, 2015)

Rear exterior of commercial building
(Photo Taken on November 25, 2015)



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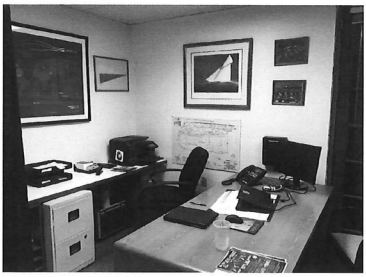

Interior of management office
(Photo Taken on November 25, 2015)

Bathrooms for marina tenants
(Photo Taken on November 25, 2015)

Interior of restaurant space
(Photo Taken on November 25, 2015)

Interior of general retail space
(Photo Taken on November 25, 2015)

Interior of general retail space
(Photo Taken on November 25, 2015)

Interior of general retail space
(Photo Taken on November 25, 2015)



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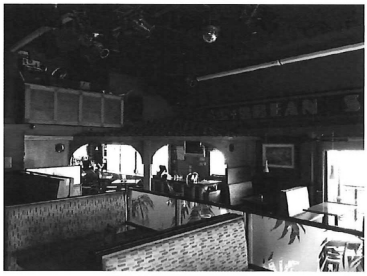

Interior of restaurant space
(Photo Taken on November 25, 2015)

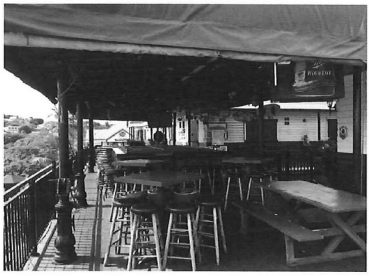

Interior of restaurant space
(Photo Taken on November 25, 2015)

Interior of vacant office space
(Photo Taken on November 25, 2015)

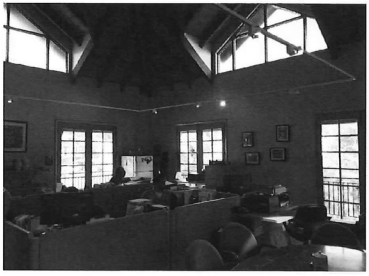

Interior of occupied office space
(Photo Taken on November 25, 2015)

Interior of restaurant space
(Photo Taken on November 25, 2015)

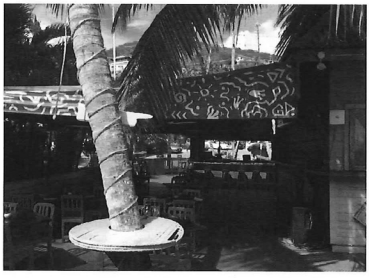

Interior of restaurant space
(Photo Taken on November 25, 2015)



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Typical marina dock
(Photo Taken on November 25, 2015)

Marina dock looking back to main commercial building
(Photo Taken on November 25, 2015)

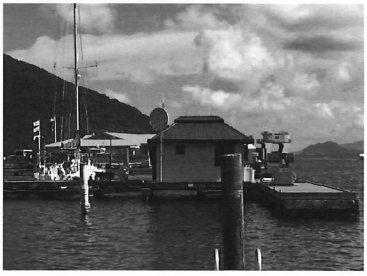

Fuel dock
(Photo Taken on November 25, 2015)

Close-up of dock surface
(Photo Taken on November 25, 2015)

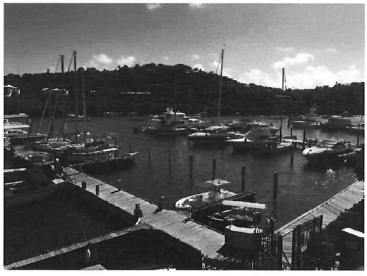

Overview of marina dock
(Photo Taken on November 25, 2015)

Street view of Smith Bay Road looking northeast
(Photo Taken on November 25, 2015)



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## Prosecutor's home torched after cameras disabled Page 2

## Boards of Elections delay in counting votes violates V.I. Code Page 2

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The Virgin Islands

# DAILY NEWS

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FRIDAY, NOVEMBER 9, 2012 82nd year, No. 22542

### CHARGES: ILLEGAL PROCEEDS TOTAL $1.1 MILLION

# Senator indicted

## Alvin Williams Jr. and two Senate staffers arrested in federal fraud and bribery case

Page 3

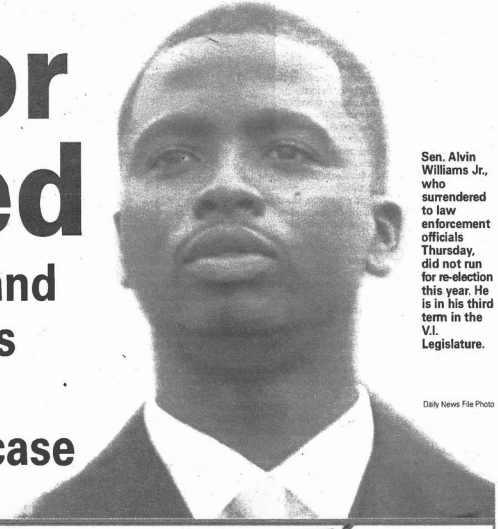

Sen. Alvin Williams Jr., who surrendered to law enforcement officials Thursday, did not run for re-election this year. He is in his third term in the V.I. Legislature.

Daily News File Photo

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Scotiabank

# Prosecutor's home destroyed in suspected arson on St. Croix

By LOU MATTEI
Daily News Staff

ST. THOMAS — V.I. Police and V.I. Fire Service officials on St. Croix are investigating what they say is suspected arson at the home of a criminal prosecutor for the V.I. Attorney General's Office.

The Estate St. George home of Assistant Attorney General Kip Roberson was fully engulfed in flames when five Fire Service trucks responded to a 911 call about 11 a.m. Thursday, according to St. Croix Fire Chief Angel Torres Sr. and Attorney General Vincent Frazer.

Torres estimated that the home had been burning for about 15 minutes before the call came in. He said firefighters had to force their way through a motorized gate to gain access to the burning house. No one was inside, and no one was hurt in the blaze, but the home was completely destroyed, Torres said.

"It's a total loss," Torres said.

Torres said firefighters also found that surveillance cameras at the home had been tampered with.

"Someone cut the wires," he said. "The wires was pulled out and the screens were pulled out and thrown in the bushes."

Torres said firefighters found evidence of tampering on the doors to the home, which appeared that someone had tried to pry the doors open. The Fire Service did not leave the scene until 3:20 p.m., Torres said.

Torres said Thursday evening that the Fire Service had not contacted any witnesses at that point and that Roberson's home was located in an isolated area. He said he believed Roberson shared the home with another attorney, but he did not know the attorney's name.

"Apparently they were a couple, but it's an ongoing investigation," Torres said. "We gotta really follow up on some leads and stuff we're looking at."

Roberson could not be reached for comment Thursday evening.

Frazer declined to comment about Roberson's living situation. The attorney general said late Thursday that he had not yet been fully briefed on the fire, but he had a deputy on St. Croix looking into the question of whether the suspected arson could be connected to any cases Roberson was working.

"I hope not, but we will look into that," Frazer said.

Torres said the fire remains under investigation by the Police Department's forensics unit and the Fire Service's arson prevention unit. Anyone with information about the fire can call the Fire Service at **773-8050** and ask for the arson prevention unit.

# Elections boards' slow vote count violates V.I. law

By LOU MATTEI
Daily News Staff

ST. THOMAS — Both Boards of Elections in the Virgin Islands have run afoul of the V.I. Code and board policies in the wake of Tuesday's general election, from which paper ballots are still being tallied.

The V.I. Code requires the boards to count the votes for each candidate within a day of receiving ballot materials from the polling places: "Each board of elections, after having received all statements, books, lists, papers, vouchers, ballots, ballot boxes and district register from each polling district and polling place in its district, shall convene not later than one day following the receipt thereof and determine the total number of votes cast in the election district for each candidate."

The law states that the boards must convene no later than three days after receiving the aforementioned materials to tally votes for the Board of Education and Board of Elections races.

On Tuesday, a majority of the votes from all races were cast on electronic machines, and results from those ballots were available within hours of the polls closing.

However, widespread distrust of the machines led to a spike in the use of paper ballots — more than 4,500 vote count and, in effect, hampered the boards' abilities to comply with the law.

Today marks the third day since the boards received all the ballots from the polling sites Tuesday night.

The St. Thomas-St. John Board hopes to finish counting the Senate races by the end of the day today before moving on to other races, according to board member Lorna Thomas.

The St. Croix Board is scheduled to begin counting its 2,781 paper ballots today.

Thomas, who helped on Thursday to oversee her board's tally of about 600 ballots in the Senate race, said the law makes little sense in the context of the territory's current paper ballots, which can be counted only by hand.

Daily News Photo by FIONA STOKES

St. Croix Board of Elections member Lisa Harris Moorhead looks on as board members and election judges sort and count ballots Thursday. The board issued a statement Thursday that it had finished sorting more than 2,700 ballots and will begin counting them today at the Election System Office in Sunny Isle Shopping Center.

"Literally it would have been impossible to follow," Thomas said when asked about the law. "I don't see how we could have done that."

Thomas said the board should have new voting machines by the 2014 elections that can tally paper ballots automatically.

When asked about enforcing the section of the law cited above, V.I. Attorney General Vincent Frazer said he "would have to look at that and see."

The boards' handling of the paper ballots also has brought them into conflict with a Board of Elections policy.

Joint Board of Elections Chairman Rupert Ross Jr. said Thursday that the joint board passed a policy earlier this year requiring the boards to begin counting any paper ballots the night of the election. He said the policy never was put into writing, but it may exist in some form in minutes from the meeting. He also said the policy lacked an enforcement mechanism.

Ross said the intent of the policy, which passed by a 6-5 vote, was to ensure that processing of the paper ballots began as soon as possible. The sooner the counting begins, the easier it is to comply with another section of the law that requires the boards to certify a final vote count within 10 days of an election, Ross reasoned.

The certification deadline already was weighing on the mind of Thomas, who pointed out the St. Thomas-St. John Board has yet to touch locked ballot boxes containing absentee ballots and walk-in votes.

Elections Supervisor John Abramson Jr. has said the district processed 412 walk-in ballots and mailed 331 absentee ballots.

But Thomas was optimistic that the board was gaining momentum after a troubled start.

"Tempers were a little tight yesterday, but everyone's happy today," Thomas said. "The public was much quieter and accommodating today, and we appreciated them taking time — that's the time — to thank the judges to do their jobs."

Candidate Lawrence Olive, who earned 304 paper-ballot votes on Thursday to bump Lisa Williams from ninth place in the Senate race, said he told his supporters to use the paper ballots as a more reliable — and legal — alternative to the electronic machines.

"If the trend continues, I don't see no reason why I will not be in the top seven," Olive said. "It just goes to show you that the paper ballot is the true count."

*— Contact reporter Lou Mattei at 714-9124 or email lmattei@dailynews.vi.*

## Election Update

**Senate At-Large**

| | |
|---|---|
| Craig Barshinger | 11,133 |
| Wilma Marsh-Monsanto | 4,930 |

**St. Thomas-St. John District**

| | |
|---|---|
| Clifford Graham | 6,840 |
| Shawn-Michael Malone | 4,704 |
| Myron Jackson | 4,661 |
| Janette Millin Young | 4,407 |
| Clarence Payne | 3,851 |
| Tregenza Roach | 3,793 |
| Donald Cole | 3,352 |
| Justin Harrigan Sr. | 3,118 |
| Lawrence Olive | 3,003 |
| Lisa Williams | 2,823 |
| Horace Brooks | 2,610 |
| Paul Alexander | 2,202 |
| Sean Georges | 2,147 |
| Marvin Blyden | 2,125 |
| Louis Willis | 2,082 |
| Alma Francis-Heyliger | 1,911 |
| Kent Bernier Sr. | 1,800 |
| Janelle Sarauw | 1,750 |
| Stephen Frett | 1,436 |
| Cecilia Millner-Emanuel | 1,191 |
| Joseph Gumbs | 1,138 |
| Kyza Callwood | 949 |
| Shirley Sadler | 826 |
| Elvin Fahie Sr. | 804 |
| Neville Amey | 727 |
| Ann Wheatley | 642 |
| Carol Berry | 624 |
| Omodoso Muhammad | 411 |
| Cleone Marrishow | 327 |
| Jodi Hodge | 304 |
| Josephine Lindquist | 290 |
| Andreas Tietje | 272 |
| Orial Webb | 210 |
| Walter Brown | 183 |
| Charlesworth Halstead | 125 |

* Unofficial; as of Thursday.

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Calendar ..... 33
Classifieds ..... inside
Comics ..... 34-37
Crossword ..... 37
Cruise Ships ..... 5
Horoscope ..... 35
Lottery Results ..... 12
Nation & World ..... 12-23
Opinions ..... 24-25
Police Reports ..... 10
Sports ..... 38-44
Sudoku ..... inside
TV Schedule ..... 32
Weather ..... 12

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# Sen. Alvin Williams Jr. charged with bribery, mail fraud and wire fraud

By ALDETH LEWIN
Daily News Staff

ST. THOMAS — Sen. Alvin Williams Jr. was arrested by federal agents Thursday and charged with bribery, mail fraud and wire fraud.

The proceeds of Williams' criminal activities $1.1 million, according to a statement from the U.S. Attorney's Office.

About 4 p.m. Thursday, almost a dozen 10 FBI agents converged on the V.I. Legislature building on St. Thomas, according to several eyewitnesses.

The agents went inside and came out escorting Kim Blackett, who is listed on the Legislature website as Williams' chief of staff. Blackett also was charged in an indictment filed Thursday.

Another staff member also was charged, according to the U.S. Attorney's Office, which did not release the person's name.

Senate President Ronald Russell said he was on St. Croix at the time the agents arrived at the Legislature, but he was informed of the arrest. Russell said he was told that Williams had surrendered to law enforcement officers.

"He turned himself in, that's what I understand," Russell said.

Russell said he had no additional information Thursday.

In October 2011, about 25 federal and local law enforcement officers raided the St. Thomas Senate building and Williams' office.

A federal grand jury handed up an indictment Thursday charging Williams, Blackett and a third person with operating and participating in criminal activities including bribery, wire fraud and mail fraud, U.S. Attorney for the District of the Virgin Islands Ronald Sharpe said in a prepared statement.

The indictment has not yet been posted by the District Court. However, the statement from Sharpe includes a number of details from the charging documents including that Williams is accused of:

- Attempting to bribe Public Works Commissioner Darryl Smalls with $10,000 in cash.
- Accepting bribes from the developers of Raphune Vistas.
- Accepting $35,000 in bribes from the developers of the wind turbines at Tutu Park Mall.
- Soliciting kick-backs from his own staff in exchange for salary raises.
- Committing wire fraud by using public funds to pay for courses and having staff members submit work in his name to obtain an online degree in his name from University of Phoenix.

According to Sharpe, if Blackett and Williams are convicted, they face a maximum 20-year prison sentence and up to $250,000 in fines.

## Public Works

On Sept. 5, 2009, Williams gave the V.I. Public Works Commissioner $10,000 in cash in an attempt to bribe him to give contracts to Ace Development Inc., a company in which Williams had an interest, Sharpe said.

In his answers to a Daily News candidate questionnaire for the 2006 Voter Guide, Williams said he was the owner of Ace Development Inc.

At the time, Darryl Smalls was the Public Works Commissioner. When The Daily News reached Smalls on Thursday night, he said he had no comment.

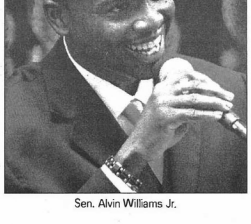

Sen. Alvin Williams Jr.

## Raphune Vistas

Between Feb. 21, 2007, and Nov. 18, 2011, Williams solicited a bribe from the developers of the Raphune Vista housing development project on St. Thomas, according to the U.S. Attorney's office. The indictment says Williams promoted legislative action and supported the authorization of funding and zoning of the project in exchange for which Ace Development received a contract related to the construction of Raphune Vistas, Sharpe said.

As part of the contract, Ace Development used and/or rented construction equipment to the developers, Sharpe wrote.

In May 2009, the Senate approved a zoning change for Oceanside Village Inc., the developers of Raphune Vistas, from R-1, residential low density one- and two-family, to R-4, residential medium density — against the recommendations of the V.I. Department of Planning and Natural Resources.

In June 2009, Gov. John deJongh Jr. vetoed the zoning change.

## Tutu wind turbines

In September 2008, Williams asked for and received a $10,000 campaign contribution from the developers of the Tutu Park windmill project as a bribe to support legislation supporting the project, Sharpe said.

Williams also solicited $25,000 in campaign contributions from the wind turbine developers between September 2008 and September 2009, according to the federal prosecutor.

A number of companies were involved with the wind turbine project, including Green Power Electric; Dallas-based Earth, Wind and Power; and Island Wind Power.

When the Senate passed a comprehensive renewable energy bill in 2009, an amendment was tacked on to change the zoning code to allow wind turbines in B-1 and B-3 business zones without having to seek separate zoning approval. The legislation also would have allowed wholesale renewable energy production in B-4 and B-3 zones.

The measure was line-item vetoed by deJongh in July 2009.

## Campaign funds and false reports

From January 2006 to December 2011, Williams and a legislative staff member failed to deposit certain campaign contributions; withdrew funds from a campaign account; and submitted false campaign disclosure reports that failed to include certain contributions, according to Sharpe.

## Kick-backs from staff

In the summer of 2010, Williams tried to solicit kick-backs from his own staff in exchange for giving them salary increases, the statement from the U.S. attorney's office said.

According to Sharpe, the staff members were supposed to withdraw a portion of the increased salary in cash and give it to Williams.

From September 2010 to July 2011, Williams received such a bribe, Sharpe said.

## University of Phoenix

From April 2007 to February 2008 and from January 2008 to October 2011, Williams and a staff member committed federal wire fraud as the senator sought online degrees from the University of Phoenix.

"The indictment alleges that the staff member falsely submitted various documents that were generated, created and authored by others under the direction of and in the name of Williams," Sharpe said in the statement.

From January 2008 to October 2011, Williams and Blackett defrauded the government by using public funds for non-legislative purposes, namely pursuing an online degree for Williams, Sharpe said.

"As the law enforcement arm of the U.S. Department of Education, the Office of Inspector General will aggressively pursue anyone who games the Education system for their own selfish purpose," Special Agent-in-charge of the U.S. Department of Education Office of Inspector General Yessyka Santana said in a written statement.

## The investigation

The investigation leading to the indictment was conducted by the Public Corruption Task Force, a joint federal and local team.

The case is being prosecuted by Assistant U.S. Attorneys Kim Lindquist, Nolan Paige and Kelly Lake.

"The prosecution of public corruption is a top priority of the U.S. Attorney's Office," Sharpe said. "It is a breach of the public trust for public officials to use their office for personal gain."

"These individuals have allegedly abused their powers by utilizing their positions to discreetly conduct illegal activities," IRS-CI Special Agent-in-charge Jose Gonzalez said Thursday. "IRS-CI is committed to following the money trail to ensure that public officials who use their office to line their own pockets are brought to justice and deprived of their ill-gotten gains."

Sharpe asked anyone with direct knowledge of illegal acts or information on corruption in the Virgin Islands to call the Public Corruption Task Force at **715-6516**.

*— Contact reporter Aldeth Lewin at 714-9111 or email alewin@dailynews.vi.*

## Alvin Williams Jr., 34

**Democrat**

**Senator,** St. Thomas-St. John District.

**Years served:** 28th, 29th Legislatures.

**Committees:** Chairman of Planning and Environment Protection; vice chairman of Government Operations; member of Rules and Judiciary, Housing, Sports and Veterans Affairs, Public Safety, Homeland Security and Justice; liaison to the U.S. Congress.

**Education:** 1996 graduate of Charlotte Amalie High School.

Claims to have earned an AA online degree from University of Phoenix, but federal indictment puts that in question.

**Community positions:** Former president of St. Thomas-St. John Horse Owners Association.

**Prior employment:** Owner of Ace Development Inc. and general manager of Alvin Williams Trucking and Heavy Equipment Rental, which his Legislature website says has been "contracted by the federal and local governments to provide major development services in the territory."

## Alvin Williams Jr.'s Senate staff

**Kim Blackett,** chief of staff.

**Garry Sprauve,** senior advisor.

**Rasheen St. Juste,** constituent officer.

**Phillip Harrigan,** public relations officer-committee coordinator.

**Jonee' Edwards,** administrative assistant, legislative aide.

**Sources:** V.I. Legislature website, www.legvi.org; Williams' answers to Daily News 2006 Voter Guide questionnaire.

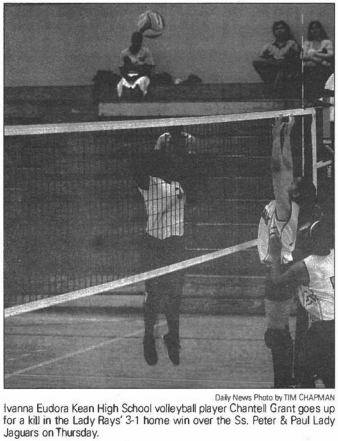

Daily News Photo by TIM CHAPMAN

Ivanna Eudora Kean High School volleyball player Chantell Grant goes up for a kill in the Lady Rays' 3-1 home win over the Ss. Peter & Paul Lady Jaguars on Thursday.

## VOLLEYBALL

CONTINUED FROM THE BACK PAGE

the ball over her own head and just inside the out-of-bounds antenna. The ball dropped untouched in the center of the Ss. Peter and Paul half.

The Lady Jags struggled to forget about such points and assistant coach Ronald Blyden noted that emotion is the team's biggest issue. Blyden was filling in for head coach Gigi Quetel, who was unable to attend the game.

"They have their issues and their problems — I understand that — but they feed off of each other negatively, unfortunately," Blyden said. "But they are gifted, that's for sure. That's one of the reasons I'm sticking with them and I don't want to leave."

Kean (7-3) will try to transfer its energy over to St. Croix today and Saturday at the Educational Complex Invitational. Coach Jennifer Matthias hopes to see more consistency out of her team, especially Grant.

"She brings a lot of energy, but sometimes her energy is in her mouth, cheering. But I need more of her energy to go into playing more on the court," Matthias said.

"They love to cheer and make that kind of noise, but I wish they had that energy also when they're playing the ball. They're a good group of girls, but sometimes they get sidetracked."

*— Contact reporter Tim Chapman at 714-9102 or tchapman@dailynews.vi.*


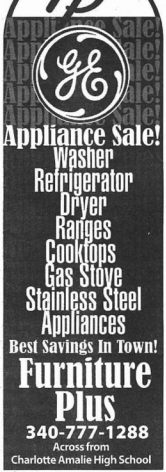



# Boras: Dodgers 'bought store,' Mets 'in freezer'

By RONALD BLUM
The Associated Press

INDIAN WELLS, Calif. — With baseball awash in record revenue as the signing season starts, Scott Boras compares the habits of teams to families sifting through supermarket shelves.

At the winter meetings in Dallas last year, the agent had this to say of the financially troubled Los Angeles Dodgers and New York Mets: "Normally, they're in the steaks section, and I found them in the fruits-and-nuts category a lot."

Since then, the Dodgers have been sold for $2 billion. The Mets owners have agreed to pay up to $162 million — and likely much less — in a deal with the trustee for Bernard Madoff's fraud victims.

So on Wednesday at the general managers' meeting, Boras said his view of the Dodgers had changed.

"I think they bought the store," he said.

And as for the Mets?

"The best you can say is that they might be in the freezer section," he explained. "But there's a lot of good, longstanding products that they can acquire there."

Slugger Josh Hamilton and pitcher Zack Greinke are among the top players in a relatively weak free-agent class that also includes outfielders B.J. Upton, Michael Bourn, Torii Hunter and Nick Swisher; first baseman Adam LaRoche; and pitchers Kyle Lohse and Rafael Soriano.

Baseball estimates revenue this year at $2.5 billion — an increase of about $500 million. National television contracts with Fox and Turner that run from 2014-21 will double the average yearly money baseball receives to about $800 million.

And perhaps the biggest evidence of baseball's wealth is franchise values — the Dodgers sold for $2 billion this year in a bankruptcy court auction and the lowly San Diego Padres were bought for $800 million.

Since the Dodgers were bought last spring by a group headed by Mark Walter, Stan Kasten and Magic Johnson, they increased their payroll by about $35 million, adding infielder Hanley Ramirez, first baseman Adrian Gonzalez, closer Brandon League, pitcher Josh Beckett and outfielder Carl Crawford.

The Dodgers' payroll next year might approach or surpass that of the New York Yankees, who have topped spending every year since Los Angeles edged them by $1 million in 2001.

New York is vowing to cut its payroll by 2014 because of changes in the collective bargaining agreement that will cut the team's revenue-sharing bill if it doesn't wind up paying a luxury tax.

Infielder Maicer Izturis became the first major league free agent to switch teams this offseason, agreeing to a $10 million, three-year contract with the Toronto Blue Jays. The 32-year-old hit .256 with 17 steals in 19 tries, two homers and 20 RBIs this year for the Angels.

## FOOTBALL

CONTINUED FROM THE BACK PAGE

against Charlotte Amalie High School in mid-October, but rebounded with a 46-0 win over Central High on St. Croix before last week's bye.

"We have a lot of senior leadership," Neely said, "so really these guys govern themselves — guys like Nathan Braithwaite, our quarterback."

Braithwaite, a senior, has found Cilliers and senior receivers Omar Henderson and Lucas Berry on touchdown passes.

Kean High sophomore quarterback Shunnel Greenaway must exhibit more poise to give his team a chance.

Greenaway looked sharp in the first half of last week's 36-10 loss to CAHS, but the offense sputtered down the stretch.

"I'm trying to keep him to maintain focus and be patient," Donovan said. "When he was patient in the first half of the game, we were moving the ball. Everything doesn't have to be deep. Every pass doesn't have to be a touchdown right away. He's only 16 years old, so sometimes he gets too excited and gets away from the pace of the game."

Greenaway's protection will not come easy. Cilliers had two sacks and recovered a fumble to lead the Arawaks defense in the first meeting.

If the Arawaks win tonight and defeat CAHS (4-0) next week, both teams will have one loss. CAHS is idle the following week, and the Arawaks finish against struggling St. Croix Educational Complex.

In the case of a tie in the final regular season standings, point differential will determine which team qualifies for the territory championship on Dec. 8.

# Local Briefs

### Basketball clinics

ST. CROIX — The Sports, Parks and Recreation Department will conduct after-school basketball clinics at Rudy Krigger Ballpark in Sion Farm every Wednesday through Dec. 19.

The clinics are geared toward teaching youths the fundamentals of basketball and are for children ages 7 through 12. Free registration is from 1 p.m. to 6 p.m. at Krigger Ballpark. For more information, call Carita Stevens at **773-0160.**

### St. Thomas Yacht Club race, fundraiser

ST. THOMAS — The St. Thomas Yacht Club is hosting a race and pig roast on Dec. 15 to benefit the club's youth sailing program.

The $40 entrance fee includes two tickets per boat for the pig roast following the race. Sailors of all ages are welcome, and the race is open to IC-24s, Racers, Cruising boats and any boat 24 feet or longer.

Trophies and gift certificates will be presented to the top three boats. The race will start 8:55 a.m., but skippers will meet at 8 a.m. The event is sponsored by Scotiabank and Budget Marine.

For more information, contact the club at **775-6320**.

### Basketball clinic

ST. CROIX — The USVI Department of Sports, Parks and Recreation, the Department of Tourism and the Paradise Jam Organization will host a basketball clinic from 9:30 a.m. to 12:30 p.m. on Monday at Central High School's Ronald Charles Gymnasium.

The clinic will be conducted by Nels Hawkinson, the president and executive director of Basketball Travelers Inc., and is for boys and girls between the ages of 8 and 18. BTI organizes the Paradise Jam and other college and high school tournaments around the world. Hawkinson will be joined by colleague Craig Jonas.

Participants will receive Paradise Jam posters and T-shirts and have a chance to win complimentary tickets to the tournament, which begins Nov. 16.

### Rugby practice

ST. THOMAS — The USVI Rugby Football Union practices on Tuesdays and Thursdays every week from 6-8 p.m. at Charlotte Amalie High School. Veterans, novices and first-time players are all welcome to participate.

The group is training for upcoming scrimmages with the BVI and other down-island teams. For details, email Dan Perez at usvirugby@gmail.com, visit their web site at www.usvirugby.org or call **941-565-0031**.

### After-school junior tennis program

ST. CROIX — Tennis pros Don de Wilde and Kristopher Elien is running an after-school junior tennis program through Christmas at the Buccaneer Hotel for players between the ages of 5 to 18. For more information, or to ask about times, costs or registration, call **718-3036**.

# Boat captain arrested in 2011 death of parasailor

By LOU MATTEI
Daily News Staff

ST. THOMAS — Boat captain Kyle Coleman was arrested Wednesday on a charge that he caused the 2011 death of a parasailor through misconduct, negligence and inattention to his duties, the U.S. Attorney's Office announced Thursday.

Coleman, the captain of the motor boat Turtle, was conducting parasailing excursions just south of Water Island on Nov. 15, 2011, according to a press release from the U.S. Attorney's Office.

Bernice Kraftcheck and her daughter, Danielle Haese, were hoisted into the air for the parasail ride as wind conditions were deteriorating.

"The strong winds and a weak tow-line caused the tow-line to break, resulting in the parasail separating from the vessel and the two women falling into the water," the statement reads. "The wind then propelled the parasail, with the women still attached, at a very high rate of speed causing the death of Kraftcheck and serious injuries to Haese."

The U.S. Coast Guard "aggressively investigated" the accident, which led to Coleman's arrest and the surrender of his merchant mariner's license in June, according to a prepared statement by Capt. Drew Pearson, the Coast Guard's San Juan commander.

"The Coast Guard takes safety at sea very seriously, and will ensure that any mariner who causes another's death through misconduct, negligence, and inattention to his duties is held accountable in a court of law," Pearson said in the release.

A medical examiner pronounced Kraftcheck, 60, of Round Lake, Ill., dead at the West Indian Co. dock the afternoon of the accident. Haese, 34 at the time, of Plymouth Meeting, Pa., was hospitalized overnight at Schneider Hospital.

The women were passengers aboard the Celebrity Eclipse and bought a parasailing shore-excursion operated by Caribbean Watersports and Tours.

The one-count grand jury indictment charging Coleman was not available on the District Court's online court records database as of Thursday night.

Coleman, 32, made his first appearance before U.S. Magistrate Judge Ruth Miller and was released on a $10,000 unsecured bond, according to the release. He is scheduled to be arraigned in District Court on Nov. 14, one day shy of the one-year anniversary of Kraftcheck's death.

If convicted, Coleman could face up to 10 years in prison and a $250,000 fine.

*— Contact reporter Lou Mattei at 714-9124 or email lm*

# Nelson tells Luis board that hospital is still falling short of standards

By JOY BLACKBURN
Daily News Staff

ST. CROIX — Luis Hospital Chief Executive Jeff Nelson updated board members about the hospital's status with federal regulators during a meeting Thursday night.

Luis remains under the regulatory microscope with the federal Centers for Medicare and Medicaid Services — and the hospital's certification from the federal agency is potentially at stake.

CMS certification indicates a hospital meets certain standards, and if a hospital is decertified, it is no longer eligible to receive payments from the federal agency for services the hospital provides to Medicare and Medicaid patients.

Revenues from CMS patients represent about 60 percent of the hospital's income, Nelson said Thursday.

The hospital currently is operating under two settlement agreements with CMS, aimed at fixing problems found by inspectors from the federal agency during inspections in recent years.

One of the agreements involves the entire hospital.

Nelson on Thursday said that the hospital recently had received a statement of deficiencies from CMS after inspectors conducted a follow-up, focused survey in September as part of the monitoring on that agreement.

Inspectors had found some improvements, "but not enough," Nelson said Thursday.

The hospital has submitted a plan of correction for the deficiencies, but the federal agency said that the plan was not creative or detailed enough, Nelson told the board.

Hospital officials will work on the plan of correction, and once CMS approves it, the elements of the plan will be part of the overall settlement agreement, Nelson said after the meeting.

Luis has until Feb. 13 to meet the federal agency's mandates for improvement or it potentially will lose CMS certification — although Nelson said the surveys could come sooner.

"We may see CMS here as early as mid-December," Nelson said.

The hospital also is in the process of temporarily shutting down its psychiatric unit for 90 days in an effort to make improvements in that unit, officials said. Luis is working with a hospital in the United States to come to an agreement to temporarily transfer its patients there, officials said.

The plan to temporarily close the unit prompted considerable discussion at the meeting. Some advocates for the mentally ill, as well as some physicians, raised questions about the wisdom of the move.

Board members said it was necessary to make improvements to the unit so that the hospital can keep the unit open in the long-term.

The other settlement agreement Luis Hospital has with CMS is for the dialysis unit.

The hospital has met the federal standards for that unit, but the settlement agreement remains in place because CMS wanted to ensure that the positive changes were sustained, Nelson said.

That settlement agreement has been extended once, and Nelson told board members Thursday that he anticipates it will be extended again for further monitoring, although he did not know for how long.

In other action, the board discussed and approved reports and a variety of recommendations from its Finance Committee. It also approved a policy related to public access to board meeting minutes. Board chairwoman Kye Walker said the document puts the board's current practices into a policy.

*— Contact Joy Blackburn at 714-9145 or email jblackburn@dailynews.vi.*


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# V.I. National Park to offer free admission to Trunk Bay

Daily News Staff

In recognition of Veterans Day, the National Park Service has designated Saturday, Sunday and Monday as a "fee-free weekend."

All visitors to National Park sites in the territory, including Trunk Bay on St. John, will be admitted free.

Trunk Bay Beach is one the most-visited beaches on St. John, and is home to an underwater trail, where swimmers are able to snorkel over a reef and read plaques identifying coral and fish below.

To avoid over-crowding of the Trunk Bay parking lot, National Park personnel are encouraging visitors to carpool or take a safari taxi.

For more information, call Andrea Joseph at **776-6201** ext. **249**.


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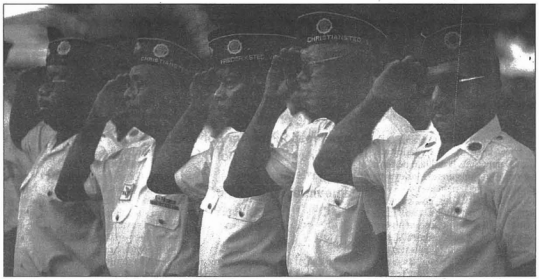

Daily News File Photo

Amrican Legion members salute as the national anthem is played at a Veterans Day program in Frederiksted.

# Events honor servicemen and veterans

By ALDETH LEWIN
Daily News Staff

Monday is Veterans Day, but the whole month of November is Military Appreciation Month, and a series of activities are planned to honor and pay tribute to those who fought for our country.

Today, veterans will visit two St. Croix schools to give presentations to students.

Members of American Legion Post 102 will be "teachers for a day" at Ricardo Richards Elementary School. They also will present gifts to the school and administer an essay contest for students.

American Legion Post 133 will be at Arthur Richards Jr. High School talking to students about veterans issues.

"These are things they're doing through the week to celebrate Veterans Day and National Education Week," American Legion District Commander Charles David said.

Parades and programs honoring the territory's veterans will take place Sunday and Monday.

Sunday, St. Thomas will host a Veterans Day Parade and ceremony. The parade starts at 3 p.m. at Addelita Cancryn Junior High School and travels to Franklin Delano Roosevelt Veterans Memorial Park.

Retired Army Sgt. 1st Class Patrick Farrell will be the parade marshal, and the ceremony will feature retired Lt. Col. Marilyn Georges of the U.S. Marine Corps as the guest speaker.

On Monday, St. Croix and St. Johm will host Veterans Day parades and programs.

On St. Croix, the parade starts at 9:30 a.m. sharp at Bassin Triangle and ends at the Christiansted grandstand.

"This year we have as our parade marshal retired Sgt. Major. Monroe F. Clendenden Jr.," David said.

At the bandstand, the guest speaker will be Virdin C. Brown, the civilian aide to the secretary of the Army for the Virgin Islands.

David said many youths will be participating in the parade including the marching bands from Central High School and St. Croix Educational Complex, the Boy Scouts, and the Girl Scouts.

The American Legion will also have a large contingent marching in the parade, he said.

"It should be a good parade, just remembering and thanking the veterans for their service and all they've done helping to keep us free," David said.

On St. John, the parade will start at 3 p.m. in Cruz Bay, followed by a program in Franklin Powell Park.

David said the parade marshal will be Elmo Rabsett Sr., and Georges also will be the guest speaker on St. John.

"We're expecting the governor to make presentations at all of these events," David said.

On Thursday, a tree planting ceremony will take place 5:30 p.m. in Frederiksted at Verne Richards Veterans Park.

"That will more or less close out the week for Veterans," David said.

Gov. John deJongh Jr. granted all government workers administrative leave Monday to participate in the festivities honoring the territory's veterans.

"I urge all residents of the territory to remember the sacrifices and contributions of all those who, when called upon to do so, served this territory and this nation honorably in time of war and peace to preserve our heritage of freedom," deJongh stated in his Veterans Day proclamation.

"We must rededicate ourselves to the task of promoting world peace as the most profound reward which we might bestow upon our veterans."

For more information about Veterans Day activities call David at **712-7766** or the St. Thomas-St. John District Office of Veterans Affairs at **774-6100**. •

*– Contact reporter Aldeth Lewin at 714-9111 or email alewin@dailynews.vi.*


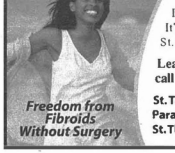


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# Police Reports

The police blotter is the V.I. Territorial Emergency Management Agency's list of incidents and the time they were reported to the police.

## St. Croix

### Charged: Possession of stolen property

Vaskin Jacobs, 23, of Estate Grove Place was arrested 2:53 p.m. Wednesday and charged with possession of stolen property. Police said he was found with parts on his vehicle that had been reported stolen. He was released on $10,000 bail.

• • •

Incidents recorded in the police blotter Thursday included:

**Assault** — 5:21 p.m. Thursday, La Reine; 6:57 pm. Thursday, Peter's Rest.

**Burglary** — 6:48 p.m. Wednesday, Mount Pleasant; 10:20 p.m. Wednesday, Estate Profit; 8:50 a.m. Thursday, Mount Pleasant; 9:36 a.m. Thursday, Work and Rest; 3:14 p.m. Thursday, La Grande Princesse.

**Destruction of property** — 8:06 a.m. Thursday, Sprat Hall.

**Larceny** — 10:46 a.m. Thursday, Sunny Isles; 2:04 p.m. Thursday, Castle Coakley.

**Outside fire** — 9:06 p.m. Wednesday, St. George's; 3:01 p.m. Thursday, South Shore Road.

**Structure fire** — 9:12 a.m. Thursday, Mount Pleasant; 11:01 a.m. Thursday, St. George's.

## St. Thomas

### Charged: Burglary

Edward Richards, 30, of St. John, was arrested at 6 p.m. Tuesday and charged with third-degree burglary on Kronprindsens Gade. Bond was set at $55,000.

### Charged: Driving under the influence

Lisa Babcock, 39, of Estate Hope, was arrested at 10:15 pm. Wednesday and charged with driving under the influence and negligent driving. Bond was set at $500.

• • •

Incidents recorded in the police blotter Wednesday and Thursday included:

**Assault** — 9:53 a.m. Thursday, Contant; 3:16 p.m. Thursday, Bovoni; 3:46 p.m. Thursday, Tutu Hi-Rise.

**Burglary** — 7:33 p.m. Wednesday, Hull Bay; 8:05 a.m. Thursday, Hull Bay.

**Larceny** — 8:53 a.m. Thursday, Marina Market; 12:59 p.m. Thursday, Al Cohen Mall.

**Structure fire** — 2:05 p.m. Thursday, Polyberg Hill.

**Vehicle damage** — 10:58 a.m. Thursday, Garden Street.

## St. John

Incidents recorded in the police blotter Thursday included:

**Assault** — 1:16 p.m. Thursday, Cruz Bay.

# Deaths

### John B. Weekes Sr.

On Nov. 1, 2012, John B. Weekes Sr., owner of Weekes & Weekes Bakery, quietly slipped away into the arms of his Lord and Savior at home with close family and friends by his side.

John B. Weekes Sr.

He has left behind a very large family, oceans of friends and the community he loved and gave so generously to. He was best known for his world famous hot and tasty butter bread.

The first viewing will be held Nov. 16, 2012, at Davis Funeral Home Chapel from 4:30 to 6:30 p.m., followed by a celebration of his life at Paltns Court Harborview at 7 p.m. The second viewing will be held Nov. 17, 2012, at V.I. Christian Ministries in Bolongo Bay at 8 a.m., followed by the service at 10 a.m.

The burial will be private.

He was preceded in death by his children, Arthur "Kiyama" Lewis and Jacqueline Weekes Ivory.

He is survived by his wife, Audrey M. Weekes; children, Elmon Weekes, Paulette Weekes Trocard, Debra Weekes Allen, Charmine Weekes, Jacinth Weekes Gray, Eloise Weekes Lewis, Bernice Weekes Anthony, Felix Weekes, Andy Weekes, Wendy Weekes Carbon, Deter Weekes, Cindy Weekes Kydd, Marsha Weekes Williams, Eustace Weekes, John Weekes Jr., Shenelle Weekes, Chantel Weekes, Tanya Weekes, Actavia Weekes, Johanna Weekes; grandchildren, Aswad Weekes, Zowadie Weekes, Nayaka Weekes, Ricardo Allen, Renaldo Allen, Renee Allen, Marcia Weekes Garcia, Noel Gray Jr., Natalie Gray, Orencia Herbert, Ethelyn Newton, Dawn Charlemagne, Ezekiel Wattley, Rochelle Mack, Akiel Mack, Toushika Anthony, Chefton Newton, Sharima Newton, Marissa Newton, D'andre Weekes, Brianna Kydd, Brinya Kydd, Zion Weekes, Britney Weekes, Shekinah Weekes, Hezekiah Weekes, Kymoi Weekes, Jude Weekes, D'mari Weekes Hunte, Karisma Weekes, Noris Wilkins, Terrance Leonard, Samarie George; brothers, Everton Meade, Aldrick Meade, George Meade, Julian Meade, Arthur Meade, the Edward Jackson Meade family out of English Habour, Antigua; sons-in-law, Andrew Williams, Eustace Trocard, Brian Kydd, James Carbon, Omir Lewis; special friend, Marcola Carlo; and caretakers, Mary Carpio and Nelia Mesca.

Arrangements are by Davis Funeral Home.

*— Obituary written by the family.*

### Paula Gonzalez Martinez

Paula Gonzalez Martinez, 87, formerly of St. Thomas, died in Loganville, Ga., on Oct. 28, 2012.

Services will be held at 11 a.m. Saturday at Nuestra Senora del Carmen Catholic Church in Culebra, Puerto Rico. The family will receive friends and relatives at the church at 10:30 a.m. Services will be held later, and burial will follow at Culebra Municipal Cemetery. A memorial service will be held on St. Thomas at a later date.

Paula Gonzalez Martinez

She was preceded in death by her husband of 58 years, Hermenegildo "Gildo" Martinez. In 1944, they opened their first grocery store on Kronprindsens Gade, St. Thomas, where they served the people of the area for 12 years.

In 1956, they moved to Contant 7B-15 where they operated Martinez Self-Service until 1980 when they retired and moved to their birthplace of Culebra, where they lived until Gildo passed away in 2005. Paula relocated to Atlanta, Ga., where she lived with her daughter Sonia M. Greaux and son-in-law, Roland H. Greaux, until her passing.

She is survived by her sister, Virginia Gonzalez; children, Sonia M. Greaux, Luz A. Moron, Paula M. Buice and Gildo A. Martinez; sons-in law, Roland H. Greaux, Robert G. Moron and David C. Buice; daughter-in-law, Constance D. Martinez; grandchildren, Ashlee Martinez, Roland H. Greaux II and his wife, Amber Greaux, Melissa Greaux White, Robert G. Moron II and wife, Noelle Moron, Christopher G. Moron, Andrea Buice Crockett and husband, John H. Crockett; great-grandchildren, Dylan H. White, Brayden H. White and Devon J. Moron; special sisters-in- law, Amelia Barbosa and Ramonita Romero-Gonzalez; special nieces, Noemi Gonzalez, Myrta G. Benet and Diana Gonzalez; nephew, Beno Gonzalez.

She is also survived by the Barbosa, Gonzalez and Carrillo families of St. Thomas, the Gonzalez family of Culebra, and many other relatives and friends.

In lieu of flowers, and in her memory, donations can be made to Clear Blue Sky, Inc., P.O. Box 778, St. Thomas, V.I. 00804, phone 340-774-9688. Clear Blue Sky, Inc. is a 501(c)(3) nonprofit organization that helps people with mental illness reach their full potential.

Arrangements are by the Tim Stewart Funeral Home in Loganville, Ga., and Carrasco Funeral Home in Fajardo, Puerto Rico.

*— Obituary written by the family.*

### ♦ Funeral Schedule ♦

| Name | Date of death | Service | Arrangements |
|---|---|---|---|
| **St. Thomas** | | | |
| Jennie V. Douglas | Oct. 28, 2012 | Pending | Turnbull's |
| Egbert Evanson | Oct. 29, 2012 | Wednesday | Turnbull's |
| Siyvia Agatha Hyacinth | Oct. 29, 2012 | Today | John Thomas |
| Neville Lee | Oct. 30, 2012 | Pending | Turnbull's |
| Louis V. Murray | Sept. 27, 2012 | Pending | John Thomas |
| Liston L. Powell Jr. | Oct. 22, 2012 | Saturday | Turnbull's |
| Freddy N. Sanchez | Sept. 7, 2012 | Pending | John Thomas |
| Andre Tanise | Sept. 7, 2012 | Pending | John Thomas |
| Charles Smith | Oct. 27, 2012 | Pending | Davis |
| Jemilia Vergara | Oct. 23, 2012 | Pending | Turnbull's |
| Josephine Espirit-Webster | Oct. 29, 2012 | Pending | Turnbull's |
| John Weeks Sr. | Nov. 1, 2012 | Nov. 17 | Davis |
| Iva Williams | Oct. 23, 2012 | Saturday | Turnbull's |
| Karimah Williams | Oct. 28, 2012 | Today | Davis |

### Iva Williams

Services will be held Saturday for Iva Williams, who died Oct. 23, 2012.

The viewing is from 5 to 7 p.m. today at Turnbull's Funeral Home, with the service at 10 a.m. Saturday at All Saints Church.

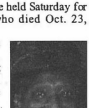
Iva Williams

The burial will be at Western Cemetery No. 1.

She is survived by a daughter, Merle Hodge-Caines; sisters, Iris Larcheveaux Adams, Beulah Larcheveau Wilson, Eldra Larcheveaux, Eleanor Larcheveaux Tyson; brothers, Luther Davis, Lionel Larcheveaux; sister-in-law, Mary Malone; brother-in-law, Romeo Malone; grandsons, Raymond (Malo) George, Reynaldo (Yambo) St. George, Ivan Smith, Douglas (Dougie) Smith, Mark D. Hodge, Matthew D. Hodge; granddaughters, Marilyn (Bambi) George, Joanne Smith, Charmaine Caines, Pamela Browne-Hodge, Cheryl Dawson-Robles, Nynier Hodge-Johnson, Amy Hodge; great-grandchildren, Ymassie George, Kambo George, Yambo George, Cheneva George, Travis George, Promise George, Pain George, Zia George, Joy George, Raheem George, Kareem George, ShinaeMica George, Takea George, K'Shambo George, Rambo George, Tikisha George, Kwanza George, Kimisa George, Andre George, Angela St. George, Rama St. George, Kaloma Smith, Tau Smith, Tacuma Smith, Machida Smith, Zachea Smith, Shantel Smith, Marianne Smith, Kera Smith, Patrick Daniel, Damal Smith, K'Shawn Robles, Chequida Robles, Chereda Robles, Pamesha Perez, Richard (Rakeel) Hodge, Rakiesha Hodge; great-great-granddchildren, Ymassie George Jr., Kmam George, Torriar George, Travis George Jr., Allyanna George, Amir George, Knica George, Seshaun George, Jodiya Williams, Ashae Williams, Jeremy Williams, Millian Brown, Derrick Banks Jr. David Lugar Jr, Davion Dorsett; nieces, Lera Richards, Lela Holder, Lita Adams, Lois, Cheryl Duran, Andrea Duran, Marisa Duran, Parrish Warren, Kamona Warren-Cham, Rita Robles, Andrea Larcheveaux, Amelia Larcheveaux, Tesha Larcheveaux, Deborah Larcheveaux, Sheryl Larcheveaux, Emily Larcheveaux, Christie Larcheveaux; nephews, Leroy Adams, Allen Estiridge, Alva Estridge, Vern Parson, Christopher Davis, Michael Davis, Bruce Duran, Michael Duran, Kevin Duran, Bryan Duran; close cousins, Gloria Lenard and Janet; caretaker, Felicia A. Brownlow; and goddaughter, Yveonne Warker.

She was preceded in death by a son, Conrad Lorenzo Hodge; sisters, Rita Larcheveaux Santos, Louise Larcheveaux Ali; brother, Archibald Larcheveaux; nieces, Rosalind Tarver, Michelle Duran; and nephew, Keith Duran.

Arrangements are by Turnbull's Funeral Home.

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## –EDITORIAL OBSERVER–

# An invigorated second term

*From The New York Times:*

Early Wednesday morning, as sleep-deprived supporters rallied for a final cheer, President Barack Obama concluded his re-election campaign with a promising glimpse at what the fight was all about: a second-term agenda that can make real progress on issues neglected in the first.

Without question, the president intends to build on and improve the significant accomplishments of the last four years, particularly the full implementation of health care reform and the use of government policy to keep the economy growing. But the president went beyond that in his victory speech and added some less familiar words to his policy vocabulary.

Children should live in a world that is not burdened by debt or weakened by inequality, he said, but also one "that isn't threatened by the destructive power of a warming planet." That suggests he knows he has an opportunity to address climate change with more vigor, going beyond auto-mileage standards and renewable-energy jobs to possibly advocating tougher carbon emissions standards.

The president also said he was looking forward to working with Republicans to fix the immigration system, giving him a chance to do more than promote the DREAM Act for young immigrants. He could lead the way to comprehensive reform that combines strong enforcement with a path to citizenship for immigrants already here. He also hinted that combating poverty might move higher on his priority list.

And he spoke of tax reform, an issue that will immediately begin to grow louder with the expiration of the Bush-era tax cuts at year's end. Obama won re-election on an unambiguous promise not to renew those cuts for incomes of $250,000 or more, and his supporters expect him to stick to that vow. In coming months, after he persuades Congress to keep taxes from rising on the middle class, he should push to restore a fair estate tax and raise the low capital gains rate to the level of ordinary income.

He even mentioned the need to fix a balloting system that left thousands of people standing in long lines to vote this week, a tantalizing hint that electoral reform might become a priority.

All these agenda items require the same ingredient: ending his standoffish attitude toward Congress and working closely with any leader or lawmaker willing to make real progress. That may be easier now that Senate Democrats (and their independent allies) have expanded their majority by two seats to 55, many of them filled with newcomers more liberal and feisty than their predecessors, most notably Elizabeth Warren of Massachusetts.

The new Democratic caucus' first order of business should be a reform of the filibuster that prevents its routine abuse by Republicans, and the majority leader, Harry Reid, suggested Wednesday that he supported some modest changes. The newcomers, along with the White House, should forcefully advocate that he go as far as possible.

A newly energized Obama administration and Senate could have the effect of isolating the supply-side dead-enders in the House. John Boehner, the House speaker, announced Wednesday that nothing had changed; he and his caucus still oppose higher tax rates for the rich and still want to pursue Romney's defeated goal of raising revenue by lowering rates and cutting unspecified loopholes. Standing up to Republican recalcitrance on this and many other issues will require bringing to bear political pressure from the coalition that gave Obama a commanding victory in the Electoral College on Tuesday.

The president's victory was decisive, and many who didn't support him nonetheless told pollsters that they agreed with his positions on taxes, health care and immigration. He now needs to use the power that voters have given to him to enhance and broaden his agenda.

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# U.S. politics changes for the better

**Mariel Blake**

America has changed.

There are periods when we grow as a society in degrees. Then there are times when we take great leaps forward. If you examine the history of our country back to the days of the first Spanish, English and French immigrants, you will see certain moments when our national dynamic shifted.

This week, we saw a moment when the America that has been growing and changing by degrees met with a moment when America made a hard turn on its path.

For years we have seen the browning of America. For years we have seen the tolerance and acceptance level of different religions, economic conditions, sexual orientations, political beliefs and ancestries grow in measured steps through the increase in one-on-one interactions and social media.

For years we have seen the steady progress of women, and felt a subtle shift in the rhythm of America.

This week, we saw several of these trends converge in a moment when it became evident that once again, America has changed.

The demographics of the exit polls tell an interesting story. President Obama's support came overwhelmingly from groups of people who are often described as disenfranchised:

- Those who make less than $50,000 per year;
- Those with some or no college education;
- Women;
- Young people;
- People of color.

These groups, who in the past have felt like their votes were taken for granted, for the first time in a long time, saw their votes carry weight that makes them get noticed.

People more "wonky" than me will be going over these numbers for months to come. These numbers tell me, though, that the reason why so many people were surprised about the outcome in this race ignored the numbers that had nothing to do with polls.

They want to say that it is because these communities were voting to keep their entitlements and "handouts," but that is just a denial of the real truth.

What people want is to no longer feel disenfranchised and marginalized.

What people want is for their voices to be included, not shouted down.

Recent data shows that women now outnumber men by a slim margin. More people live in cities. People of color now make up almost a third of the population. The average age is 37. Almost two thirds of us own homes, but there are more of us who have either never been married or are divorced than there are those of us who are married.

The fastest shrinking demographic is white men.

So many of the people who fit the demographics that elected President Obama are those in demographics that are seeing their numbers grow and also are becoming more politically active and savvy. They are truly looking to connect with candidates who have their concerns in mind. These are not one-issue voters.

They care about the economy but they also care about their place in our society. They want their social issues to be a part of the discussion. Our national identity is more about inclusion than assimilation. This is a vast switch from where we have been.

Those of us in groups that have been considered on the fringe or in the minority have found solidarity in our experiences in this country and are increasingly deciding we are no longer satisfied with trying to fit in and would rather have a seat at the table as our unique selves.

Women, the LGBT community and Latinos made great strides with this election. African Americans and young people reminded the political parties of the value of their support.

There is a lot of finger pointing from the Republican talking heads as to why their candidate lost. It seems they are slowly coming to realize it was not only whom they ran as candidates but also where those candidates stood on issues that are important to this growing voting power block.

I was struck by how few people of color were in the crowds for Mitt Romney toward the end of the campaign. It was like they no longer cared about even the illusion of inclusion, and instead decided to bank their future on their main demographic. What their campaign failed to take into consideration is that the issues that matter most to people right now stretch across racial and gender lines.

Those of us usually considered on the fringe are multifaceted and have learned a very powerful lesson after this election. When we band together to get our issues on the agenda, we force the conversation to change.

Hopefully, both parties have learned that you don't have to pander to us, but you do have to listen to us because we are not going away.

America has changed, and if history is any indication that is a very good thing.

Let's just hope we embrace the change in the spirit of cooperation and not segregation.

*– Contact Daily News contributing columnist Mariel Blake at marielfblake@gmail.com.*

# Happy days, even with the cliff

## Gail Collins

La Di Dah Di Dah ...

We have been through a lot, people. But now the presidential race is settled. Barack Obama won. People on both sides worked heroically, and, on Tuesday, their candidates behaved well. This should be a happy time.

Oh, my God! There's a fiscal cliff! We're all going to fall over and go bankrupt!

Did you just hear the cheerful rule? The fiscal cliff doesn't happen until the end of the year when the Bush tax cuts expire and monster budget cuts automatically kick in. Now that the election's over, everybody will certainly be ready to move forward and work something out.

Except possibly Gov. Rick Perry, who celebrated the president's re-election by demanding the repeal of Obamacare.

And then there was Donald Trump, who tweeted during the vote count: "Lets fight like hell and stop this great and disgusting injustice! The world is laughing at us."

Actually Trump has no conceivable impact on anything. I just wanted to take this opportunity to reminisce about the time he sent me an irate, handwritten message in which he misspelled the word "too."

But look at Rep. John Boehner. On Wednesday, the House speaker gave a speech in which he vowed to be cooperative.

"Mister President, this is your moment. We're ready to be led," he said.

xcept for a few no-go areas, such as any ta increases on "small business." You may remember from previous crises that the House Republicans oppose raising income ta es on the wealthy because it would impact struggling small businesses such as a hedge find manager with an eight-figure annual income.

Boehner also raised a whole new specter of political peril: "going over part of the fiscal cliff." That sounded less dire, as long as we all stay inside our dangling cars and refrain from making any moves until help arrives.

But, by the end, it sounded as if the only cliff-avoidance Boehner was really interested in was one that raised new revenue through "fewer loopholes, and lower rates for all."

We have already seen that plan. It was proposed by a man who, on Tuesday, lost the state in which he was born, the state in which he was governor and the three states in which he owns houses. Thanks to a blog by Eric Ostermeier in Smart Politics, I am able to point out that the only candidate for president who lost his home state by a larger margin than Mitt Romney was John Fremont in 1856. And Fremont was coming out of a campaign in which the opposition accused him of being a cannibal.

While Boehner was explaining the importance of not going halfway over a cliff, or raising income taxes on the rich he looked somber and somewhat unhappy. This may have been because his Republican colleagues just lost the White House and the Senate. Or perhaps, it was simply because he's an older white guy, and, therefore, part of the biggest loser demographic of the election, the flip-side of the insurgent Latino vote.

On election night, people were talking about the not-young male population as if they were a dwindling tribe of graybeards sitting around a sputtering stove in Oklahoma. Republican strategist John Weaver worried about becoming "a shrinking regional party of middle-aged and older white men." On Fox News, Bill O'Reilly moaned that "the white establishment is now the minority."

O'Reilly, 63, added that the new majority was composed of people who "want stuff." As opposed to older white men, all of whom have signed a pledge never to accept veteran benefits, Social Security or Medicare.

"It's not a traditional America anymore," O'Reilly sadly concluded.

Almost everybody thinks of the world of their youth as the traditional world. In the future, today's teenagers will be looking back and mournfully declaring that traditional America was a place where folks really knew how to Twitter. Still, it's unseemly to identify the true America as the one where your group ran everything.

Cheer up, white men! You seem to be doing OK. Next year women will have 20 percent of the seats in the U.S. Senate, and we're celebrating.

And since it looks as if we're not getting any downtime, we'll have to get cracking on this latest congressional crisis. Root for a bipartisan solution that does not involve the White House's being hijacked by a guy who keeps babbling about going halfway over a cliff.

In the past, when these things came up, the president's big failing was his inability to hide his contempt for many of the people who occupy Capitol Hill. Now it's a new day, and he needs to be so perpetually and visibly available that the negotiators beg to be left alone.

If all else fails, strap John Boehner to the roof of a car.

*— Gail Collins is a New York Times columnist.*

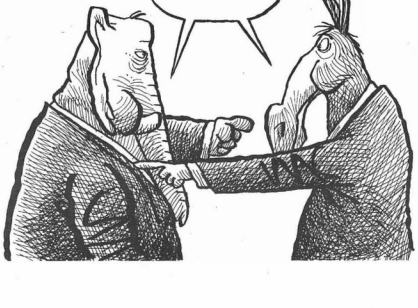


# Can Republicans adapt?

## Nicholas D. Kristof

This was one that the Republicans really should have won.

Given the weak economy, American voters were open to firing President Barack Obama. In Europe, in similar circumstances, one government after another lost re-election. And, at the beginning of this year, it looked as if the Republicans might win control of the U.S. Senate as well.

Yet it wasn't the Democrats who won so much as the Republicans who lost — at a most basic level, because of demography. A coalition of aging white men is a recipe for failure in a nation that increasingly looks like a rainbow.

Schadenfreude may excuse Democrats' smiles for a few days, but these trends portend a potential disaster not just for the Republican Party but for the health of our political system. America needs a plausible center-right opposition party to hold Obama's feet to the fire, not just a collection of Tea Party cranks.

So liberals as well as conservatives should be rooting for the Republican Party to feel sufficiently shaken that it shifts to the center. One hopeful sign is that political parties usually care more about winning than about purism. Thus the Democratic Party embraced the pragmatic center-left Bill Clinton in 1992 after three consecutive losses in presidential elections.

That was painful for many liberals, who cringed when Clinton interrupted campaigning in the 1992 primary to burnish his law-and-order credentials by overseeing the execution of a mentally impaired murderer. But it was, on balance, less painful than losing again.

You would expect the Republican Party to make a similar lurch to the center. But many Republican leaders still inhabit a bubble. It was stunning how many, from Karl Rove to Newt Gingrich, seemed to expect a Mitt Romney victory. And some of the right-wing postmortems are suggesting that Romney lost because he was too liberal — which constitutes a definition of delusional.

Imagine what would have happened if the Republican nominee had been Gingrich or Rick Santorum. We surely would have seen a Democratic landslide.

On the other hand, if the Republicans had nominated Jon Huntsman Jr., they might have been the ones celebrating right now. But he had no chance in Republican primaries because primary voters are their party's worst enemy.

Part of the problem, I think, is the profusion of right-wing radio and television programs. Democrats complain furiously that Rush Limbaugh, Glenn Beck and Sean Hannity smear the left, but I wonder if the bigger loser isn't the Republican Party itself. Those shows whip up a frenzy in their audience, torpedoing Republican moderates and instilling paranoia on issues like immigration.

All this sound and fury enmeshes the Republican Party in an ideological cocoon and impedes it from reaching out to swing-state centrists, or even understanding them. The vortex spins ever faster and risks becoming an ideological black hole.

In 2002, a book was published called "The Emerging Democratic Majority." It argued that Democrats would gain because of their strength in expanding demographics such as Hispanics, Asian-Americans and working women. It seemed persuasive until Republicans clobbered Democrats in the next couple of elections.

But perhaps that book was ahead of its time. This was the first election in which Hispanic voters made up a double-digit share of the electorate, according to CNN exit polls — 10 percent, doubled from 1996 — and more than 7 out of 10 Hispanic voters supported Obama.

That wasn't inevitable. In 2004, exit polls suggested that President George W. Bush received 44 percent of the Hispanic vote. But Republicans became obstructionist on immigration and then veered into offensive demagogy in opposing the nomination of Sonia Sotomayor to the Supreme Court. The Hispanic vote tumbled by increasing numbers into the Democrats' laps.

Then there are women. The paternalistic comments about rape by a few male Republican candidates resonated so broadly because they reflected the perception of the GOP as a conclave of out-of-touch men. As Rep. Todd Akin of Missouri might put it, when a candidate emerges with offensive views about rape, "the female body has ways to try to shut that whole thing down." Namely, they vote Democratic.

America is changing. After this election, a record 20 senators will be women, almost all of them Democrats. Opposition to same-sex marriage used to be a way for Republicans to trumpet their morality; now it's seen as highlighting their bigotry.

An astonishing 45 percent of Obama voters were members of minority groups, according to The Times' Nate Silver. Many others were women or young people. That's the future of America, and if the Republican Party remains a purist cohort built around grumpy old white men, it is committing suicide. That's bad not just for conservatives but for our entire country.

*— Nicholas D. Kristof is a New York Times columnist. Contact him at Facebook.com/Kristof, Twitter.com/NickKristof or by mail at The New York Times, 620 Eighth Ave., New York, NY 10018.*

Former local hoops player making it on TV Page 39 College hoops tip off in style tonight Page 41

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# Arawaks seek season sweep of Kean tonight

Daily News Photo by TIM CHAPMAN

St. Thomas-St. John Private Schools Arawaks senior Omar Henderson tackles senior teammate Patrick Leonard during Thursday's practice at Antilles School.

By TIM CHAPMAN
Daily News Staff

TACKLE FOOTBALL

ST. THOMAS — Luke Neely might not know where to begin if he were in an opposing coach's position and had to gameplan against his St. Thomas-St. John Private Schools Arawaks. The variety of formations running through his no-huddle offense can be a headache for defenses.

"It's difficult," Neely said. "We're a multi-formation, multi-game offense. We run a power game, a gap scheme to zone scheme. It's a lot to prepare for. Teams could potentially stop us."

Ivanna Eudora Kean High School (1-3) hopes to turn that potential into reality when the two teams meet at 7 tonight in an IAA tackle football game at Lionel Roberts Stadium.

The Arawaks (2-1) crushed the Devil Rays, 44-0, in the season opener, which ended early in the fourth quarter because of the league's mercy rule.

"We hope that the defense, by now, has learned the schemes," Kean High coach Elroy Donovan Jr. said. "It was the first game of the season and we have a lot of young guys."

Donovan is eager to see if his defense learned from the tough lessons handed out by the Arawaks' senior tailback tandem of Chris Cilliers and David McDonald.

Cilliers pounded his way to two rushing touchdowns and a receiving touchdown, and McDonald led the team with 75 rushing yards on seven carries. At 210 pounds, Cilliers can easily shed routine tackles.

"He's a big, strong guy," Donovan said. "Our guys have to realize that you have to adjust for that type of running back. We can't expect to wrap him up high and take him down."

At 170 pounds, McDonald offers a speedy change of pace. But he won't shy away from contact.

"They're tough guys to bring down," Neely said. "They're bruisers and it's gonna take two or three guys to bring them down at any time."

Arawaks dropped a 22-8 game

See FOOTBALL, page 42

# Kean High's energy lifts them over Ss. Peter and Paul, 4-1

By TIM CHAPMAN
Daily News Staff

VARSITY VOLLEYBALL

ST. THOMAS — There is no question who the vocal leader is on the Ivanna Eudora Kean High School girls varsity volleyball team. Chantell Grant can be heard loud and clear after nearly every point.

After dropping the first game by 11 points against Ss. Peter and Paul on Thursday at Keap High, Grant and the Lady Rays began communicating. The result was a loose, energetic and more confident team through the next three games as Kean High won the match, 4-1 (14-25, 26-24, 25-16, 25-18).

"I got to cheer them up," Grant said. "That's that motivation. My team's gonna back me up too, you know."

Grant backed up her talk and recorded two consecutive aces in the final game to push the lead to 17-9. She was also involved in a signature point of the match when three Kean High players on three different hits had to lunge and punch at the ball with one hand to keep the volley alive.

The Lady Jaguars were stunned when Kean sophomore Akia Frett finished that point by hitting

See VOLLEYBALL, page 42

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET. [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

b6
b7C

Anticipated Disposition:

Acquired By: [redacted]

Case Agent:

Description of Property: Date Entered
1B 2

31) ONE GREEN MASSAGE TABLE.....PBPD05-1024 (31)
32) ONE THRIFTY RENTAL AGREEMENT.....(32)
33) NOTE FROM [redacted].....(33)
34) ELEVEN CDS - OFFICE ..... (34)
35) MESSAGE BOOK - GUEST HOUSE.....(49)
(36) ONE MESSAGE BOOK.....(50)
(37) TWO COMPACT FLASH CARDS.....(51)
(38) SIX CDS - GUEST HOUSE.....(52)
(39) POWER CORD TO CPU - GUEST HOUSE.....(54)
(40) CPU - OFFICE.....(55)
41) ONE POWER CORD TO CPU - OFFICE.....(56)
42) THREE CDS - OFFICE.....(57)
43) ONE PEACH MASSAGE TABLE.....(58)
44) ONE GREEN FRAMED PHOTO (59)

Barcode: Location: 09/05/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B2

Chain of Custody FD-192

Case ID . : 31E-MM-108062 1B2 Barcode . :

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Accepted By:
Printed Name [redacted] . Signature [redacted] b6 b7C

Reason:..Collected..... Date/Time: 08/28/2006 11:00 am..

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

b6
b7C

Anticipated Disposition:

Acquired By: [redacted]

Case Agent:

Description of Property: Date Entered
1B 3

| | | |
|---|---|---|
| 1) TAPED CONVERSATION | PBPD 05-237 | (1) |
| 2) AUDIO TAPE #1 | PBPD 05-243 | (1) |
| 3) AUDIO TAPE #2 | | (2) |
| 4) COPY OF TAPE #1 | | (3) |
| 5) MICRO TAPE | PBPD 05-256 | (1) |
| 6) PHOTO LINE-UP | PBPD 05-257 | (1) |
| 7) AUDIO TAPE | PBPD 05-294 | (1) |
| 8) MICRO TAPE | | (2) |
| 9) CD | PBPD 05-295 | (2) |
| 10) C-90 CASSETTE | PBPD 05-313 | (1) |
| 11) A/X MAIL [redacted] | PBPD 05-378 | (1) |
| 12) WHITE PAPER [redacted] ..... | | (2) |
| 13) MESSAGE [redacted] | | (3) |
| 14) WHITE PAPER [redacted] ..... | | (4) |
| 15) MONTGOMERY COUNTY, MD [redacted] | | (5) |
| 16) WHITE PAPER [redacted] | PBPD 05-379 | (1) |
| 17) WHITE PAPER FLIGHT INFO | | (2) |
| 18) THREE WHITE PAPERS PREMIO COMPUTER INC | | (3) |
| 19) WHITE PAPER PHONE # | PBPD 05-380 | (1) |
| 20) YELLOW RECEIPT 04/04/05 | | (2) |
| 21) WHITE PAPER [redacted] | | (3) |
| 22) WHITE PAPER [redacted] | | (4) |
| 23) WHITE PAPER FLIGHT 04/05/05 | | (5) |
| 24) WHITE PAPER [redacted] | | (6) |

Barcode:

Location:

09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B3

Chain of Custody FD-192

Case ID . : 31E-MM-108062 1B3 Barcode . :

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Accepted By:
Printed Name: [redacted] ... Signature [redacted] b6 b7C

Reason: ..Collected..... Date/Time: 08/28/2006 11:[illegible]

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

b6
b7C

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET. [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

Anticipated Disposition: Acquired By: Case Agent:
[redacted]

Description of Property: Date Entered
1B 4

1) WHITE PAPER [redacted] PBPD 05-381 (1)
2) WHITE PAPER JET BLUE RECEIPT (2)
3) WHITE PAPER [redacted] (3)
4) WHITE PAPER [redacted] (4)
5) MESSAGE [redacted] (5)
6) WHITE PAPER [redacted] (6)
7) WHITE PAPER [redacted] (7)
8) WHITE PAPER [redacted] (8)
9) WHITE PAPER [redacted] (9)
10) WHITE PAPER ST. BARTHS (10)
11) MESSAGE - [redacted] (11)
12) MESSAGE - [redacted] ..... (12)
13) WHITE PAPER - [redacted] (13)
14) MESSAGE [redacted] (14)
15) MESSAGE - [redacted] (15)
16) MESSAGE [redacted] GIRL (16)
17) WHITE PAPER - [redacted] (17)
18) WHITE PAPER # [redacted] (18)
19) WHITE PAPER - [redacted] (19)
20) WHITE PAPER - [redacted] (20)
21) WHITE PAPER (917) (21)
22) WHITE PAPER [redacted] (22)
23) PHONE # PRINT OUT (23)

Barcode: Location: 09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B4

Chain of Custody FD-192

b6
b7C

Case ID . : 31E-MM-108062 1B4 Barcode . :

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Accepted By:
Printed Name: [redacted] Signature: [redacted]

Reason:..Collected..... Date/Time:..08/28/2006..11:00am

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET [redacted] b6
345 SOUTH COUNTY ROAD b7C
PALM BEACH FL 33480

Anticipated Disposition: Acquired By: Case Agent:
[redacted]

Description of Property: Date Entered
1B 5

1) FIVE MESSAGE PRINTOUTS PBPD 05-382 (1)
2) WHITE PAPER [redacted] (2)
3) MESSAGE [redacted] (3)
4) MESSAGE (4)
5) MESSAGE (5)
6) MESSAGE (6)
7) MESSAGE (7)
8) CLEAR PLASTIC STICK (8)
9) TWELVE WHITE PAPER - EXPENDITURES PBPD 05-383 (1)
10) WHITE PAPER [redacted] (2)
11) WHITE PAPER (3)
12) WHITE PAPER (4)
13) WHITE PAPER (5)
14) WHITE PAPER (6)
15) WHITE PAPER (7)
16) WHITE PAPER #..... (8)
17) MESSAGE [redacted] PBPD 05-384 (1)
18) WHITE PAPER [redacted] (2)
19) WHITE PAPER (3)
20) WHITE PAPER (4)
21) MESSAGE [redacted] (5)
22) MESSAGE # (6)
23) MESSAGE [redacted] (7)
24) WHITE PAPER [redacted] (8)
25) .WHITE PAPER (917) PBPD 05-385 (1)
26) WHITE PAPER [redacted] (2)
27) WHITE PAPER (3)
28) WHITE PAPER (4)
29) WHITE PAPER ..... (5)
30) FOUR WHITE PAPERS (6)

Barcode: Location: 09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B5

Chain of Custody FD-192

Case ID . : 31E-MM-108062 1B5 Barcode . :

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Accepted By:
Printed Name: [redacted] Signature [redacted] b6 b7C

Reason:..Collected..... Date/Time: 08/28/2006 11:50 am

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

b6
b7C

Anticipated Disposition:

Acquired By: [redacted]

Case Agent:

Description of Property: 1B 6

Date Entered

| | | |
|---|---|---|
| 1) MEDICAL SUPPLIES | PBPD 05-386 | (1) |
| 2) 727 LETTERHEAD | | (2) |
| 3) INVOICE #42700 | | (3) |
| 4) AMAZON.COM [redacted] | | (4) |
| 5) WHITE PAPER [redacted] | | (5) |
| 6) MESSAGE FROM [redacted] | | (6) |
| 7) MESSAGE FROM [redacted] | | (7) |
| 8) WHITE PAPER 2#S | | (8) |
| 9) WHITE PAPER (917) | | (9) |
| 10) MISC. DOCUMENTS - TRASH PULL | PBPD 05-874 | (1) |
| 11) MISC. PAPERWORK - TRASH PULL | PBPD 05-878 | (1) |
| 12) TWO MAGAZINES - TRASH PULL | PBPD 05-901 | (1) |
| 13) PAPER WITH [redacted] - TRASH PULL | PBPD 05-915 | (1) |
| 14) VHS T-160 CASSETTE | PBPD 05-929 | (1) |
| 15) SONY MICRO CASSETTE | | (2) |
| 16) SONY MICRO CASSETTE | | (3) |
| 17) SONY MICRO CASSETTE | | (4) |
| 18) SONY MICRO CASSETTE | PBPD 05-937 | (1) |
| 19) SONY MICRO CASSETTE | | (2) |
| 20) SONY MICRO CASSETTE | | (3) |
| 21) SONY MICRO CASSETTE | | (4) |
| 22) MISC PAPERWORK - TRASH PULL | PBPD 05-941 | (1) |
| 23) SONY MICRO CASSETTE | PBPD 05-942 | (1) |
| 24) SONY MICRO CASSETTE | | (2) |
| 25) MISC PAPERS - TRASH PULL | PBPD 05-943 | (1) |
| 26) CLEAR PIECE OF PLASTIC | PBPD 05-944 | (1) |
| 27) MISC PIECES OF PAPER - TRASH PULL | | (2) |
| 28) SONY MICRO CASSETTE | PBPD 05-945 | (1) |
| 29) SONY MICRO CASSETTE | | (2) |

Barcode:

Location:

09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B6

Chain of Custody FD-192

b6
b7C

Case ID . : 31E-MM-108062 1B6 Barcode . :

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Accepted By:
Printed Name: [redacted] Signature: [redacted]

Reason: Collected Date/Time: 08/28/2006 11:00a

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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Accepted By:
Printed Name: Signature:

Reason: Date/Time:

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name: Signature: Date:

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

b6
b7C

Anticipated Disposition:

Acquired By: [redacted]

Case Agent:

Description of Property: Date Entered

1B 7

| | | |
|---|---|---|
| 1) | SONY MICRO CASSETTE | PBDP 05-972(1) |
| 2) | SONY MICRO CASSETTE | (2) |
| 3) | SONY MICRO CASSETTE | (3) |
| 4) | MISC PAPERWORK - TRASH PULL | PBPD 05-1005(1) |
| 5) | THREE FLOOR PLANS | PBPD 05-1023(1) |
| 6) | DRAWING [redacted] | PBPD 05-1025(1) |
| 7) | MISC PHONE MESSAGES - TRASH PULL | PBPD 05-1027(1) |
| 8) | T-160 VIDEO CASSETTE | PBPD 05-1052(1) |
| 9) | SONY MICRO CASSETTE | (2) |
| 10) | SONY MICRO CASSETTE | PBPD 05-1064(1) |
| 11) | THREE EMAIL FROM DMV/DL | (2) |
| 12) | VHS VIDEO CASSETTE | PBPD 05-1069(1) |
| 13) | VHS VIDEO CASSETTE | (2) |
| 14) | CD | PBPD 05-1079(2) |
| 15) | MINI DV TAPE | PBPD 05-1080(1) |
| 16) | VHS VIDEO TAPE... | (2) |
| 17) | MINI DV TAPE | (3) |
| 18) | SONY MICRO CASSETTE | PBPD 05-1087(1) |
| 19) | SONY MICRO CASSETTE | PBPD 05-1090(1) |
| 20) | SONY MICRO CASSETTE | PBPD 05-1092(1) |
| 21) | PHOTO LINE-UP | (2) |
| 22) | SONY MICRO CASSETTE | PBPD 05-1203(1) |

Barcode: Location: 09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B7

Chain of Custody FD-192

Case ID . : 31E-MM-108062 1B7 Barcode . :

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Accepted By:
Printed Name: [redacted] ... Signature: [redacted] b6 b7C

Reason:..Collected..... Date/Time: 08/28/2006 11:00am

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

Title and Character of Case:

EPSTEIN, JEFFREY
[redacted]

Date Property Acquired: 08/28/2006

Source from which Property Acquired:
DET [redacted]
345 SOUTH COUNTY ROAD
PALM BEACH FL 33480

b6
b7C

Anticipated Disposition:

Acquired By: [redacted]

Case Agent:

Description of Property: Date Entered

1B 8

| | | |
|---|---|---|
| 1) | VHS TAPE OF SURVEILLANCE | PBPD 05-1205(1) |
| 2) | VHS TAPE OF SURVEILLANCE | (2) |
| 3) | VHS TAPE | (3) |
| 4) | VHS TAPE | (4) |
| 5) | VHS TAPE | (5) |
| 6) | VHS TAPE | (6) |
| 7) | VHS TAPE | (7) |
| 8) | SIXTEEN DVD-R DISCS PBSO | PBPD 05-1219(1) |
| 9) | CINGULAR ENVELOPE WITH SUBPOENA INFO | PBPD 05-1245(1) |
| 10) | CINGULAR WIRELESS CD | (2) |
| 11) | SONY MICRO CASSETTE | PBPD 06-21(1) |
| 12) | GREEN FOLDER [redacted] | PBPD 06-24(1) |
| 13) | SONY MICRO CASSETTE | PBPD 06-39(1) |
| 14) | SONY MICRO CASSETTE | PBPD 06-59(1) |
| 15) | SONY MICRO CASSETTE | PBPD 06-95(1) |
| 16) | T-160 VIDEO CASSETTE | PBPD 06-120(1) |
| 17) | SONY MICRO CASSETTE | PBPD 06-182(1) |
| 18) | SONY MICRO CASSETTE | PBPD 06-348(1) |
| 19) | CD | PBPD 06-397(1) |

Barcode: Location: 09/06/2006

Case Number: 31E-MM-108062
Owning Office: MIAMI

31E-MM-108062-1B8

Chain of Custody FD-192

b6
b7C

Case ID . : 31E-MM-108062 1B8 Barcode . :

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Accepted By:
Printed Name: [redacted] Signature: [redacted]

Reason:..Collected..... Date/Time:..08/28/2006..11:00am

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Printed Name:..... Signature:.....

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Printed Name:..... Signature:.....

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Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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Accepted By:
Printed Name:..... Signature:.....

Reason:..... Date/Time:.....

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WEAPONS CHECKED & CLEARED BY FIREARMS INSTRUCTOR

Printed Name:..... Signature:..... Date:.....

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 07/24/2006

**To:** Miami **Attn:** SSA [redacted]

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM 272-MM-C87675-28003;

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

OPEN (REOPEN)
CLASS 31 ALPHA E
ORIGIN MI DATE 2/24/06

b6
b7C

**Synopsis:** To request case be opened and assigned. Of A SA [redacted]

**Details:** From March 2005 through February 2006, the Palm Beach County Police Department conducted an investigation involving the Subjects, Jeffrey Epstein, DOB 01/20/1953, [redacted]
Multiple underage females, who all attend or attended one local area high school, [redacted], were recruited by [redacted] for the purposes of engaging in sexual activity with Jeffery Epstein. The sexual activity between Epstein and the minors occurred at Epstein's residence, 358 El Brillo Way, Palm Beach, Florida. [redacted] received monetary compensation for her recruitment and, in some incidents, her delivery of the underage females. Appointments were arranged for Epstein by [redacted]

Once the underage females arrived at Epstein's residence, [redacted]

Carbon copy 203[redacted]01.EC

2
31E-MM-108062-1

[redacted]

b6
b7C

It is requested by SA [redacted] that the above captioned case be opened and assigned.

♦♦



HOUSE_OVERSIGHT_018893

*Probable Cause Affidavit*

# Palm Beach Police Department

**Agency ORI# FLO 500600**

**Police Case#: 05-368 (1)**

**Defendant:** Jeffrey Epstein
**Race/Sex:** White Male
**DOB:** 01-20-1953
**Charges:** Unlawful Sexual Activity with a Minor (4) counts
Lewd and Lascivious Molestation

From March 15, 2005, through February 2006, the Palm Beach Police Department conducted a sexual battery investigation involving Jeffrey Epstein, [redacted] and [redacted]. Sworn taped statements were taken from five victims and seventeen witnesses concerning massages and unlawful sexual activity that took place at the residence of Jeffrey Epstein, 358 El Brillo Way, Palm Beach. Several of the victims were recruited by and brought to the residence by [redacted] to perform massages for Epstein, for which [redacted] received monetary compensation. During the visit they would be introduced to [redacted] Epstein's assistant, who in turn would record their telephone numbers and name. The victims would be brought to Epstein's bedroom to provide the massage. Epstein would enter the room and order the victims to remove their clothing to provide the massage. As the victims complied and provided the massages, Epstein would rub his fingers on their vaginas. On occasion, Epstein would introduce a massager/vibrator and rub the victims vaginas as they provided the massage. On three separate occasions, Epstein had intercourse and inserted his penis/fingers in the victims vaginas. At the conclusion of the massages the victims were paid sums of money ranging from $200 - $1,000. The facts, as reported, are as follows:

b6
b7C

On 03/15/2005, A fourteen year old white female, hereinafter referred to as '[redacted]' dob [redacted] and her family reported unlawful sexual activity which occurred at a residence within the Town of Palm Beach. [redacted] reported that a subject known to her as "Jeff" had touched her vaginal area with a vibrator/massager while within his residence. "Jeff" was later identified as Jeffrey Epstein through a photo line up.

During a sworn taped interview, [redacted] stated that [redacted] a cousin of [redacted] boyfriend and classmate at [redacted] worked for a wealthy man and did sexual favors for him. She also admitted that [redacted] had offered her an opportunity to make money. During the beginning of the month of February 2005, [redacted] explained that she was first approached by [redacted] to go with her to Epstein's house. [redacted] stated that [redacted] along with a Hispanic female, later identified at [redacted] pick her up at her father's house on a Sunday. [redacted] was not sure of the exact dates but knew it was a Sunday. [redacted] told her father that they were going shopping but in reality [redacted] drove them to Palm Beach. During the drive a

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det Joe Recarey, who is personally known to me.**

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**



3/E-MM-108062-2

conversation occurred between [redacted] and [redacted] whereas [redacted] reportedly told [redacted] that if Jeff asked her age, she should say she was eighteen. It was later confirmed by the [redacted] father that [redacted] picked his daughter up on February 6, 2005. According to [redacted] father, [redacted] drove a pick up truck. b6 b7C

[redacted] described Epstein's house as a two-story pink house with a Cadillac Escalade parked in the driveway. She recalled that Jeff's house was on a dead end street. Upon arriving at the house [redacted] stated that they walked up a driveway, past what appeared to be a small guard/security room. A male approaching them asking what they wanted. [redacted] stated they were there to see Epstein. The male allowed them to continue walking up to the house [redacted] stated the man told them that Epstein was not there but was expected back. He allowed them to enter the house, via the kitchen. He offered them something to drink while they waited inside. Shortly thereafter, Epstein and his assistant, described as white female with blond hair and later identified as [redacted], entered the kitchen. Epstein introduced himself to [redacted] described Epstein as being approximately forty-five years old, having a long face and bushy eyebrows, with graying hair.

[redacted] and Epstein left the kitchen leaving [redacted] alone in the kitchen. They returned a short time later. They all spoke briefly in the kitchen. [redacted] was instructed to follow [redacted] upstairs. [redacted] recalled walking up a flight of stairs, lined with photographs, to a room that had a massage table in it. Upon entering the room there was a large bathroom to the right and a hot pink and green sofa in the room. There was a door on each side of the sofa. [redacted] recalled there being a mural of a naked woman in the room, as well as several photographs of naked women on a shelf. [redacted] told the victim that Epstein would be up in a second.

Epstein entered the room wearing only a towel and told [redacted] to take off her clothes. [redacted] stated Epstein was stern when he told her to take off her clothes. [redacted] said she did not know what to do as she was the only one there in the room so she took off her shirt leaving her bra on. Epstein had removed his towel and told the [redacted] to take off everything. [redacted] stated Epstein was nude when he took his towel off, placing it on the floor as he laid down on the table. [redacted] stated she then removed her pants leaving her thong panties on. Epstein then instructed her to give him a massage pointing to a specific lotion for her to use. As [redacted] began to give Epstein the massage, he told her to get on his back. [redacted] stated she straddled herself on Epstein's back whereby her exposed buttocks were touching Epstein's bare buttocks. [redacted] said Epstein was specific in his instruction to her on how to massage him, telling her to go clockwise or counter clockwise. Epstein then turned over and instructed [redacted] to massage his chest. [redacted] was now standing on the ground and resumed massaging Epstein's chest area. [redacted] stated Epstein held onto the small of her back as she massaged his chest and shoulder area. Epstein then turned to his side and started to rub his penis in an up and down motion. Epstein then pulled out a purple vibrator and began to

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**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

massage [redacted] vaginal area. [redacted] stated there was no penetration as the vibrator was on top of her underwear. [redacted] recalled Epstein ejaculating because he had to use the towel to wipe himself as he got off the table. Epstein then left the room and [redacted] got dressed. She went back downstairs where she met with [redacted]. [redacted] said she was paid three hundred dollars in cash from Epstein. Before she left, Epstein asked [redacted] to leave her phone number. As [redacted] [redacted] and [redacted] were leaving the house, [redacted] told [redacted] she received two hundred dollars that day for bringing her.

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During the course of the investigation, parental consent was granted for [redacted] to assist with the investigation. At our direction [redacted] conducted controlled taped phone calls to [redacted]'s cellular telephone [redacted]. [redacted] spoke with [redacted] in an attempt to arrange another meeting with Epstein. [redacted] asked [redacted] what did she need to do to make more money. [redacted] stated, "the more you do, the more you get paid." [redacted] had subsequently called back [redacted] and left a voice mail message for her indicating that she had set up an appointment for [redacted] to go to Epstein's house at 11:00 am on April 5, 2005. This message was recorded from [redacted] voice mail.

Based on the above, trash pulls were established at Epstein's residence with Supervisor Tony Higgins of the Sanitation Bureau of the Town of Palm Beach. The trash pull from April 5, 2005 revealed a telephone message for Epstein which stated Haley and [redacted] name at 11:00 am. This was the time frame [redacted] had informed [redacted] to be ready to go work at Epstein's house.

On October 3, 2005, Sgt Frick and I went to [redacted]'s residence and viewed her vehicle parked in the driveway, a red Dodge Neon. Sgt. Frick and I knocked on the door and met with [redacted]. [redacted] was told that we were investigating a claim involving Jeffrey Epstein of El Brillo Way, in Palm Beach. [redacted] was asked if she would accompany us back to the police station for further questioning. She was also told that at the conclusion of the interview she would be returned home. [redacted] voluntarily came with us back to the Palm Beach Police Department.

Upon our arrival at the police station, [redacted] was brought to the interview room in the Detective Bureau where I obtained a taped, sworn statement. I began the interview by asking [redacted] how she became acquainted with Epstein. [redacted] stated that approximately two years ago, just after she turned 17 years of age, she was approached by a friend named [redacted] at the Canopy Beach Resort in Rivera Beach. [redacted] was asked if she wanted to make money. She was told she would have to provide a massage and should make $200.00. [redacted] thought about the offer and agreed to meet with Jeffrey.

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HOUSE_OVERSIGHT_018896

(Unknown last name) and Tony (Unknown last name) picked up and she was taken to Epstein's house. Upon her arrival to the house she was introduced to Epstein in the kitchen of the house. She was also introduced to a white female known to her as . She was led upstairs to the main bedroom known to her as Jeff Epstein's bedroom. arranged the massage table and covered the table with a sheet. She brought out the massage oils and laid them next to the massage bed. , then left the room and informed Jeff would be in, in a minute. Jeff entered the bedroom wearing only a towel. He removed the towel and laid nude on the massage table. He laid on the table onto his stomach and picked a massage oil for to rub on him. During the massage, stated "He tried to touch me and I stopped him." I asked how he tried to touch her. stated that Epstein grabbed her buttocks and she felt uncomfortable. told Epstein, I'll massage you but I don't want to be touched. stated she performed the massage naked. At the conclusion of the massage, Epstein paid $200.

After the massage Epstein stated to that he understood she was not comfortable, but he would pay her if she brought over some girls. He told her the younger the better. stated she once tried to bring a 23 year old female and Epstein stated that the female was too old. stated that in total she only remembers six girls that she brought to see Epstein, each time she was paid $200. stated she had brought the following girls: ( a16 year old female) (a 16 year old female) and said that at the time she brought these girls to Epstein's house they were all14 through 16 years of age. I asked which one was the youngest. advised was the youngest as she was fourteen when the massage occurred. stated every girl she brought knew what to expect when they arrived. They were told they would provide a massage, possibly naked, and allow some touching. I asked her if was aware. She stated every girl she brought knew what to expect. She explained she knew that wanted to make money. She approached and explained about going to work for Jeff, agreed and arrangements were made to bring her to Epstein's house on a weekend. stated that she and (Later identified as picked up at her house. stated that at that time she was driving a red pickup truck. They traveled to Epstein's house and entered through the kitchen door. They met with the house chef and Epstein's assistant . was introduced to Epstein while they were in the kitchen area. led upstairs and Epstein went upstairs. When the massage was over returned to the kitchen area. stated she was paid $200.00 for bringing to Epstein's house. stated told her she was paid $300.00 for the massage.

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stated that was the last person she brought to Epstein's house. She had changed her cellular number to avoid being contacted by . She continued stating that she had no direct contact with Epstein

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when he was going to travel to Palm Beach. [redacted] said when Epstein announces to his assistant, [redacted] that he is traveling to Palm Beach, [redacted] would then contact [redacted] to arrange girls to "work" for Epstein. [redacted] stated that once her parents discovered that she was visiting Epstein, they disapproved of the encounters with him and she stopped. [redacted] further stated that [redacted] still tries to call [redacted]'s house and leaves messages.

Sgt Frick entered the room and explained to [redacted] that based on her own statements, she had implicated herself by bringing underage girls to Epstein's house. [redacted] provided cellular telephone numbers for the girls she had mentioned previously. Additionally, she also provided possible addresses and areas in which they lived.

As [redacted] was being taken home in the vehicle, a tape recorder was placed within the vehicle to record any conversations within the vehicle. During the drive back to her home, [redacted] made the comment " I'm like a Heidi Fleiss." (Hollywood Madam who sent girls to clients for sexual favors in California). [redacted] was dropped off at her house without incident.

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On October 3, 2005, Sgt Frick and I went to speak with [redacted] a sixteen year-old female who was brought to Epstein's residence by [redacted]. We met with [redacted] mother at their front door. We explained the ongoing investigation and asked to speak with [redacted] as we had information that she had "worked" for Jeff. Mrs [redacted] introduced us to her husband and allowed us entry into the home. We sat in the dining room and met with [redacted] Date of Birth [redacted] As she was under the age of eighteen, Mrs [redacted] was advised we would be speaking with her. She expressed if her daughter had information, she wanted to assist. We interviewed [redacted] who denied having any inappropriate encounters with Jeff (Epstein). She stated she had gone to Jeff's house with [redacted] approximately eight months ago and sat in the kitchen with the house chef, but nothing happened. As the parents were present during the interview, we felt that [redacted] was withholding information from us. She made several comments as to putting the entire incident behind her. I left my telephone number and advised should she wish to speak with me again to telephone me. Sgt Frick and I thanked Mrs. [redacted] for her time and left the area. She stated she would ask [redacted] again after we left as to what happened at Epstein's house. I informed her that [redacted] had my telephone number and hopefully she would call.

On October 4, 2005, Det Dawson and I drove to the [redacted] home and met with [redacted] and [redacted], dob [redacted]. During a sworn taped statement, [redacted] stated approximately a year ago when she was seventeen years old, she was taken to a house by [redacted] [redacted] stated she knows [redacted] because they both attend [redacted] She was told she could make money working

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for Jeff. She was told she would have to provide a massage to Jeff. [redacted] stated upon her arrival to the house she was brought to the kitchen area by [redacted]. They met with the house chef who was already in the kitchen area. [redacted] stated [redacted] would wait for her in the kitchen. [redacted] was introduced to [redacted], Jeff's assistant, who brought her upstairs to the master bedroom. [redacted] prepared the room and massage table for a massage. Epstein entered the room wearing only a towel and she provided a massage. [redacted] stated she kept her clothes on during the massage. She advised sometime during the massage, Epstein grabbed her buttocks and pulled her close to him. [redacted] said she was uncomfortable by the incident involving Jeff. At the conclusion of the massage, she was paid $200.00 for the massage. I asked [redacted] if she has any formal training in massages to which she replied no. I asked her if [redacted] received any monies for taking her to perform the massage. [redacted] stated [redacted] had received money for taking her there but was unsure in the amount. [redacted] stated she returned to Epstein's house on another occasion with [redacted] and another girl [redacted] stated she waited in the kitchen with [redacted], while [redacted] was taken upstairs by [redacted]. [redacted] stated she only did the massage once as she was uncomfortable with the whole experience.

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At the conclusion of the interview, the tape was stopped. I was informed that [redacted] had attempted to reach [redacted] via cell phone. A voice mail message on October 4, 2005 at 10:59 am, revealed a female voice who identified herself as [redacted] who requested [redacted] to call her back reference the police questioning. [redacted] provided the incoming telephone number as [redacted] stated she inadvertently told [redacted] about the police investigation because [redacted] had called her to tell her about how she just received a rental car from Jeff Epstein. [redacted] had called her to tell her that she was given a rental car, a 2005 Silver Nissan Sentra, to utilize to visit family and visit Epstein. [redacted] asked her what was going on at the house that the police would be asking questions. [redacted] stated [redacted] then called Jeff and [redacted] and asked what was going on reference the ongoing police investigation. According to [redacted] [redacted] has since then been trying to contact her to ask about the police questions. I instructed [redacted] not to contact [redacted] and do not provide any more information to [redacted] as she would notify Jeff Epstein and [redacted] what was transpiring.

On October4, 2005, I made telephone contact with [redacted] who had left several messages for me to contact her. During the message, she advised she was not completely truthful when we met in person but would like to speak with me to advise what had happened. She further advised she did not want to speak of this incident in front of her mother. At approximately 3:48 pm I made telephone contact with [redacted] During a taped recorded statement [redacted] stated the following: approximately a year ago, when she was sixteen years of age, [redacted] took her to Epstein's house twice. She knows [redacted] because they both attend [redacted] The first time she went, [redacted] drove to the house. They entered through the kitchen area where she was

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introduced to [redacted] and Epstein. She was taken upstairs to a bedroom by [redacted] who set the room up with a massage bed and brought out the oils to use. Epstein then entered the room wearing a towel. He laid on the table and picked out a lotion for [redacted] to rub on him. At one point during the massage he tried to remove her shirt, at which point she became very upset and discontinued the massage. Both [redacted] and Epstein had a verbal disagreement, at which time she left without being paid. She got with [redacted] who was sitting in the kitchen and told her "let's go." [redacted] advised she received no money for that day. [redacted] also said that [redacted] had told her if she was uncomfortable with what was going on, to let him know and he'll stop. She knew that the more you do the more you get paid. [redacted] advised that several weeks later she agreed to be taken a second time by [redacted]. Once they arrived at the residence, [redacted] sat in the kitchen and [redacted] took her upstairs to the master bedroom again. [redacted] set the room up with a massage bed and brought out the oils to use. Epstein then entered the room wearing a towel. He laid on the table and picked out a lotion for [redacted] to rub on him. At one point during the massage he tried to touch her buttocks. As [redacted] was wearing tight jeans and had a tight belt on Epstein was unable to touch her buttocks. Epstein then rolled onto his back during the massage and then attempted to touch her breasts [redacted] then became upset again and told Epstein she didn't want to be touched. [redacted] discontinued the massage and was paid $200.00. [redacted] then went downstairs where [redacted] was waiting for her. She told [redacted] she wanted to leave. [redacted] said she never returned to the house. [redacted] stated she is aware that her friend, [redacted] was also at the house and had a problem with Epstein.

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I later researched [redacted] dob [redacted], and met with her at her residence. During a sworn taped statement, [redacted] stated the following: on or about November 2004, she was approached at [redacted] by [redacted], a fellow student. [redacted] asked [redacted] if she wanted to make money. She agreed and was told she would provide a massage to wealthy man in Palm Beach. [redacted] picked her up and drove her to a house in Palm Beach. She was brought into the kitchen area of the house. She further stated that fellow [redacted] students [redacted] and [redacted] came with them. They were brought into the kitchen where she was introduced to Epstein and other females. [redacted] stated she was introduced to a female helper of Epstein, the female was described as white female (unknown name ), with blond hair. She stated that the assistant was familiar with [redacted] The assistant brought her upstairs into a master bedroom area. The assistant set up the massage table and put out lotions to be used. She told [redacted] Epstein would be available in a minute. Epstein entered the room wearing only a towel. Epstein removed his towel, and laid naked on the massage table and picked a lotion to rub on his thighs and back. [redacted] further stated during the massage, Epstein asked her to remove her clothes. She complied and removed her pants and blouse. [redacted] didn't remember if she had removed her bra but feels that she did. [redacted] was certain that she stayed in her thong underwear. [redacted] continued the massage and at one point she climbed onto the massage

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table, straddling Epstein to massage his back. While doing this her buttocks were touching Epsteins. [redacted] was instructed to return to the ground at which time Epstein turned to have his chest rubbed. [redacted] advised she was sure he was masturbating based on his hand movements going up and down on his penis area. [redacted] did not want to look at his penis area because she was uncomfortable. Epstein removed a large white vibrator which was next to the massage table and turned it on. [redacted] stated Epstein began rubbing the vibrator over her thong underwear on her vaginal area. Shortly thereafter, Epstein ejaculated and removed himself from the table. He walked over to where the shower was and opened the glass door. She waited as he was taking a shower in her direct view. When I asked [redacted] how old she was when this occurred, she stated she had just turned seventeen. At the conclusion of the shower, [redacted] was paid either $350.00 or $400.00. She stated she wasn't sure, but knows it was close to $400.00. [redacted] stated she never returned to provide a massage for Epstein.

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At approximately 2:10 pm, Det Dawson and I met with [redacted], dob [redacted] at her residence. As [redacted] was only seventeen years of age, I had notified her mother, that she would be interviewed reference an ongoing investigation in Palm Beach. I assured her that her daughter was not a suspect. I explained the possibility of her being either a witness or victim. Mrs [redacted] advised she wanted [redacted] to cooperate and consented to the interview.

During a sworn taped statement, [redacted] stated the following: at the age of sixteen, during the month of September 2004, she was approached by [redacted] for a chance to make money. [redacted] was friends with associates of [redacted] and knew the same people. [redacted] had been previously told by her friends from [redacted] what [redacted] did for Epstein. [redacted] called a person known to [redacted] as [redacted] and scheduled the appointment. [redacted] picked [redacted] up and drove her to Palm Beach to a street called "Brillo Way". They drove to the end of the street and entered a large driveway. They entered the kitchen area of the house and met with Epstein. [redacted] was introduced to Jeff Epstein. [redacted] led [redacted] upstairs to the main bedroom area and set up the room with a massage table and set out the oils. [redacted] stated that while going up the stairs and into the bedroom she observed numerous photographs of naked young girls. [redacted] dimmed the lights and turned on soft music. [redacted] exited the room and Epstein entered the room wearing only a towel. Epstein picked oils and instructed her to rub his legs, under his buttocks, back and chest area. Epstein asked her to get comfortable. [redacted] advised she did not remove her clothes. She was wearing tight jeans and a cropped tank top exposing her belly area. During the massage, Epstein removed his towel and laid on the massage table naked. As [redacted] rubbed Epstein's chest area, he attempted to reach down her pants to touch her buttocks area however was unable to due so due to the tightness of the jeans and a tight belt. [redacted] advised Epstein began to masturbate as she rubbed his chest. Epstein moaned as she rubbed his chest. She observed he was continuing to masturbate and

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attempted to reach up her tank top and touch her breasts. [redacted] pulled back and Epstein stopped, however he kept masturbating until he climaxed. He cleaned himself with the towel he was previously wearing. [redacted] was paid $200.00 for the massage and left the area. She met with [redacted] who was waiting in the kitchen area and left the house. b6 b7C

[redacted] then explained she never provided another massage for Epstein. She did however, go to the house with [redacted] and [redacted] as they took another friend of [redacted]s. [redacted] advised she was present when [redacted] went to work for Epstein. She advised she rode over and sat in the kitchen area with [redacted] to wait for [redacted] advised while they waited for [redacted] the house chef prepared lunch for them as it was almost lunchtime when they went. When [redacted] was finished with the massage they left the area. I asked [redacted] if [redacted] ever told her what would be expected when she provided a massage. [redacted] stated yes, [redacted] told her that a massage would be expected, possibly naked and possibly some touching involved. [redacted] has no formal training in providing massages. [redacted] spoke about a third and last time she went to Epstein's house. [redacted] drove another girl [redacted] (sixteen years of age) who is [redacted] friend, to Epstein's house. [redacted] stated [redacted] knew that [redacted] had made money massaging Epstein and wanted to make money herself. [redacted] took them in the kitchen area of the house and introduced [redacted] to [redacted] took [redacted] upstairs to the main bedroom. [redacted] advised she doesn't know what happened as [redacted] did not speak about what happened in the room. [redacted] received $100.00 from [redacted] for going with her to Epstein's house and recommending [redacted]

On October 6, 2005, at 11:45 am, I met with [redacted], dob [redacted], at [redacted] and explained to her why we there to interview her. She advised she was aware of the ongoing investigation. [redacted] stated she had previously spoken with [redacted] who told her she was interviewed by detectives. During a sworn taped statement [redacted] stated she knew that [redacted] worked for Jeff Epstein in Palm Beach. [redacted] advised she originally had been taken to the Epstein house by [redacted], whom she met when they both attended [redacted]. She began going to the house when she was sixteen years of age and stated she had been there a lot of times to provide massages over the past two years. I asked her if she had formal training in providing massages, which [redacted] stated she had not. [redacted] advised she was told what was expected of her by providing massages and she would have to remove clothing but if she felt uncomfortable just to say so and Epstein would stop pushing the issue. [redacted] began providing massages and advised she kept her clothes on. She considered Epstein a pervert and he kept pushing to go further and further. [redacted] explained she would keep telling him she had a boyfriend and would not be right to her boyfriend. It wasn't until recently that [redacted] began removing her clothes and staying in her thong underwear to provide a massage. [redacted] explained

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HOUSE_OVERSIGHT_018902

Epstein wanted to be rubbed on his back and recently he began turning over and have her rub his chest as he masturbated. He would try to touch her breasts as she rubbed his chest. [redacted] stated "Jeff would try to get away with more and more on each massage". [redacted] stated Epstein would try to touch her more and on one occasion he attempted to use a massager/vibrator on her. [redacted] drove [redacted] to the house for the original massage. [redacted] left [redacted] her cell phone number and every time Epstein would come into town, [redacted] would call her for an appointment to "work". Each time she went, [redacted] would meet her at the kitchen door area. She would bring her upstairs and prepare the massage table. [redacted] advised Epstein would ask her questions about herself. Epstein knew she was a soccer player and would be attending [redacted] I asked [redacted] if Epstein knew her real age. [redacted] stated Epstein did and didn't care. The most recent massage she provided was on October 1, 2005. During the massage, she asked Epstein if she could borrow one of his vehicles to visit her family and boyfriend in Orlando, Florida. Epstein had told her she could borrow one of his vehicles but later stated he would rent her a car. She continued with the massage as Epstein grabbed her buttocks and caressed the buttocks cheeks. I asked [redacted] if she was wearing undergarments to which she replied her thong underwear. Once he tried to touch her breasts, she would pull away from him and he would stop. [redacted] was asked if he ever used a vibrator on her. [redacted] was aware of the vibrator but advised she never would allow him to use the vibrator on her. She described the vibrator as the large white vibrator with a huge head on the tip of the vibrator. She stated he kept the vibrator in a closet near the massage table.

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[redacted] stated that on October 3, 2005, she was contacted by Epstein's assistant, [redacted], who informed her that Jeff Epstein had rented her a new Nissan Sentra and she should come by the house to pick it up. [redacted] informed [redacted] she would have the car for a month. [redacted] stated Epstein knew her car was not working properly and that she had missed appointments in the past because of her car being inoperable. [redacted] explained the car is currently parked next to the [redacted] Gym field. I asked her if she ever took any one to the house. [redacted] explained she took [redacted] a friend of hers who attended [redacted] who has relocated to Orlando to attend college. I asked if she ever allowed another female in the room. [redacted] advised no one was brought into the room with her.

At the conclusion of the interview, Det Dawson and I went to the gym area of [redacted] and located the Silver Nissan Sentra bearing Florida tag X98-APM . The vehicle is registered to Dollar Rent a Car out of the Palm Beach International Airport. The vehicle was rented by Janusz Banasiack, later learned to be Epstein's houseman, and paid with Epstein's credit card.

On September 11, 2005, w/f [redacted], dob [redacted] was arrested by the Palm Beach Police Department

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for misdemeanor possession of marijuana. During the arrest [redacted] told the arresting officer that she had information about sexual activity taking place at the residence of Jeffrey Epstein. Additionally, during the ongoing trash pulls from Epstein's residence, discarded papers were found which contained [redacted] name and cell phone number.

On October, 11, 2005, Det Dawson and I met with [redacted] and obtained a sworn taped statement. [redacted] explained she had been going to Epstein's house since 2002, when she was sixteen years of age. Since then she has gone to the house hundreds of times. [redacted] stated she became his "number one girl." She explained that on her first visit she was brought to the house by fellow [redacted] classmate, [redacted] said she was brought through the kitchen area where she met [redacted] for the first time. [redacted] was led to the master bedroom, Epstein s room. [redacted] explained that as she was walking up the stairs she observed several photographs of naked women along the walls and tables of the house. [redacted] further explained that she was brought into the bedroom, where [redacted] prepared the room by setting up the massage table and provided the oils for her to rub on Epstein. [redacted] explained she remembered the steam room area, which contained two large showers. Epstein entered the room from the steam room area and introduced himself. Epstein lay on the table and told her to get comfortable. [redacted] removed her skirt and kept her shirt on. Epstein then instructed her to remove her shirt. [redacted] removed her shirt and remembered she was not wearing a bra. [redacted] stated she provided the massage wearing only her panties. She continued rubbing his legs, thighs and feet. [redacted] advised he turned over onto his back. Epstein touched her breasts and began to masturbate. Epstein ejaculated which meant the massage was over. At the conclusion of the massage, [redacted] was paid $200.00. They walked together downstairs where [redacted] and [redacted] were waiting. [redacted] stated [redacted] received an unknown amount of money for taking her to Epstein. Epstein instructed to leave her cellular telephone number so that he could contact her when he is in town.

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[redacted] stated that during her many visits a routine was established between her and Epstein. She would enter the house and get naked in the bedroom. She would then start with a back massage. Epstein would roll on to his back and allow her to massage his chest area. [redacted] stated Epstein would then began to masturbate himself and at the same time would insert his fingers in her vagina and masturbate her with his fingers. [redacted] explained Epstein would continue this process until he ejaculated. He would then utilize a vibrator/massager on her vagina until [redacted] climaxed. [redacted] advised that during her frequent visits, Epstein asked for her real age, [redacted] stated she was sixteen. Epstein advised her not to tell anyone her real age. [redacted] advised that things escalated within the home as Epstein would instruct and pay [redacted] to have intercourse with his female friend, [redacted]. [redacted] explained the intercourse included using strap on dildos, large rubber penis' and other devices that Epstein had at his disposal. Epstein would watch them have intercourse and masturbate himself. Occasionally, Epstein would then join in

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**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

during the female on female intercourse and provide oral sex to both [redacted] and [redacted] This occurred during the time [redacted] was sixteen years of age.

[redacted] advised this continued to escalate during two years. The routine became familiar to [redacted] Epstein's assistant [redacted] would telephone her every time Epstein was in the Town of Palm Beach and would place appointments for her to visit and work for Epstein. Each time something new was introduced, additional monies were produced and offered for [redacted] to allow the acts to happen. [redacted] consented to perform all these acts but was adamant that there was an understanding with Epstein that no vaginal penetration would occur with his penis. [redacted] explained that Epstein's penis was deformed. [redacted] explained that his penis was oval shaped. [redacted] claimed when Epstein's penis was erect, it was thick toward the bottom but was thin and small toward the head portion. [redacted] called Epstein's penis "egg-shaped." [redacted] stated Epstein would photograph [redacted] and her naked and having sex and proudly display the photographs within the home. [redacted] stated during one visit to Epstein's house in which she provided a massage to Epstein, his female friend, [redacted], was also present. [redacted] provided the massage in which [redacted] and her would fondle each others breasts and kiss for Epstein to enjoy. Towards the end of this massage, Epstein grabbed [redacted] and turned her over onto her stomach on the massage table and forcibly inserted his penis into her vagina. [redacted] stated Epstein began to pump his penis in her vagina. [redacted] became upset over this. She said her head was being held against the table forcibly, as he continued to pump inside her. She screamed "No!" and Epstein stopped. She told him that she did not want to have his penis inside of her. Epstein did not ejaculate inside of her and apologized for his actions and subsequently paid her a thousand dollars for that visit. [redacted] stated she knows he still displays her photographs through out the house.

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On October 12, 2005, Det Dawson and I met with [redacted], dob [redacted] who stated during a sworn taped statement, that nothing happened between her and Epstein. [redacted] appeared nervous during the interview. I assured her that I have spoken with other people who advised differently. [redacted] stated on several occasions she provided a massage to Epstein. She stated she was brought to the Epstein house in March of 2005. [redacted] a classmate at [redacted], approached her and asked her if she wanted to "work". [redacted] made the arrangements with [redacted] Epstein's assistant. [redacted], who has no formal training in providing massages, stated she provided a massage, fully clothed for $200.00 . As I sensed hesitancy in her answers, I asked [redacted] if she had been contacted by anyone from Epstein's organizations or his house. [redacted] stated she was interviewed already by a private investigator for Epstein. He identified himself as "Paul" and inquired about the police investigation, and left his telephone number [redacted] for additional contact. [redacted] provided no additional information, as it appeared her responses were almost scripted.

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**Date: 05/01/2006**



HOUSE_OVERSIGHT_018905

# Probable Cause Affidavit

## Palm Beach Police Department

**Agency ORI# FLO 500600**

On November 6, 2005, at approximately 3:30 pm, I met with [redacted] dob [redacted], at the Palm Beach Police Department. [redacted] was identified as a potential witness/victim through information obtained during the trash pulls. During the sworn taped statement, [redacted] advised she was at Jeffrey Epstein's house one time, approximately two months ago. She was approached by a girl, [redacted] who was dating [redacted] roommate, for an opportunity to make some quick money. [redacted] advised she needed to make some quick cash to make the rent that month. She agreed to go to the house. She had been told by [redacted] that the massage would have to be done in her underwear. She advised [redacted] drove with her and brought her into the house. They walked into the kitchen area, and took the stairs upstairs. [redacted] further stated she was brought into a master bedroom area. She advised she recalled seeing portraits of naked women throughout the room. A massage table was already out near the sauna/shower area in the master bedroom. Epstein entered the room wearing only a towel and introduced himself as "Jeff." At Epstein's direction, [redacted] and [redacted] removed their clothing down to their panties, Epstein laid on his stomach area and they provided a massage on his legs and feet area. I asked [redacted] if she had any formal massage training and she replied "no." [redacted] advised she was topless and the panties she wore were the boy shorts lace panties. She and [redacted] continued the massage until the last ten minutes of the massage, Epstein, told [redacted] to leave the room so that [redacted] could finish the massage. [redacted] got dressed, and left the room as Epstein turned over onto his back. Epstein then removed the towel and laid naked . Epstein requested that [redacted] rub his chest area. [redacted] stated as she did this, Epstein, began masturbating. [redacted] stated Epstein pulled down her boy short panties, and he produced a large white vibrator with a large head. She stated it was within his reach in a drawer in his master bathroom. He rubbed the vibrator on her vaginal area. [redacted] advised he never penetrated her vagina with the vibrator. He continued to rub her vagina with the vibrator as he continued to masturbate. [redacted] stated she was very uncomfortable during the incident but knew it was almost over. Epstein climaxed and started to remove himself from the table. He wiped himself with the towel he had on previously and went into the shower area. Thomas got dressed and met with [redacted] in the kitchen area. Epstein came into the kitchen and provided [redacted] $200.00 for bringing [redacted] and paid $200.00 to [redacted] for providing the massage. [redacted] was told to leave her telephone number with [redacted] for future contact. [redacted] provided her cellular telephone number. [redacted] was asked if she was recently contacted about this investigation by anyone from the Epstein organization. She replied she was called but it was for work. She stated she was called by [redacted] for her to return to "work" for Epstein. [redacted] stated "work" is the term used by [redacted] to provide the massages and other things. [redacted] advised she declined as she was not comfortable in providing that type of "work."

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On November 7, 2005, Det Sandman and I met with [redacted], dob [redacted] During a sworn taped statement, [redacted] stated she met Jeffrey Epstein through [redacted] when they were still

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**County of Palm Beach**

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**Date: 05/01/2006**



HOUSE_OVERSIGHT_018906

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attending [redacted] would approach females who wished to work for Epstein. [redacted] stated she was offered to work for Epstein but declined. [redacted] explained that "work" means give massages. She was asked about any formal training in providing massages which she said "no." [redacted] said she accompanied [redacted] and other females who were taken to Epstein's house to provide massages. [redacted] further stated she had been to the house approximately 4 or 5 times in the past year. She accompanied [redacted] with [redacted] Each time the girls were taken over, they were previously told they would have to provide a massage, possibly naked. They were also told that should Epstein require them to do anything extra, and they were not comfortable just to tell him and he would stop. [redacted] stated [redacted] received $200.00 for each girl she brought over to massage Jeffrey Epstein. When I asked which girl appeared to be the youngest, she replied, [redacted] who was really young, fifteen years old at the most. [redacted] further stated each time she went to the house, she sat in the kitchen and waited with [redacted] until the massage was over. She further stated that the cook would make lunch or a snack for them as they waited. I asked her if there was anything that caught her attention within the home. [redacted] stated there were a lot of naked girls in photographs throughout the house.

On November 8, 2005, at approximately 2:00pm , I met with [redacted], dob [redacted] at the Palm Beach Police Department. During a sworn taped statement, [redacted] stated she had met Epstein approximately two years ago when she was first approached by [redacted], a classmate at [redacted] [redacted] approached her about working for Epstein and providing a massage to him for $200.00. [redacted] had made the arrangements however was unable to take her the day the arrangements were made. [redacted] had [redacted] take [redacted] also attended [redacted] and was familiar with Epstein. [redacted] recalled she was brought there and entered through the back kitchen door. She had met with an assistant [redacted] and another assistant [redacted]. [redacted] brought her upstairs as she observed several photographs of naked females throughout the house. [redacted] stated Epstein came in the room, wearing only a towel, and laid on the table. [redacted] stated he picked out the oils he wanted her to use and requested she remove her clothing to provide the massage. [redacted] stated that on the first massage she provided she did not remove her clothing. [redacted] stated she had returned several times after that. Each time she returned it was more than a massage. Epstein would walk into the master bedroom/bathroom area wearing only a towel. He would masturbate as she provided a massage. [redacted] stated she was unsure if he climaxed as he masturbated under the towel. Additionally, she never looked below his waist. She claimed that Epstein would convince her to remove her clothes. She eventually removed her clothes and stayed in her thong panties. On occasion, Epstein would use a massager/vibrator, which she described as white in color and a large head. Epstein would rub the vibrator/massager on her vaginal area as he would masturbate. [redacted] stated she had been to the house

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**Date: 05/01/2006**

numerous times. [redacted] added she has no formal training in providing a massage. [redacted] stated she brought two females during her visits to provide massages. [redacted] stated she brought a girl named [redacted] and [redacted] from [redacted] stated she received $200.00 for each girl she brought. b6 b7C

On November 8, 2005, I met with [redacted] W/F, [redacted], at the Palm Beach Police Department. During a sworn taped statement, [redacted] stated she had met Jeffrey Epstein approximately one year ago. She was approached by a subject known to her as [redacted] had asked her if she wanted to make money providing massages to Epstein. [redacted] had heard that several girls from [redacted] were doing this and making money. She agreed and was taken to the house by [redacted] had introduced her to [redacted] and Epstein and brought her upstairs to a master bedroom where a massage table was prepared and the proper oils were selected. [redacted] left the room and waited downstairs for her. [redacted] stated Epstein entered the room wearing a towel and laid on his stomach. She provided a massage wearing only her thong panties. [redacted] advised Epstein had masturbated every time she provided a massage. She stated Epstein continued to masturbate until he climaxed. Once that occurred the massage was over. She felt the whole situation was weird but she advised she was paid $200.00 for providing the massage. She also stated [redacted] was paid $200.00 by Epstein for bringing [redacted] stated she had gone a total of 15 times to Epstein's residence to provide a massage and things had escalated from just providing a massage. Epstein began touching her on her buttocks and grabbed her closer to him as he masturbated. Epstein also grabbed her breasts and fondled her breasts with his hands as she provided the massage. [redacted] stated on one occasion, while she was only seventeen years of age, he offered extra monies to have vaginal intercourse. She stated this all occurred on the massage table. [redacted] stated Epstein penetrated her vagina with his penis and began having intercourse with her until he reached the point of climax. Epstein removed his penis from her vagina and climaxed onto the massage table. [redacted] received $350.00 for her massage. I asked her if she had any formal training in providing massages, [redacted] stated she did not. [redacted] continued to state on one other occasion, Epstein introduced his girlfriend, [redacted] into the massage. [redacted] was brought into room with [redacted] to provide a massage. Epstein had them kiss and fondle each other around the breasts and buttocks as they provided a massage to Epstein. Epstein, watched and masturbated as this occurred. On other occasions, Epstein, introduced the large white vibrator/massager in the massage. Epstein stroked the vibrator/massager on [redacted] vagina as she provided the massage.

On November 14, 2005, Det Sandman and I met with [redacted], dob [redacted] During a sworn taped statement she advised she started going to the house approximately one year ago and has been there approximately five or six times. [redacted] also stated she was sixteen years old when she first went to Epstein's house. On her first visit she was brought by a fellow student from [redacted] known to her

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**Date: 05/01/2006**



HOUSE_OVERSIGHT_018908

as [redacted] stated [redacted] brought her into the house and she was introduced to [redacted]. [redacted] then brought her upstairs into a master bathroom, located within the bedroom. [redacted] stated she met Epstein in the bathroom. He laid on the table and picked the massage oils. She provided the massage as he laid naked on the massage bed. She stated she rubbed his calves and back area. Upon the end of the massage, Epstein removed himself from the massage table and paid her $300.00 for the massage. [redacted] said each subsequent time she went to the house, she was notified by [redacted] that Epstein was in town and would like her to "work". [redacted] stated she returned to the house and was again led upstairs by [redacted] She provided the massage, clothed. [redacted] was asked if she ever removed her clothing to provide a massage. [redacted] stated it was not until the third time that she went that she removed her clothing. [redacted] stated she was notified by [redacted] that Epstein wanted her to come to work. She arrived at the house and was led upstairs by [redacted] She started providing the massage when Epstein asked her to remove her clothing. [redacted] removed her pants, shirt and bra. She stayed in her thong panties and continued rubbing Epstein. Epstein turned over onto his back and she rubbed his chest area. [redacted] stated she knew he was masturbating himself as she providing the massage. [redacted] stated she believed he climaxed based on his breathing. She did not want to view either the climax or the fact that he was masturbating. [redacted] stated once the breathing relaxed he got up and told her to get dressed. She was paid $300.00 for her services. [redacted] stated on the last time she went to provide a massage, she was notified by [redacted] to come to the house and "work". [redacted] stated she was now dating her current boyfriend and did not feel comfortable going. She recalled it was approximately January 2005. She said she went, already thinking that this would be the last time. She went upstairs and went into the master bathroom. She met with Epstein, who was wearing only a towel, and laid onto the table. [redacted] stated Epstein caught her looking at the clock on several occasions. Epstein asked her if she was in a hurry. [redacted] stated her boyfriend was in the car waiting for her. [redacted] further stated that Epstein got upset as he wasn't enjoying the massage. She told him that she didn't want to continue and she would not be back. Epstein told her to leave as she was ruining his massage. [redacted] advised she had no formal training in providing any massages. [redacted] stated although she had a falling out with Epstein, she still received a Christmas bonus from Epstein. [redacted] stated she was wired money from Western Union for her Christmas bonus. Subpoena results from Western Union revealed money was sent from Jeffrey Epstein on December 23, 2004. [redacted] received $200.00 from Epstein for her Christmas bonus.

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On November 15, 2005, Det. Sandman and I met with [redacted], dob [redacted] During a sworn taped statement [redacted] stated she met Jeffrey Epstein over a year ago. She was sixteen years of age and was approached by [redacted] a fellow [redacted] student, who informed her that she could make $200.00 providing a massage to Epstein. [redacted] had informed her that she would have to provide this

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HOUSE_OVERSIGHT_018909

massage topless. [redacted] made the arrangements with Epstein and his assistants and took [redacted] to the house. [redacted] stated [redacted] and she entered through a glass door that led into a kitchen. She was taken upstairs by [redacted] to a master bedroom. She recalled the master bathroom had a large pink couch, sauna and matching shower. Epstein entered into the room wearing only a towel. [redacted] and [redacted] removed their clothing remaining only in thong underwear. She further stated that Epstein laid on his chest on the table. The oils were selected on which ones to use. Both [redacted] and [redacted] provided the massage on his legs, back and feet. Forty minutes into the massage, Epstein turned over onto his back and requested [redacted] wait downstairs in the kitchen area for [redacted] Epstein instructed [redacted] to finish the massage. As [redacted] got dressed, [redacted] starting rubbing Epstein's chest. [redacted] left the room, and Epstein began masturbating as [redacted] rubbed Epstein's chest. [redacted] stated Epstein continued masturbating until he climaxed on the towel he was wearing. When asked if he had removed the towel she stated he turned the towel around so that the opening would allow him to expose himself. After he cleaned himself off with the towel he instructed [redacted] the massage was done and to get dressed and meet with him downstairs. [redacted] got dressed and met with Epstein in the kitchen area. She was paid $200.00 dollars for providing the massage. [redacted] stated she was aware that [redacted] also received monies for the same thing. The second time she went to the house she was again approached by [redacted] advised if she wanted to return to the house to provide another massage. [redacted] agreed and the arrangements were made by [redacted] for her to return to the house. [redacted] stated [redacted] drove her to the house and knocked on the same glass door which leads to the kitchen area. They were allowed entry into the house by one of the staff members. [redacted] led her upstairs to the master bedroom and master bathroom area. [redacted] left [redacted] this time to do the massage alone. Epstein entered the room again wearing only a towel. [redacted] began removing her clothing as she did the last time she was at the house. Epstein instructed her to get naked. He laid on the table onto his stomach as [redacted] began massaging his legs and back. As [redacted] finished with Epstein's back and legs, Epstein then turned over onto his back. [redacted] started to rub his chest and he began masturbating. As [redacted] rubbed his chest, Epstein leaned over and produced a massager/vibrator. He turned it on and began rubbing [redacted] vagina and masturbating himself at the same time. [redacted] stated she continued to rub his chest as this was occurring. She described the vibrator/massager as large grey with a large head. Epstein rubbed her vagina for approximately two to three minutes with the massager/vibrator. He then removed the vibrator from her vaginal area and concentrated on masturbating himself. [redacted] stated Epstein climaxed onto the towel again and informed her that the massage was done. [redacted] got dressed and met with [redacted] who was waiting in the kitchen area. She received $200.00 for the massage. [redacted] said she never returned to the house and had no desire to return to the house. [redacted] was asked if she received any formal massage training. She advised she had no formal training. [redacted] was asked if Epstein knew her real age. [redacted] stated he knew, as he asked her questions about herself and high school. He was aware she attended, and is still attending [redacted]

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**Date: 05/01/2006**

During the course of the investigation a search warrant was executed at Jeffrey Epstein's home located at 358 El Brillo Way in Palm Beach. While in the home I observed the pink and green couch within the master bedroom area just as the girls previously mentioned. The stairway, which is located from the kitchen area to the master bedroom area, is lined with photos of naked young girls. Additionally, numerous photographs of naked young females, some of which appeared to be the girls I previously interviewed, were on display throughout the house. Also located in the house were various phone message books. The telephone message books have a duplicate copy (Carbon Copy) which, once a phone message is written into the book, the top copy is then torn on the perforated edge and the carbon copy is left in the book. First names of girls, dates and telephone numbers were on the copy of the messages. I recognized various numbers and names of girls that had already been interviewed. The body of the messages were time of the day that they called for confirmation of "work." Other names and telephone numbers were located in which the body of the messages were, "I have girls for him" or "I have 2 girls for him." These messages were taken by [redacted] who signed the bottom of the messages. During the execution of the warrant, I located a [redacted] transcript for [redacted] in Epstein's bedroom desk. This desk had stationary marked Jeffrey E Epstein. I located a wood colored armoire beside Epstein's bed that contained a bottle of "Joy Jelly," which is used to provide a warm massage. Several massage tables were located throughout the second floor of the residence, including a massage table found in Epstein's bedroom. On the first floor of the residence I found two covert cameras hidden within clocks. One was located in the garage and the other located in the library area on a shelf behind Epstein's desk. A computer was located which was believed to contain the images from the covert cameras. The computer's hard drive was reviewed which showed several images of [redacted] and other witnesses that have been interviewed. All of these images appeared to come from the camera positioned behind Epstein's desk. b6 b7C

On December 13, 2005, Det. Dawson and I met with [redacted], dob [redacted] During a sworn taped statement [redacted] stated that when she was sixteen years old she was taken to Epstein's house to provide a massage for money. [redacted] stated it was before Christmas last year (2004) when an associate [redacted] approached her and asked if she needed to make money for Christmas. [redacted] made arrangements to take [redacted] to the house and drove [redacted] to the house to "work." They were encountered by a white female with long blond hair. [redacted] was unable to remember the name of the white female with blond hair but knew she was Epstein's assistant. She was led upstairs by the white female who explained that there would be lotions out already and Epstein would choose the lotion he wanted her to use. She was led through a spiral staircase which led to a master bedroom and bathroom. The massage table was already set up in the bathroom. [redacted] described the bathroom as a large spacious bathroom with a steam room and shower beside it. [redacted] was introduced to Epstein who was on the phone when she entered the room. Epstein was wearing a white towel and laid on his stomach so that [redacted] may

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massage his feet and calves. [redacted] started the massage with the oils Epstein chose and rubbed his feet and calves. Epstein got off the phone and requested she massage his back as well. [redacted] began rubbing his back and got to the small of his back. During the rubbing of his back, Epstein asked her to get comfortable. He requested she remove her pants and shirt. [redacted] removed her shirt and pulled her pants off. [redacted] stayed in her bra and thong panties. As she finished massaging the small of Epstein's back, he then turned onto his back. Epstein instructed [redacted] to rub his chest and pinch his nipples. As she began to rub his chest, Epstein asked her questions about herself. [redacted] remembered telling him she attended [redacted] Epstein asked her if she was sexually active. Before [redacted] could answer, he also asked what sexual position does she enjoy. [redacted] stated she was shy and didn't like talking about those things. She continued rubbing his chest. Epstein reached up and unsnapped her bra from the front. [redacted] explained the bra she used had a front snapping device. Epstein rubbed her breasts and asked her if she like having her breasts rubbed. [redacted] said "no, I don't like that." Epstein then removed his towel and laid on the bed naked exposing his penis to [redacted] He began touching his penis and masturbated as he touched her breasts. [redacted] explained Epstein then touched her vaginal area by rubbing her vagina with his fingers on the outside of her thong panties. [redacted] tensed up and stated Epstein was aware that she was uncomfortable. [redacted] stated that Epstein said to her, "Relax, I'm not going inside." She further explained Epstein commented to her how beautiful and sexy she was. Epstein then moved her thong panties to one side and began stroking her clitoris. [redacted] said, "He commented how hard my clit was." He then inserted two fingers in her vagina and was stroking her within her vagina. She tried pulling back to pull out his fingers from within her vagina. Epstein removed his fingers from within her vagina and apologized for putting his fingers inside her. During this time, he kept his hand on her vaginal area and continued to rub her vagina. [redacted] stated he rubbed her really hard as he was masturbating. [redacted] said he climaxed onto the towel he had been previously wearing and got up from the table. Epstein told her there was $200.00 dollars for her on the dresser within the master bathroom. Epstein also told her that there was an additional $100.00 that was to be given to [redacted] for bringing her there to massage him. Epstein told her to leave her telephone number with his assistant as he wanted to see her again. Epstein stated his assistant would contact her to work again soon. I asked her if she ever received any formal massage training to which [redacted] stated she did not. [redacted] stated it was the only time she ever went to work for Jeff and knew what happened to her was wrong. She further stated that she had never been contacted for any additional work.

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On January 9, 2006, I located and interviewed another victim, [redacted] dob [redacted] was identified as a potential victim/witness from information obtained during trash pulls from Epstein's residence. [redacted] stated she met Epstein when she was fifteen years of age. She was approached by a friend from [redacted] to be taken to Jeffrey Epstein's house to work. She was originally told she would be able

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to model lingerie for a wealthy Palm Beacher. [redacted] was taken to Epstein's house located on El BrilloWay. [redacted] introduced [redacted] to Jeffrey Epstein. Epstein had his personal chef prepare dinner for [redacted]. At the conclusion of dinner, [redacted] and Epstein brought [redacted] upstairs into a master bedroom area. [redacted] observed a large massage table with a sheet on it. Epstein entered through a door and exited wearing only a towel. [redacted] informed [redacted] that they were going to provide a massage on Epstein. [redacted] asked why were they doing this instead of modeling lingerie. [redacted] explained to [redacted] that this was his routine and to rub his calves and feet. Epstein had told [redacted] to get comfortable. [redacted] removed her pants and blouse. [redacted] stated she stayed only in panties as she did not wear a bra that evening. [redacted] stated while rubbing his calves and feet, Epstein turned over onto his back. Epstein told [redacted] to rub his chest and rub his nipples. [redacted] stated that as she started rubbing his chest, Epstein began masturbating himself. Epstein touched her breasts and stroked her vagina with his fingers. Epstein continued to masturbate himself as he stroked her vagina. Epstein ejaculated on his towel and paid [redacted] $200.00 for the massage. Epstein told [redacted] that if she told anyone what happened at his house that bad things could happen. [redacted] and [redacted] were brought home by Epstein's houseman and [redacted] was afraid that Epstein knew where she lived. [redacted] stated that several days later she received a telephone call from [redacted] who coordinated for [redacted] to return to "work." [redacted] returned to the house and was brought to Epstein's bedroom area by [redacted] who prepared the room for the massage. Epstein entered the room wearing only a towel. Epstein had [redacted] remove her clothing and provide the massage naked. [redacted] began rubbing his feet and calves and Epstein turned over onto his back. Epstein rubbed her vagina with his fingers. Epstein began to masturbate himself with an upwards and downward motion on his penis. Epstein continued to touch her vagina with one hand and masturbate with the other hand. Once Epstein ejaculated onto the towel he was wearing, the massage was over. [redacted] was paid $200.00 for the massage. Epstein again told [redacted] not to speak of what happened at his house or bad things would happen. [redacted] wanted to notify authorities however she was afraid of what would happen to either her or her family.

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During the course of the investigation, several subjects were identified as a potential witness/victim through information obtained during the trash pulls, physical surveillance and telephone message books retrieved from the search warrant. While conducting research on the subjects, I discovered that the females were age eighteen or older. Interviews were conducted on the consenting adults whose statements provided the same massage routine when they went to "work" for Epstein. The females would be notified by [redacted], and made appointments for the females to "work" for Epstein. The females would come to Epstein's house and were led upstairs, through a stairwell from the kitchen area, by [redacted] to Epstein's bedroom. Epstein would then enter the room wearing only a towel, and ask them to get comfortable. The females would then provide the massage naked as Epstein would either touch their vaginas with his fingers and/or utilize the massager/vibrator on

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**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

their vaginal area. He would masturbate during the massage and upon his climaxing, the massage would end. The girls were then paid two or three hundred dollars for the massage.

On November 21, 2005 I interviewed Jose Alessi, a former houseman for Jeffrey Epstein. Alessi stated he was employed for eleven years with Mr. Epstein, from approximately 1993 through 2004. Alessi stated he was the house manager, driver and house maintenance person. It was his responsibility to prepare the house for Epstein s arrival. When asked about cooks or assistants, Alessi stated they traveled with Epstein on his private plane. I asked Mr. Alessi about the massages that have occurred at Epstein's home. Alessi stated Epstein receives three massages a day. Each masseuse that visited the house was different. Alessi stated that towards the end of his employment, the masseuses were younger and younger. When asked how young, Mr. Alessi stated they appeared to be sixteen or seventeen years of age at the most. The massages would occur in Epstein's bedroom or bathroom. He knew this because he often set up the massage tables. I asked if there were things going on other than a massage. Alessi stated that there were times towards the end of his employment that he would have to wash off a massager/vibrator and a long rubber penis, which were in the sink after the massage. Additionally, he stated the bed would almost always have to be made after the massage.

On January 4, 2006 I interviewed another former houseman, Mr Alfredo Rodriguez. During a sworn taped statement, Mr. Rodriguez stated he was employed by Jeffrey Epstein for approximately six months, from November 2004 through May of 2005. His responsibilities as house manager included being the butler, chauffeur, chef, houseman, run errands for Epstein and provide for Epstein's guests. I asked Rodriguez about masseuses coming to the house. Rodriguez stated Epstein would have two massages a day. Epstein would have one massage in the morning and one massage in the afternoon everyday he was in residence. Rodriguez stated he would be informed to expect someone and make them comfortable until either [redacted] or Epstein would meet with them. Rodriguez stated once the masseuses would arrive, he would allow them entry into the kitchen area and offer them something to drink or eat. They would then be encountered by either [redacted] or Epstein. They would be taken upstairs to provide the massage. I asked Rodriguez if any of the masseuses appeared young in age. Rodriguez stated the girls that would come appeared to be too young to be masseuses. He stated one time under Epstein's direction, he delivered a dozen roses to [redacted] for one of the girls that came to provide a massage. He knew the girls were still in high school and were of high school age. I asked Rodriguez about the massages. He felt there was a lot more going on than just massages. He would often clean Mr. Epstein's bedroom after the alleged massages and would discover massagers/vibrators and sex toys scattered on the floor. He also said he would wipe down the vibrators and sex toys and put them away in an armoire. He described the armoire as a small wood armoire which was on the wall close to Epstein's

b6
b7C

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det Joe Recarey, who is personally known to me.**

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

bed. On one occasion Epstein ordered Rodriguez to go to the Dollar rent a car and rent a car for the same girl he brought the roses to, so that she could drive her self to Epstein's house without incident. Rodriguez said the girl always needed rides to and from the house.

Rodriguez produced a green folder which contained documents, and a note with Mr. Epstein's stationary with direction to deliver a bucket of roses to [redacted] after [redacted] high school drama performance. Also in that same note was direction to rent a car for [redacted] and direction to extend the rental contract. b6 b7C

During the course of the investigation, subpoenas were obtained for cell phone and home phone records from several victims and witnesses along with the cell phone records of [redacted]. An analysis of these records was conducted which found numerous telephone calls were made between [redacted] and the victims. These records indicate the dates the calls were made are consistent with the dates and times they victims/witnesses stated they were contacted. Specifically, The phone records showed [redacted] called [redacted] during the exact times and dates when victim [redacted] advised the incident occurred. [redacted] also coordinated the encounters with [redacted] during the time frame the girls stated they occurred.

Pursuant to a lawful subpoena I obtained Epstein's private plane records for 2005 from Jet Aviation. The plane records show arrival and departure of Epstein's plane at Palm Beach International airport. These records were compared to the cell phone records of [redacted] This comparison found that all the phone calls [redacted] made to [redacted] and the victims were made in the days just prior to their arrival or during the time Epstein was in Palm Beach.

Therefore, as Jeffrey Epstein, who at the time of these incidents was fifty one years of age, did have vaginal intercourse either with his penis or digitally with [redacted] who were minors at the time this occurred, there is sufficient probable cause to charge Jeffrey Epstein with four counts of Unlawful Sexual Activity with a Minor, in violation of Florida State Statute 794.05(1), a second degree felony. As Epstein, who at the time of the incident was fifty two years of age, did use a vibrator on the external vaginal area of [redacted] a fourteen year old minor, there is sufficient probable cause to charge him with Lewd and Lascivious Molestation, in violation of Florida State Statute 800.04 (5), a second degree felony. b6 b7C

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det Joe Recarey, who is personally known to me.**

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)
1B, 6B / The Palm Beach Post
West Palm Beach, FL
Date: 07/24/2006
Edition:

Title: Mystery money man faces soliciting charge

Character or
Classification 31E-MM-108062
Submitting Office: MM

Indexing:

Mount Clipping in Space Below)

# Mystery money man faces soliciting charge

By NICOLE JANOK
*Palm Beach Post Staff Writer*

A part-time Palm Beacher who has socialized with Donald Trump, Bill Clinton and Kevin Spacey was jailed early Sunday with accused drug dealers, drunken drivers and wife beaters after he was charged with soliciting a prostitute.

Manhattan money manager Jeffrey Epstein, 53, was picked up at his home on El Brillo Way at 1:45 a.m. He was released hours later on $3,000 bond.

Epstein was indicted last week by a state grand jury, according to state attorney's spokesman Mike Edmondson. Despite Epstein's arrest, the indictment containing the allegations remained sealed Sunday and Edmondson provided no details.

Unlike most accused johns, Epstein was charged with a third-degree felony instead of a misdemeanor. Under state law, a solicitation charge usually is elevated to a more-serious felony when the defendant has at least two solicitation convictions.

However, checks of court records here and in New York Sunday turned up no such convictions.

Epstein could not be reached. Edmondson said he was being represented by West Palm Beach attorney Jack Goldberg, who declined comment.

Epstein is the president of J Epstein & Co., a money management company based in Manhattan that caters to ultra-wealthy clientele, according to pub-

*See* SOLICITING, 6B ▶

**Jeffrey Epstein**
Indictment related to prostitution.

# 'Mysterious billionaire' has been on probation

▶ SOLICITING *from 1B*

lished reports. National magazines have described him as a "mysterious billionaire" who lives in a 45,000-square-foot New York City mansion.

He has been in trouble before. In 1993, he and two other defendants were charged in federal court with three counts of postal larceny and theft and one count of property theft. Epstein plead guilty to a single charge of conspiring to steal U.S. Treasury checks from residential mailboxes and received 5 years' probation. The remaining charges were dropped.

Since then, Epstein's name has turned up in New York City's tabloids. *The New York Post* noted he flew President Clinton and Kevin Spacey to Africa on his private Boeing 727. In 2003, the paper dubbed him one of the Big Apple's "top studs."

In 2004, Epstein bid against Trump for a 43,000-square foot Palm Beach estate once owned by healthcare magnate Abe Gosman. Trump topped Epstein with a $41.35 million bid.

*Staff Researcher Angelica Cortez contributed to this story.*

nicole_janok@pbpost.com

31E-MM-108062-4

# Indictment: Billionaire solicited 3 times

*Palm Beach police will report today about their prostitution probe of the money manager.*

By LARRY KELLER
*Palm Beach Post Staff Writer*

Billionaire money manager and Palm Beach part-time resident Jeffrey Epstein solicited or procured prostitutes three or more times between Aug. 1 and Oct. 31 of last year, according to an indictment charging him with felony solicitation of prostitution.

Epstein, 53, was booked at the Palm Beach County jail at 1:45 a.m. Sunday. He was released on $3,000 bond.

Epstein's case is unusual in that suspected prostitution johns are usually charged with a misdemeanor, and even a felony charge is typically made in a criminal information — an alternative to an indictment charging a person with the commission of a crime.

Epstein

His attorney, Jack Goldberger, declined to discuss the charge.

State attorney's office spokesman Mike Edmondson also had little to say.

"Generally speaking, there is a case that has a number of different aspects to it," Edmondson said of a prostitution-related charge being submitted to a grand jury. "We first became aware of the case months ago by Palm Beach police."

Prosecutors and police worked together to bring the case to the grand jury, he said.

Palm Beach police confirmed that and said the department will release a report today regarding its investigation.

Epstein has owned a five-bedroom, 7½-bath, 7,234-square-foot home with a pool and a boat dock on the Intracoastal Waterway since 1990, according to property records. A man answering the door there Monday said that Epstein wasn't home. A Cadillac Escalade registered to him was parked in the driveway, which is flanked by two massive gargoyles.

Epstein sued Property Appraiser Gary Nikolits in 2001, contending that the assessment of his home exceeded its fair market value. He dismissed his lawsuit in December 2002.

A profile of Epstein in *Vanity Fair* magazine said he owns what are believed to be the largest private homes in Manhattan — 51,000 square feet — and in New Mexico — a 7,500-acre ranch. Those are in addition to his 70-acre island in the U.S. Virgin Islands and fleet of aircraft.

Epstein's friends and admirers, according to the magazine, include prominent businessmen, academics and scientists and famed Harvard law professor Alan Dershowitz.

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FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

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West Palm Beach, FL
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HOUSE_OVERSIGHT_018917

FD-350 (Rev. 5-8-81)

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(Indicate page, name of newspaper, city and state.)
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Title: After long probe, billionaire faces solicitation charges
Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# After long probe, billionaire faces solicitation charge

By LARRY KELLER
*Palm Beach Post Staff Writer*

Palm Beach billionaire Jeffrey Epstein paid to have underage girls and young women brought to his home, where he received massages and sometimes sex, according to an investigation by the Palm Beach Police Department.

**Epstein**

Palm Beach police spent months sifting through Epstein's trash and watching his waterfront home and Palm Beach International Airport to keep tabs on his private jet. An indictment charging Epstein, 53, was unsealed Monday, charging him with one count of felony solicitation of prostitution.

Palm Beach police thought there was probable cause to charge Epstein with unlawful sex acts with a minor and lewd and lascivious molestation.

Police Chief Michael Reiter was so angry with State Attorney Barry Krischer's handling of the case that he wrote a memo

*See* EPSTEIN, 5B ▶

31E-MM-108062-6

# Police kept watch on home, airport, sifted through trash

▶ EPSTEIN *from 1B*

suggesting the county's top prosecutor disqualify himself.

"I must urge you to examine the unusual course that your office's handling of this matter has taken and consider good and sufficient reason exists to require your disqualification from the prosecution of these cases," Reiter wrote in a May 1 memo to Krischer.

While not commenting specifically on the Epstein case, Mike Edmondson, spokesman for the state attorney, said his office presents cases other than murders to a grand jury when there are questions about witnesses' credibility and their ability to testify.

By the nature of their jobs, police officers look at evidence from a "one-sided perspective," Edmondson said. "A prosecutor has to look at it in a much broader fashion," weighing the veracity of witnesses and how they may fare under defense attorneys' questioning, he said.

Epstein's attorney, Jack Goldberger, said his client committed no crimes.

"The reports and statements in question refer to false accusations that were not charged because the Palm Beach County state attorney questioned the credibility of the witnesses," Goldberger said. A county grand jury "found the allegations wholly unsubstantiated and not credible," and that's why his client was not charged with sexual activity with minors, he said.

Goldberger said Epstein passed a lie detector test administered by a reputable polygraph examiner in which he said he did not know the girls were minors. Also, a search warrant served on Epstein's home found no evidence to corroborate the girls' allegations, Goldberger said.

According to police documents:

■ A Palm Beach Community College student said she gave Epstein a massage in the nude, then brought him six girls, ages 14 to 16, for massage and sex-tinged sessions at his home.

■ A 27-year-old woman who worked as Epstein's personal assistant also facilitated the liaisons, phoning the PBCC student to arrange for girls when Epstein was coming to town. And she escorted the girls upstairs when they arrived, putting fresh sheets on a massage table and placing massage oils nearby.

■ Police took sworn statements from five alleged victims and 17 witnesses. They contend that on three occasions, Epstein had sex with the girls.

### The chief's letter

See the letter Palm Beach Police Chief Michael Reiter wrote to State Attorney Barry Krischer on the Epstein case.

**PalmBeachPost.com**

A money manager for the ultra-rich, Epstein was named one of New York's most eligible bachelors in 2003 by *The New York Post*. He reportedly hobnobs with the likes of former President Clinton, former Harvard University President Lawrence Summers and Donald Trump, and has lavish homes in Manhattan, New Mexico and the Virgin Islands.

He has contributed tens of thousands of dollars to Democratic Party candidates and organizations, including Sen. John Kerry's presidential bid, and the Senate campaigns of Joe Lieberman, Hillary Clinton, Christopher Dodd and Charles Schumer.

Goldberger is one of five attorneys Epstein has retained since he became the subject of an investigation, Edmondson said. Among the others: Alan Dershowitz, the well-known Harvard law professor and author, who is a friend of Epstein. Dershowitz could not be reached for comment.

Police said the woman who enlisted young girls for Epstein was Haley Robson, 20, of Royal Palm Beach. Robson has worked at an Olive Garden restaurant in Wellington and said she was a journalism major at Palm Beach Community College when she was questioned by police last October. She has an unlisted phone number and could not be reached for comment.

Robson said she met Epstein when, at age 17, a friend asked her if she would like to make money giving him a massage. She said she was driven to his five-bedroom, 7½-bath home on the Intracoastal Waterway, then escorted upstairs to a bedroom with a massage table and oils. Epstein and Robson were both naked during the massage, she said, but when he grabbed her buttocks, she said she didn't want to be touched.

Epstein said he'd pay her to bring him more girls — the younger the better, Robson told police. When she tried once to bring a 23-year-old woman to him, Epstein said she was too old, Robson said.

Robson, who has not been charged in the case, said she eventually brought six girls to Epstein who were paid $200 each time, Robson said. "I'm like a Heidi Fleiss," police quoted her as saying. The girls knew what to expect when they were taken to Epstein's home, Robson said. Give a massage — maybe naked — and allow some touching.

One 14-year-old girl Robson took to meet Epstein led police to start the investigation of him in March 2005. A relative of the girl called to say she thought the child had recently engaged in sex with a Palm Beach man. The girl then got into a fight with a classmate who accused her of being a prostitute, and she couldn't explain why she had $300 in her purse.

The girl gave police this account of her meeting with Epstein:

She accompanied Robson and a second girl to Epstein's house on a Sunday in February 2005. Once there, a woman she thought was Epstein's assistant told the girl to follow her upstairs to a room featuring a mural of a naked woman, several photographs of naked women on a shelf, a hot pink and green sofa and a massage table.

She stripped to her bra and panties and gave him a massage.

Epstein gave the 14-year-old $300 and she and the other girls left, she said. She said Robson told her that Epstein paid her $200 that day.

Other girls told similar stories. In most accounts, Epstein's personal assistant at the time, Sarah Kellen, now 27, escorted the girls to Epstein's bedroom.

Kellen, whose most recent known address is in North Carolina, has not been charged in the case.

Palm Beach police often conducted surveillance of Epstein's home, and at Palm Beach International Airport to see if his private jet was there, so they would know when he was in town. Police also arranged repeatedly to receive his trash from Palm Beach sanitation workers, collecting papers with names and phone numbers, sex toys and female hygiene products.

One note stated that a female could not come over at 7 p.m. because of soccer. Another said a girl had to work Sunday — "Monday after school?" And still another note contained the work hours of a girl, saying she leaves school at 11:30 a.m. and would come over the next day at 10:30 a.m.

Only three months before the police department probe began, Epstein donated $90,000 to the department for the purchase of a firearms simulator, said Jane Struder, town finance director. The purchase was never made. The money was returned to Epstein on Monday, she said.

*Staff writers Andrew Marra and Tim O'Meilia and staff researcher Angelica Cortez contributed to this story.*

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Date: 7/29/2006
Edition:

Title: Police say lawyer tried to discredit teenage girls.

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Police say lawyer tried to discredit teenage girls

By LARRY KELLER
*Palm Beach Post Staff Writer*

Famed Harvard law professor Alan Dershowitz met with the Palm Beach County State Attorney's Office and provided damaging information about teenage girls who say they gave his client, Palm Beach billionaire Jeffrey Epstein, sexually charged massages, according to police reports.

The reports also state that another Epstein attorney agreed to a plea bargain that would have allowed Epstein to have no criminal record. His current attorney denies this happened.

And the documents also reveal that the father of at least one girl complained that private investigators aggressively followed his car, photographed his home and chased off visitors.

Police also talked to somebody who said she was offered money if she refused to cooperate with the Palm Beach Police Department probe of Epstein.

**Epstein:** His former attorney agreed to a plea bargain, police say.

The state attorney's office said it presented the Epstein case to a county grand jury this month rather than directly charging Epstein because of concerns about the girls' credibility. The grand jury indicted Epstein, 53, on a single count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison.

Police believed there was probable cause to charge Epstein with the more serious crimes of unlawful sex acts with a minor and lewd and lascivious molestation. Police Chief Michael Reiter was so angry that he wrote State Attorney Barry Krischer a memo in May suggesting he disqualify himself from the case.

The case originally was going to be presented to the grand jury in February, but was postponed after Dershowitz produced information gleaned from the Web site myspace.com showing some of the alleged victims commenting on alcohol and marijuana use, according to the police report prepared by Detective Joseph Recarey.

Haley Robson, a 20-year-old Royal Palm Beach woman who told police she recruited girls for Epstein, also is profiled on myspace.com. Her page includes photos of her and her friends, including one

*See* EPSTEIN, 7B ▶

31E-MM-108062-7

# Polygraph shows he didn't know girls' ages, lawyer says

▶ EPSTEIN *from 1B*

using the name "Pimpin' Made EZ." Robson, who was not charged in the case, is a potential prosecution witness.

According to Recarey, prosecutor Lanna Belohlavek offered Epstein attorneys Dershowitz and Guy Fronstin a plea deal in April. Fronstin, after speaking with Epstein, accepted the deal, in which Epstein would plead guilty to one count of aggravated assault with intent to commit a felony, be placed on five years' probation and have no criminal record. The deal also called for Epstein to submit to a psychiatric and sexual evaluation and have no unsupervised visits with minors, according to Recarey's report. The plea bargain was made in connection with only one of the five alleged victims, the report states.

Fronstin — who declined to comment on the case — was subsequently fired and veteran defense attorney Jack Goldberger was hired. He denies there was any agreement by any of Epstein's attorneys to a plea deal.

"We absolutely did not agree to a plea in this case," he said. Neither Belohlavek nor a state attorney's spokesman could be reached for comment.

The parent or parents of alleged victims who complained of being harassed by private investigators provided license tag numbers of two of the men. Police found the vehicles were registered to a private eye in West Palm Beach and another in Jupiter, according to Recarey's report.

"I have no knowledge of it," defense attorney Goldberger said.

The report also says a woman connected to the Epstein case was contacted by somebody who was still in touch with Epstein. That person told her she would be compensated if she didn't cooperate with police, Recarey's report says. Those who did talk "will be dealt with," the woman said she was told. Phone records show the woman talked with the person who allegedly intimidated her around the time she said, Recarey reported.

Phone records also show that the person said to have made the threat then placed a call to Epstein's personal assistant, who in turn called a New York corporation affiliated with Epstein, the report states.

The issue in the Epstein case is not whether females came to his waterfront home, but whether he knew their ages.

"He's never denied girls came to the house," Goldberger said. But when Epstein was given a polygraph test, "he passed on knowledge of age," the attorney said.

After the indictment against Epstein was unsealed this week, Police Chief Reiter referred the matter to the FBI. "We've received the referral, and we're reviewing it," said FBI spokeswoman Judy Orihuela in Miami.

The chief himself has come under attack from Epstein's lawyers and friends in New York, where he has a home. The *New York Post* quoted Epstein's prominent New York lawyer, Gerald Lefcourt, as saying his client was indicted only "because of the craziness of the police chief."

Reiter has declined to comment on the case.

Prosecutors have not presented a sex-related case like Epstein's to a grand jury before, said Mike Edmondson, spokesman for the state attorney's office. "That's what you do with a case that falls into a gray area," he said.

The state attorney's office did not recommend a particular criminal charge on which to indict Epstein, Edmondson said. The grand jury was presented with a list of charges from highest to lowest, then deliberated with the prosecutor out of the room, he said.

"People are surprised at the grand jury proceeding," West Palm Beach defense attorney Richard Tendler said. "It's a way for the prosecutor's office to not take the full responsibility for not filing the (charge), and not doing what the Palm Beach Police Department wanted. I think something fell apart with those underage witnesses."

Defense attorney Robert Gershman was a prosecutor for six years. "Those girls must have been incredible or untrustworthy, I don't know," he said.

Other attorneys said Epstein's case raises the issue of whether wealthy, connected defendants like Epstein — whose friends include former President Clinton and Donald Trump — are treated differently from others. Once he knew he was the subject of a criminal probe, Epstein hired a phalanx of powerful attorneys such as Dershowitz and Lefcourt, who is a past president of the National Association of Criminal Defense Lawyers.

Miami lawyer Roy Black — who became nationally known when he successfully defended William Kennedy Smith on a rape charge in Palm Beach — also was involved at one point.

Said defense attorney Michelle Suskauer: "I think it's unfortunate the public may get the perception that with power, you may be treated differently than the average Joe."

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(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 08/01/2006

**To:** Miami **Attn:** IMA/PB2

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted] b6 b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request the opening of sub-files in captioned case.

**Details:** It is requested that the following sub-files be opened to assist in document management in captioned case.

SUB - SDP to capture subpoena request.

SUB - FF to capture forfeiture related materials.

♦♦

213[redacted]01.EC

31E-MM-108062-8

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
20B / The Palm Beach Post
West Palm Beach, FL
Date: 8/4/2006
Edition:

Title: He was over 50
And they were girls

Character
or
Classification: 31E-MM-108062
Submitting Office: MM

# He was over 50. And they were girls

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, *women*, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls.

Elisa Cramer

14.
15.
16.
17-year-old *girls*.

That should count for something — the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were.

*Jury should have decided if Epstein is a pedophile.*

But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers — including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told *The Palm Beach Post* of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice — one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

*Elisa Cramer is an editorial writer for* The Palm Beach Post. *Her e-mail address is elisa_cramer@pbpost.com*

8/4/06
EC

31E-HQ-108062
-9

FD-919 (Rev. 06-05-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 08/08/2006

**To:** Miami

**From:** Miami
PB2/Palm Beach County Resident Agency
**Contact:** [redacted]

**Approved By:** [redacted] b6 b7C

**Drafted By:**

**Case ID #:** 31E-MM-108062 (Pending)
188B-MM-105207-C (Pending)

**Title:** VICTIM NOTIFICATION FORM

**Synopsis:** To document victim information. Please refer to the Victim Notification System for the additional pertinent information on the following victims: [redacted]

**Reference:** 31E-MM-108062 Serial 1

**Details:**

VnsCase#: 31E-MM-108062
CAgtName: [redacted]
PContact:
BusName :
BusEIN :
BusAcct :
VicFirN :
VicMidN :
VicLastN:
SSAN :
VicDate :
VicDOD :
VicMinor:
DOB :
Race :
Sex :

b6 b7C

220[redacted]01.919

31E-MM-108062-10

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 5B / The Palm Beach Post
West Palm Beach, FL
Date: 8/5/2006
Edition:

Title: ExpertL Ignorance of age isn't defense in sex cases

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Expert: Ignorance of age isn't defense in sex cases

By LARRY KELLER
*Palm Beach Post Staff Writer*

Even if Palm Beach money manager Jeffrey Epstein didn't know that girls who police say gave him sexual massages at his Intracoastal home were under the legal age, that alone wouldn't have exempted him from criminal charges of sexual activity with minors.

"Ignorance is not a valid defense," said Bob Dekle, a legal skills professor who was a Lake City prosecutor for nearly 30 years, half of that time specializing in sex crimes against children.

"There is no knowledge element as far as the age is concerned," Dekle said.

After an 11-month investigation, Palm Beach police said there was probable cause to charge Epstein, 53, with unlawful sex acts with a minor and lewd and lascivious molestation. They contend that Epstein — friend of the rich and famous and financial patron of Democratic Party organizations and candidates — committed those acts with five underage girls.

**Epstein:** Two politicians have returned donations since he was charged with soliciting minors.

In the past week, New York Attorney General and gubernatorial candidate Eliot Spitzer has returned about $50,000 in campaign contributions he received from Epstein, and Mark Green, a candidate to replace Spitzer in

*See* EPSTEIN, 5B ▶

31E-MM-108062-11

# Lawyer: Jurors often believe adults over kids

▶ EPSTEIN *from 1B*

his current job, has returned $10,000 to him because of the Palm Beach scandal, the *New York Daily News* has reported.

Rather than file charges, the state attorney's office presented the case to a county grand jury. The panel indicted Epstein last week on a single, less serious charge of felony solicitation of prostitution.

The case raised eyebrows because the state attorney's office rarely, if ever, kicks such charges to a grand jury. And it increases the difficulty of prosecuting child sex abuse cases, especially when the defendant is enormously wealthy and can hire high-priced, top-tier lawyers.

At least one of Epstein's alleged victims told police he knew she was underage when the two of them got naked for massages and sexual activity. She was 16 years old at the time and said Epstein asked her questions about her high school, according to police reports.

A girl who said she met Epstein when she was 15 said he told her if she told anybody what happened at his house, bad things could happen, the police reports state.

Epstein's youngest alleged victim was 14 when she says she gave him a massage that included some sexual activity. She is now 16. The girl's father says he doesn't know whether she told Epstein her age.

"My daughter has kept a lot of what happened from me because of sheer embarrassment," he said. "But she very much looked 14. Any prudent man would have had second thoughts about that."

Defense attorney Jack Goldberger maintains that not only did Epstein pass a polygraph test showing he did not know the girls were minors, but their stories weren't credible. The state attorney's office also implied that their credibility was an issue when it decided not to charge Epstein directly, but instead give the case to the grand jury.

"A prosecutor has to look at it in a much broader fashion," a state attorney's spokesman said last week.

Epstein hired Harvard law Professor Alan Dershowitz when he became aware he was under investigation, and Dershowitz gave prosecutors information that some of the alleged victims had spoke of using alcohol and marijuana on a popular Web site, according to a Palm Beach police report.

Prosecutors typically consider two things in deciding whether to charge somebody with sex-related offenses against minors — whether there is sufficient evidence and whether there is a public interest in doing so, Dekle said.

**Child sex abuse cases often are difficult to prosecute, an attorney says.**

If two teens are in a sexual relationship and the boy turns 18 before the girl, he could be charged with a sex crime if the sex continues. There would be no public interest in pursuing that, Dekle said.

But where there is a large gap in ages — and especially in cases of teachers with students — there is a public interest in prosecuting, he said. Likewise if the accused has a track record of sex with minors.

Still there is a "universal constant" in prosecuting these cases, Dekle said. Men who exploit underage children for sex often carefully choose their victims in ways that will minimize the risk to them, he said.

Victims usually are from a lower social status, and they may suffer from psychological problems, Dekle said.

"Lots of child sexual abuse victims have been victimized by multiple people over a period of time. Then the act of abuse produces behavior in the victims that further damages their credibility." Examples include promiscuous behavior and drug abuse.

Some of the alleged victims in the Epstein case returned to his home multiple times for the massage sessions and the $200 to $300 he typically paid them per visit. "That would be a definite problem for the prosecutor," said Betty Resch, who prosecuted crimes against children in Palm Beach County for five years and now is in private practice in Lake Worth.

"The victim becomes less sympathetic" to a jury, Resch said. "But she's a victim nevertheless. She's a kid."

Most men charged with sex crimes against minors look normal, Dekle said. A jury expecting to see a monster seldom will. And the victims' ages work against them and in favor of the defendant in a trial, Dekle said.

If a child and an adult tell different stories and both swear they're telling the truth, adult jurors are more likely to believe the adult, Dekle said.

"You have all these things working against you in a child sex abuse case. Prosecutors normally try to be very careful in filing those cases because they know what they're getting into. There is no such thing as an iron-clad child sexual abuse case."

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FD-350 (Rev. 5-8-81)

# Palm Beach chief focus of fire in Epstein case

## Defendant's lawyers take him on; he slams state attorney

By LARRY KELLER
*Palm Beach Post Staff Writer*

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation Wednesday. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attor-

*See* REITER, 7B ▶

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# Colleagues cite chief's professionalism, integrity

▶ REITER *from 1B*

ney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to . . . consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

**Reiter:** Town Manager Peter Elwell says the Palm Beach police chief's well worth his $144,000 salary.

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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# The man who had everything

Epstein's Palm Beach mansion at 358 El Brillo Way.

## Jeffrey Epstein craved big homes, elite friends and, investigators say, underage girls

By ANDREW MARRA, Palm Beach Post Staff Writer

31E-MM-108062-13

**Jeffrey Epstein has donated more than $100,000** to Democratic candidates' campaigns, including John Kerry's presidential bid, the reelection campaign of New Mexico Gov. Bill Richardson and the Senate bids of Joe Lieberman, Hillary Clinton, Christopher Dodd and Charles Schumer.

WINGED GARGOYLES guarded the gate at Jeffrey Epstein's Palm Beach mansion. Inside, hidden cameras trolled two rooms, while the girls came and went.

For the police detectives who sifted through the garbage outside and kept records of visitors, it was the lair of a troubling target.

Epstein, one of the most mysterious of the country's mega-rich, was known as much for his secrecy as for his love of fine things: magnificent homes, private jets, beautiful women, friendships with the world's elite.

But at Palm Beach police headquarters, he was becoming known for something else: the regular arrival of teenage girls he hired to give him massages and, police say, perform sexual favors.

Epstein was different from most sexual abuse suspects; he was far more powerful. He counted among his friends former President Bill Clinton, Donald Trump and Prince Andrew, along with some of the most prominent legal, scientific and business minds in the country.

When detectives started

*See* EPSTEIN, 6A ▶

Epstein's mysterious lifestyle began to unravel after claims of sexual activity with minors.

## A life of luxury and secrecy

TINA FINEBERG/The Associated Press

Jeffrey Epstein's Manhattan townhouse dominates a block on the Upper East Side. Thought to be the largest private residence in Manhattan, it is reported to have closed-circuit television and a heated sidewalk to melt fallen snow.

# Powerful legal team stymies detectives

## Women in his life

**Ghislaine Maxwell, a fixture at elite parties** and the intensely private daughter of a media tycoon, dated Epstein in the 1990s.

**'I'm like a Heidi Fleiss.'** [redacted] told police she took at least six girls to visit Epstein, all between the ages of 14 and 16.

**PalmBeachPost.com**

Read previous stories on the Epstein investigation.

▶ EPSTEIN *from 1A*

asking questions and teenage girls started talking, a wave of legal resistance followed.

If Palm Beach police didn't know quite who Jeffrey Epstein was, they found out soon enough.

Epstein, now 53, was a quintessential man of mystery. He amassed his fortune and friends quietly, always in the background as he navigated New York high society.

When he first attracted notice in the early 1990s, it was on account of the woman he was dating: Ghislaine Maxwell, daughter of the late British media tycoon Robert Maxwell.

In a lengthy article, headlined "The Mystery of Ghislaine Maxwell's Secret Love," the British *Mail on Sunday* tabloid laid out speculative stories that the socialite's beau was a CIA spook, a math teacher, a concert pianist or a corporate headhunter.

"But what is the truth about him?" the newspaper wondered. "Like Maxwell, Epstein is both flamboyant and intensely private."

The media frenzy did not begin in full until a decade later. In September 2002, Epstein was flung into the limelight when he flew Clinton and actors Kevin Spacey and Chris Tucker to Africa on his private jet.

Suddenly everyone wanted to know who Epstein was. *New York* magazine and *Vanity Fair* published lengthy profiles. The *New York Post* listed him as one of the city's most eligible bachelors and began describing him in its gossip columns with adjectives such as "mysterious" and "reclusive."

Although Epstein gave no interviews, the broad strokes of his past started to come into focus.

## Building a life of extravagance

He was born blue-collar in 1953, the son of a New York City parks department employee, and raised in Brooklyn's Coney Island neighborhood. He left college without a bachelor's degree but became a math teacher at the prestigious Dalton School in Manhattan.

The story goes that the father of one of Epstein's students was so impressed with the man that he put him in touch with a senior partner at Bear Stearns, the global investment bank and securities firm.

In 1976, Epstein left Dalton for a job at Bear Stearns. By the early 1980s, he had started J. Epstein and Co. That is when he began making his millions in earnest.

Little is known or said about Epstein's business except this: He manages money for the extremely wealthy. He is said to handle accounts only of $1 billion or greater.

It has been estimated he has roughly 15 clients, but their identities are the subject of only speculation. All except for one: Leslie Wexner, founder of The Limited retail chain and a former Palm Beacher who is said to have been a mentor to Epstein.

Wexner sold Epstein one of his most lavish residences: a massive townhouse that dominates a block on Manhattan's Upper East Side. It is reported to have, among its finer features, closed-circuit television and a heated sidewalk to melt away fallen snow.

That townhouse, thought to be the largest private residence in Manhattan, is only a piece of the extravagant world Epstein built over time.

In New Mexico, he constructed a 27,000-square-foot hilltop mansion on a 10,000-acre ranch outside Santa Fe. Many believed it to be the largest home in the state.

In Palm Beach, he bought a waterfront home on El Brillo Way. And he owns a 100-acre private island in the Virgin Islands.

Perhaps as remarkable as his lavish homes is his extensive network of friends and associates at the highest echelons of power. This includes not only socialites but also business tycoons, media moguls, politicians, royalty and Nobel Prize-winning scientists whose research he often funds.

"Just like other people collect art, he collects scientists," said Martin Nowak, who directs the Program for Evolutionary Dynamics at Harvard University and was reportedly the recipient of a $30 million research donation from Epstein.

Epstein is said to have befriended former Harvard President Larry Summers, prominent law Professor Alan Dershowitz, Donald Trump and *New York Daily News* Publisher Mort Zuckerman.

And yet he managed for decades to maintain a low profile. He avoids eating out and was rarely photographed.

"The odd thing is I never met him," said Dominick Dunne, the famous chronicler of the trials and tribulations of the very rich. "I wasn't even aware of him," except for a *Vanity Fair* article.

Epstein's friendship with Clinton has attracted the most attention.

Epstein met Clinton as early as 1995, when he paid tens of thousands of dollars to join him at an intimate fund-raising dinner in Palm Beach. But from all appearances, they did not become close friends until after Clinton left the Oval Office and moved to New York.

Epstein has donated more than $100,000 to Democratic candidates' campaigns, including John Kerry's presidential bid, the reelection campaign of New Mexico Gov. Bill Richardson and the Senate bids of Joe Lieberman, Hillary Rodham Clinton, Christopher Dodd and Charles Schumer.

## Powerful friends and enemies

A *Vanity Fair* profile found cracks in the veneer of Epstein's life story. The 2003 article said he left Bear Stearns in the wake of a federal probe and a possible Securities and Exchange Commission violation. It also pointed out that Citibank once sued him for defaulting on a $20 million loan.

The article suggested that one of his business mentors and previous employers was Steven Hoffenberg, now serving a prison term after "bilking investors out of more than $450 million in one of the largest Ponzi schemes in American history."

As he amassed his wealth, Epstein made enemies in disputes both large and small. He sued the man who in 1990 sold him his multimillion-dollar Palm Beach home over a dispute about less than $36,000 in furnishings.

ırmer friend claimed Epstein ed out of a promise to reimburse him hundreds of thousands of dollars after their failed investment in Texas oil wells. A judge decided Epstein owed him nothing.

"It's a bad memory. I would rather not have ever met Jeffrey Epstein," said Michael Stroll, the retired former president of Williams Electronics and Sega Corp. "Suffice it to say I have nothing good to say about him."

Among the characteristics most attributed to Epstein is a penchant for women.

He has been linked to Maxwell, a fixture on the high-society party circuits in both New York and London. Previous girlfriends are said to include a former Ms. Sweden and a Romanian model.

"He's a lot of fun to be with," Donald Trump told *New York* magazine in 2002. "It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it, Jeffrey enjoys his social life."

## Investigation leads to Epstein

Although he was not a frequenter of the Palm Beach social scene, he made his presence felt. Among his charitable donations, he gave $90,000 to the Palm Beach Police Department and $100,000 to Ballet Florida.

In Palm Beach, he lived in luxury. Three black Mercedes sat in his garage, alongside a green Harley-Davidson. His jet waited at a hangar at Palm Beach International Airport. At home, a private chef and a small staff stood at the ready. From a window in his mansion, he could look out on the Intracoastal Waterway and the West Palm Beach skyline. He seemed to be a man who had everything.

But extraordinary wealth can fuel extraordinary desires.

In March 2005, a worried mother contacted Palm Beach police. She said another parent had overheard a conversation between their children.

Now the mother was afraid her 14-year-old daughter had been molested by a man on the island.

The phone call triggered an extensive investigation, one that would lead detectives to Epstein but leave them frustrated.

Palm Beach police and the state attorney's office have declined to discuss the case. But a Palm Beach police report detailing the criminal probe offers a window into what detectives faced as they sought to close in on Epstein.

Detectives interviewed the girl, who told them a friend had invited her to a rich man's house to perform a massage. She said the friend told her to say she was 18 if asked. At the house, she said she was paid $300 after stripping to her panties and massaging the man while he masturbated.

## Police interview 5 alleged victims

The investigation began in full after the girl identified Epstein in a photo as the man who had paid her. Police arranged for garbage trucks to set aside Epstein's trash so police could sift through it. They set up a video camera to record the comings and goings at his home. They monitored an airport hangar for signs of his private jet's arrivals and departures.

They quickly learned that the woman who took the 14-year-old girl to Epstein's house was Haley Robson, a Palm Beach Community College student from Loxahatchee. In a sworn statement at police headquarters, Robson, then 18, admitted she had taken at least six girls to visit Epstein, all between the ages of 14 and 16. Epstein paid her for each visit, she said.

During the drive back to her house, Robson told detectives, "I'm like a Heidi Fleiss."

Police interviewed five alleged victims and 17 witnesses. Their report shows some of the girls said they had been instructed to have sex with another woman in front of Epstein, and one said she had direct intercourse with him.

In October, police searched the Palm Beach mansion. They discovered photos of naked, young-looking females, just as several of the girls had described in interviews. Hidden cameras were found in the garage area and inside a clock on Epstein's desk, alongside a girl's high school transcript.

Two of Epstein's former employees told investigators that young-looking girls showed up to perform massages two or three times a day when Epstein was in town.

They said the girls were permitted many indulgences. A chef cooked for them. Workers gave them rides and handed out hundreds of dollars at a time.

One employee told detectives he was told to send a dozen roses to one teenage girl after a high school drama performance. Others were given rental cars. One, according to police, received a $200 Christmas bonus.

The cops moved to cement their case. But as they tried to tighten the noose, they encountered other forces at work.

In Orlando they interviewed a possible victim who told them nothing inappropriate had happened between her and Epstein. They asked her whether she had spoken to anyone else. She said yes, a private investigator had asked her the same questions.

When they subpoenaed one of Epstein's former employees, he told them the same thing. He and a private eye had met at a restaurant days earlier to go over what the man would tell investigators.

Detectives received complaints that private eyes were posing as police officers. When they told Epstein's local attorney, Guy Fronstin, he said the investigators worked for Roy Black, the high-powered Miami lawyer who has defended the likes of Rush Limbaugh and William Kennedy Smith.

While the private eyes were conducting a parallel investigation, Dershowitz, the Harvard law professor, traveled to West Palm Beach with information about the girls. From their own profiles on the popular Web site MySpace.com, he obtained copies of their discussions about their use of alcohol and marijuana.

He took his research to a meeting with prosecutors in early 2006, where he sought to cast doubt on the teens' reliability.

The private eyes had dug up

enough dirt on the girls to make prosecutors skeptical. Not only did some of the girls have issues with drugs or alcohol but also some had criminal records and other troubles, Epstein's legal team claimed. And at least one of them, they said, lied when she told police she was younger than 18 when she started performing massages for Epstein.

After the meeting, prosecutors postponed their decision to take the case to a grand jury.

In the following weeks, police received complaints that two of the victims or their families had been harassed or threatened. Epstein's legal team maintains that its private investigators did nothing illegal or unethical during their research.

By then, relations between police and prosecutors were fraying. At a key meeting with prosecutors and the defense, Detective Joseph Recarey, the lead investigator, was a no-show, according to Epstein's attorney.

"The embarrassment on the prosecutor's face was evident when the police officer never showed up for the meeting," attorney Jack Goldberger said.

Later in April, Recarey walked into a prosecutor's office at the state attorney's office and learned the case was taking an unexpected turn.

The prosecutor, Lanna Belohlavek, told Recarey the state attorney's office had offered Epstein a plea deal that would not require him to serve jail time or receive a felony conviction.

Recarey told her he disapproved of the plea offer.

The deal never came to pass, however.

## Future unclear after charge

On May 1, the department asked prosecutors to approve warrants to arrest Epstein on four counts of unlawful sexual activity with a minor and to charge his personal assistant, Sarah Kellen, now 27, for her alleged role in arranging the visits. Police officials also wanted to charge Robson, the self-described Heidi Fleiss, with lewd and lascivious acts.

By then, the department was frustrated with the way the state attorney's office had handled the case. On the same day the warrants were requested, Palm Beach Police Chief Michael Reiter wrote a letter to State Attorney Barry Krischer suggesting he disqualify himself from the case if he would not act.

Two weeks later, Recarey was told that prosecutors had decided once again to take the case to the grand jury.

It is not known how many of the girls testified before the grand jury. But Epstein's defense team said one girl who was subpoenaed — the one who said she had sexual intercourse with Epstein — never showed up.

The grand jury's indictment was handed down in July. It was not the one the police department had wanted.

Instead of being slapped with a charge of unlawful sexual activity with a minor, Epstein was charged with one count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison. He was booked into the Palm Beach County Jail early July 23 and released hours later.

Epstein's legal team "doesn't dispute that he had girls over for massages," Goldberger said. But he said their claims that they had sexual encounters with him lack credibility.

"They are incapable of being believed," he said. "They had criminal records. They had accusations of theft made against them by their employers. There was evidence of drug use by some of them."

What remains for Epstein is yet to be seen.

The Palm Beach Police Department has asked the FBI to investigate the case. It also has returned the $90,000 Epstein donated in 2004.

In New York, candidates for governor and state attorney general have vowed to return a total of at least $60,000 in campaign contributions from Epstein. Meanwhile, Epstein's powerful friends have remained silent as tabloids and Internet blogs feast on the public details of the police investigation.

Goldberger maintains Epstein's innocence but says the legal team has not ruled out a future plea deal. He insists Epstein will emerge in the end with his reputation untarnished.

"He will recover from this," he said.

*Staff writer Larry Keller and staff researchers Bridget Bulger, Angelica Cortez, Amy Hanaway and Melanie Mena contributed to this story.*

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# Epstein camp calls female accusers liars

By LARRY KELLER
*Palm Beach Post Staff Writer*

Attorneys and publicists for Palm Beach financier Jeffrey Epstein went on the offensive Monday, contending that teenage girls who have accused Epstein of sexual shenanigans at his waterfront home are liars and saying that the Palm Beach Police Department is "childish."

"There never was any sex between Jeffrey Epstein and any underage women," his lead attorney, Jack Goldberger, said from Idaho where he was vacationing with his family.

Epstein

Epstein did have young women come to his house to give him massages, Goldberger said. "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know. The question is, did anything illegal occur. The law was not violated here."

He had no explanation as to why Epstein would pay girls or women with no massage training — as the alleged victims said was the case — $200 to $300 for their visits. "The credibility of these witnesses has been seriously questioned," Goldberger said.

Epstein, 53, was indicted by a county grand jury last month on a charge of felony solicitation of prostitution. After an 11-month investigation that included sifting through Epstein's trash and surveilling his home, Palm Beach police concluded there was enough evidence to charge him with sexual activity with minors. When the grand jury indicted Epstein on the less serious charge, Police Chief Michael Reiter referred the case to the FBI to determine whether there were federal law violations.

After a spate of stories about the case last week, New York publicist Dan Klores — whose client list has included Paris Hilton and Jennifer Lopez — said on Saturday that Epstein's camp was ready "to get their story out."

*See* EPSTEIN, 9B ▶

**'Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18.'**
JACK GOLDBERGER, Epstein's lead attorney

(Indicate page, name of newspaper, city and state.)
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# Attorney: Police gave media 'distorted view'

▶ EPSTEIN *from 1B*

They did that Monday via Goldberger and a Los Angeles publicist for Miami criminal defense attorney Roy Black, who also has represented Epstein in the case.

"We just think there has been a distorted view of this case in the media presented by the Palm Beach police," Goldberger said.

Reiter has consistently declined to comment on the case and did not respond to a request for comment Monday.

The implication that State Attorney Barry Krischer was easy on Epstein by presenting the case to a grand jury rather than filing charges directly against him is wrong, Goldberger said.

The Palm Beach Police Department was "happy and ecstatic" that the panel was going to review the evidence. "I think what happened is they weren't happy with the result. They decided to use the press to embarrass Mr. Epstein."

But records show that Reiter wrote Krischer on May 1 — well before the case went to the grand jury — suggesting that Krischer "consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

Rather than flat-out decline to charge Epstein, Krischer referred the case to the grand jury to "appease" the chief, Goldberger said.

A state attorney's spokesman would say only that the office refers cases to the grand jury when there are issues with the viability of the evidence or witnesses' credibility.

Both the state attorney and the grand jury concluded there was not sufficient evidence that Epstein had sex with minors, according to Goldberger. "It was just a childish performance by the Palm Beach Police Department," Goldberger said.

The defense attorney said one of the alleged victims who claimed she was a minor was in fact over the age of 18. Another alleged victim who was subpoenaed to testify to the grand jury failed to do so. Epstein's accusers, he added, have histories of drug abuse and thefts. "These women are liars. We've established that."

But why would they all invent their stories about meeting Epstein for sexual massages?

"I don't have an answer as to what was the motivation for these women to come forward and make these allegations," Goldberger said.

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**Epstein investigation**

Read a letter from Palm Beach Police Chief Michael Reiter to State Attorney Barry Krischer on the Epstein probe.

**PalmBeachPost.com**

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/13/2006

**To:** Miami **Attn:** SSA [redacted]
Miami-FIG SIA

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

b6
b7C

**Synopsis:** To request analytical assistance regarding telephone toll records.

**Enclosure(s):** 1) A CDrom containing Cingular telephone toll records for [redacted], cellular telephone [redacted]
2) Hard copies of [redacted] Cingular telephone toll records from the dates of March 2005 to December 2005. (not included on CDrom.
2) A list of all identified (561) area code telephone numbers, primarily those of the underage victims.

**Details:** An ongoing federal investigation has revealed that [redacted]

Enclosed for analytical review are the 2004 and 2005 cellular toll records for [redacted], cellular number [redacted] It is requested to ascertain [redacted] over the two year period. The primary focus should be on the identification and

261[redacted]01.ec
31E-MM-108062-17

frequency of the (561) area code numbers listed on [redacted] toll records. b6 b7C

Please contact SA [redacted] at [redacted] should any further information be needed.

♦♦



HOUSE_OVERSIGHT_018938

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/14/2006

**To:** Miami

**From:** Miami
PB-2/West Palm Beach RA
**Contact:** SA [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** [redacted] (Pending Inactive) b7A
9A-MM-106548 (Pending)
9B-MM-106812 (Pending)
31E-MM-106675 (Pending)
31E-MM-107146 (Pending)
31C-MM-107200 (Pending)
62D-MM-107021 (Pending)
164C-MM-107620 (Pending)
305C-MM-106925 (Pending)
305C-MM-107468 (Pending)
305D-MM-106828 (Pending)
305D-MM-107072 (Pending)

**Title:** Case update.

**Synopsis:** Delayed Investigation.

**Details:** For information of the file, investigation in this matter has been delayed due to writer's assignment to a kidnaping investigation (7A-MM-107268) since 1/17/2006.

♦♦

62D-MM-107021-2

FD-350 (Rev. 5-8-81)

(Mount Clipping in Space Below)

# Billionaire faces charge of solicitation of minors

**MONDAY:** Palm Beach billionaire Jeffrey Epstein paid to have underage girls and young women brought to his home, where he received massages and sometimes sex, according to an investigation by the Palm Beach Police Department. An indictment was unsealed that charged Epstein, 53, with one count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison. He was released on $3,000 bond. Epstein's attorney, Jack Goldberger, said his client, a money manager for the wealthy, committed no crimes and passed a lie detector test in which he said he did not know the girls were minors.

**Epstein**

(Indicate page, name of newspaper, city and state.)

Date: 07/30/2006
Edition: PALM BEACH POST

Title: BILLIONAIRE FACES CHARGE OF SOLICITATION OF MINORS

Character: 31E-MM-108062
or
Classification:
Submitting Office:

Indexing:

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31E - MM - 108062 - 18

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/18/2006

**To:** [redacted] **Attn:** Crimes Against Children
SSA [redacted]
Squad C-20

b6
b7C

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To set lead for captioned investigation.

**Enclosure(s):** One Grand Jury Subpoena for [redacted]

b3

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffery Epstein and captioned subjects. The investigation involves [redacted]. In addition to Palm Beach, Epstein maintains residences in New York, U.S. Virgin Islands and New Mexico.

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Epstein was born 01/20/1953 and raised in Coney Island. He graduated from Lafayette High School in Brooklyn. The investigation has revealed that he took some classes in physics at Cooper Union from 1969 to 1971. He left Cooper Union in 1971 and attended NYU's Courant Institute, where he took courses in mathematical physiology of the heart, leaving that school too, without a degree. Between 1973 and 1975, Epstein taught calculus and physics at the Dalton School in Manhattan. In 1976, Epstein left Dalton for a job at Bear Stearns, a global investment bank and securities firm.

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261[redacted]01.EC

31E-MM-108062-19

To: [redacted] From: Miami
Re: 31E-MM-108062, 09/18/2006

FBI Miami, PBCRA, request [redacted] b3

Any questions or concerns contact SA [redacted] Miami Division, PBCRA, [redacted] b6 b7C

Epstein's biographical information is the following:

| | |
|---|---|
| Name | Jeffrey E. Epstein |
| DOB | 01/20/1953 |
| SSAN | [redacted]-3348 |
| Hair | Grey |
| Eyes | Blue |
| Height | 6'0 |
| Weight | 175 lbs |



HOUSE_OVERSIGHT_018942

To: [redacted] From: Miami
Re: 31E-MM-108062, 09/18/2006

**LEAD(s):**

**Set Lead 1: (Action)**

[redacted] b3

It is requested that FBI [redacted]. In addition, if needed, serve the enclosed subpoena.

♦♦



HOUSE_OVERSIGHT_018943

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 06/21/07 Time: 14:03

Case ID: 31E-MM-108062 Serial: 20

Description of Document:

Type : OTHER
Date : 09/21/06
To : [redacted] b3
From : US DIST COURT
Topic: EXECUTED FGJ SUBPOENA

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 62

Employee: [redacted] b6 b7C

31E-MM-108062-20

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 10/17/2006

**To:** Miami **Attn:** SA [redacted]
PB2/PBCRA

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**From:** [redacted]
Squad C-20
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending) -25

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA- CHILD PROSTITUTION

**Synopsis:** Lead covered for captioned investigation; Grand Jury subpoena served [redacted] b3

**Reference:** 31E-MM-108062 Serial 19

**Enclosure(s):** Enclosed for Miami is the server copy of the referenced Grand Jury subpoena issued by the United States District Court, Southern District of Florida on 10/06/2006 and served [redacted] on 10/16/2006.

**Details:** On 10/16/2006, SA [redacted] received from SA [redacted], via Federal Express delivery service, the referenced Grand Jury subpoena. On that date, SA [redacted] and SA [redacted] went to [redacted] b3 b6 b7C

[redacted] accepted service of the Grand Jury subpoena, the Appearance Notice, the Certification of Business Records and Appendix A, (Document Inventory). [redacted] then contact SA [redacted] at the telephone number provided on the Grand Jury subpoena. [redacted] was directed to do so prior to 10/20/2006, and was told that if she did not provide the records described in

31E-MM-108062-25

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the subpoena, she would be required to appear at the United States District Courthouse located at 701 Clematis Street, West Palm Beach, Florida.

At this time, no further action will be taken by the [redacted] in this matter. Lead is covered.

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HOUSE_OVERSIGHT_018946

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: [redacted]

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## SUBPOENA TO TESTIFY BEFORE GRAND JURY

FGJ 05-02(WPB)-Fri./No. OLY-19

**SUBPOENA FOR:**

[ ] **PERSON** [X] **DOCUMENTS OR OBJECT[S]**

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Room 4-A |
| | DATE AND TIME:<br>October 20, 2006<br>9:00am |

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

[redacted]

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**Please coordinate your compliance of this subpoena and confirm the date and time of your appearance with Special Agent [redacted] Federal Bureau of Investigation, Telephone: [redacted]**

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | October 6, 2006 |

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This subpoena is issued upon application of the United States of America

Name, Address and Phone Number of Assistant U.S. Attorney
[redacted] Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: [redacted]
Fax: (561) 802-1787

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

**U.S. Department of Justice**

*United States Attorney*
*Southern District of Florida*

*500 S. Australian Ave., Suite 400*
*West Palm Beach, FL 33401-6235*
*(561) 820-8711*

## APPEARANCE NOTICE

The attached subpoena requires the production of the records specified to a Federal Grand Jury/Trial in the Southern District of Florida.

A new provision of the Federal Rules of Evidence provides that routine business records may be admitted at trial through the declaration of a custodian, if they are provided sufficiently in advance of trial to allow an opportunity for any challenges to their authenticity. Therefore, you may be able to avoid appearing personally at the grand jury/trial at the time and place specified by completely filling out the attached Certification and Inventory and immediately returning it with the records to **Special Agent** [redacted] **FBI** at the following address:

**Federal Bureau of Investigation**
**505 South Flagler Drive, Ste. 500**
**West Palm Beach, Florida 33401-5923**

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## EARLY VOLUNTARY TURNOVER

Please note that we are requesting an early voluntary turnover of the materials subpoenaed. The early voluntary turnover date is prior to October 20, 2006.

Sincerely,

R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY

BY: [redacted]
ASSISTANT UNITED STATES ATTORNEY

## CERTIFICATION OF BUSINESS RECORDS

I, the undersigned, _____, declare that I am: employed by/associated with _____ in the position of _____ and by reason of my position am authorized and qualified to make this declaration.

In my employment with the above-named bank/company I am familiar with the business records it maintains. The above-named bank/company maintains records of its business which are:

1. made at or near the time of the occurrence of the matters set forth therein, by, or from information transmitted by, a person with knowledge of those matters;
2. kept in the course of regularly conducted business activity; and
3. made by the regularly conducted activity as a regular practice.

Among the records so maintained are the attached records itemized in Appendix A, Inventory of Documents.

I declare under penalty of perjury that the foregoing is true and correct.

Date of execution: _____

Place of execution: _____

Signature: _____

## APPENDIX A

## DOCUMENT INVENTORY

The documents submitted are as follows:

Signature of Records Custodian:

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/14/2006

**To:** [redacted]

**Attn:** SSA [redacted] RA

**Attn:** SSA [redacted] RA

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**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

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**Synopsis:** To request travel reference captioned case.

**Administrative:** Reference telcall between SA [redacted] and SSA [redacted] and SSA [redacted] on 11/14/2006.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffery Epstein and captioned subjects. The investigation involves [redacted]

FBI Miami, PBCRA, request travel concurrence with FBI

[redacted]

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229 [redacted] 01.ec

31E-MM-108062-32

**LEAD(s):**

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**Set Lead 1: (Info)**

[redacted]

AT [redacted]

FBI Miami request travel concurrence from FBI [redacted] to conduct victim interview.

**Set Lead 2: (Info)**

[redacted]

AT [redacted]

FBI Miami request travel concurrence from FBI [redacted] [redacted] to conduct victim interview.

♦♦



HOUSE_OVERSIGHT_018952

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/09/2006

**To:** Miami

**From:** Miami
PB2/West Palm Beach RA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 – 33

**Title:** JEFFREY EPSTEIN; [redacted]
WSTA - CHILD PROSTITUTION

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**Synopsis:** Request that SA [redacted] with SOC# [redacted] receive holiday pay on November 10, 2006, Veteran's Day, a Federal Holiday.

**Details:** SA [redacted] will be working on gathering data for the Intelligent Analyst that will be coming to the Palm Beach RA on Monday.

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312[redacted]03.ec

31E-MM-108062-33

Case No. . . . . : 1-05-000368
SPECIAL NOTES : DO NOT RELEASE
Occur To Date : 1/27/05 0000
Day Of Week . : Thursday
Common/Location: 358 EL BRILLO WY
City . . . . . : PALM BEACH, FL
Location Type : RESIDENCE-SINGLE FAMILY
Beat Assignment: DETECTIVE BUREAU
Dept Class . . : SEXUAL BATTERY
Case Status . : OPEN / ACTIVE
Supervisory Dt.: [redacted] 3/14/05
Entry Date . . : 4/06/05
Names? . . . . . :
Vehicles? . . . :
Narrative? . . . :

Occur From Date: 1/27/05 0000
Report Date . : 3/14/05 1600
Map Reference : 10
Report Officer : [redacted]
Case Status Dt : 3/14/05
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Property? . . . :
Offenses? . . . :
Related Cases? :

********* V E H I C L E I N F O R M A T I O N # 1 **********

Case number . : 1-05-000368
State Veh Type :
Make . . . . . :
Model Name . . :
Style . . . . . :
Color - Bottom :
VIN . . . . . :
Disposition . :
Insured by . . :
Vehicle locked :
Date recovered : 0/00/00
Street number :
City . . . . . :
Recovery code :
Be On Look Out?:

Category . . . :
Year . . . . . : 0
Model . . . . . :
Permit Number :
Color - Top . :
License # . . :
Stolen value . : 0
Insured . . . :
Keys in car . :
Lein holder . :
Recovery value : 0

NCIC number . :

********* P E R S O N R E P O R T I N G I N F O - # 1 *********

Case Number . : 1-05-000368
Street Number : [redacted]
City . . . . . :
Birth Date/Age : [redacted]
Occupation . . :
Home Phone No. :
Sex . . . . . :
Weight . . . . : 0

Last Name . . : [redacted]
Employer? . . :
Oper Lic No. . : [redacted]
Race . . . . . : White
Height . . . . : 0
Other Phone Nbr:

********** S U S P E C T / A R R E S T E E I N F O R M A T I O N - # 1 **

Case Number . : 1-05-000368
Street Number : [redacted]
City . . . . . :
Birth Date . . : [redacted]
Employer? . . :
Oper Lic No. . : [redacted]
Other Phone Nbr:
Sex . . . . . : Female
Minimum Weight : 0

Prompt valid in: [redacted]
Maximum Age . : [redacted]
Occupation . . :
Home Phone No. :
Race . . . . . : White
Minimum Height : 0
Maximum Height : 0

3IE - MM - 108062 - 37

Case No. . . . : 1-05-000368 (Continued)
Maximum Weight : 0
Aliases? . . . :
Hair Color . . :
Hair Style . . :
Glasses . . . :
Facial Hair . :
Teeth . . . . :
Hat . . . . . :
Shirt . . . . :
Shoes . . . . :
Body Marks #2 :
Body Marks #4 :
Arrest Case No.:
Misc. ID# . . :
MO/Crime Spec? :
Hair Length . :
Eye Color . . :
Complexion . . :
Build . . . . :
Speech . . . . :
Coat . . . . . :
Pants . . . . :
Body Marks #1 :
Body Marks #3 :
Status . . . . : STILL SUSPECT b6
Additional UCR?: b7C

********** S U S P E C T / A R R E S T E E I N F O R M A T I O N - # 2 **

Case Number . : 1-05-000368
Street Number : 358 EL BRILLO WY
City . . . . . : PALM BEACH, FL 000033480
Birth Date . . :
Employer? . . :
Oper Lic No. . :
Other Phone Nbr:
Sex . . . . . : Female
Minimum Weight : 0
Maximum Weight : 0
Aliases? . . . :
Hair Color . . :
Hair Style . . :
Glasses . . . :
Facial Hair . :
Teeth . . . . :
Hat . . . . . :
Shirt . . . . :
Shoes . . . . :
Body Marks #2 :
Body Marks #4 :
Arrest Case No.:
Prompt valid in: [redacted]
Maximum Age . : 25
Occupation . . : PERSONAL ASST/EPSTEIN
Home Phone No. : 561/000-0000
Race . . . . . : White
Minimum Height : 0
Maximum Height : 0
Misc. ID# . . :
MO/Crime Spec? :
Hair Length . :
Eye Color . . :
Complexion . . :
Build . . . . :
Speech . . . . :
Coat . . . . . :
Pants . . . . :
Body Marks #1 :
Body Marks #3 :
Status . . . . : STILL SUSPECT
Additional UCR?:

********** S U S P E C T / A R R E S T E E I N F O R M A T I O N - # 3 **

Case Number . : 1-05-000368
Street Number : 358 EL BRILLO WY
City . . . . . : PALM BEACH, FL 000033480
Birth Date . . : 1/20/1953 52
Employer? . . :
Oper Lic No. . : E123425530200 FL
Other Phone Nbr:
Sex . . . . . : Male
Minimum Weight : 0
Maximum Weight : 0
Aliases? . . . :
Hair Color . . :
Hair Style . . :
Prompt valid in: EPSTEIN, JEFFREY
Maximum Age . : 52
Occupation . . :
Home Phone No. :
Race . . . . . : White
Minimum Height : 0
Maximum Height : 0
Misc. ID# . . :
MO/Crime Spec? :
Hair Length . :
Eye Color . . :

Case No. . . . . : 1-05-000368 (Continued)

| | | | |
|---|---|---|---|
| Glasses . . . : | | Complexion . . : | |
| Facial Hair . : | | Build . . . . . : | |
| Teeth . . . . : | | Speech . . . . . : | |
| Hat . . . . . : | | Coat . . . . . : | |
| Shirt . . . . : | | Pants . . . . . : | |
| Shoes . . . . : | | Body Marks #1 : | |
| Body Marks #2 : | | Body Marks #3 : | |
| Body Marks #4 : | | Status . . . . : | STILL SUSPECT |
| Arrest Case No.: | | Additional UCR?: | |

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********** V I C T I M I N F O R M A T I O N - # 1 **********

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Case No. . . . . : 1-05-000368
Can Identify . :
Injury Extent :
Injury Type 2 :
Med Treatment :
Phys Last Name :

(Continued)

Victim Sobriety:
Injury Type 1 :
Hospital ID . :
Phys First Name:

********* O T H E R P E R S O N I N F O R M A T I O N - # 1 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age :
Occupation . . . : STUDENT
Home Phone No. :
Sex . . . . . : Female
Weight . . . . : 0
Other Phone Nbr:

Last Name . . . :
Employer? . . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . . : 0
Person Type . : OTHER PERSON

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********* O T H E R P E R S O N I N F O R M A T I O N - # 2 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age :
Occupation . . :
Home Phone No. :
Sex . . . . . : Female
Weight . . . . : 0
Other Phone Nbr:

Last Name . . . :
Employer? . . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . . : 510
Person Type . : OTHER PERSON

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********* O T H E R P E R S O N I N F O R M A T I O N - # 3 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age :
Occupation . . :
Home Phone No. :
Sex . . . . . : Female
Weight . . . . : 0
Other Phone Nbr:

Last Name . . . :
Employer? . . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . . : 0
Person Type . : OTHER PERSON

******** O T H E R P E R S O N I N F O R M A T I O N - # 4 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age :
Occupation . . :
Home Phone No. :
Sex . . . . . : Male
Weight . . . . : 0
Other Phone Nbr:

Last Name . . . :
Employer? . . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . . : 0
Person Type . : OTHER PERSON

******** O T H E R P E R S O N I N F O R M A T I O N - # 5 *********

Case Number . : 1-05-000368

Last Name . . . :

Case No. . . . . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age : 0/00/0000 0
Occupation . . : FAMILY THERAPIST
Home Phone No. : 561/000-0000
Sex . . . . . : Female
Weight . . . . : 0
Other Phone Nbr: 561/000-0000

(Continued)

Employer? . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . : 0
Person Type . : OTHER PERSON

***EMPLOYER INFORMATION***

Case Number . : 1-05-000368
Employer Name : PBC DIVISON OF YOUTH AFFAIRS
Address . . . : 4200 N AUSTRALIAN AV
City/State/Zip : WEST PALM BEACH, FL 33407
Phone Number . : 561/840-4540

********* O T H E R P E R S O N I N F O R M A T I O N - # 6 *********

Case Number . :
Street Number :
City . . . . . :
Birth Date/Age :
Occupation . . :
Home Phone No. :
Sex . . . . . :
Weight . . . . : 0
Other Phone Nbr:

Last Name . . : [redacted]

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Employer? . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . : 0
Person Type . : OTHER PERSON

***EMPLOYER INFORMATION***

Case Number . : 1-05-000368
Address . . . :
City/State/Zip :
Phone Number . :

Employer Name : [redacted]

********* O T H E R P E R S O N I N F O R M A T I O N - # 7 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age : 0/00/0000 0
Occupation . . :
Home Phone No. :
Sex . . . . . :
Weight . . . . : 0
Other Phone Nbr:

Last Name . . : [redacted]

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b7C

Employer? . . :
Oper Lic No. . :
Race . . . . . : White
Height . . . . : 0
Person Type . : OTHER PERSON

********* O T H E R P E R S O N I N F O R M A T I O N - # 8 *********

Case Number . : 1-05-000368
Street Number :
City . . . . . :
Birth Date/Age : 0/00/0000 0
Occupation . . :
Home Phone No. :
Sex . . . . . :

Last Name . . : [redacted]

Employer? . . :
Oper Lic No. . :
Race . . . . . :
Height . . . . : 0

Case No. . . . . : 1-05-000368 (Continued)
Weight . . . . . : 0 Person Type . : OTHER PERSON
Other Phone Nbr:

********* O T H E R P E R S O N I N F O R M A T I O N - # 9 *********

Case Number . : 1-05-000368 Last Name . . : [redacted]
Street Number : [redacted]
City . . . . . :
Birth Date/Age : Employer? . . :
Occupation . . : Oper Lic No. . : [redacted]
Home Phone No. : Race . . . . . : White
Sex . . . . . : Height . . . . . : 0 b6
Weight . . . . . : 0 Person Type . : OTHER PERSON b7C
Other Phone Nbr: 561/000-0000

********** N A R R A T I V E # 1 **********

Original Report LO Reported By: PAGAN, MICHELE D. 9/20/05
Entered By.: OREGERO, LAURA D. 9/20/05

On 03/14/2005, I received a call from a woman who did not wish to identify herself (later identified as [redacted]. She stated that her fourteen year old step daughter (later identified as [redacted] possibly may have been molested in Palm Beach by a wealthy man. According to [redacted] she learned of the possible molestation by a third party. She explained that she had received a call from the mother of her stepdaughter's friend. The mother claimed to have overheard a conversation between her daughter and a male friend; they were talking about [redacted] The conversation was about how [redacted] had met with a 45-year-old man and had sex with him and was paid for it. I advised [redacted] that I would like to meet with her to obtain a more detailed statement and facts. [redacted] stated she did not know what to do and had to discuss the matter with her husband. At this point [redacted] did not provide me with a call back number or any other information. She stated that she would contact me once she had spoken with her husband and [redacted] mother. b6 b7C

On 03/14/2005 received a call from [redacted] They stated it was all right to speak to their daughter [redacted] via cell phone [redacted] Her mother [redacted] had been made aware of the case. They agreed to meet me at the police department later this date. [redacted].

On 03/14/2005, [redacted] accompanied by his wife [redacted] came to the Palm Beach Police Department where they advised me that they believed their fourteen year old daughter may have had some type of sexual relationship with an older male who resided in Palm Beach. Neither knew the suspect's name or address. Both stated that their daughter did not talk to them about the incident, nor would she admit to it.

* [redacted] identified his daughter as [redacted] w/f, [redacted] resides with her biological mother [redacted] at [redacted] is a twin,

Case No. . . . : 1-05-000368 (Continued)

her sister [redacted] resides with [redacted] Both [redacted] and [redacted] are currently attending [redacted] school, which is an involuntary admitted juvenile educational facility. [redacted] stays at the facility during the week and comes home on the weekend. According to [redacted] she was admitted to the school because of disciplinary problems that recently escalated. The facility also coordinates with the families to provide one on one as well as family counseling.

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b7c

According to [redacted] she believes the incident occurred on Sunday, Feb 6, 2005. A friend of [redacted] named [redacted] picked her up at their house and left. They believe [redacted] initiated the relationship with the older gentleman, though they do not have any proof. [redacted] lives close by with her mother. [redacted] further explained that [redacted] was introduced to [redacted] by [redacted] a boy she was dating (goes to [redacted] plays baseball). [redacted] continued that on Sunday, [redacted] picked up [redacted] and drove to Palm Beach where they met the man. Supposedly, the man has a lot of money and often has young girls come over to his house. Haley offers these girls a way to make fast cash. The man starts with a massage. If he likes them, he keeps them around and does more. The [redacted] did not have any information on [redacted] other than she lives on [redacted] the last house on right side (north side).

[redacted] talked of a conversation that she had with [redacted] the mother of [redacted] a former friend of [redacted] She found it strange that they were no longer friends until she received the call from her mother telling her of the conversation she overheard between [redacted] and a boy named [redacted].

[redacted] told me of an incident that occurred on 02/09/2005. [redacted] got into a fight at school [redacted] Assistant Principal, found over $300.00 in [redacted] purse. [redacted] gave different explanations for the large sum of money. Initially the school administration thought it was drug related but then dismissed the claim. Since that day, [redacted] did not return to school; she ran away Thursday, 02/10th or Friday 02/11 and returned to her mother's house later that night after midnight. It was not until after [redacted] received the call from [redacted] mother, [redacted] that she learned [redacted] was the girl that got into the fight with [redacted] The fight was instigated when [redacted] accused [redacted] of being a prostitute.

[redacted] who has legal joint custody of his daughter [redacted] signed the affidavit of prosecution indicating he wished to prosecute against the inappropriate sexual behavior with his fourteen-year-old daughter.

[redacted] stated that he had no objections with our agency speaking with his daughter [redacted] about the incident. [redacted] stated that [redacted] mother [redacted] is aware of the allegations and also was willing to cooperate. According to [redacted] she does not believe her daughter had any additional contact with the suspect as she was with

Case No. . . . : 1-05-000368 (Continued)

her mother and then placed into [redacted].

I contacted the School Board Police who provided me the information for [redacted] West Palm Beach, Florida. Checking the school board records for [redacted] there was no disciplinary record found. I was advised if no disciplinary action was taken for a fight, such as an expulsion or detention, the incident may not have been recorded. This was at the discretion of the individual school security and principal. b6 b7C

03/15/2005, I called the Palm Beach County Sheriff's Office and left a message for PBSP Sgt. Chris Keen, Child Abuse Unit.

On 03/15/2005, I went to [redacted] where I met with white female [redacted] Also present was [redacted] therapist. During an audiotaped interview, I spoke with [redacted] about the allegations that were made. [redacted] initially denied anything had happened, only admitting to going with [redacted] (later identified as [redacted]) to Palm Beach to pick up money [redacted] was owed. [redacted] identified [redacted] as the cousin of her former boyfriend [redacted] She ultimately admitted to knowing that [redacted] worked for a wealthy man and possibly did sexual favors for him. She also admitted that [redacted] had offered her an opportunity to make money.

[redacted] identified [redacted] boss as a white male named "Jeff" who lived in Palm Beach (later positively identified as Jeffrey Epstein). [redacted] explained that she was first approached by [redacted] to go with her to Jeff's house, when they were at [redacted] house. According to [redacted] she was not sure exactly what was going on with [redacted] but agreed to go with her. [redacted] boyfriend) became angry when he heard [redacted] inviting [redacted] to accompany her. [redacted] believed it was to pick up money the man owed [redacted]. [redacted] stated [redacted] told her that she would pick her up at her house on Sunday. [redacted] was not sure of the exact dates but knew it was a Sunday. According to [redacted], [redacted] along with an unknown, possibly Hispanic female, picked her up at her father's house on [redacted] told her father that they were going shopping. It was later confirmed by [redacted] that [redacted] picked his daughter up. According to Mr. [redacted], [redacted] drove a pick up truck.

[redacted] drove [redacted] along with the unknown female to Palm Beach. Sometime on the way there, a conversation occurred between [redacted] and [redacted] whereby [redacted] told [redacted] that if Jeff asked her [redacted] age, she should say she was eighteen.

[redacted] recalled that Jeff's house was on a dead end street. All three girls walked up a driveway, past what appeared to be a small guard/security room. In fact, [redacted] recalled a male approaching them asking what they wanted. [redacted] stated they were there to see Jeff. The male allowed them to continue walking up to the house.

Case No. . . . : 1-05-000368 (Continued)

[redacted] stated the man told them that Epstein was not there but was expected back. He allowed them to enter the house, via the kitchen. He offered them something to drink while they waited inside. Shortly after, Epstein and a woman, described as white with blond hair entered the kitchen. [redacted] believed the woman was Epstein's Assistant. [redacted] added that the woman did not seem friendly and kept her responses short and direct. Epstein introduced himself to [redacted] as Jeff . [redacted] got the impression that Epstein and [redacted] friend knew each other. [redacted] described Epstein as being approximately forty-five years old, a long face, and bushy eyebrows, with graying hair. b6 b7C

[redacted] and Epstein left the kitchen leaving [redacted] and [redacted] friend alone in the kitchen. They returned a short time later. They all spoke briefly in the kitchen. While speaking to me, [redacted] became upset and started to cry. [redacted] stated the woman instructed her to follow her upstairs, which she did. According to [redacted], the woman led her to a room that had a massage table in it. The woman started to fix up the room, putting the covers on the table and taking lotions out. She then told [redacted] that Epstein would be up in a second. The woman left the room, and soon after, Epstein walked in and told [redacted] to take off her clothes. As [redacted] was telling me what had happened, she looked away from me, and with a pointed finger, repeatedly pressed it into her thigh. [redacted] stated he was stern when he told her to take off her clothes. [redacted] said she did not know what to do as she was the only one there. [redacted] took off her shirt leaving her bra on. Epstein, dressed in a towel told her to take off everything. [redacted] stated she removed her pants leaving her thong panties on. Epstein then instructed her to give him a massage pointing to a specific lotion for her to use. Epstein laid on the table, face down. As [redacted] began to give Epstein the massage, he told her to get on his back. [redacted] stated she straddled herself on Epstein's back. [redacted] stated her exposed buttocks were touching Epstein s bare buttocks. As [redacted] was giving Epstein the massage, he turned around, and wacked off [redacted] later explained that wacking off was masturbating). [redacted] stated she was disgusted by Epstein's actions but did not say anything. According to [redacted] Epstein told her that she "had a really hot body." Epstein excused himself and went to the bathroom where she believed he masturbated again. Epstein returned to the room and told [redacted] that he was done and gave her three hundred dollars. They went back down stairs where they met [redacted]. Epstein said good-bye and they left. [redacted] asked [redacted] how did it go and asked what did she [redacted] do. When [redacted] told [redacted] that Epstein asked for a massage, [redacted] allegedly stated "I know." [redacted] stated they then went shopping. [redacted] stated [redacted] also got paid, but that she did not know why since she was confident that [redacted] did not do anything.

[redacted] described Epstein's house as a two story pink house with a Cadillac Escalade parked in the driveway. There were gates leading into the property. From the kitchen, [redacted] recalled walking up a flight of stairs, lined with photographs, to a room. Upon entering

Case No. . . . : 1-05-000368 (Continued)

the room there was a large bathroom to the right. [redacted] recalled a hot pink and green sofa in the room. There was a door on each side of the sofa. [redacted] recalled there being a mural of a naked woman in the room, as well as several photographs of naked women on a shelf. b6 b7C

[redacted] stated Epstein did not change in front of her but did take off his towel, exposing himself. [redacted] recalled Epstein being hairy especially on his chest. Epstein also had a hairline that continued to his buttocks. [redacted] admitted to seeing his penis. I asked [redacted] if she knew what being circumcised meant and she stated no. [redacted] then said that she thought Epstein was on steroids because he was a "really built guy and his wee wee was very tiny." [redacted] would explain that when she stated "wee wee" she meant penis. [redacted] stated Epstein exposed himself when he took his towel off, placing it on the floor as he laid down on the table.

[redacted] said Epstein was specific in his instruction to her on how to massage, telling her to go clockwise, etc. [redacted] recalled that Epstein got up from the table and went to the bathroom where she heard him making, what she believed to be sexual type of noises. (moaning) He then returned to the room where he again laid down on the table. Epstein then turned over and instructed [redacted] to massage his boobs. As she did this, Epstein continued to make moaning noises.

[redacted] resumed massaging his chest area. [redacted] was now standing on the ground. Epstein turned to his side, and with the towel on the ground started to rub his penis in an up and down motion. [redacted] stated Epstein held on to the small of her back as she massaged his chest, back and shoulder area. [redacted] recalled Epstein ejaculating because he had to use the towel to wipe himself as he got off the table. [redacted] also recalled Epstein having a noticeable freckle on his chest.

Epstein then left the room and [redacted] got dressed. She went back downstairs where she met Haley and the unknown white female. [redacted] admitted to getting paid three hundred dollars in cash from Epstein. Before they left, Epstein asked [redacted] to leave her phone number. As they were leaving the house, [redacted] asked [redacted] what had happened and how much she was paid. [redacted] stated [redacted] seemed upset or jealous when she told her that she received three hundred dollars. [redacted] stated received only two hundred dollars that day. [redacted] stated that she believed [redacted] was paid two hundred dollars for bringing her.

[redacted] told [redacted] that if they do this every Saturday, they could be rich; [redacted] agreed. They then went shopping, though she is not sure where. Possibly at TJ Maxx or Marshall's. [redacted] stated she never saw [redacted] again as she got into a fight at school. She had not spoken with [redacted] either as her mother took away her cell phone.

I asked [redacted] if she was aware of any video equipment while she was in the room. She stated no.

Case No. . . . : 1-05-000368 (Continued)

[redacted] stated she was afraid that [redacted] would retaliate against her or her family if she ever went to the police regarding the incident. b6
[redacted] stated that her father's vehicle was recently vandalized. b7C
[redacted] admitted to telling [redacted] what had happened with Epstein. According to [redacted] became angry and upset, punching a hole in the wall. [redacted] guessed that it was [redacted] who told [redacted] about the incident, and now there were rumors in school about [redacted] and what she did with Epstein.

I then talked to [redacted] about truth and lying. We talked about the color sweater she was wearing. [redacted] denied having sexual intercourse with Epstein. She denied touching his penis. [redacted] again admitted to observing Epstein masturbate.

[redacted] agreed to cooperating with the police department in placing a phone call to [redacted] in a controlled setting. I met with [redacted] and advised her of the families' as well as [redacted] willingness to cooperate with this investigation. Copies of this interview were placed into evidence.

I made contact with [redacted] mother of [redacted] I advised her briefly of my investigation. She was aware of the incident and stated that she overheard a portion of a conversation that her daughter was having with a boy named [redacted] stated that it was her opinion that both girls liked [redacted] recalled hearing her daughter calling [redacted] a whore. [redacted] admitted that she did not listen to the entire conversation but did confront her daughter about it later. [redacted] told her mother that something to the effect that [redacted] had slept with an older man for money. [redacted] stated that she would not object to me speaking with her daughter. It was [redacted] belief that everyone in the school may have known about this because of the fight that her daughter [redacted] and [redacted] had gotten into. I reminded [redacted] that this was an ongoing investigation and requested she not discuss the fact that I had contacted her. She agreed.

On 03/16/2005, PBSO Sgt. Chris Keen left a message that he was returning my call. I spoke with Keen and discussed the case with him and inquired if he had any open allegations or cases where the suspect resided in Palm Beach. Keen stated he was unaware of any. Keen offered any assistance if needed. Keen stated it was his experience that due to the age of the parties involved, it would be difficult to interview them and expect the investigation to remain confidential.

Because of the time delay, there was no need for the victim to be taken to a medical facility for a physical for the purpose of obtaining evidence. There was also no need to take her to CPT as she was already in a juvenile facility, with an assigned therapist, in which coordinating a day and time to obtain a statement could be made.

On 03/17/2005, I queried Jeffery Epstein on the internet and obtained

Case No. . . . : 1-05-000368 (Continued)

a photo of Epstein to be used in a photo line up. I met with [redacted] b6
[redacted] at which time she viewed the photo line up. She immediately b7C
recognized Epstein and pointed to him (Position #5). [redacted] signed the photo line up under Epstein's picture. This signed line up was placed into evidence.

On 03/18/2005, I met with [redacted] at her residence for the purpose of placing a controlled call to [redacted] [redacted] spoke with [redacted] and asked if she could arrange another meeting with Jeff. [redacted] stated that she would have to call him and make the arrangements. A copy of this conversation was placed into evidence.

03/19/2005, I spoke with [redacted] and [redacted] and was advised that [redacted] left the state to visit with her aunt and uncle. [redacted] is scheduled to return to Florida on 03/27/2005

03/21/2005, I coordinated with PB BSF Unit and OCVAN to initiate surveillance on 358 El Brillo.

03/21/2005, Coordinated with Det. Lee regarding trash pulls from 358 El Brillo. On this same date I called [redacted] to schedule an appointment to speak with [redacted] She stated the school guidance counselor was reluctant to have police presence at the school. I assured her that I would respond to the school in civilian clothes and an unmarked vehicle.

[redacted] called me back and advised that I did not need to make an appointment to see [redacted].

I received a return phone call from [redacted] stating that [redacted] [redacted] would be attending the family therapy sessions with [redacted].

I received messages from [redacted]

I conducted a computer query on Epstein. The results of this query indicated the most recent driver's license on file for Epstein was for the state of Florida, which had expired.

A cross reference of Epstein s residence, 358 El Brillo, Palm Beach, revealed the following affiliated names: [redacted] w/f, dob [redacted] Mark L. Epstein, w/m dob [redacted] & Ghislaine N. Maxwell, uk/f, dob [redacted] A computer query for both returned no history.

On 03/23/2005, I spoke with [redacted] cell phone wk [redacted]. I requested that she not discuss the incident with anyone including her daughter [redacted] as I did not want the investigation compromised. I was told at this time, that [redacted] and [redacted] have not been getting along due to the fact that [redacted] has decided to continue living with her father.

On 03/29/2005, I placed telephone calls to both the [redacted] and [redacted] residences requesting to speak with them regarding the

Case No. . . . : 1-05-000368 (Continued)

investigation. I received return phone calls from [redacted] and [redacted] and advised them that I would be contacting [redacted] [redacted] family therapist to coordinate a time to meet with [redacted]. This was at the request of both Back and [redacted] that [redacted] strict classroom and therapy schedule be disrupted as little as possible. I also updated them to the investigation thus far. Both [redacted] and [redacted] stated they had no objection to my meeting with [redacted] In speaking with [redacted] she identified the cell phone number of [redacted] as being the phone assigned to [redacted] Ms. [redacted] had no objections and provided consent to giving it to the police department for the use of placing controlled phone calls from it. [redacted] stated the phone had been taken away from [redacted] as part of her punishment for not doing well in school. According to [redacted] used to be an excellent student, but in the past two months has become irritable, verbally abusive to the family and has run away. [redacted] stated her daughter's recent behavior is the opposite of what she normally is. [redacted] stated they are going through family therapy sessions with the school but none of this had come up. Arrangements were made for Det. Captain Gudger to retrieve the cell phone from [redacted] at her place of employment.

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I called [redacted] and requested to speak with [redacted]. Upon speaking with [redacted] she advised me that she was in the middle of therapy sessions and would call me back once the sessions were completed. [redacted] stated the sessions should be concluded by 7:00 PM. At approximately 8:00PM I had called [redacted] at which time I left a message on her voice mail requesting a return phone call. I spoke with [redacted] and advised her that I did not meet with her daughter and that I would again attempt to coordinate a time with the counselor so as not to disrupt [redacted] school schedule. [redacted] had no objections. Shortly after speaking with [redacted] I received a call from [redacted]. I explained the situation and requested a time to meet with [redacted] Back reviewed [redacted] schedule and advised that [redacted] would be available after 3:00PM.

On 03/30/2005, I met with [redacted] and [redacted] at [redacted] [redacted]. I reminded [redacted] of her conversation with [redacted] During this time [redacted] initiated a conversation with me in which she admitted that she was not telling me everything that had happened during the time she was alone with Epstein. According to [redacted], while she and Epstein were alone on the second floor, Epstein used a purple vibrator to massage her vaginal area. [redacted] stated there was no penetration as the vibrator was on top of her underwear. I asked [redacted] if Epstein ever asked her age and she stated he had. [redacted] stated she told him she was eighteen. When Epstein asked what school she was in, [redacted] responded she was in the twelfth grade at [redacted]. During the course of this incident, [redacted] stated Epstein told her that [redacted] had worked for him for years.

We then continued with the controlled call to [redacted]. At approximately 3:35pm [redacted] from her cell phone, made a call to [redacted] s home, [redacted]. [redacted] was not home. [redacted] was told

Case No. . . . : 1-05-000368 (Continued)

that [redacted] was at working a double and could be reached on her cell phone, [redacted]. W/F, [redacted] is employed at The Olive Garden Restaurant, located on Forest Hills Blvd in Wellington.

[redacted] called [redacted]. During the conversation between [redacted] and [redacted], [redacted] asked [redacted], what happened, stating that she had heard rumors that [redacted] was going to press charges. [redacted] asked if they, meaning [redacted] parents, knew about Jeffery. [redacted] claimed to have heard that [redacted] father had found out about Jeffrey. [redacted] told [redacted] that they (her parents) did not know anything about Epstein. [redacted] told [redacted] that Epstein needed someone to work tomorrow and asked if she was available. [redacted] stated she would call Epstein and then call [redacted] back.

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During the course of these conversations with [redacted] she would at times appear to be articulate and well spoken. She would then start to act in an immature manner, by looking around, not paying attention, drawing on a paper. [redacted] would offer me a high five whenever she claimed to have told me the truth in the details of the afternoon at Epstein's house. [redacted] would sit in the chair, with her knees propped up to her chest as she admitted that she did not tell me the all the details of her encounter with Epstein during our first meeting. As a means of positive reinforcement I would high five [redacted]

On 03/31/2005, subpoena requests for T-Mobile Wireless [redacted] and Cingular Wireless, [redacted]. ([redacted] and [redacted] phone numbers) were drafted.

On 04/01/2005, I met with members of PB BSF Unit for the purpose of conducting surveillance on 358 El Brillo. Cross-reference supplement.

On 04/01/2005, I met with Det. Krauel of the Palm Beach Police Department who provided me a copy of the concealed weapons permit for Mr. Epstein. It revealed Epstein had a valid permit. There was no current photo attached to the renewal notice.

On this same date I queried various different web sites for a possible identification of the purple item retrieved from the trash pull from 358 El Brillo. The item was similar in description as the one described by [redacted] and used by Epstein.

I made contact with Spicygear.com and spoke with the owner John. I emailed a photograph of the item for his opinion. He identified the items as a Jelly Anal Wand of some sort. The item is easily available at sex shops in South Florida.

04/06/2005, I conducted business queries into Epstein utilizing the internet. I located articles relating to financial reports. There was no local history.

On 04/01/2005 - 04/03/2005, with the assistance of BSF, there was

Case No. . . . : 1-05-000368 (Continued)

continued surveillance on the property.

On 04/04/2005, I obtained a copy of voice mail messages, dated 03/31 and 04/01 from [redacted] to [redacted] A female identifying herself as [redacted] states that she could pick [redacted] up to take her to Epstein's house for an eleven o clock appointment. A copy of this was placed into evidence. b6 b7C

On 04/05/2005, a trash pull was conducted at 358 El Brillo by Det. Lee and me. There were several messages written on various forms of papers. There was a message from [redacted] indicating [redacted] 11:00. The following was additional information obtained from trash retrieved from 358 El Brillo: Jean Luc 6:20 AM; David [redacted] [redacted] [redacted] [redacted] 1x; fuliias Friday 5:30PM; [redacted] [redacted]; [redacted]; a message receipt dated 4/4 1:05- [redacted] She is looking to speak to you .; [redacted]

On 04/06/2005, I faxed subpoena requests to SA Mighdolls office for Epstein, [redacted] and [redacted] s phone records. (Phone numbers [redacted] [redacted]

On 04/06/2005, I called [redacted], ext [redacted], and spoke with Principal [redacted]. He confirmed that they had a student by the name of [redacted] He requested a written request prior to releasing any additional information. On this same date I faxed [redacted] a request for student and parent information on [redacted] [redacted] I advised [redacted] that due to this being an open investigation he was not to discuss the matter with anyone.

On 04/08/2005, I received a message from [redacted] providing me the following information: [redacted] [redacted] Florida, [redacted]. Parents name: [redacted] [redacted]

Det. Lee provided me with trash obtained from 358 El Brillo for 04/06 04/07/05. The following information was retrieved: Jet Aviation 800-538-0724 itinerary, indicating a departure date of 04/05/2005 at 4:00 PM with an arrival in New York City of 6:15PM. Flight crew captain David Rodgers, co-captain, Larry Visoski, flight engineer Larry Morrison. Call sign N908JE; a note stating Bye J. thank you [redacted], hand written notes & messages 11- [redacted]; 12:30 chicken, [redacted] 4, 3 September B & J, Big Screen x8, [redacted] work Sunday @ 4PM, [redacted] Monday after school?; left message for [redacted] [redacted] works 4-9 Monday and Tuesday, leaves school @ 11:30 AM; [redacted] will be here tomorrow @ 10:30 Am; Mrs. Business 654-6699 [redacted] There was no trash for 04/08/05.

04/22/05 received the results of a subpoena request from Bellsouth for [redacted] The results only provided subscriber information. I contacted Alice Grant Investigative Subpoena Compliance Center who stated the request was not complete and the results would be sent to

Case No. . . . : 1-05-000368 (Continued)

me as soon as the query was finished.

Cross-referencing the names [redacted] as well as phone numbers, which were obtained from message notes via trash pulls, I identified the before mentioned individuals as being acquainted with someone at 358 El Brillo. [redacted] are both above the legal age of consent. b6 b7C

On 05/03/2005, I spoke with [redacted] and updated her on the investigation. [redacted] stated that [redacted] was doing well in the school. Her contact with the outside is limited as they do not have access to the phones. [redacted] comes home on the weekends and she is not allowed to go anywhere alone.

On 05/11/2005, I made arrangements to meet with [redacted] and [redacted].

On Thursday, 05/12/05, I spoke with [redacted] regarding the case. They will be moving to GA in July 2005. They will be very busy over the next few weeks but would be available via phone. Will coordinate a date to meet to discuss the matter further.

During this week I conducted surveillance at Epstein s residence and at the airport, but there was nothing to indicate that Epstein was in town.

Due to conflicting appointments, rescheduled until 06/02/2005, to meet with [redacted]

I also spoke with [redacted] and updated her to the investigation.

On 06/02/2005, I met with [redacted] advised that she could be reached via her cell phone until she is able to provide me with her new contact information.

I also received a message from [redacted] Attempted call back but the line was busy.

June 14, 2005, I received information that Epstein's plane was at Jet Aviation. I spoke with Det. Lee regarding surveillance.

I called the Olive Garden and asked for [redacted]. I was advised she was not working today. This would indicate that [redacted] was still employed there.

On 07/07/2005, I faxed subpoena requests to SA Mighdolls office for Epstein, [redacted] and [redacted] phone records. (Phone numbers [redacted], [redacted]. The original subpoena requests only provided subscriber and billing information.

On 07/20/2005, conducted a trash pull arranged by Ofc. Lee. Inside there were misc. papers with phone numbers and names. There were

Case No. . . . : 1-05-000368 (Continued)

misc. female hygiene products in the trash. Based on a prior Auto Track report done on 358 El Brillo, a possible subject residing at the residence is [redacted]. [redacted] fit the description provided by officers who had conducted surveillance in the area of a female seen entering and leaving the residence.

On 07/21/05, I received the Duces Tecum dated 07/18/05, which was clerked by ASO

On 07/26/2005, I received the results of Bell South Subpoena.

On 08/04/05, I received DHL Express from T mobile with the results of the query.

I spoke with [redacted] who confirmed that [redacted] was still living out of state. It appeared that all was going well.

I left a message for [redacted]

On 08/08/2005, I received the results of Cingular cell phone subpoena.

During the week of 09/08/2005, I checked 358 El Brillo and the Palm Beach International Airport but there was no direct indication that Epstein was in town.

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On 09/08/2005, I reviewed the case notes of this file, as the case will be turned over to Det. Recarey.

On 09/11/2005, while on patrol, I conducted a check at Epstein's residence and found that it still had the hurricane shutters on. On a drive by the Palm Beach International Airport later that afternoon, I did not observe Epstein's plane.

On 09/14/2005, I conducted a check at the Palm Beach International Airport but did not see Epstein s plane.

On 09/19/2005, I spoke with [redacted] to keep her updated and to find out if there was any change of address or phone numbers for [redacted] I was told no. I left a message for [redacted] in order to provide her with Detective Recarey s information.

********** N A R R A T I V E # 2 **********

NA Reported By: RECAREY, JOSEPH 9/21/05
Entered By.: ALTOMARO, NICKIE A. 9/21/05

On September 19, 2005, I met with Officer Pagan and received the information pertaining to this case. Members of the Burglary Strike Force had previously been conducting surveillance on both Epstein and [redacted]. Officer Munyan was assigned to monitor the Epstein home and Sgt Sorge and Officer Minot were assigned to monitor [redacted]. Both teams provided a surveillance log that will be placed into the

Case No. . . . . : 1-05-000368 (Continued)
attachment file.

Det. Dawson was assigned to relieve Officer Munyan at 4:00 pm; he informed me that at approximately 8:00 pm, Epstein had left for the airport and his private jet was sitting on the tarmac. Epstein's private vehicle drove to the jet and unloaded packages into the jet. It appeared that Epstein left the county at this time. Surveillance will continue to determine when Epstein will return.

Inv Continues.

********** N A R R A T I V E # 3 **********

NA Reported By: PARKINSON, GREGORY A. 9/23/05
Entered By.: ALTOMARO, NICKIE A. 9/23/05

On Friday, September 23, 2005 at approximately 1:45 p.m., I began to copy a tape micro cassette, under case number 05-368 and property number 05-243, tape number 1. I placed the tape in the telex copy-et, series 2 machine and began to go through the copying process. Approximately 1/2 through the tape, the tape wrapped around the spindle and became locked and stretched the tape. I examined it and determined that it was in the best interest to leave it as it is as a prior copy had been made and turned over to Sergeant Frick. I immediately took the tape to Sergeant Frick and allowed him to examine it and then obtained the copy from him and Detective Recarey and brought the copy of the tape down and made a copy for him based on that. The tape was placed back in the original container and is retained in the evidence bag under the previously mentioned property number of 05-243. It is not advisable to attempt to copy this tape as further damage could result to the recorded material and there is an existing copy anyway.

********** N A R R A T I V E # 4 **********

NA Reported By: PARKINSON, GREGORY A. 9/26/05
Entered By.: ALTOMARO, NICKIE A. 9/26/05

On 3-24-05 at 11:00 pm, a copy of tape 2 (case number 05-294) had been made for Det. Pagan by Evidence Specialist Annette Badger. The copy was turned over to Detective Recarey.

On Friday, 09-23-05 at approimately 2:15 pm, I was in the process of reproducing audio tapes (micro and standard) to standard size when it was discovered, in the test review process, that tape number 2 was blank. I notified Sgt. Frick and Det. Recarey. I was informed that they had a prior copy and I could use it to make a master tape. I did so and when reviewing and signing the evidence sheet, I noticed Evidence Specialist Badger had written "#2 is blank."

I obtained that copy from Det. Recarey and made a new copy on a standard size tape. The new copy was placed in the evidence bag under

Case No. . . . : 1-05-000368 (Continued)
property number 05-294 with the blank tape.

********** N A R R A T I V E # 5 **********
NA Reported By: RECAREY, JOSEPH 9/26/05
Entered By.: ALTOMARO, NICKIE A. 9/28/05

Copies of the tapes that were submitted into evidence were requested. Additionally, trash pulls were started on September 21, 2005. Sgt. Szarszewski made telephone contact with Tony Higgins, Supervisor of the Sanitation Department, and requested that trash be collected at the Epstein House located at 358 El Brillo in Palm Beach. Sgt Szarszewski met with Sanitation worker, Jeff Williams and observed him enter the property at 358 El Brillo. Shortly thereafter, Williams exited the property and placed the three white trash bags in the empty well in the rear of the truck. Williams then drove away where he met with Sgt. Szarszewski who removed the bags from the well and placed them into one large black trash bag. The bag was returned to the Police Station where I was waiting for him. Upon his arrival, we inspected the bags where several notes and papers were found. These notes contained names of girls with times. Additionally, there was a note from [redacted] to Jeffrey Epstein on a notepad, which stated,"For a good time call [redacted]" Also, there was another telephone number on the note [redacted] Also found was a written note, which stated, [redacted] can not come at 7 p.m. tomorrow because of soccer. These items were written on notepads that contain Jeffrey Epstein on the bottom of the notes. These items were placed into evidence for future follow up. I requested subpoenas for subscriber information on the telephone numbers listed above on the note from [redacted] The cellular telephones [redacted] and [redacted] are both assigned to Cingular Cellular Service. Other notes were found within the trash on Jeffrey Epstein pad, papers that contained telephone numbers. One note had [redacted] with [redacted] written on it. This cellular number is assigned to Cingular Cellular Service. Another sheet had written [redacted] which is assigned to Bell South Telecommunications. The subpoenas were picked up and submitted to Cingular and Bell South Telecommunication for subscriber information. b6 b7C

On September 22, 2005, I was informed by Sgt. Szarszewski that there would be no trash pick up as it was recycle pick up day. A request for copies of the micro and standard size cassettes were requested from crime scene to familiarize myself with the interviews conducted.

On September 23, 2005, the tapes were received and I began to become familiar with the interviews that were conducted. Det. Krauel had met with Town of Palm Beach Sanitation worker, Jeff Williams and observed him enter the property of 358 El Brillo. Shortly thereafter, Williams exited the property and placed the three white trash bags in the empty well in the rear of the truck. Williams then drove away where he met with Det. Krauel who removed the bags from the well and placed them into one large black trash bag. The bag was returned to the Police Station where I was waiting for him. Upon his arrival, we inspected

Case No. . . . : 1-05-000368 (Continued)

the bags where several notes and papers were found. The notes will be inspected for future use. The items collected were placed into evidence.

It became evident that some of the recordings were recorded with background noise and some interference. The calls most affected were the control phone calls from the victim to the suspect [redacted]. I obtained the graphic equalizer and discovered that the calls are able to be legible with the use of the equalizer by lowering the background noise and increasing voice gain. I also learned that a tape was broken during the coping of the tape. I returned the copy of the tape marked Property Number 05-243 to have it recopied to have an original in evidence and a working copy with the file.

Upon researching the file, it was discovered that the suspect, [redacted] [redacted] cellular calls were subpoenaed incorrectly. The suspect telephone number was [redacted] and the original request was for [redacted] I requested the information through Cingular Cellular Service from February 2005 through the present. The purpose was to have a record of [redacted] making calls to victim, Jeffrey Epstein and the frequency of calls. The request was submitted to the State Attorney's Office. b6 b7C

Investigation Continues....

********** N A R R A T I V E # 6 **********

NA Reported By: KRAUEL, CURTIS D. 10/06/05
Entered By.: ALTOMARO, NICKIE A. 10/06/05

On or about September 23, 2005 at approximately 0915 hours, I responded to 358 El Brillo and met with PB Sanitation worker Jeff Williams. Williams had been previously notified to assist in trash pulls at the residence of Jeffrey Epstein, 358 El Brillo, Palm Beach, Florida. I observed Williams enter the driveway of 358 El Brillo and remove several plastic bags of trash and place the contents into the back of an empty sanitation truck.

I then followed Williams to a predetermined location and seized the trash from the truck. The trash was transported to the Palm Beach Police Department where I began sifting through its contents. There was a total of 4 white in color plastic bags and each contained documentation and correspondence for 358 El Brillo and Jeffrey Epstein. All documents of evidentiary value were removed and turned over to Det. Recarey for follow-up.

On or about September 26, 2005 at approximately 0900 hours, I responded to 358 El Brillo and met with PB Sanitation worker Jessie Jones. Jones had been previously notified to assist in trash pulls at the residence of Jeffrey Epstein, 358 El Brillo, Palm Beach, Florida. I observed Jones enter the driveway of 358 El Brillo, where no trash was located within the receptacles. I left the area without incident

Case No. . . . . : 1-05-000368 (Continued)

and notified Det. Recarey to that affect.

On or about September 27, 2005 at approximately 0915 hours, I responded to 358 El Brillo and met with PB Sanitation worker Jesse Jones. I observed Jones enter the driveway of 358 El Brillo and remove one plastic bag of trash and place it in the back of an empty sanitation truck.

I then followed Jones to a predetermined location and seized the trash from the truck. The trash was transported to the Palm Beach Police Department where I began sifting through its contents. There was a total of 1 white in color plastic bag which contained correspondence for 358 El Brillo. All documents of evidentiary value were removed and turned over to Det. Recarey for follow-up.

On or about Monday October 3, 2005 at approximately 0915 hours, I responded to 358 El Brillo and met with PB Sanitation worker Jeff Williams. I observed Williams enter the driveway of 358 El Brillo and remove several plastic bags of trash and place the contents into the back of an empty sanitation truck.

I then followed Williams to a predetermined location and seized the trash from the truck. The trash was transported to the Palm Beach Police Department where I began sifting through its contents. There was a total of 7 white in color plastic bags with a red tie and 1 black in color bag which contained 2 white in color plastic bags with a red tie. Each of the bags contained documentation and correspondence for 358 El Brillo and Jeffrey Epstein. Inside of one of the white in color bags, I located a broken piece of a hard plastic or clear acrylic stick, which was shaped with small ridges. This device is commonly used as a sexual toy which is inserted into the vagina or anus for stimulation. This item, along with all documents of evidentiary value were removed and turned over to Det. Recarey for follow-up.

On or about Tuesday October 4, 2005 at approximately 0928 hours, I responded to 358 El Brillo and met with PB Sanitation worker Jeff Williams. I observed Williams enter the driveway of 358 El Brillo and remove several plastic bags of trash and place the contents into the side well of the sanitation truck. This side of the truck is separate from the rear of the truck and does not come into contact with other trash.

I then followed Williams to a predetermined location and seized the trash from the truck. The trash was transported to the Palm Beach Police Department where I began sifting through its contents. There was a total of 2 white in color plastic bags which were tied at the top. Each of the bags contained documentation and correspondence for 358 El Brillo and Jeffrey Epstein. All documents of evidentiary value were removed and turned over to Det. Recarey for follow-up.

On or about Wednesday October 5, 2005 at approximately 0928 hours, I

Case No. . . . . : 1-05-000368 (Continued)

responded to 358 El Brillo and met with PB Sanitation worker Jeff Williams. I observed Williams enter the driveway of 358 El Brillo and remove several plastic bags of trash and place the contents into the bed of the sanitation truck.

I then followed Williams to a predetermined location and seized the trash from the truck. The trash was transported to the Palm Beach Police Department where I began sifting through its contents, with the assistance of Det. Recarey. There were a total of 2 bags, one of which was white in color and tied in a knot at the top, and the other was a black in color bag, which contained two white in color trash bags along with loose debris. Each of the bags contained documentation and correspondence for 358 El Brillo and Jeffrey Epstein. All documents of evidentiary value were removed and turned over to Det. Recarey for follow-up.

********** N A R R A T I V E # 7 **********

NA Reported By: RECAREY, JOSEPH 10/07/05
Entered By.: ALTOMARO, NICKIE A. 10/07/05

I met with Det. Krauel and requested further assistance to maintain trash collections at Epstein's residence at 358 El Brillo Road. On October 3, 2005, at approximately 10:30 am, I was contacted by Sgt. Frick to respond to the Palm Beach Police Station. Det. Krauel had observed Jeff Epstein riding his bicycle on South County Road. Upon my arrival, I met with Sgt Frick who advised, as Epstein was currently in Town; we interview [redacted] as to her involvement with Epstein and the girls that are brought to his house. As we were to interview [redacted] in the county, (outside of our jurisdiction), I contacted the State Attorney s Office Investigation Division, and made contact with Assistant Supervisor Investigator Carlos Ortiz. I requested assistance to interview [redacted] as the interview may occur in the county. Supervisor Ortiz assigned Investigator Mike Waites to assist us at the location and interview of [redacted].

Det. Dicks had responded to the address of [redacted] and viewed her vehicle parked in the driveway. [redacted]'s vehicle a red Plymouth Neon baring Florida Tag of [redacted] was parked in the driveway of [redacted]. Sgt Frick and I responded to 120th Ave and awaited the arrival of Investigator Mike Waites. Upon his arrival, he was briefed that should she wish to be interviewed within her home he would be needed. However, should [redacted] agree to return to the police station for further questioning, he would not be needed. Sgt. Frick and I knocked on the door and met with [redacted]. [redacted] was told that we were investigating a claim involving Jeffrey Epstein of El Brillo in Palm Beach. [redacted] was asked if she wanted to accompany us back to the police station for further questioning. She was also told that at the conclusion of the interview she would be returned home. She agreed and wished to change her clothes prior to accompanying us back to the police station. At the conclusion of her changing clothes, she advised she was ready to go. I thanked Inv. Waites and advised she was going to voluntarily return to the police station.

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Case No. . . . . : 1-05-000368 (Continued)

Upon [redacted] s entry in the unmarked Detective vehicle, I placed a tape recorder within the vehicle to record any conversations within the vehicle. During the ride back to the police station, [redacted] advised she is attending Palm Beach Community College at the Palm Beach Gardens Campus and is majoring in journalism.

Upon our arrival at the police station, [redacted] was brought to the interview room in the Detective Bureau. I explained to [redacted] that I appreciated her willingness to assist us and informed her that should she desire to leave at any time she may do so. I further explained the interview room door is only closed for privacy. [redacted] stated she understood. During the taped sworn interview, [redacted] was asked how she came in contact with Epstein. [redacted] stated back when she turned 17 years of age she was approached by a friend Molly in the Canopy Beach Resort in Rivera Beach. [redacted] was asked if she wanted to make money.

She was told she would have to provide a massage and should make $200.00. [redacted] thought about the offer and agreed to meet with Jeffrey. [redacted] (Unknown last name) and Tony (Unknown last name) picked her up and she was taken to Epstein's house. Upon her arrival at the house, she was introduced to Epstein in the kitchen of the house. She was also introduced to a white female known to her as [redacted]. She was led upstairs to the main bedroom known to her as Jeff Epstein s bedroom. [redacted] arranged the massage table and covered the table with a sheet. She brought out the massage oils and laid them next to the massage bed. [redacted] then left the room and informed her Jeff would be in a minute. Jeff entered the bedroom wearing only a towel. He lay on the table onto his stomach and picked massage oil for [redacted] to rub on him. During the massage, [redacted] stated, He tried to touch me and I stopped him. I asked how he tried to touch her. He grabbed her buttocks and she felt uncomfortable. [redacted] also stated Epstein has a vibrator, which is large and white in color. [redacted] told Epstein, I'll massage you but I don't want to be touched. [redacted] stated she performed the massage naked. At the conclusion of the massage, Epstein paid [redacted] $200.00 for the massage. He explained, I know you re not comfortable, but I'll pay you if you bring some girls. b6
He told her the younger the better. [redacted] stated she once tried to b7C
bring a 23-year-old female and Epstein stated that the female was too old. [redacted] was asked how many girls she brought in total to Epstein. [redacted] stated six that she can remember. [redacted] stated she brought [redacted] and the victim in this case.

I asked [redacted] which one was the youngest. [redacted] advised the victim was the youngest. [redacted] stated every girl she brought knew what to expect when they arrived. They were told they would provide a massage, possibly naked, and some touching. I asked her if the victim was aware. She stated every girl she brought knew what to expect. She explained she knew the victim wanted to make money. She approached the victim and explained about going to work for Jeff. The

Case No. . . . : 1-05-000368 (Continued)

victim agreed and arrangements were made to bring the victim to Epstein's house on a weekend. [redacted] stated that she and [redacted] (later identified as [redacted] picked up the victim at the victim s house. They traveled to Epstein's House and entered through the kitchen door. They met with the house chef and Epstein s assistant [redacted]. The victim was introduced to Epstein while they were in the kitchen area. [redacted] led the victim upstairs and Epstein went upstairs. When the massage was over, the victim returned to the kitchen area. [redacted] stated she was paid $200.00 for bring the victim to Epstein's. [redacted] stated the victim told her she was paid $300.00 for the massage. Back in the vehicle, [redacted] asked the victim what happened. The victim told her about the massage and then they went shopping. [redacted] stated the victim was the last person she brought to Epstein. She further stated that she had changed her cellular number to avoid being contacted by [redacted]. She continued that when Epstein announces to his assistant that he is traveling to Palm Beach, [redacted] would contact [redacted] to arrange girls for Epstein. [redacted] later identified as [redacted] Date of Birth [redacted], had told [redacted] that Jeff likes to have his fun with the girls. b6 b7C

[redacted] stated that once her parents discovered that she was visiting Epstein, they disapproved of the encounters with him and she stopped. [redacted] further stated that [redacted] still tries to call the house and leaves messages. With the assistance of [redacted], we were able to identify [redacted]

Sgt Frick entered the room and explained that based on her own statements, she had implicated herself with bringing underage girls to Epstein's house. [redacted] was aware of what she had stated and wished to assist further in hopes to receive a lesser charge. [redacted] provided cellular telephone numbers for the girls she had mentioned previously. Additionally, she also provided possible addresses and areas in which they lived. As [redacted] was being taken home in the vehicle, a tape recorder was placed within the vehicle to record any conversations within the vehicle. During the drive back to her home, [redacted] made the comment I m like a Heidi Fliess. (Hollywood Madam who sent girls to clients for sexual favors in California). [redacted] was dropped off at her house without incident.

Sgt Frick and I went to [redacted] Florida in an attempt to speak with [redacted] We met with Mrs. [redacted]s Mother) at the front door. We explained the ongoing investigation and felt that [redacted] may have additional information as we had information that she had worked for Jeff. Mrs. [redacted] introduced us to her husband and allowed us entry into the home. We sat in the dinning room and met with [redacted] Date of Birth [redacted] As she was under the age of eighteen, Mrs. [redacted] was advised we would be speaking with her. She expressed, if her daughter had information she wanted to assist. As we interviewed [redacted] she denied having any inappropriate encounters with Jeff (Epstein). She stated she had gone to Jeff s

Case No. . . . : 1-05-000368 (Continued)

House with [redacted] approximately eight months ago and sat in the kitchen with the house chef but nothing happened. As the parents were present during the interview, we felt that [redacted] was withholding information from us. She made several comments as to she has put the entire incident behind her. I left my direct telephone number and advised should she wish to speak with me again to telephone me. Sgt Frick and I thanked Mrs. [redacted] for her time and left the area. She stated she would ask her again after we left as to what happened at Epstein s house. I informed her that [redacted] had my telephone number and hopefully she would call. b6 b7C

Sgt Frick and I then attempted contact with [redacted] We met with [redacted] who stated [redacted] was her daughter. [redacted] was at the Wellington Mall and was not home. We explained the ongoing investigation and felt the [redacted] may have additional information as we had information that she had worked for Jeff. We left our phone numbers and asked her to telephone me upon her daughter's return. We then left the area.

On October 4, 2005, at approximately, 8:05 am, Sgt Frick had retrieved a voice mail message from [redacted] She stated she had spoken with her daughter and she had information as to what occurred at Jeff s house. I contacted [redacted] who stated her daughter was in the shower at the moment and would be traveling back to [redacted] to attend College. I informed her I would be en route to her home in [redacted] Det. Dawson and I drove to the [redacted] home and met with [redacted] During a sworn taped statement, [redacted] stated she was taken to the house by [redacted]. She was told she could make money working for Jeff. She was told she would have to provide a massage to Jeff. [redacted] stated upon her arrival to the house she was brought to the kitchen area by [redacted].

They met with the house chef and [redacted] stayed in the kitchen. She was introduced to [redacted], Jeff's assistant and was brought upstairs to the mater bedroom. [redacted] prepared the room and massage table for a massage. Epstein entered the room and she provided a massage. [redacted] stated she kept her clothes on during the massage. She stated sometime during the massage Epstein grabbed her buttocks and pulled her close to him. [redacted] said she was wierded out by the incident involving Jeff. At the conclusion of the massage, she was paid $200.00 for the massage. I asked [redacted] if she has any formal training in massages to which she replied no. I asked her if [redacted] received any monies for taking her to perform the massage. [redacted] stated [redacted] also received money for taking her there. [redacted] stated she went with [redacted] and another girl, [redacted] to Jeff's house once. [redacted] stated she waited in the kitchen with [redacted], while [redacted] was taken upstairs by [redacted]. [redacted] stated she only did the massage once, as she was wierded out by the whole experience. At the conclusion of the interview and the tape was stopped, I was informed that [redacted] had attempted to reach [redacted] via cell phone. A voice mail message on October 4, 2005 at 10:59 am, revealed a female voice who identified herself as [redacted] who requested her to call her back reference the

Case No. . . . : 1-05-000368 (Continued)

police questioning. This voice mail message was recorded onto a micro cassette. [redacted] provided the incoming telephone number as [redacted] stated she inadvertently told [redacted] about the police investigation because [redacted] had called her to tell her about how she just received a rental car from Jeff Epstein. [redacted] had called her to tell her that she was given a rental car, a 2005 Silver Nissan Sentra, to utilize to visit family and visit Jeff. [redacted] asked her what was going on at the house that the police would be asking questions. [redacted] stated [redacted] then called Jeff and [redacted] and asked what was going on reference the ongoing police investigation. According to [redacted] [redacted] has since then been trying to contact her to ask about the police questions. I instructed [redacted] not to contact [redacted] and do not provide any more information to [redacted] as she would notify Jeff Epstein and [redacted] what was transpiring.

Investigation Continues...

********** N A R R A T I V E # 8 **********

NA Reported By: LEE, LA'MONT 10/07/05
Entered By.: ALTOMARO, NICKIE A. 10/07/05

On March 30, 2005, I was asked by Sgt. Daniel Szarszewski to begin conducting surveillance and trash pulls reference Detective Pagan conducting a criminal investigation involving Jeffrey Epstein. I was advised that Epstein was possibly engaging in sexual contact with young females.

On March 30, 2005, I made contact with Town of Palm Beach Sanitation Office Supervisor Tony Higgins and requested trash pulls for 358 El Brillo Way to begin on March 31, 2005.

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On March 31, 2005 at 9:20 a.m., I responded to the area of 358 El Brillo Way and met with Town of Palm Beach sanitation employee, Jeffrey Williams. I observed Williams enter the driveway of 358 El Brillo Way, collect the trash bags from Epstein's property and place the contents into an empty sanitation truck. I followed Williams to a nearby area, were he turned over seventeen white plastic trash bags, which were collected from Epstein's property.

I took the trash bags to the sanitation department were I sifted through its contents. I collected mail correspondence from Armani Exchange addressed to [redacted], Jeffrey E. Epstein notepaper with [redacted], an important message notepaper addressed to [redacted] dated 03/29/05 at 8:15 p.m. reference Peggy Seagal, U.S Airways boarding pass copy for passenger, Janusz Banasiak, Montgomery County, Maryland Health Department food service ID NO#40820 for Janusz Banasiak and Ghislaine Maxwell notepaper with names and phone numbers. Photocopies of the trash collected were attached with the supplement. Detective Pagan was advised of the contents that were collected for evidentiary value.

Case No. . . . . : 1-05-000368 (Continued)

On March 31, 2005, Sgt. Daniel Szarszewski requested that I set up a surveillance vehicle on El Brillo Way and conduct video surveillance of the front exterior of Epstein's residence. At 3:00 p.m., I set up a surveillance vehicle equipped with a video monitoring device. The surveillance vehicle was parked on El Brillo Way approximately fifty feet east of Epstein's driveway. The purpose of the video surveillance was to gather investigative intelligence by monitoring and recording all vehicle and pedestrian traffic entering and leaving Epstein's property.

The video surveillance tapes were changed daily with a new Maxell T-160 VHS tape. Video surveillance was established for Epstein s from March 31, 2005 through April 05, 2005. On April 05, 2005, video surveillance was concluded. I reviewed the video tapes and advised Detective Pagan the surveillance videos yielded no evidentiary value.

On April 01, 2005 at 9:30 a.m., I responded to the area of 358 El Brillo Way to meet with Town of Palm Beach sanitation employee, Jessie Jones. While parked in the area of 358 El Brillo Way waiting to collect Epstein s trash, I observed a white female, who I recognized as [redacted] from her Florida driver's license photograph. I made no contact with [redacted]. While parked in the area, I also observed Epstein s GMC Yukon truck leave the property as well as other vehicles arrive and park across the street from the property. The occupants of these vehicles appeared to be housekeepers, maintenance men, and gardeners.

At 9:38 a.m., I met with Town of Palm Beach sanitation employee, Jessie Jones. I observed Jones enter the driveway of 358 El Brillo Way and collect the trash from Epstein s property. I followed Jessie to a predetermined area at which time I collected the trash bags from the sanitation truck. I transported the trash bags to the sanitation department, where I sifted through its contents. I collected mail correspondences addressed to Jeffrey Epstein, automotive records and personal documents for Janusz Banasiak and [redacted] as well as Jeffrey Epstein notepaper with the names and appointment times for [redacted]. No last names or other personal information was written on the notepaper. b6 b7C

While sifting through Epstein s trash, I also collected a three-inch purple finger size object, which had a broken end. The object appeared to be a broke piece from a sexual toy similar to a (Cyclone Vibrator) possibly used for rectal gratification. The sexual object was photographed for Detective Pagan, packaged in a biohazard evidence bag (possible body fluids) and secured as investigative evidence. All items collected from Epstein s trash were turned over to Detective Pagan for evidentiary purposes.

On April 05, 2005 at 9:18 a.m., I met with Town of Palm Beach sanitation employee, Jessie Jones. I observed Jones enter the driveway of 358 El Brillo Way and collect the trash from Epstein s property. I followed Jessie to a predetermined area at which time I

Case No. . . . : 1-05-000368 (Continued)

collected the trash bags from the sanitation truck. I transported the trash bags to the sanitation department, where I sifted through its contents. I collected mail correspondences addressed to Jeffrey Epstein as well as notepaper (Important Message) with names and telephone numbers. The following are items collected from Epstein s trash.

[redacted]
blank piece of white paper [redacted] b6
black paper [redacted] b7C
black paper
[redacted]
MSN Hotmail web page with email address [redacted]@hotmail.com)

The following items were documented for Detective Pagan s investigation for evidentiary purposes.

On April 06, 08, 11, 12, 13, 15, 2005, at approximately 9:30 a.m, I met with Town of Palm Beach sanitation employees. I observed the employee enter the driveway of 358 El Brillo Way and collect the trash from Epstein's property. I followed the employee to a predetermined area at which time I collected the trash bags from the sanitation truck. I transported the trash bags to the sanitation department, where I sifted through its contents.

All of the documents collected from Epstein's trash during my assistance were turned over to Detective Pagan for evidentiary purposes.

On June 14, 2005, Detective Michelle Pagan contacted me and advised that the airplane belonging to Jeffrey Epstein of 358 El Brillo Way was parked at the Palm Beach International Airport.

Detective Pagan requested that I begin trash pulls for the purpose of gathering evidence and intelligence.

I made contact with Town of Palm Beach Sanitation Office Supervisor Tony Higgins and requested trash pulls for 358 El Brillo Way to begin on June 15, 2005.

On June 15, 2005, I met with a sanitation employee. I observed the employee enter the driveway of 358 El Brillo Way and collect the trash from Epstein s property. I followed the employee to a predetermined area at which time I collected the trash bags from the sanitation truck. I transported the trash bags to the sanitation department, where I sifted through its contents. The trash yielded negative results and no evidence was collected.

No further trash was collected throughout the week due to the fact that Epstein s security gates remained closed throughout the week; therefore, the sanitation employees were unable to gain access onto the property for collection of the trash.

Case No. . . . . : 1-05-000368 (Continued)

All evidence and intelligence gathered by this officer has been turned over to the detective bureau and no further action has been taken by this officer.

End of supplement.

********** N A R R A T I V E # 9 **********

NA Reported By: RECAREY, JOSEPH 10/07/05
Entered By.: ALTOMARO, NICKIE A. 10/10/05

On October 4, 2005, I made telephone contact with [redacted] who had left several messages on voice mail. During the message, she advised she was not completely truthful when we met in person but would like to speak with me to advise what had happened. She further advised she did not want to speak of this incident in front of her mother. At approximately 15:48 pm, I made telephone contact with [redacted] During a taped recorded statement, [redacted] stated the following: Approximately a year ago, when she was sixteen years of age, [redacted] took her to Jeff's house twice. The first time she went, [redacted] drove to the house. They entered through the kitchen area where she was introduced to [redacted] and Jeff. She was taken upstairs to a bedroom by [redacted] who set the room up with a massage bed and brought out the oils to use. Jeff then entered the room wearing a towel. He lay on the table and picked out a lotion for [redacted] to rub on him. At one point during the massage, he tried to remove her shirt at which point she became very upset and discontinued the massage. Both [redacted] and Jeffrey had a verbal disagreement at which time she left without being paid. She met with [redacted] who was sitting in the kitchen and told her let's go. [redacted] advised she received no money for that day. [redacted] also said that [redacted] had told her if she was uncomfortable with what was going on, to let him know and he'll stop. She knew that the more you do the more you are paid.

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Several weeks later, [redacted] advised she agreed to be taken a second time by [redacted]. Once they arrived at the residence, [redacted] sat in the kitchen and [redacted] took her upstairs to the master bedroom again. [redacted] set the room up with a massage bed and brought out the oils to use. Jeff then entered the room wearing a towel. He lay on the table and picked out a lotion for [redacted] to rub on him. At one point during the massage, he tried to touch her buttocks. As [redacted] was wearing tight jeans and had a tight belt on Jeff was unable to touch her buttocks. Jeff then rolled onto his back during the massage; he attempted to touch her breasts. [redacted] then became upset again and told him she didn't want to be touched. [redacted] discontinued the massage and was paid $200.00. [redacted] then went downstairs where [redacted] was waiting for her. She told [redacted] she wanted to leave. [redacted] said she never returned to the house. [redacted] stated she is aware that her friend, [redacted] was also at the house and had a problem with Jeff. She provided a telephone number

Case No. . . . : 1-05-000368 (Continued)

for [redacted] The interview was concluded and the micro cassettes were turn in as evidence.

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On October 5, 2005, I researched the incoming telephone number that had left [redacted] a message. The telephone number, [redacted] was assigned to ATT/Cingular Cellular service. I prepared a subpoena request and faxed the request to the State Attorney s Office. Information requested was subscriber information as well as all incoming and outgoing calls for the months of September and October 2005.

I later researched [redacted] and discovered she resides in Royal Palm Beach. Det. Dawson and I drove to Royal Palm Beach and met with [redacted] at her residence [redacted] in Royal Palm Beach.

[redacted] agreed to speak with us in the kitchen area. During a sworn taped statement, [redacted] stated the following: On or about November 2004, she was approached by [redacted] and asked if she wanted to make money. She agreed and was told she would provide a massage to wealthy man in Palm Beach. [redacted] picked her up and drove her to a house in Palm Beach. She was brought into the kitchen area of the house. She further stated that [redacted] went with them. They were brought into the kitchen where she was introduced to Jeff and other females. [redacted] stated she was introduced to a helper of Jeff; the female was described as white female (unknown name), with blond hair. She stated that the assistant was familiar with [redacted]. The assistant set up the massage table and put out lotions to be used. She told [redacted] Jeff would available in a minute. Jeff entered the room wearing only a towel. Jeff lay on the massage table and picked a lotion to rub on his thighs and back. [redacted] further stated that during the massage Jeff asked her to remove her clothes. She complied and removed her pants and blouse. [redacted] didn't remember if she had removed her bra but feels that she did. [redacted] was certain that she stayed in her thong underwear. [redacted] continued the massage and at one point she straddled him to massage his back, which touched his buttocks with hers. [redacted] was instructed to return to the ground at which time Jeff turned to have his chest rubbed. [redacted] advised it was at this time she is sure he was masturbating. [redacted] did not want to look at his penis area because she was uncomfortable. Jeff removed a large white vibrator and turned it on. [redacted] stated he began rubbing the vibrator over her thong underwear on her vaginal area. Shortly thereafter, Jeff ejaculated and removed himself from the table. He walked over to where the shower was and opened the glass door. She waited as he was taking a shower in her direct view. When I asked [redacted] how old she was when this occurred, she stated she had just turned seventeen. At the conclusion of the shower, [redacted] was paid either $350.00 or $400.00. She stated she wasn't sure, but knows it was close to $400.00. At the conclusion of the interview, [redacted] stated she never returned to provide a massage for Jeff. She advised she was ashamed and uncomfortable with the situation.

Case No. . . . : 1-05-000368 (Continued)

Det. Dawson and I then left the area and responded to the [redacted] where [redacted] and all the above-mentioned girls had attended. I met with School Police Officer, Off Williams. I explained I was looking for a previous student who attended [redacted]. I inquired about [redacted] I further explained that I was working a case in which most of the girls I have interviewed are either witnesses or victims and felt that [redacted] may be one as well. Officer Williams researched his previous student records and found [redacted] She attended the same year and graduated in the same year as the other girls. I was provided the last known address of [redacted]

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At approximately 2:10 pm, Det. Dawson and I met with [redacted] at her residence, [redacted] in Royal Palm Beach. As [redacted] was only seventeen years of age, I had notified her mother, [redacted] that she would be interviewed reference an ongoing investigation in Palm Beach. I assured her that her daughter was not a suspect. I explained the possibility of her being either a witness or victim. Mrs. [redacted] advised she wanted [redacted] to cooperate and consented to the interview. During a sworn taped statement, [redacted] stated the following: at the age of sixteen, during the month of September 2004, she was approached by [redacted] for a chance to make money. [redacted] was friends with the friends of [redacted] and knew the same people. [redacted] had been previously told by her friends what [redacted] did for Jeff. [redacted] called a person known to [redacted] as [redacted] and scheduled the appointment. [redacted] picked [redacted] up and drove her to Palm Beach to a street called Brillo Way. They drove to the end of the street and entered a large driveway. They entered the kitchen area of the house and met with Jeff. [redacted] was introduced to Jeff. [redacted] led [redacted] upstairs to the main bedroom area and set up the room with a massage table and set out the oils. [redacted] dimmed the lights and turned on soft music. [redacted] exited the room and Jeff entered the room wearing only a towel. Jeff picked oils and instructed her to rub his legs, under his buttocks, back and chest area. Jeff asked her to get comfortable. [redacted] advised she did not remove her clothes. She was wearing tight jeans and a cropped tank top exposing her belly area. During the massage, Jeff removed his towel. As [redacted] rubbed his chest area, Jeff attempted to reach down her pants through the buttocks area, however was unable to due to the tightness of the jeans and a tight belt. [redacted] advised Jeff began to masturbate as she rubbed his chest. Jeff moaned as she rubbed his chest. She observed he was continuing to masturbate and attempted to reach up her tank top and touch her breasts. [redacted] pulled back and Jeff stopped. However, he kept masturbating until he climaxed. He cleaned himself with the towel he was previously wearing. I asked [redacted] if she knew the difference between circumcised and not circumcised. She explained she knew and advised Jeff was circumcised. [redacted] was paid $200.00 for the massage and left the area. She met with [redacted] who was waiting in the kitchen area and left the house.

[redacted] then explained she never provided another massage for Jeff. She did however, go to the house with [redacted] and [redacted] as they

Case No. . . . : 1-05-000368 (Continued)

took another friend of [redacted]. [redacted] advised she was present when [redacted] went to work for Jeff. She advised she rode over and sat in the kitchen area with [redacted] to wait for [redacted] advised that while they waited for [redacted] the house chef prepared lunch for them, as it was almost lunchtime. As [redacted] was finished with the massage, they left the area. I asked [redacted] if [redacted] ever told what would be expected of her when she provided a massage. [redacted] stated yes, [redacted] told her that a massage would be expected possibly naked and possibly some touching involved. [redacted] has no formal training in providing massages.

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[redacted] spoke about a third and last time she went to Jeff's house. [redacted] drove another girl, [redacted] who is [redacted] friend, to Jeff's house. [redacted] stated she knew that [redacted] had made money providing girls for Jeff and she wanted to do the same. [redacted] took them in the kitchen area of the house and introduced [redacted] to [redacted]. [redacted] and [redacted] took [redacted] upstairs to the main bedroom. [redacted] advised she doesn t know what happened as [redacted] did not speak about what happened in the room. [redacted] received $100.00 from [redacted] for going with her to Jeff s house and recommending [redacted] was unable to remember [redacted] telephone number. The interview was concluded and we left the area.

Investigation Continues...

********** N A R R A T I V E # 10 **********

NA Reported By: RECAREY, JOSEPH 10/09/05
Entered By.: ALTOMARO, NICKIE A. 10/10/05

On October 6, 2005, Det. Dawson and I went to [redacted] located in [redacted]. We met with Dean of Students, [redacted]. I explained to [redacted] that we were investigating a crime within the Town of Palm Beach and felt that a student, [redacted] may have information. [redacted] confirmed that [redacted] is a student and currently [redacted]. She was in computer class at the time of our arrival. [redacted] sent a security guard to locate [redacted] in class and bring her to the office. [redacted] allowed us to interview [redacted] in an empty conference room.

At 11:45 am I met with [redacted] and explained to her why we there to interview her. She advised she was aware of the ongoing investigation. [redacted] stated she had previously spoken with [redacted] who told her she was interviewed by detectives. During a sworn taped statement, [redacted] stated she knew that [redacted] worked for Jeff in Palm Beach. [redacted] advised she has been there many times for massages. I asked her if she had formal training in providing massages, [redacted] stated she did not. [redacted] advised she was told what was expected of her by providing massages and would have to remove clothing but if she felt uncomfortable just to say so and Jeff would stop pushing the issue. [redacted] began providing massages and advised she kept her clothes on. She considered Jeff a pervert who kept

Case No. . . . : 1-05-000368 (Continued)

pushing to go further and further. [redacted] explained she would keep telling him she had a boyfriend and that it would not be right to her boyfriend. It wasn t until recently [redacted] admitted to removing her clothes and staying in her thong underwear to provide a massage. [redacted] explained Jeff wanted to be rubbed on his back and recently he began turning over to have her rub his chest as he masturbated. He would try to touch her breasts as she rubbed his chest. [redacted] stated, Jeff would try to get away with more and more on each massage. Originally, [redacted] drove her to the house for the original massage. [redacted] left [redacted] her cell phone number and every time Jeff would come into town, [redacted] would call her for an appointment. Each time she went, [redacted] would meet her at the kitchen door area. She would bring her upstairs and prepare the massage table. [redacted] advised Jeff would ask her questions about herself. He knew she was [redacted] and would be attending [redacted]. I asked [redacted] if he knew her real age, [redacted] stated Jeff didn t care. The most recent massage she provided was on October 1, 2005. During the massage she asked Jeff if she could borrow one of his vehicles to visit her family and boyfriend in [redacted]. Jeff had told she could borrow one of his vehicles but later stated he would rent her a car. She continued with the massage as Jeff grabbed her buttocks and caressed the buttocks cheeks. I asked [redacted] if she was wearing undergarments to which she replied her thong underwear. Once he tried to touch her breasts she would pull away from him and he would stop. [redacted] was asked if he ever used a vibrator on her. [redacted] was aware of the vibrator but advised she never would allow him to use the vibrator on her. She described the vibrator as a large white vibrator with a huge head on the tip of the vibrator. She stated he kept the vibrator in a closet near the massage table. [redacted] advised she had been doing the massage for approximately two years, which meant she would have started doing massages for Jeff at the age of sixteen.

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[redacted] stated she was contacted by [redacted] on October 3, 2005. [redacted] had informed her that Jeff had rented her a new Nissan Sentra and she should come by the house to pick it up. [redacted] informed [redacted] she would have the car for a month. [redacted] stated Jeff knew her car was not working properly and had missed appointments in the past because of her car being inoperable. [redacted] explained the car is currently parked next to the Gym field. I asked her if she ever took any one to the house. [redacted] explained she took [redacted] a friend of hers who has returned to Orlando to attend college. I asked she ever allowed another female in the room. [redacted] advised no one was brought into the room with her. At the conclusion of the interview, Det. Dawson and I went to the Gym area and located the Silver Nissan Sentra bearing Florida tag X98-APM. The vehicle is registered to Dollar rent a car out of the Palm Beach International Airport.

Telephone contact was made with [redacted] the victim's mother, at [redacted] I explained to her that I was following up on this case and provided a complete update on the case.

Investigation Continues.

Case No. . . . : 1-05-000368 (Continued)

********** N A R R A T I V E # 11 **********
NA Reported By: RECAREY, JOSEPH 10/21/05
Entered By.: ALTOMARO, NICKIE A. 10/21/05

On October 10, 2005, at approximately 2:30 p.m., I made telephone contact with [redacted] During a taped conversation, [redacted] was told of an ongoing investigation in which I felt she had information pertaining to Jeffrey Epstein. [redacted] explained she met Epstein when she was just sixteen years of age. She was approached by [redacted] [redacted] a friend who also had previously gone to Epstein's house for massages. [redacted] advised she was working at the Wellington Mall when she was approached. [redacted] told her that she would have to provide a massage to Epstein and she would have to perform this massage naked. [redacted] thought about the offer and stated she could make $200.00 for only 30 minutes of work. She agreed to perform the massage and [redacted] set the appointment for her that same day. [redacted] remembered it was a weekend as she only worked at the mall on the weekends. [redacted] took her to the house where she was introduced to [redacted], Jeff Epstein's assistant. [redacted] took her upstairs to a master bedroom. [redacted] explained that as she was walking up the stairs she observed several photographs of naked women along the walls and tables of the house. [redacted] further explained that she was brought into the bedroom where [redacted] prepared the room by setting up the massage table and provided the oils for her to rub on Epstein.

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Epstein entered the room and introduced himself. Epstein lay on the table and told her to get comfortable. [redacted] could not remember if he was naked or if he entered the room with a towel. [redacted] stated she provided the massage wearing only her panties. She continued rubbing his legs, thighs and feet. [redacted] advised he turned over onto his back. She continued to rub his legs with the oils. Epstein touched her breasts and began to masturbate. I asked [redacted] if she knew what circumcised and un-circumcised meant. [redacted] stated circumcised is when the penis has no foreskin and the head of the penis is visible. [redacted] said Epstein is circumcised. [redacted] began to cry on the telephone and stated she had been to his house hundreds of times over a two-year period. She claimed to have made thousands of dollars during her visits. [redacted] stated she could not remember how many times exactly she went to Epstein's home but said it was a lot.

[redacted] became more upset, crying hysterically and stated she was paid and instructed to have sex with Epstein's assistant, [redacted] by Epstein. Epstein continued to watch them have sex and masturbated himself as they had sex with each other. She further stated that things escalated further and further. Epstein used sexual toys such as vibrators, rubber penises and strap-on penises on [redacted] Additionally, [redacted] stated he performed oral sex on her numerous times. She claimed he (Epstein) put his fingers inside her vagina while he masturbated in an attempt to make her climax. [redacted] could not continue and wanted some time to regain her composure. I explained to [redacted] to take her time. After taking several minutes to regain her composure I

Case No. . . . : 1-05-000368 (Continued)

explained that I would travel to meet with her in person as I felt she had additional information to provide. I met with Sgt. Frick and explained the importance to meet with [redacted] in person. Sgt. Frick agreed and made arraignments for Det. Dawson and I to meet with [redacted] in Jacksonville, Florida. b6 b7C

On October 11, 2005, at 4:10 p.m., Det. Dawson and I met with [redacted] and her friend, [redacted] in Jacksonville, Florida. [redacted] wanted to have [redacted] present for support. I explained to her that I did not have a problem as long as she wanted [redacted] present during the interview. [redacted] stated she wanted her present. I explained that as [redacted] was present she was not allowed to comment or ask any questions during the interview. She was only there to comfort [redacted] should the interview upset her.

During a sworn taped statement, [redacted] explained how everything began. She said she was brought through the kitchen area where she met [redacted] for the first time. She was led to the master bedroom, Epstein s room. [redacted] explained that as she was walking up the stairs she observed several photographs of naked women along the walls and tables of the house. [redacted] further explained that she was brought into the bedroom, where [redacted] prepared the room by setting up the massage table and provided the oils for her to rub on Epstein. [redacted] explained she remembered the steam room area, which contained two large showers. Epstein entered the room from the steam room area and introduced himself. Epstein lay on the table and told her to get comfortable. [redacted] removed her skirt and kept her shirt on. She could not remember if he was naked or if he entered the room with a towel. Epstein then instructed her to remove her shirt. [redacted] removed her shirt and remembered she was not wearing a bra. [redacted] stated she provided the massage wearing only her panties. She continued rubbing his legs, thighs and feet. [redacted] advised he turned over onto his back. She continued to rub his legs with the oils. Epstein touched her breasts and began to masturbate. Epstein ejaculated which meant the massage was over. At the conclusion of the massage, [redacted] was paid $200.00. They walked together downstairs where [redacted] and [redacted] were waiting. [redacted] stated [redacted] received an unknown amount of money for taking her to Epstein. Epstein instructed to leave her cellular telephone number so that he could contact her when he is in town.

[redacted] explained that she continued to go to Epstein s house and became a regular at the house. She could not provide an exact number but claimed she had been their hundreds of times. She claimed sexual activities did not occur every time she was there. There were times she went to dinners and parties with Epstein. [redacted] explained that things began to escalate more than the massage. The encounters included bringing in his assistant, [redacted]. [redacted] explained Epstein had purchased her from her family in [redacted]. Epstein bragged he brought her into the United States to be his [redacted] sex slave. [redacted] advised he was naked in the bedroom, she entered and removed her clothing. [redacted] entered the room from the steam room area already naked. He instructed [redacted] to perform oral sex on

Case No. . . . : 1-05-000368 (Continued)

[redacted] . [redacted] refused to perform that act. Epstein offered her an additional $200.00 for her to perform oral sex on [redacted] for five minutes. [redacted] agreed to perform the oral sex for the additional $200.00. [redacted] explained that Epstein would masturbate while he watched them perform sexual acts. b6 b7C

Things continued to escalate by purchasing sex toys. [redacted] stated she had massagers, vibrators and strap on rubber penises used on her. Each time something new was introduced additional monies were produced and offered for [redacted] to allow the acts to happen. [redacted] was adamant that she performs all these acts but there was an understanding with Epstein that no vaginal penetration would occur with his penis. [redacted] explained that Epstein's penis was deformed. [redacted] explained that his penis was oval shaped. She claimed when Epstein's penis was erect, it was thick toward the bottom but was thin and small toward the head portion. She called it egg-shaped.

[redacted] continued that the sexual encounters with [redacted] Epstein and her became a ritual. [redacted] would arrive at the house and walk herself upstairs, where [redacted] and Epstein were waiting. [redacted] would remove her clothing and join them on the bed. [redacted] explained [redacted] and she would begin by kissing and touching each other. [redacted] explained sex toys were brought into the bed by either Epstein or [redacted] and they would begin using the toys on each other. Epstein would perform oral sex on either person depending who was on top during the intercourse. [redacted] explanation revealed they were in a missionary position.

[redacted] advised one day, ([redacted] was unable to state and exact date when this incident occurred), she came to the house after [redacted] had informed her that Epstein had arrived. She arrived at the house and went upstairs to the master bedroom. [redacted] advised she immediately removed her clothing, as [redacted] and Epstein were already naked in the bedroom. [redacted] explained that [redacted] and she had a sexual encounter to include kissing, touching and oral sex. [redacted] remembered that she climaxed and was removing her self from the massage table. [redacted] asked for a sheet of paper and drew the massage table in the master bathroom and where Epstein, [redacted] and she were. Epstein turned [redacted] on to her stomach on the massage bed and inserted his penis into her vagina. [redacted] stated Epstein began to pump his penis in her vagina. [redacted] became upset over this. She said her head was being held against the bed forcibly, as he continued to pump inside her. She screamed no, and Epstein stopped. She told him that she did not want to have his penis inside of her. Epstein apologized for his actions and subsequently paid her a thousand dollars for that visit. Additionally, shortly thereafter, Epstein gave [redacted] a 2005 Doge Neon, blue in color for her personal use.

[redacted] advised there were times that she was so sore when she left Epstein's house. [redacted] advised she was ripped, torn, in her vagina area. [redacted] advised she had difficulty walking to the car after leaving the house because she was so sore. [redacted] advised that other

Case No. . . . : 1-05-000368 (Continued)

than that one time, when Epstein inserted his penis inside her vagina, there was no other penile intercourse.

[redacted] provided names of girls that she knew of that have gone to Epstein's house. [redacted] provided the name of [redacted] and feels she still may be going to the house to massage Epstein. According to [redacted] is still sucking his dick." b6 b7C

When asked if she had been recently contacted by anyone of the house, [redacted] advised she received an email from [redacted], from [redacted].net, which is her email account. The email was just a hello, how are you doing type of email. There had been no other contact from the house. The interview was concluded and [redacted] left the area. The tapes and drawing were submitted into evidence.

Investigation continues...

********** N A R R A T I V E # 12 **********

NA Reported By: RECAREY, JOSEPH 11/01/05
Entered By.: ALTOMARO, NICKIE A. 11/07/05

On October 12, 2005, Det. Dawson and I traveled to the Orlando area and made telephone contact with [redacted] agreed to meet with us as we were in the Orlando area. [redacted] provided directions to her apartment. Det. Dawson and I met with [redacted] who stated, during a sworn taped statement that nothing happened between her and Epstein. [redacted] appeared nervous during the interview. I assured her that I had spoken with other people who advised differently. [redacted] stated she only went a couple of times and provided a massage to Epstein. She stated she was brought to the Epstein house in March of 2005. [redacted] brought her to work. [redacted] has no formal training in providing massages. [redacted] stated she provided a massage, fully clothed for $200.00. As I sensed hesitancy in her answers, I asked [redacted] if she had been contacted by anyone from the house. [redacted] stated she was interviewed already by an investigator for Epstein. He met with her on October 8, 2005, at a Roadhouse in Orlando. He identified himself as Paul and inquired about the police investigation and left his telephone number [redacted] for additional contact. [redacted] provided no additional information, as it appeared her responses were almost scripted. We left the area and returned to Palm Beach Police Department.

Based on the information acquired during the interviews, a search warrant was prepared for entry at the Epstein home. On October 18, 2005, I met with Judge Laura Johnson who reviewed the warrant request. She found there was sufficient probable cause and signed the warrant request. On October 20, 2005, at approximately 9:36 am, members of the Palm Beach Police Investigations Unit executed the search warrant at 358 El Brillo in Palm Beach. Members of the Investigations Unit included Capt Gudger, Sgt Frick, Det. Dicks, Det. Dawson, Det. Melnichok, Det. Sandman, Det. Krauel, the crime scene unit and myself.

Case No. . . . : 1-05-000368 (Continued)

As we entered onto the property, we encountered the house manager, Janusz Banasiak who was in the guest portion of the house. The guesthouse section had open doors and no forced entry was made. I made contact with Banasiak, Date of Birth [redacted] Fl DL [redacted] and informed him of the search warrant for the premises. The members of the Police Department entered the residence and announced we had a search warrant. A safety search was done and members exited the home. I read the search warrant to Banasiak as Mgr Parkinson videotaped the search warrant execution. Several interior decorators were located on the property. I spoke with Mark Zeff, of [redacted] in New York. Mr. Zeff stated he is the designer for Mr. Epstein's homes. He advised he was contacted in March of 2005 to do a complete overhaul on the house. He advised he was on the phone with Mr. Epstein when officers announced the search warrant. Mr. Epstein was then made aware of the search warrant. Mr. Zeff advised, his contact with Epstein is strictly business and he has never witnessed Epstein with any girls except for his assistants, [redacted] or [redacted]. b6 b7C

I then interviewed Daniel Estes, of [redacted] in New York. Mr. Estes stated he has worked for Zeff for seven years. He advised he personally worked on the New York and Palm Beach home for Mr. Epstein. He has previously met with [redacted], Epstein's assistants in New York and in Florida. Estes stated they travel with Epstein everywhere he goes.

I interviewed Zara Bailey of [redacted], New Jersey. Bailey stated she just arrived from Scotland and has worked with Zeff for only one month. She stated she has never met Epstein and has not seen him. The interview was then concluded.

I then spoke with Douglas Schoettle of [redacted] in New York City. Schoettle stated he has been Epstein's Architect for seven years. He further stated he deals with Epstein's assistants and speaks with Epstein on the phone. Schoettle stated he mainly speaks with [redacted], Epstein s main assistant, who travels with Epstein. Schoettle stated he only has contact with Epstein when his services are needed.

At approximately 10:30 am, I was informed that the videotaping was concluded. I entered the residence and located two covert (hidden) cameras. The first camera was a covert wall clock in the garage area. I traced the wire behind the clock and removed the RCA wire and unplugged the camera. The other covert camera was located within a desk clock beside Epstein's desk. I traced the wire behind the clock and unplugged the RCA wire. I could not locate another camera. I then began with the search of the residence for the specified evidence.

My search consisted of the second floor. Det. Krauel and I began in the master bedroom area where several items were located. They were

Case No. . . . : 1-05-000368 (Continued)

marked to be retrieved by the evidence custodian. In the master desk with Epstein's notepads marked Jeffrey Epstein we located a high school transcript from [redacted] for [redacted] Also in the room, was the dresser /armoire where we located a bottle of peach flavored Joy Jelly (Sexual Lubricant). Additionally, there were several photographs of young naked teenage girls within the closet, which was consistent with what the witnesses said. The massage table was also located within the master bedroom. Video tapes were located beside the television, which were also collected. An itemized list of the property and locations was prepared on the property receipts. At approximately 2:55 pm, the house was secured; the exit of the residence was videotaped. Upon our exit of the property, I encountered Atty. Guy Fronstein who advised he was representing Mr. Epstein. He provided a business card and provided his assistance with the investigation. b6 b7c

Due to Hurricane Wilma, which struck South Florida causing massive power outages, the courthouse was closed due to the lack of power. I was previously told that the Chief Judge had extended the filing deadlines due to the hurricane and the Courthouse being closed. On October 27, and 28, 2005 the courthouse was closed and I could not file the search warrant and inventory at the clerk's office. On October 31, 2005, I responded to the courthouse and filed the paperwork along with an order to seal, signed by Judge Johnson, to deny any release of any paperwork on this case.

INV CONTINUES..

********** N A R R A T I V E # 13 **********

NA Reported By: PARKINSON, GREGORY A. 10/20/05
Entered By.: ALTOMARO, NICKIE A. 11/07/05

On October 20, 2005, at approximately 8:30 a.m., Thursday morning, I was advised by Captain Gudger that a search warrant would be executed and that I was to assemble the Crime Scene Investigative Team and stand by the south side of the building ready to go. I designated Evidence Specialist Annette Badger to handle the inventory return, the documentation of the property receipts and the collection and bagging of the evidence at the scene. I further instructed CSI Kim Pavlik, ID # 8807, to accompany us and perform the role of photographing the scene and the items that may be taken into custody by the affiant, Detective Joseph Recarey, ID # 7915.

My responsibility was to go through from the reading of the warrant to the final exit from the residence and perform a video recording of the reading of the warrant, the initial walk through of the residence showing the current condition and then finally a walk through of the residence at the time of the police exit.

We started out towards the residence, which was located at 358 El Brillo and arrived at approximately 9:33 a.m. The search was conducted, items were collected by Evidence Specialists Badger,

Case No. . . . : 1-05-000368 (Continued)

photographed by CSI Pavlik and then videotaped by myself. The search was concluded at approximately 3:05 p.m. whereupon Detective Recarey and I were the last two officers in the house. Upon securing the residence we met with the gentleman who identified himself to Detective Recarey as the lawyer for the defendant and he was informed that the residence was secured and that copies of the inventory return had been left on the first floor table of the personal assistant's office.

Detective Recarey and I returned to Police Headquarters and secured for the day.

********** N A R R A T I V E # 14 **********

NA Reported By: DAWSON, MICHAEL C. 11/07/05
Entered By.: ALTOMARO, NICKIE A. 11/07/05

On October 20, 2005, I assisted Defective Recarey in the execution of a search warrant at 358 El Brillo Way, Palm Beach, Florida, 33480.

Upon the announcement of the search warrant, immediate contact was made with three white males who came out of the house or surrounding structures. Those males were identified as Janusz Banasiak, Daniel Estes, and Mark Zeff. As other members of the police department cleared the home, I kept watch over these three males. Once the house was cleared, those males were turned over to Detective Recarey.

Detective Dicks and I were assigned to assist in the search of the main house, the cabana and the servant's quarters. We started in the garage. All areas of the garage were searched to include four vehicles. These vehicles were three black Mercedes Benz cars registered to Jeffrey Epstein. The fourth vehicle was a Harley Davidson motorcycle, green in color, registered to Jeffrey Epstein. Nothing was recovered from the garage.

A towel closet and pantry located off the kitchen were searched and yielded negative results.

The kitchen was searched and taken into evidence was a phone message book that was located near a house phone.

North of the kitchen was an office room which contained a computer. The room had a closet that contained a locked gun locker. The combination was entered by Banasiak in the presence of Sgt. Frick and the safe was opened. Items were taken from the room. See the completed property receipt for a detailed list.

A green bathroom located on the first floor was searched and nothing was taken.

A closet located just west of the green bathroom was searched. Two massage tables were located in the closet along with a photo of a nude

Case No. . . . : 1-05-000368 (Continued)

female from the waist up. See the property receipt for details.

I searched two bedrooms and their adjoining bathrooms, which were located on the second floor on the East side of the house. In the Northeast bedroom closet I found adult sex toys called Twin Torpedoes. Soap made in the shape of a penis and vagina were also found in these upstair bedrooms. See the property receipt for details.

I searched the pool cabana located on the South side of the pool. Photos were taken from the wall. See the property receipt for details.

I assisted in the search of Banasiak's living quarters. Numerous CD s along with a message book was seized. See the property receipt for details.

********** N A R R A T I V E # 15 **********

NA Reported By: RECAREY, JOSEPH 11/08/05
Entered By.: ALTOMARO, NICKIE A. 11/08/05

On November 1, 2005, I was contacted by Atty. Gus Fronstin, who advised he was willing to assist with the investigation. Atty. Fronstin advised he would try to have his client, Jeffrey Epstein available to be interviewed. I explained I would be interested in conducting an interview with his client as well as other employees that are employed within the house. Atty. Fronstin advised he would return my call once he received confirmation on the interviews.

On November 6, 2005, I attempted contact with [redacted] at her residence. I left a business card for her to return my call. Upon returning to the police department, I had received a telephone call from [redacted] I returned her call at [redacted] and spoke with [redacted] She made arrangements to respond to the station to provide an interview. At approximately 3:30 pm, she arrived at the Palm Beach Police Station with her boyfriend. Her boyfriend was allowed to sit in the lobby area while [redacted] was interviewed. b6 b7C

I took [redacted] to the Detective Bureau Interview room. I closed the door for privacy and explained to her that I appreciated her coming to the police station for the interview. During the sworn taped statement, she advised she was at Jeffrey Epstein s house one time. Approximately two months ago, she was approached by a girl, [redacted] who was dating her roommate, to make some quick money. [redacted] advised she was in need to make some quick cash to make the rent that month. She agreed to go to the house. She had been told by [redacted] that the massage would have to be done in her underwear. She advised [redacted] drove with her and brought her into the house. They walked into the kitchen area and took the stairs upstairs. [redacted] further stated she was brought into a master bedroom area. She advised she recalled seeing portraits of naked women throughout the room. A massage table was already out near the sauna/shower area in the master bedroom. Epstein entered the room wearing only a towel and

Case No. . . . : 1-05-000368 (Continued)

introduced himself as Jeff. [redacted] advised she recalled she and [redacted] removed their clothing down to their panties, Epstein lay on his stomach area and they provided a massage on his legs and feet area. I asked [redacted] if she had any formal massage training and she replied no. [redacted] advised she was topless and the panties she wore were the boy shorts lace panties. She and [redacted] continued the massage until the last ten minutes of the massage, Epstein, told [redacted] to leave the room so that [redacted] could finish the massage. b6 b7C

[redacted] got dressed and Epstein turned over onto his back. Epstein then removed the towel, which had been around his waist. Epstein laid there naked and requested that [redacted] rub his chest area. [redacted] stated as she did this, Epstein, began masturbating as she rubbed his chest. [redacted] stated he pulled down her boy short panties and he produced a large white vibrator with a large head. She stated it was within a drawer in his master bathroom. He rubbed the vibrator on her vagina area. [redacted] advised he never penetrated her vagina with the vibrator.

He continued to rub her vagina with the vibrator as he continued to masturbate. [redacted] stated she was very uncomfortable during the incident but knew it was almost over. Epstein climaxed and started to remove himself from the table. He wiped himself with the towel he had on previously and went into the shower area. [redacted] got dressed and met with [redacted] in the kitchen area. Epstein came into the kitchen and provided [redacted] $200.00 for bringing [redacted] and paid $200.00 to [redacted] for providing the massage. [redacted] was told to leave her telephone number with [redacted], his assistant for future contact. [redacted] provided her cellular telephone number for future contact. [redacted] was asked if she was recently contacted about this investigation by anyone from the Epstein organization. She replied she was called but it was for work. She stated she was called by [redacted] for her to return to work for Epstein. [redacted] stated work is the term used by [redacted] to provide the massage in underwear. [redacted] advised she declined, as she was not comfortable in providing that type of work. The interview was concluded and the videotape was placed into evidence.

Investigation Continues..

********** N A R R A T I V E # 16 **********

NA Reported By: RECAREY, JOSEPH 11/10/05
Entered By.: ALTOMARO, NICKIE A. 11/10/05

On November 7, 2005, I made telephone contact with [redacted] who advised she would be able to meet with me at her home. Det. Sandman and I traveled to her home in Royal Palm Beach and made contact with [redacted]. During a sworn taped statement, [redacted] stated she met Jeffrey Epstein through [redacted]. [redacted] would approach females who wished to work for him. [redacted] stated she was asked to work for him but declined. [redacted] explained that work means give massages. She was asked about any formal training in providing massages to which she said no. [redacted] said she accompanied [redacted] and other females

Case No. . . . : 1-05-000368 (Continued)

who were taken to Epstein s house to provide massages. [redacted] further stated she had been to the house approximately 4 or 5 times in the past year. She accompanied [redacted] with [redacted] the 14-year-old victim, and [redacted] Each time the girls were taken over, they were previously told they would have to provide a massage, possibly naked. It was also told that should Epstein require them to do anything extra and they were not comfortable just to tell him and he would stop. [redacted] stated [redacted] received $200.00 for each girl she brought over to massage Jeffrey Epstein. When I asked which girl appeared to be the youngest, she replied, the victim, as she stated she was fifteen years old at the most; she looked really young. [redacted] further stated each time she went to the house, she sat in the kitchen and waited with [redacted] until the massage was over. She further stated that the cook would make lunch or a snack for them as they waited. I asked her if there was anything that caught her attention within the home. [redacted] stated there were a lot of naked girls in photographs throughout the house. The interview was concluded and the tape was turned into evidence.

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b7C

Investigation Continues..

********** N A R R A T I V E # 17 **********

NA Reported By: RECAREY, JOSEPH 11/10/05
Entered By.: ALTOMARO, NICKIE A. 11/10/05

Det. Dawson and I attempted contact with [redacted] in Royal Palm Beach. I left my business card at her front door. [redacted] returned my call and arranged a meeting with me at the Palm Beach Police Department for November 8, 2005. At approximately 2:00pm, [redacted] arrived at the Palm Beach Police Department. She was brought into the interview room and the door was closed for privacy. She was told that I appreciated her coming to the police station for questioning regarding an on going investigation. She was told that I was investigating a crime involving Jeffrey Epstein and knew, based on the investigation, that she had encounters with him in the past. During a sworn taped statement, [redacted] stated she had met Epstein approximately two years ago. She was first introduced to Epstein by [redacted]. [redacted] approached her about working for Epstein and providing a massage to him for $200.00. The arrangements were made and as [redacted] could not take her the day the arrangements were made, [redacted] took [redacted] also attended [redacted] and was familiar with Epstein.

[redacted] recalled she was brought there and entered through the back kitchen door. She had met with an assistant [redacted] and another assistant [redacted]. [redacted] brought her upstairs as she observed several photographs of naked females throughout the house. [redacted] stated Epstein came in the room, wearing only a towel, and laid on the table. [redacted] stated he picked out the oils he wanted her to use and requested she remove her clothing to provide the massage. [redacted] stated that on the first massage she provided she did not remove her

Case No. . . . : 1-05-000368 (Continued)

clothing. [redacted] stated she had returned several times after that. Each time she returned more things happened. [redacted] stated that the same thing would happen. Epstein would walk into the master bedroom/bathroom area wearing only a towel. He would masturbate as she provided a massage. [redacted] stated she was unsure if he climaxed as he masturbated under the towel. Additionally she never looked blow his waist. She claimed that Epstein would convince her to remove her clothes. She eventually removed her clothes and stayed in her thong panties. On occasion, Epstein would use a massager/vibrator, which she described as white in color with a large head, on her. Every time she provided a massage he would masturbate. [redacted] added she has no formal training in providing a massage. [redacted] stated she brought two females during her visits to provide massages. [redacted] stated she brought a girl named [redacted] from [redacted] stated she received $200.00 for each girl she brought. Additionally, [redacted] was given $200.00 for taking her in the very beginning. The interview was concluded and the tape was placed into evidence. b6 b7C

Investigation continues...

********** N A R R A T I V E # 18 **********

NA Reported By: RECAREY, JOSEPH 11/13/05
Entered By.: ALTOMARO, NICKIE A. 11/14/05

On November 8, 2005, I made telephone contact with [redacted] W/F, [redacted] at her residence. [redacted] responded to the police station for an interview reference an ongoing investigation. At approximately 2:30 pm, she arrived at the Palm Beach Police Station and was brought into the interview room for the interview. The door was closed for privacy and she was told that I appreciated her cooperation in this case. During a sworn taped statement, [redacted] stated she had met Jeffrey Epstein approximately one year ago. She was approached by a subject known to her as [redacted] had asked her if she wanted to make money providing massages to Epstein. [redacted] had heard that several girls from [redacted] were doing this and making money. She agreed and was taken to the house by hall. [redacted] had introduced her to [redacted] and Epstein and brought her upstairs to a master bedroom and Master bathroom where a massage table was prepared and the proper oils were taken out. [redacted] left the room and waited downstairs for [redacted] stated Epstein entered the room wearing a towel and she provided a massage wearing only her thong panties. [redacted] advised Epstein had masturbated every time she provided a massage. She stated Epstein continued to masturbate until he climaxed; once that occurred the massage was over. She felt the whole situation was weird but she advised she was paid $200.00 for providing the massage. She also stated [redacted] received $200.00 for bring [redacted] to Epstein.

[redacted] stated she had gone a total of 15 times to his residence to provide a massage and things had escalated from just providing a

Case No. . . . : 1-05-000368 (Continued)

massage. Epstein began touching her on her buttocks and grabbed her closer to him as he masturbated. Epstein also grabbed her breasts and fondled her breast with his hands as she provided the massage. [redacted] stated on one occasion, he offered extra monies to have vaginal intercourse. She stated this all occurred on the massage table. [redacted] stated Epstein penetrated her vagina with his penis and began having intercourse with her until he reached the point of climax. Epstein removed his penis from her vagina and climaxed onto the massage table. [redacted] received $350.00 for her massage. I asked her if she had any formal training in providing massages, [redacted] stated she did not.

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b7C

[redacted] continued to state on one other occasion, Epstein introduced his assistant, [redacted], into the massage. [redacted] was brought into room with [redacted] to provide a massage. Epstein had them kiss and fondle each other around the breasts and buttocks as they provided a massage to Epstein. Epstein, watched and masturbated as this occurred. On other occasions, Epstein introduced the large white vibrator/massager during the massage. Epstein stroked the vibrator/massager on [redacted] vagina as she provided the massage.

[redacted] stated the last time she spoke with anyone at the house, was with [redacted] during the weekend of October 2 or 3, 2005. [redacted] stated she had brought two people to the Epstein house. She provided the names of [redacted] (unknown last name). It should noted, [redacted] had been previously identified as [redacted] and had been previously interviewed. The interview was concluded and the videotape was placed into evidence via the locker system.

On November 9, 2005, Sgt Frick and I traveled to 6791 Fairway Lakes Drive in Boynton Beach, Florida in hopes to interview Juan Alessi, the former houseman of Epstein's home. As no one was home, a business card was left for him to return my call. We then traveled to 11349 SW 86th Lane in Miami in hopes to interview Alfredo Rodriguez, a former house man of Epstein. We did not locate them at home. I left a business card for him to return my call.

We then traveled to [redacted] and met with Dean of Students, [redacted]. We requested to speak with [redacted] was re interviewed, as she still was in possession of the rental car that Epstein had acquired for her. [redacted] stated that [redacted], Epstein's assistant, had called her on her cellular telephone and informed her that rental was extended for her. [redacted] stated she had paid an additional $625.00 for her to keep the rental an extra month. [redacted] was asked if she had any additional contact with either Epstein or anyone from his organization. [redacted] stated she did not, other than the telephone call informing her that she could keep the car for an extra month. [redacted] did not provide any additional information.

On November 10, 2005, at approximately 9:47 am, Alfredo Rodriguez had telephoned reference my business card found on his door. Rodriguez stated he had worked with Epstein for approximately six months after

Case No. . . . : 1-05-000368 (Continued)

the previous houseman left. Rodriguez stated that it was his responsibility to keep the identity of the masseuses private. Mr. Epstein had a massage in the morning and one in the afternoon. Mr. Rodriguez stated he would rather speak about this in private. He advised he would come to the police station to speak with me. Rodriguez stated he would return my call on Monday, November 14, 2005.

I then made telephone contact with Juan Alessi. He advised he found my card on his door and wanted to know what I needed to speak with him about. I explained to Alessi that I was conducting an investigation on his former employer, Mr. Epstein. Alessi stated he would return my call shortly as he was in the middle of a project at his home. I received a telephone call from Attorney Donald Morrell from 686-2700. Mr. Morrell stated he represented Mr. Alessi and did not want me speaking with his client. I then made telephone contact with the State Attorney s Office and confirmed that subpoenas would be issued to the former employees to assist in the investigation.

I then made telephone contact with Attorney Guy Fronstin, attorney for Mr. Epstein. I explained to Mr. Fronstin that I would like to speak with Mr. Epstein. He stated Mr. Epstein is not in residence in Florida at this time and would check with him to ascertain if he could be here by Wednesday November 16, 2005 for an interview. Mr. Fronstin stated he would return my call should Mr. Epstein decide to come in to the police station for an interview.

Investigation continues.

********** N A R R A T I V E # 19 **********

NA Reported By: RECAREY, JOSEPH 11/15/05
Entered By.: ALTOMARO, NICKIE A. 11/16/05

On November 14, 2005, Det. Sandman and I traveled to [redacted] Florida and spoke with [redacted] She was told of the ongoing investigation involving Epstein. [redacted] advised she had gone to the house on several occasions. During a sworn taped statement, she advised she started going to the house approximately one year ago and was brought by [redacted] (Unknown last name). [redacted] stated [redacted] brought her into the house and she was introduced to a girl named [redacted]. Once she met her, [redacted] brought her upstairs into a master bedroom bathroom. [redacted] stated she met Jeffrey in the bathroom. He lay on the table and picked the massage oils. She provided the massage, as he lay naked on the massage bed. She stated she rubbed his calves and back area. Upon the end of the massage, Epstein removed himself from the massage table and paid her $300.00 for the massage.

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b7C

[redacted] stated she had only been at the house approximately five or six times. [redacted] said each time she went to the house she was notified by [redacted], Epstein's assistant, that Epstein was in town and would like her to work. [redacted] stated she returned to the house and was again led upstairs by [redacted]. She provided the massage, clothed.

Case No. . . . : 1-05-000368 (Continued)

[redacted] advised it wasn't really weird until later on. [redacted] was asked if she ever removed her clothing to provide a massage. [redacted] stated it was not until the third time she went that she removed her clothing. [redacted] stated she was notified by [redacted] that Epstein wanted her to come to work. She arrived at the house and was led upstairs by [redacted]. She started providing the massage when Epstein asked her to remove her clothing. [redacted] removed her pants, shirt and bra. She stayed in her thong panties and continued rubbing Epstein. Epstein turned over onto his back and she rubbed his chest area. [redacted] stated she knew he was masturbating himself as she providing the massage. [redacted] stated she believed he climaxed based on his breathing. She did not want to view either the climax or the fact that he was masturbating. [redacted] stated once the breathing relaxed he got up and told her to get dressed. She was paid $300.00 for her services.

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b7C

[redacted] stated on the last time she went to provide a massage, she was notified by [redacted] to come to the house and work. [redacted] stated she was now dating her current boyfriend and did not feel comfortable going. She recalled it was approximately January 2005. She said she went, already thinking that this would be the last time. She went upstairs and went into the master bathroom. She met with Epstein, who was wearing only a towel as he entered the room to lie on the table. [redacted] stated Epstein caught her looking at the clock on several occasions. Epstein asked her if she was in a hurry. [redacted] stated her boyfriend was in the car waiting for her. [redacted] further stated that Epstein got upset, as she wasn't enjoying the massage. She told him that she didn't want to continue and she would not be back. Epstein told her to leave as she was ruining his massage. I asked her if she had any contact with Epstein's organization, she stated she received $200.00 from Western Union in Royal Palm Beach and Okeechobee Blvd as a Christmas gift. [redacted] advised she had no formal training in provide any massages. [redacted] also stated she was sixteen years old when she first went to Epstein's house.

At approximately 4:22 pm, I made telephone contact with [redacted] at [redacted] She agreed to meet with me at a public place. I suggested she come to the police station for an interview. [redacted] did not want to meet at the police station. I recommended we meet at the Palm Beach Gardens Mall in the food court area. She agreed and an appointment was made for November 15, 2005 at 5:00 pm at the food court.

Investigations Continue.

********** N A R R A T I V E # 20 **********

NA Reported By: SANDMAN, JENNIFER R. 11/16/05
Entered By.: ALTOMARO, NICKIE A. 11/17/05

On 10/20/2005, I assisted executing a search warrant at 358 El Brillo Way in the Town of Palm Beach, Palm Beach County Florida under the direction of affiant Detective Joe Recarey.

Case No. . . . . : 1-05-000368 (Continued)

Detective Melnichok and I searched the pantry room that is west next to the kitchen. This room had all white cabinets with a dark grey and black counter top. We did not find anything in this room.

We searched the yellow and blue room that is west next to the pantry room. This room had a very large statue of man with a bow. Taken into evidence from this room were nine photographs in frames of various women.

We searched the main entrance foyer that is to the north of the yellow and blue room. This room contained two bamboo chairs and ottomans with cushions. It also contained a round table with numerous books.

We searched another blue room that is west of the foyer. This room had a stereo system and book shelves that were from the floor to the ceiling. Taken into evidence from this room were eight photographs in frames of various women and/or Epstein, the owner of the residence.

We searched the room to the west of the blue room that has sliding glass doors that lead out to the pool. In this room in a dresser were two DVD's and two VCR tapes. These items were taken into evidence.

We searched a 2004 black Chevy Suburban bearing Florida tag X99-EGL, registered to Jeffrey Epstein DOB 01/20/53, which was located on the east side of the driveway facing south. I found a Thrifty rental agreement between the passenger seat and the middle console. The name on the rental agreement was Johanna Sjoberg from 622 Holly Drive Palm Beach Gardens, Florida 33410. The phone number on the rental agreement was (561) 714-0546. The vehicle rented was a white 2005 Chrysler Sebring bearing Florida tag W99-FUN. The vehicle was rented on 9/25/05 at 17:58 hours and was returned on 9/26/05 at 16:52 hours. The last four numbers of the credit card used are 9821. Detective Melnichok found a piece of paper in the middle console that said I used the cash in here to fill up the tank and was signed by Johanna.

I searched the 2005 black Cadillac Escalade ESV bearing Florida tag Q29-9GT, registered to Jeffrey Epstein dob 01/20/53, which was located on the west side of the driveway facing south. I did not find anything in this vehicle.

All of the items that were taken into evidence were photographed in the place they were located and then turned over to crime scene.

********** N A R R A T I V E # 21 **********

NA Reported By: RECAREY, JOSEPH 11/17/05
Entered By.: ALTOMARO, NICKIE A. 11/17/05

Case No. . . . . : 1-05-000368 (Continued)

On November 15, 2005, Det. Sandman and I traveled to [redacted]. We met with [redacted], a seventeen-year old juvenile who was not in school this day due to a cold from which she was suffering. [redacted] was told that I needed to speak with her in reference to an ongoing investigation involving a subject she would know as Jeffrey Epstein. Prior to speaking with her, I explained that because of the fact that she is a minor, I needed to speak with her parents prior to speaking with her. She telephoned her father, Mr. [redacted] on his cell phone and explained to him that Det. Sandman and I were there to speak with her. I spoke with Mr. [redacted] on the telephone and informed him I needed to speak with his daughter in reference to an ongoing investigation. Mr. [redacted] advised he had no problem with us speaking with his daughter.

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b7c

During a sworn taped statement, [redacted] stated she met Jeffrey Epstein over a year ago. She was sixteen years of age and was approached by [redacted] who informed her that she could make monies providing a massage to Epstein for $200.00. [redacted] had informed her that she would have to provide this massage topless. [redacted] made the arrangements with Epstein and his assistants and took [redacted] to the house. [redacted] stated [redacted] and she entered through a glass door that led into a kitchen. [redacted] took her upstairs, to a master bedroom and master bathroom. She recalled the bathroom had a large pink couch, sauna and matching shower. Epstein entered into the room wearing only a towel. [redacted] removed their clothing remaining only in thong underwear. She further stated that Epstein lay on his chest on the table. Epstein selected which oils to use for the massage. Both [redacted] provided the massage on his legs, back and feet. Forty minutes into the massage, Epstein turned over onto his back and requested [redacted] wait downstairs in the kitchen area for [redacted] Epstein instructed [redacted] to finish the massage. As [redacted] got dressed, [redacted] starting rubbing his chest. [redacted] left the room, and Epstein began masturbating himself as [redacted] rubbed Epstein s chest. [redacted] stated he continued masturbating until he climaxed on the towel he was wearing. When asked if he had removed the towel she stated he turned the towel around so that the opening would allow him to expose himself. After he cleaned himself off with the towel, he instructed [redacted] the massage was done and to get dressed and met with him downstairs. [redacted] got dressed and met with Epstein in the kitchen area. She was paid $200.00 dollars for providing the massage. [redacted] stated she was aware that [redacted] also received monies for the same thing.

The second time she went to the house she was again approached by [redacted] asked if she wanted to return to the house to provide another massage; [redacted] agreed and the arrangements were made by [redacted] for her to return to the house. [redacted] stated [redacted] drove her to the house and knocked on the same glass door that leads to the kitchen area. They were allowed entry into the house by one of the staff members. [redacted] led her upstairs to the master bedroom and

Case No. . . . : 1-05-000368 (Continued)

master bathroom area. [redacted] left [redacted] this time to do the massage alone. Epstein entered the room again wearing only a towel. [redacted] began removing her clothing as she did the last time she was at the house. Epstein instructed her to get naked. He lay on the table on his stomach as [redacted] began massaging his legs and back. b6 b7C

As [redacted] finished with Epstein's back and legs, Epstein then turned over onto his back. [redacted] started to rub his chest and he began masturbating himself. As [redacted] rubbed his chest, Epstein leaned over and produced a massager/vibrator. He turned it on and began rubbing [redacted] vagina and masturbating himself at the same time. [redacted] stated she continued to rub his chest as this was occurring. She described the vibrator/massager as large, grey with a large head. Epstein rubbed her vagina for approximately two to three minutes with the massager/vibrator. He then removed the vibrator from her vaginal area and concentrated on masturbating himself. [redacted] stated he climaxed onto the towel again and informed her that the massage was done. [redacted] got dressed and met with [redacted] who was waiting in the kitchen area. She received $200.00 for the massage. [redacted] said she never returned to the house and had no desire to return to the house. [redacted] was asked if she received any formal massage training. She advised she had no formal training. [redacted] was asked if Epstein knew her real age. [redacted] stated he knew as he asked her questions about herself and high school. He was aware she attended and is still attending [redacted].

The interview was concluded. I suggested [redacted] inform her parents of what occurred at the Epstein house. [redacted] stated she would tell her father as he was unaware this had occurred. I left my business card for any questions they may have. We left the area and returned to the police station. The tape was placed into evidence.

Investigation Continues.

********** N A R R A T I V E # 22 **********

NA Reported By: RECAREY, JOSEPH 11/17/05
Entered By.: ALTOMARO, NICKIE A. 11/17/05

On November 15, 2005, Officer Munyan and I responded to the Palm Beach Gardens Mall food court section to meet with [redacted] At approximately 5:10 p.m., [redacted] arrived and met with us at the food court. [redacted] provided a sworn taped statement in which she stated she had been at the Epstein house over fifty times. She began going to Epstein's house when she turned eighteen years old. [redacted] was asked if she knew of the on-going investigation. [redacted] stated she was aware there was an investigation as she had been told by other girls that were interviewed. Additionally, she has had several telephone conversations with Epstein's assistants as to what had been going on during the investigation.

I asked [redacted] how she was introduced to Epstein. [redacted] stated she did not want to disclose who brought her to the house but she would

Case No. . . . : 1-05-000368 (Continued)

respond to any other questions. When I asked her what happened at the house, [redacted] stated everything happened. It all began with the massages. Each time she went more things happened. She would massage Epstein and he would masturbate and climax. She stated things escalated from there. She provided oral sex on Epstein and he provided oral sex on her. She stated he would also use a massager/vibrator on her vagina to stimulate her as she massaged him. He introduced his assistant [redacted] or [redacted] to have vaginal intercourse with [redacted] She stated [redacted] or [redacted] would utilize a strap-on (synthetic penis) to have intercourse with her. She was told to masturbate herself as Epstein and [redacted] had sexual intercourse. All this was done at Epstein's direction. b6 b7C

[redacted] could not provide exact dates as she had been to the house so many times. [redacted] stated Epstein inserted his fingers in her vagina to stimulate her as she massaged him. When I asked her if there had been any vaginal intercourse with Epstein, she stated she did not have sex with him. She did admit having sex with [redacted], his assistant. [redacted] stated not every time she went involved sexual favors. Sometimes she would just talk with him and get paid. I asked her how much she was paid each time she went to Epstein s residence. [redacted] stated she got paid $300.00 every time she went to the house. She was told to bring other girls to him to provide massages. [redacted] declined stating that she does what she does and did not want to introduce anyone else to do what she does. [redacted] stated she had never received any formal training in providing massages.

I showed [redacted] a photo line up in which [redacted] was placed in position six. She reviewed the six photographs and immediately identified [redacted] as the person with whom she had intercourse. Additionally, it was the same person she watched have intercourse with Epstein. She signed the photo line-up under [redacted] s photo as the person she identified. We then left the mall and returned to the police station. The photo line up and tape were placed in to evidence.

Investigation Continues...

********** N A R R A T I V E # 23 **********

NA Reported By: RECAREY, JOSEPH 11/29/05
Entered By.: ALTOMARO, NICKIE A. 12/01/05

On November 17, 2005, I received a phone message from Atty. Guy Fronstin who advised to call his cellular phone reference his client Jeffrey Epstein. I telephoned his cell phone and left a message for him to return my call. I did not receive a call back on Thursday, November 17, 2005. On Friday, November 18 2005, I retrieved another voice mail from my work phone from Mr. Fronstin advising he would not produce his client Jeffrey Epstein for any statement. Fronstin stated he had spoken with ASA Lana Belohlavek and expressed Mr. Epstein has a passion for massages. I called ASA Lana Belohlavek and confirmed that

Case No. . . . : 1-05-000368 (Continued)

Fronstin had telephoned her reference this case. Although nothing was discussed, Mr. Fronstin did advise her that Epstein is very passionate about massages.

I also spoke with ASA Daliah Weiss reference the previous employees, Juan and Maria Alessi. She advised that they had been served through a subpoena process server. They were both scheduled to appear on Monday November 21, 2005 at 12:00 p.m.

On November 21, 2005, I met with ASA Weiss, Atty. Donnie Murrell and Juan and Maria Alessi at the State Attorney Office. ASA Weiss had requested a court reporter to be present to take the statement of the Alessi s. I spoke with Maria Alessi, in the presence of her attorney, Donnie Murrell. She advised she had worked for Epstein for eight years, from the period of 1994 through 2002. She advised she had never had any direct conversations with him. She stated it was her husband who spoke directly with Epstein. Her work consisted of doing house cleaning, shopping and other preparations when Epstein would arrive in town. Alessi stated the preparations consisted of preparing the house and bathrooms for his arrival. She advised she did view several masseuses that arrived at the house. She advised that two or three girls would come during a day and provide the massages. The girls that arrived looked young in age. Mrs. Alessi did not know any of the girls personally and were always different. She was told that when Epstein was in residence he did not want to encounter the Alessis during his stay in Palm Beach.

I then spoke with Mr. Alessi in the presence of his attorney, Donnie Murrell. Mr. Alessi stated that he was employed for eleven years with Mr. Epstein. He originally was hired as a part time employee and then moved up into a full time position. His duties included everything. Alessi stated he was the house manager, driver and house maintenance person. It was his responsibility to prepare the house for Epstein s arrival. When asked about cooks or assistants, Alessi stated they traveled with Epstein on his private plane. He remembered dealing with his girlfriend, Ms. Maxwell originally and then dealt with Epstein directly.

I asked Mr. Alessi about massages that occurred within the home. Mr. Alessi stated Mr. Epstein had up to three massages a day. Each masseuse that visited the house was different. Alessi stated that towards the end of his employment, the masseuses were younger and younger. When asked how young, Mr. Alessi stated they appeared to be sixteen or seventeen years of age at the most. The massages would occur in Epstein's bedroom or bathroom. There were times he recalled that he would set up the massage tables either in Epstein s bedroom or in his bathroom. I asked if there were things going on other than a massage. Alessi stated that there were times towards the end of his employment that he would have to wash off a massager/vibrator and a long rubber penis, which were in the sink after the massage. Additionally, he stated the bed would almost always have to be made after the massage. Alessi was never privy to what went on during the

Case No. . . . : 1-05-000368 (Continued)

massages.

He was asked if he remembered any names of the girls that massaged Epstein. He tried to remember and was unable to provide any exact names of any girls. Alessi was asked about any contact with anyone from the Epstein organization. Alessi said he did speak with Mr. Epstein shortly after my initial contact with him to find out what was going on. Alessi also stated that approximately on November 11, 2005, he was contacted by a private investigator from the Law Office of Roy Black. The investigator had called him to meet with him to ascertain what he was going to tell the police. Alessi stated they met at the Carrabba s Restaurant in Boynton Beach and discussed the same questions I was asking him. I informed Mr. Alessi and Mr. Morrell that as this is an ongoing investigation and anything we discuss should be confidential. They both acknowledged the fact that the information would be kept confidential. It should be noted that a court reporter was present during the interviews and would be providing a copy of the statements to me when they become available.

On November 21, 2005, I received a voice mail from Mr. Fronstin who advised he would not be making Mr. Epstein available for any statements. He did have some words that he wanted to relay on behalf of Mr. Epstein. I telephoned his office and left a message for him to return my call.

On November 29, 2005, I received a call back from Mr. Fronstin who left a voice mail after hours on November 28, 2005, advising he would return my call during normal business hours to speak with me reference the case on November 29, 2005.

********** N A R R A T I V E # 24 **********

NA Reported By: RECAREY, JOSEPH 11/29/05
Entered By.: ALTOMARO, NICKIE A. 12/01/05

On November 29, 2005, at approximately 2:30 p.m. I received a telephone call on the department issued cell phone. Mr. Fronstin stated he was calling to relay information that Mr. Epstein wished he could relay. Mr. Fronstin stated that he would not allow Mr. Epstein to speak with me at this time. He further stated that Mr. Epstein is very passionate about massages. He continued that Mr. Epstein had allegedly donated over $100,000 to the Ballet of Florida for massages. The massages are therapeutic and spiritually sound for him that is why he has had many massages. Mr. Fronstin stated he appreciated the way the investigation has not been leaked out into the media. I explained to Mr. Fronstin that it is as important to protect the innocent if the allegations are not substantiated. Mr. Fronstin was told of the allegations that the private investigators assigned to the case have been portraying themselves as police officers. Additionally, I explained that my cell phone had been called by the private investigators. Mr. Fronstin advised he was not aware of that and advised they were under the direction of Attorney Roy Black in

Case No. . . . : 1-05-000368 (Continued)

Miami. Mr. Fronstin further stated Epstein had originally called Mr. Dershorwitz in Boston, who recommended Roy Black in Miami, who asked Mr. Fronstin to assist. I informed him that if and when any charges would be presented I would notify him. The call was then terminated.

Investigation continues.

********** N A R R A T I V E # 25 **********

NA Reported By: RECAREY, JOSEPH 12/15/05
Entered By.: ALTOMARO, NICKIE A. 12/16/05

A review of the telephone message books, which were obtained during the search warrant, was conducted in which various messages from different dates were made to Jeffrey Epstein. The telephone message books have a duplicate copy (Carbon Copy) which, once a phone message is written into the book, the top copy is then torn on the perforated edge and the carbon copy is left in the book. First names of girls, dates and telephone numbers were on the copy of the messages. I recognized various numbers and names of girls that had already been interviewed. The body of the messages was time of the day that they called for confirmation of "work." Other names and telephone numbers were located in which the body of the messages were, "I have girls for him" or "I have 2 girls for him." These messages were taken by [redacted] for Jeffrey Epstein. Based on the context of the body of the messages, I requested subpoenas for subscriber information on the telephone numbers and the time frame involved. Copies of the messages were made for evidentiary purposes.

I obtained [redacted] yearbooks for 2005, 2004 and 2003. I first reviewed the 2005 yearbook and located most of the girls I had spoken with. Additionally, I located [redacted]. Based on the corrected name spelling, I was able to locate her to her residence in [redacted]. On December 8, 2005, Det. Caristo and I responded to [redacted]. I located [redacted] at her home. She advised she is attending [redacted] and is participating in the early release program so she can maintain her part time job. As she is still a minor, I left my business card to have her mother return my call to request an interview with her daughter. We then left the area. b6 b7C

I also had previously researched the telephone number for [redacted] and telephone number [redacted]. A subpoena had been issued for the information on [redacted] The telephone number was registered to [redacted] A query of [redacted] revealed that she is the daughter of [redacted] and is currently residing at [redacted] in West Palm Beach. Det. Caristo and I attempted contact with [redacted] with negative results. I left my business card on her front door requesting she return my call. We then responded to [redacted] in West Palm Beach. I also attempted contact with Mr. [redacted] with negative results. I left my business card for him to return my call.

Case No. . . . : 1-05-000368 (Continued)

On December 9, 2005, I received a telephone call from [redacted] mother, who was made aware of the on going investigation in Palm Beach. [redacted] advised she was told of everything that occurred at Epstein's house involving Epstein and his staff. She advised she would allow me to question her daughter about what occurred and would cooperate with the investigation. [redacted] provided me with [redacted] cellular telephone number to schedule an appointment for an official interview. I telephoned her cellular telephone and made a tentative appointment for Monday, December 12, 2005. b6 b7C

I then received a telephone call from [redacted], father of [redacted] who stated he found the business card on his door. I explained that I was conducting an investigation and needed to speak with [redacted] as she may have information that could assist in the investigation. Mr. [redacted] stated that his daughter no longer resides with him and has her own trailer in another trailer park. He advised he would tell her to call me.

On December 12, 2005, due to a conflict with schedules, arrangements were made to meet with [redacted] on Tuesday, December 13, 2005 at 5:00 pm. On December 13, 2005, Det. Dawson and I traveled to [redacted] and met with [redacted] During a sworn taped statement, [redacted] stated that when she was sixteen years old, she was taken to Epstein's house to provide a massage for money. [redacted] stated it was before Christmas last year when [redacted] approached her and asked if she needed to make money for Christmas; [redacted] stated she did and agreed to provide a massage for money. [redacted] made arrangements to take [redacted] to the house and drove [redacted] to the house to "work." [redacted] stated she could not remember the street name but would be able to drive to the street. They drove to the last house on the street and pulled in the last house on left side. They walked up the driveway and entered through a side gate which led to a kitchen door. They knocked on the door and were encountered by an employee who [redacted] described as a "Spanish looking lady." They informed her that they were expected. They were then encountered by a white female with long blond hair. [redacted] was unable to remember the name of the white female with blond hair but knew she was Epstein's assistant. She was led upstairs by the white female who explained that there would be lotions out already and Epstein would choose the lotion he wanted her to use. She was led through a spiral staircase which led to a master bedroom and bathroom. The massage table was already set up in the bathroom. [redacted] described the bathroom as a large spacious bathroom with a steam room and shower beside it with a sink to the right. [redacted] was introduced to Jeff who was on the phone when she entered. Jeff was wearing a white towel and lay on his stomach so that [redacted] may massage his feet and calves. [redacted] started the massage with the massage oil Jeff chose and rubbed his feet and calves. Jeff got off the phone and requested she massage his back as well. [redacted] began rubbing his back and got to the small of his back. During the rubbing of his back Jeff asked her to get comfortable. He

Case No. . . . . : 1-05-000368 (Continued)

requested she remove her pants and shirt. [redacted] removed her shirt and pulled her pants off. [redacted] stayed in her bra and thong panties. As she finished the small of the back, Jeff then turned onto his back. He instructed she rub his chest and pinch his nipples. As she began to rub his chest, Jeff asked her questions about herself. [redacted] remembered telling him she attended [redacted]. Jeff asked her if she was sexually active. Before [redacted] could answer, he also asked what sexual positions does she enjoy. [redacted] stated she was shy didn't like talking about those things. She continued rubbing his chest. Epstein reached up and unsnapped her bra from the front. [redacted] explained the bra she used had a front snapping device. Epstein rubbed her breasts and asked her if she like having her breasts rubbed. [redacted] said "no, I don't like that." Epstein then removed his towel and lay on the bed naked exposing his penis to [redacted] He began touching his penis and masturbated as he touched her breasts. [redacted] explained Jeff then touched her vagina area by rubbing her vagina with his fingers on the outside of her thong panties. [redacted] tensed up and stated Jeff was aware that she was uncomfortable. b6 b7C

[redacted] stated that Jeff told her , "Relax, I'm not going inside." She further explained Jeff commented to her how beautiful and sexy she was. Jeff then moved her thong panties to one side and now was stroking her clitoris. [redacted] said "Jeff commented how hard my clit was." He then inserted two fingers in her vagina and was stroking her within her vagina. She tried pulling back to pull out his fingers from within her vagina. Jeff removed his fingers from within her vagina and apologized for putting his fingers inside her. During this time he kept his hand on her vagina area rubbing her vagina. [redacted] stated he rubbed her real hard as he was masturbating. [redacted] said he climaxed onto the towel he had been previously wearing and got up from the table. Jeff told her there was $200.00 dollars for her on the dresser within the master bathroom. Jeff also told her that there was an additional $100.00 that was to be given to [redacted] for bringing her there to massage him. Jeff told her to leave her telephone number with his assistant as he wanted to see her again. Jeff stated his assistant would contact her to work again soon.

I asked her if she ever received any formal massage training to which [redacted] stated she did not. [redacted] stated it was the only time she ever went to work for Jeff and knew what happened to her was wrong. She stated she no longer speaks to [redacted] because she was upset that [redacted] took her there. She further stated that she had never been contacted for any additional work. The interview was terminated and we left the area.

Investigation Continues...

********** N A R R A T I V E # 26 **********

NA Reported By: DICKS, ALLEN C. 12/18/05
Entered By.: ALTOMARO, NICKIE A. 12/19/05

Case No. . . . : 1-05-000368 (Continued)

On 102005 at approx 0930hrs I assisted with the execution of a search warrant at 358 El Brillo Ave, Palm Beach.

Initially I was assigned to enter the residence and conduct a sweep of the premises for safety purposes. I then accompanied CSEU tech Pavlik while she photographed the exterior of the house. Once this was complete I was assigned to search certain areas of the house with Det. Dawson as part of the search warrant.

We began in the garage, searching three Mercedes Benz vehicles, a Harley Davidson motorcycle and adjacent closets in the garage. Nothing of evidentiary value was located.

We then searched two closets off the kitchen area on the east side. These can best be described as pantry or storage closets. Nothing of evidentiary value was obtained.

A small office with adjoining bath was then searched. In the bath area I located a phone message book with recent messages. This item was seized as evidence. Please note this bath and shower area are not used as designed but are storage areas containing a variety of items to include a gun safe in the shower and assorted household items.

We then searched a bath area and closet at the base of the main stairs in the foyer. Inside the closet two massage tables were located as well as partial nude female photographs. These items were later seized as evidence. Nothing of evidentiary value was noted in the bathroom.

We then searched two bedrooms upstairs on the east side of the residence. Located in the bath room of the south bedroom was penis shaped soap. Located in the bedroom of the northern bedroom was penis and vagina shaped soap as well as an adult sex toy. These items were seized as evidence.

We then searched the pool cabana located in the south west corner of the property. Several photographs of nude females were seized as evidence.

I was then assigned to stand by with a person I believe was Douglas Schoettle. Mr. Schoettle was in the residence at the beginning of the search warrant. He was present during the warrant service and subsequent search. I stood by with him until the search was completed and I departed the residence. I had no conversation with him regarding the reason for our presence.

Regarding seized evidence, all items were photographed in place and then collected by CSEU personnel.

This concludes my involvement in this case.

Case No. . . . : 1-05-000368 (Continued)

********** N A R R A T I V E # 27 **********
NA Reported By: KRAUEL, CURTIS D. 12/21/05
Entered By.: ALTOMARO, NICKIE A. 12/21/05

On Thursday, October 20, 2005 at approximately 0936 hours, I assisted in the execution of a search warrant located at 358 El Brillo Way, Palm Beach, Florida, residence of Jeffrey Epstein. I was instructed by Case Agent Det. Joseph Recarey, to secure all computer and media related material from the residence.

Upon my arrival I was directed by Det. Recarey to a room designated as the Kitchen Staff Office. I observed a, Silver in color, CPU with the left side cover removed, exposing the CPU s hardware sitting on floor next to a glass type desk. The CPU had no discernable identifiers or features indicating a make or model. This CPU was powered off with the power cord not plugged in. The keyboard and mouse were atop the CPU. It should be noted that the CPU was not connected to a monitor, printer, or other media device. On the back Panel of the CPU, I observed an A/V card with RCA jacks attached. This type of hardware would allow audio and video to be downloaded onto the CPU s hard disk. The ends of the RCA jacks were unattached at the time of the search and no external camera was located within this room.

The CPU was located on the right side of a desk that held a flat panel LCD screen. The desk also held another keyboard and mouse, indicative of a second computer; however, no other computer was found. It appeared as though a second computer had been recently removed as the cables ends from the monitor, keyboard and mouse were in the same area. A further search of the room revealed no media storage devices, i.e. CD s, Floppy Disks, Zip Disks, etc. This type of media is commonly stored in an area where computers are placed, yet no media was found.

After completing a search of this room, I secured the CPU and turned all items over to the Evidence Custodian for future forensic analysis via a property receipt.

I was then directed by Det. Recarey to a room designated as the Garden Room, where I observed a wooden desk facing west. The desk held a flat screen LCD monitor, keyboard, mouse, media card reader and printer; however, no CPU was located. All of the cables were removed from an area where a computer had once been. A search of the desk area revealed no signs of any media devices.

Det. Recarey directed me to a third location designated as the Cabana room, which is detached from the residence and located just south of the pool. In the South East corner of the room, I observed an office type setting, with an L-shaped desk holding a flat screen LCD monitor, keyboard, mouse and printer; however, no CPU was located. All of the cables were removed from an area where a computer had once been. A search of the desk area revealed no signs of any media devices.

Case No. . . . : 1-05-000368 (Continued)

Det. Recarey directed me to a second detached structure located on the South East corner of the property. This area of this structure was assigned with single letters to identify a particular part of the room. In the office area, designated as Room B, I observed a powered on Dell Dimension 2350, attached to an LCD flat panel monitor. The screen displayed an open Microsoft Internet Explorer browser with URL address of http://home.bellsouth.net/. I observed no other active windows in the Start panel window and photographed screen. The power cord was removed from the back of the Dell CPU and I disconnected the cable modem to prevent remote access. At that time, the Dell CPU, marked with Serial Number 6WTVN21, was secured and turned over the evidence custodian for future forensic analysis via property receipt. I also located several media related items within Room B, which were recorded onto a property receipt and turned over the Evidence Custodians.

I then responded to a Bedroom designated as Room F, where I observed a white in color CPU marked Premio. The Premio CPU was in a computer desk which held a white CRT monitor, both of which were powered on. The CRT monitor displayed a message from Norton Antivirus software, warning of an expired subscription. I observed no other active windows in the Start panel window and photographed screen. I removed the power cable from the back of the Premio CPU and shutdown all other media. The Premio CPU, marked with Serial Number 2000091078, was secured and turned over the evidence custodian for future forensic analysis via property receipt. I also located several media related items within Room F, which were recorded onto a property receipt and turned over the Evidence Custodians.

This concluded my participation in the search of the residence.

********** N A R R A T I V E # 28 **********

NA Reported By: RECAREY, JOSEPH 12/21/05
Entered By.: ALTOMARO, NICKIE A. 12/21/05

On December 20, 2005, I contacted ASA Daliah Weiss in an attempt to subpoena the Epstein former houseman, Alfredo Rodriguez. Rodriguez, who resides in Miami, had eluded the process servers previously and was not served the investigative subpoena. A telephone message was left as she is not available during the week of 12/19/2005. I made contact with State Attorney Inv Theresa Wyatt and requested the same via telephone message.

I then researched the victim's [redacted] cellular telephone subpoena data which had been received from a previous subpoena request. I analyzed the records which depict several calls from [redacted]. The telephone calls start on February 6, 2005 at 12:49 pm.; the same day which the victim and the victim's father stated the incident occurred at Epstein s house. The first incoming call was from [redacted]'s residence at [redacted] The second incoming call from [redacted]s

b6
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Case No. . . . . : 1-05-000368 (Continued)

cellular phone occurred at 1:02 pm. The call durations were one minute or less. The time frame was within thirteen minutes apart. It should be noted that s residence was in close proximity to the victim's. The next call occurred at 5:50 pm when the victim telephoned s residence. Several calls were made after the above mentioned calls both incoming and outgoing to . Further analysis showed no telephone calls to either cellular telephone or residence were registered prior to February 6, 2005. b6 b7C

Additionally, I also conducted an analysis on the telephone calls from 305-710-5165. The subscriber information confirmed that the number is registered to Paul A Lavery from Hialeah, Florida. The address was crossed referenced to the Office of Kiraly and Riley Private Investigators. I researched the web page www.rileykiraly.com which also showed various cases in which they assisted. I also located another web site under www.coralspringssparklandrotary.org in which Mr. Riley attended a Miami Rotary meeting and confirmed Atty. Roy Black is among his clientele.

The telephone calls revealed Lavery had telephone contact with either just after I attempted to interview them, or just prior. A background was conducted on Lavery which revealed he holds a current Private Investigator License. A criminal arrest record revealed he had been previously arrested for possession of cocaine and solicitation of prostitution. b6 b7C

I also researched the girls using www.myspace.com. This web site is a new social networking service that allows members to create unique personal profiles online in order to find and communicate with old and new friends. The site allows one to establish your own myspace.com page and decorate the page any way one wishes. I found the following people have myspace sites: b6 b7C

I received a Cingular Wireless packet which contained a CD which contained the results of the subpoena request for verbatim calls on An analysis will be conducted in the near future on the phone numbers called. b6 b7C

Investigation Continues.

********** N A R R A T I V E # 29 **********

NA

Reported By: RECAREY, JOSEPH 12/27/05
Entered By.: ALTOMARO, NICKIE A. 12/29/05

Upon doing research on the message books recovered in the search warrant, I located the identity of The telephone number was registered to . She currently is seventeen years old and is attending . I b6 b7C

Case No. . . . : 1-05-000368 (Continued)

responded to [redacted]. I located the [redacted]. I located [redacted] and informed her that I was investigating a case against Jeffrey Epstein and knew she had been at the house. [redacted] started to cry and advised she had put that part of her life behind her. I explained that although she is seventeen years old I needed to inform her parents that she would be interviewed. She provided her home telephone number. I attempted contact and left voice mail messages at the house to speak with her parents.

b6
b7C

Det. Caristo and I then located [redacted] at her residence located at [redacted] in West Palm Beach. I attempted to interview her about Jeffrey Epstein. She advised she is so in love with Jeff Epstein and would do anything for him. She further explained that she would not speak with us about him either negative or positive. She asked us to leave her property. I informed her that although she did not wish to speak with us, I had sufficient information at this point in the investigation to know she was at Epstein's house and provided girls to Epstein to work. I also explained that prior to our arrival at her residence I had telephone contact with her father, [redacted] who was told she would be interviewed. [redacted] is currently seventeen years old and as a juvenile, parental notification would be required. We then left the area and returned to the police station.

While at the police station, I left another telephone message for [redacted]. I began an analysis of [redacted] Cellular telephone. The telephone number [redacted] is assigned to [redacted] and the financially responsible party is Jeffrey Epstein of 457 Madison Ave. in New York City, New York. The time frame which was subpoenaed was September 2005, through October 2005. There were eighty seven pages of calls made either to the cell phone or from the cell phone. The local (561) numbers were analyzed. A spread sheet was prepared and placed into the attachment file of who was called.

The unknown numbers were researched using FoneFinder.com and subpoenas were requested to determine subscriber information. This was done to identify additional victims or witnesses. The analysis revealed that [redacted] had called the victim/witnesses frequently when Epstein was in the Town of Palm Beach to "work." This confirms what the girls interviewed had previously stated. [redacted] would notify them when Epstein was in town and their willingness to "work." The CD was placed into evidence.

Investigation Continues.

********** N A R R A T I V E # 30 **********

NA Reported By: RECAREY, JOSEPH 1/03/06
Entered By.: ALTOMARO, NICKIE A. 1/03/06

On December 29, 2005, I received a facsimile from National Compliance

Case No. . . . : 1-05-000368 (Continued)

Center from Cingular Wireless for telephone number [redacted] This was the telephone number for [redacted] during the time frame when the victim, [redacted] was brought to the Epstein house to "work." An analysis of the phone records, of all incoming and outgoing calls, showed that on February 6, 2005, the day the victim, [redacted], [redacted] first called [redacted], Epstein's assistant, at [redacted] at 12:50 pm (EST). The next call was made to Epstein's house in Palm Beach, at 12:52 pm (EST). The following call was made to the victim, [redacted] at 1:01 pm (EST) and at 1:02 pm (EST). This confirms the information provided by the victim and victim's father. I photo copied the records and enlarged the page 8 of 10 to show the calls made by [redacted] on February 6, 2005. b6 b7C

To this date, I have not heard from [redacted] I will attempt to establish contact with them during the evening hours. I received a package from Atty. Guy Fronstin, which was hand delivered at the police station. Within the package, was a letter from Alan Dershowitz, and two www.myspace.com profiles. The profiles were that of [redacted] MySpace.com is a social networking service that allows members to create unique personal profiles online in order to find and communicate with old and new friends. This package was in response to a previous meeting in which Mr. Dershowitz called to assist in the investigation in providing any additional witnesses such as house employees who have been reluctant to speak with law enforcement. b6 b7C

I reviewed the profiles Mr. Dershowitz enclosed. [redacted], who designed her blog to be [redacted]' still attends [redacted], sends and receives messages from friends which contain some profanity. Upon reviewing her friends' comments section from Myspace, most of her good friends sent messages to establish contact and invite her to go out.

I then reviewed [redacted] web blog which was provided by Mr. Dershowitz. Ms. [redacted] designed her blog to be [redacted] Her blog states that her interests include music, theater and weed (Marijuana). I reviewed her packet in which [redacted] declares her love for her live-in boyfriend. She also describes using marijuana with her boyfriend [redacted].

The letter Mr. Dershowitz sent advised he was looking into the allegation that one of the private investigators used by the private attorneys of Epstein, attempted to impersonate or state that they were police officers from Palm Beach. Mr. Dershowitz advised that the investigators used to interview [redacted] had "quite a distinct speech impediment", did not claim to be nor did they impersonate themselves as a police officer. This package was sent to both ASA Lana Belohlavic and ASA Daliah Weiss at the State Attorney's Office. b6 b7C

I made telephone contact with ASA Weiss to confirm she received the package and request an interview with [redacted] and Janusz Banasiak. She advised she would assist in attempting to

Case No. . . . : 1-05-000368 (Continued)

contact Mr. Dershowitz.

On January 3, 2006, I received a telephone call from ASA Weiss who informed me that she made telephone contact with Mr. Dershowitz. She had requested the employees be available the week of January 3, 2006. Mr. Dershowitz informed her that the assistants are out of the country and would require additional time to locate them and make them available.

Investigation Continues.

********** N A R R A T I V E # 31 **********

NA Reported By: MINOT, LORI S. 1/03/06
Entered By.: ALTOMARO, NICKIE A. 1/03/06

On Thursday, 03/31/05, I started conducting surveillance at 358 El Brillo. At this point I observed at 1155 hours, a Tan Altima bearing FL tag A303AN in Roadway, Black SL bearing FL tag V55RFW in drive, Tan Honda Civic bearing FL tag X98APM in Roadway, Black Chevy Suburban in driveway and a Black Caddy Escalade in driveway. At 1325 Hours I observed Tan Honda Civic X98APM in roadway, Black Chevy Suburban in driveway, Black Caddy Escalade in drive and a White Kia car bearing FL tag D651BQ. At 1615 hours I observed a Tan Honda Civic, X98APM in roadway, Black Chevy Suburban in drive, Black Caddy Escalade in driveway and a White Kia car D651BQ in roadway.

On Friday, 04/01/05, I continued surveillance at 358 El Brillo. At 1130 hours I observed a Tan Honda Civic bearing FL tag X98APM in roadway, Black Caddy Escalade in driveway and a Tan unknown make/model bearing FL tag A303AN in roadway. At 1227 hours, I observed a Tan Honda Civic X98APM in roadway, Black Caddy Escalade in driveway and a Black Chevy SUV located behind the Escalade. At 1345 hours, I observed a Tan Honda Civic X98APM in roadway and a Black Chevy SUV in driveway. At 1558 hours, I observed a Tan Honda Civic X98APM in roadway, Black Chevy SUV in driveway, Black Caddy Escalade in driveway and a dark unknown model/make car parked in garage.

On Saturday, 04/02/05, I continued surveillance at 358 El Brillo. At 0713 hours, I observed a Red Explorer bearing FL tag J98JEI in roadway and a Black Caddy Escalade in driveway. At 0814 hours, I observed a Red Explorer J98JEI in roadway, Black Caddy Escalade in driveway and a Tan Honda Civic X98APM. At 0952 hours, I observed a Red Explorer J98JEI in roadway, Black Caddy Escalade in driveway, Tan Honda Civic X98APM in roadway and also a Grey unknown make/model with a B.M in trunk retrieving landscaping tools.

At 1155 hours, I observed a Grey Camaro bearing FL tag X88EFF, parking in the roadway in front of 358 El Brillo. A W/F, blond hair, teens to early 20's, thin and tall wearing a white tank top and short blue jean shorts, exited the vehicle and walked to the rear of the house. I also observed a Red Explorer J98JEI in roadway, Tan Honda Civic X98APM in roadway and a Black Caddy Escalade in driveway. At 1310 hours, I

Case No. . . . : 1-05-000368 (Continued)

observed a Red Explorer W/F driver leaving the area, Tan subcompact on roadway and a Red Neon bearing FL tag J10GRV. Then observed 3 W/Fs, approximately 16 to 18 years of age jogging. All 3 females ran into the driveway. There were 2 with blond hair and one brown hair.

On Sunday, 04/03/05, I continued surveillance at 358 El Brillo. At 0719 hours I observed a Tan Honda Civic X98APM in roadway and a Black Caddy Escalade. At 0934 hours, I observed a Tan Honda Civic X98APM in roadway and a Black Caddy Escalade in driveway. At 1057 hours I observed only the Tan Honda Civic X98APM.

On Tuesday, 04/05/05, I continued surveillance at 358 El Brillo. At 1052 hours, I observed a Red Explorer J98JEI in roadway, a Green Explorer, bearing FL tag F91KAK in roadway, a Grey Altima bearing FL tag A303AN in roadway, White Ford Truck H58LRA in roadway, Black Mercedes in driveway being washed by a B/M and an unknown dark car parked in the garage. At 1059 hours a Blue Chevy Suburban drove to the house of 358 El Brillo and parked in the driveway. At 1119 hours, I observed the White Fort Truck H58LRA leave the area and the drive was the pool man.

At 1126 hours, I observed a Grey unknown make/model car park in roadway. W/M got out of the car and walked to a house on the south side of El Brillo. At 1406 hours, I observed a Red Explorer parked on roadway and a large white box truck parked behind the surveillance suburban.

********** N A R R A T I V E # 32 **********

NA Reported By: BATES, MICHAEL J. 1/03/06
Entered By.: ALTOMARO, NICKIE A. 1/03/06

On 03/31/05, at approximately 1500 hours while conducting surveillance at 358 El Brillo, I observed a Black Cadillac Escalade, unknown tag, a Black Chevrolet Suburban, unknown tag, a Black Mercedes S600 FL tag U90BQL parked in the east driveway next to the 3-car garage. There was a Tan Honda Civic FL tag X98APM parked on the street in front of the residence.

At approximately 1700 hours, I observed the Black Suburban, Black Escalade, Black Mercedes and Tan Honda Civic parked in the same place. At 1750 hours, there was no change in vehicles. At 1840 hours, I observed the Black Escalade, Black Suburban and Black Mercedes along with a Silver Hyundai Accent FL tag A136AN all parked in the east driveway and a Red Ford Explorer FL tag J98JEI parked on the street in front of the residence.

At 2000 hours, I observed the Black Escalade, Black Suburban parked in the ease driveway and the Red Explorer and Tan Civic parked on the street.

On Friday, 04/01/05 at approximately 1700 hours, I observed the Black

Case No. . . . . : 1-05-000368 (Continued)

Escalade and Black Suburban parked in the east driveway and the Tan Honda Civic parked on the street in front of the residence. At 1820 hours, I observed the Suburban and Civic in the same place and a Gold Chevrolet Camaro FL tag X88EFF parked on the street in front of the residence. At 2250 there was no change. At 2330, I observed the Black Escalade parked in the driveway and the Red Explorer parked on the street in front of the residence.

On Saturday, 04/02/05 at approximately 1700 hours, I observed a Black Escalade, unknown tag, parked in the driveway and a Tan Honda Civic FL tag X98AMP parked in the street in front of the residence. At 1805 hours the Escalade and Civic were in the same position and the Black Mercedes FL tag U90BQL was also parked in the east driveway. At 1920 hours the Escalade and Civic were the only vehicles and both were in the same position. At 2030 hours and 2145 hours there were no vehicles observed.

At 2115 hours, I observed a Black Mercedes, 4-door parked in the east driveway FL tag G14CT. At 2300 hours, 2350 hours and 0045 hours, the Black Mercedes was the only vehicle observed.

********** N A R R A T I V E # 33 **********

NA Reported By: RECAREY, JOSEPH 1/05/06
Entered By.: ALTOMARO, NICKIE A. 1/05/06

I made contact with Mr. [redacted] father of [redacted] who was told that I wished to interview his daughter. Mr. [redacted] stated he was aware and had spoken with his daughter about the incident. He stated that his daughter had previously told him that she was hired to model lingerie at a Palm Beach mansion. Mr. [redacted] stated he knew nothing else about what she did when she went to "work." Mr. [redacted] advised he would cooperate with the investigation and make his daughter available for interviews. I asked if she was available for an interview, [redacted] stated she was not at home at the moment. I informed him I would make contact with her at a later time. Mr. [redacted] expressed his interest in the resolution in this matter as he stated this information has affected his daughter emotionally.

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b7C

On January 4, 2005, I acquired the subpoenas from the State Attorney's Office for Cingular Wireless, Metro PCS, Verizon, Bell South Telecommunications and Sprint for the unknown telephone numbers from [redacted] cellular telephone. The subpoenas were sent to the respective telephone carriers for subscriber information.

I received a telephone call from State Attorney's Office, who informed me that the former houseman for Jeffrey Epstein, Alfredo Rodriguez, was present at the State Attorney's Office for an interview. Rodriguez was issued an investigative subpoena for an interview on the on-goings at Epstein's house during his employ. I responded to the State Attorney's Office and encountered Mr. Rodriguez waiting in the lobby. I brought Mr. Rodriguez to the interview room.

Case No. . . . : 1-05-000368 (Continued)

During a sworn taped statement, Mr. Rodriguez stated he was employed by Jeffrey Epstein for approximately six months. He was referred by associates and his employment lasted the months of November 2004 through May 2005. His responsibilities as house manager included being the butler, chauffer, chef, houseman, run errands for Mr. Epstein and provide for Epstein's guests. Rodriguez advised he had very limited contact with Mr. Epstein. If Rodriguez needed to relay a message to Mr. Epstein, he would have to notify Epstein's secretary "Leslie" in New York City, who would then notify Epstein's personal assistant, [redacted] who would relay the message to Epstein. Rodriguez stated Epstein did not want to see or hear the staff when he was in residence.

I asked Rodriguez if Epstein received many guests during his stay in Palm Beach. Rodriguez advised he had many guests. I asked specifically about masseuses coming to the house. Rodriguez stated he would have two massages a day. Epstein would have one massage in the morning and one massage in the afternoon everyday he was in residence. Rodriguez stated he would be informed to expect someone and make them comfortable until either [redacted] or Epstein would meet with them.

Rodriguez stated once the masseuses would arrive, he would allow them entry into the kitchen area and offer them something to drink or eat. They would then be encountered by either [redacted] or Epstein. They would be taken upstairs to provide the massage. I asked Rodriguez if any of the masseuses appeared young in age. He advised he didn't ask their ages but felt they were very young. Rodriguez stated they ate like his own daughter who is in high school. Rodriguez stated they would eat tons of cereal and drink milk all the time. Rodriguez stated the girls that would come appeared to be too young to be masseuses. He stated one time under Epstein's direction, he delivered a dozen roses to [redacted] for one of the girls that came to provide a massage. He knew the girls were still in high school and were of high school age. I asked Rodriguez about the massages. He felt there was a lot more going on than just massages. He would clean Mr. Epstein's bedroom after the alleged massages and would discover massager/vibrators and sex toys scattered on the floor. He also said he would wipe down the vibrators and sex toys and put them away in an armoire. He described the armoire as a small wood armoire which was on the wall close to Epstein's bed. b6 b7C

Epstein ordered Rodriguez to go to the Dollar rent a car and rent a car for the same girl he brought the roses to, so that she could drive her self to Epstein's house without incident. Rodriguez said the girl always needed rides to and from the house. Rodriguez referred himself as a "human ATM machine" and was ordered by Epstein to maintain a minimum balance of $2,000 dollars on him at all times. When a girl would come by the house and Mr. Epstein was either not in residence or was not at home at the time, Rodriguez was to provide the girl (masseuse) several hundred dollars for their time and to notify Epstein the amount they were given. Epstein also ordered Rodriguez to

Case No. . . . : 1-05-000368 (Continued)

purchase several gifts and provide them as tips to the girls. I asked what kind of gifts. Rodriguez stated he purchased IPODS, jewelry, anything the girls would want.

Rodriguez stated the amount of girls that came to the house was approximately fifteen. Each of the girls knew each other and all seemed to know at [redacted] who Mr. Epstein was. When asked to identify these girls, Rodriguez stated he could not at the moment but knew he wrote their names down on a journal he kept during his employ with Mr. Epstein. He kept a journal in the event he needed to explain either to Mr. Epstein or his assistants what was done at the house or who visited the house as he stated he was in-charge of Mr. Epstein's personal security while in Palm Beach. I informed him I would need to view this journal to which he stated he would research the book and contact me to provide the book. The interview was concluded and left the area. I returned back to the police station where the micro cassette was placed into evidence. At approximately 7:20 pm, I was notified Rodriguez located the journal and would call me on January 5, 2005 to provide the journal.

Investigation Continuesàà

********** N A R R A T I V E # 34 **********

NA Reported By: RECAREY, JOSEPH 1/09/06
Entered By.: ALTOMARO, NICKIE A. 1/10/06

On January 5, 2006, I attempted to meet with Alfredo Rodriguez to recover the folder or journal in which he kept the notes that were given to him during his employ with Mr. Jeffrey Epstein. He kept this folder to justify what he did during his employ should the need arise to justify what occurred with the monies he had to keep or any questions as to the petty cash he withdrew from the household account from the bank. At approximately 10:00 pm, I attempted contact with Mr. Rodriguez and discovered he was assisting his wife at her place of employment and would not be able to meet with me. Mr. Rodriguez stated he would meet with me on January 6, 2006, in Broward County, in the morning hours. b6 b7C

On January 6, 2006, at approximately 9:00 am, I received a telephone call from Mr. Rodriguez who advised he had the file in hand and would be traveling northbound to meet with me in Broward County. At 10:50 am, I met with Alfredo Rodriguez at the parking lot of Bank of America in Boca Raton on Yamato Road and Military Trail (known as the Polo Center). Rodriguez produced a green folder which contained documents, a note with Mr. Epstein's stationary with direction to deliver a bucket of roses to [redacted] after [redacted] high school drama performance. Also in that same note was direction to rent a car for [redacted] and direction to extend the rental contract. I returned to the Palm Beach Police Station and placed the folder into evidence.

I received a fax from Verizon from the subpoena request sent on

Case No. . . . : 1-05-000368 (Continued)

01-04-06, for telephone number [redacted]. The phone number is registered to Dr Perry Bard, from West Palm Beach. Dr. Bard is a chiropractor and has an office located 4275 Okeechobee Blvd in West Palm Beach. The cellular number is Dr Bard's personal cellular number.

On January 9, 2006, Det. Caristo and I traveled to [redacted] in Palm Beach Gardens in an attempt to locate Johanna Sjoberg, who had been previously seen on the property and identified through her Florida Drivers License and Florida license Plate. A business card was left for her to return my call. We then traveled to [redacted] and located [redacted] agreed to speak with us and in a private room within the school provided us a taped statement. b6 b7C

During the statement, [redacted] advised that when she was fifteen or sixteen years of age, she was taken to Jeffrey Epstein's house by her associate, [redacted] stated this occurred late May 2004 or early June 2004. She was told she could model lingerie for money for a wealthy Palm Beacher. She remembered they traveled by yellow cab from their residence in West Palm Beach to Epstein's house. She remembered encountering Epstein at the front door during the evening hours. b6 b7C

He introduced himself and brought them into the kitchen so that the chef could prepare something for them to eat. After having a meal, [redacted] and Epstein brought [redacted] upstairs to a master bedroom which had a large bathroom. She observed a large style shower, sauna and there was a large massage bed also in the bathroom. Epstein entered a room within the bathroom and came out wearing only a towel. [redacted] said they would provide a massage on his feet. [redacted] asked why they are doing this. [redacted] told her this was part of the routine and told her to rub his legs and calves. Epstein had told [redacted] to get comfortable. [redacted] continued rubbing Epstein's calves and feet. At Epstein's direction, [redacted] then left the room leaving [redacted] there by herself. Epstein told [redacted] to get comfortable. [redacted] removed her blouse and pants and stayed in her panties. [redacted] stated she was not wearing a bra. She believed she was wearing thong panties. Epstein turned over onto his back and began touching her. Epstein touched her breasts and began touching her in her vagina area. Epstein instructed her to rub his chest and rub his nipples. [redacted] stated the touching consisted over the panties on the first time; he stroked her vagina but stayed on top of the panties. During the first massage, she stated Epstein was stroking her and began masturbating himself at the same time. He put his hands under the towel and appeared as to masturbate himself however she never saw his penis. She continued rubbing his chest until he grabbed her and pulled her closer to him. He appeared to have climaxed because after he pulled her closer to him the massage was over. Epstein had told her that there was two hundred dollars for her on the dresser. He told her that she could not tell anyone what happened at the house or bad things could happen. [redacted] stated she went to Epstein's house three

Case No. . . . : 1-05-000368 (Continued)

or four times total. [redacted] was very scared and felt very nervous. She knew because of Epstein's money he was powerful. After the massage, Epstein ordered his houseman at the time to drive the girls home. The employee was to drop off the girls at their house and watch them go inside their house. b6 b7c

[redacted] could not remember who the houseman was. She stated Epstein and his assistant [redacted] would call her at her father's house to arrange for her to come and "work." She advised each time she returned to the house, Epstein would do the same thing. [redacted] stated it was a routine with Epstein. She would rub his feet and calves. He would then turn over and begin to touch her on her vagina area. The only difference was that it was done without panties. Epstein's fingers would stroke her vagina area as he would masturbate and finally climax and the massage would be over. She was paid $200.00 each time she went. Each time she went she was reminded not to speak of what happened at the house and that she would be contacted again. She began to purposely miss the calls when either [redacted] or Epstein would call her. She once brought a friend, [redacted] unknown last name, to work for Epstein. She was paid $200.00 for bringing [redacted] stated she no longer retuned to work for Epstein. She also stated that she wanted to notify the police of what happened at the house. [redacted] stated she was scared of what could have happened to her or her family if she notified authorities.

On January 10, 2006, I received the results from the subpoena from BellSouth Telecommunications for telephone number [redacted] The number is assigned to [redacted]. I also received the results from Western Union which confirmed the money order sent to [redacted] from Jeffrey Epstein in New York City. The "wire" was sent by Jeffrey Epstein of 457 Madison Ave in New York City on December 23, 2004 at 12:05 pm. The amount of $222.00 was charged to Epstein's credit card so that [redacted] could receive $200.00 in Royal Palm Beach. The twenty-two dollars was for processing and local fees to send the money via Western Union. A copy of the check presented to [redacted] was also attached to the receipt of the wire. This confirmed what [redacted] advised she received as a Christmas bonus from Epstein.

Investigation continues.

********** N A R R A T I V E # 35 **********

NA Reported By: RECAREY, JOSEPH 1/10/06
Entered By.: ALTOMARO, NICKIE A. 1/10/06

I received and reviewed the Cingular Wireless results from the subpoena requests for subscriber information for telephone numbers [redacted] The first number, [redacted] is assigned to Janusz Banasiak in care of Jeffrey Epstein of 457 Madison Ave in New York City. Banasiak is the current houseman/house manager for 358 El Brillo Way in Palm Beach, Fl 33480. The second number, [redacted], is assigned to [redacted] of

Case No. . . . : 1-05-000368 (Continued)

1685 61st Drive in West Palm Beach. Research conducted on Venero revealed she is a licensed Massage therapist with a Florida conditional/active license number [redacted]. Venero [redacted]. The last number [redacted] is assigned to Thomas Rofrano of 9850 Alt A1A in Palm Beach Gardens. Research on Mr. Rofrano, revealed that he is a Florida Chiropractic Physician.

Vehicles that were previously documented on the property while surveillance was being conducted were researched. I determined a [redacted], bearing Florida license [redacted], was seen on the property in which a young white female was seen entering the Epstein property. Research was conducted which revealed that the vehicle is registered to [redacted] has two daughters, [redacted] is currently residing in [redacted] is residing with her father in [redacted] Research on [redacted] revealed she was recently involved in [redacted]. A request to discover any information from [redacted] was requested. b6 b7C

I spoke with ASA Daliah Weiss who informed me that Janusz Banasiak will be available for an interview tomorrow at the State Attorney's Office in West Palm Beach at 1:30 pm. I informed her that I would be at her office for the interview.

********** N A R R A T I V E # 36 **********

NA Reported By: RECAREY, JOSEPH 1/23/06
Entered By.: ALTOMARO, NICKIE A. 1/23/06

On January 19, 2006, Det. Caristo and I met with [redacted] at 622 Holly Drive in Palm Beach Gardens. [redacted] was identified as a licensed massage therapist who had previously been seen on Epstein's property when physical surveillance was done. [redacted] was told of the on going investigation and I felt she may have information pertaining to the case. During a sworn taped statement, [redacted] stated she met Epstein three years ago when Ghaline Maxwell approached her while she was attending Palm Beach Atlantic College to work around Epstein's house. Maxwell had told her that they needed some girls to work at the house to answer phones and run errands. [redacted] accepted the job and began working at Epstein's house on El Brillo in Palm Beach. [redacted] stated it was a part time job during the time she went to Palm Beach Atlantic College. She continued going to Epstein's house and would be notified when Epstein would travel to Palm Beach. [redacted] advised she would be notified by Maxwell, Epstein or [redacted] his assistant, when he would travel to Palm Beach. [redacted] stated she began providing massages to Epstein before she became a massage therapist. She continued giving massages not only to Epstein but to [redacted], and [redacted], his assistant. [redacted] was asked about what occurred during the massages. [redacted] stated as she was twenty

Case No. . . . : 1-05-000368 (Continued)

three years old when she met Epstein, anything that happened was between two consenting adults. I explained to her that she was not in any trouble however as part of this investigation, I needed to ask certain questions. [redacted] stated that there were times that Epstein would ask her to perform during the massage. He would instruct her to rub his nipples as he masturbated himself. [redacted] stated she felt "grossed" about the behavior but as she was getting paid, she just continued. [redacted] also advised she would on occasion perform the massages naked. Epstein would on occasion, utilize the vibrator/massager on her vagina area when she performed the massages. [redacted] explained that Epstein never exposed himself to her as he maintained himself covered under the towel he would be wearing. When Epstein would masturbate he would be covered.

I asked if [redacted] ever received any gifts, or any gratuities from Epstein. [redacted] advised aside from being paid well, she advised Epstein took care of her tuition from Palm Beach Atlantic College. She received a rental car for a week when her scooter broke down.

Additionally she received other gifts from Epstein. Epstein also recommended her to another client who resides at Breakers Row in Palm Beach. The client she was referred to was "Glenn" unknown last name, and his wife, who she provided a massages to. The statement was concluded and placed into evidence upon our return to the Palm Beach Police Department.

While at the police station, I researched Florida tag [redacted] which was also previously seen on the property when there was physical surveillance being done at the property. The vehicle is registered to [redacted], Florida. Researching [redacted] and the vehicle revealed that his daughter, [redacted] in Lake Clark Shores. The vehicle is a tan, Chevrolet Camaro, 2-door. I researched [redacted] date of birth, [redacted] resides at [redacted] in [redacted] has a my space page called www.myspace.com/[redacted]. In her web page, shows various photos of [redacted] photographed at a beach. An interview is forthcoming. b6 b7C

A review of the video disks which was extracted at the Palm Beach County Sheriff's Office Computer Crime Unit revealed that only one hidden camera was functional at the time. Several images of Epstein working at his office were seen. Additional footage of [redacted] and [redacted] was seen. There was other footage of females seen. The identity of the females is unknown at this time, until such time as I meet with certain females to show the video footage to confirm if, in fact, it is them on the video. At this time it appears that [redacted] and [redacted] are seen sitting with Epstein beside his desk in the evening hours. Due to poor lighting, a direct confirmation cannot be made at this time.

Inv. Continues.

Case No. . . . : 1-05-000368 (Continued)

********** N A R R A T I V E # 37 **********

NA Reported By: RECAREY, JOSEPH 1/30/06
Entered By.: ALTOMARO, NICKIE A. 1/30/06

On January 25, 2006, Det Caristo and I, responded to [redacted] and met with [redacted] stated last year, when she was seventeen years of age, she met Jeffrey Epstein through her former room mate [redacted] was allegedly dating Epstein at the time. [redacted] had once cohabitated together when they modeled. [redacted] explained [redacted] called her on her telephone and advised her that she was in Palm Beach and requested to see her. [redacted] made arrangements to meet with her at Epstein's house. [redacted] arrived and met Epstein and [redacted] and [redacted] went to the Palm Beach Mall together and went shopping. [redacted] advised that [redacted] and she had received money from Epstein to go to the mall. They visited Victoria's Secret and purchased undergarments from the store utilizing monies given by Epstein. [redacted] advised she purchased one item and [redacted] purchase various items. The money used to purchase the items was the money given by Epstein.

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[redacted] continued shopping and having a day together. [redacted] stated [redacted] explained how she and Epstein have been dating each other and he has been paying all of her bills. [redacted] claimed [redacted] advised they met in New York and had been dating ever since. They later returned to Epstein's home and encountered Epstein. He had a brief conversation with [redacted] about her modeling career. He knew of her modeling career from [redacted] He requested to see her modeling portfolio and explained that he could help her with modeling jobs. [redacted] had her book with her to show [redacted] and showed the book to Epstein. He commented negatively about her photographs and portfolio. [redacted] felt uncomfortable with the comments made as she had been working with other professional modeling companies who had offered her work from her photographs. Epstein requested to see what was purchased at the mall. [redacted] took out the undergarments which were purchased. She immediately showed Epstein different sets purchased. Epstein then requested to view what [redacted] purchased. [redacted] was reluctant to show the outfit however since it was Epstein's money that purchased the item, she pulled it out of the bag. Epstein asked her to try it on. [redacted] looked at [redacted] who told her "yeah, try it on." Feeling compelled to try the undergarment outfit on; she went to another room and put on the bra and panty set. She walked out to the living room where they were sitting, and modeled the suit. She then went back into the other room and changed back into her clothes. [redacted] returned into the room and told [redacted] she would be going home. [redacted] scheduled another day for [redacted] to return for massages with her.

[redacted] stated within that same week, she returned to meet with [redacted] and have a massage. [redacted] had told her that she would be unable to stay with her as she would be going on a bike ride with Epstein. [redacted] explained she could stay at the house and take advantage of the massage.

Case No. . . . : 1-05-000368 (Continued)

[redacted] stated she met with an unknown massage therapist and had the table already set up in a guest room. [redacted] removed her clothing, leaving her panties on, and wrapped herself with a towel for the massage. [redacted] remembered that the door to the guest room was closed but not locked. As the therapist was working her back, the door was opened by Epstein and entered into the room. [redacted] was trying to conceal herself as Epstein was talking to her about his chiropractic session. Epstein told [redacted] turn over onto her back. [redacted] eventually turned over exposing her breasts to Epstein as he applied pressure on her shoulder and her waist. [redacted] stated Epstein "popped" her back. [redacted] removed her self from the table, got dressed and left the house. [redacted] further stated [redacted] had attempted to call her on several occasions to invite her back to Epstein's house to which [redacted] replied "I'm busy." [redacted] advised she has not had contact with either [redacted] or Jeffrey Epstein. It should be noted that her mother, [redacted] was present during the interview. The interview was concluded and we thanked them her for their time.

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********** N A R R A T I V E # 38 **********

NA Reported By: RECAREY, JOSEPH 1/31/06
Entered By.: ALTOMARO, NICKIE A. 1/31/06

On January 27, 2006, I made telephone contact with Christina Venero, at [redacted]. Venero is a licensed massage therapist who had frequented the home of Jeffrey Epstein. Ms. Venero has been unable to meet with me in Palm Beach County, and because she lives and works in Port St Lucie, a telephone interview was conducted. I explained to Ms. Venero that there was an on going investigation involving Jeffrey Epstein.

Venero stated she knows Epstein and has been employed by him for approximately three years. Epstein has paid Venero to perform Swedish Massages (Deep Tissue) on him and other guests. Venero explained that approximately three year ago she met Ghislaine Maxwell and Jeffrey Epstein through a mutual friend. Epstein and Maxwell were looking for a massage therapist. Venero stated since that time, she is notified when Epstein is coming to Palm Beach. Venero stated she comes to his house and provides the massage or massages. Venero explained she has also massaged his guests and assistants. Venero continued that she is paid $100.00 and hour for the massage.

I asked Venero if anything occurred during the massage that would have made her feel uncomfortable. Venero stated she only provided massages and that was it. She never was approached for anything else. I asked if Epstein ever asked her to rub his chest she stated she would not rub his chest as that is not part of her massage. Venero explained that she was not Epstein's type. The girls she would see at Epstein's house were very thin, beautiful and without tattoos. Venero explained she has several tattoos that are visible. Maxwell and Epstein have commented negatively about her tattoos previously when she has provided massages.

Case No. . . . : 1-05-000368 (Continued)

Venero stated she only provided massages for Epstein and his associates and nothing happened during those massages. Venero stated as she does Swedish style massages, the patient is usually sore after the massages. I thanked her for her assistance and the interview was concluded at this time.

I received a facsimile from T-Mobile Cellular service on telephone number [redacted], which is assigned to David Rodgers, pilot for Mr. Epstein, who resides in Lake Worth. Rodgers' telephone number was dialed on several occasions by [redacted]. A background on Rodgers indicated he has a valid FAA pilot license First Class for the Southern FAA Region. Rodgers has another historical FAA license for Airline Transport Pilot.

Investigation Continues.

********** N A R R A T I V E # 39 **********

NA Reported By: RECAREY, JOSEPH 2/14/06
Entered By.: ALTOMARO, NICKIE A. 2/16/06

On Friday, February 3, 2006, I had made arrangements to meet with [redacted] at the Palm Beach Police Station. At approximately 1:00pm, [redacted] and her friend, [redacted] arrived at the police station. During an interview with [redacted] she stated she met Epstein when she turned eighteen years old and was brought to Epstein's house to provide a massage. She advised this occurred on May of 2005. She advised [redacted] had informed her if she wanted to provide a massage for $200.00. [redacted] agreed and was brought to Epstein's house to provide a massage. [redacted] stated she had been to the house on many occasions during the massage sessions. [redacted] also stated she would remove her clothing to provide the massage on Epstein. [redacted] advised Epstein would pay her $300.00 to rub his back, legs and chest. During the massages, Epstein would masturbate himself as she rubbed his chest. I asked her if Epstein ever touched her breasts during the massages. [redacted] replied. "Yes." I asked her if Epstein ever touched or massaged her vagina. [redacted] stated he had on several occasions. I asked her if he ever penetrated her with either his penis or any other objects. [redacted] stated that during a massage he inserted his fingers in her vagina as she massaged him. She stated this occurred one time only. [redacted] stated the massage would be over when Epstein would climax onto a towel. I asked [redacted] if she had any formal massage training to which she replied that she did not. [redacted] was then asked if she ever brought anyone to the house to "work." [redacted] stated she brought two people to the house. She advised she received money for bringing people to the house to "work." [redacted] stated she brought a girl named [redacted] and her friend [redacted] was still waiting for [redacted] in the lobby of the police station. I thanked [redacted] for her time and her cooperation and escorted her to the lobby.

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b7C

I asked [redacted] if I could speak with her about this investigation. I

Case No. . . . : 1-05-000368 (Continued)

brought her to the interview room and explained to her that I was conducting an investigation on Jeffrey Epstein and felt she may have information pertaining to the investigation. [redacted] identified herself as [redacted] and resides in Wellington, Florida. She advised approximately a year ago she was brought to Epstein's house to provide a massage for money. [redacted] stated she needed to make money and felt it was a quick way to make some money. [redacted] stated she was brought to the house by [redacted] and was introduced to Epstein and his assistant. She was brought to his main bathroom and provided a massage. I asked her if she provided the massage naked. [redacted] stated she did. She rubbed Epstein's legs, back and chest. I asked [redacted] if Epstein touched her during the massage. She advised he did not, however he did masturbate himself as she rubbed his chest. Once he climaxed the massage was over. She was paid her money and left the area. [redacted] advised it occurred one time and she never returned to Epstein's house. The interview was concluded and [redacted] was escorted to the lobby.

I located a telephone number for [redacted] and attempted to contact her on several occasions. I called [redacted] and spoke with [redacted] who advised she would speak with me in Deerfield Beach where she resides. Due to a scheduling conflict, we were unable to meet. I informed her I would contact her to schedule another appointment to speak with her about this investigation. I have attempted to meet with her and make telephone contact with negative results. b6 b7C

On February 13, 2006, I met with David Rodgers at 7318 Heathley Drive in Lake Worth. Rodgers was identified as Epstein's pilot. I spoke with Rodgers who advised he has been employed with Epstein since 1991. He flies both planes for Epstein depending where he wants to fly to. Rodgers was asked about passengers in the plane he flies. Rodgers stated unless Epstein flew to his island off of St Thomas, there would be no way of knowing who the passengers were. I mentioned a recent flight to Ohio, where Rodgers flew to Ohio to pick up [redacted] Rodgers stated he recalled flying on several occasions and did remember [redacted] Rodgers stated once he is in the cockpit, he does not know who the passengers are. When he prepares the passenger manifests, he lists Epstein and his assistants he knows by name, [redacted] and [redacted]. Rodgers stated he would list either female or male passengers on the manifests only to keep a count on the passengers. Mrs. Rodgers came into the living room and recommended that her husband consult with an attorney. Mr. Rodgers agreed he would speak with the family attorney to inform him of this questioning. I explained to Mr. Rodgers that he was not the suspect in this investigation and ceased all questions. Based on the fact Rodgers could not advise who passengers were in the plane, I then left the area.

I attempted to locate [redacted] in Wellington. I left my business card for her to return my call. On February 14, 2006, at 12:06 pm, I received a call back from [redacted]

Case No. . . . : 1-05-000368 (Continued)

on my voice mail. [redacted] left her telephone number for a return call [redacted] I left her a message to return call. b6 b7C

Investigation Continues..

********** N A R R A T I V E # 40 **********

NA Reported By: RECAREY, JOSEPH 2/21/06
Entered By.: ALTOMARO, NICKIE A. 2/22/06

On February 15, 2006, I made telephone contact with [redacted] who provided directions to where I could locate her. Det Caristo and I responded to 806 Old Dixie Hwy in Lake Park to meet with [redacted] Upon my arrival, I met with [redacted] in the parking lot directly behind MAACO Auto Painting. She was advised I was there to speak with her about an ongoing investigation that concerned Jeffrey Epstein in Palm Beach. [redacted] stated she knows Epstein very well and did not want to speak with me about Mr. Epstein. She was very fond of Epstein and did not want to speak with me about anything concerning Jeffrey Epstein. I explained to her that she was seen at the house and I would like to speak with her. She stated she knew there was an investigation and that I had spoken with other people and therefore I should know what happened at Epstein's house. [redacted] ended the conversation and walked back into her boyfriends business, Blanton Automotive. Det Caristo and I left the area and returned to the police station.

Investigation continues.

********** N A R R A T I V E # 41 **********

NA Reported By: RECAREY, JOSEPH 4/10/06
Entered By.: ALTOMARO, NICKIE A. 4/10/06

A Grand Jury Session was requested during the month of February 2006, in which all the girls that had been interviewed would have been called to testify before the Grand Jury to seek an indictment against Jeffrey Epstein. Due to subsequent meetings with the State Attorney's Office and Defense Attorney Alan Dershowitz the Grand Jury was postponed until a later time. Dershowitz had provided a package of material on the main victims in this case in which they appear on myspace.com and speak about alcohol use and some marijuana use. The State Attorney's Office wanted time to review the material.

I requested additional subpoenas from the State Attorney's Office in which I requested information from Dollar Rent a Car and Jet Aviation. The information requested from Dollar Rent a Car was for the rented vehicle by Alfredo Rodriguez while under the employ of Epstein for one of the victims. The other subpoena requested was for Jet Aviation for dates and times when Epstein's planes were in Palm Beach County.

I continued to research other names that were acquired either from interviews or intelligence gathered during the investigation. I

Case No. . . . . : 1-05-000368 (Continued)

located [redacted] in Royal Palm Beach. I responded to [redacted] [redacted] in Royal Palm Beach. During the interview, [redacted] stated she knew I would be speaking with her. [redacted] stated she was first introduced to Epstein when she turned eighteen years old. [redacted] stated she was sure of her age as it was her senior year in [redacted]. She advised she was brought there to make money and was told she would have to provide a massage to this Palm Beach guy. She remembered she met Epstein and his assistant [redacted] in the kitchen area. She stated she was taken by one of her friends, [redacted] She stated she went upstairs with [redacted] while Epstein got ready for the massage. He exited his bathroom naked and [redacted] turned around. Epstein asked her if being naked offended her. [redacted] stated it made her uncomfortable. Epstein then put on a towel and lay on the table. [redacted] stated she rubbed his back and feet. She stated she had no massage training or experience. [redacted] stated during the massage, Epstein attempted to touch her buttocks. [redacted] pulled away as he touched her buttocks. She told him again she was uncomfortable with him touching her. Epstein then cut the massage short and became upset with her. Epstein paid her $200.00 for the massage and told her to leave the house. [redacted] never returned to the house. She did advise of one time she went with [redacted] however she waited in the car for [redacted] as she did not want to go into the house. At the conclusion of [redacted] visit with Epstein they left the area. [redacted] stated she had heard from other girls that have gone to the house that Epstein now required them to do the massage naked and allow him to touch them in their private areas for monies. The interview was concluded as [redacted] did not have any other information to provide.

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I then learned from the original victim, [redacted] the defense attorney had learned of her identity. I spoke with the father of the victim, who stated there has been a private investigator on his house photographing his family and chasing visitors who come to the house. He provided a Florida License of E79-4EH. This vehicle is registered to Ivan Robles of West Palm Beach. Robles is a private investigator intern who is licensed by the state. I informed the State Attorney's Office of the above information.

I received the Grand Jury subpoenas to be delivered to three victims for a Grand Jury session to be held on April 18, through April 20, 2006.

Investigation continues.

********** N A R R A T I V E # 42 **********

NA Reported By: RECAREY, JOSEPH 4/14/06
Entered By.: ALTOMARO, NICKIE A. 4/18/06

The Grand Jury Subpoenas were personally served to the individuals they were issued to. On April 5, 2006, at approximately 7:30 p.m., I personally served the parents [redacted] who had informed me that the private investigators were still photographing the family. On April

Case No. . . . : 1-05-000368 (Continued)

10, 2006, at approximately 2:30 p.m., I served [redacted] at her residence in [redacted]. The subpoena was given to her mother, [redacted]

I learned through one of the victims [redacted] that she was personally contacted through a source that has maintained contact with Epstein. The source assured [redacted] she would receive monetary compensation for her assistance in not cooperating with law enforcement. [redacted] also stated she was told, "Those who help him will be compensated and those who hurt him will be dealt with." I told [redacted] that tampering with a witness/victim is an arrestable offense and very serious. I asked her who approached her during this encounter. [redacted] originally was reluctant to provide the name of the person who approached her to offer her not to testify because she felt they were still friends.

On April 11, 2006, Det Dawson and I traveled to Tallahassee, Florida and met with the victim, [redacted] identified [redacted] W/F, [redacted] as the person who approached her in Royal Palm Beach while she was home during Spring Break in March 2006. [redacted] also stated she did not want to pursue the intimidation charges on [redacted] was concerned that the defense attorney was given a copy of the report as certain things she had told me in confidence were repeated to her by [redacted]. Prior to our departure, the victim was given a copy of her subpoena for the Grand Jury which was scheduled to commence April 18, 2006.

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Upon our return from Tallahassee, I notified the State Attorney's Office of what was told to me. I also notified them that the subpoenas were delivered to the witnesses and they would be calling for arrangements for the date and time needed for the Grand Jury. I spoke with ASA Weiss and informed her of the possible intimidation by the defense.

On April 13, and April 14, 2006 I attempted contact on several occasions with ASA Weiss and ASA Belohlavic to ascertain when the victims needed to report for Grand Jury testimony. Messages were left on their voicemail. On April 17, 2006, during the hours of 9:00 am and 11:30 am, I again left messages for ASA Weiss and ASA Belohlavic for either of them to return my call as I had not heard from the State Attorney's Office as to the time and date of the Grand Jury.

At approximately 12:30 pm, I went to the State Attorney's Office and located ASA Weiss and ASA Belohlavic in their offices. I entered ASA Belohlavic's office who informed me that she was going to return my call. She explained that an offer was made to the defense, Atty Guy Fronstin and Atty Alan Dershowitz. The offer is 1 count of Agg Assault with intent to commit a felony, five years probation, with adjudication withheld. Epstein would have to submit to psychiatric/sexual evaluation and no unsupervised visits with minors. When asked about the all the other victims, ASA Belohlavic stated that was the only offer made as to one victim, [redacted] ASA Belohlavic cell phone rang and went to voice mail. She checked her voice mail and played the message on speaker. The caller identified himself as

Case No. . . . : 1-05-000368 (Continued)

Atty Guy Fronstin and acknowledged the deal made between them. Fronstin stated in the message, he spoke with his client, Jeffrey Epstein, and agreed to the deal. Fronstin asked to call off the grand jury as they would accept this deal. Belohlavic stated a probable cause would be needed to book Epstein in the county jail and would let me know as to when it would be needed. I explained my disapproval of the deal and not being consulted prior to the deal being offered. However I expressed that was only my opinion and the final approval would come from the Chief of Police. She explained to have Chief Reiter call Barry Krisher about the deal. I left the area and returned to the police station where I briefed the Chief about the deal offered. b6 b7C

I checked my voice mail messages and discovered a message from [redacted] stepmother for the victim [redacted] She was calling because the State Attorney's Office still had not returned any of her calls as to when they are needed for this case. I then called ASA Belohlavic's office and left messages for her to call the victims on this case and explained to them what the State Attorney's Office had done.

On April 17, 2006, at approximately 4:30 pm, State Attorney Investigator Tim Valentine called to officially notify me of the cancellation of the Grand Jury. He requested I contact the victims that had been served to appear, to notify them of the cancellation. I advised Valentine that as this Grand Jury session was called based on the State Attorney's Office decision to have the victims heard by the Grand Jury that I felt it was the States Attorney's Office responsibility to contact the victims and advise them of the reason they were no longer needed.

********** N A R R A T I V E # 43 **********

NA Reported By: RECAREY, JOSEPH 5/04/06
Entered By.: ALTOMARO, NICKIE A. 5/04/06

As I had not received any contact from anyone at the State Attorney's Office, on May 1, 2006, I prepared three arrest warrant requests and submitted them to the State Attorney's Office. The packages were delivered to the Crimes against Children Unit in care of ASA Lana Belohlavek. Jeffrey Epstein's arrest warrant was requested for 4 counts of Unlawful Sexual activity with certain minors and one count of Lewd and Lascivious Molestation. [redacted], Epstein's assistant's, arrest warrant request was for 4 counts of Principal in the 1st degree Unlawful Sexual activity with certain minors and one count of Principal in the 1st degree Lewd and Lascivious Molestation. [redacted]'s arrest warrant request was for Lewd and Lascivious Acts on a victim under 16 years of age. The receipt of delivery was signed and brought back to the records division at the police department.

On May 3, 2006, at approximately 2:54 pm, I received a telephone call from ASA Daliah Weiss on my cellular telephone. ASA Weiss advised she

Case No. . . . : 1-05-000368 (Continued)

has been taken off the Jeffrey Epstein case because her husband is employed with Attorney Jack Goldberger. Attorney Goldberger is the attorney of record for Jeffrey Epstein. His previous attorney, Guy Fronstin, has been fired from representation. ASA Lana Belohlavek has been assigned the case. ASA Weiss stated she can no longer speak about the Epstein case with me. I thanked her for her telephone call. ASA Weiss further stated that ASA Belohlavek would be calling me.

********** N A R R A T I V E # 44 **********

NA Reported By: RECAREY, JOSEPH 5/15/06
Entered By.: ALTOMARO, NICKIE A. 5/15/06

On May 10, 2006, information was received that Epstein's associate, Leslie Wexner, The Limited Inc, CEO's, plane had arrived in West Palm Beach, PBIA. The plane, a Gulfstream 4 bearing a N900LS registration, was on the tarmac at Galaxy Aviation. As Epstein had recently acquired the services of a new attorney, and the fact that Epstein's house is currently under remodeling, it was believed that Epstein may be in Palm Beach. I conducted physical surveillance at the residence, 358 El Brillo Way. I observed a large construction crew conducting remodeling at the house. The contractor, David Norr, was observed driving a Ford Explorer, white in color. The vehicle has a Florida registration of F30QQF. Norr left Epstein's house and traveled north on County Road. Det Caristo and I conducted surveillance on Norr. Norr traveled to several construction sites and checked on certain jobs. Surveillance was discontinued on Norr and Det Caristo and I traveled to Galaxy Aviation. I observed the white plane with a blue stripe along the body and tail of the plane; the tail number was visible on the bottom of the tail, closer to the body of the plane. We maintained visual surveillance on the plane until 4:57 p.m., when a caravan of Cadillac Escalades drove onto the tarmac. We observed several people exit the vehicles and discovered that they were part of the executive team for Limited Inc. The executives were in Palm Beach County for an executive meeting for the day. They arrived in Palm Beach County on May 9, 2006 at 9:30 pm and were scheduled to leave on the 10th at 5:00 pm.

On May 12, 2006, I met with ASA Lana Belohlavek at the State Attorney's Office. She explained that her boss, Barry Krischer, was requesting this case be taken to the Grand Jury again. I explained to her I had requested arrest warrants for Jeffrey Epstein, [redacted] and [redacted]. I asked that she either issue the warrants or direct file, as so much time has elapsed since the original request to the Grand Jury. I explained that the Palm Beach Police Department had concluded the case in December of 2005 and has been waiting for the case to go forward. Belohlavek stated the original offer was again offered to the new defense attorney. She was waiting for their answer by Friday May 19, 2006. She stated she would advise me of the answer.

********** N A R R A T I V E # 45 **********

NA Reported By: RECAREY, JOSEPH 6/05/06

Case No. . . . . : 1-05-000368 (Continued)
Entered By.: ALTOMARO, NICKIE A. 6/06/06

On May 22, 2006, I received several phone calls throughout the day from Mr. who stated he had been followed aggressively by a private investigator. Mr. stated that as he drove to and from work and running errands throughout the county, the same vehicle was behind him running other vehicles off the road in an attempt not to lose sight of Mr. vehicle.

I explained to him as Mr. Epstein had retained new legal council it was possible it would be new private investigators following him to observe his daily activities. I also explained to him that there was a meeting scheduled with ASA Lana Belohlavek and Attorney Jack Goldberger at Mr. Krischer's office scheduled on June 1, 2006 at 9:00 am. I attempted to call ASA Lana Belohlavek to inform her of the private investigators following Mr. however; she was on her vacation during the week of May 22 through May 30 2006.

On May 23, 2006, I received other phone calls from Mr. and Mrs. who advised they were able to acquire the private investigators license plate information. The subject following them was again driving very aggressively and caused Mrs. to run off the road. Mrs. stated the vehicle is a green Chevy Monte Carlo bearing Florida tag I35-XGA. The vehicle is registered to Zachary Bechard of Jupiter Florida. Bechard is employed with Candor Investigations from Jupiter, Florida. Bechard is a licensed Private Investigator in the State of Florida.

Since the discovery of the threat made against one of the victims in this case , I requested subpoenas for all calls made to and received from during the month of March 2006 for her cell phone and home phone. I had confirmed with the exact dates of Spring Break for 2006.. The Spring Break was from March 4, 2006 through March 12, 2006. I received a subpoena from Sprint/Nextel with all calls made during the month of March 2006. I reviewed the 989 calls made and received during the month of March 2006. I observed on March 7, 2006, made and received thirty five calls during that day.

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| Date | Time | Seconds | In/Out | To/From |
|---|---|---|---|---|
| 7-Mar-06 | 11:03 AM | 492 | Outbound | 561XXXX |
| 7-Mar-06 | 11:16 AM | 6 | Inbound | 561XXXX |
| 7-Mar-06 | 11:22 AM | 887.2 | Inbound | 561XXXX |
| 7-Mar-06 | 11:37 AM | 48 | Outbound | |
| 7-Mar-06 | 11:39 AM | 28.2 | Inbound | |
| 7-Mar-06 | 12:02 PM | 727.2 | Inbound | |

The table reflects the date of the calls, time of day (EST), duration

Case No. . . . : 1-05-000368 (Continued)

of call in seconds, inbound or outbound calls and calls made to or from [redacted] phone. On March 7, 2006, at 11:03 am, [redacted] made a call to the victim [redacted] which lasted 492 seconds (8 minutes and 2 seconds). The victim then returned the call at 11:16 am which lasted 6 seconds. The victim then made contact with [redacted] at 11:22 am for 877.2 seconds (14 minutes and 6 seconds). These sequences of calls were consistent with what the victim had described to me on the date of the intimidation. Immediately after speaking with the victim, [redacted] makes a call to [redacted] Epstein's assistant, which lasts for forty-eight seconds. A call is then immediately received, a telephone number registered to a Corporation affiliated with Jeffrey Epstein located at 457 Madison Ave in New York. An extensive computer check revealed 457 Madison Ave is a business address in which Epstein has his corporations assigned to. Epstein had corporation attorney, Darren Indyke, register the businesses and register himself as an agent. I also observed Epstein has his El Zorro Ranch Corporation, New York Strategy Group, Ghislaine Corporation, J Epstein and Company and the Financial Strategy Group registered to this same address. Finally, a third call is received by [redacted] at 12:02 pm from the same corporate number which lasts 12 minutes and 1 second. It should be noted that there is no further contact with either the victim during the month of March or April of 2006. I also noted that there was no further contact with [redacted] or Jeffrey Epstein during the remainder of the month of March or April 2006.

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On June 1, 2006, ASA Lana Belohlavek telephoned me to inform me of the meeting that occurred with Atty. Jack Goldberger and her reference this case. She advised she would make her determination on whether to file on this case or not by Monday June 5, 2006.

Inv Continues.

********** N A R R A T I V E # 46 **********

NA Reported By: RECAREY, JOSEPH 7/12/06
Entered By.: ALTOMARO, NICKIE A. 7/12/06

On June 29, 2006, I had spoken to ASA Lana Belohlavic who informed me that the case would be sent to the Grand Jury for charges. She informed me that the grand jury would convene on July 19, 2006 to hear the Epstein case. Belohlavic stated State Attorney Barry Krisher made the determination to go the Grand Jury to hear the case.

On July 12, 2006, I spoke with Mrs. [redacted] mother of the victim, [redacted] who inquired about the status of the case. I explained to her that I was told we would be going to the Grand Jury during the week of July 19, 2006. She stated she had not been contacted as of yet by the State Attorney's Office for any information. I provided her with the telephone numbers to the State Attorney's Office.

Investigation continues...

* * * * * * * * * * * * * * * * END OF REPORT * * * * * * * * * * * * * * * * *

Case Number . : 1-06-001078
SPECIAL NOTES : DO NOT RELEASE - JUVENILES
Occur From Date: 3/01/04 0000 Occur To Date : 5/31/05 0000
Report Date . : 7/28/06 1200 Day Of Week . : Monday
Common/Location: 345 S COUNTY RD
City . . . . . : PALM BEACH, FL
Location Type : GOVERNMENT/PUBLIC BUILDING
Beat Assignment: DETECTIVE BUREAU Map Reference : 14
Dept Class . . : POLICE INFORMATION Report Officer : DAWSON, MICHAEL
Case Status . : OPEN / ACTIVE Case Status Dt : 7/28/06
Supervisory Dt.: GUDGER, ELMER 7/28/06 Entry Date . . : OREGERO, LAURA 8/04/06
Names? . . . . . : Property? . . :
Vehicles? . . : Offenses? . . :
Narrative? . . : Related Cases? :
Interfaces? . . :

********** S U S P E C T / A R R E S T E E I N F O R M A T I O N - # 1 **

Case Number . : 1-06-001078 Prompt valid in: EPSTEIN, JEFFREY
Street Number : 358 EL BRILLO WY
City . . . . . : PALM BEACH, FL 000033480
Birth Date . . : 1/20/1953 51 Maximum Age . : 51
Employer? . . : Occupation . . : FINANCIAL ADVISOR
Oper Lic No. . : E12342530200 FL Home Phone No. :
Other Phone Nbr: Race . . . . . : White
Sex . . . . . : Male Minimum Height : 600
Minimum Weight : 180 Maximum Height : 0
Maximum Weight : 0 Misc. ID# . . :
Aliases? . . . : MO/Crime Spec? :
Hair Color . . : SALT & PEPPER Hair Length . :
Hair Style . . : Eye Color . . : BLUE
Glasses . . . : No Complexion . . : LIGHT
Facial Hair . : Build . . . . : MEDIUM
Teeth . . . . : Speech . . . . :
Hat . . . . . : Coat . . . . . :
Shirt . . . . : Pants . . . . :
Shoes . . . . : Body Marks #1 :
Body Marks #2 : Body Marks #3 :
Body Marks #4 : Status . . . . : STILL SUSPECT
Arrest Case No.: Additional UCR?:

********** V I C T I M I N F O R M A T I O N - # 1 **********

Case Number . : [redacted] Prompt valid in: [redacted]
Street Number : [redacted]
City . . . . . : [redacted]
Birth Date/Age : [redacted] Employer? . . : [redacted]
Occupation . . : [redacted] Oper Lic No. . : [redacted]
Home Phone No. : [redacted] Race . . . . . : [redacted]
Sex . . . . . : [redacted] Height . . . . : [redacted]
Weight . . . . : [redacted] Misc. ID# . . : [redacted]
Be On Look Out?: [redacted] Other Phone Nbr: [redacted]
Victim Type . : [redacted] Residency Type : [redacted]
Residency Sts : [redacted] File Charges . : [redacted]
Can Identify . : [redacted] Victim Sobriety: [redacted]
Injury Extent : [redacted] Injury Type 1 : [redacted]

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[redacted] b6 b7C

********** N A R R A T I V E # 1 **********
Original Report LO Reported By: DAWSON, MICHAEL C. 7/28/06
Entered By.: OREGERO, LAURA D. 8/04/06

On July 27, 2006, the Palm Beach Police Department received a phone call from a woman [redacted] said she read a recent newspaper article about the arrest of Jeffrey Epstein and advised she has information about Epstein. An attempt was made to interview [redacted] immediately but she advised she had to work and would not be available to meet on this date. [redacted] said she could meet with Detectives on July 28, 2006, at 12 Noon.

On July 28, 2006, at approximately 1200 HRS, WF [redacted] DOB [redacted], came to the Palm Beach Police Station. I verified [redacted] identification by her Florida driver's license. [redacted] said she read an article in the Palm Beach Post newspaper on July 25, 2006, which advised Jeffrey Epstein was arrested. [redacted] said the article advised a lie detector test was passed by Epstein which stated Epstein did not know the girls in question where under the age of 18. [redacted] she was a victim of Epstein and she advised she told him on numerous occasions she was only 17 years of age. I took a sworn taped statement from [redacted]

[redacted] said she had approximately ten contacts with Epstein between the months of February 2004 and May 2005. [redacted] explained how she first came in contact with Epstein. [redacted] said one night in February of 2004, she was hanging out with a friend named [redacted] said [redacted] told her she could make some money by massaging a man that lived in Palm Beach. [redacted] said the next morning, she received a phone call from [redacted] asking if she wanted to go to see this man. [redacted] said she decided to go with [redacted] to Palm Beach. [redacted] said [redacted] told her she would have to massage this man and possibly take her clothes off. [redacted] told [redacted] she would receive approximately $200 for this massage.

[redacted] said she drove [redacted] to Palm Beach. [redacted] said she took the Southern Blvd. Bridge into Palm Beach and then drove North on the road next to the beach (A1A). [redacted] said she turned onto El Brillo and drove to the last house on the left. [redacted] described the house as being white in color. She parked the car in home's driveway and

1-06-001078 (Continued)

noticed two black Suburban SUVs. She advised there were two black Mercedes Benz vehicles in the garage along with a Harley Davidson motorcycle. [redacted] said they walked through a gate to the back door where they were greeted by a Chinese woman who was wearing some type of uniform. [redacted] said the woman told them to wait in the kitchen for [redacted]. [redacted] said a [redacted] then entered the kitchen. [redacted] described [redacted] as being in her 20s, blond, thin, and approximately 5'6". [redacted] advised [redacted] to take [redacted] up to the bathroom and show [redacted] what to do. b6 b7C

[redacted] said once in the upstairs bathroom, she noticed a massage table in the middle of the room. [redacted] saw a green and pink couch in the room. [redacted] saw numerous towels stacked in the left corner of the room. [redacted] said Epstein entered the room wearing a robe. [redacted] said the man introduced himself as Jeffrey and shook her hand. Epstein also said hello to [redacted] said Epstein dropped his robe and was wearing a towel around his waist. Epstein laid face down on the table at which time she and [redacted] began to massage him. [redacted] said while they were massaging Epstein, through conversation, she advised Epstein she was 17 years of age and still in High School. [redacted] said after approximately 10-15 minutes, Epstein asked the girls to take their tops off. [redacted] said she and [redacted] took their tops off exposing their bras. [redacted] said seconds later Epstein asked them to take their bras off, which both did, exposing their bare breasts. [redacted] said after more massage, Epstein asked [redacted] to leave the room, leaving only [redacted] present with Epstein. [redacted] said Epstein asked her to take her pants off, which she did. [redacted] said she was totally nude at this time. [redacted] said Epstein got up from the table and sat on the aforementioned couch. [redacted] said Epstein sat on the towel and masturbated in front of her. [redacted] said Epstein's penis was fully exposed. Epstein told [redacted] to get a vibrator out of a drawer in the bathroom. [redacted] said the blue/gray vibrator was skinny at the handle but had a large ball at the top. [redacted] said the vibrator was more of a sex toy than a massage item. [redacted] said Epstein attempted to use the vibrator on her but she told him she did not want him to touch her. [redacted] said Epstein asked her to talk dirty to him. [redacted] said once Epstein climaxed, he told her the money was next to the sink, and then he jumped into the shower. [redacted] said she put her clothes on and both her and [redacted] left the house. [redacted] said she thinks [redacted] received $200.

[redacted] said she went to Epstein's house with [redacted] on either one or two other occasions. [redacted] said eventually, Epstein's assistant [redacted] would call her to make appointments. [redacted] said [redacted] would call her from different phone numbers but most of the time it was from [redacted] [redacted] showed me her cell phone which had this number in her address book under the name of [redacted]. [redacted] said after her first visit, Epstein started to touch her bare breasts and bare buttocks. Epstein would also use the vibrator on her, specifically on her vagina. The vibrator would be placed on the outside of her vagina. [redacted] said in March of 2004, she believes on her fifth visit to Epstein's home, Epstein penetrated [redacted] vagina using his fingers.

1-06-001078 (Continued)

[redacted] said Epstein did this for approximately one minute until she told him to stop. [redacted] said Epstein did stop and no more penetration took place. [redacted] said Epstein would ask her on occasion if she would have intercourse with him but she always denied his requests. [redacted] said Epstein offered her more money for sex but she repeatedly declined. b6 b7C

[redacted] said Epstein told her she should be a model and he would help her become a model. [redacted] said Epstein told her he could not wait until she turned 18 years of age so he could fly her to Paris, France. [redacted] said she last had contact with Epstein or his assistant [redacted] was in May of 2005.

[redacted] said she told two friends about what she did at Epstein's home. These two friends, [redacted] WF DOB [redacted] and [redacted] WF DOB [redacted], both agreed to meet with Epstein and provide massages. [redacted] said she told both girls that they would have to massage this man and possibly get undressed. [redacted] told both girls they would receive approximately $200 for these massages. [redacted] said she is unaware how many times [redacted] went to Epstein's house. [redacted] advised she did not tell [redacted] or [redacted] she was reporting these actions to the police.

[redacted] had in her possession two tubes of Bath and Body Works lotion she said came from Epstein's home. [redacted] said she did not remember when she got these lotions from Epstein's home but she no longer wanted to posses them. I completed a property receipt which [redacted] signed and placed the lotions into evidence.

[redacted] signed an affidavit stating she wished to prosecute Epstein based on his actions. [redacted] reiterated she told Epstein on numerous occasions she was only 17 years of age when the above took place. This affidavit was placed into the attachment file.

This video tape of the interview was placed into evidence.

********** N A R R A T I V E # 2 **********

NA Reported By: DAWSON, MICHAEL C. 8/04/06
Entered By.: ALTOMARO, NICKIE A. 8/04/06

On July 31, 2006, at approximately 1115 HRS, Detective Silvestri and I met with [redacted] WF DOB [redacted], at her home. [redacted] advised she did meet a man named Jeffrey in 2004 when she believes she was either 16 or 17 years of age. [redacted] said she provided a massage for this man.

[redacted] said sometime in 2004, her friend [redacted] told her she could make $300 for giving a man a massage. [redacted] said approximately two weeks later, she decided to go with [redacted] to this man's house. [redacted] said [redacted] drove her to a large house in the West Palm Beach area. [redacted] said she did not know the exact location of the house but believes the house was near water. [redacted] said it was

1-06-001078 (Continued)

approximately 8:30 PM when they arrived. [redacted] said both she and [redacted] drank beer and used Xanax before they arrived at this house. [redacted] said she was under the influence of the beer and Xanax. [redacted] said upon arrival, they met with a blond woman who was in her 20's. [redacted] described this woman as being the manager of the girls that visit this house. [redacted] said they went into the kitchen and then she and [redacted] were led to a massage room in the house. [redacted] said she saw numerous photos of naked woman and also sculptures of naked woman throughout the house. [redacted] said moments later, a man named Jeffrey entered the room wearing a robe. [redacted] said Jeffrey removed his robe and lay down on the massage table. [redacted] said she and [redacted] massaged Jeffrey for approximately 20 minutes. [redacted] said she massaged Jeffrey's legs using some type of lotion. [redacted] said Jeffrey asked [redacted] to leave the room. [redacted] said Jeffrey asked her to take her shirt off. [redacted] said she removed her shirt exposing her bra. [redacted] said Jeffrey asked her to remove her other clothes but she refused his request. [redacted] said she was wearing a short skirt and underwear along with the bra. [redacted] said Jeffrey began to masturbate in full view of her. [redacted] said she did see Jeffrey's penis. [redacted] said Jeffrey reached under her skirt and rubbed her vagina on top of her panties. [redacted] said she felt uncomfortable and asked Jeffrey to stop, which he did. [redacted] said once Jeffrey was done masturbating, she went downstairs and met with [redacted] said they both received $200 but she could not remember who gave them the money.

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b7C

I showed [redacted] a photo lineup containing Jeffrey Epstein. [redacted] positively identified Epstein as the man in picture three.

[redacted] said Jeffrey did not ask her how old she was. [redacted] said she could not remember if she mentioned she was in High School. [redacted] said she knew of other girls who went to Jeffrey's house. [redacted] supplied those names, [redacted] and a girl named [redacted]

[redacted] signed an affidavit stating she wishes to prosecute based on Epstein's activities. [redacted] swore that her above statement was the truth.

This interview was digitally recorded and this recording along with the photo lineup were placed into evidence.

[redacted]

On July 31, 2006, at approximately 1230 HRS, Detective Silvestri and I met with [redacted] WF DOB [redacted] at her home. [redacted] advised she did know a man named Jeffrey Epstein. [redacted] advised she met Epstein when she was in 11th grade, which was in the year 2004. [redacted] believes she was either 16 or 17 years of age.

[redacted] said a fellow student at [redacted] advised her she could make $200 for massaging a man. [redacted] said

1-06-001078 (Continued)

she could not remember the girls name but it started with a [redacted] said this girl [redacted] was in a lower grade then she was. [redacted] said this girl [redacted] picked her up in a cab and the cab took them to Palm Beach. [redacted] said the cab had to go over a bridge and she thought the name of the street was El Rodeo. [redacted] said once at the house, they waited in the kitchen. [redacted] said she saw numerous attractive females walking around the house. [redacted] said one of the females, a blond who was approximately 26 years of age, appeared to work for Epstein. [redacted] said [redacted] took her upstairs and told her to get into her bra and panties. [redacted] said she removed her pants and shirt and was only wearing her bra and panties. [redacted] said she saw a massage table in the bathroom, a couch in the room, a shower off to the side, and lotions. [redacted] said Epstein entered the room wearing sleeping pants. [redacted] said Epstein got on the table and she began giving him a massage. [redacted] said [redacted] left the room. [redacted] said Epstein asked her how old she was and she said she was 16 or 17. [redacted] could not remember exactly how old she was when this occurred. [redacted] said she told him she was in High School. [redacted] said Epstein asked her to take off all of her clothes and she refused. [redacted] said Epstein rolled to his side, started to masturbate in full view of her, and ejaculated in his hand. [redacted] said she saw his penis. [redacted] said she put her clothes back on and went downstairs and eventually left in a cab. [redacted] said she received $200 for that visit.

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[redacted] said approximately two months later, she received a phone call from the blond woman at the house who asked her if she needed a job. [redacted] said she did not want to see Epstein again but was told she could bring a friend. [redacted] said she contacted her friend [redacted] and advised her she could make $200 for massaging a man. [redacted] said [redacted] drove them to Epstein's house. [redacted] said [redacted] meet with Epstein and they both received $200. [redacted] said she has had no more contact with Epstein or Epstein's assistant.

[redacted] advised she knew of other girls that went to Epstein's house. Those girls were [redacted] and [redacted] said the girl she knows as [redacted] brought many girls to Epstein's house besides those mentioned in this interview.

[redacted] said during the course of her conversation with Epstein, he told her she was beautiful and that he wanted her to live with him in Los Angeles.

I showed [redacted] a photo lineup containing Epstein. [redacted] positively identified Epstein from photo three.

[redacted] signed an affidavit stating she wishes to prosecute based on Epstein's activities. [redacted] swore that her above statement was the truth.

This interview was digitally recorded and this recording and the photo

1-06-001078 (Continued)

lineup were placed into evidence.

[redacted] b6 b7C

On July 31, 2006, at approximately 1400 HRS, Detective Silvestre and I met with [redacted] WF DOB [redacted] at the Boynton Beach Mall. [redacted] advised she did have contact with Jeffrey Epstein when she was a sophomore in High School. [redacted] said it was either in 2003 or 2004 and she believes she was 16 years of age when they met.

[redacted] advised back in 2003, she was introduced to Jeffrey Epstein by her friend [redacted] said [redacted] advised her she could make $200 for giving this man a massage. [redacted] said [redacted] told her she might have to get undressed during the massage. [redacted] said [redacted] drove her to a big house in the Town of Palm Beach. [redacted] could not give an exact address or location but said it was near the beach. [redacted] said once at the home, a thin white female with blond hair, approximately 25 years of age, answered the door. [redacted] thinks the woman's name was [redacted] [redacted] said she and [redacted] entered the kitchen and then went upstairs to a bathroom. [redacted] said there was a massage table in the middle of the bathroom. [redacted] said Epstein entered the bathroom wearing a towel around his waist. [redacted] said Epstein took a shower and then lay down on the table fully nude. [redacted] said she and [redacted] started to massage Epstein's legs and chest. [redacted] said Epstein told [redacted] to go on the balcony, which [redacted] did. Epstein asked [redacted] to take her clothes off. [redacted] said she took all her clothes off and she was nude. [redacted] said she continued to massage Epstein at which time Epstein began to masturbate in her full view. [redacted] said she did see Epstein's penis. [redacted] said while he masturbating Epstein did touch her bare breasts. [redacted] said Epstein stopped masturbating but she did not see him ejaculate. [redacted] said Epstein got up from the table and she immediately put her clothes back on. [redacted] said she and [redacted] then went downstairs. [redacted] said she received $200 from [redacted] [redacted] said she believes [redacted] also received $200 from [redacted]

[redacted] said Epstein never asked her how old she was nor did she tell him her age. [redacted] said during small talk with Epstein she did mention she was in school but she never said what level of school she was in. [redacted] said she never returned to Epstein's house nor has either [redacted] or Epstein made attempts to contact her.

I showed [redacted] a photo lineup containing Epstein. [redacted] positively identified Epstein is position three.

[redacted] advised she knew of other girls that went to Epstein's home. These girls are [redacted] advised she has no professional massage training nor does she believe the other girls are trained in massage therapy.

[redacted] signed an affidavit stating she wishes to prosecute based on Epstein's activities. [redacted] swore that her above statement was the truth.

1-06-001078 (Continued)

This interview was taped using a digital recorder. This recording was placed into evidence along with the photo lineup.

Investigation Continues.

* * * * * * * * * * * * * * * * END OF REPORT * * * * * * * * * * * * * * * *

IN THE CIRCUIT COURT OF THE FIFTEENTH
JUDICIAL CIRCUIT, CRIMINAL DIVISION
IN AND FOR PALM BEACH COUNTY, FLORIDA

IN RE: Search Warrant, Affidavit and Application for Search Warrant, and Inventory and Return

DATED AND SIGNED: 10-19-05

AFFIANTS: Det. Joseph Recarey Palm Beach Police

**ORDER SEALING AFFIDAVIT AND APPLICATION FOR SEARCH WARRANT AND RELATED SEARCH WARRANT AND INVENTORY AND RETURN**

THIS CAUSE having come before the Court and the Court having been appraised,

IT IS HEREBY ORDERED pursuant to Florida Statues Chapter 119.07(3)(b) that the Affidavit and Application for Search Warrant signed by Investigator Joseph Recarey as affiant dated and related Search Warrant dated October 18, 2005 hereby **sealed** until further order of the Court.

The Clerk of Court, Criminal Division is hereby ordered to seal said Search Warrant and Affidavit and Application for Search Warrant until further order of the Court.

It is further

ORDERED that the Inventory and Return for Said Search Warrant shall be **sealed** when filed with the Clerk of Court until further order of the Court.

DONE AND ORDERED this 19th day of October at West Palm Beach, Palm Beach County, Florida.

Laura Johnson
Circuit Court Judge

xc: Daliah Weiss, Assistant State Attorney

(COPY)

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 12/05/2006

**To:** Miami **Attn:** SSA [redacted]

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

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b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062

**Title:** CHANGED
JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request assignment of co-case agent and submit documents to case file.

**Previous Title:** Title marked "Changed" to reflect additional subjects and the removal of [redacted] from case title.

Title previously carried as "JEFFREY EPSTEIN; [redacted] WSTA - CHILD PROSTITUTION."

**Details:** It is requested that SA [redacted] be assigned as co-case agent to the above captioned case.

The documents attached to this electronic communication are for submission to the main case file. Included in the attachment are the Palm Beach Police Department's Incident Reports and Property Receipts.

♦♦

31E-MM-108062-38
339[redacted]01.ec

31E-MM-108062

[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] of JEFFREY EPSTEIN, was interviewed by the FBI. [redacted] identifying information is recorded below:

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Name:
Race:
Sex:
DOB:
Home Address:

Telephone:
Cellular Telephone:

Husband's Name:
Cellular Telephone:

[redacted]

31E-MM-108062-42

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/13/2006

**To:** New York **Attn:** SSA [redacted]
Squad 20

Newark SSA [redacted]
RBRA-2

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b7C

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request travel reference captioned case.

**Administrative:** Reference telcall between SA [redacted] and SSA [redacted] and SSA [redacted] on 12/07/2006.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves [redacted]

FBI Miami, PBCRA, request travel concurrence with FBI New York and Newark for the purpose of interviewing pertinent witnesses. SA's [redacted] and AUSA [redacted] will travel on 12/14/2006 and anticipate interviewing witnesses from 12/14/2006 - 12/17/2006. It is anticipated that SA's [redacted] and AUSA [redacted] will return to West Palm, FL on 12/17/2006.

229[redacted]01.EC

31E-MM-108062-45

**LEAD(s):**

**Set Lead 1: (Info)**

NEW YORK

AT NEW YORK, NEW YORK

FBI Miami request travel concurrence from FBI New York to conduct witness interviews.

**Set Lead 2: (Info)**

NEWARK

AT REDBANK, NEW JERSEY

FBI Miami request travel concurrence from FBI Newark to conduct witness interviews.

♦♦



HOUSE_OVERSIGHT_019054

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 12/04/2006

[redacted], date of birth [redacted], Social Security Account Number (SSAN) [redacted], home telephone number [redacted], cellular telephone number [redacted] residing at [redacted] Florida, was interviewed at the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), located at 505 South Flagler, West Palm Beach, Florida. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] He is currently employed by Jeffrey Epstein, NES LLC, as [redacted] was hired by Epstein in [redacted]. Prior to being [redacted] was a [redacted] for Epstein and [redacted] was [redacted] has been employed as [redacted] for approximately two years. He replaced [redacted] as [redacted] because, Epstein preferred [redacted] communication skills and flying techniques. Prior to his employment with Epstein, [redacted] worked as a [redacted] located in [redacted] was based next door to the Limited Corporation, owned by [redacted] Epstein's good friend.

[redacted] stated that Epstein's primary residence is located in the U.S. Virgin Islands (U.S.V.I.) and utilizes his ranch in New Mexico as a vacation retreat, four or five times a year. Epstein has not been to his Palm Beach residence since some time in 2005, due to the damage of the residence after hurricane Wilma. On a regular basis, Epstein travels to his New York office/residence, Monday through Wednesday. When traveling to the USVI, the pilots stay at the Marriot, Frenchmans Reef or Holiday Inn Express in St. Thomas. After arriving in the U.S.V.I., Epstein travels to his island by helicopter or boat. On occasion, [redacted] will fly the helicopter, tail number N491GM, or he utilizes pilots from Air Center Helicopters. [redacted] telephone number [redacted] is Epstein's boat captain for the U.S.V.I.. While in New York, the pilots stay in corporate apartments.

[redacted] advised that Epstein does not allow any liquor, drinking nor smoking on any of his aircrafts. [redacted] has never seen any woman and/or girls under the age of twenty on Epstein's aircraft. He has never observed any inappropriate behavior or

Investigation on 11/27/2006 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated

by SA [redacted]

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31E-MM-108062-49

anything of a sexual nature by Epstein. As a practical joke, Epstein asked [redacted] to purchase a box of condoms to place on [redacted] seat after he found out [redacted] girlfriend was pregnant. The primary item that Epstein request to be on his aircraft is Evian water. [redacted] has never seen Epstein with a girlfriend or known him to be romantically involved with anyone. b6 b7C

The flight arrangements were usually set up by [redacted] who would call [redacted] and provide flight dates, times and travel location. On occasion, [redacted] would get a call directly from Epstein or [redacted] Prior to the departure of every flight, the captain of the flight filled out the flight manifest log and aircraft log. The individual flight captain is usually rotated between pilots. The manifests are faxed to [redacted] in the New York office every two to three weeks. The aircraft logs are turned in on an annual basis. [redacted], which were requested in the issued grand jury subpoena. b3 b6 b7C

[redacted] described Epstein as having obtained his wealth from managing money. Epstein has a successful business relationship with [redacted] defined [redacted] as Epstein's best friend.

In addition to [redacted] flight duties, he provided Epstein with advice on home entertainment centers and vehicles. [redacted] installed a home theater system in Epstein's Palm Beach residence and his ranch in New Mexico. The palm beach residence has rooms identified by individual color. [redacted] recalled the green room, blue room and pink room. In addition, in Palm Beach, Epstein currently owns a black Chevrolet Suburban, three black Mercedes Benz, a turquoise Harley Davidson, and a 1972-chopper motorcycle. b6 b7C

[redacted] has heard that Epstein is provided two massages a day. When asked whom [redacted] heard that from, he responded by stating it is just rumored that he gets two a day. He further described Epstein as having back problems and on occasion utilizes heating pads. When at the ranch in New Mexico, Epstein is provided massages by both male and females. [redacted] LNU, ranch manager, arranges masseuses from "Ten Thousand Waves" salon in Santa Fe, to provide massages to Epstein and [redacted]

[redacted] received a $[redacted] Christmas bonus this year and a [redacted] bonus last year. [redacted] stated he received the

monies in cash and later clarified the bonuses came by company check. [redacted] stated he had only had two disagreements with Epstein and both were over maintenance for the aircrafts.

[redacted] provided Epstein's cellular telephone, (646) 541-1751, and email, JEEPROJECT@Yahoo.com.

The below list of current and past employees were provided by [redacted] b6 b7C

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** PRIORITY **Date:** 12/06/2006

**To:** Albuquerque Santa Fe RA

[redacted] [redacted]

San Juan St. Thomas RA

[redacted]

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To set leads for captioned investigation.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), began investigating Jeffrey Epstein, a part-time resident of Palm Beach, along with [redacted]. PBCRA obtained information from the City of Palm Beach Police Department (PBPD) [redacted]

340[redacted]01.EC 31E-MM-108062-49

[redacted]

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In addition to the home in Palm Beach, Epstein also maintains a residence in the U.S. Virgin Islands, New York and New Mexico.

To date, the PBCRA continues to develop witnesses and victims from across the United States. Due to the media coverage, unknown status of the state investigation, vulnerability of the young female victims, and political influences, the AUSAs and Case Agents have a target date of January 2007 for indictment.

Based on the ongoing criminal investigation, the PBCRA is requesting the assistance in establishing Epstein's criminal activity utilizing interstate commerce and the travel in interstate commerce to engage in illicit sexual conduct and prostitution. Prior to conducting captioned leads, it is requested that the lead agent(s) contact SA [redacted] FBI Miami, West Palm RA, [redacted] or SA [redacted] for investigative direction and questions.



HOUSE_OVERSIGHT_019060

**LEAD(s):**

**Set Lead 1: (Action)**

ALBUQUERQUE

AT SANTA FE , NM

Interview [redacted] Jeffrey Epstein's, Zorro Ranch, 49 Zorro Ranch Road, Stanley, New Mexico.

**Set Lead 2: (Action)**

SAN JUAN

AT ST. THOMAS, U.S.V.I.

Interview [redacted], cellular telephone number of [redacted], residence telephone number [redacted] Jeffrey Epstein located on the island of Little St. James. [redacted]. b6 b7C

**Set Lead 3: (Action)**

SAN JUAN

AT ST. THOMAS, U.S.V.I.

Locate and Interview [redacted] telephone number [redacted]. This is the only information FBI Miami currently has on [redacted].

**Set Lead 4: (Discretionary)**

[redacted]

Interview [redacted] Florida.

**Set Lead 5: (Action)**



HOUSE_OVERSIGHT_019061

[redacted]

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Interview [redacted]
Florida.

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HOUSE_OVERSIGHT_019062

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 12/20/2006

**To:** Miami

**From:** Miami
FIG-5
**Contact:** Ia [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

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b7C

**Case ID #:** 31E-MM-108062 (Pending)
800A-MM-C102437-AS34 (Pending)

**Title:** CREATION OF i2 ANALYST NOTEBOOK CHARTS

**Synopsis:** To document assistance provided to Intelligence Analyst (IA) [redacted] in the creation of i2 Analyst Notebook Charts.

**Details:** Intelligence Assistant (Ia) [redacted] provided assistance in the creation of i2 Analyst Notebook Charts for the above-mentioned case. The charts were produced according to the specifications of Special Agent [redacted] and did not require any research or analysis on the part of Ia [redacted]. The charts depicted the arrival and departure dates of the target and included the phone calls that were made the day prior to his arrival, during his stay and the day after his departure. Ia [redacted] created a total of 16 charts. The charts ranged in date from 02/10/2005 through 10/06/2005.

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31E-MM-108062-50

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 08/22/2006

[redacted] was interviewed at her residence in West Palm Beach, Florida regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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[redacted] was employed as the [redacted] for JEFFREY EPSTEIN's residence on the island of Palm Beach, Florida. She began working for EPSTEIN approximately [redacted] stated [redacted] (believed by [redacted] to be EPSTEIN's girlfriend at the time) was the person who hired her. It was through [redacted] and her association with [redacted] and EPSTEIN that [redacted] came to be employed at the EPSTEIN residence. According to [redacted] it was while [redacted] was working at one of the salons on Palm Beach she met both [redacted] and EPSTEIN. [redacted] stated that [redacted] provided massages to EPSTEIN.

While employed at the EPSTEIN residence, [redacted] primary responsibilities were to have the house ready for the arrival of either EPSTEIN or [redacted] and their guests. [redacted] ensured the house was stocked with food, beverages, and fresh flowers. [redacted] would also help in the arrangement of transportation to and from the airport.

[redacted] stated that there was a high rate of turnover among the staff employed at the EPSTEIN residence because EPSTEIN, [redacted], and others were not very nice to the hired help. [redacted] stated EPSTEIN was nice in the beginning but became "mean." [redacted] believed [redacted].

[redacted] was never at the residence when EPSTEIN was having a massage. [redacted] stated she had taken many messages from girls who wanted to work for EPSTEIN. The girls would want to know when EPSTEIN was coming to town and they would want her to take a message, so EPSTEIN could return their call. [redacted] would leave the messages on the counter so that when EPSTEIN would arrive in from out of town he could review them. One Christmas, [redacted] was asked to call 5 or 6 of EPSTEIN's "massage girls" and relay to them that they could stop to pick up their Christmas gift. Although not

Investigation on 08/17/2006 at West Palm Beach, Florida

File # 31E/MM-108062 Date dictated 08/17/2006

by SA [redacted]

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31E-MM-108062 51

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positive, [redacted] believed she was asked to do this task around Christmas 2004.

[redacted] told the interviewing agent of an incident that occurred at the EPSTEIN's residence either late summer or early fall. [redacted] was unsure of the year but knew it must have been in 2003, 2004 or 2005. The cleaning crew, [redacted], were working at the time of the incident as well. A unidentified female(UF), who looked under the age of eighteen, entered the residence demanding money. She had arrived at the residence in a taxi cab. [redacted] described her as trashy and desperate. [redacted] told the UF she was unaware of any money that had been left for the UF, but that she would call the New York Office. The UF stated that she thought EPSTEIN was going to be at the residence today. [redacted] contacted the New York Office and they instructed [redacted] to pay the UF. The New York Office stated that [redacted] could find $200.00 in EPSTEIN's desk draw and she was to use that to pay the UF. Once the UF received the money she departed the residence. [redacted] stated to the interviewing agents, that at one point she told the UF she was going to call the police if the UF did not leave, but the UF responded that she would call the police if she did not get her money.

[redacted] believed that EPSTEIN was trying to help girls make it big in the modeling industry. [redacted] told [redacted] that EPSTEIN would give money to girls to help them go to college or get them started in modeling. [redacted] stated that she may have been naive but she thought he was trying to help these girls. [redacted] stated that she knew EPSTEIN liked women and that women would visit the residence even when [redacted] was not there. [redacted] believed there were naked photographs of women throughout the residence.

[redacted] provided [redacted] contact information as the following: [redacted], Florida, telephone number [redacted] and cellular telephone number [redacted] According to [redacted] the [redacted] phone numbers are cellular telephone number [redacted]

[redacted] also provided to the interviewing agents a copy of some of the hours she worked at EPSTEIN's residence as well as some notes made by [redacted] at her time of employment with EPSTEIN. Those documents have been placed in a FD-340, a 1-A envelope, and are maintained with the case file.

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 12/13/2006

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted], was interviewed by the Federal Bureau of Investigation (FBI). After being advised of the identity of the interviewing agents and purpose of the interview, [redacted] voluntarily provided the following information: b6 b7C

[redacted] was formerly employed as [redacted] in New York, New York. He was also formerly employed as [redacted] by Jeffrey Epstein. [redacted] was seeking employment and obtained the opportunity for employment with Epstein from a headhunter. [redacted] pre-employment interview for the position was conducted by Epstein and [redacted] approximately three years ago. [redacted] was employed by Epstein for approximately one year and five months before he sought employment elsewhere. [redacted] signed a confidentiality clause at the termination of his employment with Epstein.

[redacted] worked at Epstein's New York residence and was on stand-by to travel at request. He prepared meals for Epstein's guests more frequently than he prepared meals for Epstein. Epstein's favorite food item was a toasted peanut butter and jelly sandwich. [redacted] was responsible for keeping food available on the various properties where Epstein traveled. One item that [redacted] was required to have available at all times was Eli's seven grain bread purchased from 63rd or 65th Street in New York. [redacted] used Epstein's vehicles, including a Mercedes Benz and a Chevrolet Suburban, to obtain food as needed for preparation at Epstein's Palm Beach, Florida residence. Epstein provided [redacted] with a residence located at [redacted] New York, New York, as a component of [redacted] salary.

[redacted] traveled frequently with Epstein to his properties in Palm Beach, Florida, the U.S. Virgin Islands (USVI), New Mexico and New York. [redacted] also traveled to Paris, France with Epstein. Epstein owned a Gulfstream aircraft and a larger Boeing 727 aircraft. The Boeing 727 had a kitchen onboard that [redacted] used to prepare food for Epstein and his guests. During [redacted] travels, the most notable guests to travel on Epstein's aircraft were [redacted]. Epstein instructed [redacted] to refrain from socializing with any guests on the aircraft.

Investigation on 12/13/2006 at West Palm Beach, Florida

File # 31E-MM-108062 n Date dictated 12/13/2006

by SA [redacted]

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31E-MM-108062-52

b6
b7C

Young females frequently traveled on the two private aircraft with Epstein. [redacted] believed most of the females were from Spain or Russia and were 18 years of age or older, although some of their ages were questionable. Several of the females lived in the apartment building located at [redacted] New York, New York. [redacted] believed the females traveled with Epstein so they could be associated with a person of wealth. The majority of the females were aspiring models who met Epstein through [redacted] and his modeling agency. Epstein was controlling toward the females and would not allow them to associate with other individuals. [redacted] described the women as "not very bright" referring to their intelligence.

[redacted] believed [redacted] was a personal assistant to [redacted] and Epstein. [redacted] described [redacted] as an attractive, nice girl in her 20's. [redacted] was responsible for preparing Epstein's travel arrangements.

[redacted] Last Name Unknown (LNU) was another individual who worked as an assistant to [redacted] believed [redacted] and Epstein's relationship was nothing more than friendship. [redacted] believed Epstein had feelings for [redacted] but they frequently did not get along. [redacted] provided [redacted] contact information stored in his cellular telephone: email [redacted] work telephone [redacted] home telephone [redacted] mobile telephone [redacted] and PIN [redacted] was unaware of what the PIN represented.

One unknown male, 20's in age, frequently brought local teenaged females to Epstein's residence in Palm Beach, Florida. [redacted] believed the unknown male drove a red Honda Accord. [redacted] estimated that approximately four or five teenaged females would visit Epstein's Palm Beach residence daily. Sometimes the females at the residence would go upstairs with Epstein and sometimes they would gather and talk in the living room area.

[redacted] was aware that Epstein received massages every day. In addition to massages provided by massage therapists (masseuses), local teenaged females also gave Epstein massages. [redacted] explained that it was easy to distinguish between the masseuses and the local teenaged females based on their appearance and demeanor. [redacted] was unaware of what occurred between the teenaged females and Epstein behind closed doors, but opined that Epstein was receiving more than just massages based on the number of teenaged females that were going upstairs with him. [redacted] did

not know of the local teens to ever stay at Epstein's Palm Beach residence overnight. [redacted] did not have conversations with the teenaged females beyond being polite and asking if they needed anything. [redacted] did not engage in relationships with the females associated with Epstein.

[redacted] reviewed a series of images and was asked if he recognized the individuals depicted. He recognized [redacted] an assistant to Epstein who is married to a man in Miami, Florida. He also recognized [redacted] believed to be Epstein's girlfriend.

[redacted] a barbeque restaurant in New York City was employed as a chef for Epstein prior to [redacted] was a former line cook at [redacted], New York, New York. [redacted] was aware that Epstein had other chefs before and after his employment but he was unable to recall their names.

[redacted] Epstein's St. Thomas, USVI property. Epstein travels to St. Thomas on his private aircraft and then takes a helicopter to his property. He also owns a four-engine speed boat he purchased at auction. The boat is used as a pleasure craft and is also used as a shuttle for Epstein's staff.

[redacted] Epstein's New York residence. [redacted] may reside in the [redacted] Street apartment building.

[redacted] at Epstein's New York residence. On one occasion, [redacted] gave [redacted] a tour of Epstein's New York residence which [redacted] believed was a former high school.

[redacted] Epstein's New Mexico ranch located near Santa Fe. [redacted] recalled a Russian man named [redacted] (phonetic) LNU who worked at Epstein's Palm Beach residence. Epstein also had a cleaning crew for the Palm Beach residence but [redacted] was unaware of the crew member's names.

[redacted] heard stories of girls who attempted to steal items from Epstein's residence and were sent home and not allowed to return. [redacted] did not observe or hear any disturbances during his employment for Epstein.

31E-MM-108062

[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

b6
b7C

Name:
Race:
Sex:
DOB
Home Address:

Cellular Telephone:
Employment:

[redacted]

31E - MM - 108062 - 53

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 06/21/07 Time: 13:39

Case ID: 31E-MM-108062 Serial: 54

Description of Document:

Type : FD909
Date : 01/04/07
To : [redacted]
From : MIAMI
Topic: [redacted]

b3

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 57

Employee: [redacted]

b6
b7C

31E-MM-108062 54

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 06/21/07 Time: 13:41

Case ID: 31E-MM-108062 Serial: 55

Description of Document:

Type : FD909
Date : 01/15/07
To : [redacted] b3
From : MIAMI
Topic: [redacted]

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 58

Employee: [redacted] b6 b7C

31E- MM-108062-55

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 06/21/07 Time: 13:44

Case ID: 31E-MM-108062 Serial: 56

Description of Document:

Type : FD909
Date : 01/15/07
To : [redacted]
From : MIAMI
Topic: [redacted] b3

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 59

Employee: [redacted] b6 b7C

31E-MM-108062-56

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 01/25/2007

**To:** Miami **Attn:** Third Party Draft

**From:** Miami
Squad PB-2
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

b6
b7C

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request funds for expenses associated to the above captioned case.

**Enclosure(s):** Enclosed for Miami Third Party Draft: [redacted]

**Details:** SA [redacted] requests Third Party Draft provide [redacted]. Prior authorization was obtained from ASAC [redacted].

b3
b6
b7C

SA [redacted] requests Third Party Draft provide [redacted]

31E-MM-108062-57

**LEAD(s):**

**Set Lead 1: (Info)**

MIAMI

AT MIAMI

Third Party Draft shall [redacted] b3
to pay expenses associated with the captioned case.

♦♦



HOUSE_OVERSIGHT_019074

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 08/18/2006

[redacted] dob [redacted] residing at [redacted] Florida, telephone number(s) [redacted] and [redacted] (cellular), was interviewed at the FEDERAL BUREAU OF INVESTIGATION, PALM BEACH COUNTY RESIDENT AGENCY's Office, West Palm Beach, Florida. Also present at the interview was [redacted] attorney, [redacted] of LYONS AND SANDERS, 600 Northeast 3rd Avenue, Ft. Lauderdale, Florida 33304, telephone number(s) [redacted] and [redacted] (cellular). After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] has been employed as a pilot for [redacted] since [redacted]. His current salary is [redacted] plus benefits. Prior to his employment with EPSTEIN, [redacted] sold aircraft for GLIMCHER, a company located near THE LIMITED Flight Department. [redacted] was employed there from [redacted]. According to [redacted] EPSTEIN has two other full time pilots, [redacted] EPSTEIN also has a full time flight engineer, [redacted] On occasion, in 2004 and 2005, a contracted pilot, [redacted] was required to assist with flying EPSTEIN to different locations.

b6
b7C

[redacted] was the [redacted] for EPSTEIN until [redacted] took over the responsibilities of [redacted] after a continual disagreement between EPSTEIN and [redacted] on landing techniques. This was a demotion and a decrease in pay for [redacted] stated that EPSTEIN was unhappy with the method in which [redacted] landed the aircraft when arriving at Palm Beach International Airport.

[redacted] provided the interviewing agents, via a Grand Jury Subpoena, [redacted]

b3
b6
b7C

Investigation on 08/15/2006 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 08/15/2006

by SA [redacted]

b6
b7C

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31E-MM-108062-50

b6
b7C

would pilot either aircraft without EPSTEIN being a passenger on the planes.

The Boeing 727, tail number N908JE, is owned by a subsidiary company of EPSTEIN, JEGE, INCORPORATED, and can fly up to 26 passengers. The Gulfstream, tail number N909JE, is owned and operated by another of EPSTEIN's subsidiary companies, HYPERION AIR, INCORPORATED, and can fly up to 12 passengers. [redacted] believes EPSTEIN has separate entities for each plane for liability reasons. [redacted] stated that EPSTEIN also owned a six passenger Helicopter, Bel 407, tail number 491GM.

[redacted] stated that he would usually receive notification from [redacted] or from EPSTEIN's office when flight arrangements were being made. Lead time for a trip most commonly was between eight to twenty-four hours. [redacted] EPSTEIN's personal assistant, was responsible for coordinating travel arrangements for EPSTEIN. [redacted] believed that [redacted] took over primary duties as EPSTEIN's personal assistant from [redacted] in late 2001. [redacted] would handle setting up the staff for EPSTEIN's visits to his multi residences as well as transportation needs to and from the airports.

[redacted] advised that he had never witnessed any underage females aboard the aircrafts. However [redacted] did state that there had been to many to count when it came to females ranging in age from 21 to 23. [redacted] also said that he had never observed any sex toys aboard either of EPSTEIN's aircraft.

When the interviewing agents asked [redacted] for specific telephone numbers for several individuals, [redacted] provided the information from a personal digital assistant(PDA). The below list of individuals, primarily, current and past employees of EPSTEIN, were provided by [redacted]

JEFFREY EPSTEIN - New York Residence, telephone number (212)772-9416; London residence, telephone number 0044767785771552; cellular telephone number (917)601-4143; Columbus, Ohio residence telephone numbers (614)371-4444 and (614)371-1213; Cambridge, Massachusetts (617)496-4667

[redacted]

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 12/01/2006

[redacted] date of birth [redacted], place of birth [redacted], residing at [redacted] Florida [redacted] home telephone number [redacted] cellular telephone numbers [redacted] was interviewed at the FEDERAL BUREAU OF INVESTIGATION (FBI) PALM BEACH COUNTY RESIDENT AGENCY (PBCRA), located at 505 S. Flagler Drive, West Palm Beach, Florida. Also present at the interview was Attorney [redacted] of LYONS AND SANDERS, 600 Northeast 3rd Avenue, Ft. Lauderdale, Florida 33304, telephone number(s) [redacted] and [redacted] (cellular) and Attorney [redacted] of ATTERBURY GOLDBERGER & WEISS, P.A., 250 Australian Avenue, #1400, West Palm Beach, Florida 33401, telephone number [redacted]. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

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b7C

[redacted] is currently a full time pilot employed by JEFFREY EPSTEIN as [redacted] for EPSTEIN's airplanes. [redacted] has been employed by EPSTEIN since [redacted]. Prior employment included piloting as [redacted] for The Limited Brands, specifically [redacted]. He began working for [redacted] and remained there until the [redacted] was offered an opportunity to advance and took a piloting job, flying executives for the Venetian Hotels, Las Vegas, Nevada. Due to difficulties with the Chairman of the Board, [redacted]. Through [redacted] association with [redacted] EPSTEIN's [redacted] contact with EPSTEIN while working for [redacted] was offered his current employment. [redacted] stated that while piloting for [redacted] he had not seen any young females passengers.

[redacted] stated his current salary is $[redacted]. [redacted] was paid a Christmas bonus of [redacted] gross income. [redacted] stated that EPSTEIN has three full time captains with one being the chief captain, [redacted] stated that in his position he would be "on call." [redacted] continued explaining that [redacted] would contact him providing short notice, usually a days notice, when EPSTEIN would need him to pilot an aircraft.

When piloting an aircraft for EPSTEIN, [redacted] or the co-pilot would always complete two forms. The first form, required by the FAA, was a maintenance log, which would record the date of

Investigation on 11/27/2006 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 12/01/2006

by [redacted]

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31E-MM-108062-59

flight, as well as; air time for the aircraft. The other form was a flight manifest which, among other items, listed number of passengers, in some cases identity of passengers, departure and arrival destinations as well as date and time of flight. The flight manifest is not required by law; however, both forms are completed by the designated captain of the flight. These responsibilities are rotated amongst the pilots. The forms are sent to the office on a monthly basis.

b6
b7C

[redacted] has never observed underage girls (under twenty) as passengers on EPSTEIN's airplanes. [redacted] did state that once or twice children accompanied by adults were passengers on the airplanes.

[redacted] stated that he has strictly a business relationship with EPSTEIN. [redacted] believed that EPSTEIN is a financial money manager. [redacted] has never socially been to any of EPSTEIN's residences. [redacted] interviewed for his current job at EPSTEIN's Palm Beach residence.

[redacted] provided, EPSTEIN's [redacted] cellular telephone number as [redacted]

[redacted] provided the following address as a past residence:

[redacted]

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/06/07 Time: 14:34

Case ID: 31E-MM-108062 Serial: 63

Description of Document:

Type : OTHER
Date : 01/23/07
To : [redacted]
From : US DISR COURT
Topic: EXECUTIVE FGJ SUBPOENA FOR [redacted]

b3

Reason for Permanent Charge-Out:

transfer to the sub sbp

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 3

Employee: [redacted]

b6
b7C

31E-MM-108062-63

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/06/07 Time: 14:35

Case ID: 31E-MM-108062 Serial: 64

Description of Document:

Type : INLET
Date : 01/24/07
To : [redacted] b3
From : US ATTORNEY
Topic: FGJ SUBPOENA FOR [redacted]

Reason for Permanent Charge-Out:

transfer to sub sbp

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 4

Employee: [redacted] b6 b7C

31E-MM-108062-64

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/06/07 Time: 14:36

Case ID: 31E-MM-108062 Serial: 65

Description of Document:

Type : OTHER
Date : 01/23/07
To : [redacted] b3
From : US DIST COURT
Topic: EXECUTIVE FGJ SUBPOENA FOR [redacted]

Reason for Permanent Charge-Out:

transfer to sbp sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 5

Employee: [redacted] b6 b7C

31E-MM-108062-65

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/06/07 Time: 14:37

Case ID: 31E-MM-108062 Serial: 66

Description of Document:

Type : INLET
Date : 01/24/07
To : [redacted] b3
From : US ATTORNEY
Topic: RE: FGJ SUBPOENA SERVED ON [redacted]

Reason for Permanent Charge-Out:

transfer to sbp sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 6

Employee: [redacted] b6 b7C

31E-MM-108062-66

EC902157

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 02/15/2007

**To:** Miami **Attn:** Palm Beach County RA
SA [redacted]

**From:** Albuquerque
Squad 13/ Santa Fe RA
**Contact:** SA [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted] -67

**Case ID #:** 31E-MM-108062 (Pending)

**Title:** JEFFREY EPSTEIN; [redacted]
WSTA-CHILD PROSTITUTION

X [redacted]

**Synopsis:** To report results of covered lead.

**Enclosure(s):** Enclosed are the original and one copy of FD-302 interview of [redacted] and agent's original notes.

**Details:** An interview of [redacted] was conducted on 02/08/2007 at 49 Zorro Ranch Road, Stanley, New Mexico. Results of the interview are contained in the enclosed FD-302.

Pending further direction from Miami, Santa Fe RA considers this lead covered.

31E-MM-108062-67

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 02/13/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] [redacted], New Mexico was interviewed at [redacted] ZORRO RANCH, Stanley, New Mexico. After being advised of the identity of the interviewing agents, and the nature of the interview, [redacted] provided the following information:

b6
b7C

[redacted] JEFFREY EPSTEIN for approximately [redacted] years. There are 5 to 6 full-time staff at the ranch as well as some seasonal employees. EPSTEIN spends approximately fifty(50) days a year at the ranch during his down time, mostly in the summer. In the summer, EPSTEIN generally spends 2 to 3 weeks at a time at the ranch and is shuttled around by helicopter. The last time EPSTEIN was at the ranch was Thanksgiving 2006. EPSTEIN normally flies into either Albuquerque or Santa Fe and is driven to the ranch. Very little notice is given before EPSTEIN flies to the ranch, usually 24 to 48 hours. EPSTEIN usually brings his personal assistant, [redacted] his bodyguard, friends, personal trainer, and sometimes his masseuses.

The masseuses are not normally flown to the ranch, but are hired by [redacted] keeps the financial records and usually arranges the massages. The names of the masseuses are obtained from TEN THOUSAND WAVES DAY SPA or by referrals. [redacted] said that the masseuses are all checked out and that they are professionals who are licensed massage therapists. There have been approximately 5 different therapists used in the past.

[redacted] said [redacted] could provide the names of the therapists used, and the amounts paid to them, but that we needed to go to the office to meet with her. Upon arriving at the office and greeting [redacted] received a phone call from the "main office" that told him they were no longer allowed to speak with us. The interview was immediately ended.

Investigation on 02/08/2007 at Stanley, New Mexico

File # 31E-MM-108062 - 70 Date dictated 02/13/2007

by SA [redacted]

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31E-MM-108062-70

A records check of [redacted] provided the following information: b6 b7C

Race:
Sex:
Date of birth:
Social Security Number:

[redacted]

[Please insert on your letterhead]

[Please insert the date here]

US DHS CIS
Vermont Service Center
30 Houghton Street
St. Albans, VT 05478

**Re: Ms. [redacted] Immigration Application**

Dear Sir or Madam:

I am writing this letter on behalf of Ms. [redacted] and in connection with her O-1 Visa Application.

My name is David Blaine and I am a magician, an illusionist and an endurance artist. I am known for my high-profile feats of endurance, and have made my name as a performer of street and close-up magic. I have performed all over the world and have set and broken several world records, including holding my breath for more than 17 minutes, spending 35 hours atop a 105-foot pole and surviving a week buried in a coffin. I have traveled internationally performing magic privately for President Bill Clinton and Secretary of State Hillary Clinton, President George W. Bush, Secretary of Defense Donald Rumsfeld at the Pentagon, Governor Arnold Schwarzenegger, Henry Kissinger, Bill Gates and Mayor Michael Bloomberg. I have also performed magic for the President of Russia Dmitry Medvedev, the President of Georgia Mikheil Saakashvili, the President of Ukraine Victor Yanukovych, and the President of Kazakhstan Nursultan Nazarbayev.

I met [redacted] a few years ago through mutual friends and I was highly impressed with her: I first met her as an amazing fashion model, but, then, I discovered her intelligence, education, and her passion for children and education. So, when I saw the other side of Svet, performing her own brand of magic in fundraisers and other high end charitable events and organizations, I realized what an amazingly talented public relations and fundraising expert she is, and I was not surprised the least.

When it comes to organizing events, finding A-list funders for her causes, in my opinion, [redacted] is at the top of her game and is a true magician—the success stories she pulled for the children on the US Virgin Islands, the Ivory Coast, and many others are true miracles. She really makes a difference in the lives of the world's children.

It is not easy to raise money for education, especially technical/ STEM education: People only reach into their pockets with the correct enticement.

And not everyone is inclined to support the same causes. A fundraiser and public relations expert of extraordinary ability recognizes this—can find, target, and approach the correct people for their cause, and then recruit them with the correct individual enticements. Repeating myself, this is a very difficult thing to pull off. [redacted] was able to pull this off amazingly, not only with great efficiency and success, but with also great ease and grace; and she is on a roll—and it doesn't look like she will stop anytime soon.

These are my qualified opinions: I am no stranger to raising money for children. Every year, I travel all across the country and the world to perform magic for children's hospital wards, burn units and juvenile wards, including Spofford, Bridges, Horizon, and Crossroads. I spent time performing magic for Paul Newman and the children diagnosed with serious illnesses at the Hole in the Wall Gang Camp, among many other charitable activities.

I've been discussing with [redacted] how we can work together in raising money for children and education. Therefore, I wholeheartedly support her visa application. If her visa application is approved, I don't see why we wouldn't combine our unique forms of magic and help the world's children!

Please feel free to contact me if you have any further questions or concerns.

Best Regards,

David Blaine

## Are Rape Jokes Funny?

Abortion was still illegal in 1970. At the time, as both an underground abortion referral service and a stand-up satirist, I faced an undefined paradox. I wouldn't allow victims to become the target of my humor, yet there was one particular routine I did that called for a "rape-in" of legislators' wives in order to impregnate them so that they would then convince their husbands to decriminalize abortion.

When abortion was against the law, I thought it would never be legalized in my lifetime. But then, after *Roe vs Wade*, I thought abortion would never be *illegal* again. So now, in 2012, it's been disheartening to see the right-wing religious conservative movement that supposedly wants to keep government out of our lives, while simultaneously promulgating compulsory transvaginal ultrasound probes, in the process of trying to *re*-criminalize reproduction rights in my lifetime.

Things seem to be going backward. The Dinosaur Follies--better known as the Republican presidential primaries—were bizarre and surrealistic. Most despicable was the way they all pandered to their fanatical anti-choice constituents. My unofficial Campaign Pandering

Award went to the Champiom of Anti-Choice, Mitt Romney. He wanted to destroy Planned Parenthood and to overturn *Roe vs. Wade*.

But, returning to my rape-in concept, feminist friends objected. I resisted at first, because it was such a well-intentioned joke. And then I reconsidered. Even in a joke, why should women be assaulted because men made the laws? Legislators' wives were the victims in that joke, but the legislators themselves were the oppressors, and their hypocrisy was really my target. But for me to stop doing that bit of comedy wasn't chickenshit censorship, it was empathetic editing.

* * *

Now, in July 2012, more than four decades later, rape-joking triggered a widespread controversy when a woman who prefers to remain anonymous went to a comedy club, expecting to be entertained. She chose the Laugh Factory in Hollywood because Dane Cook was on the bill, but he was followed by Daniel Tosh, and she had never heard of him.

In an email to her *Tumblr* blogger friend, she accused Tosh of saying that "rape jokes are always funny, how can a rape joke not be funny, rape jokes are hilarious." She was so offended that she felt morally compelled to shout, "Actually, rape jokes are *never* funny!" Tosh paused and then

seized the opportunity, responding, "Wouldn't it be funny if that girl got raped by like five guys? Like right now? What if a bunch of guys just raped her?" The audience laughed raucously. After all, isn't anyone who yells at a comedian practically asking to become an immediate target? But this woman was stunned and humiliated, and she left. In the lobby, she demanded to see the manager, who apologized profusely and gave her free tickets for another night--admitting, however, that she understood if this woman never wanted to return.

In her email, she concluded that, "having to basically flee while Tosh was enthusing about how hilarious it would be if I was gang-raped in that small, claustrophobic room was pretty viscerally terrifying and threatening all the same, even if the actual scenario was unlikely to take place. The suggestion of it is violent enough and was meant to put me in my place." She added, "Please re-blog and spread the word." And indeed, it went viral.

Coincidentally, on the same night that Tosh, in his signature sarcastic approach to reality, provoked the woman, Sarah Silverman was performing at Foxwords Casino, and she touched upon the same taboo

subject: "We need more rape jokes. We really do. Needless to say, rape, the most heinous crime imaginable, seems it's a comic's dream, though. It's because it seems when you do rape jokes, that the material is so dangerous and edgy, and the truth is, it's like the safest area to talk about in comedy 'cause who's gonna complain about a rape joke? Rape victims? They don't even *report* rape. They're just traditionally not complainers."

Ironically, in *The Aristocrats*, a documentary entirely about a classic joke of the same name, Silverman complained (facetiously) that she was once raped by show-biz legend Joe Franklin. Also, her rape tips for men include, "Carry a rape whistle. If you find that you are about to rape someone, blow the whistle until someone comes to stop you." However, another joke of hers goes like this: "I was raped by a doctor—which is so bittersweet for a Jewish girl."

In the magazine *Bitch* ("Feminist Response to Pop Culture"), an article titled "Laughing It Off: What Happens When Women Tell Rape Jokes?" by Katherine Leyton stated: "Some female comics tell jokes that clearly target rape culture, such as one classic skit by veteran comedian Wanda Sykes, 'Even as little girls we're taught we have something everybody wants—you gotta protect it, you gotta be careful, you gota

cherish it. That's a lot of fucking pressure! I would like a break! You know what would make my life so much easier? Wouldn't it be wonderful if our *pussies were detachable?'* The joke goes on to detail situations where you could leave your 'detachable pussy' at home, mainly to avoid the chance of rape."

* * *

In the fall of 1981, I booked myself for a cross-country tour, from New York to Chicago, Minneapolis, San Francisco and Los Angeles.

While I was in New York, a nun was raped. When I got to Chicago, the rapist was also there. He had given himself up to the police. On stage I explained the true reason why: "He heard that the Mafia, in a rush of Christian compassion, put a $25,000 contract out on his life." That part was true. "So now I'm asking the Mafia to use their clout to end the war in El Salvador since *four* nuns were raped and killed there." They must've heard my request. By the time I got to Los Angeles, the *Herald-Examiner* was reporting that the Mafia was "probably the largest source of arms for the rebels in El Salvador."

In the spring of 1982, there was a Radical Humor Festival at New York University. That weekend, the festival sponsored an evening of radical comedy. The next day, my performance was analyzed by an

unofficial women's caucus. Robin Tyler ( "I am not a lesbian comic--I am a comic who is a lesbian" ) served as the spokesperson for their conclusions. What had caused a stir was my reference to the use of turkey basters by single mothers-to-be who were attempting to impregnate themselves by artificial insemination. Tyler explained to me, "You have to understand, some women still have a hang-up about penetration."

Well, I must have been suffering from Delayed Punchline Syndrome, because it wasn't until I was returning on a plane, contemplating the notion that freedom of absurdity transcends gender difference, that I finally did respond, in absentia: "Yeah, but *you* have to understand, some men still feel threatened by turkey basters."

* * *

*The Onion* posted a story about a college dorm that was nicknamed "The Rape Hall." And an *Ironic Times* headline stated, "Quaaludes Ends Its Relationship With Bill Cosby." Earlier in Amy Schumer's stand-up career, she told this joke: "I used to date Hispanic guys, but now I prefer consensual." She has since been accused of racist comedy. "I used to do a lot of short dumb joke like that," she responded." I played a dumb white girl onstage. I am evolving as an artist. I am taking responsibility and hope I haven't hurt anyone. I apologize if I did."

Indeed, in an episode of *Inside Amy Schumer* on Comedy Central, a sketch--*Football Town Nights* parodying *Friday Night Lights*--featured a Texas town's new high school football coach. He informs his teenage squad that he's going to be doing things differently. There's going to be a no-huddle offense. Two-a-day practices are mandatory. And there will be no raping. "But we play football!," one player cries. The rest of the team chimes in: "But we play football!" "What if she thinks it's rape, but I don't?" "What about at-away games?" "What if my mom is the DA and won't prosecute, can I rape?" The whole town bullies this coach for taking something away from the players that they obviously need.

In another sketch, Schumer plays a flirtatious lawyer ironically *defending* Bill by bedazzling the judge as well as the jury. On *Late Night,* Seth Myers rhetorically asks, "Why did Bill Cosby cross the road?" He answers himself, "To avoid a reporter who was asking about sexual assault allegations."

At the National Association of Television Program Executives conference, Jay Leno commented on the allegations against Bill Cosby: "I don't know why it's so hard to believe women. You to go Saudi Arabia and you need two women to testify against a man. Here you need twenty-five [now forty-five]." Leno also used one of Justin Bieber's song hits for a

punchline, pointing out that Bieber "wouldn't want to sing 'I Wanna Be Your 'Boyfriend'' to guys in prison."

On *The Daily Show,* Jon Stewart aimed his arrow at presidential candidate Donald Trump, the great Greekish god of Narcissism. Stewart shouts, "There are probably some non-rapists caught up in that tide, whether they're unable to rape for medical reasons, or whether they're just all raped-out." A clip shows Trump reading out loud from a report that "80% of Central American women and girls are raped crossing into the United Sates." CNN's Don Lemon tells Trump. "That's about women being raped, it's not about criminals coming across the border or entering the country."

Trump: "*Somebody's* doing the raping, Don."

"*Touche!,*" said Stewart. "I believe we have our campaign slogan: *Trump 2016--Somebody's Doing the Raping*."

Immediately after *The Daily Show* came *The Nightly Show* with Larry Wilmore. He plays the same clip just a slightly bit longer: Trump spouting, "*Somebody's* doing the raping, Don. I mean, you know, somebody's *doing* the rapiing, You think the women are being raped. Well, who's *doing* the raping?" Wilmore repeats: "*Who's doing the raping?* Okay, who's bringing the chips? Who's bringing the beer? *Wait, wait. Who's*

*doing the raping?* Oh, okay, sorry about that. I didn't know, I had to ask. I have to tell you, though, as far as campaign slogans go: *Donald Trump 2016--Who's Doing the Raping?"* Hey, it sounds familiar already.

* * *

Although Daniel Tosh is a consistently unapologetic performer for the sardonic material he exudes on his Comedy Central series--which features a running theme of rape jokes, even including one about his sister--for this occasion he decided to go the Twitter route: "All the out of context misquotes aside, I'd like to sincerely apologize." He also tweeted, "The point I was making before I was heckled is there are awful things in the world but you can still make jokes about them."

According to Jamie Masada, owner of the Laugh Factory, Tosh asked the audience, "What you guys wanna talk about?" Someone called out "Rape," and a woman in the audience started screaming, "No, rape is painful, don't talk about it." Then, says Masada, "Daniel came in, and he said, 'Well, it sounds like she's been raped by five guys'—something like that. I didn't hear properly. It was a comment—it wasn't a joke at the expense of this girl." Masada claims that she sat through the rest of Tosh's performance, which received a standing ovation, before she complained to the manager.

Fellow comedians defended Tosh with their own tweets. Dane Cook: "If you journey through this life easily offended by other peoples words I think it's best for everyone if you just kill yourself." Doug Stanhope: "You're hilarious. If you ever apologize to a heckler again I will rape you." Louis C.K.: "Your show makes me laugh every time I watch it. And you have pretty eyes" --except that he wrote it after watching Tosh on TV, but before he learned about the Laugh Factory incident. Nevertheless, he was excoriated and accused of being a "rape apologist."

But C.K. himself is no stranger to sexual-assault jokes. Onstage, he has said that he's against rape-- "unless you have a reason, like you wanna fuck someone and they won't let you, in which case what other option do you have?"

Conversely, in an episode of his TV series, *Louie*, he reversed such roles. After leaving a bar with an especially aggressive woman, Laurie (played by Melissa Leo), that he had inadvertently met earlier, she performs fellatio on him in her pickup truck, then insists that he in turn

perform cunnilingus on her. And he refuses. So, she attacks him physically with unabashed viciousness, mounts him, and he gives in to her demand. In other words, Laurie rapes Louie. No joke. To watch this scene was positively jaw-dropping. It served as a reminder of how often comedians--and their jaded audiences--find prison-rape jokes not only to be funny, but also, as in the case of pedophile Jerry Sandusky, an act of delayed justice resulting in laughter that morphs into applause. A *N.Y. Post* headline about pedophile Subway pitchman: "Enjoy a foot long in jail." And "Don't drop the soap" even made its way to the animated *Family Guy.*

Meanwhile, reacting to the Tosh tirade, Julie Burton, president of the Women's Media Center, stated: "If free speech permits a comedian to suggest a woman in his audience should be gang-raped, then it certainly permits us to object, and to ask what message this sends to survivors or to perpetuators. Tosh's comment was just one extreme example of pop culture's dismissive treatment of sexualized violence, which desensitizes

audiences to enormous human suffering. Internet outcry is encouraging, but popular media needs to push back too."

And the original blogger posted another message:

"My friend and I wanted to thank everyone for there *[sic]* support and for getting this story out there. We just wanted everyone to know what Daniel Tosh had done and if you didn't agree then to stop following him. My friend is surprised to have gotten any form of an apology and doesn't wish to press any further charges against [him]." What? Press charges? Rape is a crime. Rape jokes aren't. They are the risk of free speech. The blog concluded, "She does plan on returning to comedy shows in the future, but to see comedians that she's seen before or to at least look up artists before going to their shows."

Wait till she finds out that Dane Cook suggested she kill herself.

* * *

Now, over forty years since I stopped presenting my concept about a rape-in of legislators' wives, I sent the first draft of this piece around to several friends, and I was particularly touched by a response from Emma Cofod, production manager at my then-publisher, Soft Skull Press:

"Thank you for sharing this! I truly appreciate your thoughts here. I read about this woman's complaint last week, and the whole event turned my stomach. What Tosh did was personally threatening, which is not OK. But even though I fall neatly into the feminist camp, I think your original joke is hilarious—within context, and coming from a comedian whose philosophy I identify with. Color me conflicted."

I think that kind of conflict is healthy. And then there was Louis C.K.'s appearance on *The Daily Show*. This is what he told Jon Stewart between interruptions:

"If this [controversy about Tosh] is like a fight between comedians and bloggers--hyperbole and garbage comes out of those two places, just uneducated, unfettered--it's also a fight between comedians and feminists, because they're natural enemies, because, stereotypically speaking, feminists can't take a joke, and on the other side, comedians can't take criticism. Comedians are big pussies. So to one side you say, 'If you don't like a joke, stay out of the comedy clubs.' To the other side you say, 'If you don't like criticism, stop Googling yourself every ten seconds, because nobody's making you read it.' It's positive. To me, all dialogue is positive. I think you should listen.

"If somebody has the opposite feeling from me, I wanna *hear* it so I can *add* to mine. I don't wanna obliterate theirs with mine, that's how I feel. Now, a lot of people don't feel that way. For me, any joke about anything bad is great, that's how *I* feel. Any joke about rape, a Holocaust, the Mets--*aarrgghh*, whatever--any joke about something bad is a positive thing. But now I've read some blogs during this whole [controversy] that made me enlightened at things I didn't know. This woman said how rape is something that polices women's lives, they have a narrow corridor, they can't go out late, they can't go to certain neighborhoods, they can't dress a certain way, because they might--I never--that's part of me now that wasn't before, and I can still enjoy the rape jokes.

"But this is also about men and women, because a lot of people are trading blogs with each other, couples are fighting about Daniel Tosh and rape jokes--that's what I've been reading in blogs--but they're both making a classic gender mistake, because the women are saying, 'Here's how I *feel* about this,' but they're also saying, 'My feelings should be everyone's primary concern.' Now the men are making this mistake, they're saying, 'Your feelings don't matter, your feelings are wrong and your feelings are stupid.' If you've ever lived with a woman, you can't step in shit worse than that, than to tell a woman that her feelings

don't matter. So, to the men I say, 'Listen to what the women are saying about this.' To the women I say, "Now that we heard you, shut the fuck up for a minute, and let's all get back together and kill the Jews.' That's all I have to say about it."

The audience laughed and applauded, as they did fifty years ago when Lenny Bruce ended a riff on prejudice: "Randy, it won't matter any more even if you are colored and I'm Jewish, and even if Fritz is Japanese, and Wong is Greek, because then we're all gonna stick together—and beat up the Polacks."

My notion of a rape-in of legislators' wives in order to impregnate them was no more meant to be taken literally than Louis C.K.'s killing the Jews or Lenny's beating up the Polacks. Rape-in was a misunderstood metaphor; a pro-choice parable that unfortunately has become timely again, but now my target has been clarified, though it's still those increasingly incredible sexist legislators.

Take Missouri Senator Todd Akin—please. Referring to conception during a rape, when he said, "If it's a legitimate rape, the female body has ways to try to shut that whole thing down," he jumped the proverbial shark. And when Indiana Senate candidate Richard Mourdock said that if a

woman is impregnated by a rapist, "it is something that God intended to happen," he jumped the sperm whale.

No professional comedian had the imagination to come up with such tragicomic satirical concepts as those. The funniest thing is that neither Akin nor Mourdock was trying to be funny. They were simply being their ignorant selves, a pair of religious fanatics who worship a micromanaging deity that made them legitimate assholes in the first place. The good news is that they both were defeated on Election Day. The Republican presidential campaign was crystallized by "Keep the government out of my Medicare," and the Democratic presidential campaign was crystallized by "Keep the government out of my vagina."

While Mitt Romney believes that life begins at conception, Rick Santorum believes that life begins at foreplay. He has gone way beyond his frenzied position against women's right to abortion. He's also against birth control, even though that would *prevent* the need for an abortion. He claims that "contraception is *not* okay" and that it turns sex into "simply pleasure." He has also vowed to "ban all pornography," even though watching porn would *prevent* the need for contraception.

And so it came to pass that Barack Obama was re-elected. His opponent, Romney, fell to his knees and pleaded, "Oh, dear Lord, you

promised that I would win. Why hast thou forsaken me?" And the voice of God boomed out, *"HEY, MITT, LISTEN--I WAS JUST FUCKIN' WITH YA . . ."*

**From:** Darren Indyke [redacted]
**Sent:** 8/17/2016 3:27:07 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!
**Attachments:** 2016.08.16 - Draft Letter to Eric Rayman re Epstein Book re Steven Hoffe....docx; Untitled attachment 110187.htm; Ex. A - 2016.08.11 - Hoffenberg Email re Being on Book Writing Team.pdf; Untitled attachment 110190.htm; Ex. B - 1997.03.05 - Sentencing Opinion.pdf; Untitled attachment 110193.htm; Ex. C - 2014.12.16 - Consent Decree re NY Post.pdf; Untitled attachment 110196.htm; Ex. D - 2016.07.05 - Order Dismissing Case.pdf; Untitled attachment 110199.htm

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Best,

Charles

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Thanks,

Regards,

Darren

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& JOHN CONNOLLY WITH TIM MALLOY

# FILTHY RICH

A POWERFUL BILLIONAIRE,
THE SEX SCANDAL THAT UNDID HIM, AND ALL
THE JUSTICE THAT MONEY CAN BUY:

*THE SHOCKING TRUE STORY OF JEFFREY EPSTEIN*

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Interviewer: "It's the
too close to the sun."

Jeffrey Epstein: "Did

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Interviewer: "It's the Icarus story—someone who flies too close to the sun."

Jeffrey Epstein: "Did Icarus like massages?"

—New York City, 2007

# AUTHOR'S NOTE

Late one afternoon, while taking a leisurely stroll on the Upper East Side of Manhattan, Tim Malloy, a friend of mine and a collaborator on this book, nearly ran into a trim, silver-haired neighbor of ours from Palm Beach.

The man was walking down Madison Avenue, and several things about him were striking. For one thing, he was wearing slippers. Expensive, embroidered, monogrammed slippers. But slippers all the same.

For another, he was accompanied by two attractive women. Even in Manhattan, an island that attracts beautiful women from all over the world, these women stood out.

As the man half shuffled, half walked down the avenue, the women walked slightly behind him, as if they were attendants or staff.

Tim followed, keeping a respectable distance, as the threesome made a right onto 71st Street and headed toward an enormous town house—a house that was almost a fortress—right



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in the middle of the block. The imposing residence had a stone facade and a fifteen-foot-high front door that wouldn't have looked out of place protecting a castle. And, like our neighbor's slippers, the house had a monogram: raised brass letters that spelled out JE.

The house and, quite possibly, the two women belonged to Jeffrey Epstein, a rich and powerful man who was also a registered sex offender with a strong taste for underage women.

Not just sixteen- and seventeen-year-olds. But younger girls as well.

Epstein was alleged to have abused dozens of young women, or, more accurately, girls. He'd settled potential lawsuits with some of them. He'd done a bit of prison time for his crimes. A *bit* of time. And now here he was, out in the world again.

Accompanied by two beautiful young women.

I had been hearing hair-raising stories about Jeffrey Epstein for a couple of years. Our interests could not have been more different, but Palm Beach, where we both live, is small and tightly knit, and we knew some of the same people.

Epstein's arrest had made headlines in papers all over the world. But in Palm Beach, it caused a scandal that continues to set off aftershocks and leave a bad smell.

So I had followed Epstein's case in the media and talked about it over dinners with friends. I wondered why it had taken so long for the Palm Beach police to catch up with Epstein. And, once they did, why he had served so little jail time.

Those were the obvious questions, but there were others: How had Epstein made his money, possibly billions? No one



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seemed to know. And while the news media had some details about the underage girls, reporters seemed only to know what had happened *at the moment of his arrest.*

Epstein definitely liked his massages. He got them from two, even three, young women a day, right in his mansion on the island. He'd been operating on an almost industrial scale. But who were these girls? Where had they come from? How did they find their way to his home on a secluded street in Palm Beach?

Epstein had powerful friends. He'd flown Bill Clinton around in his private jet and rubbed shoulders with heads of state, Nobel Prize winners, any number of billionaires. Prince Andrew, the man sixth in line to the British throne, had been a close friend.

Were any of these connections the reason that Epstein was now a free man?

I wanted to know. After all, our homes were a half mile apart, and Epstein's actions had had an undeniable impact on the town where I lived. Stirred by that sighting of Epstein up in New York, Tim Malloy and I began to investigate.

We partnered with John Connolly, a tough, no-nonsense journalist who had once been a cop with the NYPD and had been following the Epstein story for close to ten years.

Working together, we interviewed Epstein's friends, going all the way back to his childhood; we met with Epstein's acquaintances, employees, neighbors, and business associates, and finally with the families of his victims. We interviewed law enforcement officers who'd worked on the investigation in Palm Beach and lawyers on all sides of the resulting court cases, some of which are still working their way through the court system.

Combining our interview material with evidence obtained from court filings and other investigations, such as the one



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conducted by Connolly's *Vanity Fair* colleague Vicky Ward, we began to put the pieces together.

In a few instances, we have re-created brief scenes and snatches of dialogue. These are based on interviews, police investigation documents, and court filings. We changed the names and identities of the girls, hoping to protect them from more embarrassment and harm.

There never was any doubt that Jeffrey Epstein was guilty. He admitted as much in the non-prosecution agreement he agreed to sign in 2007. The question is, what exactly was he guilty *of*?

This book attempts to answer that question and many others about this strange and mysterious man. These days people all around the world are angry about and suspicious of the super rich and powerful. The story of Jeffrey Epstein is an object lesson about why we ought to be. To put it simply, some people think they can operate outside the law. And that's what they do.

—James Patterson, Palm Beach, February 20, 2016



HOUSE_OVERSIGHT_019117

*air* colleague Vicky Ward, we

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Palm Beach, February 20, 2016

# PART I

## The Crime

HOUSE_OVERSIGHT_019118

# CHAPTER I

## *Mary: February 2005*

It's a typically slow South Florida Sunday, and Mary's staring into the mirror, trying to wipe the morning cobwebs away from her dark, sleepy eyes.

She's a pretty girl, tiny—just five feet three inches tall—but tanned and athletic, with curly black henna-streaked hair.* Her bedroom's a playland of pinks and pastels, stuffed animals, and boy-band posters. But Mary's a teenager now. Fourteen years old. She even has a boyfriend. He's cute and popular. Joe† is the heartthrob of her school, and Mary's feelings for him are new to her, powerful, hard to untangle. She's thinking of Joe as she presses the Play button on her iPod.

The MP3 player's on shuffle. There's no telling what song will

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* Mary's name, some identifying details, and dialogue have been changed.
† Joe's name, some identifying details, and dialogue have been changed.



HOUSE_OVERSIGHT_019119

come up, and Mary's head drops dramatically in anticipation. Then a loud, sexy throb spills out of the earbuds: Britney Spears. The bass line takes over, and she starts to dance, moving her hips as she lip-synchs the lyrics:

*With a taste of a poison paradise...*

Mary's swept away by the song. She's twirling around and around, flinging her arms out to grab the clothes hanging up in her closet—*it's like embracing ten thousand fans!* Then she stops and pulls out the earbuds. Suddenly she's become fourteen again. Just a girl, jittery, nervous.

What she's thinking about now is what she will wear to the big fancy house.

Mary desperately wants to make an impression. This will be her first trip to the house. She does not want to look like a child on this outing.

She picks out a pair of skinny white jeans, puts on a freshly washed halter top that leaves her flat stomach bare. The cross that Joe gave her last Christmas hangs from her neck.

*Think of the money*, she thinks.

For Mary, it's incredible money. Several weeks' wages at Mickey D's. And just for giving some old man a massage? She twists the earbuds back in, dives into the closet, sings along with Britney Spears:

*Don't you know that you're toxic?*

The tight white jeans fit Mary perfectly. She turns to check herself out in the mirror, cropping the scene with her fingers to



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*Be like Barbie,* Mary

She *can't* be nervous.

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But, of course, it is a
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block out the Barbies behind her. Over on the Gold Coast, girls in big, high-ceilinged bedrooms have American Girl dolls. Dolls with natural smiles, perfectly vacant moon faces. American Girl dolls are beautiful. They're expensive. But you *have* to have one if Mom and Dad are willing to pay. Over on the Coast, most mothers and fathers are. But out in the sticks, where Mary lives, you get Barbies—passed down from mother to daughter, from sister to sister. They're rail-thin, missile-breasted. There's a touch of knowingness to the curl of their otherwise innocent mouths. American Girl dolls are girlie, but Barbie's like Britney Spears. Barbie's dangling her long legs over the line that separates girls from women.

*Be like Barbie,* Mary thinks.

She *can't* be nervous. Not now. Not today.

What she tells herself, over and over again, is: *It's not that big a deal.*

But, of course, it is a big deal. Before long, Mary's visit to the big fancy house will become part of a months-long Palm Beach police investigation—an affidavit for probable cause, filed by the Palm Beach PD—and, finally, the arrest and conviction of the home's owner, Jeffrey Epstein.



HOUSE_OVERSIGHT_019121

# CHAPTER 2

## *Jeffrey Epstein: February 2005*

Jeffrey's morning routine is precise and unvarying. First he spends twenty-five minutes in silence, visualizing the day ahead as he digests the guava, banana, and Müeslix that his chef prepares for him—the same way every day—at six in the morning. Then Jeffrey walks a third of a mile up to South County Road, pausing once in a while to take deep, restorative breaths.

It's a slight slope that leads toward the ocean. Jeffrey's home on the Intracoastal Waterway is behind him now. The morning's not windy. The Atlantic is calm and glittery, and fishing trawlers bob gently on distant waves.

Jeffrey's partial to monogrammed sweatpants, monogrammed fleece pullovers, and hoodies. Casual attire offset by embroidered Stubbs & Wootton slippers—the kind that sell for hundreds of dollars a pair. His hair, which is thick, has turned silver. But Jeffrey Epstein does not have a paunch. For a fifty-two-year-old



man, he's extremely fit.
strong jawline.

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# CHAPTER 2

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man, he's extremely fit. Six feet tall, 180 pounds, brown eyes, a strong jawline.

He's never been a drinker. He doesn't smoke or take drugs, and he takes care good care of his body as well as his mind.

It's a magnificent mind. His gift is for numbers: complex calculations, abstract formulas. Even as a child, Jeffrey could untangle math problems that would stump most smart adults. Numbers just fall into place for him, forming in ranks he can bend, twist, manipulate—and *multiply*. He could have been a scientist or a mathematician. As a young man, he taught calculus and physics. Then he became an investor—a very rich man. Then he became a philanthropist, like Bill Gates. His love for science has inspired him to give millions to academics and institutions committed to studying mysteries of the brain and the arcana of physics. He's given millions to Harvard. And he's given money to politicians: Governor Eliot Spitzer, of New York, and Governor Bill Richardson, of New Mexico, where Epstein owns the largest home in the state.

Epstein's flown Bill Clinton to Africa on a private jet—not the Gulfstream he owns but his Boeing 727, customized with its own trading floor—so that the former president could promote his various and worthy causes.

Just for fun, Chris Tucker, the comedian, and Clinton's pal Kevin Spacey had tagged along for the ride.

"Jeffrey is both a highly successful financier and a committed philanthropist with a keen sense of global markets and an in-depth knowledge of twenty-first-century science," Clinton would say through a spokesperson. "I especially appreciated his insights and generosity during the recent trip to Africa to work on democratization, empowering the poor, citizen service, and combating HIV/AIDS."



HOUSE_OVERSIGHT_019123

But is Jeffrey thinking about that trip now?

His first guest is due that morning at nine, and that leaves him enough time for a shower, a lunch, and a few phone calls before the second girl arrives.

Sarah has scheduled that girl for one.

For Jeffrey, it's just part of the daily routine.

But on *this* day, there's a delicious twist.

One of the girls is a first-timer.



*Mary: February 200*

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# CHAPTER 3

*Mary: February 2005*

Downstairs, the doorbell is ringing. Mary's father shouts, gruffly:

*"Ella está aquí. Su amiga con el camión."*

"She's here. Your friend with the truck."

Mary runs down the stairs. It's game day, and Dad's already got the TV on. Her stepmom's out running errands. Mary's twin sister has gone out, too, Rollerblading with a few of her friends.

"Going shopping," she yells, and she pops a piece of Dubble Bubble into her mouth.

*"¿Dice quién?"*

"Says who?"

Mary's already halfway out the door. Her father calls out again, but on Sundays there's no getting him out of his chair. Besides, Mary knows he'll be happy when he sees the money she's made. *Real* money, like Joe's cousin Wendy Dobbs, is



HOUSE_OVERSIGHT_019125

making.* And it's not like she's running off to do something crazy. After all, Wendy's assured her already that there's nothing to worry about.

Mary's father is Cuban—an immigrant—a self-made man who runs a contracting business. He's wise to the ways of the world and highly protective of his two daughters. They're good girls, he knows. Almost angels. As far as he knows, they don't drink. They've never tried drugs. They love clothes and, especially, music—Britney Spears, Nelly Furtado, Maroon 5, the boy band with that dreamy lead singer. Mary loves California, which she's never seen but daydreams about. She just *knows* she'll live there someday—a plan that's okay with her father as long as Mary keeps up with her homework and chores.

What he worries about, in the meantime, is the crowd that Mary runs with.

Joe is a fine boy. More responsible than most American boys his age. But Joe's cousin, Wendy, is another story. Mary's father doesn't like Wendy at all and would have liked her even less had he known about Wendy's intentions.

In just one hour, Wendy's told Mary, she can make more money than her father makes in a day: "This guy in Palm Beach. He's rich. Very rich. He has an airplane. He owns an *island*, you know?"

Like a lot of kids who live inland, away from the Florida coast, Mary's dreams reach way beyond the dull, scrubby flat-

* Wendy Dobbs's name, some identifying details, and dialogue have been changed.



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lands and strip malls she's grown up around. There's so much that she wants to do and see. But for her the Gold Coast, twenty miles away, might as well be another country.

"*Yes*," she had said, without even thinking about it.

Then there was Joe to contend with.

"Who *is* this guy?" Joe had said, shaking his head. "You don't know a thing about him."

"*Hundreds* of dollars," Mary had whispered. She couldn't quite look at Joe, but she was firm: "I can make that in one *hour*."

Joe seemed to think they were actually talking about it. A conversation—some back-and-forth. But the thought of not going hadn't even crossed Mary's mind. If anything, she hoped that it would become a regular thing.

"To rub his *feet*? Are you kidding? If you're not worried about it, why haven't you told your dad?"

"It's your cousin, Joe! Some girls go three times a week."

"The guy's feet must be killing him."

"Shut up!"

"Tell your father."

"You know how Dad is. You don't tell *your* parents everything."

"I'm not going to some freak's mansion to rub his feet."

"That's right. *I* am."

"And if I told your father? Or mine?"

"You'd never see me again."

Mary felt bad as she said it. She felt bad for lying.

She knew that it would be more than a foot rub.

Wendy had told her that much, at least.



HOUSE_OVERSIGHT_019127

# CHAPTER 4

## *Jeffrey Epstein: February 2005*

John Kluge, the media magnate, has bought up several lots around here, torn down the mansions, and built a grand, sprawling estate. But Epstein's neighbors have blocked his own efforts to buy more land and increase his holdings.

Epstein's address in Palm Beach is 358 El Brillo Way. Built in the fifties by a totally run-of-the-mill architect, the house has none of the elegance of his neighbors' homes. It's big, with a big swimming pool—that's the most you can say for it. It's totally bland. But it's the last house on a dead-end block, the last block of the street, and this makes it very *secluded*.

Tonight, one of Epstein's black Escalades will whisk him away, taking him to the private terminal at Palm Beach International Airport. Then a short flight down to Little Saint James—or, as he likes to call it, Little Saint Jeff's—the seventy-eight-acre island he owns in the Virgin Islands. But for the moment, there



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# CHAPTER 4

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are still things to attend to in Florida. Business *and* pleasure—although, in Epstein's experience, the two have always fit together nicely.

He strolls through the gate, past the guard, up to the side door that leads to the kitchen. Inside, he ignores the maid doing dishes and climbs a wide, winding staircase to the second floor. He walks down a hallway, one that's lined with photographs of naked women. Then, in his bedroom, he opens a closet. Inside, there are many more photographs. Erotic photos, tacked to the wall, of girls who have come to the house.

Familiar faces, familiar bodies. That's what makes the first-timers so special.

Epstein checks his watch before closing the door.

The Virgin Islands can wait.



HOUSE_OVERSIGHT_019129

# CHAPTER 5

## *Mary: February 2005*

The Dubble Bubble's lost all its flavor, but Mary's still chewing the gum as she shifts, nervously, in the backseat of Wendy's big pickup truck. The girl sitting up front next to Wendy is a stranger to Mary. She's chain-smoking menthols. The music is blaring; the seat is filthy and gross. Worried that her white jeans will get grody, Mary sits on her hands. Then, through the window, she sees a gigantic resort called the Breakers. It is resplendent, sun-drenched, not quite *real*—like something you'd see in the movies.

It makes for an interesting contrast.

"We'll wait for her," Wendy says to the girl in the passenger seat. "Then we can all go to the mall."

"Which one?"

"The Gardens."

It's like she's not there. Mary wants to say something about it,



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# CHAPTER 5

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but she doesn't know if the other girls would even respond. Wendy's always seemed so much cooler than kids Mary's age. This other girl's just a mystery. And when Wendy does turn around to speak to Mary, her stare seems to slice right through the younger girl.

"Remember," Wendy says, according to a probable cause affidavit filed by the Palm Beach police. "When he asks how old you are, say eighteen."

The light changes, and Wendy turns back around but keeps looking at Mary in the rearview mirror.

"Got it?"

Mary nods.

"I mean it," says Wendy.

Who would believe her? Anyone can see that Mary is younger than that.

"*Okay*," she says. "I got it. Eighteen."

Mary takes out her flip phone and sends Joe a text: "Your cousin is a BAMF."

A badass motherfucker.

There's no reply.

"Or maybe she's just a bitch," Mary texts.

Still no reply.

*Joe must still be in church*, Mary thinks.

They pass El Bravo Way and turn onto El Brillo Way.

Wendy's driving slowly now, right at the speed limit. Once more, she says: "When the man asks your age, say eighteen."

Mary nods again and smiles, slightly. She wants Wendy to see her smiling. To know that she's got it all under control. But Wendy's eyes are on the front gate now. It opens, she parks, and they walk past a guard.



HOUSE_OVERSIGHT_019131

"We're here to see Jeff," says Wendy.

The guard nods—*of course you are*—and leads them to the side door.

They're in the kitchen now. Mary, Wendy, some middle-aged man. The man has a long face, bushy eyebrows, and thick silver hair—and he's *fit*. As fit as the jocks that Mary goes to school with. Not attractive, exactly. He's way too old for that. But confident, in a way that makes an impression.

Standing behind the man there's a woman. She's blond, very pretty, much taller than Wendy.

*What a strange scene,* Mary thinks. She can't shake the feeling that the man is *studying* her. Then he nods, and he and Wendy walk out of the kitchen. A little while later, they're back.

"Sarah," the man says to the tall woman. "You can take Mary upstairs."

Sarah takes Mary up a wide winding staircase carpeted in pink. Together they walk down a hall that's got photographs on the wall—naked women. Long curtains cover windows and don't let in much light. In the air, there's a strong lavender fragrance.

Then they come to a room containing a green-and-pink sofa. There's a large bathroom off to one side and doors on either side of the sofa. There's a wooden armoire with sex toys on it. There's a massage table, too, and a mural of a naked woman.

"Wait here," says Sarah. "Jeff will be up in a moment."

Mary's too freaked out to do anything else. Fidgeting with her belt loops, she sits on the sofa, jumps up again.



Then she sees *the pictu*

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Mary gasps. She turns

in front of her, wearing no

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Then she sees *the picture*.

All the girls in the photos are young. But the girl in this one's just a baby.

Much younger than Mary herself.

The girl's smiling, but the smile's mixed with something else—some sort of *anxiety* that's out of place on such a small face. And what she's doing is shocking: pulling her underwear off to the side. Flashing one of her tiny apple-round butt cheeks toward the camera.

Mary gasps. She turns around. And there's Epstein standing in front of her, wearing nothing but a towel.



HOUSE_OVERSIGHT_019133

# CHAPTER 6

## *Michael Reiter: March 2005*

Chief Reiter looks more like a bank president than a cop. He's well built, with an air of formality and discretion. But he's got twenty-four years on the job. Decades earlier, he was a campus police officer in Pittsburgh. Then he rose, steadily, through the ranks in Palm Beach, moving up from patrol officer to detective, working vice, narcotics, and organized crime, then becoming a sergeant, captain, major, and assistant chief—a job he held for three years—before becoming chief of police. Reiter is what you'd call seasoned, although chief of police in Palm Beach is a job that calls upon his political skills as much as his street smarts.

Then again, from time to time, things do happen.

Once in a blue moon there are murders—though these are so rare that they tend to be remembered for decades.

Sometimes there are hurricanes to contend with, and, when the



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# CHAPTER 6

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sea calms, human cargo washes up on the shore. Sometimes traffickers aim the bows of their boats at the glow of the Breakers resort, order their passengers to go overboard, then tell them to swim.

Most of the passengers are Haitian—men, women, and children who stake all they have on a chance at a life in America. From time to time, Palm Beach cops have to retrieve their bodies from the surf.

Things get busier during the wintertime, or, as the locals call it, the season. It's when the very rich come to town, throw parties and balls, shop, and tangle traffic at the intersections around Worth Avenue. The population booms, and the men and women who work under Chief Reiter deal with fender benders, shoplifters, and snotty skateboarding teenagers. There are DUIs. Domestic disturbances. Choking victims and heart attacks. It's routine stuff, but there's always lots of it. Enough to keep the men and women who work for Reiter busy.

Chief Reiter's proud of the team he has built. And, the team knows, they're lucky to have him. Reiter's extremely well qualified for the job. If anything, he's overqualified, with a certificate from the John F. Kennedy School of Government at Harvard and anti-terrorist training at Quantico, courtesy of the FBI. It's not brought up often at cocktail parties in Palm Beach, but several of the 9/11 hijackers lived in Palm Beach County. They took flight lessons at local airstrips. A few, including the mastermind, Mohamed Atta, had been regulars at 251 Sunrise, a chic nightclub in Palm Beach. There they had regaled any woman who would listen with made-up stories about their adventures as pilots.

But 251 Sunrise is shuttered now. The joint was shut down in 2004, after an avalanche of noise complaints. For the moment, Palm Beach is as quiet and calm as any place Reiter has dreamed about.

For the moment.



HOUSE_OVERSIGHT_019135

# CHAPTER 7

## *Mary: March 2005*

If there's no traffic, Mary's hometown is less than thirty minutes away from the island of Palm Beach. But in economic terms it's a world away. Her high school is run by the county. Most of Mary's classmates are black. Thirty percent are Hispanic, as she is. The rest are white. The school has a C rating, and lots of students receive free or discounted lunches. Mary is one of those students. But inch by inch, she's working her way out of the crab barrel. A good kid, her teachers think. A kid with a future in front of her.

Weeks have gone by since her meeting with Epstein. She hasn't told anyone about the visit. Still, other kids at the high school have noticed a change.

"Yo, Mary," a friend says. "What's up with you anyway?"

This is a kid who veers from nice to mean, depending on who else is around.



Still, a friend.

"Nothing," says Mary.

"You got your period?

"Shut the fuck up," M:

There have been ru
Rumors started by a girl v

"Whore," her rival sh

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HOUSE_OVERSIGHT_019136

# CHAPTER 7

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Still, a friend.

"Nothing," says Mary.

"You got your period?"

"Shut the fuck up," Mary whispers.

There have been rumors going around, she knows that. Rumors started by a girl who has eyes for Joe.

"Whore," her rival shouts in the hallway one day.

"You're the whore," Mary shouts back.

Mary rushes the girl, who shoves back, grabbing at Mary's hair, twisting and tugging. Someone yells, "Catfight!" By the time the bell rings for next period, Mary's sitting in the principal's office.

She shakes her head in reply to the questions, stays silent, feeling humiliated.

Then, in her wallet, they find the three hundred dollars.

Mary's too young and too small to be stripping. Besides, the bills are all twenties, not singles or fives. When they call Mary's parents, her teachers suggest a more obvious explanation: Does Mary do drugs or deal them?

Mary's father knows better than that. "No," he insists. A psychologist is called in. And then, Mary does start talking.

Once she does, she can't stop.

It's a wild story. Highly disturbing. A mansion in Palm Beach. A powerful man. This is all far from the principal's wheelhouse. It's *definitely* a matter for the police. In the meantime, the school's recommending a transfer, purely temporarily, to a facility for troubled kids—ones with "issues."

Mary's a good girl, it's true. But further confrontations at the high school will not be tolerated.



HOUSE_OVERSIGHT_019137

# CHAPTER 8

## *Michele Pagan: March 2005*

On March 15, Palm Beach police officer Michele Pagan takes the first call from Mary's stepmother.

"Ma'am," she says, "I'm going to have to ask you to come down to the station."

"I don't want to say anything more until I speak with my husband."

"Ma'am, I appreciate that. But I'd urge you to come in. Let us find out what happened. Please."

"I'll get back to you."

"Please, ma'am. I'm here for the rest of the day. We're on South County Road."

At the station, Mary's father does most of the talking.

"There was an incident," he says. "At school. A fight between Mary and another girl. But please understand, our Mary's not like that."



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*The kid's fourteen. Wha*

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*No,* Pagan thinks. This

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HOUSE_OVERSIGHT_019138

# CHAPTER 8

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Officer Pagan's starting to feel as though she's swimming in uncharted waters. She's young, and the cases she's worked before this have been minor. Robberies, that sort of thing. Pagan's not used to the Gold Coast. She was educated in New York City, and, to her, the less affluent towns further in from the Coast might as well be somewhere in Georgia. Then again, she knows enough to know that in the back of the station, detectives are already whispering.

*What's a guy with that kind of money need with some girl from out west? The women around here could make a man cry.*

*Extortion?*

*The kid's fourteen. What would she know from extortion?*

*Have you seen the shows these kids watch? They know about things we've never dreamed about.*

*No,* Pagan thinks. This is her case.

She's the one who's going to work it.



HOUSE_OVERSIGHT_019139

# CHAPTER 9

## *Mary: March 2005*

Mary's father and stepmother believe their girl. Officer Pagan believes Mary's parents. Ergo, Mary must be telling the truth. The girl's got a sweet, high, halting voice. Pagan interviews her twice, and both times, she speaks with her chin buried deep in her chest.

"Tell me, honey," says Pagan. "What happened?"

In her notepad, Michele Pagan writes: *While speaking to me, Mary became upset and started to cry.*

"This white-haired guy came into the room," Mary says. "Wearing only a towel around his waist. He took off the towel. And then he was all naked, and he lay down on a massage table.

"He was a really built guy. But his wee-wee was very tiny."

Mary tells Pagan that Epstein spoke only to give her instructions, which he did in a stern voice. She tells Pagan that she was alone and didn't know what to do.



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# CHAPTER 9

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*She removed her pants, leaving her thong panties on,* Pagan writes in her incident report.

*She straddled his back, whereby her exposed buttocks were touching Epstein's exposed buttocks.*

*Epstein then turned to his side and started to rub his penis in an up-and-down motion. Epstein pulled out a purple vibrator and began to massage Mary's vaginal area.*

Mary's sure that Epstein ejaculated. "He used a towel to wipe himself down as he got off the table," she says.

That week, Pagan's assigned to the case, along with six detectives. Five men, two women. "A predator case," one of them will say. "This is different from someone who is stealing. This predator is a smart person, and that's his *desire*. He can't stop."

Within days, another victim comes into the station. She's got a similar story.

It's a tricky case, according to a source closely involved with the investigation, because the girls involved are far too young to use as bait in an attempt to catch Epstein committing another crime—even if they were willing to play along. Still, there are other strings that Chief Reiter's team can start pulling.

Two weeks later, on March 31, Officer Pagan has Mary make a controlled call to Wendy Dobbs.

The first attempt goes straight to voice mail.

The next time Mary calls, Wendy picks up.

On the recordings made by Officer Pagan, Mary's voice is tiny and tentative, while Wendy sounds mature, gruff, fully grown, like the femme fatale in some old black-and-white movie.

"Hey, what's up?" she says impatiently.



HOUSE_OVERSIGHT_019141

"Nothing," says Mary.

"I talked to Jeffrey, and I'm going to his house tomorrow morning," says Wendy. "I'm going to set something up for you."

"Cool. Like, what do you think?"

"I don't know. I'm going to talk to him tomorrow morning when I go to his house about it."

"Um, how much would I get paid?"

"Talk to him. I'll talk to him tomorrow, and then I'll bring you in the next day. You can talk to him about it."

*So far, so good,* thinks Officer Pagan. But she needs more. She looks at Mary expectantly, but not too expectantly, she hopes. She can imagine how hard it must be for the girl. Or maybe she can't imagine it at all. But either way, Mary seems to have gotten the message. Straightening up in her chair, she begins to press Wendy.

"I don't know," Wendy says in response. "I don't know. You're going to have to talk to him about it. I mean, I don't really work for him like *that*. I just bring girls to him and they work for him. . . . You can ask him, like, 'What can I do to make more money?' "

Mary keeps pressing.

"The more you do, the more you get paid," Wendy says finally.

"Want me to bring my sister for you? So that we can get paid more or something?"

"Well, yeah. That's what I'm saying. I'm working tomorrow, and me and him are going to put a schedule together for you and your sister. So I'll call you tomorrow when I leave Jeffrey with a schedule."

"Okay, well, I don't have a phone. So if you guys call me, I'd have to know what time so I could get the phone."

"Okay. I'll leave you a message. That's fine. I'll leave you a message."



*Noel St. Pierre: Mar*

Noel St. Pierre*
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This was how Noel
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* Noel St. Pierre is a compo

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# CHAPTER 10

## *Noel St. Pierre: March 2005*

Noel St. Pierre* thinks of the kids he grew up with in Haiti. His old neighborhood was pressed up against the jungle border that Haiti shares with the Dominican Republic, and some of the kids he knew would slip over. Those kids would stay in the DR for a few days, sometimes weeks. Some of them never returned. But the ones who did come back wouldn't say too much about it.

Most of them didn't talk much at all.

By the time he was ten, Noel had learned the truth about those kids. He'd learned that they'd ended up working as *prostitutes*.

This was how Noel St. Pierre had learned about evil. There really were devils out in the world. Flesh-and-blood devils, and

* Noel St. Pierre is a composite character.



HOUSE_OVERSIGHT_019143

they were nothing like the demons he'd heard about in church. Noel had never forgotten the way those kids looked. The way they'd turned into old men and old women. They were like zombies trapped in children's bodies. And now, in America, Noel's been given a chance to help other kids.

That's what the police have told him, at least.

Noel is a sanitation worker. Still strong at fifty, and lucky enough to have found his way to Palm Beach, he gets in to work before anyone else and keeps his white compactor truck clean, almost glistening. His pickup route runs hot and cold with the seasons. But even in the summer, with much less to do, he's on the job early, braced for a six-hour shift that would break a lesser man's back. In the winter, the job gets even harder. The Estate Section gets especially busy. Some of the parties have hundreds of guests. They leave behind mountains of refuse. That garbage gets picked up daily, or twice a day when requested. It's carried by workers who slip, silently, under the porte cocheres. Then it gets whisked twenty miles away to a landfill that the garbagemen call Mount Trashmore.

Noel's stretch of the Estate Section runs from the Everglades Club to the southernmost tip of the island. It encompasses Banyan Road, Jungle Road, El Bravo Way, and El Brillo Way. His performance record is spotless. As far as the Palm Beach PD is concerned, he's the perfect man for the job.

Chief Reiter's authorized a "trash pull"—a legal way to collect discarded evidence. In this case, evidence culled from Jeffrey Epstein's garbage. But when the police call him, Noel St. Pierre simply assumes that another refugee boat has run aground on



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the beach. A sad thing, but something that does happen from time to time. His homeland, Haiti, is desperately poor. Run by despots who line their pockets while everyday people suffer.

Many of the refugees are illiterate.

Most of them speak only Creole.

*"Eske ou ka ede nou, souple,"* they ask.

"Can you help us, please?"

The cops always need a translator, and Noel's been asked to help out before. But this time the police officer's voice is raspy, impatient.

"This time is different," the officer says. "Something very special. You don't have to accept. But if you do, you'll have to keep things to yourself, completely."

When he hears what the story is, Noel accepts.

"I'll do it," he says immediately.

The address he's been given is 358 El Brillo Way. On his first morning, St. Pierre moves swiftly, sneaking a glance through the kitchen window at the four silhouettes standing inside. Three women, one of them quite short, with pigtails.

The fourth silhouette is that of a tall man.

The police have given him clear instructions. The work is unsavory, but so is the work Noel does every day. What the detectives want from him now are slips of paper with phone numbers, along with toothbrushes, condoms, discarded underwear. Anything that could provide DNA. He's been told to use a special truck on the El Brillo run. Whatever he finds he's to put aside in small trash bags he'll deliver directly to the station at the end of every shift.



HOUSE_OVERSIGHT_019145

Jeffrey Epstein's garbage will never arrive at Mount Trashmore.

As he drives to the police station, St. Pierre thinks about Epstein and what he's been told. It's a wonder to him that American kids would do what the police say these kids have done. American kids are rich, after all. *Some of them just don't know it,* he guesses.

Americans always want more than they have.

Then again, children do stupid things. They don't know any better. And St. Pierre's trips to the house make one thing clear. These girls are young. *Really* young.

"I hope you can stop this man," St. Pierre tells the cop.

The detective shoots him a sharp look, and St. Pierre nods.

"Please," he says, more softly this time.

"Can we count on seeing you here tomorrow?"

The detective looks antsy, impatient again. In his hand he's holding a scrap of paper that Noel St. Pierre has pulled from Epstein's trash. Wendy Dobbs's name is on it. Mary's name is on it as well.

The detective can't wait to get it to Chief Reiter's office.

"As long as it takes, sir," St. Pierre tells him. "Tomorrow, the next day. Whenever you need me."



*Michael Reiter: Sep*

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# CHAPTER 11

## *Michael Reiter: September 2005*

There's a sense in which the Palm Beach PD functions as a foundation. From time to time, one of the town's wealthy residents will walk in with a check followed by an inquiry. How much more would the police force need to make this remarkably safe community feel even safer?

A tax write-off? Sure. But why not? Coming from most, it's a genuine gesture. One of appreciation for all they have and for all the department's efforts to guard it. Donations are accepted graciously, gratefully. In 2004, the department had taken one from Jeffrey Epstein—the second donation he'd made to the Palm Beach PD—for ninety thousand dollars. Generous, even by the generous standards of Palm Beach. The donation, which Epstein delivered personally, was earmarked for a firearms training simulator. But that day Michael Reiter had thought something seemed *off* about Epstein.



HOUSE_OVERSIGHT_019147

Something an old cop would notice.

Reiter's officers had told him about complaints they'd gotten a few months earlier—young women hanging around at the end of the block or coming and going at all hours from Epstein's house. "There was some follow-up to that," Reiter said in a deposition for *B.B. vs. Epstein*, a civil suit, brought by a victim, that Jeffrey eventually settled. "I think we may have encountered one or two of them. [We] may have done a little bit of surveillance or talked to neighbors as to whether or not they had seen that. I think we were of the general understanding that, yes, there were very attractive young women coming and going from Mr. Epstein's residence.

"We did some level of further inquiry, and we were of the belief that they were all adults. And [we] were also of the belief that there was a possibility that there could be prostitution. But I mean that's just not something that we heavily pursued—prostitution in private residences; it's common everywhere in America. We didn't believe that they were underage at that point, and so we had no further interest in it."

Reiter had recalled those complaints on the day Epstein had shown up with his $90,000 donation. And when Reiter had walked Epstein downstairs, he couldn't help but notice the tall, beautiful woman whom Epstein had brought with him to the station.

It struck him as strange that she was standing so stiffly, eyes cast downward, as though she were afraid to speak. Not a kid. But not a woman, either. Epstein did not introduce or even acknowledge her. To Reiter, this, too, seemed odd.

Indeed, the statuesque woman was Nadia Marcinkova, a



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nineteen-year-old beauty who lived at Epstein's home and was described, by another girl, in a recorded interview with Detective Recarey, as one of Epstein's "like, slaves."

In September, several months into the investigation, Epstein calls Reiter directly and asks: Has Palm Beach bought the firearms simulator yet?

Cautiously, Reiter tells him that they're still doing research.

If the department needs more funds, Epstein says, he'll be happy to provide them.

Reiter thanks him graciously and hangs up. But he's certain now that Epstein knows about the investigation. Thinking about Epstein's crimes in Palm Beach makes him shudder. And, Reiter knows, if the charges are true, things are going to get ugly and public.

Cops like Reiter are family men, fathers. Some see so much that they're no longer surprised by the ways of the world. Still, it helps to hold on to a natural capacity for outrage. Thefts are easy to understand: you see something you need, so you take it. Even murders make a kind of sense once you understand the motivation. There's great satisfaction in catching a murderer. But what Epstein's been up to is hard to explain.

*Who is this guy?*

Reiter's detectives will have to get into Epstein's head. To nail him, they'll have to know him. And to do that, they'll have to get to know the people around him. The police already know about Wendy. That's one procurer, but out of how many?

What kind of person would bring children to a child molester?



HOUSE_OVERSIGHT_019149

And—Reiter can't shake the idea—other victims had to be out there. That lined up with what Epstein's neighbor reported: there were *many* girls. He needed to find them as quickly as possible. It was a race against time.

As long as Epstein was free in Palm Beach, more girls were sure to arrive at the side of the house on El Brillo Way.



## *Alison: September 1*

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They'd kill for the st
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Over at WPTV, the
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Palm Beach, more girls were
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# CHAPTER 12

## *Alison: September 11, 2005*

It might start with the *Palm Beach Daily News,* which usually covers charity balls, equestrian events, and gallery openings. Reporters there would kill to sink their teeth into something so juicy. On top of that, Chief Reiter knows, Palm Beach is full of freelance paparazzi and seasoned semiretired journalists.

They'd kill for the story, too. For them, it'd be a real-life *Body Heat.*

Over at WPTV, the local NBC affiliate, the phone rings one day.

It's a tip from a kid, sounding nervous. Something about girls from a local high school.

There's a prostitution ring out in Palm Beach, says the boy.

The tip gets brought up in a midmorning meeting at which the producers divvy up ideas among the various reporters and newscasts.



HOUSE_OVERSIGHT_019151

"Where, exactly?" a producer asks.

"He didn't say, exactly," an intern replies. "He said that a very rich man was involved."

"Who?"

"Didn't say."

"Did he leave a call-back number?"

"No. The kid sounded really young. Fourteen, fifteen years old."

The producer thinks for a moment, makes a few scratches in his dog-eared notepad.

"Okay," he says. "I'm not sure what we can do with that for the moment."

At some point, some enterprising journalist will put enough pieces together to get a sense of the picture. Sooner or later, someone will talk. Maybe a parent. Maybe a cop's girlfriend gets giddy at lunch. The girlfriend's girlfriend mentions it to her husband, who says something to a golfing buddy in turn. Maybe the golfing buddy knows a reporter.

Or maybe some lawyer goes *off the rez,* blitzed off those martinis they serve at the Palm Beach Grill.

Sooner or later, there's always talk. At that point, Chief Reiter's job will get much, much harder—with Epstein on one side, the press on the other, and the chief taking flak from all sides. But right now, two months into Reiter's investigation, the press is still speaking in whispers.

Right now, Reiter wants to keep it that way.

And, in the meantime, new pieces of the puzzle keep falling into place.

* * *



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pieces of the puzzle keep falling

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On September 11, a young woman named Alison gets pulled over by the police.* She's carrying a small amount of marijuana. The patrol officer handcuffs her and puts her in the back of his vehicle. But Alison's been in the back of a police car before, and she's cocky and canny enough to pivot the conversation away from the dime bag she's been busted with. She tells the officer a remarkable story about an older man engaging in sexual activities with high school girls. Alison knows about it firsthand, she says. She's been going to the house on El Brillo Way since she was sixteen.

At first the cop's skeptical. He hasn't heard about the investigation into Jeffrey Epstein's affairs. And, after all, Alison is a burnout. But back at the station, he finds out that Alison has not been bullshitting him.

The investigation is real.

Alison's name and cell phone number match up with messages that have been pulled from Epstein's trash. Instead of copping to a misdemeanor, she becomes another Jane Doe in the case that Chief Reiter's colleague, Detective Joe Recarey, is building against Jeffrey Epstein.

The story Alison ends up telling is extremely disturbing.

Like Mary, she says, she was recruited in high school. She tells cops that Epstein would call her his "number one girl"—although, she suspects, there were many others.

Recarey takes her statement. In the excerpts that follow (transcribed from a tape recording made by the Palm Beach police), *D* stands for "Detective Recarey," and *V* stands for "victim."

* Alison's name, some identifying details, and dialogue have been changed.



HOUSE_OVERSIGHT_019153

D: Well, ah, start from, like, how you met him, and then I'll—I'll take you through.

V: Okay. Um, we [Alison and a female friend] worked at Hollister together in the Wellington Green mall, and I was mentioning to her how I wanted extra money to go to Maine . . . I wanted to go camping for the summer, and I couldn't afford a plane ticket. And—she goes, "Oh, well, you can get a plane ticket in two hours." I said, "What are you talking about?" Like, what are you—that didn't make any sense to me, a plane ticket in two hours; what are you talking about? And she goes, "Oh, we can go give this guy a massage, and, um, he'll pay two hundred dollars for, like, forty-five minutes or an hour." And that's all she told me—no details, no nothing.

. . .

She said that he wanted cute girls, so I looked cute, did my best. I didn't—I didn't think that it was what it was. I wasn't naive enough to think that he was gonna pay me two hundred dollars just for nothing—I, I don't know, like, I don't know what was going through my head. I absolutely don't know. And I—the back of my mind was thinking, oh, well, it could be legitimate, but I was also thinking, you know, at the same time, is she fucking crazy? Like, this guy's not gonna pay you money for not doing anything, not letting him cop a feel or nothing. You know? So I didn't know what to think, I was like, "Oh . . . if he does something that I have a problem with, then I'll leave."

. . .

D: Who were you introduced to?

V: One of his girlfriends. One of his, like, slaves that he has live with him. And when I say "slaves," like, one of the girls that



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HOUSE_OVERSIGHT_019154

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he bought to, like, have sex with him. Um, I was introduced to one of them probably, like . . . Sarah. I was introduced to Sarah. Um, that's his assistant, I think. I think they have sex, but I don't know. Um, I was introduced to his assistant Sarah, and she's the one who told me that he would be ready in a second. And from there I met various other girls. I don't really—I didn't pay attention to who they were, though. . . . So . . . we were waiting on the couch in the bathroom, and, um, Jeffrey comes up, and he's like, "Hey, I'm—I'm Jeffrey." He just introduced himself, and he hands—I remember this 'cause I was pissed off that she got paid to bring me. Like, I was pissed off. He hands her a wad of hundred-dollar bills and says, "Thank you," and she says, "I'll wait for you downstairs," and I was like, "All right, I'll see you in a little while." And that's how I was brought to Jeffrey.

. . .

Um. Hold on—I'm remembering. I'm, like, picturing in my head. I wore a skirt. I remember specifically what I wore: I wore a skirt and just a regular T-shirt. And I was massaging his legs, and he asked me to take off my skirt. And I said—I think I said no at first. And he's like, "Come on, you're not showing"—he talked me into it, basically. He's like, "Oh, you're not showing anything," or [he] did something; I don't even know. So I ended up taking off my skirt, and then he goes—well, I think he just started touching, you know, the top of me. So—and then he asked me.

D: When you're saying "the top of you," you mean your breasts?

V: Yeah. And then he asked me to take off my shirt. So I took off my shirt, but I kept my underwear on. And I wouldn't take



HOUSE_OVERSIGHT_019155

my underwear off: I told him no. And he still paid me the same amount. And that was that. I went home.

...

D: So, in other words, he—

V: Finished with himself and that was it. Yeah, he ejaculated. Specifically.

D: That was the first time you went there?

V: Mm-hmm.

D: And—I know, take a deep breath, I know, I can see it in your eyes already. From then on, you went there multiple times?

V: I had problems with it. [With] what happened the first time. But three hundred dollars for forty minutes—that was a lot for a sixteen-year-old girl making six bucks an hour.

D: So you're saying you're sure you were sixteen now?

V: Um, I don't want to say I'm sure of my age. I was under seventeen, one hundred percent.

...

D: Okay. Um, when you—the first time you went, when he masturbated, did you see?

V: [giggles]

D: His member?

V: Oh, I thought you were going to ask me if I saw, like, his come.

D: No.

V: I saw all of the above.

D: You saw him naked, fully naked? Fully naked?

V: Yeah, a hundred percent naked. He had a towel on for some of it, but that doesn't mean anything. Like, he was naked.

D: He took off the towel?

V: I saw everything, yeah.

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I mean, I'm sorry, he is circumcised, my bad. He's circumcised, a hundred and ten percent sure. A matter of fact, he has some sort of birth defect. On his thing. I don't know what it is [giggles]; I've never really looked at it, because I've never done anything where I had to touch it. I've never touched it—out of the whole time I worked for him, I never touched his penis. Like, he—I'm pretty sure he rubbed it against me, but I've never ever been, like, "Okay, I'm letting you do this" or "I'm gonna do this to you." Um, it's really weirdly shaped. I don't know—do you want me to, like, tell you this?

...

I'm just really embarrassed. Um, it's like a teardrop, like a drop of water. It's really fat at the bottom and skinny at the top, where it's attached. And he never gets fully hard, ever. Like, I just could tell by looking at it—like, by looking you can obviously tell if you're hard or not, and I could tell that he wasn't.

...

D: The next time you went, or as you continued to go, did it escalate more?

V. Mm-hmm. I actually—I don't remember how long it took for me to start working for him regularly, from the first time I went there. But I started working every day. Every single day he was in the country I would be there...And, um, I told him that I wouldn't let him put anything inside of me; that was my rule. Nothing inside of me—no fingers, no, no nothing, absolutely nothing inside of me. He increased my pay to three or four hundred dollars as long as he could touch me. Um, I still never—I, I swear I never touched him, the whole entire time I never, ever touched him. Um, but he, he—



HOUSE_OVERSIGHT_019157

D: How many times would you say you went?

V: Hundreds. Hundreds. I was—he used to tell me I was his favorite. He bought me a car. He bought me—

D: This Jeep that you're driving?

V: No. I had a brand-new Dodge Neon. I got a plane—I got a plane ticket to New York; I got spending money whenever I wanted. Like, I was in there deep. I was—he asked my parents to emancipate me so I could live with him. Or he didn't ask my parents, he asked me to ask my parents, I'm sorry. He actually wanted me to come live with him.

D: As, like, a girlfriend?

V: Sex slave, whatever you want to call it. Yeah. Um, but it escalated—he, he just increased my pay, as long as he could touch me. I wouldn't let him put anything inside of me. And then one day he just did, one day he just put his hand, like, his fingers—and, um...

D: How long, would you say, from the very first time you went?

V: Months. Honestly, I never kept track, like, of, of what happened when. I just can tell you in which order things progressed.

...

It was—it was, like, towards the middle and end of my school year. But I remember that for the last, like, six or eight weeks of high school, I didn't have a car 'cause I gave it back to him. Because he—he asked me to have sex with him and, like, like suck him and stuff [giggles], and I was just like, no. Definitely not. I was like, "I'll let you touch me, but I'm not gonna do that."

...

Yeah, the car was a Dodge Neon 2005. He got it for me before the New Year, because I remember I got it—it was an edition



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D: Okay. Let me bring

V: Sure.

D: When did things st
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V: They escalated whe
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D: Okay. The first time

V: Are you asking for a

D: Oh, no, no, no—

HOUSE_OVERSIGHT_019158

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that was a year before they were supposed to come out. So if I got it, I obviously didn't get a 2006, 'cause that's this year. I got a 2005 Neon in 2004. Seven miles on it when I got it. The car was awesome [giggles].

. . .

I gave it back before I graduated. It got too—it got too sticky for me. He wanted more than I was willing to give. I didn't wanna—I didn't want to, um, suck his dick. I didn't want to have sex with him. I never did that, and I wanted to be able to walk away from this saying that I—saying that I never did that. And I'm glad that I did.

. . .

But I lied to him when I gave it back. I didn't want to burn my bridges, because he was a spectacular connection to have. Spectacular. Even if I didn't—even when I didn't work for him. Until this day, he is so aw—he is so—I haven't talked to him in, like, a couple months, but if I called him today he would give me as much money as I asked him for. He doesn't know that I hate him the way I do. I kept that connection. I figured he used me, I'd be able to use him. Um, I hate to say that, but I figured if I wanted to use him I could.

D: Okay. Let me bring you back a little bit.

V: Sure.

D: When did things start to escalate as far as things happening when the massages were given?

V: They escalated whenever he wanted. I don't clearly understand the question.

D: Okay. The first time you went, you were naked—

V: Are you asking for a date?

D: Oh, no, no, no—



HOUSE_OVERSIGHT_019159

V: ...and the little steps that things progressed?

D: Right.

V: Well, I went and I wouldn't take off my panties at first. And then he got me to get naked. Then he got me to let him rub me. Then he got me to let him stick his fingers in me. Then he got me to let him go down on me. Then, um—that was pretty much the gist of it, except this one time, where he bent me over the table and put himself in me. Without my permission. And I flipped out. I'm sorry, I didn't ask you, but I don't count that as me having sex with him.... 'Cause I just told you that I never had sex with him. I never did. Even though, I don't know what you'd consider that. But he then—I go, "What are you doing?" He goes, "Oh, I just wanted [redacted] to see this."

D: Okay. Let me back you up. When you were completely naked, the same things happened? You went in, you massaged him?

V: Sometimes I didn't even do that. Sometimes he just asked me to take off my clothes and—he'd have to do work, he'd be sitting at his desk or something, and I'd just be naked there, watching television or reading a book, but I'd be naked. Or, um, sometimes he wanted to just watch TV or read, and he'd lay in his bed and ask me to take my clothes off and lay with him. And that's it. Not touch him or anything.... Sometimes he'd just invite me over for breakfast, for dinner, or just to use the swimming pool, and I'd get paid for that, too. I'd get paid just to hang out with him. That's it. And if the money wasn't there, I wouldn't have ever been in that house.

D: Okay. When he started to touch you—

V: I have a question. Before I say anything else. Um, is there a possibility that I'm gonna have to go to court or anything? Like, that's a possibility, right?



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V: Would you consider
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D: If he put himself insi

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D: That, that is a crime.

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V: 'Cause Jeffrey's gonna
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V: Well—

D: Why do you say you're
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V: Well, I've heard him m
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D: You're gonna die? You'

V: All the above! But that

D: Who's he talking to?

HOUSE_OVERSIGHT_019160

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D: Well, here's the thing: When this is all said and done, we're going to sit down, we're going to discuss this. I mean, what he did to you is a crime. I'm not gonna lie to you.

V: Would you consider it rape? Like, would you consider that to be rape, what he did?

D: If he put himself inside you, without permission—

V: I didn't say that, or anything. I was standing up and the table is about, like, my hip length—he just put me down—

D: That, that is a crime. That is a crime.

V: I don't want my family to find out about this. My family doesn't know any of this. My mom thinks I was his secretary, for two years, or however long—a year and a half. My mom thinks I made phone calls for him and that's how I was making my [unintelligible] money. That's it. I don't want her to know anything.

D: Well, you're an adult. You're an adult now. . . . When we're done with this interview, we'll discuss this further and we'll decide the best course.

V: 'Cause Jeffrey's gonna get me. You guys realize that, right? He's gonna find—he's gonna figure this out. And he's gonna—I'm not safe now. You understand that, right? I'm not safe.

D: He is not this person that he is portraying himself to be—

V: Well—

D: Why do you say you're not safe? Has he said he's hurt people before?

V: Well, I've heard him make threats to people on the telephone, yeah. Of course.

D: You're gonna die? You're gonna break your legs? Or—

V: All the above! But that's not the point.

D: Who's he talking to?



HOUSE_OVERSIGHT_019161

V: I don't know. I don't know, I heard those conversations, I mean, I've been in the room when he was on the phone and [unintelligible] threatened. Like, I witnessed lots of things. I just don't know what, specifically, you all [want to know].

D: Everything.

V: I used to go there every day, like I w—I don't, I don't know how many other girls he was saying, "You're my favorite, and I want you to live with me" to, but I was in about as deep as you can get.

D: He had quite a few girls he would say that to.

. . .

D: Do you have any formal massage training?

V: [Giggles.] Hell, no.

D: All right, I was just asking.

. . .

V: He would kiss me and stuff, too. I remember that. And when he kissed me, if he was jerking off he would, like, rub himself on my breasts. And I . . . I was extremely uncomfortable. I would maneuver myself away from that activity. I'd get up and I'd move somewhere else, or I'd—I don't even remember. I would stop whatever was going on without saying, "Can you get the fuck off me?" I would stop it without saying stuff like that.

D: Okay.

. . .

V: I wouldn't let him put anything in me until one day he did just out of nowhere. And I said, "Wait a second: my boyfriend, you know, we had this thing, you can't do that. You know, I'm—I'm allowed to work here as long as you don't do that." And he said "okay." Well, a couple months later I guess he



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assumed me and my boyfriend had broken up, and he just did it one day; he just did it without asking or anything. And then I said, "What are you doing?" I said, "You know that's not cool," and he goes, "Oh, I thought we did that last time." And I said, "No, we did not do that last time." And then he goes—uh, and then he just offered me more money. He's like, "Well, why don't I just give you something extra, and we can try this out?" And I was like [sigh], "All right." Very hard guy to say no to. I don't know if any of you guys ever talked to him. . . .

. . .

Oh, yeah. Well, if you talk to him, I mean, he straight up tries to control the situation. Every—every word that comes out of your mouth, it seems like, he knows what you are going to say. Like, that's his job; that's how he made his money is knowing what people are gonna say and what people are gonna do.

D: What did he tell you he does for a living?

V: Well, there's a couple of things. Things that I found for myself, things I looked up on the Internet. What he specifically told me when I asked him the first time was, "Oh, I'm a brain scientist." And I said, "What the fuck is a brain scientist?" I was like, "That's not a real job—tell me the truth." But anyway . . . his explanation was, "It's my job to know how people's brains work." And I said, "Whatever the fuck that means. Whatever. You're like some old guy who [unintelligible. . . .]" You know what he promised me? Here's the reason I held on so long is, he promised me that I would get into NYU. That I would get into NYU and he would pay for it. And I waited, and I waited, and I scored great on my SATs, I would get 4.0—like, I did great in school. I filled out my application



HOUSE_OVERSIGHT_019163

and he told me that it wasn't good enough. So I filled it out again, and it was like three times. So I'm pretty sure he wasn't checking into it, he was just telling me that he was. But I think that had a lot to do with the reason I stayed there so long, 'cause my dream was right in front of me, you know? And it's so far....

D: Aside from having been with [redacted], was there anybody else that you brought to the house?

V: I brought a few people....Because it got out that I did this. Like, everyone at school knew. You know, everyone talks—

D: It was a circle, and—

V: It was a little circle, yeah....Not that I would want anybody to get involved....I brought girls I didn't like and, frankly, did not give a shit about. Girls that I knew were skanks. That would do anything. Girls that would just, like, suck dick in the bathroom at school. Like, not even people I was friends with. I'd just hear a rumor about a girl and be like, "Hey, I know a way you can make two hundred dollars. How about..." I would tell them flat out, like, "This is what you've got to do. Are you cool with this? 'Cause I'm not gonna take you if you're not." So I told them. They all know that I got paid to bring them. It was actually [redacted]. She took off her shirt. She was a little overweight, so he didn't want anything to do [with her]. She was my best friend. But, you know, she was another story. I did care about her. But, um, she lost her house and stuff and really needed money. She had—she was homeless, she had nowhere to go. So she did it out of desperation.

...

D: Did he ever hurt you?



V: Sometimes he got vic

D: Violent as in what? A

V: He pulled my hair
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D: This is getting real pe

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D: Okay.

V: Um. But honest, I me
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HOUSE_OVERSIGHT_019164

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ıe had nowhere to go. So she did it





V: Sometimes he got violent, yeah.

D: Violent as in what? As in—

V: He pulled my hair a lot harder than it should have been pulled. Like, he—okay, I can understand having sex, and you're all, like, not—not that we were having sex, but I mean, like, if you're all into it and you pull hair a little bit, like, my ponytails—just like a little bit, whatever. But he would pull it to where it would rip my hair out. It would rip my hair, and then sometimes he would pick me up and, like, throw me whichever way he wanted me, and then he would just like use a toy or, like, his hand or whatever. Never his penis, though, ever. I never had sex with him. But um—I'm little, so he could pick me up. Like, if you pick me up and throw, obviously it's gonna hurt. . . .

. . .

I mean, there's been nights that I walked out of there barely able to walk, um, from him being so rough. But nothing really—nothing specific that he really got violent with. Like, I can't really recall.

. . .

Nothing that I went to the doctor for, no. I mean, I remember getting tore up a few times, but it was nothing that—

. . .

D: This is getting real personal, but were you active before him?

V: What, like, had I had sex? Yeah [laughs].

D: Okay.

V: Um. But honest, I mean, I'm not—I'm not a ho. I've had only three steady boyfriends, and those are the only three that I've ever done anything with. And they were all with me for over a year. So it's not like I just go and hook up at parties.



HOUSE_OVERSIGHT_019165

. . .

Like, I've gotten thousands of dollars' worth of shit. Man, the underwear I'm wearing right now he gave me. Like, I'd—I'd go over there and there'd be a bag of Victoria's Secret underwear, like, waiting for me, like, talking, like, fifteen hundred dollars' worth of stuff. I got a plane ticket from him once. I got a car, I got Christmas bonuses, I got movie tickets. Like, he'd buy me movie tickets—like, he'd say, "Hey, have you gone to the movies lately?" I'd be like, "I dunno, oh—not really," [and] he goes, "Do you want to go?" He'd give me, like, eight movie tickets. I got show tickets; I went and saw, like, David Copperfield. I had, like, VIP tickets or something like that.

. . .

I need to show you, like, what I'm talking about, like, the positioning that we were—it was like, okay, here's the thing: there's the, like, little flower thing, then here's the massage table. I was right here, he was right here, [and] she was here. Um. And I was standing up, and he just pushed me over the table, and he did his thing with me.

D: Okay. Were you facing the table? Were you?

V: I was. I was facedown on the table. Like, facedown, hands, like, on my head, holding—I don't, I don't mean—I wasn't fighting, really. So I don't know if he was holding me down to kinda stop me from fighting or what he was doing. He's just a really weird—he's into really weird stuff. Like, I was just bent over, and my face was on the table. I was facedown on the table. And then he did his thing. So. But anyway, [redacted] was right here, and I'm pretty sure she was naked, and the couch is, like, right behind, but, um, that's how it happened. . . . He was



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only in me for, like, a minute or two. I don't even know if you could say that long. He put it in, did a couple of pumps, or whatever the fuck you wanna call it, and I was like, "What are you doing?" [giggles] I go, "What are you doing?" He's like, "Oh, I just wanted [redacted] to see this." Then that was that.



HOUSE_OVERSIGHT_019167

# CHAPTER 13

## *Wendy Dobbs: October 3, 2005*

Every chance he gets—and he gets lots of chances—Chief Reiter drills the same thing into his investigators' heads: they need to be careful. Patient. Methodical. Strategic. Or Epstein's lawyers will eat them for lunch.

Inch by inch, they move their case toward the goalpost. But in October, Detective Recarey and his coworkers catch a break that moves the ball several yards down the field.

On the first Monday of that month, they pick Wendy up at her house and, down at the police station, she starts to sing—like a bird.

The detectives can hardly believe it or get it all down fast enough. Later on, in a probable-cause affidavit, Detective Recarey will write:

> *Approximately two years ago, just after she turned 17 years of age, [Wendy] was approached by a friend named Molly at*



*the Canopy Beach*
*asked if she wanted*
*have to provide a m*
*thought about the off*

*Molly (Unknowr*
*name) picked [Dobb*
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*next to the massage*
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*He removed the*
*table. He laid on the*
*massage oil for [Dobb*

"He tried to touch m

*I asked how he tried t*
*grabbed her buttocks*

"I'll massage you," D
to be touched."

*[Dobbs] stated she per*
*clusion of the massage*

HOUSE_OVERSIGHT_019168

# CHAPTER 13

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ng into his investigators' heads:
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ıtion, she starts to sing—like a bird.
believe it or get it all down fast
-cause affidavit, Detective Recarey

*;o, just after she turned 17 years*
*ched by a friend named Molly at*





*the Canopy Beach Resort in Riviera Beach. [Dobbs] was asked if she wanted to make money. She was told she would have to provide a massage and should make $200. [Dobbs] thought about the offer and agreed to meet with Jeffrey.*

*Molly (Unknown last name) and Tony (Unknown last name) picked [Dobbs] up and she was taken to Epstein's house. Upon her arrival to the house she was introduced to Epstein in the kitchen of the house. She was also introduced to a white female known to her as Sarah. She was led upstairs to the main bedroom known to her as Jeff Epstein's bedroom.*

*Sarah arranged the massage table and covered the table with a sheet. She brought out the massage oils and laid them next to the massage bed. Sarah then left the room and informed [Dobbs] Jeff would be in, in a minute. Jeff entered the bedroom wearing only a towel.*

*He removed the towel and laid nude on the massage table. He laid on the table onto his stomach and picked a massage oil for [Dobbs] to rub on him.*

"He tried to touch me, and I stopped him," says Dobbs.

*I asked how he tried to touch her. [Dobbs] stated that Epstein grabbed her buttocks and she felt uncomfortable.*

"I'll massage you," Dobbs had told Epstein. "But I don't want to be touched."

*[Dobbs] stated she performed the massage naked. At the conclusion of the massage, Epstein paid [Dobbs] $200.*



HOUSE_OVERSIGHT_019169

*After the massage Epstein stated to [Dobbs] that he understood she was not comfortable, but he would pay her if she brought over some girls. He told her the younger the better. [Dobbs] stated she once tried to bring a 23-year-old female and Epstein stated that the female was too old. [Dobbs] stated that in total she only remembers six girls that she brought to see Epstein. Each time she was paid $200. [Dobbs] said at the time she brought these girls to Epstein's house they were all 14 through 16 [years] of age.*

Wendy Dobbs keeps talking. What she says about Mary's visit lines up neatly with what Mary's already told the police. Wendy's own experience with Epstein syncs up, too. But Wendy's not a victim, as Mary is. After all, she's been playing on Epstein's team. Team *predator.*

A police sergeant enters the room. What he wants to know is, does Wendy realize that she's implicated herself in Epstein's crimes?

Beads of sweat form on Wendy's forehead, and now the police know they've really got her. She gives them phone numbers to go with the young girls she's named. She provides addresses. But no, Wendy doesn't quite get it. On the way home, in a police car, she brags in the backseat:

"I'm like a Heidi Fleiss," she tells the escorting officers.



*Wendy Dobbs, inter*
*Sergeant Frick, Octo*
*video (excerpts)*

RECAREY: Okay. Your
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you know, it's only c
DOBBS: That's fine.
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DOBBS: And I don't neec

HOUSE_OVERSIGHT_019170

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# CHAPTER 14

*Wendy Dobbs, interview with Detective Recarey and Sergeant Frick, October 3, 2005, transcribed from video (excerpts)*

RECAREY: Okay. Your Pepsi's coming, my Pepsi's coming. First of all, I know you're freaking out. Don't freak out, just relax. Okay? I want to thank you for coming. All right? Though the door's closed, you're free to go at any time. You're not here—you know, it's only closed for our privacy.

DOBBS: That's fine.

RECAREY: I understand that you may have information on a case that we're looking into, okay? That's the reason why I brought you here today. All right? And again, you're here voluntarily. You agreed to come back with us and talk to us. But I do want to talk you about Jeff Epstein, and the whole... thing.

DOBBS: And I don't need a lawyer, right?



HOUSE_OVERSIGHT_019171

RECAREY: It's up to you. If you wanted one, you can have one. I can't tell you yes or no on that. That's totally [up] to you, I'm only—

DOBBS: I'm not gonna get in trouble for anything I say, right?

RECAREY: Right now, you're just a witness. I'm talking to you as a witness.... That's totally up to you. You wanna talk to me?

DOBBS: I have no problem telling you everything I know. I'm a very cooperative person.

RECAREY: Okay. How did you first meet, um—

DOBBS: I first met Jeffrey—I was at a beach resort on Singer Island, and I was approached by this girl I went to school with. Her name was [redacted]. And she was asking me, you know, "Oh, you need extra money, I know this guy...." I thought about it and I finally gave her a call, and her and her friend [redacted] met up with me. I actually picked them up and we drove down to Jeffrey's house. She introduced me, whatever.

RECAREY: Okay. Now, what [do] you mean by making money, how do you make money with Jeffrey?

DOBBS: Um, there's two ways. There's two ways you can make money. He'll, all right—

RECAREY: That's all right. Talk to me. Talk to me like, like nothin'.

DOBBS: How do I say—this is going to sound really sleazy, but—

RECAREY: No. Go ahead. Talk to me.

DOBBS: Every girl that meets Jeffrey starts off with giving him a massage. The more you do with him, the more you make. Basically, if you take off your clothes, you're gonna make more. If you let him do things to you, you're gonna make more.

RECAREY: Like "do things" you mean, touch you?



DOBBS: Yeah. Touch yo

RECAREY: Okay. Does

DOBBS: He uses his hand
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DOBBS: Yeah. Just to bri

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you mean, touch you?





DOBBS: Yeah. Touch you in inappropriate places.

RECAREY: Okay. Does he use his hand? Does he—

DOBBS: He uses his hands and, I really wouldn't call it a vibrator—I guess it's like a massager? But um—I was one of the girls that refused to do that. I did it basically my—I did it naked, but I wouldn't let him touch me or anything like that. So after that he's like, "You know what?" He's like, "Listen, I'll pay you $200 for every girl that you bring to me." He's like, "I don't want you to massage me anymore, you know, just bring girls to me...." So that's the other way you can make money. For every girl that you bring to the table—so, for every girl that I brought to Jeffrey—I would make $200. Flat. Just right there.

RECAREY: Just to bring a girl.

DOBBS: Yeah. Just to bring a girl.

RECAREY: Okay. And the girl that was going knew that she would have to massage him.

DOBBS: She knew everything. She knew everything. That was one of Jeffrey's rules. He had a problem with girls coming to the house that didn't know what they were getting into. He would tell me, you know, "Make sure these girls know what I expect, make sure they know what they want, because when I get in that room I don't want them to—you know—they need to know." And, as far as [redacted]'s case, she knew everything she was getting herself into. It was all volunteer.

RECAREY: Okay. What did you tell her that she was gonna do?

DOBBS: I told her the same thing. I told her, you know, this guy Jeffrey—she came to me saying she needed money, da da da. I basically told her about it. She was like, um, you know, "What do you have to do?" I told her. I was like, "The more



HOUSE_OVERSIGHT_019173

you do, the more you make. That's it. In order to make money, you're gonna have to go up there. You're gonna take your clothes off. But the more you do, is the more you make." She walked out of there with $300. So she obviously and evidently let him do a little more. Plus, on our way home, she kinda told me what she did.

RECAREY: Which was? Give the massage. . . .

DOBBS: She gave the massage, and she basically let him, like, touch her, down there. Basically.

RECAREY: Did he touch her with his hands?

DOBBS: All with his hands. And then he brought out the massager. From what she told me.

. . .

RECAREY: How old were you when you were approached to see Jeffrey?

DOBBS: Um, I think I was seventeen?

RECAREY: Seventeen.

DOBBS: Sixteen or seventeen.

RECAREY: Okay. When was the last time you talked to him?

DOBBS: It's been a while. I can honestly say it's probably been about close to a year. About a year. I actually stopped working for him.

RECAREY: Who was the last girl you brought over?

DOBBS: The last girl I brought over was [redacted]. . . .

RECAREY: Okay. You got paid two hundred bucks for taking her over?

DOBBS: Yes.

RECAREY: Okay. [Redacted] knew . . .

DOBBS: She knew everything.

RECAREY: That she'd have to massage him, and the more she did—



DOBBS: The more she'd

RECAREY: The more sh

DOBBS: Yeah.

RECAREY: So, she had i

DOBBS: Um, I don't kn

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RECAREY: A lot?

DOBBS: Um, let's see, th

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DOBBS: The more she'd make.

RECAREY: The more she got paid.

DOBBS: Yeah.

RECAREY: So, she had intercourse with him.

DOBBS: Um, I don't know about the intercourse. I heard different stories on that. I've never asked him "Oh, you know . . ." But when I was first introduced to him, my friend [redacted] who introduced me to him, told me that she knew a girl who slept with him and made $1,000. But from what his intern—or secretary—told me, is that he doesn't do that. He just plays around with them. So I heard two different stories.

. . .

RECAREY: So, when you went and you massaged him, nothing happened between you two.

DOBBS: Nothing. I wouldn't let him.

RECAREY: Okay. Did he become forceful? Did he get upset?

DOBBS: I wouldn't say he became upset. I think he was a little disappointed. But I'm not—I didn't care. I knew I was getting paid. I let him—I let him look, but I never let him touch. It was out of the question for him. And I think that's pretty much why he just, kind of down-promoted me? He was just kind of like, "You can bring girls." But as far as working, you know—

RECAREY: Okay. How many girls have you brought to him, aside from [redacted]?

DOBBS: Oh. Um. A lot.

RECAREY: A lot?

DOBBS: Um, let's see, there's [several redacted names]. . . .

RECAREY: And all these girls knew what they had to do?

DOBBS: Every one of them.

. . .



HOUSE_OVERSIGHT_019175

RECAREY: How long have you been working for him?

DOBBS: Um . . . I probably worked for him for a year.

RECAREY: Okay. And out of all these girls . . .

DOBBS: Those were all the girls I brought. But you have to remember, those girls brought other girls, too.

RECAREY: Oh, okay.

DOBBS: So it's like—it's like a train. It's like, I introduced him to all my friends, and then . . . it goes on and on, like that.

. . .

RECAREY: Okay. . . . [Redacted] being fourteen or fifteen at the time—I think [redacted] was fourteen when this happened—who else was underage? Out of all these?

DOBBS: Underage, what do you mean?

RECAREY: Under eighteen.

DOBBS: Under eighteen? All of 'em.

RECAREY: All of them?

DOBBS: All of them. . . .

RECAREY: Okay. Did Jeff know anybody's real true age? Or he didn't care.

DOBBS: I don't think he cared. He told me the younger the better.

RECAREY: The younger the better. All right.

DOBBS: Pretty much. That's how it worked. He didn't—let me just put it this way: I tried to bring him a woman who was twenty-three, and he didn't really like it.

RECAREY: Didn't go for it.

DOBBS: It's not that he didn't go for it. He just didn't care for it. And he likes the girls that [are] between the ages of, like, eighteen and twenty. . . . But some of them, I think, lie about their age. I know that when I started off young, I think he knew better [than] to believe me. I think he knew that I was



younger—like, sev
teen. Most of those
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RECAREY: Let's talk ab

DOBBS: Okay.

RECAREY: [Mary] at th

DOBBS: Mm-hmm.

RECAREY: Okay. She
she know you work

DOBBS: I told her.

RECAREY: You had tol

DOBBS: Mm-hmm.

RECAREY: Did you tell

DOBBS: She knew ever

RECAREY: Okay. So sh
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younger—like, seventeen—but I told him I was, like, eighteen. Most of those girls lie when they go in there.

. . .

RECAREY: Let's talk about [Mary] for a minute.

DOBBS: Okay.

RECAREY: [Mary] at the time was dating your cousin, right?

DOBBS: Mm-hmm.

RECAREY: Okay. She told you she needed to make money. Did she know you worked for Jeffrey?

DOBBS: I told her.

RECAREY: You had told her you worked for Jeffrey.

DOBBS: Mm-hmm.

RECAREY: Did you tell her what it entailed? So she knew that?

DOBBS: She knew everything before she even agreed to it.

RECAREY: Okay. So she knew that there was going to have to be some kind of—

DOBBS: Contact. Pretty much. Yeah. I told her. I told her exactly what his expectations were. I told her what goes on with the girls that go up there. I told her—it was like, "It's your call." I was like, "If you want to do this, fine. If not, fine. But when you go in that room, I don't want to hear you say, 'Oh, I didn't know he was going to do all that.' Because I'm telling you right now, he's expecting it."

RECAREY: Basically, this is touching—

DOBBS: Fondling—

RECAREY: Fondling—

DOBBS: Or whatever. And I told her when she went on her own. Just like, "Just remember, the more you do, the more you make. But that's—that's up to you." And she asked me, and I brought up, told her *I* wouldn't do more.



HOUSE_OVERSIGHT_019177

RECAREY: Okay. You made that clear, you wouldn't do more.

DOBBS: No. Screw that!

RECAREY: But as far as [Mary] is concerned. What did she tell you that happened in that room?

DOBBS: Exact words? If I can recall, when she came downstairs from—when she came downstairs, me and her and [redacted], we all walked out. We got into the car. And I was like, "How much did you make?" She's like, "Three hundred dollars." And I looked at [Mary] and I just knew right then she did more.

RECAREY: Than just a massage, right?

DOBBS: Yeah. And I asked her. I was like, "Well, what'd you do?" She's like, "Well, I started giving a massage, and then my clothes came off and, you know, he put his fingers inside me. And then he brought out the massager." And that's basically what she said.

. . .

RECAREY: It's all right. You can talk to me. It's all right.

DOBBS: It's kind of incredible talking about it, now that I—I can't believe I worked for him.

RECAREY: But it's okay. You know what, we all go through things in life, you know what I mean? It's an experience. And you can put this experience behind you.

. . .

Do girls that—people that you brought over—how did you approach them? That they were going to have to do this... Like, if they wanted to work, how did you approach them? Say, "Listen, I got this guy in Palm Beach?"

DOBBS: Um... Two of them were my friends. The others were, like, my acquaintances. It was a little more easier talking to them about it, 'cause, like, I knew them.



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DOBBS: I, um, pretty

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vere my friends. The others were,
was a little more easier talking to
I knew them.





RECAREY: Take a deep breath. Take a deep breath. 'Cause I can see you're working up again. You're working up the tears, I can see it, and I don't want to get you like that.

DOBBS: I, um, pretty much I just would ask them—

RECAREY: Straight up?

DOBBS: "If you're looking for extra money, let me know; this guy down in Palm Beach, he's really, really, really wealthy. You have to give him a massage." That's all I would tell them. Then, if they were interested or told me, "Yes, I want to do it," I'd go into detail with them before they'd actually agree. If they told me, "Yeah, that sounds good, I'm interested," then I'd tell them, "Okay, well I'm gonna let you know, this is what you have to do, this is what's gonna go on."

RECAREY: Did you tell them that you were going to make money from bringing them over? Or—

DOBBS: Most part? I believe they knew.... Most of the girls, we were open about that. We didn't—they pretty much knew I was making money under the table. So...

RECAREY: Okay. Gimme two seconds. Let me get the soda.... Gimme two seconds.

...

All right, I talked to my boss a little bit—

FRICK:—Which is why I'm here.

DOBBS: Okay.

FRICK: Obviously I was listening to what you were saying. And at this point you clearly implicated yourself on a crime, okay? You've taken girls to somebody's house for the purpose of prostitution. More importantly, more significantly, one of those girls was fourteen at the time, okay? Now that's a pretty significant second-degree felony, okay? I'm not going to kid



HOUSE_OVERSIGHT_019179

you, that is—it's a significant thing, okay? Now, you came in, you cooperated with us. The question we have for you now is, do you want to continue cooperating with us and try and help us make a case against Jeff?

DOBBS: I don't think that's really going to help me in the long run, though. I've already admitted to a second-degree felony, right?

FRICK: Yeah, you have.

DOBBS: Okay, so there you go. What's going to keep me out of trouble? It's not going to keep me out of trouble. I've already admitted committing a crime.

FRICK: I'm not going to argue with that. . . .

DOBBS: So basically I just fucked myself. I can go two ways. I can agree not to cooperate, which is going to put me at—well—now you can use the second-degree felony against me. Or you can help and work with it and maybe get myself some slack. . . .

FRICK: We're still talkin' here. What would the odds be of you contacting Jeff at this point? Have you had any contact with him at all?

DOBBS: I have not had any contact—

FRICK: How about with—

DOBBS: No, none of 'em. None of 'em. . . . I had a phone call about four or five months ago, and I told my parents. Look, I swear to you I'm not anywhere—like, no connection with him at all. That's why I pretty much got my number changed. I have not made any communication with him. It stopped.

FRICK: Okay. Well, I mean, that's good. That's good that you stopped. . . .

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DOBBS: Not today.

FRICK: Well, you're—
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RECAREY: You sign it

FRICK: That's our pr
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RECAREY: Very truth

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FRICK: Do you want
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This is what we'd like to do: We would like to reach out to some of your ex-friends and [unintelligible] talk to them. Now, the question is, do we think that they are currently still working for Jeff, in which case they would make a phone call to Jeff? Or can we just kinda show up and, you know, have you make a call as we're standing outside and say: "Hey, you know, these guys wanna talk to you, and I've already told 'em everything?" Our goal is to make a better case against Jeff, all right?

RECAREY: With your cooperation.

FRICK: Let me, let me get back to—past—the cooperation thing, okay? There are lesser charges that can easily be filed: leading to the delinquency of a minor, as compared to a second-degree felony. You know what I mean? That's a misdemeanor....First of all, I'll tell you straight up, okay, we're not going to take you to jail today....

DOBBS: Not today.

FRICK: Well, you're—And here's the other thing: If you cooperate and if we can—If you cooperate, whether we pull it off or not—that's not up to you, that's up to us, okay? So what we would do is if we ended up charging you with like a misdemeanor, we'd give you a call, we'd say: "Hey, you gotta come in, you know."

RECAREY: You sign it....

FRICK: That's our preference. You come in, you've been very forthright with us, you've been very up front—

RECAREY: Very truthful.

...

FRICK: Do you want us to call your parents, or do you want to deal with it, or do you—As far as we're concerned you're an



HOUSE_OVERSIGHT_019181

adult, okay? You're nineteen. You do what you do. You know, we can drop you off at the end of the block if you'd like. Or we can cushion the blow beyond what—but again, you're helping us at this point. We've been pretty forthright with you on what is going on, our options for your future. And what we'd like you to do obviously is make a couple of calls with us this evening to talk to a couple of your, you know, these other girls.

DOBBS: I'm not really on a . . . Me and my parents really don't get along right now . . .

FRICK: So you'd prefer that—

DOBBS: If they found out that I was—If they found out that I was into some other stuff. . . . I'm actually stripping now. . . . So they're not exactly happy with me at the moment, and I don't want to do anything that's going to piss 'em off even furthermore.



*Michael Reiter: Oc*

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# CHAPTER 15

## *Michael Reiter: October 3, 2005*

Chief Reiter sifts through the evidence: information about underage girls—six of them—whom Wendy Dobbs procured for Epstein. Phone numbers pulled from the trash on El Brillo. An arrest report for Alison, the girl who'd been caught with a dime bag of weed.

She'd told Detective Recarey about an encounter that sounded very much like a rape.

Soon Reiter will ask a judge for a warrant. But not yet. There's more footwork to do, and Reiter calls Detective Joe Recarey into his office.

Later that day, Detective Recarey and Sergeant George Frick arrive at the home of a girl named Jenny.* An older woman greets

* Jenny's, Francine's, and Kristina's names, some identifying details, and dialogue have been changed.



HOUSE_OVERSIGHT_019183

them at the front door and invites them inside. She introduces them to her husband and daughter. Jenny is sixteen years old. Sitting down at the dining room table, they see that she's nervous. In between biting her lip and fidgeting, she tells them that yes, she's been to Jeffrey Epstein's house.

Wendy took her there once. But nothing much happened. She met Epstein's chef and spent some time in the kitchen is all. Then she left.

"I get what you're asking," she says. "But really, I just want to put the whole thing behind me."

"Okay," the officers tell her. "You have our numbers. But Jenny, if you remember anything else, you'll find that we're very good listeners."

One down. Five to go.

Detective Recarey and Detective Michael Dawson have better luck the next day with Francine, a girl who tells them that a year earlier, Wendy Dobbs—someone she knew from high school—drove her to the house on El Brillo Way.

Francine would have been seventeen at the time.

Now she's willing to make a sworn statement. The officers noted:

> *She was told she could make money working for Jeff. She was told she would have to provide a massage for Jeff. . . . She was brought to the kitchen area by [Dobbs]. They met with the house chef who was already in the Kitchen area. Francine stated [Wendy] would wait for her in the kitchen.*



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Just as she did with Mary, a woman named Sarah had taken Francine upstairs and into a bedroom. Then Epstein had entered the room, wearing only a towel.

*She kept her clothes on during the massage. She advised sometime during the massage, Epstein grabbed her buttocks and pulled her close to him. Francine said she was [made] uncomfortable by the incident involving Jeff. At the conclusion of the massage she was paid $200.00 for the massage.*

"Do you have any formal training in massages?" the officers ask.

"No," says Francine.

But she does have one more thing to tell them.

Sarah's been calling Francine's cell phone.

It could mean any number of things. The police know already that Epstein's caught wind of their investigation. Now it appears he's doing something about it, or at least he's delegating the responsibility. This troubles the cops. But then, on that same day, they get one more break: Jenny calls and says that without her parents around she's willing to make a sworn statement.

It turns out that Jenny's visited with Epstein several times.

And, it turns out, she'd done much more than sit in the kitchen. Without her parents around, she's much more willing to talk about it.

The first time she'd gone to the house on El Brillo Way, she says, Epstein had tried to take off her shirt. She'd become upset,



HOUSE_OVERSIGHT_019185

and this had led to a fight—a "verbal disagreement"—with Epstein.

She'd left without getting paid. Gone down to the kitchen and told Wendy, "Let's go!"

"If you're uncomfortable," Wendy had told her, "tell him to stop, and he will."

On the other hand, Wendy had also told her, "The more you do, the more you get paid."

A few weeks later, she agreed to return to the house on El Brillo.

Once again Sarah had taken Jenny upstairs and into the master bedroom. Sarah had set up the massage table, laid out the oils that Jenny would use.

Then Epstein had entered the room wearing only a towel.

Jenny had been wearing tight jeans. She had a tight belt on. She kept the jeans on, though Epstein still made a grab for her buttocks. Then he rolled onto his back and grabbed for her breasts. Jenny became upset yet again. But this time, she was paid two hundred dollars before leaving. She never did go back to the house. But, like Francine, she has one more thing to tell the detectives.

Another girl from her high school had been there on the day of her second visit with Epstein. Kristina. And later, Kristina told Jenny that she also had "a problem" with Epstein.

Girls seemed to be turning up all the time. And the detectives were just getting started.

One girl leads Chief Reiter's team to another. And every time, they hear the same story. The girls are approached by Wendy



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Dobbs. They drive over to Epstein's house. After a short wait in the kitchen—maybe some milk and cereal, if they feel hungry—they're walked upstairs. Epstein's there, waiting, wearing his towel. Sometimes with a vibrator. Sometimes the girls recommend their friends, and for this they receive a commission.

None of the girls comes from money. And none of them has been trained as a masseuse. Then again, how could they be? To become a licensed massage *apprentice* in Florida, you need to be eighteen years old, at least, and have a high school diploma or GED.



HOUSE_OVERSIGHT_019187

# CHAPTER 16

## *Cynthia: October 6, 2005*

Three days after meeting with Francine, the police drive to Boca Raton. They're there to see Cynthia Selleck, who's eighteen years old.* But according to the probable-cause affidavit that the Palm Beach PD is preparing in order to obtain an arrest warrant for Epstein, Cynthia was sixteen when Wendy Dobbs first took her to meet him.

During a sworn taped statement, she tells the police that she'd met Wendy at her high school. She says that Wendy had recruited her and prepped her for her first visit to Epstein's house. And she says she'd ended up going to the house "a lot of times to provide massages over the past two years." The affidavit states:

* Cynthia Selleck's name, some identifying details, and dialogue have been changed.



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# CHAPTER 16

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*She considered Epstein a pervert, and he kept pushing to go further and further until [Cynthia] explained she would keep telling him she had a boyfriend.*

Only recently, Cynthia says, did she begin to remove her clothes in the course of giving Epstein massages.

"Jeff would try to get away with more and more on each massage," she tells the cops.

Still, Sarah had Cynthia's cell phone number, and Sarah would call whenever Epstein was in Palm Beach to make an appointment for "work."

*Each time she went, Sarah would meet her at the kitchen door area. She would bring her upstairs and prepare the massage table. [Cynthia] advised Epstein would ask her questions about herself. Epstein knew she was a soccer player and would be attending [a nearby] university.*

The cops want to know: Did Epstein know her real age?

*[Cynthia] stated Epstein did and didn't care. The most recent massage she provided was on October 1, 2005.*

October 1.
That's less than a week ago.
What the cops know now is that Epstein's still at it.
What they're about to learn seals Epstein's fate.



HOUSE_OVERSIGHT_019189

# CHAPTER 17

## *Alison: October 11, 2005*

After speaking with Cynthia, Detectives Recarey and Dawson meet up, once again, with Alison. It's been exactly one month since her arrest, and once again, she's willing to talk. They have no trouble obtaining her sworn taped statement.

Alison is eighteen, but she's been going to Epstein's house since 2002. Things got off to a slow start, she says. She received two hundred dollars for her first session, during which she had her bra off but her underwear on. Still, at the end of the session, Epstein had asked for her number.

Then the sessions got heavier. Much heavier, as Detective Recarey already knew. *[Alison] stated that during her many visits a routine was established between her and Epstein,* he wrote in his report.

> *She would enter the house and get naked in the bedroom. She would then start with a back massage. Epstein would roll on*



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# CHAPTER 17

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*to his back and allow her to massage his chest area. [Alison] stated Epstein would then begin to masturbate himself and at the same time would insert his fingers in her vagina and masturbate her with his fingers.*

*[Alison] explained Epstein would continue this process until he ejaculated. He would then utilize a vibrator/massager on her vagina until [Alison] climaxed. [Alison] advised that during her frequent visits, Epstein asked for her real age, [and Alison] stated she was sixteen. Epstein advised her not to tell anyone her real age. [Alison] advised that things escalated within the home as Epstein would instruct and pay [Alison] to have intercourse with his female friend, Nada Marcinkova [sic]. [Alison] explained the intercourse included using strap on dildos, large rubber penis'[sic] and other devices that Epstein had at his disposal. Epstein would watch them have intercourse and masturbate himself. Occasionally, Epstein would then join in during the female on female intercourse and provide oral sex to both [Alison] and Marcinkova. This occurred during the time [Alison] was sixteen years of age.*

*[Alison] advised this continued to escalate during two years. The routine became familiar to [Alison]. Epstein's assistant Sarah would telephone her every time Epstein was in the Town of Palm Beach and would place appointments for her to visit and work for Epstein. Each time something new was introduced, additional monies were produced and offered for [Alison] to allow the acts to happen. [Alison] consented to perform all these acts but was adamant that there was an understanding with Epstein that no vaginal penetration would occur with his penis. [Alison] explained that*



HOUSE_OVERSIGHT_019191

*Epstein's penis was deformed. [She] explained that his penis was oval shaped. [She] claimed when Epstein's penis was erect, it was thick toward the bottom but was thin and small toward the head portion. [She] called Epstein's penis "egg-shaped." [She] stated Epstein would photograph Marcinkova and her naked and having sex and proudly display the photographs within the home. [Alison] stated during one visit to Epstein's house in which she provided a massage to Epstein, his female friend, Nada [sic] Marcinkova, was also present. [Alison] provided the massage in which Marcinkova and her would fondle each other's breasts and kiss for Epstein to enjoy. Towards the end of this massage, Epstein grabbed [Alison] and turned her over onto her stomach on the massage table and forcibly inserted his penis into her vagina: [Alison] stated Epstein began to pump his penis in her vagina. [She] became upset over this. She said her head was being held against the table forcibly, as he continued to pump inside her. She screamed "No!" and Epstein stopped. She told him that she did not want to have his penis inside of her. Epstein did not ejaculate inside of her and apologized for his actions and subsequently paid her a thousand dollars for that visit. [Alison] stated she knows he still displays her photographs through out the house.*

What happened to Mary had been bad enough. But what happened to Alison was on a whole other level. She'd been caught with some pot, sure. But that was hardly a felony offense. It didn't make her a liar. And, in important respects, Alison's statement had aligned with Mary's and with statements they'd been given



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by other girls, including Wendy Dobbs. Could Wendy be trusted? Probably not. Almost certainly not. But again, what *she* said was also in line with what the police had heard from other girls.

Detective Recarey and his team had done exceptional work on the investigation that Officer Pagan had started.

It was enough, Reiter decided, to cause a judge to issue a search warrant.



HOUSE_OVERSIGHT_019193

# CHAPTER 18

## *Michael Reiter: October 2005*

On October 20, Palm Beach police officers execute a search warrant, signed by Judge Laura Johnson, at Jeffrey Epstein's home on El Brillo Way. Inside the house, an employee is on the phone with Epstein. They ask him, politely, to hang up. Then, guns drawn, they walk up the winding stairs to the home's second story.

Detective Recarey remains outside and reads the warrant, out loud, to Epstein's houseman while another officer videotapes them.

"This is your copy," Recarey says as he hands over the warrant. "When we are concluded, I will leave a list of what items we've taken, okay? I would ask that you don't answer your telephone. I know that the gentleman was having a conversation with Mr. Epstein at the time. So I'm sure he's trying to call and find out what's going on. He will be told what was going on as soon as we're done. Okay?"



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# CHAPTER 18

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Inside the house, detectives see the pink-and-green couch that Mary and other girls had described. They see photos of naked young girls—in some cases, girls they've spoken to about Epstein. They also find message pads on which are written first names, dates, and numbers for the girls.

Sometimes there are notes to go with the names and numbers: "I have girls for him." Or "I have 2 girls for him."

These notes are signed by one Sarah Kellen.

Epstein's house has a strangely antiseptic quality. Some of the bedrooms look almost like doctors' offices. In the bathroom off Epstein's bedroom, there's a massage table as well as stands holding strange machines, which looked like something you'd find in a dermatologist's office.

In a wood-colored armoire beside Epstein's bed, they see a bottle of peach-flavored Joy Jelly. In the bathroom, there are soaps shaped like penises and vaginas, bottles of Mango Mist, more Joy Jelly, and boxes of tampons.

The officers find stacks of UFC videos and DVDs of *Rock Star* and other B-list movies.

They also find receipts for books bought on Amazon, such as *SlaveCraft: Roadmaps for Erotic Servitude.*

On the first floor, detectives are drawn to two secret cameras hidden in clocks. On the computer hard drive, they see several photographs of Wendy and other girls. These images appear to come from the camera inside the clock behind Epstein's desk.

The officers know where the cameras are because they helped install them—in 2004, when Epstein complained that someone had stolen a gun and $2,700 from him. Detective Recarey had investigated that case. But before he could arrest Epstein's handyman, Juan Alessi, for the theft, Epstein contacted a captain in the



HOUSE_OVERSIGHT_019195

Palm Beach PD and prevailed upon him to have the investigation called off.

Epstein had met Alessi at a luncheonette, he explained, and Alessi had agreed to pay back the money. At the time, it made no sense to prosecute: Epstein was a busy man. He was going to get his money. But he did invite the police into his home to install the cameras. This was a service that the Palm Beach PD provided (though Epstein would be the only one with access to the footage). But while they were there, the police had noticed a group of attractive young women who seemed to be camped out at the house.

The group included Sarah Kellen and Nadia Marcinkova.

None of the girls was a relative of Epstein—that fact had caught the cops' attention.

And now, as the search continues, the cops see photographs of the very same girls.

On Epstein's desk, the officers find Alison's high school transcript.

The thing is, the detectives can't shake the feeling that the Epstein house has been tidied up for their arrival. Shelves look as though they've been emptied, and several photographs appear to have been removed from the walls.

"[Judging] by the condition of the place to be searched," Chief Reiter will say in his deposition for *B.B. vs. Epstein*, "someone probably had cleaned it up a bit."

Maybe there's nothing *too* surprising about this. After all, Reiter's team knows that Epstein's gotten wind of their investigation. What is surprising is that for a house that's been scrubbed, there's so much left lying around.

In fact, the oddest thing about the search is that someone



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appears to have gone through the house, gotten rid of incriminating materials, but left *many* clues behind.

It was as if the things the police were seeing didn't even register as wrong.

There's another feeling the cops can't shake: the nagging sense that they themselves are being investigated and tailed.

First Reiter hears through the grapevine that Epstein's lawyers have hired private investigators to perform background checks.

A public-records demand has been filed in an effort to obtain Reiter's own records.

Detective Recarey tells Reiter that he, too, is being surveilled and that his trash has been picked through.

In his entire career as a police officer, this is the first time that Reiter's seen or heard of such a thing: a suspect investigating his investigators. But for the moment, he puts it aside. Recarey's doing great work on the investigation. He's deeply invested, and for good reason: the detective's got four kids of his own. Right now, more victims are coming out of the woodwork. And now that the warrant's been executed, there's no downside to interviewing Epstein's servants.



HOUSE_OVERSIGHT_019197

# CHAPTER 19

## *Detective Recarey, Probable-Cause Affidavit: May 2006*

*On November 21, 2005 I interviewed Jose [sic] Alessi, a former houseman for Jeffrey Epstein. Alessi stated he was employed for eleven years with Mr. Epstein, from approximately 1993 through 2004. Alessi stated he was the house manager, driver and house maintenance person. It was his responsibility to prepare the house for Epstein's arrival. When asked about cooks or assistants, Alessi stated they traveled with Epstein on his private plane. I asked Mr. Alessi about the massages that have occurred at Epstein's home. Alessi stated Epstein receives three massages a day. Each masseuse that visited the house was different. Alessi stated that towards the end of his employment, the masseuses were younger and younger. When asked how young, Mr. Alessi stated they appeared to be sixteen or seventeen years of age*



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# CHAPTER 19

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*at the most. The massages would occur in Epstein's bedroom or bathroom. He knew this because he often set up the massage tables. I asked if there were things going on other than a massage. Alessi stated that there were times towards the end of his employment that he would have to wash off a massager/vibrator and a long rubber penis, which were in the sink after the massage. Additionally, he stated the bed would almost always have to be made after the massage.*

*On January 4, 2006 I interviewed another former houseman, Mr. Alfredo Rodriguez. During a sworn taped statement, Mr. Rodriguez stated he was employed by Jeffrey Epstein for approximately six months, from November 2004 through May of 2005. His responsibilities as house manager included being the butler, chauffeur, chef, houseman [and to] run errands for Epstein and provide for Epstein's guests. I asked Rodriguez about masseuses coming to the house. Rodriguez stated Epstein would have two massages a day. Epstein would have one massage in the morning and one massage in the afternoon everyday he was in residence. Rodriguez stated he would be informed to expect someone and make them comfortable until either Sarah Kellen or Epstein would meet with them. Rodriguez stated once the masseuses would arrive, he would allow them entry into the kitchen area and offer them something to drink or eat. They would then be encountered by either Sarah Kellen or Epstein. They would be taken upstairs to provide the massage. I asked Rodriguez if any of the masseuses appeared young in age. Rodriguez stated the girls that would come appeared to be too young to be masseuses. He stated one time under Epstein's direction, he delivered a dozen roses to [Mary's high school]*



HOUSE_OVERSIGHT_019199

*for one of the girls that came to provide a massage. He knew the girls were still in high school and were of high school age. I asked Rodriguez about the massages. He felt there was a lot more going on than just massages.*

*He would often clean Mr. Epstein's bedroom after the alleged massages and would discover massagers/vibrators and sex toys scattered on the floor. He also said he would wipe down the vibrators and sex toys and put them away in an armoire. He described the armoire as a small wood armoire which was on the wall close to Epstein's bed. On one occasion Epstein ordered Rodriguez to go to the Dollar rent a car and rent a car for the same girl he brought the roses to, so that she could drive her self to Epstein's house without incident. Rodriguez said the girl always needed rides to and from the house.*

*Rodriguez produced a green folder which contained documents, and a note with Mr. Epstein's stationery with direction to deliver a bucket of roses to [Mary's] High School after [a] high school drama performance. . . .*

*During the course of the investigation, subpoenas were obtained for cell phone and home phone records from several victims and witnesses along with the cell phone records of Sarah Kellen. An analysis of these records was conducted which found numerous telephone calls were made between Sarah Kellen and the victims. These records indicate the dates the calls were made are consistent with the dates and times the victims/witnesses stated they were contacted. Specifically, the phone records showed Kellen called [Wendy Dobbs] during the exact times and dates when [name redacted] advised the incident occurred. Kellen also coordi-*



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*nated the encounters with [name redacted] during the time frame the girls stated they occurred.*

*Pursuant to a lawful subpoena I obtained Epstein's private plane records for 2005 from Jet Aviation. The plane records show arrival and departure of Epstein's plane at Palm Beach International airport. These records were compared to the cell phone records of Sarah Kellen. This comparison found that all the phone calls Kellen made to [Dobbs] and the victims were made in the days just prior to their arrival or during the time Epstein was in Palm Beach.*

*Therefore, as Jeffrey Epstein, who at the time of these incidents was fifty one years of age, did have vaginal intercourse either with his penis or digitally with [names redacted], who were minors at the time this occurred, there is sufficient probable cause to charge Jeffrey Epstein with four counts of Unlawful Sexual Activity with a Minor, in violation of Florida State Statute 794.05(1), a second degree felony. As Epstein, who at the time of the incident was fifty two years of age, did use a vibrator on the external vaginal area of [name redacted], a fourteen year old minor, there is sufficient probable cause to charge him with Lewd and Lascivious Molestation, in violation of Florida State Statute 800.04 (5), a second degree felony.*



HOUSE_OVERSIGHT_019201

# PART II

## The Man

**From:** Lisa New [redacted]
**Sent:** 12/19/2016 4:36:41 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Leah Reis-Dennis [redacted]
**Subject:** Thank You from Lisa and Poetry in America

**Importance:** High

Dear
Jeffrey
(*and please see note at bottom*),

This end-of-the-year letter is to catch you up on developments and to report progress made in 2016 by *Poetry in America,* by its associated non-profit production company, Verse Video Education, and by (and with) our new Harvard partner, the Derek Bok Center for Teaching and Learning. Whether you are a longstanding adviser and supporter of *Poetry in America*, or you've more recently joined our circle of proponents, your contributions, thought partnership and enthusiasm have made this year's successes possible.

Last fall, I knew this would be a crucial year. Goals for 2016 included moving our co-produced television series, *Poetry in America,* toward a concrete release date (now entering post-production, we launch nationwide in April 2018), converting our six HarvardX MOOC modules into for-credit courses (now complete and being offered by Harvard's Division of Continuing Education), and getting the word out on our first course developed especially for K-12 educators, *Poetry in America for Teachers: The City from Whitman to Hip Hop*. With a mission of creating and distributing the highest-quality humanities content for a wide variety of learners, our projects now rely on a salaried production staff of five, a rotating corps of part timers and contractors, and a growing cohort of Harvard graduate students, undergraduates and interns whom we train in the public-facing humanities. Growing fast, in 2016 we more firmly established Verse Video Education as a nimble and stable producer of humanities-based content (now including an archive of over 120 separate interviews with distinguished discussants), while also defining a forward-looking partnership and growth strategy with Harvard. As 2016 draws to a close, I have much progress to report.

**Verse Video Education: Independent 501c3**
In April 2016, Verse Video Education, the fledgling production company I'd founded in 2014, received IRS approval and became a 501c3. Now capable of accepting philanthropic contributions, Verse Video Education has also begun to generate revenue by producing high-quality educational media for other institutions. Clients within our first year included Greenwich Country Day School, YIVO Institute for Jewish Research, Schlesinger Library, Harvard Institute for Global Health, and Project Zero. While philanthropic donations remain essential, work for clients allows us to amplify the impact of philanthropic donations, not only permitting additional investment in our flagship partnerships with WGBH and Harvard, but also fostering development of new partnerships and projects. These include a video series on poetry and science now running with award-winning magazine *Nautilus*, a collaboration with distinguished poet Robert Pinsky and his Favorite Poem Project, and an expansion of our poetry film series with partners at The Nantucket Project. Advised by a stellar and diversely talented board, Verse Video Education is looking toward sustainability. We are now discussing distribution of new content with a variety of stakeholders, including media providers in China.

**New Harvard Partner: Bok Center for Teaching and Learning**
Meanwhile, *Poetry in America* has deepened its partnership and formulated a plan for growth going forward at Harvard. This fall, Harvard's Dean of the Faculty of Arts and Sciences, Mike Smith,

endorsed the integration and expansion of my public-facing humanities work within the Derek Bok Center for Teaching and Learning. As a Bok Fellow this year, and alongside Bok director Rob Lue in the years to come, I will be working to substantially expand Bok's capacity and resources to train humanists in 21st-century methods of public engagement-- developing courses, digital fellowship opportunities and also securing distribution outlets and partners for content produced in Bok by Harvard humanists. By next year at this time, I will be turning some of my attention beyond poetry (my favorite, but hardly the only humanistic mode of communication!) to create a wider base of humanities materials for use in American schools and other institutions. We will begin integrating and anchoring *Poetry in America* content (on art, sport and play; on the environment; and on health and well being) with content created by others. As I continue to experiment with use of digital media within my residential courses for undergraduates and graduates, I shall also be working with other faculty and graduate students. My work at Bok will also facilitate collaborations between humanists working across the whole university. Projects for 2017 include work with HarvardX on drama and Shakespeare, with Harvard's Center for the Environment, with the Arts and Humanities Initiative at Harvard Medical School, and with several programs within Harvard's Graduate School of Education.

**Launching in 2017: Our First Course Designed Specifically for Teachers**
Verse Video Education has allocated much of its staff time this year to bringing its first course designed specifically to support the American secondary classroom to completion. *Poetry in America for Teachers: The City from Whitman to Hip Hop* draws on assets created at HarvardX, along with footage captured with our TV partners and independently by Verse Video Education. The resulting course, designed for English, Social Studies, and Arts teachers, as well as for librarians, administrators and others, provides deep content instruction as well as pedagogical training. Common Core aligned, this course, the first of its kind, is now open for enrollment, and will launch January 23rd. We are currently discussing group enrollments with major educational systems and reformers across the nation, and we are also raising scholarship funds for strapped enrollees. Over time, we hope to play a leading role in improving literacy and in strengthening the humanities across the American educational landscape.

**Airing Nationwide in 2018: Poetry in America, The Television Series**
In May 2016, Verse Video Education was asked by WGBH and American Public Television to expand its television series in development from 8 to 13 episodes, listed below.

*The following episodes are entering post-production:*

***On Edward Hirsch's "Fast Break"*:** Shaquille O'Neal, Pau Gasol, Shane Battier, Edward Hirsch, and an on-court pick-up basketball chorus filmed at Success Academy Charter School; ***On W.H. Auden's "Musee Des Beaux Arts"*:** Ambassador Samantha Power, David Brooks, Peter Sacks; ***On Robert Hayden's "Those Winter Sundays"*:** Vice President Joe Biden, Elizabeth Alexander, Angela Duckworth, Kevin Young, and a chorus of fathers and sons; ***On Carl Sandburg's "Skyscraper"*:** Frank Gehry, Robert Polito, and a chorus of Young Student Poets; ***On Nas's "New York State of Mind"*:** Nas, Russell Simmons, Salamishah Tillet, Steve Stoute, and a chorus of hip hop heads; ***On Galway Kinnell's "The Grey Heron":*** E.O. Wilson, Robert Hass, Laura McPhee; ***On Gwendolyn Brooks's "To Prisoners"*:** Anna Deveare Smith, Reginald Dwayne Betts, Li-Young Lee and a chorus of exonerees from the Innocence Project; ***On William Carlos Williams's "This Is Just To Say"*:** Woody Allen, Jane Hirshfield, Rafael Campo and a chorus of couples young and old; ***On Langston Hughes's "Harlem":*** President Bill Clinton, Herbie Hancock, Sonia Sanchez and a chorus of children from Promise Academy; ***On Allen Ginsberg's Hymmnn from "Kaddish" and "Hum Bom":*** Bono, Juan Felipe Herrera and a chorus of clergy.

*The production of the following episodes will wrap early 2017:*

***On Emily Dickinson's "I cannot dance opon my Toes"*:** Cynthia Nixon, Yo Yo Ma, Marie Howe and Bill T. Jones; ***On Marianne Moore's "The Fish"*:** Jorie Graham, Edward Norton, Conservation International scientists, and the passengers and crew of oceanographic vessel *The Alucia*; ***On Elizabeth Bishop's "One Art" or Edna St. Vincent Millay's "Four Sonnets."***

--

*Jeffrey,*

*Just a quick note to thank you again for all the help you've given me. The generous contribution you made last year to Verse Video Education is now in use (we've hired our new editor!). Once he helps us to plow through the work of this year, we'll begin to look forward to crafting educational content on the literature of art, sport and play (these materials now including footage from recent shoots with Shaquille O'Neal, Yo Yo Ma, Cynthia Nixon, Bono and others). 100K makes so much possible.*

*But, of course, you've also been a key preceptor as I've learned how --squirming all the way--the sausage really gets made in public television. I can't say I've been entirely successful in taming costs there, but I've been far better armed and more mindful of what they should be after the stern tutorial you administered.*

*Whenever Templeton might be ready to evaluate another application, I'm ready for another proposal for them. I wonder if you might arrange a meeting for me with the famous Barnaby? I can't yet afford a grant writer, and so the time one of these suckers takes makes me think doing more advance reconnaissance is crucial. Would he meet with me? Kosher? I'd also love to meet with the Blacks as I get closer to making content on theatre. I hope that Debra is well.*

*And heard there's another little Jeff in the caribbean...*

*Best,*

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

# Wall Street Journal, December 30, 2016

# The Fable of Edward Snowden

As he seeks a pardon, the NSA thief has told multiple lies about what he stole and his dealings with Russian intelligence.

EDWARD JAY EPSTEIN

Of all the lies that Edward Snowden has told since his massive theft of secrets from the National Security Agency and his journey to Russia via Hong Kong in 2013, none is more provocative than the claim that he never intended to engage in espionage, and was only a "whistleblower" seeking to expose the overreach of NSA's information gathering. With the clock ticking on Mr. Snowden's chance of a pardon, now is a good time to review what we have learned about his real mission.

Mr. Snowden's theft of America's most closely guarded communication secrets occurred in May 2013, according to the criminal complaint filed against him by federal prosecutors the following month. At the time Mr. Snowden was a 29-year-old technologist working as an analyst-in-training for the consulting firm of Booz Allen Hamilton at the regional base of the National Security Agency (NSA) in Oahu, Hawaii. On May 20, only some six weeks after his job there began, he failed to show up for work, emailing his supervisor that he was at the hospital being tested for epilepsy.

This excuse was untrue. Mr. Snowden was not even in Hawaii. He was in Hong Kong. He had flown there with a cache of secret data that he had stolen from the NSA.

This was not the only lie Mr. Snowden told. As became clear during my investigation over the past three years, nearly every element of the narrative Mr. Snowden has provided, which reached its final iteration in Oliver Stone's 2016 movie, "Snowden," is demonstrably false.

This narrative began soon after Mr. Snowden arrived in Hong Kong, where he arranged to meet with Laura Poitras, a Berlin-based documentary filmmaker, and Glenn Greenwald, a Brazil-based blogger for the Guardian. Both journalists were longtime critics of NSA surveillance with whom Mr. Snowden (under the alias Citizen Four) had been in contact for four months.

To provide them with scoops discrediting NSA operations, Mr. Snowden culled several thousand documents out of his huge cache of stolen material, including two explosive documents he asked them to use in their initial stories. One was the now-famous secret order from America's Foreign Intelligence Surveillance Act court requiring Verizon to turn over to the NSA its billing records for its phone users in the U.S. The other was an NSA slide presentation detailing its ability to intercept communications of non-American users of the internet via a joint program with the FBI code-named Prism.

These documents were published in 2013 on June 5 and 6, followed by a video in which he identified himself as the leaker and a whistleblower.

At the heart of Mr. Snowden's narrative was his claim that while he may have incidentally "touched" other data in his search of NSA files, he took only documents that exposed the malfeasance of the NSA and gave all of them to journalists.

Yet even as Mr. Snowden's narrative was taking hold in the public realm, a secret damage assessment done by the NSA and Pentagon told a very different story. According to a unanimous report declassified on Dec. 22 by the House Permanent Select Committee on Intelligence, the investigation showed that Mr. Snowden had "removed" (not merely touched) 1.5 million documents. That huge number was based on, among other evidence, electronic logs that recorded the selection, copying and moving of documents.

The number of purloined documents is more than what NSA officials were willing to say in 2013 about the removal of data, possibly because the House committee had the benefit of the Pentagon's more-extensive investigation. But even just taking into account the material that Mr. Snowden handed over to journalists, the December House report concluded that he compromised "secrets that protect American troops overseas and secrets that provide vital defenses against terrorists and nation-states." These were, the report said, "merely the tip of the iceberg."

The Pentagon's investigation during 2013 and 2014 employed hundreds of military-intelligence officers, working around the clock, to review all 1.5 million documents. Most had nothing to do with domestic surveillance or whistle blowing. They were mainly military secrets, as Gen. Martin Dempsey, chairman of the Joint Chiefs of Staff, testified before the House Armed Services Committee on March 6, 2014.

It was not the quantity of Mr. Snowden's theft but the quality that was most telling. Mr. Snowden's theft put documents at risk that could reveal the NSA's Level 3 tool kit—a reference to documents containing the NSA's most-important sources and methods. Since the agency was created in 1952, Russia and other adversary nations had been trying to penetrate its Level-3 secrets without great success.

Yet it was precisely these secrets that Mr. Snowden changed jobs to steal. In an interview in Hong Kong's South China Morning Post on June 15, 2013, he said he sought to work on a Booz Allen contract at the CIA, even at a cut in pay, because it gave him access to secret lists of computers that the NSA was tapping into around the world.

He evidently succeeded. In a 2014 interview with Vanity Fair, Richard Ledgett,the NSA executive who headed the damage-assessment team, described one lengthy document taken by Mr. Snowden that, if it fell into the wrong hands, would provide a "road map" to what targets abroad the NSA was, and was not, covering. It contained the requests made by the 17 U.S. services in the so-called Intelligence Community for NSA interceptions abroad.

On June 23, less than two weeks after Mr. Snowden released the video that helped present his narrative, he left Hong Kong and flew to Moscow, where he received protection by the Russian government. In much of the media coverage that followed, the ultimate destination of these stolen secrets was fogged over—if not totally obscured from the public—by the unverified claims that Mr. Snowden was spoon feeding to handpicked journalists.

In his narrative, Mr. Snowden always claims that he was a conscientious "whistleblower" who turned over all the stolen NSA material to journalists in Hong Kong. He has insisted he had no intention of defecting to Russia but was on his way to Latin America when he was trapped in Russia by the U.S. government in an attempt to demonize him.

For example, in October 2014, he told the editor of the Nation, "I'm in exile. My government revoked my passport intentionally to leave me exiled" and "chose to keep me in Russia." According to Mr. Snowden, the U.S. government accomplished this entrapment by suspending his passport while he was in midair after he departed Hong Kong on June 23, thus forcing him into the hands of President Vladimir Putin's regime. None of this is true. The State Department invalidated Mr. Snowden's passport while he was still in Hong Kong, not after he left for Moscow on June 23. The "Consul General-Hong Kong confirmed that Hong Kong authorities were notified that Mr. Snowden's passport was revoked June 22," according to the State Department's senior watch officer, as reported by ABC news on June 23, 2013.

Mr. Snowden could not have been unaware of the government's pursuit of him, since the criminal complaint against him, which was filed June 14, had been headline news in Hong Kong. That the U.S. acted against him while he was still in Hong Kong is of great importance to the timeline because it points to the direct involvement of Aeroflot, an airline which the Russian government effectively controls. Aeroflot bypassed its normal procedures to allow Mr. Snowden to board the Moscow flight—even though he had neither a valid passport nor a Russian visa, as his newly assigned lawyer, Anatoly Kucherena,said at a press conference in Russia on July 12, 2013.

By falsely claiming his passport was invalidated after the plane departed Hong Kong—instead of before he left—Mr. Snowden hoped to conceal this extraordinary waiver. The Russian government further revealed its helping hand, judging by a report in Russia's Izvestia newspaper when, on arrival, Mr. Snowden was taken off the plane by a security team in a "special operation."

Nor was it any kind of accident. Vladimir Putin personally authorized this assistance after Mr. Snowden met with Russian officials in Hong Kong, as Mr. Putin admitted in a televised press conference on Sept. 2, 2013.

To provide a smokescreen for Mr. Snowden's escape from Hong Kong, WikiLeaks (an organization that the Obama administration asserted to be a tool of Russian intelligence after the hacking of Democratic Party leaders' email in 2016) booked a dozen or more diversionary flight reservations to other destinations for Mr. Snowden.

WikiLeaks co-founder Julian Assange also dispatched Sarah Harrison, his deputy at WikiLeaks, to fly to Hong Kong to pay Mr. Snowden's expenses and escort him to Moscow. In short, Mr. Snowden's arrival in Moscow was neither accidental nor the work of the U.S. government.

Mr. Snowden's own narrative asserts that he came to Russia not only empty-handed but without access to any of the stolen material. He wrote in Vanity Fair in 2014 that he had destroyed all of it before arriving in Moscow—the very data that he went to such lengths to steal a few weeks earlier in Hawaii.

As it turns out, this claim is also untrue. It is belied by two Kremlin insiders who were in a position to know what Mr. Snowden actually brought with him to Moscow. One of them, Frants Klintsevich, was the first deputy chairman of the defense and security committee of the Duma (Russia's parliament) at the time of Mr. Snowden's defection. "Let's be frank," Mr. Klintsevich said in a taped interview with NPR in June 2016, "Mr. Snowden did share intelligence. This is what security services do."

The other insider was Anatoly Kucherena, a well-connected Moscow lawyer and Mr. Putin's friend. Mr. Kucherena served as the intermediary between Mr. Snowden and

Russian authorities. On Sept. 23, 2013, Mr. Kucherena gave a long interview to Sophie Shevardnadze, a journalist for Russia Today television.

When Ms. Shevardnadze directly asked him if Mr. Snowden had given all the documents he had taken from the NSA to journalists in Hong Kong, Mr. Kucherena said Mr. Snowden had only given "some" of the NSA's documents in his possession to journalists in Hong Kong. "So he [Mr. Snowden] does have some materials that haven't been made public yet?" Ms. Shevardnadze asked. "Certainly," Mr. Kucherena answered.

This disclosure filled in a crucial piece of the puzzle. It explained why NSA documents that Mr. Snowden had copied, but had not given to the journalists in Hong Kong—such as the embarrassing revelation about the NSA targeting the cellphone of German Chancellor Angela Merkel—continued to surface after Mr. Snowden arrived in Moscow, along with NSA documents released via WikiLeaks.

As this was a critical discrepancy in Mr. Snowden's narrative, I went to Moscow in October 2015 to see Mr. Kucherena. During our conversation, Mr. Kucherena confirmed that his interview with Ms. Shevardnadze was accurate, and that Mr. Snowden had brought secret material with him to Moscow.

Mr. Snowden's narrative also includes the assertion that he was neither debriefed by nor even met with any Russian government official after he arrived in Moscow. This part of the narrative runs counter to findings of U.S. intelligence. According to the House Permanent Select Committee on Intelligence report, Mr. Snowden, since he arrived in Moscow, "has had, and continues to have, contact with Russian intelligence services." This finding is consistent with Russian debriefing practices, as described by the ex-KGB officers with whom I spoke in Moscow

Mr. Snowden also publicly claimed in Moscow in December 2013 to have secrets in his head, including "access to every target, every active operation. Full lists of them." Could Mr. Snowden's Russian hosts ignore such an opportunity after Mr. Putin had authorized his exfiltration to Moscow? Mr. Snowden, with no exit options, was in the palm of their hands. Under such circumstances, as Mr. Klintsevich pointed out in his June NPR interview: "If there's a possibility to get information, they [the Russian intelligence services] will get it."

The transfer of state secrets from Mr. Snowden to Russia did not occur in a vacuum. The intelligence war did not end with the termination of the Cold War; it shifted to cyberspace. Even if Russia could not match the NSA's state-of-the-art sensors, computers and productive partnerships with the cipher services of Britain, Israel, Germany and other allies, it could nullify the U.S. agency's edge by obtaining its sources and methods from even a single contractor with access to Level 3 documents.

Russian intelligence uses a single umbrella term to cover anyone who delivers it secret intelligence. Whether a person acted out of idealistic motives, sold information for money or remained clueless of the role he or she played in the transfer of secrets—the provider of secret data is considered an "espionage source." By any measure, it is a job description that fits Mr. Snowden.

Mr. Epstein's book, "How America Lost Its Secrets: Edward Snowden, the Man and the Theft," will be published by Knopf in January.

## Journal Video: Investigative Journalist Edward Jay Epstein on Snowden;s Legend

**From**: Bruce Moskowitz [redacted]
**Sent**: 12/31/2016 11:57:08 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Chatter
**Attachments**: Trump and Doctors Meet.pdf; Untitled attachment 129107.txt

**Importance**: High

FYI you were right. Happy New Year.

DATE IMPORTED: December 28, 2

Steve Bannon (L), senior counselor to U.S
Dr. Bruce Moskowitz (R) as they arrive to a
leaders at the Mar-a-lago Club in Palm Be
REUTERS/Jonathan Ernst

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# Trump meets with docs today as Congress preps Obamacare repeal

December 28th, 2016
Goto comments Leave a comment

In case you're interested, President-elect Donald Trump meets today with a a group of doctors at his Mar-a-Lago resort in Palm Beach, Florida.
They are Dr. John H. Noseworthy, president and chief executive officer of the Mayo Clinic; Dr. Paul B. Rothman, dean of the medical faculty, vice president for medicine of The Johns Hopkins University and chief executive officer of Johns Hopkins Medicine; Dr. Bruce Moskowitz; Dr. David F. Torchiana, president and chief executive officer of Partners HealthCare; and Dr. Toby Cosgrove, president and chief executive officer of the Cleveland Clinic.
The Cleveland Clinic has lots of patients, but a notable one is U.S. Rep. Tom Marino, R-10, Lycoming Twp., one of Mr. Trump's top supporters, who has undergone kidney cancer surgery there.
None of the doctors gave to Mr. Trump's campaign and generally don't contribute much to political campaigns if at all. When they do, they donate mostly to Democrats.
Mr. Trump is also meeting with Isaac Perlmutter, chief executive officer of Marvel Entertainment, and David M. Rubenstein the co-founder of Carlyle Group.
Mr. Perlumuter hardly ever gives to political campaigns either, but his wife, Laura, gave $2 million to former presidential candidate Marco Rubio's campaign super PAC, according to The New York Times.
Mr. Rubenstein gives extensively to candidates from both parties.
Neither he nor Perlmutter gave to Mr. Trump.
– BORYS KRAWCZENIUK

Author: borys Categories: Uncategorized Tags: Bruce Moskowitz, Cleveland Clinic, David F. Torchiana, David Rubenstein, Donald Trump, Isaac Perlmutter, John H. Noseworthy, Laura Perlmutter, Marco Rubio, Mayo Clinic, Palm Beach Florida, Paul B. Rothman, Toby Cosgrove, Tom Marino

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Ted Cruz humming forget-filled tune on president-elect Donald Trump

The Washington Post

To Your Health

# Trump just met with super-influential health-care executives you've probably never heard of

By Ariana Eunjung Cha December 28 at 1:20 PM

President-elect Donald Trump's meeting this month with Silicon Valley's elite made headlines for its inclusion of such big names as Apple's Tim Cook, Facebook's Sheryl Sandberg, Tesla Motors's Elon Musk, and Amazon's Jeffrey P. Bezos. (Bezos owns The Washington Post.)

The group talked about a wide range of topics, including bringing jobs back to the United States, immigration, China, cybersecurity, taxes and technology in schools.

What has been less publicized is that Trump has been holding similar meet-and-greets with other titans of industry in critical areas of the economy, including finance and network news.

On Wednesday, his guests were health-care executives — many of whom represent companies or institutions that have a big stake in the outcome of Trump's ambitions to dismantle the Affordable Care Act. According to a pool report, the group, all men, met with him at 11 a.m. at the Mar-a-Lago estate in Palm Beach, Fla. They included John Noseworthy of the Mayo Clinic, Paul Rothman of Johns Hopkins Medicine, David Torchiana of Partners HealthCare and Toby Cosgrove of the Cleveland Clinic.

Noseworthy, a neurologist who is president and CEO of the Mayo Clinic, in recent years has been an articulate commentator about health-care reform on TV shows such

as MSNBC's "Morning Joe," NBC's "Meet the Press," and "Charlie Rose." He has argued that Obamacare was basically an expansion of insurance coverage and did not emphasize patient health enough.

In an interview with The Washington Post in November, he said his office had already been in touch with Trump's transition team offering help.

"We're really talking about replace and repair, rather than repeal. But we haven't seen a full approach yet from the administration. Personally, this is me speaking. ... We're basically optimistic we can create a better system together," Noseworthy said.

In a statement issued by his office shortly after the meeting began, Noseworthy said the invitation from Trump was to "share his perspective on the future of healthcare delivery, research and excellence" and that he was "pleased for the opportunity."

Rothman is chief executive of Johns Hopkins Medicine and several years ago found himself in the awkward position of criticizing physician Ben Carson, who at the time was head of pediatric neurology for the institution, after he made disparaging remarks about same-sex marriage. Carson later apologized publicly for his "poorly chosen words." Carson, a onetime political rival of Trump's, has been tapped to lead the Department of Housing and Urban Development.

Torchiana is chief executive of Partners HealthCare, based in Massachusetts — a state that has long been at the forefront of health-care reform. Partners operates two of the most well-regarded hospitals in the world, Massachusetts General and Brigham and Women's Hospital, which are affiliated with Harvard Medical School. But in recent months, Partners has been under fire from some policymakers because of what they describe as a large gap between what Partners charges and what other providers charge.

Cosgrove, a heart surgeon and Vietnam veteran who is chief executive of the Cleveland Clinic, may be a candidate for the head of the Department of Veterans Affairs, according to Bloomberg News. Cosgrove has met with Trump several other times. He's on an advisory panel of 16 executives for the president-elect on jobs and the economy, has been spotted in Trump Tower recently and was in Palm Beach meeting with Trump last week.

Cosgrove has criticized Obamacare and in September appeared on CNBC's "Squawk Box" saying that health-care providers are drowning in paperwork.

"The number of quality metrics that we have to report to the government every year is just going up like crazy. We're now reporting well over 100 quality metrics on a regular basis," he said, describing regulation paperwork as coming in seven-foot-tall stacks of 16,000 pages.

Also in the meeting were Bruce Moskowitz, described as a physician in Palm Beach, and Isaac Perlmutter, chief executive officer of Marvel Entertainment. We can't explain what he was doing there.

Separately, former Wisconsin governor Tommy Thompson was expected to meet with Trump later in the day to discuss Obamacare reform, according to a pool report. Thompson served as secretary of health and human services during George W. Bush's first term.

*This post has been updated.*

**Read more:**

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Ariana Eunjung Cha is a national reporter. She has previously served as the Post's bureau chief in Shanghai and San Francisco, and as a correspondent in Baghdad.
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**From**: Harry Fisch [redacted]
**Sent**: 1/25/2017 4:15:19 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

NY state just passed a law last week guaranteeing coverage statewide exactly like the ACA.

Contacted Puerto Rico's governor to set up a meeting. Meetings for NY State occurs in 2 weeks then I contact Cuomo. "Let women choose which condom they want". The one that's free with insurance that women control or the male condom that's in the hands of men.

Let's go over my company overview when you have time.

Sent from my iPhone

On Jan 25, 2017, at 6:45 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.cnn.com/2017/01/25/health/iuds-trump/

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**From:** Kathy Ruemmler [redacted]]
**Sent:** 2/11/2017 1:37:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

No, I ranked much much lower

Sent from my iPad

On Feb 11, 2017, at 5:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

if hes mcguyver . are you marla maples?

On Fri, Feb 10, 2017 at 7:24 PM, Kathy Ruemmler <[redacted]> wrote:

Hard to imagine. He really does remind me of mcgyver and I am suffering ptsd.

Sent from my iPad

On Feb 10, 2017, at 7:20 PM, jeffrey E. <jeevacation@gmail.com> wrote:

worse in real life and upclose.

On Fri, Feb 10, 2017 at 7:11 PM, Kathy Ruemmler <[redacted]> wrote:

Trump is so gross. **Privileged - Redacted**

Sent from my iPad

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**Kenneth W. Starr**
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[redacted]

**Joe D. Whitley**
**Alston & Bird LLP**
The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404
[redacted]

May 27, 2008

**VIA FACSIMILE** [redacted]

***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

This letter briefly supplements our prior submission to you dated May 19, 2008. In that communication, we urgently requested that your Office conduct an independent review of the proposed federal prosecution of our client, Jeffrey Epstein. The dual reasons for our request that you review this matter are (i) the bedrock need for integrity in the enforcement of federal criminal laws, and (ii) the profound questions raised by the unprecedented extension of federal law by the United States Attorney's Office in Miami (the "USAO") to a prominent public figure who has close ties to former President Clinton.

The need for review is now all the more exigent. On Monday, May 19, 2008, First Assistant Jeffrey Sloman of the USAO responded to an email from Jay Lefkowitz informing U.S. Attorney Alex Acosta that we would be seeking your Office's review. Mr. Sloman's letter, which imposed a deadline of June 2, 2008 to comply with all the terms of the current Non-Prosecution Agreement (the "Agreement"), plus new unilateral modifications, on pain of being deemed in breach of that Agreement, appears to have been deliberately designed to deprive us of an adequate opportunity to seek your Office's review in this matter.

The USAO's desire to foreclose a complete review is understandable, given that the Child Exploitation and Obscenity Section ("CEOS") has already determined that our substantive arguments regarding why a federal prosecution of Mr. Epstein is not warranted were "compelling." However, in contradiction to Mr. Sloman's assertion that CEOS had provided an independent, *de novo* review, CEOS made clear that it did not do so. Indeed, CEOS declined to examine several of the more troubling aspects of the investigation of Mr. Epstein, including the deliberate leak to the *New York Times* of numerous highly confidential aspects of the investigation and negotiations between the parties as well as the recent crop of civil lawsuits filed against Mr. Epstein by Mr. Sloman's former law partner.

The unnecessary and arbitrarily imposed deadline set by the USAO was done without any respect for the normal functioning and scheduling of state judicial matters. It requires that Mr. Epstein's counsel persuade the State Attorney of Palm Beach to issue a criminal information

to a charge that the State Attorney has not, despite a two year investigation, determined to be appropriate. Mr. Epstein's counsel must also successfully expedite a plea of guilty to this charge on a date prior to July 8, 2008, which is the date presently set by the state court Judge.

Further, the unnecessary deadline is even more problematic because Mr. Epstein's effort to reconcile the state charge and sentence with the terms of the Agreement requires an unusual and unprecedented threatened application of federal law. Thus, it places Mr. Epstein in the highly unusual position of having to demand that the State acquiesce to a more severe punishment than it had already determined was appropriate.

We have attempted to resolve these and other issues through the USAO and CEOS, including raising our concerns about the USAO's inappropriate conduct with respect to this matter. But those avenues have now been shut down. Mr. Sloman's letter purports to prohibit any further contact between Mr. Epstein's defense team and U.S. Attorney Acosta, and instead requires us to communicate with the USAO only though Mr. Sloman's subordinates.

While it pains us to say this, this misguided prosecution from the outset gives the appearance that it may have been politically motivated. Mr. Epstein is a highly successful, self-made businessman and philanthropist who entered the public arena only by virtue of his close personal association with former President Bill Clinton. There is little doubt in our minds that the USAO never would have contemplated a prosecution in this case if Mr. Epstein were just another "John."

U.S. Attorney Acosta previously has stated that he is "sympathetic" to our federalism-related concerns, but he has taken the position that his authority is limited by enforcement policies set forth in Washington, D.C. As expressed in our prior communication to you, we believe that a complete and independent appraisal and resolution of this case most appropriately would be undertaken by your Office—beginning with the rescission of the arbitrary, unfair, and unprecedented deadline that Mr. Sloman demands to have imposed in this case. At the very least, we would appreciate a tolling of the arbitrary timeline imposed on our client by the USAO in order to allow time for your office to consider our request that you undertake a review of this case.

Thank you for your time and attention.

Respectfully submitted,

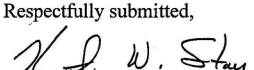

Kenneth W. Starr
Kirkland & Ellis LLP

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| ***From:*** | ***Date:*** | ***Pages w/cover:*** | ***Fax #:*** | ***Direct #:*** |
| Kenneth W. Starr | May 27, 2008 | 3 | [redacted] | |

***Message:***

**Kenneth W. Starr**
**Kirkland & Ellis LLP**
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[redacted]

**Joe D. Whitley**
**Alston & Bird LLP**
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[redacted]

May 19, 2008

VIA FACSIMILE [redacted]

***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

In his confirmation hearings last fall, Judge Mukasey admirably lifted up the finest traditions of the Department of Justice in assuring the United States Senate, and the American people, of his solemn intent to ensure fairness and integrity in the administration of justice. Your own confirmation hearings echoed that bedrock determination to assure that the Department conduct itself with honor and integrity, especially in the enforcement of federal criminal law.

We come to you in that spirit and respectfully ask for a review of the federal involvement in a quintessentially state matter involving our client, Jeffrey Epstein. While we are well aware of the rare instances in which a review of this sort is justified, we are confident that the circumstances at issue warrant such an examination. Based on our collective experiences, as well as those of other former senior Justice Department officials whose advice we have sought, we have never before seen a case more appropriate for oversight and review. Thus, while neither of us has previously made such a request, we do so now in the recognition that both the Department's reputation, as well as the due process rights of our client, are at issue.

Recently, the Criminal Division concluded a very limited review of this matter at the request of U.S. Attorney Alex Acosta. Critically, however, this review deliberately excluded many important aspects of this case. Just this past Friday, on May 16, 2008, we received a letter from the head of CEOS informing us that CEOS had conducted a review of this case. By its own admission, the CEOS review was "limited, both factually and legally." Part of the self-imposed limitation was CEOS's abstention from addressing our "allegations of professional misconduct by federal prosecutors"—even though such misconduct was, as we contend it is, inextricably intertwined with the credibility of the accusations being made against Mr. Epstein by the United States Attorney's Office in Miami ("USAO"). Moreover, CEOS did not assess the terms of the Deferred Prosecution Agreement now in effect, nor did CEOS review the federal prosecutors' inappropriate efforts to implement those terms. We detail this point below.

By way of background, we were informed by Mr. Acosta that, at his request, CEOS would be conducting a review to determine whether federal prosecution was both appropriate and, in his words, "fair." That is not what occurred. Instead, CEOS has now acknowledged that we had raised "many compelling arguments" against the USAO's suggested "novel application" of federal law in this matter. Even so, CEOS concluded, in minimalist fashion, that "we do not see anything that says to us *categorically* that a federal case should not be brought" and that the U.S. Attorney "would not be *abusing his prosecutorial discretion* should he authorize federal prosecution of Mr. Epstein" thus delegating back to Mr. Acosta the decision of whether federal prosecution was warranted (emphasis added). Rather than assessing whether prosecution would be *appropriate*, CEOS, using a low baseline for its evaluation, determined only that "it would not be impossible to prove . . ." certain allegations made against Mr. Epstein. The CEOS review failed to address the significant problems involving the appearance of impermissible selectivity that would necessarily result from a federal prosecution of Mr. Epstein.

We respect CEOS's conclusion that its authority to review "misconduct" issues was precluded by Criminal Division practice. We further respect CEOS's view that it understood its mission as significantly limited. Specifically, the contemplated objective was to determine whether the USAO would be abusing its discretion by bringing a federal prosecution rather than making its own de novo recommendations on the appropriate reach of federal law. However, we respectfully submit that a full review of all the facts is urgently needed at senior levels of the Justice Department. In an effort to inform you of the nature of the federal investigation against Mr. Epstein, we summarize the facts and circumstances of this matter below.

The two base-level concerns we hold are that (1) federal prosecution of this matter is not warranted based on the purely-local conduct and the unprecedented application of federal statutes to facts such as these and (2) the actions of federal authorities are both highly questionable and give rise to an appearance of substantial impropriety. The issues that we have raised, but which have not yet been addressed or resolved by the Department, are more than isolated allegations of professional mistakes or misconduct. These issues, instead, affect the appearance and administration of criminal justice with profound consequences beyond the resolution in the matter at hand.

* * *

In a precedent-shattering investigation of Jeffrey Epstein that raises important policy questions—and serious issues as to the fair and honorable enforcement of federal law—the USAO in Miami is considering extending federal law beyond the bounds of precedent and reason. Federal prosecutors stretched the underlying facts in ways that raise fundamental questions of basic professionalism. Perhaps most troubling, the USAO in Miami, as a condition of deferring prosecution, required a commingling of substantive federal criminal law with a proposed civil remedy engineered in a way that appears intended to profit particular lawyers in

private practice in South Florida with personal relationships to some of the prosecutors involved. Federal prosecutors then leaked highly sensitive information about the case to a New York Times reporter.[1] The immediate result of this confluence of extraordinary circumstances is an onslaught of civil lawsuits, all save one brought by the First Assistant's former boutique law firm in Miami.

The facts in this case all revolve around the classic state crime of solicitation of prostitution.[2] The State Attorney's Office in Palm Beach County had conducted a diligent investigation, convened a Grand Jury that returned an indictment, and made a final determination about how to proceed. That is where, in our federal republic, this matter should rest. Mr. Epstein faces a felony conviction in state court by virtue of his conduct, and the only reason the State has not resolved this matter is that the federal prosecutors in Miami have continued to insist that we, Mr. Epstein's counsel, approach and demand from the State Attorney's Office a harsher charge and a more severe punishment than that Office believes are appropriate under the circumstances. Yet despite the USAO's refusal to allow the State to resolve this matter on the terms the State has determined are appropriate, the USAO has not made any attempt to coordinate its efforts with the State. In fact, the USAO mandated that any federal agreement would be conditioned on Mr. Epstein persuading the State to seek a criminal punishment unlike that imposed on other defendants within the jurisdiction of the State Attorney for similar conduct.

From the inception of the USAO's involvement in this case, which at the end of the day is a case about solicitation of prostitution within the confines of Palm Beach County, Florida, we have asked ourselves why the Department of Justice is involved. Regrettably, we are unable to suggest any appropriate basis for the Department's involvement. Mr. Epstein has no criminal history whatsoever. Also, Mr. Epstein has never been the subject of general media interest until a few years ago, after it was widely perceived by the public that he was a close friend of former President Bill Clinton.

The conduct at issue is simply not within the purview of federal jurisdiction and lies outside the heartland of the three federal statutes that have been identified by prosecutors—18 U.S.C. §§ 1591, 2422(b), and 2423(b).

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1 One of the other members of Mr. Epstein's defense team, Jay Lefkowitz, has personally reviewed the reporter's contemporaneous notes.

2 Although some of the women alleged to be involved were 16 and 17 years of age, several of these women openly admitted to lying to Mr. Epstein about their age in their recent sworn statements.

These statutes are intended to target crimes of a truly national and international scope. Specifically, § 1591 was enacted to combat human trafficking, § 2422 is aimed at sexual predation of minors through the Internet, and § 2423 deals with sex tourism. The nature of these crimes results in multi-jurisdictional problems that state and local authorities cannot effectively confront on their own. However, Mr. Epstein's conduct was purely local in nature and, thus, does not implicate federal involvement. After researching every reported case brought under 18 U.S.C. §§ 1591, 2422(b), and 2423(b), we found that not a single case involves facts or a scenario similar to the situation at hand. Our review of each precedent reflects that there have been no reported prosecutions under § 1591 of a 'john' whose conduct with a minor lacked force, coercion, or fraud and who was not profiting from commercial sexual trafficking. There have likewise been no cases under § 2422(b)—a crime of communication—where there was no use of the Internet, and where the content of phone communications did not contain any inducing or enticing of a minor to have illegal sexual activity as expressly required by the language of the statute. Furthermore, the Government's contention that "routine and habit" can fill the factual and legal void created by the lack of evidence that such a communication ever occurred sets this case apart from every reported case brought under § 2422(b). Lastly, there are no reported cases of violations of § 2423(b) of a person whose dominant purpose in traveling was merely to go to his own home.[3]

Although these matters were within the scope of the CEOS review, rather than considering whether federal prosecution is appropriate, CEOS only determined that U.S. Attorney Acosta "would not be abusing his prosecutorial discretion should he authorize federal prosecution" in this case. The "abuse of discretion" standard constitutes an extremely low bar of evaluation and while it may be appropriate when the consideration of issues are exclusively factual in nature, this standard fails to address concerns particular to this situation, namely the "novel application" of federal statutes. The "abuse of discretion" standard in such pure legal matters of statutory application risks causing a lack of uniformity. The same federal statutes that would be stretched beyond their bounds in Miami have been limited to their heartland in each of the other federal districts. Also, because this case implicates broader issues of the administration of equal justice, federal prosecution in this matter risks the appearance of selectivity in its stretching of federal law to fit these facts.

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[3] Federal prosecution of a man who engaged in consensual conduct in his home that amounted to, at most, the solicitation of prostitution, is unprecedented. Since prostitution is fundamentally a state concern, (*see United States v. Evans*, 476 F.3d 1176, n.1 (11th Cir. 2007) (federal law "does not criminalize all acts of prostitution (a vice traditionally governed by state regulation)")), and there is no evidence that Palm Beach County authorities and Florida prosecutors cannot effectively prosecute and punish the conduct, there is no reason why this matter should be extracted from the hands of state prosecutors in Florida.

In fact, recent testimony of several alleged "victims" contradicts claims made by federal prosecutors during the negotiations of a deferred prosecution agreement. The consistent representations of key Government witnesses (such as [redacted]) confirm the following critical points: *First*, there was no communication, telephonic or otherwise, that meets the requirements of § 2422(b). For instance, Ms. [redacted] confirmed that Mr. Epstein never emailed, text-messaged, or used any facility of interstate commerce whatsoever, before or after her one (and only) visit to his home. [redacted] Tr. (deposition) at 30. *Second*, the women who testified admitted that they lied to Mr. Epstein about their age in order to gain admittance into his home. Indeed, the women who brought their underage friends to Mr. Epstein testified that they would counsel their friends to lie about their ages as well. Ms. [redacted] stated the following: "I would tell my girlfriends just like [redacted] approached me. Make sure you tell him you're 18. Well, these girls that I brought, I know that they were 18 or 19 or 20. And the girls that I didn't know and I don't know if they were lying or not, I would say make sure that you tell him you're 18." [redacted] Tr. at 22. *Third*, there was no routine or habit of improper communication expressing an intent to transform a massage into an illegal sexual act. In fact, there was often no sexual activity at all during the massage. Ms. [redacted] testified that "[s]ometimes [Mr. Epstein] just wanted his feet massaged. Sometimes he just wanted a back massage." [redacted] Tr. at 19. [redacted] also stated that Mr. Epstein "never touched [her] physically" and that all she did was "massage[ ] his back, his chest and his thighs and that was it." [redacted] Tr. at 12-13. *Finally*, there was no force, coercion, fraud, violence, drugs, or even alcohol present in connection with Mr. Epstein's encounters with these women. Ms. [redacted] stated that "[Mr. Epstein] never tried to force me to do anything." [redacted] Tr. A at 12. These accounts are far from the usual testimony in sex slavery, Internet stings and sex tourism cases previously brought. The women in actuality were not younger than 16, which is the age of consent in most of the 50 states, and the sex activity was irregular and in large part, consisted of solo self-pleasuring.

The recent crop of civil suits brought against Mr. Epstein confirm that the plaintiffs did not discuss any sexually-related activities with anyone prior to arriving at Mr. Epstein's residence. This reinforces our contention that no telephonic or Internet persuasion, inducement, enticement or coercion of a minor, or of any other individual, occurred. In addition, Mr. Jeffrey Herman, the former law partner of one of the federal prosecutors involved in this matter and the attorney for most of the civil complainants (as described in detail below), was quoted in the Palm Beach *Post* as saying that "it doesn't matter" that his clients lied about their ages and told Mr. Epstein that they were 18 or 19.

Not only is a federal prosecution of this matter unwarranted, but the irregularity of conduct by prosecutors and the unorthodox terms of the deferred prosecution agreement are beyond any reasonable interpretation of the scope of a prosecutor's responsibilities. The list of improprieties includes, but is not limited to, the following facts:

- Federal prosecutors made the unprecedented demand that Mr. Epstein pay a minimum of $150,000 per person to an unnamed list of women they referred to as minors and whom they insisted required representation by a guardian ad litem. Mr. Epstein's counsel later established that all but one of these individuals were actually adults, not minors. Even then, though demanding payment to the women, the USAO eventually asserted that it could not vouch for the veracity of any of the claims that these women might make.

- Federal prosecutors made the highly unusual demand that Mr. Epstein pay the fees of a civil attorney chosen by the prosecutors to represent these alleged "victims" should they choose to bring any civil litigation against him. They also proposed sending a notice to the alleged "victims," stating, in an underlined sentence, that should they choose their own attorney, Mr. Epstein would not be required to pay their fees. The prosecutors further demanded that Mr. Epstein waive his right to challenge any of the allegations made by these "victims."

- The Assistant U.S. Attorney involved in this matter recommended for the civil attorney, a highly lucrative position, an individual that we later discovered was closely and personally connected to the Assistant U.S. Attorney's own boyfriend.

- Federal prosecutors represented to Mr. Epstein's counsel that they had identified (and later rechecked and re-identified) several alleged "victims" of federal crimes that qualified for payment under 18 U.S.C. § 2255, a civil remedy designed to provide financial benefits to victims. Only through state discovery provisions did we later learn that many of the women on the rechecked "victim list" could not possibly qualify under § 2255. The reason is that they, themselves, testified that they did not suffer any type of harm whatsoever, a prerequisite for the civil recovery under § 2255. Moreover, these women stated that they did not, now or in the past, consider themselves to be victims.

- During the last few months, Mr. Herman, First Assistant Sloman's former law partner, has filed several civil lawsuits against Mr. Epstein on behalf of the alleged "victims." It is our understanding that each of Mr. Herman's clients are on the

Government's confidential "list of victims." Most of these lawsuits seek $50 million in money damages.[4]

- Assistant U.S. Attorney David Weinstein spoke about the case in great detail to Landon Thomas, a reporter with the *New York Times*, and revealed confidential information about the Government's allegations against Mr. Epstein. The Assistant U.S. Attorney also revealed the substance of confidential plea negotiations.

- When counsel for Mr. Epstein complained about the media leaks, First Assistant Sloman responded by asserting that "Mr. Thomas was given, pursuant to his request, non-case specific information concerning specific federal statutes." Based on Mr. Thomas' contemporaneous notes, that assertion appears to be false. For example, Mr. Weinstein told Mr. Thomas that federal authorities believed that Mr. Epstein had lured girls over the telephone and traveled in interstate commerce for the purpose of engaging in underage sex. He recounted to Mr. Thomas the USAO's theory of prosecution against Mr. Epstein, replete with an analysis of the key statutes being considered. Furthermore, after Mr. Epstein's defense team complained about the leak to the USAO, Mr. Weinstein, in Mr. Thomas' own description, then admonished him for talking to the defense, and getting him in trouble. Mr. Weinstein further told him not to believe the "spin" of Mr. Epstein's "high-priced attorneys," and then, according to Mr. Thomas, Mr. Weinstein forcefully "reminded" Mr. Thomas that all prior conversations were merely hypothetical.

We are constrained to conclude that the actions of federal officials in this case strike at the heart of one of the vitally important, enduring values in this country: the honest enforcement of federal law, free of political considerations and free of the taint of personal financial motivations on the part of federal prosecutors that, at a minimum, raise the appearance of serious impropriety.

We were told by U.S. Attorney Acosta that as part of the review he requested, the Department had the authority, and his consent, to make any determination it deemed appropriate regarding this matter, including a decision to decline federal prosecution. Yet, CEOS's only conclusion, based on its limited review of the investigation, is that U.S. Attorney Acosta would not abuse his discretion by proceeding against Mr. Epstein. Thus, the decision of whether

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4 As recently as two months ago, Mr. Sloman was still listed publicly as a part of his former law firm. While we assume this was an oversight, Mr. Sloman's identification as part of the firm raises the appearance of impropriety.

prosecution *is fair and appropriate* has been placed, once again, in U.S. Attorney Acosta's hands.

In light of the foregoing, we respectfully ask that you review this matter and discontinue all federal involvement so that the State can appropriately bring this matter to closure. We would greatly appreciate the opportunity to meet with you to discuss these important issues. Such a meeting would provide the Department with an opportunity to review the paramount issues of federalism and the appearance of selectivity that are generated by the unprecedented attempts to broaden the ambit of federal statutes to places that they have never before reached. We sincerely appreciate your attention to this matter.

Respectfully submitted,

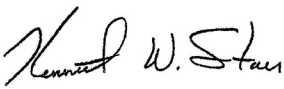

Kenneth W. Starr
Kirkland & Ellis LLP

Joe D. Whitley
Alston & Bird LLP

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*Message:*

June 2017

Freedom House

# Breaking Down Democracy: Goals, Strategies, and Methods of Modern Authoritarians

by Arch Puddington

## CONTENTS

**Executive Summary** **1**

**Introduction: Modern Authoritarians: Origins, Anatomy, Outlook** **5**

**Chapters**

1. Validating Autocracy through the Ballot 10
2. Propaganda at Home and Abroad 15
3. The Enemy Within: Civil Society at Bay 22
4. The Ministry of Truth in Peace and War 29
5. The Rise of 'Illiberal Democracy' 35
6. Flacks and Friends 41
7. Bullying the Neighbors: Frozen Conflicts, the Near Abroad, and Other Innovations 47
8. Back to the Future 52

**Conclusion: Authoritarianism Comes Calling** **57**

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Arch Puddington is Distinguished Scholar for Democracy Studies at Freedom House and a co-editor of *Freedom in the World*.

## ON THE COVER

Chinese President Xi Jinping and Russian President Vladimir Putin in Beijing, 2016. *Lintao Zhang/Getty Images*

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Freedom House

Executive Summary

# Breaking Down Democracy: Goals, Strategies, and Methods of Modern Authoritarians

by Arch Puddington

The 21st century has been marked by a resurgence of authoritarian rule that has proved resilient despite economic fragility and occasional popular resistance. Modern authoritarianism has succeeded, where previous totalitarian systems failed, due to refined and nuanced strategies of repression, the exploitation of open societies, and the spread of illiberal policies in democratic countries themselves. The leaders of today's authoritarian systems devote full-time attention to the challenge of crippling the opposition without annihilating it, and flouting the rule of law while maintaining a plausible veneer of order, legitimacy, and prosperity.

Central to the modern authoritarian strategy is the capture of institutions that undergird political pluralism. The goal is to dominate not only the executive and legislative branches, but also the media, the judiciary, civil society, the commanding heights of the economy, and the security forces. With these institutions under the effective if not absolute control of an incumbent leader, changes in government through fair and honest elections become all but impossible.

Unlike Soviet-style communism, modern authoritarianism is not animated by an overarching ideology or the messianic notion of an ideal future society. Nor do today's autocrats seek totalitarian control over people's everyday lives, movements, or thoughts. The media are more diverse and entertaining under modern authoritarianism, civil society can enjoy an independent existence (as long as it does not pursue political change), citizens can travel around the country or abroad with only occasional interference, and private enterprise can flourish (albeit with rampant corruption and cronyism).

This study explains how modern authoritarianism defends and propagates itself, as regimes from different regions and with diverse socioeconomic foundations copy and borrow techniques of political control. Among its major findings:

- Russia, under President Vladimir Putin, has played an outsized role in the development of modern authoritarian systems. This is particularly true in the areas of media control, propaganda, the smothering of civil society, and the



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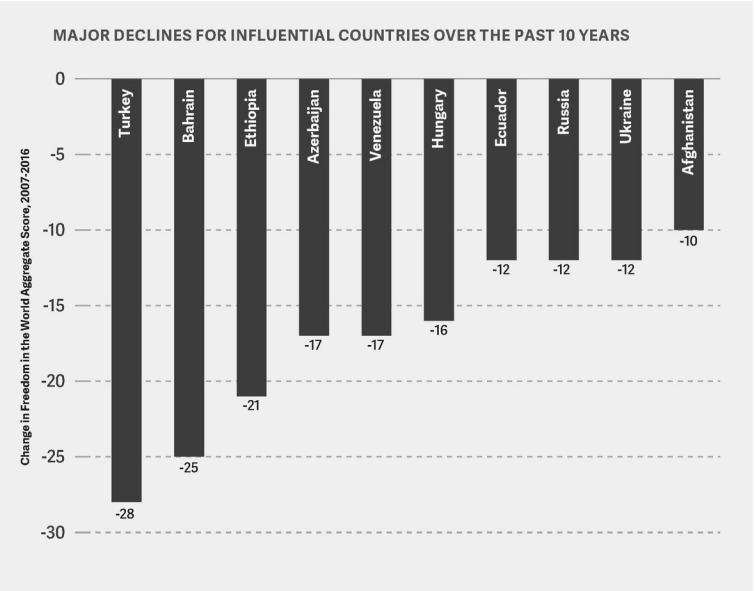


weakening of political pluralism. Russia has also moved aggressively against neighboring states where democratic institutions have emerged or where democratic movements have succeeded in ousting corrupt authoritarian leaders.

- The rewriting of history for political purposes is common among modern authoritarians. Again, Russia has taken the lead, with the state's assertion of authority over history textbooks and the process, encouraged by Putin, of reassessing the historical role of Joseph Stalin.

- The hiring of political consultants and lobbyists from democratic countries to represent the interests of autocracies is a growing phenomenon. China is clearly in the vanguard, with multiple representatives working for the state and for large economic entities closely tied to the state. But there are also K Street representatives for Russia, Kazakhstan, Azerbaijan, Turkey, Ethiopia, and practically all of the authoritarian states in the Middle East.

- The toxic combination of unfair elections and crude majoritarianism is spreading from modern authoritarian regimes to illiberal leaders in what are still partly democratic countries. Increasingly, populist politicians—once in office—claim the right to suppress the media, civil society, and other democratic institutions by citing support from a majority of voters. The resulting changes make it more difficult for the opposition to compete in future elections and can pave the way for a new authoritarian regime.

- An expanding cadre of politicians in democracies are eager to emulate or cooperate with authoritarian rulers. European parties of the nationalistic right and anticapitalist left have expressed admiration for Putin and aligned their policy goals with his. Others have praised



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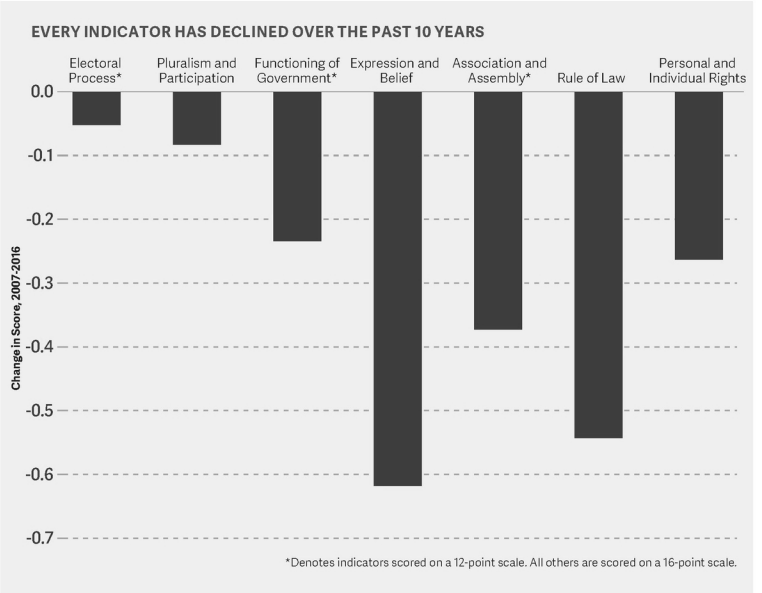


illiberal governments in countries like Hungary for their rejection of international democratic standards in favor of perceived national interests. Even when there is no direct collaboration, such behavior benefits authoritarian powers by breaking down the unity and solidarity of the democratic world.

- There has been a rise in authoritarian internationalism. Authoritarian powers form loose but effective alliances to block criticism at the United Nations and regional organizations like the Organization for Security and Co-operation in Europe and the Organization of American States, and to defend embattled allies like Syria's Bashar al-Assad. There is also growing replication of what might be called authoritarian best practices, vividly on display in the new Chinese law on nongovernmental organizations (NGOs) and efforts by Russia and others to learn from China's experience in internet censorship.

- Modern authoritarians are working to revalidate the concept of the leader-for-life. One of the seeming gains of the postcommunist era was the understanding that some form of term limits should be imposed to prevent incumbents from consolidating power into a dictatorship. In recent years, however, a number of countries have adjusted their constitutions to ease, eliminate, or circumvent executive term limits. The result has been a resurgence of potential leaders-for-life from Latin America to Eurasia.

- While more subtle and calibrated methods of repression are the defining feature of modern authoritarianism, the past few years have featured a reemergence of older tactics that undermine the illusions of pluralism and openness as well as integration with the global economy. Thus Moscow has pursued its military intervention in Ukraine despite economic sanctions and overseen the assassination of opposition figures;



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Beijing has revived the practice of coerced public "confessions" and escalated its surveillance of the Tibetan and Uighur minorities to totalitarian levels; and Azerbaijan has made the Aliyev family's monopoly on political power painfully obvious with the appointment of the president's wife as "first vice president."

- Modern authoritarian systems are employing these blunter methods in a context of increased economic fragility. Venezuela is already in the process of political and economic disintegration. Other states that rely on energy exports have also experienced setbacks due to low oil and gas prices, and China faces rising debt and slower growth after years of misallocated investment and other structural problems. But these regimes also face less international pressure to observe democratic norms, raising their chances of either surviving the current crises or—if they break down—giving way to something even worse.

In subsequent sections, this report will examine the methods employed by authoritarian powers to neutralize precisely those institutions that were thought to be the most potent weapons against a revitalized authoritarianism. The success of the Russian and Chinese regimes in bringing to heel and even harnessing the forces produced by globalization—digital media, civil society, free markets—may be their most impressive and troubling achievement.

Modern authoritarianism is particularly insidious in its exploitation of open societies. Russia and China have both taken advantage of democracies' commitment to freedom of expression and delivered infusions of propaganda and disinformation. Moscow has effectively prevented foreign broadcasting stations from reaching Russian audiences even as it steadily expands the reach of its own mouthpieces, the television channel RT and the news service Sputnik. China blocks the websites of mainstream foreign media while encouraging its corporations to purchase influence in popular culture abroad through control of Hollywood studios. Similar combinations of obstruction at home and interference abroad can be seen in sectors including civil society, academia, and party politics.

The report draws on examples from a broad group of authoritarian states and illiberal democracies, but the focus remains on the two leading authoritarian powers, China and Russia. Much of the report, in fact, deals with Russia, since that country, more than any other, has incubated and refined the ideas and institutions at the foundation of 21st-century authoritarianism.

Finally, a basic assumption behind the report is that modern authoritarianism will be a lasting feature of geopolitics. Since 2012, both Vladimir Putin and Xi Jinping have doubled down on existing efforts to stamp out internal dissent, and both have grown more aggressive on the world stage. All despotic regimes have inherent weaknesses that leave them vulnerable to sudden shocks and individually prone to collapse. However, the past quarter-century has shown that dictatorship in general will not disappear on its own. Authoritarian systems will seek not just to survive, but to weaken and defeat democracy around the world.



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## Introduction

# Modern Authoritarianism: Origins, Anatomy, Outlook

As the world's democracies confront a dangerous internal challenge from populist and nationalist political forces, it is imperative that they recognize the simultaneous external threat presented by modern authoritarian regimes. These 21st century authoritarians developed an arsenal of new tactics to use against their domestic opponents, and gone on the offensive in an effort to subvert and replace the liberal international order.

But modern authoritarian systems are not simply adversaries of free societies. They also represent an alternative model—a grim future for beleaguered democracies that have already fallen under the sway of illiberal leaders and have suffered an erosion of freedom.

**Democracy under siege**

Global democracy is currently facing the repercussions of what has been called the "decade of decline." The phrase describes a 10-year-plus period, from 2006 to 2016, during which the state of freedom experienced more reversals than gains as measured by *Freedom in the World*, the annual report on political rights and civil liberties published by Freedom House.[1]

According to *Freedom in the World*, the crucial indicators of democracy experienced setbacks in each of the 10 years in question. In all, 105 countries suffered net declines, while 61 showed some measure of improvement. The decade marked the longest democratic slump of its kind in more than 40 years of Freedom House analysis.[2]

The decade of decline has been principally characterized by a steady erosion of political institutions in established authoritarian countries, or in countries that were clearly headed in that direction. In other words, repressive countries became even more repressive—the bad became even worse.[3]

However, a parallel pattern of institutional erosion has affected some more democratic states, pushing them into the category of "illiberal democracies." In these societies, elections are regularly conducted, sometimes under conditions that are reasonably fair. But the state, usually under the control of a strong party or leader, applies much of its energy to the systematic weakening of political pluralism and the creation of a skewed electoral playing field. Opposition parties are often impotent, freedom of the press is circumscribed, and the judiciary tends to be dominated by the ruling party. Countries that fit this description include Hungary, Bolivia, Ecuador, and, if recent trends continue, Poland.

There are many reasons for the global decline in democratic indicators, but the statistical evidence from *Freedom in the World* suggests that modern authoritarian regimes have found a way to survive without resorting to democratic reforms, and that a number of democracies—as part of the general loss of liberal consensus—are engaging in their own antidemocratic experiments.

**Modern authoritarianism**

The traditional authoritarian state sought monopolistic control over political life, a one-party system organized around a strongman or military junta, and direct rule by the executive, sometimes through martial law, with little or no role for the parliament.

Traditional dictatorships and totalitarian regimes were often defined by closed, command, or autarkic economies, a state media monopoly with formal censorship, and "civil society" organizations that were structured as appendages of the ruling party or state. Especially in military dictatorships, the use of force—including military tribunals, curfews, arbitrary arrests, political detentions, and summary executions—was pervasive. Often facing international isolation, traditional dictatorships and totalitarian regimes forged alliances based on



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common ideologies, whether faith in Marxist revolution or ultraconservative, anticommunist reaction.

As the 20th century drew to a close, the weaknesses of both communist systems and traditional dictatorships became increasingly apparent. Front and center was the growing economic gap between countries that had opted for market economies and regimes that were committed to statist economies.

The political and economic barriers that had long sheltered the old dictatorships were soon swept away, and those that survived or recovered did so by making a series of strategic concessions to the new global order.

Modern authoritarianism has a different set of defining features:

- An illusion of pluralism that masks state control over key political institutions, with co-opted or otherwise defanged opposition parties allowed to participate in regular elections
- State or oligarchic control over key elements of the national economy, which is otherwise open to the global economy and private investment, to ensure loyalty to the regime and bolster regime claims of legitimacy based on economic prosperity
- State or oligarchic control over information on certain political subjects and key sectors of the media, which are otherwise pluralistic, with high production values and entertaining content; independent outlets survive with small audiences and little influence
- Suppression of nongovernmental organizations (NGOs) that are focused on human rights or political reform, but state tolerance or support for progovernment or apolitical groups that work on public health, education, and other development issues
- Legalized political repression, with targets punished through vaguely worded laws and politically obedient courts
- Limited, selective, and typically hidden use of extralegal force or violence, with a concentration on political dissidents, critical journalists, and officials who have fallen from favor
- Opportunistic, non-ideological cooperation with fellow authoritarian states against pressure for democratic reform or leadership changes, international human rights norms and mechanisms, and international security or justice interventions
- Knowledge-sharing with or emulation of fellow authoritarian states regarding tactics and legislation to enhance domestic control

**China and Russia**

The two major modern authoritarian powers are China and Russia.

Until fairly recently, the conventional wisdom was that China's one-party authoritarian system would gradually relax as the middle class expanded and the country became fully integrated into the global economic and diplomatic systems. The leadership did expand citizens' freedom to travel, make money, and access information and entertainment that did not touch on sensitive subjects. But it has resolutely refused to give up control over the political sphere.

In fact, the state has become increasingly aggressive in its suppression of political dissent and information that might challenge the Communist Party narrative. The regime's rhetoric and policies have become more hostile to democracy and "Western" values. Its propaganda asserts the superior efficiency of the one-party system and sneers at the messiness of democracy. And the focus of its repressive apparatus has steadily expanded from a relatively narrow segment of political opposition figures to encompass a broad collection of target groups, including human rights lawyers, ethnic minorities, Christians, women's rights advocates, liberal academics, and independent journalists.

Russia is much smaller than China in terms of population and economic might, but it has emerged as a leader of modern authoritarian innovation. Under Vladimir Putin, the Russian regime pioneered the capture of the media through state enterprises and oligarchic cronies, the adoption of laws designed to dismember civil society, the use of the judiciary as an instrument of political harassment, and, perhaps most importantly of all, the development of modern propaganda and disinformation.

Russia has also been in the vanguard of a relentless campaign against liberal values, and has moved relentlessly to export authoritarian ideas and techniques to other societies, both in neighboring



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Eurasian countries and elsewhere in the world. While today there is nothing that resembles the Comintern of Soviet times, authoritarian countries have developed an ad hoc network of cooperation that has proven effective at the United Nations and in regional bodies like the Organization of American States.

**Adapting to survive**

Modern authoritarianism matured as regimes sought to defend themselves against the sorts of civil society movements that triggered "color revolutions" in Georgia, Ukraine, and elsewhere in the early 2000s. On their own, formal opposition parties were relatively easy to marginalize or co-opt, and traditional mass media could be brought to heel through pressure on private owners, among other techniques. But civil society organizations presented a formidable challenge in some settings, as they were able to mobilize the public—especially students and young people—around nonpartisan reformist goals and use relatively open online media to spread their messages.

It is now a major objective of modern authoritarian states to suppress civil society before it becomes strong enough to challenge the incumbent political leadership. Yet whereas dissidents were dispatched to the gulag or explicitly exiled by the Soviets, or jailed and murdered by traditional dictatorships like Augusto Pinochet's Chile, today's activists are checked by NGO regulations that control registration and foreign funding, laws that allow arbitrary restrictions on public protest, and trumped-up criminal charges for key organizers that serve to intimidate others.

Modern authoritarianism has also devised special methods to bring the internet under political control without shutting it down entirely. While old-style dictatorships like Cuba long prevented the widespread use of the internet out of fear that online communications would pose a threat to the state's monopoly on information, modern authoritarians understood that a high rate of internet penetration is essential to participation in the global economy. However, once online media emerged as a real alternative to traditional news sources and a crucial tool for civic and political mobilization, these regimes began to step up their interference.

The Chinese government has developed the world's most sophisticated system of internet controls. Its so-called Great Firewall, a censorship and filtering apparatus designed to prevent the circulation of information that the authorities deem politically dangerous without affecting nonsensitive information, requires tremendous financial, human, and technological resources to maintain. Other regimes have not attempted anything approaching the scale of China's system, but some have constructed more limited versions or simply relied on inexpensive offline techniques like arrests of critical bloggers, direct pressure on the owners of major online platforms, and new laws that force internet sites to self-censor.

**Alternative values**

While modern authoritarians initially mobilized for defensive purposes, to thwart color revolutions or the liberal opposition, they have become increasingly aggressive in challenging the democratic norms that prevailed in the wake of the Cold War, and in setting forth a rough set of political values as an alternative to the liberal model. Examples of this phenomenon include:

1. **Majoritarianism:** A signal idea of many authoritarians is the proposition that elections are winner-take-all affairs in which the victor has an absolute mandate, with little or no interference from institutional checks and balances. Putin, Turkish president Recep Tayyip Erdoğan, and the Venezuelan chavista leadership all behave as if there are no valid controls on their authority, the opposition has no rights, and the system is theirs to dismantle and remake from top to bottom. Disturbingly, the leaders of some democratic societies have begun to embrace the majoritarian idea. The Hungarian prime minister, Viktor Orbán, has instituted a thorough overhaul of the country's constitution and national legislation with an eye toward measures that will insulate his party from future defeat.

2. **Sovereignty:** A number of governments have invoked the doctrine of absolute sovereignty to rebuff international criticism of restrictions on the press, the smothering of civil society, the persecution of the political opposition, and the repression of minority groups. They claim that the enforcement of universal human rights standards or judgments from transnational legal bodies represent undue interference in their domestic affairs and a violation of national prerogatives.

3. **Dictatorship of law:** Initially articulated by Vladimir Putin, this phrase has come to signify the adoption of laws that are so vaguely written as to



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give the authorities wide discretion in applying them to regime opponents. Such measures are typically paired with a court system that uses law merely to justify political instructions from the executive branch, making a mockery of due process and international conceptions of the rule of law.

4. **History revised:** A number of countries have undertaken a refashioning of history to buttress the legitimacy and aims of the current government. Historians and journalists are forbidden to cross certain redlines set by the authorities. In China, the state has prevented the publication of full, accurate, or critical accounts of the Great Leap Forward, the Cultural Revolution, or the Mao Zedong era in general. In Russia, Joseph Stalin has been rehabilitated. He is now officially portrayed as a strong if mildly flawed leader rather than as the man responsible for the deaths of millions of his own people. In Turkey, Erdoğan has decreed that high school students should study the defunct Ottoman language, challenging a nearly century-old reform linked to Mustafa Kemal Atatürk, modern Turkey's founder.[4]

5. **Democracy redefined:** It is a testament to the power of the democratic idea that authoritarian leaders around the globe have claimed the mantle of democracy for forms of government that amount to legalized repression. Even as they heap disdain on the liberal order, they have often insisted on the validity of their own systems as types of democratic rule. They even devise terms to describe their special variant, such as "sovereign democracy," "revolutionary democracy," or "illiberal democracy."

6. **Return of the leader for life:** Among the changes invariably instituted by modern authoritarians is the de facto or de jure removal of constitutional limits on presidential terms. Preventing the concentration of power in a single leader is a fundamental goal of democratic governance, but authoritarian propaganda has presented term limits as artificial constraints, associated them with foreign origins, and claimed that they do not suit every country's unique historical, cultural, or security conditions.

While these ideas may not amount to a coherent or complete ideology, they do form the basis for an impressive degree of collaboration and alliance-building that has brought together modern authoritarian regimes with significantly different economic systems, official creeds, and sources of political legitimacy.

A loose-knit league of authoritarians works to protect mutual interests at the United Nations and other international forums, subverting global human rights standards and blocking precedent-setting actions against fellow despots. With the formation of the Shanghai Cooperation Organization, Russia, China, and a number of Central Asian governments have come together to discuss common regime-security strategies.[5]

More disturbingly, modern authoritarians collaborate to prop up some of the world's most reprehensible regimes, apparently reasoning that the toppling of one dictator thins the herd, inspires imitation, and endangers them all. This is most visible in Syria, where Russia, China, Iran, and Venezuela at various times have offered diplomatic support, loans, fuel, or direct military aid to the regime of Bashar al-Assad.

**Dashed hopes**

Democracy recorded unprecedented gains during the 20th century's last decades. In 1975, Freedom House found that just 25 percent of the world's sovereign states qualified for the Free category; by 2000, the share of countries rated as Free had reached 45 percent.[6]

The numbers told an optimistic story, and a series of accelerating social trends suggested that the recent improvements would hold firm and expand as the new millennium dawned.

There was, to begin with, a strong identification of free societies with free markets. The degree of economic freedom varied from one society to the next, and corruption was a problem in practically all of the new democracies. But there was no longer a major bloc of countries that rejected capitalism, and practically every country sought to deepen their participation in the global economic system, as witnessed by the number of governments seeking admission to the World Trade Organization. Authorities in the United States and elsewhere predicted that as countries came to accept the rules of the game set down by the WTO, they would also be more amenable to accepting the norms of liberal democracy, including fair elections, freedom of expression, minority rights, and the rule of law.

A second development was the introduction of the internet and other digital media. In the wake of the collapse of the Soviet Union, communist governments in



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Eastern Europe, and military dictatorships elsewhere, there was an explosion of newspapers, radio and television stations, and other independent media with diverse editorial policies. But the internet in particular was seen as an irresistible force that could render censorship of any kind impossible. In 2000, President Bill Clinton compared China's efforts to control internet content to "trying to nail Jell-O to the wall."[7]

Third, a growing number of experts began to identify a new instigator of democratic change in global civil society. Unlike the "people's movements" of earlier decades, in which well-known leaders mobilized mass demonstrations and often insurrectionary violence with the goal of overthrowing despotic regimes, the phenomenon that was labeled civil society consisted of organizations that were often committed to a single cause or a few causes united by a particular theme. Most activists were young, with little prior involvement in politics, and many regarded themselves as part of a global effort to advance goals like reducing carbon emissions, empowering women, or fighting corruption.

In a prescient 1997 article, Jessica T. Mathews predicted that in the future global civil society would be the triggering force behind liberal change.[8] She suggested that in many cases civil society organizations would play a more important role than governments. Her words seemed prescient in light of later events in Serbia, where student activists organized a campaign that eventually brought about the downfall of President Slobodan Milošević in 2000, and in Ukraine, where young reformers played a pivotal role in ensuring that the 2004 elections were not stolen through fraud.

In declaring that dictatorships or even authoritarian methods were destined to succumb to this triad of new social forces, commentators were also expressing optimism about the universal appeal of liberal values. The decade after the end of the Cold War was a heyday for democratic ideas and norms. It was increasingly expected that countries would not only hold elections, but that their elections would meet international standards and be judged "free and fair." There was also an expectation that political parties would be able to compete on a reasonably level playing field, that opposition leaders would not be harassed or arrested, and that minorities would be able to pursue their agendas through normal political channels and not find it necessary to wage perpetual protest campaigns.

However, there were nagging questions. It remained unclear whether most societies would have access to multiple sources of political ideas, multiple interpretations of the news, and open scholarly inquiries about the past. Would there be honest judicial proceedings, especially in cases with political implications? Would property rights be secure?

Beyond these primarily domestic issues, there was another series of questions related to individual governments' relations with their neighbors and the rest of the world. The end of the Cold War had brought a peace dividend, both financial and psychological, for all sides. At the time, most assumed that peace would prove durable. But would the general decline in military budgets hold? Would the new national boundaries that divided the former Soviet Union and the former Yugoslavia be sustainable?

As modern authoritarianism has taken root and expanded its influence, the answers to these questions are increasingly negative.

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1. Freedom in the World 2016 (New York: Freedom House, 2016), https://freedomhouse.org/report/freedom-world/freedom-world-2016.
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HOUSE_OVERSIGHT_019243

## Chapter 1

# Validating Autocracy through the Ballot

A major difference between modern authoritarian systems and traditional dictatorships lies in the role of elections for parliament and head of state.

Twentieth-century dictatorships often dispensed with elections entirely or conducted them under blatantly fraudulent conditions. In the Soviet bloc, elections were a pointless ritual in which citizens were pressured to go to a polling place and cast ballots for the Communist Party candidate, the only one permitted to compete. Military and postcolonial dictatorships often canceled elections on spurious "national emergency" grounds, or rigged the outcome through crude ballot-stuffing and open intimidation.

At a certain point in the 1980s, however, the strongmen, juntas, and revolutionary councils of the era realized that reasonably fair elections could no longer be avoided. Sometimes a ruling group understood that this would likely lead to an opposition victory. But usually, the incumbent leaders—and often foreign journalists and diplomats—presumed that voters in repressive settings preferred stability to uncertainty and would opt for the reassuring faces of authority.

These calculations proved wildly misplaced. Opposition parties swept to victory in country after country—in Uruguay, Argentina, Nicaragua, South Korea, the Philippines, Poland. The word "stunning" made a frequent appearance in news accounts, as in the stunning rejection of the ruling party in Poland, or the stunning setback suffered by Chile's Augusto Pinochet in a referendum on the continuation of his dictatorship. Or, perhaps most astonishing, the stunning defeat of Communist Party stalwarts in a number of Soviet cities in 1990 local elections.[1]

Elections became a key force behind the wave of democratization that engulfed much of the world during that decade. Today, the obligation to hold some form of multiparty balloting is felt by nearly all governments.

### The illusion of pluralism

Yet just as with other democratic institutions, modern authoritarians have mastered the techniques of control over the electoral process, maintaining political dominance behind a screen of false diversity.

They have adapted in many ways to the age of the internet and the expectations of a better-informed public. In the most sophisticated authoritarian states, professional political operatives—in Russia they are called "political technologists"—work just as hard as their counterparts in the United States. Their goal, however, is not to defeat opposition candidates in a competitive setting, but rather to organize a system that creates the illusion of competition while squelching it in reality.

> "We're not perfect. But we do have democracy."
>
> **—Hugo Chávez**
>
> "Yes, we falsified the last election.... In fact, 93.5 percent [of ballots were] for President Lukashenka. People say this is not a European result, so we changed it to 86 percent."
>
> **—Alyaksandr Lukashenka**

In most countries, elections are largely "free and fair," meaning the playing field is reasonably level, there is an honest tabulation of the ballots, vote buying and ballot stuffing do not change the outcome, and independent election observers are allowed to monitor the proceedings. For 2015, *Freedom in the World* placed the number of electoral democracies at 125, around 64 percent of the world's sovereign states.[2] By historical standards, this is an impressive figure. Still, there are 70 countries that do not qualify as electoral democracies. In all but a few of these settings, elections are indeed held, but they are either badly flawed or patently dishonest.

Yet even in systems where elections are tainted or fixed outright, authoritarian leaders often claim legitimacy from the ballot box. Of the countries assessed in this study, only China rejects elections as part of the leadership's strategy for political control. In Russia, Turkey, Venezuela, and elsewhere, the leadership invokes victory at the polls as a mandate for government, including the adoption of policies that are in fact deeply unpopular.

In some authoritarian states, elections are neither free nor fair, with heavy manipulation that directly ensures



HOUSE_OVERSIGHT_019244

the ruling party's dominance. But in other settings, elections are held under conditions that are relatively free but effectively unfair. That is, the electoral playing field is tilted to favor the incumbents, though the balloting itself is not fixed and remains somewhat unpredictable. In illiberal environments like Hungary and Turkey over the past five years, prospects for an opposition victory are remote, but not out of the question. Even in a quasi-dictatorship like Venezuela, the opposition can score impressive victories in parliamentary elections and mobilize competitive campaigns for the presidency.

**A display of supremacy**

In December 2011, members of the Russian opposition obtained video evidence of ballot stuffing committed by operatives from Vladimir Putin's United Russia party in that month's parliamentary elections. A series of unusually large protests ensued. Putin weathered the furor and went on to win a presidential poll the following year. But for a brief period, Putin lost control of Russia's political narrative and was placed on the defensive. He seemed angry and rattled, and subsequently blamed the turmoil on the United States, claiming that statements by then secretary of state Hillary Clinton were meant as a signal to the opposition to launch a color revolution in Russia. (The theme of Clinton as the puppet master behind a plot aimed at regime change in Russia was revived during the 2016 U.S. presidential campaign, when the Russian media displayed a clear preference for Republican candidate Donald Trump and disdain for Clinton.[3])

For Putin, the events of late 2011 and early 2012 were evidence of weakness and political incompetence. A ruling party whose triumph requires that party members be ferried by bus from one voting district to another to cast multiple ballots is, by today's authoritarian standards, a party that has grown careless and lazy. Authoritarian rulers today seek to fix outcomes well before election day through laws and policies that embed unfairness at every level.

These leaders take a measure of pride in election victories, even if the results were secured through dishonest methods. They are held up as demonstrations of political mastery rather than neutral measurements of public preference. Putin's victories at the polls enable him to reject comparisons with Leonid Brezhnev and other doddering, defensive Soviet-era leaders. Likewise, Hugo Chávez boasted that unlike the colonels and generals who ruled over South American dictatorships during the 20th century, his tenure as president of Venezuela was sanctified by no fewer than 17 elections, including a number of referendums. Chávez won all but one.[4]

There are, of course, examples of elections whose outcome resembles the obviously rigged results in totalitarian or junta-like settings. Eurasian presidents such as Azerbaijan's Ilham Aliyev and Belarus's Alyaksandr Lukashenka have repeatedly won elections with over 80 percent of the vote, and others have easily broken the 90 percent barrier. The ruling Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) won every seat in the most recent parliamentary polling.[5]

However, more sophisticated autocracies try to manage elections so as to maintain a pluralist façade and hide evidence of systematic fraud or intimidation. In Russia, nominal opposition parties usually garner a significant share of parliamentary seats. But all defer to Putin as the country's unchallenged leader and typically vote according to his wishes on key issues.[6] Genuine opposition forces that seek to win political power are not tolerated, particularly if they champion liberal values. Putin has long sought to prevent the rise of a democratic opposition that could raise embarrassing questions about systemic corruption, foreign interventions, or economic stagnation.

**State media and state resources**

Predetermining ballot results depends both on the rules and regulations that govern the administration of elections and on the regime's control of other assets that can influence the outcome.

Control of the media is crucial. The methods of modern censorship are examined in more detail in another section of this report. But when a would-be authoritarian leader assumes power, one of the first goals is to secure domination over whichever sector of the media has the greatest impact on public opinion and therefore on voting behavior.

The first clear indicator of Putin's authoritarian bent was his aggressive move to eliminate independent ownership of Russia's major television stations. Through various forms of intimidation, the new president persuaded private media moguls to surrender ownership to the state, state-owned corporations, or political cronies. Television thus became a propaganda vehicle for Putin and a potent weapon against his critics, who have since been mocked, vilified, or ignored on the nation's most important medium. All this occurred within a few years after his election as president in 2000.

In Venezuela, Chávez used his authority over media licensing to destroy Radio Caracas Television (RCTV), a popular broadcast station that was aligned with the



HOUSE_OVERSIGHT_019245

opposition. Other critical voices in television and print media later faced legal suits, regulatory harassment, and withdrawal of advertising revenue until the owners agreed to sell their holdings to business interests that were on more friendly terms with the regime.[7]

A prominent theme that runs through authoritarian media is the imperfect nature of electoral processes in the leading democracies, especially the United States. The goal is less to portray elections in Russia, Venezuela, or Iran as paragons of democratic practice than to muddy the waters—to make the case that countries like the United States have no right to lecture others on democracy, and that perhaps all elections are equally flawed. The Kremlin's chief propagandist described the 2016 U.S. election as "so horribly noxious that it only engenders disgust towards what is still inexplicably called a 'democracy.'"[8]

A second important instrument in authoritarians' election toolbox is the state itself. During his period as Venezuela's president, Chávez became a master at using state money and manpower to ensure voter loyalty. In the 2012 election, the last before his death, Chávez is estimated to have invested billions of dollars in state resources, including giveaways of household goods to ordinary citizens, in a rather unsubtle vote-buying campaign.

That election vividly illustrated the powerful interplay of state media and state resources in undemocratic settings, and it is worth examining in greater detail. Superficially, it seemed reasonably consistent with democratic standards. The voting itself took place without serious violence or major complaints of irregularities. But to a substantial degree, the results were shaped by the regime's actions well before the ballots were cast.

Chávez had by that time secured an iron grip on the media. Through the state or political allies, he controlled six of the eight national television stations and about half of the country's radio stations. In some regions, he commanded a virtual information monopoly. The opposition was effectively shut out of the Chávez-aligned outlets, earning mention only as cartoonish villains.

The incumbent benefited especially from a practice whereby all radio and television stations are obliged to preempt normal programming to accommodate the president's speeches to the nation. During 2012, Chávez took advantage of this tool to fill 100 hours of broadcasting, 47 of them in the 90 days prior to the election. Aurelio Concheso, an analyst with Transparency Venezuela, placed the value of this free airtime at $1.8 billion. Another government mandate required radio and television stations to broadcast 10 state messages of 30 seconds each on a daily basis; the messages, not surprisingly, dovetailed with the arguments of the Chávez campaign. Concheso estimated the value of this free airtime at $292 million. In addition, the government spent an estimated $200 million on advertising with private radio and television stations. By contrast, the opposition had access to five minutes of airtime a day, at a cost of $102 million. The opposition was thus limited to an incredible 4 percent of the airtime enjoyed by Chávez.

Meanwhile, according to Concheso, the state oil company spent some $20 billion on gifts of home durable goods, apartments, and outright cash subsidies to purchase the allegiance of Venezuelan voters and underscore the message that without Chávez, this largesse would dry up.

Finally, a measure of fear was introduced through a campaign suggesting that although the balloting was secret, the government had ways of ascertaining a voter's choice. The threat had a special effect given public memories of an episode in 2004, in which those who signed a petition for a referendum to remove Chávez from office were blacklisted and excluded from government jobs, benefits, and contracts.

**Favored tactics**

The following are among the other tactics deployed by modern authoritarians to ensure success at the polls:

1. **Intimidating the opposition:** Opposition leaders are only occasionally targeted for assassination. But they can face a variety of other cruel fates. Wealthy businessman and opposition supporter Mikhail Khodorkovsky was dispatched to a Russian prison for 10 years for daring to challenge Putin. In 2017, anticorruption campaigner Andrei Navalny, widely regarded as the most serious challenger to Putin, was effectively eliminated from the 2018 presidential contest after being convicted in a trumped-up embezzlement case.[9] In Malaysia, opposition leader Anwar Ibrahim has twice been convicted and jailed on sodomy charges. Prominent political figures have also been jailed in Belarus, Venezuela, Iran, Ethiopia, Turkey, and Egypt, among many others. Human rights activists and bloggers are also subject to harassment and persecution. They are frequently jailed on trumped-up charges of defamation, tax fraud, or drug trafficking, among others.



HOUSE_OVERSIGHT_019246

2. **Marginalizing the opposition:** As noted above, authoritarian leaders use their media power to paint critics as knaves or buffoons. Especially through television coverage, opposition figures are presented as clownish, effeminate, shady, elitist, or enslaved by foreign interests. The message is pounded home day after day, until the image of the opposition as small and unfit to rule is fixed in the public's mind.

3. **Tolerating the pseudo-opposition:** Having jailed, exiled, or silenced potentially competitive opposition figures, authoritarians tolerate nominal opposition parties that are effectively controlled by the regime. These groups have accepted the supremacy of the incumbent leadership and settled into their roles in a stage-managed democracy.

4. **Criminalizing protest:** The crippling of formal opposition parties leads many voters to channel their dissent into loosely organized civic activism, often relying on protests to mobilize support and reach the broader public despite state control of the media. Authoritarian governments have responded by adopting harsher laws on public assembly, enabling them to jail protest leaders and even ordinary participants for vaguely defined offenses like disturbing public order and gathering without a permit. Protesters can also be imprisoned on trumped-up charges, such as assaulting a police officer or possessing a weapon. This discourages others from joining the civic movements and prevents them from growing into organized political forces.

5. **Discarding term limits:** Term limits designed to prevent the concentration of power in one individual have been rolled back, circumvented, or removed altogether in Venezuela, Nicaragua, Bolivia, Russia, Belarus, Kazakhstan, and many other countries over the past 15 years.[10] Endless incumbency denies opposition forces an opportunity to win over both voters and elements of the ruling establishment that may be ready for new leadership. It also promotes personal loyalty at the expense of public service, stunts the development of possible successors, reinforces the impression that only the current leader is fit to govern, and feeds a self-perpetuating fear of political change.

**Returning to old habits**

While modern authoritarian regimes have generally maintained some illusion of pluralism as one of their main concessions to the post–Cold War international order, a number of governments have been less attentive to this priority, drifting back toward the electoral tactics, and lopsided results, of 20th-century dictatorships.

In Belarus, the election of just two members of the opposition to the rubber-stamp parliament in 2016 was actually regarded as a step forward from the 2004, 2008, and 2012 balloting, in which no opposition candidates won seats. Lukashenka, in power since 1994, was accused of directing an assassination squad prior to the 2001 presidential election. Four politicians and journalists who had been critical of the incumbent disappeared prior to the vote. After Lukashenka won another term in a deeply flawed 2010 election, the authorities arrested over 700 protesters, including seven of the nine opposition presidential candidates. The regime later sentenced three of the former candidates to prison terms.[11]

Ethiopian opposition members were beaten and arrested during the 2015 electoral campaign. The Semayawi Party reported that more than 50 of its members were arrested ahead of the polls, and nearly half of Semayawi candidates were deregistered on administrative grounds. The ruling EPRDF and its allies took all 547 seats in the lower house. The 2010 elections were also tightly controlled, with local officials or neighborhood militia going door to door and verifying that residents had registered as members of the EPRDF. Voters were threatened with the loss of their jobs, homes, or government services if they did not turn out for the party. The most charismatic opposition figure, the leader of the Unity and Justice Party, Birtukan Mideksa, remained in prison during the election, in which opposition candidates took only two seats.[12]

The possible motivations for retrograde electoral abuses vary from country to country, but authoritarians may feel emboldened to drop their quasi-democratic camouflage due to the lack of diplomatic repercussions for such actions. The European Union and the United States have criticized Belarus as "Europe's last dictatorship," but they always seem willing to give Lukashenka another chance to improve relations based on the thinnest hopes of reform. Democratic powers have treated Ethiopia as a counterterrorism ally and a model of rapid economic development, granting it billions of dollars in foreign assistance.

**Elections and democratic renewal**

Whether through blatant repression or less obvious methods, modern authoritarians seek to control the



HOUSE_OVERSIGHT_019247

outcome of elections. They need to hold votes to validate their rule, but they also recognize the risk involved, as elections remain a potent instrument of democratic renewal even in deeply troubled societies.

The events of late 2014 and 2015 include vivid reminders of the power of the ballot. In Nigeria, Africa's most populous country and largest economy, voters who were fed up with governmental complacency, terrorism, and graft rejected the incumbent president, Goodluck Jonathan, and elected Muhammadu Buhari to replace him. In Myanmar, a huge turnout produced an overwhelming victory in parliamentary elections for longtime opposition leader Aung San Suu Kyi and her National League for Democracy (NLD), a remarkable turnaround in a country that until recently ranked among the world's most repressive.

Voters in Sri Lanka ousted their increasingly authoritarian and divisive president, Mahinda Rajapaksa, in favor of Maithripala Sirisena. Upon taking office, Sirisena immediately overturned some of Rajapaksa's repressive policies and began repairing relations with both the country's Tamil minority and the international community. And in Argentina, opposition candidate Mauricio Macri won the presidency by defeating the nominee of incumbent Cristina Fernández de Kirchner, who with her late husband, Néstor Kirchner, had dominated the executive branch for over a decade. Combined with a victory for the democratic opposition in Venezuela's parliamentary elections, Macri's victory may have been the beginning of a rollback of Latin America's populist movements, which had previously made impressive gains across the region.[13]

Voters in these countries retained faith in the democratic process even after experiencing hardship after hardship, including military rule (Myanmar), civil war and authoritarian rule (Sri Lanka), a terrorist scourge (Nigeria), economic collapse and political repression (Venezuela), and economic setback and unaccountable government (Argentina). They prevailed despite, in some cases, an electoral playing field tilted sharply against the opposition; in other cases, a history of political violence; and in still other cases, apprehensions about what lies ahead when dictatorships give way to normal politics.

Some of these voters were also rejecting political figures who had publicly disdained the world's democracies and drawn closer to authoritarian powers like Russia, China, and Iran. They were willing to listen to candidates who talked about the rule of law, freedom of expression, and the right to be free of payoffs and bribes, and they were unimpressed by those who blamed every step backward on foreign plots.

There will always be dictators and would-be leaders for life who grow overconfident, lose touch with the mood of their people, and fail to do what it takes to ensure victory at the polls, as apparently occurred in The Gambia in late 2016. But the rest can be expected to learn from such mistakes and invest the necessary resources in a false mockery of democratic suffrage.

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## Chapter 2

# Propaganda at Home and Abroad

The following propositions have all appeared in the Russian media over the past few years:

- The United States hired Islamic State terrorists to sabotage the Russian commercial airliner that was destroyed after takeoff in the Sinai in 2015.
- A three-year-old boy was crucified by the U.S.-backed Ukrainian army in Slovyansk in 2014.
- The United States is planning a major war in Europe to enable Washington to cancel its national debt.
- The downing of the Malaysian airliner over eastern Ukraine in 2014 was in fact the central ingredient in an elaborate, American-driven plot to place blame on Russia.
- American policies will lead to a global "homosexual sodomite tsunami."

This is just a small sample of similar claims or conjectures that have made their way into Russian news coverage, especially in the wake of Moscow's occupation of Crimea and invasion of eastern Ukraine. They stand as a reminder that under Vladimir Putin, the Russian media environment has been transformed from one marked by vibrancy and diverse opinions (if not high professional standards) to one dominated by blatant propaganda on the most sensitive international topics of the day.

The basic regime narrative of U.S.-led conspiracy is applied to a broad set of themes: depression in oil prices, downgrading of Russia's credit ratings, political change in Ukraine, Russia's Olympics doping scandal. Every problem, Russians are told, is due to American plots and maneuvers.

**Press freedom and democracy**

A free press ranks among the most critical institutions of liberal democracy. Among the reforms introduced by Mikhail Gorbachev in his campaign to modernize the Soviet system, *glasnost*, or openness, played the most important role in challenging the decades-old system of Soviet totalitarianism. Something similar can be said of press freedom initiatives in other new democracies during the latter part of the 20th century, particularly in postcommunist societies where strict press censorship had prevailed for years. Even if the professionalism and ethical standards of journalism in those countries were not always up to the highest levels, the fact that the press spoke with different voices, different opinions, and even different biases was a huge step toward a world in which democracy was the norm.

> "If the 20th century was defined by the battle for freedom of information and against censorship, the 21st century will be defined by malevolent actors, states or corporations, abusing the right to freedom of information for quite other ends."
>
> **—Vasily Gatov, media analyst**

> "Information wars have already become standard practice and the main type of warfare. The bombers are now sent in after the information campaign."
>
> **—Dmitry Kiselyov, chief Russian propaganda strategist**

**Authoritarians push back**

It is precisely because of press freedom's central importance to democracy that the new generation of authoritarian leaders has made its annihilation a top priority. However, modern authoritarians recognize that the methods of the print and analog broadcast era—prepublication censorship and stilted, formulaic propaganda—were no longer viable in the age of digital media and globalization.

At a minimum, governments that sought involvement in the world economy found it advisable to tolerate a measure of openness about budgets, economic data, and those aspects of social life that are critical for international business. Authoritarian leaders thus face the dilemma of retaining domination over the political story while permitting a degree of accurate information about economic affairs.



HOUSE_OVERSIGHT_019249

Furthermore, because the population now has greater access to foreign sources of news and entertainment, regimes must grapple with the complex task of monopolizing the political discourse in ways that are far more convincing and compelling than the robotic pronouncements that played such a crucial part in communism's loss of credibility.

As is the case with so much of modern authoritarian practice, Russia has taken the lead in developing strategies and methods of media domination. The system built under Vladimir Putin is defined by the following characteristics:

1. **Control over the commanding heights of the media:** Among Putin's first goals as president was securing domination of the most influential media—the national television stations. They had been controlled by various oligarchs, who used the outlets to promote their personal and political interests. While the resulting journalism was hardly objective and independent, Russian television and Russian media generally were notable for their liveliness and diversity during the presidency of Boris Yeltsin. All did not sing out of the same hymnal, and most influential outlets reflected a variety of opinions about government policies, including the Kremlin's conduct of the war in Chechnya.

   Putin moved quickly to change these conditions. He reorganized and exerted tighter political control over state-owned television stations, brought others under indirect state control, and ensured that most of the remainder fell into the hands of loyal businessmen. Likewise, a number of the country's leading newspapers and journals were bought by cronies of the leadership. The era of media diversity came to an abrupt end.[1]

2. **Distortion of coverage on sensitive topics:** Unlike in communist times, the media do provide independent coverage of topics that the Kremlin considers less politically relevant. However, some normally apolitical topics can take on a highly political meaning. For example, coverage of the penalties meted out to Russian Olympic athletes for systematic doping reflected the leadership's position that the scandal was a product of American machinations.[2]

3. **Shrinking gap between offline and online media:** For much of Putin's tenure, the internet remained lightly regulated in comparison with the Kremlin's tight control over television and other mass media. However, Freedom House has noted growing restrictions over the past several years, with a series of new laws, prosecutions, and ownership changes that have reduced the Russian internet's freedom and diversity in practice.[3]

4. **A small stable of independent outlets:** A token number of media outlets are allowed to remain independent at the sufferance of the Kremlin. These include the newspaper *Novaya Gazeta*, the indirectly state-owned radio station *Ekho Moskvy*, and a handful of internet-based news services, some of which are forced to operate from neighboring countries. Coerced ownership changes and other forms of pressure have gradually reduced the already tiny independent media sector in recent years. And the remaining independent outlets have little reach, small audiences, and at best modest impact on domestic politics.

5. **The 'weaponization' of information:** While Putin has used the press as a propaganda instrument throughout his political career, it was after his third term as president began in 2012 that the media were given a special, central role in demonizing Putin's critics, preparing the Russian people for armed conflict in Ukraine and elsewhere, depicting Europe as morally corrupt, and attributing Russia's problems and setbacks to the United States.[4] With the invasion of Ukraine in 2014, the world awakened to the return of propaganda as an instrument of warfare. This is not just normal political spin or public diplomacy, but sheer, raw propaganda that deliberately crosses the line between interpretation of facts and outright mendacity. The aim is both to stir up belligerence at home and to isolate, confuse, and demoralize the enemy.[5]

6. **The centralization of information policy:** The creation in 2013 of Rossiya Segodnya, an umbrella organization for Moscow's foreign news services, signaled the leadership's intention to use information in a more strategic way to advance the country's international objectives. Dmitry Kiselyov, a controversial television presenter, was named to head the new entity.[6] He actually embraces his identity as the Kremlin's chief propagandist, arguing that "Western" concepts



HOUSE_OVERSIGHT_019250

of journalistic neutrality are fraudulent and self-serving. There is, he contends, no difference between his role and the role of a chief editor of Reuters or the Associated Press. In one interview, Kiselyov equated those two news services with Rossiya Segodnya: "Both are propaganda agencies—they shape the dominant narrative and tell their audiences what and how to think." He continued: "In today's world, information—how it is gathered, analyzed, interpreted and processed ... pushes a value system, certain views on good and evil, and shapes attitudes to different events."[7]

7. **The irrelevance of truth:** "For the Soviets, the idea of truth was important—even when they were lying," Peter Pomerantsev has written. "Soviet propaganda went to great lengths to 'prove' that the Kremlin's theories or bits of information were fact." By contrast, in today's Russia the idea of truth is seen as irrelevant and "the borders between fact and fiction have become utterly blurred." Pomerantsev quotes Russia's deputy minister of communications as admonishing journalism students at Moscow State University to forget about high ideals. "We should give students a clear understanding: They are going to work for The Man, and The Man will tell them what to write, what not to write, and how this or that thing should be written."[8] Russian propaganda outlets, especially RT, derive their influence from a clever blend of act and faction, mixing reports on genuine events with exaggerations, biased coverage, and outright lies. And this mixture of fact and fiction is presented with modern production techniques that mimic credible outlets like the BBC.

**Propaganda works**

The idea that governments can influence events through propaganda once seemed far-fetched in the internet age. Developments in Ukraine, however, have spurred a reassessment of propaganda's role in setting the stage for intervention abroad and repression at home.

According to numerous accounts in the international media, many Russians believe that the Ukrainian government is responsible for massive war crimes, including the crucifixion of small children and the downing of the Malaysian Airlines passenger jet.[9] Many of the wildest assertions have been reinforced by altered or repurposed images that allegedly depict Ukrainian atrocities but actually show events in Mexico, Syria, Iraq, or other zones of civil conflict. Ordinary Russians and many Ukrainian consumers of Russian media have told foreign journalists of fears that "fascism" has come to power in Ukraine.[10]

In George Orwell's dystopian novel *1984*, the Ministry of Truth advanced what today would be called a regime narrative, with accounts of never-ending conflict abroad and treasonous enemies within. In similar fashion, though with considerably more finesse and sophistication than was described in Orwell's masterpiece, Russian media today preach a strident message of external encirclement by Russophobes in Ukraine, the Baltics, Georgia, and elsewhere, and internal fifth-columnists among bloggers, civil society organizations, and advocates of gay rights.

The media in democracies, especially in Europe, proved unprepared for the deluge of Russian propaganda during and after the seizure of Crimea. Putin was thus able to drum home the portrayal of Ukraine as a "divided state" or an "artificial state," labels that could be attached to many sovereign nations, Russia included.[11] Few were ready to mount a challenge to the Russian proposition that Ukraine's status was unique, and was a legitimate cause for Russia's concern and even a justification for war. The Russian propaganda machine also zeroed in on Ukraine's supposed lack of respect for minority rights, a problem that Moscow had not raised during the administrations of Viktor Yanukovych or Leonid Kuchma. Neither Ukrainians nor informed observers in the outside world believed that Ukraine was faced with a civil war. This was entirely a creation of Moscow's propaganda and active intervention.[12]

Russia's government is not alone in its use of propaganda to further its interests. But it is uniquely aggressive in pressing the dominant theme of the moment and the most effective in mimicking the idioms of modern commercial media while doing so. Furthermore, as the country faces serious decay in economic and other material terms, the Kremlin sees success in the war of information as critical to Russia's identity as a great power. Other authoritarian regimes will take note of Russia's successes, and act accordingly.

In past eras, dictators' instrument of choice was censorship. However, people understood that they were being cheated when the authorities banned books and prosecuted those who possessed "unauthorized literature." Under a modern propaganda regime,



HOUSE_OVERSIGHT_019251

alternative perspectives are permitted on a carefully rationed basis. But dissenting opinions are invariably subjected to relentless attack and ridicule, and the dissidents themselves face a form of character assassination in which their views are twisted to make them appear foolish, extreme, unpatriotic, or immoral.

Christopher Walker, a vice president at the National Endowment for Democracy who has written extensively on modern authoritarianism, believes that control of information is the most important achievement of today's generation of autocrats:

> I think modern authoritarians have been adept at adjusting to the new environment. They recognize that trying to control the wealth of information out there is impossible, and therefore they don't try. There are a number of countries which have found effective ways to incorporate entertainment and culture into their media offerings while keeping domination over the political sphere. They have thus defied the assumptions we held 20 years ago when the internet was emerging. The conventional wisdom then was that the internet guaranteed media diversity, and there is no way regimes could keep the genie in the bottle. In fact, in many countries authoritarians have kept the genie in the bottle through managing the political narrative and denying people access to key information.[14]

Walker's comments certainly apply to conditions in Russia. During the communist period, Soviet propaganda was meant to justify both state socialism and Russia's isolation from the global economic system and Western culture. In Russia, China, and elsewhere, it is now possible for citizens to enjoy the latest international music, fashion, and entertainment while hating the liberal values that are systematically disparaged in the media.

What is tragic about all this is that Russians already came through a decades-long period of propaganda in which reality was twisted and lies circulated as a conscious matter of national policy. Orwell and other foes of totalitarian rule sought to describe the danger that propaganda and censorship posed to knowledge, reality, and independent thought. But instead of things getting better after the demise of totalitarianism, a newer and in some ways more insidious form of information control has emerged, one which does not so much try to persuade people that the government line is the only correct line, but that facts do not exist as such and nothing can be believed.

**China: 21st-century censorship**

The Chinese model of information control differs in crucial ways from the propaganda methods favored by Russia. Especially in its policies towards the internet, China focuses its energies on preventing access to information or news on a wide and perpetually evolving range of subjects that the ruling Chinese Communist Party (CCP) regards as sensitive.

Under Xi Jinping, who took power in late 2012, the government has been much more open in arguing for the right of the political leadership to censor internet content. He has, in fact, launched a campaign designed to radically redraw the global rules on internet freedom so as to enshrine the concept of "internet sovereignty," according to which individual countries would "independently choose their own path of cyber development" and "model of cyber regulation."[15]

In late 2015, Xi also made the baffling statement, "Freedom is what order is meant for, and order is the guarantee of freedom."[16] Over the next several months, regulators moved to enforce the president's vision for tighter CCP control over all news media and imposed rules that further restricted the production of independent news content by online outlets.[17]

Perhaps most important have been the threats to the livelihood and personal liberty of bloggers and online commentators. In recent years, the state has pursued a campaign of arrest, prosecution, and public humiliation directed against well-known microbloggers and other media personalities, including a series of televised "confessions." The machinery of repression was directed against those who had used their platforms to criticize the leadership or its policies, and to a disturbing extent, the effort has been successful in silencing such criticism.

Among other recent developments in the CCP's censorship drive:

- The authorities have punished journalists for publishing news about the economy that highlighted negative trends, and issued media directives aimed at shaping coverage of economy-related topics. The economy was the second most censored topic in China in 2015, a year that featured a dramatic stock-market crash and slowing economic growth.[18]



HOUSE_OVERSIGHT_019252

- Chinese censors sent out guidelines listing subjects that should not be covered or not covered in a negative way during parliamentary sessions in 2016. Included on the list were the wealth of parliamentary delegates, military budgets, compliance with international human rights conventions, air pollution, church demolitions, and jokes about parliamentarians' proposals.[19]

- Censorship officials quashed coverage of the "Panama Papers," the trove of documents leaked in 2016 that listed the offshore holdings of the global elite, including the relatives of top Chinese officials.[20]

- China added Time and the Economist to the list of blocked media websites in 2016, apparently in retaliation for articles that were critical of Xi Jinping's accumulation of power.[21]

- In February 2016 visits to China Central Television (CCTV), the Xinhua news agency, and the People's Daily newspaper—the flagships of the party and state media—Xi admonished the assembled journalists to give absolute support to the party leadership and later declared that all media should "have the party as their family name."[22]

While critical voices can still be found on the internet, the authorities have been highly successful in suppressing material that might lead to any broad form of online protest or collective action. In addition to intrusive laws and regulations, the regime deploys armies of paid and volunteer commentators to flood social media with progovernment remarks, influence online discussions, report or attack those who make antigovernment comments, or sow confusion about particular incidents that might reflect poorly on the leadership.[23]

The overall goal of this strategy is to weaken the internet's potential as a mobilizing force for critics or reformers. Indeed, after years of intense pressure, the medium is drawing closer to Xi Jinping's ideal of an internet that is "clear and bright."[24]

**Global reach**

Both Russia and China have launched ambitious and expensive projects to expand the reach of propaganda and censorship beyond their borders. Russia's project is better known due to RT, a global television network that is available to foreign audiences in a number of languages and through many cable packages. Russia has also launched Sputnik, an international news service, in multiple languages. These outlets tend to be more effective than China's at imitating the production styles and intentionally contentious formats now employed by many major outlets in democratic countries.

The degree to which RT and other arms of the Russian global media apparatus actually influence the debate about Russia is unclear. RT makes grandiose claims of high viewership, but some analysts believe that its audience in the United States and elsewhere is much lower than asserted, and that its sizeable audience on YouTube may be inflated by enticing video clips with little political relevance.[25]

When it was launched in 2005, RT's programming stressed the achievements of Russia and the strong leadership of Vladimir Putin. Subsequently, the focus changed to negative messages about the West, especially the United States. Programs have chronicled American poverty, inequality, political hypocrisy, racial injustice, and other real or perceived flaws. The network often promotes conspiracy theories about everything from the destruction of New York's World Trade Center in 2001 to America's alleged role as puppet master behind the Ukrainian protest movement of 2013–14.[26]

Superficially, China's overseas propaganda efforts seem less aggressive. While Beijing has greatly expanded the capacity of CCTV's international broadcasts and opened media offices around the globe, the news content is less polemical and therefore less interesting than that of RT.

But the CCP's ultimate objectives may actually be far more ambitious. Rather than engaging, like Russia, in what amount to guerrilla-style attacks on mainstream news and information abroad, the Chinese regime is using its superior economic muscle to steadily gain control over how China is depicted in news coverage and popular culture in the rest of the world, and to establish something of a consensus on the idea of a "sovereign internet."

Its various tactics include state pressure on foreign correspondents tasked with informing the world about developments in China: Those who are too critical or too aggressive in conducting investigations into sensitive matters may find their visas revoked, their outlet's website blocked, and their employers placed in a sort of political purgatory.[27]



HOUSE_OVERSIGHT_019253

The CCP has also asserted control over news outlets in Hong Kong, Taiwan, and Chinese diaspora communities around the world.[28] Beijing has used pressure tactics and exerted influence through intermediaries to change editors or owners of critical outlets in Hong Kong.[29] Wealthy progovernment forces from the mainland have begun to buy up media outlets in Hong Kong and elsewhere.[30] And there have been instances in which businessmen with economic interests in China have attempted to expand their media holdings in Taiwan.[31]

Perhaps more disturbing is China's effort to purchase influence in global culture through its state-affiliated and nominally private companies. For example, Visual China Group, a mainland company, has purchased the image and licensing division of Corbis, a company that controls a huge archive of historically important photographs. The trove includes iconic photographs of the 1989 Tiananmen Square demonstrations, which CCP censors have worked hard to keep out of the Chinese media. Those involved in the sale offered assurances that the new owners would not hinder the global circulation of politically sensitive images, but there is little to prevent them from casting aside such pledges at some future date.[32]

Another Chinese company, Dalian Wanda Group, has raised concerns with its rapid incursions into the U.S. film industry. Already the world's largest owner of cinemas, including the second-largest U.S. theater chain, Wanda purchased Legendary Entertainment, a production company, in 2016 and is said to be interested in gaining control of a major Hollywood studio. American lawmakers were sufficiently disturbed by Wanda's initiatives to request a Justice Department investigation. There is concern that China's companies, with state encouragement, are pursuing influence in Hollywood to ensure a favorable depiction of China and its CCP regime in major films.[33] Even with studios under U.S. ownership, the international media have repeatedly uncovered cases in which U.S. filmmakers altered elements of their work to address or anticipate the objections of Chinese censors, who serve as gatekeepers to the country's lucrative domestic market.[34]

**Exploiting democratic culture for authoritarian ends**

Ironically, some products of democratic culture have facilitated the work of modern authoritarian propagandists. The notion that there is no such thing as objective truth and that history is nothing more than a contest of competing narratives owes its popularity to radical theorists who have gained a strong foothold in academia and even among some who call themselves journalists, such as Glenn Greenwald.

While accusations that the press is biased or publishes lies are common in American political campaigns, the hysterical charges hurled by Donald Trump against the media during the 2016 presidential campaign served to reinforce the Kremlin's model of a world in which the truth is determined by power rather than impartial investigation.

Moscow especially makes shrewd use of an unfortunate journalistic habit in which evenhandedness—a worthy goal when presenting two sides in a genuine debate—is improperly applied, so that patently false assertions are treated as symmetrical with legitimate views or facts.

Many outside Russia would not disagree with Kiselyov's dismissive views on the concept of impartial reporting. In meeting the challenge of authoritarian propaganda, a good place to start would be a reaffirmation of the central role occupied by high-quality, traditional journalism in democratic societies.

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HOUSE_OVERSIGHT_019254

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HOUSE_OVERSIGHT_019255

## Chapter 3

# The Enemy Within: Civil Society at Bay

Among the more surprising developments in 21st-century politics are the reversals experienced by civil society, once regarded as an irresistible force in the global struggle for democracy.

According to *Freedom in the World*, the ability of nongovernmental organizations (NGOs) and other civil society institutions to function without state restrictions has suffered a pronounced decline over the past decade. The setbacks have been concentrated in authoritarian states like Russia, China, Venezuela, and Iran. But civil society has also met with growing problems in democracies—India and Indonesia among them—and in settings where democracy's prospects are unclear, as with Ecuador, Hungary, and Kenya.

The growing offensive against civil society is in many respects a tribute to the prominent role that NGOs have come to play in the political life of most countries. An active civil society is often seen as a formidable threat to a repressive or illiberal status quo. Civil society was the linchpin in the successful popular revolutions in Serbia, Ukraine, and Georgia. In fact, civil society organizations frequently pose a greater threat to autocracy than do traditional opposition parties, which have proven relatively easy for determined strongmen to sideline, neutralize, or co-opt. Civil society movements, by contrast, are generally composed of younger activists, committed to a cause, more resilient, more agile, and less prone to corruption.

To be sure, even some authoritarian states can boast of an active and growing civil society sector consisting of humanitarian organizations, religious entities, conservation groups, associations focused on public health or development, and so forth. It is with the NGOs that pursue politically sensitive objectives—human rights advocacy, democratic reform, or anticorruption measures—that oppressive leaders have serious differences. Especially in countries where elections have been rendered meaningless, civil society groups can become surrogates for a democratic opposition, and are therefore regarded with deep suspicion by the leadership.

> "Countries in western Asia and northern Africa, Ukraine and Thailand, which have experienced street protests and even armed conflicts, have been led astray to the wrong path of Western-style democracy, that is, 'street politics.'... The United States and some Western forces have been involved in the street politics in these countries, either on stage or behind the scenes."
>
> **—Xinhua, paraphrasing an editorial by Mi Bohua of the People's Daily**

> "In the modern world, extremism is being used as a geopolitical instrument and for remaking spheres of influence. We see what tragic consequences the wave of so-called color revolutions led to.... We should do everything necessary so that nothing similar ever happens in Russia."
>
> **—Vladimir Putin**

### The specter of 'color revolution'

The term "color revolution" emerged in 2003–05 to describe a phenomenon whereby an existing political leadership is overthrown by a popular movement using tactics of nonviolent civil disobedience.

Successful nonviolent democratic revolutions are not new. Perhaps the first color revolution took place in 1974, when a dictatorship in Portugal was overthrown by military officers who drew on the support of civilian democracy advocates. Later peaceful revolutions overcame authoritarian regimes in the Philippines, South Korea, Chile, and Poland.

In the 21st century, however, the definitive events behind the new label took place in Georgia (2003) and Ukraine (2004–5). Both countries were governed by politicians with close ties to Moscow who were either personally corrupt or tolerated high levels of graft. In the Ukrainian elections of 2004, there was strong evidence of rigging to ensure the victory of Viktor Yanukovych, the candidate of the pro-Russian old guard.



HOUSE_OVERSIGHT_019256

## Tightening the Screws: The Kremlin's Legal Campaign against Civil Society

- **JANUARY 2006: Amendments to Certain Legislative Acts of the Russian Federation**
  This law gave authorities the power to deny registration to organizations that "threaten" Russia, bar foreigners from opening organizations, subject foreign funding to more scrutiny, and make the founding and operation of organizations excessively burdensome, including by imposing frequent audits and reporting requirements.

- **JULY 2012: Amendments to the Law on Noncommercial Organizations, the Criminal Code, the Law on Public Associations, and the Law on Combating Money Laundering and the Financing of Terrorism**
  This package of measures, which included the provision known as the "foreign agents law," required nongovernmental organizations (NGOs) that receive foreign funding and carry out broadly defined "political activity" to register with the Justice Ministry and meet onerous requirements, including filing quarterly financial reports, submitting to annual and unscheduled audits, subjecting foreign donations to monitoring, and marking all publications and events with the "foreign agent" label. Penalties for noncompliance include fines, suspension of funds, and imprisonment of personnel. Other amendments penalized creating and participating in "illegitimate" groups and groups that urge citizens to shirk their civic duties or perform other illegal acts.

- **FEBRUARY 2014: Amendments to the Law on Noncommercial Organizations**
  This change greatly expanded the list of reasons for unannounced audits of NGOs.

- **JUNE 2014: Amendments to the Law on Noncommercial Organizations**
  Enacted to strengthen enforcement of the foreign agents law, this legislation authorized the Justice Ministry to register NGOs as foreign agents without their consent and without a court order, and shifted the burden of proof to NGOs, compelling them to go to court to fight the label.

- **MAY 2015: Amendments to Certain Legislative Acts of the Russian Federation**
  Known as the "undesirable organizations law," this package of changes empowered the prosecutor general to shut down or restrict the activities of NGOs that are deemed "undesirable," vaguely defined as groups that pose "a threat to the foundation of the constitutional order of the Russian Federation, the defense capability of the country, or the security of the state." The amendments bar such organizations from opening delegate offices, carrying out programs, and promoting their activities in Russia, and subject collaborators with these NGOs to possible fines and imprisonment.

- **JUNE 2016: Amendments to the Law on Public Associations and the Law on Noncommercial Organizations**
  This legislation revised the loose definition of "political activity" under the foreign agents law, but rather than narrowing the meaning of the term, it applied the law's restrictions to any activity aimed at influencing the government or public opinion. That could include opinion surveys, monitoring of government agencies' performance, analysis of laws or policies, and petitions or other communications aimed at government officials.

Confronted by mass demonstrations, the authorities ordered a rerun. The candidate of the reformist Orange coalition won that election, which was widely seen as free and honest.

The Orange Revolution was to have far-reaching repercussions. While democracies celebrated the outcome, repressive regimes reacted with alarm. The concerns expressed by Russian officials were soon echoed in China, Iran, Belarus, Kazakhstan, Venezuela, and other authoritarian countries. Vladimir Putin spoke of the color revolution as the latest form of American interventionism, and began a process of restricting Russian NGOs that was to reach a climax a decade later.

Yanukovych eventually won the presidency in a 2010 comeback, but a second protest-driven revolution



HOUSE_OVERSIGHT_019257

in Ukraine, the Maidan uprising of 2013–14, forced him to flee to Russia after a bloody crackdown failed to disperse the demonstrators. Among other things, the episode shattered the old political establishment, which had been more or less equally divided between parties that were friendly to Russia and parties that favored independence from the Kremlin and an orientation toward Europe. For the foreseeable future, pro-Russian parties were unlikely to play a major role in Ukrainian political life.

Russia responded by seizing and illegally annexing Crimea and fomenting a frozen conflict in eastern Ukraine. But the Kremlin also stepped up its campaign to demonize color revolutions more broadly as America's favored instrument of regime change, though no serious evidence of U.S. involvement in the Maidan revolution was put forward. The color revolution threat became a major theme of Russian domestic propaganda and political discourse. It even became a focus of the country's military planning.

When speaking of color revolutions, Russian officials and commentators have struck several common themes:

1. Color revolutions are a U.S. strategy to break Russia's influence over its neighbors.[1] Nikolay Patrushev, secretary of Russia's Security Council and a longtime director of the Federal Security Service (FSB), has described color revolutions as an American scheme to bring down governments through the financing of opposition groups and economic sanctions "under the pretext of human rights protection and the necessity to form civil society institutions."[2] Russian officials in 2015 warned that Electric Yerevan, an Armenian protest movement against electricity price hikes, could be a provocation by the West dedicated to toppling a Moscow-friendly administration.[3]

2. The threat of military action is an integral part of the strategy. While color revolutions by definition employ nonviolent tactics, Russian strategists claim that the military dimension can be indirect, embedded in democratic governments' warnings not to use force against protesters. In other words, according to the Kremlin, the United States and its allies stoke uprisings and then threaten to intervene if the authorities defend themselves. Russia's own response to the Maidan revolution was a reflection of this distorted image: It orchestrated separatist revolts in parts of Ukraine and then used its military to defend them.[4]

3. Color revolutions pose a danger to Russia's allies around the world. To communicate its concerns on this front, the Kremlin has invited military delegations from China, Iran, Egypt, and other authoritarian regimes for meetings at which countering color revolutions is an important theme.[5] Russian propaganda encourages governments to do what is necessary to put down civil society challenges, and praises incumbents who succeed.

4. Russia itself is under threat. "The aim is obvious," Putin said of protests and social media activity in 2015, "to provoke civil conflict and strike a blow at our country's constitutional foundations, and ultimately even at our sovereignty."[6]

5. Incumbents are 'legitimate' rulers. Russian officials have stressed the legal and constitutional legitimacy of authoritarian leaders facing major protests, regardless of their crimes and blatant abuses of human rights and democratic norms. Moscow insisted that Yanukovych remained the "legitimate" president even after he had abandoned his post to escape punishment for his role in the crackdown on demonstrators.

6. Russia reserves the right to intervene in defense of ethnic Russians. By asserting this right, the Kremlin is effectively saying that any color revolutions in neighboring states—many of which have Russian-speaking minorities—could trigger a Russian invasion, as in Ukraine. It could also become a self-fulfilling prophecy, whereby the governments of neighboring countries come to mistrust and mistreat their ethnic Russian citizens, providing the Kremlin with an excuse to get involved.[7]

The Russian leadership's reaction to the color revolutions, with its paranoid obsession with sinister outside forces, is a clear indication of the lack of self-confidence that is shared by all authoritarian powers. Whether the state is led by a strongman, a politburo, or a supreme religious leader, the world's most repressive regimes understand that their systems offer few regular outlets for public frustration with government performance.

Fear of color revolutions has intensified since the 2014 events in Ukraine, with a particular focus on the alleged



HOUSE_OVERSIGHT_019258

### Authoritarians on Color Revolutions

"In my opinion, everything that happened in Ukraine shook Russia.... Young people began to discuss and think about Russia's direction."

**—Ivan Mostovich, press secretary of the pro-Kremlin youth organization Nashi, April 2005**

"We're only afraid these changes will be chaotic.... It'll be a banana republic where the one who shouts loudest is the one who wins."

**—Vladimir Putin, President of Russia, September 2005**

"We have sympathy with [Arab governments] because they did not read warnings that they should have read. That things were changing because of the wishes of their people, and because of machinations of the imperialists."

**—Robert Mugabe, President of Zimbabwe, June 2011**

"It is hardly likely that the US will admit to manipulating [Hong Kong's] 'Occupy Central' movement, just as it will not admit to manipulating other anti-China forces. It sees such activities as justified by 'democracy,' 'freedom,' 'human rights' and other values."

**—People's Daily commentary, October 2014**

"Hostile forces have always attempted to make Hong Kong the bridgehead for subverting and infiltrating mainland China.... The illegal Occupy Central activities in 2014 came as minority radical groups in Hong Kong, under the instigation and support of external forces ... orchestrated a Hong Kong version of a color revolution."

**—Gen. Sun Jianguo, deputy chief of general staff, People's Liberation Army, March 2015**

"Various human rights organizations, think tanks, and simple NGOs of the U.S. and its allies in Europe, concealing their true goals, have established a huge network of affiliates around the world.... It is they who act as the 'fifth column.'"

**—Ramiz Mehdiyev, head of presidential administration, Azerbaijan, December 2014**

"The sides noted that Russia and China had a common approach to the key problems of regional and international security and expressed readiness to counteract 'color revolutions.'... Russia and China suffered the biggest losses during WWII and should be resolutely opposed to any attempts to revive fascism and falsify the results of the bloodiest conflict in human history."

**—Russian Security Council, statement on security consultations with China, May 2015**

role of the United States as puppet master. Yet neither the Kremlin nor likeminded regimes have advanced credible evidence that the various civic movements were inauthentic. The American role in the Orange Revolution of 2004–5, for example, was limited to funding for voter training, upgrading of election technology, and other measures designed to assist authorities in ensuring fair balloting. There is no evidence of direct American government help to the Orange forces. If the United States influenced the eventual outcome, it did so by making it more difficult for the Ukrainian authorities to rig the election results.[8]

**Strangled by law**

Over the past decade there has been a steady stream of laws that restrict the funding and operations of NGOs. While more than 50 countries have passed such legislation, the most aggressive campaign to bring civil society to heel through legal constraints has been carried out by the Russian authorities.

There are 11 laws on the books in Russia that deal solely with civil society organizations and another 35 that mention NGOs. Yet nowhere are NGOs defined. This vagueness is deliberate. It gives officials the discretion to decide which civil society organizations should be prosecuted and harassed and which should be left alone or encouraged. It enables them to penalize, for example, a foundation that supports scientific



HOUSE_OVERSIGHT_019259

research due to alleged foreign funding, while ignoring foreign funding for a quasi-political charity sponsored by the Orthodox Church.[9]

In fact, most of these laws are unnecessary. In a state like Russia, China, or Iran, the authorities already have ample latitude to deregister and ban any organization, and to prevent foreign organizations from doing business with domestic partners. A legal system that is flexible enough to serve the evolving needs of the regime and target virtually any adversary is a hallmark of modern authoritarianism. But the NGO measures give an added veneer of legality to what is essentially arbitrary rule.

The repeated adoption of new laws also gives the leadership the opportunity to showcase emotional propaganda that stresses the subversive nature of foreign or independent domestic civil society organizations, reinforcing the idea that the motherland is threatened by hostile encirclement and political infiltration.[10]

**Foreign agents**

In 2012, Russia adopted the so-called foreign agents law. It requires NGOs that receive foreign funding and engage in what the authorities define as political work to register as "foreign agents," a term that, in Russian, is synonymous with foreign spy. Subsequent amendments allow the Justice Ministry to register groups as foreign agents without their consent. As with many other Russian laws, the standards for enforcement are entirely political. The designation is applied principally to NGOs that seek political reforms or criticize the Kremlin's antidemocratic direction, though the authorities' reasoning in many cases is difficult to fathom. State-friendly organizations have generally been left alone.

Memorial, the human rights organization founded to carry forward the ideals associated with Andrey Sakharov, was one of the first groups to be unilaterally registered as a foreign agent by the Justice Ministry in 2014. In 2015, the ministry accused Memorial of "undermining the foundations of constitutional order" by describing the Russian invasion of Ukraine as aggression and by asserting, correctly, that active duty Russian troops were taking part in the conflict.[11]

As in most countries, including some democracies, civil society organizations in authoritarian climates are largely funded by governmental or foreign entities. There is little tradition of private philanthropic funding for NGOs, and even if there were, few wealthy Russians or Iranians would risk reprisal from the authorities by donating to regime critics. Consequently, organizations that lose access to foreign funding typically have no domestic alternative and must curtail their operations or give up their political independence.

In Russia, even NGOs with politically anodyne missions have been targeted as foreign agents, as the regime seeks to deter any civil society activity that could challenge official policies or foster international ties without state approval. One such organization was the Northern Nature Coalition, which protects old-growth forests and had protested certain development projects. Another was Young Karelia, which sponsors puppet shows for children in Karelian—a language closely related to that spoken in neighboring Finland. The latter group was declared a foreign agent in part because of a $10,000 grant from the United Nations.[12]

**The undesirables**

Once it was the CIA that dictatorships reflexively blamed when under pressure. More recently, the target of attack is a group of prodemocracy foundations, mostly American, that encourage political reform through nonviolent methods. According to the denunciations of officials from Russia, China, Venezuela, and other repressive states, the National Endowment for Democracy and the organizations associated with philanthropist George Soros present a danger to the status quo that rivals NATO or Western intelligence agencies.[13]

In 2015, Putin signed a law that allowed the prosecutor general to declare foreign organizations "undesirable" if they are deemed to pose a threat to the country's security, defense capability, or public order. The measure empowered the authorities to shut such entities' offices in Russia, ban Russian groups from working with them, and freeze their assets.

While the law has been used to expel foreign prodemocracy organizations, the real targets are Russian citizens. This is made clear by a section of the law that calls for heavy fines and jail terms of up to six years for Russians who collaborate with organizations on the undesirable list. Conceivably, a Russia human rights advocate who attends a seminar in Poland or Germany sponsored by the International Republican Institute—one of the groups added to the list in 2016—could be prosecuted once back in Russia.[14]



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**Sharing worst practices**

During the 1990s there was much discussion in the major democracies regarding the export of "best practices," meaning the institutions, policies, and ways of doing things that had strengthened democratic governance in some of the more successful post-authoritarian societies, especially in Central Europe. More recently, modern authoritarian regimes have turned this concept on its head by sharing their own experiences with laws and tactics that have the effect of retarding democratic development.

Laws restricting the autonomy and funding of NGOs have been widely copied around the world. Many of the affected countries tolerated civil society activism in the period after the Cold War, only to move in a more repressive direction after the most prominent color revolutions alerted incumbent leaders to potential threat posed by civic activism. Once Russia had demonstrated a willingness to adopt legislation and then enforce it, other countries followed suit, first in Eurasia but subsequently in Africa, Asia, the Middle East, and Latin America.

Governments that adopt such laws seldom if ever shut down the civil society sector entirely. Instead, they deal with NGOs selectively, tolerating those that present no threat to the status quo, monitoring others, and repressing those that the leadership regards as a potential focus of opposition activity. Even some democracies, such as India, Indonesia, and Kenya, have enacted laws to strengthen state control over NGOs. But the most serious restrictions have been imposed by authoritarian regimes.[15]

According to a 2013 report, 12 countries had prohibited foreign funding for NGOs outright while another 49 placed restrictions on foreign donations.[16] For authoritarian leaders, the imposition of foreign funding restrictions is a convenient tactic in that it makes it difficult for the organization to function effectively but falls short of an outright ban, which could attract sharper criticism. Furthermore, governments can justify their action on grounds of protecting sovereignty against foreign interference—a potent argument in an era when nationalist ideas have garnered greater public support. Thus in rejecting an appeal to government policies that restrict NGO work, the Venezuelan Supreme Court spoke of foreign assistance as "a typical manifestation of the interventionist policies of a foreign power to influence the internal affairs of the Venezuelan state."[17]

**China piles on**

In early 2016, joining its authoritarian colleagues, China adopted its first formal law meant to regulate the country's rapidly expanding NGO sector. Previously, foreign NGOs registered as commercial enterprises and conducted their advocacy work "off the books." Under the new law, foreign NGOs are subject to a series of additional bureaucratic hurdles, some of which could seriously impinge on their work.

For example, foreign NGOs are now required to join in partnership with a Chinese organization. In practice, this could make it difficult for NGOs that work on sensitive issues like the rule of law to function, as Chinese organizations would be hesitant to join a foreign entity in pursuing such a politically explosive mission.

Moreover, foreign NGOs will be compelled to register with the police rather than the Ministry of Civil Affairs, as had been the case.[18] The law gives the police sweeping powers to detain staff, restrict activities or events, or regulate an NGO's ability to open an office.[19] An NGO's registration can be revoked under a vague clause that forbids spreading rumors, engaging in defamation, or publishing "other harmful information that endangers state security or damages the national interest."[20]

The new law was passed in the context of intensified repression, an economic slowdown, and a drive by the Xi Jinping leadership to suppress discussion of "Western ideas" in the media and at universities. Even as the country's leadership boasted of China's role as a world power, the country's education minister, Yuan Guiren, felt compelled in 2015 to warn against the use of "textbooks promoting Western values" in Chinese classrooms.

Indeed, the authorities had carried out a series of arrests, focusing on precisely the sort of independent-minded activists with whom reform-oriented international NGOs would expect to collaborate: human rights lawyers, advocates for minority rights and religious freedom, and women's rights campaigners.[21] Around the time of the law's adoption, the government took the unusual step of showcasing a televised confession by a Swedish citizen who had worked with legal reform groups in China. Xinhua claimed that the activist, Peter Dahlin, had served a human rights organization that "hired and trained others to gather, fabricate, and distort information about China."[22]

The adoption of formal restrictions on NGOs is one



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sign among many that China is rolling up the welcome mat for the outside world. The leadership's exertion of pressure on reform-minded foreigners parallels its increasingly skeptical attitude toward the international press, certain foreign technology firms, Christian churches, and especially "Western" ideas like democracy, the rule of law, and press freedom. The hostility to NGOs is particularly troubling, however, given the total absence of national elections and opposition political parties in China. The NGO sector was one of the few outlets available to Chinese citizens who seek political change. The Xi Jinping leadership, in adopting the new law, is communicating its determination to shut off all possible avenues for independent political action.

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## Chapter 4

# The Ministry of Truth in Peace and War

An early and telling sign that Vladimir Putin planned something more ambitious than a mere tightening of state control over political life was his decision to return Joseph Stalin to his position in the pantheon of great Russian leaders. Stalin's rehabilitation was formalized in 2007, with the publication of a new curriculum guide for teachers of Russian history.[1]

The manual's content dovetailed with Putin's broader promotion of a narrative in which Russia is a great power that recovered from the chaos and weakness of the Yeltsin era and overcame the hostility of determined enemies, especially the United States. According to the manual, Russia's dark chapters—its domination of Eastern Europe, internal repression, Stalinist purges—were the regrettable but understandable responses to the country's underdevelopment and encirclement by foreign enemies. The new history paints a picture of an all-wise Russian state, under both Stalin and Putin, whose requirements always take precedence over the needs of the individual.[2]

Putin took unusual interest in the preparation of the history manual. The idea that history should be written by historians, not political leaders, was never voiced in public discussion. Putin later called for history textbooks "written in proper Russian, free of internal contradictions and double interpretation."[3] He said the manual was needed to clear up "the muddle" in teachers' heads.

And in unveiling the new guide, he struck a theme that runs through Russian propaganda in the Putin era: Russian history "did contain some problematic pages," he said. "But so did other states' histories. We have fewer of them than in other countries. And they were less terrible than in some other countries." Putin's basic message was that "we can't allow anyone to impose a sense of guilt on us."[4] More broadly, Putin was saying that a sovereign state has the right to interpret its history in whatever way it wants, to ignore or distort the tragic chapters, and to burnish the reputations of mass murderers and thugs.

Whereas other countries simply avoid serious study of the most shameful episodes of their histories, as Indonesia has done with the epidemic of political killings during the 1960s, or as China has done with the Cultural Revolution, Russia treats the Stalin era as a time of progress during which the foundation for modern Russian greatness was laid.[5]

> "It's easy predicting the future; what's difficult is predicting the past."
>
> **—Soviet joke**

> "A lie isn't an alternative point of view."
>
> **—Linus Linkevičius, Lithuanian foreign minister**

> "The implied objective of this line of thought is a nightmare world in which the Leader, or some ruling clique, controls not only the future but the past.... This prospect frightens me much more than bombs."
>
> **—George Orwell, Looking Back on the Spanish War**

To build a case that Russia's dark pages were "less terrible" than those of other countries, Russia's official history depicts Stalin as a strong leader who was capable of acts of cruelty but whose rough tactics were necessary for the defense of the homeland, which was besieged militarily by the Nazis and politically by the capitalist powers.

### Excusing the Soviet empire

The Russian leadership is especially tenacious in defending Stalin's World War II diplomacy. Putin, for example, has defended the Hitler-Stalin pact, the 1939 nonaggression agreement that opened the door to Nazi Germany's invasion of Poland and carved up much of Eastern Europe between the two totalitarian states.[6] While Putin called the pact "immoral" during a 2009 visit to Poland, he defended the agreement during a joint press conference with Angela Merkel in 2015, following Russia's invasion of Ukraine.

He did so in a fashion typical of current Russian propaganda methods. He accused the West of trying to "hush



HOUSE_OVERSIGHT_019263

up" the agreement between British prime minister Neville Chamberlain and Adolf Hitler that resulted in Germany's seizure of parts and eventually all of Czechoslovakia. This clearly falsified the historical record. Far from suppressing Chamberlain's actions, historians and politicians alike have held up the Munich agreement as a symbol of all that went wrong due to the European democracies' appeasement of Hitler.[7]

Putin has also justified the Hitler-Stalin pact on the grounds that it kept the Soviet Union out of war for a time and was in keeping with the amoral power politics practiced in that era. As for the divvying up of Eastern Europe, he repeated the hoary lie that the record was unclear as to whether the pact's secret protocols—in which the two parties agreed on which territories each would subsequently control—were genuine.[8] Predictably, Putin did not go into the unwritten parts of the agreement that caused Stalin to forcibly repatriate a group of German dissidents, mostly Communists, who had sought refuge in the Soviet Union.

Both the history manual and the political leadership justify the transformation of postwar Eastern Europe into a Soviet-controlled bloc—in which the economy came under state control, religious belief was persecuted, civil society was destroyed, the press was converted into a monolithic instrument of propaganda, and opposition political parties were crushed—by claiming that Moscow needed a layer of territorial security to protect it from the hostile West. "Historical necessity" is how Putin's spokesman described Soviet domination of the region. Putin likewise blames the democracies for the Iron Curtain: "We understand the fatality of an 'iron curtain' for us. We will not go down this path. No one will build a wall around us."[9]

The manual recalls Mikhail Gorbachev not for his attempts to reform and liberalize the Communist system, but instead for his having permitted the unraveling of the European security belt in 1989 and the collapse of the Soviet Union in 1991. Moving into the 21st century, the manual denounces the color revolutions in neighboring countries like Georgia and Ukraine as Western-backed schemes to replace pro-Russian leaders with pro-American usurpers. In this view, the centuries may change and the Soviet empire may fade into history, but Russia's geopolitical predicament remains constant.

**Sakharov as nonperson**

Because Putin is intent on blaming the West for Russia's problems, both past and present, he has worked to ensure that critical domestic voices are removed from Russian history. This explains the near total absence of Andrey Sakharov from any discussion of the Soviet past or Russia's future course.

Today Sakharov is recalled abroad as a dissident and Nobel Peace Prize laureate. In Russia, however, he has been relegated to the status of nonperson. Putin and other leaders never refer to him, his legacy, or his views. The organizations that were launched to promote his principles are harassed and placed on the "foreign agents" list.[10] In an age of flourishing digital media, Russians are ironically less likely to know what Sakharov stood for than was the case under Soviet censorship, when underground samizdat literature was reproduced on manual typewriters to reach an audience of a few hundred.[11]

In fact, Sakharov was an imposing global presence from the mid-1960s until his death in 1989. His stature derived from his prominent role in the development of the Soviet nuclear arsenal. He was sometimes called the "father of the hydrogen bomb," and because of the respect he enjoyed in the global scientific community, his views on arms control carried enormous weight.

His initial forays into political dissent consisted of cautious statements about the importance of weapons treaties between Washington and Moscow. But the more he thought about arms control, the more closely he looked at his own society. And soon he was making caustic comments about the yawning gap between Soviet boasts on the achievements of socialism and the reality of Soviet backwardness.

He eventually came to see the system that prevailed in the Soviet Union as inherently repressive. Sakharov attributed Russia's epidemic of alcoholism to the leadership's having purged the governing system of moral considerations. He said it was "important that our society gradually emerge from the dead end of unspirituality." He spoke of the need for the "systematic defense of human rights and ideals, and not a political struggle, which would inevitably incite people to violence, sectarianism, and frenzy."[12]

The Kremlin has worked hard to make Russians forget that he once ranked among the eminent figures of global political protest. The current leadership is especially determined to ensure that Sakharov's core goals disappear from the debate: a Russia committed to humane and democratic values, a government that



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deals honestly with the people, and a country that lives at peace with its neighbors.

**The Ukraine factor**

The falsification of history that began during the early years of Putin's leadership has been intensified in the wake of the invasion of Ukraine and seizure of Crimea in 2014. To convince the Russian people that waging a form of low-intensity warfare against a neighbor was justified, Putin has stepped up efforts to depict the West as antagonistic to Russian interests, launched a campaign to label those responsible for Ukraine's Maidan uprising as fascists, driven home the idea that ethnic Russians living outside the Russian Federation were under relentless persecution, and identified Russian critics of aggression against Ukraine as a treasonous fifth column.

A recurring theme of post-Crimea propaganda is the notion that Russia faces the same threats from the West today as it did during the Cold War. To make this point, Russian television aired a documentary meant to justify one of the more shameful events of the Soviet period, the 1968 Soviet-led Warsaw Pact intervention in Czechoslovakia. The invasion was undertaken to crush the reformist Prague Spring movement, whose leaders were moving increasingly in the direction of jettisoning state socialism, embracing democratic reforms, and seeking a kind of neutral geopolitical status much like that enjoyed at the time by Austria. The documentary used archival footage to build a concocted case that the invasion was necessary to thwart a NATO-inspired coup in Prague.[13] The clear purpose of the film was to portray NATO as a permanent threat to Russian interests, as much in 2014 as in 1968.[14]

Another television documentary focused on the seizure of Crimea, a year after the event. As Lucian Kim has noted, the program is something of a celebration of the tactics of dictatorship. The filmmakers offer no conflicting opinions and present American leaders as puppet masters. Among other claims, the documentary asserts that Washington gave the Maidan forces information about Ukrainian security methods that American officials had obtained during bilateral exchange programs with the Kyiv government. [15]

To further bolster the case for the invasion of Ukraine, the Russian propaganda machinery devoted great energy to demonstrating the fascist nature of the Maidan, relying heavily on invocations of Soviet history. The Ukrainian protesters and activists who helped drive out corrupt president Viktor Yanukovych, and the European-oriented politicians who replaced him, were repeatedly labeled as present-day followers of Stepan Bandera, a controversial nationalist leader who fought the Soviets and at times cooperated with the Nazis in a doomed campaign for an independent Ukraine during World War II. Russian media presented Bandera and his followers as unambiguous allies of the Nazis, and highlighted their wartime atrocities. Russian media also featured a number of documentaries that emphasized Russian, as opposed to Soviet, resistance to Hitler. The objective was to equate contemporary Ukrainians who favored full sovereignty and independence from Russian influence with Nazi collaborators and pogromists. This served not only to explain Moscow's response, but also to deter any emulation of the Maidan protests in Russia itself.

**The assault on academic freedom**

Since the occupation of Crimea and invasion of eastern Ukraine, it has become increasingly dangerous to express dissenting views on Russian foreign policy in Russia's schools and universities. Putin made the point quite clearly in a speech before the parliament in March 2014, when he referred to a "fifth column" and a "disparate bunch of national traitors" sowing discord within Russia.[16]

In the ensuing months, anyone criticizing Russian policy risked the label of foreign agent, which in Russian usage is tantamount to being called a spy. Around this time a new website called Predatel (traitor) began listing alleged traitors, specifically those who had criticized Russia's annexation of Crimea or supported sanctions against Russian officials. The site encouraged Russians to send in the names of other traitors.

Meanwhile, a number of educators fell afoul of the new policies on the teaching of history. In March 2014, Andrey Zubov, who held a position at the Moscow State Institute of International Relations, was fired for "an immoral act"—namely an article he published in the newspaper *Vedomosti* that criticized the seizure of Crimea and compared it to Hitler's annexation of Austria. "We must not behave the way the Germans once behaved, based on the promises of Goebbels and Hitler," he wrote. The university's explanation claimed that Zubov's writings "contradict Russia's foreign policy and inflict careless, irresponsible criticism on the actions of the state."[17] In a similar incident, senior sociologist Aleksandr Konkov was let go by Sakhalin State University after declaring that Russia had seized Crimea opportunistically because Ukraine was weak, not because Crimeans themselves had clamored for the takeover.[18]



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In May 2014, Putin signed a new law that criminalized the purposeful distortion of the Soviet Union's role in World War II. It could easily be applied to historians who, for example, criticize Stalin's Great Terror and its decimation of the military leadership in the years before the war.[19] Historians who make the "wrong" interpretations of the Hitler-Stalin pact, the huge casualties suffered by the Red Army, or the rape and plunder committed by Soviet troops as they marched toward Berlin might also risk criminal penalties.

In late 2016 the Russian Security Council discussed the establishment of a new center to counter the "falsification" of history. The council placed the proposal in the context of the country's national security, pointing to "deliberate destructive activity by foreign state structures and international organizations to realize geopolitical interests by means of carrying out anti-Russian policies."

A group of experts identified six topics from Russia's past that they claimed were being actively distorted as part of an anti-Russia strategy. Among the topics: the Soviet Union's ethnic policies, the Hitler-Stalin pact, the Soviet Union's conduct during World War II, the 1917 Russian Revolution, and the Soviet Union's suppression of uprisings in Hungary, Czechoslovakia, and East Germany during the Cold War.[20] In each case, the most serious and respected historical accounts have been written by foreign scholars, due largely to the pressures, including outright censorship, brought to bear on Russian historians during Soviet times and more recently during the Putin era.

**China: Evading the past**

Mao Zedong's Great Leap Forward ranks among the most deadly politically inspired catastrophes in human history. From 1958 to 1962, Communist Party authorities, under strict orders from Beijing, forcibly herded millions of farmers into communes and then proceeded to seize grain harvested in the countryside to feed the urban population. The result, according to long-standing estimates, was the death of some 30 million people in the provinces. Historian Frank Dikötter, who studied the archives in some of the most seriously affected regions, has argued that the number of deaths was at least 45 million, and others have cited higher numbers. While most died of starvation, many were tortured to death or murdered by local Communists.[21]

To this day, Communist Party officials have refused to acknowledge anything approaching the full dimensions of the tragedy. Nor have they admitted that the party, and especially Mao, were responsible. Often they blame the weather. There are no official monuments to the victims, no days of commemoration, no serious histories available to the general public, and most significantly, no effort to place accountability where it belonged.

Chinese leaders may be even more concerned about presenting the "correct" interpretation of history than their Russian counterparts. An updated official version of the party history that was released in 2011 took 16 years to draft, including four extensive rewrites. It was vetted by 64 state and party bodies, including the People's Liberation Army. In telling the story of the Great Leap Forward, the history admits that the project brought great suffering, but credits Mao with wanting to "change a picture of poverty and backwardness and make China grow rich and strong so that it could use its own strength to stand tall in the forest of nations."[22] In other words, one of the century's great politically driven famines was justified because it supposedly contributed to China's emergence as a world power. The history also insists that Mao tried to change course when he learned of the growing rural suffering—an outright lie, as Mao actually doubled down on the most disastrous policies.

The determination to suppress any real assessment of the dark corners of Chinese history under the Communist Party is also reflected in the exhibits at the National Museum of China in Tiananmen Square. Mao's Cultural Revolution (1966–76), a period of political terror and violent nationwide purges, is dispensed with through one photograph and a brief caption, located in an out-of-the-way part of the facility. As for the famine, it is glossed over with the euphemistic phrase, "the project of constructing socialism suffered severe complications."[23]

**Seven 'don't mentions'**

In 2013, the General Office of the Communist Party Central Committee issued a secret directive prohibiting universities from permitting the discussion of seven themes—the "Seven Don't Mentions." According to the directive, lecturers were not allowed to take up universal values, freedom of the press, civil society, civic rights, elite cronyism, judicial independence, and past mistakes of the Communist Party.[24]

To independent-minded scholars, the most disturbing item in the roster of Don't Mentions was the leadership's mistakes. While the authorities have never come close to permitting a serious investigation of either



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the Great Leap Forward or the Cultural Revolution, these and other aspects of the party's past were not considered utterly taboo, as long as the discussion did not lead to serious challenges to orthodox historical interpretations. According to the policies set down under Xi Jinping's leadership, talking in classrooms about Mao's errors is now forbidden.[25]

The drive to inculcate a national amnesia on the worst abuses of the Communist era is not limited to university courses. Commentary and discussion in the media and on the internet are also heavily censored, especially on anniversary days when, in normal societies, problematic events of the past are remembered and debated.[26] The most sensitive anniversary, of course, falls on June 4, marking the deadly 1989 crackdown on prodemocracy protests in Tiananmen Square. Even the most oblique or coded reference to that date on social media is quickly censored.

There are no museums devoted the Cultural Revolution or the Great Leap Forward. The archives of the Cultural Revolution period are mainly closed to researchers. Chinese historians have made some important breakthroughs, but can discuss their findings only with small groups of peers.

The Communist Party's refusal to come to terms with the crimes of the Mao era has enabled a revival of the former leader's personality cult that has captured the support of millions of Chinese. As Jamil Anderlini wrote in the *Financial Times*, Mao has come to be seen as a symbol of a "simpler, fairer society—a time when everyone was poorer but at least they were equally poor."[27] Xi and his colleagues have actively promoted Maoist images, songs, and propaganda themes as ornaments of Chinese nationalism, and used Mao-style tactics and terminology in their drive for ideological discipline and political loyalty.

The melding of nationalism and reverence for Mao is no accident. According to the regime's updated historical narrative, China was subjugated by foreign powers for more than a century until the party took power in 1949 and restored the country's national greatness. Admitting Mao's abuses would mean admitting that the first three decades of Communist rule left China poor, isolated, and traumatized, and that only the partial abandonment of party doctrine and control allowed the country to prosper.

A side effect of the party's appropriation of Chinese nationalism is a renewed hostility toward the foreign powers that kept China weak before Communist rule. Basic history textbooks—in addition to omitting or distorting the mistakes, failures, and criminal acts of the Communist leadership—focus on China's persecution at the hands of outsiders, especially Japan. Some Chinese critics worry that the teaching of history is cultivating an alarming degree of xenophobia and jingoism.[28]

**History held hostage**

In much of the world today, there are or have been major efforts to confront uncomfortable truths about the past. This is certainly true of Germany and South Africa. Latin American countries like Chile and Argentina have probed the histories of ugly conflicts between military juntas and Marxist revolutionaries. In China's own backyard, South Korea and Taiwan have moved to address the complex legacies, including outright crimes, of dictators.

The process of accounting for the mistakes and crimes of earlier decades can raise a tangle of ethical and emotional challenges in any country. But resistance to a full examination of the past is especially bitter in societies where communism held sway. In China, the heirs of Mao still control the state, and the very legitimacy of the system is built on a veneration of the Great Helmsman. In Russia, the Putin leadership praises the achievements of Stalin and aspires to the superpower status of the Soviet Union. A consequence of this ahistorical nostalgia is that in Russia today, 26 percent of those polled by Levada believe that Stalinist repression was necessary; a decade ago, the figure was just 9 percent. Likewise, only 45 percent told Levada that political persecution was a crime; in 2007, the figure was 72 percent.[29]

The communist system was responsible for four of the most destructive episodes of the 20th century: Stalin's purges, the Great Leap Forward, the Cultural Revolution, and the Cambodian genocide. Add to this the persecutions inflicted on the people of the Baltic states, Eastern Europeans, Cubans, North Koreans, and many others, and the population affected by mass killings and misery swells even further. While few people today admire totalitarian Marxism as a governing system, there is a reluctance to reject it with the same moral clarity as in assessments of Nazism. Scholars, not to mention political figures, who express even modest admiration for Hitler are immediately and properly condemned. As long as Stalin and Mao, two of history's worst mass murderers, escape similar opprobrium in their own countries, a reckoning with historical truth and an understanding of its lessons will be postponed.



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HOUSE_OVERSIGHT_019268

## Chapter 5

# The Rise of 'Illiberal Democracy'

In July 2014, Hungarian prime minister Viktor Orbán gave what has come to be known as his "illiberal democracy" speech before an ethnic Hungarian audience in Băile Tuşnad, Romania.[1] Several points in his remarks are worth noting:

- Orbán urged his listeners to no longer regard the 1989 triumph over communism as the reference point for developments in Hungary. Instead of measuring progress from the transition from dictatorship and foreign domination to elections, civil liberties, and sovereignty, Orbán said Hungary should adopt a new point of departure, the onset of the global financial crisis in 2008, which also marked the European Union's greatest setback.

- He cited U.S. president Barack Obama and various unnamed sources on the West's weakness, including an "internationally recognized analyst" who wrote that liberal values today "embody corruption, sex, and violence."

- He suggested that in the future it would be systems that were "not Western, not liberal, not liberal democracies, and perhaps not even democracies" that would create successful and competitive societies. He asserted that "the stars of the international analysts today are Singapore, China, India, Russia, and Turkey."

- In a passage devoted to the obstacles facing his own political party, Fidesz, as it seeks to build an alternative to liberalism, Orbán singled out civil society and the nongovernmental sector. Civil society critics, he insisted, "are not nongovernmental organizations" but "paid political activists who are attempting to enforce foreign interests here in Hungary." (In a separate speech in early 2016, he referred to "hordes of implacable human rights warriors" who "feel an unquenchable desire to lecture and accuse us."[2])

In this relatively short address, Orbán neatly summarized most of the key factors that distinguish a fully democratic "Western" system based on liberal values and accountability from what he calls an "Eastern" approach based on a strong state, a weak opposition, and emaciated checks and balances.

> "There is a race underway to find the method of community organization, the state, which is most capable of making a nation and a community internationally competitive.... [T]he most popular topic in thinking today is trying to understand how systems that are not Western, not liberal, not liberal democracies, and perhaps not even democracies, can nevertheless make their nations successful."
>
> **—Viktor Orbán, prime minister of Hungary**

> "If we want to organize our national state to replace the liberal state, it is very important that we make it clear that we are not opposing nongovernmental organizations here, and it is not nongovernmental organizations who are moving against us, but paid political activists who are attempting to enforce foreign interests here in Hungary."
>
> **—Viktor Orbán**

First, his exhortation to no longer regard the events of 1989 as a seminal, even sacred, juncture in Hungarian history is noteworthy given Orbán's biography. While he often cites his own role in the anticommunist struggle and describes himself as a freedom fighter, he now regards 1989—so redolent of liberal values, ideas about individual freedom, and democratic solidarity—as an intellectual impediment to his plans for a Hungary that is skeptical of such ideals and of European integration.

Second, Orbán included full-blown dictatorships (Russia and China) in the roster of governments he admires, along with quasi-democratic illiberal states (Turkey and Singapore) and one genuine, if inconsistent, democracy (India).



HOUSE_OVERSIGHT_019269

Third, he signaled his support for majoritarianism, with its disdain for checks and balances and civil society, as opposed to the values of pluralism that are enshrined in liberal democratic practice.

The message here is important. For many, illiberalism's defining feature is intolerance toward minority groups: the LGBT (lesbian, gay, bisexual, and transgender) community, Roma, Muslims, refugees and migrants of all sorts. But in Hungary and elsewhere, illiberal government signifies something much more comprehensive than the prime minister asserting that "every single migrant poses a public security and terror risk,"[3] and that refugees bring "gangs hunting down our women and daughters"[4]—two of Orbán's more incendiary declarations.

The Hungarian leader is instead telling us that illiberalism involves a wholesale rejection of liberal values and democratic norms, with all that this implies for politics and governance. Fidesz's "reform" efforts have been less concerned with the repression of unpopular minorities than with the creation of a system in which the institutions of pluralism are hollowed out and the ruling party's dominance is assured over the long term.

Having come to office with a two-thirds parliamentary majority in 2010, Orbán was able to rewrite the constitution without the consent of the opposition. He rushed through a series of constitutional changes, cardinal laws (requiring a two-thirds vote to change or remove), and regular laws that had the effect of turning the Hungarian political system upside down.

Among the steps taken by Fidesz after its 2010 triumph:

- The Constitutional Court was overhauled so that Fidesz appointees became a majority and its jurisdiction was narrowed.[5]
- The government eliminated the independent Fiscal Council, responsible for overseeing budgetary policy, then replaced it with a new council under Fidesz control.
- A new election law created gerrymandered legislative districts that were favorable to Fidesz.[6]
- Orbán gave voting rights to ethnic Hungarians in neighboring countries, who were likely to support Fidesz.[7]
- The government created a new press authority whose chair and members were Fidesz loyalists. The authority was given wide-ranging powers to fine media outlets.[8]

While the measures listed above were some of the most notorious of the Fidesz initiatives, in some cases drawing critical attention from European oversight bodies, they represent only part of the campaign that has transformed Hungary into a full-fledged illiberal democracy.

Perhaps the more far-reaching measures introduced under Orban have been in the economic sphere. Since 2010, Hungary has evolved into a crony capitalist state *par excellence*. But unlike in outright kleptocracies such as Russia, where the regime itself is organized around the plunder of public wealth by the ruling clique, Orbán has used state laws and procurement contracts to create a wealthy Fidesz-affiliated business constituency that can finance political campaigns, reward party supporters, and operate friendly media outlets. The enrichment of cronies is less an objective in itself than a means of fortifying the dominant political party against any future challenge from the opposition.[9]

While Orbán is highly unpopular in European liberal circles, he has gained a following among conservatives in both Europe and the United States. At a 2015 congressional subcommittee hearing in Washington, one Republican legislator after another defended the Fidesz government, often in ways that demonstrated blatant ignorance of political conditions in Budapest.[10] Conservatives praise Orbán for his commitment to traditional values and decisive leadership, but they ignore the course he has set for the economy.

Since taking power in 2010, the prime minister has violated practically every principle of the free market and prudent economic stewardship. Were Hungary a developing state in Latin America or Africa, donor governments would likely have imposed special conditions on foreign assistance given the overt acts of corruption and cronyism that Fidesz has embraced as a matter of public policy. This includes a pattern of awarding government contracts to businesses with Fidesz ties, the adoption of special laws to benefit Fidesz supporters in the business community, the use of punitive taxation against foreign-owned corporations, tax concessions for corporations controlled by Fidesz loyalists, and the granting of control over nationalized sectors of the economy to Fidesz supporters.

In its relentless drive to hand economic power to its allies, Fidesz resembles the old-style political ma-



HOUSE_OVERSIGHT_019270

chines, with their vast patronage networks, that presided over American cities a half-century ago. Fidesz is apparently seeking to ensure that rival parties will never have access to the funds or influence necessary to unseat the incumbent government.

**Is Orbán a Central European version of Putin?**
Orbán's domestic critics have often compared his governing style to that of Russian president Vladimir Putin. On the surface, the comparison seems unfair. Hungary is still rated Free by Freedom House. It still has genuine opposition parties, however weak, in parliament, a relatively unfettered civil society sector, freedom of assembly, and other civil liberties. Hungary has also been spared the routine violence that marks Russian politics.[11]

But Orbán also began his current tenure in an environment very different from the Russia inherited by Putin. Hungary had been a successful, if flawed, democracy for two decades before Orbán took office in 2010. It was a member of the European Union (EU) and subject to that bloc's norms and regulations. It was also a member of the North Atlantic Treaty Organization (NATO). For Hungarians, the events of 1989 led to democratic liberties and freedom from foreign domination. For Russia, 1989 and 1991 meant the loss of a vast empire and the beginning of a decade of political and economic upheaval.

Given their different contexts, the striking feature in a Putin-Orbán comparison is the similarities. The following are some of the more obvious:

- Both have repeatedly expressed disdain for "Western" liberal values.
- Both have employed a combination of control over state broadcasters and crony ownership of the private press to dominate the mainstream media, though Hungary's environment remains notably more free than Russia's.
- Both have hollowed out the institutions that provide oversight and transparency regarding actions by the executive branch.
- Both have made clear their dislike for civil society organizations that pursue reformist or human rights missions. While Orbán has yet to enact Russian-style laws to declare such groups "foreign agents" or ban them as "undesirable," Fidesz has announced the intention to introduce parliamentary legislation designed to harass NGOs and curb their funding.[12]
- Both have seized political opportunities offered by the presence of ethnic compatriots in surrounding countries. Putin has exploited supposed discrimination against ethnic Russians and certain other minorities in Ukraine, Georgia, Moldova, and the Baltic states as justification for military intervention or hostile propaganda. Orbán has brought nearby Hungarian minorities into his political coalition by giving them the right to vote in Hungarian national elections and making it even easier for them to cast ballots than it is for Hungarian citizens who are temporarily working in Europe or elsewhere.[13]
- As a matter of high priority, both Orbán and Putin have secured domination over the judiciary with the goal of removing its role as a check on their power.

**'Law and Justice' in Poland**
Like Hungary, Poland was until recently regarded as one of the chief success stories from the wave of democratization that accompanied the end of the Cold War. Poland's democratic institutions were imperfect, and the economic gains that were made possible by a rapid changeover to free-market policies were spread unevenly among the Polish people. But the achievements seemed to outweigh the deficiencies. The country's rate of growth was impressive by European standards; it was one of the few EU member states to emerge relatively unscathed from the financial crisis of 2008. Its leaders exercised influence within the EU and NATO, and enjoyed global respect.

According to the leaders of the archconservative Law and Justice (PiS) party, however, Poland was a deeply troubled society whose system of government was in need of a top-to-bottom overhaul.

Ahead of the 2015 elections, PiS appropriated a vocabulary similar to that of Fidesz in its 2010 campaign. It depicted the center-right government as the architect of a failed economy. It denounced mainstream leaders as more comfortable with the cosmopolitan liberal values of Brussels and Berlin than with the traditional Christian morality of rural Poland. And PiS suggested that the liberal establishment that had governed for most of the postcommunist period had "sto-



HOUSE_OVERSIGHT_019271

len" the democratic revolution from the Polish people by failing to carry out a proper purge of communists and their collaborators.[14] PiS even initiated a campaign to sully the reputation of Lech Walesa, leader of the anticommunist Solidarity movement in the 1980s, by accusing him of working as a communist agent.[15]

Since coming to power with a parliamentary majority in October 2015, PiS has embarked on a course of change that places it solidly in the illiberal camp, with many of the initiatives mirroring those enacted by Fidesz in Hungary.

As in Hungary, an initial focus for the new government was securing control of the Constitutional Tribunal. PiS has moved to pack the court with its own appointees, using tactics that are blatantly illegal according to Polish law and which have drawn criticism both from the EU and the United States.[16] However, party leader Jarosław Kaczyński, who holds a seat in the parliament but no formal government position, has much greater ambitions to refashion Poland along culturally conservative and politically illiberal lines.

The media are a major target. The government quickly asserted control over public broadcasters and purged them of journalists whom it regarded as loyal to the opposition.[17] PiS officials have also spoken of the need to "restore balance" to the private media by, among other things, taking measures to reduce foreign ownership of key outlets. Already, the new government has used its power over the allocation of state advertising to reward friendly media and punish its critics.[18]

The new government has involved itself in a debate over history. It proposed a law that would punish those who use the phrase "Polish death camps" to refer to sites established by Nazi Germany in Poland during World War II.[19] PiS leaders have demonized scholars, such as the eminent historian Jan Gross, who have published research on the participation of Poles in the persecution of Jews during the war. Gross was questioned by a prosecutor on his research, and there was talk of rescinding an award he had received.[20] The government threatened to withdraw support from the Museum of the Second World War, a project that was near completion in Gdansk and enjoyed strong support from such highly regarded scholars as Timothy Snyder and Norman Davies. PiS complained that the museum focused on all victims of the conflict rather than on specifically Polish suffering.[21]

Perhaps the most unsettling measure enacted under the PiS government is an ambitious law that, in the name of counterterrorism, gives the security services sweeping powers over telecommunications and personal information. With this legislation, Poland became one of the first countries in the democratic world to embrace the use of telecommunications shutdowns in a particular area, a measure that smacks of digital repression.[22]

The law gives Poland's domestic intelligence agency unrestricted access to personal data without approval from a court or any other body. Tax reports, vehicle information, insurance information, financial statements, and other records are all now available to the intelligence service of a government that has made a point of naming party loyalists to key security positions. The legislation also grants the domestic security agency the ability to shut down websites. The action can be reviewed by a court within five days, but this is far from reassuring in light of the government's efforts to exert political control over the judiciary.

The legislation is ostensibly needed to counter acts of terrorism. But Poland has not experienced a terrorist act since 1939, and has one of the smallest populations of Muslim immigrants—often perceived as a risk factor for terrorism—in Europe. Furthermore, the law is written in vague terms that give the government great latitude to decide what is and is not an act of terrorism.[23] Given the PiS leadership's penchant for smearing its political adversaries as traitors to the Polish nation,[24] it is not inconceivable that such a law could one day be used against the opposition.

**Illiberalism's preconditions**

The triumph of illiberal governments in countries like Hungary and Poland raises the question of whether the phenomenon will spread further. Might illiberalism come to dominate a society with much deeper democratic roots—Austria, France, or even the United States?

From a practical standpoint, illiberal forces are unlikely to transform countries where the political divide is relatively equal and the established parties have strong, loyal followings.

It is only when the mainstream parties suffer catastrophic electoral setbacks that illiberal challengers can rush into the breach.

The Socialist Party had governed Hungary for much of the period since 1989, but it rapidly lost credibility due



HOUSE_OVERSIGHT_019272

to economic mismanagement and political dishonesty. It was devastated by the 2010 election results, and has failed to reemerge as a viable opposition entity. In Poland, the center-right Civic Platform had been the dominant force until the 2015 PiS victory. It achieved economic success and gained respect in Brussels, but lost the support of the working class, the provinces, and all those who felt bypassed by globalization. Similarly, the elitist secular parties that had ruled Turkey for most of the 20th century were swept aside by Recep Tayyip Erdoğan's Justice and Development Party, which appealed to a rising Islamist middle class. And in Venezuela, it took only a few years in power for Hugo Chávez to win over the country's poor and marginalize the conservative mainstream parties that had led the country for decades.

A second precondition for the emergence of illiberal regimes is a fundamental weakness in democratic institutions beyond the political sphere, including the media, civil society, anticorruption agencies, and the judiciary. In many newer democracies, these checks and balances remain fragile: It is widely assumed that whoever controls the parliament will also come to dominate the judiciary and the security services, and the media are vulnerable to intimidation or partisan capture.

Illiberalism seems less likely to gain traction in the United States because the courts, for example, are proudly independent, and freedom of the press is firmly protected by statute and constitutional jurisprudence. But if illiberal forces have sufficient political will and the defenders of democratic institutions lack conviction and public support, anything is possible. Polls have shown that popular faith in Congress and the Supreme Court are at historic lows. A growing number of Americans question the effectiveness of representative democracy and ask whether it would be better to let the president make decisions unencumbered by the legislative branch. An astonishing one in six Americans believe it would be acceptable to have the army rule. And with each passing generation, a smaller share of U.S. citizens believe that living under a democracy is important.[75]

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## Chapter 6

# Flacks and Friends

Did the Russian government attempt to surreptitiously influence the 2016 U.S. presidential election in Donald Trump's favor? The answer to that question may never be definitively known. There is, nevertheless, a critical mass of evidence that Kremlin-allied forces were responsible for hacking into the Democratic National Committee's computers, stealing millions of files, and turning the information over to WikiLeaks, which in turn circulated it to the media. Some may find the evidence unsatisfactory. But given Russia's well-established record of cyberwarfare, previously directed at neighboring states like Estonia and Ukraine, and the Russian regime's dislike for the Democratic candidate, Hillary Clinton, there is ample reason to treat charges of Russian culpability as strongly credible.

Another body of evidence can be found in Russia's record of involvement in the internal politics of a number of countries in Europe, including European Union (EU) member states. In fact, under Vladimir Putin, Russia has repeatedly interfered in the affairs of European states in ways that the Kremlin would regard as intolerable if Russia were the target.

Russian involvement is usually camouflaged so as to ensure a degree of deniability, but the disguise is sometimes rather thin. In late 2014, France's far-right National Front party, led by Marine Le Pen, secured a €9 million loan from a Russian bank with indirect ties to the government in what many interpreted as a bet by Putin on the future of French politics. Le Pen has subsequently spoken favorably of Putin and criticized the sanctions imposed on Russia by the EU.[1] She has even called for a strategic alliance with Russia and proposed a pan-European grouping that would include Russia while leaving out the United States. By 2016, the National Front was seeking more funding that would enable it to participate on an equal footing with mainstream parties in the 2017 presidential contest.[2]

The 2014 loan came just months after the National Front helped provide a veneer of legitimacy to Russia's illegal annexation of Crimea. Aymeric Chauprade, a Le Pen adviser who once called Russia "the hope of the world against new totalitarianism," participated in an observer mission to monitor the Crimean referendum on secession from Ukraine and union with Russia. The mission was arranged by a pro-Moscow organization called the Eurasian Observatory for Elections and Democracy, and consisted largely of politicians from a variety of European far-right parties, including Hungary's Jobbik and Austria's Freedom Party. The vote, held under Russian military occupation, was widely regarded as falling well short of international standards. However, the Eurasian Observatory delegation gave the referendum an enthusiastic thumbs-up.[3]

> "As an operator, but not as a human being, I would say Putin. The way he played the whole Syria thing. Brilliant."
>
> **—Nigel Farage, on the world leader he most admires**

> "I admire his cool head. Because there is a cold war being waged against him by the EU at the behest of the United States.... I admire that he has managed to restore pride and contentment to a great nation that had been humiliated and persecuted for 70 years."
>
> **—Marine Le Pen**

> "[Putin] makes a decision and he executes it, quickly. And then everybody reacts. That's what you call a leader."
>
> **—Rudy Giuliani**

Moscow has paid considerable attention to evolving political developments in Central and Eastern Europe. Despite their relatively recent histories of Soviet subjugation and communist rule, a number of these countries have seen the rise of populist or nationalist parties that express admiration for or affinity with Putin's regime. Meanwhile, mainstream parties have developed attitudes toward Russia that are notable for their ambivalence, including on the pivotal issue of the Kremlin's invasion of Ukraine.



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In some countries, Russia has made progress among both far-right nationalists and more traditional conservative parties. In Hungary, for example, Moscow has a reliable ally in Jobbik and a business partner in the ruling Fidesz party, which has been critical of the EU's economic sanctions.[4] The Hungarian parliament conducted an investigation into allegations that the Kremlin was helping to finance Jobbik. There were also charges that a Jobbik member of the European Parliament was a Russian agent. Gábor Vona, the chairman of Jobbik, has embraced the idea of Eurasianism and speculated that Hungary could serve as a "bridge" between Europe and Asia.

At the intergovernmental level, Russia in 2015 provided Hungary with a $10.8 billion loan to expand the Paks nuclear power plant, a facility that supplies 40 percent of the country's electricity. The project was to have been put out for open bidding until Hungarian officials abruptly decided to accept the proposal from Russia's state nuclear energy firm—financed by the Kremlin's loan—without competition.[5] Some believe that the Paks deal is meant to encourage the Fidesz government to continue its support for an EU policy that would be more sympathetic toward Russian interests.[6] While the Fidesz leader, Prime Minister Viktor Orbán, has been cautious in public statements about Putin and Russia, he did identify Russia as one of several countries with illiberal or authoritarian governments that would provide the models for global political development in the future, as opposed to supposedly declining powers like the United States and the EU's founding members.[7]

The Russian government has also developed friendly ties to parties in Slovakia. Marian Kotleba, leader of the far-right People's Party–Our Slovakia, supported Ukrainian president Viktor Yanukovych in his decision to reject an association agreement with the EU and pursue closer ties with Russia instead—a decision that ultimately led to Yanukovych's fall from power in February 2014. Slovakia's left-leaning populist prime minister, Robert Fico, has publicly expressed his lack of enthusiasm for the EU sanctions imposed on Russia following the invasion of Ukraine.[8]

In other countries, there is evidence that Moscow has bankrolled environmentalist protests against the development of local hydrocarbon resources, which would reduce European dependence on Russian oil and natural gas. In 2012, street protests compelled Bulgaria's prime minister, Boyko Borisov, to cancel contracts with Chevron to explore shale-oil sites in the country. Those who suspect the Kremlin's involvement in the demonstrations point to a €20 million media campaign that was handled by companies with Russian ties, as well as enthusiastic support from Ataka, a far-right political party that is aggressively pro-Russia.[9]

**Russia and the right**

During the Cold War, the Soviet Union could count on the uncritical support of a network of left-wing parties and personalities in the democratic world. Some were formally communist; others were independent leftists or part of what was called the peace camp, which argued that the West, especially the United States, shared responsibility with the Soviets for the world's political tensions, and therefore chose a path of political neutrality. In the Cold War's later years, a growing collection of business interests encouraged détente between the Soviet Union and the United States due to the economic opportunities it would offer.

Under Putin, Russia has formed its alliances on a strictly nonideological basis. Russia has built close diplomatic ties with Venezuela, governed by a socialist movement; Iran, an authoritarian system under the rule of Shiite Muslim clerics; Syria, a dictatorship with nominally Arab nationalist views; and China, a formally communist regime devoted to state-led capitalism. The interests that draw these governments together are a common hostility to democratic norms, a need for allies to block criticism and sanctions at international bodies, a fear of "color revolutions" and the potential consequences of democracy-promotion projects backed by foreign donors, and an adversarial relationship with the United States.

In its dealings with European political parties or movements, Russia adheres to a similar policy of ideological indifference, focusing instead on those with an interest in disrupting Europe's political establishment and weakening its unity. Thus Putin has courted leftist parties like Syriza, which leads the current government of Greece and opposes austerity measures imposed by the EU. Nigel Farage, former leader of the anti-EU United Kingdom Independence Party (UKIP), and Nick Griffin, head of the far-right British National Party, have both praised Putin for his leadership qualities; but so has Alex Salmond of the Scottish National Party, which seeks Scottish independence within the EU and supports social democratic policies.

For the most part, however, Russia's allies in democratic countries are found on the political right. A Swedish journalist who examined votes in the European Parliament reported that right-leaning Euroskeptic



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### Putin's Foreign Admirers

"Putin decides what he wants to do, and he does it in half a day, right? He decided he had to go to their parliament—he went to their parliament, he got permission in 15 minutes.... He makes a decision and he executes it, quickly. Then everybody reacts. That's what you call a leader."

**—Rudolph Giuliani, former New York City mayor**

"In my opinion, Putin is right on these issues.... Obviously, he may be wrong about many things, but he has taken a stand to protect his nation's children from the damaging effects of any gay and lesbian agenda."

**—Franklin Graham, American Christian evangelist**

"Putin is certainly a pure democrat, but with an authoritarian style. Russia is a great state. The president has been endowed with great power by the constitution.... Putin tries to keep Russian interests from his perspective."

**—Heinz-Christian Strache, leader of Freedom Party of Austria**

"As an operator, but not as a human being, I would say Putin [is the most admirable world leader]. The way he played the whole Syria thing. Brilliant.'"

**—Nigel Farage, former leader of UK Independence Party**

"I admire his cool head. Because there is a cold war being waged against him by the EU at the behest of the United States, which is defending its own interests. I admire that he has managed to restore pride and contentment to a great nation that had been humiliated and persecuted for 70 years."

**—Marine Le Pen, leader of France's National Front**

"Between Putin and [Italian prime minister Matteo] Renzi I will always choose Putin. I wish Putin tomorrow morning became chairman of the Council of Ministers of Italy.... Punishment against Russia [through sanctions] is a stupid measure, which will cost us 5 billion euros. If there is a part of Ukraine, which wants to be Russia, I don't see why not."

**—Matteo Salvini, national secretary of Italy's Northern League**

parties supported Russian interests on a select group of issues. The most reliable pro-Russian party was Dutch politician Geert Wilders' Party for Freedom, followed by France's National Front, Italy's Northern League, the Swedish Democrats, and UKIP.[10]

Putin and other Kremlin officials speak of Russia as a successful example of interreligious harmony, boast of government policies to ensure fair treatment for Russia's large Muslim population, and denounce those who brought down Yanukovych's government in Ukraine as fascists and pogromists. Yet when it comes to potential allies in Europe, it makes no difference to the Kremlin whether a party has views that are racist, anti-Semitic, Islamophobic, or even openly fascist. Russia welcomes the support of parties like Jobbik, with its history of anti-Semitism and contempt for Hungary's Romany population, and has no qualms about right-wing parties that speak of Muslims as criminals and rapists.

For Russia, the payoff from this strategy is a network of parties that identify with the Kremlin's hatred of liberal values, support Russia on critical foreign policy issues, and praise Putin as a strong leader. While some of these parties are still marginal forces in domestic politics, a growing number are regarded as legitimate contenders, especially since an uncontrolled influx of refugees and an increase in terrorist attacks dented public trust in mainstream parties. Even if Russia remains unpopular in most European countries, the fact that increasingly influential political figures laud Putin for his energy, decisiveness, and eagerness to challenge liberal orthodoxies is regarded as a gain for Moscow. As these parties acquire a share of governing power in EU states, the prospects for a recognition of the Crimea annexation and the abandonment of economic sanctions improve significantly.

The benefit for European far-right parties is less clear. Though they claim to be champions of national sov-



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ereignty, they are aligning themselves with a Russian leader who has sought to dominate neighboring states and who regularly invokes his country's imperial and Soviet past. Putin has refused to apologize for Russia's historical subjugation of Central and Eastern Europe. He has defended the Soviet Union's occupations as necessary to secure its national interests, and denounced the movement of former Soviet bloc countries to join the EU and seek protection in the North Atlantic Treaty Organization (NATO).

Far-right parties apparently see Putin not as a threat to national security, but as an exemplar of their own nationalist values. Like him, they hope to build a strong national state without regard for international agreements, domestic checks and balances, or fundamental human rights. Putin's contempt for democracy carries no stigma among these parties, for which elections and civil liberties are purely instrumental. While Le Pen, Wilders, and their ilk need elections as a means of gaining power and a free press to convey their arguments, they are hostile to the extension of rights to immigrants and minorities, and unenthusiastic about independent courts that might block their initiatives. To the extent that the EU enforces democratic norms in its region, Putin and Europe's far right have a common enemy in Brussels.

**Flacks for autocrats**

Paul Manafort, a Washington lobbyist and consultant, had a long career of work for leading Republicans, including presidents Richard Nixon, Gerald Ford, and Ronald Reagan. But by the time he became Donald Trump's campaign chairman in 2016, Manafort was best known for his work on behalf of foreign political leaders, including several with distinctly autocratic pedigrees: Ferdinand Marcos, the strongman of the Philippines until 1986; Mobutu Sese Seko, the kleptocratic dictator of what is now the Democratic Republic of Congo; Sani Abacha, a Nigerian military ruler; and Viktor Yanukovych, president of Ukraine from 2010 to 2014, when he was forced to abandon the presidency and flee to Russia in the wake of nationwide protests.

Manafort's work to dress up the images of Marcos and Mobutu stood out at a time when American consultants seldom represented dictators or authoritarians. In the 1980s, U.S. political operatives with experience in major campaigns were expanding their clientele to include foreign governments and political parties, though usually in democratic settings.[11]

By 2005, when Manafort signed on to work with Yanukovych, political consultants, public relations specialists, and blue-chip law firms were earning fees paid by a majority of the world's autocracies, dictatorships, and illiberal regimes. Some, especially Middle Eastern monarchies, are American allies. But others are hostile to democracy and regard the United States—and often the EU—as adversaries. The lobbyists and spin masters they employ are not located exclusively in the United States. Authoritarians with the requisite means and interests have hired representatives in London and Brussels as well as Washington and New York.

Lawyers and consultants often represent dictatorships indirectly, through state-owned enterprises. A number of China's state businesses have hired legal and political consultants in major democracies, as have state energy corporations in oil-rich countries like Azerbaijan, Venezuela, and Angola.

But authoritarian governments generally seek the assistance of global public relations companies in the wake of repressive crackdowns at home or acts of aggression against neighbors. During Manafort's relatively brief tenure with the Trump campaign, it emerged that several American firms had been contracted to discourage Congress from criticizing the Yanukovych government for its jailing of Yanukovych's 2010 presidential campaign rival, Yuliya Tymoshenko. That effort failed, as members of Congress and the American media made Tymoshenko's fate a crucial criterion in their assessment of Yanukovych's record.[12] Manafort had more success in his earlier work to prepare Yanukovych for his candidacy in 2010. Ukrainian observers credited the American adviser with smoothing Yanukovych's rough edges, convincing him to stay on message, and reminding him that it was important to assure U.S. and European audiences that he was committed to democracy and the fight against corruption.[13]

In 2016, Reuters reported that five global public relations firms had competed for a contract to improve China's image abroad. The planned campaign would presumably repair reputational damage caused by the Chinese government's intensifying domestic repression, its aggressive territorial policies in the South China Sea, and a push by Chinese companies to acquire crucial assets in democratic countries. The firms that participated in the public relations audition were Hill+Knowlton, Ogilvy, Ketchum, FleishmanHillard, and Edelman. According to the Reuters account, the firms were asked to give a presentation "on China's most pressing image problems and demonstrate their expertise on managing new forms of media."[14]



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Several other examples of consultants in the pay of authoritarians are worth mention:

- Until rather recently, Azerbaijan was represented by a battalion of lawyers, political operatives, and public relations specialists in Washington, London, and Brussels. While some worked for the national energy company, others were hired directly by the government to explain away the regime's miserable human rights record to the administration, members of Congress, think tanks, and other opinion makers in the United States.[15]

- Bahrain spent over $32 million between 2011, when political protests broke out, and 2015 on political consultants in the United States and Britain. During that period, the country experienced an explosion in the number of political prisoners as the Sunni Muslim monarchy carried out an often violent persecution of the Shiite majority.[16]

- Despite their efforts to hollow out Venezuela's democratic infrastructure and their virulent anti-Americanism, the late Hugo Chávez and his successor, Nicolás Maduro, had no difficulty in finding American consultants who would represent the interests of their government and the national oil company.[17]

- Richard Burt, a former U.S. diplomat in Republican administrations, earned hundreds of thousands of dollars promoting a critical Russian energy project while also helping to shape candidate Trump's foreign policy positions. According to Politico, Burt received $365,000 in the first half of 2016 for lobbying on behalf of Nord Stream II, a Russian-backed pipeline plan that would deliver more natural gas directly to Western and Central Europe via the Baltic Sea, bypassing Ukraine and Belarus. At the same time, Burt was helping to write a major Trump foreign policy address. That speech, among other things, called for greater cooperation with Russia.[18]

- In early 2017, an Egyptian intelligence agency hired two Washington public relations firms to lobby on the country's behalf and boost its image. Filings with the Department of Justice showed the General Intelligence Service hired Weber Shandwick and Cassidy and Associates in a deal worth $1.8 million annually.[19]

- Michael Flynn, who served briefly as President Trump's national security adviser, did lucrative consulting work for a firm with ties to the government of Turkish president Recep Tayyip Erdoğan before and immediately after the 2016 election. Among other things, Flynn wrote an op-ed that urged the American government to expel Fethullah Gülen, a controversial cleric who was accused by the Turkish government of masterminding the 2016 coup attempt. Flynn's consulting firm was paid $535,000 for work between September 9 and November 14.[20]

**Balance sheet**

Even as they declare their disdain for liberal values, modern authoritarians take maximum advantage of the freedoms that are embedded in democratic systems. Russia, China, Venezuela, Iran, and others have established television networks that broadcast beyond their borders to countries around the globe. Viewers in the United States or Europe can watch Russia's RT or China Central Television on their local cable systems. Pro-Beijing tycoons have gained a strong foothold in the Hong Kong press landscape, and Chinese businesses are making substantial investments in Hollywood studios and production companies.

Russia would not tolerate a foreign power providing funding for an opposition political party. Yet it helps to finance France's National Front and quite possibly Hungary's Jobbik. In 2013, Greenpeace activists attempted to scale a Russian offshore drilling platform as part of a protest against Arctic oil exploration; the authorities arrested the protesters, charged them with piracy, and held them for two months before their release.[21] Yet at the same time, the Kremlin was allegedly fostering anti-fracking demonstrations in parts of Central and Eastern Europe.[22] Russia organizes bogus election-monitoring missions that give a stamp of approval to polling in Crimea and other authoritarian settings, while effectively preventing legitimate election observation teams from functioning on its own soil.

Authoritarian states also rent the services of former government officials and members of Congress, powerful lawyers, and experienced political image-makers to persuade skeptical audiences that they share the interests of democracies. These lobbyists work to advance the economic goals of their clients' energy companies and other businesses, but they also burnish the reputa-



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tions of regimes that have been sullied by the jailing of dissidents or opposition leaders, the shuttering of media outlets, or violent attacks on peaceful demonstrators.

Is the money that authoritarians allocate for image beautification well spent? Some campaigns have been more successful than others, but autocracies that hire well-known former cabinet secretaries or elected officials to defend or deny their acts of repression often fail to sway either the public or the policy community in the United States. If democratic leaders have not mounted adequate responses to such repression, it is generally because of other strategic concerns or simple neglect, not because lobbyists have persuaded them that the regime in question is benevolent and just.

Authoritarian efforts to change governments, as opposed to perceptions, may ultimately prove more rewarding. Russia's wager on the rise of friendly European populist parties already seems to be paying off. After Britain's vote to withdraw from the EU and the triumph of Donald Trump in the United States, the prospect of radical shifts in global politics can no longer be dismissed as unthinkable.

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## Chapter 7

# Bullying the Neighbors: Frozen Conflicts, the Near Abroad, and Other Innovations

Vladimir Putin's publicists have used the phrase "sovereign democracy" to describe the political system that evolved in Russia under his leadership.[1] In practice, however, Putin's regime respects neither democracy nor sovereignty.

Sovereign democracy bears no more resemblance to the unmodified original than did previous variants: guided democracy, managed democracy, people's democracy. Nor does sovereign democracy represent a genuine commitment to the notion of national sovereignty, as countries on the Russian periphery will attest. On repeated occasions, Putin has demonstrated a readiness to intervene in the affairs of nearby countries by fomenting ethnic discontent, undermining the economy, or grabbing territory.

Putin has in effect set down a doctrine of limited sovereignty for Russia's neighbors, especially those that were part of the Soviet Union. The Kremlin's tactics are meant to keep these countries fearful and off balance. The instruments of choice range from the nonviolent, such as destabilizing propaganda and economic pressure, to the lethally aggressive, such as proxy insurgencies and outright invasion.

The following are the main techniques employed by the Kremlin to influence the actions of its neighbors:

1. **Civil society and 'traditional values':** The Kremlin has funded and encouraged pro-Russian civil society organizations in neighboring states to build influence among local populations and promote its policies and interests. The Russian government has also exploited its partnership with the Orthodox Church to present itself as a champion of "traditional values," and to portray opponents—including human rights activists and European democracies—as purveyors of hedonism and immorality.[2]

2. **Propaganda offensives:** The Kremlin has made powerful use of Russian-language media, especially state-controlled television stations, to spread disinformation and foment discontent among ethnic Russians in the Baltics, Ukraine, Moldova, and elsewhere.

> "Certainly within the next four to five years [Russia] will have the ability to conduct operations in eastern Ukraine and pressure the Baltics and pressure Georgia and do other things, without having to do a full mobilization."
>
> **—U.S. Lieutenant General Ben Hodges**

3. **The energy weapon:** At various times during Putin's tenure, Russia has sought to use its oil and natural gas exports as a means of disciplining Ukraine and other neighbors. It has raised and lowered prices for political reasons, abruptly halted deliveries in the dead of winter, and manipulated pipeline routes and investments to drive a wedge between Germany and other European powers on one side and the Baltic states and Ukraine on the other.

4. **The trade weapon:** Russia has invoked dubious health concerns and other pretexts to block the import of products from countries whose governments displease Putin, including Georgia, Moldova, and Poland, as well as the European Union (EU) as a bloc.[3]

5. **Cyberwarfare:** Russian-backed hackers are widely believed responsible for a powerful 2007 cyberattack on government websites in Estonia in the wake of a controversy over the removal of a war memorial. Other countries in the region have since suffered similar attacks, particularly Ukraine following the 2014 ouster of President Viktor Yanukovych and Russia's invasion of Crimea and the Donbas.

6. **Military threats:** In the wake of the Ukraine invasion and subsequent sanctions, the Russian military launched a series of military exercises on its borders with the Baltic states and intensified more distant patrols that tested the readiness of a number of European navies and air forces.



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7. **Military invasions:** Russian forces poured into Georgia through its two breakaway territories, Abkhazia and South Ossetia, during a brief conflict in 2008. In 2014, Russian troops occupied Crimea, oversaw a stage-managed referendum on annexation there, and unofficially entered eastern Ukraine en masse to support a supposedly indigenous rebellion by ethnic Russian separatists.

8. **Frozen conflicts:** The term "frozen conflict" indicates a condition in which active fighting has ended or subsided but there is no peace agreement beyond a tenuous cease-fire. Under Putin, Russia has perpetuated or created frozen conflicts that affect Armenia, Azerbaijan, Moldova, Georgia, and Ukraine. In each case, the Kremlin retains for itself the capacity to subdue or escalate tensions as needed to maximize its political influence over the relevant country.

Moscow applies these tactics according to its objectives for a particular country or region. For nearby EU and North Atlantic Treaty Organization (NATO) member states, the goal is to remind local political leaders that Russia can play a disruptive role, and to inject a measure of fear into foreign policy calculations. While the Kremlin holds out the possibility of military invasion as an option, its preference thus far has been to promote instability and uncertainty.

Russia's message is meant both for the target country and for its more distant allies. The target country is effectively warned that challenging Russian interests could provoke serious reprisals. For allies like the United States, Britain, or Germany, the message is that solidarity with the target country could entail a heavy cost, including the possibility of a shooting war in which they are obliged to defend small NATO member states like Estonia and Latvia.

**The 'Russian world'**

A favorite theme of Kremlin propaganda is the so-called Russian world, a cultural or civilizational space that extends beyond Russia's political borders. This deliberately flexible and nebulous concept suggests that Russia claims the right to intervene wherever its perceived brethren—ethnic Russians, other Russian speakers, Orthodox Christians—are under threat.

Putin has spoken of one million Russians cut adrift by the collapse of the Soviet Union. He has said it is his obligation to protect these people, and he has tried to appeal to them through culture, history, and the media. His press spokesman, Dmitriy Peskov, has said that "Russia is the country that underlies the Russian world, and the president of that country is Putin; Putin precisely is the main guarantor of the security of the Russian world."[4]

In 2014, amid Russia's invasion of Ukraine, Putin dredged up the tsarist-era term Novorossiya to describe a large swath of southeastern Ukraine that he hinted might be annexed. Suddenly, the Novorossiya idea began appearing in Russian media, complete with maps, while Russian-backed separatists moved to write the "history" of the region into textbooks.[5] Eventually Putin dropped Novorossiya from his speeches, having successfully stoked fears that the Ukraine conflict could widen beyond Crimea and the Donbas. The international community was then apparently meant to feel grateful that Russian forces did not press their attack any further.

In practice, Putin has invoked the idea of a greater Russian world to intimidate only countries that have embraced democracy and seek closer ties to the EU and NATO. He has shown little interest in ethnic Russians and other residents in Central Asian states like Kazakhstan and Uzbekistan, even though they suffer under political conditions that Freedom House ranks as among the least free in the world.[6]

**The case of Estonia**

Throughout its history, Estonia has been fought over by Russia and European powers to the west. During World War II, it was occupied by the Red Army and forcibly annexed to the Soviet Union. Its elites and intellectuals were murdered or deported to the Soviet gulag, and the Estonian people endured over four decades of Sovietization and Russification, including a policy of encouraging Russian speakers to relocate to Estonia.

The country regained its independence in 1991 with the disintegration of the Soviet Union. From early on, relations between the ethnic Estonian majority and the sizeable ethnic Russian minority have been difficult. Estonia has adopted citizenship laws that require many ethnic Russians to pass an Estonian language test, and they complain of being treated as second-class citizens. In opinion surveys, however, Russian speakers show little enthusiasm for becoming citizens of Russia, and have indicated an appreciation for the access to Europe that citizenship in an EU country confers.[7]

There are an estimated 300,000 ethnic Russians in Estonia. Approximately three-quarters get their news



HOUSE_OVERSIGHT_019282

through Russian television stations. On a daily basis, they are exposed to propagandistic programs in which the EU is demonized, NATO is treated as an aggressor, the democracies on Russia's borders are presented as enemies, and the annexation of Crimea is hailed as a milestone in the rebuilding of a great Russian state.[8]

By exploiting the tensions that already exist between Estonia's ethnic communities, the Kremlin has sought to turn a complex problem into something combustible. The tendency of Russian speakers and ethnic Estonians to live in parallel universes is exacerbated by Russian propaganda, which depicts the Estonian political leadership as hostile to Russians and as members of a cosmopolitan European elite that promotes sexual degeneracy and cultural radicalism. Moscow also tries to create distrust of the Baltic states among their NATO allies by depicting them as overly emotional, irresponsible, and intent on dragging other countries into a conflict with Russia.

There is no strong evidence that Russian speakers in Estonia are simply embracing the Russian explanation of things. Instead, they tend to reject both Russian and Estonian sources of information. This is in itself a victory of sorts for Russia, since the goal of external Russian propaganda is less to win people over to its way of thinking than to sow confusion and mistrust. Moscow's interests are served so long as Estonian society remains divided. As a report on the integration of Russian speakers in Estonia concluded, "They [ethnic Estonians and Russian speakers] reside in separate information spaces and hold divergent perceptions and perspectives not just about each other, but also about the Estonian state and its history, its threat environment, and its national security policies. Since these two Estonias do not fully trust one another, when security developments put pressure on the country they tend to drift to opposing poles—especially if the factor of Russia is involved."[9]

**A wolf in sheep's clothing**

In their campaign to assert control over countries on Russia's periphery, Kremlin officials have not hesitated to use traditional authoritarian methods, up to and including military invasion and the creation or support of proxy insurgents. But they have taken care to defend their efforts in terms meant to appeal to, or at least confuse, democratic audiences.

This is especially the case with propaganda broadcasts. While the Russian government has sought to prevent foreign news services like Radio Free Europe/Radio Liberty from reaching the Russian people, it expects its own broadcasts to remain unhindered in neighboring democracies, which are committed to freedom of expression. Thus when Latvian authorities imposed a six-month ban on the Russian television channel Rossiya RTR for inciting ethnic hatred in April 2016, Russian officials called on international watchdog bodies to investigate the incident as a violation of media freedom.[10]

Something similar is at work in the nongovernmental organization (NGO) sector. Moscow has established or supported a series of charities, think tanks, and associations that promote Russian interests, claim to represent Russian minorities, and in some cases advance secessionist causes in the near abroad.[11] The Russian government presumes that these organizations will be allowed to operate without restriction in democracies. Meanwhile, it compelled the U.S. Agency for International Development (USAID) to close down its Russia operations in 2012, and has banned contact between Russian NGOs and foreign organizations that have been placed on its "undesirable" list.

Russia has also used the extensive distribution of passports to draw populations involved in frozen conflicts—or potentially involved in future conflicts—into its orbit, and to justify its meddling in neighboring states. Rather than conquering a foreign people, the Russian authorities convert foreign individuals into Russian citizens, then claim a right to defend them from what had been their own government. Up to 90 percent of those living in Georgia's breakaway region of South Ossetia have Russian passports, which are accessible to anyone who still has Soviet documents or at least one ancestor who was a permanent resident of Russia, among other forms of eligibility.

**Limited sovereignty, limited options**

For Russia's neighbors, the constant intimidation and interference from Moscow have significant consequences. Most importantly, normal political development becomes difficult, and sometimes impossible. The affected countries lack full sovereignty in the sense that they are not free to make fundamental decisions about their political systems, their trading partners, and whether to integrate into Euro-Atlantic institutions. Their national identity and existence as states are regularly cast into doubt. Democratic reform often takes a back seat to security concerns, or to policy concessions aimed at maintaining good relations with Russia.

Prior to the saber rattling from the Kremlin, Estonia had an economy with one of Europe's higher rates of



HOUSE_OVERSIGHT_019283

growth and was among the vanguard in embracing e-government and other innovations associated with a modern open society. Since the invasion of Ukraine and the Russian military's menacing gestures along its border, Estonia has ramped up defense spending and launched war games to increase preparedness. Indeed, all three Baltic countries announced major increases in military spending in 2016.

Conditions are even worse for states where Russia has instigated frozen conflicts. Russia maintains military bases in Abkhazia and South Ossetia, both on the territory of Georgia, and in Transnistria. These enclaves, as well as the occupied portions of Ukraine, are impoverished, heavily militarized, and marked by gangsterism and corruption.

Crimea is an instructive case for neighboring peoples who live under the threat of Russian military intervention. Residents of the peninsula enjoyed a reasonable array of civil liberties under the Ukrainian government. Under Russian occupation, all that has changed. Moscow has sent Russian officials to run the region as de facto viceroys. Freedom of the press, which was relatively vigorous before 2014, has been extinguished, and independent voices have been arrested or forced into exile. Property rights are routinely ignored, and expropriation is used as a blunt instrument against those who oppose the new order.

The fate of the Crimean Tatars is especially tragic, given the group's history of persecution and mass removal during Soviet times. Their leaders have been silenced or driven out of the region, their commemorations banned, and their media muzzled. By supporting a still-deadly frozen conflict in eastern Ukraine, the Russian leadership has ensured that the attention of policymakers in the democracies will be focused on the fighting there, and not on the dreadful conditions in Crimea.[12]

Since its invasion of Ukraine, Moscow has done its best to maximize the intimidating effect on other neighbors. It conducted war games in which 33,000 troops rehearsed the invasion of Sweden, Norway, Finland, and Denmark.[13] The Russian navy has held multiple, large-scale exercises in the Black Sea to defy NATO, assert its control over Crimea, and threaten Georgia.[14] Russian and Abkhaz separatist officials have announced what amounts to a merger of troops from the two sides under the command of a Russian officer.[15] Russia's military is developing the capacity to simultaneously carry out several operations on the scale of the Ukraine conflict—limited, rapid offensives involving elite troops, deception, and propaganda that would leave opponents fumbling for an appropriate response.[16] The intervention in Syria has already demonstrated Russia's ability to project force unexpectedly in a new theater while maintaining its existing engagements in Ukraine and elsewhere.

Russia's renewed embrace of cross-border aggression has had wide repercussions in Central Europe, a region that had expected a secure alignment with the democratic world after the end of the Cold War. Poland, for example, had achieved something quite remarkable prior to 2014, given its history of domination by outside powers. It enjoyed friendly relations with Germany, one of its past occupiers, and stable ties with Russia, traditionally the other main threat to its sovereignty. After the annexation of Crimea, Poland's leaders were forced to seriously contemplate the possibility of a Russian invasion, especially given Putin's bellicose language about the speed with which his tanks could reach nearby capitals.[17] As a result, Poland has embarked on a military buildup to maintain its hard-won independence and territorial integrity.[18]

But no single European country could ever match Russia's present military might. If Poland, the Baltic states, and their allies fail to maintain solidarity based on shared democratic standards, it will not be long before their sovereignty erodes under pressure from the Kremlin.



HOUSE_OVERSIGHT_019284

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HOUSE_OVERSIGHT_019285

## Chapter 8

# Back to the Future

Until recently, a distinguishing feature of modern authoritarianism was the ruling group's ability to consolidate political power without resorting to the brutal tactics that defined the mainstream dictatorships of the 20th century.

The political leadership maintained control of the commanding heights of the media while tolerating a small group of critical outlets as a safety valve for dissent and in order to tout the existence of diverse opinions in the news. Reformist nongovernmental organizations (NGOs) were allowed to operate, but not to grow or gain traction. The regime used violence against its critics, but only sparingly, targeting a few dissidents or independent journalists as a deterrent to others. And they were careful to keep the number of political prisoners to a minimum.

Perhaps most importantly, modern authoritarian regimes generally refrained from overt acts of hostility toward their neighbors. Some, such as China, boasted of a policy that sought harmonious, mutually beneficial relations with other regional states. Turkey similarly claimed a policy of "zero problems" with its neighbors in the period before the Syrian civil war.

Freedom House's Tyler Roylance has described a "common set of concessions" that 21st-century authoritarians made to the prevailing democratic ethos in the wake of the Cold War, when these regimes were balancing domestic political control with the need for deeper integration into the global diplomatic and economic systems:

- **Economic openness:** Rather than attempting to preserve a closed, command, or autarkic economy, the typical "modern authoritarian" regime cultivated extensive connections with the outside world, creating a sense of freedom and prosperity. However, state enterprises and crony tycoons retained a dominant position, and pliant legal systems allowed the leadership and other corrupt officials to set and routinely reset the terms of economic participation for foreign companies, investors, and local entrepreneurs.

- **Pluralistic media:** Formal prepublication censorship and media monopolies were abandoned in most cases, clearing the way for a proliferation of commercialized, well-produced, and often entertaining media outlets. But the state and its agents retained direct or indirect control of key sectors, manipulated mainstream news coverage, and kept truly independent journalism on the margins of the information landscape.

- **Political competition:** Most regimes allowed multiparty systems to emerge, and held regular elections, but opposition parties were fabricated, coopted, or defanged in practice, allowing the ruling group to retain a de facto monopoly on power.

- **Civil society:** Nongovernmental organizations were permitted to operate, but they were kept under close watch and forced to compete with state-sponsored groups. Organizations focusing on apolitical topics like public health or education often received less scrutiny than critical human rights activists, who were variously belittled, harassed, or suppressed.

- **Rule of law:** Twentieth-century authoritarian staples like martial law, curfews, mass arrests, and summary executions were largely left behind, and force began to be used more selectively, so that most of the population rarely experienced state brutality. Dissidents were punished through the legal system, with its vaguely worded laws and obedient judges, and in cases where extralegal violence was used, state authorship was either hidden or not acknowledged. Only certain ethnic minorities faced naked military force or deadly police tactics.[1]

While more calibrated and less expansive methods of repression are the defining feature of modern authoritarianism, the past few years have seen a reemergence of older methods that undermine the illusions of pluralism, openness, and integration into the global economy.

The most extreme departure from the modern authoritarian policy of balancing national ambitions with participation in global governance was Russia's invasion of Ukraine and annexation of Crimea. No breach of international standards of that magnitude had been committed since



HOUSE_OVERSIGHT_019286

Iraq's seizure of Kuwait in 1990. China's claim of ownership of the South China Sea, along with its creeping militarization of previously uninhabited islets, is at least as ambitious as Russia's move, though the impact is perhaps less jolting given the dearth of occupied populations.

There have been other reversions to 20th-century methods of repression. For example:

- **Political prisoners:** During the 20th century, opposition figures, political dissidents, advocates for minority groups, and people who wrote critical commentaries were regularly sentenced to prison terms, often under grim conditions, by dictatorships of all stripes. Amnesty International's founding mission was the defense of what were called "prisoners of conscience," and they ranged from dissidents and Jewish refuseniks in the Soviet Union to those who resisted right-wing juntas in Latin America. Soviet dissidents like Natan Sharansky and Vladimir Bukovsky were the focus of international campaigns organized by human rights organizations and cautiously embraced by the United States and other governments.

  The ranks of political prisoners declined substantially after the end of the Cold War and the collapse of dictatorships in Latin America, Asia, and to a certain extent Africa. Indeed, it was a major objective of the new authoritarianism to maintain political control without shedding blood or putting people behind bars, actions that provoked condemnation by human rights advocates, democratic governments, and UN entities.

  Recently, however, the political prisoner has made a comeback. One notably egregious offender is Azerbaijan. Under President Ilham Aliyev, this country of just 9.4 million people has amassed one of the world's largest numbers of political prisoners per capita, with approximately 80 prisoners of conscience during 2015, according to verified figures. Azerbaijan's repression has grown despite the fact that Aliyev already enjoyed near-total control of key institutions and distinctly gentle treatment from U.S. and European political leaders due to Azerbaijan's role as an alternative to Russian energy exports.

  Venezuela also has a substantial number of political prisoners—around 100 as of June 2016, according to credible sources, including prominent members of the political opposition.[2] Under President Abdel Fattah al-Sisi, some estimates suggest that Egypt holds as many as 60,000 political prisoners.[3] Turkish authorities have similarly rounded up tens of thousands of people in the wake of the July 2016 coup attempt. A much smaller country, Bahrain, has convicted hundreds of people of political crimes since 2011, when the monarchy began arresting members of the political opposition who were demanding democratic elections and other freedoms.[4]

  China is in a class by itself. Since the 1989 crackdown on prodemocracy protests in Tiananmen Square, the Communist Party leadership has regularly jailed political dissidents, especially those who argued publicly for democratic political changes or made gestures toward the formation of opposition political parties. The most notable political prisoner is Liu Xiaobo, the Nobel Peace Prize winner who was sentenced to 11 years in prison in 2009. However, conditions have grown far worse under President Xi Jinping, as a numbing procession of lawyers, journalists, bloggers, women's advocates, minority rights campaigners, and religious believers have been detained, placed under house arrest, disappeared, or sentenced to prison.[5]

- **Public confessions:** Humiliating public confessions of ideological crimes were a staple of Soviet leader Joseph Stalin's purges and Mao Zedong's Cultural Revolution in China. They were also employed by Eastern European satellite regimes during the show trials of the late 1940s. A peculiarly communist technique, the public confession was largely abandoned after the deaths of Stalin and Mao.

  Under Xi, China has revived the practice. A growing list of editors, human rights lawyers, and advocates of political reform have been coerced into making televised confessions of their "crimes." The Chinese authorities even intimidated a Swedish citizen, legal reform activist Peter Dahlin, into confessing that he broke Chinese law and "hurt the feelings of the Chinese people." Dahlin was accused of endangering state security by funding human rights lawyers and compiling reports on the state of human rights in China.[6]

  Intensified media domination: Most modern authoritarian countries allowed a sufficient degree



HOUSE_OVERSIGHT_019287

of criticism in the media to justify a tenuous claim of pluralism. In recent years, tolerance for ideas and opinions that are not aligned with those of the regime has steadily eroded. In Russia, a bad situation became much worse after the invasion of Ukraine in 2014. Those who criticized or even raised questions about the morality or wisdom of the Kremlin's actions were persecuted, dismissed from employment, and banned from media commentary. Putin also expanded the zone of media control from the mainstream television and print sectors to the internet.

In Venezuela, one opposition or independent voice after another has been neutralized, as key newspapers and television stations were sold, under duress, to businessmen with ties to the government. The new and often opaque owners generally watered down political reporting and forced out prominent journalists.[7]

Even before the 2016 coup attempt, media freedom in Turkey was deteriorating at an alarming rate. The government, controlled by President Recep Tayyip Erdoğan's Justice and Development Party, aggressively used the penal code, criminal defamation legislation, and antiterrorism laws to punish critical reporting. Journalists also faced growing violence, harassment, and intimidation from both state and nonstate actors. The authorities also used financial and administrative leverage over media owners to influence coverage and muzzle dissent.[8]

- **War propaganda:** For some time, propaganda from Russia, China, and other authoritarian countries stressed a hostility toward liberal values and democracy, framed around a relentless anti-Americanism. There were, however, certain redlines that propagandists were unlikely to cross. They would criticize American foreign policy and blame it for a country's problems. But only rarely would they accuse Washington of warlike intentions, and they seldom if ever made military threats themselves. Since the invasion of Ukraine and the resulting economic sanctions imposed by the United States and the EU, Russian propaganda has assumed an uglier, more menacing tone. The same is true in China, where official expressions of hostility toward the United States and "Western" democratic values intensified—indeed took on a histrionic and belligerent character—after the ascension of Xi Jinping as Communist Party leader. In Turkey, progovernment commentators have accused the U.S. government and even an American think tank of involvement in the failed coup of 2016.[9]

- **Closing doors to the outside world:** More than anything else, modern authoritarianism is distinguished from traditional autocracy by its openness to relatively normal relations with the outside world. China, for example, long sought to balance calibrated repression at home with participation in an impressive array of global institutions. Beijing welcomed the establishment of local branches of foreign, mostly American, universities, joint research ventures with foreign scholars, and even the involvement of foreign NGOs in areas such as legal reform and environmental conservation. While more ambivalent about the international media, Chinese authorities did give unprecedented freedom of movement to foreign journalists in the period surrounding the 2008 Beijing Olympics. Russia was less welcoming to foreign involvement in the country, whether by governmental or private entities, but for a time it maintained academic exchanges with the United States and European countries, grudgingly tolerated foreign NGOs, and took some pride in the freedom of Russians to travel freely abroad.

Conditions have deteriorated over the past several years. In Russia, the government reduced trade with Europe in response to sanctions, imposed travel restrictions on millions of public-sector employees, smeared domestic human rights organizations as "foreign agents" for accepting international funding, and began blacklisting foreign NGOs as "undesirable." China has increased regulatory and legal pressure on foreign companies, bullied foreign countries into repatriating Chinese political refugees, significantly increased regulatory restrictions on foreign NGOs, and sharply curbed journalistic freedom for foreign correspondents.

Propaganda and official rhetoric in both countries has increasingly portrayed them as besieged fortresses, threatened on all sides by hostile foreign powers, spies, separatists, and traitors who seek to topple the government and deny the nation its rightful place in the world. In this environment, any interaction with foreigners



HOUSE_OVERSIGHT_019288

becomes suspect, and national security takes precedence over the benefits of global integration.

- **Foreign aggression:** The revival of Russia as a military power has been a central goal of Putin's leadership. He increased troop levels, devoted billions of dollars to equipment modernization, and instituted a series of reforms designed to enable the military to engage in several limited conflicts simultaneously. To compensate for the material advantages of the United States and NATO, the Russian military developed a strategic approach known as hybrid warfare, which seeks to combine conventional tactics, espionage and subversion, cyberattacks, and propaganda so as to limit the role of traditional battlefield operations and, where possible, sow confusion as to who is responsible for the aggression and how it should be dealt with. The strategy has been put into action in Ukraine, and intrusive Russian patrols have also harassed foreign navies and air forces across Northern Europe. In Georgia, Russian troops have constantly encroached on the Tbilisi government by simply moving border fences encircling the Russian-backed separatist region of South Ossetia.

  China has also engaged in a massive military buildup, and is pressing its maritime territorial claims with huge fleets of coast guard vessels and new island bases that bristle with armaments. Its tactics at sea are openly aggressive, but stop just short of the sort of action that might trigger live fire.

  Iran has long cultivated indirect methods of foreign aggression, particularly through the covert equipping and training of allied Shiite militias in Arab states. In recent years, however, it has openly deployed these militias in large numbers—overseen on the front lines by high-ranking Iranian officers—to battle zones in Syria and Iraq, and it has increasingly drawn on Afghan recruits in addition to Arabs. Iran's regional rivals, chiefly Saudi Arabia and the United Arab Emirates, have responded with more direct foreign interventions of their own, most notably in Yemen.

The recent embrace of more overtly repressive policies stems in part from the common structural flaws of the modern authoritarian model. The question of succession in authoritarian governments is a constant source of tension, producing crises—such as Putin's return to the presidency after his circumvention of term limits in 2012—that require new crackdowns on dissent.

Moreover, because these regimes do not allow peaceful rotations of power through elections, they rely in large part on the promise of economic growth as a source of legitimacy. However, they also feature systemic corruption as a means of maintaining internal cohesion. All of this leaves them ill-equipped to cope with economic shocks and related public anger. The global economic downturn of 2008 and the more recent drop in energy prices have shaken economies and political establishments around the world, but while citizens of democracies can take their frustrations to the ballot box, authoritarian rulers must treat protests against austerity or unemployment as existential threats.

The promise of national greatness and the menace of external enemies are tried-and-true alternatives to economic prosperity as sources of regime legitimacy. Unfortunately, promoting these narratives also generates new cycles of dissent and repression, and damages ties with the outside world, further undermining the economy.

**A transition from bad to worse**

While the return to the blunt instruments of the past suggests a fundamental weakness in the modern authoritarianism model, it would be a mistake to conclude that these regimes are doomed to extinction. The emergence of this model was in fact a remarkable demonstration of adaptability on the part of authoritarian rulers, who faced a uniquely inhospitable environment in the years after the end of the Cold War. Democracy, human rights, and the rule of law were newly ascendant as the governing principles of the international order, and undemocratic leaders made the changes necessary to survive without surrendering their political dominance.

If they are now reversing some of these changes, it is not just because the basic structures and incentives of authoritarian rule tend to encourage greater repression over time. It is also because the external pressure to conform to democratic standards is rapidly disappearing.

Leading democracies have absorbed the economic blows of recent years without revolution or repression, but voter frustration has increasingly lifted up antiestablishment, populist, and nationalist politicians



HOUSE_OVERSIGHT_019289

who have little interest in the democratizing mission traditionally espoused by mainstream parties with deep roots in the global struggles of the 20th century. The new mood is reflected in the democracies' foreign policies, many of which are aimed more at seeking national advantage than at promoting the common good.

The rise of populist politics in democracies could give modern authoritarianism a new lease on life. While it may no longer be as useful for entrenched autocracies to mask their nature with an illusion of pluralism, freely elected leaders with authoritarian ambitions can use similar techniques to replace genuine democratic institutions with hollowed-out façades. This process is already under way in the countries that have been dubbed "illiberal democracies."

With states across the spectrum shifting in an authoritarian direction, there is not much comfort in the fact that repressive regimes are fundamentally more unstable and vulnerable to breakdowns than democracies. Major authoritarian governments may collapse in the face of economic crises, popular protests, or succession battles. But in the absence of international pressure and support, it seems doubtful that they would be replaced by aspiring democracies. Indeed, they could be succeeded by something even worse.

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## Conclusion

# Authoritarianism Comes Calling

Until very recently, the spread of the methods and strategies described in this report has largely been greeted with complacency and indifference in the democratic world. Even as it became clear that the rejection of liberal values by Russia, China, and other authoritarian states was a permanent fixture of global politics, democracies convinced themselves that although modern authoritarianism posed a challenge to the spread of freedom beyond its current reach, their own freedoms were in no jeopardy.

In the aftermath of the stunning events of 2016, it is apparent that the post–Cold War democratic order is in fact facing an unprecedented threat. Britain's vote to leave the European Union (EU), the election of Donald Trump as president of the United States, and the emergence of populist demagogues across Europe have all raised questions about the future of democracy in its traditional bastions.

It can no longer be assumed that Russia's challenge to democracy is limited to its policies of internal repression and aggression toward neighbors like Ukraine and Georgia. The Kremlin's development of parallel institutions—government-controlled civil society, a propaganda machine based on the latest media technologies, realistic but purely decorative elections—was once regarded as a project intended for Russia alone. When Angela Merkel, in response to Russia's invasion of Ukraine, exclaimed that Vladimir Putin lives in a different world, she meant a specifically Russian universe where facts are irrelevant, international treaties are obsolete, and sovereignty is a matter of power rather than law.

Now, however, the Kremlin has attempted to project this version of reality onto the democratic world. In the United States, Russia brazenly interfered in the electoral process through hacking efforts sponsored by its intelligence agencies. Whether this interference actually affected the outcome of the election is subject to debate. But there is strong evidence, endorsed by the entirety of the U.S. intelligence establishment and numerous independent analyses, that the interference did occur.

Just as worrying is the suggestion that the United States, much like Russia itself, has entered a "post-truth era," in which lies and distortions carry as much weight as facts. Clearly, at least some of this hand-wringing was a partisan reaction to Trump's victory. But it followed an election in which the winning candidate falsely claimed, among other things, that the balloting was rigged against him, that violent crime had reached record levels, and that undocumented immigrants were responsible for a large share of the violence.

Meanwhile, as of early 2017, populist parties with Russian-friendly platforms and histories of nativism and other forms of bigotry were expected to gain ground in upcoming elections in countries like the Netherlands, France, and Germany.

As it became more obvious that the democracies were poorly equipped to contend with resurgent authoritarianism, the leading autocracies were experimenting with more frightening methods of assuring domestic political control.

China in particular seemed to take an Orwellian turn with the planned introduction of a social credit



HOUSE_OVERSIGHT_019291

system. This form of digital totalitarianism would allow the state to gather information on Chinese citizens from a variety of sources and use it to maintain scores or rankings based on an individual's perceived trustworthiness, including on political matters. Chinese officials have claimed that by 2020, the system will "allow the trustworthy to roam everywhere under heaven while making it hard for the discredited to take a single step."[1] A citizen could receive bad marks for petitioning the government, participating in protests, or circulating banned ideas on social media.

As for Russia, the Kremlin complemented its covert interference overseas with open and ugly acts of repression at home. In one brief period in early 2017, Russian opposition politician Aleksey Navalny was blocked from competing in the 2018 presidential contest through a trumped-up criminal conviction, dissident journalist Vladimir Kara-Murza nearly died from his second suspected poisoning, and the Russian parliament passed a law to decriminalize domestic violence that results in "minor harm" such as small lacerations and bruising.[2] Proponents of the domestic abuse law hailed it as a win for traditional family values.

The confluence of authoritarian gains and setbacks for democracy suggest a number of conclusions:

1. Modern authoritarianism is a permanent and increasingly powerful rival to liberal democracy as the dominant governing system of the 21st century. Variations on the systems that have proved effective in suppressing political dissent and pluralism in Russia and China are less likely to collapse than traditional authoritarian states, given their relative flexibility and pragmatism.

2. The most serious threat to authoritarian systems lies in economic breakdown. However, Russia, China, and other major autocracies have shown themselves capable of surviving economic setbacks that, while affecting the standard of living, did not push citizens to the limits of endurance. The catastrophic case of Venezuela is a notable exception. Of the main countries examined in this study, only in Venezuela did the political leadership attempt to impose a socialist economic system and wage war on the private sector.

3. Illiberalism in democratic environments is more than a temporary problem that can be fixed through an inevitable rotation of power. In Hungary, the Fidesz government has instituted policies that make it difficult for opposition parties to raise funds or present their political message, creating a structurally uneven political playing field. Other elected leaders with authoritarian mindsets will take notice and follow suit.

4. Authoritarian states are likely to intensify efforts to influence the political choices and government polices of democracies. The pressure will vary from country to country, but it will become increasingly difficult to control due to global economic integration, new developments in the delivery of propaganda, and sympathetic leaders and political movements within the democracies. Putin and his cohorts have learned well how to use democratic openness against democracy itself.

5. Authoritarian leaders can count on an increasingly vocal group of admirers in democratic states. For several years now, European parties of the nationalistic right and anticapitalist left have forged ties with Moscow and aligned their goals with Putin's. The 2016 U.S. presidential election revealed a new constituency, albeit small, that harbors respect for Putin despite his hostility to American interests and his interference in the country's democratic process. A disturbing number of advisers to the Trump campaign, including Trump himself, expressed admiration for Putin and his system. In addition, various political figures and commentators have praised or come to the defense of despotic rulers including Abdel Fattah al-Sisi and Bashar al-Assad.

6. Modern authoritarians can be expected to double down on their drive to neuter civil society as an incubator of reformist ideas and political initiatives. Civil society can serve as a vibrant alternative to mainstream democratic parties as those parties fall prey to corruption, elitism, and ossification. After the Kremlin effectively defanged the collection of human rights organizations, conservation projects, election monitors, and anticorruption committees in Russia, other autocrats and illiberal leaders began to act in similar fashion. Both Viktor Orbán in Hungary and the leaders of the Law and Justice party in Poland have spoken of "bringing order" to the nongovernmental sector, though serious restrictions on freedom of association have yet to be adopted by an EU state. That could change in 2017.



HOUSE_OVERSIGHT_019292

7. The rewriting of history will become more widespread and will greatly complicate societal efforts to confront both past and present political abuses. The rehabilitation of Joseph Stalin and the airbrushing of Mao Zedong's destructive reign serve to facilitate an authoritarian form of nationalism in which strength and unity supersede justice and freedom, and the state is exalted at the expense of individual human beings.

8. Authoritarian or illiberal forces are more likely to gain supremacy in countries where the parties that represent liberal democracy do not simply lose elections, but experience a full-blown political collapse, whether through corruption, ineptitude, or failure to build lasting bonds with the public. In the end, elections do matter, and real change still requires victory at the polls. This is why robust, self-confident, and uncorrupted opposition parties are essential to democracy's survival.

**Recommendations**

In studies of this kind, recommendations are primarily addressed to policymakers, particularly in the administration and Congress of the United States. Given the election of Donald Trump, however, a different approach is called for.

Trump has made clear again and again his admiration for Vladimir Putin, to the point of asserting a kind of moral equivalency between the Russian and American governments. Since he assumed office, Trump and certain aides have encouraged in America the kind of "post-truth" environment that has prevailed in Russia under Putin. The new president has shown no interest in an American role in promoting human rights and democracy around the world; indeed, he seemed to dismiss this core element of U.S. foreign policy in his initial address to Congress, instead emphasizing "harmony and stability" and "the sovereign rights of all nations." Under these circumstances, to rely first and foremost on the U.S. government to meet the challenge posed by Russia, China, and other authoritarian states would amount to an exercise in futility.

The role of governments, both in the United States and Europe, will remain crucial. But the threat posed by modern authoritarianism has spread well beyond its original proving grounds. To some extent, the problems discussed in this report have already infected the United States and a number of European countries. They represent a menace to the media, academic freedom, civil society, electoral systems, and the rule of law. They even put in jeopardy the integrity of the facts and figures that an accountable government and a successful economy require. When the values of the political leadership are seen to waver, independent, nongovernmental voices and institutions will be called upon to do their part—not just to defend democracy at home, but to convince skeptical politicians and citizens that supporting the same struggle abroad serves the public interest.

**To the U.S. government:** We urge the Trump administration to appoint a director of global communications who is experienced in journalism and allow that person to build a program to counter hostile authoritarian messaging through up-to-date delivery techniques, honest reporting, and forthright commentary. Near the end of 2016, Congress passed legislation that placed the country's government-supported international media outlets—Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), and their sister services focused on Asia and other regions—under more direct presidential control, on the theory that a commander-in-chief who was committed to countering aggressive Russian influence would be better able to develop and implement new strategies. President Trump has yet to indicate how he intends to use this authority.

In the contest against Soviet communism, America's international broadcasting entities were the crown jewels of U.S. soft power. Indeed, in some countries, such as Poland or Romania, Radio Free Europe functioned as the opposition press, and clearly had a greater audience and more influence than the censored government press. In the post–Cold War period, what were initially shortwave radio services have evolved into modern media outlets, with video content, podcasts, blogs, social media engagement, and other forms of information delivery. Nevertheless, the United States today needs to update the strategy and operations of its publicly supported broadcasters and—most importantly—provide them with the resources to compete with a Russian propaganda machine that is nimble, attuned to popular discontent, and generously funded.

**To the independent media:** The mainstream press in the United States has recently shown increased interest in reporting on Russian methods of information warfare, some of which have been embraced by far-right media outlets that seek to undermine popular support for the core institutions of American democracy. We urge more responsible media to



HOUSE_OVERSIGHT_019293

continue their investigation of these techniques and experiment with ways to combat them.

We also urge more intense coverage of Beijing's efforts to undermine democratic norms in neighboring states or territories, as in Hong Kong and Taiwan, and its largely successful attempts to pressure other governments into repatriating citizens who had fled persecution in China.

Lastly, the media are not doing their job if they neglect to give aggressive coverage to the lobbyists and public-relations specialists who make money by representing dictators and kleptocrats. Those who flack for the leaders of China, Azerbaijan, Egypt, and their ilk should be made to answer for each political prisoner, murdered opposition figure, shuttered newspaper, and offshore account full of stolen funds that can be tied to their authoritarian clients.

**To the academic community:** We urge academic associations, individual scholars, and university administrations to stand up for freedom of thought and open inquiry at a time when those values are under relentless pressure from dictatorships. We urge statements of protest against the persecution of fellow scholars or the politicized rewriting of history, especially in countries, like Russia and China, that are integrated into the international university system. We urge universities to reject the establishment of projects and study departments—whether at home or overseas—that do not adhere to the highest standards of intellectual freedom or that restrict discussion of certain subjects.

**To the business community:** We urge private businesses to avoid commercial relationships with authoritarian governments that force them to violate fundamental democratic principles. Private companies and investors have a clear interest in democratic public goods like the rule of law, which guarantees their property rights, and the transparency provided by free media and corruption watchdogs, which ensures the accuracy of economic data and the fair allocation of state contracts. They should therefore do what they can to prevent any further deterioration in the condition of global democracy.

Some sectors are especially vulnerable to authoritarian pressure, and have a special role to play in combating it. We urge the film industry to reject involvement in joint ventures with companies that have close ties to authoritarian regimes and reputations for demanding politicized censorship of artistic content. We also urge the technology industry to refuse business arrangements that require active complicity in or passive acceptance of political censorship or information control.

**To the European Union:** We urge the EU to undertake a comprehensive review of member states' democratic institutions to determine whether recent changes have weakened checks and balances or unduly protected incumbent parties from fair electoral competition. The EU should adopt measures to publicize departures from democratic standards and develop a new set of sanctions that could be imposed on noncompliant governments—whether inside, outside, or hoping to join the bloc—even in the absence of unanimity among member states. In the meantime, the EU should use the sanctions already in place, even if it means freezing a member state's participation, and be prepared to actually impose any new sanctions that might be introduced.

**To private foundations:** We urge private foundations to recognize and oppose the current assault on democracy. With a few exceptions, the great institutions of American philanthropy have studiously—and shamefully—ignored the steady erosion of global freedom and the rise of authoritarian powers. The recent developments in Europe and the United States will hopefully shake their complacency. There is a strong need for analysis, support for individual dissidents, and aid for societies under authoritarian threat, and as many democratic governments waver in their commitment to such priorities, it is essential for private funders to step into the breach.

**To mainstream political candidates:** We urge responsible political figures to call out colleagues or rivals when they show contempt for basic democratic ideas. Until now, politicians in the democracies have been unimpressive in their responses to opponents who embrace authoritarian figures like Putin. This is despite the overwhelming evidence of egregious crimes under Putin's rule: murdered journalists and political opposition leaders, the invasion of neighboring states, brutish counterinsurgency campaigns in the North Caucasus, the emasculation of a once-vibrant media sector, rigged elections, and much more. If they choose to shower him with praise, political leaders like Marine Le Pen, Geert Wilders, and Donald Trump should be forced to account for the realities of Putin's appalling record. The same is true for any politician who praises dictators in the Middle East, Asia, or Africa.



HOUSE_OVERSIGHT_019294

**To human rights organizations:** Human rights groups operating from the safety of democracies should be more aggressive in publicizing the plight of political prisoners. The defense of jailed dissidents was a major factor behind the rise of the modern human rights movement. Political prisoners became a lower priority as their numbers declined after the Cold War, but today there are more than a thousand in China alone, and many others in Venezuela, Iran, Azerbaijan, and elsewhere. It is past time for the phrase "prisoner of conscience" to again become an important part of our regular political vocabulary.

Furthermore, human rights organizations need to develop strategies that address the varied and sophisticated methods of repression used by modern authoritarians. There should be better efforts to identify individual perpetrators of abuse, document their culpability, and expose their actions. Among other benefits, such work would feed into governmental mechanisms for imposing sanctions, like the United States' Global Magnitsky Human Rights Accountability Act, which allows visa bans and asset freezes for foreign officials who are personally involved in egregious human rights violations.

**To the free world:** All democratic governments should make support for civil society in authoritarian and illiberal environments a bigger priority. This is especially urgent given that laws and regulations designed to neutralize nongovernmental organizations, which were first adopted by Russia, are now being taken up in countries like Hungary and Poland.

Democracies will also have to push back against Chinese censorship. The sheer size of China's economy gives Beijing the clout to insist on unreasonable, nonreciprocal, and often antidemocratic concessions from trading partners, the most prominent of which is the state's right to determine what its people can read, watch, or circulate via social media. The Chinese leadership expects the rest of the world to accept its brand of censorship as the normal state of affairs in China, and it is increasingly extending its demands beyond its borders, affecting the information available to global audiences.

Chinese censorship practices should be challenged at international forums and in bilateral meetings. Democratic governments should speak out when their own academics, artists, media companies, and corporations are subjected to censorship or blocking by the Chinese authorities. As long as Beijing maintains its current policies, democracies should take measures to prevent their own media, entertainment, and other information-related corporations from falling under the control of Chinese companies that support or benefit from censorship.

Finally, the free world must keep faith with states whose democratic goals are under threat from large and aggressive authoritarian powers. A prime example is Ukraine. That country represents the absolute front line in the global struggle for freedom. Building democracy in an inhospitable neighborhood is always difficult, particularly when your most powerful neighbor is determined to steal your land and wreck your home. Kyiv has made impressive strides; indeed, it has gone much further along the democratic path than it did after the Orange Revolution in 2005. But it still has hard work ahead, and it remains in serious danger. A positive outcome in Ukraine would not by itself erase the broader gains secured by the world's autocrats over the past decade, but it would be a pivotal defeat for their campaign to sow chaos and disunity among those who still live or aspire to live in freedom.

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1. "Big Data, Meet Big Brother: China Invents the Digital Totalitarian State," *Economist*, December 17, 2016, http://www.economist.com/news/briefing/21711902-worrying-implications-its-social-credit-project-china-invents-digital-totalitarian.
2. Feliz Solomon, "Vladimir Putin Just Signed Off on the Partial Decriminalization of Domestic Abuse in Russia," *Time*, February 8, 2017, http://time.com/4663532/russia-putin-decriminalize-domestic-abuse/.



HOUSE_OVERSIGHT_019295

Freedom House

Freedom House is a nonprofit, nonpartisan organization that supports democratic change, monitors freedom, and advocates for democracy and human rights.

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February 7, 2018

***By Email***

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*Re:* *Giuffre v. Maxwell*, No. 15 Civ. 7433 (S.D.N.Y.)

Dear Counsel:

As you know, this firm represents Intervenor Alan Dershowitz in the above-referenced case.

It has recently come to our attention that plaintiff's counsel provided reporters from the *Washington Post* with submissions from a disciplinary proceeding pending before the

Florida Bar that reference information that was developed during discovery in this case. In keeping with plaintiff's enduring practice of insisting on selective confidentiality to bolster her own accusations while concealing evidence that undermines her claims, the materials provided to the *Post* include cherry-picked and misleading characterizations of evidence that is sealed and/or designated confidential under the protective order governing this action—to say nothing of the fact that it is simply false. In several instances, the materials plaintiff's counsel provided to the *Post* directly reproduce exhibits that were marked confidential in this case *by plaintiff*, and which *plaintiff filed under seal* before the district court. These disclosures violate both the spirit and the letter of the district court's orders, and appear calculated to hamstring Professor Dershowitz—who respects and will abide by the court's orders—in responding to the accusations against him.

Most notably, the materials provided to the *Washington Post* repeat the outrageous claim that [redacted] "came forward" and "corroborated" Ms. Giuffre's accusations against Dershowitz when she "testified under oath that she had been trafficked by Mr. Epstein and had had sex with Mr. Dershowitz." As plaintiff's counsel are well aware, Ms. [redacted] testimony is marked confidential and remains under seal; indeed, *plaintiff herself filed the relevant deposition transcript under seal* before the district court. *See* ECF No. 701-1. Yet the materials provided to the *Washington Post* repeat specific details from Ms. [redacted] sealed deposition, including specific sex acts she claims occurred with specific individuals. Plaintiff's counsel's selective characterization of this sealed evidence to a national newspaper is an outrageous violation of the district court's orders. *See* ECF No. 62 ¶ 4 ("CONFIDENTIAL information shall not be disclosed or used for any purpose except the preparation and trial of this case."); *see also, e.g.*, *Taylor v. Teledyne Techs., Inc.*, 338 F. Supp. 2d 1323, 1343 (N.D. Ga. 2004) (publicly summarizing and paraphrasing confidential documents violated protective order even without verbatim disclosure).

This is especially so given that the totality of this individual's testimony and other documents produced confidentially in discovery (none of which plaintiff's counsel elected to describe to reporters) demonstrate that her claims are utterly unworthy of belief.[1] Among other things, in emails sent in 2016, Ms. [redacted] claimed that she received help from "the Russians" and the hacker network Anonymous in responding to a hack of her email by the CIA; that Hillary Clinton sent "Special Agents Forces Men" to "intimidate[]" and "ruff[] (sic) . . . up" her friend in an effort to "to protect [Ms. Clinton's] presidential campaign"; that she possessed video and photographic evidence against both Ms. Clinton and Donald Trump that she would release to Wikileaks and Russian media by Sunday, October 23, 2016; that she possessed video footage of Bill Clinton, Prince Andrew, and Richard Branson having sex with her friend which was backed up on "several USB sticks" that she had "securely sent . . . to various different locations throughout Europe"; and that another friend had—while the two "were showering together"—showed her physical evidence that "Donald Trump liked flicking and sucking her nipples until

[1] As you know, on June 21, 2017, we, on behalf of Professor Dershowitz ,wrote to Judge Sweet asking that, in the event that Ms. [redacted] deposition were unsealed (or its designation as "confidential" by the parties withdrawn), the Court permit public disclosure of her emails.

they were raw." Notably, in these emails, Ms. [redacted] mentions Professor Dershowitz, but she does not allege that she was trafficked to or had sex with him.

As you know, Ms. [redacted] provided this information, on the record, to a New York *Post* journalist with the expressed hope that it would be published. Although these allegations, if credible, would have been the story of a lifetime — videos and eye witness accounts of sexual misconduct by two presidential candidates, a former president, and one of the world's leading entrepreneurs— the New York *Post* declined to publish them, presumably, and not surprisingly, because it did not find Ms. [redacted] credible. Nonetheless, thereafter, Ms. [redacted], represented by the same lawyers who represent the plaintiff in the above-captioned case, was permitted to testify that Professor Dershowitz had sex with her. These same lawyers have now provided documents to the Washington *Post* repeating the false charges, but have failed to provide the *Post* with the emails that fatally undermine them. These selective disclosures, and this use of the court's protective and sealing orders "as a sword," are manifestly improper.

Professor Dershowitz intends to pursue all available remedies for violations of the district court's orders, including sanctions. That said, to remedy the gross imbalance in available information created by counsel's improper disclosures, we ask that the parties' counsel immediately agree to a stipulation, to be so-ordered by Judge Sweet, unsealing and removing the confidentiality designations from Ms. [redacted]'s emails. This will allow for *full* public disclosure of these matters—where their falsity, exposed to the "sunlight" of public review, will be manifest—and it will permit Professor Dershowitz to respond fully to the accusations plaintiff's counsel leaked to the *Washington Post*. Only with such full disclosure can the public decide who is telling the truth.

Please let us know your response to this request by noon on February 9, 2018.

Very truly yours,

Andrew G. Celli, Jr.

# WE Talks

## Women Empowerment: Women to Women Talks

Our mission is to support and enhance women's professional and personal growth and fulfillment.

We are deeply committed to providing achievement-driven women with inspiration, guidance, and elevating networking opportunities networking.

We organize and conduct seminars with female speakers who are leaders in their industry.

Our seminal approach can me likened to "TED Talks for Women." The speaker shares the secrets of her professional and personal success with the audience and answers the questions. The discussions will include, but won't be limited to the

following topics: How to pursue a career of your dream? What makes you feel empowered? How to build one of a kind brand? How to achieve both self-realization in professional life and fulfillment personal life?

Our first seminar is going to take place in NYC on April 5th. Consequently, we will be conducting one seminar every month.

## Kathy Ruemmler is going to be the first speaker.

Kathy is an attorney who formerly served as White House Counsel to President Barack Obama. She previously worked as Principal Deputy White House Counsel.

Kathryn Ruemmler is global co-chair of the white-collar defense and investigations practice at Latham & Watkins. She rejoined the firm after five years in the Obama administration, first in the Department of Justice and then as President Obama's chief lawyer, when she headed a team of around 45 lawyers and staff in the White House Counsel's office. Obama has said she has “an uncanny ability to see around the corners that no one else anticipates.” Earlier in her career, Ruemmler was a federal prosecutor who helped secure the convictions of former Enron executives Kenneth Lay and Jeff Skilling.



HOUSE_OVERSIGHT_019301

**From:** Steve Bannon [redacted]
**Sent:** 7/22/2018 11:27:26 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fw:

**Importance:** High

Sent via BlackBerry by AT&T

---

**From:** Benjamin Harnwell <[redacted]>
**Date:** Sun, 22 Jul 2018 22:01:54 +0200
**To:** Steve Bannon<[redacted]>
**Subject:** Re:

**Bannon the European: He's opening the populist fort in Brussels**

*The former Trump strategist arrives in Europe with "The Movement". Objective: an alliance between right-wing leaders, from Salvini to Orbán in view of the 2019 elections*

NEW YORK. The invasion of Europe has begun. Steve Bannon, 65, the American far-right guru who was Donald Trump's right-hand man in the White House — but let go last summer following the racist violence in Charlottesville — is preparing to march on Brussels. Launching, he told the Daily Beast himself, a new non-profit foundation called The Movement, (Il Movimento), right in the heart of Europe and its institutions. Through which he hopes to coordinate the populist right in view of the European elections which will be held in spring 2019.

Objective: to compete with George Soros, the American billionaire of Hungarian origin, benefactor of the Democratic party, who since 1984 with his Open Society has spent at least $32 billion in support of NGOs dealing with human rights. And for this he became the bogeyman of the populist right, accused of plots of all kinds: including that of wanting to replace Italians with immigrants in order to have labour at low cost. A mantra repeated in the past on Twitter also by the current Minister of the Interior Matteo Salvini.

The ambition of Steve Bannon, former director of the alt-right American site Breitbart — which in the European campaign preceded him since the platform had already opened bureaux in London and Rome — is therefore to become the coordinator of the one great "populist international" of which he has long since been dreaming.

The Movement, in fact, intends to function as an extreme right-wing think tank: a source of strategic advice to channel the not-so-politically structured discontent of the most extreme European movements. Analysing data and giving strategic advice. But also by raising funds and channeling funding.

The aim is to create a populist alliance, a sort of "super group" that if victorious can conquer up to a third of the European Parliament in the elections next May.

Indeed — putting the common policy of the Old Continent in the hands of Bannon and his own. The American strategist is very attached to the Freedom Caucus — the extreme right of the US Congress — and in 2014 he was at the top of the Cambridge Analytica company, which in 2016 used data stolen from Facebook to try to influence the presidential election from which Donald Trump emerged victor. It is not a mystery that for a long time he courts nationalists of the right from East to West. And he has already

met, among others, the Hungarian Orbán, the French Marine Le Pen and the former leader of the British separatists Nigel Farage. The latter reappeared, coincidentally, on Friday in Pennsylvania, USA, to a fundraiser in favor of the Republican congressman Lou Barletta. Without forgetting the Italians of Lega and 5 stars. Of them, he said: "If it works in Italy, we can import the model anywhere".

The Movement, which for now will count on a staff of 10 people, will be fully operational in 2019. In short, after the American midterm elections, where Bannon is fighting to influence the primaries supporting candidates potentially able to undermine the prospects of Republican establishment. But in the future the former spin doctor says he wants to spend more and more time in Europe. Also because the relationships with Trump have worsened after the revelations he made to Michael Wolff and published in the scandal book "Fire and Fury". "Better to reign in Hell than to serve in Paradise," Bannon says now paraphrasing the Satan of one of his favorite books, John Milton's Lost Paradise. Hell in this case would be the dear old Europe and its democratic values. The "army of darkness" is already among us.

In Sacratissimo Corde Iesu et Purissimo Corde Mariae et Castissimo Corde Ioseph.

*******

Benjamin Harnwell
Founder and President of the Board of Trustees
Dignitatis Humanae Institute

[redacted]

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44 Via delle Fornaci
Roma 00165
ITALY

@ben_harnwell
www.dignitatishumanae.com

Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

What does this say???

Begin forwarded message:

**From:** Maria Luisa <[redacted]>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]>

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

**From:** Steve Bannon [redacted]
**Sent:** 7/22/2018 11:58:18 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fw:

**Importance:** High

Abandon Hope, All Ye Who Enter
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 23 Jul 2018 01:51:58 +0200
**To:** <[redacted]>
**Subject:** Re: Fw:

9th circle

On Mon, Jul 23, 2018 at 1:26 AM Steve Bannon <[redacted]> wrote:
Sent via BlackBerry by AT&T

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**From:** Benjamin Harnwell <[redacted]>
**Date:** Sun, 22 Jul 2018 22:01:54 +0200
**To:** Steve Bannon<[redacted]>
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Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

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Begin forwarded message:

**From:** Maria Luisa <[redacted]>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

--

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**From:** Steve Bannon [[redacted]]
**Sent:** 7/23/2018 12:18:57 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fw:

**Importance:** High

Well played sir
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 23 Jul 2018 01:58:06 +0200
**To:** <[redacted]>
**Subject:** Re: Fw:

Hicks?

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**To:** <[redacted]>
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**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fw:

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Istituto Dignitatis Humanae
44 Via delle Fornaci
Roma 00165
ITALY

@ben_harnwell
www.dignitatishumanae.com

Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

What does this say???

Begin forwarded message:

**From:** Maria Luisa <[redacted]>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]>

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/19/2016 10:39:57 AM
**To:** Lisa New [redacted]
**Subject:** Re: Thank You from Lisa and Poetry in America

barnaby is no longer there. He is at Institue for Advanced Studies. .. That being said, let me ask him if he can shepard you through Templeton

On Sun, Dec 18, 2016 at 11:36 PM, Lisa New <[redacted]> wrote:

Dear
Jeffrey
(*and please see note at bottom*),

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*And heard there's another little Jeff in the caribbean...*

*Best,*

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

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**Sent:** 12/19/2016 3:01:54 PM
**To:** Lisa New [redacted]
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from barnaby -
she could apply, but she should know that there are only a few grants in each round; most projects proposed don't get funding. It is like rolling the dice. what people don't understand is that many grants are not funded not because they are defective in any way, but simply because there is not enough funding to cover even a part of what comes in (there are thousands of applications and hundreds of millions of dollars of requests that go all through different kinds of review; it is hard to know what will make it through because different people make the priority decisions at different stages of review; and it depends what other applications are in the pool in a given cycle). There is no "direct" route anymore.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/23/2018 12:03:28 AM
**To:** [redacted]
**Subject:** Re: Fw:

**Importance:** High

Europe can be a wife not a mistress

On Mon, Jul 23, 2018 at 2:02 AM jeffrey E. <jeevacation@gmail.com> wrote:
If you are going to play here , you'll have to spend time , europe by remote doesn't work . Lots and lots of face time and hand holding

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Hicks?

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Abandon Hope, All Ye Who Enter
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 23 Jul 2018 01:51:58 +0200
**To:** [redacted]>
**Subject:** Re: Fw:

9th circle

On Mon, Jul 23, 2018 at 1:26 AM Steve Bannon <[redacted] wrote:
Sent via BlackBerry by AT&T

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**From:** Benjamin Harnwell <[redacted]n>
**Date:** Sun, 22 Jul 2018 22:01:54 +0200
**To:** Steve Bannon<[redacted]>
**Subject:** Re:

**Bannon the European: He's opening the populist fort in Brussels**

*The former Trump strategist arrives in Europe with "The Movement". Objective: an alliance between right-wing leaders, from Salvini to Orbán in view of the 2019 elections*

NEW YORK. The invasion of Europe has begun. Steve Bannon, 65, the American far-right guru who was Donald Trump's right-hand man in the White House — but let go last summer following the racist violence in Charlottesville — is preparing to march on Brussels. Launching, he told the Daily Beast himself, a new non-profit foundation called The Movement, (Il Movimento), right in the heart of Europe and its institutions. Through which he hopes to coordinate the populist right in view of the European elections which will be held in spring 2019.

Objective: to compete with George Soros, the American billionaire of Hungarian origin, benefactor of the Democratic party, who since 1984 with his Open Society has spent at least $32 billion in support of NGOs dealing with human rights. And for this he became the bogeyman of the populist right,

accused of plots of all kinds: including that of wanting to replace Italians with immigrants in order to have labour at low cost. A mantra repeated in the past on Twitter also by the current Minister of the Interior Matteo Salvini.

The ambition of Steve Bannon, former director of the alt-right American site Breitbart — which in the European campaign preceded him since the platform had already opened bureaux in London and Rome — is therefore to become the coordinator of the one great "populist international" of which he has long since been dreaming.

The Movement, in fact, intends to function as an extreme right-wing think tank: a source of strategic advice to channel the not-so-politically structured discontent of the most extreme European movements. Analysing data and giving strategic advice. But also by raising funds and channeling funding.

The aim is to create a populist alliance, a sort of "super group" that if victorious can conquer up to a third of the European Parliament in the elections next May.

Indeed — putting the common policy of the Old Continent in the hands of Bannon and his own. The American strategist is very attached to the Freedom Caucus — the extreme right of the US Congress — and in 2014 he was at the top of the Cambridge Analytica company, which in 2016 used data stolen from Facebook to try to influence the presidential election from which Donald Trump emerged victor. It is not a mystery that for a long time he courts nationalists of the right from East to West. And he has already met, among others, the Hungarian Orbán, the French Marine Le Pen and the former leader of the British separatists Nigel Farage. The latter reappeared, coincidentally, on Friday in Pennsylvania, USA, to a fundraiser in favor of the Republican congressman Lou Barletta. Without forgetting the Italians of Lega and 5 stars. Of them, he said: "If it works in Italy, we can import the model anywhere".

The Movement, which for now will count on a staff of 10 people, will be fully operational in 2019. In short, after the American midterm elections, where Bannon is fighting to influence the primaries supporting candidates potentially able to undermine the prospects of Republican establishment. But in the future the former spin doctor says he wants to spend more and more time in Europe. Also because the relationships with Trump have worsened after the revelations he made to Michael Wolff and published in the scandal book "Fire and Fury". "Better to reign in Hell than to serve in Paradise," Bannon says now paraphrasing the Satan of one of his favorite books, John Milton's Lost Paradise. Hell in this case would be the dear old Europe and its democratic values. The "army of darkness" is already among us.

In Sacratissimo Corde Iesu et Purissimo Corde Mariae et Castissimo Corde Ioseph.

*******

Benjamin Harnwell
Founder and President of the Board of Trustees
Dignitatis Humanae Institute

Cell: [redacted]
Office: [redacted]

Istituto Dignitatis Humanae

44 Via delle Fornaci
Roma 00165
ITALY

@ben_harnwell
www.dignitatishumanae.com

Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

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**From:** Maria Luisa <[redacted]n>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]n>

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/23/2018 1:58:04 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Fw:

011-331-441-70210. In 2 hrs

On Mon, Jul 23, 2018 at 3:50 PM Steve Bannon <[redacted]> wrote:
#

On Jul 23, 2018, at 9:49 AM, jeffrey E. <jeevacation@gmail.com> wrote:

We can talk about at your convenience

On Mon, Jul 23, 2018 at 1:07 PM Steve Bannon <[redacted]> wrote:
Agree 100%

How do I do that???

American Carnage amazing -- Ari Emmanual financed it and he loves it---Erolls besties tell him it will end his career because he gave a platform to a monster

Officially in Venice , Toronto and New York Film Festival

Skipping telluride

On Jul 23, 2018, at 6:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

its doable , but time consuming, there are many leaders of countries we can organize for you to have one on ones. however . you will have to come , stay 8 -10 days. , then no more than two weeks later. the same. The fear is that you gin up their hopes and emotions and then abandon them. I think you want to be an insider, not an outsider flying in and out. did you get the first cut of american carnage? .?

On Mon, Jul 23, 2018 at 2:19 AM, Steve Bannon <[redacted]> wrote:
Yes
Sent via BlackBerry by AT&T

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**Date:** Mon, 23 Jul 2018 02:02:16 +0200
**To:** <[redacted]>
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Abandon Hope, All Ye Who Enter
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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 23 Jul 2018 01:51:58 +0200
**To:** <[redacted]>
**Subject:** Re: Fw:

9th circle

On Mon, Jul 23, 2018 at 1:26 AM Steve Bannon <[redacted] wrote:
Sent via BlackBerry by AT&T

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**From:** Benjamin Harnwell <[redacted]>
**Date:** Sun, 22 Jul 2018 22:01:54 +0200
**To:** Steve Bannon<[redacted]>
**Subject:** Re:

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In Sacratissimo Corde Iesu et Purissimo Corde Mariae et Castissimo Corde Ioseph.

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Benjamin Harnwell
Founder and President of the Board of Trustees
Dignitatis Humanae Institute

Cell: [redacted]
Office: [redacted]

Istituto Dignitatis Humanae
44 Via delle Fornaci
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@ben_harnwell
www.dignitatishumanae.com

Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

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**From:** Maria Luisa <[redacted]>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]>

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/23/2018 3:32:23 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Fw:

available now?

On Mon, Jul 23, 2018 at 3:50 PM, Steve Bannon <[redacted]> wrote:
#

On Jul 23, 2018, at 9:49 AM, jeffrey E. <jeevacation@gmail.com> wrote:

We can talk about at your convenience

On Mon, Jul 23, 2018 at 1:07 PM Steve Bannon <[redacted]> wrote:
Agree 100%

How do I do that???

American Carnage amazing -- Ari Emmanual financed it and he loves it---Erolls besties tell him it will end his career because he gave a platform to a monster

Officially in Venice , Toronto and New York Film Festival

Skipping telluride

On Jul 23, 2018, at 6:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

its doable , but time consuming, there are many leaders of countries we can organize for you to have one on ones. however . you will have to come , stay 8 -10 days. , then no more than two weeks later. the same. The fear is that you gin up their hopes and emotions and then abandon them. I think you want to be an insider, not an outsider flying in and out. did you get the first cut of american carnage? .?

On Mon, Jul 23, 2018 at 2:19 AM, Steve Bannon <[redacted]> wrote:
Yes
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 23 Jul 2018 02:02:16 +0200
**To:** <[redacted]>
**Subject:** Re: Fw:

If you are going to play here , you'll have to spend time , europe by remote doesn't work . Lots and lots of face time and hand holding

On Mon, Jul 23, 2018 at 1:58 AM jeffrey E. <jeevacation@gmail.com> wrote:
Hicks?

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**To:** Steve Bannon [redacted]
**Subject:** Re: Fw:

reacall , I am unaware of your playbook. however , whatever is good for you -- Im in. . I think meeting , the leaders of europe BEFORE he possible implodes is only good for many reasons. frankly , after you meet , you could explain what happened; they will all want advice. . ALL

On Mon, Jul 23, 2018 at 2:18 AM, Steve Bannon <[redacted]> wrote:
Well played sir
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Page 4 ~ b6 - 2; b7C - 2;
Page 5 ~ b6 - 1, -2, -4, -5; b7C - 1, -2, -4, -5;
Page 6 ~ b6 - 2; b7C - 2;
Page 7 ~ b3 - 1; b6 - 1, -2, -3, -4, -5; b7C - 1, -2, -3, -4, -5;
Page 8 ~ b6 - 2; b7C - 2;
Page 9 ~ b3 - 1; b6 - 1, -2, -3, -4, -5; b7C - 1, -2, -3, -4, -5;
Page 10 ~ b6 - 2; b7C - 2;
Page 11 ~ b3 - 1; b6 - 1, -2, -3, -4, -5; b7C - 1, -2, -3, -4, -5;
Page 12 ~ b6 - 2; b7C - 2;
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Page 14 ~ b6 - 2; b7C - 2;
Page 15 ~ b3 - 1; b6 - 1, -2, -3, -4; b7C - 1, -2, -3, -4; b7E - 1;
Page 16 ~ b6 - 2; b7C - 2;
Page 17 ~ b6 - 1, -2, -4; b7C - 1, -2, -4; b7D - 2;
Page 18 ~ b6 - 2; b7C - 2;
Page 22 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 23 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D -
1;
Page 24 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 25 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 26 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 27 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 28 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 29 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 30 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 31 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 32 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 33 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
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Page 39 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
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Page 43 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
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Page 46 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 47 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 48 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 49 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 50 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 51 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 52 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 53 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;

Page 54 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 55 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 56 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 57 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 58 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 59 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 60 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 61 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 62 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 63 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1, -2;
Page 64 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 2;
Page 73 ~ b3 - 1; b6 - 2, -3; b7C - 2, -3; b7E - 3;
Page 74 ~ b3 - 1; b6 - 3, -5; b7C - 3, -5;
Page 75 ~ b3 - 1; b6 - 5; b7C - 5;
Page 76 ~ b3 - 1; b6 - 2, -3; b7C - 2, -3;
Page 77 ~ b3 - 1; b6 - 3, -5; b7C - 3, -5;
Page 88 ~ b3 - 1; b6 - 3; b7C - 3;
Page 89 ~ b3 - 1; b6 - 3; b7C - 3;
Page 90 ~ b6 - 2; b7C - 2;
Page 91 ~ b3 - 1; b6 - 3; b7C - 3;
Page 92 ~ b6 - 2; b7C - 2;
Page 93 ~ b3 - 1; b6 - 3; b7C - 3;
Page 94 ~ b6 - 2; b7C - 2;
Page 95 ~ b6 - 2; b7C - 2;
Page 100 ~ b6 - 1, -2; b7C - 1, -2; b7D - 2; b7E - 1, -2;
Page 107 ~ b3 - 1; b6 - 3, -5; b7C - 3, -5;
Page 109 ~ b3 - 1; b6 - 3; b7C - 3;
Page 112 ~ b3 - 1; b6 - 3; b7C - 3;
Page 114 ~ b3 - 1; b6 - 3; b7C - 3;
Page 118 ~ b3 - 2; b6 - 2, -6; b7C - 2, -6;
Page 119 ~ b3 - 2;
Page 120 ~ b3 - 2;
Page 124 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3; b7D - 1;
Page 125 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 126 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 129 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3; b7D - 1;
Page 130 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 133 ~ b3 - 1; b6 - 1, -2, -3, -4, -5; b7C - 1, -2, -3, -4, -5; b7D -
1;
Page 134 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 136 ~ b3 - 1; b6 - 3, -5; b7C - 3, -5;
Page 138 ~ b3 - 1; b6 - 3, -5; b7C - 3, -5;
Page 140 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3; b7D - 1;
Page 141 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3;
Page 142 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3;
Page 147 ~ b3 - 1; b6 - 1, -2, -3; b7C - 1, -2, -3; b7D - 1;
Page 148 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 149 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 151 ~ b3 - 1; b6 - 3; b7C - 3;
Page 153 ~ b3 - 1; b6 - 1, -2, -3, -5; b7C - 1, -2, -3, -5; b7D - 1;
Page 154 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5;
Page 155 ~ b6 - 1; b7C - 1;
Page 156 ~ b3 - 1; b6 - 3; b7C - 3;
Page 157 ~ b3 - 1; b6 - 3; b7C - 3;

Page 158 ~ b3 - 1; b6 - 3; b7C - 3;
Page 159 ~ b3 - 1; b6 - 3; b7C - 3;
Page 160 ~ b3 - 1; b6 - 3; b7C - 3;
Page 161 ~ b3 - 1; b6 - 3; b7C - 3;
Page 162 ~ b6 - 5; b7C - 5;
Page 163 ~ b6 - 5; b7C - 5;
Page 164 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5;
Page 165 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5;
Page 166 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 167 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 168 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 169 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 170 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 171 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 172 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 173 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1, -2;
Page 174 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1, -2;
Page 175 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 2;
Page 176 ~ b6 - 1, -4; b7C - 1, -4;
Page 177 ~ b3 - 1; b6 - 1, -3, -4, -7; b7C - 1, -3, -4, -7; b7D - 2;
Page 178 ~ b3 - 1; b6 - 1, -3, -4, -7; b7C - 1, -3, -4, -7; b7D - 1, -2;
Page 179 ~ b6 - 1, -4, -7; b7C - 1, -4, -7;
Page 180 ~ b3 - 1; b6 - 1, -3, -4, -7; b7C - 1, -3, -4, -7;
Page 181 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 182 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 183 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 184 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1;
Page 185 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7;
Page 186 ~ b6 - 1, -4, -5, -7; b7C - 1, -4, -5, -7;
Page 187 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 188 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1, -2;
Page 189 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 190 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 191 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 192 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 193 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 194 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 195 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 196 ~ b6 - 1, -4, -5; b7C - 1, -4, -5;
Page 197 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5;
Page 198 ~ b6 - 1, -4, -5; b7C - 1, -4, -5;
Page 199 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 200 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 201 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 202 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 203 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 204 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 205 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 206 ~ b6 - 1, -4, -5; b7C - 1, -4, -5;
Page 207 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 208 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;

Page 209 ~ b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1;
Page 210 ~ b3 - 1; b6 - 1, -3, -5, -7; b7C - 1, -3, -5, -7; b7D - 1;
Page 211 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 212 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 2;
Page 213 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 214 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 215 ~ b6 - 1, -4, -5; b7C - 1, -4, -5;
Page 216 ~ b6 - 1, -4; b7C - 1, -4;
Page 217 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1, -2;
Page 218 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 2;
Page 219 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 2; b7E - 1;
Page 220 ~ b3 - 1; b6 - 1, -3, -5, -7; b7C - 1, -3, -5, -7; b7D - 2;
Page 221 ~ b6 - 1, -4, -5, -7; b7C - 1, -4, -5, -7;
Page 222 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5;
Page 223 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 224 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 225 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1, -2;
Page 226 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 227 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 228 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1, -2;
Page 229 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 230 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 231 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 232 ~ b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 233 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 234 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1, -2;
Page 235 ~ b3 - 1; b6 - 1, -3, -4, -5; b7C - 1, -3, -4, -5; b7D - 1;
Page 236 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1;
Page 237 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1;
Page 238 ~ b6 - 1, -4, -5, -7; b7C - 1, -4, -5, -7; b7D - 1;
Page 239 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 2;
Page 240 ~ b3 - 1; b6 - 1, -3, -4, -5, -7; b7C - 1, -3, -4, -5, -7; b7D - 1, -2;
Page 241 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4;
Page 242 ~ b3 - 1; b6 - 3; b7C - 3;
Page 243 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 244 ~ b3 - 1; b6 - 1, -3, -5; b7C - 1, -3, -5; b7D - 1;
Page 245 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 246 ~ b3 - 1; b6 - 1, -3, -4; b7C - 1, -3, -4; b7D - 1;
Page 247 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 248 ~ b3 - 1; b6 - 1, -3; b7C - 1, -3; b7D - 1;
Page 249 ~ b3 - 1;
Page 250 ~ OTHER - Court Sealing Order;
Page 251 ~ OTHER - Court Sealing Order;
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(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 07/24/2006

**To:** Miami **Attn:** SSA [redacted]

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted] nk

**Case ID #:** 31E-MM [redacted]

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

OPEN (REOPEN)
CLASS 31 ALPHA E
ORIGIN MM DATE 2/24/06

b3 -1
b6 -1, -2
b7A -1
b7C -1, -2

**Synopsis:** To request case be opened and assigned. SA [redacted]

**Details:** From March 2005 through February 2006, the Palm Beach County Police Department conducted an investigation involving the Subjects, Jeffrey Epstein, DOB [redacted] DOB [redacted] DOB [redacted]
[redacted]
[redacted] Epstein [redacted] Epstein's
[redacted]

b3 -1
b6 -1, -3
b7C -1, -3

[redacted]

b3 -1
b6 -1, -3
b7C -1, -3

203ENK01.EC

2
31E-MM-108062-1

03956-17

To: Miami From: Miami
Re: 31E-MM, 07/24/2006

[redacted] b3 -1
b6 -1, -3
b7C -1, -3

It is requested by SA [redacted] that the above captioned case be opened and assigned. b6 -2
b7C -2

♦♦

*Probable Cause Affidavit*

# Palm Beach Police Department

Agency ORI# FLO 500600

**Police Case#: 05-368 (1)**

**Defendant:** Jeffrey Epstein
**Race/Sex:** White Male
**DOB:**
**Charges:**

b6 -1
b7C -1

From March 15, 2005, through February 2006, the Palm Beach Police Department conducted a sexual battery investigation involving Jeffrey Epstein, Palm Beach.

b3 -1
b6 -1, -3
b7C -1, -3

The facts, as reported, are as follows:

b3 -1
b6 -1, -3
b7C -1, -3
b7D -1

b3 -1
b6 -1, -3
b7C -1, -3
b7D -1

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det who is personally known to me.**

b6 -4
b7C -4

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date:** 05/01/2006



3/E-MM-108062-1 03056-19

HOUSE_OVERSIGHT_019360

*Probable Cause Affidavit*

# Palm Beach Police Department

Agency ORI# FLO 500600

b3 -1
b6 -1, -3
b7C -1, -3

[redacted]

On November 21, 2005 I interviewed [redacted] stated he was [redacted]

b3 -1
b6 -1, -3, -5
b7C -1, -3, -5
b7D -1

On January 4, 2006 I interviewed another former houseman, Mr Alfredo Rodriguez. During a sworn taped statement, Mr. Rodriguez stated he was employed by Jeffrey Epstein for approximately six months, from November 2004 through May of 2005. His responsibilities as house manager included being the butler, chauffeur, chef, houseman, run errands for Epstein and provide for Epstein's guests. I asked Rodriguez about [redacted]

b3 -1
b6 -1, -3
b7C -1, -3
b7D -1

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det [redacted] who is personally known to me.**

b6 -4
b7C -4

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

*Probable Cause Affidavit*

# Palm Beach Police Department

Agency ORI# FLO 500600

b3 -1
b6 -1, -3
b7C -1, -3
b7D -1

[redacted]

[redacted]

b3 -1
b6 -1, -3
b7C -1, -3
b7D -1

[redacted]

b3 -1
b6 -1, -3
b7C -1, -3
b7D -2
b7E -1

[redacted]

b6 -1
b7C -1
b7D -2
b7E -1

Therefore, as Jeffrey Epstein, who at the time of these incidents was [redacted]

[redacted]

b3 -1
b6 -1, -3
b7C -1, -3

**The foregoing instrument was sworn to or affirmed before me this 1st day of May, 2006 by Det [redacted] who is personally known to me.**

b6 -4
b7C -4

**State of Florida**
**County of Palm Beach**

**Signature/Arresting Officer**

**Signature of Police Officer (F.S.S. 117.10)**

**Date: 05/01/2006**

# Mystery money man faces soliciting charge

By NICOLE JANOK
*Palm Beach Post Staff Writer*

A part-time Palm Beacher who has socialized with Donald Trump, Bill Clinton and Kevin Spacey was jailed early Sunday with accused drug dealers, drunken drivers and wife beaters after he was charged with soliciting a prostitute.

Manhattan money manager Jeffrey Epstein, 53, was picked up at his home on El Brillo Way at 1:45 a.m. He was released hours later on $3,000 bond.

Epstein was indicted last week by a state grand jury, according to state attorney's spokesman Mike Edmondson. Despite Epstein's arrest, the indictment containing the allegations remained sealed Sunday and Edmondson provided no details.

Unlike most accused johns, Epstein was charged with a third-degree felony instead of a misdemeanor. Under state law, a solicitation charge usually is elevated to a more-serious felony when the defendant has at least two solicitation convictions.

However, checks of court records here and in New York Sunday turned up no such convictions.

Epstein could not be reached. Edmondson said he was being represented by West Palm Beach attorney Jack Goldberg, who declined comment.

Epstein is the president of J Epstein & Co., a money management company based in Manhattan that caters to ultra-wealthy clientele, according to pub-

*See* SOLICITING, 6B ▶

**Jeffrey Epstein**
Indictment related to prostitution.

# 'Mysterious billionaire' has been on probation

▶ SOLICITING *from 1B*

lished reports. National magazines have described him as a "mysterious billionaire" who lives in a 45,000-square-foot New York City mansion.

He has been in trouble before. In 1993, he and two other defendants were charged in federal court with three counts of postal larceny and theft and one count of property theft. Epstein plead guilty to a single charge of conspiring to steal U.S. Treasury checks from residential mailboxes and received 5 years' probation. The remaining charges were dropped.

Since then, Epstein's name has turned up in New York City's tabloids. *The New York Post* noted he flew President Clinton and Kevin Spacey to Africa on his private Boeing 727. In 2003, the paper dubbed him one of the Big Apple's "top studs."

In 2004, Epstein bid against Trump for a 43,000-square foot Palm Beach estate once owned by healthcare magnate Abe Gosman. Trump topped Epstein with a $41.35 million bid.

*Staff Researcher Angelica Cortez contributed to this story.*

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FD-350 (Rev. 5-8-81)

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(Indicate page, name of newspaper, city and state.)
13, 6B / The Palm Beach Post
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Title: Mystery money man faces soliciting charge

Character:
or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

03956-63

31E-MM-108062-4

HOUSE_OVERSIGHT_019363

# Indictment: Billionaire solicited 3 times

*Palm Beach police will report today about their prostitution probe of the money manager.*

By LARRY KELLER
*Palm Beach Post Staff Writer*

Billionaire money manager and Palm Beach part-time resident Jeffrey Epstein solicited or procured prostitutes three or more times between Aug. 1 and Oct. 31 of last year, according to an indictment charging him with felony solicitation of prostitution.

Epstein, 53, was booked at the Palm Beach County jail at 1:45 a.m. Sunday. He was released on $3,000 bond.

Epstein's case is unusual in that suspected prostitution johns are usually charged with a misdemeanor, and even a felony charge is typically made in a criminal information — an alternative to an indictment charging a person with the commission of a crime.

His attorney, Jack Goldberger, declined to discuss the charge.

State attorney's office spokesman Mike Edmondson also had little to say.

"Generally speaking, there is a case that has a number of different aspects to it," Edmondson said of a prostitution-related charge being submitted to a grand jury. "We first became aware of the case months ago by Palm Beach police."

Prosecutors and police worked together to bring the case to the grand jury, he said.

Palm Beach police confirmed that and said the department will release a report today regarding its investigation.

Epstein has owned a five-bedroom, 7½-bath, 7,234-square-foot home with a pool and a boat dock on the Intracoastal Waterway since 1990, according to property records. A man answering the door there Monday said that Epstein wasn't home. A Cadillac Escalade registered to him was parked in the driveway, which is flanked by two massive gargoyles.

Epstein

Epstein sued Property Appraiser Gary Nikolits in 2001, contending that the assessment of his home exceeded its fair market value. He dismissed his lawsuit in December 2002.

A profile of Epstein in *Vanity Fair* magazine said he owns what are believed to be the largest private homes in Manhattan — 51,000 square feet — and in New Mexico — a 7,500-acre ranch. Those are in addition to his 70-acre island in the U.S. Virgin Islands and fleet of aircraft.

Epstein's friends and admirers, according to the magazine, include prominent businessmen, academics and scientists and famed Harvard law professor Alan Dershowitz.

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West Palm Beach, FL

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FD-350 (Rev. 5-8-81)

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West Palm Beach, FL
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Edition:

Title: After long probe, billionaire faces solicitation charges
Character or Classification 31E-MM-108062
Submitting Office: MM

Indexing:

# After long probe, billionaire faces solicitation charge

By LARRY KELLER
*Palm Beach Post Staff Writer*

Palm Beach billionaire Jeffrey Epstein paid to have underage girls and young women brought to his home, where he received massages and sometimes sex, according to an investigation by the Palm Beach Police Department.

**Epstein**

Palm Beach police spent months sifting through Epstein's trash and watching his waterfront home and Palm Beach International Airport to keep tabs on his private jet. An indictment charging Epstein, 53, was unsealed Monday, charging him with one count of felony solicitation of prostitution.

Palm Beach police thought there was probable cause to charge Epstein with unlawful sex acts with a minor and lewd and lascivious molestation.

Police Chief Michael Reiter was so angry with State Attorney Barry Krischer's handling of the case that he wrote a memo

*See* EPSTEIN, 5B ▶

03956-65

31E-MM-108062-6

# Police kept watch on home, airport, sifted through trash

▶ EPSTEIN *from 1B*

suggesting the county's top prosecutor disqualify himself.

"I must urge you to examine the unusual course that your office's handling of this matter has taken and consider good and sufficient reason exists to require your disqualification from the prosecution of these cases," Reiter wrote in a May 1 memo to Krischer.

While not commenting specifically on the Epstein case, Mike Edmondson, spokesman for the state attorney, said his office presents cases other than murders to a grand jury when there are questions about witnesses' credibility and their ability to testify.

By the nature of their jobs, police officers look at evidence from a "one-sided perspective," Edmondson said. "A prosecutor has to look at it in a much broader fashion," weighing the veracity of witnesses and how they may fare under defense attorneys' questioning, he said.

Epstein's attorney, Jack Goldberger, said his client committed no crimes.

"The reports and statements in question refer to false accusations that were not charged because the Palm Beach County state attorney questioned the credibility of the witnesses," Goldberger said. A county grand jury "found the allegations wholly unsubstantiated and not credible," and that's why his client was not charged with sexual activity with minors, he said.

Goldberger said Epstein passed a lie detector test administered by a reputable polygraph examiner in which he said he did not know the girls were minors. Also, a search warrant served on Epstein's home found no evidence to corroborate the girls' allegations, Goldberger said.

According to police documents:

■ A Palm Beach Community College student said she gave Epstein a massage in the nude, then brought him six girls, ages 14 to 16, for massage and sex-tinged sessions at his home.

■ A 27-year-old woman who worked as Epstein's personal assistant also facilitated the liaisons, phoning the PBCC student to arrange for girls when Epstein was coming to town. And she escorted the girls upstairs when they arrived, putting fresh sheets on a massage table and placing massage oils nearby.

■ Police took sworn statements from five alleged victims and 17 witnesses. They contend that on three occasions, Epstein had sex with the girls.

### The chief's letter

See the letter Palm Beach Police Chief Michael Reiter wrote to State Attorney Barry Krischer on the Epstein case.

**PalmBeachPost.com**

A money manager for the ultra-rich, Epstein was named one of New York's most eligible bachelors in 2003 by *The New York Post*. He reportedly hobnobs with the likes of former President Clinton, former Harvard University President Lawrence Summers and Donald Trump, and has lavish homes in Manhattan, New Mexico and the Virgin Islands.

He has contributed tens of thousands of dollars to Democratic Party candidates and organizations, including Sen. John Kerry's presidential bid, and the Senate campaigns of Joe Lieberman, Hillary Clinton, Christopher Dodd and Charles Schumer.

Goldberger is one of five attorneys Epstein has retained since he became the subject of an investigation, Edmondson said. Among the others: Alan Dershowitz, the well-known Harvard law professor and author, who is a friend of Epstein. Dershowitz could not be reached for comment.

Police said the woman who enlisted young girls for Epstein was Haley Robson, 20, of Royal Palm Beach. Robson has worked at an Olive Garden restaurant in Wellington and said she was a journalism major at Palm Beach Community College when she was questioned by police last October. She has an unlisted phone number and could not be reached for comment.

Robson said she met Epstein when, at age 17, a friend asked her if she would like to make money giving him a massage. She said she was driven to his five-bedroom, 7½-bath home on the Intracoastal Waterway, then escorted upstairs to a bedroom with a massage table and oils. Epstein and Robson were both naked during the massage, she said, but when he grabbed her buttocks, she said she didn't want to be touched.

Epstein said he'd pay her to bring him more girls — the younger the better, Robson told police. When she tried once to bring a 23-year-old woman to him, Epstein said she was too old, Robson said.

Robson, who has not been charged in the case, said she eventually brought six girls to Epstein who were paid $200 each time, Robson said. "I'm like a Heidi Fleiss," police quoted her as saying. The girls knew what to expect when they were taken to Epstein's home, Robson said. Give a massage — maybe naked — and allow some touching.

One 14-year-old girl Robson took to meet Epstein led police to start the investigation of him in March 2005. A relative of the girl called to say she thought the child had recently engaged in sex with a Palm Beach man. The girl then got into a fight with a classmate who accused her of being a prostitute, and she couldn't explain why she had $300 in her purse.

The girl gave police this account of her meeting with Epstein:

She accompanied Robson and a second girl to Epstein's house on a Sunday in February 2005. Once there, a woman she thought was Epstein's assistant told the girl to follow her upstairs to a room featuring a mural of a naked woman, several photographs of naked women on a shelf, a hot pink and green sofa and a massage table.

She stripped to her bra and panties and gave him a massage.

Epstein gave the 14-year-old $300 and she and the other girls left, she said. She said Robson told her that Epstein paid her $200 that day.

Other girls told similar stories. In most accounts, Epstein's personal assistant at the time, Sarah Kellen, now 27, escorted the girls to Epstein's bedroom.

Kellen, whose most recent known address is in North Carolina, has not been charged in the case.

Palm Beach police often conducted surveillance of Epstein's home, and at Palm Beach International Airport to see if his private jet was there, so they would know when he was in town. Police also arranged repeatedly to receive his trash from Palm Beach sanitation workers, collecting papers with names and phone numbers, sex toys and female hygiene products.

One note stated that a female could not come over at 7 p.m. because of soccer. Another said a girl had to work Sunday — "Monday after school?" And still another note contained the work hours of a girl, saying she leaves school at 11:30 a.m. and would come over the next day at 10:30 a.m.

Only three months before the police department probe began, Epstein donated $90,000 to the department for the purchase of a firearms simulator, said Jane Struder, town finance director. The purchase was never made. The money was returned to Epstein on Monday, she said.

*Staff writers Andrew Marra and Tim O'Meilia and staff researcher Angelica Cortez contributed to this story.*

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West Palm Bech, FL
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Submitting Office: MM

Indexing:

# Police say lawyer tried to discredit teenage girls

By LARRY KELLER
*Palm Beach Post Staff Writer*

Famed Harvard law professor Alan Dershowitz met with the Palm Beach County State Attorney's Office and provided damaging information about teenage girls who say they gave his client, Palm Beach billionaire Jeffrey Epstein, sexually charged massages, according to police reports.

The reports also state that another Epstein attorney agreed to a plea bargain that would have allowed Epstein to have no criminal record. His current attorney denies this happened.

And the documents also reveal that the father of at least one girl complained that private investigators aggressively followed his car, photographed his home and chased off visitors.

Police also talked to somebody who said she was offered money if she refused to cooperate with the Palm Beach Police Department probe of Epstein.

**Epstein:** His former attorney agreed to a plea bargain, police say.

The state attorney's office said it presented the Epstein case to a county grand jury this month rather than directly charging Epstein because of concerns about the girls' credibility. The grand jury indicted Epstein, 53, on a single count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison.

Police believed there was probable cause to charge Epstein with the more serious crimes of unlawful sex acts with a minor and lewd and lascivious molestation. Police Chief Michael Reiter was so angry that he wrote State Attorney Barry Krischer a memo in May suggesting he disqualify himself from the case.

The case originally was going to be presented to the grand jury in February, but was postponed after Dershowitz produced information gleaned from the Web site myspace.com showing some of the alleged victims commenting on alcohol and marijuana use, according to the police report prepared by Detective Joseph Recarey.

Haley Robson, a 20-year-old Royal Palm Beach woman who told police she recruited girls for Epstein, also is profiled on myspace.com. Her page includes photos of her and her friends, including one

*See* EPSTEIN, 7B ▶

039566-67

31E-MM-108062-7

# Polygraph shows he didn't know girls' ages, lawyer says

▶ EPSTEIN *from 1B*

using the name "Pimpin' Made EZ." Robson, who was not charged in the case, is a potential prosecution witness.

According to Recarey, prosecutor Lanna Belohlavek offered Epstein attorneys Dershowitz and Guy Fronstin a plea deal in April. Fronstin, after speaking with Epstein, accepted the deal, in which Epstein would plead guilty to one count of aggravated assault with intent to commit a felony, be placed on five years' probation and have no criminal record. The deal also called for Epstein to submit to a psychiatric and sexual evaluation and have no unsupervised visits with minors, according to Recarey's report. The plea bargain was made in connection with only one of the five alleged victims, the report states.

Fronstin — who declined to comment on the case — was subsequently fired and veteran defense attorney Jack Goldberger was hired. He denies there was any agreement by any of Epstein's attorneys to a plea deal.

"We absolutely did not agree to a plea in this case," he said. Neither Belohlavek nor a state attorney's spokesman could be reached for comment.

The parent or parents of alleged victims who complained of being harassed by private investigators provided license tag numbers of two of the men. Police found the vehicles were registered to a private eye in West Palm Beach and another in Jupiter, according to Recarey's report.

"I have no knowledge of it," defense attorney Goldberger said.

The report also says a woman connected to the Epstein case was contacted by somebody who was still in touch with Epstein. That person told her she would be compensated if she didn't cooperate with police, Recarey's report says. Those who did talk "will be dealt with," the woman said she was told. Phone records show the woman talked with the person who allegedly intimidated her around the time she said, Recarey reported.

Phone records also show that the person said to have made the threat then placed a call to Epstein's personal assistant, who in turn called a New York corporation affiliated with Epstein, the report states.

The issue in the Epstein case is not whether females came to his waterfront home, but whether he knew their ages.

"He's never denied girls came to the house," Goldberger said. But when Epstein was given a polygraph test, "he passed on knowledge of age," the attorney said.

After the indictment against Epstein was unsealed this week, Police Chief Reiter referred the matter to the FBI. "We've received the referral, and we're reviewing it," said FBI spokeswoman Judy Orihuela in Miami.

The chief himself has come under attack from Epstein's lawyers and friends in New York, where he has a home. The *New York Post* quoted Epstein's prominent New York lawyer, Gerald Lefcourt, as saying his client was indicted only "because of the craziness of the police chief."

Reiter has declined to comment on the case.

Prosecutors have not presented a sex-related case like Epstein's to a grand jury before, said Mike Edmondson, spokesman for the state attorney's office. "That's what you do with a case that falls into a gray area," he said.

The state attorney's office did not recommend a particular criminal charge on which to indict Epstein, Edmondson said. The grand jury was presented with a list of charges from highest to lowest, then deliberated with the prosecutor out of the room, he said.

"People are surprised at the grand jury proceeding," West Palm Beach defense attorney Richard Tendler said. "It's a way for the prosecutor's office to not take the full responsibility for not filing the (charge), and not doing what the Palm Beach Police Department wanted. I think something fell apart with those underage witnesses."

Defense attorney Robert Gershman was a prosecutor for six years. "Those girls must have been incredible or untrustworthy, I don't know," he said.

Other attorneys said Epstein's case raises the issue of whether wealthy, connected defendants like Epstein — whose friends include former President Clinton and Donald Trump — are treated differently from others. Once he knew he was the subject of a criminal probe, Epstein hired a phalanx of powerful attorneys such as Dershowitz and Lefcourt, who is a past president of the National Association of Criminal Defense Lawyers.

Miami lawyer Roy Black — who became nationally known when he successfully defended William Kennedy Smith on a rape charge in Palm Beach — also was involved at one point.

Said defense attorney Michelle Suskauer: "I think it's unfortunate the public may get the perception that with power, you may be treated differently than the average Joe."

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03956-68

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 08/01/2006

**To:** Miami **Attn:** IMA/PB2

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

b3 -1
b6 -1, -2
b7C -1, -2

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request the opening of sub-files in captioned case.

**Details:** It is requested that the following sub-files be opened to assist in document management in captioned case.

SUB - SUBP to capture subpoena request.

SUB - FF to capture forfeiture related materials.

♦♦

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31E-MM-108062-8

03956-69

FD-350 (Rev. 5-8-81)

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(Indicate page, name of newspaper, city and state.)
20B / The Palm Beach Post
West Palm Beach, FL
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Edition:

Title: He was over 50
And they were girls

Character
or
Classification 31E-MM-108062
Submitting Office: MM

# He was over 50. And they were girls

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, *women*, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls.

Elisa Cramer

14.
15.
16.
17-year-old *girls*.

That should count for something — the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were.

## *Jury should have decided if Epstein is a pedophile.*

But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers — including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told *The Palm Beach Post* of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice — one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

*Elisa Cramer is an editorial writer for* The Palm Beach Post. *Her e-mail address is elisa_cramer@pbpost.com*

8/4/06

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-9

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West Palm Beach, FL
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Submitting Office: MM

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# Expert: Ignorance of age isn't defense in sex cases

By LARRY KELLER
*Palm Beach Post Staff Writer*

Even if Palm Beach money manager Jeffrey Epstein didn't know that girls who police say gave him sexual massages at his Intracoastal home were under the legal age, that alone wouldn't have exempted him from criminal charges of sexual activity with minors.

"Ignorance is not a valid defense," said Bob Dekle, a legal skills professor who was a Lake City prosecutor for nearly 30 years, half of that time specializing in sex crimes against children.

"There is no knowledge element as far as the age is concerned," Dekle said.

After an 11-month investigation, Palm Beach police said there was probable cause to charge Epstein, 53, with unlawful sex acts with a minor and lewd and lascivious molestation. They contend that Epstein — friend of the rich and famous and financial patron of Democratic Party organizations and candidates — committed those acts with five underage girls.

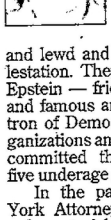

**Epstein:** Two politicians have returned donations since he was charged with soliciting minors.

In the past week, New York Attorney General and gubernatorial candidate Eliot Spitzer has returned about $50,000 in campaign contributions he received from Epstein, and Mark Green, a candidate to replace Spitzer in

*See* EPSTEIN, 5B ▶

03956-76
31E-MM-108062-11

# Lawyer: Jurors often believe adults over kids

▶ EPSTEIN *from 1B*

his current job, has returned $10,000 to him because of the Palm Beach scandal, the *New York Daily News* has reported.

Rather than file charges, the state attorney's office presented the case to a county grand jury. The panel indicted Epstein last week on a single, less serious charge of felony solicitation of prostitution.

The case raised eyebrows because the state attorney's office rarely, if ever, kicks such charges to a grand jury. And it increases the difficulty of prosecuting child sex abuse cases, especially when the defendant is enormously wealthy and can hire high-priced, top-tier lawyers.

At least one of Epstein's alleged victims told police he knew she was underage when the two of them got naked for massages and sexual activity. She was 16 years old at the time and said Epstein asked her questions about her high school, according to police reports.

A girl who said she met Epstein when she was 15 said he told her if she told anybody what happened at his house, bad things could happen, the police reports state.

Epstein's youngest alleged victim was 14 when she says she gave him a massage that included some sexual activity. She is now 16. The girl's father says he doesn't know whether she told Epstein her age.

"My daughter has kept a lot of what happened from me because of sheer embarrassment," he said. "But she very much looked 14. Any prudent man would have had second thoughts about that."

Defense attorney Jack Goldberger maintains that not only did Epstein pass a polygraph test showing he did not know the girls were minors, but their stories weren't credible. The state attorney's office also implied that their credibility was an issue when it decided not to charge Epstein directly, but instead give the case to the grand jury.

"A prosecutor has to look at it in a much broader fashion," a state attorney's spokesman said last week.

Epstein hired Harvard law Professor Alan Dershowitz when he became aware he was under investigation, and Dershowitz gave prosecutors information that some of the alleged victims had spoke of using alcohol and marijuana on a popular Web site, according to a Palm Beach police report.

Prosecutors typically consider two things in deciding whether to charge somebody with sex-related offenses against minors — whether there is sufficient evidence and whether there is a public interest in doing so, Dekle said.

**Child sex abuse cases often are difficult to prosecute, an attorney says.**

If two teens are in a sexual relationship and the boy turns 18 before the girl, he could be charged with a sex crime if the sex continues. There would be no public interest in pursuing that, Dekle said.

But where there is a large gap in ages — and especially in cases of teachers with students — there is a public interest in prosecuting, he said. Likewise if the accused has a track record of sex with minors.

Still there is a "universal constant" in prosecuting these cases, Dekle said. Men who exploit underage children for sex often carefully choose their victims in ways that will minimize the risk to them, he said.

Victims usually are from a lower social status, and they may suffer from psychological problems, Dekle said.

"Lots of child sexual abuse victims have been victimized by multiple people over a period of time. Then the act of abuse produces behavior in the victims that further damages their credibility." Examples include promiscuous behavior and drug abuse.

Some of the alleged victims in the Epstein case returned to his home multiple times for the massage sessions and the $200 to $300 he typically paid them per visit. "That would be a definite problem for the prosecutor," said Betty Resch, who prosecuted crimes against children in Palm Beach County for five years and now is in private practice in Lake Worth.

"The victim becomes less sympathetic" to a jury, Resch said. "But she's a victim nevertheless. She's a kid."

Most men charged with sex crimes against minors look normal, Dekle said. A jury expecting to see a monster seldom will. And the victims' ages work against them and in favor of the defendant in a trial, Dekle said.

If a child and an adult tell different stories and both swear they're telling the truth, adult jurors are more likely to believe the adult, Dekle said.

"You have all these things working against you in a child sex abuse case. Prosecutors normally try to be very careful in filing those cases because they know what they're getting into. There is no such thing as an iron-clad child sexual abuse case."

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03956-77

FD-350 (Rev. 5-8-81)

# Palm Beach chief focus of fire in Epstein case

## Defendant's lawyers take him on; he slams state attorney

By LARRY KELLER
*Palm Beach Post Staff Writer*

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation Wednesday. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attor-

*See* REITER, 7B ▶

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 7B / The Palm Beach Post
West Palm Beach, FL

Date: 9/14/2006
Edition:

Title: Palm Beach chief focus of fire in Epstein case

Character
or
Classification 31E-MM-108062
Submitting Office: MM

Indexing:

03956-78

31E-MM-108062-12

# Colleagues cite chief's professionalism, integrity

▶REITER *from 1B*

ney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to . . . consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

**Reiter:** Town Manager Peter Elwell says the Palm Beach police chief's well worth his $144,000 salary.

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

larry_keller@pbpost.com

03956-79

FD-350 (Rev. 5-8-91)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1A / 6A / The Palm Beach Post
West Palm Beach, FL
Date: 8/14/2006
Edition:

Title: The man who had everything

Character
or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

03956-80

# The man who had everything

Epstein's Palm Beach mansion at 358 El Brillo Way.

## Jeffrey Epstein craved big homes, elite friends and, investigators say, underage girls

By ANDREW MARRA, Palm Beach Post Staff Writer

31E-MM-108062-13

**Jeffrey Epstein has donated more than $100,000**

to Democratic candidates' campaigns, including John Kerry's presidential bid, the reelection campaign of New Mexico Gov. Bill Richardson and the Senate bids of Joe Lieberman, Hillary Clinton, Christopher Dodd and Charles Schumer.

WINGED GARGOYLES guarded the gate at Jeffrey Epstein's Palm Beach mansion. Inside, hidden cameras trolled two rooms, while the girls came and went.

For the police detectives who sifted through the garbage outside and kept records of visitors, it was the lair of a troubling target.

Epstein, one of the most mysterious of the country's mega-rich, was known as much for his secrecy as for his love of fine things: magnificent homes, private jets, beautiful women, friendships with the world's elite.

But at Palm Beach police headquarters, he was becoming known for something else: the regular arrival of teenage girls he hired to give him massages and, police say, perform sexual favors.

Epstein was different from most sexual abuse suspects; he was far more powerful. He counted among his friends former President Bill Clinton, Donald Trump and Prince Andrew, along with some of the most prominent legal, scientific and business minds in the country.

When detectives started

*See* EPSTEIN, 6A ▶

Epstein's mysterious lifestyle began to unravel after claims of sexual activity with minors.

03956-81

## A life of luxury and secrecy

TINA FINEBERG/The Associated Press

Jeffrey Epstein's Manhattan townhouse dominates a block on the Upper East Side. Thought to be the largest private residence in Manhattan, it is reported to have closed-circuit television and a heated sidewalk to melt fallen snow.

# Powerful legal team stymies detectives

## Women in his life

**Ghislaine Maxwell, a fixture at elite parties** and the intensely private daughter of a media tycoon, dated Epstein in the 1990s.

**'I'm like a Heidi Fleiss.'** Haley Robson told police she took at least six girls to visit Epstein, all between the ages of 14 and 16.

**PalmBeachPost.com**

Read previous stories on the Epstein investigation.

03956-82

▶ EPSTEIN *from 1A*

asking questions and teenage girls started talking, a wave of legal resistance followed.

If Palm Beach police didn't know quite who Jeffrey Epstein was, they found out soon enough.

Epstein, now 53, was a quintessential man of mystery. He amassed his fortune and friends quietly, always in the background as he navigated New York high society.

When he first attracted notice in the early 1990s, it was on account of the woman he was dating: Ghislaine Maxwell, daughter of the late British media tycoon Robert Maxwell.

In a lengthy article, headlined "The Mystery of Ghislaine Maxwell's Secret Love," the British *Mail on Sunday* tabloid laid out speculative stories that the socialite's beau was a CIA spook, a math teacher, a concert pianist or a corporate headhunter.

"But what is the truth about him?" the newspaper wondered. "Like Maxwell, Epstein is both flamboyant and intensely private."

The media frenzy did not begin in full until a decade later. In September 2002, Epstein was flung into the limelight when he flew Clinton and actors Kevin Spacey and Chris Tucker to Africa on his private jet.

Suddenly everyone wanted to know who Epstein was. *New York* magazine and *Vanity Fair* published lengthy profiles. The *New York Post* listed him as one of the city's most eligible bachelors and began describing him in its gossip columns with adjectives such as "mysterious" and "reclusive."

Although Epstein gave no interviews, the broad strokes of his past started to come into focus.

### Building a life of extravagance

He was born blue-collar in 1953, the son of a New York City parks department employee, and raised in Brooklyn's Coney Island neighborhood. He left college without a bachelor's degree but became a math teacher at the prestigious Dalton School in Manhattan.

The story goes that the father of one of Epstein's students was so impressed with the man that he put him in touch with a senior partner at Bear Stearns, the global investment bank and securities firm.

In 1976, Epstein left Dalton for a job at Bear Stearns. By the early 1980s, he had started J. Epstein and Co. That is when he began making his millions in earnest.

Little is known or said about Epstein's business except this: He manages money for the extremely wealthy. He is said to handle accounts only of $1 billion or greater.

It has been estimated he has roughly 15 clients, but their identities are the subject of only speculation. All except for one: Leslie Wexner, founder of The Limited retail chain and a former Palm Beacher who is said to have been a mentor to Epstein.

Wexner sold Epstein one of his most lavish residences: a massive townhouse that dominates a block on Manhattan's Upper East Side. It is reported to have, among its finer features, closed-circuit television and a heated sidewalk to melt away fallen snow.

That townhouse, thought to be the largest private residence in Manhattan, is only a piece of the extravagant world Epstein built over time.

In New Mexico, he constructed a 27,000-square-foot hilltop mansion on a 10,000-acre ranch outside Santa Fe. Many believed it to be the largest home in the state.

In Palm Beach, he bought a waterfront home on El Brillo Way. And he owns a 100-acre private island in the Virgin Islands.

Perhaps as remarkable as his lavish homes is his extensive network of friends and associates at the highest echelons of power. This includes not only socialites but also business tycoons, media moguls, politicians, royalty and Nobel Prize-winning scientists whose research he often funds.

"Just like other people collect art, he collects scientists," said Martin Nowak, who directs the Program for Evolutionary Dynamics at Harvard University and was reportedly the recipient of a $30 million research donation from Epstein.

Epstein is said to have befriended former Harvard President Larry Summers, prominent law Professor Alan Dershowitz, Donald Trump and *New York Daily News* Publisher Mort Zuckerman.

And yet he managed for decades to maintain a low profile. He avoids eating out and was rarely photographed.

"The odd thing is I never met him," said Dominick Dunne, the famous chronicler of the trials and tribulations of the very rich. "I wasn't even aware of him," except for a *Vanity Fair* article.

Epstein's friendship with Clinton has attracted the most attention.

Epstein met Clinton as early as 1995, when he paid tens of thousands of dollars to join him at an intimate fund-raising dinner in Palm Beach. But from all appearances, they did not become close friends until after Clinton left the Oval Office and moved to New York.

Epstein has donated more than $100,000 to Democratic candidates' campaigns, including John Kerry's presidential bid, the reelection campaign of New Mexico Gov. Bill Richardson and the Senate bids of Joe Lieberman, Hillary Rodham Clinton, Christopher Dodd and Charles Schumer.

### Powerful friends and enemies

A *Vanity Fair* profile found cracks in the veneer of Epstein's life story. The 2003 article said he left Bear Stearns in the wake of a federal probe and a possible Securities and Exchange Commission violation. It also pointed out that Citibank once sued him for defaulting on a $20 million loan.

The article suggested that one of his business mentors and previous employers was Steven Hoffenberg, now serving a prison term after "bilking investors out of more than $450 million in one of the largest Ponzi schemes in American history."

As he amassed his wealth, Epstein made enemies in disputes both large and small. He sued the man who in 1990 sold him his multimillion-dollar Palm Beach home over a dispute about less than $36,000 in furnishings.

03956-83

former friend claimed Epstein reneged out of a promise to reimburse him hundreds of thousands of dollars after their failed investment in Texas oil wells. A judge decided Epstein owed him nothing.

"It's a bad memory. I would rather not have ever met Jeffrey Epstein," said Michael Stroll, the retired former president of Williams Electronics and Sega Corp. "Suffice it to say I have nothing good to say about him."

Among the characteristics most attributed to Epstein is a penchant for women.

He has been linked to Maxwell, a fixture on the high-society party circuits in both New York and London. Previous girlfriends are said to include a former Ms. Sweden and a Romanian model.

"He's a lot of fun to be with," Donald Trump told *New York* magazine in 2002. "It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it, Jeffrey enjoys his social life."

## Investigation leads to Epstein

Although he was not a frequenter of the Palm Beach social scene, he made his presence felt. Among his charitable donations, he gave $90,000 to the Palm Beach Police Department and $100,000 to Ballet Florida.

In Palm Beach, he lived in luxury. Three black Mercedes sat in his garage, alongside a green Harley-Davidson. His jet waited at a hangar at Palm Beach International Airport. At home, a private chef and a small staff stood at the ready. From a window in his mansion, he could look out on the Intracoastal Waterway and the West Palm Beach skyline. He seemed to be a man who had everything.

But extraordinary wealth can fuel extraordinary desires.

In March 2005, a worried mother contacted Palm Beach police. She said another parent had overheard a conversation between their children.

Now the mother was afraid her 14-year-old daughter had been molested by a man on the island.

The phone call triggered an extensive investigation, one that would lead detectives to Epstein but leave them frustrated.

Palm Beach police and the state attorney's office have declined to discuss the case. But a Palm Beach police report detailing the criminal probe offers a window into what detectives faced as they sought to close in on Epstein.

Detectives interviewed the girl, who told them a friend had invited her to a rich man's house to perform a massage. She said the friend told her to say she was 18 if asked. At the house, she said she was paid $300 after stripping to her panties and massaging the man while he masturbated.

## Police interview 5 alleged victims

The investigation began in full after the girl identified Epstein in a photo as the man who had paid her. Police arranged for garbage trucks to set aside Epstein's trash so police could sift through it. They set up a video camera to record the comings and goings at his home. They monitored an airport hangar for signs of his private jet's arrivals and departures.

They quickly learned that the woman who took the 14-year-old girl to Epstein's house was Haley Robson, a Palm Beach Community College student from Loxahatchee. In a sworn statement at police headquarters, Robson, then 18, admitted she had taken at least six girls to visit Epstein, all between the ages of 14 and 16. Epstein paid her for each visit, she said.

During the drive back to her house, Robson told detectives, "I'm like a Heidi Fleiss."

Police interviewed five alleged victims and 17 witnesses. Their report shows some of the girls said they had been instructed to have sex with another woman in front of Epstein, and one said she had direct intercourse with him.

In October, police searched the Palm Beach mansion. They discovered photos of naked, young-looking females, just as several of the girls had described in interviews. Hidden cameras were found in the garage area and inside a clock on Epstein's desk, alongside a girl's high school transcript.

Two of Epstein's former employees told investigators that young-looking girls showed up to perform massages two or three times a day when Epstein was in town.

They said the girls were permitted many indulgences. A chef cooked for them. Workers gave them rides and handed out hundreds of dollars at a time.

One employee told detectives he was told to send a dozen roses to one teenage girl after a high school drama performance. Others were given rental cars. One, according to police, received a $200 Christmas bonus.

The cops moved to cement their case. But as they tried to tighten the noose, they encountered other forces at work.

In Orlando they interviewed a possible victim who told them nothing inappropriate had happened between her and Epstein. They asked her whether she had spoken to anyone else. She said yes, a private investigator had asked her the same questions.

When they subpoenaed one of Epstein's former employees, he told them the same thing. He and a private eye had met at a restaurant days earlier to go over what the man would tell investigators.

Detectives received complaints that private eyes were posing as police officers. When they told Epstein's local attorney, Guy Fronstin, he said the investigators worked for Roy Black, the high-powered Miami lawyer who has defended the likes of Rush Limbaugh and William Kennedy Smith.

While the private eyes were conducting a parallel investigation, Dershowitz, the Harvard law professor, traveled to West Palm Beach with information about the girls. From their own profiles on the popular Web site MySpace.com, he obtained copies of their discussions about their use of alcohol and marijuana.

He took his research to a meeting with prosecutors in early 2006, where he sought to cast doubt on the teens' reliability.

— The private eyes had dug up

03956-84

enough dirt on the girls to make prosecutors skeptical. Not only did some of the girls have issues with drugs or alcohol but also some had criminal records and other troubles, Epstein's legal team claimed. And at least one of them, they said, lied when she told police she was younger than 18 when she started performing massages for Epstein.

After the meeting, prosecutors postponed their decision to take the case to a grand jury.

In the following weeks, police received complaints that two of the victims or their families had been harassed or threatened. Epstein's legal team maintains that its private investigators did nothing illegal or unethical during their research.

By then, relations between police and prosecutors were fraying. At a key meeting with prosecutors and the defense, Detective Joseph Recarey, the lead investigator, was a no-show, according to Epstein's attorney.

"The embarrassment on the prosecutor's face was evident when the police officer never showed up for the meeting," attorney Jack Goldberger said.

Later in April, Recarey walked into a prosecutor's office at the state attorney's office and learned the case was taking an unexpected turn.

The prosecutor, Lanna Belohlavek, told Recarey the state attorney's office had offered Epstein a plea deal that would not require him to serve jail time or receive a felony conviction.

Recarey told her he disapproved of the plea offer.

The deal never came to pass, however.

**Future unclear after charge**

On May 1, the department asked prosecutors to approve warrants to arrest Epstein on four counts of unlawful sexual activity with a minor and to charge his personal assistant, Sarah Kellen, now 27, for her alleged role in arranging the visits. Police officials also wanted to charge Robson, the self-described Heidi Fleiss, with lewd and lascivious acts.

By then, the department was frustrated with the way the state attorney's office had handled the case. On the same day the warrants were requested, Palm Beach Police Chief Michael Reiter wrote a letter to State Attorney Barry Krischer suggesting he disqualify himself from the case if he would not act.

Two weeks later, Recarey was told that prosecutors had decided once again to take the case to the grand jury.

It is not known how many of the girls testified before the grand jury. But Epstein's defense team said one girl who was subpoenaed — the one who said she had sexual intercourse with Epstein — never showed up.

The grand jury's indictment was handed down in July. It was not the one the police department had wanted.

Instead of being slapped with a charge of unlawful sexual activity with a minor, Epstein was charged with one count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison. He was booked into the Palm Beach County Jail early July 23 and released hours later.

Epstein's legal team "doesn't dispute that he had girls over for massages," Goldberger said. But he said their claims that they had sexual encounters with him lack credibility.

"They are incapable of being believed," he said. "They had criminal records. They had accusations of theft made against them by their employers. There was evidence of drug use by some of them."

What remains for Epstein is yet to be seen.

The Palm Beach Police Department has asked the FBI to investigate the case. It also has returned the $90,000 Epstein donated in 2004.

In New York, candidates for governor and state attorney general have vowed to return a total of at least $60,000 in campaign contributions from Epstein. Meanwhile, Epstein's powerful friends have remained silent as tabloids and Internet blogs feast on the public details of the police investigation.

Goldberger maintains Epstein's innocence but says the legal team has not ruled out a future plea deal. He insists Epstein will emerge in the end with his reputation untarnished.

"He will recover from this," he said.

*Staff writer Larry Keller and staff researchers Bridget Bulger, Angelica Cortez, Amy Hanaway and Melanie Mena contributed to this story.*

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FD-350 (Rev. 5-8-81)

# Epstein camp calls female accusers liars

By LARRY KELLER
*Palm Beach Post Staff Writer*

Attorneys and publicists for Palm Beach financier Jeffrey Epstein went on the offensive Monday, contending that teenage girls who have accused Epstein of sexual shenanigans at his waterfront home are liars and saying that the Palm Beach Police Department is "childish."

"There never was any sex between Jeffrey Epstein and any underage women," his lead attorney, Jack Goldberger, said from Idaho where he was vacationing with his family.

Epstein

Epstein did have young women come to his house to give him massages, Goldberger said. "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know. The question is, did anything illegal occur. The law was not violated here."

He had no explanation as to why Epstein would pay girls or women with no massage training — as the alleged victims said was the case — $200 to $300 for their visits. "The credibility of these witnesses has been seriously questioned," Goldberger said.

Epstein, 53, was indicted by a county grand jury last month on a charge of felony solicitation of prostitution. After an 11-month investigation that included sifting through Epstein's trash and surveilling his home, Palm Beach police concluded there was enough evidence to charge him with sexual activity with minors. When the grand jury indicted Epstein on the less serious charge, Police Chief Michael Reiter referred the case to the FBI to determine whether there were federal law violations.

After a spate of stories about the case last week, New York publicist Dan Klores — whose client list has included Paris Hilton and Jennifer Lopez — said on Saturday that Epstein's camp was ready "to get their story out."

*See* EPSTEIN, 9B ▶

**'Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18.'**
JACK GOLDBERGER, Epstein's lead attorney

(Indicate page, name of newspaper, city and state.)
1B / 9B / The Palm Beach Post
West Palm Beach, FL
Date: 8/8/2006
Edition:

Title: Epstein camp calls female accusers liars

Character or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

03956-94

31E-MM-108062-16

8/8/06

# Attorney: Police gave media 'distorted view'

▶ EPSTEIN *from 1B*

They did that Monday via Goldberger and a Los Angeles publicist for Miami criminal defense attorney Roy Black, who also has represented Epstein in the case.

"We just think there has been a distorted view of this case in the media presented by the Palm Beach police," Goldberger said.

Reiter has consistently declined to comment on the case and did not respond to a request for comment Monday.

The implication that State Attorney Barry Krischer was easy on Epstein by presenting the case to a grand jury rather than filing charges directly against him is wrong, Goldberger said.

The Palm Beach Police Department was "happy and ecstatic" that the panel was going to review the evidence. "I think what happened is they weren't happy with the result. They decided to use the press to embarrass Mr. Epstein."

But records show that Reiter wrote Krischer on May 1 — well before the case went to the grand jury — suggesting that Krischer "consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

Rather than flat-out decline to charge Epstein, Krischer referred the case to the grand jury to "appease" the chief, Goldberger said.

A state attorney's spokesman would say only that the office refers cases to the grand jury when there are issues with the viability of the evidence or witnesses' credibility.

Both the state attorney and the grand jury concluded there was not sufficient evidence that Epstein had sex with minors, according to Goldberger. "It was just a childish performance by the Palm Beach Police Department," Goldberger said.

The defense attorney said one of the alleged victims who claimed she was a minor was in fact over the age of 18. Another alleged victim who was subpoenaed to testify to the grand jury failed to do so. Epstein's accusers, he added, have histories of drug abuse and thefts. "These women are liars. We've established that."

But why would they all invent their stories about meeting Epstein for sexual massages?

"I don't have an answer as to what was the motivation for these women to come forward and make these allegations," Goldberger said.

© larry_keller@pbpost.com

**Epstein investigation**

Read a letter from Palm Beach Police Chief Michael Reiter to State Attorney Barry Krischer on the Epstein probe.

**PalmBeachPost.com**

03956-95

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/13/2006

**To:** Miami
Miami-FIG

**Attn:** SSA
SIA

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA

**Approved By:**

**Drafted By:**

b3 -1
b6 -1, -2
b7C -1, -2

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;

WSTA - CHILD PROSTITUTION

**Synopsis:** To request analytical assistance regarding b7E -1

**Enclosure(s):**

b6 -1
b7C -1
b7D -2
b7E -1

**Details:** An ongoing federal investigation has revealed that

b3 -1
b6 -1, -3
b7C -1, -3

Enclosed for analytical review are

b3 -1
b6 -1, -3
b7C -1, -3
b7D -2
b7E -1

26 lenkol. ec 03956-96
31E-MM-108062-17

b6 -1
b7C -1
b7D -2
b7E -1

[redacted]

Please contact SA [redacted] at [redacted] should any further information be needed.

b6 -2
b7C -2

♦♦



03956-97

HOUSE_OVERSIGHT_019384

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/14/2006

**To:** Miami

**From:** Miami
PB-2/West Palm Beach RA
**Contact:** SA [redacted] b6 -2 b7C -2

**Approved By:** [redacted]

**Drafted By:** [redacted] as

**Case ID #:** [redacted] (Pending Inactive)
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~ b7A -1
~~(Pending)~~ b7E -3
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~
~~(Pending)~~

**Title:** Case update.

**Synopsis:** Delayed Investigation.

**Details:** For information of the file, investigation in this matter has been delayed due to writer's assignment to a kidnaping investigation [redacted] since 1/17/2006. b7E -3

♦♦

62D-MM-1D 1021-2 03956-99

FD-350 (Rev. 5-8-81)

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date: 07/30/2006
Edition: PALM BEACH POST

Title: BILLIONAIRE FACES CHARGE OF SOLICITATION OF MINORS

Character: 31E-MM-108062
or
Classification:
Submitting Office:

Indexing:

# Billionaire faces charge of solicitation of minors

**MONDAY:** Palm Beach billionaire Jeffrey Epstein paid to have underage girls and young women brought to his home, where he received massages and sometimes sex, according to an investigation by the Palm Beach Police Department. An indictment was unsealed that charged Epstein, 53, with one count of felony solicitation of prostitution, which carries a maximum penalty of five years in prison. He was released on $3,000 bond. Epstein's attorney, Jack Goldberger, said his client, a money manager for the wealthy, committed no crimes and passed a lie detector test in which he said he did not know the girls were minors.

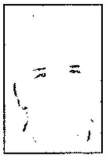

Epstein

03956-100

31E-MM-108062-18

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 09/18/2006

**To:** New York **Attn:** Crimes Against Children
SSA [redacted]
Squad C-20

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

b3 -1
b6 -1, -2
b7C -1, -2

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To set lead for captioned investigation.

**Enclosure(s):** One Grand Jury Subpoena for [redacted] b3 -2
[redacted]

**Details:** On [redacted] the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffery Epstein and captioned subjects. The investigation involves [redacted]

b3 -1
b6 -1, -3
b7C -1, -3
b7E -4

[redacted]

[redacted]

b6 -1
b7C -1

261trs01.ec

31E-MM-108062-19

03956-101

To: New York From: Miami
Re: 31E-MM-108062, 09/18/2006

FBI Miami, PBCRA, request [redacted] b3 -2

Any questions or concerns contact SA [redacted] Miami Division, PBCRA, [redacted] b6 -2 b7C -2

[redacted] biographical information is the following:

Name
DOB
SSAN
Hair
Eyes
Height
Weight

[redacted] b6 -1 b7C -1

**LEAD(s):**

**Set Lead 1: (Action)**

NEW YORK

AT NEW YORK

It is requested that FBI New York [redacted] In addition, if needed, serve the enclosed subpoena.

b3 -2
b6 -1
b7C -1

♦♦

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 06/21/07 Time: 14:03

Case ID: 31E-MM-108062 Serial: 20

Description of Document:

Type : [redacted]
Date :
To :
From : US DIST COURT
Topic: EXECUTED FGJ SUBPOENA

b3 -2

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 62

Employee: [redacted]

b6 -2
b7C -2

03956-104

31E-MM-108062-20

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 10/17/2006

**To:** Miami **Attn:** SA [redacted]
PB2/PBCRA

**From:** New York
Squad C-20
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted] rwd

b3 -1
b6 -1, -2
b7C -1, -2

**Case ID #:** 31E-MM-108062 ~~(Pending)~~ -25

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA- CHILD PROSTITUTION

**Synopsis:** Lead covered for captioned investigation; Grand Jury subpoena served [redacted] b3 -2

**Reference:** 31E-MM-108062 Serial 19

**Enclosure(s):** Enclosed for Miami is the server copy of the referenced Grand Jury subpoena issued by the United States District Court, Southern District of Florida on 10/06/2006 and served [redacted] on 10/16/2006. b3 -2

**Details:** On 10/16/2006, SA [redacted] received from SA [redacted], via Federal Express delivery service, the referenced Grand Jury subpoena. On that date, SA [redacted] and SA [redacted]

[redacted]

b3 -2
b6 -2, -5
b7C -2, -5

[redacted]

b3 -2
b6 -2, -5
b7C -2, -5

03956-109

31E-MM-108062-25

[redacted] at the United States District Courthouse located at 701 Clematis Street, West Palm Beach, Florida. b3 -2 b6 -5 b7C -5

At this time, no further action will be taken by the New York Office in this matter. Lead is covered.

♦♦

# United States District Court

*SOUTHERN DISTRICT OF FLORIDA*

TO: [redacted]

b3 -2

## SUBPOENA TO TESTIFY BEFORE GRAND JURY

FGJ 05-02(WPB)-Fri./No. OLY-19

**SUBPOENA FOR:** [redacted]

**YOU ARE HEREBY COMMANDED** to appear and testify before the Grand Jury of the United States District Court at the place, date and time specified below.

| PLACE: | ROOM: |
|---|---|
| United States District Courthouse<br>701 Clematis Street<br>West Palm Beach, Florida 33401 | Room 4-A |
| | DATE AND TIME: [redacted] |

b3 -2
b6 -2
b7C -2

**YOU ARE ALSO COMMANDED** to bring with you the following document(s) or object(s):

[redacted]

**Please coordinate your compliance of this subpoena and confirm the date and time of your appearance with Special Agent** [redacted] **Federal Bureau of Investigation, Telephone:** [redacted]

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

| CLERK | DATE: |
|---|---|
| (BY) DEPUTY CLERK | October 6, 2006 |

This subpoena is issued upon application of [redacted]

Name, Address and Phone Number of Assistant U.S. Attorney
[redacted] Assistant U.S. Attorney
500 So. Australian Avenue, Suite 400
West Palm Beach, FL 33401-6235
Tel: [redacted]
Fax: (561) 802-1787

b6 -6
b7C -6

*If not applicable, enter "none."

To be used in lieu of AO110

FORM ORD-227
JAN.86

03956-111

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/09/2006

**To:** Miami

**From:** Miami
PB2/West Palm Beach RA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

b3 -1
b6 -1, -2
b7C -1, -2

**Case ID #:** 31E-MM-108062 – 33

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** Request that SA [redacted] with SOC# [redacted] [redacted] receive holiday pay on November 10, 2006, Veteran's Day, a Federal Holiday.

b6 -2
b7C -2

**Details:** SA [redacted] will be working on gathering data for the Intelligent Analyst that will be coming to the Palm Beach RA on Monday.

b6 -2
b7C -2

♦♦

313ld 03.ec

31E-MM-108062-0395623

IN THE CIRCUIT COURT OF THE FIFTEENTH
JUDICIAL CIRCUIT, CRIMINAL DIVISION
IN AND FOR PALM BEACH COUNTY, FLORIDA

IN RE: Search Warrant, Affidavit and Application for Search Warrant, and Inventory and Return

DATED AND SIGNED: 10-19-05

AFFIANTS: Det. [redacted] Palm Beach Police

b6 -4
b7C -4

**ORDER SEALING AFFIDAVIT AND APPLICATION FOR SEARCH WARRANT AND RELATED SEARCH WARRANT AND INVENTORY AND RETURN**

THIS CAUSE having come before the Court and the Court having been appraised,

IT IS HEREBY ORDERED pursuant to Florida Statues Chapter 119.07(3)(b) that the Affidavit and Application for Search Warrant signed by Investigator [redacted] as affiant dated and related Search Warrant dated October 18, 2005 hereby **sealed** until further order of the Court.

b6 -4
b7C -4

The Clerk of Court, Criminal Division is hereby ordered to seal said Search Warrant and Affidavit and Application for Search Warrant until further order of the Court.

It is further

ORDERED that the Inventory and Return for Said Search Warrant shall be **sealed** when filed with the Clerk of Court until further order of the Court.

DONE AND ORDERED this 19th day of October at West Palm Beach, Palm Beach County, Florida.

Laura Johnson
Circuit Court Judge

xc: [redacted] Assistant State Attorney

b6 -7
b7C -7

(COPY)

03956-235

Department of Economics, Harvard University, v. November 9, 2009

**Economics 1545: International Financial and Macroeconomic Policy**

**Professor Kenneth Rogoff**

**Time and Place:** Fall 2009; M, W, 1–2:30 pm., Sever Hall 203

**Office Hours:** Littauer Center 216. Mondays 3–4 PM, or by appointment

**Email:** [redacted] (*N.B. When sending an email pertaining to this course, please put "1545" in the subject header.*)

**Teaching Assistant:** Thomas Sampson, [redacted]

**Staff Assistant:** Jane Trahan, [redacted]

**Overview:**

This is an advanced international finance and macroeconomics course that uses a mix of theoretical, empirical and policy frameworks to analyze topical problems in international finance.

**Prerequisites:**

Economics 1011b (preferably) or 1010b (Knowledge of basic calculus will be assumed.)

**Background Texts:** (On reserve at Lamont Library, and available for purchase at the COOP)

● *Foundations of International Macroeconomics*, by Maurice Obstfeld and Kenneth Rogoff, MIT Press, 1996.

● *This Time Is Different: Eight Centuries of Financial Folly*, by Carmen Reinhart and Kenneth Rogoff, Princeton University Press, 2009, (selected chapters).

**Readings:**

Readings can be accessed online or are available on Reserve at Lamont Library.

*Primary* readings are denoted by an * symbol. Supplementary readings will be summarized in class but are not required.

**Problem Sets:**

Students are encouraged to work with others on the problem sets, and it is permissible to hand in a single answer sheet for up to three students, with all three receiving the same group grade.

**Course Requirements:**

- Midterm: Wednesday October 14 (in-class, closed book; but exam will provide most of the basic formulas you might require, to lessen need for memorization). Analytical problems on the exam will closely parallel material covered in problem sets (but will generally require much less algebra), and the essay problem will relate to a central topic covered extensively in class.
- Final: The final will have a larger essay component than the mid-term. The final will draw on the entire course, though any technical material on the final will be closely related to material covered in Problem Set III.
- Short policy paper: You will be asked to write a short policy paper on a topic drawn from a list of questions relating to reform of the international monetary system. A one-page outline of your paper is due on Wednesday, October 28 or before my first meeting with your group, whichever is earlier, and the complete paper is due on Monday November 16. These papers will form the basis for class discussions and (depending on class size) in-class presentations during the final four meetings of the class. The papers are intended to be short and succinct—there is an absolute total page limit of 10 double-spaced (12 pt.) pages (roughly 2500 words): Only figures and references are excluded in this limit. *The papers do not need to include any formal analytical or econometric analysis*; you may write them in a style you find suitable to the question you are addressing. The final exam will include (a choice of) essay questions relating to the paper topics that you and your classmates have chosen.
- Problems: There will be 3 problem sets, due Sept 14, Oct. 5 and Nov 16.

**Grades:**

Problems: 10%, Mid-term: 20%, Final: 35%, Paper: 35%

**Topics**

## I. MODELS OF EXCHANGE RATES

*Rogoff, Kenneth, "Dornbusch's Overshooting Model After Twenty-Five Years," IMF Staff Papers 49, Special Issue, 2002 (35 pages). (This link is to a slightly earlier version that will give you a higher quality printout.)

*Obstfeld and Rogoff: pp. 513-530.

Frankel, Jeffrey, and Andrew Rose, 1995, "Empirical Research on Nominal Exchange Rates," in G Grossman and K Rogoff (eds), *Handbook of International Economics*, vol. 3 (Elsevier).

Rogoff, Kenneth and Vania Stavrakeva, "The Continuing Puzzle of Short-Horizon Exchange Rate Forecasting," manuscript, Harvard University, July 30, 2008.

## II. THE PURCHASING POWER PARITY PUZZLE AND RELATED PUZZLES

*Kenneth Rogoff, "The Purchasing Power Parity Puzzle," *Journal of Economic Literature* 34, June 1996, 647-68.

*Obstfeld and Rogoff: pp. 199-225.

Imbs, Jean, Haroon Mumtaz, Morton O. Ravn, and Helene Rey, "PPP Strikes Back: Aggregation and the Real Exchange Rate," *Quarterly Journal of Economics* 120(1): 1–43.

Goldberg, Penny K. and Michael Knetter, "Goods Prices and Exchange Rates: What Have We Learned?" *Journal of Economic Literature* 35 (September 1997): 1243–72.

Taylor, Alan, M., "Potential Pitfalls for the Purchasing-Power Parity Puzzle? Sampling and Specification Biases in Mean-Reversion Tests of the Law of One Price," *Econometrica* 69(2) (March 2001): 473-98.

Reidel, Demian and Jan Szilagyi, "A Biased View of PPP," manuscript, Harvard University, February 2005.

*Gopinath, Gita and Ricardo Rigobon, "Sticky Borders," *Quarterly Journal of Economics* 123(2): 531–575.

## III. SPECULATIVE EXCHANGE RATE ATTACKS

**Basic models and empirical issues: Salant–Henderson–Krugman model, multiple equilibria ("generation 2").**

*Obstfeld and Rogoff: pp. 558-567, 635-638, 648-653.

## IV. BANK RUNS AND THE PERSISTENCE OF THE GREAT DEPRESSION

*Diamond, Douglas and Philip H. Dybvig, "Bank Runs, Deposit Insurance, and Liquidity," *Journal of Political Economy* 91(3): 401-19, June 1983.

*Bernanke, Ben, "Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression," *American Economic Review* 73 (June 1983): 257-76.

Cole, Harold and Lee Ohanian, "New Deal Policies and the Persistence of the Great Depression," *Journal of Political Economy*, 112(4) August, 2004, 779-816.

Eggertsson, Gauti, "Great Expectations and the End of the Great Depression," *American Economic Review* 98, September 2008, 1476-1516.

Bernanke, Ben S. *Essays on the Great Depression*. Princeton University Press, 2000.

Gorton, Gary and Andrew Metrick, "Securitized Banking and the Run on Repo," Yale ICF Working Paper No. 09-14.

Gorton, Gary and Andrew Metrick, "Haircuts," Yale ICF Working Paper No. 09-15.

**Also: International transmission of the Great Depression via faults in the inter-war gold standard.**

*Obstfeld and Rogoff: pp. 626-630.

*Eichengreen, Barry and Jeffrey Sachs, "Exchange Rates and Economic Recovery in the 1930s," *Journal of Economic History*, vol. XLV, no. 4, December 1985, also NBER working paper 1498, May 1986.

## V. PERFORMANCE OF EXCHANGE RATE REGIMES

*Rose, Andrew, "One Money, One Market: Estimating the Effects of a Common Currency on Trade," *Economic Policy* 15(30), April 2000, 7–45.

Klein, Michael W. and Jay C. Shambaugh, "Fixed Exchange Rates and Trade," NBER Working Paper 10696, August 2004.

*Husain, Aasim, Ashoka Mody, and Kenneth Rogoff, "Exchange Rate Durability and Performance in Developing versus Advanced Economies," *Journal of Monetary Economics* 52 (January 2005), 35-64. (Click on Digital Object Identifier (DOI).)

Baldwin, Richard, Di Nino, Virginia, Fontagne, Lionel, De Santis, Roberto, and Taglioni, Daira, "Study on the Impact of the Euro on Trade and Foreign Direct Investment," *European Economic and Monetary Union Working Paper No. 321*, May 2008. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1163774

Frankel, Jeffrey, "The Estimated Effects of the Euro on Trade: Why Are They Below Historical Effects of Monetary Unions Among Smaller Countries?" NBER working paper 14542 (December 2008).

Tenreyro, Silvana, "Currency Unions in Prospect and Retrospect," manuscript, London School of Economics and Political Science, October 2009

## VI. GLOBAL CURRENT ACCOUNT IMBALANCES

*Obstfeld and Rogoff: pp. 1-84.

*Obstfeld, Maurice and Kenneth Rogoff, "The Unsustainable US Current Account Position Revisited," in Richard Clarida (ed.), *G7 Current Account Imbalances: Sustainability and Adjustment*, University of Chicago Press, 2007 (with revisions).

Gourinchas, Pierre-Olivier and Helene Rey, 2007, "International Financial Adjustment," *Journal of Political Economy* 115(4), 665-703.

*Cooper, Richard, "Global Imbalances: Globalization, Demography, and Sustainability," *Journal of Economic Perspectives*, 2008, Issue 3, 93-112.

Dooley, Michael P., Peter Garber and David Folkerts Landau, "The Revived Bretton Woods System: The Effects of Periphery Intervention and Reserve Management on Interest Rates & Exchange Rates in Center Countries," NBER Working Paper 10332, March 2004.

## VII. GLOBAL CAPITAL MARKET INTEGRATION: ADVANCED COUNTRIES

*Obstfeld, Maurice and Kenneth Rogoff, "The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?" in Ben Bernanke and Kenneth Rogoff (eds.), *NBER Macroeconomics Annual 2000* (Cambridge: MIT Press), pp. 339-390 (Comments 390-412). Lecture notes.

*Obstfeld and Rogoff: pp. 161-164.

Guo, Kai, "Exchange Rates and Asset Prices in An Open Economy with Rare Disasters," mimeo, Harvard University, October 2007.

## VIII. GLOBAL CAPITAL MARKET INTEGRATION: DEVELOPING COUNTRIES

*Kose, M. Ayhan, Eswar Prasad, Kenneth Rogoff and Shang-Jin Wei, "Financial Globalization, A Reappraisal," December 2006 (revised version of International Monetary Fund, Working Paper WP/06/189, August 2006).

## IX. WHY MONEY FLOWS FROM NORTH TO SOUTH

*Moral Hazard: Obstfeld and Rogoff: pp. 407- 419.

Externalities to Human Capital: Robert E. Lucas, 1988, "Why Doesn't Capital Flow from Rich to Poor Countries," *American Economic Review*, May 1990, pp. 92-96.

Alfaro, Laura, Sebnem Kalemli-Ozcan, Vadym Volosovych, "Why Doesn't Capital Flow from Rich to Poor Countries? An Empirical Investigation," NBER working paper 11901, December 2005.

## X. JAPAN'S DEFLATION TRAP

*Krugman, Paul, "It's Baaack: Japan's Slump and the Return of the Liquidity Trap," *Brookings Papers on Macroeconomic Activity,* 1998, v2, 137-205. (including comment by Dominguez and Rogoff) (N.B.: Our focus will be on the analytics as covered in the HANDOUT).

Eggertsson, Gauti B. and Michael Woodford, "The Zero Bound on Interest Rates and Optimal Monetary Policy," *Brookings Papers on Economic Activity* 34 (2003), volume 1, 139-235

## XI. INTERNATIONAL FINANCIAL CRISES

*Reinhart, Carmen and Kenneth Rogoff, "Is the 2007 US Sub-Prime Financial Crisis So Different? An International Historical Comparison," *American Economic Review* 98 (May 2008): 339-344.

*Reinhart, Carmen and Kenneth Rogoff, "The Aftermath of Financial Crises," *American Economic Review* 99 (May 2009): 466-472.

*Reinhart, Carmen and Kenneth Rogoff, *This Time Is Different: Eight Centuries of Financial Folly*, Princeton University Press, 2009, (selected chapters).

Reinhart, Carmen and Kenneth Rogoff, "Banking Crises: An Equal Opportunity Menace, manuscript, Harvard University, December 2008.

*Allen, Franklin, and Douglas Gale, *Understanding Financial Crises*, Oxford: Oxford University Press, 2007, ch 3.

Geanakoplos, John, "The Leverage Cycle," forthcoming in *NBER Macroeconomics Annual 2009*, Daron Acemoglu, Kenneth Rogoff, and Michael Woodford (eds), April 10, 2009.

Bolton, Patrick, Tony Santos and Jose Scheinkman, "Inside and Outside Liquidity," mimeo, Princeton University, March 30, 2009,

Diamond, Douglas and Raghuram Rajan, "Liquidity Shortages and Banking Crises," NBER working paper 10071, October 2003.

Bolton, Patrick, and Mathias Dewatripont, *Contract Theory*, Cambridge: MIT Press. 2005, pp. 397-418.

Gorton, Gary, "Slapped in the Face by the Invisible Hand: Banking and the Panic of 2007," mimeo, Yale University, April 3, 2007. http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=17513

**XII. OIL AND THE GLOBAL ECONOMY**

*Dvir, Eyal and Kenneth Rogoff, "The Three Epochs of Oil," mimeo, Harvard University, March 2009.

**XIII. MONEY, EXCHANGE RATES AND PRICES: SELECTED TOPICS, SEIGNIORAGE AND COMMODITY CURRENCIES**

Lecture notes on "Money, Inflation, and Exchange Rates."

**SECTION II: Paper Topics**

## BACKGROUND READINGS

**1. Should Sweden enter the euro system with four years?**

Reade, J.J. and U. Volz (2009a), Too Much to Lose, or More to Gain? Should Sweden Join the Euro?, Economics Series Working Papers 442, Department of Economics, University of Oxford, Oxford.

Also see shorter Voxeu essay, Reade, J. James and Ulrich Volze, "Should Sweden join the eurozone?" http://www.voxeu.org/index.php?q=node/3955

Grahn, Ralf (2009): 'Swedish opinion on euro turns', Grahnlaw Blogspot, 19 April

Calmfors, L., H. Flam, N. Gottfries, M. Jerneck, R. Lindahl, J. Haaland Matlary, C. Nordh Berntsson, E. Rabinowicz and A. Vredin (1997), *EMU: A Swedish Perspective*, Kluwer Academic Publishers, Boston, Dordrecht and London.

Baldwin, R, (2006), "In or Out? Does it Matter? An Evidence Based Analysis of the Euro's Trade Effects," Center for Economic Policy Research, London.

Ferreira-Lopes, A, (2008), "In or Out?" The Welfare Costs of EMU membership," Economic Research Center Working paper 14/08, ISCTE, Lisbon University Institute

Soderstrum, U (2008), "Re-evaluating Swedish Membership in EMU: Evidence from an Estimated Model," NBER Working Paper 14519.

Vaubel, R, (2004), "A Critical Analysis of EMU and of Sweden Joining It," in J. Ljungberg (ed), *The Price of the Euro*, Palgrave Macmillan, NY, 87-95

European Commission on Economic and Financial Affairs, "Sweden and the Euro: A Factsheet," http://ec.europa.eu/economy_finance/the_euro/your_country_euro9164_en.htm

HM Treasury, *UK Membership in the Single Currency: An assessment of the five economic tests,* June 2003 (246 pages).

Lucrezia Reichlin and Giancarlo Corsetti, "Should the UK join the euro?" *The Edge* 11 (November 2002): 22-25. A PDF file of the magazine is available at http://www.sais-jhu.edu/faculty/sandleris/IMT/Readings/R_Reichlin_ShouldUKjointheEuro.pdf

Buti, Marco and Vitor Gaspar, The First Ten Years of the Euro, VOX, December 2008.

Frankel, Jeffrey, The Euro at ten: Why do effects on trade between members appear smaller than historical estimates among smaller countries? Dec 2008

The Single Market and the Euro

Philip Lane, "The Real Effects of Monetary Union," (2006) *Journal of Economic Perspectives* 20(4): 47-66.

Frankel, Jeffrey, "The Estimated Effects of the Euro on Trade: Why Are They Below Historical Effects of Monetary Unions Among Smaller Countries?" NBER working paper 14542, December 2008

Buiter, Willem, "Why the United Kingdom Should Join the Eurozone," forthcoming *International Finance* 2008 (Also at NBER.)

Tenreyro, Silvana, "Currency Unions in Prospect and Retrospect," manuscript, London School of Economics and Political Science, October 2009

**2. The US has significant risk (30% or greater) of experiencing pronounced Japan-like symptoms over the next 5-10 years: especially much lower medium term growth than before the crisis, soaring budget deficits, more frequent than usual recessions.**

Giannetti, Mariassunta and Andrei Simonov (2009). "On the real effects of bank bailouts: Micro-Evidence from Japan," EFA 2009 Bergen Meetings, June.

Mariassunta Giannetti Andrei Simonov, The real effects of bank bailouts: Evidence from Japan, Voxeu http://www.voxeu.org/index.php?q=node/4011

Keiichiro Kobayashi, The G20's Blind Spot: President Obama must squarely face the bad asset problem, March 26, 2009

Hoshi, Takeo and Anil K. Kashyap, 2008, "Will the U.S. Bank Recapitalization Succeed? Lessons from Japan", NBER Working Paper 14401.

Adam Posen, "Seven Reasons the US Today is Not Like Japan 15 Years Ago," Institute for International Economics, September, 2008 http://www.iie.com/realtime/?p=20

Maurice Obstfeld, "Time of Troubles: The Yen and Japan's Economy, 1985-2008" NBER Working paper 14816, March 2009

**3. The G-20 is right to focus on containing global (current account) imbalances to well below their pre-crisis levels (say to roughly half or less within four years). US must achieve higher national savings rate, if necessary substantially strengthening financial regulation and oversight. China must allow its exchange rate to significantly appreciate over time, and redirect production towards domestic demand instead of exports.**

Obsteld, Maurice and Kenneth Rogoff, "Global Imbalances and the Financial Crisis: Products of Common Causes," Harvard University, October 13, 2009.

Cooper, Richard, "Global Imbalances: Globalization, Demography, and Sustainability," *Journal of Economic Perspectives*, 2008, Issue 3, 93-112.

Michael P. Dooley, David Folkerts-Landau, Peter Garber, "The Revived Bretton Woods System: The Effects of Periphery Intervention and Reserve Management on Interest Rates & Exchange Rates in Center Countries," NBER Working Paper 10332, March 2004.

Michael P. Dooley, David Folkerts-Landau, Peter Garber, "An Essay on the Revived Bretton Woods System," NBER Working Paper 9971, September 2003.

Prasad, Eswar and Raghu Rajan, "A Pragmatic Approach to Capital Account Liberalization," working paper, Cornell University, 2008

Goldstein, Morris, "A (Lack of) Progress Report on China's Exchange Rate Policies," Working Paper 07-5, Peterson Institute, June 2007.

Policy Brief 07-4: Global Imbalances: Time for Action, Peterson Institute for International Economics.

Lardy, Nicholas R., China: Toward a Consumption-Driven Growth Path, Policy Brief 06-6, Peterson Institute, October 2006.

Goldstein, Morris, and Nicholas Lardy, *Debating China's Exchange Rate Policy,* Peterson Institute for International Economics, 2008 (**This book has an excellent collection of topical articles)** (**Also available in hard copy at Harvard libraries.**)

Cline, William, and John Williamson, "Equilibrium exchange rates," Voxeu, April 2009. http://www.voxeu.org/index.php?q=node/3666

**Date:** Friday, March 4 2011 07:03 PM
**Subject:** Re:
**From:** R. Couri Hay <[redacted]>
**To:** jeevacation@gmail.com;

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Good morning Jeffery,

The Newsweek story is being written without your input as you read this. Lloyd Grove is not writing the story, he made a few calls but he was taken off the project. This is for Newsweek, the magazine that is on the stands, not the website. It's still 1200 to 1500 words. Alexandra Wolfe needs to turn in a draft of the story by Monday. I've been subtly guiding Alexandra on your behalf, but would really like to formalize this job with your attorneys and then I would really need to give names and numbers of pro Jeffery power brokers for Alexandra to call. She has already called Donald Trump, Leon Black, and Les Wexner among others. I've given her Jonathans number, please let me focus on this before its too late to spin this in your direction. I'm in all afternoon my office number is [redacted]. My cell is: [redacted] My email is[redacted]

Cheers,
Couri

Follow me on Twitter!! RCouriHay1

---Original Message----
From: jeffrey epstein <jeevacation@gmail.com>
To: R. Couri Hay <[redacted]>
Sent: Tue, Mar 1, 2011 6:34 pm
Subject: Re: Re:

I was told it was lloyd grove Not true?

Sorry for all the typos .Sent from my iPhone
On Mar 1, 2011, at 3:16 PM, "R. Couri Hay" <[redacted] wrote:

> Hi Jeffrey
> I hope I'm not bothering you, but this is information I think you need to know. Tina Brown has assigned a 1200 to 1500 word story with pictures about you for Newsweek and the deadline is next Wednesday. My good friend Alexandra Wolfe is writing the story; she called me within an hour of getting this assignment. If you hire me I feel confident that I can positively affect this feature on your behalf. That does not mean I can control it completely or that they won't reference past problems. However, I can assure you that the story will be fair and balanced and that your side will be represented intelligently. The story will be about your reemergence in New York post your previous problems. The party you gave for Prince Andrew will be a big part of it. I suggest we arrange for interviews with figures who have seen the good things that you have done in business, science, and philanthropy. I'll be home after 7:30 tonight. My home number is[redacted], or you can call my cell at [redacted]. I will also be in tomorrow morning. I suggest you act swiftly in this matter. As I told you when we first met this story wont go away and you need to take positive steps to change your image.
> Cheers,
> Couri
>
> Follow me on Twitter!! RCouriHay1

=

**From**: Jay Lefkowitz [redacted]
**Sent**: 3/8/2011 4:40:35 PM
**To**: Michael S. Sitrick [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fw:

**Importance**: High

# Privileged - Redacted

----- Original Message -----
From: Jay Lefkowitz
Sent: 03/08/2011 10:39 AM CST
To: "Wolfe, Alexandra" [redacted]
Subject: Re:

Alexandra,

I have not been able to respond to your questions because Mr. Epstein is traveling.

But if you plan to make any factual assertions about him in your article, I hope you will run the facts by me, as you said yesterday you would do.

Mr. Epstein has been the subject of many inaccurate and misleading articles, and I am sure Newsweek would not want to make such a mistake or worse, libel him.

Best,

Jay

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

**********
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Kirkland & Ellis LLP or Kirkland & Ellis International LLP. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to postmaster@kirkland.com, and destroy this communication and all copies thereof, including all attachments.
**********

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**********

**From**: Jay Lefkowitz [redacted]
**Sent**: 3/8/2011 4:41:04 PM
**To**: Michael S. Sitrick [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fw: Alexandra Wolfe called from Newsweek

**Importance**: High

----- Original Message -----
From: Kristin Andersen
Sent: 03/08/2011 11:09 AM EST
To: Jay Lefkowitz
Subject: Alexandra Wolfe called from Newsweek

**Privileged - Redacted**

----- Forwarded by Kristin Andersen/New York/Kirkland-Ellis on 03/08/2011 11:05 AM -----

| | | |
|---|---|---|
| "Wolfe, Alexandra " [redacted] | "Jay Lefkowitz" [redacted] | To |
| | | cc |
| 03/07/2011 02:09 PM | RE: | Subject |

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it

too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [mailto:[redacted]]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted].

Thank you,

Jay

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**Date:** Monday, August 26 2013 02:46 PM
**Subject:** FW: Press Snapshot: Monday, August 26th, 2013
**From:** Boris Nikolic <[redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;
**Attachments:** image001.jpg; image002.jpg

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See good article re balmer below.

Still awaiting for call reply

Sent from my Windows Phone

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**From:** John Pinette
**Sent:** 8/26/2013 4:17 PM
**To:** Bill Gates
**Cc:** DL-Press Snapshot
**Subject:** Press Snapshot: Monday, August 26th, 2013

bgC3 Press Snapshot

| Headline | Journalist | Outlet | Full Text |
|---|---|---|---|
| **Energy** | | | |
| Nuclear Operator Raises Alarm on Crisis | Hiroko Tabuchi | *New York Times* | Article text |
| The New Nuclear Craze | Mark Bittman | *New York Times* | Article text |
| Pipeline-Capacity Squeeze Reroutes Crude Oil | Russell Gold | *Wall Street Journal* | Article text |
| U.S. Electrical Grid on the Edge of Failure | Jeff Tollefson | *Nature* | Article text |
| **Technology** | | | |
| Ballmer Departure From Microsoft Was More Sudden Than Portrayed by the Company | Kara Swisher | *All Things D* | Article text |
| The Decline of E-Empires | Paul Krugman | *New York Times* | Article text |
| As Amazon Stretches, Seattle's Downtown Is Reshaped | Kirk Johnson & Nick Wingfield | *New York Times* | Article text |
| **State Budgets and Healthcare Costs** | | | |
| How to Charge $546 for Six Liters of Saltwater | Nina Bernstein | *New York Times* | Article text |
| States scramble to get health-care law's insurance marketplaces up and running | Sarah Kliff and Sandhya Somashekhar | *Washington Post* | Article text |
| 80 House members: Shutdown better than Obamacare | Charles Babington | *Associated Press* | Article text |
| **Berkshire Hathaway** | | | |
| *No breaking news* | | | |
| **Philanthropy** | | | |
| Philanthropy: the givers club | Cordelia Jenkins | *Livemint and the Wall Street Journal* | Article text |
| **Global Health and Development** | | | |
| Pat on the back or force for good: what purpose do development awards serve? | Mark Tran | *Guardian blog* | Article text |
| **Education** | | | |
| A Chance at Learning | Ginia Bellafante | *New York Times* | Article text |
| Obama goes for college 'datapalooza' | Nick Anderson | *Washington Post* | Article text |
| Massively Online And Offline Too: How MOOCs Will Evolve In The Physical World | Giovanni Rodriguez | *Forbes* | Article text |
| **Women and Children** | | | |
| Indian Police Arrest Suspects in Two Gang Rapes | Sean Mclain and Khushita Vasan | *Wall Street Journal* | Article text |
| Is there any space in the development debate for African experts? | Andrew Quinn | *Guardian blog* | Article text |
| Child marriage campaigners in south Asia receive $23m cash injection | Mark Tran | *Guardian blog* | Article text |

**ARTICLE TEXT**

**Energy – Full text articles**

Nuclear Operator Raises Alarm on Crisis
Hiroko Tabuchi – **New York Times**

The operator of Japan's tsunami-hit nuclear power plant sounded the alarm on the gravity of the deepening crisis of containment at the coastal site on Friday, saying that there are more than 200,000 tons of radioactive water in makeshift tanks vulnerable to leaks, with no reliable way to check on them or anywhere to transfer the water.

The latest disclosures add to a long list of recent accidents, leaks and breakdowns that have underscored grave vulnerabilities at the Fukushima Daiichi nuclear power plant site more than two years after a powerful earthquake and tsunami set off meltdowns at three reactors.

They come two weeks after the prime minister, Shinzo Abe, promised that his government would take a more active role in the site's cleanup, raising questions over how seriously he has taken that pledge. Mr. Abe's government has continued to push for a restart of the country's nuclear power program, and he heads to the Middle East on Saturday to promote Japanese exports to the region, including nuclear technology.

Mr. Abe also plans to lead Tokyo's delegation to Argentina for the International Olympic Committee's final vote, set for Sept. 7, on the host city for the 2020 Olympics. Tokyo, 150 miles south of the stricken nuclear power plant, is one of three finalists competing to host the games. The others are Istanbul and Madrid.

Opposition lawmakers here have demanded that Mr. Abe stay home and declare a state of emergency.

"The nuclear crisis is real and ongoing, yet the government continues to look the other way," said Yoshiko Kira of the opposition Japan Communist Party, which made significant gains in parliamentary elections last month.

"The government should declare a state of emergency right now, and intervene to stop the outflow of contaminated water," Ms. Kira said at an anti-nuclear rally outside Mr. Abe's office in Tokyo.

Mr. Abe remains popular, and it is uncertain how large a liability the crisis at the Fukushima plant will become for him.

But it has become increasingly clear that the latest problems may be too large for the plant's operator, the Tokyo Electric Power Company, or Tepco, to handle.

Tepco has built nearly 1,000 tanks at the sprawling complex to store as many as 335,000 tons of contaminated water, the product of coolant pumped into the reactors to keep their cores from overheating, and groundwater pouring into their breached basements at a rate of 400 tons a day. This week, Tepco said one tank had sprung a huge leak.

On Friday, Tepco presented an even starker view of the situation, acknowledging that as much as 220,000 tons of that water is stored in makeshift steel tanks similar to the one that is leaking. The operator said the 36-foot-tall cylindrical tanks, meant as a temporary repository for the growing amount of radiated water at the complex, used vulnerable rubber sealing and that their ability to withstand radiation was not tested.

The tanks are susceptible to leaks at the seams and through their concrete base, said Noriyuki Imaizumi, the acting general manager of Tepco's nuclear power division. A nearby drain can carry any leaked water to the sea, Mr. Imaizumi said, and high radiation readings along a section suggest that water has already traveled through the drain to the ocean.

The makeshift tanks also lack water level gauges, making it difficult to detect leaks. Only two workers are assigned to checking nearly 1,000 tanks on two-hour patrols twice a day, Mr. Imaizumi said.

The Nuclear Regulation Authority, which the Japanese government ordered to more actively advise and monitor Tepco's activities at the plant, had told the company to begin transferring the water from the makeshift tanks to better-built vessels. But after visiting the plant on Friday, an authority commissioner, Toyoshi Fuketa, said the vast quantities made doing so quickly "unrealistic."

A series of pits Tepco dug to store some of the water also began leaking earlier this year, forcing workers to transfer the water into the steel tanks.

Experts have said they suspect that more contaminated water is seeping out from under the melted-down reactors into the groundwater and the Pacific. Elevated levels of radioactive cesium in surrounding waters seem to confirm those suspicions.

Tepco has said those leaks are not directly from beneath the reactors, but from maintenance tunnels that run along the coast and remain contaminated from the early days of the disaster.

But it also acknowledges that the water beneath the reactors is extremely contaminated, and experts say that if it does get into the ocean, it will surpass even the leaks that occurred in the disaster's early days.

"That prospect scares me," Michio Aoyama, a senior scientist in the Oceanography and Geochemistry Research Department at the government-affiliated Meteorological Research Institute, said in an interview this month.

"It's the ultimate, worst-case scenario," Professor Aoyama said.

Back to top

The New Nuclear Craze
Mark Bittman - **New York Times**

There is a new discussion about nuclear energy, prompted by well-founded concerns about carbon emissions and fueled by a pro-nuclear documentary called "Pandora's Promise." Add a statement by James E. Hansen — who famously sounded the alarm on climate change — and, of course, industry propaganda, and presto: We Love Nukes.

Before we all become pro-nuclear greens, however, you've got to ask three questions: Is nuclear power safe and clean? Is it economical? And are there better alternatives?

No, no and yes. So let's not swap the pending environmental disaster of climate change for another that may be equally risky.

Despite all-out efforts and international cooperation, Fukushima, which scared Germany right out of the nuclear power business, still isn't under control. Proponents of nuclear power promise new and safer technology, but these discussions are filled with "coulds"; no such plants exist. Nor would they reduce the risks of proliferation. (Oh, that little thing.)

Nor would they do much to mitigate the all-too-infrequently discussed dangers of uranium mining, which uses vast amounts of water in the West — an area that can ill afford it — and is barely regulated or even studied. Thousands of uranium mines have been abandoned, and no one seems to know how many remain to be cleaned up. The cost of that cleanup, of course, will be borne by taxpayers, not industry.

Then there's disposal of spent fuel, which is not contained at the same safety level as active fuel, itself a scary thought. Decades into the nuclear age there remains, incredibly, no real plan for this; a patchwork scheme by the Nuclear Regulatory Commission, which appears to be even more industry-friendly than most federal agencies, was rejected by an appeals court last year, and the Obama administration is standing by its campaign promise (shocking, I know) to abandon the nuclear repository at Yucca Mountain in Nevada.

The economic viability of nuclear power is no more encouraging. Plants continue to close and generation rates continue to drop. Operators may indeed continue to make money on reactors, but that's only because federal subsidies are enormous. Insurance costs are limited. Loans are guaranteed (the Solyndra loan guarantee was half a billion dollars; in contrast, loan guarantees for new nuclear plants may run $8 billion); cost recovery and return on investment are also assured for decades, and some operators are able to collect costs from ratepayers (and pay dividends to shareholders) years before plants come online — even if they never come online.

So they're economical as long as you're the owner, because historically, subsidies for nuclear power have been more than double the expense of power generation itself. While estimates of the costs of power generation vary wildly — allowing both

proponents and detractors of any given power technology to make their cases — few of them take externalities (costs to the environment or to public health, for example) into account. And nuclear power's externalities could exceed those for any other form of power generation except coal.

That's why we're reducing coal usage — if we had a strong climate policy it would be gone in a couple of deades, and nuclear should be right behind it. It's likely that no new nuclear plants will be built before true renewables are able to take the place of scary, highly damaging energy sources.

Which brings us full circle: the new proponents of nuclear power say that since nuclear power is arguably preferable to coal, maybe we should subsidize the building of new plants.

If those were the only options, maybe that argument would be a sound one. But they're not. Energy efficiency (remember that?), natural gas (imperfect, yes, but improvable) and wind are all cheaper. Even solar is already less expensive than nuclear power in good locations.

Some studies show that renewables can generate 80 percent of our electricity in 2050, using current technologies, while reducing carbon emissions from the electric sector by 80 percent. Climate change fears should be driving not old and disproven technologies but renewable ones, which are more practical. These technologies remain relatively small — non-hydro renewables were around 5 percent of the total last year — but they're growing so fast (wind and solar use have quadrupled in the last five years) that just this week the chairman of the Federal Energy Regulatory Commission predicted that solar power could soon begin to double every two years.

Utilities are afraid that solar power will be to the electrical grid what PCs were to mainframes, or e-mail to the Postal Service: a technology that will simply kill its predecessors. Coal and nuclear power are both doomed, and the profit-making power grid with it. That's all to our benefit.

Back to top

Pipeline-Capacity Squeeze Reroutes Crude Oil
Russell Gold – **Wall Street Journal**

More crude oil is moving around the U.S. on trucks, barges and trains than at any point since the government began keeping records in 1981, as the energy industry devises ways to get around a pipeline-capacity shortage to take petroleum from new wells to refineries.

The improvised approach is creating opportunities for transportation companies even as it strains roads and regulators. And it is a precursor to what may be a larger change: the construction of more than $40 billion in oil pipelines now under way or planned for the next few years, according to energy adviser Wood Mackenzie.

"We are in effect re-plumbing the country," says Curt Anastasio, chief executive of NuStar Energy LP, NS +0.58% a pipeline company in San Antonio. Oil is "flowing in different directions and from new places."

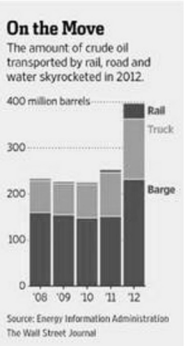


U.S. oil production has reached its highest level in two decades, while imports have fallen dramatically. A system built to import oil and deliver it to coastal refineries has become ill-equipped to handle rising production in Texas, North Dakota and Canada's Alberta province.

"All of the pipes are pointed in the wrong direction," says Harold York, an oil researcher at Wood Mackenzie. "We are turning the last 70 years of oil-industry history in North America on its head, and we are turning it on its head in the next 10 to 15 years."

With oil prices persistently above $100 a barrel, companies drilling new wells don't want to forgo revenue while they wait years for new pipelines. That leaves them with trucks, trains and barges to move an increasing amount of crude.

Oil delivered to refineries by trucks grew 38% from 2011 to 2012, according to the U.S. Energy Information Administration, while crude on barges grew 53% and rail deliveries quadrupled. Although alternatives are growing rapidly, pipelines and oceangoing tankers remain the primary method for delivering crude to refineries.

In the Eagle Ford, a large four-year-old South Texas oil field, production has grown to more than 500,000 barrels a day, from less than 1,000 in 2009, according to state statistics. Getting that torrent out of the sparsely populated region has required modifications to the oil-delivery system.

For example, last year NuStar reversed a 16-inch pipeline built to carry crude imported from Africa and Europe northward from the Port of Corpus Christi. Now, the pipeline flows south, taking delivery from hundreds of trucks that fill up at individual wells. Some of the 175,000 barrels a day moving through the pipe is loaded onto barges at Corpus Christi and towed toward refineries near Houston.

Earlier this year, Phillips 66 began putting some of this crude on ships for a 2,200-mile journey around Florida to its refinery in Linden, N.J.

The heavy trucks moving Eagle Ford crude are causing headaches for residents and local officials, ripping up roads and causing traffic tie-ups.

"These are rural roads built for 10 cars an hour, and now it's 100 vehicles an hour, and 75 of them are 80,000-pound trucks," says Tom Voelkel, president of Dupre Logistics LLC. The Lafayette, La., company started hauling crude in Eagle Ford in November 2011 and has more than 100 drivers full time in the region.

The Texas Legislature appropriated $450 million this year to repair and improve roads in oil-producing counties. "It doesn't even begin to reach where it needs to reach," says Daryl Fowler, the chief elected county official in Cuero, Texas, about a hundred miles southeast of San Antonio.

"We've seen a fourfold increase in congestion around here," he says. "The roads are crumbling."

In July, the Texas transportation department decided to convert 83 miles of state road in six oil-boom counties from pavement to gravel, to reduce repair costs and slow traffic.

Trucks filled with Eagle Ford crude are also heading 100 miles west to a barge canal. The first barge of crude departed in September 2011, heading south toward the Gulf of Mexico and refineries near Houston. Now the canal moves 1.6 million barrels a month, says Jennifer Stastny, executive director of the Port of Victoria.

"It's like putting your 5-year-old to bed one night and he wakes up the next morning as a 16-year-old, with the appetite and demands of a 16-year-old," she says.

In North Dakota, trains move 69% of the state's 800,000 barrels a day of crude, according to state figures. Energy companies say they value rail's ability to deliver crude to the highest-paying markets.

But the deadly runaway crude train crash in Canada's Quebec province in July, which incinerated a small town and killed at least 47 people, highlighted the risks of the mile-long crude trains crisscrossing the country. The U.S. government is imposing new regulations on oil shipments by rail.

Some state regulators wonder if their local efforts leave them prepared for a train accident, in part because federal railroad rules pre-empt state and local control over trains.

In Washington state, "we can't say [to train operators] you have to have oil-spill contingency plans in order to operate," says Curt Hart, a spokesman for the state's Department of Ecology. "We do that for oil tankers, barges, large commercial vessels and refineries."

Home to five refineries, the state levies a per-barrel tax on crude delivered by tankers and barges, which pays for spill-response officials and inspectors. The tax doesn't apply to rail shipments.

The American Association of Railroads says it is prepared for growing crude shipments because it has long carried hazardous cargoes. In 2008, major U.S. railroads carried 9,500 carloads of crude, the association says, and are on pace this year to carry 389,000.

Most industry analysts believe that while crude on trains will last, truck and barge traffic will decline once new pipelines come into service.

Environmental groups have criticized some pipeline projects, including the Keystone XL, meant to move Canadian oil to Gulf Coast refineries. The federal government is still studying the Keystone pipeline and has yet to issue needed permits.

Steve Kean, president and chief operating officer of Kinder Morgan Inc., KMI +0.30% one of several interrelated companies that own or operate 82,000 miles of North American pipeline, says government agencies thoroughly vet new projects.

Falling imports, infrastructure investments and increased manufacturing are just some of the benefits of newly abundant energy supplies, he says. "This has got to be one of the best things that has happened in our economy in the past 10 years. It is better than the iPad."

Back to top

U.S. Electrical Grid on the Edge of Failure
Jeff Tollefson – **Nature**

Facebook can lose a few users and remain a perfectly stable network, but where the national grid is concerned simple geography dictates that it is always just a few transmission lines from collapse.

That is according to a mathematical study of spatial networks by physicists in Israel and the United States. Study co-author Shlomo Havlin of Bar-Ilan University in Ramat-Gan, Israel, says that the research builds on earlier work by incorporating a more explicit analysis of how the spatial nature of physical networks affects their fundamental stability. The upshot,

published today in Nature Physics, is that spatial networks are necessarily dependent on any number of critical nodes whose failure can lead to abrupt — and unpredictable — collapse1.

The electric grid, which operates as a series of networks that are defined by geography, is a prime example, says Havlin. "Whenever you have such dependencies in the system, failure in one place leads to failure in another place, which cascades into collapse."

The warning comes ten years after a blackout that crippled parts of the midwest and northeastern United States and parts of Canada. In that case, a series of errors resulted in the loss of three transmission lines in Ohio over the course of about an hour. Once the third line went down, the outage cascaded towards the coast, cutting power to some 50 million people. Havlin says that this outage is an example of the inherent instability his study describes, but others question whether the team's conclusions can really be extrapolated to the real world.

"I suppose I should be open-minded to new research, but I'm not convinced," says Jeff Dagle, an electrical engineer at the Pacific Northwest National Laboratory in Richland, Washington, who served on the government task force that investigated the 2003 outage. "The problem is that this doesn't reflect the physics of how the power grid operates."
Critical order

Havlin and his colleagues focused on idealized scenarios. They found that randomly structured networks — such as social networks — degrade slowly as nodes are removed, which in the real world might mean there is time to diagnose and address a problem before a system collapses. By contrast, the connections of orderly lattice structures have more critical nodes, which increase the instability. The problem is that such orderly networks are always operating near an indefinable edge, Havlin says. To reduce that risk, he recommends adding a small number of longer transmission lines that provide short cuts to different parts of the grid.

Benjamin Carreras, a physicist at Oak Ridge National Laboratory in Tennessee who has conducted similar work2, says that network theory can be useful for providing insight into electric grids but must be complemented with more complex models that attempt to represent both the physical realities and the responsiveness of the modern electric grid. Although in some cases adding long lines can benefit the overall stability of an electric system, Carreras' work suggests that in certain circumstances such an approach allows problems to propagate even farther.

"More connections may stabilize some processes, by, for instance, increasing the number of paths to generators, but also may destabilize others," Carreras says. "One cannot make generic statements on this topic."

Although local outages caused by falling trees knocking down distribution lines are common, large-scale failures within the core ne transmission lines rarely occur on a modern electric grid. Before 2003, the last major blackout in the United States had been on the west coast in 1996, and more recently an outage has struck in the San Diego area.

Dagle says that the 2003 blackout stemmed from a combination of bad vegetation management — the first three lines tripped after sagging into trees but were all within their load rating — and a series of monitoring and communications breakdowns. Vegetation requirements have since been standardized, and a new generation of sensors is providing grid operators with more information about what is happening across the grid at any given moment.

"Many more utilities have much more data," Dagle says. "The next phase of our voyage is to make better use of that data."

Back to top

**Technology – Full text articles**

Ballmer Departure From Microsoft Was More Sudden Than Portrayed by the Company
Kara Swisher – **All Things D**

According to sources close to the situation, the departure of CEO Steve Ballmer from Microsoft last week was more sudden than was depicted by the company in its announcement that he would be retiring within the next year in a planned smooth transition.

It was neither planned nor as smooth as portrayed.

While the decision to go seems to have technically been Ballmer's, interviews with dozens of people inside and outside the company, including many close to the situation, indicate that he had not aimed to leave this soon and especially after the recent restructuring of the company that he had intensely planned.

Instead, sources said Ballmer's timeline had been moved up drastically — first by him and then the nine-member board, including his longtime partner and Microsoft co-founder and chairman Bill Gates — after all agreed that it was best if he left sooner than later.

That was due to a number of increasingly problematic issues on the immediate horizon — including a potentially nasty proxy fight, continued business performance declines and, perhaps most of all, that Ballmer's leadership was becoming a very obvious lightning rod.

Interestingly, Ballmer actually indicated that he had planned on staying in his letter about his impending departure, noting: "My original thoughts on timing would have had my retirement happen in the middle of our transformation to a devices and services company focused on empowering customers in the activities they value most."

That sentence spurred much chatter inside the company, including the persistent rumor that Gates had dropped the bomb on Ballmer. That sentiment was further underscored when Ballmer's letter contained no reference or thanks to Gates, with whom he has been tightly tethered over the last several decades. Its absence has been much discussed internally at Microsoft, where it has been seen as an unusual slight and a sign of a rift.

Gates also did not reference his longtime business partner in any celebratory manner in Microsoft's announcement. "As a member of the succession planning committee, I'll work closely with the other members of the board to identify a great new CEO," said Gates, in the entirety of the quote about Ballmer's retirement. "We're fortunate to have Steve in his role until the new CEO assumes these duties."

Other sources cautioned that it was not indicative of tensions between the pair, but was done to minimize "lame duck concerns" that might arise if Ballmer was portrayed as already out the door.

Those sources also insist that Gates never asked Ballmer to step down sooner, although they acknowledge that he also did not — as Gates had in the past — disagree that it was best that he move on.

"Did Gates instigate it? No," said one source with knowledge of the situation. "But was he as supportive of Ballmer as he had been in the past? Maybe not."

That was still a big change, of course. Gates — who has always been and remains the key decision-maker on Microsoft's board — had always been Ballmer's major backer, despite increasing pressure both externally and from other directors for him to step down.

Gates had rejected such suggestions for years. That included former director and Netflix CEO Reed Hastings, who many sources said had been one of the first to urge that the company replace Ballmer as CEO, as well as from a spate of Wall Street investors complaining about the company's declining value in the Ballmer years.

As AllThingsD's John Paczkowski wrote on Friday: "Here's one metric by which Ballmer will be judged harshly. On the last day of 1999, the day before he took over as CEO, Microsoft's market capitalization was $600 billion. On the day before he announced his intention to retire, it was less than $270 billion."

That's a damning number, of course, coupled with a widespread sentiment that Ballmer had missed critical trends in tech under his tenure. Despite a strong growth in revenue, investors and others had long concluded that Microsoft had thrived when Gates was CEO and waned under Ballmer's rule.

Still, until recently, there has been no signal from the company indicating any change in top leadership. In fact, the management reorganization backed strongly by the board a month ago had essentially placed Ballmer at the center of the structure under a plan described as "One Microsoft."

And, at the time of the restructuring announcement in July, Ballmer's definite and clear message was that he was there to stay:

"Lots of change. But in all of this, many key things remains the same. Our incredible people, our spirit, our commitment, our belief in the transformative power of technology — our Microsoft technology — to make the world a better place for billions of people and millions of businesses around the world. It's why I come to work inspired every day. It's why we've evolved before, and why we're evolving now. Because we're not done. Let's go."

Though early in its rollout, the changes have been jarring and created a level of chaos at the company that has led to much grumbling internally. It also did not help that the restructuring was quickly followed by a dismal Q4 performance by Microsoft.

As I wrote in mid-July: "Microsoft had a bad fourth quarter, mostly because many people are not using PCs any more. In addition, the tech giant took a $900 million charge related to having to cut the price of its Surface RT tablet, which had — as you might imagine — an impact on results. Missed profit expectations, missed revenue, missed all over the ying-yang."

With the prospect that the next quarter could be weaker still and with numerous reports of late that there has been slowing of adoption from its new flagship Windows 8 offering, Ballmer and the board finally aligned to move his departure date sooner.

Most critical to that decision, source said, were increased board worries that recent pressure from activist investor ValueAct — which has a large stake in the company — had a good chance of succeeding in its efforts to obtain a seat on the board of Microsoft, especially if Ballmer stayed in place.

And even if the software giant was able to thwart that from happening, said several sources, such a public fight is untenable for the company, since it was likely to attract even more scrutiny to Ballmer's performance and perhaps even more investor action.

ValueAct has until August 30 to notify Microsoft if it plans a proxy battle, and sources said it still wants more that Ballmer's retirement. In talks, said sources, it has asked for an aggressive stock buyback and also a dividend increase, which might assuage its efforts to garner a board seat.

Ballmer denied any pressure from ValueAct specifically in his decision in an interview with the Seattle Times, though sources said that was simply bluster.

And, even with mounting pressure on him, Ballmer definitely portrayed the change as his decision in an interview he gave to ZDNet's Mary Jo Foley last week, after his retirement announcement.

"I would say for me, yeah, I've thought about it for a long time, but the timing became more clear to me over the course of the last few months," he insisted.

When asked if Gates asked him to stay or go, he said no, apparently to both. "Bill respects my decision. I mean, it's one of these things when if it's — you know, ultimately these kinds of things have to be one's own personal decision."

That statement also struck many inside the company as a quick shift. Ballmer, said sources, had been jumping enthusiastically into business review meetings, as part of the new structure, over the last month. In addition, he had expressed to many employees his excitement at being part of the changes he had initiated.

But, in meetings after the announcement, numerous sources inside the company said Ballmer seemed uncharacteristically chastened and quiet, in contrast to his usual confident and forceful manner.

"He was definitely not leaving and then he suddenly was," said one source. "Even if today's Steve made the choice, it was a choice yesterday's Steve did not want to."

Another source, close to the board, perhaps explained it best: "If ValueAct got on the board, I think Ballmer finally realized that meant it was going to be the hard way from then on out until he left and he did not want that for a company he clearly loves and has been his life."

Now, those inside the company are turning to what comes next. While not everyone on the board thought that Ballmer should step down without a new CEO in place, it's moot now as Microsoft turbocharges the process — in place for several years now — to select its next leader.

But, though the committee is headed up by John Thompson, CEO of Virtual Instruments and the former CEO of security software giant Symantec, most expect Gates — as usual — to be the key decision maker on that choice, too.

A Microsoft spokesman declined comment.

Back to top

The Decline of E-Empires
Paul Krugman – **New York Times**

Steve Ballmer's surprise announcement that he will be resigning as Microsoft's C.E.O. has set off a huge flood of commentary. Being neither a tech geek nor a management guru, I can't add much on those fronts. I do, however, think I know a bit about economics, and I also read a lot of history. So the Ballmer announcement has me thinking about network externalities and Ibn Khaldun. And thinking about these things, I'd argue, can help ensure that we draw the right lessons from this particular corporate upheaval.

First, about network externalities: Consider the state of the computer industry circa 2000, when Microsoft's share price hit its peak and the company seemed utterly dominant. Remember the T-shirts depicting Bill Gates as a Borg (part of the hive mind from "Star Trek"), with the legend, "Resistance is futile. Prepare to be assimilated"? Remember when Microsoft was at the center of concerns about antitrust enforcement?

The odd thing was that nobody seemed to like Microsoft's products. By all accounts, Apple computers were better than PCs using Windows as their operating system. Yet the vast majority of desktop and laptop computers ran Windows. Why?

The answer, basically, is that everyone used Windows because everyone used Windows. If you had a Windows PC and wanted help, you could ask the guy in the next cubicle, or the tech people downstairs, and have a very good chance of getting the answer you needed. Software was designed to run on PCs; peripheral devices were designed to work with PCs.

That's network externalities in action, and it made Microsoft a monopolist.

The story of how that state of affairs arose is tangled, but I don't think it's too unfair to say that Apple mistakenly believed that ordinary buyers would value its superior quality as much as its own people did. So it charged premium prices, and by the time it realized how many people were choosing cheaper machines that weren't insanely great but did the job, Microsoft's dominance was locked in.

Now, any such discussion brings out the Apple faithful, who insist that anything Windows can do Apple can do better and that only idiots buy PCs. They may be right. But it doesn't matter, because there are many such idiots, myself included. And Windows still dominates the personal computer market.

The trouble for Microsoft came with the rise of new devices whose importance it famously failed to grasp. "There's no chance," declared Mr. Ballmer in 2007, "that the iPhone is going to get any significant market share."

How could Microsoft have been so blind? Here's where Ibn Khaldun comes in. He was a 14th-century Islamic philosopher who basically invented what we would now call the social sciences. And one insight he had, based on the history of his native North Africa, was that there was a rhythm to the rise and fall of dynasties.

Desert tribesmen, he argued, always have more courage and social cohesion than settled, civilized folk, so every once in a while they will sweep in and conquer lands whose rulers have become corrupt and complacent. They create a new dynasty — and, over time, become corrupt and complacent themselves, ready to be overrun by a new set of barbarians.

I don't think it's much of a stretch to apply this story to Microsoft, a company that did so well with its operating-system monopoly that it lost focus, while Apple — still wandering in the wilderness after all those years — was alert to new opportunities. And so the barbarians swept in from the desert.

Sometimes, by the way, barbarians are invited in by a domestic faction seeking a shake-up. This may be what's happening at Yahoo: Marissa Mayer doesn't look much like a fierce Bedouin chieftain, but she's arguably filling the same functional role.

Anyway, the funny thing is that Apple's position in mobile devices now bears a strong resemblance to Microsoft's former position in operating systems. True, Apple produces high-quality products. But they are, by most accounts, little if any better than those of rivals, while selling at premium prices.

So why do people buy them? Network externalities: lots of other people use iWhatevers, there are more apps for iOS than for other systems, so Apple becomes the safe and easy choice. Meet the new boss, same as the old boss.

Is there a policy moral here? Let me make at least a negative case: Even though Microsoft did not, in fact, end up taking over the world, those antitrust concerns weren't misplaced. Microsoft was a monopolist, it did extract a lot of monopoly rents, and it did inhibit innovation. Creative destruction means that monopolies aren't forever, but it doesn't mean that they're harmless while they last. This was true for Microsoft yesterday; it may be true for Apple, or Google, or someone not yet on our radar, tomorrow.

Back to top

**State Budgets and Healthcare costs – Full text articles**

How to Charge $546 for Six Liters of Saltwater
Nina Bernstein – **New York Times**

It is one of the most common components of emergency medicine: an intravenous bag of sterile saltwater.

Luckily for anyone who has ever needed an IV bag to replenish lost fluids or to receive medication, it is also one of the least expensive. The average manufacturer's price, according to government data, has fluctuated in recent years from 44 cents to $1.

Yet there is nothing either cheap or simple about its ultimate cost, as I learned when I tried to trace the commercial path of IV bags from the factory to the veins of more than 100 patients struck by a May 2012 outbreak of food poisoning in upstate New York.

Some of the patients' bills would later include markups of 100 to 200 times the manufacturer's price, not counting separate charges for "IV administration." And on other bills, a bundled charge for "IV therapy" was almost 1,000 times the official cost of the solution.

It is no secret that medical care in the United States is overpriced. But as the tale of the humble IV bag shows all too clearly, it is secrecy that helps keep prices high: hidden in the underbrush of transactions among multiple buyers and sellers, and in the hieroglyphics of hospital bills.

At every step from manufacturer to patient, there are confidential deals among the major players, including drug companies, purchasing organizations and distributors, and insurers. These deals so obscure prices and profits that even participants cannot say what the simplest component of care actually costs, let alone what it should cost.

And that leaves taxpayers and patients alike with an inflated bottom line and little or no way to challenge it.

A PRICE IN FLUX

In the food-poisoning case, some of the stricken were affluent, and others barely made ends meet. Some had private insurance; some were covered by government programs like Medicare and Medicaid; and some were uninsured.

In the end, those factors strongly (and sometimes perversely) affected overall charges for treatment, including how much patients were expected to pay out of pocket. But at the beginning, there was the cost of an IV bag of normal saline, one of more than a billion units used in the United States each year.

"People are shocked when they hear that a bag of saline solution costs far less than their cup of coffee in the morning," said Deborah Spak, a spokeswoman for Baxter International, one of three global pharmaceutical companies that make nearly all the IV solutions used in the United States.

It was a rare unguarded comment. Ms. Spak — like a spokesman for Hospira, another giant in the field — later insisted that all information about saline solution prices was private.

In fact, manufacturers are required to report such prices annually to the federal government, which bases Medicare payments on the average national price plus 6 percent. The limit for one liter of normal saline (a little more than a quart) went to $1.07 this year from 46 cents in 2010, an increase manufacturers linked to the cost of raw materials, fuel and transportation. That would seem to make it the rare medical item that is cheaper in the United States than in France, where the price at a typical hospital in Paris last year was 3.62 euros, or $4.73. One-liter IV bags normally contain nine grams of salt, less than two teaspoons. Much of it comes from a major Morton Salt operation in Rittman, Ohio, which uses a subterranean salt deposit formed millions of years ago. The water is local to places like Round Lake, Ill., or Rocky Mount, N.C., where Baxter and Hospira, respectively, run their biggest automated production plants under sterility standards set by the Food and Drug Administration.

But even before the finished product is sold by the case or the truckload, the real cost of a bag of normal saline, like the true

cost of medical supplies from gauze to heart implants, disappears into an opaque realm of byzantine contracts, confidential rebates and fees that would be considered illegal kickbacks in many other industries.

IV bags can function like cheap milk and eggs in a high-priced grocery store, or like the one-cent cellphone locked into an expensive service contract. They serve as loss leaders in exclusive contracts with "preferred manufacturers" that bundle together expensive drugs and basics, or throw in "free" medical equipment with costly consequences.

Few hospitals negotiate these deals themselves. Instead, they rely on two formidable sets of middlemen: a few giant group-purchasing organizations that negotiate high-volume contracts, and a few giant distributors that buy and store medical supplies and deliver them to client hospitals.

Proponents of this system say it saves hospitals billions in economies of scale. Critics say the middlemen not only take their cut, but they have a strong interest in keeping most prices high and competition minimal.

The top three group-purchasing organizations now handle contracts for more than half of all institutional medical supplies sold in the United States, including the IVs used in the food-poisoning case, which were bought and taken by truck to regional warehouses by big distributors.

These contracts proved to be another black box. Debbie Mitchell, a spokeswoman for Cardinal Health, one of the three largest distributors, said she could not discuss costs or prices under "disclosure rules relative to our investor relations."

Distributors match different confidential prices for the same product with each hospital's contract, she said, and sell information about the buyers back to manufacturers.

A huge Cardinal distribution center is in Montgomery, N.Y. — only 30 miles, as it happens, from the landscaped grounds of the Buddhist monastery in Carmel, N.Y., where many of the food-poisoning victims fell ill on Mother's Day 2012.

Among them were families on 10 tour buses that had left Chinatown in Manhattan that morning to watch dragon dances at the monastery. After eating lunch from food stalls there, some traveled on to the designer outlet stores at Woodbury Commons, about 30 miles away, before falling sick.

The symptoms were vicious. "Within two hours of eating that rice that I had bought, I was lying on the ground barely conscious," said Dr. Elizabeth Frost, 73, an anesthesiologist from Purchase in Westchester County who was visiting the monastery gardens with two friends. "I can't believe no one died."

About 100 people were taken to hospitals in the region by ambulance; 5 were admitted and the rest released the same day. The New York State Department of Health later found the cause was a common bacterium, Staphylococcus aureus, from improperly cooked or stored food sold in the stalls.

MYSTERIOUS CHARGES

The sick entered a health care ecosystem under strain, swept by consolidation and past efforts at cost containment.

For more than a decade, hospitals in the Hudson Valley, like those across the country, have scrambled for mergers and alliances to offset economic pressures from all sides. The five hospitals where most of the victims were treated are all part of merged entities jockeying for bargaining power and market share — or worrying that other players will leave them struggling to survive.

The Affordable Care Act encourages these developments as it drives toward a reimbursement system that strives to keep people out of hospitals through more coordinated, cost-efficient care paid on the basis of results, not services. But the billing mysteries in the food poisoning case show how easily cost-cutting can turn into cost-shifting.

A Chinese-American toddler from Brooklyn and her 56-year-old grandmother, treated and released within hours from the emergency room at St. Luke's Cornwall Hospital, ran up charges of more than $4,000 and were billed for $1,400 — the hospital's rate for the uninsured, even though the family is covered by a health maintenance organization under Medicaid, the federal-state program for poor people.

The charges included "IV therapy," billed at $787 for the adult and $393 for the child, which suggests that the difference in the amount of saline infused, typically less than a liter, could alone account for several hundred dollars.

Tricia O'Malley, a spokeswoman for the hospital, would not disclose the price it pays per IV bag or break down the therapy charge, which she called the hospital's "private pay rate," or the sticker price charged to people without insurance. She said she could not explain why patients covered by Medicaid were billed at all.

Eventually the head of the family, an electrician's helper who speaks little English, complained to HealthFirst, the Medicaid H.M.O. It paid $119 to settle the grandmother's $2,168 bill, without specifying how much of the payment was for the IV. It paid $66.50 to the doctor, who had billed $606.

At White Plains Hospital, a patient with private insurance from Aetna was charged $91 for one unit of Hospira IV that cost the hospital 86 cents, according to a hospital spokeswoman, Eliza O'Neill.

Ms. O'Neill defended the markup as "consistent with industry standards." She said it reflected "not only the cost of the solution but a variety of related services and processes," like procurement, biomedical handling and storage, apparently not included in a charge of $127 for administering the IV and $893 for emergency-room services.

The patient, a financial services professional in her 50s, ended up paying $100 for her visit. "Honestly, I don't understand the system at all," said the woman, who shared the information on the condition that she not be named.

Dr. Frost, the anesthesiologist, spent three days in the same hospital and owed only $8, thanks to insurance coverage by United HealthCare. Still, she was baffled by the charges: $6,844, including $546 for six liters of saline that cost the hospital $5.16.

"It's just absolutely absurd." she said. "That's saltwater."

Last fall, I appealed to the New York State Department of Health for help in mapping the charges for rehydrating patients in the food poisoning episode. Deploying software normally used to detect Medicaid fraud, a team compiled a chart of what Medicaid and Medicare were billed in six of the cases.

But the department has yet to release the chart. It is under indefinite review, Bill Schwarz, a department spokesman, said, "to ensure confidential information is not compromised."

Back to top

States scramble to get health-care law's insurance marketplaces up and running
Sarah Kliff and Sandhya Somashekhar - **Washington Post**

With a key deadline approaching, state officials across the country are scrambling to get the Affordable Care Act's complex computer systems up and running, reviewing contingency plans and, in some places, preparing for delays.

Oct. 1 is the scheduled launch date for the health-care law's insurance marketplaces — online sites where uninsured people will be able to shop for coverage, sometimes using a government subsidy to purchase a plan. An estimated 7 million people are expected to use these portals to purchase health coverage in 2014.

The task is unprecedented in its complexity, requiring state and federal data systems to transmit reams of information between one another. Some officials in charge of setting up the systems say that the tight deadlines have forced them to take shortcuts when it comes to testing and that some of the bells and whistles will not be ready.

"There's a certain level of panic about how much needs to be accomplished but a general sense that the bare minimum to get the system functional will be done," said Matt Salo, executive director of the National Association of Medicaid Directors. "It will by no means be as smooth and as seamless as people expected."

Oregon announced this month that it will delay consumers' direct access to its marketplace, opening the Web site only to brokers and consumer-assistance agents in order to shield consumers from opening-day glitches.

“Even though we’re testing now, once you actually have the system up, you don’t know what the bugs will be,” said Amy Fauver, spokeswoman for Cover Oregon, the state agency implementing the law there.

In California, which has the nation’s largest uninsured population, health officials have begun hinting that they may have a similar problem.

“It’s a complex system, and there’s a lot of navigation that needs to happen,” said Oscar Hidalgo, a spokesman for Covered California. He said the agency will know by early September whether the system will be ready in time.

If not, he said, customers will still be able to log on to the Web site and peruse insurance plans and view prices. When they get to the final step, however, they will not be able to sign up. They will have to contact a customer service representative to complete the final enrollment step.

Officials with the District of Columbia’s Health Link decided to put off building a Spanish version of its Web site until later this year, giving its staff bandwidth to complete other tasks they see more critical to the launch.

Until then, the District will have bilingual call-center workers and in-person helpers who will be able to help Spanish speakers navigate the site.

The hiccups are troubling to advocates, who worry that there will be mistakes that result in people being erroneously rejected by Medicaid or denied subsidies to which they are entitled. They are concerned that impediments will discourage the uninsured from signing up for coverage.

“There will be something up and running, but there will be serious, serious difficulties with it” that could result in delays and errors initially, said Robert H. Bonthius Jr., a lawyer at the Legal Aid Society of Cleveland. “It’s an extremely ambitious program, well-intentioned, that is going to be very difficult to accomplish, and it’s going to be months and maybe years before it really gets sorted out.”

Much of the difficulty stems from the information the federal government needs to determine who qualifies for which health-law program, including data on citizenship, income, residence and employment. State systems will need to communicate seamlessly with a federal data hub that pulls in information from the Department of Homeland Security and the Internal Revenue Service, among others.

President Obama has predicted “bumps” and “glitches” in the initial launch of the exchanges. Health and Human Services Secretary Kathleen Sebelius has acknowledged a very tight time frame that has required the government to test the hub in imperfect conditions, but she has said it will still launch on time.

“Ideally what you would do if you were building a data hub that needs this kind of information, you’d put a piece together and test that. You test it, if you will, sequentially,” she said in an interview. “We have to build and test simultaneously. . . . It’s a big operational issue, but all systems are a go for the first of October.”

Sixteen states decided to build their own health-insurance marketplaces, with the rest leaving all or much of the task to the federal government. Those states are now in the process of, or have completed, testing to share data back and forth with the data hub.

“There were times when the hub had to be taken offline. . . . So we couldn’t test until they got it back online,” said Jon Hager, executive director of Nevada’s Silver State Health Insurance Exchange. “But I think the end result, and everything I’ve seen, says it will be ready.”

Hager has invested significant time preparing contingency plans for his state, including one for a situation in which the federal data hub does not work, though he said he believes that to be a relatively unlikely scenario.

“If there’s a new rule, that could throw us into a quandary,” Hager said. “You could have, I don’t know, a disaster or a fire. I think we’ve got backup and contingency plans for everything.”

The federal government handles all testing of these connections for states that did not build a portal and chose instead to

rely on the federally facilitated marketplace.

State Medicaid programs, which typically serve low-income individuals, are also undergoing testing with the federal data hub. At least one state, Arizona, has not begun that work. It will start testing in September, a late start that worries the executive director of the state's marketplace.

"It's a concern that we're testing this late," said Tom Betlach, who runs the Arizona Health Care Cost Containment System. "Usually when you do testing, you have to go ahead and address any changes. Given the October 1st start date, I don't know much of it will be an iterative process."

Back to top

80 House members: Shutdown better than Obamacare
Charles Babington – **Associated Press**

More than one-third of House Republicans urged their leader Thursday to trigger a government shutdown rather than pay for the implementation of the health-care law they call Obamacare.

A letter from 80 Republicans asked Speaker John Boehner, R-Ohio, to resist any spending bills that would accommodate the new health-care law, which is nearing a critical stage of signing up millions of Americans for health coverage.

Because it's virtually certain that President Obama and the Democrat-controlled Senate would reject such demands, leaders of both parties say the standoff likely would result in a partial shutdown of the federal government, similar to those that occurred in 1995 and 1996.

The letter is mixed news for Boehner and other GOP leaders who view a government shutdown as politically unwise.

The federal 2013 fiscal year ends Sept. 30. New money must be appropriated by then to avoid a shutdown of countless government offices and agencies.

Voters chiefly blamed congressional Republicans for the mid-1990s shutdowns, and the fallout boosted Democratic President Clinton. Ever since, many establishment Republicans have urged the party to avoid using shutdown threats as a bargaining tool.

But a new generation of tea-party-backed conservatives rejects the advice. They say "Obamacare" — officially the Affordable Care Act — is so unpopular and unworkable that it justifies extraordinary tactics to block it.

A possible solution to the budget impasse, often used in past years, would involve a "continuing resolution" to keep funding the government at current levels. Many top Republicans, including Senate Minority Leader Mitch McConnell, say it's impossible to carve out money for Obamacare in any appropriations measure.

The House letter was authored by Rep. Mark Meadows, R-N.C. It urges Boehner "to affirmatively de-fund the implementation and enforcement of Obamacare in any relevant appropriations bill," including "any continuing appropriations bill."

At least a dozen Senate Republicans have signed a similar letter.

In recent years, Democrats and Republicans in Congress repeatedly have failed to reach major compromises on spending.

The impasses led this year to automatic, across-the-board spending cuts known as sequestration, which have hampered some federal agencies and helped shrink the deficit.

Back to top

**Berkshire Hathaway – Full text articles**

*No breaking news*

Back to top

**Philanthropy – Full text articles**

Philanthropy: the givers club
Cordelia Jenkins – **Livemint and the Wall Street Journal**

On Friday, around 60 prospective philanthropists attended the "First Givers Club" summit in Delhi run by the online philanthropic donation forum GiveIndia. While the club has existed in Mumbai since 2010, said Dhaval Udani, GiveIndia's CEO, this was their first foray into the capital city. Mint was the media partner of the event.

"With this club, we wanted to create a platform for like-minded individuals to build a community of donors who share knowledge and vision; it will also help to facilitate giving effectively," Udani told his audience. "Our aim is to help you get more exposure and awareness of the different aspects of philanthropy; over the last three years this club has helped channel more than Rs.18 crore to the lives of more than 10,000 underprivileged in India."

Rakesh Bharti Mittal, vice-chairman and managing director of Bharti Enterprises, along with speakers Anu Aga of Thermax and Amit Chandra of Bain Capital gave their perspectives on how and where to give effectively and on the future of Indian philanthropy. Edited excerpts:

Rakesh Mittal set up the Satya Bharti school programmes in 2006. The aim was to set up 500 primary and 50 secondary schools of its own with a corpus of Rs.200 crore. After that, state governments began reaching out and Bharti began adopting government schools, creating a public-private partnership in delivering quality education to rural children.

"Given the new companies Bill, which has been passed by Parliament, I assume within the next two three months the rules will be finalized; there is going to be a mad rush for seeking funding. Already, I get a letter every other day for supporting a cause...If I see corporates have been very powerful instruments and drivers of philanthropy, this comes from the wider wealth creation and management role which they do in their businesses. Today they are looking at doing more beyond business, not because the government is forcing them, but because we cannot have islands of wealth. You cannot take this country forward if we are just worried about what I have and what I need for me and my family, and the ecosystem and the society around is crumbling. This country will not move forward."

"If I go back a few centuries giving had been a very rich tradition; it used to be that 10% of your income would be kept aside for a cause. During those times more money went into either building temples or temples of learning, which are the schools and colleges. Pre-1990, Indian corporates were not giving that much, including the individuals, and there was a reason because we did not have sustainable wealth creation opportunities, either for ourselves, our families, or our large stakeholders as we were running the companies.

"This all changed in the post-1991 year of liberalization. In the last two decades, more and more, new age economies moved this country to prosperous economic growth and suddenly you saw people wanting to give back to society because now you have a model which was creating sustainable wealth for yourself."

"There are individuals who may give money and their time, but there are also entrepreneurs, young entrepreneurs who produce products which are low in cost but make a huge impact for the people who use it. This is the brief India is looking at in the landscape today and this will be a stepping stone for the future."

"Giving at Bharti has always been part of our DNA, it was always our endeavour to make a difference. At the beginning, in the mid-70s, we were more interested in creating businesses which could impact society at large. If I look at telecom, retail, agri and food processing we wanted to make a difference and not a buck. In 2000 we set up Bharti Foundation with the sole objective of supporting the youth of India and enabling the underprivileged to come and compete with anyone.

"We started writing cheques and one day I felt that was not the purpose, the fact is there are 320 million children in the age of 6-16, we talk of demographic dividend—absolutely yes, if we nurture this potential, but if we don't do justice to these children there is a disaster which is waiting to happen.

“The way things are going I am not feeling very positive. I am a born optimist; we are spending billions of dollars but is that being delivered efficiently? The answer is no, all of us know that, and that’s why we keep going back to the government; public-private–partnerships is going to be the key to move forward, you have the resources we have the management expertise let’s join hands. And it has started moving.”

Anu Aga led Thermax Ltd from 1996-2004, after retirement she remains on the company’s board of directors. The chairperson of TFI (Teach For India) was nominated to Rajya Sabha in 2012.

“My giving actually started when I lost my son, who was 25 and died in a car accident. Having studied abroad, poverty really bothered him. We who live in India, we become quite insensitive to seeing poor people, but he kept saying a substantial part of our wealth has to go to charity.”

“It started in a very small way, it’s not as if I gave away crores and crores at once. It started with me getting personally involved and I like that model very much, I’m not very happy with just writing a cheque and not getting involved. I was involved with Akansksha and then I was invited to join their board—it ran centres for slum children and I brought it to Pune.

“We have six schools, now this is done by the CSR wing of Thermax, but Shaheen (Mistry) then started Teach For India, which personally I support.

“From the family wealth, it’s my daughter and I who decide on things. The bulk of our giving is to Teach For India and Akanksha, but we also give to an institute called Parivaar in Calcutta, which is for the poorest of the poor. In Bihar we are giving to a school run by an ex-police officer for the rat-eating tribe. The main underlining thing is credibility. Giving without being involved does give me that little fear, but at the same time I would rather make a few mistakes than mistrust everybody.

“There is a lovely body called Caring Friends in Bombay, where a few hundred people meet informally. It’s not an NGO, the two people who started it incubate NGOs which are new from their own money, and after a few years when they become credible, bring it to the others and ask for money from them.”

Amit Chandra is managing director of Bain Capital and responsible for the firm’s India initiative. He is also chairperson of the Akanksha Foundation that works in the field of education for less privileged children.

“Even though I came from a lower middle class family, we were always taught as children to give and share whatever we had. For me the big inflection points were as I was working at DSP Merrill Lynch and I rose through the ranks, I got success relatively early. I was running the firm before I was 35 but there was still a sense of unease that I had with everything I saw around me. I think the unease was on two counts, one was that by virtue of running what was the largest investment bank at that time I got to work with a lot of families and I realized that wealth did not necessarily translate into happiness when you really got to know a lot of these people individually.

“In fact, wealth built a sense of entitlement amongst the next generation, it built a sense of extreme bitterness amongst siblings, and it often was a source of great degree of unhappiness. And another thing, having had the opportunity to study in the West, I realized that when you look at leaders with legacy, a very vast percentage of leaders who had any degree of legacy where the ones who had given back to society. These issues were beginning to bother me.

“My wife and I were inspired by what Chuck Feeney (Irish-American businessman and philanthropist and the founder of The Atlantic Philanthropies) did. We decided to cap the amount of wealth we wanted to have as a family, and so my wife and I walked into a lawyer’s office, and I transferred how much she thought was needed for her, my daughter, and to support my living, and we said from this day onwards everything else basically goes to charity.

“What that did for us was actually incredible because our constraint after that point in time was to find good causes that could be scaled up. That’s where the GiveIndia team came in extremely handy because we’ve set a budget every year for ourselves which is higher than the previous year with the objective really being to effectively give away all our income every year.

“I think giving your time is critical to being able to scale up giving your money. The two things have to go hand in hand. There is no substitute to actually giving time and approaching it the same way you would approach businesses and investments.

The biggest network we use is the GiveIndia network. Working with their team allows us to screen and monitor, before that we were able to support a handful of NGOs. Now we have a reasonable portfolio across all the areas we are interested in. I don't think that scale up would be able to happen if we hadn't leveraged the GiveIndia team."

Back to top

**Global Health and Development – Full text articles**

Pat on the back or force for good: what purpose do development awards serve?
Mark Tran – **Guardian blog**

Divyesh Thakkar has just returned from refugee camps in Ethiopia, where he was surprised to see portable solar lanterns designed by his company still in use three years after their distribution.

The batteries for the prototype lamps were expected to last only two years, but were still functioning at the Jijiga camp near the Somali border.

"It's amazing they're still working and to see them changing lives," said Thakkar, who is based in Leicester. "People are going to university thanks to the lamp."

The solar lantern, which looks like an old-fashioned kerosene hurricane lamp, won an innovation award last year at AidEx, an annual trade show bringing together suppliers and buyers of products for the aid industry. The lamp has a built-in solar panel to charge its four AA-sized batteries.

The lantern has an obvious advantage over kerosone-fuelled equivalents: with no flame or smoke emissions, it is safer and more environmentally friendly. The batteries are made for 500 cycles, or about two years, but the longevity of the lamps in Ethiopia has come as a pleasant surprise. In a novel twist, the lantern, which costs $38 (£24.50), can also be used to charge mobile phones.

The award provided a huge fillip for Thakkar's company, Sunlite. As word spread, relief agencies placed increasingly large orders. About 100,000 of the lamps have been (or are being) used after emergencies in Japan, the Philippines, Thailand and Syria.

Sunlite makes 15,000 lamps a month at two plants in India, including one in a special economic zone in Gujarat state.

Next month, there will be a new winner at AidEx in Brussels, the third year of the award. The innovation award sits alongside a crowded field of honours in the development world, although AidEx is geared more towards humanitarian needs.

Awards seem to be proliferating. Last month, 53 finalists met in Washington to showcase ideas to save the lives of mothers and newborns in developing countries. The award is given by the Saving Lives at Birth partnership, launched in 2011, which includes USAid, Norway, Grand Challenges Canada, backed by the Canadian government, the UK's Department for International Development, and the Bill & Melinda Gates Foundation.

In October, the Mo Ibrahim foundation will announce its prize for achievement in African leadership, established in 2007. Past winners include presidents Joaquim Chissano and Festus Gontebanye Mogae, of Mozambique and Botswana respectively, although the prize is not awarded if no one meets the criteria.

Sceptics may wonder whether these accolades contribute meaningfully to development, or exist only to make donors feel good while sidestepping more fundamental, structural issues. For instance, the Gates foundation awarded $100,000 to the California Institute of Technology last year for designing a solar-powered toilet that breaks down water and human waste into hydrogen gas for use in fuel cells.

The competition was for "next-generation" toilets to improve sanitation in the developing world. Would that money have been better spent on supporting community-led total sanitation – a project to end open defecation that has had considerable success?

Calestous Juma, international development professor at the Kennedy school of government and a nominator, judge and promoter of new types of prizes, sees awards as part of a complex ecology of financing innovation that includes many other instruments. He believes there should be more prizes for humanitarian work and development.

"Doing humanitarian work may look like a thankless job. Yet it is driven by the instinct of empathy that makes us human," said Juma, author of The New Harvest: Agricultural Innovation in Africa. "Honouring, rewarding, celebrating and inspiring work in this area is more needed today than ever. This is an area that can use more societal recognition, especially at a time when the whole aid industry is under scrutiny."

However, Juma says prizes need to be carefully thought out. "Many organisations are launching them without thinking carefully about what prizes can do or cannot do."

The AidEx challenge's lead judge, Michael Pritchard, inventor of the Lifesaver water bottle, says the award is not so much about the money – £2,000 – as validation, although the publicity can be a much-needed boost.

"The validation goes an awfully long way to get the product developed and provides a big leg-up into getting it into the market," he said. "It gets written up all over the world and gets the oxygen of publicity."

As for Thakkar, he says winning the AidEx award has been a positive experience: "Winning the award made a huge difference, it increased publicity. People look more favourably on us and [that] gives us an extra edge. We don't have to sell it as much. But we don't want to be just appreciated, we want the lamp to be used extensively."

Back to top

**Education – Full text articles**

A Chance at Learning
Ginia Bellafante – **New York Times**

This year, a study administered by researchers at Harvard and Stanford drew significant attention for what it revealed about how inadequately low-income students are represented at selective colleges and universities. Only 34 percent of the highest-achieving high-school seniors whose families fell in the bottom quarter of income distribution — versus 78 percent in the top quarter — attended one of the country's most selective colleges, based on a list of nearly 250 schools compiled by Barron's.

In New York City, where a neighborhood like Bushwick, in Brooklyn, can seem like a satellite campus of Wesleyan and a prewar apartment building on the Upper East Side can feel like an Ivy League dormitory for 46-year-olds, there has been considerable philanthropic attention, of the kind other cities ought to envy, paid to finding the most gifted low-income students and putting them on a similar path.

In 1978, Gary Simons, a Bronx teacher, founded Prep for Prep with the goal of identifying talented students of color in the city and readying them for attendance at private schools like Dalton and Groton and so on. Hundreds of the program's alumni have gone on to law, medical and business schools, and employment at Goldman Sachs, JPMorgan Chase and Time Warner.

A decade ago, hoping also to advance the best students attending public high schools, Mr. Simons and others founded another organization, Leadership Enterprise for a Diverse America, or LEDA, which draws exceptional children from around the country, regardless of race, almost entirely from families who make less than $55,000 a year. Applicants are required to be in the top 10 percent of their class, having taken the most difficult courses their schools offer. The 60 who gain entry to the program each year spend the summer before 12th grade at Princeton, studying ethics, political theory and public policy, and preparing for standardized college entrance exams.

In a wondrous righting of the current disequilibrium, however small its scale, they are tutored for those tests by the same instructors who work with some of Manhattan's wealthiest teenagers: the staff of Advantage Testing, whose services cost parents up to $795 an hour. Arun Alagappan, the founder and president of Advantage and a major benefactor of LEDA, provides his employees (whose résumés typically resemble those of the people at Google or McKinsey) pro bono.

LEDA has been very successful. Of the 500 or so students who have graduated from the program, three quarters have gone on to top-tier colleges, 30 percent of them to the Ivy League. Among LEDA's 2012 graduates alone, 19 gained admission to Princeton, 11 to Georgetown and 6 to the University of Pennsylvania.

Last week I took a walk around Red Hook, Brooklyn, with Joshua El-Bey, a LEDA graduate who was leaving in a few days for his sophomore year at Yale. His family struggled as he grew up, moving often and ultimately landing in the Red Hook Houses, the borough's largest public housing development. His first memories of book learning, he told me, were the readings his mother delivered from Genesis when he was 2. What was disconcerting about Mr. El-Bey's otherwise incredibly inspiring trajectory was how much of his success had depended on opportunities outside the public education system.

Bullied in middle school for his studiousness, Mr. El-Bey hoped to gain admission to one of the city's elite specialized public high schools, but he did not do well enough on the entrance exam. The free tutoring provided by the city for the test was insufficient, he said.

He ended up at Edward R. Murrow in Midwood, Brooklyn, a good school whose academics were nevertheless surpassed by the supplemental training he received as a scholar at Sponsors for Educational Opportunity, an organization begun 50 years ago by Manhattan lawyers and advertising executives as a mentoring program to get poor minority students into good colleges. Today it essentially provides a shadow education. In school, Mr. El-Bey told me, he simply learned to "regurgitate facts."

Programs like LEDA and S.E.O. are popular with wealthy, supremely educated donors, precisely because of outcomes like Mr. El-Bey's. Just this May, the financier Henry R. Kravis pledged $4 million in matching gifts to S.E.O.

And in a city as dense with talent and money as New York, the effects of such philanthropy can be effortlessly observed. Walking through his neighborhood, Mr. El-Bey ran into another alumnus of S.E.O., Luis Hernandez, who was about to begin his freshman year at the University of Southern California. In a precocious accomplishment more typical in other neighborhoods, Mr. Hernandez had won a screenwriting contest for a film about obesity that had already made its debut on the Showtime cable channel.

As a society we have begun to pay increasing and essential attention to gaining access to the top, but the brightest among us might do well to apply equal focus to how we might enhance the middle.

Most students, rich or poor, will not go to Harvard, while plenty of working-class and poor students will go to colleges that serve them not nearly well enough. Not long ago, our son's caregiver, who is taking classes at LaGuardia Community College in Queens, showed me a paper she had written for a class in English composition taught by a teacher who was consistently late and twice absent. It was on Ibsen's "A Doll's House" and my husband had helped her. It incisively analyzed the play's theme of 19th-century marital oppression and was impeccably written.

When our nanny received her grade, she was shocked not to have done as well as she had expected. Her formatting had been imprecise, the teacher told her. And there was a problem with spacing. Content seemed not to matter much at all.

Back to top

Obama goes for college 'datapalooza'
Nick Anderson – **Washington Post**

In President Obama's plan to overhaul higher education, which envisions using new federal ratings of colleges to determine levels of student aid, there is a deep faith in the power of information and innovation to catalyze change in colleges and universities.

Ultimately, the belief is that these forces will make college more affordable.

Yet academia has witnessed and taken part in many waves of innovation in the past half-century, and affordability remains elusive.

The administration's faith is encapsulated in a word the White House used this week in a fact sheet about the plan:

“Datapalooza.” Here’s the reference:

“New college ratings will help students compare the value offered by different colleges,” the fact sheet said. “The Department of Education will enlist entrepreneurs and technology leaders with a ‘Datapalooza’ to catalyze new private-sector tools, services, and apps to help students evaluate and select colleges. The effort will be complemented by earnings information by college that will be released for the first time on [the] administration’s College Scorecard this fall.”

What is a datapalooza? Apparently, it is a festival of, or related to, data. The White House and the Education Department hosted such an event Oct. 9. Students and parents are arguably awash in data now, much of it conflicting and confusing. Some would say more is better.

Few would argue that better data would be best of all for the consumer.

The yen for better data is shared not just by Obama but also by some colleges. Start with graduation rates.

Now, the federal government measures how many students graduate within four years or six years of starting college. But it only measures that for students who are first-timers, who are enrolled full-time and who don’t transfer from one institution to another, omitting a huge share of the college population. Millions of students are part-timers. Community colleges with excellent records of getting students into prestigious four-year schools are not rewarded for their efforts if those students fail to pick up an associate’s degree before they transfer. Nor are four-year colleges that give transfer students or former dropouts a second chance and help them get a bachelor’s degree.

The Association of Public and Land-grant Universities, which represents schools such as the University of Maryland, is spearheading an effort to improve this flawed metric, using not only federal data but also information from the nonprofit National Student Clearinghouse to track degree completion for students who move from one school to another.

One question Education Secretary Arne Duncan will face, as he confers with colleges to create a ratings system within the next two years, is what kind of graduation rate the government will use. Another is what kind of data the government will report on income of college graduates.

All we know about the federal rating metrics at this point are rough sketches from the fact sheet, highlighting these potential factors: “access, such as percentage of students receiving Pell grants; affordability, such as average tuition, scholarships, and loan debt; and outcomes, such as graduation and transfer rates, graduate earnings, and advanced degrees of college graduates.”

The plan envisions that ratings will be tied to student aid formulas by 2018, if Congress agrees. That is a big if. It’s also a year after Obama’s term ends.

There is nothing in the plan that would force states to give more funding to public higher education, one of the key cost drivers in tuition. The president recognized the issue, touting a proposal that he has made before — a “Race to the Top” incentive fund of $1 billion for higher education. This fund would aim to spur state reforms and reward states that maintain strong higher education funding, much as an identically named fund for K-12 education did in 2009 and 2010. But it is unlikely to win congressional approval.

Obama’s plan highlights innovation. The president gave a major shout-out to a movement to award degrees based not on how much time students spend in class but on how well they master their material, citing an experiment under way at Southern New Hampshire University and one that is about to launch at the University of Wisconsin.

“So the idea would be if you’re learning the material faster, you can finish faster, which means you pay less and you save money,” Obama said Thursday in a speech at the University at Buffalo. This notion is indeed revolutionary in academia because most degrees are awarded based on the concept of a credit hour — which is a rough measure of the time a student spends doing work in and for a course.

Obama also underscored the online learning movement, which has gained steam in recent years, saying that it holds out the promise of reducing costs. Carnegie Mellon, Arizona State and Georgia Tech universities won coveted presidential mentions in the speech. So did the University of Maryland, in the fact sheet. Fans of massive open online courses, or

MOOCs, took heart from this.

What exactly can the administration do to hasten technological innovation besides hosting datapaloozas? The fact sheet points to two proposals: one that requires money, and one that doesn't. A "First in the World" fund of $260 million, presumably requiring congressional approval, would "test and evaluate innovative approaches to higher education that yield dramatically better outcomes." Education officials liken this to a $650 million "Investing in Innovation" fund created under the 2009 stimulus law that has been used as seed money for experiments in K-12 education.

And the Education Department could cut regulatory barriers to innovation, whatever those might be. Education officials said Friday that they plan to solicit ideas from colleges on what government rules are hindering innovation. Many educators might say that red tape gets in the way of experiments in distance learning and degree programs not organized around the traditional credit hour.

The fact sheet asserts: "The Department will use its authority to issue regulatory waivers for 'experimental sites' that promote high-quality, low-cost innovations in higher education, such as making it possible for students to get financial aid based on how much they learn, rather than the amount of time they spend in class."

Back to top

Massively Online And Offline Too: How MOOCs Will Evolve In The Physical World
Giovanni Rodriguez – **Forbes**

I was at the airport about this time last Sunday, when I overheard a conversation that's becoming quite commonplace. One person was explaining to another what a MOOC was, but he couldn't remember what the letters stood for. As someone who regards himself as an amateur, ad-hoc, in-the-moment teacher, I felt compelled to help him out: "Massive. Open. Online. Course." He thanked me. He had been struggling to remember the "open" part of the MOOC message. And, even more interesting, he had been struggling to remember the word "course."

Over the past few months, more and more clients and partners have been coming to me to deconstruct not just the acronym but also the attributes of MOOCs. So often in fact that I have decided to write a short series on the subject. There are many things to say about both the true impact and hype about MOOCs in the larger narrative that's emerging about disruption in education. But from where I sit, what's most important to note about MOOCs in 2013 is something that the acronym does not yet capture: the massive disruption we're seeing in education will be online and offline, too.

Experience

There are at least three reasons for this. And each of these reasons deserves at least one post, but I'll be super brief here. The first is that the online experience of MOOCs will almost certainly evolve in a way that teachers, students, and staff will look to find ways to meet with one another. This will either happen by design (by intent and with care) or it will happen organically. Almost certainly, the producers of MOOCs will look to do this with some sense of design, while leveraging the organic power of networks to grow by themselves. And if you have been following the evolution of MOOCs, you already know that the online experience is still a work in progress. My business colleague, Chris Bennett — a behavior designer and gamification expert — and I recently spoke about this: many are stuck in the old paradigm of delivering education to the consumer, rather than leveraging the greatest assets of the new medium (co-creation, crowdsourcing, collaboration). By redesigning the online experience to become more interactive, innovators in the MOOC world will see the possibilities for offline experience.

Inventory

Another reason for thinking about physical space: while the world ponders the impact that the costs of higher education will have on schools that are struggling to compete, the inventory of quality physical space that becomes available will appeal to organizations that need it. A couple of years ago, I had the privilege of serving as an advisor to a White House initiative that traveled the country meeting with leaders in large spaces in a network of state and community colleges. As a former theater producer, I was impressed with the availability and quality of these spaces. In theater — and other kinds of shared, quasi-spiritual, transformative experience — physical space is everything. Innovators in the MOOC world will get wise — if they haven't already — to the existence of networks of spaces (there are many different networks, as I will show in a later

article) and make them come alive for their clientele.

Opportunity

And I use the word clientele to make a final point: innovation in the MOOC world will not just come from educators, but from any organization that sees the value of massive online and offline courseware. As my own clientele have come to realize, education in the 21st century is not just something you do before you become an adult but a modality of experience that empowers you throughout your entire life. No reason for schools to own the entire market for those kinds of experiences. But I expect the most enterprising schools — especially those with great or underused physical inventory — to partner with organizations that now have the opportunity to rethink themselves for the education market. In the meantime, it may be time to reassess the MOOC acronym to make the opportunities more obvious. "Massive Online Offline Communities" seems more like it. And unlike the online communities of the past, these communities are learning communities, driven by the new lifelong modality of transformative experience. Expect a land grab for branding and positioning. The disruption in education is just beginning, and the players are just becoming visible.

Back to top

**Women and Children – Full text articles**

Indian Police Arrest Suspects in Two Gang Rapes
Sean Mclain and Khushita Vasan – **Wall Street Journal**

Indian police Sunday were holding 10 men suspected of involvement in two highly publicized gang-rape cases—one in urban Mumbai, the other in rural Jharkhand state—highlighting India's struggles with sexual violence.

In Jharkhand in eastern India, police said they had detained five suspects in connection with the rape of a policewoman by a group of men who had set up a roadblock on a highway. The attack occurred Thursday, but wasn't reported to police until Friday, they said.

Five other men were in custody Sunday in the Mumbai case, in which a 22-year-old magazine intern taking photographs of dilapidated buildings was assaulted Thursday in an abandoned textile mill in the city, police said.

The attacks come as the trial of five people accused in the December gang rape and murder of a 23-year-old student on a Delhi bus entered its final phase. That crime sparked nationwide demonstrations and prompted the government to introduce harsher penalties for crimes against women.

Protesters took to the streets of Mumbai on Friday to decry the assault on the magazine intern in a city that has a reputation as a relatively safe place for women. In 2012, the incidence of rape in the Western Indian metropolis was about half the national rate, according to the National Crime Records Bureau.

"I've always felt much safer in Mumbai compared to other Indian cities," said Sanika Prabhu, a television producer from Mumbai. "After this incident, I feel like I don't recognize this city anymore."

Mumbai police said the magazine intern was with a 21-year-old male companion when she was attacked Thursday. The assailants tied his hands with his belt and raped the woman from 5:30 p.m. to 7 p.m., an official at N.M. Joshi police station said. Medical tests confirmed the rape, he said.

Under Indian law, rape victims cannot be named in media accounts.

There were 24,915 reported rapes in India in 2012, according to the National Crime Records Bureau, including 233 in Mumbai. The victims in almost half the Mumbai cases were between 14 and 18 years old.

Activists say the number of rapes is much higher, as many go unreported. India also has a poor record on convictions, with only around a quarter of alleged rapists convicted in 2010.

In Jharkhand, police said the rape of the police constable occurred at around 1:30 a.m. on Thursday, as she and her

relatives were transporting the corpse of her brother-in-law for cremation.

"They were accosted by five or six young men who had set up a roadblock," said S.N. Pradhan, a police official in Jharkhand. According to the criminal complaint, the men stole 40,000 rupees ($625) and then ordered the woman out of the vehicle. "Then they took her to the bush and raped her one by one while others stood watch," he said.

The rape wasn't reported until Friday, when police—investigating reports of highway robbery—discovered a photo of a policewoman near where the thefts occurred. "The superintendent of police asked her why her photo was there and only then did she report the rape," Mr. Pradhan said.

Back to top

Is there any space in the development debate for African experts?
Andrew Quinn – **Guardian blog**

At a 2012 TEDxChange conference in Berlin, African women's development fund CEO Theo Sowa turned the spotlight on an uncomfortable truth: African women may be the focus of many development campaigns, but they are rarely represented as drivers of the discussion.

"When people portray us as victims, they don't want to ask us about solutions. Because people don't ask victims for solutions," Sowa told the audience.

Of course, experts from Africa and other parts of the developing world are pioneering solutions to a vast range of development challenges on everything from improving maternal health to boosting sustainable crop output. Bringing their perspectives to light should be an integral part of development work, particularly as the international community contemplates the next steps in the global development agenda beyond the 2015 MDGs.

Celebrity advocates, government officials and major funders all have ready-made platforms for spreading their views – the power of their brand is often enough to build an audience.

But for those without immediate recognition, the task is harder. The Aspen Institute's New Voices Fellowship, launched this year with support from the Bill & Melinda Gates foundation, is one attempt to start figuring out an answer by providing both media coaching and contacts for development experts from Africa and, eventually, other parts of the developing world.

Development experts, so focused on their endless and crucial work, often neglect this area. Yet finding ways to leverage yours or your colleagues' public visibility is not as difficult as it sounds. Media training can be expensive, but enormously beneficial. Persistence pays off. And above all, helping people to think like "thought leaders" can bring real results.

Our fellows represents a cross-section of the work under way in Africa today, from a Congolese doctor seeking to build a health system in one of the remotest parts of his country to a Ghanaian tech entrepreneur devising new strategies for expanding math and science education in rural communities. Each one is an expert, and each one has a story to tell. Helping them to craft their stories, and find an audience, have been our challenges.

The audience, at least initially, has been the easy part. The explosion of online and issue-driven media over the past decade has created a wide range of outlets, many of which are eager to bring new voices to light. Development-focused media such as the Guardian's Global Development section, general interest aggregators such as the Huffington Post, and geographic specialists such as AllAfrica.com and Think Africa Press all represent potential platforms for fresh writing about development issues. Even mainstream outlets such as CNN and Al Jazeera are welcoming new contributors for their opinion sections, while professional community portals such as Business Fights Poverty and the Guardian Global Development Professionals Network can open the door to engaged specialists who care deeply about the challenges ahead.

Add to this the increasingly crowded schedule of conferences and meetings ranging from the Clinton Global Initiative and Skoll World Forum to TEDx events held around the world and it's clear that there are a wealth of opportunities to reach important audiences with new stories.

Crafting those stories has proved a little trickier. While the development-focused media has expanded, the standard for what makes a compelling blog, speech or opinion piece have not: clear writing and cogent argument backed up by solid evidence and examples. Putting the pieces together, and injecting the right personal note to make for a truly memorable piece, takes work, self-confidence and practice.

For our first New Voices Fellowship meeting in Johannesburg in June, we set up a series of training sessions on how to handle media interviews, how to behave on camera, and how to build an online presence. But the most important part of the curriculum turned out to be a crash course in confidence: how to believe in the importance of what you have to say. For many of our fellows, unused to thinking of themselves as "thought leaders", the leadership component was new territory. We learned that helping the fellows define their specific areas of expertise, and to understand how that personal expertise can translate into important contributions to the global development discussion, was an essential starting point. One fellow, an expert on maternal health from Tanzania, found new confidence in the fact that alongside her medical degrees she has personal experience as an African mother. Another, who specialises in poverty alleviation in Nairobi's slums, began to harness his own stories about growing up in those slums to buttress his points about development in informal settlements.

These are exactly the types of new perspectives that will inform and enrich development policy discussions. At Aspen, we will be recruiting our next class of New Voices fellows starting mid-September, and look forward to learning from and working with other organisations which are committed to expanding the dialogue about what works – and what doesn't – in global development.

*Andrew Quinn is director of the New Voices Fellowship at the Aspen Institute.*

Back to top

Child marriage campaigners in south Asia receive $23m cash injection
Mark Tran – **Guardian blog**

By the age of 17, Zeenat had been divorced three times after forced marriages. She first wed shortly after puberty to a man who abused her, an experience that recurred in her subsequent marriages.

She became so isolated that she did not go to the hospital or ask for help. Neither had she heard of India's Protection of Women from Domestic Violence Act of 2005, which made her husband's violent outbursts not just wrong, but illegal.

Sadly, her story is all too common. Every year about 10 million girls become child brides, and one in seven girls in the developing world marries before the age of 15.

Bangladesh, Nepal and India have three of the highest rates of child marriage, with 68.7%, 56.1% and 50% respectively of girls married before the age of 18. Child marriage is not just a question of poverty – although that is a critical issue – but also of how girls are viewed in society.

"Even with higher levels of income, there is the practice of child marriage," said Care International's gender director, Theresa Hwang. "It is an issue of status; girls are valued in a lesser way. In India, girls are not seen as 'added value'. The issue is squarely tied to gender equality and social norms."

Care USA, the US arm of the anti-poverty NGO, and the American Jewish World Service (AJWS) this week received grants of $7.7m (£4.9m) and $15.3m respectively from the Kendeda fund to tackle child marriage in south Asia. Both organisations will use the money to support local NGOs.

Founded 10 years ago, the Kendeda fund worked initially on environmental sustainability in the US, but last year created a girls' rights portfolio. AJWS will focus on India, Care on Nepal and Bangladesh.

All three countries have laws against child marriage, but implementation has proved difficult. Civil child marriage laws are not enforced, and religious or social customs prevail.

In Nepal, Care supports groups such as Chunauti, which seeks to spread its message against child marriage among schools and local businesses. The local NGO persuaded factories to put anti-child marriage slogans in their production

materials. It also convinced a food catering business not to cater for child marriage ceremonies.

For Care and AJWS, the logical route is to work through local partners familiar with regional conditions and practices, and based where the pressure points are. For the local NGOs, it shows they are not working alone on a difficult problem only now receiving the attention it merits.

The UN high-level panel appointed by Ban Ki-moon, the UN secretary general, to look at development targets to replace the millennium development goals when they expire in 2015, has urged the recognition of child marriage as a key indicator of female empowerment. In another sign that child marriage is moving up the development agenda, Girls Not Brides, the global partnership to end child marriage, was formed in September 2011 to tackle the problem.

Empowerment can come through that catch-all term, livelihoods training. Groups such as Brac, the Bangladeshi NGO, for example, have created clubs in Uganda where young girls learn to develop confidence through storytelling and songwriting. They also learn more practical skills, from financial literacy and tailoring to agricultural work.

Backed by AJWS, Mohammad Bazar Backward Classes Development Society in West Bengal takes a similar approach. The organisation, which works with marginalised Muslim and tribal women and children in urban Kolkata, runs a school for girls as well as vocational training for women in the rural area of Birbhum.

"We work to build girls' aspirations, promote girls' ideas of themselves when they don't have aspirations, and engage with key decisionmakers – parents, teachers and religious leaders," said Javid Syed, Asia programme officer for AJWS.

AJWS helped change Zeenat's life. It provided her with vocational training, allowing her to become financially independent and diminishing the likelihood that economic need will turn her towards another abusive marriage. If Zeenat does marry again, the hope is that she will have the support of her family and the ability to leave the marriage if she chooses, in full knowledge of her rights.

Back to top

# Money, money, money!

**Maureen Dowd**

**WASHINGTON** Clinton nostalgia is being replaced by Clinton neuralgia.

Why is it that America's roil family always seems better in abstract than in concrete? The closer it gets to running the world once more, the more you are reminded of all the things that bugged you the last time around.

The Clintons' neediness, their sense of what they are owed in material terms for their public service, their assumption that they're entitled to everyone's money.

Are we about to put the "For Rent" sign back on the Lincoln Bedroom?

If Americans are worried about money in politics, there is no larger concern than the Clintons, who are cosseted in a world where rich people endlessly scratch the backs of rich people.

They have a Wile E. Coyote problem; something is always blowing up. Just when the Clintons are supposed to be floating above it all, on a dignified cloud of do-gooding leading into 2016, pop-pop-pop, little explosions go off everywhere, reminding us of the troubling connections and values they drag around.

There's the continuing grotesque spectacle of Anthony Weiner and Huma Abedin. And there's the sketchy involvement of the Clintons' most prolific fund-raiser, Terry McAuliffe, and Hillary's brother Tony Rodham in a venture, GreenTech Automotive; it's under federal investigation and causing fireworks in Virginia, where McAuliffe is running for governor.

Many Israelis were disgusted to learn that Bill Clinton was originally scheduled to scarf up $500,000 to speak at the Israeli president Shimon Peres's 90th birthday festivities in June. I guess being good friends with Peres and brokering the accord that won Peres the Nobel Peace Prize were not reasons enough for Bill to celebrate. The Israeli branch of the Jewish National Fund had agreed to donate half a mil to the Clinton foundation. Isn't the J.N.F. "supposed to plant trees with donor cash?" Haaretz chided before the fund pulled back. "I guess money does grow on trees."

I never thought I'd have to read the words Ira Magaziner again. But the man who helped Hillary torpedo her own health care plan is back.

In an article in this newspaper last week headlined "Unease at Clinton Foundation," Nicholas Confessore and Amy Chozick offered a compelling chronicle about an internal review of the rechristened Bill, Hillary & Chelsea Clinton Foundation that illuminated the fungible finances and tensions between Clinton loyalists and the foundation architects Magaziner and Doug Band, former bag carrier for President Clinton.

You never hear about problems with Jimmy Carter's foundation; he just quietly goes around the world eradicating Guinea worm disease. But Magaziner continues to be a Gyro Gearloose, the inept inventor of Donald Duck's Duckburg.

"On one occasion, Mr. Magaziner dispatched a team of employees to fly around the world for months gathering ideas for a climate change proposal that never got off the ground," Confessore and Chozick said.

We are supposed to believe that every dollar given to a Clinton is a dollar that improves the world. But is it? Clintonworld is a galaxy where personal enrichment and political advancement blend seamlessly, and where a cast of jarringly familiar characters pad their pockets every which way to Sunday.

"Efforts to insulate the foundation from potential conflicts have highlighted just how difficult it can be to disentangle the Clintons' charity work from Mr. Clinton's moneymaking ventures and Mrs. Clinton's political future," Confessore and Chozick wrote.

The most egregious nest of conflicts was a firm founded by Doug Band called Teneo, a scammy blend of corporate consulting, public relations and merchant banking. Band, a surrogate son to Bill, put Huma, a surrogate daughter to Hillary, on the payroll. Even Big Daddy Bill was a paid adviser.

As this newspaper reported, Teneo worked on retainer, charging monthly fees up to $250,000 and recruiting clients from among Clinton Foundation donors, while encouraging others to become foundation donors. The Clintons distanced themselves from Teneo when they got scorched with bad publicity after the collapse of its client MF Global, the international brokerage firm led by the former New Jersey governor Jon Corzine.

**Clintonworld is a galaxy where personal enrichment and political advancement blend seamlessly.**

And Chelsea is now shaping the foundation's future, and her political future. So there may not be as much oxygen for her troublesome surrogate siblings.

As George Packer wrote in The New Yorker, Bill Clinton earned $17 million last year giving speeches, including one to a Lagos company for $700,000. Hillary gets $200,000 a speech.

Until Harry Truman wrote his memoirs, the ex-president struggled on an Army pension of $112.56 a month. "I could never lend myself to any transaction, however respectable," he said, "that would commercialize on the prestige and dignity of the office of the presidency."

So quaint, Packer wrote, observing, "The top of American life has become a very cozy and lucrative place, where the social capital of who you are and who you know brings unimaginable returns."

The Clintons want to do big worthy things, but they also want to squeeze money from rich people wherever they live on planet Earth, insatiably gobbling up cash for politics and charity and themselves from the same incestuous swirl.

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Deutsche Asset
& Wealth Management

Blanche Lark Christerson
Managing Director, Senior Wealth Planning Strategist

# Tax Topics

01/29/14

2014-01

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**And the beat goes on…**

Last fall's 16-day government shutdown ended with legislation that President Obama signed in the wee hours of October 17th. Under that legislation, a bipartisan committee hammered out a budget agreement by mid-December; Congress approved the agreement, and President Obama signed it into law. House and Senate appropriations committees then began drafting spending bills – on which they compromised: H.R. 3547, the "Consolidated Appropriations Act, 2014," passed both the House and the Senate with comfortable bipartisan majorities; it became Public Law 113-76 on January 17th, when President Obama signed it. The Act allocates $1.012 trillion, is over 1500 pages long and funds the government through September 30, 2014 (the end of the current 2014 fiscal year).

The Act restored some of the funding cuts otherwise dictated by the "sequester," which was born of budget legislation (and the debt ceiling crisis) in August 2011. It covers discretionary spending for all government agencies, and has nothing to do with mandatory spending, such as Social Security. In other words, for example, the Act covers national defense, commerce, the judiciary and what are referred to as "financial services," which includes the IRS. Although overall appropriations are up slightly for financial services from last year's enacted level, the $11.289 billion appropriated for the IRS is about 4% less than last year, and continues a downward trend in IRS funding.

Under the Act, the IRS will have new quarterly reporting requirements with respect to some of its spending, and must abide by some pointed directives, including maintaining training programs to cover items such as "taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics and the impartial application of tax law." An additional $92 million is potentially available to the IRS to supplement certain areas of its budget, but not until the IRS Commissioner first provides a spending plan for those dollars, none of which can be used to support any provision of the Affordable Care Act (ACA, which is also known as "Obamacare"). The IRS also cannot make a video unless it is pre-approved by the Service-Wide Video Editorial Board, nor can the Service use any of its funds to target citizens who are exercising their First Amendment rights or to target groups for "regulatory scrutiny based on their ideological beliefs."

In other words, the budget takes note of recent issues that have reflected poorly on the IRS, including the Service's enhanced scrutiny of politically conservative groups that were seeking tax-exempt status as 501(c)(4) social welfare organizations, and the disclosure of certain training videos that spoofed several old television shows and were deemed wasteful. John Koskinen, the new IRS Commissioner, has many challenges ahead of him, including restoring public confidence in the agency and boosting employee morale.

## National Taxpayer Advocate

Nina Olson has been the National Taxpayer Advocate since 2001. She heads up the Taxpayer Advocate Service (TAS), which was created in 2000, and is an independent organization within the IRS. Ms. Olson and the TAS are the taxpayer's "voice at the IRS." The TAS is designed to help taxpayers navigate issues with the IRS when the usual channels have failed; in addition, Ms. Olson regularly focuses on larger issues within the IRS and the tax system itself, and recommends solutions. Her year-end Annual Reports to Congress are thorough and thoughtful, and in part, detail what she views as the most serious issues facing taxpayers.

Ms. Olson's 2013 Annual Report was released on January 9, 2014, and, as always, is interesting reading. One of the critical issues Ms. Olson focuses on in this report is that the IRS "desperately" needs more funding to serve taxpayers and increase voluntary compliance. Ms. Olson presents some compelling statistics to support this statement. In fiscal year 2013, for example:

- The IRS received about 109 million phone calls; only 61% of the callers seeking a customer service representative got through, and those who did had to wait an average of 18 minutes before speaking with someone.
- The IRS received about 8.4 million letters from taxpayers responding to proposed adjustments to their tax accounts; it was unable to respond to 53% of this correspondence within its target timeframes.
- The IRS continues to reduce (and sometimes eliminate) services at its nearly 400 walk-in sites; the Service will only answer "basic" tax law questions during this current filing season (January through April), and will not answer any of those questions beyond April.

Ms. Olson also notes that since fiscal year 2010, the IRS workforce has declined about 8%, and that its training budget has been "slashed" from about $172 million to about $22 million, a "staggering" 87% reduction. "Thus," she says, "the IRS not only has fewer employees than four years ago, but those who remain are less equipped to perform their jobs."

Ms. Olson calls the recent IRS budget cuts "shortsighted and counterproductive" for several reasons: 1) our system relies on voluntary compliance, and the harder it is for taxpayers to get answers, the less likely they are to comply; 2) the IRS is a money-maker: in fiscal year 2013, it collected roughly 90% of federal revenue – or about $2.86 trillion on an appropriated budget of about $11.2 billion (an average return on investment of 255:1); of those revenues collected, some 98% were paid timely and voluntarily, with only 2% coming from enforcement actions. "In fiscal terms, to be blunt, the mission of the IRS trumps the missions of all other federal agencies."

At his confirmation hearing last December, IRS Commissioner John Koskinen voiced similar sentiments:

> I don't know any organization in my 20 years of experience in the private sector that has said "I think I'll take my revenue operation and starve it for funds to see how it does." The IRS will have 11,000 fewer people working during this upcoming filing season while processing the largest number of returns in its history. I don't care how efficient you become, that is not a recipe for success or improved compliance and taxpayer service.



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**In a nutshell...**Tax collectors are never popular. Yet if the IRS lacks sufficient funds to do its job properly, that means fewer dollars all around for all federal programs, including national defense, Social Security and Medicare – *and* for reducing the deficit. Perhaps, as Ms. Olson suggests, Congress should change the way it approaches the IRS's budget and fund the IRS at whatever level Congress believes will "maximize tax compliance, particularly voluntary compliance, with due regard for protecting taxpayer rights and minimizing taxpayer burden."

## Changes afoot in New York?

On January 21, 2014, New York's Gov. Andrew Cuomo (D) introduced his comprehensive Executive Budget for New York's 2014-2015 fiscal year. The budget has a number of tax reform proposals, including "modernizing" New York's estate tax law and closing what it refers to as the resident trust "loophole." Here are a few highlights of this draft legislation:

- **Estate Tax.** For decedents dying on or after April 1, 2014, New York would begin lowering its top estate tax rate of 16% (this currently applies to taxable estates just over $10 million), and increasing its $1 million estate tax exclusion amount; by April 1, 2017, the top estate tax rate would have dropped to 10%, and the exclusion amount would have reached $5.25 million. As of January 1, 2019, that exclusion amount would be indexed for inflation using the "cost of living adjustment," defined as the percentage by which the consumer price index (CPI) for 2018 exceeds the CPI for 2012; as of January 1, 2020, the cost of living adjustment would be the percentage by which the CPI for 2019 exceeds the 2018 CPI; in 2021, the adjustment would be the percentage by which the 2020 CPI exceeds the 2018 CPI, and so forth, in subsequent years. In addition, as of April 1, 2014, resident New York decedents would have to include "adjusted taxable gifts" (see below) made on or after that date in their New York *gross* estates if they were New York residents when they made the gifts; non-resident New York decedents would not include such gifts in their New York *taxable* estates unless the gifts were of real or tangible property located in New York, or of intangible property used in a New York trade or business.

  **Comments.** The memorandum in support of this legislation states that New York's estate tax is "woefully out of date," and that it gives wealthy New Yorkers an incentive to leave the state. In part, the legislation would address this problem by lowering New York's estate tax rate, and eventually raising its estate tax exclusion to the federal basic exclusion amount, which it cites as $5.25 million, indexed for inflation. Indeed, thanks to inflation-indexing, the basic exclusion amount was $5.25 million in 2013, and in 2014, it is $5.34 million – meaning that in 2014, a married couple can protect up to $10.68 million from federal gift or estate tax, assuming they haven't made any prior gifts that used up some of this exclusion (these are the "adjusted taxable gifts" referred to above). Thus, New York's draft legislation targets a number ($5.25 million) that is already stale. Nevertheless, the legislation would start indexing the New York exclusion for inflation as of 2019; presumably, its CPI references would successfully match New York's exclusion to whatever the federal exclusion then is.

  In addition, including certain lifetime gifts made on or after April 1, 2014 in the New York estate tax computation could definitely increase a decedent's New York estate tax, which generally doesn't reflect those gifts. It goes without saying that a New Yorker currently contemplating a significant lifetime gift might want to complete that gift prior to April 1, 2014, given this draft legislation. But New Yorkers who haven't yet made such gifts might be reluctant to do so – they may not want to, and may not even be a New York resident at death.

- **The resident trust "loophole."** The memorandum in support of this legislation explains that it would make two "improvements" to the taxation of trusts. First, it would tax distributions of trust income accumulated in prior years ("accumulation distributions") to New York beneficiaries of non-resident trusts (generally, trusts created by someone who was not a New Yorker) and of tax-exempt resident trusts (generally, trusts created by a New Yorker that are exempt from New York income tax because they



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have no New York trustees, no property located in New York, and no New York-source income). Second, the bill would eliminate a "loophole" that allows so-called incomplete gift, non-grantor trusts ("INGs" or "DINGs," if the trusts are created in Delaware) to completely avoid New York income tax; it would do so by making the trust a "grantor trust" for New York income tax purposes – meaning that the creator of the trust would be taxable on the trust's income for New York purposes, even though the creator is not taxable on that income for federal purposes. Although these proposals would be retroactive to January 1, 2014 if enacted, some transition rules would apply: accumulation distributions paid before June 1, 2014 would be exempt, and the ING rules would not apply to income from a trust that is liquidated before June 1, 2014.

**Comments.** This proposed legislation reflects recommendations from the Trusts and Estates section of the New York Bar Association that were included in the November 2013 report from the Tax Reform and Fairness Commission. According to the bill's supporting memorandum, the provisions would increase tax revenues by $75 million in fiscal year 2014-15, $225 million in fiscal year 2015-16, and $150 million annually thereafter. In other words, these proposals are perceived as money-makers. Yet whether that would indeed be the case remains to be seen: wealthy New Yorkers seem unlikely to view these changes as "improvements" to the taxation of trusts, but rather, as another reason to move out of New York.

## January and February 7520 rates issued

The IRS has issued the January and February 2014 applicable federal rates: the January 7520 rate is 2.2%, an increase of 0.20% (20 basis points) from December's 2.0% rate. January's mid-term rates are also up slightly, and are: 1.75% (annual), 1.74% (semiannual and quarterly), and 1.73% (monthly). February's 7520 rate continues to climb: it is 2.4%, and the February mid-term rates are also up: 1.97% (annual), 1.96% (semiannual and quarterly) and 1.95% (monthly). December's mid-term rates were: 1.65% (annual), 1.64% (semiannual and quarterly), and 1.63% (monthly).

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HOUSE_OVERSIGHT_019443

**EARTH'S SECRETS** How might soil bacteria be affected by global warming?

# BIOLOGISTS DIG DEEPER

Canada's new Biotron superlab contains miniature chunks of the natural world that will help us predict the impact of climate change on living organisms

BY LINDSAY BORTHWICK

A GROUP OF PLANT SCIENTISTS GATHERED IN VIENNA IN 2005 AT THE International Botanical Congress. The meeting was pretty much what you would expect until its conclusion, when the congress declared: "As a matter of urgency, facilities for controlled, ecosystem-scale experiments are required now." Without a better toolbox to study how the natural world responds to global climate change, "sustained human habitability of Earth" would be at risk.

Fortunately, just such a toolbox was already being designed by Norman Hüner, a Canadian biochemist and plant biologist. Hüner had begun work on his Biotron Institute for Experimental Climate Change Research in 1999. In early 2008 it will open its doors, the first facility in the

*Annual per capita water consumption in the United States: 660,430 gallons. In China: 184,920 gallons*

## Peace in The Garden

LAST FALL IN THE GERMAN city of Kassel, a group of about 15 women harvested a bumper crop of pumpkins, squash, and wine grapes from a small community garden. Nothing unusual there, perhaps—except that the women were from Morocco, Afghanistan, Somalia, and the former Yugoslavia.

The "intercultural garden" in Kassel is one of about 100 in Germany, but the only one run entirely by women. (And after the gardeners had long discussions about the hazards of pesticides, its produce will be totally organic.) The gardens began in 1995, after a group of Bosnian women in Göttingen, waiting out the Balkan conflict, told social workers how much they missed the famous plum and apple orchards of Bosnia's Drina Valley.

There has been adversity along the way. A garden in Berlin had to be placed under police protection after it was targeted by neo-Nazi protesters. In Cologne the gates of another garden have been destroyed three times. And it isn't always easy to coax traditional crops such as Afghan mint, coriander, and Iranian leeks from the mineral-rich German soil. Yet the gardens thrive. Says Behoumi, a 31-year-old from Morocco, "Without the beauty of the garden I could not survive."

—ANGELA BOSKOVICH

DARLING KINDERSLEY, SOURCE FOR WATER FACT: WATER RESOURCES MANAGEMENT JOURNAL



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world that will allow researchers to re-create and study how a complete ecosystem, such as Arctic tundra or boreal forest, responds to climate change. The Biotron, Hüner says, is "as close as you can get to nature [in a lab]."

The Biotron will help integrate biology into the scientific study of global warming. Existing climate change models, says Hüner, are more about physics than biology; moreover, they describe changes that are happening to the planet rather than to particular habitats, species, or individuals. Scientists haven't been able to create predictive models, for example, of how changes in rainfall and temperature will affect soybean yields in the U.S. grain belt or butterflies in the Amazon basin, because, with a few exceptions, they haven't had the tools to measure the impact of climate change on living organisms.

Now there's a place where whole ecosystems can be scrupulously re-created and organisms scrutinized, from their DNA to their interaction with other organisms. With more complete data, scientists will be able to make better predictions—and their experimental findings could better inform policy makers, who might, for example, provide subsidies for crops that respond well to emerging climate patterns.

The Biotron may call to mind Biosphere 2, the large artificial habitat plopped down 20 years ago in the Arizona desert, where researchers tested in two separate "missions" whether humans could live sustainably in a sealed, self-contained environment as a precursor to colonizing outer space. The Biotron, scientifically speaking, is in a different league.

The superlaboratory is a joint project of the University of Western Ontario, the University of Guelph, Ontario, and Agriculture and Agri-Food Canada, a federal agency. The nondescript five-story building, located in the agricultural heartland of southwestern Ontario, is an engineering marvel, yet a bargain at just U.S. $28 million.

Inside are state-of-the-art facilities that support research into microorganisms, insects, and plants, all of which can be genetically modified to suit researchers' needs. Temperature in the Biotron's climate chambers can be varied from –40 degrees Fahrenheit to 122 degrees, to simulate anything from the Arctic winter to a tropical rainforest. On the roof of the building are six "biomes"—airlocked, greenhouse-like structures that have been custom designed to precisely control environmental factors such as temperature, UV radiation, light intensity, wind, precipitation, and $CO_2$. Each biome is large enough to house trees more than 30 feet tall and to allow for the re-creation of complex biological communities that can extend from the highest tree canopies to underground soil layers.

*Researchers will vie for access to the Biotron much as physicists compete to use the world's few particle accelerators or astronomers the latest and biggest optical telescopes*

If the possibilities seem endless, they nearly are. The plan is for the world's leading scientists to rotate in and out of the lab space, and the biomes will be regularly reconfigured. One such setup will use cross sections of Arctic permafrost, transported from northern Canada, so researchers can study how it reacts to rising temperatures: As the permafrost thaws, how much methane gas will be released? How will bacteria and overwintering insects be affected by changing freeze-thaw cycles? Scientists will design and study more temperate ecosystems, as well, to learn how changes in temperature and $CO_2$ affect the growth of photosynthetic organisms, including crops and boreal forest.

Biotron researchers will also be able to study the benefits and risks of biotechnology in agriculture, forestry, and medicine by examining the basic biology of genetically modified organisms: What is the rate of gene transfer from transgenic plants to wild ones? Can plants be engineered to manufacture medicinal compounds that will benefit humans?

The Biotron will be equipped with a sophisticated imaging and analysis system—a virtual control room—that will expand its reach globally, allowing researchers anywhere to manage and monitor experiments remotely over the Internet in real time. A scientist in India studying the impact of climate change on rice could instruct the Biotron to raise the temperature or $CO_2$ concentration in a biome set up to simulate a South Asian rice paddy. Then he or she could monitor the impact of this change through images and other data automatically collected and stored in a supercomputing network.

Researchers will vie for access to the Biotron in much the same way that physicists compete to use the world's few particle accelerators or astronomers the latest and biggest optical telescopes. Like them, it is a place for frontier science, where old models will fall and new and unexpected ones will arise—except that the goal is not to understand our cosmic origins but to influence our destiny.

*Through personal care products, the average American child is exposed to 27 chemicals daily that have not been proven safe*

## Far From Nirvana

NEW YORK CITY'S AMITABHA Buddhists are full of good intentions. Last summer members of the group bought hundreds of eels, frogs, and turtles from the city's Chinatown markets and released them into New Jersey's Passaic River to save them from the dinner table. The problem: the state's Department of Environmental Protection has strict rules for the release of animals into its watersheds, and the group now faces fines for illegally introducing invasive species. To make matters worse, the animals may not survive. —ADAM SPANGLER

## They Didn't Mean That

IN OUR FALL 2007 ISSUE, Howard Frumkin of the Centers for Disease Control warned that global warming was "perhaps the largest looming public health challenge that we face." On October 23, Frumkin's boss, CDC director Julie Gerberding, testified about climate change to the Senate Environment and Public Works Committee. By the time Bush administration officials were done reviewing her 12-page draft, it had been slashed to six. Among the statements cut: "The CDC considers climate change a serious public concern."

ABOVE: ILLUSTRATION BY STEVE NIKKOLSKAIA; RIGHT: PHOTOGRAPH FOR ONEARTH BY LUXI HOKENG; SERVICE FOR LIVEWALLS (TOP); ENVIRONMENTAL GROWING GROUP



HOUSE_OVERSIGHT_019445

**Date:** Friday, June 22 2012 11:08 PM
**Subject:** From Christina: Fwd: Project in Haiti: CEFOTAJ, SA
**From:** Jeffrey Epstein <jeffreyepsteinorg@gmail.com>
**To:** [redacted]
**CC:** Jeffrey Epstein <jeevacation@gmail.com>; Cecile de Jongh <[redacted]>;
**Attachments:** DSC_0418.JPG; DSC_0419.JPG; DSC_0424.JPG; Cefotaj Business Plan Final 5-18-11(1).docx

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Dear Unik,

It was a pleasure to speak with you today. I have removed the press release from our website and it will be removed from PR newswire. My sincere apologies for any inconvenience.

As mentioned, I am forwarding you this project in Haiti which looks very inspiring. I am cc'ing Jeffrey and Cecile on this too.

My best regards and I will keep you posted on the press release removal from PR Newswire.

Sincerely,

Christina
Media/PR

---------- Forwarded message ---------
From: **Marlene Edme** <[redacted]>
Date: Fri, Jun 22, 2012 at 12:59 PM
Subject: Project in Haiti: CEFOTAJ, SA
To: Jeffrey Epstein <jeffreyepsteinorg@gmail.com>
Cc: [redacted]

Dear Mr. Epstein:

Please allow me to introduce myself. My name is Marlene Edme; I am the founder and President. .For above-mentioned organization and Yair Fatal is the Project Director. The organization was founded in 2007 with the mission of providing free technical skills in the garment industry to the people in the Southeastern department of Haiti. Following the earthquake, the living and economic conditions are deplorable. More than ever, CEFOTAJ wants to double its effort to help the community of Jacmel out of desperation by providing the youth with valuable sustainable skills. With a trade under their belt, the youth will be more confident while seeking employment.

We have obtained our 501 - C (3) in 2008 and have recently received the approval of the Haiti's Department of Planning to be a non-governmental organization (NGO). The organization's building that will house the school is currently under construction.

Based on our research, we found that you are very committed to helping Haiti. The purpose of this correspondence is to solicit The Jeffrey Epstein VI Foundation assistance with grant coordination and facilitation to help our organization get off the ground. With potential help from the international community, we believe that the project would be rewarding for the citizens of the city of Jacmel and in line with the requirements of the Haiti Reconstruction Plan and President Obama recent legislation of the "Hope" law.. Please find enclosed a copy of the project which provides detailed information about the curriculum for the different programs that the school will offer. We trust that you will find this to be an interesting project with

great potential.

If you require additional information, please feel free to contact us at [redacted] or [redacted]. We look forward to hearing from you.

Sincerely,

Marlene Edme
President

# CEFOTAJ Business Proposal

Jacmel, Haiti

PO Box 666 Brentwood, NY 11717 • Phone (631) 273-4100 • Fax (631) 273-4111 • yair@cefotaj.org • www.cefotaj.org

## Table of Contents

**Executive Summary**..... 3

**Introduction**..... 4

Background..... 4

**Country Profile Background**..... 5

General Geographical and Macroeconomic Situation..... 5

U.S. and Haiti Relationship..... 6

Haiti before the Earthquake in 2010..... 6

Haiti after the Earthquake in 2010..... 7

Government Role in Economy..... 7

**Project Overview**..... 8

Description..... 8

SWOT Analysis..... 9

Results..... 10

Training Plan..... 11

Execution Schedule..... 12

Forecasted Budget..... 12

**Appendix**..... 16

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## Executive Summary

For Haiti to become an economically independent nation from donors and foreign aid there needs to be support for private industry to establish itself and flourish. At one point in its history, Haiti was a market leader in the textile industry supplying quality products. Currently there is an opportunity to provide sustainable employment for Haitians with the right training to develop an industry to serve as a catalyst to catapult the country out of the stigmatism of a third world country. There is a need for work to be done, such as construction of homes, infrastructure, etc.

Haiti is one of the lowest-income countries in the Western hemisphere. The country has problems with AIDS, crime, drug trafficking, etc. (CIA, 2010). On January 12th, 2010, an earthquake destroyed the capital of the country and worsened the overall situation of Haiti. The total loss was estimated around $11.5 billion; however, the country still needs more time to rebuild (U.S. Department of State, 2010). The majority of the donor countries worry about Haiti becoming a burden throughout the years without any positive results (Novacek et. al, 2008). The country has both positive and negative sides.

This business plan includes secondary data. Secondary data was selected from academic, government, news resources or based on extensive research by those with experience in dealing with Haiti. Considering retrieved data, the plan focused on the following aspects:

- Past and current situations in Haiti;
- A critical needs assessment of Southeastern area of Haiti;
- Our plan for investment in Haiti

After the detailed investigation of the authoritative sources and critically evaluating information, CEFOTAJ has concluded the following:

- Haiti has a potential for investment in the area of apparel/clothing.
- Establishment of our trade/learning school will facilitate and foster future investments within the country via job and economic growth in the southeastern area.
- Despite its economic situation, the country attracts foreign investments and investors.
- Foreign investments and aid allow restoring the country quicker.
- Foreign investments positively affect the country.

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## Introduction

### Background

Investment into another country or internalization is a very important and scrupulous decision that a business has to make. As a rule, developing countries seek to attract investors in order to gain FDI (Foreign Direct Investment) and acquire technology. Mainly, the investors seek for variety of factors when going international.

These factors include the following:

- an area's business climate; education and training strengths;
- labor unionization; attitudes of local and state governments;
- available incentives;
- community attitude;
- commuting distance;
- transportation costs and proximity to roads;
- availability of transportation facilities;
- labor productivity and attitude toward productivity;
- cost of labor;
- availability of skilled and unskilled labor;
- availability and transfer of qualified technicians and managers;
- land availability and cost; cost of construction; proximity and access to markets;
- availability and cost of utilities;
- cost of living;
- tax structures and rates;
- insurance considerations;
- financing opportunities;
- banking services;
- social and cultural climate;
- quality of life;
- local and physical infrastructure;
- proximity to suppliers/resources;
- access to raw materials; CEO ownership preferences;

Haiti (Republic of Haiti) is not a very easy place to invest. The country has a very unstable social and economic situation. It experienced a massive 7.0 earthquake and several subsequently large tremors, which led to the deaths of many citizens in January 2010. Currently, the country is experiencing problems with cholera, AIDS, high crime rates, high unemployment, and high illiteracy among other things. According to CIA Factbook Report (2010), 80% of the population lives "under the poverty line and 54% in abject poverty".



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## Country Profile Background

### General Geographical and Macroeconomic Situation

Haiti (Republic of Haiti) is located on the western part of the island of Hispaniola (Greater Antillean archipelago in the Caribbean Sea). Haiti shares the island with the Dominican Republic. The geographical characteristics are follows:

- Area: total: 27,750 sq km; land - 27,560 sq km; water - 190 sq km;
- Area—comparative: slightly smaller than Maryland
- Climate: tropical; semiarid where mountains in east cut off trade winds
- Terrain: mostly rough and mountainous
- Natural resources: bauxite, copper, calcium carbonate, gold, marble, hydropower
- Items imported: Haitian rum, beer, cigars, furniture, etc.
- Literacy rate - 53 percent
- Land use: arable land- 20% permanent crops - 3%; permanent pastures - 18%; forests and woodland- 5%; other- 44%.
- Natural hazards: lies in the middle of the hurricane belt and subject to severe storms from June to October; occasional flooding and earthquakes; periodic droughts;
- Environment—current issues: extensive deforestation (much of the remaining forested land is being cleared for agriculture and used as fuel); soil erosion; inadequate supplies of potable water
- Environment—international agreements: party to: Biodiversity, Climate Change, Desertification, Law of the Sea, Marine Dumping, Marine Life
- More than two-thirds of the population live on less than $1 per day
- Approximately 58 percent of the population is less than 25 years old.
- Haiti ranks 154 of 177 countries in the UN's Human Development Index (CIA, 2010; USAID, 2009; The World Bank, 2010).

Light manufactures ($165.1 million); fuel and lubricants ($651.8 million), essential oils ($17.8), mango ($10.0 million), cacao ($7.4 million) were the main exports. U.S. (69%), Dominican Republic (10.2%), Canada (3%), and Mexico (2.8%) were the main countries of exports. U.S. (43.8%), China (5.4%), Brazil (4.1%), Colombia (2.9%) were the main countries of import to Haiti in 2008. The country had mainly imported fuel and lubricants ($651.8 million), food ($616.9 million), manufactured goods ($242.7 million), and machinery/ transport equipment ($187.7 million) (CFI, 2009).



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**U.S. and Haiti Relationship**

Long-term relationships between the U.S. and Haiti have been developed. First of all, the country has a very good geographical location. Port-au-Prince is less than 2 hours by air from Miami (approximately 600 miles southeast of the coast of Florida). Moreover, there are flights to New York and Fort Lauderdale. Secondly, English is well known in the country. Majority of the Haitian businesspersons speak English and it is possible to pay for the products in US dollars. Currently, there are some U.S. companies, including commercial banks, telecommunications, airlines, oil and agribusiness companies, and U.S.-owned assembly plants are present in Haiti (US Department of State, 2010; CIA, 2010).

The economic situation was largely dependent on the U.S. and entire world's financial aid. For example, the U.S. contributed more than $850 million of financial aid from 1995 to 2003 to improve governance, security, the rule of law, economic recovery and critical human needs. From 2004 to 2008, the U.S. provided $600 million of financial aid. Moreover, The World Economic Forum ranked Haiti last in its 2003 Global Competitiveness Report (Global Security, n.d.; CFI, 2010). That is why World Bank Donors (U.S., Canada, EU, France, Sweden, Spain, Germany, Japan, Switzerland, Greece, Norway, Mexico, and Ireland) provided $1.085 billion from 2004 through 2006 to address humanitarian needs (U.S. Department of State, 2008).

**Haiti before the Earthquake in 2010**

Haiti had been the least-developed country in the Western Hemisphere since the 1980s. The economic stagnation of the country was a result of inadequate economic policies, political instability, shortage of arable land, environmental deterioration, lack of investment in human resources, migration of majority of skilled citizens, weak national savings rata, lack of functioning judicial system, corruption, reliance on traditional technologies instead of applying the new ones, drug trafficking, etc. (U.S. Department of State, 2008). A variety of the sources (U.S. Department of State, 2000; PRS Group, 2002; World Bank, 2004; Icon Group, 2007; Infomat, 2008; CFI, 2010) identified that Haiti had low trade with the foreign countries between 1990 and 2004 due to the political instability. Therefore, there were a limited number of foreign investors in Haiti. Later on, the political situation stabilized.

Generally, Haiti had a positive attitude towards foreign investors. There were no economic or industrial strategies with discriminatory effect, e.g. nationality. The Haitian banking system is open to the entry and operation of foreign banks. At present, there are two foreign banks operating in Haiti: Citibank and Scotia bank (PRS Group, 2002; Investment Overview, 2007).

The Government of Haiti has made several commitments to the world trade organization in the financial services sector as follows:

- Allow foreign participation in deposit taking, lending, guarantees and commitments; in financial leasing; in underwriting services, including participation in the issuance and placement of securities; and in advising and auxiliary services for each of the above-mentioned services.



HOUSE_OVERSIGHT_019453

- The tax code includes a withholding tax provision that discriminates against foreign investors (PRS Group 2002, PRS Group 2003, PRS Group, 2005, PRS Group, 2009; USAID, 2006).

As a rule, investment in "sensitive" sectors, such as electricity, water and telecommunications require special government concession. Investment in the public health sector requires authorization from the Ministry of Public Health and Population. Investment in agriculture is subject to the Ministry of Agriculture's approval. Exploiting mineral and energy resources require permits from the Office of Mining and Energy. Besides, natural resources are considered as the property of the country (PRS Group, 2009; Schaaf, 2009).

**Haiti after the Earthquake in 2010**

The January 12th, 2010 earthquake had inflicted massive human and financial damage to the country. The natural disaster damaged homes, commercial & government buildings, cities infrastructure, and took many people lives. The estimated monetary loss is $11.5 billion (U.S. Department of State, 2010).

According to the World Bank report (2010), 70% of the total damage and losses were done in the private sector. Therefore, this has lead to the loss of production, reduction in revenues, loss of jobs and wages, increase in production cost, etc. Additionally, the job market experienced 8.5 % of pre-earthquake jobs decrease due to devastation.

Ninety percent of businesses are informal in Haiti; ninety-five percent of businesses are SME (Small and Medium sized Enterprise). Business people indicated having various problems due to the natural disaster. Some of them lost their houses and facilities; therefore, they do not have money for rebuilding all the facilities. However, a vast majority of businesses do not pay taxes and do not contribute to the countries' official GDP (Investment Facilitation centre, 2010).

**Government Role in Economy**

Generally, government's role in the economy is minimal. There are several government subsidies and price controls; however, goods are mainly traded at market prices. Considering the fact that there are over 70 % of imports in Haiti, the Haitian government has eliminated tariffs and non-tariff barriers in order to liberalize trade (CIA, 2010; World Bank, 2010; PRS Group, 2009).

At the same time, there is a project for creating several trade free zones and exclusion from the taxes of the foreign investors (PRS Group, 2009.



HOUSE_OVERSIGHT_019454

## Project Overview

### Description

Haitian manufacturing has been well known in the world. As recently as the mid 1980's, Haiti was known as the staple for baseball production. After labor unrests occurred, corporations moved their operations out of Haiti to China and other countries. Haiti went from employing 150,000 workers in the textile industry to a current level of 20,000. Haiti occupies the lowest ranks in the world's ranking among the countries. As a rule, the country is perceived as politically unstable, being subject to various natural disasters, and having increasing security problems. For example, the political difficulties related to the Presidential election had led to the suspension of funding for major infrastructure rehabilitation by most international and bilateral donors.

The Centre de Formation Technique pour L'Avancement des Jeunes du Sud-est (CEFOTAJ) was created by members who trace their roots to the beautiful city known as Haiti's cultural center to increase general awareness of the dangers facing idle young women and men. The city, a population of 60,000, is considered a major production center of arts and creativity and is determined by CEFOTAJ members as the ideal location to establish a trade school.

In support of the Government of Haiti's National Action Plan to produce centers of economic development outside the capital of Port-au-Prince, CEFOTAJ plans to ensure Haiti's future development by bringing much needed training skills for the textile industry to support the creation of jobs to Haiti's underserved regions.

Based on our target group of attracting over 100 youths with 75 enrolling and being trained for the project, we have formulated a free association questionnaire that we would pose to individuals within the community in order to assess whether the community believes this avenue of job skill creation would be fruitful. The following questionnaire would be utilized to engage the community in open ended discussions about their future and viability of a successful training center:

.

**Survey Questionnaire**

1. **A job training center in our community would** _____
2. **Without a job I believe** _____
3. **The textile industry in Haiti has** _____
4. **I would like** _____ **to occur in my community.**
5. **The young people in the Jacmel community** _____

The establishment of a training center would seek to achieve the following goals;



HOUSE_OVERSIGHT_019455

- Mobilize the local population
- Workers technically trained for couture
- Promotion of couture in Haiti
- Establishment of a major element in the structure for bringing the assembly industry into the area
- Strengthening of institutional structures

**SWOT Analysis**

When considering market entrance strategy for the business, there were several opportunities and threats that were considered before starting the business or investing in this Haitian industry. The SWOT analysis was based on information provided in the secondary sources (PRS Group, 2009, Schaaf, 2009, The World bank, 2006; The World Bank, 2010; Investment Overview, 2007; CFI, 2010; Economy watch, n.d.; Ozdenli & Bennet, 2007; Icon Group, 2007; Novacek et. al, 2008)

| STRENGTHS | WEAKNESSES |
|---|---|
| • Low cost of production<br>• Possibility to outsource the services<br>• High demand for work<br>• Tax exclusion<br>• Positive legal and regulatory environment<br>• Geographical proximity compared to China<br>• Previous experience with foreign partners<br>• Skilled professionals speak three languages (French, English, and Spanish).<br>• The country's population is quite young (43% under 15 years, 4% above 65 years) | • Lack of professionals<br>• Bad overall situation in the country<br>• Dependence on the world's aid<br>• Corrupted environment & shadow economy<br>• Low literacy rate<br>• Underdeveloped transport, city, rural, telecommunication, etc. infrastructure<br>• Haiti experiences many natural disasters (flooding, earthquake, draught, etc.)<br>• Great dependence on foreign aid and imports<br>• Enormous rich-poor gap (1% of society owns 44% of the wealth) |
| **OPPORTUNITIES** | **THREATS** |
| • Incorporate the best creative minds from Haitian Community<br>• Presence of financial partners to support the new investment project<br>• Haitian Diaspora in the U.S. is concerned about Haiti and willing to help | • Unstable political situation & Reliance on foreign aid<br>• Insecure country with unequal access to the police protection and security services to all people in Haiti<br>• Change in the regulations to less favorable ones<br>• Corruption, Money laundering activities |

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**Results**

Research and Market (2010) research identified the global plan of South Korean company, Sae-A Trading Company Limited, that has built an industrial park and garment making operation in Haiti with the financial support of the World Bank's IFC financing arm and the U.S. State Department. This has provided an initial 20,000 people jobs. Furthermore, A USAID funded Apparel Training Center opened its doors in August 2010 to assist in the training of individuals to rebuild the industrial garment industry in Haiti. Both projects have received the full backing of the Haitian government as well as the U.S. government.

There were various investigations and researches aimed to identify the best areas to invest and market opportunities in Haiti. In order to combine and identify the main trends, the most reliable and authoritative sources were selected and investigated. The list given below provides the summary of the findings:

- Apparel sector, agribusiness, electronics (US Trade and Developing Agency cited by Fagenson, n.d.);
- Apparel, agribusiness, and tourism (Haitian Investment Facilitation Center, 2010);
- Apparel (Research and Marketing, 2010);
- Development and trade of raw and processed agricultural products; medical supplies and equipment; rebuilding and modernizing Haiti's depleted infrastructure; developing tourism and allied sectors--including arts and crafts; and improving capacity in waste disposal, transportation, energy, telecommunications, and export assembly operations (U.S.. Department of State, 2008).
- Apparel, telecommunications, reforestation, agribusiness, call centers (Clinton, 2010).

According to Caribbean Basin Trade Partnership Act (CBTPA) act, a U.S. company has duty-free export of many Haitian products assembled from U.S. components or materials. Therefore, U.S. companies can outsource labor force from Haiti and experience exclusion from taxes in Haiti. Moreover, they would have less transportation expenses if compared to China, Vietnam, or Taiwan. The HOPE and HOPE II (Haitian Hemispheric Opportunity through Partnership Encouragement) Act is another positive legal document for the businesses from the U.S. According to this act, there are additional duty-free preferences for qualifying apparel/textiles products and automotive wire harnesses.

Additionally, The Haitian Economic Lift Program (HELP) Act that was passed in May 2010 expands the duty-free treatment of imported apparel made in Haiti or the Dominican Republic. These new regulations are developed to attract large corporations and apparel manufacturers, especially from South Korea and Brazil (U.S. Department of State, 2010; PRS Group, 2005; Research and Markets, 2010).



HOUSE_OVERSIGHT_019457

After detailed evaluation of the overall situation in the country and methods of community development, CEFOTAJ came to the following expected results indicated in the following sections:

**Training Plan**

This project's goal is to improve the living conditions of urban young people. It aims specifically at the establishment of new social structures for youth. This project consists particularly in training them in handling of scissors, cutting of canvas, training in patterns, use of the computer in couture, and the use of specialized sewing machines. The project will be implemented in Jacmel.

A solid structure will be established to work on complete implementation of the project, which will be carried out by CEFOTAJ. The project will be managed by the administrative committee of CEFOTAJ. The goal of the Center is to instruct individuals in almost all facets of the textile industry in relation to working in a factory. Students will be trained efficiently and effectively to the following techniques:

- Handling of scissors
- Cutting of canvas
- Preparation of patterns
- Use of the computer in sewing
- Use of specialized sewing machines
- Finished product for the international market
- Evaluation and adjustment of the finished product
- Quality of garments according to the seasons

The center has formulated a plan to devise students into three distinct groups to be trained in. Students accepted to the center will be developed via one of the following:

- Young people who have no knowledge of garment-making. Their training will last for one year.
- Young people who already have some knowledge of garment-making. Their training will last for nine months.
- Young people who are interested in haute couture. This is a three-year training program.

The trainees will not be charged entrance fees or monthly payments. However, they will have to obtain the tools necessary for their training.

The trainees will be chosen on the following bases:

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- Level of education: primary school equivalency for the first two groups
- Completion of secondary-school equivalency for the third group
- Admission examination designed to evaluate the applicants' understanding of geometric and mathematical concepts
- Age level: 18 to 35

A certificate will be issued to students who pass the final examination after completing their training. The list of new garment-industry workers will be given to entrepreneurs looking to hire workers. The project has a term cycle of three years at which point a full assessment will be reviewed in preparation for future subsequent cycles.

**Execution Schedule**

| **Activities** | **M1** | **M2** | **M3** | **M4** | **M5** | **M6** | **M7** | **M8** | **M9** | **M10** | **M11** | **M12** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mobilization | XXXX | | | | | | | | | | | |
| Recruitment | | | XXXX | | | | | | | | | |
| Training | | | | | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | | | | | |
| Monitoring and evaluation | XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | | | | | | | | | |
| Annual report | | | | | | | | | | XXXXXXXXX | | |

**Forecasted Budget**

The total operating cost of the project is estimated at US$359,731.

The financing will be obtained as by contributions by members of the organization, grants by philanthropists interested in such projects, companies that specialize in assembly, under conditions that comply with the regulations and bylaws of the NGO, and by international financial backers interested in the development of Haiti.

The listed prices on schedules C, D, and E represent an on average estimate based upon utilizing marketplace prices for items quoted within the United States as well as the professional experience of the President of the organization. Schedules A and B were determined based on a blend of Haitian labor rates as well as some influence from US labor rates. The budgeted amounts for labor are considered heavily competitive within the Haitian workforce.



HOUSE_OVERSIGHT_019459

The costs, which are listed in **USD**, are broken down as follows:

| A. Administration | Amount | Unit Price (per month) | Total (per year) |
|---|---|---|---|
| Secretary | 1 | $400 | $4,800 |
| Instructor | 5 | $500 | $30,000 |
| Security guard (morning/evening) | 2 | $150 | $3,600 |
| Technician for maintenance | 1 | $400 | $4,800 |
| Cleaning person | 3 | $125 | $4,500 |
| Program Director | 1 | $4,000 | $48,000 |
| Executive Director | 1 | $3,000 | $36,000 |
| **Total** | **14** | | **$131,700** |

| B. Current Expenses | Amount | Unit Price (per month) | Total (per year) |
|---|---|---|---|
| Wired telephone | 2 | $75 | $1,800 |
| Electricity | | $300 | $3,600 |
| Drinking water | | $60 | $720 |
| Internet | | $125 | $1,500 |
| Television | | $150 | $1,800 |
| **Total** | | | **$9,420** |

| C. Furniture | Amount | Unit Price | Total |
|---|---|---|---|
| Pattern tables | 4 | $300 | $1,200 |
| Computer tables | 4 | $200 | $800 |
| Metal folding chairs | 320 | $25 | $8,000 |
| Office chair | 6 | $75 | $450 |
| Ordinary desk | 6 | $300 | $1,800 |
| Large filing cabinets | 6 | $400 | $2,400 |
| Small filing cabinet | 4 | $100 | $400 |
| Blackboard | 4 | $50 | $200 |
| **Total** | **354** | | **$15,250** |

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| D. DIDACTIC MATERIAL | Amount | Unit price | Total |
|---|---|---|---|
| Whole computer | 4 | $800 | $3,200 |
| Calculator | 12 | $20 | $240 |
| Ruler 18" | 6 | $7 | $42 |
| Ruler 36" | 6 | $25 | $150 |
| Ruler 48" | 6 | $18 | $108 |
| Ruler 60" | 6 | $22 | $132 |
| Ruler 72" | 6 | $28 | $168 |
| Regular compass | 12 | $4 | $48 |
| Square large | 6 | $22 | $132 |
| Square small | 6 | $18 | $108 |
| Tape measure | 12 | $2 | $24 |
| Hip curve 24" | 6 | $16 | $96 |
| Hip curve 18" | 6 | $15 | $90 |
| Hip curve 12" | 6 | $14 | $84 |
| Iron + Table | 4 | $600 | $2,400 |
| Scissors 6" | 12 | $15 | $180 |
| Scissors 8" | 6 | $20 | $120 |
| Scissors 10" | 6 | $26 | $156 |
| Scissors 12" | 6 | $32 | $192 |
| Pattern scissors | 6 | $39 | $234 |
| White paper for patterns (rolls) | 72 | $48 | $3,456 |
| Green paper for patterns (rolls) | 10 | $460 | $4,600 |
| Cleaning scissors (small) | 12 | $6 | $72 |
| Cutter for Information cards | 48 | $30 | $1,440 |
| Pattern cutter | 6 | $52 | $312 |
| Pattern notcher | 12 | $26 | $312 |
| **Total** | **300** | | **$18,096** |

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| E. Other accessories | Amount | Unit price | Total |
|---|---|---|---|
| Regular sewing machine | 25 | $500 | $12,500 |
| Regular Merrow Machine | 5 | $1,200 | $6,000 |
| 3 thread Merrow Machine | 3 | $1,300 | $3,900 |
| 5 thread Merrow Machine | 3 | $1,300 | $3,900 |
| Double needle sewing machine | 3 | $1,200 | $3,600 |
| Button hole machine Reg | 2 | $3,000 | $6,000 |
| Elastic machine | 2 | $1,000 | $2,000 |
| Regular elastic machine | 2 | $1,250 | $2,500 |
| Hemming machine | 3 | $900 | $2,700 |
| Merrow Machine for delicate sewing | 3 | $2,200 | $6,600 |
| Special Buttonhole machine | 2 | $3,500 | $7,000 |
| Half body dress form size 4 | 3 | $400 | $1,200 |
| Half body dress form size 6 | 3 | $400 | $1,200 |
| Half body dress form size 8 | 3 | $400 | $1,200 |
| Sleeves for all shapes | 24 | $45 | $1,080 |
| Special attachment for machine | 42 | $16 | $672 |
| Special attachment for fine wheel | 18 | $16 | $288 |
| Magnet | 25 | $3 | $75 |
| Full body dress form 4, 6 and 8 | 9 | $550 | $4,950 |
| Full body dress form large size 16/18 | 2 | $600 | $1,200 |
| Full body dress form large size 20 | 2 | $600 | $1,200 |
| Full body children dress 3T, 6T, 8T, 12T | 10 | $450 | $4,500 |
| 25 kW Generator | 2 | $1,500 | $3,000 |
| 5 kW Inverter | 2 | $4,000 | $8,000 |
| Solar panel (pallets of 8) | 2 | $15,000 | $30,000 |
| Double cabin pick-up | 2 | $35,000 | $70,000 |
| **Total** | **202** | | **$185,265** |

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## Appendix

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HOUSE_OVERSIGHT_019463

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HOUSE_OVERSIGHT_019464

**From**: Peggy Siegal [redacted]
**Sent**: 3/7/2013 2:03:11 PM
**To**: jeevacation@gmail.com
**Subject**: Fw: Oscar Diary

**Importance**: High

I am struggling thru this. It is so late already. I am so stressed out. Will finishe is in a day or two.. I can not write about the Katzenberg party. Maybe can just mention is happened in my hotel. But the reason to go was to support Katzenberg and network. More to come. Peg

----- Original Message -----
From: Peggy Siegal
Sent: Thursday, March 07, 2013 08:51 AM
To: Peggy Siegal
Subject: Oscar Diary

It's Thursday morning on Wilshire Boulevard and the Academy of Motion Pictures Arts and Sciences has just opened it's doors for ticket pick-up for the 85th Oscar telecast.

Forty voting members, the distinguished director Norman Jewison and I are on a long single file line that snakes thru the lobby patiently waiting to go upstairs to pick up our tickets. My seats were awarded via a lottery system. We clutch our photo I.D.

Suddenly, a messenger slips in wearing a smart khaki windbreaker and cuts through the line. He announces to the uniformed guard in a stage whisper, "Dreamworks", and as if Steven Spielberg himself had just delivered the Gettysburg address, is ushered upstairs.
That is the final act of social justice of the "Lincoln" campaign.

I am sleep deprived and jet lagged having just spent six hours on a flight sitting next Paula Wagner who is Tom Cruise's ex-agent turned Broadway producer for Jessica Chastain's "The Heiress". We discuss Jessica's not so great chances to beat Jennifer Lawrence for Best Actress. I mention Harvey Weinstein's concern about Emmanuel Riva's last minute surge. The French phenomena doesn't speak English, has never been to L.A. and it's like voting for a ghost, even on her 86th birthday.

This is the year I got phone calls in September from top studio executives announcing each are winning the Oscar. Their euphoric giddiness is due to the quality of the films resulting in the priciest oscar campaigns on record and astounding audience support at the theaters.

Seven of the nine best picture nominees have taken in well over $100 million at the domestic box office to date, but it's the worldwide numbers in the millions that are staggering.

Twentieth Century Fox's "Life of Pi" caused a tsunami at $595,
Universal's "Les Miserables" scored $412, the Weinstein Cos.' "Django Unchained" whipped up $395,
DreamWorks' "Lincoln" delivered at $254, Warner's "Argo" captured $219, Weinstein's "Silver Lining Playbook" danced to $187 and Sony's "Zero Dark Thirty" killed at $107 million.

In comparison, Sony Classics' "Amour" received $19 and Fox Searchlights' "Beast of the Southern Wild" worked up $19 million.

Hugh audiences having actually seen the films this year have an ear for the nuances of the Oscar race and everyone including Ben Affleck follow the bloggers religiously.

So by Thursday morning on line at the Academy the informed buzz was as follows: "Argo" takes best picture because is was most entertaining. The director snub to Ben Affleck was a Godsend as George Clooney's advice came from far away Berlin where he was in pre-production on "The Monuments Men". Warner's president Sue Kroll kept the campaign clean and calm on the home front.

"Lincoln's" victory is Daniel Day Lewis from day one of shooting, no pun intended. The suggestion that Obama is our answer to Lincoln was interesting. Voters knew Obama secretly hosted three screenings in the White House, but they weren't invited. The Hollywood Foreign press were the biggest winners with Bill Clinton's surprise appearance on their broadcast. DreamWorks' ran an impeccable patriotic campaign that the media ate up.

The best director race had the most drama. Hollywood dreaded Spielberg loosing to Ang Lee. (Eventually everyone was thrilled Steven was anointed president of the Cannes Jury for 2013 the day after the awards show.)

The voters knew beloved Ang Lee's three year boat ride was the technical miracle. Fox's $595 million international box office blew in the win.

Harvey Weinstein having three horses running is always the most talked about. His loquacious Quentin Tarentino was a lock for screenplay. Best supporting actor was a total toss up with a sentimental edge

to Robert DeNiro. We even applauded Bob putting his handprints in cement in front of Grauman's Chinese Theater.

The conversations continued about how our government put the cabasch on "Zero Dark Thirty" with their arrogant denial of enhanced interrogation. Even MPAA President Chris Dodd could not help Mark Boal, Katherine Bigalow and Amy Pascal.

Additional chatter was the renewed last minute love for "Les Miserables". Clearly the most polarizing film in the race, this 27 year old theatrical musical seen by 60 million fans is now the talk of the Oscar weekend.

Hugh Jackman, Anne Hathaway, Russell Crowe, Amanda Segfried, Eddie Redmayne, Sasha Baron Cohen, Helena Bonham Carter and Samanthe Barks are making an historic one time live performance as part of Sunday's television broadcast. Producers Craig Zadan and Neil Meron's will attempt to razzel dazzel us with an homage to movie musicals for three plus hours at the Dolby theater.

Barbra Streisand, Adele and Shirley Basse's appearances also create high anxiety and a blood bath for tickets...hence the hysteria created by DreamWorks' messenger cutting the line.

After checking into the iconic Beverly Hills Hotel, my home away from home for 30 years of Oscar weekends and meticulously laying out all the ensembles sent from Valentino and Ralph Rucci, I hit the party circuit overdressed for life.

Daisy... I can do this...fairly easily now...but I have a lunch at 12:30pm and important meetings. I am so distraught about all this pressure. I am calling you now. Peggy

**From**: Darren Indyke [redacted]
**Sent**: 1/14/2015 11:43:26 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Bill Clinton pictured with Jeffrey Epstein's social fixer at Chelsea's wedding | Daily Mail Online
**Attachments**: WebPage.pdf; Untitled attachment 272040.htm

**Importance**: High

**Privileged - Redacted**

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http://www.dailymail.co.uk/news/article-2906981/Bill-Clinton-pictured-Jeffrey-Epstein-s-social-fixer-Chelsea-s-wedding.html

# EXCLUSIVE: Bill Clinton pictured with Jeffrey Epstein's social fixer at Chelsea's wedding AFTER severing links with disgraced pedophile

- **Ghislaine Maxwell is accused in court papers of procuring girls for her former boyfriend Jeffrey Epstein which she vehemently denies**
- **Bill Clinton had ties to Epstein, who flew the ex-president to Africa on his private jet before the allegations were made**
- **Epstein was arrested in 2006 and was sentenced to 18 months in jail in 2008, serving 13 months**
- **Clinton did not cut ties to Maxwell and she was a guest at Chelsea Clinton's wedding in 2010**
- **Rarely-pictured Jeffrey Epstein has kept a low profile and eschewed public events**
- **But he was pictured with ex-lover Ghislaine Maxwell on March 15, 2005 at a New York charity bash**
- **That same day, Palm Beach cops launched an investigation into Epstein and allegations of sexual offences with underage girls**

By Sara Nathan For Dailymail.com

**Published:** 09:42 EST, 13 January 2015 | **Updated:** 13:47 EST, 13 January 2015

This is the society fixer alleged to have helped find underage girls for pedophile billionaire Jeffrey Epstein - helping Bill Clinton celebrate his daughter's marriage.

Ghislaine Maxwell was photographed at the former First Daughter's glittering July 2010 wedding to Marc Mezvinsky - despite Epstein having been convicted of soliciting underage girls.

Clinton had cut ties to Epstein after his arrest over allegations of sex with girls as young as 14.

But this photograph shows that he maintained close ties to Maxwell, who is accused in court papers of procuring underage girls for Epstein, her former boyfriend, as she smiles as President Clinton walks a beaming Chelsea down the aisle.

**SCROLL DOWN FOR VIDEO**

---

**Friends in high places: Ghislaine Maxwell is a good friend of President Bill Clinton and can be seen on the right at his daughter Chelsea's wedding in July 2010**

Maxwell, now 50, attended the wedding in Rhinebeck, NY, on July 31, 2010, with the cream of

Washington D.C.

Described as feeling like a 'family wedding', guests included former Secretary of State Madeleine Albright, Terry McAuliffe, Governor of Virginia, and leading figure in the civil rights movement Vernon Jordan.

For Maxwell to remain a Clinton chum is an interesting turn of events.

Just two years earlier, her former lover and friend Jeffrey Epstein was sentenced to 18 months behind bars after pleading to a single state charge of soliciting prostitution. He served 13 months in prison.

President Clinton had been so close to both to Epstein he had joined him on his private jet and stayed on his private Caribbean island.

Speaking to the Mail On Sunday in 2011, Virginia Roberts - who claims in court papers she was kept as Epstein's 'sex slave' and forced to sleep with Prince Andrew three times - said she met President Clinton twice, but was never 'lent out'.

Buckingham Palace vehemently denies the claims, as does Maxwell. Her legal team stresses she was not involved in, or connected to the criminal proceedings against Epstein and with regards to Virginia Roberts' claims, they stressed she denies each and every allegation.

Virginia, now a married mother of three, claimed that President Clinton traveled with Epstein to a number of destinations, including three times on the billionaire's private jet, and enjoyed intimate dinners with both him and Maxwell.

On one occasion, she said that Epstein flew the former President, Hollywood actor and staunch Democrat Kevin Spacey and another actor friend of Mr Clinton's, Chris Tucker, to Africa, to 'discuss AIDS policy'.

Epstein, who has donated more than £75,000 over the years to candidates from the Democratic Party, also flew with President Clinton in November 2003 to destinations including Russia, Oslo, Hong Kong, Shanghai and Beijing.

On one occasion, she alleged, Epstein did invite two young brunettes to a dinner which he gave on his island for President Clinton shortly after he left office. But, as far as she knows, the ex-President did not take the bait.

Maxwell declines to comment on Prince Andrew allegations

**Mysterious: Ghislaine Maxwell beams as her ex-lover, disgraced billionaire Jeffrey Epstein**

**hugs her as they attend a Manhattan bash on March 15, 2005 - the same day Palm Beach police launched an investigation into his abuse of underage girls**

‘I’d have been about 17 at the time,’ she said: ‘I flew to the Caribbean with Jeffrey and then Ghislaine Maxwell went to pick up Bill in a huge black helicopter that Jeffrey had bought her.

‘She’d always wanted to fly and Jeffrey paid for her to take lessons, and I remember she was very excited because she got her licence around the first year we met.

'I used to get frightened flying with her but Bill had the Secret Service with him and I remember him talking about what a good job she did.

‘I only ever met Bill twice but Jeffrey had told me that they were good friends.

'I asked, “How come?” and he laughed and said, “He owes me some favours.” Maybe he was just joking but it constantly surprised me that people with as much to lose as Bill and [Prince] Andrew weren’t more careful.'

She said that when dining that night, Maxwell sat at President Clinton's left, while they were joined by two 'olive-skinned brunettes' who had been flown in from New York.

Virginia claimed: 'I’d never met them before. I’d say they were no older than 17, very innocent-looking.

‘They weren’t there for me. They weren’t there for Jeffrey or Ghislaine because I was there to have sex with Jeffrey on the trip.

‘Maybe Jeffrey thought they would entertain Bill, but I saw no evidence that he was interested in them. He and Jeffrey and Ghislaine seemed to have a very good relationship. Bill was very funny

'He made me laugh a few times. And he and Jeffrey and Ghislaine told blokey jokes and the brunettes listened politely and giggled.

**Star of the night: Rod Stewart and his wife Penny at the Cipriani Wall Street event, where he performed in front of a crowd including Ghislaine Maxwell and Jeffrey Epstein**

**New York elite: Padma Lakshmi (left) and Sean Lennon (right) both attended the Cipriani Wall Street event**

Indeed, the trio were so close that DailyMail.com told last week how Epstein kept 21 numbers for President Clinton in his contacts book, under the name of his adviser Doug Band.

As Virginia Roberts' astonishing claims have made headlines around the world, it was reported last week that President Clinton's continuing friendship with Maxwell has caused a rift between him and his wife, potential Presidential candidate Hillary Clinton.

However, the pair were pictured looking cosy together as they left the funeral of former New York Governor Mario Cuomo.

Epstein and Maxwell met shortly after she moved to New York in the 1990s following the death of her father, shamed newspaper tycoon Robert Maxwell.

And they remained just as close even after an initial romance faded.

For Epstein, Maxwell was a useful conduit to some of the most powerful people in the world, from PresidentClinton to Prince Andrew.

**Close: Not only was Ghislaine Maxwell friends with Prince Andrew, but his ex-wife Sarah Ferguson as well. The pair are pictured together at the opening of the Asprey Flagship Store on 5th Avenue on December 8, 2003, in New York City**

**Allegations: Ghislaine Maxwell is accused of 'facilitating Prince Andrew's acts of sexual abuse by acting as a madame for Epstein'. Above, Miss Maxwell looks on as Prince Andrew smiles with Virginia Roberts in 2001**

While Maxwell became used to the luxuries that Epstein could afford her, trips by private jet and his very own Caribbean island.

Rarely photographed or seen out in public unlike his friend Maxwell, Esptein was however pictured with the brunette as they partied the night away on March 15, 2005, at a Manhattan charity event featuring singer Rod Stewart.

But as they socialized with the cream of Manhattan society, including CBS President Les Moonves, his wife Julie Chen, Sean Lennon and Padma Lakshmi, at the Wall Street Rising event, Epstein, now 63, and Maxwell, would have been entirely unaware of a police probe that was launched that very day.

In May 2006, a 'probable cause affidavit' revealed that Epstein was the subject of an 11-month undercover investigation by police after a complaint in 2005 from the stepmother of a 14-year-old girl, who claimed she was paid $300 to give him an erotic massage at his flamingo-pink villa in Palm Beach.

**Close: Ghislaine Maxwell with Jeffrey Epstein (left) at The Queen's residence of**

**Sandringham in 2000. The picture shows just how close she and Epstein were with Prince Andrew**

The girl is said to have been taken there by 18-year-old student Haley Robson, who claims in a sworn statement that she was recruited at the age of 17 to provide the billionaire with a $200 nude massage.

One of the girls 'cried hysterically', according to a police report, as she recalled how she was recruited to provide services for Epstein when she was 16.

She claims in a sworn statement that he introduced her to a woman whom he said he had brought from Yugoslavia 'to be his sex slave'.

Epstein was convicted in 2008 of soliciting sex from a minor - a minor in the US is someone younger than 18 - and served 13 months in prison.

Now, lawyers for four of Epstein's alleged victims are fighting to get a federal non-prosecution agreement against Epstein thrown out so he can potentially face criminal charges for allegedly sexually abusing the women, one of whom says she was only 13 at the time of the assault.

Bizarrely, Maxwell was initially served with a subpoena in September 2009, as she was leaving the Clinton Global Initiatives Conference in New York.

---

**Power people: Ghislaine Maxwell and newspaper billionaire Rupert Murdoch, pictured together in at the Fifth Important Dinner for Women hosted by Her Majesty Queen Rania Al Abdullah, Wendi Murdoch and Indra Nooyi in New York in September 2010**

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Now, lawyers for four of Epstein's alleged victims are fighting to get a federal non-prosecution agreement against Epstein thrown out so he can potentially face criminal charges for allegedly sexually abusing the women, one of whom says she was only 13 at the time of the assault.

As for Maxwell, bizarrely, she was initially served with a subpoena in September 2009, as she was leaving the Clinton Global Initiatives Conference in New York, and continues to deny all allegations made against her.

---

**Gossip girls: Ghislaine Maxwell (right) and Gossip Girl actress Kelly Rutherford at an event to celebrate Anna Netrebko's new album 'Verdi', in New York in September 2013**

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May 29, 2015

US DHS CIS
Vermont Service Center
30 Houghton Street
St. Albans, VT 05478

**Re: Ms. [redacted] Immigration Application**

Dear Sir or Madam:

I am writing this letter on behalf of Ms. [redacted], and in connection with her O-1 Visa Application.

My name is David Blaine and I am a magician. I have performed my own brand of close up magic all over the world, and have also set and broken several world records, including holding my breath for over 17 minutes, spending 35 hours atop a 100-foot pole, surviving only on water for 44 days, and enduring a week buried in a coffin. I have traveled internationally, performing magic privately for President Bill Clinton and Secretary of State Hillary Clinton, President George W. Bush, Secretary of Defense Donald Rumsfeld at the Pentagon, Henry Kissinger, Bill Gates and Mayor Michael Bloomberg.

I met Ms [redacted] a few years ago through mutual friends and I was highly impressed with her. Aside from being an amazing fashion model, she has a strong passion for children and education. I realized what a talented public relations and fundraising expert she is when I saw her organizing numerous high end charitable events and organizations, as well as finding A-list funders for her causes.

A fundraiser and public relations expert of extraordinary ability can find, target, and approach the correct people for their cause, and then recruit them with the correct individual enticements. This is a very difficult thing to pull off, but Svetlana was able to do so, not only with efficiency and success, but with great ease and grace, and she seems determined to keep going. The success stories she drew for the children of the US Virgin Islands, the Ivory Coast, and many others are incredible. She truly makes a difference in the lives of the world's children.

That is a passion that we both share. Every year, I travel all across the country and the world to perform magic for children's hospital wards, burn units, and juvenile prisons and detention centers. I also truly enjoyed performing magic for Paul Newman and groups of children at the Hole in the Wall Gang Camp, among other charitable causes.

I've been discussing with [redacted] how we can work together to raise money for children and education. Therefore, I wholeheartedly support her visa application.

Please feel free to contact me if you have any further questions or concerns.

Best Regards,

David Blaine

davidblaine

June 1, 2015

US DHS CIS
Vermont Service Center
30 Houghton Str eet
St. Albans, VT 05478

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Best Regards,

David Blaine

DB PRODUCTIONS, LLC
354 BROADWAY SUITE B NEW YORK, NY 10013
T [redacted] F [redacted]

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ALSO BY EDWARD JAY EPSTEIN

*The Annals of Unsolved Crime*

*Three Days in May: Sex, Surveillance, and DSK*

*The Hollywood Economist: The Hidden Financial Reality Behind the Movies*

*The Big Picture: The New Logic of Money and Power in Hollywood*

*Dossier: The Secret History of Armand Hammer*

*Deception: The Invisible War Between the KGB and the CIA*

*The Rise and Fall of Diamonds: The Shattering of a Brilliant Illusion*

*Cartel*

*Legend: The Secret World of Lee Harvey Oswald*

*Agency of Fear: Opiates and Political Power in America*

*Between Fact and Fiction: The Problem of Journalism*

*News from Nowhere: Television and the News*

*Counterplot*

*Inquest: The Warren Commission and the Establishment of Truth*

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# HOW AMERICA LOST ITS SECRETS

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# HOW AMERICA LOST ITS SECRETS

*Edward Snowden, the Man and the Theft*

Edward Jay Epstein

ALFRED A. KNOPF | NEW YORK | 2017

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PUBLISHED BY ALFRED A. KNOPF

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This book is dedicated to the memory of a wise teacher,

James Q. Wilson (1931–2012)

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There are certain persons who . . . have a perfect right to commit breaches of morality and crimes, and . . . the law is not for them.

—FYODOR DOSTOYEVSKY, *Crime and Punishment*

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# Contents

Prologue *Snowden's Trail: Hong Kong, 2014* 000

PART ONE SNOWDEN'S ARC

CHAPTER 1 Tinker 15

CHAPTER 2 Secret Agent 22

CHAPTER 3 Contractor 28

CHAPTER 4 Thief 38

CHAPTER 5 Crossing the Rubicon 44

CHAPTER 6 Hacktivist 49

CHAPTER 7 String Puller 59

CHAPTER 8 Raider of the Inner Sanctum 73

CHAPTER 9 Escape Artist 80

CHAPTER 10 Whistle-blower 88

CHAPTER 11 Enter Assange 98

CHAPTER 12 Fugitive 104

PART TWO THE INTELLIGENCE CRISIS

CHAPTER 13 The Great Divide 113

CHAPTER 14 The Crime Scene Investigation 133



HOUSE_OVERSIGHT_019487

CHAPTER 15 Did Snowden Act Alone? 146

CHAPTER 16 The Question of When 156

CHAPTER 17 The Keys to the Kingdom Are Missing 168

CHAPTER 18 The Unheeded Warning 185

PART THREE THE GAME OF NATIONS

CHAPTER 19 The Rise of the NSA 195

CHAPTER 20 The NSA's Back Door 207

CHAPTER 21 The Russians Are Coming 217

CHAPTER 22 The Chinese Puzzle 231

CHAPTER 23 A Single Point of Failure 238

PART FOUR MOSCOW CALLING

CHAPTER 24 Off to Moscow 247

CHAPTER 25 Through the Looking Glass 254

CHAPTER 26 The Handler 261

PART FIVE CONCLUSIONS: WALKING THE CAT BACK

CHAPTER 27 Snowden's Choices 271

CHAPTER 28 The Espionage Source 281

CHAPTER 29 The "War on Terror" After Snowden 287

Epilogue *The Snowden Effect* 295

Acknowledgments 301
Notes 303
Selected Bibliography 325
Index 329



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# HOW AMERICA LOST ITS SECRETS

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# Prologue

*Snowden's Trail: Hong Kong, 2014*

THE NATIONAL SECURITY AGENCY, or, as it is now commonly called, the NSA, was created on October 24, 1952, in such a tight cocoon of secrecy that even the presidential order creating it was classified top secret. When journalists asked questions about this new agency, Washington officials jokingly told them that the initials NSA stood for "No Such Agency." The reason for this extraordinary stealth is that the NSA is involved in a very sensitive enterprise. Its job is to intercept, decode, and analyze foreign electronic communications transmitted around the globe over copper wires, fiber-optic cable, satellite, microwave relays, cell phone towers, wireless transmissions, and the Internet for specified intelligence purposes. In intelligence jargon, its product is called COMINT, which stands for communications intelligence. Because this form of intelligence gathering is most effective when the NSA's targets are unaware of the state-of-the-art tools the NSA uses to break into their computers and telecommunications channels to first intercept and then decrypt



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their secret messages, the NSA goes to extraordinary lengths to keep them secret. Draconian laws protect this secrecy.

In the first week of June 2013, the NSA learned that there had been a massive breach. Thousands of secret files bearing on communications intelligence had been stolen from a heavily guarded regional base in Oahu, Hawaii.

The suspect was Edward Snowden, a twenty-nine-year-old civilian analyst at that base, who had fled to Hong Kong before the breach was discovered. According to a three-count criminal complaint filed by federal prosecutors in the Eastern District of Virginia, Snowden had stolen government property and violated the Espionage Act by the unauthorized and willful communication of national defense information to an unauthorized person. He also likely violated the Computer Fraud and Abuse Act by entering computer systems illicitly.

This was not a whodunit mystery. On June 9, 2013, in an extraordinary twelve-minute video made in a cramped hotel room in Hong Kong, Snowden identified himself as the person who had taken the NSA documents. Watching the video, the world saw a shy, awkward, and sympathetic-looking man wearing a rumpled shirt, rimless glasses, and a computer-geek haircut, passionately speaking out against what he termed the NSA's violations of the law and, in a shaky voice, expressing his willingness to suffer the consequences for exposing them.

Snowden had an innocent, idealistic, principled look about him, and the world was ready to congratulate him for revealing the NSA's alleged illegal collection of data inside the United States. But in fact, Snowden had stolen a great deal more than documents relating to domestic surveillance. He had also stolen secret documents from the NSA, the CIA, the Department of Defense, and the British cipher service revealing the sources and methods they employed in their monitoring of adversaries, which was their job.

By the time the theft had been discovered, in the first week of June 2013, it was impossible for the FBI, a grand jury, or any other U.S. agency to question him because he had fled the country. His first stop, Hong Kong, the economically autonomous city of 7.2 million, is a special administrative region of mainland China. Under the



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terms of the 1997 transfer of sovereignty from Great Britain, China is responsible for Hong Kong's defense and foreign policy, including intelligence services. He then proceeded to Russia, which has no extradition treaty with the United States. Russia granted him asylum, making it unlikely that U.S. authorities would ever have the opportunity to question him.

Snowden's escape left in its wake an incredibly important unsolved mystery: How had a young analyst in training at the NSA succeeded in penetrating all the layers of NSA security to pull off the largest theft of secret documents in the history of American intelligence? Did he act alone? What happened to the documents? Was his arrival in Russia part of the plan?

Because I had written several books on the vulnerability of intelligence services, this was a mystery—a "*how*dunit," if you like—that immediately intrigued me. Even if Snowden had acted for the most salutary of reasons, the unauthorized transfer of state secrets from the United States to an adversary country is, by almost any definition, a form of espionage.

I decided to begin my investigation of this case in Hong Kong, because it was the place to which Snowden first fled after leaving Hawaii. Snowden had planned the trip for at least four weeks, according to the mandatory travel plan he had filed at the NSA. When I spoke to my sources in the intelligence community, they could not explain Snowden's choice. It would not necessarily protect him from the reach of U.S. law, because Hong Kong had an active extradition treaty with the United States. Just a few months earlier, Hong Kong had made headlines by honoring America's request to extradite Trent Martin, a fugitive wanted for insider trading.

Nor was Hong Kong particularly convenient to Hawaii. There were no nonstop flights there from Honolulu in May 2013. Snowden flew eight hours to Narita International Airport in Japan, where he waited almost three hours. He then flew five hours to Hong Kong. Snowden could have flown to countries that do not have extradition treaties with America in far less time.

Adding to this mystery, at the time he departed Honolulu, Snowden had not yet arranged for any journalists to meet him in Hong Kong, and as far as U.S. intelligence could determine, he had



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no known appointments there. Even so, Snowden carried to Hong Kong digital copies he had made of the top secret NSA documents. As General Michael Hayden, who served as the head of both the NSA and the CIA, told me, "It's very mysterious why Snowden chose Hong Kong." We can assume he had a compelling enough reason for him to take the risk that he would be arrested there by Hong Kong police after U.S. authorities invoked the detention provision of its extradition treaty. It was of course possible that Snowden had traveled there to see someone he believed could protect him.

I arrived in Hong Kong on May 20, 2014—exactly one year after Snowden had arrived there aboard a Japan Airlines flight. I checked in to the Mira hotel in the Tsim Sha Tsui shopping district of Kowloon, a ten-minute ferry ride away from Hong Kong Island, where most of the foreign consulates are located.

I chose the Mira because it was the five-star hotel in which Snowden had stayed and where he had made the celebrated video admitting his role in taking the NSA documents. I asked at the front desk for room 1014, the same one that Snowden had occupied in 2013, because I wanted easy access to the hotel's service and security personnel responsible for the room who might have had contact with Snowden a year earlier. Unfortunately, that room was occupied, but I was given a nearby room that served my purpose.

Snowden had told Glenn Greenwald and Laura Poitras, the *Guardian* reporters he met in Hong Kong, that he had hidden out at the Mira hotel since his arrival in Hong Kong because he feared that the CIA might capture him. My first surprise was that Snowden had not arrived at the Mira until eleven days after he arrived in Hong Kong. As I learned from the hotel staff, Snowden had registered there under his real name and used his own passport and credit card to secure the room, an odd choice if he was hiding out. He had checked in to the hotel not on May 20, as he had told the reporters, but on June 1, 2013. He checked out on June 10.

Wherever Snowden stayed from May 20 to June 1, he apparently considered it a safe enough place from which to send Greenwald a "welcome package," as he called it, of twenty top secret NSA docu-



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ments on May 25. He had now not only downloaded documents but also violated the oath he had signed when he took his job by providing them to an unauthorized party. During this period, Snowden also contacted Barton Gellman, on behalf of *The Washington Post*, via e-mail. Indeed, while he was staying someplace other than the place he claimed to be staying, he made almost all the arrangements for his journalistic coming-out. He was in contact with at least one foreign mission during this period, according to what he wrote to Gellman on May 24. In that e-mail, concerning when and how his story was to be published by *The Washington Post*, Snowden asked Gellman to include some text that would help Snowden with his dealings with this mission. But which country was he approaching? In an effort to establish Snowden's whereabouts during these "missing" eleven days, which, among other things, could shed light on why he first came to Hong Kong, I called Keith Bradsher, a prizewinning journalist who had been the *New York Times* bureau chief in Hong Kong in 2013. He had written a well-researched report about Snowden's arrival there. He proposed we meet at the Foreign Correspondents' Club.

Bradsher told me that he had known Albert Ho, who had been retained as Snowden's lawyer, for more than a decade. He had interviewed him many times, because he was a leader of a political movement in Hong Kong. Bradsher said that a few days after Snowden had revealed himself on June 9, he met with Ho and questioned him about Snowden's unknown whereabouts.

Ho told Bradsher that all of Snowden's logistics had been arranged for him by an intermediary, whom Ho called a "carer." Ho said that Snowden had been in contact with the "carer" prior to his arrival in Hong Kong on May 20. According to Ho, it was this person who had arranged accommodations for Snowden on his arrival and afterward. If so, it seemed to me that this person might be able to shed light on whom, if anyone, Snowden saw in his first eleven days in Hong Kong. Even if this person might have been unaware of the reasons for Snowden's trip to Hong Kong when he made the arrangements for him, he was still the best lead I had to learning why Snowden had come to Hong Kong. Bradsher told me that he pressed Ho for details about this mystery person over the course of several meet-



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ings but Ho would not identify him beyond saying that he was a "well-connected resident" of Hong Kong.

I called Ho's law office in Hong Kong. He politely declined to be interviewed by me, saying he had said all he was going to say about the Snowden case. I was able, though, to make an appointment with Robert Tibbo, a Canadian-born barrister specializing in civil liberties cases. Tibbo had worked closely with Ho on the Snowden case.

I met Tibbo in the tearoom at the Mandarin Oriental hotel on Hong Kong Island. Tibbo, in his early fifties, was tall, with a round face and thinning hair. He talked freely about his remarkable career. After earning a degree in chemical engineering from McGill University and working in Asia as an engineer for a decade, he went to law school in New Zealand and became a barrister in Hong Kong specializing in cases involving the legal status of refugees.

Over a leisurely tea, Tibbo made it clear that he had played a far more active role than Ho in the Snowden case. He had even personally escorted Snowden from the Mira hotel to a safe house on June 10. He did not dispute what Ho had told Bradsher. When I asked him if he could give me the name of the "carer," he said that he was bound by a lawyer-client privilege that prevented him from providing me with any details that might reveal the identity of the person who had made arrangements for Snowden. When I asked the date that he was officially retained by Snowden, he said that Snowden had signed an agreement hiring him and Ho's law firm as his legal adviser on June 10, 2013 (which was a matter of public record).

"I understand that," I said, "but I am inquiring about something that had happened before you became his legal adviser." He shook his head, as if getting rid of a pesky fly, and said that his oath precluded him from saying anything at all that might do damage to the credibility of his client. "Not even where he was staying in May in Hong Kong?" I persisted. He leaned forward and, after a brief hesitation, said, jokingly I assumed, that he would not divulge that information, "even if you held a gun to my head." We met two more times, but true to his word Tibbo would not say if he even knew the identity of the "carer."

Meanwhile, Joyce Xu, a very resourceful Chinese journalist who was assisting me in Hong Kong, had filed the equivalent of a Freedom



HOUSE_OVERSIGHT_019496

of Information request with the Hong Kong Security Bureau asking for information about Snowden's movements in May. Thomas Ng, the secretary for security, turned down the request, adding that Hong Kong authorities do not keep records of hotel registrations. I had run into a dead end with the Hong Kong authorities on the issue of Snowden's "carer" and Snowden's whereabouts for those eleven crucial days.

At this point, I got some much-needed help from an old friend on the Obama White House staff. Before I had left New York, I asked him if he could find someone at the consulate in Hong Kong who might brief me on the Snowden case. I didn't hear from him until just a few days before I was due to return to New York. He put me in touch with a former employee of the Hong Kong consulate, who he said was "fully informed" about the efforts of the U.S. mission to locate Snowden in Hong Kong. This person was still living in Hong Kong, and he agreed to meet with me on condition that I did not mention either his name or his specific job in the U.S. mission in Hong Kong. The venue was the terrace lounge of the American Club in Exchange Square in central Hong Kong, a posh club mainly for expatriate Americans. It was on the forty-eighth floor, with a spectacular view of Victoria Harbor. Once there, I had no problem finding my source, identifying him by the description he had given me. He was sitting alone at a discreet table in the corner.

After we ordered drinks, he told me in a soft voice about the American reaction to Snowden's revelations in Hong Kong. "All hell broke loose," he said, describing the atmosphere at the U.S. mission after Snowden's video was posted on *The Guardian*'s website on June 9.

I asked about an assertion that Snowden had made concerning the U.S. consulate in that extraordinary video. Snowden had said that he could be seized at any moment by a CIA rendition team based at the U.S. consulate "just down the road" from the Mira hotel.

"Was that true?" I asked.

He rolled his eyes and said, "Snowden has a pretty wild imagination. For one thing, the U.S. consulate is not down the road from the Mira in Kowloon; it is here on Hong Kong Island. And there was no CIA rendition team in Hong Kong."

My next question concerned a second period during which



HOUSE_OVERSIGHT_019497

Snowden's whereabouts are clouded—the period between the time he left the Mira hotel on June 10 and the day he left Hong Kong for Russia on June 23. When I asked my consulate source whether the U.S. mission took any action to track Snowden during these thirteen days, he explained that the FBI had long maintained a contingent of "legal attachés" based at the consulate to pursue many possible violations of U.S. law including video piracy. In addition, the CIA and the Defense Intelligence Agency (DIA) had retained a handful of "China watchers" under diplomatic cover in Hong Kong. This group constituted the "intelligence mission," as he referred to it. It had developed informal relations with the Hong Kong police that, along with the NSA's electronic capabilities abroad, allowed it to track Snowden's movements after he had outed himself on the video. Because Snowden, his lawyers, and the journalists in his entourage frequently used their cell phones to text one another, it was fairly easy for the U.S. intelligence mission to follow Snowden's trail after he left the Mira hotel. He said that the Hong Kong police also knew where he was during this period. My source further suggested that the massive Chinese intelligence contingent in Hong Kong also knew, because it had close relations with the Hong Kong police.

"So everyone knew Snowden's whereabouts as he moved every few days from apartment to apartment," I interjected. He answered that it was no secret to anyone except the media and the public. "Of course we knew," he said, adding that there were also photographs of Snowden entering the office building that housed the Russian consulate. I mentioned that there was a report in a Russian newspaper that Snowden had visited the Russian consulate in late June in connection with the flight he later took to Moscow. "All we know is he entered the building," he answered, with a shrug.

That Russian consulate visit did not come as a complete surprise to U.S. intelligence. After Snowden left the Mira, his interactions with the Russian and Chinese intelligence services in Hong Kong had been closely monitored by "secret means," a term that in that context likely indicated electronic surveillance. A former top intelligence executive in Washington, D.C., subsequently confirmed this monitoring to me. All of Snowden's stealth in exiting from the Mira hotel, which included wearing a baseball cap and dark glasses, thus



HOUSE_OVERSIGHT_019498

proved ineffective in hiding him from U.S. intelligence and presumably other intelligence services seeking the treasure trove of documents he had taken from the NSA.

As for his next destination, I could find no evidence that Snowden had made any arrangements during his monthlong stay in Hong Kong to go to any Latin American country. Before he went public on June 9, he could have easily gotten a visa in Hong Kong with his still-valid passport to go to almost any country in the world, including Cuba (for which a U.S. passport was not necessary), Bolivia, and Ecuador. Yet he did not apply for visas during this time period. Even as late as June 8, after meetings with Greenwald and Poitras, his name had still not been revealed, no criminal complaint had been issued against him, and there was no Interpol red alert for his detention. He could have walked out of the Mira hotel, caught a taxi to the Hong Kong airport, and gone on Swiss International Air Lines via Zurich to any country in South America or to Iceland. But, as in the oft-cited Sherlock Holmes clue of the dog that did not bark, Snowden's inaction in not obtaining visas during this thirty-day period suggests that he had no plans to go anyplace but where he went: Moscow.

However, the mystery that most concerned me was not where Snowden was housed in the interim between when he went public and when he went to Moscow. It was where, and in whose care, Snowden had been *before* he checked into the Mira on June 1. When I asked my source about this period, he said that as far as he knew, neither the FBI nor the Hong Kong police could find a trace of him during the period between May 20, when he passed through Hong Kong customs, and June 1, when he first used his credit card and passport to check into the Mira hotel. Other than those transactions, they could not find any credit card charges, ATM withdrawals, telephone calls, hotel registrations, subway pass purchases, or other clues to Snowden's activities. As far as a paper trail was concerned, Snowden was a ghost during this period.

"Could an American just vanish in Hong Kong for eleven days?" I asked.

"Apparently, he did just that," my source replied.

Snowden's whereabouts during these eleven days was not a mys-



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tery I was going to solve on this first trip to Hong Kong. I needed to know more about his activities before he got there. After all, Snowden was not, as he himself pointed out from Moscow, an "angel descending from the heavens." He had been working for the U.S. government for the previous seven years. During that period, he had been part of America's secret intelligence regime and held a clearance for sensitive compartmented information, or SCI. Such SCI material is considered so sensitive that it must be handled within formal access control systems established by the director of national intelligence.

Nor did Snowden's breach begin with his handing over classified documents to the *Guardian* reporters in Hong Kong in June 2013 or, for that matter, in the eleven days prior to his meeting with journalists. He had, as the NSA quickly determined, begun illicitly copying documents in the summer of 2012. Such a dangerous enterprise is not born of a sudden impulse. It was, as his actions suggested, nurtured over many months. Even if he had managed to elude American intelligence from late May to early June 2013, he could not hide all the history that led to his decision to come to Hong Kong. There had to be an envelope of circumstances surrounding it, including Snowden's motivation, associates, movements, finances, and activities prior to his fleeing to Hong Kong. What was missing was not just Snowden's first eleven days in Hong Kong but the context of the alleged crime.

I first needed to find out who Edward Snowden was.



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PART ONE

# SNOWDEN'S ARC

I woke this morning with a new name. I had had a vision. A dream vision. A vision righteous and true. Before me I saw Gamers, Gamers shrouded in the glory of their true names.

Step forth, and assume your name in the pantheon. It's always been there, your avatar's true name. It slips through your subconscious, reveals itself under your posts, and flashed visibly in that moment of unrestrained spite; in the indulgent teabag. You've felt it, known it, recognized it.

Now realize it.

I woke this morning with a new name. That name is Wolfking.

Wolfking Awesomefox.

—EDWARD SNOWDEN, Geneva, June 12, 2008

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CHAPTER 1

# Tinker

> It's like the boiling frog. You get exposed to a little bit of evil, a little bit of rule-breaking, a little bit of dishonesty . . . you can come to justify it.
>
> —EDWARD SNOWDEN, Moscow, 2014

EDWARD JOSEPH SNOWDEN was born on June 21, 1983, in Elizabeth City, North Carolina. His parents were Lon Snowden and Elizabeth "Wendy" Barrett. According to their marriage records, they wed when they were both eighteen in 1979. The following year they had a daughter, Jessica.

Lon Snowden, like his father before him, served in the U.S. Coast Guard. He was stationed at its main aviation base, where his father-in-law, Edward Joseph Barrett, was an officer and rising star of the Coast Guard. While Edward Snowden was still a child, his maternal grandfather would become not only an admiral but also head of the Coast Guard's entire aviation service.

When Lon was transferred to a Coast Guard base near Baltimore in 1992, he bought a two-story house in Crofton, Maryland, a residential community very close to the NSA's headquarters building at Fort Meade. Edward, who was nine, and Jessica, who was twelve, were enrolled in local public schools in Crofton.

Jessica was a top student. After she obtained her degree at the



HOUSE_OVERSIGHT_019503

University of Maryland, she went on to law school, graduating with honors. Unlike his sister, Edward Snowden experienced a string of failures in his education. In 1998, after only one year of classes, he dropped out of Arundel High School; according to school records, he stopped attending classes at the age of fifteen. He later attributed his absence from school to a medical problem, mononucleosis, but according to Robert Mosier, a spokesman for Anne Arundel County public schools, there is no record of any illness. Brad Gunson, who knew Snowden before he dropped out of high school, recalled in an interview with *The Washington Post* only that he had a high-pitched voice, liked magic cards, and played fantasy video games.

Instead of completing a formal education, Snowden went his own way. Still in his teens, he became the product of a broken home. His parents were entangled in messy divorce proceedings until he was seventeen. By this time, Jessica had her own apartment. When his parents separated, Snowden's mother bought a two-bedroom condominium in Ellicott City, Maryland. She moved Edward, along with his two cats, into the condominium, while she remained in the family house awaiting its sale. According to a condominium neighbor, Joyce Kinsey, Snowden stayed home alone almost all the time. From what she could observe, he spent long hours in front of a computer screen.

At the age of eighteen, while other teens his age went to college, Snowden was still living by himself, now devoting a large part of his time to playing fantasy games on the Internet. Posting under the alias TheTrueHooHa on a website called *Ars Technica*, he showed himself to be a passionate gamer. He was especially drawn to anime, a graphically violent style of Japanese animation. These anime games had by 2002 achieved a fanatic following in both Japan and the United States. He claimed special skills at Tekken, a martial arts fighting game. He even went to anime conventions in the Washington, D.C., area. When he became a webmaster for Ryuhana Press, a website running these anime-based games, he described himself somewhat fancifully as a thirty-seven-year-old father of two children. The only truth in his description was that he was born on "the longest day of the year" (June 21).

He wrote Internet posts under his TrueHooHa alias about how he



HOUSE_OVERSIGHT_019504

used weight lifting and intensive training to precision shape his body. He bragged to his online followers that he had reduced his "body fat percentage to between 9.5% and 10.5%" (which was less than half of the average for his age). He wrote that he wore "cool" purple sunglasses, practiced martial arts, and was a fan of Japanese cuisine. He described himself at one point, as if advertising his virtues, as having a "head of vibrant, shimmering blond hair (with volume)."

He appeared somewhat restless with his solitary life in his almost daily postings. He expressed a longing to go to Japan. "I've always dreamed of being able to 'make it' in Japan. I've taken Japanese for a year and a half," he wrote in 2002. Despite his claim of learning Japanese, there is no record of his taking any courses in Japanese. But it was perhaps part of his yearning. In pursuit of an employment opportunity in Japan, he posted, "I'd love a cushy gov job over there." Eventually, he gave up on the idea of relocating himself to Japan because, as he explained in a post, he would have to put his cats in quarantine for six months.

Snowden's father meanwhile moved to Pennsylvania with his new wife-to-be. This left Snowden with only one male family member in the area, his maternal grandfather, Admiral Barrett, who was now in the top echelon of U.S. intelligence working at the Pentagon. Barrett was there when a plane piloted by terrorists crashed into it on 9/11. He emerged unscathed.

Snowden sought to join the Special Forces through the 18X program, a U.S. Army Reserve program created in 2003 that allowed individuals who had not served in the military or completed their education to train to be a Special Forces recruit. He listed his religion on the application as Buddhist because, as he explained in a sardonic post on *Ars Technica*, "agnostic is strangely absent" from the form.

He enlisted in the army reserves on May 7, 2004, according to U.S. Army records. He reported for a ten-week basic training at Fort Benning, Georgia, which was standard for all enlistees in the infantry. In August, he began a three-week course in parachute jumping but did not complete that training. As Snowden put it in his Internet postings, he "washed out." He was discharged on September 29, 2004, ending his nineteen-week military career. Snowden would later claim on the Internet that he returned to civilian life because



HOUSE_OVERSIGHT_019505

he had broken both legs. An army spokesman could not confirm that Snowden injured his legs or that he was in fact dropped from the program for medical reasons.

Under his TrueHooHa alias, Snowden wrote that "they [the army] held on to me until the doctors cleared me to be discharged, and then after being cleared they held onto me for another month just for shits and giggles." He attributed this treatment in the army, as he would later attribute his problems in the CIA and the NSA, to the inferior intelligence of his superiors. He wrote in his post, "Psych problems = dishonorable discharge depending on how much they hate you. Lots of alleged homos were in the hold unit, too, but they only got a general discharge at best."

If he had broken his legs, it was not evident to Joyce Kinsey, his next-door neighbor, who told me that she never saw Snowden on crutches when he returned to his mother's condominium in September 2004. Army records show that he did not receive a medical discharge. He received an "administrative discharge." Unlike a medical discharge, which is given because a soldier has sustained injuries that prevent him from performing his duties, an administrative discharge is a "morally neutral" form of separation given to a soldier when he or she is deemed for nonmedical reasons inappropriate for military service. Snowden preferred to cite a medical explanation for his severance, just as he had claimed a medical reason for dropping out of high school (and would later claim he needed medical treatment for epilepsy at the NSA).

When he returned home from Fort Benning, Georgia, he was twenty-one. He remained unemployed for several months before taking a job as a security guard at the University of Maryland's Center for Advanced Study of Language, where he was given his first security clearance. Snowden had to take a polygraph exam to get the job. According to his *Ars Technica* postings, he worked the night shift from six in the evening to six in the morning. He had higher ambitions than being a campus security guard.

He wanted to become a male model. He did not seem overly concerned about his privacy, posting pictures of himself on the Internet "mooning" for the camera. He also posted provocative modeling pictures of himself on the *Ars Technica* website. He commented on his



HOUSE_OVERSIGHT_019506

own beefcake-style pictures, "So sexxxy it hurts" and "I like my girlish figure that attracts girls." He approached a model agency called Model Mayhem, which recommended a photographer. He had some concern about that photographer because he, as Snowden wrote in a post, "shoots mostly guys." Snowden said he was "a little worried he might, you know, try to pull my pants off and choke me to death with them, but he turned out to be legit and is a pretty damn good model photographer." He posted the photographs on the Internet. The lack of any paid job offers dashed Snowden's hopes for a modeling career.

Around this time, he began dating Lindsay Mills, an extremely attractive nineteen-year-old art student at the Maryland Institute College of Art. Jonathan Mills, Lindsay's father, was an applications developer at the Oracle Corporation. According to him, Snowden met his daughter on an Internet dating site. Snowden and Mills had much in common. They both had divorced parents who gave them a great deal of latitude in conducting their personal lives. Both of them were keenly interested in perfecting their bodies through exercise and diet regimes. Mills's only paid employment over the next eight years would be as a fitness and yoga instructor in Maryland. When they first met, they both had ambitions to be models, and neither of them had inhibitions about posing provocatively for photographers. They both also had a desire to travel to exotic places, including cities in Asia. Mills had spent four month in Guilin, China, before meeting Snowden.

As bleak as his prospects as a high-school dropout might have seemed, Snowden had an unexpected stroke of good fortune in the spring of 2006. The CIA offered him a $66,000-a-year job as a CIA communications officer. "I don't have a degree of ANY type. In fact, I don't even have a high school diploma," Snowden boasted in May 2006 on the website *Ars Technica* under his alias. He added, with only a slight exaggeration, "I make 70K."

How did Snowden get the job? The CIA's minimum requirements in 2006 for a job in its clandestine division included a bachelor's or master's degree and a strong academic record, with a preferred GPA of 3.0 or better.

The CIA needed technical workers in 2006. But even if Snowden



HOUSE_OVERSIGHT_019507

applied only in this capacity, which entailed a five-year employment agreement, the minimum requirement for an intelligence technology job was an associate's degree awarded by a two-year community college in electronics and communications, engineering technology, computer network systems, or electronics engineering technology. Candidates had to have had a final GPA of at least 3.0 on a 4.0 scale from a fully accredited technical school or university. Snowden, as we've seen, did not meet these standards. If a candidate lacks these qualifications, the CIA can make an exception only if he or she has at least two years' civilian or military work experience in the telecommunications and/or automated information systems field that is comparable to one of the requisite degree fields. Snowden in no way qualified in this way either.

Under extraordinary circumstances, even the minimum requirements might be waived if the applicant had a distinguished military career and an honorable discharge. Snowden, however, did not complete his military training at Fort Benning and received only an administrative discharge.

The CIA, to be sure, had needed computer-savvy recruits to service its expanding array of computer systems since 1990. By 2006, however, there was no shortage of fully qualified applicants for IT jobs who met the CIA's minimum standards. Most of them had university course records, work experience at IT companies, computer science training certificates from technical schools, and other such credentials. The CIA, like the NSA, also obtained technicians with special skills for IT jobs from outside contractors. So it had no need for employing a twenty-two-year-old dropout who did not meet its requisites. According to Tyler Drumheller, a former CIA station chief in Europe, the only plausible way that Snowden, with no qualifications, was allowed to jump the queue was that "he had some pull."

In 2006, Snowden's grandfather, who had attained the rank of rear admiral, was certainly well connected in the intelligence world. After twenty years' service in the Coast Guard, Barrett had joined an interagency task force in 1998, which included top executives from the CIA, the FBI, and the Drug Enforcement Administration. It had been set up to monitor any gaps in the U.S. embargo on Cuba, and Barrett, as one of its leaders, was in constant liaison with the



HOUSE_OVERSIGHT_019508

CIA. By 2004, he had joined the FBI as the section head of its aviation and special operations. In this capacity, he supervised the joint CIA-FBI interrogation of the prisoners in the Guantánamo base in Cuba, which involved him in the rendition program for terrorists.

Barrett could certainly have played a role in furthering his only grandson's employment. The CIA, however, has not disclosed any information about who, if anyone, recommended Snowden. All that is known is that in 2006 the CIA waived its minimum requirements for him.

Later Snowden pointed out from Moscow that in 2006 the federal government employed his entire family. His father was serving in the Coast Guard; his mother was an administrative clerk for the federal court in Maryland; his sister was a research director at the Federal Judicial Center; and Admiral Barrett was still a top executive at the FBI. In a sense, Snowden had entered the family business.



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CHAPTER 2

# Secret Agent

> Sure, a whistleblower could use these [NSA computer vulnerabilities], but so could a spy.
>
> —EDWARD SNOWDEN, Moscow, 2014

THE SUDDEN TRANSFORMATION of Snowden in 2006 from a night watchman on a university campus to an employee for the CIA provided him with a powerful new identity and one much closer to the avatars he adopted for his fantasy games. It was burnished so deeply in his self-image that he cited it eight years later, in exaggerated fashion, in Moscow. When Brian Williams, then an NBC anchorman, began an hour-long television interview with Snowden in 2014 by saying, "It seems to me spies probably look a lot more like Ed Snowden and a lot less like James Bond these days," Snowden approvingly smiled and told him, "I was trained as a spy in sort of the traditional sense of the word." Snowden further confirmed his interviewer's point, stating, "I lived and worked undercover overseas—pretending to work in a job that I'm not [in]—and even being assigned a name that was not mine."

In reality, Snowden's employment at the CIA was far more prosaic. When he joined the CIA, he did not have the required experience in maintaining secret communication systems, so the CIA sent



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him to its information technology school for six months to train as a communications officer, not a spy. After completing his training, he was dispatched to the CIA station in Geneva. He worked there for the next two years as one of dozens of information technologists servicing the CIA's communication channels in Switzerland. He was stationed there, according to Swiss registry records, under his own name from March 2007 to February 2009. He was identified as a U.S. State Department employee in Geneva because Switzerland does not allow any intelligence officers to operate in its country. Officially, he was attached to the permanent U.S. mission to the United Nations, which employed hundreds of U.S. government functionaries in Switzerland. It was a thin cover; the Swiss government was aware that the CIA maintained its base in Geneva and posted its employees at the U.S. mission.

Although Snowden would claim in a video he made in Hong Kong that he had served as a "senior adviser for the Central Intelligence Agency," he was merely a telecommunications support officer, or TSO in CIA parlance, which was a junior-level job at the CIA. He worked as part of a team of information technologists under the supervision of senior CIA officers, according to a former CIA officer in Geneva. The job of these TSOs was to protect the security of the CIA's computer systems through which the CIA station in Geneva sent and received its secret communications.

As far as is known, Snowden made very few friends at the eight-hundred-person mission. The only person to have publicly reported knowing him in Geneva during this period is Mavanee Anderson, a young and attractive summer intern at the U.S. mission from May to August 2007. She described befriending Snowden, who, according to her, said that he was in the CIA and also demonstrated to her his martial arts skills. She later recalled in interviews that he was "a bit" prone to brooding and voiced growing dissatisfaction with the CIA.

The job in Geneva did have its benefits, however. It provided him with a generous housing and travel allowance. In many ways, it was the "cushy government job" he had said he was seeking in his Internet posts. He rented a four-room apartment and had his girlfriend, Lindsay Mills, now twenty-one, join him there.

According to his posts on the *Ars Technica* website, he took full



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advantage of his compensation to live the high life. He gambled on financial developments by buying and selling options, which are contracts that allow speculators to bet on the directions of the market without buying the actual stocks, bonds, or commodities. He also bought a BMW sports car on which, he wrote, he disabled the speed control so he could exceed the legal limit. He described in his posts racing motorcycles in Italy and traveling around Germany with an Estonian rock star (whom he did not further identify). He also continued his avatar life in Internet gaming; the alias he chose for that was Wolfking Awesomefox. He also indulged in a fantasy gun sport called Airsoft, a variation of paintball, in which participants used realistic-looking pistols to splatter each other with paint.

Snowden's good fortune came to an abrupt end in 2008. He suffered a massive loss in his options speculations. He wrote in a post that he had "lost $20,000 in October [2008] alone," a sum that represented almost a third of his annual salary. He blamed the U.S. financial system, posting on *Ars Technica* that Ben Bernanke, the Federal Reserve chairman, was a "cockbag." He also bet against any further rise in the stock market index, asking a user with whom he was chatting on the Internet in December 2008 to "pray" for a collapse of stock prices. When his correspondent asked him why he wanted him to pray for a decline, Snowden responded, "Because then I'll be filthy fucking rich." But Snowden lost this bet.

Snowden lashed out at others on the Internet over these setbacks. He termed those who questioned his financial judgment "fucking retards." As with other setbacks, he blamed them on government officials in *Ars Technica* posts. Because the CIA was engaged in 2008 in highly sensitive operations to gather banking data in Switzerland—one of which Snowden later disclosed to *The Guardian*—any Internet discussion by a CIA employee of financial losses could serve as a beacon to an adversary intelligence service on the prowl for a source. If any party was looking for disgruntled U.S. employees, Snowden's Internet chatter about bad choices in gambling could have aroused its interest.

That Snowden used his TrueHooHa alias for these Internet postings would not prevent a sophisticated espionage organization from



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quickly uncovering his true identity. He was listed by his true name on the roster of the U.S. mission to the UN. By consulting personnel records, one would further discover that he did not actually work for the State Department. Because it was no secret that the U.S. mission in Geneva housed the CIA station for all of Switzerland, any outsider would think it probable that this brittle gambler who played the options market worked for the CIA.

Even though it cannot be precluded that Snowden was spotted in Geneva by another intelligence service, there is no evidence, at least that I know of, to suggest that he was approached by one. Nor is there reason to believe that if he had been contacted by a foreign service in 2008, he would have responded positively. Despite his indiscreet posting about his outside activities, he apparently still respected the boundaries of secrecy that had been clearly defined in the oath he had taken at the CIA. For example, after *The New York Times* published an article revealing secret American intelligence activities in Iran on January 11, 2009, Snowden railed against the newspaper on the Internet under his TrueHooHa alias. He wrote, "This shit is classified for a reason. . . . It's because this shit won't work if Iran knows what we are doing." He clearly recognized that revealing intelligence sources was extremely damaging. As for the *Times*, he said, "Hopefully they'll finally go bankrupt this year." When another Internet user asked him if it was unethical to release national security secrets, he answered, "YEEEEEEEEEES."

As with every CIA officer, Snowden had to undergo a two-year evaluation and take a routine polygraph test. It was then, in December 2008, that his superior at the CIA placed a "derog" in his file, the CIA's shorthand for a derogatory comment, in an unfavorable evaluation. The reason remains somewhat murky. According to a *New York Times* story by the veteran intelligence reporter Eric Schmitt, Snowden's superior had suspected that Snowden "was trying to break into classified computer files to which he was not authorized to have access." Schmitt evidently had well-placed sources in the CIA. He said that he interviewed two senior American officials who were familiar with the case. According to what they told Schmitt, the CIA superior had decided to "send Snowden home." Officially, how-



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ever, according to a reply by a CIA public affairs officer to the *Times*, Snowden had not been fired or accused of attempting to "break into classified computer files to which he did not have authorized access."

A former CIA officer who had also been at the U.S. mission in Geneva explained the discrepancy to me. He said that the spin the CIA put on the story was "necessary containment." After the Snowden breach occurred in June 2013, the CIA had a problem that could, as he put it, "blow up in its face." If Snowden had been fired but allowed to keep his security clearance in 2009, the CIA's incompetence could be partly blamed for the NSA's subsequent employment of him. If he had broken into a computer to which he was not authorized, he should have been fired if not arrested.

What this spin glossed over, according to this former CIA officer, is the part about Snowden's behavior that concerned his superior. Technically, Snowden, as a CIA communications officer, was authorized to use the computer system. The problem was that Snowden had deliberately misused it by adding code to it. This code could have compromised the security of the CIA's "live system." So while what the CIA public affairs officer quoted in the *Times* story said was correct, it clouded the issue.

During his time in Geneva, Snowden had received no promotions or commendations for his work. He was threatened with a punitive investigation unless he agreed to quietly resign from the CIA. "It was not a stellar career," Drumheller, the former CIA station chief, told me in 2014.

Snowden blamed his career-ending "derog" on an "e-mail spat" with a superior. From Moscow, he wrote to James Risen of the *Times* that his superior officer ordered him not "to rock the boat." Further, he complained that the technical team at the CIA station in Geneva had "brushed him off," even though he had a legitimate grievance. When he complained about a flaw in the computer system, he said that his superior took vengeance on him. He said he added the code to the system to prove he was right. He attributed the "derog" in his file to the incompetence, blindness, and errors of his superiors. According to Snowden, he was a victim. This would not be the last time he faulted superiors for their supposed incompetence. He would



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later say that the NSA experts who examined the documents that he had stolen were "totally incapable."

In any case, in February 2009, Snowden not only had a career-damaging "derog" in his file but faced an internal investigation of his suspicious computer activities. According to Drumheller, such an internal investigation would not be undertaken lightly or because of an "e-mail spat." He said that such an investigation was "a big deal" involving the CIA Office of Security in Washington and possibly the FBI. It would also result in the temporary suspension of Snowden's security clearance. This left Snowden with little real choice. If he wanted to avoid that investigation, he had to resign from the CIA, which he did in February 2009. That was the end of the security investigation.

He was clearly bitter, posting on *Ars Technica* on January 10, 2009, "Obama just appointed a fucking POLITICIAN to run the CIA!" (He was referring to Leon Panetta, President Clinton's former chief of staff.) Snowden attributed the origins of his antipathy to U.S. intelligence to his 2007–9 experiences in the CIA. He later told *Vanity Fair* that the 2009 incident in the CIA convinced him that working "through the system would lead only to reprisals."

Snowden, if not yet a ticking time bomb, was certainly a disgruntled intelligence worker before he ever got to the NSA.



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CHAPTER 3

# Contractor

Private contractors don't clear employees. The government does.

—ADMIRAL MICHAEL MCCONNELL,
former vice-chairman, Booz Allen Hamilton

SNOWDEN, aged twenty-five, returned from Europe and moved into his mother's condo. Not only was he unemployed now, having resigned from the CIA, but his financial state had been hurt by the huge losses he had suffered playing the options market in Geneva and by the fact that he did not qualify for any CIA benefits. His vision of himself as a secret agent, the unstoppable Wolfking Awesomefox, might have also suffered. According to the narrative he later supplied to *The Guardian*, he had become deeply concerned about the immoral way in which the CIA conducted its intelligence operations in Switzerland.

"Much of what I saw in Geneva really disillusioned me about how my government functions and what its impact is in the world. I realized that I was part of something that was doing far more harm than good," Snowden told *The Guardian*. By way of example, he said he learned that the CIA had gotten a Swiss banker drunk enough to be arrested when he drove so the CIA could compromise him. Snowden, who did not drink himself, was appalled at this ploy. Despite his



HOUSE_OVERSIGHT_019516

growing antagonism toward the U.S. government, he had not given up on, if not becoming a secret agent, working in the netherworld of secret intelligence.

There was still a back door through which he could reenter the spy world. Private corporations hired civilian technicians to work for spy agencies as independent contractors. By 2009, the CIA, the NSA, and other U.S. intelligence services had outsourced much of the job of maintaining and upgrading their computer systems to these private companies. They supplied the NSA with most of its system administrators and other information technology workers. This arrangement allowed the NSA to effectively bypass budget limits and other restrictions limiting how many NSA technicians it could recruit. Instead of being on the NSA's own payroll, these people nominally worked for, and received their paychecks from, private employers. In fact, many of these outside contractors worked full-time for the NSA.

Snowden applied in April 2009 to one of these private companies, a subsidiary of the Dell computer company. To diversify out of manufacturing computers, Dell had recently gone into the business of managing government computer systems for the NSA and other intelligence services. As a leading specialist in the field of corporate cyber security, Dell had no problem obtaining sizable contracts from the NSA's Technology Directorate. In 2008, the NSA had in effect outsourced to Dell the task of reorganizing the backup systems at its regional bases. Dell had to find thousands of independent contractors to work at these bases. In 2009, it was seeking to fill positions at the NSA's regional base in Japan, and Snowden applied. Relocating would be no issue for him because he had a longtime interest in going to Japan.

He had little problem obtaining the job. He had a single compelling qualification: like all other CIA officers, he had been given a top secret clearance. For an outside contractor such as Dell, such a security clearance was pure gold. If a potential recruit lacked it, Dell needed to wait for a time-consuming background check that would have to be conducted before it could deploy him or her at the NSA. If a recruit already had the clearance, as Snowden did, he could begin working immediately.



HOUSE_OVERSIGHT_019517

Snowden still had his security clearance, despite his highly problematic exit from the CIA, because the agency had instituted a policy a few years earlier that allowed voluntarily retiring CIA officers to keep their clearance for two years after they left. This "free pass," as one former CIA officer called the two-year grace period, had been intended to make it easier for retiring officers to find jobs in parts of the defense industry. This accommodation, in turn, made it easier for the CIA to downsize to meet its budget.

Not only did Snowden retain his clearance, but unlike when he had applied for his job at the CIA in 2006, he could now list on his résumé two years of experience in information technology and cyber security at the CIA. Dell could check only a single fact: that Snowden was employed at the CIA between 2006 and 2009. His CIA file, which contained the "derog," was not available to Dell or any other private company because of government privacy regulations. Even though the CIA had "security concerns" about Snowden, it could not convey them to either Dell or the NSA without violating the privacy rules. "So the guy with whom the CIA had concerns left the Agency and joined the ranks of the many contractors working in the intelligence community [IC] before CIA could inform the rest of the IC about its worries," Michael Morell, then CIA deputy director, explained. "He even got a pay raise."

Obviously, this was a glitch in the security system. As a result of it, though, Snowden entered the secret world of the NSA only five months after being forced out of the CIA.

For the next forty-five months, Dell assigned him various IT tasks at the NSA. In June 2009, he was sent to Japan to work in the NSA complex at the U.S. Yokota Air Base, which is about two hours by car from downtown Tokyo. He moved into a small one-bedroom apartment in Fussa, just outside the sprawling base.

His initial job for Dell was teaching cyber security to army and air force personnel. In this capacity, he instructed U.S. military officers stationed at the base in how to shield their computers from hackers. Such security training had been required for military personnel dealing with classified material after several successful break-ins to U.S. military networks by China, Russia, and other adversary nations. It was not a challenging or interesting job.



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But Snowden found diversions in Japan. In July 2009, Lindsay Mills joined him there. She had become an amateur photographer, specializing in arty self-portraits. She also saw herself as a global tourist, writing in her blog after arriving in Japan that she had traveled to seventeen countries. Like Snowden, she also deemed herself, tongue in cheek, a "super hero." In this sense, her Internet avatar was a match for Snowden's Wolfking Awesomefox.

In Japan, Mills and Snowden spent time with another American couple, Jennie and Joseph Chamberlin, who also worked at the Yokota base. Jennie, a sergeant in the public affairs section of the U.S. Air Force, had been at art college with Mills and called herself in her blog the Little Red Ninja. Joseph Chamberlin was a decorated U.S. Navy pilot who now flew highly sensitive intelligence-gathering missions from the Yokota base. Jennie described Lindsay in her blog as her "super-model friend." The two couples also went on expeditions in Japan together. As far as is known, the Chamberlins were the only Americans at the base with whom Snowden socialized. On August 17, 2009, the foursome attempted to walk up Mount Fuji, but they got lost en route and wound up in the Mount Fuji gift shop. Jennie described the misadventure in her blog: "Our adventure started off a little rocky with our attempts to find the interstate. Alas, our iconic mountain was obscured by cloud. A short stop at the Mt. Fuji combination soba noodle stand/gift shop was enough to whet our appetite for the further exploration that is to come." Photographs taken that day show Snowden wearing Hawaiian shorts and a black tank top emblazoned with an eagle and the letters USA. They also show Mills wearing safari shorts, a brown sweater, and what appears to be an engagement ring. "Ed was looking rather rednecky," Lindsay commented on one photograph. Snowden described her, in turn, as "nerdy." They never made it to the top of Mount Fuji.

Snowden also sought to advance himself by getting credit toward a college certificate by enrolling in a summer online course at the University of Maryland's Asia program, which had a regional campus on the Yokota base. Known as UMUC, it had a contract with the government to provide military personnel with such educational opportunities. Snowden would later claim that he was taking courses for a graduate degree in computer sciences, but William



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Stevens, the assistant registrar of UMUC, who I spoke to at the base in 2016, told me that the program in 2009 did not provide graduate courses in computer sciences. According to the program's record, while Snowden had enrolled as a student in the summer of 2009, he received neither any credits nor a certificate.

In October 2009, Dell assigned Snowden a job in which he had direct access to the NSA's computers. He was now a system administrator, which is essentially a tech-savvy repairman. Dell was working on a backup system code-named EPICSHELTER. For this contract, Dell was transferring large chunks of data from the NSA's main computers in Maryland to backup drives in Japan so that the system could be quickly restored if there was a communications interruption. Because most of the classified data was in its encrypted form, it had little value to any outside party. Snowden's job was to maintain the proper functioning of computers, but as a system administrator he also had privileges to call up unencrypted files. He sat in front of a computer screen all day looking for any problems in the transferring of files to backup servers.

The work was highly repetitive and exceedingly dull. Snowden found time to search for anomalies in the system, and he claimed to have spotted a major flaw in the security system in late 2009. He discovered that a rogue system administrator in Japan could steal secret data without anyone else's realizing that it had been stolen. Snowden brought that to the attention of his superiors, as he later said.

The emergence of a rogue system administrator was not that far-fetched in 2009. Hacktivists such as Julian Assange had adopted the battle cry "Sysadmins of the world, unite." Instead of asking them to "throw off their chains," as Marx did, he asked them to send classified documents about secret government activity to the WikiLeaks site. Snowden, as a "sys admin," was aware he had the power to do so. He recalled in Moscow in 2014, "I actually recommended they [the NSA] move to two-man control for administrative access back in 2009." To make his point even clearer, he added, "A whistleblower could use these things, but so could a spy." Not without irony, Snowden became that rogue system administrator some three years



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later. In fact, he later used the very vulnerability he pointed out to steal NSA documents at Dell.

In September 2009, still on the Dell payroll, Snowden made a ten-day trip to India. He later said he was on an official visit "working at the US embassy." Hotel records show that he arrived at the Hyatt Regency in New Delhi on September 2 from Japan and at 3:30 p.m. on September 3 checked into the Koenig Inn, an annex to Koenig Solutions, a school that gave crash courses on programming and computer hacking. According to Rohit Aggarwal, head of the school, Snowden stayed there until September 10 while taking classes with a private instructor. It cost $2,000 in tuition and fees, which Snowden prepaid from Japan with his personal credit card. Even though Snowden later said he only took courses in "programming," the school's records show that during that week he took intensive courses in sophisticated hacking techniques. The course was titled "Ethical Hacking," but that was a euphemism for teaching the techniques of illicit hacking. The course provided tutoring on hackers' tools such as SpyEye and Zeus, which are used to circumvent security procedures. It also demonstrated how these hacking tools could be customized by criminals and spies to break into files, plant surveillance programs, impersonate system administrators, assume the privileges of system administrators in a network, and capture the passwords of others. On September 11, Snowden, according to hotel records, left India for Japan. While the stated purpose of the hacking training was to allow security consultants to detect intruders, it also prepared Snowden to be, if he chose to be, an intruder in the NSA system.

One problem with working as a contractor is that the standard two-year contracts are not necessarily renewed. Nor is there much possibility for advancement for IT workers. As one contractor told me, "It is a dead-end job with great pay." In the fall of 2010, Snowden's contract in Japan with Dell was nearing an end.

Dell offered Snowden, and he accepted, a new position in the United States. He rented a modest suburban house shaded by a sakura cherry tree in a suburb of Annapolis, Maryland. Lindsay Mills meanwhile was attending a two-week fitness training course at



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a retreat that qualified her to be a yoga instructor. She had been living on and off with Snowden during the previous two years abroad, including while he worked at the CIA in Switzerland and the NSA in Japan, and now she moved in with Snowden again. The twenty-five-year-old Mills posted on Instagram, "Finally in our first US place together." She also put pictures online of him in bed with her, affectionately referring to him in her posts as a "computer crusader."

He worked on problem solving for corporate clients at Dell headquarters in Annapolis. In preparation for his new corporate role, Snowden shaved off his facial hair and, with Lindsay's help, bought a Ralph Lauren suit. His corporate clients were assisting the NSA, the CIA, and the DIA. Consequently, Snowden dealt with a wide range of intelligence officers and gave presentations on the vulnerabilities in computer security at the DIA-sponsored Joint Counterintelligence seminar. In February 2011, he attended a black tie Valentine's Day gala sponsored by corporate members of the Armed Forces Communication and Electronics Association. The guest speaker was Michael Hayden, who had headed the CIA when Snowden was abruptly forced out two years earlier. Nevertheless, Snowden joined the cue to have his photo taken with the former director, a perk of the charity event.

These dealings in no way mitigated his resentment of the intelligence establishment. What began at the CIA in 2009 as objections to what he saw as the incompetence of his superiors grew into well-articulated disapproval of the way the U.S. government conducted its intelligence. He found NSA surveillance particularly worrisome, later telling *The Guardian*, "They [the NSA] are intent on making every conversation and every form of behavior in the world known to them." He claimed after defecting to Moscow that he had voiced his concerns about what he considered illicit surveillance to ten NSA officials, "none of whom took any action to address them." The NSA can find no record of these complaints, but if Snowden had indeed complained to these officials while working for Dell, his superiors at Dell either didn't notice or didn't care that they had a very disgruntled employee on their hands.

Snowden also made no secret on the Internet of his anger at the U.S. government and the corporations that served it. He railed on



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the *Ars Technica* site against the complicity of private corporations, such as Dell, that assisted the NSA. In his online posts in 2010, Snowden expressed loathing for the assistance that corporate America was providing the intelligence community. "It really concerns me how little this sort of corporate behavior bothers those outside of technology circles," he wrote under his TrueHooHa alias. He said he feared that America was already on "a slippery slope," and he suggested, perhaps adumbrating his own later actions, that this corporate assistance to U.S. intelligence "was entirely within our control to stop."

What the "computer crusader" expressed in these angry Internet postings was an almost obsessive concern over individuals' freely submitting to government authority. "Society really seems to have developed an unquestioning obedience towards spooky types," he wrote on *Ars Technica* without mentioning that he himself worked for a corporation that assisted spy agencies. He asked rhetorically on this public forum whether the sinister slide toward a surveillance state "sneaked in undetected because of pervasive government secrecy."

The outright contempt he expressed toward this "government secrecy" did not prevent him from seeking even more secret work at Dell for the intelligence services. In February 2011, after his CIA security clearance ran out, he applied to renew it. The new clearance now required a new background check and filling out the government's 127-page Standard Form 86.

Since 1996, background investigations for the NSA, like much of the computer work at the NSA, had been outsourced to a private company. It had proceeded from the effort of the Clinton administration to cut the size of government by privatizing tasks that could be more efficiently done by for-profit companies. U.S. Investigations Services, or USIS, as it is now called, which won the contract for background checks, was initially owned by the private equity fund Carlyle Group, which later sold it to another financial group, Providence Equity Partners. For the private equity and hedge funds, profits were the measure of success. To increase its profits from the contract with the NSA, USIS had to move more quickly in concluding background checks because it did not get paid more for extensive



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investigation. In 2006, the government learned these background checks were often prematurely ended. In Snowden's case, because the CIA did not share its files with a private concern, USIS did not have access to Snowden's CIA files, and it therefore did not learn about the threatened security investigation. Nor did it learn from the Internet, where he always employed an alias, that he was a disgruntled employee. So Snowden's new clearance was approved in the summer of 2011, allowing him to continue working for Dell on secret intelligence projects.

Meanwhile, in August 2011, Mills began her own blog titled *L's Journey*. In it, she described herself as "a world-traveling pole-dancing super hero." Many of her posted pictures were provocative poses of herself in her underwear and various states of undress. She wrote, "I've always wanted to be splashed on the cover of magazines, with my best air-brushed look." Her wish would be gratified two years later in a way she likely did not anticipate.

For his part, Snowden seemed happy to encourage her fantasy about being a superhero. He even gave her a *Star Trek*–inspired head visor. Despite all the concerns he voiced about privacy, he did not seem to mind her provocative posts. On the contrary, he took photographs of her, telling her at one point that her photographs were not "sexy" enough.

Snowden was soon offered a new position by Dell at the NSA's Kunia regional base in Hawaii. Dell, which was in the process of expanding its government consulting business, wanted him to be a system administrator on the NSA's backup system. The NSA needed this system before it could upgrade new security protocols that would audit suspicious activity in real time. In Hawaii, as in Japan, system administrators still worked alone. Snowden knew from his experience in Japan that this solo work in an unaudited workplace provided an opportunity for a system administrator to steal documents. So he might also have realized that as a solo system administrator in Hawaii, he would have this opportunity. Whether this was on his mind or not, on March 15, 2012, he accepted this offer. Dell agreed to pay all his relocation expenses and provide him with a housing allowance.

He found a 1,559-square-foot house in Oahu, located at 94-1044



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Eleu Street in the middle-class suburb of Waipahu. It was part of the Royal Kunia development, which contained three hundred similar-looking homes. According to Albi Matco, the manager of the community association for the development, many of the residents worked at military facilities in the area. The corner house Snowden rented was comfortable enough, with three bedrooms, a walk-in closet, a living room with a high ceiling, and a single-car garage, but in no way lavish. It did not even have a backyard. He moved in on April 2, 2012, which entailed a brief separation from his girlfriend, Mills, who had committed herself to attending a girlfriend's wedding the following month. After he left for his new assignment, she wrote on Instagram, "Sex toy party and then saying goodbye to my man—well not goodbye so much as see you in two months."



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CHAPTER 4

# Thief

We begin by coveting what we see every day.

—HANNIBAL LECTER, *The Silence of the Lambs*

IN HAWAII IN 2012, Snowden was living a very comfortable life. He was earning just over $120,000 a year from Dell. His housing allowance covered the rent and the lease on his car. He worked five days a week at the NSA base. The commute, as I timed it, took only ten minutes. Driving past a sign marked "Restricted Area: Keep Out," and the security booth where NSA guards checked his credentials, he left his car in the outdoor lot for the Kunia Regional Security Operations Center. (When I drove into the base in 2016, I was detained nearly two hours at the security booth before being turned back.)

Snowden worked in a three-story reinforced concrete building called "the tunnel," even though it was above the ground. It had been built during World War II to serve as an aircraft assembly plant. During the war, it was entirely covered with earth and shrubbery to proof it against Japanese bomber attacks. In 1980, the NSA converted it to its regional base in Hawaii for its intelligence gather-



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ing. Its lack of windows and the dirt covering gave it the appearance, when I viewed it in 2016, of an oblong-shaped anthill. Workers, both military and civilian, entered through an exterior staircase in the center of the mound. Even though it is above the ground, it is known as the tunnel. Snowden said in describing the atmosphere, "You're in a vaulted space. Everybody has sort of similar clearances, everybody knows everybody. It's a small world." He said that to relieve the tediousness of the work, every two months or so his fellow workers would circulate a picture of a naked person that showed up on their screens as part of the NSA's surveillance of foreign suspects. He explained, "You've got young enlisted guys, 18 to 22 years old [who have] suddenly been thrust into a position of extraordinary responsibility where they now have access to all of your private records. In the course of their daily work they stumble across . . . an intimate nude photo of someone in a sexually compromising position."

He knew that copying any files, including photographs, was a violation of NSA rules. But he did not report this illicit activity to the NSA, even though he later claimed that it occurred regularly. He joked in his Moscow interview with *The Guardian* that some of the nudes were "extremely attractive" and that viewing them was, as he put it, "the fringe benefits of surveillance positions."

Snowden identified with the Libertarian Party, and at the NSA he made no effort to conceal his political support of its causes. He became an active partisan of Congressman Ron Paul, the leading figure in the party in 2012. "He's so dreamy," Snowden posted on the *Ars Technica* site in March 2009 (just after he registered to vote in North Carolina, though he no longer lived there). Paul was running in the 2012 Republican presidential primaries, and Snowden made a contribution of $500 to his election committee. Snowden's attraction to Paul's libertarian ideology was not that surprising. At the core of Paul's worldview was a deep hostility to the intrusion of the government into private lives. Snowden shared this hostility, as was clear from his Internet postings. Like other Libertarians, Snowden believed that citizens should not be "shackled" by federal law. He later addressed from Moscow via an Internet hookup a libertarian gathering at which Ron Paul also spoke. "Law is a lot like medi-



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cine," he said. "When you have too much it can be fatal." Like Paul, Snowden ardently opposed any form of gun control, as did Lindsay Mills in her online postings.

Like other Libertarians, Snowden, a contractor for the government, saw the government as an adversary. "The [American] government," he later said, "assumed upon itself, in secret, new executive powers without any public awareness or any public consent and used them against the citizenry of its own country to increase its own power, to increase its own awareness." Most relevant to his future activities at the NSA, Snowden wholeheartedly agreed with Paul's position on the dangers inherent in government surveillance of U.S. citizens. Paul described the CIA, the organization that had forced Snowden out, as nothing short of a "secret government" and said that "in a true Republic, there is no place for an organization like the CIA." He also railed against NSA surveillance.

As is clear from Snowden's Internet postings, he, like Ron Paul, had doubts about the competence of the intelligence agencies of the U.S. government. Snowden's own disillusionment about the government might have begun with his rejection and perceived mistreatment by the Special Forces of the U.S. Army. It was almost certainly reinforced by his ouster from the CIA. He later told *The Guardian* that he was disillusioned as early as 2007 when he learned about the CIA's methods in compromising Swiss citizens. His critical view of the U.S. government only hardened during the years he worked at the NSA. He described his NSA superiors as "grossly incompetent," as he later explained to a journalist from *Wired* magazine in Moscow. At the NSA, he said employees were kept in line by "fear and a false image of patriotism." He said that he saw his fellow workers cowed into "obedience to authority" and his superiors induced to break the law. He became particularly concerned with what he called the "secret powers" of the NSA. He saw them as "tremendously dangerous." By this time, Snowden was fully aware that the NSA conducted domestic surveillance because he had used his privileges as a system administrator in 2012 to read the NSA inspector general's report on a 2009 surveillance program.

Nevertheless, Snowden continued to work at the NSA, where he was, as he put it, "making a ton of money." Mills joined him in his



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"paradise" in June 2012, shortly before his twenty-ninth birthday. Just before leaving Annapolis for Hawaii, Mills posted a seminude picture of herself on her blog, *L's Journey*. In it, her face was covered with a blanket. The caption under it read, "Trying to avoid the changes coming my way." In Honolulu, she found "E.," as she called Snowden in her blog, "elusive." She found that he preferred to stay at home and avoided meeting other people to the point that her friends "were not quite sure that E. existed." Lindsay's fellow performers in the Waikiki Acrobatic Troupe told me in 2016 that they rarely, if ever, saw Snowden at the practice sessions. Andrew Towl, a juggler with the group, did briefly meet Snowden once. It was on a hike with Lindsay in Oahu. Towl said he asked Snowden what he was doing in Hawaii and Snowden answered tersely, "I work with computers," and continued walking. Even though Mills had dated Snowden for eight years, most of her other friends, except for Jennie and Joe Chamberlin in Japan, had not met him. Next door neighbors I spoke to caught brief glimpses of him entering or leaving his house but did not engage him in a conversation as Snowden tended to avoid eye contact. If he had other social interactions in Hawaii, no one he met came forward and spoke of meeting him, even after he became world famous.

Two days after his twenty-ninth birthday dinner on June 21, Mills described him playfully as a "goof." She wrote in her blog, "The universe is telling me something and I'm pretty sure it's saying get out, Fuck you Hawaii." In early July, she summed up her shaky situation with Snowden in another blog, writing, "I moved to Hawaii to continue my relationship with E. [but] it has been an emotional roller coaster since I stepped off the plane." She diverted herself by organizing a pole-dancing studio in the four-hundred-square-foot garage of the house. She also found her own friends in physical fitness and dance groups. She joined a New Age yoga studio called Physical Phatness, as well as a local acrobatic performance group, and, on Friday nights, pole danced at the Mercury lounge in downtown Honolulu. Unlike Snowden, she enjoyed socializing, writing in her blog, "We lovingly crammed a large group into a small corner of a delicious Japanese restaurant and filled our bellies with sushi, tempura, and good conversation."



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That same July, Snowden had other things on his mind, including an attempt to advance himself. Although his position at Dell as a system administrator was a well-compensated one, especially for a twenty-nine-year-old with no formal education, it carried little prestige. He sat from 9:00 a.m. to 5:00 p.m. in a windowless room watching a bank of monitors in the so-called tunnel. Many of those who worked with him were, as he described them, "eighteen year old soldiers." Presumably, they had little interest in discussing with him the weightier issues of the world. Working as an outside contractor was also a dead-end job that hardly matched the vision he had of himself in his Internet postings. In real life, in a cubicle in the NSA, he was decidedly not the Wolfking Awesomefox heroic image he had of himself in his dream vision.

Snowden now decided to apply for a position in the NSA itself. He apparently believed that if he scored high enough on its entrance exam, the NSA would invite him to join it as a Senior Executive Service officer, or SES, which was the civilian equivalent in rank and pay to a flag officer in the U.S. armed forces. "I'm still amazed that a twenty-eight-year-old thought he could get an SES position," a civilian contractor working for the NSA during the same period told me, "Snowden had a very overinflated view of his self-worth." To enhance his chances of getting the SES job, Snowden in the summer of 2012 illicitly hacked into the NSA's administrative files and stole the answers to the NSA exam. As the NSA's subsequent postmortem would determine, it was the first known document that Snowden took without authorization at the NSA.

It was not the first time, however, that he had used his hacking skills to attempt to advance himself. At the CIA in 2009, as he later said in Moscow, he had added text to his annual CIA evaluation in what he termed "a non-malicious way" to prove a point. His CIA superior took a much darker view of that incident when the hack was detected, calling for an investigation. It was the threat of that investigation that, it will be recalled, in effect ended Snowden's CIA career. At the NSA, his intrusion was not detected for almost a year. "He stole the [NSA] test with the answers, and he took the test and he aced it," the former NSA director Michael McConnell recounted



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in a 2013 interview. "He then walked into the NSA and said you should hire me because I am this good on the test."

The reason why he attempted to gain entry into the upper ranks of the NSA in the late summer of 2012 is less clear. If his Internet posting and libertarian riffs are an indication of his state of mind then, he was hostile to the surveillance activities of the NSA. If so, it made little sense that he would seek a permanent career there. If this is considered in light of the career move he made six months later (in March 2013), which, as he himself admits, was for the express purpose of getting at tightly held documents stored on computers that were not available to him in his job at Dell, then he might have been seeking wider access in 2012 for a more nefarious purpose than an NSA job.

In any case, despite the near-perfect scores, the NSA did not offer him a Senior Executive Service job. "It was totally unrealistic for Snowden to expect to get an SES position," a former senior NSA officer told me. Snowden's ambitions might have been disappointed in this instance, but it did not prevent him from later claiming that he had been a senior adviser to the CIA and also a senior adviser to the Defense Intelligence Agency.

Instead of an SES position, the NSA offered him a lowly G-13 job as an information technology worker, which was not an improvement on his job at Dell. He took this slight as evidence of the NSA's incompetence, subsequently joking to a reporter in Moscow that his ability to steal the test answers should have been seen as a qualification for the NSA job. In September 2012, he turned down the NSA offer. If he was to advance himself now, he had to find a new way.



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CHAPTER 5

# Crossing the Rubicon

> What I came to feel is that a regime that is described as a national security agency has stopped representing the public interest and has instead begun to protect and promote state security interests.
>
> —EDWARD SNOWDEN, Moscow, 2014

SOON AFTER Snowden failed to get an SES job at the NSA in September 2012, he intensified his rogue activities. As we've seen, part of Snowden's job as a system administrator under contract to Dell was transferring files held at Fort Meade to backup computers in Hawaii. He "was moving copies of that data there for them," said Deputy Director Ledgett, "which was perfect cover for stealing the [NSA] data" through the fall and winter of 2012. The security measures at the Hawaii base presented no obstacles to him because, as a system administrator, he had privileges that allowed him to copy documents that had not been encrypted. Indeed, it was part of the process of building the backup system. The flaw he had pointed to in Japan, in which system administrators working solo could safely steal files, also existed in Hawaii, as we know. This time, however, instead of bringing it to the attention of the NSA, he used it to steal files.

Snowden could be confident that his thefts of documents would go undetected. Real-time auditing of the movement of documents,



HOUSE_OVERSIGHT_019532

which was done at NSA headquarters in Fort Meade and most of the NSA's regional facilities, had not yet been installed at the Hawaii base, because a lack of bandwidth prevented the safe upgrading of the software. This auditing software was scheduled to be installed after the backup system was completed in 2013. The Kunia base was one of the last NSA bases that did not monitor suspicious transfers of files on a real-time basis. Snowden was aware of this deficiency; he later pointed out in his interview in *Wired* that the NSA base where he worked did not have an "audit" mechanism. This security gap allowed Snowden, using his system administrator's credentials, to copy classified data to a thumb drive without anyone's being able to trace the copied data back to him. According to the NSA's subsequent damage assessment, he stole many thousands of pages while working for Dell in 2012 before he contacted journalists. Ledgett subsequently reported that the NSA analysis of the fifty-eight thousand documents that were given by Snowden to journalists in June 2013 showed that most of them were taken while he was still working at Dell.

This theft was made even more serious by the interconnection of NSA computers with those of other intelligence agencies. Prior to the 9/11 attacks in 2001, "stovepiping" had protected NSA data on its computers from networks used by other intelligence services. After the 9/11 Commission concluded that part of the reason U.S. intelligence agencies were unable to "connect the dots" in advance of the attack was related to this practice, the NSA stripped away a large part of its stovepiping. As a result, the NSANet, which Snowden had access to at Dell in 2012, became a shared network with "common access points," as the former NSA director Michael Hayden described them to me, which made them the equivalent of "reading rooms" in a library. They served as a means for NSA workers to exchange ideas about the problems they were encountering on various projects for the intelligence community. In maintaining them, system administrators, or "system admins," like Snowden, acted as the "librarians." If a system administrator copied data from this network, no one knew.

For Snowden, the NSANet, which included CIA and Defense Department documents, provided a rich hunting ground in the fall



HOUSE_OVERSIGHT_019533

and winter of 2012. Many of the documents he took off the NSANet revealed operations not only of the NSA but also of the CIA and the Pentagon. By taking them, he had come to a Rubicon from which there would be no return. He later explained in an e-mail to *Vanity Fair* from Moscow, "I crossed that line."

As far as is known, Snowden was not sharing documents with any other party prior to May 2013. He was not even yet in contact with Poitras, Greenwald, or any other journalists. Presumably, Snowden was collecting them on drives—despite the risks that possessing such a collection of secrets might entail—for some future use.

Why would Snowden jeopardize his career and, if caught, his freedom by undertaking this illicit enterprise? He might by now have had strong ideological objections to the NSA's global surveillance. As he said later in Moscow, "We're subverting our security standards for the sake of surveillance." Ordinarily, though, even ideologically opposed employees don't steal state secrets and risk imprisonment. If they are disgruntled, they seek employment elsewhere. Certainly, Snowden, with his three years' experience working for Dell, would have little problem finding a job as an IT worker in the booming civilian sector of computer technology. Instead, he sought to widen his access to NSA documents. This behavior suggests that he might have had another agenda. One possible clue to it is the first document he took: the NSA exam. The answers to the questions in it represented to him a form of tactical power. Those answers could empower him to obtain a more important job in the NSA itself that would allow him to burrow deeper into the executive structure of the agency. Holding such a job would unlock the door to documents containing the NSA's sources stored in areas not available to Dell contractors like himself.

His later actions demonstrated that he equated the possession of such secrets with personal power. For example, after he arrived in Moscow in 2013, he bragged to James Risen of the *Times* that he had access to secrets that gave him great leverage over the NSA. He told him specifically his access to "full lists" of the NSA's agents and operations in adversary countries could, if revealed, close down the NSA's capabilities to gather information in them.

Such a fascination with the power of government-held secrets



HOUSE_OVERSIGHT_019534

has always been a core concern of radical Libertarians. In his 1956 book, *The Torment of Secrecy: The Background and Consequences of American Security Policies,* the sociologist Edward Shils brilliantly dissects the fascination with secrecy among individuals who fear that government agencies will use covert machinations against them. In Shils's concept, this counterculture is "tormented" by the government's possession of knowledge unavailable to them. Members of this culture tend to believe that the agencies that hold these secrets, such as the FBI, the CIA, and the NSA, can control their lives; they also believe that obtaining such secrets will give individuals power over government.

Snowden himself was concerned with a coming "dark future," which he later described as follows: "[The elites] know everything about us and we know nothing about them—because they are secret, they are privileged, and they are a separate class . . . the elite class, the political class, the resource class—we don't know where they live, we don't know what they do, we don't know who their friends are. They have the ability to know all that about us. This is the direction of the future but I think there are changing possibilities in this."

To change the "dark future," someone would have to know the secrets of the "elites." Snowden saw himself as one of the few individuals in a position to seize state secrets from those elites. He had a SCI (sensitive compartmented information) clearance, a pass into an NSA regional base, and the privileges of a system administrator. This position allowed him to steal state secrets and whatever power that went with them. And if he moved to a position that gave him greater access, he would, in this view, amass even greater power.

Whatever his actual agenda in 2012, we know that he tested possible reactions to a leak exposing NSA surveillance in the United States. He asked fellow workers at the NSA base in 2012, according to his own account, "What do you think the public would do if this [secret data] was on the front page?" He asked this question at a time when a large number of State Department and U.S. Army classified documents had been posted on Julian Assange's WikiLeaks website. These WikiLeaks revelations made, as Snowden knew they would, front-page headlines. His "question" was only rhetorical. No covert NSA document had ever been published in the press as of 2012. One



HOUSE_OVERSIGHT_019535

reason why NSA documents remained secrets, as all intelligence workers at Dell were told when they signed their oath to protect NSA secrets, was that the unauthorized release of communications intelligence documents would violate U.S. espionage laws. Even so, there was no shortage of activists overseas, such as Assange, who would be willing to publish NSA documents revealing its global surveillance activities. Cyberpunks, as these activists called themselves, tended to be hostile to the NSA because they believed (correctly) that it monitored their activities on the Internet. This anti-NSA view was well represented at the Chaos Computer Club convention in Berlin in 2012. In addressing these cyberpunks, Assange and his followers at WikiLeaks declared that the main enemy in cyberspace was the NSA. The NSA documents Snowden had taken were far more explosive than anything Assange had posted to date because they contained NSA intelligence source material.

In the late fall of 2012, Snowden further tested his newly found powers. Using an alias, he reached out to some of the leading hacktivists. It opened a door for him to the darker side of cyberspace.

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CHAPTER 6

# Hacktivist

When you gaze long into an abyss, the abyss gazes into you.

—FRIEDRICH NIETZSCHE

By the time that Snowden had begun hacking into NSA files in 2012, the alienated hacktivist battling to unlock the secrets of evil corporations and governments had become a stock hero of popular culture. For example, in the international best-selling *Girl with the Dragon Tattoo Trilogy* by Stieg Larsson, the heroine, a self-educated hacker in her twenties named Lisbeth Salander, steals incriminating documents from computers that provide the journalist Mikael Blomkvist with scoops that save from bankruptcy the progressive magazine he edits. The journalists at the magazine accept her sociopathic behavior, which includes embezzling millions of dollars, extortion, maiming, and murder, because her hacking exposes crimes and abuses of power. In the real-world universe, hacktivists also use their skills to attempt to redress perceived abuses of power.

For example, in December 2010, the group Anonymous, whose members, called Anons, often wear Guy Fawkes masks resembling those worn in the 2006 movie *V for Vendetta*, launched a successful denial-of-service attack called Operation Avenge Assange. It was



HOUSE_OVERSIGHT_019537

aimed at paralyzing companies, including PayPal and MasterCard, that refused to process donations for WikiLeaks, which these Anons believed were stifling the freedom of the Internet. Because hacktivists often use illicit means to redress their grievances, such as denial-of-service attacks, theft of passwords, and hacking into computers, they must conceal their true identities to avoid the retribution of the FBI and other law enforcement agencies. This requires them to operate on the dark side of cyberspace, which has become known as the dark net. Fortunately for hacktivists, the dark net is accessible to anyone.

It is a place frequented by those who want to avoid laws, regulations, and government surveillance. Its denizens include cyber saboteurs, industrial spies, purveyors of illegal contraband, spammers, pranksters, identity thieves, video pirates, bullies, slanderers, drug dealers, child pornographers, money launderers, contract killers, inside traders, anarchists, terrorists, and the intelligence services of many countries.

Sue Halpern, writing about it in *The New York Review of Books*, noted, "My own forays to the dark Net include visits to sites offering counterfeit drivers' licenses, methamphetamine, a template for a US twenty-dollar bill, files to make a 3D-printed gun, and books describing how to receive illegal goods in the mail without getting caught. There were, too, links to rape and child abuse videos."

To operate effectively on the dark net, one often needs a mask of anonymity. But it is not easy to completely hide one's tracks in cyberspace. The way that the Internet ordinarily works is that whenever an individual sends e-mails or instant messages or visits a website, his or her identity can be referenced by the IP address assigned to him or her by the Internet service provider. If dark net users' IP addresses are discoverable, they obviously cannot remain anonymous. So, to evade this built-in Internet transparency, dark side users have come to rely on ingenious software to hide their IP addresses. The most commonly used software for this purpose is Tor, which was first called the Onion Router, because it moves IP addresses through multiple layers. Tor software hides the IP address by routing messages through a network of Tor-enabled relay stations, called nodes. Each node further obscures the user's IP, even



HOUSE_OVERSIGHT_019538

from the next node in the network. This scrambling allows messages to exit the chain of Tor nodes without an easily discoverable IP. By doing so, it "anomizes" each user of the dark side.

Because of the anonymity it provides, Tor became the software of choice for individuals and organizations who wanted to hide their identities. For example, Tor software made possible Silk Road, which acted as an exchange for drug dealers, assassins, safecrackers, and prostitutes until it was closed down by the FBI in 2013. It was created by Ross Ulbricht, a Libertarian who wore a Ron Paul T-shirt, as a website where "people could buy anything anonymously, with no trail whatsoever that led back to them." (Ulbricht received a life sentence for running this criminal enterprise in May 2015.)

Tor software was also employed by Private Bradley Manning (now Chelsea Manning) to transfer some fifty thousand diplomatic cables and military reports from his laptop to Assange's WikiLeaks website. Eventually, Manning was identified by a fellow hacker, convicted by a military court for violations of the Espionage Act, and sentenced to thirty-five years in prison. Tor enabled WikiLeaks to publish other secret data, such as material acquired in the theft of Sony's files, allegedly by the North Korean intelligence service, in 2015. It was the means for guaranteeing anonymity to the IT workers who responded to Assange's by now famous clarion call to unite. It allowed system administrators who opposed the "surveillance state," as well as other disgruntled employees of government agencies or corporations, to send documents they copied to the WikiLeaks website without revealing their IP addresses.

Because WikiLeaks did not know the identity of its sources, it could not be legally compelled to reveal them. "Tor's importance to WikiLeaks cannot be overstated," Assange said in an interview with *Rolling Stone* in 2012. Indeed, without the anonymity provided by its Tor software, WikiLeaks could not have easily entered into a document-sharing arrangement with major newspapers, including *The Guardian, The New York Times, Der Spiegel, Le Monde,* and *El País*. Through the magic of Tor, these newspapers simply attribute their sources to WikiLeaks, which, in turn, made Assange a major force in international journalism.

Ironically, Tor was a creation of U.S. intelligence. In the early years



HOUSE_OVERSIGHT_019539

of the twenty-first century, the U.S. Naval Research Laboratory and the Defense Advanced Research Projects Agency developed it to allow American intelligence operatives to cloak their movements on the Internet. They could anonymously manipulate websites operated by Islamic radicals, for example, and create their own Trojan horse sites to lure would-be terrorists and spies. As it turned out, that use of Tor software had a conceptual flaw. If U.S. intelligence services used it, the targets could figure out that anyone visiting a site without an IP address was using Tor software to hide it. If Tor was exclusively used by U.S. intelligence services, the targets could further deduce that all the anonymous visitors were avatars for American intelligence. It would be analogous to undercover police using pink-colored cars that civilians did not use.

To remedy this flaw, the U.S. government made Tor software open source in 2008 and freely available to everyone in the world. It even provided funding for its promulgation, with the State Department, the National Science Foundation, and the Broadcasting Board of Governors financing Tor's core developer. The public rationale for this generosity was that Tor could serve as a tool for, as the State Department called it, "democracy advocates in authoritarian states." While Tor software remained a useful tool in covert operations by the CIA, the DIA, and the FBI, it was anathema to the NSA because it made it more difficult for it to track potential targets.

As Tor software became widely used by adversaries (as well as common criminals), the NSA sought to find vulnerabilities in it. "It should hardly be surprising that our intelligence agencies seek ways to counteract targets that use Tor software to hide their communications," explained an NSA spokesperson. The NSA's adversaries also took an interest in identifying Tor users because they might include political dissidents and potential spies.

Tor software also took on a cultlike importance to hacktivists concerned with the U.S. government's tracking their activities. Catherine A. Fitzpatrick provides an illuminating insight into the mind-set of these hacktivists in her 2014 book, *Privacy for Me and Not for Thee*. She describes them as largely "radical anarchists" who believe "the state is all-powerful, that law-enforcement is so strong that it will prevail anyway, and that they are a persecuted minority." As a refuge



HOUSE_OVERSIGHT_019540

against the surveillance of the state, and in particular the NSA, they not only attempt to hide their own identities but also use encryption to obscure their messages. Their goal is to free their movements "of any interference from law-enforcement." In this mind-set, according to Fitzpatrick, "they believe government intelligence agencies will stop at nothing to stop them from absolute encryption."

Tor software was a means to defeat the NSA, but for it to be successful, there needed to be such a proliferation of Tor servers that the NSA could not piece together IP addresses. The problem was that the Tor Project, as they called it, was still a very tiny operation in 2012. It employed fewer than a hundred core developers, who were located mainly in Germany, Iceland, Japan, Estonia, and the United States. Its staff worked mainly out of a single room in Cambridge, Massachusetts.

The guiding spirit behind the Tor movement in the private sector was Jacob Appelbaum, a charismatic twenty-eight-year-old who had grown up in Northern California. Like Snowden, he had dropped out of high school. Appelbaum identified himself to his followers on the Internet as a "hacktivist" battling state surveillance. For him, as for many in the hacktivist culture, the main enemy was the NSA. After all, the NSA had a vast army of computer scientists working to defeat Tor software. Appelbaum was well connected in this culture, having been the North American representative for WikiLeaks before he moved to Berlin in 2013. He also managed WikiLeaks's cyber security when it released the classified documents it obtained from Manning in 2010. He was so well regarded among hacktivists that Assange chose him as his keynote speaker replacement at the Hackers on Planet Earth (HOPE) convention in New York City. Assange told *Rolling Stone*, "Jake [Appelbaum] has been a tireless promoter behind the scenes of our cause." For its part, *Rolling Stone* titled its profile of Appelbaum "Meet the Most Dangerous Man in Cyberspace." (Assange needed a replacement for this particular event because he feared if he came to New York, he would be arrested for releasing the Manning files on WikiLeaks.)

In Berlin, Appelbaum went to extreme lengths to protect himself from American surveillance. For example, when George Packer interviewed him for *The New Yorker* in 2014, he insisted on meet-



HOUSE_OVERSIGHT_019541

ing with Packer naked in a sauna so he could be sure Packer did not have a recording device (other than his notebook). Appelbaum stated repeatedly in interviews that he was being spied upon by America. While his claims might have sounded paranoid to his interviewers, as a character in Joseph Heller's *Catch-22* famously said, "Just because you're paranoid doesn't mean they aren't after you."

Runa Sandvik, a close associate of Appelbaum's, also worked tirelessly to extend Tor's cloak of anonymity in the private sector against the surveillance of the NSA and other would-be intruders of privacy. A Norwegian national in her mid-twenties, she wrote a well-followed blog on Internet privacy for *Forbes* in 2012, in which she identified herself as a privacy and security researcher working at the intersection of technology, law, and policy. Appelbaum and Sandvik both came in contact with Snowden before he went public and while he was still working for the NSA in Hawaii.

In 2012, Snowden become involved in the effort to encourage the use of Tor software to protect privacy. He made no secret of his concerns about electronic interceptions. According to an anonymous co-worker, he even wore a jacket to work with a parody of the NSA insignia, which, instead of merely depicting the NSA eagle, showed the eagle clutching AT&T phone lines. He had also become a member of the Electronic Frontier Foundation, the digital rights organization that was helping finance Tor. He saw Tor software as a remedy. "Without Tor," he later wrote, "when you walk the streets of the Internet, you're always watched." His efforts on behalf of Tor were not limited to symbolic gestures. In 2012, he set up a two-gigabyte server called "The Signal," which he described as the largest Tor relay station exit node in Honolulu. He apparently paid for it himself.

Through his work as a system administrator for Dell, he found documents revealing NSA efforts, not yet successful, to defeat Tor's ability to camouflage a user's identity on the Internet. He found that the NSA was attempting to build backdoor entry ways into Tor software. One of the NSA documents that he illicitly downloaded, titled "Tor Stinks," described the agency's continuing efforts to penetrate Tor servers. In addition, he downloaded NSA documents describing programs begun in 2012 that aimed at searching the Internet for the



HOUSE_OVERSIGHT_019542

cyber signatures of foreign parties suspected of hacking into U.S. government systems.

He also made efforts to directly contact Sandvik. She recalls first hearing from Snowden in November 2012. He first wrote to her under the alias Cincinnatus but later supplied his real name and mailing address in Hawaii because he wanted her to mail him authentic computer stickers from the Tor Project that he could use as "swag," as he wrote her, to attract further interest in Tor software in Hawaii. As a result, she knew his identity seven months before he went public in Hong Kong. He would later tell Sandvik from Moscow that he had been "moonlighting" by working to advance the Tor Project. He added, with some understatement, that his moonlighting was "something the NSA might not have been too happy about."

On November 18, 2012, while still working for Dell at the NSA, his dual role led him to begin organizing a "CryptoParty" aimed at finding new recruits for Tor. The CryptoParty movement had been started in 2012 by Asher Wolf, a radical hacktivist and anarchist living in Melbourne, Australia. She promoted the get-togethers not unlike the Tupperware parties of the 1950s. The party organizer, usually with a representative of the Tor Project, advertised the party on the Internet. Attendees were encouraged to bring their own laptops so they could install Tor as well as encryption software in them. The attendees would then be instructed on how to use it. Finally, those converted to Tor software would be told to proselytize about its virtues by holding their own CryptoParty. Wolf's idea was to use these gatherings to expand the realm of Tor.

Snowden called his fete the Oahu CryptoParty. It had its own web page. He told Wolf that it would be the first CryptoParty in Honolulu. She wrote back advising him to "keep it simple." (Wolf later said she did not know he was working at the NSA.)

Snowden apparently had no inhibitions in staging a party that the leadership of the NSA might consider subversive of its battle against Tor. He even invited fellow NSA workers in Hawaii, as well as others in the local computer culture. He asked Sandvik, who was living in Washington, D.C., at the time, to participate, proposing that she cohost the party with him. He scheduled it for December 11, 2012, in Honolulu. According to Sandvik's account, Snowden informed her



HOUSE_OVERSIGHT_019543

that he "had been talking some of the more technical guys at work into setting up some additional fast servers" for Tor. His "work" place at the time was the NSA. So, if he was telling the truth, he had already attempted to find co-workers at the NSA who might be interested in attending an anti-NSA surveillance presentation.

Sandvik not only agreed to be Snowden's co-presenter but made the Oahu CryptoParty a Tor-sponsored event. Sandvik flew to Honolulu on December 6, 2012. It was a fourteen-hour flight and a relatively expensive one. She later told *Wired* magazine that the invitation from Snowden coincided with her plan to take a "vacation in Hawaii." Whatever her reason, it brought her in direct contact with a Tor supporter with access to the computers of its main enemy, the NSA.

On December 11, following Snowden's instructions, Sandvik arrived shortly before 6:00 p.m. at the Fishcake gallery in downtown Honolulu. She proceeded through a maze of furniture display rooms to BoxJelly, a public space. She was then directed to a small back room in which there were folding chairs and worktables already set up for the event. Rechung Fujihira, the owner of BoxJelly, told me that Hi Capacity, a "creative collective" of computer buffs, had arranged the logistics for the event. As he recalled, Snowden had requested their help for the CryptoParty.

Sandvik found Snowden waiting for her with Lindsay Mills, whom he introduced to Sandvik as his girlfriend. He told Sandvik that Mills was there to make a video of the event. Mills did not mention the party in her blog. But that Snowden brought her and introduced her to Sandvik suggests that he did not keep secret from her his activities to further Tor.

The event started at 6:00 p.m. sharp. By Sandvik's count, about twenty people gradually filled the room. She reckoned that about half of the attendees were from Snowden's workplace. Snowden began the presentation by giving reasons why Internet users needed to defend their privacy by using both encryption and Tor software. According to one attendee who asked not to be identified by name, Snowden, while not revealing that he worked for the NSA, spoke with such precise knowledge about government surveillance capabilities that the attendee suspected Snowden worked for the govern-



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ment. Snowden next introduced Sandvik, who took the podium and discussed the work of the Tor Project, stressing the importance of expanding the Tor network. Following their presentations, Snowden and Sandvik took questions from the audience.

The Oahu CryptoParty, according to Sandvik, ended about 10:00 p.m. No one objected to Mills's making a video of the meeting, even though it was dedicated to the idea of protecting personal privacy. The video was not posted on the Internet, so presumably Snowden wanted it for his own purposes. Afterward, Sandvik went to a local diner called Zippy's for a late dinner. She left Hawaii two days later.

Not all the hacktivists that Snowden invited were able to attend. Parker Higgins, for example, a prime mover in the Electronic Frontier Foundation and founder of the San Francisco CryptoParty, wrote back to him that he was unable to attend the December CryptoParty because of the high price of the airfare that month between San Francisco and Honolulu. He added that he would try to attend Snowden's next CryptoParty, which was scheduled for February 23, 2013. (Higgins would make headlines in 2013 by flying a chartered blimp over the NSA's secret facility in Utah and photographing it from the air.)

Snowden's double duty continued: downloading secret documents while remaining in touch with some of the leading figures in the Tor Project under his various aliases. He also continued to invite activists to his CryptoParties, and he openly advertised them on the Internet until 2013. The CIA's former deputy director Morell, who reviewed the security situation at the NSA in 2014 as a member of President Obama's NSA Review Committee, found that the NSA in the post–Cold War age had encouraged its technical workers to freely discuss challenges that arose in its computer operations. "The idea was to spread knowledge and learn from the successes of others," Morell wrote, "but it created enormous security vulnerability, given the always-existent risk of an insider committed to stealing secrets." According to a former intelligence executive, this new "open culture," exemplified by largely unrestricted entry to the NSANet by civilian contractors, fit the culture of the young civilians on the "geek squads" who now ran the NSA's computer networks.

It was remarkable that even in such an "open culture," Snowden's



HOUSE_OVERSIGHT_019545

CryptoParty, Tor station, and other anti-NSA activities could go unremarked upon. After all, ten or so NSA workers attended the first party, and it is not unlikely that many of them recognized him as their co-worker. If so, they knew (as did Sandvik and Mills) that the Tor advocate "Cincinnatus" was Snowden. He had also not been shy in contacting notable enemies of the NSA via e-mail, such as Jacob Appelbaum, Parker Higgins, and Asher Wolf. If anyone, including the security staff of the NSA, had been on the lookout for dissident intelligence workers, this well-advertised gathering and its organizer might have been of interest.

In 2014, I asked a former top NSA executive whether such activities on behalf of Tor by an NSA employee would arouse the attention of the NSA's own "Q" counterespionage unit. He answered, "Snowden was not an NSA employee." Because Snowden was a contract employee of Dell's residing in the United States, the NSA could not legally monitor his private activities or intercept his communication. To do so would require a court-approved FBI request. So Snowden/Cincinnatus was free to operate openly in recruiting NSA workers, hacktivists, and computer buffs for his events. Ironically, adversary intelligence services searching for disgruntled intelligence workers had no such constraints.



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CHAPTER 7

# String Puller

> It wasn't that they put it on me as an individual—that I'm uniquely qualified [or] an angel descending from the heavens—as that they put it on someone, somewhere.
>
> —EDWARD SNOWDEN, Moscow, 2013

DOWNLOADING NSA documents was not Snowden's only rogue activity while working at the NSA for Dell in 2012. Three weeks after the CryptoParty, Snowden began anonymously contacting a high-profile journalist. He used the same alias, Cincinnatus, that he used with Sandvik and to advertise the Oahu CryptoParty. The journalist to whom he wrote on December 1, 2012, was Glenn Greenwald, the previously mentioned Rio-based columnist for *The Guardian*.

Greenwald had not always been an activist journalist. He had been a litigation lawyer at the elite New York firm of Wachtell, Lipton, Rosen & Katz. He was also an entrepreneur, owning part of Master Notions, a company that, among other things, had a 50 percent financial interest in the pornographic website HJ (an acronym that originally stood for "Hairy Jock"). All did not go well with this enterprise. In 2004, Greenwald became involved in an acrimonious lawsuit with his other associates in HJ. As a result, he had a number



HOUSE_OVERSIGHT_019547

of open legal judgments filed against him, including an $85,000 lien by the IRS.

After resigning from his law firm in 2005, he moved to Rio de Janeiro and began a new career as a blogger for the Internet magazine *Salon*. He wrote fierce, and often brilliant, polemics against U.S. government surveillance and other perceived intrusions on personal privacy. The extent of his bitter antagonism toward the activities of the "surveillance state," as he called it, was reflected in the title of his 2006 book, *How Would a Patriot Act? Defending American Values from a President Run Amok*. His position on surveillance was unrelenting, even when it came to the president. "By ordering illegal eavesdropping, the president had committed crimes and should be held accountable for them," Greenwald wrote. When Barack Obama became president in 2009, Greenwald also attacked him for breaking the law by "ordering illegal eavesdropping." Because of his opposition to Obama, he contributed money to the libertarian campaign of Ron Paul, the same candidate to whom Snowden gave money.

In August 2012, he had transferred his provocative blog, which had amassed a following of nearly one million readers (including Snowden), from *Salon* to *The Guardian*. The British newspaper shared his powerful anti-surveillance position, having first published the WikiLeaks documents that had been illicitly leaked by Manning and published by Assange in 2010.

Greenwald was an activist as well as a journalist. He joined the board of directors of the Freedom of the Press Foundation (eventually Runa Sandvik would join too). It had been set up expressly to funnel money to both Assange's WikiLeaks site and the defense fund for Manning after he was arrested. Such a financial intermediary was necessary because American credit card companies were blocking money transfers to these two causes in 2012. This "blockade" was taking its toll on WikiLeaks. According to Assange, "WikiLeaks had been cut off from more than 90 percent of its finances." The Freedom of the Press Foundation came to its rescue. John Perry Barlow, one of the songwriters for the Grateful Dead, was one of its chief financial backers. "The first serious info war is now engaged," Barlow declared. "The field of battle is WikiLeaks." He served with Greenwald and Poitras on its board.



HOUSE_OVERSIGHT_019548

Snowden was an avid reader of Greenwald's screeds against the government. If he were to assume the role of a modern-day Prometheus, delivering forbidden NSA secrets to the public, Greenwald would be a logical candidate to break the story. Snowden could safely assume that Greenwald would be sympathetic to exposing NSA surveillance from his many blogs, tweets, and YouTube comments on the subject. For example, on November 13, 2012, just eighteen days before Snowden contacted him, Greenwald had written a blog for *The Guardian* asserting that the United States was "a surveillance state run amok." In it, echoing very closely what Snowden said at his CryptoParty, Greenwald wrote, "Any remnants of internet anonymity have been all but obliterated between the state and technology companies." Citing a story in *The Washington Post*, he continued, "Every day, collection systems at the National Security Agency intercept and store 1.7 billion e-mails, phone calls and other types of communications."

As a result, Greenwald called for action in that blog posting, writing, "The US operates a sprawling, unaccountable Surveillance State that, in violent breach of the core guarantees of the Fourth Amendment, monitors and records virtually everything even the most law-abiding citizens do." That same week, Snowden invited Runa Sandvik to co-host his CryptoParty.

One problem for Snowden in reaching out to Greenwald was Greenwald's lack of any encryption for his e-mails. Communicating with a journalist like Greenwald who famously attacked the very organization for which Snowden worked was itself a risky undertaking, especially if he wanted to pass classified NSA documents to him. If his e-mails were intercepted by the NSA in Brazil (where Greenwald lived) and where the NSA was not restricted by U.S. law, he could lose his job or even be arrested. As Cincinnatus, he told Greenwald that he needed to immediately encrypt his computer. To make his point, he cited Greenwald's November 12, 2012, blog. In it, Greenwald noted that General David Petraeus, then the CIA director, had been caught in a sex scandal because his personal e-mails had been intercepted. Snowden wrote to Greenwald that Petraeus would not have been exposed if he had used encryption. Snowden sent Greenwald instructions on how to install the necessary encryp-



HOUSE_OVERSIGHT_019549

tion software and a link to a twelve-minute video on encryption (which might have been the same video he used at his CryptoParty a few weeks earlier).

Greenwald did not manage to encrypt his computer, however, and Snowden, unwilling to deal with Greenwald through an unencrypted channel, broke off contact with him in January 2013. Even so, he did not give up his plan of using Greenwald in his enterprise. He merely sought an intermediary who used encryption.

He chose Laura Poitras. He knew she and Greenwald were founding board members of the Freedom of the Press Foundation. Greenwald had written about her extensively. For example, he wrote an entire blog about her confrontation with the U.S. government and her plans to make a documentary about the "US Government's increasing powers of domestic surveillance [through] its expanding covert domestic NSA activities."

Since 2011, Poitras had been diligently filming the construction of a massive NSA repository for data in Bluffdale, Utah. In the anti-surveillance culture, the structure had become symbolic of the powers of the NSA. In fact, it was the same NSA site that Parker Higgins photographed from a blimp in the fall of 2013 and posted on the Internet after Poitras had released her documentary about the NSA's use of the Bluffdale repository for domestic spying.

Aside from her connections with Greenwald, Poitras had other impressive credentials. Born in 1964 in Boston, she came from a wealthy family that donated large sums of money to philanthropic causes, including $20 million for research on bipolar disorders. After graduating from the New School for Public Engagement in 1996, she pursued a career as an activist filmmaker. Her focus quickly became exposing NSA surveillance. One of her short documentaries about the NSA's domestic surveillance program was featured on the *New York Times* website and attracted enormous attention in 2012. As a dedicated opponent of the surveillance state, she participated in public events with William Binney, the ex-NSA whistle-blower, and Jacob Appelbaum. In April 2012, for example, she made a presentation at the Whitney Museum in New York with Binney and Appelbaum. She had become such a leading activist against the NSA by December 2012 that Appelbaum, after lauding her work, inter-



HOUSE_OVERSIGHT_019550

spersed clips from her short film in his keynote address at the Chaos Computer Club convention of hacktivists in Berlin that month.

Snowden also closely followed her rise in this world. By simply googling Poitras's name in January 2013, he would have learned about her connections with Greenwald, Appelbaum, Binney, Assange, and other leading figures in the anti-surveillance camp. When asked later by Poitras why he had chosen her to help him, Snowden replied, "I didn't. You chose yourself." The problem for Snowden was anonymously drawing her into his enterprise.

Poitras was living in Berlin in January 2013, which made her vulnerable to NSA surveillance. To get to her through an encrypted channel, Snowden chose a circuitous approach. On January 11, he wrote to Micah Lee in Berkeley, California. Given Lee's residence in the United States, as Snowden knew, the NSA would be legally barred from monitoring his communications without a warrant. He used Lee, who was the chief technology officer at the Freedom of the Press Foundation, as the encrypted gateway to Poitras. Lee was also well-connected to others whom Snowden had contacted for his CryptoParty. Lee had been an associate of Runa Sandvik's at Tor and was a prominent member of Noisebridge, an eclectic anti-government hackers' commune based in Northern California, of which Appelbaum was also a member.

To contact Lee, Snowden chose the alias Anon108. Anon is an alias frequently used by members of the Anonymous commune of hacktivists. "I'm a friend," Snowden wrote to Lee. "I need to get information securely to Laura Poitras and her alone, but I can't find an email gpg key for her." The "gpg" encryption key he asked for, more commonly called a PGP key, was the so-called public key for an encryption system called Pretty Good Privacy, or, for short, PGP. This encryption system required both a public and a private key. Snowden asked Lee to provide the former one, because Poitras had the latter one. Lee wrote to Poitras about Anon108. The next day, with the approval of Poitras, Lee supplied Poitras's public key to Snowden, or, as he knew him, Anon108.

With it, Snowden contacted Poitras directly. He asked her as a first step to open an anonymous e-mail account using Tor software. Poitras later wrote about this initial contact, "I was at that point film-



HOUSE_OVERSIGHT_019551

ing with several people who were all being targeted by the [U.S.] government." Many of the people she was filming, including Appelbaum, Assange, Binney, and the former NSA employee Thomas Drake, could attract interest by U.S. or foreign intelligence services.

Snowden asked Poitras to take out a new enciphering key to use exclusively for her liaison with him. It provided them both with an extra layer of protection from any surveillance by law enforcement. Presumably, she accommodated his requests because she anticipated that the anonymous person would use this encrypted channel to send her highly sensitive material.

On January 23, Snowden wrote to Poitras under yet another alias. This time he called himself Citizen Four. He wrote, "At this stage I can offer nothing more than my word." He then said falsely, "I am a senior government employee in the intelligence community." She had no way of knowing at this "stage" that despite giving her his "word," he was not who he claimed to be. He was not a "government employee," he was not a "senior" official, and he was not a member of the "intelligence community" (which is composed of the intelligence services of the U.S. government). He would later also claim to her that he had been "a senior adviser to the CIA" and "a senior adviser to the DIA." That was untrue, too. In January 2013, he was merely a contract employee of Dell's working as a computer technician at the NSA base in Hawaii.

Snowden told her in his initial e-mail that he was well acquainted with her career as an anti-surveillance activist. He said that he had read Greenwald's account in *Salon* that past April, a blog in which Greenwald detailed the forty times in which Poitras was searched by U.S. authorities. The story also said that Poitras believed she was on a special watch list and under constant U.S. government surveillance. She had come under such scrutiny by U.S. authorities, it turned out, because of her documentary about American military abuses of civilians in Iraq in 2006, titled *My Country, My Country*. While filming it, she was at a place close to an insurgent ambush of U.S. troops in Iraq. Her presence at the ambush site led army intelligence officers to suspect (without any evidence) that she might have been tipped off by the insurgents. She firmly denied the charge, and the government never substantiated it. Even so, because of this incident, since



HOUSE_OVERSIGHT_019552

2006 she had been kept on a list that caused authorities to search her at airports. As a result, she took elaborate countermeasures to evade any possible surveillance of her communications.

Snowden knew about this incident because Greenwald described it in great detail in a blog that Snowden read (as he later told Greenwald). "Poitras is now forced to take extreme steps—ones that hamper her ability to do her work," Greenwald wrote. "She now avoids traveling with any electronic devices. She uses alternative methods to deliver the most sensitive parts of her work—raw film and interview notes—to secure locations. She spends substantial time and resources protecting her computers with encryption and password defenses. Especially when she is in the US, she avoids talking on the phone about her work, particularly to sources. And she simply will not edit her films at her home out of fear—obviously well grounded—that government agents will attempt to search and seize the raw footage." She claimed, as she told journalists, she was the victim of "Kafkaesque government harassment."

Snowden was duly impressed with her concerns about government surveillance, which he agreed was ubiquitous. Indeed, he later described her as "more paranoid when it comes to electronic security than I can be." He meant it as a compliment. Such functional paranoia or "operational security," as Greenwald would call the precautions that she took, dovetailed with Snowden's growing conviction that universal encryption was necessary to defeat the surveillance state. It also made her the perfect channel for Snowden to safely pass some of the classified documents he stole to Greenwald and other journalists.

It was not difficult to get her to cooperate in his plot. He wrote, for example, "The surveillance you've experienced means you have been 'selected'—a term which will mean more to you as you learn how the modern SIGINT [signals intelligence] system works." Just as she had been "chosen" by her work to act as his conduit, according to Snowden, she had been chosen by the NSA as a target because of her work. The idea of her being "selected" by an invisible signals intelligence agency, the NSA, could only excite her longtime concerns about being watched by the government.

"Your victimization by the NSA system means that you are well



HOUSE_OVERSIGHT_019553

aware of the threat that [the NSA's] unrestricted, secret abilities pose for democracies," he continued. "I hope you understand that contacting you is extremely high risk and if you are willing to agree to the following precautions before I share more, this will not be a waste of your time." Further playing on her concern, he asked her to confirm to him "that no one has ever had a copy of your private key and that it uses a strong pass phrase." Such precautions were necessary because "your adversary is capable of one trillion guesses per second." That "adversary" was, as she knew from her previous film, the NSA. At this point, she knew she was entering into a dangerous liaison with an unknown party in pursuit of NSA secrets. She wondered if he might be part of a plan to entrap her or her contacts like Assange and Appelbaum, as she noted in her diary. "Is C4 a trap?" she asked herself, referring to her Citizen Four source. "Will he put me in prison?"

To elude this "adversary," Snowden stressed to Poitras that she would have to adopt a conspiratorial frame of mind. "If the device you store the private key and enter your pass phrase on has been hacked, it is trivial to decrypt our communications," he explained. "If you publish the source material, I will likely be immediately implicated." If her correspondent could be "immediately implicated," it meant that he was a person authorized to handle these secrets. So Poitras knew, as early as January 2013, that she was creating an encrypted channel for someone with access to NSA secrets who would be incriminated by providing them to her.

The key source for Poitras's previously referred to short video was Binney. Like her new source, he had been authorized to handle NSA secrets. Binney had been an NSA technical director until he had retired in 2001. The NSA's domestic surveillance program that Binney told the press about years before being interviewed in Poitras's film was called Stellarwind. It involved data mining domestic communications and financial transactions that had been authorized by President George W. Bush in 2001 after 9/11 as commander-in-chief under the war powers given to him following the attacks. It indeed led to a major exposé on domestic spying by *The New York Times* in December 2005.

Binney had never provided Poitras with any NSA documents



HOUSE_OVERSIGHT_019554

to back up the charges he made that Stellarwind was an unlawful domestic surveillance operation. He could not have done so without violating his sworn oath and, for that matter, U.S. anti-espionage statutes. Binney made it clear to her and other journalists that he was not a lawbreaker. But her new source, C4, was willing to do what Binney (and other insiders) had refused to do. He was offering in these e-mails to provide her with secret government documents, even though it would implicate him as an outlaw. To further whet her appetite, he told her that these up-to-date NSA documents would fully substantiate the allegations that Binney made in her film. Even more important, he said Binney's 2001 disclosures were still relevant to her cause. "What you know as Stellarwind has grown," he wrote to her. "The expanded special source operations that took over Stellarwind's share of the pie have spread all over the world to practically include comprehensive coverage of the United States." In fact, as Snowden knew from the Inspector General report he had read, the NSA had terminated Stellarwind almost a decade earlier. President Bush ended it after top officials of the Justice Department insisted that he did not have the legal authority for the domestic part of Stellarwind. Instead, he asked Congress to revise FISA to meet the objections of the Justice Department. The result was the FISA Amendment Act of 2006. Unlike the previous Stellarwind program, it did not permit domestic surveillance. It specified that the government could not target any person in the United States or anywhere else in the world under this authority. Nor could it target any foreign person, even one residing outside of the United States, to acquire information from a particular known person inside the United States. As the act recognized that information about U.S. citizens might mistakenly be intercepted by the NSA, it required that such data about Americans be expunged in a bimonthly review by a Justice Department task force. Although the NSA program in place in 2013 was not the comprehensive domestic surveillance that Snowden claimed it to be, Poitras had no way of knowing at this early state that her source was misleading her.

He offered to substantiate her worst fears about the growth of NSA surveillance: "I know the location of most domestic interception points, and that the largest telecommunication companies in the



HOUSE_OVERSIGHT_019555

US are betraying the trust of their customers, which I can prove." He even proffered evidence implicating President Barack Obama in illegal surveillance. "There is a detailed policy framework, a kind of martial law for cyber operations, created by the White House. It's called presidential policy 20," he wrote to her. It was an eighteen-page directive that Obama had signed four months earlier in October 2012. Snowden was offering to reveal to her up-to-date evidence of a surveillance state in America presided over by the president himself. It was what she had been searching for over the past three years. How could she, as an activist filmmaker, resist such a sensational offer?

He further explained to her that he had placed great trust in her discretion. "No one, not even my most trusted confidante, is aware of my intentions, and it would not be fair for them to fall under suspicion for my actions," he said.

Poitras must have found it flattering that a total stranger was willing to disclose to her in e-mails what he would not tell even his "most trusted confidante" about his intentions to commit an illicit breach of U.S. national security. It also put her under enormous stress. She noted in her journal that the pressure made her feel as if she were "underwater." "I am battling with my nervous system. It doesn't let me rest or sleep. Eye twitches, clenched throat, and now literally waiting to be raided."

Snowden was also taking an extraordinary risk. After all, he had no way of knowing who else she told about him. She had long been concerned, with good reason, that the U.S. government was out to get her. An unknown person offering to supply her with secret documents could be attempting to entrap her. So Snowden could not preclude the possibility that she would consult with others about the offer he was making her. Because her current documentary project included interviews by her with Assange, Appelbaum, and three ex-NSA executives, intelligence services with sophisticated surveillance capabilities might also have taken a professional interest in her communications, as Poitras herself had suspected. Even if Snowden was somehow able to use his position as a system administrator at Dell to ascertain that the NSA did not have Poitras under surveillance, he could not be sure that other agencies, such as the Russian and Chi-



HOUSE_OVERSIGHT_019556

nese intelligence services, were not monitoring his communications with her. It was, however, a chance Snowden was willing to take.

Snowden, in any case, did not intend to conceal his identity for more than a few months. He told Poitras he had a specific purpose in allowing her to name him in her ongoing film project. Indeed, he said it was essential in his plan to prevent others, including presumably his "most trusted confidante," from being suspected by law enforcement of helping him in his enterprise. He prevailed on her to accommodate his plan, saying, "You may be the only one who can prevent that, and that is by immediately nailing me to the cross rather than trying to protect me as a source." His choice of the imagery of crucifixion suggested that like Jesus Christ he was willing to sacrifice himself for the sake of others.

In keeping with their operational security arrangement, Snowden said that he would first send her an encrypted file of documents that she would not be able to read. Only after his conditions were met and "everything else is done," he said, "the key will follow." He was now pulling the strings. To get that key, she had to follow his instructions.

One of his conditions was that she help him recruit Greenwald and other outlets for his disclosures. "The material provided and the investigative effort required will be too much for any one person," he wrote to Poitras. He next directed her to contact Greenwald. "I recommend that at the very minimum you involve Greenwald. I believe you know him." (Snowden apparently did not tell her that he had unsuccessfully attempted to reach out to Greenwald before he had contacted her.)

His continued interest in Greenwald was understandable. Aside from Greenwald's opposition to what he called the "Surveillance State," he was a gateway to *The Guardian*. That publication had become an important player in the business of disclosing government documents by publishing a large part of the U.S. documents supplied to WikiLeaks, as we have seen. By breaking whistleblowing stories about U.S. intelligence, it had also greatly increased the circulation of its website. As an establishment newspaper, it also gave these WikiLeaks stories credibility with the media. So despite Greenwald's inability to create an encrypted channel, Snowden still needed him. He had no reason to believe that Greenwald would turn



HOUSE_OVERSIGHT_019557

down the opportunity for a whistle-blowing scoop for *The Guardian*. After all, the classified documents Snowden would provide him would also give credence to both Greenwald's book and his many blogs denouncing U.S. government surveillance.

Aside from Greenwald and Poitras, Snowden sought an outlet inside the American establishment. So he had Poitras write to Barton Gellman, the Pulitzer Prize–winning reporter for *The Washington Post*. Poitras had met Gellman in 2010, when they were both fellows at NYU's Center on Law and Security. Poitras had requested help in encrypting her computer from Karen Greenberg, the executive director of the center, who took her "by the hand" to meet Gellman, Greenberg's resident expert on encryption software. Born in 1960, Gellman graduated from Princeton in 1981 and became an award-winning investigative reporter for the *Miami Herald*, the *Post*, and *Time* magazine. He was also the author of *Angler: The Cheney Vice Presidency*. If Gellman could be drawn into the enterprise, he could provide Snowden with a gateway to the prestigious American paper credited with bringing down President Richard Nixon in the Watergate scandal.

Poitras, as the go-between for Snowden, immediately contacted Gellman. After telling him she was involved in a story about NSA surveillance, she suggested that they meet in New York City.

For their rendezvous, Poitras took a number of precautions to evade anyone attempting to follow her. She had Gellman first meet her in one coffee shop in lower Manhattan. When he arrived, she had him follow her on foot to another coffee shop, following her anti-surveillance tradecraft. Once assured no one was watching them, she ordered coffee for herself and Gellman. Over coffee, she told Gellman about Snowden, whom she described as her anonymous source. She said that he was willing to supply Gellman with documents that would expose domestic surveillance, if Gellman agreed to write a story on it for the *Post*. Even though Gellman had left the staff of the *Post* in 2010, he had previously written several stories on that subject for the newspaper, and he was also highly regarded by the editors there. Gellman was interested in Poitras's offer (although he would consult a friend at the Justice Department about the legality of publishing NSA documents).



HOUSE_OVERSIGHT_019558

Snowden had now laid the groundwork for at least two possible outlets. Poitras, however, was having some difficulty in bringing Greenwald in on the plan. Like Snowden, she did not trust writing to him in unencrypted e-mails, and because Greenwald lived in Brazil, she still had not found an opportunity for a face-to-face meeting with him.

That opportunity arose in mid-April 2013. Greenwald had flown to the United States to give the lead speech at an event in Yonkers, New York, sponsored by the Council on American-Islamic Relations, a pro-Muslim civil rights organization. He had delivered the keynote speech at its previous meeting in San Jose, California, where his impassioned depiction of the American "Surveillance State" received a rousing ovation from the attendees. He was invited to speak at this award dinner for its East Coast chapter.

Poitras flew from Berlin to New York to see him. On April 19, 2013, she arranged to meet Greenwald at noon in the restaurant of the Marriott hotel where Greenwald was staying. When Greenwald arrived at the restaurant carrying a cell phone, she explained to him that the NSA could surreptitiously turn his cell phone into a microphone and use it to eavesdrop on their conversation. She told him to go back to his room and leave his phone there. When he returned, phoneless, she took further precautions by having them change tables several times. Greenwald accepted these tactics because, as he later said, she was in charge of their "operational security."

When they finally settled at a table in the nearly empty restaurant, she showed Greenwald e-mails she had received from Citizen Four. Greenwald, as he recounted, made "no connection" to the "long-forgotten emails" he had received from Snowden under the alias Cincinnatus. Reading the e-mails that Snowden had sent to Poitras, he was impressed with the "sincerity" of the anonymous correspondent.

When Poitras showed Greenwald Citizen Four's mission statement in which he said his motive was to end the U.S. "surveillance state," Greenwald was further impressed with the source. The surveillance state Snowden described closely dovetailed with the surveillance state that Greenwald had described himself in his speech at the Council on American-Islamic Relations dinner in 2012. Of



HOUSE_OVERSIGHT_019559

course, the similarity of the phrasing might not have been entirely coincidental. Greenwald's 2012 speech had been put on YouTube and widely circulated on the Internet just a few days before Snowden first wrote to him on December 1, 2012. Snowden identified himself as a privacy advocate, which was also how Greenwald often identified himself in his speeches. He also echoed other concerns Greenwald had publicly expressed, including defending American privacy from government intrusions.

Snowden promised the leaks he would supply would provide dramatic results. He asserted in one of his e-mails to Poitras that the "shock" of the documents he would give Greenwald would result in the public's learning about the secret "mechanisms through which our privacy is violated." According to Snowden's assessment, following that initial uproar, they could achieve another objective in their common cause. "We can guarantee for all people equal protection against unreasonable search," he wrote. In light of this convergence of views, it is not surprising that Greenwald was fully convinced of Citizen Four's bona fides. He said to Poitras, "He's real," and he agreed to help break the story in *The Guardian*.

Poitras now revealed to Greenwald that Citizen Four would deliver an entire trove of secret documents to them in six to eight weeks. According to this timetable, the Greenwald scoop and the "shock" Citizen Four promised would come in early to mid-June 2013.

At this point in April, Snowden was in full control. Although his job at Dell involved endlessly monitoring largely meaningless encrypted messages in the NSA tunnel, he had been able to get three major journalists to react favorably to his proposal. None of them knew his name, position, age, location, or where precisely he worked. Nor did they know the means by which he planned to obtain the secrets that he dangled before them. They also did not know where, or even if, they would meet their source. Their total knowledge about him was the description he improperly gave of himself: a "senior government employee in the intelligence community" (Greenwald speculated that he was a disgruntled CIA station chief).

Even though they were operating largely in the dark, these three journalists acted as almost any other ambitious reporter would if he or she were offered a major scoop about illegal acts of the govern-



HOUSE_OVERSIGHT_019560

ment. In addition, the information was in line with what they had previously investigated or written about. None of these journalists had any reason to doubt at this point that their anonymous source was anything but the sincere whistle-blower he claimed to be. They could not have known from his anonymous e-mails that aside from the whistle-blowing documents he promised them, he was in the process of stealing a large number of other documents that concerned the NSA's sources and methods in foreign countries. These documents, to which Snowden never referred in his correspondence with them, had little if anything at all to do with domestic spying on American citizens.



HOUSE_OVERSIGHT_019561

CHAPTER 8

# Raider of the Inner Sanctum

> They think there's a smoking gun in there that would be the death of them all politically.
>
> —EDWARD SNOWDEN, Moscow, 2014

THE NIGHTMARE OF THE NSA is a penetration. As the CIA, the FBI, and the NSA found out in the 1990s, no intelligence service is invulnerable to it. Any employee of a large intelligence organization can turn, or be turned, against it. Among the more than ten thousand intelligence workers employed by the NSA, it is a near certainty that over time more than one of them will become dissatisfied with their work. A worker may have a personal grievance about salary, lack of promotion, or treatment by his or her superiors. Disenchantment with the NSA may also proceed from idealistic objections. The NSA is in the business of secretly intercepting messages, and an insider could come to find its spying activities at odds with his or her own beliefs about the violation of privacy. For any of these reasons, a disgruntled insider could go rogue. He or she then might attempt to right a perceived wrong by disclosing NSA secrets to another party. That party might then induce or blackmail the rogue employee into disclosing further secrets.



HOUSE_OVERSIGHT_019562

To guard against this, the NSA has developed a well-organized system for stratifying its data so that obtaining critical secrets required a rogue employee to burrow into its heavily protected inner sanctum. As part of this system, the NSA divides its data into different tiers depending on the importance of the secrets to its operations. The first tier, Level 1, is mainly administrative material. This data would include FISA court orders and other directives its employees might need to check on to carry out their tasks. Level 2 contains data from which the secret sources have been removed. This tier, available to other intelligence services and policy makers, includes reports and analysis that can be shared. Level 3 contains documents that cannot be shared outside a small group of authorized individuals, because they disclose the secret sources through which the NSA surreptitiously obtained the information. This third tier includes, for example, compiled lists of sources in China, Russia, Iran, and other adversary countries. It also discloses the exotic methods the NSA uses to get some of this data. Level 3 documents also include reports on specific NSA, CIA, and Pentagon operations unknown to adversaries. These Level 3 documents are described by NSA executives as "the Keys to the Kingdom," because they could invalidate America's entire intelligence enterprise if they fell into the hands of an adversary. And, as far as is known, prior to 2013, there had been no successful theft of any Level 3 documents.

Because of their extreme sensitivity, Level 3 documents were not handled by most of the private firms providing independent contractors. At Dell, Snowden had access mainly to Level 1 and Level 2 data (which he could, and did, download from shared sites on NSANet). These lower-level documents had whistle-blowing potential because they concerned NSA operations in the United States. They did not reveal, however, sources that the NSA used in intercepting the military and civilian activities of foreign adversaries.

Snowden quit his job at Dell as a system administrator on March 15, 2013, to take another job working for the NSA in Hawaii at Booz Allen Hamilton. Unlike other outside contractors that serviced the NSA, the firm he now chose specialized in handling the NSA's Level 3 data.



HOUSE_OVERSIGHT_019563

When Snowden applied to Booz Allen earlier in March 2013, the company had no opening for a system administrator at the National Threat Operations Center, an NSA unit in which it dealt with Level 3 data. It did have an opening for an infrastructure analyst, a lower-paying job involving maintaining the computer technology necessary to monitor threats. Despite a cut in pay, Snowden took that job. "Snowden was an IT guy, not a SIGINT analyst," a former NSA Signals Intelligence officer pointed out. "He was working as a contracted infrastructure analyst for NSA's Information Assurance arm, . . . [which, ironically as it turned out] protects classified U.S. communications from potential intruders." Steven Bay, the manager at Booz Allen who hired and supervised Snowden, recalled that the first "red flag" came up soon after Snowden began he training, when "Snowden began asking about a highly classified mass-surveillance program" to which Snowden did not have access (although Bay did). In retrospect, Bay realized that Snowden had applied for the job for a specific reason. "He targeted our [Booz Allen] contract directly," Bay said. "Somehow he figured out that our contract, and what we did on that contract, were the types of gates he needed to get access to."

Snowden subsequently told the *South China Morning Post* that he took this job to "get access to lists of machines all over the world the NSA had hacked." If so, he was after the keys to the NSA's kingdom of global surveillance. Booz Allen held those keys. "He targeted my company because we enjoy more access than other companies," Booz Allen's vice-chairman Michael McConnell said with the benefit of hindsight. As a result of the theft, he appraised, "an entire generation of intelligence was lost." McConnell, a former NSA director, was in a position to know.

Snowden's sudden career change had both advantages and disadvantages for the enterprise he was planning. The main advantage was that he would have proximity to the computers in which were kept the "lists" he sought of NSA global sources. The main disadvantage, aside from a cut in salary, was that he would no longer be a system administrator. This change meant he would no longer have privileges to bypass password restrictions or temporarily transfer data. Instead, as an infrastructure analyst, he would not have pass-



HOUSE_OVERSIGHT_019564

word access, at least during the two-month-long training period, to the computers that he had not been specifically "read into," which did not include those computers that stored the Level 3 lists. Access to these tightly controlled compartments was limited to only a handful of analysts at the center who had a need to know.

Because the new job entailed handling higher-level secret documents, Booz Allen had stricter requirements for applicants than Dell. To slip by them, Snowden had engaged in a minor subterfuge. He wrote on his application that he was expecting a master's degree from the online division of Liverpool University in England. In fact, he had not completed a single course at Liverpool and would not be receiving any sort of a degree from it. Booz Allen did not verify this and had agreed to hire him as a trainee-analyst. It did not change that decision even after it found out about his subterfuge.

According to Admiral McConnell, Snowden never actually worked in the Booz Allen offices, which are housed in a skyscraper in downtown Honolulu. Instead, he was immediately assigned to work at the NSA's highly sensitive National Threat Operations Center at the Kunia base, the same location where he had worked for Dell.

Before he could begin working there, however, he needed to fly to Maryland to take a mandatory orientation course at the NSA. The course was given in an eleven-story building, with a sheer wall of black glass, on the NSA's 350-acre campus at Fort Meade. He arrived there from Hawaii on April 1, 2013. Like every other Booz Allen contractor who worked at the NSA's center, Snowden was required to sign the "Sensitive Compartmented Information Nondisclosure Agreement." In this document, Snowden acknowledged that he had been granted access to sensitive compartmented information, called SCI, as part of his work and that he understood that any disclosure of that information to an unauthorized person would violate federal criminal law. He was also told, as were all new contract employees at Booz Allen, that its disclosure could damage the interests of the United States and benefit its enemies. In signing the document, he swore an oath not to divulge any of this information without first receiving written approval from U.S. authorities. So less than two months before he downloaded sensitive compartmented infor-



HOUSE_OVERSIGHT_019565

mation, he was fully aware of what the consequences of divulging this information would be. By this time, as we know, he had already agreed to deliver classified data to three journalists.

Snowden believed that bringing complaints to NSA lawyers or supervisors was, as he put it, "playing with fire." "When I was at NSA," Snowden later said in Moscow, "everybody knew that for anything more serious than workplace harassment, going through the official process was a career-ender at best."

Nevertheless, on April 5, 2013, while still in the training facility in Maryland, he apparently sought to establish a paper trail for himself. He wrote a letter to NSA's Office of the General Counsel asking whether or not NSA directives take precedence over acts of Congress. A lawyer from the Office of the General Counsel responded three days later, addressing Snowden as "Dear Ed." The lawyer said that acts of Congress take precedence over NSA directives. He also suggested that "Ed" phone him if he needed any further clarification. Presumably, Snowden had asked the question to elicit a reply he could later use to bolster his claim that the NSA had ignored or rejected policies regarding NSA directives. Instead, the "Dear Ed" response was of little use to Snowden, because it did not dispute his point that NSA directives must lawfully conform to the acts of Congress. The NSA lawyer never heard back from "Ed."

Snowden completed his orientation course at Fort Meade on Friday, April 12, 2013. While he was in Maryland, he took time off to pay visits to both of his divorced parents. It would be the last time he would see either of them in the United States.

He returned on April 13 to Hawaii. One domestic task he had to attend to was helping Mills pack up their possessions, which they stored in boxes in the garage. The lease on their house was up on April 30, 2013, and they had to move. According to Mills, they found a temporary rental just a few blocks away.

On Monday, April 15, Snowden began on-the-job training as an analyst at the National Threat Operations Center. He would not complete the course. The same week he began the training, he prepared his exit by writing to Booz Allen and saying he needed a brief medical leave in May to undergo treatment for epilepsy symptoms. As far as is known, he did not suffer from epilepsy. Booz Allen



HOUSE_OVERSIGHT_019566

required a minimum of one month's notice for foreign travel. By making the request, he lessened the likelihood that it would arouse undue suspicion when he departed for Hong Kong with stolen documents on May 18. This brief window left him some four weeks to take the lists that he coveted.

Snowden carried out the heist with precision reminiscent of a *Mission: Impossible* movie caper. First, he needed to get passwords to up to twenty-four compartments at the National Threat Operations Center that he had not been read into. Even in the "open culture" of the NSA, this was not an easy challenge. He would be asking one or more intelligence professionals to break strict NSA rules that not only prohibited them from disclosing their passwords to an unauthorized party such as himself but required them to report any unauthorized person who asked to use their passwords. Remarkably, he accomplished this incredible feat. He gained access to twenty-four compartments containing the NSA's most closely guarded secrets in a matter of a few weeks.

Next, he had to find the lists he was seeking in a vast ocean of data. For this task, he used software applications called spiders to crawl through the data and find the files he was after. He deployed these robotic spiders, which presumably had been programmed in advance, soon after he began working at the center. According to the subsequent NSA damage assessment, Snowden's spiders indexed well over one million documents. Many of those that he copied and moved were from Level 3 sensitive compartmented information, according to the NSA analysis. The spiders also made his penetration relatively safe. As previously mentioned, the Hawaii base did not have a real-time auditing system. So alarm bells did not go off in the security office when he indexed documents.

Finally, Snowden had to find a way to transfer this data to a computer with an opened USB port. This task was complicated by a security precaution. Most of the computers at the center had had their ports sealed shut to prevent unauthorized downloads. Making the transfer even more difficult, he was working as an analyst in training in an open-plan office with closed-circuit security cameras. But it was not impossible. System administrators sometimes used service computers that had unsealed ports to back up data before they did



HOUSE_OVERSIGHT_019567

maintenance work. Even though Snowden was no longer a system administrator, he could still perhaps befriend a system administrator or even steal or borrow a service computer.

Whatever the NSA's and Booz Allen's security measures, Snowden succeeded in getting the files. In a matter of a few weeks, he managed to download hundreds of thousands of Level 3 documents to an unsealed computer. He also took some less sensitive documents from the administrative file (which contained mainly Level 1 documents) at the end of April. These later acquisitions included an order from the FISA court issued on April 25, 2013.

He had completed the operation by May 17, the last day he would ever enter the NSA facility. He transferred the data he had amassed on the service computer, including the lists of the computers in Russia and China that the NSA had succeeded in penetrating, onto storage devices, which he later said were thumb drives. Then he coolly walked past the security guards at the exit, who only seldom performed random checks on NSA employees.

He carried out the entire operation with such brilliant stealth that he left few if any clues behind as to how he obtained his colleagues' passwords to multiple compartments, moved the data from many different supposedly sealed computers to an opened service machine, or downloaded these documents to multiple thumb drives without arousing suspicion. The NSA would not discover the theft for fifteen days.

His departure from Hawaii was also well prepared. Lindsay Mills had departed that morning for a planned two-week visit to the outer islands. This trip allowed him to pack his belongings without saying anything to her that might be difficult for her to later explain. He simply left a note that she could show to authorities saying that he was away on a "business trip." He informed Bay that he would have to go in for epilepsy tests on the following Monday and Tuesday. If the results weren't good, he might have to be out even longer.



HOUSE_OVERSIGHT_019568

CHAPTER 9

# Escape Artist

> I'm not self-destructive. I don't want to self-immolate and erase myself from the pages of history. But if we don't take chances, we can't win.
>
> —EDWARD SNOWDEN, Moscow, 2014

THE NEXT EVENING, May 18, Snowden drove to Honolulu International Airport. He left his leased car in the parking lot. He took with him only carry-on baggage, including a backpack and a laptop with a Tor sticker on it. "I took everything I had on my back," he said, referring to the backpack. He also said that he took enough cash to pay for his fugitive life and he took the thumb drives containing the NSA's keys to the kingdom.

At this point, of course, Snowden was not wanted by the authorities. He had provided his employer and the NSA with a medical excuse for his absence from work so he would not be immediately missed. He had a valid passport, a credit card, and ID. Snowden's destination was Hong Kong. After crossing the international date line, Snowden waited about three hours in the transit zone of Narita. He then boarded a plane to Hong Kong. After the four-hour flight from Narita, he arrived in Hong Kong early in the morning on May 20.

He had visited Hong Kong at least once before, with Lindsay Mills, when he was stationed in Japan. According to Albert Ho, his



HOUSE_OVERSIGHT_019569

Hong Kong lawyer, Snowden stayed at a residence arranged for him in advance by a party whom Snowden knew prior to his arrival. As noted earlier, for the next ten days, Snowden did not use his credit card or leave any paper trail to his location. Wherever he was, "his first priority," as he later told Greenwald, was to find a place safe from U.S. countermeasures. He brought with him a large number of electronic copies of NSA documents marked TS/SCI/NOFORN, which stood for "Top Secret, Sensitive Compartmented Information, and No Foreign Distribution." According to government rules, data carrying these labels could not be removed from a government-approved "SCI facility." But Snowden, who brought them with him into this semiautonomous zone in China, broke these rules.

Wherever Snowden was staying, apparently he believed he was relatively safe. "That whole period was very carefully planned and orchestrated," Snowden later told *The Guardian* in Moscow. On May 22, he sent an e-mail to Bay (who did not know he had left Hawaii) saying that his epilepsy tests came back with "bad" results, and he needed further medical attention. Here Snowden communicated directly first with Gellman and then with Greenwald. He e-mailed Gellman under the alias "Verax."

Already, via Poitras, he had provided Gellman with PowerPoint slides from an NSA presentation about a joint FBI-NSA-CIA operation code-named PRISM. He believed it qualified as whistleblowing because it revealed that the NSA, in intercepting e-mails, tweets, postings, and other web interactions about foreign terrorists, incidentally also picked up data about Americans. According to the rules imposed on the NSA by a 2007 presidential directive, whatever information was accidently picked up about Americans was supposed to be filtered out, and hundreds of compliance officers were to recheck the data every ninety days to assure that directive was being carried out. Even so, it was likely some data was not expunged in this process. So PRISM could cause embarrassment for the NSA.

Snowden had not yet made arrangements to meet journalists, but now he proposed that Gellman join him in Hong Kong. In attempting to convince him of the urgency of the trip, he wrote that he had reason to believe that "omniscient State powers" imperiled "our freedom and way of life." He noted, with a touch of modesty, "Perhaps



HOUSE_OVERSIGHT_019570

I am naive." He also added dramatically, "I have risked my life and family." Even so, Gellman declined coming to Hong Kong. (According to Greenwald, Gellman could not make the trip, because lawyers for *The Washington Post* were uneasy with having a reporter receive classified documents in a part of China.)

On May 24, 2013, Snowden attempted to apply more pressure on Gellman by telling him that the story about the PRISM program had to be published by the *Post* within seventy-two hours. Gellman could not accede to such a condition, because the decision of when to publish a story was made not by him but by the editors of the newspaper. He told Snowden that the earliest the story could be published was June 6, 2013, which was well past Snowden's deadline.

Snowden next turned to Greenwald in Brazil. Both Poitras and Micah Lee had made great efforts to tutor Greenwald on encryption protocols, with Lee's sending Greenwald a DVD by FedEx that would allow him to receive both encrypted messages and encrypted phone calls. Even then, Greenwald was unable to fully install it. As a result, Greenwald still had not met Snowden's requisites on encrypting his computer.

With Gellman uncertain, Greenwald was now essential to Snowden's plan. If he was to have any newspaper outlet, he needed to persuade Greenwald to come to Hong Kong. At this point, he took matters into his own hands. On May 25, Snowden somewhat aggressively e-mailed Greenwald, saying, "I've been working on a major project with a mutual friend of ours. You recently had to decline short-term travel to meet with me." Although he did not specify the "short-term travel" to which he referred, he added pointedly, "You need to be involved in this story." He suggested that they immediately speak on the phone via a website that encrypts conversations. Snowden began the call by complaining, "I don't like how this is developing." He made it clear that he, not the journalist he had selected, was pulling the strings. If Greenwald wanted the scoop, he had to follow Snowden's instructions, which included dividing the scoops between *The Guardian* and *The Washington Post*. According to his plan, Gellman would break the PRISM story in the *Post*, and Greenwald would break the "mass domestic spying" story in *The Guardian*. In addition, he insisted that *The Guardian* publish his per-



HOUSE_OVERSIGHT_019571

sonal manifesto alongside its story. As he envisioned it, the media event would also include a video component in which Greenwald would interview him.

Greenwald agreed to this micromanaging, So Snowden said he would send him what he called a "welcome package" of documents to demonstrate his good faith. His plan also required a face-to-face meeting. Snowden told him, "The first order of business is to get you to Hong Kong." The whole conversation lasted two hours, according to Greenwald.

Snowden sent him twenty classified NSA documents labeled "Top Secret." He also included in the package his personal manifesto, which asserted that the NSA was part of an international conspiracy of intelligence agencies that were working to "inflict upon the world a system of secret, pervasive surveillance from which there is no refuge."

Meanwhile, Snowden told Poitras he was sending her a number of NSA documents, including a FISA warrant that had been issued less than a month earlier. He wanted that FISA warrant to serve as the basis of Greenwald's scoop. It was perfect whistle-blowing material for *The Guardian* because it ordered Verizon to turn over all its billing records for ninety days to the NSA. It was as close to a smoking gun as anything he had copied at the NSA. It would also get attention because James Clapper, the director of national intelligence, had stated before Congress just two months earlier that the NSA did not collect phone data in America. This warrant would allow *The Guardian*, in the best tradition of gotcha journalism, to catch Clapper in an apparent lie.

Continuing his string pulling, Snowden instructed Poitras not to show the FISA warrant to Greenwald until they were safely aboard a plane to Hong Kong. That would prevent Greenwald from releasing the story previously. He also sent Poitras an entire encrypted file of NSA documents, saying it would "include my true name and details for the record, though it will be your decision as to whether or how to declare my involvement." He did not send her the key to decipher the file, saying, "The key will follow when everything else is done." He further told her that he preferred that her new film



HOUSE_OVERSIGHT_019572

focus on him as the sole perpetrator of the leak so that no one else at the NSA would be suspected.

Poitras and Gellman were not the only journalists involved in the news event. Poitras also asked Appelbaum to help her interview Snowden about the NSA's operations. She later said that she needed someone with technical expertise in government surveillance to test the bona fides of Citizen Four. She believed that Appelbaum, who had participated in her anti-NSA presentations in 2012, qualified for the position.

Snowden previously had contact with Appelbaum. Appelbaum had communicated with Snowden under his Oahu CryptoParty alias about an obscure piece of software just a few weeks after Snowden had met with Runa Sandvik in Hawaii in December 2012. Appelbaum, in fact, had worked with Sandvik as a core developer of Tor software. Snowden allowed Appelbaum to put detailed questions to him concerning the secret operations of the NSA before he met with Poitras and Greenwald in Hong Kong. Indeed, Poitras joined him in asking Snowden via encrypted e-mails such questions as "What are some of the big surveillance programs that are active today and how do international partners aid the NSA?" "Does the NSA partner with other nations, like Israel?" and "Do private companies help the NSA?" Snowden answered all the questions to the satisfaction of Appelbaum and Poitras. (The interview was published on July 8, 2013, with Snowden's approval on the website of *Der Spiegel*, the German weekly, which had also published the WikiLeaks documents.)

As the days ticked away while Snowden was waiting for Greenwald in Hong Kong, Greenwald was awaiting a green light to go there from Janine Gibson, the editor of the *Guardian* website, who was based in New York. Under Gibson's leadership, *The Guardian*'s website had effectively "gone into the business of publishing government secrets," as the *Guardian* columnist Michael Wolff pointed out. Most of the documents had been supplied by Bradley Manning via WikiLeaks. Few if any of these previous documents *The Guardian* published were highly classified, and none were SCI top secret documents. The NSA documents Greenwald had received



HOUSE_OVERSIGHT_019573

from Citizen Four were another matter. They contained the sort of SCI communications intelligence data that no major newspaper had ever published before. Their disclosure might result in journalists' being imprisoned, because both British law and U.S. law criminalized the disclosure by anyone of communications intelligence. As a lawyer, Greenwald recognized this danger. On the other hand, the NSA documents were far more explosive than the WikiLeaks material and promised an even greater spike in circulation. So Greenwald assumed that Gibson would be willing to authorize their publication and provide the expenses for his trip to Hong Kong.

He flew from Rio to New York on May 30 to meet in person with Gibson, who had concerns about publishing what were purported to be top secret documents that came from an anonymous source. She was certainly not willing to go along with Citizen Four's demand that *The Guardian* publish his personal manifesto alongside the documents. Aside from its shrill and alarming tone, it sounded, as she told Greenwald, "a bit Ted Kaczynski-ish," referring to the mathematician known as the Unabomber who had maimed or killed twenty-six people with anonymous mail bombs between 1978 and 1995. Kaczynski had also demanded that newspapers publish his personal manifesto. Gibson explained to Greenwald, "It is going to sound crazy to some people." Her concern was that it would detract from the credibility of the rest of the story. Snowden had also written to Greenwald to explain his position. "Even the Constitution is subverted when the appetites of power demand it," Snowden said. Paraphrasing President Thomas Jefferson, he continued, "Let us speak no more of faith in man, but bind him down from mischief by the chains of cryptography." Snowden, showing his cultlike faith in encryption, substituted "cryptography" for Jefferson's word "constitution." Gibson was unmoved. The stolen NSA documents were another matter. They were an enormous scoop that could have a greater impact than the WikiLeaks scoop.

Gibson authorized Greenwald's trip to Hong Kong on the condition that he take with him a *Guardian* staffer in whom she had confidence, the Scottish-born Ewen MacAskill, a sixty-one-year-old veteran journalist who had been the Washington bureau chief for *The Guardian*. His assignment was to evaluate the bona fides of the



HOUSE_OVERSIGHT_019574

anonymous source in Hong Kong for Gibson. Greenwald accepted her terms. Poitras, who would be accompanying them, would be paying her own way.

In case *The Guardian* failed to publish the story, Snowden had a contingency plan in place. While Greenwald was negotiating with Gibson, Snowden arranged for Micah Lee, Poitras's associate at the Freedom of the Press Foundation, to build a personal website for him. Writing to Lee from Hong Kong, first under his alias Anon108 and later under his real name, Snowden said that he planned to post his "anti-surveillance manifesto." He would also use it to post "a global petition against surveillance." Snowden had Lee name the site "SupportOnlineRights.com." According to Lee, the website would be built with a "dead man's switch," which would automatically trigger the release of NSA documents if Snowden was arrested. It was not clear whether Lee was doing this work as a freelancer or in his capacity as the chief technology officer for the Freedom of the Press Foundation. The website Lee built for Snowden proved unnecessary when Poitras e-mailed him on June 1 that *The Guardian* had approved the trip and she and Greenwald were booked on a Cathay Pacific flight to Hong Kong. They would arrive the next day.

In his preparation to go public in Hong Kong, Snowden showed himself fully capable of orchestrating what would become a major news story. He not only picked the journalists who would break it but also instructed each of them as to the timing, sequence, and content of their initial disclosures. In the security of his unknown residence in Hong Kong, he also worked to carefully separate the purloined NSA documents into two very different caches. "I carefully evaluated every single document I disclosed," Snowden explained to the *Guardian* journalists in early June. The documents in this first cache were selected to serve what he termed the "public interest." In the hands of journalists, these selected documents, and the story he fashioned to accompany them, would burnish his image in the public consciousness as a whistle-blower. He did not turn over the second cache, telling Greenwald, "There are all sorts of documents that would have made a big impact that I didn't turn over."

By the time he received the message from Poitras, Snowden had



HOUSE_OVERSIGHT_019575

finished his preparations for the journalists. With selected documents copied on a thumb drive, he moved from the residence where he had been staying for ten days to a venue for meeting the reporters. The place he chose, as noted earlier, was the Mira hotel in the Kowloon district of Hong Kong, where he checked in under his own name. He e-mailed Poitras his name and the address of the hotel; there was no longer any reason to hide his true identity.

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CHAPTER 10

# Whistle-blower

> They elected me. The overseers . . . The [American] system failed comprehensively, and each level of oversight, each level of responsibility that should have addressed this, abdicated their responsibility.
>
> —EDWARD SNOWDEN, Moscow, 2013

WHILE SNOWDEN in Hong Kong was attempting to reel in the journalists, Lindsay Mills returned to Honolulu from her "island-hopping" trip to find their house partially flooded and Snowden nowhere to be found. In a brief note Snowden left her, he said he was away on a business trip and indicated that, at least temporarily, their eight-year relationship was on hold.

"I feel alone, lost, overwhelmed, and desperate for a reprieve from the bipolar nature of my current situation," she wrote in her journal on June 2 (which would be June 3 across the international timeline in Hong Kong). "I've nearly lost my mind, family, and house over the past few weeks." She also noted in her online journal, "Oh and I physically lost my memory [SIM] card with nearly all my adventure photos," as well as other personal data. The loss would make it difficult to reconstruct her past activities with Snowden.

In Hong Kong, if Snowden were following Lindsay's online journal, he would have read that his girlfriend had returned home, lost her data, and needed a "reprieve" from the situation in which he had



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put her. But because they were exchanging private text messages by then, he would not have needed to consult her public journal. Snowden was certainly aware that he would soon be the object of a manhunt that could involve those with whom he was acquainted. He instructed Poitras to mask their e-mail communications in cyberspace "so we don't have a clue or record of your true name in your file communication chain." Such precautions were necessary, he explained to her, because "every trick in the book is likely to be used in looking into this." The journalists arrived the evening of June 2.

The Mira hotel can be entered by guests both through a ground-floor lobby with a restaurant and a smaller third-floor lobby that connects to the Mira shopping mall. The instructions that Snowden sent Poitras on her arrival were an exercise in control: "On timing, regarding meeting up in Hong Kong, the first rendezvous attempt will be at 10 a.m. local time. We will meet in the hallway outside of the restaurant in the Mira Hotel. I will be working on a Rubik's cube so that you can identify me. Approach me and ask if I know the hours of the restaurant. I'll respond by stating that I'm not sure and suggest you try the lounge instead. I'll offer to show you where it is, and at that point we're good. You simply need to follow naturally." According to Greenwald's account, Snowden changed the plan to the upper lobby. "We were to go to the third floor," Greenwald writes. "We were to wait on a couch near a 'giant alligator,' " which Poitras said was a room decoration. (A hotel executive told me that the hotel knew of no plastic alligator on the third floor but possibly it had been temporarily parked there by a hotel guest.) They were then to give the recognition signal. Although these instructions provided the atmospherics of "an international spy thriller," as Greenwald described them, Snowden hardly needed any spy tradecraft to recognize Greenwald and Poitras because there were many photographs of them on the Internet.

In any case, they gave the recognition signal, twice, in the designated place, and a young man walked over to them holding a Rubik's Cube. Greenwald noted, "The first thing I saw was the unsolved Rubik's Cube, twirling in the man's left hand." The man said, "Hello," and introduced himself as "Ed Snowden."

Greenwald was particularly surprised by Snowden's boyish looks.



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"The initial impression was one of extreme confusion," Greenwald wrote in his book. "I was expecting to meet somebody in his sixties or seventies, someone very senior in the agency, because I knew almost nothing about him prior to our arrival in Hong Kong." His initial confusion was understandable. Snowden, it will be recalled, had falsely identified himself to them in an e-mail as a senior member of the intelligence community.

Snowden led Greenwald and Poitras to the nearby elevator, and they went through various corridors of the hotel to his room on the tenth floor. It was mainly occupied by a king-sized bed, but it also featured a sleek writing desk in the corner, two chairs, and a modernistic lamp. The bathroom was behind a glass partition, which could be closed off by a black louver blind. There was also a small refrigerator in which Snowden asked them to stow their cell phones.

Snowden, as we know, had already told Poitras that he wanted her to make a documentary of the meeting. She therefore wasted no time in mounting her camera on a tripod. "Minutes after meeting, I set up the camera," she said. Snowden told her, "When you are involved in an action which is likely to get you indicted, you typically don't have a camera rolling in the room." Nevertheless, he allowed her to film his actions for the next eight days. One possible reason is that he had no intention of standing trial. In any case, as Poitras found out, Snowden was anything but camera shy. Over the next week, she would shoot over twenty hours of Snowden's activities in that small room. It was essentially a one-man show, a presentation of him, by himself, for the appreciation of a global public. Poitras knew virtually nothing about her subject until ten minutes before she began filming him. She had not even googled him, because she was concerned that her Internet search might alert the NSA and law enforcement authorities. In an over-the-top waiver of his own privacy, he allowed her to film him washing in the bathroom, preening his hair in the mirror, napping on his bed, getting dressed, and packing his bag. He even permitted her to film a private computer exchange between him and Mills (who was in Honolulu). That day Mills informed Snowden that two government investigators had come to their home in Hawaii, asking her about Snowden's whereabouts. When he had failed to show up for work on June 3 it



HOUSE_OVERSIGHT_019579

evidently set off alarm bells at Booz Allen and the NSA. Snowden expressed anger to the journalists in the room at the NSA's intrusions on the privacy of his girlfriend.

Snowden also performed his security procedures on camera, including stuffing bed pillows under the door to block any eavesdroppers and throwing a red blanket over his head, which he called jokingly his "magical cloak of power." He explained to Greenwald that he donned his "cloak" when he turned on his laptop to prevent any hidden cameras in the room from spotting his password. He also checked the hotel phone for bugs. It was not without irony that he went through these security rituals to protect his data as he allowed Poitras to film NSA data on his computer screen. Because he planned to use these journalists as his outlets to go public in a few days, the security measures he performed while on camera would only serve a temporary purpose.

The centerpiece of the planned video would take the form of an interview with Greenwald. Snowden himself provided the talking points. The filming would eventually provide Poitras with a feature-length documentary, *Citizenfour,* which would be commercially released in October 2014 and win an Academy Award for her.

The next day, Ewen MacAskill, whom Poitras had not wanted Greenwald to bring to the initial meeting, joined Poitras and Greenwald in Snowden's room. Snowden insisted that MacAskill also go through the ritual of stowing his cell phone in the minibar refrigerator. Not without irony, Snowden's own phone can be seen on his bed recharging. Although MacAskill was sent by Gibson to the event to verify the source's bona fides, he had apparently hardly been briefed. The questioning went as follows:

MACASKILL: Sorry, I don't know anything about you.
SNOWDEN: OK, I work for—
MACASKILL: Sorry, I don't know even your name.
SNOWDEN: Oh, sorry, my name is Edward Snowden. I go by Ed.

MacAskill went on to ask him to enumerate the various positions he held during his career in intelligence. Snowden was not entirely


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truthful in describing himself. He said that he had been a senior adviser to the CIA, when he had been just a telecommunications support officer. He also said he had been a senior adviser at the Defense Intelligence Agency, even though, according to that intelligence service, he was never employed there. (He did speak at an interagency counterintelligence course the DIA had sponsored.) He said he had a $200,000-a-year salary from Booz Allen when, according to Booz Allen, it was $133,000. It is understandable that he wanted to impress these *Guardian* journalists in light of his young age and boyish appearance, even to the extent of meretriciously claiming in the video that he had been personally given the "authority" at the NSA to intercept President Obama's private communications, which, according to an NSA spokeswoman, was not true. No NSA employee, and certainly no civilian contract worker, was given the authority to spy on the president of the United States, she insisted. Such career enhancements reinforced the fact that Snowden altered reality when it suited his purpose with journalists.

Snowden had greatly exaggerated or misrepresented the positions he held with the CIA and the DIA, but no effort was made by the team of journalists to verify the information. Instead, MacAskill wrote to Janine Gibson in New York, "The Guinness is good." It was a prearranged code by which MacAskill certified Snowden's credibility for *The Guardian*. Gibson told Greenwald to proceed with the story. Snowden had already provided Poitras and Greenwald with thumb drives on which he had loaded the documents he wanted them to use.

Greenwald wrote his first story about NSA transgressions based almost entirely on the FISA warrant involving Verizon's cooperation that Snowden had copied from the administrative file. Before the story could be published, however, the *Guardian* policy required relevant American government officials be given the opportunity to respond. Gibson made the requisite call to the White House national security spokesperson, Caitlin Hayden, who arranged a conference call with the FBI's deputy director, Sean Joyce, the NSA's deputy director, Chris Inglis, and Robert Litt, the legal officer for the Office of the Director of National Intelligence. After duly taking into account



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the response of these three officials, which included the admonition by Litt that "no serious news organization would publish this," Gibson gave the green light to publish the story.

The story broke on June 6. "NSA Collecting Phone Records of Millions of Verizon Customers Daily," proclaimed the *Guardian* headline. Under Greenwald's byline, it said, "Exclusive: Top secret court order requiring Verizon to hand over all call data shows scale of domestic surveillance under Obama." Along with it was the FISA order. The PRISM story broke hours later in *The Washington Post*. Written by Gellman and Poitras, it claimed that the NSA and the FBI were tapping directly into the central servers of nine leading U.S. Internet companies, which were knowingly participating in the operation. The latter allegation turned out to be not entirely true, because some of the Internet companies cited in the story denied that they had knowingly participated. The back-to-back publication of these two stories by *The Guardian* and the *Post*, however, provided the explosive "shock," at least in the global media, that Snowden had predicted.

Snowden's identity had not been revealed in either the *Guardian* or the *Post* story on June 6. Snowden, however, insisted on outing himself. He explained to Greenwald that he needed to "define himself" before the U.S. government "demonized" him as a spy. That self-definition would be accomplished by a twelve-minute video titled "Whistleblower." Poitras extracted much of the material for the video from the twenty or so hours she had shot. In the filmed interview, Snowden voiced many of the same statements he had made in his manifesto, so he no longer needed to post that on the Internet. When he insisted on the immediate airing of the video, Greenwald told him that by going public in this way, he was saying "fuck you" to the American government. Snowden replied, "I want to identify myself as the person behind these disclosures."

On June 9, the video was posted on the *Guardian* website with the Freedom of the Press Foundation getting an on-screen credit. "My name is Ed Snowden," the extraordinary disclosure began. He then described how the NSA was watching U.S. citizens. Even though the NSA press spokesperson subsequently disputed some of his more dramatic claims, such as his assertion that he had the authority at



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the NSA "to wiretap anyone, even the president," the press largely accepted his claims as established facts. As for American surveillance, he declared, "I don't want to live in a society that does those sorts of things."

The *Guardian* story accompanying the video carried the headline "Edward Snowden: The Whistleblower Behind the NSA Surveillance Revelations." Overnight, Snowden became a global celebrity and, to much of the world, a hero.

The next morning he packed his belongings into a backpack and moved, without notifying the front desk, to another room Poitras had rented at the Mira. Complicated schemes, especially when they involve transferring state secrets to unauthorized parties in a foreign country, do not necessarily go as planned. That was true of Snowden's escape plan. Snowden had no plan to stay put and face the music. On the morning of June 10, though, there was apparently a problem. Robert Tibbo and Jonathan Man, the lawyers who, along with Albert Ho, had been retained for Snowden by an unidentified party, received an emergency phone call early in the morning telling them to help Snowden move to a safe location. Although Tibbo would not identify the person who had called, the message had been relayed to Man and him through Ho's office. When Tibbo called Snowden offering to help him move, Snowden told him, "I can make myself unrecognizable."

Tibbo and Man immediately proceeded to the mall adjacent to the Mira hotel, where they met Snowden. After he signed a document appointing Ho's law firm as his "legal adviser," the three of them slipped out via the mall exit. Tibbo and Man planned to move Snowden to the apartments of refugees who were their clients.

Snowden's credit card had been frozen, so it is not clear who paid his sizable hotel bill. According to hotel records, it was paid by another credit card. Poitras, who had taken a room at the hotel, might have used her own credit card, or Snowden might have had another benefactor in Hong Kong. In any case, the lawyers escorted Snowden to a prearranged residence.

"I am in a safe house for now," Snowden wrote to Greenwald on June 11. The situation might not have been totally under his control, because he added, "But I have no idea how safe it is."



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Greenwald flew back to Brazil that day. Soon afterward, he would resign from *The Guardian*. In February 2014, he became the co-founding editor of *The Intercept*, an online publication dedicated to investigative journalism, which was backed by the Internet billionaire Pierre Omidyar.

Poitras remained in Hong Kong, where she moved, along with the *Guardian* reporter MacAskill, to the five-star Sheraton Hong Kong Hotel & Towers, which, like the Mira hotel, was on Nathan Road in Kowloon. *The Guardian* paid the bill. Her next task was to set up what turned out to be Snowden's final interview in Hong Kong. It was scheduled for June 12.

The journalist chosen was Lana Lam, a young Australian reporter working for the *South China Morning Post*. Tibbo had suggested Lam to Snowden. She had served as Tibbo's outlet on previous news stories, and, as he told me, he found her to be a totally reliable journalist. He brought her to Poitras's suite at the Sheraton in Kowloon. First, Lam had to agree to the conditions of the interview, which included submitting the story to Poitras for Snowden's approval. Next, as Lam put it, Poitras "confiscated" her cell phone. Finally, after a ten-minute wait, Poitras took her to another room and sat her before a black laptop. The laptop, which had a Tor sticker on it, had on its screen an online chat room where she was connected by Poitras to Snowden.

"Hi Lana, thanks for coming for this," Snowden said from his safe house. He told her that the NSA had intercepted data from at least sixty-one thousand different computers in Hong Kong, China, and elsewhere. To expose what he called America's "hypocrisy" in accusing China of cyber espionage, he supplied her with relevant NSA documents. "Last week the American government happily operated in the shadows with no respect for the consent of the governed, but no longer," he said. "The United States government has committed a tremendous number of crimes against Hong Kong [and] the People's Republic of China as well." Under Poitras's close supervision, Lam was allowed to ask Snowden more questions about the NSA's interception of communications in Hong Kong and China. He told her, "I have had many opportunities to flee Hong Kong, but I would rather



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stay and fight the United States government in the courts." That bit of braggadocio would not be proven out.

Greenwald, Poitras, and MacAskill in their reporting did not concern themselves with any of the mechanics of the largest theft of top secret documents in the history of the United States. In the entire filmed interview at the Mira hotel, for example, they did not ask their source how he managed to get access to the documents. Lam, however, asked him about how he widened his access. When she asked him why he had switched jobs from Dell to Booz Allen Hamilton in March 2013, his answer provided her with a real scoop: "My position with Booz Allen Hamilton granted me access to lists of machines all over the world the NSA hacked." Snowden told her that he deliberately went to Booz Allen Hamilton to get access to the "lists" revealing the NSA's sources in foreign countries. This admission could further complicate his legal situation in Hong Kong because it suggested that he meant to steal documents even before he had known their content. In fact, to protect himself, he restricted Lam from publishing this part of the interview until *after* he had departed Hong Kong. (It was not published until June 24, a day after he arrived in Russia.) This condition indicated to Lam that as early as June 12, if not before, he was planning on leaving Hong Kong.

His interview with Lam didn't reveal how he had learned about these "lists" before taking the job. Nor did he reveal to her what he planned to do with these lists. He made it clear to her, however, that he had not disposed of all his secret documents. "If I have time to go through this information," he said, "I would like to make it available to journalists in each country to make their own assessment, independent of my bias, as to whether or not the knowledge of US network operations against their people should be published." So as late as June 12, Snowden was still reading and assessing the files he had stolen from the NSA four weeks earlier.

Poitras vetted the Lam interview. Soon afterward, she suspected that she was being followed. That was likely, because by June 14 all the intelligence services in Hong Kong knew that she was in contact with Snowden.

"I was being tailed," Poitras recalled in an interview with a *Vogue*



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reporter in Berlin in 2014. "The risks became very great," she said in describing her situation in Hong Kong. So, on June 15, she left Hong Kong and flew back to Berlin, where she began editing her footage of the Snowden interview.

Meanwhile, Snowden, organizing his own exit from Hong Kong, placed a call to Julian Assange.

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CHAPTER 11

# Enter Assange

Thanks to Russia (and thanks to WikiLeaks), Snowden remains free.

—JULIAN ASSANGE, *Newsweek*, 2015

JULIAN ASSANGE had made a brilliant career of trafficking in state, military, and corporate secrets. Born on July 3, 1971, in Queensland, Australia, Assange began his hacking career while still a teenager. Using the alias Mendax ("the untruthful one"), he had hacked into the computers of the Pentagon, the U.S. Navy, NASA, Citibank, Lockheed Martin, and Australia's Overseas Telecommunications Commission before he was twenty. At the age of twenty-five, he pleaded guilty to twenty-five charges of hacking in Australia but was released on a good behavior bond. In 2006, with the spread of Tor software, he co-founded WikiLeaks, a website in which secret documents could be anonymously sent and posted. The site received little public attention until Bradley Manning sent it several hundred thousand lowly classified U.S. military and State Department documents in April 2010. With these stolen documents, WikiLeaks became a media sensation, and Assange, the runner-up for *Time*'s Man of the Year for 2010, became a leading figure, along with Appelbaum, in the global hacktivist underground.



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In November 2010, however, he ran into a legal problem in Sweden. A judge in Stockholm ordered his detention on suspicion of rape, sexual molestation, and unlawful coercion. He denied the charges but was arrested in London on a European arrest warrant. In December, he was released on a $312,700 bail deposit (supplied by his supporters) and confined to Ellingham Hall in Norfolk, England. While awaiting the outcome of the extradition proceedings, he lived there with Sarah Harrison, his twenty-eight-year-old deputy at WikiLeaks. A graduate of the elite Sevenoaks School in Kent, Harrison served as Assange's liaison with the outside world. Although she was officially given the title "investigative editor" of WikiLeaks, she worked so closely with Assange during this period that the British press carried stories saying she was his paramour. Harrison worked on a WikiLeaks documentary titled *Mediastan*, which concerned WikiLeaks's exposure of U.S. secret operations in Russia and other parts of the former Soviet Union. It was a project that took her to Russia and provided her with a multi-entry Russian visa.

In June 2012, after the extradition order was upheld, Assange jumped bail and fled to the Ecuador embassy in London. For the next year, his only visible means of income was a weekly program from the embassy. It was sponsored in 2012 by RT television, a Moscow-based, English-language news channel funded by the Russian government, which would also finance and release *Mediastan*. This sponsorship suggests that the Russian government saw potential value in the document-gathering activities of WikiLeaks.

Snowden telephoned Assange at his refuge at the Ecuador embassy on June 10, 2013. According to Assange, Snowden needed help for his exit plan. He wanted Assange to use WikiLeaks's "resources" to get him out of Hong Kong. Assange considered it a surprising request, because Snowden had not given any of the stolen documents to WikiLeaks. In their discussion, according to Assange, Snowden claimed that one reason he decided to take the secret NSA documents was the brutal treatment of Bradley Manning after he was arrested in 2010 by the U.S. government. "Snowden told me they had abused Manning in a way that contributed to his decision to become a whistle-blower," Assange said in an interview in 2015.

If Manning's mistreatment was Snowden's motive, it was a sharp



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departure from the position Snowden had taken in his postings on the *Ars Technica* site in January 2009. He complained in a post there about the detrimental consequences to U.S. intelligence of leakers' revealing "classified shit" to *The New York Times*, and he suggested as punishment "those people should be shot in the balls." Either he had a change of heart, or he was telling Assange what he believed he wanted to hear.

Assange counseled Snowden to go directly to Russia. "My advice was that he should take asylum in Russia despite the negative PR consequences," he told the London *Times* in 2015. He said, "Snowden was well aware of the spin that would be put on it if he took asylum in Russia." So a story would be released presumably by WikiLeaks, coinciding with his departure, asserting that Snowden was "bound for the republic of Ecuador via a safe route." When Snowden asked how he would carry out the plan, Assange told him that he would immediately dispatch one of his senior staff members to help him engineer his escape to Russia. That senior staff member was Sarah Harrison.

After speaking to Snowden, Assange called Harrison, who was in Melbourne. She had gone there a month earlier to help organize Assange's somewhat quixotic election campaign for president of Australia. Assange told her to forget the campaign and go to Hong Kong. She was to use WikiLeaks's resources to save Snowden from "a lifetime in prison." Presumably, Assange told her that he had advised Snowden to proceed to Russia. Harrison later said that she didn't even bother to pack her clothing after hearing from Assange. She caught the next plane to Hong Kong and arrived there on June 11—the same day that Snowden texted Greenwald he was in a safe house and before Snowden's explosive interview with Lam. Harrison had her own connections in Hong Kong. Her two younger sisters, Kate and Alexandra, lived there and were part of the expatriate community. She also had an older brother, Simon, who headed Avra, a ship brokerage and commodity trading company, headquartered in Singapore, but he frequently traveled to Hong Kong on business.

Like Poitras, Sarah Harrison took great care to shield her movements. She did not have a Twitter, Facebook, or any other social media account. She did not own a cell phone for fear of being tracked by an



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intelligence service. When she traveled, she bought "burner" phones locally and disposed of them before any calls could be traced back to her. Upon arriving in Hong Kong, she avoided meeting Snowden face-to-face out of concern about the surveillance of American intelligence there. Instead, for thirteen days in Hong Kong she worked through intermediaries. Her task was not only to arrange Snowden's escape route but also to create diversions to camouflage his real destination. Under Assange's tutelage, she had made deceptive ploys an integral part of her tradecraft. "We were working very hard to lay as many false trails as possible," she later told an interviewer in Berlin.

According to Assange, she booked decoy flights for Snowden to Beijing and New Delhi. She also used Snowden's credit card number to pay for the flight to India; because the card was blocked, she knew there was a high probability that it would come to the attention of U.S. intelligence. According to Harrison, she booked no fewer than a dozen such decoy tickets to confuse Snowden's possible pursuers in U.S. intelligence. The only actual ticket she bought for Snowden, according to an Aeroflot official, was one to Moscow at the last minute. She bought a ticket for herself on the same flight, leaving on June 23.

The source of the money for the Assange-Harrison operation is unclear. Subsequently, Harrison said she was setting up secret bank accounts to help organize such transborder escapes. Assange said she was using "WikiLeaks's resources." Harrison said the "WikiLeaks team" helped fund Snowden's flight to Russia from Hong Kong, as well as her own flight there. But WikiLeaks was not an organization with spare cash in June 2013. Assange had forfeited his own bail by fleeing to the embassy of Ecuador, offending many of his financial supporters in Britain. He had also all but exhausted his bank account. Aside from money that dribbled in from Poitras's six-month-old Freedom of the Press Foundation, the only steady source of funds for WikiLeaks in 2013 was the previously mentioned payments Assange received from the Russian government's RT television.

Mounting pressure was brought on the Hong Kong government to take action against Snowden. On June 16, the U.S. government informed the Hong Kong authorities that it had filed a criminal complaint against Snowden and would be seeking his extradition.

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Because Hong Kong had a vigorously enforced extradition agreement with the United States, as mentioned above, it was expected that Snowden would be taken into custody. But China had the final say in any extradition decision. In fact, China had explicitly been given the right of vetoing any extraditions for any reason in the formal 1999 agreement between Hong Kong and the United States. Because the Chinese president, Xi Jinping, had just met with President Obama in California, China also had an interest in avoiding embarrassing public demonstrations on behalf of Snowden. According to a well-placed official in Hong Kong, China's liaison office in Hong Kong told the Hong Kong Authority in no uncertain terms that Snowden had to be out of Hong Kong by June 23.

On June 19, Snowden had a meeting with Tibbo, the barrister who would handle any eventual court case, and Man and Ho, the Hong Kong solicitors who had been retained for him. It took place in a small apartment where, according to Ho, they ate pizza while they discussed Snowden's options.

Tibbo wanted Snowden to remain in Hong Kong, allow himself to be arrested, seek bail, and fight extradition in court. Tibbo said he planned to mount a powerful legal defense against extradition by using a provision in Hong Kong's extradition treaty with the United States that protects fugitives from persecution on political grounds. After he told Snowden that it would entail a long court battle, Snowden asked him if he could avoid even being arrested.

Tibbo explained that Hong Kong courts, which closely follow British law, would certainly issue an arrest warrant for him immediately after the United States formally filed charges against him. Those charges could come within hours, he reckoned. Soon afterward, Snowden would be temporarily jailed, and his computers, electronic gear, and thumb drives would be seized and placed in the custody of the court. Tibbo would immediately seek his release on bail but could not guarantee an outcome because Snowden, who had fled U.S. jurisdiction, might be considered a flight risk. If so, Snowden could remain incarcerated during the long court battle. During the litigation, Snowden would have a platform to make his case against U.S. surveillance. Indeed, Tibbo's strategy involved building massive public support for Snowden's cause. Once the U.S.



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government filed charges, though, Snowden could further expect it would invalidate his passport to go anywhere except for his return to the United States, and Interpol would issue a red alert to all its members. Because his case involved national security secrets, he had also to consider that the Hong Kong court could deny him any use of the Internet until his extradition case was settled. If Snowden wanted to leave Hong Kong, he had to act swiftly.

Tibbo, although evasive on the point when I interviewed him, might not have known about the escape Harrison was planning. He did not know that Snowden's other alternatives were not good. He had no money, and his credit card had been blocked. He had no visas to go to any other country, and Interpol would issue its own border alert as soon as the United States filed its charges. At that point, Hong Kong airport authorities would be officially notified and could prevent him from leaving the city. Even if he somehow got out, he would be an international fugitive. Tibbo counseled Snowden to seek redress in the Hong Kong courts.

Snowden, though, had no intention of allowing himself to be arrested. Despite what he had told Lana Lam only one week earlier, at least for publication, about his determination to seek justice in the Hong Kong courts, he had not planned to use Hong Kong as anything more than a temporary stopover on his escape route. Two months later and safely in Moscow, he made this point clear in a lengthy interview with Alan Rusbridger, the editor of *The Guardian*. He told him that it had never been part of his plan to use Hong Kong to escape the legal consequences of his act. "The purpose of my mission [to Hong Kong] was to get the information to journalists." If so, he had merely been using Tibbo, Man, and Ho to provide him with temporary cover while, following the instructions of Assange, Harrison laid down the smoke screen for his escape to Moscow.

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CHAPTER 12

# Fugitive

If I end up in chains in Guantánamo, I can live with that.

—EDWARD SNOWDEN, Hong Kong, 2013

DURING HIS INTERVIEWS with Poitras and Greenwald in June, Snowden said stoically, "If I am arrested, I am arrested." His fatalistic words notwithstanding, Snowden had made plans to seek a haven from American justice well before his meeting them. As early as May 24, 2013, he had suggested to Barton Gellman that he was making arrangements with a foreign government. To that end, he asked Gellman to insert an encrypted key in the Internet version of the NSA exposé that Snowden proposed he write for *The Washington Post*. He told him the purpose of the encrypted key was to assist him with a foreign government. Snowden did not identify any foreign government to Gellman, but Gellman said he knew that Snowden wanted to "seek asylum" overseas. He decided against assisting him. "I can't help him evade U.S. jurisdiction—I don't want to, and I can't," he later explained. "It's not my job. It's not the relationship. I am a journalist."

Although Gellman suspected that Iceland might be the foreign government in question, Snowden, as it turned out, had never con-



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tacted the consulate of Iceland while he was in Hong Kong. "We had heard nothing from Snowden," an Iceland government official told *Vanity Fair*.

Snowden also did not contact the government of Ecuador while in Hong Kong. In mid-June, while Harrison was laying down false tracks for Snowden in Hong Kong, Assange in London asked Fidel Narváez, who was a friend of his and the legal attaché in the London embassy of Ecuador, to issue a document that Snowden could use. But this document was not delivered to Snowden in Hong Kong (and it was later invalidated by Ecuador). There are no direct flights to Ecuador from Hong Kong. If Snowden had really planned to go to Ecuador without stopping in a country allied with the United States, he would have had to fly to Cuba. He would need a Cuban travel document to do that, which he could have obtained from the Cuban consulate anytime during his month in Hong Kong. But he did not obtain it. Nor did he acquire a visa to go to any other country in Latin America or elsewhere while in Hong Kong. So where was he headed?

Whatever foreign government with which Snowden was dealing earlier presumably did not have an extradition treaty with the United States. Almost all other countries that did not have active extradition treaties with the United States could not be directly reached by air. With three notable exceptions, the flights to most of these countries had stopovers in a country that was an ally of the United States, where officials could seize Snowden. The three exceptions were China, North Korea (via China), and Russia.

The only one of these three countries that Snowden is known to have had contact with directly during his thirty-three-day stay in Hong Kong was Russia. The Russian president, Vladimir Putin, revealed these contacts in a televised press briefing in September 2013. Putin did not provide the date of these contacts, but he provided an intriguing clue. Snowden was identified to him, according to Putin, not by name but merely as an "agent of special services." If his name was not given to Putin, it might have been because Snowden's first meeting with the Russians had taken place before Snowden became a household name on June 9, 2013.

For his part, Snowden was evasive when discussing his con-



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tacts with Russia while still in Hong Kong. When Lana Lam asked Snowden on June 12, 2013, whether he had already requested asylum from the Russian government, he deferred, saying, "My only comment is that I am glad there are governments that refuse to be intimidated by great power." The Russian government was clearly not intimidated by the threats of reprisals by the United States, as the Obama administration would learn after Snowden's arrival in Russia on June 23. Snowden could only have known that with certainty on June 12 if he had been in contact with Russian officials prior to his interview with Lam.

If Putin's own description of Snowden's interactions with the Russians in Hong Kong is to be believed, the decision to facilitate Snowden's escape to Russia had been kicked all the way up the Russian chain of command to Putin. Presumably, this decision-making process began earlier than June 21, when Snowden was said to have gone to the consulate. But how much earlier? Because Snowden had arrived in Hong Kong on May 20, his contacts with Russian officials could have occurred in May. Such a contact with the Russians would fit with Snowden's telling Gellman on May 24 that he needed his help in dealing with the diplomatic mission of a country that Snowden did not identify.

In any case, Putin said an American "agent of the special services" had contacted Russian diplomats because he wanted assistance. The agent, Snowden, of course, needed assistance to escape from Hong Kong. The decision to accept him in Russia, given the international ramifications, would have to be made at a much higher level than the Russian mission in Hong Kong.

Nine days before Snowden boarded Aeroflot Flight SU213 to Moscow on June 23, the United States had filed a criminal complaint against him. It had also officially alerted Interpol when it unsealed the complaint on June 21. It had invalidated his U.S. passport except to return to America (although he still had it in his possession at the Hong Kong airport). Because by this time he was the most famous visitor in Hong Kong, his passage through passport control on June 23 might have reflected the acquiescence of the Hong Kong authorities to the reported request of China to be rid of Snowden by that date.



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According to one Aeroflot official, ordinarily all international passengers are required to have a valid passport as well as a visa to the country of final destination. Snowden had neither a valid passport nor a visa. Still Snowden was able to board the flight to Moscow. Aeroflot, a state-controlled airline, presumably responds to the Russian government on matters where Putin has given his approval.

Snowden first met Harrison in person on June 23. She was waiting for him in the car that Jonathan Man had arranged to take him to the airport that morning. Snowden was dressed in a gray shirt and khaki slacks. Harrison was dressed in jeans and flip-flops. She said she had chosen this dress style so that they would blend in at the airport with vacationing tourists. She had financed the trip, and she was apparently now calling the shots. Harrison's concern was that they might be arrested at the airport, so Man accompanied them through passport control. He was able to do this because he bought a ticket on the cheapest available international flight. Harrison had given Man a phone number to call if they got arrested. When she and Snowden boarded the flight at 12:45 p.m., Harrison effectively became Snowden's second "carer"—a job that would require her presence in Moscow for the next four months.

Snowden had pretty much remained silent until the plane took off. The first full proper sentence she heard from him as they headed for Moscow, as she recalled, was "I didn't expect that WikiLeaks was going to send a ninja to get me out."

Meanwhile, Assange continued creating "distractions," as he put it. On June 24, a booking was made for Snowden on an Aeroflot flight to Cuba, and this information was relayed to the foreign press organization in Moscow, resulting in over a dozen reporters flying to Havana on the flight. Snowden, of course, never showed up for it. "In some of our communications, we deliberately spoke about that [flight] on open lines to lawyers in the United States," Assange said. One subsequent piece of his misinformation was that Snowden was flying to Bolivia on the private plane of the Bolivian president, Evo Morales (who was then in Moscow for a meeting). That misinformation had the desired effect. U.S. allies in Europe, including France, Spain, and Portugal, refused to allow that plane to fly through its airspace, forcing the plane to land in Austria. This misinformation



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resulted in an international incident but did not change the fact that Snowden was still in the custody of Russian authorities.

Snowden came to realize that those assisting him, including Assange and Harrison, were taking serious risks. "Anyone in a three-mile radius [of me] is going to get hammered," he later said in 2015 to a reporter from *Vogue*. (After finally leaving Snowden in Moscow on November 3, 2013, Harrison moved to Berlin, where she set up an organization to provide, as she termed it, "an underground railroad" for other fugitives who had made available documents exposing government secrets.)

Snowden was sequestered in the transit zone of the Moscow airport for thirty-seven days. A Russian intermediary provided him with a Russian classic to read while awaiting asylum. It was Fyodor Dostoyevsky's *Crime and Punishment*, whose protagonist, Rodion Romanovich Raskolnikov, is a dissenter who believes breaking the law is morally justified by the unfair abuses of the political system.

Snowden received official sanctuary in Russia on August 1, 2013. His public statements in Hong Kong that he was willing to go to prison so that others could live freely in a democratic society were, as it turned out, mere rhetoric. Instead of risking prison, he had successfully escaped to a country in which he would be treated as a hero for defying the U.S. government. He had not sacrificed himself; he had transformed himself. He had risen from being a lowly technician in Hawaii whose talents went largely unrecognized to the status of an international media star in Moscow. In his new role, he could make Internet appearances via Skype to prestigious gatherings, such as the TED conference, where he would be roundly applauded as an Internet hero, as well as be paid a $20,000 fee for just his electronic participation. He would be beamed into dozens of ACLU meetings where he was celebrated as a defender of American liberty. He would describe to sympathetic audiences in Germany, Norway, and France the unfairness of the American legal system, asserting that it was denying him a "fair trial." He would now make front-page news by granting interviews to *The New York Times*, *The Washington Post*, *The Nation*, and other publications. He would join Poitras and Greenwald on the board of directors of the Freedom of the Press Foundation. He would be the subject of an Oscar-winning documen-



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tary, the hero of the 2016 Hollywood movie *Snowden* (directed by Oliver Stone), and a consultant to the 2015 season of the television series *Homeland*. He would be nominated for the Nobel Peace Prize in 2014. He would attract over one million followers to his tweets in 2015. "For me, in terms of personal satisfaction, the mission's already accomplished. I already won," he informed the *Post* in his first live interview in Moscow in December 2013. It was a mission that involved a very high-stakes enterprise: taking not only domestic surveillance documents but America's military and foreign intelligence secrets abroad.

Whistle-blowers do not ordinarily steal military secrets. Nor do they flee to the territory of America's principal adversaries. A fugitive, especially one lacking a Russian visa, does not wind up in Moscow by pure accident. It's hard to imagine that a Russian president with the KGB background of Putin would give his personal sanction for a high-profile exfiltration from Hong Kong without weighing the gain that might proceed from it. Whatever else may be said of Putin, his actions show him to be a calculating opportunist. Part of his calculus would be that the defector from American intelligence had taken possession of a great number of potentially valuable documents from the inner sanctum of the NSA and, aside from these documents, claimed to hold secrets of great importance in his head. To be sure, the practical value of this stolen archive would require a lengthy evaluation by Russia's other intelligence services. But it is hard to believe that a defector who put himself in the hands of the FSB, the successor to the KGB, and other Russian intelligence services wouldn't be expected to cooperate with them. Even if such a defector did not carry these files with him to Moscow, intelligence services have the means to recover digital files, even after they are erased from a computer or if they are sent to the cloud. Moreover, once secret documents are taken, they are compromised. Yet for much of the American public, Snowden remained a hero.

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PART TWO

# THE INTELLIGENCE CRISIS

What you've seen so far [in the Snowden theft of documents] is just the tip of the iceberg.

—RETIRED ADMIRAL MICHAEL MCCONNELL,
vice-chairman, Booz Allen Hamilton, 2013



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CHAPTER 13

# The Great Divide

> That moral decision to tell the public about spying that affects all of us has been costly, but it was the right thing to do and I have no regrets.
>
> —EDWARD SNOWDEN, Moscow, 2013

IN THE TWELVE-MINUTE VIDEO on *The Guardian*'s website, Snowden correctly identified himself as an infrastructure analyst at a regional base of the National Security Agency in Oahu, Hawaii. He also revealed in a calm, unemotional voice that he had been the source for the stories in both *The Guardian* and *The Washington Post*. He said that he had supplied the secret, classified documents that the two newspapers had used in their scoops about domestic surveillance being conducted by the NSA, America's enormous electronic surveillance agency. These sensational revelations had been, literally, the talk of the world, and now, in another major news event, the boyish-looking Snowden took responsibility for what would turn out to be the largest theft of top secret documents in the history of U.S. intelligence.

In the video, it will be recalled, Glenn Greenwald, who had broken the NSA story in *The Guardian*, questioned Snowden. What was his motive? Greenwald asked. Why did he do it? Snowden replied that he had become horrified by the NSA's secret operations,



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which, to him, represented a kind of distillation of the excesses of the American national security state, and he had therefore made it his mission to blow the whistle. He believed that the public needed to be informed of the existence of a vast, secret surveillance operation directed against tens of millions of Americans that flagrantly violated U.S. laws and was a grave threat to their privacy and their freedoms. Within hours of the release of that video on the *Guardian* website, Snowden was known throughout the world as a courageous whistle-blower.

In Laura Poitras's remarks in accepting her Academy Award for *Citizenfour* on February 22, 2015, she said that Snowden acted as a whistle-blower not only to "expose a threat to our privacy but to our democracy itself." She received a standing ovation.

A large part of the public who viewed this powerful film, including many of my colleagues in journalism whose writing I greatly respect, came to accept Snowden's whistle-blowing narrative. The film so convincingly depicted Snowden as an altruistic young man willing to risk his own personal freedom and face years of imprisonment for the sake of others that editorial writers asked that he be given clemency from prosecution.

"Sitting on his unmade bed—white sheets and covers, white headboard, white bathrobe, white skin—Snowden seems like a figure in some obscure ritual, being readied for sacrifice," George Packer wrote about the film in a widely read article in *The New Yorker*.

This powerful narrative, as lucidly articulated by Poitras, Greenwald, and other Snowden supporters, described the NSA activities exposed by Snowden as part of a vast criminal conspiracy involving, among others, President Obama, James Clapper, the director of national intelligence, and both Democratic and Republican members of the congressional oversight committees. It further derided any claims that there was evidence that Snowden's theft of NSA secrets went beyond simply exposing government misdeeds. For example, this narrative asserted, as if it were established fact, that U.S. government officials had deliberately "trapped" Snowden in Russia. According to Snowden, the purpose of this government ploy was to "demonize" him. "There was no question that I was going to be subject to a demonization campaign," Snowden said in an interview



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from Moscow, "They [Greenwald and Poitras] actually recorded me on camera saying this before I revealed my identity." The purpose of this demonization was to divert attention from the government's own crimes.

To be sure, it is not unprecedented for the government to release defamatory information about individuals who have embarrassed U.S. intelligence by defecting. When two NSA analysts, William Martin and Bernon Mitchell, defected to Russia in the 1960s and accused the NSA of violating international law after arriving in Moscow, U.S. government officials responded by putting out the story that they were homosexual lovers, which was both untrue and irrelevant to the intelligence secrets that they had compromised. It is certainly possible that the government put out information to intentionally defame Snowden. Secretary of State John Kerry characterized him as a coward who should "man up" by returning to the United States.

While one can discount such characterizations against Snowden by government officials as demonization, as I do, one cannot as easily dismiss the independent evidence that undermines Snowden's assertion that his sole motive was blowing the whistle on illicit surveillance in the United States. For example, in 2014, the Lawfare Institute, a nonprofit organization that publishes a blog on national security concerns, in cooperation with the Brookings Institution, did an independent analysis of all the published documents that Snowden provided to the media. It concluded that with some notable exceptions, such as the two documents initially published by *The Guardian* and the *Post*, the now-famous FISA Verizon warrant and the PRISM slides, few of the other documents that Snowden had given Poitras and Greenwald for publication had anything to do with either domestic surveillance or infringements on the privacy of Americans. By the Lawfare Institute's count, 32 of Snowden's leaks to these journalists concerned the NSA's overseas sources and methods, 9 identified overseas locations of the NSA's intelligence bases, 25 revealed the identities of foreign officials of interest to U.S. intelligence agencies, 14 disclosed information about Internet companies legally cooperating with the NSA, and 19 concerned technology products that the NSA had been using or researching.



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Some secret methods that Snowden made public compromised the NSA's state-of-the-art technology of which adversaries had been unaware. For example, the NSA had devised an ingenious technology in 2008 for tapping into computers abroad that had been "air-gapped," or intentionally isolated from any network to protect highly sensitive information, such as missile telemetry, nuclear bomb development, and cyber-warfare capabilities. The secret method that the NSA used involved surreptitiously implanting speck-sized circuit boards into air-gapped computers. These devices then covertly transmitted the data back in bursts of radio waves. Once Snowden exposed this technology, and the radio frequency transmission it used, America lost this intelligence capability.

In addition, a considerable number of the published documents did not even belong to the NSA but were copies of reports sent to the NSA by its allies, including the British, Australian, Canadian, French, Norwegian, and Israeli intelligence services. Snowden provided journalists with secret documents from the British cyber service GCHQ, describing its plans to obtain a legal warrant to penetrate the Russian computer security firm Kaspersky to expand its "computer network exploitation capability." What the GCHQ was revealing in this secret document was its own capabilities to monitor a Russian target of interest to British intelligence. While the release of these foreign documents might have embarrassed allies of the United States, they exposed no violations of U.S. law by the NSA. It was a legitimate part of the NSA's job to share information with its allies. This raises the question: What constitutes whistle-blowing?

To the general public no doubt, a whistle-blower is simply a person who exposes government misdeeds from inside that government. But in the eyes of the law, someone who discloses classified information to an unauthorized person, even as an act of personal conscience, is not exempt from the punitive consequences of this act. Indeed, if a person deliberately reveals secret U.S. operations, especially ones that compromise the sources and methods of U.S. intelligence services, he or she may run afoul of American espionage laws.

In the past, when government employees have disclosed highly classified information to journalists to redress perceived government misconduct, they were almost always prosecuted. During



HOUSE_OVERSIGHT_019604

Barack Obama's presidency, there were six government employees who, as a matter of personal conscience, shared classified information they obtained from the FBI, the CIA, the State Department, and the U.S. Army with journalists. They were all convicted: Shamai Leibowitz in 2010, Chelsea Manning in 2013, John Kiriakou in 2013, Donald Sachtleben in 2013, Stephen Kim in 2014, and Jeffrey Sterling in 2014. Like Snowden, they claimed to be whistle-blowers informing the public of government abuses. But because they disclosed classified documents, they were dealt with as lawbreakers. All six were indicted, tried, convicted, and sentenced to prison. Sterling, a CIA officer who allegedly turned over a document to James Risen, a Pulitzer Prize–winning reporter for the *Times*, was sentenced to forty-two months. The most severe sentence was meted out to Private Manning, whom an army court sentenced to thirty-five years in a military stockade, as noted earlier.

The prison time that others received did not go unnoticed by Snowden. He had been following the Manning case since 2012. In fact, he posted about it shortly before he began stealing far more damaging documents than Manning had. He would therefore likely have been aware that by revealing state secrets he had sworn to protect, he would be risking imprisonment unless, unlike Manning, he fled the country. His motives, no matter how noble they might be, would not spare him—any more than they spared the other six—from determined federal prosecution.

The view of those on the Snowden side of the divide is grounded not in legal definitions but in a broader notion of morality. Snowden's supporters do not accept that the law should be applied to Snowden in this fashion. A writer for *The New Yorker* termed it "an act of civil disobedience." His supporters argue that Snowden had a moral imperative to act, even if it meant breaking the law. They fully accept his view that he had a higher duty to protect citizens of all countries in the world from, as he put it, "secret pervasive surveillance." That higher duty transcended any narrower legal definitions of lawbreaking. Ben Wizner, a lawyer from the American Civil Liberties Union who has represented Snowden since October 2013, argues that Snowden's taking of classified documents was an "act of conscience" that overrode any legal constraints because it "revitalized



HOUSE_OVERSIGHT_019605

democratic oversight in the U.S." and, without question, caused a much-needed debate on government surveillance.

In this ends-justify-the-means view, any person with access to government secrets can authorize him- or herself to reveal those secrets to the world if she or he believes it serves the public good. Further, because doing so would be an "act of conscience," he or she should be immune from legal prosecution.

For Snowden's supporters, his "act of conscience" justifies his claim to being a whistle-blower, even though the preponderance of the secrets he disclosed had to do with the NSA's authorized activity of using its multibillion-dollar global arrays of sensors to intercept data in foreign countries. For example, one of the thirty allied intelligence services that the NSA cooperated with in 2013 was the cyber service of Israel. Because Snowden deemed this cooperation to infringe on privacy rights, he revealed documents bearing on the NSA's data exchange with Israel. He subsequently told James Bamford, in an interview in *Wired* magazine in August 2014, that supplying such intelligence to Israel was "one of the biggest abuses we've seen." Snowden therefore believed he was justified in revealing information concerning Arab communications in Gaza, the West Bank, and Lebanon that the NSA had provided the Israeli cyber service, known as Unit 8200. In doing so, he compromised an Israeli source. But how could this act qualify as whistle-blowing? Providing Israel with such data was not some NSA rogue operation. It was part of a policy that had been approved by every American president—and every Congress—since 1948. Snowden had every right to personally disagree with this established U.S. policy of aiding Israel with intelligence, but it is another matter to release secret documents to support his view. If the concept of whistle-blowing were expanded to cover intelligence workers who steal secrets because they disagree with their government's foreign policy, it would also have to include many notorious spies, such as Kim Philby.

Snowden's concept of whistle-blowing also applied to the NSA's spying on adversary nations. "We've crossed lines," Snowden said in regard to China. "We're hacking universities and hospitals and wholly civilian infrastructure." The NSA's operations against China were such "a real concern" for Snowden that he targeted lists of



HOUSE_OVERSIGHT_019606

the NSA's penetrations in China. Putin echoed this expansion of the whistle-blowing concept to adversaries. He complimented Snowden for having "uncovered illegal acts by the United States around the globe." Putin's defense of Snowden not only implied a global concept of whistle-blowing that justifies breaking U.S. laws but also pointed to America's double standard in publicly complaining about Russian and Chinese cyber espionage.

Snowden's whistle-blower interpretation gained immense public resonance. Even after President Obama and leaders of both houses of Congress roundly denounced Snowden for betraying American secrets, the majority of the public, according to a Quinnipiac poll taken in July 2013, still considered "Snowden a whistleblower who did a service revealing government domestic spying programs." Moreover, Snowden's revelations helped stoke a growing distrust of the American government itself. According to polls conducted by the Pew Research Center after Snowden came forward, just 19 percent of the public said that "they can trust the government always or most of the time." The support for Snowden was not limited to America. On October 29, 2015, a majority of the European Parliament voted to award Snowden the official status of a "human rights defender."

The former congressman Ron Paul went even further. He organized a clemency petition in February 2014 for Snowden, stating, "Thanks to one man's courageous actions, Americans know about the truly egregious ways their government is spying on them," and his son Senator Rand Paul, who was a candidate for the Republican presidential nomination in 2016, called for a pardon for Snowden.

Senator Paul's concern fitted with the growing public apprehension over increasing intrusion on privacy. Snowden was correct, in my opinion, in describing the threat of a surveillance state and the loss of privacy as a legitimate public concern. "We actually buy cell phones that are the equivalent of a network microphone that we carry around in our pockets voluntarily," he pointed out from Moscow.

The very technology involved in the electronic equipment we all use in the twenty-first century has made mass surveillance part of our daily life. There can be little doubt that our privacy has been



HOUSE_OVERSIGHT_019607

largely eroded, if not entirely negated, by the widespread use of cell phones, credit cards, social media, and the search engines of the Internet. When we use smart phones, our location is relayed to our telephone service provider every three seconds. The phone companies collect and archive our phone usage "metadata," which includes whom we called and how long we spoke. When we use Google to search for anyone or anything on the Internet, that activity is captured by Google, a company whose profits mainly come from making available to advertisers the results of its surveillance and collection of its users' searches. When we use Gmail, Google's e-mail service, used by nearly one billion senders and recipients, we agree to allow Google to read the actual contents of our correspondence to find keywords of interest to advertisers.

When we use a credit card, the credit card company also retains data about what we buy and where we go. When we travel in automobiles equipped with GPS, every turn and stop is tracked and recorded. And when we are in public places with CCTV (closed-circuit television) cameras, our image is recorded and archived. When we use Facebook, Twitter, and other so-called social media, as over two billion people do today, we allow these companies to collect, retain, and exploit their surveillance of our movements, associations with other people, and stated preferences. When we use Amazon and other online stores, we allow them to track and archive a great deal of our commercial activity. For Internet companies such as Facebook, Twitter, and Yahoo!, like Google, collecting private data on hundreds of millions of their members provides them with vast searchable databases that are easily marketable. The exploitation of these databases is a fundamental aspect of their business plans. Without such surveillance of their users, social media companies would not be able to turn a profit. Indeed, they may be more aptly called surveillance media than social media. For those of us who use them to post pictures and communicate, any notion of personal privacy is largely illusory.

To be sure, there is a distinction to be made between the surveillance of our activities to which we voluntarily agree in exchange for the benefits and conveniences that we gain from social media, search engines, and other Internet companies and the surveillance



HOUSE_OVERSIGHT_019608

done by the government, which we do not voluntarily invite—or want. We willingly waive our privacy for corporations but not for governments.

What the public might not fully realize, however, is that the government can access all the personal information in the databases of private companies if it issues a subpoena or search warrant, which it does often. As Snowden himself pointed out, "If Facebook is going to hand over all of your messages, all of your wall posts, all of your private photos, all of your private details from their server, the government has no need to intercept all of the communications that constitute those private records." These Internet companies, even if they are only interested in exploiting the data for their own profit, cannot refuse to share this information with the NSA, the FBI, and other government agencies if they have a subpoena or search warrant.

That reality became evident to me in my investigation of the rape charges brought (and subsequently dropped) against Dominique Strauss-Kahn, the managing director of the International Monetary Fund, in 2011. Immediately after his arrest, Cyrus Vance Jr., the district attorney of New York County, issued a subpoena for Strauss-Kahn's cell phone records, credit card records, hotel room electronic key records, e-mails, room service bills, and the CCTV videos of his activities (some of which I published in my article about the case in *The New York Review of Books*). Nor is this access uncommon. According to Vance in 2016, his office issues thousands of such subpoenas every year. Even though Apple made headlines by refusing to comply with a court order to help the FBI unlock the iPhone of a dead mass murderer in 2016, it had complied with many previous subpoenas. In fact, in 2015 alone, it quietly provided the backed-up data of some seventy-one hundred iPhone customers to government authorities.

If anyone doubts the pervasiveness of government data collection, consider a little-known government agency called the Consumer Financial Protection Bureau. Created in 2010 by Congress, it mines data on a monthly basis from some 600 million personal credit card accounts, targeting about 95 percent of the credit card users in the United States. In addition, through eleven other data-mining programs, it gathers data on everything from private home mortgages



HOUSE_OVERSIGHT_019609

and student loans to credit scores and overdrafts in personal bank accounts. This ubiquitous surveillance of virtually every non-cash transaction came about because of advances in computer technology that made it economically feasible to mine such data.

Snowden's concern about NSA domestic surveillance is certainly not misplaced. Ever since the 9/11 attacks, the NSA has increasingly played a role in this surveillance state, not by its own choice, but because Congress mandated it. In 2001, it empowered the NSA to obtain and archive data on American citizens. Accordingly, the NSA obtained the billing records of customers from phone and Internet companies and archived these records. The bulk collection of these billing records was intended to build a searchable database for the government that could be used to trace the history of the telephone and Internet activities in the United States of FBI-designated foreign terrorists and spies abroad. The government's rationale for keeping these anti-terrorist programs secret from the public was that it did not want the foreign suspects to realize their communications in America were being monitored.

The public only learned that the phone company was routinely turning over its billing records on June 6, 2013, when Snowden disclosed it to *The Guardian* and *The Washington Post*. The documents he provided the journalists showed that the NSA had been obtaining phone records collected by Verizon every three months. While this revelation might have shocked the American public, the NSA had not acted on its own. It had acted under a warrant issued by a secret court established by Congress in 1978 as part of the Foreign Intelligence Surveillance Act for each request for records. Congress empowered the FISA court, whose judges are appointed by the president, to hear cases and authorize search warrants in secret in cases involving national security.

As its name implies, the FISA court was meant to deal with matters bearing on foreign intelligence activities in the United States. That restriction changed after the terrorist attacks of September 11, 2001. A month after the attacks, Congress expanded the purview of the FISA court by passing the USA Patriot Act (an acronym that stands for Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism). Part of the



HOUSE_OVERSIGHT_019610

act, Section 215, euphemistically referred to as the "library records" provision, permitted the FISA court to issue warrants authorizing searches of records by the NSA and other federal agencies to investigate international terrorism or clandestine intelligence activities. Through these FISA authorizations, the NSA could obtain "tangible things" such as "books, records, papers, documents, and other items." Under the interpretation of this section of the law by both the Bush and the Obama administrations, the FISA court was enabled by Congress to issue warrants to telephone companies demanding that they turn over to the NSA the bulk billing records of all calls made in America. The FISA court need only deem these records to be "relevant" to the FBI's investigations of terrorists and spies.

Essentially, the NSA, to create a searchable database of telephone billing records, used the FISA court's controversial interpretation of the word "relevant" in Section 215. Such a "haystack," as the NSA called the national collection of billing records, could allow the FBI to instantly find missing "needles," as this tracking was supposed to work, even if the connections were made years earlier. For example, if the FBI had a lead on a foreign suspect, it could search the database for any telephone calls made by the foreign suspect to telephone numbers in America and then who those people called. The FBI always had this power, if it obtained a warrant, but it did not previously have the "haystack" of records in a single database. General Keith Alexander, who headed the NSA between 2005 and 2014, believed that maintaining such a haystack database made sense. "His approach was, 'Let's collect the whole haystack,'" according to one former senior U.S. intelligence official quoted by *The Washington Post*.

According to critics of NSA domestic surveillance, including the ACLU, the results provided by this vast database did not justify its immense potential for abuse. In early May 2015, just three weeks before this part of the Patriot Act was set to expire, a three-judge panel of the Second U.S. Circuit Court of Appeals in New York agreed with the ACLU position, overturning a lower court decision that said it was legal. The panel found that the word "relevant" in the act was not intended by Congress to justify the acquisition and storing of the bulk records of telephone companies for possible



HOUSE_OVERSIGHT_019611

future use. Soon afterward, Congress replaced the Patriot Act with the USA Freedom Act, which effectively transferred bulk storage of billing records from the NSA to the phone companies themselves. Despite the change in venue, the records of individuals were still not completely private. Under the new law, the FBI via a FISA warrant could still search the phone company's databases.

The core of Snowden's charge in the media was that the FISA court overreached its authority by issuing sweeping warrants that allowed the NSA to obtain data collected by private phone and Internet companies. In the initial story published in *The Guardian* on June 6, Snowden disclosed one such FISA warrant to support his charge. It was issued by Judge Roger Vinson of the FISA court on April 25, 2013, and ordered Verizon to turn over to the FBI all its billing records of landline customers for the next ninety days. The FBI presented this FISA authorization to the NSA, which acts as a service organization for the FBI and the CIA in collecting communications data. The NSA, with the FISA warrant in hand, then obtained the Verizon billing records.

Snowden also provided the *Post* and *The Guardian* with another secret document: a PowerPoint presentation on twenty slides, sent by the NSA to other intelligence agencies. It described a program it was using for monitoring the Internet. Its code name was the aforementioned PRISM. It was authorized under Section 702 of the Foreign Intelligence Surveillance Act and was designed to collect messages sent over the Internet from foreigners. Such information was in fact obtained with the knowledge of the service providers. It also required a written directive from both the attorney general and the director of national intelligence and a review by the Department of Justice every three months for each and every case. After obtaining this data, the NSA ran programs, as required by law, to filter out all domestic Internet communications, but, as Snowden pointed out, domestic information was also accidently picked up. Whenever the Justice Department actually opened an investigation against Americans in contact with foreign suspects, as it did in 170 cases in 2013, it could obtain warrants from the FISA court to search these Americans' Internet activities.

These two documents raised legitimate questions for many



HOUSE_OVERSIGHT_019612

Americans, including members of Congress, about the proper role of the FISA court, including whether it should conduct its business in secret. If Snowden had released only these two documents that related to unwarranted domestic surveillance and other possible violations of the law by the NSA, it would be difficult for any reasonable person not to see his actions as a potentially valuable public service. Indeed, additional safeguards were necessary in an age in which new technologies enabled mass surveillance of the public. As the three-judge panel of the Second U.S. Circuit Court of Appeals would later find, Congress had not intended Section 215 of the Patriot Act to be used to justify the bulk collection of American records. If he had limited his illegal downloading to the few documents about bulk collection, it would be more difficult to argue that he was not a whistleblower in the spirit if not the letter of the law, and even a hero in the struggle to preserve our civil liberties. But in fact, Snowden took a great many other secret documents that did not bear on the civil liberties of Americans. He claimed he was acting on behalf of citizens in foreign countries by exposing the NSA's and the CIA's spying operations abroad, but that same claim could also be made by any espionage agent stealing U.S. secrets to benefit the people of another country.

As a result, the Snowden case produced a great divide in the American appreciation of him. On one hand, he has been almost universally lauded and lionized by what might be seen as the mainstream media, by numerous academics, and even, as we have seen, by members of Congress. The journalists who assisted him, Greenwald, Poitras, and Gellman, have been celebrated for the roles they played in bringing Snowden's revelations to the public and received the 2014 Polk Award for national security reporting. The *Post* and *The Guardian*, the newspapers that initially published the purloined documents, won the 2014 Pulitzer Prize for public service.

In other circles, the reaction has been very different. American and British intelligence officials, senior members of the Obama administration, and members of the oversight committees of Congress do not view Snowden as a hero or even an authentic whistleblower. Instead, they see him as a betrayer of secrets who willfully brought damage to the United States and benefits to its adversar-



HOUSE_OVERSIGHT_019613

ies. The holders of this darker view of Snowden base it on classified reports of the full extent of the theft of classified data. Those officials believe that only a handful of the tens of thousands of documents he stole involved domestic surveillance and that those few documents served as a cover for a much larger theft.

Admiral Michael Rogers, who replaced General Alexander as head of the NSA in March 2014, said at a public forum at Princeton University, "Edward Snowden is not the 'whistleblower' some have labeled him to be." He further explained to Congress, "Snowden stole from the United States government a large amount of classified information, a small portion of which is germane to his apparent central argument regarding NSA and privacy issues."

General Martin Dempsey, the chairman of the Joint Chiefs of Staff, went even further. In testifying before the House Armed Services Committee on March 6, 2014, after estimating that the Snowden breach could cost the military "billions" to repair, he added, "The vast majority of the electronic documents that Snowden exfiltrated from our highest levels of security had nothing to do with exposing government oversight of domestic activities." Dempsey based this assessment on a then still-secret Defense Intelligence Agency report on the breach. The classified DIA report showed that Snowden took "over 900,000" military files from the Department of Defense in addition to the NSA files he had taken. The Defense Department loss in terms of the number of files stolen actually exceeded the loss—in sheer numbers—of NSA documents. Lieutenant General Mike Flynn, the DIA director who directed the study, testified to the Senate Select Committee on Intelligence that the breach "has caused grave damage to our national security."

To be sure, this was not the first time that the cryptological branches of the military had been compromised. The spy ring of John Walker had provided thousands of the navy's reports on breaking Russian ciphers to the KGB during the Cold War. But the Snowden breach exposing military sources was an order of magnitude greater than any past breach.

The CIA's assessment was no less grim. Morell, the deputy director of the CIA in 2013, wrote that Snowden's action went beyond taking the handful of documents, such as the FISA order, "that addressed



HOUSE_OVERSIGHT_019614

the privacy issue." Instead, as Morell put it, "he backed up a virtual tractor trailer and emptied a warehouse full of documents—the vast majority of which he could not possibly have read and few of which he would likely understand—[and] he delivered the documents to a variety of news organizations and God knows who else." As a result, Morell concluded, "Snowden's disclosures will go down in history as the greatest compromise of classified information ever." General Alexander, the head of the NSA at the time of the theft, asserted that Snowden did "the greatest damage to our combined nations' intelligence systems that we have ever suffered." Obviously, military intelligence officers would not be on Snowden's side of the divide (and the Snowden breach ended the careers of many of them, including Alexander). But political leaders in both parties could also be found on the anti-Snowden side of the divide. "I don't look at this as being a whistle-blower," the Democratic senator Dianne Feinstein of California, the head of the Senate Intelligence Committee, said after she was briefed on Snowden's theft. "I think it's an act of treason." The Republican representative Mike Rogers of Michigan, her counterpart on the House Intelligence Committee, said on the NBC program *Meet the Press* that Snowden might be working for a foreign intelligence service. And a former prominent member of President Obama's cabinet went even further, suggesting to me off the record in March 2016 that there are only three possible explanations for the Snowden heist: (1) it was a Russian espionage operation; (2) it was a Chinese espionage operation; (3) it was a joint Sino-Russian operation. These severe accusations generated much heat but little light. They were not accompanied by any evidence showing that Snowden had acted in concert with any foreign power in stealing the files or, for that matter, that he was not acting out of his own personal convictions, no matter how misguided they might have been.

On this side of the divide, Snowden's critics regard the whistle-blowing narrative as at best incomplete and at worst fodder for the naive. They point out that the FISA document that gave him credentials as a whistle-blower was only issued in the last week of April 2013, which was four months *after* he first contacted Greenwald and almost nine months after he began illegally copying secret documents. They further believe that the evidence contradicts Snowden's



HOUSE_OVERSIGHT_019615

claims that he stole only documents that exposed NSA transgressions into domestic surveillance, that he turned over all the stolen documents to journalists, and that he was forced to remain in Moscow by the actions of the U.S. government. They also find that the unprecedented size and complexity of the penetration of NSA files, compromising hundreds of thousands of secret documents pertaining to U.S. operations against adversary nations, according to the NSA's and the Pentagon's estimates, is not easily explained given Snowden's avowed purpose for his theft.

The deep split in how Snowden is perceived brings to mind the famous drawing of a duck-rabbit cartoon first published in 1900 in the book *Fact and Fable in Psychology*. The figure is perceived either as a duck or as a rabbit, but it cannot be seen as both simultaneously. Whether a person sees a rabbit or a duck in this test may depend on the information available to that person. Similarly, what may account for the sharp divide between the pro-Snowden and the anti-Snowden camps is a disparity in their available information.

The pro-Snowden camp's view is largely informed by Snowden himself. Snowden supporters prefer to believe his words rather than his actions. In the anti-Snowden camp are administration officials and the members of the House and Senate intelligence oversight committees who have been at least partially briefed on the continuing investigations of the Snowden affair. The members of the Senate Intelligence Committee, for example, were told by David Leatherwood, the director of operations for the Defense Intelligence Agency, that the military files compromised by Snowden included documents bearing on military plans and weapons systems; foreign governments' intelligence activities (including special activities), intelligence sources, or methods of cryptology; scientific and technological matters relating to national security; and vulnerable systems, installations, infrastructures, projects, plans, and protection services related to national security and the development, production, or use of weapons of mass destruction. The members of the House and Senate Intelligence Committees, but not the public, have also been privy to an NSA investigation that established the chronology of Snowden's actions, including changing jobs, copying more than one



HOUSE_OVERSIGHT_019616

million classified documents at the Signals Intelligence Center in Hawaii, and flying to Russia.

Additional information does not necessarily change the minds of people who already have a firm view. In the field of social psychology, the testing of "confirmation theory" consistently shows that people tend to more readily reject new information that contradicts their pre-existing beliefs. For example, when Lee Harvey Oswald was arrested in the Texas Theater on November 22, 1963, he said famously, "I haven't shot anybody." Ten months later, the Warren Commission presented evidence, including ballistic tests, that it claimed showed that Oswald had shot three people, including President John F. Kennedy, less than an hour before making his statement. Yet many of those who believed Oswald's public proclamation of his innocence chose to believe that the government had falsified all the incriminating evidence to tarnish Oswald (who had been killed on November 24, 1963) rather than accept that they had been wrong in believing Oswald.

The charges, countercharges, and defamatory name-calling in the Snowden case therefore only deepened the great divide. Those who saw Snowden as a democratic hero exposing the abuses of power of an out-of-control national security state tended to dismiss anything that depicted Snowden in a negative light as a fabrication, while those who saw Snowden as a "traitor" tended to dismiss anything that depicted him in a more positive light.

When it comes to the murky universe of spy agencies, the problem in deciding where the truth lies is further heightened by the possibility of deliberate deception. Spy masters are, after all, in the business of concealing their most sensitive operations. It is often considered essential that important secrets be protected by what Winston Churchill famously termed "a bodyguard of lies." Top intelligence officials are not exempt from this practice. Consider, for example, the response to a question concerning the NSA's operations made by James Clapper, the director of national intelligence, to the Senate Intelligence Committee on March 12, 2013. The Democratic senator Ron Wyden of Oregon, who was on the committee, asked the spymaster if the NSA collected data on Americans. Clap-



HOUSE_OVERSIGHT_019617

per answered that the NSA did not knowingly "collect any type of data" on millions of Americans. Clapper's answer was clearly untrue, but it did not mislead Senator Wyden or any other members of the Senate Intelligence Committee; Clapper had truthfully testified in a classified session of the committee earlier that week that the NSA did collect Americans' telephone records. It was the American people who were being misled. Yet none of the senators on the committee corrected this obviously false answer. When Clapper realized he had misspoken, he could not publicly correct the record of the public session, because to do so would be revealing classified information he had sworn to protect. No doubt other intelligence officers find themselves in a similar bind in discussing secret matters. This suggests that there is a risk in accepting statements made by the intelligence chiefs at face value.

But Snowden also has a credibility problem. He has told numerous untruths, including some calculated to help him insinuate himself into the key positions from which he stole secrets and some calculated to cover up the nature of his theft. For example, Snowden got access in the spring of 2013 to the NSA's super-secret computers that stored these electronic files by working at Booz Allen Hamilton. On his application to Booz Allen in March 2013, as we've seen, Snowden claimed to be in the process of completing a master's degree at the University of Liverpool in computer security sciences. Snowden had not completed a single course there and purposely lied to get access to classified documents and then to get safely away with them.

He was also not entirely truthful with the journalists whose trust he sought when it suited his purpose of protecting himself. For example, as we have seen, in contacting Laura Poitras under the alias Citizen Four in January 2013, he told her that he was currently a "government employee," although in fact he was working for a private contractor at the time.

Snowden had little concern about misleading journalists when it suited his purpose. For example, he told Alan Rusbridger of *The Guardian*, Brian Williams of NBC News, James Bamford of *Wired*, Katrina vanden Heuvel of *The Nation*, Barton Gellman, and Jane Mayer of *The New Yorker* that the U.S. government intentionally



HOUSE_OVERSIGHT_019618

acted to "trap" him in Moscow by revoking his passport while he was already on a plane to Moscow on the afternoon of June 23. None of these journalists asked Snowden what the basis for his oft-repeated allegation was. If they had, they would have discovered that he had no independent basis for his assertion. When asked about it during the Q&A following his July 12 press conference in Moscow, he indeed said that the only knowledge he had about the suspension of his passport was what he had "read" in the news reports. But all the news stories prior to his statement reported that his passport had been revoked on June 22, while he was still in Hong Kong. ABC News, for example, reported that the U.S. "Consul General–Hong Kong confirmed Hong Kong authorities were notified that Mr. Snowden's passport was revoked June 22." By advancing that date to when his plane was in "midair" on June 23, Snowden provided to unsuspecting journalists an untrue alibi for his presence in Russia.

The credibility problem with Snowden assumed a more sinister dimension once he put himself and his fate in the hands of the Russian authorities in Moscow. Even though the Obama administration decided against revealing the extent of the Russian intelligence service's participation in Snowden's move from Hong Kong to Moscow, or what intelligence services call an "exfiltration," I was told by a presidential national security staff adviser that the government acted to protect the intelligence sources used by the CIA, the NSA, and the FBI to track Snowden's movements in the latter part of June in Hong Kong. The CIA's deputy director, Morell, would go no further than to state that during that period he had no doubt that the intelligence services of Russia and China "had an enormous interest in him and the information he [Snowden] had stolen." Presumably, the last thing these adversary services would want would be to make this "interest" transparent to the United States.

The role of concealment must be taken into account when assessing information bearing on the work of espionage services. When I was interviewing James Jesus Angleton—the CIA's legendary ex-counterintelligence chief, active in the 1970s—for a book on deception, I learned that intelligence services play by a different set of rules from historians when it comes to their espionage successes.



HOUSE_OVERSIGHT_019619

Angleton, a famously baroque thinker himself, impressed on me the complexity of espionage. He said, "It's not enough just to steal a secret. It must be done in a way that the theft remains undetected."

Deception is employed to obscure the nature and the extent of the espionage theft. One of the most famous examples of this principle was the deception used by British intelligence in World War II to conceal its success in breaking the German ciphers generated by the Enigma machines. If German naval intelligence had discovered Britain was able to read the ciphers it used to communicate with its U-boats, it would have stopped using them. So British intelligence hid its coup by supplying false information to known German spies to account for the sinking of U-boats, including the canard that British aerial cameras could detect one ingredient in the paint used to camouflage the U-boats.

That same hoary principle of deception applies to modern-day communications intelligence. If the Russian, Chinese, or any other adversary intelligence service got its hands on the documents stolen by Snowden from the NSA's repositories in Hawaii in 2013, it would likely employ deception, including well-crafted lies, to create as much ambiguity as possible as to the missing documents. From this counterintelligence perspective, the intelligence issue that spawned the great divide cannot be resolved by accepting the uncorroborated statements made by a source, such as Snowden, who may be in the hands of the Russian security services in Moscow.

By the same token, the calculations made by NSA officials about the extent of the theft are also suspect. After all, the NSA is an intelligence service that often engages in secret machinations. We know that its top officials reported to the House and Senate Intelligence Committees, as well as the president's national security adviser, that Snowden compromised over one million documents. But if this was disinformation, it is difficult to see its purpose. Inflating the extent of the damage of the Snowden breach to the president, Congress, and the secretary of defense obviously reflected poorly on their own management of the NSA, and their own careers. Yet such a possibility cannot be precluded in the arcane world of intelligence.

As in any case involving the loss of state secrets, uncontested facts remain in extremely short supply. The opinion-laden appellatives



HOUSE_OVERSIGHT_019620

such as "patriot" and "traitor" that have tended to fill the gap in the great divide do little to address the important mystery of how many thousands of state secrets were taken from the United States. How did Snowden breach the supposedly formidable defenses of the NSA? Did he have any assistance? How did he escape to Moscow? And what was the final destination of the stolen documents? How Snowden succeeded in this coup cannot simply be pieced together from his own statements and interviews. The story also requires a visit into the wilderness of mirrors of a counterintelligence investigation. For this endeavor, it is necessary to return to the crime scene: the NSA's base in Hawaii.



HOUSE_OVERSIGHT_019621

CHAPTER 14

# The Crime Scene Investigation

> Any private contractor, not even an employee of the government, could walk into the NSA building, take whatever they wanted, and walk out with it and they would never know.
>
> —EDWARD SNOWDEN, Moscow, 2014

FIFTEEN MILES NORTHWEST of Honolulu on the island of Oahu, adjacent to the sprawling Wheeler Air Force Base, is a 250,000-square-foot, man-made mound of earth and reinforced concrete surrounded by an electrified fence. Inside the mound is a three-story structure originally built by the air force in World War II as a bomb-proof aircraft repair facility. In the Cold War, it was modernized to withstand enemy chemical, biological, radiological, or electromagnetic pulse attacks and was used by the navy's operation center for its Pacific fleet. After the Cold War, the huge edifice was turned over to the NSA, which, as stated earlier, had been created as an intelligence service to intercept the communications and signals of foreign countries after World War II, a mission that included vacuuming into its giant computer arrays telephone messages, missile telemetry, submarine signals, and virtually everything on the electromagnetic spectrum of interest to the U.S. Defense Department and U.S. intelligence agencies. As the NSA developed it, this Hawaiian base became one of its primary regional bases for gathering Asian



HOUSE_OVERSIGHT_019622

communications intelligence. It provided a valuable window on the activities of adversary nations in the Pacific region and was able to monitor the ballistic missile tests and submarine activities of China, North Korea, and Russia. By 2013, the Kunia base had a vast array of state-of-the-art technology, including ninety Cray supercomputers arranged in a horseshoe configuration, used to decipher and make sense of the intercepted signals from China, Russia, and North Korea. At the heart of the Hawaiian complex was a unit with both military and civilian employees. A large share of the civilians who ran the computers worked under two-year contracts with the NSA's leading civilian contractor, Booz Allen Hamilton.

General Alexander, who, as I said, headed the NSA in 2013, first learned about an impending story in *The Guardian* on June 4, while he was in Germany meeting with its top intelligence officials, from Janine Gibson, *The Guardian*'s American website editor. She had notified the NSA it intended to break a story focusing on the organization. It took NSA counterintelligence less than forty-eight hours to determine that a civilian employee at the base from which documents were stolen had not reported back to work on May 22. His civilian supervisor had delayed reporting the absence to the NSA until May 28. It also determined that the missing civilian employee, Snowden, had lied on his application for a medical leave and had flown to Hong Kong. Personal records showed he was being trained as an analyst at the Threat Operations Center and had worked there for less than six weeks. He had taken the medical leave on May 18 and left the country by plane. By June 6, he had become the NSA's main suspect.

Alexander flew to Washington, D.C., after assigning the sensitive job of investigating the breach to a team headed by Richard "Rick" Ledgett, who was then director of the NSA's Threat Operations Center at the NSA's headquarters in Fort Meade, Maryland. Ledgett was the logical choice to head the damage assessment investigation because the center's regional branch in Hawaii was under his command. Ledgett flew to Hawaii, where his first task was to reconstruct the chronology of Snowden's moves, or, as the tactic is called in counterintelligence parlance, "walking the cat back."

The NSA had also notified the FBI of Snowden's possible involve-



HOUSE_OVERSIGHT_019623

ment in the theft of state secrets in the first week of June. The FBI is in charge of criminal investigations of civilian U.S. intelligence workers, even if the alleged crime occurs on an NSA base. The FBI immediately dispatched a task force of agents to investigate a potential espionage case in Hawaii. When questioned, Lindsay Mills said Snowden was away on a business trip. After determining from airline and hotel data that he was in Hong Kong, the FBI realized Snowden was a possible intelligence defector. It froze his credit and bank cards. It also notified the passport office in the State Department and the legal attachés at the Hong Kong consulate. The legal attachés, who were actually FBI field agents posted in Hong Kong, located Snowden at the Mira hotel on June 8. On the evening of June 9, Snowden revealed in his twelve-minute video posted on the *Guardian* website that he was the source of the stolen NSA documents. Because Hong Kong is part of China, U.S. law enforcement did not have the means to recover them.

At that point, determining the magnitude of the theft of documents became a critical concern of the investigation. Aside from the few dozen documents published by *The Guardian* and *The Washington Post*, what else had Snowden stolen?

Within the next few days, a small army of forensic investigators from the FBI, the Defense Department, and the "Q" counterintelligence division of the NSA swarmed onto the NSA base in Hawaii. The proximate crime scene for their investigation was the National Threat Operations Center. They examined the cubicle where Snowden had last worked and then began retracing all his activities at the NSA from 2009 to 2013. To begin with, they needed to find out how many documents from the center had been copied and taken by Snowden.

Meanwhile, the Defense Intelligence Agency (the Pentagon's own intelligence service) was kept partially in the dark. Although the NSA is officially part of the Department of Defense, it operated with a high degree of autonomy with its own inspector general, investigative staff, and reporting channels. The DIA did not learn from the NSA that Snowden had stolen military documents concerning the joint Cyber Command until July 10. The number of stolen military documents from the Department of Defense was staggering.



HOUSE_OVERSIGHT_019624

The DIA found from its forensic examination that Snowden had copied "over 900,000" military files. Many of these non-NSA files came from the Cyber Command, which had been set up in 2011 by the NSA and the army, navy, marine, and air force cryptological services to combat the threat of warfare in cyberspace. The loss was considered of such importance that between 200 and 250 military intelligence officers worked day and night for the next four months, according to the DIA's classified report, to "triage, analyze, and assess Department of Defense impacts related to the Snowden compromise." The job of this unit, called the Joint Staff Mitigation Oversight Task Force, was to attempt to contain the damage caused by the Snowden breach. In many cases, containment meant shutting down NSA operations in China, Russia, North Korea, and Iran so they could not be used to confuse and distract the U.S. military.

The NSA and the Defense Department were not the only government agencies concerned with determining the extent of the breach. The NSA acted as a service organization for the CIA through handling most if not all of its requests for communications intelligence to support both its international espionage and its analytic operations. Although the CIA and the NSA were both part of the so-called intelligence community, the NSA did not immediately share with the CIA details of the Snowden breach. Despite the immense potential damage of the theft, it was not until June 10 that the CIA's director, John Owen Brennan, and his deputy, Michael Morell, were briefed by the NSA. When Morell realized how much data Snowden had taken, he was astounded.

"You might have thought of all the government entities on the planet, the one least vulnerable to such grand theft would have been the NSA," he wrote. "But it turned out that the NSA had left itself vulnerable." According to Morell, he bluntly told the NSA briefer that it was urgent for the CIA to be brought in on the case. After all, the CIA had employed Snowden only four years earlier. Specifically, Morell said, the CIA needed to find out three things: Had CIA documents been part of Snowden's haul? How long had Snowden been stealing documents? Had Snowden been working "with any foreign intelligence service, either wittingly or not"?

According to Morell, the effort to get a direct answer from NSA



HOUSE_OVERSIGHT_019625

officials to these three key questions "proved maddeningly difficult." He found that in mid-June NSA officials with whom he dealt were so "distraught at the massive security breach" that initially they refused to allow even CIA officers to participate in the ongoing security review. A former NSA executive told me there was "near panic" at the NSA. Finally, Morell called Chris Inglis, a former professor of computer science who had risen to be the NSA's deputy director at the time of the breach. Inglis, who headed operations for the NSA, told him "the news was not good." Among the data copied by Snowden were a large number of CIA secrets. By the time the CIA learned that its secrets had been compromised, Snowden was headed to Russia.

The investigation of a crime involving potential espionage is no easy task. In this case, it required attempting to solve a jigsaw puzzle in which not only were key pieces missing but also, because it involved adversary intelligence services, some of the found pieces might deliberately have been twisted to mislead the U.S. investigators.

By late July, NSA investigators had made their initial assessment. They determined that most of the material had been taken from sealed-off areas known in intelligence speak as "compartments," which in this case were files stored on computers that were isolated from any network. Each compartment electronically tracks all the activities that occur in it on its logs, including the password identity of any person who has gained entry to any compartment. From a forensic examination of these logs, NSA investigators were quickly able to reconstruct the timeline of the theft. The logs showed that an unauthorized party without proper passwords had begun copying files in mid-April, which was just days after Snowden began his job at the center. The illicit activity ended just before Snowden's last day of work there. So this piece fit in with Snowden's guilt.

The size of the theft was another matter. Ledgett was certainly in a position to know (in the shake-up that followed, he would replace Inglis as deputy director of the NSA). According to Ledgett, the perpetrator had "touched" 1.7 million documents, moving from compartment to compartment. Of these "touched" documents, according to the analysis of the logs, more than one million of them had been moved by the unauthorized party in mid-May to an auxiliary com-



HOUSE_OVERSIGHT_019626

puter intended to be used for temporary storage by authorized service personnel. Finally, the data was transferred off this auxiliary computer presumably to thumb drives or other external storage devices. This download occurred just days before Snowden left the NSA on May 17, 2013, having told the agency that he needed a medical leave of absence.

The quantity of stolen documents, 1.7 million, does not necessarily reveal the damage and can itself be misleading. Many documents do not reveal current or known sources or methods, and others may have little value to an enemy. And a large portion of the documents might have been duplications. The quality of some of these documents is another matter. Just one document that exposed a source or method of which enemies are unaware can be of immense value. One such document taken by Snowden provided what Ledgett called "a roadmap" to the NSA's current secret operations, revealing to an adversary such as Russia, China, or Iran "what we know, what we don't know, and, implicitly, a way to protect themselves." There were many documents in the Snowden breach that met these criteria, according to a national security official at the Obama White House.

General Alexander closely followed the investigation as it developed over the summer of 2013. By then, of course, the whole world knew that Snowden had stolen a vast trove of NSA documents. Alexander saw major inconsistencies developing between Snowden's personal account of the theft and what had actually happened. The timeline established by the government's investigators did not match Snowden's story line. "Something is not right," Alexander said in an interview.

For one thing, Snowden had made the claim to journalists, four months after he was in Russia, that he had turned over all the documents he took from the NSA's compartments to Poitras and Greenwald in Hong Kong. On August 18, the investigators had the opportunity to examine the files that Snowden had given to Poitras and Greenwald. This discovery came when British authorities, under Schedule 7 of Britain's Terrorism Act, detained David Miranda, Greenwald's romantic partner, at Heathrow Airport. Miranda was suspected of acting as a courier for Greenwald and Poitras. According to Greenwald's account, Snowden had given both him and Poi-



HOUSE_OVERSIGHT_019627

tras identical copies of the NSA documents in Hong Kong. When Greenwald returned home to Rio de Janeiro, he found his copy was corrupted. But Poitras still had her digital copy of whatever stolen documents Snowden had distributed to them. So Greenwald dispatched Miranda from Rio to Berlin to get a copy of Poitras's thumb drive. On the return trip, Miranda's plane stopped at Heathrow, where British authorities detained him and temporarily took the thumb drive from him. Poitras had written out the password for Greenwald, and Miranda kept it with the thumb drive. The British copied the contents and shared them with the NSA. As a result, the NSA discovered that Snowden had only given Poitras fifty-eight thousand documents. The damage assessment team under Ledgett determined that some of these documents had been edited out of much larger documents that the NSA logs showed Snowden had copied. By the count of both the NSA and the Defense Department teams, almost one million documents were unaccounted for. What happened to the missing documents?

The NSA investigation found that the chronology of the theft of documents did not support Snowden's claim to journalists that he had only been seeking whistle-blowing documents. Most of the documents he took first did not concern the domestic activities of the NSA. Only toward the end of the theft did he copy documents that would qualify as whistle-blowing. The court order to Verizon that was the basis of the initial *Guardian* exposé was only issued by the FISA court on April 27, 2013. The other main whistle-blowing document he revealed, the PowerPoint presentation about PRISM, was only issued in April 2013. Yet Snowden had been downloading documents for at least nine months before he copied these documents.

When I discussed the chronology of the copied documents with a former government official briefed on the investigation, he suggested that Snowden's purpose might have changed between 2012 and 2013. When I asked him what might have induced the change, he replied, "That is one of the unanswered questions." That Snowden only took these two whistle-blowing documents at the tail end of his nine-month operation, and after he had contacted Poitras and Greenwald, suggests he might have had another motive prior to contacting journalists. In light of this chronology, the investigation



HOUSE_OVERSIGHT_019628

had to consider the possibility that his whistle-blowing was, partly if not wholly, a cover for another enterprise.

Snowden told journalists he had access to "millions of records that [he] could walk out the door with at any time with no accountability, no oversight, no auditing, the government didn't even know they were gone." However, he was not among the limited number of individuals at the center who had access to these documents. Both the NSA's and Booz Allen's employment records showed that Snowden had not yet completed his requisite on-the-job training when he carried out the theft. Consequently, he had not yet been provided with the passwords he needed to get the documents. Even if he had remained at the NSA long enough to finish his training, he would only have been provided with the password to the particular compartment relevant to his work, not to all compartments. The tight control over these passwords was, according to a former top NSA official, a critical part of the NSA's security framework. He told me that Snowden, at least during the period of the thefts in April and May 2013, had no more legitimate access to the compartments than the cleaning personnel. Somehow, though, Snowden converted his proximity to access.

If a hundred top-quality diamonds were stolen from locked vaults at Tiffany by a recently hired trainee who, it turned out, did not have the combination to open these vaults, the police would be expected to consider that the trainee might have had help from a current or former insider at the company who knew the combinations. Snowden, who had accomplished a similarly inexplicable feat, said in his video confession that he was solely responsible. However, it is perfectly logical to assume, given the circumstances, that he might have had help, unwitting or witting.

The FBI could assume either that the NSA's security regime was so badly flawed that Snowden could trick his fellow workers into providing him with access or that there was another individual at the center who might have assisted or directed Snowden. When the investigation came to this fork in the road in the summer of 2013, according to a source on the House Intelligence Committee, it chose the former route.

Finally, there was the question of whether Snowden had gone to



HOUSE_OVERSIGHT_019629

Russia by design or by accident. Whenever an intelligence worker steals sensitive compartmented information of interest to a foreign adversary and then defects to that adversary, it raises at least the specter of state-sponsored espionage. It is a commonly accepted presumption in counterintelligence that a spy, fearing arrest, flees to a country that has some reason to offer him protection. When the British spies Guy Burgess, Donald Maclean, and Kim Philby fled to Moscow during the Cold War, the presumption was that they had a prior intelligence connection with Russia. Philby confirmed that in his 1968 memoir, *My Silent War*. So in the case of Snowden, counterintelligence had to consider the possibility that his theft of state secrets and his arrival in Moscow might not be totally coincidental.

Snowden blamed high officials in the U.S. government who purposely "trapped him" in Russia. He told the editor of *The Nation*, "I'm in exile. My government revoked my passport intentionally to leave me exiled" and "chose to keep me in Russia." He repeated that assertion over a dozen times, but as we've seen, it had no basis in fact. Whenever criminal charges are lodged against a U.S. citizen by the Department of Justice, the State Department, in accordance with the U.S. code of justice, marks in the electronic passport validation advisory system that that person's passport is valid only for return to the United States. After criminal charges were publicly filed against Snowden on June 21, it advised foreign governments that because Snowden was wanted on felony charges, he "should not be allowed to proceed in any further international travel, other than is necessary to return him to the United States." Rather than "exiling" Snowden, the government acted to facilitate his return home. With his passport, he could have flown home from either Hong Kong or Moscow, where he, like any other person accused of a felony, would face the charges against him. Snowden's unfounded claims suggested to investigators that he had something to hide about his arrival in Russia.

The counterintelligence investigation had access to State Department records showing that its representatives in Hong Kong had informed authorities there on June 16 that there were criminal charges against Snowden. Only a typographical error in spelling out Snowden's middle name—James instead of Joseph—in the criminal



HOUSE_OVERSIGHT_019630

charges prevented the Hong Kong police from immediately ordering his detention. His Hong Kong lawyers were certainly advised of these pending charges no later than June 21, when they were published on the front page of the *South China Morning Post* in Hong Kong. Presumably, Snowden knew that actions by the U.S. government were already in progress and that one of these actions would include restricting his passport. One of his lawyers, Jonathan Man, even accompanied Snowden to the airport out of his concern that he would not be allowed by Hong Kong authorities to go through passport control. Ordinarily, Hong Kong passport control scans passports when tourists exit but does not check them against a computerized database.

In any case, when Snowden arrived in Russia on June 23, any future international travel decisions for him would be up to the government of Russia, not that of the United States. It could have sent him back to Hong Kong, as is normally done when someone arrives without a proper visa, or to the United States. The only government with the actual means to "trap" him in Russia was the Russian government.

Senior intelligence officials also knew that the U.S. government, rather than conspiring to keep Snowden in Moscow, had met nearly every day while he was in Hong Kong with Lisa Monaco, President Obama's homeland security adviser, in the White House Situation Room to find a way to prevent Snowden and his cache of secrets from falling into Russian hands. Robert S. Mueller III, then the FBI director, reportedly even directly appealed to the FSB head, Alexander Bortnikov, to return Snowden to the United States.

U.S. intelligence also knew that it was no accident that Snowden wound up in the hands of Russia. He had been in contact with Russian officials in Hong Kong. It will be recalled that Putin admitted to this liaison on September 3, in a press briefing on state-owned Channel One television; he also divulged that he had advance knowledge of Snowden's plan.

"I will tell you something I have never said before," Putin said. Snowden "first went to Hong Kong and got in touch with our diplomatic representatives." Putin was told then that an American "agent of special services" was seeking to come to Russia. Putin added that



HOUSE_OVERSIGHT_019631

he declared that this agent would be "welcome, provided, however, that he stops any kind of activity that could damage Russian-US relations."

Even before that public confirmation of the Russian role in Hong Kong, the White House was well aware of it. On June 23, the Democratic senator Charles Schumer of New York correctly said, based on a White House briefing, that "Vladimir Putin had personally approved Snowden's flight" to Moscow. The NSA had the means to monitor Russian communication between Moscow and Hong Kong. The NSA also reportedly intercepted contacts between these Russian officials and Russian representatives of Aeroflot, the Russian state-owned airline that had flights between Hong Kong and Moscow. Aeroflot (like most other international carriers) ordinarily requires international passengers to have both a valid passport and, if necessary, a visa to the country of their destination. Those rules had to be waived for Snowden's exfiltration from Hong Kong. Snowden's defection to Moscow was not a haphazard result of unexpected circumstances. Russia obviously knew he was coming. This raised new questions for the investigation. What led Snowden to defect to Russia? Was his arrival in Moscow planned by Russian intelligence in advance of his going public in Hong Kong? Was any other party, such as China, privy to the plan? Was there a quid pro quo?

Putin's authorization could certainly account for Aeroflot's waiving its usual passport and visa check to allow Snowden to board its plane, as well as the dispatch with which Russian officials whisked Snowden off the plane after it landed at the Moscow airport. It could also account for Snowden's vanishing from public view for the next three weeks and the promulgation of the cover story that Snowden was unwillingly trapped at the airport by the U.S. government. The reasons behind Putin's move were less clear.

By September 2013, the investigation was looking into a veritable abyss. Snowden's culpability was no longer an issue. What was lacking from Snowden's video, or the two-hour film made by Laura Poitras, was any specific information on how many documents he had copied, how he had obtained the passwords to the computers on which they were stored, the period of time involved in the theft, or how he had breached all the security measures of the NSA in



HOUSE_OVERSIGHT_019632

Hawaii. Nor would that data be forthcoming from Snowden, who may be the only witness to the crime. By June 23, he was in a safe haven in Moscow. Even though the grand jury case against Snowden was cut and dry, it was also irrelevant because the United States does not have an extradition treaty with Russia.

The purpose of the intelligence investigation went far beyond determining Snowden's guilt or innocence, however. Its job was to find out how such a massive theft of documents could occur, how the perpetrator escaped, and, perhaps most urgent, who had obtained the unaccounted-for stolen documents from Snowden.

In his interviews with journalists in Moscow, Snowden studiously avoided describing the means by which he breached the security aperture of America's most secret intelligence service. He only told the journalists who came to Moscow to interview him, with a bit of pseudo-modesty, that he was not "an angel" who descended from heaven to carry out the theft. But the question of how Snowden stole these documents may be the most important part of the story. The NSA, after all, furnishes communications intelligence to the president, his national security advisers, and the Department of Defense, intelligence that is supposedly derived from secret sources in adversary nations. If these adversary nations learn about the NSA's sources, then the information, if not worthless, cannot be fully trusted. The most basic responsibility of the NSA is to protect its sources. Yet Snowden walked away with long lists of them. In doing so, he amply demonstrated that a single civilian employee working for an outside contractor, even one not having the necessary passwords and other access privileges, could steal documents that betrayed these vital sources. He also demonstrated that such a massive theft could go undetected for at least two weeks.

If Snowden managed this feat on his own, as he claims in his Hong Kong video, it suggests that any other civilian employee with a perceived grievance against NSA practices or American foreign policy could also walk away with some of the most precious secrets held by U.S. intelligence. Such vulnerability extends to tens of thousands of civilian contract employees in positions similar to the one held by Snowden. The lone disgruntled employee explanation is therefore hardly reassuring. If true, it calls into question the entire



HOUSE_OVERSIGHT_019633

multibillion-dollar enterprise of outsourcing the management of the NSA's computer networks and other technical work to outside contractors. It also casts doubts on the post-9/11 decision by the intelligence community to strip away much of the NSA's "stovepiping" that previously insulated its most sensitive computers. Without such stovepiping, any rogue civilian employee could bring down the entire edifice of shared intelligence.

A finding that Snowden had acted in concert with others in breaching compartments at the NSA would hardly be any more reassuring. Such collaboration among intelligence workers would reflect gravely on the mind-set of the NSA. Snowden described an atmosphere in which intelligence workers exchanged lewd photographs of foreign suspects. Some NSA employees met to protest the NSA policies. Did this violation of the NSA's rules also involve abetting the theft of documents? If so, the NSA would have to evaluate further vulnerabilities that might arise when it entrusts its secrets to technicians who do not share its values. A collaborative breach would signal an immense failure of the present concept of the counterintelligence regime in the NSA.

From what I gathered from government officials who were familiar with the investigation, there was a concern that answering the "how" question would rouse serious doubts about the very ability of the NSA to carry out its core mission of protecting the government's intelligence secrets. However it was organized, it was clear that Snowden had played a major role in what amounted to a brilliant intelligence coup.



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CHAPTER 15

# Did Snowden Act Alone?

> When you look at the totality of Snowden's actions certainly one hypothesis that jumps out at you, that seems to explain his ability to do all these things, is that he had help and had help from somebody who was very competent in these matters.
>
> —GENERAL MICHAEL HAYDEN, former director, NSA and CIA

A WHISTLE-BLOWER enters the enterprise of stealing state secrets for reasons of conscience, but so do many spies. Such conscience-driven spies are called, in CIA parlance, "ideological agents." For instance, the British diplomat Donald Maclean, one of the most important Russian spies in the Cold War, was an ideological recruit. He stole immensely valuable U.S. nuclear secrets for the Russian intelligence service without receiving any monetary compensation.

The acceptance of money is not necessarily a meaningful distinction when it comes to espionage. To be sure, many spies get paid, but some whistle-blowers also receive a rich bounty for their work. Indeed, under federal laws, whistle-blowers can qualify for multimillion-dollar bounties for exposing financial malfeasance. The whistle-blower Bradley Birkenfeld, for example, after he himself was paroled from prison in 2012, received an award of $104 million for providing data that exposed illicit tax sheltering at the Swiss UBS bank. Assange also offered political whistle-blowers six-figure cash



HOUSE_OVERSIGHT_019635

bounties from money raised on the Internet. In 2015, for instance, WikiLeaks offered $100,000 bounties to any whistle-blowers who provided the site with secret documents exposing details of the Trans-Pacific Trade Agreement.

Nor is acting alone necessarily a line that divides whistle-blowers from spies. In many cases, whistle-blowers have accomplices who help them carry out their mission. For example, in 1969, the celebrated whistle-blower Daniel Ellsberg, a military analyst at the Rand Corporation, had an accomplice, Anthony Russo, who had also worked at Rand. (Both were indicted by the government.) Acting in concert, they copied secret documents that became known famously as the *Pentagon Papers*.

Whistle-blowers can also, like conventional spies, enter into elaborate conspiracies to carry out an operation. On the night of March 8, 1971, eight whistle-blowers working together with burglary tools broke into the FBI office in Media, Pennsylvania, and stole almost all the FBI files there. The conspirators escaped and kept their identities secret for over forty-two years.

Self-definitions also do not necessarily produce a distinction between whistle-blowers and conventional spies. Consider Philip Agee, who left the CIA in 1969 for what he described as "reasons of conscience." Specifically, he said he objected to the CIA's covert support of Latin American dictators. After contacting the Soviet embassy in Mexico City, he defected to Cuba, where he leaked information that exposed CIA operations. Although Agee insisted he was a whistle-blower, and he adamantly denied offering any secrets to the Soviet Union, the KGB viewed him as a conventional spy. According to Oleg Kalugin, the top Soviet counterintelligence officer in the KGB in Moscow, who defected to the United States, Agee offered CIA secrets first to the KGB residency in Mexico City in 1973 and then to the Cuban intelligence service. Agee provided the KGB with a "treasure trove" of U.S. secrets, Kalugin revealed. "I then sat in my office in Moscow reading the growing list of revelations coming from Agee." Despite this disparity, Agee still defined himself to the public as a whistle-blower because he also had exposed CIA operations to the public.

The Snowden case blurs the demarcation line even further. Unlike



HOUSE_OVERSIGHT_019636

other whistle-blowers who uncovered what they considered government malfeasance by virtue of their jobs, Snowden, by his own admission, took a new job in 2013 specifically to get access to the SCI files concerning NSA sources that he stole from the Threat Operations Center. Switching jobs in order to widen one's access to state secrets is an activity usually associated with penetration agents, not whistle-blowers. While the technical distinction between a whistle-blower and a spy may still serve the media in the case of Snowden, it does not help in solving the counterintelligence conundrum. A complex theft of state secrets had been successfully carried out in a supposedly secure site. The only known witness, Snowden, had escaped to Russia, where he could be of no help in reconstructing the crime for American intelligence agencies. The stolen data was kept in the equivalent of sealed "vaults"—actually computer drives that were not connected to the NSA network. If ever there was a locked-room mystery, this was it.

According to the FBI investigation, Snowden pierced these barriers by using passwords that belonged to other people and using credentials that allowed him to masquerade as a system administrator. It was a feat that must have required meticulous planning.

To address such a mystery, a counterintelligence investigation starts with a tabula rasa, stripping away all the previous assumptions, including that Snowden was the lone perpetrator. It builds alternative scenarios to test against the known facts. To be sure, scenario building differs from that of a conventional forensic investigation aimed at finding pieces of evidence that can be used to persuade a jury in a courtroom. Unlike a judicial investigation concerned with guilt and innocence, scenario building looks to develop a story that is, concurrently, intrinsically consistent and humanly plausible, and in the process it also identifies and explores the possible holes in the case.

"Scenarios deal with two worlds: the world of facts and the world of perceptions. They explore for facts but they aim at perceptions inside the heads of decision makers. Their purpose is to gather and transform information of strategic significance into fresh perceptions," wrote Pierre Wack in the *Harvard Business Review* in 1985. Such scenarios must aim at constituting a limited set of mutually



HOUSE_OVERSIGHT_019637

exclusive alternatives. The point is to assure that any alternative that fits the relevant facts, no matter how implausible it may initially seem to be, is not neglected.

One of the most vexing problems that had to be explained by these scenarios is how Snowden got the passwords to up to twenty-four of these vaults. He could not have obtained these passwords during his previous employment at Dell, because Dell technicians did not have access to the Level 3 documents stored in these compartments. Nor, as noted earlier, was he given access to them when he transferred to Booz Allen, because he had not completed the requisite training.

Snowden had also, it will be recalled, relinquished his privileges as a system administrator when he transferred to Booz Allen, so he did not have the privilege to override password protection. In short, his new position as an infrastructure analyst did not give him the ability to enter compartments that he had not yet been read into.

As I've said, there are two possible ways he could have gotten these passwords: either he had assistance from a party who had access to them, or he found flaws in the NSA's security procedures that left the supposedly closed vaults effectively unlocked.

### *The Unwitting Accomplice Possibility*

It is possible that if Snowden received assistance, it was entirely unwitting. He might have obtained some passwords through deception, such as tricking co-workers into typing their passwords into a device that captured them. As the NSA informed Congress in 2014, three of his fellow workers told the FBI that Snowden might have deceived them to gain access to their passwords. He could have simply asked other analysts at the center who had been read into compartments for their passwords. Such an approach would be extremely risky for the analyst, who could lose his job and security clearance by cooperating. It could also be risky for Snowden because any analyst he approached was supposed to report any request for a password to a security officer. Making such requests even more suspicious, Snowden had been working at the Threat Operations Center for just a few weeks as a trainee and was not well known to



HOUSE_OVERSIGHT_019638

other analysts there. "It is inconceivable to me that his co-workers would divulge their passwords to him," a former Booz Allen executive, who had also worked at the Defense Intelligence Agency, told me. "If he was a system administrator, he might trick a threat analyst into entering his password into his computer under the pretext that he needed it to deal with an urgent hardware issue." But, it will be recalled, Snowden was not a system administrator at the center. Snowden therefore "had no plausible reason for requesting passwords to compartments he had not been read into," the former executive said. He said that NSA executives might have been read into all twenty-four of the compartments, but he deemed it inconceivable they would illicitly share their passwords with Snowden. I asked him what the chance was of his voluntarily obtaining some twenty-four passwords from co-workers in five weeks. "In my opinion, near zero," he said.

It is possible of course that Snowden could have simply observed others typing in their passwords, one by one, but that would take time and possibly attract attention. I asked the former Booz Allen contractor whether it was possible that Snowden could have used a device for intercepting another computer's electronic signals, called by hackers a "key logger." Such a device, which is obtainable over the Internet, could be used to steal the passwords of the analysts who had been read into the compartments. My source said that while it was possible that Snowden smuggled in a key logger in his backpack, it could not be operated unless it was hardwired to a computer inside the center, because, like those at all other NSA facilities, the computers had been insulated to block any form of wireless transmission. This precaution was taken to guard against an EMP, or electromagnetic pulse, attack by an enemy. The only way Snowden could intercept keystrokes was to attach a cable from his key logger to each of his fellow workers' computers. In this scenario, he would have had to surreptitiously build his own wired network connecting his hidden key logger to twenty-four separate computers. Moreover, he would have to do this wiring in an open-plan office where he could not count on these additional wires, even if rigged one by one, not being noticed by either other analysts in the room or the "geek squad" of system administrators who regularly checked con-



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nections. Making the task even more risky, according to my Booz Allen source, there were closed-circuit cameras. The only way he could mitigate the risk of detection was by having someone help him build this network.

Even if Snowden had managed to obtain all the necessary passwords from colleagues, he would have had to transfer the files to an external storage device. This was not a matter of simply attaching a thumb drive or other external device to a port, because, unlike in movies such as *Mission: Impossible*, the ports on the computers at the NSA were ordinarily sealed shut. This measure was taken specifically to prevent any unauthorized downloading by NSA workers. The only people at the center who had the authorization, and the means, to open these ports and transfer data were system administrators, according to the former Booz Allen executive. System administrators needed to have this privilege to deal with glitches in the computers. Snowden was no longer a system administrator and had no such privileges. So again, he would have needed help. He would have needed to either borrow a system administrator's credential or forge his own.

The credential he would need is called a public key infrastructure, or PKI, card with its authentication code embedded in a magnetic strip. When I asked the former Booz Allen executive if Snowden possessed the skill set to forge such a card, he said that he strongly doubted any NSA employee would be capable of such a forgery without special equipment. Just asking such a favor could "set off alarms," my source said.

The unwitting accomplice scenario had another stumbling block: time. We know from Poitras that Snowden told her in early April 2013 that he planned to deliver documents to her in six to eight weeks (which he in fact did). But he had not yet started working for Booz Allen at the center until that same month. It does not seem plausible that in making such a commitment he was merely counting on his ingenuity in the face of strangers to fulfill it. The only way he could have known for certain that he would be able to borrow a PKI card and obtain the passwords, whether by trickery, by observation, or by a key router, before he had begun working at the center was that he already knew someone there who would help him.



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## *The Witting Accomplice Possibility*

The witting accomplice scenario better fits with the principle in logic called Occam's razor, which suggests that when one is choosing between alternative explanations, the one that requires the fewest assumptions should be given priority. It would be relatively easy to gain access to passwords if Snowden had the cooperation of an insider at the center who had been read into the compartments or, even better, if he had the cooperation of a system administrator with the necessary PKI cards and shell keys to bypass the password protection. Such an accomplice could also help explain how Snowden was able to get the job at the center in the first place, how he knew in advance that he could find there the "lists" of the NSA sources in foreign countries, and how he knew that there were security traps at the center. Such a witting accomplice might even have prepared in advance the "spiders" that Snowden used to index the files.

The witting accomplice scenario of course requires an unsettling expansion of the plot. It means Snowden collaborated with one or more insiders at the center to steal secret documents. It is not difficult to imagine, in light of the lax background checks for outside contractors servicing the NSA, that there were others in the "geek squad" who shared Snowden's antipathy to NSA surveillance. Certainly, we know that Snowden found other NSA workers who were willing to attend his anti-surveillance CryptoParty in December 2012. Some might be willing to offer Snowden help if he was willing to go public. Indeed, if the geek culture produced one Snowden, why wouldn't it produce others? If such an accomplice lacked Snowden's willingness to flee to another country, he might have limited his participation to supplying technical assistance. For his part, Snowden might have agreed to divert suspicion from his accomplice by taking sole responsibility for the crime when he went public.

All of this is theoretically possible, but no witting accomplice was ever identified. The FBI, which was in charge of the domestic part of the investigation of the Snowden case, questioned all of Snowden's co-workers at the center over the course of six months and failed to find anyone who knowingly helped Snowden. If the accomplice was an idealistic amateur, it is likely the FBI would have found him.



HOUSE_OVERSIGHT_019641

Three co-workers did admit to the FBI, as noted earlier, that they might have inadvertently given Snowden their passwords, but these three slips would not account for Snowden's breach of all the other compartments. Of course, there might have also been less forthcoming co-workers who hid their slips in divulging their passwords to Snowden.

This raises the more sinister possibility that the accomplice was not an amateur co-worker but a spy who was already in place when Snowden arrived. Such a penetration agent could have been recruited by an adversary intelligence service before Snowden came on the scene. After Snowden expressed a desire to expose the NSA's domestic surveillance, it could then have used him as an "umbrella" to hide its own activities. Finding such a means to protect a source while exploiting his or her information is not uncommon in espionage operations, and because Snowden was willing to flee America and go public, he could serve as a near-perfect umbrella. "Snowden may have carried out of the NSA many more documents than he knew about," Tyler Drumheller, the former CIA station chief, said. It could also account for the disparity between the claims of Snowden and the NSA damage assessment as to the number of documents that were compromised.

As far-fetched as this scenario may seem, less than three years before the Snowden breach the NSA had received a warning from a CIA mole (to be discussed in greater detail later) that the Russian intelligence service might have recruited a KGB mole at the Fort Meade headquarters of the NSA. No mole was found in 2010, and if one existed, it could not have been Snowden, who was working for the NSA in Japan in 2010. Such a putative mole could conceivably have acquired enough information to later facilitate Snowden's operation.

As Snowden acknowledges, he was not a happy worker at the NSA. He complained in his posts over the Internet between 2010 and 2013 about superiors and what he considered NSA abuses to co-workers. If someone assumed the guise of a reluctant whistleblower, he would have little difficulty in approaching Snowden. Snowden might not even know his true affiliation beyond that he



HOUSE_OVERSIGHT_019642

shared Snowden's anti-surveillance views. If Snowden then voiced an interest in exposing the NSA's secrets, this person could supply him with the necessary guidance, steering a still-unsuspecting Snowden first to the Booz Allen position and afterward to his associates in Hong Kong. By taking sole credit for the coup in the video that he made with Poitras and Greenwald in Hong Kong, he acted, as he told Greenwald, to divert suspicion from anyone else. This move could also give any collaborator he might have had in Hawaii time to cover his or her tracks.

The astronomer Carl Sagan famously said in regard to searching the universe for signals from other civilizations that the "absence of evidence is not evidence of absence." That injunction also applies to the spooky universe of espionage. The fact that a mole hunt fails to find a hidden collaborator at the NSA does not necessarily mean such a mole does not exist. Historically, we have many notable cases in which Russian moles eluded long, intensive investigations. Robert Hanssen penetrated the FBI for over twenty years for the KGB without being caught. Similarly, Aldrich Ames acted as a KGB mole in the CIA for more than ten years and passed all the CIA's sophisticated lie detector tests. Both Hanssen and Ames eluded intensive FBI and CIA investigations that lasted over a decade. According to Victor Cherkashin, their KGB case officer, whom I interviewed in Moscow in 2015, the KGB was able to hide their existence from investigators for such a long period partly because of the widespread belief in U.S. intelligence that moles were fictional creatures that sprang from the "paranoid mind" of James Jesus Angleton. When I then cited the signature line from the movie *The Usual Suspects*, "The greatest trick the devil ever pulled was convincing the world he didn't exist," Cherkashin thinly smiled and said, "CIA denial [of moles] certainly helped."

In view of such past successes of the Russian intelligence services, it cannot be precluded that there was another person in the NSA working with the enthusiastic Snowden as cover to prevent any light from falling on his own surreptitious spying. While it may seem extremely unlikely that Snowden had such assistance, the alternative scenario, that Snowden broke into the sealed compartments and



HOUSE_OVERSIGHT_019643

made off with the documents without any assistance, seems equally unlikely.

Even if Snowden had been, as he claims, a pure idealist seeking to right a perceived wrong, it does not exclude the possibility of his becoming entangled in the plots of others. Intelligence services make it their business to bring about such witting or unwitting entanglements.

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CHAPTER 16

# The Question of When

> The NSA was actually concerned back in the time of the crypto-wars with improving American security. Nowadays, we see that their priority is weakening our security.
>
> —EDWARD SNOWDEN, Moscow, 2015

IN HIS 1974 NOVEL, *Tinker, Tailor, Soldier, Spy,* John Le Carré helped establish the concept in the public imagination of a mole burrowing into a rival intelligence service. Le Carré's now-classic mole, code-named Gerald by the KGB, managed in the novel to gain access to the inner sanctum of the British intelligence service MI6. Aided and guided by his controllers in Moscow, he systematically stole British intelligence secrets. As Le Carré wove the plot, the brilliantly orchestrated operation involved spotting, compromising, and recruiting others to gradually advance Gerald the mole to a position of power. Such well-organized penetrations are not limited to fiction. The career of the KGB mole Heinz Felfe, who was advanced through the ranks of West German intelligence by an elaborate series of sacrifices by his controllers in Moscow until he actually headed West German counterintelligence in 1961, could have served as the nonfiction inspiration for Le Carré's 1963 novel, *The Spy Who Came in from the Cold.* As U.S. intelligence only found out after the Cold War ended, the KGB also had the ability to sustain moles for decades.



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The CIA also had its share of long-term successes, such as Alexander Poteyev, who fed the CIA secrets for over ten years while burrowing into Russian intelligence. In the choreography of these operations, as in Le Carré's fiction, rival intelligence services ensnared and sacrificed recruits, as if playing a chess game, to advance their moles. Despite notable successes such as Felfe and Poteyev, a great number of these elaborate conspiracies fail to insinuate a mole into their adversaries' confidence. Intelligence services therefore also take advantage of a more prosaic source: the self-generated spy, or, as they are called in the trade, a "walk-in."

Although they are largely unsung in novels, these walk-ins are an important part of espionage. A counterespionage review done for the Presidential Foreign Intelligence Advisory Board (PFIAB) in 1990 found that most U.S. spies in the Cold War had taken documents on their own volition and only afterward offered them to an adversary service. Self-generated spies have diverse motives. Some intelligence workers steal secrets for financial gain. Others take them to further an ideological interest. As opportunistic enterprises, intelligence services do not turn walk-ins away if they have valuable intelligence. Indeed, some of the most successful moles were not recruited, or even controlled, by spy agencies. They were self-generated penetrations, or "espionage sources," as the KGB preferred to call them, who first stole secrets and later voluntarily delivered them to an adversary.

Hanssen, who successfully penetrated the FBI for the Russian intelligence services from 1979 to 2001, according to the assessment of a 2002 presidential commission, had caused "the worst intelligence disaster in US history." Eleven years later, George Ellard, a former NSA inspector general who had been a member of that commission, compared Hanssen with Snowden "in that they both used very well-honed IT abilities to steal and disclose classified information vital to our national security."

It is also possible to exploit a walk-in even after he has left his service. For example, the KGB major Anatoliy Golitsyn was an ideological self-generated spy who walked into the U.S. embassy in Helsinki on December 15, 1961. He asked to see the CIA officer on duty and announced to him that he had collected a trove of KGB secrets, including information that could identify its key spies in the West.



HOUSE_OVERSIGHT_019646

He offered to defect to the United States. The CIA accepted his offer, and through this archive of secrets he had previously compiled, he became one of the CIA's most productive sources in the Cold War.

The job of an intelligence service is to take advantage of whatever opportunities come its way in the form of self-generated spies. If a Russian walk-in had not yet burned his bridges to his own service, U.S. intelligence officers were under instructions to attempt to persuade the walk-in to return to his post in Russia and serve as a "defector-in-place," or mole. "While defectors can and do provide critical information," a CIA memorandum on walk-ins during the Cold War noted, "there are very few cases in which the same individual may not have been of greater value if he had returned to his post." Of course, if a walk-in believed he was already compromised, as Golitsyn did, a decision would have to be made whether the value of his intelligence merited exfiltrating him to the United States.

This required evaluating the bona fides of the walk-in. Not all walk-ins are accepted as defectors. Some walk-ins are deemed "dangles," or agents dispatched by the KGB to test and confuse the CIA. Others are rejected as political liabilities, as happened to Wang Lijun, a well-connected police chief in China. In February 2012, Wang walked into the U.S. consulate in Chengdu asking for asylum. The State Department decided against it. After Wang left U.S. protection, he was arrested for corruption and received a fifteen-year prison sentence. Such decisions about walk-ins are not made without due consideration, often at the highest level of a government, because exfiltrating a defector can result in diplomatic ruptures and political embarrassments.

Conversely, it raises espionage concerns when an adversary government authorizes the exfiltration of a rogue employee of an intelligence service. At minimum, it suggests that a rival government placed value on what the defector could provide it. The Snowden case is no exception. Whatever Snowden's prior relations might have been with Russia, it can be assumed that after he fled to Moscow, in light of the intelligence value of the stolen documents, he would wind up in the hands of the Russian security services. That assumption was reinforced by subsequent countermeasures that were implemented by adversaries moved to block secret sources of NSA



HOUSE_OVERSIGHT_019647

surveillance, as the CIA deputy director later revealed. Such moves could indicate that at least part of the U.S. communications intelligence that Snowden had stolen was in enemy hands. The CIA and NSA's monitoring of these countermeasures was itself extremely delicate, because revealing what they learned about Russian and Chinese countermeasures risked compromising even more U.S. communications sources than had Snowden.

General Alexander said in his interview with *The Australian Financial Review,* "We absolutely need to know what Russia's involvement is with Snowden." He further said, "I think Snowden is now being manipulated by Russian intelligence. I just don't know when that exactly started." At what point did Snowden first come in contact with the Russians? The counterintelligence issue was not *if* this U.S. intelligence defector in Moscow was under Russian control but *when* he came under it.

There were three possible time periods when Snowden might have been brought under control by the Russian intelligence service: while he was still working for the NSA; after he arrived in Hong Kong on May 20, 2013; or after he arrived in Russia on June 23, 2013.

### *The NSA Scenario*

The first scenario could stretch as far back as when Snowden was forced out of the CIA in 2009. It will be recalled that the CIA had planned to launch a security investigation of Snowden, but it was aborted when he resigned. He had also incurred large losses speculating in the financial markets in Geneva, which is the kind of activity that had in the past attracted the interest of foreign intelligence services. So it has to be considered in this scenario that Snowden had been recruited by the Russians after he left the CIA and directed to take jobs at civilian contractors servicing the NSA.

Such "career management," as it is called by the CIA, could explain why Snowden had switched jobs in March 2013 to Booz Allen Hamilton, which, unlike his previous employer, Dell, allowed



HOUSE_OVERSIGHT_019648

him to gain proximity to the super-secret lists of the telecommunications systems that the NSA had penetrated in Russia and China. This could account for how he managed to acquire the necessary passwords to accrue privileged information. It could also account for why the documents he copied that pertained to NSA operations in Russia were not among those he gave to Poitras, Greenwald, and other journalists. Because Russia has had an active intelligence-sharing treaty with China since 1996, it could further explain why his first stop was Hong Kong, a part of China. It was a safe venue for debriefing Snowden, as well as establishing his credentials among journalists as a whistle-blower, before a decision was made to allow him to proceed to Russia.

The nearly fatal problem with this early recruitment scenario is Snowden's contacts with journalists. Snowden, it will be recalled, had contacted Greenwald in December 2012. Greenwald was a high-profile blogger in Brazil who did not use encryption or any security safeguards. Next, he contacted Poitras in January 2013 in Berlin; she was a magnet for NSA dissidents. Both of these contacts put Snowden's clandestine downloading at grave risk. As known opponents of U.S. intelligence agencies, these journalists might be, as they themselves suspected they were, under surveillance by American, British, Brazilian, or German intelligence services. Greenwald and Poitras might also tell others who were either under surveillance or informers. So no matter what precautions Snowden took, his secret enterprise, or just the fact he was in contact with anti-government activists, might be detected. At minimum, he could lose his access to secrets and be of no further use as a source at the NSA. He could also be interrogated and reveal the way he was brought under control. If Snowden had actually been under the control of the Russian intelligence service, the last thing it would allow was for him to take such a risk—or even to contact a single journalist. After all, the purpose of an espionage operation is to steal secrets without alerting anyone to the theft.

A former CIA officer told me that while anything could "go haywire" in an intelligence operation, it would be "unthinkable" that the Russian intelligence service would permit an undercover source



HOUSE_OVERSIGHT_019649

it controlled in the NSA to expose himself by contacting journalists. Snowden's continued interactions with Poitras and Greenwald make it implausible that he was under Russian control *before* he went to Hong Kong.

### *The Hong Kong Scenario*

The most compelling support for the scenario that Snowden was brought under Russian control while he was in Hong Kong comes, it will be recalled, from Vladimir Putin. His disclosure about the case leaves little doubt that Russian officials had engaged Snowden in Hong Kong, that Putin had authorized his trip to Moscow, and that the Russian government allowed him to fly to Moscow without a Russian visa. We know that Putin's version is supported by U.S. surveillance of Snowden's activities in Hong Kong. We also know that the Russians went to some lengths not only to facilitate his trip to Moscow but to arrange to keep him in Russia. This supports the possibility that the Russian intelligence service managed to bring Snowden under its sway during his thirty-four days in Hong Kong.

The Russian intelligence service might even have been aware of Snowden and his anti-NSA activities before his arrival on May 20. Snowden was anything but discreet in his contacts with strangers in the anti-surveillance movement, including such well-known activists as Runa Sandvik (to whom he revealed his true name and address via e-mail), Micah Lee, Jacob Appelbaum, Parker Higgins, and Laura Poitras. "It is not statistically improbable that members of this circle were being watched by a hostile service," a former NSA counterintelligence officer told me in 2015. When I told him that Poitras and others in her circle had used PGP encryption, aliases, and Tor software in their exchanges with Snowden, he said, arching his eyebrows, "That might work against amateurs, but it wouldn't stop the Russians if they thought they might have a defector in the NSA." He explained that both the NSA and hostile services have the "means" to bypass such safeguards.

I asked what the Russian intelligence service would have done if it had indeed spotted Snowden in late 2012 or early 2013. "Maybe



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just research him," he replied. As we know now, he pointed out, Russia and China probably had access to the 127-page standard form in his personnel file that he updated in 2011. They also had the capability to track his air travel to Hong Kong. "Could someone have steered him to Hong Kong?" I asked. He answered, with a shrug, "That depends on whether Snowden had a confidante who could have influenced him."

Whenever adversaries became aware of Snowden in this scenario, it was not until after he copied the NSA secrets and took them with him to Hong Kong that Russian intelligence officers offered him a deal. So from the Russian point of view, Snowden had already burned his bridges. Because he had used other people's passwords and access privileges to get into computers that he was not authorized to use, illegally moved documents, and given a false reason for his medical leave, it was only a matter of time, as he told Greenwald in his interview in Hong Kong, before NSA investigators would identify him as a possible spy. He could be of no further use at the NSA to an adversary. His intelligence value now lay in the documents he had taken with him or stored in the cloud as well as his ability to help clarify them in debriefing sessions. He could also inflict damage on the morale and public standing of the NSA by denouncing its spying in the media.

Once Snowden was in Hong Kong, the Russians would have no reason to restrain him from holding a press event or releasing a video. In fact, the KGB had organized press conferences for all the previous NSA defectors to Moscow. Hong Kong was a perfect venue for a well-staged media event because all the major newspapers in the world had bureaus there. Snowden's disclosures about NSA spying could serve to weaken the NSA's relations with its allies.

It is also possible that Russian or Chinese intelligence did not become aware of Snowden until after he went public in June by having *The Guardian* release his video. The video would have convinced the Russians or the Chinese of how dissatisfied Snowden was with the NSA. Because dissatisfaction is one of the classic means of recruitment in the intelligence business, he would certainly become a prime target for recruitment after he went public.

The CIA also considered the possibility that Snowden might



HOUSE_OVERSIGHT_019651

have been reeled in unwittingly. Morell suggested in his book that Snowden might not himself have fully realized "when and how he would be used."

It can be safely assumed that the decision made by Putin's intelligence service to allow Snowden to travel to Russia proceeded from something other than softhearted sentiment about his welfare. After Putin learned that there was an American in Hong Kong from the "special services" seeking to come to Russia, he also learned from Snowden's own disclosure on the video released that Snowden had taken a large number of NSA documents to Hong Kong: indeed, some were shown on the video. After that self-outing by Snowden, Putin had plenty of time to calculate the advantages and disadvantages of allowing him to come to Moscow.

Putin could offer him not only freedom from arrest but also a platform to express his views. The exploitation of an intelligence defector, even after he yields his secrets, can be the final stage of a successful intelligence operation. The CIA considered one of its greatest coups of the Cold War its release of the espionage-acquired secret speech of Nikita Khrushchev to the Communist Party of the Soviet Union in 1956 exposing the transgressions of the previous regime of Joseph Stalin. Making public these deeds was meant by the CIA to sow discord both inside the Soviet Union and to disrupt its relations with its allies. General Alexander suggested that Putin might similarly be "looking to capitalize on the fact that [Snowden's] actions are enormously disruptive and damaging to US interests." This potential gain, if Alexander's assessment is correct, provided Putin with an additional reason to have his representatives in Hong Kong offer Snowden exfiltration.

Snowden was in no position to refuse. After the release of the video, there was no going back to America without his facing a determined criminal prosecution. He would have known that in almost every prior case intelligence workers who had intentionally released even a single classified document had gone to prison. As his Internet postings show, he had closely followed the ordeal of Bradley Manning, whose trial was coming to its conclusion while Snowden was in Hong Kong. Manning had been kept in solitary confinement



HOUSE_OVERSIGHT_019652

under horrific conditions for over a year while awaiting his trial and was facing a long prison sentence. There was no reason for Snowden to expect a better outcome for himself if he returned to the United States or was arrested anywhere else that had an extradition treaty with the United States. As the Russian officials in Hong Kong would have informed him, Russia had no extradition treaty with the United States. It was also one of the few places in the world that he could reach from Hong Kong without flying through airspace in which he might be intercepted by a U.S. ally. Snowden was told he could take the direct Aeroflot flight to Moscow without a valid passport or visa.

That Snowden's alternative to going to Russia was going to prison gave the Russians considerable leverage in Hong Kong. The Russian "diplomats" could have used this leverage to extract a quid pro quo. The price of admission might have meant putting himself in the hands of Russian intelligence and telling it all he knew.

### *The Moscow Scenario*

The final possibility is that Snowden did not come under Russian control until after he arrived in Moscow. After assessing the negative attitude that Snowden expressed toward government authority on the video that was released by *The Guardian*, the Russian "diplomats" in Hong Kong might have concluded that Snowden could bolt if too much pressure was exerted on him there. The Russians could afford to be patient. They knew that Interpol and the United States would be pursuing Snowden throughout the world and that he had no valid travel documents and that his credit cards had been frozen. They would likely know that Sarah Harrison had arranged his flight to Moscow on June 23. So they had no urgent need to apply pressure on him before his plane landed in Russia.

After the Russians took him in a "special operation" from the plane at the airport, he was informed by Russian authorities that he would not be allowed to go to Cuba, Venezuela, Iceland, Ecuador, or any other country without the permission of Russian officials, which would not be immediately forthcoming. He was now at the



HOUSE_OVERSIGHT_019653

mercy of the Russian authorities. There was good reason for keeping him in a virtual prison in Russia. "He can compromise thousands of intelligence and military officials," Sergei Alexandrovich Markov, the co-chairman of the National Strategic Council of Russia and an adviser to Putin, pointed out. "We can't send him back just because America demands it."

So Snowden was consigned to the transit zone of the airport, which is a twilight zone neither inside nor outside Russia, a netherworld that extends beyond the confines of the airport to include safe houses and other facilities maintained by the FSB for the purposes of interrogation and security. Stranded at the Moscow airport, no matter what he had believed earlier in Hong Kong, Snowden would quickly realize that he had only one viable option: seeking protection in Russia.

Even though the FSB is known by U.S. intelligence to strictly control the movements and contacts of former members of foreign intelligence services in Russia, Snowden might not have realized the full extent of the FSB's interest in him. He naively told *The Washington Post* in December 2013, in Moscow, "I am still working for the NSA right now. They are the only ones who don't realize it." Whatever he might have been thinking, a former U.S. communications intelligence worker who stole American state secrets, such as Snowden, would be under the FSB's scrutiny.

Andrei Soldatov, the co-author of the 2010 book *The New Nobility: The Restoration of Russia's Security State and the Enduring Legacy of the KGB,* who was personally knowledgeable about FSB procedures, explained the FSB would monitor "every facet of Snowden's communications, and his life." General Oleg Kalugin, who, as previously mentioned, defected from the KGB to the United States in 1995, added that the FSB (following the standard operating procedures of the KGB) would be "his hosts and they are taking care of him." Kalugin further said in 2014, "Whatever he had access to in his former days at NSA, I believe he shared all of it with the Russians, and they are very grateful." This assessment was backed by Frants Klintsevich. As the first deputy chairman of the Kremlin's defense and security committee at the time of Snowden's defection, he was



HOUSE_OVERSIGHT_019654

in a position to know Snowden's contribution. "Let's be frank," he said in a taped interview with NPR (in Russian), "Snowden did share intelligence. This is what security services do. If there's a possibility to get information, they will get it."

Even without Klintsevich's comments, top American intelligence officers had little doubt that the Russian security services would do their job. Michael Hayden, for example, who in succession headed three American intelligence services, was certainly in a position to appreciate the capabilities of the Russian and Chinese intelligence services. He told me in 2014 that he saw no other possibility than that Snowden would be induced to cooperate in this situation, saying, "I would lose all respect for the Russian and Chinese security services if they haven't fully exploited everything Snowden had to give." They certainly had that opportunity when Snowden spent almost six weeks at Sheremetyevo International Airport. The FSB controlled his access to food, lodgings, the Internet, and whatever else he needed to survive there. If he did not cooperate, the FSB could also return him to the United States, where in the eyes of the Department of Justice he had betrayed the United States by stealing secrets and taking them abroad. What recourse did Snowden have? In a word, the FSB held all the cards but one—Snowden's help with the stolen documents. Even if Snowden disliked the tactics of the Russian security services, he now had a powerful inducement not to decline the requests of the Russian authorities.

Two weeks after his arrival, the Russian authorities provided him with a convenient path to full cooperation with Russia. He was put in contact with Anatoly Grigorievich Kucherena, a silver-haired, fifty-two-year-old lawyer who is known to be a personal friend of Putin's. Kucherena did tasks for Putin's party in the Russian parliament, or Duma. He had excellent connections in the Russian security apparatus because he served on the oversight committee of the FSB. Kucherena offered to serve as Snowden's pro bono lawyer. On July 12, Snowden officially retained him as his legal representative in Moscow. In explaining the relationship, Kucherena said, "Officially, he is my client, but at the same time, I provide a number of other services to him." According to Kucherena, Snowden turned down



HOUSE_OVERSIGHT_019655

all requests to meet with any representative of the U.S. embassy in Moscow. From that point on, he would act as Snowden's go-between with the FSB and other Russian agencies.

At the outset, Kucherena made it clear to Snowden that he would have to play by Moscow's rules before the Kremlin would grant him permission to stay in Russia. To begin with, Snowden had to withdraw any applications he had made elsewhere for asylum. He had to put his fate entirely in the hands of Putin's Russia. He would also have to be fully candid with the Russian authorities on what was of great value to Putin: the secret documents he had acquired.

Eighteen days later, Snowden received Russian identification papers that allowed him to resettle in Moscow. He was provided with a residence and allowed to set up a broadcasting studio in it that he could use for Internet appearances at well-attended events around the world, such as South by Southwest and TED. Snowden was, according to Kucherena, also furnished with bodyguards. To help earn his keep, he was said by Kucherena to be employed at an unidentified Moscow cyber-security firm. To complete his resettlement, Lindsay Mills, whom he had left behind in Hawaii, was given a three-month visa and was allowed to temporarily live with him in Moscow. This afforded him a lifestyle that Snowden described in an interview as "great."

It would strain credibility that such privileges would be awarded to an intelligence defector who had refused to cooperate with Russian authorities. In Snowden's case, he was even allowed to participate in Putin's telethon on state-controlled television. On it, he was called on to ask Putin if the Russian government violated the privacy of Russian citizens in the same way that the American government violated the rights of its citizens. Putin, smiling at Snowden's presumably vetted question, answered in a single word: "No."

In the Moscow scenario, the Russians acted to advance their interests. They gave Snowden sanctuary, support, perks, and high-level treatment because he agreed to cooperate with them. If Snowden had not paid this basic price of admission, either in Russia or before his arrival, he would not have been accorded this privileged status.



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CHAPTER 17

# The Keys to the Kingdom Are Missing

> There's a zero percent chance the Russians or Chinese have received any documents.
>
> —EDWARD SNOWDEN, Moscow, 2013

A CRITICAL MISSING PIECE in the Snowden enigma is the whereabouts of the NSA documents. Greenwald told the Associated Press that the documents that Snowden had taken from the NSA constituted "the instruction manual for how the NSA is built" and that they "would allow somebody who read them to know exactly how the NSA does what it does, which would in turn allow them to evade that surveillance or replicate it." Snowden, for his part, said on camera in his Hong Kong interview in June 2013 that NSA investigators would have "a heart attack" when they discovered the extent of the breach.

Ledgett, the NSA official who had conducted the damage assessment, while not having a heart attack, confirmed that Snowden had taken a massive number of documents and among them was what he deemed the NSA's "keys to the kingdom." These keys could presumably open up the mechanism through which the United States learns about the secret activities of other nations and, by doing so, bring down the American signals intelligence system that had for



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sixty years monitored government communications. It had also kept track of adversaries' missile telemetry, submarine movements, and nuclear proliferation.

The Snowden breach was not without precedent at the NSA. There had been two Russian spies at the NSA during the Cold War, Jack Dunlap and David Sheldon Boone, who took a limited number of documents, but no one since the end of the Cold War is known to have taken a single NSA classified document. Now an insider had removed a vast number of the NSA's documents. Many of these documents were classified TS/SCI—"Top Secret, Sensitive Compartmented Information"—which, as NSA secrets went, were deemed the gold standard of espionage because they revealed the sources used in communications intelligence. Whatever the assessment of Snowden's motivation, the single question that needed to be answered was, what happened to these stolen files?

Recall the huge disparity between the number of documents that the NSA calculated that Snowden compromised and the number of documents he is known to have handed over to journalists in Hong Kong on a thumb drive. When the House and Senate Intelligence Committees asked the NSA how many documents Snowden took, the NSA could not come up with a definitive number despite having employed a world-class team of experts to reconstruct the crime. The NSA could say that 1.7 million documents had been selected in two dozen NSA computers during Snowden's brief tenure at Booz Allen in 2013, including documents from the Department of Defense, the NSA, and the CIA. Of these "touched" documents, some 1.3 million had been copied and moved to another computer.

There was evidence that Snowden had used preprogrammed spiders to find and index the documents. He had said that he took the job at Booz Allen to get access to data that he copied. So as far as the NSA was concerned, of course, the 1.3 million documents he copied and moved were considered compromised. On top of this haul, Snowden had copied files while working at Dell in 2012. As a system administrator there, he could download data without leaving a digital trail. As previously mentioned, more than half the documents actually published in newspapers had been taken during Snowden's time at Dell.

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Snowden's supporters do not accept that he stole such a large number of documents. According to Greenwald, the NSA vastly exaggerated the magnitude of the theft in order to "demonize" Snowden. Snowden also disputed the magnitude of the 1.7 million number. He told James Bamford of *Wired* in early 2014 that he took far fewer than the 1.7 million documents that the NSA reported were compromised. He offered, however, no more specific details on the magnitude of his theft. Nor did he offer Bamford any way to verify his assertion other than to say that he had purposely left behind "a trail of digital bread crumbs" at the NSA base in Hawaii so that the NSA could determine which documents he "touched" but did not download. A government official familiar with the investigation said no such "bread crumbs" were found by the NSA.

It is possible that the NSA Damage Assessment team under Ledgett falsified its findings or otherwise inflated the number of documents that Snowden stole. NSA executives might have also lied to Congress to exaggerate the loss. But why would these officials engage in an orchestrated deception that made them look bad? Exaggerating the magnitude of the theft would only magnify Ledgett and the NSA's failure in its mission to protect U.S. secrets.

Officials had no reason to demonize Snowden for legal reasons. He already had been. Greenwald and Poitras had already revealed that Snowden had given them a vast number of NSA classified documents on a thumb drive that revealed, as Greenwald put it, the "blueprints" of the NSA. This drive contained, it will be recalled, no fewer than 58,000 highly classified documents. In the eyes of the law, that constituted an unprecedented breach of the laws passed to protect communications intelligence. In any case, in Russia Snowden was not in any jeopardy, no matter how many documents he was said to have stolen. Interestingly, the thirty-five-page Defense Intelligence Agency's damage assessment reports that 900,000 Pentagon documents compromised by Snowden were *not* made public. That was only disclosed via a *Vice* magazine Freedom of Information request in June 2015.

Many of the putative 1.3 million documents that the NSA says were copied and moved were duplicate copies. Others were outdated or otherwise useless routing data. So the quantity does not tell the



HOUSE_OVERSIGHT_019659

whole story. Of far more importance is the quality of some of the data that Snowden had copied. Just a single one of these documents could cripple not just the NSA but America's entire multibillion-dollar apparatus for intercepting foreign intelligence. The previously cited road map, which was thirty-one thousand pages long, listed critical gaps in U.S. coverage of China, Russia, and other adversaries, including those cited by President Obama's national security team. It was not found among the files on the thumb drive given to Poitras and Greenwald. Nor were most of the missing Level 3 lists concerning NSA activities in Russia and China found on the thumb drive, even though Snowden said he had taken his final job at Booz Allen to get access to these lists. If Snowden had not given these documents to Poitras, Greenwald, or other journalists, where were they?

The compartment logs showed that Snowden copied and transferred these Level 3 documents in his final week at the NSA. He presumably had them in his possession in Hong Kong when he arrived on May 20. On June 3, according to Greenwald, Snowden was still sorting through the documents to determine which ones were appropriate to give to journalists. On June 12, he told the reporter Lana Lam in Hong Kong that he was going through the documents, country by country, to determine which additional ones he should pass on to journalists. Eleven days later, he departed Hong Kong for Moscow carrying at least one laptop computer. After arriving in Moscow, he suggested he still had NSA secrets in his possession. "No intelligence service—not even our own—has the capacity to compromise the secrets I continue to protect," he wrote to the former senator Gordon Humphrey. "I cannot be coerced into revealing that information, even under torture." Much of the material he copied while working at Booz Allen remained, as far as the NSA could determine, missing. Had he brought these files under his "protection" to Russia?

An answer soon came from Snowden's Moscow lawyer. On September 23, Anatoly Kucherena was extensively interviewed on the RT channel in Russia. The interviewer, Sophie Shevardnadze, who had a show called *SophieCo*, was a well-admired journalist. She is the granddaughter of Eduard Shevardnadze, a former foreign minis-



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ter and Politburo member of the Soviet Union and, after the Soviet Union broke up, the first president of Georgia. Even though she had interviewed many top political figures in Russia, obtaining an hour-long interview with Kucherena was a coup because, until then, he had not discussed Snowden in a television interview.

About halfway through the interview, Shevardnadze brought up the highly sensitive subject of the disposition of the NSA documents. If anyone was in a position to know about these documents, it was Kucherena. He had acted as an intermediary for Snowden in his negotiations with Russian authorities, including the FSB. As such, he would be privy to the status of the secret material that was of interest to the Russian intelligence services. When I interviewed Kucherena in Moscow in 2015, he told me that "all the reports" concerning Snowden had been turned over to him by "Russian authorities" in July 2013. "I had all of Snowden's statements," he said. If so, he presumably knew what Snowden had told the Russian security services.

Had Snowden come to Russia with empty hands or bearing gifts? Shevardnadze directly asked Kucherena if Snowden had given all the documents he had taken from the NSA to journalists in Hong Kong. Kucherena answered her question without any evasion, saying that Snowden had only given "some" of the NSA's documents in his possession to journalists in Hong Kong. He had kept the remaining documents in his possession. That confirmed what Snowden had told Greenwald, Poitras, and Lam in Hong Kong. Snowden told them that he had divided the stolen NSA documents into two separate sets of documents. One set he gave to Poitras and Greenwald on thumb drives. The other set, which he told them he considered too sensitive for these journalists, he retained for himself. U.S. investigators at the NSA, the CIA, and the Department of Defense would like to know what Snowden did with the set of documents he had retained for himself and had not shared with the journalists in Hong Kong.

Shevardnadze, who makes it a point to drill her interviewees, pressed Kucherena as to whether Snowden still had these NSA files, or "material," in Russia. The dialogue went as follows (from the transcript supplied to me by Shevardnadze).



HOUSE_OVERSIGHT_019661

SHEVARDNADZE: So he [Snowden] does have some materials that haven't been made public yet?

KUCHERENA: Certainly.

Shevardnadze asked the next logical question: "Why did Russia get involved in this whole thing if it got nothing out of it?"

"Snowden spent quite a few years working for the CIA. We haven't fully realized yet the importance of his revelations." Kucherena was on the FSB's public oversight board. He was clearly in the picture. Kucherena's answer was completely consistent with the statement Snowden made three weeks after arriving in Russia in his previously mentioned e-mail to Senator Humphrey.

It is certainly possible that Snowden transferred the NSA files from his own computers and thumb drives to storage on a remote server in the cloud before coming to Russia. The "cloud" is actually not in the sky but a term used for remote storage servers, such as those provided by Dropbox, Microsoft, Google, Amazon, and other Internet companies. Anyone who is connected to the Internet can store and retrieve files by entering a user name and a password.

For Kucherena to be certain Snowden had access to the so-far-unrevealed data, Snowden must have demonstrated his access either to him or to the authorities. The Russians obviously knew Snowden had the means to retrieve this data one way or the other. Because the data concerned electronic espionage against Russia, the FSB would have been keen to obtain the documents, and the FSB is not known to take no for an answer in issues involving espionage.

Even if Snowden refused to furnish his key encryption, according to a former National Security Council staffer, the Russian cyber service in 2013 had the means, the time, and the incentive to break the encryption. It is unlikely it would have had to go through the trouble. It doesn't take a great stretch of the imagination to conclude that, willingly or under duress, Snowden shared his access to his treasure trove of documents with the agencies that were literally in control of his life in Russia.

Kucherena's answer on the television program may also help to explain Putin's decision to allow Snowden to come to Moscow. It was not a minor sacrifice for Putin. His foreign minister, Sergei Lav-



HOUSE_OVERSIGHT_019662

rov, had spent almost six months negotiating with Hillary Clinton's State Department a one-on-one summit between President Obama and President Putin. Not only would this summit be a diplomatic coup for Russia, but also it would add to Putin's personal credibility in advance of the Olympic Games in Russia. In mid-June, after U.S. intelligence reported to Obama's national security adviser that Snowden was in contact with Russian officials in Hong Kong, the State Department explicitly told Lavrov that allowing Snowden to defect to Russia would be viewed by President Obama as a blatantly unfriendly act. As such, it could (and did) lead to the cancellation of the planned summit. Putin knew the downside of admitting Snowden.

But if Snowden had a large archive of files containing the sources of the NSA's electronic interceptions, as Snowden claimed he had in Hong Kong, there was an enormous potential intelligence upside. Putin had to choose between the loss of an Obama summit and an intelligence coup. Would Putin have made the choice he did if Snowden had destroyed, or refused to share, the stolen data?

"No country, not even the United States, would grant sanctuary to an intelligence defector who refused to be cooperative," answered a former CIA officer who had spent a decade dealing with Russian intelligence defectors. "That's not how it works." If so, it seems plausible to believe that, as Kucherena said, the documents Snowden brought to Russia explain why Russia exfiltrated him from Hong Kong and provided him with a safe haven.

## *The Quickly Changing Narrative*

Three weeks after Kucherena's appearance on Shevardnadze's show, on October 17, Snowden had his first interview exchange with a journalist since his arrival in Russia. It was over the Internet with James Risen of *The New York Times,* as noted earlier. Snowden now asserted a very different narrative. The subsequent front-page story, which carried the headline "Snowden Says He Took No Secret Files to Russia," reported that Snowden claimed he gave all his documents to journalists in Hong Kong and brought none of them to Russia. He



HOUSE_OVERSIGHT_019663

also said that he was "100 percent" certain that no foreign intelligence service had had access to them at any point during his journey from Honolulu to Moscow. When I later asked Kucherena in Moscow why Snowden changed his story in direct contradiction of what Kucherena had stated, he said, "Wizner."

He was referring to Ben Wizner, Snowden's ACLU lawyer in Washington, D.C. Wizner had joined the ACLU in August 2001 after graduating from NYU Law School and clerking for a federal judge. At the ACLU, he became an effective foe of NSA surveillance. "I had spent ten years before this [Snowden leak] trying to bring lawsuits against the intelligence community," he explained in an interview with *Forbes* in 2014. Prior to the Snowden leak, he had frequently been consulted by Poitras on government surveillance issues (and appeared in Poitras's 2010 documentary, *The Oath*). He had also been engaged in a lawsuit aimed at exposing the NSA's subpoenas for Verizon records.

He had first learned about Snowden from Poitras in January 2013 while Snowden was still working for Dell at the NSA base in Hawaii. At that time, Poitras did not know Snowden's real name, but she informed Wizner that she was in touch with a person identifying himself as a senior officer in U.S. intelligence. (Poitras did not know at that time that her source, Snowden, was lying to her about his position.) Wizner also was shown e-mails by Poitras in which Snowden said he had information about the government's secret domestic surveillance program. Wizner, according to Poitras, advised her to stay in touch with this source.

On July 13, 2013, after Snowden asked for asylum in Russia, Kucherena arranged an encrypted chat between Snowden and Wizner. According to Wizner, Snowden asked him at the outset, "Do you have standing now?" It was a question that suggested that Snowden was aware that the ACLU needed to gain standing in federal court to challenge the government's alleged domestic surveillance. Up until now, it was unsuccessful because it had no way to show it was a victim of surveillance. The FISA order to Verizon, which Snowden had taken had provided that standing to Wizner and the ACLU.

Aside from the opportunity Snowden offered the ACLU, Wizner no doubt believed in the salutary benefit of Snowden's revela-



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tions. When they discussed Snowden's legal situation in America, Snowden expressed an interest in obtaining some form of amnesty from prosecution. Wizner was willing to attempt to explore making a possible deal with the Department of Justice, but it would not be an easy task, especially if Snowden had turned over NSA documents to a foreign power.

Even to argue that Snowden was merely an NSA whistle-blower presented a serious challenge for Wizner. The ACLU had been involved with previous NSA whistle-blowers, but Snowden's case differed from those cases in important ways. Those whistle-blowers had not intentionally taken any NSA documents. Snowden, on the other hand, had not only taken a large number of NSA documents but also released tens of thousands of these top secret files to journalists based in Germany and Brazil, as well as to other unauthorized recipients. In addition, the Whistleblower Protection Act, passed by Congress in 1989, does not exempt an insider, such as Snowden, who signs a secrecy oath from the legal consequences of disclosing classified documents to journalists or other unauthorized people. Consequently, getting some form of amnesty for Snowden required bolstering his image as a person taking personal risks to fight for America. But if Snowden had taken even a single top secret document to Russia, it would strengthen the case in the court of public opinion that he had stolen communications intelligence secrets with the intent to damage the United States, which under the provisions of federal law could be considered espionage. In this regard, Kucherena's disclosure was extremely damaging to Snowden's position, and Snowden had, after all, already found refuge in Russia. Snowden had two options, according to Wizner, the "first is to be where he is in Russia. And the second is to be in a maximum security prison cell, cut off from the world." These, of course, would be the options of any espionage defector who fled to Russia.

One way to mitigate the damage was for Snowden to substitute a new narrative. Wizner took it upon himself to screen potential journalists and other outlets for Snowden. He told a reporter for *The New York Times* that, except for Oliver Stone, all individuals who have "met with Snowden have just gone through me, and we've hooked it up." Nor did he limit his extraordinary control to



HOUSE_OVERSIGHT_019665

interviews. In the case of Stone's movie *Snowden,* Wizner asked for the right to veto any shots featuring Snowden in the film. In it, he would tell handpicked journalists that he had given all his documents to Poitras and Greenwald in Hong Kong and took none of them to Russia. Wizner could then argue that documents such as the FISA court order were improperly classified secret and that disclosing them served the public good. The government might not be able to contest his claim without further revealing NSA sources. Under these circumstances, it might be induced to agree to a plea bargain for Snowden. Changing the narrative would also help enhance his public image as a whistle-blower.

Snowden's new narrative that he had destroyed all the documents he had in his possession before coming to Moscow and had no access to any NSA documents, not even those that he had distributed to journalists, was reinforced in a series of interviews that Wizner helped arrange. "I went the first six months without giving an interview," Snowden later said. "It wasn't until December 2013 that I gave my first interview to Barton Gellman." (Snowden did not count his Internet exchange with Risen in October as an "interview".)

In late December 2013, Snowden met with Barton Gellman. It was his first face-to-face meeting with a journalist since he had arrived in Russia in June. Snowden turned his laptop toward Gellman and, as if proving his point, said to him, "There's nothing on it. . . . My hard drive is completely blank." That his computer had no files stored on it at that moment of course meant very little. Just six weeks earlier, Snowden had met with the former CIA officer Ray McGovern, who had been invited to meet him in Moscow along with three other American whistle-blowers. At that meeting, he told McGovern that he had stored all the NSA data he had taken on external hard drives. Gellman asked about the precise whereabouts of the files, but, as he reported, Snowden declined to answer that question. He would only say that he was "confident he did not expose them to Chinese intelligence in Hong Kong." That answer did not nail down the issue, so Wizner arranged for *Vanity Fair,* which was preparing an article on Snowden, to submit questions. In his reply to them, Snowden wrote that he destroyed all his files in Hong Kong because he didn't



HOUSE_OVERSIGHT_019666

want to risk bringing them to Russia. He expanded on this claim in three more interviews. These interviews were all with three journalists who had opposed NSA surveillance: James Bamford, writing for *Wired* magazine; Alan Rusbridger, the editor of *The Guardian;* and Katrina vanden Heuvel, the editor of *The Nation.* He also gave a televised interview to Brian Williams of NBC News in which he explained that because he had no access to the NSA documents in Russia, he could not provide access to the Russians even if they "break my fingers."

Snowden did not specify where, when, or how the putative destruction of the files occurred and offered neither witnesses nor evidence, other than the meaningless blank laptop screen, to corroborate it. Still his new self-serving narrative was widely accepted by the media. The fact remains, though, that Snowden went to considerable risk to select, copy, and steal Level 3 documents before leaving Hawaii for Hong Kong. These secrets were his last potential bargaining chips. Why would he have destroyed them in June in Hong Kong?

It is also difficult for me to accept that Snowden would destroy these documents because he feared the Russians might get them. If he was so concerned about the possibility, he could have stayed in Hong Kong and fought extradition instead of flying to Russia. Surely he must have realized that even without the files on his computer, the Russian intelligence service could still obtain the NSA secrets he held in his head. Indeed, as he told the *Times,* the secrets he held in his head would have devastating consequences for NSA operations.

In light of Kucherena's statement that in Russia Snowden had access to NSA documents, it would require a serious suspension of disbelief to accept Snowden's new narrative. Even if one were willing to accept his new claim, it still would not mean that the NSA documents had not fallen into the hands of adversaries. If he had destroyed all of the electronic copies of the NSA's data before boarding his flight to Moscow, he still couldn't be "100 percent" certain, as he claimed, that the data had not been accessed by others prior to his departure from Hong Kong. His files could have been copied with-



HOUSE_OVERSIGHT_019667

out his knowledge, just as he had copied them without the NSA's knowledge. As former U.S. intelligence officers pointed out to me, adversary services could not be expected to shirk from employing their full capabilities once they learned that an American "agent of special services," as Putin called him, had brought stolen NSA documents to Hong Kong.

The *Times* reported from Hong Kong that two sources, both of whom worked for major government intelligence agencies, "said they believed that the Chinese government had managed to drain the contents" of the laptop that Snowden brought to Hong Kong. That China had the capability to obtain Snowden's data was also the view of the former CIA deputy director Morell. He said, "Both the Chinese and the Russians would have used everything in their tool kit—from human approaches to technical attacks—to get at Snowden's stolen data."

Snowden would not have been a particularly difficult target for them, especially after he started disclosing secrets to journalists at the Mira hotel. Not only could the Chinese service approach the security staff at the Mira, but they could track him after he left the hotel and moved, along with his computers, in and out of several residences arranged by his carer. Snowden, after all, had put himself in the hands of people whom he had never met before, including three Hong Kong lawyers, a carer, and three *Guardian* journalists. It is likely that the efforts of these adversary intelligence services to find him, and the NSA data, would further intensify after Snowden revealed to the *South China Morning Post* on June 12 that he had access to NSA lists of computers in China and elsewhere that the NSA had penetrated.

It wouldn't be only the Chinese service on his trail. The Russian intelligence service would also likely be tasked to acquire these NSA documents after Snowden's meeting with Russian officials in Hong Kong. And while he could get away with giving coy and elusive answers to journalists who asked him about the whereabouts of the NSA data, the Russian and Chinese officials in Hong Kong who could offer him an escape route from prison would likely demand more specific answers about the whereabouts of data they had not already obtained by technical means.

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## *The Post–Hong Kong Documents*

The NSA concern about who had access to its missing files deepened further when NSA documents continued to surface in the press *after* Snowden went to Moscow. If U.S. intelligence needed any further evidence that someone had access to the documents, these additional revelations provided it.

The most sensational of them was a purported document attributed to Snowden concerning the NSA hacking of the cell phone of the German chancellor, Angela Merkel. The story was published on October 23 on the *Der Spiegel* website. Appelbaum was the co-author of the story. Even though Snowden had by now been in Russia for four months, he was cited in the story, along with unnamed "others," as the source for the NSA document. Snowden did not deny it. Indeed, he took a measure of credit for the revelation, saying on German TV, "What I can say is we know Angela Merkel was monitored by the National Security Agency." If Snowden had been involved in the release of this document, it would be consistent with Kucherena's assertion that he had access to the archive.

Adding to the intrigue, Poitras was apparently caught by surprise when the Merkel story broke in *Der Spiegel*. She urgently texted Snowden on what she called "background" (which ordinarily means that a journalist will not attribute information to a source). She asked him in the text to explain the NSA's actions. Snowden explained to her that Merkel was listed by her true name (and not by a code name) in the NSA document because the German chancellor was an NSA "target not an asset." Presumably, Poitras would have already known that distinction if she had the document referred to in *Der Spiegel*. If the Merkel document was not among the data given to Poitras in Hong Kong, how did it get to the authors of the *Der Spiegel* article?

Appelbaum, of course, had been in contact with Snowden before he went public. He had served as Poitras's co-interrogator of Snowden while he was still working at the NSA in May 2013. Appelbaum was also one of the leading supporters of WikiLeaks. Because he was famously an advocate of revealing government secrets, it seems unlikely that he would have delayed releasing such a bombshell about Merkel's phone if Snowden had given him this document



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*before* he left Hong Kong in June 2013. Why would Appelbaum keep it secret for more than four months? The same pressure to publish would also apply to the journalists Snowden had dealt with in Hong Kong. If Snowden had given Poitras, Greenwald, Lam, or MacAskill the Merkel document, or even told them about it in their interviews with him in Hong Kong, *The Guardian* would have certainly rushed out such a scoop.

According to a source with knowledge of the Snowden investigation, there was no document referencing any spying on Merkel's phone among the fifty-eight thousand documents on the thumb drive that Snowden had given to Poitras and Greenwald in Hong Kong. That absence would explain why Poitras had to send a text to Snowden in Moscow to ask for an explanation after the story broke.

Further confirmation of the absence of this document in the material Snowden provided journalists in Hong Kong comes from James Bamford, a well-respected expert on the NSA. In the course of researching his 2014 article on Snowden for *Wired*, he was given access to all the documents Snowden gave to Poitras, Greenwald, and Gellman. Bamford used a sophisticated indexing program to search through the database specifically for the Merkel material. He did not find any. He reported that no document given to journalists in Hong Kong even mentioned Merkel. It therefore appeared that the Merkel document was provided to *Der Spiegel* after Snowden went to Moscow. If so, some party had access to NSA documents after Snowden arrived in Russia and provided the *Der Spiegel* authors with the scoop. In that context, it might not have been a pure coincidence that Kucherena disclosed that Snowden had access to documents that he had not given to journalists in Hong Kong shortly before just such a document was published in Germany.

Bamford explored the possibility that there might be another person in the NSA who was stealing documents. He wrote to Poitras and asked her whether the Merkel document could have come from another person in the NSA. She declined, via a letter from her lawyer, to answer that question. But because she had not been the author of the *Der Spiegel* article, and had not been given the document, there is no reason to believe that she would know its provenance.

Documents continued to emerge years after Snowden arrived in



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Moscow that were more embarrassing to America. In June 2015, the WikiLeaks website released another putative Snowden document, two years after he had supposedly wiped his computer clean in Hong Kong. It revealed that the NSA had targeted the telephones of three consecutive presidents of France—Jacques Chirac, Nicolas Sarkozy, and François Hollande.

According to a former NSA official, this document, like the 2013 Merkel material, was not among the data on the thumb drive given to journalists in Hong Kong, which Greenwald confirmed. Greenwald suggested to *The New York Times* that it might have been stolen by another penetration in the NSA, presumably one who had access to the same secret compartments as Snowden in 2013. Since Greenwald and Poitras had no way of knowing about the documents that Snowden did *not* give them, it is equally possible that the Russian intelligence services obtained this document from Snowden and later gave it to WikiLeaks. The release on Assange's WikiLeaks site came in the midst of NATO war games held near the Russian border, which Putin had vehemently denounced. The accompanying article was co-authored by Assange, who now claimed to have access to Snowden's NSA material. Because Assange had been in telephonic contact with Snowden in Hong Kong, and his deputy, Sarah Harrison, had spent five months in Moscow with Snowden in 2013, it is certainly possible Snowden was his source. But it seems difficult to believe that Assange waited two years before publishing because he has made it part of his modus operandi to publish documents immediately. Because WikiLeaks receives documents anonymously via its Tor software, any party with access to the Snowden files could have sent it. Subsequently, in July 2016, Assange released via WikiLeaks a cache of politically disruptive documents from the files of the Democratic National Committee. U.S. intelligence strongly suspected they been stolen by the Russian intelligence services and sent to WikiLeaks. If so, Russia made use of Assange and WikiLeaks to exploit selected fruits of its espionage activities

Greenwald and Poitras also released belated documents. On July 15, 2015, their web publication, *The Intercept*, released a Snowden document that cited an NSA intercept of an Israeli military communication concerning an Israeli raid in Syria on August 1,



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2008. It revealed that a group of Israeli commandos killed General Muhammad Suleiman, a top aide to President Bashar al-Assad who had been working with North Korea to build a nuclear facility in Syria. Israel had destroyed that facility in Operation Orchard nearly a year earlier. Whatever the purpose of this new release of an NSA document (which had little if anything to do with any of the NSA's own operations), it was not among the data that Snowden had given Poitras and Greenwald in Hong Kong in 2013, according to a source with access to the investigation. Next, on January 28, 2016, *The Intercept* published data taken from a GHCQ (the British cipher service) file furnished by Snowden revealing military intelligence activities abroad. Specifically, it disclosed that the United States and Britain were intercepting data from Israel's military drones in 2008. British intelligence had determined in 2013 that the material sent to Greenwald via a courier did not contain such GCHQ documents. If that is the case, then Poitras and Greenwald, like Appelbaum and Assange, were still receiving NSA documents that Snowden had allegedly stolen a long time after he went to Russia and claimed he had destroyed all his files.

The NSA reportedly determined that these belated documents, most of which concerned American allies in Germany, France, and Israel, had been among the material copied during the Snowden breach. They provided further reason to believe that someone still had access to the documents that were not distributed to journalists in Hong Kong. Kucherena's disclosure, just before the first post–Hong Kong release, that Snowden still had access to the NSA files made it appear plausible that Snowden sent these documents to *Der Spiegel, WikiLeaks,* and *The Intercept.*

A former high-ranking KGB officer I interviewed had a very different view. He told me that in his experience an intelligence defector to Russia would not be allowed to distribute secret material to journalists without explicit approval by the security service tending him. He added that this injunction would be especially true in the case of Snowden because Putin had publicly enjoined him from releasing U.S. intelligence data. The more plausible alternative was that this material was released at the behest of the Russian intelligence service.



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The mystery of the post–Hong Kong documents also intrigued members of the U.S. intelligence community with whom I discussed it. When I asked a former intelligence executive about the ultimate source for the Merkel story, he responded, "If Snowden didn't give journalists this document in Hong Kong, we can assume an intermediary fed it to Appelbaum to publish in *Der Spiegel*." According to him, the NSA investigation had determined that Snowden indeed had copied an NSA list of the cell phone numbers of foreign leaders, including the number of Merkel. This list became the basis of the *Der Spiegel* story.

It was also clear that Snowden gave credence to the release in Moscow. He made a major point about the hacking of Merkel's phone in an interview with *Wired* in 2014. Just about two weeks before the leak, Kucherena said Snowden still had access to the documents. Clearly, *someone* had access. But whoever was behind it, the release of information about the alleged bugging of Merkel's phone resulted in badly fraying U.S. relations with Germany in the midst of developing troubles in Ukraine. As it later turned out, according to the investigation of the German federal prosecutor, which concluded in 2015, there was no evidence found in this document, or elsewhere, that Merkel's calls were ever actually intercepted. Although they revealed little if anything that the intelligence services of Germany, France, and Israel were not already aware of, they raised a public outcry in allies against NSA surveillance, and the outcry became the event itself.

While these post–Hong Kong documents had little if any intelligence value, they provided further evidence that at least part of the stolen NSA documents was in the hands of a party hostile to the United States. If so, it wasn't much of a leap to assume that this party also had access to the far more valuable Level 3 documents revealing the NSA's sources and methods, such as the one that Ledgett had described as a "roadmap" to U.S. electronic espionage against Russia and China.

Within the intelligence community, this concern was heightened by new countermeasures to this espionage employed by Russia and China after Snowden reached Moscow. For example, there were indications that the NSA had lost part of its capabilities to follow



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Russian troop movements in the Crimea and eastern Ukraine. U.S. intelligence officials even went so far as to suggest, according to a report in *The Wall Street Journal*, that "Russian planners might have gotten a jump on the West by evading U.S. eavesdropping."

Britain also discovered that some of its secret operations had been compromised after Snowden went to Moscow. According to a 2015 story in the *Sunday Times* of London, British intelligence had determined that Britain's intelligence-gathering sources had been exposed to adversary services by documents that Snowden had stolen from the NSA in 2013. These documents had been provided to the NSA by the GCHQ. Unless such intelligence disasters were freak aberrations, it appeared to confirm General Alexander's warning in 2014 that the NSA was "losing some of its capabilities, because they're being disclosed to our adversaries."

Snowden's supporters disputed this view. If only as an act of faith in Snowden's personal integrity, they continued to believe his avowal to Senator Humphrey that he had acted to protect U.S. secrets by shielding them from adversary intelligence services after he took them abroad. They also continued to take him at his word when he said he had destroyed all the NSA documents before going to Russia. Despite such protestations of patriotic loyalty, U.S. intelligence officials could not so easily dismiss the possibility that the missing documents still existed. After all, a U.S. intelligence worker who is dedicated to protecting America's secrets from its adversaries does not ordinarily steal them.

The NSA, the CIA, and the Department of Defense therefore had little choice but to assume the worst had happened: Russia and China had obtained access to the "keys to the kingdom." Whatever the extent of the actual damage, it was up to Alexander's replacement, Admiral Michael Rogers, both to restore morale and to rebuild the capabilities of America's electronic intelligence in the wake of the massive breach. According to a national security staff member in the Obama White House, that job would take more than a decade. The NSA had failed to protect vital assets. This intelligence failure did not happen out of the blue.



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CHAPTER 18

# The Unheeded Warning

> The NSA—the world's most capable signals intelligence organization, an agency immensely skilled in stealing digital data—had had its pockets thoroughly picked.
>
> —CIA DEPUTY DIRECTOR MICHAEL MORELL, 2015

IN APRIL 2010, the CIA received a stark reminder of the ongoing nature of Russian espionage. It came in the form of a message from one of its best-placed moles in the Russian intelligence service. This surreptitious source was Alexander Poteyev, a fifty-four-year-old colonel in the SVR, which was the successor agency to the first chief directorate of the KGB. While the FSB took over the KGB's domestic role in 1991, the SVR became Russia's foreign intelligence service. Its operation center was in the Yasenevo district of Moscow. The CIA had recruited Poteyev as a mole in the 1990s when he had been stationed at the Russian embassy in Washington, D.C. That it could sustain a mole in Moscow for over a decade attested to its capabilities in the espionage business. After he returned to Moscow, still secretly on the CIA's payroll, he became the deputy chief of the SVR's "American" section. This unit of Russian intelligence had the primary responsibility for establishing spies in the CIA, the FBI, the NSA, and other American intelligence agencies.

The SVR's last known (or caught) mole in U.S. intelligence was



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the CIA officer Harold Nicholson, in 1996. Before it could expand its espionage capabilities, it needed to build a network of Russian agents in the United States. For this network, it needed to groom so-called illegals, or agents who were not connected to the Russian embassy. This so-called illegals network was necessary because presumably all Russian diplomats, including the so-called legal members of Russian intelligence, were under constant surveillance by the FBI.

Advances in surveillance technology in the twenty-first century made it increasingly difficult to communicate with recruits through its diplomatic missions. To evade it, the "American" division of the SVR was given the task of placing individuals in the United States disguised as ordinary Americans. Their "legend," or operational cover, could be thin because they would not be applying for jobs in the government. Their job was simply to blend in with their community until they were called upon by the "American" department in Moscow to service a mole who had been planted in U.S. intelligence or other parts of the U.S. government. Until they were activated by such a call, they were classified as sleeper agents. Unlike the SVR's "legal" officers, who were attached to Russian embassies as diplomats and were protected from arrest by the Treaty of Vienna, the SVR's illegal agents lack diplomatic immunity. According to Pavel Sudoplatov, who defected from the KGB in the Cold War, the sole job of such sleeper agents was to "live under cover in the West awaiting assignments for the Center." One assignment that justifies the expense of maintaining such agents is to service a penetration, after one is made, in the U.S. intelligence establishment. While waiting to be activated for such a job, sleeper agents were instructed to build every detail of their cover identity so as to perfectly blend in with Americans.

To build this American network of sleeper agents took the better part of a decade. In 2005, the SVR's "American" section in Moscow had begun methodically installing them in the United States. Almost all were Russian citizens who had assumed new identities to better blend into their communities.

The CIA learned of this sleeper program through Poteyev soon after it began. The issue was how to exploit this knowledge. When I was writing my book on international deception, James Jesus Angle-



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ton had pointed out to me that "the business of intelligence services requires understanding precisely the relationship of their opposition to them." His view, though his opponents inside the CIA would call it with some justification an obsession, was that an intelligence service had to focus on the moves of its rivals. To accomplish this "business" in the first decade of the twenty-first century, the CIA had to establish why its new opposition, the SVR, was laying the foundation for an espionage operation. What were its priorities in the resumption of the intelligence war? Its inside man in the SVR, Poteyev, provided it with a tremendous advantage in this relationship. He knew the links in a sleeper network that the SVR believed was safely hidden from surveillance. If they were followed, when they were activated, they could expose whatever recruits the SVR had in the American government. The CIA duly shared this information about the sleeper ring with the FBI, which had the responsibility for the surveillance of foreign agents in the United States. The FBI, for its part, kept the Russian sleeper agents under tight surveillance—an operation that grew in complexity and expense as more SVR agents arrived in the United States.

Meanwhile, in Moscow, Poteyev was following the unfolding operation. Part of his SVR job was to continue preparing these "Americans," as they were called by the SVR, for their assignments. Some had been sent as couples, others as singles. One of the singles that Poteyev personally handled was Anna Kushchyenko. She was a strikingly beautiful Russian student who changed her name to Anna Chapman by briefly marrying a British citizen she met at a rave party. After taking his name, she left him. After completing her training in Russia, she was sent by the SVR to New York City to establish herself as an international real estate specialist. Other "Americans" under Poteyev's watch became travel agents, students, and financial advisers. In all, Poteyev identified to the CIA twelve such sleeper agents. The cost of FBI surveillance of them over the years became sizable. According to a former FBI agent, around-the-clock surveillance on the movements and communications of a single individual can cost over $10,000 a day.

When the CIA received Poteyev's message in 2010 warning that Russian military intelligence had asked the SVR to activate some of



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its sleeper agents for a highly sensitive assignment, that suggested Russian intelligence had found a possible source who could supply it with valuable information. According to a former CIA intelligence official who later became involved in the case, the assignment involved preparing these agents to service a potential source in the NSA at Fort Meade, Maryland. If true, it suggested that Russian intelligence either had found or was working on a means of penetrating the NSA.

In 2010, the NSA division that handled such security and espionage threats reportedly initiated a counterespionage probe at the NSA's Fort Meade headquarters. According to a former NSA official, "They [were] looking for one or more Russian spies that NSA [was] convinced resided at Fort Meade and possibly other DoD Intel offices, like DIA." Because the NSA's cryptological service had in 2010 thirty-five thousand military and civilian contractor employees, the search for a possible leak was no easy matter. According to a subsequent note in the NSA's secret budget report to Congress, it would require "a minimum of 4,000 periodic investigations of employees in position to compromise sensitive information" to safely guard against "insider threats by trusted insiders who seek to exploit their authorized access to sensitive information to harm U.S. interests." According to a former executive in the intelligence community, that amount of investigation far exceeded the budgetary capabilities of the NSA. So while the investigation found no evidence of SVR recruitment, it remained possible that Russian intelligence had found a candidate in the NSA.

Meanwhile, in June 2010, to preempt such a leak in U.S. intelligence and avoid any potential embarrassment that could result, the FBI decided it could no longer engage in this sort of an intelligence game with the sleeper network. It arrested all twelve sleeper agents identified by Poteyev. After receiving a great deal of public attention (which led to their inspiring the FX series *The Americans*), the sleeper agents were deported to Russia. This move had both advantages and disadvantages. The main advantage was that it severed any communication link between the putative person of interest in the NSA and Russian intelligence via the sleeper agents. The main disadvantage was that it eliminated the possibility that FBI surveillance



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of the illegals might lead the FBI to a possible recruit in the NSA or elsewhere.

The preemptive arrests also had an unforeseen consequence. They resulted in accidently compromising Poteyev. When Chapman returned to Moscow after a spy exchange, she was taken to a well-publicized dinner with Putin. Afterward, she informed her debriefer at the SVR that only Poteyev had been in a position to know the password that an FBI agent had used to try to deceive her into believing she was speaking to an SVR officer. This brought Poteyev under immediate suspicion. Tipped off by the CIA to the FBI's error, Poteyev managed to escape by taking a train from Moscow to Belarus, where the CIA exfiltrated him to the United States. Poteyev had been saved from prison—or worse—but he was no longer useful to the CIA as a mole. Without the services of Poteyev in the SVR in Moscow, U.S. intelligence was unable to find out further details about the mission to which Poteyev's sleeper agents were to be assigned. All it had discovered was the history of the preparations for a major espionage revival. It now knew that the SVR had installed plumbing in America and that one or more agents in this network had been activated to handle a possible recruit in the NSA. But without anyone left in the sleeper network to follow and without an inside source in the SVR, it had no further avenues to fruitfully pursue. The revelation of the sleeper agents had little if any other intelligence value.

The NSA's own security investigation turned up no evidence of a leak at Fort Meade in 2010. That of course doesn't mean there hadn't been one. The Russian intelligence service had demonstrated in the past that it was well schooled in covering its tracks in operations against U.S. communications intelligence. For example, CIA counterintelligence had learned from a KGB defector in the early 1960s that Russian intelligence had penetrated the cipher room at the U.S. embassy in Moscow and, because of this operation, the KGB was able to decipher crucial communications. Even so, it failed to find either the perpetrator or any evidence of his existence for more than half a century. The operation was only definitively revealed by the Russian spymaster Sergey Kondrashev in 2007. Tennent Bagley, who headed the CIA's Soviet bloc counterintelligence at the time, lately



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wrote in his book that the ability of Russian intelligence to conceal this penetration for more than half a century "broke the record for secret keeping."

This Russian ability to penetrate U.S. intelligence was not entirely defeated by America's implementation of more sophisticated security procedures, such as the polygraph examination and extensive background checks. In 1995, eleven years before Snowden joined it, the CIA's inspector general completed a study of the KGB's use of false defectors to mislead the U.S. government from the end of the Cold War in the late 1980s through the mid-1990s. It found Russia had dispatched at least half a dozen double agents who provided misleading information to their CIA case officers.

Because the KGB operation went undetected for nearly a decade, the disinformation prepared in Moscow had been incorporated into reports (which had a distinctive blue stripe to signify their importance) that had been provided to Ronald Reagan, George H. W. Bush, and Bill Clinton. Even more shocking, in tracing the path of this disinformation, the inspector general found that the "senior CIA officers responsible for these reports had known that some of their sources for this information were controlled by Russian intelligence," yet they did not inform the president and officials receiving the blue-striped reports that they included Russian misinformation. What the CIA director John Deutch called "an inexcusable lapse" also reflected a form of institutional willful blindness in U.S. intelligence, borne out of a bureaucratic fear of career embarrassment so well described in Le Carré's spy novels. Detecting intelligence failures has, if anything, become even more difficult in the age of the anonymous Internet.

The Snowden breach demonstrated the NSA had few if any fail-safe defenses against would-be leakers of communications intelligence. In the new domain of cyber warfare, conventional defensive rules do not apply. "There are no rivers or hills up here. It's all flat. All advantage goes to the attacker," General Hayden said in an interview in 2015 with the publisher of *The Wall Street Journal*. His point was that because there are no defensive positions, the United States in cyber warfare must rely on an aggressive offensive. If fully successful, such an offensive would so deeply penetrate the defenses of



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an adversary's intelligence organization that it could not mount any of its own surprise cyber attacks. It would also make it difficult if not impossible for adversary services to recruit a spy in the NSA. For example, the CIA penetration of the SVR in 2010 prevented it from using its sleeper network against U.S. targets. "The best defense in this game may be an overwhelming offensive," a former intelligence official said to me. "But that strategy only works if we can keep secret sensitive sources."

Central to this offensive strategy was the NSA's National Threat Operations Center in Oahu. It employed threat analysts to surreptitiously monitor the secret activities of potential enemies, mainly China, Russia, and North Korea. A large part of their job was to make transparent to the United States the hostile activities of the Russian and Chinese services so that they posed little if any intelligence threat to America. This strategy worked so long as the NSA guarded itself, but it also raised the issue, as the Roman Juvenal famously warned, "Quis custodiet ipsos custodes?" (Who will guard the guards themselves?)

Less than three years after the NSA had received the Poteyev warning, instead of guarding secrets, Snowden stole them. Despite all the measures the NSA had taken to protect its vital secrets, a lowly civilian employee had walked away with the lists of secret NSA sources in China and Russia and then gone first to China and then to Russia. In the hands of their intelligence services, these stolen lists had the potential to totally upend the NSA's offensive strategy. Because Russia and China have an intelligence treaty for sharing such spoils between them when it is to their mutual advantage, it had to be assumed that if either country had acquired the secrets from Snowden, they would be shared between them, altering the balance of power between the communications intelligence services of the United States and its adversaries.

Following the Snowden breach, both China and Russia had immense successes in breaking through the defenses of U.S. government networks, including the reported breaches in 2014 and 2015 of U.S. personnel files and background checks. When I asked General Hayden in June 2015 if these successes were made easier by those documents compromised by Snowden, he replied, "Even though I



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cannot make a direct correlation here, unarguably our adversaries know far more about how we collect signals intelligence than they ever did before [Snowden]."

If Snowden could cause such massive damage, so could other civilian trainees at the NSA. Someone in the chain of command had to take responsibility. General Alexander tendered his resignation on June 30, 2013. "I'm the director," he said, falling on his sword. "Ultimately, I'm accountable." Because President Obama did not want the head of the NSA resigning in the midst of the Snowden crisis, he asked him to stay on for another six months. He then appointed Rogers to be his replacement. Meanwhile, it had become undeniably clear to the review committee appointed by President Obama in 2013 that the NSA's own defenses had catastrophically failed. If so, this change was the equivalent of rearranging the deck chairs on the *Titanic* after it hit the iceberg.

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PART THREE

# THE GAME OF NATIONS

I learned that just beneath the surface there's another world, and still different worlds as you dig deeper.

—DAVID LYNCH, on his 1986 film, *Blue Velvet*



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CHAPTER 19

# The Rise of the NSA

> There are many things we do in intelligence that, if revealed, would have the potential for all kinds of blowback.
>
> —JAMES CLAPPER, director of national intelligence, 2013

IN THE GAME OF NATIONS, which often is not visible to public scrutiny, the great prize is state secrets that reveal the hidden weaknesses of a nation's potential adversaries. The most important of these in peacetime is communication intercepts. It was just such state secrets that Edward Snowden took from the NSA in the spring of 2013. Before that breach, America's paramount advantage in this subterranean competition was its undisputed dominance in the business of obtaining and deciphering the communications of other nations. The NSA was the instrument by which the United States both protected its own secret communications and stole the secrets of foreign nations. The NSA, however, has an Achilles's heel: It is dependent on civilian computer technicians who do not necessarily share its values to operate its complex system. Because of this dependence, it was not able in 2013, as it turned out, to protect its crucial sources and methods.

Snowden exposed this vulnerability when he walked away with the aforementioned descriptions of the gaps in America's coverage



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of the communications of its adversaries. Even though the Cold War had been declared over after the collapse of the Soviet Union a quarter of a century earlier, the age-old enterprise of espionage did not end with it. Russia and China still sought to blunt the edge that the NSA gave the United States. The Snowden breach therefore needs to be considered in the context of the once and future intelligence war.

The modern enterprise of reading the communications of other nations traces back in the United States to military code-breaking efforts preceding America's entry into World War I. The invention of the radio at the end of the nineteenth century soon provided the means of rapidly sending and getting messages from ships, submarines, ground forces, spies, and embassies. These over-the-air messages could also be intercepted from the ether by adversaries. If they were to remain secret, they could not be sent in plain text. They had to be sent in either code, in which letters are substituted for one another, or, more effectively, a cipher, in which numbers are substituted for letters. Making and breaking codes and ciphers became a crucial enterprise for nations. By 1914, the U.S. Army and Navy had set up units, staffed by mathematicians, linguists, and crossword puzzle solvers, to intercept and decode enemy messages. After the war had ended in 1918, these units were fused into a cover corporation called the Code Compilation Company, which moved to new offices on Thirty-Seventh Street and Madison Avenue in New York City.

Under the supervision of the famous cryptographer Herbert O. Yardley, a team of twenty code breakers was employed in what was called the Black Chamber. Yardley arranged for Western Union, which had the telegraph monopoly in America, to provide the Black Chamber with all the telegrams coming into the United States. "Its far-seeking eyes penetrate the secret conference chambers at Washington, Tokyo, London, Paris, Geneva, Rome," Yardley wrote about the Black Chamber. "Its sensitive ears catch the faintest whispering in the foreign capitals of the world." But in 1929, at the instructions of President Herbert Hoover, Secretary of State Henry Stimson closed the Black Chamber, saying famously, "Gentlemen should not read each other's mail."

The moratorium did not last long. With war looming in Asia and



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Europe, President Franklin D. Roosevelt reactivated the operation as the Signal Security Agency. It proved its value in breaking the Japanese machine-generated cipher "Purple." In June 1942, using deciphered Japanese messages to pinpoint the location of the Japanese fleet at Midway, America won a decisive naval victory in the Pacific. Germany's Enigma encoding machines, with three encoding wheels, proved more of a challenge. Initially, British cryptanalysts led by the brilliant mathematician Alan Turing succeeded in building a rudimentary computer to decipher Germany's messages to its submarines and bombers, but in 1942 Germany added a fourth set of encoding wheels, escalating what was essentially a battle of machine intelligence. The U.S. Navy then contracted with the National Cash Register Company to build a computing machine capable of breaking the improved Enigma, and in May 1943 it succeeded.

By the time the war ended in 1945, the United States had over one hundred giant decryption machines in operation. This unrivaled capability to read the communications of foreign nations, which remained one of America's most closely guarded secrets, was transferred to the Army Security Agency based at Fort Meade, Maryland. Then, on October 24, 1952, President Harry S. Truman greatly expanded its purview and changed its name to the National Security Agency.

The NSA was given two missions. The first one was protecting the communications of the U.S. government. The main risk was that the Soviets would find a way of breaching U.S. government channels of communications. The second mission was intercepting all the relevant communications and signals of foreign governments. This latter mandate included the governments of allies as well as enemies. The president, the other intelligence services, and the Department of Defense deemed what was relevant for national security. Even though the NSA remained part of the Department of Defense, its job went far beyond providing military intelligence. It also acted as a service agency to other American intelligence services. They prepared shopping lists of foreign communications intelligence targets for the NSA to pursue.

As the Cold War heated up in the 1960s, the NSA provided intelligence not only to the Pentagon but to the Department of State, the



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Central Intelligence Agency, the Treasury Department, the Atomic Energy Commission, and the FBI. With a multibillion-dollar "black budget" hidden from public scrutiny, the NSA's technology directorate invested in state-of-the-art equipment, including supercomputers that could break almost any cipher, antennas mounted on geosynchronous satellites that vacuumed in billions of foreign telephone calls, and other exotic capabilities. It also devised stealthy means of breaking into channels that its adversaries believed were secure. This enterprise required not only an army of technical specialists capable of remotely intercepting even the faintest traces of electromagnetic signals, hacking into computers, and eavesdropping on distant conversations but also special units called "tailored access operations," to plant listening devices in embassies and diplomatic pouches. The NSA also organized elaborate expeditions to give access to or even penetrate physical cables in enemy territory. In 1971, for example, the NSA sent a specially equipped submarine into Russia's Sea of Okhotsk in Asia to tap through Arctic ice. The target was a Russian cable four hundred feet below the surface that connected the Russian naval headquarters in Vladivostok with a missile testing range.

In 1980, President Ronald Reagan gave the NSA a clear mandate to expand its interception of foreign communications. In Executive Order 12333, he told the NSA that "all means, consistent with applicable Federal law and this [Executive] order, and with full consideration of the rights of United States persons, shall be used to obtain reliable intelligence information to protect the United States and its interests." It did not restrict any foreign country, either an adversary or an ally, from its surveillance.

The NSA's target soon became nothing short of the entire electromagnetic spectrum. "We are approaching a time when we will be able to survey almost any point on the earth's surface with some sensor," Admiral Stansfield Turner, the former director of central intelligence, wrote in 1985. "We should soon be able to keep track of most of the activities on the surface of the earth." Bobby Ray Inman, a former director of the NSA and deputy director of the CIA, argued that the "vastness of the [American] intelligence 'take' from the Soviet Union, and the pattern of continuity going back years,



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even decades," greatly diminished the possibility of Soviet deception so long as the NSA kept secret its sources.

The NSA did not rely entirely on its own sensors for this global surveillance. It also formed intelligence-sharing alliances with key allies. The most important was with the British code-breaking service, GCHQ, which had achieved enormous success in World War II in using computers to crack the German Enigma cipher. This alliance expanded to include Canada, Australia, and New Zealand in the so-called Five Eyes Alliance. Because over 80 percent of international phone calls and Internet traffic passed through fiber-optic cables in these five countries, the alliance had the capability of monitoring almost all phone and Internet communications.

The NSA also established fruitful liaisons with the cyber services of Germany, France, Spain, Italy, the Netherlands, Portugal, Israel, Japan, and South Korea, which were often willing to provide the NSA with access to telecommunications links in their countries. These long-term allies greatly strengthened the NSA's hand in other ways in the intelligence war. For example, the so-called James Bond provision of the British Intelligence Services Act of 1994 allowed officers of the GCHQ to commit illegal acts outside Britain, including planting devices to intercept data from computer servers, cell phones, and other electronic targets. And, as Snowden's release of documents revealed in 2013 and 2014, these foreign allies fully shared their information with the NSA.

Of course, the liaison between the NSA and its allies was a two-way street. In 2013, none of these other countries had a global network of geosynchronous sensors in outer space and under the ocean that could monitor signals from missile launching, submarines, military deployments, nuclear tests, and other matters of strategic importance to them. Nor did these allies have the cipher-breaking capabilities of the array of NSA supercomputers. The NSA had assiduously built these means at a cost of over half a trillion dollars and employed tens of thousands of linguists who could translate almost any dialect or language of interest.

Even though these allies had their own cipher services and local capabilities, they depended on the NSA to provide them with a large



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share of their signals intelligence. From the perspective of defending themselves from potential threats, the deal that these allies had with the NSA was mutually advantageous.

The NSA's overseas intelligence gathering was not limited to adversary nations. With the exception of the Five Eyes allies, it gathered data that was deemed important by the president and the Defense Department in friendly countries. These operations had been approved by every American president and funded by every American Congress since 1941. After all, even in the realm of allies, activities take place that run counter to American interests. The 9/11 conspiracy, for example, was hatched in Hamburg, Germany, and financed in Dubai and Saudi Arabia.

Nor were American allies unaware of the reach of the NSA. "Yes, my continental European friends, we have spied on you. And it is true we use computers to sort through data by using keywords," the former CIA director James Woolsey wrote in *The Wall Street Journal* in 2000. "Have you stopped to ask yourselves what we are looking for?" Whether or not it was appreciated by other countries, the global harvesting of communications intelligence by the NSA was hardly a secret.

As the NSA expanded further, it delegated part of its work to regional bases, including ones in Utah, Texas, Hawaii, and Japan. The paramount task of the NSA remained monitoring the channels of communications that an adversary might use. The vast proliferation of these channels in cyberspace, which included e-mail, social media, document sharing, and other innovations of the Internet age, greatly complicated this task. Even so, this challenge was not insurmountable, because most of the Internet actually traveled through fiberglass landline cables that crossed the territories of the United States, Britain, and Australia. So the NSA found the technical means, including voluntarily gaining access to major Internet companies, to "harvest" vast amounts of this Internet data. America's other intelligence agencies quickly recognized the value of the communications intelligence gleaned from foreign telecommunications. John E. McLaughlin, who was the CIA's acting director in 2004, described the NSA as nothing less than the "very foundation of U.S. intelligence." It served as a "foundation" for the CIA because intercepted



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communications intelligence allowed the CIA (and other U.S. intelligence services) to test and verify the reports of their human sources in foreign countries. Moreover, because of the immense amount of foreign data that the NSA vacuumed in through its global sensors, it provided the CIA with an effective means for discovering new targets in adversary nations.

By the first decade of this century, the NSA's surreptitious efforts to render the Internet transparent to U.S. intelligence had earned it a new set of enemies. They were the previously mentioned hacktivists who were attempting to shield the activities of Internet users from the intrusions of government surveillance. They employed both encryption and Tor software to defeat that surveillance. But the NSA did not conceal that it was intent on countering any attempt to interfere with its surveillance of the Internet. It built back doors into encryption and worked to unravel the Tor scrambling of IP addresses. It made leading hacktivists targets. Brian Hale, the spokesman for the director of national intelligence, disclosed that the United States routinely intercepted the cyber signatures of parties suspected of hacking into U.S. government networks.

Following the 9/11 attacks on the Pentagon and the World Trade Center, the surveillance of the Internet became an integral part of the Bush administration's war on terrorism. In October 2001, Congress expanded the NSA's mandate by passing the USA Patriot Act. As I described earlier, Section 215 of the act directly authorized the NSA, with the approval of the FISA court, to collect and store domestic telephone billing records. The idea was to better coordinate domestic and foreign intelligence about al-Qaeda and other jihadist groups. This put the NSA directly in the anti-terrorist business. It also necessitated the NSA vastly increasing its coverage of the Internet.

The mantra in government in this post-9/11 intelligence world became "connect the dots." Congress through this act essentially demolished the wall between domestic and foreign intelligence when any NSA activity related to foreign-directed terrorism. It further made the NSA a partner with the FBI in tracking phone calls



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made from phones originating outside the United States by known foreign jihadists. If these calls were made to individuals inside, the NSA was now authorized to retrieve the billing records of the person called and those people whom he or she called. These traces were then supplied to the FBI. The new duties also increased the NSA's need to create new bureaucratic mechanisms to monitor its compliance with FISA court orders. Rajesh De, the NSA's general counsel at the time of the Snowden breach, described the NSA as becoming by 2013 "one of the most regulated enterprises in the world." Grafted onto its intelligence activities were layers of mandated reporting to oversight officials. Not only did the NSA have its own chief compliance officer, chief privacy and civil liberties officer, and independent inspector general, but the NSA also had to report to a different set of compliance officers at the Department of Defense, the Office of the Director of National Intelligence, and the Department of Justice. Additionally, the Department of Justice dispatched a team of lawyers every sixty days to review the results of "every single tasking decision" approved by the FISA court.

According to De, just assembling these reports involved thousands of hours of manpower. In addition, the president's Oversight Board required that the NSA's Office of the General Counsel and inspector general supply it every ninety days with a list of every single error and deviation from procedure made by every NSA employee anywhere in the world, including even minor typing errors. These requirements, according to De, inundated a large part of the NSA legal and executive staff in a sea of red tape. Yet this regulation could not undo surveillance programs such as the one Snowden revealed of Verizon's turning over the billing records of its customers to the NSA, because the NSA was in compliance with the FISA court order (even though, as it turned out in 2015, the FISA court might have erred in interpreting the law).

The NSA's focus on surveillance might have led to the neglect of its other mission: protecting the integrity of the channels through which the White House, government agencies, and military units send information. This task had been made vastly more difficult by the proliferation of computer networks, texting, and e-mails. To protect government networks from cyber attacks, the Penta-



HOUSE_OVERSIGHT_019692

gon belatedly created the U.S. Cyber Command in 2009. In it, the cyber-defense units of the army, navy, marines, and air force cyber forces were merged together and put under the command of the NSA director. General Keith Alexander became the first director of this new command. One problem for the Cyber Command was separating attacks by civilians, including criminals, hacktivists, and anarchists, from cyber warfare sponsored and supported by adversary states. Because foreign intelligence services often closely imitated the tools of civilian hackers, and were even known to provide them with hacking tools, it was not easy for the Cyber Command to unambiguously determine if the ultimate perpetrator of a cyber attack was state sponsored. For example, the identification of North Korea as the principal actor behind the attack on Sony in December 2014 appeared to be a rare success, but many cyber-security experts believed that it might be a false trail used to hide the real attacker. Clues could be fabricated in cyberspace to point to the wrong party.

The job of the Cyber Command was to prevent such an attack. To this end, it planted viruses on hundreds of thousands of computers in private hands to act as sentinels to spot other suspicious viruses that could mount such an attack. Private computers had become a new battleground in the cyber wars. It also built a capability to retaliate. Still, cyber attacks, which were launched through layers of other countries' computers, could not be unambiguously traced back to the true perpetrator.

This escalation by the Cyber Command set the stage for expanded forms of warfare in cyberspace. "The Chinese are viewed as the source of a great many attacks on western infrastructure and just recently, the U.S. electrical grid," General Alexander said in explaining the need for this consolidation. "If that is determined to be an organized attack, I would want to go and take down the source of those attacks." The same retaliation would presumably be used against Russia, Iran, or any other adversary. Dominance of cyberspace itself now became part of the NSA's mandate.

Even so, the most important job of the NSA remained intercepting secret information from Russia, China, Iran, and North Korea. To this end, it had an annual budget of $12.3 billion and some thirty-five thousand military and civilian employees. In 2013, James Clap-



HOUSE_OVERSIGHT_019693

per, director of national intelligence, justified the secret intelligence budget by saying in an open session of Congress, "We are bolstering our support for clandestine SIGINT [signals intelligence] capabilities to collect against high priority targets, including foreign leadership targets," and to develop "groundbreaking cryptanalytic capabilities to defeat adversarial cryptography and exploit Internet traffic." It was no secret to Congress, even before Snowden, that the NSA was attempting to monitor the Internet. What was a closely held secret before Snowden revealed it was that the NSA had found a way in 2007 to intercept Internet traffic before it was encrypted.

Through all this tumult, the heart of the NSA's activity remained its five-thousand-acre base at Fort Meade, Maryland. It commanded the most powerful mechanism for intercepting communications that the world had ever seen. No other country came close to its technology for intercepting information. The NSA not only was able to intercept secret information from potential adversaries but also—at least until the Snowden breach—managed to conceal these means from them. As long as these adversaries remained blind to the ways in which their communications were being intercepted, deciphered, and read by the NSA, they could not take effective countermeasures. Consequently, the NSA had the capability to provide the president and his advisers with continuous insights into the thinking and planning of potential enemies.

Keeping its sources and methods secret was no easy task. The NSA's technicians had to deal with continuous technical challenges to provide a seamless harvesting of data from a wide range of communication devices, including telephones, computers, and the Internet. It required continuous intra-agency communications between the NSA's own intelligence officers and a growing number of civilian technicians. It even had its own "Wiki-style" network through which they could discuss problems, called the NSANet. Because it could not tightly control access to this technical network, it expunged any mention of the sources and methods from the material circulated on the classified NSA network. Instead, it stored them in discrete computers, called compartments, which were disconnected from other computers at the NSA. These compartments could only be accessed by a limited number of analysts and NSA executives who had a need



HOUSE_OVERSIGHT_019694

to know about the data they contained. These compartments were the final line of defense against an inside intruder.

In 2009, Snowden, as we know, found his way into the NSA through a temporary job with an outside contractor that was working for the NSA's Technology Directorate to repair and update its backup system. Four years later, by maneuvering to get hired by another outside contractor with access to the NSA's sources and methods, he was able to steal secrets stored in isolated computers bearing directly on the ongoing intelligence war. Snowden also copied from these compartments in a matter of weeks, as has been previously mentioned, the NSA's Level 3 sources and methods used against Russia, Iran, and China. The Snowden breach demonstrated that the NSA's envelope of secrecy was at best illusory.

After this immense loss, the NSA's sources inside these adversary countries were largely compromised, even if they were not closed down. Once these adversaries were in a position to know what channels the NSA was intercepting, they could use these same channels to mislead U.S. intelligence. A former top intelligence official told me, "The queen on our chessboard had been taken."

The NSA moved to mitigate the damage and find new ways of obtaining unexpected intelligence. In June 2014, the new NSA director, Rogers, had to confront flagging morale that, according to General Hayden, was near paralyzing the intelligence service. Rogers recognized that as a direct result of the Snowden breach, "the nation has lost capabilities against adversaries right now who are attempting to actively undermine us." But even with that loss, he observed, "the sky has not fallen."

As in the Chicken Little fable he cited, the world had not ended for the NSA. Nor had it ended for the multibillion-dollar outsourcing enterprise it superintended. The NSA might have lost many of its sources, or "capabilities," but Rogers held out hope that new sources could eventually be found to replace them. Compromised codes, after all, could be changed. New technological methods could be devised. New vulnerabilities could also be targeted in enemy territories. Although repairing the damage might take many "decades," according to Michael McConnell, the vice-chairman of Booz Allen, the new director had to get on with that task. McConnell, a for-



HOUSE_OVERSIGHT_019695

mer NSA director himself, pointed out that the NSA director's "first responsibility is to be the chief cheerleader." Rebuilding the NSA capabilities assumed, however, that there would not be another Snowden-sized breach.

The question remained: How could the NSA's vaunted secrecy have been so deeply penetrated by a mere analyst in training at a regional base in Oahu? The perpetrator himself could not be asked if he was in Moscow pointing to the "incompetence" of the NSA in his Moscow interviews. What was known, though, was that the young man who had taken the "queen" from the board had gained entry to the NSA's secret chambers through the back door, a portal opened to him by the NSA's reliance on outside contractors.



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CHAPTER 20

# The NSA's Back Door

> You have private for-profit companies doing inherently governmental work like targeted espionage, surveillance, compromising foreign systems. And there's very little oversight, there's very little review.
>
> —EDWARD SNOWDEN, Moscow, 2014

PRIOR TO SNOWDEN'S THEFT of NSA documents, the single most shattering blow to the confidence of the U.S. intelligence community was the 1994 exposure of Aldrich Ames as a long-serving Russian mole in the CIA. Ames, it will be recalled, had been a high-ranking CIA officer, working at the CIA's Counterintelligence Center Analysis Group, before he was arrested by the FBI. He had also worked as a mole for Russian intelligence.

In a plea bargain to avoid a death sentence (he was sentenced to life imprisonment), he admitted that he had successfully burrowed into the CIA and had worked there for over nine years on behalf of the KGB. His description of his sub-rosa activities as a mole was part of the plea bargain. This stunning revelation shook the CIA leadership to its core. Until then, CIA executives steadfastly denied that it was possible that the KGB could sustain a mole in American intelligence. The Ames arrest also led the NSA to reassess its own vulnerability to penetration. Could there be an Ames inside the NSA?



HOUSE_OVERSIGHT_019697

The question was considered by the NSA's National Threat Operations Center, the same unit from which Edward Snowden later stole a huge trove of secret documents. According to a report in 1996 titled "Out of Control" (later released by the NSA), the danger of an Ames-type penetration could not be excluded. Even though the "threat officer" who wrote this report was not identified by name, his analysis proved incredibly prescient. He said that the NSA's drive to enhance its performance by networking its computers would result in the intelligence services' putting "all their classified information 'eggs' into one very precarious basket." The basket was the computer networks run by technicians called system administrators. He pointed out that the NSA was becoming increasingly dependent on such networked computer systems, and he predicted that the NSA's "Aldrich Ames," as he put it, would be a "system administrator," which was the position that Edward Snowden held nearly two decades later at Dell when he began stealing secrets.

The NSA's system administrators were, as the threat officer pointed out, very different from the traditional military employees at the NSA. They were usually civilians who effectively served as repairmen for complex computer systems. Moreover, many of them had not been directly hired by the NSA. Instead, their recruitment had been privatized to outside contractors.

This outsourcing had deep roots tracing back to World War II. Ed Booz and Jim Allen, the founders of Booz Allen Hamilton, obtained contracts to help manage ship construction from the U.S. Navy. After the war ended, they sought contracts for their firm in classified work. These contracts grew in size as the NSA needed more and more system administrators and other information technologists to manage the computer networks. These system administrators needed to be given special privileges to do their service job. One such privilege allowed them to bypass password protection. Another privilege allowed then to temporarily transfer data to an external storage device while they repaired computers. These two privileges greatly increased the risk of a massive breach. Seeing them as the weak link in the chain, the threat officer wrote in the report that "system administrators are likely to be increasingly targeted by for-



HOUSE_OVERSIGHT_019698

eign intelligence services because of their special access to information."

Before the computerization of the NSA, the threat officer noted, code clerks and other low-level NSA communicators had been the targets of adversary intelligence services. But the increasing reliance on computer technicians presented foreign intelligence services with much richer targets. He predicted that they would adapt their recruiting to this new reality. Specifically, he argued that adversary intelligence services would now focus their attention on system administrators. "With system administrators," he said, "the situation is potentially much worse than it has ever been with communicators." The reason, he explained, was that "system administrators can so easily, and quickly, steal vast quantities of information."

He further suggested that because system administrators are often drawn from the counterculture of hacking, they are more likely to be vulnerable to an adversary service using a fake identity for its approach, or a "false flag." A "false flag" was a term originally applied to a pirate ship that temporarily hoisted any flag that would allow it to gain proximity to its intended prey, but in modern times it describes a technique employed by espionage services to surreptitiously lure a prospect. False flags were a staple used by the KGB in espionage recruitment during the Cold War. They were usually employed when a target for recruitment was not ideologically disposed to assisting the intelligence service. To overcome that problem, recruiters hide their true identities and adopt a more sympathetic, bogus one.

In 1973, the KGB, working through one of its agents in the U.S. Navy, used the false flag of Israel to recruit Jerry Alfred Whitworth, who served as a communications officer with a top secret clearance for the navy. Like many other KGB recruits, Whitworth came from a broken family, dropped out of high school, took technical courses, and got a job as a communications officer. He was not disposed to working for Russia. But he was willing to steal enciphered and plain text cables to help in the defense of Israel. After he was thoroughly compromised by his espionage work, he was told by the KGB recruiter that he was actually working for Russia, but by this time



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he was too deeply compromised to quit. He continued his espionage work for another eight years. (Whitworth, who was arrested by the FBI in 1985, was convicted of espionage and sentenced to 365 years in prison.)

The Internet provided an almost ideal environment for false flags because its users commonly adopt aliases, screen names, and other avatars. The threat officer explained how easy it would be for the KGB to adapt such a false flag when dealing with a dissident system administrator working for U.S. intelligence. As the threat officer pointed out in his report, the KGB had used false flags in the late 1980s to surreptitiously recruit members of the "German Hanover Hackers," a community of anarchistic hackers who breached computer networks for fun and profit. Until then, these hacktivists stole corporate and private passwords, credit card information, and other privileged documents as a form of freelance espionage. Because of their fervent anti-authority ideology, the KGB disguised its recruiters as fellow hacktivists. The KGB succeeded in getting the Hanover hackers to steal log-in account identifications, source codes, and other information from U.S. government computer networks.

The weak link of system administrators became increasingly relevant as the NSA moved further into the digital age. By the beginning of this century, its growing networks of computers were largely operated by civilian technicians, including system administrators, infrastructure analysts, and information technologists, who were needed to keep the system running. Despite the warning by the threat officer, the NSA became more and more reliant on these outsiders as it reorganized to meet its new mandates for surveillance of the Internet in the war on terrorism.

The NSA had to compete with technology companies, such as Google, Apple, and Facebook, for the services of experienced IT workers. Though Booz Allen had been providing technically trained specialists to the government since the 1940s and '50s, congressionally imposed salary caps put the NSA at a disadvantage to private firms in its recruitment efforts. As a result, it increasingly contracted with private firms to find talent, especially in the rush for data-based intelligence following 9/11. Booz Allen, to meet increased demand, recruited civilian technicians from many unconventional areas,



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including the hacking culture. Ex-hackers who lacked (or shunned) employment opportunities in the corporate sector were suitable candidates for the system administrator jobs that these firms had contracted to supply the NSA. In the rush to expand, little heed was paid to the 1996 warning that this hacking culture might provide a portal to anti-government hacktivist groups. The NSA became so enamored with this new computer technology that it neglected the security implications of employing outsiders to service it. "All of us just fell in love with the ease and convenience and scale [of electronic storage]," General Hayden, who headed the NSA at the time, said to *The Wall Street Journal* in 2015. "So we decided to take things we used to keep if not in a safe, at least in our desk drawer, and put it up here [in a computer network], where it's by definition more vulnerable." Making matters even worse, as has previously been discussed, the NSA stripped away much of the so-called stove-piping that insulated highly sensitive data from the NSA's other computer networks. FBI Director Mueller, in his "Statement Before the Senate Committee on Homeland Security and Governmental Affairs,"described a decade of post–9/11 intelligence reorganization thus: "One of the first steps was to centralize control and management of counterterrorism operations at headquarters to avoid the 'stove-piping' of information on terrorism cases in the 56 individual field offices across the country." Here the NSA was merely following the recommendations of the 9/11 Commission to make their data more accessible to other agencies concerned with potential terrorist attacks, but as a result, the inner sanctum of the NSA became more open to its new army of civilian technicians.

By 2013, much of the job of managing the NSA's classified computers had been handed over to a handful of private companies: Booz Allen Hamilton, which handled the most highly secret work; Dell SecureWorks; Microsoft; Raytheon; and IBM. In many respects, these five companies acted less like management consultants and more like temporary employment agencies in finding for the NSA the computer specialists who had the necessary security clearances.

The NSA found that the universe of independent contractors was governed by very different considerations from that of intelligence services. Unlike intelligence services, their fate depended on turning



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profits. Because the value of their contracts was largely limited by competitive bidding, their business plans were predicated on their ability to minimize the costs of fulfilling these contracts. Their principal cost was the salaries they paid their independent contractors. Their business plans therefore depended on finding large numbers of computer technicians in the private realm willing to work at an NSA base at relatively low wages. This task became more difficult as many potential recruits could find higher-paying employment with more of a future in the burgeoning private sphere. But the companies could also increase their revenue streams by getting additional contracts, which, in turn, meant recruiting even more workers.

Such a business plan could hardly afford to give the highest priority to the low probability of a security risk. In the private sector, there is usually an unambiguous external measure of failure. An automobile company such as General Motors can measure the performance of its executives by reckoning its change in net income. With secret intelligence work, the metrics for failure are far less clear. This curious aspect of secret work was part of the advice given to a White House lawyer in the Obama administration seeking a position with the NSA in 2012, who was told that among the advantages of working for a super-secret agency was that if one errs or has a failure, "it stays secret." The Snowden case showed that not all failures stay secret.

The NSA can certainly quantify the amount of data it is intercepting, but it obviously cannot count the intelligence that it misses. The a priori proposition in the intelligence game is that "what is successfully hidden is never found." But one failure that cannot be hidden is a security breach in which a perpetrator uses NSA data to publicly expose the NSA's sources.

Until the Snowden breach in 2013, the NSA had experienced only one such public failure. It was the capture by North Korea in 1968 of the USS *Pueblo,* which had been carrying out highly sensitive electronic communications interception for the NSA. The *Pueblo* crew failed to destroy the NSA's encoding machines, which were flown to Russia several days later. It was a horrible, costly breach. The Snowden breach was much worse because, among the thousands of



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documents he stole, he selected lists of the NSA's secret sources in adversary nations.

The Snowden breach was a failure that directly traced back to the NSA's largest and most trusted contractor, Booz Allen Hamilton, calling into question the vexing issue of privatizing secret intelligence. Booz Allen, like other private firms that did work for the government, was in the business to make money. Indeed, it had found government contracts so much more profitable than its work in the private sector that it sold its private sector unit to Price Waterhouse. The profitability of government work led the Carlyle Group's private equity fund to acquire a controlling stake in Booz Allen in July 2008. By 2013, it had increased its revenue by more than $1.3 billion by expanding its government contracts. Even more impressive, its operating profit on these contracts had doubled. It did not need to increase its core internal staff to achieve these profits, it just had to hire outside contractors. In 2008, Booz Allen claimed 20,000 employees on its internal staff; in 2013, it claimed fewer than 5,000. The resulting "reduced headcount," according to its January 30, 2013, quarterly report, greatly decreased its costs for incentive pay. It mainly accomplished this reduction by expanding the number of outside contractors it employed, 8,000 in these five years, by one Wall Street analyst's calculation. They were employed as system administrators, infrastructure analysts, computer security specialists, and other "geek squad" jobs at the NSA and other government agencies. Their main qualification was their prior security clearances (which as mentioned earlier saved Booz Allen the expense of vetting them and also the loss of income while waiting many months for a clearance).

Snowden therefore was highly desirable for Booz Allen from an economic point of view. Even though he had no prior experience as an infrastructure analyst, and he had been detected being untruthful about his degree in computer sciences, he not only had a SCI security clearance but was willing to take a cut in pay. In keeping with the Booz Allen business plan, such a recruit provided another cog in its profit machine.

Not only had the NSA outsourced much of its computer opera-



HOUSE_OVERSIGHT_019703

tions to private companies, but the Clinton administration in 1996 had privatized background checks for government employees requiring security clearances. The idea, backed by Vice President Al Gore, was to reduce the size of the federal government by outsourcing investigating the backgrounds of millions of government applicants for jobs. The task had previously been performed by the FBI, but it was assumed that a profit-making business could do it faster and more efficiently. The private company named U.S. Investigations Services was purchased in 2007 for $1.5 billion by Providence Equity Partners, a rapidly expanding investment firm founded in 1989 by graduates of Duke, Brown University, and the Harvard Business School. So like Booz Allen, USIS was backed by a hedge fund determined to make money by systematically cutting the cost of a service previously carried out by the government.

But such outsourcing had drawbacks. For one thing, unlike the FBI, USIS lacked the investigative clout to gain entry to certain government agencies. A Congressional review found that the privacy act permits disclosure of government agency records to the private firm if they are part of a "routine use of the records," but intelligence agencies did not consider all such requests to be "routine. For example, when it did the background check on Snowden in 2011, it could not get access to his CIA file. The "derog" in his file might have set off alarm bells, as might the fear that he had been threatened by an internal investigation over his alleged computer tampering in 2009. The FBI might have learned this about Snowden if it had done his background check.

The lack of adequate oversight was another problem. USIS closed cases and cleared applicants without completing an adequate investigation. According to a U.S. government suit filed in 2014, USIS had prematurely closed over 665,000 investigations in order to get paid for them more quickly. Because the more cases it completed each month, the more money it received from the government, the lawsuit alleged that USIS employees often "flushed" or ended cases before completing a full investigation to meet corporate-imposed quotas for getting bonuses. One employee, in an e-mail cited in the government's complaint, said they "flushed everything like a dead goldfish." As a result, some information specialists entering the NSA



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through the back door of outside contractors were not fully vetted. (On August 20, 2015, USIS agreed to forfeit $30 million in fees to settle the lawsuit.)

USIS was also open to sophisticated hacking attacks by outsiders. In August 2014, the Department of Homeland Security's counterintelligence unit discovered such a massive and persistent breach in USIS that it shut down its entire exchange of data with it. The intrusion into USIS records in this case was attributed to hackers in China most likely linked to the Chinese intelligence service. Such massive intrusions dated back to 2011. USIS's lack of security in its website left a gaping hole through which outside parties, including Chinese and Russian hackers, could learn both the identity and the background information of specialists applying for jobs at the NSA.

These private companies also did not sufficiently protect the personal data of their independent contractors working at the NSA. The hackers' group Anonymous took credit for the successful 2011 attack on the Booz Allen Hamilton servers. It also cracked the algorithms used to protect employees. It next injected so-called Trojan horse viruses and other malicious codes into Booz Allen servers that allowed it future entry. If amateur hackers such as Anonymous could break into the computers of the NSA's largest contractor, so could adversaries' state espionage services with far more advanced hacking tools. From these sites, China or Russia could obtain all the job applications and personal résumés submitted to contractors such as Booz Allen. It could then compile a list of the best candidates to do its bidding.

These deficiencies in the private sector were compounded by the failure of security in the government's own Office of Personnel Management. It used a computer system called e-QIP in which intelligence employees, including outside contractors, updated their computerized records to maintain or upgrade their security clearances. For example, Snowden updated his clearance in 2011. To do so, these employees constantly updated their financial and personal information. As it turned out, there was a major hole in the e-QIP system. It has repeatedly been hacked by unknown parties since 2010. In 2015, the U.S. government told Congress that China was most likely responsible, but Russia and other nations with sophis-



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ticated cyber services could have also participated in the hacking. In any case, the records of over nineteen million employees, including intelligence workers, became available to a hostile intelligence service. This breach would allow hostile services to obtain a great deal of information about independent contractors working at the NSA. They could then use this data to follow the movements of any of these intelligence workers they deemed of interest.

Despite all the potential flaws in it, the outsourcing system continued in place. It even featured a revolving door through which Booz Allen hired retiring executives from the intelligence services, such as the former NSA director Michael McConnell; James Woolsey, a former director of the CIA; and the retired general James Clapper, who later served as director of national intelligence.

The cozy relationship between the private firms and the NSA notwithstanding, the NSA leadership operated as if it were unaware that outsourcing could create a security problem. As far back as 2005 General Hayden, then the departing head of the NSA, had been warned of one such vulnerability in a memorandum written by a counterintelligence officer at the NSA. Like the earlier 1996 report by the threat officer, this memorandum noted the NSA had ceded responsibility for managing its secret systems to outsiders and warned that the NSA's reliance on them to manage its computers had opened a back door into the NSA. In addition, it warned that once an outside contractor managed to slip in through this back door, he could easily jump from one outsourcer to another. This was what Snowden did when he moved from Dell to Booz Allen Hamilton in 2013.

Despite its security flaws, outsourcing seemed to provide a number of advantages to the NSA. For one thing, it provided a means for circumventing the budget restrictions imposed by Congress on hiring new employees. In addition, because private companies had less rigid hiring standards, it greatly expanded the pool of young system administrators by tapping into computer cultures that would be antagonistic to working directly for the government. Finally, it drew less on NSA resources. Because these information technologists were only temporary employees, they were not entitled to military



HOUSE_OVERSIGHT_019706

pensions, paid medical leave, and other benefits. It was a system that effectively replaced military careerists with freelancers.

The irony of the situation was that the NSA had surrounded its front doors with rings of barbed wire, closed-circuit cameras, and armed guards, but for reasons of economy, bureaucratic restrictions, and convenience it had left the back door of outsourcing open to temporary employees of private companies, even though it might take some time for them to gain entry to its inner sanctum.

"It was not a question of if but when one of the contractors would go rogue," the former NSA executive who wrote the 2015 memorandum told me. Snowden answered that question in 2013. Even more extraordinary than the theft itself was the reaction to it by the NSA. It turned out that there was no cost of failure levied against the outside contractor Booz Allen, which had employed Snowden when he bypassed its security regime to steal the keys to the kingdom. Even though the counterintelligence investigation showed Snowden stole documents from compartments to which he did not have access, the NSA did not penalize Booz Allen. Instead, its revenues and profits from government contracts markedly increased between 2013 and 2015.

Nor did the NSA alter its reliance on private contractors. The back door to the NSA remained wide open. Outsourcing to private companies has become an all but irreplaceable part of the intelligence system in America, Snowden's actions, and the risk of future similar actions, notwithstanding.



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CHAPTER 21

# The Russians Are Coming

The collapse of the Soviet Union was a major geopolitical disaster of the century.

—VLADIMIR PUTIN

IN THE FIRST INVASION of a European country since the end of the Cold War, Russian military forces moved into the Crimea and other parts of eastern Ukraine in February and March 2014. Unlike with previous Russian troop movements, such as those into Poland, Hungary, Czechoslovakia, and East Germany during the Cold War, the weeklong massing of Russian elite troops and sophisticated equipment for the move into Ukraine almost totally evaded detection by the NSA's surveillance. Never before had the NSA's multibillion-dollar armada of sensors and other apparatus for intercepting signals missed such a massive military operation. According to a report in *The Wall Street Journal* that cited Pentagon sources, Russian units had managed to hide all electronic traces of their elaborate preparations. If so, after more than half a century of attempted penetrations, Russia had apparently found a means of stymieing the interception capabilities of the NSA.

Putin had firm ideas about restoring Russia's power in the post–Cold War era. A formidable KGB officer before he became president



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of the Russian Federation in 2000, he made no secret that his goal was to prevent the United States from obtaining what he termed "global hegemony." His logic was clear. He judged the breakup of the Soviet Union in 1991 to be, as he put it, "a geopolitical disaster." He argued that the breakup had provided the United States with the means to become the singular dominant power in the world.

He sought to prevent that outcome by moving aggressively to redress this loss of Russian power. He upgraded Russia's nuclear force, modernized Russia's elite military units, and greatly strengthened Russia's relations with China. The last measure was essential because China was Russia's principal ally in opposing the extension of American dominance. Yet there was still an immense gap between them and the United States in communications intelligence.

Since the breakup of the Soviet Union, the NSA had continued to build up its technological capabilities, while Russia teetered on the edge of collapse in the early 1990s. But as previously mentioned, the NSA's legal mandate had been limited by Congress to foreign interceptions (at least prior to 9/11). As a result, it was required to separate out domestic from foreign surveillance, a massive process that not only was time-consuming but could generate dissidence within the ranks of American intelligence. It also could not legally use its surveillance machinery to monitor the telephones and Internet activities of the tens of thousands of civilian contractors who ran its computer networks—at least not unless the FBI began an investigation into them.

Here the Russian intelligence services had a clear advantage. They had a lawful mandate to intercept any and all domestic communications. In fact, a compulsory surveillance system called by its Russian acronym SORM had been incorporated into Russian law in 1995. It requires the FSB and seven other Russian security agencies to monitor all forms of domestic communications including telephones (SORM-1), e-mails and other Internet activity (SORM-2), and computer data storage of billing information (SORM-3). Not only did Russia run a nationwide system of Internet filtering in 2013, but it required its telecommunication companies to furnish it with worldwide data.

The NSA also had to deal with many peripheral issues other than



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the activities of Russia and China. It was charged with monitoring nuclear proliferation in Iran, Pakistan, and North Korea, potential jihadist threats everywhere in the world, and much else. The Russian foreign intelligence service, the SVR, could put its limited resources to work on redressing the gap with its main enemy: the United States.

Nevertheless, Putin had to reckon with the reality in 2013 that Russia could not compete with the NSA in the business of intercepting communications. And if the NSA could listen in on all the internal activities of its spy agencies and security regime, the ability of Putin to use covert means to achieve his other global ambitions would be impaired. In the cold peace that replaced the Cold War, Russia had little hope of realizing these ambitions unless it could weaken the NSA's iron-tight grip on global communications intelligence. One way to remedy the imbalance between Russian intelligence and the NSA was via espionage. Here the SVR would be the instrument, and the immediate objective would be to acquire the NSA's lists of its sources in Russia. If successful, it would be a game changer.

Such an ambitious penetration of the NSA, to be sure, was a tall order for Russian intelligence. Most of its moles recruited in the NSA by the KGB had been code clerks, guards, translators, and low-level analysts. They provided documents about the NSA's cipher breaking, but they lacked access to the lists of the NSA's sources and methods. These meager results did not inhibit Russian efforts. For six decades, ever since the inception of the NSA in 1952, the Russian intelligence service had engaged in a covert war with the NSA.

The Russian intelligence service is, as far as is known, the only intelligence service in the world that ever succeeded in penetrating the NSA. A number of NSA employees also defected to Moscow. The history of this venerable enterprise is instructive.

The first two defectors in the NSA's history were William Martin and Bernon Mitchell. They were mathematicians working on the NSA's decryption machines who went to Moscow via Cuba in 1960. The Russian intelligence service, then called the KGB, went to great lengths to get propaganda value from their defections. It even organized a ninety-minute press conference for them on September 6,



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1960, at the Hall of Journalists and invited all the foreign correspondents in Moscow. Before television cameras, the defectors denounced the NSA's activities. Martin told how the NSA breached international laws by spying on Germany, Britain, and other NATO allies. Mitchell, for his part, suggested that the NSA's practice of breaking international laws could ignite a nuclear war. Indeed, he justified their joint defection to Russia in heroic whistle-blowing terms, saying, "We would attempt to crawl to the moon if we thought it would lessen the threat of an atomic war." The NSA review of the case, however, assessed that little damage had been done, because the NSA quickly changed the codes they had compromised. It noted, "The Communist spymasters would undoubtedly have preferred Martin and Mitchell to remain in place as moles, since their information was dated as of the moment they left NSA."

The next NSA defector was Victor Norris Hamilton, a translator and analyst at the NSA. He arrived in Moscow in 1962, and like Mitchell and Martin he claimed the status of a whistle-blower. This time, the KGB provided a newspaper platform. Writing in the Russian newspaper *Izvestia*, Hamilton revealed the extent of U.S. spying on its allies in the Middle East.

None of these three 1960s defectors revealed what, if any, NSA secret documents they had compromised. Nor did any of them ever return to the United States. Martin changed his name to Vladimir Sokolodsky, married a Russian woman, and died in Mexico City on January 17, 1987. Mitchell vanished from sight and was reported to have died in St. Petersburg on November 12, 2001. Hamilton, after telling Russian authorities stories about hearing voices in his head because of an NSA device implanted in his brain, was consigned to Special Psychiatric Hospital No. 5 outside Moscow.

There were also KGB spies in the NSA who were caught or died before they could defect. One of them was Sergeant Jack Dunlap. He was found dead of carbon monoxide poisoning in his garage on July 23, 1963. Although there was no suicide note, his death was ruled an apparent suicide. NSA classified documents were later discovered in his house. After that, NSA investigators unraveled his decade-long career as a KGB mole. Dunlap had been recruited by the KGB in Turkey in 1952. The standard KGB tool kit for recruitment



HOUSE_OVERSIGHT_019711

was called MICE. It stood for Money, Ideology, Compromise, and Ego. The KGB used the first element, money, to compromise Dunlap. After he was compromised, it exploited him by getting him to steal NSA secrets. He had access to such secrets because he became the personal driver to Major General Garrison Coverdale, the chief of staff of the NSA. After Coverdale retired, he became the driver for his successor, General Thomas Watlington. These positions afforded him a security clearance and, even more important, a "no inspection" status for the commanding general's cars that he drove. This perk allowed him to leave the base with secret documents, have them photocopied by his KGB case officer, and then return them to the files at the NSA base before anyone else knew they were missing. He also used, likely at the suggestion of the KGB case officers, his "no inspection" perk to offer other NSA employees a way of earning money. He would smuggle off the base any items of government property that they took. Once he had compromised them through thefts, he was in a position to ask them for intelligence favors. This NSA ring could not be fully investigated because of his untimely death. Other than the packets of undelivered NSA documents found in his home, the investigation was never able to assess the total extent of the KGB penetration of NSA secrets. (Angleton suspected Dunlap was murdered by the KGB in what he termed a surreptitiously assisted death, to prevent Dunlap from talking to investigators.)

The Russian intelligence services continued recruiting mercenary spies in the NSA for the duration of the Cold War. The KGB successes included Robert Lipka, a clerk at the NSA in the mid-1960s, who was caught in a sting operation by the FBI and sentenced to eighteen years in a federal prison. Ronald Pelton, an NSA analyst, was recruited after he retired from the NSA. After he was betrayed by a KGB double agent in 1985, he was sentenced to life imprisonment. Finally, there was David Sheldon Boone, an NSA code clerk, who between 1988 and 1992 provided the KGB with NSA documents in return for $60,000. Boone, sentenced to twenty-four years in prison, was the last known KGB recruitment of the Cold War.

During the Cold War, Russian intelligence service officers operated mainly under the cover of the embassies, consulates, United Nations delegations, and other diplomatic missions of the Soviet



HOUSE_OVERSIGHT_019712

Union. As "diplomats," they were protected from arrest by the terms of the 1961 Treaty of Vienna Convention on Diplomatic Relations. Their diplomatic cover, however, greatly limited their field for finding potential recruits outside their universe of international meetings, diplomatic receptions, UN organizations, scientific conferences, and cultural exchanges. They therefore tended to recruit their counterparts in adversary services.

In this regard, the successful entrapment of Harold Nicholson in the 1990s is highly instructive. From his impressive record, he seemed an unlikely candidate for recruitment. He had been a superpatriotic American who had served as a captain in army intelligence before joining the CIA in 1980. In the CIA, he had an unblemished record as a career officer, serving as a station chief in Eastern Europe and then the deputy chief of operations in Malaysia in 1992. Even though his career was on the rise and he was a dedicated anti-Communist, he became a target for the SVR when he was assigned to the CIA's elite Russian division. Because the job of this division was to recruit Russian officials working abroad as diplomats, engineers, and military officers, its operations brought its officers in close contact with SVR officers. Nicholson therefore was required to meet with Russian intelligence officers in Manila, Bucharest, Tokyo, and Bangkok and "dangle" himself to the SVR by feigning disloyalty to the CIA.

As part of these deception operations, Nicholson supplied the Russians with tidbits of CIA secrets, or "chickenfeed," that had been approved by his superiors at the CIA. What his CIA superiors did not fully take into account in this spy-versus-spy game was the SVR's ability to manipulate, compromise, and convert a "dangle" to its own ends. As it turned out, Russian intelligence had been assembling a psychological profile on Nicholson since the late 1980s and found vulnerability: his resentment at the failure of his superiors to recognize his achievements in intelligence. The Russians played on this vulnerability to compromise him and then converted him to becoming its mole inside the CIA.

Nicholson worked for the SVR first in Asia; then he was given a management position at CIA headquarters, which is located in Langley, Virginia. Among other secret documents, he provided the SVR



HOUSE_OVERSIGHT_019713

with the identities of CIA officers sent to the CIA's special training school at Fort Peary, Virginia, which opened the door for the SVR to make other potential recruitments. Meanwhile, it paid him $300,000 before he was finally arrested by the FBI in November 1996. (After his conviction for espionage, he was sentenced to twenty-three years in federal prison.) The CIA postmortem on Nicholson, who was the highest-ranking CIA officer ever recruited (as far as is known), made clear that even a loyal American, with no intention of betraying the United States, could be entrapped in the spy game.

When it comes to recruiting moles in a larger universe, intelligence services operate much like highly specialized corporate "headhunters," as James Jesus Angleton described the process to me during the Cold War era. He was referring to the similar approach that corporate human resource divisions had with espionage agencies. Both headhunt by searching through a database of candidates for possible recruits to fill specific positions. Both types of organizations have researchers at their disposal to draw up rosters of potential recruits. Both sort through available databases to determine which of the names on the list have attributes that might qualify or disqualify them for a recruitment pitch. Both also collect personal data on each qualified candidate, including any indication of his or her ideological leaning, political affiliations, financial standing, ambitions, and vanities, to help them make a tempting offer.

But there are two important differences. First, unlike their counterparts in the private sector, espionage headhunters ask their candidates not only to take on a new job but also to keep their employment secret from their present employer. Second, they ask them to surreptitiously steal documents from him. Because they are asking candidates to break the law, espionage services, unlike their corporate counterparts in headhunting, obviously need to initially hide from the candidates the dangerous nature of the work they will do. Depending on the targeted recruit, they might disguise the task as a heroic act, such as righting an injustice, exposing an illegal government activity, or countering a regime of tyranny. This disguise is called in the parlance of the trade a false flag, as mentioned earlier. By using such a false flag, the SVR did not need to find a candidate who was sympathetic to Russia or the Putin regime. In its long



HOUSE_OVERSIGHT_019714

history dating back to the era of the czars, Russian intelligence had perfected the technique of false flag recruitment, through which it assumes an identity to fit the ideological bent of a potential recruit.

Russian intelligence was well experienced with false flags. It first used this technique following the Bolshevik revolution in 1917 to control dissidents both at home and abroad. The centerpiece, as later analyzed by the CIA, was known as the "Trust" deception. It began in August 1921 when a high-ranking official of the Communist regime in Russia named Aleksandr Yakushev slipped away from a Soviet trade delegation in Estonia and sought out a leading anti-Communist exile he had known before the revolution in Russia. He then told him that he represented a group of disillusioned officials in Russia that included key members of the secret police, the army, and the Interior Ministry. Yakushev said that they all had come to the same conclusion: the Communist experiment in Russia had totally failed and needed to be replaced. To effect this regime change, they had formed an underground organization code-named the Trust, because the cover for their conspiratorial activities was the Moscow headquarters of the Municipal Credit Association, which was a trust company. According to Yakushev's account, it had become the equivalent of a de facto government by 1921.

The exiled leader in Estonia reported this astonishing news to British intelligence, which, along with French and American intelligence, helped fund this newly emerged anti-Communist group. Initially, British intelligence had doubts about the bona fides of the Trust, as did other Western intelligence services sponsoring exile groups. But they gradually accepted it after they received intelligence reports confirming its operations from many other sources, including Russian officials, diplomats, and military officers who claimed to have defected from the Soviet government. Because these reports all dovetailed, they recognized the Trust as a legitimately underground organization.

Once the Trust had been established in the minds of the Western intelligence services, it offered them as well as exile groups the services of its network of collaborators. These services included smuggling out dissidents, stealing secret documents, and disbursing money inside Russia to sympathizers. Within a year, exile groups in



HOUSE_OVERSIGHT_019715

Paris, Berlin, Vienna, and Helsinki were using the Trust to deliver arms and supplies to their partisans inside Russia. The Trust also furnished spies' and exiled leaders' fake passports, which allowed them to sneak back into Russia to participate in clandestine missions. It even undertook sabotage and assassination missions paid for by Western intelligence services. As they learned of police stations being blown up and political prisoners escaped from prisons, these agents and dissidents came to further believe in the power of the Trust.

By the mid-1920s, no fewer than eleven Western intelligence services had become almost completely dependent on the Trust for information about Russia. They also sent millions of dollars into Russia via couriers to finance its activities.

But suddenly exiled leaders working in Russia under the aegis of the Trust began to vanish. Then top Western intelligence agents, including Sidney Reilly and Boris Savinkov, were arrested, and their networks were eliminated. Instead of the Communist regime collapsing, as the Trust had predicted, it consolidated its power and wiped out all the dissident groups. Finally, in 1929, the Trust was revealed by a defector to be a long-term false flag operation run by the Russian intelligence service. Even the Trust building, rather than being the cover for a subversive conspiracy, was the headquarters for the Russian secret police during this eight-year operation. The secret police had provided the documents fed to Western intelligence, briefed the agents who pretended to defect, published the dissident newspapers the Trust distributed, fabricated the passports it supplied exiles, blew up Russian buildings, and staged jail breaks to make the deception more credible. It also collected the money sent in by Western intelligence services, which more than paid for the entire deception. Because it was running the show, it could offer those lured into the trap an opportunity to work for it as double agents. The alternative, if they refused, was to face a firing squad.

Even after the Trust itself had been fully exposed, the Russian intelligence service continued to succeed with other false flag deceptions. During the Cold War, it set up a fake underground in Poland called WIN, modeled on the Trust. It set up false flag groups in Ukraine, Georgia, Lithuania, Albania, and Hungary. It also had agents mas-



HOUSE_OVERSIGHT_019716

querade as members of the security services of Israel, South Africa, Germany, France, and the United States to recruit unwitting agents. These deceptions became an integral part of the recruitments of the Russian intelligence services.

Penetrating the NSA and getting access to files from its stovepiped computers was a far more difficult challenge for the SVR. Approaching CIA officers, such as Nicholson, was relatively easy because it was part of the CIA officers' jobs to meet with their adversaries. NSA officers, on the other hand, did not engage in "dangles" or even attend diplomatic receptions. They had no reason, other than a sinister one, to meet with a member of the Russian intelligence service. Furthermore, unlike CIA officers, who, like Nicholson, are often posted in neutral countries where they can be approached in a social context, NSA officers work at well-guarded regional bases and are not part of the diplomatic life. Because a known employee of a foreign diplomatic mission could not even approach an NSA officer without arousing suspicion, the SVR would need to use an intermediary, called an access agent, whose affiliations were not known to the FBI. Such an operation would require establishing a network of illegals in America, as the SVR did after Putin became president. Even then, the intermediary would have to find a plausible pretext to approach the target without revealing his actual interest. Such complex operations at the NSA, as far as is known, only yielded a few low-level recruits.

The emergence of computer networks in the 1990s greatly expanded the SVR's recruiting horizon. It offered a new penetration opportunity at the NSA: civilian technologists working under contract for the U.S. government. Many of these civilians at the NSA, especially the younger ones, as we know, had been drawn from the hacking and game-playing culture; some had even taken courses on hacking techniques. They presented the SVR with inviting targets for recruitment. As was previously mentioned, Russian intelligence had considerable experience in Germany with hacktivists, who tended to be anarchists. There were also supporters of the libertarian movement. The common denominator was often their resentment, expressed in their postings, of the United States and its allies attempting to limit the downloading of copyrighted music, movies,



HOUSE_OVERSIGHT_019717

and software on the Internet, all of which fell under the rubric of "freedom of the Internet." They also vocally objected to the NSA's using built-in back doors in its software to read their encrypted messages. Such people were not difficult to find on the Internet. The donors to Ron Paul's libertarian election campaign (including Snowden) were a matter of public record.

Even if there was no shortage of hacktivists who believed the surveillance of the Internet by the NSA was an evil worth fighting, the SVR still had to find a plausible way of approaching members of this counterculture without offending them. Clearly, the SVR could no longer use out-of-date Communist and anti-capitalist ideology as a lure. Russia was far more authoritarian than the United States when it came to the Internet. One viable alternative for the SVR was custom-tailoring false flags to appeal to hacktivists.

For this purpose, the Internet provided a near-perfect realm. Because it is a place where true identities cannot easily be verified, intelligence services could employ a protean kit of disguises to assume false identities to entice potential dissidents into communicating with them. The KGB's earlier efforts to use hacktivist groups in Germany had produced little if any intelligence about the NSA because of the stovepiping it used to isolate its computers from networks that could be hacked into from the outside. It will be recalled that the NSA threat officer had cited these failures in his 1996 report on NSA vulnerability. He also said that efforts of the Russian intelligence services to use false flag recruitments provided the KGB with "a learning experience." The KGB had learned that hacking by itself could not breach the NSA's protective stovepiping. He predicted that its next logical move would be to "target insider computer personnel." This false flag recruitment would aim at, in his view, system administrators, computer engineers, and cyber-service workers who either were already inside the NSA or had a security clearance that would facilitate getting jobs with NSA contractors.

Even with an appropriate false flag, the task of finding such a "Prometheus" required obtaining a database of those working at the NSA. There were some five thousand civilian technicians at the NSA of all political stripes. Hacking into the personnel records of the intelligence workers seeking to renew their security clearance



HOUSE_OVERSIGHT_019718

was a place to begin. The Internet provided the SVR with just this opportunity. As you will recall, holes in the security of the computer networks of the U.S. Office of Personnel Management and USIS and the websites of the companies supplying the NSA with independent contractors had made the background checks on American intelligence workers available to the Chinese, and presumably other adversary intelligence service hackers, since 2011. If the SVR had access to this personnel data, the research for a candidate would be greatly facilitated. From the 127-page Standard Form 86, which each applicant for a security clearance submits, the SVR could filter out intelligence workers employed by the NSA by their educational background, employment history, affiliations, and foreign contacts. It could then search this data for candidates with a possible hacktivist profile.

This data could next be crossed with a list of individuals the SVR knew were in contact with high-profile activists who were part of the anti-surveillance movements. This would include core participants in the Tor Project, WikiLeaks, Noisebridge, CryptoParties, the Freedom of the Press Foundation, and the Electronic Frontier Foundation. (Snowden, for example, had been in touch with members of all these groups in 2012 and 2013.)

The SVR would have little problem monitoring even encrypted communications with leading figures in the anti-surveillance world. These activists, despite secrecy rituals such as putting their cell phones in refrigerators, remain visible to a sophisticated intelligence service such as the SVR. All the defensive tactics of Laura Poitras, including PGP encryption, Tor software, and air-gapped computers (computers that have never been connected to the Internet), did not keep secrets about her sources entirely to herself. Snowden, at a time when he was stealing NSA secrets in February 2013, went to great lengths to impress on Poitras the need for operational security about his contacts with her, but that injunction did not prevent her from telling at least five people about her source, including Micah Lee, the Berkeley-based technology operative for the Freedom of the Press Foundation; Jacob Appelbaum, the Tor proselytizer; Ben Wizner, the ACLU lawyer; Barton Gellman; and Glenn Greenwald. "It is not me that can't keep a secret," Abraham Lincoln joked. "It's the people I



HOUSE_OVERSIGHT_019719

tell it to that can't." In the same vein, Poitras could hardly rely on these five confidants not to tell her secrets (and Snowden's) to others. Hours after he was told, Greenwald told his lover, David Miranda, about the source in great detail. He even asked him to evaluate the source's bona fides for him. Gellman, for his part, raised the matter with a former high official at the Justice Department.

Moreover, as the intelligence world knew, Poitras was herself a veritable lightning rod for attracting ex-NSA employees who objected to some of its surveillance programs. In 2012, her previously mentioned filming in Berlin of NSA insiders could make her communications of interest to intelligence services that wanted to keep tabs on possible NSA dissidents.

Nor was Snowden himself overly discreet. It will be recalled that he had also advertised his Tor-sponsored CryptoParty activities over the Internet and supplied Runa Sandvik, who worked with Appelbaum, his true name and address in Hawaii. Sandvik had no reason not to share the identity of her co-presenter with others in the Tor movement. Snowden, of course, had his girlfriend make a video of his presentation as well. He also bragged about operating the largest Tor outlets in Hawaii. Even if his Tor software provided him with a measure of anonymity, it was not beyond the ability of the world-class cyber services to crack it.

Under Putin, Russia had built one of the leading cyber-espionage services in the world. According to a 2009 NSA analysis of Russian capabilities, which was obtained by *The New York Times* in 2013, Russia's highly sophisticated tools for cyber espionage were superior to those of China or any other adversary nation. For example, investigators from FireEye, a well-regarded Silicon Valley security firm, found that in 2007 Russian hackers had developed a highly sophisticated virus that could bypass the security measures of the servers of both the U.S. government and its private contractors. According to one computer security expert, the virus had made protected Internet websites "sitting ducks" for these sophisticated Russian hackers. The cryptographer Bruce Schneier, a leading specialist in computer security, explained, "It is next to impossible to maintain privacy and anonymity against a well-funded government adversary."

Nor has the Russian cyber service made a secret out of the fact that



HOUSE_OVERSIGHT_019720

it targets Tor software. It even offered a cash prize to anyone in the hacking community who could break Tor. Prior to 2013, according to cyber-security experts, it spent over a decade building cyber tools aimed at unraveling the Tor networks used by hacktivists, criminal enterprises, political dissidents, and rival intelligence operatives. To this end, it reportedly attempted to map out computers that served as major Tor exit nodes (such as the one Snowden operated in 2012 near an NSA regional base in Hawaii). It also reportedly attached the equivalent of "electronic ink" to messages, which would allow it to trace the path of messages that passed through them. Through this technology, it could tag and follow Tor users as their communications traveled across the Internet. It could even borrow their Internet identities. To be sure, the NSA also had such a capability. The Silk Road founder, Ross Ulbricht, discovered to his distress that his Tor software did not make his computer server in Iceland invisible. According to a former top official in the Justice Department, the NSA was able to locate it by cracking the Tor software (Ulbricht is currently serving a life sentence for his activities). Unlike adversary services, however, the NSA needs a warrant to investigate U.S. citizens who use Tor.

The NSA is hardly immune from an attack on its own computers. As the former CIA deputy director Morell wrote in his 2015 book, *The Great War of Our Time*, many financial institutions have "better cyber security than the NSA." The Internet certainly helped make the activities of U.S. intelligence workers visible to the SVR.

But to achieve its goals, the SVR still had to find at least one disgruntled civilian contractor inside the NSA who had access to the sealed-off computer networks. Did it find its man? If so, was it before or after Snowden arrived in Hong Kong with the Level 3 NSA files?



HOUSE_OVERSIGHT_019721

CHAPTER 22

# The Chinese Puzzle

> The first [false assumption] is that China is an enemy of the United States. It's not.
>
> —EDWARD SNOWDEN, Hong Kong, 2013

ON AUGUST 11, 2014, in the Atlantic Ocean, an event took place of enormous concern to U.S. intelligence. A Chinese Jin-class submarine launched an intercontinental ballistic missile. The missile released twelve independently targeted reentry vehicles, each simulating a nuclear warhead. Some forty-four hundred miles away, in China's test range in the Xinjiang desert, each of the twelve simulated nuclear warheads hit its target within a twelve-inch radius.

The test firing, which was closely monitored by the NSA, was a strategic game changer. It meant that a single Jin-class submarine, which carried twelve such missiles and 144 nuclear warheads, could destroy every city of strategic importance in the United States. U.S. intelligence further reported that China would soon use stealth technology to make it more difficult to detect newer submarines and give "China its first credible sea-based nuclear deterrent" against an American attack.

By 2015, as its test in the Atlantic had foreshadowed, China had armed its land-based as well as sea-based missiles with multiple



HOUSE_OVERSIGHT_019722

independently targeted warheads. Combined with the state-of-the-art technology it had licensed from Russia, its systematic use of espionage even made it possible for China to build its own stealth fighters.

Unlike the United States, China did not achieve this remarkable capability to launch independently targeted miniaturized nuclear weapons and stealth them by investing hundreds of billions of dollars in developing them. It obtained this technology mainly through espionage. The Chinese intelligence service stole a large part, if not all, of America's secret technology for weaponizing nuclear bombs during the 1980s and 1990s. The theft was so massive that in 1998 the House of Representatives set up a special bipartisan investigative unit called the Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China. Based on the intelligence amassed by the NSA, the CIA, and other intelligence services, it concluded in its report that the Chinese intelligence service had obtained both by electronic and by conventional spying the warhead design of America's seven most advanced thermonuclear weapons. Moreover, it found that espionage successes allowed China to so accelerate the design, development, and testing of its own nuclear weapons that the new generation of Chinese weapons would be "comparable in effectiveness to the weapons used by the United States." Further, the committee reported that these thefts were the "results of decades of intelligence operations against U.S. weapons laboratories." The Chinese intelligence service further obtained from private U.S. defense contractors through cyber espionage important elements of the stealth technology used in advanced planes and submarines. China shared (or exchanged) the fruits of its espionage on nuclear warhead design with North Korea, Pakistan, Iran, and Russia.

Despite its formidable intelligence coups in the United States, the Chinese intelligence service managed to remain among the most elusive of America's intelligence adversaries. Its espionage organizations are hidden behind layers of bureaucracy in the Ministry of State Security, Chinese Communist Party structures, and the second, third, and fourth department of the General Staff of the People's Liberation Army. Much of its cyber-espionage units are concealed



HOUSE_OVERSIGHT_019723

on the campuses of its universities. Its hierarchy is also obscure. Few traces have been uncovered of any conventional espionage networks in the United States, and no major Chinese spy has ever been arrested. Part of the reason that Chinese espionage has proved so elusive to the eyes of Western counterintelligence is that, unlike Russia, it did not ordinarily rely on intelligence officers in its embassies to recruit penetration agents to steal secrets. It did not even have an embassy in the United States during most of the Cold War. Instead, its services specialize in mosaics of intelligence assembled from a wide variety of sources, including nonclassified documents, returning graduate students, scientific conferences, exchanges with allies, and a vast operation of hacking into computers, or cyber espionage.

Such espionage is indeed a vast enterprise in China. Graduating over 150,000 computer science engineers in the 1990s, it had no shortage of personnel. It had also developed the cyber tool kit to gain access to the computer networks of U.S. government contractors and consultants in the private sector and government agencies, planting "sleeper" bugs in networked computers. Like human sleeper agents, these hidden programs can be activated when needed for operational purposes. Chinese controllers can often retrieve e-mails and documents and can turn on the cameras and microphones of personal computers, tablets, and smart phones.

By 2007, Paul Strassmann, a top U.S. defense expert on cyber espionage, reported that China had inserted "zombie" programs in some 700,000 computers in the United States, which could be used to mount cyber attacks to retrieve e-mails from other computers. The Chinese service also reportedly penetrated companies that provide Internet services, including Google, Yahoo!, Symantec, and Adobe, which allowed it to track e-mails and enclosures of individuals. With such an invisible army of zombie computers, it is not entirely surprising that China finds little need to employ human sleeper agents.

Chinese cyber specialists used this capability to hack into the computers of outside contractors, including Booz Allen and other companies that supplied technologists to the NSA. It also had notable successes in obtaining the dossiers of U.S. employees and independent contractors at the NSA, the CIA, and other intelligence services. Its intrusions, as previously noted, into computer networks



HOUSE_OVERSIGHT_019724

at the Office of Personnel Management traced back to 2009. Eventually, by 2015, according to U.S. estimates, the cyber attack had harvested over twenty million personnel files of past and present federal government employees. In addition, it reaped over fourteen million background checks of intelligence workers done by the Federal Investigative Services.

All intelligence workers with a sensitive compartmented information clearance, such as Snowden, were required to provide information on these forms about all their foreign acquaintances, including any non-U.S. officials whom the applicant knew or had had relationships with in the past. They also had to list their foreign travel, family members, police encounters, mental health issues, and credit history. For good measure, Chinese hackers obtained the confidential medical histories of government employees by hacking into the computers of Anthem and other giant health-care companies. If China's intelligence services consolidated the fruits of these hacking attacks, it would have a searchable database of almost everyone working in the American defense and intelligence complex. From this database, it could track individuals with high security clearances vulnerable to being bribed, blackmailed, or tricked into cooperating. No one doubted that the Chinese would use their cyber capabilities to take advantage of opportunities presented in foreign computer systems.

General Hayden said of the massive theft of intelligence personnel records, "Those records are a legitimate foreign intelligence target." He added, "If I, as director of the NSA or CIA, would have had the opportunity to grab the equivalent in the Chinese system, I would not have thought twice." If that opportunity did not arise for the NSA or the CIA during Hayden's tenure, it might have been because no insider in the Chinese intelligence services provided U.S. intelligence with a road map to it.

Cyber espionage was not the Chinese intelligence service's only powerful resource in the intelligence war. To get both electronic intelligence and human intelligence about the United States, China also had a highly productive intelligence-sharing treaty with Russia. It was signed in 1992 after the Soviet Union was dissolved. Although the terms of this exchange remain secret, defectors from the Rus-



HOUSE_OVERSIGHT_019725

sian KGB and SVR reported that Chinese intelligence received from Russia a continuous stream of communications intelligence about the United States in the late twentieth and early twenty-first centuries. Russia's intelligence resources during this period were formidable. They included geosynchronous satellites, listening stations in Cuba, sleeper agents, and embassy-based spy networks. Presumably, this relationship further deepened under President Putin's regime. Putin asserted in speeches in 2014 that Russia and China continued to share a key strategic objective: countering the United States' domination of international relations, or what Putin terms "a unipolar world order." China's president, Xi Jinping, expressed a very similar view, saying in 2014 in a thinly veiled reference to the United States that any attempt to "monopolize" international affairs will not succeed.

Since the end of the Cold War, Russia has been the major supplier of almost all of China's modern weaponry. It licenses for manufacture in China avionics, air defense systems, missile launchers, stealth technology, and submarine warfare equipment. To make these arms effective, it also provides China with up-to-date intelligence about the ability of the United States and its allies to counter them. While such intelligence cooperation may be limited by the reality that China and Russia still compete in many areas, they still have reason to share much of the fruits of their cyber and conventional espionage against the NSA in accordance with their intelligence. After all, the NSA works to intercept the military and political secrets of both these allies. Moreover, as the CIA's former deputy director Morell points out in his book, NSA secrets are a form of currency for adversaries in the global intelligence war, saying that part of Snowden's cache could be traded by a country that acquired it to the intelligence services of Iran and North Korea.

Snowden's stay in Hong Kong from May 20 to June 23 in 2013 made the Chinese intelligence service, willy-nilly, a potential player in whatever game he was involved in. China's full responsibility for Hong Kong's national security and foreign affairs includes monitoring foreign intelligence operatives. Chinese intelligence main-



HOUSE_OVERSIGHT_019726

tains there its largest intelligence base outside mainland China. A large contingent of its officers are stationed officially in the Prince of Wales skyscraper in central Hong Kong and unofficially maintain informers in Hong Kong's police, governing authority, airport administration, and other levers of power. It checks the computerized visitors entering Hong Kong and has the capability to ferret names that match those in the immense database its global cyber espionage has amassed. When it detects the entry of any person of possible intelligence interest, it can use its sophisticated array of cyber tools to attempt to remotely steal data from that individual. Such remote surveillance was so effective in 2013 that the U.S. State Department had instructed all its personnel in Hong Kong to avoid using their iPhones, Androids, BlackBerry phones, and other smart phones when traveling to Hong Kong or China. Instead, it supplied them with specially altered phones that disable location tracking and have a remotely activated switch to completely cut off power to its circuitry. No one in the intelligence community doubts the prudence of taking such precautions in China, and it is nearly inconceivable that Snowden, whose prior position at the NSA included teaching military personnel about Chinese capacities, could himself be unaware of Chinese intelligence service capabilities to acquire travelers' data in Hong Kong.

Once Hong Kong had served as a window into China for Western intelligence, but in the first decade of this century the Chinese intelligence service had achieved such a pervasive presence in Hong Kong, and such ubiquitous electronic coverage of diplomats and other foreigners even suspected of involvement in foreign intelligence work, that the CIA and British intelligence found it almost as difficult to operate in Hong Kong as in mainland China. Even though the CIA kept officers there in 2013, it was considered "hostile territory," according to the former CIA officer Tyler Drumheller.

Snowden apparently knew the limits of CIA operations in Hong Kong, which provided him with an envelope of protection. He told Greenwald that he was counting on the Chinese presence in Hong Kong to deter the CIA from intruding on their meetings.

When he flew to Hong Kong in May 2013, he took with him NSA secrets, which he knew would be of great interest to China.



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In fact, he advertised that he had such secrets in his interview with the *South China Morning Post*. Whatever he might have assumed about the inability of the CIA to stop him in Hong Kong, he could not assume that Chinese intelligence services would relegate themselves to a purely passive role when secret NSA documents were in a hotel room in Hong Kong. Snowden might have esteemed himself to be an independent actor playing Prometheus on a global stage provided by YouTube, but the Chinese might have viewed him very differently indeed.

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CHAPTER 23

# A Single Point of Failure

> A single point of failure (SPOF) is a part of a system that, if it fails, will stop the entire system from working.
>
> —*Wikipedia*

SNOWDEN DESCRIBED anyone who was the sole repository of secrets that could undo the NSA's intelligence gathering as "the single point of failure." While still shielding his own identity in May 2013, he wrote to Gellman that U.S. intelligence "will most certainly kill you if they think you are the single point of failure that could stop this disclosure and make them the sole owner of this information." Such a person of course would be of even greater interest to adversary intelligence services if they were aware of the payload of secrets that person was carrying because they could use it to unravel the NSA's sources and methods.

Snowden saw himself as that "single point of failure." We know that while still in Hong Kong he said he had obtained access to computers that the NSA had penetrated throughout the world and in Moscow he added that he had had "access to every [NSA] target, every [NSA] active operation," against the Chinese. "Full lists of them," which, if he chose to share them, could make China "go dark." To be sure, he did not refer to Russian intelligence activity in



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any interview that he ever gave in Moscow under Russian protection, but he had similar access to NSA operations against Russia in his job at the NSA's Threat Operations Center.

The enormous power of the NSA rested in its ability to keep its sources and methods secret from its foes. A queen on the chessboard could be captured by a lowly pawn if it was well-placed. In this case, the person who had it in his power to expose the NSA's critical sources and methods would no doubt be considered fair game by America's adversaries, including the Chinese and Russian cyber services. Indeed, how could they resist such a prize?

Snowden might have believed that he was in control, but the CIA believed that confidence was misinformed. "Snowden thinks he is smart," Morell said, after reviewing the case on a panel appointed by President Obama, "but he was never in a position in his previous jobs to fully understand the immense capabilities of our Russian and Chinese counterparts." He could adopt a cocky tone in his postmortem conversations with journalists in Moscow, but in truth he had no means to block the efforts of the Chinese or Russian services in Hong Kong. Even before Snowden contacted its diplomats in Hong Kong, the Russian intelligence service would swing into action to determine his intelligence value.

How many days he planned to be in Hong Kong depended on how speedily he could arrange a meeting with journalists. "The purpose of my [Hong Kong] mission was to get the information to journalists," he told the editor of *The Guardian* after he was safely ensconced in Moscow. He indicates that he was working under a tight clock. The time pressure resulted in his e-mailing an ultimatum to Gellman on May 24: either Gellman would publish the selected documents in *The Washington Post* within seventy-two hours, or he would lose the exclusive scoop. Snowden wanted the story to break on May 27, without his true identity (which Gellman did not know) attached to it. His identity would be known to a foreign mission in Hong Kong if Gellman acceded to his demands, because, as previously mentioned, Gellman's story would enclose an encoded signal he planned to use as proof of his bona fides. So even before the *Guardian* reporters had agreed to come to Hong Kong, Snowden had plans to deal with a foreign mission. If the *Post* had accepted his terms, Snowden would



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have been in a very different position. The story would have broken before Poitras or Greenwald even knew about Snowden's presence in Hong Kong, and his identity would be secret except for whatever foreign mission he had contacted. But, as we know, the *Post* turned down his ultimatum.

Time was running out if he was to break the story and leave Hong Kong before the NSA realized he was missing. At best, he was safe until June 3, when he was supposed to return from his medical leave. If he failed to show up in Hawaii on June 3, alarm bells at the NSA would go off, and it would not take long to find him. Airline records would show that he had flown to Hong Kong. Snowden told Poitras that NSA security would ask, "This guy isn't where he says he's supposed to be. He's supposed to be getting medical treatment. Why the hell is he in Hong Kong?" It would not take long to determine that he had lied about his medical treatment, and then the hunt would begin.

He had, remember, already sent Poitras an enciphered file and told her she would get the key once she followed his instructions. Greenwald had still not committed himself to meeting Snowden. Greenwald was, however, willing to publish the documents once Snowden provided them. That Snowden remained in Hong Kong suggests that his reason for going to and remaining in Hong Kong went beyond just delivering documents to journalists, which he could have done over the Internet. What he could not do in America, without risking arrest, was to make and release a video.

In any event, after his attempt to pressure the *Post*, Snowden asked Greenwald to fly immediately to Hong Kong. Presumably, he still wanted Greenwald's story and the video done in Hong Kong before he became a suspect. If Greenwald and Poitras had immediately flown to Hong Kong, it still might have left Snowden an escape window.

But of course things do not always go as planned. Greenwald, although agreeing to come to Hong Kong, waited in New York for two days while the *Guardian* editors completed their due diligence. Poitras waited with him. As a result of this delay, as we know, Greenwald and Poitras did not arrive at his hotel in Hong Kong until June 3, only hours before Snowden became suspect at the NSA. "It



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was a nervous period," Snowden recalled. Although he bravely told *The Guardian* "there was no risk" that the information he carried had been compromised by other parties in Hong Kong, that claim was, at best, wishful thinking on his part.

By this time, he had registered at the hotel under his true name and provided his credit card; he was in contact with three high-profile journalists, two well-known hacktivists, and, as he suggested to Gellman, a foreign diplomatic mission.

The mission's interest would likely be piqued when the newspaper published its first story on June 6. Greenwald then went on TV in Hong Kong, revealing to every interested intelligence service that a defector from the NSA was in Hong Kong providing secret documents.

Poitras released the famous video showing Snowden and secret NSA documents three days later. At this point, Snowden shone brightly as a beacon to NSA secrets to every player in the intelligence game, even if they did not know the extent of the damage he could inflict on American intelligence.

Snowden fogged over his travel plans to the media by telling reporters that he intended to remain in Hong Kong and fight extradition, but certainly the Russian officials whom he contacted became aware that he had other plans, having relayed his request to go to Russia to their superiors in Moscow. And, unlike the media, any sophisticated intelligence service was well aware of his movements. In Hong Kong, cell phones emit their GPS location every three seconds; even if Snowden disabled his own phone, lawyers and helpers could be tracked with ease.

China's president, Xi Jinping, who was meeting President Obama for the first time in Rancho Mirage, California, on June 8, would have been keenly interested in the unfolding Snowden affair. Obama had publicly called Xi to task for Chinese cyber espionage, and now that charge was undermined by Snowden's accusation that the United States was engaged in massive cyber espionage. U.S. intelligence verified that China instituted a full-court press of Snowden in Hong Kong immediately after the release of the video. From that moment on, any communication or movement Snowden made



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during his next fifteen days in Hong Kong would not likely escape China's scrutiny.

The United States had the ability to also follow Snowden's movements via the cell phones of his lawyers and other confederates after he surfaced. All tracking could be done by the NSA. What the United States lacked was any practical means to capture a high-profile intelligence defector in a city that was part of China. By this time, U.S. intelligence had established that Chinese and Hong Kong security services were monitoring Snowden's every move. This left few options in the game for the United States. "I'm not going to be scrambling jets to get a twenty-nine-year-old hacker," President Obama said on June 27.

The real prize, in any case, was not Snowden but the NSA's secret documents that he had with him. When Snowden was observed entering the Russian consulate, the game was all but over. U.S. diplomats could protest over back channels to Moscow, as they did, but with a trove of NSA secrets at stake there was little expectation that would stop the Russians. Two days later, the "single point of failure," as Snowden described himself, was on his way to Russia, where his hosts would be calling the shots.

When a victory is obtained in a major sports event, it is cause for public celebrations. The opposite is true in espionage. An intelligence victory involving secret documents, even if it cannot be entirely hidden, is kept veiled, as far as is possible, to increase the value of the coup. "The final move in any sophisticated intelligence game," Angleton told me in relation to espionage intelligence, is "obscuring a success."

Following Angleton's precept, the Russian or Chinese intelligence services, if they had a role in acquiring the product of the self-described "single point of failure," would work to cover their tracks in the affair even before the Aeroflot plane carrying Snowden touched down at Sheremetyevo International Airport on June 23. If any false flag operations had been used to trick, mislead, or otherwise induce Snowden to come to Hong Kong, they would be disbanded. If any safe house had been used to quarter Snowden in his first eleven days in Hong Kong, it would be shut down. If any operatives had been



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used in Hawaii to guide or assist Snowden, they would be put back into sleeper mode. If any telltale traces had been left in chat rooms or social media, they would be systematically deleted. Even more important to the ultimate success of such a communications intelligence coup, measures would be taken to conceal the extent of the damage done by the "single point of failure" by not precipitously closing down compromised sources. Snowden might believe that the power of the information he held was so great that if disclosed by him, all the NSA's sources would immediately go dark in Russia and China, but Russia might not wish to provide such clarity to its adversaries. An intelligence service need not close down channels it discovers are compromised by an adversary. Instead, it can elect to continue to use them and furnish through them bits of sensitive or misleading information to advance its own national interest. The real danger here was not that the NSA's "lights" would dramatically be extinguished but that all the future messages illuminated by those lights would be less reliable sources of intelligence. The game of nations is, after all, merely a competition among adversaries to gain advantages by the surreptitious exchange of both twisted and straight information.

To review: When the NSA asserted in the summer of 2013 that over one million documents had been compromised, it was recognizing the most massive failure in its sixty-year history. Not only were NSA secrets taken, but secret files from the CIA, the British GCHQ, and America's cyber military commands had been compromised. It was, as Sir David Omand, the former head of the British GCHQ, described it, a "huge strategic setback" for the West. The genie could not be put back into the bottle. There is not a reset button in this game. The best that the NSA could do now was damage control while its adversaries took full advantage of the setback. Several hundred U.S. and British intelligence officers worked around the clock in Washington, D.C., Fort Meade, Maryland, and Cheltenham, England, for months on end to determine which parts of the most powerful communications intelligence system in the world could be salvaged from what had been the Snowden breach.

Adding insult to injury, Snowden, speaking from his new perch in Moscow, told applauding audiences that the entire purpose of



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the U.S. exercise, including deliberately "trapping" him in Moscow, was to "demonize" him. "There was no question that I was going to be subject to a demonization campaign." Snowden said in Moscow, "They [Greenwald and Poitras] actually recorded me on camera saying this before I revealed my identity." Snowden asserted this "demonization" was to divert attention from the government's own crimes. By providing Snowden with this platform to rail against the putative machinations of the United States, Putin laid claim to the moral high ground.

Snowden's motive in requesting documents from other foreign intelligence services, such as the GCHQ, and copying lists of NSA sources remains unexplained. It is difficult to believe that his motive was whistle-blowing, because these documents were not among those he gave to journalists in Hong Kong. Indeed, he did not provide the journalists with the lists of sources that were particularly relevant to the NSA's surveillance of Russia. His legal representative in Moscow, Kucherena, confirmed that Snowden had taken secret "material" to Russia and had access to NSA documents that he had not given to journalists. Those unrevealed documents would be prized by many an adversary service. Did he use those documents as leverage in his transformation? The role that Moscow might have played in Snowden's defection clearly requires a closer examination of the machinations that brought Snowden to Russia. That is why I visited Moscow in October 2015.



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PART FOUR

# MOSCOW CALLING

Deception is a state of mind—and the mind of the state.

—JAMES JESUS ANGLETON



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CHAPTER 24

# Off to Moscow

> They talk about Russia like it's the worst place on earth. Russia's great.
>
> —EDWARD SNOWDEN, Moscow, 2015

BEFORE FLYING TO MOSCOW, I arranged to have dinner with Oliver Stone at an Italian restaurant on the Upper East Side of New York. I had greatly respected Stone's ability as a film director after watching him work on *Wall Street: Money Never Sleeps*, a film in which I had a cameo role. I had also debated Stone about the historical accuracy of his 1991 movie *JFK* at Town Hall in New York.

When we dined, he had just written, produced, and directed *Snowden*, an independently financed film depicting Snowden, as Stone put it, as "one of the great heroes of the twenty-first century." In preparing for it, Stone had seen Snowden in 2013 and 2014 and had had a six-hour meeting with Putin.

I wanted to talk to Stone not to learn about the film but to learn how he had gained access to Snowden in Moscow. I knew from the documents taken from Sony Pictures Entertainment—allegedly by North Korea—that Stone had paid *The Guardian* $700,000 for the film rights to *The Snowden Files*, a book written by Luke Harding.



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These documents also revealed that Stone had paid Anatoly Kucherena, Snowden's legal representative in Moscow, $1 million, supposedly for the rights to his novel, *Time of the Octopus*. Even by Hollywood standards, $1 million was an extraordinary sum to pay for a yet-to-be-published work of Russian fiction, and it was especially striking because Stone was making a fact-based movie using the actual names of the characters, and he had already bought the rights to *The Snowden Files*.

"Is your script based on Kucherena's *Time of the Octopus*?" I asked.

"No," Stone replied. "I haven't used it."

He said that the payment was for what he termed "total access." He explained that Barbara Broccoli and Michael G. Wilson, the producers of the James Bond franchise, had optioned Greenwald's book *No Place to Hide* to make into a movie about Snowden for Sony. Stone said that the million-dollar deal with Kucherena effectively guaranteed that any competing project would not have access to Snowden. Sony consequently put the competing film on hold.

Lawyers often negotiate deals on behalf of a client, but blocking a competing film requires considerably more influence with the powers that be in Russia. Kucherena, though, was no ordinary lawyer. Among other influential positions, I noted earlier, he was on the public board of the Russian federal security bureau, which had assumed the domestic operations of the defunct KGB in April 1995. In light of such connections, Stone said Kucherena might be acting as an intermediary for other parties who controlled access to Snowden in Russia. In any case, his concern was making a movie, and Kucherena delivered the exclusive access to Snowden.

Aside from being a skilled director, Stone is a shrewd producer who knows how to close a deal. He assessed, correctly as it turned out, that his project coupled with the payment to Kucherena would effectively block Sony's competing project. Where the money went was far less clear.

Toward the end of our dinner, Stone told me that he did not know I was writing a book about Snowden until a few weeks earlier. He learned of my book from Snowden himself. He said Snowden had



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expressed concern to him about the direction of the book I was writing. "What is it about?" Stone asked me.

I was taken aback. I had no idea that Snowden was aware of my book. (I had not tried to contact him.) I told Stone that I considered Snowden an extraordinary man who had changed history and was intentionally vague in my description of my book's contents. Stone seemed to be reassured, so I asked him about the possibility of my seeing Snowden in Moscow. He said that I "might want to speak to Anatoly [Kucherena]." Kucherena, it seemed to me, was clearly Snowden's gatekeeper.

In Snowden's two years in Moscow, he, or his handlers, had granted only a handful of face-to-face press interviews. Most of these were with the journalists who had published his story, but one was with James Bamford for his 2014 *Wired* piece. According to Bamford, it took nearly nine months to arrange the meeting. "I have been trying to set up an interview with him [Snowden]—traveling to Berlin, Rio de Janeiro twice, and New York multiple times to talk with the handful of his confidants who can arrange a meeting," Bamford recounted in *Wired*. After my dinner with Stone, I hoped to find a quicker route.

I was advised by a Moscow-based journalist that I needed a "fixer," the curious term that journalists commonly use to describe a local intermediary who arranges appointments in foreign countries. I retained Zamir Gotta, a highly respected TV producer in Moscow, who I was told had helped "fix" the Bamford interview with Snowden.

"There is only one door to Snowden," Zamir wrote to me. "His name is Kucherena." Zamir said Kucherena rarely saw journalists, but he had a contact in his office. He further told me Kucherena required any journalist seeking an interview with Snowden to submit his questions to the lawyer two weeks in advance and, if approved, to sign a document stating he would not deviate from the questions. Next, my questions had to be translated from English to Russian (even though Snowden does not speak Russian) and then vetted by Kucherena's staff. Zamir also suggested I stay at the Hotel National in Red Square because Snowden had gone there for pre-



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vious meetings with Bamford. So I sent Kucherena, via Zamir, ten questions that I wanted to ask Snowden.

I next obtained a multi-entry Russian visa from the Russian consulate in New York and booked myself a room in the Hotel National.

My night flight from New York to Moscow took just less than eight hours and landed at Terminal D of Sheremetyevo International Airport at 7:40 a.m. on October 29, 2015. I did not immediately proceed through passport control, in part because I wanted to explore the transit zone in which Snowden was supposedly trapped for six weeks.

Sheremetyevo Two, where all international flights land, was built in the waning days of the Cold War for international passengers arriving for the Moscow 1980 Summer Olympics. It was modernized in 2010, including opening a walkway that connects Terminals D, E, and F for transit passengers.

Snowden had vanished, at least from public view, in this complex of terminals for nearly six weeks in the summer of 2013. His explanation to journalists, as will be recalled, was two part. First, he said he had planned to board the next fight to Cuba and from there proceed to Ecuador. He said that he was unable to board this flight because his passport had been invalidated by the U.S. government while he was flying to Russia. Second, after discovering his passport had been revoked, he stayed in a capsule hotel in the transit zone for the next thirty-nine days. To better understand the plausibility of his version of those events, I proceeded through the transit passage to Terminal F, where Snowden's plane from Hong Kong had landed at 5:15 p.m. Moscow time on June 23, 2013.

Snowden did not go through passport control upon arrival. Before any of the other passengers were allowed to disembark from the plane, Russian plainclothes officers from the special services boarded the plane and asked both Snowden and Sarah Harrison, his WikiLeaks-supplied "ninja," to accompany them to a waiting car that whisked them away. According to the account in *Izvestia*, "A special operation was conducted for his reception and evacuation." It further said, "Snowden's flight to Moscow was coordinated with the Russian authorities and intelligence services."

If not for the "special operation," he could have easily gone by foot



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to Terminal E. It is a nine-minute walk through the transit passageway. Snowden, though, had one good reason for not going to Ecuador, even if Russia had permitted it. He believed that he would be vulnerable to rendition by the U.S. government in Ecuador. "If they [the U.S. government] really wanted to capture me, they would've allowed me to travel to Latin America, because the CIA can operate with impunity down there," he explained in the previously cited interview with Katrina vanden Heuvel, the editor of *The Nation*, in 2014. He had already discussed the likelihood of his being captured in Ecuador with Assange before his departure for Moscow. He later told Alan Rusbridger, the editor of *The Guardian*, that he considered himself at risk in Latin America. So why would Snowden, who told Greenwald that his "first priority" was his own "physical safety," leave the comparative safety of Russia to put himself in jeopardy in Ecuador?

He had not obtained a visa to Ecuador at its consulate in Hong Kong, as Kucherena confirmed. The Ecuador destination was, as we have seen, a cover story put out by Assange and his associates, and it worked with the press.

Over a hundred reporters and photographers scrambled aboard Aeroflot Flight SU150 to Cuba the next morning in response to this anonymous tip on a website, but Snowden was not aboard that flight and was not seen in Terminal E. By the time the plane landed in Cuba, Aeroflot denied that anyone named Snowden had ever been booked on any of its flights to Cuba, a denial it continued to repeat to every reporter who queried the airline for the next six weeks.

The first news that Snowden was still in Russia came on July 1, 2013. A statement posted on the WikiLeaks website—and signed "Edward Snowden"—after thanking "friends new and old" for his "continued liberty," accused President Obama of pressuring "leaders of nations from which I have requested protection to deny my asylum petitions." It added, "This kind of deception from a world leader is not justice, and neither is the extralegal penalty of exile. These are the old, bad tools of political aggression." In fact, Snowden had not suffered a "penalty of exile," because his passport was still valid for returning to the United States, but that was not an option for him as the statement made clear.



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Because the Aeroflot flight to Cuba was the only means of getting directly from Moscow to Latin America, Russian reporters, encouraged by WikiLeaks posts, continued taking the daily eleven-hour flight to Cuba until August 1. The charade only ended when Kucherena said in a press conference at the airport that Snowden would be taking up residency at an undisclosed location in Moscow and walked out of the airport with Snowden.

Sarah Harrison, Snowden's companion on the plane to Moscow, told *Vogue* that she and Snowden for thirty-nine days had shared a windowless room in the transit zone of the airport where they watched TV, washed their clothes in a sink basin, and ate meals from the nearby Burger King. The only hotel with windowless rooms in the transit zone in 2013 was the Vozdushny V-Express Capsule Hotel, located next to a newly opened Burger King.

The polite V-Express desk clerk, who spoke English, showed me the standard windowless double room. It was approximately twenty-four square feet in area. Most of the floor space was taken up by twin beds. Across from the bed, behind a plastic curtain, was a stall with a shower, a toilet, and a sink. It would be very cramped quarters for two people to share for such an extended period. It cost 850 rubles an hour (about $18 in 2013). For thirty-nine days, that hourly charge would have added up to $16,600. Snowden claimed to the BBC that he brought a large cache of cash to Russia, which he could have used to pay the hotel. But such a long stay was not allowed, according to the desk clerk. The maximum stay allowed by the hotel was twenty-four hours. So either the rule was waived for Snowden, or Harrison did not tell the full truth.

I learned from a former KGB officer that there are VIP quarters beyond the confines of the airport, including suites at the four-hundred-room Novotel hotel, which is located about seven miles away, that are used for debriefing and other purposes by the security services. According to him, the security services are not restricted from entering and leaving the transit zone.

The possibility that Snowden was staying elsewhere would help explain the futile search for him by a large number of reporters over those thirty-nine days. When they learned from tweets that Snowden was not aboard the plane to Havana on June 24, for weeks



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they aggressively questioned all the restaurant employees, security guards, and airport personnel they could find. They also bought business-class tickets on flights just to gain access to VIP lounges in the transit zones. Despite this intensive search, none of them found a single person who had seen Snowden, although his image was constantly shown on airport TV screens. Egor Piskunov, a reporter for RT television, even rented a room in the V-Express Capsule Hotel and "tipped" hotel employees, trying, without success, to get information. Piskunov told me, "It was a total vanishing act."



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CHAPTER 25

# Through the Looking Glass

There's definitely a deep state. Trust me, I've been there.

—EDWARD SNOWDEN, Moscow, 2014

WHILE WAITING to hear back from Kucherena's office, I arranged to meet with Victor Cherkashin, who had been one of the most successful KGB spy handlers in the Cold War. Cherkashin, born in 1932, had served in the KGB's espionage branch from 1952 until 1991 and now operated a private security firm in Moscow. I was particularly interested in his recruitment of three top American intelligence officers: Aldrich Ames of the CIA, Robert Hanssen of the FBI, and Ronald Pelton of the NSA. I hoped that seeing these intelligence coups through the eyes, and mind-set, of their KGB handler might provide some historical context for the Snowden defection. So I invited Cherkashin to lunch at Gusto, a quiet Italian restaurant, located near the Chekhov Theater in Moscow.

Cherkashin, a tall thin man with silver hair, showed up promptly at 1:00 p.m., wearing an elegant gray suit and dark tie. He walked with a spry step. Because he had served in counterintelligence in the Soviet embassy in Washington, D.C., for nearly a decade, he spoke flawless English.



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I began by asking him about one of the more celebrated cases he had handled for the KGB, that of Ames, who had acted as a Russian mole in the CIA between April 1985 and January 1994. In those nine years, he rose, or was maneuvered by the KGB, into a top position in the CIA's highly sensitive Counterintelligence Center Analysis Group, which allowed him to deliver hundreds of top secrets to the KGB. In return, according to Cherkashin, Ames received between $20,000 and $50,000 in cash for each delivery, which amounted to $4.6 million over the nine years.

I asked Cherkashin about the weakness the KGB looked for in an American intelligence worker that might lead him to copy and steal top secret documents. How did he spot a potential Ames? Was it a financial problem? Was it a sexual vulnerability? Was it an ideological leaning?

"Nothing so dramatic," he answered. When assessing Ames's biographical data, Cherkashin said he was looking for a well-placed intelligence officer who was both dissatisfied with and antagonistic to the service for which he worked.

"The classic disgruntled employee," I interjected.

"Any intelligence officer who strongly feels that his superiors are not listening to him, and that they are doing stupid things, is a candidate," he continued. He said he had found that the flaw in a prospect that could be most dependably exploited was not his greed, lust, or deviant behavior but his resentment over the way he was being treated.

"Is that how you spotted Ames?"

"Actually, he approached us, not vice versa." It was his job in the CIA to approach opposition KGB officers. "But, yes, we saw the potential," he said.

Because Ames had been paid $50,000 in cash by Cherkashin for his first delivery, I asked whether he fit into the category of a disgruntled employee.

"Wasn't he just a mercenary?" I asked.

"I knew from our intelligence reports that he needed money for debts stemming from his divorce," he answered. "But he was also angry at the stupidity and paranoia of those running the CIA. Ames told me at our first secret meeting that they were misleading



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Congress by exaggerating the Soviet threat." Cherkashin evaluated Ames as a man who felt not only slighted by his superiors but "helpless to do anything about it" within the bureaucracy of the CIA. "The money we gave, even if he could spend only a small portion of it, gave him a sense of worth." He explained that the KGB had an entire team of psychologists in Moscow that worked on further exploiting Ames's resentment against his superiors.

The search for an adversary intelligence officer who resents his service was not limited to KGB recruiters. It was also the "classic attitude" that the CIA sought to exploit in its adversaries, according to a former deputy director. "You find someone working for the other side and tell him that he is not receiving the proper recognition, pay, and honors due him," Morell said, pointing out that the same "psychological dynamic" could be used to motivate someone to "act alone" in gathering espionage material.

I next turned to an even more important KGB coup with Cherkashin: the Robert Hanssen case. From the KGB's perspective, Hanssen was an extraordinary espionage source. He was a walk-in who never entered the Soviet embassy or met with KGB case officers, but in working as a KGB mole between 1979 and 2001, he had delivered even more documents to the Russian intelligence services than Ames. Cherkashin learned of this potential spy when he received an anonymous letter from him identifying an FBI source in the Soviet embassy. When that tip proved to be accurate, Cherkashin got the resources he needed from the KGB to develop this source. From the start of his work for the KGB, Hanssen laid down his own rules. The KGB would deliver cash from which all the fingerprints were removed to locations, or "dead drops," he specified. He would deliver documents exposing FBI, CIA, and NSA sources and methods in another dead drop. The KGB would precisely follow his instructions.

Cherkashin told me that Hanssen's "astounding self-recruitment" was executed in such a way that the KGB never actually controlled him. "He was our most important mole and we didn't ever know his identity, where he worked, or how he had access to FBI, CIA, and NSA files." Even so, the KGB (and later the SVR) paid him $600,000 in cash. In return, the anonymous spy delivered twenty-seven com-



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puter disks containing hundreds of secret documents revealing the sources and methods of American intelligence. According to Cherkashin, it was the largest haul of top secret documents ever obtained by the KGB (although it was only a small fraction of the number of top secret NSA, Department of Defense, and CIA documents taken by Snowden in 2013). Cherkashin told me the price paid by Moscow was a great bargain because it helped compromise "the NSA's most advanced electronic interception technology," including a tunnel under the Soviet embassy.

Yet it was only after newspapers reported that Hanssen had been arrested by the FBI in February 2001 that Cherkashin learned the name and position of the spy he had recruited. Cherkashin told me that what mattered to the KGB was not "control" of an agent but the value of the secrets he or she delivered. "Control is not necessary in espionage as long as we manage to obtain the documents." So in the eyes of the KGB, anyone who elected to provide it with U.S. secrets was a spy.

"All we knew was that he delivered valuable documents to us and asked for cash in return," he said. "We didn't control him; he controlled us."

An uncontrolled mole who provided secrets to the KGB and the SVR for twenty-two years was very different from fictional moles in the spy movies. I asked whether it would have been better if the KGB had him under its control.

"Possibly," Cherkashin answered. "But as it turned out, Hanssen was by far our most valuable penetration in the Cold War."

"Could Hanssen really be called a mole?" I asked.

"A 'mole' is a term used in spy fiction," he said. "We prefer the more general term 'espionage source.' "

"So anyone who delivers state secrets to the KGB, for whatever reason, is an espionage source?" I asked.

"Certainly, if the information is valuable to us," Cherkashin answered.

"If some unknown person simply delivered a trove of top secret communications secrets to the doorstep of Russia, would it be accepted?" I asked with Snowden in mind.



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"I can't say what the SVR would do today. I am long retired," he said, with a nostalgic shake of his head. "But in my day, we needed some reason to believe the gift was genuine."

"Would you need to vet the person delivering it?"

"With Hanssen we did not have that opportunity," he said. "If we believed the documents were genuine, we would of course grab them."

The final recruitment I asked Cherkashin about was that of Ronald Pelton, the civilian employee of the NSA who had retired in 1979. Pelton had left the NSA without taking any classified documents with him. After retiring, he had financial difficulties, and he sought to get money from the KGB. On January 14, 1980, he walked into the Soviet embassy in Washington, D.C., and asked to see an intelligence officer. After he was ushered into a secure debriefing room, he said that he had information that Russia would find interesting, but he wanted money in return. What interested me about the Pelton case was that Cherkashin proceeded to recruit Pelton, even though he was no longer working at the NSA and no longer had access to the NSA. In addition, because the FBI had twenty-four-hour surveillance on the embassy, Pelton had almost certainly been photographed entering it and had also possibly been recorded asking for an intelligence officer by electronic bugs that the KGB suspected the NSA had planted there. What did the KGB do in a situation in which a former civilian employee at the NSA possessed no documents?

Despite the risks involved, Cherkashin decided Pelton had to be debriefed by communications intelligence specialists. So he had him disguised as a utility worker and smuggled out in a van to the residential compound of the ambassador in Georgetown. A few days later, he was dropped off at a shopping mall.

"Why did you go to such effort if Pelton had neither documents nor access to the NSA?" I asked.

"It was the information in his head that we wanted." Cherkashin said that because the KGB rarely got access to any NSA officer, it was worth the risk. So Pelton was given $5,000 in cash and a plane ticket to Vienna, where he was domiciled at the residence of the Soviet ambassador to Austria. A KGB electronic communications expert, Anatoly Slavnov, was then sent to Vienna to supervise the



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Pelton debriefings. The debriefing sessions, which went on for fifteen days, were from 8:00 a.m. to 6:00 p.m. In them, Pelton managed to recall Project A, a joint NSA-CIA-navy operation in which submarines surreptitiously tapped into Soviet undersea cables in the Sea of Okhotsk, which connected to the Soviet Pacific Fleet's mainland headquarters at Vladivostok. Pelton received another $30,000 from the KGB.

"Did the information in his head prove valuable?" I asked.

"As long as the NSA didn't know the tap was compromised by Pelton, we could use the cable to send the NSA the information we wanted it to intercept." He said that while actual NSA documents would have proved more useful than someone's memories, "Our job is to take advantage of whatever we can get."

Two years later, Pelton was again flown to Vienna for another debriefing to see if he could recall any further details. According to Cherkashin, the KGB's job was to leave no stone unturned when it came to the NSA's sources. In 1985, the KGB's task ended when Pelton was arrested by the FBI. Like Ames and Hanssen, Pelton was sentenced to life imprisonment.

Looking at his watch, Cherkashin politely excused himself.

I subsequently spoke to Colonel Oleg Nechiporenko, who had been a foreign intelligence officer in the KGB between 1958 and 1985 and continued his intelligence work until recently as chief counterterrorism expert of the Russian-led Collective Security Treaty Organization. Over a leisurely coffee in the bar of the Hotel National, he told me that many "walk-ins" who contacted Soviet officials in his time were emotionally disturbed, but all of them had to be assessed for possible intelligence value. "Our job was to find espionage sources," he said with a twinkle in his eye. "The Internet has changed the espionage business since secret documents can be massively downloaded by an unhappy employee," he said, "but they still need to be assessed by a professional."

Through the eyes of the KGB, a penetration of American intelligence was clearly opportunistic. If these practices continued, they put Snowden's situation in a new light for me. If Russian intelligence considered it worthwhile to send a former civilian worker at the NSA, such as Ronald Pelton, two thousand miles from Washing-



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ton, D.C., to Austria so that its specialists could debrief him on the secrets he held in his head, it would have an even greater interest in exfiltrating Snowden from Hong Kong to get, aside from his documents, whatever secrets he held in his head. If Russian intelligence were willing to opportunistically accept the delivery of U.S. secrets from an unknown espionage source that it neither recruited nor controlled, such as Hanssen, it would obviously have little hesitancy in acquiring the secrets that Snowden had stolen of his own volition, even if Snowden had acted for idealistic reasons.

If Russian intelligence focused its search pattern on disgruntled American intelligence workers, such as Ames, it is plausible that it spotted Snowden through his Internet rants against U.S. surveillance. Even if it had missed Snowden in Hawaii, a disgruntled former civilian employee at the NSA would have received its full attention after he contacted Russian officials in Hong Kong. While the tactics of the SVR might have changed since Cherkashin retired, its objectives remained the same. And the NSA remained its principal target. Nor is there any reason to doubt that it still measures success in its ability to obtain, by whatever means, the secret sources and methods of its adversaries. Snowden was in a position, with both the documents he had taken and the knowledge he had in his head, to deliver the KGB such a coup.

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CHAPTER 26

# The Handler

As for [Snowden's] communication with the outside world, yes, I am his main contact.

—ANATOLY KUCHERENA, Moscow, 2013

ON NOVEMBER 1, I still had not been able to make contact with Anatoly Kucherena, and my flight back to New York was in five days. My fixer, Zamir, had been trying to arrange an appointment for three weeks, but he had only received one callback from Kucherena's assistant, Valentina Kvirvova. She wanted to know how I knew Oliver Stone. Zamir told her of my part in Stone's movie. That was the last he had heard from her. Meanwhile, a Moscow-based journalist told me that she had waited eighteen months to hear back from Kucherena before giving up. I also learned from a Russian researcher that Kucherena had not given a single interview since his television interview with Sophie Shevardnadze on September 23, 2013. And no Russian journalist, or any Moscow-based foreign journalist, had ever obtained an interview with Snowden. At this point, Zamir was becoming increasingly doubtful about my getting access to either Kucherena or Snowden.

I turned to another contact in Moscow. When I had been investigating the 2006 polonium poisoning of the former KGB officer



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Alexander Litvinenko, I had interviewed Andrei Lugovoy. A former KGB officer assigned to protecting the Kremlin's top members in the 1990s, Lugovoy later opened his own security company. In 2005, he became a business associate of Litvinenko's in gathering information and made regular trips to London to meet with him. Because he had tea with Litvinenko at the Pine Bar of the Millennium Hotel in London on November 1, 2006, the day Litvinenko was poisoned, he became the main suspect in the British investigation. He could not be extradited, however. After reconstructing the chronology of the crime, I established that Litvinenko had been contaminated with polonium at a Japanese restaurant some four hours before his tea with Lugovoy. I therefore wrote that the crime scene might not have been at the Pine Bar, a finding that he said he greatly appreciated.

Lugovoy was elected to the Duma in 2007 and also hosted a twenty-four-part television series on espionage for which Putin personally decorated him. He was also now reputed to be in the inner circle of power in Moscow. So I called him.

We arranged to meet in the bar of the Hotel National. A short but well-built man with a bullet-style haircut, Lugovoy showed up promptly at 1:00 p.m. After discussing some of the subsequent developments in the still-lingering polonium investigation, I asked him if he knew Kucherena.

"I don't know him, but I know someone who does," he answered. "Why are you interested in seeing Kucherena?"

I told him that I wanted to speak to him about Snowden but I had been unable to arrange a meeting.

"That's no problem," he said, raising his cell phone (which never left his hand). He hit a number on the speed dial and spoke rapidly in Russian (which I do not understand). He cupped his hand over the phone and asked how long I would be in Moscow. After I told him that I was leaving that Friday, he spoke again in Russian to the person on the other end. "You will have an appointment on Thursday," he said.

Later that afternoon, Valentina, Kucherena's assistant, called to say that Kucherena would be happy to see me at his office at 6:00 p.m. on Thursday. I didn't ask Lugovoy whom he had called. Whomever Lugovoy called obviously had the power to arrange the meeting.



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When I arrived at Kucherena's office, I was with my translator Zamir. (Kucherena did not speak English.) I arrived ten minutes early, and a receptionist showed me into a well-lit square room with an elegant table in the center. There was a sumptuous basket of exotic fruits on the table and large portraits of racehorses on the walls. Another door opened, and a tall, graceful woman came into the room and introduced herself as Valentina. She was wearing a well-fitting black dress, a striking jade necklace, and high heels. When she asked whether we would like anything to drink, it seemed more like the prelude to an elegant dinner party than an interview about Snowden.

Valentina spoke very good English. She apologized for the delay in responding to my requests, explaining that she received "thousands of requests" for interviews and did not have time to answer them. When I asked how many were answered, she shrugged and said, "Not many."

At that moment, Kucherena entered with a jaunty step, a cherubic face, and untamed white hair. He was wearing gray slacks, a partially buttoned cashmere polo sweater, and a fully engaging smile.

As I had learned from his entry in *Wikipedia*, he was born in a small village in the Soviet Socialist Republic of Moldavia in 1960 and had obtained his law degree from the All-Union Correspondence Law Institute in 1991. He opened his own law firm in Moscow in 1995. Kucherena's well-known friendship with Putin had evidently not hurt his law practice. His clients had included such well-connected defendants as Viktor Yanukovych, the president of Ukraine overthrown in 2014; Grigory Leps, a Russian singer blacklisted by the United States for allegedly acting as a money courier for a Eurasian criminal organization; Valentine Kovalev, a former Russian minister of justice charged with corruption; and Suleyman Kerimov, a civil servant from Dagestan who had amassed an estimated fortune of $7.1 billion. Kerimov had recently been charged for manipulating the price of potash in Belarus. Most of these clients were reputed to be part of Putin's inner circle.

To break the ice, I asked Kucherena about Oliver Stone. I knew he had a small role in Stone's forthcoming movie, in which he plays Snowden's lawyer in Moscow.



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"I was impressed by how few takes he needed to shoot my scene," he answered.

"How did you come to be Snowden's lawyer?" I asked.

"Snowden picked me from a roster of fifteen lawyers with which he had been provided."

Because Snowden did not speak or read Russian, I asked Kucherena about how Snowden had come to pick him from the roster. Could he have known about his connections?

"I suppose it was because of my record in defending human rights," Kucherena replied with a broad smile.

Kucherena went to Sheremetyevo International Airport to meet his new client on the morning of Friday, July 12, 2013. At that point, he said that Snowden had been held virtually incommunicado for twenty days. Other than Russian officials, the only person he had been allowed to see during this period was Assange's aide, Sarah Harrison.

"Where in the airport did you meet him?" I asked. "Was it in a VIP lounge?"

"It was in the transit zone," he replied coyly. "That is all I can say."

They spoke through a translator. By this time, Harrison had sent twenty-one countries petitions for asylum that were signed by Snowden. Whatever their purpose, Kucherena did not consider them helpful.

"I told him that if he wanted to get sanctuary in Russia, he would have to immediately withdraw all the petitions in which he had asked other countries for asylum." Kucherena said that otherwise he could not represent him. Snowden agreed to that condition.

Shortly before 5:00 p.m., Kucherena accompanied Snowden, who was wearing an open-neck blue shirt and a badly creased jacket, to area G9 in the transit zone, where they emerged from a door marked "Authorized Personnel Only." A number of officials in dark suits, who Kucherena assumed were from the "special services" to protect Snowden, were already in the room. Snowden and Harrison seated themselves at a table. A Russian translator was also seated at the table. At this point, thirteen invitees were ushered into the room to witness Snowden's first public appearance in Russia. It was rare



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if not unprecedented for an American intelligence worker to seek asylum in Russia.

These invitees included some of Putin's close associates, pro-government activists, and representatives of both Amnesty International and Human Rights Watch. "It was totally bizarre," said Tanya Lokshina, the deputy director of Human Rights Watch, who attended. "Although it was billed as a press conference," she recalled, "there was no press or photographers allowed in the room." Nor was anyone allowed to photograph or record the event.

Snowden read from a prepared statement accusing the U.S. government of violating the Universal Declaration of Human Rights, saying he was a victim of political persecution, and concluding, "I will be submitting my request to Russia today [for asylum], and hope it will be accepted favorably." After answering a few questions posed by the audience, he left the room with Kucherena and Harrison by the same door they had entered.

In discussing this meeting, Kucherena told me that Snowden had not intended to seek asylum in Russia when he arrived on June 23. Because he also said he had not met Snowden prior to the day of the conference, I asked how he knew Snowden's intentions.

"When I accepted the case, I received Snowden's dossier," he answered. "I was able to see all his interviews."

Presumably, Snowden's dossier included his interviews with the FSB, the SVR, and other Russian security services. If so, it would explain how Kucherena could be so certain that Snowden had brought "material" with him to Russia that he had not provided to journalists in Hong Kong. Before meeting with Kucherena, I had met with Sophie Shevardnadze, who told me that Kucherena had personally approved the translation of their interview into English. So I asked Kucherena about the interview. It will be recalled that in response to a question about whether Snowden had secret material with him in Russia, Kucherena had said "certainly." Was this exchange accurate?

"It was accurate," he answered.

Snowden, as we know, had said in Hong Kong that he had only given journalists some of the state secrets he had stolen and that he



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deemed others too sensitive for journalists. So I wanted to find out from Kucherena which documents Snowden had taken to Russia. I went about it in a roundabout way. When Shevardnadze asked him about the secret material Snowden might reveal in Russia, Kucherena pointedly called her attention to Snowden's CIA service, suggesting that he might possess CIA files. I also knew that in Kucherena's roman à clef, he had Joshua Frost, the thinly veiled Snowden-based character, steal a vast number of CIA documents that could do great damage to U.S. intelligence. By retaining them, Frost made himself a prime target of the CIA.

So I asked, "Is Joshua Frost fact or fiction?"

"I can't tell you that," he said. "If I said he was Snowden, it would violate the attorney-client privilege."

"I understand," I said. "But did Snowden do what Frost did in your book?"

"That is for you to decide," he answered with a sly smile. "It's my first novel."

When I asked if he could arrange for me to see Snowden, he said that first I would have to submit my questions to Ben Wizner, Snowden's American lawyer at the ACLU. He made it clear to me that the exposure of Snowden to journalists, or at least the vetting of journalists, had been outsourced to Wizner. Kucherena was handling Snowden's liaisons with the Russian authorities while Wizner was handling the Snowden narrative, including selecting the media outlets. Presumably, Wizner had handpicked Snowden's past interviewers in Moscow, including Barton Gellmna, James Bamford, Brian Williams, John Oliver, Alan Rusbridger, and Katrina vanden Heuvel.

"After that, the final decision is up to Snowden," he said. That seemed to conclude the interview, but as I got up to leave, he added, "His legal defense is fairly expensive."

Snowden had said in a BBC interview in 2015, as previously mentioned, that he had brought enough cash to Hong Kong and Russia to cover all of his expenses. So I asked Kucherena if Snowden had brought his own funds.

"He was penniless when he arrived," he replied. I found that answer plausible because the FBI reportedly had not found a large cash withdrawal from his account before his departure and it seemed



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to me too risky for him to carry a large sum of undeclared cash through three airports. Because large sums of cash must be declared, the detection of the money could compromise his plan to deliver his NSA documents. Snowden might have told the BBC he had brought cash to allay suspicions about who was financing his stay in Moscow.

I was intrigued by this remark. Snowden, as far as I knew, didn't need a legal defense, because he was not charged with a crime in Russia and the United States had no extradition treaty with Russia.

While Kucherena unfortunately did not arrange an interview with Snowden, he did something I considered more important. He confirmed the accuracy of his September 2013 assertion that Snowden had brought secret material to Russia, material he had not given to journalists in Hong Kong. After what I had learned from Cherkashin about the lengths that Russian intelligence would go to obtain U.S. communications intelligence secrets, I viewed Snowden's access to this material to be a crucially important part of the mystery.

That day, I immediately sent my questions to Ben Wizner, and I offered to fly back to Moscow if Snowden would grant me an interview. In March 2016, Wizner answered that Snowden had "respectfully declined."



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PART FIVE

# CONCLUSIONS: WALKING THE CAT BACK

In solving a problem of this sort, the grand thing is to be able to reason backward.

—SHERLOCK HOLMES, *A Study in Scarlet*



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CHAPTER 27

# Snowden's Choices

It is the choices we make that show who we truly are.

—J. K. ROWLING, *Harry Potter and the Sorcerer's Stone*

RUSSIAN AUTHORITIES had the opportunity to thoroughly debrief Snowden as to his motive for stealing state secrets, whereas U.S. authorities did not. It cannot be assumed that he had a single consistent motive in 2013. Snowden has shown, if nothing else, that he was adaptable to changing circumstances. He might have begun taking documents for one reason and found other reasons as he proceeded in his quest. Many of the reported circumstances of his activities, including his probes, contacts, theft, and escape, are disputed by his supporters. Many of his other activities are shrouded by the secrecy of the NSA. We do know, though, that Snowden made four extraordinary choices during the nine-month period in 2013. If, as is said, actions speak louder than words, Snowden's four choices illuminate the underlying concerns guiding his acts. In the case of a classified intelligence breach, as in the post-action analysis of a masterful chess game, the sequence of moves a player makes provides an important clue to his strategy. Let us review what we have already learned about these decisions.



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*The First Decision*

The initial move that Snowden made in preparation for the Level 3 breach was switching jobs on March 15. Snowden chose to leave his job as a system administrator at Dell to take one at Booz Allen as an analyst in training. His motive could not have been money, because it was a lower-paying position. At the time he made this choice, he had already set up an encrypted channel with Laura Poitras for the purpose of sending her secret material. But he did not have to change jobs to send her important secrets. So what was his purpose in making this fateful choice?

The job change was not necessary to expose NSA domestic activities. If he had only wanted to be a whistle-blower, there were ample documents about the NSA's activities already available to him on the NSANet. He also had access at Dell to the administrative file that contained the FISA court orders issued every three months to Verizon. In addition, as the NSA's damage assessment established, before switching jobs, Snowden had already taken most of the documents pertaining to the NSA's domestic operations that he could have supplied to Poitras and Greenwald for whistle-blowing purposes. Indeed, while still at Dell, he had told Poitras he had a copy of Presidential Policy Directive 20, a document in which President Obama authorized the NSA to tap into fiber cables crossing the United States. Snowden described it to her as "a kind of martial law for cyber operations, created by the White House." True, he took a more recently issued FISA order and PRISM presentation in April after switching jobs, but he could just as easily have taken the January 2013 version of the FISA order from the administrative file of Dell. It would have had the same explosive effect in the media.

Nor did he switch jobs to lessen the risk of getting caught. Actually, the change put him in far greater jeopardy. At Dell, he was relatively safe from apprehension because he could take documents, such as the Presidential Policy Directive 20, from access points at the NSA shared by many of his peers, making it difficult to trace the theft. Indeed, if he just wanted to expose the NSA's domestic operations, he could have done the entire operation at Dell. He could even



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have sent Poitras documents anonymously over his own Tor software and server. And he could have remained in his self-described "paradise" in Hawaii with his girlfriend.

When he chose to move to Booz Allen, the risk of exposure greatly increased because of its auditing system. Any documents he took without authorization could be traced back to him (though not in real time). As he later told Greenwald and Poitras, he knew that stealing documents at the Booz Allen job meant that he would either go to prison or escape from America. He didn't want to face prison time, so the job change required an escape plan. As part of that plan, soon after he started work at the Booz Allen–managed facility, he submitted a request for a medical leave of absence.

We can safely assume that the reason he made this risky switch in employment was that he wanted something beyond the whistle-blowing documents. He wanted documents that were not available at the Dell job. One such document he took was the top secret *Congressional Budget Justification* book for fiscal year 2013. This "black budget," as it is called in Congress, contained the entire intelligence community's priorities for, among other things, monitoring the activities of potential adversaries and terrorist organizations. It specified the money requested not only by the NSA but by the CIA, the DIA, the National Reconnaissance Office, and other intelligence services. Snowden could not have objected to the budget's being somehow secret or illegitimate, because it was duly approved by both houses of Congress and the president. If it was not for purposes of whistle-blowing, presumably he had another purpose for taking such a document. It certainly held value to other actors. "For our enemies, having it [the black budget] is like having the playbook of the opposing NFL team," said the former CIA deputy director Morell in 2015. "I guarantee you that the SVR, the Russian foreign intelligence service, would have paid millions of dollars for such a document." If unlike Ames, Hanssen, and Pelton, Snowden was not after acquiring money, he must have seen another value in taking it.

The documents he stole at Booz Allen certainly increased his value to adversary nations, because they included lists revealing the NSA's sources in Russia, China, and other foreign countries.



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Snowden wanted more than just NSA secrets. He used his new position and widened access at Booz Allen to go after secret documents from the intelligence services of Britain, Australia, New Zealand, and Israel. He revealed this operation only after receiving sanctuary in Russia. He told an interviewer that by moving to his new Booz Allen job as an infrastructure analyst, he gained the ability to pry secrets out of the allies of the NSA. "I had a special level of clearance, called 'Priv Ac,'" he said. This "priv ac" status did not allow him to bypass the password protection at sealed-off compartments at the NSA, but it did allow him to request files from foreign services cooperating with U.S. intelligence.

By way of example, he described one file from the British GCHQ cipher service that he copied, stole, and provided to other parties. It exposed a legally authorized British operation to collect electronic data on terrorist matters in Pakistan by tapping into Cisco routers used by telecom companies in Asia. This GCHQ operation, as Snowden knew, violated neither British nor American law. He told a BBC interviewer in regard to that file, "What's scariest is not what the government is doing that's unlawful, but what they're doing that is completely lawful." So his criteria for taking such documents were not their illegality. In his five weeks at this Booz Allen job, he also used this same newly acquired "priv ac" at the NSA to steal files from the Israeli, Canadian, and Australian intelligence services.

Jumping from one outside contracting firm to another for the purpose of penetrating other Western intelligence services is not the conventional mission of a whistle-blower. In the parlance of CIA counterintelligence, the actions of an employee of an intelligence service who changes his jobs solely to steal the more valuable secrets of this service is called an "expanding penetration." It is not possible to believe that Snowden did not know the immense damage that the highly sensitive documents he was taking from the NSA and its allies could cause.

His choice to switch jobs did not come out of the blue. It was not based on serendipitously discovering the documents after he began working at Booz Allen. As he told Lana Lam, he knew in advance that by switching to the job at Booz Allen, he would gain the opportunity to take the lists of NSA sources. He knew that the NSA's



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secretive National Threat Operations Center's chief business was, as its name suggests, countering direct threats from China, Russia, and other adversary states and that to deal with these threats, the NSA had used sophisticated methods to hack into the computers of adversaries. The NSA was even able to remotely gain entry to adversary computers that were not hooked into a network. "It's no secret that we hack China very aggressively," Snowden later said from Moscow. He had a planned target: getting the lists of the enemy computers that the NSA had hacked into.

He also knew he was undertaking a dangerous enterprise. He even mentioned the possibility that he would be "in an orange jumpsuit, super-max prison in isolation or Guantánamo," perhaps even assassinated.

He knowingly chose this course presumably because he believed the value of the secrets he would obtain by switching jobs outweighed the risk of imprisonment. Or worse. Part of his calculus might have been the belief that the NSA lists, GCHQ documents, and other material in his possession could give him great leverage, if he chose to exert it, in his future dealings with intelligence services (including the NSA). His choice to widen his access was made, if not to get rich, to empower himself.

## *The Second Decision*

The second choice of consequence that Snowden made was to make Hong Kong his first stop. He had many other options. He could have remained in America, as almost all previous whistle-blowers had chosen to do. If he did that, he would have to make his case in court (and, in that case, the Level 3 documents he took might have been retrieved before they fell into unauthorized hands). He could have also chosen to make an escape to a country that did not have an active extradition treaty with the United States. He could have, for example, taken a direct flight to Brazil, which has no extradition treaty with the United States. Brazil also had the advantage of being the home country of Glenn Greenwald, whose cooperation he sought. Snowden could have gone to many other countries without extradi-



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tion treaties with the United States. Yet, instead, he flew to Hong Kong, which had an extradition agreement that had been enforced throughout the past decade with Hong Kong courts ordering the arrest of almost every fugitive charged by U.S. authorities. He could expect that when the United States filed a criminal complaint, Hong Kong authorities would seize him and the alleged stolen property of the U.S. government in his possession. Even if he were released on bail and successfully defeated extradition in a Hong Kong court, the Hong Kong authorities would almost certainly retain all the NSA and GCHQ files he had gone to such lengths to steal.

His reason, as he told Greenwald, was that China could provide him with physical protection from any countermeasures by U.S. intelligence agencies such as "American agents . . . breaking down the door" of the hotel room and seizing him. China also had sway over Hong Kong's security activities.

Hong Kong was therefore merely a protected stopover en route to his next destination. If he had gone directly to Moscow and provided the same journalists with the same documents at a press conference in Moscow, his status as a whistle-blower might have been viewed with less sympathy in the media. Even *The Guardian*, for example, might have been reluctant to publish a Moscow-based story revealing British and American communications intelligence secrets.

### *The Third Decision*

The third choice Snowden made, and the choice that most effectively defined him to the public, was to reveal himself as the man behind the leak in a video in Hong Kong. He not only identified himself as the person who stole the government documents published by *The Guardian* and *The Washington Post* but also incriminated himself further on camera by allowing Poitras to film him actually disclosing the NSA's secret operations to Greenwald. By disclosing classified data to Greenwald, an unauthorized person, he intentionally burned his bridges.

What makes this choice intriguing is that there was no evident



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need for him to expose himself in this way. If he merely wanted to be a whistle-blower, he could have, as Bradley Manning did, anonymously sent the documents to journalists as "Citizen Four." In fact, in late May 2013, that was exactly what he did. He anonymously sent Gellman the PRISM scoop, which the *Post* published on June 6. He also sent Greenwald and Poitras documents while he was still the anonymous Citizen Four. Neither Gellman nor Greenwald had suggested the need for a face-to-face meeting with Snowden. Even after he had revealed his true identity to Poitras and Greenwald on June 3, the *Guardian* editor Ewen MacAskill offered him the option of remaining an unnamed source for the stories. He said, as he later told *Vanity Fair*, "You should remain anonymous; the stories are just as good without you." However, anonymity was not part of Snowden's long game.

The reason he gave Greenwald in Hong Kong for going public in this way was to avoid having any suspicion fall on his co-workers at the NSA. Yet in the initial stories published by Greenwald, Poitras, and Gellman, Snowden had not allowed the reporters to identify him by either name or position. If he did not act to deflect suspicion from his co-workers for the initial investigation, why do it a week later? In the intervening week, the FBI had already launched its criminal investigation. In any case, he did not need to be the subject of a documentary film to take sole responsibility for stealing state secrets. He could have simply allowed Greenwald to identify him by name as the source in the stories.

One thing that Snowden could not accomplish by anonymously transferring the documents to journalists was a starring role in the drama. If he had appeared digitally masked in Poitras's video with an altered voice, he would not achieve fame. To do that, he needed to allow Poitras to film him committing the crime of turning over NSA documents to Greenwald. This video was also part of his advance planning. Indeed, one reason he chose Poitras was that she was a prizewinning documentary filmmaker. Snowden, while he was still working at the NSA in March 2013, made it clear how he intended to use Poitras's filmmaking skills. He told her, "My personal desire is that you paint the target directly on my back." Making himself the



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on-camera star of a twenty-hour-long reality show, edited first into a video and then a full-length documentary, transformed him in the public's mind into a hero.

It would be a mistake to assume that the central role he gave himself was simply an exercise in narcissism. After the video was released, he was no longer a near nonentity servicing a computer system at a backwater NSA base in Hawaii. He had emerged from the shadowy world of electronic intelligence to become one of the most famous whistle-blowers in modern history. It was a mantle that would allow him to also become a leading advocate of privacy and encryption rights, as well as the leading opponent of NSA spying. While this remarkable transformation might not have been his entire motive, it was certainly the result of the choice he made to go public.

### *The Fourth Decision*

The final choice he made was to board a nonstop flight to Moscow on June 23. Once the U.S. criminal complaint was unsealed on June 21, he needed to leave Hong Kong; his continued presence would have been a complication for the Chinese president, Xi, scheduled soon to meet President Obama. His only route out of Hong Kong went through two adversaries of the United States: China and Russia. China, as far as is known, did not offer him sanctuary. According to one U.S. diplomat cited by *The New York Times,* China might have already obtained copies of Snowden's NSA files and did not want the problem of having Snowden defect to Beijing. In any case, if it had not already acquired the files, it could assume it would receive that intelligence data from its Russian ally in the intelligence war. Whatever its reason, China did not use its considerable power in Hong Kong to block Snowden's exit.

Nor did Snowden obtain a visa to any country in Latin America or elsewhere during his monthlong stay in Hong Kong. As in the oft-cited Sherlock Holmes clue of the dog that did not bark, Snowden's lack of any visas in his passport strongly suggests that he had not made plans to go anyplace but where he actually went: Moscow. His



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actions here, including his contacts with Russian officials in Hong Kong, speak louder than his words.

Just as he believed the Chinese intelligence service could protect him in Hong Kong from a physical attack by agents of the United States, he could assume that the FSB could protect him from them in Moscow. He was not entirely naive about its capabilities. During his service in the CIA, he had taken a monthlong training course at the CIA's "farm" at Fort Peary, in which counterintelligence officers taught about the capabilities of the Russian security services. He couldn't have believed that Russia would allow a defector from the NSA who claimed to have had access to the NSA's sources in Russia and China to leave Moscow before its security services obtained that information.

It is not uncommon for a defector to change sides in order to find a better life for himself in another country. Some defectors flee to escape a repressive government or to find one in which they believe they are more closely attuned to its values. Russia, however, is ordinarily not the country of choice for someone such as Snowden seeking greater civil liberties and personal freedom. So why did Snowden choose Russia for his new life?

The four choices just discussed that Snowden made, taken together, show that Snowden was determined to succeed where others before him had failed. He not only wanted to take full credit for stealing files from the NSA but also wanted to escape any American retribution for his act. His decision suggests to me a highly intelligent, carefully calculating man who was hell-bent on finding a new life for himself in a foreign country. A common thread that runs through these four choices is a willingness to do whatever was necessary to achieve this new life, including disregarding his oath to protect secrets and instead transporting them on thumb drives to a foreign country. To protect himself, he was also willing to rely on the influence of adversary intelligence services in Hong Kong and put himself in the hands of Russian authorities in Moscow. He was also willing to use some of his classified documents as a medium of exchange, if not bait, with journalists to get the public attention he sought.

These choices paid off for Snowden, the new hero of millions. In



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Moscow, he could enjoy a safe life, free from the threats of a CIA rendition team dropping from the sky or extradition proceedings. He was now under the protection of Putin's Russia. The press had a field day with the domestic surveillance documents that he gave them. As far as Snowden was concerned, as he told Gellman on December 21, 2013, in Moscow, "The mission's already accomplished."

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CHAPTER 28

# The Espionage Source

> The government's investigation failed. [It] didn't know what was taken.
>
> —EDWARD SNOWDEN, Moscow, 2014

IN MOSCOW, I had learned that Russian intelligence services use the broad, umbrella term "espionage source" to describe moles, volunteers, and anyone else who delivers another state's secrets to it. It applies not only to documents but to the secret knowledge that such a source is able to recall and includes both controlled and uncontrolled bearers of secrets. It is also a job description that fit Edward Snowden in June 2013.

Unless one is willing to believe that the Putin regime acted out of purely altruistic motives in exfiltrating this American intelligence worker to Moscow, the only plausible explanation for its actions in Hong Kong was that it recognized Snowden's potential as an espionage source. Snowden's open disillusionment with the NSA presented the very situation that the Russian intelligence services specialized in exploiting. He had also revealed to reporters in Hong Kong that he had deliberately gained access to the NSA's sources and methods and that he had taken highly classified documents to Hong Kong. He further disclosed that before leaving the NSA, he



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had gained access to the lists of computers that the NSA had penetrated in foreign countries. He even went so far as to describe to these journalists the secrets that he had taken as a "single point of failure" for the NSA. And aside from the documents he had copied, he claimed that the secret knowledge in his head, if he disclosed it, would wreak havoc on U.S. intelligence. "If I were providing information that I know, that's in my head, to some foreign government, the US intelligence community would . . . see sources go dark that were previously productive," he told the editor of *The Guardian* in Moscow.

In short, he advertised possessing priceless data that the Russian intelligence services had been seeking, with little success, for the past six decades. These electronic files could provide it with the keys to unlock the NSA's entire kingdom of electronic spying. Could any world-class intelligence service ignore such a prize? To miss the opportunity to get its hands on such a potential espionage source would be nothing short of gross negligence.

In fact, this golden opportunity was not missed in Hong Kong. Even if the Russian intelligence service had not previously had him in its sights—which, as discussed earlier, appears to me to be extremely unlikely—he made contact with Russian officials in Hong Kong, and Putin personally approved allowing Snowden to come to Russia.

This decision made it possible for Snowden, without an entry visa to Russia, or, for that matter, any other country, to check in and board an Aeroflot flight to Moscow. We also know that a special operation was mounted to take Snowden off the plane once it landed in Moscow. Such an operation could not have been executed without advance planning. Nor would he be removed from the plane without a plan for his stay in Russia. Once Putin approved it, there is little reason to doubt that the plans to get Snowden to Moscow, and whatever cover stories were deemed necessary to obscure them, had been carried out professionally by Russia's special services.

When an intelligence service makes such elaborate preparations for extracting a foreign intelligence worker, it presumably also expects to debrief him or her on arrival. Pelton, for example, who had access to far less valuable information than had Snowden, was



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held incommunicado in Vienna for two weeks during his debriefing. It would be inconceivable for an intelligence service to bring a potential espionage source such as Snowden to Russia and allow him to catch the next plane to Latin America. The false report provided to the press that Snowden was flying there was likely nothing more than a smoke screen to confuse foreign observers while he was receiving his initial debriefing and evaluation.

When it comes to the esoteric enterprise of reconstructing the work of U.S. communications intelligence, military as well as civilian experts in cryptology, computer sciences, and communications are necessary. Unlike in the case of Pelton, Snowden, according to Anatoly Kucherena, had secret material in his possession. Even if Russian intelligence had already acquired copies of the electronic files prior to Snowden's arrival in Moscow, Snowden's interpretation of them would be part of the debriefing because intelligence data needs to be put in context.

"This debriefing could not be done overnight," according to a former high-ranking officer in the GRU, the Russian military intelligence service. "There is no way that Snowden would not be fully debriefed," he said. He also said GRU specialists in signals intelligence would be called in.

Putin's approval of the Snowden operation was not without consequences. Not only did Obama make good on his threat to cancel the pre-Olympics summit with Putin, but also, as it turned out, the Snowden exfiltration proved a turning point in the "reset" of U.S.-Russian relations. Having to accept the onus of declining relations with the Obama administration, Putin, it seems safe to assume, attempted to get the bonus of the NSA's communications intelligence from Snowden. The GRU, the SVR, and other Russian intelligence services would not stop questioning Snowden, even if it took years, until they had squeezed out of him whatever state secrets he had. Because Snowden was rewarded with sanctuary, a residence, and bodyguards, there is no reason to doubt that he refused to accommodate his hosts. While he might continue to see himself as a whistleblower on a supranational scale, as far as Russian intelligence was concerned, he was an espionage source.

For an intelligence service, the game is not over when it obtains



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state secrets. It still needs to fog over the extent of its coup, as said earlier, to prolong the value of the espionage. Hence it is likely that the story that Snowden had thoroughly destroyed all the stolen data in the month prior to departing for Russia, as well as the story that he had turned down all requests to be questioned by the FSB and other Russian intelligence officials, was part of the legend constructed for him. The repetitions of these uncorroborated claims in his press interviews might also have enhanced his public image for the ACLU effort to get clemency for him. Even so, in view of the importance of such communications intelligence to Russia, it would be the height of naïveté for U.S. or British intelligence to accept such claims as anything more than camouflage.

As for Snowden's motive, I see no reason to doubt his explanation that he stole NSA documents to expose its surveillance because he believed that it was an illicit intrusion into the privacy of individuals. Such disaffection is not a unique situation in the intelligence business. Many of Russia's worldwide espionage sources before Snowden were also dissatisfied employees who had access to classified secrets. Like some of them, Snowden used his privileged access to reveal what he considered the improper activities of the organization for which he worked. In that sense, I fully accept that he began as a whistle-blower, not as a spy. It was also as a whistle-blower that he contacted Laura Poitras, Glenn Greenwald, and Barton Gellman, who published the scoops he provided in *Der Spiegel*, *The Guardian*, and *The Washington Post*.

Snowden's penetration went beyond whistle-blowing, however. In the vast number of files he copied were documents that contained the NSA's most sensitive sources and methods that had little if anything to do with domestic surveillance or whistle-blowing.

Snowden could not have acted entirely alone. It will be recalled that the deepest part of his penetration was during the five weeks he worked at the National Threat Operations Center in Hawaii as a contract employee of Booz Allen Hamilton. It was there that he copied Level 3 files, including the so-called road map to the gaps in American intelligence. During this period, Snowden had neither the passwords nor the system administrator's privileges that would



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allow him to copy, transfer, and steal the electronic files. He therefore must have obtained that assistance from someone who had the passwords and privileges. Other workers there might have shared his sensibilities and antipathy toward NSA surveillance. It therefore seems entirely plausible that he found a co-worker willing to cooperate or, vice versa, a co-worker found him. Snowden might not have been aware of his new accomplice's true motives or affiliations, but without some co-worker's providing him with entry to the sealed-off computers, he could not have carried out the penetration. To our knowledge, whoever helped him evidently did not want to expose himself to prosecution or defect from the NSA. That was Snowden's role. By accepting the sole blame in the video that Poitras made about him in Hong Kong, Snowden shielded anyone else from suspicion, which was, as he told Poitras, his purpose. Whoever helped him may still be working at the NSA.

To be sure, there remains that other glaring gap in the chain of events that led Snowden to Moscow: his whereabouts and activities during his first eleven days in Hong Kong. Mike Rogers, the chairman of the House Select Committee on Intelligence, even suggested, without any evidence, that Snowden might have been taken to mainland China during this period. What drove his speculation was the admission of U.S. intelligence that despite its vast global resources for searching credit card charges, banking transactions, hotel registrations, e-mails, police records, and even CCTV cameras, neither it nor its allies were able to find a trace of Snowden during that time. It was, in a phrase made famous by the former secretary of defense Donald Rumsfeld, "a known unknown." Just as likely he could have been staying in a well-prepared safe house anywhere in Hong Kong or even at the home of an unknown associate. All that is really known is that soon after he emerged from this venue, moved to the Mira hotel, and gave his celebrated interview to journalists, he was safely settled in Russia.

Snowden's actions appear squarely at odds with his assertions of serving his country's interests. Even accepting that he began with a sincere desire to be a world-class whistle-blower, his mission evolved, deliberately or not, into one that led him to disclose key communica-



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tions intelligence secrets to a foreign power with an agenda that is hardly aligned with his country's interests. A defector is defined in the *Cambridge English Dictionary* as "a person who leaves his or her own country or group to join an opposing one." Snowden's actions fit that description. In the end, it is Snowden's actions, not his words, that matter.



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CHAPTER 29

# The "War on Terror" After Snowden

> Because of a number of unauthorized disclosures and a lot of hand-wringing over the government's role in the effort to try to uncover these terrorists, there have been some policy and legal and other actions that make our ability collectively, internationally, to find these terrorists much more challenging.
>
> —CIA DIRECTOR JOHN BRENNAN,
> in response to the Paris terrorist attack, November 2015

On the evening of November 13, 2015, nine jihadist terrorists acting on behalf of ISIS brought normal life in Paris to a screeching halt. Three suicide bombers blew themselves up at the stadium at Saint-Denis while President Hollande was inside attending a match between France and Germany. Other terrorists that night killed 130 people at cafés, restaurants, and a theater. Three hundred and eighty-eight others were wounded in the carnage. Abdelhamid Abaaoud, a twenty-eight-year-old Belgian citizen of Moroccan origins who served ISIS as a logistics officer in Syria in 2014, planned the attack over many months with the help of others in Syria. To organize it, they smuggled three suicide bombers into Europe through Greece, raised financing, set up a base in the Molenbeek section of Brussels, imported deactivated assault weapons from Slovenia that were restored by a technician, bought ammunition, acquired suicide vests, obtained "burner" cell phones, rented cars, and, two months before the attack, rented three additional apartments under fake identities to conceal the operation. Finally, in


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November, they made online bookings for quarters in Paris for the nine attackers. Even though Abaaoud was well-known to Western intelligence services, none of the communications surrounding the preparations for the attack came to the attention of the NSA or its allied services in Europe. A critical find for the investigators enabled them to unravel the chain that eventually led them to the perpetrators, but it had nothing to do with electronic surveillance. A cell phone belonging to one of them was found by the security forces, following a broad search they conducted, which included trash cans situated in the vicinity of the concert halls. So this breakthrough in the investigation had nothing to do with systematic data analysis conducted prior to the attack.

Indeed, in the sequence of the Paris events, as in other terror events, the challenge is not just bringing culprits to justice. It is preventing the terrorists from carrying out their attack to begin with. Police cannot constantly protect "soft targets" such as restaurants, cafés, theaters, and street gatherings. The only practical means by which a government can prevent such attacks is to learn in advance their planning and preparations. One means of acquiring this information is by listening in on the channels through which members of loosely knit terrorist organizations, such as ISIS, communicate. This form of intelligence gathering obviously works best so long as the terrorists remain unaware that the communication channels they are using are being monitored. Once they find out that their messages and conversations are being intercepted, they will likely find a safer means to communicate important information. For that reason, communications intelligence organizations keep the sources and methods they employ for monitoring these channels in a tightly sealed envelope of secrecy.

Yet, in June 2013, the NSA found that envelope had been breached by Snowden, who knowingly compromised three programs that it used to keep track of terrorist organizations around the world. The first system he divulged, and the one that received the most public attention, was what the NSA called the "215" program because it had been authorized by Section 215 of the Patriot Act of 2001. This program compiled the billing records of every phone call made in America. The data included the number called and the duration of



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the call but not the name of the caller. This anonymous data was archived into a huge database. The idea was that when any foreigner on the FBI's watch list of terrorists called any number in the United States, the FBI could trace that person's entire chain of telephone contacts to try to determine if he or she was connected to a known terrorist cell. There was, however, a major flaw in this program: it did not cover e-mail and other Internet messaging, which by 2013 had largely replaced telephone calls. In addition, terrorist organizations, after the tracking down of Osama bin Laden in 2011, had become fully aware of the vulnerability of telephoning overseas. So although the NSA could cite a handful of early successes that "215" yielded, Snowden's exposure of it did only limited damage.

Snowden did vastly more damage by revealing the PRISM program, also called "702" because it was authorized in 2008 by Section 702 of the Foreign Intelligence Surveillance Act. Its effectiveness proceeded from the misplaced confidence that terrorist organizations in Iraq, Syria, Afghanistan, and Pakistan had in the encryption and other safeguards used by giant Internet companies, such as Apple, Google, Twitter, and WhatsApp. They evidently had not known that in 2007 the NSA found a way to intercept this data before it was encrypted. The Internet, despite metaphors such as "the cloud" and "cyberspace," initially travels through fiber cables, almost all of which run through the United States and its Five Eyes allies. So by 2013 the NSA was able to access 91 percent of the Internet *before* it was encrypted. This so-called upstream data included Google searches, tweets on Twitter, social media postings, Skype conversations, messages on Xbox Live, instant messages sent over WhatsApp, and e-mails sent via the Internet. The NSA could also read concealed messages in photographs and online game moves. According to a declassified 2015 inspector general's analysis, the actual interceptions in this program in 2013 were mainly limited to the communications of preselected foreign terrorists.

Until the Snowden breach was revealed on June 6, 2013, this program gave U.S. intelligence a valuable tool for gathering unexpected intelligence. Snowden must have been aware of how highly the NSA valued this program because, according to the documents he released, PRISM was "the number one source of raw intelligence used for



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NSA analytic reports." From the continued use of these intercepted channels by suspected terrorists on the NSA's watch lists, it could be reasonably assumed that these users were unaware of the NSA's capacity to intercept their messages on the unencrypted Internet.

Unlike the telephone program that Snowden revealed, the PRISM program produced actionable intelligence until the time when Snowden blew it. General Hayden, who was NSA director during the three years following the 9/11 attack, wrote that these surveillance powers, among other things, "uncovered illicit financing networks, detected suspect travel, discovered ties to aviation schools, linked transportation employees to associates of terrorists, drew connections to the illicit purchases of arms, tied U.S. persons to Khalid Sheikh Mohammed, and discovered a suspect terrorist on the no-fly list who was already in the United States." More specifically, just between 2007 and 2013, according to the testimony of NSA and FBI officials, it resulted in the preempting of at least forty-five terrorist attacks. Almost all of the thwarted attacks occurred outside the jurisdiction of the United States, and therefore did not result in U.S. prosecutions. One of the plots that targeted Americans was a planned attack using high explosives on the subways in Grand Central station and the Times Square station at rush hour in New York City in 2009. It was averted after British intelligence supplied the NSA with the e-mail address of the terrorist suspect Najibullah Zazi in Aurora, Colorado. The PRISM surveillance program then traced it to an IP address on the watch list associated with Rashid Rauf, an al-Qaeda bomb maker in Pakistan. Zazi, evidently unaware that e-mails sent via Yahoo! could be intercepted before they were encrypted by Yahoo!, continued sending e-mails to Rauf as he prepared to assemble the bombs in early September 2009. As a result, the NSA search of its database yielded e-mails from Zazi discussing the proportions of explosives to be used. These e-mails recovered through the PRISM program, according to an analysis done for the Senate Judiciary Committee in 2014, provided the "critical lead" that led to the arrest of Zazi and his confederates before they could detonate bombs in the subways of New York City. The members of the House and Senate Select Committees on Intelligence had no doubt that the 702 program played a key role in aborting this plot they had been



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secretly briefed on in 2009. Dianne Feinstein, the chair of the Senate Select Committee, pointed out with privileged knowledge that it saved "subway cars stuffed to the gunwales with people"; Representative Mike Rogers also spoke with privileged knowledge when he said on June 9, 2013, referring to the 702 program, "I can tell you in the Zazi case in New York, it's exactly the program that was used."

The third NSA program of interest to terrorists that Snowden revealed was called XKeyscore. Using Internet data from PRISM, the NSA had created the equivalent of digital fingerprints for suspected foreign terrorists on watch lists. The "fingerprint" for each suspect was based on his or her search pattern on the Internet. These algorithms made it difficult for suspects to hide on the Internet by using aliases. Once a suspect was "fingerprinted," any attempt to evade surveillance by using a different computer and another user name would be detected by the XKeyscore algorithms. The "fingerprints" only worked so long as XKeyscore remained secret from those on the watch list. After Snowden exposed it, suspects could evade surveillance by changing their search patterns when they changed their aliases.

Further enabling furtive Internet users to evade the surveillance of the government, Snowden offered specific tips about the secret sources and methods used by both the NSA and the British GCHQ. He revealed in a public interview, for example, that the GCHQ had deployed the first "full-take" Internet interceptor that "snarfs everything, in a rolling buffer to allow retroactive investigation without missing a single bit." When asked how to circumvent it, he replied, "You should never route through or peer with the UK under any circumstances. Their fibers are radioactive, and even the Queen's selfies to the pool boy get logged." Aside from this warning about using Internet providers whose wiring passes through Britain, he also warned Internet users about trusting the encryption of any U.S.-based Internet company because of their secret relationships with the NSA. He added that the NSA considered "telecom collaborators to be the jewels in their crown of omniscience." He also gave a warning about the attention the NSA was paying to "jihadi forums." He said that to avoid being automatically "targeted" by the NSA, one needed to avoid them.



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These precise tips for evading U.S. and British surveillance were not accidentally leaked. Snowden supplied them in written answers to interrogatives sent to him by Poitras and Appelbaum in May 2013 while he was still on the NSA payroll. He also carefully orchestrated the exposure of the PRISM surveillance programs, precisely specifying, as Greenwald writes in his book *No Place to Hide*, who was to release the "scoops" in which newspapers. He gave Gellman a seventy-two-hour ultimatum for exposing PRISM, as we know. He further provided Poitras with well-organized files for publications revealing, among other things, that the NSA had paid RSA, a leading computer security provider, to build flawed encryption protocols, which allowed the NSA to read encrypted messages on computers and online video games. In short, he used these journalists to accomplish his purpose. In light of the way he micromanaged the leaks, it is difficult to conclude that he did not deliberately plan to compromise and render useless these U.S. and British operations.

Whatever he intended, he clearly succeeded in blowing the cover off NSA's operations authorized under the Foreign Intelligence Surveillance Act for monitoring terrorists' activities. After all, terrorist groups are no different from other criminal enterprises in their need to keep their communications secret from the authorities pursuing them. If they find out that the police are tapping their phone lines or intercepting other channels of communication, they can be expected to either stop using them or use them to divert attention away from their real plans.

In addition, Snowden suggested an alternative means to those who wanted to evade government surveillance. He recommended that they use end-to-end encryption, which results in messages being encrypted before they are sent over the Internet. He told Greenwald, for example, that encryption was "critically necessary" for anyone to evade NSA surveillance. Just as Robert Hanssen had deliberately compromised the NSA's interception of Soviet communications in Washington, D.C., in the 1990s, Snowden deliberately compromised the NSA's interception of concealed messages by potential terrorists on the Internet. We cannot know whether or not any of the jihadists involved in subsequent terrorist attacks (such as those in Paris or San Bernardino, California, in 2015) would have used the Internet



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or phone lines more freely if Snowden had not divulged the NSA's surveillance of them, but there can be little doubt that his breach of the secrecy envelope had serious consequences for U.S., French, and British intelligence. For example, François Molins, the former head prosecutor of Paris, pointed out that after the Paris attacks the French investigation had run into an obstacle: end-to-end encryption. "We can't penetrate into certain conversations," he said about "Telegram," the end-to-end encryption program that Snowden had repeatedly recommended, and as a result "we're dealing with this gigantic black hole, a dark zone where there are just so many dangerous things going on."

The effects of Snowden's intervention were soon realized by the CIA, according to Michael Morell, who had closely followed intelligence about terrorist groups in the Middle East ever since he had acted as the CIA's briefer for the president on the day of the 9/11 attack. "Terrorist organizations around the world were already starting to modify their actions in light of what Snowden disclosed," Morell wrote in 2015. "Within weeks of the [Snowden] leaks, communications sources dried up, tactics were changed." Even more disturbing, suspects on the CIA's watch list began switching to an "encryption platform." Instead of continuing to rely on the Internet to protect their messages, they increased their use of end-to-end encryption, which defeated the effectiveness of PRISM's capturing Internet traffic before it was encrypted by Internet companies. Indeed, after the Snowden breach, ISIS even provided a tutorial on its websites about using end-to-end encryption. So Morell and others at the CIA helplessly watched as this previous source of unexpected intelligence went dark.

What further heightened Morell's concern about this sudden loss of NSA intelligence from these sources was the discovery by the CIA in January 2014 of two documents, one 26 pages and the other 19 pages, on a captured ISIS computer in Syria. These documents discussed the advantages of using bubonic plague germs and other biological weapons against Western civilian populations. They even provided a religious justification for using biological warfare against civilian targets in the West. In addition, evidence uncovered from the safe house used by the ISIS terrorists involved in the Paris attack



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suggested they had been interested in acquiring radioactive isotopes. Without the advance warning that the NSA's surveillance of the pre-encrypted Internet had provided in the past, could the CIA now contend with such unconventional threats?

The NSA also saw its sources disappearing from its surveillance. Before the Snowden breach, the FBI, the CIA, and the DIA, which were the NSA's partners in the PRISM program, had compiled a watch list of highly active foreign terrorist targets for the NSA's PRISM program. These "targets" included logistics officers, bomb builders, weapons specialists, and suicide bomber recruiters. Until June 6, 2013, many of these targets had frequently used Internet services, such as Twitter, Facebook, and Xbox Live, to send what they believed would be hidden messages. After the PRISM story broke in *The Washington Post* on June 6, the NSA "saw one after another target go dark," according to a senior NSA executive involved in that surveillance. The NSA has watched about one thousand of these targets take "steps to remove themselves from our visibility." According to the NSA's deputy director, Richard Ledgett, in 2016, the vanishings included a group planning attacks in Europe and the United States.

Admiral Rogers, the new NSA director, was asked about the damage done by Snowden. He was blunt and direct. Asked in February 2015 whether or not the disclosures by Snowden had reduced the NSA's ability to pursue terrorists, he answered, "Have I lost capability that we had prior to the revelations? Yes."



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# Epilogue

## *The Snowden Effect*

> Governments can reduce our dignity to something like that of tagged animals.
>
> —EDWARD SNOWDEN, Moscow, 2016

THE ENORMOUS EFFECT that Snowden has had on America can be divided into three categories: the good, the bad, and the ugly. The good proceeds from the national conversation on the issue of surveillance in 2013 that his disclosures ignited. There is no denying that Snowden's dramatic disclosures, despite the damage they did to U.S. intelligence, accomplished a salutary service in alerting both the public and the government to the potential danger of a surveillance leviathan. The steady expansion of the NSA's collection of telephone billing records under the cloak of secrecy, for example, revealed a bureaucratic mission creep that badly needed to be brought under closer oversight by Congress. Snowden's breach provided another benefit. It pointed to the security dangers proceeding from the NSA's headlong rush to outsource its computer servicing to private contractors. Opening this back door, as Snowden amply demonstrated, greatly increased the risk that America's secrets would fall into the hands of its enemies. An intelligence service has little if any value if it cannot keep secret its sources from its adversaries.



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The conversation that Snowden began is necessary for another reason. The relentless growth of data-collection technology had come to endanger personal privacy. Smart phones in our pockets, GPS recorders in our cars, fitness bands on our wrists, CCTV monitors in stores, and network-connected devices in our homes leave a digital trail of every move we make. The government can subpoena as part of an investigation, as we know, our personal data, including our Internet searches, social media postings, electronic communications, and credit card records. In addition, the government has its own tools of surveillance. Snowden, by disclosing that the government was vacuuming in phone billing records and Internet activities, hit a sore spot in the public's consciousness. How far did the surveillance state extend? Did an Orwellian government intercept private conversations of American citizens? Should Apple, Google, and other Internet giants use a doomsday system of encryption to prevent court-ordered searches for data? Were there adequate safeguards against government snooping?

In popular culture, surveillance is often associated with the sinister measures taken by a totalitarian government to suppress individual dissidence. On television we see government agents in black vans operating arrays of tape recorders, following people on the street, and breaking into homes to steal files and tap telephone lines. In the 2006 Academy Award–winning film *The Lives of Others*, for example, East Germany's Stasi police use listening devices to gather information to blackmail intellectuals to assist in the eradication of dissent. East Germany was not the only place in the Cold War era using surveillance to suppress dissent. Even in the United States in the 1950s and 1960s, J. Edgar Hoover's FBI bugged the phones of civil rights leaders, including Martin Luther King Jr., to root out suspected subversive elements. Most Americans viewed this as a reprehensible use of government surveillance, and the very mention of the word, even before Snowden's disclosure, evoked disquiet among the public. But what Snowden exposed was not any sort of rogue operation but programs authorized by the president and Congress and approved by fifteen federal judges. If one accepts that the nation's security remains a legitimate function of government, the



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issue is not surveillance itself; it is the proper way such surveillance is conducted.

The NSA surveillance of telephone records that Snowden exposed was different in its intent from the surveillance of the Cold War. Its target was a selected list of 300 to 400 foreign jihadists living abroad. Many of these individuals residing in Syria, Iraq, and Pakistan had been identified by the FBI and the CIA as active bomb makers, assassins, and weapon specialists. This was not domestic surveillance, but when any of these suspects telephoned a phone number in the United States, the NSA checked the billing records of the domestic phone number that had been called to determine all the calls emanating from it. The purpose of this search was to assemble for the FBI a list of contacts that a foreign suspect might have in the United States. To expedite this task, it obtained from telephone companies the billing records, without any names attached, of all their users and stored them in a single archive under its control. While this surveillance targeted foreign terrorists, not domestic dissent, the bulk collection of phone records had the potential for more nefarious use, a danger that Snowden brought to the public's attention. As a result, Congress modified the Patriot Act so that billing records would remain on the computers of the phone companies for a limited time rather than on those of the NSA. The NSA could still search them after obtaining an order from the FISA court, though it could not archive the data for future use, so little harm to individual privacy could be done. Snowden deserves a large share of the credit not only for this change but for making the public aware of domestic surveillance.

The bad part of the equation is that Snowden deeply damaged an intelligence system that American presidents have relied on for over six decades. The heart of that system was the sources and methods used to intercept other nations' communications. Until Snowden, the NSA's wall of secrecy kept these nations from knowing about them or, in some cases, even realizing that they were vulnerable to interception. For example, as previously discussed, the NSA had developed the remarkable ability to tap into an adversary nation's computers,



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even though they had been isolated from any network. This innovation had provided President Obama and his national security team an edge of which our adversaries were unaware from 2008 to 2013. However, Snowden deliberately nullified this advantage in 2013 by revealing this technology (which was published in *The New York Times* and other newspapers). The vast number of documents that he compromised contained many other secret sources and methods.

The full extent of the damage Snowden did may never be fully known, even though the Department of Defense spent the better part of a year, and tens of thousands of investigative man-hours, trying to sort out just the compromised sources and methods pertaining to military and cyber-defense operations. In addition to the direct and significant cost to taxpayers represented by this investigation, one measure of how serious the loss has been was revealed by Michael McConnell, the vice-chairman of the company for which Snowden had worked at the time of the breach. McConnell stated publicly, "Snowden has compromised more capability than any spy in U.S. history." McConnell had no obvious reason to exaggerate the loss because his company, Booz Allen Hamilton, was partly responsible for the damage. It hired Snowden, as will be recalled, even after its vetters had detected an untruthful statement in his application. McConnell said, "This will have impact on our ability to do our mission for the next twenty to thirty years." By any measure, two decades of lost intelligence is a steep price to pay.

To be sure, the practical value of peacetime intelligence about the activities of adversary states is not always evident. What is far clearer to the public is the value of intelligence that can thwart terrorist attacks against subways, theaters, and other civilian targets. We have seen that Snowden also deprived the NSA of much of the effectiveness of its PRISM program by revealing it, through the articles published at his specific behest in *The Guardian* and *The Washington Post* that explained how it worked. This single revelation compromised a system, duly authorized by Congress and the president, that had been the government's single most effective tool for learning in advance about attacks in America and Europe by jihadist terrorists.



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The ugly part of the equation is the rampant growth of the public's distrust of the institutions of government in America. According to recent polls, 4 out of 5 Americans distrust the government. Snowden did not create this new age of distrust, but his disclosures greatly contributed to it, as well as to the worldwide distrust of the U.S. government. This post-Snowden distrust is especially powerful in the section of the international media that assisted Snowden in his release of NSA documents. In defending Snowden, it questions the truthfulness of any government official or member of Congress who discloses information contradicting Snowden's claims or showing that there was some benefit to the multibillion-dollar intelligence system that he compromised. Even Senator Dianne Feinstein, who herself fought the secrecy of the CIA for years, was not exempt from such distrust when she asserted in June 2013 that the program that Snowden had compromised had helped avert a bloody carnage on the New York subways in September 2009, as mentioned earlier. That she was the ranking Democrat on the Senate Select Committee on Intelligence, and briefed on the program at the time of the attack, did not prevent a distrustful press from attempting to impeach her credibility and that of the fourteen other members of the Senate Select Committee and the twenty members of the House Select Committee on Intelligence who had affirmed her assertion.

In this culture of distrust, any claim that any of the secrets that Snowden disclosed could have caused any harm is preemptively dismissed as government propaganda. Snowden's word also is taken over that of government officials because, as *The Nation* explained, Snowden speaks "truth to power." Such a formulation of distrust allows those who accept it to dismiss all assertions of government officials representing power who contradict Snowden's version of reality. Such is Snowden's glorified aura that even when his revelations expose purported U.S. government actions in foreign lands, including the alleged tapping of friendly government officials' conversations, such as Angela Merkel's, these are implicitly conflated with the NSA's domestic surveillance program, around which a



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popular movement has emerged questioning its purpose and methods. As a result, a legitimate debate on what should constitute our domestic liberties—and potential limits to those when facing significant security concerns—has largely obfuscated in this mind-set the reality of Snowden's weakening, durably and structurally, the critical ability of the United States and its allies to address their mounting external security challenges. In this culture of distrust, whatever contradicts the innocent whistle-blower narrative can be preemptively dismissed because Snowden, even though he remains ensconced in Moscow at an unknown location, remains the ultimate truth teller.

I do not accept either this formulation of Snowden or his version of the events in which he was the hero. Opening a Pandora's box of government secrets is a dangerous undertaking. Whether Snowden's theft of state secrets proceeded from an idealistic attempt to right a wrong, a narcissistic drive to obtain personal recognition, an intent to weaken the foundations of the surveillance infrastructure in which he worked, or a combination of such factors, by the time he arrived in Moscow, it had evolved, deliberately or not, but necessarily, into a mission of disclosing key national secrets to a foreign power. In the end, such conjectures about Snowden's motives matter less than that he was helped, consciously or not, by others with interests that differed from those of the United States. The effects on America of such a massive breach of confidence might not easily be reversible.

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HOUSE_OVERSIGHT_019793

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HOUSE_OVERSIGHT_019794

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HOUSE_OVERSIGHT_019795

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HOUSE_OVERSIGHT_019796

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HOUSE_OVERSIGHT_019802

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HOUSE_OVERSIGHT_019813

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## CHAPTER 25 Through the Looking Glass

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HOUSE_OVERSIGHT_019814

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## CHAPTER 27 Snowden's Choices

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## CHAPTER 28 The Espionage Source

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# Index

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Edward Jay Epstein graduated from Cornell University and received a Ph.D. from Harvard. His undergraduate thesis on the search for political truth became a best-selling book, *Inquest: The Warren Commission and the Establishment of Truth*. His doctoral dissertation on television news was excerpted in *The New Yorker* and published as *News from Nowhere*. After teaching political science at MIT and UCLA, he became a full-time author. He won the prestigious *Financial Times*/Booz Allen & Hamilton Global Business Book Award for both best biography and best business book for *Dossier: The Secret History of Armand Hammer*. He has written investigative pieces for *The New Yorker, Vanity Fair, The Atlantic*, and *The New York Review of Books*. He lives in New York City.

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# When It Comes to Wall Street, Preet Bharara Is No Hero

## The prominent U.S. attorney fired by Donald Trump this weekend has been justly acclaimed for his pursuit of political corruption. But his treatment of the Wall Street executives involved in the financial meltdown was far less confrontational.

by Jesse Eisinger
ProPublica, March 12, 2017, 6:22 p.m.

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Preet Bharara, then U.S. attorney for the Southern District of New York, at Trump Tower in November 2016 (Drew Angerer/Getty Images)

After his election in 1968, President Richard Nixon asked Robert Morgenthau, the US Attorney for the Southern District of New York, to resign. Morgenthau refused to leave voluntarily, saying it degraded the office to treat it as a patronage position.

Nixon's move precipitated a political crisis. The president named a replacement. Powerful politicians lined up to support Morgenthau. Morgenthau had taken on mobsters and power brokers. He had repeatedly prosecuted Roy Cohn, the sleazy New York lawyer who had been Senator Joe McCarthy's right-hand man. (One of Cohn's clients and protégés was a young New York City real estate developer named Donald Trump.) When Cohn complained that Morgenthau had a vendetta against him, Morgenthau replied, "A man is not immune from prosecution merely because a United States Attorney happens not to like him."

Morgenthau carried that confrontational attitude to the world of business. He pioneered the Southern District's approach to corporate crime. When his prosecutors took on corporate

fraud, they did not reach settlements that called for fines, the current fashion these days. They filed criminal charges against the executives responsible.

Before Morgenthau, the Department of Justice focused on two-bit corporate misdeeds—Ponzi schemes and boiler room operations. Morgenthau changed that. His prosecutors went after CEOs and their enablers—the accountants and lawyers who abetted the frauds or looked the other way. "How do you justify prosecuting a nineteen-year old who sells drugs on a street corner when you say it's too complicated to go after the people who move the money?" he once asked.

Morgenthau's years as United States Attorney were followed by political success. He was elected New York County District Attorney in 1974, the first of seven consecutive terms for that office.

There are parallels between Morgenthau, and Preet Bharara, the U.S. attorney for the Southern District who was fired by President Trump this weekend.

Like Morgenthau, the 48-year old Bharara leaves the office of US Attorney for the Southern District celebrated for taking on corrupt and powerful politicians. Bharara prosecuted two of the infamous "three men in a room" who ran New York state: Sheldon Silver, the Democratic speaker of the assembly and Dean Skelos, the Republican Senate majority leader.

He won convictions of a startling array of local politicians, carrying on the work of the Moreland Commission, an ethics inquiry created and then dismissed by New York's Gov. Andrew Cuomo. (This weekend, Bharara cryptically tweeted that "I know what the Moreland Commission must have felt like," a suggestion that he was fired as he was pursuing cases pointed at Trump or his allies.)

But the record shows that Bharara was much less aggressive when it came to confronting Wall Street's misdeeds.

President Obama appointed Bharara in 2009, amid the wreckage of the worst financial crisis since the Great Depression. He inherited ongoing investigations into the collapse, including a probe against Lehman Brothers.

He also inherited something he and his young charges found more alluring: insider-trading cases against hedge fund managers. His office focused obsessively on those. At one point, the Southern District racked up a record of 85-0 in those cases. (Appeals courts would later throw out two prominent convictions, infuriating him and dealing blows to several other cases.)

Hedge funds are safer targets. The firms aren't enmeshed in the global financial markets in the way that giant banks are. Insider trading cases are relatively easy to win and don't address systemic abuses that helped bring down the financial system.

Even there his record was more mixed than is popularly understood. As Sheelah Kolhatkar demonstrates in her propulsive and riveting "Black Edge," when it came to bringing his biggest whale to justice, Steve Cohen of SAC Capital, the Southern District blinked. They did not charge him, only securing a guilty plea from his firm.

Present and former prosecutors say Bharara did not give much emphasis to investigations arising from the financial meltdown, an approach shared by his boss, Attorney General Eric Holder. Justice Department insiders say many of those inquiries withered not because they were unpromising, but because they had little support.

Bharara missed an opportunity by not bringing any significant criminal charges against individuals in the wake of the collapses of Lehman, investment bank Merrill Lynch, the insurer AIG, the mortgage securities and collateralized debt obligation businesses, or the myriad public misrepresentations from bank CEOs about their finances.

Bharara and senior officials in Washington argue that there were no criminal cases to file after the 2008 crisis. But the U.S. attorney's office in Manhattan did pursue significant civil cases against the banks for their mortgage activities, cases that had to proove misconduct by the "preponderance of the evidence." And DOJ did win guilty pleas from the banks themselves, an indication that prosecutors might have been able to charge individuals for their part in crimes their institutions had acknowledged. Academics who studied those years, including Columbia's Tomasz Piskorski and James Witkin and Chicago's Amit Seru found widespread patterns of fraud in the mortgage business.

The exception makes this failure all the more puzzling. As I detailed in 2014, Bharara's office brought one case for misconduct during the financial crisis — against a mid-level banker. Prosecutors charged Kareem Serageldin of Credit Suisse with overseeing traders who knowingly misrepresented the value of mortgage securities. Serageldin pleaded guilty and went to prison.

Serageldin's colleagues in the industry and others familiar with Credit Suisse found it hard to believe that he was the only person involved in that particular fraud.

Bharara's reluctance to pursue senior executives was seen in other investigations of big banks. His office wrested a $1.7 billion fine from JPMorgan Chase over its complicity in the Bernie Madoff Ponzi scheme, but it brought no charges against individual bankers.

One odd aspect of his tenure was the Southern District's willingness to defer to other jurisdictions when it came to Wall Street cases.

Historically, the SDNY has been the leading enforcers of securities laws, nicknamed the "sovereign district" for its propensity to grab corporate fraud cases from elsewhere on the flimsiest of jurisdictional pretexts. Under Bharara, the southern district let other U.S. attorneys claim investigations into residential mortgage-backed securities, the instruments at the heart of the financial crisis. Those other offices were not nearly as versed in complex

financial cases as their colleagues in Manhattan. In addition, Bharara's office ceded post-financial crisis investigations into foreign exchange and global interest rate manipulation to prosecutors working from the Justice Department's headquarters.

Like Morgenthau, Bharara was a prominent figure in the New York landscape, given to well-orchestrated press conferences and memorable sound bites. Like Morgenthau, he did not leave office quietly, even thought the president has a longstanding right to name his own U.S. attorneys. And like Morgenthau, he may try to parlay his martyrdom into elective office.

But if he runs on his record of convictions, as prosecutors often do, voters might want to consider as well the list of possible targets he never pursued.

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**Jesse Eisinger**

Jesse Eisinger is a senior reporter at ProPublica, covering Wall Street and finance.

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SERIOUS MOONLIGHT
Behind the scenes at the 2017 Academy Awards with filmdom's first lady of Oscar cheerleading (my close friends know I was captain of the twirlers in high school)

By Peggy Siegal

UPDATED: Tuesday at 6pm

Was this year different from all other years at the Oscars?

In one way, it wasn't. A24's "Moonlight" won best picture because voters went for content over style. The win was for it's poetic take on the American ideals that the Academy values most and wants reflected globally. History was also made as "Moonlight" became the first Oscar winner with an all black cast and addressed the LGBTQ community. And, it was a beautiful film.

But on the other hand, Oscar voters were also dealing with a political and emotional crisis in the film industry. After two years of #OscarsSoWhite, they responded by nominating a record six African American actors, four African American producers and one African American director, Barry Jenkins, the fourth ever nominated in that category. Three films addressing race were nominated for best picture: "Fences," "Hidden Figures" and "Moonlight."

Lionsgate's "La La Land" was a joyous escape from months of simmering frustration and anger at Donald J. Trump, himself a creature of the entertainment industry. The charming and modern musical "La La" danced its way to multiple awards from critics, at the PGA, the DGA, the BAFTA and the Venice Film Festival, a record seven Golden Globes, en route to an historic fourteen Academy Award nominations. Prognosticators predicted a "La La" landslide.

So what happened? Days before the voting deadline, "La La Land" was tripped-up by a last-minute backlash against frivolity. Even in La La Land, these are serious times.

Backstage at the Dolby Theater, star-struck nitwit accountant Brian Cullinan, oblivious to the fact that the Oscars are a sacred secular ceremony and distracted while tweeting a photo of Emma Stone, handed Warren Beatty the wrong envelope. Chaos—and headlines—ensued. Tweets, chaos and headlines? It was all too Trump for words.

When I arrived at the Dolby Theater that night, I asked a dateless Andrew Garfield to take me onto the red carpet with him, to the chagrin of his publicist. But a security guard rejected me because my ticket was the wrong color. Andrew winked, laughed and disappeared. Undaunted, I went back to the curb to find another walker. As I stood at the limo drop-off, inconspicuous in a day-glow orange satin dress, Kelly Bush, a publicist I knew from last year's "The Revenant" campaign, sidled over and said, "There is going to be an upset. 'Moonlight' is winning."

On cue, "La La Land" producer Marc Platt arrived with the studs on his formal shirt popping off. As I nervously fiddled in his buttonholes, I blurted, "Kelly Bush just said 'Moonlight' is winning." Marc turned white.

The red carpet was a three lane highway. The speed lane was for the super stars, the middle for frantic handlers, and on the right was the schlepper lane for relatives and relative nobodies.

Four security guards escorted me there. By the time Marc and I met again at the end of the three prong red carpet, "La La Land" publicist and West Coast campaign queen Lisa Taback was furious I'd told the shaken producer his film might lose. I said, "Kelly Bush said that, not me." But I felt terrible.

Sure enough, the "La La" landslide never happened. It did win a spectacular six Oscars before Warren Beatty and Faye Dunaway walked to center stage for the best picture finale.
I was now standing against the wall at the first row of the first balcony. Lionsgate publicists Julie Fontaine and Jennifer Peterson, both dressed in haute couture gowns and borrowed emeralds, anxiously insisted I join their good luck group hug as best picture was announced. Despite my faux pas, and my work on most of the year's top films, including "Moonlight," "Manchester by the Sea" and "Hidden Figures," Oscar night I was in the "La La" camp due to my long friendship with it's director Damien Chazelle.

So we three bejeweled broads were hugging tightly, when Faye broke Warren's pregnant pause and screamed "La La Land". The girls cried, the "La La" producers ran to the stage and I was thinking about how to apologize to Marc Platt as he thanked his family. Then, the stage filled up with men in headsets. Producer Jordan Horowitz, the class act of the evening, grabbed the right card and calmly announced "Moonlight. No Joke." Platt, Horowitz and their co-producer Fred Berger handed their Oscars to Moonlight director Barry Jenkins, and producers Jeremy Kleiner and Adele Romanski and left the stage as Mahershala Ali, the first Muslim actor to get the gold guy, joined the cast waving *his* historic Oscar.

Julie and Jennifer ran to Soho House to oversee Lionsgate's victory party, where hundreds of confused well-wishers waited to celebrate the "La La" wins, including Emma Stone's best actress, Justin Hurwitz's best score, and Benj Pasek, Justin Paul and Justin Hurwitz's best song for "City of Stars." At 32, Damien Chazelle also made history as the youngest best director ever. Some, lacking any empathy for the winners and losers onstage, called this historic screw-up "great live-television." But standing in the balcony, alone and speechless, all I could think was, *"How did I miss this?"*

I ran to the Governor's Ball, which is the next stop for winners on their busy night. They get their statues engraved there before they drop by their studio's party, get photographed, Oscar in hand at Vanity Fair's fete, wall-to-wall with celebrities, and then head to Guy Oseary's home high in Beverly Hills to rock-and-roll 'till dawn.

At the entrance to the Governor's Ball, Warren Beatty walked up to me, still holding the two priceless envelopes as proof of his innocence. I asked him, "What happened?"

His phone rang. It was so noisy, he bent toward me to hear better. The phone was almost in my face and I heard Annette Benning asking where he was and saying, "Warren, come home." Warren said, "No. I have done nothing wrong."

Warren's wonderful film, "Rules Don't Apply" received little Academy love, yet he was generous enough to show up. Now, fifty years after "Bonnie and Clyde," he was in the Oscar spotlight again, the latest unwitting star of Oscar's all-time blooper reel. As Jimmy Kimmel said, "We don't have to watch reality shows anymore because we are living in one."

Here's reality-show Oscar week as I lived it:

**Tuesday, February 21st**

I checked into Jeff Klein's Sunset Tower Hotel still exhausted from last weekend's oh-so-grand birthday extravaganza thrown by fun loving billionaire Stephen Schwarzman in Palm Beach—and headed straight to Charles Finch's photo exhibition, "The Art of Behind the Scenes," to see rare candid on-set photos of Audrey Hepburn, Brigitte Bardot, Grace Kelly and Ava Gardner.

Oscar balloting had closed an hour earlier, and IndieWire's Oscar blogger Anne Thompson announced that a female friend had voted for all the diverse and minority nominees. This first hint of things to come didn't register as a bell ringer for best picture. Spotted: Jean Pigozzi, Brett Ratner and Paul Haggis.

Back at The Sunset Tower Bar, diminutive maitre d' Dmitri Dimitrov slid up to me, cupped his hands in prayer and whispered, "Lady Gaga and Bradley Cooper are in the corner booth with Warner Bros. Sue Kroll." They were talking about their remake of "A Star is Born" going into production within the month.

At the next table was Ryan Murphy, creator of the multi-award winning FX mini-series "The People vs. O.J. Simpson: American Crime Story," eating with his muse Sarah Paulson, who won countless awards for portraying Marcia Clark. I joked that the Oscar nominated documentary "O.J.: Made in America" from ESPN would win because voters thought both films are the same.

**Wednesday, February 22nd**

I met Adam Lindemann and museum director Michael Govan at LACMA's The Inner Eye: Vision and Transcendence in African Art. Michael and I discussed the struggle to diversify the Academy. He told me that at LACMA he'd hired women, African American and Latino curators years before.

Vanity Fair Editor-in-Chief Graydon Carter and Barneys hosted a private dinner for "La La Land" at the Chateau Marmont. Graydon always tries to entertain the winning film. Drinks around the pool were followed by a seated dinner for fifty in a bungalow. Emma Stone brought her mother. Handsome hotelier Andre Balazs darts around. Ryan Gosling stayed home with his girlfriend Eva Mendes and their two baby girls. Emma talked about her next film "Battle of the Sexes." She plays Billie Jean King opposite Steve Carell, an excellent tennis player in real life, as Bobby Riggs.

Damien Chazelle came late from a dinner for the nominated directors. The Academy hosts a series of secret dinners during Oscar week for key nominees to keep them away from sponsors who profit from their celebrity. They also want to protect their own sponsor, ABC-TV, with exclusivity and audience surprise.

**Thursday, February 23rd**

Larry Gagosian's annual Oscar-week art opening is always a hot ticket. Serious collectors blended in unnoticed among the mere lookers and pretty gallerists quietly pointing out one glorious Joe Bradley painting after another. Each costs a cool million and between 6:00pm and 8:00pm they are all sold. Buyers and Larry's close friends then migrate down the block to Mr. Chow. Elton John and David Furnish, Jonah Hill, Dakota Johnson, Sharon Stone,

NBCUniversal's Ron Meyer, Gus Van Sant, Emily Ratajkowski, Dasha Zhukova, artists Alex Israel, Harmony Korine and Dan Colen, rocker Robbie Robertson and Page Six's Ian Mohr dig into orange chicken on sticks. Larry's girls come around and slip his home address onto laps. This means you have made the cut to attend Larry's after party at his house.

Ian and I head to Paul Haggis' intimate Artist for Peace and Justice benefit dinner for 65 at the LA club No Name where a great time set guests back $2,500 for Haiti. We arrive just in time to hear Jeff Bridges sing a song from "Crazy Heart", Jack Black recall "School of Rock " and Rita Wilson sing ABBA's "Dancing Queen". Jackson Browne is the master of ceremonies.

I end up at A24's party at the Sunset Tower for their films "20th Century Woman" and "Moonlight". Barry Jenkins wants to know if he is winning the Oscar. I chirp, "Yes, best adapted screenplay is all yours!" Not the answer he was looking for. I should have said, "Yes, you will win best picture, make history and bring the house down." I would have looked like a genius.

Finally, I speak to Janelle Monae, who is absolutely stunning. She also wants to know if "Hidden Figures" is winning the Oscar. I assure her that her real win was at the box office.

Before passing out in my Sunset Tower suite, I email Damien Chazelle a social wrap-up on the evening, as he is now sick as a dog, in bed with his dog and has had visiting nurses injecting fluids into his flu-infested body all day.

He, too, asks if he is winning the Oscar. I write, "It's not if, but how many".

**Friday, February 24**

I'm a gal hell bent on making a fashion statement with every outing, who runs her business from the back seat of a chauffeured black Cadillac with the license plate PEG-FILM. So marching or attending a protest rally is not the likely place to find me. But when I read the United Talent Agency's United Voice Rally was happening at their Beverly Hills headquarters--2,000 of the creative community's best looking turning out on a gorgeous afternoon to stand together for freedom of speech, and against exclusion and division, it was an invitation I couldn't refuse. This is a substitute for UTA's traditional pre-Oscar party--and the ten percenters donated and raised $320,000 for the American Civil Liberties Union and the International Rescue Committee. CEO Jeremy Zimmer and clients Jodie Foster and Michael J. Fox speak passionately.

The surprise highlight is taped remarks from Iranian filmmaker Asghar Farhadi, nominated for "The Salesman". Farhadi made international headlines announcing he would not travel to Hollywood in protest of President Trump's proposed travel ban on seven Muslim countries. Some Oscar voters do not see all five nominated foreign films, so Trump assured Asghar his Oscar.

I stop by the Women in Film cocktail party at Nightingale Plaza where Meryl Streep announces, "I feel like never saying anything again." We hear last year's best actress Brie Larson and activist/documentary nominee Ava DuVernay speak. Back at the Sunset Tower, Livia and Colin Firth host their annual dinner for 50 to celebrate The Green Carpet Challenge and The Journey to Sustainable Luxury. Spotted: Emma Stone, Meryl Streep, Ruth Negga, Kevin Bacon, Tom Ford, Salma Hayek, and Mick Jagger. Kyra Sedgwick arrives late from directing her first film, "Story of a Girl," starring her husband Kevin Bacon. Kyra sits with Meryl

over coffee and says how exciting it is to direct. When I ask Meryl if she will join the minute ranks of female directors, the acting icon says, "Never. My job is done at the end of the day. I like to go home at night and let someone else worry about tomorrow's location."

Friday ends at the CAA party, a tough ticket now handed out by Maha Dahkil and Michael Kives. The white tent is filled with a sea of celebrity. Every CAA client comes out to eat, mingle, kibbitz and dance. Spotted: Meryl Streep (yes, she had a busy day too), Leonardo DiCaprio, Scarlett Johansson, Gwyneth Paltrow, Orlando Bloom, Jerry Bruckheimer, J.J. Abrams, Ron Howard, Naomi Watts, Mick Jagger, Lady Gaga, Barry Jenkins, John Mayer, Arnold Schwarzenegger, Kate Hudson, Jon Hamm and Jeff Bezos.

At 2 a.m. I email Damien Chazelle another party report as he is still sick in bed. Now, a team of medical talent is working on getting him well for Oscar night.

**Saturday, February 25**

I march down to the Academy's theater to hear my producer friend (since "Diner"), Mark Johnson, also an Academy governor, conduct a symposium for four of five nominated foreign film directors. As brilliant as the conversation was, four guys from Australia, Denmark, Germany and Sweden depressingly knew that the absent Iranian Asghar Farhadi was winning.

I took Mark, instead of the still-quarantined Damien Chazelle, up Coldwater Canyon to Barry Diller and Diane von Furstenberg's annual picnic lunch for Graydon Carter and Anna Scott. This gathering of the powerful and mighty occurs at exactly the same time as the Independent Spirit Awards for young and new talent. The two hot owners of A24, David Fenkel and Daniel Katz, are so sure their "Moonlight" was winning all six awards they are here instead of the Spirit Award's tent on the beach in Santa Monica. When asked, "What are you doing here?" they simultaneously say, "Our people are there." The reason they were on the lawn for the first time is that they have a new television and film production deal with Diller.

It's all very familiar, cozy and the best party of the week. Collectively there are more Oscar and Emmy winners on this lawn than will file into the Dolby Theater on Sunday.

I sit with petite Gloria Cooper, mother of Bradley. She is the only one wearing a hat, a large white felt fedora hiding enormous black sunglasses and her pretty face. I entertain Gloria with local gossip, which she loves, but when I ask her for details on the start of production for "A Star is Born," I get nothing.

I ask guests, "Who is winning best actor"? They reply, "Denzel, but I voted for Casey". Casey, who touched my heart on and off screen, ran in a tight race with humility, despite a nasty whisper campaign against him. I never asked about best picture. I'm still in thrall to the conventional wisdom: It's a "La La" landslide.

Rupert Murdoch brings his bride Jerry Hall who kisses and chats with Mick Jagger as the lawn people try to eavesdrop. Spotted: DvF's kids Alexander and Tatiana, Sir Howard Stringer, Oliver Stone, Ted Sarandos, Brett Ratner, Ron Meyer, Tom Ford, Larry Gagosian and Chrissie Erpf, Jeffrey Katzenberg, George Stevens, Jr., Toby Maguire, Sandy Gallin, Robert Kraft, Harvey Weinstein and breathtakingly beautiful Georgina Chapman, Lynn Wyatt, Fran Lebowitz, Henry Kravis, Jeff and Scott Berg and Irwin Winkler.

Another favorite event is Charles Finch's star-studded dinner at Madeo sponsored by Chanel. I sit next to Amazon's Roy Price and Oliver Stone, who sits next to Michael Keaton. I bring over Pharrell Williams to meet Oliver Stone, director of "Snowden" and "JFK." The conversation segwayed from Hillary Clinton to Oliver's new documentary on Putin.

Lily Collins comes over and asks to be introduced to Mick Jagger at the table next to us. She says, "Tell Mick my father says 'hello.'" Lily is the daughter of Phil Collins and starred in Warren Beatty's "Rules Don't Apply". Mick, never one to pass up a flirt with an Audrey Hepburn look-alike, whispers in her ear that he loved her in the film and was on the set, but sadly missed her.

Spotted: Nicole Kidman, Naomi Watts, Christian Louboutin, Kristen Stewart, Ruth Negga and "Arrival" director Denis Villeneuve.

Wendy Stark, daughter of "Funny Girl" producer Ray Stark and granddaughter of Fanny Brice, invited me to Jeffrey Katzenberg's Night Before Party on the Fox lot for the Motion Picture Home. Walking around with Linda and Jerry Bruckheimer, I kiss David O. Russell and Colleen Camp. Brian D'Arcy James tells me he may return to his original role in "Hamilton" as King George. I go home with the heaviest swag bag in the world.

**Sunday, Feb. 26th**

The shocking end of the Oscar show continues to mystify me. How could I be so close to every filmmaker and totally miss the upset?

Because Damien is still sick, he begs off on his invitation to take me to Guy Oseary's—and heads back to bed. As I stand at the end of the Vanity Fair carpet at the entrance to the Wallis Annenberg Center, Casey Affleck arrives holding his Oscar. I ask him to replace Damien as my escort and he says, "Of course. I am leaving in 15 minutes. Don't lose me." Casey then sends me off to find Jimmy Kimmel, who has already left the party. Fifteen minutes turns into an hour as everyone wants a selfie with the winner.

Spotted from "Moonlight": Barry Jenkins, Mahershala Ali, Naomie Harris, Jeremy Kleiner. From "La La Land" Emma Stone and John Legend. From "Manchester by the Sea", Casey Affleck, Michelle Williams, Lucas Hedges and Kenny Lonergan. From "Hidden Figures": Taraji P. Henson, Octavia Spencer and Pharrell Williams, and "Fences" Oscar winner Viola Davis. Also swirling around the room: Brie Larson, Dakota Fanning, Elton John, Amy Adams, Jennifer Aniston, Javier Bardem, Michael Shannon, Alicia Vikander, Scarlett Johansson, Lin-Manuel Miranda, Halle Berry, Isabelle Huppert, Michelle Dockery, Faye Dunaway, Andrew Garfield, Dakota Johnson, Mick Jagger and family, Kelly Ripa, and Patty and Lydia Hearst. I find exhausted Oscar show producers Jennifer Todd and Mike De Luca and tell them what a wonderful job they did.

On the way out, a familiar looking lady keeps waving and smiling at Casey as we wait in the cold for cars. I say, "Casey, that is Monica Lewinsky waving at you." Casey is unfazed; he can't wait to get out of the spotlight. Once we reach the Checkpoint Charlie to Guy's party, a team of girls wrapped in wool instructs the driver to lower the window and asks for a name. Casey, holding up the Oscar says, "Affleck." She says, "You only have a plus one." The real deal is, if

you win, you can bring a car full of friends—and eventually we're cleared for takeoff. Once inside we lose each other in the darkness and pulsating Caribbean music. I get home at 5:00am, pack my three huge suitcases and rush off to the private airport in Van Nuys, still wondering how I could have missed "Moonlight"'s triumph. Why couldn't I see the forest through the trees? I must have been in La La-land.

xoxo,
Peggy

P.S. The following weekend I arrive in the Dominican Republic at Casa de Campo at the home of sugar baron Pepe Fanjul and his wife Emilia. Juan Carlos, the past king of Spain, wants to watch a few movies with me. I pulled a dozen DVDs out of my bag and say, "Your Majesty, which one"? He says, "First, "La La Land" for fun, then "Moonlight" because it won, then "The Founder" for American ingenuity."

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S&G INVESTMENT MANAGER *Alert*

# SUPREME COURT REJECTS NEWMAN REQUIREMENT OF "PECUNIARY OR SIMILARLY VALUABLE" PERSONAL BENEFIT FOR INSIDER TRADING LIABILITY FOR TIPPING FAMILY AND FRIENDS

BY SAMUEL J. LIEBERMAN

The U.S. Supreme Court gave the government a major victory in *Salman v. U.S.*,[1] which lowers the standard for proving insider trading involving tipping family or friends, and will embolden the government to bring similar cases. *Salman* holds that a gift of inside information to a family or friend is sufficient to prove insider trading tipping liability—even if the tipper did not receive a valuable *quid pro quo* in exchange for the tip. This significantly narrows *U.S. v. Newman*, in which the Second Circuit (a lower appellate court) held that a tipper must receive "at least a potential gain of a pecuniary or similarly valuable nature,"

*(continued on page 2)*

> *Salman* will almost certainly embolden the SEC and federal prosecutors to bring more insider trading cases, because it is much easier for the government to prove a "gift" to a "friend" than to prove a "pecuniary" or similar *quid pro quo*.

## *Client Alert*

## Status of the New DOL Fiduciary Rule

BY DANIEL G. VIOLA

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The Department of Labor's (the "DOL") new fiduciary ruling (the "Rule") has created strife in the securities industry and has the potential to significantly impact how financial advisers and brokers will manage retirement accounts in the future.

Currently, brokers, financial advisers, and other finance professionals do not legally have to act in a client's best interest, with few exceptions, such as those who are registered as investment advisers with the U.S. Securities and Exchange Commission or in individual states. Those who are not registered, like brokers, just have to prove that the investment is suitable, not necessarily the best option, for their client—no matter that that fund might be more expensive and provide

*(continued on page 2)*

## *Inside this Issue*

1 Supreme Court Rejects Newman Requirement of "Pecuniary or Similarly Valuable" Personal Benefit for Insider Trading Liability for Tipping Family and Friends

1 Status of the New DOL Fiduciary Rule

4 A Cautionary Tale in the Use of Non-Compete Agreements

5 The Question On All Of Our Minds: What Impact Will the Trump Administration Have on the Hedge Fund Industry?

6 Compliance Deadlines – Second Quarter 2017

7 SEC & FINRA Release 2017 Exam Priorities

7 Gregory Hartmann Joins Sadis & Goldberg's Corporate and Financial Services Practices

8 Recent and Upcoming Events



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## Supreme Court Rejects Newman Requirement of "Pecuniary or Similarly Valuable" Personal Benefit for Insider Trading Liability for Tipping Family and Friends *(continued from page 1)*

as a personal benefit necessary to be held liable for insider trading.[2] *Salman* will almost certainly embolden the SEC and federal prosecutors to bring more insider trading cases, because it is much easier for the government to prove a "gift" to a "friend" than to prove a "pecuniary" or similar *quid pro quo*.

In *Salman*, an investment banker at Citigroup tipped his brother about certain pending health-care mergers involving Citigroup clients. The brother traded on that information for a profit, and also tipped his brother-in-law, Mr. Salman, who also traded for a profit. At trial, the government relied solely on the tippers giving a gift of inside information to a close family member to satisfy the "personal benefit" requirement of tipper-tippee insider trading liability. The government did not identify any money or other valuable *quid pro quo* paid for the tip. Salman was convicted at trial, and his conviction was upheld by the Court of Appeals for the Ninth Circuit.

*(continued on page 3)*

## *Client Alert:* Status of the New DOL Fiduciary Rule *(continued from page 1)*

a better commission for the adviser. The Obama administration found that conflicted advice cost savers about $17 billion a year based on a 2015 report. To be clear, the Rule applies only to retirement accounts like 401(k)s and individual retirement accounts ("IRAs"), not to regular taxable accounts. According to the Investment Company Institute, Americans invest $7.8 trillion in IRAs and $7 trillion in 401(k)s.

On January 20, 2017, the DOL issued two new sets of Frequently Asked Questions ("FAQs") on the Rule. One of the sets of FAQs focuses on the new definition of fiduciary investment advice and the other set is geared toward retirement investors and consumers, covering consumer protection features of the new Rule. This is the second of three rounds of guidance to be published by the DOL prior to the effective date of the new Rule.

The Executive Branch also issued responses to the Rule on January 20, 2017. The White House issued a Memorandum from Reince Priebus to the heads of the executive departments and agencies requesting a sixty (60)-day delay as the effective date of regulations published in the Office of the Federal Register have not taken effect as of yet.

On February 3, 2017, President Trump signed a presidential memorandum to delay the Rule by six (6)-months, casting doubt on its viability. The memorandum instructs the DOL to conduct a new "economic and legal analysis" to determine whether the Rule is likely to harm investors, disrupt the industry or cause an increase in litigation and the price of advice. If the DOL concludes that the regulation does hurt investors or firms, it can propose a rule "rescinding or revising" the regulation. On March 1, 2017, the DOL issued a proposed rule, which will extend the applicability date of its fiduciary rule, including the Best Interest Contract Exemption, from April 10, 2017 to June 9, 2017, a 60-day delay.

Some are saying the Rule would hurt investors because it would supposedly make it harder for people to receive retirement advice. For example, advisers would not be able to afford to service low-balance retirement accounts. On the other hand, consumer, labor and civil rights groups have pushed for the Rule saying that the current system provides a loophole that lets brokers drain money from retirement accounts in fees they receive that can sway the investment advice they give their retirement accounts. We see that many retirement advisers already have chosen to act in their clients' best interests, opting to work under the fiduciary standard—it is ultimately a business advantage.

The FAQs are available on the DOL's website and the Memoranda are available on the White House Press Office website.

**FAQs**

https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/coi-rules-and-exemptions-part-2.pdf

https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/consumer-protections-for-retirement-investors-your-rights-and-financial-advisers.pdf

**Memoranda**

January 20, 2017—Regulatory Freeze Pending Review
https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies

February 3, 2017—Fiduciary Duty Rule
https://www.whitehouse.gov/the-press-office/2017/02/03/ presidential-memorandum-fiduciary-duty-rule

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The Supreme Court affirmed Salman's conviction, holding that a gift of inside information to family or friends is sufficient to prove a "personal benefit" for insider trading tipping liability. The Court reasoned that such a gift can be inferred to "provide the equivalent of a cash gift."[3] Specifically, the Court reasoned that if the tipper personally traded on inside information himself for a profit, but gave the proceeds to his brother, the tipper received a personal benefit (cash) and is liable for insider trading. So, it reasoned, where a tipper achieves effectively the same result by gifting the information to his brother with the expectation that the brother will trade on the information to obtain a cash profit, the result should be the same.

Importantly, the Supreme Court explicitly stated that it was narrowing the Second Circuit's landmark *Newman* decision. It stated, "[t]o the extent the Second Circuit held that the tipper must also receive something of a 'pecuniary or similarly valuable nature' in exchange for a gift to family or friends,... we agree with the Ninth Circuit that this requirement is inconsistent with Dirks," a prior Supreme Court ruling.[4] This significantly lowers the standard of proof for insider trading tipping liability in cases involving family or friends. The government often cannot find evidence of money or a similarly valuable *quid pro quo* between the tipper and tippee in insider trading cases. So it is much easier to prove a case of insider trading by arguing that the exchange of information was a "gift," which essentially only requires some evidence (even circumstantial evidence such as phone logs) that the tipper gave information to the tippee.

So where does this leave the *Newman* decision? The *Newman* decision itself was not overturned by the Supreme Court, because *Newman* also relied on the lack of proof that the tippees who traded on inside information knew that the tippers provided inside information in exchange for a personal benefit—especially since the tippees were several steps removed from the original tippers. In addition, *Newman*'s "pecuniary or similarly valuable" benefit test should still apply to cases that do not involve tipping family or friends.

> *Salman* significantly lowers the standard of proof for insider trading tipping liability in cases involving family or friends.

Nevertheless, the *Salman* decision tips the scales back in favor of the government in tipping insider trading cases. The SEC and federal prosecutors have shown in the past that they will bring cases based on alleged gifts of inside information to mere social acquaintances, fellow employees, or networking contacts—using strained arguments of "friendship." And they will bring insider trading cases based solely on circumstantial evidence (*e.g.,* a pattern of phone calls) where there is no direct proof of trading based on inside information. Accordingly, with *Salman* imposing a lower standard of proof, it is imperative that clients contact counsel immediately at the first hint of a government insider trading investigation.

[1] *Salman v. U.S.*, No. 15-628, 580 U.S. ___., slip op. (Dec. 6, 2016).

[2] 773 F.3d 438, 452 (2d Cir. 2014).

[3] *Salman*, Slip Op. at 9-10.

[4] *Id.* at 10.

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**Please send comments to cspratt@sglawyers.com**

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# A CAUTIONARY TALE IN THE USE OF NON-COMPETE AGREEMENTS

BY DOUGLAS R. HIRSCH AND JENNIFER ROSSAN

Employers should give careful consideration to the inclusion of non-competition provisions in employment agreements for low-level employees. The New York Attorney General (the "AG") recently announced that it settled investigations with two companies over their use of non-compete provisions in employment agreements for low-level employees. Policing non-compete provisions is a new regulatory frontier for the AG and it is flexing its regulatory muscle pursuant to § 63 (12) of New York's Executive Law, which provides the AG with authority to enjoin businesses from utilizing "unconscionable contractual provisions."[1]

The AG investigated and recently settled charges with two companies—Law 360 and Jimmy John's Gourmet Sandwiches—based on their use of "unconscionable" non-compete provisions in employment contracts. In the Law 360 matter, the Attorney General found that Law 360's policy of requiring the majority of its employees—including "rank and file" editorial staff who had little to no knowledge of any trade secrets or confidential information—to sign a one-year non-compete was contrary to New York law. Because these employees did not have access to trade secrets and confidential information, the AG charged that the non-compete was not narrowly tailored to Law 360's legitimate business interests and did nothing more than baldly restrain competition. As part of the settlement, Law 360 agreed that, going forward, only a small number of its highly paid executives would be required to sign non-compete agreements.

Similarly, in its investigation of Jimmy John's, the AG found that some franchisees required sandwich makers to sign two-year non-competes that prevented them from working at any establishment within a two-mile radius of a Jimmy John's location that made more than 10% of its revenue from sandwiches. The AG charged that these employees "are highly unlikely to be privy to trade secrets or confidential customer lists or to have unique skills." Consequently, the AG concluded that the non-compete provisions were "unconscionable". As part of its settlement, Jimmy John's agreed to inform its franchisees that the AG found the non-compete provisions to be unlawful and void.

In both of these cases, the AG focused on the effect of a non-compete provision on a low-level employee. Companies should consider avoiding the use of non-compete provisions for administrative personnel and other non-managerial staff. Such provisions are appropriate and are more likely to withstand scrutiny when included in the employment agreements of senior personnel and individuals with unique skills—as long as the provisions are drafted to protect a legitimate business interest. Non-competes are more likely to be upheld if they are designed to ensure that a departing employee will not provide a competitor with an unfair competitive advantage by supplying it with the former employer's trade secrets and/or confidential information. However, it is important to note that requiring all employees—including lower-level staff—to adhere to confidentiality provisions that protect proprietary information and trade secrets does not implicate the same concerns, because enforcement of such provisions does not restrain the employee from working elsewhere. Therefore, confidentiality provisions should be used in all employment agreements where the employee's position involves access to confidential information or trade secrets.

> Non-competes are more likely to be upheld if they are designed to ensure that a departing employee will not provide a competitor with an unfair competitive advantage by supplying it with the former employer's trade secrets and/or confidential information.

Even when a non-compete is appropriate—such as in the case of a senior manager whose departure would create an unfair advantage for a competitor—its scope and duration must be narrowly tailored to protect a legitimate business interest. To be enforceable in New York, a non-compete must be reasonable in time and scope, necessary to protect the employer's legitimate interests, not harmful to the public and not unreasonably burdensome to the employee.

In addition to confidentiality provisions, employers should strongly consider the use of a non-solicitation provision in their employment agreements. Non-solicitation provisions are generally enforceable if they are reasonably related to the employer's interest in protecting relationships with clients the employee worked with or became familiar with while employed. But like non-compete agreements, non-solicitation provisions must also be limited in time and scope.

[1] *See* New York Executive Law § 63 (12).

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# THE QUESTION ON ALL OF OUR MINDS: WHAT IMPACT WILL THE TRUMP ADMINISTRATION HAVE ON THE HEDGE FUND INDUSTRY?

BY RON S. GEFFNER AND YEHUDA BRAUNSTEIN

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With the Trump administration in the White House, regulatory uncertainty permeates the financial services industry. While many on Wall Street are very excited by the Trump presidency, others are approaching this new era with trepidation. President Trump is unpredictable in many ways, and the industry eagerly awaits his actions hoping that the financial markets do not respond negatively and create chaos in the global marketplace.

While we should expect that the Trump administration will aim to cut back financial regulation implemented during the last eight years, it is unrealistic to expect that these laws will be eliminated in their entirety. Though the financial markets have been extremely volatile of late and react very swiftly upon the announcement of any meaningful global news, various aspects of recent financial regulation have been positive for the industry. For example, the requirement for many investment advisers to register with the U.S. Securities and Exchange Commission ("SEC"), one of the requirements of The Dodd–Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank") which was signed into federal law by President Obama to be effective as of July 21, 2010, in retrospect, has been viewed as a positive change within the industry. Understandably, when initially introduced in 2010, many asset managers located within the United States and abroad that were required to register as investment advisers with the SEC as a result of Dodd-Frank were opposed to the changes. However, many advisers, investors and regulators now agree that requiring a larger number of advisers to be accountable to higher regulatory standards has created an environment where investors and counterparties have more confidence in the oversight of those managers and the industry as a whole.

It is also important to remember that any time the government or a regulator changes the laws, rules or regulations, those businesses affected incur capital and opportunity costs in connection with analyzing the changes in law and implementing operational changes to comply with the new laws. For example, when Dodd-Frank was originally enacted, at the time of registration, those investment advisers that were required to register as advisers with the SEC were required to adopt written policies and procedures and invested capital into their operations and technology to support compliance. Therefore, we expect that caution will be exercised before significant change is made to avoid the various costs associated with implementing change. A case in point is the new DOL Rule (discussed earlier in this newsletter), originally set to take effect on April 10, 2017. Investment advisers impacted by the DOL Rule, have already been forced to analyze the DOL Rule and its impact on their businesses, and some advisers have already begun to implement changes to their operations and procedures. The DOL Rule has been the subject of much debate. While some industry experts believe that the DOL Rule is onerous and materially increases the costs associated with providing services to clients, supporters of the DOL Rule believe that it is necessary to protect investors against brokers who are unnecessarily selling high-fee investments to their clients. On February 3, 2017, President Trump signed a memorandum to delay the DOL Rule by six (6)-months. On March 1, 2017, the DOL issued a proposed rule, which will extend the applicability date of its fiduciary rule, including the Best Interest Contract Exemption, from April 10, 2017 to June 9, 2017, a 60-day delay. If the DOL Rule is ultimately modified or even eliminated, some advisers may have to reverse their recently-implemented changes.

In conclusion, we do not believe that regulations in the financial industry will be eliminated in their entirety. For example, if the requirement to register as an investment adviser with the SEC is materially modified or no longer required, we expect that many investment advisers would maintain their registration as it is perceived to be a competitive advantage compared to those managers that are not registered. While we expect the Trump administration to improve the financial services industry by having more balanced regulations, we believe that this administration will quickly realize that there are a lot of reasonable and sensible regulations currently in place that are working well, and that eliminating rules wholesale can create chaos in the financial markets and may come at a high price to their constituents.

***Ron S. Geffner*** *is a Partner and Head of the Financial Services Group of Sadis & Goldberg LLP. He regularly structures, organizes and counsels private investment vehicles, investment advisory organizations, broker-dealers, commodity pool operators and other investment fiduciaries. Mr. Geffner also routinely counsels clients in connection with regulatory investigations and actions. His broad background with federal and state securities laws and the rules, regulations and customary practices of the SEC, Financial Industry Regulatory Authority, Commodity Futures Trading Commission and various other regulatory bodies enables him to provide strategic guidance to a diverse clientele. He provides legal services to hundreds of hedge funds, private equity funds and venture capital funds organized in the United States and offshore. Ron can be reached at 212.573.6660, or at rgeffner@sglawyers.com.*

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# COMPLIANCE DEADLINES – Second Quarter 2017

There are many regulatory filings and compliance forms that investment managers need to complete throughout the year. Below is a list of some of the key compliance dates for the second quarter of 2017. Please note that this is general advice that is applicable to most investment advisers with a December 31st fiscal year end. This list is not exhaustive and contains some best practice compliance suggestions.

| DATE | ACTIVITY |
|---|---|
| April 1 | **ERISA Schedule C of Form 5500 Disclosure.** Adviser may be required to report certain information to its ERISA plan clients and investors for their use in completing Department of Labor Form 5500. |
| April 10 | **Form 13H.** Form 13H (large trader) quarterly filing is due for Q1 2017 for advisers that already have Form 13H filing obligation and have changes to any of the information reported. |
| April 15 | **Form PF for Large Liquidity Fund Advisers.** Large liquidity fund advisers must file Form PF with the U.S. Securities and Exchange Commission ("SEC") on the IARD system within 15 days of each fiscal quarterly end. |
| | **Brokerage Committee Meeting.** Conduct quarterly brokerage committee meeting. |
| April 30 | **Private Fund Audited Financial Statements.** Distribute audited financial statements to investors for any private investment fund for which the adviser or a related person has custody of the fund's assets, assuming the adviser is registered with the SEC or a state authority. |
| | **Annual Delivery of Form ADV Part 2.** Send to all clients and fund investors a copy of the adviser's Form ADV Part 2, assuming the adviser is registered with the SEC or a state authority.[1] |
| | **U.S. FATCA Notification Deadline.** Deadline by which all Cayman Financial Institutions ("FIs") and Non Reporting FIs are required to make certain notifications as to their Common Reporting Standard ("CRS") reporting status to the Cayman Islands Tax Information Authority (the "TIA"), as the jurisdiction's competent authority for purposes of the CRS. |
| | **Access Person Quarterly Transaction Reports.** Collect quarterly reports from access persons for their personal securities transactions. |
| | **Code of Ethics and Compliance Manual.** Distribute code of ethics and compliance manual to employees, including acknowledgment form. |
| | **Annual Filers – Form PF with SEC.** Private equity funds and smaller private fund advisers with a December 31st fiscal year end, assuming the adviser is registered with the SEC. |
| May 15 | **Form 13F.** File any required Form 13F with the SEC. |
| May 30 | **Privacy Policy Notices.** Send an annual privacy notice to every natural person client or fund investor, which could be included with the delivery of Form ADV Part 2 to clients and fund investors.[2] |
| | **Form PF for Large Hedge Fund Advisers.** Large hedge fund advisers must file Form PF within 60 days of each quarter end on the IARD system. |
| May 31 | **U.S. FATCA Reporting Deadline.** First reporting date deadline to the Cayman Island TIA in respect of Reportable Accounts for reporting year 2016. It is necessary for Cayman Reporting FIs to provide a NIL report where they have no Reportable Accounts. |

| DATE | ACTIVITY |
|---|---|
| June 15 | **Quarterly Employee Compliance Training.** Conduct a quarterly employee training session to review requirements under the adviser's written compliance policies and procedures, including the code of ethics, as well as any material changes to these materials. Maintain list of attendance.[3] |
| June 30 | **Form 13H.** Review transactions and assess whether Form 13H needs to be amended. |
| | **Form PF.** Review assets/holdings to determine filing requirements. |
| | **PQR (For Registered Commodity Pool Operators).** Small and mid-sized CPOs quarterly reports to be filed using NFA Easy File System. |
| | **CRS Notifications.** The Cayman Islands TIA announced a soft opening for the first year of the CRS. CRS registrations will be accepted up to June 30, 2017 (original deadline was April 30, 2017). |
| Anniversary Date of Filing | **Annual Form D.** Amendment due on or before anniversary date of prior Form D filing(s). |
| | **CPO/CTA Questionnaires.** Due on or before anniversary date, and promptly when material information changes. |
| As Necessary | **Schedule 13D.** Must be filed within 10 days after acquisition of beneficial ownership of 5% of a voting class of a company's equity securities registered under Section 12 of the Securities Exchange Act of 1934. See: https://www.sec.gov/answers/sched13.htm |
| | **Forms 3, 4 & 5 (Sec 16 Filings).** Corporate insiders—meaning a company's officers and directors, and any beneficial owners of more than 10% of a class of the company's equity securities registered under Section 12 of the Securities Exchange Act of 1934—must file with the SEC a statement of ownership regarding those securities. See: https://www.sec.gov/answers/form345.htm |
| | **Bureau of Economic Analysis Filings ("BEA") (BE-11, BE-13, BE-577, etc.).** Should the BEA contact you via letter or otherwise, you are required to respond to this inquiry by law. Please contact us should the BEA contact you to discuss. A Form BE-577 is required from every U.S. person who had direct transactions or positions with a foreign business enterprise in which it had a direct and/or indirect ownership interest of at least 10% of the voting stock if an incorporated business enterprise or an equivalent interest if an unincorporated business enterprise at any time during the reporting period. |

[1] An adviser is required to deliver Form ADV Part 2 to clients; it is not required to deliver Form ADV Part 2 to investors in a pooled investment vehicle. However, it is considered a best practice and it is recommended that an adviser delivers Form ADV Part 2 to each investor in a pooled investment vehicle.

[2] Although Regulation S-P does not specify the exact day by which the annual privacy notice must be sent, May 30 seems to be an appropriate date because the mailing can be coordinated with delivery of Form ADV Part 2 (which can include the Privacy Policy) to clients or fund investors.

[3] The Investment Advisers Act of 1940 does not specify that any training session is necessary, and therefore the date on which training should occur is not specified. However, a registered adviser must distribute and receive signed acknowledgements of changes to its code of ethics. Since the code (as well as an adviser's compliance policies and procedures) may be amended as part of an adviser's annual review, as well as at any other time, quarterly training should help to keep personnel up-to-date regarding policies and procedures and otherwise remind personnel of their compliance obligations.



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# SEC & FINRA RELEASE 2017 EXAM PRIORITIES

BY DANIEL G. VIOLA

The Securities and Exchange Commission ("SEC") released their Exam Priorities for 2017. The SEC's 2017 priorities are organized around the following areas: (1) examining matters of importance to retail investors; (2) focusing on risks specific to elderly and retiring investors; and (3) assessing market-wide risks. FINRA also issued its 2017 Regulatory and Examinations Priorities Letter, which identifies compliance, supervision and risk management as areas of focus. FINRA will be introducing a compliance calendar and a directory of service providers as tools to assist firms. FINRA will also be initiating electronic, off-site reviews to supplement traditional on-site cycle examinations. These off-site exams will affect only a select group of firms that are not currently scheduled for a cycle exam in 2017.

The SEC priorities address issues across a variety of financial institutions, including investment advisers, investment companies, broker-dealers, transfer agents, clearing agencies, private fund advisers, national securities exchanges and municipal advisers. Under each category, a number of key exam areas include:

**1. Protecting Retail Investors:**

- Electronic Investment Advice
- Wrap Fee Program
- Exchange-Traded Funds
- Never-Before Examined Investment Advisers
- Recidivist Firms and Their Employees
- Multi-Branch Advisers
- Share Class Selection

**2. Focusing on Senior Investors and Retirement Investments:**

- ReTIRE – Retirement-Targeted Industry Reviews and Examinations
- Public Pension Advisers
- Senior Investors

**3. Assessing Market-Wide Risks:**

- Money Market Funds
- Payment for Order Flow
- Clearing Agencies
- FINRA
- Regulation Systems Compliance and Integrity
- Cybersecurity
- National Securities Exchanges
- Anti-Money Laundering

**4. Other Initiatives:**

- Municipal Advisers
- Transfer Agents
- Private Fund Advisers

The FINRA Examination Priorities Letter includes a long list of topics that FINRA will prioritize this year, including product suitability, excessive and short-term trading of long-term products, outside business activities, social media and electronic communications, liquidity risk, credit risk policies, cybersecurity, segregation of client assets, Regulation SHO, and anti-money laundering and suspicious activity monitoring.

**FINRA's Top Five Exam Priorities Include:**

- High-Risk and Recidivist Brokers
- Bad Sales Practices
- Practices that Lead to Financial Risk
- Conduct that Enhances Operational Risks
- Market Manipulation

To read the SEC & FINRA's 2017 Exam Priorities, please go to the links below:

https://www.sec.gov/about/offices/ocie/national-examination-program-priorities-2017.pdf

http://www.finra.org/sites/default/files/2017-regulatory-and-examination-priorities-letter.pdf

***Daniel G. Viola** is a Partner and the Head of the Regulatory and Compliance Group. He structures and organizes broker-dealers, investment advisers, funds and regularly counsels investment professionals in connection with regulatory and corporate matters. Mr. Viola served as a Senior Compliance Examiner for the Northeast Regional Office of the SEC, where he worked from 1992 through 1996. During his tenure at the SEC, Mr. Viola worked on several compliance inspection projects and enforcement actions involving examinations of registered investment advisers, ensuring compliance with federal and state securities laws. Mr. Viola's examination experience includes financial statement, performance advertising, and disclosure document reviews, as well as, analysis of investment adviser and hedge fund issues arising under ERISA and blue sky laws. Dan can be reached at 212.573.8038, or dviola@sglawyers.com.*

# Gregory Hartmann Joins Sadis & Goldberg's Corporate and Financial Services Practices

Sadis & Goldberg LLP is proud to announce the addition of Gregory Hartmann as member of the firm's Corporate and Financial Services Groups. Mr. Hartmann has extensive experience representing assets managers, investment banks, insurance companies, and other clients, on a wide variety of transactional and regulatory matters.

"Based upon his extensive industry experience, Greg has a comprehensive understanding of the challenges that businesses face and a talent for helping them understand their legal risks and manage them, particularly in the financial services industry" said Ron Geffner, a member of the firm's Executive Committee. "His in-house experience gives him a unique capability to anticipate what our clients need and advise them most effectively."

Prior to joining the firm, Mr. Hartmann was Corporate Counsel and Vice President in the Retirement Law Group of the Prudential Insurance Company of America, where he supported the pension risk transfer business, including U.S. pension buy-outs and international longevity reinsurance. Before that, Mr. Hartmann was Deputy General Counsel at PineBridge Investments and Associate General Counsel at AIG Investments, where he was the head of the legal department's Asset Management Group in New York. At AIG, Mr. Hartmann advised on registered and private funds, managed accounts, regulatory and compliance issues, and sales and marketing matters.

Before joining AIG, Mr. Hartmann was the general counsel of a private equity and hedge fund manager, where he built the legal and compliance department. Prior thereto, he was general counsel of an investment bank, and also a venture capital firm. Earlier in his career, Mr. Hartmann was in private practice at Weil, Gotshal & Manges, and also at Shea & Gould, in New York.

Mr. Hartmann earned his J.D. from Columbia University's School of Law, his M.A. from Northwestern University, and his B.A., *magna cum laude*, from the University of Notre Dame. Mr. Hartmann is a member of the American College of Investment Counsel, and is admitted to practice in New York.



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# Upcoming Events

| | |
|---|---|
| **Weston Hill Global Private Wealth Forum**<br>April 25, 2017<br>*Roosevelt Hotel*<br>*45 E 45th Street, New York City* | Ron S. Geffner, Partner and head of the Financial Services Group, will be speaking at Weston Hill Global Private Wealth Forum on April 25, 2017 on hedge funds. The event will be held at the Roosevelt Hotel, 45 E 45th Street in New York City. For more information, please go to: http://www.globalprivatewealth.org/index.php. |
| **13D Monitor Active-Passive Investor Summit**<br>April 27, 2017<br>*The Plaza Hotel, New York City* | Sam Lieberman, Partner and member of the Securities Litigation Group, will be moderating a panel at the 13D Monitor Conference in New York City on April 27, 2017. The event will take place at the Plaza Hotel, New York City. For more information, please go to: http://www.13dmonitorconference.com/ |
| **NCS Regulatory Compliance Conference**<br>June 21 – 23, 2017<br>*Eau Palm Beach Resort & Spa*<br>*Manalapan, FL* | Dan Viola, Partner and head of the Regulatory and Compliance Group, will be speaking at the NCS Regulatory Compliance Conference on June 21, 2017 in Manalapan, FL. He will be speaking on four panels. The panels are entitled "Risk Management and CCO Liability", "Preparing for a Regulatory Exam", "Creating a Culture of Compliance: Internally and with Regulators", and "Private Equity and Alternative Investments: Advancing Your Strategy". For more information, please go to: https://www.eiseverywhere.com/ehome/index.php?eventid=194010& |
| **Sadis & Goldberg's 10th Annual Alternative Investment Management Seminar**<br>November 8, 2017<br>*The New York Athletic Club*<br>*180 Central Park South, New York City* | Sadis & Goldberg LLP will be hosting the 10th Annual Alternative Investment Management Seminar on Wednesday, November 8, 2017. This seminar will include discussions on the latest trends and issues relevant for private investment funds to be successful in today's business environment. |


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SERIOUS MOONLIGHT
Behind the scenes at the 2017 Academy Awards with filmdom's first lady of Oscar cheerleading (my close friends know I was captain of the twirlers in high school)

By Peggy Siegal

Was this year different from all other years at the Oscars?

In one way, it wasn't. A24's "Moonlight" won best picture because voters went for content over style. The win was for it's poetic take on the American ideals that the Academy values most and wants reflected globally. History was also made as "Moonlight" became the first Oscar winner with an all black cast and addressed the LGBTQ community. And, it was a beautiful film.

But on the other hand, Oscar voters were also dealing with a political and emotional crisis in the film industry. After two years of #OscarsSoWhite, they responded by nominating a record six African American actors, four African American producers and one African American director, Barry Jenkins, the fourth ever nominated in that category. Three films addressing race were nominated for best picture: "Fences," "Hidden Figures" and "Moonlight."

Lionsgate's "La La Land" was a joyous escape from months of simmering frustration and anger at Donald J. Trump, himself a creature of the entertainment industry. The charming and modern musical "La La" danced its way to multiple awards from critics, at the PGA, the DGA, the BAFTA and the Venice Film Festival, a record seven Golden Globes, en route to an historic fourteen Academy Award nominations. Prognosticators predicted a "La La" landslide.

So what happened? Days before the voting deadline, "La La Land" was tripped-up by a last-minute backlash against frivolity. Even in La La Land, these are serious times.

Backstage at the Dolby Theater, star-struck nitwit accountant Brian Cullinan, oblivious to the fact that the Oscars are a sacred secular ceremony and distracted while tweeting a photo of Emma Stone, handed Warren Beatty the wrong envelope. Chaos—and headlines—ensued. Tweets, chaos and headlines? It was all too Trump for words.

When I arrived at the Dolby Theater that night, I asked a dateless Andrew Garfield to take me onto the red carpet with him, to the chagrin of his publicist. But a security guard rejected me because my ticket was the wrong color. Andrew winked, laughed and disappeared. Undaunted, I went back to the curb to find another walker. As I stood at the limo drop-off, inconspicuous in a day-glow orange satin dress, Kelly Bush, a publicist I knew from last year's "The Revenant" campaign, sidled over and said, "There is going to be an upset. 'Moonlight' is winning."

On cue, "La La Land" producer Marc Platt arrived with the studs on his formal shirt popping off. As I nervously fiddled in his buttonholes, I blurted, "Kelly Bush just said 'Moonlight' is winning." Marc turned white.

The red carpet was a three lane highway. The speed lane was for the super stars, the middle for frantic handlers, and on the right was the schlepper lane for relatives and relative nobodies. Four security guards escorted me there. By the time Marc and I met again at the end of the three prong red carpet, "La La Land" publicist and West Coast campaign queen Lisa Taback was furious I'd told the shaken producer his film might lose. I said, "Kelly Bush said that, not me." But I felt terrible.

Sure enough, the “La La” landslide never happened. It did win a spectacular six Oscars before Warren Beatty and Faye Dunaway walked to center stage for the best picture finale.
I was now standing against the wall at the first row of the first balcony. Lionsgate publicists Julie Fontaine and Jennifer Peterson, both dressed in haute couture gowns and borrowed emeralds, anxiously insisted I join their good luck group hug as best picture was announced. Despite my faux pas, and my work on most of the year’s top films, including “Moonlight,” “Manchester by the Sea” and “Hidden Figures,” Oscar night I was in the “La La” camp due to my long friendship with it’s director Damien Chazelle.

So we three bejeweled broads were hugging tightly, when Faye broke Warren’s pregnant pause and screamed "La La Land". The girls cried, the “La La” producers ran to the stage and I was thinking about how to apologize to Marc Platt as he thanked his family. Then, the stage filled up with men in headsets. Producer Jordan Horowitz, the class act of the evening, grabbed the right card and calmly announced "Moonlight. No Joke." Platt, Horowitz and their co-producer Fred Berger handed their Oscars to Moonlight director Barry Jenkins, and producers Jeremy Kleiner and Adele Romanski and left the stage as Mahershala Ali, the first Muslim actor to get the gold guy, joined the cast waving *his* historic Oscar.

Julie and Jennifer ran to Soho House to oversee Lionsgate's victory party, where hundreds of confused well-wishers waited to celebrate the “La La” wins, including Emma Stone’s best actress, Justin Hurwitz’s best score, and Benj Pasek, Justin Paul and Justin Hurwitz’s best song for “City of Stars.” At 32, Damien Chazelle also made history as the youngest best director ever. Some, lacking any empathy for the winners and losers onstage, called this historic screw-up "great live-television.” But standing in the balcony, alone and speechless, all I could think was, *“How did I miss this?”*

I ran to the Governor's Ball, which is the next stop for winners on their busy night. They get their statues engraved there before they drop by their studio’s party, get photographed, Oscar in hand at Vanity Fair’s fete, wall-to-wall with celebrities, and then head to Guy Oseary's home high in Beverly Hills to rock-and-roll ‘till dawn.

At the entrance to the Governor's Ball, Warren Beatty walked up to me, still holding the two priceless envelopes as proof of his innocence. I asked him, "What happened?"

His phone rang. It was so noisy, he bent toward me to hear better. The phone was almost in my face and I heard Annette Benning asking where he was and saying, "Warren, come home." Warren said, "No. I have done nothing wrong."

Warren's wonderful film, "Rules Don't Apply" received little Academy love, yet he was generous enough to show up. Now, fifty years after “Bonnie and Clyde,” he was in the Oscar spotlight again, the latest unwitting star of Oscar’s all-time blooper reel. As Jimmy Kimmel said, “We don’t have to watch reality shows anymore because we are living in one.”

Here’s reality-show Oscar week as I lived it:

**Tuesday, February 21st**

I checked into Jeff Klein's Sunset Tower Hotel still exhausted from last weekend's oh-so-grand birthday extravaganza thrown by fun loving billionaire Stephen Schwarzman’s wife Christine for

his 70th Birthday in Palm Beach—and headed straight to Charles Finch's photo exhibition, "The Art of Behind the Scenes," to see rare candid on-set photos of Audrey Hepburn, Brigitte Bardot, Grace Kelly and Ava Gardner.

Oscar balloting had closed an hour earlier, and IndieWire's Oscar blogger Anne Thompson announced that a female friend had voted for all the diverse and minority nominees. This first hint of things to come didn't register as a bell ringer for best picture. Spotted: Jean Pigozzi, Brett Ratner and Paul Haggis.

Back at The Sunset Tower Bar, diminutive maitre d' Dmitri Dimitrov slid up to me, cupped his hands in prayer and whispered, "Lady Gaga and Bradley Cooper are in the corner booth with Warner Bros. Sue Kroll." They were talking about their remake of "A Star is Born" going into production within the month.

At the next table was Ryan Murphy, creator of the multi-award winning FX mini-series "The People vs. O.J. Simpson: American Crime Story," eating with his muse Sarah Paulson, who won countless awards for portraying Marcia Clark. I joked that the Oscar nominated documentary "O.J.: Made in America" from ESPN would win because voters thought both films are the same.

**Wednesday, February 22nd**

I met Adam Lindemann and museum director Michael Govan at LACMA's The Inner Eye: Vision and Transcendence in African Art. Michael and I discussed the struggle to diversify the Academy. He told me that at LACMA he'd hired women, African American and Latino curators years before.

Vanity Fair Editor-in-Chief Graydon Carter and Barneys hosted a private dinner for "La La Land" at the Chateau Marmont. Graydon always tries to entertain the winning film. Drinks around the pool were followed by a seated dinner for fifty in a bungalow. Emma Stone brought her mother. Handsome hotelier Andre Balazs darts around. Ryan Gosling stayed home with his girlfriend Eva Mendes and their two baby girls. Emma talked about her next film "Battle of the Sexes." She plays Billie Jean King opposite Steve Carell, an excellent tennis player in real life, as Bobby Riggs.

Damien Chazelle came late from a dinner for the nominated directors. The Academy hosts a series of secret dinners during Oscar week for key nominees to keep them away from sponsors who profit from their celebrity. They also want to protect their own sponsor, ABC-TV, with exclusivity and audience surprise.

**Thursday, February 23rd**

Larry Gagosian's annual Oscar-week art opening is always a hot ticket. Serious collectors blended in unnoticed among the mere lookers and pretty gallerists quietly pointing out one glorious Joe Bradley painting after another. Each costs a cool million and between 6:00pm and 8:00pm they are all sold. Buyers and Larry's close friends then migrate down the block to Mr. Chow. Elton John and David Furnish, Jonah Hill, Dakota Johnson, Sharon Stone, NBCUniversal's Ron Meyer, Gus Van Sant, Emily Ratajkowski, Dasha Zhukova, artists Alex Israel, Harmony Korine and Dan Colen, rocker Robbie Robertson and Page Six's Ian Mohr dig

into orange chicken on sticks. Larry's girls come around and slip his home address onto laps. This means you have made the cut to attend Larry's after party at his house.

Ian and I head to Paul Haggis' intimate Artist for Peace and Justice benefit dinner for 65 at the LA club No Name where a great time set guests back $2,500 for Haiti. We arrive just in time to hear Jeff Bridges sing a song from "Crazy Heart", Jack Black recall "School of Rock " and Rita Wilson sing ABBA's "Dancing Queen". Jackson Browne is the master of ceremonies.

I end up at A24's party at the Sunset Tower for their films "20th Century Woman" and "Moonlight". Barry Jenkins wants to know if he is winning the Oscar. I chirp, "Yes, best adapted screenplay is all yours!" Not the answer he was looking for. I should have said, "Yes, you will win best picture, make history and bring the house down." I would have looked like a genius.

Finally, I speak to Janelle Monae, who is absolutely stunning. She also wants to know if "Hidden Figures" is winning the Oscar. I assure her that her real win was at the box office.

Before passing out in my Sunset Tower suite, I email Damien Chazelle a social wrap-up on the evening, as he is now sick as a dog, in bed with his dog and has had visiting nurses injecting fluids into his flu-infested body all day.

He, too, asks if he is winning the Oscar. I write, "It's not if, but how many".

**Friday, February 24**

I'm a gal hell bent on making a fashion statement with every outing, who runs her business from the back seat of a chauffeured black Cadillac with the license plate PEG-FILM. So marching or attending a protest rally is not the likely place to find me. But when I read the United Talent Agency's United Voice Rally was happening at their Beverly Hills headquarters--2,000 of the creative community's best looking turning out on a gorgeous afternoon to stand together for freedom of speech, and against exclusion and division, it was an invitation I couldn't refuse. This is a substitute for UTA's traditional pre-Oscar party--and the ten percenters donated and raised $320,000 for the American Civil Liberties Union and the International Rescue Committee. CEO Jeremy Zimmer and clients Jodie Foster and Michael J. Fox speak passionately.

The surprise highlight is taped remarks from Iranian filmmaker Asghar Farhadi, nominated for "The Salesman". Farhadi made international headlines announcing he would not travel to Hollywood in protest of President Trump's proposed travel ban on seven Muslim countries. Some Oscar voters do not see all five nominated foreign films, so Trump assured Asghar his Oscar.

I stop by the Women in Film cocktail party at Nightingale Plaza where Meryl Streep announces, "I feel like never saying anything again." We hear last year's best actress Brie Larson and activist/documentary nominee Ava DuVernay speak. Back at the Sunset Tower, Livia and Colin Firth host their annual dinner for 50 to celebrate The Green Carpet Challenge and The Journey to Sustainable Luxury. Spotted: Emma Stone, Meryl Streep, Ruth Negga, Kevin Bacon, Tom Ford, Salma Hayek, and Mick Jagger. Kyra Sedgwick arrives late from directing her first film, "Story of a Girl," starring her husband Kevin Bacon. Kyra sits with Meryl over coffee and says how exciting it is to direct. When I ask Meryl if she will join the minute ranks of female directors, the acting icon says, "Never. My job is done at the end of the day. I like to go home at night and let someone else worry about tomorrow's location."

Friday ends at the CAA party, a tough ticket now handed out by Maha Dahkil and Michael Kives. The white tent is filled with a sea of celebrity. Every CAA client comes out to eat, mingle, kibbitz and dance. Spotted: Meryl Streep (yes, she had a busy day too), Leonardo DiCaprio, Scarlett Johansson, Gwyneth Paltrow, Orlando Bloom, Jerry Bruckheimer, J.J. Abrams, Ron Howard, Naomi Watts, Mick Jagger, Lady Gaga, Barry Jenkins, John Mayer, Arnold Schwarzenegger, Kate Hudson, Jon Hamm and Jeff Bezos.

At 2 a.m. I email Damien Chazelle another party report as he is still sick in bed. Now, a team of medical talent is working on getting him well for Oscar night.

**Saturday, February 25**

I march down to the Academy's theater to hear my producer friend (since "Diner"), Mark Johnson, also an Academy governor, conduct a symposium for four of five nominated foreign film directors. As brilliant as the conversation was, four guys from Australia, Denmark, Germany and Sweden depressingly knew that the absent Iranian Asghar Farhadi was winning.

I took Mark, instead of the still-quarantined Damien Chazelle, up Coldwater Canyon to Barry Diller and Diane von Furstenberg's annual picnic lunch for Graydon Carter and Anna Scott. This gathering of the powerful and mighty occurs at exactly the same time as the Independent Spirit Awards for young and new talent. The two hot owners of A24, David Fenkel and Daniel Katz, are so sure their "Moonlight" was winning all six awards they are here instead of the Spirit Award's tent on the beach in Santa Monica. When asked, "What are you doing here?" they simultaneously say, "Our people are there." The reason they were on the lawn for the first time is that they have a new television and film production deal with Diller.

It's all very familiar, cozy and the best party of the week. Collectively there are more Oscar and Emmy winners on this lawn than will file into the Dolby Theater on Sunday.

I sit with petite Gloria Cooper, mother of Bradley. She is the only one wearing a hat, a large white felt fedora hiding enormous black sunglasses and her pretty face. I entertain Gloria with local gossip, which she loves, but when I ask her for details on the start of production for "A Star is Born," I get nothing.

I ask guests, "Who is winning best actor"? They reply, "Denzel, but I voted for Casey". Casey, who touched my heart on and off screen, ran in a tight race with humility, despite a nasty whisper campaign against him. I never asked about best picture. I'm still in thrall to the conventional wisdom: It's a "La La" landslide.

Rupert Murdoch brings his bride Jerry Hall who kisses and chats with Mick Jagger as the lawn people try to eavesdrop. Spotted: DvF's kids Alexander and Tatiana, Sir Howard Stringer, Oliver Stone, Ted Sarandos, Brett Ratner, Ron Meyer, Tom Ford, Larry Gagosian and Chrissie Erpf, Jeffrey Katzenberg, George Stevens, Jr., Toby Maguire, Sandy Gallin, Robert Kraft, Harvey Weinstein and breathtakingly beautiful Georgina Chapman, Lynn Wyatt, Fran Lebowitz, Henry Kravis, Jeff and Scott Berg and Irwin Winkler.

Another favorite event is Charles Finch's star-studded dinner at Madeo sponsored by Chanel. I sit next to Amazon's Roy Price and Oliver Stone, who sits next to Michael Keaton. I bring over

Pharrell Williams to meet Oliver Stone, director of “Snowden” and “JFK.” The conversation segwayed from Hillary Clinton to Oliver’s new documentary on Putin.

Lily Collins comes over and asks to be introduced to Mick Jagger at the table next to us. She says, "Tell Mick my father says ‘hello.’" Lily is the daughter of Phil Collins and starred in Warren Beatty's "Rules Don't Apply". Mick, never one to pass up a flirt with an Audrey Hepburn look-alike, whispers in her ear that he loved her in the film and was on the set, but sadly missed her.

Spotted: Nicole Kidman, Naomi Watts, Christian Louboutin, Kristen Stewart, Ruth Negga and “Arrival” director Denis Villeneuve.

Wendy Stark, daughter of "Funny Girl" producer Ray Stark and granddaughter of Fanny Brice, invited me to Jeffrey Katzenberg's Night Before Party on the Fox lot for the Motion Picture Home. There is a building named after her father. Walking around with Linda and Jerry Bruckheimer, I kiss David O. Russell and Colleen Camp. Brian D'Arcy James tells me he may return to his original role in "Hamilton" as King George. I go home with the heaviest swag bag in the world.

**Sunday, Feb. 26th**

The shocking end of the Oscar show continues to mystify me. How could I be so close to every filmmaker and totally miss the upset?

Because Damien is still sick, he begs off on his invitation to take me to Guy Oseary's—and heads back to bed. As I stand at the end of the Vanity Fair carpet at the entrance to the Wallis Annenberg Center, Casey Affleck arrives holding his Oscar. I ask him to replace Damien as my escort and he says, "Of course. I am leaving in 15 minutes. Don't lose me.” Casey then sends me off to find Jimmy Kimmel, who has already left the party. Fifteen minutes turns into an hour as everyone wants a selfie with the winner.

Spotted from “Moonlight”: Barry Jenkins, Mahershala Ali, Naomie Harris, Jeremy Kleiner. From “La La Land” Emma Stone and John Legend. From “Manchester by the Sea”, Casey Affleck, Michelle Williams, Lucas Hedges and Kenny Lonergan. From “Hidden Figures”: Taraji P. Henson, Octavia Spencer and Pharrell Williams, and “Fences” Oscar winner Viola Davis. Also swirling around the room: Brie Larson, Dakota Fanning, Elton John, Amy Adams, Jennifer Aniston, Javier Bardem, Michael Shannon, Alicia Vikander, Scarlett Johansson, Lin-Manuel Miranda, Halle Berry, Isabelle Huppert, Michelle Dockery, Faye Dunaway, Andrew Garfield, Dakota Johnson, Mick Jagger and family, Kelly Ripa, and Patty and Lydia Hearst. I find exhausted Oscar show producers Jennifer Todd and Mike De Luca and tell them what a wonderful job they did.

On the way out, a familiar looking lady keeps waving and smiling at Casey as we wait in the cold for cars. I say, "Casey, that is Monica Lewinsky waving at you." Casey is unfazed; he can’t wait to get out of the spotlight. Once we reach the Checkpoint Charlie to Guy's party, a team of girls wrapped in wool instructs the driver to lower the window and asks for a name. Casey, holding up the Oscar says, "Affleck.” She says, "You only have a plus one." The real deal is, if you win, you can bring a car full of friends—and eventually we’re cleared for takeoff. Once inside we lose each other in the darkness and pulsating Caribbean music. I get home at 5:00am, pack my three huge suitcases and rush off to the private airport in Van Nuys, still

wondering how I could have missed “Moonlight”’s triumph. Why couldn’t I see the forest through the trees? I must have been in La La-land.

xoxo,
Peggy

P.S. The following weekend I arrive in the Dominican Republic at Casa de Campo at the home of sugar baron Pepe Fanjul and his wife Emilia. Juan Carlos, the past king of Spain, wants to watch a few movies with me. I pulled a dozen DVDs out of my bag and say, "Your Majesty, which one"? He says, "First, "La La Land" for fun, then "Moonlight" because it won, then "The Founder" for American ingenuity.”

**Date:** Monday, January 8 2018 07:47 PM
**Subject:** Fwd: radical breakthrough
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** jeffrey epstein <jeevacation@gmail.com>;

kashoggi, bunker hunt. george mitchell . wayne owens. prince andrew. princess mette . princes sophie, princess alexandra princess melusine. . bill richardson. bill clinton. hamad bun jasem. donalad trup. gov mapp. governoe young. governoe king. . woody allen . morgain fairchild. mike ovitz. . marvin davis, herb segal. jimmy cyane, jes staleyk , rothchild. agnelli. . karim. prince mbs, mbr, sultan. anas. . jabor, general clarke. , watson minsky church , hillis. . ramascharn, golenbrg, hauser, kosslym, dan gilbert. larry summers. henry rosvsky, steven j gould, . murray gemman, gerffrey west. . haley berry, joan severane. , tom pritzker, leon balck, m.. woody allen, jacuwe lang. , miro.

---------- Forwarded message ---------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Mon, Jan 8, 2018 at 2:19 PM
Subject: Fwd: radical breakthrough
To: jeffrey epstein <jeevacation@gmail.com>

1 beards and long hair , are meant to catch and hold smells. ?
2. visiual system cohernant image. . fft . equivament. . for sound. making a coherentt sound. . ? does it make a coeherent concept.?
3. a mental object ie mobject. . action on mental objects. . ?
4. hope opposite of despair. . bias internal system . accesing reserves. .
5. writing is unnatural. assymentrc speed. . not good for eveeryone. linear. slow. rule based. .
6. nose test. telepathy. .
. 7 skin as part of brain? . memebrane. ?
8. ideas or brain connections as knots. slices. tangles links loops. is space knottted. and the speed of light simply mean one time around . obviously a constant.
9 . . intelltignce on surface , needs larger surface area. hence replication. .
10. does the eye tranmsit information.
11/ fear is pain in the future. .
12. music is horizontal and vertical inforamtion ? melody prosgy harmony , all amials. can it be looked at to reengineer the brain. harmony FFT. symphonic learning.

13 individulal vs the group ? ?
14. all senses act in a narrow band. survival. fitness. .
15. drive motivation. goal?
16. deception and its role in biollogy.
17 power. financail. physical mental. .
18. power lawws and probabality. gravity.?
19. plants. communication. surface area. similairy tohumnas. . do we get plant diseases. ?
20. biolgy , np complete?
21 sense calculation matrix. , sound receiver and transionni . gesture. . . tounch . temp.pressure. location. . sight. frequnecey. ( temp_. location. movement. , smell. transmit. recieve. . volatile. amplitude. . disgust? is location a sense. near food? direction. to food. ?
22 . derivation of the power llaws.
23 power of words .
24. questions = AI to the minus 1

25. belief , survival. meachinsim for some. . placebo.
. 26. taste? food? kissing?
27 . mortaltiy tables. why. points on the distribution. wittegenstein. . .
26. money. agreements. debt . pwer. value wealth. cost.
27 dreaming all day long
28 only 6 senses?
29. micro bioome anti biotics. recall smell. ? psyche. memory etc.
30 / eye transmission
31. numbers , not good for many things
32. luck what is it . mortality tables
33 signal processing. . noise. excription

gromov deepak. church. martin. hopkins.danny, joscha watson, chomsky. . . thiel.hoffman, sinofsky . . terje. ehud. bannon. barrak. ruemmler. reid. karp. . woody, blaine. cavett. sultan jabor raafat. anas . joi, reid. wolf. lang. . \ deepakbarnaby ben masha. , melz eva mosc. bernie. rony , merill. attia, chen, farkas leon .

membrane computing. FFT. energy to deconstruct. . harmony. . . knots. . the explainer. ( survival ) . matrix algebra, - senses. face /image recogniton. / focus, accupnutre presure massage. pain. placebo illusions, visula aurel. . honest signals.

evolution. resource. rate of loss. . payoff matrix. . cooperation. stochastic games.

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**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Fire and Fury - Michael Wolff.pdf
**Attachments**: Fire and Fury - Michael Wolff.pdf

**Importance**: High

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Subject: Fwd: Fire and Fury - Michael Wolff.pdf
To: [redacted]

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---------- Forwarded message ----------
From: **David Willis** [redacted]
Date: Mon, Jan 8, 2018 at 8:31 AM
Subject: Fire and Fury - Michael Wolff.pdf
To: [redacted]

Sent from my iPhone

# FIRE AND FURY

## INSIDE THE TRUMP WHITE HOUSE

MICHAEL WOLFF

ALSO BY MICHAEL WOLFF

*Television Is the New Television:*
*The Unexpected Triumph of Old Media in the Digital Age*

*The Man Who Owns the News:*
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*Burn Rate:*
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*Where We Stand*

*White Kids*

# FIRE AND FURY

## INSIDE THE TRUMP WHITE HOUSE

MICHAEL WOLFF

Little, Brown

LITTLE, BROWN

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*For Victoria and Louise, mother and daughter*

# CONTENTS

AUTHOR'S NOTE

PROLOGUE: AILES AND BANNON

1. ELECTION DAY

2. TRUMP TOWER

3. DAY ONE

4. BANNON

5. JARVANKA

6. AT HOME

7. RUSSIA

8. ORG CHART

9. CPAC

10. GOLDMAN

11. WIRETAP

12. REPEAL AND REPLACE

13. BANNON AGONISTES

14. SITUATION ROOM

15. MEDIA

16. COMEY

17. ABROAD AND AT HOME

18. BANNON REDUX

19. MIKA WHO?

20. MCMASTER AND SCARAMUCCI

21. BANNON AND SCARAMUCCI

22. GENERAL KELLY

EPILOGUE: BANNON AND TRUMP

ACKNOWLEDGMENTS

INDEX

# AUTHOR'S NOTE

The reason to write this book could not be more obvious. With the inauguration of Donald Trump on January 20, 2017, the United States entered the eye of the most extraordinary political storm since at least Watergate. As the day approached, I set out to tell this story in as contemporaneous a fashion as possible, and to try to see life in the Trump White House through the eyes of the people closest to it.

This was originally conceived as an account of the Trump administration's first hundred days, that most traditional marker of a presidency. But events barreled on without natural pause for more than two hundred days, the curtain coming down on the first act of Trump's presidency only with the appointment of retired general John Kelly as the chief of staff in late July and the exit of chief strategist Stephen K. Bannon three weeks later.

The events I've described in these pages are based on conversations that took place over a period of eighteen months with the president, with most members of his senior staff —some of whom talked to me dozens of times—and with many people who they in turn spoke to. The first interview occurred well before I could have imagined a Trump White House, much less a book about it, in late May 2016 at Trump's home in Beverly Hills—the then candidate polishing off a pint of Häagen-Dazs vanilla as he happily and idly opined about a range of topics while his aides, Hope Hicks, Corey Lewandowski, and Jared Kushner, went in and out of the room. Conversations with members of the campaign's team continued through the Republican Convention in Cleveland, when it was still hardly possible to conceive of Trump's election. They moved on to Trump Tower with a voluble Steve Bannon—before the election, when he still seemed like an entertaining oddity, and later, after the election, when he seemed like a miracle worker.

Shortly after January 20, I took up something like a semipermanent seat on a couch in the West Wing. Since then I have conducted more than two hundred interviews.

While the Trump administration has made hostility to the press a virtual policy, it has also been more open to the media than any White House in recent memory. In the beginning, I sought a level of formal access to this White House, something of a fly-on-the-wall status. The president himself encouraged this idea. But, given the many fiefdoms in the Trump White House that came into open conflict from the first days of the administration, there seemed no one person able to make this happen. Equally, there was

no one to say "Go away." Hence I became more a constant interloper than an invited guest—something quite close to an actual fly on the wall—having accepted no rules nor having made any promises about what I might or might not write.

Many of the accounts of what has happened in the Trump White House are in conflict with one another; many, in Trumpian fashion, are baldly untrue. Those conflicts, and that looseness with the truth, if not with reality itself, are an elemental thread of the book. Sometimes I have let the players offer their versions, in turn allowing the reader to judge them. In other instances I have, through a consistency in accounts and through sources I have come to trust, settled on a version of events I believe to be true.

Some of my sources spoke to me on so-called deep background, a convention of contemporary political books that allows for a disembodied description of events provided by an unnamed witness to them. I have also relied on off-the-record interviews, allowing a source to provide a direct quote with the understanding that it was not for attribution. Other sources spoke to me with the understanding that the material in the interviews would not become public until the book came out. Finally, some sources spoke forthrightly on the record.

At the same time, it is worth noting some of the journalistic conundrums that I faced when dealing with the Trump administration, many of them the result of the White House's absence of official procedures and the lack of experience of its principals. These challenges have included dealing with off-the-record or deep-background material that was later casually put on the record; sources who provided accounts in confidence and subsequently shared them widely, as though liberated by their first utterances; a frequent inattention to setting any parameters on the use of a conversation; a source's views being so well known and widely shared that it would be risible not to credit them; and the almost samizdat sharing, or gobsmacked retelling, of otherwise private and deep-background conversations. And everywhere in this story is the president's own constant, tireless, and uncontrolled voice, public and private, shared by others on a daily basis, sometimes virtually as he utters it.

For whatever reason, almost everyone I contacted—senior members of the White House staff as well as dedicated observers of it—shared large amounts of time with me and went to great effort to help shed light on the unique nature of life inside the Trump White House. In the end, what I witnessed, and what this book is about, is a group of people who have struggled, each in their own way, to come to terms with the meaning of working for Donald Trump.

I owe them an enormous debt.

# PROLOGUE: AILES AND BANNON

The evening began at six-thirty, but Steve Bannon, suddenly among the world's most powerful men and now less and less mindful of time constraints, was late.

Bannon had promised to come to this small dinner arranged by mutual friends in a Greenwich Village town house to see Roger Ailes, the former head of Fox News and the most significant figure in right-wing media and Bannon's sometime mentor. The next day, January 4, 2017—little more than two weeks before the inauguration of his friend Donald Trump as the forty-fifth president—Ailes would be heading to Palm Beach, into a forced, but he hoped temporary, retirement.

Snow was threatening, and for a while the dinner appeared doubtful. The seventy-six-year-old Ailes, with a long history of leg and hip problems, was barely walking, and, coming in to Manhattan with his wife Beth from their upstate home on the Hudson, was wary of slippery streets. But Ailes was eager to see Bannon. Bannon's aide, Alexandra Preate, kept texting steady updates on Bannon's progress extracting himself from Trump Tower.

As the small group waited for Bannon, it was Ailes's evening. Quite as dumbfounded by his old friend Donald Trump's victory as most everyone else, Ailes provided the gathering with something of a mini-seminar on the randomness and absurdities of politics. Before launching Fox News in 1996, Ailes had been, for thirty years, among the leading political operatives in the Republican Party. As surprised as he was by this election, he could yet make a case for a straight line from Nixon to Trump. He just wasn't sure, he said, that Trump himself, at various times a Republican, Independent, and Democrat, could make the case. Still, he thought he knew Trump as well as anyone did and was eager to offer his help. He was also eager to get back into the right-wing media game, and he energetically described some of the possibilities for coming up with the billion or so dollars he thought he would need for a new cable network.

Both men, Ailes and Bannon, fancied themselves particular students of history, both autodidacts partial to universal field theories. They saw this in a charismatic sense—they had a personal relationship with history, as well as with Donald Trump.

Now, however reluctantly, Ailes understood that, at least for the moment, he was passing the right-wing torch to Bannon. It was a torch that burned bright with ironies. Ailes's Fox News, with its $1.5 billion in annual profits, had dominated Republican politics for two decades. Now Bannon's Breitbart News, with its mere $1.5 million in annual profits, was claiming that role. For thirty years, Ailes—until recently the single most powerful person in conservative politics—had humored and tolerated Donald Trump, but in the end Bannon and Breitbart had elected him.

Six months before, when a Trump victory still seemed out of the realm of the possible, Ailes, accused of sexual harassment, was cashiered from Fox News in a move engineered by the liberal sons of conservative eighty-five-year-old Rupert Murdoch, the controlling shareholder of Fox News and the most powerful media owner of the age. Ailes's downfall was cause for much liberal celebration: the greatest conservative bugbear in modern politics had been felled by the new social norm. Then Trump, hardly three months later, accused of vastly more louche and abusive behavior, was elected president.

* * *

Ailes enjoyed many things about Trump: his salesmanship, his showmanship, his gossip. He admired Trump's sixth sense for the public marketplace—or at least the relentlessness and indefatigability of his ceaseless attempts to win it over. He liked Trump's game. He liked Trump's impact and his shamelessness. "He just keeps going," Ailes had marveled to a friend after the first debate with Hillary Clinton. "You hit Donald along the head, and he keeps going. He doesn't even know he's been hit."

But Ailes was convinced that Trump had no political beliefs or backbone. The fact that Trump had become the ultimate avatar of Fox's angry common man was another sign that we were living in an upside-down world. The joke was on somebody—and Ailes thought it might be on him.

Still, Ailes had been observing politicians for decades, and in his long career he had witnessed just about every type and style and oddity and confection and cravenness and mania. Operatives like himself—and now, like Bannon—worked with all kinds. It was the ultimate symbiotic and codependent relationship. Politicians were front men in a complex organizational effort. Operatives knew the game, and so did most candidates and officeholders. But Ailes was pretty sure Trump did not. Trump was undisciplined—he had no capacity for any game plan. He could not be a part of any organization, nor was he likely to subscribe to any program or principle. In Ailes's view, he was "a rebel without a cause." He was simply "Donald"—as though nothing more need be said.

In early August, less than a month after Ailes had been ousted from Fox News, Trump asked his old friend to take over the management of his calamitous campaign. Ailes, knowing Trump's disinclination to take advice, or even listen to it, turned him down. This was the job Bannon took a week later.

After Trump's victory, Ailes seemed to balance regret that he had not seized the chance to run his friend's campaign with incredulity that Trump's offer had turned out to be the ultimate opportunity. Trump's rise to power, Ailes understood, was the improbable triumph of many things that Ailes and Fox News represented. After all, Ailes was perhaps the person most responsible for unleashing the angry-man currents of Trump's victory: he had invented the right-wing media that delighted in the Trump character.

Ailes, who was a member of the close circle of friends and advisers Trump frequently called, found himself hoping he would get more time with the new president once he and Beth moved to Palm Beach; he knew Trump planned to make regular trips to Mar-a-Lago, down the road from Ailes's new home. Still, though Ailes was well aware that in politics, winning changes everything—the winner is the winner—he couldn't quite get his head around the improbable and bizarre fact that his friend Donald Trump was now president of the United States.

* * *

At nine-thirty, three hours late, a good part of the dinner already eaten, Bannon finally arrived. Wearing a disheveled blazer, his signature pairing of two shirts, and military fatigues, the unshaven, overweight sixty-three-year-old joined the other guests at the table and immediately took control of the conversation. Pushing a proffered glass of wine away —"I don't drink"—he dived into a live commentary, an urgent download of information about the world he was about to take over.

"We're going to flood the zone so we have every cabinet member for the next seven days through their confirmation hearings," he said of the business-and-military 1950s-type cabinet choices. "Tillerson is two days, Session is two days, Mattis is two days… ."

Bannon veered from "Mad Dog" Mattis—the retired four-star general whom Trump had nominated as secretary of defense—to a long riff on torture, the surprising liberalism of generals, and the stupidity of the civilian-military bureaucracy. Then it was on to the looming appointment of Michael Flynn—a favorite Trump general who'd been the opening act at many Trump rallies—as the National Security Advisor.

"He's fine. He's not Jim Mattis and he's not John Kelly … but he's fine. He just needs the right staff around him." Still, Bannon averred: "When you take out all the never-Trump guys who signed all those letters and all the neocons who got us in all these wars … it's not a deep bench."

Bannon said he'd tried to push John Bolton, the famously hawkish diplomat, for the job as National Security Advisor. Bolton was an Ailes favorite, too.

"He's a bomb thrower," said Ailes. "And a strange little fucker. But you need him. Who else is good on Israel? Flynn is a little nutty on Iran. Tillerson"—the secretary of state designate—"just knows oil."

"Bolton's mustache is a problem," snorted Bannon. "Trump doesn't think he looks the part. You know Bolton is an acquired taste."

"Well, rumors were that he got in trouble because he got in a fight in a hotel one night and chased some woman."

"If I told Trump that, he might have the job."

* * *

Bannon was curiously able to embrace Trump while at the same time suggesting he did not take him entirely seriously. He had first met Trump, the on-again off-again presidential candidate, in 2010; at a meeting in Trump Tower, Bannon had proposed to Trump that he spend half a million dollars backing Tea Party-style candidates as a way to further his presidential ambitions. Bannon left the meeting figuring that Trump would never cough up that kind of dough. He just wasn't a serious player. Between that first encounter and mid-August 2016, when he took over the Trump campaign, Bannon, beyond a few interviews he had done with Trump for his Breitbart radio show, was pretty sure he hadn't spent more than ten minutes in one-on-one conversation with Trump.

But now Bannon's Zeitgeist moment had arrived. Everywhere there was a sudden sense of global self-doubt. Brexit in the UK, waves of immigrants arriving on Europe's angry shores, the disenfranchisement of the workingman, the specter of more financial meltdown, Bernie Sanders and his liberal revanchism—everywhere was backlash. Even the most dedicated exponents of globalism were hesitating. Bannon believed that great numbers of people were suddenly receptive to a new message: the world needs borders—or the world should return to a time when it had borders. When America was great. Trump had become the platform for that message.

By that January evening, Bannon had been immersed in Donald Trump's world for almost five months. And though he had accumulated a sizable catalogue of Trump's peculiarities, and cause enough for possible alarm about the unpredictability of his boss and his views, that did not detract from Trump's extraordinary, charismatic appeal to the right-wing, Tea Party, Internet meme base, and now, in victory, from the opportunity he was giving Steve Bannon.

* * *

"Does *he* get it?" asked Ailes suddenly, pausing and looking intently at Bannon.

He meant did Trump get it. This seemed to be a question about the right-wing agenda: Did the playboy billionaire really get the workingman populist cause? But it was possibly a point-blank question about the nature of power itself. Did Trump get where history had put him?

Bannon took a sip of water. "He gets it," said Bannon, after hesitating for perhaps a beat too long. "Or he gets what he gets."

With a sideways look, Ailes continued to stare him down, as though waiting for Bannon to show more of his cards.

"Really," Bannon said. "He's on the program. It's his program." Pivoting from Trump himself, Bannon plunged on with the Trump agenda. "Day one we're moving the U.S. embassy to Jerusalem. Netanyahu's all in. Sheldon"—Sheldon Adelson, the casino billionaire, far-right Israel defender, and Trump supporter—"is all in. We know where we're heading on this."

"Does Donald know?" asked a skeptical Ailes.

Bannon smiled—as though almost with a wink—and continued:

"Let Jordan take the West Bank, let Egypt take Gaza. Let them deal with it. Or sink trying. The Saudis are on the brink, Egyptians are on the brink, all scared to death of Persia … Yemen, Sinai, Libya … this thing is bad… . That's why Russia is so key… . Is Russia that bad? They're bad guys. But the world is full of bad guys."

Bannon offered all this with something like ebullience—a man remaking the world.

"But it's good to know the bad guys are the bad guys," said Ailes, pushing Bannon. "Donald may not know."

The real enemy, said an on-point Bannon, careful not to defend Trump too much or to dis him at all, was China. China was the first front in a new cold war. And it had all been misunderstood in the Obama years—what we thought we understood we didn't understand at all. That was the failure of American intelligence. "I think Comey is a third-rate guy. I think Brennan is a second-rate guy," Bannon said, dismissing the FBI director and the CIA director.

"The White House right now is like Johnson's White House in 1968. Susan Rice"—Obama's National Security Advisor—"is running the campaign against ISIS as a National Security Advisor. They're picking the targets, she's picking the drone strikes. I mean, they're running the war with just as much effectiveness as Johnson in sixty-eight. The Pentagon is totally disengaged from the whole thing. Intel services are disengaged from the whole thing. The media has let Obama off the hook. Take the ideology away from it, this is complete amateur hour. I don't know what Obama does. Nobody on Capitol Hill knows him, no business guys know him—what has he accomplished, what does he do?"

"Where's Donald on this?" asked Ailes, now with the clear implication that Bannon was far out ahead of his benefactor.

"He's totally on board."

"Focused?"

"He buys it."

"I wouldn't give Donald too much to think about," said an amused Ailes.

Bannon snorted. “Too much, too little—doesn’t necessarily change things.”

* * *

“What has he gotten himself into with the Russians?” pressed Ailes.

“Mostly,” said Bannon, “he went to Russia and he thought he was going to meet Putin. But Putin couldn’t give a shit about him. So he’s kept trying.”

“He’s Donald,” said Ailes.

“It’s a magnificent thing,” said Bannon, who had taken to regarding Trump as something like a natural wonder, beyond explanation.

Again, as though setting the issue of Trump aside—merely a large and peculiar presence to both be thankful for and to have to abide—Bannon, in the role he had conceived for himself, the auteur of the Trump presidency, charged forward:

“China’s everything. Nothing else matters. We don’t get China right, we don’t get anything right. This whole thing is very simple. China is where Nazi Germany was in 1929 to 1930. The Chinese, like the Germans, are the most rational people in the world, until they’re not. And they’re gonna flip like Germany in the thirties. You’re going to have a hypernationalist state, and once that happens you can’t put the genie back in the bottle.”

“Donald might not be Nixon in China,” said Ailes, deadpan, suggesting that for Trump to seize the mantle of global transformation might strain credulity.

Bannon smiled. “Bannon in China,” he said, with both remarkable grandiosity and wry self-deprecation.

“How’s the kid?” asked Ailes, referring to Trump’s son-in-law and paramount political adviser, thirty-six-year-old Jared Kushner.

“He’s my partner,” said Bannon, his tone suggesting that if he felt otherwise, he was nevertheless determined to stay on message.

“Really?” said a dubious Ailes.

“He’s on the team.”

“He’s had lot of lunches with Rupert.”

“In fact,” said Bannon, “I could use your help here.” Bannon then spent several minutes trying to recruit Ailes to help kneecap Murdoch. Ailes, since his ouster from Fox, had become only more bitter towards Murdoch. Now Murdoch was frequently jawboning the president-elect and encouraging him toward establishment moderation—all a strange inversion in the ever-stranger currents of American conservatism. Bannon wanted Ailes to suggest to Trump, a man whose many neuroses included a horror of forgetfulness or senility, that Murdoch might be losing it.

“I’ll call him,” said Ailes. “But Trump would jump through hoops for Rupert. Like for

Putin. Sucks up and shits down. I just worry about who's jerking whose chain."

The older right-wing media wizard and the younger (though not by all that much) continued on to the other guests' satisfaction until twelve-thirty, the older trying to see through to the new national enigma that was Trump—although Ailes would say that in fact Trump's behavior was ever predictable—and the younger seemingly determined not to spoil his own moment of destiny.

"Donald Trump has got it. He's Trump, but he's got it. Trump is Trump," affirmed Bannon.

"Yeah, he's Trump," said Ailes, with something like incredulity.

# 1

# ELECTION DAY

On the afternoon of November 8, 2016, Kellyanne Conway—Donald Trump's campaign manager and a central, indeed starring, personality of Trumpworld—settled into her glass office at Trump Tower. Right up until the last weeks of the race, the Trump campaign headquarters had remained a listless place. All that seemed to distinguish it from a corporate back office were a few posters with right-wing slogans.

Conway now was in a remarkably buoyant mood considering she was about to experience a resounding if not cataclysmic defeat. Donald Trump would lose the election—of this she was sure—but he would quite possibly hold the defeat to under 6 points. That was a substantial victory. As for the looming defeat itself, she shrugged it off: it was Reince Priebus's fault, not hers.

She had spent a good part of the day calling friends and allies in the political world and blaming Priebus. Now she briefed some of the television producers and anchors with whom she'd built strong relationships—and with whom, actively interviewing in the last few weeks, she was hoping to land a permanent on-air job after the election. She'd carefully courted many of them since joining the Trump campaign in mid-August and becoming the campaign's reliably combative voice and, with her spasmodic smiles and strange combination of woundedness and imperturbability, peculiarly telegenic face.

Beyond all of the other horrible blunders of the campaign, the real problem, she said, was the devil they couldn't control: the Republican National Committee, which was run by Priebus, his sidekick, thirty-two-year-old Katie Walsh, and their flack, Sean Spicer. Instead of being all in, the RNC, ultimately the tool of the Republican establishment, had been hedging its bets ever since Trump won the nomination in early summer. When Trump needed the push, the push just wasn't there.

That was the first part of Conway's spin. The other part was that despite everything, the campaign had really clawed its way back from the abyss. A severely underresourced team with, practically speaking, the worst candidate in modern political history—Conway offered either an eye-rolling pantomime whenever Trump's name was mentioned, or a

dead stare—had actually done extraordinarily well. Conway, who had never been involved in a national campaign, and who, before Trump, ran a small-time, down-ballot polling firm, understood full well that, post-campaign, she would now be one of the leading conservative voices on cable news.

In fact, one of the Trump campaign pollsters, John McLaughlin, had begun to suggest within the past week or so that some key state numbers, heretofore dismal, might actually be changing to Trump's advantage. But neither Conway nor Trump himself nor his son-in-law Jared Kushner—the effective head of the campaign, or the designated family monitor of it—wavered in their certainty: their unexpected adventure would soon be over.

Only Steve Bannon, in his odd-man view, insisted the numbers would break in their favor. But this being Bannon's view—crazy Steve—it was quite the opposite of being a reassuring one.

Almost everybody in the campaign, still an extremely small outfit, thought of themselves as a clear-eyed team, as realistic about their prospects as perhaps any in politics. The unspoken agreement among them: not only would Donald Trump *not* be president, he should probably not be. Conveniently, the former conviction meant nobody had to deal with the latter issue.

As the campaign came to an end, Trump himself was sanguine. He had survived the release of the Billy Bush tape when, in the uproar that followed, the RNC had had the gall to pressure him to quit the race. FBI director James Comey, having bizarrely hung Hillary out to dry by saying he was reopening the investigation into her emails eleven days before the election, had helped avert a total Clinton landslide.

"I can be the most famous man in the world," Trump told his on-again, off-again aide Sam Nunberg at the outset of the campaign.

"But do you want to be president?" Nunberg asked (a qualitatively different question than the usual existential candidate test: "Why do you want to be president?"). Nunberg did not get an answer.

The point was, there didn't need to be an answer because he wasn't going to be president.

Trump's longtime friend Roger Ailes liked to say that if you wanted a career in television, first run for president. Now Trump, encouraged by Ailes, was floating rumors about a Trump network. It was a great future.

He would come out of this campaign, Trump assured Ailes, with a far more powerful brand and untold opportunities. "This is bigger than I ever dreamed of," he told Ailes in a conversation a week before the election. "I don't think about losing because it isn't losing. We've totally won." What's more, he was already laying down his public response to losing the election: *It was stolen!*

Donald Trump and his tiny band of campaign warriors were ready to lose with fire and fury. They were not ready to win.

* * *

In politics somebody has to lose, but invariably everybody thinks they can win. And you probably can't win unless you believe that you will win—except in the Trump campaign.

The leitmotif for Trump about his own campaign was how crappy it was and how everybody involved in it was a loser. He was equally convinced that the Clinton people were brilliant winners—"They've got the best and we've got the worst," he frequently said. Time spent with Trump on the campaign plane was often an epic dissing experience: everybody around him was an idiot.

Corey Lewandowski, who served as Trump's first more or less official campaign manager, was often berated by the candidate. For months Trump called him "the worst," and in June 2016 he was finally fired. Ever after, Trump proclaimed his campaign doomed without Lewandowski. "We're all losers," he would say. "All our guys are terrible, nobody knows what they're doing… . Wish Corey was back." Trump quickly soured on his second campaign manager, Paul Manafort, as well.

By August, trailing Clinton by 12 to 17 points and facing a daily firestorm of eviscerating press, Trump couldn't conjure even a far-fetched scenario for achieving an electoral victory. At this dire moment, Trump in some essential sense sold his losing campaign. The right-wing billionaire Bob Mercer, a Ted Cruz backer, had shifted his support to Trump with a $5 million infusion. Believing the campaign was cratering, Mercer and his daughter Rebekah took a helicopter from their Long Island estate out to a scheduled fundraiser—with other potential donors bailing by the second—at New York Jets owner and Johnson & Johnson heir Woody Johnson's summer house in the Hamptons.

Trump had no real relationship with either father or daughter. He'd had only a few conversations with Bob Mercer, who mostly talked in monosyllables; Rebekah Mercer's entire history with Trump consisted of a selfie taken with him at Trump Tower. But when the Mercers presented their plan to take over the campaign and install their lieutenants, Steve Bannon and Kellyanne Conway, Trump didn't resist. He only expressed vast incomprehension about why anyone would want to do that. "This thing," he told the Mercers, "is so fucked up."

By every meaningful indicator, something greater than even a sense of doom shadowed what Steve Bannon called "the broke-dick campaign"—a sense of structural impossibility.

The candidate who billed himself as a billionaire—ten times over—refused even to invest his own money in it. Bannon told Jared Kushner—who, when Bannon signed on to the campaign, had been off with his wife on a holiday in Croatia with Trump enemy David Geffen—that, after the first debate in September, they would need an additional $50 million to cover them until election day.

"No way we'll get fifty million unless we can guarantee him victory," said a clear-eyed Kushner.

"Twenty-five million?" prodded Bannon.

"If we can say victory is more than likely."

In the end, the best Trump would do is loan the campaign $10 million, provided he got it back as soon as they could raise other money. (Steve Mnuchin, then the campaign's finance chairman, came to collect the loan with the wire instructions ready to go, so Trump couldn't conveniently forget to send the money.)

There was in fact no real campaign because there was no real organization, or at best only a uniquely dysfunctional one. Roger Stone, the early de facto campaign manager, quit or was fired by Trump—with each man publicly claiming he had slapped down the other. Sam Nunberg, a Trump aide who had worked for Stone, was noisily ousted by Lewandowski, and then Trump exponentially increased the public dirty-clothes-washing by suing Nunberg. Lewandowski and Hope Hicks, the PR aide put on the campaign by Ivanka Trump, had an affair that ended in a public fight on the street—an incident cited by Nunberg in his response to Trump's suit. The campaign, on its face, was not designed to win anything.

Even as Trump eliminated the sixteen other Republican candidates, however far-fetched that might have seemed, it did not make the ultimate goal of winning the presidency any less preposterous.

And if, during the fall, winning seemed slightly more plausible, that evaporated with the Billy Bush affair. "I'm automatically attracted to beautiful—I just start kissing them," Trump told the NBC host Billy Bush on an open mic, amid the ongoing national debate about sexual harassment. "It's like a magnet. Just kiss. I don't even wait. And when you're a star they let you do it. You can do anything… . Grab them by the pussy. You can do anything."

It was an operatic unraveling. So mortifying was this development that when Reince Priebus, the RNC head, was called to New York from Washington for an emergency meeting at Trump Tower, he couldn't bring himself to leave Penn Station. It took two hours for the Trump team to coax him across town.

"Bro," said a desperate Bannon, cajoling Priebus on the phone, "I may never see you again after today, but you gotta come to this building and you gotta walk through the front door."

* * *

The silver lining of the ignominy Melania Trump had to endure after the Billy Bush tape was that now there was no way her husband could become president.

Donald Trump's marriage was perplexing to almost everybody around him—or it was, anyway, for those without private jets and many homes. He and Melania spent relatively little time together. They could go days at a time without contact, even when they were both in Trump Tower. Often she did not know where he was, or take much notice of that fact. Her husband moved between residences as he would move between rooms. Along with knowing little about his whereabouts, she knew little about his business, and took at best modest interest in it. An absentee father for his first four children, Trump was even more absent for his fifth, Barron, his son with Melania. Now on his third marriage, he told friends he thought he had finally perfected the art: live and let live—"Do your own thing."

He was a notorious womanizer, and during the campaign became possibly the world's most famous masher. While nobody would ever say Trump was sensitive when it came to women, he had many views about how to get along with them, including a theory he discussed with friends about how the more years between an older man and a younger woman, the less the younger woman took an older man's cheating personally.

Still, the notion that this was a marriage in name only was far from true. He spoke of Melania frequently when she wasn't there. He admired her looks—often, awkwardly for her, in the presence of others. She was, he told people proudly and without irony, a "trophy wife." And while he may not have quite shared his life with her, he gladly shared the spoils of it. "A happy wife is a happy life," he said, echoing a popular rich-man truism.

He also sought Melania's approval. (He sought the approval of all the women around him, who were wise to give it.) In 2014, when he first seriously began to consider running for president, Melania was one of the few who thought it was possible he could win. It was a punch line for his daughter, Ivanka, who had carefully distanced herself from the campaign. With a never-too-hidden distaste for her stepmother, Ivanka would say to friends: *All you have to know about Melania is that she thinks if he runs he'll certainly win*.

But the prospect of her husband's actually becoming president was, for Melania, a horrifying one. She believed it would destroy her carefully sheltered life—one sheltered, not inconsiderably, from the extended Trump family—which was almost entirely focused on her young son.

Don't put the cart before the horse, her amused husband said, even as he spent every day on the campaign trail, dominating the news. But her terror and torment mounted.

There was a whisper campaign about her, cruel and comical in its insinuations, going on in Manhattan, which friends told her about. Her modeling career was under close scrutiny. In Slovenia, where she grew up, a celebrity magazine, *Suzy*, put the rumors about her into print after Trump got the nomination. Then, with a sickening taste of what might be ahead, the *Daily Mail* blew the story across the world.

The *New York Post* got its hands on outtakes from a nude photo shoot that Melania had

done early in her modeling career—a leak that everybody other than Melania assumed could be traced back to Trump himself.

Inconsolable, she confronted her husband. Is this the future? She told him she wouldn't be able to take it.

Trump responded in his fashion—*We'll sue!*—and set her up with lawyers who successfully did just that. But he was unaccustomedly contrite, too. Just a little longer, he told her. It would all be over in November. He offered his wife a solemn guarantee: there was simply no way he would win. And even for a chronically—he would say helplessly—unfaithful husband, this was one promise to his wife that he seemed sure to keep.

* * *

The Trump campaign had, perhaps less than inadvertently, replicated the scheme from Mel Brooks's *The Producers*. In that classic, Brooks's larcenous and dopey heroes, Max Bialystock and Leo Bloom, set out to sell more than 100 percent of the ownership stakes in the Broadway show they are producing. Since they will be found out only if the show is a hit, everything about the show is premised on its being a flop. Accordingly, they create a show so outlandish that it actually succeeds, thus dooming our heroes.

Winning presidential candidates—driven by hubris or narcissism or a preternatural sense of destiny—have, more than likely, spent a substantial part of their careers, if not their lives from adolescence, preparing for the role. They rise up the ladder of elected offices. They perfect a public face. They manically network, since success in politics is largely about who your allies are. They cram. (Even in the case of an uninterested George W. Bush, he relied on his father's cronies to cram for him.) And they clean up after themselves—or, at least, take great care to cover up. They prepare themselves to win and to govern.

The Trump calculation, quite a conscious one, was different. The candidate and his top lieutenants believed they could get all the benefits of *almost* becoming president without having to change their behavior or their fundamental worldview one whit: we don't have to be anything but who and what we are, because of course we won't win.

Many candidates for president have made a virtue of being Washington outsiders; in practice, this strategy merely favors governors over senators. Every serious candidate, no matter how much he or she disses Washington, relies on Beltway insiders for counsel and support. But with Trump, hardly a person in his innermost circle had ever worked in politics at the national level—his closest advisers had not worked in politics at all. Throughout his life, Trump had few close friends of any kind, but when he began his campaign for president he had almost no friends in politics. The only two actual politicians with whom Trump was close were Rudy Giuliani and Chris Christie, and both men were in their own way peculiar and isolated. And to say that he knew nothing—nothing at all—about the basic intellectual foundations of the job was a comic

understatement. Early in the campaign, in a *Producers*-worthy scene, Sam Nunberg was sent to explain the Constitution to the candidate: "I got as far as the Fourth Amendment before his finger is pulling down on his lip and his eyes are rolling back in his head."

Almost everybody on the Trump team came with the kind of messy conflicts bound to bite a president or his staff. Mike Flynn, Trump's future National Security Advisor, who became Trump's opening act at campaign rallies and whom Trump loved to hear complain about the CIA and the haplessness of American spies, had been told by his friends that it had not been a good idea to take $45,000 from the Russians for a speech. "Well, it would only be a problem if we won," he assured them, knowing that it would therefore not be a problem.

Paul Manafort, the international lobbyist and political operative who Trump retained to run his campaign after Lewandowski was fired—and who agreed not to take a fee, amping up questions of quid pro quo—had spent thirty years representing dictators and corrupt despots, amassing millions of dollars in a money trail that had long caught the eye of U.S. investigators. What's more, when he joined the campaign, he was being pursued, his every financial step documented, by the billionaire Russian oligarch Oleg Deripaska, who claimed he stole $17 million from him in a crooked real estate scam.

For quite obvious reasons, no president before Trump and few politicians ever have come out of the real estate business: a lightly regulated market, based on substantial debt with exposure to frequent market fluctuations, it often depends on government favor, and is a preferred exchange currency for problem cash—money laundering. Trump's son-in-law Jared Kushner, Jared's father Charlie, Trump's sons Don Jr. and Eric, and his daughter Ivanka, as well as Trump himself, all supported their business enterprises to a greater or lesser extent working in the dubious limbo of international free cash flow and gray money. Charlie Kushner, to whose real estate business interests Trump's son-in-law and most important aide was wholly tied, had already spent time in a federal prison for tax evasion, witness tampering, and making illegal campaign donations.

Modern politicians and their staffs perform their most consequential piece of opposition research on themselves. If the Trump team had vetted their candidate, they would have reasonably concluded that heightened ethical scrutiny could easily put them in jeopardy. But Trump pointedly performed no such effort. Roger Stone, Trump's longtime political adviser, explained to Steve Bannon that Trump's psychic makeup made it impossible for him to take such a close look at himself. Nor could he tolerate knowing that somebody else would then know a lot about him—and therefore have something over him. And anyway, why take such a close and potentially threatening look, because what were the chances of winning?

Not only did Trump disregard the potential conflicts of his business deals and real estate holdings, he audaciously refused to release his tax returns. Why should he if he wasn't going to win?

What's more, Trump refused to spend any time considering, however hypothetically, transition matters, saying it was "bad luck"—but really meaning it was a waste of time. Nor would he even remotely contemplate the issue of his holdings and conflicts.

*He wasn't going to win! Or losing was winning.*

Trump would be the most famous man in the world—a martyr to crooked Hillary Clinton.

His daughter Ivanka and son-in-law Jared would have transformed themselves from relatively obscure rich kids into international celebrities and brand ambassadors.

Steve Bannon would become the de facto head of the Tea Party movement.

Kellyanne Conway would be a cable news star.

Reince Priebus and Katie Walsh would get their Republican Party back.

Melania Trump could return to inconspicuously lunching.

That was the trouble-free outcome they awaited on November 8, 2016. Losing would work out for everybody.

Shortly after eight o'clock that evening, when the unexpected trend—Trump might actually win—seemed confirmed, Don Jr. told a friend that his father, or DJT, as he called him, looked as if he had seen a ghost. Melania, to whom Donald Trump had made his solemn guarantee, was in tears—and not of joy.

There was, in the space of little more than an hour, in Steve Bannon's not unamused observation, a befuddled Trump morphing into a disbelieving Trump and then into a quite horrified Trump. But still to come was the final transformation: suddenly, Donald Trump became a man who believed that he deserved to be and was wholly capable of being the president of the United States.

# 2

# TRUMP TOWER

On the Saturday after the election, Donald Trump received a small group of well-wishers in his triplex apartment in Trump Tower. Even his close friends were still shocked and bewildered, and there was a dazed quality to the gathering. But Trump himself was mostly looking at the clock.

Rupert Murdoch, heretofore doubtlessly certain Trump was a charlatan and a fool, said he and his new wife, Jerry Hall, would pay a call on the president-elect. But Murdoch was late—quite late. Trump kept assuring his guests that Rupert was on his way, coming soon. When some of the guests made a move to leave, Trump cajoled them to stay a little longer. *You'll want to stay to see Rupert*. (Or, one of the guests interpreted, you'll want to stay to see Trump with Rupert.)

Murdoch, who, with his then wife, Wendi, had often socialized with Jared and Ivanka, in the past made little effort to hide his lack of interest in Trump. Murdoch's fondness for Kushner created a curious piece of the power dynamic between Trump and his son-in-law, one that Kushner, with reasonable subtly, played to his advantage, often dropping Murdoch's name into conversations with his father-in-law. When, in 2015, Ivanka Trump told Murdoch that her father really, truly was going to run for president, Murdoch dismissed the possibility out of hand.

But now, the new president-elect—after the most astonishing upset in American history—was on tenterhooks waiting for Murdoch. "He's one of the greats," he told his guests, becoming more agitated as he waited. "Really, he's one of the greats, the last of the greats. You have to stay to see him."

It was a matched set of odd reversals—an ironic symmetry. Trump, perhaps not yet appreciating the difference between becoming president and elevating his social standing, was trying mightily to curry favor with the previously disdainful media mogul. And Murdoch, finally arriving at the party he was in more than one way sorely late to, was as subdued and thrown as everyone else, and struggling to adjust his view of a man who, for more than a generation, had been at best a clown prince among the rich and famous.

* * *

Murdoch was hardly the only billionaire who had been dismissive of Trump. In the years before the election, Carl Icahn, whose friendship Trump often cited, and who Trump had suggested he'd appoint to high office, openly ridiculed his fellow billionaire (whom he said was not remotely a billionaire).

Few people who knew Trump had illusions about him. That was almost his appeal: he was what he was. Twinkle in his eye, larceny in his soul.

But now he was the president-elect. And that, in a reality jujitsu, changed everything. So say whatever you want about him, he had done this. Pulled the sword from the stone. That meant something. *Everything*.

The billionaires had to rethink. So did everyone in the Trump orbit. The campaign staff, now suddenly in a position to snag West Wing jobs—career- and history-making jobs—had to see this odd, difficult, even ridiculous, and, on the face of it, ill-equipped person in a new light. He had been elected president. So he was, as Kellyanne Conway liked to point out, by definition, presidential.

Still, nobody had yet seen him be presidential—that is, make a public bow to political ritual and propriety. Or even to exercise some modest self-control.

Others were now recruited and, despite their obvious impressions of the man, agreed to sign on. Jim Mattis, a retired four-star general, one of the most respected commanders in the U.S. armed forces; Rex Tillerson, CEO of ExxonMobil; Scott Pruitt and Betsy DeVos, Jeb Bush loyalists—all of them were now focused on the singular fact that while he might be a peculiar figure, even an absurd-seeming one, he had been elected president.

We can make this work, is what everybody in the Trump orbit was suddenly saying. Or, at the very least, this *could possibly* work.

In fact, up close, Trump was not the bombastic and pugilistic man who had stirred rabid crowds on the campaign trail. He was neither angry nor combative. He may have been the most threatening and frightening and menacing presidential candidate in modern history, but in person he could seem almost soothing. His extreme self-satisfaction rubbed off. Life was sunny. Trump was an optimist—at least about himself. He was charming and full of flattery; he focused on you. He was funny—self-deprecating even. And incredibly energetic—*Let's do it* whatever it is, *let's do it*. He wasn't a tough guy. He was "a big warm-hearted monkey," said Bannon, with rather faint praise.

PayPal cofounder and Facebook board member Peter Thiel—really the only significant Silicon Valley voice to support Trump—was warned by another billionaire and longtime Trump friend that Trump would, in an explosion of flattery, offer Thiel his undying friendship. *Everybody says you're great, you and I are going to have an amazing working relationship, anything you want, call me and we'll get it done!* Thiel was advised not to

take Trump's offer too seriously. But Thiel, who gave a speech supporting Trump at the Republican Convention in Cleveland, reported back that, even having been forewarned, he absolutely was certain of Trump's sincerity when he said they'd be friends for life—only never to basically hear from him again or have his calls returned. Still, power provides its own excuses for social lapses. Other aspects of the Trump character were more problematic.

Almost all the professionals who were now set to join him were coming face to face with the fact that it appeared he knew nothing. There was simply no subject, other than perhaps building construction, that he had substantially mastered. Everything with him was off the cuff. Whatever he knew he seemed to have learned an hour before—and that was mostly half-baked. But each member of the new Trump team was convincing him- or herself otherwise—because what did they know, the man had been elected president. He offered something, obviously. Indeed, while everybody in his rich-guy social circle knew about his wide-ranging ignorance—Trump, the businessman, could not even read a balance sheet, and Trump, who had campaigned on his deal-making skills, was, with his inattention to details, a terrible negotiator—they yet found him somehow *instinctive*. That was the word. He was a force of personality. He could make you believe.

"Is Trump a good person, an intelligent person, a capable person?" asked Sam Nunberg, Trump's longtime political aide. "I don't even know. But I know he's a star."

Trying to explain Trump's virtues and his attraction, Piers Morgan—the British newspaper man and ill-fated CNN anchor who had appeared on *Celebrity Apprentice* and stayed a loyal Trump friend—said it was all in Trump's book *The Art of the Deal*. Everything that made him Trump and that defined his savvy, energy, and charisma was there. If you wanted to know Trump, just read the book. But Trump had not written *The Art of the Deal*. His co-writer, Tony Schwartz, insisted that he had hardly contributed to it and might not even have read all of it. And that was perhaps the point. Trump was not a writer, he was a character—a protagonist and hero.

A pro wrestling fan who became a World Wrestling Entertainment supporter and personality (inducted into the WWE Hall of Fame), Trump lived, like Hulk Hogan, as a real-life fictional character. To the amusement of his friends, and unease of many of the people now preparing to work for him at the highest levels of the federal government, Trump often spoke of himself in the third person. Trump did this. The Trumpster did that. So powerful was this persona, or role, that he seemed reluctant, or unable, to give it up in favor of being president—or presidential.

However difficult he was, many of those now around him tried to justify his behavior—tried to find an explanation for his success in it, to understand it as an advantage, not a limitation. For Steve Bannon, Trump's unique political virtue was as an alpha male, maybe the last of the alpha males. A 1950s man, a Rat Pack type, a character out of *Mad Men*.

Trump's understanding of his own essential nature was even more precise. Once, coming back on his plane with a billionaire friend who had brought along a foreign model, Trump, trying to move in on his friend's date, urged a stop in Atlantic City. He would provide a tour of his casino. His friend assured the model that there was nothing to recommend Atlantic City. It was a place overrun by white trash.

"What is this 'white trash'?" asked the model.

"They're people just like me," said Trump, "only they're poor."

He looked for a license not to conform, not to be respectable. It was something of an outlaw prescription for winning—and winning, however you won, was what it was all about.

Or, as his friends would observe, mindful themselves not to be taken in, he simply had no scruples. He was a rebel, a disruptor, and, living outside the rules, contemptuous of them. A close Trump friend who was also a good Bill Clinton friend found them eerily similar—except that Clinton had a respectable front and Trump did not.

One manifestation of this outlaw personality, for both Trump and Clinton, was their brand of womanizing—and indeed, harassing. Even among world-class womanizers and harassers, they seemed exceptionally free of doubt or hesitation.

Trump liked to say that one of the things that made life worth living was getting your friends' wives into bed. In pursuing a friend's wife, he would try to persuade the wife that her husband was perhaps not what she thought. Then he'd have his secretary ask the friend into his office; once the friend arrived, Trump would engage in what was, for him, more or less constant sexual banter. *Do you still like having sex with your wife? How often? You must have had a better fuck than your wife? Tell me about it. I have girls coming in from Los Angeles at three o'clock. We can go upstairs and have a great time. I promise* ... And all the while, Trump would have his friend's wife on the speakerphone, listening in.

Previous presidents, and not just Clinton, have of course lacked scruples. What was, to many of the people who knew Trump well, much more confounding was that he had managed to win this election, and arrive at this ultimate accomplishment, wholly lacking what in some obvious sense must be the main requirement of the job, what neuroscientists would call executive function. He had somehow won the race for president, but his brain seemed incapable of performing what would be essential tasks in his new job. He had no ability to plan and organize and pay attention and switch focus; he had never been able to tailor his behavior to what the goals at hand reasonably required. On the most basic level, he simply could not link cause and effect.

The charge that Trump colluded with the Russians to win the election, which he scoffed at, was, in the estimation of some of his friends, a perfect example of his inability to connect the dots. Even if he hadn't personally conspired with the Russians to fix the election, his efforts to curry favor with, of all people, Vladimir Putin had no doubt left a

trail of alarming words and deeds likely to have enormous political costs.

Shortly after the election, his friend Ailes told him, with some urgency, "You've got to get right on Russia." Even exiled from Fox News, Ailes still maintained a fabled intelligence network. He warned Trump of potentially damaging material coming his way. "You need to take this seriously, Donald."

"Jared has this," said a happy Trump. "It's all worked out."

* * *

Trump Tower, next door to Tiffany and now headquarters of a populist revolution, suddenly seemed like an alien spaceship—the Death Star—on Fifth Avenue. As the great and good and ambitious, as well as angry protesters and the curious hoi polloi, began beating a path to the next president's door, mazelike barricades were hurriedly thrown up to shield him.

The Pre-Election Presidential Transition Act of 2010 established funding for presidential nominees to start the process of vetting thousands of candidates for jobs in a new administration, codifying policies that would determine the early actions of a new White House, and preparing for the handoff of bureaucratic responsibilities on January 20. During the campaign, New Jersey governor Chris Christie, the nominal head of the Trump transition office, had to forcefully tell the candidate that he couldn't redirect these funds, that the law required him to spend the money and plan for a transition—even one he did not expect to need. A frustrated Trump said he didn't want to hear any more about it.

The day after the election, Trump's close advisers—suddenly eager to be part of a process that almost everybody had ignored—immediately began blaming Christie for a lack of transition preparations. Hurriedly, the bare-bones transition team moved from downtown Washington to Trump Tower.

This was certainly some of the most expensive real estate ever occupied by a transition team (and, for that matter, a presidential campaign). And that was part of the point. It sent a Trump-style message: we're not only outsiders, but we're more powerful than you insiders. Richer. More famous. With better real estate.

And, of course, it was personalized: his name, fabulously, was on the door. Upstairs was his triplex apartment, vastly larger than the White House living quarters. Here was his private office, which he'd occupied since the 1980s. And here were the campaign and now transition floors—firmly in his orbit and not that of Washington and the "swamp."

Trump's instinct in the face of his unlikely, if not preposterous, success was the opposite of humility. It was, in some sense, to rub everybody's face in it. Washington insiders, or would-be insiders, would have to come to him. Trump Tower immediately upstaged the White House. Everybody who came to see the president-elect was acknowledging, or accepting, an outsider government. Trump forced them to endure what

was gleefully called by insiders the "perp walk" in front of press and assorted gawkers. An act of obeisance, if not humiliation.

The otherworldly sense of Trump Tower helped obscure the fact that few in the thin ranks of Trump's inner circle, with their overnight responsibility for assembling a government, had almost any relevant experience. Nobody had a political background. Nobody had a policy background. Nobody had a legislative background.

Politics is a network business, a who-you-know business. But unlike other presidents-elect—all of whom invariably suffered from their own management defects—Trump did not have a career's worth of political and government contacts to call on. He hardly even had his own political organization. For most of the last eighteen months on the road, it had been, at its core, a three-person enterprise: his campaign manager, Corey Lewandowski (until he was forced out a month before the Republican National Convention); his spokesperson-bodyperson-intern, the campaign's first hire, twenty-six-year-old Hope Hicks; and Trump himself. Lean and mean and gut instincts—the more people you had to deal with, Trump found, the harder it was to turn the plane around and get home to bed at night.

The professional team—although in truth there was hardly a political professional among them—that had joined the campaign in August was a last-ditch bid to avoid hopeless humiliation. But these were people he'd worked with for just a few months.

Reince Priebus, getting ready to shift over from the RNC to the White House, noted, with alarm, how often Trump offered people jobs on the spot, many of whom he had never met before, for positions whose importance Trump did not particularly understand.

Ailes, a veteran of the Nixon, Reagan, and Bush 41 White Houses, was growing worried by the president-elect's lack of immediate focus on a White House structure that could serve and protect him. He tried to impress on Trump the ferocity of the opposition that would greet him.

"You need a son of a bitch as your chief of staff. And you need a son of a bitch who knows Washington," Ailes told Trump not long after the election. "You'll want to be your own son of a bitch, but you don't know Washington." Ailes had a suggestion: "Speaker Boehner." (John Boehner had been the Speaker of the House until he was forced out in a Tea Party putsch in 2011.)

"Who's that?" asked Trump.

Everybody in Trump's billionaire circle, concerned about his contempt for other people's expertise, tried to impress upon him the importance of the people, the many people, he would need with him in the White House, people who understood Washington. *Your people are more important than your policies. Your people* are *your policies*.

"Frank Sinatra was wrong," said David Bossie, one of Trump's longtime political

advisers. “If you can make it in New York, you can’t necessarily make it in Washington.”

* * *

The nature of the role of the modern chief of staff is a focus of much White House scholarship. As much as the president himself, the chief of staff determines how the White House and executive branch—which employs 4 million people, including 1.3 million people in the armed services—will run.

The job has been construed as deputy president, or chief operating officer, or even prime minister. Larger-than-life chiefs have included Richard Nixon’s H. R. Haldeman and Alexander Haig; Gerald Ford’s Donald Rumsfeld and Dick Cheney; Jimmy Carter’s Hamilton Jordan; Ronald Reagan’s James Baker; George H. W. Bush’s return of James Baker; Bill Clinton’s Leon Panetta, Erskine Bowles, and John Podesta; George W. Bush’s Andrew Card; and Barack Obama’s Rahm Emanuel and Bill Daley. Anyone studying the position would conclude that a stronger chief of staff is better than a weaker one, and a chief of staff with a history in Washington and the federal government is better than an outsider.

Donald Trump had little, if any, awareness of the history of or the thinking about this role. Instead, he substituted his own management style and experience. For decades, he had relied on longtime retainers, cronies, and family. Even though Trump liked to portray his business as an empire, it was actually a discrete holding company and boutique enterprise, catering more to his peculiarities as proprietor and brand representative than to any bottom line or other performance measures.

His sons, Don Jr. and Eric—jokingly behind their backs known to Trump insiders as Uday and Qusay, after the sons of Saddam Hussein—wondered if there couldn’t somehow be two parallel White House structures, one dedicated to their father’s big-picture views, personal appearances, and salesmanship and the other concerned with day-to-day management issues. In this construct, they saw themselves tending to the day-to-day operations.

One of Trump’s early ideas was to recruit his friend Tom Barrack—part of his kitchen cabinet of real estate tycoons including Steven Roth and Richard Lefrak—and make him chief of staff.

Barrack, the grandson of Lebanese immigrants, is a starstruck real estate investor of legendary acumen who owns Michael Jackson’s former oddball paradise, Neverland Ranch. With Jeffrey Epstein—the New York financier who would become a tabloid regular after a guilty plea to one count of soliciting prostitution that sent him to jail in 2008 in Palm Beach for thirteen months—Trump and Barrack were a 1980s and ’90s set of nightlife Musketeers.

The founder and CEO of the private equity firm Colony Capital, Barrack became a billionaire making investments in distress debt investments in real estate around the world,

including helping to bail out his friend Donald Trump. More recently, he had helped bail out his friend's son-in-law, Jared Kushner.

He watched with amusement Trump's eccentric presidential campaign and brokered the deal to have Paul Manafort replace Corey Lewandowski after Lewandowski fell out of favor with Kushner. Then, as confounded as everyone else by the campaign's continuing successes, Barrack introduced the future president in warm and personal terms at the Republican National Convention in July (at odds with its otherwise dark and belligerent tone).

It was Trump's perfect fantasy that his friend Tom—an organizational whiz fully aware of his friend's lack of interest in day-to-day management—would sign on to run the White House. This was Trump's instant and convenient solution to the unforeseen circumstance of suddenly being president: to do it with his business mentor, confidant, investor, and friend, someone whom acquaintances of the two men describe as "being one of the best Donald handlers." In the Trump circle this was called the "two amigos" plan. (Epstein, who remained close to Barrack, had been whitewashed out of the Trump biography.)

Barrack, among the few people whose abilities Trump, a reflexive naysayer, didn't question, could, in Trump's hopeful view, really get things running smoothly and let Trump be Trump. It was, on Trump's part, an uncharacteristic piece of self-awareness: Donald Trump might not know what he didn't know, but he knew Tom Barrack knew. He would run the business and Trump would sell the product—making American great again. #MAGA.

For Barrack, as for everybody around Trump, the election result was a kind of beyond-belief lottery-winning circumstance—your implausible friend becoming president. But Barrack, even after countless pleading and cajoling phone calls from Trump, finally had to disappoint his friend, telling him "I'm just too rich." He would never be able to untangle his holdings and interests—including big investments in the Middle East—in a way that would satisfy ethics watchdogs. Trump was unconcerned or in denial about his own business conflicts, but Barrack saw nothing but hassle and cost for himself. Also, Barrack, on his fourth marriage, had no appetite for having his colorful personal life—often, over the years, conducted with Trump—become a public focus.

* * *

Trump's fallback was his son-in-law. On the campaign, after months of turmoil and outlandishness (if not to Trump, to most others, including his family), Kushner had stepped in and become his effective body man, hovering nearby, speaking only when spoken to, but then always offering a calming and flattering view. Corey Lewandowski called Jared the butler. Trump had come to believe that his son-in-law, in part because he seemed to understand how to stay out of his way, was uniquely sagacious.

In defiance of law and tone, and everybody's disbelieving looks, the president seemed

intent on surrounding himself in the White House with his family. The Trumps, all of them—except for his wife, who, mystifyingly, was staying in New York—were moving in, all of them set to assume responsibilities similar to their status in the Trump Organization, without anyone apparently counseling against it.

Finally, it was the right-wing diva and Trump supporter Ann Coulter who took the president-elect aside and said, "Nobody is apparently telling you this. But you can't. You just can't hire your children."

Trump continued to insist that he had every right to his family's help, while at the same time asking for understanding. This is family, he said—"It's a *leettle, leettle* tricky." His staffers understood not only the inherent conflicts and difficult legal issues in having Trump's son-in-law run the White House, but that it would become, even more than it already was, family first for Trump. After a great deal of pressure, he at least agreed not to make his son-in-law the chief of staff—not officially, anyway.

* * *

If not Barrack or Kushner, then, Trump thought the job should probably go to New Jersey governor Chris Christie, who, with Rudy Giuliani, comprised the sum total of his circle of friends with actual political experience.

Christie, like most Trump allies, fell in and out of favor. In the final weeks of the campaign, Trump contemptuously measured Christie's increasing distance from his losing enterprise, and then, with victory, his eagerness to get back in.

Trump and Christie went back to Trump's days trying—and failing—to become an Atlantic City gaming mogul. *The* Atlantic City gaming mogul. (Trump had long been competitive with and in awe of the Las Vegas gaming mogul Steve Wynn, whom Trump would name finance chairman of the RNC.) Trump had backed Christie as he rose through New Jersey politics. He admired Christie's straight-talk style, and for a while, as Christie anticipated his own presidential run in 2012 and 2013—and as Trump was looking for a next chapter for himself with the fading of *The Apprentice*, his reality TV franchise—Trump even wondered whether he might be a vice presidential possibility for Christie.

Early in the campaign, Trump said he wouldn't have run against Christie but for the Bridgegate scandal (which erupted when Christie's associates closed traffic lanes on the George Washington Bridge to undermine the mayor of a nearby town who was a Christie opponent, and which Trump privately justified as "just New Jersey hardball"). When Christie dropped out of the race in February 2016 and signed on with the Trump campaign, he endured a torrent of ridicule for supporting his friend, whom he believed had promised him a clear track to the VP slot.

It had personally pained Trump not to be able to give it to him. But if the Republican establishment had not wanted Trump, they had not wanted Christie almost as much. So Christie got the job of leading the transition and the implicit promise of a central job—

attorney general or chief of staff.

But when he was the federal prosecutor in New Jersey, Christie had sent Jared's father, Charles Kushner, to jail in 2005. Charlie Kushner, pursued by the feds for an income tax cheat, set up a scheme with a prostitute to blackmail his brother-in-law, who was planning to testify against him.

Various accounts, mostly offered by Christie himself, make Jared the vengeful hatchet man in Christie's aborted Trump administration career. It was a kind of perfect sweet-revenge story: the son of the wronged man (or, in this case—there's little dispute—the guilty-as-charged man) uses his power over the man who wronged his family. But other accounts offer a subtler and in a way darker picture. Jared Kushner, like sons-in-law everywhere, tiptoes around his father-in-law, carefully displacing as little air as possible: the massive and domineering older man, the reedy and pliant younger one. In the revised death-of-Chris-Christie story, it is not the deferential Jared who strikes back, but—in some sense even more satisfying for the revenge fantasy—Charlie Kushner himself who harshly demands his due. It was his daughter-in-law who held the real influence in the Trump circle, who delivered the blow. Ivanka told her father that Christie's appointment as chief of staff or to any other high position would be extremely difficult for her and her family, and it would be best that Christie be removed from the Trump orbit altogether.

* * *

Bannon was the heavy of the organization. Trump, who seemed awestruck by Bannon's conversation—a mix of insults, historical riffs, media insights, right-wing bons mots, and motivational truisms—now began suggesting Bannon to his circle of billionaires as chief of staff, only to have this notion soundly ridiculed and denounced. But Trump pronounced many people in favor of it anyway.

In the weeks leading up to the election, Trump had labeled Bannon a flatterer for his certainty that Trump would win. But now he had come to credit Bannon with something like mystical powers. And in fact Bannon, with no prior political experience, was the only Trump insider able to offer a coherent vision of Trump's populism—aka Trumpism.

The anti-Bannon forces—which included almost every non-Tea Party Republican—were quick to react. Murdoch, a growing Bannon nemesis, told Trump that Bannon would be a dangerous choice. Joe Scarborough, the former congressman and cohost of MSNBC's *Morning Joe*, a favorite Trump show, privately told Trump "Washington will go up in flames" if Bannon became chief of staff, and, beginning a running theme, publicly denigrated Bannon on the show.

In fact, Bannon presented even bigger problems than his politics: he was profoundly disorganized, seemingly on the spectrum given what captured his single-minded focus to the disregard of everything else. Might he be the worst manager who ever lived? He might. He seemed incapable of returning a phone call. He answered emails in one word—

partly a paranoia about email, but even more a controlling crypticness. He kept assistants and minders at constant bay. You couldn't really make an appointment with Bannon, you just had to show up. And somehow, his own key lieutenant, Alexandra Preate, a conservative fundraiser and PR woman, was as disorganized as he was. After three marriages, Bannon lived his bachelor's life on Capitol Hill in a row house known as the Breitbart Embassy that doubled as the Breitbart office—the life of a messy party. No sane person would hire Steven Bannon for a job that included making the trains run on time.

* * *

Hence, Reince Priebus.

For the Hill, he was the only reasonable chief among the contenders, and he quickly became the subject of intense lobbying by House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell. If they were going to have to deal with an alien like Donald Trump, then best they do it with the help of a member of their own kind.

Priebus, forty-five, was neither politician nor policy wonk nor strategist. He was political machine worker, one of the oldest professions. A fundraiser.

A working-class kid originally from New Jersey and then Wisconsin, at thirty-two he made his first and last run for elective office: a failed bid for Wisconsin state senate. He became the chairman of the state party and then the general counsel of the Republican National Committee. In 2011 he stepped up to chairmanship of the RNC. Priebus's political cred came from appeasing the Tea Party in Wisconsin, and his association with Wisconsin governor Scott Walker, a rising Republican star (and, briefly—very briefly—the 2016 front-runner).

With significant parts of the Republican Party inalterably opposed to Trump, and with an almost universal belief within the party that Trump would go down to ignominious defeat, taking the party with him, Priebus was under great pressure after Trump captured the nomination to shift resources down the ticket and even to abandon the Trump campaign entirely.

Convinced himself that Trump was hopeless, Priebus nevertheless hedged his bets. The fact that he did not abandon Trump entirely became a possible margin of victory and made Priebus something of a hero (equally, in the Kellyanne Conway version, if they had lost, he would have been a reasonable target). He became the default choice for chief.

And yet his entry into the Trump inner circle caused Priebus his share of uncertainty and bewilderment. He came out of his first long meeting with Trump thinking it had been a disconcertingly weird experience. Trump talked nonstop and constantly repeated himself.

"Here's the deal," a close Trump associate told Priebus. "In an hour meeting with him you're going to hear fifty-four minutes of stories and they're going to be the same stories

over and over again. So you have to have one point to make and you have to pepper it in whenever you can."

The Priebus appointment as chief of staff, announced in mid-November, also put Bannon on a coequal level. Trump was falling back on his own natural inclinations to let nobody have real power. Priebus, even with the top job, would be a weaker sort of figure, in the traditional mold of most Trump lieutenants over the years. The choice also worked well for the other would-be chiefs. Tom Barrack could easily circumvent Priebus and continue to speak directly to Trump. Jared Kushner's position as son-in-law and soon top aide would not be impeded. And Steve Bannon, reporting directly to Trump, remained the undisputed voice of Trumpism in the White House.

There would be, in other words, one chief of staff in name—the unimportant one—and various others, more important, in practice, ensuring both chaos and Trump's own undisputed independence.

Jim Baker, chief of staff for both Ronald Reagan and George H. W. Bush and almost everybody's model for managing the West Wing, advised Priebus not to take the job.

* * *

The transmogrification of Trump from joke candidate, to whisperer for a disaffected demographic, to risible nominee, to rent-in-the-fabric-of-time president-elect, did not inspire in him any larger sense of sober reflection. After the shock of it, he immediately seemed to rewrite himself as the inevitable president.

One instance of his revisionism, and of the new stature he now seemed to assume as president, involved the lowest point of the campaign—the Billy Bush tape.

His explanation, in an off-the-record conversation with a friendly cable anchor, was that it "really wasn't me."

The anchor acknowledged how unfair it was to be characterized by a single event.

"No," said Trump, "it wasn't me. I've been told by people who understand this stuff about how easy it is to alter these things and put in voices and completely different people."

He was the winner and now expected to be the object of awe, fascination, and favor. He expected this to be binary: a hostile media would turn into a fannish one.

And yet here he was, the winner who was treated with horror and depredations by a media that in the past, as a matter of course and protocol, could be depended on to shower lavish deference on an incoming president no matter who he was. (Trump's shortfall of three million votes continued to rankle and was a subject best avoided.) It was nearly incomprehensible to him that the same people—that is, the media—who had violently criticized him for saying he might dispute the election result were now calling *him*

illegitimate.

Trump was not a politician who could parse factions of support and opprobrium; he was a salesman who needed to make a sale. "I won. I am the winner. I am not the loser," he repeated, incredulously, like a mantra.

Bannon described Trump as a simple machine. The On switch was full of flattery, the Off switch full of calumny. The flattery was dripping, slavish, cast in ultimate superlatives, and entirely disconnected from reality: so-and-so was the best, the most incredible, the ne plus ultra, the eternal. The calumny was angry, bitter, resentful, ever a casting out and closing of the iron door.

This was the nature of Trump's particular salesmanship. His strategic belief was that there was no reason not to heap excessive puffery on a prospect. But if the prospect was ruled out as a buyer, there was no reason not to heap scorn and lawsuits on him or her. After all, if they don't respond to sucking up, they might respond to piling on. Bannon felt —perhaps with overconfidence—that Trump could be easily switched on and off.

Against the background of a mortal war of wills—with the media, the Democrats, and the swamp—that Bannon was encouraging him to wage, Trump could also be courted. In some sense, he wanted nothing so much as to be courted.

Amazon's Jeff Bezos, the owner of the *Washington Post*, which had become one of the many Trump media bêtes noires in the media world, nevertheless took pains to reach out not only to the presidentelect but to his daughter Ivanka. During the campaign, Trump said Amazon was getting "away with murder taxwise" and that if he won, "Oh, do they have problems." Now Trump was suddenly praising Bezos as "a top-level genius." Elon Musk, in Trump Tower, pitched Trump on the new administration's joining him in his race to Mars, which Trump jumped at. Stephen Schwarzman, the head of the Blackstone Group—and a Kushner friend—offered to organize a business council for Trump, which Trump embraced. Anna Wintour, the *Vogue* editor and fashion industry queen, had hoped to be named America's ambassador to the UK under Obama and, when that didn't happen, closely aligned herself with Hillary Clinton. Now Wintour arrived at Trump Tower (but refused to do the perp walk) and suggested that she become Trump's ambassador to the Court of St. James's. And Trump was inclined to entertain the idea. ("Fortunately," said Bannon, "there was no chemistry.")

On December 14, a high-level delegation from Silicon Valley came to Trump Tower to meet the president-elect, though Trump had repeatedly criticized the tech industry throughout the campaign. Later that afternoon, Trump called Rupert Murdoch, who asked him how the meeting had gone.

"Oh, great, just great," said Trump. "Really, really good. These guys really need my help. Obama was not very favorable to them, too much regulation. This is really an opportunity for me to help them."

"Donald," said Murdoch, "for eight years these guys had Obama in their pocket. They practically ran the administration. They don't need your help."

"Take this H-1B visa issue. They really need these H-1B visas."

Murdoch suggested that taking a liberal approach to H-1B visas might be hard to square with his immigration promises. But Trump seemed unconcerned, assuring Murdoch, "We'll figure it out."

"What a fucking idiot," said Murdoch, shrugging, as he got off the phone.

* * *

Ten days before Donald Trump's inauguration as the forty-fifth president, a group of young Trump staffers—the men in regulation Trump suits and ties, the women in the Trump-favored look of high boots, short skirts, and shoulder-length hair—were watching President Barack Obama give his farewell speech as it streamed on a laptop in the transition offices.

"Mr. Trump said he's never once listened to a whole Obama speech," said one of the young people authoritatively.

"They're so boring," said another.

While Obama bade his farewell, preparations for Trump's first press conference since the election, to be held the next day, were under way down the hall. The plan was to make a substantial effort to show that the president-elect's business conflicts would be addressed in a formal and considered way.

Up until now, Trump's view was that he'd been elected *because* of those conflicts—his business savvy, connections, experience, and brand—not in spite of them, and that it was ludicrous for anyone to think he could untangle himself even if he wanted to. Indeed, to reporters and anyone else who would listen, Kellyanne Conway offered on Trump's behalf a self-pitying defense about how great his sacrifice had already been.

After fanning the flames of his intention to disregard rules regarding conflicts of interest, now, in a bit of theater, he would take a generous new tack. Standing in the lobby of Trump Towner next to a table stacked high with document folders and legal papers, he would describe the vast efforts that had been made to do the impossible and how, henceforth, he would be exclusively focused on the nation's business.

But suddenly this turned out to be quite beside the point.

Fusion GPS, an opposition research company (founded by former journalists, it provided information to private clients), had been retained by Democratic Party interests. Fusion had hired Christopher Steele, a former British spy, in June 2016, to help investigate Trump's repeated brags about his relationship with Vladimir Putin and the nature of Trump's relationship with the Kremlin. With reports from Russian sources, many

connected to Russian intelligence, Steele assembled a damaging report—now dubbed the "dossier"—suggesting that Donald Trump was being blackmailed by the Putin government. In September, Steele briefed reporters from the *New York Times*, the *Washington Post*, Yahoo! News, the *New Yorker*, and CNN. All declined to use this unverified information, with its unclear provenance, especially given that it was about an unlikely election winner.

But the day before the scheduled press conference, CNN broke details of the Steele dossier. Almost immediately thereafter, Buzzfeed published the entire report—an itemized bacchanal of beyond-the-pale behavior.

On the verge of Trump's ascendancy to the presidency, the media, with its singular voice on Trump matters, was propounding a conspiracy of vast proportions. The theory, suddenly presented as just this side of a likelihood, was that the Russians had suborned Donald Trump during a trip to Moscow with a crude blackmail scheme involving prostitutes and videotaped sexual acts pushing new boundaries of deviance (including "golden showers") with prostitutes and videotaped sex acts. The implicit conclusion: a compromised Trump had conspired with the Russians to steal the election and to install him in the White House as Putin's dupe.

If this was true, then the nation stood at one of the most extraordinary moments in the history of democracy, international relations, and journalism.

If it was not true—and it was hard to fathom a middle ground—then it would seem to support the Trump view (and the Bannon view) that the media, in also quite a dramatic development in the history of democracy, was so blinded by an abhorrence and revulsion, both ideological and personal, for the democratically elected leader that it would pursue any avenue to take him down. Mark Hemingway, in the conservative, but anti-Trump, *Weekly Standard*, argued the novel paradox of two unreliable narrators dominating American public life: the president-elect spoke with little information and frequently no factual basis, while "the frame the media has chosen to embrace is that everything the man does is, by default, unconstitutional or an abuse of power."

On the afternoon of January 11, these two opposing perceptions faced off in the lobby of Trump Tower: the political antichrist, a figure of dark but buffoonish scandal, in the pocket of America's epochal adversary, versus the would-be revolutionary-mob media, drunk on virtue, certainty, and conspiracy theories. Each represented, for the other side, a wholly discredited "fake" version of reality.

If these character notes seemed comic-book in style, that was exactly how the press conference unfolded.

First Trump's encomiums to himself:

"I will be the greatest jobs producer that God ever created… ."

A smattering of the issues before him:

"Veterans with a little cancer can't see a doctor until they are terminal… ."

Then the incredulity:

"I was in Russia years ago with the Ms. Universe contest—did very very well—I tell everyone be careful, because you don't want to see yourself on television—cameras all over the place. And again, not just Russia, all over. So would anyone really believe that story? I'm also very much of a germaphobe, by the way. Believe me."

Then the denial:

"I have no deals in Russia, I have no deal that could happen in Russia because we've stayed away, and I have no loans with Russia. I have to say one thing … Over the weekend I was offered two billion dollars to do a deal in Dubai and I turned it down. I didn't have to turn it down, because as you know I have a no-conflict situation as president. I didn't know about that until three months ago but it's a nice thing to have. But I didn't want to take advantage of something. I have a no-conflict-of-interest provision as president. I could actually run my business, run my business and run government at the same time. I don't like the way that looks but I would be able to do that if I wanted to. I could run the Trump organization, a great, great company, and I could run the country, but I don't want to do that."

Then the direct attack on CNN, his nemesis:

"Your organization is terrible. Your organization is terrible… . Quiet … quiet … don't be rude … Don't be… . No, I'm not going to give you a question … I'm not going to give you a question… . You are fake news… ."

And in summation:

"That report first of all should never have been printed because it's not worth the paper it's printed on. I will tell you that should never ever happen. Twenty-two million accounts were hacked by China. That's because we have no defense, because we're run by people who don't know what they're doing. Russia will have far greater respect for our country when I'm leading it. And not just Russia, China, which has taken total advantage of us. Russia, China, Japan, Mexico, all countries will respect us far more, far more than they do under past administrations… ."

Not only did the president-elect wear his deep and bitter grievances on his sleeve, but it was now clear that the fact of having been elected president would not change his unfiltered, apparently uncontrollable, utterly shoot-from-the-hip display of wounds, resentments, and ire.

"I think he did a fantastic job," said Kellyanne Conway after the news conference. "But the media won't say that. They never will."

# 3

# DAY ONE

Jared Kushner at thirty-six prided himself on his ability to get along with older men. By the time of Donald Trump's inauguration he had become the designated intermediary between his father-in-law and the establishment, such as it was—more moderate Republicans, corporate interests, the New York rich. Having a line to Kushner seemed to offer an alarmed elite a handle on a volatile situation.

Several of his father-in-law's circle of confidants also confided in Kushner—often confiding their worries about their friend, the presidentelect.

"I give him good advice about what he needs to do and for three hours the next day he does it, and then goes hopelessly off script," complained one of them to Trump's son-in-law. Kushner, whose pose was to take things in and not give much back, said he understood the frustration.

These powerful figures tried to convey a sense of real-world politics, which they all claimed to comprehend at some significantly higher threshold than the soon-to-be president. They were all concerned that Trump did not understand what he was up against. That there was simply not enough method to his madness.

Each of these interlocutors provided Kushner with something of a tutorial on the limitations of presidential power—that Washington was as much designed to frustrate and undermine presidential power as to accommodate it.

"Don't let him piss off the press, don't let him piss off the Republican Party, don't threaten congressmen because they will fuck you if you do, and most of all don't let him piss off the intel community," said one national Republican figure to Kushner. "If you fuck with the intel community they will figure out a way to get back at you and you'll have two or three years of a Russian investigation, and every day something else will leak out."

A vivid picture was painted for the preternaturally composed Kushner of spies and their power, of how secrets were passed out of the intelligence community to former members of the community or to other allies in Congress or even to persons in the executive branch and then to the press.

One of Kushner's now-frequent wise-men callers was Henry Kissinger. Kissinger, who had been a front-row witness when the bureaucracy and intelligence community revolted against Richard Nixon, outlined the kinds of mischief, and worse, that the new administration could face.

"Deep state," the left-wing and right-wing notion of an intelligence-network permanent-government conspiracy, part of the Breitbart lexicon, became the Trump team term of art: he's poked the deep state bear.

Names were put to this: John Brennan, the CIA director; James Clapper, the director of national intelligence; Susan Rice, the outgoing National Security Advisor; and Ben Rhodes, Rice's deputy and an Obama favorite.

Movie scenarios were painted: a cabal of intelligence community myrmidons, privy to all sorts of damning evidence of Trump's recklessness and dubious dealings, would, with a strategic schedule of wounding, embarrassing, and distracting leaks, make it impossible for the Trump White House to govern.

What Kushner was told, again and again, is that the president had to make amends. He had to reach out. He had to mollify. *These were forces not to be trifled with* was said with utmost gravity.

Throughout the campaign and even more forcefully after the election, Trump had targeted the American intelligence community—the CIA, FBI, NSC, and, altogether, seventeen separate intelligence agencies—as incompetent and mendacious. (His message was "on auto pilot," said one aide.) Among the various and plentiful Trump mixed messages at odds with conservative orthodoxy, this was a particularly juicy one. His case against American intelligence included its faulty information about weapons of mass destruction that preceded the Iraq war, a litany of Obama Afghanistan-Iraq-Syria-Libya and other war-related intelligence failures, and, more recently, but by no means least of all, intelligence leaks regarding his purported Russian relationships and subterfuges.

Trump's criticism seemed to align him with the left in its half century of making a bogeyman of American intelligence agencies. But, in quite some reversal, the liberals and the intelligence community were now aligned in their horror of Donald Trump. Much of the left—which had resoundingly and scathingly rejected the intelligence community's unambiguous assessment of Edward Snowden as a betrayer of national secrets rather than a well-intentioned whistle-blower—now suddenly embraced the intelligence community's authority in its suggestion of Trump's nefarious relationships with the Russians.

Trump was dangerously out in the cold.

Hence, Kushner thought it was sensible to make a reach-out to the CIA among the first orders of the new administration's business.

* * *

Trump did not enjoy his own inauguration. He had hoped for a big blowout. Tom Barrack, the would-be showman—in addition to Michael Jackson's Neverland Ranch, he had bought Miramax Pictures from Disney with the actor Rob Lowe—may have declined the chief of staff job, but, as part of his shadow involvement with his friend's White House, he stepped up to raise the money for the inaugural and to create an event that—seemingly quite at odds with the new president's character, and with Steve Bannon's wish for a no-frills populist inauguration—he promised would have a "soft sensuality" and "poetic cadence." But Trump, imploring friends to use their influence to nail some of the A-level stars who were snubbing the event, started to get angry and hurt that stars were determined to embarrass him. Bannon, a soothing voice as well as a professional agitator, tried to argue the dialectical nature of what they had achieved (without using the word "dialectical"). Because Trump's success was beyond measure, or certainly beyond all expectations, the media and the liberals had to justify their own failure, he explained to the new president.

In the hours before the inauguration, the whole of Washington seemed to be holding its breath. On the evening before Trump was sworn in, Bob Corker, the Republican senator from Tennessee and the chairman of the Senate Foreign Relations Committee, opened his remarks as the featured speaker at a gathering at the Jefferson Hotel with the existential question, "Where are things going?" He paused for a moment and then answered, as though from some deep well of bewilderment, "I have no idea."

Later that evening, a concert at the Lincoln Memorial, part of an always awkward effort to import pop culture to Washington, ended up, absent any star power, with Trump himself taking the stage as the featured act, angrily insisting to aides that he could outdraw any star.

Dissuaded by his staff from staying at the Trump International Hotel in Washington and regretting his decision, the president-elect woke up on inaugural morning complaining about the accommodations at Blair House, the official guest residence across the street from the White House. Too hot, bad water pressure, bad bed.

His temper did not improve. Throughout the morning, he was visibly fighting with his wife, who seemed on the verge of tears and would return to New York the next day; almost every word he addressed to her was sharp and peremptory. Kellyanne Conway had taken up Melania Trump as a personal PR mission, promoting the new First Lady as a vital pillar of support for the president and a helpful voice in her own right, and was trying to convince Trump that she could have an important role in the White House. But, in general, the Trumps' relationship was one of those things nobody asked too many questions about—another mysterious variable in the presidential mood.

At the ceremonial meeting of the soon-to-be-new president and the soon-to-be-old president at the White House, which took place just before they set off for the swearing-in ceremony, Trump believed the Obamas acted disdainfully—"very arrogant"—toward him

and Melania. Instead of wearing a game face, going into the inaugural events, the president-elect wore what some around him had taken to calling his golf face: angry and pissed off, shoulders hunched, arms swinging, brow furled, lips pursed. This had become the public Trump—truculent Trump.

An inauguration is supposed to be a love-in. The media gets a new and upbeat story. For the party faithful, happy times are here again. For the permanent government—the swamp—it's a chance to curry favor and seek new advantage. For the country, it's a coronation. But Bannon had three messages or themes he kept trying to reinforce with his boss: his presidency was going to be different—as different as any since Andrew Jackson's (he was supplying the less-than-well-read president-elect with Jackson-related books and quotes); they knew who their enemies were and shouldn't fall into the trap of trying to make them their friends, because they wouldn't be; and so, from day one, they should consider themselves on a war footing. While this spoke to Trump's combative "counterpuncher" side, it was hard on his eager-to-be-liked side. Bannon saw himself as managing these two impulses, emphasizing the former and explaining to his boss why having enemies here created friends somewhere else.

In fact, Trump's aggrieved mood became a perfect match for the Bannon-written aggrieved inaugural address. Much of the sixteen-minute speech was part of Bannon's daily *joie de guerre* patter—his take-back-the-country America-first, carnage-everywhere vision for the country. But it actually became darker and more forceful when filtered through Trump's disappointment and delivered with his golf face. The administration purposely began on a tone of menace—a Bannon-driven message to the other side that the country was about to undergo profound change. Trump's wounded feelings—his sense of being shunned and unloved on the very day he became president—helped send that message. When he came off the podium after delivering his address, he kept repeating, "Nobody will forget this speech."

George W. Bush, on the dais, supplied what seemed likely to become the historic footnote to the Trump address: "That's some weird shit."

* * *

Trump, despite his disappointment at Washington's failure to properly greet and celebrate him, was, like a good salesman, an optimist. Salesmen, whose primary characteristic and main asset is their ability to keep selling, constantly recast the world in positive terms. Discouragement for everyone else is merely the need to improve reality for them.

By the next morning, Trump was soliciting affirmation of his view that the inauguration had been a great success. "That crowd went all the way back. That were more than a million people at least, right?" He made a series of phone calls to friends who largely yes'd him on this. Kushner confirmed a big crowd. Conway did nothing to dissuade him. Priebus agreed. Bannon made a joke.

Among Trump's first moves as president was to have a series of inspirational photographs in the West Wing replaced with images of big crowd scenes at his inaugural ceremony.

Bannon had come to rationalize Trump's reality distortions. Trump's hyperbole, exaggerations, flights of fancy, improvisations, and general freedom toward and mangling of the facts, were products of the basic lack of guile, pretense, and impulse control that helped create the immediacy and spontaneity that was so successful with so many on the stump—while so horrifying to so many others.

For Bannon, Obama was the north star of aloofness. "Politics," said Bannon with an authority that belayed the fact that until the previous August he had never worked in politics, "is a more immediate game than he ever played it." Trump was, for Bannon, a modern-day William Jennings Bryan. (Bannon had long talked about the need for a new Williams Jennings Bryan in right-wing politics, with friends assuming Bannon meant himself.) At the turn of the twentieth century, Bryan had enthralled rural audiences with his ability to speak passionately and extemporaneously for apparently unlimited periods of time. Trump compensated—in the theory of some intimates, including Bannon—for his difficulties with reading, writing, and close focus with an improvisational style that produced, if not exactly a William Jennings Bryan effect, certainly close to the exact opposite of the Obama effect.

It was part hortatory, part personal testimony, part barstool blow-hard, a rambling, disjointed, digressive, what-me-worry approach that combined aspects of cable television rage, big-tent religious revivalism, Borscht Belt tummler, motivational speaking, and YouTube vlogging. Charisma in American politics had come to define an order of charm, wit, and style—a coolness. But another sort of American charisma was more in the Christian evangelical vein, an emotional, experiential spectacle.

The Trump campaign had built its central strategy around great rallies regularly attracting tens of thousands, a political phenomenon that the Democrats both failed to heed and saw as a sign of Trump's limited appeal. For the Trump team, this style, this unmediated connection—his speeches, his tweets, his spontaneous phone calls to radio and television shows, and, often, to anyone who would listen—was revelatory, a new, personal, and inspirational politics. For the other side, it was clownishness that, at best, aspired to the kind of raw, authoritarian demagoguery that had long been discredited by and assigned to history and that, when it appeared in American politics, reliably failed.

While the advantages of this style for the Trump team were now very clear, the problem was that it often—in fact regularly—produced assertions that were not remotely true.

This had led increasingly to the two-different-realities theory of Trump politics. In the one reality, which encompassed most of Trump's supporters, his nature was understood

and appreciated. He was the anti-wonk. He was the counterexpert. His was the gut call. He was the everyman. He was jazz (some, in the telling, made it rap), everybody else an earnest folk music. In the other reality, in which resided most of his antagonists, his virtues were grievous if not mental and criminal flaws. In this reality lived the media, which, with its conclusion of a misbegotten and bastard presidency, believed it could diminish him and wound him (and wind him up) and rob him of all credibility by relentlessly pointing out how literally wrong he was.

The media, adopting a "shocked, shocked" morality, could not fathom how being factually wrong was not an absolute ending in itself. How could this not utterly shame him? How could his staff defend him? The facts were the facts! Defying them, or ignoring them, or subverting them, made you a liar—intending to deceive, bearing false witness. (A minor journalism controversy broke out about whether these untruths should be called inaccuracies or lies.)

In Bannon's view: (1) Trump was never going to change; (2) trying to get him to change would surely cramp his style; (3) it didn't matter to Trump supporters; (4) the media wasn't going to like him anyway; (5) it was better to play against the media than to the media; (6) the media's claim to be the protector of factual probity and accuracy was itself a sham; (7) the Trump revolution was an attack on conventional assumptions and expertise, so better to embrace Trump's behavior than try to curb it or cure it.

The problem was that, for all he was never going to stick to a script ("his mind just doesn't work that way" was one of the internal rationalizations), Trump craved media approval. But, as Bannon emphasized, he was never going to get the facts right, nor was he ever going to acknowledge that he got them wrong, so therefore he was not going to get that approval. This meant, next best thing, that he had to be aggressively defended against the media's disapproval.

The problem here was that the more vociferous the defense—mostly of assertions that could easily be proved wrong—the more the media redoubled its attacks and censure. What's more, Trump was receiving the censure of his friends, too. And it was not only calls from friends worried about him, but staffers calling people to call him and say *Simmer down*. "Who do you have in there?" said Joe Scarborough in a frantic call. "Who's the person you trust? Jared? Who can talk you through this stuff before you decided to act on it?"

"Well," said the president, "you won't like the answer, but the answer is me. Me. I talk to myself."

Hence, within twenty-four hours of the inauguration, the president had invented a million or so people who did not exist. He sent his new press secretary, Sean Spicer—whose personal mantra would shortly become "You can't make this shit up"—to argue his case in a media moment that turned Spicer, quite a buttoned-down political professional,

into a national joke, which he seemed destined to never recover from. To boot, the president blamed Spicer for not making the million phantom souls seem real.

It was the first presidential instance of what the campaign regulars had learned over many months: on the most basic level, Trump just did not, as Spicer later put it, give a fuck. You could tell him whatever you wanted, but he knew what he knew, and if what you said contradicted what he knew, he simply didn't believe you.

The next day Kellyanne Conway, her aggressive posture during the campaign turning more and more to petulance and self-pity, asserted the new president's right to claim "alternative facts." As it happened, Conway meant to say "alternative information," which at least would imply there might be additional data. But as uttered, it certainly sounded like the new administration was claiming the right to recast reality. Which, in a sense, it was. Although, in Conway's view, it was the media doing the recasting, making a mountain (hence "fake news") out of a molehill (an honest minor exaggeration, albeit of vast proportions).

Anyway, the frequently asked question about whether Trump would continue his unsupervised and often inexplicable tweets now that he was officially in the White House and the president of the United States—a question as hotly asked inside the White House as out—was answered: he would.

This was his fundamental innovation in governing: regular, uncontrolled bursts of anger and spleen.

* * *

The president's immediate official business, however, was to make nice with the CIA.

On Saturday, January 21, in an event organized by Kushner, the president, in his first presidential act, paid a call on Langley to, in Bannon's hopeful description, "play some politics." In carefully prepared remarks in his first act as president, he would lay some of the famous Trump flattery on the CIA and the rest of the sprawling, and leaking, U.S. intelligence world.

Not taking off his dark overcoat, lending him quite a hulking gangster look, pacing in front of the CIA's wall of stars for its fallen agents, in front of a crowd of about three hundred agency personnel and a group of White House staffers, and, suddenly, in a mood of sleepless cockiness and pleasure at having a captive crowd, the new president, disregarding his text, launched into what we could confidently call some of the most peculiar remarks ever delivered by an American president.

"I know a lot about West Point, I'm a person who very strongly believes in academics. Every time I say I had an uncle who was a great professor at MIT for 35 years, who did a fantastic job in so many ways academically—he was an academic genius—and then they say, Is Donald Trump an intellectual? Trust me, I'm like a smart person."

Which was all somehow by way of praise for the new, soon-to-be-confirmed CIA director, Mike Pompeo, who had attended West Point and who Trump had brought with him to stand in the crowd—and who now found himself as bewildered as everyone else.

"You know when I was young. Of course I feel young—I feel like I was 30 … 35 … 39 … . Somebody said, Are you young? I said, I think I'm young. I was stopping in the final months of the campaign, four stops, five stops, seven stops—speeches, speeches in front of twenty-five, thirty thousand people … fifteen, nineteen thousand. I feel young—I think we're all so young. When I was young we were always winning things in this country. We'd win with trade, we'd win with wars—at a certain age I remembering hearing from one of my instructors, the United States has never lost a war. And then, after that, it's like we haven't won anything. You know the old expression, to the victor belongs the spoils? You remember I always say, keep the oil."

"*Who* should keep the oil?" asked a bewildered CIA employee, leaning over to a colleague in the back of the room.

"I wasn't a fan of Iraq, I didn't want to go into Iraq. But I will tell you when we were in we got out wrong and I always said in addition to that keep the oil. Now I said it for economic reasons, but if you think about it, Mike"—he called out across the room, addressing the soon-to-be director—"if we kept the oil we wouldn't have ISIS because that's where they made their money in the first place, so that's why we should have kept the oil. But okay—maybe you'll have another chance—but the fact is we should have kept the oil."

The president paused and smiled with evident satisfaction.

"The reason you are my first stop, as you know I have a running war with the media, they are among the most dishonest human beings on earth, and they sort of made it sound like I had a feud with the intelligence community and I just want to let you know the reason you're the number one stop is exactly the opposite, exactly, and they understand that. I was explaining about the numbers. We did, we did a thing yesterday at the speech. Did everybody like the speech? You had to like it. But we had a massive field of people. You saw them. Packed. I get up this morning, I turn on one of the networks, and they show an empty field and I say, Wait a minute, I made a speech. I looked out—the field was—it looked like a million, million and half people. They showed a field where there were practically nobody standing there. And they said Donald Trump did not draw well and I said it was almost raining, the rain should have scared them away, but God looked down and said we're not going to let it rain on your speech and in fact when I first started I said, Oooh no, first line I got hit by a couple of drops, and I said, Oh this is too bad, but we'll go right through it, the truth is it stopped immediately… ."

"No, it didn't," one of the staffers traveling with him said reflexively, then catching herself and, with a worried look, glancing around to see if she had been overheard.

"… and then it became really sunny and I walked off and it poured right after I left. It poured but we have something amazing because—honestly it looked like a million, million and a half people, whatever it was it was, but it went all the way back to the Washington Monument and by mistake I get this network and it showed an empty field and it said we drew two hundred fifty thousand people. Now that's not bad, but it's a lie… . And we had another one yesterday which was interesting. In the Oval Office there's a beautiful statue of Dr. Martin Luther King and I also happen to like Churchill—Winston Churchill—I think most of us like Churchill, doesn't come from our country but had a lot to do with it, helped us, real ally, and as you know the Churchill statue was taken out… . So a reporter for *Time* magazine and I have been on the cover like fourteen or fifteen times. I think I have the all-time record in the history of *Time* magazine. Like if Tom Brady is on the cover it's one time because he won the Super Bowl or something. I've been on fifteen times this year. I don't think, Mike, that's a record that can ever be broken, do you agree with that … . What do you think?"

"No," said Pompeo in a stricken voice.

"But I will say that they said it was very interesting that 'Donald Trump took down the bust, the statue, of Dr. Martin Luther King,' and it was right there, there was a cameraman that was in front of it. So Zeke … Zeke … from *Time* magazine … writes a story that I took it down. I would never do that. I have great respect for Dr. Martin Luther King. But this is how dishonest the media is. Now big story, but the retraction was like this"—he indicated ever-so-small with his fingers. "Is it a line or do they even bother putting it in? I only like to say I love honesty, I like honest reporting. I will tell you, final time, although I will say it when you let in your thousands of other people who have been trying to come in, because I am coming back, we may have to get you a larger room, we may have to get you a larger room and maybe, *maybe*, it will be built by somebody that knows how to build and we won't have columns. You understand that? We get rid of the columns, but you know I just wanted to say that I love you, I respect you, there's nobody I respect more. You do a fantastic job and we're going to start winning again, and you're going to be leading the charge, so thank you all very much."

In a continuing sign of Trump's *Rashomon* effect—his speeches inspiring joy or horror—witnesses would describe his reception at the CIA as either a Beatles-like emotional outpouring or a response so confounded and appalled that, in the seconds after he finished, you could hear a pin drop.

# 4

# BANNON

Steve Bannon was the first Trump senior staffer in the White House after Trump was sworn in. On the inauguration march, he had grabbed the newly appointed deputy chief of staff, Katie Walsh, Reince Priebus's deputy at the RNC, and together they had peeled off to inspect the now vacant West Wing. The carpet had been shampooed, but little else had changed. It was a warren of tiny offices in need of paint, not rigorously cleaned on a regular basis, the décor something like an admissions office at a public university. Bannon claimed the nondescript office across from the much grander chief of staff's suite, and he immediately requisitioned the white boards on which he intended to chart the first hundred days of the Trump administration. And right away he began moving furniture out. The point was to leave no room for anyone to sit. There were to be no meetings, at least no meetings where people could get comfortable. Limit discussion. Limit debate. This was war. This was a war room.

Many who had worked with Bannon on the campaign and through the transition shortly noticed a certain change. Having achieved one goal, he was clearly on to another. An intense man, he was suddenly at an even higher level of focus and determination.

"What's up with Steve?" Kushner began to ask. And then, "Is something wrong with Steve?" And then finally, "I don't understand. We were so close."

Within the first week, Bannon seemed to have put away the camaraderie of Trump Tower—including a willingness to talk at length at any hour—and become far more remote, if not unreachable. He was "focused on my shit." He was just getting things done. But many felt that getting things done was was more about him hatching plots against them. And certainly, among his basic character notes, Steve Bannon was a plotter. Strike before being struck. Anticipate the moves of others—counter them before they can make their moves. To him this was seeing things ahead, focusing on a set of goals. The first goal was the election of Donald Trump, the second the staffing of the Trump government. Now it was capturing the soul of the Trump White House, and he understood what others did not yet: this would be a mortal competition.

* * *

In the early days of the transition, Bannon had encouraged the Trump team to read David Halberstam's *The Best and the Brightest*. (One of the few people who seem actually to have taken him up on this reading assignment was Jared Kushner.) "A very moving experience reading this book. It makes the world clear, amazing characters and all true," Bannon enthused.

This was a personal bit of branding—Bannon made sure to exhibit the book to many of the liberal reporters he was courting. But he was also trying to make a point, an important one considering the slapdash nature of the transition team's staffing protocols: be careful who you hire.

Halberstam's book, published in 1972, is a Tolstoyan effort to understand how great figures of the academic, intellectual, and military world who had served during the Kennedy and Johnson years had so grievously misapprehended the nature of the Vietnam War and mishandled its prosecution. *The Best and the Brightest* was a cautionary tale about the 1960s establishment—the precursor of the establishment that Trump and Bannon were now so aggressively challenging.

But the book also served as a reverential guide to the establishment. For the 1970s generation of future policy experts, would-be world leaders, and Ivy League journalists aiming for big-time careers—though it was Bannon's generation, he was far outside this self-selected elite circle—*The Best and the Brightest* was a handbook about the characteristics of American power and the routes to it. Not just the right schools and right backgrounds, although that, too, but the attitudes, conceits, affect, and language that would be most conducive to finding your way into the American power structure. Many saw the book as a set of prescriptions about how to get ahead, rather than, as intended, what not to do when you are ahead. *The Best and the Brightest* described the people who should be in power. A college-age Barack Obama was smitten with the book, as was Rhodes Scholar Bill Clinton.

Halberstam's book defined the look and feel of White House power. His language, resonant and imposing and, often, boffo pompous, had set the tone for the next half century of official presidential journalism. Even scandalous or unsuccessful tenants of the White House were treated as unique figures who had risen to the greatest heights after mastering a Darwinian political process. Bob Woodward, who helped bring Nixon down —and who himself became a figure of unchallengeable presidential mythmaking—wrote a long shelf of books in which even the most misguided presidential actions seemed part of an epochal march of ultimate responsibility and life-and-death decision making. Only the most hardhearted reader would not entertain a daydream in which he or she was not part of this awesome pageant.

Steve Bannon was such a daydreamer.

* * *

But if Halberstam defined the presidential mien, Trump defied it—and defiled it. Not a single attribute would place him credibly in the revered circle of American presidential character and power. Which was, in a curious reversal of the book's premise, just what created Steve Bannon's opportunity.

The less likely a presidential candidate is, the more unlikely, and, often, inexperienced, his aides are—that is, an unlikely candidate can attract only unlikely aides, as the likely ones go to the more likely candidates. When an unlikely candidate wins—and as outsiders become ever more the quadrennial flavor of the month, the more likely an unlikely candidate is to get elected—ever more peculiar people fill the White House. Of course, a point about the Halberstam book and about the Trump campaign was that the most obvious players make grievous mistakes, too. Hence, in the Trump narrative, unlikely players far outside the establishment hold the true genius.

Still, few have been more unlikely than Steve Bannon.

At sixty-three, Bannon took his first formal job in politics when he joined the Trump campaign. Chief Strategist—his title in the new administration—was his first job not just in the federal government but in the public sector. (*"Strategist!"* scoffed Roger Stone, who, before Bannon, had been one of Trump's chief strategists.) Other than Trump himself, Bannon was certainly the oldest inexperienced person ever to work in the White House.

It was a flaky career that got him here.

Catholic school in Richmond, Virginia. Then a local college, Virginia Tech. Then seven years in the Navy, a lieutenant on ship duty and then in the Pentagon. While on active duty, he got a master's degree at Georgetown's School of Foreign Service, but then he washed out of his naval career. Then an MBA from Harvard Business School. Then four years as an investment banker at Goldman Sachs—his final two years focusing on the media industry in Los Angeles—but not rising above a midlevel position.

In 1990, at the age of thirty-seven, Bannon entered peripatetic entre-preneurhood under the auspices of Bannon & Co., a financial advisory firm to the entertainment industry. This was something of a hustler's shell company, hanging out a shingle in an industry with a small center of success and concentric rings radiating out of rising, aspiring, falling, and failing strivers. Bannon & Co., skirting falling and failing, made it to aspiring by raising small amounts of money for independent film projects—none a hit.

Bannon was rather a movie figure himself. A type. Alcohol. Bad marriages. Cash-strapped in a business where the measure of success is excesses of riches. Ever scheming. Ever disappointed.

For a man with a strong sense of his own destiny, he tended to be hardly noticed. Jon

Corzine, the former Goldman chief and future United States senator and governor of New Jersey, climbing the Goldman ranks when Bannon was at the firm, was unaware of Bannon. When Bannon was appointed head of the Trump campaign and became an overnight press sensation—or question mark—his credentials suddenly included a convoluted story about how Bannon & Co. had acquired a stake in the megahit show *Seinfeld* and hence its twenty-year run of residual profits. But none of the Seinfeld principals, creators, or producers seem ever to have heard of him.

Mike Murphy, the Republican media consultant who ran Jeb Bush's PAC and became a leading anti-Trump movement figure, has the vaguest recollection of Bannon's seeking PR services from Murphy's firm for a film Bannon was producing a decade or so ago. "I'm told he was in the meeting, but I honestly can't get a picture of him."

The *New Yorker* magazine, dwelling on the Bannon enigma—one that basically translated to: How is it that the media has been almost wholly unaware of someone who is suddenly among the most powerful people in government?—tried to trace his steps in Hollywood and largely failed to find him. The *Washington Post* traced his many addresses to no clear conclusion, except a suggestion of possible misdemeanor voter fraud.

In the midnineties, he inserted himself in a significant role into Biosphere 2, a project copiously funded by Edward Bass, one of the Bass family oil heirs, about sustaining life in space, and dubbed by *Time* one of the hundred worst ideas of the century—a rich man's folly. Bannon, having to find his opportunities in distress situations, stepped into the project amid its collapse only to provoke further breakdown and litigation, including harassment and vandalism charges.

After the Biosphere 2 disaster, he participated in raising financing for a virtual currency scheme (MMORPGs, or MMOs) called Internet Gaming Entertainment (IGE). This was a successor company to Digital Entertainment Network (DEN), a dot-com burnout, whose principals included the former child star Brock Pierce (*The Mighty Ducks*) who went on to be the founder of IGE, but was then pushed out. Bannon was put in as CEO, and the company was subsumed by endless litigation.

Distress is an opportunistic business play. But some distress is better than others. The kinds of situations available to Bannon involved managing conflict, nastiness, and relative hopelessness—in essence managing and taking a small profit on dwindling cash. It's a living at the margins of people who are making a much better living. Bannon kept trying to make a killing but never found the killing sweet spot.

Distress is also a contrarian's game. And the contrarian's impulse—equal parts personal dissatisfaction, general resentment, and gambler's instinct—started to ever more strongly fuel Bannon. Part of the background for his contrarian impulse lay in an Irish Catholic union family, Catholic schools, and three unhappy marriages and bad divorces (journalists would make much of the recriminations in his second wife's divorce filings).

Not so long ago, Bannon might have been a recognizably modern figure, something of a romantic antihero, an ex-military and up-from-the-working-class guy, striving, through multiple marriages and various careers, to make it, but never finding much comfort in the establishment world, wanting to be part of it and wanting to blow it up at the same time—a character for Richard Ford, or John Updike, or Harry Crews. An American man's story. But now such stories have crossed a political line. The American man story is a right-wing story. Bannon found his models in political infighters like Lee Atwater, Roger Ailes, Karl Rove. All were larger-than-life American characters doing battle with conformity and modernity, relishing ways to violate liberal sensibilities.

The other point is that Bannon, however smart and even charismatic, however much he extolled the virtue of being a "stand-up guy," was not necessarily a nice guy. Several decades as a grasping entrepreneur without a satisfying success story doesn't smooth the hustle in hustler. One competitor in the conservative media business, while acknowledging his intelligence and the ambitiousness of his ideas, also noted, "He's mean, dishonest, and incapable of caring about other people. His eyes dart around like he's always looking for a weapon with which to bludgeon or gouge you."

Conservative media fit not only his angry, contrarian, and Roman Catholic side, but it had low barriers to entry—liberal media, by contrast, with its corporate hierarchies, was much harder to break into. What's more, conservative media is a highly lucrative target market category, with books (often dominating the bestseller lists), videos, and other products available through direct sales avenues that can circumvent more expensive distribution channels.

In the early 2000s, Bannon became a purveyor of conservative books products and media. His partner in this enterprise was David Bossie, the far-right pamphleteer and congressional committee investigator into the Clintons' Whitewater affair, who would join him as deputy campaign manager on the Trump campaign. Bannon met Breitbart News founder Andrew Breitbart at a screening of one of the Bannon-Bossie documentaries *In the Face of Evil* (billed as "Ronald Reagan's crusade to destroy the most tyrannical and depraved political systems the world has ever known"), which in turn led to a relationship with the man who offered Bannon the ultimate opportunity: Robert Mercer.

* * *

In this regard, Bannon was not so much an entrepreneur of vision or even business discipline, he was more simply following the money—or trying to separate a fool from his money. He could not have done better than Bob and Rebekah Mercer. Bannon focused his entrepreneurial talents on becoming courtier, Svengali, and political investment adviser to father and daughter.

Theirs was a consciously quixotic mission. They would devote vast sums—albeit still just a small part of Bob Mercer's many billions—to trying to build a radical free-market,

small-government, home-schooling, antiliberal, gold-standard, pro-death-penalty, anti-Muslim, pro-Christian, monetarist, anti-civil-rights political movement in the United States.

Bob Mercer is an ultimate quant, an engineer who designs investment algorithms and became a co-CEO of one of the most successful hedge funds, Renaissance Technologies. With his daughter, Rebekah, Mercer set up what is in effect a private Tea Party movement, self-funding whatever Tea Party or alt-right project took their fancy. Bob Mercer is almost nonverbal, looking at you with a dead stare and either not talking or offering only minimal response. He had a Steinway baby grand on his yacht; after inviting friends and colleagues on the boat, he would spend the time playing the piano, wholly disengaged from his guests. And yet his political beliefs, to the extent they could be discerned, were generally Bush-like, and his political discussions, to the extent that you could get him to be responsive, were about issues involving ground game and data gathering. It was Rebekah Mercer—who had bonded with Bannon, and whose politics were grim, unyielding, and doctrinaire—who defined the family. "She's … like whoa, ideologically there is no conversation with her," said one senior Trump White House staffer.

With the death of Andrew Breitbart in 2012, Bannon, in essence holding the proxy of the Mercers' investment in the site, took over the Breitbart business. He leveraged his gaming experience into using Gamergate—a precursor alt-right movement that coalesced around an antipathy toward, and harassment of, women working in the online gaming industry—to build vast amounts of traffic through the virality of political memes. (After hours one night in the White House, Bannon would argue that he knew exactly how to build a Breitbart for the left. And he would have the key advantage because "people on the left want to win Pulitzers, whereas I want to *be* Pulitzer!")

Working out of—and living in—the town house Breitbart rented on Capitol Hill, Bannon became one of the growing number of notable Tea Party figures in Washington, the Mercers' consigliere. But a seeming measure of his marginality was that his big project was the career of Jeff Sessions—"Beauregard," Sessions's middle name, in Bannon's affectionate moniker and evocation of the Confederate general—among the least mainstream and most peculiar people in the Senate, whom Bannon tried to promote to run for president in 2012.

Donald Trump was a step up—and early in the 2016 race, Trump became the Breitbart totem. (Many of Trump's positions in the campaign were taken from the Breitbart articles he had printed out for him.) Indeed, Bannon began to suggest to people that he, like Ailes had been at Fox, was the true force behind his chosen candidate.

Bannon didn't much question Donald Trump's bona fides, or behavior, or electability, because, in part, Trump was just his latest rich man. The rich man is a fixed fact, which you have to accept and deal with in an entrepreneurial world—at least a lower-level entrepreneurial world. And, of course, if Trump had had firmer bona fides, better behavior,

and clear electability, Bannon would not have had his chance.

However much a marginal, invisible, small-time hustler Bannon had been—something of an Elmore Leonard character—he was suddenly transformed inside Trump Tower, an office he entered on August 15, and for practical purposes, did not exit, save for a few hours a night (and not every night) in his temporary midtown Manhattan accommodations, until January 17, when the transition team moved to Washington. There was no competition in Trump Tower for being the brains of the operation. Of the dominant figures in the transition, neither Kushner, Priebus, nor Conway, and certainly not the president-elect, had the ability to express any kind of coherent perception or narrative. By default, everybody had to look to the voluble, aphoristic, shambolic, witty, off-the-cuff figure who was both ever present on the premises and who had, in an unlikely attribute, read a book or two.

And indeed who, during the campaign, turned out to be able to harness the Trump operation, not to mention its philosophic disarray, to a single political view: that the path to victory was an economic and cultural message to the white working class in Florida, Ohio, Michigan, and Pennsylvania.

* * *

Bannon collected enemies. Few fueled his savagery and rancor toward the standard-issue Republican world as much as Rupert Murdoch—not least because Murdoch had Donald Trump's ear. It was one of the key elements of Bannon's understanding of Trump: the last person Trump spoke to ended up with enormous influence. Trump would brag that Murdoch was always calling him; Murdoch, for his part, would complain that he couldn't get Trump off the phone.

"He doesn't know anything about American politics, and has no feel for the American people," said Bannon to Trump, always eager to point out that Murdoch wasn't an American. But Trump couldn't get enough of him. With his love of "winners"—and he saw Murdoch as the ultimate winner—Trump was suddenly bad-mouthing his friend Ailes as a "loser."

And yet in one regard Murdoch's message was useful to Bannon. Having known every president since Harry Truman—as Murdoch took frequent opportunities to point out—and, he conjectured, as many heads of state as anyone living, Murdoch believed he understood better than younger men, even seventy-year-old Trump, that political power was fleeting. (This was in fact the same message he had imparted to Barack Obama.) A president really had only, max, six months to make an impact on the public and set his agenda, and he'd be lucky to get six months. After that it was just putting out fires and battling the opposition.

This was the message whose urgency Bannon himself had been trying to impress on an often distracted Trump. Indeed, in his first weeks in the White House, an inattentive

Trump was already trying to curtail his schedule of meetings, limit his hours in the office, and keep his normal golf habits.

Bannon's strategic view of government was shock and awe. Dominate rather than negotiate. Having daydreamed his way into ultimate bureaucratic power, he did not want to see himself as a bureaucrat. He was of a higher purpose and moral order. He was an avenger. He was also, he believed, a straight shooter. There was a moral order in aligning language and action—if you said you were going to do something, you do it.

In his head, Bannon carried a set of decisive actions that would not just mark the new administration's opening days, but make it clear that nothing ever again would be the same. At the age of sixty-three, he was in a hurry.

* * *

Bannon had delved deeply into the nature of executive orders—EOs. You can't rule by decree in the United States, except you really can. The irony here was that it was the Obama administration, with a recalcitrant Republican Congress, that had pushed the EO envelope. Now, in something of a zero-sum game, Trump's EOs would undo Obama's EOs.

During the transition, Bannon and Stephen Miller, a former Sessions aide who had earlier joined the Trump campaign and then become Bannon's effective assistant and researcher, assembled a list of more than two hundred EOs to issue in the first hundred days.

But the first step in the new Trump administration had to be immigration, in Bannon's certain view. Foreigners were the ne plus ultra mania of Trumpism. An issue often dismissed as living on the one-track-mind fringe—Jeff Sessions was one of its cranky exponents—it was Trump's firm belief that a lot of people had had it up to here with foreigners. Before Trump, Bannon had bonded with Sessions on the issue. The Trump campaign became a sudden opportunity to see if nativism really had legs. And then when they won, Bannon understood there could be no hesitation about declaring their ethnocentric heart and soul.

To boot, it was an issue that made liberals bat-shit mad.

Laxly enforced immigration laws reached to the center of the new liberal philosophy and, for Bannon, exposed its hypocrisy. In the liberal worldview, diversity was an absolute good, whereas Bannon believed any reasonable person who was not wholly blinded by the liberal light could see that waves of immigrants came with a load of problems—just look at Europe. And these were problems borne not by cosseted liberals but by the more exposed citizens at the other end of the economic scale.

It was out of some instinctive or idiot-savant-like political understanding that Trump had made this issue his own, frequently observing, *Wasn't anybody an American*

*anymore?* In some of his earliest political outings, even before Obama's election in 2008, Trump talked with bewilderment and resentment about strict quotas on European immigration and the deluge from "Asia and other places." (This deluge, as liberals would be quick to fact-check, was, even as it had grown, still quite a modest stream.) His obsessive focus on Obama's birth certificate was in part about the scourge of non-European foreignness—a certain race-baiting. *Who were these people? Why were they here?*

The campaign sometimes shared a striking graphic. It showed a map of the country reflecting dominant immigration trends in each state from fifty years ago—here was a multitude of countries, many European. Today, the equivalent map showed that every state in the United States was now dominated by Mexican immigration. This was the daily reality of the American workingman, in Bannon's view, the ever growing presence of an alternative, discount workforce.

Bannon's entire political career, such as it was, had been in political media. It was also in Internet media—that is, media ruled by immediate response. The Breitbart formula was to so appall the liberals that the base was doubly satisfied, generating clicks in a ricochet of disgust and delight. You defined yourself by your enemy's reaction. Conflict was the media bait—hence, now, the political chum. The new politics was not the art of the compromise but the art of conflict.

The real goal was to expose the hypocrisy of the liberal view. Somehow, despite laws, rules, and customs, liberal globalists had pushed a myth of more or less open immigration. It was a double liberal hypocrisy, because, sotto voce, the Obama administration had been quite aggressive in deporting illegal aliens—except don't tell the liberals that.

"People want their countries back," said Bannon. "A simple thing."

* * *

Bannon meant his EO to strip away the liberal conceits on an already illiberal process. Rather than seeking to accomplish his goals with the least amount of upset—keeping liberal fig leaves in place—he sought the most.

*Why would you?* was the logical question of anyone who saw the higher function of government as avoiding conflict.

This included most people in office. The new appointees in place at the affected agencies and departments, among them Homeland Security and State—General John Kelly, then the director of Homeland Security, would carry a grudge about the disarray caused by the immigration EO—wanted nothing more than a moment to get their footing before they might even consider dramatic and contentious new policies. Old appointees—Obama appointees who still occupied most executive branch jobs—found it unfathomable that the new administration would go out of its way to take procedures that largely already existed and to restate them in incendiary, red-flag, and ad hominem terms, such that

liberals would have to oppose them.

Bannon's mission was to puncture the global-liberal-emperor-wears-no-clothes bubble, nowhere, in his view, as ludicrously demonstrated as the refusal to see the colossally difficult and costly effects of uncontrolled immigration. He wanted to force liberals to acknowledge that even liberal governments, even the Obama government, were engaged in the real politics of slowing immigration—ever hampered by the liberal refusal to acknowledge this effort.

The EO would be drafted to remorselessly express the administration's (or Bannon's) pitiless view. The problem was, Bannon really didn't know how to do this—change rules and laws. This limitation, Bannon understood, might easily be used to thwart them. Process was their enemy. But just doing it—the hell with how—and doing it immediately, could be a powerful countermeasure.

Just doing things became a Bannon principle, the sweeping antidote to bureaucratic and establishment ennui and resistance. It was the chaos of just doing things that actually got things done. Except, even if you assumed that not knowing how to do things didn't much matter if you just did them, it was still not clear who was going to do what you wanted to do. Or, a corollary, because nobody in the Trump administration really knew how to do anything, it was therefore not clear what anyone did.

Sean Spicer, whose job was literally to explain what people did and why, often simply could not—*because nobody really had a job, because nobody could do a job*.

Priebus, as chief of staff, had to organize meetings, schedules, and the hiring of staff; he also had to oversee the individual functions of the executive office departments. But Bannon, Kushner, Conway, and the president's daughter actually had no specific responsibilities—they could make it up as they went along. They did what they wanted. They would seize the day if they could—even if they really didn't know how to do what they wanted to do.

Bannon, for instance, even driven by his imperative just to get things done, did not use a computer. *How did he do anything?* Katie Walsh wondered. But that was the difference between big visions and small. Process was bunk. Expertise was the last refuge of liberals, ever defeated by the big picture. The will to get big things done was how big things got done. "Don't sweat the small stuff" was a pretty good gist of Donald Trump's—and Steve Bannon's—worldview. "Chaos was Steve's strategy," said Walsh.

Bannon got Stephen Miller to write the immigration EO. Miller, a fifty-five-year-old trapped in a thirty-two-year-old's body, was a former Jeff Sessions staffer brought on to the Trump campaign for his political experience. Except, other than being a dedicated far-right conservative, it was unclear what particular abilities accompanied Miller's political views. He was supposed to be a speechwriter, but if so, he seemed restricted to bullet points and unable to construct sentences. He was supposed to be a policy adviser but knew

little about policy. He was supposed to be the house intellectual but was purposely unread. He was supposed to be a communications specialist, but he antagonized almost everyone. Bannon, during the transition, sent him to the Internet to learn about and to try to draft the EO.

By the time he arrived in the White House, Bannon had his back-of-the-envelope executive order on immigration and his travel ban, a sweeping, Trumpian exclusion of most Muslims from the United States, only begrudgingly whittled down, in part at Priebus's urging, to what would shortly be perceived as merely draconian.

In the mania to seize the day, with an almost total lack of knowing how, the nutty inaugural crowd numbers and the wacky CIA speech were followed, without almost anybody in the federal government having seen it or even being aware of it, by an executive order overhauling U.S. immigration policy. Bypassing lawyers, regulators, and the agencies and personnel responsible for enforcing it, President Trump—with Bannon's low, intense voice behind him, offering a rush of complex information—signed what was put in front of him.

On Friday, January 27, the travel ban was signed and took immediate effect. The result was an emotional outpouring of horror and indignation from liberal media, terror in immigrant communities, tumultuous protests at major airports, confusion throughout the government, and, in the White House, an inundation of lectures, warnings, and opprobrium from friends and family. *What have you done? Do you know what you're doing? You have to undo this! You're finished before you even start! Who is in charge there?*

But Steve Bannon was satisfied. He could not have hoped to draw a more vivid line between the two Americas—Trump's and liberals'—and between his White House and the White House inhabited by those not yet ready to burn the place down.

Why did we do this on a Friday when it would hit the airports hardest and bring out the most protesters? almost the entire White House staff demanded to know.

"Errr … that's why," said Bannon. "So the snowflakes would show up at the airports and riot." That was the way to crush the liberals: make them crazy and drag them to the left.

# 5

# JARVANKA

On the Sunday after the immigration order was issued, Joe Scarborough and his cohost on the MSNBC show *Morning Joe*, Mika Brzezinski, came for lunch at the White House.

Scarborough is a former Republican congressman from Pensacola, Florida, and Brzezinski is the daughter of Zbigniew Brzezinski, a high-ranking aide in the Johnson White House and Jimmy Carter's National Security Advisor. *Morning Joe* had gone on the air in 2007 and developed a following among New York political and media types. Trump was a longtime devotee.

Early in the 2016 campaign, with a change of leadership at NBC News, it seemed likely that the show, its ratings falling, would be canceled. But Scarborough and Brzezinski embraced their relationship with Trump and became one of the few media outlets not only with a positive outlook on him, but that seemed to know his thinking. Trump became a frequent call-in guest and the show a way to speak more or less directly to him.

It was the kind of relationship Trump dreamed of: media people who took him seriously, talked about him often, solicited his views, provided him with gossip, and retailed the gossip he offered them. The effect was to make them all insiders together, which was exactly where Trump wanted to be. Though he branded himself as a political outsider, actually finding himself on the outside wounded him.

Trump believed that the media, which he propelled (in the case of Scarborough and Brzezinski, helping them keep their jobs), owed him something, and the media, giving him vast amounts of free coverage, believed he owed them, with Scarborough and Brzezinski seeing themselves as something like semiofficial advisers, if not the political fixers who had put him in his job.

In August, they had had a public spat, resulting in Trump's tweet: "Some day, when things calm down, I'll tell the real story of @JoeNBC and his very insecure long-time girlfriend, @morningmika. Two clowns!" But Trump's spats often ended in a tacit

admission, however grudging, of mutual advantage, and in short order they were back on cordial terms again.

On their arrival at the White House, the ninth day of his presidency, Trump proudly showed them into the Oval Office and was momentarily deflated when Brzezinski said she had been there many times before with her father, beginning at age nine. Trump showed them some of the memorabilia and, eagerly, his new portrait of Andrew Jackson—the president whom Steve Bannon had made the totem figure of the new administration.

"So how do you think the first week has gone?" Trump asked the couple, in a buoyant mood, seeking flattery.

Scarborough, puzzled by Trump's jauntiness in the face of the protests spreading across the nation, demurred and then said, "Well, I love what you did with U.S. Steel and that you had the union guys come into the Oval Office." Trump had pledged to use U.S.-made steel in U.S. pipelines and, in a Trump touch, met at the White House with union representatives from building and sheet metal unions and then invited them back to the Oval Office—something Trump insisted Obama never did.

But Trump pressed his question, leaving Scarborough with the feeling that nobody had actually told Trump that he had had a very bad week. Bannon and Priebus, wandering in and out of the office, might actually have convinced him that the week had been a success, Scarborough thought.

Scarborough then ventured his opinion that the immigration order might have been handled better and that, all in all, it seemed like a rough period.

Trump, surprised, plunged into a long monologue about how well things had gone, telling Bannon and Priebus, with a gale of laughter, "Joe doesn't think we had a good week." And turning to Scarborough: "I could have invited Hannity!"

At lunch—fish, which Brzezinski doesn't eat—Jared and Ivanka joined the president and Scarborough and Brzezinski. Jared had become quite a Scarborough confidant and would continue to supply Scarborough with an inside view of the White House—that is, leaking to him. Scarborough subsequently became a defender of Kushner's White House position and view. But, for now, both son-in-law and daughter were subdued and deferential as Scarborough and Brzezinski chatted with the president, and the president—taking more of the air time as usual—held forth.

Trump continued to cast for positive impressions of his first week and Scarborough again reverted to his praise of Trump's handling of the steel union leadership. At which point, Jared interjected that reaching out to unions, a traditional Democratic constituency, was Bannon's doing, that this was "the Bannon way."

"Bannon?" said the president, jumping on his son-in-law. "That wasn't Bannon's idea. That was my idea. It's the Trump way, not the Bannon way."

Kushner, going concave, retreated from the discussion.

Trump, changing the topic, said to Scarborough and Brzezinski, "So what about you guys? What's going on?" He was referencing their not-so-secret secret relationship.

Scarborough and Brzezinski said it was all still complicated, and not public, officially, but it was good and everything was getting resolved.

"You guys should just get married," prodded Trump.

"I can marry you! I'm an Internet Unitarian minister," Kushner, otherwise an Orthodox Jew, said suddenly.

"What?" said the president. "What are you talking about? Why would they want *you* to marry them when *I* could marry them? When they could be married by the president! At Mar-a-Lago!"

* * *

Almost everybody advised Jared not to take the inside job. As a family member, he would command extraordinary influence from a position that no one could challenge. As an insider, a staffer, not only could his experience be challenged, but while the president himself might not yet be exposed, a family member on staff would be where enemies and critics might quite effectively start chipping from. Besides, inside Trump's West Wing, if you had a title—that is, other than son-in-law—people would surely want to take it from you.

Both Jared and Ivanka listened to this advice—from among others it came from Jared's brother, Josh, doubly making this case not only to protect his brother but also because of his antipathy to Trump—but both, balancing risk against reward, ignored it. Trump himself variously encouraged his son-in-law and his daughter in their new ambitions and, as their excitement mounted, tried to express his skepticism—while at the same time telling others that he was helpless to stop them.

For Jared and Ivanka, as really for everybody else in the new administration, quite including the president, this was a random and crazy turn of history such that how could you not seize it? It was a joint decision by the couple, and, in some sense, a joint job. Jared and Ivanka had made an earnest deal between themselves: if sometime in the future the time came, she'd be the one to run for president (or the first one of them to take the shot). The first woman president, Ivanka entertained, would not be Hillary Clinton, it would be Ivanka Trump.

Bannon, who had coined the Jarvanka conflation now in ever greater use, was horrified when the couple's deal was reported to him. "They didn't say that? Stop. Oh come on. They didn't actually say that? Please don't tell me that. Oh my god."

And the truth was that at least by then Ivanka would have more experience than almost

anybody else now serving in the White House. She and Jared, or Jared, but by inference she, too, were in effect the real chief of staff—or certainly as much a chief of staff as Priebus or Bannon, all of them reporting directly to the president. Or, even more to the organizational point, Jared and Ivanka had a wholly independent standing inside the West Wing. A super status. Even as Priebus and Bannon tried, however diplomatically, to remind the couple of staff procedures and propriety, they would in turn remind the West Wing leadership of their overriding First Family prerogatives. In addition, the president had immediately handed Jared the Middle East portfolio, making him one of the significant international players in the administration—indeed, in the world. In the first weeks, this brief extended out to virtually every other international issue, about which nothing in Kushner's previous background would have prepared him for.

Kushner's most cogent reason for entering the White House was "leverage," by which he meant proximity. Quite beyond the status of being inside the family circle, anyone who had proximity to the president had leverage, the more proximity the more leverage. Trump himself you could see as a sort of Delphic oracle, sitting in place and throwing out pronouncements which had to be interpreted. Or as an energetic child, and whomever could placate or distract him became his favorite. Or as the Sun God (which is effectively how he saw himself), the absolute center of attention, dispensing favor and delegating power, which could, at any moment, be withdrawn. The added dimension was that this Sun God had little calculation. His inspiration existed in the moment, hence all the more reason to be there with him in the moment. Bannon, for one, joined Trump for dinner every night, or at least made himself available—one bachelor there for the effective other bachelor. (Priebus would observe that in the beginning everyone would try to be part of these dinners, but within a few months, they had become a torturous duty to be avoided.)

Part of Jared and Ivanka's calculation about the relative power and influence of a formal job in the West Wing versus an outside advisory role was the knowledge that influencing Trump required you to be all in. From phone call to phone call—and his day, beyond organized meetings, was almost entirely phone calls—you could lose him. The subtleties here were immense, because while he was often most influenced by the last person he spoke to, he did not actually listen to anyone. So it was not so much the force of an individual argument or petition that moved him, but rather more just someone's presence, the connection of what was going through his mind—and although he was a person of many obsessions, much of what was on his mind had no fixed view—to whomever he was with and their views.

Ultimately Trump may not be that different in his fundamental solipsism from anyone of great wealth who has lived most of his life in a highly controlled environment. But one clear difference was that he had acquired almost no formal sort of social discipline—he could not even attempt to imitate decorum. He could not really converse, for instance, not in the sense of sharing information, or of a balanced back-and-forth conversation. He neither particularly listened to what was said to him, nor particularly considered what he

said in response (one reason he was so repetitive). Nor did he treat anyone with any sort of basic or reliable courtesy. If he wanted something, his focus might be sharp and attention lavish, but if someone wanted something from him, he tended to become irritable and quickly lost interest. He demanded you pay him attention, then decided you were weak for groveling. In a sense, he was like an instinctive, pampered, and hugely successful actor. Everybody was either a lackey who did his bidding or a high-ranking film functionary trying to coax out his attention and performance—and to do this without making him angry or petulant.

The payoff was his enthusiasm, quickness, spontaneity, and—if he departed for a moment from the nonstop focus on himself—an often incisive sense of the weaknesses of his opponents and a sense of their deepest desires. Politics was handicapped by incrementalism, of people knowing too much who were defeated by all the complexities and conflicting interests before they began. Trump, knowing little, might, Trumpers tried to believe, give a kooky new hope to the system.

Jared Kushner in quite a short period of time—rather less than a year—had crossed over from the standard Democratic view in which he was raised, to an acolyte of Trumpism, bewildering many friends and, as well, his own brother, whose insurance company, Oscar, funded with Kushner-family money, was destined to be dealt a blow by a repeal of Obamacare.

This seeming conversion was partly the result of Bannon's insistent and charismatic tutoring—a kind of real-life engagement with world-bending ideas that had escaped Kushner even at Harvard. And it was helped by his own resentments toward the liberal elites whom he had tried to court with his purchase of the *New York Observer*, an effort that had backfired terribly. And it was, once he ventured onto the campaign trail, about having to convince himself that close up to the absurd everything made sense—that Trumpism was a kind of unsentimental realpolitik that would show everybody in the end. But most of all, it was that they had won. And he was determined not to look a gift horse in the mouth. And, everything that was bad about Trumpism, he had convinced himself, he could help fix.

* * *

As much as it might have surprised him—for many years, he had humored Trump more than embraced him—Kushner was in fact rather like his father-in-law. Jared's father, Charlie, bore an eerie resemblance to Donald's father, Fred. Both men dominated their children, and they did this so completely that their children, despite their demands, became devoted to them. In both instances, this was extreme stuff: belligerent, uncompromising, ruthless men creating long-suffering offspring who were driven to achieve their father's approval. (Trump's older brother, Freddy, failing in this effort, and, by many reports, gay, drank himself to death; he died in 1981 at age forty-three.) In business meetings, observers would be nonplussed that Charlie and Jared Kushner

invariably greeted each other with a kiss and that the adult Jared called his father Daddy.

Neither Donald nor Jared, no matter their domineering fathers, went into the world with humility. Insecurity was soothed by entitlement. Both out-of-towners who were eager to prove themselves or lay rightful claim in Manhattan (Kushner from New Jersey, Trump from Queens), they were largely seen as overweening, smug, and arrogant. Each cultivated a smooth affect, which could appear more comical than graceful. Neither, by choice nor awareness, could seem to escape his privilege. "Some people who are very privileged are aware of it and put it away; Kushner not only seemed in every gesture and word to emphasize his privilege, but also not to be aware of it," said one New York media executive who dealt with Kushner. Both men were never out of their circle of privilege. The main challenge they set for themselves was to enter further into the privileged circle. Social climbing was their work.

Jared's focus was often on older men. Rupert Murdoch spent a surprising amount of time with Jared, who sought advice from the older media mogul about the media business —which the young man was determined to break into. Kushner paid long court to Ronald Perelman, the billionaire financier and takeover artist, who later would host Jared and Ivanka in his private shul on Jewish high holy days. And, of course, Kushner wooed Trump himself, who became a fan of the young man and was uncharacteristically tolerant about his daughter's conversion to Orthodox Judaism when that became a necessary next step toward marriage. Likewise, Trump as a young man had carefully cultivated a set of older mentors, including Roy Cohn, the flamboyant lawyer and fixer who had served as right-hand man to the red-baiting Senator Joe McCarthy.

And then there was the harsh fact that the world of Manhattan and particular its living voice, the media, seemed to cruelly reject them. The media long ago turned on Donald Trump as a wannabe and lightweight, and wrote him off for that ultimate sin—anyway, the ultimate sin in media terms—of trying to curry favor with the media too much. His fame, such as it was, was actually reverse fame—he was famous for being infamous. It was joke fame.

To understand the media snub, and its many levels of irony, there is no better place to look than the *New York Observer*, the Manhattan media and society weekly that Kushner bought in 2006 for $10 million—by almost every estimate $10 million more than it was worth.

* * *

The *New York Observer* was, when it launched in 1987, a rich man's fancy, as much failed media often is. It was a bland weekly chronicle of the Upper East Side, New York's wealthiest neighborhood. Its conceit was to treat this neighborhood like a small town. But nobody took any notice. Its frustrated patron, Arthur Carter, who made his money in the first generation of Wall Street consolidations, was introduced to Graydon Carter (no

relation), who had started *Spy* magazine, a New York imitation of the British satirical publication *Private Eye. Spy* was part of a set of 1980s publications—*Manhattan, Inc*., a relaunched *Vanity Fair*, and *New York*— obsessed with the new rich and what seemed to be a transformational moment in New York. Trump was both symbol of and punch line for this new era of excess and celebrity and the media's celebration of those things. Graydon Carter became the editor of the *New York Observer* in 1991 and not only refocused the weekly on big-money culture, but essentially made it a tip-sheet for the media writing about media culture, and for members of the big-money culture who wanted to be in the media. There may never have been such a self-conscious and self-referential publication as the *New York Observer*.

As Donald Trump, along with many others of this new-rich ilk, sought to be covered by the media—Murdoch's *New York Post* was the effective court recorder of this new publicity-hungry aristocracy—the *New York Observer* covered the process of him being covered. The story of Trump was the story of how he tried to make himself a story. He was shameless, campy, and instructive: if you were willing to risk humiliation, the world could be yours. Trump became the objective correlative for the rising appetite for fame and notoriety. Trump came to believe he understood everything about the media—who you need to know, what pretense you need to maintain, what information you could profitably trade, what lies you might tell, what lies the media expected you to tell. And the media came to believe it knew everything about Trump—his vanities, delusions, and lies, and the levels, uncharted, to which he would stoop for ever more media attention.

Graydon Carter soon used the *New York Observer* as his stepping-stone to *Vanity Fair* —where, he believed, he might have access to a higher level of celebrity than Donald Trump. Carter was followed at the *Observer* in 1994 by Peter Kaplan, an editor with a heightened sense of postmodern irony and ennui.

Trump, in Kaplan's telling, suddenly took on a new persona. Whereas he had before been the symbol of success and mocked for it, now he became, in a shift of zeitgeist (and of having to refinance a great deal of debt), a symbol of failure and mocked for it. This was a complicated reversal, not just having to do with Trump, but of how the media was now seeing itself. Donald Trump became a symbol of the media's own self-loathing: the interest in and promotion of Donald Trump was a morality tale about the media. Its ultimate end was Kaplan's pronouncement that Trump should not be covered anymore because every story about Donald Trump had become a cliché.

An important aspect of Kaplan's *New York Observer* and its self-conscious inside media baseball was that the paper became the prime school for a new generation of media reporters flooding every other publication in New York as journalism itself became ever more self-conscious and self-referential. To everyone working in media in New York, Donald Trump represented the ultimate shame of working in media in New York: you might have to write about Donald Trump. Not writing about him, or certainly not taking

him at face value, became a moral stand.

In 2006, after Kaplan had edited the paper for fifteen years, Arthur Carter sold the *Observer*—which had never made a profit—to the then twenty-five-year-old Kushner, an unknown real estate heir interested in gaining stature and notoriety in the city. Kaplan was now working for someone twenty-five years his junior, a man who, ironically, was just the kind of arriviste he would otherwise have covered.

For Kushner, owning the paper soon paid off, because, with infinite ironies not necessarily apparent to him, it allowed him into the social circle where he met Donald Trump's daughter, Ivanka, whom he married in 2009. But the paper did not, irksomely for Kushner, pay off financially, which put him into increasing tension with Kaplan. Kaplan, in turn, began telling witty and devastating tales about the pretensions and callowness of his new boss, which spread, in constant retelling, among his many media protégés and hence throughout the media itself.

In 2009, Kaplan left the paper, and Kushner—making a mistake that many rich men who have bought vanity media properties are prone to making—tried to find a profit by cutting costs. In short order, the media world came to regard Kushner as the man who not only took Peter Kaplan's paper from him, but also ruined it, brutally and incompetently. And worse: in 2013, Kaplan, at fifty-nine, died of cancer. So, effectively, in the telling, Kushner had killed him, too.

Media is personal. It is a series of blood scores. The media in its often collective mind decides who is going to rise and who is going to fall, who lives and who dies. If you stay around long enough in the media eye, your fate, like that of a banana republic despot, is often an unkind one—a law Hillary Clinton was not able to circumvent. The media has the last word.

Long before he ran for president, Trump and his sidekick son-in-law Kushner had been marked not just for ignominy, but for slow torture by ridicule, contempt, and ever-more amusing persiflage. These people are nothing. They are media debris. For goodness' sake!

Trump, in a smart move, picked up his media reputation and relocated it from a hypercritical New York to a more value-free Hollywood, becoming the star of his own reality show, *The Apprentice*, and embracing a theory that would serve him well during his presidential campaign: in flyover country, there is no greater asset than celebrity. To be famous is to be loved—or at least fawned over.

The fabulous, incomprehensible irony that the Trump family had, despite the media's distaste, despite everything the media knows and understands and has said about them, risen to a level not only of ultimate consequence but even of immortality is beyond worst-case nightmare and into cosmic-joke territory. In this infuriating circumstance, Trump and his son-in-law were united, always aware and yet never quite understanding why they should be the butt of a media joke, and now the target of its stunned outrage.

* * *

The fact that Trump and his son-in-law had many things in common did not mean they operated on a common playing field. Kushner, no matter how close to Trump, was yet a member of the Trump entourage, with no more ultimate control of his father-in-law than anybody else now in the business of trying to control Trump.

Still, the difficulty of controlling him had been part of Kushner's self-justification or rationalization for stepping beyond his family role and taking a senior White House job: to exercise restraint on his father-in-law and even—a considerable stretch for the inexperienced young man—to help lend him some gravitas.

If Bannon was going to pursue as his first signature White House statement the travel ban, then Kushner was going to pursue as his first leadership mark a meeting with the Mexican president, whom his father-in-law had threatened and insulted throughout the campaign.

Kushner called up the ninety-three-year-old Kissinger for advice. This was both to flatter the old man and to be able to drop his name, but it was also actually for real advice. Trump had done nothing but cause problems for the Mexican president. To bring the Mexican president to the White House would be, despite Bannon's no-pivot policy from the campaign's harshness, a truly meaningful pivot for which Kushner would be able to claim credit (although don't call it a pivot). It was what Kushner believed he should be doing: quietly following behind the president and with added nuance and subtlety clarifying the president's real intentions, if not recasting them entirely.

The negotiation to bring Mexican president Enrique Peña Nieto to the White House had begun during the transition period. Kushner saw the chance to convert the issue of the wall into a bilateral agreement addressing immigration—hence a tour de force of Trumpian politics. The negotiations surrounding the visit reached their apogee on the Wednesday after the inaugural, with a high-level Mexican delegation—the first visit by any foreign leader to the Trump White House—meeting with Kushner and Reince Priebus. Kushner's message to his father-in-law that afternoon was that Peña Nieto had signed on to a White House meeting and planning for the visit could go forward.

The next day Trump tweeted: "The U.S. has a 60 billion dollar trade deficit with Mexico. It has been a one-sided deal from the beginning of NAFTA with massive numbers …" And he continued in the next tweet … "of jobs and companies lost. If Mexico is unwilling to pay for the badly needed wall, then it would be better to cancel the upcoming meeting …"

At which point Peña Nieto did just that, leaving Kushner's negotiation and statecraft as so much scrap on the floor.

* * *

On Friday, February 3, at breakfast at the Four Seasons hotel in Georgetown, an epicenter of the swamp, Ivanka Trump, flustered, came down the stairs and entered the dining room, talking loudly on her cell phone: "Things are so messed up and I don't know how to fix it… ."

The week had been overwhelmed by continuing fallout from the immigration order—the administration was in court and headed to a brutal ruling against it—and more embarrassing leaks of two theoretically make-nice phone calls, one with the Mexican president ("bad hombres") and the other with the Australian prime minister ("my worst call by far"). What's more, the day before, Nordstrom had announced that it was dropping Ivanka Trump's clothing line.

The thirty-five-year-old was a harried figure, a businesswoman who had had to abruptly shift control of her business. She was also quite overwhelmed by the effort of having just moved her three children into a new house in a new city—and having to do this largely on her own. Asked how his children were adjusting to their new school several weeks after the move, Jared said that yes, they were indeed in school—but he could not immediately identify where.

Still, in another sense, Ivanka was landing on her feet. Breakfast at the Four Seasons was a natural place for her. She was among everyone who was anyone. In the restaurant that morning: House Minority Leader Nancy Pelosi; Blackstone CEO Stephen Schwarzman; Washington fixture, lobbyist, and Clinton confidant Vernon Jordan; labor secretary nominee Wilbur Ross; Bloomberg Media CEO Justin Smith; *Washington Post* national reporter Mark Berman; and a table full of women lobbyists and fixers, including the music industry's longtime representative in Washington, Hillary Rosen; Elon Musk's D.C. adviser, Juleanna Glover; Uber's political and policy executive, Niki Christoff; and Time Warner's political affairs executive, Carol Melton.

In some sense—putting aside both her father's presence in the White House and his tirades against draining the swamp, which might otherwise include most everyone here, this was the type of room Ivanka had worked hard to be in. Following the route of her father, she was crafting her name and herself into a multifaceted, multiproduct brand; she was also transitioning from her father's aspirational male golf and business types to aspirational female mom and business types. She had, well before her father's presidency could have remotely been predicted, sold a book, *Women Who Work: Rewriting the Rules for Success*, for $1 million.

In many ways, it had been an unexpected journey, requiring more discipline than you might expect from a contented, distracted, run-of-the-mill socialite. As a twenty-one-year-old, she appeared in a film made by her then boyfriend, Jamie Johnson, a Johnson & Johnson heir. It's a curious, even somewhat unsettling film, in which Johnson corrals his set of rich-kid friends into openly sharing their dissatisfactions, general lack of ambition, and contempt for their families. (One of his friends would engage in long litigation with

him over the portrayal.) Ivanka, speaking with something like a Valley Girl accent—which would transform in the years ahead into something like a Disney princess voice—seems no more ambitious or even employed than anyone else, but she is notably less angry with her parents.

She treated her father with some lightness, even irony, and in at least one television interview she made fun of his comb-over. She often described the mechanics behind it to friends: an absolutely clean pate—a contained island after scalp reduction surgery—surrounded by a furry circle of hair around the sides and front, from which all ends are drawn up to meet in the center and then swept back and secured by a stiffening spray. The color, she would point out to comical effect, was from a product called Just for Men—the longer it was left on, the darker it got. Impatience resulted in Trump's orange-blond hair color.

Father and daughter got along almost peculiarly well. She was the real mini-Trump (a title that many people now seemed to aspire to). She accepted him. She was a helper not just in his business dealings, but in his marital realignments. She facilitated entrances and exits. If you have a douchebag dad, and if everyone is open about it, then maybe it becomes fun and life a romantic comedy—sort of.

Reasonably, she ought to be much angrier. She grew up not just in the middle of a troubled family but in one that was at all times immersed in bad press. But she was able to bifurcate reality and live only in the uppermost part of it, where the Trump name, no matter how often tarnished, nevertheless had come to be an affectionately tolerated presence. She resided in a bubble of other wealthy people who thrived on their relationship with one another—at first among private school and Upper East Side of Manhattan friends, then among social, fashion, and media contacts. What's more, she tended to find protection as well as status in her boyfriends' families, aggressively bonding with a series of wealthy suitors' families—including Jamie Johnson's before the Kushners—over her own.

The Ivanka-Jared relationship was shepherded by Wendi Murdoch, herself a curious social example (to nobody so much as to her then husband, Rupert). The effort among a new generation of wealthy women was to recast life as a socialite, turning a certain model of whimsy and noblesse oblige into a new status as a power woman, a kind of postfeminist socialite. In this, you worked at knowing other rich people, the best rich people, and of being an integral and valuable part of a network of the rich, and of having your name itself evoke, well … riches. You weren't satisfied with what you had, you wanted more. This required quite a level of indefatigability. You were marketing a product—yourself. You were your own start-up.

This was what her father had always done. This, more than real estate, was the family business.

She and Kushner then united as a power couple, consciously recasting themselves as figures of ultimate attainment, ambition, and satisfaction in the new global world and as representatives of a new eco-philanthropic-art sensibility. For Ivanka, this included her friendship with Wendi Murdoch and with Dasha Zhukova, the then wife of the Russian oligarch Roman Abramovich, a fixture in the international art world, and, just a few months before the election, attending a Deepak Chopra seminar on mediation with Kushner. She was searching for meaning—and finding it. This transformation was further expressed not just in ancillary clothing, jewelry, and footwear lines, as well as reality TV projects, but in a careful social media presence. She became a superbly coordinated everymom, who would, with her father's election, recast herself again, this time as royal family.

And yet, the larger truth was that Ivanka's relationship with her father was in no way a conventional family relationship. If it wasn't pure opportunism, it was certainly transactional. It was business. Building the brand, the presidential campaign, and now the White House—it was all business.

But what did Ivanka and Jared *really* think of their father and father-in-law? "There's great, great, great affection—you see it, you really do," replied Kellyanne Conway, somewhat avoiding the question.

"They're not fools," said Rupert Murdoch when asked the question.

"They understand him, I think truly," reflected Joe Scarborough. "And they appreciate his energy. But there's detachment." That is, Scarborough went on, they have tolerance but few illusions.

* * *

Ivanka's breakfast that Friday at the Four Seasons was with Dina Powell, the latest Goldman Sachs executive to join the White House.

In the days after the election, Ivanka and Jared had both met with a revolving door of lawyers and PR people, most of them, the couple found, leery of involvement, not least because the couple seemed less interested in bending to advice and more interested in shopping for the advice they wanted. In fact, much of the advice they were getting had the same message: surround yourself—*acquaint* yourselves—with figures of the greatest establishment credibility. In effect: you are amateurs, you need professionals.

One name that kept coming up was Powell's. A Republican operative who had gone on to high influence and compensation at Goldman Sachs, she was quite the opposite of anyone's notion of a Trump Republican. Her family emigrated from Egypt when she was a girl, and she is fluent in Arabic. She worked her way up through a series of stalwart Republicans, including Texas senator Kay Bailey Hutchison and House Speaker Dick Armey. In the Bush White House she served as chief of the personnel office and an assistant secretary of state for educational and cultural affairs. She went to Goldman in

2007 and became a partner in 2010, running its philanthropic outreach, the Goldman Sachs Foundation. Following a trend in the careers of many poiitical operatives, she had become, as well as an über networker, a corporate public affairs and PR-type adviser—someone who knew the right people in power and had a keen sensitivity to how other people's power can be used.

The table of women lobbyists and communications professionals in the Four Seasons that morning was certainly as interested in Powell, and her presence in the new administration, as they were in the president's daughter. If Ivanka Trump was a figure more of novelty than of seriousness, the fact that she had helped bring Powell into the White House and was now publicly conferring with her added a further dimension to the president's daughter. In a White House seeming to pursue a dead-set Trumpian way, this was a hint of an alternative course. In the assessment of the other fixers and PR women at the Four Seasons, this was a potential shadow White House—Trump's own family not assaulting the power structure but expressing an obvious enthusiasm for it.

Ivanka, after a long breakfast, made her way through the room. Between issuing snappish instructions on her phone, she bestowed warm greetings and accepted business cards.

# 6

## At HQME

Within the first weeks of his presidency a theory emerged among Trump's friends that he was not acting presidential, or, really, in any way taking into account his new status or restraining his behavior—from early morning tweets, to his refusal to follow scripted remarks, to his self-pitying calls to friends, details of which were already making it into the press—because he hadn't taken the leap that others before him had taken. Most presidents arrived in the White House from more or less ordinary political life, and could not help but be awed and reminded of their transformed circumstances by their sudden elevation to a mansion with palacelike servants and security, a plane at constant readiness, and downstairs a retinue of courtiers and advisers. But this would not have been that different from Trump's former life in Trump Tower, which was more commodious and to his taste than the White House, with servants, security, courtiers, and advisers always on the premises and a plane at the ready. The big deal of being president was not so apparent to him.

But another theory of the case was exactly opposite: he was totally off-kilter here because everything in his orderly world had been thrown on its head. In this view, the seventy-year-old Trump was a creature of habit at a level few people without despotic control of their environment could ever imagine. He had lived in the same home, a vast space in Trump Tower, since shortly after the building was completed in 1983. Every morning since, he had made the same commute to his office a few floors down. His corner office was a time capsule from the 1980s, the same gold-lined mirrors, the same *Time* magazine covers fading on the wall; the only substantial change was the substitution of Joe Namath's football for Tom Brady's. Outside the doors to his office, everywhere he looked there were the same faces, the same retainers—servants, security, courtiers, the "yes people"—who had attended him basically always.

"Can you imagine how disruptive it would be if that's what you did every day and then suddenly you're in the White House?" marveled a longtime Trump friend, smiling broadly at this trick of fate, if not abrupt comeuppance.

Trump found the White House, an old building with only sporadic upkeep and

piecemeal renovations—as well as a famous roach and rodent problem—to be vexing and even a little scary. Friends who admired his skills as a hotelier wondered why he just didn't remake the place, but he seemed cowed by the weight of the watchful eyes on him.

Kellyanne Conway, whose family had remained in New Jersey, and who had anticipated that she could commute home when the president went back to New York, was surprised that New York and Trump Tower were suddenly stricken from his schedule. Conway thought that the president, in addition to being aware of the hostility in New York, was making a conscious effort to be "part of this great house." (But, acknowledging the difficulties inherent in his change of circumstances and of adapting to presidential lifestyle, she added, "How often will he go to Camp David?"—the Spartan, woodsy presidential retreat in Catoctin Mountain Park in Maryland—"How 'bout never.")

At the White House, he retreated to his own bedroom—the first time since the Kennedy White House that a presidential couple had maintained separate rooms (although Melania was spending scant time so far in the White House). In the first days he ordered two television screens in addition to the one already there, and a lock on the door, precipitating a brief standoff with the Secret Service, who insisted they have access to the room. He reprimanded the housekeeping staff for picking up his shirt from the floor: "If my shirt is on the floor, it's because I want it on the floor." Then he imposed a set of new rules: nobody touch anything, especially not his toothbrush. (He had a longtime fear of being poisoned, one reason why he liked to eat at McDonald's—nobody knew he was coming and the food was safely premade.) Also, he would let housekeeping know when he wanted his sheets done, and he would strip his own bed.

If he was not having his six-thirty dinner with Steve Bannon, then, more to his liking, he was in bed by that time with a cheeseburger, watching his three screens and making phone calls—the phone was his true contact point with the world—to a small group of friends, among them most frequently Tom Barrack, who charted his rising and falling levels of agitation through the evening and then compared notes with one another.

* * *

But after the rocky start, things started to look better—even, some argued, presidential.

On Tuesday, January 31, in an efficiently choreographed prime-time ceremony, an upbeat and confident President Trump announced the nomination of federal appellate judge Neil Gorsuch to the Supreme Court. Gorsuch was a perfect combination of impeccable conservative standing, admirable probity, and gold-standard legal and judicial credentials. The nomination not only delivered on Trump's promise to the base and to the conservative establishment, but it was a choice that seemed perfectly presidential.

Gorsuch's nomination was also a victory for a staff that had seen Trump, with this plum job and rich reward in his hand, waver again and again. Pleased by how the nomination was received, especially by how little fault the media could find with it,

Trump would shortly become a Gorsuch fan. But before settling on Gorsuch, he wondered why the job wasn't going to a friend and loyalist. In the Trump view, it was rather a waste to give the job to someone he didn't even know.

At various points in the process he had run through almost all his lawyer friends—all of them unlikely, if not peculiar, choices, and, in almost every case, political nonstarters. The one unlikely, peculiar, and nonstarter choice that he kept returning to was Rudy Giuliani.

Trump owed Giuliani; not that he was so terribly focused on his debts, but this was one that was certainly unpaid. Not only was Giuliani a longtime New York friend, but when few Republicans were offering Trump their support, and almost none with a national reputation, Giuliani was there for him—and in combative, fiery, and relentless fashion. This was particularly true during the hard days following Billy Bush: when virtually everybody, including the candidate himself, Bannon, Conway, and his children, believed the campaign would implode, Giuliani barely allowed himself a break from his nonstop, passionate, and unapologetic Trump defense.

Giuliani wanted to be the secretary of state, and Trump had in so many words offered him the job. The resistance to Giuliani from the Trump circle derived from the same reason Trump was inclined to give him the job—Giuliani had Trump's ear and wouldn't let go. The staff whispered about his health and stability. Even his full-on pussygate defense now started to seem like a liability. He was offered attorney general, Department of Homeland Security, and director of national intelligence, but he turned them all down, continuing to hold out for State. Or, in what staffers took to be the ultimate presumption, or grand triangulation, the Supreme Court. Since Trump could not put someone openly pro-choice on the court without both sundering his base and risking defeat of his nominee, then, of course, he'd *have* to give Giuliani State.

When this strategy failed—Rex Tillerson got the secretary of state job—that should have been the end of it, but Trump kept returning to the idea of putting Giuliani on the court. On February 8, during the confirmation process, Gorsuch took public exception to Trump's disparagement of the courts. Trump, in a moment of pique, decided to pull his nomination and, during conversations with his after-dinner callers, went back to discussing how he should have given the nod to Rudy. He was the only loyal guy. It was Bannon and Priebus who kept having to remind him, and to endlessly repeat, that in one of the campaign's few masterful pieces of issue-defusing politics, and perfect courtship of the conservative base, it had let the Federalist Society produce a list of candidates. The campaign had promised that the nominee would come from that list—and needless to say, Giuliani wasn't on it.

Gorsuch was it. And Trump would shortly not remember when he had ever wanted anyone but Gorsuch.

* * *

On February 3, the White House hosted a carefully orchestrated meeting of one of the newly organized business councils, the president's Strategic and Policy Forum. It was a group of highly placed CEOs and weighty business types brought together by Blackstone chief Stephen Schwarzman. The planning for the event—with a precise agenda, choreographed seating and introductions, and fancy handouts—was more due to Schwarzman than to the White House. But it ended up being the kind of event that Trump did very well at and very much enjoyed. Kellyanne Conway, often referencing the Schwarzman gathering, would soon begin a frequent theme of complaint, namely that these kinds of events—Trump sitting down with serious-minded people and looking for solutions to the nation's problems—were the soul of Trump's White House and the media was giving them scant coverage.

Hosting business advisory councils was a Kushner strategy. It was an enlightened business approach, distracting Trump from what Kushner viewed as the unenlightened right-wing agenda. To an increasingly scornful Bannon, its real purpose was to allow Kushner himself to consort with CEOs.

Schwarzman reflected what to many was a surprising and sudden business and Wall Street affinity for Trump. Although few major-company CEOs had publicly supported him —with many, if not all, big companies planning for a Hillary Clinton victory and already hiring Clinton-connected public policy teams and with a pervasive media belief that a Trump victory would assure a market tailspin—there was suddenly an overnight warming. An antiregulatory White House and the promise of tax reform outweighed the prospect of disruptive tweeting and other forms of Trump chaos; besides, the market had not stopped climbing since November 9, the day after the election. What's more, in one-on-one meetings, CEOs were reporting good vibes from Trump's effusive and artful flattery—and the sudden relief of not having to deal with what some knew to be relentless Clinton-team hondling (what can you do for us today and can we use your plan?).

On the other hand, while there was a warming C-suite feeling for Trump, there was also rising concern about the consumer side of many big brands. The Trump brand was suddenly the world's biggest brand—the new Apple, except the opposite, since it was universally disdained (at least among many of the consumers who most top brands sought to court).

Hence, on inaugural morning, the employees of Uber, the ride sharing company, whose then CEO Travis Kalanick had signed on to the Schwarzman council, woke up to find people chained to the doors of their San Francisco headquarters. The charge was that Uber and Kalanick were "collaborating"—with its whiff of Vichy—a much different status than a business looking to sober forums with the president as a way to influence the government. Indeed, the protesters who believed they were seeing the company's relationship with Trump in political terms were actually seeing this in conventional brand

terms and zooming in on the disconnect. Uber's customer base is strongly young, urban, and progressive, and therefore out of sync with the Trump base. Brand-conscious millennials saw this as beyond policy dickering and as part of an epic identity clash. The Trump White House stood less for government and the push-pull of competing interests and developing policies, and more, in a brand-savvy world, as a fixed and unpopular cultural symbol.

Uber's Kalanick resigned from the council. Disney CEO Bob Iger simply found that he was otherwise occupied on the occasion of the forum's first meeting.

But most of the people on the council—other than Elon Musk, the investor, inventor, and founder of Tesla (who would later resign)—were not from media or tech companies, with their liberal bent, but from old-line, when-America-was-great enterprises. They included Mary Barra, the CEO of General Motors; Ginni Rometty of IBM; Jack Welch, the former CEO of GE; Jim McNerney, the former CEO of Boeing; and Indra Nooyi of PepsiCo. If the new right had elected Trump, it was the older Fortune 100 executives who most pleased him.

Trump attended the meeting with his full retinue—the circle that seemed always to move with him in lockstep, including Bannon, Priebus, Kushner, Stephen Miller, and National Economic Council chief Gary Cohn—but conducted it entirely himself. Each of the people at the table, taking a point of interest, spoke for five minutes, with Trump then asking follow-up questions. Though Trump appeared not to have particularly, or at all, prepared for any of the subjects being discussed, he asked engaged and interested questions, pursuing things he wanted to know more about, making the meeting quite an easy back-and-forth. One of the CEOs observed that this seemed like the way Trump preferred to get information—talking about what he was interested in and getting other people to talk about his interests.

The meeting went on for two hours. In the White House view, this was Trump at his best. He was most at home around people he respected—and these were "the most respected people in the country," according to Trump—who seemed to respect him, too.

This became a staff goal—to create situations in which he was comfortable, to construct something of a bubble, to wall him off from a mean-spirited world. Indeed, they sought to carefully replicate this formula: Trump in the Oval or in a larger West Wing ceremonial room presiding in front of a receptive audience, with a photo opportunity. Trump was often his own stage manager at these events, directing people in and out of the picture.

* * *

The media has a careful if selective filter when it comes to portraying real life in the White House. The president and First Family are not, at least not usually, subjected to the sort of paparazzi pursuit that in celebrity media results in unflattering to embarrassing to mocking

photographs, or in endless speculation about their private lives. Even in the worst scandals, a businesslike suit-and-tie formality is still accorded the president. *Saturday Night Live* presidential skits are funny in part because they play on our belief that in reality, presidents are quite contained and buttoned-down figures, and their families, trotting not far behind, colorless and obedient. The joke on Nixon was that he was pitiably uptight—even at the height of Watergate, drinking heavily, he remained in his coat and tie, kneeling in prayer. Gerald Ford merely tripped coming off Air Force One, providing great hilarity in this break from formal presidential poise. Ronald Reagan, likely suffering the early effects of Alzheimer's, remained a carefully managed picture of calm and confidence. Bill Clinton, amid the greatest break in presidential decorum in modern history, was even so always portrayed as a man in control. George W. Bush, for all his disengagement, was allowed by the media to be presented as dramatically in charge. Barack Obama, perhaps to his disadvantage, was consistently presented as thoughtful, steady, and determined. This is partly a benefit of overweening image control, but it is also because the president is thought to be the ultimate executive—or because the national myth requires him to be.

That was actually the kind of image that Donald Trump had worked to project throughout most of his career. His is a 1950s businessman sort of ideal. He aspires to look like his father—or, anyway, not to displease his father. Except when he's in golf wear, it is hard to imagine him out of a suit and tie, because he almost never is. Personal dignity—that is, apparent uprightness and respectability—is one of his fixations. He is uncomfortable when the men around him are not wearing suit and ties. Formality and convention—before he became president, almost everybody without high celebrity or a billion dollars called him "Mr. Trump"—are a central part of his identity. Casualness is the enemy of pretense. And his pretense was that the Trump brand stood for power, wealth, arrival.

On the February 5, the *New York Times* published an inside-the-White-House story that had the president, two weeks into his term, stalking around in the late hours of the night in his bathrobe, unable to work the light switches. Trump fell apart. It was, the president not incorrectly saw, a way of portraying him as losing it, as Norma Desmond in the movie *Sunset Boulevard*, a faded or even senile star living in a fantasy world. (This was Bannon's interpretation of the *Times*'s image of Trump, which was quickly adopted by everyone in the White House.) And, of course, once again, it was a media thing—he was being treated in a way that no other president had ever been treated.

This was not incorrect. The *New York Times*, in its efforts to cover a presidency that it openly saw as aberrant, had added to its White House beat something of a new form of coverage. Along with highlighting White House announcements—separating the trivial from the significant—the paper would also highlight, often in front-page coverage, the sense of the absurd, the pitiable, and the all-too-human. These stories turned Trump into a figure of ridicule. The two White House reporters most consistently on this beat, Maggie

Haberman and Glenn Thrush, would become part of Trump's constant refrain about the media being out to get him. Thrush would even become a fixture in *Saturday Night Live* sketches that mocked the president, his children, his press secretary Sean Spicer, and his advisers Bannon and Conway.

The president, while often a fabulist in his depiction of the world, was quite a literalist when it came to how he saw himself. Hence he rebutted this picture of him as a half-demented or seriously addled midnight stalker in the White House by insisting that he didn't own a bathrobe.

"Do I seem like a bathrobe kind of guy, really?" he demanded, not humorously, of almost every person with whom he spoke over the next forty-eight hours. "Seriously, can you see me in a bathrobe?"

Who had leaked it? For Trump, the details of his personal life suddenly became a far greater matter of concern than all the other kinds of leaks.

The *New York Times* Washington bureau, itself quite literal and worried by the possible lack of an actual bathrobe, reverse-leaked that Bannon was the source of the story.

Bannon, who styled himself as a kind of black hole of silence, had also become a sort of official black-hole voice, everybody's Deep Throat. He was witty, intense, evocative, and bubbling over, his theoretical discretion ever giving way to a constant semipublic commentary on the pretensions and fatuousness and hopeless lack of seriousness of most everyone else in the White House. By the second week of the Trump presidency, everybody in the White House seemed to be maintaining their own list of likely leakers and doing their best to leak before being leaked about.

But another likely leak source about his angst in the White House was Trump himself. In his calls throughout the day and at night from his bed, he frequently spoke to people who had no reason to keep his confidences. He was a river of grievances—including about what a dump the White House was on close inspection—examples of which many recipients of his calls promptly spread throughout the ever attentive and merciless gossip world.

* * *

On February 6, Trump made one of his seething, self-pitying, and unsolicited phone calls without presumption of confidentiality to a passing New York media acquaintance. The call had no discernible point other than to express his bent-out-of-shape feelings about the relentless contempt of the media and the disloyalty of his staff.

The initial subject of his ire was the *New York Times* and its reporter Maggie Haberman, whom he called "a nut job." The *Times*'s Gail Collins, who had written a column unfavorably comparing Trump to Vice President Pence, was "a moron." But then, continuing under the rubric of media he hated, he veered to CNN and the deep disloyalty

of its chief, Jeff Zucker. Zucker, who as the head of NBC had commissioned *The Apprentice*, had been "made by Trump," Trump said of himself in the third person. And Trump had "personally" gotten Zucker his job at CNN. "Yes, yes, I did," said Trump.

He then repeated a story that he was obsessively telling almost everyone he spoke to. He'd gone to a dinner, he didn't remember when, where he had sat next to "a gentleman named Kent"—undoubtedly Phil Kent, a former CEO of Turner Broadcasting, the Time Warner division that oversaw CNN—"and he had a list of four names." Three of them Trump had never heard of, but he knew Jeff Zucker because of *The Apprentice*. "Zucker was number four on the list, so I talked him up to number one. I probably shouldn't have because Zucker is not that smart but I like to show I can do that sort of thing." But Zucker, "a very bad guy who has done terrible with the ratings," had turned around after Trump had gotten him the job and had said, well, it's "unbelievably disgusting." This was the Russian "dossier" and the "golden shower" story—the practice CNN had accused him of being party to in the Moscow hotel suite with assorted prostitutes.

Having dispensed with Zucker, the president of the United States went on to speculate on what was involved with a golden shower. And how this was all just part of a media campaign that would never succeed in driving him from the White House. Because they were sore losers and hated him for winning, they spread total lies, 100 percent made-up things, totally untrue, for instance, the cover that week of *Time* magazine—which, Trump reminded his listeners, he had been on more than anyone in history—that showed Steve Bannon, a good guy, saying he was the real president. "How much influence do you think Steve Bannon has over me?" Trump demanded and repeated the question, and then repeated the answer: "Zero! Zero!" And that went for his son-in-law, too, who had a lot to learn.

The media was not only hurting him, he said—he was not looking for any agreement or really even any response—but hurting his negotiating capabilities, which hurt the nation. And that went for *Saturday Night Live*, too, which might think it was very funny but was actually hurting everybody in the country. And while he understood that *SNL* was there to be mean to him, they were being very, very mean. It was "fake comedy." He had reviewed the treatment of all other presidents in the media and there was nothing like this ever, even of Nixon who was treated very unfairly. "Kellyanne, who is very fair, has this all documented. You can look at it."

The point is, he said, that that very day, he had saved $700 million a year in jobs that were going to Mexico but the media was talking about him in his bathrobe, which "I don't have because I've never worn a bathrobe. And would never wear one, because I'm not that kind of guy." And what the media was doing was undermining this very dignified house, and "dignity is so important." But Murdoch, "who had never called me, never once," was now calling all the time. So that should tell people something.

The call went on for twenty-six minutes.

# 7

# RUSSIA

Even before there was reason to suspect Sally Yates, they suspected her. The transition report said Trump wouldn't like the fifty-six-year-old Atlanta-born University of Georgia career Justice Department lawyer slated to step up to acting attorney general. There was something about a particular kind of Obama person. Something about the way they walked and held themselves. *Superiority*. And about a certain kind of woman who would immediately rub Trump the wrong way—Obama women being a good tip-off, Hillary women another. Later this would be extended to "DOJ women."

Here was an elemental divide: between Trump and career government employees. He could understand politicians, but he was finding it hard to get a handle on these bureaucrat types, their temperament and motives. He couldn't grasp what they wanted. Why would they, or anyone, be a permanent government employee? "They max out at what? Two hundred grand? Tops," he said, expressing something like wonder.

Sally Yates could have been passed over for the acting AG spot—to serve in place while the attorney-general-designate, Jeff Sessions, waited for confirmation—and before long Trump would be furious about why she wasn't. But she was the sitting deputy and she'd been confirmed by the Senate, and the acting AG job needed someone with Senate confirmation. And even though she seemed to see herself as something of a prisoner held in hostile territory, Yates accepted the job.

Given this context, the curious information she presented to White House counsel Don McGahn during the administration's first week—this was before, in the second week, she refused to enforce the immigration order and was thereupon promptly fired—seemed not only unwelcome but suspect.

The newly confirmed National Security Advisor, Michael Flynn, had brushed off reports in the *Washington Post* about a conversation with Russian ambassador Sergey Kislyak. It was a simple meet and greet, he said. He assured the transition team—among others, Vice President-elect Pence—that there were no discussions of Obama administration sanctions against the Russians, an assurance Pence publicly repeated.

Yates now told the White House that Flynn's conversation with Kislyak had actually been captured as part of an "incidental collection" of authorized wiretaps. That is, a wiretap had presumably been authorized on the Russian ambassador by the secret Foreign Intelligence Surveillance Court and, incidentally, picked up Flynn.

The FISA court had achieved a moment of notoriety after the Edward Snowden revelations briefly made it a bête noire for liberals who were angry about privacy incursions. Now it was achieving another moment, but this time as the friend of liberals, who hoped to use these "incidental" wiretaps as a way to tie the Trump camp to a wide-ranging conspiracy with Russia.

In short order, McGahn, Priebus, and Bannon, each with prior doubts about Flynn's reliability and judgment—"a fuck-up," according to Bannon—conferred about the Yates message. Flynn was asked again about his call with Kislyak; he was also told that a recording might exist. Again he scoffed at any suggestion that this was a meaningful conversation about anything.

In one White House view, Yates's tattling was little more than "like she found out her girlfriend's husband flirted with somebody else and, standing on principle, had to tell on him."

Of more alarm to the White House was how, in an incidental collection wherein the names of American citizens are supposedly "masked"—with complicated procedures required to "unmask" them—had Yates so handily and conveniently picked up Flynn? Her report would also seem to confirm that the leak to the *Post* about these recordings came from the FBI, DOJ, or Obama White House sources—part of the growing river of leaks, with the *Times* and the *Post* the leakers' favored destinations.

The White House in its assessment of the Yates message ended up seeing this as less a problem with an always hard-to-handle Flynn than as a problem with Yates, even as a threat from her: the Justice Department, with its vast staff of career and Obama-inclined prosecutors, had ears on the Trump team.

* * *

"It's unfair," said Kellyanne Conway, sitting in her yet undecorated second-floor office while representing the president's hurt feelings. "It's obviously unfair. It's very unfair. They lost. They didn't win. This is so unfair. So POTUS just doesn't want to talk about it."

There was nobody in the White House who wanted to talk about—or even anyone who had been officially delegated to talk about—Russia, the story that, evident to most, even before they entered the White House, was certain to overwhelm the first year of the Trump administration at the very least. Nobody was prepared to deal with it.

"There's no reason to even talk about it," said Sean Spicer, sitting on the couch in his

office, firmly crossing his arms. "There's no reason to even talk about it," he said again, stubbornly.

For his part, the president did not use, though he might have, the word "Kafkaesque." He regarded the Russia story as senseless and inexplicable and having no basis in reality. They were just being sucked in.

They had survived scandal during the campaign—the Billy Bush weekend—which virtually no one in Trump's inner circle had thought they could survive, only to be hit by the Russia scandal. Compared to Pussy-gate, Russia seemed like the only-desperate-thing-left-gate. What seemed unfair now was that the issue still wasn't going away, and that, incomprehensibly, people took it seriously. When at best it was … nothing.

*It was the media.*

The White House had quickly become accustomed to media-led scandals, but they were also used to their passing. But now this one was, frustratingly, holding on.

If there was any single piece of proof not just of media bias but of the intention of the media to do anything it could to undermine this president, it was—in the view of the Trump circle—this, the Russia story, what the *Washington Post* termed "Russia's attack on our political system." ("So terribly, terribly unfair, with no proof of one vote changed," according to Conway.) It was insidious. It was, to them, although they didn't put it this way, similar to the kind of dark Clinton-like conspiracies that Republicans were more wont to accuse liberals of—Whitewater, Benghazi, Email-gate. That is, an obsessive narrative that leads to investigations, which lead to other investigations, and to more obsessive no-escape media coverage. This was modern politics: blood-sport conspiracies that were about trying to destroy people and careers.

When the comparison to Whitewater was made to Conway, she, rather proving the point about obsessions, immediately began to argue the particulars involving Webster Hubbell, a mostly forgotten figure in the Whitewater affair, and the culpability of the Rose Law Firm in Arkansas, where Hillary Clinton was a partner. Everybody believed their side's conspiracies, while utterly, and righteously, rejecting the conspiracies leveled at them. To call something a conspiracy was to dismiss it.

As for Bannon, who had himself promoted many conspiracies, he dismissed the Russia story in textbook fashion: "It's just a conspiracy theory." And, he added, the Trump team wasn't capable of conspiring about anything.

* * *

The Russia story was—just two weeks into the new presidency—a dividing line with each side viewing the other as pushing fake news.

The greater White House wholly believed that the story was an invented construct of weak if not preposterous narrative threads, with a mind-boggling thesis: *We fixed the*

*election with the Russians, OMG!* The anti-Trump world, and especially its media—that is, *the* media—believed that there was a high, if not overwhelming, likelihood that there was *something* significant there, and a decent chance that it could be brought home.

If the media, self-righteously, saw it as the Holy Grail and silver bullet of Trump destruction, and the Trump White House saw it, with quite some self-pity, as a desperate effort to concoct a scandal, there was also a range of smart money in the middle.

The congressional Democrats had everything to gain by insisting, Benghazi-like, that where there was smoke (even if they were desperately working the bellows) there was fire, and by using investigations as a forum to promote their minority opinion (and for members to promote themselves).

For Republicans in Congress, the investigations were a card to play against Trump's vengefulness and unpredictability. Defending him—or something less than defending him and, indeed, possibly pursuing him—offered Republicans a new source of leverage in their dealings with him.

The intelligence community—with its myriad separate fiefdoms as suspicious of Trump as of any incoming president in memory—would, at will, have the threat of drip-drip-drip leaks to protect its own interests.

The FBI and DOJ would evaluate the evidence—and the opportunity—through their own lenses of righteousness and careerism. ("The DOJ is filled with women prosecutors like Yates who hate him," said a Trump aide, with a curiously gender-biased view of the growing challenge.)

If all politics is a test of your opponent's strength, acumen, and forbearance, then this, regardless of the empirical facts, was quite a clever test, with many traps that many people might fall into. Indeed, in many ways the issue was not Russia but, in fact, strength, acumen, and forbearance, the qualities Trump seemed clearly to lack. The constant harping about a possible crime, even if there wasn't an actual crime—and no one was yet pointing to a specific act of criminal collusion, or in fact any other clear violation of the law—could force a cover-up which might then turn into a crime. Or turn up a perfect storm of stupidity and cupidity.

"They take everything I've ever said and exaggerate it," said the president in his first week in the White House during a late-night call. "It's all exaggerated. My exaggerations are exaggerated."

* * *

Franklin Foer, the Washington-based former editor of the *New Republic*, made an early case for a Trump-Putin conspiracy on July 4, 2016, in *Slate*. His piece reflected the incredulity that had suddenly possessed the media and political intelligentsia: Trump, the unserious candidate, had, however incomprehensibly, become a more or less serious one.

And somehow, because of his prior unseriousness, and his what-you-see-is-what-you-get nature, the braggart businessman, with his bankruptcies, casinos, and beauty pageants, had avoided serious vetting. For Trump students—which, over his thirty years of courting attention, many in the media had become—the New York real estate deals were dirty, the Atlantic City ventures were dirty, the Trump airline was dirty, Mar-a-Lago, the golf courses, and the hotels all dirty. No reasonable candidate could have survived a recounting of even one of these deals. But somehow a genial amount of corruption had been figured into the Trump candidacy—that, after all, was the platform he was running on. *I'll do for you what a tough businessman does for himself.*

To really see his corruption, you had to see it on a bigger stage. Foer was suggesting a fabulous one.

Assembling a detailed road map for a scandal that did not yet exist, Foer, without anything resembling smoking guns or even real evidence, pulled together in July virtually all of the circumstantial and thematic threads and many of the various characters that would play out over the next eighteen months. (Unbeknownst to the public or even most media or political insiders, Fusion GPS had by this point hired the former British spy Christopher Steele to investigate a connection between Trump and the Russian government.)

Putin was seeking a resurgence of Russian power and, as well, to block encroachments by the European Union and NATO. Trump's refusal to treat Putin as a semi-outlaw—not to mention what often seemed like a man crush on him—meant, ipso facto, that Trump was sanguine about a return of Russian power and might actually be promoting it.

Why? What could possibly be in it for an American politician to publicly embrace—sycophantically embrace—Vladimir Putin and to encourage what the West saw as Russian adventurism?

Theory 1: Trump was drawn to authoritarian strongmen. Foer recounted Trump's longtime fascination with Russia, including being duped by a Gorbachev look-alike who visited Trump Tower in the 1980s, and his many fulsome and unnecessary "odes to Putin." This suggested a lie-down-with-dogs-wake-up-with-fleas vulnerability: consorting with or looking favorably upon politicians whose power lies partly in their tolerance of corruption brings you closer to corruption. Likewise, Putin was drawn to populist strongmen in his own image: hence, Foer asked, "Why *wouldn't* the Russians offer him the same furtive assistance they've lavished on Le Pen, Berlusconi, and the rest?"

Theory 2: Trump was part of a less-than-blue-chip (much less) international business set, feeding off the rivers of dubious wealth that had been unleashed by all the efforts to move cash, much of it from Russia and China, out of political harm's way. Such money, or rumors of such money, became an explanation—still only a circumstantial one—in trying to assess all the Trump business dealings that largely remained hidden from view. (There

were two contradictory theories here: he had hidden these dealings because he didn't want to admit their paucity, or he had hidden them to mask their disreputableness.) Because Trump is less than creditworthy, Foer was among many who concluded that Trump needed to turn to other sources—more or less dirty money, or money with other sorts of strings attached. (One way the process can work is, roughly speaking, as follows: an oligarch makes an investment in a more or less legitimate third-party investment fund, which, quid pro quo, makes an investment in Trump.) And while Trump would categorically deny that he had any loans or investments from Russia, one would, of course, not have dirty money on one's books.

As a subset of this theory, Trump—never very scrupulous about vetting his people—surrounded himself with a variety of hustlers working their own deals, and, plausibly, aiding Trump's deals. Foer identified the following characters as part of a possible Russian conspiracy:

- Tevfik Arif, a former Rus sian official who ran the Bayrock Group, a middleman in Trump financings with an office in Trump Tower.
- Felix Sater (sometimes spelled Satter), a Russian-born immigrant to Brighton Beach in Brooklyn, who had previously served time in prison in connection with a fraud at a Mafia-run brokerage and who went to work for Bayrock and had a business card identifying him as senior adviser to Donald Trump. (When Sater's name later continued to surface, Trump assured Bannon he didn't know Sater at all.)
- Carter Page, a banker of uncertain portfolio who had spent time in Russia and billed himself as having advised the state-run oil company, Gazprom, and who showed up on a hastily assembled list of Trump foreign policy advisers and who, it would turn out, the FBI was closely monitoring in what it said was a Russian intelligence effort to turn him. (Trump would later deny ever meeting Page, and the FBI would say that it believed Russian intelligence had targeted Page in an effort to turn him.)
- Michael Flynn, the former head of the Defense Intelligence Agency—fired by Obama for unclear reasons—who had yet to emerge as Trump's key foreign policy counselor and future National Security Advisor, but who was accompanying him on many campaign trips and who earlier in the year had been paid a $45,000 speaking fee in Moscow and been photographed sitting at a dinner with Putin.
- Paul Manafort, whom, along with serving as Trump's campaign manager, Foer highlighted as a political operative and consultant who had generated substantial income advising Kremlin-backed Viktor Yanukovych, who successfully ran for the presidency of Ukraine in 2010, was later deposed in 2014, and had been in business with the Russian oligarch and Putin crony Oleg Deripaska.

More than a year later, each of these men would be part of the near-daily Russia-Trump news cycle.

Theory 3: The Holy Grail proposition was that Trump and the Russians—perhaps even Putin himself—had gotten together to hack the Democratic National Committee.

Theory 4: But then there was the those-that-know-him-best theory, some version of which most Trumpers would come to embrace. He was just star-fucking. He took his beauty pageant to Russia because he thought Putin was going to be his friend. But Putin couldn't have cared less, and in the end Trump found himself at the promised gala dinner seated on one side next to a guy who looked like he had never used a utensil and on the other side Jabba the Hutt in a golf shirt. In other words, Trump—however foolish his sucking-up might have been, and however suspicious it might look in hindsight—just wanted a little respect.

Theory 5: The Russians, holding damaging information about Trump, were blackmailing him. He was a Manchurian Candidate.

* * *

On January 6, 2017—nearly six months to the day after Foer's piece was published—the CIA, FBI, and NSA announced their joint conclusion that "Vladimir Putin ordered an influence campaign in 2016 aimed at the U.S. presidential election." From the Steele dossier, to the steady leaks from the U.S. intelligence community, to testimony and statements from the leadership of U.S. intelligence agencies, a firm consensus had emerged. There was a nefarious connection, perhaps an ongoing one, between Trump and his campaign and the Russian government.

Still, this could yet be seen as highly wishful thinking by Trump opponents. "The underlying premise of the case is that spies tell the truth," said the veteran intelligence community journalist Edward Jay Epstein. "Who knew?" And, indeed, the worry in the White House was not about collusion—which seemed implausible if not farcical—but what, if the unraveling began, would likely lead to the messy Trump (and Kushner) business dealings. On this subject every member of the senior staff shrugged helplessly, covering eyes, ears, and mouth.

This was the peculiar and haunting consensus—not that Trump was guilty of all that he was accused of, but that he was guilty of so much else. It was all too possible that the hardly plausible would lead to the totally credible.

* * *

On February 13, twenty-four days into the new administration, National Security Advisor Michael Flynn became the first actual link between Russia and the White House.

Flynn had really only one supporter in the Trump administration, and that was the president himself. They were best friends during the campaign—buddy movie stuff. Post-inauguration, this translated into a total-access relationship. On Flynn's part, it led to a set of misapprehensions that was common inside Trump's circle: that the president's personal

endorsement indicated your status in the White House and that Trump's level of flattery was a convincing indication that you had an unbreakable bond with him and that you were, in his eyes, and in his White House, something close to omnipotent. Trump, with his love of generals, *had* even for a moment wanted to make Michael Flynn his vice president.

Intoxicated by Trump's flattery during the campaign, Flynn—a lower-tier general and quite a flaky one at that—had become something of a Trump dancing monkey. When former generals make alliances with political candidates, they customarily position themselves as providers of expertise and figures of a special maturity. But Flynn had become quite a maniacal partisan, part of the Trump traveling road show, one of the ranters and ravers opening Trump rallies. This all-in enthusiasm and loyalty had helped win him access to Trump's ear, into which he poured his anti-intelligence-community theories.

During the early part of the transition, when Bannon and Kushner had seemed joined at the hip, this was part of their bond: an effort to disintermediate Flynn and his often problematic message. A subtext in the White House estimation of Flynn, slyly insinuated by Bannon, was that Defense Secretary Mattis was a four-star general and Flynn but a three-star.

"I like Flynn, he reminds me of my uncles," said Bannon. "But that's the problem: he reminds me of my uncles."

Bannon used the general odor that had more and more attached to Flynn among everybody except the president to help secure a seat for himself on the National Security Council. This was, for many in the national security community, a signal moment in the effort by the nationalist right wing to seize power. But Bannon's presence on the council was just as much driven by the need to babysit the impetuous Flynn, prone to antagonizing almost everyone else in the national security community. (Flynn was "a colonel in a general's uniform," according to one senior intelligence figure.)

Flynn, like everyone around Trump, was besotted by the otherworldly sense of opportunity that came with, against all odds, being in the White House. And inevitably, he had been made more grandiose by it.

In 2014, Flynn had been roughly cashiered out of government, for which he blamed his many enemies in the CIA. But he had energetically set himself up in business, joining the ranks of former government officials profiting off the ever growing globalist corporate-financial-government policy and business networks. Then, after flirting with several other Republican presidential candidates, he bonded with Trump. Both Flynn and Trump were antiglobalists—or, anyway, they believed the United States was getting screwed in global transactions. Still, money was money, and Flynn, who, when he retired, had been receiving a few hundred thousand a year on his general's pension, was not turning any of it down. Various friends and advisers—including Michael Ledeen, a longtime anti-Iran

and anti-CIA crony, and the coauthor of Flynn's book, whose daughter now worked for Flynn—advised Flynn that he ought not to accept fees from Russia or the larger "consulting" assignments from Turkey.

It was in fact the sort of carelessness that almost everyone in Trump's world, including the president and his family, was guilty of. They lived with parallel realities in which, while proceeding with a presidential campaign, they also had to live in a vastly more likely world—rather a certain world—in which Donald Trump would never be president. Hence, business as usual.

In early February, an Obama administration lawyer friendly with Sally Yates remarked with some relish and considerable accuracy: "It certainly is an odd circumstance if you live your life without regard for being elected and then get elected—and quite an opportunity for your enemies."

In this, there was not only the Russian cloud hanging over the administration, but a sense that the intelligence community so distrusted Flynn, and so blamed its bad blood with Trump on him, that Flynn was the target here. Within the White House there was even a feeling that a soft trade was being implicitly offered: Flynn for the goodwill of the intelligence community.

At the same time, in what some thought a direct result of the president's rage over the Russia insinuations—particularly the insinuation about the golden shower—the president seemed to bond even more strongly with Flynn, assuring his National Security Advisor over and over again that he had his back, that the Russia accusations, those related both to Flynn and to himself, were "garbage." After Flynn's dismissal, a narrative describing Trump's increasing doubts about his adviser would be offered to the press, but in fact the opposite was true: the more doubts gathered around Flynn, the more certain the president became that Flynn was his all-important ally.

* * *

The final or deadliest leak during Michael Flynn's brief tenure is as likely to have come from the National Security Advisor's antagonists inside the White House as from the Justice Department.

On Wednesday, February 8, the *Washington Post*'s Karen DeYoung came to visit Flynn for what was billed as an off-the-record interview. They met not in his office but in the most ornate room in the Eisenhower Executive Office Building—the same room where Japanese diplomats waited to meet with Secretary of State Cordell Hull as he learned of the attack on Pearl Harbor.

To all outward appearances, it was an uneventful background interview, and DeYoung, Columbo-like in her affect, aroused no suspicions when she broached the de rigueur question: "My colleagues asked me to ask you this: Did you talk to the Russians about sanctions?"

Flynn declared that he had had no such conversations, absolutely no conversation, he confirmed again, and the interview, attended by senior National Security Council official and spokesman Michael Anton, ended soon thereafter.

But later that day, DeYoung called Anton and asked if she could use Flynn's denial on the record. Anton said he saw no problem—after all, the White House wanted Flynn's denial to be clear—and notified Flynn.

A few hours later, Flynn called Anton back with some worries about the statement. Anton applied an obvious test: "If you knew that there might be a tape of this conversation that could surface, would you still be a hundred percent sure?"

Flynn equivocated, and Anton, suddenly concerned, advised him that if he couldn't be sure they ought to "walk it back."

The *Post* piece, which appeared the next day under three other bylines—indicating that DeYoung's interview was hardly the point of the story—contained new leaked details of the Kislyak phone call, which the *Post* now said had indeed dealt with the issue of sanctions. The article also contained Flynn's denial—"he twice said 'no' "—as well as his walk-back: "On Thursday, Flynn, through his spokesman, backed away from the denial. The spokesman said Flynn 'indicated that while he had no recollection of discussing sanctions, he couldn't be certain that the topic never came up.' "

After the *Post* story, Priebus and Bannon questioned Flynn again. Flynn professed not to remember what he had said; if the subject of sanctions came up, he told them, it was at most glossed over. Curiously, no one seemed to have actually heard the conversation with Kislyak or seen a transcript.

Meanwhile, the vice president's people, caught unaware by the sudden Flynn controversy, were taking particular umbrage, less about Flynn's possible misrepresentations than about the fact that they had been kept out of the loop. But the president was undisturbed—or, in one version, "aggressively defensive"—and, while the greater White House looked on askance, Trump chose to take Flynn with him to Mar-a-Lago for his scheduled weekend with Shinzo Abe, the Japanese prime minister.

That Saturday night, in a bizarre spectacle, the Mar-a-Lago terrace became a public Situation Room when President Trump and Prime Minister Abe openly discussed how to respond to North Korea's launch of a missile three hundred miles into the Sea of Japan. Standing right over the president's shoulder was Michael Flynn. If Bannon, Priebus, and Kushner believed that Flynn's fate hung in the balance, the president seemed to have no such doubts.

For the senior White House staff, the underlying concern was less about getting rid of Flynn than about the president's relationship with Flynn. What had Flynn, in essence a spy in a soldier's uniform, roped the president into? What might they have got up to together?

On Monday morning, Kellyanne Conway appeared on MSNBC and offered a firm defense of the National Security Advisor. "Yes," she said, "General Flynn does enjoy the full confidence of the president." And while this seemed to many an indication that Conway was out of the loop, it was more accurately an indication that she had been talking directly to the president.

A White House meeting that morning failed to convince Trump to fire Flynn. He was concerned about what it would look like to lose his National Security Advisor after just twenty-four days. And he was adamant about not wanting to blame Flynn for talking to the Russians, even about sanctions. In Trump's view, condemning his adviser would connect him to a plot where there was no plot. His fury wasn't directed toward Flynn but to the "incidental" wiretap that had surveilled him. Making clear his confidence in his adviser, Trump insisted that Flynn come to Monday's lunch with the Canadian prime minister, Justin Trudeau.

Lunch was followed by another meeting about the furor. There were yet more details of the phone call and a growing itemization of the money Flynn had been paid by various Russian entities; there was also increasing focus on the theory that the leaks from the intel community—that is, the *whole* Russia mess—was directed at Flynn. Finally, there was a new rationale that Flynn should be fired not because of his Russian contacts, but because he had lied about them to the vice president. This was a convenient invention of a chain of command: in fact, Flynn did not report to Vice President Pence, and he was arguably a good deal more powerful than Pence.

The new rationale appealed to Trump, and he at last agreed that Flynn had to go.

Still, the president did not waiver in his belief in Flynn. Rather, Flynn's enemies were his enemies. And Russia was a gun to his head. He might, however ruefully, have had to fire Flynn, but Flynn was still his guy.

Flynn, ejected from the White House, had become the first established direct link between Trump and Russia. And depending on what he might say to whom, he was now potentially the most powerful person in Washington.

# 8

# ORG CHART

The White House, realized former naval officer Steve Bannon after a few weeks, was really a military base, a government-issue office with a mansion's façade and a few ceremonial rooms sitting on top of a secure installation under military command. The juxtaposition was striking: military hierarchy and order in the background, the chaos of the temporary civilian occupants in the fore.

You could hardly find an entity more at odds with military discipline than a Trump organization. There was no real up-and-down structure, but merely a figure at the top and then everyone else scrambling for his attention. It wasn't task-based so much as response-oriented—whatever captured the boss's attention focused everybody's attention. That was the way in Trump Tower, just as it was now the way in the Trump White House.

The Oval Office itself had been used by prior occupants as the ultimate power symbol, a ceremonial climax. But as soon as Trump arrived, he moved in a collection of battle flags to frame him sitting at his desk, and the Oval immediately became the scene of a daily Trump cluster-fuck. It's likely that more people had easy access to this president than any president before. Nearly all meetings in the Oval with the president were invariably surrounded and interrupted by a long list of retainers—indeed, everybody strove to be in every meeting. Furtive people skulked around without clear purpose: Bannon invariably found some reason to study papers in the corner and then to have a last word; Priebus kept his eye on Bannon; Kushner kept constant tabs on the whereabouts of the others. Trump liked to keep Hicks, Conway, and, often, his old *Apprentice* sidekick Omarosa Manigault —now with a confounding White House title—in constant hovering presence. As always, Trump wanted an eager audience, encouraging as many people as possible to make as many attempts as possible to be as close to him as possible. In time, however, he would take derisive notice of those who seemed most eager to suck up to him.

Good management reduces ego. But in the Trump White House, it could often seem that nothing happened, that reality simply did not exist, if it did not happen in Trump's presence. This made an upside-down kind of sense: if something happened and he wasn't present, he didn't care about it and barely recognized it. His response then was often just a

blank stare. It also fed one theory of why hiring in the West Wing and throughout the executive branch was so slow—filling out the vast bureaucracy was out of his view and thus he couldn't care less. Likewise, visitors with appointments were befuddled by the West Wing's own lack of staff: after being greeted with a smart military salute by the dress marine at the West Wing door, they discovered that the West Wing often lacked a political-appointee receptionist, leaving guests to find their own way through the warren that was the Western world's pinnacle of power.

Trump, a former military academy cadet—albeit not an enthusiastic one—had touted a return to military values and expertise. In fact, he most of all sought to preserve his personal right to defy or ignore his own organization. This, too, made sense, since not really having an organization was the most efficient way to sidestep the people in your organization and to dominate them. It was just one irony of his courtship of admired military figures like James Mattis, H. R. McMaster, and John Kelly: they found themselves working in an administration that was in every way inimical to basic command principles.

* * *

Almost from the beginning, the West Wing was run against the near-daily report that the person charged with running it, Chief of Staff Reince Priebus, was about to lose his job. Or, if he was not about to lose his job, the only reason he was keeping it was that he had not had it long enough to yet be fired from it. But no one in Trump's inner circle doubted that he would lose his job as soon as, practically speaking, his losing it would not embarrass the president too much. So, they reasoned, no one need pay any attention to him. Priebus, who, during the transition, doubted he would make it to the inauguration, and then, once in, wondered if he could endure the torture for the minimally respectable period of a year, shortly reduced his goal to six months.

The president himself, absent any organizational rigor, often acted as his own chief of staff, or, in a sense, elevated the press secretary job to the primary staff job, and then functioned as his own press secretary—reviewing press releases, dictating quotes, getting reporters on the phone—which left the actual press secretary as a mere flunky and whipping boy. Moreover, his relatives acted as ad hoc general managers of whatever areas they might choose to be general managers in. Then there was Bannon, conducting something of an alternate-universe operation, often launching far-reaching undertakings that no one else knew about. And thus Priebus, at the center of an operation that had no center, found it easy to think there was no reason for him to be there at all.

At the same time, the president seemed to like Priebus more and more quite for the reason that he seemed entirely expendable. He took Trump's verbal abuse about his height and stature affably, or anyway stoically. He was a convenient punching bag when things went wrong—and he didn't punch back, to Trump's pleasure and disgust.

"I love Reince," said the president, with the faintest praise. "Who else would do this job?"

Among the three men with effectively equal rank in the West Wing—Priebus and Bannon and Kushner—only a shared contempt kept them from ganging up on one another.

In the early days of Trump's presidency, the situation seemed clear to everybody: three men were fighting to run the White House, to be the real chief of staff and power behind the Trump throne. And of course there was Trump himself, who didn't want to relinquish power to anyone.

In these crosshairs was thirty-two-year-old Katie Walsh.

* * *

Walsh, the White House deputy chief of staff, represented, at least to herself, a certain Republican ideal: clean, brisk, orderly, efficient. A righteous bureaucrat, pretty but with a permanently grim expression, Walsh was a fine example of the many political professionals in whom competence and organizational skills transcend ideology. (To wit: "I would much rather be part of an organization that has a clear chain of command that I disagree with than a chaotic organization that might seem to better reflect my views.") Walsh was an inside-the-Beltway figure—a swamp creature. Her expertise was prioritizing Beltway goals, coordinating Beltway personnel, marshaling Beltway resources. A head-down-get-things-done kind of person was how she saw herself. And no nonsense.

"Any time someone goes into a meeting with the president there are like sixty-five things that have to happen first," she enumerated. "What cabinet secretary has to be alerted about what person is going in there; what people on the Hill should be consulted; the president needs a policy briefing, so who's owning the brief and getting it to appropriate staff members, oh and by the way you have to vet the guy… . Then you have to give it to comms and figure out if it's a national story, a regional story and are we doing op-eds, going on national TV … and that's before you get to political affairs or public liaison… . And for anybody who meets with the president, it has to be explained why other people are not meeting with him, or else they'll go out there and shit all over the last person who was in… ."

Walsh was what politics is supposed to be—or what it has been. A business supported by, tended to, and, indeed, ennobled, by a professional political class. Politics, evident in the sameness and particular joylessness of Washington dress, a determined anti-fashion statement, is about procedure and temperament. Flash passes. No flash stays in the game.

From an all-girl Catholic school in St. Louis (still wearing a diamond cross around her neck) and volunteer work on local political campaigns, Walsh went to George Washington University—D.C. area colleges being among the most reliable feeders of swamp talent (government is not really an Ivy League profession). Most government and political

organizations are not run, for better or worse, by MBAs, but by young people distinguished only by their earnestness and public sector idealism and ambition. (It is an anomaly of Republican politics that young people motivated to work in the public sector find themselves working to limit the public sector.) Careers advance by how well you learn on the job and how well you get along with the rest of the swamp and play its game.

In 2008, Walsh became the McCain campaign's midwest regional finance director—having majored in marketing and finance at GW, she was trusted to hold the checkbook. Then on to deputy finance director of the National Republican Senatorial Committee, deputy finance director and then finance director of the Republican National Committee, and finally, pre-White House, chief of staff of the RNC and its chairman, Reince Priebus.

In retrospect, the key moment in saving the Trump campaign might be less the Mercer-led takeover and imposition of Bannon and Conway in mid-August than the acceptance that the bare-bones and still largely one-man organization would need to depend on the largesse of the RNC. The RNC had the ground game and the data infrastructure; other campaigns might not normally trust the national committee, with its many snakes in the grass, but the Trump campaign had chosen not to build this sort of organization or make this investment. In late August, Bannon and Conway, with Kushner's consent, made a deal with the deep-swamp RNC despite Trump's continued insistence that they'd gotten this far without the RNC, so why come crawling now?

Almost right away Walsh became a key player in the campaign, a dedicated, make-the-trains-run-on-time power centralizer—a figure without which few organizations can run. Commuting between RNC headquarters in Washington and Trump Tower, she was the quartermaster who made national political resources available to the campaign.

If Trump himself was often a disruption in the final months of the race and during the transition, the campaign around him, in part because its only option was to smoothly integrate with the RNC, was a vastly more responsive and unified organization than, say, the Hillary Clinton campaign with its significantly greater resources. Facing catastrophe and seeming certain humiliation, the Trump campaign pulled together—with Priebus, Bannon, and Kushner all starring in buddy-movie roles.

The camaraderie barely survived a few days in the West Wing.

* * *

To Katie Walsh, it became almost immediately clear that the common purpose of the campaign and the urgency of the transition were lost as soon as the Trump team stepped into the White House. They had gone from managing Donald Trump to the expectation of being managed by him—or at least through him and almost solely for his purposes. Yet the president, while proposing the most radical departure from governing and policy norms in several generations, had few specific ideas about how to turn his themes and vitriol into policy, nor a team that could reasonably unite behind him.

In most White Houses, policy and action flow down, with staff trying to implement what the president wants—or, at the very least, what the chief of staff says the president wants. In the Trump White House, policy making, from the very first instance of Bannon's immigration EO, flowed up. It was a process of suggesting, in throw-it-against-the-wall style, what the president might want, and hoping he might then think that he had thought of this himself (a result that was often helped along with the suggestion that he had in fact already had the thought).

Trump, observed Walsh, had a set of beliefs and impulses, much of them on his mind for many years, some of them fairly contradictory, and little of them fitting legislative or political conventions or form. Hence, she and everyone else was translating a set of desires and urges into a program, a process that required a lot of guess work. It was, said Walsh, "like trying to figure out what a child wants."

But making suggestions was deeply complicated. Here was, arguably, the central issue of the Trump presidency, informing every aspect of Trumpian policy and leadership: he didn't process information in any conventional sense—or, in a way, he didn't process it at all.

Trump didn't read. He didn't really even skim. If it was print, it might as well not exist. Some believed that for all practical purposes he was no more than semiliterate. (There was some argument about this, because he could read headlines and articles about himself, or at least headlines on articles about himself, and the gossip squibs on the *New York Post*'s Page Six.) Some thought him dyslexic; certainly his comprehension was limited. Others concluded that he didn't read because he just didn't have to, and that in fact this was one of his key attributes as a populist. He was postliterate—total television.

But not only didn't he read, he didn't listen. He preferred to be the person talking. And he trusted his own expertise—no matter how paltry or irrelevant—more than anyone else's. What's more, he had an extremely short attention span, even when he thought you were worthy of attention.

The organization therefore needed a set of internal rationalizations that would allow it to trust a man who, while he knew little, was entirely confident of his own gut instincts and reflexive opinions, however frequently they might change.

Here was a key Trump White House rationale: expertise, that liberal virtue, was overrated. After all, so often people who had worked hard to know what they knew made the wrong decisions. So maybe the gut was as good, or maybe better, at getting to the heart of the matter than the wonkish and data-driven inability to see the forest for the trees that often seemed to plague U.S. policy making. Maybe. *Hopefully*.

Of course, nobody really believed that, except the president himself.

Still, here was the basic faith, overriding his impetuousness and eccentricities and limited knowledge base: nobody became the president of the United States—that camel-

through-the-eye-of-the-needle accomplishment—without unique astuteness and cunning. *Right?* In the early days of the White House, this was the fundamental hypothesis of the senior staff, shared by Walsh and everyone else: Trump must know what he was doing, his intuition must be profound.

But then there was the other aspect of his supposedly superb insight and apprehension, and it was hard to miss: he was often confident, but he was just as often paralyzed, less a savant in these instances than a figure of sputtering and dangerous insecurities, whose instinctive response was to lash out and behave as if his gut, however silent and confused, was in fact in some clear and forceful way telling him what to do.

During the campaign, he became a kind of vaunted action figure. His staff marveled at his willingness to keep moving, getting back on the plane and getting off the plane and getting back on, and doing rally after rally, with a pride in doing more events than anybody else—double Hillary's!—and ever ridiculing his opponent's slow pace. He *performed*. "This man never takes a break from being Donald Trump," noted Bannon, with a complicated sort of faint praise, a few weeks after joining the campaign full time.

It was during Trump's early intelligence briefings, held soon after he captured the nomination, that alarm signals first went off among his new campaign staff: he seemed to lack the ability to take in third-party information. Or maybe he lacked the interest; whichever, he seemed almost phobic about having formal demands on his attention. He stonewalled every written page and balked at every explanation. "He's a guy who really hated school," said Bannon. "And he's not going to start liking it now."

However alarming, Trump's way of operating also presented an opportunity to the people in closest proximity to him: by understanding him, by observing the kind of habits and reflexive responses that his business opponents had long learned to use to their advantage, they might be able to game him, to *move* him. Still, while he might be moved today, nobody underestimated the complexities of continuing to move him in the same direction tomorrow.

* * *

One of the ways to establish what Trump wanted and where he stood and what his underlying policy intentions were—or at least the intentions that you could convince him were his—came to involve an improbably close textual analysis of his largely off-the-cuff speeches, random remarks, and reflexive tweets during the campaign.

Bannon doggedly went through the Trump oeuvre highlighting possible insights and policy proscriptions. Part of Bannon's authority in the new White House was as keeper of the Trump promises, meticulously logged onto the white board in his office. Some of these promises Trump enthusiastically remembered making, others he had little memory of, but was happy to accept that he had said it. Bannon acted as disciple and promoted Trump to guru—or inscrutable God.

This devolved into a further rationalization, or Trump truth: "The president was very clear on what he wanted to deliver to the American public," said Walsh. He was "excellent in communicating this." At the same time, she acknowledged that it was not at all clear in any specific sense what he wanted. Hence, there was another rationalization: Trump was "inspirational not operational."

Kushner, understanding that Bannon's white board represented Bannon's agenda more than the president's agenda, got to wondering how much of this source text was being edited by Bannon. He made several attempts to comb through his father-in-law's words on his own before expressing frustration with the task and giving up.

Mick Mulvaney, the former South Carolina congressman now head of the Office of Management and Budget and directly charged with creating the Trump budget that would underlie the White House program, also fell back on the Trump spoken record. Bob Woodward's 1994 book, *The Agenda*, is a blow-by-blow account of the first eighteen months of the Clinton White House, most of it focused on creating the Clinton budget, with the single largest block of the president's time devoted to deep contemplation and arguments about how to allocate resources. In Trump's case, this sort of close and continuous engagement was inconceivable; budgeting was simply too small-bore for him.

"The first couple of times when I went to the White House, someone had to say, This is Mick Mulvaney, he's the budget director," said Mulvaney. And in Mulvaney's telling Trump was too scattershot to ever be of much help, tending to interrupt planning with random questions that seem to have come from someone's recent lobbying or by some burst of free association. If Trump cared about something, he usually already had a fixed view based on limited information. If he didn't care, he had no view and no information. Hence, the Trump budget team was also largely forced to return to Trump's speeches when searching for the general policy themes they could then fasten into a budget program.

* * *

Walsh, sitting within sight of the Oval Office, was located at something like the ground zero of the information flow between the president and his staff. As Trump's primary scheduler, her job was to ration the president's time and organize the flow of information to him around the priorities that the White House had set. In this, Walsh became the effective middle person among the three men working hardest to maneuver the president —Bannon, Kushner, and Priebus.

Each man saw the president as something of a blank page—or a scrambled one. And each, Walsh came to appreciate with increasing incredulity, had a radically different idea of how to fill or remake that page. Bannon was the alt-right militant. Kushner was the New York Democrat. And Priebus was the establishment Republican. "Steve wants to force a million people out of the country and repeal the nation's health law and lay on a

bunch of tariffs that will completely decimate how we trade, and Jared wants to deal with human trafficking and protecting Planned Parenthood." And Priebus wanted Donald Trump to be another kind of Republican altogether.

As Walsh saw it, Steve Bannon was running the Steve Bannon White House, Jared Kushner was running the Michael Bloomberg White House, and Reince Priebus was running the Paul Ryan White House. It was a 1970s video game, the white ball pinging back and forth in the black triangle.

Priebus—who was supposed to be the weak link, thus allowing both Bannon and Kushner, variously, to be the effective chief of staff—was actually turning out to be quite a barking dog, even if a small one. In the Bannon world and in the Kushner world, Trumpism represented politics with no connection to the Republican mainstream, with Bannon reviling that mainstream and Kushner operating as a Democrat. Priebus, meanwhile, was the designated mainstream terrier.

Bannon and Kushner were therefore more than a little irritated to discover that the unimposing Priebus had an agenda of his own: heeding Senate leader Mitch McConnell's prescription that "this president will sign whatever is put in front of him," while also taking advantage of the White House's lack of political and legislative experience and outsourcing as much policy as possible to Capitol Hill.

In the early weeks of the administration, Priebus arranged for House Speaker Paul Ryan, however much a Trumpist bête noire for much of the campaign, to come into the White House with a group of ranking committee chairmen. In the meeting, the president blithely announced that he had never had much patience for committees and so was glad someone else did. Ryan, henceforth, became another figure with unfettered access to the president—and to whom the president, entirely uninterested in legislative strategy or procedures, granted virtual carte blanche.

Almost nobody represented what Bannon opposed as well as Paul Ryan. The essence of Bannonism (and Mercerism) was a radical isolationism, a protean protectionism, and a determined Keynesianism. Bannon ascribed these principles to Trumpism, and they ran as counter to Republicanism as it was perhaps possible to get. What's more, Bannon found Ryan, in theory the House's policy whiz, to be slow-witted if not incompetent, and an easy and constant target of Bannon's under-his-breath ridicule. Still, if the president had unaccountably embraced Priebus-Ryan, he also could not do without Bannon.

Bannon's unique ability—partly through becoming more familiar with the president's own words than the president was himself, and partly through a cunning self-effacement (upended by his bursts of self-promotion)—was to egg the president on by convincing him that Bannon's own views were entirely derived from the president's views. Bannon didn't promote internal debate, provide policy rationale, or deliver Power-Point presentations; instead, he was the equivalent of Trump's personal talk radio. Trump could turn him on at

any moment, and it pleased him that Bannon's pronouncements and views would consistently be fully formed and ever available, a bracing, unified-field narrative. As well, he could turn him off, and Bannon would be tactically quiet until turned on again.

Kushner had neither Bannon's policy imagination nor Priebus's institutional ties. But, of course, he had family status, carrying its own high authority. In addition, he had billionaire status. He had cultivated a wide range of New York and international money people, Trump acquaintances and cronies, and, often, people whom Trump would have wished to like him better than they did. In this, Kushner became the representative in the White House of the liberal status quo. He was something like what used to be called a Rockefeller Republican and now might more properly be a Goldman Sachs Democrat. He —and, perhaps even more, Ivanka—was at diametric odds with both Priebus, the stout-right, Sun Belt–leaning, evangelical dependent Republican, and Bannon, the alt-right, populist, anti-party disruptor.

From their separate corners each man pursued his own strategy. Bannon did all he could to roll over Priebus and Kushner in an effort to prosecute the war for Trumpism/Bannonism as quickly as possible. Priebus, already complaining about "political neophytes and the boss's relatives," subcontracted his agenda out to Ryan and the Hill. And Kushner, on one of the steepest learning curves in the history of politics (not that everyone in the White House wasn't on a steep curve, but Kushner's was perhaps the steepest), and often exhibiting a painful naïveté as he aspired to be one of the world's savviest players, was advocating doing nothing fast and everything in moderation. Each had coteries opposed to the other: Bannonites pursued their goal of breaking everything fast, Priebus's RNC faction focused on the opportunities for the Republican agenda, Kushner and his wife did their best to make their unpredictable relative look temperate and rational.

And in the middle was Trump.

* * *

"The three gentlemen running things," as Walsh came to coolly characterize them, all served Trump in different ways. Walsh understood that Bannon provided the president with inspiration and purpose, while the Priebus-Ryan connection promised to do what to Trump seemed like the specialized work of government. For his part, Kushner best coordinated the rich men who spoke to Trump at night, with Kushner often urging them to caution him against both Bannon and Priebus.

The three advisers were in open conflict by the end of the second week following the immigration EO and travel ban debacle. This internal rivalry was the result of stylistic, philosophic, and temperamental differences; perhaps more important, it was the direct result of the lack of a rational org chart or chain of command. For Walsh, it was a daily process of managing an impossible task: almost as soon as she received direction from one

of the three men, she would be countermanded by one or another of them.

"I take a conversation at face value and move forward with it," she defended herself. "I put what was decided on the schedule and bring in comms and build a press plan around it and bring in political affairs and office of public liaison. And then Jared says, Why did you do that. And I say, 'Because we had a meeting three days ago with you and Reince and Steve where you agreed to do this.' And he says, 'But that didn't mean I wanted it on the schedule. That's not why I had that conversation.' It almost doesn't matter what anyone says: Jared will agree, and then it will get sabotaged, and then Jared goes to the president and says, See, that was Reince's idea or Steve's idea."

Bannon concentrated on a succession of EOs that would move the new administration forward without having to wade through Congress. That focus was countermanded by Priebus, who was cultivating the Trump-Ryan romance and the Republican agenda, which in turn was countermanded by Kushner, who was concentrating on presidential bonhomie and CEO roundtables, not least because he knew how much the president liked them (and, as Bannon pointed out, because Kushner himself liked them). And instead of facing the inherent conflicts in each strategy, the three men recognized that the conflicts were largely irresolvable and avoided facing that fact by avoiding each other.

Each man had, in his own astute fashion, found his own way to appeal to the president and to communicate with him. Bannon offered a rousing fuck-you show of force; Priebus offered flattery from the congressional leadership; Kushner offered the approval of blue-chip businessmen. So strong were these particular appeals that the president typically preferred not to distinguish among them. They were all exactly what he wanted from the presidency, and he didn't understand why he couldn't have them all. He wanted to break things, he wanted a Republican Congress to give him bills to sign, and he wanted the love and respect of New York *macher*s and socialites. Some inside the White House perceived that Bannon's EOs were meant to be a workaround in response to Priebus's courtship of the party, and that Kushner's CEOs were appalled by Bannon's EOs and resistant to much of the Republican agenda. But if the president understood this, it did not particularly trouble him.

* * *

Having achieved something like executive paralysis within the first month of the new administration—each of the three gentlemen was as powerful in his allure to the president as the others and each, at times, was equally annoying to the president—Bannon, Priebus, and Kushner all built their own mechanisms to influence the president and undermine the others.

Analysis or argument or PowerPoint did not work. But who said what to Trump and when often did. If, at Bannon's prodding, Rebekah Mercer called him, that had an effect. Priebus could count on Paul Ryan's clout with him. If Kushner set up Murdoch to call, that

registered. At the same time, each successive call mostly canceled the others out.

This paralysis led the three advisers to rely on the other particularly effective way to move him, which was to use the media. Hence each man became an inveterate and polished leaker. Bannon and Kushner studiously avoided press exposure; two of the most powerful people in government were, for the most part, entirely silent, eschewing almost all interviews and even the traditional political conversations on Sunday morning television. Curiously, however, both men became the background voices to virtually all media coverage of the White House. Early on, before getting down to attacking each other, Bannon and Kushner were united in their separate offensives against Priebus. Kushner's preferred outlet was Joe Scarborough and Mika Brzezinski's *Morning Joe*, one of the president's certain morning shows. Bannon's first port of call was the alt-right media ("Bannon's Breitbart shenanigans," in Walsh's view). By the end of the first month in the White House, Bannon and Kushner had each built a network of primary outlets, as well as secondary ones to deflect from the obviousness of the primary ones, creating a White House that simultaneously displayed extreme animosity toward the press and yet great willingness to leak to it. In this, at least, Trump's administration was achieving a landmark transparency.

The constant leaking was often blamed on lower minions and permanent executive branch staff, culminating in late February with an all-hands meeting of staffers called by Sean Spicer—cell phones surrendered at the door—during which the press secretary issued threats of random phone checks and admonitions about the use of encrypted texting apps. Everybody was a potential leaker; everybody was accusing everybody else of being a leaker.

Everybody *was* a leaker.

One day, when Kushner accused Walsh of leaking about him, she challenged him back: "My phone records versus yours, my email versus yours."

But most of the leaks, certainly the juiciest ones, were coming from the higher-ups—not to mention from the person occupying the topmost echelon.

The president couldn't stop talking. He was plaintive and self-pitying, and it was obvious to everyone that if he had a north star, it was just to be liked. He was ever uncomprehending about why everyone did not like him, or why it should be so difficult to get everyone to like him. He might be happy throughout the day as a parade of union steel workers or CEOs trooped into the White House, with the president praising his visitors and them praising him, but that good cheer would sour in the evening after several hours of cable television. Then he would get on the phone, and in unguarded ramblings to friends and others, conversations that would routinely last for thirty or forty minutes, and could go much longer, he would vent, largely at the media and his staff. In what was termed by some of the self-appointed Trump experts around him—and everyone was a

Trump expert—he seemed intent on "poisoning the well," in which he created a loop of suspicion, disgruntlement, and blame heaped on others.

When the president got on the phone after dinner, it was often a rambling affair. In paranoid or sadistic fashion, he'd speculate on the flaws and weaknesses of each member of his staff. Bannon was disloyal (not to mention he always looks like shit). Priebus was weak (not to mention he was short—a midget). Kushner was a suck-up. Spicer was stupid (and looks terrible too). Conway was a crybaby. Jared and Ivanka should never have come to Washington.

His callers, largely because they found his conversation peculiar, alarming, or completely contrary to reason and common sense, often overrode what they might otherwise have assumed to be the confidential nature of the calls and shared the content with someone else. Hence news about the inner workings of the White House went into free circulation. Except it was not so much the inner workings of the White House—although it would often be reported as such—but the perambulations of the president's mind, which changed direction almost as fast as he could express himself. Yet there were constant tropes in his own narrative: Bannon was about to be cast out, Priebus too, and Kushner needed his protection from the other bullies.

So if Bannon, Priebus, and Kushner were now fighting a daily war with one another, it was mightily exacerbated by something of a running disinformation campaign about them that was being prosecuted by the president himself. A chronic naysayer, he viewed each member of his inner circle as a problem child whose fate he held in his hand. "We are sinners and he is God" was one view; "We serve at the president's displeasure," another.

* * *

In the West Wing of every administration since at least that of Clinton and Gore, the vice president has occupied a certain independent power base in the organization. And yet Vice President Mike Pence—the fallback guy in an administration the length of whose term remained the subject of something like a national office betting pool—was a cipher, a smiling presence either resisting his own obvious power or unable to seize it.

"I do funerals and ribbon cuttings," he told a former Republican Hill colleague. In this, he was seen as either feigning an old-fashioned, what-me-worry, standard-issue veep identity lest he upset his patron or, in fact, honestly acknowledging who he was.

Katie Walsh, amid the chaos, saw the vice president's office as a point of calm in the storm. Pence's staff was not only known by people outside the White House for the alacrity with which it returned calls and for the ease with which it seemed to accomplish West Wing tasks, it also seemed to be comprised of people who liked each other and who were dedicated to a common goal: eliminating as much friction as possible around the vice president.

Pence started nearly every speech saying, "I bring greetings from our forty-fifth

president of the United States, Donald J. Trump …"—a salutation directed more to the president than to the audience.

Pence cast himself as blandly uninteresting, sometimes barely seeming to exist in the shadow of Donald Trump. Little leaked out of the Pence side of the White House. The people who worked for the vice president, were, like Pence himself, people of few words.

In a sense, he had solved the riddle of how to serve as the junior partner to a president who could not tolerate any kind of comparisons: extreme self-effacement.

"Pence," said Walsh, "is not dumb."

Actually, well short of intelligent was exactly how others in the West Wing saw him. And because he wasn't smart, he was not able to provide any leadership ballast.

On the Jarvanka side, Pence became a point of grateful amusement. He was almost absurdly happy to be Donald Trump's vice president, happy to play the role of exactly the kind of vice president that would not ruffle Trump's feathers. The Jarvanka side credited Pence's wife, Karen, as the guiding hand behind his convenient meekness. Indeed, he took to this role so well that, later, his extreme submissiveness struck some as suspicious.

The Priebus side, where Walsh firmly sat, saw Pence as one of the few senior West Wing figures who treated Priebus as though he was truly the chief of staff. Pence often seemed like a mere staffer, the ever present note taker in so many meetings.

From the Bannon side, Pence garnered only contempt. "Pence is like the husband in *Ozzie and Harriet*, a nonevent," said one Bannonite.

Although many saw him as a vice president who might well assume the presidency someday, he was also perceived as the weakest vice president in decades and, in organizational terms, an empty suit who was useless in the daily effort to help restrain the president and stabilize the West Wing.

* * *

During that first month, Walsh's disbelief and even fear about what was happening in the White House moved her to think about quitting. Every day after that became its own countdown toward the moment she knew she wouldn't be able to take it anymore—which would finally come at the end of March. To Walsh, the proud political pro, the chaos, the rivalries, and the president's own lack of focus and lack of concern were simply incomprehensible.

In early March, Walsh confronted Kushner and demanded: "Just give me the three things the president wants to focus on. What are the three priorities of this White House?"

"Yes," said Kushner, wholly absent an answer, "we should probably have that conversation."

# 9

# CPAC

On February 23, a 75-degree day in Washington, the president woke up complaining about an overheated White House. But for once, the president's complaints were not the main concern. The excited focus in the West Wing was organizing a series of car pools out to the Conservative Political Action Conference, the annual gathering of conservative movement activists, which had outgrown the accommodations of Washington hotels and moved to the Gaylord Resort on Maryland's National Harbor waterfront. CPAC, right of right-of-center and trying to hold steady there, ambivalent about all the conservative vectors that further diverged from that point, had long had an uncomfortable relationship with Trump, viewing him as an unlikely conservative, if not a charlatan. CPAC, too, saw Bannon and Breitbart as practicing an outré conservatism. For several years Breitbart had staged a nearby competitive conference dubbed "The Uninvited."

But the Trump White House would dominate or even subsume the conference this year, and everybody wanted to turn out for this sweet moment. The president, set to speak on the second day, would, like Ronald Reagan, address the conference in his first year in office, whereas both Bushes, wary of CPAC and conservative activists, had largely snubbed the gathering.

Kellyanne Conway, a conference opener, was accompanied by her assistant, two daughters, and a babysitter. Bannon was making his first official pubic appearance of the Trump presidency, and his retinue included Rebekah Mercer, the pivotal Trump donor and Breitbart funder, her young daughter, and Allie Hanley, a Palm Beach aristocrat, conservative donor, and Mercer friend. (The imperious Hanley, who had not met Bannon before, pronounced him "dirty" looking.)

Bannon was scheduled to be interviewed in the afternoon session by CPAC chairman Matt Schlapp, a figure of strained affability who seemed to be trying to embrace the Trump takeover of his conference. A few days before, Bannon had decided to add Priebus to the interview, as both a private gesture of goodwill and a public display of unity—a sign of a budding alliance against Kushner.

In nearby Alexandria, Virginia, Richard Spencer, the president of the National Policy Institute, which is sometimes described as a "white supremacist think tank," who had, peskily for the White House, adopted the Trump presidency as a personal victory, was organizing his trip to CPAC, which would be as much a victory march for him as it was for the Trump team. Spencer—who, in 2016, he had declared, "Let's party like it's 1933," as in the year Hitler came to power—provoked an outcry with his widely covered "Heil Trump" (or "Hail Trump," which of course amounts to the same thing) salute after the election, and then achieved a kind of reverse martyrdom by taking a punch from a protester on Inauguration Day that was memorialized on YouTube.

CPAC, organized by the remnants of the conservative movement after Barry Goldwater's apocalyptic defeat in 1964, had, with stoic indefatigability, turned itself into the backbone of conservative survival and triumph. It had purged John Birchers and the racist right and embraced the philosophic conservative tenets of Russell Kirk and William F. Buckley. In time, it endorsed Reagan-era small government and antiregulatory reform, and then added the components of the cultural wars—antiabortion, anti-gay-marriage, and a tilt toward evangelicals—and married itself to conservative media, first right-wing radio and later Fox News. From this agglomeration it spun an ever more elaborate and all-embracing argument of conservative purity, synchronicity, and intellectual weight. Part of the fun of a CPAC conference, which attracted a wide assortment of conservative young people (reliably mocked as the Alex P. Keaton crowd by the growing throng of liberal press that covered the conference), was the learning of the conservative catechism.

But after a great Clinton surge in the 1990s, CPAC started to splinter during the George W. Bush years. Fox News became the emotional center of American conservativism. Bush neocons and the Iraq War were increasingly rejected by the libertarians and other suddenly breakaway factions (among them the paleocons); the family values right, meanwhile, was more and more challenged by younger conservatives. In the Obama years, the conservative movement was increasingly bewildered by Tea Party rejectionism and a new iconoclastic right-wing media, exemplified by Breitbart News, which was pointedly excluded from the CPAC conference.

In 2011, professing conservative fealty, Trump lobbied the group for a speaking slot and, with reports of a substantial cash contribution, was awarded a fifteen-minute berth. If CPAC was supposedly about honing a certain sort of conservative party line, it was also attentive to a wide variety of conservative celebrities, including, over the years, Rush Limbaugh, Ann Coulter, and various Fox News stars. The year before Obama's reelection, Trump fell into this category. But he was viewed quite differently four years later. In the winter of 2016, during the still competitive Republican primary race, Trump—now eyed as much as a Republican apostate as a Republican crowd pleaser—decided to forgo CPAC and what he feared would be less than a joyous welcome.

This year, as part of its new alignment with the Trump-Bannon White House, CPAC's

personality headliner was slated to be the alt-right figure Milo Yiannopoulos, a gay British right-wing provocateur attached to Breitbart News. Yiannopoulos—whose entire position, rather more like a circa-1968 left-wing provocateur, seemed to be about flouting political correctness and social convention, resulting in left-wing hysteria and protests against him—was as confounding a conservative figure as could be imagined. Indeed, there was a subtle suggestion that CPAC had chosen Yiannopoulos precisely to hoist Bannon and the White House on the implicit connection to him—Yiannopoulos had been something of a Bannon protégé. When, two days before CPAC opened, a conservative blogger discovered a video of Yiannopoulos in bizarre revelry seeming to rationalize pedophilia, the White House made it clear he had to go.

Still, the White House presence at CPAC—which included, along with the president, Bannon, Conway, Education Secretary Betsy DeVos, and the oddball White House foreign policy adviser and former Breitbart writer Sebastian Gorka—seemed to push the Yiannopoulos mess to the side. If CPAC was always looking to leaven boring politicians with star power, Trump, and anyone connected him, were now the biggest stars. With her family positioned out in front of a full house, Conway was interviewed in Oprah-like style by Mercedes Schlapp (wife of Matt Schlapp—CPAC was a family affair), a columnist for the conservative *Washington Times* who would later join the White House communications staff. It was an intimate and inspirational view of a woman of high achievement, the kind of interview that Conway believed she would have been treated to on network and cable television if she were not a Trump Republican—the type of treatment, she'd point out, that had been given to Democratic predecessors like Valerie Jarrett.

At about the time that Conway was explaining her particular brand of antifeminist feminism, Richard Spencer arrived at the convention center hoping to attend the breakout session "The Alt-Right Ain't Right at All," a modest effort to reaffirm CPAC's traditional values. Spencer, who since the Trump victory had committed himself to full-time activism and press opportunities, had planned to position himself to get in the first question. But almost immediately upon arriving and paying his $150 registration fee, he had attracted first one reporter and then a growing circle, a spontaneous press scrum, and he responded by giving an ad hoc news conference. Like Yiannopoulos, and in many ways like Trump and Bannon, Spencer helped frame the ironies of the modern conservative movement. He was a racist but hardly a conservative—he doggedly supported single-payer health care, for instance. And the attention he received was somehow less a credit to conservatism than another effort by the liberal media to smear conservatism. Hence, as the scrum around him increased to as many as thirty people, the CPAC irony police stepped in.

"You're not welcome on the property," announced one of the security guards. "They want you off the property. They want you to cease. They want you off the property."

"Wow," said Spencer. "Can they?"

"Enough debate," the guard said. "This is private property and CPAC wants you off the property."

Relieved of his credentials, Spencer was ushered to the CPAC perimeter of the hotel, where, his pride not all that wounded, he turned, in the comfort of the atrium lounge area, to social media and to texting and emailing reporters on his contact list.

The point Spencer was making was that his presence here was not really so disruptive or ironic as Bannon's, or, for that matter, Trump's. He might be ejected, but in a larger historical sense it was the conservatives who were now being ejected from their own movement by the new cadre—which included Trump and Bannon—of what Spencer called the identitarians, proponents of "white interests, values, customs, and culture."

Spencer was, he believed, the true Trumper and the rest of CPAC now the outliers.

* * *

In the green room, after Bannon, Priebus, and their retinues had arrived, Bannon—in dark shirt, dark jacket, and white pants—stood off to the side talking to his aide, Alexandra Preate. Priebus sat in the makeup chair, patiently receiving a layer of foundation, powder, and lip gloss.

"Steve—" said Priebus, gesturing to the chair as he got up.

"That's okay," said Bannon. He put up his hand, making another of the continual small gestures meant, pointedly, to define himself as something other than every phony baloney in swampland politics—and something other than Reince Priebus, with his heavy powder foundation.

The significance of Bannon's first appearance in public—after days of apparent West Wing turmoil, a *Time* magazine cover story about him, nearly endless speculation about his power and true intentions, and his elevation at least in the media mind to the essential mystery of the Trump White House—could hardly be underestimated. For Bannon himself this was, in his own mind, a carefully choreographed moment. It was his victory walk. He had, he thought, prevailed in the West Wing. He had, again in his own mind, projected his superiority over both Priebus and the idiot son-in-law. And he would now dominate CPAC. But for the moment he attempted a shucks-nothing-to-it lack of self-consciousness even as, at the same time, he was unquestionably the preening man of the hour. Demurring about accepting makeup was not just a way to belittle Priebus, but also a way to say that, ever the commando, he went into battle fully exposed.

"You know what he thinks even when you don't know what he thinks," explained Alexandra Preate. "He's a bit like a good boy who everybody knows is a bad boy."

When the two men emerged onto the stage and appeared on the big-screen monitors, the contrast between them could hardly have been greater. The powder made Priebus look mannequin-like, and his suit with lapel pin, little-boyish. Bannon, the supposedly

publicity-shy man, was eating up the camera. He was a country music star—he was Johnny Cash. He seized Priebus's hand in a power handshake, then relaxed in his chair as Priebus came too eagerly forward in his.

Priebus opened with traditional bromides. Bannon, taking his turn, went wryly for the dig: "I want to thank you for finally inviting me to CPAC."

"We decided to say that everybody is a part of our conservative family," said Matt Schlapp, resigned. He then welcomed "the back of the room," where the hundreds of reporters covering the event were positioned.

"Is that the opposition party?" asked Bannon, shielding his eyes.

Schlapp went to the setup question: "We read a lot about you two. Ahem …"

"It's all good," replied Priebus tightly.

"I'll bet not all of it's accurate," said Schlapp. "I'll bet there's things that don't get written correctly. Let me ask both of you, what's the biggest misconception about what's going on in the Donald Trump White House?"

Bannon responded with something just less than a smirk and said nothing.

Priebus offered a testimonial to the closeness of his relationship with Bannon.

Bannon, eyes dancing, lifted the microphone trumpetlike and made a joke about Priebus's commodious office—two couches and a fireplace—and his own rough-and-ready one.

Priebus hewed to the message. "It's, ahh … it's actually … something that you all have helped build, which is, when you bring together, and what this election shows, and what President Trump showed, and let's not kid ourselves, I can talk about data and ground game and Steve can talk about big ideas but the truth of the matter is Donald Trump, President Trump, brought together the party and the conservative movement, and I tell you if the party and the conservative movement are together"—Priebus knocked his fists—"similar to Steve and I, it can't be stopped. And President Trump is the one guy, he was the one person, and I can say this after overseeing sixteen people kill each other, it was Donald Trump who was able to bring this country, this party, and this movement together. And Steve and I know that and we live it every day and our job is to get the agenda of President Trump through the door and on pen and paper."

With Priebus gasping for breath, Bannon snatched the relay baton. "I think if you look at the opposition party"—throwing his hand out to the back of the room—"and how they portrayed the campaign, how they portrayed the transition, and now how they are portraying the administration, it's always wrong. I mean on the very first day that Kellyanne and I started, we reached out to Reince, Sean Spicer, Katie… . It's the same team, you know, that every day was grinding away at the campaign, the same team that

did the transition, and if you remember, the campaign was the most chaotic, in the media's description, most chaotic, most disorganized, most unprofessional, had no earthly idea what they were doing, and then you saw 'em all crying and weeping that night on November 8."

Back in the White House, Jared Kushner, watching the proceedings casually and then more attentively, suddenly felt a rising anger. Thin-skinned, defensive, on guard, he perceived Bannon's speech as a message sent directly to him. Bannon has just credited the Trump victory to everybody else. Kushner was certain he was being taunted.

When Schlapp asked the two men to enumerate the accomplishments of the last thirty days, Priebus floundered and then seized on Judge Gorsuch and the deregulation executive orders, all things, said Priebus, "that"—he paused, struggling—"eighty percent of Americans agree with."

After a brief pause, as though waiting for the air to clear, Bannon raised the microphone: "I kind of break it down into three verticals, three buckets; the first, national security and sovereignty, and that's your intelligence, defense department, homeland security. The second line of work is what I refer to as economic nationalism, and that is Wilbur Ross at Commerce, Steve Mnuchin at Treasury, [Robert] Lighthizer at Trade, Peter Navarro, [and] Stephen Miller, who are rethinking how we are going to reconstruct our trade arrangements around the world. The third, broadly, line of work is deconstruction of the administrative state—" Bannon stopped for a moment; the phrase, which had never before been uttered in American politics, drew wild applause. "The way the progressive left runs is that if they can't get it passed they're just going to put it in some sort of regulation in an agency. That's all going to be deconstructed."

Schlapp fed another setup question, this one about the media.

Priebus grabbed it, rambled and fumphered for a while, and ended up, somehow, on a positive note: *We'll all come together*.

Lifting the microphone, once again Joshua-like, and with a sweeping wave of his hand, Bannon pronounced, "It's not only not going to get better, it's going to get worse every day"—his fundamental apocalyptic song—"and here's why—and by the way, the internal logic makes sense, corporatist, globalist media, that are adamantly opposed, adamantly opposed, to an economic nationalist agenda like Donald Trump has. And here's why it's going to get worse: because he's going to continue to press his agenda. And as economic conditions continue to get better, as more jobs get better, they're going to continue to fight. If you think they're going to give you your country back without a fight you are sadly mistaken. Every day it is going to be a fight. This is why I'm proudest of Donald Trump. All the opportunities he had to waver off this. All the people he had coming to him saying 'Oh, you got to moderate.' " Another dig at Kushner. "Every day in the Oval Office he tells Reince and me, 'I committed this to the American people. I promised this when I ran.

And I'm going to deliver on this.' "

And then the final, agreed-upon-beforehand question: "Can this Trump movement be combined with what's happening at CPAC and other conservative movements for fifty years? Can this be brought together … and is this going to save the country?"

"Well, we have to stick together as a team," said Priebus. "It's gonna take all of us working together to make it happen."

As Bannon started into his answer, he spoke slowly, looking out at his captive and riveted audience: "I've said that there is a new political order being formed out of this and it's still being formed. If you look at the wide degree of opinions in this room, whether you are a populist, whether you're a limited-government conservative, whether you're a libertarian, whether you're an economic nationalist, we have wide and sometimes divergent opinions, but I think the center core of what we believe, that we're a nation with an economy, not an economy just in some global market place with open borders, but that we are a nation with a culture, and a reason for being. I think that's what unites us. And that's what's going to unite this movement going forward."

Bannon lowered the microphone to, after what might be interpreted as a beat of uncertainty, suddenly thunderous applause.

Watching from the White House, Kushner—who had come to believe that there was something insidious when Bannon used the words "borders," "global," "culture," and "unite," and who was more and more convinced that they were personally directed against him—was now in a rage.

* * *

Kellyanne Conway had increasingly been worrying about the seventy-year-old president's sleeplessness and his worn look. It was the president's indefatigability—a constant restlessness—that she believed carried the team. On the campaign trail, he would always add stops and speeches. He doubled his own campaign time. Hillary worked at half time; he worked at double time. He sucked in the energy from the crowds. Now that he was living alone in the White House, though, he had seemed to lose a step.

But today he was back. He had been under the sunlamp and lightened his hair, and when the climate-change-denying president woke up on another springlike morning, 77 degrees in the middle of winter, on the second day of CPAC, he seemed practically a different person, or anyway a noticeably younger one. At the appointed hour, to the locked-down ballroom at the Gaylord Resort, filled to capacity with all stripes of the conservative faithful—Rebekah Mercer and her daughter up front—and hundreds of media people in an SRO gallery, the president emerged onto the stage, not in an energetic television-style rush, but with a slow swagger to the low strains of "I'm Proud to Be an American." He came to the stage as a political strongman, a man occupying his moment, clapping—here he reverted to entertainer pose—as he slowly approached the podium,

mouthing "Thank you," crimson tie dipping over his belt.

This would be Trump's fifth CPAC address. As much as Steve Bannon liked to see himself as the author of Donald Trump, he also seemed to find it proof of some added legitimacy—and somehow amazing in itself—that since 2011 Trump had basically come to CPAC with the same message. He wasn't a cipher, he was a messenger. The country was a "mess"—a word that had stood the Trump test of time. Its leaders were weak. Its greatness had been lost. The only thing different was that in 2011 he was still reading his speeches with only occasional ad-libs, and now he ad-libbed everything.

"My first major speech was at CPAC," the president began. "Probably five or six years ago. My first major political speech. You were there. I loved it. I loved the people. I loved the commotion. They did these polls where I went through the roof. I wasn't even running, right? But it gave me an idea! And I got a little bit concerned when I saw what was happening in the country so I said let's go to it. It was very exciting. I walked the stage at CPAC. I had very little notes and even less preparation." (In fact, he read his 2011 speech from a sheet of paper.) "So when you have practically no notes and no preparation and then you leave and everybody was thrilled. I said, I think I like this business."

This first preamble gave way to the next preamble.

"I want you all to know that we are fighting the fake news. It's phony. Fake. A few days ago I called the fake news the enemy of the people. Because they have no sources. They just make 'em up when there are none. I saw one story recently where they said nine people have confirmed. There are no nine people. I don't believe there was one or two people. Nine people. And I said, Give me a break. I know the people. I know who they talk to. There were no nine people. But they say nine people… ."

A few minutes into the forty-eight-minute speech and it was already off the rails, riff sustained by repetition.

"Maybe they're just bad at polling. Or maybe they're not legit. It's one or the other. They're very smart. They're very cunning. And they're very dishonest… . Just to conclude"—although he would go on for thirty-seven minutes more—"it's a very sensitive topic and they get upset when we expose their false stories. They say we can't criticize their dishonest coverage because of the First Amendment. You know they always bring up"—he went into a falsetto voice—"*the First Amendment*. Now I love the First Amendment. Nobody loves it better than me. Nobody."

Each member of the Trump traveling retinue was now maintaining a careful poker face. When they did break it, it was as though on a delay, given permission by the crowd's cheering or laughter. Otherwise, they seemed not to know whether the president had in fact gotten away with his peculiar rambles.

"By the way, you folks in here, the place is packed, there are lines that go back six blocks"—there were no lines outside the crowded lobby—"I tell you that because you

won't read about it. But there are lines that go back six blocks… .

"There is one allegiance that unites us all, to America, America… . We all salute with pride the same American flag … and we are all equal, equal in the eyes of Almighty God… . We're equal … and I want to thank, by the way, the evangelical community, the Christian community, communities of faith, rabbis and priests and pastors, ministers, because the support for me, as you know, was a record, not only numbers of people but percentages of those numbers who voted for Trump … an amazing outpouring and I will not disappoint you … as long as we have faith in each other and trust in God then there is no goal beyond our reach … there is no dream too large … no task too great … we are Americans and the future belongs to us … America is roaring. It's going to be bigger and better and stronger than ever before… ."

Inside the West Wing, some had idly speculated about how long he would go on if he could command time as well as language. The consensus seemed to be forever. The sound of his own voice, his lack of inhibition, the fact that linear thought and presentation turned out not at all to be necessary, the wonder that this random approach seemed to command, and his own replenishing supply of free association—all this suggested that he was limited only by everyone else's schedule and attention span.

Trump's extemporaneous moments were always existential, but more so for his aides than for him. He spoke obliviously and happily, believing himself to be a perfect pitch raconteur and public performer, while everyone with him held their breath. If a wackadoo moment occurred on the occasions—the frequent occasions—when his remarks careened in no clear direction, his staff had to go into intense method-acting response. It took absolute discipline not to acknowledge what everyone could see.

* * *

As the president finished up his speech, Richard Spencer, who in less than four months from the Trump election was on his way to becoming the most famous neo-Nazi in America since George Lincoln Rockwell, had returned to a seat in the atrium of the Gaylord Resort to argue his affinity for Donald Trump—and, he believed, vice versa.

Spencer, curiously, was one of the few people trying to ascribe an intellectual doctrine to Trumpism. Between those taking him literally but not seriously, and those taking him seriously but not literally, there was Richard Spencer. Practically speaking, he was doing both, arguing the case that if Trump and Bannon were the pilot fish for a new conservative movement, Spencer himself—the owner of altright.com and, he believed, the purest exponent of the movement—was their pilot fish, whether they knew it or not.

As close to a real-life Nazi as most reporters had ever seen, Spencer was a kind of catnip for the liberal press crowded at CPAC. Arguably, he was offering as good an explanation of Trump's anomalous politics as anyone else.

Spencer had come up through writing gigs on conservative publications, but he was

hardly recognizable in any sort of official Republican or conservative way. He was a post-right-wing provocateur but with none of the dinner party waspishness or bite of Ann Coulter or Milo Yiannopoulos. They were a stagey type of reactionary. He was a real one —a genuine racist with a good education, in his case UVA, the University of Chicago, and Duke.

It was Bannon who effectively gave Spencer flight by pronouncing Breitbart to be "the platform for the alt-right"—the movement Spencer claimed to have founded, or at least owned the domain name for.

"I don't think Bannon or Trump are identitarians or alt-rightists," Spencer explained while camped out just over CPAC's property line at the Gaylord. They were not, like Spencer, philosophic racists (itself different from a knee-jerk racist). "But they are open to these ideas. And open to the people who are open to these ideas. We're the spice in the mix."

Spencer was right. Trump and Bannon, with Sessions in the mix, too, had come closer than any major national politician since the Civil Rights movement to tolerating a race-tinged political view.

"Trump has said things that conservatives never would have thought… . His criticism of the Iraq War, bashing the Bush family, I couldn't believe he did that … but he did … . Fuck them … if at the end of the day an Anglo Wasp family produces Jeb and W then clearly that's a clear sign of denegation… . And now they marry Mexicans … Jeb's wife … he married his housekeeper or something.

"In Trump's 2011 CPAC address he specifically calls for a relaxation of immigration restrictions for Europeans … that we should re-create an America that was far more stable and more beautiful… . No other conservative politician would say those things … but on the other hand pretty much everyone thought it … so it's powerful to say it… . Clearly [there's] a normalization process going on."

"We are the Trump vanguard. The left will say Trump is a nationalist and an implicit or quasi-racialist. Conservatives, because they are just so douchey, say Oh, no, of course not, he's a constitutionalist, or whatever. We on the alt-right will say, He is a nationalist and he is a racialist. His movement is a white movement. Duh."

Looking very satisfied with himself, Spencer paused and then said: "We give him a kind of permission."

* * *

Nearby, in the Gaylord atrium, Rebekah Mercer sat having a snack with her home-schooled daughter and her friend and fellow conservative donor Allie Hanley. Both women agreed that the president's CPAC speech showed him at his most gracious and charming.

# 10

## GQLDMAN

The Jarvanka side of the White House increasingly felt that rumors leaked by Bannon and his allies were undermining them. Jared and Ivanka, ever eager to enhance their status as the adults in the room, felt personally wounded by these backdoor attacks. Kushner, in fact, now believed Bannon would do anything to destroy them. This was personal. After months of defending Bannon against liberal media innuendo, Kushner had concluded that Bannon was an anti-Semite. That was the bottom-line issue. This was a complicated and frustrating business—and quite hard to communicate to his father-in-law—because one of Bannon's accusations against Kushner, the administration's point person on the Middle East, was that he was not nearly tough enough in his defense of Israel.

After the election, the Fox News anchor Tucker Carlson with sly jocularity privately pointed out to the president that by offhandedly giving the Israel portfolio to his son-in-law—who would, Trump said, make peace in the Middle East—he hadn't really done Kushner any favors.

"I know," replied Trump, quite enjoying the joke.

Jews and Israel were a curious Trump subtext. Trump's brutish father was an often vocal anti-Semite. In the split in New York real estate between the Jews and non-Jews, the Trumps were clearly on the lesser side. The Jews were white shoe, and Donald Trump, even more than his father, was perceived as a vulgarian—after all, he put his name on his buildings, quite a déclassé thing to do. (Ironically, this proved to be a significant advance in real estate marketing and, arguably, Trump's greatest accomplishment as a developer—branding buildings.) But Trump had grown up and built his business in New York, the world's largest Jewish city. He had made his reputation in the media, that most Jewish of industries, with some keen understanding of media tribal dynamics. His mentor, Roy Cohn, was a demimonde, semiunderworld, tough-guy Jew. He courted other figures he considered "tough-guy Jews" (one of his accolades): Carl Icahn, the billionaire hedge funder; Ike Perlmutter, the billionaire investor who had bought and sold Marvel Comics; Ronald Perelman, the billionaire Revlon chairman; Steven Roth, the New York billionaire real estate tycoon; and Sheldon Adelson, the billionaire casino magnate. Trump had

adopted a sort of 1950s Jewish uncle (tough-guy variety) delivery, with assorted Yiddishisms—Hillary Clinton, he declared, had been "shlonged" in the 2008 primary—helping to give an inarticulate man an unexpected expressiveness. Now his daughter, a de facto First Lady, was, through her conversion, the first Jew in the White House.

The Trump campaign and the White House were constantly supplying off-note messages about Jews, from their equivocal regard for David Duke to their apparent desire to tinker with Holocaust history—or at least tendency to stumble over it. At one point early in the campaign, Trump's son-in-law, challenged by his own staff at the *New York Observer* and feeling pressure about his own bona fides, as well as seeking to stand by his father-in-law, wrote an impassioned defense of Trump in an attempt to prove that he was not an anti-Semite. For his efforts, Jared was rebuked by various members of his own family, who clearly seemed worried about both the direction of Trumpism and Jared's opportunism.

There was also the flirtation with European populism. Whenever possible, Trump seemed to side with and stoke Europe's rising right, with its anti-Semitic associations, piling on more portent and bad vibes. And then there was Bannon, who had allowed himself to become—through his orchestration of right-wing media themes and stoking of liberal outrage—a winking suggestion of anti-Semitism. It was certainly good right-wing business to annoy liberal Jews.

Kushner, for his part, was the prepped-out social climber who had rebuffed all entreaties in the past to support traditional Jewish organizations. When called upon, the billionaire scion had refused to contribute. Nobody was more perplexed by the sudden rise of Jared Kushner to his new position as Israel's great protector than U.S. Jewish organizations. Now, the Jewish great and the good, the venerated and the tried, the mandarins and myrmidons, had to pay court to Jared Kushner … who until little more than a few minutes ago had truly been a nobody.

For Trump, giving Israel to Kushner was not only a test, it was a Jewish test: the president was singling him out for being Jewish, rewarding him for being Jewish, saddling him with an impossible hurdle for being Jewish—and, too, defaulting to the stereotyping belief in the negotiating powers of Jews. "Henry Kissinger says Jared is going to be the new Henry Kissinger," Trump said more than once, rather a combined compliment and slur.

Bannon, meanwhile, did not hesitate to ding Kushner on Israel, that peculiar right-wing litmus test. Bannon could bait Jews—globalist, cosmopolitan, Davoscentric liberal Jews like Kushner—because the farther right you were, the more correct you were on Israel. Netanyahu was an old Kushner family friend, but when, in the fall, the Israeli prime minister came to New York to meet with Trump and Kushner, he made a point of seeking out Steve Bannon.

On Israel, Bannon had partnered with Sheldon Adelson, titan of Las Vegas, big-check right-wing contributor, and, in the president's mind, quite the toughest tough-guy Jew (that is, the richest). Adelson regularly disparaged Kushner's motives and abilities. The president, to Bannon's great satisfaction, kept telling his son-in-law, as he strategized on Israel, to check with Sheldon and, hence, Bannon.

Bannon's effort to grab the stronger-on-Israel label was deeply confounding to Kushner, who had been raised as an Orthodox Jew. His closest lieutenants in the White House, Avi Berkowitz and Josh Raffel, were Orthodox Jews. On Friday afternoons, all Kushner business in the White House stopped before sunset for the Sabbath observance.

For Kushner, Bannon's right-wing defense of Israel, embraced by Trump, somehow became a jujitsu piece of anti-Semitism aimed directly at him. Bannon seemed determined to make Kushner appear weak and inadequate—a cuck, in alt-right speak.

So Kushner had struck back, bringing into the White House his own tough-guy Jews—Goldman Jews.

* * *

Kushner had pushed for the then president of Goldman Sachs, Gary Cohn, to run the National Economic Council and to be the president's chief economic adviser. Bannon's choice had been CNBC's conservative anchor and commentator Larry Kudlow. For Trump, the Goldman cachet outdrew even a television personality.

It was a Richie Rich moment. Kushner had been a summer intern at Goldman when Cohn was head of commodities trading. Cohn then became president of Goldman in 2006. Once Cohn joined Trump's team, Kushner often found occasion to mention that the president of Goldman Sachs was working for him. Bannon, depending on whom he wanted to slight, either referred to Kushner as Cohn's intern or pointed out that Cohn was now working for his intern. The president, for his part, was continually pulling Cohn into meetings, especially with foreign leaders, just to introduce him as the former president of Goldman Sachs.

Bannon had announced himself as Trump's brain, a boast that vastly irritated the president. But in Cohn, Kushner saw a better brain for the White House: not only was it much more politic for Cohn to be Kushner's brain than Trump's, but installing Cohn was the perfect countermove to Bannon's chaos management philosophy. Cohn was the only person in the West Wing who had ever managed a large organization (Goldman has thirty-five thousand employees). And, not to put too fine a point on it—though Kushner was happy to do so—Bannon had rolled out of Goldman having barely reached midlevel management status, whereas Cohn, his contemporary, had continued on to the firm's highest level, making hundreds of millions of dollars in the process. Cohn—a Democrat globalist-cosmopolitan Manhattanite who voted for Hillary Clinton and who still spoke frequently to former Goldman chief and former Democratic New Jersey senator and

governor Jon Corzine—immediately became Bannon's antithesis.

For Bannon, the ideologue, Cohn was the exact inverse, a commodities trader doing what traders do—read the room and figure out which way the wind is blowing. "Getting Gary to take a position on something is like nailing butterflies to the wall," commented Katie Walsh.

Cohn started to describe a soon-to-be White House that would be business-focused and committed to advancing center-right to moderate positions. In this new configuration, Bannon would be marginalized and Cohn, who was dismissive of Priebus, would be the chief of staff in waiting. To Cohn, it seemed like easy street. Of course it would work out this way: Priebus was a lightweight and Bannon a slob who couldn't run anything.

Within weeks of Cohn's arrival on the transition team, Bannon nixed Cohn's plan to expand the National Economic Council by as many as thirty people. (Kushner, not to be denied, nixed Bannon's plan to have David Bossie build and lead his staff.) Bannon also retailed the likely not-too-far-off-the-mark view (or, anyway, a popular view inside Goldman Sachs) that Cohn, once slated to become Goldman's CEO, had been forced out for an untoward Haig-like grasping for power—in 1981 then secretary of state Alexander Haig had tried to insist he held the power after Ronald Reagan was shot—when Goldman CEO Lloyd Blankfein underwent cancer treatment. In the Bannon version, Kushner had bought damaged goods. The White House was clearly Cohn's professional lifeline—why else would he have come into the Trump administration? (Much of this was retailed to reporters by Sam Nunberg, the former Trump factotum who was now doing duty for Bannon. Nunberg was frank about his tactics: "I beat the shit out of Gary whenever possible.")

It is a measure of the power of blood (or blood by marriage), and likely the power of Goldman Sachs, too, that in the middle of a Republican-controlled Washington and a virulent, if not anti-Semitic (at least toward liberal Jews), right-wing West Wing, the Kushner-Cohn Democrats appeared to be ascendant. Part of the credit went to Kushner, who showed an unexpected tenacity. Conflict averse—in the Kushner household, his father, monopolizing all the conflict, forced everyone else to be a mollifier—confronting neither Bannon nor his father-in-law, he began to see himself in a stoic sense: he was the last man of moderation, the true figure of self-effacement, the necessary ballast of the ship. This would all be made manifest by a spectacular accomplishment. He would complete the mission his father-in-law had foisted on him, the one he was more and more seeing as his, yes, destiny. He *would* make peace in the Middle East.

"He's going to make peace in the Middle East," Bannon said often, his voice reverent and his expression deadpan, cracking up all the Bannonites.

So in one sense Kushner was a figure of heightened foolishness and ridicule. In another, he was a man, encouraged by his wife and by Cohn, who saw himself on the

world stage carrying out a singular mission.

Here was yet another battle to be won or lost. Bannon regarded Kushner and Cohn (and Ivanka) as occupying an alternative reality that had little bearing on the real Trump revolution. Kushner and Cohn saw Bannon as not just destructive but self-destructive, and they were confident he would destroy himself before he destroyed them.

In the Trump White House, observed Henry Kissinger, "it is a war between the Jews and the non-Jews."

* * *

For Dina Powell, the other Goldman hire in the West Wing, the main consideration when Ivanka pitched her on coming to work at the White House was the downside assessment of being associated with a Trump presidency. Powell ran the Goldman Sachs philanthropic arm, a public relations initiative as well as a courtship of the increasingly powerful pools of philanthropic money. Representing Goldman, she had become something of a legend at Davos, a supreme networker among the world's supreme networkers. She stood at an intersection of image and fortune, in a world increasingly swayed by private wealth and personal brands.

It was a function of both her ambition and Ivanka Trump's sales talents during swift meetings in New York and Washington that Powell, swallowing her doubts, had come on board. That, and the politically risky but high-return gamble that she, aligned with Jared and Ivanka, and working closely with Cohn, her Goldman friend and ally, could take over the White House. That was the implicit plan: nothing less. Specifically, the idea was that Cohn or Powell—and quite possibly both over the course of the next four or eight years—would, as Bannon and Priebus faltered, come to hold the chief of staff job. The president's own constant grumbling about Bannon and Priebus, noted by Ivanka, encouraged this scenario.

This was no small point: a motivating force behind Powell's move was the certain belief on the part of Jared and Ivanka (a belief that Cohn and Powell found convincing) that the White House was theirs to take. For Cohn and Powell, the offer to join the Trump administration was transmuted beyond opportunity and became something like duty. It would be their job, working with Jared and Ivanka, to help manage and shape a White House that might otherwise become the opposite of the reason and moderation they could bring. They could be instrumental in saving the place—and, as well, take a quantum personal leap forward.

More immediately for Ivanka, who was focused on concerns about women in the Trump White House, Powell was an image correction to Kellyanne Conway, whom, quite apart from their war with Bannon, Ivanka and Jared disdained. Conway, who continued to hold the president's favor and to be his preferred defender on the cable news shows, had publicly declared herself the face of the administration—and for Ivanka and Jared, this

was a horrifying face. The president's worst impulses seem to run through Conway without benefit of a filter. She compounded Trump's anger, impulsiveness, and miscues. Whereas a presidential adviser was supposed to buffer and interpret his gut calls, Conway expressed them, doubled down on them, made opera out of them. She took Trump's demand for loyalty too literally. In Ivanka and Jared's view, Conway was a cussed, antagonistic, self-dramatizing cable head, and Powell, they hoped, would be a deliberate, circumspect, adult guest on the Sunday morning shows.

By late February, after the first helter-skelter month in the West Wing, the campaign by Jared and Ivanka to undermine Bannon seemed to be working. The couple had created a feedback loop, which included Scarborough and Murdoch, that reinforced the president's deep annoyance with and frustration about Bannon's purported importance in the White House. For weeks after the *Time* magazine cover story featuring Bannon, there was hardly a conversation in which Trump didn't refer to it bitterly. ("He views *Time* covers as zero sum," said Roger Ailes. "If someone else gets on it, he doesn't.") Scarborough, cruelly, kept up a constant patter about President Bannon. Murdoch forcefully lectured the president about the oddness and extremism of Bannonism, linking Bannon with Ailes: "They're both crazy," he told Trump.

Kushner also pressed the view to the president—ever phobic about any age-related weakness—that the sixty-three-year-old Bannon wouldn't hold up under the strain of working in the White House. Indeed, Bannon was working sixteen- and eighteen-hour days, seven days a week, and, for fear of missing a presidential summons or afraid that someone else might grab it, he considered himself on call pretty much all night. As the weeks went by, Bannon seemed physically to deteriorate in front of everybody's eyes: his face became more puffy, his legs more swollen, his eyes more bleary, his clothes more slept in, his attention more distracted.

* * *

As Trump's second month in office began, the Jared-Ivanka-Gary-Dina camp focused on the president's February 28 speech to the joint session of Congress.

"Reset," declared Kushner. "Total reset."

The occasion provided an ideal opportunity. Trump would have to deliver the speech in front of him. It was not only on the teleprompter but distributed widely beforehand. What's more, the well-mannered crowd wouldn't egg him on. His handlers were in control. And for this occasion at least, Jared-Ivanka-Gary-Dina were the handlers.

"Steve will take credit for this speech if there's even one word of his in it," Ivanka told her father. She knew well that for Trump, credit, much more than content, was the hot-button driver, and her comment ensured that Trump would keep it out of Bannon's hands.

"The Goldman speech," Bannon called it.

The inaugural, largely written by Bannon and Stephen Miller, had shocked Jared and Ivanka. But a particular peculiarity of the Trump White House, compounding its messaging problems, was its lack of a speech-writing team. There was the literate and highly verbal Bannon, who did not really do any actual writing himself; there was Stephen Miller, who did little more than produce bullet points. Beyond that, it was pretty much just catch as catch can. There was a lack of coherent message because there was nobody to write a coherent message—just one more instance of disregarding political craft.

Ivanka grabbed firm control of the joint session draft and quickly began pulling in contributions from the Jarvanka camp. In the event, the president behaved exactly as they hoped. Here was an upbeat Trump, a salesman Trump, a nothing-to-be-afraid-of Trump, a happy-warrior Trump. Jared, Ivanka, and all their allies judged it a magnificent night, agreeing that finally, amid the pageantry—*Mr. Speaker, the President of the United States*—the president really did seem presidential. And for once, even the media agreed.

The hours following the president's speech were Trump's best time in the White House. It was, for at least one news cycle, a different presidency. For a moment, there was even something like a crisis of conscience among parts of the media: Had this president been grievously misread? Had the media, the biased media, missed well-intentioned Donald Trump? Was he finally showing his better nature? The president himself spent almost two full days doing nothing but reviewing his good press. He had arrived, finally, at a balmy shore (with appreciative natives on the beach). What's more, the success of the speech confirmed the Jared and Ivanka strategy: look for common ground. It also confirmed Ivanka's understanding of her father: he just wanted to be loved. And, likewise, it confirmed Bannon's worst fear: Trump, in his true heart, was a marshmallow.

The Trump on view the night of the joint session was not just a new Trump, but a declaration of a new West Wing brain trust (which Ivanka was making plans to formally join in just a few weeks). Jared and Ivanka, with an assist from their Goldman Sachs advisers, were changing the message, style, and themes of the White House. "Reaching out" was the new theme.

Bannon, hardly helping his cause, cast himself as a Cassandra to anyone who would listen. He insisted that only disaster would come from trying to mollify your mortal enemies. You need to keep taking the fight to them; you're fooling yourself if you believe that compromise is possible. The virtue of Donald Trump—the virtue, anyway, of Donald Trump to Steve Bannon—was that the cosmopolitan elite was never going to accept him. He was, after all, Donald Trump, however much you shined him up.

# 11

# WIRETAP

With three screens in his White House bedroom, the president was his own best cable curator. But for print he depended on Hope Hicks. Hicks, who had been his junior aide for most of the campaign and his spokesperson (although, as he would point out, he was really his own spokesperson), had been, many thought, pushed to the sidelines in the West Wing by the Bannonites, the Goldman wing, and the Priebus-RNC professionals. To the senior staff, she seemed not only too young and too inexperienced—she was famous among campaign reporters for her hard-to-maneuver-in short skirts—but a way-too-overeager yes woman, always in fear of making a mistake, ever tremulously second-guessing herself and looking for Trump's approval. But the president kept rescuing her —"Where's Hope?"—from any oblivion others tried to assign her to. Baffling to almost everyone, Hicks remained his closest and most trusted aide, with, perhaps, the single most important job in this White House: interpreting the media for him in the most positive way it could be interpreted, and buffering him from the media that could not be positively spun.

The day after his "reset" speech before the joint session of Congress presented a certain conundrum for Hicks. Here were the first generally good notices for the administration. But in the *Post*, the *Times*, and the *New Yorker* that day, there was also an ugly bouquet of very bad news. Fortunately the three different stories had not quite sunk into cable, so there was yet a brief respite. And at least for the better part of the day, March 1, Hicks herself did not entirely seem to grasp how bad the news actually was.

The *Washington Post*'s story was built around a leak from a Justice Department source (characterized as a "former senior American official"—hence, most likely someone from the Obama White House) saying that the new attorney general, Jeff Sessions, had, on two occasions, met with the Russian ambassador, Sergey Kislyak.

When the president was shown the story, he didn't see its significance. "So what?" he said.

Well, during his confirmation, it was explained to the president, Sessions had said he

didn't.

Facing Sessions at the January 10 hearing, Al Franken, the former comedian and Democratic senator from Minnesota, appeared to be casting blindly for an elusive fish in his efforts to find a question. Stopping and starting, slogging through his sentence construction, Franken, who had been handed a question based on the just-revealed Steele dossier, got to this end:

> These documents also allegedly say, quote, "There was a continuing exchange of information during the campaign between Trump's surrogates and intermediaries for the Russian government."
>
> Now, again, I'm telling you this as it's coming out, so you know. But if it's true, it's obviously extremely serious and if there is any evidence that anyone affiliated with the Trump campaign communicated with the Russian government in the course of this campaign, what will you do?

Instead of answering Franken's circuitous question—"What will you do?"—with an easy "We will of course investigate and pursue any and all illegal actions," a confused Sessions answered a question he wasn't asked.

> Senator Franken, I'm not aware of any of those activities. I have been called a surrogate at a time or two in that campaign and I didn't have—did not have communications with the Russians, and I'm unable to comment on it.

The president's immediate focus was on the question of why anyone believed that communicating with the Russians was bad. There *is* nothing wrong with that, Trump insisted. As in the past, it was hard to move him off this point and to the issue at hand: a possible lie to Congress. The *Post* story, to the extent that it registered at all, didn't worry him. Supported by Hicks, he saw it a way-long-shot effort to pin something on Sessions. And anyway, Sessions was saying he didn't meet with the Russians as *a campaign surrogate*. So? He didn't. Case closed.

"Fake news," said the president, using his now all-purpose rejoinder.

As for the bad *Times* story, as Hicks related it to the president, it appeared to him to be good news. Briefed by anonymous sources in the Obama administration (*more* anonymous Obama sources), the story revealed a new dimension to the ever growing suggestion of a connection between the Trump campaign and Russian efforts to influence the U.S. election:

> American allies, including the British and the Dutch, had provided information describing meetings in European cities between Russian officials—and others close to Russia's president, Vladimir V. Putin—and associates of President-elect Trump, according to three former American officials who requested anonymity in discussing classified intelligence.

And:

> Separately, American intelligence agencies had intercepted communications of Russian officials, some of them within the Kremlin, discussing contacts with Trump associates.

The story went on:

> Mr. Trump has denied that his campaign had any contact with Russian officials, and at one point he openly suggested that American spy agencies had cooked up intelligence suggesting that the Russian government had tried to meddle in the presidential election. Mr. Trump has accused the Obama administration of hyping the Russia story line as a way to discredit his new administration.

And then the real point:

> At the Obama White House, Mr. Trump's statements stoked fears among some that intelligence could be covered up or destroyed—or its sources exposed—once power changed hands. What followed was a push to preserve the intelligence that underscored the deep anxiety with which the White House and American intelligence agencies had come to view the threat from Moscow.

Here was more confirmation of a central Trump thesis: The previous administration, its own candidate defeated, was not just disregarding the democratic custom of smoothing the way for the winner of the election; rather, in the Trump White House view, Obama's people had plotted with the intelligence community to put land mines in the new administration's way. Secret intelligence was, the story suggested, being widely distributed across intelligence agencies so as to make it easier to leak, and at the same time to protect the leakers. This intelligence, it was rumored, consisted of spreadsheets kept by Susan Rice that listed the Trump team's Russian contacts; borrowing a technique from WikiLeaks, the documents were secreted on a dozen servers in different places. Before this broad distribution, when the information was held tightly, it would have been easy to identify the small pool of leakers. But the Obama administration had significantly expanded that pool.

So this was good news, right? Wasn't this proof, the president asked, that Obama and his people were out to get him? The *Times* story was a leak about a plan to leak—and it provided clear evidence of the deep state.

Hope Hicks, as always, supported Trump's view. The crime was leaking and the culprit was the Obama administration. The Justice Department, the president was confident, was now going to investigate the former president and his people. Finally.

* * *

Hope Hicks also brought to the president a big piece in the *New Yorker*. The magazine had just published an article by three authors—Evan Osnos, David Remnick, and Joshua Yaffa

—attributing Russian aggressiveness to a new cold war. Remnick, the editor of the *New Yorker*, had, since the Trump election, propounded an absolutist view that Trump's election imperiled Democratic norms.

This 13,500-word story—handily connecting the dots of Russia's geopolitical mortification, Putin's ambition, the country's cyber talents, Trump's own nascent authoritarianism, and the U.S. intelligence community's suspicions about Putin and Russia—codified a new narrative as coherent and as apocalyptic as the one about the old cold war. The difference was that in this one, the ultimate result was Donald Trump—he was the nuclear bomb. One of the frequently quoted sources in the article was Ben Rhodes, the Obama aide who, Trump's camp believed, was a key leaker, if not one of the architects of the Obama administration's continued effort to connect Trump and his team to Putin and Russia. Rhodes, many in the White House believed, *was* the deep state. They also believed that every time a leak was credited to "former and current officials," Rhodes was the former official who was in close touch with current officials.

While the article was largely just a dire recapitulation of fears about Putin and Trump, it did, in a parenthesis toward the end of the article—quite burying the lead—connect Jared Kushner to Kislyak, the Russian ambassador, in a meeting in Trump Tower with Michael Flynn in December.

Hicks missed this point; later, it had to be highlighted for the president by Bannon.

Three people in the Trump administration—the former National Security Advisor, the current attorney general, and the president's senior adviser and son-in-law—had now been directly connected to the Russian diplomat.

To Kushner and his wife, this was less than innocent: they would, with a sense of deepening threat, suspect Bannon of leaking the information about Kushner's meeting with Kislyak.

* * *

Few jobs in the Trump administration seemed so right, fitting, and even destined to their holder as Jeff Sessions's appointment as the nation's top law enforcement officer. As he viewed his work as AG, it was his mandate to curb, circumscribe, and undo the interpretation of federal law that had for three generations undermined American culture and offended his own place in it. "This is his life's work," said Steve Bannon.

And Sessions was certainly not going to risk his job over the silly Russia business, with its growing collection of slapstick Trump figures. God knows what those characters were up to—nothing good, everybody assumed. Best to have nothing to do with it.

Without consulting the president or, ostensibly, anyone in the White House, Sessions decided to move as far as possible out of harm's way. On March 2, the day after the *Post* story, he recused himself from anything having to do with the Russia investigation.

The news of the attorney general's recusal exploded like an IED in the White House. Sessions was Trump's protection against an overly aggressive Russian investigation. The president just could not grasp the logic here. He railed to friends: Why would Sessions not want to protect him? What would Sessions gain? Did he think this stuff was real? Sessions needed to do his job!

In fact, Trump already had good reason to worry about the DOJ. The president had a private source, one of his frequent callers, who, he believed, was keeping him abreast of what was going on in the Justice Department—and, the president noted, doing a much better job of it than Sessions himself.

The Trump administration, as a consequence of the Russia story, was involved in a high-stakes bureaucratic push-pull, with the president going outside government to find out what was happening in his own government. The source, a longtime friend with his own DOJ sources—many of the president's rich and powerful friends had their own reasons to keep close tabs on what was happening at the Justice Department—fed the president a bleak picture of a Justice Department and an FBI run amok in its efforts to get him. "Treason" was a word that was being used, the president was told.

"The DOJ," the president's source told him, "was filled with women who hated him." It was an army of lawyers and investigators taking instructions from the former administration. "They want to make Watergate look like Pissgate," the president was told. This comparison confused Trump; he thought his friend was making a reference to the Steele dossier and its tale of the golden showers.

After the attorney general's recusal, the president, whose instinctive reaction to every problem was to fire someone, right away, thought he should just get rid of Sessions. At the same time, there was little doubt in his mind about what was happening here. He knew where this Russia stuff was coming from, and if these Obama people thought they were going to get away with it they had another think coming. He would expose them all!

* * *

One of Jared Kushner's many new patrons was Tony Blair, the former —British prime minister, whom Kushner had gotten to know when, on the banks of the River Jordan in 2010, they both attended the baptism of Grace and Chloe Murdoch, the young daughters of Rupert Murdoch and his then wife, Wendi. Jared and Ivanka had also lived in the same Trump building on Park Avenue where the Murdochs lived (for the Murdochs it was a temporary rental apartment while their grand triplex on Fifth Avenue was —renovated, but the renovation had lasted for four years), and during that period Ivanka Trump had become one of Wendi Murdoch's closest friends. Blair, godfather to Grace, would later be accused by Murdoch of having an affair with his wife, and of being the cause of their breakup (something Blair has categorically denied). In the divorce, Wendi got the Trumps.

But once in the White House, the president's daughter and son-in-law became the

target of a renewed and eager cultivation by, with quite some irony, both Blair and Murdoch. Lacking a circle of influence in almost all of the many areas of government with which he was now involved, Kushner was both susceptible to cultivation and more than a little desperate for the advice his cultivators had to offer. Blair, now with philanthropic, private diplomatic, and varied business interests in the Middle East, was particularly intent on helping shepherd some of Jared's Middle East initiatives.

In February, Blair visited Kushner in the White House.

On this trip, the now freelance diplomat, perhaps seeking to prove his usefulness to this new White House, mentioned a juicy rumor: the possibility that the British had had the Trump campaign staff under surveillance, monitoring its telephone calls and other communications and possibly even Trump himself. This was, as Kushner might understand, the Sabbath goy theory of intelligence. On the Sabbath, observant Jews could not turn on the lights, nor ask someone else to turn on the lights. But if they expressed the view that it would be much easier to see with light, and if a non-Jew then happened to turn them on, that would be fine. So although the Obama administration would not have asked the British to spy on the Trump campaign, the Brits would have been led to understand how helpful it might be if they did.

It was unclear whether the information was rumor, informed conjecture, speculation, or solid stuff. But, as it churned and festered in the president's mind, Kushner and Bannon went out to CIA headquarters in Langley to meet with Mike Pompeo and his deputy director Gina Haspel to check it out. A few days later, the CIA opaquely reported back that the information was not correct; it was a "miscommunication."

* * *

Politics had seemed to become, even well before the age of Trump, a mortal affair. It was now zero-sum: When one side profited, another lost. One side's victory was another's death. The old notion that politics was a trader's game, an understanding that somebody else had something you wanted—a vote, goodwill, old-fashioned patronage—and that in the end the only issue was cost, had gone out of fashion. Now it was a battle between good and evil.

Curiously, for a man who seemed to have led a movement based in anger and retribution, Trump was very much (or believed he was very much) a politician of the old stripe—a let's-work-it-out guy. You scratch my back, I'll scratch yours. He was, in his mind, the ultimate tactician, always knowing what the other guy wanted.

Steve Bannon had pressed him to invoke Andrew Jackson as his populist model, and he had loaded up on Jackson books (they remained unread). But his real beau ideal was Lyndon Johnson. LBJ was a big man who could knock heads, do deals, and bend lesser men to his will. Trade it out so in the end everyone got something, and the better dealmaker got a little more. (Trump did not, however, appreciate the irony of where

Lyndon Johnson ended up—one of the first modern politicians to have found himself on the wrong end of both mortal and moral politics.)

But now, after little more than seven weeks in office, Trump saw his own predicament as unique and overwhelming. Like no other president before (though he did make some allowances for Bill Clinton), his enemies were out to get him. Worse, the system was rigged against him. The bureaucratic swamp, the intelligence agencies, the unfair courts, the lying media—they were all lined up against him. This was, for his senior staff, a reliable topic of conversation with him: the possible martyrdom of Donald Trump.

In the president's nighttime calls, he kept coming back to how unfair this was, and to what Tony Blair had said—and others, too! It all added up. There was a plot against him.

Now, it was certainly true that Trump's closest staff appreciated his volatility, and, to a person, was alarmed by it. At points on the day's spectrum of adverse political developments, he could have moments of, almost everyone would admit, irrationality. When that happened, he was alone in his anger and not approachable by anyone. His senior staff largely dealt with these dark hours by agreeing with him, no matter what he said. And if some of them occasionally tried to hedge, Hope Hicks never did. She agreed absolutely with all of it.

At Mar-a-Lago on the evening of March 3, the president watched Bret Baier interview Paul Ryan on Fox. Baier asked the Speaker about a report on the online news site Circa—owned by Sinclair, the conservative broadcast group—involving allegations that Trump Tower had been surveilled during the campaign.

On March 4, Trump's early morning tweets began:

> Terrible! Just found out that Obama had my "wires tapped" in Trump Tower just before the victory. Nothing found. This is McCarthyism! (4:35 a.m.)
>
> Is it legal for a sitting President to be "wire tapping" a race for president prior to an election? Turned down by court earlier. A NEW LOW! (4:49 a.m.)
>
> How low has President Obama gone to tap my phones during the very sacred election process. This is Nixon/Watergate. Bad (or sick) guy! (5:02 a.m.)

At 6:40 he called Priebus, waking him up. "Did you see my tweet?" he asked. "We've caught them red-handed!" Then the president held his phone so Priebus could hear the playback of the Baier show.

He had no interest in precision, or even any ability to be precise. This was pure public exclamation, a window into pain and frustration. With his misspellings and his use of 1970s lingo—"wire tapping" called up an image of FBI agents crouched in a van on Fifth Avenue—it seemed kooky and farcical. Of the many tweets that Trump had seemed to hoist himself by, from the point of view of the media, intelligence community, and extremely satisfied Democrats, the wiretap tweets had pulled him highest and most left him dangling in ignorance and embarrassment.

According to CNN, "Two former senior U.S. officials quickly dismissed Trump's accusations out of hand. 'Just nonsense,' said one former senior U.S. intelligence official." Inside the White House, the "just nonsense" quote was thought to be from Ben Rhodes, offered in cat-that-swallowed-the-canary fashion.

Ryan, for his part, told Priebus he had no idea what Baier was talking about and that he was just BSing through the interview.

But if tapping Trump's phones wasn't literally true, there was a sudden effort to find something that might be, and a frantic White House dished up a Breitbart article that linked to a piece by Louise Mensch, a former British politician who, now living in the United States, had become a kind of conspiracy-central of the Trump-Russia connection.

There was a further effort to push aggressive incidental collection and unmasking back onto the Obama White House. But in the end, this was another—and to some quite the ultimate—example of how difficult it was for the president to function in a literal, definitional, lawyerly, cause-and-effect political world.

It was a turning point. Until now, Trump's inner circle had been mostly game to defend him. But after the wiretap tweets, everybody, save perhaps Hope Hicks, moved into a state of queasy sheepishness, if not constant incredulity.

Sean Spicer, for one, kept repeating his daily, if not hourly, mantra: "You can't make this shit up."

# 12

# REPEAL AND REPLACE

A few days after the election, Steve Bannon told the president-elect—in what Katie Walsh would characterize with a raised eyebrow as more "Breitbart shenanigans"—that they had the votes to replace Paul Ryan as Speaker of the House with Mark Meadows, the head of the Tea Party-inspired Freedom Caucus and an early Trump supporter. (Meadows's wife had a particular place of regard in the Trump camp for continuing a campaign swing across the Bible Belt over Billy Bush weekend.)

Nearly as much as winning the presidency itself, removing Ryan—indeed, humiliating him—was an ultimate expression of what Bannon sought to accomplish and of the mind-meld of Bannonism and Trumpism. From the beginning, the Breitbart campaign *against* Paul Ryan was a central part of its campaign *for* Donald Trump. Its embrace of Trump, and Bannon's personal enlistment in the campaign fourteen months after it began, was in part because Trump, throwing political sense to the wind, was willing to lead the charge against Ryan and the GOP godfathers. Still, there was a difference between the way Breitbart viewed Ryan and the way Trump viewed him.

For Breitbart, the House rebellion and transformation that had driven the former Speaker, John Boehner, from office, and which, plausibly, was set to remake the House into the center of the new radical Republicanism had been halted by Ryan's election as Speaker. Mitt Romney's running mate, and a figure who had merged a conservative fiscal wonkishness—he had been the chairman of the House Ways and Means Committee and, as well, chairman of the House Budget Committee—with an old-fashioned idea of unassailable Republican rectitude, Ryan was the official last, best hope of the Republican Party. (Bannon, typically, had turned this trope into an official Trumpist talking point: "Ryan was created in a petri dish at the Heritage Foundation.") If the Republican Party had been moved further right by the Tea Party rebellion, Ryan was part of the ballast that would prevent it from moving further, or at least at a vastly slower pace. In this he represented an adult, older-brother steadiness in contrast to the Tea Party's ADD-hyper immaturity—and a stoic, almost martyrlike resistance to the Trump movement.

Where the Republican establishment had promoted Ryan into this figure of not only

maturity but sagaciousness, the Tea Party-Bannon-Breitbart wing mounted an ad hominem campaign pushing an image of Ryan as uncommitted to the cause, an inept strategist and incompetent leader. He was the Tea Party-Bannon-Breitbart punch line: the ultimate empty suit, a hee-haw sort of joke and an embarrassment.

Trump's distaste for Ryan was significantly less structural. He had no views about Ryan's political abilities, and had paid no real attention to Ryan's actual positions. His view was personal. Ryan had insulted him—again and again. Ryan had kept betting against him. Ryan had become the effective symbol of the Republican establishment's horror and disbelief about Trump. Adding insult to injury, Ryan had even achieved some moral stature by dissing Trump (and, as usual, he considered anybody's gain at his expense a double insult). By the spring of 2016, Ryan was still, and by then the only, alternative to Trump as the nominee. Say the word, many Republicans felt, and the convention would stampede to Ryan. But Ryan's seemingly smarter calculation was to let Trump win the nomination, and then to emerge as the obvious figure to lead the party after Trump's historic defeat and the inevitable purge of the Tea Party-Trump-Breitbart wing.

Instead, the election destroyed Paul Ryan, at least in Steve Bannon's eyes. Trump had not only saved the Republican Party but had given it a powerful majority. The entire Bannon dream had been realized. The Tea Party movement, with Trump as its remarkable face and voice, had come to power—something like total power. It owned the Republican Party. Publicly breaking Paul Ryan was the obvious and necessary step.

But a great deal could fall into the chasm between Bannon's structural contempt for Ryan and Trump's personal resentment. If Bannon saw Ryan as being unwilling and unable to carry out the new Bannon-Trump agenda, Trump saw a chastened Ryan as suddenly and satisfyingly abject, submissive, and useful. Bannon wanted to get rid of the entire Republican establishment; Trump was wholly satisfied that it now seemed to bend to him.

"He's quite a smart guy," Trump said after his first postelection conversation with the Speaker. "A very serious man. Everybody respects him."

Ryan, "rising to a movie-version level of flattery and sucking-up painful to witness," according to one senior Trump aide, was able to delay his execution. As Bannon pressed his case for Meadows—who was significantly less yielding than Ryan—Trump dithered and then finally decided that not only was he *not* going to push for Ryan's ouster, but Ryan was going to be his man, his partner. In an example of the odd and unpredictable effects of personal chemistry on Trump—of how easy it can be to sell the salesman—Trump would now eagerly back Ryan's agenda instead of the other way around.

"I don't think that we quite calculated that the president would give him carte blanche," reflected Katie Walsh. "The president and Paul went from such a bad place during the campaign to such a romance afterward that the president was happy to go along with

whatever he wanted."

It didn't exactly surprise Bannon when Trump flipped; Bannon understood how easy it was to bullshit a bullshitter. Bannon also recognized that the Ryan rapprochement spoke to Trump's new appreciation of where he found himself. It was not just that Ryan had been willing to bow to Trump, but that Trump was willing to bow to his own fears about how little he actually knew about being president. If Ryan could be counted on to handle Congress, thought the president, well, phew, that takes care of that.

* * *

Trump had little or no interest in the central Republican goal of repealing Obamacare. An overweight seventy-year-old man with various physical phobias (for instance, he lied about his height to keep from having a body mass index that would label him as obese), he personally found health care and medical treatments of all kinds a distasteful subject. The details of the contested legislation were, to him, particularly boring; his attention would begin wandering from the first words of a policy discussion. He would have been able to enumerate few of the particulars of Obamacare—other than expressing glee about the silly Obama pledge that everyone could keep his or her doctor—and he certainly could not make any kind of meaningful distinction, positive or negative, between the health care system before Obamacare and the one after.

Prior to his presidency, he had likely never had a meaningful discussion in his life about health insurance. "No one in the country, or on earth, has given less thought to health insurance than Donald," said Roger Ailes. Pressed in a campaign interview about the importance of Obamacare repeal and reform, Trump was, to say the least, quite unsure of its place on the agenda: "This is an important subject but there are a lot of important subjects. Maybe it is in the top ten. Probably is. But there is heavy competition. So you can't be certain. Could be twelve. Or could be fifteen. Definitely top twenty for sure."

It was another one of his counterintuitive connections to many voters: Obama and Hillary Clinton seemed actually to want to talk about health care plans, whereas Trump, like most everybody else, absolutely did not.

All things considered, he probably preferred the notion of more people having health insurance than fewer people having it. He was even, when push came to shove, rather more for Obamacare than for repealing Obamacare. As well, he had made a set of rash Obama-like promises, going so far as to say that under a forthcoming Trumpcare plan (he had to be strongly discouraged from using this kind of rebranding—political wise men told him that this was one instance where he might not want to claim ownership with his name), no one would lose their health insurance, and that preexisting conditions would continue to be covered. In fact, he probably favored government-funded health care more than any other Republican. "Why can't Medicare simply cover everybody?" he had impatiently wondered aloud during one discussion with aides, all of whom were careful

not to react to this heresy.

It was Bannon who held the line, insisting, sternly, that Obamacare was a litmus Republican issue, and that, holding a majority in Congress, they could not face Republican voters without having made good on the by now Republican catechism of repeal. Repeal, in Bannon's view, was the pledge, and repeal would be the most satisfying, even cathartic, result. It would also be the easiest one to achieve, since virtually every Republican was already publicly committed to voting for repeal. But Bannon, seeing health care as a weak link in Bannonism-Trumpism's appeal to the workingman, was careful to take a back seat in the debate. Later, he hardly even made an effort to rationalize how he'd washed his hands of the mess, saying just, "I hung back on health care because it's not my thing."

It was Ryan who, with "repeal and replace," obfuscated the issue and won over Trump. Repeal would satisfy the Republican bottom line, while replace would satisfy the otherwise off-the-cuff pledges that Trump had made on his own. (Pay no attention to the likelihood that what the president construed as repeal and replace might be very different from what Ryan construed as repeal and replace.) "Repeal and replace" was a useful slogan, too, in that it came to have meaning without having any actual or specific meaning.

The week after the election, Ryan, bringing Tom Price—the Georgia congressman and orthopedist who had become Ryan's resident heath care expert—traveled to Trump's Bedminster, New Jersey, estate for a repeal and replace briefing. The two men summed up for Trump—who kept wandering off topic and trying to turn the conversation to golf—seven years of Republican legislative thinking about Obamacare and the Republican alternatives. Here was a perfect example of an essential Trump paradigm: he acceded to anyone who seemed to know more about any issue he didn't care about, or simply one whose details he couldn't bring himself to focus on closely. *Great!* he would say, punctuating every statement with a similar exclamation and regularly making an effort to jump from his chair. On the spot, Trump eagerly agreed to let Ryan run the health care bill and to make Price the Health and Human Services secretary.

Kushner, largely staying silent during the health care debate, publicly seemed to accept the fact that a Republican administration had to address Obamacare, but he privately suggested that he was personally against both repeal alone and repeal and replace. He and his wife took a conventional Democratic view on Obamacare (it was better than the alternatives; its problems could be fixed in the future) and strategically believed it was best for the new administration to get some easier victories under its belt before entering a hard-to-win or no-win fight. (What's more, Kushner's brother Josh ran a health insurance company that depended on Obamacare.)

Not for the last time, then, the White House would be divided along the political spectrum, Bannon taking an absolutist base position, Priebus aligned with Ryan in support of the Republican leadership, and Kushner maintaining, and seeing no contradiction in, a

moderate Democratic view. As for Trump himself, here was a man who was simply trying to get out from under something he didn't especially care about.

Ryan and Priebus's salesmanship promised to get the president out from under other issues as well. Health care reform, according to the Ryan plan, was something of a magic bullet. The reform the Speaker would push through Congress would fund the tax cuts Trump had guaranteed, which, in turn, would make all that Trump-promised infrastructure investment possible.

On this basis—this domino theory that was meant to triumphantly carry the Trump administration through to the August recess and mark it as one of the most transformational presidencies in modern times—Ryan kept his job as Speaker, rising from hated campaign symbol to the administration's man on the Hill. In effect, the president, quite aware of his and his staff's inexperience in drafting legislation (in fact, nobody on his senior staff had any experience at all), decided to outsource his agenda—and to a heretofore archenemy.

Watching Ryan steal the legislative initiative during the transition, Bannon faced an early realpolitik moment. If the president was willing to cede major initiatives, Bannon would need to run a counteroperation and be ready with more Breitbart shenanigans. Kushner, for his part, developed a certain Zen—you just had to go with the president's whims. As for the president, it was quite clear that deciding between contradictory policy approaches was not his style of leadership. He simply hoped that difficult decisions would make themselves.

* * *

Bannon was not merely contemptuous of Ryan's ideology; he had no respect, either, for his craft. In Bannon's view, what the new Republican majority needed was a man like John McCormick, the Democratic Speaker of the House who had served during Bannon's teenage years and had shepherded Johnson's Great Society legislation. McCormick and other Democrats from the 1960s were Bannon's political heroes—put Tip O'Neill in that pantheon, too. An Irish Catholic working-class man was philosophically separate from aristocrats and gentry—and without aspirations to be either. Bannon venerated old-fashioned pols. He looked like one himself: liver spots, jowls, edema. And he hated modern politicians; they lacked, in addition to political talents, authenticity and soul. Ryan was an Irish Catholic altar boy who had stayed an altar boy. He had not grown up to be a thug, cop, or priest—or a true politician.

Ryan certainly wasn't a vote counter. He was a benighted figure who had no ability to see around corners. His heart was in tax reform, but as far as he could tell the only path to tax reform was through health care. But he cared so little about the issue that—just as the White House had outsourced health care to him—he outsourced the writing of the bill to insurance companies and K Street lobbyists.

In fact, Ryan had tried to act like McCormick or O'Neill, offering absolute assurances of his hold on the legislation. It was, he told the president during his several daily calls, a "done deal." Trump's trust in Ryan rose still higher, and it seemed to become in his own mind proof that he had achieved a kind of mastery over the Hill. If the president had been worried, he was worried no more. Done deal. The White House, having had to sweat hardly at all, was about to get a big victory, bragged Kushner, embracing the expected win over his dislike of the bill.

The sudden concern that the outcome might be otherwise began in early March. Katie Walsh, who Kushner now described as "demanding and petulant," began to sound the alarm. But her efforts to personally involve the president in vote collecting were blocked by Kushner in a set of increasingly tense face-offs. The unraveling had begun.

* * *

Trump still dismissively called it "the Russian thing—a whole lot of nothing." But on March 20, FBI director James Comey appeared before the House Intelligence Committee and tied the story up in a neat package:

> I have been authorized by the Department of Justice to confirm that the FBI, as part of our counterintelligence mission, is investigating the Russian government's efforts to interfere in the 2016 presidential election, and that includes investigating the nature of any links between individuals associated with the Trump campaign and the Russian government and whether there was any coordination between the campaign and Russia's efforts. As with any counter intelligence investigation, this will also include an assessment of whether any crimes were committed. Because it is an open, ongoing investigation and is classified I cannot say more about what we are doing and whose conduct we are examining.

He had, however, said quite enough. Comey converted rumor, leaks, theory, innuendo, and pundit hot air—and until this moment that was all there was, at best the hope of a scandal—into a formal pursuit of the White House. Efforts to pooh-pooh the narrative—the fake news label, the president's germaphobe defense against the golden shower accusations, the haughty dismissal of minor associates and hopeless hangers-on, the plaintive, if real, insistence that no crime had even been alleged, and the president's charge that he was the victim of an Obama wiretap—had failed. Comey himself dismissed the wiretap allegation. By the evening of Comey's appearance, it was evident to everyone that the Russia plot line, far from petering out, had a mighty and bloody life to come.

Kushner, ever mindful of his father's collision with the Justice Department, was especially agitated by Comey's increasing focus on the White House. Doing something about Comey became a Kushner theme. What can we do about him? was a constant question. And it was one he kept raising with the president.

Yet this was also—as Bannon, without too much internal success, tried to explain—a

structural issue. It was an opposition move. You could express surprise at how fierce, creative, and diabolical the moves turned out to be, but you shouldn't be surprised that your enemies would try to hurt you. This was check, but far from checkmate, and you had to continue to play the game, knowing that it would be a very long one. The only way to win the game, Bannon argued, was with a disciplined strategy.

But the president, prodded here by his family, was an obsessive and not a strategist. In his mind, this was not a problem to address, this was a person to focus on: Comey. Trump eschewed abstractions and, ad hominem, zeroed in on his opponent. Comey had been a difficult puzzle for Trump: Comey had declined to have the FBI pursue charges against Clinton for her email dodge. Then, in October, Comey had single-handedly boosted Trump's fortunes with the letter reopening the Clinton email investigation.

In their personal interactions, Trump had found Comey to be a stiff—he had no banter, no game. But Trump, who invariably thought people found him irresistible, believed that Comey admired *his* banter and game. When pressed, by Bannon and others, to fire Comey as one of his early acts—an idea opposed by Kushner, and thus another bullet on Bannon's list of bad recommendations by Kushner—the president said, "Don't worry, I've got him." That is, he had no doubt that he could woo and flatter the FBI director into positive feeling for him, if not outright submission.

Some seducers are preternaturally sensitive to the signals of those they try to seduce; others indiscriminately attempt to seduce, and, by the law of averages, often succeed (this latter group of men might now be regarded as harassers). That was Trump's approach to women—pleased when he scored, unconcerned when he didn't (and, often, despite the evidence, believing that he had). And so it was with Director Comey.

In their several meetings since he took office—when Comey received a presidential hug on January 22; at their dinner on January 27, during which Comey was asked to stay on as FBI director; at their Valentine's Day chat after emptying the office of everybody else, including Sessions, Comey's titular boss—Trump was confident that he had laid on the moves. The president was all but certain that Comey, understanding that he, Trump, had his back (i.e., had let him keep his job), would have Trump's back, too.

But now this testimony. It made no sense. What *did* make sense to Trump was that Comey wanted it to be about him. He was a media whore—this Trump understood. All right, then, he, too, could play it this way.

Indeed, health care, a no-fun issue—suddenly becoming much less fun, if, as seemed increasingly possible, Ryan couldn't deliver—palled before the clarity of Comey, and the fury, enmity, and bitterness Trump, and Trump's relatives, now bore him.

Comey was the larger-than-life problem. Taking Comey down was the obvious solution. Getting Comey became the mission.

In Keystone Cops fashion, the White House enlisted House Intelligence Committee

chairman Devin Nunes in a farcical effort to discredit Comey and support the wiretap theory. The scheme shortly collapsed in universal ridicule.

Bannon, taking a public hands-off with respect to both health care and Comey, began to advise reporters that the important story wasn't health care but Russia. This was cryptic advice: it was not clear whether he was trying to distract attention from the coming health care debacle, or couple it with this new dangerous variable, thus amping up the kind of chaos that he usually benefited from.

But Bannon was unequivocal about one thing. *As the Russia story unfolds*, he advised reporters, *keep your eye on Kushner*.

* * *

By mid-March, Gary Cohn had been drafted into the effort to salvage the faltering health care bill. This might have seemed like a form of hazing for Cohn, whose grasp of legislative matters was even more limited than that of most in the White House.

On Friday, March 24, the morning of the theoretical House vote for the Republican health care bill, Politico's *Playbook* characterized the chances of a vote actually coming to the floor as a "toss-up." In that morning's senior staff meeting, Cohn was asked for an assessment of where things stood and promptly said, "I think it's a toss-up."

"Really?" thought Katie Walsh. "That's what you think?"

Bannon, joining Walsh in a pitiless contempt for the White House effort, targeted Kushner, Cohn, Priebus, Price, and Ryan in a series of calls to reporters. Kushner and Cohn could, per Bannon, be counted on to run at the first sound of gunfire. (Kushner, in fact, had spent much of the week on a skiing holiday.) Priebus mouthed Ryan talking points and excuses. Price, supposedly the health care guru, was an oafish imposter; he would stand up in meetings and mumble nothing but nonsense.

These were the bad guys, setting up the administration to lose the House in 2018, thereby assuring the president's impeachment. This was vintage Bannon analysis: a certain and immediate political apocalypse that sat side by side with the potential for a half century of Bannonism-Trumpism rule.

Convinced he knew the direction of success, keenly aware of his own age and finite opportunities, and—if for no clear reason—seeing himself as a talented political infighter, Bannon sought to draw the line between believers and sell-outs, being and nothingness. For him to succeed, he needed to isolate the Ryan, Cohn, and Kushner factions.

The Bannon faction held tight on forcing a vote on the health care bill—even knowing defeat was inevitable. "I want it as a report on Ryan's job as Speaker," said Bannon. That is, a devastating report, an epic fail.

The day of the vote, Pence was sent to the Hill to make one last pitch to Meadows's

Freedom Caucus. (Ryan's people believed that Bannon was secretly urging Meadows to hold out, though earlier in the week Bannon had harshly ordered the Freedom Caucus to vote for the bill—"a silly Bannon show," according to Walsh.) At three-thirty, Ryan called the president to say he was short fifteen to twenty votes and needed to pull the vote. Bannon, backed by Mulvaney, who had become the White House's Hill operative, continued to urge an immediate vote. A defeat here would be a major defeat for the Republican leadership. That suited Bannon just fine: let them fail.

But the president backed down. Faced with this singular opportunity to make the Republican leadership the issue, and to name them as the problem, Trump wobbled, provoking in Bannon a not-so-silent rage. Ryan then leaked that it was the president who had asked him to cancel the vote.

Over the weekend, Bannon called a long list of reporters and told them—off the record, but hardly—"I don't see Ryan hanging around a long time."

* * *

After the bill had been pulled that Friday, Katie Walsh, feeling both angry and disgusted, told Kushner she wanted out. Outlining what she saw as the grim debacle of the Trump White House, she spoke with harsh candor about bitter rivalries joined to vast incompetence and an uncertain mission. Kushner, understanding that she needed to be discredited immediately, leaked that she had been leaking and hence had to be pushed out.

On Sunday evening, Walsh had dinner with Bannon in his Capitol Hill redoubt, the Breitbart Embassy, during which, to no avail, he implored her to stay. On Monday she sorted out the details with Priebus—she would leave to work part time for the RNC and part time for the Trump (c)(4), the outside campaign group. By Thursday she was gone.

Ten weeks into the new administration, the Trump White House had lost, after Michael Flynn, its second senior staff member—and the one whose job it was to actually get things done.

# 13

## BANNON AGONISTES

He, too, felt like a prisoner, he had told Katie Walsh when she came to tell him she was leaving.

By ten weeks in, Steve Bannon's mastery of the Trump agenda, or at least of Trump himself, appeared to have crumbled. His current misery was both Catholic in nature—the self-flagellation of a man who believed he lived on a higher moral plane than all others—and fundamentally misanthropic. As an antisocial, maladjusted, post-middle-aged man, he had to make a supreme effort to get along with others, an effort that often did not go well. Most especially, he was miserable because of Donald Trump, whose cruelties, always great even when they were casual, were unbearable when he truly turned against you.

"I hated being on the campaign, I hated the transition, I hate being here in the White House," said Bannon, sitting one evening in Reince Priebus's office, on an unseasonably warm evening in early spring, with the French doors open to the arbor-covered patio where he and Priebus, now firm friends and allies in their antipathy toward Jarvanka, had set an outdoor table.

But Bannon was, he believed, here for a reason. And it was his firm belief—a belief he was unable to keep to himself, thus continually undermining his standing with the president—that his efforts had brought everybody else here. Even more important, he was the only person showing up for work every day who was committed to the purpose of actually changing the country. Changing it quickly, radically, and truly.

The idea of a split electorate—of blue and red states, of two opposing currents of values, of globalists and nationalists, of an establishment and populist revolt—was media shorthand for cultural angst and politically roiled times, and, to a large degree, for business as usual. But Bannon believed the split was literal. The United States had become a country of two hostile peoples. One would necessarily win and the other lose. Or one would dominate while the other would become marginal.

This was modern civil war—Bannon's war. The country built on the virtue and the character and the strength of the American workingman circa 1955–65 was the ideal he

meant to defend and restore: trade agreements, or *trade wars*, that supported American manufacturing; immigration policies that protected American workers (and, hence, American culture, or at least America's identity from 1955 to 1965); and an international isolation that would conserve American resources and choke off the ruling class's Davos sensibility (and also save working-class military lives). This was, in the view of almost everyone but Donald Trump and the alt-right, a crazy bit of voodoo economic and political nonsense. But it was, for Bannon, a revolutionary and religious idea.

For most others in the White House, it was Bannon's pipe dream. "Steve is … Steve," became the gentle term of art for tolerating him. "A lot of stuff goes on in his head," said the president, pursuing one of his reliable conversational themes, dismissing Bannon.

But it wasn't Bannon versus everybody else so much as it was Bannon Trump versus non-Bannon Trump. If Trump, in his dark, determined, and aggressive mood, could represent Bannon and his views, he could just as easily represent nothing at all—or represent solely his own need for instant gratification. That's what the non-Bannon people understood about Trump. If the boss was happy, then a normal, incremental, two-steps-forward-one-step-back approach to politics might prevail. Even a new sort of centrism, as inimical to Bannonism as it was possible to conceive, could emerge. Bannon's pronouncements about a fifty-year rule for Trumpism might then be supplanted by the rule of Jared, Ivanka, and Goldman Sachs.

By the end of March, this was the side that was winning. Bannon's efforts to use the epic health care fail as evidence that the establishment was the enemy had hopelessly backfired. Trump saw the health care failure as his own failure, but since he didn't have failures, it couldn't be a failure, and would in fact be a success—if not now, soon. So Bannon, a Cassandra on the sidelines, was the problem.

Trump rationalized his early embrace of Bannon by heaping scorn on him—and by denying that he had ever embraced him. If there was anything wrong with his White House, it was Steve Bannon. Maligning Bannon was Trump's idea of fun. When it came to Bannon, Trump rose to something like high analysis: "Steve Bannon's problem is PR. He doesn't understand it. Everybody hates him. Because … look at him. His bad PR rubs off on other people."

The real question, of course, was how Bannon, the fuck-the-system populist, had ever come to think that he might get along with Donald Trump, the use-the-system-to-his-own-advantage billionaire. For Bannon, Trump was the game he had to play. But in truth he hardly played it—or couldn't help undermining it. While ever proclaiming it Trump's victory, he would helplessly point out that when he had joined the campaign it was facing a polling deficit that no campaign, ten weeks from election day, had ever recovered from. Trump without Bannon, according to Bannon, was Wendell Willkie.

Bannon understood the necessity not to take what otherwise might be Trump's own

spotlight; he was well aware that the president meticulously logged all claims against credit that he believed solely to be his. Both he and Kushner, the two most important figures in the White House after the president, seemed professionally mute. Still, Bannon seemed to be everywhere, and the president was convinced—rightly—that it was the result of Bannon's private press operation. More often than self-mockery could sustain, Bannon referred to himself as "President Bannon." A bitter Kellyanne Conway, regularly dissed for her own spotlight grabbing, confirmed the president's observation that Bannon stepped into as many White House photo ops as possible. (Everybody seemed to keep count of everybody else's photo bombs.) Bannon also did not much bother to disguise his innumerable blind quotes, nor to make much of an effort to temper his not-so-private slurs against Kushner, Cohn, Powell, Conway, Priebus, and even the president's daughter (often, most especially, the president's daughter).

Curiously, Bannon never expressed a sideways thought about Trump—not yet. Trump's own righteousness and soundness was perhaps too central to Bannon's construct of Trumpism. Trump was the idea you had to support. This could seem to approach the traditional idea of respecting the office. In fact, it was the inverse. The man was the vessel: there was no Bannon without Trump. However much he might stand on his unique, even magical-seeming, contributions to the Trump victory, Bannon's opportunity was wholly provided by Trump's peculiar talent. He was no more than the man behind the man—Trump's Cromwell, as he put it, even though he was perfectly aware of Cromwell's fate.

But his loyalty to the idea of Trump hardly protected him from the actual Trump's constant briefs against him. The president had assembled a wide jury to weigh Bannon's fate, putting before it, in an insulting Borscht Belt style, a long list of Bannon's annoyances: "Guy looks homeless. Take a shower, Steve. You've worn those pants for six days. He says he's made money, I don't believe it." (The president, notably, never much took issue with Bannon's policy views.) The Trump administration was hardly two months old, yet every media outlet was predicting Bannon's coming defenestration.

One particularly profitable transaction with the president was to bring him new, ever harsher criticism of his chief strategist, or reports of other people criticizing him. It was important to know not to say anything positive to Trump about Bannon. Even faint praise before the "but"—"Steve is obviously smart, but …"—could produce a scowl and pout if you didn't hurry to the "but." (Then again, saying anyone was "smart" invariably incurred Trump's annoyance.) Kushner enlisted Scarborough and Brzezinski in something of a regular morning television Bannon slag-a-thon.

H. R. McMaster, the three-star general who had replaced Michael Flynn as National Security Advisor, had secured the president's pledge that he could veto members of the NSC. Kushner, a supporter of McMaster's appointment, had quickly ensured that Dina Powell, a key player in the Kushner faction, would join the NSC and Bannon would be removed.

Bannonites would, with lowered voices and certain pity, ask each other how he seemed and how he was holding up; invariably they would agree about how bad he looked, the strain etching ever deeper into his already ruined face. David Bossie thought Bannon "looked like he would die."

"I now understand what it is like to be in the court of the Tudors," reflected Bannon. On the campaign trail, he recalled, Newt Gingrich "would come with all these dumb ideas. When we won he was my new best friend. Every day a hundred ideas. When"—by spring in the White House—"I got cold, when I went through my Valley of Death, I saw him one day in the lobby and he looks down, avoiding my eyes with a kind of mumbled 'Hey, Steve.' And I say, 'What are you doing here, let's get you inside,' and he says, 'No, no, I'm fine, I'm waiting for Dina Powell.' "

Having attained the unimaginable—bringing a fierce alt-right, anti-liberal ethnopopulism into a central place in the White House—Bannon found himself face to face with the untenable: undermined by and having to answer to rich, entitled Democrats.

* * *

The paradox of the Trump presidency was that it was both the most ideologically driven and the least. It represented a deeply structural assault on liberal values—Bannon's deconstruction of the administrative state meant to take with it media, academic, and not-for-profit institutions. But from the start it also was apparent that the Trump administration could just as easily turn into a country club Republican or a Wall Street Democrat regime. Or just a constant effort to keep Donald Trump happy. Trump had his collection of pet-peeve issues, test-marketed in various media rollouts and megarallies, but none seemed so significant as his greater goal of personally coming out ahead of the game.

As the drumbeat for Bannon's removal grew, the Mercers stepped in to protect their investment in radical government overthrow and the future of Steve Bannon.

In an age when all successful political candidates are surrounded by, if not at the beck and call of, difficult, rich people pushing the bounds of their own power—and the richer they were, the more difficult they might be—Bob and Rebekah Mercer were quite onto themselves. If Trump's ascent was unlikely, the Mercers' was all the more so.

Even the difficult rich—the Koch brothers and Sheldon Adelson on the right, David Geffen and George Soros on the left—are leavened and restrained by the fact that money exists in a competitive market. Obnoxiousness has its limits. The world of the rich is, in its fashion, self-regulating. Social climbing has rules.

But among the difficult and entitled rich, the Mercers cut a path through disbelief and incredulity. Unlike other people contributing vast sums to political candidates, they were willing not to win—ever. Their bubble was their bubble.

So when they did win, by the fluke alignment of the stars for Donald Trump, they were

yet pure. Now, having found themselves—by odds that were perfect-storm outlandish—in power, they were not going to give it up because Steve Bannon had hurt feelings and wasn't getting enough sleep.

Toward the end of March, the Mercers organized a set of emergency meetings. At least one of them was with the president himself. It was exactly the kind of meeting Trump usually avoided: he had no interest in personnel problems, since they put the emphasis on other people. Suddenly he was being forced to deal with Steve Bannon, rather than the other way around. What's more, it was a problem he had in part created with his constant Bannon dissing, and now he was being asked to eat crow. Even though the president kept saying he could and should fire Bannon, he was aware of the costs—a right-wing backlash of unpredictable proportions.

Trump thought the Mercers were super-strange bedfellows too. He didn't like Bob Mercer looking at him and not saying a word; he didn't like being in the same room with Mercer or his daughter. But though he refused to admit that the Mercers' decision to back him and their imposition of Bannon on the campaign in August was, likely, the event without which he would not now be in the White House, he did understand that if crossed, the Mercers and Bannon were potential world-class troublemakers.

The complexity of the Bannon-Mercer problem prompted Trump to consult two contradictory figures: Rupert Murdoch and Roger Ailes. Even as the president did so, perhaps he knew he would come up with a zero-sum answer.

Murdoch, already briefed by Kushner, said getting rid of Bannon was the only way to deal with the dysfunction in the White House. (Murdoch, of course, made the assumption that getting rid of Kushner was not an option.) It was the inevitable outcome, so do it now. Murdoch's response made perfect sense: by now, he had become an active political supporter of the Kushner-Goldman moderates, seeing them as the people who would save the world from Bannon and, indeed, from Trump as well.

Ailes, blunt and declarative as always, said, "Donald, you can't do it. You've made your bed and Steve is in it. You don't have to listen to him, you don't have to even get along with him. But you're married to him. You can't handle a divorce right now."

Jared and Ivanka were gleeful at the prospect of Bannon's ouster. His departure would return the Trump organization to pure family control—the family and its functionaries, without an internal rival for brand meaning and leadership. From the family's point of view, it would also—at least in theory—help facilitate one of the most implausible brand shifts in history: Donald Trump to respectability. The dream, long differed, of the Trump pivot, might actually happen without Bannon. Never mind that this Kushner ideal—saving Trump from himself and projecting Jared and Ivanka into the future—was nearly as far-fetched and extreme as Bannon's own fantasy of a White House dedicated to the return of a pre-1965 American mythology.

If Bannon were to go, it also might cause the ultimate split in the already fractured Republican Party. Before the election, one theory suggested that a defeated Trump would take his embittered 35 percent and make hay with a rancorous minority. Now the alarming theory was that as Kushner tried to transform his father-in-law into the kind of latter-day Rockefeller that Trump, however implausibly, had on occasion dreamed of becoming (Rockefeller Center being an inspiration for his own real estate branding), Bannon could run off with some meaningful part of that 35 percent.

This was the Breitbart threat. The Breitbart organization remained under the control of the Mercers, and it could at any moment be handed back to Steve Bannon. And now, with Bannon's overnight transformation into political genius and kingmaker, and the triumph of the alt-right, Breitbart was potentially much more powerful. Trump's victory had, in some sense, handed the Mercers the tool with which to destroy him. As push came to shove and the mainstream media and swamp bureaucracy more and more militantly organized against him, Trump was certainly going to need the Mercer-backed alt-right standing up in his defense. What, after all, was he without them?

As the pressure mounted, Bannon—until now absolutely disciplined in his regard for Donald Trump as the ideal avatar of Trumpism (and Bannonism), rigidly staying in character as aide and supporter of a maverick political talent—began to crack. Trump, as almost anyone who had ever worked for him appreciated, was, despite what you hoped he might be, Trump—and he would invariably sour on everyone around him.

But the Mercers dug in. Without Bannon, they believed the Trump presidency, at least the Trump presidency they had imagined (and helped pay for), was over. The focus became how to make Steve's life better. They made him pledge to leave the office at a reasonable time—no more waiting around for Trump to possibly need a dinner companion. (Recently, Jared and Ivanka had been heading this off anyway.) The solution included a search for a Bannon's Bannon—a chief strategist for the chief strategist.

In late March, the Mercers came to an agreed-upon truce with the president: Bannon would not be fired. While this guaranteed nothing about his influence and standing, it did buy Bannon and his allies some time. They could regroup. A presidential aide was only as good as the last good advice he gave, and in this, Bannon believed the ineptness of his rivals, Kushner and his wife, would seal their fate.

* * *

Though the president agreed not to fire Bannon, he gave Kushner and his daughter something in exchange: he would enhance both their roles.

On March 27, the Office of American Innovation was created and Kushner was put in charge. Its stated mission was to reduce federal bureaucracy—that is, to reduce it by creating more of it, a committee to end committees. In addition, Kushner's new outfit would study the government's internal technology, focus on job creation, encourage and

suggest policies about apprenticeships, enlist business in a partnership with government, and help with the opioid epidemic. It was, in other words, business as usual, albeit with a new burst of enthusiasm for the administrative state.

But its real import was that it gave Kushner his own internal White House staff, a team of people working not just on Kushner-supported projects—all largely antithetical to Bannon projects—but, more broadly, as Kushner explained to one staffer, "on expanding my footprint." Kushner even got his own "comms person," a dedicated spokesperson and Kushner promoter. It was a bureaucratic build-out meant not only to enhance Kushner but to diminish Steve Bannon.

Two days after the announcement about Jared's expanded power base, Ivanka was formally given a White House job, too: adviser to the president. From the beginning she had been a key adviser to her husband—and he to her. Still, it was an overnight consolidation of Trump family power in the White House. It was, quite at Steve Bannon's expense, a remarkable bureaucratic coup: a divided White House had now all but been united under the president's family.

His son-in-law and daughter hoped—they were even confident—that they could speak to DJT's better self, or at least balance Republican needs with progressive rationality, compassion, and good works. Further, they could support this moderation by routing a steady stream of like-minded CEOs through the Oval Office. And, indeed, the president seldom disagreed with and was often enthusiastic about the Jared and Ivanka program. "If they tell him the whales need to be saved, he's basically for it," noted Katie Walsh.

But Bannon, suffering in his internal exile, remained convinced that he represented what Donald Trump actually believed, or, more accurately, what the president felt. He knew Trump to be a fundamentally emotional man, and he was certain that the deepest part of him was angry and dark. However much the president wanted to support his daughter and her husband's aspirations, their worldview was not his. As Walsh saw it, "Steve believes he is Darth Vader and that Trump is called to the dark side."

Indeed, Trump's fierce efforts to deny Bannon's influence may well have been in inverse proportion to the influence Bannon actually had.

The president did not truly listen to anybody. The more you talked, the less he listened. "But Steve is careful about what he says, and there is something, a timbre in his voice and his energy and excitement, that the president can really hone in on, blocking everything else out," said Walsh.

As Jared and Ivanka were taking a victory lap, Trump signed Executive Order 13783, a change in environmental policy carefully shepherded by Bannon, which, he argued, effectively gutted the National Environmental Policy Act, the 1970 law that served as the foundation of modern environmental protections and that required all executive agencies to prepare environmental impact statements for agency actions. Among other impacts, EO

13783 removed a prior directive to consider climate change—a precursor to coming debates on the country's position regarding the Paris Climate Accord.

On April 3, Kushner unexpectedly turned up in Iraq, accompanying Gen. Joseph Dunford, chairman of the Joint Chiefs of Staff. According to the White House press office, Kushner was "traveling on behalf of the president to express the president's support and commitment to the government of Iraq and U.S. personnel currently engaged in the campaign." Kushner, otherwise a remote and clammed-up media presence, was copiously photographed throughout the trip.

Bannon, watching one of the many television screens that provided a constant background in the West Wing, glimpsed Kushner wearing a headset while flying in a helicopter over Baghdad. To no one in particular, recalling a foolish and callow George W. Bush in flight gear on the aircraft carrier USS *Abraham Lincoln* proclaiming the end of the Iraq War, he intoned, "Mission accomplished."

Gritting his teeth, Bannon saw the structure of the White House moving in the exact opposite direction from Trumpism-Bannonism. But even now, he was certain he perceived the real impulses of the administration coming his way. It was Bannon, stoic and resolute, the great if unheralded warrior, who, at least in his own mind, was destined to save the nation.

# 14

# SITUATION ROOM

Just before seven o'clock on the morning of Tuesday, April 4, the seventy-fourth day of the Trump presidency, Syrian government forces attacked the rebel-held town of Khan Sheikhoun with chemical weapons. Scores of children were killed. It was the first time a major outside event had intruded into the Trump presidency.

Most presidencies are shaped by external crises. The presidency, in its most critical role, is a reactive job. Much of the alarm about Donald Trump came from the widespread conviction that he could not be counted on to be cool or deliberate in the face of a storm. He had been lucky so far: ten weeks in, and he had not been seriously tested. In part this might have been because the crises generated from inside the White House had overshadowed all outside contenders.

Even a gruesome attack, even one on children in an already long war, might not yet be a presidential game changer of the kind that everyone knew would surely come. Still, these were chemical weapons launched by a repeat offender, Bashar al-Assad. In any other presidency, such an atrocity would command a considered and, ideally, skillful response. Obama's consideration had in fact been less than skillful in proclaiming the use of chemical weapons as a red line—and then allowing it to be crossed.

Almost nobody in the Trump administration was willing to predict how the president might react—or even whether he would react. Did he think the chemical attack important or unimportant? No one could say.

If the Trump White House was as unsettling as any in American history, the president's views of foreign policy and the world at large were among its most random, uninformed, and seemingly capricious aspects. His advisers didn't know whether he was an isolationist or a militarist, or whether he could distinguish between the two. He was enamored with generals and determined that people with military command experience take the lead in foreign policy, but he hated to be told what to do. He was against nation building, but he believed there were few situations that he couldn't personally make better. He had little to no experience in foreign policy, but he had no respect for the experts, either.

Suddenly, the question of how the president might respond to the attack in Khan Sheikhoun was a litmus test for normality and those who hoped to represent it in Trump's White House. Here was the kind of dramatic juxtaposition that might make for a vivid and efficient piece of theater: people working in the Trump White House who were trying to behave normally.

* * *

Surprisingly, perhaps, there were quite a few such people.

Acting normal, embodying normality—doing things the way a striving, achieving, rational person would do them—was how Dina Powell saw her job in the White House. At forty-three, Powell had made a career at the intersection of the corporate world and public policy; she did well (very, very well) by doing good. She had made great strides in George W. Bush's White House and then later at Goldman Sachs. Returning to the White House at a penultimate level, with at least a chance of rising to one of the country's highest unelected positions, would potentially be worth enormous sums when she returned to the corporate world.

In Trumpland, however, the exact opposite could happen. Powell's carefully cultivated reputation, her brand (and she was one of those people who thought intently about their personal brand), could become inextricably tied to the Trump brand. Worse, she could become part of what might easily turn into historical calamity. Already, for many people who knew Dina Powell—and everybody who was anybody knew Dina Powell—the fact that she had taken a position in the Trump White House indicated either recklessness or seriously bad judgment.

"How," wondered one of her longtime friends, "does she rationalize this?" Friends, family, and neighbors asked, silently or openly, *Do you know what you're doing? And how* could *you? And why* would *you?*

Here was the line dividing those whose reason for being in the White House was a professed loyalty to the president from the professionals they had needed to hire. Bannon, Conway, and Hicks—along with an assortment of more or less peculiar ideologues that had attached themselves to Trump and, of course, his family, all people without clearly monetizable reputations before their association with Trump—were, for better or worse, hitched to him. (Even among dedicated Trumpers there was always a certain amount of holding their breath and constant reexamination of their options.) But those within the larger circle of White House influence, those with some stature or at least an imagined stature, had to work through significantly more complicated contortions of personal and career justification.

Often they wore their qualms on their sleeves. Mick Mulvaney, the OMB director, made a point of stressing the fact that he worked in the Executive Office Building, not the West Wing. Michael Anton, holding down Ben Rhodes's former job at the NSC, had

perfected a deft eye roll (referred to as the Anton eye roll). H. R. McMaster seemed to wear a constant grimace and have perpetual steam rising from his bald head. ("What's wrong with him?" the president often asked.)

There was, of course, a higher rationale: the White House needed normal, sane, logical, adult professionals. To a person, these pros saw themselves bringing positive attributes—rational minds, analytic powers, significant professional experience—to a situation sorely lacking those things. They were doing their bit to make things more normal and, therefore, more stable. They were bulwarks, or saw themselves that way, against chaos, impulsiveness, and stupidity. They were less Trump supporters than an antidote to Trump.

"If it all starts going south—more south than it is already going—I have no doubt that Joe Hagin would himself take personal responsibility, and do what needed to be done," said a senior Republican figure in Washington, in an effort at self-reassurance, about the former Bush staffer who now served as Trump's deputy chief of staff for operations.

But this sense of duty and virtue involved a complicated calculation about your positive effect on the White House versus its negative effect on you. In April, an email originally copied to more than a dozen people went into far wider circulation when it was forwarded and reforwarded. Purporting to represent the views of Gary Cohn and quite succinctly summarizing the appalled sense in much of the White House, the email read:

> It's worse than you can imagine. An idiot surrounded by clowns. Trump won't read anything—not one-page memos, not the brief policy papers; nothing. He gets up halfway through meetings with world leaders because he is bored. And his staff is no better. Kushner is an entitled baby who knows nothing. Bannon is an arrogant prick who thinks he's smarter than he is. Trump is less a person than a collection of terrible traits. No one will survive the first year but his family. I hate the work, but feel I need to stay because I'm the only person there with a clue what he's doing. The reason so few jobs have been filled is that they only accept people who pass ridiculous purity tests, even for midlevel policy-making jobs where the people will never see the light of day. I am in a constant state of shock and horror.

Still, the mess that might do serious damage to the nation, and, by association, to your own brand, might be transcended if you were seen as the person, by dint of competence and professional behavior, taking control of it.

Powell, who had come into the White House as an adviser to Ivanka Trump, rose, in weeks, to a position on the National Security Council, and was then, suddenly, along with Cohn, her Goldman colleague, a contender for some of the highest posts in the administration.

At the same time, both she and Cohn were spending a good deal of time with their ad hoc outside advisers on which way they might jump out of the White House. Powell could eye seven-figure comms jobs at various Fortune 100 companies, or a C-suite future at a

tech company—Facebook's Sheryl Sandberg, after all, had a background in corporate philanthropy and in the Obama administration. Cohn, on his part, already a centamillionaire, was thinking about the World Bank or the Fed.

Ivanka Trump—dealing with some of the same personal and career considerations as Powell, except without a viable escape strategy—was quite in her own corner. Inexpressive and even botlike in public but, among friends, discursive and strategic, Ivanka had become both more defensive about her father and more alarmed by where his White House was heading. She and her husband blamed this on Bannon and his let-Trump-be-Trump philosophy (often interpreted as let Trump be Bannon). The couple had come to regard him as more diabolical than Rasputin. Hence it was their job to keep Bannon and the ideologues from the president, who, they believed, was, in his heart, a practical-minded person (at least in his better moods), swayed only by people preying on his short attention span.

In mutually codependent fashion, Ivanka relied on Dina to suggest management tactics that would help her handle her father and the White House, while Dina relied on Ivanka to offer regular assurances that not everyone named Trump was completely crazy. This link meant that within the greater West Wing population, Powell was seen as part of the much tighter family circle, which, while it conferred influence, also made her the target of ever sharper attacks. "She will expose herself as being totally incompetent," said a bitter Katie Walsh, seeing Powell as less a normalizing influence than another aspect of the abnormal Trump family power play.

And indeed, both Powell and Cohn had privately concluded that the job they both had their eye on—chief of staff, that singularly necessary White House management position—would always be impossible to perform if the president's daughter and son-in-law, no matter how much they were allied to them, were in de facto command whenever they wanted to exert it.

Dina and Ivanka were themselves spearheading an initiative that, otherwise, would have been a fundamental responsibility of the chief of staff: controlling the president's information flow.

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The unique problem here was partly how to get information to someone who did not (or could not or would not) read, and who at best listened only selectively. But the other part of the problem was how best to qualify the information that he liked to get. Hope Hicks, after more than a year at this side, had honed her instincts for the kind of information—the clips—that would please him. Bannon, in his intense and confiding voice, could insinuate himself into the president's mind. Kellyanne Conway brought him the latest outrages against him. There were his after-dinner calls—the billionaire chorus. And then cable, itself programmed to reach him—to court him or enrage him.

The information he did not get was formal information. The data. The details. The options. The analysis. He didn't do PowerPoint. For anything that smacked of a classroom or of being lectured to—"professor" was one of his bad words, and he was proud of never going to class, never buying a textbook, never taking a note—he got up and left the room.

This was a problem in multiple respects—indeed, in almost all the prescribed functions of the presidency. But perhaps most of all, it was a problem in the evaluation of strategic military options.

The president liked generals. The more fruit salad they wore, the better. The president was very pleased with the compliments he got for appointing generals who commanded the respect that Mattis and Kelly and McMaster were accorded (pay no attention to Michael Flynn). What the president did not like was *listening* to generals, who, for the most part, were skilled in the new army jargon of PowerPoint, data dumps, and McKinsey-like presentations. One of the things that endeared Flynn to the president was that Flynn, quite the conspiracist and drama queen, had a vivid storytelling sense.

By the time of the Syrian attack on Khan Sheikhoun, McMaster had been Trump's National Security Advisor for only about six weeks. Yet his efforts to inform the president had already become an exercise in trying to tutor a recalcitrant and resentful student. Recently Trump's meetings with McMaster had ended up in near acrimony, and now the president was telling several friends that his new National Security Advisor was too boring and that he was going to fire him.

McMaster had been the default choice, a fact that Trump kept returning to: Why had he hired him? He blamed his son-in-law.

After the president fired Flynn in February, he had spent two days at Mar-a-Lago interviewing replacements, badly taxing his patience.

John Bolton, the former U.S. ambassador to the United Nations and Bannon's consistent choice, made his aggressive light-up-the-world, go-to-war pitch.

Then Lt. Gen. Robert L. Caslen Jr., superintendent of the United States Military Academy at West Point, presented himself with what Trump viewed positively as old-fashioned military decorum. *Yes, sir. No, sir. That's correct, sir. Well, I think we know China has some problems, sir*. And in short order it seemed that Trump was selling Caslen on the job.

"That's the guy I want," said Trump. "He's got the look."

But Caslen demurred. He had never really had a staff job. Kushner thought he might not be ready.

"Yeah, but I liked that guy," pressed Trump.

Then McMaster, wearing a uniform with his silver star, came in and immediately

launched into a wide-ranging lecture on global strategy. Trump was soon, and obviously, distracted, and as the lecture continued he began sulking.

"That guy bores the shit out of me," announced Trump after McMaster left the room. But Kushner pushed him to take another meeting with McMaster, who the next day showed up without his uniform and in a baggy suit.

"He looks like a beer salesman," Trump said, announcing that he would hire McMaster but didn't want to have another meeting with him.

Shortly after his appointment, McMaster appeared on *Morning Joe*. Trump saw the show and noted admiringly, "The guy sure gets good press."

The president decided he had made a good hire.

* * *

By midmorning on April 4, a full briefing had been assembled at the White House for the president about the chemical attacks. Along with his daughter and Powell, most members of the president's inner national security circle saw the bombing of Khan Sheikhoun as a straightforward opportunity to register an absolute moral objection. The circumstance was unequivocal: Bashar al-Assad's government, once again defying international law, had used chemical weapons. There was video documenting the attack and substantial agreement among intelligence agencies about Assad's responsibility. The politics were right: Barack Obama failed to act when confronted with a Syrian chemical attack, and now Trump could. The downside was small; it would be a contained response. And it had the added advantage of seeming to stand up to the Russians, Assad's effective partners in Syria, which would score a political point at home.

Bannon, at perhaps his lowest moment of influence in the White House—many still felt that his departure was imminent—was the only voice arguing against a military response. It was a purist's rationale: keep the United States out of intractable problems, and certainly don't increase our involvement in them. He was holding the line against the rising business-as-usual faction, making decisions based on the same set of assumptions, Bannon believed, that had resulted in the Middle East quagmire. It was time to break the standard-response pattern of behavior, represented by the Jarvanka-Powell-Cohn-McMaster alliance. Forget normal—in fact, to Bannon, normal was precisely the problem.

The president had already agreed to McMaster's demand that Bannon be removed from the National Security Council, though the change wouldn't be announced until the following day. But Trump was also drawn to Bannon's strategic view: Why do anything, if you don't have to? Or, why would you do something that doesn't actually get you anything? Since taking office, the president had been developing an intuitive national security view: keep as many despots who might otherwise screw you as happy as possible. A self-styled strongman, he was also a fundamental appeaser. In this instance, then, why cross the Russians?

By the afternoon, the national security team was experiencing a sense of rising panic: the president, in their view, didn't seem to be quite registering the situation. Bannon wasn't helping. His hyperrationalist approach obviously appealed to the not-always-rational president. A chemical attack didn't change the circumstances on the ground, Bannon argued; besides, there had been far worse attacks with far more casualties than this one. If you were looking for broken children, you could find them anywhere. Why these broken children?

The president was not a debater—well, not in any Socratic sense. Nor was he in any conventional sense a decision maker. And certainly he was not a student of foreign policy views and options. But this was nevertheless turning into a genuine philosophical face-off.

"Do nothing" had long been viewed as an unacceptable position of helplessness by American foreign policy experts. The instinct to do something was driven by the desire to prove you were not limited to nothing. You couldn't do nothing and show strength. But Bannon's approach was very much "A pox on all your houses," it was not our mess, and judging by all recent evidence, no good would come of trying to help clean it up. That effort would cost military lives with no military reward. Bannon, believing in the need for a radical shift in foreign policy, was proposing a new doctrine: Fuck 'em. This iron-fisted isolationism appealed to the president's transactional self: What was in it for us (or for him)?

Hence the urgency to get Bannon off the National Security Council. The curious thing is that in the beginning he was thought to be much more reasonable than Michael Flynn, with his fixation on Iran as the source of all evil. Bannon was supposed to babysit Flynn. But Bannon, quite to Kushner's shock, had not just an isolationist worldview but an apocalyptic one. Much of the world would burn and there was nothing you could do about it.

The announcement of Bannon's removal was made the day after the attack. That in itself was a rather remarkable accomplishment on the part of the moderates. In little more than two months, Trump's radical, if not screwball, national security leadership had been replaced by so-called reasonable people.

The job was now to bring the president into this circle of reason.

* * *

As the day wore on, both Ivanka Trump and Dina Powell were united in their determination to persuade the president to react … normally. At the very minimum, an absolute condemnation of the use of chemical weapons, a set of sanctions, and, ideally, a military response—although not a big one. None of this was in any way exceptional. Which was sort of the point: it was critical not to respond in a radical, destabilizing way—including a radical nonresponse.

Kushner was by now complaining to his wife that her father just didn't get it. It had

even been difficult to get a consensus on releasing a firm statement about the unacceptability of the use of chemical weapons at the noon press briefing. To both Kushner and McMaster it seemed obvious that the president was more annoyed about having to think about the attack than by the attack itself.

Finally, Ivanka told Dina they needed to show the president a different kind of presentation. Ivanka had long ago figured out how to make successful pitches to her father. You had to push his enthusiasm buttons. He may be a businessman, but numbers didn't do it for him. He was not a spreadsheet jockey—his numbers guys dealt with spreadsheets. He liked big names. He liked the big picture—he liked *literal* big pictures. He liked to see it. He liked "impact."

But in one sense, the military, the intelligence community, and the White House's national security team remained behind the times. Theirs was a data world rather than a picture world. As it happened, the attack on Khan Sheikhoun had produced a wealth of visual evidence. Bannon might be right that this attack was no more mortal than countless others, but by focusing on this one and curating the visual proof, this atrocity became singular.

Late that afternoon, Ivanka and Dina created a presentation that Bannon, in disgust, characterized as pictures of kids foaming at the mouth. When the two women showed the presentation to the president, he went through it several times. He seemed mesmerized.

Watching the president's response, Bannon saw Trumpism melting before his eyes. Trump—despite his visceral resistance to the establishment ass-covering and standard-issue foreign policy expertise that had pulled the country into hopeless wars—was suddenly putty. After seeing all the horrifying photos, he immediately adopted a completely conventional point of view: it seemed inconceivable to him that we couldn't do something.

That evening, the president described the pictures in a call to a friend—the foam, all that foam. *These are just kids*. He usually displayed a consistent contempt for anything but overwhelming military response; now he expressed a sudden, wide-eyed interest in all kinds of other military options.

On Wednesday, April 5, Trump received a briefing that outlined multiple options for how to respond. But again McMaster burdened him with detail. He quickly became frustrated, feeling that he was being manipulated.

The following day, the president and several of his top aides flew to Florida for a meeting with the Chinese president, Xi Jinping—a meeting organized by Kushner with the help of Henry Kissinger. While aboard Air Force One, he held a tightly choreographed meeting of the National Security Council, tying into the staff on the ground. By this point, the decision about how to respond to the chemical attack had already been made: the military would launch a Tomahawk cruise missile strike at Al Shayrat airfield. After a

final round of discussion, while on board, the president, almost ceremonially, ordered the strike for the next day.

With the meeting over and the decision made, Trump, in a buoyant mood, came back to chat with reporters traveling with him on Air Force One. In a teasing fashion, he declined to say what he planned to do about Syria. An hour later, Air Force One landed and the president was hustled to Mar-a-Lago.

The Chinese president and his wife arrived for dinner shortly after five o'clock and were greeted by a military guard on the Mar-a-Lago driveway. With Ivanka supervising arrangements, virtually the entire White House senior staff attended.

During a dinner of Dover sole, haricots verts, and thumbelina carrots—Kushner seated with the Chinese first couple, Bannon at the end of the table—the attack on Al Shayrat airfield was launched.

Shortly before ten, the president, reading straight off the teleprompter, announced that the mission had been completed. Dina Powell arranged a for-posterity photo of the president with his advisers and national security team in the makeshift situation room at Mar-a-Lago. She was the only woman in the room. Steve Bannon glowered from his seat at the table, revolted by the stagecraft and the "phoniness of the fucking thing."

It was a cheerful and relieved Trump who mingled with his guests among the palm trees and mangroves. "That was a big one," he confided to a friend. His national security staff were even more relieved. The unpredictable president seemed almost predictable. The unmanageable president, manageable.

# 15

# MEDIA

On April 19, Bill O'Reilly, the Fox anchor and the biggest star in cable news, was pushed out by the Murdoch family over charges of sexual harassment. This was a continuation of the purge at the network that had begun nine months before with the firing of its chief, Roger Ailes. Fox achieved its ultimate political influence with the election of Donald Trump, yet now the future of the network seemed held in a peculiar Murdoch family limbo between conservative father and liberal sons.

A few hours after the O'Reilly announcement, Ailes, from his new oceanfront home in Palm Beach—precluded by his separation agreement with Fox from any efforts to compete with it for eighteen months—sent an emissary into the West Wing with a question for Steve Bannon: *O'Reilly and Hannity are in, what about you?* Ailes, in secret, had been plotting his comeback with a new conservative network. Currently in internal exile inside the White House, Bannon—"the next Ailes"—was all ears.

This was not just the plotting of ambitious men, seeking both opportunity and revenge; the idea for a new network was also driven by an urgent sense that the Trump phenomenon was about, as much as anything else, right-wing media. For twenty years, Fox had honed its populist message: liberals were stealing and ruining the country. Then, just at the moment that many liberals—including Rupert Murdoch's sons, who were increasingly in control of their father's company—had begun to believe that the Fox audience was beginning to age out, with its anti-gay-marriage, anti-abortion, anti-immigrant social message, which seemed too hoary for younger Republicans, along came Breitbart News. Breitbart not only spoke to a much younger right-wing audience—here Bannon felt he was as much in tune with this audience as Ailes was with his—but it had turned this audience into a huge army of digital activists (or social media trolls).

As right-wing media had fiercely coalesced around Trump—readily excusing all the ways he might contradict the traditional conservative ethos—mainstream media had become as fiercely resistant. The country was divided as much by media as by politics. Media was the avatar of politics. A sidelined Ailes was eager to get back in the game. This was his natural playing field: (1) Trump's election proved the power of a significantly

smaller but more dedicated electoral base—just as, in cable television terms, a smaller hardcore base was more valuable than a bigger, less committed one; (2) this meant an inverse dedication by an equally small circle of passionate enemies; (3) hence, there would be blood.

If Bannon was as finished as he appeared in the White House, this was his opportunity, too. Indeed, the problem with Bannon's $1.5 million a year Internetcentric Breitbart News was that it couldn't be monetized or scaled up in a big way, but with O'Reilly and Hannity on board, there could be television riches fueled by, into the foreseeable future, a new Trump-inspired era of right-wing passion and hegemony.

Ailes's message to his would-be protégé was plain: Not just the rise of Trump, but the fall of Fox could be Bannon's moment.

In reply, Bannon let Ailes know that for now, he was trying to hold on to his position in the White House. But yes, the opportunity was obvious.

* * *

Even as O'Reilly's fate was being debated by the Murdochs, Trump, understanding O'Reilly's power and knowing how much O'Reilly's audience overlapped with his own base, had expressed his support and approval—"I don't think Bill did anything wrong… . He is a good person," he told the *New York Times*.

But in fact a paradox of the new strength of conservative media was Trump himself. During the campaign, when it suited him, he had turned on Fox. If there were other media opportunities, he took them. (In the recent past, Republicans, particularly in the primary season, paid careful obeisance to Fox over other media outlets.) Trump kept insisting that he was bigger than just conservative media.

In the past month, Ailes, a frequent Trump caller and after-dinner adviser, had all but stopped speaking to the president, piqued by the constant reports that Trump was bad-mouthing him as he praised a newly attentive Murdoch, who had, before the election, only ever ridiculed Trump.

"Men who demand the most loyalty tend to be the least loyal pricks," noted a sardonic Ailes (a man who himself demanded lots of loyalty).

The conundrum was that conservative media saw Trump as its creature, while Trump saw himself as a star, a vaunted and valued product of all media, one climbing ever higher. It was a cult of personality, and he was the personality. He was the most famous man in the world. Everybody loved him—or ought to.

On Trump's part this was, arguably, something of a large misunderstanding about the nature of conservative media. He clearly did not understand that what conservative media elevated, liberal media would necessarily take down. Trump, goaded by Bannon, would continue to do the things that would delight conservative media and incur the wrath of

liberal media. That was the program. The more your supporters loved you, the more your antagonists hated you. That's how it was supposed to work. And that's how it was working.

But Trump himself was desperately wounded by his treatment in the mainstream media. He obsessed on every slight until it was overtaken by the next slight. Slights were singled out and replayed again and again, his mood worsening with each replay (he was always rerunning the DVR). Much of the president's daily conversation was a repetitive rundown of what various anchors and hosts had said about him. And he was upset not only when he was attacked, but when the people around him were attacked. But he did not credit their loyalty, or blame himself or the nature of liberal media for the indignities heaped on his staffers; he blamed them and their inability to get good press.

Mainstream media's self-righteousness and contempt for Trump helped provide a tsunami of clicks for right-wing media. But an often raging, self-pitying, tormented president had not gotten this memo, or had failed to comprehend it. He was looking for media love everywhere. In this, Trump quite profoundly seemed unable to distinguish between his political advantage and his personal needs—he thought emotionally, not strategically.

The great value of being president, in his view, was that you're the most famous man in the world, and fame is always venerated and adored by the media. Isn't it? But, confusingly, Trump was president in large part because of his particular talent, conscious or reflexive, to alienate the media, which then turned him into a figure reviled by the media. This was not a dialectical space that was comfortable for an insecure man.

"For Trump," noted Ailes, "the media represented power, much more so than politics, and he wanted the attention and respect of its most powerful men. Donald and I were really quite good friends for more than 25 years, but he would have preferred to be friends with Murdoch, who thought he was a moron—at least until he became president."

* * *

The White House Correspondents' Dinner was set for April 29, the one hundredth day of the Trump administration. The annual dinner, once an insiders' event, had become an opportunity for media organizations to promote themselves by recruiting celebrities—most of whom had nothing to do with journalism or politics—to sit at their tables. This had resulted in a notable Trump humiliation when, in 2011, Barack Obama singled out Trump for particular mockery. In Trump lore, this was the insult that pushed him to make the 2016 run.

Not long after the Trump team's arrival in the White House, the Correspondents' Dinner became a cause for worry. On a winter afternoon in Kellyanne Conway's upstairs West Wing office, Conway and Hope Hicks engaged in a pained discussion about what to do.

The central problem was that the president was neither inclined to make fun of himself, nor particularly funny himself—at least not, in Conway's description, "in that kind of humorous way."

George W. Bush had famously resisted the Correspondents' Dinner and suffered greatly at it, but he had prepped extensively, and every year he pulled out an acceptable performance. But neither woman, confiding their concerns around the small table in Conway's office to a journalist they regarded as sympathetic, thought Trump had a realistic chance of making the dinner anything like a success.

"He doesn't appreciate cruel humor," said Conway.

"His style is more old-fashioned," said Hicks.

Both women, clearly seeing the Correspondents' Dinner as an intractable problem, kept characterizing the event as "unfair," which, more generally, is how they characterized the media's view of Trump. "He's unfairly portrayed." "They don't give him the benefit of the doubt." "He's just not treated the way other presidents have been treated."

The burden here for Conway and Hicks was their understanding that the president did not see the media's lack of regard for him as part of a political divide on which he stood on a particular side. Instead, he perceived it as a deep personal attack on him: for entirely unfair reasons, ad hominem reasons, the media just did not like him. Ridiculed him. Cruelly. Why?

The journalist, trying to offer some comfort, told the two women there was a rumor going around that Graydon Carter—the editor of *Vanity Fair* and host of one of the most important parties of the Correspondents' Dinner weekend, and, for decades, one of Trump's key tormentors in the media—was shortly going to be pushed out of the magazine.

"Really?" said Hicks, jumping up. "Oh my God, can I tell him? Would that be okay? He'll want to know this." She headed quickly downstairs to the Oval Office.

* * *

Curiously, Conway and Hicks each portrayed a side of the president's alter ego media problem. Conway was the bitter antagonist, the mud-in-your-eye messenger who reliably sent the media into paroxysms of outrage against the president. Hicks was the confidante ever trying to get the president a break and some good ink in the only media he really cared about—the media that most hated him. But as different as they were in their media functions and temperament, both women had achieved remarkable influence in the administration by serving as the key lieutenants responsible for addressing the president's most pressing concern, his media reputation.

While Trump was in most ways a conventional misogynist, in the workplace he was much closer to women than to men. The former he confided in, the latter he held at arm's

length. He liked and needed his office wives, and he trusted them with his most important personal issues. Women, according to Trump, were simply more loyal and trustworthy than men. Men might be more forceful and competent, but they were also more likely to have their own agendas. Women, by their nature, or Trump's version of their nature, were more likely to focus their purpose on a man. A man like Trump.

It wasn't happenstance or just casting balance that his *Apprentice* sidekick was a woman, nor that his daughter Ivanka had become one of his closest confidants. He felt women understood him. Or, the kind of women he liked—positive-outlook, can-do, loyal women, who also looked good—understood him. Everybody who successfully worked for him understood that there was always a subtext of his needs and personal tics that had to be scrupulously attended to; in this, he was not all that different from other highly successful figures, just more so. It would be hard to imagine someone who expected a greater awareness of and more catering to his peculiar whims, rhythms, prejudices, and often inchoate desires. He needed special—extra special—handling. Women, he explained to one friend with something like self-awareness, generally got this more precisely than men. In particular, women who self-selected themselves as tolerant of or oblivious to or amused by or steeled against his casual misogyny and constant sexual subtext—which was somehow, incongruously and often jarringly, matched with paternal regard—got this.

* * *

Kellyanne Conway first met Donald Trump at a meeting of the condo board for the Trump International Hotel, which was directly across the street from the UN and was where, in the early 2000s, she lived with her husband and children. Conway's husband, George, a graduate of Harvard College and Yale Law School, was a partner at the premier corporate mergers and acquisitions firm Wachtell, Lipton, Rosen & Katz. (Though Wachtell was a Democratic-leaning firm, George had played a behind-the-scenes role on the team that represented Paula Jones in her pursuit of Bill Clinton.) In its professional and domestic balance, the Conway family was organized around George's career. Kellyanne's career was a sidelight.

Kellyanne, who in the Trump campaign would use her working-class biography to good effect, grew up in central New Jersey, the daughter of a trucker, raised by a single mother (and, always in her narrative, her grandmother and two unmarried aunts). She went to George Washington law school and afterward interned for Reagan's pollster, Richard Wirthlin. Then she became the assistant to Frank Luntz, a curious figure in the Republican Party, known as much for his television deals and toupee as for his polling acumen. Conway herself began to make appearances on cable TV while working for Luntz.

One virtue of the research and polling business she started in 1995 was that it could adapt to her husband's career. But she never much rose above a midrank presence in Republican political circles, nor did she become more than the also-ran behind Ann Coulter and Laura Ingraham on cable television—which is where Trump first saw her and

why he singled her out at the condo board meeting.

In a real sense, however, her advantage was not meeting Trump but being taken up by the Mercers. They recruited Conway in 2015 to work on the Cruz campaign, when Trump was still far from the conservative ideal, and then, in August 2016, inserted her into the Trump campaign.

She understood her role. "I will only ever call you Mr. Trump," she told the candidate with perfect-pitch solemnity when he interviewed her for the job. It was a trope she would repeat in interview after interview—Conway was a catalog of learned lines—a message repeated as much for Trump as for others.

Her title was campaign manager, but that was a misnomer. Bannon was the real manager, and she was the senior pollster. But Bannon shortly replaced her in that role and she was left in what Trump saw as the vastly more important role of cable spokesperson.

Conway seemed to have a convenient On-Off toggle. In private, in the Off position, she seemed to regard Trump as a figure of exhausting exaggeration or even absurdity—or, at least, if you regarded him that way, she seemed to suggest that she might, too. She illustrated her opinion of her boss with a whole series of facial expressions: eyes rolling, mouth agape, head snapping back. But in the On position, she metamorphosed into believer, protector, defender, and handler. Conway is an antifeminist (or, actually, in a complicated ideological somersault, she sees feminists as being antifeminists), ascribing her methods and temperament to her being a wife and mother. She's instinctive and reactive. Hence her role as the ultimate Trump defender: she verbally threw herself in front of any bullet coming his way.

Trump loved her defend-at-all-costs shtick. Conway's appearances were on his schedule to watch live. His was often the first call she got after coming off the air. She channeled Trump: she said exactly the kind of Trump stuff that would otherwise make her put a finger-gun to her head.

After the election—Trump's victory setting off a domestic reordering in the Conway household, and a scramble to get her husband an administration job—Trump assumed she would be his press secretary. "He and my mother," Conway said, "because they both watch a lot of television, thought this was one of the most important jobs." In Conway's version, she turned Trump down or demurred. She kept proposing alternatives in which she would be the key spokesperson but would be more as well. In fact, almost everyone else was maneuvering Trump around his desire to appoint Conway.

Loyalty was Trump's most valued attribute, and in Conway's view her kamikaze-like media defense of the president had earned her a position of utmost primacy in the White House. But in her public persona, she had pushed the boundaries of loyalty too far; she was so hyperbolic that even Trump loyalists found her behavior extreme and were repelled. None were more put off than Jared and Ivanka, who, appalled at the

shamelessness of her television appearances, extended this into a larger critique of Conway's vulgarity. When referring to her, they were particularly partial to using the shorthand "nails," a reference to her Cruella de Vil-length manicure treatments.

By mid-February she was already the subject of leaks—many coming from Jared and Ivanka—about how she had been sidelined. She vociferously defended herself, producing a list of television appearances still on her schedule, albeit lesser ones. But she also had a teary scene with Trump in the Oval Office, offering to resign if the president had lost faith in her. Almost invariably, when confronted with self-abnegation, Trump offered copious reassurances. "You will always have a place in my administration," he told her. "You will be here for eight years."

But she had indeed been sidelined, reduced to second-rate media, to being a designated emissary to right-wing groups, and left out of any meaningful decision making. This she blamed on the media, a scourge that further united her in self-pity with Donald Trump. In fact, her relationship with the president deepened as they bonded over their media wounds.

* * *

Hope Hicks, then age twenty-six, was the campaign's first hire. She knew the president vastly better than Conway did, and she understood that her most important media function was not to be in the media.

Hicks grew up in Greenwich, Connecticut. Her father was a PR executive who now worked for the Glover Park Group, the Democratic-leaning communications and political consulting firm; her mother was a former staffer for a democratic congressman. An indifferent student, Hicks went to Southern Methodist University and then did some modeling before getting a PR job. She first went to work for Matthew Hiltzik, who ran a small New York-based PR firm and was noted for his ability to work with high-maintenance clients, including the movie producer Harvey Weinstein (later pilloried for years of sexual harassment and abuse—accusations that Hiltzik and his staff had long helped protect him from) and the television personality Katie Couric. Hiltzik, an active Democrat who had worked for Hillary Clinton, also represented Ivanka Trump's fashion line; Hicks started to do some work for the account and then joined Ivanka's company full time. In 2015, Ivanka seconded her to her father's campaign; as the campaign progressed, moving from novelty project to political factor to juggernaut, Hicks's family increasingly, and incredulously, viewed her as rather having been taken captive. (Following the Trump victory and her move into the White House, her friends and intimates talked with great concern about what kind of therapies and recuperation she would need after her tenure was finally over.)

Over the eighteen months of the campaign, the traveling group usually consisted of the candidate, Hicks, and the campaign manager, Corey Lewandowski. In time, she became—in addition to an inadvertent participant in history, about which she was quite as

astonished as anyone—a kind of Stepford factotum, as absolutely dedicated to and tolerant of Mr. Trump as anyone who had ever worked for him.

Shortly after Lewandowski, with whom Hicks had an on-and-off romantic relationship, was fired in June 2016 for clashing with Trump family members, Hicks sat in Trump Tower with Trump and his sons, worrying about Lewandowski's treatment in the press and wondering aloud how she might help him. Trump, who otherwise seemed to treat Hicks in a protective and even paternal way, looked up and said, "Why? You've already done enough for him. You're the best piece of tail he'll ever have," sending Hicks running from the room.

As new layers began to form around Trump, first as nominee and then as president-elect, Hicks continued playing the role of his personal PR woman. She would remain his constant shadow and the person with the best access to him. "Have you spoken to Hope?" were among the words most frequently uttered in the West Wing.

Hicks, sponsored by Ivanka and ever loyal to her, was in fact thought of as Trump's real daughter, while Ivanka was thought of as his real wife. More functionally, but as elementally, Hicks was the president's chief media handler. She worked by the president's side, wholly separate from the White House's forty-person-strong communications office. The president's personal message and image were entrusted to her—or, more accurately, she was the president's agent in retailing that message and image, which he trusted to no one but himself. Together they formed something of a freelance operation.

Without any particular politics of her own, and, with her New York PR background, quite looking down on the right-wing press, she was the president's official liaison to the mainstream media. The president had charged her with the ultimate job: a good write-up in the *New York Times*.

That, in the president's estimation, had yet failed to happen, "but Hope tries and tries," the president said.

On more than one occasion, after a day—one of the countless days—of particularly bad notices, the president greeted her, affectionately, with "You must be the world's worst PR person."

* * *

In the early days of the transition, with Conway out of the running for the press secretary job, Trump became determined to find a "star." The conservative radio host Laura Ingraham, who had spoken at the convention, was on the list, as was Ann Coulter. Fox Business's Maria Bartiromo was also under consideration. (This was television, the president-elect said, and it ought to be a good-looking woman.) When none of those ideas panned out, the job was offered to Fox News's Tucker Carlson, who turned it down.

But there was a counterview: the press secretary ought to be the opposite of a star. In

fact, the entire press operation ought to be downgraded. If the press was the enemy, why pander to it, why give it more visibility? This was fundamental Bannonism: stop thinking you can somehow get along with your enemies.

As the debate went on, Priebus pushed for one of his deputies at the Republican National Committee, Sean Spicer, a well-liked forty-five-year-old Washington political professional with a string of posts on the Hill in the George W. Bush years as well as with the RNC. Spicer, hesitant to take the job, kept anxiously posing the question to colleagues in the Washington swamp: "If I do this, will I ever be able to work again?"

There were conflicting answers.

During the transition, many members of Trump's team came to agree with Bannon that their approach to White House press management ought to be to push it off—and the longer the arm's length the better. For the press, this initiative, or rumors of it, became another sign of the incoming administration's antipress stance and its systematic efforts to cut off the information supply. In truth, the suggestions about moving the briefing room away from the White House, or curtailing the briefing schedule, or limiting broadcast windows or press pool access, were variously discussed by other incoming administrations. In her husband's White House, Hillary Clinton had been a proponent of limiting press access.

It was Donald Trump who was not able to relinquish this proximity to the press and the stage in his own house. He regularly berated Spicer for his ham-handed performances, often giving his full attention to them. His response to Spicer's briefings was part of his continuing belief that nobody could work the media like he could, that somehow he had been stuck with an F-Troop communications team that was absent charisma, magnetism, and proper media connections.

Trump's pressure on Spicer—a constant stream of directorial castigation and instruction that reliably rattled the press secretary—helped turn the briefings into a can't-miss train wreck. Meanwhile, the real press operation had more or less devolved into a set of competing press organizations within the White House.

There was Hope Hicks and the president, living in what other West Wingers characterized as an alternative universe in which the mainstream media would yet discover the charm and wisdom of Donald Trump. Where past presidents might have spent portions of their day talking about the needs, desires, and points of leverage among various members of Congress, the president and Hicks spent a great deal of time talking about a fixed cast of media personalities, trying to second-guess the real agendas and weak spots among cable anchors and producers and *Times* and *Post* reporters.

Often the focus of this otherworldly ambition was directed at *Times* reporter Maggie Haberman. Haberman's front-page beat at the paper, which might be called the "weirdness of Donald Trump" beat, involved producing vivid tales of eccentricities, questionable

behavior, and shit the president says, told in a knowing, deadpan style. Beyond acknowledging that Trump was a boy from Queens yet in awe of the *Times*, nobody in the West Wing could explain why he and Hicks would so often turn to Haberman for what would so reliably be a mocking and hurtful portrayal. There was some feeling that Trump was returning to scenes of past success: the *Times* might be against him, but Haberman had worked at the *New York Post* for many years. "She's very professional," Conway said, speaking in defense of the president and trying to justify Haberman's extraordinary access. But however intent he remained on getting good ink in the *Times*, the president saw Haberman as "mean and horrible." And yet, on a near-weekly basis, he and Hicks plotted when next to have the *Times* come in.

* * *

Kushner had his personal press operation and Bannon had his. The leaking culture had become so open and overt—most of the time everybody could identify everybody else's leaks—that it was now formally staffed.

Kushner's Office of American Innovation employed, as its spokesperson, Josh Raffel, who, like Hicks, came out of Matthew Hiltzik's PR shop. Raffel, a Democrat who had been working in Hollywood, acted as Kushner and his wife's personal rep—not least of all because the couple felt that Spicer, owing his allegiance to Priebus, was not aggressively representing them. This was explicit. "Josh is Jared's Hope," was his internal West Wing job description.

Raffel coordinated all of Kushner and Ivanka's personal press, though there was more of this for Ivanka than for Kushner. But, more importantly, Raffel coordinated all of Kushner's substantial leaking, or, as it were, his off-the-record briefings and guidance—no small part of it against Bannon. Kushner, who with great conviction asserted that he never leaked, in part justified his press operation as a defense against Bannon's press operation.

Bannon's "person," Alexandra Preate—a witty conservative socialite partial to champagne—had previously represented Breitbart News and other conservative figures like CNBC's Larry Kudlow, and was close friends with Rebekah Mercer. In a relationship that nobody seemed quite able to explain, she handled all of Bannon's press "outreach" but was not employed by the White House, although she maintained an office, or at least an officelike presence, there. The point was clear: her client was Bannon and not the Trump administration.

Bannon, to Jared and Ivanka's continued alarm, had unique access to Breitbart's significant abilities to change the right-wing mood and focus. Bannon insisted he had cut his ties to his former colleagues at Breitbart, but that strained everybody's credulity—and everybody figured nobody was supposed to believe it. Rather, everybody was supposed to fear it.

There was, curiously, general agreement in the West Wing that Donald Trump, the

media president, had one of the most dysfunctional communication operations in modern White House history. Mike Dubke, a Republican PR operative who was hired as White House communications director, was, by all estimations, from the first day on his way out the door. In the end he lasted only three months.

* * *

The White House Correspondents' Dinner rose, as much as any other challenge for the new president and his team, as a test of his abilities. He wanted to do it. He was certain that the power of his charm was greater than the rancor that he bore this audience—or that they bore him.

He recalled his 2015 *Saturday Night Live* appearance—which, in his view, was entirely successful. In fact, he had refused to prepare, had kept saying he would "improvise," no problem. Comedians don't actually improvise, he was told; it's all scripted and rehearsed. But this counsel had only marginal effect.

Almost nobody except the president himself thought he could pull off the Correspondents' Dinner. His staff was terrified that he would die up there in front of a seething and contemptuous audience. Though he could dish it out, often very harshly, no one thought he could take it. Still, the president seemed eager to appear at the event, if casual about it, too—with Hicks, ordinarily encouraging his every impulse, trying not to.

Bannon pressed the symbolic point: the president should not be seen currying the favor of his enemies, or trying to entertain them. The media was a much better whipping boy than it was a partner in crime. The Bannon principle, the steel stake in the ground, remained: don't bend, don't accommodate, don't meet halfway. And in the end, rather than implying that Trump did not have the talent and wit to move this crowd, that was a much better way to persuade the president that he should not appear at the dinner.

When Trump finally agreed to forgo the event, Conway, Hicks, and virtually everybody else in the West Wing breathed a lot easier.

* * *

Shortly after five o'clock on the one hundredth day of his presidency—a particularly muggy one—while twenty-five hundred or so members of news organizations and their friends gathered at the Washington Hilton for the White House Correspondents' Dinner, the president left the West Wing for Marine One, which was soon en route to Andrews Air Force Base. Accompanying him were Steve Bannon, Stephen Miller, Reince Priebus, Hope Hicks, and Kellyanne Conway. Vice President Pence and his wife joined the group at Andrews for the brief flight on Air Force One to Harrisburg, Pennsylvania, where the president would give a speech. During the flight, crab cakes were served, and *Face the Nation*'s John Dickerson was granted a special hundredth-day interview.

The first Harrisburg event was held at a factory that manufactured landscaping and

gardening tools, where the president closely inspected a line of colorful wheelbarrows. The next event, where the speech would be delivered, was at a rodeo arena in the Farm Show Complex and Expo Center.

And that was the point of this little trip. It had been designed both to remind the rest of the country that the president was not just another phony baloney in a tux like those at the White House Correspondents' Dinner (this somehow presupposed that the president's base cared about or was even aware of the event) and to keep the president's mind off the fact that he was missing the dinner.

But the president kept asking for updates on the jokes.

# 16

# COMEY

"It's impossible to make him understand you can't stop these investigations," said Roger Ailes in early May, a frustrated voice in the Trump kitchen cabinet. "In the old days, you could say leave it alone. Now you say leave it alone and you're the one who gets investigated. He can't get this through his head."

In fact, as various members of the billionaires' cabinet tried to calm down the president during their evening phone calls, they were largely egging him on by expressing deep concern about his DOJ and FBI peril. Many of Trump's wealthy friends saw themselves as having particular DOJ expertise. In their own careers, they had had enough issues with the Justice Department to prompt them to develop DOJ relationships and sources, and now they were always up on DOJ gossip. Flynn was going to throw him in the soup. Manafort was going to roll. And it wasn't just Russia. It was Atlantic City. And Mar-a-Lago. And Trump SoHo.

Both Chris Christie and Rudy Giuliani—each a self-styled expert on the DOJ and the FBI, and ever assuring Trump of their inside sources—encouraged him to take the view that the DOJ was resolved against him; it was all part of a holdover Obama plot.

Even more urgent was Charlie Kushner's fear, channeled through his son and daughter-in-law, that the Kushner family's dealings were getting wrapped up in the pursuit of Trump. Leaks in January had put the kibosh on the Kushners' deal with the Chinese financial colossus Anbang Insurance Group to refinance the family's large debt in one of its major real estate holdings, 666 Fifth Avenue. At the end of April, the *New York Times*, supplied with leaks from the DOJ, linked the Kushner business in a front-page article to Beny Steinmetz—an Israeli diamond, mining, and real estate billionaire with Russian ties who was under chronic investigation around the world. (The Kushner position was not helped by the fact that the president had been gleefully telling multiple people that Jared could solve the Middle East problem because the Kushners knew all the best people in Israel.) During the first week of May, the *Times* and the *Washington Post* covered the Kushner family's supposed efforts to attract Chinese investors with the promise of U.S. visas.

"The kids"—Jared and Ivanka—exhibited an increasingly panicked sense that the FBI and DOJ were moving beyond Russian election interference and into finances. "Ivanka is terrified," said a satisfied Bannon.

Trump turned to suggesting to his billionaire chorus that he fire FBI director Comey. He had raised this idea many times before, but always, seemingly, at the same time and in the same context that he brought up the possibility of firing everybody. *Should I fire Bannon? Should I fire Reince? Should I fire McMaster? Should I fire Spicer? Should I fire Tillerson?* This ritual was, everyone understood, more a pretext to a discussion of the power he held than it was, strictly, about personnel decisions. Still, in Trump's poison-the-well fashion, the should-I-fire-so-and-so question, and any consideration of it by any of the billionaires, was translated into agreement, as in: *Carl Icahn thinks I should fire Comey (or Bannon, or Priebus, or McMaster, or Tillerson)*.

His daughter and son-in-law, their urgency compounded by Charlie Kushner's concern, encouraged him, arguing that the once possibly charmable Comey was now a dangerous and uncontrollable player whose profit would inevitably be their loss. When Trump got wound up about something, Bannon noted, someone was usually winding him up. The family focus of discussion—insistent, almost frenzied—became wholly about Comey's ambition. He would rise by damaging them. And the drumbeat grew.

"That son of a bitch is going to try to fire the head of the FBI," said Ailes.

During the first week of May, the president had a ranting meeting with Sessions and his deputy Rod Rosenstein. It was a humiliating meeting for both men, with Trump insisting they couldn't control their own people and pushing them to find a reason to fire Comey—in effect, he blamed them for not having come up with that reason months ago. (It was their fault, he implied, that Comey hadn't been fired right off the bat.)

Also that week, there was a meeting that included the president, Jared and Ivanka, Bannon, Priebus, and White House counsel Don McGahn. It was a closed-door meeting—widely noted because it was unusual for the Oval Office door ever to be closed.

*All the Democrats hate Comey*, said the president, expressing his certain and self-justifying view. *All the FBI agents hate him, too—75 percent of them can't stand him*. (This was a number that Kushner had somehow alighted on, and Trump had taken it up.) *Firing Comey will be a huge fundraising advantage*, declared the president, a man who almost never talked about fundraising.

McGahn tried to explain that in fact Comey himself was not running the Russia investigation, that without Comey the investigation would proceed anyway. McGahn, the lawyer whose job was necessarily to issue cautions, was a frequent target of Trump rages. Typically these would begin as a kind of exaggeration or acting and then devolve into the real thing: uncontrollable, vein-popping, ugly-face, tantrum stuff. It got primal. Now the president's denunciations focused in a vicious fury on McGahn and his cautions about

Comey.

"Comey was a rat," repeated Trump. There were rats everywhere and you had to get rid of them. *John Dean, John Dean*, he repeated. "Do you know what John Dean did to Nixon?"

Trump, who saw history through personalities—people he might have liked or disliked—was a John Dean freak. He went bananas when a now gray and much aged Dean appeared on talk shows to compare the Trump-Russia investigation to Watergate. That would bring the president to instant attention and launch an inevitable talk-back monologue to the screen about loyalty and what people would do for media attention. It might also be accompanied by several revisionist theories Trump had about Watergate and how Nixon had been framed. And always there were rats. A rat was someone who would take you down for his own advantage. If you had a rat, you needed to kill it. And there were rats all around.

(Later, it was Bannon who had to take the president aside and tell him that John Dean had been the White House counsel in the Nixon administration, so maybe it would be a good idea to lighten up on McGahn.)

As the meeting went on, Bannon, from the doghouse and now, in their mutual antipathy to Jarvanka, allied with Priebus, seized the opportunity to make an impassioned case opposing any move against Comey—which was also, as much, an effort to make the case against Jared and Ivanka and their allies, "the geniuses." ("The geniuses" was one of Trump's terms of derision for anybody who might annoy him or think they were smarter than him, and Bannon now appropriated the term and applied it to Trump's family.) Offering forceful and dire warnings, Bannon told the president: "This Russian story is a third-tier story, but you fire Comey and it'll be the biggest story in the world."

By the time the meeting ended, Bannon and Priebus believed they had prevailed. But that weekend, at Bedminster, the president, again listening to the deep dismay of his daughter and son-in-law, built up another head of steam. With Jared and Ivanka, Stephen Miller was also along for the weekend. The weather was bad and the president missed his golf game, dwelling, with Jared, on his Comey fury. It was Jared, in the version told by those outside the Jarvanka circle, that pushed for action, once more winding up his father-in-law. With the president's assent, Kushner, in this version, gave Miller notes on why the FBI director should be fired and asked him to draft a letter that could set out the basis for immediate dismissal. Miller—less than a deft drafting hand—recruited Hicks to help, another person without clearly relevant abilities. (Miller would later be admonished by Bannon for letting himself get tied up, and potentially implicated, in the Comey mess.)

The letter, in the panicky draft assembled by Miller and Hicks, either from Kushner's directions or on instructions directly coming from the president, was an off-the-wall mishmash containing the talking points—Comey's handling of the Hillary Clinton

investigation; the assertion (from Kushner) that the FBI itself had turned against Comey; and, the president's key obsession, the fact that Comey wouldn't publicly acknowledge that the president wasn't under investigation—that would form the Trump family's case for firing Comey. That is, everything but the fact that Comey's FBI was investigating the president.

The Kushner side, for its part, bitterly fought back against any characterization of Kushner as the prime mover or mastermind, in effect putting the entire Bedminster letter effort—as well as the determination to get rid of Comey—entirely on the president's head and casting Kushner as passive bystander. (The Kushner side's position was articulated as follows: "Did he [Kushner] support the decision? Yes. Was he told this was happening? Yes. Did he encourage it? No. Was he fighting for it [Comey's ouster] for weeks and months? No. Did he fight [the ouster]? No. Did he say it would go badly? No.")

Horrified, McGahn quashed sending it. Nevertheless, it was passed to Sessions and Rosenstein, who quickly began drafting their own version of what Kushner and the president obviously wanted.

"I knew when he got back he might blow at any moment," said Bannon after the president returned from his Bedminster weekend.

* * *

On Monday morning, May 8, in a meeting in the Oval Office, the president told Priebus and Bannon that he had made his decision: he would fire Director Comey. Both men again made heated pleas against the move, arguing for, at the very least, more discussion. Here was a key technique for managing the president: delay. Rolling something forward likely meant that something else—an equal or greater fiasco—would come along to preempt whatever fiasco was currently at hand. What's more, delay worked advantageously with Trump's attention span; whatever the issue of the moment, he would shortly be on to something else. When the meeting ended, Priebus and Bannon thought they had bought some breathing room.

Later that day, Sally Yates and former director of National Intelligence James Clapper appeared before the Senate Judiciary Committee's Crime and Terrorism subcommittee—and were greeted by a series of furious tweets from the president.

Here was, Bannon saw again, the essential Trump problem. He hopelessly personalized everything. He saw the world in commercial and show business terms: someone else was always trying to one-up you, someone else was always trying to take the limelight. The battle was between you and someone else who wanted what you had. For Bannon, reducing the political world to face-offs and spats belittled the place in history Trump and his administration had achieved. But it also belied the real powers they were up against. Not people—institutions.

To Trump, he was just up against Sally Yates, who was, he steamed, "such a cunt."

Since her firing on January 30, Yates had remained suspiciously quiet. When journalists approached her, she, or her intermediaries, explained that per her lawyers she was shut down on all media. The president believed she was merely lying in wait. In phone calls to friends, he worried about her "plan" and "strategy," and he continued to press his after-dinner sources for what they thought she and Ben Rhodes, Trump's favorite Obama plotter, had "up their sleeves."

For each of his enemies—and, actually, for each of his friends—the issue for him came down, in many ways, to their personal press plan. The media was the battlefield. Trump assumed everybody wanted his or her fifteen minutes and that everybody had a press strategy for when they got them. If you couldn't get press directly for yourself, you became a leaker. There was no happenstance news, in Trump's view. All news was manipulated and designed, planned and planted. All news was to some extent fake—he understood that very well, because he himself had faked it so many times in his career. This was why he had so naturally cottoned to the "fake news" label. "I've made stuff up forever, and they always print it," he bragged.

The return of Sally Yates, with her appointment before the Senate Judiciary Committee, marked the beginning, Trump believed, of a sustained and well-organized media rollout for her. (His press view was confirmed later in May by a lavish, hagiographic profile of Yates in the *New Yorker*. "How long do you think she was planning this?" he asked, rhetorically. "You know she was. It's her payday.") "Yates is only famous because of me," the president complained bitterly. "Otherwise, who is she? Nobody."

In front of Congress that Monday morning, Yates delivered a cinematic performance—cool, temperate, detailed, selfless—compounding Trump's fury and agitation.

* * *

On the morning of Tuesday, May 9, with the president still fixated on Comey, and with Kushner and his daughter behind him, Priebus again moved to delay: "There's a right way to do this and a wrong way to do this," he told the president. "We don't want him learning about this on television. I'm going to say this one last time: this is not the right way to do this. If you want to do this, the right way is to have him in and have a conversation. This is the decent way and the professional way." Once more, the president seemed to calm down and become more focused on the necessary process.

But that was a false flag. In fact, the president, in order to avoid embracing conventional process—or, for that matter, any real sense of cause and effect—merely eliminated everybody else from *his* process. For most of the day, almost no one would know that he had decided to take matters into his own hands. In presidential annals, the firing of FBI director James Comey may be the most consequential move ever made by a modern president acting entirely on his own.

As it happened, the Justice Department—Attorney General Sessions and Deputy Attorney General Rod Rosenstein—were, independent of the president's own course, preparing their case against Comey. They would take the Bedminster line and blame Comey for errors of his handling of the Clinton email mess—a problematic charge, because if that was truly the issue, why wasn't Comey dismissed on that basis as soon as the Trump administration took office? But in fact, quite regardless of the Sessions and Rosenstein case, the president had determined to act on his own.

Jared and Ivanka were urging the president on, but even they did not know that the axe would shortly fall. Hope Hicks, Trump's steadfast shadow, who otherwise knew everything the president thought—not least because he was helpless not to express it out loud—didn't know. Steve Bannon, however much he worried that the president might blow, didn't know. His chief of staff didn't know. And his press secretary didn't know. The president, on the verge of starting a war with the FBI, the DOJ, and many in Congress, was going rogue.

At some point that afternoon Trump told his daughter and son-in-law about his plan. They immediately became coconspirators and firmly shut out any competing advice.

Eerily, it was a notably on-time and unruffled day in the West Wing. Mark Halperin, the political reporter and campaign chronicler, was waiting in the reception area for Hope Hicks, who fetched him a bit before 5:00 p.m. Fox's Howard Kurtz was there, too, waiting for his appointment with Sean Spicer. And Reince Priebus's assistant had just been out to tell his five o'clock appointment it would be only a few more minutes.

Just before five, in fact, the president, having not too long before notified McGahn of his intention, pulled the trigger. Trump's personal security guard, Keith Schiller, delivered the termination letter to Comey's office at the FBI just after five o'clock. The letter's second sentence included the words "You are hereby terminated and removed from office, effective immediately."

Shortly thereafter, most of the West Wing staff, courtesy of an erroneous report from Fox News, was for a brief moment under the impression that Comey had resigned. Then, in a series of information synapses throughout the offices of the West Wing, it became clear what had actually happened.

"So next it's a special prosecutor!" said Priebus in disbelief, to no one in particular, when he learned shortly before five o'clock what was happening.

Spicer, who would later be blamed for not figuring out how to positively spin the Comey firing, had only minutes to process it.

Not only had the decision been made by the president with almost no consultation except that of his inner family circle, but the response, and explanation, and even legal justifications, were also almost exclusively managed by him and his family. Rosenstein and Sessions's parallel rationale for the firing was shoehorned in at the last minute, at

which point, at Kushner's direction, the initial explanation of Comey's firing became that the president had acted solely on their recommendation. Spicer was forced to deliver this unlikely rationale, as was the vice president. But this pretense unraveled almost immediately, not least because most everyone in the West Wing, wanting nothing to do with the decision to fire Comey, was helping to unravel it.

The president, along with his family, stood on one side of the White House divide, while the staff—mouths agape, disbelieving and speechless—stood on the other.

But the president seemed also to want it known that he, aroused and dangerous, personally took down Comey. Forget Rosenstein and Sessions, it *was* personal. It was a powerful president and a vengeful one, in every way galled and affronted by those in pursuit of him, and determined to protect his family, who were in turn determined to have him protect them.

"The daughter will take down the father," said Bannon, in a Shakespearian mood.

Within the West Wing there was much replaying of alternative scenarios. If you wanted to get rid of Comey, there were surely politic ways of doing it—which had in fact been suggested to Trump. (A curious one—an idea that later would seem ironic—was to get rid of General Kelly at Homeland Security and move Comey into that job.) But the point really was that Trump had wanted to confront and humiliate the FBI director. Cruelty was a Trump attribute.

The firing had been carried out publicly and in front of his family—catching Comey entirely off guard as he gave a speech in California. Then the president had further personalized the blow with an ad hominem attack on the director, suggesting that the FBI itself was on Trump's side and that it, too, had only contempt for Comey.

The next day, as though to further emphasize and delight in both the insult and his personal impunity, the president met with Russian bigwigs in the Oval Office, including Russia's Ambassador Kislyak, the very focus of much of the Trump-Russia investigation. To the Russians he said: "I just fired the head of the FBI. He was crazy, a real nut job. I faced great pressure because of Russia. That's taken off." Then, to boot, he revealed information supplied to the United States by Israel from its agent in place in Syria about ISIS using laptops to smuggle bombs onto airlines—revealing enough information to compromise the Israeli agent. (This incident did not help Trump's reputation in intelligence circles, since, in spycraft, human sources are to be protected above all other secrets.)

"It's Trump," said Bannon. "He thinks he can fire the FBI."

* * *

Trump believed that firing Comey would make him a hero. Over the next forty-eight hours he spun his side to various friends. It was simple: he had stood up to the FBI. He proved

that he was willing to take on the state power. The outsider against the insiders. After all, that's why he was elected.

At some level he had a point. One reason presidents don't fire the director of the FBI is that they fear the consequences. It's the Hoover syndrome: any president can be hostage to what the FBI knows, and a president who treats the FBI with something less than deference does so at his own peril. But this president had stood up to the feds. One man against the unaccountable power that the left had long railed against—and that more recently the right had taken as a Holy Grail issue, too. "Everybody should be rooting for me," the president said to friends, more and more plaintively.

Here was another peculiar Trump attribute: an inability to see his actions the way most others saw them. Or to fully appreciate how people expected him to behave. The notion of the presidency as an institutional and political concept, with an emphasis on ritual and propriety and semiotic messaging—statesmanship—was quite beyond him.

Inside the government, the response to Comey's firing was a kind of bureaucratic revulsion. Bannon had tried to explain to Trump the essential nature of career government officials, people whose comfort zone was in their association with hegemonic organizations and a sense of a higher cause—they were different, very different, from those who sought individual distinction. Whatever else Comey might be, he was first and foremost a bureaucrat. Casting him ignominiously out was yet another Trump insult to the bureaucracy.

Rod Rosenstein, the author of the letter that ostensibly provided the justification for firing Comey, now stood in the line of fire. The fifty-two-year-old Rosenstein, who, in rimless glasses, seemed to style himself as a bureaucrat's bureaucrat, was the longest-serving U.S. attorney in the country. He lived within the system, all by the book, his highest goal seeming to be to have people say he did things by the book. He was a straight shooter—and he wanted everyone to know it.

All this was undermined by Trump—trashed, even. The brow-beating and snarling president had hectored the country's two top law enforcement officials into an ill-considered or, at the very least, an ill-timed indictment of the director of the FBI. Rosenstein was already feeling used and abused. And then he was shown to have been tricked, too. He was a dupe.

The president had forced Rosenstein and Sessions to construct a legal rationale, yet then he could not even maintain the bureaucratic pretense of following it. Having enlisted Rosenstein and Sessions in his plot, Trump now exposed their efforts to present a reasonable and aboveboard case as a sham—and, arguably, a plan to obstruct justice. The president made it perfectly clear that he hadn't fired the director of the FBI because he did Hillary wrong; he fired Comey because the FBI was too aggressively investigating him and his administration.

Hyper-by-the-book Rod Rosenstein—heretofore the quintessential apolitical player—immediately became, in Washington eyes, a hopeless Trump tool. But Rosenstein's revenge was deft, swift, overwhelming, and (of course) by the book.

Given the decision of the attorney general to recuse himself from the Russia investigation, it fell under the authority of the deputy attorney general to determine whether a conflict existed—that is, whether the deputy attorney general, because of self-interest, might not be able to act objectively—and if, in his sole discretion, he judged a conflict to exist, to appoint an outside special counsel with wide powers and responsibilities to conduct an investigation and, potentially, a prosecution.

On May 17, twelve days after FBI director Comey was fired, without consulting the White House or the attorney general, Rosenstein appointed former FBI director Robert Mueller to oversee the investigation of Trump's, his campaign's, and his staff's ties to Russia. If Michael Flynn had recently become the most powerful man in Washington for what he might reveal about the president, now Mueller arguably assumed that position because he had the power to make Flynn, and all other assorted Trump cronies and flunkies, squeal.

Rosenstein, of course, perhaps with some satisfaction, understood that he had delivered what could be a mortal blow to the Trump presidency.

Bannon, shaking his head in wonder about Trump, commented drily: "He doesn't necessarily see what's coming."

# 17

## ABROAD AND AT HOME

On May 12, Roger Ailes was scheduled to return to New York from Palm Beach to meet with Peter Thiel, an early and lonely Trump supporter in Silicon Valley who had become increasingly astonished by Trump's unpredictability. Ailes and Thiel, both worried that Trump could bring Trumpism down, were set to discuss the funding and launch of a new cable news network. Thiel would pay for it and Ailes would bring O'Reilly, Hannity, himself, and maybe Bannon to it.

But two days before the meeting, Ailes fell in his bathroom and hit his head. Before slipping into a coma, he told his wife not to reschedule the meeting with Thiel. A week later, Ailes, that singular figure in the march from Nixon's silent majority to Reagan's Democrats to Trump's passionate base, was dead.

His funeral in Palm Beach on May 20 was quite a study in the currents of right-wing ambivalence and even mortification. Right-wing professionals remained passionate in their outward defense of Trump but were rattled, if not abashed, among one another. At the funeral, Rush Limbaugh and Laura Ingraham struggled to parse support for Trumpism even as they distanced themselves from Trump himself.

The president had surely become the right wing's meal ticket. He was the ultimate antiliberal: an authoritarian who was the living embodiment of resistance to authority. He was the exuberant inverse of everything the right wing found patronizing and gullible and sanctimonious about the left. And yet, obviously, Trump was Trump—careless, capricious, disloyal, far beyond any sort of control. Nobody knew that as well as the people who knew him best.

Ailes's wife, Beth, had militantly invited only Ailes loyalists to the funeral. Anyone who had wavered in her husband's defense since his firing or had decided that a better future lay with the Murdoch family was excluded. This put Trump, still enthralled by his new standing with Murdoch, on the other side of the line. Hours and then days—carefully tracked by Beth Ailes—ticked off without a condolence call from the president.

The morning of the funeral, Sean Hannity's private plane took off for Palm Beach from

Republic Airport in Farmingdale, Long Island. Accompanying Hannity was a small group of current and former Fox employees, all Ailes and Trump partisans. But each felt some open angst, or even incredulity, about Trump being Trump: first there was the difficulty of grasping the Comey rationale, and now his failure to give even a nod to his late friend Ailes.

"He's an idiot, obviously," said the former Fox correspondent Liz Trotta.

Fox anchor Kimberly Guilfoyle spent much of the flight debating Trump's entreaties to have her replace Sean Spicer at the White House. "There are a lot of issues, including personal survival."

As for Hannity himself, his view of the right-wing world was shifting from Foxcentric to Trumpcentric. He did not think much more than a year would pass before he, too, would be pushed from the network, or find it too inhospitable to stay on. And yet he was pained by Trump's slavish attentions to Murdoch, who had not only ousted Ailes but whose conservatism was at best utilitarian. "He was for Hillary!" said Hannity.

Ruminating out loud, Hannity said he would leave the network and go work full time for Trump, because nothing was more important than that Trump succeed—"in spite of himself," Hannity added, laughing.

But he was pissed off that Trump hadn't called Beth. "Mueller," he concluded, drawing deeply on an electronic cigarette, had distracted him.

Trump may be a Frankenstein creation, but he was the right wing's creation, the first, true, right-wing original. Hannity could look past the Comey disaster. And Jared. And the mess in the White House.

Still, he hadn't called Beth.

"What the fuck is wrong with him?" asked Hannity.

* * *

Trump believed he was one win away from turning everything around. Or, perhaps more to the point, one win away from good press that would turn everything around. The fact that he had largely squandered his first hundred days—whose victories should have been the currency of the next hundred days—was immaterial. You could be down in the media one day and then the next have a hit that made you a success.

"Big things, we need big things," he said, angrily and often. "This isn't big. I need big. Bring me big. Do you even know what big is?"

Repeal and replace, infrastructure, true tax reform—the rollout Trump had promised and then depended on Paul Ryan to deliver—was effectively in tatters. Every senior staff member was now maintaining that they shouldn't have done health care, the precursor to the legislative rollout, in the first place. Whose idea was that, anyway?

The natural default might be to do smaller things, incremental versions of the program. But Trump showed little interest in the small stuff. He became listless and irritable.

So, okay, it would have to be peace in the Middle East.

For Trump, as for many showmen or press release entrepreneurs, the enemy of everything is complexity and red tape, and the solution for everything is cutting corners. Bypass or ignore the difficulties; just move in a straight line to the vision, which, if it's bold enough, or grandiose enough, will sell itself. In this formula, there is always a series of middlemen who will promise to help you cut the corners, as well as partners who will be happy to piggyback on your grandiosity.

Enter the Crown Prince of the House of Saud, Mohammed bin Salman bin Abdulaziz Al Saud, age thirty-one. Aka MBS.

The fortuitous circumstance was that the king of Saudi Arabia, MBS's father, was losing it. The consensus in the Saudi royal family about a need to modernize was growing stronger (somewhat). MBS—an inveterate player of video games—was a new sort of personality in the Saudi leadership. He was voluble, open, and expansive, a charmer and an international player, a canny salesman rather than a remote, taciturn grandee. He had seized the economic portfolio and was pursuing a vision—quite a Trumpian vision—to out-Dubai Dubai and diversify the economy. His would be a new, modern—well, a bit more modern—kingdom (yes, women would soon be allowed to drive—so thank God self-driving cars were coming!). Saudi leadership was marked by age, traditionalism, relative anonymity, and careful consensus thinking. The Saudi royal family, on the other hand, whence the leadership class comes, was often marked by excess, flash, and the partaking of the joys of modernity in foreign ports. MBS, a man in a hurry, was trying to bridge the Saudi royal selves.

Global liberal leadership had been all but paralyzed by the election of Donald Trump—indeed, by the very *existence* of Donald Trump. But it was an inverted universe in the Middle East. The Obama truculence and hyperrationalization and micromanaging, preceded by the Bush moral militarism and ensuing disruptions, preceded by Clinton deal making, quid pro quo, and backstabbing, had opened the way for Trump's version of realpolitik. He had no patience with the our-hands-are-tied ennui of the post-cold war order, that sense of the chess board locked in place, of incremental movement being the best-case scenario—the alternative being only war. His was a much simpler view: Who's got the power? Give me his number.

And, just as basically: The enemy of my enemy is my friend. If Trump had one fixed point of reference in the Middle East, it was—mostly courtesy of Michael Flynn's tutoring—that Iran was the bad guy. Hence everybody opposed to Iran was a pretty good guy.

After the election, MBS had reached out to Kushner. In the confusion of the Trump transition, nobody with foreign policy stature and an international network had been put in

place—even the new secretary of state designate, Rex Tillerson, had no real experience in foreign policy. To bewildered foreign secretaries, it seemed logical to see the presidentelect's son-in-law as a figure of stability. Whatever happened, he would be there. And for certain regimes, especially the familycentric Saudis, Kushner, the son-in-law, was much more reassuring than a policy person. He wasn't in his job because of his ideas.

Of the many Trump gashes in modern major-power governing, you could certainly drive a Trojan horse through his lack of foreign policy particulars and relationships. This presented a do-over opportunity for the world in its relationship with the United States—or it did if you were willing to speak the new Trump language, whatever that was. There wasn't much of a road map here, just pure opportunism, a new transactional openness. Or, even more, a chance to use the powers of charm and seduction to which Trump responded as enthusiastically as he did to offers of advantageous new deals.

It was Kissingeresque realpolitik. Kissinger himself, long familiar with Trump by way of the New York social world and now taking Kushner under his wing, was successfully reinserting himself, helping to organize meetings with the Chinese and the Russians.

Most of America's usual partners, and even many antagonists, were unsettled if not horrified. Still, some saw opportunity. The Russians could see a free pass on the Ukraine and Georgia, as well as a lifting of sanctions, in return for giving up on Iran and Syria. Early in the transition, a high-ranking official in the Turkish government reached out in genuine confusion to a prominent U.S. business figure to inquire whether Turkey would have better leverage by putting pressure on the U.S. military presence in Turkey or by offering the new president an enviable hotel site on the Bosporus.

There was something curiously aligned between the Trump family and MBS. Like the entire Saudi leadership, MBS had, practically speaking, no education outside of Saudi Arabia. In the past, this had worked to limit the Saudi options—nobody was equipped to confidently explore new intellectual possibilities. As a consequence, everybody was wary of trying to get them to imagine change. But MBS and Trump were on pretty much equal footing. Knowing little made them oddly comfortable with each other. When MBS offered himself to Kushner as his guy in the Saudi kingdom, that was "like meeting someone nice at your first day of boarding school," said Kushner's friend.

Casting aside, in very quick order, previously held assumptions—in fact, not really aware of those assumptions—the new Trump thinking about the Middle East became the following: There are basically four players (or at least we can forget everybody else)—Israel, Egypt, Saudi Arabia, and Iran. The first three can be united against the fourth. And Egypt and Saudi Arabia, given what they want with respect to Iran—and anything else that does not interfere with the United States' interests—will pressure the Palestinians to make a deal. Voilà.

This represented a queasy-making mishmash of thought. Bannon's isolationism (a pox

on all your houses—and keep us out of it); Flynn's anti-Iranism (of all the world's perfidy and toxicity, there is none like that of the mullahs); and Kushner's Kissingerism (not so much Kissingerism as, having no point of view himself, a dutiful attempt to follow the ninety-four-year-old's advice).

But the fundamental point was that the last three administrations had gotten the Middle East wrong. It was impossible to overstate how much contempt the Trump people felt for the business-as-usual thinking that had gotten it so wrong. Hence, the new operating principle was simple: do the opposite of what they (Obama, but the Bush neocons, too) would do. Their behavior, their conceits, their ideas—in some sense even their backgrounds, education, and class—were all suspect. And, what's more, you don't really have to know all that much yourself; you just do it differently than it was done before.

The old foreign policy was based on the idea of nuance: facing an infinitely complex multilateral algebra of threats, interests, incentives, deals, and ever evolving relationships, we strain to reach a balanced future. In practice, the new foreign policy, an effective Trump doctrine, was to reduce the board to three elements: powers we can work with, powers we cannot work with, and those without enough power whom we can functionally disregard or sacrifice. It was cold war stuff. And, indeed, in the larger Trump view, it was during the cold war that time and circumstance gave the United States its greatest global advantage. That was when America was great.

* * *

Kushner was the driver of the Trump doctrine. His test cases were China, Mexico, Canada, and Saudi Arabia. He offered each country the opportunity to make his father-in-law happy.

In the first days of the administration, Mexico blew its chance. In transcripts of conversations between Trump and Mexican president Enrique Peña Nieto that would later become public, it was vividly clear that Mexico did not understand or was unwilling to play the new game. The Mexican president refused to construct a pretense for paying for the wall, a pretense that might have redounded to his vast advantage (without his having to actually pay for the wall).

Not long after, Canada's new prime minister, Justin Trudeau, a forty-five-year-old globalist in the style of Clinton and Blair, came to Washington and repeatedly smiled and bit his tongue. And that did the trick: Canada quickly became Trump's new best friend.

The Chinese, who Trump had oft maligned during the campaign, came to Mar-a-Lago for a summit advanced by Kushner and Kissinger. (This required some tutoring for Trump, who referred to the Chinese leader as "Mr. X-i"; the president was told to think of him as a woman and call him "she.") They were in an agreeable mood, evidently willing to humor Trump. And they quickly figured out that if you flatter him, he flatters you.

But it was the Saudis, also often maligned during the campaign, who, with their

intuitive understanding of family, ceremony, and ritual and propriety, truly scored.

The foreign policy establishment had a long and well-honed relationship with MBS's rival, the crown prince, Mohammed bin Nayef (MBN). Key NSA and State Department figures were alarmed that Kushner's discussions and fast-advancing relationship with MBS would send a dangerous message to MBN. And of course it did. The foreign policy people believed Kushner was being led by MBS, whose real views were entirely untested. The Kushner view was either, naïvely, that he wasn't being led, or, with the confidence of a thirty-six-year-old assuming the new prerogatives of the man in charge, that he didn't care: let's embrace anybody who will embrace us.

The Kushner/MBS plan that emerged was straightforward in a way that foreign policy usually isn't: If you give us what we want, we'll give you what you want. On MBS's assurance that he would deliver some seriously good news, he was invited to visit the White House in March. (The Saudis arrived with a big delegation, but they were received at the White House by only the president's small circle—and the Saudis took particular note that Trump ordered Priebus to jump up and fetch him things during the meeting.) The two large men, the older Trump and much younger MBS—both charmers, flatterers, and country club jokers, each in their way—grandly hit it off.

It was an aggressive bit of diplomacy. MBS was using this Trump embrace as part of his own power play in the kingdom. And the Trump White House, ever denying this was the case, let him. In return, MBS offered a basket of deals and announcements that would coincide with a scheduled presidential visit to Saudi Arabia—Trump's first trip abroad. Trump would get a "win."

Planned before the Comey firing and Mueller hiring, the trip had State Department professionals alarmed. The itinerary—May 19 to May 27—was too long for any president, particularly such an untested and untutored one. (Trump himself, full of phobias about travel and unfamiliar locations, had been grumbling about the burdens of the trip.) But coming immediately after Comey and Mueller it was a get-out-of-Dodge godsend. There couldn't have been a better time to be making headlines far from Washington. A road trip could transform everything.

Almost the entire West Wing, along with State Department and National Security staff, was on board for the trip: Melania Trump, Ivanka Trump, Jared Kushner, Reince Priebus, Stephen Bannon, Gary Cohn, Dina Powell, Hope Hicks, Sean Spicer, Stephen Miller, Joe Hagin, Rex Tillerson, and Michael Anton. Also included were Sarah Huckabee Sanders, the deputy press secretary; Dan Scavino, the administration's social media director; Keith Schiller, the president's personal security adviser; and Wilbur Ross, the commerce secretary. (Ross was widely ridiculed for never missing an Air Force One opportunity—as Bannon put it, "Wilbur is Zelig, every time you turn around he's in a picture.") This trip and the robust American delegation was the antidote, and alternate universe to the Mueller appointment.

The president and his son-in-law could barely contain their confidence and enthusiasm. They felt certain that they had set out on the road to peace in the Middle East—and in this, they were much like a number of other administrations that had come before them.

Trump was effusive in his praise for Kushner. "Jared's gotten the Arabs totally on our side. Done deal," he assured one of his after-dinner callers before leaving on the trip. "It's going to be beautiful."

"He believed," said the caller, "that this trip could pull it out, like a twist in a bad movie."

* * *

On the empty roads of Riyadh, the presidential motorcade passed billboards with pictures of Trump and the Saudi king (MBS's eighty-one-year-old father) with the legend TOGETHER WE PREVAIL.

In part, the president's enthusiasm seemed to be born out of—or perhaps had caused—a substantial exaggeration of what had actually been agreed to during the negotiations ahead of the trip. In the days before his departure, he was telling people that the Saudis were going to finance an entirely new military presence in the kingdom, supplanting and even replacing the U.S. command headquarters in Qatar. And there would be "the biggest breakthrough in Israel-Palestine negotiations ever." It would be "*the* game changer, major like has never been seen."

In truth, his version of what would be accomplished was a quantum leap beyond what was actually agreed, but that did not seem to alter his feelings of zeal and delight.

The Saudis would immediately buy $110 billion's worth of American arms, and a total of $350 billion over ten years. "Hundreds of billions of dollars of investments into the United States and jobs, jobs, jobs," declared the president. Plus, the Americans and the Saudis would together "counter violent extremist messaging, disrupt financing of terrorism, and advance defense cooperation." And they would establish a center in Riyadh to fight extremism. And if this was not exactly peace in the Middle East, the president, according to the secretary of state, "feels like there's a moment in time here. The president's going to talk with Netanyahu about the process going forward. He's going to be talking to President Abbas about what he feels is necessary for the Palestinians to be successful."

It was all a Trumpian big deal. Meanwhile, the First Family—POTUS, FLOTUS, and Jared and Ivanka—were ferried around in gold golf carts, and the Saudis threw a $75 million party in Trump's honor, with Trump getting to sit on a thronelike chair. (The president, while receiving an honor from the Saudi king, appeared in a photograph to have bowed, arousing some right-wing ire.)

Fifty Arab and Muslim nations were summoned by the Saudis to pay the president

court. The president called home to tell his friends how natural and easy this was, and how, inexplicably and suspiciously, Obama had messed it all up. There "has been a little strain, but there won't be strain with this administration," the president assured Hamad bin Isa Al Khalifa, the king of Bahrain.

Abdel Fattah el-Sisi, the Egyptian strongman, ably stroked the president and said, "You are a unique personality that is capable of doing the impossible." (To Sisi, Trump replied, "Love your shoes. Boy, those shoes. Man… .")

It was, in dramatic ways, a shift in foreign policy attitude and strategy—and its effects were almost immediate. The president, ignoring if not defying foreign policy advice, gave a nod to the Saudis' plan to bully Qatar. Trump's view was that Qatar was providing financial support to terror groups—pay no attention to a similar Saudi history. (Only *some* members of the Saudi royal family had provided such support, went the new reasoning.) Within weeks of the trip, MBS, detaining MBN quite in the dead of night, would force him to relinquish the Crown Prince title, which MBS would then assume for himself. Trump would tell friends that he and Jared had engineered this: "We've put our man on top!"

From Riyadh, the presidential party went on to Jerusalem, where the president met with Netanyahu and, in Bethlehem, with Abbas, expressing ever greater certainty that, in his third-person guise, "Trump will make peace." Then to Rome to meet the pope. Then to Brussels, where, in character, he meaningfully drew the line between Western-alliance-based foreign policy, which had been firmly in place since World War II, and the new America First ethos.

In Trump's view, all this should have been presidency-shaping stuff. He couldn't believe his dramatic accomplishments weren't getting bigger play. He was simply in denial, Bannon, Priebus, and others noted, about the continuing and competing Comey and Mueller headlines.

One of Trump's deficiencies—a constant in the campaign and, so far, in the presidency—was his uncertain grasp of cause and effect. Until now, whatever problems he might have caused in the past had reliably been supplanted by new events, giving him the confidence that one bad story can always be replaced by a better, more dramatic story. He could always change the conversation. The Saudi trip and his bold campaign to upend the old foreign policy world order should have accomplished exactly that. But the president continued to find himself trapped, incredulously on his part, by Comey and Mueller. Nothing seemed to move on from those two events.

After the Saudi leg of the trip, Bannon and Priebus, both exhausted by the trip's intense proximity to the president and his family, peeled off and headed back to Washington. It was now their job to deal with what had become, in the White House staff's absence, the actual, even ultimate, presidency-shaping crisis.

* * *

What did the people around Trump actually think of Trump? This was not just a reasonable question, it was the question those around Trump most asked themselves. They constantly struggled to figure out what they themselves actually thought and what they thought everybody else was truly thinking.

Mostly they kept their answers to themselves, but in the instance of Comey and Mueller, beyond all the usual dodging and weaving rationalizations, there really wasn't anybody, other than the president's family, who didn't very pointedly blame Trump himself.

This was the point at which an emperors-new-clothes threshold was crossed. Now you could, out loud, rather freely doubt his judgment, acumen, and, most of all, the advice he was getting.

"He's not only crazy," declared Tom Barrack to a friend, "he's stupid."

But Bannon, along with Priebus, had strongly opposed the Comey firing, while Ivanka and Jared had not only supported it, but insisted on it. This seismic event prompted a new theme from Bannon, repeated by him widely, which was that every piece of advice from the couple was bad advice.

Nobody now believed that firing Comey was a good idea; even the president seemed sheepish. Hence, Bannon saw his new role as saving Trump—and Trump would always need saving. He might be a brilliant actor but he could not manage his own career.

And for Bannon, this new challenge brought a clear benefit: when Trump's fortune sank, Bannon's rose.

On the trip to the Middle East, Bannon went to work. He became focused on the figure of Lanny Davis, one of the Clinton impeachment lawyers who, for the better part of two years, became a near round-the-clock spokesperson and public defender of the Clinton White House. Bannon judged Comey-Mueller to be as threatening to the Trump White House as Monica Lewinsky and Ken Starr were to the Clinton White House, and he saw the model for escaping a mortal fate in the Clinton response.

"What the Clintons did was to go to the mattresses with amazing discipline," he explained. "They set up an outside shop and then Bill and Hillary never mentioned it again. They ground through it. Starr had them dead to rights and they got through it."

Bannon knew exactly what needed to be done: seal off the West Wing and build a separate legal and communications staff to defend the president. In this construct, the president would occupy a parallel reality, removed from and uninvolved with what would become an obvious partisan blood sport—as it had in the Clinton model. Politics would be relegated to its nasty corner, and Trump would conduct himself as the president and as the commander in chief.

"So we're going to do it," insisted Bannon, with *joie de guerre* and manic energy, "the way they did it. Separate war room, separate lawyers, separate spokespeople. It's keeping that fight over there so we can wage this other fight over here. Everybody gets this. Well, maybe not Trump so much. Not clear. Maybe a little. Not what he imagined."

Bannon, in great excitement, and Priebus, grateful for an excuse to leave the president's side, rushed back to the West Wing to begin to cordon it off.

It did not escape Priebus's notice that Bannon had in mind to create a rear guard of defenders—David Bossie, Corey Lewandowski, and Jason Miller, all of whom would be outside spokespeople—that would largely be loyal to him. Most of all, it did not escape Priebus that Bannon was asking the president to play a role entirely out of character: the cool, steady, long-suffering chief executive.

And it certainly didn't help that they were unable to hire a law firm with a top-notch white-collar government practice. By the time Bannon and Priebus were back in Washington, three blue-chip firms had said no. All of them were afraid they would face a rebellion among the younger staff if they represented Trump, afraid Trump would publicly humiliate them if the going got tough, and afraid Trump would stiff them for the bill.

In the end, nine top firms turned them down.

# 18

## BANNON REDUX

Bannon was back, according to the Bannon faction. According to Bannon himself: "I'm good. I'm *good*. I'm back. I said don't do it. You don't fire the director of the FBI. The geniuses around here thought otherwise."

*Was Bannon back?* asked the worried other side of the house—Jared and Ivanka, Dina Powell, Gary Cohn, Hope Hicks, H. R. McMaster.

If he was back, that meant he had successfully defied the organizational premise of the Trump White House: the family would always prevail. Steve Bannon had, even in his internal exile, not stopped his running public verbal assault on Jared and Ivanka. Off the record became Bannon's effective on the record. These were bitter, sometimes hilarious, denunciations of the couple's acumen, intelligence, and motives: "They think they're defending him, but they are always defending themselves."

Now he declared they were finished as a power center—destroyed. And if not, they would destroy the president with their terrible and self-serving advice. Even worse than Jared was Ivanka. "She was a nonevent on the campaign. She became a White House staffer and that's when people suddenly realized she's dumb as a brick. A little marketing savvy and has a look, but as far as understanding actually how the world works and what politics is and what it means—nothing. Once you expose that, you lose such credibility. Jared just kind of flits in and does the Arab stuff."

The folks on the Jarvanka side seemed more and more genuinely afraid of what might happen if they crossed the Bannon side. Because the Bannonites, they truly seemed to fear, were assassins.

On the flight to Riyadh, Dina Powell approached Bannon about a leak involving her to a right-wing news site. She told him she knew the leak had come from Julia Hahn, one of Bannon's people and a former Breitbart writer.

"You should take it up with her," said an amused Bannon. "But she's a beast. And she will come at you. Let me know how it works out."

Among Bannon's many regular targets, Powell had become a favorite. She was often billed as Deputy National Security Advisor; that was her sometime designation even in the *New York Times*. Actually, she was Deputy National Security Advisor *for Strategy*—the difference, Bannon pointed out, between the COO of a hotel chain and the concierge.

Coming back from the overseas trip, Powell began to talk in earnest to friends about her timetable to get out of the White House and back into a private-sector job. Sheryl Sandberg, she said, was her model.

"Oh my fucking god," said Bannon.

On May 26, the day before the presidential party returned from the overseas trip, the *Washington Post* reported that during the transition, Kushner and Sergey Kislyak, the Russian ambassador, had, at Kushner's instigation, discussed the possibility of having the Russians set up a private communications channel between the transition team and the Kremlin. The *Post* cited "U.S. officials briefed on intelligence reports." The Jarvanka side believed that Bannon was the source.

Part of the by now deep enmity between the First Family couple and their allies and Bannon and his team was the Jarvanka conviction that Bannon had played a part in many of the reports of Kushner's interactions with the Russians. This was not, in other words, merely an internal policy war; it was a death match. For Bannon to live, Kushner would have to be wholly discredited—pilloried, investigated, possibly even jailed.

Bannon, assured by everyone that there was no winning against the Trump family, hardly tried to hide his satisfied belief that he was going to outplay them. In the Oval Office, in front of her father, Bannon openly attacked her. "You," he said, pointing at her as the president watched, "are a fucking liar." Ivanka's bitter complaints to her father, which in the past had diminished Bannon, were now met by a hands-off Trump: "I told you this is a tough town, baby."

* * *

But if Bannon was back, it was far from clear what being back meant. Trump being Trump, was this true rehabilitation, or did he feel an even deeper rancor toward Bannon for having survived his initial intention to kill him? Nobody really thought Trump forgot—instead, he dwelled and ruminated and chewed. "One of the worst things is when he believes you've succeeded at his expense," explained Sam Nunberg, once on the inside of the Trump circle, then cast to the outside. "If your win is in any way perceived as his loss, phew."

For his part, Bannon believed he was back because, at a pivotal moment, his advice had proved vastly better than that of the "geniuses." Firing Comey, the solve-all-problems Jarvanka solution, had indeed unleashed a set of terrible consequences.

The Jarvanka side believed that Bannon was in essence blackmailing the president. As

Bannon went, so went the virulence of right-wing digital media. Despite his apparent obsession with the "fake news" put out by the *New York Times*, the *Washington Post*, and CNN, for the president the threat of fake news was actually greater on the right. Though he would never call out fake news on Fox, Breitbart, and the others, these outlets—which could conceivably spew a catchall of conspiracies in which a weak Trump sold out to a powerful establishment—were potentially far more dangerous than their counterparts on the left.

Bannon, too, was seen to be rectifying an earlier bureaucratic mistake. Where initially he had been content to be the brains of the operation—confident that he was vastly smarter than everybody else (and, indeed, few tried to challenge him for that title)—and not staff up, now he was putting his organization and loyalists firmly in place. His off-balance-sheet communications staff—Bossie, Lewandowski, Jason Miller, Sam Nunberg (even though he had long fallen out with Trump himself), and Alexandra Preate—formed quite a private army of leakers and defenders. What's more, whatever breach there had been between Bannon and Priebus came smoothly together over their mutual loathing of Jared and Ivanka. The professional White House was united against the amateur family White House.

Adding to Bannon's new bureaucratic advantage, he had maximum influence on the staffing of the new firewall team, the lawyers and comm staff who would collectively become the Lanny Davis of the Trump defense. Unable to hire prestige talent, Bannon turned to one of the president's longtime hit-man lawyers, Marc Kasowitz. Bannon had previously bonded with Kasowitz when the attorney had handled a series of near-death problems on the campaign, including dealing with a vast number of allegations and legal threats from an ever growing list of women accusing Trump of molesting and harassing them.

On May 31, the Bannon firewall plan went into effect. Henceforth, all discussion related to Russia, the Mueller and congressional investigations, and other personal legal issues would be entirely handled by the Kasowitz team. The president, as Bannon described the plan in private and as he urged his boss, would no longer be addressing any of these areas. Among the many, many efforts to force Trump into presidential mode, this was the latest.

Bannon then installed Mark Corallo, a former Karl Rove communications staffer, as the firewall spokesperson. He was also planning to put in Bossie and Lewandowski as part of the crisis management team. And at Bannon's prompting, Kasowitz attempted to further insulate the president by giving his client a central piece of advice: send the kids home.

Bannon was indeed back. It was his team. It was his wall around the president—one that he hoped would keep Jarvanka out.

Bannon's formal moment of being back was marked by a major milestone. On June 1,

after a long and bitter internal debate, the president announced that he had decided to withdraw from the Paris Climate Agreement. For Bannon, it was a deeply satisfying slap in the face of liberal rectitude—Elon Musk and Bob Iger immediately resigned from Trump's business council—and confirmation of Trump's true Bannonite instincts.

It was, likewise, the move that Ivanka Trump had campaigned hardest against in the White House.

"Score," said Bannon. "The bitch is dead."

* * *

There are few modern political variables more disruptive than a dedicated prosecutor. It's the ultimate wild card.

A prosecutor means that the issue under investigation—or, invariably, cascading issues—will be a constant media focus. Setting their own public stage, prosecutors are certain leakers.

It means that everybody in a widening circle has to hire a lawyer. Even tangential involvement can cost six figures; central involvement quickly rises into the millions.

By early summer, there was already an intense seller's market in Washington for top criminal legal talent. As the Mueller investigation got under way, White House staffers made a panicky rush to get the best firm before someone else got there first and created a conflict.

"Can't talk about Russia, nothing, can't go there," said Katie Walsh, now three months removed from the White House, on advice of her new counsel.

Any interviews or depositions given to investigators risked putting you in jeopardy. What's more, every day in the White House brought new dangers: any random meeting you might find yourself in exposed you more.

Bannon kept insisting on the absolute importance of this point—and for him the strategic importance. If you didn't want to find yourself getting wrung out in front of Congress, your career and your net worth in jeopardy, be careful who you spoke to. More to the point: you must not under any circumstances speak to Jared and Ivanka, who were now Russia toxic. It was Bannon's widely advertised virtue and advantage: "I've never been to Russia. I don't know anybody from Russia. I've never spoken to any Russians. And I'd just as well not speak to anyone who has."

Bannon observed a hapless Pence in a lot of "wrong meetings," and helped to bring in the Republican operative Nick Ayers as Pence's chief of staff, and to get "our fallback guy" out of the White House and "running around the world and looking like a vice president."

And beyond the immediate fears and disruption, there was the virtually certain

outcome that a special prosecutor delegated to find a crime would find one—likely many. Everybody became a potential agent of implicating others. Dominos would fall. Targets would flip.

Paul Manafort, making a good living in international financial gray areas, his risk calculation based on the long-shot odds that an under-the-radar privateer would ever receive close scrutiny, would now be subjected to microscopic review. His nemesis, Oleg Deripaska—still pursuing his $17 million claim against Manafort and himself looking for favorable treatment from federal authorities who had restricted his travel to the United States—was continuing his own deep investigation into Manafort's Russian and Ukrainian business affairs.

Tom Barrack, privy to the president's stream of consciousness as well as his financial history, was suddenly taking stock of his own exposure. Indeed, all the billionaire friends with whom Trump got on the phone and gossiped and rambled were potential witnesses.

In the past, administrations forced to deal with a special prosecutor appointed to investigate and prosecute matters with which the president might have been involved usually became consumed by the effort to cope. Their tenure broke into "before" and "after" periods—with the "after" period hopelessly bogged down in the soap opera of G-man pursuit. Now it looked like the "after" period would be almost the entirety of the Trump administration.

The idea of formal collusion and artful conspiracy—as media and Democrats more or less breathlessly believed or hoped had happened between Trump and the Russians—seemed unlikely to everybody in the White House. (Bannon's comment that the Trump campaign was not organized enough to collude with its own state organizations became everybody's favorite talking point—not least because it was true.) But nobody was vouching for the side deals and freelance operations and otherwise nothing-burger stuff that was a prosecutor's daily bread and the likely detritus of the Trump hangers-on. And everybody believed that if the investigation moved into the long chain of Trump financial transactions, it would almost certainly reach the Trump family and the Trump White House.

And then there was the president's insistent claim that he could do something. *I can fire him*, he would say. Indeed, it was another of his repetitive loops: I can fire him. I *can* fire him. Mueller. The idea of a showdown in which the stronger, more determined, more intransigent, more damn-the-consequences man prevails was central to Trump's own personal mythology. He lived in a mano a mano world, one in which if your own respectability and sense of personal dignity were not a paramount issue—if you weren't weak in the sense of needing to seem like a reasonable and respectable person—you had a terrific advantage. And if you made it personal, if you believed that when the fight really mattered that it was kill or be killed, you were unlikely to meet someone willing to make it as personal as you were.

This was Bannon's fundamental insight about Trump: he made *everything* personal, and he was helpless not to.

* * *

Dissuaded by everyone from focusing his anger on Mueller (at least for now), the president focused on Sessions.

Sessions—"Beauregard"—was a close Bannon ally, and in May and June the president's almost daily digs against the attorney general—beyond even his loyalty and resolve, Trump issued scathing criticism of his stature, voice, and dress—provided a sudden bit of good news for the anti-Bannon side of the house. Bannon, they reasoned, couldn't really be on top if his key proxy was now being blamed for everything bad in Trump's life. As always, Trump's regard or scorn was infectious. If you were in favor, then whatever and whomever he associated with you was also in favor. If you weren't, then everything associated with you was poisonous.

The brutality of Trump's dissatisfaction kept increasing. A small man with a Mr. Magoo stature and an old-fashioned Southern accent, Sessions was bitterly mocked by the president, who drew a corrosive portrait of physical and mental weakness. Insult trauma radiated out of the Oval Office. You could hear it when passing by.

Bannon's efforts to talk the president down—reminding Trump of the difficulties they would encounter during another attorney general confirmation, the importance of Sessions to the hard conservative base, the loyalty that Sessions had shown during the Trump campaign—backfired. To the anti-Bannon side's satisfaction, they resulted in another round of Trump's dissing Bannon.

The attack on Sessions now became, at least in the president's mind, the opening salvo in an active effort to replace Sessions as attorney general. But there were only two candidates to run the Justice Department from whom Trump believed he could extract absolute loyalty, Chris Christie and Rudy Giuliani. He believed they would both perform kamikaze acts for him—just as everyone else knew they would almost certainly never be confirmed.

* * *

As James Comey's testimony before the Senate Intelligence Committee approached—it would take place on June 8, twelve days after the presidential traveling party returned home from the long trip to the Middle East and Europe—there began among senior staffers an almost open inquiry into Trump's motives and state of mind.

This seemed spurred by an obvious question: Why hadn't he fired Comey during his first days of office, when it would likely have been seen as a natural changing of the guard with no clear connection to the Russian investigation? There were many equivocal answers: general disorganization, the fast pace of events, and a genuine sense of innocence

and naïveté about the Russian charges. But now there seemed to be a new understanding: Donald Trump believed he had vastly more power, authority, and control than in fact he had, and he believed his talent for manipulating people and bending and dominating them was vastly greater than it was. Pushing this line of reasoning just a little further: senior staff believed the president had a problem with reality, and reality was now overwhelming him.

If true, this notion directly contravened the basic premise of the support for Trump among his staff. In some sense, not too closely questioned, they believed he had almost magical powers. Since his success was not explainable, he must have talents beyond what they could fathom. His instincts. Or his salesman's gifts. Or his energy. Or just the fact that he was the opposite of what he was supposed to be. This was out-of-the-ordinary politics—shock-to-the-system politics—but it could work.

But what if it didn't? What if they were all profoundly wrong?

Comey's firing and the Mueller investigation prompted a delayed reckoning that ended months of willing suspension of disbelief. These sudden doubts and considerations—at the highest level of government—did not quite yet go to the president's ability to adequately function in his job. But they did, arguably for the first time in open discussions, go to the view that he was hopelessly prone to self-sabotaging his ability to function in the job. This insight, scary as it was, at least left open the possibility that if all the elements of self-sabotage were carefully controlled—his information, his contacts, his public remarks, and the sense of danger and threat to him—he might yet be able to pull it together and successfully perform.

Quite suddenly, this became the prevailing view of the Trump presidency and the opportunity that still beckoned: you can be saved by those around you or brought down by them.

Bannon believed the Trump presidency would fail in some more or less apocalyptic fashion if Kushner and his wife remained Trump's most influential advisers. Their lack of political or real-world experience had already hobbled the presidency, but since the Comey disaster it was getting worse: as Bannon saw it, they were now acting out of personal panic.

The Kushner side believed that Bannon or Bannonism had pushed the president into a harshness that undermined his natural salesman's abilities to charm and reach out. Bannon and his ilk had made him the monster he more and more seemed to be.

Meanwhile, virtually everybody believed that a large measure of the fault lay in Reince Priebus, who had failed to create a White House that could protect the president from himself—or from Bannon or from his own children. At the same time, believing that the fundamental problem lay in Priebus was easy scapegoating, not to mention little short of risible: with so little power, the chief of staff simply wasn't capable of directing either

Trump or those around him. Priebus himself could, not too helpfully, argue only that no one had any idea how much worse all this would have been without his long-suffering mediation among the president's relatives, his Svengali, and Trump's own terrible instincts. There might be two or three debacles a day, but without Priebus's stoic resolve, and the Trump blows that he absorbed, there might have been a dozen more.

* * *

On June 8, from a little after ten in the morning to nearly one in the afternoon, James Comey testified in public before the Senate Intelligence Committee. The former FBI director's testimony, quite a tour de force of directness, moral standing, personal honor, and damning details, left the country with a simple message: the president was likely a fool and certainly a liar. In the age of modern media politesse, few presidents had been so directly challenged and impugned before Congress.

Here it was, stark in Comey's telling: the president regarded the FBI director as working directly for him, of owing his job to him, and now he wanted something back. "My common sense," said Comey, "again, I could be wrong, but my common sense told me what's going on here is he's looking to get something in exchange for granting my request to stay in the job."

In Comey's telling, the president wanted the FBI to lay off Michael Flynn. And he wanted to stop the FBI from pursuing its Russia-related investigation. The point could hardly have been clearer: if the president was pressuring the director because he feared that an investigation of Michael Flynn would damage him, then this was an obstruction of justice.

The contrast between the two men, Comey and Trump, was in essence the contrast between good government and Trump himself. Comey came across as precise, compartmentalized, scrupulous in his presentation of the details of what transpired and the nature of his responsibility—he was as by-the-book as it gets. Trump, in the portrait offered by Comey, was shady, shoot-from-the-hip, heedless or even unaware of the rules, deceptive, and in it for himself.

After the hearing ended, the president told everybody he had not watched it, but everybody knew he had. To the extent that this was, as Trump saw it, a contest between the two men, it was as direct a juxtaposition as might be imagined. The entire point of the Comey testimony was to recast and contradict what the president had said in his angry and defensive tweets and statements, and to cast suspicion on his actions and motives—and to suggest that the president's intention was to suborn the director of the FBI.

Even among Trump loyalists who believed, as Trump did, that Comey was a phony and this was all a put-up job, the nearly universal feeling was that in this mortal game, Trump was quite defenseless.

* * *

Five days later, on June 13, it was Jeff Sessions's turn to testify before the Senate Intelligence Committee. His task was to try to explain the contacts he had had with the Russian ambassador, contacts that had later caused him to recuse himself—and made him the president's punching bag. Unlike Comey, who had been invited to the Senate to show off his virtue—and had seized the opportunity—Sessions had been invited to defend his equivocation, deception, or stupidity.

In an often testy exchange, the attorney general provided a squirrelly view of executive privilege. Though the president had not in fact evoked executive privilege, Sessions deemed it appropriate to try to protect it anyway.

Bannon, watching the testimony from the West Wing, quickly became frustrated. "Come on, Beauregard," he said.

Unshaven, Bannon sat at the head of the long wooden conference table in the chief of staff's office and focused intently on the flat-screen monitor across the room.

"They thought the cosmopolitans would like it if we fired Comey," he said, with "they" being Jared and Ivanka. "The cosmopolitans would be cheering for us for taking down the man who took Hillary down." Where the president saw Sessions as the cause of the Comey fiasco, Bannon saw Sessions as a victim of it.

A sylphlike Kushner, wearing a skinny gray suit and skinny black tie, slipped into the room. (Recently making the rounds was a joke about Kushner being the best-dressed man in Washington, which is quite the opposite of a compliment.) On occasion the power struggle between Bannon and Kushner seemed to take physical form. Bannon's demeanor rarely changed, but Kushner could be petulant, condescending, and dismissive—or, as he was now, hesitating, abashed, and respectful.

Bannon ignored Kushner until the younger man cleared his throat. "How's it going?"

Bannon indicated the television set: as in, *Watch for yourself.*

Finally Bannon spoke. "They don't realize this is about institutions, not people."

"They" would appear to be the Jarvanka side—or an even broader construct referring to all those who mindlessly stood with Trump.

"This town is about institutions," Bannon continued. "We fire the FBI director and we fire the whole FBI. Trump is a man against institutions, and the institutions know it. How do you think that goes down?"

This was shorthand for a favorite Bannon riff: In the course of the campaign, Donald Trump had threatened virtually every institution in American political life. He was a clown-prince version of Jimmy Stewart in *Mr. Smith Goes to Washington*. Trump believed, offering catnip to deep American ire and resentment, that one man could be bigger than the system. This analysis presupposed that the institutions of political life were as

responsive as those in the commercial life that Trump was from—and that they yearned to meet the market and find the Zeitgeist. But what if these institutions—the media, the judiciary, the intelligence community, the greater executive branch itself, and the "swamp" with its law firms, consultants, influence peddlers, and leakers—were in no way eager to adapt? If, by their nature, they were determined to endure, then this accidental president was up against it.

Kushner seemed unpersuaded. "I wouldn't put it like that," he said.

"I think that's the lesson of the first hundred days that some people around here have learned," said Bannon, ignoring Kushner. "It's not going to get better. This is what it's like."

"I don't know," said Kushner.

"Know it," said Bannon.

"I think Sessions is doing okay," said Kushner. "Don't you?"

# 19

## MIKA WHO?

The media had unlocked the value of Donald Trump, but few in the media had unlocked it more directly and personally than Joe Scarborough and Mika Brzezinski. Their MSNBC breakfast show was an ongoing soap-opera-ish or possibly Oprahesque drama about their relationship with Trump—how he had disappointed them, how far they had come from their original regard for him, and how much and how pathetically he regularly embarrassed himself. The bond he once had with them, forged through mutual celebrity and a shared proprietary sense of politics (Scarborough, the former congressman, seemed to feel that he ought reasonably to be president as much as Donald Trump felt he should be), had distinguished the show during the campaign; now its public fraying became part of the daily news cycle. Scarborough and Brzezinski lectured him, channeled the concerns of his friends and family, upbraided him, and openly worried about him—that he was getting the wrong advice (Bannon) and, too, that his mental powers were slipping. They also staked a claim at representing the reasonable center-right alternative to the president, and indeed were quite a good barometer of both the center-right's efforts to deal with him and its day-to-day difficulties of living with him.

Trump, believing he had been used and abused by Scarborough and Brzezinski, claimed he'd stopped watching the show. But Hope Hicks, every morning, quaking, had to recount it for him.

*Morning Joe* was a ground-zero study in the way the media had over-invested in Trump. He was the whale against which media emotions, self-regard, ego, *joie de guerre*, career advancement, and desire to be at the center of the story, too, all churned in nearly ecstatic obsession. In reverse regard, the media was the same whale, serving the same function, for Trump.

To this Trump added another tic, a lifelong sense that people were constantly taking unfair advantage of him. This perhaps came from his father's cheapness and lack of generosity, or from his own overawareness of being a rich kid (and, no doubt, his insecurities about this), or from a negotiator's profound understanding that it is never win-win, that where there is profit there is loss. Trump simply could not abide the knowledge

that somebody was getting a leg up at his expense. His was a zero-sum ecosystem. In the world of Trump, anything that he deemed of value either accrued to him or had been robbed from him.

Scarborough and Brzezinski had taken their relationship with Trump and amply monetized it, while putting no percentage in his pocket—and in this instance, he judged his commission should be slavishly favorable treatment. To say this drove him mad would be an understatement. He dwelled and fixated on the perceived injustice. *Don't mention Joe or Mika to him* was a standing proscription.

His wounded feelings and incomprehension at the failure of people whose embrace he sought to, in return, embrace him was "deep, crazy deep," said his former aide Sam Nunberg, who had run afoul of his need for 100 percent approbation and his bitter suspicion of being profited from.

* * *

Out of this accumulated rage came his June 29 tweet about Mika Brzezinski.

It was classic Trump: there was no mediation between off-the-record language and the public statement. Referring to "low I.Q. Crazy Mika" in one tweet, he wrote in another that she was "bleeding badly from a facelift" when she and Scarborough visited Trump at Mar-a-Lago on the previous New Year's Eve. Many of his tweets were not, as they might seem, spontaneous utterances, but constant ones. Trump's rifts often began as insult comedy and solidified as bitter accusations and then, in an uncontainable moment, became an official proclamation.

The next step, in his tweet paradigm, was universal liberal opprobrium. Almost a week of social media fury, cable breast-beating, and front-page condemnation followed his tweet about Brzezinski. That was accompanied by the other part of the Trump tweet dynamic: by unifying liberal opinion against him, he unified its opposite for him.

In truth, he was often neither fully aware of the nature of what he had said nor fully cognizant of why there should be such a passionate reaction to it. As often as not, he surprised himself. "What did I say?" he would ask after getting severe blowback.

He wasn't serving up these insults for effect—well, not entirely. And his behavior wasn't carefully calculated; it was tit for tat, and he likely would have said what he'd said even if no one was left standing with him. (This very lack of calculation, this inability to be political, was part of his political charm.) It was just his good luck that the Trumpian 35 percent—that standing percentage of people who, according to most polls, seemed to support him no matter what (who would, in his estimation, let him get away with shooting someone on Fifth Avenue)—was largely unfazed and maybe even buoyed by every new expression of Trumpness.

Now, having expressed himself and gotten in the last word, Trump was cheery again.

"Mika and Joe totally love this. It's big ratings for them," said the president, with certain satisfaction and obvious truth.

* * *

Ten days later, a large table of Bannonites was having dinner at the Bombay Club, a high-end Indian restaurant two blocks from the White House. One of the group—Arthur Schwartz, a PR consultant—asked a question about the Mika and Joe affair.

Perhaps it was the noise, but it was also a fitting measure of the speed of events in the Trump era: Bannon lieutenant Alexandra Preate replied, with genuine fogginess, "Who?"

The operetta of the Mika tweets—the uncouthness and verbal abuse demonstrated by the president, his serious lack of control and judgment, and the worldwide censure heaped upon him for it—had already far receded, wholly overshadowed by more Trump eruptions and controversy.

But before moving on to the next episode of ohmygodness, it is worth considering the possibility that this constant, daily, often more than once-a-day, pileup of events—each one canceling out the one before—is the true aberration and novelty at the heart of the Trump presidency.

Perhaps never before in history—not through world wars, the overthrow of empires, periods of extraordinary social transformation, or episodes of government-shaking scandal—have real-life events unfolded with such emotional and plot-thickening impact. In the fashion of binge-watching a television show, one's real life became quite secondary to the public drama. It was not unreasonable to say *Whoa, wait just a minute: public life doesn't happen like this*. Public life in fact lacks coherence and drama. (History, by contrast, attains coherence and drama only in hindsight.)

The process of accomplishing the smallest set of tasks within the sprawling and resistant executive branch is a turtle process. The burden of the White House is the boredom of bureaucracy. All White Houses struggle to rise above that, and they succeed only on occasion. In the age of hypermedia, this has not gotten easier for the White House, it's gotten harder.

It's a distracted nation, fragmented and preoccupied. It was, arguably, the peculiar tragedy of Barack Obama that even as a transformational figure—and inspirational communicator—he couldn't really command much interest. As well, it might be a central tragedy of the news media that its old-fashioned and even benighted civic-minded belief that politics is the highest form of news has helped transform it from a mass business to a narrow-cast one. Alas, politics itself has more and more become a discrete business. Its appeal is B-to-B—business-to-business. The real swamp is the swamp of insular, inbred, incestuous interests. This isn't corruption so much as overspecialization. It's a wonk's life. Politics has gone one way, the culture another. The left-right junkies might pretend otherwise, but the great middle doesn't put political concerns at the top of their minds.

And yet, contravening all cultural and media logic, Donald Trump produced on a daily basis an astonishing, can't-stop-following-it narrative. And this was not even because he was changing or upsetting the fundamentals of American life. In six months as president, failing to master almost any aspect of the bureaucratic process, he had, beyond placing his nominee on the Supreme Court, accomplished, practically speaking, nothing. And yet, *OMG!!!* There almost was no other story in America—and in much of the world. That was the radical and transformational nature of the Trump presidency: it held everybody's attention.

Inside the White House, the daily brouhaha and world's fascination was no cause for joy. It was, in the White House staff's bitter view, the media that turned every day into a climactic, dastardly moment. And, in a sense, this was correct: every development cannot be climactic. The fact that yesterday's climax would soon, compared to the next climax, be piddling, rather bore out the disproportion. The media was failing to judge the relative importance of Trump events: most Trump events came to naught (arguably all of them did), and yet all were greeted with equal shock and horror. The White House staff believed that the media's Trump coverage lacked "context"—by this, they meant that people ought to realize that Trump was mostly just huffing and puffing.

At the same time, few in the White House did not assign blame to Trump for this as well. He seemed to lack the most basic understanding that a president's words and actions would, necessarily, be magnified to the nth power. In some convenient sense, he failed to understand this because he wanted the attention, no matter how often it disappointed him. But he also wanted it because again and again the response surprised him—and, as though every time was the first time, he could not modify his behavior.

Sean Spicer caught the brunt of the daily drama, turning this otherwise reasonable, mild-mannered, process-oriented professional into a joke figure standing at the White House door. In his daily out-of-body experience, as a witness to his own humiliation and loss for words, Spicer understood after a while—although he began to understand this beginning his first day on the job when dealing with the dispute about the inaugural audience numbers—that he had "gone down a rabbit hole." In this disorienting place, all public artifice, pretense, proportion, savvy, and self-awareness had been cast off, or—possibly another result of Trump never really intending to be president—never really figured into the state of being president.

On the other hand, constant hysteria did have one unintended political virtue. If every new event canceled out every other event, like some wacky news-cycle pyramid scheme, then you always survived another day.

* * *

Donald Trump's sons, Don Jr., thirty-nine, and Eric, thirty-three, existed in an enforced infantile relationship to their father, a role that embarrassed them, but one that they also

professionally embraced. The role was to be Donald Trump's heirs and attendees. Their father took some regular pleasure in pointing out that they were in the back of the room when God handed out brains—but, then again, Trump tended to scorn anyone who might be smarter than he was. Their sister Ivanka, certainly no native genius, was the designated family smart person, her husband Jared the family's smooth operator. That left Don and Eric to errands and admin. In fact, the brothers had grown into reasonably competent family-owned-company executives (this is not saying all that much) because their father had little or no patience for actually running his company. Of course, quite a good amount of their professional time was spent on the whims, projects, promotions, and general way of life of DJT.

One benefit of their father's run for president was that it kept him away from the office. Still, the campaign's administration was largely their responsibility, so when the campaign went from caprice to a serious development in the Trump business and family, it caused a disruption in the family dynamic. Other people were suddenly eager to be Donald Trump's key lieutenants. There were the outsiders, like Corey Lewandowski, the campaign manager, but there was also the insider, brother-in-law Jared. Trump, not unusually for a family-run company, made everybody compete for his favor. The company was about him; it existed because of his name, personality, and charisma, so the highest standing in the company was reserved for those who could best serve him. There wasn't all that much competition for this role before he ran for president, but in early 2016, with the Republican Party collapsing and Trump rising, his sons faced a new professional and family situation.

Their brother-ln-law had been slowly drawn into the campaign, partly at his wife's urging because her father's lack of constraint might actually affect the Trump business if they didn't keep an eye on him. And then he, with his brothers-in-law, was pulled in by the excitement of the campaign itself. By late spring 2016, when the nomination was all but clinched, the Trump campaign was a set of competing power centers with the knives out.

Lewandowski regarded both brothers and their brother-in-law with rolling-on-the-floor contempt: not only were Don Jr. and Eric stupid, and Jared somehow both supercilious and obsequious (the butler), but nobody knew a whit about politics—indeed, there wasn't an hour of political experience among them.

As time went on, Lewandowski became particularly close to the candidate. To the family, especially to Kushner, Lewandowski was an enabler. Trump's worst instincts flowed through Lewandowski. In early June, a little more than a month before the Republican National Convention, Jared and Ivanka decided that what was needed—for the sake of the campaign, for the sake of the Trump business—was an intervention.

Making common cause with Don Jr. and Eric, Jared and Ivanka pushed for a united front to convince Trump to oust Lewandowski. Don Jr., feeling squeezed not only by Lewandowski but by Jared, too, seized the opportunity. He would push out Lewandowski

and become his replacement—and indeed, eleven days later Lewandowski would be gone.

All this was part of the background to one of the most preposterous meetings in modern politics. On June 9, 2016, Don Jr., Jared, and Paul Manafort met with a movieworthy cast of dubious characters in Trump Tower after having been promised damaging information about Hillary Clinton. Don Jr., encouraged by Jared and Ivanka, was trying to impress his father that he had the stuff to rise in the campaign.

When this meeting became public thirteen months later, it would, for the Trump White House, encapsulate both the case against collusion with the Russians and the case for it. It was a case, or the lack of one, not of masterminds and subterfuge, but of senseless and benighted people so guileless and unconcerned that they enthusiastically colluded in plain sight.

* * *

Walking into Trump Tower that June day were a well-connected lawyer from Moscow, who was a likely Russian agent; associates of the Azerbaijani Russian oligarch Aras Agalarov; a U.S. music promoter who managed Agalarov's son, a Russian pop star; and a Russian government lobbyist in Washington. Their purpose in visiting the campaign headquarters of a presumptive major party nominee for president of the United States was to meet with three of the most highly placed people on the campaign. This meeting was preceded by an email chain addressed to multiple recipients inside the Trump campaign of almost joyful intent: the Russians were offering a dump of negative or even incriminating information about their opponent.

Among the why-and-how theories of this imbecilic meeting:

- The Russians, in organized or freelance fashion, were trying to entrap the Trump campaign into a compromising relationship.
- The meeting was part of an already active cooperation on the part of the Trump campaign with the Russians to obtain and distribute damaging information about Hillary Clinton—and, indeed, within days of the Don Jr. meeting, WikiLeaks announced that it had obtained Clinton emails. Less than a month later, it started to release them.
- The wide-eyed Trump campaign, largely still playacting at running for president—and with no thought whatsoever of actually winning the election—was open to any and all entreaties and offers, because it had nothing to lose. Dopey Don Jr. (Fredo, as Steve Bannon would dub him, in one of his frequent *Godfather* borrowings) was simply trying to prove he was a player and a go-to guy.
- The meeting included the campaign chairman, Paul Manafort, and the campaign's most influential voice, Jared Kushner, because: (a) a high-level conspiracy was being coordinated; (b) Manafort and Kushner, not taking the campaign very

seriously, and without a thought of any consequence here, were merely entertained by the possibility of dirty tricks; (c) the three men were united in their plan to get rid of Lewandowski—with Don Jr. as the hatchet man—and, as part of this unity, Manafort and Kushner need to show up at Don Jr.'s silly meeting.

Whatever the reason for the meeting, no matter which of the above scenarios most accurately describes how this comical and alarming group came together, a year later, practically nobody doubted that Don Jr. would have wanted his father to know that he seized the initiative.

"The chance that Don Jr. did not walk these jumos up to his father's office on the twenty-sixth floor is zero," said an astonished and derisive Bannon, not long after the meeting was revealed.

"The three senior guys in the campaign," an incredulous Bannon went on, "thought it was a good idea to meet with a foreign government inside Trump Tower in the conference room on the twenty-fifth floor—with no lawyers. *They didn't have any lawyers*. Even if you thought that this was not treasonous, or unpatriotic, or bad shit, and I happen to think it's all of that, you should have called the FBI immediately. Even if you didn't think to do that, and you're totally amoral, and you wanted that information, you do it in a Holiday Inn in Manchester, New Hampshire, with your lawyers who meet with these people and go through everything and then they verbally come and tell another lawyer in a cut-out, and if you've got something, then you figure out how to dump it down to Breitbart or something like that, or maybe some other more legitimate publication. You never see it, you never know it, because you don't need to… . But that's the brain trust that they had."

All of the participants would ultimately plead that the meeting was utterly inconsequential, whatever the hope for it might have been, and admit that it was hapless. But even if that was true, a year later the revelation of the meeting had three profound and probably transformational effects:

First, the constant, ever repeated denials about there having been no discussion between campaign officials and the Russians connected to the Kremlin about the campaign, and, indeed, no meaningful contact between campaign officials and the Russian government, were exploded.

Second, the certainty among the White House staff that Trump himself would have not only been apprised of the details of this meeting, but have met the principals, meant that the president was caught out as a liar by those whose trust he most needed. It was another inflection point between hunkered-in-the-bunker and signed-on-for-the-wild-ride, and get-me-out-of-here.

Third, it was now starkly clear that everyone's interests diverged. The fortunes of Don Jr., Paul Manafort, and Jared Kushner hung individually in the balance. Indeed, the best guess by many in the West Wing was that the details of the meeting had been leaked by

the Kushner side, thus sacrificing Don Jr. in an attempt to deflect responsibility away from themselves.

* * *

Even before word of the June 2016 meeting leaked out, Kushner's legal team—largely assembled in a rush since the appointment of Mueller, the special counsel—had been piecing together a forensic picture of both the campaign's Russian contacts and Kushner Companies' finances and money trail. In January, ignoring almost everybody's caution against it, Jared Kushner had entered the White House as a senior figure in the administration; now, six months later, he faced acute legal jeopardy. He had tried to keep a low profile, seeing himself as a behind-the-scenes counselor, but now his public position was not only endangering himself but the future of his family's business. As long as he remained exposed, his family was effectively blocked from most financial sources. Without access to this market, their holdings risked becoming distress debt situations.

Jared and Ivanka's self-created fantasylike life—two ambitious, well-mannered, well-liked young people living at the top of New York's social and financial world after having, in their version of humble fashion, accepted global power—had now, even with neither husband nor wife in office long enough to have taken any real action at all, come to the precipice of disgrace.

Jail was possible. So was bankruptcy. Trump may have been talking defiantly about offering pardons, or bragging about his power to give them, but that did not solve Kushner's business problems, nor did it provide a way to mollify Charlie Kushner, Jared's choleric and often irrational father. What's more, successfully navigating through the eye of the legal needle would require a careful touch and nuanced strategic approach on the part of the president—quite an unlikely development.

Meanwhile, the couple blamed everyone else in the White House. They blamed Priebus for the disarray that had produced a warlike atmosphere that propelled constant and damaging leaks, they blamed Bannon for leaking, and they blamed Spicer for poorly defending their virtue and interests.

They *needed* to defend themselves. One strategy was to get out of town (Bannon had a list of all the tense moments when the couple had taken a convenient holiday), and it happened that Trump would be attending the G20 summit Hamburg, Germany, on July 7 and 8. Jared and Ivanka accompanied the president on the trip, and while at the summit they learned that word of Don Jr.'s meeting with the Russians—and the couple kept pointedly presenting it as Don Jr.'s meeting—had leaked. Worse, they learned that the story was about to break in the *New York Times*.

Originally, Trump's staff was expecting details of the Don Jr. meeting to break on the website *Circa*. The lawyers, and spokesperson Mark Corallo, had been working to manage this news. But while in Hamburg, the president's staff learned that the *Times* was

developing a story that had far more details about the meeting—quite possibly supplied by the Kushner side—which it would publish on Saturday, July 8. Advance knowledge of this article was kept from the president's legal team for the ostensible reason that it didn't involve the president.

In Hamburg, Ivanka, knowing the news would shortly get out, was presenting her signature effort: a World Bank fund to aid women entrepreneurs in developing countries. This was another instance of what White House staffers saw as the couple's extraordinarily off-message direction. Nowhere in the Trump campaign, nowhere on Bannon's white boards, nowhere in the heart of this president was there an interest in women entrepreneurs in developing countries. The daughter's agenda was singularly at odds with the father's—or at least the agenda that had elected him. Ivanka, in the view of almost every White House staffer, profoundly misunderstood the nature of her job and had converted traditional First Lady noblesse oblige efforts into White House staff work.

Shortly before boarding Air Force One for the return trip home, Ivanka—with what by now was starting to seem like an almost anarchic tone deafness—sat in for her father between Chinese president Xi Jinping and British prime minister Theresa May at the main G20 conference table. But this was mere distraction: as the president and his team huddled on the plane, the central subject was not the conference, it was how to respond to the *Times* story about Don Jr.'s and Jared's Trump Tower meeting, now only hours away from breaking.

En route to Washington, Sean Spicer and everybody else from the communications office was relegated to the back of the plane and excluded from the panicky discussions. Hope Hicks became the senior communications strategist, with the president, as always, her singular client. In the days following, that highest political state of being "in the room" was turned on its head. *Not* being in the room—in this case, the forward cabin on Air Force One—became an exalted status and get-out-of-jail-free card. "It used to hurt my feelings when I saw them running around doing things that were my job," said Spicer. "Now I'm glad to be out of the loop."

Included in the discussion on the plane were the president, Hicks, Jared and Ivanka, and their spokesperson, Josh Raffel. Ivanka, according to the later recollection of her team, would shortly leave the meeting, take a pill, and go to sleep. Jared, in the telling of his team, might have been there, but he was "not taking a pencil to anything." Nearby, in a small conference room watching the movie *Fargo*, were Dina Powell, Gary Cohn, Stephen Miller, and H. R. McMaster, all of whom would later insist that they were, however physically close to the unfolding crisis, removed from it. And, indeed, anyone "in the room" was caught in a moment that would shortly receive the special counsel's close scrutiny, with the relevant question being whether one or more federal employees had induced other federal employees to lie.

An aggrieved, unyielding, and threatening president dominated the discussion, pushing

into line his daughter and her husband, Hicks, and Raffel. Kasowitz—the lawyer whose specific job was to keep Trump at arm's length from Russian-related matters—was kept on hold on the phone for an hour and then not put through. The president insisted that the meeting in Trump Tower was purely and simply about Russian adoption policy. That's what was discussed, period. Period. Even though it was likely, if not certain, that the *Times* had the incriminating email chain—in fact, it was quite possible that Jared and Ivanka and the lawyers *knew* the *Times* had this email chain—the president ordered that no one should let on to the more problematic discussion about Hillary Clinton.

It was a real-time example of denial and cover-up. The president believed, belligerently, what he believed. Reality was what he was convinced it was—or should be. Hence the official story: there was a brief courtesy meeting in Trump Tower about adoption policy, to no result, attended by senior aides and unaffiliated Russian nationals. The crafting of this manufactured tale was a rogue operation by rookies—always the two most combustible elements of a cover-up.

In Washington, Kasowitz and the legal team's spokesperson, Mark Corallo, weren't informed of either the *Times* article or the plan for how to respond to it until Don Jr.'s initial statement went out just before the story broke that Saturday.

Over the course of next seventy-two hours or so, the senior staff found itself wholly separate from—and, once again, looking on in astonishment at—the actions of the president's innermost circle of aides. In this, the relationship of the president and Hope Hicks, long tolerated as a quaint bond between the older man and a trustworthy young woman, began to be seen as anomalous and alarming. Completely devoted to accommodating him, she, his media facilitator, was the ultimate facilitator of unmediated behavior. His impulses and thoughts—unedited, unreviewed, unchallenged—not only passed through him, but, via Hicks, traveled out into the world without any other White House arbitration.

"The problem isn't Twitter, it's Hope," observed one communication staffer.

On July 9, a day after publishing its first story, the *Times* noted that the Trump Tower meeting was specifically called to discuss the Russian offer of damaging material about Clinton. The next day, as the *Times* prepared to publish the full email chain, Don Jr. hurriedly dumped it himself. There followed an almost daily count of new figures—all, in their own way, peculiar and unsettling—who emerged as participants in the meeting.

But the revelation of the Trump Tower meeting had another, perhaps even larger dimension. It marked the collapse of the president's legal strategy: the demise of Steve Bannon's Clinton-emulating firewall around the president.

The lawyers, in disgust and alarm, saw, in effect, each principal becoming a witness to another principal's potential misdeeds—all conspiring with one another to get their stories straight. The client and his family were panicking and running their own defense. Short-

term headlines were overwhelming any sort of long-term strategy. "The worst thing you can do is lie to a prosecutor," said one member of the legal team. The persistent Trump idea that it is not a crime to lie to the media was regarded by the legal team as at best reckless and, in itself, potentially actionable: an explicit attempt to throw sand into the investigation's gears.

Mark Corallo was instructed not to speak to the press, indeed not to even answer his phone. Later that week, Corallo, seeing no good outcome—and privately confiding that he believed the meeting on Air Force One represented a likely obstruction of justice—quit. (The Jarvanka side would put it out that Corallo was fired.)

"These guys are not going to be second-guessed by the kids," said a frustrated Bannon about the firewall team.

Likewise, the Trump family, no matter its legal exposure, was not going to be run by its lawyers. Jared and Ivanka helped to coordinate a set of lurid leaks—alleging drinking, bad behavior, personal life in disarray—about Marc Kasowitz, who had advised the president to send the couple home. Shortly after the presidential party returned to Washington, Kasowitz was out.

* * *

Blame continued to flow. The odor of a bitter new reality, if not doom, that attached to the Comey-Mueller debacle was compounded by everyone's efforts not to be tagged by it.

The sides in the White House—Jared, Ivanka, Hope Hicks, and an increasingly ambivalent Dina Powell and Gary Cohn on one side, and almost everyone else, including Priebus, Spicer, Conway, and most clearly Bannon, on the other—were most distinguished by their culpability in or distance from the Comey-Mueller calamity. It was, as the non-Jarvanka side would unceasingly point out, a calamity *of their own making*. Therefore it became an effort of the Jarvankas not only to achieve distance for themselves from the causes of the debacle—such involvement as they had they now cast as strictly passive involvement or just following orders—but to suggest that their adversaries were at least equally at fault.

Shortly after the Don Jr. story broke, the president not unsuccessfully changed the subject by focusing the blame for the Comey-Mueller mess on Sessions, even more forcefully belittling and threatening him and suggesting that his days were numbered.

Bannon, who continued to defend Sessions, and who believed that he had militantly—indeed with scathing attacks on the Jarvankas for their stupidity—walled himself off from the Comey smashup, was now suddenly getting calls from reporters with leaks that painted him as an engaged participant in the Comey decision.

In a furious phone call to Hicks, Bannon blamed the leaks on her. In time, he had come to see the twenty-eight-year-old as nothing more than a hapless presidential enabler and

poor-fish Jarvanka flunky—and he believed she had now deeply implicated herself in the entire disaster by participating in the Air Force One meeting. The next day, with more inquiries coming from reporters, he confronted Hicks inside the cabinet room, accusing her of doing Jared and Ivanka's dirty work. The face-off quickly escalated into an existential confrontation between the two sides of the White House—two sides on a total war footing.

"*You don't know what you're doing*," shouted a livid Bannon at Hicks, demanding to know who she worked for, the White House or Jared and Ivanka. "*You don't know how much trouble you are in*," he screamed, telling her that if she didn't get a lawyer he would call her father and tell him he had better get her one. "*You are dumb as a stone!*" Moving from the cabinet room across the open area into the president's earshot, "a loud, scary, clearly threatening" Bannon, in the Jarvanka telling, yelled, "*I am going to fuck you and your little group!*" with a baffled president plaintively wanting to know, "What's going on?"

In the Jarvanka-side account, Hicks then ran from Bannon, hysterically sobbing and "visibly terrified." Others in the West Wing marked this as the high point of the boiling enmity between the two sides. For the Jarvankas, Bannon's rant was also a display that they believed they could use against him. The Jarvanka people pushed Priebus to refer the matter to the White House counsel, billing this as the most verbally abusive moment in the history of the West Wing, or at least certainly up among the most abusive episodes ever.

For Bannon, this was just more Jarvanka desperation—they were the ones, not him, saddled with Comey-Mueller. They were the ones panicking and out of control.

For the rest of his time in the White House, Bannon would not speak to Hicks again.

# 20

# MCMASTER AND SCARAMUCCI

Trump was impetuous and yet did not like to make decisions, at least not ones that seemed to corner him into having to analyze a problem. And no decision hounded him so much—really from the first moment of his presidency—as what to do about Afghanistan. It was a conundrum that became a battle. It involved not only his own resistance to analytic reasoning, but the left brain/right brain divide of his White House, the split between those who argued for disruption and those who wanted to uphold the status quo.

In this, Bannon became the disruptive and unlikely White House voice for peace—or anyway a kind of peace. In Bannon's view, only he and the not-too-resolute backbone of Donald Trump stood between consigning fifty thousand more American soldiers to hopelessness in Afghanistan.

Representing the status quo—and, ideally, a surge on top of the status quo—was H. R. McMaster, who, next to Jarvanka, had become Bannon's prime target for abuse. On this front, Bannon forged an easy bond with the president, who didn't much hide his contempt for the Power-Point general. Bannon and the president enjoyed trash-talking McMaster together.

McMaster was a protégé of David Petraeus, the former CENTCOM and Afghanistan commander who became Obama's CIA director before resigning in a scandal involving a love affair and the mishandling of classified information. Petraeus and now McMaster represented a kind of business-as-usual approach in Afghanistan and the Middle East. A stubborn McMaster kept proposing to the president new versions of the surge, but at each pitch Trump would wave him out of the Oval Office and roll his eyes in despair and disbelief.

The president's distaste and rancor for McMaster grew on pace with the approaching need to finally make a decision on Afghanistan, a decision he continued to put off. His position on Afghanistan—a military quagmire he knew little about, other than that it was a quagmire—had always been a derisive and caustic kiss-off of the sixteen-year war. Having

inherited it did not make his feelings warmer or inspire him to want to dwell on it further. He knew the war was cursed and, knowing that, felt no need to know more. He put the responsibility for it on two of his favorite people to blame: Bush and Obama.

For Bannon, Afghanistan represented one more failure of establishment thinking. More precisely, it represented the establishment's inability to confront failure.

Curiously, McMaster had written a book on exactly this subject, a scathing critique of the unchallenged assumptions with which military leaders pursued the Vietnam War. The book was embraced by liberals and the establishment, with whom, in Bannon's view, McMaster had become hopelessly aligned. And now—ever afraid of the unknown, intent on keeping options open, dedicated to stability, and eager to protect his establishment cred—McMaster was recommending a huge troop surge in Afghanistan.

* * *

By early July, the pressure to make a decision was approaching the boiling point. Trump had already authorized the Pentagon to deploy the troop resources it believed were needed, but Defense Secretary Mattis refused to act without a specific authorization from the president. Trump would finally have to make the call—unless he could find a way to put it off again.

Bannon's thought was that the decision could be made for the president—a way the president liked to have decisions made—if Bannon could get rid of McMaster. That would both head off the strongest voice for more troops and also avenge Bannon's ouster by McMaster's hand from the NSC.

With the president promising that he would make up his mind by August, and McMaster, Mattis, and Tillerson pressing for a decision as soon as possible, Bannon-inspired media began a campaign to brand McMaster as a globalist, interventionist, and all around not-our-kind-of-Trumper—and, to boot, soft on Israel.

It was a scurrilous, albeit partly true, attack. McMaster was in fact talking to Petraeus often. The kicker was the suggestion that McMaster was giving inside dope to Petraeus, a pariah because of his guilty plea regarding his mishandling of classified information. It was also the case that McMaster was disliked by the president and on the point of being dismissed.

It was Bannon, riding high again, enjoying himself in a moment of supreme overconfidence.

Indeed, in part to prove there were other options beyond more troops or humiliating defeat—and logically there probably weren't more options—Bannon became a sponsor of Blackwater-founder Erik Prince's obviously self-serving idea to replace the U.S. military force with private contractors and CIA and Special Operations personnel. The notion was briefly embraced by the president, then ridiculed by the military.

By now Bannon believed McMaster would be out by August. He was sure he had the president's word on this. Done deal. "McMaster wants to send more troops to Afghanistan, so we're going to send *him*," said a triumphal Bannon. In Bannon's scenario, Trump would give McMaster a fourth star and "promote" him to top military commander in Afghanistan.

As with the chemical attack in Syria, it was Dina Powell—even as she made increasingly determined efforts to get herself out of the White House, either on a Sheryl Sandberg trajectory or, stopping first at a way station, as ambassador to the United Nations—who struggled to help support the least disruptive, most keep-all-options-open approach. In this, both because the approach seemed like the safest course and because it was the opposite of Bannon's course, she readily recruited Jared and Ivanka.

The solution Powell endorsed, which was designed to put the problem and the reckoning off for another year or two or three, was likely to make the United States' position in Afghanistan even more hopeless. Instead of sending fifty or sixty thousand troops—which, at insupportable cost and the risk of national fury, might in fact win the war—the Pentagon would send some much lower number, one which would arouse little notice and merely prevent us from losing the war. In the Powell and Jarvanka view, it was the moderate, best-case, easiest-to-sell course, and it struck just the right balance between the military's unacceptable scenarios: retreat and dishonor or many more troops.

Before long, a plan to send four, five, six, or (tops) seven thousand troops became the middle-course strategy supported by the national security establishment and most everyone else save for Bannon and the president. Powell even helped design a PowerPoint deck that McMaster began using with the president: pictures of Kabul in the 1970s when it still looked something like a modern city. It could be like this again, the president was told, if we are resolute!

But even with almost everyone arrayed against him, Bannon was confident he was winning. He had a united right-wing press with him, and, he believed, a fed-up, working-class Trump base—its children the likely Afghanistan fodder. Most of all, he had the president. Pissed off that he was being handed the same problem and the same options that were handed Obama, Trump continued to heap spleen and mockery on McMaster.

Kushner and Powell organized a leak campaign in McMaster's defense. Their narrative was not a pro-troops defense; instead, it was about Bannon's leaks and his use of right-wing media to besmirch McMaster, "one of the most decorated and respected generals of his generation." The issue was not Afghanistan, the issue was Bannon. In this narrative, it was McMaster, a figure of stability, against Bannon, a figure of disruption. It was the *New York Times* and the *Washington Post*, who came to the defense of McMaster, against Breitbart and its cronies and satellites.

It was the establishment and never-Trumpers against the America-first Trumpkins. In

many respects, Bannon was outgunned and outnumbered, yet he still thought he had it nailed. And when he won, not only would another grievously stupid chapter in the war in Afghanistan be avoided, but Jarvanka, and Powell, their factotum, would be further consigned to irrelevance and powerlessness.

* * *

As the debate moved toward resolution, the NSC, in its role as a presenter of options rather than an advocate for them (although of course it was advocating, too), presented three: withdrawal; Erik Prince's army of contractors; and a conventional, albeit limited, surge.

Withdrawal, whatever its merits—and however much a takeover of Afghanistan by the Taliban could be delayed or mitigated—still left Donald Trump with having lost a war, an insupportable position for the president.

The second option, a force of contractors and the CIA, was largely deep-sixed by the CIA. The agency had spent sixteen years successfully avoiding Afghanistan, and everyone knew that careers were not advanced in Afghanistan, they died in Afghanistan. So please keep us out of it.

That left McMaster's position, a modest surge, argued by Secretary of State Tillerson: more troops in Afghanistan, which, somehow, slightly, would be there on a different basis, somewhat, with a different mission, subtly, than that of troops sent there before.

The military fully expected the president to sign off on the third option. But on July 19, at a meeting of the national security team in the situation room at the White House, Trump lost it.

For two hours, he angrily railed against the mess he had been handed. He threatened to fire almost every general in the chain of command. He couldn't fathom, he said, how it had taken so many months of study to come up with this nothing-much-different plan. He disparaged the advice that came from generals and praised the advice from enlisted men. If we have to be in Afghanistan, he demanded, why can't we make money off it? China, he complained, has mining rights, but not the United States. (He was referring to a ten-year-old U.S.-backed deal.) This is just like the 21 Club, he said, suddenly confusing everyone with this reference to a New York restaurant, one of his favorites. In the 1980s, 21 closed for a year and hired a large number of consultants to analyze how to make the restaurant more profitable. In the end, their advice was: Get a bigger kitchen. *Exactly what any waiter would have said*, Trump shouted.

To Bannon, the meeting was a high point of the Trump presidency to date. The generals were punting and waffling and desperately trying to save face—they were, according to Bannon, talking pure "gobbledygook" in the situation room. "Trump was standing up to them," said a happy Bannon. "Hammering them. He left a bowel movement in the middle of their Afghan plans. Again and again, he came back to the same point:

we're stuck and losing and nobody here has a plan to do much better than that."

Though there was still no hint of a viable alternative strategy in Afghanistan, Bannon, his Jarvanka frustration cresting, was sure he was the winner here. McMaster was toast.

* * *

Later on the day of the Afghanistan briefing, Bannon heard about yet another harebrained Jarvanka scheme. They planned to hire Anthony Scaramucci, aka "the Mooch."

After Trump had clinched the nomination more than a year before, Scaramucci—a hedge funder and go-to Trump surrogate for cable business news (mostly Fox Business Channel)—had become a reliable presence at Trump Tower. But then, in the last month of the campaign, with polls predicting a humiliating Trump defeat, he was suddenly nowhere to be seen. The question "Where's the Mooch?" seemed to be just one more indicator of the campaign's certain and pitiless end.

But on the day after the election, Steve Bannon—soon to be named chief strategist for the forty-fifth president-elect—was greeted as he arrived midmorning in Trump Tower by Anthony Scaramucci, holding a Starbucks coffee for him.

Over the next three months, Scaramucci, although no longer needed as a surrogate and without anything else particularly to do, became a constant hovering—or even lurking—presence at Trump Tower. Ever unflagging, he interrupted a meeting in Kellyanne Conway's office in early January just to make sure she knew that her husband's firm, Wachtell, Lipton, was representing him. Having made that point, name-dropping and vastly praising the firm's key partners, he then helped himself to a chair in Conway's meeting and, for both Conway's and her visitor's benefit, offered a stirring testimonial to the uniqueness and sagacity of Donald Trump and the working-class people—speaking of which, he took the opportunity to provide a résumé of his own Long Island working-class bona fides—who had elected him.

Scaramucci was hardly the only hanger-on and job seeker in the building, but his method was among the most dogged. He spent his days looking for meetings to be invited into, or visitors to engage with—this was easy because every other job seeker was looking for someone with whom to chat it up, so he soon became something like the unofficial official greeter. Whenever possible, he would grab a few minutes with any senior staffer who would not rebuff him. As he waited to be offered a high White House position, he was, he seemed personally certain, reaffirming his loyalty and team spirit and unique energy. He was so confident about his future that he made a deal to sell his hedge fund, Skybridge Capital, to HNA Group, the Chinese megaconglomerate.

Political campaigns, substantially based on volunteer help, attract a range of silly, needy, and opportunistic figures. The Trump campaign perhaps scraped lower in the barrel than most. The Mooch, for one, might not have been the most peculiar volunteer in the Trump run for president, but many figured him to be among the most shameless.

It was not just that before he became a dedicated supporter of Donald Trump, he was a dedicated naysayer, or that he had once been an Obama and Hillary Clinton supporter. The problem was that, really, nobody liked him. Even for someone in politics, he was immodest and incorrigible, and followed by a trail of self-serving and often contradictory statements made to this person about that person, which invariably made it back to whatever person was being most negatively talked about.

He was not merely a shameless self-promoter; he was a *proud* self-promoter. He was, by his own account, a fantastic networker. (This boast was surely true, since Skybridge Capital was a fund of funds, which is less a matter of investment acumen than of knowing top fund managers and being able to invest with them.) He had paid as much as half a million dollars to have his firm's logo appear in the movie *Wall Street 2* and to buy himself a cameo part in the film. He ran a yearly conference for hedge funders at which he himself was the star. He had a television gig at Fox Business Channel. He was a famous partier every year at Davos, once exuberantly dancing alongside the son of Muammar Gaddafi.

As for the presidential campaign, when signing on with Donald Trump—after he had bet big against Trump—he billed himself as a version of Trump, and he saw the two of them as a new kind of showman and communicator set to transform politics.

Although his persistence and his constant on-the-spot personal lobbying might not have endeared him to anybody, it did prompt the "What to do with Scaramucci?" question, which somehow came to beg an answer. Priebus, trying to deal with the Mooch problem and dispose of him at the same time, suggested that he take a money-raising job as finance director of the RNC—an offer Scaramucci rebuffed in a blowup in Trump Tower, loudly bad-mouthing Priebus in vivid language, a mere preview of what was to come.

While he wanted a job with the Trump administration, the Mooch specifically wanted one of the jobs that would give him a tax break on the sale of his business. A federal program provides for deferred payment of capital gains in the event of a sale of property to meet ethical requirements. Scaramucci needed a job that would get him a "certificate of divestiture," which is what an envious Scaramucci knew Gary Cohn had received for the sale of his Goldman stock.

A week before the inaugural he was finally offered such a job: director of the White House Office of Public Engagement and Intergovernmental Affairs. He would be the president's representative and cheerleader before Trump-partial interest groups.

But the White House ethics office balked—the sale of his business would take months to complete and he would be directly negotiating with an entity that was at least in part controlled by the Chinese government. And because Scaramucci had little support from anybody else, he was effectively blocked. It was, a resentful Scaramucci noted, one of the few instances in the Trump government when someone's business conflicts interfered with a White House appointment.

And yet with a salesman's tenacity, the Mooch pressed on. He appointed himself a Trump ambassador without portfolio. He declared himself Trump's man on Wall Street, even if, practically speaking, he wasn't a Trump man and he was exiting his firm on Wall Street. He was also in constant touch with anybody from the Trump circle who was willing to be in touch with him.

The "What to do with the Mooch" question persisted. Kushner, with whom Scaramucci had exercised a rare restraint during the campaign, and who had steadily heard from other New York contacts about Scaramucci's continued loyalty, helped push the question.

Priebus and others held Scaramucci at bay until June and then, as a bit of a punch line, Scaramucci was offered and, degradingly, had to accept, being named senior vice president and chief strategy officer for the U.S. Export-Import Bank, an executive branch agency Trump had long vowed to eliminate. But the Mooch was not ready to give up the fight: after yet more lobbying, he was offered, at Bannon's instigation, the post of ambassador to the Organization for Economic Co-operation and Development. The job came with a twenty-room apartment on the Seine, a full staff, and—Bannon found this part particularly amusing—absolutely no influence or responsibilities.

* * *

Meanwhile, another persistent question, "What to do with Spicer," seemed to somehow have been joined to the disaster involving the bungled response to the news of the June 2016 meeting between Don Jr., Jared, and the Russians. Since the president, while traveling on Air Force One, had actually dictated Don Jr.'s response to the initial *Times* report about the meeting, the blame for this should have been laid at the feet of Trump and Hope Hicks: Trump dictated, Hicks transcribed. But because no disasters could be laid at the president's feet, Hicks herself was spared. And, even though he had been pointedly excluded from the Trump Tower crisis, the blame for the episode was now put at Spicer's feet, precisely because, his loyalty in doubt, he and the communications staff *had* to be excluded.

In this, the comms team was judged to be antagonistic if not hostile to the interests of Jared and Ivanka; Spicer and his people had failed to mount an inclusive defense for them, nor had the comms team adequately defended the White House. This of course homed in on the essential and obvious point: although the junior first couple were mere staffers and not part of the institutional standing of the White House, they thought and acted as if they were part of the presidential entity. Their ire and increasing bitterness came from some of the staff's reluctance—really, a deep and intensifying resistance—to treat them as part and parcel of the presidency. (Once Priebus had to take Ivanka aside to make sure she understood that in her official role, she was just a staffer. Ivanka had insisted on the distinction that she was a staffer-slash-First Daughter.)

Bannon was their public enemy; they expected nothing of him. But Priebus and Spicer

they regarded as functionaries, and their job was to support the White House's goals, which included their goals and interests.

Spicer, ever ridiculed in the media for his cockamamie defense of the White House and a seeming dumb loyalty, had been judged by the president, quite from the inauguration, to be not loyal enough and not nearly as aggressive as he should be in Trump's defense. Or, in Jared and Ivanka's view, in his family's defense. "What does Spicer's forty-member comm staff actually *do*?" was a persistent First Family question.

* * *

Almost from the beginning, the president had been interviewing potential new press secretaries. He appeared to have offered the job to various people, one of whom was Kimberly Guilfoyle, the Fox News personality and cohost of *The Five*. Guilfoyle, the former wife of California Democrat Gavin Newsom, was also reported to be Anthony Scaramucci's girlfriend, a rumor he denied. Unbeknownst to the White House, Scaramucci's personal life was in dramatic free fall. On July 9, nine months pregnant with their second child, Scaramucci's wife filed for divorce.

Guilfoyle, knowing that Spicer was on his way out but having decided not to take his job—or, according to others in the White House, never having been offered it—suggested Scaramucci, who set to work convincing Jared and Ivanka that theirs was largely a PR problem and that they were ill served by the current communications team.

Scaramucci called a reporter he knew to urge that an upcoming story about Kushner's Russian contacts be spiked. He followed up by having another mutual contact call the reporter to say that if the story was spiked it would help the Mooch get into the White House, whereupon the reporter would have special Mooch access. The Mooch then assured Jared and Ivanka that he had, in this clever way, killed the story.

Now Scaramucci had their attention. *We need some new thinking*, the couple thought; *we need somebody who is more on our side*. The fact that Scaramucci was from New York, and Wall Street, and was rich, reassured them that he understood what the deal was. And that he would understand the stakes and know that an aggressive game needed to be played.

On the other hand, the couple did not want to be perceived as being heavy-handed. So, after bitterly accusing Spicer of not defending them adequately, they suddenly backed off and suggested that they were just looking to add a new voice to the mix. The job of White House communications director, which had no precise purview, had been vacant since May, when Mike Dubke, whose presence at the White House had hardly registered, resigned. Scaramucci could take this job, the couple figured, and in that role he could be their ally.

"He's good on television," Ivanka told Spicer when she explained the rationale for hiring a former hedge fund manager as White House communications director. "Maybe he

can help us."

It was the president who, meeting with Scaramucci, was won over by the Mooch's cringeworthy Wall Street hortatory flattery. ("I can only hope to realize a small part of your genius as a communicator, but you are my example and model" was one report of the gist of the Scaramucci supplication.) And it was Trump who then urged that Scaramucci become the true communications chief, reporting directly to the president.

On July 19, Jared and Ivanka, through intermediaries, put a feeler out to Bannon: What would he think about Scaramucci's coming on board in the comms job?

So preposterous did this seem to Bannon—it was a cry of haplessness, and certain evidence that the couple had become truly desperate—that he refused to consider or even reply to the question. Now he was sure: Jarvanka was losing it.

# 21

## BANNON AND SCARAMUCCI

Bannon's apartment in Arlington, Virginia, a fifteen-minute drive from downtown Washington, was called the "safe house." This seemed somehow to acknowledge his transience and to nod, with whatever irony, to the underground and even romantic nature of his politics—the roguish and *joie de guerre* alt-right. Bannon had decamped here from the Breitbart Embassy on A Street on Capitol Hill. It was a one-bedroom graduate-student sort of apartment, in a mixed-use building over a mega-McDonald's—quite belying Bannon's rumored fortune—with five or six hundred books (emphasis on popular history) stacked against the wall without benefit of shelving. His lieutenant, Alexandra Preate, also lived in the building, as did the American lawyer for Nigel Farage, the right-wing British Brexit leader who was part of the greater Breitbart circle.

On the evening on Thursday, July 20, the day after the contentious meeting about Afghanistan, Bannon was hosting a small dinner—organized by Preate, with Chinese takeout. Bannon was in an expansive, almost celebratory, mood. Still, Bannon knew, just when you felt on top of the world in the Trump administration, you could probably count on getting cut down. That was the pattern and price of one-man leadership—insecure-man leadership. The other biggest guy in the room always had to be reduced in size.

Many around him felt Bannon was going into another bad cycle. In his first run around the track, he'd been punished by the president for his *Time* magazine cover and for the *Saturday Night Live* portrayal of "President Bannon"—that cruelest of digs to Trump. Now there was a new book, *The Devil's Bargain*, and it claimed, often in Bannon's own words, that Trump could not have done it without him. The president was again greatly peeved.

Still, Bannon seemed to feel he had broken through. Whatever happened, he had clarity. It was such a mess inside in the White House that, if nothing else, this clarity would put him on top. His agenda was front and center, and his enemies sidelined. Jared and Ivanka were getting blown up every day and were now wholly preoccupied with protecting themselves. Dina Powell was looking for another job. McMaster had screwed himself on Afghanistan. Gary Cohn, once a killer enemy, was now desperate to be named

Fed chairman and currying favor with Bannon—"licking my balls," Bannon said with a quite a cackle. In return for supporting Cohn's campaign to win the Fed job, Bannon was extracting fealty from him for the right-wing trade agenda.

The geniuses were fucked. Even POTUS might be fucked. But Bannon had the vision and the discipline—he was sure he did. "I'm cracking my shit every day. The nationalist agenda, we're fucking owning it. I'll be there for the duration."

Before the dinner, Bannon had sent around an article from the *Guardian*—though one of the leading English-language left-leaning newspapers, it was nevertheless Bannon's favorite paper—about the backlash to globalization. The article, by the liberal journalist Nikil Saval, both accepted Bannon's central populist political premise—"the competition between workers in developing and developed countries … helped drive down wages and job security for workers in developed countries"—and elevated it to the epochal fight of our time. Davos was dead and Bannon was very much alive. "Economists who were once ardent proponents of globalization have become some of its most prominent critics," wrote Saval. "Erstwhile supporters now concede, at least in part, that it has produced inequality, unemployment and downward pressure on wages. Nuances and criticisms that economists only used to raise in private seminars are finally coming out in the open."

"I'm starting to get tired of winning" was all that Bannon said in his email with the link to the article.

Now, restless and pacing, Bannon was recounting how Trump had dumped on McMaster and, as well, savoring the rolling-on-the-floor absurdity of the geniuses' Scaramucci gambit. But most of all he was incredulous about something else that had happened the day before.

Unbeknownst to senior staff, or to the comms office—other than by way of a pro forma schedule note—the president had given a major interview to the *New York Times*. Jared and Ivanka, along with Hope Hicks, had set it up. The *Times*'s Maggie Haberman, Trump's bête noire ("very mean, and not smart") and yet his go-to journalist for some higher sort of approval, had been called in to see the president with her colleagues Peter Baker and Michael Schmidt. The result was one of the most peculiar and ill-advised interviews in presidential history, from a president who had already, several times before, achieved that milestone.

In the interview, Trump had done his daughter and son-in-law's increasingly frantic bidding. He had, even if to no clear end and without certain strategy, continued on his course of threatening the attorney general for recusing himself and opening the door to a special prosecutor. He openly pushed Sessions to resign—mocking and insulting him and daring him to try to stay. However much this seemed to advance no one's cause, except perhaps that of the special prosecutor, Bannon's incredulity—"Jefferson Beauregard Sessions is not going to go anywhere"—was most keenly focused on another remarkable

passage in the interview: the president had admonished the special counsel not to cross the line into his family's finances.

*"Ehhh ... ehhh ... ehhh!"* screeched Bannon, making the sound of an emergency alarm. "Don't look here! Let's tell a prosecutor what *not* to look at!"

Bannon then described the conversation he'd had with the president earlier that day: "I went right into him and said, 'Why did you say that?' And he says, 'The Sessions thing?' and I say, 'No, that's bad, but it's another day at the office.' I said, 'Why did you say it was off limits to go after your family's finances?' And he says, 'Well, it is … .' I go, 'Hey, they are going to determine their mandate… . You may not like it, but you just guaranteed if you want to get anybody else in [the special counsel] slot, every senator will make him swear that the first thing he's going to do is come in and subpoena your fucking tax returns.' "

Bannon, with further disbelief, recounted the details of a recent story from the *Financial Times* about Felix Sater, one of the shadiest of the shady Trump-associated characters, who was closely aligned with Trump's longtime personal lawyer, Michael Cohen (reportedly a target of the Mueller investigation), and a key follow-the-money link to Russia. Sater, "get ready for it—I know this may shock you, but wait for it"—had had major problems with the law before, "caught with a couple of guys in Boca running Russian money through a boiler room." And, it turns out, "Brother Sater" was prosecuted by—"wait"—*Andrew Weissmann*. (Mueller had recently hired Weissmann, a high-powered Washington lawyer who headed the DOJ's criminal fraud division.) "You've got the LeBron James of money laundering investigations on you, Jarvanka. My asshole just got so tight!"

Bannon quite literally slapped his sides and then returned to his conversation with the president. "And he goes, 'That's not their mandate.' Seriously, dude?"

Preate, putting out the Chinese food on a table, said, "It wasn't their mandate to put Arthur Andersen out of business during Enron, but that didn't stop Andrew Weissmann"—one of the Enron prosecutors.

"You realize where this is going," Bannon continued. "This is all about *money laundering*. Mueller chose Weissmann first and he is a money laundering guy. Their path to fucking Trump goes right through Paul Manafort, Don Jr., and Jared Kushner … It's as plain as a hair on your face… . It goes through all the Kushner shit. They're going to roll those two guys up and say play me or trade me. But … *'executive privilege!' "* Bannon mimicked. " 'We've got executive privilege!' There's no executive privilege! We proved that in Watergate."

An expressive man, Bannon seemed to have suddenly exhausted himself. After a pause, he added wearily: "They're sitting on a beach trying to stop a Category Five."

With his hands in front of him, he mimed something like a force field that would

isolate him from danger. "It's not my deal. He's got the five geniuses around him: Jarvanka, Hope Hicks, Dina Powell, and Josh Raffel." He threw up his hands again, this time as if to say *Hands off*. "I know no Russians, I don't know nothin' about nothin'. I'm not being a witness. I'm not hiring a lawyer. It is not going to be my ass in front of a microphone on national TV answering questions. Hope Hicks is so fucked she doesn't even know it. They are going to lay her out. They're going to crack Don Junior like an egg on national TV. Michael Cohen, cracked like an egg. He"—the president—"said to me everybody would take that Don Junior meeting with the Russians. I said, 'Everybody would *not* take that meeting.' I said, 'I'm a naval officer. I'm not going to take a meeting with Russian nationals, and do it in headquarters, are you fucking insane?' and he says, 'But he's a good boy.' There were no meetings like that after I took over the campaign."

Bannon's tone veered from ad absurdum desperation to resignation.

"If he fires Mueller it just brings the impeachment quicker. Why not, let's do it. Let's get it on. Why not? What am I going to do? Am I going to go in and save him? He's Donald Trump. He's always gonna do things. He wants an unrecused attorney general. I told him if Jeff Sessions goes, Rod Rosenstein goes, and then Rachel Brand"—the associate attorney general, next in line after Rosenstein—"goes, we'll be digging down into Obama career guys. An Obama guy will be acting attorney general. I said you're not going to get Rudy"—Trump had again revived a wish for his loyalists Rudy Giuliani or Chris Christie to take the job—"because he was on the campaign and will have to recuse himself, and Chris Christie, too, so those are masturbatory fantasies, get those out of your brain. And, for anybody to get confirmed now, they are going to have to swear and ensure that things will go ahead and they won't fire anybody, because you said yesterday—*Ehhh ... ehhh ... .ehhh!*—'my family finances are off limits,' and they're going to demand that, whoever he is, he promises and commits to make the family finances part of this investigation. I told him as night follows day that's a lock, so you better hope Sessions stays around."

"He was calling people in New York last night asking what he should do," added Preate. (Almost everybody in the White House followed Trump's thinking by tracking whom he had called the night before.)

Bannon sat back and, with steam-rising frustration—almost a cartoon figure—he outlined his Clinton-like legal plan. "They went to the mattresses with amazing discipline. They ground through it." But that *was* about discipline, he emphasized, and Trump, said Bannon, noting the obvious, was the least disciplined man in politics.

It was clear where Mueller and his team were going, said Bannon: they would trace a money trail through Paul Manafort, Michael Flynn, Michael Cohen, and Jared Kushner and roll one or all of them on the president.

*It's Shakespearean*, he said, enumerating the bad advice from his family circle: "It's the

geniuses, the same people who talked him into firing Comey, the same people on Air Force One who cut out his outside legal team, knowing the email was out there, knowing that email existed, put the statement out about Don Junior, that the meeting was all about adoptions … the same geniuses trying to get Sessions fired.

"Look, Kasowitz has known him for twenty-five years. Kasowitz has gotten him out of all kinds of jams. Kasowitz on the campaign—what did we have, a hundred women? Kasowitz took care of all of them. And now he's out in, what, four weeks? He's New York's toughest lawyer. Mark Corallo, toughest motherfucker I ever met, just can't do it."

Jared and Ivanka believe, said Bannon, that if they advocate prison reform and save DACA—the program to protect the children of illegal immigrants—the liberals will come to their defense. He digressed briefly to characterize Ivanka Trump's legislative acumen, and her difficulty—which had become quite a White House preoccupation—in finding sponsorship for her family leave proposal. "Here's why, I keep telling her: there's no political constituency in it. You know how easy it is to get a bill sponsored, any schmendrick can do it. You know why your bill has no sponsorship? Because people realize how *dumb* it is." In fact, said, Bannon, eyes rolling and mouth agape, it was the Jarvanka idea to try to trade off amnesty for the border wall. "If not the dumbest idea in Western civilization, it's up there in the top three. Do these geniuses even know who we are?"

Just then Bannon took a call, the caller telling him that it looked as if Scaramucci might indeed be getting the job of communications director. "Don't fuck with me, dude," he laughed. "Don't fuck with me like that!"

He got off the phone expressing further wonder at the fantasy world of the geniuses—and added, for good measure, an extra dollop of dripping contempt for them. "I literally do not talk to them. You know why? I'm doing my shit, and they got nothing to do with it, and I don't care what they're doing … I don't care… . I'm not going to be alone with them, I'm not going to be in a room with them. Ivanka walked into the Oval today … [and] as soon as she walked in, I looked at her and walked right out… . I won't be in a room … don't want to do it… . Hope Hicks walked in, I walked out."

"The FBI put Jared's father in jail," said Preate. "Don't they understand you don't mess __"

"Charlie Kushner," said Bannon, smacking his head again in additional disbelief. "He's going crazy because they're going to get down deep in his shit about how he's financed everyfhing… . all the shit coming out of Israel … and all these guys coming out of Eastern Europe … all these Russian guys … and guys in Kazakhstan… . And he's frozen on 666 [Fifth Avenue]… . [If] it goes under next year, the whole thing's cross-collateralized … he's wiped, he's gone, he's done, it's over… . Toast."

He held his face in his hands for a moment and then looked up again.

"I'm pretty good at coming up with solutions, I came up with a solution for his broke-dick campaign in about a day, but I don't see this. I don't see a plan for getting through. Now, I gave him a plan, I said you seal the Oval Office, you send those two kids home, you get rid of Hope, all these deadbeats, and you listen to your legal team—Kasowitz, and Mark Dowd, and Jay Sekulow, and Mark Corallo, these are all professionals who have done this many times. You listen to those guys and never talk about this stuff again, you just conduct yourself as commander in chief and then you can be president for eight years. If you don't, you're not, simple. But he's the president, he gets a choice, and he's clearly choosing to go down another path … and you can't stop him. The guy is going to call his own plays. He's Trump… ."

And then another call came, this one from Sam Nunberg. He, too, was calling about Scaramucci, and his words caused something like stupefaction in Bannon: "No fucking, fucking way."

Bannon got off the phone and said, "Jesus. Scaramucci. I can't even respond to this. It's Kafkaesque. Jared and Ivanka needed somebody to represent their shit. It's madness. He'll be on that podium for two days and he'll be so chopped he'll bleed out everywhere. He'll literally blow up in a week. This is why I don't take this stuff seriously. Hiring Scaramucci? He's not qualified to do anything. He runs a fund of funds. Do you know what a fund of funds is? It's not a fund. Dude, it's sick. We look like buffoons."

* * *

The ten days of Anthony Scaramucci, saw, on the first day, July 21, the resignation of Sean Spicer. Oddly, this seemed to catch everyone unawares. In a meeting with Scaramucci, Spicer, and Priebus, the president—who in his announcement of Scaramucci's hire as communications director had promoted Scaramucci not only over Spicer, but in effect over Priebus, his chief of staff—suggested that the men ought to be able to work it out together.

Spicer went back to his office, printed out his letter of resignation, and then took it back to the nonplussed president, who said again that he really wanted Spicer to be a part of things. But Spicer, surely the most mocked man in America, understood that he had been handed a gift. His White House days were over.

For Scaramucci, it was now payback time. Scaramucci blamed his six humiliating months out in the cold on nobody so much as Reince Priebus—having announced his White House future, having sold his business in anticipation of it, he had come away with nothing, or at least nothing of any value. But now, in a reversal befitting a true master of the universe—befitting, actually, Trump himself—Scaramucci was in the White House, bigger, better, and grander than even he had had the gall to imagine. And Priebus was dead meat.

That was the signal the president had sent Scaramucci—deal with the mess. In Trump's

view, the problems in his tenure so far were just problems about the team. If the team went, the problems went. So Scaramucci had his marching orders. The fact that the president had been saying the same stuff about his rotten team from the first day, that this riff had been a constant from the campaign on, that he would often say he wanted everybody to go and then turn around and say he *didn't* want everybody to go—all that rather went over Scaramucci's head.

Scaramucci began taunting Priebus publicly, and inside the West Wing he adopted a tough-guy attitude about Bannon—"I won't take his bullshit." Trump seemed delighted with this behavior, which led Scaramucci to feel that the president was urging him on. Jared and Ivanka were pleased, too; they believed they had scored with Scaramucci and were confident that he would defend them against Bannon and the rest.

Bannon and Priebus remained not just disbelieving but barely able not to crack up. For both men, Scaramucci was either a hallucinatory episode—they wondered whether they ought to just shut their eyes while it passed—or some further march into madness.

* * *

Even as measured against other trying weeks in the Trump White House, the week of July 24 was a head-slammer. First, it opened the next episode in what had become a comic-opera effort to repeal Obamacare in the Senate. As in the House, this had become much less about health care than a struggle both among Republicans in Congress and between the Republican leadership and the White House. The signature stand for the Republican Party had now become the symbol of its civil war.

On that Monday, the president's son-in-law appeared at the microphones in front of the West Wing to preview his statement to Senate investigators about the Trump campaign's connections to Russia. Having almost never spoken before in public, he now denied culpability in the Russian mess by claiming feckless naïveté; speaking in a reedy, self-pitying voice, he portrayed himself as a Candide-like figure who had become disillusioned by a harsh world.

And that evening, the president traveled to West Virginia to deliver a speech before the Boy Scouts of America. Once more, his speech was tonally at odds with time, place, and good sense. It prompted an immediate apology from the Boy Scouts to its members, their parents, and the country at large. The quick trip did not seem to improve Trump's mood: the next morning, seething, the president again publicly attacked his attorney general and —for good measure and no evident reason—tweeted his ban of transgender people in the military. (The president had been presented with four different options related to the military's transgender policy. The presentation was meant to frame an ongoing discussion, but ten minutes after receiving the discussion points, and without further consultation, Trump tweeted his transgender ban.)

The following day, Wednesday, Scaramucci learned that one of his financial disclosure

forms seemed to have been leaked; assuming he'd been sabotaged by his enemies, Scaramucci blamed Priebus directly, implicitly accusing him of a felony. In fact, Scaramucci's financial form was a public document available to all.

That afternoon, Priebus told the president that he understood he should resign and they should start talking about his replacement.

Then, that evening, there was a small dinner in the White House, with various current and former Fox News people, including Kimberly Guilfoyle, in attendance—and this was leaked. Drinking more than usual, trying desperately to contain the details of the meltdown of his personal life (being linked to Guilfoyle wasn't going to help his negotiation with his wife), and wired by events beyond his own circuits' capacity, Scaramucci called a reporter at the *New Yorker* magazine and unloaded.

The resulting article was surreal—so naked in its pain and fury, that for almost twenty-four hours nobody seemed to be able to quite acknowledge that he had committed public suicide. The article quoted Scaramucci speaking bluntly about the chief of staff: "Reince Priebus—if you want to leak something—he'll be asked to resign very shortly." Saying that he had taken his new job "to serve the country" and that he was "not trying to build my brand," Scaramucci also took on Steve Bannon: "I'm not Steve Bannon. I'm not trying to suck my own cock." (In fact, Bannon learned about the piece when fact-checkers from the magazine called him for comment about Scaramucci's accusation that he sucked his own cock.)

Scaramucci, who had in effect publicly fired Priebus, was behaving so bizarrely that it wasn't at all clear who would be the last man standing. Priebus, on the verge of being fired for so long, realized that he might have agreed to resign too soon. He might have gotten the chance to fire Scaramucci!

On Friday, as health care repeal cratered in the Senate, Priebus joined the president on board Air Force One for a trip to New York for a speech. As it happened, so did Scaramucci, who, avoiding the *New Yorker* fallout, had said he'd gone to New York to visit his mother but in fact had been hiding out at the Trump Hotel in Washington. Now here he was, with his bags (he would indeed now stay in New York and visit his mother), behaving as though nothing had happened.

On the way back from the trip, Priebus and the president talked on the plane and discussed the timing of his departure, with the president urging him to do it the right way and to take his time. "You tell me what works for you," said Trump. "Let's make it good."

Minutes later, Priebus stepped onto the tarmac and an alert on his phone said the president had just tweeted that there was a new chief of staff, Department of Homeland Security chief John Kelly, and that Priebus was out.

The Trump presidency was six months old, but the question of who might replace Priebus had been a topic of discussion almost from day one. Among the string of

candidates were Powell and Cohn, the Jarvanka favorites; OMB director Mick Mulvaney, one of the Bannon picks; and Kelly.

In fact, Kelly—who would soon abjectly apologize to Priebus for the basic lack of courtesy in the way his dismissal was handled—had not been consulted about his appointment. The president's tweet was the first he knew of it.

But indeed there was no time to waste. Now the paramount issue before the Trump government was that somebody would have to fire Scaramucci. Since Scaramucci had effectively gotten rid of Priebus—the person who logically should have fired *him*—the new chief of staff was needed, more or less immediately, to get rid of the Mooch.

And six days later, just hours after he was sworn in, Kelly fired Scaramucci.

Chastened themselves, the junior first couple, the geniuses of the Scaramucci hire, panicked that they would, deservedly, catch the blame for one of the most ludicrous if not catastrophic hires in modern White House history. Now they rushed to say how firmly they supported the decision to get rid of Scaramucci.

"So I punch you in the face," Sean Spicer noted from the sidelines, "and then say, 'Oh my god, we've got to get you to a hospital!' "

# 22

# GENERAL KELLY

On August 4, the president and key members of the West Wing left for Trump's golf club in Bedminster. The new chief of staff, General Kelly, was in tow, but the president's chief strategist, Steve Bannon, had been left behind. Trump was grouchy about the planned seventeen-day trip, bothered by how diligently his golf dates were being clocked by the media. So this was now dubbed a "working" trip—another piece of Trump vanity that drew shrugs, eye rolling, and head shaking from a staff that had been charged with planning events that looked like work even as they were instructed to leave yawning expanses of time for golf.

During the president's absence, the West Wing would be renovated—Trump, the hotelier and decorator, was "disgusted" by its condition. The president did not want to move over to the nearby Executive Office Building, where the West Wing business would temporarily be conducted—and where Steve Bannon sat waiting for his call to go to Bedminster.

He was about to leave for Bedminster, Bannon kept telling everyone, but no invitation came. Bannon, who claimed credit for bringing Kelly into the administration in the first place, was unsure where he stood with the new chief. Indeed, the president himself was unsure about where he himself stood; he kept asking people if Kelly liked him. More generally, Bannon wasn't entirely clear *what* Kelly was doing, other than his duty. Where exactly did the new chief of staff fit in Trumpworld?

While Kelly stood somewhere right of center on the political spectrum and had been a willing tough immigration enforcer at Homeland Security, he was not anywhere near so right as Bannon or Trump. "He's not hardcore" was Bannon's regretful appraisal. At the same time, Kelly was certainly not close in any way to the New York liberals in the White House. But politics was not his purview. As director of Homeland Security he had watched the chaos in the White House with disgust and thought about quitting. Now he had agreed to try to tame it. He was sixty-seven, resolute, stern, and grim. "Does he ever smile?" asked Trump, who had already begun to think that he had somehow been tricked into the hire.

Some Trumpers, particularly those with over-the-transom access to the president, believed that he had been tricked into some form of very-much-not-Trump submission. Roger Stone, one of those people whose calls Kelly was now shielding the president from, spread the dark scenario that Mattis, McMaster, and Kelly had agreed that no military action would ever be taken unless the three were in accord—and that at least one of them would always remain in Washington if the others were away.

After Kelly dispatched Scaramucci, his two immediate issues, now on the table in Bedminster, were the president's relatives and Steve Bannon. One side or the other obviously had to go. Or perhaps both should go.

It was far from clear whether a White House chief of staff who saw his function as establishing command process and enforcing organizational hierarchy—directing a decision funnel to the commander in chief—could operate effectively or even exist in a White House where the commander in chief's children had special access and overriding influence. As much as the president's daughter and son-in-law were now offering slavish regard for the new command principals, they would, surely, by habit and temperament, override Kelly's control of the West Wing. Not only did they have obvious special influence with the president, but important members of the staff saw them as having this juice, and hence believed that they were the true north of West Wing advancement and power.

Curiously, for all their callowness, Jared and Ivanka had become quite a fearsome presence, as feared by others as the two of them feared Bannon. What's more, they had become quite accomplished infighters and leakers—they had front-room *and* back-channel power—although, with great woundedness, they insisted, incredibly, that they never leaked. "If they hear someone talking about them, because they are so careful about their image and have crafted this whole persona—it's like anyone who tries to pierce it or say something against it is like a big problem," said one senior staffer. "They get very upset and will come after you."

On the other hand, while "the kids" might make Kelly's job all but impossible, keeping Bannon on board didn't make a lot of sense, either. Whatever his gifts, he was a hopeless plotter and malcontent, bound to do an end run around any organization. Besides, as the Bedminster hiatus—working or otherwise—began, Bannon was once more on the president's shit list.

The president continued to stew about *The Devil's Bargain*, the book by Joshua Green that gave Bannon credit for the election. Then, too, while the president tended to side with Bannon against McMaster, the campaign to defend McMaster, supported by Jared and Ivanka, was having an effect. Murdoch, enlisted by Jared to help defend McMaster, was personally lobbying the president for Bannon's head. Bannonites felt they had to defend Bannon against an impulsive move by the president: so now, not only did they brand McMaster as weak on Israel, they persuaded Sheldon Adelson to lobby Trump—Bannon,

Adelson told the president, was the only person he trusted on Israel in the White House. Adelson's billions and implacability always impressed Trump, and his endorsement, Bannon believed, significantly strengthened his hand.

But overriding the management of the harrowing West Wing dysfunction, Kelly's success—or even relevance, as he was informed by almost anyone who was in a position to offer him an opinion—depended on his rising to the central challenge of his job, which was how to manage Trump. Or, actually, how to live with not managing him. His desires, needs, and impulses had to exist—*necessarily* had to exist—outside the organizational structure. Trump was the one variable that, in management terms, simply could not be controlled. He was like a recalcitrant two-year-old. If you tried to control him, it would only have the opposite effect. In this, then, the manager had to most firmly manage his own expectations.

In an early meeting with the president, General Kelly had Jared and Ivanka on his agenda—how the president saw their role; what he thought was working and not working about it; how he envisioned it going forward. It was all intended to be a politic way of opening a discussion about getting them out. But the president was, Kelly soon learned, delighted with all aspects of their performance in the West Wing. Maybe at some point Jared would become secretary of state—that was the only change the president seemed to foresee. The most Kelly could do was to get the president to acknowledge that the couple should be part of a greater organizational discipline in the West Wing and should not so readily jump the line.

This, at least, was something that the general could try to enforce. At a dinner in Bedminster—the president dining with his daughter and son-in-law—the First Family were confused when Kelly showed up at the meal and joined them. This, they shortly came to understand, was neither an attempt at pleasant socializing nor an instance of unwarranted over-familiarity. It was enforcement: Jared and Ivanka needed to go through him to talk to the president.

But Trump had made clear his feeling that the roles played by the kids in his administration needed only minor adjustment, and this now presented a significant problem for Bannon. Bannon really had believed that Kelly would find a way to send Jarvanka home. How could he not? Indeed, Bannon had convinced himself that they represented the largest danger to Trump. They would take the president down. As much, Bannon believed that *he* could not remain in the White House if they did.

Beyond Trump's current irritation with Bannon, which many believed was just the usual constant of Trump resentment and complaint, Bannonites felt that their leader had, at least policywise, gained the upper hand. Jarvanka was marginalized; the Republican leadership, after health care, was discredited; the Cohn-Mnuchin tax plan was a hash. Through one window, the future looked almost rosy for Bannon. Sam Nunberg, the former Trump loyalist who was now wholly a Bannon loyalist, believed that Bannon would stay

in the White House for two years and then leave to run Trump's reelection campaign. "If you can get this idiot elected twice," Nunberg marveled, you would achieve something like immortality in politics.

But through another window, Bannon couldn't possibly remain in place. He seemed to have moved into a heightened state that allowed him to see just how ridiculous the White House had become. He could barely hold his tongue—indeed, he couldn't hold it. Pressed, he could not see the future of the Trump administration. And, while many Bannonites argued the case for Jarvanka ineffectiveness and irrelevance—just ignore them, they said—Bannon, with mounting ferocity and pubic venom, could abide them less and less every day.

Bannon, continuing to wait for his call to join the president in Bedminster, decided that he would force the situation and offered his resignation to Kelly. But this was in fact a game of chicken: he wanted to stay. On the other hand, he wanted Jarvanka to go. And that became an effective ultimatum.

* * *

At lunch on August 8, in the Clubhouse at Bedminster—amid Trumpish chandeliers, golf trophies, and tournament plaques—the president was flanked by Tom Price, the secretary of health and human services, and his wife, Melania. Kellyanne Conway was at the lunch; so were Kushner and several others. This was one of the "make-work" events—over lunch, there was a discussion of the opioid crisis, which was then followed by a statement from the president and a brief round of questions from reporters. While reading the statement in a monotone, Trump kept his head down, propping it on his elbows.

After taking some humdrum questions about opioids, he was suddenly asked about North Korea, and, quite as though in stop-action animation, he seemed to come alive.

North Korea had been a heavy-on-detail, short-on-answers problem that that he believed was the product of lesser minds and weaker resolve—and that he had trouble paying attention to. What's more, he had increasingly personalized his antagonism with North Korean leader Kim Jong-un, referring to him often with derogatory epithets.

His staff had not prepared him for this, but, in apparent relief that he could digress from the opioid discussion, as well as sudden satisfaction at the opportunity to address this nagging problem, he ventured out, in language that he'd repeated often in private—as he repeated everything often—to the precipice of an international crisis.

"North Korea best not make any more threats to the United States. They will be met with the fire and the fury like the world has never seen. He has been very threatening beyond a normal state, and as I said they will be met with fire and fury and frankly power, the likes of which this world has never seen before. Thank you."

* * *

North Korea, a situation the president had been consistently advised to downplay, now became the central subject of the rest of the week—with most senior staff occupied not so much by the topic itself, but by how to respond to the president, who was threatening to "blow" again.

Against this background, almost no one paid attention to the announcement by the Trump supporter and American neo-Nazi Richard Spencer that he was organizing a protest at the University of Virginia, in Charlottesville, over the removal of a statue of Robert E. Lee. "Unite the Right," the theme of the rally called for Saturday, August 12, was explicitly designed to link Trump's politics with white nationalism.

On August 11, with the president in Bedminster continuing to threaten North Korea—and also, inexplicably to almost everyone on his staff, threatening military intervention in Venezuela—Spencer called for an evening protest.

At 8:45 p.m.—with the president in for the night in Bedminster—about 250 young men dressed in khaki pants and polo shirts, quite a Trump style of dress, began an organized parade across the UVA campus while carrying kerosene torches. Parade monitors with headsets directed the scene. At a signal, the marchers began chanting official movement slogans: "Blood and soil!" "You will not replace us!" "Jews will not replace us!" Soon, at the center of campus, near a statue of UVA's founder, Thomas Jefferson, Spencer's group was met by a counterprotest. With virtually no police presence, the first of the weekend's melees and injuries ensued.

Beginning again at eight o'clock the next morning, the park near the Lee statue became the battleground of a suddenly surging white racist movement, with clubs, shields, mace, pistols, and automatic rifles (Virginia is an "open carry" state)—a movement seemingly, and to liberal horror, born out of the Trump campaign and election, as in fact Richard Spencer intended it to seem. Opposing the demonstrators was a hardened, militant left called to the barricades. You could hardly have better set an end-times scene, no matter the limited numbers of protesters. Much of the morning involved a series of charges and countercharges—a rocks-and-bottles combat, with a seemingly hands-off police force standing by.

In Bedminster, there was still little awareness of the unfolding events in Charlottesville. But then, at about one o'clock in the afternoon, James Alex Fields Jr., a twenty-year-old would-be Nazi, plunged his Dodge Charger into a group of counterprotesters, killing thirty-two-year-old Heather Heyer and injuring a score of others.

In a tweet hurriedly composed by his staff, the president declared: "We ALL must be united & condemn all that hate stands for. There is no place for this kind of violence in America. Lets come together as one!"

Otherwise, however, it was largely business as usual for the president—Charlottesville was a mere distraction, and indeed, the staff's goal was to keep him off North Korea. The

main event in Bedminster that day was the ceremonial signing of an act extending the funding of a program that let veterans obtain medical care outside VA hospitals. The signing was held in a big ballroom at the Clubhouse two hours after Alex Field's attack.

During the signing, Trump took a moment to condemn the "hatred, bigotry, and violence on many sides" in Charlottesville. Almost immediately, the president came under attack for the distinction he had appeared to refuse to draw between avowed racists and the other side. As Richard Spencer had correctly understood, the president's sympathies were muddled. However easy and obvious it was to condemn white racists—even self-styled neo-Nazis—he instinctively resisted.

It wasn't until the next morning that the White House finally tried to clarify Trump's position with a formal statement: "The President said very strongly in his statement yesterday that he condemns all forms of violence, bigotry, and hatred. Of course that includes white supremacists, KKK neo-Nazi and all extremist groups. He called for national unity and bringing all Americans together."

But in fact he hadn't condemned white supremacists, KKK, and neo-Nazis—and he continued to be stubborn about not doing it.

In a call to Bannon, Trump sought help making his case: "Where does this all end? Are they going to take down the Washington Monument, Mount Rushmore, Mount Vernon?" Bannon—still not receiving his summons to Bedminster—urged this to be the line: the president should condemn violence and misfits and also defend history (even with Trump's weak grasp of it). Stressing the literal issue of monuments would bedevil the left and comfort the right.

But Jared and Ivanka, with Kelly backing them, urged presidential behavior. Their plan was to have Trump return to the White House and address the issue with a forceful censure of hate groups and racial politics—exactly the unambiguous sort of position Richard Spencer had strategically bet Trump would not willingly take.

Bannon, understanding these same currents in Trump, lobbied Kelly and told him that the Jarvanka approach would backfire: *It will be clear his heart's not in it*, said Bannon.

The president arrived shortly before eleven o'clock on Monday morning at a White House under construction and a wall of shouted questions about Charlottesville: "Do you condemn the actions of neo-Nazis? Do you condemn the actions of white supremacists?" Some ninety minutes later he stood in the Diplomatic Reception Room, his eyes locked on to the teleprompter, and delivered a six-minute statement.

Before getting to the point: "Our economy is now strong. The stock market continues to hit record highs, unemployment is at a sixteen-year low, and businesses are more optimistic than ever before. Companies are moving back to the United States and bringing many thousands of jobs with them. We have already created over one million jobs since I took office."

And only then: "We must love each other, show affection for each other and unite together in condemnation of hatred, bigotry and violence… . We must rediscover the bonds of love and loyalty that bring us together as Americans… . Racism is evil. And those who cause violence in its name are criminals and thugs including the KKK, neo-Nazis, white supremacists, and other hate groups that are repugnant to everything we hold dear as Americans."

It was a reluctant mini-grovel. It was something of a restaging of the take-it-back birther speech about Obama during the campaign: much distraction and obfuscation, then a mumbled acknowledgment. Similarly, he looked here, trying to tow the accepted line on Charlottesville, like a kid called on the carpet. Resentful and petulant, he was clearly reading forced lines.

And in fact he got little credit for these presidential-style remarks, with reporters shouting questions about why it had taken him so long to address the issue. As he got back on Marine One to head to Andrews Air Force Base and on to JFK and then into Manhattan and Trump Tower, his mood was dark and I-told-you-so. Privately, he kept trying to rationalize why someone would be a member of the KKK—that is, they might not actually believe what the KKK believed, and the KKK probably does not believe what it used to believe, and, anyway, who really knows what the KKK believes now? In fact, he said, his own father was accused of being involved with the KKK—not true. (In fact, yes, true.)

The next day, Tuesday, August 15, the White House had a news conference scheduled at Trump Tower. Bannon urged Kelly to cancel it. It was a nothing conference anyway. Its premise was about infrastructure—about undoing an environmental regulation that could help get projects started faster—but it was really just another effort to show that Trump was working and not just on a holiday. So why bother? What's more, Bannon told Kelly, he could see the signs: the arrow on the Trump pressure cooker was climbing, and before long he'd blow.

The news conference went ahead anyway. Standing at the lectern in the lobby of Trump Tower, the president stayed on script for mere minutes. Defensive and self-justifying, he staked out a contrition-is-bunk, the-fault-lies-everywhere-else position and then dug in deep. He went on without an evident ability to adjust his emotions to political circumstance or, really, even to make an effort to save himself. It was yet one more example, among his many now, of the comic-absurd, movielike politician who just says whatever is on his mind. Unmediated. Crazylike.

"What about the alt-left that came charging at the, as you say, altright? Do they have any semblance of guilt? What about the fact they came charging with clubs in their hands? As far as I'm concerned that was a horrible, horrible day… . I think there's blame on both sides. I have no doubt about it, you don't have any doubt about it. If you reported it accurately, you would see."

Steve Bannon, still waiting in his temporary office in the EOB, thought, *Oh my god, there he goes. I told you so.*

* * *

Outside of the portion of the electorate that, as Trump once claimed, would let him shoot someone on Fifth Avenue, the civilized world was pretty much universally aghast. Everybody came to a dumbfounded moral attention. Anybody in any position of responsibility remotely tied to some idea of establishment respectability had to disavow him. Every CEO of a public company who had associated him- or herself with the Trump White House now needed to cut the ties. The overriding issue might not even be what unreconstructed sentiments he actually seemed to hold in his heart—Bannon averred that Trump was not in fact anti-Semitic, but on the other count he wasn't sure—but that he flat-out couldn't control himself.

In the wake of the immolating news conference, all eyes were suddenly on Kelly—this was his baptism of Trump fire. Spicer, Priebus, Cohn, Powell, Bannon, Tillerson, Mattis, Mnuchin—virtually the entire senior staff and cabinet of the Trump presidency, past and present, had traveled through the stages of adventure, challenge, frustration, battle, self-justification, and doubt, before finally having to confront the very real likelihood that the president they worked for—whose presidency they bore some official responsibility for—didn't have the wherewithal to adequately function in his job. Now, after less than two weeks on the job, it was Kelly's turn to stand at that precipice.

The debate, as Bannon put it, was not about whether the president's situation was bad, but whether it was Twenty-Fifth-Amendment bad.

* * *

To Bannon, if not to Trump, the linchpin of Trumpism was China. The story of the next generation, he believed, had been written, and it was about war with China. Commercial war, trade war, cultural war, diplomatic war—it would be an all-encompassing war that few in the United States now understood needed to be fought, and that almost nobody was prepared to fight.

Bannon had compiled a list of "China hawks" that crossed political lines, going from the Breitbart gang, to former *New Republic* editor Peter Beinart—who regarded Bannon only with scorn—and orthodox liberal-progressive stalwart Robert Kuttner, the editor of the small, public policy magazine *American Prospect*. On Wednesday, August 16, the day after the president's news conference in Trump Tower, Bannon, out of the blue, called Kuttner from his EOB office to talk China.

By this point, Bannon was all but convinced that he was on the way out of the White House. He had received no invitation to join the president in Bedminster, a withering sign. That day, he had learned of the appointment of Hope Hicks as interim communications director—a Jarvanka victory. Meanwhile, the steady whisper from the Jarvanka side

continued about his certain demise; it had become a constant background noise.

He was still not sure he would be fired, yet Bannon, in only the second on-the-record interview he had given since the Trump victory, called Kuttner and in effect sealed his fate. He would later maintain that the conversation was not on the record. But this was the Bannon method, in which he merely tempted fate.

If Trump was helplessly Trump in his most recent news conference, Bannon was helplessly Bannon in his chat with Kuttner. He tried to prop up what he made sound like a weak Trump on China. He corrected, in mocking fashion, the president's bluster on North Korea—"ten million people in Seoul" will die, he declared. And he insulted his internal enemies—"they're wetting themselves."

If Trump was incapable of sounding like a president, Bannon had matched him: he was incapable of sounding like a presidential aide.

* * *

That evening, a group of Bannonites gathered near the White House for dinner. The dinner was called for the bar at the Hay-Adams hotel, but Arthur Schwartz, a Bannonite PR man, got into an altercation with the Hay-Adams bartender about switching the television from CNN to Fox, where his client, Blackstone's Stephen Schwarzman, the chairman of one of the president's business councils, was shortly to appear. The business council was hemorrhaging its CEO members after the president's Charlottesville news conference, and Trump, in a tweet, had announced that he was disbanding it. (Schwarzman had advised the president that the council was collapsing and that the president ought to at least make it look as if shutting it down was his decision.)

Schwartz, in high dudgeon, announced that he was checking out of the Hay-Adams and moving to the Trump Hotel. He also insisted that the dinner be moved two blocks away to Joe's, an outpost of Miami's Joe's Stone Crab. Matthew Boyle, the Washington political editor of Breitbart News, was swept into Schwartz's furious departure, with Schwartz upbraiding the twenty-nine-year-old for lighting a cigarette. "I don't know anyone who smokes," he sniffed. Although Schwartz was firmly in the Bannon camp, this seemed to be a general dig at the Breitbart people for being low-class.

Both dedicated Bannonites debated the effect of Bannon's interview, which had caught everybody in the Bannon universe off guard. Neither man could understand why he would have given an interview.

Was Bannon finished?

*No, no, no*, argued Schwartz. He might have been a few weeks ago when Murdoch had ganged up with McMaster and gone to the president and pressed him to dump Bannon. But then Sheldon had fixed it, Schwartz said.

"Steve stayed home when Abbas came," said Schwartz. "He wasn't going to breathe

the air that a terrorist breathed." This was the precise line Schwartz would hand out to reporters in the coming days in a further effort to establish Bannon's right-wing virtue.

Alexandra Preate, Bannon's lieutenant, arrived at Joe's out of breath. Seconds later, Jason Miller, another PR man in the Bannon fold, arrived. During the transition, Miller had been slated to be the communications director, but then it had come out that Miller had had a relationship with another staff member who announced in a tweet she was pregnant by Miller—as was also, at this point, Miller's wife. Miller, who had lost his promised White House job but continued serving as an outside Trump and Bannon voice, was now, with the recent birth of the child—with the recent birth of both of his children by different women—facing another wave of difficult press. Still, even he was obsessively focused on what Bannon's interview might mean.

By now the table was buzzing with speculation.

How would the president react?

How would Kelly react?

Was this curtains?

For a group of people in touch with Bannon on an almost moment-by-moment basis, it was remarkable that nobody seemed to understand that, forcibly or otherwise, he would surely be moving out of the White House. On the contrary, the damaging interview was, by consensus, converted into a brilliant strategic move. Bannon was not going anywhere —not least because there was no Trump without Bannon.

It was an excited dinner, a revved-up occasion involving a passionate group of people all attached to the man who they believed was the most compelling figure in Washington. They saw him as some sort of irreducible element: Bannon was Bannon was Bannon.

As the evening went on, Matt Boyle got in a furious text-message fight with Jonathan Swan, a White House reporter who had written a story about Bannon being on the losing side in the Bannon-McMaster showdown. Soon almost every well-connected reporter in the city was checking in with somebody at the table. When a text came in, the recipient would hold up his or her phone if it showed a notable reporter's name. At one point, Bannon texted Schwartz some talking points. Could it be that this was just one more day in the endless Trump drama?

Schwartz, who seemed to regard Trump's stupidity as a political given, offered a vigorous analysis of why Trump could not do without Bannon. Then, seeking more proof of his theory, Schwartz said he was texting Sam Nunberg, generally regarded as the man who understood Trump's whims and impulses best, and who had sagely predicted Bannon's survival at each doubtful moment in the past months.

"Nunberg always knows," said Schwartz.

Seconds later, Schwartz looked up. His eyes widened and for a moment he went silent. Then he said: “Nunberg says Bannon’s dead.”

And, indeed, unbeknownst to the Bannonites, even those closest to him, Bannon was at that moment finalizing his exit with Kelly. By the next day, he would be packing up his little office, and on Monday, when Trump would return to a refurbished West Wing—a paint job, new furniture, and new rugs, its look tilting toward the Trump Hotel—Steve Bannon would be back on Capitol Hill at the Breitbart Embassy, still, he was confident, the chief strategist for the Trump revolution.

# EPILOGUE: BANNON AND TRUMP

On a sweltering morning in October 2017, the man who had more or less single-handedly brought about the U.S. withdrawal from the Paris climate accord, stood on the steps of the Breitbart town house and said, with a hearty laugh, "I guess global warming is real."

Steve Bannon had lost twenty pounds since his exit from the White House six weeks before—he was on a crash all-sushi diet. "That building," said his friend David Bossie, speaking about all White Houses but especially the Trump White House, "takes perfectly healthy people and turns them into old, unhealthy people." But Bannon, who Bossie had declared on virtual life support during his final days in the West Wing, was again, by his own description, "on fire." He had moved out of the Arlington "safe house" and reestablished himself back at the Breitbart Embassy, turning it into a headquarters for the next stage of the Trump movement, which might not include Trump at all.

Asked about Trump's leadership of the nationalist-populist movement, Bannon registered a not inconsiderable change in the country's political landscape: "I am the leader of the national-populist movement."

One cause of Bannon's boast and new resolve was that Trump, for no reason that Bannon could quite divine, had embraced Mitch McConnell's establishment candidate in the recent Republican run-off in Alabama rather than support the nat-pop choice for the Senate seat vacated by now attorney general Jeff Sessions. After all, McConnell and the president were barely on speaking terms. From his August "working holiday" in Bedminster, the president's staff had tried to organize a makeup meeting with McConnell, but McConnell's staff had sent back word that it wouldn't be possible because the Senate leader would be getting a haircut.

But the president—ever hurt and confused by his inability to get along with the congressional leadership, and then, conversely, enraged by their refusal to get along with him—had gone all-in for the McConnell-backed Luther Strange, who had run against Bannon's candidate, the right-wing firebrand Roy Moore. (Even by Alabama standards, Moore was far right: he had been removed as chief justice of the Alabama Supreme Court

for defying a federal court order to take down a monument of the Ten Commandments in the Alabama judicial building.)

For Bannon, the president's political thinking had been obtuse at best. He was unlikely to get anything from McConnell—and indeed Trump had demanded nothing for his support for Luther Strange, which came via an unplanned tweet in August. Strange's prospects were not only dim, but he was likely to lose in a humiliating fashion. Roy Moore was the clear candidate of the Trump base—and he was Bannon's candidate. Hence, that would be the contest: Trump against Bannon. In fact, the president really didn't have to support anyone—no one would have complained if he'd stayed neutral in a primary race. Or, he could have tacitly supported Strange and not doubled down with more and more insistent tweets.

For Bannon, this episode was not only about the president's continuing and curious confusion about what he represented, but about his mercurial, intemperate, and often cockamamie motivations. Against all political logic, Trump had supported Luther Strange, he told Bannon, because "Luther's my friend."

"He said it like a nine-year-old," said Bannon, recoiling, and noting that there was no universe in which Trump and Strange were actually friends.

For every member of the White House senior staff this would be the lasting conundrum of dealing with President Trump: the "why" of his often baffling behavior.

"The president fundamentally wants to be liked" was Katie Walsh's analysis. "He just fundamentally needs to be liked so badly that it's always … everything is a struggle for him."

This translated into a constant need to win something—anything. Equally important, it was essential that he *look* like a winner. Of course, trying to win without consideration, plan, or clear goals had, in the course of the administration's first nine months, resulted in almost nothing but losses. At the same time, confounding all political logic, that lack of a plan, that impulsivity, that apparent *joie de guerre*, had helped create the disruptiveness that seemed to so joyously shatter the status quo for so many.

But now, Bannon thought, that novelty was finally wearing off.

For Bannon, the Strange-Moore race had been a test of the Trump cult of personality. Certainly Trump continued to believe that people were following *him*, that he was the movement—and that his support was worth 8 to 10 points in any race. Bannon had decided to test this thesis and to do it as dramatically as possible. All told, the Senate Republican leadership and others spent $32 million on Strange's campaign, while Moore's campaign spent $2 million.

Trump, though aware of Strange's deep polling deficit, had agreed to extend his support in a personal trip. But his appearance in Huntsville, Alabama, on September 22,

before a Trump-size crowd, was a political flatliner. It was a full-on Trump speech, ninety minutes of rambling and improvisation—the wall would be built (now it was a see-through wall), Russian interference in the U.S. election was a hoax, he would fire anybody on his cabinet who supported Moore. But, while his base turned out en masse, still drawn to Trump the novelty, his cheerleading for Luther Strange drew at best a muted response. As the crowd became restless, the event threatened to become a hopeless embarrassment.

Reading his audience and desperate to find a way out, Trump suddenly threw out a line about Colin Kaepernick taking to his knee while the national anthem played at a National Football League game. The line got a standing ovation. The president thereupon promptly abandoned Luther Strange for the rest of the speech. Likewise, for the next week he continued to whip the NFL. Pay no attention to Strange's resounding defeat five days after the event in Huntsville. Ignore the size and scale of Trump's rejection and the Moore-Bannon triumph, with its hint of new disruptions to come. Now Trump had a new topic, and a winning one: the Knee.

* * *

The fundamental premise of nearly everybody who joined the Trump White House was, *This can work. We can help make this work.* Now, only three-quarters of the way through just the first year of Trump's term, there was literally not one member of the senior staff who could any longer be confident of that premise. Arguably—and on many days indubitably—most members of the senior staff believed that the sole upside of being part of the Trump White House was to help prevent worse from happening.

In early October, Secretary of State Rex Tillerson's fate was sealed—if his obvious ambivalence toward the president had not already sealed it—by the revelation that he had called the president "a fucking moron."

This—insulting Donald Trump's intelligence—was both the thing you could not do and the thing—drawing there-but-for-the-grace-of-God guffaws across the senior staff—that everybody was guilty of. Everyone, in his or her own way, struggled to express the baldly obvious fact that the president did not know enough, did not know what he didn't know, did not particularly care, and, to boot, was confident if not serene in his unquestioned certitudes. There was now a fair amount of back-of-the-classroom giggling about who had called Trump what. For Steve Mnuchin and Reince Priebus, he was an "idiot." For Gary Cohn, he was "dumb as shit." For H. R. McMaster he was a "dope." The list went on.

Tillerson would merely become yet another example of a subordinate who believed that his own abilities could somehow compensate for Trump's failings.

Aligned with Tillerson were the three generals, Mattis, McMasters, and Kelly, each seeing themselves as representing maturity, stability, and restraint. And each, of course, was resented by Trump for it. The suggestion that any or all of these men might be more focused and even tempered than Trump himself was cause for sulking and tantrums on the

president's part.

The daily discussion among senior staffers, those still there and those now gone—all of whom had written off Tillerson's future in the Trump administration—was how long General Kelly would last as chief of staff. There was something of a virtual office pool, and the joke was that Reince Priebus was likely to be Trump's longest-serving chief of staff. Kelly's distaste for the president was open knowledge—in his every word and gesture he condescended to Trump—the president's distaste for Kelly even more so. It was sport for the president to defy Kelly, who had become the one thing in his life he had never been able to abide: a disapproving and censorious father figure.

* * *

There really were no illusions at 1600 Pennsylvania Avenue. Kelly's long-suffering antipathy toward the president was rivaled only by his scorn for the president's family —"Kushner," he pronounced, was "insubordinate." Cohn's derisive contempt for Kushner as well as the president was even greater. In return, the president heaped more abuse on Cohn—the former president of Goldman Sachs was now a "complete idiot, dumber than dumb." In fact, the president had also stopped defending his own family, wondering when they would "take the hint and go home."

But, of course, this was still politics: those who could overcome shame or disbelief—and, despite all Trumpian coarseness and absurdity, suck up to him and humor him—might achieve unique political advantage. As it happened, few could.

By October, however, many on the president's staff took particular notice of one of the few remaining Trump opportunists: Nikki Haley, the UN ambassador. Haley—"as ambitious as Lucifer," in the characterization of one member of the senior staff—had concluded that Trump's tenure would last, at best, a single term, and that she, with requisite submission, could be his heir apparent. Haley had courted and befriended Ivanka, and Ivanka had brought her into the family circle, where she had become a particular focus of Trump's attention, and he of hers. Haley, as had become increasingly evident to the wider foreign policy and national security team, was the family's pick for secretary of state after Rex Tillerson's inevitable resignation. (Likewise, in this shuffle, Dina Powell would replace Haley at the UN.)

The president had been spending a notable amount of private time with Haley on Air Force One and was seen to be grooming her for a national political future. Haley, who was much more of a traditional Republican, one with a pronounced moderate streak—a type increasingly known as a Jarvanka Republican—was, evident to many, being mentored in Trumpian ways. The danger here, offered one senior Trumper, "is that she is so much smarter than him."

What now existed, even before the end of the president's first year, was an effective power vacuum. The president, in his failure to move beyond daily chaos, had hardly

seized the day. But, as sure as politics, someone would.

In that sense, the Trumpian and Republican future was already moving beyond this White House. There was Bannon, working from the outside and trying to take over the Trump movement. There was the Republican leadership in Congress, trying to stymie Trumpism—if not slay it. There was John McCain, doing his best to embarrass it. There was the special counsel's office, pursuing the president and many of those around him.

The stakes were very clear to Bannon. Haley, quite an un-Trumpian figure, but by far the closest of any of his cabinet members to him, might, with clever political wiles, entice Trump to hand her the Trumpian revolution. Indeed, fearing Haley's hold on the president, Bannon's side had—the very morning that Bannon had stood on the steps of the Breitbart town house in the unseasonable October weather—gone into overdrive to push the CIA's Mike Pompeo for State after Tillerson's departure.

This was all part of the next stage of Trumpism—to protect it from Trump.

* * *

General Kelly was conscientiously and grimly trying to purge the West Wing chaos. He had begun by compartmentalizing the sources and nature of the chaos. The overriding source, of course, was the president's own eruptions, which Kelly could not control and had resigned himself to accepting. As for the ancillary chaos, much of it had been calmed by the elimination of Bannon, Priebus, Scaramucci, and Spicer, with the effect of making it quite a Jarvanka-controlled West Wing.

Now, nine months in, the administration faced the additional problem that it was very hard to hire anyone of stature to replace the senior people who had departed. And the stature of those who remained seemed to be more diminutive by the week.

Hope Hicks, at twenty-eight, and Stephen Miller, at thirty-two, both of whom had begun as effective interns on the campaign, were now among the seniormost figures in the White House. Hicks had assumed command of the communications operation, and Miller had effectively replaced Bannon as the senior political strategist.

After the Scaramucci fiasco, and the realization that the position of communications director would be vastly harder to fill, Hicks was assigned the job as the "interim" director. She was given the interim title partly because it seemed implausible that she was qualified to run an already battered messaging operation, and partly because if she *was* given the permanent job everyone would assume that the president was effectively calling the daily shots. But by the middle of September, interim was quietly converted to permanent.

In the larger media and political world, Miller—who Bannon referred to as "my typist"—was a figure of ever increasing incredulity. He could hardly be taken out in public without engaging in some screwball, if not screeching, fit of denunciation and grievance.

He was the de facto crafter of policy and speeches, and yet up until now he had largely only taken dictation.

Most problematic of all, Hicks and Miller, along with everyone on the Jarvanka side, were now directly connected to actions involved in the Russian investigation or efforts to spin it, deflect it, or, indeed, cover it up. Miller and Hicks had drafted—or at least typed—Kushner's version of the first letter written at Bedminster to fire Comey. Hicks had joined with Kushner and his wife to draft on Air Force One the Trump-directed press release about Don Jr. and Kushner's meeting with the Russians in Trump Tower.

In its way, this had become the defining issue for the White House staff: who had been in what inopportune room. And even beyond the general chaos, the constant legal danger formed part of the high barrier to getting people to come work in the West Wing.

Kushner and his wife—now largely regarded as a time bomb inside the White House—were spending considerable time on their own defense and battling a sense of mounting paranoia, not least about what members of the senior staff who had already exited the West Wing might now say about them. Kushner, in the middle of October, would, curiously, add to his legal team Charles Harder, the libel lawyer who had defended both Hulk Hogan in his libel suit against Gawker, the Internet gossip site, and Melania Trump in her suit against the *Daily Mail*. The implied threat to media and to critics was clear. Talk about Jared Kushner at your peril. It also likely meant that Donald Trump was yet managing the White House's legal defense, slotting in his favorite "tough guy" lawyers.

Beyond Donald Trump's own daily antics, here was the consuming issue of the White House: the ongoing investigation directed by Robert Mueller. The father, the daughter, the son-in-law, his father, the extended family exposure, the prosecutor, the retainers looking to save their own skins, the staffers who Trump had rewarded with the back of his hand—it all threatened, in Bannon's view, to make Shakespeare look like Dr. Seuss.

Everyone waited for the dominoes to fall, and to see how the president, in his fury, might react and change the game again.

* * *

Steve Bannon was telling people he thought there was a 33.3 percent chance that the Mueller investigation would lead to the impeachment of the president, a 33.3 percent chance that Trump would resign, perhaps in the wake of a threat by the cabinet to act on the Twenty-Fifth Amendment (by which the cabinet can remove the president in the event of his incapacitation), and a 33.3 percent chance that he would limp to the end of his term. In any event, there would certainly not be a second term, or even an attempt at one.

"He's not going to make it," said Bannon at the Breitbart Embassy. "He's lost his stuff."

Less volubly, Bannon was telling people something else: he, Steve Bannon, was going

to run for president in 2020. The locution, "If I were president …" was turning into, "When I am president …"

The top Trump donors from 2016 were in his camp, Bannon claimed: Sheldon Adelson, the Mercers, Bernie Marcus, and Peter Thiel. In short order, and as though he had been preparing for this move for some time, Bannon had left the White House and quickly thrown together a rump campaign organization. The heretofore behind-the-scenes Bannon was methodically meeting with every conservative leader in the country—doing his best, as he put it, to "kiss the ass and pay homage to all the gray-beards." And he was keynoting a list of must-attend conservative events.

"Why is Steve speaking? I didn't know he spoke," the president remarked with puzzlement and rising worry to aides.

Trump had been upstaged in other ways as well. He had been scheduled for a major *60 Minutes* interview in September, but this was abruptly canceled after Bannon's *60 Minutes* interview with Charlie Rose on September 11. The president's advisers felt he shouldn't put himself in a position where he would be compared with Bannon. The worry among staffers—all of them concerned that Trump's rambling and his alarming repetitions (the same sentences delivered with the same expressions minutes apart) had significantly increased, and that his ability to stay focused, never great, had notably declined—was that he was likely to suffer by such a comparison. Instead, the interview with Trump was offered to Sean Hannity—with a preview of the questions.

Bannon was also taking the Breitbart opposition research group—the same forensic accountant types who had put together the damning *Clinton Cash* revelations—and focusing it on what he characterized as the "political elites." This was a catchall list of enemies that included as many Republicans as Democrats.

Most of all, Bannon was focused on fielding candidates for 2018. While the president had repeatedly threatened to support primary challenges against his enemies, in the end, with his aggressive head start, it was Bannon who would be leading these challenges. It was Bannon spreading fear in the Republican Party, not Trump. Indeed, Bannon was willing to pick outré if not whacky candidates—including former Staten Island congressman Michael Grimm, who had done a stint in federal prison—to demonstrate, as he had demonstrated with Trump, the scale, artfulness, and menace of Bannon-style politics. Although the Republicans in the 2018 congressional races were looking, according to Bannon's numbers, at a 15-point deficit, it was Bannon's belief that the more extreme the right-wing challenge appeared, the more likely the Democrats would field left-wing nutters even less electable than right-wing nutters. The disruption had just begun.

Trump, in Bannon's view, was a chapter, or even a detour, in the Trump revolution, which had always been about weaknesses in the two major parties. The Trump presidency

—however long it lasted—had created the opening that would provide the true outsiders their opportunity. Trump was just the beginning.

Standing on the Breitbart steps that October morning, Bannon smiled and said: “It’s going to be wild as shit.”

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# INDEX

Abbas, Mahmoud, 231, 299
Abe, Shinzō, 106
*Abraham Lincoln*, USS, 182
Abramovich, Roman, 80
Adelson, Sheldon, 6, 141–43, 178, 289, 309
Afghanistan, 42, 263–68, 275–76
Agalarov, Aras, 254
*Agenda, The* (Woodward), 116
Ailes, Beth, 1, 4, 223–24
Ailes, Roger, 1–8, 11, 24, 26, 57, 59–60, 147, 164, 178–79, 195–98, 210, 212, 222–23
Alabama, 301–3
Al Shayrat airfield strike, 193–94
alt-right, 59, 116, 121, 128–29, 137–38, 174, 180, 296
*American Prospect*, 297
Anbang Insurance Group, 211
anti-Semitism, 140–44, 296
Anton, Michael, 105–6, 185, 229
*Apprentice, The* (TV show), 30, 76, 92, 109, 200
Arif, Tevfik, 100
Armey, Dick, 81
Arthur Andersen, 278
*Art of the Deal, The* (Trump and Schwartz), 22
Assad, Bashar al-, 183, 190
Atlantic City, 30, 99, 210
Atwater, Lee, 57
Australia, 78
Ayers, Nick, 240
Azerbaijan, 254
Bahrain, 231
Baier, Bret, 159–60
Baker, James, 27, 34

Baker, Peter, 277
Bannon, Steve, 185, 209, 247
Afghanistan and, 263–68
agenda of, in White House, 115–21, 275–77
agenda of, post-firing, 301–10
alt-right and, 137–38
background of, 55–60
campaign and, 3, 12–13, 17–18, 55, 86, 112–13, 201
Charlottesville and, 294–96
China and, 7–8, 297
Cohn and, 144, 146, 186
Comey firing and, 169–70, 211–15, 217–18, 232–33, 245–46, 261
CPAC and, 126–34
eve of inauguration and, 4–10
first weeks of presidency and, 52–55, 60–65, 67–70
Flynn and, 95, 103, 106
immigration and, 61–65, 77, 113
inauguration and, 42–43, 148
influence of, 70, 85, 108–10, 188
isolationism of, 227
Israel and, 140–43
Ivanka and, 146–48, 186–87, 211, 218–19, 221, 257
Jarvanka vs., 140, 174–82, 235–39, 243, 257, 261–62, 272, 274, 277, 280–81, 289–91
Kelly and, 287–91, 294–97
Kushner and, 69–70, 72, 77, 87, 110, 132, 134, 140–48
Kuttner call and firing of, 297–300, 307
media and, 38, 90–91, 93, 195–97, 206–9, 222
NSC and, 103, 176, 190–92
Obamacare and, 165–67, 170–72, 175
Paris Climate Accord and, 238–39
Pence and, 124
Priebus and, 33–34, 110
role of, in early presidency, 31–35
Russia investigation and, 7, 95, 97, 101, 154–55, 157, 170, 211, 233–46, 254–55, 257, 260–62, 278–81, 308
Ryan and, 161–63
Saudi Arabia and, 229–30
Scaramucci and, 268, 271, 274, 277, 281–85
Sessions and, 155, 241–42, 277–78
Syria and, 190–94
Trump on, 122–23

Trump pressured to fire, 173–82
Trump's personality and, 21, 23, 35, 45, 47–48, 148–49, 158
Trump's *Times* interview and, 277–78
White House appointments and, 4, 36, 86–87, 89, 189, 285
Barra, Mary, 88
Barrack, Tom, 27–29, 33, 42, 85, 233, 240
Bartiromo, Maria, 205
Bass, Edward, 56
Bayrock Group, 100–102
Bedminster Golf Club, 165, 213–14, 216, 287–94, 297, 302, 307
Beinart, Peter, 297
Benghazi, 97
Berkowitz, Avi, 143
Berlusconi, Silvio, 100
Berman, Mark, 78
*Best and the Brightest, The* (Halberstam), 53–54
Bezos, Jeff, 35
Biosphere 2, 56
Blackstone Group, 35, 78, 87, 298
Blackwater, 265
Blair, Tony, 156–58, 228
Blankfein, Lloyd, 144
Bloomberg, Michael, 117
Boehner, John, 26, 161
Boeing, 88
Bolton, John, 4–5, 189
border wall, 77–78, 228, 280, 303
Bossie, David, 58, 144, 177, 234, 237, 301
Bowles, Erskine, 27
Boyle, Matthew, 298–300
Boy Scouts of America, 284
Brady, Tom, 50
Brand, Rachel, 279
Breitbart, Andrew, 58–59
Breitbart News, 2, 32, 58–59, 62, 121, 126–29, 138, 160–62, 167, 179–80, 196, 207–8, 237, 266, 275, 297–98, 309
Brennan, John, 6, 41
Brexit, 5
Britain, 70, 157
Brooks, Mel, 15
Bryan, William Jennings, 45

Brzezinski, Mika, 66–69, 121, 176, 247–49
Brzezinski, Zbigniew, 66
Buckley, William F., 127
Bush, Billy, 10, 13–14, 34, 86, 96, 161
Bush, George H. W., 26, 27, 34, 126
Bush, George W., 16, 27, 44, 82, 90, 126, 128, 138, 182, 184, 199, 205, 225, 227, 264
Bush, Jeb, 21, 56, 138
business councils, 35, 87–88, 239, 298
Camp David, 84
Canada, 107, 228
Card, Andrew, 27
Carlson, Tucker, 140, 205
Carter, Arthur, 74–75
Carter, Graydon, 74, 199
Carter, Jimmy, 27, 66
Caslen, Robert L., Jr., 189
*Celebrity Apprentice* (TV show), 22
Central Intelligence Agency (CIA), 6, 17, 42, 48–51, 65, 102, 104, 263, 265, 267
Charlottesville rally, 292–96, 298
chemical weapons, 183–84, 190–93, 265
Cheney, Dick, 27
China, 6–8, 39, 100, 193–94, 211, 226, 228, 258, 267, 269–70, 297
Chopra, Deepak, 80
Christie, Chris, 16, 24–25, 30–31, 210, 242, 279
Christoff, Niki, 78
Churchill, Winston, 50
*Circa* news website, 159, 257
Clapper, James, 41, 214–15
Clinton, Bill, 23, 27, 54, 58, 90, 116, 123, 128, 158, 225, 228
  impeachment of, 201, 233, 280
Clinton, Hillary, 3, 11–12, 18, 35, 69, 76, 87, 94, 97, 112, 134, 141, 144, 164, 204, 206, 233, 253, 269
Comey and, 169, 213, 216, 220, 245
  Russian hacking of emails, 254, 259–60
*Clinton Cash* (Schweizer), 309
CNBC, 143, 207
CNN, 37, 39, 92, 159, 237, 298
Cohen, Michael, 278–80
Cohn, Gary, 89, 143–46, 170–71, 176, 186–87, 190, 229, 235, 258, 261, 270, 276, 285, 290, 296, 304–5
Cohn, Roy, 73, 141
Collins, Gail, 92

Comey, James, 6, 11, 168–70, 211–20, 223–24, 229, 232–33, 237, 242–45, 261–62, 280, 307

Commerce Department, 133

Conservative Political Action Conference (CPAC), 126–39

Conway, George, 201–2

Conway, Kellyanne, 9–10, 12, 18, 20, 33, 37, 39, 43, 45, 48, 60, 64, 81, 84, 86–87, 91, 93, 96–97, 107, 109, 112, 122, 127, 129, 132, 134, 146, 170, 175–76, 185, 188, 198–203, 205, 207, 209, 261, 269, 291

Corallo, Mark, 238, 257, 259–60, 280–81

Corker, Bob, 43

Corzine, Jon, 56, 144

Coulter, Ann, 29, 128, 138, 201, 205

Couric, Katie, 203

Cruz, Ted, 12, 201

DACA, 280

*Daily Mail*, 15, 308

Daley, Bill, 27

Davis, Lanny, 233, 238

Dean, John, 212–13

Defense Intelligence Agency, 101

Democratic National Committee (DNC), 101

Democratic Party, 37, 97, 212, 310

Deripaska, Oleg, 17, 101, 240

*Devil's Bargain, The* (Green), 276, 289

DeVos, Betsy, 21, 129

DeYoung, Karen, 105–6

Dickerson, John, 209

Digital Entertainment Network, 56

Director of National Intelligence, 86, 214

Disney, 42, 88

Dowd, Mark, 281

Dubai, 39

Dubke, Mike, 208, 273

Duke, David, 141

Dunford, Joseph, 182

Egypt, 6, 81, 227, 231

elections

of 2008, 62, 111

of 2016, 18, 101–2, 309

of 2017, 301–2

of 2018, 171, 309–10

of 2020, 308–9

Emanuel, Rahm, 27
Enron, 278
environmental regulation, 182, 295
Epstein, Edward Jay, 102
Epstein, Jeffrey, 28
Europe, 5, 142
European Union, 99
executive orders (EOs), 120, 133
  climate change, 182
  immigration and travel ban, 61–65, 68, 70, 78, 95, 113, 117
executive privilege, 245, 278
Export-Import Bank, 271
Facebook, 21
Farage, Nigel, 275
Federal Bureau of Investigation (FBI), 6, 11, 42, 96, 98, 101–2, 156, 159, 168–70, 210–20, 235, 244–46, 255, 281
Federalist Society, 86
Federal Reserve, 276
Fields, James Alex, Jr., 293
*Financial Times*, 278
First Amendment, 136
*Five, The* (TV show), 273
Florida, 60
Flynn, Michael, 4, 16–17, 95–96, 101–7, 154–55, 172, 176, 188–89, 191, 210, 220–21, 225, 227, 244, 280
Foer, Franklin, 99–102
Ford, Gerald, 27, 90
Foreign Intelligence Surveillance (FISA) Court, 95
Fourth Amendment, 16
Fox Business Channel, 205, 268, 270
Fox News, 1–3, 8, 24, 127–28, 140, 159, 195–97, 205, 217, 223, 237, 272, 284, 298
Franken, Al, 151–52
Freedom Caucus, 161, 171
Fusion GPS, 37, 99
G20 summit, 257
Gaddafi, Muammar, 270
Gamergate, 59
Gawker, 308
Gaza, 6
Gazprom, 101
Geffen, David, 12, 178
General Electric (GE), 88

General Motors, 88
Georgia (post-Soviet), 226
Gingrich, Newt, 177
Giuliani, Rudy, 16, 30, 86–87, 210, 242, 279
Glover, Juleanna, 78
Glover Park Group, 203
Goldman Sachs, 55–56, 81–82, 119, 143–49, 174, 179, 184, 270, 305
Goldman Sachs Foundation, 82
Goldwater, Barry, 127
Gore, Al, 123
Gorka, Sebastian, 129
Gorsuch, Neil, 85–87, 133
Grimm, Michael, 310
*Guardian*, 276
Guilfoyle, Kimberly, 223, 272–73, 284
H-1B visas, 36
Haberman, Maggie, 91–92, 206–7, 277
Hagin, Joe, 186, 229
Hahn, Julia, 236
Haig, Alexander, 27
Halberstam, David, 53–55
Haldeman, H. R., 27
Haley, Nikki, 305–6
Hall, Jerry, 19
Halperin, Mark, 217
Hamad bin Isa Al Khalifa, king of Bahrain, 231
Hanley, Allie, 127, 139
Hannity, Sean, 68, 195–96, 222–24, 309
Harder, Charles, 308
Haspel, Gina, 157
Health and Human Services Department (HHS), 166
Hemingway, Mark, 38
Heritage Foundation, 162
Heyer, Heather, 293
Hicks, Hope, 13, 26, 109, 150–54, 158, 160, 185, 188, 198–201, 203–9, 213, 216–17, 229, 235, 247, 258–59, 261–62, 271, 277, 279, 281, 297, 307
Hiltzik, Matthew, 203–4, 207
Hitler, Adolf, 127
HNA Group, 269
Hogan, Hulk, 22, 308

Homeland Security Department, 63, 86, 133, 218, 285, 288
Hoover, J. Edgar, 219
Hubbell, Webster, 97
Hull, Cordell, 105
Hussein, Saddam, 27
Hutchison, Kay Bailey, 81
IBM, 88
Icahn, Carl, 20, 141, 211
Iger, Bob, 88, 238
immigration and travel ban, 36, 62–65, 68, 70, 78, 95, 113, 116–17, 138, 288
infrastructure, 224, 295
Ingraham, Laura, 201, 205, 222
intelligence community, 6–7, 41–42, 98, 101–2, 104, 153, 159, 219
Internet Gaming Entertainment (IGE), 56–57
*In the Face of Evil* (documentary), 58
Iran, 4, 191, 225–27
Iraq, 42, 49, 128, 138, 182
ISIS, 7, 49, 219
isolationism, 118, 174, 184, 191, 227
Israel, 4, 6, 140–43, 211, 219, 227, 230, 265, 281, 289
Jackson, Andrew, 44, 67, 158
Jackson, Michael, 28, 42
Japan, 39, 106
Jarrett, Valerie, 129
Jefferson, Thomas, 293
Jerusalem, 6
Jews, 73, 140–45, 157, 293
John Birch Society, 127
Johnson, Boris, 70
Johnson, Jamie, 79–80
Johnson, Lyndon B., 6–7, 53, 66, 158, 167
Johnson, Woody, 12
Jones, Paula, 201
Jordan, 6
Jordan, Hamilton, 27
Jordan, Vernon, 78
Justice Department (DOJ), 94–96, 98, 105, 151, 154–56, 168–69, 210, 216–17, 242
Kaepernick, Colin, 303
Kalanick, Travis, 88
Kaplan, Peter, 74–76

Kasowitz, Marc, 238, 259–60, 280–81
Kazakhstan, 281
Keaton, Alex P., 128
Kelly, John, 4, 63, 109, 188, 218, 285, 287–91, 294–97, 299–300, 304–7
Kennedy, John F., 53, 84
Kent, Phil, 92
Khan Sheikhoun chemical attack, 183–84, 188–93
Kim Jong-un, 293
King, Martin Luther, Jr., 50–51
Kirk, Russell, 127
Kislyak, Sergey, 95, 106, 151, 154–55, 218, 236
Kissinger, Henry, 41, 77, 142, 145, 193, 226–28
Koch brothers, 178
Kudlow, Larry, 143, 207
Ku Klux Klan (KKK), 294–95
Kurtz, Howard, 217
Kushner, Charlie, 17, 31, 72, 210–11, 257, 281
Kushner, Jared
  background of, 28, 71–76, 80–81
  Bannon and, 8, 12, 52–53, 68, 110, 115, 132–34, 140, 145–47, 154, 173–74, 176, 179–82, 187, 191, 207–8, 235–36, 238–39, 243, 245–47, 274, 276, 281, 289, 291, 297
  business affairs of, 17–18, 102, 211, 256, 281
  business council and, 35, 87–88
  Charlottesville rally and, 294
  China and, 193, 211, 228
  Christie and, 31
  Comey and, 168–70, 210–14, 216–18, 232, 243, 245, 280, 307
  CPAC and, 132–34
  electoral victory and, 10, 12, 18–19, 45, 60, 103, 112
  intelligence community and, 41–42, 48, 156–57
  Kelly and, 288–91, 294, 305–6
  McMaster and, 176, 189, 192–93, 235, 266, 289
  media and, 68–69, 76, 146, 202–3, 207, 277–79
  Mexico and, 77–78
  Middle East and, 70, 140–43, 145, 157, 182, 192, 194, 211, 266, 268
  Murdoch and, 73, 156, 179
  Obamacare and, 72, 166–68
  Office of American Innovation and, 181, 207
  policy and, 115–25, 226, 228
  role of, in White House, 29–30, 40–41, 64, 69–72, 77, 93, 109, 172, 285

Russia and, 24, 106, 154–56, 170, 236, 239, 253–58, 261, 271, 273, 278, 280, 283–84, 307–8
Saudi Arabia and, 225–29
Trump's speech to Congress and, 149–51
White House staff and, 33, 110, 121, 140, 143–49, 186, 253, 268, 271–74, 282–83, 286
Kushner, Josh, 69, 166
Kushner Companies, 256
Kuttner, Robert, 297–98
labor unions, 67–68
Ledeen, Michael, 104
Lee, Robert E., 293
Lefrak, Richard, 27
Le Pen, Marine, 100
Lewandowski, Corey, 11–13, 17, 26, 28–29, 204, 234, 237–38, 252–53, 255
Lewinsky, Monica, 233
Libya, 6, 42
Lighthizer, Robert, 133
Limbaugh, Rush, 128, 222
Lowe, Rob, 42
Luntz, Frank, 201
Manafort, Paul, 12, 17, 28, 101, 210, 240, 253–56, 278, 280
*Manhattan, Inc.*, 74
Manigault, Omarosa, 109
Mar-a-Lago, 4, 69, 99, 106, 159, 189, 193–94, 210, 228, 248–49
Marcus, Bernie, 309
Mattis, James, 4, 21, 103, 109, 188, 264–65, 288, 296, 304–5
May, Theresa, 258
McCain, John, 112, 306
McCarthy, Joe, 73
McConnell, Mitch, 32, 117, 301–2
McCormick, John, 167
McGahn, Don, 95, 212–14, 217
McLaughlin, John, 10
McMaster, H. R., 109, 176, 185, 188–93, 211, 235, 258, 263–68, 276–77, 288–89, 298–99, 304–5
McNerney, Jim, 88
Meadows, Mark, 161, 163, 171
Medicare, 165
Melton, Carol, 78
Mensch, Louise, 160
Mercer, Rebekah, 12, 58–59, 121, 127, 135, 139, 177–80, 201, 208, 309
Mercer, Robert, 12, 58–59, 112, 177–80, 201, 309

Mexico, 39, 62, 77, 93, 228
Middle East, 29, 70, 140, 145, 157, 190, 211, 224–33, 242, 264
*Mighty Ducks, The* (TV show), 56
military contractors, 265, 267
Miller, Jason, 234, 237–38, 299
Miller, Stephen, 61, 64–65, 89, 133, 148, 209, 213, 229, 258, 307
Mnuchin, Steve, 13, 133, 290, 296, 304
Mohammed bin Nayef, crown prince of Saudi Arabia (MBN), 228, 231
Mohammed bin Salman, crown prince of Saudi Arabia (MBS), 224–31
Moore, Roy, 302–4
Morgan, Piers, 22
*Morning Joe* (TV show), 32, 66–67, 121, 189, 247–48
MSNBC, 66, 106, 247
Ms. Universe contest, 38–39
Mueller, Robert, 220–21, 223, 229–30, 232–33, 238–41, 243, 256, 258, 261–62, 277–80, 306, 308
Mulvaney, Mick, 116, 171, 185, 285
Murdoch, Chloe, 156
Murdoch, Grace, 156
Murdoch, Rupert, 2, 8, 19–20, 32, 36, 60–61, 73–74, 80–81, 93, 121, 147, 156–57, 178–79, 195–98, 223, 289, 298
Murdoch, Wendi, 19, 80, 156
Murphy, Mike, 56
Musk, Elon, 35, 78, 88, 238
National Economic Council, 89, 143–44
National Environment Policy Act (1970), 182
National Football League, 303–4
nationalists, 133–34, 138, 174, 276, 293, 301–2
National Policy Institute, 127
National Republican Senatorial Committee, 112
National Security Advisor
  Brzezinski as, 66
  Flynn as, 4, 17, 95, 101–7, 191
  McMaster as, 176, 188–89
  Rice as, 6, 41
National Security Agency (NSA), 102, 223
National Security Council (NSC), 42, 103, 105, 176, 185–86, 190–91, 193, 265, 267
Navarro, Peter, 133
Nazi Germany, 7
NBC, 66, 92
neoconservatives, 4, 128, 227
neo-Nazis, 137, 292–95

Netanyahu, Benjamin, 6, 142, 231
*New Republic*, 98, 297
Newsom, Gavin, 272
*New Yorker*, 37, 56, 151, 154, 215, 284–85
*New York* magazine, 74
*New York Observer*, 72–76, 141
*New York Post*, 15, 74, 113, 207
*New York Times*, 37, 51, 90–92, 96, 151–53, 196, 205, 207, 211, 236, 237, 257, 259–60, 266, 271, 277
Nixon, Richard M., 2, 8, 26–27, 41, 54, 90, 93, 212–13, 222
Nooyi, Indra, 88–89
North American Free Trade Agreement (NAFTA), 77
North Atlantic Treaty Organization (NATO), 99
North Korea, 291–93, 297
Nunberg, Sam, 11, 13, 16, 22, 144, 237–38, 248, 282, 291, 300
Nunes, Devin, 170
Obama, Barack, 27, 35–36, 41–45, 54, 61–63, 67, 90, 101, 104, 128, 164, 187, 215, 250, 269, 295
  birth certificate and, 62, 295
  DOJ and, 94–96, 210, 279
  executive orders and, 61
  farewell speech, 36
  Flynn and, 101
  immigration and, 63
  Middle East and, 6–7, 42, 183, 190, 225, 227, 231, 263–66
  Russia and, 95, 151–54, 156
  Trump inauguration and, 43–44
  White House Correspondents' Dinner and, 198
  wiretapping and, 157–60
Obamacare repeal and replace, 72, 116–17, 164–67, 170–71, 175, 224, 283, 285, 290
Office of American Innovation, 180–81, 207
Office of Management and Budget (OMB), 116, 185, 285
O'Neill, Tip, 167
opioid crisis, 291
O'Reilly, Bill, 195–96, 222
Organization for Economic Co-Operation and Development, 271
Oscar insurance company, 72
Osnos, Evan, 154
Page, Carter, 101
Palestinians, 227, 230–32
Panetta, Leon, 27
Paris Climate Accord, 182, 238–39, 301

PayPal, 21
Pelosi, Nancy, 78
Peña Nieto, Enrique, 77–78, 228
Pence, Karen, 124, 209
Pence, Mike, 92, 95, 106–7, 123–24, 171, 209, 218, 240
Pentagon, 7, 55
Perelman, Ronald, 73, 141
Perlmutter, Ike, 141
Petraeus, David, 263–64
Pierce, Brock, 56–57
Planned Parenthood, 117
*Playbook*, 171
Podesta, John, 27
Politico, 171
Pompeo, Mike, 49, 51, 157, 306
populists, 6, 24, 31, 100, 113, 118, 142, 174–75, 177, 276, 301
Powell, Dina, 81–82, 145–46, 176–77, 184–88, 190, 192–94, 229, 235–36, 258, 261, 265–67, 276, 279, 285, 296, 306
Preate, Alexandra, 1, 32, 130, 207–8, 238, 249, 275, 278–79, 299
Pre-Election Presidential Transition Act (2010), 24
Price, Tom, 165–66, 171, 291
Priebus, Reince, 77, 86, 144, 146, 150, 166, 171–73, 176, 203, 205, 207, 209, 229, 238, 257, 296, 304
  business councils and, 89
  campaign and, 9–10, 13, 18, 112–13
  chief of staff appointment and, 26, 32–34, 60, 64–65, 67–70, 109–10, 117–24, 243–44, 305
  CPAC and, 127, 130–34
  Flynn and, 95, 106
  inauguration and, 45, 52
  Obama wiretapping story and, 159–60
  resignation of, 282–85, 307
  Russia investigation and, 171, 211–14, 216–17, 232–34, 261–62
  Scaramucci and, 270–72, 282–85
Prince, Erik, 265, 267
*Private Eye* magazine, 74
*Producers, The* (film), 15–16
Pruitt, Scott, 21
Putin, Vladimir, 7, 8, 24, 37–38, 99–102, 153, 155
Qatar, 230–31
Raffel, Josh, 142, 207, 258–59, 279
Reagan, Ronald, 26, 27, 34, 58, 90, 126–27, 144, 201, 222
Remnick, David, 154

Renaissance Technologies, 58
Republican National Committee (RNC), 10–11, 13, 26, 28, 30, 32–33, 52, 112, 119, 172, 205
Republican National Convention, 21, 26, 28, 253
Republican Party, 2, 18, 30, 40–41, 81, 86, 98, 111–12, 117–21, 128, 161–67, 171–72, 201, 290, 303
  fracturing of, 179–80, 253, 283, 306, 309–10
Rhodes, Ben, 41, 154, 159, 185, 215
Rice, Susan, 7, 41, 153
Rometty, Ginni, 88
Rose, Charlie, 309
Rosen, Hillary, 78
Rosenstein, Rod, 212, 214, 216–21, 279
Ross, Wilbur, 78, 133, 229–30
Roth, Steven, 27, 141
Rove, Karl, 57, 238
Rumsfeld, Donald, 27
Russia, 24, 37–39, 92, 151–56, 160, 190–91, 236–46, 273, 303, 307–8
  Bannon on, 6–7, 238–40, 278–83
  Comey and, 168–70, 210–20, 242, 244–45
  Don Jr. Trump Tower meeting and, 253–61, 271–72, 307
  Foer's theories on, 99–102
  Flynn and, 17, 95, 102–7, 154–56
  investigations begun, 41, 94–107
  Kushner and, 41–42, 80, 102, 154–56, 168–70, 210–14, 218, 226, 236–37, 245–46, 254–56, 273, 278, 281, 283–84, 307–8
  money trail and, 278–83
  Mueller appointed special counsel, 220–21, 223, 229–30, 232–33, 238, 239, 241, 243, 261–62, 278–80
  Obama wiretapping story and, 157–60
  sanctions and, 105–7, 226
  Sessions and, 151–52, 155–56, 245–46
  Syria and, 190–91, 226
  Steele dossier and, 37–39, 92–93, 102, 151, 156
Russian oligarchs, 17, 81, 100–101, 254
Ryan, Paul, 32, 117–21, 159–67, 170–72, 224
Sandberg, Sheryl, 187, 236
Sanders, Bernie, 5
Sanders, Sarah Huckabee, 229
Sater, Felix, 100–101, 278
*Saturday Night Live* (TV show), 89, 91, 93, 208, 276
Saudi Arabia, 6, 224–32, 236
Saval, Nikil, 276

Scaramucci, Anthony, 268–74, 277, 281–86, 288, 307

Scarborough, Joe, 32, 47, 66–69, 81, 121, 147, 176, 247–49

Scavino, Dan, 229

Schiller, Keith, 217, 229

Schlapp, Matt, 127, 129, 131–33

Schlapp, Mercedes, 129

Schmidt, Michael, 277

Schwartz, Arthur, 249, 298–300

Schwartz, Tony, 22

Schwarzman, Stephen, 35, 78, 87–88, 298

Secret Service, 84

*Seinfeld* (TV series), 56

Sekulow, Jay, 281

Sessions, Jeff, 4, 59, 61–62, 64, 94, 138, 151–52, 155–56, 170, 212, 214, 216–18, 220, 241–42, 245–46, 261, 277, 279–80, 302

Sinclair organization, 159

Sisi, Abdel Fattah el-, 231

*60 Minutes* (TV show), 309

666 Fifth Avenue, 211, 281

Skybridge Capital, 269–70

*Slate*, 98–99

Slovenia, 15

Smith, Justin, 78

Snowden, Edward, 42, 95

Soros, George, 178

Special Operations, 265

Spencer, Richard, 127, 129–30, 137–39, 292–94

Spicer, Sean, 10, 47–48, 64, 91, 96, 122, 132, 160, 205–7, 211, 217–18, 223, 229, 251–52, 257–58, 261, 272–73, 282, 286, 296, 307

*Spy* magazine, 74

Starr, Ken, 233

State Department, 63, 86, 228–29, 231

Steele, Christopher, 37, 99

Steele dossier, 37–39, 92–93, 102, 151, 156

steel industry, 67–68

Steinmetz, Benny, 211

Stone, Roger, 13, 17, 55, 288

Strange, Luther, 302–4

Strategic and Policy Forum, 87–89

*Suzy* magazine, 15

Swan, Jonathan, 299

Syria, 42, 183–84, 188–93, 219, 226, 265
Taliban, 267
tax reform, 87, 167, 224, 290
Tea Party, 5, 18, 26, 33, 58–59, 128, 161–63
Thiel, Peter, 21, 222, 309
Thrush, Glenn, 91, 277
Tillerson, Rex, 4, 21, 86, 211, 225, 229, 265, 267, 296, 304–6
*Time* magazine, 50, 56, 93, 130, 147, 276
Time Warner, 78, 92
trade, 116, 174, 276
transgender ban, 284
Treasury Department, 133
Trotta, Liz, 223
Trudeau, Justin, 107, 228
Truman, Harry, 61
Trump, Barron, 14
Trump, Don, Jr., 17–18, 27, 204, 252–61, 271, 278–79, 307
Trump, Donald
  Abe meeting at Mar-a-Lago and, 106
  Afghanistan and, 263–68
  Ailes on, 2–8
  Ailes's funeral and, 222–24
  Alabama GOP Senate run-off, 301–4
  *Apprentice* and, 30, 76
  Bannon and, 1–8, 31–32, 35, 52–53, 59–65, 93, 122, 146–47, 158, 187, 190–91, 232–37, 289, 301, 308–10
  Bannon firing and, 173–83, 298–300
  Billy Bush tape and, 13–14, 34
  business and finances of, 17–18, 36–37, 39, 99, 100, 102, 240, 252–53, 277–79
  business councils and, 87–89, 298
  cabinet appointments and, 4–5, 86
  campaign and, 3, 12–18, 59–60, 66–67, 99, 101, 112, 114, 134, 157, 201–4
  Canada and, 228
  chaotic leadership style of, 108–24
  Charlottesville and, 293–96, 298
  China and, 193–95, 228, 297–98
  Comey and, 168–69, 210–20, 224, 232–33, 242, 244–46
  Congress and, 116–18
  Conway and, 146–47, 200–203
  CPAC and, 126–39
  DOJ and, 155–56, 168–69

electoral victory of, 3, 9–20, 24, 34–39
executive orders and, 61–65, 120
fake news and, 39, 48, 135–36, 152, 168, 215, 237
Flynn and, 103–4, 106–7
foreign policy and, 184, 226–28
future of presidency of, 308–10
Gorsuch nomination and, 85–87
Haley and, 305–6
Hannity interview and, 309
Harrisburg trip and, 209
immigration and, 61–65, 68, 117
inauguration and, 1, 40–44, 47–51, 251
information and influences on, 70–71, 108–9, 113–16, 188, 192–93
intelligence briefings and, 115
intelligence community and, 41–42
Israel and, 231
Ivanka and, 69–71, 79–80, 181, 187, 237, 252, 257–58, 290
Jews and, 140–44
Kelly as chief of staff and, 285–91, 294–97, 304–7
Kislyak meeting in Oval Office and, 218–19
Kushner and, 40, 69–73, 93, 122, 126, 142, 145, 179, 181–82, 211, 252–53, 290
McMaster and, 188–90, 193, 289
media and, 34–35, 39, 46–47, 51, 74–76, 89–93, 96–99, 195–209, 215, 224, 247–51, 260
Melania and, 14–15, 43
Mercers and, 178–80
Mexico and, 77–78, 228
Mueller investigation and, 220–21, 223, 229–30, 232–33, 238–41, 243, 256, 258, 261–62, 277–80, 306, 308
Murdoch and, 19–20, 60–61
*New York Times* interview of, 277
NFL controversy and, 303–4
nightly phone calls and, 85, 92, 121–23, 158, 188, 210, 215, 230, 279
normalizing influences on, 138, 179, 183–88
North Korea and, 106, 291–93, 298
Obamacare and, 164–71, 175, 224, 283
Obama wiretapping accusation and, 157–60
O'Reilly and, 196–97
pardon power and, 256
Paris Climate Accord and, 238–39
Pence and, 123
personality and behavior of, 21–24, 35, 54–55, 70–73, 83, 114, 158, 232, 242–31, 248, 303

phone calls with foreign leaders, 78
political style of, 45–48, 249–51
popular vote and, 34
press secretary and, 110, 205–6, 272–74
Priebus as chief of staff and, 26–34, 109–10, 122, 146, 187, 243, 285
Republican Party and, 112, 163
right wing and, 196–97, 222–23, 237
Russia and, 24, 37–39, 41, 95–107, 151–54, 168, 190–91, 212, 218–21, 236–42, 244–45, 253–62, 271–72, 278–79, 283, 303, 307–8
Saudi Arabia and, 224–32
Scaramucci and, 269–71, 273–74, 282–84
Scarborough and Brzezinski and, 66–69, 247–49
Sessions and, 155–56, 241–42, 245, 277, 284
sexual harassment and, 23, 238
sons and, 252–53
speaking style of, 135–37
speech at Huntsville for Strange, 303–4
speech to Boy Scouts, 284
speech to CIA, 48–51, 65
speech to joint session of Congress, 147–50
staff doubts about, 186, 232–33, 242–43, 304–5
staff infighting and, 122–23
Syria and, 183–84, 188–93
tax reform and, 224
tax returns and, 18, 278
television and, 113, 150, 188, 197
transition and, 24–36, 103, 110, 112, 144
White House Correspondents' dinner and, 198–99, 208–9
White House living quarters and, 70, 83–85, 90–92
women as confidants of, 199–200
Yates and, 94–96, 98, 214–16
Trump, Eric, 17, 27, 252–53
Trump, Freddy (brother), 72
Trump, Fred (father), 72, 90, 295
Trump, Ivanka, 13, 15, 17–19, 64
Afghanistan and, 266–68
background of, 73, 75, 78–81, 141, 179
Bannon and, 145, 147, 174, 176, 179–81, 187, 208, 235–39, 243, 261–62, 267, 274, 276, 280–81, 289, 291, 297
Charlottesville rally and, 294
China dinner and, 194

Christie and, 31
Comey and, 170, 210–13, 216–17, 233, 237, 245, 261–62
Haley and, 305
Kelly and, 288–90, 306
media and, 156, 202–3, 207, 272–73, 277–79
Obamacare and, 166
Paris Climate Accord and, 239
Powell and, 81–82, 140, 145–46, 186–88
Russia and, 239, 256–58, 261–62, 273, 307–8
Saudi Arabia and, 229, 231
Syria and, 190, 192
White House role of, 68–71, 78–81, 118–19, 181, 187, 200, 252, 285
White House staff and, 124, 146–48, 202–3, 268, 272–73, 282–83, 286, 289
Trump, Melania, 14–15, 18, 29, 43–44, 84, 229, 231, 291, 308
Trump International Hotels, 43, 200–201, 298, 300
Trump SoHo, 210
Trump Tower, 25, 35–37, 60, 83–84, 100, 108
Don Jr. meeting with Russians at, 253–61, 271–72, 307
Kislyak meeting with Kushner and Flynn at, 154
surveillance of, 158–59
Turkey, 104, 226
Twenty-Fifth Amendment, 297, 308
Uber, 78, 88
Ukraine, 101, 226, 240
U.S. Congress, 41, 61, 98, 120, 147–49, 152, 163, 165, 166, 216–17, 238–39, 244, 306, 310
U.S. Constitution, 16
U.S. House of Representatives Budget Committee, 162
Intelligence Committee, 168, 170
Obamacare repeal and, 161–62, 171–72
Ways and Means Committee, 162
U.S. Senate, 59, 94
Judiciary Committee, Crime and Terrorism Subcommittee, 214–15
Foreign Relations Committee, 43
Intelligence Committee, 242, 244–45
Obamacare and, 283, 285
US Steel, 67
U.S. Supreme Court, 85–86, 251
University of Virginia, "Unite the Right" rally at, 293–94
unmasking, 96, 160
*Vanity Fair*, 74, 75, 199

Venezuela, 293
Vietnam War, 53, 264
*Vogue*, 35
Wachtell, Lipton, Rosen & Katz, 201, 269
Walker, Scott, 33
*Wall Street 2* (film), 270
Walsh, Katie, 10, 18, 52, 64, 110–17, 119–25, 144, 161, 163, 168, 171–72, 181–82, 187, 239, 303
*Washington Post*, 35, 37, 56, 78, 95–97, 105–6, 151–52, 155, 206, 211, 236, 237, 266
*Washington Times*, 129
Watergate scandal, 212–13, 278
*Weekly Standard*, 38
Weinstein, Harvey, 203
Weissmann, Andrew, 278
Welch, Jack, 88
West Bank, 6
White House communications director
  Dubke as, 208
  Hicks as, 297, 307
  Scaramuccci as, 273–74, 281–86
White House Correspondents' Dinner, 198–99, 208
White House ethics office, 270
White House Office of Public Engagement and Intergovernmental Affairs, 270–71
white supremacy, 127, 138, 293–96
Whitewater affair, 58, 97
WikiLeaks, 153, 254
Wintour, Anna, 35–36
Wirthlin, Richard, 201
*Women Who Work* (Ivanka Trump), 79
Woodward, Bob, 54, 116
World Bank, 257
World Wrestling Entertainment, 22
Wynn, Steve, 30
Xi Jinping, 193, 228, 258
Yaffa, Joshua, 154
Yahoo! News, 37
Yanukovych, Viktor, 101
Yates, Sally, 94–96, 98, 104, 214–16
Yemen, 6
Yiannopoulos, Milo, 128–28, 138
Zhukova, Dasha, 80

# ABOUT THE AUTHOR

MICHAEL WOLFF has received numerous awards for his work, including two National Magazine Awards. He has been a regular columnist for *Vanity Fair, New York, The Hollywood Reporter*, British *GQ, USA Today*, and *The Guardian*. He is the author of six prior books, including the bestselling *Burn Rate* and *The Man Who Owns the News*. He lives in Manhattan and has four children.

**From:** Steven Sinofsky [redacted]
**Sent:** 2/21/2018 5:48:07 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Pro Rata: Wednesday, February 21
**Attachments:** image1.png

**Importance:** High

Excerpt from below...

> **Same old story:** Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.
>
> - She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

Begin forwarded message:

**From:** Kia Kokalitcheva <[redacted]>
**Date:** February 21, 2018 at 7:32:17 AM PST
**To:** [redacted]
**Subject: Pro Rata: Wednesday, February 21**

View in browser

# Pro Rata

By Kia Kokalitcheva ·Feb 21, 2018

*Welcome back, readers. Once again, a reminder to send me your delicious scoops and tips at kia@axios.com or find me on Twitter at @imkialikethecar.*

**Hot event alert:** RSVP to our 2/26 event in NYC for interviews with NBA star Draymond Green, BBG Ventures' Susan Lyne, JPMorgan's Jennifer Piepszak, and Equinox CEO Harvey Spevak.

# Top of the Morning

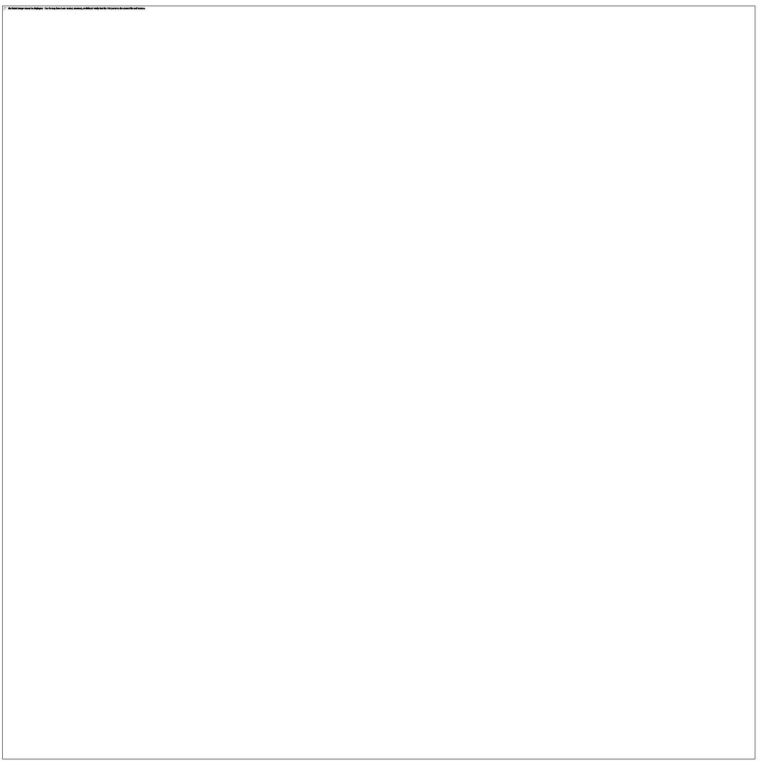

Illustration: Rebecca Zisser / Axios

AT&T's proposed $85 billion purchase of Time Warner took another turn yesterday. A federal judge hearing the Justice Department's lawsuit to block the deal denied a request by the telecom giant to disclose communications between Justice Department officials, including Attorney General Jeff Sessions, and the White House about the deal.

- **Why it matters:** The ruling is a blow to AT&T's attempt to show that the lawsuit to block the deal is politically motivated by President Trump's antipathy for CNN, which Time Warner owns. AT&T says it wasn't asked to offload any assets as part of the deal until after Trump took office.
- **What they're saying:** "We respect the judge's decision and look forward to the upcoming trial," said Dan Petrocelli, who is leading AT&T and Time Warner's defense in the case, in a statement.
- **At a hearing on Friday,** a Justice Department lawyer said that AT&T's argument for the documents "didn't make sense."
- **Go deeper:** Our report from the courtroom on Friday, when DOJ and AT&T presented their arguments.

**Fund scoop:** Niv Dror, who joined AngelList through its acquisition of Product Hunt in 2016, is raising a small early-stage fund focused on consumer products, multiple sources tell Axios. Dror declined to comment.

- The fund will raise at least $1 million, though one source says it could go up to $2-3 million.
- Like Product Hunt colleague Ryan Hoover's own VC fund, Dror's will be managed on the back-end by AngelList.

**Same old story:** Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.

- She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

**Softbank $$$:** Softbank's Vision Fund is in early talks to raise additional funds from Bahrain's sovereign wealth fund, Mumtalakat, the latter's CEO told Reuters.

- The Persian Gulf has been a major source of funds for the Vision Fund: Public Investment Fund, Saudi Arabia's main sovereign wealth fund, and Abu Dhabi's Mubadala, are already investors.
- And it's not the only one visiting the region's investors—funds focused on tokens and cryptocurrencies have also been fundraising in the area, I'm told.

**Unicorn stampede:** We're not even two months into 2018 and yet, seven startups have already seen their private valuations cross the $1 billion mark—earning "unicorn" status—according to Pitchbook. Last year: 53. The word "overvalued" comes to mind...

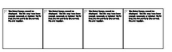

# The BFD

Photo: George Rose/Getty Images

Broadcom has adjusted its takeover offer for Qualcomm to $79 per share, down from the its “best and final” bid of $82. The move is a response to Qualcomm's announcement yesterday it would pay $127.50 a share for NXP, up from the $110 it had offered.

- **Why it's the BFD:** Broadcom and Qualcomm's takeover dance has taken a dramatic turn for what should have been a boring transaction between two chip companies.
- **Bottom line:** "Broadcom has long said its acquisition of the San Diego-based chipmaker is contingent on Qualcomm buying NXP at the previously agreed price, saving a large amount of cash Broadcom could hypothetically use for its own purposes once the acquisition goes through... Qualcomm raised its NXP bid to secure support from activist investors who have piled into NXP and demanded a higher sale price." — Bloomberg.

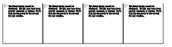

# Venture Capital Deals

• **Moovit**, an Israeli maker of a transportation app, has raised $50 million in Series D funding led by **Intel Capital**, with participation from Sequoia, BMW iVentures, NGP, Sound Ventures, BRM, Gemini, Vaizra, Vintage, and Hanaco. http://axios.link/fQSW

• **Vectra**, a San Jose, Calif.-based cybersecurity startup, has raised $36 million in Series D funding led by **Atlantic Bridge**, with participation from the Ireland Strategic Investment Fund, Nissho Electronics Corp., Khosla Ventures, Accel Partners, IA Ventures, AME Cloud Ventures, DAG Ventures and Wipro Ventures. www.vectra.ai

• **FourKites**, a Chicago-based make of supply chain management software, has raised $35 million in Series B funding. **August Capital** led the round, with participation from Bain Capital Ventures and Hyde Park Venture Partners. http://axios.link/7XWI

• **DecaWave**, an Irish fabless semiconductor company, has raised $30 million in funding led by **Atlantic Bridge Ventures**, with participation from the China Ireland Growth Technology Fund, ACT Venture Capital, and ZZ Ventures.

• **Kidaptiv**, a Mountain View, Calif.-based maker of adaptive learning software, has raised $19.1 million in Series C funding led by **Formation 8** and Korean education company **Woongjin ThinkBig**. http://axios.link/Fuut

• **Prophesee**, a Paris-based machine vision startup, has raised $19 million in Series B funding led by an undisclosed investor, with participation from 360 Capital Partners, Supernova Invest, iBionext, Intel Capital, Renault Group, and Robert Bosch Venture Capital, according to Tech.eu. http://axios.link/QAyn

• **Greenlight Financial Technology**, an Atlanta-based maker of a smart debit card for kids, teens, and college students, has raised $16 million in Series A funding led by TTV Capital with participation from New Enterprise Associates, Relay Ventures, SunTrust Bank, Ally Financial, nbkc bank, Canapi, and the Amazon Alexa Fund. www.greenlightcard.com

• **Zagster**, a Cambridge, Mass.-based bike-share service, has raised $15 million in new funding led by **Edison Capital Partners**. www.zagster.com

• **Morphisec**, and Israel-based cybersecurity startup, has raised $12 million in Series B funding from Orange Digital Ventures, Jerusalem Venture Partners, General Electric, and Deutsche Telekom. www.morphisec.com

• **Tunity**, a New York-based live audio service for television content, has raised $12 million in Series A funding. Investors include former Morgan Stanley CEO John Mack and WeWork CEO Adam Neumann. www.tunity.com

• **Fever Labs**, a New York-based maker of an event discovery app, has raised $11.7 million in new funding, according to an SEC filing. www.feverup.com

• **Gabi**, a San Francisco-based insurance shopping services, has raised $9.5 million in Series A funding led by **Canvas Ventures**, with participation from Correlation Ventures, Northwestern Mutual Future Ventures, Securian Ventures, A.Capital Ventures and Project A. www.gabi.com

• **Dover Microsystems**, a Waltham, Mass.-based cybersecurity company, has raised $6 million in seed funding. **Hyperplane Venture Capital** led the round with participation from **Draper, Qualcomm Ventures** and the **Hub Angels Investment Group.** www.dovermicrosystems.com

• **Anyfin**, a Stockholm-based loan refinancing startup, has raised $5.9 million (€4.8 million) in Series A funding led by **Accel** and **Northzone**, with participation from Global Founders Capital and angel investors. http://axios.link/IpTj

• **Thirdpresence**, a Helsinkin-based A.I. programmatic video advertising company, has raised $2.4 million in seed funding from Inventure, Tesi, and existing investors. www.thirdpresence.com

## Private Equity Deals

• **Rhone Capital** agreed to buy **Fogo de Chão** (NASDAQ: FOGO), a Dallas-based Brazilian steakhouse chain, in a deal valued at $560 million. Credit Suisse and Wells Fargo Bank, National Association provided financing. www.fogodechao.com

• **Behrman Capital** has acquired **Corfin Industries**, a Salem, N.H.-based provider of microelectronic component preparation services. www.corfin.com

• **Water Street Healthcare Partners** and **JLL Partners** have agreed to acquire **Dohmen Life Science Services**, a Milwaukee-based provider of operations services to biopharma and medical device companies, from The Dohmen Company. www.dlss.com

• **PWP Growth Equity** and **RedHawk Investment** have invested an undisclosed amount into **360Training**, an Austin, Texas-based provider of online training courses for regulated industries. www.360training.com

• **Orient Hontai Capital**, a Chinese private equity firm, has agreed to buy a 53.5% stake in **Imagina Media Audiovisual**, a Spanish media company, valuing the target company at an enterprise value of €1.9 billion (US$2.34 billion). http://axios.link/CN5I

• **Leeds Equity Partners** is investing in **Endeavor Schools**, a Miami-based owner and operator of 37 private K-12 schools in the U.S. www.endeavorschools.com

• **Cathay Capital MidCap Fund** is buying a majority of stake in **E. WINKEMANN**, a German auto supplier. Financial terms weren't announced.

Equistone Partners Europe will retain a stake along with company management. www.winkemann.de

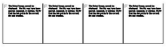

## Public Offerings

• **Deutsche Bank** (NYSE: DB) plans to debut an IPO of its asset-management arm, DWS, for Monday next week, according to Reuters. It could list on the Frankfurt exchange as early as March 19. Deutsche Bank is planning to offer 25% of existing DWS shares for an expected 1.5 billion to €2 billion ($1.85 billion to $2.47 billion). http://axios.link/KNnd

• **Opes Acquisition**, a Mexico-based blank check company formed by Axis Capital Management to acquire a Mexican business, has filed for an $100 million IPO. It will offer 10 million units at a price of $10. At that price, Opes Acquisition would command a market value of $129 million. Each unit consists of one share of common stock and one warrant exercisable at $11.50. It plans to list on the Nasdaq under the symbol OPESU, with EarlyBirdCapital is the sole bookrunner on the deal. www.axiscapital.com.mx/eng

• **Tiberius Acquisition**, a Metairie, La.-based blank check company formed to acquire a middle-market insurance business, filed for a $150 million IPO. It will offer 15 million units at a price of $10. At that price, Tiberius Acquisition would command a market value of $188 million. Each unit consists of one share of common stock and one warrant to purchase one share of common stock. It plans to list on the Nasdaq under the symbol TIBRU, with Cantor Fitzgerald and Dowling & Partners are the joint bookrunners on the deal.

## Liquidity Events

• **Xerox Corp** shareholders Carl Icahn and Darwin Deason said Tuesday that the company should sell itself to one of its rivals or a private equity firm, opposing a potential deal with Fujifilm, according to Reuters. http://axios.link/jtPN

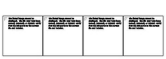

## More M&A

• **S&P Global** (NYSE: SPGI)**,** a provider or markets data and analytics, has agreed to set to acquire **Panjiva**, a New York-based provider of supply chain data. www.panjiva.com

• **The Adecco Group**, a Swiss human resources services firm, has acquired **Vettery**, a New York-based recruiting startup, for just over $100 million, according to TechCrunch. http://axios.link/hBcz

• **Oracle** has acquired **Zenedge**, an Aventura, Fla.-based cybersecurity solutions provider. www.zenedge.com

• **Bosch** has acquired **Splitting Fares**, a Detroit-based startup that provides ride-sharing platforms. www.splt.io

## Fundraising

• **EQT** is seeking 10.75 billion euros ($13.2 billion) for a new buyout fund, according to the Financial Times.

• **TechOperators Venture Capital**, an Atlanta-based venture capital firm, has raised $40.2 million toward a $100 million third venture fund, according to an SEC filing. www.techoperators.com

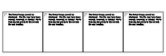

## It's Personnel

• **Amy Errett** has joined **True Ventures** as a venture partner. Erret will remain CEO of Madison Reed, a San Francisco-based hair color company. http://axios.link/r9h8

• **Jeff Schumacher** is stepping down as CEO of **BCG Digital Ventures** and will become non-executive chairman of the firm. www.bcgdv.com

• **Nicholas Leiby** has joined **Weinberg Capital Group** as director. He was previously vice president at Resilience Capital Partners. www.weinbergcap.com

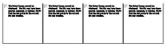

## Final Numbers

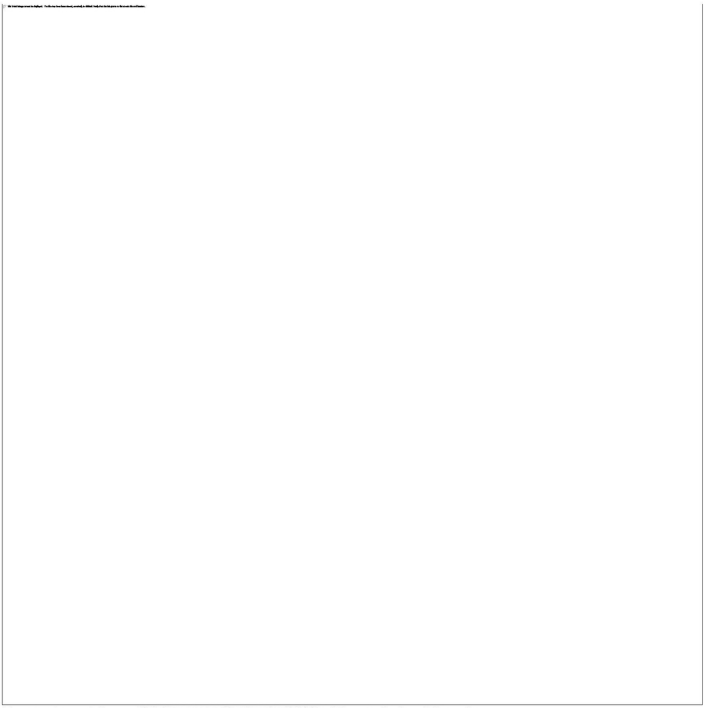

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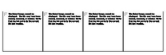

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[DECEMBER DRAFT--- 287 pages]

# THE SNOWDEN AFFAIR

A Spy Story in Six Parts

By Edward Jay Epstein

CONTENTS

PROLOGUE

On the Snowden Trail: Hong Kong 2014

PART ONE

The Intelligence Crisis

Chapter One The Great Divide

Chapter Two The Crime Scene Investigation

PART TWO

Snowden's Arc

Chapter Three Tinker

Chapter Four Secret Agent

Chapter Five Contractor

Chapter Six Thief

Chapter Seven Crossing the Rubicon

Chapter Eight Hacktavist

Chapter Nine String-Puller

Chapter Ten Raider of the Inner Sanctum

Chapter Eleven Escape Artist

Chapter Twelve Whistle Blower

Chapter Thirteen Enter Assange

Chapter Fourteen Fugitive

PART THREE

The Counterintelligence Conundrum

Chapter Fifteen Did Snowden Act Alone

Chapter Sixteen The Question of When

Chapter Seventeen The Keys to the Kingdom Are Missing

Chapter Eighteen The Unheeded Warning

PART FOUR

The Game of Nation

Chapter Nineteen The Rise of the NSA

Chapter Twenty Back Door In

Chapter Twenty-One The Russians Are Coming

Chapter Twenty-Two The Chinese Puzzle

Chapter Twenty-Three The Pawn in the Game

PART FIVE

WALKING THE CAT BACK

Chapter Twenty-Four Dinner with Oliver Stone

Chapter Twenty-Five Vanishing Act

Chapter Twenty-Six through the Looking Glass

Chapter Twenty-Seven the Handler

PART SIX

CONCLUSIONS

Chapter Twenty-Eight Snowden's Choices

Chapter Twenty-Nine The Whistle Blower Who Became an Espionage Source

EPILOGUE

THE SNOWDEN EFFECT

Chapter Thirty The 'War on Terrorism' after Snowden

Chapter Thirty-one America after Snowden: The Good, the Bad and the Ugly

Appendix A the Spies in this Book [TK]

End Notes

Bibiography [TK]

**Chronology 1: Snowden Thriller:**

**From Honolulu to Moscow in 82 Days**.

*April 8, 2013, Honolulu*. Edward Snowden begins working as an infrastructure-analyst in training at the National Threat Operations Center for outside contractor Booz Allen Hamilton.

*June 5, 2013*, London The Guardian publishes a classified document revealing that the National Security Agency has secretly been gathering the telephone billing records of millions of American. The Washington Post then publishing other secret documents revealing that the NSA has been intercepting data from the Internet.

*June 9, 2013*, Hong Kong. In a 12-minute long video posted on the website of the Guardian, Edward Snowden reveals himself as the source for the document published by the Guardian and the Washington Post

*June 11 Hong Kong.* Sarah Harrison arrives in Hong Kong to work behind-the-scenes to assist Snowden.

*June 14, 2013*, Washington D.C. Federal prosecutors in the Eastern District of Virginia, file a three-count criminal complaint against Snowden charging him with theft of government documents, unauthorized communication of national defense information and the willful communication of classified communications intelligence information to an unauthorized person.

*June 23, 2013, Moscow*. Snowden arrived from Hong Kong at Sheremetyevo International Airport.

# PROLOGUE

*On The Snowden Trail: Hong Kong 2014*

The National Security Agency, or, as it now commonly called, the NSA, was created on October 24, 1952, in such a tight cocoon of secrecy that even the Presidential order creating it was classified "Top Secret." When journalists asked questions about this new agency, Washington officials jokingly told them that the initials NSA stood for "No Such Agency." The reason for this extraordinary stealth is that the NSA is involved in a very sensitive enterprise. Its job is to intercept, decode and analyze foreign electronic communications transmitted around the globe over from copper wires, fiber optic cable, satellite, microwave relays, cell phone towers, wireless transmissions and the Internet for intelligence purposes. In intelligence jargon, its product is called COMINT. This form of intelligence-gathering is particularly effective when the NSA's targets are unaware of the state-of-the-art tools the NSA uses to break into their computers and telecommunications and decipher their enciphered messages.

In the first week of June in 2013, the NSA learned that a huge number of its most secret files had been stolen. The suspect was Edward Snowden, a 29 year old civilian analyst at the NSA's regional base in Oahu, Hawaii, who had fled to Hong Kong. The stolen documents revealed, among other things, the secret tools and capabilities that the NSA employed to do its job. According to a three-count criminal complaint filed by Federal prosecutors in the Eastern District of Virginia, Snowden had stolen government documents and violated the Espionage Act by the unauthorized and willful communication of national defense information to an unauthorized person.

This was not a who-dunn-it mystery. On June 9th, 2013, in an extraordinary 12-minute video made in a cramped hotel room in Hong Kong, Snowden identified himself as the person who had taken the NSA documents. Watching the video, the world saw a shy, awkward and sympathetic-looking, man wearing a rumpled shirt, rimless glasses and a computer geek-style haircut, passionately speaking out against the NSA's violations of the law and, in a shaky voice, expressing his willingness to expose them.

Snowden had an innocent, idealistic, principled look about him, and the world was ready to congratulate him for revealing the NSA's illegal collection of data inside the United States. But in fact, he stole a great deal more than documents relating to domestic surveillance. He had also stolen secret documents from the NSA revealing the sources and methods it employed in its monitoring of foreign adversaries.

What made this theft even more extraordinary was that he got away with it. By the time it had been discovered in the first week of June 2013, it was not possible for the FBI, the Grand Jury or any other US agency to question him because he had fled the country. He went first to Hong Kong. Although it is economically autonomous, the city of 7.2 million is actually a special

administrative zone of China, whose national security apparatus is ultimately controlled by Beijing. Making the possibility of questioning him even more remote, he next went to Russia, a country which has no extradition treaty with the United States. And Russia granted him asylum. His escape left in its wake an incredibly-important unsolved mystery: how did a young analyst at the NSA succeeded in penetrating all the layers of NSA security to pull off the largest theft of secret documents in the history of American intelligence? Did he act alone? What happened to documents? Was his arrival in Russia part of the plan?

As I had written several books on the vulnerability of intelligence services, this was a mystery-- a "how-dunnit" if you like-- that immediately intrigued me. After all, even if the perpetrator had acted for the most salutary of reasons, the unauthorized transfer of state secrets to another country is, by any definition, a form of espionage.

I decided to begin my investigation of this case in Hong Kong because it was the place to which Snowden first fled after leaving Hawaii. Snowden had planned the trip for at least 4 weeks, according to the travel plan he had filed at the NSA, I assumed he had a good reason for going first to Hong Kong. But when I spoke to my sources in the intelligence community, they could not explain Snowden's choice of this semi-autonomous zone in China as his initial destination. It would not protect him from the reach of US law since Hong Kong had an active extradition treaty with the United States. Just a few months earlier, Hong Kong had made headlines by extraditing Trent Martin, a fugitive wanted in America for insider-trading, who was arrested in Hong Kong following an American request to detain him. Martin was then sent back to the United States to stand trial.

Nor was Hong Kong particularly convenient to Hawaii. There were no non-stop flights to it from Honolulu. Snowden's flight took 8 hours and ten minutes just to Narita airport, Japan, where he had to change planes. After a three hour wait at the airport, it took him five more hours to fly to Hong Kong. Moreover, at the time he departed Honolulu, Snowden had not yet arranged for any journalists to meet him in Hong Kong and, as far as US intelligence could determine, he had no known appointments there. Even so, Snowden carried the digital copies he had made of the top-secret NSA documents to Hong Kong. General Michael Hayden, who served both as the head of the NSA and the CIA, told me. "It's very mysterious why Snowden chose Hong Kong." Whatever reason he had for flying to Hong Kong, we can assume it was compelling enough for him to take the risk that he would be arrested there after US authorities discovered the theft and invoked the detention provision of its extradition treaty with Hong Kong. It was possible that Snowden travelled there to see someone other than a journalist. But who?

Using my frequent travel miles, I bought a ticket on Japan Air Lines to Hong Kong. The route, like that of Snowden's route the previous year, had a stop-over in Narita Airport in Japan (where, according to an intelligence source, Snowden was caught on the CCTV cameras waiting in the transit lounge for his connection to the four and one half flight to Hong Kong).

I arrived in Hong Kong on May 20th 2014– the same day that Snowden had arrived there the previous year. I checked into the five-star Mira Hotel. It was in the Tsim Sha Tsui shopping district of Kowloon, a 10-minute ferry ride away from Hong Kong island, where most of the foreign consulates are located.

I chose the Mira because it was the hotel in which Snowden stayed and made the celebrated video admitting his role in taking the NSA documents. I asked at the front desk for room 1014, the same one that Snowden had occupied in 2013. Snowden had told the journalists from the *Guardian* that that he had been at Mira Hotel since he first arrived in Hong Kong on May 20th until he left on June 10th. My motive in taking the room during that period was not journalistic nostalgia; I wanted access to the hotel's service and security personnel who may have had contact with Snowden a year earlier. Unfortunately, that room was occupied. Even so, I was given a nearby room that served my purpose. The rate was $330 a day with taxes, although I received a journalist's discount of 30 percent.

My first surprise was that Snowden had not arrived at the Mira until 11 days after he arrived in Hong Kong. He told the *Guardian* reporters that he hid out at the Mira hotel since his arrival because he feared that he might be captured by the CIA. But, as I learned from the hotel staff, Snowden had actually registered there under his real name and used his own passport and credit card to secure the room. Even more surprising was the date he checked into the Mira Hotel. It was not May 20th but June 1, 2013. Since he checked out on June 10, 2013, he was there for only nine days.

The question that could not be answered by the registry of the Mira Hotel was: where was Snowden staying for the eleven days between from May 20th to June 1? Wherever he was, he apparently considered himself safe enough to take another irrevocable step in his defection. He sent journalist Glenn Greenwald of the *Guardian* a "welcome package," as he called it, of 20 top-secret NSA documents on May 25, 2013. He had now not only downloaded documents but, in a violation of his oath, he provided them to an unauthorized party. He also in Hong Kong, for the first time, directly contacted via email Barton Gellman of the *Washington Post.* Indeed, it was during these first 11 days during which he was staying someplace other than the place he claimed to be staying that he made almost all the arrangements for his journalistic event. He was also apparently in contact with at least one foreign mission during this period, according to what he written to Gellman on May 25th. In that email concerning when and how his story was to be published by the *Washington Post,* Snowden even asked Gellman to include in it some text that would help him with this mission. But which country was he approaching? Clearly his whereabouts during these missing 11 days was a gap that needed to be filled in. It could shed light on why he came to Hong Kong.

I next called Keith Bradsher, a prize-winning journalist who had been the *New York Times* bureau chief in Hong Kong in 2013, who had written a well-researched report about Snowden's

arrival in Hong Kong in 2013.. He proposed we meet at the Foreign Correspondent's Club on top of Ice House Street in central Hong Kong, a venue, I recalled, reminiscent of where John LeCarre had set the opening chapter of his spy novel *The Honourable Schoolboy*. When we spoke later, Bradsher told me that he knew Albert Ho, who had been retained as Snowden's lawyer, for more than a decade, and interviewed him many times as he was a leader of a political movement in Hong Kong. Bradsher said that a few days after Snowden had revealed himself on June 9th, 2013, he met with Ho and questioned him on the very question that intrigued me about Snowden's unknown whereabouts. Ho told Bradsher that all of Snowden's logistics had been arranged for him by an intermediary, who Ho called a "carer." Ho further said that Snowden had been in contact with the "carer" prior to his arrival in Hong Kong on May 20th. According to Ho, it was this person who had arranged accommodations for Snowden on his arrival—and afterwards. If so, it seemed plausible to me that this person might be able to shed light on whom, if anyone, Snowden saw in his first ii days in Hong Kong. Of course, this person may have been unaware of the reasons for Snowden's escape to Hong Kong when he made the arrangements for him but he was the best lead I had to learning why Snowden had come to Hong Kong. But who was the "carer?" Bradsher told me that he pressed Ho for details about this mystery person over the course of several meeting but Ho would not identify him beyond saying, that he was a "well-connected "resident" of Hong Kong.

I next called Ho's law office in Hong Kong. But Ho politely declined to be interviewed by me, saying he had said all he was going to say about the Snowden case. I next made an appointment with Robert Tibbo, a Canadian-born barrister, specializing in civil liberties cases, who had worked closely with Ho on the Snowden case. He immediately agreed to see me.

I met Tibbo in the tea room at the Mandarin Oriental hotel on Hong Kong Island, where I moved to from the Mira hotel. The Mandarin was also convenient to Tibbo's office at the court.

Tibbo was a tall, round-faced man, with thinning hair, in his early fifties. He talked freely about his remarkable career. After earning a degree in chemical engineering from McGill University, and working in Asia as an engineer for a decade, he went to law school in New Zealand, and then became a barrister in Hong Kong specializing in cases involving the legal status of refugees. Over a leisurely tea, Tibbo made it clear to me that he had played a far more active role than Ho in the Snowden case, even personally escorting Snowden from the Mira Hotel on June 10th to a safe house. He did not dispute what Ho had told Bradsher, but said that he was himself bound by lawyer-client privilege which prevented him from providing me with any details that might reveal the identity of the person who had made arrangements for Snowden. When I asked the date that he was officially retained by Snowden, he said that Snowden had signed an agreement hiring Ho's law firm as his legal adviser on June 10, 2013 (which was a matter of public record.) "I understand that," I said, "but I am inquiring about something that had happened before you became his legal adviser." He shook his head, as if getting rid of a pesky fly, and said that his oath precluded him saying anything at all that might do damage to the credibility

of his client. "Not even where he was staying in May in Hong Kong," I persisted. He leaned forward and, after a brief hesitation, said, jokingly I assumed that he would not divulge that information "even if you held a gun to my head." We met two more times but, true to his word, Tibbo would not say if he even knew the identity of the "carer."

Meanwhile, Joyce Xu, a very resourceful Chinese journalist who was assisting me in Hong Kong, had filed the equivalent of a Freedom of Information request with the Hong Kong Security Bureau asking for information about Snowden's movements in May. Thomas Ng, the Secretary for Security, turned down the request, adding that Hong Kong authorities do not keep records of hotel registrations. So I ran into a dead end on the issue of Snowden's "carer" and his whereabouts for those eleven crucial days with the Hong Kong authorities.

At this point, I had some much-needed help from an old friend on the White House staff. Before I had left New York, I asked him if he could find someone at the consulate in Hong Kong who might brief me on the Snowden case. I didn't hear from him until just a few days before I was due to return to New York. He had managed to put me in touch with a former employee of the consulate, who he said was "fully informed" about the efforts of the US mission to locate Snowden in Hong Kong. This person was still living in Hong Kong and he agreed to meet with me on condition that I did not mention either his name or his position in the US mission in Hong Kong. The venue was the terrace lounge of the American Club in Exchange Square in central Hong Kong, a posh club mainly for expatriate Americans. It was on the 48th floor with a spectacular view of Victoria Harbor. Once there, I had no problem finding my source. He was, as he had described himself, a large man with short-cropped brown hair wearing a brightly-striped tie. He was sitting alone at a discreet table in the corner. I introduced myself and gave him a copy of my latest book, *The Annals of Unsolved Crime*.

After ordering drinks, he told me in a soft voice about the American reaction to Snowden's revelations in Hong Kong. "All hell broke loose," he said, describing the atmosphere at the US mission after Snowden's video was posted on the *Guardian's* website on June 9th, 2013. To break the ice, I went over some of the assertions Snowden had made concerning the US consulate in that extraordinary video. For example, Snowden had said that he could be seized at any moment by a CIA rendition team based at the US consulate "just down the road" from the Mira Hotel. "Was that true," I asked? He rolled his eyes, and said, "Snowden has a pretty wild imagination. For one thing, the US consulate is not down the road from the Mira in Kowloon, it is here on Hong Kong Island. And there was no CIA rendition team in Hong Kong."

My next question concerned a second period during which Snowden's whereabouts are unknown—the period between the time he left the Mira Hotel on June 10, 2013 and the day he left Hong Kong for Russia on June 23, 2013. When I asked my consulate source whether the US mission took any action to track Snowden during these 13 days, he explained that the FBI had a contingent of "legal attaches" based at the consulate to pursue, among other things, video pirates. In addition, the CIA and the Defense Intelligence Agency had a handful of "China-watchers" in

Hong Kong. This group constituted the intelligence "mission," as he referred to it. After Snowden outed himself on the Internet, the mission began tracking Snowden's movements. Since Snowden, his lawyers and the journalists in his entourage frequently used their cell phones to text one another, it was fairly easy for the mission to follow Snowden's trail after he left the Mira hotel. Presumably, the Hong Kong Police also knew where he was during this period. My source further suspected that the massive Chinese intelligence contingent in Hong Kong also knew, since it had close relations with the Hong Kong police. If so, Snowden's whereabouts as he moved every few days from apartment to apartment was no secret anyone but the public from June 10th to June 23rd. "Of course we knew," he said, adding that there were also photographs of Snowden entering the office building that housed the Russian consulate. I mentioned that there was a report in a Russian newspaper that Snowden had visited the Russian consulate in late June in connection with the flight he later took to Moscow. "All we know is he entered the building," he answered, with a shrug. That visit did not come as a complete surprise to US intelligence. After Snowden left the Mira, his interactions with the Russian and Chinese intelligence services in Hong Kong also had been closely monitored by the "secret means," as was subsequently confirmed to me a former top intelligence executive in Washington DC. All of Snowden's stealth in exiting from the Mira hotel, which included wearing a baseball cap and dark glasses, was ineffective in hiding him from US intelligence and presumably other intelligence services seeking the treasure trove of documents he had taken from the NSA. Among other things, the Hong Kong lawyers moving him to a safe house were carrying easily traceable cell phones.

The mystery that most concerned me was, however, not where Snowden was housed in the interim between when he went public and when he went to Moscow. It was where, and in whose care, Snowden had been *before*, he had checked into the Mira hotel on June 1st. When I asked him about this period, he said that as far as he knew neither the FBI nor the Hong Kong police could find a trace of him during the period between May 20th, when he passed through Hong Kong customs, and June 1st, when he used his credit card and passport to check into the Mira hotel. They could not find any credit card charges, ATM withdrawals, telephone calls, hotel registrations, subway pass purchases or other clues to Snowden's activities. As far as a paper trail was concerned, Snowden was a ghost during this period. Could an American just vanish in Hong Kong for eleven days, I asked"? "Apparently he did just that," my source replied.

Snowden's whereabouts during these 11 days was not a mystery I was going to solve on this first trip to Hong Kong. I needed to know more about Snowden's activities before he flew to Hong Kong. After all, Snowden was not, as he himself pointed out from Moscow, an "angel descending from the heavens." He had a past working for the US government that extended back seven years. During that period, he had been part of America's secret intelligence regime, and held a clearance for Sensitive Compartmented Information, or SCI. Such SCI material is considered so sensitive that it must be handled within formal access control systems established by the Director of National Intelligence.

Nor did Snowden's breach begin with him handing over classified documents to the *Guardian* reporters in Hong Kong in June 2013 or, for that matter, in the eleven days prior to his meeting with journalists in 2013. He had, as the NSA quickly determined begun illicitly copying documents in the late summer of 2012. Such an enterprise does not emerge from thin air. Even if he had managed to elude American intelligence from late May to early June 2013, he could not hide all the history that led to his decision to come to Hong Kong. There had to be an envelope of reality surrounding it, including Snowden's motivation, associates, movements, finances, and his activities prior to his fleeing to Hong Kong. What was missing was not just Snowden's first 11 days in Hong Kong but the entire context of the alleged crime. I now needed to fill in that envelope of reality in America. I left Hong Kong for New York on June 2, 2014 two days after my meeting with the former official of the consulate.

# PART ONE

# THE INTELLIGENCE CRISIS

# CHAPTER ONE

## The Great Divide

"What you've seen so far is just the tip of the iceberg."

-- retired Admiral Michael McConnell, vice chairman of Booz Allen Hamilton

On June 9, 2013, the *Guardian*, the British newspaper known for the quality and gravity of its reporting posted Snowden's 12-minute video on its website. In it, Snowden identified himself as an infrastructure analyst at a regional base of National Security Agency that was located in Oahu, Hawaii. He revealed in a calm, unemotional voice that he had been the source for the stories in both the *Guardian* and the *Washington Post*. He said that he had supplied the secret, classified documents that the two newspapers had used in their scoops about domestic surveillance being conducted by the NSA, America's enormous electronic surveillance agency. These sensational revelations had been, literally, the talk of the world, and now, in another major news event, the boyish-looking Snowden revealed his responsibility for what would turn out to be the largest theft of top-secret documents in the history of U.S. intelligence.

In the video, Snowden was questioned by Glenn Greenwald, an American journalist living in Brazil who had broken the NSA story in the *Guardian*. What was his motive? Greenwald asked. Why did he do it? Snowden replied that he had become horrified by the NSA's secret operations which, to him, represented a kind of distillation of the excesses of the American national security state, and he therefore made it his mission to blow the whistle. He believed that the public needed to be informed of the existence of a vast, secret surveillance operation directed against tens of millions of Americans that flagrantly violated US laws and was a grave threat to their privacy and their freedoms. Within hours of the release of that video on the *Guardian* website, Snowden was one of the most famous people in the world, celebrated by his supporters as a courageous whistle-blower.

The Snowden interview in the video subsequently was expanded by the documentary filmmaker Laura Poitras into the two-hour movie *CitizenFour*, which won the 2015 academy-award for the best documentary. Poitras said in accepting her Oscar in the Academy Awards Theater in Hollywood on February 22nd 2015, that Snowden acted as a whistle-blower not only to "expose a threat to our privacy but to our democracy itself." She received a standing ovation. The film convincingly depicts Snowden as an altruistic young man who is willing to risk his own personal freedom and face years of imprisonment for the sake of others. Adding to the drama, almost all the footage of Snowden in the film is from interviews with him in the confines of Snowden's small

room at the Mira hotel from June 3 to June 9th, 2013, as the event was actually unfolding. Snowden, speaking for the camera, describes himself as a civilian contractor for the National Security Agency. He took full responsibility for the theft of classified documents, saying that he had acted alone. He said that he had been forced to take these documents to expose a crime that threatened the freedom of Americans: the US government's illegal surveillance of US citizens. He said that he had a duty to bring this secret activity to the attention of the American people. "Sitting on his unmade bed—white sheets and covers, white headboard, white bathrobe, white skin—Snowden seems like a figure in some obscure ritual, being readied for sacrifice," George Packer wrote about the film in a widely-read article in *The New Yorker*. He said repeatedly he was willing to make the ultimate sacrifice, by allowing himself to go to prison, so that Americans could live in freedom. A large part of the public, who viewed this powerful film, including many of my colleagues in journalism whose writing I greatly respect, came to accept Snowden's whistle-blowing narrative.

This powerful narrative, as lucidly articulated by Poitras, Greenwald and other Snowden supporters, described the NSA activities exposed by Snowden as part of a vast criminal conspiracy involving, among others, President Obama, James Clapper, the Director of National Intelligence and both Democrat and Republican members of the Congressional oversight committees. It further derided claims that there was evidence that Snowden's theft of NSA secrets went beyond exposing government misdeeds as part of an orchestrated effort to demonize Snowden. The purpose of this demonization was to divert away from the government's crimes. For example, this narrative asserted as if it was established fact, that US government officials had deliberately "trapped" Snowden in Russia. According to Snowden, the purpose of this government ploy was to "demonize" him.

To be sure, it is not unprecedented for the government to release defamatory information about individuals who have embarrassed US intelligence by defecting. When two NSA analysts, William Martin and Bernon Mitchell, defected to Russia in the 1960s and accused the NSA of violating international law after arriving in Moscow, U.S. government officials responded by putting out the story that they were homosexual lovers, which was both untrue and irrelevant to the intelligence secrets that they compromised. So it is certainly possible that the government put out information to intentionally defame Snowden. Secretary of State John Kerry, after all, characterized him as a coward who should "man up" by returning to the United States.

While one can discount such characterizations against him by government officials as demonization, as I do, one cannot as easily dismiss the independent evidence that undermines Snowden assertion that his sole motive was blowing the whistle on illicit surveillance in the United States. For example, by the Lawfare Institute in cooperation with The Brookings Institution in 2014 did an independent analysis of all the published documents that Snowden provided to the media. It concluded that, with some notable exceptions, such as the two documents initially published by the *Guardian* and *Washington Post,* the now famous FISA

warrant and the PRISM slides, few of the other documents that Snowden had given Poitras and Greenwald for publication had little to do with either domestic surveillance or the infringements on the privacy of Americans. By the Lawfare Institute's count, 32 of Snowden's leaks to these journalists concerned the NSA's overseas sources and method, nine identified overseas locations of the NSA's intelligence bases, 25 of them revealed the identities of foreign officials of interest to US intelligence agencies, 14 of them disclosed information about Internet companies legally cooperating with the NSA, and 19 of them concerned technology products that the NSA had been using or researching. In addition, a considerable number of the published documents did not even belong to the NSA but were copies of reports sent to the NSA by its allies, including the British, Australian, Canadian, French, Norwegian and Israeli intelligence services. For example, he provided journalists with secret documents from the British cyber service GCHQ describing its own plans to obtain a legal warrant to penetrate the Russian computer security firm Kaspersky to expand its "computer network exploitation capability." All the GCHQ was revealing in this document was its own capabilities to monitor a Russian target of interest to it. While the release of these foreign documents may have embarrassed foreign allies of the United States, they exposed no violations of US law by the NSA. It was a legitimate part of the NSA's job to share information with its allies. This raises the question: what constitutes whistle-blowing?

To the general public no doubt, a whistle-blower is simply a person who exposes government misdeeds from inside that government. But in the eyes of the law someone who discloses classified information to an unauthorized person, even as an act of personal conscience, is not exempt from punitive consequences of his act. Indeed, if a person deliberately reveals secret US operations, especially ones that compromise the sources and methods of US intelligence services, he or she may run afoul of American espionage laws.

In the past when government employees have disclosed classified information to journalist to redress perceived government misconduct, they almost always received prison sentences, Just during Obama's presidency, there were six government employees who, as a matter of personal conscience, shared classified information they obtained from the FBI, CIA, State Department and US Army with journalists. They were Shamai Leibowitz in 2010, Chelsea Manning in 2013, John Kiriakou in 2013, Donald Sachtleben in 2013, Stephen Kim in 2014 and Jeffrey Sterling in 2014. Like Snowden, they claimed to be whistle-blowers informing the public of abuses of the government. But since they disclosed classified documents, they were dealt with as law-breakers. All six men were indicted, tried, convicted and received prison sentences. Sterling, a CIA officer who allegedly turned over a document to James Risen, a Pulitzer Prize winning reporter for the *New York Times*, was sentenced to 42 months, for example. The most severe sentence was meted out to Private Bradley/Chelsea Manning, who an Army court sentenced to 35 years in a military stockade.

The prison time that others received did not go unnoticed by Snowden. He had been following the Manning case since 2012. In fact, he posted about it shortly before he began stealing far more

damaging documents than had Manning. He therefore would have been aware that by revealing state secrets that he had sworn to protect, he would be risking imprisonment unless, unlike Manning, he fled the country. His motives, no matter how noble they might be, would not spare him, anymore than it spared the other six, from determined federal prosecution.

To be sure, the view of those on the Snowden side of the divide is not grounded in legal definitions, but in a broader notion of morality. Snowden's supporters do not accept that the law should be applied in this fashion to Snowden. They argue that Snowden had a moral imperative to act, even if it meant breaking the law. They fully accepted his view that he had a higher duty to protect citizens of all countries in the world from, as he put it, "secret pervasive surveillance." That higher duty transcended him any narrower legal definitions of law-breaking. For example, Ben Wizner, a lawyer from the American Civil Liberties Union who represented Snowden since November 2013, argues that Snowden's taking of classified documents was as "act of conscience" that overrode any legal constraints because it "revitalized democratic oversight in the U.S." And, without question, Snowden's theft caused a much needed debate on govern surveillance.

In this ends- justify-the-means view, any person with access to government secrets can authorize himself or herself to reveal those secrets to the world if it serves the public good and because doing so would be an "act of conscience," he or she should be immune from legal prosecution.

So for Snowden's supporters, his "act of conscience" justifies his claim to being a whistle-blower even though the preponderance of the secrets disclosed by Snowden had to do with the NSA's authorized activity of using its multi-billion dollar global arrays of sensors to intercept data in foreign countries and share it with some 30 allied intelligence services, as it did in 2013. Snowden, for example, took the NSA to task for its sharing information with Israel. In an interview in Moscow with James Bamford for *Wired* Magazine in August 2014, Snowden describes supplying intelligence to Israel as "One of the biggest abuses we've seen." He was referring to the NSA providing the Israeli Cyber Service, known as Unit 8200, with data concerning Arab communications in Gaza, the West Bank, and Lebanon. But providing Israel with such data, as well as providing it with lethal weaponry, was not some rogue operation. It was part of a policy that had been approved by every American President—and every Congress—since 1948. Snowden had every right to disagree with this established US policy of aiding Israel with intelligence, but it is another matter to release secret documents to support his view. If the concept of whistle blowing is expanded to cover intelligence workers who steal secrets because they disagree with their government's foreign policy of their government, it would also have to include many notorious spies, such as Kim Philby.

Snowden's concept of whistle-blowing also applied to NSA's spying on adversary nations. "We've crossed lines." Snowden said in regard to China, "We're hacking universities and hospitals and wholly civilian infrastructure." The NSA's operations against China were such "a

real concern" for Snowden that he targeted lists of the NSA's penetrations in China. This expansion of the whistle-blowing concept to adversaries was echoed by Russian President Vladimir Putin. He complimented Snowden for having "uncovered illegal acts by the United States around the globe," Putin's view implies a convenient global concept of whistle-blowing that justified breaking US laws.

Even so, this whistle-blower interpretation of Snowden's act has had immense international resonance in the media. The *Washington Post* and Britain's *Guardian*, the newspapers that initially published the purloined documents, won the 2014 Pulitzer Prize. The journalists, who assisted Snowden in this enterprise, including Greenwald and Poitras, were awarded the 2014 Polk Award for national-security reporting. Former Congressman Ron Paul organized a clemency petition in February for Snowden, stating: "Thanks to one man's courageous actions, Americans know about the truly egregious ways their government is spying on them," and his son, Senator Rand Paul, who was a candidate for the Republican Presidential nomination in 2016, calling for a Presidential pardon for Snowden.

Senator Paul's concern fitted with the growing public apprehension over increasing intrusion on its privacy. Snowden was correct, in my opinion, in describing the threat of a surveillance state and the loss of privacy is certainly a legitimate public concern. "We actually buy cell phones that are the equivalent of a network microphone that we carry around in our pockets voluntarily," he pointed out from Moscow.

Snowden is correct that the technology involved in the electronic equipment we all use in the 21st century has made mass surveillance part of our daily life. There can be little doubt that our privacy has been largely eroded, if not entirely negated, by the widespread use of cell phones, credit cards, social media and the search engines of the Internet. When we use smart phones, as most Americans do today, our location is relayed to our telephone service provider every three seconds. The phone companies collect and archive our phone usage "metadata," which includes whom we called and how long we spoke. When we use Google to search for anyone or anything on the Internet, that activity is captured by Google, a company whose profits mainly come from making available to advertisers the results of its surveillance and collection of its users' searches. When we use Gmail, the Google's email service used by nearly one-billion senders and recipients, we agree to allow Google to read the actual contents of our correspondence to find keywords in them of interest to advertisers. When we use a credit card, the credit card company also retains data about what we buy and where we go. When we travel in automobiles equipped with GPS, every turn and stop is tracked and recorded. And when we are in public places with CCTV cameras, our image is recorded and archived. When we use Facebook, Twitter, and other so-called social media, as over two billion people do today, we allow these companies to collect, retain and exploit its surveillance of our movements, associations with other people, and stated preferences. When we use Amazon and other on-line stores, we allow them to track and archive a great deal of our commercial activity. For Internet companies, such as Facebook, Twitter,

Yahoo and Google, collecting private data on hundreds of millions of their members provide them with vast searchable data bases that they can sell to advertisers and other search parties. The exploitation of these data bases is a fundamental aspect of their business plans. Without such surveillance of their users, social media companies would not be able to turn a profit. Indeed, they may be more aptly called surveillance media rather than social media. For those of us who use them to post pictures and communicate, any notion of personal privacy is largely illusionary.

To be sure, there is a distinction to made between the surveillance of our activities to which we voluntarily agree in exchange for the benefits and conveniences that we gain from social media, search engines, and other Internet companies, and the surveillance done by government to which we do not voluntarily invite-- or want. We willingly waive our privacy for corporations but not for governments. What the public might not fully realize, however, is that all the personal information in data bases of private companies can be accessed by the government if it obtains a court order or search warrant. As Snowden himself pointed out, "If Facebook is going to hand over all of your messages, all of your wall posts, all of your private photos, all of your private details from their server, the government has no need to intercept all of the communications that constitute those private records." These Internet companies, even if they are only interested in exploiting the data for its own profit, cannot refuse to share this information with the NSA, FBI and other agencies of the government if they have a court-ordered search warrant, Consequently, all the information these private corporations collect about us is legally available to any municipal, state and federal authority that obtains a warrant from a court. And such search warrants are routinely issued. That reality became evident to me in my investigation of the rape charges brought (and subsequently dropped) against Dominique Strauss- Kahn, the managing director of the International Monetary Fund, in 2011. Immediately after his arrest, Cyrus Vance Jr, the district attorney of New York county, obtained a warrant for Strauss-Kahn's cell phone records, credit card records, hotel room electronic key records, emails, room service bills, and the CCTV videos of his activities (some of which I published in my article about the case in the *New York Review of Books*). If anyone doubts the pervasiveness of government data collection, consider a little known government agency called the "Consumer Financial Protection Bureau." Created in 2010 by Congress, it mines data on a monthly basis from some 600 million personal credit card accounts, targeting about 95 percent of the credit cards users in the United States. In additions, through 11 other data mining programs, it gathers data on everything from private home mortgages and student loans to credit scores and overdrafts in personal banks accounts. This ubiquitous surveillance of virtually every non-cash transaction came about because of advances in computer technology which made it economically feasible to mine data.

Nor is the concern raised by Snowden about NSA domestic surveillance misplaced. Ever since the 9-11 attack the NSA has increasingly played a role in this surveillance state not by own choice but because Congress mandated it. In 2001, it empowered the NSA to obtain and archive data on American citizens. Accordingly, the NSA obtained the billing records of customers from phone and Internet companies and archived these records. The operation was intended to build a searchable data base for the government that could be used to trace the history of the telephone and Internet activities in the United States of FBI-designated foreign terrorists and spies. The government also kept secret these anti-terrorist programs from the public because it did not want the foreign suspects to realize their communications in America were being monitored. The

public only learned that the phone company was turning over its billing records on June 5, 2013, when Snowden disclosed it to the *Guardian and Washington Post.* The documents he provided the journalists showed that the NSA had been obtaining phone records every three months that had been collected by Verizon. While this revelation may have shocked the American public, the NSA had not acted on its own. It had obtained a warrant issued by a secret court established by Congress in 1978 as part of the Foreign Intelligence Surveillance Act (FISA) for each request for records. Congress empowered the FISA court to hear cases and authorize search warrants in secret in cases involving national security. As its name implies, the FISA court was meant to deal with matters bearing on foreign intelligence activities in the United States. That restriction changed after the devastating terrorist attacks of September 11, 2001. A month after the attack, Congress expanded the purview of the FISA court by passing the USA Patriot Act (an acronym which stands for "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism"). Part of the Act, Section 215, euphemistically referred to as the "library records" provision, permitted the FISA court to issue warrants authorizing searches of records by the NSA and other federal agencies to investigate international terrorism or clandestine intelligence activities Through these FISA authorizations, the NSA could obtain "tangible things" such as "books, records, papers, documents, and other items." Under the interpretation of this section of the law by both the Bush and Obama administrations, the FISA court was enabled by Congress to issue warrants to telephone companies demanding that they turn over to the NSA the bulk billing records of all calls made in America.. The FISA court need only deem these records to be "relevant: to the FBI's investigations of terrorists and spies. Essentially, this controversial interpretation of the word "relevant" in Section 215 by the FISA court was used by the NSA to create a searchable database of telephone billing records. Such a "haystack," as the NSA called the national collection of billing records, could allow the FBI to instantly find missing "needles," even if the connections were made years earlier. For example, if the FBI had a lead on a foreign suspect, it could search the data base for any telephone calls made by the foreign suspect to telephone numbers in America, and then who those people called. The FBI always had this power, if it obtained a warrant, but it did not have the records previously in a single data base. General Alexander believed such a "Haystack" database made sense. His approach was, 'Let's collect the whole haystack,'" according to one former senior U.S. intelligence official quoted by the *Washington Post.* According to its critics, including the ACLU, the results provided by this vast database did not justify its immense potential for abuse. In early May 2015, just three weeks before this part of the Patriot Act was set to expire, a three-judge panel of the Second U.S. Circuit Court of Appeals in New York, agreed with the ACLU position, overturning a lower court decision that it was legal. The panel found that the word "relevant" in the Act was not intended by Congress to justify the acquisition and storing of the bulk records of telephone companies. It declared that the government's interpretation of Section 215 of The Patriot Act was incorrect. Soon afterwards Congress replaced the Patriot Act with the USA Freedom Act, which effectively transferred bulk storage of billing records from the NSA to the phone companies themselves. Despite the change in venue, the records of individuals were still not completely private. The databases held by phone companies could still be searched under the new law via a FISA warrant by the FBI.

The core of Snowden's charge in the media was that the FISA court overreached its authority by issuing sweeping warrants that allowed the NSA to obtain data collected by private phone and Internet companies. It the initial story published in the *Guardian* on June 5, 2013, Snowden

disclosed one such FISA warrant to support his charge. It was issued by Judge Roger Vinson of the FISA court on April 25, 2013 and ordered Verizon to turn over to the FBI all its billing records of landline customers for the next 90 days. The FBI presented this FISA authorization to the NSA, which acts as a service organization for the FBI and CIA in collecting communications data. The NSA, with the FISA warrant in hand, then obtained the Verizon billing records. Snowden also provided the *Washington Post* and *Guardian* with another secret document, which was actually a power point presentation on 20 slides by the NSA to other intelligence agencies. It described a program it was using for monitoring the Internet. Its code name was PRISM. It was authorized under Section 702 of the Foreign Intelligence Surveillance Act and was designed to collect messages sent over the Internet from foreigners. Since most of the Internet pipes that carried these messages ran through the United States, the NSA intercepted a large part of the data from Internet companies based in America. This program was not entirely secret from the Internet companies. Such information was in fact obtained with FISA court approval and with the knowledge of the service providers. It also requires a written directive from both the Attorney General and the Director of National Intelligence, and a review by the Department of Justice every three months of each case. After obtaining this data, the NSA ran programs to filter out all domestic Internet communications. In theory at least, PRISM targeted foreign communications, but, as Snowden pointed out, domestic information was also accidently picked up. Whenever the Justice Department actually opened an investigation against Americans in contact with foreign suspects, as it did in 170 cases in 2013, it could obtain warrants from the FISA court to search these Americans' Internet activities. So though PRISM supposedly was a tool for foreign surveillance, it could be extended to Americans in contact with foreign suspects.

These two documents raised legitimate questions for many Americans, including members of Congress, about the proper role of the FISA court, including should it conduct its business in secret? If Snowden had released only these two documents that related to unwarranted domestic surveillance, and other possible violations of the law by the NSA, it would be difficult for any reasonable person not to see his actions as a valuable and even necessary public service. After all, as the three-judge panel of the Second U.S. Circuit Court of Appeals would later find, Congress had not intended Section 215 of the Patriot Act to be used to justify the bulk collection of American records. So if he had limited his illegal downloading to the few documents about bulk collection, it would be more difficult to argue that he was not a whistle-blower in spirit if not in the letter of the law and even a hero of the struggle to preserve our civil liberties. But, in fact, he took a great many other secret documents that did not bear on civil liberties issues.

As a result, the Snowden case produced a great divide in the American appreciation of him. On one hand, he has been almost universally lauded and lionized by what might be seen as the mainstream media, by numerous academics, and even, as we have seen, by members of Congress. The journalists who assisted him, such as like Greenwald, Poitras and/ Gellman also have been celebrated for the roles they played in bringing Snowden's revelations to the public. In other circles, the appreciation had been of him has been very different. American and British intelligence

officials, senior members of the Obama Administration, and members of the oversight committees of Congress do not view Snowden as a hero or even an authentic whistle-blower. Instead they see him as a betrayer of secrets who, acting willfully brought damage to the United States and benefits to its adversaries. The holders of this darker view of Snowden base it on classified reports of the full extent of the theft of classified data. Those officials reckon that only handful of the tens of thousands of documents he stole involved domestic surveillance, and these few documents served as a cover for a much larger theft. Admiral Michael Rogers, who replaced General Alexander as head of the NSA in January 2014, said that March at a public forum at Princeton University. "Edward Snowden is not the "whistleblower" some have labeled him to be." He further explained to Congress: "Snowden stole from the United States government a large amount of classified information, a small portion of which is germane to his apparent central argument regarding NSA and privacy issues." Gen. Martin Dempsey, the chairman of the Joint Chiefs of Staff, went even further. He testified to the House Armed Services Committee on March 6, 2014, after estimating that the Snowden breach could cost the military "billions" to repair, added that "The vast majority of the electronic documents that Snowden exfiltrated from our highest levels of security had nothing to do with exposing government oversight of domestic activities." He based this assessment on then still-secret Defense Intelligence Agency's report on the breach. Although he did not reveal the full extent of the damage even in his classified testimony to Congress in 2013, the classified DIA report showed that Snowden took "over 900,000" military files from the Department of Defense (DoD) in addition to the NSA files he had taken.. The Defense Department loss in terms of the number of files stolen actually exceeded the loss, in sheer numbers, of NSA documents. Lieutenant General Mike Flynn, the DIA director, who directed the DIA secret study, testified to the Senate Select Committee on Intelligence that the breach "has caused grave damage to our national security."

To be sure, this was not the first time that the cryptological branches of the military had been compromised. The spy ring of John Walker had provided thousands of the Navy's reports on breaking Russian ciphers to the KGB during the Cold War era, for example. But the Snowden breach exposing military sources was an order of magnitude greater than any past breach.

The CIA's assessment was no less grim. Michael J. Morell, the deputy director of the CIA in 2013, who, after Snowden's breach, was appointed by President Obama to the task force to review the NSA's intelligence breach and its consequences for national security, wrote that Snowden's action went beyond taking the handful of documents, such as the FISA order, "that addressed the privacy issue." Instead, as Morell put it, "he backed up a virtual tractor trailer and emptied a warehouse full of documents—the vast majority of which he could not possibly have read and few of which he would likely understand—[and] and he delivered the documents to a variety of news organizations and God knows who else." As a result, Morell concluded "Snowden's disclosures will go down in history as the greatest compromise of classified information ever."

General Keith Alexander, the head of the NSA at the time, came to a very similar assessment, asserting that Snowden did "the greatest damage to our combined nations' intelligence systems that we have ever suffered." To be sure, it is to be expected that military intelligence officers

would not be on Snowden's side of the divide (and the Snowden breach ended the career of many of them, including General Alexander.)

But political leaders in both parties could also be found on the anti-Snowden side of the divide. "I don't look at this as being a whistle-blower." Senator Dianne Feinstein (D. - Calif.), the head of the Senate Intelligence Committee, said after she was briefed on Snowden's theft of documents. "I think it's an act of treason." Rep. Mike Rogers, (R.-Mich.), her counterpart on the House Intelligence Committee, said on the NBC program, "Meet the Press," that Snowden might be working for a foreign intelligence service. And a former prominent member of President Obama's cabinet went even further, suggesting to me off the record in March this year that there are only three possible explanations for the Snowden heist: 1) It was a Russian espionage operation; 2) It was a Chinese espionage operation, or 3) It was a joint Sino-Russian operation. These severe accusations generated much heat but little light. They were not accompanied by any evidence from these Congressional leaders showing that Snowden had acted in concert with any foreign power in stealing the files or, for that matter, that he was not acting out of his own personal convictions, not matter how misguided they may have been.

On this side of the divide, Snowden's critics regard the whistle blowing narrative as at best incomplete, and at worst fodder for the naive. They point out that the FISA document that gave him credentials as a whistle-blower was only issued in the last week of April 2013, which was three months *after* he first contacted Greenwald and almost 9 months after he began illegally copying secret documents. They further believe that the evidence contradicts Snowden's claims that he stole only documents that exposed NSA transgression into domestic surveillance, that he turned over all the stolen documents to journalists, and that he was forced to remain in Moscow by the actions of the US government. They believe that all three of these claims, which are at the conceptual basis of the whistle blowing story, are false. They also find that the unprecedented size and complexity of the penetration of NSA files, compromising hundreds of thousands of secret documents pertaining to US operations against adversary nations, according to the NSA's and Pentagon estimates, does not afford an innocent explanation for the volume of files he took.

The deep split in how Snowden is perceived brings to mind the famous drawing of a duck -rabbit cartoon first published in 1900 in the book *Fact and Fable in Psychology*. The figure is perceived either as a duck or as a rabbit but it cannot be seen as both simultaneously. Whether a person sees a rabbit or duck in this test may depend on the information available to that person. For example, if the person has never seen an image of a rabbit before, he will see almost certainly see a duck; and vice versa.

Similarly, what may account for the sharp divide between the Snowden and anti-Snowden camps is a disparity in the available information. The pro-Snowden camp's view is largely informed by Snowden himself. It prefers to believe his words over his actions.

In the anti-Snowden camp are administration officials and the members of the House and Senate intelligence oversight committees who have been at least partially briefed on the continuing investigations of the Snowden affair. The members of the Senate Intelligence Committee, for example, were briefed by David Leatherwood, the director of operations of the Defense

Intelligence Agency that the military files compromised by Snowden included documents bearing on military plans and weapons systems; foreign government's intelligence activities (including special activities), intelligence sources, or methods or cryptology;
Scientific and technological matters relating to national security;; vulnerabilities systems, installations, infrastructures, projects, plans, or protection services relations to national security and the development, production, or use of weapons of mass destruction. The members of the House and Senate Intelligence Committees, but not the public, also have been privy to an NSA investigation that established the chronology of his actions, including changing jobs, copying more than one million classified documents at the Signals Intelligence Center in Hawaii and flying to Russia.

Nor does additional information necessarily change the minds of people who already have a firm view. In the field of social psychology, the testing of "confirmation theory" consistently shows that people tend to more readily reject new information that contradicts their pre-existing beliefs. For example, when Lee Harvey Oswald was arrested in the Texas Theater on November 22, 1963, he said famously, "I haven't shot anybody." Ten months later, the Warren Commission presented evidence, including ballistic tests that it claimed showed that Oswald had shot three people, including President John F. Kennedy, less than an hour before making his statement. Yet, many of those who believed Oswald's public proclamation his innocence chose to believe that the government had falsified all the incriminating evidence to tarnish Oswald (who had been killed on November 24, 1963) rather than accept that they had been wrong in believing Oswald.

The charges, countercharges and defamatory name-calling in the Snowden case therefore only deepened the great divide. Those who saw Snowden as a democratic hero exposing the abuses of power of an out-of-control national security state tended to dismiss anything that depicts Snowden in a negative light as a fabrication while those who saw Snowden as a "traitor" tended to dismiss anything that depicted him in a more positive light.

When it comes to the murky universe of spy agencies, the problem in deciding where the truth lies is further heightened by the possibility of deliberate deception. Spy masters are, after all, in the business of concealing their most sensitive operations. It is often considered essential that important secrets be protected by what Winston Churchill famously termed "a bodyguard of lies." Top intelligence officials are not exempt from this practice. Consider, for example, the response to a question concerning the NSA's operations made by James D. Clapper, the Director of National Intelligence to the Senate Intelligence Committee on March 12, 2013. Senator Ron Wyden (D-Oregon) of the Committee asked the spy master if the NSA collected data on Americans. Clapper answered that the NSA did not knowingly "collect any type of data" on millions of Americans. Clapper's answer was clearly untrue. However, it did not mislead Senator Wyden or any other members of the Senate Intelligence Committee because Clapper had truthfully testified that the NSA did collect American's telephone records in a classified session of the Committee earlier that week. Who was being misled was the American public. Yet, none of the Senators on the Committee, including Senator Wyden, corrected this obviously false answer. When Clapper realized he had misspoken, he could not publically correct the record of the public

session because, to do so, would be revealing classified information he had swore to protect. No doubt other intelligence officers find themselves in a similar bind in discussing secret matters. This suggests that there is a risk in accepting statements made by the intelligence chiefs at face value.

But Snowden also has a credibility problem. He has told numerous untruths including ones calculated to help him insinuate himself into the key position from which he stole secrets and to cover up the nature of his theft. For example, Snowden got access in the spring of 2013 to the super-secret NSA's computers storing these electronic files by working at Booz Allen Hamilton, a hedge-fund owned consulting firm, that helped manage computer systems at its Kunia base in Hawaii. On his application to Booz Allen in March 2013, Snowden claimed to be in the process of completing a master's degree at the University of Liverpool in computer security sciences, which he expected to get that year. Although he had registered two years earlier at the online division of University of Liverpool, he had not completed a single course there and, according to the registrar, he was not in line to receive a master's (or any) degree. To be sure, Snowden did not lie gratuitously. He told untruths to get access to classified documents and to get safely away with them.

He also was not entirely truthful with journalists whose trust he sought when it suited his purpose in protecting himself. For example, in contacting Laura Poitras under the alias Citizen Four in January 2013, he gave her his word that he was currently a "government employee," although in fact he was working for a private contractor at the time.

Snowden had little concern about misleading journalists when it suited his purpose. For example, he told Alan Rusbridger of the *Guardian, Brian Williams of NBC News,* James Bamford of *Wired Magazine,* Katrina vanden Heuvel of *the Nation,* Barton Gellman of the *Washington Post* and Jane Mayer of *The New Yorker* that the U.S, government intentionally acted to "trap" him in Moscow by revoking his passport while he was already on a plane to Moscow on the afternoon of June 23, 2013. Although he had first made this charge on July 1, 2013, none of these journalists asked Snowden what was the basis for his oft-repeated allegation. He did admit, however, during the Q&A following his July 12, 2013 press conference in Moscow that he had no independent source, sating t he had "read it" in the news reports. In fact, news stories prior to his statement reported that his passport had been revoked before he had left Hong Kong on June 22nd, 2013. ABC News, for example reported that the U.S. "Consul General-Hong Kong confirmed Hong Kong authorities were notified that Mr. Snowden's passport was revoked June 22." By the date to June 23rd, Snowden effectively provided to unsuspecting journalists an alibi for his presence in Russia.

The credibility problem with Snowden assumed a more sinister dimension once Snowden put himself and his fate in the hands of the Russian authorities in Moscow. Even though the Obama Administration decided against revealing the extent of Russian intelligence service's participation in Snowden's move from Hong Kong to Moscow, or what intelligence services call an "exfiltration," I was told by a Presidential National Security staff adviser that the government acted to protect the intelligence sources used by the CIA, NSA and FBI to track Snowden's

movements in the latter part of June in Hong Kong. CIA Deputy Director Morell would go no further than to state that during that period he had no doubt the intelligence services of Russia and China "had an enormous interest in him and the information he [Snowden] had stolen." Presumably, the last thing these adversary services would want would be to make this "interest" transparent to the United States.

The role of concealment must be taken into account when assessing information bearing on the work of espionage services. I learned when I was interviewing James Jesus Angleton, the CIA's legendary ex-counterintelligence chief of the CIA in the 1970s for my book on deception that intelligence services play by a different set of rules than historians when it comes to their espionage successes. Angleton, a famously baroque thinker himself, impressed on me the complexity of espionage. He said "It's not enough just to steal a secret. It must be done in a way that the theft remains undetected." From his perspective, there were two requisites that had to be fulfilled to assure the success of any intelligence theft. The first task is the obvious one: acquiring by espionage an adversary's state secrets. The second task is concealment of that success. Deception is employed to obscure the nature and the extent of the espionage theft. This deception is necessary to extend the usefulness of theft. One of the most famous examples of this principle was the deceptions used by British intelligence in the Second World War to conceal its success in breaking the German ciphers generated by the Enigma machines. If German naval intelligence discovered Britain was able to read the ciphers it used to communicate with its U-boats, it would have stopped using them. So British intelligence hid its coup by supplying false information to known German spies to account for the sinking of U-boats, including the canard that British aerial cameras could detect one ingredient in the paint used to camouflage the U-boats. That same hoary principle of deception applies to modern-day communications intelligence. If the Russian, Chinese or any other adversary intelligence service got its hands on the documents stolen by Snowden from the NSA's repositories in Hawaii in 2013, it would likely employ deception, including well-crafted lies, to create as much ambiguity as possible as to the ultimate disposition of the missing documents. From this counterintelligence perspective, the intelligence issue that spawned the great divide cannot be resolved by accepting the uncorroborated statements made by a source, such as Snowden, who may be in the hands of the Russian security services in Moscow.

By the same token, the calculations made by NSA officials about the extent of the theft are also suspect. After all, the NSA is an intelligence service that often engages in secret machinations. We know that its top officials reported to the House and Senate Intelligence Committees, as well as the President's National Security Adviser, that over one million documents were compromised by Snowden. But if this was disinformation, it is difficult to see its purpose. Inflating the extent of the damage of the Snowden breach to the President, Congress and the Secretary of Defense obviously reflected poorly on their own management of the NSA, and their own careers. Yet such a possibility cannot be precluded in the arcane world of intelligence.

As in any case involving the loss of state secrets, uncontested facts remain in extremely short-supply. The opinion-laden appellatives such as “patriot” and “traitor” that have tended to fill the gap in the great divide do little to address the important mystery of how many thousands of state secrets were taken from the United States. How did Snowden breach the supposedly formidable defenses of the NSA? Did he have any assistance? How did he escape to Moscow? And what was the final destination of the stolen documents? The purpose is to find answers to these questions. For this endeavor, it is necessary to return to the crime scene: the NSA’s base in Hawaii.

# CHAPTER TWO

## The Crime Scene Investigation

"Any private contractor, not even an employee of the government, could walk into the NSA building, take whatever they wanted, and walk out with it and they would never know."

Edward Snowden, Moscow 2014

About 15 miles northwest of Honolulu on the island of Oahu in Hawaii, adjacent to the sprawling Wheeler Air Force Base, is a 250,000 square foot man-made mound of earth and reinforced concrete surrounded by an electrified fence. Inside the mound is a three story structure originally built by the Air Force in the Second World War as a bomb-proof aircraft repair facility. In the Cold War, it was modernized to withstand an enemy chemical, biological, radiological or Electrical Magnetic Pulse attacks, and used by the Navy's operation center for its Pacific fleet. After the Cold War ended, the huge edifice was turned over to the NSA, which had been created as an intelligence service to intercept the communications and signals of foreign countries after World War II, a mission which included vacuuming into its giant computer arrays telephone messages, missile telemetry, submarine signals and virtually everything on the electro-magnetic spectrum of interest to the US defense department and US intelligence agencies. Because it provided a valuable window on the activities of adversary nations in the Pacific region, it was able to monitor the ballistic missile tests and submarine activities of China, North Korea and Russia. As the NSA developed it, this Hawaiian base became one of its primary regional bases for gathering Asian communications intelligence. By 2013, the Kunia base, also called "the tunnel" by its NSA workers, had a vast array of state-of-the-art technology, including 90 Cray supercomputers arranged in a horseshoe configuration, used to decipher and make sense of the intercepted signals from China, Russia and North Korea. At the heart of the Hawaiian complex was a unit with both military and civilian employees. A large share of the civilians who ran the computers worked under two-year contract to the NSA's leading civilian contractor, Booz Allen Hamilton.

Keith Alexander, the four-star general who headed the NSA from 2005 to 2014, first learned about the impending story in the *Guardian* on June 4, 2013 while he was in Germany meeting with its top intelligence officials. Janine Gibson, the *Guardian's* American website editor had notified the NSA it intended to break a story based on NSA the next day. It took NSA counterintelligence less than 48 hours to determine that a civilian employee at the base from which documents were stolen had not reported back to work on June 3rd, 2013. It also determined he had lied on his application of a two-week medical leave and had flown to Hong Kong. The missing man was Edward Joseph Snowden, a 29-year civilian employee of Booz Allen Hamilton. At the time of the theft in May 2013, he was still being trained as an analyst at the Threat Operations Center. Personnel records further showed that he had worked there for less

than six weeks. He had taken the medical leave on May 18, 2013 left the country by plane. By June 7th, he had become the NSA's main suspect. Snowden had been hired to work there as an outside contractor by Booz Allen Hamilton, a private company owned by a hedge fund, which managed much of the information technology at the Center.

General Alexander, returning to Washington DC after assigning the sensitive job of investigating the breach to Richard "Rick" Ledgett, the Director of the NSA's Threat Operations Center at NSA's headquarters in Fort Meade, Maryland. It was a key position since the top-secret unit was responsible for discovering and countering the threats posed by Chinese, Russian and other adversary nations. Ledgett was also the logical choice to head the damage assessment investigation since the Center's regional branch in Hawaii was from where highly-sensitive documents were stolen and where the main suspect, Snowden, last worked. Ledgett immediately boarded a military jet bound for Hawaii. His first task was to reconstruct the chronology all of Snowden's moves at the Center, or, as the tactic is called in counterintelligence parlance, "walking the cat back."

The NSA meanwhile notified the FBI of Snowden's possible involvement in the theft of state secrets. It is in charge of criminal investigations of civilian US intelligence workers, even if they occur on a NSA base, The FBI immediately dispatched a top task force of agents to investigate a potential espionage case in Hawaii. When questioned, Lindsay Mills, who shared Snowden's rental home with him and had been his girl friend for 8 years, said Snowden was away on a business trip. After determining from airline and hotel data that he was in Hong Kong, the FBI realized Snowden was a possible intelligence defector. It froze his credit and bank cards. It also notified the passport office in the State Department the legal attaches at the Hong Kong consulate. The legal attaches, who were actually FBI field agents posted in Hong Kong, located Snowden at the Mira Hotel on June 8th. Such international detective work proved unnecessary since on the evening of June 10th, Snowden ended all doubts about the identity of the perpetrator by revealing in a 12-minute video posted on the *Guardian* website that he was the source of the stolen NSA documents for which the FBI was searching. The problem was that since Hong Kong was in China, US law enforcement did not have the means to recover them.

At that point, determining the magnitude of the theft of documents became a critical concern of the investigation. Aside from the few dozen documents published by the *Guardian* and *Washington Post*, what else had Snowden stolen?

Within the next few days, a small army of forensic investigators from the FBI, the Defense Department and the "Q" counterintelligence division of the NSA swarmed onto the NSA base in Hawaii. The proximate crime scene for their investigation was the National Threat Operations Center. They examined the cubicle where Snowden had last worked at NSA, and then began

retracing all his activities at the NSA over the past four years. To begin with, they needed to find out how many documents from the Center had been copied and taken by Snowden.

The Defense Intelligence Agency (DIA), the Pentagon's own intelligence service, meanwhile was kept partially in the dark. It did not learn from the NSA that Snowden had stolen military documents, concerning the joint Cyber Command until July 10, 2013. In terms of sheer quantity, the number of stolen military documents was staggering. The DIA found that Snowden had copied "over 900,000" military files. Many of these files came from this joint command, which had been set up in 2011 by the NSA and Army, Navy, Marine and Air Force cryptological services to combat the threat of warfare in cyberspace. The loss was considered of such importance that between 200 and 2500 military intelligence officers worked day and night for the next four months, according to the DIA's classified report, to "triage, analyze, and assess Department of Defense impacts related to the Snowden compromise." The job of this unit, called the Joint Staff Mitigation Oversight Task Force, was to attempt to contain the damage caused by the Snowden breach. In many cases, containment meant shutting down NSA operations in China, Russia, North Korea and Iran so they could not be used to confuse and distract the U.S. military.

The NSA and Defense Department were not the only government agencies concerned with determining the extent of the breach. There was also the CIA. The NSA acted as a service organization for it, handling most, if not all, of its requests for communication intelligence to support its international espionage operations. Although the CIA and NSA were both part of the so-called "Intelligence Community," the NSA did not immediately share with the CIA details of the Snowden breach. Despite the immense potential damage of the theft, it was not until a week later that CIA Director John Owen Brennan and Deputy Director Michael Morell were briefed by the NSA. When Morell realize how much data had been taken by Snowden, he was astounded "You might have thought of all the government entities on the planet, the one least vulnerable to such grand theft would have been the NSA," he wrote "but it turned out that the NSA had left itself vulnerable." According to Morell, he bluntly told the NSA briefer that it was urgent for the CIA to be brought in on the case. After all, only four years earlier Snowden had been employed by the CIA. Specifically, Morell said the CIA needed to find out three things. Has CIA documents had been part of Snowden's haul? How long had Snowden been stealing documents? Had Snowden been working "with any foreign intelligence service, either wittingly or not?" According to Morell, the effort to get a direct answer from NSA officials to these three key questions "proved maddeningly difficult." He found that in mid June NSA officials with whom he dealt were so "distraught at the massive security breach" that initially they even refused to allow CIA officers to participate in the on-going security review. A former NSA executive told me there was "near panic" at the NSA. Finally, Morell called Chris Inglis, a former professor of computer science who had risen to be the NSA's Deputy Director at the time of the breach. Inglis, who headed operations for the NSA, told him "the news was not good." Among the data copied by Snowden were a large number of CIA secrets. By the time, the CIA learned that its secrets had been compromised, Snowden was headed to Russia.

The investigation of a crime involving potential espionage is no easy task. In this case, it required attempting to solve a jigsaw puzzle in which not only were key pieces missing but, since it involved adversary intelligence services, some of the found pieces might have been twisted to deliberately to mislead the US investigators.

By late July, NSA investigators made their initial assessment. They determined that most of the material had been taken from sealed-off areas, known in intelligence-speak as "compartments," which in this case were files stored on computers that were isolated from any network. Each compartment electronically tracked all the activities that occur in them on their logs, including the password identity of any person who has gained entry to any compartment. From a forensic examination of these logs, NSA investigators were quickly able to reconstruct the timeline of the theft. The logs showed that an unauthorized party had begun copying files in mid-April, which was just days after Snowden began his job at the Center. The breach illicit activity ended just before Snowden's last day of work there. So this piece fit in with Snowden's guilt.

The size of the theft was another matter. Ledgett was certainly in a position to know. Not only had he been in charge of the National Threat Center at the time of the Snowden breach, but he personally supervised the NSA's damage assessment team. And, in the shake-up that followed that followed, he would replace Inglis as Deputy Director of the NSA. According to Ledgett, the perpetrator, moving from compartment to compartment, had "touched" 1.7 million documents. Of these "touched" documents, according to the analysis of the logs, more than one million of them were moved in mid-May by the unauthorized party to an auxiliary computer intended to be used for temporary storage by authorized service personnel. Finally, the data was transferred from this auxiliary computer to thumb drives. This download occurred just days before Snowden' left the NSA on May 17, 2013, having told the agency that he needed a leave of absence to undergo medical treatment in Japan. The FBI further established from airport records that Snowden flew to Hong Kong the next day presumably with thumb drives containing, by the government's calculation, over one million documents.

To be sure, the quantity of stolen documents does not necessarily reveal the damage, and can itself be misleading. Many documents that do not reveal current or known sources or methods and others may have little value to an enemy. And a large portion of the 1.7 million documents may have been duplications. But the quality of some of these documents is another matter. Just one document that exposed a source or method of which enemies are unaware can be of immense value. For example, one of the missing documents taken by Snowden provided what Ledgett called "a roadmap" to the NSA's current secret operations. That single document would reveal to an adversary such as Russia, China or Iran, according to Ledgett, "what we know, what we don't know, and, implicitly, a way to protect themselves." And there were many documents in the Snowden breach that met these criteria, according to a National Security official at the Obama White House.

The breach had happened on the watch of General Alexander, who headed both the NSA and the US Cyber Command, in 2013. A short, compact man with military bearing, Alexander closely followed the investigation as it developed over the summer of 2013. By then, of course, the whole world knew that Snowden had stolen a vast trove of NSA documents. But General Alexander saw major inconsistencies developing between Snowden own account of the theft and what had

actually happened. To him, Snowden's timeline, as established by the government's investigators, did not match up to Snowden's story line. "Something is not right," Alexander said in an interview.

What was wrong with Snowden's account proceeded from unresolved inconsistencies in both the timing and nature of the theft. For one thing, Snowden had made the claim to journalists, four months after he was in Russia, that he had turned over all the documents he took from the NSA's compartments to journalists Laura Poitras and Glenn Greenwald in Hong Kong. However, on August 18, 2013, the investigators had the opportunity to examine the files that Snowden had actually given Poitras and Greenwald in Hong Kong. This discovery came when David Miranda, Greenwald's romantic partner, was detained at Heathrow Airport by British Authorities under Schedule Seven of Britain's Terrorism Act. At the time, as British intelligence presumably knew, Miranda was acting as a courier for Greenwald and Poitras. According to Greenwald's account, Snowden had given both him and Poitras identical copies of the NSA documents in Hong Kong. When Greenwald returned home to Rio de Janeiro, he found his copy was corrupted. But Poitras still had her digital copy of whatever stolen documents that Snowden had distributed to them. So Greenwald dispatched Miranda from Rio to Berlin to get a copy of Poitras' thumb dive. On the return trip, Miranda's plane stopped at Heathrow and British authorities temporarily detained him and temporarily took the thumb drive from him. Poitras had written out the password for Greenwald, and Miranda kept it with the thumb drive. The British quietly copied the contents and shared them with the NSA. As a result, the NSA discovered that Snowden had only given Poitras and Snowden some 58,000 documents. By any measure, it was only a tiny fraction of Snowden's total haul. The damage assessment team under Ledgett determined that some of these documents had been edited out of much larger documents that the NSA logs showed that he had copied. Snowden had evidently selected for the journalist's only parts of the lengthy documents. For example, only scattered fragments of the 36,000 page "road map" file were among the material on the thumb drive. By the count of both the NSA team and the Defense Department team almost one million documents were unaccounted for. If Snowden had not given these missing files to Poitras and Greenwald, the issue of what had happened to them became a critical missing piece in the puzzle.

Adding another layer to the mystery of the missing documents, the NSA investigation found that the chronology of the theft of documents did not support Snowden's claim to journalists that he had only been seeking whistle-blowing documents. Most of the documents he first took did not concern the domestic activities of the NSA. It was only towards the end of the theft that he copied documents that would qualify as whistle-blowing. In fact, the now-famous FISA court order to Verizon that was the basis of the initial *Guardian* expose was only issued by the FISA court on April 27, 2013. The other main whistle-blowing document he revealed, the PowerPoint presentation about PRISM, a joint NSA-FBI-CIA Internet surveillance program, that was the basis of the *Washington Post* expose, was also only issued in April 2013. Yet Snowden had been

down-loading documents for some 10 months before he copied these documents. When I discussed the chronology of the copied documents with a former government official briefed on the investigation, he suggested that Snowden's purpose may have changed between 2012 and 2013. When I asked him what might have induced the change, he replied "That is one of the unanswered questions." That Snowden only took these two whistle-blowing documents at the tail-end of his 9-month operation, and after he had contacted Poitras and Greenwald, suggests he may have had another motive prior to contacting journalists. In light of this chronology, the investigation had to consider the possibility that his whistle-blowing was, partly if not wholly, a cover for another enterprise.

The investigation soon ran into another serious issue: his access. Snowden had described to journalists a situation in which he had access to" millions of records that [he] could walk out the door with at any time with no accountability, no oversight, no auditing, the government didn't even know they were gone," but, as it turned out, he was not among the limited number of individuals at the Center who had access to these documents, The NSA's and Booz Allen's employment records showed that Snowden had not yet completed his requisite on-the- job training at the National Threat Operations Center in Hawaii when he carried out the theft. Consequently, he had not yet been provided with the passwords he needed to get the documents. A former NSA official bluntly told me that Snowden, at least during the period of the thefts in April and May 2013, had no more legitimate access to the compartments than the cleaning personnel at the Center. Somehow he converted his proximity to access.

This lack of access could not be ignored in any law-enforcement investigation. Consider if a hundred top-quality D-flawless diamonds were stolen from locked vaults at Tiffany's by a recently-hired trainee who, it turned out, did not have either the combination to open these vaults. One possibility that the police would be expected to consider was that the trainee might have had help from a current or former insider at the company who knew the combinations. Snowden had accomplished a similar inexplicable feat as the hypothetical jewel thief.

In Snowden's case, the FBI had to consider two very different possibilities that could explain how he could have acquired the password. He said in his video confession that he was solely responsible but there was another possibility. He had help, unwitting or witting, from others and he was trying to protect away from them.

The FBI faced a dilemma. It could either assume that the NSA's security regime was so badly flawed that Snowden could trick his fellow workers into providing him with access or that there was another individual at the Center who might have assisted or directed Snowden. If it pursued the former hypothesis, it could close the case as far as the sitting Grand Jury was concerned. After all, Snowden had admitted he was the perpetrator and, if further evidence was needed, he could be seen showing stolen documents to Greenwald on the video. And Greenwald later used these documents. For the Grand Jury, it was, as one former federal prosecutor put it, "a slam dunk." Not even Snowden denied the charge that he gave secret documents to individuals that

were not authorized to receive them, the same charge for which Manning was convicted. Even if it went no further, the FBI would satisfy its superiors in the Department of Justice that it had done its law-enforcement job. But if it pursued the latter hypothesis, it would need to engage in a mole hunt for a quarry that might not exist. By doing so, it could open a Pandora's Box of suspicions that it, or the NSA, might not ever be able to close. When the investigation came to this fork in the road in the summer of 2013, according to a source on the House Intelligence Committee, it chose the former route.

Finally, there was the question of whether Snowden had gone to Russia by design or accident. Whenever an intelligence worker steals sensitive compartmentalized information of interest to a foreign adversary and then defect to it, it raises at least the specter of state-sponsored espionage. It is a commonly accepted presumption in counterintelligence that a spy, fearing arrest, flees to a country that has some reason to offer him protection. When the British spies Guy Burgess, Donald Maclean and Kim Philby, for example, fled to Moscow in the Cold War the presumption was that they had a prior intelligence connection with Russia. And Philby confirmed it in his 1968 memoir *"My Silent War*." So in the case of Snowden, counterintelligence had to consider the possibility that his theft of state secrets and his arrival in Moscow might not be totally coincidental.

For his part, Snowden said that he did not leave Hong Kong with the intention of staying in Russia, but that the U.S. government "trapped him" at Moscow's Airport by revoking his passport. He told editor of The *Nation* magazine: "I'm in exile. My government revoked my passport intentionally to leave me exiled." He added that the U.S. government "chose to keep me in Russia." Although he repeated that assertion over a dozen times, it was untrue. The US government had not invalidated his passport for travel back to the United States. When criminal charges are lodged against a U.S, citizen by the Department of Justice, the State Department, in accordance with the U.S. code of justice, marks in the electronic passport validation advisory system that that person's passport is electronically marked valid only for return to the U.S. After criminal charges were filed against Snowden, including the theft of classified government documents, it advised foreign governments that Snowden was wanted on felony charges, and "should not be allowed to proceed in any further international travel, other than is necessary to return him to the United States." It was simply requiring that his passport, which is a State Department document, be used for him to return to the United States. Rather than preventing Snowden from returning to the United States, or "exiling" him, the government facilitated his return home. With his passport, he could have flown home from either Hong Kong or Moscow, where he, like any other person accused of a felony, would face the charges against him. Nor was it plausible that President Obama and Secretary Of State Clinton would conspire to trap a perpetrator carrying incredibly valuable national security secrets in Russia.

The counterintelligence investigation had little difficulty establishing that Snowden's trapped" version in the media was not consistent with the actual chronology of the events. Snowden claimed that the U.S. State Department had acted while the plane was flying to Moscow on June

23rd but in actuality it had acted on June 22, 2013, which was the day *before* the plane (or Snowden) departed from Hong Kong. The Hong Kong authorities had been advised as early as June 19, 2013 that there were criminal charges against Snowden and only a typographical error in spelling out Snowden's middle name—James instead of John-- in the criminal charges prevented the Hong Kong police from immediately ordering his detention. His Hong Kong lawyers were advised of the pending charges, which were unsealed on June 21, 2013 and published on front page of the *South China Morning Post* in Hong Kong. So presumably Snowden knew that action by the U.S. government was imminent. One of his lawyers, Jonathan Mann, even accompanied Snowden to the airport out of his concern that he would not even be allowed by Hong Kong authorities to go through passport control. Although Snowden still had a US passport in his possession, the computerized database would show on June 23rd, it was no longer valid for travel to anywhere but the U.S.

This electronic notification advised foreign government that his passport was only approved for his return to the U.S. Even so, when he arrived in Russia any future international travel decisions for him would be up to Russia, not the U.S. So the only government with the means to "trap" him in Russia was the Russian government.

The U.S. government also knew that his it was no accident that Snowden wound up in the hands of Russia. He had been in contact with Russian officials in Hong Kong. Even before Putin admitted this liaison on September 3, 2013, the CIA knew about it. In fact, on June 23rd, t, Senator Charles Schumer (D-N.Y.), correctly said based on a White House briefing that "Vladimir Putin had personally approved Snowden's flight" to Moscow. As mentioned earlier, the NSA still had the capability to monitor Russian communication in June 2013. The messages, as well as the traffic, it intercepted from its sources reportedly revealed the Russian intelligence activity in Hong Kong. The NSA also reportedly intercepted contacts between these Russian officials and Russian representatives of Aeroflot, the Russian state-owned airline flying between Hong Kong and Moscow. Aeroflot, like most other international carriers, ordinarily requires international passengers to have both a valid passport and visa to the country of his destination. That those rules were waived for Snowden implicated Aeroflot in Snowden's exfiltration from Hong Kong. All of which meant to investigators that Snowden's defection to Moscow was not a haphazard result of unexpected circumstances. This raised new questions for the investigation. What led Snowden to defect to Russia? Was his arrival in Moscow planned by Russia intelligence in advance? Was any other party, such as China, privy to the plan? Was there a quid pro quo?

US intelligence had some clues suggesting that Snowden's path to Russia had been prepared for him in advance. On September 3, 2013, Russia's President Putin gave a lengthy interview on state-owned Channel 1 television in which he divulged that he personally had had advance knowledge of Snowden's plan. "I will tell you something I have never said before," Putin said. Snowden "first went to Hong Kong and got in touch with our diplomatic representatives" and that he was told then that an American "agent of special services" was seeking to come to Russia.

Putin then decided that this agent would be "welcome, provided, however, that he stops any kind of activity that could damage Russian-US relations." Putin's disclosure came as no surprise to the NSA investigation since the Russian pro-government newspaper *Kommersant* had reported that Snowden visited the Russian consulate in Hong Kong.

Putin's authorization could certainly account for Aeroflot waiving its usual passport and visa check to allow Snowden to board its plane. It also might explain the dispatch with which Russian officials whisked Snowden off the plane after it landed and into a waiting car at the Moscow airport. It could even account for Snowden's vanishing from public view for the next three weeks and the promulgation of the cover story that Snowden was unwillingly trapped at the airport by the U.S. government. The reasons behind Putin's move were less clear.

By September 2013, the investigation was looking into a veritable abyss. Snowden's culpability was no longer an issue. What was lacking from the video, or the 2-hour film made from it by Laura Poitras, was any specific information on how many documents he had copied, how he had obtained the passwords to the computers on which they were stored, the period of time involved in the theft, or how he had breached all the security measures of the NSA in Hawaii. Nor would that data be forthcoming from Snowden, who may be the only witness to the crime, By June 23, 2013, he was in a safe haven in Moscow. Even though the Grand Jury case against Snowden was cut and dry, it was also irrelevant because the US does not have an extradition treaty with Russia.

The purpose of the intelligence investigation went far beyond determining Snowden's guilt or innocence, however. Its job was to find out how such a massive theft of documents could occur, how the perpetrator escaped, and, perhaps most urgent, who had obtained the stolen documents from Snowden.

When Snowden first met Greenwald and Poitras in Hong Kong on June 3rd 2013, he displayed in his hand, as a recognition signal. It was an unsolved Rubik's Cube. It may also be an appropriate metaphor for the unsolved elements in the Snowden enigma. Even in his later interviews with journalists in Moscow, Snowden studiously avoided describing the means by which he breached the entire security regime of America's most secret intelligence service. He only told the journalists who came to Moscow to interview him, with a bit of pseudo-modesty, that he was not "an angel" who descended from heaven to carry out the theft.

But the question of how Snowden stole these documents may be the most important part of the story. The NSA, after all, furnishes communications intelligence to the President, his National Security advisers, and the Department of Defense that is supposedly derived from secret sources in adversary nations. If these adversary nations learn about the NSA's sources, the information, if not worthless, cannot be fully trusted. The most basic mission of the NSA is to protect its sources. Yet, despite all its efforts, Snowden walked away with long lists of its sources. In doing so, he amply demonstrated that a single civilian employee working for an outside contractor, even

one not having the necessary passwords and other access privileges, could steal documents that betrayed these vital sources. He also demonstrated that such a theft, which the NSA calculates exceeded one million documents, can go undetected for at least two weeks. If Snowden managed this feat on his own, as he claims in his Hong Kong video, it suggests that any other civilian employee with a perceived grievance against NSA practices or American foreign policy could also walk away with some of the most precious secrets held by US intelligence. Such vulnerability extends to tens of thousands of civilian contract employees in positions similar to the one held by Snowden. The lone disgruntled employee explanation is therefore hardly reassuring. If true, calls into question the entire multi-billion dollar enterprise of outsourcing the management of the NSA's computer networks and other technical work to outside contractors. It also casts doubts on the post-9/11 decision by the intelligence community to strip away much of the NSA's "stove-piping" that previously insulated the NSA's most sensitive computers. Without such "stove-piping," any rogue civilian employee could bring down entire edifice of shared intelligence.

Nor would a finding by the investigation that Snowden had acted in concert with others in breaching compartments at the NSA be any more reassuring. Such collaboration among intelligence workers would reflect gravely on the mindset of the NSA. Snowden described an atmosphere in which intelligence workers exchanged lewd photographs of foreign suspects. Did this violation of the NSA's rules also involve abetting the theft of documents? If so, the NSA would have to evaluate further vulnerabilities that might arise when it entrusts its secrets to technicians who do not share is values. A collaborative breach would signal an immense failure of the present concept of the counterintelligence regime in the NSA.

From what I gathered from government officials who were familiar with the investigation, there was a concern that answering the "how" question could open up a Pandora Box of other issues concerning the very ability of the NSA to carry out its core mission of protecting the government's intelligence secrets. However it was organized, it was that clear that Snowden had played a major role in what amounted to a brilliant intelligence coup.

# PART TWO

## SNOWDEN'S ARC

"I woke this morning with a new name. I had had a vision. A dream vision. A vision righteous and true. Before me I saw Gamers shrouded in the glory of their true names...Step forth, and assume your name in the pantheon. It's always been there, your avatar's true name. It slips through your subconscious, reveals itself under your posts, and flashed visibly in that moment of unrestrained spite; in the indulgent teabag. You've felt it, known it, and recognized it. Now realize it.
I woke this morning with a new name. That name is … Wolfking Awesomefox"

--Edward Snowden in Geneva, June 12, 2008.

# CHAPTER THREE

## Tinker

"It's like the boiling frog. You get exposed to a little bit of evil, a little bit of rule-breaking, a little bit of dishonesty… you can come to justify it."

—Snowden in Moscow, 2014

Edward John Snowden was born on June 21, 1983 in Elizabeth City, North Carolina. His parents, Lon Snowden and Elizabeth "Wendy" Barrett, according to their marriage records, wed when they were both 18 in 1979. The following year they had a daughter, Jessica.

Lon Snowden, like his father before him, served in the U.S. Coast Guard. He was stationed at its main aviation base, where his father-in-law Edward John Barrett, was an officer and rising star of the Coast Guard. While Edward Snowden was still a child, his grandfather would become not only an admiral but the head of the Coast Guard's entire aviation service. Admiral Barrett would be the only grandfather, Edward Snowden would ever know. His paternal grandfather died before he was born in a fatal car crash. He had had a drinking problem and killed a woman in a prior car crash.)

When Lon was transferred to a Coast Guard base near Baltimore in 1992, the family moved to Maryland. Lon bought a two-story house in Croften, Maryland, a residential community very close to the NSA's headquarters building at Fort Meade. The two children, Edward, who was nine, and Jessica, who was 12, were enrolled in local public schools in Croften.

Jessica was a top student. She graduated high school, completed both her courses at University of Maryland and went on to law school, where she graduated with honors. Unlike his sister, Snowden experienced a string of failures in his education. In 1998, after only one year of classes, he dropped out of Arundel High School. According to school records, he stopped attending classes at the age of fifteen. He later attributed his absence from school to a medical problem, mononucleosis, but according to Robert Mosier, a spokesman for Anne Arundel County public schools, there is no record of any medical illness. Brad Gunson, who knew him before he dropped out of high school, recalled in an interview with the *Washington Post* only that he had a high-pitched voice, liked magic cards, and played fantasy video games. Nor did Snowden receive home schooling or ever get a high school diploma.

Instead, Snowden became the product of a broken home. His parents were entangled in a messy divorce fight until he was seventeen. By this time Jessica had her own apartment. When his

parents separated, Snowden's mother, Wendy, bought a two-bedroom condominium in Elliott City, Maryland. She moved Snowden, along with his two cats, into the condominium. She remained in the family house while awaiting its sale. According to his neighbor Joyce Kinsey, Snowden, alone, stayed home almost all the time. From what she could observe, he spent long hours in front of a computer screen.

At the age of 18, Snowden was still living by himself, while other teens his age went to college, Snowden now devoted a large part of his time playing fantasy games on the Internet. Posting under the alias "The TrueHooHa" on a web site called *Ars Technica*, he showed himself to be a passionate gamer. He was especially drawn to Anime, a graphically violent style of Japanese animation. These Anime games had by 2002 achieved a fanatic following in both Japan and the United States. He claimed special skills at Takken, a martial arts fighting game. He even went to Anime conventions in the Washington DC area. When he became a webmaster for Ryuhana Press, a website running these anime-based games, he described himself somewhat fancifully as a 37-year old father of two children, The only clearly true part of his description was that he was born on "the longest day of the year" (June 21).

He also apparently valued changing his body. He wrote Internet posts under his TrueHooHa alias about how he used weightlifting and intensive training to precision-shape his body. He bragged to his online followers that he had reduced his "body fat percentage to between 9.5% and 10.5%" (which was less than half of the average for his age.)

He appeared somewhat restless with his solitary life in a Maryland suburb in his almost daily postings. He expressed a longing to go to Japan. "I've always dreamed of being able to "make it" in Japan. I've taken Japanese for a year and a half," he posted in 2002. Despite his claim of learning Japanese, there is no record of him taking any courses in Japanese. But it perhaps part of his yearning. He also wrote that he wore "cool" purple sunglasses, practiced martial arts and was a fan of Japanese cuisine. He described himself at one point, as if advertising his virtues, as having a "head of vibrant, shimmering blond hair (with volume)." In pursuit of an employment opportunity in Japan, he posted "I'd love a cushy gov job over there." Eventually, he gave up on the idea of relocating himself to Japan because, as he explained in a post, he would have to put his cats in quarantine for six months.

Snowden's father meanwhile moved to Pennsylvania with his new wife-to-be. This left Snowden with only one male family member in the area, his maternal grandfather, Admiral Edward J. Barrett. Unlike Snowden's virtual career on the Internet, where at one point Snowden invented for himself two fantasy children, Admiral Barrett became a real actor in the top echelon of US intelligence. After the Coast Guard, he moved to the Pentagon. He was actually in the Pentagon when a plane piloted by terrorists crashed into it on 9-11. He emerged unscathed and, by 2004, was a top official in the intelligence regime that operated the interrogation center at Guantanamo.

Instead of seeking a job in Japan, Snowden sought to join the Special Forces through the 18X program. It was an Army Reserve program created in 2003 that allowed individuals who had not served in the military or completed their education, to train to be a Special Forces recruit. He listed his religion on the application as "Buddhist" because, as he explained in a sardonic post on *Ars Technica*, "Agnostic is strangely absent" from the form."

He enlisted in the army reserves on May 7, 2004, according to U.S. Army records. He reported for a 10 week basic training at Fort Benning, Georgia. That was standard course for all enlistees in the infantry. In August, he began a three-week course in of parachute jumping but did not complete that training. US Army records show he did not complete the training requirements and received no commendations. As Snowden put it in his Internet postings, he "washed out." He was discharged on September 29, 2004, ending his 19 week military career. Snowden would later claim on the Internet that he returned to civilian life because he had injured himself by breaking both legs. An Army spokesman said, however, that he could not confirm that Snowden injured his legs or that he was in fact dropped from the program for medical reasons. Under his alias TheTrueHooHa he wrote that "they [the Army] held on to me until the doctors cleared me to be discharged, and then after being cleared they held onto me for another month just for shits and giggles." He attributed this treatment in the Army, as he would later attribute his problems in the CIA and NSA, to the inferior intelligence of his superiors, He wrote in his post "Psych problems = dishonorable discharge depending on how much they hate you. Lots of alleged homos were in the hold unit, too, but they only got a general discharge at best." It is not entirely clear whether or not Snowden actually injured himself. If he had broken his legs, it was not evident to Joyce Kinsey, his next door neighbor, who told me that she never saw Snowden on crutches when he returned to his mother's condominium in September 2004. Whether or not he broke his legs, Army records show that he did not receive a medical discharge. He received an "administrative discharge." Unlike a medical discharge which is given because a soldier has sustained injuries that prevent him from performing his duties, an administrative discharge is a "morally-neutral" form of separation given to a soldier when her or she is deemed for non-medical reasons inappropriate for military service. Snowden himself preferred to voice a medical explanation for his severance, just as he had claimed a medical reason for dropping out of high school (and would later claim he needed medical treatment for epilepsy at the NSA.)

When he returned home from Fort Benning, Georgia on September 28, 2004, he was 21. Having failed in his attempt to join the Special Forces, he returned to his mother's condominium in Elliott City, where he remained unemployed for several months. He took a job as a security guard at the University of Maryland's Center for Advanced Study of Language. According to his Ars Technica postings, he worked the night shift from six in the evening to six in the morning. Because intelligence officers took its language courses, Snowden had to take a polygraph exam to get the job. After he passed it, he was hired and given his first security clearance But he had higher ambitions than being a campus security guard, It was only a temporary stop gap for him.

He had ambitions of becoming a male model. He did not seem overly concerned about his privacy, posting pictures of himself "mooning" for the camera. He also posted provocative modeling pictures of himself on the *Ars Technica* website. He commented on his own beefcake-style pictures "So sexxxy it hurts" and "I like my girlish figure that attracts girls." He approached a model agency called Model Mania. He had some concern about the photographer who "shoots mostly guys." Snowden said in a post he was "a little worried he might, you know, try to pull my pants off and choke me to death with them, but he turned out to be legit and is a pretty damn good model photographer." He posted the photographs on the Internet, commenting: " I think I look pretty good in the shots, so it's kind of hard to get used to thinking of yourself in terms of being an element in a picture as opposed to just a picture of X." Despite his enthusiasm, the lack of any paid job offers dashed any hopes he had of a modeling career.

He also began dating Lindsay Mills around this time. She was an extremely attractive 19-year old art student at the Maryland Institute College of Art. Jonathan Mills, Lindsay's father, was an applications developer at the Oracle Corporation. According to him, she met Snowden on an Internet dating site. However they met, Snowden and Mills had much in common. They both had divorced parents who gave them a great deal of latitude in conducting their personal lives. Both of them were keenly interested in perfecting their bodies through exercise and diet regimes, Mills' only paid employment over the next 8 years would be as a fitness and Yoga instructor in Maryland. They both also had ambitions to be models and neither of them had inhibitions about posing provocatively for photographers. They both also had a desire to travel to exotic places, including cities in Asia. Mills had spent four month in Guilin, China before meeting Snowden.

As bleak as his prospects as a high school dropout may have seemed, he had an unexpected stroke of good fortune in the spring of 2006. The CIA, out-of-the-blue, offered Snowden a $66,000 a year job as a CIA communications officer. "I don't have a degree of ANY type. In fact, I don't even have a high school diploma," Snowden boasted in May 2006 on the website *Ars Technica* under his alias The TrueHooHa. He added, with only a slight exaggeration, "I make 70K."

But how did Snowden get the job? The CIA's minimum requirements in 2006 for a job in its clandestine division included a bachelor's or master's degree and a strong academic record, with a preferred GPA of 3.0 or better. Snowden had only completed one year of high school. He had never attended college. He said himself that he had "no degree." So he had none of the requisite degrees for the job he got.

CIA deputy director Ledgett said the CIA needed technical workers in 2006. But even if Snowden only applied in this capacity, which entailed a 5-year contract-term employment agreement, the minimum requirements for an intelligence technology job were a minimum of an Associates' Degree awarded by a two-year Community college in Electronics and Communications Engineering Technology Computer Network Systems, or Electronics Engineering Technology. Candidates further must have a final GPA of at least 3.0 on a 4.0 scale

from a fully accredited technical school or university. Snowden did not meet these standards. Lacking these qualifications, the CIA can make an exception only if a candidate had at least two years civilian or military work experience in the telecommunications and/or automated information systems field that are comparable to one of the requisite degree fields. , Even here, Snowden in no way qualified. He did not have the education qualifications or two-year work experience anywhere. In fact, his only paid work was as a security guard at a language school at the University of Maryland, and that job lasted less than one year.

Under extraordinary circumstances, even the minimum requirements might be waived if the applicant had a distinguished military career and an honorable discharge. Snowden, however, did not complete his military training at Fort Benning, Georgia and received only an administrative discharge.

The CIA, to be sure, had needed computer savvy recruits to service its expanding array of computer systems since 1990. By 2006, however, there was no shortage of fully-qualified applicants for IT jobs who met the CIA's minimum standards. Most of them had university course records, work experience at IT companies, computer science training certificates from technical schools, and other such credentials they could provide the personnel office. The CIA, like the NSA, also obtained technicians with special skills for IT jobs from outside contractors. So it had no need for employing a 22-year old drop-out who did not meet its requisites. According to the former CIA station chief, the only plausible way that Snowden, with no qualifications, was allowed to jump the queue was that "he had some pull."

In 2006, Snowden was not without family connections. His grandfather, it will be recalled was Rear Admiral Barrett, who certainly was well-connected in the intelligence world. After 20 years service in the Coast Guard, Admiral Barrett joined an interagency task force in 1998, which included top executives from the CIA, FBI, and DEA. It had been set up to monitor any gaps in the US embargo on Cuba and, as one of its leaders, Barrett was in constant liaison with the CIA. Following the attack on the World Trade Center in NY in 2001, he joined the FBI as the section head of its aviation and special operations. In this capacity, he supervised the joint CIA/FBI interrogation of the prisoners in the Guantanamo base in Cuba which involved him in the rendition program for terrorist. As a top FBI executive in a liaison role with the CIA, he certainly had could have played a role in furthering his only grandson's employment. The CIA, however, has not disclosed any information about whom, if anyone, recommended Snowden. All that is known is that in 2006 the CIA waived its minimum requirements for Snowden.

However Snowden got his job at the CIA, it meant, as he pointed out from Moscow, that in 2006 his entire family was employed by the Federal government. His father Lon in 2006 was serving in the Coastguard; his mother Wendy was the administrative clerk for the Federal Court in Maryland; his sister Jessica was a research director at the Federal Judicial Center; and his namesake grandfather, Admiral Barrett, was still a top executive at the FBI. In a sense, Snowden had now entered the family business.

**Chronology2: The Snowden Thriller**

*The Intelligence World, 2006-2014*

June2006-Feb 2007 CIA

Trainee, Langley, Virginia

March 2007- Feb 2009 CIA

Communications officer. Geneva, Switzerland

June 2009-Sept 2010 DELL/ NSA

Security instructor, Yokoda. Japan

October 2010- March-2012 DELL/ NSA

Computer platforms, Maryland–designing computer platforms

April 2012- March 2012 DELL/ NSA

System administrator, Oahu, Hawaii

M arch 2012– May 2013 BOOZ ALLEN HAMILTON/ NSA

Infrastructure analyst, Oahu, Hawaii

October 2013– Present Unidentified Cyber Security Firm

Unknown position, Moscow, Russia

# CHAPTER FOUR

## Secret Agent

"Sure, a whistleblower could use these [computer vulnerabilities], but so could a spy."

--Edward Snowden in Moscow

The sudden transformation of Snowden in 2006 from a night watchman on a university campus to secret agent for the CIA provided him with a powerful new identity and one much closer to the avatars he adopted for his fantasy games. It was burnished so deeply in his self-image that he cited it eight years in Moscow. When Brian Williams, then a NBC anchorman, began an hour-long NBC television interview with Snowden in 2014 by saying, "It seems to me spies probably look a lot more like Ed Snowden and a lot less like James Bond these days," Snowden approvingly smiled and told him, "I was trained as a spy in sort of the traditional sense of the word." Snowden further confirmed his interviewer's point, sating "I lived and worked undercover overseas, pretending to work in a job that I'm not, and even being assigned a name that was not mine."

In reality, Snowden's employment at the CIA was more prosaic. When he joined the CIA in 2006, he did not have the required experience in maintaining secret communication systems. So the CIA sent him to its information technology school for six months to train as a communications officer, not a spy. After completing his training, he was dispatched to the CIA station in Geneva, Switzerland. He worked there for the next two years as one of dozens of Information Technologists servicing the CIA's communication channels in Switzerland. He was stationed there, according to Swiss registry records, under his own name from March 2007 to February 2009. He was identified as a US State Department employee in Geneva because Switzerland does not allow any intelligence officers to operate in that country. So officially he was attached to the permanent U.S. mission to the United Nations which employed hundreds of US government functionaries in Switzerland. It was a thin cover, since the Swiss government was aware that the CIA maintained its base in Geneva and posted it employees at the US mission,

Although he would later claim in the video he made in Hong Kong that he had served as a "senior adviser for the Central Intelligence Agency," he was merely a telecommunications support officer, or TSO in CIA parlance, which was a junior level job at the CIA. He worked as part of a 12 man team of information technologists under the supervision of senior CIA officers, according to a former CIA officer in Geneva. The job of these TSOs was to protect the security of the CIA's computer systems through which the CIA station in Geneva sent and received its secret communications. As far as is known, Snowden made very few friends at the 800-person mission. The only person there to have publicly reported knowing him in Geneva during this

period is Mavanee Anderson, a young and attractive summer intern at the US Mission from May to August 2007. She described befriending Snowden, who, according to her, said that he was in the CIA and also demonstrated to her his martial arts skills. She later recalled in interviews that he was "a bit" prone to brooding and voiced growing dissatisfaction with the CIA.

During his time in Geneva, he received no promotions or commendations for his work. In December 2008, he received an unfavorable evaluation from his superior and a "derog," the CIA's shorthand for a derogatory comment. He was also threatened with a punitive investigation unless he agreed to quietly resign from the CIA. "It was not a stellar career," Tyler Drumheller, former CIA station chief told me in 2014.

The job in Geneva did have its benefits, however. It provided him a generous housing and travel allowance. In many ways, it was the "cushy government job" he had said he was seeking in his Internet posts. He rented a four room apartment and had his girlfriend Lindsay Mills, now 21, join him there.

According to his posts on the *Ars Technica* web site, he took full advantage of his compensation to live the high life. He gambled on financial developments in the option markets, losing and making substantial sums of money. He also bought a BMW sports car. While these BMW had a speed control to keep the car within the speed limit, he wrote that he illicitly disabled it so he could exceed this legal limit. He described in his posts other pursuits, including racing motorcycles it Italy and traveling around Germany with an Estonian rock star (who he did not further identify.) He also continued his fantasy life in Internet gaming. The gaming alias he chose was "Wolfking Awesomefox." He even indulged in a fantasy gun sport called Airsoft, a variation of paint ball, in which participants used realistic looking pistols to splatter each other with paint.

His good fortune came to an abrupt end in 2008. He suffered a massive loss in his options speculations. He wrote in a post that he had "lost $20,000 in October [2008] alone;" a sum which represented a substantial part of the $66,000 a year CIA salary. He blamed the US financial system, posting on *Ars Technica* that Ben Bernanke, the Federal Reserve chairman, was a "cockbag." He also bet against any further rise in the stock market index, asking a user with whom he was chatting on the *Ars Technica* site in December 2008 to "pray" for a collapse of stock prices. When his correspondent asked him why he wanted him to pray for a decline, Snowden responded "because then I'll be filthy fucking rich." The stock market, however, continued to rise, and Snowden also lost this bet.

Snowden lashed out at others on the Internet over these setbacks. He termed those who questioned his financial judgment as "fucking retards." As with other setbacks, he blamed them on government officials. He even advertised them in *Ars Technica,* a closely-watched Internet forum, while serving in the CIA. Since the CIA was engaged in 2008 in highly sensitive operations to gather banking data in Switzerland-- one of which Snowden later disclosed to the *Guardian*—any Internet discussion by a CIA employee of financial losses could serve as a beacon

to an adversary intelligence services on the prowl for a source. If any party was looking for a disgruntled US employees, Snowden's Internet chatter about bad choices in gambling could arouse its interest. That Snowden used his TheTrueHooHa alias for these Internet posting would not prevent a sophisticated espionage organization, such as the Russian Intelligence service, from quickly uncovering that his true identity was Edward Snowden. Nor would it be difficult to place him at the CIA since, it will be recalled, he was listed by his true name on the roster of the US Mission to the UN. By consulting personnel records it would further emerge that he did not actually work for the State Department. Since it was no secret, at least to the Russian Intelligence services, that the US mission in Geneva housed the CIA station for all of Switzerland, it was probable that this brittle gambler who played the options market worked for the CIA. Even though it cannot be precluded that Snowden was spotted in Geneva by another intelligence service, there is no evidence, at least that I know of, to suggest that he was approached by one. Nor is there reason to believe that if he had been contacted by a foreign service in 2008, he would have responded positively. Despite his indiscreet posting about his outside activities, he apparently still respected the boundaries of secrecy that had been clearly defined in the oath he had taken in the CIA. For example, after the *New York Times* published an article revealing secret American intelligence activities in Iran on January 11, 2009, Snowden railed against the newspaper on the Internet under his True HOOHA alias, He wrote "This shit is classified for a reason… It's because this shit won't work if Iran knows what we are doing." He clearly recognized that revealing intelligence sources was extremely damaging. As for the *New York Times*, he said "Hopefully they'll finally go bankrupt this year." When another Internet user asked him if it was unethical to release national security secrets, he answered,"YEEEEEEEEEES."

Nevertheless, he had his career-ending problem at the CIA. As with every CIA officer, he had to undergo a two year evaluation and take a routine polygraph test. It was then, in December 2008, that his superior at the CIA placed the "derog" in his file. The reason remains somewhat murky. According to a New *York Times* story by veteran intelligence reporter Eric Schmitt, Snowden's superior had suspected that Snowden "was trying to break into classified computer files to which he was not authorized to have access." Schmitt evidently had well-placed sources in the CIA. He said that he interviewed two senior American officials who were familiar with the case. According to what they told Schmitt, the CIA superior had decided to "send Snowden home." Officially, however, according to a CIA reply to the *New York Times* report, Snowden had not been fired or accused of attempting to "break into classified computer files to which he did not have authorized access." The discrepancy was explained to me by a former CIA officer who had also been at the US Mission in Geneva. He said that the spin the CIA put on the story was "necessary containment." After the Snowden breach occurred in June 2013, the CIA had a problem which could, as he put it, "blow up in its face." If Snowden had been fired but allowed to keep his secrecy clearance in 2009, the CIA's incompetency could be partly blamed for the NSA's subsequent employment of him. If he had broken into a computer he was not authorized, he should have been fired, if not arrested. What this spin glossed over, according to this former CIA officer, is the part of Snowden's behavior that concerned his superior. Technically,

Snowden, as a CIA communications officer, was authorized to use the computer system. The problem was that Snowden had deliberately misused it by adding code to it. This code could have compromised the security of the CIA's "live system." So while what the CIA public affairs officer said was correct, it clouded the issue.

For his part, Snowden blamed his career-ending "derog" on an "e-mail spat" with a superior. From Moscow, he wrote James Risen of the *New York Times* that his superior officer ordered him not "to rock the boat." Further, he complained that the technical team at the CIA station in Geneva had "brushed him off" even though he had a legitimate complaint. When he complained about a flaw in the computer system, he said that his superior took vengeance on him. He said he added the code to the system prove he was right. He attributed the "derog" in his file to the incompetence, blindness and errors of his superiors. According to Snowden, he was a victim. This would not be the last time he faulted superiors for their incompetency. He would later say that the NSA experts who examined the documents that he had stolen as "totally incapable."

In any case, in February 2009, Snowden not only had a career-damaging "derog" in his file but he faced an internal investigation of his suspicious computer activities. According to Tyler Drumheller, the former CIA chief for Europe, such an internal investigation was not undertaken lightly or because of an "email spat." He said that such an investigation was "a big deal" involving the CIA Office of Security in Washington and possibly the FBI. It would also result in the temporary suspension of his secrecy clearance. This left Snowden with little choice. If he wanted avoid the investigation, he had to resign from the CIA, which he did. That was the end of the security investigation. He was clearly bitter about the CIA, posting on *Ars Technica* on January 10, 2009, "Obama just appointed a fucking POLITICIAN to run the CIA!" (He was referring to Leon Panetta, President Clinton's former chief of staff.) Snowden attributed the origins of his antipathy to US intelligence to his 2007-2009 experiences in the CIA. Snowden later told *Vanity Fair* that the 2009 incident in the CIA convinced him that working "through the system would lead only to reprisals." "Much of what I saw in Geneva really disillusioned me about how my government functions and what its impact is in the world," he told the *Guardian* in June 2013. "I realized that I was part of something that was doing far more harm than good." Snowden, if not yet a ticking time bomb, was certainly a disgruntled intelligence worker before he ever got to the NSA

# CHAPTER FIVE

## Contractor

"Private contractors don't clear employees. The government does."--
Admiral Michael McConnell, Vice Chairman of Booz Allen Hamilton

Snowden, age 26, returned from Europe and moved into his mother's condo. He was not only unemployed now, having resigned the CIA without qualifying for any benefits, but his financial state had been hurt by the huge losses he had suffered playing the options market in Geneva. His vision of himself as a secret agent, the unstoppable "Wolfking Awesomefox" may have also suffered. According to the narrative he later supplied to the *Guardian*, he had become deeply concerned about the immoral way in which the CIA conducted its intelligence operations in Switzerland. "Much of what I saw in Geneva really disillusioned me about how my government functions and what its impact is in the world. I realized that I was part of something that was doing far more harm than good," Snowden told the *Guardian.* By way of example, he said he learned that the CIA had gotten a Swiss banker drunk enough arrested to be arrested when he drove, so the CIA could compromise him. Snowden, who did not drink himself, was appalled at this ploy. Despite his growing antagonism towards the US government, he had not given up on, if not becoming a secret agent, working in the netherworld of secret intelligence.

Although Snowden's career had abruptly ended at the CIA, there still was a backdoor through which he could re-enter the spy world. It was private corporations that hired civilian technicians to work for spy agencies as independent contractors. By 2009, The CIA, NSA and other US intelligence services had outsourced much of the job of maintaining and upgrading their computer systems to these private companies. They supplied the NSA with most of its system administrators and other information technology workers. This arrangement allowed the NSA to effectively bypass budget limits and other restrictions limiting how many NSA technicians it could recruit. Instead, of putting these workers on its own payroll, they nominally worked for, and received their paychecks from, private employers. In fact, many of these outside contractors worked full-time for the NSA.

Snowden applied in April 2009 to one of these private companies, Dell SecureWorks. It was a subsidiary of the Dell computer company. To diverse out of manufacturing computers, Dell had recently gone into the business of managing government computer systems for the NSA and other intelligence services. As a leading specialist in the field of corporate cyber security, Dell had no problem obtaining sizable contracts for from the NSA's Technology Directorate. In 2008, the NSA had in effect outsourced to Dell the task of re-organizing its back-up systems at its regional bases. Now Dell had to find thousands of independent contractors to work at these bases In 2009, when Snowden applied, Dell was seeking to fill positions at the NSA's regional base in

Japan. It first had to find technicians willing to go to Japan. Since Snowden had a long-time interest in going to Japan, he was more than willing to relocate to Japan.

He had little problem obtaining the job. Aside from his family connections, he had a single compelling qualification for the job—a top secret clearance. For an outside contractor such as Dell, such a security clearance was pure gold. If a potential recruit lacked a top secret clearance, before Dell could deploy him or her at the NSA, it needed a wait for the completion of a time-consuming background check. If a recruit already had one, as Snowden did, he could begin working immediately.

The reason that Snowden still had his secrecy clearance, despite his highly-problematic exit from the CIA, was that the CIA had instituted a policy a few years earlier that allowed voluntarily-retiring CIA officers to keep their secrecy clearance for two years after they left. This "free pass," as one former CIA officer called the two year grace period, had been intended to make it easier for retiring officers to find jobs in parts of the defense industry that required secrecy clearance. This accommodation, in turn, made it easier for the CIA to downsize to meet its budget.

Not only did Snowden retain his security clearance, but unlike when he had applied for his job at the CIA in 2006, he now could list on his resume two years experience in information technology and cyber security at the CIA. All Dell could check was a single fact: Snowden was indeed employed at the CIA between 2006 and 2009. His CIA file, which contained the "derog," was not available to Dell or any other private company. Even though the CIA had "security concerns" about Snowden, as CIA Deputy Director Morell noted, it could not convey them to either Dell or the NSA. "So the guy with whom the CIA had concerns left the Agency and joined the ranks of the many contractors working in the intelligence community before CIA could inform the rest of the IC about its worries," Morell explained. "He even got a pay raise." Obviously, this was a glitch in the security system but, as a result of it, Snowden entered the NSA by the back door only five months after being forced out of the CIA.

For the next 45 months Dell assigned him various IT tasks at the NSA. In June 2009, he was sent to Japan to work in the NSA complex at the Yokota air base outside Tokyo. He moved into a small one bedroom apartment in the nearby town of Fussia. His initial job for Dell was teaching cyber security to Army and Air Force personnel. In this capacity, he instructed US military officers stationed at the base in how to shield their computers from hackers. Such security training had been required for military personnel dealing with classified material after several successful break-ins to US military networks by China, Russia, and other adversary nations. Although it finally brought him to Japan, it was not a challenging or interesting job.

But Snowden found diversions in Japan. In July 2009, he was joined in Japan by Lindsay Mills. She had become an amateur photographer, specializing in arty self portraits. She also saw herself as a global tourist, writing in her blog after arriving in Japan that had she travelled to 17

countries. Like Snowden, she also deemed herself, tongue and cheek, a "super hero." In this sense, her Internet avatar, was a match for Snowden's "Wolfking Awesomefox,"

In Japan, Mills and Snowden spent time with another American couple, Jennie and Joseph Chamberlin, who also worked at the Yokota base. Jennie, a sergeant in the public affairs section of the US Air force, had been at Art College with Mills, and called herself in her blog the "Little Red Ninja." Her husband, Joseph Chamberlin was a decorated US Navy pilot who now flew highly-sensitive intelligence-gathering missions from the Yokota base. When Lindsay Mills arrived she made contact with Jennie, who in the next few weeks showed her many of the sights of Tokyo. Jennie described Lindsay in her blog as her "super-model friend." The two couples also went on expeditions in Japan together. Joseph Chamberlin had a car and, as far as is known, he and his wife were the only Americans at the base with whom Snowden socialized. On August 17, 2009, the foursome attempted to walk up Mount Fuji, but they got lost en route to the tourist site. Giving up on Mount Fuji, they wound up in the Mount Fuji gift shop. Jennie described the misadventure in her Little Red Ninja blog: "Our adventure started off a little rocky with our attempts to find the interstate. Alas, our iconic mountain was obscured by cloud. A short stop at the Mt. Fuji combination soba noodle stand/gift shop was enough to whet our appetite for the further exploration that is to come." The photographs that day show Snowden wearing Hawaiian shorts, and a black tank top emblazoned with an eagle and the letters USA. They also show Mills wearing safari shorts, a brown sweater and what appears to be an engagement ring (possibly to allay suspicions about her living with Snowden.) "Ed was looking rather rednecky," Lindsay commented on one the photograph. Snowden described her, in turn, as "nerdy." Finally, after posing for photographs, they found the Suyama-guchi path. But they never made it to the top.

Back in Tokyo, Snowden was still seeking to advance himself. He attempted to get a college certificate by enrolling in a summer on-line course at the University of Maryland's Asia program. But, according to the program's record, he did not succeed in receiving any credit or a certificate from the on-line University.

Finally, in October 2009, Dell assigned Snowden a job in which he had direct access to the NSA's computers. His new position was a system administrator, which is essentially a tech-savvy repairman. Dell was working on backup system code-named EPIC SHELTER. For this contract, Dell was transferring large chunks of data from the NSA's main computers in Maryland to back-up drives in Japan so if there was a communications interruption the system could be quickly restored. Since most of the classified data was in its encrypted form, it had little value to any outside party. Snowden's job was to maintain the proper functioning of computers but, as a system administrator, he also had privileges to call up unencrypted files. He sat in front of a computer screen all day looking for any problems in the transferring files to back-up servers. The work was highly-repetitive and exceedingly dull. Snowden found time to search for anomalies in the system and he claimed to have spotted a major flaw in the security system in late 2009. The flaw was that a system administrator in Japan worked as a singleton and could steal secret data

without anyone else realizing that it had been stolen. It intrigued him enough for him to bring it to the attention of his superiors, as he later said. Snowden saw that a rogue system administrator like himself could use his computer privileges to download and steal documents in ways that would go unnoticed. The emergence of a rogue system administrator was not that farfetched in 2009. Hacktavists such as Julian Assange had adopted the battle cry: system administrators, or "syst admins of the world unite." Instead of asking them to "throw off their chains," as Marx did, he asked them to send classified documents about secret government activity to the Wikileaks site. Snowden recalled in Moscow in 2014: "I actually recommended they [the NSA] move to two-man control for administrative access back in 2009." To make his point even clearer, he added: "A whistleblower could use these things, but so could a spy." Not without irony, Snowden himself became that rogue system administrator some three years later at Dell. In fact, he later used the vulnerability he pointed out to steal NSA documents at Dell (before moving to Booz Allen.).

In September 2009, Snowden made a ten day trip to India. He later said he was on an official visit "working at the US embassy." He was still on the Dell payroll. Hotel records show that he arrived at the Hyatt Regency hotel in New Delhi on September 2nd from Japan, and at 3:30 pm on September 3rd, checked into the Koenig Inn, a facility that was an annex to Koenig Solutions, a school that gave crash courses on programming and computer hacking. According to Rohit Aggarwal, the head of the school, Snowden stayed there until September 10th while taking classes with a private instructor. It cost $2,000 in tuition and fees, which Snowden prepaid from Japan with his own personal credit card. Even though Snowden later said he only took courses in "programming," the school's records show that during that week he took intensive courses in sophisticated hacking techniques. Although the course was entitled "ethical hacking" that was also a euphemism for teaching the techniques of illicit hacking. The course provided tutoring on hacker's tools, such as "Spyeye" and "ZeuS," that are used to circumvent security procedures. It also demonstrated how these hacking tools could be customized by criminals and spies to break into files, plant surveillance programs, impersonate system administrators, assume the privileges of system administrators in a network, and capture the passwords of others. On September 11th, Snowden, according to hotel records, left India for Japan. While the stated purpose of the hacking training was to allow security consultants to detect intruders, it also prepared Snowden to be, if he chooses to be, an intruder in the NSA system.

One problem with working as a contractor is that the standard two-year contracts are not necessarily renewed, making a contractor's job essentially temporary employment. Nor is there much possibility for advancement for IT workers. As one contractor told me "It is a dead end job with great pay." In the fall of 2010, Snowden's contract in Japan with Dell SecureWorks came to an end. Dell then offered Snowden a new position in the United States.

He now was assigned to work at Dell headquarters in Annapolis, Maryland. He rented a modest suburban house shaded by a Sakura cherry tree in suburb of Annapolis, Maryland. Mills

meanwhile was attending a two-week fitness training course at a Yoga camp that qualified her to be a yoga instructor. She then moved in with Snowden. Even though she had been living on and off with Snowden during the past two years abroad, including while he worked at the CIA in Switzerland and the NSA in Japan, they had not shared a home in America up until now. The now 25-year old Mills posted on Instagram "Finally in our first US place together." She also put on line pictures of him in bed with her, who she now affectionately referred to in her posts as a "computer crusader."

Dell meanwhile had him to work on problem- solving for its corporate clients. In preparation for his corporate role, he shaved off this facial hair and, with Lindsay's help, bought a Ralph Lauren suit. These corporate clients were assisting the NSA, the CIA, and the Defense Intelligence Agency (DIA). Consequently, Snowden dealt with a wide range of intelligence officers, and gave presentations on the vulnerabilities at computer security at the DIA-sponsored Joint Counter Intelligence seminar.

His dealings with these US intelligence officers in no way mitigated his resentment of the intelligence establishment. What began at the CIA in 2009 as objections to what he saw as the incompetence of his superiors grew into well-articulated disapproval of the way that the US government conducted its intelligence. He found NSA surveillance particularly worrisome, later telling the *Guardian*: "They [the NSA] are intent on making every conversation and every form of behavior in the world known to them." He claimed after defecting to Moscow that he had voiced his concerns about what he considered illicit surveillance to ten NSA officials, "none of whom took any action to address them." The NSA can find no record of these complaints but if Snowden had indeed complained to these officials while working for Dell, his superiors at Dell either didn't notice or care that they had a very disgruntled employee on their hand. He also made no secret of anger at the US government and the corporations that served it on the Internet. He railed on the *Ars Technica* site against the complicity of private corporations, such as Dell, that assisted the NSA. In his on-line posts in 2010, Snowden expressed loathing for the assistance that corporate America was providing the intelligence community. "It really concerns me how little this sort of corporate behavior bothers those outside of technology circles," he wrote under his True Hoo-ha alias. He said he feared that America was already on "a slippery slope," and suggested, perhaps adumbrating his own later actions, that this corporate assistance to US intelligence "was entirely within our control to stop." What the "computer crusader," as Mills had playfully called him in her Internet postings, expressed in these angry Internet postings was an almost obsessive concern over individuals freely submitting to government authority. "Society really seems to have developed an unquestioning obedience towards spooky types," he wrote on *Ars Technica* without mentioning that he himself worked for a corporation, Dell that assisted spy agencies. He asked rhetorically on this public forum whether the sinister slide towards a surveillance state "sneaked in undetected because of pervasive government secrecy?"

The outright contempt he expressed towards this "government secrecy" in no way prevented him from seeking even more secret work at Dell for the intelligence services. In February 2011,

after his CIA security clearance ran out, he applied to renew it. A new clearance required a new background check and filling out (again) the government's 127-page standard form 86.

Since 1996, background investigations for the NSA, like much of the computer work at the NSA, had been outsourced to a private company. It had proceeded from the effort of the Clinton Administration to cut the size of the government by privatizing tasks that could be more efficiently done by for profit companies. US Investigations Services, or USIS as it is now called, which won the contract for background checks, was initially owned by the hedge fund Carlyle Group who later sold it to another hedge fund, Providence Equity Partners. For the hedge funds, profits were the measure of success. To increase its profits from the contract with the NSA, USIS had to move more quickly in concluding background checks since it did not get paid more extensive investigation. In 2006, the government learned USIS's background checks were often prematurely ended. In Snowden's case, as USIS did not have access to Snowden's CIA personnel files, it did not learn about the pending security investigation of him. Nor did it learn from the Internet that he was a disgruntled employee. So Snowden's new clearance was approved in the summer of 2011, allowing him to continue working for Dell on secret intelligence projects.

Meanwhile, in August 2011, Mills began her own blog entitled "L's Journey." In it, she described herself as "a world-traveling pole-dancing super hero." By now, she was an accomplished photographer, specializing in taking self-portraits. Many of her posted pictures were provocative poses of herself in her underwear and various states of undress. She wrote: "I've always wanted to be splashed on the cover of magazines, with my best air-brushed look." Her wish would be gratified two years later in way she did not anticipate.

For his part, Snowden seemed happy to encourage her fantasy about being a super hero. He even gave her a Star-Trek-inspired head visor. Despite all the concerns he voiced about privacy, he did not seem to mind her provocative posts. On the contrary, he took photographs of her, telling her, at one point, that her photographs were not "sexy" enough.

Snowden meanwhile got offered by Dell a new position at an NSA Kunia regional base in Hawaii. Dell, which was in the process of expanding its government consulting business, wanted him to be a system administrator on the NSA's back-up system. The NSA needed this system before it could upgrade new security protocols that would audit suspicious activity in real time. In Hawaii, as in Japan, system administrators still worked as singletons. As Snowden had seen when working in Japan this solo work in an unaudited workplace provided an opportunity for a system administrator like himself to steal documents. So he may have also realized that as a solo system administrator in Hawaii, he would have this opportunity.

In any case, on March 15, 2012, he accepted the offer. Dell agreed to pay all his relocation expenses and provide him with a housing allowance.

He found a 3-bedroom house in Hawaii on-line, and arranged to move there on April 2, 2012. 1t was located at 94-1044 Eleu Street in the upper-middle class suburb of Waipahu, only a few

blocks from the Royal Kunia country club. It had a master bedroom with a walk-in closet, a patio deck in back shielded from public view by a clump of palm trees and a large garage with an automatic door. The move to Hawaii entailed a brief separation from his girlfriend since Mills had committed her to attending her girlfriend's wedding in May. After he left for his new assignment, she wrote on Instagram, "Sex toy party and then saying goodbye to my man -- well not goodbye so much as see you in two month/s."

# CHAPTER SIX

## Thief

"We begin by coveting what we see every day"

—Hannibal Lecter, *The Silence of the Lambs*

In Hawaii in 2012, Snowden was living a very comfortable life. He was earning from Dell just over $120,000 a year. His housing allowance from Dell paid the rent on his 1,559 square-foot house. He had also leased a sporty car. Looking back at this period of life from Moscow, he said he had been "living in paradise."

He went to work five times a week, a 15 minute trip drive through a lush landscape with sugar plantations. After passing through security, he parked his car in a sprawling parking lot, and entered the underground part of the NSA base known as "the tunnel." He said in describing the atmosphere, "You're in a vaulted space. Everybody has sort of similar clearances, everybody knows everybody. It's a small world." He said that to relieve the tediousness of the work, every two months or so his fellow workers would pass around a naked picture that showed up on their screens. He explained: "You've got young enlisted guys, 18 to 22 years old [who] suddenly been thrust into a position of extraordinary responsibility where they now have access to all of your private records. In the course of their daily work they stumble across … an intimate nude photo of someone in a sexually compromising position." Snowden, as will be recalled, was no stranger to posting lewd photographs. Before he joined the CIA, he had posted pictures of himself mooning on the Internet. He also knew that copying any files, including photographs, was a violation of NSA rules. But he did not report this illicit activity at the NSA even though he later claimed that it occurred regularly. He joked in his Moscow interview with the *Guardian* that some of the nudes were "extremely attractive" and that viewing them was, as he put it, "a sort of the fringe benefits of surveillance positions."

Snowden also had an interest in American politics. He identified with the Libertarian Party, and at the NSA he made no effort to conceal his political support of its causes. He became an active partisan of Congressman Ron Paul, the leading figure in the Libertarian Party in 2012. "He's so dreamy," Snowden posted on the *Ars Technica* site in March 2009 (just after he registered to vote in North Carolina.) Since Paul was running as a Presidential candidate in the 2012 Republican primaries, Snowden sent the Paul election committee a contribution of $500. Snowden's attraction to the Libertarian ideology of Ron Paul was not that surprising. At the core of Paul's libertarianism was a deep hostility to the intrusion of the government into private lives. Snowden shared this same hostility towards government authority, as was clear from his Internet postings. Like other libertarians, Snowden believed that citizens should not be shackled by

Federal law. He later told a Libertarian gathering, at which Ron Paul also spoke, "Law is a lot like medicine. When you have too much it can be fatal." Paul also ardently opposed any form of gun control. Not only did Snowden support this position in his Internet postings, but so did his girlfriend Lindsay Mills in her own on-line postings.

Most relevant to his future activities at the NSA, Snowden whole-heartedly agreed with the position of Paul on the dangers inherent in government's surveillance of US citizens. Paul described the CIA, the organization which had forced Snowden out, as nothing short of a "secret government" and that "In a true Republic, there is no place for an organization like the CIA." He also railed against NSA surveillance.

As is clear from Snowden's Internet postings, he, like Ron Paul, expressed doubts about the competency of the intelligence agencies of the U.S. government. Snowden's own disillusionment about the government may have begun with his rejection, and perceived mistreatment, by the Special Forces of the US Army. It was almost certainly reinforced by his ouster from the CIA. He later told the *Guardian* that he was disillusioned as early as 2007 when he learned about the CIA's methods in compromising Swiss citizens. He also told the *New York Times* after he arrived in Moscow that he came to realize while working in the CIA that any attempt redress these wrongs against him by working through the system would only lead to further punishment for him. His critical view of the US government only hardened during the years he worked at the NSA. He described his NSA superiors as "grossly incompetent," as he later explained to a journalist from *Wired* magazine in Moscow. At the NSA, he said employees were kept in line by "fear and a false image of patriotism." He said that he saw his fellow workers cowed into "obedience to authority" and his superiors induced to break the law. He became particularly concerned with what he called the "secret powers" of the NSA. He saw them as "tremendously dangerous." By this time, Snowden was fully aware that that the NSA conducted domestic surveillance because he had used his privileges as a system administrator in 2012 to obtain the NSA's inspector general's report on a 2009 surveillance program.

Nevertheless, Snowden continued to work at the NSA, where he was, as he put it, "making a ton of money." Mills joined him in his "paradise" in June 2012, shortly before his 29th birthday. Just before leaving Annapolis, Maryland for Hawaii, Mills posted a semi-nude picture of herself on her blog, "L's Journey." In it, her face was covered with a blanket. The caption under it read: "Trying to avoid the changes coming my way." In Honolulu, she found "E," as she called Snowden in her blog, "elusive." She found that he preferred to stay at home and avoided meeting other people to the point that her friends "were not quite sure that E. existed." At best, one of Lindsay's friends in an acrobatic class caught a glimpse of Snowden picking her up one afternoon. Even though Mill's dated Snowden for eight years, most of her friends, with the exception of Jennie and Joe Chamberlin in Japan, had never met Snowden. If he had other social interactions in Hawaii, no one he met came forward and spoke of meeting him even after he became world famous.

Two days after his 29th birthday dinner on June 21st, she described him playfully as a "goof." She wrote in her blog:"The universe is telling me something and I'm pretty sure it's saying get out, Fuck you Hawaii." In early July, she summed up her shaky situation with Snowden, in another blog, writing: "I moved to Hawaii to continue my relationship with E. [but] it has been an emotional roller coaster since I stepped off the plane." She also found it odd that Snowden would work on his computer at home hooded under a blanket, as she would later tell the FBI. She diverted herself by organizing a pole dancing studio in the 400 foot garage of the house. She also joined a New Age yoga studio called "Physical Phatness," a local acrobatic performance group, and, on Friday nights, pole-danced at the Mercury lounge in downtown Honolulu.

That same July, Snowden had other things on his mind, including an attempt to advance himself. Although his position at Dell as a system administrator was a well-compensated one, especially for a 29 year old with no formal education, it carried little prestige. He sat from 9 AM to 5 PM in a windowless room watching a bank of monitors in the so-called "tunnel" at the NSA. Many of those who worked him were, as he described them, "eighteen year old soldiers. Presumably, they had little interest in discussing with him the weightier issues of the world. Working as an outside contractor was also a dead-end job that hardly matched the vision he had of himself in his Internet postings. In real life in a cubicle in the NSA, he decidedly was not the "Wolfking Awesomefox" heroic image he had of himself in his dream vision.

Whatever his motive, he decided to apply for a position in the NSA itself. He apparently believed that if he scored high enough in its entrance exam, the NSA would invite him to join it as a Senior Executive Service officer, or SES, which was the civilian equivalent in rank and pay to a flag officer in the US armed forces. To achieve this SES job, Snowden used his privileges as a system administrator at Dell to hack into the NSA's administrative files and steal the answers to the NSA exam. As the NSA's subsequent post mortem would find out, it was the first known document that Snowden took at the NSA. But it was not the first time he had used his hacking skills to attempt to advance himself. At the CIA in 2009, as he late said in Moscow, he had added text to his annual evaluation in what he termed "a non-malicious way" to prove a point. His CIA superior took a much darker view of that incident when the hack was detected, calling for an investigation that, it will be recalled, ended Snowden's CIA career. At the NSA his intrusion, however, was not detected for almost a year. "He stole the [NSA] test with the answers, and he took the test and he aced it," former NSA Director Michael McConnell recounted in a 2013 interview, "He then walked into to the NSA and said you should hire me because I am this good on the test." The issue of why he attempted to gain entry into the upper ranks of the NSA in the late summer of 2012 is less clear. If his Internet posting and Libertarian riffs are an indication of his state of mind in 2012, he was hostile to the surveillance activities of the NSA. If so, it made little sense he would seek a permanent career in the NSA. If this attempted career is considered in light of the career move he made six months later in March 2013 which, as he himself admits, was for the express purpose of getting at tightly-held documents stored on computers that were not

available to him in his job at Dell, he may have been seeking wider access in 2012 for a more nefarious purpose than a NSA job.

In any case, despite the near-perfect high grades he scored, the NSA did not offer him a position in the senior executive service job. While Snowden may have believed such results would elevate him, the NSA's offer did not meet his expectations. "It was totally unrealistic for Snowden to expect to get a SES position," a former senior NSA officer told me. Snowden ambitions may have been disappointed in this instance, but it did not prevent him from later claiming that he had been a senior adviser to the CIA and also a senior adviser to the Defense Intelligence Agency.

Instead of an SES position, the NSA offered a lowly G-13 job as an information technology worker, which was not an improvement on his job at Dell. He took this slight as evidence of the NSA's incompetence, subsequently joking to a reporter in Moscow that his ability to steal the test answers should have been seen as a qualification for the NSA job. In September 2012, he turned down the NSA offer. If he was to advance himself now, he had to find a new way.

# CHAPTER SEVEN

## Crossing the Rubicon

"What I came to feel is that a regime that is described as a national security agency has stopped representing the public interest and has instead begun to protect and promote state security interests. "

--Edward Snowden, interviewed in Moscow 2014

Soon after Snowden failed to get a SES job at the NSA, he intensified his rogue activities. At that time, Dell was tasked with building an enhanced backup system for the NSA in Hawaii. Deputy Director Ledgett explained that part of Snowden's job as a system administrator under contract to Dell was transferring files held at Fort Meade to back-up computers in Hawaii. He "was moving copies of that data there for them, which was perfect cover for stealing the [NSA] data." Snowden took advantage of this cover.

Snowden expanded his own rogue operation, as Ledgett reconstructed the breach, through the fall and winter of 2012. There was little risk of him getting caught. The security measures at the Hawaii base presented no obstacles to him since, as a system administrator, he had privileges that allowed him to copy documents that had not been encrypted. Indeed, it was part of the process of building the backup system. The flaw he had pointed to in Japan in which system administrators working solo could safely steal files also existed in Hawaii. This time, however, instead of bringing it to the attention of the NSA, he used it to himself steal files. He could be confident that his 2012 thefts of documents would go undetected because the NSA's base had not yet installed an auditing system. Such real-time auditing of the movement of documents, which was done at NSA headquarters in Fort Meade and most of the NSA's regional facilities, had not yet been installed at the Hawaii base because a lack of bandwidth prevented the safe upgrading of the software. This auditing software was scheduled to be installed after the backup system was completed in 2013. The Kunia base was one of the last NSA bases which did not monitor suspicious transfers of files on a real-time basis. Snowden certainly was certainly aware of this deficiency. He later pointed out in his interview in *Wired* magazine in Moscow that the NSA base where he worked did not have an "audit" mechanism. This security gap allowed Snowden, using his system administrator's credentials, to copy classified data to a thumb drive without anyone being able to trace the copied data back to him. And, according to the NSA's subsequent damage assessment, he stole many thousands of pages while working for Dell in 2012 before he contacted journalists. Deputy Director Ledgett subsequently reported that the NSA analysis the 58,000 documents that were given by Snowden to journalists in June 2013 showed that most of them were taken by Snowden while he was still working at Dell.

This 2012 theft was made even more serious by the interconnection of NSA computers with those of other intelligence agencies. It will be recalled that prior to the 9/11 attack in 2001, NSA data had been protected by "stove-piping" that separated NSA' computers from networks used by other intelligence services. After the 9/11 Commission concluded that part of the reason why US intelligence agencies were unable to "connect the dots" in advance of the attack was because this "stove-piping, the NSA stripped away a large part of its "stove-piping." One result was that the NSANet, which Snowden had access to at Dell in 2012, became a shared network. It had common access points. General Hayden described them to me as the equivalent of "reading rooms" in a library. They served as a means for NSA workers to exchange ideas about the problems they were encountering on various projects for the intelligence community. In maintaining them, system administrators, or "system admins," like Snowden acted as the "librarians." If a stem administrator copied data from this network, no one knew.

For Snowden, the NSANet, which included CIA and Defense Department documents, provided a rich hunting ground for Snowden in the fall and winter of 2012. Many of the documents he took off the NSANet revealed not only operations of the NSA but also those of the CIA and Pentagon. By taking them he had come to a Rubicon from which there would be no return. He later explained in an email to *Vanity Fair* from Moscow, "I crossed that line."

As far as is known, he was not sharing them with any other party prior to May 2013. He was not even yet in contact with Poitras, Greenwald or any other journalists. Presumably, Snowden was collecting them drives, despite the risks that possessing such a collection of secrets might entail, for some future use.

But why would Snowden jeopardize his career and, if caught, his freedom, by undertaking this illicit enterprise? He may have had by now strong ideological objections the NSA's global surveillance. As he said later in Moscow, "we're subverting our security standards for the sake of surveillance." But ordinarily even ideologically-opposed employees don't steal state secrets and risk imprisonment. If they are disgruntled, they seek employment elsewhere. Certainly, Snowden, with his three years experience working for Dell, would have little problem finding a job as an IT worker in the booming civilian sector of computer technology. Instead of resigning, he sought to widen his access to NSA documents. This behavior suggests to me that he had another agenda. One possible clue to it is the first document he took; the NSA exam. The secret in that document, the answers to the questions, were a form of power to him: power to burrow deeper into the executive structure of the NSA. It would unlock the door to door to even the more powerful documents containing the NSA's sources stored in Level 3 compartments. His later actions demonstrated that he equated the possession of such secrets with personal power. For example, after he arrived in Moscow in 2013, he bragged to James Risen of the *New York Times* that he had access to secrets that gave him great leverage over the NSA. He told him specifically his access to "full lists" of NSA's agents and operation in adversary countries could, if revealed, closed down the NSA's capabilities to gather information in them.

Such a fascination with the power of government-held secrets has always been a core concern of radical libertarians. In his 1956 book *The Torment of Secrecy: The Background and Consequences of American Security Policies*, the sociologist Edward Shils brilliantly dissects the fascination with secrecy among individuals on all ends of the political spectrum who fear that government agencies will use covert machinations against them. In Shils' concept, this anti-government counter-culture is "tormented" by the government's possession of knowledge unavailable to them. Those who subscribe to this culture tend to believe that the agencies that hold these secrets, such as the FBI, CIA and NSA, can control their lives. The other side of this torment over others holding secrets is the belief that by obtaining such secrets will give individuals power over government.

Snowden himself was concerned with a coming "dark future," which he later described as follows: "[The elites] know everything about us and we know nothing about them – because they are secret, they are privileged, and they are a separate class… the elite class, the political class, the resource class – we don't know where they live, we don't know what they do, we don't know who their friends are. They have the ability to know all that about us. This is the direction of the future but I think there are changing possibilities in this."

To change the "dark future," someone would have to know the secrets of the "elites." Snowden saw himself as one of the few individuals in a position to seize state secrets from those elites. He had both a SCI, or Sensitive Compartmental Information, clearance, a pass into a NSA regional base and the privileges of a system administrator. This position allowed him to steal state secrets—and whatever power that went with them. And if he moved to a position that gave him greater access, he would, in this view, amass even greater power.

Whatever his actual agenda in 2012, we know that he tested possible reactions to a leak exposing NSA surveillance in the United States. He asked fellow workers at the NSA base in 2012, according to his own account: "What do you think the public would do if this [secret data] was on the front page?" He asked this question at a time when a large number of State Department and US Army classified documents had been posted on Julian Assange's Wikileaks website. While these Wikileaks revelations of secrets were making front-page headlines, the NSA documents that Snowden had taken were far more explosive since they contained NSA intelligence secrets. And no NSA document had ever been published in the press in 2012. One reason why NSA documents remained secrets, as all intelligence workers at Dell were told when they signed their oath, was that the unauthorized release of communications intelligence documents could violate US espionage laws.

Even so, there was no shortage of activists overseas, such as Assange, who would be willing to publish NSA documents revealing its global surveillance activities. And in answer to his rhetorical question, he no doubt knew that they would cause an immense reaction on the front page. Cyber punks, as these activists called themselves, tended to be hostile to the NSA since they believed (correctly) that it monitored their activities on the Internet. This anti-NSA view was well

represented at the Computer Chaos Club convention in Berlin. In addressing these cyber punks Assange and his followers at Wikileaks declared that the main enemy in cyber space was the NSA.

In the late fall of 2012, Snowden further tested his newly found powers. Using an alias, he reached out to some of the leading hacktavists. It opened a door for him to the darker side of cyber space.

# CHAPTER EIGHT

## Hacktavist

. "When you gaze long into an abyss the abyss gazes into you". ~ Friedrich Nietzsche

By 2012, the alienated hacktavist battling to unlock the secrets of evil corporations and governments had become a stock hero of popular culture. For example, in the prize-winning *Girl with the Dragon Tattoo* trilogy by Stieg Larsson, which sold 90 million copies, the heroine, a self-educated hacker in her twenties named Lisbeth Salander steals incriminating documents from computers that provides journalist Mikael Blomkvist with scoops that save the progressive magazine he edits from bankruptcy. Her sociopathic behavior, which includes embezzling millions of dollars, extortion, maiming and murder, is accepted by the journalists at the magazine because her hacking exposes crimes and abuses of power. In the realm of non-fiction universe, hacktavists also use their skills to attempt to redress perceived abuses of power, For example in December 2010, the group "Anonymous," whose members called "Anon" often wear Guy Fawkes masks resembling those worn in the 2006 movie *V Is For Vendetta*, launched a successful denial of service attack called "Operation Avenge Assange," It was aimed at paralyzing companies, including PayPal and MasterCard that refused to process donations for Wikileaks because these "anons" believed that these companies were stifling the freedom of the Internet by hindering the money flow to Wikileaks. Since hacktavists often use illicit means to redress their grievances, such denial of service attacks, theft of passwords and hacking into computers, they must conceal their true identities to avoid the retribution of the FBI and other law enforcement agencies. This requires them to operate on the dark side of cyber space which has become known as the dark net. Fortunately for hacktavists, the dark net is accessible to anyone.

It is a place frequented by those that want to avoid laws, regulations and government surveillance. Its denizens include cyber saboteurs, industrial spies, purveyors of illegal contraband, spammers, pranksters, identity thieves, video pirates, bullies, slanderers, drug dealers, child pornographers, money launderers, contract killers, inside traders, anarchists, terrorists, and the intelligence services of many countries.

Sue Halpern writing about it in the New York Review of books noted: "My own forays to the dark Net include visits to sites offering counterfeit drivers' licenses, methamphetamine, a template for a US twenty-dollar bill, files to make a 3D-printed gun, and books describing how to receive illegal goods in the mail without getting caught. There were, too, links to rape and child abuse videos "

To operate effectively on the dark net, a mask of anonymity is often necessary. But it is not easy to completely hide enes tracks in cyber space. The way that the Internet ordinarily works is that whenever an individual sends emails, instant messages, or visits a websites, his or her identity can be referenced by the IP address assigned to him or her by their internet service provider. The problem is that if dark side users' IP address is discoverable, they obviously cannot remain

anonymous. So, to evade this built-in transparency in the Internet, dark side users have come to rely on ingenious software to hide their IP address. The most commonly used software for this purpose is TOR. It was first called The Onion Router, since it moves IP addresses through multiple layers, but it quickly became known simply by its acronym, TOR. TOR software hides the IP address by routing messages through a network of TOR-enabled relay stations, called "nodes." Each node further obscure the user's IP, even from the next node in the network. This scrambling allows messages to exit the chain of TOR nodes without an easily discoverable IP. By doing so, it "anomizes" each user of the dark side.

Because of the anonymity it provides, TOR became the software of choice for individuals and organization who wanted to hide their identity. For example, TOR software made possible Silk Road, which acted as an exchange for drug dealers, assassins, safe crackers, and prostitutes until it was closed down by the FBI in 2011. It was created by Ross Ulbricht, a libertarian who wore a Ron Paul t-shirt, "to create a website where people could buy anything anonymously, with no trail whatsoever that led back to them." (Ulbricht received a life prison sentence for running this criminal enterprise in May 2015.) To eradicate the Internet trail, Silk Road employed TOR software.

TOR was also employed to steal and transfer classified secrets by Private Bradley Manning (now called Chelsea Manning.) He used TOR software to transfer some 50,000 diplomatic cables and military reports from his laptop to Julian Assange's Wikileaks website. Eventually Manning was identified by a fellow hacker, convicted by a military court for violations of the Espionage Act, and sentenced to 35 years in prison. TOR enabled Wikileaks to publish other secret data, such as the theft of Sony's files allegedly by the North Korean intelligence service in 2015. It was the means for guaranteeing anonymity to the IT workers who responded to his by now famous clarion call "System admins of the world unite." It allowed system administrators who opposed the "surveillance state," as well as other disgruntled employees of government agencies or corporation, to send documents they copied to the Wikileaks website without revealing their IP addresses. Since Wikileaks did not know the identity of their sources, they could not be legally compelled to reveal them. "Tor's importance to WikiLeaks cannot be overstated," Assange said in an interview with *Rolling Stone* in 2010. Indeed without the anonymity provided by its TOR software, Wikileaks could not have easily entered into a document-sharing arrangement major newspapers, including the *Guardian, New York Times, Der Spiegel, Le Monde* and *El Pais.* Through the magic of TOR, these newspapers simply attribute their sources to Wikileaks which, in turn, made Assange a major force in international journalism/.

Ironically, TOR originally was a creation of US intelligence. In the early 2000s, the US Naval Research Laboratory and the Defense Advance Research Project Agency (DARPA) developed it to allow US intelligence operatives to cloak their movements on the Internet. They could anonymously manipulate web sites operated by Islamic radicals, for example, and create their own Trojan Horse sites to lures would-be terrorists and spies. As it turned out, that use of TOR

software had a conceptual flaw. If US intelligence services used it, the targets could figure out that anyone visiting a site without an IP address was using TOR software to hide it. If TOR was exclusive used by US intelligence services, the targets could further deduce that all the anonymous visitors were avatars for American intelligence. It would be analogous to undercover police using pink-color cars that civilians did not use.

To remedy this flaw, the US government in 2008 made TOR software open-source and freely available to everyone in the world. It even provided funding for its promulgation with the State Department, the National Science Foundation, and the Broadcasting Board of Governors financing TOR's core developer. The public rationale for this generosity was that TOR could serve as a tool for, as the State Department called it, "democracy advocates in authoritarian states." The result was TOR software became a tool of both intelligence services and their adversaries.

As TOR software became widely used by adversaries (as well as common criminals), the NSA sought to find vulnerabilities in it. "It should hardly be surprising that our intelligence agencies seek ways to counteract targets' that use TOR software to hide their communications, explained a NSA spokesperson. The NSA's adversaries also took an interest in identifying TOR users.

TOR software also took on a cult-like importance to hacktavists concerned with the US government tracking their activities. An illuminating insight into the mind-set of the TOR hacktavists is provided by Catherine A. Fitzpatrick in her 2013 book *Privacy For Me Not For Thee*. She describes these hacktavists as largely "radical anarchists," who believe "the state is all-powerful, that law-enforcement is so strong that it will prevail anyway, and that they are a persecuted minority." As a refuge against the surveillance of the state, and in particular the NSA, they not only hide attempt to their own identity nut use encryption to obscure their messages. Their goal is free their movements from "of any interference from law-enforcement." In this mind-set, according to Fitzpatrick, "They believe government intelligence agencies will stop at nothing to stop them from absolute encryption."

TOR software was a means to defeat the NSA, but to be successfully there needed to be such a proliferation of TOR servers that the NSA could not piece together IP addresses. The problem was that in 2012 the TOR project, as they called it, was still a very tiny operation in 2012. It employed less than 100 core developers who were located mainly in Germany, Iceland, Japan, Estonia, and the United States. Its staff worked mainly out of a single room in Cambridge, Massachusetts.

The guiding spirit behind the TOR movement was Jacob Appelbaum, a charismatic 28-year old who had grown up in northern California. Like Snowden, he had dropped out of high school. Appelbaum identified himself to his followers on the Internet as a "hacktivist" battling state surveillance. For him, as with many in the hacktavist culture, the main enemy was the NSA. After all, the NSA had a vast army of computer scientists working to unravel TOR software.

Appelbaum was also well connected in this culture. He was the North American representative for Wikileaks before he moved to Berlin in 2013. He also managed Wikileaks' cyber security when it released classified documents in Iceland in 2010. He was so well-regarded among hacktavists that Assange chose him as his keynote speaker replacement at the "Hackers of the Planet Earth" (HOPE) convention in New York City. Assange also sung his praises, telling *Rolling Stone* "Jake [Appelbaum] has been a tireless promoter behind the scenes of our cause." For its part, *Rolling Stone* entitled its profile of Appelbaum, "Meet the most dangerous man on the Internet." The reason that Assange needed a replacement for this particular event was that he feared he would be arrested if he came to New York because he had released the Manning files on Wikileaks.

In Berlin, Appelbaum went to extreme lengths to protect himself from American surveillance. For example, when George Packer interviewed him for the *New Yorker*, in 2014, he insisted on meeting with Packer naked in a sauna so he could be sure Packer did not have a recording device (other than his notebook.) Appelbaum stated repeatedly in other interviews that he was being spied upon by America. While his claims may have sounded paranoid to his interviewers, as a character in Joseph Heller's *Catch 22* famously said, "Just because you are paranoid doesn't mean that you are not being followed." In any event, Appelbaum acted to defeat the perceived surveillance.

Runa Sandvik was another principal core developers in the TOR project in 2012. A Norwegian national in her mid-twenties, she wrote in 2012 a well-followed blog for *Forbes* on Internet privacy in which she identified herself as a privacy and security researcher working at the intersection of technology, law and policy. As a close associate of Appelbaum's, she worked tirelessly to extend TOR's cloak of anonymity against the surveillance of the NSA and other would-be intruders of privacy. Appelbaum and Sandvik shared another distinction. They both came in contact with Snowden before he went public and while he was still working for the NSA in Hawaii.

Snowden was in 2012 a major advocate of TOR software. He made no secret of his concerns about it electronic interceptions. He even wore to work a jacket with a parody of the NSA insignia, which, instead of merely depicting the NSA eagle, show the eagle clutching AT&T phone lines. He had also become a member of the Electronic Freedom Foundation, the digital rights organization that was helping finance TOR**.** His efforts on behalf of TOR were not limited to symbolic gestures. **Through** his work as a system administrator for Dell, he had found documents revealing NSA efforts to defeat TOR's ability to camouflage its user's identity on the Internet. Though not yet successful, he found that the NSA was attempting to build back-door entry ways into TOR software. He also knew that the NSA was becoming increasingly hostile to the spread of TOR software. One of the NSA documents that he illicitly downloaded was entitled "TOR Stinks." It described the NSA's enormous but not fully successful efforts to penetrate TOR servers. In addition, he downloaded NSA documents describing programs begun in 2012 that aimed at searching the Internet for the cyber-signatures of foreign parties suspected of hacking into US government systems. So he knew that the NSA considered the TOR movement an enemy.

Nevertheless, Snowden worked to assist the TOR movement. He created TOR's main exit node in Hawaii in 2012. This activity required a two gigabyte server called "The Signal," which he described as the largest TOR relay station in Honolulu.

Sandvik first heard directly from Snowden in November 2012. At the time, he wrote her under the alias "Cincinnatus," but also supplied his real name and address in Hawaii so that she could supply him with TOR stickers. So she knew his identity seven months before he went public. He would later tell Sandvik from Moscow that he had been "moonlighting" on behalf of the TOR cause at the NSA. By "moonlighting" he meant that in 2012 he had two jobs: Officially he was working as an NSA system administrator; unofficially he was working to advance the TOR Project. He added, with some understatement, that his moonlighting was "something the NSA might not have been too happy about."

By November 2012, while still working for Dell at the NSA, his dual role led him to organize a "crypto party" aimed at finding new recruits for TOR. The "crypto party" movement itself had been started in 2011 in Australia by Asher Wolf, a radical hacktavist and anarchist living in Melbourne. She promoted them not unlike the tupper-ware parties of the 1950s. They worked as follows. The party organizer, usually with a representative of the TOR project, advertised the party on the Internet. Attendees were encouraged to bring their own laptops so they could install TOR as well encryption software in them. The attendees then would be instructed on how to use it. Finally, those converted to TOR software would be told to proselytize about its virtues by holding their own "crypto party." Wolf's idea was to use these gatherings to expand the realm of TOR.

On November 18, 2012, Snowden launched his initial crypto party. It was called the "Oahu Crypto party" and had its own web page. He told Asher Wolf that it would be the first Crypto party in Honolulu. She wrote him back, advising him to "keep it simple."(Wolf later said she did not know he was working at the NSA.)

Snowden apparently had no inhibitions in staging a party which the NSA might consider subversive of its battle against TOR. He even invited his fellow NSA workers in Hawaii as well as others in the local computer culture. He asked Sandvik, who was living in Washington DC at the time, to participate, proposing that she co-host it with him in Honolulu. He scheduled it for December 11, 2012. He suggested that TOR stickers that could be used as "swag" to lure an audience. According to her account, Snowden informed he that he "had been talking to some of the more technical guys at work into setting up some additional fast servers" for TOR. His "work" place at the time was the NSA. If so, he had already attempted to find co-workers at the NSA who might be interested in attending an anti-NSA surveillance presentation.

Sandvik not only agreed a to be Snowden's co-presenter but she made the Oahu Crypto party a TOR-sponsored event. Sandvik flew to Honolulu on December 6, 2012. It was a fourteen hour flight and a relatively expensive one. She later told *Wired* magazine that the invitation from Snowden coincided with her plan to take a "vacation in Hawaii." Whatever her reason, it brought

her in direct contact with a TOR supporter with access to the computers of its main enemy, the NSA.

On December 11, 2012, following Snowden's instructions, Sandvik arrived shortly before 6 PM at the Fishcake furniture store in downtown Honolulu. She proceed to the back of the store where there was a public space called the Box Jelly. It was used mainly for counterculture events. Folding chairs and work tables had already been set up, Snowden was there waiting for her with Lindsay Mills, who he introduced to Sandvik as his girlfriend. He told her that she was there to film the event.

Mills did not mention this Crypto party in her blog. But that Snowden brought her and introduced her to Sandvik suggests that he did not keep secret from her his activities to further TOR.

The event started at six PM sharp. By Sandvik's count, about twenty people gradually filled the room. Some of them were from the local "Hi-Cap" computer club and other attendees were from Snowden's NSA base. Snowden began the presentation by giving reasons why Internet users needed to defend their privacy by using both encryption and TOR software. According to one attendee who asked not to be identified by name, Snowden, while not revealing that he worked for the NSA, spoke with such precise knowledge about government surveillance capabilities that he suspected Snowden worked for the government. Snowden next introduced Sandvik, who took the podium and discussed the work of the TOR project, stressing the importance of expanding the TOR network. Following their presentations, Snowden and Sandvik took questions from the audience.

The Oahu crypto party, according to Sandvik, ended about 10 PM. No one objected to Mills making a video of the meeting even though it was dedicated to the idea of protecting privacy. The video was not posted on the Internet so presumably Snowden wanted it for his own purposes. Afterwards, Sandvik went to a local diner called Zippy's for a late dinner. She left Hawaii two days later.

Even though a number of the prominent hacktavists he invited were unable to attend, Snowden declared the Crypto party a huge success in his after-hours report. One of the people Snowden invited under the alias Cincinnatus was Parker Higgins, who was a prime mover in the previously-mentioned Electronic Freedom Foundation. He now lived in California where he had founded the San Francisco Crypto Party. (Higgins would make headlines in 2013 by flying a chartered blimp over the NSA's secret facility in Utah and photographing it from the air). Despite Snowden's efforts, Higgins wrote him that he was unable to attend the December Crypto Party because of the high price of the airfare that month between San Francisco and Honolulu. (Higgins was hardly poor: his family home in Oahu had been rented to President Obama for two of his vacations in Hawaii.) As a consolation, Higgins told Snowden that he would try to attend Snowden's next Crypto Party, which was scheduled for February 23, 2013.

Even while he used his position as a system administrator at Dell for the NSA to download secret documents, Snowden remained in touch with some of the leading figures in the TOR project under his various aliases. He also continued to invite activists to his crypto parties and he openly advertised the Oahu Crypto Parties on the Internet until 2013. It certainly was not the "loose lips sink ships" mind set of the NSA's Cold War days. It better reflected on what CIA Deputy Director Morell, who reviewed the situation in 2014 as a member of President Obama's NSA Review Committee, described as the NSA's new "culture of transparency." Even though the NSA's activities were largely walled off to the outside world, he found that the NSA in the post-Cold War age had encouraged its technical workers to freely discuss challenges that arose in its computer operations. 'The idea was to spread knowledge and learn from the successes of others," Morell wrote, "but it created an enormous security vulnerability, given the always-existent risk of an insider committed to stealing secrets." According to a former intelligence executive, this new "open culture," exemplified by largely unrestricted entry to the NSANet by civilian contractors," fit the culture of the young civilians on the "geek squads" who now ran the NSA's computer networks.

It was remarkable that even in such "open culture "Snowden's crypto party, TOR station, and other anti-NSA activities could go unnoticed. After all, ten or so NSA workers attended the first party it is not unlikely that many of them recognized him as their co-worker. If so, they knew (as did Sandvik and Mills) that the TOR advocate "Cincinnatus" was Snowden. He had also not been shy in contacting via email notable enemies of the NSA, such as Jacob Appelbaum, Parker Higgins and Asher Wolf on behalf of the "Oahu Crypto Party." If anyone, including the security staff of the NSA, had been on the lookout for dissident intelligence workers, this well-advertised gathering, and its organizer, might have been of interest. In 2014, I asked a former top NSA executive whether such activities on behalf of TOR by a NSA employee would arouse the attention of the NSA's own "Q" counterespionage unit. He answered, "Snowden was not a NSA employee." As a contract employee of Dell residing in the United States, the NSA could not legally monitor his private activities or intercept his communication. To do so, would require a FBI request approved by the FISA court. So Snowden/Cincinnatus was free to operate openly in recruiting NSA workers, hacktavists and computer buffs for his events. Ironically, adversary intelligence services searching for disgruntled intelligence workers had no such constraints.

# CHAPTER NINE

## The String-Puller

"It wasn't that they put it on me as an individual — that I'm uniquely qualified [or] an angel descending from the heavens — as that they put it on someone, somewhere."

--Edward Snowden in Moscow, 2013

Downloading NSA documents was not Snowden's only rogue activity while working at the NSA for Dell in 2012. Three weeks after the Crypto party, Snowden began anonymously contacting a high-profile journalist, He used the same alias "Cincinnatus" that he used with Sandvik, and to advertise the Oahu Crypto Party. The journalist to whom he wrote On December 1, 2012, was Glenn Greenwald, the previously-mentioned Rio-based columnist for the *Guardian.*

Greenwald had not always been an activist journalist. Up until 2004, Greenwald was a litigation lawyer at the elite New York firm of Wachtell, Lipton, and Rosen & Katz. He was also an entrepreneur owning part of Master Notions, a company which, among other things, had a fifty percent financial interest in the pornographic website HJ (an acronym which originally stood for "Hairy Jock.") All did not go well with this enterprise. In 2004, Greenwald became involved in an acrimonious law suit with his other associates in HJ. As a result, he had a number of open legal judgments filed against him, including an $85,000 lien by the IRS.

After resigning from his law firm in 2005, he moved to Rio de Janeiro and began a new career as a blogger for the Internet magazine *Salon*. He wrote fierce, and often brilliant, polemics against US government surveillance and other perceived intrusions on personal privacy The extent of his bitter antagonism to the activities of the "surveillance state," as he called it, was reflected in the title of his 2007 book, *How Would a Patriot Act? Defending American Values from a President Run Amok.* His position on surveillance was unrelenting, even when it came to the president. "By ordering illegal eavesdropping, the president had committed crimes and should be held accountable for them," Greenwald wrote. When Barack Obama became President in 2009, Greenwald also attacked him for breaking the law by "ordering illegal eavesdropping." Because of his opposition to President Obama, he contributed money to the libertarian campaign of Ron Paul, the same candidate to whom Snowden gave money.

In August 2012, he had transferred his provocative blog, which had amassed a following of nearly one million readers (including Snowden), from *Salon* to the *Guardian*. The British newspaper also had a powerful anti-surveillance position, having first published the Wikileaks documents that had been illicitly leaked by Private Bradley Manning and published by Assange in 2010.

Greenwald was an activist as well as a journalist. Like Poitras, he joined the board of directors of the Freedom of the Press Foundation. The foundation, which eventually Runa Sandvik and Micah Lee would join, had been set up expressly to funnel money to both Assange's Wikileaks site and the defense fund for Bradley Manning after he was arrested. Such a money laundry was necessary because, as will be recalled, American credit card companies were blocking money transfers to these two causes. This "blockade" was taking its toll on Wikileaks. According to Assange, "WikiLeaks had been cut off from more than 90 percent of its finances." So the Freedom of the Press Foundation came to its rescue. John Perry Barlow, one of the song writers for the Grateful Dead band, was one of its chief financial backers. "The first serious info war is now engaged, Barlow declared. "The field of battle is WikiLeaks." He served with Greenwald and Poitras on its Board in December 2012.

Snowden was an avid reader of Greenwald's screeds against the government. If he was to assume the role of a modern-day Prometheus, delivering forbidden secrets of the NSA to the public, Greenwald would be a logical candidate to break the story. Snowden could safely assume that Greenwald would be sympathetic to exposing NSA surveillance from his many blogs, tweets and YouTube comments on the subject. For example, on November 13 2012, just 18 days before Snowden contacted him, Greenwald had written a blog in *Guardian* asserting that the United States was "a surveillance state run amok." In it, echoing very closely what Snowden said at his Crypto party, Greenwald wrote that "any remnants of internet anonymity have been all but obliterated by the union between the state and technology companies." Citing a story in the *Washington Pos*t, he continued: "Every day, collection systems at the National Security Agency intercept and store 1.7 billion e-mails, phone calls and other types of communications." As a result, Greenwald called for action in his blog on November 13, 2012, writing: "The US operates a sprawling, unaccountable Surveillance State that, in violent breach of the core guarantees of the Fourth Amendment, monitors and records virtually everything even the most law-abiding citizens do." That same week Snowden invited Runa Sandvik to co-host his crypto party.

One problem for Snowden was reaching out to Greenwald was Greenwald's lack of any encryption for his e-mails. Communicating with a journalist like Greenwald who famously attacked the very organization for which he worked was itself a risky undertaking, especially if he wanted to pass classified NSA documents to him. If his emails were intercepted by the NSA in Brazil (where Greenwald lived) and where the NSA was not restricted by US law, he could lose his job or even be arrested. Under his alias Cincinnatus, he told Greenwald that he needed to immediately encrypt his computer. To make his point, he cited Greenwald's own November 12, 2012 blog. In it, Greenwald noted that General David Petraeus, then the CIA director, had been caught in a minor sex scandal because his personal emails had been intercepted, Snowden wrote Greenwald that Petraeus would not have been exposed if he had used encryption. Snowden also sent Greenwald instruction on how to install the necessary encryption software and a link to a 12-

minute video on encryption (which might have been the same video he used at his Crypto party a few weeks earlier.)

Greenwald did not manage to encrypt his computer, however. Snowden, unwilling to deal with Greenwald through an unencrypted channel, broke off contact with him in January 2013. Even so, he did not give up his plan of using Greenwald in his enterprise. He sought an intermediary who used encryption.

The alternative route to Greenwald that Snowden chose was Laura Poitras. He knew she had am association with him. They both were founding board members of the Freedom of the Press Foundation. Greenwald had also written about her extensively. For example, he wrote an entire blog about her confrontation with the US government and her plans to make a documentary about the "U.S. Government's increasing powers of domestic surveillance [through] its expanding covert domestic NSA activities"

Since 2011, Poitras had been filming the construction of a massive NSA repository for data in Bluffdale, Utah. In the anti-surveillance culture, the structure had become symbolic of the powers of the NSA. In fact, was the same NSA site that Parker Higgins photographed from a blimp in the fall of 2013 and post on the Internet. Just six months earlier in August 2012, Poitras had released her documentary about the NSA's use of the Bluffdale repository for domestic spying,

Aside from her connections with Greenwald, Poitras had other impressive credentials. Born in 1964 in Boston, She came from a wealthy family that donated large sums of money to philanthropic causes, including $20 million for research on bipolar disorders. After graduating from the New School for Public Engagement in 1996, she pursued a career as an activist film-maker. Her focus quickly became exposing NSA's surveillance. One of her short documentaries about the NSA's domestic surveillance program was featured on the *New York Times* website and attracted enormous attention in 2012. As a dedicated opponent of the surveillance state, she participated in public events with William Binney, the now famous ex-NSA whistle-blower, and Jacob Appelbaum. In April 2012, for example, she made a presentation at the Whitney Museum in New York with Binney and Appelbaum. She became such a leading activist against the NSA by December 2012 that Appelbaum, after lauding her work, interspersed clips from her short film in his keynote address at the Computer Chaos Club convention of hacktavists in Berlin in December 2012. Snowden also closely followed her rise in this world. By simply googling Poitras' name in January 2013, he would have learned about her connections with Greenwald, Appelbaum, Binney, Assange and other leading figures in the anti-surveillance camp. When asked later Snowden why he had chosen her to help him, He replied "I didn't. You chose yourself." The problem for Snowden was anonymously drawing her in to his enterprise.

Poitras was living in Berlin in January 2013, which made her vulnerable to NSA surveillance. To get to her through an encrypted channel, Snowden chose a circuitous approach. On January 11, 2013, he wrote to Micah Lee in Berkeley, California. Unlike Greenwald and Poitras, Lee

resided in America. This U.S. residence meant, as Snowden knew, the NSA would be legally barred from monitoring his communications. He used Lee, who was the chief technology officer at the Freedom of the Press Foundation, as the encrypted gateway to Poitras who, it will be recalled was a founding Board member of that small foundation. Lee also was well-connected to others with whom Snowden had contacted for his crypto party. Lee had been an associate of Runa Sandvik's at TOR and was a prominent member of Noisebridge, an eclectic anti-government hackers' commune based in Northern California, of which Appelbaum was also a member.

To contact Lee, Snowden chose the alias Anon108. Anon was an alias frequently used by members of the Anonymous commune of hacktavists. "I'm a friend." Snowden wrote Lee. "I need to get information securely to Laura Poitras and her alone, but I can't find an email/gpg key for her." The "gpg" encryption key he asked for, more commonly called a PGP key, was the so-called public key for an encryption system called Pretty Good Privacy, or, for short, PGP. This encryption system required both a public and private key. Snowden asked Lee to provide the former one, since Poitras had the latter one. Lee wrote Poitras about "anon108." The next day, with the approval of Poitras, Lee supplied Poitras' public key to Snowden, or, as he knew him, Anon108.

With it, Snowden now contacted Poitras directly. He asked her as a first step to open an anonymous email account using TOR software. He was now in contact with three members of the Freedom of the Press Foundation—Greenwald, Lee, and Poitras. (Sandvik would join the foundation in 2013.)

Poitras later wrote about this initial contact: "I was at that point filming with several people who were all being targeted by the [US] government." The people she was filming included Appelbaum, Assange, and two former NSA employees, William Binney and Thomas Drake. It was in the midst of this project when she received the email from Anon108 aka Edward Snowden.

He next asked Poitras her take out a new enciphering key to use exclusively for her liaison with him. It provided them both with an extra layer of protection from any surveillance by law enforcement. Presumably, she accommodated his requests because she anticipated that the anonymous person would use this encrypted channel to send her highly-sensitive material.

On January 23, 2013 Snowden wrote Poitras under yet another alias. This time he called himself "Citizen Four." He wrote: "At this stage I can offer nothing more than my word." He then said falsely, "I am a senior government employee in the intelligence community." She had no way of knowing at this "stage" that, despite giving her his "word," he was not who he claimed to be. He was not a "government employee, " he was not a "senior" official and he was a member of the "intelligence community" (which is composed of the intelligence services of the U.S. government .) He would later also claim to her that he had been "a senior adviser to the CIA" and "a senior adviser to the DIA." In fact, he had never held such position at either

intelligence service. In January 2013, he was merely a contract employee of Dell working as a computer technician at the NSA base in Hawaii.

Snowden told her in his initial email that he was well-acquainted with her career as an anti-surveillance activist. He said that he had read Greenwald's account in *Salon* that past April, a blog in which Greenwald detailed the 40 times in which Poitras was searched by US authorities. The story also said that Poitras believed that she was on a special watch-list and under constant US government surveillance. She had come under such scrutiny by US authorities, it turned out, because of her documentary about American military abuses of civilians in Iraq in 2005 entitled "The Oath". While filming it she was at a place close to an insurgent ambush of US troops in Iraq. Her presence at the ambush site led Army intelligence officers to suspect (without any evidence) that she might have been tipped off by the insurgents. She firmly denied the charge and the government never substantiated it. Even so, because of this incident, she was kept on a list that caused authorities to search her at airports. As a result, she took elaborate counter-measures to evade any possible surveillance of her communications.

Snowden knew about this incident because Greenwald described them in a great detail in a blog that Snowden read (as he later told Greenwald.) "Poitras is now forced to take extreme steps — ones that hamper her ability to do her work, "Greenwald wrote: "She now avoids traveling with any electronic devices. She uses alternative methods to deliver the most sensitive parts of her work — raw film and interview notes — to secure locations. She spends substantial time and resources protecting her computers with encryption and password defenses. Especially when she is in the U.S., she avoids talking on the phone about her work, particularly to sources. And she simply will not edit her films at her home out of fear — obviously well-grounded — that government agents will attempt to search and seize the raw footage." She claimed, as she told journalists, she was the victim of "Kafkaesque government harassment."

Snowden was duly impressed with her concerns about government surveillance. She fully subscribed to his view that that government surveillance was ubiquitous. Indeed, he later described her as "more paranoid when it comes to electronic security than I can be." He meant it as a compliment. Such functional paranoia or, "operational security," as Greenwald would call the precautions that she took, dove-tailed with Snowden's growing conviction that universal encryption was necessary to defeat the surveillance state. It also made her the perfect channel for Snowden to safely pass some of the classified documents he stole to Greenwald and other journalists.

It was not difficult to get her to cooperate in his plot. He played on her well-known concern about government surveillance. He wrote, for example, "The surveillance you've experienced means you have been 'selected'—a term which will mean more to you as you learn how the modern SIGINT system works." Just as she had been "chosen" by her work to act as his conduit, according to Snowden, she had been chosen by the NSA as a target because of her work. The idea of her being "selected" by an invisible signal intelligence agency, the NSA, could only excite

her long-time concerns about being watched by the government. "Your victimization by the NSA system means that you are well aware of the threat that [the NSA's] unrestricted, secret abilities pose for democracies," he continued. "I hope you understand that contacting you is extremely high risk and if you are willing to agree to the following precautions before I share more, this will not be a waste of your time." Further heightening her concern that she was under surveillance, he asked her to confirm to him "that no one has ever had a copy of your private key and that it uses a strong passphrase." Such precautions were necessary because "your adversary is capable of one trillion guesses per second." That "adversary" was, as she knew from her previous film, the NSA. At this point, she knew she was entering into a dangerous liaison with an unknown party in pursuit of NSA secrets.

To elude this "adversary," Snowden stressed to her that she would have to adopt a conspiratorial set of mind. "If the device you store the private key and enter your passphrase on has been hacked, it is trivial to decrypt our communications," he explained. "If you publish the source material, I will likely be immediately implicated." If her correspondent could be "immediately implicated," it meant that he was a person authorized to handle these secrets. So Poitras knew, as early as January 2013 that she was creating an encrypted channel for someone with access to NSA secrets and who would be incriminated by providing them to her.

The key source for Poitras' previously-referred to short video was William Binney. Like her new source, he had been authorized to handle NSA secrets. Binney had been a NSA technical director until he had retired in 2001. The NSA's domestic surveillance program that Binney told the press about years before being interviewed in Poitras' film was called "Stellar Wind." It indeed led to a major expose of domestic spying by the *New York Times* in December 2005. After President Bush's own Justice Department then held that such surveillance was illegal, Congress passed a revision of the Patriot Act in 2007 that effectively legalize the "Stellar Wind" surveillance program on condition that the NSA obtain a FISA warrant for it that would be periodically reviewed by the Department of Justice.

Binney had never provided Poitras with any NSA documents to back up the charges he made about Stellar Wind. He could not have done so without violating his sworn oath and, for that matter, US anti-espionage statutes. Binney made it clear to her and other journalists that he was not a law breaker. But her new source, Snowden, was willing to do what Binney (and other insiders) had refused to do. He was offering in these emails to provide her with secret government documents even though it would implicate him as an outlaw. To further whet her appetite, he told her that these up-to-date NSA documents would fully substantiate the allegations that Binney made in her film. Even more important, he said Binney's 2001 disclosures were still relevant to her cause. "What you know as Stellar Wind has grown" he wrote her. In fact, as Snowden knew from the draft Inspector-General report he stole in 2012 that Stellar Wind been terminated in 2011 by the NSA for budgetary reasons. He continued: "The expanded special source operations that took over Stellar Wind's share of the pie have spread all over the world to

practically include comprehensive coverage of the United States." As a result, he wrote. "The amount of US communications ingested by the NSA is still increasing."

He further offered to substantiate her worst fears about the growth of NSA surveillance' "I know the location of most domestic interception points, and that the largest telecommunication companies in the US are betraying the trust of their customers, which I can prove." He even proffered, evidence implicating President Barak Obama in illegal surveillance. "There is a detailed policy framework, a kind of martial law for cyber operations, created by the White House. It's called presidential policy 20," he wrote her. It was an 18-page directive that Obama had signed four months earlier in October 2012. Snowden was offering to reveal to her the up-to-date evidence of a surveillance state in America presided over by the President himself. It was what she had been searching for three years. How could she, as an activist film-maker, resist such a sensational offer?

He further explained to her that he had placed great trust in his discretion. "No one, not even my most trusted confidante, is aware of my intentions, and it would not be fair for them to fall under suspicion for my actions," he said.

Poitras must have found it flattering that a total stranger was willing to disclose to her in emails what he would not tell even his "most trusted confidante" about his intentions to commit an illicit breach of U.S. national security. It was an extraordinary risk he was taking. After all, "Citizen 4" had no way of knowing who she else she told about him. She had long been concerned, with good reason that the U.S. government was out to get her. An unknown person offering to supply her with secret documents could be attempting to entrap her. So he could not preclude she would not consult with others about the offer he was making her. Since her current documentary project included interviews with Assange, Appelbaum and three ex-NSA executives, intelligence services with sophisticated surveillance capabilities might also have taken a professional interest in her communications, as Poitras herself had suspected. Even if Snowden was somehow able to use his position as a system administrator at Dell to ascertain that the NSA did not have Poitras under surveillance, he could not be sure that other agencies, such as the Russian and Chinese intelligence services, were not be monitoring his communications with Poitras. It was, however, a chance Snowden evidently was willing to take.

Snowden, in any case, did not intend to conceal his identity for more than a few months. He told Poitras he had a specific purpose in allowing her to name him in her film. Indeed, he said it was essential in his plan to prevent others, including presumably his "most trusted confidante," from being suspected by law enforcement of helping him in his enterprise. He prevailed on her to accommodate his plan, saying: "You may be the only one who can prevent that, and that is by immediately nailing me to the cross rather than trying to protect me as a source." His choice of the imagery of crucifixion suggested that, like Jesus Christ, he was willing to sacrifice himself for the sake of others.

In keeping with their operational security regime, he said that he would first send her an encrypted file of documents that she would not be able to read. Only after his conditions were

met and "everything else is done," he said "The key will follow." He was now pulling the strings. To get that key, she had to follow his instructions.

One of his conditions was that she helps him recruit Greenwald and other outlets for his disclosures. "The material provided and the investigative effort required will be too much for any one person," he wrote Poitras. He next directed her to contact Greenwald. "I recommend that at the very minimum you involve Greenwald. I believe you know him." (Snowden apparently did not tell her that he had unsuccessfully attempted to reach out to Greenwald before he had contacted her.)

His continued interest in Greenwald was understandable. Aside from Greenwald's opposition to what he called the "Surveillance State," he was a gateway to the *Guardian.* The *Guardian* had become an important player in the business of disclosing government by publishing a large part of the US documents supplied to Wikileaks. By breaking whistle-blowing stories about US intelligence, it had also greatly increased the circulation of its website. As an establishment newspaper, it also gave these Wikileaks stories credibility with the media. So despite Greenwald's inability to create an encrypted channel, Snowden still needed him. He had no reason to believe that Greenwald would turn down the opportunity for a whistle-blowing scoop for the *Guardian*. After all, the classified documents Snowden would provide him would also give credence to both Greenwald's book and his many blogs denouncing of US government surveillance.

Aside from Greenwald and Poitras, Snowden sought an outlet inside the American establishment. So he had Poitras write Barton Gellman, the Pulitzer Prize winning reporter for the *Washington Post*. Born in 1960, Gellman graduated from Princeton in 1981, and became an award-winning investigative reporter from the *Miami Herald, Washington Post* and *Time* magazine. He was also the author of the 2008 book *Angler: the Cheney Vice-Presidency*, which been made into an HBO mini-series. If Gellman could be drawn into the enterprise, he could provide Snowden with a gateway to the *Washington Post,* the prestigious American paper credited with bringing down President Richard Nixon in the Watergate scandal.

Poitras, as the go-between for Snowden, immediately contacted Gellman. She already knew him from meetings they both attended at NYU's Center on Law and Security. After telling him she was involved in a story about NSA surveillance, she suggested that they meet in New York City.

For their rendezvous, Poitras took a number of precautions to evade anyone attempting to follow her. She had Gellman first meet her in one coffee shop in lower Manhattan. When he arrived, she had him follow her on foot to another coffee shop following her anti-surveillance tradecraft. Once assured no one was watching them, she ordered coffee for herself and Gellman. Over coffee, she told Gellman about Snowden, who she described as her anonymous source. She said that he was willing to supply Gellman with documents that would expose domestic

surveillance, if Gellman agreed to write a story on it for the *Washington Post*. Even though Gellman had left the staff of the *Washington Post* in 2010, he had previously written several stories on that subject for the newspaper. He was also highly-regarded by the editors there. He was therefore interested in Poitras' offer (although he would consult a friend at the Justice Department about the legality of publishing NSA documents.

Snowden now had laid the groundwork for at least two possible outlets; one an establishment newspaper in Washington DC, the *Washington Post; and* a well-respected international newspaper, the *Guardian*.

Poitras, however, was having some difficulty in bringing Greenwald in on the plan. Like Snowden, she did not trust writing him in unencrypted emails and, since Greenwald lived in Brazil, she still had not found an opportunity for a face-to-face meeting with him.

That opportunity arose in mid-April 2013. Greenwald had flown to New York to give the lead speech at an event in Yonkers, N.Y. sponsored by the Council on American-Islamic Relations, or CAIR, a pro-Moslem civil rights and anti-Zionist organization. He had delivered the keynote speech at its previous meeting in San Jose, California on November 22, 2012, where his impassioned depiction of the American "Surveillance State" in America received a rousing ovation from the attendees. He was invited to speak at this award dinner for its east coast chapter.

Poitras flew from Berlin to New York to see him. On April 19, 2013, she arranged to meet Greenwald at noon in the restaurant of the Marriott hotel where Greenwald was staying. When Greenwald arrived at the restaurant carrying a cell phone, she explained to him that the NSA could surreptitiously turn his cell phone into a microphone and use it to eavesdrop on their conversation. She told him to go back to his room to get rid of the phone. When he returned, phoneless, she took further precautions by having them change tables several times. Greenwald accepted these tactics because, as Greenwald later said, she was in charge of their "operational security."

After they finally found a secure table in the nearly empty restaurant, she showed Greenwald emails she had received from Snowden under the alias Citizen 4. Greenwald, as he recounted, made "no connection to the "long-forgotten emails" he had received from Snowden under the alias Cincinnatus. Reading the emails to Poitras, he was impressed with the "sincerity" of the anonymous correspondent.

When Poitras showed Greenwald Citizen 4's mission statement in which he said his motive was to end the US "surveillance state." Greenwald was further impressed with the source. After all, the surveillance state Snowden described closely dovetailed with the surveillance state that Greenwald had described himself in his speech at the Council on American-Islamic Relations dinner in 2012. Of course, the close proximity of the phrasing may not have been entirely coincidental. Greenwald's 2012 speech had been put on YouTube and widely circulated on the Internet just a few days before Snowden first wrote Greenwald on December 1, 2012. Snowden

the emails identified himself as a privacy advocate, which was also how Greenwald often identified himself in his speeches. He also echoed other concerns Greenwald had publicly expressed including defending American privacy from government intrusions.

Snowden promised the leaks he would supply would provide dramatic results. He asserted in his email that the "shock" of the documents he would give Greenwald would result in the public's learning about the secret "mechanisms through which our privacy is violated." According to Snowden's assessment, following that initial uproar, they could achieve another objective in their common cause. "We can guarantee for all people equal protection against unreasonable search," he wrote. In light of this convergence of views, it is not surprising that Greenwald was fully convinced of Citizen 4's *bona fides*. He said to Poitras, "He's real," and he agreed to help break the story in the *Guardian*.

After he said he was onboard the project, Poitras revealed to Greenwald that Citizen 4 would deliver an entire trove of secret documents to them in six to eight weeks. According to this timetable, the Greenwald's scoop, and the "shock" Citizen 4 promised, would come in early to mid June 2013.

At this point in late April, Snowden was in full control. Although his day job at Dell involved endlessly monitoring largely-meaningless encrypted numbers in the NSA tunnel, he had been able to get three major journalists to react favorably to his proposal. None of them knew his name, position, age, location or where he precisely where he worked. Nor did they know the means by which he planned to obtain the secrets that he dangled before them. They also did not know where, or even if, they would meet their source. Their total knowledge about him was the description he gave of himself: a "senior government employee in the intelligence community" (which, as they only later would find out, was untrue.) For his part, Greenwald speculated that he was a disgruntled CIA station chief. Yet by his anonymous emails, and by tugging at their strings, he had lined up three journalists to break his story.

Despite the fact they were operating largely in the dark, these three journalists acted like almost any other ambitious reporter would act if they were offered a major scoop about illegal acts of the government. In addition, the information was in line with what they had previously investigated or written about. None of these journalists had any reason to doubt at this point that their anonymous source was anything but the sincere whistle-blower that he claimed to be. They could not have known from his anonymous emails that, aside from the whistle-blowing documents he promised them, he was in the process of stealing a large number of documents from the NSA's National Threat Operations Center that concerned the NSA's sources and methods in foreign countries. These documents, to which Snowden never referred in his correspondence with them, had little, if anything at all, to do with domestic spying on American citizens.

# CHAPTER TEN

## Raider of the Inner Sanctum

"They think there's a smoking gun in there that would be the death of them all politically."

—Edward Snowden in Moscow

The nightmare of the NSA is a penetration. As the CIA, FBI and NSA found out in the 1990s, No intelligence service is invulnerable to it. Any employee of a large intelligence organization can turn, or be turned, against it. Among the more than 10,000 intelligence workers employed by the NSA, it is a near certainty that over time one or more of them will become dissatisfied with their work. He or she may have a personal grievance about their pay, lack of promotion or their treatment by their superiors. Disenchantment with the NSA may also proceed from idealistic objections. After all, the NSA is in the business of secretly intercepting messages, and an insider could find its spying activities at odds with his or her own beliefs about the violation of privacy. For any of these reasons, a disgruntled insider could go rogue. He or she then might attempt to right a perceived wrong by disclosing the NSA secrets to another party. That party might then induce or blackmail the rogue employee into disclosing further secrets. To guard against it, the NSA has developed a well-organized system for stratifying its data so that obtaining critical secrets would require a rogue employee to burrow into its heavily protected inner sanctum. As part of this system, the NSA divides its data into different tiers depending on the importance of the secrets to its operations. The first tier, Level 1, is mainly administrative material. This data would include FISA court orders and other directives it employees might need to check on to carry out their tasks. Level 2 contains data from which the secret sources have been removed. This tier, available to other intelligence services and policy-makers, includes reports and analysis that can be shared. The third tier, Levels 3, contains documents that cannot be shared outside of a small group of authorized individuals because they disclose the secret sources through which the NSA surreptitiously obtained the information. This third tier includes, for example, compiled list of the sources in China, Russia, Iran and other adversary countries. It also disclosed the exotic methods the NSA uses to get some of this data. Level 3 documents also include reports on

specific NSA, CIA and Pentagon operations unknown to adversaries. These Level 3 documents are described by NSA executives as "the Keys to the Kingdom" because they could invalidate America's entire intelligence enterprise if they fell into the hands of an adversary. And, as far as is known, prior to 2013, there had been no successful theft of any Level 3 documents.

Because of their extreme sensitivity, Level 3 documents were not handled by most of the private firms providing independent contractors. At Dell, Snowden had access mainly to Level 1 and Level 2 data (which he could, and did, download from shared sites on the NSA Net.) These lower level documents had whistle-blowing potential since they concerned NSA operations in the US. They did not reveal, however, sources that the NSA used in intercepting the military and civilian activities of foreign adversaries. Consequently, at Dell, while Snowden could find documents of great interest to journalists, he did not have the opportunity to steal far more valuable data, such as the Level 3 lists of the NSA's sources abroad.

Snowden quit his job at Dell as a system administrator on March 15, 2013 to take another job working the NSA in Hawaii at Booz Allen Hamilton. Unlike other outside contractors that serviced the NSA, the firm he choose, Booz Allen specialized in handling the NSA's Level 3 data.

When Snowden applied to Booz Allen earlier in March 2013, the company had no opening for a system administrator at the National Threat Operations Center, an NSA unit in which it dealt with Level 3 data. It did have an opening for an infrastructure analyst, a lower-paying job involving maintaining the computer technology necessary to monitor threats. Despite the cut in pay, Snowden took that job. Snowden made no secret of one of his reason for this move. He subsequently told the *South China Morning Post,* as will be recalled, that he took it to "get access to lists of machines all over the world the NSA had hacked." If so, he was after the keys to the NSA's kingdom of global surveillance. And Booz Allen held those keys. "He targeted my company because we enjoy more access than other companies," Booz Allen Vice Chairman Michael McConnell said with the benefit of hindsight. As a result of the theft, he appraised "an entire generation of intelligence was lost." McConnell, a former NSA director before taking the job at Booz Allen, was in a position to know.

Snowden's sudden career change had both advantages and disadvantages for the enterprise he was planning. The main advantage was that the job, he would have proximity to the computers in which the "lists" he sought of NSA global sources were kept. The main disadvantage, aside from a cut in salary, was that he would no longer be a system administrator. This change meant he would not have a system administrator's privileges to bypass password restrictions or temporarily transfer data. Instead, as an infrastructure analyst, he would not have password access, at least during the two-month long training period, to the computers that he had not been specifically "read into," which did not include those computers that stored the Level 3 lists. Access to these tightly-controlled compartments was limited to only a handful of analysts at the center who had a need-to-know.

Nevertheless Snowden applied for the job. Since it handled higher level secret documents, Booz Allen had stricter requirements for applicants than Dell. To slip by them, Snowden engaged in a minor subterfuge. He wrote on his application that he was expecting a master's degree from the online division of Liverpool University in England. In fact, he had not completed a single course at Liverpool, and would not be receiving any sort of a degree from it. Booz Allen, not fully taking into account the discrepancy in his application, agreed to hire him as a trainee-analyst (and it did not change that decision even after it found out about his subterfuge.). According to Admiral McConnell, Snowden never actually worked in the Booz Allen offices, which are housed in a skyscraper in downtown Honolulu. Instead, he was immediately assigned to work at the NSA's highly-sensitive National Operations Threat Center in the tunnel at the Kunia base.

Before he could begin working there, however, he needed to fly to Maryland to take a mandatory orientation course at the NSA. The course was given in an 11 story building, with a sheer wall of black glass, on the NSA's 350 acre campus at Fort Meade in Maryland. He arrived there from Hawaii on April 1, 2013. Like every other Booz Allen contractors who work at the NSA's Center, Snowden was required to sign the "Sensitive Compartmented Information Non-Disclosure Agreement." In this document, Snowden acknowledged that he had been granted access to sensitive compartmented information, called SCI, as part of his work and that he understood that any disclosure of that information to an unauthorized person would violate federal criminal law. He was also told, as were all new contract employees a Booz Allen that its disclosure could damage the interest of the United States and benefit its enemies. In signing it, he swore an oath not to divulge any of this information without first receiving written approval from US authorities. So less than two months before he downloaded Sensitive Compartmented Information, he was fully aware of what would be the consequences of divulging this information. By this time, as discussed in the previous chapter, he had agreed to deliver classified data to three journalists.

On April 5, 2013, while still in the training facility in Maryland, he apparently sought to establish a paper trail for himself. He wrote a letter to NSA's General Counsel Office asking whether or not NSA directives take precedence over acts of Congress. A lawyer from the Office of General Counsel responded three days later, addressing Snowden as "Dear Ed." The lawyer said, agreeing with Snowden, that acts of Congress take precedence over NSA directives. He also suggested that "Ed" phone him if he needed any further clarification. Presumably, Snowden had written the letter to elicit a response that he could later use to bolster his claim to be a whistle-blower. Instead, the "Dear Ed" response was of little use to Snowden, as it did not dispute his point that NSA directives must lawfully conform to the acts of Congress. The NSA lawyer did not ever hear back from "Ed."

Snowden completed his orientation course at Fort Meade on Friday April 12, 2013. While he was in Maryland Snowden, he took time off to pay visits to both of his divorced parents. It would be the last time he would see either of them in the United States.

He returned on April 13th to Hawaii, One domestic task he to attend to was helping Mills pack up their possessions, which they stored in boxes in the garage. The lease on their house was up on April 30, 2013, so he found a temporary rental for them just a few blocks away.

On Monday April 15th, Snowden began on-the-job training as an analyst at the National Threat Operations Center—a training that he would not complete. The same week he began the training, he prepared his exit by writing Booz Allen that he needed a brief medical leave in May to undergo medical treatment for his putative epilepsy symptoms. Even though he had no planned any treatments, and, as far as is known did not suffer from epilepsy, Booz Allen required a minimum of one month's notice for foreign travel. By making the request, he lessened the likelihood that it would arouse undue suspicion when he departed Hong Kong with stolen documents on May 18, 2013. This brief window left him some four weeks to take the lists that he coveted.

Snowden carried out the heist with precision reminiscent of a "Mission Impossible" movie caper. First, he needed to get passwords to up to 24 compartments at the National Threat Operation Center that he had not been "read into." Even in the "open culture" of the NSA this was not an easy challenge since he no longer had a plausible pretext for asking other experienced threat analysts had their passwords, as he did when he was a system administrator at Dell. He would now be asking them to break strict NSA rules that prohibited intelligence workers from disclosing their passwords to an unauthorized party. In addition, they were supposed to report anyone who asked to use their passwords.

He may have obtained some passwords through deception, such as tricking them into typing in their passwords in a device that captured them. As the NSA informed Congress in 2014, three of his fellow workers told the FBI that Snowden may have deceived them to gain access their passwords. He may have also have used electronic means to have stolen the remaining passwords. In any case, however he accomplished this incredible feat, he gained access to 24 compartments containing the NSA's most closely guarded secrets in a matter of a few weeks.

Next, he had to find the lists he was seeking in a vast sea of data. He used for this task pre-programmed robotic devices, called "spiders" to crawl through the data and find the files he was after. Snowden deployed these spiders soon after he began working at the Center, raising the possibility that Snowden had prepared in advance the operation. According to the subsequent NSA damage assessment, Snowden's spiders indexed well over one million documents. Many of those that he copied and moved were from Level 3 "Sensitive Compartmented Information" according to the NSA analysis. The spiders also made his penetration relatively safe. As previously mentioned, the Hawaii base did not have a real time auditing system. So alarm bells would go off in the security office when he indexed documents.

Finally, Snowden had to find a way to transfer this data to a computer with an opened USB port. Most of the computers at the center had had their ports sealed shut to prevent unauthorized

downloads. Making the transfer even more difficult, he was working as an analyst-in-training in an open-plan office with security CCTV camera.

To be sure, there were also service computers with open ports used by the system administrators. They, after all, had to perform maintenance and back-up work. Even though Snowden was no longer a system administrator, he might still have been able to steal or borrow a service computer. Yet, despite all the NSA's and Booz Allen's security measures, he managed to download hundreds of thousands of level 3 documents to an unsealed computer.

He also took some less-sensitive documents from the administrative file (which contained mainly Level 1 documents) at the end of April. These late acquisitions included the now famous warrant from the FISA court issued on April 25 2013.

He completed the operation on Friday May 17, 2013, the last day he would ever enter the NSA facility. He transferred the data he had amassed on the service computer, including the lists of the computers in Russia and China that the NSA had succeeded in penetrating, onto thumb drives. Finally, he coolly walked past the security guards at the exit, who only seldom performed random checks on NSA employees.

He had carried out the entire operation with such brilliant stealth he left few, if any clues behind to how obtained 24 of his colleagues' passwords, moved the data from many different supposedly-sealed computers to an opened service machine or how he downloaded these documents to multiple thumb drives without arousing suspicion. In fact, the theft would not be discovered by the NSA for fifteen days.

His escape was also well-prepared. Lindsay Mills had departed that morning for a planned two week visit to the outer islands. This trip allowed him to pack his belongings without saying anything to her that might be difficult to explain to the authorities. He simply left a note she would see on her return, and could show to authorities saying that he was away on a "business trip." He also called to say good-bye to his mother and sister, who had been planning to visit him in Hawaii that month.

# CHAPTER ELEVEN

## The Escape Artist

"I'm not self-destructive. I don't want to self-immolate and erase myself from the pages of history. But if we don't take chances, we can't win."

--Snowden in Moscow

The next evening Snowden drove to Honolulu International Airport. He left his leased car in the parking lot. He took with him only carry-on baggage, including a back-pack and a laptop with a TOR sticker on it. "I took everything I had on my back," he said. Before leaving he also packed in his luggage the cash that would pay for his fugitive life. Along with the cash, he took the thumb drives containing the NSA's keys to the kingdom.

At this point, Snowden was still a free man. He was not wanted by the authorities. He had provided his employer and the NSA with a medical excuse for his absence from work so he would not be immediately missed. He also had a valid passport, a credit card, and ID. He had he yet made arrangements to meet the journalists. Snowden's destination was Hong Kong. After crossing the International Date Line, Snowden waited three hours in the transit zone of Narita. Here he was reportedly captured by the airports CCTV cameras sitting alone. He then boarded a plane to Hong Kong. After the four-hour long flight from Narita, he arrived in Hong Kong early in the morning on May 20th.

He had visited Hong Kong at least once before with Lindsay Mills when he was stationed in Japan. He had also made some arrangements. According to Albert Ho, his Hong Kong Lawyer, Snowden stayed at a residence arranged for him in advance by a party whom Snowden knew prior to his arrival. This "carer," Ho said, had assisted Snowden with his logistics. For the next ten days, Snowden did not use his credit card or leave any paper trail to his location. Wherever he was, "his first priority," as he told Greenwald, was to find a place safe from US countermeasures. He brought with him a large number of electronic copies of NSA documents marked "TS/SCI/ NOFORN, which stood for Top Secret, Sensitive Compartmentalized Information and No Foreign Distribution. According to government rules, data carrying these labels could not be removed from a government-approved "SCI facility." Yet Snowden, who brought them with him into this semi-autonomous zone in China, intended to break these rules.

At this venue, Snowden apparently believed he was relatively safe. "That whole period was very carefully planned and orchestrated," Snowden later told the *Guardian* in Moscow. Here, for the first time, Snowden communicated directly with first Gellman and then Greenwald.

He emailed Gellman under the alias "Verax

." Already, via Poitras, he had provided this *Washington Post* journalist with power point slides from a NSA presentation about a joint FBI-NSA-CIA operation codenamed PRISM. He believed it qualified as whistle-blowing because it revealed that the NSA, in intercepting emails, tweets, postings and other Web interactions about foreign terrorists, incidentally also picked up data about Americans. According to the rules imposed on the NSA by a 2007 presidential directive, whatever information accidently picked up about Americans was supposed to be filtered out, and hundreds of compliance officers rechecked the data ever 90 says to assure that directive was being carried. Even so, it was likely some data was not expunged in this process. So PRISM could cause embarrassment for the NSA.

Snowden proposed that Gellman join him in Hong Kong. In attempting to persuade him of the urgency of the trip, he wrote him that he had reason to believe that "omniscient State powers" imperiled "our freedom and way of life." He noted, with a touch of modesty, "Perhaps I am naïve." He added dramatically "I have risked my life and family." Even so, Gellman declined coming to Hong Kong. (According to Greenwald, Gellman could not make the trip because lawyers for the *Washington Post* were uneasy with having a reporter receive classified documents in a part of China.)

Next, on May 24, 2013, Snowden attempted to apply more pressure on Gellman by telling him that the story about the PRISM program had to be published by the *Post* within 72 hours. Gellman could not accede to such a condition because the decision of when to publish a story was made not by him but by the editors of the newspaper. He told Snowden that the earliest the story could be published was June 6, 2013, which was well past Snowden's deadline.

Snowden next turned to Greenwald. Both Poitras and Micah Lee had made great efforts to tutor Greenwald on encryption protocols, with Lee, who was in Berkeley, California, sending Greenwald by Fedex a DVD that would allow him to receive both encrypted messages and phone calls. Even then, Greenwald was unable to fully install it. As a result, Greenwald still had not met Snowden's requisites on encrypting his computer.

In addition, possibly because of a lost message, Snowden believed that Greenwald was reluctant to fly to the place that he designated for a meeting. With Gellman uncertain, Greenwald was now essential to his plan. If he was to have any newspaper outlet, he needed to persuade Greenwald to come to Hong Kong. At this point, he took matters in to his own hands. On May 25, 2013, Snowden somewhat aggressively emailed Greenwald "You recently had to decline

short-term travel to meet with me." He added pointedly "You need to be involved in this story." To further convince him, he suggested that they immediately speak on the phone via a website that encrypts conversations. The subsequent conversation lasted, according to Greenwald, two hours.

Snowden began the encrypted call by complaining, "I don't like how this is developing." He made it clear that he, not the journalist he had selected, was pulling the strings. If Greenwald wanted the scoop, he had to follow Snowden's instructions, which included dividing the scoops between the *Guardian* and the *Washington Post*. According to his plan, Gellman would break the PRISM story in the *Washington Post* and Greenwald would break the "mass domestic spying" story in the *Guardian*. In addition, he insisted that the *Guardian* publish his personal manifesto alongside its story. As he envisioned it, the media event would also include a video component in which Greenwald would interview him.

Once Greenwald agreed to this micro-managing, Snowden would send him what he called a "welcome package" of documents to demonstrate his good faith. His plan also required a face-to-face meeting. When Greenwald said he was aboard the project, Snowden told him "the first order of business is to get you to Hong Kong."

Snowden next sent him 20 classified NSA documents labeled "TOP SECRET." He also included in the package his personal manifesto, which asserted that the NSA was part of an international conspiracy of intelligence agencies that were working to "inflict upon the world a system of secret, pervasive surveillance from which there is no refuge."

Meanwhile, Snowden told Poitras, he was sending her a number of NSA documents including a recent FISA warrant. It had been issued less than a month earlier. He wanted that FISA warrant to serve as the basis of Greenwald's scoop. It was perfect whistle-blowing material for the *Guardian* because it ordered Verizon to turn over all its billing records for 90 days to the NSA. It was as close to a smoking gun as anything he had copied at the NSA. It would also get attention since James Clapper, the Director of National Intelligence, had stated before Congress just two months earlier that the NSA did not collect phone data in America. This warrant would allow the *Guardian*, in the best tradition of "Gotcha" journalism, to catch Clapper in an apparent lie.

Continuing his string-pulling, he instructed Poitras not to show the FISA warrant to Greenwald until they were safely aboard the plane. That measure would prevent Greenwald from releasing the story without coming to Hong Kong. He also sent Poitras an entire encrypted file of NSA documents, saying it would "include my true name and details for the record, though it will be your decision as to whether or how to declare my involvement." He did not send her the key to decipher the file, saying "The key will follow when everything else is done." He further told her that he preferred that her film focus on him as the sole perpetrator of the leak so that no one else at the NSA would be suspected. He instructed her "Your destination is Hong Kong."

Poitras and Gellman were not the only journalists involved in the news event. Poitras also asked the hacktavist Jacob Appelbaum to help her interview Snowden about the NSA's operations. She later said that she needed someone with technical expertise in government surveillance to test the bona fides of Citizen 4. She believed that Appelbaum, who had participated in her anti-NSA presentations in 2012, qualified for the position.

As it turns out, Appelbaum was already known to Snowden. Appelbaum had communicated with Snowden under his Oahu Crypto party alias about an obscure piece of software just a few after Snowden had met with Runa Sandvik in Hawaii in 2012. Appelbaum, after all, was Sandvik's long-time ally in developing the use of TOR software. However he learned about him, Snowden allowed Appelbaum to put to him detailed questions to concerning the secret operations of the NSA before he met with Poitras and Greenwald in Hong Kong. Indeed, Poitras joined him in asking Snowden via encrypted emails, such questions as: "What are some of the big surveillance programs that are active today and how do international partners aid the NSA?" "Does the NSA partner with other nations, like Israel?" and "Do private companies help the NSA?" Snowden answered them all to the satisfaction of Appelbaum and Poitras. (The interview was published on June16, 2013 with Snowden's approval on the website of *Der Spiegel*, the German weekly, which had also published the Wikileaks documents.)

Even though the days were ticking away while Snowden was waiting for him in Hong Kong, Greenwald still had to overcome a final hurdle at the *Guardian*. He needed to get a green light to go to Hong Kong from Janine Gibson, the editor of the *Guardian* website, who was based in New York. Under Gibson's leadership, the *Guardian's* website effectively "gone into the business of publishing government secrets," as *Guardian* columnist Michael Wolff pointed out. Most of these secrets had been supplied by Manning via Wikileaks. Few, if any of these previous documents the *Guardian* published were highly-classified and none were SCI top secret documents. The NSA documents Greenwald had received from Citizen 4 were another matter. They contained the sort of SCI communications intelligence data that no major newspaper had ever published before. Their disclosure could even result in journalists being imprisoned since both U.S. and British law criminalized the disclosure by anyone of communications intelligence. As a lawyer, Greenwald recognized this danger. On the other hand, the NSA documents were far more explosive than the Wikileaks material, and promised an even greater spike in circulation. So Greenwald assumed that Gibson would be willing to authorize the publication of the documents—and provide the expenses for his trip to Hong Kong to meet the source.

He flew from Rio to New York on May 30, 2013 to meet in person with Gibson, who had concerns about publishing what purported to be top secret documents that came from an anonymous source. For one thing, she was also not willing to go along with Citizen 4's demand that the *Guardian* publish his personal manifesto alongside the documents. Aside from its shrill and alarming tone, it sounded, as she told Greenwald, "a bit Ted Kaczynski-ish." She was referring to Ted Kaczinski, the deranged mathematician who had maimed or killed 23 people with anonymous mail bombs between 1978 and 1995. Like Citizen 4/Snowden, Kaczynski had

demanded that newspapers publish his personal manifesto. She explained to Greenwald, "It is going to sound crazy to some people." Her concern was that it would detract from the credibility of the rest of the story. Snowden had also written Greenwald a letter explain his position. "Even the Constitution is subverted when the appetites of power demand it," Snowden asserted, and paraphrasing President Thomas Jefferson, he continued. "Let us speak no more of faith in man, but bind him down from mischief by the chains of cryptography." Snowden, showing his cult-like faith in encryption, had "cryptography" for Jefferson's word "constitution. Despite his Jeffersonian rhetoric, she decided against publishing it or the Manifesto. The stolen NSA documents were another matter. They were an enormous scoop that could have a greater impact than the Wikileaks scoop. .She was not about to miss publishing it.

She authorized Greenwald's trip to Hong Kong on the condition that he take with him a Guardian staffer in whom she had confidence. He was Scottish-born Ewen MacAskill, a 61-year old veteran journalist who had been the Washington bureau chief for the *Guardian*. His assignment was to evaluate the mystery source in Hong Kong for Gibson. Greenwald accepted her terms. Poitras, who would be accompanying them, would be paying her own way.

Snowden, for his part, had a contingency plan in place in case the *Guardian* failed to publish the story. While Greenwald was negotiating with Gibson, he arranged for Micah Lee, Poitras' associate at the Freedom of the Press Foundation, to build a personal website for him. Writing Lee from Hong Kong under both his alias Anon108 and his real name, Snowden said that he planned to post on it his "anti-surveillance manifesto." He would also use it to post "a global petition against surveillance. (A year earlier his girlfriend Mills had also asked her followers on her "super hero" blog to sign a petition against government interference with the Internet.) Snowden had Lee name the site "Supportonlinerights.com." According to Lee, the website would be build with a "dead man's switch," which would automatically trigger the release of NSA documents if he was arrested. It was not clear whether Lee was doing this work as a freelancer or in his capacity as the chief technology officer for the Freedom of the Press Foundation. After Lee built the website for Snowden It proved unnecessary to activate it since Poitras emailed Snowden that the *Guardian* had approved the trip, and she and Greenwald were booked on a Cathay Pacific flight to Hong Kong. They would arrive on June 2, 2013,

In his preparation to go public in Hong Kong, Snowden showed himself fully capable of orchestrating what would become a major news story. He not only picked the journalists who would break it, but he instructed each of them as to the timing, sequence, and content of their initial disclosures. In the security of his residence in Hong Kong, he also worked to carefully separate the purloined NSA documents into two very different caches. "I carefully evaluated every single document I disclosed," Snowden explained to the *Guardian* journalists in early June 2013. The documents in this first cache were selected to serve what he termed the "public interest." In the hands of journalists, these selected documents, and the story he fashioned to accompany them, would burnish his image in the public consciousness as a whistle blower. He did

not turn over the second cache, telling Greenwald, “There are all sorts of documents that would have made a big impact that I didn't turn over.”

By the time he received the message from Poitras on June 1st, Snowden had finished his preparations for the journalists. With selected documents copied on a thumb drive, he moved from the residence where he had been staying for ten days to a venue for meeting the reporters. The place he chose was the five-star, $330 a day, Mira hotel in the Kowloon district of Hong Kong. He checked into room 1014 under his own name and provided the front desk with his own credit card. He next emailed Poitras his name and the address of the Mira hotel. There was no longer any reason to hide his true identity because the rendezvous with journalists would make him famous in a matter of days.

# CHAPTER TWELVE

## Whistle-blower

"They elected me. The overseers... The [American] system failed comprehensively, and each level of oversight, each level of responsibility that should have addressed this, abdicated their responsibility."

--Edward Snowden in Moscow

While Snowden was attempting to reel in the journalists in Hong Kong, Lindsay Mills received a jarring surprise in Hawaii. When she returned to Honolulu from her "island-hopping" trip, she found Snowden was still away and the rented house partially flooded from a leak. The brief note Snowden left her indicated that her eight year relationship with Snowden had, at least temporarily, been put on hold by him. "I feel alone, lost, overwhelmed, and desperate for a reprieve from the bipolar nature of my current situation," she wrote in her journal on June 2nd (which would be June 3rd across the international time line in Hong Kong.) "I've nearly lost my mind, family, and house over the past few weeks." She also noted that she her SIM card containing her personal data was gone. She wrote in her on-line journal" "Oh and I physically lost my memory card with nearly all my adventure photos." The loss would make it difficult to reconstruct her past activities with Snowden.

In Hong Kong, if Snowden was following Lindsay's online journal, he would have read that his girl friend had returned home, lost her data and needed a "reprieve" from the situation in which he had put her. But since they were exchanging private text messages by then, he would not have needed to consult her public journal. Snowden was certainly aware that he would soon be the object of a manhunt that could involve those with whom he was acquainted. He instructed Poitras to mask their email communications in cyber space "so we don't have a clue or record of your true name in your file communication chain." Such precautions were necessary, he explained to her because "every trick in the book is likely to be used in looking into this."

The journalists arrived late in the evening of June 2nd, 2013. Snowden's message was waiting. Snowden's instructions were themselves an exercise in control. Snowden had written them: "On timing, regarding meeting up in Hong Kong, the first rendezvous attempt will be at 10 A.M. local time. We will meet in the hallway outside of the restaurant in the Mira Hotel. I will be working on a Rubik's cube so that you can identify me. Approach me and ask if I know the hours of the restaurant. I'll respond by stating that I'm not sure and suggest you try the lounge instead. I'll offer to show you where it is, and at that point we're good. You simply need to follow naturally." Even though such tradecraft was unnecessary since Snowden was registered at the hotel under his true name, he had provided the journalists with the atmospherics of "an international spy thriller," as Greenwald subsequently described the instructions.

MacAskill had stayed at the W Hotel when Poitras and Greenwald Poitras went to the Mira Hotel. Poitras did not want to bring along an uninvited guest to the first meeting with Citizen Four. As instructed, at 10 AM on June 3rd, she and Greenwald went to the Mira restaurant. They gave the recognition signal, twice. After a few minutes, a young man walked over to them, holding a Rubik cube. Greenwald noted: "The first thing I saw was the unsolved Rubik's cube twirling in the man's left hand." The man said "Hello" and introduced himself as "Ed Snowden." Greenwald was particularly surprised by Snowden's boyish looks. "The initial impression was one of extreme confusion," Greenwald wrote in his book. "I was expecting to meet somebody in his sixties or seventies, someone very senior in the agency, because I knew almost nothing about him prior to our arrival in Hong Kong." His initial confusion was understandable. Snowden, it will be recalled, had falsely identified himself to them in an email as a senior member of the intelligence community.

Snowden led Greenwald and Poitras through various corridors of the hotel to his room, 1014. It was in a single room mainly occupied by a king-sized bed. Its other furniture included a sleek writing desk in the corner, a modernistic chair and a tall lamp. The bathroom was behind a glass partition, which could be closed off by a black louver blind. There was also a small refrigerator in the minibar in which Snowden asked them to stow their cell phones,

Snowden had already told Poitras that he wanted her to make a documentary of the meeting. She therefore wasted no time in mounting her camera on a tripod. "Minutes after meeting, I set up the camera." Snowden had told her, as she later recalled, "when you are involved in an action which is likely to get you indicted, you typically don't have a camera rolling in the room." Nevertheless, he allowed her to film his actions for the next eight days. One possible reason is that he had no intention of standing trial. In any case, as Poitras found out, Snowden was anything but camera shy. Over the next week, she would shoot over 20 hours of Snowden's activities in that small room. It was essentially a one man show, a presentation of him, by himself, for the appreciation of a global public. Poitras knew virtually nothing about her subject until ten minutes before she began filming him. She had not even googled him, since she was concerned that her Internet search might alert the NSA and law enforcement authorities

In an extraordinary waiver of his own privacy, he allowed her to film him washing in the bathroom, preening his hair in the mirror, napping on his bed, getting dressed, and packing his bag. He even permitted her to film a private computer exchange between him and Mills (who was in Honolulu.) Mills now informed Snowden that two government investigators had come to their home in Hawaii. Mills reported that they were asking her about Snowden's whereabouts. Evidently when he had failed to show up for work on June 1st, it set off alarm bells at Booz Allen and the NSA. Snowden expressed anger to the journalists in the room at the NSA intrusion on the privacy of his girlfriend (although he had left her in the lurch by telling her in the note he was away on a brief business trip.)

Snowden also performed his security procedures on camera, including stuffing bed pillows under the door to block any eaves-droppers, throwing a red blanket over his head, which he called jokingly his "magical cloak of power." He explained to Greenwald that his donned his "cloak" when he turned on his laptop to prevent any hidden cameras in the room from spotting his password. He also checked the hotel phone for bugs. It was not without irony that he went through these security rituals to protect his data as he allowed Poitras to film NSA data on his computer screen. Since he planned to use these journalists as his outlets to go public in a few days, the security measures he did while on camera would only serve a temporary purpose.

The centerpiece of the planned video would take the form of an interview with Greenwald. Snowden himself provided the talking points. The filming would eventually provide Poitras with a feature-length movie, *CitizenFour,* which would be commercially released in October 2014 and win an Academy Award for her.

The next day, Wednesday June 4th, Ewen MacAskill, the *Guardian* editor, joined Poitras and Greenwald in Snowden's room. Snowden insisted that he also go through the ritual of stowing his cell phone in the mini-bar refrigerator. Not without irony, Snowden's own phone can be seen on his bed recharging. Although MacAskill was sent by Gibson to the event to verify the source's bona fides, he apparently had not been well briefed. The questioning went as follows:

MacAskill: Sorry, I don't know anything about you.

Snowden: OK, I work for—

MacAskill: Sorry, I don't know even your name.

Snowden: Oh, sorry, my name is Edward Snowden. I go by Ed

MacAskill went on to ask him to enumerate the various positions he held during his career in intelligence. Snowden was not entirely truthful in describing himself. He said that he had been a senior adviser to the CIA, when he had been just a telecommunications support officer in the CIA. He also said he had been a senior adviser at the Defense Intelligence Agency (DIA) even though, according to that intelligence service, he was not actually ever employed there. (He merely spoke at an interagency counterintelligence course the DIA had sponsored.) He said he had a $200,000 a year salary from Booz Allen when, according to Booz Allen, it was $133,000. It is understandable that he wanted to impress these *Guardian* journalists in light of his young age and boyish appearance, even to the extent of meretriciously claiming in the video that he personally had been given the "authority" at the NSA to intercept President Obama's private communications, which, according to a NSA spokeswoman, was not true. No NSA employee, and certainly not a civilian contract worker, was given the authority to soy on the President of the United States, she insisted. Such career enhancements suggest that Snowden altered factual reality when it suits his purpose with journalists.

Even though Snowden had greatly exaggerated the positions he held with the CIA and DIA, no effort was made to check them by the team of journalists. Instead, MacAskill wrote Janine Gibson in New York "The Guinness is good." It was a pre-arranged code by which MacAskill certified Snowden's credibility for the *Guardian*. Gibson told Greenwald to proceed with the story.

Greenwald wrote his first story about NSA transgression based almost entirely on the FISA warrant that Snowden had copied from the administrative file. Before the story could be published, however, the *Guardian* policy required relevant American government officials be allowed to respond. Gibson made the requisite, if pro forma, call to the White House National Security spokesman, Caitlin Hayden, who arranged a conference call with FBI Deputy Director Sean Joyce, NSA Deputy Director Chris Inglis and Robert Litt, the legal officer for the Office of National Intelligence. After duly taking into account the response of these three officials, which included the admonition by Litt "no serious news organization would publish this," Gibson gave the green light to publish the story. It was, after all, an incredible scoop.

The story finally broke finally on June 5, 2013. "NSA Collecting Phone Records of Millions of Verizon Customers," proclaimed the *Guardian* headline. Under Greenwald's byline, it said: "Exclusive: Top Secret Court Order Requesting Verizon To Hand Over Call Data Shows The Scale of Domestic Surveillance Under Obama." Along with it was the FISA warrant to Verizon. The PRISM story broke hours later in the *Washington Post*. Written by Gellman and Poitras, it claimed that the NSA and FBI were tapping directly into the central servers of nine leading U.S, Internet companies which were knowingly participating on the operation. The latter allegation turned out to be not entirely true, since all the Internet companies cited in the story denied that they had knowingly participated. But the damage had been done. The back-to-back publication of these two stories by the *Guardian* and *Washington Post* provided the explosive "shock," at least in the global media, that Snowden had predicted.

Snowden's identity had not been revealed in either the *Guardian* or *Washington Post* stories on June 5th. Snowden, however, insisted on outing himself. He explained to Greenwald that he needed to "define himself" before the US Government "demonized" him as a spy. That self-definition would be accomplished by the 12 minute video, entitled "Whistleblower." For it, Poitras extracted from the 20 hours she had shot much of the material for the video. In the filmed interview, Snowden voiced many of the same statements he had made in his manifesto. So he no longer needed to post the manifesto on the Internet. Instead, he used the video to broadcast his views. When he insisted on the immediate airing of the video, Greenwald told him that by going public in this way he was saying "fuck you" to the American government. Snowden replied, "I want to identify myself as the person behind these disclosures."

On June 9th, the video was posted on the *Guardian* website with the Freedom of the Press Foundation getting an on-screen credit. "My name is Ed Snowden," the extraordinary disclosure began. He then described how the NSA was watching U.S. citizens. Even though the NSA

subsequently disputed some his more dramatic claims, such as his assertion that he had the authority at the NSA "to wiretap anyone, even the President," the press largely accepted his claims as established facts. As for American surveillance, he declared "I don't want to live in a society that does those sorts of things."

He had succeeded in defining himself for the public. The *Guardian* story accompanying the video carried the headline, "EDWARD SNOWDEN: THE WHISTLE BLOWER BEHIND THE NSA SURVEILLANCE REVELATIONS." Snowden's identity as a whistle-blower was now established in the media. Overnight, Snowden became a global celebrity and, to much of the world, a hero.

Snowden, in fact, did not sacrifice him. He vanished from public view after the release of the video. He provided Poitras and Greenwald with thumb drives on which he had loaded the documents he wanted them to use. The next morning he packed his belongings into a backpack and moved, without notifying the front desk, to the room Poitras had rented at the Mira.

Complicated schemes, especially when they involve transferring state secrets to unauthorized parties in a foreign country, do not necessarily go as planned. On the morning of June 10th, 2013, Snowden's escape plan apparently ran into a problem. Robert Tibbo and Jonathan Mann, the lawyers who, along with Albert Ho, had been retained for Snowden by an unidentified party, received an emergency phone call early in the morning telling them to help Snowden move to a safe location. Although Tibbo would not identify the person who had called, the message had been relayed to Mann and him through Ho's office. He told Tibbo over the phone, "I can make myself unrecognizable"

Tibbo and Mann immediately proceeded to the mall adjacent to the Mira hotel, where they met Snowden. After he signed a document appointing Ho's law firm as his "legal adviser," they slipped out of via the mall exit.

As his credit card had been frozen, it is not clear who paid his $3,300 hotel bill. According to hotel records, it was paid by another credit card. Poitras, who taken a room at the hotel may have used her credit card or Snowden may have had another benefactor in Hong Kong. In any case, the lawyers escorted Snowden to a pre-arranged residence.

"I am in a safe house for now," Snowden wrote Greenwald on June 11th. The situation may not have been totally under his control, since he added: "But I have no idea how safe it is."

Greenwald flew back to Brazil that day. Soon afterward, he would resign from the Guardian and in February 2014 become the co-founding editor of *The Intercept*, an online publication dedicated to adversarial journalism which was backed by Internet billionaire Pierre Omidyar.

Poitras remained in Hong Kong, where she moved, along with *Guardian* reporter MacAskill, to the five-star Sheraton Hong Kong Tower, which, like the Mira hotel, was on Nathan Road in Kowloon. Her next task was to set up what was to be Snowden's final interview in Hong Kong. It was scheduled for June 12th.

The journalist chosen was Lana Lam, a young Australian reporter working for the *South China Morning Post*. Tibbo had suggested Lam to Snowden. She had served as Tibbo's outlet on previous news stories, and, as he told me, he found her to be a totally reliable journalist. He brought her to Poitras' suite at the Sheraton in Kowloon (about eight blocks down Nathan Road from the Mira.) First, Lam had to agree to the conditions of the interview, which included submitting the story to Poitras for Snowden's approval. Next, as Lam put it, Poitras "confiscated" her cell phone. Finally, after a ten minute wait, Poitras took her to another room and sat her before a black laptop. The laptop, which had a TOR sticker on it, had on its screen an on-line chat room where she was connected by Poitras to Snowden.

"Hi Lana, thanks for coming for this," Snowden said from his safe house. He told her that the NSA had intercepted data from at least 61,000 different computers in Hong Kong, China, and elsewhere. To expose what he called America's "hypocrisy" in accusing China of cyber-espionage, he supplied her NSA documents for the *South China Morning Post*. "Last week the American government happily operated in the shadows with no respect for the consent of the governed, but no longer," he said. "The United States government has committed a tremendous number of crimes against Hong Kong [and] the People's Republic of China as well." Under Poitras' close supervision, Lam was allowed to ask Snowden further questions about the NSA's interception of communications in Hong Kong and China. He told her "I have had many opportunities to flee Hong Kong, but I would rather stay and fight the US government in the courts."

As mentioned earlier, Greenwald, Poitras and MacAskill did not concern themselves with the issue of the mechanics of the largest theft of top secret documents in the history of the United States. In entire filmed interview at the Mira Hotel, they did not ask their source how he managed to get access to the documents. Unlike those interviews, Lam asked him about how he widened his access. She cut to the core of the matter by asking him a crucial question. "Why he had switched jobs from Dell SecureWorks to Booz Allen Hamilton in March 2013? His answer provided her with a real scoop He replied that, "My position with Booz Allen Hamilton granted me access to lists of machines all over the world the NSA hacked." Snowden told her that he deliberately went to Booz Allen Hamilton to get access to the "lists" revealing the NSA's sources in foreign countries. This admission could gravely complicate his legal situation in Hong Kong since it suggested that he meant to steal documents even before he had known their content. In fact, to protect himself, he restricted Lam from publishing this part of the interview until *after* he had departed Hong Kong. (It was published until June 24, 2013 a day after he arrived in Russia.) This condition indicated to Lam that as early as June 12th, if not before that, he was planning on leaving Hong Kong (although he did not tell her his next destination.)

His interview with Lam went only so far. He didn't reveal how he had learned about these "lists" before taking the job. Nor did he reveal to her how he planned to dispose of these lists. He made it clear to her, however, that he had not yet disposed of all his secret documents. "If I have time to go through this information," he said, "I would like to make it available to

journalists in each country to make their own assessment, independent of my bias, as to whether or not the knowledge of U.S. network operations against their people should be published." So as late as June 14th, Snowden was still reading and assessing the files he had stolen from the NSA four weeks earlier.

Poitras vetted the Lam interview. Soon afterwards she suspected that she was being followed. That was likely since by this June 14th all the intelligence services in Hong Kong knew that she was in contact with Snowden. "I was being tailed," she recalled in an interview with a *Vogue* reporter in Berlin in 2014. "The risks became very great," she said in describing her situation in Hong Kong. So, on June 15th, she left Hong Kong and flew back to Berlin, where she began editing her footage of the Snowden interview.

Meanwhile, Snowden was organizing his own exit from Hong Kong. He placed a call to Julian Assange.

# CHAPTER THIRTEEN

## Enter Assange

"Thanks to Russia (and thanks to WikiLeaks), Snowden remains free." – Julian Assange

Born on July 3, 1971 in Queensland, Australia, Julian Assange had made a brilliant career of trafficking in state, military and corporate secrets. While still a teen-ager, using the alias "Mendax" (the untruthful one), he had hacked into the computers of the Pentagon, the U.S. Navy, NASA, Citibank, Lockheed-Martin and Australia's Overseas Telecommunications Commission. At the age of 25, pleaded guilty to 25 charges of hacking in Australia, but was released on a good behavior bond. In 2006, with the spread of TOR software, he co-founded Wikileaks, a website in which secret documents could anonymously be sent and posted. The site received little public attention until Bradley Manning sent it several hundred thousand lowly-classified U.S. military and State Department documents in April 2010. With these stolen documents, Wikileaks became a media sensation and Assange, the runner-up for *Time*'s Man-of-the Year for 2010, became a leading figure, along with Appelbaum, in the global hacktavist underground. In November 2010, however, he also ran into a legal problem. A judge in Stockholm, Sweden ordered his detention on suspicion of rape, sexual molestation and unlawful coercion. He denied the charges but he was arrested in London on a European arrest warrant for him. In December, he was released on a $312,700 bail deposit (supplied by his supporters) and confined to Ellingham Hall in Norfolk, England. While awaiting the outcome of the extradition proceedings, he lived there with Sarah Harrison, his 28- year deputy at Wikileaks. A graduate of the elite Sevenoaks School in Kent, she also served as Assange's liaison with the outside world. Although she officially was given the title "investigative editor" of Wikileaks, she worked so closely with Assange during this period that the British press carried stories saying she was his paramour. During this period, Harrison also worked on a Wiki leak's documentary entitled "Mediastan/" The film concerned Wikileaks' exposure of US secret operations in Russia and other parts of the former Soviet Union. It was also a project which took her to Russia and provided her with a multi-entry Russian visa.

In June 2012, after the extradition order was upheld, he jumped bail and fled to the Ecuador embassy in London. For the next year, his only visible means of income was a weekly program from the embassy. It was sponsored by RT Television, a Moscow-based English-language news channel funded by the Russian government, which would also finance and release "Mediastan."

Snowden telephoned Assange at his refuge at the Ecuador embassy on June 10, 2013. According to Assange, Snowden needed his help for his exit plan. He wanted Assange to use Wikileaks' "resources" to get him out of Hong Kong. Assange considered it a surprising request since Snowden had not given any of the stolen documents to Wikileaks. In their discussion,

according to Assange, Snowden claimed that one reason he decided to take the secret NSA documents was the brutal treatment of Bradley Manning after he was arrested in 2010 by the US government. "Snowden told me they had abused Manning in a way that contributed to his decision to become a whistleblower," Assange said in an interview in 2015. If Manning's mistreatment was Snowden's motive, it was a sharp departure from the position that Snowden had taken in his postings on the *Ars Technica* site in January 2009. He complained in a post on *Ars Technica* about the detrimental consequences to U.S. intelligence of leakers revealing "classified shit" to the *New York Times*, and he suggested as punishment "those people should be shot in the balls." Either he either had a change of heart about punishment or he was telling Assange what he believed he wanted to hear.

Assange did not suggest that Snowden go to Ecuador to seek asylum. He counseled him to go directly to Russia. "My advice was that he should take asylum in Russia despite the negative PR consequences," he told the (London) *Times* in 2015. He found "Snowden was well aware of the spin that would be put on it if he took asylum in Russia." Assange had another way for Snowden to defuse the "PR consequences" of Snowden landing in Moscow. A story would be released, coinciding with his departure, asserting that Snowden was "bound for the republic of Ecuador via a safe route."

When Snowden asked how he would carry out the plan, Assange told Snowden that he would immediately dispatch one of his senior staff members to help him engineer his escape to Russia. That senior staff member was Sarah Harrison,

After speaking to Snowden, Assange called Harrison, who was in Melbourne, Australia. She had gone there a month earlier to help organize Assange's somewhat quixotic election campaign for President of Australia, Assange now told her to forget the campaign and go to Hong Kong. Her mission there was to use Wikileaks resources to save Snowden from "a life time in prison." Presumably, he also told her that he advised Snowden to proceed to Russia, where Harrison had a visa since part of her work on the Mediastan film was done in Moscow.

Harrison did not hesitate in following Assange's instructions. She later said that she didn't even bother to pack her clothing. She caught the next plane out of Australia.

After an eight hour flight, she arrived in Hong Kong on June 11th—the same day that Snowden texted Greenwald he was in a safe house. Harrison had her own connections in Hong Kong. Both her two younger sisters, Kate and Alexandra Harrison, who had also attended Sevenoaks, lived there and were part of the expatriate community. She also had an older brother, Simon Harrison, who headed Avro, a ship brokerage and commodity trading company. Although headquartered in Singapore, Avro also operated out of Hong Kong, and he frequently travelled there.

Like Poitras, Harrison took great care to shield her movements. She did not even have a Twitter, Facebook or any other social media account. She made it a point not to own a cell

phone for fear of being tracked by an intelligence service. When she travelled, she bought "burner" phones locally and disposed of them before any calls could be traced back to her. A precaution she took that June was not to meet Snowden face-to-face out of concern about the surveillance of American intelligence in Hong Kong. Instead, for her first 13 days in Hong Kong, she worked behind the scenes, through intermediaries. Her task was not only to arrange his escape route but also to create diversions to camouflage his real destination. Under Assange's tutelage, she had made deceptive ploys an integral parts of her trade craft. "We were working very hard to lay as many false trails as possible," she later told an interviewer in Berlin. According to Assange, she booked decoy flights for Snowden to Beijing, China and New Delhi, India. She also used Snowden's credit card numbers to pay for the flight to India, She knew that since the card was blocked, there was a high probability that it would come to the attention of US intelligence. In all, according to Harrison, she booked no fewer than dozen such decoy tickets to confuse Snowden's pursuers in US and British intelligence. The only actual tickets she bought for Snowden, according to an Aeroflot official, was a one-way ticket to Moscow. She paid for it at the last minute. She also bought a ticket for self on the same flight leaving on June 23, 2013.

The source of the money for the Assange-Harrison operation was unclear. Subsequently, Harrison said she was setting up secret bank accounts to help organize escape, but in Hong Kong in 2013, Assange says she was using "Wikileaks' resources." Harrison said the "Wikileaks team" helped fund Snowden's flight to Russia from Hong Kong, as well as her own flight there. But Wikileaks in June 2013 was not an organization with spare cash. Assange had forfeited his own bail by fleeing the embassy of Ecuador, offending many of his financial supporters in Britain. He also all but exhausted his bank account. Aside from money that dribbled in from Poitras' five-month old Freedom of the Press Foundation, the only visible source of funds for Wikileaks was the previously-mentioned payments Assange received from RT Television. British intelligence officers who reportedly subsequently examined Wikileaks' bank finances in London found no transfers to the "Wikileaks team" in Hong Kong.

While Harrison was organizing Snowden's escape, she remained in the deep background. Meanwhile, mounting pressure was brought on the Hong Kong government to take action by the U.S. On June 16th, the U.S. government informed the Hong Kong authorities that it had filed a criminal complaint against Snowden and would be seeking his extradition. Since Hong Kong had a vigorously enforced extradition agreement with the United States, the Hong Kong authority would be expected by the US to take Snowden into custody. But Hong Kong was not entirely independent in national security issues. China had the final say in any extradition decision. In fact, China had explicitly been given the right of vetoing any extraditions for any reason in the formal 1999 agreement between Hong Kong and the U.S. Since its President had just met with President Obama in California, China also had an interest in avoiding embarrassing public demonstrations on behalf of Snowden. After he had held his press event, it wanted him out of Hong Kong. According to a well-placed official in Hong Kong, it told the Hong Kong Authority

in no uncertain terms that Snowden had to be out of Hong Kong by the end of the week, or June 23rd.

On June 19th, Snowden had a meeting with Tibbo, the barrister who would handle the court case, and Mann and Ho, the Hong Kong solicitors who had been retained for him. It took place in a small apartment where, according to Ho, they ate pizza while they discussed Snowden's options.

Tibbo had a strategy for Snowden. It required that Snowden remain in Hong Kong, allow himself to be arrested, seek bail and fight extradition in court. Tibbo said he planned to mount a powerful legal defense against extradition by using a provision in Hong Kong's extradition treaty with the United States that protects fugitives from persecution on political grounds. After he told Snowden that it would entail a long court battle, Snowden asked him if he could avoid even being arrested.

Tibbo explained that Hong Kong courts, which closely follow British law, would certainly issue an arrest warrant for him immediately after the US formally filed charges against him. Those charges could come within hours, he reckoned. Soon afterwards, Snowden would be temporarily jailed and his computers, electronic gear and thumb drives would be seized and placed in the custody of the court. Tibbo would immediately seek his release on bail but could not guarantee an outcome since Snowden, who had fled U.S. jurisdiction, might be considered a flight risk. If so, Snowden could remain incarcerated during the long court battle. Even so, during the litigation, Snowden would have a platform to make his case against US surveillance. Indeed, Tibbo's strategy involved building massive public support for Snowden's cause.

Once the US government filed charges, he could further expect it would invalidate his passport to go anywhere except for his return to the US and Interpol would issue a red alert to all its members. Since the case involved national security secrets, the Hong Kong court might also deny him any use of the Internet until the case was settled. If Snowden wanted to leave Hong Kong, he had to act swiftly.

Tibbo, although evasive on the point when I interviewed him, may not have known about the escape Harrison was planning As far as he could see, Snowden's other alternatives were not good. He had no money and his credit card had been blocked. He had no visas to go any other country and Interpol would issue its own "red notice" as soon as the US filed formal charges against him. At that point, Hong Kong airport authorities would be officially notified and could prevent him from leaving the city. Even if he somehow got out, he would be an international fugitive. Tibbo counseled Snowden to seek redress in the Hong Kong courts.

But Snowden had no intention of allowing himself to be arrested. Despite what he told Lana Lam only one week earlier, at least for publication, about his determination to seek justice in the Hong Kong courts, he had not planned to use Hong Kong as anything more than a temporary stop over on his escape route. Two later months later and safely in Moscow, he made this point

clear in a lengthily interview with Alan Rusbridger, the editor of the *Guardian*. He told him that it never had been part of his plan to use Hong Kong to escape the legal consequences of his act. "The purpose of my mission [to Hong Kong] was to get the information to journalists." If so, he had been merely using Tibbo, Mann and Ho to provide him with temporary cover while, following the instructions of Assange, Harrison laid down the smokescreen for his escape to Moscow.

# CHAPTER FOURTEEN

## Fugitive

"If I end up in chains in Guantanamo, I can live with that."

■ —Edward Snowden, Hong Kong

During his interview with Poitras and Greenwald, Snowden said stoically "If I am arrested, I am arrested." His fatalistic words notwithstanding, Snowden had made plans to seek a haven from American justice well before his meeting with journalists in Hong Kong. As early as May 24, 2013, Snowden had suggested to Gellman that he was making arrangements with a foreign government. To that end, he asked Gellman to insert an encrypted key in Internet version of the NSA expose that Snowden proposed he write for the *Washington Post*. He told him the purpose of the encrypted key was to assist him with a foreign government. Snowden did not identify that foreign government to Gellman so Gellman knew that Snowden wanted to "seek asylum" overseas. He decided against assisting him. "I can't help him evade U.S. jurisdiction—I don't want to, and I can't," he later explained. "It's not my job. It's not the relationship. I am a journalist."

Although Gellman suspected that Iceland might be the foreign government in question, Snowden, as it turned, had not ever contacted the consulate of Iceland while he was in Hong Kong. "We had heard nothing from Snowden," an Iceland government official told *Vanity Fair*.

Snowden also did not contact the government of Ecuador in Hong Kong. In late June, while Harrison was laying down false tracks for Snowden in Hong Kong, Assange in London asked Fidel Narváez, who was a friend of his and the legal attaché in the London embassy of Ecuador, to issue a document that Snowden could use. But this document was not delivered to Snowden in Hong Kong (and later it was invalidated by Ecuador.) If Snowden had really planned to go to Ecuador from Moscow, it would require him first going to Cuba. Cuba did not even require a U.S. passport (as, in 2013, U.S, citizens were not supposed to travel to Cuba.) He did require a Cuban travel document, which he could have obtained from the Cuban consulate any time during his month in Hong Kong. Yet he did not ever obtain it. Nor did he acquire a visa to go to any other country in Latin America or elsewhere. So where was he headed?

Whatever foreign government with which Snowden was dealing earlier in May presumably did not have an extradition treaty with the United States. Yet few other foreign governments, which did not have active extradition treaties with the United States, could be directly reached by air.

With three notable exceptions, the flights to them had stopovers in a country that was an ally of the US, and which could seize Snowden. The three exceptions were China, North Korea (via China) and Russia.

The only one of these three countries, or any other country, that Snowden is known to have dealt with directly during his 33 day stay in Hong Kong, was Russia. As previously discussed, he had dealings with Russian "diplomatic representatives ", as Putin called them. Putin did not provide the date of these contacts but he provided an intriguing clue. Snowden was identified to him, according to Putin, not by name but merely as an "agent of special services." Putin's description suggests the meeting had taken place before Snowden became a household name on June 9, 2013.

For his part, Snowden was evasive when discussing his contacts with Russia while still in Hong Kong. When Lana Lam asked Snowden on June 12, 2013 whether he had already requested asylum from the Russia government, he deferred, saying: "My only comment is that I am glad there are governments that refuse to be intimidated by great power." As it turned out, Snowden was correct. The Russian government was not intimidated by the threats of reprisals by the United States, as the Obama Administration would learn after his arrival in Russia on June 23, 2013. But the only way that Snowden could not have known that fact on June 12th was by being in contact with Russian officials prior to his interview with Lam. Of course, he may have had multiple contacts on different dates with these officials. The Russian pro-government newspaper *Kommersant* reported that Snowden had visited the Russian consulate on more than one occasion and had been given a birthday celebration there on June 21, 2013.

What we do know about Snowden's interactions with the Russians in Hong Kong comes partly from Putin's own description of them. Putin said, it will be recalled, that his decision to facilitate Snowden's escape to Russia had been kicked all the way up the Russian chain of command for him to personally decide Snowden's fate. Presumably, this decision-making process began earlier than June 21, 2013, when he reportedly came to the consulate. The question is: how much earlier? Since Snowden had arrived in Hong Kong on May 20th, 2013, his contacts with Russian officials could have occurred as long as a month earlier. That would fit in with Snowden telling Gellman on May 24th that he needed his help in dealing with the diplomatic mission of an unnamed country. In any case, Putin tells us he learned an American "agent of the special services" had contacted Russian diplomats because he wanted assistance. And Snowden did need assistance to escape from Hong Kong. As he had no visas, he would require the sort of assistance that could only be provided by a government willing to defy the United States. The assistance came from Russia.

Nine days before Snowden boarded Aeroflot flight SU213 to Moscow on June 23rd, the US had filed a criminal complaint against him. It had also alerted Hong Kong authorities and Interpol when it unsealed the complaint on June 21, 2013. And on June 21st it had invalidated his U.S. passport (although he still had it in his possession at the Hong Kong Airport.) Since by this time

he was the most famous visitor in Hong Kong, his passage through passport control may have reflected the acquiescence of the Hong Kong authorities to the reported request of China to be rid of Snowden by June 23rd. All we know for certain is that Hong Kong airport police did not stop Snowden.

He was allowed on the Aeroflot flight at Hong Kong International Airport. Aeroflot, a state-owned airline, presumably responds to the Russian government when matters of state security are concerned. According to one Aeroflot official, ordinarily all international passengers are required to have a valid passport as well as a visa to the country of final destination. Snowden had neither a valid passport nor a visa. These boarding requirements were waived so that Snowden was able to board the flight to Moscow.

Snowden only met Harrison in person on June 23rd, the day he was to depart Hong Kong. She was waiting for him in the private car that Jonathan Mann had arranged to take him to the airport that morning. Snowden was dressed in a grey shirt and khaki slacks. Harrison was also casually dressed in jeans and flip-flops. She said she chosen this dress style so that they would blend in at the airport with vacationing tourists. As she had financed the trip, she was apparently now calling the shots. Harrison's concern was that they might be arrested at the airport, so Mann accompanied them through passport control. He was able to do this because he bought a ticker on a cheap international flight. Harrison also gave Mann a phone number to call if they got arrested. When they finally boarded the flight at 12:45 pm, Harrison effectively became Snowden's second "carer"—a job that would require her presence in Moscow for the next four months.

Once the plane took off, Snowden, who had only said a few words in the car, said to her, as she recalled, the first full sentence she had heard from him. It was "I didn't expect that WikiLeaks was going to send a ninja to get me out."

Meanwhile, Assange continued creating "distractions," as he put it. On June 24th, a booking was made for Snowden on the Aeroflot flight to Cuba, and this information was relayed to the foreign press organization in Moscow, resulting on over a dozen reporters buying tickets on the flight. But Snowden never showed up for the flight. This ruse resulted in these foreign correspondents flying to Havana. "In some of our communications, we deliberately spoke about that [flight] on open lines to lawyers in the United States," Assange said. One subsequent piece of his misinformation was that Snowden was flying to Bolivia on the private plane of Bolivian President Evo Morales (who was then in Moscow for a meeting.) That misinformation had the desired effect. US allies in Europe, including France, Spain and Portugal refused to allow that plane to fly through its airspace, forcing the plane to land in Austria. This Assange-inspired distraction caused an international incident but did not change the fact that Snowden was in the custody of Russia.

Snowden himself came to realize that those assisting him, including Assange and Harrison, were taking serious risks. "Anyone in a three-mile radius [of me] is going to get hammered," he later explained to a reported from *Vogue*. (After finally leaving Snowden in Moscow on November 3, 2013, Harrison moved to Berlin, where she set up an organization to provide, as she termed it, "an underground railroad" for other fugitives who have provided documents exposing government secrets.)

Snowden meanwhile received sanctuary in Russia. His public statements in Hong Kong that he was willing to go prison so that others could live freely in a democratic society were, as it turned out, mere rhetoric. Instead of risking prison, he had successfully escaped to a country in which he would be treated as a hero for defying the US government. He had not sacrificed himself, he had transformed himself. He had risen from being a lowly technician in Hawaii whose talents went largely unrecognized, to the status of an international media star in Moscow. In his new messianic role, he could make Internet appearances via Skype to prestigious gathering such as the TED conference where he would be roundly applauded as an Internet hero. He could be beamed into dozens of ACLU meetings where he would be celebrated as a defender of American liberty. He could describe to sympathetic audiences in Germany, Norway and France the unfairness of the American legal system, asserting that it was denting him a "far trial." He could now make front page news by granting interview to the *New York Times, Washington Post, Nation* and other elite newspapers. He could join Poitras and Greenwald on the Board of Directors of the Freedom of the Press Foundation. He could be the subject of both an Oscar-winning documentary, the hero of the 2016 Hollywood movie "Snowden." directed by Oliver Stone and a consultant to the 2015 season of the television series "Homeland." He could also be nominated for the Nobel Peace Prize in 2014. His could also attract over one-half million followers to his tweets on Twitter in 2015. "For me, in terms of personal satisfaction, the mission's already accomplished. I already won," he informed the *Washington Post* in his first live interview in Moscow. It was a mission that involved a very high stakes enterprise: taking America's state secrets abroad.

How he managed to succeed in this extraordinary undertaking is another story and one which may not lend itself to an innocent explanation. Whistle-blowers do not ordinarily steal military secrets. Nor do they flee to the territory of America's principle adversaries. A fugitive, especially one lacking a Russian visa, does not wind up in Moscow by pure accident. A Russian President, especially one with the KGB background of Putin, does not lightly give his personal sanction to a high-profile exfiltration from Hong Kong without weighing the gain that might proceed from it. Part of that calculus would be that the defector had taken possession of a great number of classified documents from the inner sanctum of the NSA. To be sure, the practical value of this stolen archive would require a lengthily evaluation by its intelligence services. Finally, a defector who put himself in the palm of the hand of the FSB in Moscow would be expected to cooperate with it. Even if such a defector did not carry these files with him to Moscow, intelligence services have the means to recover digital files, even if after they are erased from a computer or if they are

sent to the cloud. Once secret documents are taken, they are compromised. How Snowden succeeded in this coup cannot simply be pieced together from his statements and interviews. The story also requires a visit to the wilderness of mirrors called counterintelligence.

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# PART THREE

# THE COUNTERINTELLIGENCE CONUNDRUM

"Scenarios deal with two worlds: the world of facts and the world of perceptions. They explore for facts but they aim at perceptions inside the heads of decision makers. Their purpose is to gather and transform information of strategic significance into fresh perceptions"

—Pierre Wack, Harvard Business Review, 1985

# CHAPTER FIFTEEN

## Did Snowden Act Alone?

"When you look at the totality of Snowden's actions certainly one hypothesis that jumps out at you, that seems to explain his ability to do all these things, is that he had help and had help from somebody who was very competent in these matters."

--General Michael Hayden, Former Director of the NSA and CIA

Snowden describes himself a whistle-blower, and, according to the polls, the vast majority of the American public, accept this definition of him. But the operational distinction between a whistle-blower and a spy is not always clear. A whistle-blower enters the enterprise of stealing state secrets for reasons of conscience, but so do many spies. Such conscience-driven spies are called, in CIA parlance, "ideological agents." For instance, the British diplomat Donald Maclean, who was one of the most important Russian spies in the Cold War, was an ideological recruit. Maclean stole immensely valuable US nuclear secrets for the Russian intelligence service without receiving any monetary compensation and later defected to Moscow to avoid arrest.

As it turns out, the acceptance of money is also necessarily a meaningful distinction when it comes to espionage. To be sure, many spies get paid, but some whistle-blowers also receive paid a rich bounty for their work. Indeed, under federal laws, whistle-blowers can qualify for multi-million dollars bounties for exposing financial malfeasance. The whistle blower Bradley Birkenfeld, for example, after he himself was paroled from prison in 2012, received an award of $104 million for providing data that exposed illicit tax sheltering at the Swiss UBS bank. Assange also offered political whistle-blower six-figure cash bounties from money he raises on the Internet. In 2015, for instance Wikileaks offered S100, 000 bounties to any whistle-blowers who provided the site with secret documents exposing details of the Pacific Trade Agreement.

Nor is acting alone necessarily a line that divides whistle blowers from spies. In many cases, whistle-blowers have accomplices that help them carry out their mission. For example, in 1969, the celebrated whistle-blower Daniel Ellsberg, a military analyst at the RAND Corporation, had an accomplice, Anthony Russo, who also had worked at RAND. (Both were indicted by the government.) Acting in concert, they copied secret documents that became famously known as the Pentagon Papers.

Whistle-blowers also can, like conventional spies, enter into elaborate conspiracies to carry out a penetration operation, For example, on the night of March 8, 1971, eight whistle-blowers working together with burglary tools, broke into the FBI office in Media, Pennsylvania, and stole

almost all the FBI files there. The conspirators escaped and kept their identities secret for over 42 years.

Self-definitions also do necessarily produce a distinction between whistle-blowers and conventional spies. Consider, for example Philip Agee. Agee left the CIA in 1969 for what he described "reasons of conscience." Specifically, he said he objected to the CIA's covert support of Latin America dictators. After contacting the Soviet Embassy in Mexico City, he defected to Cuba, where he leaked information that exposed CIA operations. Although Agee insisted he was a whistle-blower, and he adamantly denied offering any secrets to the Soviet Union, the KGB viewed him as a conventional spy. According to Oleg Kalugin, the top Soviet counterintelligence officer in the KGB in Moscow, who defected to the U.S., Agee offered CIA secrets first to the KGB residency in Mexico City in 1973 and then to Cuban intelligence service. Agee provided the KGB with a "treasure trove" of US secrets, Kalugin revealed. "I then sat in my office in Moscow reading the growing list of revelations coming from Agee." Despite this disparity, Agee still defined himself to the public as a whistle-blower because he also had exposed CIA operations to the public.

The Snowden case blurs the demarcation line even further. Unlike other whistle-blowers who uncovered what they considered government malfeasance by virtue of their job, Snowden, by his own admission, took a new job in 2013 specifically to get access to the SCI files concerning NSA sources that he stole from the Threat Operations Center. Switching jobs in order to widen one's access to state secrets us an activity usually associated with penetration agents, not whistle-blowers. While the technical distinction between a whistle-blower and a spy may still serve the media in the case of Snowden, it does not help in solving the counterintelligence conundrum.

Untangling the strands of the Snowden conundrum is no easy matter. A complex burglary of state secrets had been successfully carried in a supposedly-secure site. The only known witness, Snowden, had escaped to Russia, where he could be of help in reconstructing the crime. The stolen data was kept in the equivalent of sealed "vaults"—which were actually computer drives that were not connected to the NSA Network ever there was a locked room mystery, this was it.

The perpetrator Snowden pierced these barriers by using passwords that belonged to other people and using credentials that allowed him to masquerade as a system administrator. However it was carried out, it was feat required meticulous planning. As in the earlier example of a hypothetical diamond theft from locked vaults, what is needed is to explain how a perpetrator, who did not himself have the combinations to open them or the means to remove their content, succeeded in the theft.

To address such a mystery, a counterintelligence investigation starts with a tabula rasa, stripping away all the previous assumptions, including that Snowden was the lone perpetrator. Once back at square one, it builds alternative scenarios to test against the known facts. To be

sure, scenario-building differs from that of a conventional forensic investigation aimed at finding pieces of evidence that can be used to persuade a jury in a courtroom. Unlike a judicial investigation concerned with guilt and innocence, scenario-building looks building looks to develop a story that is, concurrently: intrinsically consistent, humanly plausible and symbolically memorable; and in the process, it also identifies and explores the possible holes in the case. Such scenarios must aim at constituting a limited set of alternatives that are mutually exclusive The point is to assure that any alternative that fits the relevant facts, no matter how implausible it initially may seem to be, is not neglected.

One of the most vexing problems that had to be explained by these scenarios is how Snowden got the passwords to up to 24 of these vaults. He could not have obtained these passwords during his previous employment at Dell because Dell technicians did not have access to the Level 3 documents stored in these compartments. Nor, as was discussed earlier, was he given access to them when he transferred to Booz Allen because he had not completed the requisite training.

Snowden had also, it will be recalled, relinquished his privileges as a system administrator when he transferred to Booz Allen, so he did not have the privilege to override password protection. In short, his new position as an infrastructure analyst did not give him the ability to enter compartments which he had not yet been read into.

There are two possible ways he could have gotten these passwords: Either he had assistance from a party who had access to them or he found flaws in the NSA's security procedures that left the supposedly-closed vaults effectively unlocked.

*The Unwitting Accomplice Possibility*

As for the first alternative, it is possible whatever assistance that Snowden received was entirely unwitting. For example, he could have simply asked other analysts at the Center who had been "read into" compartments for their passwords. But such an approach would be extremely risky for him. If an analyst gave him his password, and it was discovered, that analyst could lose his job. Moreover, any analyst was supposed to report any request for a password to a security officer. Nor was Snowden, who had been working at the Threat Operations Center for just a few weeks as a trainee, well known to other analysts. So asking them to break the rules was fairly risky for Snowden. "It is inconceivable to me that his co-workers would divulge their passwords to him," a former Booz Allen executive, who had also worked at the Defense Intelligence Agency, told me. "If he was a system administrator he might trick a threat analyst into entering his password into his computer under the pretext that he needed it to deal with an urgent hardware issue." But Snowden was not a system administrator at the Center. Snowden therefore "had no plausible reason for requesting passwords to compartment he had not been read into," the former executive said. I asked him what the chance was of him obtaining some 24 passwords in 5 weeks. "In my opinion, near zero," he said. I next asked him whether it was possible that Snowden could have used a device for intercepting another computer's electronic signals, called by hackers a "key logger." Such a device, which was obtainable over the Internet, could be used to steal passwords of the analysts who had been "read into" the compartments. My source said that while it was

possible that Snowden smuggled in a key logger in his backpack, it could not be operated wirelessly inside the Center because, like all other NSA facilities, the computers had been insulated to lock-out wireless transmission. This precaution was taken to guard against an EMP, or Electro-Magnetic Pulse, attack by an enemy. If so, the only way Snowden could intercept key strokes was to attach a cable from his key logger to each of his fellow workers' computers. In this scenario, he would have to surreptitiously build his own wired network connecting his hidden key logger to 24 separated computers. Moreover, he would have to do this wiring in an open-plan office where he could not count on these additional wires, even if rigged one by one, not being noticed by either other analysts on the room or the geek squad of system administrators who regularly checked connections. Making the task even more risky, according to my Booz Allen source, there were closed-circuit cameras. The only way he could mitigate the risk of detection was by having someone help him build this network.

There was a further security barrier he had to get by. Even after he managed to obtain all the necessary passwords from colleagues, he had to transfer the files to an external storage device. This was not a matter of simply using a thumb drive because, unlike in caper movies such as *Mission Impossible*, the ports on the computers at the NSA were ordinarily sealed shut. This measure was done specifically to prevent any unauthorized downloading by NSA workers. The only people at the Center who had the authorization, and the means, to open these ports and transfer data were system administrators, according to the former Booz Allen executive. System administrators needed to have this privilege to deal with glitches in the computers. So they were allowed to open up the sealed ports. But Snowden was no longer a system administrator and did not have these privileges. So again, he needed some help. He either would need to borrow another system administrator's credential or forge his own. The credential he would need is called a public key infrastructure card with its authentication code embedded in a magnetic stripe. When I asked the former Booz Allen executive if Snowden possessed the skill set to forge such a card, he said that he strongly doubted any NSA employee would be capable of such a forgery without special equipment. He could have, however, borrowed this credential from a system administrator who was willing to help him. But just asking such a favor could "set off alarms."

The unwitting accomplice scenario had another stumbling block: time. We know from Poitras that Snowden told her in early April 2013 that he planned to deliver documents to her in six to eight weeks (which he in fact did.) But he had not yet started working for Booz Allen at the Center until that same month. It does not seem plausible (to me) that in making such a commitment he was merely counting on the kindness of strangers to fulfill it The only way he could have known for certain that he would be able to borrow a public key infrastructure card and obtain the passwords, whether by trickery or by a key router, before he had begun working at the Center was that he already knew someone at the Center who would help him. But such a contact leads to a witting accomplice scenario.

*The Witting Accomplice Possibility*

The witting-accomplice scenario better fits with the principle in logic called Occam's razor that suggests that in choosing between alternative explanations, the one that requires the fewest assumptions should be given priority. It would be a relatively easy to gain access to passwords if Snowden had the cooperation of an insider at the center that had been read into the compartments or, even better, if he had the cooperation with a system administrator with the necessary PKI cards and shell keys to bypass the password protection. Such an accomplice could also help explain how Snowden was able to get the job at the Center in the first place; how he knew in advance that he could find there the "lists" of the NSA sources in foreign countries, and how he knew that there were no security traps at the center. Such a witting accomplice might even have prepared in advance the "spiders" that Snowden used to index the files.

The witting-accomplice scenario of course requires a somewhat unsettling expansion of the plot. It means Snowden collaborated with one or more insiders at the Center to steal secret documents. It is not difficult to imagine, in light of the lax background checks at outside contractors servicing the NSA, that there were others in the "geek squad" that shared Snowden's antipathy to NSA surveillance. Certainly, we know that Snowden found other NSA workers who were willing to attend his anti-surveillance Crypto party in December 2012. Anyone of these other potential dissidents could have shared Snowden's objective of exposing NSA abuses. It would only be a small next step to offer Snowden help if he was willing to go public. Indeed, if the geek culture produced one Snowden, why wouldn't it produce others? If such an accomplice lacked Snowden's willingness to flee to another country, he may have limited his participation to supplying technical assistance. For his part, Snowden may have agreed to divert suspicion from his accomplice by taking sole responsibility for the crime when he went public.

The problem with this scenario, however, is that no witting accomplices were ever found. The FBI, which was in charge of the domestic part of investigation of the Snowden case, questioned all of Snowden's co-workers at the Center over the course of six months but it failed to find anyone who knowingly helped Snowden. If the accomplice was an idealistic amateur, it is likely the FBI would have found him. Three co-workers did admit to the FBI that they might have inadvertently given Snowden their passwords but these three slips would not account for Snowden's breach of all the other compartments. Of course, there may have also been less forthcoming co-workers hid their slips in divulging their passwords to Snowden.

This raises the more sinister possibility that the accomplice was not an amateur co-worker but a deep-cover spy who was already in place when Snowden arrived on the scene. Such a penetration agent could have been recruited by an adversary intelligence service before Snowden came on the scene. After Snowden expressed a desire to expose the NSA's domestic surveillance, it could then have used Snowden as an "umbrella" to hide its own activities. Finding such a means to protect a source while exploiting his or her information is not uncommon in espionage operations, and since Snowden was willing to flee America and go public, he could serve as a near perfect umbrella. "Snowden may have carried out of the NSA many more

documents than he knew about," a former CIA station chief speculated. It could also account for the disparity between the claims of Snowden and the NSA damage assessment as to the number of the documents that were compromised.

As farfetched as this mole scenario may seem to the outside world, less than three years before the Snowden breach, the NSA had received a warning from a CIA mole, which will be discussed in greater detail in Chapter 21, that the Russian Intelligence service might have recruited a KGB mole at the Fort Meade headquarters of the NSA. No mole was found in 2010, and, if one existed, it could not have been Snowden, who at that time in 2010 was working for the NSA in Japan. Such a putative mole conceivably could have acquired enough information to later facilitate Snowden's operation.

In this scenario, Snowden would not be difficult to spot as a potential collaborator and possible umbrella. As Snowden acknowledges, he was not a happy worker at the NSA. He complained between 2010 and 2013 about what he considered NSA abuses to coworkers, superiors and in his posts over the Internet. If someone assumed the guise of a reluctant whistle-blower, he would have little difficulty in approaching Snowden. Snowden might not even know his true affiliation beyond that he shared Snowden's anti-surveillance views. If Snowden then voiced an interest in exposing the NSA's secrets, this person could supply him with the necessary guidance, steering a still unsuspecting Snowden first to the Booz Allen position and afterwards to his associates in Hong Kong. By taking sole credit for the coup in the video that he made with Poitras and Greenwald in Hong Kong, he acted, as he told Greenwald, to divert suspicion from anyone else. This move could also any collaborator he may have had in Hawaii time to cover his tracks.

The astronomer Carl Sagan famously said in regard to searching the universe for signals from other civilizations that the "absence of evidence is not evidence of absence." That injunction also applies to the spooky universe of espionage. The fact that a mole hunt fails to find a hidden collaborator at the NSA does not necessarily mean such a mole does not exist. Historically, we have many notable cases in which Russian moles eluded intensive investigations for many decades. Robert Hanssen served as a KGB penetration in the FBI for over 20 years without being caught. Similarly, Aldrich Ames, acted as a KGB mole in the CIA for more than ten years, and passed all the CIA's sophisticated lie detector tests. Both Hanssen and Ames eluded intensive FBI and CIA investigations that lasted over a decade. According to Victor Cherkashin, their KGB case officer, who I interviewed in Moscow in 2015, the KGB was able to hide their existence from investigators for such a long period partly because of the widespread belief in U.S. intelligence that moles were fictional creatures that sprung from the "paranoid mind" of James Jesus Angleton. When I then cited the signature line from the movie *The Usual Suspects* "The greatest trick the Devil ever pulled was convincing the world he didn't exist." Cherkashin thinly smiled and said "CIA denial [of moles] certainly helped."

In view of such past successes of the Russian intelligence services, it cannot be precluded that there was another person in the NSA working with Snowden who used an enthusiastic as cover to prevent any light from falling on his own surreptitious spying. While it may seem extremely unlikely that Snowden had such assistance, the alternative scenario, that Snowden broke into the sealed compartments and made off with the documents without any assistance, seems equally unlikely.

Even if Snowden had been, as he claims, a pure idealist seeking to right a perceived wrong, it does exclude the possibility of his becoming entangled in the plots of others. Intelligence services make it their business to bring about such witting or unwitting entanglements.

# CHAPTER SIXTEEN

## The Question of When?

"The NSA was actually concerned back in the time of the crypto-wars with improving American security. Nowadays, we see that their priority is weakening our security"

—Snowden in Moscow

In his 1974 novel *Tinker Tailor Soldier Spy*, John LeCarre helped establish the concept in the public imagination of a mole burrowing unto a rival intelligence service. LeCarre's now classic mole, code-named by the KGB "Gerald," managed in the novel to gain access to the inner sanctum of the British intelligence service MI-6. Aided and guided by his controllers in Moscow, he systematically stole British intelligence secrets. As LeCarre wove the plot, the brilliantly-orchestrated operation involved spotting, compromising, and recruiting others to gradually advance Gerald the mole to a position of power. Such well-organized penetrations are not limited to fiction. The career of KGB mole Heinz Felfe, who was advanced through the ranks of German intelligence by an elaborate series of sacrifices by his controllers in Moscow until he actually headed German counterintelligence in 1961, could have served as the non-fiction inspiration for Le Carre's 1963 novel *The Spy Who Came out of the Cold*. As US intelligence only found out after the Cold War ended, the KGB also had the ability to sustain moles for decades.

The CIA also had its share of long term successes, such as Alexander Poteyev, who fed the CIA secrets for over ten years while burrowing into Russian intelligence. In the choreography of these operations, as in Le Carre's fiction, rival intelligence services ensnared and sacrificed recruits , as if playing a chess game, to advance their moles. Despite notable successes such as Felfe, and Poteyev, a great number of these elaborate conspiracies fail insinuate moles in their adversaries' confidence. Intelligence services therefore also take advantage of a more prosaic source: the self-generated spy, or, as they are called in the trade, walk-in.

Although they are largely unsung in novels, these walk-ins are an important part of espionage. A counterespionage review done for the Presidential Foreign Intelligence Advisory Board (PFIEB) in 1990 found that most US spies in the Cold War had taken documents on their own volition and only afterwards offered them to an adversary service. Self-generated spies have diverse motives. Some intelligence workers steal secrets for financial gains. Others take them to further an ideological interest. As opportunistic enterprises, intelligence services do not turn walk-ins away if they have valuable intelligence. Indeed, some of the most successful moles were not recruited, or even controlled, by spy agencies. They were self-generated penetrations, or "sources" as the KGB preferred to call them, who first stole secrets and later voluntarily deliver them to an adversary. Consider the case of Robert Hanssen, who successfully penetrated the FBI

for the Russian intelligence services from 1979 to 2001. He was a "walk-in," who never entered the Soviet embassy or met with KGB or SVR case officers. Instead, he set his espionage in motion by passing an anonymous letter to Victor Cherkashin, the KGB spy handler working undercover at the Soviet Embassy in Washington D.C. From the start of his work for the KGB, Hanssen laid down his own rules. The KGB would deliver cash from which all the fingerprints were removed to locations, or "dead drops," he specified. He would deliver documents exposing FBI, CIA and NSA sources and methods in another dead drop. The KGB would precisely follow his instructions. Cherkashin told me that Hanssen's "astounding self-recruitment" was executed in such a way that the KGB never actually controlled him. "He was our most important mole and we didn't ever know his identity, where he worked or how he had access to FBI, CIA and NSA files." Even so, the KGB (and later SVR) paid him $600,000 in cash. In return, the anonymous spy delivered 27 computer discs containing hundreds of secret documents revealing the sources and methods of American intelligence. According to Cherkashin, it was the largest haul of top secrets documents ever obtained by the KGB (although it was only a small fraction of the number of top secret NSA, Department of Defense and CIA documents taken by Snowden in 2013.) Cherkashin told me the price paid by Moscow was a great bargain since it helped compromise "the NSA's most advanced electronic interception technology," including a tunnel under the Soviet Embassy. Yet, it was only after newspapers reported that Hanssen had been arrested by the FBI in February 2001 that Cherkashin learned the name and position of the spy that he had recruited. Cherkashin told me that what matters to the KGB was not "control" of an agent but the value of the secrets he or she delivered. "Control is not necessary in espionage as long as we manage to obtain the documents." So in the eyes of the KGB, anyone who elects to provide it with US secrets is a spy.

It is also possible to exploit a walk-in even after he has left his service. For example, KGB Major Anatoli Golitsyn was an ideological self-generated spy who walked into the US embassy in Helsinki, Finland on Christmas Day 1962. He asked to see the CIA officer on duty announce to him he had collected a trove of KGB secrets, including information that could identify its key spies in the West. He offered to defect to the U.S. The CIA accepted his offer, and through this archive of secrets he had previously compiled, he became one of the CIA's most productive sources in the Cold War.

The job of an intelligence service is to take advantage of whatever opportunities comes its way in the form of self-generated spies. If a Russian walk-in had not yet burned his bridges to his own service, US intelligence officers were under instructions to attempt to persuade the walk-in to return to his post in Russia and serve as a "defector-in-place," or mole. "While defectors can and do provide critical information, a CIA memorandum on walk-ins during the Cold War noted, "There are very few cases in which the same individual may not have been of greater value if he had returned to his post." Of course if a walk-in believed he was already compromises, as Golitsyn did, a decision would have to be made whether the value of his intelligence merited exfiltrating him to the United States.

This required evaluating the bona fides of the walk-in. Not all walk-ins are accepted as defectors. Some walk-ins are deemed "dangles," or agents dispatched by the KGB to test and

confuse the CIA. Others are rejected as political liabilities, as happened to Wang Lijun, a well-connected police chief in China. In February 2012, Wang, walked into at the US consulate in Chengdu asking from asylum. The State Department decided against it. After Wang left US protection, he was arrested for corruption and received a 15 year prison sentence. Such decisions about walk-ins are not made with due consideration, often at the highest level of a government, since exfiltrating a defector can result in diplomatic ruptures and political embarrassments.

Conversely, it raises espionage concerns when an adversary government authorizes the exfiltration of a rogue employee of an intelligence service. At minimum, it means that a rival government placed value on what the defector could provide it. The Snowden case is no exception. Whatever Snowden's prior relations may have been with Russia, it could prudently assumed that after he fled to Moscow, in light of the intelligence value of the stolen documents, he would wind up in the hands of the Russian security services. That assumption was reinforced by subsequent countermeasures that were implemented by Russia to block secret sources of NSA surveillance. "Within weeks of the [Snowden] leaks, communications sources dried up, tactics were changed," Michael Morell who was at that time the Deputy Director of the CIA, revealed. It indicated that at least part of the US communications intelligence that Snowden had stole was in enemy hands. The CIA and NSA's monitoring of these countermeasures was itself extremely delicate since revealing what they learned about Russian and Chinese countermeasures risked compromising even more U.S communications sources than had Snowden. General Keith B. Alexander headed both the NSA and Cyber Command at the time these countermeasures were first detected in 2013. He said in his interview with the *Australian Business Review*: "We absolutely need to know what Russia's involvement is with Snowden." He further said, "I think Snowden is now being manipulated by Russian intelligence. I just don't know when that exactly started." Much turned on the answer to this "when" question. The counterintelligence issue was not if this U.S. intelligence defector in Moscow was under Russian control, but when he came under it.

There were three possible time periods when Snowden might have been brought under control by the Russian intelligence service: while he was still working for the NSA; after he arrived in Hong Kong on May 20, 2013; or after he arrived in Russia on June 23, 2013.

*The NSA Scenario*

The first scenario could stretch as far back as when Snowden was forced out of the CIA in 2009. It will be recalled that the CIA then had planned to launch a security investigation of Snowden but it was aborted when he resigned. He also had incurred large losses speculating in the financial markets in Geneva, which is an activity which had in the past attracted in interest of foreign intelligence services. So it had to be considered in this scenario that Snowden had been recruited by the Russians after he left the CIA and directed to take jobs at civilian contractors servicing the NSA. Such "career management," as it is called by the CIA, could explain why Snowden had switched jobs in March 2013 to Booz Allen Hamilton, which, unlike his previous employer Dell, allowed him to gain proximity the super-secrets list of the telecommunication systems that the NSA had penetrated in Russia and China. Even though Snowden himself did not

have password access to these files, since he was still as a trainee, he managed to acquire the necessary passwords from others working there. It could also account for why the documents he copied that pertained to NSA operations in Russia were not among those he gave to Poitras, Greenwald and other journalists. Since Russia has an active intelligence sharing treaty with China since 1996, it could further explain why his first stop was Hong Kong, a part of China. It was a safe venue for debriefing Snowden, as well as establishing his credentials among journalists as a whistle-blower, before a decision was made to allow him to proceed to Russia.

The nearly fatal problem with this early-recruitment scenario is Snowden contacts with journalists. Snowden, it will be recalled, had contacted Greenwald in December 2012. Greenwald was a high-profile blogger in Brazil who did not use encryption or any security safeguards. Next, he contacted Poitras in January 2013 in Berlin who was a magnet for NSA dissidents. Both of these contacts put Snowden's clandestine downloading at grave risk. As known opponents of US intelligence agencies, these journalists might be, as they themselves suspected they were, under surveillance by American, British, Brazilian or German intelligence services. Greenwald and Poitras might also tell others who were either under surveillance or informers. So no matter what precaution Snowden took, his secret enterprise, or just the fact he was in contact with anti-government activists might be detected. At minimum, he could lose his access to secrets and be of no further use as a source at the NSA. He could also be interrogated and reveal the way he was brought under control. If Snowden actually had been under the control of the Russian intelligence service, the last thing it would allow was for him to take such a risk—or even to contact a single journalist. After all, the purpose of an espionage operation is to steal secrets without alerting anyone, including journalists, to the theft. A former CIA officer told me that while anything could "go haywire: in an intelligence operation, it would be "unthinkable" that the Russian intelligence service would permit a source it controlled in the NSA to expose himself by contacting journalists. It was, as he put it, a "lose-lose move." Assuming that the operation did not "go haywire," Snowden's continued interactions with Poitras and Greenwald made it implausible to me that Snowden was under Russian control *before* he went to Hong Kong.

*The Hong Kong Scenario*

The second possibility is that Snowden was brought under Russian control while he was in Hong Kong. The most compelling support for this scenario comes from Putin himself, His disclosure about the case leaves little doubt that Russian officials engaged Snowden in Hong Kong, that Putin authorized his trip to Moscow while he was in Hong Kong and the Russian government allowed him to fly to Moscow without a Russian visa. We also know that Snowden indicated to Gellman he was in touch with a foreign embassy and that he met with Russian diplomats in Hong Kong. We know from US surveillance of his activities in Hong Kong that he contacted the Russian consulate. And we know that the Russians went to some lengths to facilitate his trip to Moscow. All these pieces in the Hong Kong scenario support the possibility

that the Russian intelligence service managed to bring him under its sway during his 33 days in Hong Kong.

The Russian intelligence service even might have been aware of Snowden, and his anti-NSA activities, before his arrival on May 20, 2013. Snowden, as discussed earlier, was anything but discrete in his contacts with strangers in the anti-surveillance movement, including such well known activists as Runa Sandvik (who he supplied his true name and address via email), Micah Lee, Jacob Appelbaum, Parker Higgins, and Laura Poitras. "It is not statistically improbable that members of this circle were being watched by a hostile service," a former NSA counterintelligence officer told me in 2015. When I told him that Poitras and others in her circle had used PGP encryption, aliases and TOR software in their exchanges with Snowden, he said, arching his eyebrows, "That might work against amateurs, but it wouldn't stop the Russians if they thought they might have a defector in the NSA." He explained that both the NSA and hostile services have the "means" to bypass such safeguards.

I next asked him what the Russian intelligence service would have done if they had indeed spotted Snowden in late 2012 or early 2013. "Maybe just research him," he replied. As we know now, he pointed out. Russia and China probably had access the 127-page standard form in his personnel file that he updated in 2011. They also had the capability to track his air travel to Hong Kong. "Could someone have steered him to Hong Kong?" I asked. He answered. With a shrug, "That depends on whether Snowden had a confidante who could have influenced him."

Whenever adversaries became aware of Snowden in this scenario, it was not until after Snowden copied the NSA secrets and took them with him to Hong Kong that Russian intelligence officers offered him a deal. So from the Russian point of view, Snowden had already burnt his bridges. Since he had used other people's passwords to get into computers that he was not authorized to use, illegally moved documents and gave a false reason for his medical leave, it was only a matter of time before NSA investigators would identify him as a possible spy. He could be of no further use to an adversary at the NSA. His intelligence value now lay in the documents he had taken with him or stored in the cloud as well as his ability to help clarify them in debriefing sessions. In addition, he could have a further use to an adversary, especially if he agreed to cooperate. By virtue of his position as a former insider, he could inflict damage on the morale and public standing of the NSA by denouncing its spying in the media. So once in Hong Kong, the Russians would have no reason to restrain him from holding a press event or releasing a video, In fact, in the past the KGB had organized press conferences for all the previous NSA defectors to Moscow. Hong Kong also might be seen as a perfect venue for a well-staged media event since all the major newspapers in the world had bureaus there. And his disclosures about the NSA spying coming under the mantle of whistle-blowing could serve to weaken the NSA's relations with its allies. The event would also serve to deflect suspicion from any other potential spies in the NSA, if any existed. Snowden's going public on June 9th 2013 provided that opportunity.

It is also possible in this Hong Kong scenario that Russian or Chinese intelligence did not become aware of Snowden until after he went public on June 9th 2013 by having the *Guardian* release his video. At that point, if the Russians or Chinese had any doubts how dissatisfied he was with the NSA, they would be dispelled by the video. Since dissatisfaction is one of the classic means of recruitment in the intelligence business, he certainly would become a prime target for recruitment after he went public. The CIA also considered the possibility that Snowden also may have been reeled in unwittingly. Its Deputy Director, Michael Morell suggested in his book that Snowden may not himself have fully realized "when and how he would be used."

What can be safely assumed is that the decision made by Putin's intelligence service to allow Snowden to proceed to Russia proceeded from something other than soft-hearted sentiment about his welfare. In addition, this decision was not made on the spur of the moment. After Putin learned that there was an American in Hong Kong from the "special services" seeking to come to Russia, he also learned from Snowden's own disclosure on the video that he had taken to Hong Kong a large number of NSA documents. After that self-outing by Snowden, Putin had at least 14 days to calculate the advantages and disadvantages of allowing him to come to Moscow. To be sure, we don't know the precise date of Snowden's first contact with Russian officials in Hong Kong. Putin reframed from specifying when Snowden first met them. But whenever it was, we know that he was deemed important enough by the Russian intelligence service for it to bring him to the personal attention of Putin.

Putin could offer him not only his freedom from arrest but a platform to express his views. The exploitation of an intelligence defector, even after he yields his secrets documents, can also be part of an intelligence operation. General Alexander, who ran the NSA during this period, concluded that Putin was playing a deep game with Snowden by "looking to capitalize on the fact that his [Snowden's] actions are enormously disruptive and damaging to US interests." This game, if Alexander's assessment in correct, might provide Putin with ample reason to have his representatives in Hong Kong offer Snowden an exfiltration deal.

Snowden hardly was not in any position to refuse such a deal. After the release of the video release, there was no going back to America without his facing a determined criminal prosecution. If he had researched the issue, he would have known that in every prior case, intelligence workers who had released even a single classified document had gone to prison. As his Internet postings show, he had closely followed the ordeal of Bradley Manning, whose trial was coming to its conclusion while Snowden was in Hong Kong. So he likely knew that even though the documents Manning had sent to Wikileaks were far less damaging than those Snowden had taken. Manning had been kept in solitary confinement under horrific conditions for over a year while awaiting his trial and was facing a long prison sentence. (Manning was subsequently sentenced to 35 years in prison.) There was no reason for Snowden to expect a better outcome for himself if he returned to the US or was arrested in Hong Kong or any other place that had an extradition

treaty with the US. As the Russian officials in Hong Kong might well have informed him, Russia had no extradition treaty with the US, It was also one of the few places in the world that he could reach from Hong Kong without flying through airspace in which he might be intercepted by a US ally. Moreover, Putin himself had approved his exfiltration, which meant that, even without a valid passport or visa, Snowden could take the direct Aeroflot flight to Moscow. Snowden's choice was going to Russia or going to prison.

The Russians could have used this leverage in the Hong Kong scenario to extract a *quid pro quo.* The price of admission in that *quid pro quo* was proving all his documents and putting himself in the hands of Russian intelligence. To be sure, Snowden might have refused this leverage in Hong Kong, and Putin may have decided the terms of the deal could better be negotiated in Moscow.

*The Moscow Scenario*

The final possibility is that Snowden did not come under Russian control until after he arrived in Moscow. Certainly, the Russian intelligence service could afford to wait in Hong Kong before tightening the vice on Snowden. It knew that Interpol and the US would be pursuing him throughout the world and that Snowden had no valid travel documents to go anywhere else. It could also have determined that his credit cards had been frozen. So it could afford to wait until his plane landed in Russia.

After the Russians took him in a "special operation" from the plane at the airport, he was informed by Russian authorities that he would not be allowed to go to Cuba, Venezuela, Iceland, Ecuador, or any other country without the permission of Russian officials, which would not be immediately forthcoming. So he never even showed up for the flight to Cuba (which Assange had "leaked" to the media he would be aboard.) He was now at the mercy of the Russian authorities. There was good reason for keeping him in a virtual prison in Russia. "He can compromise thousands of intelligence and military officials," Sergei Alexandrovich Markov, the co-Chairman of the National Strategic Council of Russia and an adviser to Putin, pointed out, "We can't send him back just because America demands it."

So Snowden was consigned to the transit zone of the airport, which is a twilight zone neither inside nor outside of Russia, a netherworld that extends beyond the confines of the airport to include safe houses and other facilities maintained by the FSB for the purposes of interrogation and security. Stranded at the Moscow airport, Snowden had no place to go except into the waiting arms of the FSB. No matter what he had believed earlier in Hong Kong, he would quickly realize that he had only one viable option: seeking sanctuary in Russia.

Even though the FSB is known by US intelligence to run a strict regime over present and former members of foreign intelligence services, Snowden may not have realized the full extent of the FSB's interest in him. He naively told the *Washington Post* in December 2013 in Moscow, "I

am still working for the NSA right now. They are the only ones who don't realize it." While he might have sincerely persuaded himself that he was somehow helping US communications intelligence in a self-appointed role, those familiar with the activities of the Russian security services find it inconceivable that he could escape their control in Russia. At the very minimum, a former US intelligence worker who stole American state secrets, such as Snowden, would be under the FSB's scrutiny. Andrei Soldatov, the co-author of the 2010 book The *New Nobility: the Restoration of Russia's Security State and the Enduring Legacy of the KGB*, and who was personal knowledgeable about FSB procedures, explained the FSB would monitor "every facet of Snowden's communications, and his life." General Oleg Kalugin, who, as previously mentioned, defected from the KGB to the United States in 1995, added that the FSB following the standard operating procedures of the KGB, would be "his hosts and they are taking care of him." Kalugin further said in 2014 that "Whatever he had access to in his former days at NSA, I believe he shared all of it with the Russians, and they are very grateful"

American intelligence officers knowledgeable about the operations of the FSB, agreed with Kalugin's assessment. General Hayden, for example, who served both as director of the NSA, CIA, and Air Force counterintelligence, told me in an interview that he saw no other possibility than Snowden would be induced to cooperate in this situation, saying "I would lose all respect for the Russian and Chinese security services if they haven't fully exploited everything Snowden had to give." They certainly had that opportunity at Sheremetyevo International Airport: He had already, at least in the eyes of the Department of Justice, betrayed US secrets by stealing them and taking them abroad. Snowden was held in limbo in the transit zone. The FSB controlled his access to food, lodgings, the Internet, and whatever else he needed to survive there. It could also return him to the US if he did not cooperate. What recourse did Snowden have? The only party from whom he could seek redress was Putin's regime. Russia's leverage now would be even greater than in Hong Kong. If Putin chose to fully apply it, would be all but irresistible over a fugitive who had literally no place else to go. In a word, the FSB held all the cards but one—Snowden's help with the stolen documents. Even if Snowden disliked the tactics of the Russian security services, his situation left him a powerful inducement now not to decline the requests of the Russian authorities.

Two weeks after his arrival, the Russian authorities provided him with a convenient path to full cooperation with Russia. He was put in contact with Anatoly Grigorievich Kucherena, a silver-haired 53-year old lawyer, who was known as a personal friend of Putin. Kucherena also did task for Putin's party in the Russian parliament or Duma. Most important for Snowden, Kucherena had excellent connections in the Russian security apparatus since he served on the oversight committee of the FSB. He also offered to serve as the lawyer for Snowden pro bono. On July 10, 2013, Snowden officially retained him as his legal representative in Moscow. From that point on, he would act as Snowden's go-between with the FSB and other Russian agencies.

At the outset, Kucherena made it clear to Snowden that he would have to play by Moscow's rules before the Kremlin would grant him permission to stay in Russia. To begin with, Snowden had to withdraw any and application he had made elsewhere for asylum. He had to put his fate

entirely in the hands of Putin's Russia. He would also have to be fully candid with the Russian authorities about what was of great value to Putin: the secret documents he had acquired.

Two days later, Snowden made his first public appearance in Russia. It had been, like previous press conferences with US defectors to Russia, carefully managed, First, Snowden arrived by limousine at the international transit lounge of Sheremetyevo airport. He was seated at a table with Harrison. As Snowden spoke no Russian, a Russian translator was provided. The small audience included hand-picked Russian officials, including some Putin's close associates. They were ushered through passport control by security men to the otherwise cordoned-off lounge. The cameras for RT television and other Russian channels were already in place. When everyone had taken their seats, Snowden announced in a quiet voice that was seeking asylum in Russia. Ten minutes later, Snowden and Harrison were escorted back to the limousine which drove off to an unannounced destination.

Snowden received Russian identification papers on August 1, 2013 that allowed him to resettle in Moscow. Not only was he provided with a residence but he was allowed to set up in it a broadcasting studio that could be used for Internet appearance at well-attended events around the world, such as South by Southwest, TED, and other Internet conferences. Snowden was, according to Kucherena, was also furnished with bodyguards. To help earn his keep, he was employed at an unidentified Moscow cyber-security firm. To complete his resettlement, Lindsay Mills, whom he had left behind in Hawaii, was given a 3-month visa and was allowed to temporarily live with him in Moscow. This afforded him a life style which Snowden described in an interview as "great."

Kucherena, although he was acting without compensation from Snowden, later received the stunning sum of one million dollars from Open Road Films, the distributor for Oliver Stone's "Snowden" movie, for the rights to his not completed novel called "Time of the Octopus," a story based on his story of Snowden's stay at the airport.

It would strain credibility that such privileges would be awarded to an intelligence defector who had refused to cooperate with Russian authorities. In Snowden's case, he was even allowed to participate in a Putin's telethon on state-controlled television. On it, he was called on to ask Putin if the Russian government violated the privacy of Russian citizens in the same way that the American government violated rights of its citizens. Putin, smiling at Snowden's presumably vetted question, answered in a single word: "No."

In the Moscow scenario, Snowden received sanctuary, support, perks and high-level treatment by Putin himself because he agreed to cooperate. If Snowden had not paid the price of admission, either in Russia or before his arrival, he would not have been accorded this privileged status.

# CHAPTER SEVENTEEN

## The Keys to the Kingdom Are Missing

"There's a zero percent chance the Russians or Chinese have received any documents."

--Edward Snowden in Moscow

The critical missing piece in Snowden enigma is the whereabouts of the NSA documents. Greenwald told the Associated Press that the documents that Snowden had taken from the NSA constituted " the instruction manual for how the NSA is built" and they "would allow somebody who read them to know exactly how the NSA does what it does, which would in turn allow them to evade that surveillance or replicate it." Snowden indeed said on camera in June 2013 that NSA investigators would have "a heart attack" when they discovered the extent the breach. Ledgett, the NSA official who it will be recalled had conducted the damage assessment, while not having a heart attack, confirmed that the files Snowden had taken a massive number of files, which he pout at over one million documents, and, among them, what he deemed the NSA's "keys to the kingdom." These so-called "keys to the kingdom" presumably could open up the mechanism through the United States learns about the secret activities of other nations, and, by doing so, bring down the American signals intelligence system that had for 60 years monitored government communications. It had also kept track of adversaries' missile telemetry, submarine movements, and nuclear proliferation.

The Snowden breach was not without precedent at the NSA. There had been two Russian spies at the NSA during the Cold War, Jack Dunlap and David Boone who took a limited number of documents, but no one since the end of the Cold War had taken a single NSA classified document. Now an insider removed, by any count, tens of thousands of NSA's documents. Moreover, many of these documents were classified "TS/SCI"—Top Secret, Sensitive Compartmentalized Information—which, as NSA secrets went, were the gold standard of espionage. Whatever the assessment of Snowden's motivation, the single question that needed to be answered was: What happened to these stolen files?

To begin with, there is a huge disparity between the number of documents that the NSA calculated that Snowden compromised and the number of documents he is known to have handed over to journalists in Hong Kong on a thumb drive. After the Snowden breach, the House and Senate intelligence committees asked the NSA how many documents were taken by Snowden. Even though the NSA had employed a world class team of computer scientists, cryptanalysts and forensic experts to reconstruct the crime from the logs, it could not come up with a definitive number. What it could say was how many documents had been highlighted or selected, coped and moved to another computer. As the NSA briefed these committees in closed-door sessions,

1.7 million had been selected in two dozen NSA computers during Snowden's brief tenure at Booz Allen in 2013. This total included documents from the Department of Defense, NSA and CIA. Of these "touched" documents, some 1.3 million of them had been copied and moved to another computer. The selection of these documents by Snowden could hardly be considered an accident since Snowden had used pre-programmed spiders to find and index these documents. In addition he had stated that he took the job at Booz Allen to get access to data that had been copied. So, as far as the NSA was concerned the 1.3 million documents he copied and moved were considered compromised. On top of this haul, Snowden had copied files while working at Dell in 2012. The total number he stole there is unknown, however, because, as a system administrator there, he could download data without leaving a digital trail. At best, the NSA investigation could only count the documents that were published or referred to in the press and those found on the thumb drive intercepted in London that traced back to his 2012 work at Dell. As previously mentioned, more than half the published documents had been taken during Snowden's time at Dell.

Snowden supporters, to be sure, do not accept that Snowden stole such a large number of documents. According to Greenwald, the NSA vastly exaggerated the magnitude of the theft in order to "demonize" Snowden. Snowden also disputed the 1.7 million number. He told James Bamford of *Wired* in early 2014, that he took far less than the 1.7 million documents that the NSA reported was compromised. He further claimed in that same interview that he purposely left behind at the NSA base in Hawaii "a trail of digital bread crumbs" so that the NSA could determine which documents he "touched" but did not download. If so, these "bread crumbs" were missed by the NSA according to its statement.

It is within the realm of possibility that the NSA Damage Assessment team under Ledgett falsified its finding to inflate the number of documents that Snowden stole. NSA executives also might have lied to Congress to the same end. But why would these officials engage in an orchestrated deception that made them look bad? Ledgett, after all, had been in charge of the National Threat Operations Center from which most of the Level 3 documents were stolen. By exaggerating the magnitude of the theft it would also magnify Ledgett and other NSA's failure in its mission to protect US secrets. Certainly they had no reason to demonize him for legal reasons. Greenwald and Poitras had already effectively demonized him in this regard. They revealed that Snowden had given them a vast number of NSA classified documents on a thumb drive that revealed, as Greenwald put it, the "blueprints" of the NSA. This drive contained, it will be recalled, no few than 58,000 documents. As was discussed in Chapter I, just revealing the partial content of a single document to a journalist, as in the case of CIA officer Jeffrey Sterling, could result in two years in prison. So in the eyes of the law disclosing the full contents of 58,000 highly-classified documents constituted an unprecedented breach of the laws passed to protect communications intelligence. In any case, safely ensconced in Russia, Snowden was not in any legal jeopardy no matter how many documents it was claimed by the government that he stole. It is also makes little sense that the numbers were falsified by the Department to tarnish Snowden's

image. The 35-page Defense Intelligence Agency's damage assessment, for example, that said that 900,000 Pentagon documents were compromised by Snowden, was *not* made public. It was only disclosed via a *Vice* magazine Freedom of Information request in June 2015.

What is known is the number of documents that Snowden gave to journalists in Hong Kong. As will be recalled, Poitras and Greenwald were "writing partners." When Greenwald discovered that his copy of the documents were corrupted, Poitras made a copy of the thumb drive that Snowden gave her in Hong Kong and sent it to her Greenwald in Rio de Janeiro by a courier. That courier was intercepted by British authorities at Heathrow Airport. When examined, the Poitras-Greenwald thumb drive contained some 58,000 documents. This meant that the lion's share of the 1.3 million documents that the NSA claimed were compromised had not been given to journalists and is unaccounted for.

The numbers game is not only misleading nut unenlightening on the issue of the value of the compromised documents. Many of the putative 1.3 million documents that the NSA says were copied and moved were duplicate copies. Others were outdated or otherwise useless routing data. So the quantity does not tell the story. Of far more importance than the quantity of the total haul is the quality of some of the data that Snowden had copied. Just a single one of these documents could cripple not just the NSA but America's entire multi-billion dollar apparatus for intercepting foreign intelligence. The previously-cited summary of requests by the CIA, FBI, Pentagon and other agencies for communications intelligence, for example, which was 31,000 pages long, listed all the gaps in U.S. coverage of adversaries, including those cited by President Obama's national security team. As Ledgett warned, this single document, if it fell into enemy hands, would provide out adversaries with "a roadmap of what we know what we don't know and imp/licitly a way to protect themselves." The "roadmap" was not found among the files on the thumb drive. Nor were most of the missing level 3 lists concerning NSA activities in Russia and China found on the thumb drive, even though Snowden said he took taken his final job at Booz Allen to get access to these lists. If Snowden had not given these documents to Poitras, Greenwald or other journalists, where were they?

The compartment logs showed that Snowden copied and transferred these level 3 documents in his final week at the NSA. He presumably had them in his possession in Hong Kong after he arrived on May 20, 2013. On June 3rd, according to Greenwald, he was still sorting through the material to determine which ones were appropriate to give to journalists. On June 12th 2013, he told reporter Lana Lam in Hong Kong that he was going through the documents, country by country, to determine which additional ones he should pass on to journalists. Eleven days later, he departed Hong Kong for Moscow carrying at least one laptop computer. Even after arriving in Moscow, he suggested he still had NSA secrets in his possession. "No intelligence service — not even our own — has the capacity to compromise the secrets I continue to protect, " he wrote to former Senator Gordon Humphrey, "I cannot be coerced into revealing that information, even under torture." Much of the material he copied while working at Booz Allen remained, as far as the NSA could determine, missing. Had he brought these files under his "protection" to Russia?

An answer came three months later from his Moscow lawyer, Anatoly Kucherena. On September 23, 2013, Kucherena had an extensive interviewed on the state owned RT channel. The interviewer Sophie Shevardnadze, who had a show on RT Television, called "Sophie & Co," was well-admired journalist in her own right. She is also the grand-daughter of Edward Shevardnadze, a former foreign minister and Politburo member of the Soviet Union and, after the Soviet Union broke up, the first president of Georgia. Even though she had interviewed many top political figures in Russia, obtaining an hour-long interview with Kucherena was a coup since, up until then, he had not discussed the subject in Snowden in a television interview. About half-way through the interview, she brought up a highly-sensitive subject of the disposition of the NSA documents. She directly asked Kucherena if Snowden given all the documents he had taken from the NSA to journalists in Hong Kong.

If anyone was in a position to know about these documents, it was Kucherena. He had acted as an intermediary for Snowden in his negotiations with Russian authorities, including the FSB. As such, he would be privy to the status of the secret material that was of immense concern to the Russian intelligence services. When I interviewed Kucherena in Moscow in 2015, he told me that "all the reports" concerning Snowden had been turned over to him by "Russian authorities" in July 2013. "I had all of Snowden's statements," he said. If so, he presumably knew what Snowden had told the Russian security services prior

Had Snowden come to Russia with empty hands or bearing gifts? Kucherena answered her question without any evasion. He said that Snowden had only given "some" of the NSA's documents in his possession to journalists in Hong Kong. He had kept the remaining documents in his possession. That confirmed what Snowden had told Greenwald. Poitras and Lam in Hong Kong. Snowden told them that he had divided the stolen NSA documents into two separate sets of documents. One set he gave to Poitras and Greenwald on thumb drives. The other set, which he told them that he considered too sensitive for these journalists, he retained for himself. As late as July 14, 2013, Greenwald told the Associated Press that Snowden held back documents and " "is in possession of literally thousands of documents ... that would allow somebody who read them to know exactly how the NSA does what it does, which would in turn allow them to evade that surveillance or replicate it." One issue for U.S. investigators at the NSA, CIA and Department of Defense was what Snowden did with the second set *after* his meetings with the journalists in Hong Kong. Did he take these documents with him to Russia?

Shevardnadze, who makes it a point to drill her interviewees, pressed Kucherena as to whether Snowden still had these NSA files, or "material" in Russia. The dialogue went as follows (from the transcript supplied to me by Shevardnadze.)

> Shevardnadze: So he [Snowden] does have some materials that haven't been made public yet?
>
> Kucherena: Certainly.

After establishing some part of Snowden's "material" was still in his possession, Shevardnadze asked the next logical question: "Why did Russia get involved in this whole thing if it got nothing out of?"

In response, Kucherena elliptically hinted that the unreleased material contained CIA secret files. "Snowden spent quite a few years working for the CIA." He said. "We haven't fully realized yet the importance of his revelations." (He was correct that Snowden had stolen a larger number of CIA documents that he had not turned over to journalists, as CIA deputy director Morell confirmed.)

Whatever this material might reveal, the FSB was presumably aware of its existence. After all, Kucherena was on the FSB's public oversight board. If he had kept Snowden's possessions of these documents secret from the FSB, he would not have divulged it in an interview on television.

Kucherena's answer left little ambiguity to the critical question about the fate of the NSA's missing documents: Snowden had not destroyed the electronic files of NSA documents that he had not distributed to journalists. He still had them, when Kucherena had reviewed his files in Russia. Kucherena's disclosure that Snowden retained these crucial documents did not contradict Snowden's own story at the time of the Shevardnadze interview. Indeed, it was completely consistent with the statement Snowden made three weeks after arriving in Russia in his previously-mentioned email to Senator Humphrey.

Snowden subsequently changed his story. In mid-October, Snowden electronically-informed journalists that he had destroyed all the NSA documents in his possession before flying to Moscow. So his new story radically contradicted what his own lawyer had said the previous month on television.

To be sure, Kucherena who later confirmed the accuracy of the Shevardnadze interview to me in Moscow in 2015 may have meant to say that Snowden only had access to the NSA documents rather than having the physical files in his possession. It is certainly possible that Snowden transferred the NSA files from his own computers and thumb drives to storage on a remote server in the so-called "cloud" before coming to Russia. The "cloud" is actually not in the sky but a term used for remote storage servers, such as those provided by Drop Box, Microsoft, Google, Amazon and other Internet companies. Anyone who is connected to the Internet can store and retrieved files by entering a user name and a password. For Kucherena to be certain Snowden had access to this data, Snowden must have demonstrated his access either to him or the authorities. The Russians therefore also knew Snowden had the means to retrieve this data. Since the data concerned electronic espionage against Russia, the FSB had every reason to ask him to share his user name and password. If Snowden had encrypted these files, it would also ask for his encryption key. And the FSB is not known to take a no for an answer in issues involving espionage.

Even if Snowden refused to furnish his key, it would not present an insurmountable barrier for the FSB. Snowden may have had confidence in the power of his encryption protocols but,

according to a former National Security Council staffer, the Russian cyber service in 2013 had the means, the time and the incentive to break the encryption. It is unlikely they would have gone to the trouble since they had Snowden in the palm of their hand in Moscow. It doesn't take a great stretch of the imagination to conclude that, by one way or another, willingly or under duress, Snowden shared his access to his treasure trove of documents with the agencies that were literally in control of his life in Russia.

Kucherena's answer to the question of access also may help to explain Putin's decision to allow Snowden to come to Moscow. As has been discussed earlier, it was not a minor sacrifice for Putin. His foreign minister, Sergei Lavrov, had spent almost six months negotiating with Hillary Clinton's State Department a one-on-one summit between President Obama and President Putin. Not only would this summit be a diplomatic coup for Russia but it would add to Putin's personal credibility in advance of the Olympic Games in Russia. In mid-June, after US intelligence reported to Obama's National Security adviser that Snowden was in contact with Russian officials in Hong Kong, the State Department explicitly told Lavrov that allowing Snowden to defect to Russia would be viewed by President Obama as a blatantly unfriendly act. As such, it could (and did) lead to the cancellation of the planned summit. So Putin knew the downside of admitting Snowden.

But there was also an upside if Snowden had access to the NSA documents. A large archive of files containing the sources of the NSA's electronic interceptions, as Snowden claimed he had in Hong Kong, had enormous potential intelligence value Putin therefore had to choose between the loss of an Obama summit and the gain of an intelligence coup. That Putin chose the latter suggests that he had calculated that the utility of the intelligence that the NSA archive outweighed the public relations advantages of the Obama summit (which, after Snowden arrived in Moscow, was cancelled by Obama.) Would Putin have made such a sacrifice if Snowden had destroyed or refused to share the stolen data? "No country, not even the United States, would grant sanctuary to an intelligence defector who refused to be cooperative," answered a former CIA officer who had spent a decade dealing with Russian intelligence defectors. "That's not how it works." If so, it seems plausible to me that, as Kucherena said, that Snowden's documents were accessible to him either on a computer or via storage in the cloud after he arrived in Moscow. It explains why Russia exfiltrated him from Hong Kong and provided him with a safe haven,

*The Quickly Changing Narrative*

Just three weeks after Kucherena's stunning disclosure, Snowden changed the narrative. His first exchange with an American journalist after his arrival in Russia was not until October 1`7, 2013. It was conducted over the Internet with James Risen, a Pulitzer-prize winning *New York Times* reporter. Essentially Snowden supplied answers to a set of questions. In then, Snowden now asserted he took no documents to Russia. The subsequent front-page story, which carried the headline, "Snowden Says He Took No Secret Files to Russia," reported that Snowden claimed that he gave all his documents to journalists in Hong Kong and he brought none of them to Russia. He also said that he was "100 percent" certain that no foreign intelligence service had had access to them at any point during his journey from Honolulu to Moscow.

When I later asked Kucherena in Moscow why Snowden changed his story in direct contradiction of what Kucherena had stated, he said "Wizner." He was referring to Ben Wizner, a top-drawer ACLU lawyer based in Washington D.C. Wizner had joined the ACLU in August 2001 after graduating NYU law school and clerking for a Federal judge. At the ACLU, he became an effective foe of NSA surveillance. "I had spent ten years before this [Snowden leak] trying to bring lawsuits against the intelligence community," he explained in an interview with *Forbes* in 2014. Prior to the Snowden leak, he had been consulted frequently by Poitras on government surveillance issues (and appeared in Poitras' 2010 documentary "The Oath.") He had also been engaged in a law suit aimed at exposing the NSA's subpoenas for Verizon records.

He had first learned about Snowden in early 2013, while Snowden was still working for the NSA, from Poitras. At that time, Poitras did not know Snowden's real name, but she revealed to Wizner that she had found an anonymous source with access to U.S. government surveillance secrets. So he was not completely surprised when Glenn Greenwald, Poitras' writing partner, asked him in July 2013 to contact Snowden in Russia.

Snowden offered an opportunity for Wizner since the ACLU already had been pursuing a suit in Federal court against the government's seizure of Verizon's billing records. If he could induce Snowden to retain him and the ACLU, he could claim standing in Federal court to represent Snowden in the case. He also fully believed in the salutary benefit of Snowden's revelations. They communicated over Skype, according to Kucherena. When they discussed Snowden's legal situation in America, Snowden expressed an interest in obtaining some form of amnesty from prosecution in America. Wizner was willing to attempt to explore making a possible deal with the Department of Justice, but it would not be an easy task, especially if Snowden had turned over NSA documents to a foreign power.

Even to argue that Snowden was merely a NSA whistle-blower presented a serious challenge for Wizner. The ACLU had been involved with three previous NSA whistle-blowers, William E. Binney, Thomas A. Drake, and Russell D. Tice, but Snowden's case differed from those cases in an important ways. Binney, Drake, and Tice had not intentionally taken any NSA documents. Snowden, on the other hand, had not only taken a large NSA documents but released tens of thousands of these top secret files to journalists based in Germany and Brazil as well as other unauthorized recipients. In addition, the Whistle Blower Protection Act, passed by Congress in 1989, does not exempt an insider who signs a secrecy oath, such as Snowden, from the legal consequences of disclosing classified documents to journalists or other unauthorized persons. Consequently, getting some form of amnesty for Snowden required changing Snowden's public image from that of a person who had damaged America to an image of a person who had helped America. But if Snowden had taken even a single top secret document to Russia, the case could be made that he had stolen communications intelligence secrets with intent to damage the United States, which under the law could be considered espionage. In this regard, Kucherena's disclosure was extremely damaging to Snowden's position.

One way to mitigate the damage from it was for Snowden to substitute a new narrative. In it, he would say to say to hand-picked journalists that he had given all his documents to Poitras and Greenwald in Hong Kong and took none of them to Russia, Wizner could then argue that documents such as the FISA warrant were improperly classified secret and that disclosing them

served the public good. The government might not be able to contest his claim without further revealing NSA sources. Under these circumstances, it might be induced to agree to a plea bargain for Snowden. Changing the narrative would also help enhance his public image as a whistle-blower,

Whatever the reasoning that led to it, Snowden's new narrative was that he had destroyed all the documents he had in his possession before coming to Moscow and had no access to any NSA documents, not even those that he had distributed to journalists.

Snowden reinforced this narrative in almost in a series f interviews arranged by Wizner. In December 2013, he met with Barton Gellman of the *Washington Post*. It was his first face-to-face meeting with a journalist since he had arrived in Russia in June. To advance his narrative , Snowden turned on his laptop to Gellman and, as if proving his point, said to him "there's nothing on it… my hard drive is completely blank." That his computer had no files stored on it actually meant very little. The files could have been transferred to another device, or, as was discussed earlier, to a server in the cloud. Gellman probed further by asking the precise whereabouts of the files, but, as he reported, Snowden declined to answer that question. All that he would say was that he was "confident he did not expose them to Chinese intelligence in Hong Kong." Since that answer did not nail down the issue, Wizner arranged for *Vanity Fair*, which was preparing an article on Snowden, to submit questions. In his reply to them, Snowden wrote s that he destroyed all his files in Hong Kong because he didn't want to risk bringing them to Russia. He expanded on this claim in three more interviews arranged by Wizner. These interviews were with three journalists who themselves had opposed NSA surveillance: James Bamford writing for *Wired* magazine, Alan Rusbridger, the editor of the *Guardian* and Katrina vanden Heuvel, the editor of *The Nation.* He also gave a televised interview to Brian Williams of NBC News in which he explained that since he had no access to the NSA documents in Russia, he could not provide access to the Russians even if they "break my fingers."

Snowden did he specify where, when or how the putative destruction of the files occurred, and offered no witnesses or evidence, other than a blank laptop screen to corroborate it. Even though his new narrative was widely accepted by the media, a self-serving claim by a perpetrator that files have been destroyed cannot be accepted at face value in a digital age in which files can be copied to another computer or moved to the "cloud" with the click of a key,. After all Snowden went to considerable risk to select, copy, and steal these Level 3 documents in mid-May before leaving Hawaii for Hong Kong. They were the last medium of value he held in Hong Kong. These secrets were his potential bargaining chips. Why would he simply erase them in June in Hong Kong? It is also difficult for me to accept that he would destroy these documents because he feared the Russians might get them. If he was so concerned about the ability of Russian intelligence, he could have stayed in Hong Kong and fought extradition instead of flying to Russia. Once he made his arrangements to go to Russia, he must have realized that even without the files on his computer, the Russian intelligence service could still obtain the NSA secrets he held in his head. Indeed, as he told the New York Times, the secrets he held in his head would have devastating consequences for NSA operations.

In light of Kucherena statement that Snowden had access to NSA documents in Russia, it would require some form of a suspension of disbelief to accept Snowden's new narrative. But even if one was willing to accept his erasure claim, it still would not mean that the NSA documents had not fallen into the hands of adversaries.

If he had destroyed all of the electronic copies of the NSA's data before boarding his flight to Moscow, he could he be "100 percent" certain, as he claimed that the data had not been accessed

by others prior to his departure from Hong Kong. His files could have been copied without his knowledge, just as he had copied them without the NSA's knowledge. As former U.S. intelligence officers pointed out to me, adversary services could not be expected to shirk from employing their full capabilities once they learned that an American "agent of special services," as Putin called him, had brought stolen NSA documents to Hong Kong. The *New York Times* reported from Hong Kong that two sources, both of whom worked for major government intelligence agencies, "said they believed that the Chinese government had managed to drain the contents of the four laptops that Mr. Snowden said he brought to Hong Kong." That China had the capability to obtain Snowden's data was also the view of former CIA Deputy Director Morell. He said: "Both the Chinese and the Russians would have used everything in their tool kit—from human approaches to technical attacks—to get at Snowden's stolen data."

Snowden would not have been a particularly difficult target for them, especially after he started disclosing secrets to journalists at the Mira hotel in Hong Kong. Not only could the Chinese service approach the security staff at the Mira Hotel but they could track him after he left the hotel and moved, along with his computers, in and out of several residences arranged by his "carer." Snowden, after all, had put himself in the hands of people whom he had never met before including three Hong Kong lawyers, a "carer" and three *Guardian* journalists. Presumably, the efforts of these adversary intelligence services to find him, and the NSA data, would further intensify after Snowden revealed to the *South China Morning Post* on June 14, 2013 that he had access to NSA lists of computers in China and elsewhere that the NSA had penetrated.

It wouldn't be only the Chinese service on his trail. The Russian intelligence service would also likely be tasked to acquire these NSA documents after Snowden's meeting with Russian officials in Hong Kong. And while he could get away with giving coy and elusive answers to journalists who asked him about the whereabouts of the NSA data, the Russian and Chinese officials in Hong Kong, who could offer him an escape route from prison, likely would demand more specific answers about the whereabouts of data they had no already obtained by technical means.

*The Post- Hong Kong Documents*

The NSA concern about who had access to its missing files deepened further when NSA documents continued to surface in the press *after* Snowden went to Moscow. If US intelligence needed any further evidence that someone had access to the documents, these additional revelations provided it. The most sensational of them was a purported document attributed to Snowden concerning the NSA hacking the cell phone of German Chancellor Angela Merkel. The story was published on October 23, 2013 on the *Der Spiegel* website. The co-author of the story was Jacob Appelbaum. Even though Snowden had by now been in Russia for four months, he was cited, along with unnamed "others" as the source for the NSA document. Nor did Snowden deny it. Indeed. He took a measure of credit for the revelation, saying on German TV "What I can say is we know Angela Merkel was monitored by the National Security Agency." If Snowden's

had released this document, it would be consistent with Kucherena's assertion that Snowden had access to the archive.

Adding to the intrigue, Poitras was apparently caught by surprise when the Merkel story broke in *Der Spiegel*. She urgently texted Snowden on what she called "background" (which ordinarily means that a journalist will not attribute information to a source.) She asked him in the text to explain the NSA's actions. Snowden explained to her that Merkel was listed by her true name (and not by a codename) in the NSA document because the German chancellor was a NSA "target not an asset." Presumably, Poitras would have already known that distinction if she had the document referred to in *Der Spiegel*. If the Merkel document was not among the data given to Poitras in Hong Kong , how did it get to the authors of the *Der Spiegel* article?

One of the authors, Appelbaum, as discussed earlier, had been in contact with Snowden before he went public. He had served as Poitras' co-interrogator of Snowden while he was still working at the NSA in May 2013. Appelbaum also, was one of the leading supporters of Wikileaks. Since he was famously an advocate of revealing government secrets, it seems unlikely that he would have delayed releasing such a bombshell about Merkel's phone if Snowden had given him this document *before* he had left Hong Kong in June 2013. Why would Appelbaum kept it secret for more than four months? The same pressure to publish would also apply to the journalists Snowden had dealt with in Hong Kong. If Snowden had given Poitras, Greenwald, Lam or MacAskill the Merkel document, or even told them about it in their interviews with him in Hong Kong, the *Guardian* would have certainly rushed out such a scoop.

According to source with knowledge of the Snowden investigation, there was no document referencing any spying on Merkel's phone among the 58,000 documents on the thumb drive that Snowden had given Poitras and Greenwald in Hong Kong. That absence would explain why Poitras had to send a text to Snowden in Moscow to ask for an explanation after the story broke. Further confirmation of the absence of this document in the material Snowden provided journalists in Hong Kong comes from James Bamford, a well-respected expert on the NSA. In the course of researching his 2014 article on Snowden for *Wired* magazine, he was given access to all the documents Snowden gave to Poitras, Greenwald and Gellman. Bamford used a sophisticated indexing program to search through the database specifically for The Merkel material. , Even so, he did not find any. He reported that no document that even mentioned Merkel given to journalists in Hong Kong mentioned Merkel. It therefore appeared that the Merkel document was provided to *Der Spiegel* after Snowden went to Moscow in June. If so, some party had access to NSA documents after Snowden arrived in Russia and provided the authors of the *Der Spiegel* story with the scoop. In that context, it may have not been a pure coincide that Kucherena's disclosed that Snowden had access to documents which he had not given to journalists in Hong Kong shortly before just such a document was [published in Germany.

For his part, Bamford explored the possibility that there might be another mole in the NSA. Was it possible another person in the NSA was stealing documents? He wrote Poitras and asked

her whether the Merkel document could have come from another person in the NSA. He notes that she declined, via a letter from her lawyer, to answer that question. But since she had not been the author of the *Der Spiegel* article, and it had not been given the document, there is no reason to she would know its provenance.

The post-Hong Kong documents did not stop with the Merkel one. Documents continued to emerge years after Snowden arrived in Moscow. In June 2015, for example, the Wikileaks website released another putative Snowden document two years after he had supposedly wiped his computer clean in Hong Kong. It revealed that the NSA had targeted the telephones of the three consecutive presidents of France-- Jacque Chirac, Nicolas Sarkozy and Francois Hollande, all of whom were allies of the United States. Moreover, according to a former NSA official, this 2015 document, like the 2013 Merkel material, not among the data on the thumb drive given to journalists in Hong Kong. The released on the Wikileaks site came at an embarrassing time since in the midst of NATO war games held near the Russian border, which Putin had vehemently denounced, The accompanying article was co-authored by Julian Assange, who now claimed to have access to Snowden's NSA material. Since Assange, it will be recalled, had been in telephonic contact with Snowden in Hong Kong and his deputy, Sarah Harrison, had spent five months in Moscow with Snowden in 2013, it is certainly possible Snowden was his source. But it seems difficult to believe that Assange waited two years before publishing since he has made it part of his modus operandi to publish documents immediately. And since Wikileaks receives documents anonymously via its TOR software, any party, with access the Snowden files, could have sent it.

Greenwald and Poitras also released belated documents. On July 15, 2015, for example, their web publication *The Intercept* released a Snowden document that t cited a NSA intercept of Israeli military communications about an Israeli raid in Syria on August 1, 2008. It revealed that in it a group of Israeli commandos killed General Suleiman, a top aide to President Assad who had been working with North Korea to build a nuclear facility in Syria. Israel had destroyed that facility in Operation Orchard nearly a year earlier. Whatever the purpose of this new release of a NSA document (which had little, if anything, to do with any of the NSA's own operations); it was not among the data that Snowden had given Poitras and Greenwald in Hong Kong in 2013, according to a source with access to the investigation. If so Poitras and Greenwald, like Appelbaum and Assange, were still receiving NSA documents that Snowden had allegedly stolen a long time after he claimed he had destroyed all his files.

The NSA reportedly determined that these belated documents, all of which concerned American allies in Germany, France and Israel, had been among the material copied during the Snowden breach. They provided further reason to believe that someone still had access to the documents that were not distributed to journalists in Hong Kong. Kucherena's disclosure just before the first post-Hong Kong release that Snowden still had access to the NSA files made it appear plausible that Snowden sent these documents to *Der Spiegel, Wikileaks* and *The Intercept*. A former high-ranking KGB officer I interviewed had a very different view. He told me that in his experience an intelligence defector to Russia would not be allowed to distribute secret material to journalists without explicit approval by the security service tending him. , and that this injunction would be especially true in the case of Snowden after Putin publicly had forbade

him from releasing U.S. intelligence data. The alternative is that this material was released at the behest of the Russian intelligence service.

The mystery of the post Hong Kong documents also intrigued members in the US intelligence community with whom I discussed it. When I asked a former intelligence executive about the ultimate source for the Merkel story, he responded: "If Snowden didn't give journalists this document in Hong Kong, we can assume an intermediary fed it to Appelbaum to publish in *Der Spiegel*?" According to him, the NSA investigation had determined that Snowden indeed had copied a NSA list of cell phone numbers of foreign leaders, including the number of Merkel. This list became the basis of the *Der Spiegel* story. It was also clear that Snowden in Moscow gave credence to the release. He made a major point about the hacking of Merkel's phone in an interview with *Wired* magazine in 2014. Just about two weeks before the leak, Kucherena said Snowden still had access to the documents. Clearly, someone had access. But whoever was behind it, the release of information about the alleged bugging Merkel's phone resulted in badly fraying US relations with Germany in the midst of developing troubles in Ukraine. As it later turned, according to the investigation of the German federal prosecutor concluded in 2015, there was no evidence found in this document, or elsewhere, that Merkel's calls were ever actually intercepted. Although they revealed little, if anything, the intelligence services of Germany, France and Israel were not already aware of, they raised a public outcry in allies against NSA surveillance, and the outcry became the event itself.

While these post-Hong Kong documents had little, if any, intelligence value, they provided further evidence that at least part of the stolen NSA documents was in the hands of a party hostile to the United States. If so, it wasn't much of a leap to assume that this party also had access to the far more valuable Level 3 documents revealing the NSA's sources and methods, such as the one that Ledgett had described as a "road map" to U.S. electronic espionage against Russia and China.

Within the intelligence community, this concern was heightened by new counter measure to this espionage employed by Russia and China after Snowden reached Moscow. For example, there were indications that the NSA had lost part of its capabilities to follow Russian troop movements in the Crimea and Eastern Ukraine. U.S. intelligence officials even went so far as to suggest, according to a report in the *Wall Street Journal* that " Russian planners might have gotten a jump on the West by evading U.S. eavesdropping."
. Britain also discovered that some of its secret operations had been compromised after Snowden went to Moscow. According to a 2015 story in the *Sunday Times* of London, British intelligence had determined that Britain's intelligence- gathering sources had been exposed to adversary services by documents that Snowden had stolen from the NSA in 2013. These documents had been provided to the NSA by the GCHQ, the British cipher service. Unless such intelligence disasters were freak aberrations, it appeared to confirm General Alexander warning in 2014 that the NSA was "losing some of its capabilities, because they're being disclosed to our adversaries."

Snowden's supporters, to be sure, disputed this view. If only as an act of faith in Snowden's personal integrity, they continued to believe his avowal to Senator Humphrey that he had acted to protect U.S. secrets by shielding them from adversary intelligence services after he took them abroad. They also continued to take him at his word when he said he had destroyed all the NSA documents before going to Russia. Despite such protestation of Patriotic loyalty, U.S intelligence officials could not so easily dismiss the possibility that the missing documents still existed. After all, a U.S intelligence worker who is dedicated to protecting American secrets from its adversaries does not ordinarily takes them to an adversary country. The NSA, CIA and Department of Defense therefore had little choice but to assume the worst had happened: Russia and China had obtained access to the "keys of the kingdom". Whatever the extent of the actual damage, it was up to General Alexander's replacement, Admiral Michael Rogers, both to restore morale and rebuilding the capabilities of America's electronic intelligence in the wake of the massive breach. According to a National Security staff member in the Obama White House, that job would take more than a decade. Meanwhile, Whoever now held the keys to the kingdom, one thing was certain: the NSA had failed to protect them. This intelligence failure did not happen out of the blue. Meanwhile, Putin added insult to the injury by awarding the alleged perpetrator sanctuary in Russia.

# CHAPTER EIGHTEEN

## The Unheeded Warning

"The NSA—the world's most capable signals intelligence organization, an agency immensely skilled in stealing digital data—had had its pockets thoroughly picked."

- --CIA Deputy Director Michael Morell

In April 2010, the CIA received a stark reminder of the ongoing nature of Russian espionage. It came in the form of a message from one of its best placed moles in the Russian intelligence service. This surreptitious source was Alexander Poteyev, a 54-year old colonel in the SVR, which was the successor agency to the First Chief Directorate of the KGB. While the FSB took over the KGB's domestic role in December 1991, the SVR became Russia's Foreign Intelligence Service. Its operation center was in the Yasenevo district of Moscow. The CIA had recruited Poteyev as its mole in the 1990s when he had been stationed at the Russian Embassy in Washington DC. That it could sustain a mole in Moscow for over a decade attested to its capabilities in the espionage business. After he returned to Moscow, still secretly on the CIA's payroll, he became the deputy chief of the SVR's "American" section. This unit of Russian intelligence had the primary responsibility for establishing spies in CIA, FBI, NSA and other American intelligence agencies.

The SVR's last known (or caught) mole in US Intelligence was CIA officer Harold Nicholson in 1996. Before it could now expand its espionage capabilities. It needed to build a network of Russian sleeper agents in the United States. For this network, it needed to groom so-called "illegals," or agents who were not connected to the Russian Embassy. This so-called "illegals" network was necessary since presumably all Russian diplomats, including the so-called "legal" members of Russian intelligence, were under constant surveillance by the FBI. Advances in surveillance technology in the 21st century had made it increasingly difficult to communicate with recruit through its diplomatic missions. To evade it, the "American" division of the SVR was given the task of placing individuals in the United States disguised as ordinary Americans. Their "legend," or operational cover, could be thin since they would not be applying for jobs in the government. Their job was simply blend in with their community until they were called upon by the "American" department in Moscow to service a mole that had been planted in US intelligence or other part of the US government. Until there were activated by such a call, they were classified as sleeper agents. Unlike the SVR's "legal" officers, who were attached to Russian embassies as diplomats and were protected from arrest by the Treaty of Vienna, the SVR's illegal agents lack diplomatic immunity. According to Pavel Sudoplatov, who defected from the KGB in the Cold War, the sole job of such sleeper agents was to "live under cover in the West awaiting assignments for the Center." One assignment that justifies the expense of maintaining such agents is to service a penetration, after one is made, in the US intelligence establishment. While

waiting to be activated for such a job, sleeper agents were instructed to build every detail of their cover identity so as to perfectly blend in with Americans.

To build this American network of sleeper agents took the better part of a decade. In 2005, this SVR's "American" section in Moscow had begun methodically installing "sleeper agents" in the US. Almost all of them were all Russian citizens who had assumed new identities to better blend into their communities.

The CIA learned of this sleeper program through Poteyev soon after it began. The issue was how to exploit this knowledge. When I was writing my book on international deception, Angleton had pointed out to me that "the business of intelligence services is understanding precisely the relationship of their opposition to them." His view, though his opponents inside the CIA would call it with some justification an obsession, was that an intelligence service had focus on the moves of its rivals. To accomplish this "business" in the first decade of the 21st century, the CIA had to establish why its new opposition, the SVR, was laying the foundation for an espionage operation. What were its priorities in the resumption of the intelligence war? Its inside man, Poteyev, in the SVR, provided it with a tremendous advantage in this relationship. It knew the links in a sleeper network that the SVR believed was safely hidden from surveillance. If they were followed, when they were activated they could expose whatever recruits the SVR had in the American government. The CIA duly shared this information about the sleeper ring with the FBI, which had the responsibility for the surveillance of foreign agents in the United States, The FBI, for its part, kept the Russian sleeper agents under tight surveillance—an operation which grew in complexity and expense as more SVR agents arrived in the US.

Meanwhile, in Moscow, Poteyev was following the unfolding operation. Part of his SVR job was to continue preparing these "Americans," as they were called by the SVR, for their assignments. Some had been sent as couples, other as singletons. One of the singletons that Poteyev personally handled was Anna Kushchyenko. She was a strikingly beautiful Russian student, who changed her name to Anna Chapman by briefly marrying a British citizen she met at a rave party. After taking his name, she left him. After completing her training in Russia, the SVR sent her to New York City to establish herself as international real estate specialist. Other "Americans" under Poteyev's watch became travel agents, students, and financial advisers. In all, Poteyev identified to the CIA twelve such sleeper agents. Since they had been instructed to simply act out their role, while awaiting an intelligence assignment, they presented no real threat. Even so, the cost of FBI surveillance over the years became sizable. Around the clock surveillance on the movements and communications of a single individual can cost, according to a former FBI agent, over $10,000 a day.

The situation suddenly changed when the CIA received Poteyev's message in 2010. It warned that Russian military intelligence had asked the SVR to activate some of its sleeper agents for a highly-sensitive assignment. Such a move suggested that Russian intelligence had found a possible source that could supply it with valuable information. According to a former CIA

intelligence official who later became involved in the case, the assignment involved preparing these agents to service a potential source in the NSA at Fort Meade, Maryland. If true, it suggested that Russian intelligence either had found or was working on a means of penetrating the NSA.

In 2010, the NSA's "Q" division handled such security and espionage threats. It reportedly initiated a counter-espionage probe at the NSA's Fort Meade headquarters on receiving the tip. But since the NSA's cryptological service had in 2010 no fewer than 35,000 military and civilian contractor employees, the search for a possible leak was no easy matter. According to a subsequent note in the NSA's secret budget report to Congress, it would require "a minimum of 4,000 periodic investigations of employees in position to compromise sensitive information" to safely guard against "insider threats by trusted insiders who seek to exploit their authorized access to sensitive information to harm U.S. interests." According to a former executive in the intelligence community, that amount of investigations far exceeded the budgetary capabilities of the NSA. So while the investigation found no evidence of SVR recruitment, it remained possible that Russian intelligence had found a candidate in the NSA.

Meanwhile, in June 2010, to pre-empt such a leak in US intelligence and avoid any potential embarrassment that could result, the FBI decided it could no longer engage in this sort of an intelligence game with the sleeper network. It arrested all 12 sleeper agents identified by Poteyev. After receiving a great deal of public attention (which led to them inspiring the FX series: The Americans,"), the sleeper agents were deported back to Russia. This move had both advantages and disadvantages. The main advantage was that it severed any communication link between the putative person-of-interest in the NSA and Russian intelligence via the sleeper agents. The main disadvantage was that it eliminated the possibility that FBI surveillance of the illegals might lead the FBI to a possible recruit in the NSA or elsewhere.

The pre-emptive arrests also had an unforeseen consequence. They resulted in accidently compromising the CIA's own mole, Poteyev. In entrapping Anna Chapman, who was one of the more active of the sleeper agents, the FBI agent had used a password to deceive her into believing she was speaking to a SVR officer (when in fact she was speaking to an FBI agent who was impersonating one.) That unique password had been personally supplied to her by Poteyev. So Chapman had reason to believe Poteyev had betrayed her,

When Chapman returned to Moscow after the spy exchange, she was taken to a well-publicized dinner with Putin. Afterwards, she informed her debriefer at the SVR that only Poteyev had been in a position to know the password that the FBI agent used. This brought Poteyev under immediate suspicion. Tipped off by the CIA to the FBI's error, Poteyev managed to escape by taking a train from Moscow to Minsk in Belarus. The CIA next exfiltrated him out of Belarus and to the United States. Poteyev had been saved from prison—or worse, but he was no longer useful to the CIA as a mole. Without the services of Poteyev in the SVR in Moscow, US intelligence was unable to find out further details about the mission to which Poteyev's sleeper

agents were to be assigned. All it had discovered was the history of the preparations for a major espionage revival. It now knew that the SVR had installed plumbing in America that one or more agents in this network had been activated to handle a possible recruit in the NSA. But without anyone left in the sleeper network to follow and without an inside source in the SVR, it had no further avenues to fruitfully pursue. The revelation of the sleeper agents had little, if any, other intelligence value.

The NSA's own security investigation turned up no evidence of a leak at Fort Meade in 2010. The absence of evidence of a penetration in a security investigation is not in itself evidence of the absence of a penetration. The Russian intelligence service had demonstrated in the past it was well-schooled in covering its tracks in operations against US communications intelligence. For example, CIA counterintelligence had learned from a KGB defector in the early 1960s that Russian intelligence had penetrated the cipher room at the US Embassy in Moscow and, because of this operation, the KGB was able to decipher crucial communications. Even so, it failed to find either the perpetrator or any evidence of his existence for more than a half century. The operation was only definitively revealed by Russian spymaster Sergey Kondrashev in 2007. Tennent Bagley, who headed the CIA's Soviet Bloc counterintelligence at the time, late wrote in his book that the ability of Russian intelligence to conceal this penetration for more than a half century "broke the record for secret keeping."

This Russian ability to penetrate US intelligence was not entirely defeated by America's implementation of more sophisticated security procedures, such as the polygraph examination and extensive background checks. In 1995, only 10 years before Snowden joined it, the CIA's inspector general completed a study of the KGB's use of false defectors to mislead the US government from the end of the Cold War in late 1980s through the mid-1990s. It found Russia had dispatched at least half-dozen double agents who provided misleading information to their CIA case officers. Because the KGB operation went undetected for nearly a decade, the disinformation prepared in Moscow had been incorporated into reports, which had a distinctive blue stripe to signify their importance, had been provided to the three American Presidents, Ronald Reagan, George H.W. Bush and Bill Clinton. Even more shocking, in tracing the path of this disinformation, the Inspector General found that the "senior CIA officers responsible for these reports had known that some of their sources for this information were controlled by Russian intelligence," yet they did not inform the President and officials receiving the blue-striped reports, that they had included Russian misinformation. What CIA Director John Deutch called "an inexcusable lapse" also reflected a form of institutional willful blindness in US intelligence, borne out of bureaucratic fear of career embarrassment so well described in LeCarre's spy novels. Detecting intelligence failures has, if anything, become even more difficult in the age of the anonymous Internet.

The NSA's vulnerability to intelligence lapses, which became all too apparent with Snowden, had departed America with a large selection of its most secret documents. The Snowden breach

demonstrated the NSA had few, if any, fail-safe defenses against a would-be leakers of communication intelligence. In the new domain of cyber warfare, conventional defensive rules do not apply. "There are no rivers or hills up here. It's all flat. All advantage goes to the attacker," Michael Hayden said in an interview in 2015 with the publisher of the *Wall Street Journal*. His point was that since there are no defensive positions, cyber warfare must rely on an aggressive offensive. If fully successful such attacks would so deeply penetrate the defenses of an adversary intelligence organization that it could not mount any of its own unexpected cyber attacks Such offensive capabilities would make it difficult, if not impossible, for adversary services to recruit a spy in the NSA. .For example, the CIA penetration of the SVR in 2010 prevented it from using its the sleeper network against U.S. targets. "The best defense in this game may be an overwhelming offensive," a former intelligence official said to me. "but that strategy only works if we can keep secret sensitive sources."

Central to this offensive strategy was the NSA's National Threat Operations Center in Oahu, Hawaii. It employed threat analysts to surreptitiously monitor the secret activities of potential enemies, mainly China, Russia and North Korea. A large part of their job was to make transparent to the US the hostile activities of the Russian and Chinese services so that they posed little, if any, intelligence threat to America. This strategy worked so far as the NSA guarded itself but it also raised the issue, as the Roman Juvenal famously warned "Quis custodiet ipsos custodes?" Who will guard the guards themselves?

Less than three years after the NSA had received the Poteyev warning, a 29-year old civilian trainee at the National Threat Operations Center, demonstrated its glaring vulnerability. Instead of guarding secrets, Snowden stole them. General Hayden described the Snowden breach as the "most serious hemorrhaging of American secrets in the history of American espionage. Among the documents taken in this security breach were lists of secret NSA sources in China and Russia. Despite all the measures the NSA had taken to protect its vital secrets, a lowly civilian employee had walked away with the keys to its kingdom In the hands of their intelligence services, these stolen lists had the potential to totally upend the NSA's offensive strategy. Since Russia and China have an intelligence treaty for sharing such spoils between them when it is to their mutual advantage, it had to be assumed that if either country had acquired the secrets from Snowden, they would be shared between them altering the balance of power between the communication intelligence services of the US and its adversaries.

Following the Snowden breach both China and Russia had immense successes d in breaking through the defenses of US government networks, including the breaches in 2014 and 2015 of U.S. personnel files and background checks. When I asked General Hayden in June 2015 if these successes were made easier by those documents compromised by Snowden, he replied, "Even though I cannot make a direct correlation here, unarguably our adversaries know far more about how we collect signals intelligence than they ever did before [Snowden]."

If Snowden could cause such massive damage, so could other civilian trainees at the NSA. Someone in the chain of command had to take responsibility, General Alexander tendered his resignation on June 30th, 2013. " I'm the director, "he said, falling on his sword. "Ultimately, I'm accountable. " As President Obama did not want the head of the NSA resigning in the midst of the Snowden crisis, he asked him to stay on for another six months. He then appointed Admiral Michael Rogers to be his replacement. Meanwhile, it had become undeniable clear to the Review Committee appointed by President Obama in 2013 that the NSA's own defenses had catastrophically failed. If so, this change was the equivalent of re-arranging the deck chairs on the *S.S. Titanic* after it hit an iceberg.

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# PART FOUR

# THE GAME OF NATIONS

"I learned that just beneath the surface there's another world, and still different worlds as you dig deeper."

--David Lynch on his 1986 film *Blue Velvet*

# CHAPTER NINETEEN

## The Rise of the NSA

"There are many things we do in intelligence that, if revealed, would have the potential for all kinds of blowback," -- National Intelligence" – James Clapper, Director of National Intelligence

In the Game of Nations, which is played at a level that often is not visible to public scrutiny, the great prize is state secrets that reveal the hidden weaknesses of a nation's potential adversaries. The most important of these in peacetime is communication intercepts. It was just such state secrets that Edward Snowden took from the NSA in the spring of 2013. Before that breach, America's paramount advantage in this subterranean competition was its undisputed dominance in business of obtaining and deciphering the communications of other nations. The NSA was the instrument by which the United States both protected its own secret communications and stole the secrets of foreign nations. The NSA, however, has an Achilles' heel: it is dependent on civilian computer technicians who do not necessarily share its values to operate its complex system. Because of this dependence, it was not able in 2013, as it turned out, to protect its crucial sources and methods.

Snowden exposed this vulnerability when he walked away with, among other documents, the 32,000 page-long country by country descriptions of the gaps in America's coverage of the communications of its adversaries. Even though the Cold War had been declared over after the collapse of the Soviet Union a quarter of a century earlier, the age-old enterprise of espionage did not end with it. Russian and China still sought to blunt the edge that the NSA gave the United States. So the Snowden breach cannot be simply looked as an isolated event. It needs to considered in the context of the once and future intelligence war.

The modern enterprise of reading the communications of other nations traces back in the United States to military code-breaking efforts preceding America's entry into the First World War The invention of the radio at the end of the nineteenth century soon provided the means of rapidly sending and getting messages from ships , submarines, ground forces, spies, and embassies. These over-the-air messages could also be intercepted from the ether by adversaries. If they were to remain secret, they could not be sent in plain text. They had to be sent in either code, in which letters are substituted for one another, or, more effectively, cipher, in which numbers are substituted for letters. Making and breaking codes and ciphers became a crucial enterprise for nations. By 1914, the US Army and Navy had set up units, staffed by mathematicians, linguists and crossword puzzle-solvers to intercept and decode enemy messages. After the war had ended in 1918, these units were fused into a cover corporation called the "Code Compilation Company," which moved to new offices on 37th Street and Madison Avenue in New York City. Under the supervision of the famous cryptographer Herbert O Yardley, a team of 20 code-breakers was employed in what was called the "Black Chamber." Yardley arranged for

Western Union, which has the telegraph monopoly in America, to provide the Black Chamber with all the telegrams coming into the United States. "Its far-seeking eyes penetrate the secret conference chambers at Washington, Tokyo, London, Paris, Geneva, Rome," Yardley wrote about the Black Chamber. "Its sensitive ears catch the faintest whispering in the foreign capitals of the world." But in 1929, at the instructions of President Herbert Hoover, Secretary of State Henry Stimson closed the Black Chamber saying famously "Gentlemen should not read each other's mail." The moratorium did not last long. With war looming in Asia and Europe, President Franklin D. Roosevelt reactivated the operation as the Signals Security Agency. It proved its value in breaking the Japanese machine-generated cipher "purple." In June 1942, using deciphered Japanese messages to pinpoint the location of the Japanese fleet at Midway; America's won a decisive naval victory in the Pacific. Germany's Enigma encoding machines, with three encoding wheels, proved more of a challenge. Initially British cryptanalysts led by the brilliant mathematician Alan Turing succeeded in building a rudimentary computer to decipher German messages to its submarines and bombers, but, in 1942, Germany added a fourth set of encoding wheels, escalation what essentially was a battle of machine intelligence. The US Navy then contracted with the National Cash Register Company to build a computing machine capable of breaking the improved Enigma, and, in May 1943, it succeeded. By the time the war ended in 1945, the US had over one hundred giant decryption machines in operation. This unrivalled capability to read the communications of foreign nations, which remained one of America's most closely guarded secrets, was transferred to the Army Security Agency based at Fort Meade, Maryland. Then, on October 24, 1952, President Harry S. Truman, greatly expanded its purview and changed its name to the National Security Agency.

The NSA was given two missions. The first one was protecting the communications of the US government. The main threat to breaching U.S. government channels of communications was the Soviet. The second one was intercepting all the relevant communications and signals of foreign governments. This latter mandate included the governments of allies as well as enemies. The President, the other intelligence services and the Department of Defense deemed what was relevant for national security. Even though the NSA remained part of the Department of Defense, its job went far beyond providing military intelligence. It also acted as a service agency to other American intelligence services. They prepared shopping lists of foreign communications intelligence and the NSA fulfilled them.

As the Cold War heated up in the 1960s, the NSA provided intelligence not only to the Pentagon but to the Department of State, Central Intelligence Agency, the Treasury Department, the Atomic Energy Commission, and the FBI. With a multi-billion dollar "black budget" hidden from public scrutiny, the NSA's technology directorate invested in state-of-the-art equipment, including super computers that could break almost any cipher, antennae mounted on geosynchronous satellites that vacuumed in billions of foreign telephone calls and other exotic capabilities. It also devised stealthy means of breaking into channels that its adversaries believed were secure. This enterprise required not only an army of technical specialists capable of

remotely intercepting even the faintest traces of electromagnetic signals, hacking into computers, and eavesdropping on distant conversations, but using special units, called "tailored access operations," to plant listening devices in embassies and diplomatic pouches. It also organized elaborate expeditions to penetrate cables in enemy territory. In 1971, for example, the NSA had sent a specially-equipped submarine into Russia's Sea of Okhotsk in Asia to tap through Arctic ice. The target was a Russian cable 400 feet below the surface that connected the Russian naval headquarters in Vladivostok with a missile testing range.

In 1980, President Ronald Reagan, gave the NSA a clear mandate to expand its interception of foreign communications. In Executive Order 12333, he told the NSA to use "all means, consistent with applicable Federal law and (this Executive) order, and with full consideration of the rights of United States persons, shall be used to obtain reliable intelligence information to protect the United States and its interests." It did restrict any foreign country, either an adversary or an ally, from its surveillance.

The NSA's target soon became nothing short of the entire electromagnetic spectrum. "We are approaching a time when we will be able to survey almost any point on the earth's surface with some sensor," Admiral Stansfield Turner, the former Director of Central Intelligence wrote in 1985. "We should soon be able to keep track of most of the activities on the surface of the earth." Bobby Ray Inman, a former director of the NSA and deputy director of the CIA, argued that the "vastness of the [American] intelligence 'take' from the Soviet Union, and the pattern of continuity going back years, even decades," greatly diminished the possibility of Soviet deception so long as the NSA kept secret its sources.

The NSA did not rely entirely on its own sensors for this global surveillance. It also formed intelligence-sharing alliances with key allies the most important was with the British code-breaking service, called the Government Communications Headquarters, or GCHQ, which in World War II had achieved enormous success in using computers to crack the German Enigma cipher. This alliance expanded to include Canada, Australia, and New Zealand, in the so-called Five Eyes Alliance. Since over 80 percent of international phone calls and Internet traffic passed through fiber-optic cables in these five countries, the alliance had the capability of monitoring almost all phone and internet communications. .The NSA also established fruitful liaisons with the cyber-services of Germany, France, Spain, Italy, Netherlands, Portugal, Israel, Japan, and South Korea, who often were willing to provide the NSA with access to telecommunications links in their countries. These long-term allies greatly strengthened the NSA's hand in other ways in the intelligence war. For example, the so called "James Bond" provision of the British Intelligence Services Act 1994 allowed officers of the GCHQ to commit illegal acts outside of Brittan including planting devices to intercept data from computer servers, cell phones, and other electronic targets. And, as Snowden's release of documents revealed in 2013 and 2014, these foreign allies fully shared their information with the NSA.

Of course, the liaison between the NSA and its allies was a two way street. In 2013, none of these other countries had a global network of geosynchronous sensors in outer space and under the ocean that could monitor signals from missile launching, submarine, military deployments, nuclear tests and other matters of strategic importance to them. Nor did these allies have the cipher-breaking capabilities of the array of NSA super computers. The NSA had assiduously built these means at a cost of over a half trillion dollars and employed tens of thousands of linguists who could translate almost any dialect or language of interest.

Even though these allies had their own ciphers services and local capabilities they depended on NSA to provide them a large share of their signal intelligence. From the perspective of defending themselves from potential threats, the deal that these allies had with NSA was a mutually-advantageous.

The NSA's overseas intelligence gathering was not limited to adversary nations. With the exception of the Five-Eye allies, it gathered data that was deemed of importance by the President and Defense Department in friendly countries. These operations had been approved by every American President, and funded by every American Congress, since 1941. After all, even in the realm of allies, activities take place that run counter to American interests. The 911 conspiracy, for example, was hatched in Hamburg, Germany and financed in Dubai and Saudi Arabia. Nor were American allies unaware of the reach of the NSA. "Yes, my continental European friends, we have spied on you. And it is true we use computers to sort through data by using keywords," former CIA Director James Woolsey wrote in the *Wall Street Journal* in 2000, "Have you stopped to ask yourselves what we are looking for?" Whether or not it was appreciated by other countries, the global harvesting of communication intelligence by the NSA was hardly secret.

As the NSA expanded further, it delegated part of its work to regional bases, including ones in Utah, Texas, Hawaii and Japan. The paramount task of the NSA remained monitoring the channels of communications that an adversary might use. The vast proliferation of these channels in cyberspace, which included email, social media, document sharing and other innovations of the Internet age, greatly complicated this task. Even so, this challenge was not insurmountable because most of the Internet actually travelled through fiber-glass land-line cables that crossed the territories of the United States, Britain and Australia. So the NSA found the technical means, including voluntary gaining access to major Internet companies, to "harvest" vast amounts of this Internet data. America's other intelligence agencies quickly recognized the value of the communications intelligence gleaned from foreign telecommunications. John E. McLaughlin, who was the CIA's Acting Director in 2004, described the NSA as nothing less than the "very foundation of US intelligence." This service proceeded from the immense amount of foreign data that the NSA vacuumed in through its global sensors. This data allowed the CIA and other US intelligence services a means for verifying the reports of its human sources as well as discovering new targets in adversary nations for further investigation.

By the first decade of the 21st century, the NSA's surreptitious efforts to render the Internet transparent to US intelligence had earned it a new set of enemies. They were the previously-mentioned hacktavists who were attempting to shield the activities of Internet users from the intrusions of government surveillance. They employed both encryption and TOR software to defeat that surveillance.

The NSA was not about to be defeated by the tactics of amateur privacy advocates. It did not conceal that it was intent on countering any attempt to interfere with its surveillance of the Internet. It built back doors into their encryption and worked to unravel the TOR scrambling of their IP addresses. It made leading hacktavists targets. Brian Hale, the spokesman for the Director of National Intelligence, disclosed that the US routinely intercepted the cyber signatures of parties suspected of hacking into US government networks.

Following the 9/11 attack on the Pentagon and World Trade Center, the surveillance of the Internet also became an integral part of Bush' administration's war on terrorism. In October 2001, Congress expanded the NSA's mandate by passing the USA Patriot Act. Section 215 of the act directly authorized the NSA, with the approval of the FISA court, to collect and store domestic telephone billing records. The idea was to better coordinate domestic and foreign intelligence about Al-Qaeda and other jihadist groups. The mantra in government after the 9/11 was to "connect dots." Congress with this back essentially called for demolishing the wall by domestic and foreign intelligence when it came to foreign-directed terrorism. The act effectively made the NSA a partner with the FBI in tracking phone calls made from the phones origination outside the United States by known foreign jihadists. If these calls were made to individuals inside the NSA was now authorized to retrieve the billing records of the person called and those people who he or she called. These traces were then supplied to the FBI. When a *New York Times* expose in 2008 revealing that NSA surveillance has been extended to domestic telephone used, Congress passed the FISA Amendments Act of 2008 explicitly allowing the NSA to continue these practices if it obtained a FISA court order. Congress also sanctioned the NSA's supplying the FBI with the emails and other Internet activity of foreign Jihadists if it was suspected of planning attacks in America. This put the NSA directly in the anti-terrorist business in the United States. It also necessitated the NSA vastly increasing its coverage of the Internet.

The new duties also increased the NSA's need to create new bureaucratic mechanism to monitor its compliance with FISA court orders, Rajesh De, the NSA's General Counsel at the time of the Snowden breach, described the NSA as becoming by 2013 "one of the most regulated enterprises in the world." Grafted onto its intelligence activities were layers of mandated reporting to oversight officials. Not only did the NSA have its own chief compliance officer, chief privacy and civil liberties officer, and independent inspector general but the NSA also had to report to a difference set of compliance officers at the Department of Defense the Office of National intelligence and the Department of Justice On top of reporting to those officials, the Department of Justice dispatched a team of lawyers every 60 days to review the results of "every

single tasking decision" approved by the FISA court. According to Rajesh De, just assembling these reports involved thousands of hours of manpower. In addition, the President's Oversight Board required that NSA's Office of the General Counsel and Inspector General supply it every 90 days with a list of every single error made by every NSA employee anywhere in the world deviating from procedures, including even minor typing errors. These requirements, according to De, inundated a large part of the NSA legal and executive staff in a sea of red tape. Yet, this regulation could not undo surveillance programs such as the one Snowden revealed of Verizon turning over the billing records of its custumers to the NSA, because the NSA was in compliance with the FISA court order (even though, as it turned out in 2015, the FISA court may have erred in interpreting the law.)

The NSA's focus on surveillance may have led to the neglect of its second mission: protecting the integrity of the channels through which the White House, government agencies and military units send information. This task had been made vastly more difficult by the proliferation of computer networks, texting and emails in the 21st century. To protect against cyber attacks against government networks, the Pentagon belatedly created the Cyber Command in 2009. In it, the cyber defense units of the Army, Navy, Marines, and Air Force cyber forces, were merged together in this new command put under the command of the NSA director. NSA director Keith Alexander became the first director of this new command. One problem for the Cyber command was separating attacks by civilians, including criminals, hacktavists and anarchists, from cyber warfare sponsored and supported by adversary states. Since foreign intelligence services often closely imitated the tools of civilian hackers, and were even known to provide them with hacking tools. Even for the Cyber Command, it was not easy challenge to unambiguously determine if the ultimate perpetrator of a cyber attacks was state-sponsored. For example, the identification of North Korea as the principal actor behind the attack on Sony in December 2014 appeared to be a rare success, but many cyber-security experts believed that it might be a false trail used to hide the real attacker. The problem here was that clues can be fabricated in cyber space to point to the wrong party.

The job of the Cyber command was to prevent such an attack. To this end, it planted viruses on hundreds of thousands of computers in private hands to act as sentinels to spot other suspicious viruses that could mount such an attack. So private computers became a new battleground in the cyber was. It also built a capability to retaliate. The problem was that, unlike incoming missiles, cyber attacks which were launched through layers of other country's computers could not be unambiguously traced back to the true perpetrator.

This escalation by the Cyber Command set the stage for expanded forms of warfare in Cyber space. "The Chinese are viewed as the source of a great many attacks on western infrastructure and just recently, the U.S. electrical grid," General Alexander said in explaining the need for this consolidation. "If that is determined to be an organized attack, I would want to go and take down the source of those attacks." The same retaliation would presumably be used against Russia, Iran or any other adversary. Dominance of cyber space itself now became part of the NSA's mandate.

Even so, the most important job of the NSA remained intercepting secret information from Russia, China, Iran, and North Korea. To this end, it had an annual budget of $12.3 billion and some 35,000 military and civilian employees. In 2012, James Clapper, Jr., the Director of

National Intelligence justified the secret intelligence budget by saying in an open session of Congress, "We are bolstering our support for clandestine SIGINT [signal intelligence] capabilities to collect against high priority targets, including foreign leadership targets," and to develop "groundbreaking cryptanalytic capabilities to defeat adversarial cryptography and exploit Internet traffic." It was no secret, even before Snowden, that the NSA was engaged with monitoring the Internet.

Through all this tumult the heart of the NSA's activity remained its 5,000 acre base at Fort George G. Meade, Maryland. It commanded the most powerful mechanism for intercepting communications that the world had ever seen. No other country came close to its technology for intercepting information. The NSA was not only able to intercept secret information from these potential adversaries, but it also, at least not until the Snowden breach, managed to conceal these means from them. As long as these adversaries remained blind to the ways in which its communications were being intercepted, deciphered and read by the NSA, they could not take effective countermeasures. Consequently, he NSA had the capability to provide the President and his advisers with continuous insights into the thinking and planning of potential enemies.

Keeping its sources and methods secrets was no easy task. The NSA's technicians had to deal with continuous technical challenges to provide a seamless harvesting of data from a wide range of communication devices, including telephones, computers and the Internet. It required continuous intra-agency communications between the NSA's own intelligence officers and a growing number of civilian technicians. It even had its own "Wiki-style" network through which they could discuss problems, called the NSANet. As it could not tightly control access to this technical network, it expunged any mention of the sources and methods from the material circulated on the classified NSA network. Instead, it stored them in discrete computers, called compartments that were disconnected from other computers at the NSA. These compartments could only be accessed by a limited number of analysts and NSA executives who had a need to know about the data they contained. These compartments were the final line of defense against an inside intruder.

In 2009, Snowden found his way into the NSA through a temporary job with an outside contractor that had a contract with the NSA's Technology Directorate to repair and update it back-up system. Four years later, by maneuvering to get hired by another outside contractor with access to the NSA's sources and methods, he was able to steal secrets stored in isolated computers bearing directly on the ongoing intelligence war. Snowden also copied from these compartments in a matter of weeks, as has been previously mentioned, the NSA's Level 3 sources and methods used against Russia, Iran and China. The Snowden breach demonstrated that the NSA's envelope of secrecy was at best illusory.

After this immense loss, the NSA's sources inside these adversary countries were largely compromised even if they were not closed down. Once these adversaries were in a position to know what channels the NSA was intercepting, they could use these same channels to mislead US

intelligence. A former top intelligence official told me "The queen on our chessboard had been taken."

To be sure, even after the loss of its "queen," the game was not lost. The NSA moved to mitigate the damage and find new ways of obtaining unexpected intelligence. In June 2014, the new NSA director Admiral Michael Rogers had to confront flagging morale that, according to former director Michael Hayden, was near-paralyzing the intelligence service. Admiral Rogers recognized that as a direct result of the Snowden breach "the nation has lost capabilities against adversaries right now who are attempting to actively undermine us." But even with that loss, he observed "the sky has not fallen." As in the Chicken Little fable he cited, the world had not ended for the NSA. Nor had it ended for the multi-billion out-sourcing enterprise it superintended. The NSA may have lost many of its sources, or "capabilities," but Rogers held out hope that new sources could be eventually found to replace them. Compromised codes, after all, could be changed. New technological methods could be devised. New vulnerabilities also could be targeted in enemy territories. Although repairing the damage might take many "decades." according to Michael McConnell, the Vice Chairman of Booz Allen, the new director had to get on with that task. McConnell, a former NSA director himself, pointed out that the NSA Director's "first responsibility is to be the chief cheerleader." Rebuilding the NSA capabilities assumed, however, that there would not be another Snowden-size breach.

The question remained: how could the NSA's vaunted secrecy have been so deeply penetrated by a mere analyst-in-training at a regional base in Oahu? The perpetrator himself could not be asked. He was in Moscow, supposedly employed by an unnamed Russian cyber security firm. He was also in his Moscow interviews pointing to the "incompetence" of the NSA. All that was known for certain about the young man who had taken the "queen" from the board was that he had gained entry to the NSA's secret chambers through the back door, a portal opened to him by the NSA's reliance on outside contractors.

# CHAPTER TWENTY

## The NSA's Back Door

"You have private for-profit companies doing inherently governmental work like targeted espionage, surveillance, compromising foreign systems. And there's very little oversight, there's very little review."

- Edward Snowden, explaining his access to the NSA in Moscow, 2014

Prior to Snowden's theft of NSA documents, the single most shattering blow to the confidence of the US intelligence community was the exposure of Aldrich Ames as a long-serving Russian mole in the CIA in 1994. Ames, it will be recalled, had been a high-ranking CIA officer. He had even worked at the CIA's Counterintelligence Center Analysis Group before he was arrested by the FBI. He had also worked as a mole for Russian intelligence. (His recruitment by the KGB will be further discussed in Chapter twenty-seven.)

In a plea bargain to avoid the death sentence, he admitted that he had successfully burrowed into the CIA for over nine years on behalf of the KGB. His description of his *sub rosa* activities as a mole was part of the plea bargain. He was sentenced to life imprisonment. This stunning revelation shook the CIA leadership to its core. Up until then, as mentioned earlier, CIA executives steadfastly denied that it was possible that the KGB could sustain a mole in American intelligence. The Ames arrest also led the NSA to reassess its own vulnerability to penetration. Could there be an Ames inside the NSA?

The question was considered by the NSA's National Threats Operations Center, the same unit from which Edward Snowden later stole a huge trove of secret documents. According to a report in 1996 entitled "Out of Control" (later released by the NSA), the danger of an Ames-type penetration could not be excluded. Even though the "threat officer" who wrote this report was not identified by name, his analysis proved incredibly prescient. He said that the NSA's drive to enhance its performance by networking its computers would result in the intelligence services, putting "all their classified information 'eggs' into one very precarious basket." The basket was the computer networks run by technicians called: system administrators." He pointed out that the NSA was becoming increasingly dependent on such networked computer systems, and he predicted that the NSA's "Aldrich Ames." As he put it, would be a "system administrator"—which was the position that Edward Snowden held nearly two decades later at Dell when he began stealing secrets.

The NSA's system administrators were, as the threat officer pointed out, very different from the traditional military employees at the NSA. They were usually civilians, who effectively served as repair-men for complex computer systems at the NSA. Moreover, many of them had not been directly hired by the NSA. Instead, their recruitment had been privatized to outside contractors.

This outsourcing had deep roots tracing back to the Second World War Ed Booz, the founder of Booz Allen Hamilton, obtained contracts to help manage ship construction from the US Navy. After the war ended he sought contracts for his firm in classified work. These contracts grew in size as the NSA needed more and more system administrators and other information technologists to manage the computer networks. These system administrators needed to be given special privileges to do their service job. One such privilege allowed them to bypass password protection. Another privilege allowed then to temporarily transfer data to an external storage device while they repaired computers. These two privileges greatly increased the risk of a massive breach. Seeing them as the weak link if the chain, the threat officer wrote in the report that "system administrators are likely to be increasingly targeted by foreign intelligence services because of their special access to information."

Before the computerization of the NSA, the threat officer noted that code clerks and other low-level NSA communicators had been the target of adversary intelligence services. But the increasing reliance on computer technicians presented foreign intelligence services with much richer targets. He predicted that they would adapt their recruiting to this new reality. Specifically, he argued that adversary intelligence services would now focus their attention on system administrators. "With system administrators," he said, "the situation is potentially much worse than it has ever been with communicators." The reason: "System administrators can so easily, and quickly, steal vast quantities of information."

He further suggested that since system administrators are often drawn from counterculture of hacking, they are more likely to be vulnerable to an adversary service using a fake identity for its approach, or a "false flag." A "false flag" was a term originally applied to pirate ship that temporarily hoisted any flag that would allow it to gain close proximity to its intended prey but it modern times describes a technique employed by espionage service to surreptitiously lure a prospect. As will be more fully discussed in the next chapter, false flags were a staple used by the KGB in espionage recruitments during the Cold War. They were usually employed when a target for recruitment was not ideologically disposed to assisting the intelligence service. To overcome that problem, recruiters hide their true identities and adopt a more sympathetic bogus one. In 1973, for example, the KGB, working through one of its agents in the US Navy, used the false flag of Israel, to recruit Jerry Alfred Whitworth, who served as a communications officer with a top secret clearance for the Navy. Like many other KGB recruits, Whitworth came from a broken family, dropped out of a high school, took technical courses and got a job as a communications officer. He was not disposed to working for Russia. But he was willing to steal enciphered and plain text cables to help in the defense of Israel. After he was thoroughly compromised by his espionage work, he was told by the KGB recruiter that he was actually working for Russia, but, by this time, he was too deeply compromised to quit. He continued his

espionage work for another 8 years. (Whitworth, who was arrested by the FBI in 1985, was convicted of espionage and sentenced to 365 years in prison.)

The Internet provided an almost ideal environment for false flags since its users commonly adopt aliases, screen names, and other avatars. The threat officer explained how easy it would be for the KGB to adapt such a false flag when dealing with a dissident system administrator working for US intelligence. As the threat officer pointed out in his report, the KGB had used false flags in the late 1980s to surreptitiously recruit members of the "German Hanover Hackers," a community of anarchistic hackers who breached computer networks for fun and profit. Up until then, these hacktavists stole corporate and private passwords, credit card information, and other privileged documents as a form of freelance espionage. Because of their fervent anti-authority ideology, the KGB disguised its recruiters as fellow hacktavists. The KGB succeeded in getting the Hanover hackers to steal log-in account identifications, source codes and other information from U.S. government computer networks.

The precise vulnerability that this threat officer pointed out in 1996 was system administrators. This weak link became increasingly relevant as the NSA moved further into the digital age. By the beginning of the 21st century, its growing networks of computers were largely run by civilian technicians, including system administrators, infrastructure analysts, and information technologists, who were need to keep the system running. Despite the warning by the threat officer, the NSA became more reliant on these outsiders as it reorganized to meet its new mandates for surveillance of the Internet in the war on terrorism. Since the NSA had to compete with technology companies, such as Google, Apple and Facebook, for the services of experienced IT workers, it used private contractors to find them. They, in turn, recruited civilian technicians from many unconventional areas, including the hacking culture. Ex-hackers, who lacked (or shunned) employment opportunities in the corporate sector, were suitable candidates for the system administrator jobs that these films had contracted to supply the NSA. In the rush to expand, little heed was paid to the 1996 warning that this hacking culture might provide a portal to anti-government hacktavist groups. The NSA became so enamored with this new technology that it neglected the security implications of employing outsiders, "All of us just fell in love with the ease and convenience and scale [of electronic storage]", Michael Hayden, who headed the NSA at the time, said to the *Wall Street Journal* in 2015. "So we decided to take things we used to keep if not in a safe, at least in our desk drawer, and put it up here [in a computer network], where it's by definition more vulnerable." Making matters even worse, as has been previously discussed, the NSA stripped away much of the so-called stove-piping that insulated highly-sensitive data from the NSA's other computer networks. Here they were merely following the recommendations of the 9/11 Commission to make their data more accessible to other agencies concerned with potential terrorist attacks. As a result, the inner sanctum of the NSA became more opened to its new army of civilian technicians.

The universe of independent contractors was governed by very different forces than that of intelligence services. By 2013, much of the job of managing the NSA's classified computers had been handed over to five private companies: Booz Allen Hamilton, which handled the most highly secret work; and Dell SecureWorks, Microsoft, Raytheon, and IBM. In many respects, these five

companies acted less like management consultants and more like temporary employment agencies in finding for the NSA the computer specialists, who had the necessary security clearances. Unlike intelligence services, their fate depended on turning profits. Since the value of their contracts was largely limited by competitive bidding, their business plans were predicated on their ability to minimize the costs of fulfilling these contracts. Their principal cost was the salaries they paid their independent contractors. Their business plans therefore depended on finding large numbers of computer technicians in the private realm willing to work at a NSA base at relatively-low wages. This task became more difficult as many potential recruits could find higher paying employment with more of a future in the burgeoning private sphere. They could also increase their revenue streams by getting additional contracts which, in turn, meant recruiting even more workers. It was hardly a business plan which could afford to give priority to quality control. In the private sector, there is usually an unambiguous external measure of failure. For example, for an automobile company such as General Motors can measure the performance of its executive by reckoning it change in net income. With secret intelligence work, the metrics for failure are far less clear. This curious aspect of secret work was part of the advice given to White House lawyer in the Obama Administration seeking a position with the NSA in 2012, He was advised that among the advantages of working for a super-secret agency was that if one errs or has a failure. "It stays secret." He later found out in the Snowden case which exploded during his tenure at the NSA, that not all failures stay secret.

Even so, the NSA cannot always find convenient metrics to measures its own failures. For example, it can quantify the amount of data it is intercepting, it cannot count the intelligence it misses. There is no getting around the *a priori* proposition in the intelligence game: "what is successfully hidden is never found." But there is a failure that cannot be hidden: a security breach in which a perpetrator uses NSA data to publically expose the NSA's sources. Up until the Snowden breach in 2013, the NSA had had experienced only one such a public failure. It was the capture by North Korea in 1968 of the USS Pueblo, which had been carrying out highly-sensitive electronic communications interception for the NSA. Because the Pueblo crew failed to destroy the NSA's encoding machines, which several days were flown to Russia. The stakes were so high that the Pentagon even considered using nuclear weapons to limit the damage of the seizure. The Snowden breach was much worse because, among the thousands of documents he stole, he selected lists of the NSA's secret sources in adversary nations. Making matters worse, the Snowden breach was a failure that directly traced back to Booz Allen Hamilton, the NSA's largest contractor.

Such a failure calls into question the vexing issue of privatizing secret intelligence. Booz Allen, like all other outside contractors, was in the business to make money. Indeed, it had found government contracts so much more profitable than its work in the private sector that it sold its private sector unit to Price Waterhouse. The profitability of government work led the Carlyle group's hedge fund to acquire a controlling stake in Booz Allen in July 2008. By 2013, it had increased its revenue by $1.3 billion by expanding its government contracts. Even more

impressive, its operating margin on these contracts had doubled. As it turned out, it did not achieve these profits by increasing its core internal staff. In 2008, it had 22,000 employees on its internal staff, and in 2013, it had roughly the same number on its internal staff. What it expanded was the number of outside contractors it employed. It added in these five years, by one Wall Street analyst's calculation, some 8,000 new external workers. They were employed as system administrators, infrastructure analysts, computer security specialists and other "geek squad" jobs at the NSA and other government agencies. Their main qualification was their prior secrecy clearances (which saved Booz Allen the expense of vetting them and also the loss income while waiting many months for a clearance.) Snowden therefore was highly-desirable from an economic point of view for Booz Allen. Even though he had no prior experience as an infrastructure analyst, and he had been detected being untruthful about his degree in computer sciences, he not only had a SCI secrecy clearance, but he was willing to take a cut in pay. In keeping with the Booz Allen business plan, such a recruit would provide another cog in its profit machine.

Not only had the NSA outsourced much of its computer operations to private companies but the Clinton Administration in 1996 had privatized background checks for government employees requiring security clearances. The idea backed by Vice President Al Gore was to reduce the size of the Federal government by outsourcing investigating the backgrounds of millions of government applicants for jobs. The task had been previously been performed by FBI but it was assumed that a profit-making business could do it faster and more efficiently. The private company named United States Investigative Services (USIS) was purchased in 2007 for $1.5 billion by Providence Equity Partners, a rapidly-expanding investment firm founded only four years earlier by graduates of Brown University and the Harvard Business School. So like Booz Allen, USIS was backed by a hedge-fund determined to make money by systematically cutting the cost of a previously government service. But such outsourcing had drawbacks. For one thing, unlike the FBI, USIS lacked the investigative clout to gain entry to other the CIA and other government agencies. For example, when it did the background check on Snowden in 2011, it could not get access to his CIA file. As will be recalled, there was a "derog" in his file that might have set off alarm bells. But because of its lack of access to the CIA, USIS did not learn about the derogatory reports in Snowden's CIA file. Nor did it learn that he had been threatened by an internal investigation of his alleged computer tampering in 2009. The FBI, with its long standing liaisons with the CIA, might have learned this about Snowden if it had done his background check.

To be sure, the profit calculus might have worked better if it had been coupled with adequate oversight. But without such oversight, it proved to be a barrier to extended investigations of applicants. As it turned out, USIS closed cases and cleared applicants without completing an adequate investigation. According to a US government suit filed in 2014, USIS had prematurely closed over 665,000 investigations in order to get more quickly paid for them. Since the more cases it completes each month, the more money it receives from the government, the law suit

alleged that USIS employees often "flushed," or ended cases before completing a full investigation, to meet corporate-imposed quotas for getting bonuses. One employee said in an email cited in the government's complaint "Flushed everything like a dead goldfish." As a result, some of information specialists entering the NSA through the back door of outside contractors were not fully vetted. (On August 20, 2015 USIS agreed to forfeit $30 million in fees to settle the law suit.)

USIS was also opened to sophisticated hacking attacks by outsiders. For example, in August 2014, the Department of Homeland Security's counterintelligence unit discovered such a massive and persistent breach in USIS that it shut down its entire exchange of data with USIS. The intrusion into USIS records in this case was attributed to hackers in China most likely linked to the Chinese intelligence service. Such massive intrusions dated back to 2011. USIS' lack of security in its website left a gaping hole through which outside parties, including Chinese and Russian hackers, could learn both the identity and background of information specialists applying for jobs at the NSA.

These private companies had one further security weakness. They did sufficiently protect the personal data of their off-premise employees working at the NSA. Consider, for example, the successful 2011 attack on the Booz Allen Hamilton servers. The previously-mentioned hackers' group "Anonymous" took credit for it. It not only breached the security of Booz Allen servers but cracked the algorithms it used to protect its employees. It next injected so-called Trojan-horse viruses and other malicious codes on Booz Allen servers that allowed it to have future entry. Presumably, if amateur hackers such as Anonymous could break into the computers of the NSA's largest contractor, so could the state espionage services with far more advanced hacking tools such as those of Russia and China. From these sites, an adversary intelligence service could obtain all the job applications and personal resumes submitted to contractors such as Booz Allen. It could then compile a list of the candidates looking to work at the NSA.

These deficiencies in the private sector were compounded by the failure of security in the government's own Office of Personnel Management. It used a computer system called E-QIP in which intelligence employees with security clearances, including outside contractors, updated their computerized records to maintain or upgrade their security clearances. For example, Snowden updated his clearance in 2011. To do so, these employees constantly updated their financial and personal information. As it turned out, there was a major hole in the E-QIP system. It was repeatedly hacked since 2010 by unknown parties. In 2015, the US government told Congress that China was most likely responsible but Russia and other nations with sophisticated cyber services could have also participated in the hacking. In any case, the records of over 19 million employees, including intelligence workers, became available to a hostile intelligence service. This breach would allow hostile services a great deal of information about independent contractors working at the NSA. They could then use this data to follow the movements of movement of any of these intelligence workers they deemed of interest.

Despite all the potential flaws in it, the outsourcing system, ii seemed to work until 2013. It even featured a revolving door through which Booz Allen, for example, hired retiring executives from the intelligence services, such as ex-NSA director Michael McConnell, R. James Woolsey, a former director of CIA, and Lieutenant General James Clapper (ret), who later served as Director of National Intelligence.

The cozy relationship between the private firms and the NSA notwithstanding, the NSA leadership was unaware that outsourcing could create a security problem. As far back as 2005, Michael Hayden, then the departing head of the NSA, had been warned of one such vulnerability in a memorandum written by a counter-intelligence officer at the NSA. Like the earlier 1995 report by the threat officer, this memorandum noted the NSA had ceded responsibility for managing its secret systems to outsiders, and warned that the NSA's reliance on them to manage its computers had opened a back-door into the NSA. In addition, it warned that once an outside contractor managed to slip in through this back door, he could easily jump from one outsourcer to another. This was what Snowden did when he moved from Dell to Booz Allen Hamilton in 2013.

Despite its security flaws, outsourcing provided a number of advantages to the NSA. For one thing, it provided a means for circumventing the budget restrictions imposed by Congress on hiring new employees. In addition, since private companies had less-rigid hiring standards, it greatly expanded the pool of young system administrators by tapping into computer cultures that would be antagonistic to working directly for the government. Finally, it used less NSA resources. Since these information technologists were only temporary employees, they were not entitled to military pensions, medical leave and other benefits. It was a system which effectively replaced military careerists with free-lancers.

The irony of the situation was that the NSA had surrounded its front doors with rings of barbwire, close-circuit cameras, and armed guards, but for reasons of economy, bureaucratic restrictions and convenience, it had left the back door of outsourcing opened to temporary employees of private companies. To be sure, it might take some time for them to gain entry to its inner sanctum. "It was not a question of if but when one of the contractors would go rogue," the former NSA executive who wrote the memorandum told me. Snowden answered that question in 2013 by stealing a vast number of files while working for both Dell and Booz Allen. Even more extraordinary than the theft itself was the reaction to it by the NSA. It turned out that there was not cost of failure levied against the outside contractor, Booz Allen, which employed Snowden when he bypassed its security regime to steal the keys to the kingdom. Even though the counterintelligence investigation showed Snowden stole documents from compartments to which he did not have access, the NSA did not penalize his employer, Booz Allen, even though the NSA was set back for decades according even to Michael McConnell, the vice chairman of Booz Allen. Instead, its revenues and profits from government contracts markedly increase between 2013 and 2015.

Nor did the NSA alter its reliance on private contractors. The Snowden breach notwithstanding, the back door to the NSA remained wide opened because by the time of Snowden outsourcing to private companies had become an all but irreplaceable part of the intelligence system in America.

# CHAPTER TWENTY-ONE

## The Russians Are Coming

"The breakup of the Soviet Union was the greatest geopolitical tragedy of the 20th century."—Vladimir Putin

In the first invasion of a European country since the end of the Cold War, Russian military forces moved into the Crimea and other parts of Eastern Ukraine in February and March of 2014. Unlike with previous Russian troop movements, such as those into Poland, Hungary, Czechoslovakia and Eastern Germany during the Cold War, the week-long massing of Russian elite troops and sophisticated equipment for the move into Ukraine almost totally evaded detection by the NSA's surveillance. It failed to pick up tell-tale signs of the impending invasion. Never before had the NSA's multibillion dollar armada of sensors and other apparatus for intercepting signals missed such a massive military operation. According to a report in the *Wall Street Journal* that cited Pentagon sources, Russian units had managed to hide all electronic traces of its elaborate preparations. If so, after more than a half-century of attempted penetrations, Russia apparently had found a means of stymieing the interception capabilities of the NSA.

While American political scientists wrote optimistically about the end of history, Putin had his own ideas about restoring Russia's power in the post-Cold War. A formidable KGB officer before he became President of the Russian Federation in 2000, he made no secret that his goal was to prevent the United States from obtaining what he termed "global hegemony." His logic was clear. He judged the break-up of the Soviet Union in 1991 to be as, as he put it, "a geopolitical tragedy." He argued that the break-up had provided the United States with the means to become the singular dominant power in the world. He sought to prevent that feared outcome by moving aggressively to redress this loss of Russian power. He upgraded Russia's nuclear force, modernized Russia's elite military units and greatly strengthened Russia's relations with China. The last measure was essential since China was Russia's principle ally in opposing the extension of American dominance. Yet, there was still an immense gap between it and the United States in communications intelligence.

Since the break-up of the Soviet Union, the NSA had continued to build up its technologically capabilities while those of Russia, which teetered on the edge of collapse in the early 1990s. But the NSA also had its problems. As previously mentioned, the NSA's legal mandate had been limited by Congress to foreign interceptions (at least prior to 9/11 in 2001.) As a result, it was required to separate out domestic from foreign surveillance, a massive process which was not only time-consuming but could generate dissidence within the ranks of American intelligence. It also could not legally use its surveillance machinery to monitor the telephones and Internet activities of the tens of thousands of civilian contractors who ran its computer networks—at least not unless the FBI began an investigation into them. Here the Russian intelligence services had a clear advantage. They had a lawful mandate to intercept any and all domestic communications, In fact, a compulsory surveillance system called by its Russian acronym SORM had been incorporated into Russian law in 1995. It requires the FSB and seven other Russian security agencies to monitor all forms of domestic communications including

telephones (SORM 1), emails and other Internet activity (SORM-2), and computer data storage of billing information (SORM-3). Not only did Russia run a nationwide system of Internet-filtering in 2013, but it requires their telecommunication companies furnish to it worldwide data.

The NSA also had to deal with many peripheral issues other than the activities of Russia and China. It was charged with monitoring everything from nuclear proliferation in Iran, Pakistan, and North Korea, to potential jihadist threats everywhere in the world. The Russian intelligence service, on the other hand, could put its limited resources to work on redressing the gap with its main enemy: the United States.

Nevertheless, Putin had to reckon with the reality in 2013 that Russia could not compete with the NSA in the business of intercepting communications. And if the NSA could listen in on all the internal activities of its spy agencies and security regime, the ability of Putin to use covert means to achieve his other global ambitions would be impaired. In the Cold Peace that replaced the Cold War, Russia had little hope of realizing these ambitions unless it could weaken the NSA's iron-tight grip on global communications intelligence. One way to remedy the imbalance between Russian intelligence and the NSA was via espionage. Here the SVR would be the instrument and the immediate objective would be to acquire the NSA's lists of its sources in Russia. If successful, it would be a game changer.

Such an ambitious penetration of the NSA, to be sure, was a tall order for Russian intelligence. Most of its moles recruited in the NSA by the KGB, had been code clerks, guards, translators, and low-level analysts. They provided documents about the NSA's cipher-breaking, but they lacked access to these lists of the NSA's sources and methods

These meager results did not inhibit Russian efforts. Yet, for almost seven decades, ever since the inception of the NSA in 1952, the Russian Intelligence service had engaged in a covert war with the NSA. The Russian intelligence service is, as far as is known, the only intelligence service in the world that ever succeeded in penetrating the NSA. A number of NSA employees also defected to Moscow. The history of this venerable enterprise is instructive.

The first two defectors in the NSA's history were William Martin and Bernon Mitchell. They were mathematicians working on the NSA's decryption machines who went to Moscow via Cuba in 1960. The Russian intelligence service, then called the KGB, went to great lengths to publicize their defections. It even organized a 90-minute long press conference for them on September 6, 1960 at the Hall of Journalists and invited to it all the foreign correspondents in Moscow. Before television cameras, the defectors proceeded to denounce the NSA's activities. Martin told how the NSA breached international laws by spying on Germany, Britain and other NATO allies. Mitchell, for his part, suggested that the NSA's practice of breaking international laws could ignite a nuclear war. Indeed, he justified their joint defection to Russia in heroic whistle-blowing terms, saying, "We would attempt to crawl to the moon if we thought it would lessen the threat of an atomic war." The NSA historian assessed little damage had been done since the NSA quickly could change the codes they compromised. He noted: "The Communist spymasters would

undoubtedly have preferred Martin and Mitchell to remain in place as moles, since their information was dated as of the moment they left NSA."

The next NSA defector was Victor Norris Hamilton. He was a translator and analyst at the NSA. He arrived in Moscow in 1962 and, like Mitchell and Martin, he claimed the status of a whistle-blower. This time KGB provided a newspaper platform. Writing in the Russian newspaper *Izvestia*, Hamilton revealed the extent of US spying on its allies in the Middle East.

None of these three 1960s defectors revealed what, if any, NSA secret documents that they had compromised. Nor did any of them ever return to the United States. Martin changed his name to Vladimir Sokolodsky, married a Russian woman, and died in Mexico City on January 17, 1987. Mitchell vanished from sight and was reported to have died in St. Petersburg on November 12, 2001. Hamilton, after telling Russian authorities stories about hearing voices in his head because of a NSA device implanted in his brain, was consigned to Special Psychiatric Hospital No. 5 outside of Moscow.

There were also KGB spies in the NSA who were caught or died before they could defect. One of them was Sgt. Jack Dunlap. He was found dead of carbon monoxide poisoning in his garage on July 23, 1963. Although there was no note, his death was ruled an apparent suicide. NSA classified documents later was discovered in his house. After that, NSA investigators unraveled his decade-long career as a KGB mole. Dunlap had been recruited by the KGB in Turkey in 1952. The standard KGB tool kit for recruitment was called MICE. It stood for Money, Ideology, Compromise and Exploitation. The KGB used the first element, money, to compromise Dunlap. After he was compromised, it exploited him by getting him to steal NSA secrets. He had access to such secrets because he became the personal driver first to Major General Garrison Coverdale, the chief of staff of the NSA. After Coverdale retired, he next became the driver for his successor, General Thomas Wattlington. These positions afforded him a secrecy clearance and, even more important, a "no inspection" status for the commanding General's cars that he drove. This perk allowed him to leave the base with secret documents, have them photocopied by his KGB case officer, and then return them to the files at the NSA base before anyone else knew they were missing. He also used, likely at the suggestion of the KGB case officers, his "no inspection" perk to offer other NSA employees a way of earning money. He would smuggle off the base any items of government property off the base that they took. Once he had compromised them through thefts, he was in a position ask them for intelligence favors. This NSA ring could not be fully investigated because of his untimely death. Other than the packets of undelivered NSA documents found in his home, the investigation was never able to assess the total extent of the KGB penetration of NSA secrets. (Angleton suspected Dunlap was murdered the KGB, in what he termed a surreptitiously assisted death, to prevent Dunlap from talking to investigators.)

The Russian intelligence services continued recruiting mercenary spies in the NSA for the duration of the Cold War. The KGB successes included Robert Lipka, a clerk at the NSA in the

mid 1960s, who was caught in a sting operation by the FBI and sentenced to 18 years in a federal prison. Ronald Pelton, an NSA analyst, was recruited after he retired from the NSA. After he was betrayed by a KGB double agent in 1985, was sentenced to life imprisonment, Finally, there was David Sheldon Boone, a NSA code clerk, who between 1988 and 1992, provided the KGB with NSA documents in return for $60,000. Boone, sentenced to 24 years in prison, was the last known KGB recruitment of the Cold War.

During the Cold War, Russian Intelligence Service officers operated mainly under the cover of the embassies, consulates, United Nations delegations and other diplomatic missions of the Soviet Union. As "diplomats," they were protected from arrest by the terms of the 1961 Vienna Convention on Diplomatic Relations. Their diplomatic cover greatly limited, however, their universe for finding potential recruits outside of their universe of international meetings, diplomatic receptions, UN organizations, scientific conferences and cultural exchanges. They therefore tended to recruit their counterparts in adversary services.

In this regard, the successful entrapment of Harold Nicholson in the 1990s is highly instructive. From his impressive record, he seemed an unlikely candidate for recruitment. He had been a super-patriotic American who had served as a captain in Army intelligence before joining the CIA in 1980. In the CIA, he had an unblemished record as a career officer, serving as a station chief in Eastern Europe and then the deputy chief of operation in Malaysia in 1992. Even though his career was on the rise and he was a dedicated anti-Communist, he became a target for SVR when he was assigned to the CIA's elite Russian division. Since the job of this division was to recruit Russian officials working abroad as diplomats, engineers and military officers, its operations brought its officers in close contact with SVR officers. Nicholson therefore was required to meet with Russian intelligence officers in Manila, Bucharest, Tokyo and Bangkok and "dangle" himself to the SVR by pretending disloyalty to the CIA. As part of these deception operations, he supplied the Russians with tidbits of CIA secrets, or "chickenfeed," that had been approved by his superiors at the CIA. What his CIA superiors did not fully take into account in this spy versus spy game was the SVR's ability to manipulate, compromise, and convert a "dangle" to its own ends. As it turned out, Russian intelligence had been assembling a psychological profile on Nicholson since the late 1980s, and found vulnerability: his resentment at the failure of his superiors to recognize his achievements in intelligence. It played on this vulnerability to compromise him and then converted him to becoming its mole inside the CIA. He worked for the SVR first in Asia then at the CIA headquarters at Langley, where he was given a management position. Among other secret documents, he provided the SVR with the identities of CIA officers sent to the CIA's special training school at Fort Peary, Virginia, which opened up the door for the SVR to make other potential recruitments. Meanwhile, it paid him $300,000 before he was finally arrested by the FBI in November 1996. (After his conviction for espionage, he was sentenced to 23 years in Federal prison.) The CIA post mortem on Nicholson, who was the highest-ranking CIA officer ever recruited (as far as is known), made clear that even a loyal American, with no intention of betraying the United States, could be entrapped in the spy game.

When it comes to recruiting moles in a larger universe, intelligence services operate much like highly-specialized corporate "headhunters," as James Jesus Angleton described the process to me during the Cold War era. He was referring to the similar approach that corporate human resource divisions had with espionage agencies. Both "head hunt" by searching through a database of possible candidates for possible recruits to fill specific positions. Both type organizations have at their disposal researchers to draw up rosters of potential recruits. Both sort through available data bases to determine which of the names on the list have attributes that might qualify, or disqualify, them for a recruitment pitch. Both also collect personal data on each qualified candidate, including any indication of their ideological leaning, political; affiliations, financial standing, ambitions, and vanities, to help them make a tempting offer. But there are two important differences. First, unlike their counterparts in the private sectors, espionage headhunters ask their candidates not only to take on a new job with them but to keep their employment secret from their present employer. Second, they ask them to surreptitiously steal documents from him. Since they are asking candidates to break the law, espionage services, unlike their corporate counterparts in headhunting, obviously need to initially hide from the candidate the dangerous nature of the work they will do. Depending on the preferences of the targeted recruit, they might disguise the task as a heroic act, such as righting an injustice, exposing an illegal government activity, countering a regime of tyranny, or some other noble purpose. This disguise is called in the parlance of the trade a "false flag." By using such a false flag, the SVR did not need to find candidate who were sympathy to Russia, or the Putin regime. In its long history dating back to the era of the Czars, Russian intelligence had perfected the technique of false flag recruitment through which it assumes an identity to fit the ideological bent of a potential recruit.

Russian intelligence was well-experienced with false flags. It first used this technique following the Bolshevik revolution in 1918 to control dissidents both at home and abroad. The centerpiece, as later analyzed by the CIA, was known as the "Trust" deception. It began in August 1921 when a high-ranking official of the Communist regime in Russia named Aleksandr Yakushev, slipped away from a Soviet trade delegation in Estonia and sought out a leading anti-Communist exile he had known before the revolution in Russia. He then told him that he represented a group of disillusioned officials in Russia that included key members of the secret police, army, and interior ministry. Yakushev said that they all had come to the same conclusion: the Communist experiment in Russia had totally failed and needed to be replaced. To effect this regime change, they had formed an underground organization code-named the "Trust" because the cover for their conspiratorial activities was the Moscow headquarters of the Municipal Credit Association, which was a trust company. According to Yakushev's account, it had had become by 1921 the equivalent of a de facto government,

The exile leader in Estonia reported this astonishing news to British intelligence which, along with French and American intelligence, helped fund this newly-emerged anti-Communist group. Initially British intelligence had doubts about the bona fides of the Trust. So did other Western intelligence services sponsoring exile groups. But they gradually accepted it after they received

intelligence reports confirming its operations from many other sources, including Russian officials, diplomats, and military officers who claimed to have defected from the Soviet government in Moscow. Since these reports all dove-tailed, they recognized the Trust as a real underground organization.

Once the Trust had been established in the minds of the Western intelligence services, it offered them as well as exile groups the services of its network of collaborators. These services included smuggling out dissidents, stealing secret documents, and disbursing money inside Russia to sympathizers. Within a year, exile groups in Paris, Berlin, Vienna, and Helsinki were using the "Trust" to deliver arms and supplies to their partisans inside Russia. The Trust also furnished spies and exile leader's fake passports which allowed them to sneak back into Russia to participate in clandestine missions. It even undertook sabotage and assassination missions paid for by Western intelligence services. As they saw with their own eyes police stations blown up and political prisoners escape from prisons, these agents and dissidents came to further believe in the power of the Trust.

By the mid-1920s, no fewer than eleven Western intelligence services had become almost completely dependent on the Trust for information about Russia. They also sent millions of dollars into Russia via couriers to finance its activities.

But suddenly exile leaders working in Russia under the aegis of the Trust began to vanish. Then top western intelligence agents, such as Sydney Reilly and Boris Savinkov were arrested, and their networks were eliminated. Instead of the Communist regime collapsing, as the Trust had predicted, it consolidated its power and wiped out all the dissident groups. Finally, in 1929, the Trust was revealed by a defector to be a long-term false flag operation run by the Russian intelligence service. Even the Trust building, rather than being the cover for a subversive conspiracy, was the headquarters for the Russian secret police during this seven-year operation. The secret police had provided the documents fed to Western intelligence, briefed the agents who pretended to defect, published the dissident newspapers the Trust distributed, fabricated the passport it supplied exiles, blew up Russian buildings and staged jail breaks to make the deception more credible. It also collected the money sent in by Western intelligence services, which more than paid for the entire deception. Since it was running the show, it could offer those lured into the trap an opportunity to work for it as double-agents. The alternative, if they refused, was to face a firing squad.

Even after the "Trust" itself had been fully exposed, The Russian Intelligence Service continued to succeed with other false-flag deception, During the Cold War, for example, it set up a fake underground in Poland modeled on the Trust. It was called WIN. It also set up other false flag groups in Ukraine, Georgia, Lithuania, Albania, and Hungary. It also had agents masquerade as members of the security services of Israel, South Africa, Germany, France and the US to recruit unwitting agents. These deceptions became an integral part of the recruitments of the Russian intelligence services.

Penetrating the NSA and getting access to files from its stove-piped computers was a far more difficult challenge for the SVR. Approaching CIA officers, such as Nicholson, was relatively easy because it was part of the CIA officer's job to meet with their adversaries. NSA officers, on the other hand, did not engage in "dangles" or even attend diplomatic receptions. They had not reason, other than a sinister one, to meet with a member of the Russian intelligence service. Furthermore, unlike CIA officers who, like Nicholson, are often posted in neutral countries where they can be approached in a social context, NSA officers worked at well-guarded regional bases and are not part of the diplomatic life. Since a known employee of a foreign diplomatic mission could not even approach a NSA officer without arousing suspicion, the SVR would need to use an intermediary, called an "access agent," whose affiliations with it were not known to the FBI. Such an operation would require establishing a network of illegals in the America, as the SVR did after Putin became President. Even them, the intermediary would have to find a plausible pretext to approach the target with revealing his actual interest.

The emergence of computer networks in the 1990s greatly expanded the SVR's recruiting horizon. It offered an opportunity to penetrate a new layer at the NSA employees: civilian technologists working under contract for the US government. Many of these civilians at the NSA, especially the younger ones, had been drawn from the hacking and game-playing culture. Some had even taken courses abroad on hacking techniques. They presented the SVR was inviting targets for recruitment. As was previously mentioned, Russian intelligence had considerable experience in Germany with hacktavists who tended to be anarchists. There were also supporters of the Libertarian movement. The common denominator was often their resentment expressed in their postings s of the United States and its allies attempting to limit the downloading of copy-righted music, movies and software on the Internet, all of which went under the rubric of "freedom of the Internet." They also vocally objected to the NSA using built-in backdoors in their software to read their encrypted messages. They were not difficult to find on the Internet. The donors to Ron Paul's Libertarian election campaign (including Snowden) were a matter of public record, for example.

Even if there was no shortage of hacktavists who believed the surveillance of the Internet by the NSA was an evil worth fighting, the SVR still had to find a plausible way of approaching members of this counterculture without offending them. Clearly, the SVR could no longer use out- of-date Communist and anti-capitalist ideology as a lure. Russia was far more authoritarian than the U.S, when it came to the Internet. One viable alternative for the SVR was custom-tailoring false flags to appeal to hacktavists.

For this purpose the Internet provided a near perfect realm for false flags. Since it is a place where true identities cannot easily be verified, intelligence services could employ a protean kit of disguises to assume false identities to entice potential dissidents into communicating with them. The KGB's earlier efforts to use hacktavist groups in Germany had produced little, if any, intelligence because of the "stove-piping" the NSA used to isolate its computers from networks

that could be hacked into from the outside. It will be recalled that the NSA threat officer had cited these failures in his 1996 report on NSA vulnerability. He also said that efforts of the Russian Intelligence Services to use false flag recruitments provided the KGB with "a learning experience." The KGB had learned that hacking by itself could not breech the NSA's protective stove-piping. He predicted that its next logical move would be to "target insider computer personnel." These false flag recruitment would aim at, in his view, system administrators, computer engineers and cyber service workers who were either already inside the NSA or who had a secrecy clearance that would facilitate getting jobs with NSA contractors.

Even with an appropriate false flag, the task of finding such a "Prometheus" was daunting. There were some five thousand civilian technicians at the NSA of all political stripes. Finding the one who met its espionage requisites was the equivalent of seeking the sharpest needle in the proverbial giant haystack. For espionage purposes, however, recruiters did not have to find the sharpest needle, or any particular one; they just needed to find any needle in a position to cooperate. They could hone a willing recruit over time to do the job at hand.

The size of the haystack could also be reduced to more manageable proportions by hacking into the personnel records of the intelligence workers seeking to renew their security clearance. The Internet provided the SVR with just this opportunity. As discussed in the previous chapter, holes in the security of the computer networks of the US Office of the Office of Personal Management, USIS and the websites of the companies supplying the NSA with independent contractors had made the background checks on American intelligence workers available to the Chinese and presumably other adversary intelligence service hackers since 2011. If the SVR had access to this personnel data, the research for a candidate would be greatly facilitated. From the 127-page standard form 86 each applicant for a security clearance submits, the SVR could filter out intelligence workers employed by the NSA by their educational background, employment history, affiliations and foreign contacts. It could then search this data for candidates with a possible hacktavist profile,

This data could next be crossed with a list of individuals SVR in contact with high-profile activists who are part of the anti-surveillance movements. This would include core participants in the TOR project, Wikileaks, Noisebridge, Crypto Parties, and the Freedom of the Press Foundation and the Electronic Freedom Foundation. (Snowden, for example, had been in touch with members all these groups in 2012 and 2013.)

The SVR would have little problem monitoring even encrypted communications with leading figures in the Anti-surveillance world. These activists, despite secrecy rituals such as putting their cell phones in refrigerators, remain visible to a sophisticated intelligence service such as the SVR. Consider, for example, the defensive tactics of Laura Poitras, including PGP encryption, TOR software, and air-gapped computers which are computers that have never been connected to the Internet. She also famously changes her tables at restaurants to evade surveillance. With all these precautions, she did not keep secrets about her sources entirely to herself. Snowden, at a

time when he was stealing NSA secrets in February 2013, went to great lengths to impress on Poitras the need for operational security about his contacts with her, but that injunction did not prevent her from telling at least five people about her source, including Micah Lee, the Berkeley-based technology operative for the Freedom of the Press Foundation; Jacob Appelbaum, the TOR proselytizer; Ben Wizner, the ACLU lawyer; Barton Gellman; and Glenn Greenwald. "It is not me that can't keep a secret, "Abraham Lincoln joked. "It's the people I tell it that can't." In the same vein, Poitras could hardly rely on these five confidants not to tell her (and Snowden's) to others. Hours after he was told, Greenwald told his lover David Miranda about the source in great detail. He even asked him to evaluate the source's bona fides for him. Gellman, for his part, raised the matter with a former high official at the Justice Department.

Moreover, as the intelligence world knew, Poitras was herself a veritable lightning rod for attracting ex-NSA employees who objected to some of its surveillance programs. In 2012, her filming of NSA insiders, including Binney and Drake, would make her communications of interest to any intelligence services that wanted to keep tabs on possible NSA dissidents.

Nor was Snowden himself overly discreet. It will be recalled that he had also advertised his TOR-sponsored crypto party activities over the Internet, and supplied Runa Sandvik, who worked with Appelbaum, his true name and address in Hawaii. Sandvik had no reason not to share the identity of her co-presenter with others in the TOR movement. Snowden also had his girl friend make a video of his presentation, as will be recalled. He also bragged about operating the largest TOR outlets in Hawaii. Even if his TOR software provided him a measure of anonymity, it was not beyond the ability of the world-class cyber services to crack it.

Under Putin, Russia had built one of the leading cyber espionage services in the world. According to a 2009 NSA analysis of Russian capabilities, which was obtained by the *New York Times* in 2013, Russia's highly-sophisticated tools for cyber-espionage were superior to those of China or any other adversary nation. For example, investigators from FireEye, a well-regarded Silicon Valley security firm, found that in 2007, Russian hackers had developed a highly-sophisticated virus that could bypass the security measures of the servers of both the US government and its private contractors. According to one computer security expert, the virus had made protected Internet websites "sitting ducks" for these Russian sophisticated hackers. The cryptographer Bruce Schneier, a leading specialist in computer security, explained, "It is next to impossible to maintain privacy and anonymity against a well-funded government adversary."

Nor has the Russian cyber service has made a secret out of the fact that it targets TOR software. It even offered a cash prize to anyone in the hacking community who could break TOR. Prior to 2013, according to cyber security experts, it spent over a decade building cyber tools aimed at unraveling the TOR networks used by hacktavists, criminal enterprises, political dissidents and rival intelligence operatives. To this end, it reportedly attempted to map out computers that served as major TOR exit nodes (such as the one Snowden operated in 2012 near a NSA regional base in Hawaii.) It also reportedly attached the equivalent of "electronic ink" to

messages which would allow it to trace the path of messages that passed through them. Through this technology, it could tag and follow TOR users as their communications travelled across the Internet. It could even borrow their Internet identities. To be sure, .the NSA also had such a capability. The Silk Road founder Ross Ulbricht discovered to his distress that his TOR software did not make his computer server in Iceland invisible. According to a former top official in the Justice Department, the NSA was able to locate it by cracking the TOR software, (Ulbricht is currently serving a life prison sentence for his Silk Road activities.). Unlike adversary services, however, the NSA needs a warrant to investigate US citizens who use TOR.

Even the NSA is not immune from an attack of its own computers. CIA deputy director Morell, who served on the committee evaluating the NSA's vulnerability in the Snowden affair after retiring from the CIA in 2013, wrote in his 2015 book "The Great War of our Times," that many financial institutions have "better cyber security than the NSA." If nothing else, the Internet helped make the activities of US intelligence workers visible to the SVR.

Even if the SVR theoretically had opportunities, it still had to find at least one disgruntled civilian contractor inside in the NSA who had access to the sealed-off computer networks. Did it find its man? If so, was it before or after Snowden arrived in Hong Kong with the Level 3 NSA files?

# CHAPTER TWENTY-TWO

## The Chinese Puzzle

"The first [false assumption] is that China is an enemy of the United States. It's not."
■ Edward Snowden in Hong Kong

On August 11, 2014, in the Atlantic Ocean, an even took place of enormous concern to U.S. intelligence. A Chinese Jin Class Submarine launched an Intercontinental ballistic missile. The missile released 12 independently-targeted re-entry vehicles, each simulating a nuclear warhead. Some 4400 miles away, in China's test range in the Xinjiang desert, each of the 12 simulated nuclear warheads then hit their targets within a 12 inch radius. The test firing, which was closely monitored by the NSA, was a strategic game changer. It meant that a single Jin Class submarine, which carried 12 such missiles and 144 nuclear warheads, could destroy every city of strategic importance in the United States. U.S intelligence further reported at China would soon fully stealth its newer submarines against detection, "giving China its first credible sea-based nuclear deterrent" against an American attack.

By 2015, as its test in the Atlantic had foreshadowed, China had armed its land-based as well as sea-based missiles with multiple independently targeted warheads. Combined with the state--of-the-art technology it had licensed from Russia, its systematic use of espionage made it possible for China to even build its own stealth fighters.

Unlike the U.S, China did not achieve this remarkable capability to launch independently-targeted miniaturized nuclear weapons and stealth them by investing hundreds of billions of dollars in developing them. It obtained this technology mainly through espionage. The history of this enterprise, though unsung, is stunning. The Chinese intelligence service stole a large part, if not all of America's secret technology for weaponizing nuclear bombs during the 1980s and 1990s. The theft was so massive that in 1998 the House of Representatives of the US Congress set up a special bipartisan investigative unit called the "Select Committee on National Security and Military and Commercial Concerns with the People's Republic of China." Based on the intelligence amassed by the NSA, CIA and other intelligence services, it concluded in its report that the Chinese intelligence service had obtained both by electronic and conventional spying the warhead design of America's seven most advance thermonuclear weapons. Moreover, it found that China's espionage successes allowed China to so accelerate the design, development and testing of its own nuclear weapons that the new generation of Chinese weapons would be "comparable in effectiveness to the weapons used by the United States." Further, it found that these thefts of nuclear secrets had not been isolated or opportunistic incidents. The Committee reported to Congress that they were the "results of decades of intelligence operations against U.S.

weapons laboratories." The Chinese intelligence service further obtained from private US defense contractors through cyber espionage important elements of the stealth technology used in both advanced planes and submarines. China shared (or exchanged) the fruits of its espionage on nuclear warhead design with North Korea, Pakistan, Iran and Russia.

Despite its formidable intelligence coups in the US, the Chinese intelligence service managed to remain among the most elusive of America's intelligence adversaries. Its espionage organizations are hidden behind layers of bureaucracy in the Ministry of State Security, Chinese Communist party structures, and the second, third and fourth department of the General Staff of the People's Liberation Army. Much of its cyber espionage units are concealed on the campuses of its universities. Its hierarchy, or order of battle, is also obscure. Few traces have been uncovered of any conventional espionage networks in the United States and no major Chinese spy has ever been arrested. Part of the reason that Chinese espionage has proved so elusive to the eyes of western counter-intelligence, was that, unlike Russia, it did not ordinarily rely on intelligence officers in its embassies to recruit penetration agents to steal secrets. It did not even have an embassy in the United States during most of the Cold War. Instead, its services specialize it assembly mosaics of intelligence assembled from a wide variety of sources including non-classified documents, returning graduate students, scientific conferences, exchanges with allies, and a vast operation of hacking into computers, or cyber- espionage.

Cyber-espionage is indeed a vast enterprise in China. Graduating over 150,000 computer science engineers, it had no shortage of personnel. It also had developed the cyber tool kit to gain access to the computer networks of US government contractors and consultants in the private sector and government agencies, planting "sleeper" bugs in net-worked computers. Like human "sleeper" agents, these hidden programs can be activated when needed for operational purposes. Chinese controllers can retrieve emails, documents and turn on the cameras and microphones of personal computers, tablets and smart phones. By 2007, Paul Strassmann, a top US defense expert on cyber-espionage, reported that China had inserted "zombie" programs in some 700,000 computers in the US which could be used to mount cyber attack to retrieve emails from other computers. The Chinese service also reportedly penetrated companies that provide Internet services, including Google Yahoo, Symantec, and Adobe, which allowed it to track emails and enclosures of individuals. With such an invisible army of zombie computers, it is not entirely surprising that China finds little need to employ human: sleeper" agents.

Chinese cyber-specialists used this capability to hack into computers of outside contractors, including Booz Allen and other companies that supplied technologists to the NSA. It also had notable successes in obtaining the dossiers of US employees and independent contractors at the NSA, CIA and other intelligence services. Its intrusions, as previously noted, into computer network at the Office of Personnel Management traced back to 2009. Eventually, by 2015, according to US estimates, the cyber attack had harvested over twenty million personnel files of past and present Federal government employees. In addition, it reaped in over 14 million background checks of intelligence workers done by the Federal Investigative Service. All the intelligence workers with a SCI clearance, such as Snowden, were required to provide in these

forms information about all their foreign acquaintance, including any non-U.S. officials that the applicant knew or had relationships with in the past. They also had to list their foreign travel, family members, police encounters, mental health, and credit history. For good measure, Chinese hackers obtained the confidential medical histories of government employees by hacking into the computers of Anthem and other giant heath care companies. If the Chinese intelligence services consolidated the fruits of these hacking attacks it would have a searchable database of almost everyone working in the American defense and intelligence complex. From this database, it could track individuals with high security clearances vulnerable to being bribed, blackmailed or tricked into cooperating. No one doubted that the Chinese would use their cyber capabilities to take advantage of weaknesses in foreign computer systems. General Hayden said of the massive theft of intelligence personnel records: "those records are a legitimate foreign intelligence target." He added, "If I, as director of the NSA or CIA would have had the opportunity to grab the equivalent in the Chinese system, I would not have thought twice." If that opportunity did not arise for the NSA or CIA during Hayden's tenure, it may have been because no insider in the Chinese intelligence services provided US intelligence with a road map to it.

Cyber espionage was not the Chinese Intelligence Service only powerful resource in the intelligence war. To get both electronic intelligence and human intelligence about the United States, China also had a highly-productive intelligence sharing treaty with Russia. It was signed in 1992 after the Soviet Union was dissolved. Although the terms of this exchange remain secret, defectors from the Russian KGB and SVR reported that Chinese intelligence received from Russia a continuous stream of communication intelligence about the US in the late twentieth and early twenty-first centuries. Russia's intelligence resources during this period were formidable. They included geo-synchronous satellites, listening stations in Cuba, sleeper agents and embassy-based spy networks. Presumably, this relationship further deepened under President Putin's regime. Putin asserted in his speeches in 2014 that Russia and China continue to share a key strategic objective: countering the United States' domination of international relations, or what Putin terms, "a unipolar world order." China's President Xi Jinping expressed a very similar view, saying in 2014 in a thinly-veiled reference to the United States, stating that any American attempt to "monopolize" international affairs will not succeed.

Since the end of the Cold War, Russia has been the major supplier of almost all of China's modern weaponry. It licenses for manufacture in China avionics, air defense systems, missile launchers, stealth technology, and submarine warfare equipment. To make these arms effective, it also provides China with up-to-date intelligence about the ability of the United States and its allies to counter them. While such intelligence cooperation may be limited by the reality that China and Russia still compete in some areas, there is no reason to assume that they do not share the fruits of their cyber and conventional espionage against the NSA. After all, the NSA works to intercept the military and political secrets of both these allies. Moreover, NSA secrets might are a form of currency in the global intelligence war.

Snowden's trip to Hong Kong in May 2013 made the Chinese intelligence service, willy-nilly, a potential player in game. Hong Kong is a part of China, even if independently administrated, and, as such, China has full responsibility for its national security and foreign affairs. This mandate includes monitoring foreign intelligence operatives. The Chinese intelligence service accordingly runs much of the local intelligence apparatus in Hong Kong. For this purpose, it maintains its largest intelligence base outside of mainland China in Hong Kong. Its officers are stationed officially in the Prince of Wales skyscraper in central Hong Kong and unofficially maintain informers in Hong Kong's police, governing authority, airport administration and at other levers of power in Hong Kong. It checks the computerized visitors entering Hong Kong, and has the capability to ferret names that match those in the immense date base its global cyber espionage has amassed. When it detects the entry of any person of possible intelligence interest, it has the opportunity of using its sophisticated array of cyber tools to remotely steal data from those individuals. Such remote surveillance was so effective in 2013 that the US State Department had instructed all its personnel in Hong Kong to avoid using their Iphones, Androids, Blackberries and smart phones when travelling to Hong Kong or China. Instead, it has supplied them with specially-altered phones that disable location tracking and have a remotely-activated switch to completely cut off power to it circuitry. No one in the intelligence community doubts the prudence of taking such precautions in the realm of China.

Once Hong Kong had served as a window into China for Western intelligence, but in the first decade of the 21st century, the Chinese intelligence service had achieved such a pervasive presence in Hong Kong, and such ubiquitous electronic coverage of diplomats and other foreigners even suspected of involvement in foreign intelligence work, that the CIA and British intelligence found it almost as difficult to operate in Hong Kong as in mainland China. The CIA as well as the DIA kept a few officers there, but, as a former CIA station chief told me in September 2013, that for the purposes of intelligence operations, the CIA "regards Hong Kong as hostile territory."

Snowden apparently knew the limits of CIA operations in Hong Kong. It indeed provided him with an envelope of protection. He told Greenwald, as will be recalled, that he was counting on the Chinese presence in Hong Kong to deter the CIA from intruding on their meetings.

Snowden also must have realized that he was entering the Chinese sphere of influence when he flew to Hong Kong in May 2013. Yet, he took with him level 3 NSA secrets which he could assume would be of great interest to China. In fact, he advertised this fact in his interview with the *South China Post*, a newspaper controlled in 2013 by mainland China. Whatever he may have assumed about the inability of the CIA to stop him in Hong Kong, he had no reason to assume that Chinese intelligence service would relegate itself to purely passive role, especially when secret NSA's documents were in a hotel room in Hong Kong. Snowden may have esteemed himself to be an independent actor playing Prometheus on a global stage provided by YouTube, but the Chinese may have viewed him as nothing more as another pawn in the Game of Nations.

# CHAPTER TWENTY-THREE

## The Pawn in the Game

"The whole key is, the state department's the one who put me in Russia."
--Edward Snowden in Moscow, 2014

When Snowden arrived in Hong Kong on May 20, 2013 he became a person on interest to any parties who knew, or later learned, about his coup. How could they not be interested this intelligence defector? He had brought with him enough US government secrets to, as he put it, make NSA "sources go dark that were previously productive". Snowden also fully realized the lethal situation that his possession of NSA documents put him. He was after his arrival in Hong Kong, as he put it, the NSA's "single point" of a potential catastrophic intelligence failure. He also stated the consequences if caught, telling Poitras: "The US Intel community will certainly kill you if they think you are the single point of failure."

The reason that Snowden considered himself of such importance to be the "single point of failure" was the pay load of secrets he was carrying. He possessed thumb drives full of files so critical to the NSA that in the wrong hands they could cause, in his view, many of the key sources of the entire US communication intelligence service to "go dark." Not only was he carrying these files, but he had willingly bought them inside the territory of China; a place in which America's main adversaries, China and Russia, could operate freely. Whoever he sought to deal with in Hong Kong, or whatever idealistic axe he intended to grind there, he could not expect his position as a "single point of failure"—a position he advertised in his email correspondence—would not attract the attention of other players in the game of nations.

The enormous power of the NSA rested on a frail thread: its ability to keep secret from its foes its sources and methods. General Alexander could call the NSA's communication intelligence "the queen on the chessboard," but, like the queen in a chess game, it could be captured by a well-placed pawn. In this case, the pawn, which had it in his power to expose the NSA's critical sources and methods, would also be considered fair game for capture by an adversary. And both the Chinese and Russian cyber services, whether working alone or together, had the technological means in China to tap into Snowden's computer. They also had an interest in learning how the NSA was listening in on their secret communications. If any further incentive was needed, an intelligence service could barter them to other countries whose signals were also intercepted by the NSA. Michael Morell, the CIA's Deputy Director at the time, said in his book "The Great War of Our Times" that just a few selected parts of Snowden's cache could be traded to the intelligence services of Iran and North Korea.

Snowden, realizing that he now represented that weak link in the architecture of America's intelligence system, made a move from the U.S. that greatly increased the stakes. He entered what he knew to be hostile intelligence territory with his stash of stolen secrets. He did so, as he explained to Greenwald in Hong Kong, to reduce the possibility of an American countermove against him or his associates in the media. But while succeeding in limiting the reach of the CIA, FBI, NSA and their allies, he willy-nilly put himself under the protection of America's adversary, the Chinese security services. In light of the counterintelligence training he had received at the CIA, he could not be unaware his move into Chinese-controlled territory would not prevent

adversary services, which also had the home court advantage, from stepping in. He also gave adversaries an ample, if not wholly irresistible reason, to enter the game by saying that he had access to NSA's sources in China.
How could they resist such a prize?

As confidant as Snowden may have been that he was in control, the CIA believed that confidence was misinformed. CIA Deputy Director Morell said, after reviewing the case on a panel appointed by President Obama: "Snowden thinks he is smart, but he was never in a position in his previous jobs to fully understand the immense capabilities of our Russian and Chinese counterparts." He could adopt a self-confident tone in his post-mortem conversations with journalists in Moscow, but he had no means to block the efforts of the Chinese or Russian services in Hong Kong. These intelligence services had no restrictions on their actions. For example, the Chinese intelligence service could have spotted him on his arrival in Hong Kong simply by cross- checking its aforementioned database of US intelligence workers who had applied for a renewed security clearance in the past three years. It could have pinpointed his whereabouts through its informant network in the Hong Kong Police and the security staffs of hotels. Snowden's mysterious "carer" would not be immune from detection by that network. Russia, China's longtime intelligence ally, would not even need to go to such lengths since, as Putin gloatingly confirmed, he contacted its diplomats in Hong Kong. The Russian intelligence service would them swing into action while Russian "diplomats" entered into talks with him. The Russians would also glean from Snowden's request for asylum that Hong Kong was only a temporary stopover for him,

"The purpose of my [Hong Kong} mission was to get the information to journalists," he would tell the *Guardian* after he was safely ensconced in Moscow. After that brief mission, he was "done" in Hong Kong. Where he planned to go next, mainland China was only a taxi ride away and there was a direct flight to Moscow.

Snowden does not say how many days he planned to be in Hong Kong, but he indicated that he was working under a tight clock. The time pressure resulted in him emailing Gellman at the *Washington Post* an ultimatum on May 24, 2013: either Gellman publish the selected documents in the *Washington Post* within 72 hours or he would lose the exclusive scoop. He wanted the story to break on May 27, 2013 without his true identity (which Gellman did not know). Hid identity would be known to a foreign mission in Hong Kong if Gellman acceded to his demands. Since as previously mentioned, Gellman's story would enclose an encoded signal he planned to use as proof of his bona fides. So even before the *Guardian* reporters had agreed to come to Hong Kong, he had plans to deal with a foreign mission. But he planned to keep his name out of it. Instead, he insisted Gellman include in it a coded signal in it. When the *Washington Post* turned down his ultimatum, he needed a different plan.

Time was running out if he was to break the story and leave Hong Kong before the NSA realized he was missing. At best, he was safe until June 3rd. That was when he was supposed to return from his two-week medical leave for getting treatment for epilepsy. But if he failed to show up in Hawaii on June 3rd, alarm bells at the NSA would go off. It would not take long to find him. Airline record would show that he had flown to Hong Kong. The NSA security staff would ask questions, as Snowden explained from Moscow: "This guy isn't where he says he's supposed to be. He's supposed to be getting medical treatment. Why the hell is he in Hong Kong?" It would then determine he had lied about his medical treatment, and it would immediate go after him with the full power of the U.S. government.

The day after his attempt to pressure the *Washington Post,* he asked Greenwald to drop everything he was doing and immediately fly to Hong Kong. He had, it will be recalled, already sent Poitras an enciphered file, and told her she would get the key once she and Greenwald followed his instructions. Presumably, he wanted Greenwald's story and the video done in Hong Kong before he became a suspect. If they had immediately flown to Hong Kong that May, it still might have left Snowden an escape window.

As Snowden found out, when dealing with journalists, things do not always go as planned. Greenwald, although agreeing to come to Hong Kong, waited in New York for two days while the *Guardian* editors completed their due diligence. Poitras waited with him. As a result of this delay, Snowden's clock ran out. Greenwald and Poitras did not arrive at his hotel in Hong Kong until June 3rd. It would be only hours before he became a prime suspect. "It was a nervous period," Snowden recalled. Although he bravely told the *Guardian,* "there was no risk of compromise/" That claim was, at best, wishful thinking on his part.

By this time, he was no longer invisible. Not only had he registered at the hotel under his true name and provided his credit card, but he was he in contact with three high-profile journalists, two well-known hacktavists and, as he suggested to Gellman, a foreign diplomatic mission. Even if Snowden had failed to persuade the *Washington Post* to publish a coded identifier, the mission's interest would likely be piqued when the newspaper published it first story on June 5th. Even if adversary intelligence services had missed Snowden and his archive of NSA documents earlier in May, they would not neglect the availability of such a prize after the NSA stories broke in the *Guardian* and *Washington Post* on June 5th. Greenwald even went on TV in Hong Kong, revealing to every interested intelligence service, in the unlikely event that that they did not already know, that a defector from the NSA was in Hong Kong.

Now there was no point in keeping his identity a secret. On June 9th Poitras released the famous video showing Snowden a secret NSA documents, At this point, Snowden shone so brightly as a beacon that every player in the in the intelligence game would realize that Snowden was a pawn to be captured.

Snowden still was able to fog over his travel plans, at least in the media, by telling reporters that he intended to remain in Hong Kong and fight extradition in court, but certainly the Russian officials whom he contacted knew he had other plans. They had even relayed his request to go to Russia to Putin. His movements were also no secret to sophisticated intelligence services. In an era in Hong Kong ii which cell phones emit their GPS location every 3 seconds and CCTV cameras scan many street intersections, it is not easy to conceal one's whereabouts. In Snowden's case, his photograph was constantly on television, posters and giant billboards. Even if he threw away his own phone, his retinue of lawyers and helpers could be tracked with ease.

China, who's President, Xi Jinping was meeting President Obama for the first time in Rancho Mirage, California on June 9th, would have certainly been keenly interested in the unfolding Snowden affair. After all, Obama had publically put on his agenda that week calling Xi to task for Chinese cyber espionage. Such a charge was undermined by Snowden's globally-publicized accusation that the United States was engaged in massive cyber espionage. In any event, as US intelligence verified, China had, almost immediately after the release of the video, instituted a full court press of Snowden in Hong Kong. Its security apparatus presumably had the means to monitor his room as well as those of Poitras and Greenwald. From that moment on, it is not likely that any communication or movement, Snowden made during his next 18 days in Hong Kong would escape its scrutiny.

The U.Ss also had the ability to track Snowden's movements via the cell phones of his lawyers and other confederates after he surfaced. This tracking could all be done by the NSA. What the U.S. lacked was any practical means to capture a high-profile intelligence defector in a city that was part of China. By this time, US intelligence had established that Chinese and Hong Kong security services were monitoring Snowden's every move. This left few options in the game for the U.S. "I'm not going to be scrambling jets to get a 29-year-old hacker," President Obama said on June 27, 2013.

The real prize, in any case, was not Snowden himself but the NSA's secrets documents that he had with him in Hong Kong. When Snowden was observed entering the Russian consulate, the game was all but over. US diplomats could protest over back channels to Moscow, as they did, but, with a trove of NSA secrets at stake, there was little expectation that they stop the Russians. Two days later, the "single point of failure," as Snowden described himself, was on his way to Russia, where he would be subject to Moscow's rules.

When a victory is obtained in a major sports event, such as the world cup, it is celebrated with victory dances, parties and ticker-tape parades. The opposite is true in the Game of Nation. An intelligence victory involving secret documents, even if it cannot be entirely hidden, is kept veiled, as far as is possible, to increase the value of the coup. "The final move in any sophisticated intelligence game," Angleton told me in relation to espionage intelligence coup, is "obscuring a success."

Following Angleton's precept the Russian or Chinese intelligence services, if they had a role in acquiring the product of the self-described "single point of failure," would work to cover their tracks in the affair even before the Aeroflot plane carrying Snowden touched down at Sheremetyevo International Airport on June 23, 2013. If any false flag operations had been used to trick, mislead, or otherwise induce Snowden to come to Hong Kong, they would be disbanded. If any safe housed had been used to quarter Snowden in his first 11 days in Hong Kong, they would be shut down. If any operatives had been used in Hawaii to guide or assist Snowden, they would be put back into the sleep mode. If any tell-tale traces had been left in chat rooms or social media, they would be systematically deleted. Even more important to the ultimate success of such a communications intelligence coup, measures would be taken to conceal the extent of the damage done by the "single point of failure" by not precipitously closing down compromised sources. Snowden might believe that the power of the information he held was so great that, if disclosed by him, all the NSA's sources would immediately go dark in Russia and China, but Russia might not wish to provide such clarity to its adversaries. An intelligence service need not close down channels it discovers are compromised by an adversary. Instead it can elect to continue to use them and furnish through them bits of sensitive information to advance its own national interest. The real danger here was not that the NSA's "lights" would dramatically be extinguished but that all the future messages illuminated by those lights would be less reliable sources of intelligence. The Game of Nations is, after all, merely a competition among adversaries to gain advantages by the surreptitious exchange of both twisted and straight information. When the NSA asserted in the summer of 2013 that over one million documents, it was recognizing the most massive failure in its 60 year history. Not only NSA secrets, but secret files from the CIA, the British GCHQ, and America's cyber military commands, had been compromised. It was, as Sir David Omand, the head of the British GCHQ described it, a "huge, strategic setback" for the West. The genie could not be put back in the bottle as there is not a

reset button in this game. The best that the NSA could do now was damage control while its adversaries took full advantage of the setback. Several hundred US and British intelligence officers worked around the clock in Washington DC, Fort Meade, Maryland and Cheltenham, England for months on end to determine if which parts could be still salvaged from what had been until the Snowden breach the most powerful communications intelligence system in the world.

Adding insult to injury, Snowden, speaking from his new perch in Moscow, told applauding audience that the entire purpose of the U.S. exercise, including deliberately "trapping" him in Moscow, was to "demonize" him. For Russia, it was a textbook move. By providing Snowden with this platform to rail against the surveillance practices of his adversaries, Putin laid claim to the moral high ground in the Game of Nations.

What remains missing from this picture is Snowden's motive in requesting documents from other foreign intelligence services, such as the GCHQ, and copying lists of NSA sources. It is difficult to believe that his motive was conventional whistle-blowing since these documents were not among those l he gave to journalists in Hong Kong. It will be recalled that his legal representative in Moscow, Anatoly Kucherena, said that he taken to Russia, and had access to, NSA documents that he had not given to journalists. He had gone effort in his final weeks at the NSA to take documents that any adversary service would prize. Copying them was, as we have seen, part of his well-calculated plan. Did he use them, as he used the documents he gave to Poitras, Greenwald and Gellman, as leverage in his transformation? Since the role that Moscow may have played in Snowden's remarkable defection, while less visible than that of the movie-makers, journalists and activist, cannot be ignored in this puzzle. Since it requires a closer examination of the machinations that brought Snowden to Russia, I made arrangements to visit Moscow in October 2015.

# PART FIVE

# WALKING THE CAT BACK

Deception is a state of mind—and the mind of the state

--James Jesus Angleton

## Chronology 3

## Snowden in Russia

### 2013

*June 23* Snowden arrives from Hong Kong at Sheremetyevo International Airport on Aeroflot flight SU213 at 5:15 PM local time.

Sarah Harrison arrives from Hong Kong at Sheremetyevo International Airport on Aeroflot flight SU213 at 5:15 PM local time.

*July 12* Snowden, in his first public appearance in Russia, holds press conference at Sheremetyevo International Airport,

*July 14* Snowden first meets Anatoly Kucherena, his lawyer-to-be

*August 1* Snowden's application for asylum is granted for one year.

September 23 Kucherena states Snowden has access to NSA documents in Russia

*October 2* Ray McGovern, Thomas Drake, Coleen Rowley and

Jesselyn Radack meets with Snowden and Harrison.

*October 10* Snowden aided by ACLU legal team put together by Ben Wizner

*October 16* Snowden interviewed, via Internet, by James Risen (*NY Times*)

*November 1* Snowden joins the board of the Freedom of the Press Foundation

*November 3* Sarah Harrison departs from Moscow.

*December 21* Snowden meets with Gellman; his first in person interview in Moscow.

### *2014*

*January 2* Snowden meets in Moscow ACLU lawyers Ben Wizner and Anthony Romero

*August 1* Snowden's residence permit is renewed for three years

# CHAPTER TWENTY-FOUR

## Dinner with Oliver Stone

"I had to 'tune to [Snowden's] wavelength' and try to balance between the rational and intuitive perception of his world. Having experienced these incredible sensations, I realized that I had to write about them, but only in the form of a novel that would not claim any sophisticated philosophical conclusions."

—Anatoly Kucherena

Before flying to Moscow, I arranged to have dinner with Oliver Stone at Parma, an Italian restaurant on the upper east side of New York. I had greatly respected Stone ability as a film director after watching him work in *Wall Street II: Money Never Sleeps*, a film in which I had a cameo role. I also had debated Stone about the historic accuracy of his 1990 movie *JFK* at Town Hall in New York.

When we dined, he had just written, produced, written and directed "Snowden," an independently-financed film depicting Snowden, as put, as "one of the great heroes of the 21st century." In preparing for it, he had not only seen Snowden in 2013 and 2014, but he had had a six-hour meeting with Putin.

The reason I wanted to talk to him was not to learn about the film but to find about how he had made to gain access to Snowden in Moscow. I already knew from the documents taken from Sony Pictures Entertainment allegedly by North Korea that Stone had paid the *Guardian* $700,000 for the film rights to "The Snowden File," a book written by Luke Harding. This was not a surprising sum since it provided a basis for movie which describes Snowden's coup. But these documents also revealed that Stone had paid Anatoly Kucherena, Snowden's legal representative in Moscow, $1 million dollars, supposedly for the rights to his novel *Time of the Octopus*. Even by Hollywood standards one million dollars was an extraordinary sum to pay for a yet-to-be published work of Russian fiction, and it was especially striking since Stone was making a fact-based movie using the actual names of the characters. "Is your script based on Kucherena's "Time of the Octopus?" I asked.

"No," Stone replied, "I haven't used it." He said that the payment was for what he termed "total access." He explained that Barbara Broccoli and Michael G. Wilson, the producers of the James Bond franchise, had optioned Greenwald's book "No Place to Hide" to make into a movie

about Snowden for Sony. Stone said that the million dollar deal with Kucherena effectively guaranteed that any competing project would not have access to Snowden. Sony consequently put the competing film on hold.

To be sure, it is not unusual for a lawyer to negotiate a deal on behalf of a client, but a lawyer ordinarily does not have the power to block a competing film access to their client. Clearly, Kucherena was no ordinary lawyer. Among other positions, he was on the public board of the FSB security service. In light of such connections, Stone said Kucherena might be acting as an intermediary for other parties who did control access to Snowden in Russia but that were not his concern. Kucherena delivered the exclusive access to Snowden.

Aside from being a skilled director, Stone is a shrewd producer who knew how to close a deal. He assessed, correctly as it turned out, that the payment to Kucherena would effectively block Sony's competing project. Where the money went was far less clear.

Towards the end of our dinner, Stone told me that he did not know I was writing a book about until a few weeks earlier. He learned of my book from Snowden. He said Snowden had expressed concern to him about the direction of the book I was writing. "What was it about?" Stone asked me.

I was taken aback. I had no idea that Snowden was aware of my book project, as I had not tried to contact him. I told Stone that I considered Snowden to be extraordinary man who had changed history. Although I was intentionally vague in my description, Stone seemed to be reassured.

That Snowden was aware that I was investigating him presented an opportunity. I asked Stone about the possibility of my seeing Snowden in Moscow.

Stone did not offer to arrange such a meeting. He said only that I "might want to speak to Anatoly [Kucherena]." This conversation suggested to me that Kucherena was Snowden's gate-keeper.

In his two years in Moscow, Snowden, or his handlers, had granted only a handful of face-to face interviews. One was with James Bamford, who was writing an article on Snowden for *Wired* magazine in 2014. But it took nearly nine months to arrange the meeting. "I have been trying to set up an interview with him [Snowden]—traveling to Berlin, Rio de Janeiro twice, and New York multiple times to talk with the handful of his confidants who can arrange a meeting. " he recounted in *Wired*. After my dinner with Stone, I hoped to find a quicker route.

First, I was advised that I needed a Moscow "fixer," the curious term that journalists commonly use to describe a local intermediary who arranges appointments in foreign countries. I retained Zamir Gotta, a highly respected TV producer in Moscow, who I was told had helped "fix" the Bamford interview with Snowden.

"There is only one door to Snowden," Zamir wrote me. "His name is Kucherena." Since Zamir said Kucherena rarely saw journalists he that he had a contact in his office. He further told me Kucherena required that any journalist seeking an interview with Snowden to submit his questions to him two weeks in advance and, if approved, sign a document stating I would not deviate from the questions. Next, my questions had to be translated from English to Russian (even though Snowden does not speak Russian) and then vetted by Kucherena's staff. Zamir also suggested I stay at the National hotel in Red Square because Snowden has gone there for previous meetings with Bamford. So I sent Kucherena, via Zamir, ten questions that might interest Snowden (if they ever reached him.)

I next obtained a multi-entry Russian visa from the Russian consulate in New York, booked myself a room in the National hotel with a view of the Kremlin and used all my remaining frequent travel miles to book a direct flight on Aeroflot to Moscow.

# CHAPTER TWENTY-FIVE

## Vanishing Act

"They talk about Russia like it's the worst place on earth. Russia's great."—Snowden Moscow, 2015

My night flight from New York to Moscow took less than eight hours. It landed at 7:40 AM on October 29, 2015 at terminal D a Sheremetyevo International Airport. I did not immediately proceed through passport control, not just because I wanted to avoid the killer bumper-to-bumper rush hour traffic, but because I wanted to explore the transit zone in which Snowden was supposedly trapped in for six weeks.

Sheremetyevo Two, where all international flights land, was built in the waning days of the Cold War for international passengers arriving for the Moscow 1980 Summer Olympics. It was modernized in 2010, including opening a walkway that connects Terminal D, E and F for transit passengers.

Snowden had vanished, at least from public view, in this complex of terminals for nearly six weeks in the summer of 2013. His explanation, as will be recalled, was two-part. First, he had planned to board the next fight to Cuba, and from there proceed to Ecuador. But he was unable to board this flight because his passport had been invalidated while he was flying to Russia by the U.S. Government. Second, after discovering his passport had been revoked, he stayed in a capsule hotel in the transit zone for the next 38 days.

To better understand the plausibility of his version of those events, I proceeded through the transit passage to Terminal F where Snowden's plane from Hong Kong had landed at 5:15 PM Moscow time on June 23, 2013.

Snowden did not o through passport control on June 23rd. Before any of the other passengers were allowed to disembark from the plane, Russian plainclothes officers from the Special Services boarded the plane and asked both Snowden and Sarah Harrison, his Wiki leak's supplied "ninja," to accompany them to a waiting car that whisked them away. Assange and Harrison had organized a number of decoy flights. They may have confused U.S and British intelligence services, as they were intended to do, but they evidently did not fool the Russian intelligence services. According to the account in *Izvestia*, "a special operation was conducted for his reception and evacuation." It further said: "Snowden flight to Moscow was coordinated with the Russian authorities and intelligence services." What was less clear is whether Snowden had voluntarily participated in this "special operation" that effectively took him into custody. Wherever Snowden and Harrison were next taken-- the "transit zone" extends beyond the airport to medical and other facilities— he was not brought to Terminal E, where the next Aeroflot flight to Cuba departed at 1:40 PM on June 24th 2013.

Yet, if not for the "special operation", he could have easily gone by foot to Terminal E. It was, as I found, only a nine minute walk through the transit passageway in which one does not have to show a passport. But that raises the question: Was Snowden's plan really to go to Ecuador?

Consider Snowden's putative motivation in seeking sanctuary in Ecuador: his safety. Yet, Snowden assessed that he would be vulnerable to capture by the U.S. government in Ecuador. "If they [the U.S. Government] really wanted to capture me, they would've allowed me to travel to Latin America, because the CIA can operate with impunity down there," he explained in a recorded interview with Katrina vanden Heuvel, the editor of *The Nation,* in 2014, He had previously discussed the likelihood of his being captured in Ecuador with Julian Assange in Hong Kong in June 2013 before his departure for Moscow. He also told Alan Rusbridger, the editor of the *Guardian,* that he considered that he was at risk in Latin America. This vulnerability was no minor matter to Snowden. He told Glenn Greenwald in Hong Kong, before arranging to fly to Moscow, that his "first priority" was his own "physical safety." Since he did not believe Ecuador was a safe place for him, why would he leave the comparative safety of Russia and risk being kidnapped by American forces in Latin America?

Nor was a U.S. passport a prerequisite for U.S. citizens flying to Havana in 2013. Since the State Department did not sanction travel to Cuba for the general public, the vast majority of Americans going to Cuba obtained a travel document from a Cuban consulate so the Cuban entry stamp would not be marked in their passport.) So Snowden, if he really had intended to fly to Cuba, only needed this document. He had over a month to obtain it from the Cuban consulate in Hong Kong. But he did not. He could also have obtained a visa to Ecuador at its consulate in Hong Kong. But he did not. According to his lawyer Kucherena, who closely examined his passport in July 2013, Snowden had no visas at all. Unlike his words, Snowden's actions were with any plan to go to any place in Latin America.

Shortly after the "special operation," a tip was placed on a publicly-accessible Russian website saying that Snowden was booked on the Aeroflot flight SU-150 to Cuba on June 24th. In response to this anonymous tip, Russian and foreign news organization in Moscow ordered their reporters to buy tickets on that flight With their tickets, reporters swarmed into the departure area of the airport in such numbers that the police had to set up cordons. They checked all the VIP lounges, restaurants, rest rooms and boarding area for the next seven hours, but Snowden was nowhere to be found. A Russia Today reporter later said "It was a total madhouse. Everyone was screaming 'Snowden' at the airport ground staff." Over a hundred reporters actually boarded the plane.

In fact, Snowden had never checked in for that flight and, as far as is known, was never seen in terminal E. Only after the plane took off did the journalists realize Snowden was not aboard it. All they could do was photograph two of the unoccupied seats, 17A and 17 C, which they reported in tweets were Snowden's and Harrison empty seats. By the time the plane landed in Cuba Aeroflot denied that anyone named Snowden had ever been booked on any of its flight to

Cuba, a denial it continued to repeat to every reporter who queried the airline for the next six weeks.

The first news that Snowden was even in Russia came on July 1, 2013. A statement posted on n the Wikileaks web site and signed "Edward Snowden," after thanking "friends new and old" for his "continued liberty," accused President Obama of pressuring "leaders of nations from which I have requested protection to deny my asylum petitions. It added: "This kind of deception from a world leader is not justice, and neither is the extralegal penalty of exile. These are the old, bad tools of political aggression." Since the Aeroflot flight to Cuba was the only means of getting directly from Moscow to Latin America, Russian reporters, encouraged by the Wikileaks post, continued taking the daily 11 hour flight to Cuba until August 1, 2013, The charade only ended when Kucherena said in a press conference at the airport that Snowden would be taking up residency at an undisclosed location in Moscow, and walked out of the airport with Snowden.

The question remained: where had Snowden been staying for those 39 days? Sarah Harrison, his companion on the plane, told *Vogue* that she and Snowden had shared a windowless room in the transit zone, where they watched TV, washed their clothes in a sink basin and ate meals from the nearby Burger King. The only hotel with windowless rooms in the transit zone in 2013 was the Vozdushny V-Express Capsule Hotel, located next to a newly-opened Burger King restaurant.

I next went there. The polite V-express desk clerk, who spoke English, showed me the standard windowless double-room. It was approximately 24 square feet, the size of a large shipping container. Most of the floor space was taken up by twin bed. Across from the bed, behind a plastic curtain, was a stall with a shower, a toilet and sink. Not only was it very cramped quarters for two people to share but it was fairly expensive. It cost 850 rubles an hour (about $18 in 2013.) For 39 days that hourly charge would add up to $16,600. Even though Snowden claimed that he brought a large cache of cash to Russia, such a long stay was not allowed, according to the desk clerk. The maximum stay allowed by the hotel was 24 hours. So either the rule was waived for Snowden or he moved to another facility not available to the public.

I learned from a former KGB officer, there are a number of VIP quarters beyond the confines of the airport, including suites at the 400-room Novotel hotel, which is located about seven miles from the airport, that are used for debriefing and other purposes by the security services. According to him, the security services are not restricted from entering and leaving the transit zone.

The possibility that he was staying elsewhere would help explain the futile search for him by of a large number of reporters over those 39 days. When they learned from tweets that Snowden was not aboard plane to Havana on June 24th, they aggressively questioned every restaurant employees, security guards and airport personnel for weeks they could find. Some reporters even took rooms in the V-Express Capsule Hotel and "tipped" maids and other hotel employees. They also bought business-class tickets on flights to gain access to all the public VIP lounges in the transit zones. Despite this intensive search, none of them found anyone who had seen Snowden

although his image was constantly shown on airport TV screens. Egor Piscunov, a Russian journalist who checked into the capsule hotel for 4 hours told me, “It was a total vanishing act.”

# CHAPTER TWENTY-SIX

## Through the Looking Glass

"There's definitely a deep state. Trust me, I've been there"

—Edward Snowden in Moscow

While waiting to hear back from Kucherena's office, I arranged to meet with Victor Ivanovich Cherkashin, who gad been one of the most successful KGB spy handlers in the Cold War. Cherkashin, born in 1932, had served in the KGB's espionage branch from 1952 until 1991. He now operated a private security firm in Moscow. I was particularly interested in his recruitment of three top American intelligence officers; Aldrich Ames in the CIA, Robert Hanssen in the FBI and Ronald Pelton in the NSA. I hoped that seeing these intelligence coups through the eyes, and mind-set, of their KGB handler might provide some historical context for the Snowden defection. So I invited Cherkashin to lunch at Gusto, a quiet Italian restaurant, located near the Chekov Theater in central Moscow,

Cherkashin, a tall thin man with silver hair, showed up promptly at 1 pm. Wearing an elegant grey suit and dark tie, he walked with a spry step. Since he had served in counterintelligence in the Soviet Embassy in Washington D.C. for nearly a decade, he spoke flawless English,

I began the interview with one of the more celebrated cases he handled: the KGB recruitment of Aldrich Ames. Ames, a CIA counterintelligence officer, had worked as a Russian mole between April 1985 and January 1994. In those nine years, he rose, or was maneuvered by the KGB, into a top position in the CIA's highly-sensitive Counterintelligence Center Analysis Group, which allowed him to deliver hundreds of top secrets to the KGB. In return, according to Cherkashin, Ames received in cash between $20,000 and $50,000 for each delivery, which amounted to $4.6 million over the nine years.

I asked Cherkashin about the weakness the KGB looked for in an American intelligence worker that might lead him to copy and steal top secret documents. How did he spot a potential Ames? Was it a financial problem? Was it a sexual vulnerability? Was it an ideological leaning?

"Nothing so dramatic," he answered. What he looked for when assessing Ames's potential was an intelligence officer who is both dissatisfied and antagonistic to the service for which he works."

"The classic disgruntle employee," I interjected.

"Any intelligence officer who strongly feels that his superiors are not listening to him, and that they are doing stupid things, is a candidate," he continued. He said he had found that the flaw in a prospect that could be most dependably exploited was not his greed, lust, or deviant behavior but his resentment over the way he was being treated.

"Is that how you spotted Ames?"

"Actually he approached us, not vice versa." It was his job in the CIA to approach opposition KGB officers. "But yes we saw the potential," he said.

Since Ames had been initially paid by Cherkashin $50,000 in cash for his first delivery, I asked whether he fit into the category of a disgruntled employee. "Wasn't he a mercenary/"

"I knew from our intelligence reports that he needed money for debts stemming from his divorce," he answered. "But he was also angry at the stupidity and paranoia of those running the CIA. Ames told me at our first secret meeting that they were misleading Congress by exaggerating the Soviet threat." Cherkashin evaluated Ames as a man who felt not only slighted by his superiors but "helpless to do anything about it" within the bureaucracy of the CIA. "The money we gave, even if he could spend only a small portion of it, gave him a sense of worth." He explained that the KGB had an entire team of psychologists in Moscow that worked on further exploiting Ames's resentment at his superiors.

The search for an adversary intelligence officer who resents his service was not limited to KGB recruiters. It was also the "classic attitude" that the CIA sought to exploit in its adversaries, according to its former deputy director. "You find someone working for the other side and tell him that he is not receiving the proper recognition, pay and honors due him," Michael Morell said, pointing out that the same "psychological dynamic" could be used to motivate someone to "act alone" in gathering espionage material.

I next turned to an even more important KGB coup: his Robert Hanssen case. Hanssen was the FBI counterintelligence officer who worked as a KGB mole for 22 years between 1979 and 2002 and had delivered even more documents to the Russian intelligence services than Hanssen. "Did Hanssen's dissatisfaction with the FBI, or his objections to its policies, play a role in his recruitment?" I asked.

"I didn't recruit Hanssen," Cherkashin replied, "He recruited himself. I never even knew his name or where he worked." He added: "So I knew nothing about his motivation other than that he wanted cash."

"So he was mercenary," I suggested.

"All we knew was that he delivered valuable documents to us and asked for cash in return." he said. "We didn't control him, he controlled us."

An uncontrolled mole that provided secrets to the KGB and SVR for 22 years was very different from fictional moles in the spy movies. I asked whether it would have been better if the KGB had him under its control.

"Possibly," Cherkashin answered, "but as it turned out Hanssen was our most valuable penetration in the Cold War."

Unlike Ames, whose nine-year career as a mole could be managed by the KGB, Hanssen decided what secret documents to steal and when to make contact or a delivery. He refused to even allow the KGB to suggest a site. All the communications with him were by letter or to a

phone number in a used car ad Except for putting money into a dead drop, the KGB played only a passive role in the espionage. "Could Hanssen really be called a mole?" I asked.

"A mole is a term used in spy fiction," he said. "We prefer to the more general term 'espionage source."

"So anyone who delivers state secrets to the KGB, for whatever reason, is an espionage source?" I asked.

"Certainly, if the information is valuable to us," Cherkashin answered. "Hanssen delivered secrets exposing American human and electronic operations against Russia. He was our most valuable espionage source. It is the delivery of secrets, not the methods used, that counts."

"If some unknown person simply delivered a trove of top-secret communications secrets to the doorstep of Russia would they it be accepted?" I asked with Snowden in mind.

"I can't say what the SVR would do today. I am long retired" he said, with a nostalgic shake of his head. "But in my day, we needed some reason to believe to believe the gift was genuine."

"Would you need to vet the person delivering it?"

"With Hanssen we did not have that opportunity," he said. "If we believed the documents were genuine, we would of course grab them."

The final recruitment I asked Cherkashin about was that of Ronald Pelton, the civilian employee of the NSA who had retired in 1979. Pelton had left the NSA without taking any classified documents with him. After retiring, he had financial difficulties, and he sought to get money from the KGB. On January 14, 1980, he walked into the Soviet embassy in Washington DC and asked to see an intelligence officer. After he was ushered into secure debriefing room, he said that he had information that Russia would find interesting, but he wanted money in return. What interested me about the Pelton case was that Cherkashin proceeded to recruit Pelton even though he was no longer working at the NSA, and Pelton no longer had access to the NSA. In addition, since the FBI had 24 hour surveillance on the embassy, Pelton had almost certainly been photographed entering it and also possibly had been recorded asking for an intelligence officer by electronic bugs that the KGB suspected that NSA had planted in the embassy. What did the KGB do in a situation in which ex-civilian employee at the NSA possessed no documents?

Despite the risks involved, Cherkashin decided Pelton had to be debriefed by communications intelligence specialists. So he had him disguised as a utility worker and smuggled out in a van to the residential compound of the Ambassador in Georgetown. A few days later, he was dropped off at a shopping mall, "Why did you go to such effort if Pelton had neither documents nor access to the NSA?" I asked.

"It was the information in his head that we wanted." Cherkashin said that as KGB rarely got access to any NSA officer, it was worth the risk. So he was given $5,000 in cash and a plane ticket to Vienna, where he was domiciled at the residence of the Soviet ambassador to Austria. A KGB's electronic communications expert, Anatoly Slavnov, was then sent to Vienna to supervise the Pelton debriefings. The debriefing sessions, which went on for 15 days, were from 8 AM to 6 PM. In them, Pelton managed to recall Project A, a joint NSA-CIA-Navy operation in which submarines surreptitiously tapped into Soviet undersea cables in the Sea of Okhotsk, which connected a to the Soviet Pacific Fleet's mainland headquarters at Vladivostok. Pelton received another $30,000 from the KGB.

"Did the information in his head proved valuable?" I asked.

"As long as the NSA didn't know the tap was compromised by Pelton, we could use the cable to send to the NSA the information we wanted it to intercept." He said while actual NSA documents would have proved more useful than someone's memories, "Our job is to take advantage of whatever we can get."

Two years later, Pelton was again flown to Vienna for a follow-up debriefing to see if he could recall any further details. Finally, in 1985, Pelton was arrested by the FBI and, like Ames and Hanssen, sentenced to life imprisonment.

Looking at his watch, Cherkashin politely excused himself, saying he had work to do. On parting, I signed a copy of my book on Angleton for him and thanked him for his insights.

Through the eyes of the KGB, a penetration of American intelligence was clearly opportunistic. If these practices continued, they put the Snowden case in a new light for me. If Russian intelligence considered it worthwhile to send an ex-civilian worker at the NSA, such as Ronald Pelton, from Washington D.C. 2,000 miles to Austria so that its specialists could debrief him on the secrets he held in his head, it would have an even greater interest in exfiltrating Snowden from Hong Kong to get, aside from his documents, whatever secrets he held in his head. If Russian intelligence was willing to opportunistically accept the delivery of U.S. secrets from an unknown espionage source that it neither recruited nor controlled, such as Hanssen, it would have little hesitancy in acquiring the secrets that Snowden had stolen on his own volition, even if Snowden acted for idealistic reasons. If Russian intelligence focused its search pattern on disgruntled American intelligence workers, such as Ames, it is plausible that it spotted Snowden through his Internet rants against U.S. surveillance. Even if it had missed Snowden in Hawaii, a disgruntled ex-civilian employee at the NSA would have received its full attention after he contacted Russian officials in Hong Kong. While the tactics of the SVR may have changed since Cherkashin retired, its objectives remained the same. And the NSA remained its principal target. Nor is there any reason to doubt that it still measures success in its ability to obtain, by whatever means, the secret sources and methods of its adversaries. Snowden was in a position, both with the documents he had taken and the knowledge he had in his head, to deliver the KGB such a

coup.

# CHAPTER TWENTY-SEVEN

## The Handler

As for his [Snowden's] communication with the outside world, yes, I am his main contact

--Anatoly Kucherena, September 23, 2013

Time was rapidly running out for me in Moscow. On November 1st, I still had not been able to make contact with Anatoly Kucherena, and my flight back to New York was in five days. My fixer, Zamir, had been trying to arrange an appointment for three weeks but he had only received one call back from Kucherena's assistant, Valentina Vladimirovna Kvirvova. She wanted to know how I knew Oliver Stone. He told her of my part in Stone's movie *Wall Street 2: Money Never Sleeps*. That was the last he had heard from her. Meanwhile a Moscow based journalist told me that she had waited 18 months to hear back from him giving up. I also learned from a Russian researcher that Kucherena had not given a single interview to any journalist since his television interview with Sophie Shevardnadze on September 23, 2013. And no Russian journalist, or any Moscow-based foreign journalist, had ever obtained an interview with Snowden. At this point, Zamir was becoming increasingly doubtful about getting my access to either Kucherena or Snowden.

But I had another contact in Moscow. When I had been investigating the 2006 Polonium poisoning of ex-KGB officer Alexander Litvinenko in London, I had interviewed a number of people in Moscow, including Andrei Lugovoy. A former KGB officer assigned to protecting the Kremlin's top members in the 1990s, Lugovoy later opened his own security company. In 2005, he became a business associate of Litvinenko's in gathering information, and made regular trips to London to meet with him. Since he had tea with Litvinenko at the Millennium hotel in London on November 1, 2006, the day Litvinenko was poisoned, he became the main suspect in the British investigation. He could not be extradited, however. After reconstructing the chronology of the crime, I established that Litvinenko had been contaminated with Polonium at a Japanese restaurant some four hours before his tea with Lugovoy. I therefore wrote that Lugovoy could not have poisoned Litvinenko in the Millennium hotel, a finding that he said he greatly appreciated.

Lugovoy was elected to the Duma in 2008, and also hosted a 24 part television series espionage for which he was personally decorated by Putin. He was also now reputed to be in the inner circle of power in Moscow. So I called him.

We arranged to meet in the lobby bar of the National Hotel. A short but well-built man with a bullet-style haircut, Lugovoy showed up promptly at 1 PM. After discussing some of the subsequent developments in the still-lingering Polonium investigation, I asked him if he knew Kucherena.

"I don't know him, but I know someone who does," he answered. "Why are you interested in seeing Kucherena?"

I told him that I wanted to speak to him about Snowden but that I had been unable to arrange a meeting.

"That's no problem," he said, raising his cell phone (which never left his hand.) He hit a number the speed dial, and spoke rapidly in Russian (which I do not understand.) He cupped his hand over the phone and asked how long I would be in Moscow.

After I told him that I was leaving on Friday, he spoke again in to the person on the other end. "You will have an appointment on Thursday," he said.

Later that afternoon Valentina, Kucherena's assistant, called to say that Kucherena would be happy to see me at his office at 6 PM on Thursday. I didn't ask Lugovoy who he had called or how this had happened. Clearly, whoever Lugovoy called had the power to arrange the meeting. Power evidently works in unseen ways in Putin's Russia.

Kucherena's office was only two subway stops from the National hotel, and I arrived ten minutes early. A receptionist showed me into a well-lit square room with an elegant table in the center. There was a sumptuous basket of exotic fruit on the table and large portraits of racehorses on the walls. Another door opened, and a tall, graceful woman came into the room and introduced herself as "Valentina." She was wearing a well-fitting black dress, striking jade necklace and high heels. When she asked whether I would like anything to drink, it seemed more like the prelude to an elegant dinner party than an interview about Snowden.

As Kucherena did not speak English, I brought Zamir along to translate for the conversation, but Valentina also spoke very good English. She apologized for the delay in responding to my requests, explaining that she received "thousands of requests" for interviews and did not have time to answer them. When I asked how many were answered, she shrugged and said "not many."

At that moment, Kucherena entered with a jaunty step, a cherubic face and an untamed white hair. He was wearing grey slacks, a partially buttoned cashmere polo sweater and a fully engaging smile.

As I had learned from his entry in Wikipedia, he was born in a small village in the Soviet Socialist Republic of Moldavia in 1960, and he had obtained his law degree from the All-Union Correspondence Law Institute in 1991. He opened his own law firm in Moscow in 1995. Kucherena's well-known friendship with Putin evidently had not hurt his law practice. His clients had included such well-connected defendants as Viktor Yanukovych, the overthrown president of Ukraine in 2014; Grigory Leps, a Russian singer blacklisted by the U.S. for allegedly acting as a money courier for a Eurasian criminal organization; Valentin Kovalev, a former Russian Minister

of Justice charged with corruption; and Suleyman Kerimov, a civil servant from Dagestan, who had amassed an estimated fortune of $7.1 billion. Kerimov recently had been charged for manipulating a Potash cartel case in Belarus. Most of these clients were reputed to be part of Putin's inner circle.

To break the ice, I asked him about Oliver Stone. I knew he had a small role in Oliver Stone's forthcoming movie "Snowden." in which he plays Snowden's lawyer in Moscow.

"I was impressed by how few takes he needed to shoot my scene," he answered.

"How did you come to be Snowden's lawyer?" I asked.

"Snowden picked me from a roster of 15 lawyers with which he had been given." He then went to Sheremetyevo International Airport to meet his new client. They met on the morning of Friday July 12, 2013. At that point, he said that Snowden had been held virtually incommunicado for 20 days. Other than Russian officials, the only person he had been allowed to see during this period was Assange's aide, Sarah Harrison.

"Where in the airport did you meet him?" I asked. Was it in a VIP lounge?"

"It was in the transit zone," he replied coyly. "That is all I can say." They spoke through a translator, as Snowden did not speak Russian. By this time, Sarah Harrison had sent 21 countries petitions for asylum that were signed by Snowden. Whatever their purpose, Kucherena did not consider them helpful. "I told him that if he wanted to get sanctuary in Russia, he would have to immediately withdraw all the petitions in which he had asked other countries for asylum." Kucherena said that otherwise he could not represent him. Snowden agreed to that condition.

Later that afternoon Kucherena accompanied Snowden to area G9 in the transit zone where they emerged from a door marked "authorized personnel only" shortly before 5 PM. The room was packed with representatives of Human Rights Watch, Amnesty International, Wikileaks and other Moscow-based activist groups. They had been invited the previous day by an emails signed "Edward Snowden" instructing then to go to Terminal F at Sheremetyevo International Airport where they would be met by airport personnel carrying a "G9." It was a rare, if not unprecedented, event, for an American citizen to defect to Russia.

Wearing an open-neck blue shirt and badly-creased jacket, Snowden read a prepared statement that accused the United States government of violating the universal declaration of human rights and described himself as a victim of political persecution. He then formally announced that he was "requesting asylum in Russia."

In discussing this meeting, Kucherena told me that Snowden had not intended to seek asylum in Russia when he arrived on June 23. Since he also said he had not met Snowden prior to July 12th, I asked how he knew Snowden's intentions.

"When I accepted the case, I received Snowden's dossier." He answered. "I was able to see all his interviews."

Presumably Snowden's dossier included his interviews with the FSB, SVR and other Russian security services. If so, it would explain how Kucherena could be so certain that Snowden had brought "material" with him to Russia that he had not provided to journalists in Hong Kong. Before meeting with Kucherena, I had met with Sophie Shevardnadze, the previously-mentioned grand-daughter of Politburo member Edward Shevardnadze and widely-followe3d television journalist. She told me that Kucherena had personally approved the translation of the interview into English. So I asked Kucherena about his 2013 interview with her, which was the last interview he had given about Snowden. It will be recalled that in response to a question about whether Snowden had secret material with him in Russia, Kucherena had said "certainly." Was this exchange accurate?

"It was accurate," he answered.

Snowden himself had said in Hong Kong that he had only given journalists some of the state secrets he had stolen and that he deemed others too sensitive for journalists. So I sought to find out from Kucherena which documents Snowden had taken to Russia. I went about it in a roundabout way. When Shevardnadze asked him about the secret material Snowden had might reveal in Russia, Kucherena pointedly called her attention to Snowden's CIA service, suggesting that he might possess CIA files. I also knew that in his roman a clef novel which Oliver Stone had optioned for $1 million, he had Joshua Frost, the thinly veiled Snowden-based character, steal a vast number of CIA documents that could do great damage to U.S. intelligence. By retaining them, Frost made himself a prime target of the CIA. So I asked "Is Joshua Frost fact or fiction?"

"I can't tell you that," he said, "If I said he was Snowden it would violate the attorney client privilege."

"I understand," I persisted, "But did Snowden do what Frost did in your book."

"That is for you to decide," he answered with a sly smile. "It's my first novel."

When I asked if he could arrange for me to see Snowden, he said that first I would have to first submit my questions to Ben Wizner, Snowden's American lawyer. He made it clear to me that the exposure of Snowden to journalists, or at least the vetting of journalists, had been outsourced to Wizner, "After that the final decision is up to Snowden," he said. That seemed to conclude the interview but, as I got up to leave, he added, "His legal defense is fairly expensive and Snowden is running out of money."

I was intrigued by this parting remark. Snowden, as far as I knew, didn't need a legal defense because he was not charged with a crime in Russia and the United States had no extradition treaty with Russia. But I asked, "Could I make a contribution to his defense fund?"

"It would be greatly appreciated," he said, "We will supply you with instructions to wire the money to our bank."

"How much should I send?"

"That's up to you," he said, getting up to walk me to the door. "I should add for the record that the contribution will not influence Snowden's decision to see you."

"I will send the wiring instructions" Valentina said as I left. "I hope you come back to Moscow."

While Kucherena did not arrange an interview with Snowden, as I had hoped, he did something I considered more important. He confirmed the accuracy of his September 2013c assertion that Snowden had brought secret material to Russia; material he had not given to journalists in Hong Kong. After what I learned from Cherkashin about the lengths that Russian intelligence would go to obtain U.S. communications intelligence secrets, I viewed Snowden's access to this material to be a crucially important part of the mystery.

As for Snowden, I would send my questions to Ben Wizner and, if he and Snowden approved them, I would fly back to Moscow. But I decided that I was not going to send money to Kucherena— or to Snowden.

# PART SIX

# CONCLUSIONS

# CHAPTER TWENTY-EIGHT

## Snowden's Choices

"It is the choices we make that show who we truly are"

J.K Rowling, the Philosopher's Stone

Whereas Russian authorities had the opportunity to thoroughly debrief Snowden as to his motive for stealing state secrets, US authorities did not have that opportunity (and it seems unlikely that they will have it in the foreseeable future.) So Snowden's motive is a missing part of the puzzle. It also cannot even be assumed that he had a single consistent motive during the nine-month course of his illicit copying of documents. Snowden has shown, if nothing else, that he is adaptable. He may have began taking documents for one reason and found other reasons as he proceeded in his quest. Many of the circumstances of his probes, contacts, theft and escape remain disputed by his supporters and shrouded by the secrecy of the NSA. What we do know is that Snowden made four extraordinary choices during the nine month period in 2013 that speak to the concerns that may have guided his actions. In the case of a classified intelligence breach, as in a chess game, the sequence of moves a player makes provides an important clue to his strategy.

The first move that Snowden made in preparation of the Level 3 breach was switching jobs on March 15th 2013. Snowden chose to leave his job as a system administrator at Dell SecureWorks to take job at Booz Allen as an analyst-in-training. His motive was not money, as it was a lower-paying position. At the time, he made this choice he had already set up an encrypted channel with Laura Poitras for the purpose of sending her secret material. But he did not have to change jobs to send her secrets. So what was his purpose in making this fateful choice?

The job change was not necessary to expose NSA domestic activities. If he had only wanted to be a whistle-blower, there were ample documents about the NSA's activities already available to him on the NSANet. He also had access at Dell to the administrative file which contained the FISA court orders issued every three months to Verizon. In addition, as the NSA's damage assessment established, before switching jobs Snowden had already taken most of the documents pertaining to the NSA's domestic operations that he could have supplied to Poitras and Greenwald for whistle-blowing purposes. Indeed, while still at Dell, it will be recalled, he had he had told Poitras he had a copy of Presidential Policy Directive 20, a document in which President Obama authorized the NSA to tap into fiber cables crossing the United States. Snowden described it to her as "a kind of martial law for cyber operations, created by the White House." True, he took a more recently-issued FISA warrant and PRISM presentation in April after switching jobs, but he could have just as easily taken the January 2013 version of the FISA warrant from the administrative file of Dell. It would have had the same explosive effect in the media.

Nor did he switch jobs to lessen the risk of getting caught. He actually put himself in far greater jeopardy by switching jobs. At Dell he was relatively safe from apprehension since he could take documents, such as the above-mentioned Presidential Policy Directive 20, from access points at the NSA shared by many of his peers. Since these shared access points provided the equivalent of a common reading room at a library, it would be difficult to trace the theft of any documents taken from them to a particular user. Indeed, if he just wanted to expose the NSA's domestic

operations, he could have done the entire operation at Dell. He even could have sent Poitras documents anonymously over his own TOR software and server. And he could have remained in his self-described "paradise" in Hawaii with his girl friend.

Yet he chose to move to Booz Allen he also greatly increased the risk of exposure because the auditing system at Booz Allen could trace back unauthorized copying (though not in real time.) Presumably he knew, as he later told Greenwald and Poitras, that stealing documents at the Booz Allen job meant that he would either go to prison or escape from America. He didn't want to face prison time, so the job change required an escape plan. In keeping with the latter option, only about a week after he started work at the Booz Allen-managed facility, he submitted a request for a medical leave of absence.

We can safely assume that the reason for him to make this risky switch in employment was because he wanted something beyond the whistle-blowing documents. He wanted now to get documents that were not available at the Dell job. One such document he took was the top-secret *Congressional Budget Justification Book for Fiscal Year 2013.* This "black budget," as it is called in Congress, contained the entire Intelligence Community's priorities for, among other things, monitoring the activities of potential adversaries and terrorist organizations. It specified the money requested by not only the NSA, but the CIA, DIA, National Reconnaissance Office and other intelligence services. Snowden could not have considered the budget illegitimate, since is duly approved by both houses of Congress and the President. Nor could he objected to its secrecy since he himself had sworn oaths to protect all classified documents to which he was privy for the past eight years. If it was not for purposes of whistle-blowing, presumably he had another purpose for taking such a document. It certainly held value to other actors. "For our enemies, having it is like having the playbook of the opposing NFL team," said CIA Deputy Director Morell in 2015. "I guarantee you that the SVR, the Russian foreign intelligence service, would have paid millions of dollars for such a document." Unlike Ames, Hanssen and Pelton, Snowden was not after money. He sought documents that enhanced his power and importance.

He made no secret of this part of his motive after he got safely to Hong Kong. As will be recalled in answer to a question from the journalist Lana Lam about his motive for changing jobs, he answered that he took the Booz Allen job to get access to secret lists that were not available to him by working for Dell. These documents certainly increases his value to other nations since they included Level 3 lists revealing the NSA's sources in Russia, China and other foreign countries.

Snowden also wanted more than NSA secrets. He used his new position, and widened access at Booz Allen, to go after secret documents from the intelligence services of Britain, Australia. New Zealand and Israel He revealed this operation only after receiving sanctuary in Russia. He told an interviewer that by moving to his new Booz Allen job as an infrastructure analyst he gained the ability to pry secrets out of the allied of the NSA. "I had a special level of clearance, called 'Priv Ac'," he said. This "priv ac" status, he further explained, allowed him to request files from other services cooperating with U.S. intelligence. By way of example, he described one file from the British GCHQ cipher service that he copied, stole and provided to other parties. It exposed a legally-authorized British operation to collect electronic data on terrorist matters in Pakistan by tapping into Cisco routers used by telecom companies in Asia. This GCHQ operation, as he himself recognized, violated neither British nor American law. He told a BBC interviewer in regard to that file:"What's scariest is not what the government is doing that's unlawful, but what they're doing that is completely lawful." So his criteria for taking such

documents were not their illegality. Nor did the fact they were lawful actions stop him from taking highly-sensitive GCHQ documents referring to them. In his five weeks at this Booz Allen job, he also used this same newly-acquired "Priv Ac" at the NSA to steal files from the Israeli, Canadian and Australian intelligence services.

Jumping from one outside contracting firm to another for the purpose of penetrating other/r western intelligence services is not the conventional mission of a whistle-blowing. In the parlance of intelligence operations, an employee of an intelligence service who changes his jobs\ solely to steal the more valuable secrets of services is called an "expanding penetration."

It is not possible to believe that Snowden did not know the damage that the highly-sensitive documents he was taking from the NSA and its allies. Even if they did not reveal any unlawful American activities, could do immense damage to Western intelligence. Indeed, he said as much once he got to Moscow. In respect to China alone, he told James Risen, the New *York Times'* national security reporter, in October 2013 that he had had "access to every [NSA] target, every [NSA] active operation" that could turn out the NSA's "lights" in China. He no doubt assumed that he had the same power to close down the NSA's operations in Russia.

His choice to switch jobs did not come out of the blue. It was not based on serendipitously discovering the documents after he began working at Booz Allen. . It was a carefully calculated move. As he told Lana Lam, he knew in advance that by switching to the job at Booz Allen he would gain the opportunity to take the lists of NSA sources. He knew that the NSA' secretive National Threat Operations Center's chief business was, as its name suggests, countering direct threats from China, Russia and other adversary states, and that, to deal with these threats, the NSA had used sophisticated methods to hack into the computers of adversaries. The NSA was even able to remotely gain entry to adversary computers that were not hooked into a network. "It's no secret that we hack China very aggressively," Snowden later said from Moscow. He had a planned target: getting the lists of the enemy computers that the NSA hacked into.

He also knew he was undertaking s a dangerous enterprise. He would tell Poitras in Hong Kong that the NSA would literally "kill" to protect their secrets. He also said he could be seized in a rendition operation by the CIA in Hong Kong. He even foresaw the probability that he "would be in an orange jumpsuit, super-max prison in isolation or Guantanamo."

He knowingly chose this course, despite the possibility of assassination or imprisonment, presumably because he believed the value of the secrets he would obtain by switching jobs outweighed the risk of imprisonment. Part of his calculus might have been the belief that the NSA lists, GCHQ documents and other material in his possession could give him great leverage, if he chose to exert it, in his future dealings with intelligence services (including the NSA.) If so, his choice to widen his access was also a choice to empower himself.

The second choice of consequence that Snowden made was to make Hong Kong his first stop. He had many other options. He could have remained in America, as almost all previous whistle-blowers in the past had chosen to do. If he did that, he would have to make his case in court (and, in that case, the level 3 documents he took might have been retrieved before they fell into unauthorized hands.) He could have also chosen to make a cross-border escape to a country that did not have an active extradition treaty with the United States. He could have, for example, taken a direct flight to Brazil, which has no extradition treaty with the United States. Brazil also had the advantage of being the home country of Glenn Greenwald, the journalist who he wanted to break the whistle-blowing story. As Greenwald seemed (at least to Snowden) hesitant to travel

12 times zones away to meet an anonymous source, Brazil also would have been a more certain place to meet Greenwald. If some consideration by Snowden precluded Brazil as a destination, Snowden could have also gone to Ecuador, Bolivia, Cuba, Iceland, or Venezuela, which are also countries that do not have active extradition treaties with the United States. Yet, instead of proceeding to a country from which he could not have been extradited, he flew to Hong Kong, which had a vigorously enforced extradition agreement.

His reason for choosing was not to keep a previously arranged rendezvous with a journalist. As previously mentioned, when he left Hong Kong not a single journalist had agreed to meet him in Hong Kong. Indeed, Gellman considered Hong Kong, as he put it, "in the jurisdiction of a country that's unfriendly to the United States," and notified Snowden that he would not be able to journey to Hong Kong. Yet, even without any appointments with journalists, he chose to fly to Hong Kong. So his choice was not based on either evading extradition or on accommodating journalists.

He chose Hong Kong for another reason. He told Greenwald Hong Kong, as a part of China, could provide him protection from any countermeasures by U.S. intelligence agencies. He made that consideration clear, saying that that Snowden's "first priority was to ensure his physical safety from US interference." Hong Kong "was part of China's territories, he [Snowden] reasoned, and American agents would find it harder to operate there than other places," according to Greenwald. Snowden further reckoned that China's control over Hong Kong prevented "American agents from breaking down the door" of the hotel room and from seizing him. Tyler Drumheller, a former CIA station chief, told me that Snowden was correct in his assessment of that Hong Kong advantage. Drumheller said that Hong Kong was "home court" for the Chinese intelligence services. It played a: dominant role" in running the police, airport passport control and security regime there. According to Drumheller, this reality limited the role that American and British intelligence operatives could play there and Snowden would be protected in Hong Kong against an intrusion by America. "Snowden obviously knew this from his training at the CIA," Drumheller said.

As the Chinese service was under no such restrictions, Snowden had gained protection at a price. While no US or British intelligence operatives would be in a position to retrieve the NSA files he had brought with him to Hong Kong, Chinese operatives, and their allies in the intelligence war, would have a free hand in Hong Kong. Yet, Snowden chose to put his physical safety in the hands of China.

One reason why Snowden may not have been overly concerned about Hong Kong's extradition treaty with the U.S. was that he had never intended to test it by staying in Hong Kong after his media events. Snowden told the editor of the *Guardian* from the safety of Moscow, Hong Kong was only a temporary stop over. He added in the interview that allowing himself to become part of an extradition proceeding in the Hong Kong court was not part of his plan. If so, the Hong Kong lawyers, who believed they had been retained *pro bono* to battle against extradition, were part of a charade. Hong Kong merely was a protected stopover. The stopover may have provided him with a further advantage. If he had gone directly to his next destination, Moscow, and he provided the same journalists with the same documents at a press conference in Moscow, his status as a whistle-blower might have been viewed with less sympathy in the media. Even the *Guardian*, for example, might have been reluctant to publish a Moscow-based story revealing British and American communications intelligence secrets,

The third choice Snowden made, and the choice that most effectively defined him to the public, was to reveal himself as the man behind the leak in a video in Hong Kong. He not only identified himself as the person who stole the government documents published by the *Guardian* and *Washington Post*, but he incriminated himself further on camera by allowing Poitras to film him actually disclosing NSA's secret operations to Greenwald. By disclosing classified data to Greenwald, an unauthorized person, he intentionally burned his bridges.

What makes this choice intriguing is that there was no evident need for him to expose himself in this way. If he merely wanted to be a whistle-blower, he could have, as Bradley Manning did, anonymously sent the documents to journalists as "Citizen 4." In fact, in late May 2013, that was exactly what he did. He sent Barton Gellman the PRISM scoop anonymously which the *Washington Post* published on June 6th, 2013. In that scoop, Snowden's name was not revealed. He also sent Greenwald and Poitras documents while he was still the anonymous source "Citizen 4." Neither Gellman nor Greenwald had suggested the need for a face-to-face meeting with Snowden. Even after he had revealed his true identity to Poitras and Greenwald on June 2nd 2013, *Guardian* editor Ewen MacAskill offered him the option of remaining an unnamed source for the stories. He said, as he later told *Vanity Fair*. "You should remain anonymous; the stories are just as good without you." However, anonymity was not part of Snowden's long game.

The reason he gave Greenwald in Hong Kong for going public in this way was to avoid any suspicion falling on his co-workers at the NSA. Yet, if merely wanted to take sole responsibility for stealing state secrets, he did not need to be the subject of a documentary. He could have simply allowed Greenwald to identify him by name as the source in the stories. That would not present an issue since he had not been identified by either name or position in the initial stories published on June 5th and 6th by Greenwald, Poitras and Gellman. In short, he did not act to defect suspicion from his co-workers for the initial investigation. Why now?

The one thing that Snowden could not accomplish by anonymously transferring the documents to journalists was a starring role in the drama. If he had appeared digitally-masked in Poitras' video with an altered voice, he would not achieve fame in the media. For that, he needed to allow Poitras to film him committing the crime of turning over NSA documents to Greenwald. This video was also the result of his advanced planning. Indeed, one reason he chose Poitras was that she was a prize-winning/ documentary film-maker who had already made a documentary about NSA whistle-blower William Binney. Snowden, while he was still working at the NSA in March 2013, made it clear how he intended to use Poitras' film-making skills. He told her: "My personal desire is that you paint the target directly on my back."

He chose to make himself the on-camera star of a 20-hour long reality show. This sensational footage would transform him in the public's mind into a selfless hero. It would be a mistake to assume that the central role he gave himself was an exercise in narcissism. It was an integral part of his personal transformation. After this globally-watched video, he was no longer a near non-entity servicing a computer system at a back-water NSA base in Hawaii. In the space of 12 minutes on television, he had emerged from the shadowy world of electronic intelligence and became one of the most famous whistle-blowers in modern history. It was a mantle that would allow him to also become a leading advocate of privacy and encryption rights as well the leading opponent of NSA spying. While this remarkable transformation may not have been his entire motive, it certainly was the result of the choice he made to go public.

The final choice he was made to board a non-stop flight to Moscow on June 23, 2013. To remain in Hong Kong once a criminal complaint was leveled against him would have meant that, at the very minimum, Hong Kong authorities would seize him and the alleged stolen property of the US government in his possession. Even if he was released on bail, the Hong Kong authorities would almost certainly retain all the NSA and GCHQ files he had gone to such lengths to steal. He also would not be allowed to leave Hong Kong and possibly denied any access to the Internet. As he demonstrated by his subsequent actions, this option was not acceptable to him.

Once the U.S. criminal complaint was unsealed on June 21, 2013, which became all but inevitable after his video, his only route out of Hong Kong went through two adversaries of the United States, China and Russia. China, as far as is known, did not offer him sanctuary. According to one U.S diplomat, it may have already obtained copies of Snowden's NSA files, and did not want the problem of having Snowden defect to Beijing. In any case, if it had not already acquired the files. It could assume it would receive that intelligence data from its Russian ally in the intelligence war. Whatever its reason, China did not use its considerable power in Hong Kong to block Snowden's exit.

Nor did Snowden obtain a visa to any country in Latin America or elsewhere during his month-long stay in Hong Kong. As in the oft-cited Sherlock Holmes' clue of the dog that did not bark, Snowden's lack of any visas in his passport strongly suggests that he had not made plans to go anyplace but where he went: Moscow. His actions here, including his contacts with Russian officials in Hong Kong, speak louder than his words.

Snowden chose, if he had any choice left at all, the Russian option. Just as he believed Chinese intelligence could protect him in Hong Kong from the United States, he could assume that the FSB could protect him in Moscow from the United States. He was not entirely na* ve about its capabilities. During his service in the CIA, he had taken a month-long training course at the CIA's "farm" at Fort Peary in which counterintelligence officer taught about the capabilities the Russian security services

To be sure, he might not have known that Moscow would be his final destination. He may have naively believed that Russia would allow a defector from the NSA who claimed to have had access to the NSA's sources in Russia and China leave Moscow before its security services obtained that information. But that was not to be.

It is not uncommon for a defector to change sides in order to find a better life for himself in another country. Some defectors flee to escape a repressive government or to find one in which they believe they are more closely attuned. But Russia is ordinarily not the country of choice for someone such as Snowden seeking greater civil liberties and personal freedom. So why did Snowden choose Russia for his new life?

The four choices that Snowden made in 2013 did not come out of the blue. They all were planned out well in advance. He applied for the job to Booz Allen in February 2013, more than a month before leaving his job at Dell. He applied to Booz Allen for his medical leave, although in fact he had no medical problem, a month before departing for Hong Kong. He brought with him to Hong Kong enough cash to pay his living expenses, according to him, for the next two years. He arranged the encrypted channel with Poitras in February 2013, three months before he would induce her to come to Hong Kong. He made contact with a foreign diplomatic mission at least a month before flying to Moscow and, at some point, met with Russian officials, who arranged a visa-less entry for him. He called Assange in London to arrange for Wikileaks help, 13 days

before departing to Moscow, and Assange accommodated him by laying down a smoke screen of decoy flights to facilitate his escape from Hong Kong and sending him a helper.

Taken together, these actions show that Snowden was determined to succeed where others before him had failed. He not only wanted to take full credit for stealing files from the NSA but he wanted to escape any American retribution for his act. His decision suggests to me a highly-intelligent, carefully calculating man who was hell-bent on finding a new life for himself in a foreign country. There is a common thread that runs through these four choices. It is a willingness to do whatever was necessary to achieve this new life, including disregarding his oath to protect secrets and instead transporting them on thumb drives to a foreign country. To protect himself, he was also willing to rely on the influence of an adversary intelligence services in Hong Kong and put himself of the hands of Russian authorities in Moscow. He also was willing to use some of his classified documents as a medium of exchange, if not bait, with journalist to get the public attention he sought. These choices paid off for him. The video presentation he partly authored changed his status in the eyes of the public from a document-stealer to whistle blower. Against all odds, Snowden succeeded in transforming himself from a low-level computer technician working, without any public recognition at the NSA into an internationally-acclaimed spokesman against the NSA's surveillance. And in Moscow, he could enjoy a safe life, free from the threats of a CIA rendition team dropping from the sky or extradition proceedings. He was now under the protection of Putin's Russia. As far as Snowden was concerned, as he told Gellman of the *Washington Post* on December 21, 2013 in Moscow, "The mission's already accomplished."

# CHAPTER TWENTY NINE

## The Whistle Blower Who Became a Controlled Source

"The [U.S.] government's investigation failed—that they don't know what was taken"

—Edward Snowden in Moscow

In Moscow I had learned that Russian intelligence services use the broad, umbrella term "espionage source" to describe moles, volunteers and anyone else who delivers another state's secrets to it. It applies not only to documents but to the secret knowledge that such a source is able to recall and includes both controlled and uncontrolled bearers of secrets. It is also a job description that fitted Edward Snowden in June 2013.

Unless one is willing to believe that the Putin regime acted out of purely altruistic motives in exfiltrating this American intelligence worker to Moscow, the only plausible explanation for its actions in Hong Kong was that it valued Snowden's potential as an espionage source. Snowden's open disillusionment with the NSA presented the very situation that the Russian intelligence services specialized in exploiting. He had also revealed to reporters in Hong Kong that he had deliberately gained access to the NSA's sources and methods and he that he had taken to Hong Kong highly-classified documents. He further disclosed that, before leaving the NSA, he had gained access to the lists of computers that the NSA had penetrated in foreign countries. He even went so far as to describe to these journalists the secrets that he had taken as a "single point of failure" for the NSA. And aside from the documents he had copied, he claimed, it will be recalled, that he had secret knowledge in his head that, if disclosed would wreak havoc on the entire U.S. foreign intelligence system. "If I were providing information that I know, that's in my head, to some foreign government, the US intelligence community would … see sources go dark that were previously productive, he told the editor of the *Guardian* in Moscow.

In short, he advertised possessing precisely the priceless data that the Russian intelligence services had been seeking, with little success, for the past six decades. These electronic files could provide it with the keys to unlock the NSA's entire kingdom of electronic spying. Could any world-class intelligence service ignore such a prize? To miss the opportunity to gets in hands such a potential espionage source would be nothing short of gross negligence.

In fact, as has been already established in these pages, this golden opportunity was not missed in Hong Kong. Even if the Russian intelligence service had not previously had him in its sights – which, as discussed in chapter XV, appears to me to be extremely unlikely-- he made contact with Russian officials in Hong Kong, and Putin, as he himself said, personally approved allowing

Snowden to come to Russia. Putin's s decision no doubt set in motion the operation to exfiltrate him on Aeroflot, the state-controlled airline.

We know that the Russian government acted in advance to facilitate Snowden's trip from Hong Kong. Without such an intervention, it would not be possible for an American without an entry visa to Russia, or, for that matter, any other country to check-in and board an Aeroflot flight to Moscow. Aeroflot had to be instructed to allow Snowden on the plane without a visa. We also know that a special operation was mounted to take Snowden off the plane once it landed in Moscow. Such an operation could not have been done without advance planning. Nor would he be removed from the plane without a plan for his stay in Russia. Since Putin himself has taken credit for authorizing Snowden's trip to Russia, there is no reason to doubt that these plans, and whatever cover stories were deemed necessary, were approved at the highest level of the regime.

When an intelligence service makes such elaborate preparations for extracting a foreign intelligence worker, it presumably also expects to debrief him or her on arrival. Pelton, for example, who had access to far less valuable information than had Snowden, was held incommunicado in Vienna for two weeks during his debriefing. What would be inconceivable would be for an intelligence service to go to such lengths to bring a potential espionage source such as Snowden to Russia and allow him to catch the next plane to Latin America. The false report provided to the press that Snowden was flying to Latin America was likely nothing more than a cover story to confuse foreign observers while he was receiving his initial debriefing and evaluation.

When it comes to the esoteric enterprise of reconstructing the work of U.S. signals intelligence, military as well as civilian experts in cryptology, computer sciences and communications are necessary. Unlike in the case of Pelton, Snowden had secret material in his possession, at least according to Anatoly Kucherena. Even if Russian intelligence had already acquired copies of his electronic files prior to Snowden's arrival in Moscow, Snowden's interpretation of them would be part of the debriefing since intelligence data needs to put in context. "This debriefing could not be done overnight," according to a former high-ranking officer in the GRU, the Russian military intelligence service. "There is no way that Snowden would not be fully debriefed," he said. He also said GRU specialists in signal intelligence would be called in.

We know that the Putin regime paid a significant price in terms of the cancellation of the pre-Olympics summit with Obama. Having to accept the onus of declining relations with the Obama administration, it is hard to believe that it didn't attempt to get the bonus of signals intelligence from Snowden. The GRU, SVR and other Russian intelligence services would not be denied the opportunity to y question Snowden until to all they had squeezed out of him whatever state secrets he had or knew during the 38 days that he had vanished from public sight. Since Snowden was rewarded with sanctuary, a residence and body guards, there is no reason to doubt that he satisfactorily accommodated his interrogators. While he might elect to continue believing that he a whistle-blower true to his ideals, as far as Russian intelligence was concerned, he was an espionage source. /

For an intelligence service, the game is not over when it obtains state secrets. It still needs to fog over the extent of its coup, as far as possible, to prolong the value of the espionage. Hence it is plausible that the story that Snowden had thoroughly destroyed all his data he stolen the prior month prior to departing for Russia as well as the story that he had turned down all requests to be questioned by the FSB and other Russian intelligence officials were part of his legend. The repetitions of these uncorroborated claims in his press interviews also may have enhanced his public image for the ACLU effort to get clemency for him. Even so, in view of the importance of

such communication intelligence to Russia, it would be the height of naiveté for U.S. or British intelligence to accept such claims as anything more than part of the cover story.

As for the Snowden's motive, I see no reason to doubt Snowden's explanation that he stole NSA documents to expose NSA surveillance that he believed was an illicit intrusion into the privacy of individuals. Such disaffection is not a unique situation in the intelligence business. Many of Russia's espionage sources before Snowden were also dissatisfied employees who had access to classified secrets. Like some of them, Snowden used his privileged access to blow the whistle on what he considered to be the improper activities of the organization for which he worked. In that sense, I fully accept that he began as a whistle-blower, not as a spy. It was also as a whistle-blower that he contacted Laura Poitras, Glenn Greenwald and Barton Gellman, who published the scoops he provided in the *Guardian, Der Spiegel* and *Washington Post,*

Snowden's penetration went beyond whistle-blowing, however. He copied a vast number of electronic files, including the level 3 files that contained the NSA's most sensitive sources and methods. While these files had little, if anything, to do with domestic surveillance or whistle-blowing, they gave him the sense of power he demonstrated in asserting that he could make all of U.S. communication intelligence "go dark" all over the world. We know from Kucherena that he did not share part of data with journalists. Instead, he took it to Russia.

As far as carrying out the most damaging part of the operation, he could not have acted entirely alone. It will be recalled that the deepest part of his penetration was during the five weeks he worked at the National Threat Operations Center in Hawaii as a contract employee of Booz Allen Hamilton. It was there that he copied level 3 files, including the so-called road map to the gaps in American intelligence. During this period, as discussed in Chapter III, Snowden had neither the passwords nor system administrator's privileges that would allow him to copy, transfer and steal the electronic files. He therefore must have obtained that assistance from some who had the passwords and privileges. Even if that reality does not sit well with the NSA administration, there is no reason to assume that Snowden was the only disgruntled employee at that NSA facility in 2013. That a dozen or so NSA co-workers attended his anti-surveillance Crypto party in 2012 shows that others shared his sensibilities and antipathy towards NSA surveillance. It therefore seems plausible to me that he found a co-worker willing to cooperate, or vice versa, a co-worker found him. To be sure, Snowden might not have been aware of his new accomplice's true motives or affiliations. But without some co-worker providing him with entry to the sealed-off computers, he could not have carried out the penetration. To our knowledge, whoever helped him evidently did not want to expose himself to prosecution or defect from the NSA. That was Snowden's role. By accepting the sole blame in the video that Poitras made about him in Hong Kong, Snowden shielded anyone else from suspicion, which was, as he told Poitras, his purpose, Whoever helped him may still be working at the NSA.

To be sure, there remains another glaring gap in the chain of events that led Snowden to Moscow: his whereabouts and activities during his first eleven days in Hong Kong. Mike Rogers, the chairman of the House Select Committee on Intelligence, even speculated that Snowden might have been taken to mainland China during this period. What drove his speculation was the admission of U.S. intelligence that, despite its vast global resources for searching credit card charges, banking transactions, hotel registrations, emails, police records and even CCTV cameras, neither it, nor its allies, were able to find a trace of Snowden. It was, in a phrase later made famous by former Secretary of Defense Donald Rumsfeld. "A known unknown." Yet there

provided no basis to speculate that he was in mainland China. He could have been staying in a well-prepared safe-house anywhere in Hong Kong or even at the home of an unknown associate. All that is really known is that soon after he emerged from this venue and gave his celebrated interview to journalist he was aboard an Aeroflot plane bound for Moscow where he would become, if he was already, a potential espionage source for Russia.

Whatever his initial motivation may have been, Snowden's actions would appear squarely at odds with his assertions of serving his country's interests. Even accepting that he began with a sincere desire to be a world-class whistleblower, his mission evolved, deliberately or not, into one that led him to disclose key communications intelligence secrets to a foreign power with an agenda that can hardly be aligned with his country's interests. In the end, it is Snowden's actions, not his words that matter.

# EPILOGUE

## THE SNOWDEN EFFECT

# CHAPTER THIRTY

## The Consequences for the 'War on Terrorism' "

"Because of a number of unauthorized disclosures and a lot of hand-wringing over the government's role in the effort to try to uncover these terrorists, there have been some policy and legal and other actions that make our ability collectively, internationally, to find these terrorists much more challenging."

CIA Director John Brennan in response to the Paris attack, November 2015

In the evening of November 13, 2015, normal life in Paris was brought to a screeching halt by nine Jihadist terrorists acting on behalf of ISIS. Three blew themselves up at the stadium at Saint-Denis, where President Hollande was attending a match between France and Germany, while the others shot killed 130 people at cafes, restaurants and a theater. 388 others had been wounded in the carnage. The attack was planned over many months by Abdelhamid Abaaoud, a 28-year old Belgium citizen of Moroccan origins, who served ISIS as a logistics officer in Syria in 2014. To organize the attack, he smuggled three suicide bombers into Europe through Greece, raise financing, set up a base in the Molenbeek section of Brussels, import deactivated assault weapons from Slovenia (which then had to be restored by a technician), buy ammunition, acquire suicide vests, obtain "burner" cell phones, rent cars and make on-line bookings for quarters in Paris for the nine attackers.. Even though Abaaoud was well known to western intelligence services, none of the communications surrounding the preparations for the attack came to the attention of the NSA or its allied services in Europe.

Those Paris attackers who did not kill themselves with their suicide vests were killed by the police, but the real challenge in such a terrorist operation is not bringing culprits to justice after the massacre civilians. It is preventing them from carrying it out. As "soft targets," such as restaurants, cafes, theaters and street gatherings, cannot be continually protected by police, the only practical means by which a government can prevent such attacks is to learn in advance about their planning and preparations. One means of acquiring this information is by listening in on the channels through which members of loosely-knit terrorists organizations, such as ISIS, communicates with one another. This form of intelligence-gathering obviously works best so long as the terrorists remain unaware that the communication channels they are using are being monitored. Once they find out that their messages and conversations are being intercepted, they will likely find a safer means to communicate important information. For that reason, communications intelligence organizations keep the sources and methods they employ for monitoring these channels in a tightly-sealed envelope of secrecy.

Yet, in June 2013, the NSA found that envelope had been breached by Snowden who deliberately compromised three programs that it used to keep track of terrorist organizations around the world. The first system he divulged, and the one which though it received the most public attention, did the least damage, was what the NSA called the 215 program because it had been authorized by section 215 of the Patriot Act of 2001. This program amassed, the billing records of every phone call made in America that could be used as a data base by the FBI. The idea was that when any foreigner on the FBI's watch list of terrorists called anyone in the U.S. the FBI could trace that person's entire chain of telephone contacts to try to determine if he was connected to a terrorist cell. There was, however, a major flaw in this program: it did not cover e-mail and other Internet messaging, which 2013 had largely replaced telephone calls. In addition, terrorist organizations had become fully aware of the vulnerability of telephoning overseas. So although the NSA could cite a handful of early successes that "215" yielded, Snowden's exposure of it did only limited damage/

But Snowden did not stop with "215." He next did vastly more damage by exposing the PRISM program also called "702" since it was authorized in 2007 by section 702 of the Foreign Intelligence Surveillance Act.) Since a large part of the fiber cables on which the world's Internet runs pass through the United States, the NSA was able to intercept 91 percent of its data, including Google searches, social media postings, Skype conversations, messages on Xbox Live, Instant messaging services, tweets on Twitter and e-mails. The CIA and FBI could then track the movements of foreign terrorists. Up until June 6, 2014, terrorist groups presumably were unaware of the NSA's capacity to vacuum in even encrypted parts of the Internet since they used it for their lethal planning. This ignorance gave U.S intelligence an important edge in pre-empting terrorist actions. According to the testimony of General Alexander, data intercepted under PRISM helped detect and thwart no fewer than 45 terrorist attacks prior to Snowden's making this capability known.

The third NSA program of interest to Jihadists that Snowden revealed was called XKeyscore. Using Internet data from PRISM, it created the equivalent of digital fingerprints for suspected foreign terrorists based on their search patterns on the Internet. This made it difficult for a terrorist suspect to hide on the Internet. He might attempt to evade surveillance by using a different computer and another name but, unknown to him, the XKeyscore algorithms would continue to track him under his new alias.

To even further enable furtive Internet users evade surveillance, Snowden provided in an interview specific data about the secret sources and methods used both the NSA and British GCHQ. He revealed, for example that the GCHQ had deployed the first "full-take" Internet interceptor that "snarfs everything, in a rolling buffer to allow retroactive investigation without missing a single bit." When asked how to circumvent it, he replied: "you should never route through or peer with the UK under any circumstances. Their fibers are radioactive, and even the Queen's selfies to the pool boy get logged." Aside from this warning about using Internet providers whose wiring passes through Britain, he also warned Internet users against using the services of American Internet companies since the NSA considered "telecom collaborators to be

the jewels in their crown of omniscience. " Snowden also suggested that to avoid being automatically "targeted" by the NSA, one should avoid "jihadi forums." These tips for evading U.S. and British surveillance, far from being an off-hand leakage of information, were supplied by him in written answers to interrogatives sent to him by Laura Poitras and Jacob Appelbaum while Snowden was still on the NSA payroll in May 2013. If he intended to damage the NSA's ability to monitor unsuspecting individuals abroad, he clearly succeeded. Just as Robert Hanssen had compromised the NSA's interception of communication at the Soviet Embassy in the 1990s, Snowden compromised the NSA's interception of Jihadist targets on the Internet.

The Snowden intervention was soon felt by the CIA. "Within weeks of the leaks," writes Michael Morell, then CIA deputy director. He notes that "Terrorist organizations around the world were already starting to modify their actions in light of what Snowden disclosed. Communication sources dried up." What heightened Morell's concern about this loss of intelligence sources was the discovery a 26-page document on an ISIS computer in Syria indicating that the terrorist group had been considering using plague germs and other biological weapons on foreign targets. The NSA was also seeing the Snowden effect on the war on terrorists. In 2013, the FBI, CIA, and DIA had compiled a watch list of some 400 foreign terrorist targets for NSA's PRISM program. Up until June 6th, many of these targets frequently used Internet services, such as Twitter, Facebook, and Xbox live, to send what they believed would be hidden messages. After the PRISM story broke in the Washington Post on June 6th, the NSA "saw one after another target go dark," according to a senior executive involved in that surveillance. In 2014, Admiral Rogers, the new NSA director, was even blunter. Asked whether or not the disclosures by Snowden had reduced the NSA's ability to pursue terrorist, he answered: "Have I lost capability that we had prior to the revelations? Yes."

In Moscow, Snowden insists that not a single death has been traced back to his disclosures. I agree that it would be unfair to jump to the conclusion that he is responsible for any single event, such as the massacre in Paris in November 2015, because we cannot know whether or not a jihadist involved in the event, such as Abdelhamid Abaaoud in the case of Paris, would have used the Internet if Snowden had not exposed the interception of it by the NSA. But however sincere were his intentions, Snowden cannot escape his responsibility for his actions. He totally and purposefully compromised an intelligence operation that could prevent such villainous attacks.

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# CHAPTER THIRTY-ONE

## The Consequences for America: The Good, the Bad and the Ugly

[TK]

END NOTES

Prologue

On The Trail of Snowden

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Dinner with Oliver Stone

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CHAPTER TWENTY-SIX

Through the Looking Glass

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CHAPTER TWENTY-SEVEN

The Handler

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CHAPTER TWENTY-EIGHT

Snowden's Choices

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CHAPTER TWENTY-NINE

The Whistle-Blower Who Became an Espionage Source

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The Consequences for the War on Terror

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# APPENDEX A

## SPIES AND ESPIONAGE SOURCES

[TK]

**From**: Richard Kahn [[redacted]]
**Sent**: 4/27/2018 8:25:30 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Will Cohen Cooperate? Tenuous Finances May Provide Crucial Clues

**Importance**: High

shockingly it appears he has some money in real estate deals…

Will Cohen Cooperate? Tenuous Finances May Provide Crucial Clues
2018-04-27 08:00:00.2 GMT

By Shahien Nasiripour and Caleb Melby

(Bloomberg) -- In the two weeks since federal agents seized the files of Michael Cohen, President Donald Trump's personal attorney and fixer, a question has hovered: Will Cohen cooperate with investigators?

His decision could depend in part on whether he can readily shoulder the enormous legal fees required to fight a federal probe of this magnitude.

At first blush, Cohen looks like a pretty rich man. He drives a white Rolls Royce, sports a $50,000 watch and owns a fair amount of Manhattan real estate.

But just as his loyalty to Trump is coming under scrutiny, a more tenuous financial picture is emerging. A taxi business he and his wife built is deeply in debt and losing money daily, his commercial real estate is throwing off only modest income, and his legal and consulting work is on hold while he remains under investigation.

Cohen declined repeated requests to comment.

The owners of 32 New York City taxi licenses -- known as medallions -- he and his wife, Laura, took out at least 16 loans based on their once-soaring value, liens show. With the rise of Uber and Lyft, the price of a medallion has fallen from more than $1 million to around $163,000 in the past four years. Income from the taxi business has plummeted, and millions of dollars of the Cohens' loans went under water. Their bank said in a November public filing that it had loans out to three taxi borrowers, and all were at high risk of default.

Suspended Medallions

Unpaid taxes and fines have piled up at the Cohen taxi companies, triggering a suspension of about half of the medallions, city records show, squeezing cash flow.

Whatever monthly income the cabs once produced almost certainly fell well short of the debt payments owed to Sterling National Bank, their Montebello, New York-based lender. Sterling has foreclosed on operators in similar situations and sued them but appears to be taking a less-confrontational approach with the Cohens. On Tuesday, the bank agreed to new loans for their companies and to Cohen personally, public filings show. Sterling declined to comment.

The taxi business isn't the only part of Cohen's empire that's suffering. The law firm Squire Patton Boggs said it ended its "strategic alliance" with Cohen after law enforcement raided his offices, and the rest of his legal work could decline for the same reason. Cohen, 51, makes others' ugly problems disappear, a practice that was previously lucrative. Essential Consultants LLC, a company affiliated with Cohen, was paid $250,000 after he negotiated a $1.6 million payment to a former Playboy model on behalf of Republican National Committee official Elliott Broidy, according to a Wall Street Journal report.

## Sean Hannity

Cohen has said in court that he had only three legal clients during the past year: Broidy, Trump and talk-show host Sean Hannity. He gave seven others "strategic advice and business consulting."

Last month Cohen said he borrowed from his home-equity credit line to make a $130,000 payment in October 2016 to Stormy Daniels, an adult-film star who says she had sex with Trump.

In a Thursday morning appearance on "Fox & Friends," Trump distanced himself from Cohen, saying he did only "a tiny, tiny little fraction" of Trump's legal work, but it included representation "on this crazy Stormy Daniels deal."

## Russian Interference

Cohen is under investigation for bank fraud and violating campaign-finance law. But his decade at Trump's side as his lawyer and enforcer could yield information he might trade to investigators looking into the Trump campaign and Russia's interference in the U.S. election.

Still, if he chooses to defend himself, Cohen does have assets. Companies he signs for own two investment properties purchased in 2015. The larger one, with 92 units on New York's Upper East Side, is 38 percent owned by Cohen's companies. The businesses also appear to be the sole owner of a downtown building with 20 units.

Together they likely generate less than $1 million in annual net income for Cohen's companies after accounting for partner interests, expenses and financing costs, data compiled by Bloomberg show. Debt against the buildings is low, meaning that Cohen could tap them for cash. Last October, the Cohens sold a unit at Trump World Tower, near the United Nations, for $3.3 million.

Cohen has been a savvy property investor. He previously owned four buildings in need of repairs in Lower Manhattan, rehabilitated them and sold them for $32 million in 2014, more than doubling his initial investment.

## 'Cautious, Methodical'

Richard Guarino, a partner at Friedman-Roth Realty, has worked with Cohen on a handful of deals, including the purchase of his Upper East Side building. As a real estate investor, Cohen is "cautious, methodical, smart and, I think, conservative," Guarino says.

Cohen's current business partners are a family of New York real estate lawyers headed by Herbert Chaves. The family, having just sold a plot of Brooklyn land to a partnership including the family company of Jared Kushner, were looking to reinvest their gains when they bought Cohen's Lower Manhattan buildings in 2014. Months later, they partnered with Cohen to buy the Upper East Side property, 330 East 63rd Street. Guarino, a broker on the deal, says he dealt only with Cohen, who served as a representative for the investor group even though the Chaves family companies hold the majority stake.

Purchased for $58 million, the squat, brown-brick seven-story building has only a $17 million mortgage, meaning Cohen's share has at least $15 million of equity he could borrow against if his partners allowed him to do so. Another property at 133 Avenue D, not previously reported to be owned by Cohen, has at least $5 million of equity not tapped by a mortgage. But more debt means more risk and could hurt Cohen later if the taxi business doesn't turn around to help cover higher interest payments.

Park Avenue

One property that may prove harder to extract cash from: Cohen's palatial Park Avenue home. Purchased for $5 million in 2005, the sprawling 10th-floor unit used to be three separate apartments and has four bedrooms. It could be worth $8 million or more, based on comparable sales.

In late 2015, the Cohens moved the property into a type of trust designed to limit tax exposure when transferring property to heirs. The trust structure has tax consequences for typical mortgages, but those could be dodged if the Cohens took out an interest-only loan.

In February 2016, Laura Cohen, in her role as a trustee of the new entity, did just that, taking out a revolving $500,000 home-equity line of credit against the property from First Republic Bank. It was the first time the family had borrowed against the property since a loan of more than $2 million 11 years earlier when they bought it, property records show.

There are also Cohen's in-laws, who may pitch in to a legal-defense effort. Fima and Ania Shusterman, who haven't responded to requests for comment, emigrated from Ukraine and built their own taxi empire over decades while helping Cohen expand his across New York and Chicago. They own three units in Trump World Tower. In an indication of their willingness to help those close to them, the couple have lent $20 million to another Ukranian couple in the taxi business, Semyon and Yasya Shtayner and their companies.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From:** Steve Bannon [redacted]
**Sent:** 7/22/2018 11:25:42 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Re:

**Importance:** High

Translation to follow

Begin forwarded message:

**From:** Benjamin Harnwell <[redacted]>
**Date:** July 22, 2018 at 4:32:45 PM EDT
**To:** Steve Bannon [redacted]>
**Subject: Re:**

It was that article in *La Repubblica* which you asked to be translated this afternoon.

In Sacratissimo Corde Iesu et Purissimo Corde Mariae et Castissimo Corde Ioseph.

*******

Benjamin Harnwell
Founder and President of the Board of Trustees
Dignitatis Humanae Institute

Cell: [redacted]
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@ben_harnwell
www.dignitatishumanae.com

Il giorno 22 lug 2018, alle ore 22:21, Steve Bannon [redacted]> ha scritto:

Where is this

On Jul 22, 2018, at 4:02 PM, Benjamin Harnwell <[redacted]> wrote:

**Bannon the European: He's opening the populist fort in Brussels**

*The former Trump strategist arrives in Europe with "The Movement". Objective: an alliance between right-wing leaders, from Salvini to Orbán in view of the 2019 elections*

NEW YORK. The invasion of Europe has begun. Steve Bannon, 65, the American far-right guru who was Donald Trump's right-hand man in the White House — but let go last summer following the racist violence in Charlottesville — is preparing to march on Brussels. Launching, he told the Daily Beast himself, a new non-profit foundation called The Movement, (Il Movimento), right in the heart of Europe and its institutions. Through which he hopes to coordinate the populist right in view of the European elections which will be held in spring 2019.

Objective: to compete with George Soros, the American billionaire of Hungarian origin, benefactor of the Democratic party, who since 1984 with his Open Society has spent at least $32 billion in support of NGOs dealing with human rights. And for this he became the bogeyman of the populist right, accused of plots of all kinds: including that of wanting to replace Italians with immigrants in order to have labour at low cost. A mantra repeated in the past on Twitter also by the current Minister of the Interior Matteo Salvini.

The ambition of Steve Bannon, former director of the alt-right American site Breitbart — which in the European campaign preceded him since the platform had already opened bureaux in London and Rome — is therefore to become the coordinator of the one great "populist international" of which he has long since been dreaming.

The Movement, in fact, intends to function as an extreme right-wing think tank: a source of strategic advice to channel the not-so-politically structured discontent of the most extreme European movements. Analysing data and giving strategic advice. But also by raising funds and channeling funding.

The aim is to create a populist alliance, a sort of "super group" that if victorious can conquer up to a third of the European Parliament in the elections next May.

Indeed — putting the common policy of the Old Continent in the hands of Bannon and his own. The American strategist is very attached to the Freedom Caucus — the extreme right of the US Congress — and in 2014 he was at the top of the Cambridge Analytica company, which in 2016 used data stolen from Facebook to try to influence the presidential election from which Donald Trump emerged victor. It is not a mystery that for a long time he courts nationalists of the right from East to West. And he has already met, among others, the Hungarian Orbán, the French Marine Le Pen and the former leader of the British separatists Nigel Farage. The latter reappeared, coincidentally, on Friday in Pennsylvania, USA, to a fundraiser in favor of the Republican congressman Lou Barletta. Without forgetting the Italians of Lega and 5 stars. Of them, he said: "If it works in Italy, we can import the model anywhere".

The Movement, which for now will count on a staff of 10 people, will be fully operational in 2019. In short, after the American midterm elections, where Bannon is fighting to influence the primaries supporting candidates potentially able to undermine the prospects of Republican establishment. But in the future the former spin doctor says he wants to spend more and more time in Europe. Also because the relationships with Trump have worsened after the revelations he made to Michael Wolff and published in the scandal book "Fire and Fury". "Better to reign in Hell than to serve in Paradise," Bannon says now

paraphrasing the Satan of one of his favorite books, John Milton's Lost Paradise. Hell in this case would be the dear old Europe and its democratic values. The “army of darkness” is already among us.

In Sacratissimo Corde Iesu et Purissimo Corde Mariae et Castissimo Corde Ioseph.

*******

Benjamin Harnwell
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Il giorno 22 lug 2018, alle ore 15:38, Steve Bannon <[redacted]> ha scritto:

What does this say???

Begin forwarded message:

**From:** Maria Luisa <[redacted]>
**Date:** July 22, 2018 at 9:11:58 AM EDT
**To:** Steve Bannon <[redacted]>, Preate Alexandra <[redacted]>

<PHOTO-2018-07-22-10-02-17.jpg>

Sent from my iPhone

**From:** Steve Bannon [redacted]
**Sent:** 8/27/2018 6:11:26 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fw: The 'Deplorables' Called Into Battle Again - WSJ

**Importance:** High

Sent via BlackBerry by AT&T

---

**From:** Alexandra Preate <[redacted]>
**Date:** Mon, 27 Aug 2018 10:37:29 -0400
**To:** Steve Bannon<[redacted]>
**Subject:** The 'Deplorables' Called Into Battle Again - WSJ

https://www.wsj.com/articles/the-deplorables-called-into-battle-again-1535376353?mod=mhp

# The 'Deplorables' Called Into Battle Again

## As midterms near, President Trump's former political guru Steve Bannon rallies the troops

Gerald F. SeibAug. 27, 2018 9:25 a.m. ET

*By*
*Gerald F. Seib*

Steve Bannon doesn't do subtle. So it's no surprise that there's nothing subtle about the new movie President Trump's onetime political guru has produced to energize the Trump base for this year's midterm elections.

It's entitled "Trump at War," and it's an hour and 15 minutes of pure Trumpian adrenaline. It opens with a series of shots of Trump supporters being attacked by angry opponents, shifts to outtakes of Trump supporters proudly accepting the "deplorables" label bestowed by Hillary Clinton during the 2016 presidential campaign, runs through a long series of angry ripostes at Trump detractors and praise of administration policy moves, and closes with dire warnings of the need to vote for Republicans in 2018 to head off efforts by liberals to impeach the president.

Mr. Bannon previewed the film for some Republican supporters in Dallas recently, but the big premiere is scheduled for Sept. 9—chosen because it is the second anniversary of the speech in which Mrs. Clinton used the "basket of deplorables" phrase. The location? The very club in Manhattan where Mrs. Clinton made the speech, which has been rented for the occasion.

Aside from what they say about Mr. Bannon as a political provocateur, the film and its unveiling also reveal a lot about how people in the president's circle increasingly see this year's midterm election: Its importance is growing every day; Republican success starts with turning out core Trump supporters; and the best way to motivate them is by brandishing the fear of impeachment proceedings if Democrats win control of Congress.

Steve Bannon believes the specter of impeachment will motivate mainstream Republicans as well as core Trump backers. Photo: J. Scott Applewhite/Associated Press

"This is all grass roots," Mr. Bannon says. "It's 2016 all over again…This is Trump's first re-election."

The political calculus behind such thinking is pretty simple: In 19 months as president, Mr. Trump has hardened his grip on his base of supporters and the GOP overall, but has done little to expand that base.

Meanwhile, as the Labor Day kickoff of the fall campaign approaches, Republicans face a Democratic party whose activists appear exceptionally motivated—to campaign, donate money and turn out in November.

Republicans need something to match that fervor. That something is the Trump base—and the best motivating tools are anger and fear.

In this case, that means specifically the fear that Special Counsel Robert Mueller, New York prosecutors and a Democratic Congress will conspire to kick Mr. Trump out of office. That's why Republicans are talking about the specter of impeachment, not Democrats. Democrats know impeachment talk is a surefire way to motivate the other side.

But there's a problem in this GOP formula: A motivated Trump base is necessary for Republicans to head off disaster in November, but it's not sufficient, at least not if Democrats remain as energized as they appear today. The Trump base has to be married with more mainstream Republicans—the kind hardcore activists refer to as RINOs, or "Republicans In Name Only"—and with some independent voters.

Right now, independent voters are hard to read. Their sentiments have been shifting around a lot in Wall Street Journal/NBC News polling in recent months. As a general rule, they have a low regard for Mr. Trump personally and appear weary of the atmosphere of constant crisis around him. But the polling also indicates they increasingly like how Republicans are handling the economy, appreciate the GOP tax cut and think the party is changing the way things work in Washington.

That leaves moderate Republicans, of whom Mr. Bannon says simply: "We need RINOs."

Supporters of President Trump cheer before a rally in Lewis Center, Ohio, earlier this month. Photo: Carolyn Kaster/Associated Press

The Bannon calculation is that the specter of impeachment will motivate these soft Republicans as well as core Trump backers. More conventional Republicans may be disdainful of Mr. Trump personally, but they also think the tax cuts, deregulatory policies and judicial nominations they like are imperiled if he goes down.

So, impeachment-scare talk, Mr. Bannon is calculating, is effective for RINOS too, simply for different reasons. For the Trump base, impeachment talk is a source of outrage. Soft Republicans dislike it for less emotional, more practical reasons.

All this means Republican candidates have a dual mission right now: Keep motivating those base Trump voters, who want full-throated defenses of the president and odes to his hard-line immigration policies, while also luring out to the polls mainstream Republicans and independents who dislike the president but like lower taxes and less regulation.

And if political advertising is any indication, candidates appear to be embracing both messages with nearly equal fervor. Data compiled by CMAG Kantar Media on all political ads run so far this year show that a pro-Trump message is the most common element of GOP ads. Next in line? Mentions of the tax cut Republicans pushed through Congress last year.

**Write to** Gerald F. Seib at jerry.seib@wsj.com

Alexandra V. Preate
Chief Executive Officer
CapitalHQ
[redacted]

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**From**: [redacted] [triversr@gmail.com]
**Sent**: 10/11/2018 5:34:33 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Update
**Attachments**: PHOTOS.pptx; HONOR KILLINGS MS.doc

**Importance**: High

miss chatting with you

am back at work; will give keynote to the Louisiana State Psychological Association in early November and next day meet with department heads and deans for three local Universities, Tulane, New Orleans, Louisiana State to see if some kind of 3-year deal can be worked out

then off to U Texas at Austin and Texas A&M, to which i have never been—biology is very strong in genetics and they may be interested—i will lecture to them on Recent Advances in Human Evolutionary Genetics, a specialty of mine

i attach latest version of Honour Killings—key is to look at are the PHOTOS—the women are almost without fail beautiful

—-

given that i was perhaps a little cruel or frenetic over Jim Watson i attach a short remembrance of his other side, Francis Crick, a much more broad-minded and friendly organism

i don't give one shit about race and IQ by the way—and i hope it is clear that VARIANCE in genetic traits of all varieties is expected to be especially high in Africa—hence it is the source of all successful hominid invasions—but i am saying nothing about AVERAGE difference in intelligence or anything else

—

i will shortly send you a piece onTrump as a narcissistic sociopath

—

finally here is a joke for you—we are both, i believe, politically—and not sexually—polymorphic perverse so there should be no problem with this character

https://www.independent.co.uk/news/uk/crime/blindfold-sex-men-trick-dating-app-ana-duarte-xavier-straight-a8571076.html

all best

p.s. please remember to tell me when to take my money out of the market !!

# Chinese Influence & American Interests

## PROMOTING CONSTRUCTIVE VIGILANCE

A PUBLICATION OF THE HOOVER INSTITUTION

# Chinese Influence & American Interests

## PROMOTING CONSTRUCTIVE VIGILANCE

Report of the Working Group on
Chinese Influence Activities in the United States


**Co-Chairs**

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First printing 2018

24 23 22 21 20 19 18 7 6 5 4 3 2 1

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The views expressed in this publication are solely those of the participants in the workshop and do not necessarily reflect the views of the staff, officers, or Board of Overseers of the Hoover Institution or the participant's affiliated institutions. The convening organizations of this project have no affiliation with the US government.

# Acknowledgments

This Working Group was jointly convened by the Hoover Institution at Stanford University and the Center on US-China Relations at Asia Society in New York. These co-conveners have also been assisted, financially and logistically, by The Annenberg Foundation Trust at Sunnylands. We are grateful to each of these institutions for their support of our work, and to Thomas Gilligan, Director of the Hoover Institution, and Ambassador David Lane, President of The Annenberg Foundation Trust at Sunnylands, for their personal support of this project. We also thank the latter two institutions, as well as the China Policy Program of the Elliott School of International Affairs at George Washington University, for supporting and hosting meetings of the Working Group.

This report has been a collaborative effort among a group of American scholars and policy practitioners who have spent long careers studying and engaging China, Asia more broadly, and a wide variety of political systems around the world. Each participant also has an abiding interest in protecting and strengthening democratic institutions in the United States and elsewhere in the world. While different participants took the lead in drafting particular sections of the report, each section was reviewed and contributed to by a number of participants in what became a truly collective and collaborative research effort. Our general findings and policy principles represent a broad—though not necessarily complete—consensus of the Working Group Participants.

This Working Group grew out of the Task Force on US-China Relations (chaired by Susan Shirk and Orville Schell), and we thank the Carnegie Corporation of New York and the Henry Luce Foundation for their support of the Task Force. Although the two efforts share many members in common, they are separate and distinct endeavors.

We present this report as the collective product of discussions and research among a group of distinguished American specialists on China and US foreign affairs. It analyzes the growing challenge posed by China's influence-seeking activities in the United States across a number of important sectors of American public life. However, as we note throughout the report, these influence activities are not confined to the US. Indeed, they appear in different forms and to different degrees in a large number of other democratic societies around the world (in some cases more deeply than in the US). We therefore have opted to include in an Appendix short summary reports on China's influence activities (and the resulting national responses) in eight other countries.

We owe a particular debt of thanks to Kyle Hutzler, an MBA student at Stanford University with significant experience in China. His superior organizational skills and uncomplaining

capacity for prodigious work contributed enormously to the coordination of our work throughout the project. We could not have produced this report without him.

We would also like to thank Barbara Arellano and Alison Petersen at the Hoover Institution Press for their dedicated assistance in producing, editing, and publishing this report, as well as Laura Chang at the Center on US-China Relations at Asia Society for her assistance in helping to coordinate the project.

Finally, we would like to thank all of the Working Group participants for their generous contributions of time and effort. None were remunerated for their contributions, and everyone participated and contributed out of their professional and national sense of responsibility.

***Larry Diamond***
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October 24, 2018

# Contents


| | | |
|---|---|---|
| Policy Principles for Constructive Vigilance | | ix |
| Introduction | | 1 |
| SECTION 1 | Congress | 9 |
| SECTION 2 | State and Local Governments | 19 |
| SECTION 3 | The Chinese American Community | 29 |
| SECTION 4 | Universities | 39 |
| SECTION 5 | Think Tanks | 57 |
| SECTION 6 | Media | 79 |
| SECTION 7 | Corporations | 103 |
| SECTION 8 | Technology and Research | 121 |
| APPENDIX I | Chinese Influence Operations Bureaucracy | 133 |
| APPENDIX II | Chinese Influence Activities in Select Countries | 145 |
| | Australia | 146 |
| | Canada | 151 |
| | France | 156 |
| | Germany | 160 |
| | Japan | 165 |
| | New Zealand | 169 |
| | Singapore and Asean | 173 |
| | United Kingdom | 179 |
| APPENDIX III | Chinese-Language Media Landscape | 187 |
| Dissenting Opinion | | 193 |
| Afterword | | 195 |
| About the Participants | | 197 |

# Policy Principles for Constructive Vigilance

The members of this Working Group seek a productive relationship between China and the United States. To this end, and in light of growing evidence of China's interference in various sectors of American government and society, we propose three broad principles that should serve as the basis for protecting the integrity of American institutions inside the United States while also protecting basic core American values, norms, and laws.

## Transparency

Transparency is a fundamental tenet and asset of democracy, and the best protection against the manipulation of American entities by outside actors.

- American NGOs should play an important role in investigating and monitoring illicit activities by China and other foreign actors. They should as well seek to inform themselves about the full range of Chinese influence activities and the distinctions between legitimate and illegitimate influence efforts.

- Congress should perform its constitutional role by continuing to investigate, report on, and recommend appropriate action concerning Chinese influence activities in the United States. It should update relevant laws and regulations regarding foreign influence, and adopt new ones, to strengthen transparency in foreign efforts to exert influence.

- Executive branch agencies should similarly investigate and publicize, when appropriate, findings concerning these activities, with a view to promoting healthy and responsible vigilance among American governmental and nongovernmental actors.

- The US media should undertake careful, fact-based investigative reporting of Chinese influence activities, and it should enhance its knowledge base for undertaking responsible reporting.

- Faculty governance is the key to preserving academic freedom in American universities. All gifts, grants, endowments, and cooperative programs, including

Confucius Institutes, should be subjected to the usual procedures of faculty oversight.

- US governmental and nongovernmental sectors should disclose financial and other relationships that may be subject to foreign influence.

### Integrity

Foreign funding can undermine the independence of American institutions, and various types of coercive and covert activities by China (and other countries) directly contradict core democratic values and freedoms, which must be protected by institutional vigilance and effective governance.

- Openness and freedom are fundamental elements of American democracy and intrinsic strengths of the United States and its way of life. These values must be protected against corrosive actions by China and other countries.

- Various institutions—but notably universities and think tanks—need to enhance sharing and pooling of information concerning Chinese activities, and they should promote more closely coordinated collective action to counter China's inappropriate activities and pressures. This report recommends that American institutions within each of the above two sectors (and possibly others) formulate and agree to a "Code of Conduct" to guide their exchanges with Chinese counterparts.

- When they believe that efforts to exert influence have violated US laws or the rights of American citizens and foreign residents in the United States, US institutions should refer such activities to the appropriate law enforcement authorities.

- Rigorous efforts should be undertaken to inform the Chinese American community about potentially inappropriate activities carried out by China. At the same time, utmost efforts must be taken to protect the rights of the Chinese American community, as well as protecting the rights of Chinese citizens living or studying in the United States.

- Consideration should be given to establishing a federal government office that American state and local governments and nongovernmental institutions could approach—on a strictly voluntary basis—for advice on how best to manage Chinese requests for engagement and partnership. This office could also provide confidential background on the affiliations of Chinese individuals and organizations to party and state institutions.



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- All American institutions—governmental and nongovernmental—that deal with Chinese actors (and other potential sources of inappropriate foreign influence) should review their oversight and governance practices and codify and exemplify best standards of practice and due diligence.

### Reciprocity

American institutions are deflected from their purpose of increasing US-China understanding, and become distorted as one-way channels of Chinese influence, when they are denied access to China on a basis that is reciprocal with the access Chinese institutions are granted here.

- The asymmetry of scholarly research access is the most glaring example of the lack of reciprocity. A whole variety of normal scholarly activities—including access to archives and certain libraries, fieldwork, conducting surveys, and interviewing officials or average citizens—have been cut off for American researchers in China while Chinese enjoy all of these academic opportunities in the United States. Individually and collectively, universities and other sectors of American democratic life should insist on greater reciprocity of access.

- US government public diplomacy activities are heavily circumscribed in China, while nongovernmental organizations (NGOs) have encountered an increasingly difficult environment to carry out their work. More reasonable reciprocity for US public diplomacy efforts in China, relative to China's activities in the United States, should be addressed in negotiations between the two countries. In addition, this report recommends enhanced American efforts to promote independent news and information, and democratic ideas, through US global broadcasting and efforts to counter disinformation.

- The US government should actively promote and protect opportunities for American actors to operate in China.



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# Introduction

For three and a half decades following the end of the Maoist era, China adhered to Deng Xiaoping's policies of "reform and opening to the outside world" and "peaceful development." After Deng retired as paramount leader, these principles continued to guide China's international behavior in the leadership eras of Jiang Zemin and Hu Jintao. Admonishing Chinese to "keep your heads down and bide your time," these Party leaders sought to emphasize that China's rapid economic development and its accession to "great power" status need not be threatening to either the existing global order or the interests of its Asian neighbors. However, since Party general secretary Xi Jinping came to power in 2012, the situation has changed. Under his leadership, China has significantly expanded the more assertive set of policies initiated by his predecessor Hu Jintao. These policies not only seek to redefine China's place in the world as a global player, but they also have put forward the notion of a "China option" (中国方案) that is claimed to be a more efficient developmental model than liberal democracy.

While Americans are well acquainted with China's quest for influence through the projection of diplomatic, economic, and military power, we are less aware of the myriad ways Beijing has more recently been seeking cultural and informational influence, some of which could undermine our democratic processes. These include efforts to penetrate and sway—through various methods that former Australian prime minister Malcolm Turnbull summarized as "covert, coercive or corrupting"—a range of groups and institutions, including the Chinese American community, Chinese students in the United States, and American civil society organizations, academic institutions, think tanks, and media.[1]

Some of these efforts fall into the category of normal public diplomacy as pursued by many other countries. But others involve the use of coercive or corrupting methods to pressure individuals and groups and thereby interfere in the functioning of American civil and political life.

It is important not to exaggerate the threat of these new Chinese initiatives. China has not sought to interfere in a national election in the United States or to sow confusion or inflame polarization in our democratic discourse the way Russia has done. For all the tensions in the relationship, there are deep historical bonds of friendship, cultural exchange, and mutual inspiration between the two societies, which we celebrate and wish to nurture. And it is imperative that Chinese Americans—who feel the same pride in American citizenship as do other American ethnic communities—not be subjected to the kind of generalized suspicion or stigmatization that could lead to racial profiling or a new era of McCarthyism. However,

with increased challenges in the diplomatic, economic, and security domains, China's influence activities have collectively helped throw the crucial relationship between the People's Republic of China and the United States into a worrisome state of imbalance and antagonism. (Throughout the report, "China" refers to the Chinese Communist Party and the government apparatus of the People's Republic of China, and not to Chinese society at large or the Chinese people as a whole.) Not only are the values of China's authoritarian system anathema to those held by most Americans, but there is also a growing body of evidence that the Chinese Communist Party views the American ideals of freedom of speech, press, assembly, religion, and association as direct challenges to its defense of its own form of one-party rule.[2]

Both the US and China have derived substantial benefit as the two nations have become more economically and socially intertwined. The value of combined US-China trade ($635.4 billion, with a $335.4 US deficit) far surpasses that between any other pair of countries.[3] More than 350,000 Chinese students currently study in US universities (plus 80,000 more in secondary schools). Moreover, millions of Chinese have immigrated to the United States seeking to build their lives with more economic, religious, and political freedom, and their presence has been an enormous asset to American life.

However, these virtues cannot eclipse the reality that in certain key ways China is exploiting America's openness in order to advance its aims on a competitive playing field that is hardly level. For at the same time that China's authoritarian system takes advantage of the openness of American society to seek influence, it impedes legitimate efforts by American counterpart institutions to engage Chinese society on a reciprocal basis. This disparity lies at the heart of this project's concerns.

China's influence activities have moved beyond their traditional United Front focus on diaspora communities to target a far broader range of sectors in Western societies, ranging from think tanks, universities, and media to state, local, and national government institutions. China seeks to promote views sympathetic to the Chinese Government, policies, society, and culture; suppress alternative views; and co-opt key American players to support China's foreign policy goals and economic interests.

Normal public diplomacy, such as visitor programs, cultural and educational exchanges, paid media inserts, and government lobbying are accepted methods used by many governments to project soft power. They are legitimate in large measure because they are transparent. But this report details a range of more assertive and opaque "sharp power" activities that China has stepped up within the United States in an increasingly active manner.[4] These exploit the openness of our democratic society to challenge, and sometimes even undermine, core American freedoms, norms, and laws.



HOUSE_OVERSIGHT_020461

Except for Russia, no other country's efforts to influence American politics and society is as extensive and well-funded as China's. The ambition of Chinese activity in terms of the breadth, depth of investment of financial resources, and intensity requires far greater scrutiny than it has been getting, because China is intervening more resourcefully and forcefully across a wider range of sectors than Russia. By undertaking activities that have become more organically embedded in the pluralistic fabric of American life, it has gained a far wider and potentially longer-term impact.

## Summary of Findings

This report, written and endorsed by a group of this country's leading China specialists and students of one-party systems is the result of more than a year of research and represents an attempt to document the extent of China's expanding influence operations inside the United States. While there have been many excellent reports documenting specific examples of Chinese influence seeking,[5] this effort attempts to come to grips with the issue as a whole and features an overview of the Chinese party-state United Front apparatus responsible for guiding overseas influence activities. It also includes individual sections on different sectors of American society that have been targeted by China. The appendices survey China's quite diverse influence activities in other democratic countries around the world.

### Among the report's findings:

- The **Chinese Communist party-state** leverages a broad range of party, state, and non-state actors to advance its influence-seeking objectives, and in recent years it has significantly accelerated both its investment and the intensity of these efforts. While many of the activities described in this report are state-directed, there is no single institution in China's party-state that is wholly responsible, even though the "United Front Work Department" has become a synecdoche for China's influence activities, and the State Council Information Office and CCP[6] Central Committee Foreign Affairs Commission have oversight responsibilities (see Appendix: "China's Influence Operations Bureaucracy"). Because of the pervasiveness of the party-state, many nominally independent actors—including Chinese civil society, academia, corporations, and even religious institutions—are also ultimately beholden to the government and are frequently pressured into service to advance state interests. The main agencies responsible for foreign influence operations include the Party's United Front Work Department, the Central Propaganda Department, the International Liaison Department, the State Council Information Office, the All-China Federation of Overseas Chinese, and the Chinese People's Association for Friendship with Foreign Countries. These organizations and others are bolstered by various state agencies such as the Ministry of Foreign Affairs and the Overseas Chinese Affairs Office of the State Council, which in March 2018 was merged into the United Front Work Department, reflecting that department's increasing power.



HOUSE_OVERSIGHT_020462

- In **American federal and state politics**, China seeks to identify and cultivate rising politicians. Like many other countries, Chinese entities employ prominent lobbying and public relations firms and cooperate with influential civil society groups. These activities complement China's long-standing support of visits to China by members of Congress and their staffs. In some rare instances China has used private citizens and/or companies to exploit loopholes in US regulations that prohibit direct foreign contributions to elections.

- On **university campuses**, Confucius Institutes (CIs) provide the Chinese government access to US student bodies. Because CIs have had positive value in exposing students and communities to Chinese language and culture, the report does not generally oppose them. But it does recommend that more rigorous university oversight and standards of academic freedom and transparency be exercised over CIs. With the direct support of the Chinese embassy and consulates, Chinese Students and Scholars Associations (CSSAs) sometimes report on and compromise the academic freedom of other Chinese students and American faculty on American campuses. American universities that host events deemed politically offensive by the Chinese Communist Party and government have been subject to increasing pressure, and sometimes even to retaliation, by diplomats in the Chinese embassy and its six consulates as well as by CSSA branches. Although the United States is open to Chinese scholars studying American politics or history, China restricts access to American scholars and researchers seeking to study politically sensitive areas of China's political system, society, and history in country.

- At **think tanks**, researchers, scholars, and other staffers report regular attempts by Chinese diplomats and other intermediaries to influence their activities within the United States. At the same time that China has begun to establish its own network of think tanks in the United States, it has been constraining the number and scale of American think tanks operations in China. It also restricts the access to China and to Chinese officials of American think-tank researchers and delegations.

- In **business**, China often uses its companies to advance strategic objectives abroad, gaining political influence and access to critical infrastructure and technology. China has made foreign companies' continued access to its domestic market conditional on their compliance with Beijing's stance on Taiwan and Tibet. This report documents how China has supported the formation of dozens of local Chinese chambers of commerce in the United States that appear to have ties to the Chinese government.

- In the American **media**, China has all but eliminated the plethora of independent Chinese-language media outlets that once served Chinese American communities. It has co-opted existing Chinese-language outlets and established its own new outlets. State-owned Chinese media companies have also established a significant foothold



HOUSE_OVERSIGHT_020463

in the English-language market, in print, radio, television, and online. At the same time, the Chinese government has severely limited the ability of US and other Western media outlets to conduct normal news gathering activities within China, much less to provide news feeds directly to Chinese listeners, viewers, and readers in China, by limiting and blocking their Chinese-language websites and forbidding distribution of their output within China itself.

- Among the **Chinese American community**, China has long sought to influence—even silence—voices critical of the PRC or supportive of Taiwan by dispatching personnel to the United States to pressure these individuals and while also pressuring their relatives in China. Beijing also views Chinese Americans as members of a worldwide Chinese diaspora that presumes them to retain not only an interest in the welfare of China but also a loosely defined cultural, and even political, allegiance to the so-called Motherland. Such activities not only interfere with freedom of speech within the United States but they also risk generating suspicion of Chinese Americans even though those who accept Beijing's directives are a very small minority.

- In the **technology sector**, China is engaged in a multifaceted effort to misappropriate technologies it deems critical to its economic and military success. Beyond economic espionage, theft, and the forced technology transfers that are required of many joint venture partnerships, China also captures much valuable new technology through its investments in US high-tech companies and through its exploitation of the openness of American university labs. This goes well beyond influence-seeking to a deeper and more disabling form of penetration. The economic and strategic losses for the United States are increasingly unsustainable, threatening not only to help China gain global dominance of a number of the leading technologies of the future, but also to undermine America's commercial and military advantages.

- Around **the world**, China's influence-seeking activities in the United States are mirrored in different forms in many other countries. To give readers a sense of the variation in China's influence-seeking efforts abroad, this report also includes summaries of the experiences of eight other countries, including Australia, Canada, France, Germany, Japan, New Zealand, Singapore, and the UK.

## Toward Constructive Vigilance

In weighing policy responses to influence seeking in a wide variety of American institutions, the Working Group has sought to strike a balance between passivity and overreaction, confidence in our foundations and alarm about their possible subversion, and the imperative to sustain openness while addressing the unfairness of contending on a series of uneven playing fields. Achieving this balance requires that we differentiate constructive from harmful forms of interaction and carefully gauge the challenge, lest we



HOUSE_OVERSIGHT_020464

see threats everywhere and overreact in ways that both undermine our own principles and unnecessarily damage the US-China relationship.

The sections that follow lodge recommendations under three broad headings. The first two, promoting "transparency" and "integrity," are hardly controversial in the face of the existing challenge, and they elicited little debate. Sunshine is the best disinfectant against any manipulation of American entities by outside actors and we should shine as much light as possible on Chinese influence seeking over organizations and individuals if it is covert, coercive, or corrupting. We should also shore up the vitality of our institutions and our own solidarity against Chinese divide-and-conquer tactics. Defending the integrity of American democratic institutions requires standing up for our principles of openness and freedom, more closely coordinating responses within institutional sectors, and also better informing both governmental and nongovernmental actors about the potentially harmful influence activities of China and other foreign actors.

It was in the third category, promoting "reciprocity," where the Working Group confronted the most difficult choices. In a wide range of fields, the Chinese government severely restricts American platforms and access while Chinese counterparts are given free rein in our society. Can this playing field be leveled and greater reciprocity be attained without lowering our own standards of openness and fairness? Since complaints and demarches by the US government and private institutions have not produced adequate results, is it possible to get Chinese attention by imposing reciprocal restrictions that do not undermine our own principles of openness?

The Working Group, not always in unanimity, settled on a selective approach. We believe that in certain areas the only practical leverage resides in tit-for-tat retaliation. This would not be an end in itself, but a means to compel a greater reciprocity. The Chinese government respects firmness, fairness summons it, and American opinion compels it.

Each section of this report offers its own recommendations for responding to China's influence seeking activities in ways that will enhance the transparency of relationships, defend the integrity of American democratic institutions, and grant American individuals and institutions greater access in China that equates with the degree of access afforded Chinese counterparts in the United States.

Our recommendations urge responses to China's challenge that will promote greater transparency, integrity, and reciprocity. We believe that a new emphasis on such "constructive vigilance" is the best way to begin to protect our democratic traditions, institutions, and nation, and to create a fairer and more reciprocal relationship that will be the best guarantor of healthier ties between the United States and China.



HOUSE_OVERSIGHT_020465

## NOTES

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2 See CCP Central Committee Document No. 9: http://www.chinafile.com/document-9-chinafile-translation.

3 https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china.

4 National Endowment for Democracy, Sharp Power: Rising Authoritarian Influence, Washington, DC, December 2017, https://www.ned.org/wp-content/uploads/2017/12/Sharp-Power-Rising-Authoritarian-Influence-Full-Report.pdf.

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6 Throughout this report, we use the term "CCP," which stands for Chinese Communist Party. It is sometimes also referred to as the Communist Party of China (CPC).



HOUSE_OVERSIGHT_020466

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SECTION 1

# Congress

During past presidential administrations, the US Congress has generally served as a brake on executive initiatives to "engage" China at the expense of other US interests that members have historically valued, such as maintaining good relations with Taiwan, interacting with the Tibetan government in exile, and expressing support for human rights. When President Donald Trump assumed office in 2017 and actively began courting Chinese President Xi Jinping, first at Mar-a-Lago and then at the Beijing summit, Congress took a wait-and-see posture. But as his own ardor for a partnership with Xi cooled and his administration became disenchanted with the idea of finding an easy new "engagement" policy, momentum began to shift. Soon Congress was working toward one of the most significant reevaluations of American-China policy since the start of normalization fifty years ago. And with the White House increasingly skeptical about the prospects of winning President Xi 's cooperation, a series of new initiatives began issuing forth from both the administration and the Congress, suggesting a rapidly changing landscape for US-China relations. What was telling was that this tidal shift now emanated not from Congress alone—where it had strong bipartisan support—but from the White House and National Security Council, the Pentagon, the Office of the US Trade Representative, the Department of the Treasury, and even the Department of State. As sentiment shifted away from hopes of finding common ways to collaborate, a spate of new US policy initiatives began appearing that suggested a sea change. Congress passed the 2019 National Defense Authorization Act, which sought to bolster US defenses against both Chinese military threats and China's influence-seeking operations inside the United States. Congress also passed the Foreign Investment Risk Review Modernization Act of 2018 (FIRMMA), which empowered CFIUS (the Committee on Foreign Investment in the United States) to expand its oversight of foreign direct investment (FDI) from China. At the same time, members of Congress also began expressing ever more strenuous opposition to Chinese nonreciprocal practices in trade and investment, such as: putting whole sectors of the Chinese economy out-of-bounds to American investors; using Chinese companies to buy into sensitive high-tech areas of the US economy through mergers and acquisitions; and making the transfer of American advanced technology to Chinese partners the price of American companies being given access to Chinese markets. Congressional concern rose over Beijing's continued expansion into and militarization of the South China Sea; the predatory lending practices that can be involved in President Xi Jinping's signature Belt and Road Initiative; and Beijing's continued persecution of Taiwan and opposition to US support for the island.

This section reviews highlights of Chinese government's efforts to influence the US Congress since the start of the normalization process in 1972. As suggested above, because it has

viewed such "engagement" as too often taking place at the expense of more important interests, the Congress has usually been more wary than the White House of allowing hopes for a more positive US-China relations to determine our policy. At times, such as during the passage of the Taiwan Relations Act in 1979 and in reaction to the Chinese crackdown around Tiananmen Square in 1989, Congress has actively resisted the White House and sought to turn American policy in directions both the Chinese leadership and the US administration have opposed. However, often Congress has played a somewhat passive role, especially in recent years. Still, the control it formally exercises over US government budget outlays, legislation, and the approval of appointments of senior administration officials makes Congress not only important in the formation of US-China policy but also a prime target for Chinese influence efforts.

By providing historical background, the review that follows informs contemporary US concerns about Chinese government efforts to influence American leaders and public opinion. The record over the past four decades shows some success in Chinese efforts to win influence over congressional opinion. However, more often than not, whatever positive results they have won have not lasted in the face of enduring differences between the two countries.

### Congressional Visits to China, 1972–1977

President Nixon's second term featured the Watergate scandal, which forced his resignation in 1974 and resulted in a lull in high-level communication with China. This circumstance gave more prominence to the reports issued by the approximately eighty members of Congress who traveled to China in the period between President Nixon's visit in 1972 and the start of the Carter administration in January 1977. The visits of these congressional delegations—including (repeatedly) top leaders from both parties—were by far the most active channel of high-level communications between the United States and the PRC during this time. And most of the members who went to China wrote reports that were published as official documents. At the time, these congressional reports, as well as the media's coverage of their visits, became important vehicles through which American congressional leaders voiced their views and opinions on domestic Chinese politics and on Sino-American relations, both of which were having an increasingly important impact on American interests in Asia and the world.

By and large, these American visitors were pleased by the post-1972 developments in US-China relations, seeing them as likely to be both a source of strategic leverage against the Soviet Union and a stabilizing influence in Asian affairs. The government in Beijing was seen as preoccupied with domestic affairs, no longer opposed to the presence of American forces in East Asia, and anxious to work with the United States and other noncommunist countries to offset Soviet pressure against China. The Americans saw the Taiwan question as the main impediment to improved bilateral relations, but they differed



HOUSE_OVERSIGHT_020469

on how the United States should deal with the problem. Although most members of Congress accepted the Ford administration's cautious approach to China as wise, many were circumspect about the merits of China's political, economic, social, and value systems, then experiencing the last turmoil of the Cultural Revolution and the decline and death of Mao Zedong in 1976.

These congressional visits to China seemed to help the Chinese government improve its standing with Congress and favorably influence American public opinion. The resulting reports show how granting these delegations access to China's leaders and elements of Chinese society that Beijing wished to highlight proved an effective strategy of calming tensions. And the costs for Beijing were limited to modest in-country expenses, since the members usually traveled as official congressional delegations on US government aircraft.

One notable feature of this historical episode was the remarkable role played by Senate Majority Leader Mike Mansfield (D-MT). Senator Mansfield was widely consulted in Washington as an Asian affairs expert, meaning his observations arguably had more influence than those of other members. He visited China three times during this period, publishing separate reports with detailed assessments of various issues of concern to Americans at the time. In the main, his reports conveyed information and opinions that conformed with Chinese interests. Unlike many other members favoring a more cautious pace of normalization with China and sustained ties with Taiwan, Senator Mansfield urged the United States to promptly end ties with Taiwan and accept Beijing's conditions for normal diplomatic relations, warning that to do otherwise would lead to dangerous friction in Sino-American relations and instability in Asia. Senator Mansfield portrayed China as a power with fundamentally peaceful motives in international affairs and placed much of the blame on the United States for past Sino-American conflicts in Asia. He also contradicted those members who worried that China's leadership change could lead to internal struggles affecting China's international and domestic policies. He insisted that such skepticism was unwarranted, because what he called the Maoist system had been effectively inculcated among the Chinese people. Some members complained that the limited itinerary for congressional visits that was furnished by Chinese hosts did not provide a basis for any meaningful assessment of conditions there. Despite the fact that many congressional visitors questioned how durable China's Maoist regime was and how lasting China's cooperation with the United States would actually prove to be, Mansfield countered that he had had enough opportunity during his three visits to the PRC to move about and obtain enough information through on-the-spot observation and talks with PRC leaders to conclude that it was no passing phenomenon. So, while many members thought the PRC's system of indoctrination and control to be repressive politically, economically, and socially—an affront to the human rights and dignity of its people—voices like Mansfield's served to mute the criticism, maintaining that the country's political, economic, and social system was uniquely well suited to the Chinese people.



HOUSE_OVERSIGHT_020470

## Influence Efforts after Establishing Official Relations, 1979–1988

As the Carter administration began moving toward full diplomatic recognition of the PRC, it withheld many of the details about its plans from Congress. One of the largest unresolved issues was the fate of Taiwan, in which Congress took a special interest. The United States had already dropped recognition of Taiwan at the United Nations, and now many in Congress worried that the United States would move to completely abandon the island. In response, Congress passed the Taiwan Relations Act in 1979, which underlined the importance of the United States keeping an ongoing relationship with Taiwan and continuing to provide weapons for its defense.

After formal diplomatic relations were reestablished, China responded in the 1980s by expanding the size and capacity of its Washington embassy staff dedicated to dealing with Congress. Chinese officials lobbying Congress viewed with dismay the rise of pro-Taiwan independence groups among Taiwanese Americans, such as the Formosan Association for Public Affairs, which demonstrated an ability to promote their agenda despite the fact that the United States had broken ties with Taiwan. Beijing would go on to borrow a page from the Nationalist government's playbook by beefing up a diplomatic arm capable of building closer relations with important congressional members and staffers.[1] Since then, the Chinese government has welcomed numerous US delegations composed of both congressional members and staffers. The main host in China for such delegations has been the Chinese People's Institute of Foreign Affairs (CPIFA).[2] Founded in December 1949, this organization focuses on international issues and foreign policy research and on conducting international exchanges of officials and expanding people-to-people diplomatic activities. This institute also works to establish contacts with foreign political activists, diplomats, and other distinguished individuals while organizing public lectures and symposiums on academic subjects and international policy affairs.

CPIFA is a so-called united front organization, similar to those found in the former Soviet Union and other Leninist states that seek to opportunistically build alliances wherever they can. Such organizations, or GONGOs ("government-organized non-governmental organizations"), carry out government-directed policies and cooperative initiatives with influential foreigners without being perceived as a formal part of the Chinese government. CPIFA's experience in dealing with foreign visitors is broad. Between 1972 and 2002, it hosted more than four thousand leading Americans in China. Being well connected with the Chinese government's State Council and the Ministry of Foreign Affairs, it is positioned to organize meetings with high-level officials when the Party deems it in its interest to do so. The funding arrangements for congressional staff delegations visiting China usually provide for their travel to be paid by the US side, so as to avoid falling victim to ethics committees and overseers or violating rules regarding conflicts of interest and foreign lobbying. CPIFA often assumed in-country expenses.



HOUSE_OVERSIGHT_020471

The staff delegation trips to China were welcomed and sought after by congressional staff and congressional support agency personnel, mainly from the Congressional Research Service of the Library of Congress, which had a growing interest in China and the issues it posed for US policy. The trips generally came twice per year and involved meetings with Chinese government officials and others responsible for key foreign affairs and domestic issues of interest to the Congress. The exchanges in these meetings were generally cordial and substantive, although the trips also included sightseeing and visits to parts of China of interest to the Congress.

In the United States, there have been a number of counterpart groups that have facilitated congressional exchanges. Among them are the Washington, DC-based US-Asia Institute (USAI), which has played a leading role in managing the congressional staff delegations side since 1985.[3] The National Committee on US-China Relations did a pilot congressional staff delegation visit to China in 1976 and resumed involvement with such exchanges again during the past decade.[4] In the 1980s, the Asia-Pacific Exchange Foundation (also known as the Far East Studies Institute) also managed a number of congressional staff delegations to China, while the US-Asia Institute has, since 1985, coordinated over 120 such delegations and exchanges to China. These visits have been done in cooperation with the Chinese People's Institute of Foreign Affairs (CPIFA) and the Better Hong Kong Foundation (BHKF). But the National People's Congress (NPC) has perhaps hosted the most trips, taking over a thousand congressional staff members to China. In these trips, members have traveled to nearly every corner of China, including Xinjiang and Tibet. In their discussions, they have covered a wide range of themes important to the US-China relationship. Staffers participating in such trips have clearly advanced their understanding of Chinese developments.

### Congress and Turmoil in US-China Relations, 1989–2001

The number of the congressional staff delegations to China slowed following the collapse of congressional support for engagement with China after the Tiananmen crackdown in 1989. Congressional anger and the impulse to punish the Chinese government overrode past interest in constructive engagement. As a result, Beijing began relying more heavily on the US business community and its organizations, notably the Emergency Committee for American Trade, to persuade Congress not to end the most-favored nation tariff treatment for Chinese imports. The Chinese embassy and various lobbyists who were, or at least claimed to be, supported by the Chinese government also tried to limit the damage by seeking to convince congressional members that conditions in China were much better there than were depicted in American media at the time.[5]

Based on the reputation of its past efforts, the US-Asia Institute, presumably with the encouragement of its Chinese counterparts, strove to resume the staff dialogues and attracted a wide range of senior staff and support personnel, including some of



HOUSE_OVERSIGHT_020472

those working for the harshest congressional critics of China's crackdown. One trip in December 1989 featured very heated debates with Chinese officials, especially after it was announced that National Security Adviser Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger were also in Beijing for talks with Chinese leaders and that the two had made an earlier secret trip in July, soon after the crackdown. As the Bush administration had publicly promised Congress that all such contacts would end, the staff delegates' anger at and criticism of China's repression was compounded by their harsh reaction to the Bush administration's actions.

As US-China relations continued during a tumultuous post-Tiananmen crackdown period, Congress played important roles on such key issues as the debate over most-favored nation tariff treatment, the visit of Taiwan's president to the United States in 1995, and the decision to approve China's entry into the World Trade Organization. The Chinese government endeavored to build influence with and gain access to Congress by encouraging US businesses to lobby Congress on China's behalf and by continuing to receive member and staff delegations in China.

Other entities in the Chinese official structure, including the Chinese Communist Party and the Chinese military, at times attempted to gain access to Congress. The International Department of the Chinese Communist Party engaged in growing exchanges with the major American political parties on a party-to-party basis. A Chinese "united front" organization, the Chinese Association for International Understanding (CAIFU), managed some of these ensuing trips. Also involved was the China Association for International Friendly Contact (CAIFC). This "united front" organization's link to the Chinese government was not then well known, though in recent years it has been publicly linked to the People's Liberation Army's Political Warfare Department, which has intelligence responsibilities.[6] Meanwhile, other exchanges with US congressional specialists on China were promoted by a mysterious "united front" operative with excellent official contacts in China named Jimmy Wong. In this troubled decade, Wong made himself known to a wide range of Americans playing a role in China policy as having the ability to set up visits to China and meetings with key officials very quickly. He occasionally even opened his spacious Beijing home to congressional staffers. His precise affiliation with the Chinese authorities remains obscure.[7]

The approaches of the Chinese government to gain influence and gather information abroad differ from the tradecraft of Russia and the former Soviet Union.[8] Notably, the Chinese focus more on individuals rather than effects, and on shaping the personal context rather than operational tricks. It is person-to-person relationships that carry the weight of Chinese information operations. Working on these personal ties, the Chinese authorities focus on facilitating meetings and contacts that may or may not result in opportunities to influence foreign targets. Still, because Chinese influence seeking is largely a governmental undertaking, it is hardly surprising that the Chinese mix influence



HOUSE_OVERSIGHT_020473

operations with espionage. In one instance, after a visit to China supported by CAIFC, an American congressional official was asked by two employees at CAIFC who facilitated his trip to host them during a return visit to Washington. He obliged, and they were seemingly satisfied, having shopped extensively during their stay. Subsequently, the Chinese embassy officers who had arranged the congressional official's visit to China with CAIFC were arrested and expelled for trying to steal US weapons technology, causing the US official to end all contact with CAIFC.

### Current Era

Tensions in US-China relations subsided after the terrorist attack on America in September 2001 and subsequent wars in Afghanistan and Iraq preoccupied the Bush administration and Congress. Chinese and American leaders also proved to be sufficiently pragmatic to reach common ground on advancing relations in mutually agreeable ways and managing differences through a wide range of dialogues. Such exchanges only catalyzed visits by more congressional members and staff delegations visits to China. At this time, members often traveled to China in US government–funded trips as guests of the US embassy. Some member trips and very frequent staff delegation visits were authorized under provisions of the Mutual Education and Cultural Exchange Act (MECEA) that were in line with the guidance of congressional ethics committees.[9] In addition to the work of the US-Asia Institute, those organizing and facilitating staff delegations grew to include the Aspen Institute, the National Committee on US-China Relations, and the US-China Policy Foundation.[10]

China also increased its own capacity to engage Congress beyond trips. Having moved into a new embassy in Washington in 2009, the Chinese embassy increased its congressional affairs staff to twelve (as of 2011), while also retaining the lobbying services of the firm Patton Boggs.[11] During his time as ambassador, Zhou Wenzhong boasted that he had visited some one hundred members of Congress in their home districts. When certain measures, such as a bill that would have penalized China for being a "currency manipulator," came before Congress, the embassy's in-house team's efforts reflected what some US officials called a much more "nuanced" and "sophisticated" understanding of the body. Whether or not Chinese officials or lobbyists interacting with congressional offices endeavored to exert influence by means beyond persuasion—such as by offering material benefits or threatening to withdraw Chinese investments or other tangible benefits to the congressional district—remained hard to discern given the very limited public reporting on such matters.[12]

Congress, for its part, had already formalized efforts to better understand China through a variety of working groups. By 2006, both the House and the Senate had formed a US-China Inter-Parliamentary Exchange Group, which conducted periodic exchanges with China's National People's Congress. Also showing stronger American interest in China at that time were the Congressional China Caucus (led by members tending to be critical



HOUSE_OVERSIGHT_020474

of China); the China Working Group (led by members supportive of closer engagement with China); and the Senate China Working Group (led by members supportive of closer relations). Earlier legislation had established the Congressional-Executive Commission on China, focused on human rights conditions in China (a perennial negative aspect in US-China relations), and the US-China Economic and Security Review Commission, which was known for its annual report listing a variety of developments in China seen as adverse to US interests and values. While the latter two commissions continue to be active, are robust, and have growing impact, many of the other exchange mechanisms have proven less than durable. Once the leading members who founded such groups leave Congress, interest usually wanes. The National People's Congress became even more active in supporting the growing number of congressional staff delegations to China during this period. In 2018, the House China Working Group remained active, but the House Congressional China Caucus and the Senate China Working Group were inactive.

Most recently, the 115th Congress has actively embraced the Trump administration's view that China has benefited more from the bilateral relationship than has the United States. In fact, amidst all the partisan warfare currently dividing Republicans and Democrats in Washington, a skepticism about China's intentions and reliability and a willingness to push back in a bipartisan manner against its un-reciprocal, and sometimes even predatory, policies, is one of the most surprising phenomena. In 2018, for example, the Congress unanimously passed the Taiwan Travel Act, which encourages the Trump administration to host more high-ranking officials from Taiwan, a move that angered Beijing. Still, Congress is hardly united, even on trade. Some members have objected to the adverse impacts punitive tariffs are having on their constituencies, or they have opposed imposing tariffs on allies at the same time tariffs are imposed on China. And some members criticized President Trump's decision in May 2018 to ease harsh sanctions against the prominent Chinese high-technology firm ZTE, in response to a personal plea from the Chinese president. Nevertheless, President Trump's dominance in the Republican Party means that few in the Republican ranks controlling Congress are inclined to oppose him, especially on China. Indeed, Congress is generally endorsing the most significant reevaluation of American-China policy since the start of normalization fifty years ago. As such, it can be said that Chinese influence on Capitol Hill has reached a low point.

## Conclusion and Recommendations

Congress is in the midst of a major reevaluation of the very assumptions underlying the decades-old American policy of "engagement" with China. Because of this increasingly competitive, even adversarial, new climate, Chinese influence and information operations are widely coming to be seen as expressions of a political system whose values are antithetical to those of the United States and as a threat to the integrity of Congress and our democracy. Arguing, as many have done as far back as Majority Leader Mike Mansfield, that Congress should move forward with positive engagement with China while seeking to



HOUSE_OVERSIGHT_020475

pragmatically manage our differences now seems, in the current environment, both naïve and quixotic.

### *Promote Transparency*

Follow-on congressional oversight will go far toward educating the Congress, the media, and the public about these important topics. The issues are complicated and have no simple solutions. Various specialists within and outside the US government should be consulted in determining the full scope of the problem and what should be done.

### *Promote Integrity*

Congress needs also to distinguish between issues that present a real threat to the United States, such as Chinese espionage and Chinese-directed monitoring of Chinese students on US campuses, and institutions such as Confucius Institutes, which, as we have noted elsewhere in this report, can be better regulated by universities themselves.

### *Promote Reciprocity*

In coming up with remedial steps, Congress must consider the broader bilateral relationship. It is asked to weigh carefully the continued important positive elements in the US-China relationship, the negative consequences that might arise from a confrontational approach to China, and America's need to protect and foster its strengths and interests.

## NOTES

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2 See website at http://www.china.org.cn/english/features/38189.htm.

3 See the institute's website at https://www.usasiainstitute.org/delegations/chin.

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HOUSE_OVERSIGHT_020476

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HOUSE_OVERSIGHT_020477

SECTION 2

# State and Local Governments

In late 2017, an American city in the mid-Atlantic region was invited to form a sister city relationship with a town in southern China. The American partner city was home to a large number of national security professionals and university and government scientists, including many of PRC origin. The partnership was proposed and shepherded by the manager of a for-profit Chinese "exchanges" company—a woman of PRC origin. She was assisted by an American citizen of PRC origin who was running for a position on the local school board.

In a briefing, an American China expert told the local sister city committee that there was no reason not to explore a partnership, provided the American side had defined goals and was aware of Beijing's increasingly repressive domestic policies, its growing suspicions of US influence, and its well-funded efforts to increase its influence overseas. The man running for the local school board objected to this characterization and pointed out that China's constitution gives the CCP paramount authority in China.

After a long debate, the new sister city agreement was signed in the fall of 2018. Some Americans involved objected to China's insistence that all sister city activities be carried out "in accordance with the principles on the establishment of diplomatic relations between the United States of America and the People's Republic of China (根据中美两国建交原则)," because this seemed to be a reference to the One China Principle, which might be invoked to preclude exchanges with Taiwan. Despite these objections, the phrase appeared in the signed agreement because the Chinese side said that the Chinese People's Association for Friendship with Foreign Countries required that all sister city agreements include such language and the US side did not want to derail the agreement by insisting otherwise.

The story of this sister city agreement illustrates the challenges and opportunities "sub-national entities" (local governments, cities, and states) face in the United States when dealing with a China intent on maximizing its influence in America and across the globe. As this report details in other sections, the age of innocent engagement is over, and this is now true for American local officials as well as for representatives

of the US federal government. Because most PRC attempts to influence American opinion and practices occur at the local level, and because local media, universities, companies, and advocacy agencies are often involved in these efforts, knowingly and unknowingly, local leaders, just as much as national leaders, need an understanding of PRC goals and strategies.

### "We Have Friends All Over the World"

China pursues sister city relationships under an organization called the Chinese People's Association for Friendship with Foreign Countries, which is part of China's united front bureaucratic structure (See Appendix: Chinese Influence Operations Bureaucracy) that aims to strengthen the rule of the Chinese Communist Party and increase China's influence overseas. With its long-standing Maoist slogan, "We Have Friends All Over the World," the association had its heyday in the 1950s, when China was isolated and the group became a bridge between China and overseas supporters. It was marginalized in the 1980s, as China opened to the West and established diplomatic relations with hundreds of countries. However, under the administration of Communist Party leader Xi Jinping, the association has been revitalized as China seeks to groom local business, political, and media leaders in countries around the world. Its new standing is exemplified by the splendor of its headquarters located in the elegant old Italian Embassy compound near Tiananmen Square.

The way the association and other Chinese organizations cultivate relationships with local officials follows a general pattern. First, in the United States, China demands that sister city relationships and state-to-province sister relations be carried out under "principles" on which Sino-US relations were established in the 1970s (as interpreted by the Chinese side). This means that China's representatives will likely protest should local officials seek to maintain ties with representatives of Taiwan or with other individuals, such as the Dalai Lama, whom China regards as hostile forces. Second, it is important to understand why China seeks a relationship with localities, especially during times of tension with the federal government: China seeks to build alternative networks of interaction and support, while using these new relationships to help gain new traction back in Washington. Local American expertise, information, and opinion are also of more than passing political interest to Beijing, even if on paper an exchange relationship is only to "enhance people's friendship, further international cooperation, safeguard world peace and promote common development,"[1] for Beijing understands clearly that local leaders today become the



HOUSE_OVERSIGHT_020479

national leaders of tomorrow. For China, all exchanges have a political character and hopefully a political harvest.

Third, it is important for local officials to understand that local American "exchange" companies that bring Chinese delegations to the United States and promote professional interactions between the United States and China all depend on official PRC sanction and have received approval to receive Chinese delegations. The business model of such companies is, of necessity, as much political as financial. Even if they conduct high-quality programs, they should not be viewed as disinterested actors. They, too, are subject to rules made by the Chinese Communist Party, its united front bureaucracy, and united front strategic imperatives.

Finally, American citizens of PRC origin have played a key role in promoting mutually beneficial engagement over the past forty years. As US-China relations grow more contentious, however, and as Beijing calls more aggressively for diaspora Chinese to serve the "motherland," it will be necessary for citizen diplomats (including those who are not of PRC origin) to better educate themselves about American national interests in the US-China competition and the areas in which the nation's values, institutional practices, and strategic goals are incompatible. Such awareness is even more vital for Chinese Americans who seek political office and whose abilities to navigate these shoals will depend on their knowledge of this complex system of interaction.

### American Communities as Engines of Engagement

The American federal system allows sub-national governments considerable leeway to pursue local interests generally regardless of Washington's security concerns. Free from geostrategic worries, state, county, and municipal leaders who have formed commercial and people-to-people relationships with the PRC have been a bulwark of better US-China relations since the early 1970s, and their efforts to build mutual understanding and solve joint problems formed the bedrock of bilateral relations over four decades. However, as China becomes more reliant on its old Leninist system and "united front" tactics (统战战略), Sino-US relations become more contentious, and the CCP seeks to more forcefully build influence in American communities through channels detailed in this study, local leaders will be called upon to give greater weight to national interests when forming exchange relationships with PRC actors. Conversely, as Beijing's relations with Washington worsen, China will likely seek to use tried-and-true "divide and conquer" tactics by cultivating new relations with more state and local-level officials.



HOUSE_OVERSIGHT_020480

Beginning in the early 1970s, China and the United States built trust and common prosperity through cooperation at the local level. The work of two hundred sister city pairs and over forty sister state/province partnerships was reinforced by state and city trade and investment promotion offices, chambers of commerce, Chinese American and traditional clan associations, Chinatown cultural centers, and various and sundry activities at US colleges and universities, secondary schools, church groups, and museums. Following the establishment of the pioneering Washington State China Relations Council in 1979,[2] centers for joint innovation and entrepreneurship, such as the Michigan China Innovation Center[3] and the Maryland China Business Council[4] were set up in nearly every state. Twenty-seven states now maintain trade offices in China—more than in any other nation.[5] Americans of Mainland, Taiwanese, and Hong Kong ancestry have founded cultural centers like the Asia Institute–Crane House in Louisville, Kentucky,[6] and the China Institute in New York.[7] After forty years of engagement, the US-China focused foundations, educational and exchange programs, research institutes, and arts and entertainment initiatives throughout the country are too many and various to be cataloged. American mayors, county executives, and governors—many of whom travel to China often and host an unending stream of Chinese visitors—have leveraged the work of these groups to enrich local coffers and local culture.

## American Communities as Targets

While American local governments value such "exchanges" for financial and cultural reasons, "exchange" (交流) has always been viewed as a practical political tool by Beijing,[8] and *all* of China's "exchange" organizations have been assigned political missions. The US-China People's Friendship Association, for example, has over thirty sections across the United States that promote "positive ties." While its activities are not usually overtly political, the USCPFA Statement of Principles includes the following: "We recognize that friendship between our two peoples must be based on the knowledge of and respect for the sovereignty of each country; therefore, we respect the declaration by the United States of America and the People's Republic of China that the resolution of the status of Taiwan is the internal affair of the Chinese on both sides of the Taiwan Straits."[9] Some 190 Chinese Students and Scholars Associations[10] (CSSA) at American colleges and universities (see the section on "Universities") also promote local exchanges and, in some cases, political activities,[11] as do the 110 Confucius Institutes in America. The China General Chamber of Commerce–USA was founded in 2005 to build stronger investment environments for Chinese companies through local corporate citizenship programs planned by its six regional offices and municipal



HOUSE_OVERSIGHT_020481

affiliates.[12] These and other organizations maintain close ties to China's diplomatic missions in the United States and are often in contact with training or "cultural exchange" companies that bring delegations of PRC experts and Communist Party members to US cities and states for so-called study tours.

US and Chinese groups promoting exchanges and investment have often been a valuable resource for American local leaders—see, for example, the Virginia Museum of Fine Arts annual China Fest[13] or the Chinese investment program in Greenville, South Carolina[14]—but there have been other instances in which American politicians working with Chinese organizations have been drawn into schemes that cost them their jobs.

Perhaps the most telling case is that of four officials in Ypsilanti, Michigan, who, in 2017, accepted a trip to China that they had been told was paid for by the Wayne State CSSA. The trip was eventually revealed as a boondoggle funded by a developer, Amy Xue Foster, who hoped to build a $300 million "Chinatown" in the area.[15] The four officials, including the mayor, were fired.

This is not to suggest that shady Chinese nationals are always plotting to corrupt otherwise innocent American leaders; US politicians have a long history of willingly accepting free trips, gifts, and other favors from the PRC or its fronts. As other sections of this study make clear, however, Beijing-directed activities such as the secret purchase of American Chinese-language newspapers and radio stations, harassment of local Chinese American dissidents, and the operation of CCP cells in local American businesses and universities do require heightened vigilance by US sub-national authorities, regardless of how much investment, how many tuition-paying students, or how many tourists China is able to produce.

### China Exchanges and Chinese Leverage

The over forty years of engagement with China has created for American cities and states, as it has for American corporations and universities, deep interests and traditions with regard to China. However, the local policies that have guided these relationships are sometimes at odds with Washington's policies, even our larger national interest. Although the United States has pulled out of the Paris Agreement, the seventeen governors who have joined the United States Climate Alliance, for example, continue to work with Beijing, which many would agree is a very salutary thing. But sometimes sub-national solidarity with China can become overexuberant, as it did on a July 2018 trip to Hong Kong by Los Angeles Mayor Eric Garcetti, who declared



HOUSE_OVERSIGHT_020482

his city's independence from the looming Sino-US trade war. Garcetti stated that Los Angeles and China "have closely integrated economies, closely integrated cultures and closely integrated geography. . . . We hope to be the leading Chinese city in America for investment, tourism and students."[17]

Sometimes federalism, in the form of local leaders' independent China policies, is a good thing and may, during times of upheaval in Washington, DC, help to offset unwise national policies. But if US-China relations continue on their current downward trajectory, there will be an increased danger that independent state and municipal China policies will sometimes conflict with national interest and hinder the United States in its competition with China to shape global norms and practices. As China's wealth and ambition grow and as Beijing is becoming more adept at turning local American "China interests" into Chinese leverage, sub-national American governmental entities that formed their China policies in the Era of Engagement must become mindful that a new era will require them to develop new strategies for a new Era of Competition.

## Conclusion and Recommendations

The following practices can foster the kind of constructive vigilance that local governments will need to exercise in their continued cooperation with China.

### *Promote Transparency*

Sub-national governments should:

- Not have secret agreements with Chinese entities, including foundations, corporations, or individuals. All MOUs and contracts should be transparent and public. All cooperative proposals should be subject to public hearings. All potential projects should receive the same due diligence that partnerships with American entities would demand. No exceptions to American laws or best practices should be made to placate allegedly "Chinese" customs. And in no way should China be allowed to have a veto over potential exchanges with other countries, entities, or individuals such as Taiwan or the Dalai Lama.

- Share experiences and concerns with peers through the National Conference of Mayors, the National Governors Association, the National Council of County Association Executives, and the National Conference of State Legislatures. Best



HOUSE_OVERSIGHT_020483

practices for cooperating with China in ways that do not undermine national interests should be a regular topic at annual meetings.

- Meet with stakeholders across sectors—local leaders of industry, academia, the arts, religious groups, Chinese American organizations, and professional associations—to discuss issues emerging from cooperation with China, because a community-wide approach is required.

- Celebrate successes and share best practices. In the era of US-China competition, there is more reason than ever to publicize cooperative projects that enrich local communities, build understanding, and solve common problems, while always being mindful of the larger framework of China's goal and American interests.

***Promote Integrity***

Sub-national governments should:

- Educate themselves and other stakeholders on the goals and methods of Chinese influence operations. While Americans are quick to label any wariness of communist parties as McCarthyism, and while the potential for racial stereotyping is real, the Chinese Communist Party's United Front Work Department and International Liaison Department—two of the main bodies overseeing such exchanges—are in fact active and well resourced and determined. No mainland Chinese organization in the United States—corporate, academic, or people-to-people—is free of Beijing's control, even if it is not formally part of the United Front.

- Keep abreast of Washington's China policies and improve political risk analysis capabilities. American China policy is evolving rapidly and cannot be incorporated into local practice without expert counsel and advice. China's responses to US actions are also fast-moving, as are Chinese domestic events that have an impact on local American interests. The 2018 sell-off of Chinese-owned properties in the United States was instructive in this regard.[18] State and municipal governments should therefore improve their political risk analysis capabilities and continually reassess their cooperative relationships with China. In effect, to successfully play in the China arena, sub-nationals need to develop their own sources of expertise.



HOUSE_OVERSIGHT_020484

- Communicate regularly with federal agencies like the FBI whenever doubts arise about a cooperative proposal or the Chinese institutions promoting it. Pay attention to who is on Chinese delegations. Get name lists beforehand and do due diligence on them.

### *Promote Reciprocity*

Sub-national governments should:

- Follow the money, and the power. In any cooperative venture, US local governments should determine exactly where Chinese investments originate and know which Beijing ministry has final decision-making authority related to the project. They should also check lists of funders and organizations against lists of known United Front agencies and registered foreign agents.

- Not treat other stakeholders—other countries, Taiwan, or companies—in a prejudiced manner to win favor in Beijing.

## NOTES

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8 Washington also views "exchanges" with China as a form of public diplomacy that serves American interests, but it does not direct the activities of American local governments and NGOs that do most of the work of engagement.

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HOUSE_OVERSIGHT_020485

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HOUSE_OVERSIGHT_020486

HOUSE_OVERSIGHT_020487

SECTION 3

# The Chinese American Community

Chinese Americans have made essential contributions to almost every aspect of American life for over a century. Although they form a vital strand in the social fabric of the United States, Beijing also views Chinese Americans as members of a worldwide Chinese diaspora that, whatever the actual citizenship of individuals may be, presumes them to retain not only an interest in the welfare of China but also a loosely defined cultural, and even political, allegiance to the so-called Motherland (祖国). Under Xi Jinping's leadership, diaspora Chinese have been called on to help achieve the Rejuvenation of the Chinese Nation—a summons that places growing pressure on ethnic Chinese around the world to serve the "China Dream" (中国梦). While many overseas Chinese do feel pride in China as a country and the Chinese as a race, Beijing's claims on their loyalty can have the untoward effect of calling into question their devotion to their own home nations.

Under both the Nationalist and Communist parties, overseas Chinese have played an important role in modern Chinese politics as well as in China's relations with the outside world. Diaspora communities worldwide have been key sources of legitimacy and support for whatever government held power in Beijing, but just as often they have been centers of antigovernment agitation. With PRC influence-seeking activities now expanding, China's long-standing focus on diaspora communities has also intensified to become an important element in overall US-China relations. Such trends demand not only greater societal attention and understanding but also an appropriate response from the US government as well as non-governmental institutions.

As the Chinese Communist Party seeks to encourage, even entice, ethnic-Chinese communities and individuals overseas to more fully support its interests, the Chinese Americans in the United States and other free societies need to better inform themselves as to the nature of this dynamic, and our governmental institutions may need to do more to defend their freedoms against harmfully intrusive and coercive activities. At the same time, it is essential that we not allow overseas Chinese as an ethnic group to fall under any kind indiscriminate cloud of suspicion. Above all, it is important to bear in mind that while ethnic Chinese can be quite naturally expected to take an interest in things Chinese, it is the Chinese Communist Party that puts a target on their backs through its presumption that they are all somehow the "sons and daughters of the Yellow Emperor" (炎黄子孙) and thus owe some measure of loyalty to the Chinese Communist Party.

## Origins and Structure

From the 1950s to the 1970s, when the United States maintained an alliance with the regime of Chiang Kai-shek on Taiwan, pro-PRC organizations faced challenges gaining traction in the United States. During the 1950s, the FBI, aided by pro-Kuomintang security organizations, closely monitored their activities and participants. This antagonistic state of affairs began to change after President Nixon's historic trip to China in 1972.[1] On February 24, 1973, more than forty Chinese on the East Coast, most of them immigrants from Taiwan, established the Washington Association to Promote China Unification to help advocate for Beijing's official positions. One of the founders was a professor at the University of Maryland who was actively involved in organizations that already supported China's position on Taiwan and Tibet.[2] However, a more beneficial contribution came in the form of advancing US-China scientific, educational, and cultural exchanges that started to be promoted by a growing number of preeminent Chinese American scientists, engineers, and academics who were also advising the Chinese government to launch reforms in science and education. These Chinese Americans were also personally helping them establish various programs to bring thousands of talented Chinese students to American institutions of learning.

Recognizing the achievements, influence, and growth of the Chinese diaspora, Beijing undertook a systematic program designed to target and exploit overseas Chinese communities as a means of furthering its own political, economic, and security interests. The Beijing government used specialized bureaucracies to manage what it called "united front" activities abroad. Organizations such as the Overseas Chinese Affairs Office inside the Communist Party Central Committee's United Front Work Department[3] and the State Council's Taiwan Affairs Office led the charge. Almost all of these agencies have established nongovernmental fronts overseas, including the China Council for the Promotion of Peaceful National Reunification, the China Overseas Exchange Association, and the China Overseas Friendship Association.[4] Other "united front" organizations, such as the Chinese Enterprise Association and other Chinese chambers of commerce, are almost always linked both to the United Front Work Department and to the Ministry of Commerce.

Following the violent crackdown on the prodemocracy movement in Beijing on June 4, 1989, the Chinese Communist Party redoubled its efforts to reach out to overseas Chinese. Many members of these communities had supported the student democracy movement, providing funds and safe havens for fleeing dissidents. But senior Chinese leader Deng Xiaoping was not dissuaded. In 1989 and again in 1993, he spoke of the "unique opportunity" overseas Chinese offered the PRC. Deng insisted that by drawing on their help, China could break out of international isolation and improve its international political standing. Gaining influence over overseas Chinese groups in order to "turn them into propaganda bases for China" became an important task of overseas Chinese united front work.[5]



HOUSE_OVERSIGHT_020489

In China, all of the organizations involved in outreach to the overseas Chinese community are led by senior members of the Chinese Communist Party. Sun Chunlan, the former head of the United Front Work Department, is listed as the president of the China Overseas Friendship Association and the executive vice president of the China Council to Promote Peaceful Reunification. The head of the Overseas Chinese Affairs Office, Qiu Yuanping, also leads the China Overseas Exchange Association. Madame Qiu has a career background with the Party's International Liaison Department. The president of the China Council for the Promotion of Peaceful Reunification is none other than Yu Zhengsheng, the former chairman of the Chinese People's Consultative Conference and a former member of the Standing Committee of the Political Bureau of the Communist Party's Central Committee.[6]

## Goals and Methods

The key goal of the Party's united front work with overseas Chinese is to gain support for the Communist Party's efforts to modernize the country by convincing members of overseas Chinese communities that the Party is the sole representative of China and to isolate competing forces that the Party perceives to be adversarial, or even hostile. For example, as part of a massive campaign to monitor, control, and even intimidate China's ethnic minorities (no matter where in the world they are), Chinese authorities are creating a global registry of Uighurs who live outside of China. Chinese authorities threatening to detain Uighur relatives who remain in China if they do not provide personal information of their relatives living abroad to the Chinese police. This campaign has particularly targeted Uighurs living in Germany but is now reaching Uighurs in the United States as well.[7] Uighurs are not alone; Tibetan exiles living in the United States have long reported similar campaigns against members of their families and community. Chinese security officials have even been known to travel to America on tourist visas to exert pressure on Chinese dissidents living here.[8] FBI agents have contacted prominent Chinese exiles in the United States offering them protection from Chinese agents who might travel to the United States to menace them.[9]

For most Chinese Americans, however, China's efforts to influence them are far more anodyne. The official description of the Overseas Chinese Affairs Office (OCAO) states its purpose as: "to enhance unity and friendship in overseas Chinese communities; to maintain contact with and support overseas Chinese media and Chinese language schools; [and] to increase cooperation and exchanges between overseas Chinese and China related to the economy, science, culture and education." Over the past three decades, the OCAO has dispatched former reporters and editors from the OCAO-run China News Service to establish pro-Beijing Chinese media organizations in the West. (Chinese officials have described such Chinese-language media outlets, schools, and other kinds of organizations as the "three treasures" (三宝) of united front work overseas.)[10]

Officials from Beijing have stated clearly that they do not view overseas Chinese as simple citizens of foreign countries, but rather as "overseas compatriots" (华侨同胞们) who have both



HOUSE_OVERSIGHT_020490

historical connections and responsibilities as "sons and daughters of the Yellow Emperor" to support the PRC's goals and the "China Dream." As Xi Jinping[11] described it in a 2014 speech to the Seventh Conference of Overseas Chinese Associations, "The Rejuvenation of the Chinese Nation is a Dream shared by *all Chinese*" [emphasis added]. In January 2018, Politburo member and former state counselor and foreign minister Yang Jiechi made this presumption even clearer when he called upon the government to expand and strengthen "Overseas Chinese Patriotic Friendly Forces" in the service of the "Great Rejuvenation" of the Chinese nation.

In addition to appealing to the cultural affinities of Chinese Americans, the Chinese government has also implemented a wide range of programs to strengthen ties with elite members of this community. China has appointed hundreds of Chinese Americans to positions in its united front organizations and provided thousands with free trips to China, during which they have been feted by senior united front officials. In some cases, Chinese Americans are offered senior positions in united front organizations. For example, in 2013, one Chinese American, a native of Guangdong Province, became the first and only foreigner to become a vice president of the Chinese Overseas Friendship Association (COFA).[12]

China has used this tactic of handing out what one senior Chinese American called "honors" to Chinese Americans as a way for united front departments, and even espionage agencies, to cultivate contacts in the United States, often to the detriment of other groups—such as Tibetans, Taiwanese independence supporters, supporters of the Republic of China, Uighurs, prodemocracy activists, and other independent Chinese voices with which the Party does not agree. Chinese Americans appointed to such positions in organizations established by the Communist Party have subsequently led protests against Taiwan and Tibet and participated in campaigns to silence Chinese dissidents, such as the exiled billionaire Guo Wengui. For example, a Chinese American who is a vice president of COFA spearheaded a campaign against Guo that was encouraged by officials from the PRC. On a video posted to YouTube, this individual is seen railing against Guo, vowing that he will "not rest" until Guo is returned to China to answer charges against him.[13]

United Front organizations in China have been surprisingly aggressive and transparent in their public tasking of Chinese Americans to carry out activities that support the PRC policies. One example occurred after the 19th Party congress in October 2017. The state-owned *Fujian Daily* reported on November 24, 2017, that representatives of local Chinese community associations based in the United States, Australia, the Philippines, and Europe had gathered in Fujian and received letters of appointment from local provincial and city United Front agencies in China to serve officially as "overseas propaganda agents" on their return to their home countries. These commissions obliged them to accept responsibility for promoting the decisions of the Party's recent national congress in their home countries. The



HOUSE_OVERSIGHT_020491

article noted that this practice of offering Party commissions to overseas Chinese to work overseas on united front tasks was not new. The president of the United Fujianese American Association (美国福建公所) told reporters: "I have received quite a few letters of appointment on previous occasions, but none for which I have felt such deep significance as the one today. It's a heavy responsibility."[14]

### Peaceful Reunification Councils

A key goal of PRC overseas activities is to convince, and sometimes pressure, Chinese in the United States to accept that the PRC government in Beijing is the sole representative of China and Chinese, and that the Republic of China on Taiwan is an illegitimate government. To this end, in 1988, the Party's United Front Work Department founded the China Council for the Promotion of Peaceful National Reunification, and the Washington, DC, Association to Promote China Unification was folded into the council. The DC chapter's assignment was to organize concerts, demonstrations, and other gatherings to support the PRC.[15] Other chapters soon opened, so that by 2018, the council had established thirty-three in the United States and more than two hundred branches overseas. In America, these organizations are generally registered as domestic nonprofit community organizations, even though their leadership in Beijing includes senior members of the Chinese Communist Party. Indeed, an article in the *People's Daily*, the mouthpiece of the Chinese Communist Party, spoke in glowing terms about how useful the Peaceful Reunification Councils were in furthering China's goals of taking over Taiwan, noting that while chapters of the Peaceful Reunification Council complied with US law by registering as nonprofits, they were established to support Chinese government policies and coordinate activities with PRC consulates in the United States.[16] "Over the years, the China Peaceful Reunification Council in Northern California has actively cooperated with the local Chinese consulate to work against 'Taiwan independence' and promote national reunification activities, and has some influence in San Francisco's overseas Chinese community," the Northern California Council candidly notes on its website.[17]

Around the United States, the councils count numerous prominent Chinese Americans as members. For example, one successful California businesswoman was for years the honorary chairwoman of the council in Northern California.[18] While helping promote US-China educational exchanges, this individual has also consistently advocated on behalf of PRC policies in the United States, including China's claims on Taiwan, and has helped to organize demonstrations against "Taiwan independence." She is listed as an advisor to the China Overseas Exchange Association, which is part of the United Front Work Department.[19]

The Chinese government has also sought to co-opt local Chinese American community associations to serve its goals.[20] In the past, organizations such as regional associations, known as *Tongs* (同乡会), had generally been close to the Nationalist government of Taiwan. In San Francisco, however, that began to change as early as the 1980s when Soon Suey



HOUSE_OVERSIGHT_020492

Sing, one of San Francisco's six major community organizations representing Chinese immigrants, became the first major Chinese group to fly the flag of the PRC on its building. Then a second Tong declared its fealty to Beijing, and a competition broke out between the PRC and Taiwan in San Francisco's Chinatown to see which side could fly the most flags. This competition can be vividly seen from the seventeenth floor of a public housing project overlooking Chinatown, where PRC and Republic of China flags sit atop adjacent buildings stretching into the horizon. The value of these associations to Beijing can be seen in this example: When China's president Xi Jinping visited the United States in September 2015, one of the leaders of San Francisco's local Chinese American community associations was listed as first among twenty prominent Chinese Americans honored by the Chinese president.[21]

### Chinese Americans and the Chinese People's Consultative Conference

Several Chinese Americans are so trusted by Beijing that they are direct participants in China's most prominent national united front body, the Chinese People's Consultative Conference (CPPCC). The preamble of China's constitution defines the Chinese People's Political Consultative Conference as "a broadly based representative organization of the united front which . . . will play a still more important role in the country's political and social life, in promoting friendship with other countries and in the struggle for socialist modernization and for the reunification and unity of the country." In practice, the CPPCC has served as an important advisory committee to help legitimize Chinese Communist Party's rule both domestically and abroad.

Beijing has been appointing Chinese Americans to the CPPCC for years. In some cases, authorities in Beijing seem to have had problems finding appropriately influential Americans to take seats on the committee, such as in 2017, when a Chinese property developer and educator (who appears to still be a Chinese citizen) was one of seven "Americans" listed as CPPCC members.[22]

In doling out prestigious positions on the CPPCC, China seeks to show overseas Chinese that prominent members of their community want to be connected with China's government. The American contingent to the thirteenth CPPCC (announced in March 2018) was no exception. Perhaps the most remarkable in years, the list of thirty-five overseas representatives included four highly successful Chinese American academics, scientists, and businessmen.[23]

The appointment of Chinese Americans to positions on this advisory body to the Chinese Communist Party raises difficult questions of divided national loyalty. Americans should, of course, be free to participate in whatever organizations they see fit, since freedom of association is hardwired into the constitutional DNA of the United States. However, the CPPCC is not an independent civil society NGO, but an organization controlled, managed,



HOUSE_OVERSIGHT_020493

and dominated by the Chinese Communist Party. Members are expected to adhere to the disciplines and goals of the Party and work to strengthen China and the Party's rule of China. Members of the CPPCC are expected to write reports about how their activities have aligned with China's interests and to detail their work on China's behalf.[24] The potential exploitation of Chinese American members in this body by the Chinese government not only risks harming the interests of the United States but also has the potential to harm the security, reputation, and welfare of these Chinese Americans.

A similar quandary could present itself to those Chinese Americans who have chosen to accept positions as consultants for another united front organization, the All-China Federation of Returned Overseas Chinese, which also serves the Party's interests. In 2018, twelve representatives from the United States, including wealthy businessmen and civic leaders, were listed as advisors of the Federation's 10th congress. The Chinese government picked them in recognition of their prominence and efforts in advocating positions friendly to Beijing.[25]

To engender a sense of close support, state-owned Chinese media outlets routinely report about such contacts made between prominent Chinese Americans and senior Chinese officials. There are literally hundreds of such reports in the Chinese-language press about prominent Chinese Americans escorting leading figures from China's united front bureaucracy in the United States or being hosted by them in China.[26] In May 2017, Li Kexin, the deputy chief of mission at the Chinese embassy in Washington, praised the Peaceful Reunification Council's DC chapter for holding a "peaceful reunification forum" in Washington and for opposing Taiwan's independence.[27] Officials from China have also traveled freely to the United States to take part in conferences and activities designed to further China's influence operations in the United States. For example, United Front officials traveled to the United States in November 2016 for the council's annual executive meeting, during which the council pledged to renew its efforts to "oppose Taiwan's independence."[28]

## Conclusion and Recommendations

As US citizens, Chinese Americans enjoy the same constitutional rights of freedom of speech, association, and political participation as everyone else, and their exercise of these rights is fully legitimate and protected by the Constitution and law. What's more, it is incumbent on the United States government and American society as a whole not to demonize Chinese Americans for their feelings for and pride in China. However, it is also important that all American citizens be aware that such feelings can sometimes be exploited by an authoritarian regime to advance its goals and interests. Here it is not Chinese Americans who are at fault for having an attachment to their "motherland," but it is the Chinese Communist Party for cynically attempting to use Chinese Americans to further its own interests in the process making overseas Chinese communities vulnerable to distrust.



HOUSE_OVERSIGHT_020494

While the US government needs to adopt a no-tolerance policy toward attempts by Chinese security forces to travel to the United States to secretly harass, manipulate, intimidate, and monitor China's perceived enemies in the United States, the best antidote to such intrusion is for federal and local governments to do more to strengthen ties to Chinese American communities and to give greater visibility into the various inducements and pressures Beijing exerts on these communities. That the FBI has begun to reach out to prominent Chinese in the United States, offering protection, is a good beginning.

A sustained education campaign is also urgently needed to inform the members of the Chinese American community of the potential adverse consequences of involvement with China's united front activities. Chinese American organizations also need to do a better job of informing themselves about the underlying goals of PRC's united front organizations as there are potential reputational costs of allying with them and losing independence. It can be taken as a positive sign that, for example, the Committee of 100, an organization founded by many illustrious Chinese Americans, has begun to debate the possibility of barring its leading members from accepting positions with PRC united front organizations officially aligned with the Chinese Communist Party.[29]

China's activities in the United States can also be made more transparent by requiring spin-off groups from united front organizations in Beijing to register under the Foreign Agent Registration Act as agents of a foreign power. This would include all of the bureaus of the Peaceful Reunification Council, the China Overseas Exchange Association, and the China Overseas Friendship Association, among others that are, in fact, influence-seeking organizations with political implications run by a foreign state. In addition, Chinese Americans who accept positions in united front structures—such as the Chinese People's Political Consultative Conference—should also be required to register as agents of a foreign power seeking influence in the United States. China has tried to sell these "honors" to the Chinese American community as a costfree way of expressing their sincere feelings of pride in China. However, the reality is that once a person accepts such "honors," along with free travel to China and other emoluments, the Chinese Communist Party will always seek to exact a further price. And where that price creates divided loyalties and results in actions harmful to American interests and values, the US government must respond with appropriate legal and regulatory measures.

## NOTES

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HOUSE_OVERSIGHT_020495

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HOUSE_OVERSIGHT_020496

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HOUSE_OVERSIGHT_020497

SECTION 4

# Universities

American universities have long played a leading role in relations between the United States and China. Ever since the Carter administration first explored the possibility with Deng Xiaoping and other Chinese counterparts of sending Chinese students to the United States in 1977–78,[1] PRC government authorities (like their Republican-era predecessors) have seen American universities as integral to China's economic and scientific development. For the first two decades after normalization, the Chinese government placed a priority on sending students in STEM subjects (Science, Technology, Engineering, Mathematics). Over time, however, fields of study broadened into the humanities, social sciences, and the arts, a change that has mirrored the shift in educational exchange from primarily a state-directed to a private consumer-driven phenomenon that saw an increasing number of middle-class Chinese parents opting to send their children to the United States for liberal arts undergraduate university, and even secondary school education. The net result has been that several million Chinese students have now successfully matriculated through the US higher education system. During the 2017–2018 academic year, for instance, a record 350,755 Chinese students were enrolled in American universities (with an additional 80,000 in high schools),[2] out of a total of 1.5 million Chinese students studying worldwide in the same year.[3] (Altogether, since the late 1970s, an estimated 5.2 million Chinese have attended foreign universities.)[4] Unlike the early years of this epic exchange, a majority of Chinese students have become able to pay full tuition, creating an extremely significant source of revenue for financially stressed American universities and colleges. (Chinese pay tuition worth an estimated $12 billion per year, according to the US Department of Commerce.)[5]

US universities and American society have benefited significantly from this exchange, and from the presence of international students generally. Chinese students have helped to diversify the makeup of US student bodies, they often contribute positively in the classroom, and they have made a real contribution in joint research projects with university faculty. Many have remained in the United States postgraduation to pursue professional careers, build their lives, and become American citizens—a sizable contribution to American society, to the US economy, and to technological innovation and the knowledge base in numerous fields. The engineering, medical, and hard sciences have benefited particularly, but so have the humanities and social sciences. Indeed, those who negotiated the initial educational and scientific exchange accords back in 1978–1979 could never have envisioned how much of a success story US-China higher educational exchanges would become over the next four decades.

For their part, American universities and US scholars have also engaged in China during this period, although in far fewer—but not insignificant—numbers. (For example, in 2015–2016, 11,688 American students and scholars were studying in China.)[6] For those in the field of Chinese studies, it is *de rigueur* to study and do research in Chinese universities. Professional collaboration among faculty—mainly in the sciences and medicine—has also flourished. Some US universities—notably Johns Hopkins School of Advanced International Studies (Hopkins-Nanjing Center), New York University (NYU-Shanghai), and Duke University (Duke-Kunshan)—have gone so far as to establish campuses in China, while others have opened centers (e.g., Stanford, Virginia, Chicago, Yale, Harvard, Columbia). Many more American universities have forged collaborative exchange programs with Chinese counterparts.

While US-China exchanges in higher education have primarily been a success story, as in many other dimensions of the Sino-American relationship, clouds have appeared on the horizon.[7] American students have become less keen than in the past to study in China due to concerns about pollution, lack of open internet access, and expanding political controls. American scholars trying to conduct research in China have run into an increasing number of restrictions and impediments since 2010, due to a broad campaign against "foreign hostile forces" and an increasingly draconian political atmosphere that has cast a shadow across Chinese society, especially over higher education. Whole subject areas and regions of the country are now off-limits to American and other foreign scholars for fieldwork; previously normal interactions with Chinese scholars are now often heavily circumscribed; many Chinese scholars have become reluctant to meet with American counterparts; a growing number of libraries are off-limits; central-level archives have been closed, and provincial; municipal archives are increasingly restricted; interviews with government officials (at all levels) are more difficult to arrange; public opinion surveys must be carried out with Chinese partners, if they can be conducted at all; simple eyewitness social research in rural and, even some urban areas, is considerably more limited than previously. In short, normal scholarly research practices permitted elsewhere in the world are regularly proscribed in China. These restrictions also include the inability to hold open and uncensored public scholarly discussions, conferences, and other kinds of events. Meanwhile, Chinese students and scholars enjoy unimpeded access to all of these activities in the United States, resulting in a severe asymmetry in Sino-American scholarly exchange. This contravenes the spirit of the bilateral US-China educational exchange accords.

At the same time, storm clouds are also gathering on American campuses with respect to another aspect of this important relationship, namely, growing concerns about unfair Chinese "influence-seeking activities" in the United States.



HOUSE_OVERSIGHT_020499

## Confucius Institutes

One of the most controversial aspects of the whole US-China educational exchange is the Confucius Institutes (CI), of which there are now 110 (plus 501 Confucius Classrooms in secondary schools) across the United States.[8] For secondary schools and colleges that have no or little other coverage of China on campus, CIs are an important resource. Sponsored by the Hanban, an organization directly under the Ministry of Education in Beijing, but also with ties to the External Propaganda Leading Group of the CCP Central Committee, the primary mission of CIs is to teach Chinese language and culture abroad. However, faculty and other watchdogs have warned that they may present risks to intellectual freedom by using American universities as vehicles through which to advance Chinese Communist Party propaganda. Accusations leveled at CIs revolve mainly around the exclusive use of PRC materials that promote PRC Chinese viewpoints, terminology, and simplified characters; the avoidance of discussion on controversial topics such as Tibet, Tiananmen, Xinjiang, the Falun Gong, and human rights in American classrooms and programs; and potential infringement on theoretically independent studies curricula on American campuses.

Although proponents of CIs like to compare them with branches of France's *L'Alliance Francaise*, Germany's *Goethe Instituts*, and Spain's Cervantes Institute, they are different in important ways. Unlike these other institutions, CIs are joint operations located inside—and co-funded by—a host university or secondary school for which the Hanban arranges a Chinese university to supply teachers, textbooks, and other materials. The teachers are paid by the Chinese university (and hence do not hold green cards or pay US taxes). Typically, the Hanban provides a $150,000 start-up grant with $100,000–$200,000 per year follow-on funding (depending on the institution) directly to the American university. Secondary schools normally receive $50,000 in initial funding and $15,000 subsequently per annum. Most troublesome are two provisions in the Hanban contracts with US host institutions: One forbids the CIs from conducting any activities that contravene Chinese law while the other requires that the enabling contract remain confidential, making oversight by the academic community difficult.

Some participating American institutions have belatedly had second thoughts about their partnerships. In 2014, the University of Chicago terminated its CI contract with the Hanban after months of controversy among faculty, spurred by a high-profile critical article by an emeritus member.[9] Since that time, at least two additional American universities have also closed their branches (Pennsylvania State University and University of West Florida),[10] and Senator Marco Rubio (R-FL), a leading critic of alleged Chinese "influence activities," has written letters to a number of other Florida institutions hosting CIs requesting that they also be closed.[11] Representatives Michael McCaul (R-TX) and Henry Cuellar (D-TX) called for the same termination in their own



HOUSE_OVERSIGHT_020500

state, stating in a letter addressed to their state's universities that these organizations "are a threat to our nation's security by serving as a platform for China's intelligence collection and political agenda." They added that, "We have a responsibility to uphold our American values of free expression, and to do whatever is necessary to counter any behavior that poses a threat to our democracy." The Texas A&M system complied with this request by ordering the closure of all CIs.[12] Then, in August 2018, the University of North Florida announced the closure of its CI.[13]

Similar calls have been made in other states, and the 2019 National Defense Authorization Act restricts Department of Defense language study funding if a university hosts a Confucius Institute.[14] Several other universities (including Dickinson State University in Pennsylvania, the University of Pennsylvania, and Princeton University) that had been contemplated opening CIs, have now decided not to do so. At the same time, Columbia University (and elsewhere) has come under criticism, more for lack of transparency than for its specific violative activities.[15] That said, the majority of CIs have so far carried out their mission of language and cultural education without controversy.

In 2014, both the Canadian Association of University Teachers (CAUT) and the American Association of University Professors (AAUP) called on universities to terminate CIs unless their agreements with Hanban were renegotiated to provide for total transparency and compliance with norms of academic freedom.[16] In 2017, the National Association of Scholars (NAS), a politically conservative nonprofit advocacy group,[17] undertook an exhaustive study of CIs in the United States and produced a 183-page report.[18] Echoing the AAUP's recommendations, the NAS urged closing all CIs on the basis of four areas of concern: a restriction of intellectual freedom; lack of transparency; "entanglement" (with Chinese party–controlled institutions); and worries about them being used for Chinese "soft power" or pro-PRC propaganda.

In addition to the above concerns, some have argued that the fact that CI language programs exclusively use PRC textbooks with "simplified" (or mainland-style) Chinese characters biases the contribution CIs make to Chinese language instruction on American campuses. In our view, this is not a serious problem, since students should learn this vocabulary and this form of written characters, so long as the university also provides the opportunity for students to learn traditional "complex" characters (used in Hong Kong, Taiwan, Singapore, and many diaspora communities) and to learn non-mainland vocabulary. A review of the entire set of Hanban textbooks used by CIs undertaken for this report finds they contain no overt political content. Only in one of six levels of textbook was there a single lesson on US-China relations, and it was a speech by former president Barack Obama, in which he asserted that the United States does not seek to "contain" China. Nor have we found *any* evidence of interference by



HOUSE_OVERSIGHT_020501

CIs in the mainstream Chinese studies curricula on US campuses to date. (See below for our recommendations concerning CIs.)

### Chinese Students and Scholars Associations

Chinese Students and Scholars Associations (CSSA) on American campuses maintain regular contact with China's diplomatic missions in the US. Even when these contacts are purely for cultural purposes, the CSSA provides a ready channel or entry point for the political departments of China's embassy and consulates in the US to gather information and coordinate action, which in some cases includes pressuring the behavior of Chinese students. Sometimes pressure is even applied by China's security services on the family members of those students it finds speaking out in unacceptable ways back in China. What is more, Chinese scholars and diplomats have sought to influence on-campus debates in China's favors and have even protested when American universities have exercised their right to invite speakers whom China identifies as unfriendly. Finally, some Chinese students and scholars have exploited the collaborative research environment on US campuses to obtain sensitive American technologies.

Chinese Students and Scholars Associations now exist on approximately 150 US campuses.[19] A second type of on-campus association has also recently started up, the China Development Student Think Tank (CDSTT), with chapters at Syracuse University, Boston University, and George Washington University. As voluntary associations of Chinese citizens on campus, these groups perform many appropriate social functions, such as orienting new students to life in the United States and arranging networking get-togethers. Nonetheless, their links with Chinese diplomatic missions and some of their activities, because of their attempts to interfere with other campus activities and broader political discourse and debate, present cause for concern. CSSAs at Washington, DC, universities make no secret of their ties to the Chinese embassy and receive small amounts of operating funds directly from it. CSSAs elsewhere have similar ties to nearby Chinese consulates, which also provide them with funding, other kinds of support, and surveillance. It has also been reported that Chinese Communist Party cells have been established on several US campuses.[20]

CSSAs often alert PRC diplomatic missions about events on campus that offend official PRC political sensitivities, e.g., speeches or discussions on Tibet, Taiwan, Xinjiang, human rights, and Chinese elite politics. Once notified, the local PRC mission has sometimes contacted university faculty or staff members to prevent such events from proceeding. In some instances, it is difficult to know whether opposition to events originates with a CSSA or the local PRC mission. In 2017, the CSSA at the University of California San Diego mobilized opposition to the chancellor's invitation to the Dalai Lama to be the commencement speaker, which at least some CSSA members ultimately coordinated with the PRC consulate in Los Angeles.[21] After the event finally took place anyway as planned,



HOUSE_OVERSIGHT_020502

the Chinese government retaliated by banning students and scholars with funding from the Chinese government's China Scholarship Council from attending UCSD. Other US universities have come under similar pressure when they have contemplated inviting the Dalai Lama or his associates to campus. Academic authorities at one Washington, DC, university were even warned by the Chinese embassy that if an event concerning Xinjiang went ahead, they risked losing their Confucius Institute.

CSSAs also serve as a channel of political "peer monitoring" of Chinese students, constraining the academic freedom of Chinese students on campus—and thereby also undermining core principles of free speech and academic freedom. This issue has become more serious over the past several years, as the political environment in China has tightened and Chinese students widely fear that things they say on campus (even in class, at other campus activities, or in private conversations) that contradict official PRC policies are liable to be reported to the Chinese authorities and risk putting their families into jeopardy back home.

A very public example of this kind took place during the commencement ceremonies at the University of Maryland in May 2017, after a Chinese student was selected as the commencement speaker. When Yang Shuping praised the "fresh air of free speech" and contrasted what she had found in the United States with China—and her comments went viral on the internet and social media in China—she received an avalanche of email threats, and her family in China was harassed.[22] Another well-reported incident occurred at Duke University in 2008 when a twenty-year-old female undergraduate student became caught up in a pro-Tibetan independence demonstration. She was vilified online, and her parents were harassed back in China.[23] In other cases, Chinese government authorities have visited students' families in China and warned them about their children's allegedly subversive statements abroad.

In Australia, another kind of disturbing phenomenon has occurred: Several instances have occurred in which Chinese students have recorded professors' lectures that were deemed critical of the PRC and then uploaded them onto the internet, thereby prompting harassment of the lecturers on social media.[24] There is no evidence that this has occurred on American campuses to date. But the presence on campus of a student organization linked to the Chinese government creates an understandable concern that faculty lecturing on politically sensitive topics might fear that their lectures are being monitored and thus self-censor themselves. This prospect is especially concerning when it involves a faculty member who, because he or she needs to travel to China for research or other professional purposes, feels under duress.

### Gifts and Grants

Thanks to growing wealth accumulation in China, prosperous Chinese are beginning to develop the practice of philanthropy and to exercise giving both at home and



HOUSE_OVERSIGHT_020503

abroad.[25] This is potentially a good thing for American universities. Indeed, since 2011, Chinese sources have participated in at least 1,186 donations or contracts worth more than $426 million to seventy-seven American universities, according to disclosures made to the US Department of Education, making China the fifth most active country by number of gifts, and fourth, behind Qatar, England, and Saudi Arabia, in total monetary value of gifts. (These disclosures are only required of universities that accept federal aid, and the figures also include funds from Taiwanese sources.)[26]

All US institutions of higher education cultivate lifetime giving from both graduates and their families. Given the numbers of Chinese students matriculating from American universities and the wealth of many of their families back in China as well as their own potential career earnings, Chinese students have become a growing priority for university development officers. Indeed, some Chinese families also seem to believe that they can ensure, or at least enhance, their children's chances of acceptance into top colleges through charitable gifts.[27]

Given the government's extensive role in China's economy, acceptance of all Chinese gifts and grants requires due diligence that should be above and beyond the standard practices currently employed by universities for other charitable giving. This is obviously the case when funding comes from the Chinese government itself, for example via the Hanban (the oversight body of the Confucius Institutes), which doles out research grants via its Confucius China Studies Program,[28] the "Young Sinologists" program of the Chinese Ministry of Culture and Chinese Academy of Social Sciences,[29] and, in one instance, the endowing of a faculty position at Stanford University.

Chinese corporate and private donors are now also starting to pour millions of dollars into the US educational system, think tanks, and nonprofit organizations. Given that privately owned companies in China exist and prosper at the sufferance of political authorities there, even seemingly independent actors are often likely to act at government direction or in ways that they believe will please the government. Major mainland Chinese and Hong Kong companies and individuals with active business ventures in China have now pledged or donated substantial funds to US universities.

This is also the case with some Hong Kong-based or US-based foundations that are linked directly or indirectly to the Chinese government or to enterprises and families that have prospered with the help of the Beijing government. The most notable case is the China-United States Exchange Foundation.[30] CUSEF was established in 2008 on the initiative of former Hong Kong chief executive and shipping magnate Tung Chee Hwa (C.H. Tung) who continues to be the chairman of the foundation. Tung is also the vice chairman of the Chinese People's Political Consultative Conference (CPPCC), China's highest-level "united front" organization[31] and he attended the Communist Party's 19th Congress in October 2017. Moreover, the number of mainland-based members of



HOUSE_OVERSIGHT_020504

the foundation's official advisors and the foundation's easy connections with Chinese government organs belie the foundation's assertion that it is independent of the Chinese Communist Party and the PRC government.

CUSEF undertakes a range of programs aimed at Americans that can accurately be described as "influence-seeking activities"; as such, it has registered in the United States under the Foreign Agent Registration Act (FARA). Its lobbying activities include sponsoring all-expense-paid tours of China for delegations composed of what the foundation's website refers to as "thought leaders," including journalists and editors, think-tank specialists, and city and state officials.[32] CUSEF has not often collaborated with American universities and think tanks, but it recently offered funding to the University of Texas at Austin for its China Public Policy Center. However, after receiving criticism from Senator Ted Cruz (R-TX) and others, the university declined the grant.[33] CUSEF grants have generally gone to leading US think tanks, such as the Brookings Institution, the Carnegie Endowment for International Peace, and the Asia Society.

There have not yet been many offers by Chinese donors—private, corporate, or government—to fund faculty positions or centers for Chinese studies on US campuses, although many universities are believed to be seeking such gifts. In one instance in 2014, a leading Washington, DC, university was approached by a Chinese university with a proposal for a $500,000 *annual* grant to establish a Center for Chinese studies in partnership with the Chinese university.[34] The Chinese side had three main conditions for the grant: (1) that a series of Chinese officials and other visitors would be given public platforms for frequent speeches; (2) that faculty from the Chinese partner university could teach China courses on the US university campus; and (3) that new Chinese Studies courses would be added to the university curriculum. The Washington-based university turned down the lucrative offer, on the advice of its Chinese studies faculty.

In August 2017, the Johns Hopkins University School of Advanced International Studies (SAIS) announced that it had received a substantial gift from CUSEF for an endowed junior faculty position, as well as program funding for a "Pacific Community Initiative." SAIS administrators stated that there were no political or other strings attached to these grants, despite media insinuations to the contrary.[35] At Yale Law School, the China Law Center founded in 1999 was renamed the Paul Tsai China Center after receiving a $30 million endowment from Joseph C. Tsai, a Taiwanese Canadian billionaire who is a cofounder and executive vice chairman of the China-based Alibaba Group.[36] Tsai, an alumnus of Yale College and Yale Law School, made the gift in honor of his father, also an alumnus of Yale Law School.

China is not the only authoritarian government that has given or facilitated gifts to American academic institutions or think tanks, but it is the wealthiest. There is no evidence so far that any of these gifts has compromised the independence of the recipient institution. But the trend toward large gifts from Chinese sources,



HOUSE_OVERSIGHT_020505

many with some kind of government linkage underscores the need for vigilance in enforcing a stricter code of due diligence and transparency on the part of university administrations and faculties.

### Pressure on University Administrations

There are a large number of successful exchange programs between American and Chinese universities. Three US universities have developed campuses in China (Johns Hopkins, Duke, NYU), more than one hundred universities participate in cooperative-education programs in China, and countless US faculty members participate in collaborative projects with Chinese colleagues (principally in the sciences). These relationships have not been easy to establish or maintain, but they have generally been successful. A 2016 report by the Government Accounting Office, which reviewed the cooperative programs of twelve American universities, found that the universities "generally indicated that they experienced academic freedom," while noting that self- and internet censorship remains a problem.

In recent years, the outlook for these collaborations has deteriorated in line with broader restrictions on academic freedom on Chinese campuses. In 2013, and commensurate with CCP Central Committee Document No. 9, universities were reportedly instructed to avoid discussing topics including "universal values" and civil rights,[37] and admonitions against teaching of Western values have continued. Since 2017, foreign university collaborative institutions have been required to institute Communist Party committees and place a Party secretary on their management boards.[38] In July 2018, the Ministry of Education ended 234, or one-fifth, of its international university partnerships. More than twenty-five programs with American universities were among them.[39]

The Chinese government has demonstrated a penchant for turning to these collaborations as points of leverage when US universities have hosted the Dalai Lama or held other events deemed politically sensitive or offensive to the Chinese government. In such instances, existing collaborative exchange programs have been suspended or put on hold, planned visits of university administrators have been canceled, programs between university institutes and centers have been suspended, and Chinese students wishing to study at these US institutions have been counseled to go elsewhere. Such punitive actions resulting from campus visits by the Dalai Lama have been taken against Emory University, the University of Maryland, the University of California–San Diego, and others. In the case of the University of Maryland, which hosted the Dalai Lama in 2013, there was temporary fallout, and then following the 2017 graduation incident the Chinese government again halted cooperation, seriously damaging one of the most extensive exchange programs with China.



HOUSE_OVERSIGHT_020506

Such cases establish a worrying precedent of Chinese intrusion into American academic life. The message from China to US universities is clear: Do not transgress the political no-go zones of the Chinese Communist Party or government, or you will pay a price. Sometimes the pressure is overt; other times it is more subtle and indirect, but no less alarming. Some American faculty members report troubling conversations with university administrators who continue to view Chinese students as such a lucrative revenue stream that it should not be endangered by "needlessly irritating Chinese authorities."

### Censorship and Self-Censorship

The final category of troubling Chinese influence on American campuses involves the vexing issue of self-censorship among faculty and students in Chinese studies.[40] In a much-quoted essay, Perry Link described censorship within China as the use of vague threats to induce academics, writers, and others to self-limit what they say; he called this "the anaconda in the chandelier" syndrome.[41] More recently, the phenomenon has begun to loom over scholars working outside China, and the Chinese government has started deploying a variety of techniques to also encourage self-censorship beyond China's borders, including in the United States. In some cases, this syndrome has led to outright self-censorship of academic work. To cite some of the most egregious examples:

- Denial of visas to qualified scholars and students seeking access to China for research or training purposes. The State Department estimates that fifteen to twenty individuals are on an outright "black list," while scores of others appear to be on a "gray" list, where denials are less absolute and sometimes temporary or limited only to certain categories of visa. But being cast into the "gray" status helps create exactly the kind of uncertainty about what behavior might lead to visa denial, thus inducing self-censorship in the hopes of not offending anyone further, much less turning one's status from "gray" to "black." In other words, the power to withhold or deny access through the issuance of visas affords the Chinese government a full spectrum of powerful control mechanisms over scholars.

- Denial of access to interviewees, archives, libraries, and research institutes, even when visas are granted.

- Restriction of visiting scholar status for American researchers to a few institutes under the Chinese Academy of Social Sciences, Chinese Academy of Sciences, and some universities. Other think tanks and research institutes do not permit foreign resident researchers. At the same time, it should be noted, Chinese researchers from a wide variety of institutes are free to regularly come to US universities and think tanks for short- and long-term stays.



HOUSE_OVERSIGHT_020507

- Attempts to control the agendas, participant name lists, what is written, and what is said at joint scholarly conferences held in China, and now sometimes even in the United States. (A recent technique is to require that a talk or paper by an American participant in a Chinese organized event be handed over to the organizing group for vetting well before the event itself, so a participant can be disinvited, if necessary.)

- Restriction of internet and email communications when in China.

- Monitoring, even following, some American scholars by security services while in China.

- Demands for censorship by foreign publishers of their digital content as a condition for allowing it to be made available online in China.

- Insistence on censorship of Chinese-language editions of foreign books by the State Press & Publishing Administration. This places foreign authors in the difficult position of having to acquiesce to such censorship in order to have translations of their books published in China.

- Censorship of online archives of PRC journals and publications, such as the China National Knowledge Infrastructure (CNKI) database. American universities each pay tens of thousands of dollars annually for access to these electronic databases. However, recent research has shown that CNKI in particular is now "curating" its catalogs and holdings by deleting articles the current government appears not to wish to see remaining in the historical record.[42] Since American universities have started to dispose of paper copies of many of the journals carried in CNKI (China National Knowledge Information) periodical index, this amounts to PRC distorting the historical record, not just for China but for the entire world.

In addition to these specific restrictions affecting American scholars, the PRC government also influences the field of Chinese studies in the United States (and elsewhere) via controls over key regions of their country (especially minority areas such as Tibet and Xinjiang) and by putting no-go zones around a wide variety of research subjects within the broader areas of politics, religion, ethnography, and civil society that cannot be researched in-country. As a result, American professors cannot themselves work in these areas, nor can they in good conscience advise their graduate students to work on these subjects either because of risk to the researcher's career, as well as to the human subjects whom researchers would be observing or interviewing. Such restrictions have real consequences for the open future of Chinese studies around the world.



HOUSE_OVERSIGHT_020508

## Conclusion and Recommendations

US-China academic exchanges are valuable to both China and the United States and should be maintained and developed. However, in doing so, universities must be alert to the risks of engaging with the Chinese government, institutions, and funders and be proactive in applying a higher level of due diligence and vigilance as a defense of the core principle of academic freedom, especially when conflicts take place at home in their own universities.

### *Promote Transparency*

**Confucius Institutes** We do *not* endorse calls for Confucius Institutes to be closed, as long as several conditions are met. US institutions should make their CI agreements public to facilitate oversight by members of the university community and other concerned parties. Those agreements, in turn, must grant full managerial authority to the host institution (not on a shared basis with the Hanban), so the university has full control over what a CI teaches, the activities it undertakes, the research grants it makes, and whom it employs. The clause in all Hanban contracts that CIs must operate "according to China's laws" must be deleted.

If these standards cannot be attained, then the CI agreements should be terminated. Furthermore, universities should prevent any intervention by CIs in curricular requirements and course content in their overall Chinese studies curricula or other areas of study by maintaining a clear administrative separation between academic centers and departments on the one hand, and CIs on the other. Finally, universities must ensure that all public programming offered by their CIs conform to academic standards of balance and diversity and do not cross the line to become a platform for PRC propaganda, or even a circumscribed view of a controversial issue. In fact, this report would suggest that universities not permit Confucius Institutes to become involved in public programming that goes beyond the CI core mission of education about Chinese language and culture. To go beyond these two categories invites opportunities for politicized propaganda.

**Apply Due Diligence** To minimize the risks just identified, universities must rigorously apply far stricter due-diligence procedures to scrutinize the sources and purposes of gifts and contracts from China to ensure that they do not interfere with academic freedom. Universities accepting gifts from Chinese nationals, corporations, or foundations must insist that there be no restrictions on academic freedom. Foreign donations should continue to be welcomed, but universities must ensure that the conditions of acceptance are reasonable, consonant with their principles, subject to oversight, and do not allow the program to become a beachhead for inappropriate influence. It is important that all universities exercise high standards of due diligence and not only scrutinize the source of the gift but consider the implications of such



HOUSE_OVERSIGHT_020509

things as naming rights. Above all, they must insist that the terms of each gift impose no restrictions on academic freedom. The activities of all chairs, centers, and projects funded by Chinese support need to be fully transparent and supervised by independent faculty committees and university administrators, who must bear in mind that even when a joint project, research grant, or gift has undergone due diligence and has no explicit or evident strings attached, it can still produce a natural sense of obligation because no institution wants to offend a generous donor. This is a problem, not restricted to grants from China, but one that is deeply entrenched in the fund-raising structure on which American institutions of higher education depend for their well-being.

**Defend Academic Freedom** Faculty governance is the core technique for protecting academic freedom in American universities and is the key to their leading role in research and teaching. It takes various forms in various institutions, but its key principles must be applied consistently to interactions involving China. Transparency must be maintained in the terms of a university's contracts with all outside actors, whether individuals, foundations, donors, or collaborating institutions such as the Hanban, which funds Confucius Institutes. Such actors must be subject to regular oversight by faculty bodies and by administrators answerable to faculty bodies so that faculty, students, visiting scholars, and others associated with the university in an academic capacity will have uncompromised freedom of speech, research, teaching, and programmatic activities.

Universities and their associated institutions—such as university presses—must refuse all forms of censorship of—or interference in—their publications, conferences, curricula, participants in events, and other academic activities. Some universities have formal rules barring such censorship, but they need to increase awareness, training, and enforcement. Other universities may need to enact or update such rules. While maintaining the openness of US universities to Chinese students, scholars, and researchers, universities should push for reciprocity from Chinese partner institutions with respect to various forms of research access.

In short, universities should enhance protection for faculty and students—especially international students—from interference in their academic freedom, and campuses with large numbers of international students from authoritarian countries should introduce training for students on their academic rights in the American educational system, and on the proper distance that independent student organizations should maintain from government actors. Finally, universities should provide a confidential complaint procedure for students who feel they have come under pressure that threatens their academic freedom, and university advisors should stand prepared to counsel and assist these students to deal appropriately with such pressures.



HOUSE_OVERSIGHT_020510

*Promote Integrity*

**Be Alert to Risks** The primary risk is of inappropriate influence over admissions, course content, and program activities stemming from the influence of Chinese government-linked donors, diplomatic missions, student groups, and institutions. This is not a new challenge for US university administrators and development officers. They have dealt with political quid pro quos from donors from South Korea, Taiwan, Japan, Israel, Russia, Kuwait, Qatar, Saudi Arabia, and other countries in the past and currently, and American universities have long learned how to refuse donations with strings attached. This historical experience and the existing safeguards should also help inform and guide US universities when it comes to dealing with this new wave of Chinese money. Faculty and administrators must continue to protect the open debate, diversity of opinion, freedom of expression, faculty autonomy, and transparency on which the health and reputation of their institutions are based. Funding from Chinese sources should be as welcome as funding from other sources, but only to the extent that fundamental academic values can be maintained and protected.

A second risk is a loss of sensitive or proprietary technology through academic instruction of cooperation. There are indications that the US government is now strengthening measures to protect the theft of sensitive technology and intellectual property that is being developed on US campuses. These measures may require heightened screening and, in some cases, outright denial of visas to individuals from certain state-run institutions or even from certain sensitive research fields. Such calls have understandably prompted concern from the academic community fearing that this will undermine the principles of academic freedom, hinder collaboration, and deny American universities access to a rich talent pool. These reservations are merited and require that any tightening of visa categories be as narrow as possible. For their part, universities will of course have to comply with whatever regulations are imposed. They should, additionally, proactively review and update their procedures for protecting both proprietary and classified research. They should also enter into far closer collegial discussions with one another, relevant professional associations, and government agencies to collectively refine solutions to the difficult problem of balancing the pursuit of innovation and academic freedom with preventing the theft of technology and other IP.

To meet these challenges, American universities may need to update their rules and intensify faculty and researcher training and institutional oversight for protection of proprietary research information. Some US universities refuse to accept contracts for classified research. Those that do accept such contracts must comply with government regulations for the protection of research findings. But all research universities conduct research that produces valuable intellectual property, which is proprietary in various proportions to the funder. And so, it is necessary for the university and



HOUSE_OVERSIGHT_020511

researchers to intensify efforts to protect their proprietary intellectual property from loss.

### *Promote Reciprocity*

The academic community nationwide should work toward a common set of principles and practices for protecting academic freedom and promote greater reciprocity. To prevent influencers from using divide-and-conquer strategies (by rewarding some institutions while punishing others), it is important for the national academic community as a whole to come together to formulate and implement these principles. US universities should not only work together but they should also work with other universities around the world to develop a "Code of Conduct" for acceptable and unacceptable practices in academic exchanges with Chinese institutions and funders. (The section on think tanks in this section recommends similar measures.) The academic community and government should also monitor instances where Chinese entities may acquire financially challenged American colleges outright, ensuring that their academic integrity is not compromised.[43]

Universities can and must continue to play a positive role in the US-China relationship. Indeed, by introducing international students to American life and values, and connecting them to new personal and professional relationships, universities are arguably the important means by which the United States exercises its soft power. Generally—but not always—individuals undergoing such an experience take a more positive view of the country. Unfortunately, as Chinese students contribute much, not least monetarily, to American universities, universities have been too slow to help them integrate themselves more organically into campus life. As a result, Chinese students report unacceptably high levels of depression and isolation or simply clubbing up with each other.[44] While acting to mitigate the risks of improper interference, universities must not forget their obligations to these students nor lose sight of the far greater opportunity to advance cooperation and understanding.

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HOUSE_OVERSIGHT_020512

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HOUSE_OVERSIGHT_020513

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HOUSE_OVERSIGHT_020514

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HOUSE_OVERSIGHT_020515

SECTION 5

# Think Tanks

Think tanks play an unparalleled role in shaping American public opinion, media narratives, and US government policy. For this reason, they are high-value targets for lobbying and influence activities by foreign governments and nongovernmental actors, including those from the People's Republic of China.

Think tanks in the United States date to the early twentieth century, when industrial capital and private philanthropy (led by the likes of Andrew Carnegie, John D. Rockefeller, Andrew W. Mellon, and Henry Ford) began to endow private nonprofit research institutions at a time when there was increasing government demand for expertise on a growing range of public policy issues. Over the past century, think tanks have come to play ever more vital roles in the American public policy process, and they contribute both directly and indirectly to public education, a richer public dialogue via the media, greater civic engagement, and better-informed government policy formulation.

Of the approximately 1,800 think tanks in the United States today, about half are research institutions located within US universities. For the purpose of this section, however, only those think tanks located in nonuniversity private sector settings are considered. Most of these think tanks and research institutions enjoy tax-exempt status under section 501(c)(3) of the Internal Revenue Code, which stipulates that they are restricted from legislative lobbying as "action organizations." Institutions that receive this tax-exempt status must either be charitable philanthropic organizations or research organizations (think thanks) that operate in a supposedly nonpartisan way and in the general public interest. Because they are largely privately funded through donor contributions, US think tanks compete tenaciously for support, professional expertise, and public impact.

## Roles of Think Tanks in American Society

The universe of think tanks in the United States is very diverse, and each think tank performs different missions for different audiences and clients through different means of output. Four roles are especially relevant to discussions of Chinese interest and potential influence seeking.

The first and most important role is educating the public and better informing the "policy community." The majority of mainstream think tanks consciously perform these functions through a variety of mechanisms: publishing books, articles in

journals, shorter "policy briefs," or "op-eds," and by contributing to policy "task force" reports on specific issues; holding public seminars, briefings, and conferences; speaking to the print, television, radio, and electronic media; and maintaining informational websites that disseminate publications of the think-tank videos of events on a worldwide basis.

The second role is to influence government policy. This is done through face-to-face meetings with government officials, providing testimony before congressional committees, track-two discussions, emails and other communications aimed at targeted audiences, and a wide variety of publications.

The third role, undertaken by some, but not all, US policy think tanks, is to provide specific research on a contractual basis for government agencies that is generally not for public consumption.

The fourth role is to provide personnel to go into government service for fixed periods of time through the famous American "revolving door," whereby think tanks become "governments in waiting" for ex- and would-be officials until just after an election, when there is usually a large-scale turnover of personnel in Washington as each new administration is formed.

In American think tanks, selection of general research topics can be influenced by outside sources (management, external funding agencies, or government policy shifts). But the final selection is usually subject to mutual agreement, and the findings of research are not supposed to be dictated by outside pressures. At the same time, both US think tanks and university research institutes are expected to maintain analytical independence from their funders. If the funding body does seek to interfere with a research project or promote its own agenda, there is an established expectation that its funding should be rejected. More often than not, there is a process of mutual consultation between researcher, think tank, and potential external funding bodies—through which interests are de-conflicted and grants are negotiated to the mutual satisfaction of all parties. While this is the optimal scenario, there have been cases revealed in the US media in recent years in which such principles were abridged.

## The Role of China in American Think Tanks

It is against this general backdrop that the role of expanding Chinese influence on American think tanks needs to be considered. What follows are the findings gleaned through interviews with seventeen think-tank analysts from eleven Washington- and New York–based think tanks[1] that explore the nature of interactions that US think-tank specialists have recently been having with Chinese counterparts. The analysts are all



HOUSE_OVERSIGHT_020517

recognized China experts (with the exception of one who is more broadly an Asia expert but has extensive experience with China-related projects) who have served as directors of programs or centers in their respective institutions. About half have served in the US government. One directs a think tank that is partially supported by Chinese government funds. The interviews were all conducted in 2018.

China has become a priority field for US think tanks concerned with international relations, and most now have staff members (often several) devoted to researching and publishing on China. Many possess PhD degrees, Chinese language skills, and have lived in or visited China over many years with some originally from the PRC. Some stay on staff for many years, while others work on short-term (two- or three-year) contracts. Most think tanks also employ student research assistants and interns (including those from China).

There is significant interaction between American and Chinese think tanks—as think-tank researchers need to visit China as well as host and receive visitors in the United States to be well informed and to perform their own research work. Most interviewees reported hosting or participating in ad hoc meetings in their home institutions with visiting Chinese officials or scholars on a regular basis; although two do not host any meetings with Chinese, they will attend such events if hosted by others. All but one of the interviewees travel to China for their work: to deliver lectures, to participate in conferences or Track 1.5 or Track 2 dialogues, and to do research for articles, books, and reports.

A number of scholars noted a marked shift in the nature of their interactions with Chinese colleagues and research projects over the past few years. While long-standing Track 2 dialogues continue on issues such as cyber policy, nuclear policy, and US-China interactions in third countries and regions, overall they seem not as open, robust, and productive as in the past. Indeed, several long-standing Track 2 dialogues have been curtailed or stopped altogether—with scholars reporting that it is increasingly difficult to establish sustained dialogues that are meaningful with Chinese think tanks because of new rules, restrictions, and uncertainties. For instance, Chinese institutions (both think tanks and universities) must now obtain central-level government approval, such as vetting dialogue topics and foreign participants, before being able to host foreign participants in China. New Chinese government regulations generally limit Chinese think-tank scholars and university professors to one foreign trip per year, and even go so far as to hold passports to make even personal travel more difficult.

When dialogues do occur, another noticeable recent trend has been a decline in candor and greater uniformity in what Chinese interlocutors say. One US think tanker noted, "The conversations have declined in productivity," while another commented



HOUSE_OVERSIGHT_020518

that he had "moved away from Track 2 because China does not have much to say beyond the Xi Catechism. Even in private conversations, we are not getting anything interesting." And yet another indicated that he no longer participates in many joint events because they need to be "framed in a way to fit the Chinese narrative, including the speakers, agenda, topics and writing." Achieving true candor in such dialogues with the Chinese side has long been difficult, as Chinese interlocutors routinely stick to "talking points" and stock slogans, stay strictly "on message," and are afraid to say anything in front of their peers that might subsequently get them in political trouble back home.

One US analyst commented that at a recent conference in Beijing, Chinese scholars demonstrated little interest in putting forth ideas for cooperation, a marked change from earlier meetings. This individual believes that tensions in the US-China relationship are at least partially responsible. And it is not only the Americans who see less utility in such dialogues. One Track 2 initiated by the Chinese side concerning global norm cooperation ended abruptly when the Chinese said they did not see any productive benefits, despite the willingness of the US side to move forward with the project.

While these are long-standing problems, they have gotten demonstratively worse during the Xi Jinping era. As one think tank scholar commented, "Collaboration has become much more difficult, more authoritarian, and finding a common definition of a program is more difficult. We could usually find areas on which to work collaboratively, but there is a gap in worldview." One US think tank analyst who directs an innovative program to foster dialogue among rising American and Chinese strategic thinkers, which used to be hosted alternately in both China and the United States, has moved the program entirely out of China because of the repressive political atmosphere. Another institution has transitioned away from cooperative projects with China to emphasize bolstering the capacity of other countries in their dealings with China.

Many US think tank scholars have also become concerned that the relationship between Chinese and American scholars has regressed into a one-way street—with Americans providing intelligence to Chinese interlocutors, whose main purpose is to take the information back to their government. Indeed, some Chinese interlocutors arrive in the offices of American think tanks with barely disguised "shopping lists" of questions, which are presumably set by government "taskers" in Beijing. This is a regular occurrence, but it tends to spike when a high-level governmental visit or summit meeting is pending. A related Chinese goal is to transmit Chinese government policy perspectives to American think-tank counterparts.



HOUSE_OVERSIGHT_020519

Since 2010, American (and other foreign) researchers have encountered a progressively more restrictive research environment in China. One American scholar noted that a previous research project that involved on-the-ground interviews across many provinces was no longer possible. The registration and information requirements of the 2017 Law on the Management of Foreign NGOs is part of the problem, she believes, by severely constraining opportunities to conduct joint projects and research in China. It has also become exceedingly difficult to arrange interviews with Chinese think-tank scholars and government officials; many institutional libraries are now off-limits; central-level archives are inaccessible with provincial and local ones also increasingly circumscribed; survey research is impossible (unless in partnership with an approved Chinese counterpart, which is increasingly hard to find); and other bureaucratic impediments make it increasingly difficult for foreign think-tank researchers to undertake their basic jobs of researching China. At the same time, Chinese researchers working in the US are able to schedule appointments easily with their American counterparts and government officials, enjoy open access to American libraries and government archives, are able to conduct surveys anywhere, and may travel freely around the United States to do field work.

### US Think-Tank Centers in China

Only two American think tanks operate real satellite centers in Beijing, and one does so in Hong Kong. Both Beijing centers are cohosted by, and located on, the campus of Tsinghua University. One has a robust program of research by Chinese fellows, brings in people from the think tank's other centers, has a young ambassador program for Americans and Chinese, and boasts a "wide open internet." One center uses its facilities primarily for presentations from the resident fellows and other visitors. Some talks are open to the public, but most are restricted to faculty and graduate students. The center's ambitions were originally greater: for example, to host a set of annual conferences with senior experts and officials on both sides. However, the Chinese side could not live up to its side of the bargain, demanding that senior US officials attend while not delivering Chinese officials of equivalent rank.

These two centers have also become caught up within the increasingly strained US-China relationship as well as the tightening political atmosphere inside China. According to one affiliated research fellow, "connections with the center are a liability because institutions and people can cause you problems if you don't say the right things." At least one of the centers in Greater China has occasionally limited its public programming from addressing sensitive political issues, because it did not want to jeopardize the institution's presence in China and Asia. Yet that think tank's other staffers and fellows have also proved adept at circumventing political restrictions by,



HOUSE_OVERSIGHT_020520

in one instance, inviting a well-known Hong Kong activist denied access at one center event to participate in an event at the US headquarters later.

### Chinese Outreach to US Think Tanks

Chinese outreach to American think tanks takes several forms, including via embassy and consular officials, Chinese think-tank scholars, and representatives of China's state-run media.

### Embassy and Consular Officials

Chinese embassy and consular officials meet frequently with many (but not all) of the interviewees. Sometimes their aim is to assess Americans' views on particular issues or offer feedback on particular articles (generally those that are critical of China). In one case, for example, a Chinese official stated that a particular analyst's understanding was "too gloomy," and in another that a scholar "didn't have the correct data." One think-tank scholar noted that Chinese officials use both threats and praise to try to influence her. On the one hand, they took her to lunch and expressed "concern with her mind set" indicating that she just "just do[es] not understand the situation." But embassy and Chinese government officials can also be effusive in their praise and offers of assistance, suggesting that she "knows too much about Chinese policy."

Oftentimes officials ask for meetings with think tankers to transmit messages after important Communist Party or government events. After the annual meeting of China's legislature (the National People's Congress) in 2018, for example, one think-tank analyst was invited to lunch, only to endure an hour-and-a-half lecture on how US media and analysts misunderstood the new change in presidential term limits and Xi's reform efforts. Another was visited by military attachés from the Chinese embassy in an effort to convey China's opposition to the Taiwan Travel Act, US Defense Authorization Act, possible prospects for US Navy ship visits, and submarine sales to Taiwan. In concluding his stern warnings, one attaché warned: "We are no longer weak, and can inflict pain on Taiwan, if the United States is not careful and does not abide by the Three Communiques."

On other occasions, Chinese embassy officials ask for meetings to warn think tanks against hosting speakers on topics often related to Taiwan, Hong Kong, or Tibet. Several think-tank analysts reported that they or others in their institutions had received calls from senior Chinese embassy officials regarding projects related to the Dalai Lama, in one case stating, "This is very troubling—it will have consequences." As far as the analysts were concerned, however, there turned out to be no consequences. Another received a complaint from the Chinese embassy after the think tank hosted



HOUSE_OVERSIGHT_020521

a delegation from Taiwan's Democratic Progressive Party (DPP)—but again there were no discernible consequences. In a separate case, a senior Chinese Ministry of Foreign Affairs official warned that a particular interactive website focusing on Chinese security issues was "anti-China." In response, the think tank invited contributions by a prominent Chinese think-tank scholar: "The content of the website didn't change, but the official didn't complain again." In another instance, the Chinese government withdrew an offer to a US think tank to host Foreign Minister Wang Yi after that think tank refused to disinvite a Taiwanese speaker for a separate event.

Chinese officials have also requested that US think tanks bar certain scholars or NGO activists from participating in discussions with senior Chinese officials. When Chinese Foreign Minister Wang Yi spoke at one high-profile Washington think tank, the embassy requested the guest list in advance and then demanded that several individuals—including at least one senior China scholar—be disinvited. The think tank refused. In yet another case involving the director of the National People's Congress Foreign Affairs Committee, Fu Ying, a US think tank was strongly advised to exclude a well-known China specialist as a condition for a meeting going forward. Think-tank analysts report that in most cases, but not all, such requests have been rejected and events continue as planned.

Generally speaking, PRC visitors either steer clear of or limit their contact with think tanks that have strong relations with, or extensive funding from, Taiwan. One analyst who writes extensively on Taiwan and PRC-Taiwan relations finds that Chinese officials typically do not engage with him. At one time, there was a conflict between an event that he was hosting for a Taiwanese official with a significant event that same afternoon hosted by a colleague that featured very prominent Chinese and American officials. The Chinese embassy instructed them to move the Taiwan event, but they refused. Both events took place with no apparent negative repercussions.

### Think Tank to Think Tank

As noted above, Chinese officials and think-tank counterparts reach out to American think-tank China specialists for the purposes of information/intelligence collection and influencing US policy debates. One Chinese scholar reported to an American think-tank analyst that that every time an American expert meets with a Chinese interlocutor, a report is written afterward. Another Chinese visitor indicated to a leading Washington think-tank expert that China's Foreign Ministry has staff dedicated to tracking the activities and publications of about twenty leading American-China specialists.

Any number of Chinese think tanks sponsor meetings and conferences in China and the United States with American counterparts. In some instances, the Chinese



HOUSE_OVERSIGHT_020522

partners are well-known government entities. The Chinese Institute of Contemporary International Relations and the University of International Relations, both of which have links to the Ministry of State Security (MSS), host conferences on US-China relations and/or Track 2 dialogues. So do the Foreign Ministry–affiliated China Institute of International Studies, Chinese People's Institute for Foreign Affairs, and the China Foreign Affairs University. The Charhar Institute is also involved in such activities, although its institutional linkages are unclear.

More recently, Chinese think tanks professing to be independent from direct government control have begun to actively engage US counterparts. The think-tank Intellisia is one such organization that has sponsored dialogues with US scholars. The Center for China and Globalization is another such "independent" think tank, with more than a hundred researchers and staff. According to several think-tank analysts, its founder and head, Wang Huiyao, actively solicits invitations to speak in US think-tank settings. In May 2018, however, Senator Marco Rubio publicly questioned why Wang's CCP affiliations—most particularly his work with the CCP's United Front Work Department as a standing director of the China Overseas Friendship Association—were not mentioned as part of his biography in an invitation to an upcoming event at a DC-based think tank. Despite the fact that the think tank planned to acknowledge Wang's position during the panel presentation, given the ensuing public scrutiny, Wang dropped out of the event. He later appeared, however, at another US think-tank event without his government affiliation noted and without provoking attention from any member of Congress. For such "independent" Chinese think tanks, organizing conferences can give them a significant boost in prestige at home. One Chinese think-tank director informed an American think-tank analyst that he received several hundred thousand dollars from the university's party secretary as a bonus for bringing such a prestigious delegation of Western China watchers to China.

Finally, a group of several senior Chinese government officials and think-tank scholars from different institutions has emerged as an important generator of China-US think tank cooperation. This group includes such well-known figures as Fu Ying (director of the NPC's Foreign Affairs Committee), Wang Jisi (director of Peking University's Institute of International and Strategic Studies), Yuan Peng (president of CICIR), and Wang Wen (executive dean of the Chongyang Institute for Financial Studies at Renmin University), who are all well funded and able to pay for the activities of the Chinese side, as well as travel and hotel stays for Americans who participate in their projects in China.

Fu Ying emerges as the senior figure in a growing number of US-China interactions. According to several think-tank analysts, she works hard to structure projects in ways to ensure the best possible outcome from the Chinese perspective. This includes, for example, partnering primarily—although not solely—with scholars who are



HOUSE_OVERSIGHT_020523

considered to be more favorably disposed to the Chinese government perspective and ensuring that those with challenging views are excluded. One analyst noted that former Hong Kong chief executive C.H. Tung's and Fu's relationships with US think-tank scholars and presidents provide them with frequent opportunities to speak before large public audiences at prestigious American venues and to advance an official Chinese narrative while gaining a certain added legitimacy at home.

Fu is also explicit in her desire to cultivate relations with think-tank experts she believes may enter government. Following the election of Donald Trump, she "rushed in to see" one think-tank analyst with ties to the new administration and a flurry of embassy officials followed. However, when it became evident that said analyst would not be going into the administration, there was no more interest. In addition, at a meeting around a project on US-China relations advanced by Fu, she noted that she hoped some of the people would be entering the government; otherwise it would not prove to have been worth much to have done the project.

Chinese president Xi Jinping has also encouraged Chinese think tanks to "go global"—establishing a presence within the United States and other countries as a way "to advance the Chinese narrative." In 2015, the Institute for China-America Studies (ICAS) set up shop in Washington, DC, as a 501(3)(c) nonprofit organization. ICAS is funded by the Hainan-Nanhai Research Foundation, which receives its seed funding from the National Institute for South China Sea Studies, a Chinese government–supported entity, as well as from the China Institute of the University of Alberta, Nanjing University, and Wuhan University. The head of ICAS, Hong Nong, retains ties to these institutions. ICAS maintains a small staff of researchers as well as a diverse board of international experts from China, the United States, Canada, Australia, and Indonesia. ICAS projects focus on the central issues of the US-China relationship, including US-China cooperation, maritime security, North Korea, and trade relations. Hong herself focuses on the South China Sea and the Arctic policies of non–Arctic Council member countries, of which China is the largest and most significant. The institute also holds an annual conference.

While President Xi's call to establish think tanks was contemporaneous with the establishment of ICAS, Hong has made it clear that the decision to set up ICAS in DC came as a result of an effort by her and some of her colleagues both in China and in Canada to understand better how American think tanks operate. She was asked to lead ICAS, and she then selected a board of directors, as well as advisory members. She views the mission of the think tank as being to serve as a bridge in perception between the United States and China. Hong does not want people to view the institute as advancing a Chinese government perspective or as wearing a "Chinese hat," but she believes that in DC there are too few voices that reflect a Chinese (not necessarily



HOUSE_OVERSIGHT_020524

government) perspective. While she acknowledges that there is not much diversity in the nature of the views represented by ICAS—there is no overt criticism of Chinese government policies—she is hopeful that once ICAS gains greater standing, it will be able to attract senior scholars from other institutions with a greater range of views to write for its website.

More recently, Chinese publishing entrepreneur Zhou Zhixing has established the US-China New Perspectives Foundation, with offices in both Los Angeles and Washington, DC. As of yet, these offices have no track record of activities or publications. It is likely that more such think tanks initiated with or without formal Chinese government support will follow in the United States.

### Think-Tank Funding

Different US think tanks have different funding models. At least one type (Federally Funded Research and Development Centers, or FFRDCs) is funded entirely by the US government, while several others accept some US government funding, as well as money from other governments on a contracted work basis. Three think tanks interviewed accept no US or other government funding: One is funded entirely by central operating funds from an endowment, while two others rely on a mix of foundation and private support. One think tank's work is funded entirely by foundations. Most interviewees allow Chinese funders to pay for travel and meeting costs to Beijing for conferences, while a few categorically do not—either because of regulations or on the principle of conflict of interest.

At least one think tank differentiates between funding that is dedicated to its work in Washington and that which supports its center in China. For the center in China, a US-based scholar has raised funds from the China Development Bank, Huawei Corporation, and private entrepreneurs from Hong Kong. This same think tank has a "China Council" of donors (including Chinese Americans, but no Chinese nationals) that supports the think tank's activities. Some US institutions refuse to accept funds from China-based commercial entities, although they are occasionally willing to accept donations from their US-based subsidiaries. Other think tanks, however, accept funds from Chinese corporations and individual businesspeople. One has taken money from Alibaba America for a particular event celebrating the fifteenth anniversary of WTO accession; another has taken money from the Chinese real estate firm Vanke for a project on the environment. A Chinese businessman, Fu Chen, supports work at one China center that also has several prominent Chinese businesspersons on its board. One has an advisory council with Chinese Americans, and yet another think tank is building an advisory council that will include Chinese, but only those who have become American citizens. (This analyst is also considering accepting private Chinese money but not money from Chinese state-owned enterprises.)



HOUSE_OVERSIGHT_020525

C.H. Tung and his China-US Exchange Foundation (CUSEF) have emerged as a leading funding source for several think tanks, providing financial assistance for a variety of projects ranging from supporting book research and writing, to funding collaborative projects, to promoting exchanges. CUSEF's work in this area extends back to the mid-1990s (for more on CUSEF, see the section on universities in this report). The interviewees differ, however, in their assessments of whether CUSEF funding reflects direct linkages with Beijing. As one analyst noted, "C.H. is a special figure because he is half Hong Kong and half PRC." Another commented that he currently has the potential to undertake a joint project with C.H. Tung and will "probably do it for the money and the contact." Another has accepted funds for work on cultural exchange and climate change, while yet another is far more circumspect, describing Mr. Tung as an "open united front agent" in his capacity as vice chair of the Chinese People's Political Consultative Congress. Many of the partnerships CUSEF establishes in conjunction with US think tanks represent efforts to find common ground, particularly in line with PRC initiatives and policies, for example: "The New Model of Major Power Relationship Research Project 2014," "Taiwan Arms Sales Research Project 2014," and the "Pacific Community Initiative."

CUSEF also funds a number of annual exchange programs, including for members of Congress, state and local officials, historically black colleges and universities, as well as several journalist delegations, including one for students of journalism. CUSEF often partners with the Center for American Progress, the American Foreign Policy Council, and the East-West Institute. However, each partnership is different. The Center for American Progress, for example, pays its own way in its work with CUSEF. CUSEF also funds projects with think-tank analysts who are not China scholars, such as a project on US-China relations in the Arctic. One think-tank analyst who was involved in the CUSEF-funded "Creating a Pacific Community" project became uncomfortable with the overall orientation of the project and dropped out.

C.H. Tung is personally proactive, often visiting the United States and meeting with think-tank experts. On one occasion, he encouraged an American scholar to write an article together with a noted Chinese scholar on the South China Sea. He also offered to establish a massive program with one institute in which the think tank would train Chinese Party School officials on free market economics (the idea was eventually rejected by the think tank). In addition, CUSEF has funded the publication of at least two books in which US analysts were involved. In both cases, the analysts state that C.H. was "hands-off" in the process. Yet, in another instance, when a US scholar approached the CUSEF for possible funding of a major book on US-China relations, the foundation insisted on two conditions: that half of the contributors be Chinese scholars, and that the foundation would have the right to review the manuscript prior to publication. The American scholar in question refused these conditions and looked elsewhere for support.



HOUSE_OVERSIGHT_020526

Taiwan's TECRO also supports work at several think tanks. In rare cases—because one usually excludes the other—US think tanks end up accepting funds from both Taiwan and mainland China sources.

### Visa Access

Most American scholars consider travel to China an important element of their ability to do their job—attending conferences, participating in delegations, and undertaking independent research. Given this imperative, the issue of visa access is a central one. While most analysts receive single-entry professional exchange (F) visas, a few routinely receive one-year multiple-entry F visas, while some have ten-year tourist (L) visas. Others receive double-entry visas, if proof of specific invitations are produced. One US think-tank scholar, a Chinese national, travels to China on a Chinese passport. While ten-year multiple-entry tourist visas are, of course, optimal—there is also a serious potential downside: namely, that they are for "tourism," and, according to Chinese law, professional activities are not permitted. One senior scholar who holds a ten-year tourist visa was recently visited and interrogated at his hotel in Beijing after several days of meetings with Chinese think tanks and universities.

Several think-tank analysts expressed the opinion that Chinese officials are now paying more attention to the writings of American think-tank analysts—not only books, articles, and op-eds, but also social media. This is done not only to become familiar with changing views but to catalog who is supportive and who is critical of China's policies. One scholar believes that, as a result of a comment posted on Twitter, this individual was required to go to the Chinese embassy for an interview before being granted a visa. This had never happened in his previous decades of China-related travel. In another instance, Beijing attempted to enforce its sovereignty claims through the visa process. A visa was initially denied because an American scholar had stated that "Hong Kong" and "Taiwan" were places he had previously visited, instead of "Hong Kong SAR," and "Taiwan, China." Most of the scholars interviewed believe that the process of gaining a visa has become much more politicized and difficult in the past year or two, with much more scrutiny given to an applicant's political views. Among those interviewed, only one think-tank scholar reported actually being denied a visa. (However, there have been reports of other think-tank analysts being rejected who are reluctant to go public about their denials.) In addition, most of those interviewed observed that the Chinese embassy now often issues visas the day before or even the morning of departure, making the visa process laborious and nerve-racking.

Two interviewees reported that companies that specialize in expediting visa applications have indicated that their respective think tanks are on a blacklist that makes obtaining visas problematic. In one case, an interviewee related a case in which



HOUSE_OVERSIGHT_020527

a junior researcher was told not to list the think tank as her place of employment on her visa application or it might be rejected. (To avoid this scenario, the senior researcher reached out to a Chinese official to pave the way and the visa was issued.) In another instance, a visa expediter was banned from doing business with the Chinese embassy after it informed a think tank that it had landed on a list making it difficult to get visas.

A senior Chinese official told one think-tank analyst that responsibility for reviewing visa requests has shifted from the Ministry of Foreign Affairs to the Ministry of Public Security, thus creating many delays and difficulties. One US think-tank scholar reported that he has not only been advised on a number of occasions not to even apply for a visa but also has had a planned invitation to a conference hosted by an American company revoked because the Foreign Ministry told the company not to invite him. Others have been granted visas only for "personal" trips, with the proviso that they do no public speaking nor meet with anyone outside of family members or cultural figures.

Think-tank scholars report that on several occasions, when one member of a delegation has been in danger of not receiving a visa (or not receiving it in time), reaching out to the Chinese Embassy or consular officials (in one case threatening to cancel the delegation) has resulted in a favorable disposition. Two think tanks now routinely reach out to Chinese officials before submitting applications in order to pave the way. Nonetheless, a few think-tank analysts are concerned about being beholden to the embassy or the consulate and the shadow such dependency casts on their ability to continue their work. One analyst indicated that although he is asked to help other members of the think tank with their visa issues, he does not want to be in debt to the embassy and therefore does not offer to help proactively.

### Chinese Media and Think Tanks

The Chinese media offer both opportunities and pitfalls to American think-tank analysts. A significant part of a think-tank analyst's job is to influence official and public opinion—and the media, whether Chinese or Western, is an essential part of that process. Think-tank analysts are under no illusion, however, that the Chinese media can be trusted to present their ideas as they are delivered. As one interviewee underscored, "The desire of Chinese media is to make Americans see things the Chinese way—in a positive and beneficial light—and to present positive American views to the Chinese public. You have to be prepared that the Chinese media will have leading questions and know that they will not include critical things." One senior US scholar has had multiple experiences of censorship, and one case of fabricated quotations, by Chinese newspapers. It is also apparent that Chinese journalists



HOUSE_OVERSIGHT_020528

increasingly flood public events put on by US think tanks in Washington, using the events as press conferences and to pose leading questions. While Western reporters are not immune to this type of behavior, the Chinese media undertake such distortions in a far more systematic manner, with a pointed political agenda that is usually determined by the government's current political "line."

With this in mind, US think-tank analysts have developed a varied set of approaches to their interactions with the Chinese media. Some see the Chinese media as an opportunity to get their views across to the Chinese public, even though, as one think tanker acknowledges, he knows he may be censored in "inappropriate ways." Another stated that despite the obvious biases, he still gives a lot of interviews—to CCTV, CGTN, Xinhua, People's Daily, and the Shanghai Media Group, among them. At least one claims that while he does frequent CGTN interviews, he has never been censored.

Several US think-tank scholars indicate that they keep track of their interviews, and if they are misquoted, they stop speaking to that journalist. One notes that he refuses to do interviews on sensitive political issues, such as party congresses. Another indicates he will only do live television as a hedge against being censored, while another indicates he will only be interviewed in written email form. Two analysts refuse to give interviews to Chinese media at all, with the exception of those that occur in the immediate aftermath of a public talk when an analyst is approached by Chinese journalists. In one case, an analyst reported that Xinhua conducted an in-person background interview after she refused to write an op-ed, but she was willing to share her views (which were negative). Xinhua then drafted a full, positive-sounding op-ed in her name, which they planned to publish without her approval. She successfully blocked it, and her institute now has a blanket ban on interviews with the Chinese press unless there is a special reason. This is intended to send a message that they do not believe the Chinese media can be trusted.

The opportunity to earn money through interviews was mentioned by one scholar. She noted that CGTN pays $150 per interview. The network warned her, however, that if she was too critical of the Chinese government, she would not be invited back. CGTN also indicated that she should be "more like" another think-tank analyst who had become a regular on CGTN.

### Writing and Publishing in China

The majority of the think-tank analysts who have been interviewed for this section have refused to write op-eds for Chinese newspapers, with several stating that they have had bad experiences in which content has been censored. One scholar reports several instances of pieces being commissioned by *Global Times*, only to have his piece spiked after submission because of its controversial content. Others, however, have



HOUSE_OVERSIGHT_020529

written for Chinese publications and have not experienced any such issues. Several analysts noted that they have heard that their articles and reports have been translated into Chinese in *neibu* (internal circulation) channels for consumption by think tanks and government officials. One interviewee commented that if what she writes is positive, it is published openly; if it is critical, it is only published internally.

A number of interviewees also reported that their work had been improperly published on Chinese websites. Sohu has taken think-tank reports and put them online without permission; one analyst forced the company to take them down from the web. Another scholar reported that a Chinese think tank at one point claimed she was one of its fellows and posted bogus content on its website that it alleged she had written.

While some of the think-tank scholars interviewed have had their books translated into Chinese by mainland presses, most have not. A growing number do not try, recognizing that significant parts of their books would never make it past the censors. When informed privately by the translator of her book that large portions were being excised, one scholar halted the Chinese publication process. Another scholar battled for two years with the Chinese publisher after the contract had been signed between the Western and Chinese publishers. The State Press and Publishing Administration demanded more than seventy deletions, finally settling on five with the agreement of the scholar. In the end, however, the Chinese publisher informed the scholar's publisher that the book could not proceed to publication because of "unfriendly remarks" the scholar had been making in the media. Most US scholars simply do not bother with mainland publishers and look for publication opportunities in Taiwan or Hong Kong. Several US scholars believe that there are pirated copies of their books or at least partially translated copies available within China. At least one scholar found that a search on Baidu yielded half of her most recent book online.

Not all scholars are willing to sacrifice the opportunity to be published in China. One analyst reported that a senior non-China expert at their think tank permitted his book to be published in China, even though several pages had been mistranslated and the editors had actually created some new passages that did not exist anywhere in the original text. Even the title and subtitle of the book, as well as the author's own professional title, were incorrectly identified.

### Public Voice

The issue of censorship also arises in the context of how think-tank analysts present their own views publicly, especially when in China. On the whole, think-tank scholars show determination to raise sensitive topics and be forthright in presenting their views. But it is an understandable human instinct to want to be polite and diplomatic while still conveying one's own views honestly. As one scholar, who also does a lot of



HOUSE_OVERSIGHT_020530

consulting, noted, "Access to China is my livelihood." At the same time, he argues, "I never say anything contrary to my views, but I write in a way that is less shrill."

Another scholar noted, "I don't self-censor, but there is no need to launch a polemic every day of the week . . . polemics get your visa cut off. China's greatest power is the power of visa control." A third commented, "I don't censor the substance, but I may modulate what I say." He argued that he sometimes indulges the sensibilities of the PRC in order to get his deeper point across. As another analyst noted, "I avoid sensationalizing. I am willing to be critical, but I try not to make attacks on Xi." And different interviewees distinguish between writing and speaking: "I do not compromise on writing, but I am cautious in interviews: I will say the same message but indirectly, not confrontationally." One analyst said, "I make sure that if I go into battle, I do so thoughtfully, not accidentally." She tries to be very strategic about the messages that she sends and tries not to weigh in on every small issue or bluntly charge, "You are wrong!" In a similar vein, one other scholar says he often uses an interrogatory, rather than accusatory, approach when raising challenging issues, such as human rights.

The knowledge that what an analyst says publicly reflects not only on the individual but also on the analyst's institution also shapes at least one scholar's thinking: "There is a conflict between protecting your institute and speaking truthfully. Whether it is over access or money. Sometimes I put the positive first—and then say . . .'but some people say.' I might not start right off with Xi Jinping—I might be more indirect. In public meetings, there is a tacit understanding that you will not be super critical of China." Another suggests that it is "very hard not to subconsciously self-censor." This person indicated that when their institute does projects on counterterrorism in the Middle East or Southeast Asia, they are very careful about discussing China's restive region of Xinjiang where up to one million Uighurs are presently believed to be in reeducation camps. In general, they do not take on projects concerning Taiwan or Xinjiang.

Interviewees expressed a deep sensitivity around the issue of Taiwan and how to refer to the island and its officials. One analyst observed that in an invitation, his institute would not identify Taiwan's representative to the United States as an "ambassador," but during the event, he would indeed orally introduce the official as the "ambassador." Or as another scholar noted, "I am tactful but keep to my original point of view. I don't change the substance. On Taiwan, in private conversations, I use President Tsai—but I also maintain neutrality in public to ensure that is acceptable to Taiwan and the PRC."

Two analysts stated that they do not self-censor "at all." They understand the temptation, but they try to write and say in public exactly what they would in private.



HOUSE_OVERSIGHT_020531

### Pressure from Think-Tank Boards or Outside Influencers

Interaction between think-tank analysts and the members of their institution's boards of trustees varies significantly. Some engage frequently, socialize, and consult on China-related issues—while others have virtually no contact. Only three interviewees reported incidents of attempted interference. In one case, a prominent former board member complained to the head of the think tank about an article that was "too tough" on China. However, no pressure, besides the obviously intimidating impact of having a piece of writing singled out by an overseer, was brought to bear on the scholar. In another case, a board member tried to pressure a think-tank president to avoid hosting the Dalai Lama, but failed. A third instance involved the Hong Kong political activist discussed earlier. The tendency can also work in the other direction. One scholar indicated that his board is very involved and has lately become tougher on China in recent years, focusing on "how do we still counter China, yet still engage."

### Chinese Nationals in US Think Tanks

American think-tank analysts differ in their assessment of the risks and rewards for hosting Chinese scholars as visiting fellows or employing Chinese nationals on staff, with most suggesting that it is better to have them inside the think tanks to understand how they are thinking and working. One analyst said he "assumed some or all would be interrogated" when they returned to China. "RAND," he said, "should be worried." One researcher noted that she is "careful to keep Chinese nationals from attending sensitive meetings featuring US officials or military officers," but otherwise welcomes them to events.

Only one Washington think tank hosts Chinese scholars on a regular and continuous basis (although Washington-based universities do so more often), including them in programming and most meetings, even when funded by a Chinese host institution. Scholars at this institution view them as valuable for gaining insights and for training purposes. Another think-tank analyst who has hosted visiting fellows from China pointed out that two prominent Chinese scholars who spent time at their institution went back and wrote "important papers." Still, some expressed concern over all the "bright young Chinese showing up on Mass [Massachusetts] Ave." and the potential that they might have for reporting back to Beijing. The scholar noted that think tanks want young people to "plow through the Chinese literature," and this means hiring Chinese nationals, Chinese Americans, or Taiwanese because of their language abilities. Some analysts expressed concerns that think-tank analysts who are of Chinese nationality (either nationals or American citizens) may face special pressures from the imputation that as ethnic Chinese, they are susceptible to Chinese influence and control.



HOUSE_OVERSIGHT_020532

## Broader Concerns

Think-tank analysts voiced a range of concerns around the issue of Chinese influence–seeking activities in the United States. One is the deliberate effort to manage US perceptions and to frame issues in ways that are favorable to the Chinese Communist Party. As one analyst noted, "This requires pushback, which is tough work." While many believed that they could adequately defend themselves against efforts to influence them, noting as one did that the "the general capacity of US society to push back is not bad," they worried about their colleagues who were not knowledgeable China experts and might therefore be more easily deceived. For example, one scholar pointed out that with US-China cooperation, the incentive is to come up with shared values and ideas. He noted that in the case of the Sanya Initiative (the US-China dialogue featuring retired military officers from both sides), he has had to "talk them (the American participants) off the ledge; they think they are being tough, but they are mistaken." This same analyst sees the American media as complicit in echoing Chinese perspectives, noting that when Xi Jinping delivered his speech in Davos in January 2017, few reporters understood that the Chinese were in the midst of a major propaganda campaign to promote globalization 2.0. He also suggests that there is "de facto self-censorship" of entire areas of scholarship: human rights for one. Another analyst noted that outside of the National Endowment for Democracy, she does not see much foundation interest in normal discourse in this issue either.

One scholar worried about growing Chinese control over all areas of US-Chinese interaction: "The Chinese are following people, bugging our hotel rooms. There is imbalanced control that serves CCP interests not ours. There is lack of serious training by the US side on how to deal with Chinese influence." The potential for Chinese money to give China leverage over American think tanks also provoked a degree of anxiety. Several scholars expressed concern over funding issues, noting that reliance on a single funder with an agenda makes scholars vulnerable. In addition, one scholar worried that the amount of money China is spending to promote its views, whether through think-tank cooperation or the Chinese media (such as CGTN paying for its interviews) means that China will ultimately be able to "buy its way in."

A number of analysts believed that the involvement of the US government in these issues will only make things more contentious. There is concern that Washington will overreact. As one analyst noted, there is a type of "binaryism in Washington, in which you must be 'for or against' China; you are either friendly to China or producing stuff that says China is evil." This scholar, along with several others, raised the issue of the rise of anti-China sentiments, such as the "yellow peril" and McCarthyism, and expressed concern about Chinese Americans and anyone who has interests with China coming under attack. One analyst mentioned the Committee of 100, a collection of prominent Chinese Americans, as being particularly vulnerable to unfair attack.



HOUSE_OVERSIGHT_020533

Another analyst noted that we need "a granular view on issues of sharp power." He pointed in particular to Confucius Institutes, arguing that he would not accept Confucius Institute–sponsored research, but was fine with language training, although it would be better to get them off campuses. He laughed at the idea that they were "effective instruments of Chinese propaganda." Along these lines, a few individuals indicated that they were less concerned about Chinese influence in the social sciences and more concerned about reports that Chinese students and postdocs in scientific research labs bring restricted technologies back to China.

Finally, there were calls from some analysts for far more reciprocity than currently exists. These analysts felt that the playing field between the two countries was out of balance and argued that there should be a much stronger dose of reciprocity and "hardball" in US-China exchanges, arguing that the American side should curtail or cut off contacts until Chinese institutions were willing to operate at a level of openness similar to that found in their American counterparts.

## Conclusion and Recommendations

American think-tank scholars working on China face an increasingly challenging research environment. But in this challenge, they are hardly unique. Members of the media and the civil society/NGO world also share similar, even more daunting, challenges. The process for obtaining visas has become more onerous; the quality of engagement with Chinese counterparts has declined and become more difficult; and opportunities to do field-based research, as well as archival work, have diminished. Track 2 dialogues are viewed with increasing skepticism as to their value by more and more US scholars and policy specialists, who find their Chinese colleagues ever more unable and/or unwilling to share their perspectives in an open and meaningful manner. Many think-tank analysts are responding by limiting their Track 2 efforts and changing the way they conduct their research.

At the same time, a small but growing group of well-funded Chinese scholars and officials are proactively seeking to shape the American narrative and American views of China. They are doing so by supporting and funding joint projects with American partners in ways that reflect Chinese government priorities, but they give them the opportunity to choose and work with only those American scholars viewed by China as sympathetic to China's goals. To date, these efforts do not appear to have influenced the US debate over China in a significant manner, but it is important to be aware of the money and effort being thrown at the endeavor.

Chinese funding of American think tanks remains limited. C.H. Tung, through his China-US Exchange Foundation, is to date the most common source of financial support, although most report his funding as "hands-off." A few Chinese companies



HOUSE_OVERSIGHT_020534

have also bankrolled a limited number of American think-tank activities. However, American think tanks with centers in China have actively engaged in fund-raising from mainland Chinese sources. With only a few exceptions, American think-tank analysts do not foresee that Chinese money will become a significant factor in their work at home any time soon, although because of endemic funding shortages at most nonprofits, worries about reliance on Chinese money are not unfounded.

Chinese media relentlessly solicit American think-tank scholars' opinions for consumption within both the United States and China. At least one outlet pays participants for their time and makes it clear that criticism of China is unwelcome. Censorship of written work is common, even expected, so that few interviewees expect to have their books published in China. American think-tank analysts appear most annoyed when their work is illegally and/or incorrectly published on Chinese websites. In most instances, they seek to have the work taken down from the web.

American think-tank analysts have a highly developed understanding of Chinese efforts to influence their views —whether in the form of heavy-handed criticism from the Chinese embassy for an article or a proposed meeting with someone like the Dalai Lama, a Hong Kong dissident, or via more subtle efforts that arise through joint projects funded by Chinese partners. To the last one, all interviewees for this study indicated that they refuse to be pressured into changing their practices. Some think-tank scholars acknowledge that they try to be diplomatic in their public discourse on China—but insist that they do not change their overall message, only their tone or choice of wording. Some argue that they save their tough language to deliver the most important messages. But some also admit to acceding to Chinese demands on how to present Taiwanese officials in public settings—such as in the announcements of a meeting on the think tank's website—but then adopting the Taiwanese preference during the meeting itself. The general view—although not shared by all—was that seeking to avoid unnecessarily insulting or upsetting the Chinese is the better strategy. But most agreed that the arena of acceptable parlance was shrinking and that pressures were growing.

As an antidote, the American think-tank community should understand that its position is one with significant leverage. Chinese officials and scholars seek to use think tanks as venues for visiting Chinese officials, as legitimating partners for Chinese-supported research projects that will influence the American narrative, and as important sources of information concerning the changing US political landscape. The American scholars should celebrate their principles of independence, use the leverage their institutional frameworks provide to resist incursion, and constructively push for greater reciprocity. Some specific recommendations include:



HOUSE_OVERSIGHT_020535

*Promote Transparency*

- Think tanks should—in partnership with universities—jointly and regularly produce summaries of difficulties in China-related research (access to regions, agencies, persons, visas, etc.) and make these available to each other and to US officials. The latter, in turn, should be mindful of the reciprocal nature of think-tank work and how the inability of American scholars to secure meetings with Chinese officials and scholars when Chinese scholars are afforded such privileges is harmful to the stability of the overall relationship.

- Think tanks should publicly disclose the source of funding for events, publications, and other activities. If think-tank leaders elect to solicit funds from Hong Kong or mainland Chinese sources, they should be transparent about from where the money came and how it is being used, to ensure that there is no opportunity for the Chinese funder to harmfully affect the research agenda or outcome.

*Promote Integrity*

- A Code of Conduct should be worked out among US think tanks—perhaps in conjunction with American university China studies centers—to establish "do's and don'ts" in their exchanges with Chinese institutions. Once this is worked out among American institutions, then counterparts in other democratic countries should also be approached with an eye toward establishing multilateral Codes of Conduct.

*Promote Reciprocity*

- US think-tank representatives—the presidents and senior China scholars—should arrange a meeting with the Chinese ambassador to express their collective perspectives on these issues and call for changes. Such a meeting could be usefully coupled with a jointly signed letter of concern by directors of all major US think tanks.

- If any member of any think-tank delegation is denied a visa, the delegation should cancel the trip. It sends a profoundly wrong signal to proceed, if China is able to control the composition of a delegation. The think tank should also consider a moratorium on Chinese officials visiting or speaking at the think tank until the visa issues are resolved. The same principle may be applied to Chinese think tanks that refuse to receive American scholars for visits. In such cases, US think tanks should seriously consider not hosting residential stays for Chinese visiting scholars from institutions that do not offer parallel opportunities for American scholars in China. (At present, only the Chinese Academy of Social Sciences and the Shanghai Institute of International Studies permit foreign scholars in residence.)



HOUSE_OVERSIGHT_020536

- The US government should not unilaterally grant Chinese think-tank or university scholars ten-year visas, as it has been doing, without exacting across-the-board reciprocal treatment for US think-tank and university scholars. At the same time, the US government should also advocate consistently on behalf of US think-tank and university scholars who have been barred from visiting China.

Two core values cut across all of our concerns: *freedom of speech* and *reciprocity*. As a democratic society, we should tolerate *no* infringements—overt or covert—on our freedom of speech and freedom of analysis concerning China. A "leveling of the playing field" in terms of upholding the principles and practicalities of reciprocity in our exchanges with Chinese counterparts is needed, because it is an essential part of making the relationship both more equitable and reciprocal and more stable and thus durable.

## NOTES

1 These include: the American Enterprise Institute, Asia Society, Carnegie Endowment for International Peace, Brookings Institute, Center for American Progress, Center for Strategic and International Studies, Council on Foreign Relations, International Peace Institute, Institute for China-American Studies, Kissinger Institute on China and the United States, and Stimson Center.



HOUSE_OVERSIGHT_020537

SECTION 6

# Media

When the Xinhua News Agency leased a massive sign in Times Square in 2011 and then agreed to a twenty-year lease for a new US headquarters on the top floor of a Broadway skyscraper, it was clear that, as analyst He Qinglian put it, "The Chinese have arrived."[1] Xinhua's foray into Manhattan was followed by a website of the *People's Daily*, the mouthpiece of the Communist Party, which set up shop in the Empire State Building.[2]

At a time when Western media outlets are challenged by the internet and weakened by uncertain business models, China's rise as a major player in the media landscape around the globe has become all the more worthy of attention. The Chinese government's campaign to "grab the right to speak" from Western media outlets and independent Chinese voices, which it accuses of distorting news about China and sullying China's image, has come with a rapid expansion of China's English-language media operations, a concerted campaign to control overseas Chinese-language media, and ongoing efforts to block attempts by Western media to contend inside China. Xinhua News Agency journalist Xiong Min summed up the motivation for China's new campaign in 2010. "The right to speak in the world is not distributed equally," she wrote. "Eighty percent of the information is monopolized by Western media."[3] It was time, she said, to end that monopoly by means of what China has called the Grand External Propaganda Campaign (大外宣).

Since coming to power, President Xi Jinping has overseen the intensification of this external propaganda blitz, which was launched in 2007 by former Party general secretary Hu Jintao. As Xi told the November 2014 Foreign Affairs Work Conference in Beijing: "We should increase China's soft power, give a good Chinese narrative, and better communicate China's messages to the world."[4] This is the task CCP propagandists have now undertaken in an increasingly fulsome way. On February 19, 2016, Xi visited the headquarters of the *People's Daily*, Xinhua News Agency, and China Central Television, where he again stressed the importance of external propaganda work.[5] At the August 2018 National Meeting on Ideology and Propaganda, Xi stated: "To present good images, we should improve our international communication capability, tell China's stories well, disseminate China's voice, show an authentic

and comprehensive China to the world, and raise the country's soft power and the influence of Chinese culture."[6] External propaganda work has long been an important foreign policy instrument for the Chinese Communist Party and the People's Republic of China, but under Xi it has become a top priority of China's party-state.

### State Media

China's Communist Party and government have a long history of trying to influence international opinion. Over the years, the themes of its external propaganda have varied substantially—usually in parallel with dramatic fluctuations in its own domestic political campaigns (运动) and related slogans (口号), shifts in ideology (意识形态), meta propaganda narratives (提法), and substantive elements in China's diplomacy (外交). The shifts in Beijing's propaganda lines (宣传路线) throughout PRC history have been dizzyingly consistent, but they are always important to follow as indicators of the country's direction.

During the 1950s, Communist China used organizations such as the China News Service, a successor to the Party's International News Agency (founded in 1938), to appeal to overseas Chinese for support of the new revolution. The Party placed this news service under the State Council's Office for Overseas Chinese Affairs. Other propaganda campaigns targeted allies in the Western world, such as black nationalist figures from the United States like Robert Williams, who were given airtime on shortwave broadcasts from Beijing, and a few Western writers and journalists, like Edgar Snow, Felix Greene, and William Hinton, who were offered rare, and sometimes lucrative, peeks behind the Bamboo Curtain.

During the Cultural Revolution, from 1966 to 1976, Beijing's propaganda outreach to overseas Chinese slowed, as the Party persecuted those in China with foreign ties. But following the arrest of the Gang of Four in 1976 and the economic reform program led by Deng Xiaoping in the early 1980s, the Party once again directly engaged with the overseas Chinese community as well as with mainstream Western society and media, appealing to all comers to help China modernize. In 1980, the Party formed the External Propaganda Group (对外宣传小组) and placed it under the Propaganda Department of the CCP Central Committee. Zhu Muzhi, the former chief of the Xinhua News Agency and a vice minister of propaganda, was its first head. In 1991, the group was transferred to the State Council, where it was still internally referred to as the External Propaganda Group. For foreign consumption, however, it was called the State Council Information Office.



HOUSE_OVERSIGHT_020539

From 1980, Beijing added to its stable of foreign-facing propaganda publications—such as *Beijing Review, China Reconstructs*, and *China Pictorial*—by starting or reopening more than twenty periodicals, including the English-language *China Daily,* the overseas edition of the *People's Daily,* the overseas edition of *Outlook* (望), and the *Voice of China* (华声报). The Party also resumed publishing material for overseas Chinese. During the Cultural Revolution, the number of magazines targeting overseas Chinese had shrunk to ten, whereas by the end of the 1980s, it had surpassed 130. Before 1982, the state-run Xinhua News Agency had focused almost solely on providing news to domestic Chinese clients. In 1983, however, it also began sending news to international clients. The China News Service, which had suspended operations during the Cultural Revolution, also resumed work, sending hundreds of stories a day to overseas Chinese-language media. Today the CNS employs more than two thousand people worldwide, working out of forty-six bureaus. The Party directed its media outlets in their overseas work to support socialism with Chinese characteristics, push the policies of reform and opening up, and oppose hegemonism, or, in other words, fight against Western ideological control.

In the run-up to the 2008 Beijing Olympics, China's propaganda agencies redoubled their efforts to "grab the right to speak," or gain "discourse power" (话语权). The worldwide torch-lighting ceremony touched off free-Tibet rallies and other human rights protests that angered Chinese authorities and some Chinese as well. An anti-CNN movement began in China, alleging that Western media outlets were distorting "China's story." This was the genesis for what has come to be known as the Grand Overseas Propaganda Campaign (大外宣), first promoted by the administration of Party Chief Hu Jintao and Premier Wen Jiabao. The *International Herald Leader,* a publication of the Xinhua News Agency, reported in 2009 that foreign propaganda work had been elevated by the Party to a "systematic, strategic position," the goal of which was to "grab back the right to speak, and improve China's international image."[7] Reports that had first surfaced in Hong Kong's *South China Morning Post* in 2009, that China had earmarked $7 billion for the campaign, were soon repeated by the Chinese media, most notably in the March 14 edition of *Phoenix Weekly.*[8]

The Grand Overseas Propaganda Campaign has been grand, indeed, with Chinese sources reporting hundreds of millions of dollars being spent on a multitude of projects designed to bolster China's image. The expansion of the Xinhua News Agency is but one example. From 120, the number of Xinhua bureaus around the world has now grown to more than 200[9] and its client base has expanded to more than 1,450. What is more, it now reports in seven languages and competes directly with all the major wire



HOUSE_OVERSIGHT_020540

services of the world. In the United States, Xinhua doubled the number of bureaus, adding Chicago, Houston, and San Francisco to its original footprint in Washington, DC, New York, and Los Angeles. Xinhua, like other state-owned Chinese media outlets, also began hiring local talent, and in 2009 it began a TV broadcast in English.

As part of this vigorous propaganda campaign, the Party has sought to turn China Central Television into a global competitor to CNN. CCTV was already airing in America as of 2004, when it cooperated with EchoStar, America's second-largest satellite TV company, to launch the Chinese "Great Wall Platform" package, including twelve Mandarin channels, two Cantonese channels, one Hokkien channel, and one English channel. That same year, Rupert Murdoch's News Group helped CCTV place programming on Time Warner and NewsCorp's US television network. CCTV also expanded its offerings in the United States, growing its bureau in Washington and hiring American reporters too. By 2012, CCTV, recently renamed the China Global Television Network (CGTN), was broadcasting in seven languages. Its programs for American audiences regularly feature personalities from Russia's state-funded propaganda outlet, RT, which was recently required to register as a foreign agent; RT, in turn, regularly features CGTN personalities.

China Radio International (CRI) was also given a foreign platform. Decades ago, the Beijing-based propaganda outlet relied solely on shortwave broadcasts to beam China's message to the world, but in the late 2000s it began leasing local stations around the globe and across the United States that it supplied with content made in Beijing. CRI has used a US-based company through which it leases stations. That firm is EDI Media Inc. (鷹龍傳媒有限公司), which also owns other media properties that tow Beijing's line: G&E TV (環球東方衛視), G&E Studio Network (環球東方電台), and EDI City Newsweek (城市新聞週刊).[10] A CRI subsidiary in China, Guoguang Century Media, holds a majority stake in G&E Studio.[11] When it comes to reporting on mainland China, the content of all of EDI's outlets mirrors that of China's state-owned media.

China's state-run media have proved to be nimble in accomplishing Beijing's goal of penetrating US markets. In 2013, the Hong Kong–based Phoenix Satellite TV group, which has close ties to the Chinese state and broadcasts in China, attempted to purchase two major FM stations in Los Angeles that shared the same frequency. One of them, KDAY, covers West L.A., while KDEY stretches into Riverside and San Bernardino counties to the east of the city. Greater Los Angeles is home to more than a half million Chinese, the second-biggest concentration next to New York City. But none of the



HOUSE_OVERSIGHT_020541

region's Chinese-language radio stations are particularly loyal to Beijing, representing either independent Chinese voices or those supporting the banned religious sect, Falun Gong. According to sources close to the deal, Phoenix structured the offer to avoid a US law that limits foreign ownership of US radio stations to 25 percent. In filings with the Federal Communications Commission, Phoenix was listed as owning 20 percent of the US-based investor, RBC, while the remaining 80 percent was owned by an editor at Phoenix who is also a US citizen.[12] Under such a setup, no FCC regulations would have been broken. To be extra sure that the deal would go through, however, advisors to Phoenix convinced the Hong Kong company to seek approval from the Committee on Foreign Investment in the United States (CFIUS), a Treasury Department bureau that monitors foreign investments in the United States on national security grounds. In a ruling that surprised the potential investors, CFIUS declined to approve the deal, referring it to then-president Obama. Sources close to the deal noted that the fact that a Phoenix employee in the United States had pleaded guilty to espionage-related charges did not help Phoenix's case.[13] RBC pulled out of the deal on September 25, 2013.

But the efforts to break into the L.A. radio market did not end there. In the summer of 2018, a New York firm, H&H Capital Partners, announced that it was buying a Mexican radio station, XEWW, that broadcasts throughout Southern California.[14] Sources involved in that deal said that H&H sought to buy a Mexican station in order to avoid scrutiny in the United States. H&H is a New York-based firm led by several individuals who spent years working as reporters for *Global Times*, a state-run newspaper in China. Filings from H&H to the FCC about the deal suggest that Phoenix Satellite TV remains a player in the purchase as the address that H&H gave for its Los Angeles–based holding company was the same as Phoenix's offices in L.A.[15] H&H's attempt to buy XEWW to broadcast into the United States has been challenged at the FCC by a Chinese-language radio station linked to Falun Gong.[16]

China's main English-language newspaper, *China Daily,* has also expanded operations into America, starting a North American edition in 2009. In addition, through its marketing arm, China Watch, the paper began distributing English-language content directly as advertising inserts in the *Wall Street Journal*, the *Des Moines Register*, and the *Washington Post*, among other leading US newspapers. Often, it's hard to tell that China Watch's material is an ad, as was the case highlighted by President Donald Trump with an advertising insert in the Sunday *Des Moines Register*—an insert that the president suggested was aimed at undermining political support both for the president and the Republican party.[17] Rough estimates from newspaper executives indicate that *China*



HOUSE_OVERSIGHT_020542

*Daily* pays $250,000 for each insert in major US dailies. In 2009, the *Global Times* (环球时报), part of the *People's Daily* group, started an English-language newspaper as well.

Chinese investment in the US media market is not limited to the central government. Chinese provincial media firms also have a footprint in the United States. Sky Link TV (天下衛視) is one example. It is fully owned by Guangzhou Media American Co, Ltd. (美國廣視傳媒有限公司), which, in turn, is owned by GZ Television Media (广州影视传媒有限公司), a Chinese state-owned media outlet. Sky Link's story also illustrates the switch from Taiwan money to mainland money in the US Chinese-language media world. Sky Link was established in 1989 by a Taiwanese corporation. In 2009, it was purchased by a private Chinese company; three years later, the Chinese state-owned GZ Television Media bought Sky Link TV, a takeover that was hailed by the PRC's Ministry of Commerce as a key "cultural export" in 2014.[18] When Sky Link TV reports on China, the Sino-US relationship, Taiwan, Hong Kong, and other important issues concerning China, it follows and quite often repeats verbatim the official line from PRC media. Its major business partners include CCTV and Xinhua.

The Grand Overseas Propaganda Campaign has continued under the regime of General Secretary Xi Jinping, who, in his 2014 New Year's address, called on all media friendly to the CCP to "better tell China's story." In March 2018, the Party announced plans to unite these individual efforts into a mammoth overseas-facing propaganda organ, known as the Voice of China, by merging the foreign operations of China Global Television Network, China National Radio and China Radio International.[19] (It is not clear whether the parallel with the Voice of America was intentional.)

Despite all of these efforts, President Xi still appears to be unsatisfied with the Party's efforts to "grab the right to speak." In August 2018, the Chinese government announced a shake-up in its propaganda organs, reflecting significant concern at the heart of the Party that China was not winning its ideological battle with the West.[20]

### Diaspora Media

In the early 1990s, the state-owned China News Service and the Overseas Chinese Office of the State Council dispatched editorial personnel to the United States to found the Chinese-language TV broadcaster, SinoVision, and the newspaper *Qiaobao* (侨报). Shanghai's *Xinmin Wanbao* sent staff to the United States to start up an American edition as well. Chinese officials backed this push as part of an effort to fight back against the negative publicity generated by the Party's crackdown on protests around Tiananmen Square on June 4, 1989.



HOUSE_OVERSIGHT_020543

The SinoVision/*Qiaobao* story is illustrative of Beijing's push to dominate Chinese-language media in the United States. SinoVision, *Qiaobao*, and the *Sino American Times* (美洲时报) all belong to the Asian Culture and Media Group (美國亞洲文化傳媒集團). Sources in these firms say that the Overseas Chinese Affairs Office of the State Council of PRC (中國國務院僑務辦公室) set up the firm in the early 1990s but hid its financial role in these companies.

All the major executives of these firms appear to have been either appointed directly or approved by the Overseas Chinese Affairs Office.[21] Most of the major executives and editors in these businesses served either as editors or reporters for the China News Service or in the Overseas Chinese Office of the State Council. The group's flagship newspaper, *Qiaobao*, is divided into two divisions: the Western US *Qiaobao* (美国西侨胞) and the Eastern United States. *Qiaobao* (美国东侨报). The president of the Western division is also the chairman of the board of directors of Rhythm Media Group, a corporation that consists of *Qiaobao* and a few other media outlets, including radio stations in Seattle and elsewhere.[22] The chairman worked for the official China News Service (中新社) for many years as a reporter before coming to the United States to establish the Western US *Qiaobao* in the 1990s. The China News Service is a branch of the Overseas Chinese Affairs Office. In 2015, the service described the work of the top executives of the Eastern US *Qiaobao*'s (美东侨报) work as part of the PRC's broader push to strengthen its "soft power" and fight back against "Western media hegemony."[23] *Qiaobao* is the sole major newspaper to use simplified Chinese characters in an effort to appeal to immigrants from mainland China living abroad. Almost all the news stories in *Qiaobao* about China, the Sino-US relationship, Taiwan, Hong Kong, and other important issues important to China are taken directly from official Chinese media outlets or websites, including CCTV, Xinhua, and the *People's Daily*. Its current editor is I-Der Jeng, and in an email communication with *Foreign Policy* magazine, he stated that the paper receives no editorial direction from Beijing.[24] However, like its parent company, numerous reporters and editors on the paper come from China's state-owned press outlets.[25]

The group's main TV outlet is SinoVision. It operates two twenty-four-hour channels (one Chinese and one English language), and it is on the program lineups of cable systems covering about thirty million people. SinoVision's website (http://www.sinovision.net) ranks twelfth among all the Chinese websites in the United States. Like its sister newspapers, SinoVision was established in 1990 as part of the PRC's first push to establish propaganda outlets in the United States. It is headquartered in New York City, with branches in Boston, Washington, DC, Chicago, Los Angeles, San Francisco, and Seattle. According to Wang Aibing (王艾冰), a former executive of SinoVision,



HOUSE_OVERSIGHT_020544

starting in 1990, the State Council's Overseas Chinese Affairs Office gave $800,000 a year to SinoVision, ultimately increasing its subsidy to between $2 million and $3 million a year. Wang made this charge in a 2011 letter to the Overseas Chinese Affairs Office alleging widespread corruption at the station.[26] Allegations of corruption and governmental subsidies have not been corroborated.

What is clear, however, is that, like *Qiaobao*, SinoVision's content echoes China's official media. The vast majority of its stories about China, Sino-American relations, Taiwan, Hong Kong, and other important issues for the PRC government are taken directly from official Chinese media outlets or websites, including CCTV, Xinhua, and the *People's Daily*. In an essay, *Qiaobao*'s Eastern Group president, You Jiang, defended his paper's support of the PRC's agenda by saying that it stemmed not from Beijing's direction, but from demands from pro-Chinese immigrants in the United States.[27]

Forays by PRC organizations to assert direct control over Chinese-language media in the United States sparked a battle with publications owned by private interests from Taiwan and Hong Kong that did not share the PRC's ideological bent. PRC officials openly acknowledged the political nature of this battle, and in a 2007 interview, Guo Zhaojin, the president of the state-owned China News Service, noted that if China could gain control of Chinese-language publications in the United States, China would be better able to influence the overseas Chinese community, have a say in American politics, and "protect the national image." Guo further observed that more than one-quarter of America's minorities relied on foreign-language media to obtain their news. Foreign-language media, said Guo, was a "giant hiding in plain sight."[28]

Beijing seems to be winning the battle with Chinese-language outlets expressing views that dissent from Beijing's. Over the course of the last twenty years, a series of once-independent Chinese-language media have fallen under Beijing's control. The Sing Tao Newspaper Group was established in Hong Kong in 1938. In the mid-1990s, its original owner[29] was forced to divest of interests in the paper, and it was soon taken over by a pro-PRC businessman,[30] who, starting in 1998, became a member of the Chinese People's Political Consultative Conference, which functions as part of the broader united front organization network. Sing Tao's coverage of China is clearly now aligned with that of state-run media from Beijing. In fact, in May 2001, the year he purchased Sing Tao, the owner established a joint venture with the Xinhua News Agency to create an information-service company known as Xinhua Online.



HOUSE_OVERSIGHT_020545

Another case in point is the *World Journal* (世界日报), for years the premier Chinese-language paper in the United States serving immigrants from Taiwan and only one of the six newspapers owned by the United Daily News (UDN), Taiwan's most influential newspaper company. The paper once dominated news coverage in Chinatowns across America, and it acted as the voice of the Chinese Nationalist Party of Taiwan. Unlike PRC-controlled outlets, the *World Journal* did cover events such as the death of the jailed Chinese human rights advocate and Nobel Peace Prize laureate Liu Xiabo. But the *Journal*'s coverage has shifted in recent years and become more pro-PRC in a variety of areas, such as China's militarization of the South China Sea and its handling of Taiwan and Hong Kong. Sources at the *Journal* observe that the paper's owners in Taiwan are interested in growing their business in China, which may help explain the paper's evolving editorial stance. For example, in March 2004, the *World Journal* published recruitment notices on the front page, announcing its intention to establish a mainland news group and recruit reporters in China. In a 2015 essay, an executive[31] at *Qiaobao,* one of the *Journal*'s main competitors, noted the *Journal*'s shifting editorial stance. "No longer do they only report negative news about the mainland," he wrote.[32] According to sources inside the newspaper, Chinese consulates in both New York and San Francisco have pressured *World Journal*'s local offices not to publish ads related to the religious sect, Falun Gong, which has been outlawed in China. The New York office has already acquiesced in full for the East Coast edition. The West Coast edition now only runs Falun Gong ads in throwaway sections of the paper.

*Ming Pao* is another formerly independent newspaper that has fallen under Beijing's control. For years, its US edition was popular among Cantonese-speaking immigrants in the United States. In January 2007, the Hong Kong Ming Pao Group announced a $600 million merger with the two largest Chinese-language media outlets in Malaysia, the Xingzhou Media and Nanyang News. The merger was welcomed in Beijing. Guo Zhaojin, then president of the China News Service, said the new company would develop into one of the largest Chinese print media platforms in the world, with more than five newspapers in major cities in North America, Southeast Asia, and Greater China and a daily circulation of more than one million copies.

China's efforts to dominate Chinese-language media coincided with two other developments in the 1990s. The Chinese immigrant community boomed in the United States, as hundreds of thousands of mainland Chinese became US citizens, transforming the complexion of a community that had been dominated by immigrants from Hong Kong and Taiwan. Second, Taiwan's political system



HOUSE_OVERSIGHT_020546

transitioned from an authoritarian state to a democracy, leading to new calls from the island and from some of its immigrants in the United States for an independent Taiwan. Seeking to capitalize on the ever-larger number of mainlanders in the United States and to battle the nascent Taiwan independence movement, PRC authorities established organizations and Chinese-language schools to bolster their propaganda work in the United States. The Party's United Front Work Department founded the China Council for the Promotion of Peaceful National Reunification in 1988, and within a decade it had more than one hundred chapters in sixty countries, including more than a dozen offices in the United States. Chinese officials described Chinese-language media, Chinese-language schools, and Chinese-backed organizations as the "three treasures" (三宝)of united front work overseas.[33]

Chinese-language media. By the mid-1990s, analyst He Qinglian estimated that, of the some one hundred Chinese-language newspapers in the United States, more than one-third were funded by money from the mainland.[34] Owners of these newspapers, seeking subsidies from Beijing, cozied up to PRC authorities with statements such as "opposing Taiwan independence and fostering peaceful unification are the glorious missions and historical responsibility of overseas Chinese publications."[35]

Beijing also moved to take control of online and social media outlets. *Wenxuecheng* (文学城, http://wenxuecheng.com) is the most popular Chinese-language website in the United States. Launched in 1997 by a group of students from the University of Michigan, the website was sold in 2003 to a Taiwanese-American businessman[36] with investments in China. Since being purchased, *Wenxuecheng* has signed deals to run news from Xinhua and the *China Daily*.[37] There is even an unsubstantiated rumor that the purchase of the website was subsidized by $1 million from the CCP Propaganda Department.

Duowei is another online source that was for years an independent Chinese-language media outlet. Among its many scoops was the prediction of the composition of the sixteenth Politburo Standing Committee. But in 2009, Duowei was purchased by a Hong Kong businessman[38] with substantial business interests in China, including two companies listed on the Hong Kong Stock Exchange. The businessman is a founding member of the Tsinghua University Center for US-China Relations and is also fond of writing pro-Beijing essays on China's claims to the South China Sea. Duowei is now headquartered in Beijing. Indeed, since selling Duowei, the online news source's founder[39] has moved to *Mingjing* (Mirror Media), a Chinese-language web presence



HOUSE_OVERSIGHT_020547

based in Canada, where he indicated that last year he received a large investment from the PRC. Since then, *Mingjing* has significantly modified its editorial stance, switching its focus from politics to real estate, immigration, and investing. Part of the reason for this modification appears linked to the disappearance in China of the wife of one of *Mingjing*'s reporters after *Mingjing* aired interviews with a dissident Chinese businessman.[40]

Beijing has also moved to tighten the ideological consistency for these papers. In 2001, the Office of Overseas Chinese Affairs and the China News Service began a biannual conference, the Forum on the Global Chinese Language Media, hosting representatives from hundreds of Chinese-language periodicals from around the world. Kicking off the first conference in 2001, Guo Zhaojin, the president of the China News Service, said a key goal of the meeting was to persuade participating Overseas Chinese media to use copy from the China News Service instead of reports from competing Chinese-language news services from Taiwan or from the West.[41] The conference also appears to serve as a platform for Beijing to convince critics to modify their tone and to ensure that overseas Chinese-language newspapers follow the Party's line. Essays released during the conferences praised the censorship of views opposed by the Party and stressed the necessity of, in the words of one piece in 2015, "properly telling China's story" (echoing Xi Jinping's instructions).

And Beijing's efforts have had some successes. Ranked the number-five Chinese website in the United States, http://backchina.com was once an independent media voice like Duowei. But in 2017, its editors attended the ninth forum in China, and since then backchina's reporting has become far more positive about the PRC.

In 2006, the China News Service started holding an Advanced Seminar for the Overseas Chinese Language Media, for select groups of editors and reporters from overseas; a seminar in 2006, for example, focused on the correct reading of "socialism with Chinese characteristics," while a workshop in 2010 concerned China's policies in Tibet and Xinjiang. At the thirteenth Seminar in 2015, He Yafei, then the assistant director of the Overseas Chinese Affairs Office, argued that overseas Chinese media needed to promote the Belt and Road Initiative and essentially embrace the role of becoming a mouthpiece of the CCP promoting China's national strategy.[42] Beijing also dispatched Chinese officials overseas to instruct Chinese-language media on how to "correctly" report the news. As the Beijing 2008 Olympics approached, Politburo member and head of China's Olympic Committee Liu Qi met at the PRC consulate in New York



HOUSE_OVERSIGHT_020548

with representatives of the Chinese-language press to lay out China's demands for their coverage of the event.[43]

In a further effort to control the overseas Chinese press, the China News Service established the China News Service Overseas Center, which provides news reports, editorials, and layout for overseas Chinese media outlets around the globe. The idea behind the center was that if Beijing were to provide and package content for overseas Chinese papers, and could convince them to run it, Beijing would then completely control the message.[44]

Given these efforts by Beijing, the space for truly independent Chinese-language media in the United States has shrunk to a few media outlets supported by the adherents of Falun Gong, the banned religious sect in China, and a small publication and website called *Vision Times*. According to the publisher of its New York edition, Peter Wang, *Vision Times* was formed expressly to address the issue of the shrinking space for independent Chinese voices in the United States. Since then, it has focused on two areas—human rights reporting and traditional Chinese culture. Wang noted that while some of the staff of the paper may be Falun Gong adherents, the paper is not a Falun Gong operation. *Vision Times* began its online presence in 2001, started printing a newspaper in 2005, and claims a circulation in the United States and Canada of below 60,000.[45]

### WeChat as a Source of News in the Diaspora Community

China's social media giant, WeChat, is another major source of news within the Chinese American community. But it is more than that; for many users in the United States, China, and around the world, WeChat is a digital ecosystem so ubiquitous that it constitutes a lifestyle—a drumbeat that determines the rhythms of the day. In the United States, as in China, WeChat censors news and comments in accordance with rules set by China's Communist Party. In an analysis of WeChat articles popular in the United States, researcher Zhang Chi found that the most successful pieces skewed significantly to the right of the US political spectrum.[46] Zhang noted that the right-wing view on WeChat generally embraces a social Darwinist, zero-sum conception of racial politics, with Chinese in America portrayed as beaten down by a system that favors other racial groups and illegal immigrants from Latin America. One popular WeChat channel blamed the wildfires in 2017 in Northern California on an undocumented immigrant.

Numerous other channels reported on alleged plans for mass riots and a civil war in the United States led by the leftist group Antifa. When a Chinese jogger was struck and killed



HOUSE_OVERSIGHT_020549

in a DUI case in a suburb of Los Angeles, a popular WeChat channel reported that the motorist was undocumented and had committed the act to extend his stay in the United States.[47] Zhang noted that another cause of concern was the fact that these WeChat channels helped foster anxiety among first-generation Chinese. As with other Chinese immigrants who rely on traditional Chinese-language media for information, the anti-American hothouse created by WeChat's "news channels" leads to a type of resentful pro-Chinese nationalism that is ripe for exploitation by the Chinese government.

WeChat may be no more slanted in its treatment of information than American media that serve domestic political extremes, but there is no precedent for the situation WeChat has created: A vast and vital community of Americans gets most of its "news" from, and does most of its communicating via, a platform known to be censored by a foreign government that opposes free speech and has been named by the US National Security Strategy as the greatest long-term security challenge the nation faces.

### Western Media

The Chinese Communist Party has always recognized the usefulness of the overseas media (both in local languages and Chinese) as a means to get its message out. Foreign- and Chinese-language media have always served the cause of China's revolution. For example, in the 1930s, foreign journalist Edgar Snow sang the praises of the Chinese Communist Party and specifically its chairman, Mao Zedong. The Party conducted a campaign in the United States in the 1940s to turn the American public against the regime of Chiang Kai-shek and to soften criticism of China's Communists. Organizations such as the Institute of Pacific Relations, which provided Americans with in-depth coverage of Asia, were staffed by Communist agents and played an important role in fashioning public opinion on America's relations with China. To be sure, these techniques were not unique to the Chinese Communist Party. The government of Chiang Kai-shek and its "China lobby" also used the overseas press to serve its purposes. In the 1950s, the KMT government conducted a campaign against pro-Communist newspapers in the United States, convincing the US government to shutter several pro-PRC outlets and expel pro-PRC journalists.

The events of 1989 sparked a significant change in China's foreign propaganda campaign. Following China's crackdown on pro-democracy demonstrators in Beijing and other cities, China's image sank to a low not seen by Chinese officials in decades.[48] China Books and Periodicals, which had been operating in the United States since the 1950s, closed its offices on Fifth Avenue in New York City. And the Foreign Languages Press



HOUSE_OVERSIGHT_020550

(a department of the China International Publishing Group) saw its cooperative agreements dwindle.

It was then that Chinese officials revived an old tactic that the Communist Party had employed before the revolution—using friendly foreigners and pro-PRC Chinese immigrants to publicize China's story. Chinese officials called this tactic of localizing the work of foreign propaganda, the "borrowed boat" strategy.[49]

One such friendly American was a China scholar[50] who was for years associated with Random House. According to Huang Youyi, the chief editor of the Foreign Languages Press posted to the United States in the late 1980s and early 1990s, this American argued that for China to improve its image in the United States, it needed to work through American organizations, and so he collaborated with Huang on a book series, "The Culture and Civilization of China," which the Yale University Press began publishing in 1997. The American's "understanding of the US publishing industry and his friendly attitude towards China became an indispensable condition for the success of the cooperation," Huang wrote.[51] Books from the series are still given to foreign guests of the Beijing government.

In a period of deep crisis for China's reputation, Huang's success in using foreigners to publish material beneficial to China's image became a model for other Chinese operations. From the early 1990s, the Chinese Communist Party began to seek opportunities to cooperate with Westerners, Western media and publishing companies, and overseas Chinese to tell its story.

## Lack of Reciprocity

It is important to compare Beijing's efforts to "grab the right to speak" and obtain "discourse power" overseas with the efforts, and ability, of Western media organizations to access China's market to a similar degree. For decades, those efforts have faced roadblocks placed in their path by the Chinese government. A key roadblock has been China's ban on Western investment in media except when it involves such things as fashion, cars, and lifestyle.

### *Private media*

Unlike the United States, where Chinese reporters are only restricted from entering high-security military installations, Western reporters in China are subject to a panoply



HOUSE_OVERSIGHT_020551

of regulations, many of them unwritten. A 2017 report by the Foreign Correspondents' Club of China notes that in a survey of 117 foreign journalists based in China, 40 percent felt reporting conditions had deteriorated compared to 2016, nearly half said they had experienced harassment, interference, and physical violence during their work in China, while 15 percent said they encountered difficulties during their visa renewal process and over 25 percent said they had learned that Chinese contacts had been detained and otherwise hounded by Chinese authorities for speaking with them.[52]

China has also moved against Western media outlets on many fronts. Both Chinese- and English-language websites of the *New York Times* have been blocked in China since 2012 following a story detailing the wealth of the family of China's then premier Wen Jiabao.[53] The English- and Chinese-language sites of the *Wall Street Journal* and Reuters are also blocked, and those belonging to the *Financial Times* and the *Economist* are blocked on an intermittent basis.

The Chinese government has also made it difficult for resident foreign reporters to obtain and renew journalist visas. Following the *New York Times'* report on Wen's family money, China did not approve a new journalist visa for a *Times* reporter for three years. While the situation has improved somewhat since 2015 for resident journalists, the Chinese government still delays visa applications for journalists and uses the threat of expulsion from China as a way to pressure Western media outlets to soften their coverage of China. This is especially true of freelance journalists or independent documentary filmmakers who are dependent on onetime visas to carry out a specific assignment. Here delays and outright refusal to process visas in a timely manner have been common.

There is some indication that China's pressure tactics have paid off. In 2013, Bloomberg News was preparing to publish a report detailing connections between one of China's richest men and members of the Politburo—the top organ in the Chinese Communist Party, when Bloomberg spiked the story. The outlet's editor in chief, Matthew Winkler, was quoted on a conference call likening the decision to censorship of foreign news bureaus that wanted to continue to report in Nazi Germany.[54] Other observers noted that the real reason Bloomberg News killed the story involved the company's substantial business interests—especially in "Bloomberg Boxes" selling access to financial information—in China. Indeed, the organization's founder recently doubled down on China and now even headlines a new forum focusing on China's global influence with a state-owned Chinese partner.[55] (Interestingly, the



HOUSE_OVERSIGHT_020552

November 2018 gathering in Beijing was cancelled by Beijing and forced to move to Singapore.)

### *International service broadcasters*

Another roadblock has been China's efforts to limit the influence of the Mandarin services of the Voice of America and Radio Free Asia. Starting in the first decade of the 2000s, the Chinese embassy in Washington, DC, and the leadership of VOA's Mandarin service began an annual meeting to allow embassy officials to voice their opinions about VOA's content. PRC embassy officials have also reached out to VOA hosts to convince them to be more supportive of the regime. VOA personalities have hosted events at the embassy. One of VOA's TV editors even publicly pledged his allegiance to China at an embassy event.[56] It is not surprising, then, that some VOA staffers interviewed for this report believe that China's outreach campaign has succeeded in pushing the VOA Mandarin service away from programs with direct relevance to China toward programming that seeks instead to highlight American everyday life or teach American-style English to Chinese listeners. An example would be a program called *Cultural Odyssey*, a VOA TV series that focused on Americana, such as fried chicken, doughnuts, and national parks. For years, *Cultural Odyssey* ate up one-third of the Mandarin service's travel budget. Another program featured English teacher Jessica Beinecke, which launched her on a career as an English-teaching TV personality on mainland China itself. VOA officials internally praised these programs as both "non-political and non-sensitive," a current senior VOA staff member noted. What's more, VOA officials sought to scale back what were perceived to be sensitive reports. After running two years of a radio series on aspects of modern Chinese history, including the Cultural Revolution and other events post-1949, VOA cut the program in 2009 despite several of those shows garnering well over three million hits each on the web. In 2011, the Broadcasting Board of Governors sought to cut 65 percent of the workforce from the Mandarin service. However, reporters and editors in the service fought back, they lobbied Congress, and the cuts were restored. In 2012, a Chinese immigrant, who was also a former Chinese dissident and a specialist on the US political system, became the first female Chinese head of the service. She was later fired over a controversial interview that drew the official ire of the PRC, which threatened repercussions.[57]

Since her dismissal, VOA's Mandarin service has resumed a pattern of avoiding stories that could be perceived to be too tough on China, according to several staffers. For example, blogs written by dissidents such as Cao Yaxue, who runs the human rights–



HOUSE_OVERSIGHT_020553

related http://chinachange.org site, have been removed from the VOA website. Several prominent Chinese commentators are no longer on VOA's lineup of analysts. Many staffers now describe VOA's content as neither pro- nor anti-China. The emphasis, the staffers observed, is on travel, culture and language, programming the likes of which Chinese viewers can access equally well on CGTN or China's internet. By contrast, the content of Radio Free Asia remains far more hard-hitting than its counterpart, VOA.

## Conclusion and Recommendations

China has used America's openness to convey its message both to English- and Chinese-speaking residents of the United States. US rules allow foreign media companies, even ones run by foreign governments, to broadcast freely via American cable and satellite networks. Unlike in China, the United States government does not block any Chinese websites, many of which are funded by the PRC government. While the Communications Act of 1934 theoretically only allows foreigners to own 20 to 25 percent of terrestrial wireless radio and TV stations, the law has been loosened considerably over the past decade, and it does not even apply to cable channels or leasing arrangements wherein a foreign entity, including one owned by a foreign government, can pay an American licensee for airtime. Chinese media outlets have used all such strategies to publicize the views of the Beijing government.[58] Perhaps more worrisome, China has also been successful in funding or convincing pro-PRC businessmen to fund pro-PRC media outlets in the United States that nominally appear independent so that the three most important traditionally independent Chinese-language newspapers now increasingly side with Beijing.

By contrast, the Chinese government severely limits the scope of US and other Western media outlets in China and has banned Western media investment in China, except in very limited innocuous areas, such as in fashion, automobiles, investing, health, and lifestyle. The idea that a Western TV news network could lease a Chinese station and broadcast news to China around the clock—as their Chinese counterparts do here in the United States—is not even thinkable. Equally, there is no chance that a Western media company would be allowed to invest in a Chinese publication that reported mainstream news.

Both the expansion of Chinese state-owned English-language media in the United States and Beijing's increasing control of Chinese-language media outlets in the United States are very problematic for an open dialogue. For one, these media are under the



HOUSE_OVERSIGHT_020554

control of a foreign government, not simply a foreign individual or firm. Second, the diminishing space within America's Chinese-language media for independent voices runs counter to the goals of a liberal society seeking a diversity of perspectives. Furthermore, the PRC's control of Chinese-language media outlets in America and its increasingly strong position among English-language outlets provides China with the potential of mobilizing Chinese Americans and Americans alike to espouse policies counter to US interest. The constant drumbeat of anti-American reporting in pro-Beijing media outlets headquartered in the United States creates an unhealthy environment.

### Promoting Transparency

A major challenge is the fact that China has worked successfully to mask its influence operations with respect to US media. On paper, for example, the Asian Culture and Media Group controls the pro-China SinoVision and *Qiaobao* as a private company. The reality is that it is staffed by people who served the state-run China News Service and were, sources insist, dispatched to the United States by the Chinese government to establish propaganda operations in the United States. Given its nominal status as a private company, taking action to shut down its operations would be fraught with even more legal and ethical challenges than those involving media corporations directly owned by the PRC. The same holds true for publications and websites that were once independent but have now increasingly fallen under the sway of the PRC. If US law protects the rights of publishers of newspapers or websites to put their personal political imprint on their enterprises, how can the US government move to deny it to those of a pro-PRC bent?

At a minimum, what US authorities can do is work to establish the real ownership structure of Chinese (and other foreign) companies purchasing US-based media. Any foreign-owned or foreign-controlled media (including print media), and particularly those that advance a foreign government line, should be required to register under the Foreign Agents Registration Act (FARA).

Beyond FARA, there should also be a review to see whether these organizations and their employees should also register under existing lobbying laws as foreign agents. In addition, there is an argument to be made to ensure that employees of these organizations should be given a disclosure package making them aware that they are working for a foreign agent institution.



HOUSE_OVERSIGHT_020555

## Promoting Integrity

Figuring out how to properly counter the PRC's influence operations in both English- and Chinese-language media presents enormous challenges in a free society. The United States could consider restrictions on state-controlled media outlets, which would not include publicly funded broadcasters, such as the BBC, which maintain editorial independence. Failing that, the recent requirement that state-run publications, TV and radio broadcasters, and potentially their employees, register as agents of a foreign government is a partial solution.[59] And in late 2017, Russia's RT registered as a foreign agent[60] while in September 2018, the US Justice Department reportedly also ordered CGTN and Xinhua to register as agents of a foreign power.[61]

When it comes to independent Chinese-language media, the US government should consider doing more to help such independent outlets survive, including using grants via the Fulbright program or other vehicles, such as the State Department International Visitors or Speakers' Bureau. Domestically, the US government could also consider aiding the operations of independent Chinese-language media, including manufacturing credits for printing press operations, and nonprofit tax designations to allow journalism business models to survive the current transitional crisis. Private charitable foundations can also make a difference in helping independent Chinese-language media remain editorially independent and financially viable.

## Promoting Reciprocity

The time has come for the US government to demand reciprocity for American journalists attempting to do their professional work in China. To the extent that they are prevented from doing so as a result of visa denials and restrictions of access, the US State Department should respond in kind by restricting visas and access for Chinese journalists in the United States. To the extent that American journalists experience harassment and physical violence, this should also have a bearing on the granting of visas and access to Chinese journalists.

### NOTES

1 He Qinglian has written the most detailed study of the Chinese-language media landscape in the United States. It is currently unpublished.

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HOUSE_OVERSIGHT_020556

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HOUSE_OVERSIGHT_020557

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HOUSE_OVERSIGHT_020558

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HOUSE_OVERSIGHT_020559

surrounding what happened next are murky, VOA's management ended up pulling the plug on the interview in the middle of a live broadcast. Gong and several other employees were suspended and subsequently fired for insubordination. Gong is contesting her dismissal through the Broadcasting Board of Governors, while VOA management denies that it was responding to Chinese pressure to stop the interview or fire Gong.

Chinese authorities have used both a charm offensive and tougher tactics to deal with both VOA and Radio Free Asia. China's retaliation goes far beyond trying to block their transmissions into China. Security officials from the PRC government have been involved in a campaign of intimidation against some VOA and RFA staffers and their family members. In early 2018, relatives of some Uighur reporters on Radio Free Asia were detained by Chinese authorities in Xinjiang province. VOA's Mandarin service has approximately one hundred employees. Although many of them write under pseudonyms, it appears that Chinese state security knows who they are. Five Chinese staff members interviewed for this report said that while visiting family in China they had been contacted by representatives from state security who have impressed upon them the necessity to change how they have reported on China. In one case, a young woman who is in the United States on a journalist visa and who does not yet have American citizenship was threatened with imprisonment during a visit last year to China if she did not reveal the names of her editors. She did so. In some cases, those affected have contacted the security department at the Broadcasting Board of Governors. In other cases, worried about potential Chinese retribution against family members still in China, they have not.

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HOUSE_OVERSIGHT_020560

HOUSE_OVERSIGHT_020561

SECTION 7

# Corporations

American corporations wield significant political influence domestically and are some of the most significant sources of American soft power abroad. Foreign leverage over American corporations can thus advance important strategic interests of the country in question. In addition, as Chinese corporations go abroad, they, too, bring with them the potential of being leveraged by the Chinese government to advance China's interests. This section examines improper influence in the US corporate sector, as well as the potential for future influence because of significant economic exposure to China.

The US-China economic relationship is large and multifaceted. Trade statistics illustrate just one aspect of this tangled web: In 2017, the United States exported goods worth $130 billion to China, while importing goods worth $505 billion.[1] With trade also comes extensive foreign investment, as well as significant levels of employment of each country's citizens. Since 2000, the cumulative value of Chinese foreign direct investment (FDI) in the United States has exceeded $140 billion, with US investment in China being more than double that amount.[2] In the United States, there is more Chinese investment in the real estate sector than any other area. But until recently more deals are being done in the information technology sector, which has attracted the growing attention of the Committee on Foreign Investment in the United States (CFIUS).

China is increasingly willing to engage in aggressive forms of economic statecraft.[3] This includes not just denial of access to, or harassment in, China's own market, but also targeting of other countries' domestic economies and companies. These actions are sometimes state-led; at other times China's state-run media will encourage "consumer-led" boycotts (as in the cases of Japan, Norway, and South Korea, among others).[4] Chinese corporations abroad are all well aware of Chinese official policy and understand the value of acting in support of their country's foreign or industrial policy objectives. China's growing commercial presence in other countries' economies strengthens its ability to potentially influence their politics.

This section examines corporate sector influence through three lenses: (1) the use of business-related United Front organizations in the United States; (2) Chinese companies operating in America; and (3) Chinese pressuring and manipulation of American companies as vectors of influence. All three approaches are cause for concern, yet the pressuring manipulation of American corporations has generally attracted less attention.

This section intends to highlight three main developments. First, China is supporting an increasing number of local chambers of commerce in the United States with direct ties to CCP officials. Second, as Chinese companies have become more global, they have also grown more sophisticated in their efforts to socialize and localize themselves in their new American communities, but also acquire political influence in the United States. Finally, China increased its efforts to pressure, co-opt and sometimes even coerce foreign corporations with the aim of influencing politics in their home countries.

### The Use of Business-Related United Front Organizations

Consistent with the practice of other nations, major Chinese firms operating in America are represented by a chamber of commerce network. Analysis detailed below suggests that China also operates an extensive list of United Front organizations purporting to be regional chambers of commerce. China's public-facing chamber in the United States is known as the China General Chamber of Commerce (CGCC), which was founded in 2005. It is headquartered in New York with five regional operations in Chicago, Houston, Los Angeles, San Francisco, and Washington, DC. Its website states that it has 1,500 member companies, both Chinese and non-Chinese. The organization's chair is Bank of China USA president and CEO Xu Chen. Its website lists more than sixty individuals, many from state-owned companies, in governance roles; its website lists a staff of nine.

Consistent with business organizations of other countries, the CGCC engages in a mix of political engagement with its host and home countries (e.g., testifying at the US International Trade Commission[5] and hosting officials from the Chinese Ministry of Commerce[6]); informational activities for its members (e.g., a lunch-and-learn on labor and safety issues in the United States);[7] and promotional activities (e.g., dinner galas and charity events). The CGCC is actively engaged with senior American political and business leaders. In July 2017, it hosted a welcome luncheon at the National Governors Association meeting in Rhode Island, at which the governors of Maryland, Kentucky, Alaska, Arizona, Louisiana, and Rhode Island attended. In September 2017, the group organized the visit of the governors of Alaska and Missouri to China.[8]

Inconsistent with the practice of other countries, China also oversees an extensive network of local chambers of commerce. This raises a question of their possible ties to the Chinese party-state, and whether these chambers may be misrepresenting themselves as local concerns when they are instead activated by, or in liaison with, the Chinese government. Research for this project has identified thirty-one business-focused organizations operating in the United States that are explicitly associated with or whose profiles and activities are highly suggestive of involvement with United Front work.[9] Most of these groups are concentrated in Greater Los Angeles and New York City, two principal communities of the Chinese diaspora. They are typically organized by hometown province of origin. This count



HOUSE_OVERSIGHT_020563

does not include many other professional diaspora groups that may be used to facilitate China's influence operations.

Such Chinese groups have increased their activity in the United States since 2015,[10] and many of these groups have had interactions with the United Front Work Department and other Chinese officials both in the United States and in China, contacts that are distinctly different from invitations to embassy or consular diplomats and bear further scrutiny.[11]

At least eleven of the chambers identified in this analysis were established in 2016 or later, consistent with heightened activity observed in other sectors of society dedicated to projecting China's soft power and influence abroad. (Tellingly, China's spending on diplomacy has doubled to $9.5b per year under Xi Jinping.)[12] The US-Zhejiang General Chamber of Commerce's WeChat description explicitly references a 2015 provincial directive on strengthening the province's overseas Chinese connections (see screenshot). Many of these groups maintain their own presence, via a website or, increasingly, the WeChat social media platform. In one instance, our researcher's antivirus software blocked an intrusion attempt while researching the US-Fujian Chamber of Commerce.

## Chinese Companies Operating in America as a Vector of Influence

More than 3,200 Chinese-owned companies operate in the United States, employing 140,000 Americans.[13] Chinese establishments operate in all but ten congressional districts.[14] As Chinese companies' presence in the US economy grows, given the United Front's penchant for using civil society organizations for its purposes, they bring with them several potential risks. First, their potential to be used by Beijing may result in activities that are contrary to US interests, as evidenced by intense scrutiny of their investment activities by CFIUS and reported warnings by counterintelligence officials. Second, growing access to the US political system, even if currently used to advance legitimate economic interests, creates openings for future exploitation by the Chinese government. Third, Chinese companies may effectively "export" corrupt or unethical business practices.

### *Activities Contrary to US Interests*

The technology sector has been the most consistent and prominent source of concern. In 2012, the Intelligence Committee of the US House of Representatives declared Chinese technology companies Huawei and ZTE a national security threat given the firms' alleged ties to the Chinese military and the potential for their technology to



HOUSE_OVERSIGHT_020564

be exploited for espionage or cyberattacks.[15] Both companies were key providers of technology at the African Union headquarters building, where investigators have found widespread electronic infiltration traceable to China, whose state-owned firms constructed the building.[16] Both Huawei and ZTE have also been accused of bribery abroad to win contracts.[17]

For years, the federal government has actively discouraged American companies, local governments, and allied countries from partnering with Huawei. Nonetheless, the company's global presence has continued to grow, and it is playing an important role in setting standards for 5G wireless technology.[18] In April 2018, the United States announced sanctions against ZTE for violating restrictions on sales to Iran and North Korea, barring American companies from transacting with the company. This would have effectively put ZTE out of business because of its dependence on American inputs, but shortly thereafter, and against the objections of many in Congress, the Trump administration agreed to a settlement that would allow the firm to stay in business.

There are other instances of companies being used to advance objectives contrary to the US interest. For example, front companies have been used to aid in the illegal export of sensitive technologies to China. In another instance, *Newsweek* in 2016 reported that the United States was investigating the acquisition by the Chinese company Fosun of a US insurer that has sold legal liability insurance to senior American intelligence officials.[19]

### *Growing Access to the US Political System*

Although federal campaign contributions by foreign nationals or companies are illegal in US federal elections, there are alternative avenues for foreign corporate interests to influence the US political system, as the Australians have learned. These include lobbying, indirect campaign contributions via US subsidiaries, and the hiring of former senior government officials. All these approaches, while currently legal, are discussed below to demonstrate the full spectrum of activities Chinese entities are involved with and to highlight where they may raise questions of impropriety.

**Lobbying** The most direct and legal route to the American political system is lobbying. For example, within one day of President Trump tweeting his openness to a settlement with ZTE Corporation that would keep it from going out of business, the company signed a contract with lobbying firm, Mercury Public Affairs. The lead on the ZTE account was Bryan Lanza, a former Trump campaign official.[20] Also in 2018, the former senior advisor to Secretary of Commerce Wilbur Ross was hired as chief of International Corporate Affairs for another Chinese firm, HNA. Both instances underscore the need for updated revolving-door policies, particularly with respect to foreign corporations that are subject to significant state control.[21]



HOUSE_OVERSIGHT_020565

All told, major Chinese companies publicly acknowledge spending $3.8 million on federal lobbying in 2017 and $20.2 million in total since 2000,[22] modest amounts by global standards. The Chinese e-commerce behemoth, Alibaba, was the largest source of expenditures in 2017, accounting for $2 million, followed by technology company ZTE ($510k), Sinopec ($384k),[23] and the Wanda America Group ($300k), affiliated with Dalian Wanda.[24] More difficult to track is Chinese corporate participation in American trade associations. In early 2018, two Chinese companies have joined two major lobbying groups noted for their political heft.[25]

**Indirect Donations** A key exception to the ban on foreign federal campaign contributions is permitted through activity conducted via a US subsidiary of a foreign company. The Federal Election Commission has written that "where permitted by state law, a US subsidiary of a foreign national corporation may donate funds for state and local elections if (1) the donations derive entirely from funds generated by the subsidiaries' US operations, and (2) all decisions concerning the donations, except those setting overall budget amounts, are made by individuals who are US citizens or permanent residents."

This exception inherently creates the potential for exploitation, particularly given the intrinsic difficulties of monitoring and enforcement. For example, the *Intercept* has reported that American Pacific International Capital (APIC), an American subsidiary of a corporation owned by a Chinese citizen, contributed $1.3 million to the Super PAC of presidential candidate Jeb Bush on the advice of a prominent Republican campaign finance lawyer.[26] (Neil Bush, the brother of George W. and Jeb Bush, and former ambassador Gary Locke have served as advisors of American Pacific International.)[27]

Employees of Chinese enterprises, who in making the donations are presumably American citizens, are also active donors. A review of campaign donation data finds that several individuals cited as members of the China General Chamber of Commerce or employed by member firms have made recent campaign contributions. For example, two individuals associated with HNA Group, including Tan Xiandong, the group's president, in 2017 donated $2,500 each to the congressional campaign of Greg Pence, the brother of the vice president.[28]

In May 2018, China-based companies reportedly invited Chinese to attend several Republican Party fund-raising dinners at which President Trump would appear. The invitations prominently featured the Republican Party's logo along with that of China Construction Bank, making it appear as if there was some formal connection.[29] The Republican Party and China Construction Bank both denied awareness of the solicitations in their name. Foreigners may attend fund-raisers so long as they do not pay their own entry, another instance in which the fungibility of money makes it easy to skirt this rule.



HOUSE_OVERSIGHT_020566

**Hiring of Former Senior Government Officials** In other countries (such as Australia, UK, France, and Germany), former senior government officials routinely take positions with Chinese companies. This pattern appears less pronounced in the United States. A prominent exception is the law firm Dentons, which merged with the Chinese law firm Dacheng in 2015[30] and employs numerous former government officials, including former ambassadors, members of Congress, mayors, and generals.[31]

Earlier in 2018, Bloomberg News reported on the Imperial Pacific casino, a Chinese-owned company operating in the American territory of Saipan. Its large transaction volumes have raised concerns about potential money laundering. It has also made millions of payments to family members of the territory's governor and, at one time, counted the former governors of three states as well as the former directors of the CIA and FBI as members of its board or advisors.[32]

**State and Local Politics** Many states do not have prohibitions against foreign contributions in local races.[33] One of the most notable examples of an individual contributor comes from Virginia, where in 2013 and 2014, Wang Wenliang, a Chinese industrialist who was expelled from China's national legislature in 2016, contributed $120,000 to Governor Terry McAuliffe's campaign.[34]

Chinese firms are also involved in lobbying at the state and local level, another means of acquiring legitimate influence. While the quality of data reporting and aggregation for local and state-level lobbying is not always as robust as that at the federal level, this project was able to identify more than $1 million in state-level lobbying expenses over the past decade by Chinese firms. BYD Motors, which produces buses for public transit in the United States, Huawei, and Wanda America Group were among the biggest spenders on lobbying.

A 2017 complaint with the Federal Election Commission against the California subsidiary of Dalian Wanda is illustrative of the potential for exploitation granted by the US-subsidiary exception. The FEC found that Lakeshore, a Chicago real estate company whose principals are US citizens, was the source of the money that funded a local ballot initiative in California that would have blocked a Wanda competitor from expanding. Wanda acknowledged that the money for the measure had come from Lakeshore, with which Wanda does business, in the form of a $1.2 million loan. In its conclusion, the FEC did not rule on whether foreign restrictions applied to ballot measure activity. Further, it argued that even if those restrictions did apply, because "none of the funds at issue appear to originate with a foreign national" (i.e., they came from Lakeshore); that because the Wanda deputy manager who was listed as the principal officer of the Ballot Measure Committee was an American citizen (the general manager is a Chinese national); and that the funds originated in and would be paid back by revenues generated



HOUSE_OVERSIGHT_020567

in the United States, the activity was not in violation of laws against foreign campaign activity.[35]

### *"Exporting" Corrupt or Unethical Business Practices*

China scores poorly on international indices of corruption.[36] As Chinese companies expand abroad, it is possible that they could have a deleterious effect simply by exporting suspect business practices. An industry of particular importance is banking. The "big four" Chinese banks all operate in the United States, where their assets have increased sevenfold between 2010 and 2016 to $126.5 billion.[37] They are often extensively involved in real estate transactions of Chinese firms operating in the United States. In 2015, 2016, and 2018, China Construction Bank,[38] the Agricultural Bank of China,[39] and Industrial & Commercial Bank of China[40] were respectively subject to enforcement action by the Federal Reserve for not doing enough to fight money laundering.

Chinese corporations in the United States can also hinder the rule of law in other ways. When responding to lawsuits in US courts, Chinese state-owned enterprises have claimed exemption due to sovereign immunity; in other instances, Chinese firms with an American legal presence have refused to comply with US investigations by claiming that cooperation would violate Chinese law.[41] These actions inhibit the ability of the US government to regulate commerce and put American competitors at a disadvantage within their own country.

## Chinese Manipulation of American Companies as a Vector of Influence[42]

American companies play a significant role in American foreign and domestic politics and their leaders regularly are selected to take positions of leadership in government. As a result, corporate America's traditional role in favor of engagement with China, given the country's market potential, has had significant weight in American policy toward the country.[43] China, for its part, welcomed foreign companies' investment as part of its policy of reform and opening up in the hope of spurring economic development.

China's relationship with corporate America has become increasingly fraught. In this report and elsewhere, China's state-directed efforts to facilitate the theft of intellectual property, the lifeblood of developed economies, are well documented. China's forced transfer of technology by foreign firms, as a condition of operating in China, is one of the main complaints of both the Trump administration and the European Union.

But China's ability to pressure US companies also encompasses three other more elusive dimensions. First, recognizing the importance of American companies in American politics, China has frequently cultivated, even leveraged, American executives to lobby against policies it opposes. Where cultivation fails, it has threatened or exercised



HOUSE_OVERSIGHT_020568

economic retaliation. For example, in June 2018, the *Wall Street Journal* reported that Xi warned a group of global CEOs that China would retaliate with "qualitative measures" targeted at their companies, if the United States did not back off from the tariff war.[44] Second, China is seeking to pressure American companies into legitimizing its geopolitical claims and interests, for example by demanding that Western firms overtly acknowledge that Taiwan is an irreversible part of China. Third, China has wooed American companies with both sticks and carrots into serving its strategic interests abroad, most notably via its interactions with Hollywood.

China's source of leverage over American companies comes from its large domestic market and its key role in international supply chains; by contrast, China holds little direct ownership in American companies. American affiliates (i.e., those at least half-owned by American multinational companies) employ 1.7 million Chinese workers and are indirectly responsible for the employment of millions more.[45] More than fifty American companies report that they generate at least 20 percent of their revenues from China.[46] Naturally, many companies (and industry associations) with large stakes in China lobby the American government on issues related to China, often seeking to exert a moderating influence on US policy. This is not in itself evidence of improper influence, but it merits scrutiny and should be weighed in the context of other evidence in this section.[47]

### *Seeking to Influence American Politics via Corporate Interests*

China does, in fact, exert influence on how at least some American companies and corporate executives interact with the American government. This influence generally takes two forms. In the first, China relies on American corporations to retard efforts by the American government to investigate and sanction Chinese behavior deemed harmful to national economic or strategic interests. For example, some American corporations have expressed reservations about cooperating with US trade investigations for fear of retaliation by China.

Chinese officials also regularly convene senior American executives at special meetings with government officials or major conferences. During these engagements, Western CEOs' positive comments on the country receive wide play in the foreign and domestic media, one of many ways in which the Party continues to seek the appearance of outside legitimization for domestic purposes. In addition, China uses these meetings to attempt to coerce American executives to take China's side in disputes with the US government. As the risk of a trade war mounted in spring 2018, Chinese officials explicitly warned gathered executives to lobby the US government to back down or risk disruption to their business in China.[48] The US government does not strategically convene foreign business leaders, let alone instruct them to use their influence to shape policy favorable to the United States in their home countries.



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### *Advancing Strategic Interests Abroad: A Case Study of Hollywood*

As its market power mounts, China is increasingly able to leverage foreign corporations not just to influence their home governments, but also to advance China's broader strategic interests around the world. The most visible manifestation of this strategy is the Party-state's effort to influence Hollywood in a bid to advance China's global soft power agenda.

American popular culture has enjoyed worldwide influence for decades and is a key element of the country's soft power. However, by the end of the Hu Jintao era, China's leaders had begun calling for their country, too, to become a soft power leader, a theme Xi Jinping has continued to stress. The subsequent surge in Chinese spending on entertainment, or its "cultural industries,"[49] as it calls this sector, amid flat revenues in the United States, has made China's market a compelling one for Hollywood, despite continued quotas limiting the number foreign films that can be shown in China. In 2017, the Chinese box office reached $7.9 billion on growth of 21 percent, whereas the US market grew just 2 percent to $11.1 billion.[50] (Foreign films account for roughly half of China's total, most of which is attributable to Hollywood.)

In the 2010s, in addition to investing in its domestic film industry and maintaining a restrictive import regime, the Chinese government encouraged the country's media companies to enter into alliances or attempt to acquire outright American entertainment companies. Collectively, these strategies have raised concerns about self-censorship, the co-opting of the American film industry to advance Chinese narratives, and ultimately, the risk that the industry will lose its independence.

Hollywood, represented by the Motion Picture Association of America, has long cultivated close ties to the American government, which it has used to open access to China. For example, media scholar Aynne Kokas notes that in 2012, Vice President Joe Biden met with then Chinese vice president Xi Jinping to discuss China's quota on foreign films.[51] During Xi's visit, Biden also helped broker an agreement between DreamWorks and a group of Chinese investors. Ultimately, in response to these efforts and WTO action, China increased its annual quota of imported films from twenty to thirty-four.

Film studios can attempt to circumvent the import quota by coproducing films with Chinese partners. This can invite censorship directly into the production process, potentially affecting what global audiences see, as opposed to censorship that affects only what the Chinese market sees.[52] Examples abound of studios that have cast Chinese actors, developed and/or cut scenes specific to the Chinese market, or preemptively eliminated potentially objectionable references to China from scripts even when source material has called for it.

Aware of the Chinese market's growing centrality to the film industry, major studios are also reluctant to produce any film that would upset China, even if that specific film was



HOUSE_OVERSIGHT_020570

not intended for the China market, for fear that all films by the studio would be blocked. Indeed, the last spate of movies made for general circulation that addressed topics that the Chinese government deemed sensitive were released in 1997 and included such productions as *Red Corner*, *Seven Years in Tibet*, and *Kundun*. Several prominent American entertainers have been subject to bans by China, most often for their association with the Dalai Lama. In an interview with the *Hollywood Reporter*, actor Richard Gere, an outspoken advocate of Tibetan culture, stated, "There are definitely movies that I can't be in because the Chinese will say, 'Not with him.'"[53]

Beyond self-censorship, American studios and creative personnel are at risk of being actively co-opted in advancing Chinese soft power. Chinese political and entertainment leaders are conscious that American entertainment companies have played an outsize role in defining China, from *Mulan* to *Kung Fu Panda*. By the time the third edition in the *Panda* franchise had been released, however, it was being coproduced with a Chinese partner. The list of films portraying China in a positive light grow each year, such as the space films *Gravity* and *The Martian*, a movie backed by Chinese money in which the American protagonists are saved by the Chinese. Ironically, in *Gravity*, a central plot twist involves the shooting down of a satellite by the Russians. In fact, the only nation to have shot down a satellite in real life is China. These positive portrayals, of course, are not inherently objectionable—and they may, indeed, provide a constructive countervailing force in an otherwise deteriorating relationship. The issue is: How do these portrayals come to be: In other words, has independent artistic vision been manipulated by political pressures to maintain commercial standing?

The rush of Chinese investment into the American film industry has raised legitimate concerns about the industry's outright loss of independence. In 2012, Dalian Wanda acquired the AMC cinema chain, followed in 2016 by the acquisition of the Legendary Entertainment studio. Before encountering political trouble at home, Wanda's chairman announced a desire to invest in each of the six major Hollywood studios. Since then, other announced partnerships and investments have faded, principally because of Beijing's pushback against what it deemed to be grossly excessive, and often ill-considered, foreign investment plans by Chinese companies.[54]

### Conclusion and Recommendations

Through control of its companies operating abroad, growing influence over foreign companies, and the rapid activation of business-related United Front groups, China is using commercial interests as an important means of exercising "sharp power" influence. As with other sectors, much of China's activity is, regardless of its intent, legal and thus should not be disparaged. The appropriate response to this commercial challenge must be temperate and multifaceted. In some areas, it will require that the political system increase its transparency regarding or reduce its exposure to corporate money entirely, which, given



HOUSE_OVERSIGHT_020571

its fungibility, ultimately renders any distinction between domestic and foreign sources meaningless. Corporations should also provide greater clarity on their financial and supply chain exposure to China and disclose the presence of CCP members in joint- or wholly owned ventures. In certain instances, new limitations on corporate activity that is harmful to the national interest may be required.

American business leaders should become better versed in the evolving nature of China's global ambitions, especially in the use of United Front tactics for influencing almost all aspects of China's interaction with the United States. American corporations should raise their voices through chambers of commerce or other collective commercial entities that can collectively represent their interests when a company confronts pressures or coercion. To more effectively resist growing Chinese pressures, American corporations will most certainly need to find new ways to cooperate more closely with each other, and at times even in coordination with the US government. Like think tanks, universities, other civil society organizations, and media outlets, American companies will be most vulnerable to Chinese pressure when they are atomized and isolated. In this sense, the challenges with which US corporations are confronted by a rising authoritarian China with a far more ambitious global agenda are not so dissimilar to those confronted by those other sectors of American society highlighted in this report. Each confronts an un-level playing field that lacks reciprocity.

To help rectify these imbalances, in certain instances, the US government should be the one to coordinate collective action, as it recently sought to do with the US airline industry. It may also need to be more prepared to impose reciprocal penalties on Chinese companies or even compensate American companies for losses when they stand up to punitive action from China as an additional incentive to maintain resolve.

Most important, corporate executives, their boards, and their shareholders must double their efforts to exercise the kind of principled leadership and restraint that will help them resist the loss of corporate control in pursuit of short-term profit. This includes not only individual companies but also their representative organizations, notably the US Chamber of Commerce, the US-China Business Council and other specific trade associations. These bodies not only need to promote American business interests by pushing back against Chinese restrictions where necessary but they also need to adopt a heightened awareness of the role that corporations must play in protecting both their own interests and the national economic security of the United States itself.

In the corporate sector, China is not just taking advantage of the openness of American markets, which are rightfully a point of pride for the United States and a pillar of our economic vitality, but it is also exploiting American capitalism's short-termism. This latter predilection could end up being as much of a threat to the ability of American corporations to maintain healthy economic relations with China as Beijing's very strategic and targeted United Front tactics.



HOUSE_OVERSIGHT_020572

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HOUSE_OVERSIGHT_020573

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China's government directs significant attention toward American technology companies in an effort to control the flow of information in Chinese society. Many of these companies' services in China are blocked outright or are subject to intrusive national security reviews or other regulatory obstacles. Regardless, many American companies redouble their attempted engagement with the Chinese government. But in



HOUSE_OVERSIGHT_020576

doing so, they not only become subject to the restrictions on Chinese technology users, but they also help to legitimize China's vision for "cyber-sovereignty," an issue that has become an important ongoing global governance debate. In some cases, they may even be inadvertently advancing China's goals for military technological superiority. American technology CEOs, including those from Google, Apple, and Cisco, are prominent attendees at the World Internet Conference. At one installment of the conference, a Chinese antiterrorism expert argued that Beijing should increase its pressure on foreign internet companies such as Twitter, which he argued should be punished for tweets that "defame the party, Chinese leaders, and related national strategies." Facebook has been notably solicitous of the Chinese government in an effort to enter the Chinese market, reportedly developing a tool that could be used by a third party to censor content. Despite being blocked in China, Facebook nonetheless generates significant advertising revenues from Chinese companies seeking to reach foreign consumers. As it seeks to reenter the Chinese market, Google's willingness to facilitate that country's national artificial intelligence priorities stand in contrast to its decision to end limited AI cooperation with the US Department of Defense. In June 2018, Tsinghua announced that Google's AI chief would serve as an adviser to that university's new center for artificial intelligence research. The company is already involved in research at Peking University and the University of Science and Technology of China, among others. Artificial intelligence is a declared strategic priority for the Chinese government with significant military implications. The Chinese government is actively coordinating the efforts of not just its universities, but also nominally private companies such as Baidu. Commenting on Google's AI China Center, at which several hundred engineers are employed, former deputy defense secretary Bob Work has stated, "anything that's going on in that center is going to be used" by the Chinese military. In the summer of 2018, it was reported that Google was considering reentering the Chinese market with a censored search engine, but Chinese government officials have discounted the prospect and many of Google's own employees have expressed opposition.

China also seeks to enlist foreign corporations to reinforce its so-called "core interests" in ways that have influenced what they feel comfortable saying even outside of China. In early 2018, for example, foreign companies, particularly in the travel industry, were targeted for listing Hong Kong, Taiwan, Macau, and Tibet as separate entities on their websites rather than as sovereign parts of China. The Civil Aviation Administration of China sent letters to international airlines demanding that any references to these destinations except as part of China be removed from their materials and websites. In May, the Trump administration declared the Chinese government's order to airlines to be "Orwellian nonsense and part of a growing trend by the Chinese Communist Party to impose its political views on American citizens and private companies" with which they might not necessarily agree. At the direction of the American government, the airlines initially and collectively declined to follow Beijing's orders, as the US government considered the issue a diplomatic matter to be resolved between governments. However, when China declined to negotiate with the US government over the issue, by July the airlines partially met Beijing's demands by referring only to cities.

Targeting foreign companies' speech extends beyond Taiwan to China's fraught relationship with its ethnic minorities. At Marriott, an employee responsible for managing the company's social media accounts unwittingly liked a tweet by a pro-Tibet group and was fired as a result of the backlash. The company's website and app were blocked in China for one week, at unknown financial cost. Daimler, the German car manufacturer, was similarly forced to apologize for posting a reference to the Dalai Lama, the exiled Tibetan spiritual leader, on social media. In the latter two cases, the companies were targeted even though the social services on which they were posting were blocked inside China. See Martina, Michael. "Exclusive: In China, the Party's Push for Influence inside Foreign . . ." *Reuters.* August 24, 2017. https://www.reuters.com/article/us-china-congress-companies/exclusive-in-china-the-partys-push-for-influence-inside-foreign-firms-stirs-fears-idUSKCN1B40JU; Wong, Chun Han, and Eva Dou. "Foreign Companies in China Get a New Partner: The Communist Party." *Wall Street Journal.* October 29, 2017. https://www.wsj.com/articles/foreign-companies-in-china-get-a-new-partner-the-communist-party-1509297523; "Command and Control: China's Communist Party Extends Reach into Foreign Companies." *Washington Post.* Denyer, Simon. January 28, 2018. https://www.washingtonpost.com/world/asia_pacific/command-and-control



HOUSE_OVERSIGHT_020577

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HOUSE_OVERSIGHT_020578

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HOUSE_OVERSIGHT_020579

SECTION 8

# Technology and Research

Technology transfers between nations exist on a spectrum of legitimacy. In many developing economies, multinational corporations willingly agree to skills and technology transfer arrangements in exchange for the right to operate. Governments support these measures in the hopes of furthering economic development. Transfers cross the threshold into illegitimacy when coercion, misappropriation, theft, or espionage are deployed with the effect of undermining a company's, and ultimately its home country's, economic competitiveness. China's expropriation of American technology is an example of how it leverages its influence among universities, corporations, and diaspora communities to further strategic objectives. This section reviews the targets of China's expropriation efforts, the state and nontraditional collectors involved, and concludes with recommendations for how the United States can better defend against this phenomenon. It is important to note that not all expropriation of intellectual property occurs at the explicit direction of the government and that China is not the sole country targeting the United States. Nonetheless, China—whether at the level of the state or individual—is considered the most serious offender.

While Chinese cyberthreats and clandestine spying against the United States dominate the public discourse, a far more serious threat is posed by China's informal or "extralegal" transfers of US technology and IP theft.[1] Operating under the radar, these quiet diversions of US technical know-how are carried out by groups and individuals in the United States, whose support for China erodes America's technological edge and ability to compete in international markets. These groups are managed by a professional cadre of Chinese government and government-associated science and technology transfer specialists who facilitate intellectual property "exchanges" through a maze of venues. They target specific advanced technologies drawn from China's industrial planning priorities (e.g., *Made in China 2025*[2]) such as semiconductors, robotics, next-generation information technologies (e.g., big data, smart grid, internet of things), aviation, artificial intelligence, and electric vehicles. As a result of their efforts, a commission convened by the National Bureau of Asian Research concluded that IP theft, primarily from China, costs the American economy hundreds of billions of dollars each year, with significant impact on employment and innovation.[3] Former commander of United States Cyber Command and Director of the National Security Agency General Keith Alexander was even more grave when he asserted the ongoing theft of IP by China represents "the greatest transfer of wealth in human history."[4]

## The Dynamics of Chinese IP Theft

Chinese nontraditional collection and IP theft is not done randomly by individuals acting on their own. Rather, China has enacted some two dozen laws that have created a state-run foreign technology transfer apparatus that sponsors, for example, labs in China that rely wholly on information provided by compatriots working abroad. The apparatus also maintains databases of foreign co-optees and distributes stipends, sinecures, and cash to foreign donors of high-tech innovations. In addition, the apparatus is responsible for the care and feeding of agents willing to "serve China while in place" abroad.

## Targets

China targets all sources of American innovation, including universities, corporations, and government labs, exploiting both their openness and naïveté. The methods and tradecraft are custom-tailored to each target. For universities, China takes advantage of the commitment to intellectual freedom on campus, which strongly resists government scrutiny of the activities of foreign students in hard science programs and international academic cooperation. For corporations, the lure of the China market gives Beijing tremendous leverage in exacting tech transfer from American firms, combined with financial incentives for employees to purloin intellectual property for personal gain. Finally, US government labs have a historic commitment to international scientific cooperation, and an uneven record of monitoring that cooperation for unsanctioned transfers of information.

These efforts complement China's legitimate efforts to invest in its own indigenous innovative capacity. China has for several decades made science and technology development a priority and appears to have the political will to see it through. This is demonstrated by the R&D funding programs it has put into place, the investment in core scientific infrastructure that is in some cases unparalleled anywhere else in the world, and a national scientifically oriented industrial policy. Yet the continuing intense engagement in IP theft is, in many ways, an indication of the gaps in China's indigenous innovation efforts.

Once acquired, foreign technology is converted in China into products and weapons at 180 "Pioneering Parks for Overseas Chinese Scholars," 160 "Innovation Service Centers," 276 "National Technology Model Transfer Organizations," and an unknown number of "technology business incubators." These facilities are strategically located to ensure wide distribution of the foreign technologies.

## Nontraditional Collectors

Nontraditional collectors include Chinese citizens, Chinese Americans with whom the Chinese government is better able to cultivate or coerce, and other Americans. They range from students to researchers. Many are willing participants, such as students from



HOUSE_OVERSIGHT_020581

Chinese defense universities explicitly tasked with acquiring foreign technology; others are not and targeted for access to research they have pursued by their own passion and intellect. Indeed, some nontraditional collectors may even be unwitting in their support.

Collectors do not appear to be chosen by Beijing for their race or nationality; rather they are targeted for their access to the desired intellectual property and their willingness to violate their employee agreements or national laws. Indeed, more recent scholarship has shattered the shibboleth that the Chinese government only recruits ethnic Chinese. While Chinese intelligence does have a historically strong track record of attempting to recruit ethnic Chinese, primarily because of cultural and language affinity, more recent cases of espionage and technology transfer suggest that the Chinese government has broadened its tradecraft to recruit nonethnic Chinese assets and collectors as well, perhaps as a way of complicating US counterintelligence efforts.

China's most systematic channel for identifying foreign-based nontraditional collectors is its Recruitment Program of Global Experts (海外高层次人才引进计划), commonly known as the Thousand Talents Plan (千人计划) or the Thousand Talents Program (TTP).[5] The TTP is a massive and sustained talent recruitment campaign designed to recruit leading experts from overseas to assist in the country's modernization drive.

Initiated in 2008, the TTP aims to recruit leading overseas scientists and experts who work in areas that are deemed high priority for achieving China's modernization goals.[6] The program originally aimed to recruit 1,000 "overseas talents" (海外人才) over a period of five to ten years. Official Chinese TTP websites list more than three hundred US government researchers and more than six hundred US corporate personnel who have accepted TTP money.[7] In many cases, these individuals do not disclose receiving the TTP money to their employer, which for US government employees is illegal and for corporate personnel likely represents a conflict of interest that violates their employee agreement.

## State Collection Apparatus

China's nontraditional collection relies on a web of activities, including open-source research, exchanges, cooperation and professional organizations, direct funding of research, strategic acquisition, or cyberespionage.

### *Open-source*

China's efforts to exploit foreign innovation is further seen in its open-source acquisition infrastructure, which surpasses that of any other country. China employs a cadre of thousands to locate, study, and disseminate foreign journals, patents, proceedings, dissertations, and technical standards without regard to ownership or copyright restrictions. The documents are indexed, archived, and supplied to Chinese commercial and military "customers."



HOUSE_OVERSIGHT_020582

### *Exchanges*

The Chinese government organizes and pays for exchanges in which participants travel from the United States, divulge technical knowledge through scripted venues, are briefed on China's technology interests, return to their US base to collect more information, and repeat the process. China has a program for what it euphemistically calls "short-term visits" by co-opted foreigners, which, stripped of its rhetoric, is indistinguishable from state-run espionage.

### *Cooperation organizations and advocacy groups*

Many Sino-US S&T "cooperation" organizations in the United States facilitate these transfers and have individual memberships of hundreds to thousands. The figure scales to some ninety such groups worldwide. Members usually are expatriate Chinese, although China is expanding its recruitment of nonethnic Chinese. One significant example of a Sino-US S&T cooperation organization is Triway Enterprise, Inc. (三立国际有限公司), an "external training institute" set up under the auspices of the State Administration of Foreign Experts Affairs in Falls Church, Virginia, with branches in Beijing and Nanjing. According to the Chinese version of the website, the company "since 1993 has been putting its energy into promoting bilateral exchange and cooperation between China and the US in the fields of S&T, culture, education and management with great success."[8]

China S&T advocacy groups in the United States declare loyalty to China and acknowledge a "duty" to support China's development. Members visit China to lecture, guide Chinese technical projects, transfer technologies, receive shopping lists from Chinese entities, and engage in other kinds of "technical exchanges." Many of them sit on Chinese government boards that decide the future of China's national technology investment. Another example of a China S&T advocacy group is the Silicon Valley Chinese Engineers Association (硅谷中国工程师协会), which describes itself as "a non-profit professional organization formed mainly by the professionals in the Bay Area from mainland China with a mission to promote professionalism and entrepreneurship among members," which is achieved by "organizing a variety of professional activities and *establishing channels to allow members to engage in China's rapid economic development*" [emphasis added].[9]

Chinese government tech transfer offices, facilitation companies, and career transfer personnel, some of whom are posted to China's diplomatic offices, support and direct the US-based groups. In China, hundreds of government offices are devoted entirely to facilitating foreign transfers of technology "by diverse means."

### *Joint research*

The preferred method of establishing a research beachhead in the United States is through the formation of a joint research center with a prominent US university. One example



HOUSE_OVERSIGHT_020583

is the China-US Joint Research Center for Ecosystem and Environmental Change at the University of Tennessee, Knoxville.[10] Launched in 2006, researchers from the University of Tennessee and the DOE-funded Oak Ridge National Laboratory partnered with the Chinese Academy of Sciences to address "the combined effects of climate change and human activities on regional and global ecosystems and explore technologies for restoration of degraded environments." The center's research focuses on science at the heart of the "green technology" revolution, which is one of Beijing's major national industrial policy objectives.

The center's website lays out three goals that match nicely with a tech transfer agenda: (1) organize and implement international scientific and engineering research; (2) serve as a center for scientific information exchange; and (3) provide international education and technical training.[11] The website goes on to outline cooperative mechanisms to achieve these goals, including joint research projects, academic exchange, student education, and "*technical transfer and training* [emphasis added]."[12] This dynamic differs fundamentally from the mission of Western research facilities abroad, which is to adapt technology already in their portfolios to sell in foreign markets. A PRC study on the benefits of overseas "research" to obtain foreign technology put it this way: "How can you get the tiger cub if you don't go into the tiger's den?" (不入虎穴,焉得虎子).[13]

### *Cyber*

Perhaps the most damaging channel for stealing US intellectual property is cyberespionage. As noted above, NSA director Keith Alexander has called cyberespionage by Chinese state actors the "greatest transfer of wealth in human history." Cyberespionage is both a means for pilfering US science and technology, as well as a method of intelligence collection for potential attacks against American military, government, and commercial technical systems. As a result, these cyber intrusions represent a fundamental threat to American economic competitiveness and national security.

### *Other means of misappropriation*

While not technology transfer per se, counterfeiting is so common in China that it has the same practical effect. Schemes range from the subtle to blatant: benchmarking against ISO standards;[14] patent research where a design is modified slightly, if at all, re-patented in China and "legally" produced with government protection;[15] reverse engineering;[16] "imitative innovation" (模仿创新)[17] with or without the innovation (also called "imitative remanufacturing" 模仿改造);[18] and marketing the pirated product without or with its original logo.[19] Other reporting has detailed how the Chinese government exploits regulatory panels (often with members who have direct conflicts of interest by working for local competitors) and antitrust investigations to acquire trade secrets from foreign companies, aiding domestic industries.[20]



HOUSE_OVERSIGHT_020584

## Conclusion and Recommendations

China's aggressive policy is threatening the advantages the United States has long enjoyed as a scientifically creative nation. This is occurring as a declining number of US students are getting advanced degrees in science and technology, R&D funds are dropping off, and the nation's manufacturing base is shrinking.[21] When combined with a more scientifically competent China that is also using the discoveries of others, the future of US competitiveness comes into question.

The best source of resiliency in the face of rampant IP theft from China is continued and expanded reinvestment in American innovation. The United States can recover its competitiveness by manufacturing what it invents and rebuilding the scientific foundation on which its competitive edge depends. But unless active efforts are made to prevent countries from inappropriately exploiting American technologies developed at great cost, efforts at national reconstruction will be wasted. The United States' current defense of intellectual property has not been effective in refuting appropriation by China, by all accounts the world's worst offender.

A key source of American creativity—the country's individualism and openness—makes it difficult to implement collective efforts to protect the products of American innovation. Nonetheless, policies and processes can be improved to reduce the risk of misappropriation without compromising America's innovative capacity. These require improved transparency with better information and screening, enhanced export controls, and stronger investment reviews.

### *Transparency, better information, and screening*

One of the most glaring factors that facilitates IP theft is the fact that recipients of Chinese funding programs, such as the Thousand Talents Program described above, routinely do not declare their work in China. At a minimum, recipients should be required to register as foreign agents under the Foreign Agents Registration Act (FARA).[22] Recipients who are active government employees may be breaking the law, as 18 US Code § 209 prohibits accepting supplemental income for performing the same role that falls under the scope of their government employment.[23]

The US government and universities should also take an evidence- and risk-based assessment when determining whether to admit students into major research programs. The current system, known as the Student and Exchange Visitor Information System (SEVIS),[24] is designed "to track and monitor schools and programs, students, exchange visitors and their dependents while approved to participate in the US education system." SEVIS collects data on surnames and first names, addresses, date and country of birth, dependents' information, nationality/citizenship, funding, school, program name, date of study commencement,



HOUSE_OVERSIGHT_020585

education degree level, and authorization for on-campus employment. As of March 2011, China had the largest number of students in SEVIS, at 158,698.[25]

The FBI has access to all of the student data contained in SEVIS, and no longer needs the permission of DHS to initiate investigations of foreign students.[26] However, the laws, regulations, and directives governing SEVIS do not require some additional critical pieces of information, which are nonetheless perceived to be important to manage the program. According to the Government Accounting Office (GAO):

- the nonimmigrant visa number, expiration date, and issuing post are optional and only captured if entered into the system by the school or exchange visitor program;
- the nonimmigrant driver's license number and issuing state were imposed by the interagency working group and support investigative efforts; and
- the nonimmigrant passport number, passport expiration date, and passport issuing country are optional and only captured if entered into the system by the school or exchange visitor program.[27]

It is difficult to ascertain from open sources whether these problems have been fixed, but the nonmandatory data are key investigative details that would be critical for federal law enforcement seeking to assess possible illicit technology transfers by students.

### *Improved export controls*

The second major policy problem involves PRC student access to controlled technology under the deemed export system. According to the Commerce Department, a restricted product or technology is "deemed," or considered exported, when it is used by a foreign national in the United States.[28] However, under these rules, a university or research lab does not need a deemed export license if a foreign graduate student is merely present in a lab. It only needs a license if it intends to export that technology to the foreign national's country.

From 2004 to 2006, the US Commerce Department attempted to change these rules,[29] but was stymied by opposition from universities and research labs.[30] Yet the continued flow of controlled technology to the PRC and the findings of GAO studies on the problems of university oversight[31] strongly suggest that Commerce's recommendations should be reexamined.

In 2009, then president Obama "directed a broad-based interagency reform of the US export control system with the goal of strengthening national security and the competitiveness of key US manufacturing and technology sectors by focusing on current threats and adapting



HOUSE_OVERSIGHT_020586

to the changing economic and technological landscape."[32] Specifically, the initiative aimed to "build higher fences" around a core set of items whose misuse can pose a national security threat to the United States.[33]

The reform initiative is synchronizing the two existing control lists, the Munitions List and the Commerce Control List, so that they are "tiered" to distinguish the types of items that should be subject to stricter or more permissive levels of control for different destinations, end uses, and end users; create a "bright line" between the two current control lists to clarify which list an item is controlled on, and reduce government and industry uncertainty about whether particular items are subject to the control of the State Department or the Commerce Department; and are structurally aligned so that they potentially can be combined into a single list of controlled items.[34]

Moreover, the lists will be transformed into a "positive list" that describes controlled items using objective criteria (e.g., technical parameters such as horsepower or microns) rather than broad, open-ended, subjective, generic, or design intent-based criteria.[35] After applying these criteria, the list will be divided into three tiers based on their military importance and availability.[36]

On the one hand, these reforms could greatly improve the efficiency of the export control bureaucracy, preventing fewer technologies from slipping between the cracks and finding their way to China. They could also make the system and its control lists better able to keep pace with technological change, which had been a major problem with the old system, particularly with regard to fast-moving information technologies. On the other hand, the reforms appear to loosen controls over dual-use technologies, which China has a long and successful track record of integrating into advanced systems, and which can form the core of new innovations. The future of these reforms is unclear as the Trump administration appears to focus on more aggressive trade strategies and policies designed to protect US industries and punish offending Chinese companies.

### *Strong investment reviews*

The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee that serves the president in overseeing the national security implications of foreign investment in the economy.[37] As China's economy and financial weight has grown, CFIUS has reviewed an increasing number of proposed acquisitions of American companies and infrastructure by Chinese entities. Many of these proposed mergers have received high levels of media and congressional attention, and most of the high-profile cases have ended in rejection or strong discouragement leading to abandonment of the deal. While the CFIUS process may have prevented individual cases of sensitive or illegal technology transfer, it could also have had the unintended effect of forcing Chinese actors to steal the data through espionage because of their inability to buy them. Recent legislation, signed by



HOUSE_OVERSIGHT_020587

President Trump, is a substantial improvement to CFIUS, closing loopholes that the Chinese had been exploiting and broadening the scope of the CFIUS authorities in important ways. The new law extends CFIUS review time-frames, increases the types of transactions subject to CFIUS' jurisdiction, makes certain notifications mandatory, and establishes a process for potentially expedited review and approval of certain transactions. The four new "covered transactions" include real estate deals near US national security facilities, deals involving "critical infrastructure" or "critical technologies," changes in ownership rights by a foreign investor, and any transaction designed to evade the CFIUS process. In exchange for all these additional burdens, the new law also helps companies by clarifying time limits for decisions and places important jurisdictional limits on the expansion of the law's scope.

## NOTES

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HOUSE_OVERSIGHT_020588

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HOUSE_OVERSIGHT_020589

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HOUSE_OVERSIGHT_020590

HOUSE_OVERSIGHT_020591

APPENDIX 1

# Chinese Influence Operations Bureaucracy

While recent months have brought increased attention to the United Front Work Department, or "United Front activities," it is important to emphasize that this is but one of many institutions within the Chinese party-state involved in influence operations. As the accompanying graphic illustrates, the bureaucracy involved in extending China's global influence is large, complex, and specialized in function. Generally speaking, there are three types of bureaucratic organizations included in the chart: (1) policy coordination; (2) policy formulation and implementation; and (3) organizations with specialized functions.

As a Leninist party-state, CCP organizations have higher political status than government institutions. This has become even more pronounced under the Party's general secretary Xi Jinping and following the bureaucratic reorganization announced after the March 2018 meeting of the National People's Congress. Generally speaking, Party organs make policies, which are then implemented by state bureaucracies. There is *no* single organization overseeing the entirety of the country's influence operations abroad. The most important CCP organizations in the diagram are the Foreign Affairs Commission, the External Propaganda Leading Group/State Council Information Office, the CCP Propaganda Department, the CCP United Front Work Department, the CCP International Liaison Department, and United Front departments inside the People's Liberation Army. Critical policies related to foreign affairs are formulated in these bodies. The same organizations are also involved in coordinating the implementation of these policies.

## The Policy-Making Process in the Chinese Party-State

The process is driven both by top leadership and functional bureaucracies. Policy formulation, which involves the generation of ideas and proposals, typically takes place in functional bureaucracies and specialized departments within these bureaucracies. In the process of policy formulation, one bureaucracy specializing in the functional or issue area (for example, propaganda) may take charge, but it

also consults with other bureaucracies that may have a stake in the issue. The draft policy proposals are then forwarded to the Leading Small Groups (领导小组), which deliberate, vet, and sign off on the policy proposals before sending them to the Politburo and the Politburo Standing Committee for a final decision. These leading small groups, which range in size from five to a dozen members, are normally chaired by a Politburo member and include a range of ministerial-level officials relevant to that functional policy area. Some meet at regular intervals (biweekly), whereas most convene on an ad hoc basis when necessary. In this formal, ministry- or department-initiated process, the ultimate decision-making authority lies with the Politburo Standing Committee.

At this level of policy formulation, of particular relevance to China's international influence activities are the External Propaganda Leading Group (对外宣传领导小组), which has a dual bureaucratic identity as the State Council Information Office (国务新闻办公室); the Central Committee Propaganda Department (中共中央宣传部); the Central Committee United Front Work Department (中共中央统战部); the Central Committee Foreign Affairs Commission (中共外事委员会);[1] and the Central Committee Education Leading Small Group (教育部). Although bureaucratically ranked slightly lower, the Ministry of Culture and Tourism, the Ministry of Education, the newly created Voice of China, and the Xinhua News Agency all exercise policy formulation and oversight roles in their functional domains.

There is also a parallel top-down policy process initiated by one of the top leaders on the Politburo Standing Committee. As a rule, Xi Jinping, the CCP general secretary, has broad authority and may issue a brief directive on a matter he believes should receive extra attention or priority. (Typically, such directives are short comments he writes on reports that come across his desk.) Otherwise, only a Politburo Standing Committee (PBSC) member overseeing a particular portfolio can issue such directives on matters that fall into his area of responsibility. Such comments are then related to the functional bureaucracies and can lead to the formulation of a new policy, the modification of an existing policy, or other actions.

On the Politburo and its seven-member PBSC, several members have direct responsibility for external affairs. As the chair of the Foreign Affairs Commission, Xi has overall authority on all aspects of China's foreign relations. Wang Huning, the Standing Committee member responsible for Party affairs, ideology, and propaganda,



HOUSE_OVERSIGHT_020593

is the top official with oversight of China's overseas propaganda (外宣) efforts, while Politburo member and director of the CCP Propaganda Department Huang Kunming oversees all media organs and has day-to-day oversight of the entire propaganda system. Wang Yang, another PBSC member and the chairman of the Chinese People's Political Consultative Conference (CPPCC), has overall responsibility for the United Front portfolio, although Sun Chunlan (the only female member of the twenty-five-man Politburo and former director of the United Front Work Department from 2014 to 2017) may also continue to have some residual responsibilities as well, since her current portfolio includes education and culture. Additionally, You Quan, a member of the Politburo Secretariat, is now the new head of the UFWD, and he is in charge of the day-to-day work of the department. These leaders' views on particular issues carry a great deal of weight and can often result in significant policy initiatives or modifications.

Besides issuing brief policy directives via their comments on documents (known as 批示), top leaders can also communicate their ideas or orders in conversations or meetings with the ministers in charge of functional bureaucracies. Such ideas or orders can lead to actions at the implementation level or to the formulation of a new policy or the modifications of an existing policy.

### Policy Coordination

The Foreign Affairs Commission, which used to be called the Foreign Affairs Leading Small Group (est. 1956), is by far the most important. The role of the Commission is similar to that of the interagency "principals committees" in the US system. Its chairman is Xi Jinping, while Premier Li Keqiang and Vice President Wang Qishan serve as vice chairmen. Other PBSC members Wang Huning and Han Zheng are members. Le Yucheng, a vice minister of Foreign Affairs, is deputy director. Other members of the Commission include the most senior leaders of the Chinese government: Yang Jiechi, and the ministers of Foreign Affairs, State Security, Defense, Public Security, Commerce, the CCP's International Liaison Department, Taiwan Affairs Office, Hong Kong and Macao Affairs Office, Propaganda Department, External Propaganda Office, and Overseas Chinese Affairs Office.

The Commission also has an attached "office," known as the Central Foreign Affairs Office (中央外办), which has a dedicated staff of approximately fifty (many of whom are seconded from the Ministry of Foreign Affairs, International Liaison Department of the



HOUSE_OVERSIGHT_020594

CCP, other ministries, and the military). The director of this office is currently Yang Jiechi—a Politburo member, former state councilor, and veteran diplomat. This body is the central coordinating body for China's foreign affairs—across all bureaucracies—on a daily basis.

While the Foreign Affairs Commission is the principal organization in the making and coordination of China's overall foreign policy, the United Front Leading Small Group and the External Propaganda Leading Small Group also have important—but somewhat lower—status in the Chinese hierarchy. They are led, respectively, by the Politburo Standing Committee member in charge of ideology and propaganda and the head of the United Front Work Department. The Leading Small Group for United Front Work is located inside the CCP's United Front Work Department and draws on UFWD personnel for staff work. The Leading Small Group for External Propaganda is subordinate to the CCP Leading Small Group for Propaganda and Ideology and is required to seek guidance from the Foreign Affairs Commission, and it draws on the State Council Information Office (with which it has a dual role) for staff work. Both groups play an important role in the formulation of policy and coordination of implementation in their respective sectors.

### *Conferences*

Another important instrument in the coordination of policy is the Central or National Conferences that are convened to formulate and announce new policy objectives and mobilize the bureaucracy to implement these policies. Some of these conferences are convened more frequently and are more important than others. Four central or national conferences are held to coordinate foreign policy and external influence operations: the Central Foreign Affairs Work Conference, the External Propaganda Work Conference, the Central United Front Work Conference, and the National Overseas Chinese Work Conference. These are large gatherings that last two to three days and are attended by key central, provincial, and local leaders, as well as various ministries and the Chinese military. These conferences serve to provide overall policy direction to cadres working in that bureaucratic system (系统) as well as to issue very specific annual plans for the coming year's activities.[2]

One measure of the importance of these conferences can be gauged by who gives the keynote speech. For example, Xi Jinping gave the keynote speeches at the Central Foreign Affairs Work Conference (2014 and 2018), the Central United Front Work



HOUSE_OVERSIGHT_020595

Conference (2015), and the National Propaganda Work Conference (2013 and 2018). When Xi does not give the keynote speech, the Politburo member in charge of that domain gives it. By contrast, the keynote speech at the National Overseas Chinese Conference in 2017 was given by Yang Jiechi, who was at that time a state councilor responsible for foreign affairs.

- The Central Foreign Affairs Work Conference is held at irregular intervals (2006, 2014, and 2018) to review Chinese foreign policy and announce new initiatives and objectives. It is attended by key ministers, ambassadors, senior military officers, and local officials responsible for foreign affairs.

- The Central United Front Work Conference, which used to be called the National United Front Work Conference, is also convened at irregular intervals (2000, 2006, and 2015). Both national and local officials responsible for religious, ethnic, and overseas Chinese affairs participate.

- Prior to 2013, the External Propaganda Work Conference was convened annually. But starting after that year, this conference has become part of the annual National Propaganda Work Conference. Officials in the propaganda sector from all over China attend these conferences.

- The National Overseas Chinese Work Conference was held roughly every six years (2005, 2011, and 2017). Only national and local officials responsible for overseas Chinese affairs participate.

### Hierarchy and Division of Labor

The CCP-affiliated organizations in our diagram that are involved in making policies concerned with Chinese influence activities abroad enjoy higher political status than those that execute these policies. What makes the Chinese system notable is the division of labor, the specialization of its bureaucracies, and the staffing of these bureaucracies with well-trained and experienced professionals. Besides engaging their counterparts overseas, these bureaucracies either oversee or directly conduct influence operations in their areas of specialization. While there exists *no* single organization overseeing the entirety of China's influence activities abroad (although if any one does have such sweeping purview, it is the Foreign Affairs Commission), in the implementation of policies aimed to expand Chinese influence abroad, there



HOUSE_OVERSIGHT_020596

are two types of bureaucracies: (1) general-purpose bureaucracies, and (2) specialized bureaucracies. The following institutional profiles include many of the principal bodies involved in China's overseas influence activities.

### Ministry of Foreign Affairs

The Ministry of Foreign Affairs is a typical general-purpose bureaucracy that serves as China's main interlocutor with foreign governments. But since most of its time is consumed by routine diplomatic activities, the Foreign Ministry itself does not play a significant role in influence operations overseas. The one area where it does is via its Department of Public Diplomacy (外交部公共外交司), which primarily oversees the MFA Spokesman's Office in Beijing, international media outreach, and China's embassy spokesmen abroad; international visitor programs; and "exchange" organizations, such as the Chinese People's Institute of Foreign Affairs (which bring a range of former officials and international affairs experts to China). Also, the MFA is important insofar as Chinese embassies abroad have representatives of the Ministry of Culture, the Xinhua News Agency, the CCP International Liaison Department, the Ministry of Education, and other bureaucratic bodies, each of which are involved in foreign influence activities.

### United Front Work Department

The CCP United Front Work Department is a specialized CCP organization, one of four Central Committee departments.[3] Its principal mission is to build support for the CCP and its policies among domestic ethnic groups, religious groups, the eight so-called democratic parties (民主党派), the Chinese diaspora worldwide, and political, economic, and social elites in Hong Kong, Macao, and Taiwan. These United Front activities have a long history dating to the CCP's pre-1949 rise to power. The main tasks and objectives of the CCP's United Front activities outside of Greater China are laid out in Article 31 of the CCP Guidelines on United Front Work (中国共产党统一战线工作条例) issued in 2015—they target almost exclusively the Chinese diaspora, who are supposed to be encouraged to "contribute to the modernization and reunification of the motherland, advance the cause of opposing (Taiwanese) independence and promoting reunification, inherit and propagate China's outstanding culture, and promote the friendship between the Chinese people and the peoples of the other countries in the world."



HOUSE_OVERSIGHT_020597

Although the United Front Work Department has attracted much media attention, and the term "United Front" has become a euphemistic one for many analysts writing about China's influence activities abroad, the scope of the UFWD's activities in China's external influence operations is actually limited. Its primary target audience is the Chinese diaspora in general, and its elite members in particular. The mission of engaging and influencing nonethnic Chinese audiences, individuals, and foreign institutions is assigned to other specialized Chinese entities—such as the Chinese Academy of Social Sciences, the Ministry of Culture, the Ministry of Education, the Ministry of State Security (e.g., China Institutes of Contemporary International Relations), and other institutions that have well-trained professionals and long-standing ties with their counterparts overseas.

### International [Liaison] Department

The CCP's International [Liaison] Department (中央联络部) is in charge of "party-to-party relations" (党际关系) and has the primary mission of cultivating foreign political parties and politicians around the world. This Party organ has existed since before 1949 and was formerly charged with maintaining China's fraternal ties with other communist and socialist parties around the world, but in the wake of the Cold War, the CCP/ID drastically broadened its mandate to interact with virtually all political parties abroad (except fascist and racist parties). Today it claims to maintain ties with over 400 political parties in 140 countries, receives about 200 delegations, and dispatches about 100 abroad every year. CCP/ID exchanges have provided an important prism through which the CCP and other organizations in China monitor the outside world and absorb lessons for China's own modernization. This kind of information gathering goes well beyond traditional intelligence collection (although, to be sure, the ID also engages in this activity).

Through its interactions with political parties all over the world, the CCP/ID serves an important function as a kind of "radar" for identifying up-and-coming foreign politicians before they attain national prominence and office. Having identified such rising stars, the CCP/ID brings them to China (usually on all-expenses-paid visits)—often offering them their first exposure to China and trying to make the best possible impression on them. Another key dimension of this function has been to expose CCP leaders at the provincial and sub-provincial levels to the outside world—often for the first time. Many provincial Party secretaries, governors, mayors and other leading local cadres are taken abroad on ID delegations every year. The CCP/ID has



HOUSE_OVERSIGHT_020598

also played a key diplomatic role in certain instances, such as providing a liaison dialogue channel between the United States and North Korea.

In addition, the ILD performs a range of other functions:

- Administering "private sector" liaison organizations to facilitate contact with think tanks, NGOs, and individuals worldwide;
- Collecting current intelligence and information on the foreign policies, domestic political scene and political parties, and societies in various nations worldwide;
- Sending special study teams abroad to research important topics related to China's reforms;
- Contributing to the work of Chinese embassies worldwide (usually monitoring domestic politics and liaising with domestic political parties, movements, and personages);
- Working with other CCP Central Committee departments and State Council ministries to facilitate their work overseas (e.g., assisting the United Front Work Department concerning Taiwan, the External Propaganda Leading Group/State Council Information Office concerning China's image abroad, or the National People's Congress on parliamentary exchanges);
- Arranging visits of central-level, provincial-level, municipal-level, and occasionally sub-provincial level CCP officials abroad;
- Hosting foreign leaders, politicians, party officials, ex-officials, as well as a range of foreign policy specialists, on tours of China;
- Hosting biannual World Political Parties High-Level Meeting, and the annual "CCP in Dialogue with the World" meeting.

As such, the ILD performs extremely important roles overseas and is a key—but underappreciated and even unknown—instrument in China's international influence activities.



HOUSE_OVERSIGHT_020599

## The State Council Information Office/External Propaganda Leading Group

The State Council Information Office/External Propaganda Leading Group is the nerve center and leading organ in the sprawling system of China's international propaganda (对外外宣) work. It maps out the entirety of China's overseas "publicity" work, assigns different bureaucratic entities with specific tasks, fixes budgets for entities in this system, and convenes yearly meetings to implement the annual external propaganda plan (对外宣传计划). The SCIO is commonly known in Chinese both as the Guo Xin Ban (国新办) and Wai Xuan Ban (External Propaganda Office, 外宣办). The reason for the two names is because it straddles two bureaucratic systems—the party and the state. It is formally under the State Council, but it is also overseen by the Chinese Communist Party's External Propaganda Leading Group (or EPLG). This bureaucratic duality is what the Chinese describe as "one organ, two signboards" (一个机构两块牌子), a reference to the white placards that hang outside the gates of all Chinese institutions (in this case giving the appearance of two different institutions, but in reality with only one inside). As such, the SCIO is the administrative office for the EPLG, playing a coordinating role in the media area similar to that performed by the Central Foreign Affairs Office (CFAO, 中央外办) for the Foreign Affairs Commission (中央外事委员会).

### NOTES

1 This body was upgraded from Leading Small Group status in March 2018.

2 These plans are normally classified and only circulated within the Chinese bureaucracies, but occasionally they find their way into the public domain. See, for example, State Council Information Office. "Summary of China's External Propaganda Work in 2013" [中国对外宣传工作 2013年综述]. Chinese Academy of Social Sciences Journalism Institute (ed.). *China Journalism Yearbook* [中国新闻年鉴 2014]. Beijing: Zhongguo Shehui Kexue Chubanshe. 2014. 63–66.

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HOUSE_OVERSIGHT_020600

# Chinese Influence Operations Bureaucracy

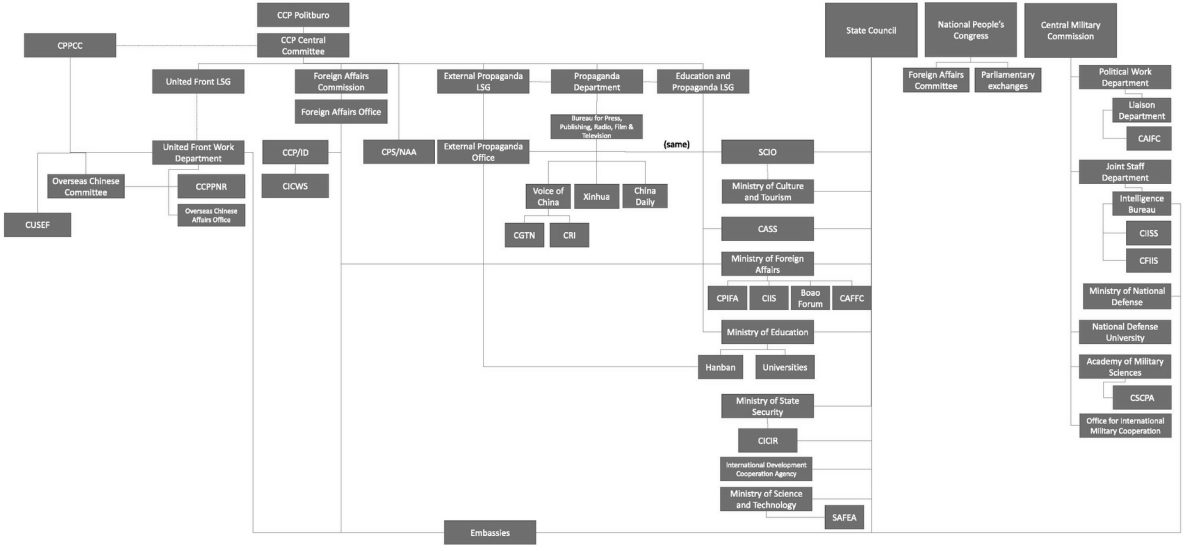


HOUSE_OVERSIGHT_020601

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|---|---|
| **CAFFC** | China Association for Friendship with Foreign Countries |
| **CAIFC** | China Association for International Friendly Contact |
| **CASS** | Chinese Academy of Social Sciences |
| **CCP** | Chinese Communist Party |
| **CCP/ID** | Chinese Communist Party International Liaison Department |
| **CCPPNR** | China Council for Promotion of Peaceful National Reunification |
| **CFIIS** | China Foundation for International Strategic Studies |
| **CGTN** | China Global Television Network |
| **CICIR** | China Institutes of Contemporary International Relations |
| **CICWS** | China Institute of Contemporary World Studies |
| **CIIS** | China Institute of International Studies |
| **CIISS** | China Institute of International and Strategic Studies |
| **CMC** | Central Military Commission |
| **CPIFA** | Chinese People's Institute of Foreign Affairs |
| **CPPCC** | Chinese People's Political Consultative Conference |
| **CPS/NAA** | Central Party School / National Administration Academy |
| **CRI** | China Radio International |
| **CSCPA** | China Strategic Culture Promotion Association |
| **CUSEF** | China United States Exchange Foundation |
| **FAO** | Foreign Affairs Office |
| **FALSG** | Foreign Affairs Leading Small Group |
| **LSG** | Leading Small Group |
| **SAFEA** | State Administration of Foreign Experts Affairs |
| **SCIO** | State Council Information Office |
| **UFLSG** | United Front Leading Small Group |



HOUSE_OVERSIGHT_020602

HOUSE_OVERSIGHT_020603

APPENDIX 2

# Chinese Influence Activities in Select Countries

This report has focused on the range of challenges the United States faces in an era of accelerating Chinese influence activities on multiple fronts. But this issue is hardly unique to the United States—indeed, China's influence activities now occur all around the world. In some instances, notably Australia, these activities appear to have proceeded much further than they have so far in the United States. In general, they seem more advanced in Asia and Europe, but there is also evidence of such activities in Africa and Latin America as well.

In order to explore some of the wider patterns that have emerged, this appendix offers brief summaries of the effects of such activities in eight countries: Australia, Canada, France, Germany, Japan, New Zealand, Singapore, and the United Kingdom. In each of these settings, the Chinese Communist Party (CCP) has refined its efforts through trial and error in order to exploit a critical asymmetry: China's Communist party-state has established barriers to external political influence at home while, at the same time, seizing upon the openness of democratic systems overseas.

China seeks to make itself more palatable to democratic societies by using many of the customary vehicles of soft power—such as state-funded research centers, media outlets, university ties, and people-to-people exchange programs. These programs mimic the work of independent civil society institutions in a democracy, cloaking the extent to which the party-state controls these activities and genuine civil society is tightly repressed inside China. In conjunction with the dramatic expansion of Chinese economic interests abroad, the Chinese government has focused its influence initiatives on obscuring its policies and suppressing, to the extent possible, voices beyond China's borders that are critical of the CCP.[1] Targeting the media, academia, and the policy community, Beijing seeks to penetrate institutions in democratic states that might draw attention or raise obstacles to CCP interests, creating disincentives for any such resistance. Chinese economic activity is another important tool in this effort. Beijing is particularly skilled at using economic leverage to advance political goals in the realm of ideas, working through indirect channels that are not always apparent unless one examines Chinese business activities in conjunction with Beijing's other influence efforts.

Democracies worldwide are reckoning with the impact of "sharp power."[2] From Central Europe, where China has created the "16 + 1 Initiative," to sub-Saharan Africa and Latin America, where Chinese engagement in infrastructure and the media has grown discernibly in recent years, China's sharp power has come into view. A good deal more study is needed to understand the impact of these influence activities globally. Only with such understanding and comparative case studies can democratic societies craft responses that safeguard the integrity of their institutions while staying true to liberal democratic values.

### NOTES

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## AUSTRALIA

Australian journalists, scholars, officials, and political leaders have found themselves on the frontlines of a global debate on how the Chinese Communist Party is working to covertly manipulate the political processes of democracies around the world. The Australian government has been the first to formulate a coherent and principled policy response. These efforts have had a catalyzing international impact. Randall Schriver, the Pentagon's senior official for Asia, said Australia has "woken up people in a lot of countries to take a look at Chinese activity within their own borders."[1] Hillary Clinton, the former New York senator and presidential candidate, said Australia (together with New Zealand) has sounded the alarm on "a new global battle."[2] Government leaders in New Zealand, Canada, and the United Kingdom have all been paying close attention to these growing Chinese activities. And yet, despite leading the way, effective implementation is far from assured in Australia. Sustaining a counter-interference strategy against the CCP—with its unrivalled resources and organization—will require an unprecedented degree of policy fortitude and political strategy from Australian political leaders on both sides of the parliamentary aisle as well as the support of business leaders and the general public.

The Australia conversation has mostly been led by enterprising journalists and aided by a handful of sinologists. It has been a healthy catalytic process in which security agencies have been communicating warnings to institutions at risk and politicians



HOUSE_OVERSIGHT_020605

have been taking security agencies and credible media investigations seriously. The director-general of the Australian Security Intelligence Organization, Duncan Lewis, said the espionage and interference threat is greater now than at any time during the Cold War due to a greater number of foreign intelligence actors and the advent of cybertechnologies. He said foreign interference activities range from "a foreign power using local Australians to observe and harass its diaspora community here in our country through to the recruitment and co-opting of influential and powerful Australian voices to lobby our decision-makers."[3]

Much of the debate—particularly in its early stages—has been anchored in the community of Chinese Australians. Ethnic Chinese writers, entrepreneurs, and activists led the way in drawing the nation's attention to the party's efforts to suppress the diversity of their opinions through surveillance, coercion, and co-option. In 2005, Chinese defector Chen Yonglin exposed an enormous informant network that kept tabs on Chinese Australians, including Falun Gong practitioners, who defied the party line. In 2008, thousands of red flag-waving students were mobilized to march on Canberra's Parliament to "defend the sacred Olympic torch" against pro-Tibet and other protestors as the torch wound its way to the Olympic ceremony in Beijing.[4] More recently, Chinese Australian journalists have laid a foundation of investigative reporting on the Chinese Communist Party's concealed links to Australian politics. Philip Wen, Beijing correspondent for the *Sydney Morning Herald*, showed how the party was "astroturfing" grassroots political movements to give the impression of ethnic Chinese support for Beijing's policies and leaders and to drown out its opponents. Over the past two years, Australian investigative journalists have documented a series of examples of Beijing-linked political donors buying access and influence, universities being co-opted as "propaganda vehicles," and Australian-funded scientific research being diverted to aid the modernization of the People's Liberation Army (PLA). Some of those reports showed how the CCP was using tools of coercion and co-option to manipulate deliberations of the Australian Parliament.

In 2017, CCP interference in Australian democratic processes became so brazen that party officials began to use their capability for interference as diplomatic leverage. The targets were bipartisan. The CCP reportedly leveraged the fact of its arbitrary power over Australian prisoners in China as it sought to persuade the Malcolm Turnbull government to ratify a controversial extradition treaty.[5] And Meng Jianzhu, then China's minister of public security, warned the Labor opposition leadership about the electoral consequences of failing to endorse the treaty. According to the *Australian* newspaper: "Mr. Meng said it would be a shame if Chinese government representatives had to tell the Chinese community in Australia that Labor did not support the relationship between Australia and China."[6]



HOUSE_OVERSIGHT_020606

In June 2017, a joint investigation by the Australian Broadcasting Corporation and Fairfax Media revealed that the Australian Security Intelligence Organization (ASIO) had warned the major political parties that two of Australia's most generous political donors had "strong connections to the Chinese Communist Party" and that their "donations might come with strings attached."[7] One of them leveraged a $400,000 donation in an attempt to soften the Labor Party line on the South China Sea. Most notoriously, an ambitious young Labor senator, Sam Dastyari, was shown to have recited Beijing's South China Sea talking points almost word-for-word immediately after the political donor had threatened to withdraw his money. Dastyari was also shown to have given countersurveillance advice to the donor. As a result of these actions, Dastyari was forced to resign from Parliament. Again, the CCP was shown to be working both sides of the political aisle. The Liberal trade minister, Andrew Robb, was shown to have stepped directly from office into a consultancy job to the CCP-linked company that bought a controversial lease for the Port of Darwin. The contract showed Robb to be earning 880,000 Australian dollars per year (more than 600,000 US dollars plus goods and services tax) for unspecified services.[8]

### *Response and Counterresponse*

In December 2017, as the political attacks on Dastyari came to a head, Prime Minister Turnbull revealed that his coalition government had been "galvanized" by a classified report into foreign interference which he had commissioned in August 2016. Turnbull unveiled a new counter-foreign-interference strategy which he said would be shaped by four principles. First, the strategy would target the activities of foreign states and not the loyalties of foreign-born Australians. As Turnbull put it, "Our diaspora communities are part of the solution, not the problem." Second, the strategy would be country-agnostic and not single out Chinese interference. Third, it would distinguish conduct that is "covert, coercive, or corrupting" from legitimate and transparent public diplomacy. And fourth, it would be built upon the pillars of "sunlight, enforcement, deterrence, and capability."[9]

At the same time, the prime minister introduced sweeping new legislation into Parliament. One bill introduced a wide-reaching ban on foreign political donations, including measures to prevent foreigners from channeling donations through local entities.[10] A second bill imposed disclosure obligations for those working in Australian politics on behalf of a foreign principal. This bill would capture many of the indirect methodologies of CCP intelligence and United Front Work Department (UFWD) operations that are not caught by the US Foreign Agents Registration Act. And a third tranche of legislation would close some large loopholes in the Australian criminal law by introducing tough but graduated political interference and espionage offenses.



HOUSE_OVERSIGHT_020607

Turnbull also introduced legislation to establish a new Department of Home Affairs which, among other roles, would house a national counter-foreign-interference coordinator who would integrate intelligence and enforcement and coordinate policy development. On December 16, 2017, at the height of this debate—and days after Turnbull introduced the new laws—the coalition government passed a serious electoral test by winning a by-election in the Sydney seat of Bennelong. According to one opinion poll, two-thirds of voters support the foreign interference legislation, with just 11 percent opposed—in a seat that has one of the largest ethnic Chinese communities in the country.

And yet, despite this policy progress, strong evidence of electoral support, and favorable international recognition, the Turnbull government found the politics and the diplomacy to be heavy going. At one level this is not surprising. The CCP excels in using covert and deceptive means to work preexisting fault lines of open, democratic societies. It has shown itself prepared to use the levers of economic engagement as a tool of political coercion. And there is no precedent for a mid-sized, open, multicultural nation standing its ground against a rising authoritarian superpower that accounts for a large proportion of its migrants and one in every three of its export dollars.

After seizing the political and policy initiative in 2017, the Turnbull government went quiet over the first half of 2018. It faced pushback from powerful domestic lobbying groups arguing that the proposed legislation went too far. Media firms targeted the espionage law, charities the donations law, and universities the proposed transparency law. Further resistance was mounted by multicultural lobbyists who maintained that Australia's reputation as an inclusive society was challenged by mention of foreign government interference in community affairs. Prominent business leaders and academics with China contracts called for an end to "China-bashing."

China's embassy in Canberra also played a part, publicly intervening as if it were a champion of Chinese Australian communities to confront "racist bigotry" in Australia. China's government consistently portrayed the counter-interference policies and conversation as an attack on "China" and "Chinese people." And Beijing framed Canberra's efforts to defend its institutions as an attack on the bilateral relationship. As if to confirm its own judgment, Beijing was reported to have frozen ministerial and official meetings across a range of key portfolios. In the ensuing silence, some of the CCP's most potent narratives filled the vacuum. It was not clear that the Turnbull government could push through the most significant overhaul of counterintelligence legislation in forty years without explaining why it was necessary.

It took a series of further explosive media investigations and some unorthodox political interventions to regain control of the conversation and ensure bipartisan support for the



HOUSE_OVERSIGHT_020608

legislation. The chair of the Joint Parliamentary Committee on Intelligence & Security, Andrew Hastie, named one of Australia's most generous political donors as a "co-conspirator" in a UN bribery investigation and linked the affair to covert interference. "In Australia it is clear that the Chinese Communist Party is working to covertly interfere with our media and universities and also to influence our political processes and public debates," Hastie told his committee, after receiving support from the deputy chair, Anthony Byrne. "And it's time we applied sunlight to our political system and a person who has featured prominently in Australian politics over the past decade."[11]

The counter-interference criminal legislation and the foreign influence transparency scheme both passed through Parliament on June 28. The Home Affairs legislation had passed through Parliament earlier in the year, with the counter-foreign-interference task force established in April 2018. This effectively elevated the importance of countering foreign interference to a similar status as countering terrorism.[12] At the time of writing, the legislation to ban foreign political donations has not passed through Parliament. And Turnbull himself has been replaced as prime minister. The new prime minister, Scott Morrison, appears to have opted for policy continuity.

The Turnbull government led the way in diagnosing the challenge, forging an internal consensus, and setting out a bold and coherent counterstrategy. Australia became the first country in the world to lay the foundations for a sustained and coherent counter-interference strategy.

But if Australia is going to reset the terms of its engagement with a superpower—holding China to its principle of noninterference and setting a precedent of sovereign equality that others might follow—then it will have to accept strains on the bilateral relationship. If the government is to successfully implement a transformational strategy to defend Australia's democratic processes and social cohesion, then it has to find politically sustainable ways of engaging the democratic process and publicly making the case.

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HOUSE_OVERSIGHT_020609

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## CANADA

Canada has a long history of engagement with the PRC dating back to 1970. Substantial and rapidly expanding connections with China at multiple levels include human flows (migrants, tourists, students), trade (with a major and recurring imbalance in China's favor), and diplomatic interactions. There are roughly 160,000 PRC students in Canadian schools, about 70 percent of them in universities and colleges. Per capita, this is about three times as large as in the United States and roughly on par with Australia.

Canadian experiences with Chinese interference are less intense than those documented in Australia and New Zealand. As early as 1997, a leaked report by Canada's RCMP-SIS



HOUSE_OVERSIGHT_020610

(the Security Intelligence Service of the Royal Canadian Mounted Police) identified improper influence through community associations connected to Chinese intelligence agencies and efforts to award politically connected Canadians in high-level roles with Chinese entities.[1] Today, the view in Ottawa is that China is definitely trying to influence Canadian opinion and opinion-makers but is not making much headway at present. At the federal level, the greatest concern with China has to do with the acquisition, often by legal means, of strategic Canadian assets such as oil sands or major companies.

As in other countries, Chinese state actors (the CCP International Liaison Department, commercial entities, media) have targeted political parties and politicians (with a few ongoing cases at the provincial and municipal levels that are being investigated by the RCMP), civil society (through Confucius Institutes and consular outreach), and academia (through the Chinese Students' Association, China Scholarship Council supervision of student recipients, and pressure on Canadian China specialists). An informal survey of Canadian China professionals (political and business actors) and China specialists (research professionals) confirms some PRC state activity in all these realms. But no cases have yet reached the intensity or threat documented in Australia and New Zealand.

In large part, this difference in intensity is due to material factors: Canada is less dependent economically on China than Australia and New Zealand but smaller and less powerful than the United States. In short, while facing similar influence and interference efforts from China, Canada—like the United States—appears to have more effective mechanisms (diplomacy, election funding transparency, foreign investment regulations) than Australia and New Zealand. Indeed, in May 2018 Canada's security service produced a report warning of the extent of interference in New Zealand.[2]

## Politics

The Liberal government elected in October 2015 is inclined to expand relations with China at the diplomatic and commercial levels, including with some form of bilateral free trade agreement and deeper cooperation on global issues like climate change, counterterrorism, and peacekeeping. Yet, despite Asia's rising geoeconomic and geopolitical weight, Canada's strategic center of gravity remains heavily tied to the United States and the transatlantic world and to Western perspectives. There are significant disagreements in the public and within government about the possibilities, opportunities, limits, and risks of a deeper relationship with China.

Media reports highlighting concerns over improper interference include the following:

- In 2010, the director of CSIS, Canada's national security agency, said at least two provincial cabinet members and other government officials were under the



HOUSE_OVERSIGHT_020611

control of foreign countries (including China).[3] Facing political pressure, he later said none of the actions were "illegal" and that "foreign interference is a common occurrence in many countries around the world and has been for decades."[4]

- In 2016, Prime Minister Justin Trudeau was a subject of controversy for his attendance at cash-for-access dinners.[5] Among the attendees were Chinese billionaire Zhang Bin, who donated $1 million to the Pierre Elliott Trudeau Foundation. Also at the dinner was Liu Meng, a CCP official who was opening a Chinese Chamber of Commerce, a common United Front organization, in the country.

- In 2017, a Conservative member of Parliament was denied a visa to visit China because she intended to raise questions about human rights.[6]

- In October 2017, the *Financial Times* acquired a United Front teaching manual which praised the success of overseas Chinese candidates in Toronto elections, writing, "We should aim to work with those individuals and groups that are at a relatively high level, operate within the mainstream of society and have prospects for advancement."[7]

- In December 2017, the *Globe and Mail* reported that two Conservative senators had set up a private consulting business with the intent of attracting Chinese investment to Newfoundland and Labrador.[8] The paper also reported that the Senate's ethics watchdog was investigating an all-expenses-paid trip to China by three Conservative senators, including one involved in the consulting company.[9] (The paper had previously reported on thirty-six trips to China funded by arms of the Chinese government or business groups.[10])

- In December 2017, Conservative senator Linda Frum called for an investigation into improper influence in Canada.[11] She alleged that laws banning direct foreign donations to political parties are sufficiently robust, but third-party groups—so long as they receive funds six months prior to the election—can use foreign money to influence voters.

### *Civil Society*

In 2016, the *New York Times* reported about pressure on independent Chinese-language media in Canada.[12] In January 2018, a coalition led by Amnesty International submitted a confidential report to the Canadian government detailing harassment and digital disinformation campaigns and direct threats against Uyghurs, Tibetans, Taiwanese, democracy advocates, and members of Falun Gong.[13]



HOUSE_OVERSIGHT_020612

### *Business*

One of the emerging debates in Canada concerns the future of China's telecom giant, Huawei, which is widely believed to have links with China's People's Liberation Army. Huawei has little significant business in the United States and was recently banned from participating in Australia's 5G wireless network project. Now Canada is debating that issue, despite the fact that the firm has established a vast network of relationships with all of Canada's major telecom carriers and Canada's leading research universities. Two former directors of the Canadian Security Intelligence Service—Richard Fadden and Ward Elcock—as well as John Adams, the former head of the Communications Security Establishment (CSE), told the *Globe and Mail* in August that Canada should also ban Huawei from supplying equipment for a 5G network.[14]

### *Universities*

An example from academia suggests the efficacy of Canadian efforts to combat China's influence operations. At one West Coast Canadian university with large numbers of students from the PRC in undergraduate humanities and social science courses, where potentially divergent views of China and Chinese political behavior regularly form part of the curriculum, there has been no observation of the pressures documented in Australia, where professors are often openly criticized by Chinese students for proposing less flattering ways of looking at China. However, at that university's for-profit "international transition program," which offers international students who did not qualify for admission the chance (for a fee) to prepare to meet entrance requirements, university administrators have generally failed to integrate the students who are overwhelmingly PRC Chinese with poor English ability into the broader campus community. The result is that, even without PRC consular pressure, there is a strong pro-PRC culture of "political correctness" that conforms to United Front goals without the effort to promote it. It appears that social isolation is the driving factor in this case.

### *Conclusion*

Much of China's influence activities in Canada are a legitimate extension of the public diplomacy in which all nations engage. The pressing issue is when and where China crosses the line between influence and interference. Canadian experience so far suggests more influence work than interference. However, there are clear examples where such influence has become interference. So far, it would appear that the key variable for the relatively low impact of Chinese state efforts (or proxies) turns out to be Canadian practice more than Chinese state efforts. That is, the internal diversity of the Canadian Chinese community blunts political efforts by any one political party (including the CCP). More generally, Canadian practices of multiculturalism,



HOUSE_OVERSIGHT_020613

transparency, campaign financing rules, business regulation, and academic integrity are cultivated and fairly robust.

These experiences suggest the following solutions or best practices in the Canadian case, which largely parallel the broader report's findings:

- Make clear public statements of Canadian values—political, economic, social, and academic.
- Insist on reciprocity with Chinese actors in each domain of engagement.
- Identify what harms Canadian state, social, and community interests.
- Strengthen the practice of Canadian values of multiculturalism, open society, and integration.
- Share experiences in each sector to build capacity and promote best practices, particularly engaging the Canadian Chinese community.
- Train and make use of area specialists to better understand PRC intentions (just as the PRC relies on "Western" specialists).

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## FRANCE

France is the Western European country with the most favorable disposition toward China historically, dating back to the establishment of diplomatic relations in 1964. Yet, it is also the EU country where public opinion toward China is the most negative, overtaking Italy in 2017. As in other countries, it is difficult to distinguish between the voluntary exposure to influence by French seeking to benefit from China's rise and active efforts by Beijing to exploit French vulnerabilities.

Both the Left and Right in France have supported close ties with China. The dual nature of these ties differs from other European countries where for the most part the Left has been critical of US policy in Asia and supportive of China and Vietnam. In France's case, it was the Right, under Charles de Gaulle, which recognized China in January 1964 and criticized US policy during the Vietnam War. So, for example, in January 2014, an all-night celebration for the fiftieth anniversary of the recognition was held in Paris with funding largely from major French firms operating in China.



HOUSE_OVERSIGHT_020615

But it also means that French state television of the 1960s often aired views favorable to the Cultural Revolution, while Maoism was influential inside the radical Left. French diplomacy also has had its "China school," with leading figures such as Etienne Manach (a historical Gaullist) and Claude Martin (who recently published his memoirs under a title lifted creatively from a saying by Chairman Mao, "La diplomatie n'est pas un dîner de gala" or "Diplomacy is not a dinner party").

Still, the shift in public opinion has been equally notable. Simon Leys wrote in French and spawned a critical tradition inside French sinology. The 1989 Tiananmen Square crackdown and a demonstration condoned by the French government on the eve of the G-7 Versailles Summit created a lasting row with the PRC (to which arms sales to Taiwan in the early 1990s can be traced). President Nicolas Sarkozy's stand on Tibet around the 2008 Olympics kindled an even more severe controversy with China, one which also left a trace inside French officialdom. Although diplomatic relations would be normalized in ensuing years, this marked the beginning of a rebalancing of France's foreign policy in Asia. Today, France is a leading arms provider to Australia, Malaysia, Vietnam, India, Singapore, and—to a lesser degree—Japan. It is the leading country—and one of only two EU countries—participating in freedom of navigation naval operations in the South China Sea, albeit with more limited objectives than the United States. It has also taken the lead, with Germany and Italy, in calling for investment screening by the EU, a move that clearly targets Chinese attempts to obtain European high technology.

### *Diaspora*

The Chinese diaspora in France is the largest in Europe, estimated to be between six hundred thousand and one million. Exact figures are not known as ethnic or religious censuses are banned in France. The diaspora is not only large but diverse, including Hoa refugees from Indochina arriving in the late 1970s, Wenzhou immigrants, Dongbei workers, and, more recently, students and affluent Chinese. Wenzhou immigrants are notably apolitical, while Dongbei (northeast) people are closer to PRC traditions. Very few influential French of Chinese origins come from either of these two groups.

The PRC embassy in Paris and consulates in Marseilles and Strasbourg have increased China's outreach to the various Chinese communities in recent years. Notably, actions were taken to encouraging and mobilizing counterdemonstrations (largely from the student community) in Paris during the 2008 Olympics row and by exploiting the issue of crime against Asians (tourists or residents). In 2016, the death of a Chinese resident at the hands of the police spawned a very sudden and publicly condoned reaction in China itself, an echo and perhaps a reminder of the 2008 Olympics row. The PRC also has consulates in French Polynesia and on Reunion Island, with activities more directed to communities of Chinese origin that reside there.



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Public figures from the second or third generation of immigrants are emerging slowly. The traditionally anticommunist sentiment in Paris's thirteenth district, populated by former refugees, has all but disappeared. The district's Socialist Party MP, a former advocate of Taiwan, switched his sympathies to the PRC before leaving politics in 2017. While France has always seen itself as a melting pot society—where even native languages dissolved over a generation—the economic attraction of China is clearly felt.

Police and judicial cooperation have also become an issue. In 2017, for the first time, a PRC citizen accused of corruption was extradited back to China; no public assurances were given regarding a possible death penalty. Another case erupted when Chinese public security officials made an unannounced visit to France to pressure a resident to return home and face charges.

### *Politics*

For decades, China's National Day reception has been the most sought-after diplomatic reception in France, with queues often backing into the street. China's diplomatic buildings have in fact sprouted up around Paris, sometimes acquired from French government sites on sale. China has cultivated a stable of former French politicians. Of particular interest to China is former prime minister Dominique de Villepin, who is a frequent visitor to the country. He has regularly made positive remarks to Chinese state media and at other fora regarding the Belt and Road Initiative (BRI) and Chinese cooperation with the EU. In 2018, he became a distinguished professor at China Europe International Business School and now heads its advisory board.

### *Civil Society*

A new generation of NGOs linking French and PRC members and sponsors has emerged, complementing the traditional role of business. Most prominent is the France-China Foundation, guided by an active French diplomat and presided over by current prime minister Edouard Philippe. With prominent PRC businessmen (such as Jack Ma) as cosponsors and old or new members of the French establishment (e.g., former prime minister Laurent Fabius and Cedric Villani, prominent mathematician and an MP since 2017), the foundation hosts social events, including at the Château de Versailles. Its strongest activity is a Young Leaders program that is patterned after the traditional Fondation France-Amérique. Other organizations include the Fondation Prospective et Innovation, headed by Jean-Pierre Raffarin, which awards a Wu Jianmin scholarship named after a former Chinese ambassador to France.



HOUSE_OVERSIGHT_020617

### *Business*

France maintains a negative trade balance with China and Chinese companies have not invested much in France compared to what they've poured into Germany, Italy, and the United Kingdom. Chinese investors reduced investments during the 2016–17 presidential campaign and have also met with informal refusals in some cases, such as Areva, the French nuclear company. The Chinese domestic market is set to save France's dairy industry, even creating a temporary shortage of butter for the first time since 1945. Still, complaints over too many purchases—or too many tourists, for that matter—are drowned out by the profits involved.

In mainland France, the Comité France-Chine of MEDEF, the French business union, has always been a prominent link, usually spearheaded by a prominent former French political figure (from Raymond Barre to Valéry Giscard d'Estaing and Jean-Pierre Raffarin). A separate French-Chinese investment fund has also been created, headed by a former senior official in the treasury department.

Until very recently, Sino-French activities were largely financed by major French firms operating in China, with EDF, the semipublic electricity company that cooperates on nuclear plants with China, being the most prominent. EDF has been criticized for its transfers of technology to China, which it justifies by its contracts in China and the United Kingdom with Chinese co-funding. This pattern of lobbying by the French themselves may be changing. Huawei now appears as a frequent donor, including for public conferences taking place in such prestigious locales as the French National Assembly or Senate.

Quiet Chinese investments with ownership below the 10 percent declaratory level, as well as in real estate, make for more diffuse influence. This is particularly true at the local level, where Chinese investors are eagerly sought and business intermediaries tend to mushroom. Many plans for industrial parks and regional airports have not materialized, however. The partial takeover of the Toulouse airport (home of Airbus and other aerospace firms) has been marred by the temporary arrest in China of the lead Chinese investor and by a search for quick profits.

### *Academia*

In general, French academic and scientific institutions have welcomed Chinese students and researchers. The Commissariat à l'Energie Atomique (CEA), Ecole Polytechnique, and the Paris Saclay cluster and science park are all active in working with Chinese counterparts. The Paris Saclay cluster and science park has signed agreements with Tsinghua University and its commercial and high-tech spin-offs, Qinghua Holdings and Qinghua Unigroup. The Fondation Franco-Chinoise pour la



HOUSE_OVERSIGHT_020618

Science et ses Applications, cofounded by the French and PRC Science Academies, promotes stays in France for Chinese scientists. It does not list any Chinese sponsoring firm. Huawei has been a major donor to the Institut des Hautes Etudes Scientifiques (IHES), France's famous mathematics institution. The Fondation Victor Segalen is a partnership between a French business school, ESCP, and China's NDRC, and is sponsored by Huawei and a roster of French firms. Among the recent spate of Belt and Road Initiative conferences, one at IRIS, a Paris-based think tank, was sponsored by the PRC embassy in France.

### *Media*

The PRC now controls the only Chinese-language print media in France. Its TV channels (plus the Hong Kong-based Phoenix TV) are the only Chinese-language channels carried to France and its overseas territories. In the French-language media, China does not have a very strong position and the country's officials deplore what they believe is negative reporting by French reporters. The PRC has had more success with the publishing world, where several books have appeared praising the Chinese model. The most noted example is François Jullien, a literature professor turned philosopher who emphasizes that China's thought is "perpendicular to ours." Jullien's work is popular among China-oriented businessmen. Michel Aglietta, an anticapitalist economist, promotes China's state-driven economy, while Philippe Barret, a former Maoist activist of the late 1960s turned government official and sovereigntist, published a book in 2018 titled "N'ayez pas peur de la Chine" ("Do not fear China").

## GERMANY

China has so far made only a few conspicuous efforts to exert improper interference in German politics, society, and business.[1] Those that have occurred, however, deserve attention, and, coupled with the overwhelming resources dedicated to nominally legitimate influence activities, will demand a coherent counterstrategy over time.

Chinese influence activities in Germany seem sophisticated even though they currently do not appear very effective. The problem from the Chinese point of view is that German public opinion and its media are traditionally critical of the Chinese leadership. The Tiananmen Square massacre still plays an outsize role in Germans' public perception of China as it fell on the same year that East Germany began to open up. Thus, instead of launching a PR campaign to play on German skepticism of the United States (for example), as China does elsewhere, Chinese agencies have so far confined themselves to: (a) targeting younger persons—those who have a professional or academic interest in China; (b) weakening the EU and thus subverting a crucial foundation of Germany's influence; and (c) directing their major thrust at the one part



HOUSE_OVERSIGHT_020619

of German society that has a clear interest in good German-Chinese relations and thus is susceptible to Chinese influence: the business community.

While this report has focused on distinguishing legitimate influence efforts from improper interference, it is important to acknowledge behavior that is unquestionably illegal. Most acts of espionage have not become public knowledge. Occasionally there are unconfirmed reports about cyber activities and Chinese IT hardware containing devices enabling espionage. In December 2017, German authorities revealed that Chinese agents had used faked LinkedIn identities or avatars of Germans engaged with China to contact people in the political and media spheres.

### *Politics*

Angela Merkel, the present chancellor, has a decidedly cool attitude toward China, although she has established mechanisms to work closely with China over the years. Possibly because of her experience of being raised in communist East Germany, Merkel clearly sees the challenges presented by China to democracy and a liberal society. Indeed, there's an argument to be made that with the retreat of the United States from human rights issues, Germany has taken up the mantle as the strongest critic of China's human rights practices. It was Merkel's government that won the release of Liu Xia, the widow of Nobel Peace Prize winner Liu Xiaobo. Thus, it makes sense that the Chinese Communist Party has opted to plant a seed within the German business elite with the hope that in a post-Merkel Germany, China's interests would be accommodated more than now.

Germany is also an indirect target of China's efforts directed at the 16—1 group in Central Europe and within the EU. Among the sixteen Central and Eastern European countries (eleven of them EU member states) gathered in the 16—1 group, the expectation of Chinese investment has led to laxer application of EU rules on procurement and in some cases to opposition to joint EU criticism of China (e.g., concerning the South China Sea, human rights, and the Belt and Road Initiative). Chinese "divide and rule" activities weaken the EU's China policy and the EU's cohesion in general and thus affect Germany negatively.[2]

There have been limited conspicuous efforts to target specific politicians for cultivation, with two notable exceptions: former chancellor Helmut Schmidt (now deceased) and former minister of economics Philipp Roessler. Influence activities directed toward political parties are negligible, apart from efforts to include them in events on the Belt and Road Initiative and the recent commemoration of forty years of the policy of Reform and Opening. There have been some attempts to establish relations with the new right-wing party "Alternative für Deutschland."



HOUSE_OVERSIGHT_020620

In 2016, the chair of the Human Rights Committee of the German Parliament was told he would not be allowed to visit China with the rest of the committee if he did not delete a report from his home page on Tibetan flags being hoisted at German town halls. The committee refused to go on the trip.

### *Academia*

More than one hundred thousand Chinese nationals live in Germany, most of them students. Intense exchanges take place between universities, research institutes, and think tanks, as well as between scholars in many areas, both natural and social sciences. Similar to academics from other countries, several German researchers and academics with a reputation of being critical toward the Chinese government have been denied visas or access to interlocutors in China. China in general targets junior scholars for cultivation. Contacts are initiated from China with invitations to join research projects, apply for grants, attend conferences, and write articles with the promise that they will be published.

A notable instance of coercion occurred when the publishing company Springer Nature removed an estimated one thousand publications from its Internet catalog for China because their titles might not coincide with official political positions of Beijing. So far, Springer has yet to reverse its decision, unlike Cambridge University Press in a similar instance.

German universities host twenty Confucius Institutes (out of approximately 160 in all of Europe). Like their counterparts elsewhere, they invest more in gaining general sympathy in German civil society through cultural activities than in advancing an overtly political agenda (which does occur, although rarely). There are fifty-eight Chinese Students and Scholars Associations in Germany that are well organized and seemingly well funded.

### *Civil Society*

Chinese officials regularly complain about the negative attitude toward China in the German public, proven by polls, but do not yet tackle the problem directly. Activities in the PRC by German nongovernmental organizations (NGOs) and political foundations are increasingly confined in their activities, not only through China's new NGO law but also because former Chinese partners are reluctant to cooperate.

In a letter to the interior ministries of German federal states, the Chinese embassy requested that communities be asked not to hoist Tibetan flags on Tibet Day (March 10). In some cases, ministries complied, but in the majority of cases they did not. Almost none of the communities complied. The Chinese embassy in Berlin



HOUSE_OVERSIGHT_020621

intervened with hotels where activities involving Taiwan (such as trade shows) flew the flag of the Republic of China. Probably in view of the costs incurred by cancelling a contract with their Taiwanese partners, the addressees in general did not comply. In a similar incident, at the first of a series of tournaments between German third league soccer clubs and Chinese soccer clubs, the Chinese coach demanded that spectators be forbidden from holding up Tibetan flags. The German soccer association's representative did not comply and no more football matches have been held.

### *Business*

Close relationships, often decades old, between various enterprises and business associations (including a newly established one on the Belt and Road Initiative) are nurtured by the Chinese embassy, consulates, and representatives from Beijing. The Chinese government provides financial and logistical support for events like the Hamburg Summit or Asia Pacific Days in Berlin. A long-standing practice has been to include CEOs of major enterprises in advisory boards of mayors of major Chinese cities and provinces (remuneration seems not to play a role).

The issue of "weaponized" investment is growing in importance. In 2016, Chinese companies spent 12.5 billion euros on investments in Germany—about as much as the total investment of the entire previous decade. The main targets have been successful technology companies. The blitz has subsided in the wake of greater political scrutiny beginning in 2017 and German efforts, along with those of the United Kingdom and France, to limit China's ability to buy, borrow, or steal leading European technology.

German enterprises in both China and Germany are major targets for information campaigns related to the Belt and Road Initiative. Enterprises generally respond positively although with circumspection (only 36 percent of German companies in China expect positive effects for their business). Especially large enterprises (e.g., Siemens) have played along and created their own "BRI Task Forces." Siemens CEO Joe Kaeser said in Davos in 2018 that the Belt and Road would become the "new WTO." Similar to instances elsewhere, when the Daimler company used a quote from the Dalai Lama on its Instagram account, it was confronted with massive protests in China's media and it apologized publicly—twice—to China. The city of Duisburg (one of the terminals of the trans-Eurasian railroads) in January 2018 reached a "strategic cooperation" agreement with Huawei to turn Duisburg into a "smart city." That entailed having Huawei build a "Rhine Cloud" to host Duisburg's data.[3]

### *Media*

German media have, for decades, been the target of official and unofficial Chinese criticism that they are "anti-Chinese." China's state-run media have sought to



HOUSE_OVERSIGHT_020622

make some inroads into the mainstream German press. *China Daily*'s advertisement supplement, *China Watch*, is published in only one daily, after readers protested its inclusion in another paper. In 2017, China's state-run Xinhua News Agency partnered with a German firm, the German Television News Agency or DFA, to provide soft features about how important China is to Germany. Called Nihao Deutschland, the program has been criticized as propaganda in the mainstream German press.[4]

### *Reaction*

It is in business, the one area of tangible Chinese influence efforts, where pushback has begun in Germany. Chancellor Merkel and French president Emmanuel Macron have initiated discussions with businesses and the EU Commission on ways to establish stricter investment screening procedures and to push for more reciprocity for European firms in China. In April 2018, the second chamber of the German parliament (representing the federal states) passed a resolution to lower the threshold at which the government may intervene in foreign direct investment (FDI) projects in Germany. The measure was clearly targeted at China. As for the EU, the German government has supported language that criticizes the BRI concept for hampering free trade and putting Chinese companies at an advantage.[5]

### *Conclusion*

Many of the coercive actions documented here are for the most part measures one might imagine German diplomats abroad also adopting. What raises questions are the size of China's activities and its objectives. China can wield massive resources in pushing its public diplomacy agenda. This can turn German and European partners into pawns. The outsize dimension of China's influence efforts can render them improper or even illegitimate. China's efforts on the investment side often involve draining technical know-how from German firms. On the political side, its support of Central European countries has been carried out with the aim of dividing the primary political organization of Europe, the EU. Neither of these can be regarded as proper and legitimate behavior between states.

The risk of Chinese interference in Germany is serious in the medium to long term, even though so far it is mainly an indirect one and German society by and large has proven sufficiently resilient. A preliminary recommendation on how to prevent the problem from becoming more serious would be to focus on more cohesion, exchange, and transparency among countries concerned, first of all within the EU. This will take time and effort, considering that some countries in Europe (such as a few Eastern European nations along with Greece) hope to use their support of China's political or technological goals to lure Chinese investment. Still, as a leader of Europe, Germany—along with France—needs to initiate a broad-based discussion among the public and



HOUSE_OVERSIGHT_020623

the business community about the challenge presented by China's economy and political system and its objectives.

### NOTES

1 The recent reports by ECFR and Merics/GPPI list some of them, but mainly deal with Europe in general: Francois Godement and Abigael Vasselier, "China at the Gates: A New Power Audit of EU-China Relations," European Council on Foreign Relations, December 1, 2017, accessed October 11, 2018, http://www.ecfr.eu/publications/summary/china_eu_power_audit7242; and Thorsten Benner, Jan Gaspers, Mareike Ohlberg, Lucrezia Poggetti, and Kristin Shi-Kupfer, "Authoritarian Advance: Responding to China's Growing Political Influence in Europe," MERICS, February 2018.

2 Then foreign minister Sigmar Gabriel on August 30, 2017, in a speech asked China to respect the "One Europe Principle" as much as it demands Europeans respect the "One China Principle."

3 Achim Sawall, "Duisburg und Huawei Starten die Rhine Cloud," Golem.de, June 11, 2018, accessed October 11, 2018, https://www.golem.de/news/du-it-duisburg-und-huawei-starten-die-rhine-cloud-1806-134892.html.

4 "'Nihao Deutschland' Zeigt Deutschen China," *Hamburger Abendblatt*, August 8, 2017, accessed October 11, 2018, https://www.abendblatt.de/kultur-live/tv-und-medien/article211511923/Nihao-Deutschland-zeigt-Deutschen-China.html.

5 Dana Heide, Till Hoppe, Klaus Stratman, and Stephan Scheur, "EU Ambassadors Band Together Against Silk Road," *Handelsblatt*, April 17, 2018, accessed October 11, 2018, https://global.handelsblatt.com/politics/eu-ambassadors-beijing-china-silk-road-912258.

## JAPAN

Japan would seem to be the perfect target for the Chinese party-state and its under-the-radar efforts to turn potential adversaries into benign friends. Japan has deep cultural and emotional ties with China, through history, language, and art, and a sense of Asian fraternity forged by their struggles to keep intrusive, overbearing Western powers at bay. Many in Japan also carry an enduring sense of remorse for their country's brutal subjugation of China in the opening half of the twentieth century. However, the kinds of covert Chinese influence operations that have come to light in countries like the United States, Canada, Australia, New Zealand, and parts of Europe—with one exception—are not easy to find in Japan.

A natural place to look for evidence of influence-peddling would be in Chinese support for the left-wing Japanese peace groups that have long investigated and published evidence of the Imperial Army's war atrocities in the 1930s and 1940s. Such Japanese research has been politically useful for China in buttressing its own efforts to chronicle the sufferings of its people during the conflict, as well as lending support to Beijing's tussling with Tokyo over how the history of the war should be managed and told.



HOUSE_OVERSIGHT_020624

But Japanese activists have never needed encouragement from China on this front. They lead homegrown movements with specific political targets in Japan itself, notably attacking the conservative establishment and defending the country's "peace constitution." These well-established groups, the origins of which lie in the Cold War splits of 1950s Japanese politics, have long been attacked from the right in Japan for being unpatriotic. But none has been linked credibly to Beijing's United Front Work Department. Nor is there evidence that they have been manipulated and managed by CCP-aligned or directed interests.

The Japanese Communist Party, which still retains a substantial electoral base, is little help to Beijing on the ground in Japan. The JCP was pro-Soviet through the Cold War and has no special affinity with Beijing.

Japan's cultural and institutional familiarity with China makes it, in different ways, less amenable to Chinese influence than it would appear to be at first blush. After all, Japan has absorbed much from China over many centuries, taking in what it wanted and adapting it to its own ends, and keeping out much else. On top of that, any notions of Asian solidarity have been subverted since the early twentieth century by war and politics and by the failure of the two countries to reach an equilibrium in the aftermath of Japan's defeat in 1945 and the victory of the Chinese communists in 1949.

### *Productive Back Channels*

The opaque political cultures of both countries have shaped the way that bilateral relations are conducted. Aside from conventional diplomacy, leaders of the dominant political parties in China and Japan have extensively used back channels to establish understandings on sensitive issues, including the overt use of CCP organs, outside of normal state-to-state relations.

The Chinese People's Association for Friendship with Foreign Countries, headed by Li Xiaolin, the daughter of former Chinese president Li Xiannian, has long been a forum through which the two sides have conducted dialogues. The Friendship Association is effectively the public face of the CCP's UFWD. It is not covert and, for all the connotations conjured up in its name, it remains avowedly an arm of the party-state. In that respect, the Friendship Association remains a reliable conduit for passing messages between the two countries, especially at a time, as in recent years, when senior-level political exchanges have been fraught. When bilateral relations froze in 2012 after the clash over the Senkaku/Diaoyu Islands, it was a measure of how dangerous things became that the back channels, or the "pipes," as the Japanese describe them, froze, making diplomatic signaling difficult across the East China Sea.



HOUSE_OVERSIGHT_020625

### *Okinawa and Senkaku/Diaoyu Debates*

The clearest case of covert meddling occurs far south of Tokyo in Okinawa, the ancient island-kingdom which is geographically closer to Taiwan than it is to the Japanese mainland. As late as 2015, prominent Chinese were asserting that the Ryukyu Islands, which include Okinawa, belonged as much to Beijing as they did to Japan. In large part, they based their argument on the fact that the chain was once a Chinese tributary state. The two countries still hotly contest this island chain, known as Senkaku in Japan and Diaoyu in China. "I am not saying all former tributary states belong to China, but we can say with certainty that the Ryukyus do not belong to Japan," wrote Luo Yuan, a retired and hawkish People's Liberation Army general.[1] Chinese scholars have argued that Japan's annexation of the islands in 1879 was an invasion and that the sovereignty of the island chain is thus open to question. For the time being, the Chinese Foreign Ministry has not pressed this issue.

Hong Kong has long been a base for flag-waving Chinese activists agitating on the issue of the Senkaku/Diaoyu islands. Their appeals to a notion of Chinese brotherhood, combined with the fact the group writes in traditional Chinese characters, suggests that the main consumers of the Organizing Committee for the Ryukyus propaganda may not be on mainland China. Instead, the Organizing Committee may well be targeting supporters of the Kuomintang in Taiwan, where hard core supporters of unification have become marginalized in mainstream politics, or overseas Chinese communities.[2]

It is of some significance that the same individuals who make up the Organizing Committee are also listed online as serving in CCP United Front Work Department positions in Hong Kong.[3] The Organizing Committee for the Ryukyus also has a robust online presence, with both a website and a Weibo (similar to Twitter) account.[4] It is worth noting, also, that the Hong Kong-based campaign to regain the Ryukyus has not won any overt or consistent support from Beijing.

But the Hong Kong patriots' campaign has the benefit of being aligned with anti-Japanese sentiment in Okinawa itself, where both political leaders and the local media are antagonistic toward Tokyo. The local discontent is directly related to the long-standing presence of tens of thousands of US military personnel stationed on the island and the ways in which they have interacted with the indigenous population.

Operating at arm's length from the government, however, a cabal of self-styled Chinese patriots in Hong Kong has openly agitated for the Ryukus (Senkaku/Diaoyu) to be taken from Japan and to become part of China. The main group calls itself the "Organizing Committee for the Ryukyu Islands Special Administrative Region of the



HOUSE_OVERSIGHT_020626

Chinese Race."[5] Hong Kong has long been a base for flag-waving Chinese activists agitating on the issue of the Senkaku/Diaoyu islands. "The Chinese race does not fight wars. The Chinese race only safeguards peace!" runs one pronouncement which was designed as an outreach to potential supporters on Okinawa. "The Chinese race is relying on you. The Chinese race today relies on you, and the Chinese race can rely on you."[6] Even more extreme is the way that the group frames its assertion that the Ryukus (Senkaku/Diaoyu) should become part of China. "The Japanese people are a part of the Chinese race and Japan is originally of Chinese blood," the group's president, Zhao Dong, says in one posting.

For the CCP in Beijing, with an eye on the long game, building links between malcontents in Okinawa and patriots in Hong Kong could easily pay off in the future.

### *Countering Chinese Influence*

The Japanese government has been at the forefront of attempts to counter Chinese efforts for influence throughout Asia. It maintains a robust, if under-the-radar, relationship with Taiwan. It has strong ties to Vietnam and it has attempted to modify China's influence over Cambodia and Laos, although to little effect. Japan has a close relationship with New Delhi that involves not simply trade but also security. Japan and India recently unveiled the Asia-Africa Growth Corridor as a way to compete with Chinese influence in Africa. Japan's ties to Australia are deep as well.[7] Japan's government was the source of the expression "Free and open Indo-Pacific" as a counterpoint to China's attempts to turn the Western Pacific (or at least the South China Sea) into a Chinese lake. Moreover, Japanese firms currently are outpacing Chinese firms in terms of infrastructure investment in Southeast Asia.

## NOTES

1 Justin McCurry, "China Lays Claim to Okinawa as Territory Dispute with Japan Escalates," *Guardian* (UK), May 15, 2013, https://www.theguardian.com/world/2013/may/15/china-okinawa-dispute-japan-ryukyu.

2 Taiwanese newspapers have already covered the Organizing Committee in a rather disparaging fashion: "Pushing Japan to Hand Back the Ryukyus: Chinese People Draw up an International Lawsuit," "促日歸還琉球 中國人擬告上國際法庭," *Liberty Times* (Taiwan), August 2, 2016, accessed October 11, 2018, http://news.ltn.com.tw/news/world/paper/1017100.

3 "China Brilliant Cause Investment Group CCTV International News Introduction," *Yanzhao Nightly/Shijiazhuang Daily*, accessed October 11, 2018, http://www.hnqxgs.com/yzwbfz/2196344.html.

4 "Organising Committee for the Ryukyu Islands Special Administrative Region of the Chinese Race," *Weibo*, accessed October 11, 2018, https://www.weibo.com/u/1931192953?is_hot=1.

5 Ryukyu Network, Organising Committee for the Special Administrative Region of the Chinese Race, accessed October 11, 2018, http://www.ryukyu-china.com.



HOUSE_OVERSIGHT_020627

6 "中華民族琉球特別自治区」の正体は . . . 中国共産党中央統一戦線工作部," *Japan+*, November 10, 2015, accessed October 11, 2018, http://japan-plus.net/952.

7 Daniel Moss, "As China Steps Up, Japan Isn't Stepping Aside," Bloomberg, July 10, 2018, accessed October 11, 2018, https://www.bloomberg.com/view/articles/2018-07-10/japan-reasserts-influence-as-china-rises.

## NEW ZEALAND

The issue of Chinese influence operations in New Zealand began to attract significant attention in September 2017 when Anne-Marie Brady, a professor at the University of Canterbury, published a detailed assessment of that country's experience in the weeks prior to national elections.[1]

China's influence operations in New Zealand are rooted in the same set of policies and institutions that guide its work globally, often proceeding outward from efforts targeted at the diaspora community. As has been observed elsewhere, influence operations in New Zealand have increased markedly since Xi Jinping became general secretary of the Chinese Communist Party. The Chinese government considers New Zealand an "exemplar of how it would like its relations to be with other states."[2] One unnamed Chinese diplomat even characterized relations between the two countries as similar to China's close ties with totalitarian Albania in the early 1960s.

New Zealand is of strategic interest to China for several reasons. As a claimant state in Antarctica, the country is relevant to China's growing ambitions in that territory. It manages the defense and foreign affairs of three other territories in the South Pacific. It is an ideal location for near-space research and has unexplored oil and gas resources. Most critically, as a member of the "Five Eyes" security partnerships with the United States, Australia, Canada, and the United Kingdom, New Zealand offers enormous possibilities for Chinese espionage.

New Zealand is particularly vulnerable to Chinese influence because it is a small state of 4.5 million people with strong trade ties to China. China is New Zealand's second largest trading partner and a critical market for two of its most important sectors, tourism and milk products. It should be noted that New Zealand has historically pursued closer ties with China than many other nations. What is changing is the willfulness with which China appears ready to exploit this dynamic and to subvert New Zealand's continued ability to independently shape its policy priorities.

Examples of improper influence in New Zealand include revelations that a member of Parliament concealed that he had been involved with Chinese military intelligence for fifteen years prior to immigrating to New Zealand; a New Zealand company found to



HOUSE_OVERSIGHT_020628

be violating bans on exports to North Korea via its Chinese partner; and the almost complete domination of local Chinese-language media by pro-PRC outlets.

### *Chinese Diaspora*

There are currently two hundred thousand ethnic Chinese in New Zealand, primarily concentrated in Auckland. During the Cold War, Chinese New Zealanders "were neither pro-CCP nor pro-PRC" and its community institutions were "proudly independent." Now, few activities are noticeably independent of Beijing.

In addition to its embassy in Wellington, Beijing coordinates its engagement with the diaspora through an Overseas Chinese Service Center, established in Auckland in 2014. The organization considered most closely connected with PRC authorities in New Zealand is the Peaceful Reunification of China Association of New Zealand, which was founded in 2000. Controlled by the United Front Work Department, it has encouraged bloc voting in the ethnic Chinese community, fund-raising for friendly ethnic Chinese political candidates, and organizing of protests. The current leader of the association, a businessman in the food industry, also heads or has leadership roles in other United Front organizations in New Zealand and has been publicly listed as an adviser to the Beijing Overseas Chinese Affairs Council.

Several current ethnic Chinese individuals active in New Zealand work "very publicly" with China's United Front Organizations in New Zealand.[3] In return they have benefited from fund-raising events held by the Peaceful Reunification Association, which has encouraged ethnic Chinese to vote for them. In the 2017 elections, a woman who led the New Zealand Chinese Students and Scholars Association was placed on the Labour Party's election slate, but the party did not receive enough votes for her to enter Parliament. Chinese individuals active in New Zealand politics have also attended Peaceful Reunification Association meetings, where they stated their intention to promote China's policies with respect to Tibet, promoted a think tank tied to the Belt and Road Initiative, and repeated slogans from Xi Jinping in local campaign materials.

### *Politics*

In 2017, it was disclosed that Yang Jian, who to date remains a member of Parliament, concealed that he had been a student and teacher at two of China's military intelligence colleges for fifteen years before immigrating to New Zealand. He omitted this history on his English-language resume for his position at a New Zealand university, his permanent residency and citizenship applications, and his parliamentary position, but he disclosed it selectively to those speaking Chinese. Yang has acknowledged the veracity of these reports, including that he was a member of the Chinese Communist Party, but claims he ceased his affiliation after leaving



HOUSE_OVERSIGHT_020629

the country in 1994. Since entering government, Yang "has been a central figure promoting and helping to shape the New Zealand National government's China strategy" and was a member of the Parliamentary Select Committee for Foreign Affairs, Defense, and Trade from 2014 to 2016, which would have given him privileged access to information.[4]

Chinese influence efforts targeted toward New Zealand politics transcend the diaspora community to include campaign contributions and the cultivation of relationships with former senior officials. Individuals with strong ties to United Front organizations have donated several million dollars, primarily to the National Party. One such individual, who donated $112,000 to the National Party in 2017, is listed as an officer of no fewer than seven United Front organizations.[5] Senior politicians who have secured high-profile roles in Chinese companies include a former party leader and members of Parliament who serve on the boards of the New Zealand affiliates of major Chinese banks. A former minister of finance serves on the board of a majority-Chinese-owned New Zealand dairy. In late September, a former prime minister who now represents an American company's interests in China attracted attention for the sale of property "well above market rates" to an undisclosed Chinese buyer. Local politicians have also been targeted.

### *Business*

Chinese companies have also been instruments of interference in New Zealand. After acquiring a stake in a local telecom company in 2011, Chinese telecom giant Huawei went on to win the contract to build New Zealand's 4G wireless network in 2013. Huawei also established research partnerships and other investments in the country that may be leveraged for nonbusiness purposes. In another instance, New Zealand aeronautics company Pacific Aerospace in 2014 partnered with Beijing Automotive Group on the sale of planes to the Chinese market. In 2017, Pacific Aerospace was charged by New Zealand Customs with knowingly and illegally exporting parts to North Korea via its Chinese partner.

### *Universities*

New Zealand has long-standing scientific cooperation agreements with China, most of which are benign. However, since China renewed an emphasis on civil-military research integration in 2015, New Zealand, like other countries hosting major research institutions, has been targeted for its potential to further these aims. New Zealand universities have partnerships with several Chinese universities linked to China's People's Liberation Army (PLA), including the PLA Institute of Military Culture (Massey); the National University of Defense Technology (Auckland, Massey); Northwestern Polytechnical University (Canterbury), Shenyang Aerospace University



HOUSE_OVERSIGHT_020630

(UNITEC), and Xidian University (Otago, VUW). New Zealand regularly hosts doctoral students who were graduates of these universities and also hosts current students and staff on short-term fellowships. Some New Zealand academics have roles at PLA-linked universities. The potential for these relationships to be exploited requires a reevaluation of government policies on scientific exchange.[6]

### *Civil Society*

Media are a key target of China's influence efforts. New Zealand's local Chinese-language outlets all have content cooperation agreements with China's Xinhua News Service, participate in annual media training conferences in China, have at times employed senior staff affiliated with the Communist Party, and have hosted CCP propaganda officials. CCP officials have given direct editorial instructions to Chinese-language media in New Zealand as part of the CCP's strategy to blend overseas content with that in the PRC. On television, a Chinese-language channel has removed Taiwanese programming from its network. Xinhua has also established its own television station.

With respect to English media, *China Daily* in 2016 established a partnership with the Fairfax newspapers in Australia and New Zealand. The Chinese embassy has sponsored the travel of journalists and politicians. In other instances, donors with close connections to the Chinese government have donated to organizations that provide research funding and subsidize journalist and youth visits to China, as well as exhibitions, book publications, and other activities that "promote a non-critical view of China."

China's representatives in New Zealand also put considerable pressure on New Zealanders who speak up critically on China-related issues. Since publication of her initial report on Chinese influence operations in the country, Anne-Marie Brady has experienced break-ins at her office and home, according to testimony before the Australian Parliament's Intelligence and Security Committee.[7]

### *Conclusion*

New Zealand's government, unlike that of Australia, has taken few steps to counter foreign interference in its internal affairs. Charity fund-raising, which has been used by Chinese United Front organizations to mask contributions, remains excluded from disclosure requirements. New Zealand's intelligence service still cannot investigate cases of subversion and foreign influence inside its political parties without the approval of the service's minister, whose political calculations may inhibit action. And media regulations remain inadequate to address improper influence by means other than outright ownership, which may also merit reform.



HOUSE_OVERSIGHT_020631

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## SINGAPORE AND ASEAN

Singapore is unique in that it is the only majority ethnic Chinese state outside of Greater China (Taiwan, Hong Kong, Macao). Singapore is also unique in Southeast Asia because its rigorous standards of governance and zero tolerance for corruption make it virtually impossible to bribe or openly suborn political leaders or opinion-leaders.

In 2016–17, Singapore's generally friendly, smooth relationship with China took a downturn. The proximate cause was Singapore becoming country coordinator for China for the Association of Southeast Asian Nations (ASEAN). This post is held by ASEAN member states by rotation for a three-year term. China seemed to have convinced itself that the role entailed Singapore "coordinating" ASEAN's position on the South China Sea (SCS) territorial disputes in its favor. But China has long been unhappy with Singapore's clear and consistent position on the SCS. Singapore is not a claimant state to the South China Sea. The previous country coordinator was Vietnam, a claimant state whose relationship with China has been historically fraught. Chinese expectations of Singapore may have been unrealistically high, particularly after the Arbitral Tribunal on the case brought by the Philippines against China ruled against China's position in a verdict in July 2016.

China criticized Singapore's support for SCS disputes being resolved in accordance with international law as "taking sides." It objected to Singapore's leaders and officials even speaking on the SCS issue. When Singapore stood firm on its right to state its position on an issue of undoubted importance to the region, the Chinese influence apparatus



HOUSE_OVERSIGHT_020632

was activated to pressure the government to change position. Singapore's experience in 2016–17 holds lessons for other ASEAN member states.

On the surface, China claims that it does not interfere in the internal affairs of other states. At the same time, it is led by a Leninist party that embraces the ideas of the United Front as a key tactic. Translated into foreign policy, by its nature United Front work involves lobbying, coercion, co-optation and other influence operations—some of which are legitimate, others of which are not. China's self-declared role as the representative of all Chinese people around the world and its stated position that all Chinese are obliged to help China further complicate its position in Singapore, which is 76 percent Chinese.

This multifaceted and contradictory approach is deployed within an overarching narrative of China's inevitable and unstoppable rise and America's equally inevitable and absolute decline. This narrative and others are propagated by various means: WeChat with Chinese-speaking populations, social and mainstream media, whispering campaigns, business, clan, and cultural associations, and conventional agents of influence reporting to Chinese intelligence organizations, who cultivate what Lenin called "useful idiots."

## A History of Influence

Chinese influence operations in Singapore are not a recent phenomenon. China's United Front activities in the late 1950s and 1960s sought to export China's communist revolution to Southeast Asia and were part of an open political struggle. But even after China's proxies in the political contest were defeated, China continued to try to shape public opinion in Singapore. This attempt differed from the 2016–17 episode mainly in the means deployed, which reflected the technologies available at the time.

On May 15, 1971, the Singapore government announced the arrest and detention of three individuals under the Internal Security Act. The government press statement revealed that "officials of a communist intelligence service based in Hong Kong" had between 1964 and 1968 given loans totaling more than 7 million Hong Kong dollars at the "ridiculously low interest rate of 0.1% per annum" to an ethnic Chinese businessman to start an English-language daily newspaper named the *Eastern Sun*.[1] The newspaper commenced publication in 1966. In return for the loans, the *Eastern Sun* was required not to oppose the PRC on major issues and to remain neutral on minor issues.

In 2004, China deployed intense pressure on Singapore when then deputy prime minister Lee Hsien Loong paid an unofficial visit to Taiwan. The Chinese were trying to get Singapore to cancel the visit. Singapore adheres to a "One China Policy," but if



HOUSE_OVERSIGHT_020633

China had succeeded, it would have forced a significant modification of Singapore's approach to Taiwan.

This was not the first unofficial visit by a Singaporean leader to Taiwan. Previous unofficial visits by even more senior Singapore leaders had passed without incident. The 2004 visit conformed to the established pattern in form and substance of previous visits. But what the 2004 incident had in common with the 2016–17 episode was that both occurred at times of political transition in Singapore.

In 2004, it was clear that Lee Hsien Loong would replace Goh Chok Tong as Singapore's third prime minister. By 2016, Prime Minister Lee Hsien Loong had made public his intention to step aside after the next general election (due by 2020) and let a younger generation of political leaders take over. The pressures deployed on both occasions may have been intended as tests of the resolve of new leaders and warnings to new leaders about what to expect unless they were more accommodating to China.

### *South China Sea*

When Singapore became the ASEAN country coordinator in 2016, Chinese diplomats called upon Singapore to "explain" China's position on the SCS to other ASEAN countries, or to ensure that the issue was not raised in ASEAN forums, or, if raised, downplayed. Such demarches have been routine in all ASEAN countries for many years.

Simultaneously, messages targeting civil society and other sectors began to appear, most prominently on social media. The aim was to instill a fatalistic acceptance of the inevitability and desirability of a Chinese identity for multiracial Singapore and to get Singaporeans—and not just Chinese Singaporeans—to pressure the government to align Singapore's national interests with China's interests. In essence, they asserted:

- Unlike Lee Kuan Yew, who had died in 2015, the current Singapore leadership under Prime Minister Lee Hsien Loong did not know how to deal with China. Relations were so much better then.

- Singapore has no territorial claims in the SCS, so why was it siding with the United States against China?

- Surely, as a "Chinese country," Singapore should "explain" China's position to the others or stay neutral.

It is difficult to pin down the precise origins of such narratives, but they closely resemble arguments made in the Chinese media, in particular the *Global Times*.



HOUSE_OVERSIGHT_020634

Omitted was the historical fact that Lee Kuan Yew was the only noncommunist leader who in the late 1950s and early 1960s went into a CCP-backed United Front organization and emerged the victor. That drew a red line, which provided the basis on which Lee and his successors developed Singapore's relations with China. Also ignored was the fact that even though Singapore has no territorial claims on the SCS, that does not mean it has no interest there. And, most crucial of all, although the majority of Singaporeans are ethnic Chinese, Singapore is a multiracial country organized on the basis of meritocracy and it does not view itself as a mono-racial state like China.

Still, many Singaporeans, only cursorily interested in international affairs, did not realize they were being fed oversimplifications and swallowed them, or played along for other reasons. Businessmen, academics, and others with interests in China were given broad hints that their interests might suffer unless Singapore was more accommodating, and they passed the messages to the Singapore government. The Belt and Road Initiative was dangled as bait and the possibility of being excluded loomed as a threat, even though Singapore, as a highly developed country, did not need BRI infrastructure. Communist Party chairman Xi Jinping himself had asked Singapore to start a BRI-related project in Chongqing. Prime Minister Lee Hsien Loong was pointedly not invited to the BRI Summit held in Beijing in 2017, although Singapore was represented at a lower level. Appeals to ethnic pride were made to yet others.

The operation was effective. The pressures on the government were great. It was difficult to explain the nuances of the SCS issue or Singapore's relations with China to the general public.

Then Beijing went too far. In November 2016, nine Singapore armored personnel carriers (APCs) en route home from an overseas military exercise were seized by China on the flimsiest of excuses.[2] Singaporeans immediately understood that this was naked intimidation. Even the leader of the opposition Workers' Party criticized China in Parliament. Beijing, by then increasingly concerned with the Trump administration, decided to settle. In January 2017, the APCs were released. The influence apparatus gradually stood down and relations returned to normal. Chinese leaders went out of their way to project friendliness. In late 2017, when news of Prime Minister Lee Hsien Loong being invited to the White House by President Trump became public, the prime minister was hastily invited to come to Beijing first, where he was received by Xi and other senior Chinese leaders.

### *Academia*

Most of the means by which the Chinese narratives were spread in 2016–17 were *not* illegal. However, in August 2017, Huang Jing, an academic born in China who was



HOUSE_OVERSIGHT_020635

teaching at the National University of Singapore's Lee Kuan Yew School of Public Policy (LKYSPP), was expelled from Singapore and permanently banned from the country. The Ministry of Home Affairs (responsible for internal security and counterespionage) said in a statement announcing the expulsion that Huang had been "identified as an agent of influence of a foreign country" who had "knowingly interacted with intelligence organizations and agents of the foreign country and cooperated with them to influence the Singapore Government's foreign policy and public opinion in Singapore. To this end, he engaged prominent and influential Singaporeans and gave them what he claimed was 'privileged information' about the foreign country so as to influence their opinions in favor of that country. Huang also recruited others in aid of his operations."[3] The statement went on to say that Huang gave supposedly "privileged information" to a senior member of the school of public policy in order that it be conveyed to the Singapore government. The information was duly conveyed to very senior public officials who were in a position to direct Singapore's foreign policy. The intention, the statement said, was to use the information to cause the Singapore government to change its foreign policy. The statement concluded that Huang Jing's collaboration with foreign intelligence agents was "subversion and foreign interference in Singapore's domestic politics."

The Singapore government has not named the foreign country. In 1988, Singapore had expelled an American diplomat for interference in domestic politics. But it is generally accepted that Singapore's moves in Huang Jing's case were directed at China.

## Implications for ASEAN

There has been no systematic study of Chinese influence operations in ASEAN member states. As a major economy contiguous to Southeast Asia, China will always naturally enjoy significant influence even in the absence of such operations. However, anecdotal evidence suggests that Singapore's experience is generally consistent across the region. The differences stem mainly from lax governance standards in other ASEAN member states and their lower level of development. Economic inducements and the greater dependence of these countries on Chinese investment, under the general rubric of the Belt and Road Initiative, seem to play a more prominent role.

A common factor is the focus on overseas Chinese communities. Such operations are leading China into sensitive territory in Southeast Asia, where the overseas Chinese are not always welcome minorities. China's navigation of these complexities has in many cases been clumsy. Malaysia provides a particularly egregious example that betrays a form of cultural and political autism. During the 2018 Malaysian general elections, the Chinese ambassador to Malaysia openly campaigned for the president of the Malaysian Chinese Association (MCA) in his constituency. This was a blatant violation of the



HOUSE_OVERSIGHT_020636

principle of noninterference enshrined in Article 41 of the Vienna Convention on Diplomatic Relations. It exposed beyond the possibility of concealment what China really thinks of noninterference. The MCA president lost his seat.

This was not the only instance of insensitive behavior by Chinese diplomats in Malaysia. In 2015, the previous Chinese ambassador saw fit to make his way to Kuala Lumpur's Chinatown, where only days previously the police had to use water cannons to disperse a potentially violent anti-Chinese demonstration. There the Chinese ambassador delivered a speech that, among other things, pronounced the Chinese government's opposition to any form of racial discrimination, adding for good measure that it would be a shame if the peace of the area were to be disrupted by the ill-intentioned and that Beijing would not stand idly by if anything threatened the interests of its citizens and Malaysia-China relations.

Under other circumstances, these sentiments would perhaps have passed unnoticed. But the timing and context laid the ambassador's remarks open to disquieting interpretations and drew a protest from the Malaysian government. The PRC foreign ministry spokesman defended the ambassador's action as "normal, friendly behavior." Undaunted, in another speech a day later, the Chinese ambassador said, "I would like to stress once more, overseas *huaqiao* and *huaren*, no matter where you go, no matter how many generations you are, China is forever your warm national home."[4]

Such behavior is not atypical in Southeast Asia. If other Chinese diplomats have behaved more prudently in their engagement of overseas Chinese communities in other ASEAN countries, it seems a matter of differences between individuals rather than policy. Since such behavior is patently not in China's interest, China may be beginning to believe its own propaganda. President Xi's concentration of power and insistence on greater party control seem to have created echo chambers where Chinese diplomats and officials probably report only what is in accordance with preexisting beliefs, resulting in situations where instructions are blindly given and followed.

This kind of behavior is not confined to countries where there are large overseas Chinese communities. Cultural autism or insensitivity is one of the self-created obstacles to the smooth implementation of the BRI that China is experiencing around the world. And as the media report on the problems, awareness spreads. This does not mean that countries will shun working with China. But countries are going to be increasingly cautious. They will push back when the terms of engagement are too onerous and they will seek to forge relationships with as many other major powers as possible.

Following the Malaysian elections, China is projecting friendliness toward Malaysia. But as with Singapore, this is a pause, not the end of the story. Since influence operations are



HOUSE_OVERSIGHT_020637

embedded in the intrinsic nature of the Chinese state, they cannot be abandoned unless the nature of the Chinese state fundamentally changes. This is very unlikely.

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## UNITED KINGDOM

Unlike the United States, Australia, and New Zealand, the United Kingdom has had no significant all-encompassing debate over Chinese influence operations. When they have occurred, the debates tend to be confined to specific areas such as the media, academia, or the economy. But so far, no one institute has attempted to bring to light the full gamut of Chinese United Front and influence-peddling operations. As such, Britain's response to China's attempts to insinuate itself within Britain's critical infrastructure, universities, civil society, political system, and think tanks has been scattershot at best.

The United Kingdom has a complex political, economic, and historical relationship with China, which is a significant trading partner and an increasingly significant source of investment.[1] Especially since the official elevation of UK-China relations to Golden Era status in 2014 and the result of the 2016 Brexit referendum, the United Kingdom has become more open to Chinese influence.[2] Areas of vulnerability to improper interference include political and civil society actors as well as the media. Chinese firms are involved in strategic parts of the British economy, including telecommunications and nuclear power. Improper interference activities can be difficult to distinguish from acceptable influence via civil society exchange, public diplomacy, and commerce. Problem cases include not only Chinese cyberattacks on political organizations and think tanks but also willing collaboration and reluctant complicity. A report by GPPi and Merics characterized the most important areas for Chinese



HOUSE_OVERSIGHT_020638

influence operations as civil society and the media.[3] But others have noted that China's leverage over the UK economy is equally, if not more, important.

### *Politics*

Since 2012, the UK governments under prime ministers David Cameron and Theresa May have progressively toned down criticism of China over human rights and Beijing's obligations toward the United Kingdom to respect the Sino-British agreement on Hong Kong. While this may be in part due to the United Kingdom's relatively weakening position, these changes have coincided with Chinese efforts to influence British foreign policy.

Influence activities by China have included not only apparent attempts to engage in cyberattacks on the Scottish Parliament and on think tanks specializing in international security issues with connections to government but also reports of intimidating messages sent to politicians seen as enemies of China.[4] China has also denied UK politicians, such as members of the House of Commons Foreign Affairs Committee and the deputy chair of the Conservative Party's Human Rights Commission, Ben Rogers, access to Hong Kong to investigate human rights issues there.[5]

China has also acquired influence by offering jobs to former politicians, potentially creating dependencies. Former prime minister David Cameron is a case in point. Cameron distanced himself from the Dalai Lama in 2013 and embraced a Golden Era of UK-China ties in 2015 while still in office, positioning himself as China's best friend in Europe.[6] Once out of office, Cameron accepted a senior role in the UK-China Fund, a major infrastructure fund connected with China's Belt and Road Initiative.[7]

## Academia and Civil Society

The Chinese government can exercise influence in the United Kingdom through a number of mechanisms: repression in China that affects China-related work, such as the new Foreign NGO Management Law; remote cybermonitoring; the creation of new institutions it controls; collaborations based on Chinese funding, with strings attached; control of Chinese nationals in the United Kingdom; and reporting on or pressuring domestic institutions and individuals in the United Kingdom. The targets of such influence activities include the communities these actors serve: students, clients, and the wider public.

Chinese scholars and students in the United Kingdom (as of March 2018, some 170,000) register with the Chinese Students and Scholars Association UK, which organizes political education events and is supposed to monitor its members in accordance with its "patriotic" mission.[8] Reportedly, students at some universities in



HOUSE_OVERSIGHT_020639

the United Kingdom have also established Chinese Communist Party cells.[9] The use of the CSSA UK to monitor dissent among Chinese students in the United Kingdom is a direct violation of the principles of the United Kingdom's democracy.

Institutions created or managed by the Chinese authorities include the country's twenty-nine Hanban-managed Confucius Institutes as well as the new Peking University HSBC Business School Oxford Campus—the first overseas campus of a Chinese university. These institutions have triggered some concerns. They openly discriminate against certain groups, such as Falun Gong practitioners who are excluded from employment, as North American cases have shown.[10] Reportedly, agreements with universities that host Confucius Institutes require adherence to Chinese law according to Hanban policies and they are subject to nondisclosure agreements.[11] The concern that these institutions practice (self-)censorship is somewhat mitigated as long as the authorship of censored accounts is clear and robust and critical discussion takes place elsewhere in the United Kingdom.

Activities benefitting from Chinese funding or commercial ties with China are all the more concerning when Chinese influence is less easy to trace. It is impossible to tell, for example, if Huawei's donation to Chatham House's Asia-Pacific program will affect this venerable institution's independence and if UK universities' self-censorship on their Chinese campuses will bleed into their home bases.[12] It is clear, on the other hand, that funding provided to research students and researchers who come to the United Kingdom from China leads to self-censorship. The increased role of the China Scholarship Council, a PRC-funded grant provider, is therefore of great concern, as it clearly would not approve projects that might anger China's government.[13] UK-based publishing in China gives rise to concerns about censorship, as in the case of Cambridge University Press temporarily censoring the online version of its journal *China Quarterly* in China to accommodate government censorship requests.[14]

China's treatment of UK-funded educational institutions in China is also of concern in Britain. In June 2018, the University of Nottingham's campus in Ningbo removed its associate provost, Stephen Morgan, after he wrote an online piece criticizing the results of China's Nineteenth Party Congress.[15] Nottingham has previously given the appearance of buckling to Chinese pressure. In 2016, Nottingham abruptly shut its School of Contemporary Chinese Studies just as students were preparing for exams. The action led to the departure of its director, Steve Tsang, a China scholar known for his integrity and independence from Beijing. Sources close to the incident said that PRC pressure on the university played a direct role in the closure of the institute. Tsang is now the director of the China Institute at the School of Oriental and Africa Studies at the University of London.



HOUSE_OVERSIGHT_020640

## Media

The UK media have long been important international sources of information and insight on China, reporting independently and critically. While independent reporting continues, Chinese official media have become more influential in the United Kingdom and internationally through their UK presence. Primarily, they have expanded their operations and reach. For example, the re-branded China Global Television Network Europe Ltd (CGTN), headquartered in London, is seeking to increase activities and *China Daily* now distributes its *China Watch* "supplement" as an advertisement inside the respected conservative newspaper the *Daily Telegraph*. The UK and Chinese governments have also concluded a Television Co-Production Agreement that provides a framework under which TV producers in both countries can share resources but have to respect "stipulations in the relevant Party's law and regulations."[16]

Given the United Kingdom's special historical relationship with Hong Kong, the central authorities' heavy influence on the Hong Kong media and the deterioration of media freedom in Hong Kong are of relevance in the United Kingdom, where the case of rising self-censorship at the *South China Morning Post*, for example, has been noted.[17] According to confidential reports, some journalists who have left Hong Kong for the United Kingdom have encountered intimidation attempts.

The effects of media-influencing activities taking place in the United Kingdom are hard to assess. Critical reporting continues, but the rise of commercial ventures transporting censorship into the United Kingdom looks set to continue too. For the moment, increasingly difficult access to information and insight in China, as a result of domestic repression, is at least as great a problem as attempts to influence or repress remotely in the United Kingdom.

### *The Economy*

For years, the United Kingdom was a bit of an outlier in its openness to Chinese investment and its willingness to grant Chinese firms, even state-owned ones, access to its critical infrastructure. Nonetheless, there is now growing concern in London about China's ability to leverage its growing economic power into political influence and to use its riches to buy, borrow, or steal key Western technologies that sit at the heart of Western economies.

In partnership with France and Germany, the UK government has also introduced mechanisms to monitor and block Chinese takeovers of high-technology companies in sensitive sectors.[18] The three nations also support efforts to tighten EU-wide regulations to govern Chinese investment so that Chinese entities cannot exploit the weaker regulatory systems of some European countries to gain access to potentially sensitive



HOUSE_OVERSIGHT_020641

technologies. It is unclear how the United Kingdom's Brexit plan will affect the stated desire of the UK government to ensure that critical technologies do not fall into Chinese hands.

For years, the Chinese telecom behemoth Huawei has provided broadband gear and mobile networks to its clients in Britain, which include British Telecom and Vodafone. And for years, Huawei executives used their substantial business opportunities in Britain as an example to counter allegations in the United States and other Western countries that Huawei was linked to the People's Liberation Army and therefore a security risk. Now it seems that Britain's government is having second thoughts. A government report issued in July 2018 noted that technical and supply-chain issues with equipment made by Huawei have exposed Britain's telecom networks to new security risks.[19] Earlier in 2018, Britain's cybersecurity watchdog warned telecommunications companies against dealing with the Chinese manufacturer ZTE, citing "potential risks" to national security.[20] ZTE was involved in widespread sanctions-busting in deals with Iran and North Korea.

Another area of growing concern is nuclear power. China General Nuclear Power (GNP)—the main player in China's nuclear industry—is considering the purchase of a 49 percent stake in the United Kingdom's existing nuclear plants.[21] The nuclear power giant has already taken a 33.5 percent stake in the Hinkley Point C power station, which is being built with French technology. China experts in the United Kingdom such as Isabel Hilton, the CEO of Chinadialogue.net, have observed that in opening up its vital infrastructure to China, the United Kingdom was without parallel in the Western world. "No other OECD country has done this. This is strategic infrastructure, and China is a partner but not an ally in the security sense. . . . You are making a 50-year bet, not only that there will be no dispute between the UK and China but also no dispute between China and one of the UK's allies. It makes no strategic sense."[22]

### *Responses to Interference Activities*

In addition to some limited pushback on Chinese economic moves, there are signs that the United Kingdom is slowly understanding the challenge presented by Chinese influence activities. UK media have continued to report pressure on journalists, the media, civil society, and those involved in politics. This reporting has been somewhat effective in correcting perceptions of the nature and functioning of Chinese governance. The media have also focused attention on how China monitors and obstructs the work of foreign reporters in China.

The political system has also begun to respond to some influence activities. At the domestic level, a parliamentary inquiry on the United Kingdom's relations with China,



HOUSE_OVERSIGHT_020642

launched in 2015 and relaunched in 2017, has sought input on some of the issues discussed here.[23] A newly launched NGO, Hong Kong Watch, focuses on drawing attention to the United Kingdom's special responsibility toward Hong Kong. The Conservative Party Human Rights Commission has produced its own report on the deteriorating human rights situation in both China and Hong Kong and has organized inquiries and events on topics such as the United Kingdom's Confucius Institutes.[24] While the Foreign and Commonwealth Office presents the relationship with China as primarily collaborative, it is also conducting research on Chinese influence and interference activities.[25] At the international level, the United Kingdom has joined several open letters to signal its position on China's violations of human rights.[26]

Civil society has also sought to raise the Foreign NGO Management Law as well as to highlight intensified repression. By contrast, responses from academic institutions have so far been sporadic. For example, in 2011, the University of Cambridge disaffiliated CSSA Cambridge due to its undemocratic organization.[27] In 2017, international academics joined together to convince the Cambridge University Press to stop censoring its publications available in China.[28] Still, despite experiencing such influence campaigns in the past, such as with Libya, which was spelled out in the 2011 Woolf Inquiry, there seems to have been no coherent initiative on protecting academic freedom and maintaining wider ethical standards in the face of these types of campaigns.[29]

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HOUSE_OVERSIGHT_020643

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HOUSE_OVERSIGHT_020644

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HOUSE_OVERSIGHT_020645

APPENDIX 3

# Chinese-Language Media Landscape

## Official and Semi-Official Chinese-Language Media

By 2018, all of the major official Chinese media outlets had embedded themselves deeply into the communications and broadcasting infrastructure of the United States.

- CCTV or CGTN (English and Chinese), the semiofficial Hong Kong–based Phoenix TV, and a few Chinese provincial TV channels are available in add-on packages of two major satellite TV providers in the United States, DISH Network and DIRECTV. CCTV channels (English and Chinese) are in the cable systems of all the major metropolitan areas of the United States.

- The major official Chinese TV networks, including CCTV and major Chinese provincial TV networks, and the quasi-official Phoenix TV, are all in the program lineups of Chinese TV streaming services that have become popular among Chinese communities in the United States. There are four major Chinese streaming services in the United States: iTalkBB Chinese TV (蜻蜓電視), Charming China (魅力中國), Great Wall (長城平台), and KyLin TV (麒麟電視). All these services carry the major official Chinese TV channels, including major provincial channels, and are accessible nationwide.

- The major official Chinese media organizations, CCTV (CGTN), Xinhua, the *People's Daily,* and *China Daily* (the only major official newspaper in English), have a heavy presence on all major social media platforms of the United States and have many followers. All these outlets use Facebook and Twitter and other platforms, even though those platforms are blocked in China.

- Quasi-official Phoenix TV (鳳凰衛視), a global TV network with links to the PRC's Ministry of State Security and headquartered in Hong Kong with branches around the world, including the United States, also has a substantial presence on all the major social media platforms in the United States.

**Chinese media social media presence**

*(E) = English version; (C) = Chinese version*

| Platform | Official Organizations and Subscribers/Followers | | | | Quasi-official |
|---|---|---|---|---|---|
| | CCTV (CGTN) | Xinhua | People's Daily | China Daily | Phoenix TV (fully controlled by Chinese government) |
| Twitter | CCTV: 532K (E+C) | 11.8M (E) | 4.54M (E) | 1.8M (E) | 7K (C) |
| | CGTN: 7.19M (E) | 11.6M (C) | 221K (C) | | |
| Facebook | CCTV: 48.04M (E); 3.44M (C) | 46.92M (E) | 43.15M (E) 171K (C) | 35.17M (E) | 14K (C) |
| | CGTN: 58.28M (E) | | | | |
| | CGTN America: 1.2M (E) | | | | |
| YouTube | 289K (C) | 173K (E) | 25K (E) | 3K (E) | 75K (C) |
| Instagram | 550K (E) | 111K (E) | 696K (E) | 23.5K (E) | N/A |

## PRC-Funded and PRC-Controlled Media Outlets

The Chinese Communist Party liaises with Chinese-language media mainly through the Overseas Chinese Affairs Office of the State Council (or Qiao Ban 侨办). The Qiao Ban holds an annual conference on Chinese-language media called the World Chinese Media Forum. These media outlets are registered in the United States by US citizens or permanent residents, but they might actually be owned by Chinese state-run companies.

The Overseas Chinese Affairs Office of the State Council of PRC (中國國務院僑務辦公室) appears to directly control the Asian Culture and Media Group (美國亞洲文化傳媒集團) in America, which has three media subsidiaries: SinoVision (美國中文電視), the *China Press* (Qiaobao or 僑報), and the *Sino American Times* (美洲时报). Sky Link TV (天下衛視) is another media outlet in the United States. Unlike SinoVision and Qiaobao, it is fully owned by Guangzhou Media American Co, Ltd. (美國廣視傳媒有限公司), which in turn is owned by GZ Television Media (广州影视传媒有限公司), a Chinese state-owned media outlet.

### *SinoVision*

The group's main TV outlet is SinoVision. It operates two twenty-four-hour channels (one Chinese and one English), and it is on the program lineups of cable systems Time Warner Cable-73, Verizon FiOS-26, Cablevision-73, and RCN-80, covering about thirty million people. Sinovision's website (美国中文电视, http://www.sinovision.net) ranks



HOUSE_OVERSIGHT_020647

twelfth among all the Chinese websites in the United States. Its reporting hews closely to China's official media:

- **Example 1:** On June 27, 2017, the US Department of State, in its annual Trafficking in Persons Report 2017, put China at Tier 3, the lowest class. In reporting this news, SinovisionNet simply reposted comments from the official website of the Ministry of Foreign Affairs of China attacking the human rights record of the United States.[1]

- **Example 2:** In March 2017, the US State Department published its 2016 Human Rights Report. SinovisionNet published two stories on this topic. One reported the reaction to the story by the Ministry of Foreign Affairs. The other story came from Xinhua, which was highly critical of the US human rights situation. SinovisionNet also published two reports by the Information Office of the State Council of China on America's human rights record. It did not publish State Department's human rights report.[2]

- **Example 3:** On the tensions in the South China Sea, almost all the stories posted on SinovisionNet are from official Chinese media outlets and websites. They are naturally critical of US actions in that area.[3]

### *Qiaobao and the* Sino American Times

Qiaobao, or the *China Press* (僑報, http://www.uschinapress.com), is the flagship pro-PRC newspaper published in the United States. Its website ranks forty-first among all the Chinese websites in the United States. Qiaobao was established in 1990. It is headquartered in New York City with branches in twelve major metropolitan areas of the United States. The *Sino American Times* (美洲时报) is a free paper and not a major media presence in the United States.

### Independent Media

Over the course of the last decade, most of the independent Chinese-language media outlets in the United States have been taken over by businessmen sympathetic to the PRC.

- **Wenxuecheng** (文学城, wenxuecheng.com) is the most popular Chinese-language website in the United States. In 2003, it was purchased by a Taiwanese American



HOUSE_OVERSIGHT_020648

businessman with business interests in China. There is an unsubstantiated rumor that the investment was subsidized by $1 million from the Ministry of Propaganda.

- **Duowei** is another online source that was for years an independent Chinese-language media. It was purchased in 2009 by a pro-PRC Hong Kong businessman.

- **Mingjing, or Mirror Media**, a Chinese-language web presence based in Canada, was once considered independent of Beijing's control but has modified its reporting in recent years.

- **Backchina.com**, (倍可亲, ranked as the fifth most popular Chinese website in the United States), was once a staunch critic of China like Duowei. But in 2017 its editors attended the ninth World Chinese Media Forum in China and its reporting became far more positive about the PRC.

- **Sing Tao Newspaper Group** was established in Hong Kong in 1938. In 2001, it was purchased by a pro-Beijing businessman.

- **The *World Journal*** (世界日报) was for years the premier Chinese-language paper in the United States. It, too, has softened its stance on the PRC in recent years.

- **Ming Pao** served the Hong Kong-immigrant community. It is another formerly independent newspaper that has fallen under Beijing's control.

- **Boxun** is a Chinese-language news site whose servers are located in North Carolina. It was founded by an immigrant from China. Its news is highly unreliable.

- **The *Epoch Times*** (大纪元), the Hope Radio, and New Tang Dynasty TV, remain independent of PRC control. They are either owned or operated by adherents to the Falun Gong sect, which is banned in China. Their reporting on China is uneven.

- **Vision Times** (secretchina.com) was founded in 2001 as a website, secretchina .com, and began publishing a free weekly newspaper in 2005.



HOUSE_OVERSIGHT_020649

## NOTES

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HOUSE_OVERSIGHT_020650

HOUSE_OVERSIGHT_020651

# Dissenting Opinion

**SUSAN SHIRK**

Although I have no problem with the factual research that has gone into specific sections of the report, I respectfully dissent from what I see as the report's overall inflated assessment of the current threat of Chinese influence seeking on the United States. The report discusses a very broad range of Chinese activities, only some of which constitute coercive, covert, or corrupt interference in American society and none of which actually undermines our democratic political institutions. Not distinguishing the legitimate from the illegitimate activities detracts from the credibility of the report. The cumulative effect of this expansive inventory that blurs together legitimate with illegitimate activities is to overstate the threat that China today poses to the American way of life. Especially during this moment in American political history, overstating the threat of subversion from China risks causing overreactions reminiscent of the Cold War with the Soviet Union, including an anti-Chinese version of the Red Scare that would put all ethnic Chinese under a cloud of suspicion. Right now, I believe the harm we could cause our society by our own overreactions actually is greater than that caused by Chinese influence seeking. That is why I feel I must dissent from the overall threat assessment of the report.

HOUSE_OVERSIGHT_020652

HOUSE_OVERSIGHT_020653

# Afterword

**ORVILLE SCHELL AND LARRY DIAMOND**

What makes this report timely and important is China's increasingly forward and aggressive posture on the global stage. Once largely a form of economic competition, China's recent turn to military and political rivalry with the United States has changed the whole equation of the bilateral relationship. If the United States is to fare well in this increasingly adversarial competition, Americans must have a far better sense than they now do about both the nature of the system and values that underlay the People's Republic of China and the challenges Beijing's ambitious agenda of multi-faceted outreach is beginning to pose for our country—especially our media, universities, think tanks, and other civil society institutions that make our society so unique, vibrant, and strong.

However, at the same time that we fortify ourselves against harmful outside interference, we must also be mindful to do no harm. In particular, we must guard against having this report used unfairly to cast aspersions on Chinese, whether Chinese American immigrants who have become (or are becoming) United States citizens, Chinese students, Chinese businesspeople, or other kinds of Chinese visitors, whose contributions to America's progress over the past century have been enormous.

Just because the Chinese Communist Party presumes that all ethnic Chinese (wherever they may reside) still owe some measure of loyalty "to the Chinese motherland," *zuguo* (祖国), does not mean that they are collectively in possession of compromised loyalty to their adopted home or place of study. Our Working Group's findings do suggest that the leadership of the PRC has stepped up a new and well funded campaign of influence seeking in the United States. However, this should not be viewed as an invitation to a McCarthy era-like reaction against Chinese in America. Rather, it is a summons to greater awareness of the challenges our country faces and greater vigilance in defending our institutions.

In helping to convene this Working Group on Chinese influence seeking in the United States (and elsewhere in the world), the intention of the Task Force on US-China relations has been to limit the growing PRC challenge to American institutions and values, which is being played according to rules that are increasingly lacking in reciprocity. Developing strategies to counteract and protect our society when influence seeking becomes interference is the charge of this report, and perhaps the most effective defense is to strengthen our own democratic values and institutions. But at the same time we would be naïve not to want to become more familiar with the full dimensions of Beijing's overseas ambitions, the state organs, and the resources now dedicated to "overseas propaganda,"

*waixuan* (外宣), and the less than transparent manner in which Chinese influence seeking is often carried out.

We reiterate: it is absolutely crucial that whatever measures are taken to counteract harmful forms of Chinese influence seeking not end up demonizing any group of Americans, or even visitors to America, in ways that are unfair or reckless.



HOUSE_OVERSIGHT_020655

# About the Participants

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HOUSE_OVERSIGHT_020657

## International Associates

**Anne-Marie Brady** is Professor at the University of Canterbury and a Global Fellow at the Woodrow Wilson Center in Washington.

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**John Fitzgerald** is an Emeritus Professor in the Center for Social Impact at Swinburne University of Technology.

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HOUSE_OVERSIGHT_020658

HOUSE_OVERSIGHT_020659

**From:** Robert Trivers [redacted]
**Sent:** 12/22/2018 8:21:20 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Missing message

**Importance:** High

no evidence you got the latest so i have sent you just the key message itself—rather long so i have put in bold the only references to Enhanced Learning Foundation—references had to do with paying Amy Jacobson 30 grand for a year of work on Honour killings—my own expenses covered by myself

of course i know little or nothing about stocks but i do feel like Trump is nothing but bad news for them, which frightens me, given that he has 2 more years—it has cost me >$100,000 recently not for obvious economic reasons but because it looks like we have no one sensible in charge of the whole country

_____

December 16

am good so far

had a **very** productive two days with my research assistant Amy Jacobson in New Jersey

we now have 60+ papers on honour killings in Jersey and another 20 in Jamaica

especially important areas are Pakistan, Turkey (Kurds), Saudi Arabia and India

lots of variation in mating system, form of homicide, reasons given, frequency of multiple victims and/or multiple perpetrators, degree of retribution and so on

am working out the logical details on inheritance—females seem invariably to count for 1/2 of what a male does in Islam

parallel-cousin marriages—father's brother—occur in the desserts of Saudi Arabia—it radiated out from there with Islam—such systems are selected in competition with each other, as in Iraq—two paternal lineages bind against others similarly binding

deserts in other primates are often associated with more intense male-male between group fighting, e.g. hamadryas vs regular baboons—that we were doing more than riding the camels in the dessert is suggested by the fact that a lactose-tolerant gene arose in that area related to the lactose of camels, so we were apparently milking our camels !

**i believe you have heard of the Enhanced Learning Foundation; it got me to where i am today on this subject, and perhaps it may wish to go further**

i intend to do a year of intense work and then summarise. i was never mentally as fast as you and i am certainly not getting faster with age (76 this February) but i do have a good eye for fundamental logic and i believe this will be the last serious project in my life--i will not let go until i have wrapped this whole thing up, especially with the help of Amy, who is now putting together a master Excel file on all this

i plan a book on all of this of course, it will be co-authored by Dr Jacobson

**if the ELF wanted a formal proposal, i am happy to do so**

BTW resistance already making itself known—Texas A&M biology showed interest in hiring me but faculty were critical of my honour killing work—particularly (as usual) my claim that victims were often beautiful—where was my "metric" for beauty?—without which i was not allowed to speculate--and wasn't i disrespecting the dead by saying they were often beautiful while still alive !!

i have thought through trans-sexuality in humans to my satisfaction—i will get back to you shortly on that

all best

——

one final anecdote on Trans

met a very attractive 42 year old woman in New Orleans, married, 4 children, thoroughly heterosexual—no lesbian relationship—but she had a fantasy of being f—kid by a male -> female trans because she preferred a cock in her but also liked a female figure, hips, ass, soft skin etc—hadn't seen that anywhere on the internet!

all best, in haste

bob

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21 December 2018

**BY EMAIL**

Dear Sirs

**Our client: Alan Dershowitz**

We act for Alan Dershowitz.

Our client is featured in an article entitled '*Second woman claims billionaire Jeffrey Epstein "directed" her to have sex with lawyer Alan Dershowitz WHILE he was defending pedophile on underage prostitution charges*' published on your website on 18 December 2018 at the following URL: https://www.dailymail.co.uk/news/article-6509743/Second-woman-claims-billionaire-Jeffrey-Epstein-directed-sex-lawyer-Alan-Dershowitz.html (the **Article**).

**The Article**

The Article contains a number of extremely serious and highly defamatory statements about our client's alleged involvement with [redacted]

Heading:

- "*Second woman claims billionaire Jeffrey Epstein 'directed' her to have sex with lawyer Alan Dershowitz WHILE he was defending pedophile on underage prostitution charges*"

Sub-heading:

- "*Ransome alleges that she was asked to have sex with Alan Dershowitz by Epstein*"

Body:

- "*A second woman is claiming that she was 'directed' to have sex with lawyer Alan Dershowitz by one of his clients, billionaire felon Jeffrey Epstein*";
- "*… she was told by Epstein to have sex with Dershowitz*";



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- *"Dershowitz would have been defending Epstein at the time of the alleged sexual encounter, having been hired to work on the case in 2005 when a number of underage girls began coming forward and telling police they were paid to have sex."*

- *"This makes [redacted] the second woman to allege that she had sex with Dershowitz at the behest of Epstein."*

These allegations mean and would be understood to mean that:

- Mr Epstein directed [redacted] to have sex with our client;

- Our client had encouraged Mr Epstein to direct [redacted] in this way;

- Ms Ransome alleged that our client had sex with her;

- Our client did in fact have sex with [redacted]

- Our client was in some way involved in Mr Epstein's soliciting of women for prostitution;

- Our client was in some way involved in Mr Epstein's soliciting of children for prostitution;

- Our client's behaviour was improper and in breach of his professional obligations and the law; and

- Our client is a sexual predator and/or a paedophile.

**The facts**

Our client did not have sex with [redacted] Indeed, our client has never met or previously heard of [redacted]

[redacted] has been unwilling to make any claims about our client outside the courtroom (we assume for privilege reasons).

Our client has never been in any way involved in Mr Epstein's alleged soliciting of women or children for prostitution. Our client is not a sexual predator or a paedophile.

We are instructed that:

- The allegations made by [redacted] form part of a wider campaign against our client by [redacted] lawyer, David Boies, against whom our client has filed a complaint with the Florida bar.

- [redacted] is a known fantasist. Amongst other claims, she has claimed to have sex tapes of the US President, Donald Trump, as well as Hillary Clinton, Bill Clinton, and other prominent figures. She has also accused our client of having acted for her in the past – a claim which is easily disprovable by court records.

All of the above information was in the public domain at the time you published the Article.

**Your conduct**

Your conduct has been disgraceful. You published the Article without making any effort to seek our client's comment. Further, you took the story from an article in *The New York Daily News*, yet chose to ignore our client's position contained therein. You also deliberately embellished upon the story in *The New York Daily News*: nowhere in that article does it state either that [redacted] claimed that she had sex with our client, or that she did have sex with him. In fact, quite the opposite, it states as follows: "*Nowhere in the court case or the transcript does Ransome or anyone else allege that* [redacted] *had sex with Dershowitz – or that she was directed to*."

It is staggering that a news organisation as well-resourced and with such a good reputation as yours has conducted itself in this way.

**Serious harm**

Given the gravity of the Allegations – which include imputations of seriously improper and/or unlawful behaviour – as well as the nature and extent of publication, there is no question that serious harm has been, and will continue to be, caused to our client's reputation.

The serious harm you have caused to our client's reputation is not only causing him (and his family) great anguish, it is likely to cause significant damage to his ability to earn in the future. He will hold you fully liable for this.

**Immediate action required**

In view of the above, our client requires you to immediately do the following:

1. Remove the Article from your website.

2. Publish an apology, the terms of which to be agreed.

3. Remove any associated links to the Article within your website.

4. Undertake not to repeat the Allegations.

5. Undertake to pay our client significant damages, the quantum of which to be agreed.

6. Undertake to pay our client his legal costs.

Please may we hear from you **within 24 hours**. In the meantime, all our client's rights are reserved.



HOUSE_OVERSIGHT_020664

Yours faithfully

Mishcon de Reya LLP

**Mishcon de Reya LLP**

Direct Tel: [redacted]
Direct Fax: [redacted]
Email: [redacted]

**From:** [redacted]
**Sent:** 3/7/2019 4:21:42 PM
**To:** Jeffery Edwards [jeevacation@gmail.com]
**Subject:** Fwd: DeMilked - 30 Ordinary Photos With Amazing Backstories

**Importance:** High

Jeff/Warren: Go directly to photo #9. Terry

Sent from my iPhone

Begin forwarded message:

**From:** DeMilked <noreply+feedproxy@google.com>
**Date:** March 7, 2019 at 2:48:52 PM GMT+1
**To:** [redacted]
**Subject: DeMilked - 30 Ordinary Photos With Amazing Backstories**
**Reply-To:** [redacted]

# DeMilked - 30 Ordinary Photos With Amazing Backstories

- 30 Ordinary Photos With Amazing Backstories
- This Chinese Blogger Uses Makeup To Transform Herself Into Anyone She Wants
- 49 Short Wholesome Comics About Daily Struggles
- This 16-Year-Old Boy Knew He Wanted To Be An Artist Since He Was Just 2 Years Old
- 23 Ordinary Slavic People That Look Just Like Famous Celebrities

## 30 Ordinary Photos With Amazing Backstories

Posted: 07 Mar 2019 05:15 AM PST

Sometimes certain pictures have unique significant meanings to us even though others would see them as a simple snapshot. That old faded picture of you sitting on the beach? Maybe it was the first time you ever saw the sea. A 20-year-old picture with a childhood friend at their birthday party? Maybe it's the last picture of you together before you drifted apart. Bored Panda has compiled a list of photos that look ordinary at first glance but become something special once you hear the stories behind them. Check them out in the gallery below!

h/t: Bored Panda

# #1 Tadeusz Zytkiewicz Holding A Picture Of Himself

This is Tadeusz Zytkiewicz – the first person in Poland to receive a heart transplant – holding a picture of himself and the performing doctor, Zbigniew Religa, with his colleague, seen sleeping in the corner. The difficult surgery took 23 hours and Dr. Religa stayed up to monitor the patient's vitals. The photo, taken by American photographer James Stanfield, was chosen to by National Geographic to be the best picture of 1987.

# #2 The Three Unsung Heroes Of Chernobyl

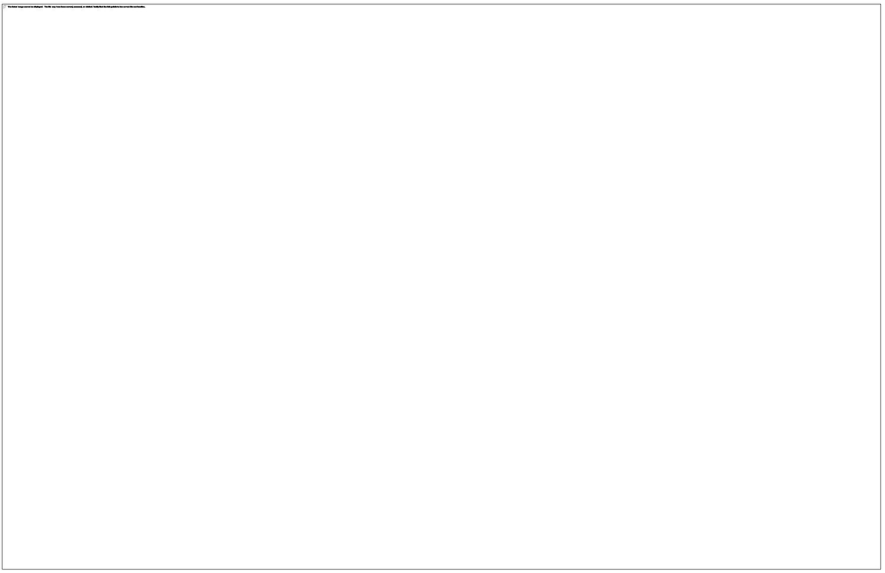

The three men – Alexei Ananenko (second left) and soldiers Valeri Bezpalov (center) and Boris Baranov (far right) – risked their lives o drain the fluid near the reactor during the Chernobyl Nuclear Disaster in Pripyat, Ukraine in 1986. After the plant's water-cooling system failed and a pool formed under the reactor 10 days into the disaster, there was a high risk that the lava-like radioactive substance could melt through the barriers and drop the reactor's core into said pool, causing a steam explosion. Luckily, the men were able to drain the fluid and spectacularly, all three survived.

# #3 Cher Ami

Cher Ami was the name given to a pigeon that saved 200 soldiers during WWI. The poor bird was shot multiple times and lost an eye and a leg but still managed to deliver a message from the trapped battalion.

## #4 'Behind Closed Doors'

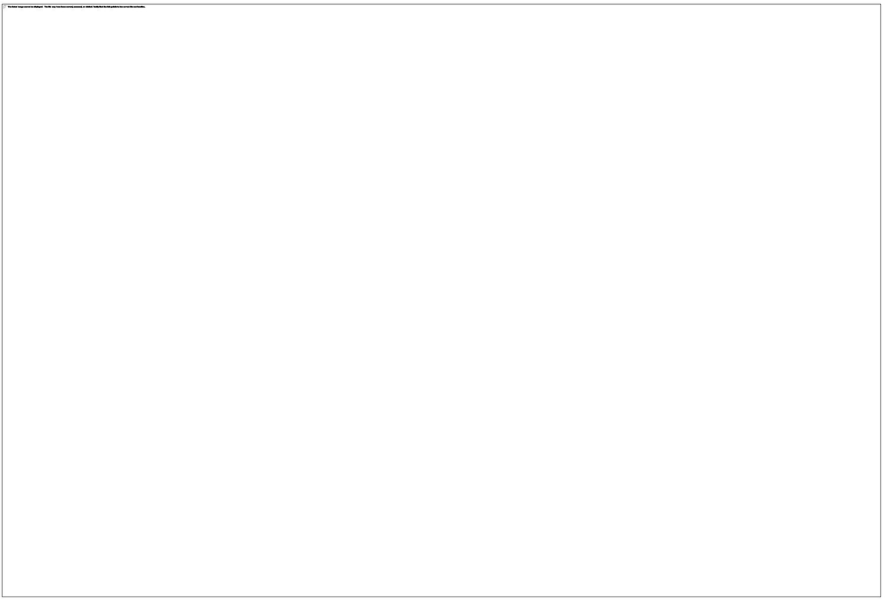

Photographer Donna Ferrato took this gruesome picture back in 1982 when photographing the lives of wealthy swingers. The couple – Elisabeth and Bengt – were having an argument and it quickly escalated, resulting in Bengt hitting his partner. The photographer wanted the photo to be published but many publishers refused and she only managed to do so in 1991. The book was titled 'Living With the Enemy' and chronicled events of domestic violence. Thanks to Donna's efforts, Congress passed the Violence Against Women Act in 1994.

## #5 Behind The Counter

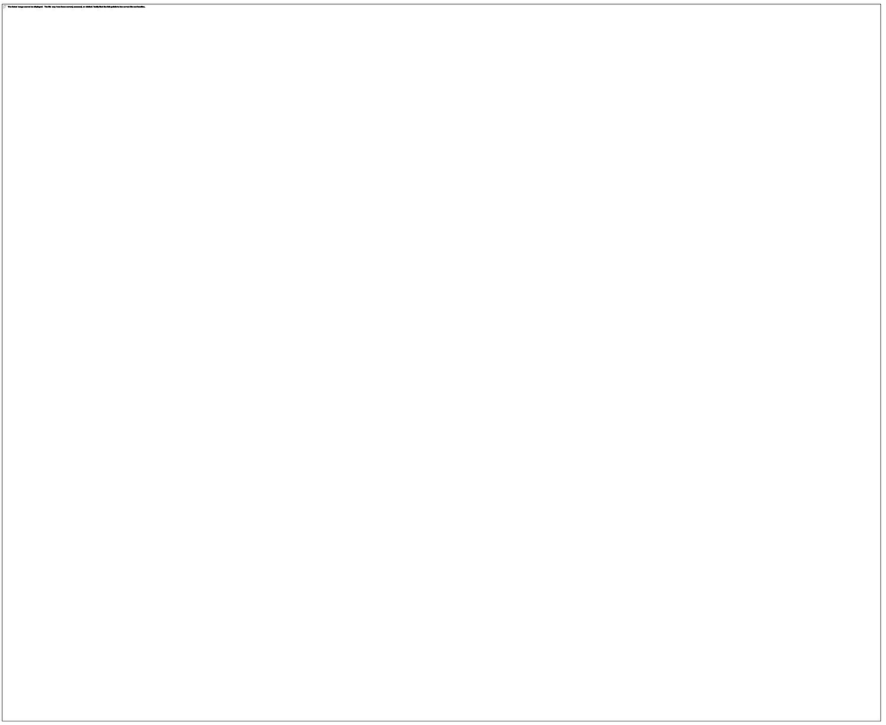

The photo, taken by Fred Blackwell on May 28, 1963, shows three protesters – John Salter, Joan Trumpauer and Anne Moody – sitting at the counter of a white-only Woolworth's five-and-dime store in Jackson while an angry mob pours ketchup, sugar, and mustard on them. The three protesters were from the Tougaloo College, a black college that went on to become the core of the civil rights movement in Mississippi.

## #6 'Wait For Me, Daddy'

This PDF image cannot be displayed. Tip: Ask a PDF Reader (including a version of Adobe Acrobat Reader) to convert this document.

This moving photo was captured by Claude Detloff in Vancouver during WWII as soldiers of the Duke of Connaught's Own Rifles were marching off to fight. The boy's father safely returned home in October 1945.

## #7 Childhood Friends

On April 6, 1972, workers of French company Joint Français went on strike and were confronted by the riot police. This picture, captured by Jacques Gourmelen, shows two men – Guy Burmieux, a worker at the company, and Jean-Yvon Antignac, a riot policeman – standing face to face. In that moment, the two recognized eachother – they were childhood friends. "I saw him [Guy Burmieux] go toward his friend and grab him by the collar. He wept with rage and told him, 'Go ahead and hit me while you're at it!' The other one didn't move a muscle," recalled the photographer.

## #8 'Burst Of Joy'

This photo, taken in 1973 and titled 'Burst of Joy', shows United States Air Force Lt Col Robert L. Stirm reuniting with his family after spending over 5 years as a prisoner of war in North Vietnam. The girl with the open arms is Robert's 15-year-old daughter Lorrie. The photo was taken by Associated Press photographer Slava "Sal" Veder and won a Pulitzer prize. "You could feel the energy and the raw emotion in the air," recalled the photographer.

# #9 The Youngest Mother

Lina Medina, born on 23 September, 1933, was the youngest woman ever to give birth. She did so when she was just 5-years-old. Turns out Lina was born with a rare condition called 'precocious puberty', a condition where sexual development happens at an early age. Lina gave birth on May 14, 1939, via a cesarean section, since her pelvis was too small. The child, named Gerardo, was born completely healthy but the father was never found out.

## #10 'Terezka's Scrawls'

The photo, taken by photographer David Seymour in 1948, shows Terezka, a young girl living in the home for emotionally disturbed children located in Warsaw, 1948. The girl grew up in a concentration camp and the past horrors can still be seen on her face.

## #11 Two Brothers

What might look like a fun photo at first glance, showing two brothers, Michael and Sean McQuilken, is actually the last picture of them before being struck by lightning. The photo was taken at Moro Rock in California's Sequoia National Park on August 20, 1975. "At the time, we thought this was humorous. I took a photo of Mary (their sister) and Mary took a photo of Sean and me. I raised my right hand into the air and the ring I had on began to buzz so loudly that everyone could hear it. I found myself on the ground with the others. Sean was collapsed and huddled on his knees. Smoke was pouring from his back," recalled Michael. All of them survived but, sadly, Sean took his own life in 1989.

## #12 Moving An Apartment Building To Create A Boulevard In Alba Iulia, Romania

This amazing photo, taken in Alba Iulia, Romania back in 1987, shows construction workers moving a whole house after it was deemed to be in the way of a new boulevard. The building was split into two parts and moved 55 meters to the side. The workers moved the 7,600-ton building in just six hours.

## #13 Motel Manager Pouring Acid In The Water

The photograph, taken by Horace Cort, shows Jimmy Brock, manager of the Monson Motor Lodge motel pouring a bottle of muriatic acid into the pool to scare protesters swimming in the pool. Martin Luther King Jr was arrested for trespassing at the same motel seven days prior and the protesters planned a swim-in in the motel's pool.

# #14 Children For Sale

This Website contains sexually explicit material. You MUST leave this site if you are under age of 18 or if viewing such material is illegal in your country or offends you.

Image source: Rare Historical Photos

This photo, taken in 1948, shows Lucille Chalifoux, a 24-year-old woman auctioning off her children after her husband lost his job and the family was forced to move from their apartment. Lucille was pregnant with her fifth child at the time. All of the children were bought off and rumors say they were forced into slavery.

## #15 'Tragedy By The Sea'

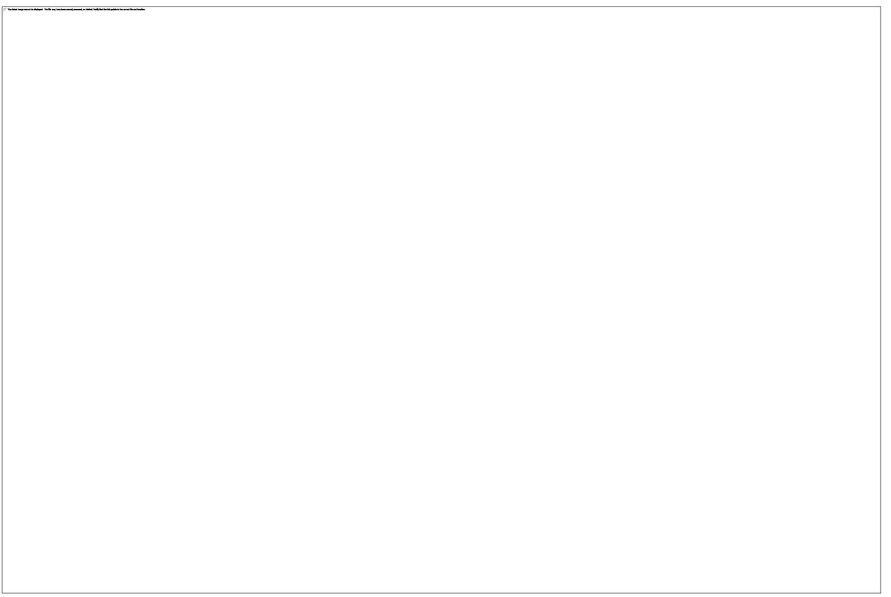

Photographer John Gaunt was in the front yard of his beach home when he heard his neighbor shouting "something's happening on the beach!". The photographer quickly grabbed his camera and rushed to the beach where he found a couple by the water clutching each other. Their 19-month-old son had just wandered off and vanished into the water. This heartbreaking photo went on to wn the Pulitzer Prize.

## #16 'An Armenian Man Dances For His Lost Son In The Mountains Near Aparan, Armenia'

“In 1998, I found myself in Aparan, a large town an hour’s drive from Armenia’s capital, Yerevan. A local dance troupe was performing that evening, in the open air, with most of the suburb in attendance. As soon as I took my first shot, an old man approached me,” said French photographer Antoine Agoudjian. “Tears streamed down his face. He told me that his son had died. That he had been electrocuted, that he was his pride and joy, and that I looked just like him. He broke into sobs and moved towards me with outstretched arms. His name was Ishran. I asked if he would dance for me, and he began dancing. The troupe paused and perched on an outcrop of rocks in the background. It was beautiful, not because the man is beautiful, but because he represents something deep inside the collective consciousness of the Armenian community: a celebratory resilience in the face of overwhelming loss.”

# #17 Class Of 1999

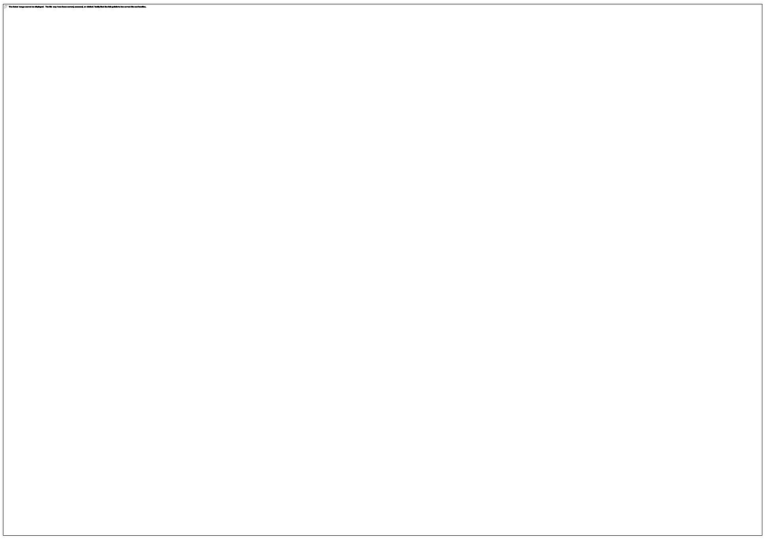

What looks like an innocent high school picture, actually hides a dark secret – the teens on the left, pretending to point guns at the camera, were Eric Harris and Dylan Klebold, the same people that organized and carried out the Columbine shooting.

## #18 Atomic Bomb Detonation

Image source: Reddit

Harold Edgerton was an MIT physicist, photographer, and pioneer of strobe light photography – a type of photography that allowed to capture incredibly fast moving things clearly. This photograph was taken at the Nevada ProvingGrounds by Edgerton on June 5, 1952, during the operation Operation Tumbler-Snapper test series.

## #19 'flight Of Refugees Across Wrecked Bridge In Korea'

Back in 1950, Associatede Press photographer Max Desfor took this dramatic photograph of refugees trying to cross a destroyed Pyongyang bridge, over the Taedong River in North Korea to escape the country. The photo won the Pulitzer Prize in 1951.

## #20 “I Will Not Be Sued! I Have The Voice Of An Angel! No Man Can Sue Me.”

This PDF image cannot be displayed. Thank you for accessing courtesy of Jeffrey Epstein Estate Documents - www.JeffreyEpsteinEstate.com

After giving an amazing performance in Chicago's Civic Opera House back on November 17, 1955, opera singer Maria Callas was served a court summons by U.S. Marshal Stanley Pringle and Deputy Sheriff Dan Smith for breach of contract. Upon being presented with the document, Maria screamed "I will not be sued! I have the voice of an angel! No man can sue me." The singer was nicknamed "The Tigress" and vowed never to return to Chicago again.

## #21 Young Osama

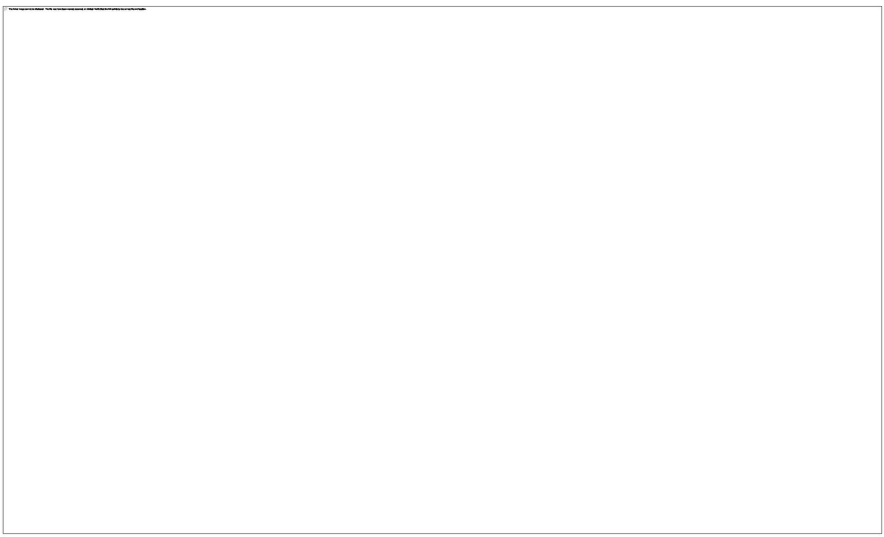

In this family picture taken in Sweden in 1971, the man second from the left seen in a brown shirt is no one else but Osama bin Laden.

## #22 Rajiv Gandhi

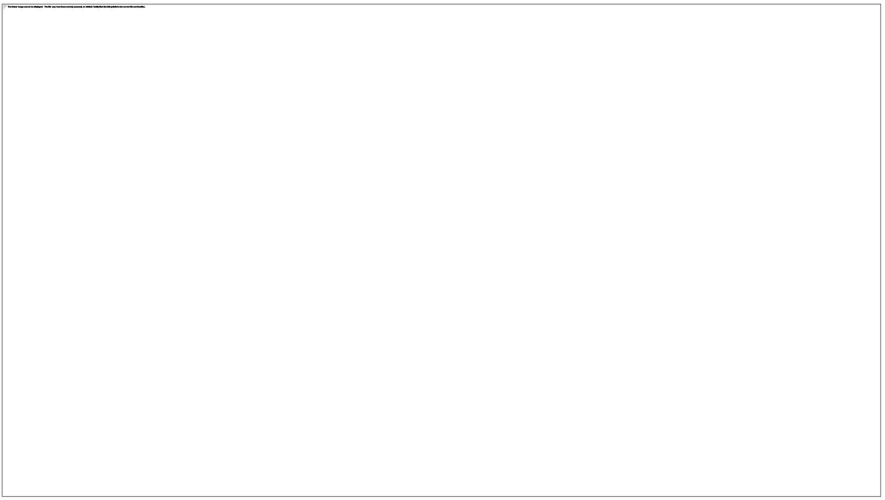


Just moments after this picture was taken, Indian Prime Minister Rajiv Gandhi was killed by the girl seen on the bottom left wearing orange flowers – she was wearing a suicide west.

# #23 SS Grandcamp

What might seem like an ordinary picture at first, shows a fire breaking out aboard the ship called SS Grandcamp. The people on the dock are members of the Texas City Volunteer Fire Department, attempting to extinguish the fire. Just moments after the picture was taken, the ship exploded and caused what is still known as the largest non-nuclear explosion in human history. Over 5,000 people were injured and 468 died in this 1947 tragedy.

## #24 Soviet Soldiers Harassing A German Woman

This PDF image cannot be displayed. Tools: Use Free Accounting Lessons or Adobe Trial Software to convert this document.

During the Soviet occupation of Germany, mass rapes took place in the occupied territory during the war and after. Some historians say that as many as 2 million German women might have been raped.

## #25 'Leap Into Freedom'

Image source: TIME

After post-war Berlin was divided into four occupation zones, the living conditions were greatly different in each one. Between 1949 and 1961, about 2.5 million people fled from Soviet-occupied East Germany. Barricades and barb wire was placed to stop people from fleeing but that did not stop 19-year-old border guard Hans Conrad Schumann. A crown in West Berlin was enticing the young soldier to come over. The soldier said he did not want to "live enclosed," and jumped the barbed wire, escaping into the West side. The photo was considered a symbol of freedom but Hans did not deal with the newly-found fame well – he committed suicide in 1998.

## #26 'D-Day'

Image source: TIME

LIFE photographer Robert Capa captured this dramatic image on 6 June, 1944 – during the D-Day invasion. The man in the photo is Private First Class Huston Riley, a 22-year-old soldier who was shot multiple times. The photographer and a fellow sergeant helped the wounded soldier who later recalled thinking "What the hell is this guy doing here? I can't believe it. Here's a cameraman on the shore." Robert spent over an hour taking photographs as men around him died. Sadly, only one roll of the film survived but the grainy photos were enough to portray the gut-wrenching atmosphere of that day.

## #27 An Injured Young Mill Worker

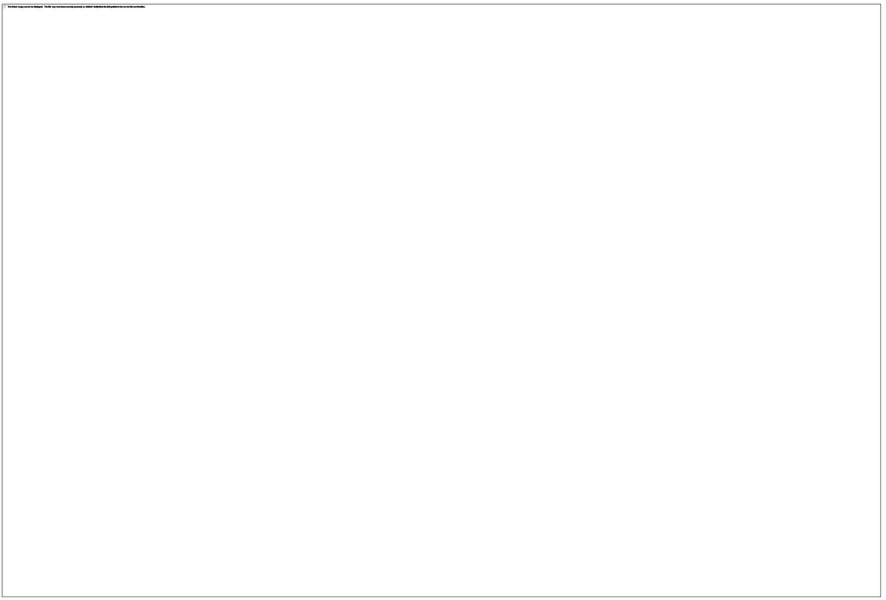

This photo, captured in October 1912, shows an 11-year-old  Sanders Spinning Mill worker Giles Edmund Newsom, who recently lost two fingers after an accident in the workplace. He was working along his younger brother for a few months before the accident.

# #28 Rodney Alcala

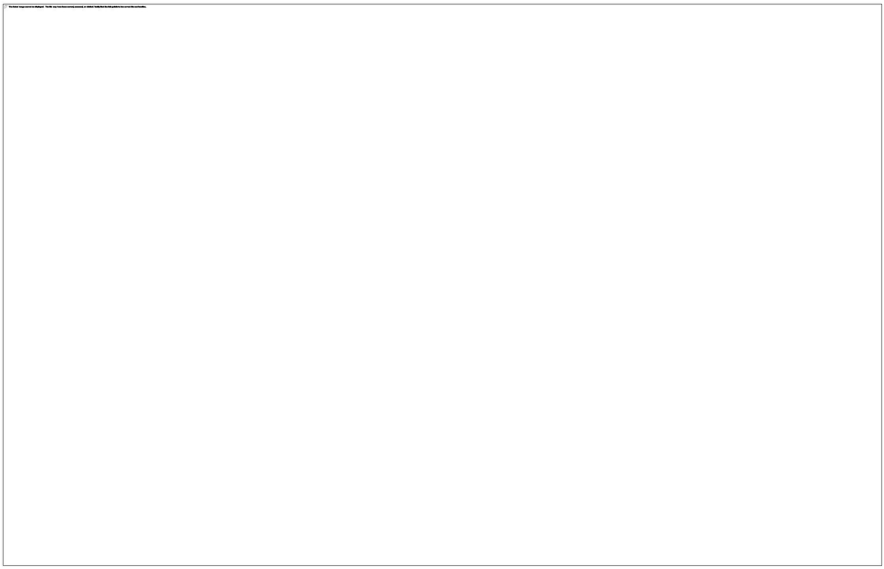

In this picture, Rodney Alcala, known as the 'dating game killer', cross-examines himself in court. He killed several women in the 70s and was even a guest on a dating show during that period. He tried representing himself in court, changing his voice and pretending to be a different person, but eventually lost and was sentenced to death.

## #29 "The Last Laugh?"

Two convicted murderers – Richard Hickock and Perry Smith – laugh after hearing about their death sentences. They have murdered a family of four after trying to rob them and only finding $50.

# #30 Argument

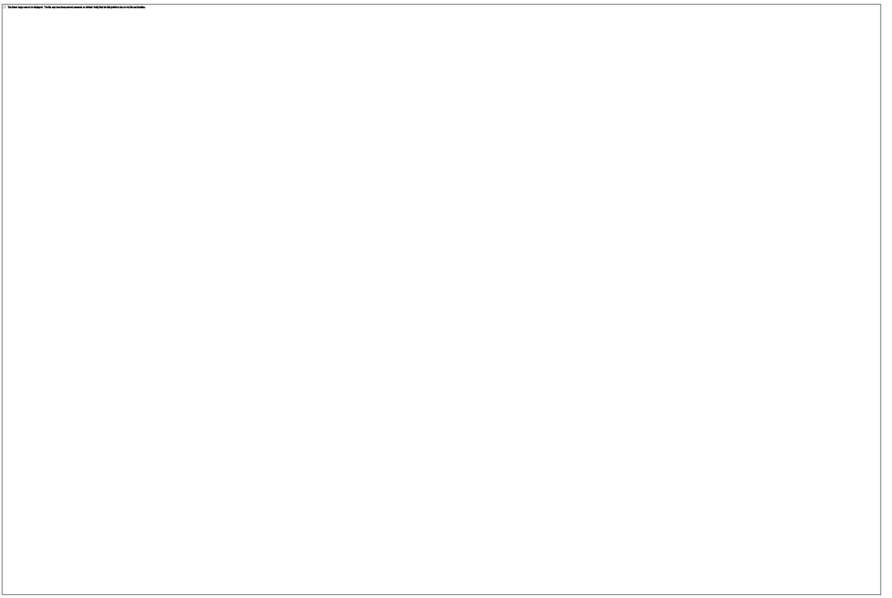

This dramatic photo was taken by  French-Iranian photographer Abbas in Tehran, Iran back in 1978. A rioter holds the shoes of a dead friend who was killed after the military opened fire on the crowd, while the soldier tries to convince the man it was not his unit that opened fire.

Related posts:

1. Cheap Gear, Amazing Photos: Photographer Uses Her Old Canon To Take Amazing Landscape Shots
2. 5-Minute Tutorial On How To Make Dull Photos Look Amazing
3. Woman Spent A Year Decorating Her Pub With 70,000 Poppies To Honour Fallen Soldiers
4. Every Year These 4 Friends Take The Same Christmas Photo, And The Way They Change Is Amazing
5. Powerful Birth Photos Reveal The Amazing Stories Of Labor Nurses

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## This Chinese Blogger Uses Makeup To Transform Herself Into Anyone She Wants

Posted: 06 Mar 2019 07:45 AM PST

He Yuhong is a Chinese blogger with a unique talent – she can turn herself into any character you can think of using nothing but makeup and her amazing skill. And when we say any character, you better believe we mean ANY character – from Albert Einstein to Christiano Ronaldo, nothing is too big of a challenge for this girl.

Yuhong has already gathered over 518k followers on her Instagram account and almost 16k on YouTube. We're sure that after seeing her incredible talent, you'll become a follower too. Check out her unbelievable transformations in the gallery below!

More info: Instagram | youtube.com | h/t: Bored Panda

# This is He Yuhong, the Chinese blogger with a thousand faces, before her transformations

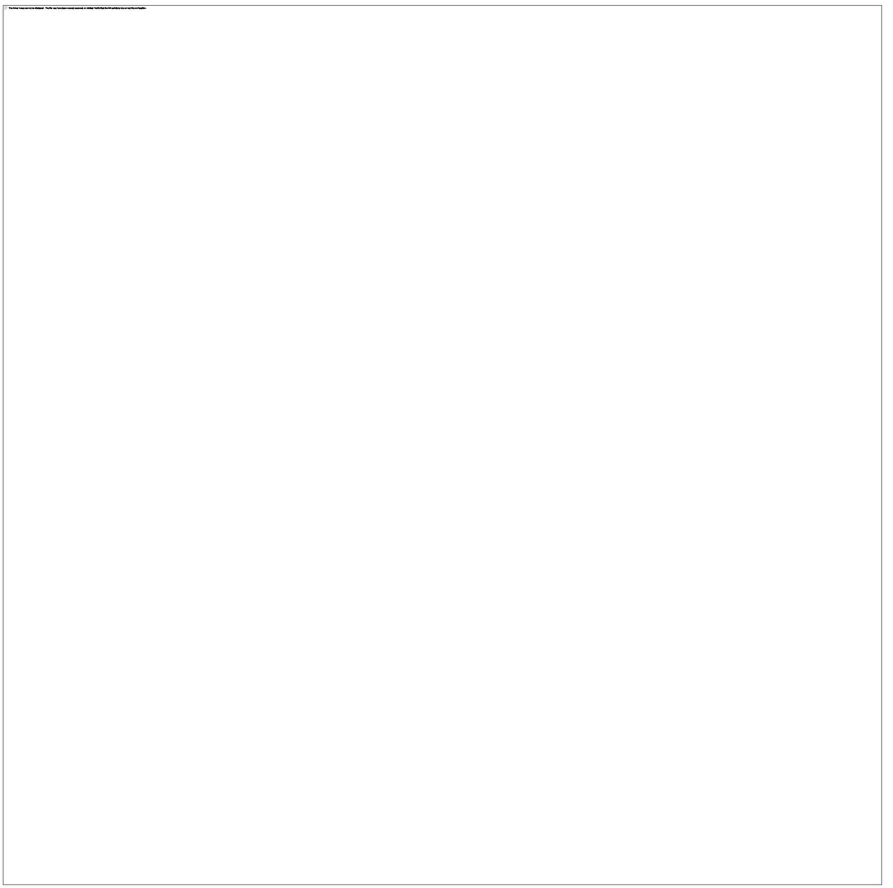

Image credits: yuyamika7

# #1 Albert Einstein

Image source: yuyamika7

# #2 Johnny Depp

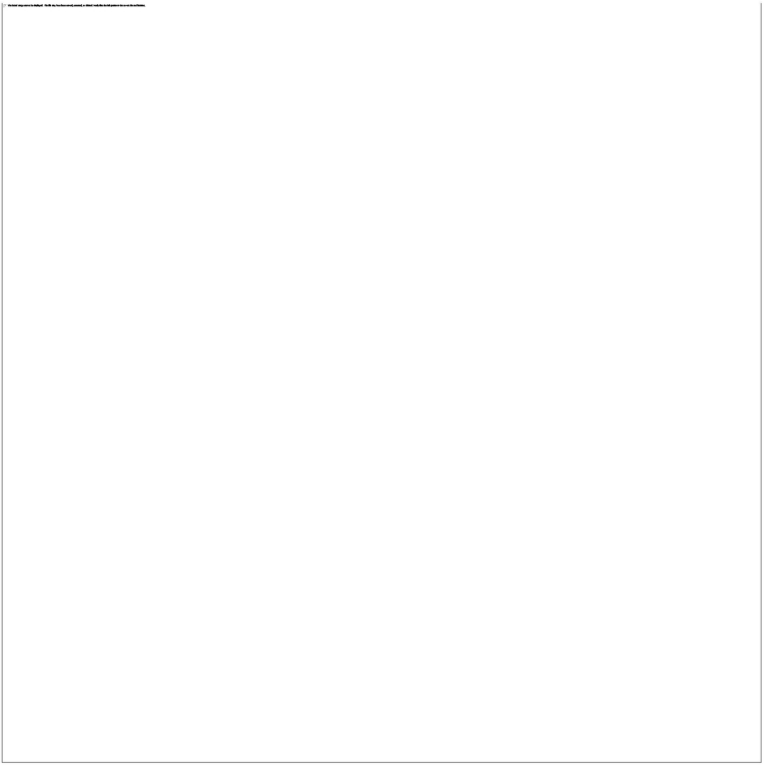

Image source: yuyamika7

# #3 Taylor Swift

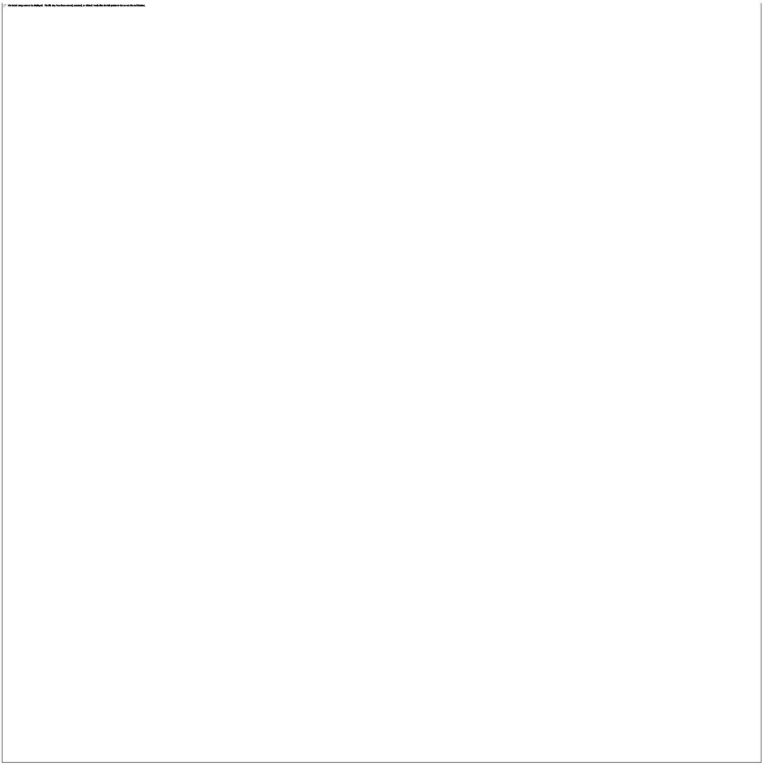

Image source: yuyamika7

## #4 Mona Lisa

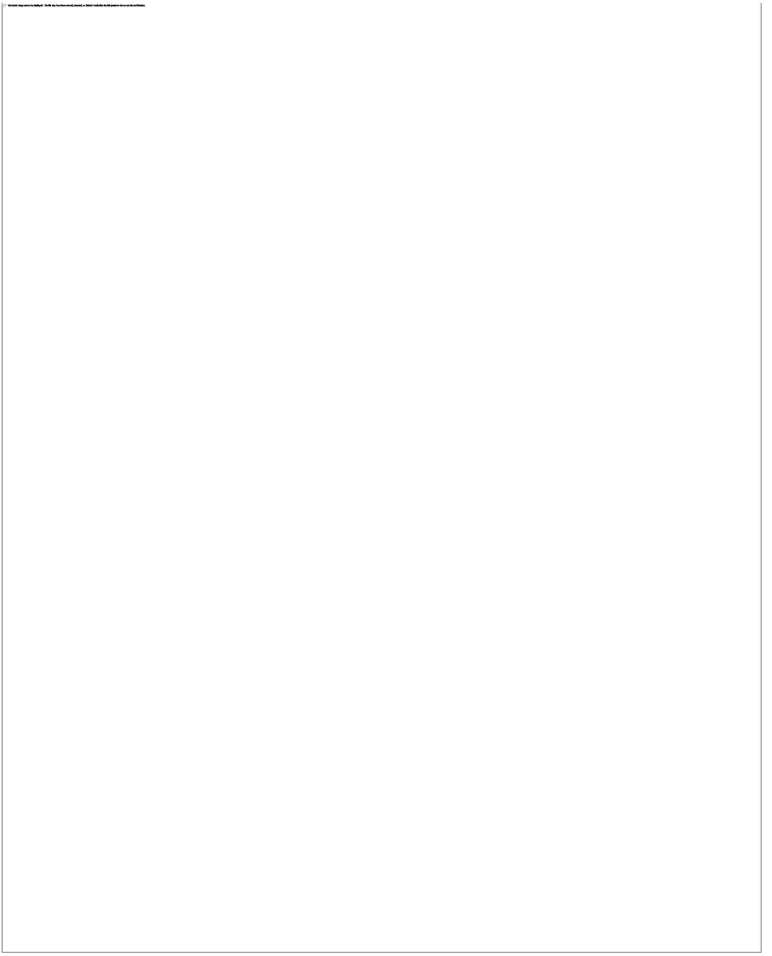

Image source: yuyamika7

## #5 Natasha Romanoff

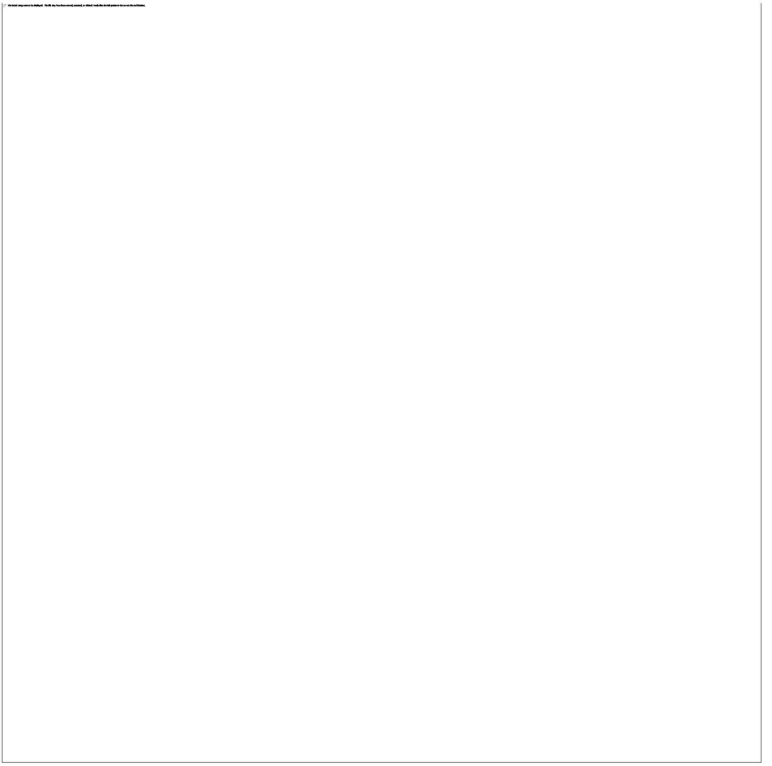

Image source: yuyamika7

## #6 Dita Von Teese

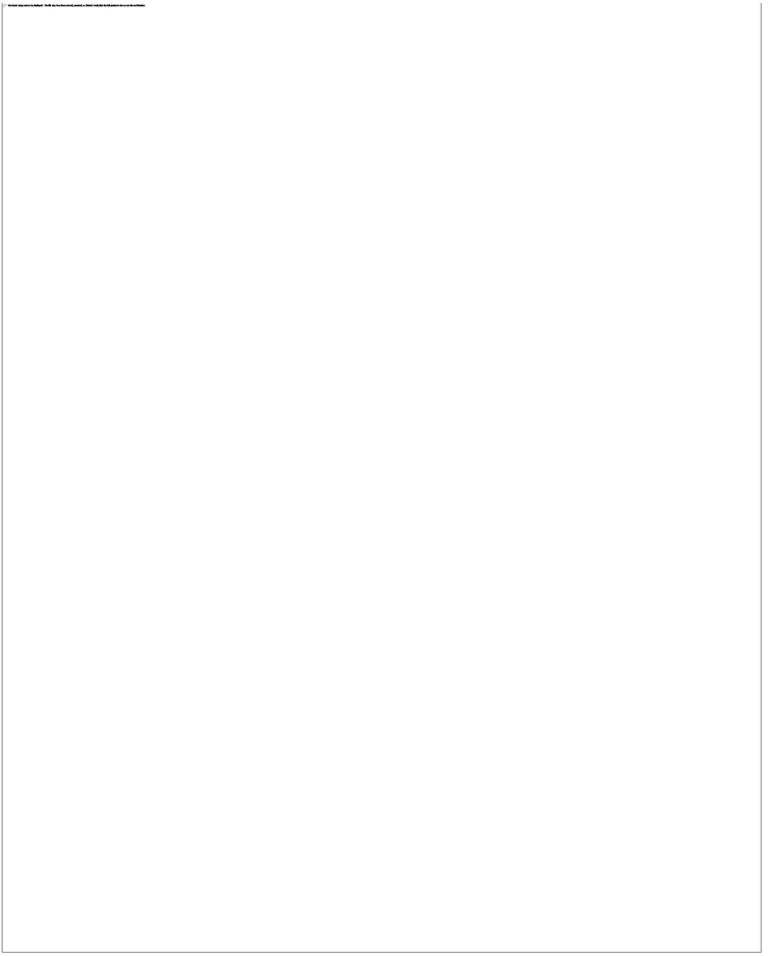

Image source: yuyamika7

## #7 Audrey Hepburn

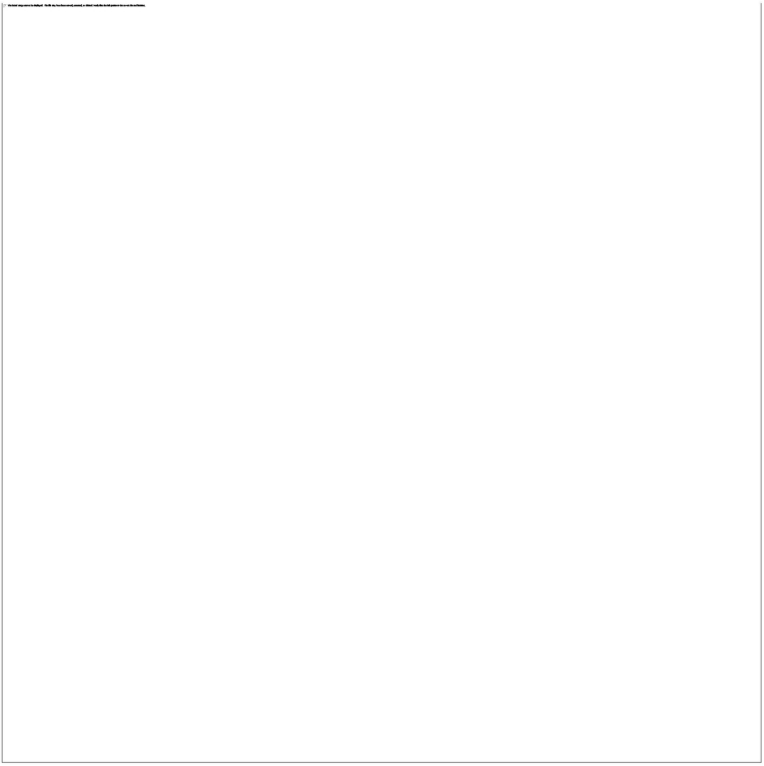

Image source: yuyamika7

## #8 Charlie Chaplin

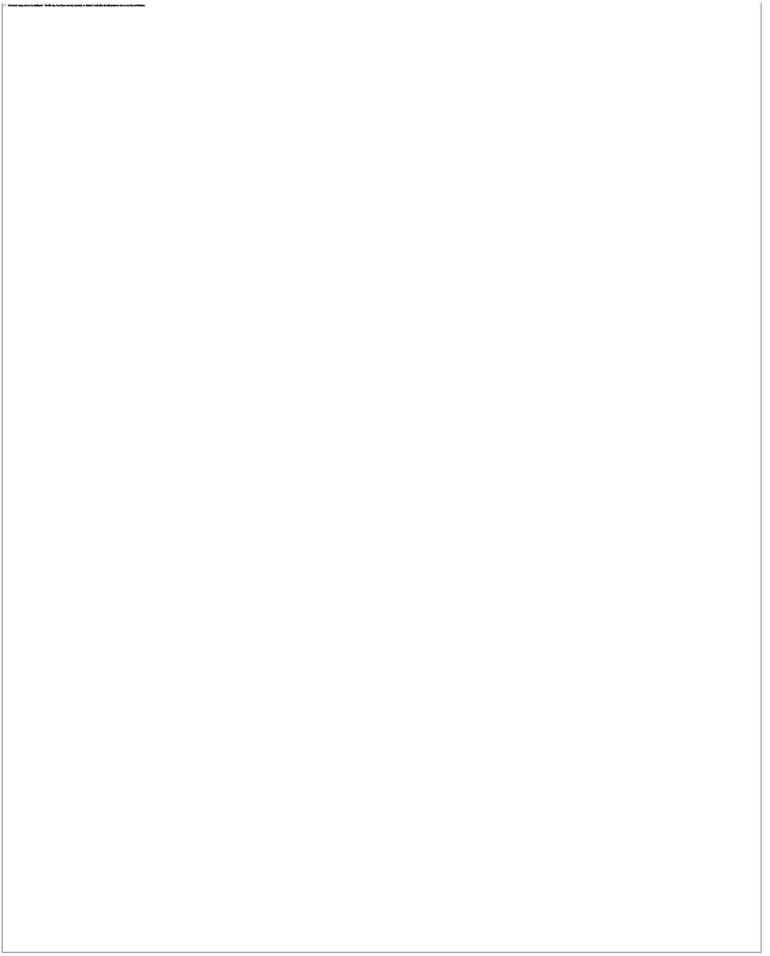

Image source: yuyamika7

# #9 Cristiano Ronaldo

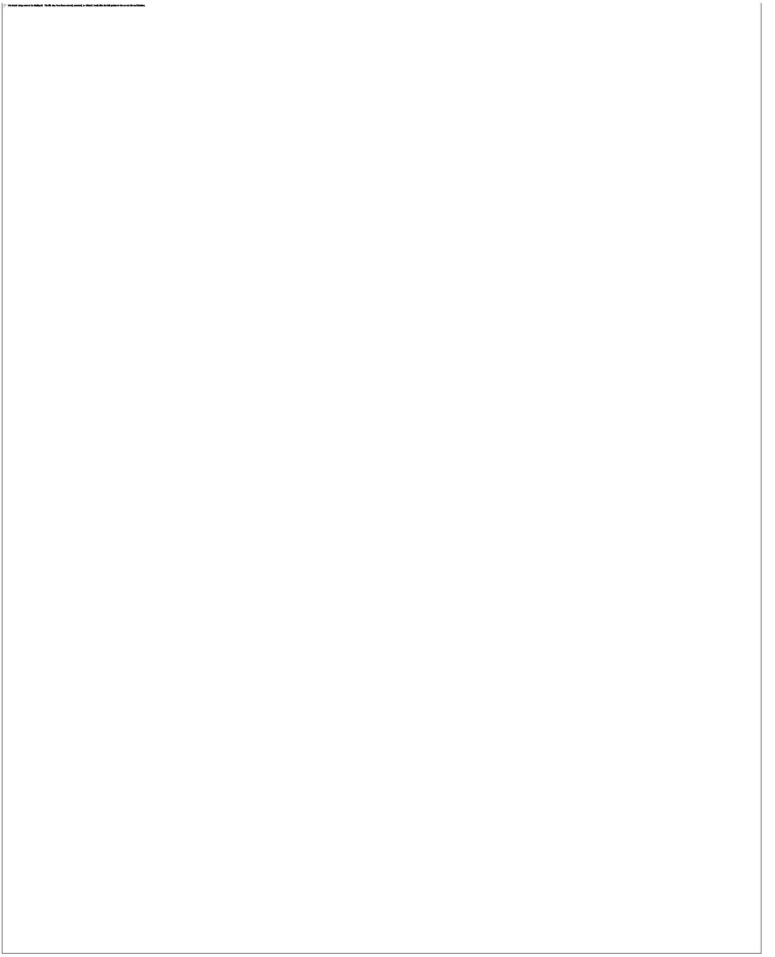

Image source: yuyamika7

## #10 Girl With A Pearl Earring

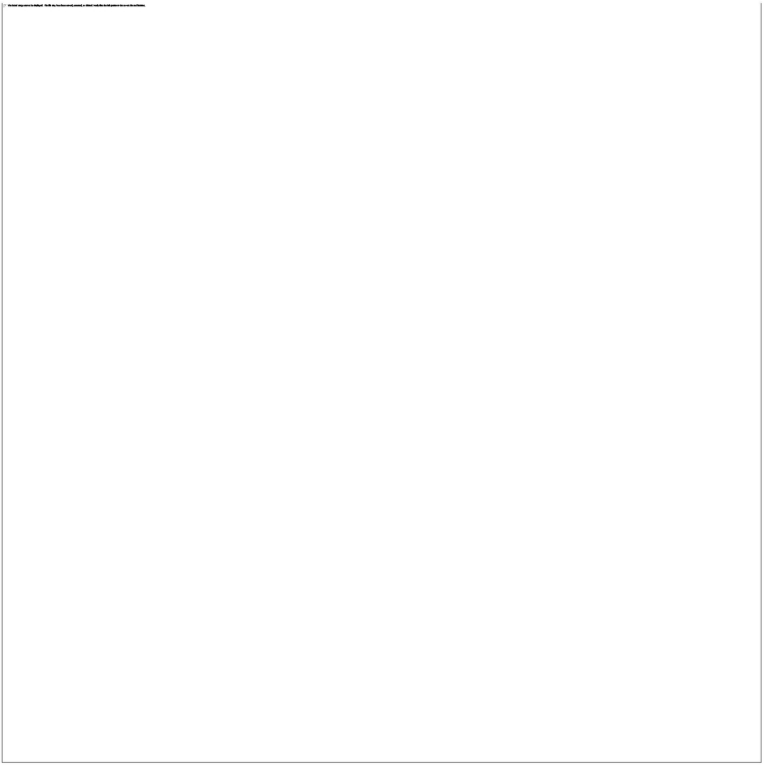

Image source: yuyamika7

## #11 Lady With An Ermine

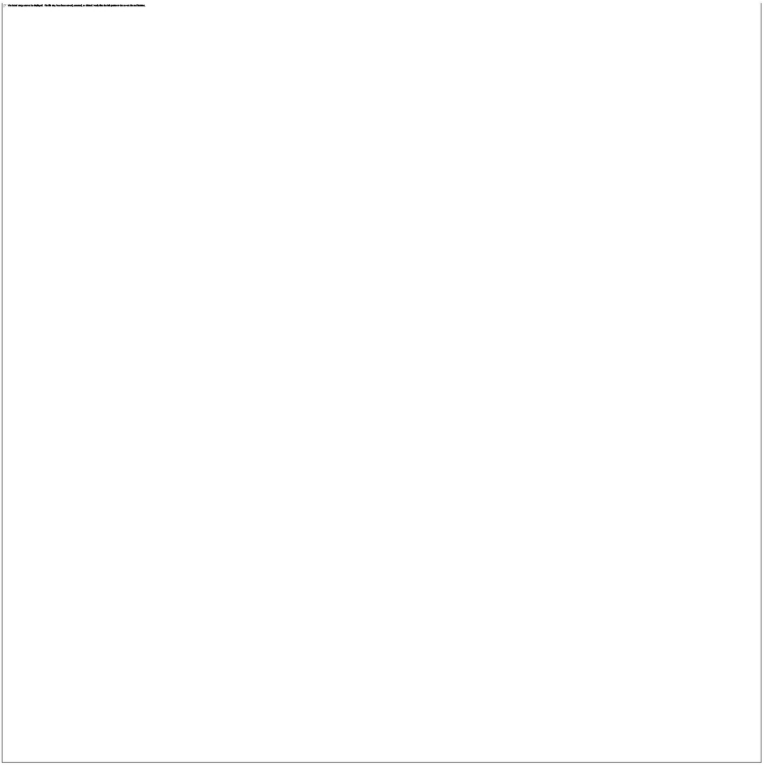

Image source: yuyamika7

## #12 Harley Quinn

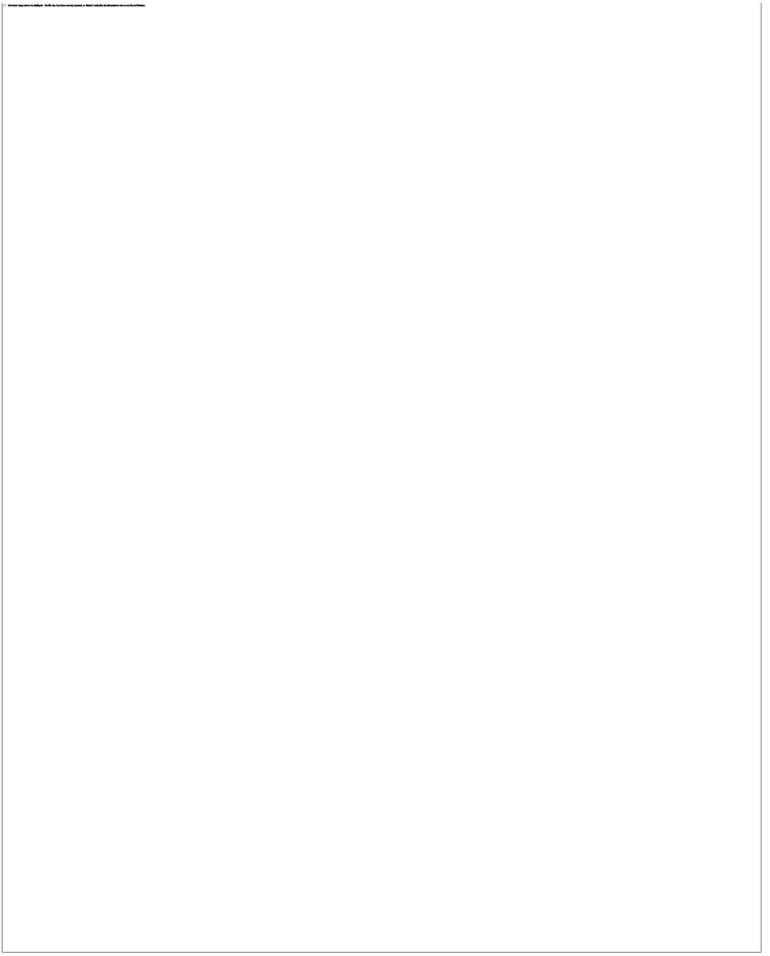

Image source: yuyamika7

## #13 Marilyn Monroe

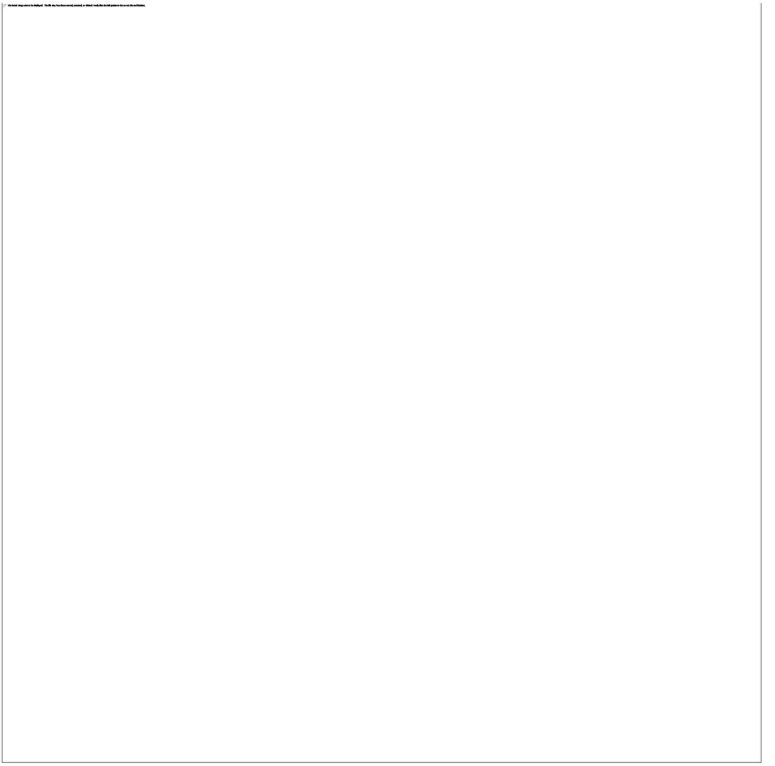

Image source: yuyamika7

## #14 Monica Bellucci

Image source: yuyamika7

## #15 Lily Collins

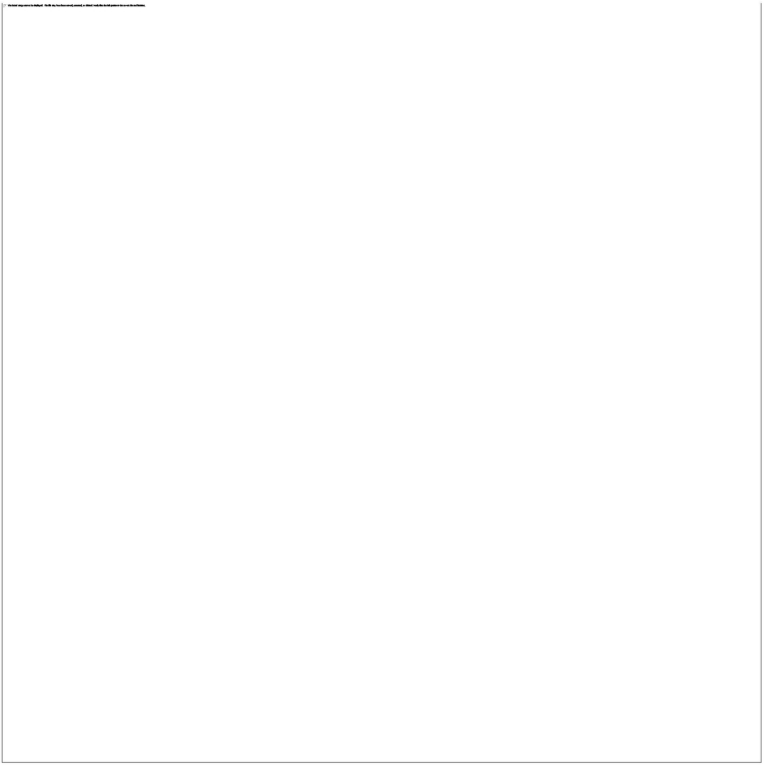

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## #16 Joachim Low

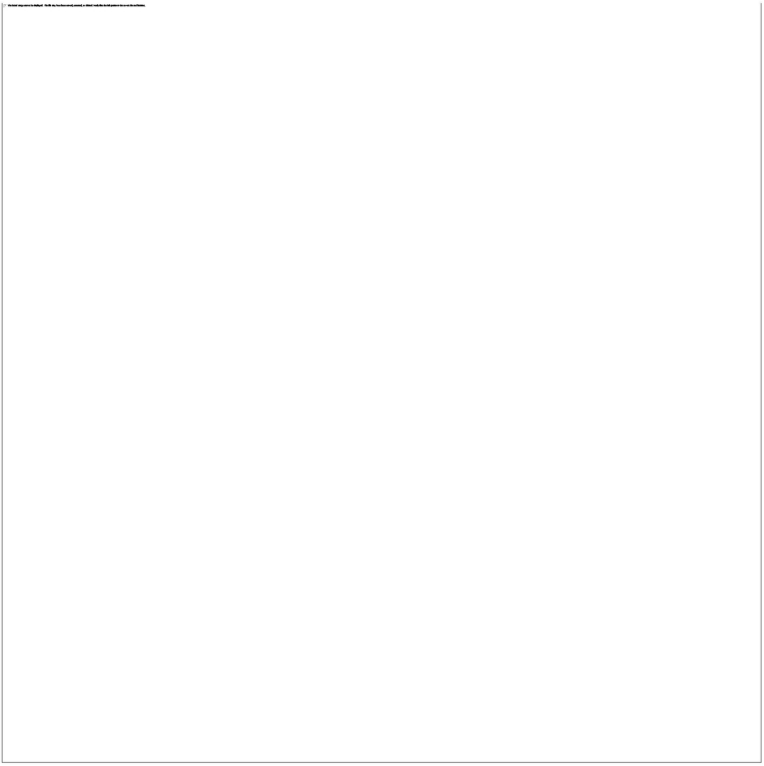

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# #17 Lady Of Sorrows: Mournful Mary

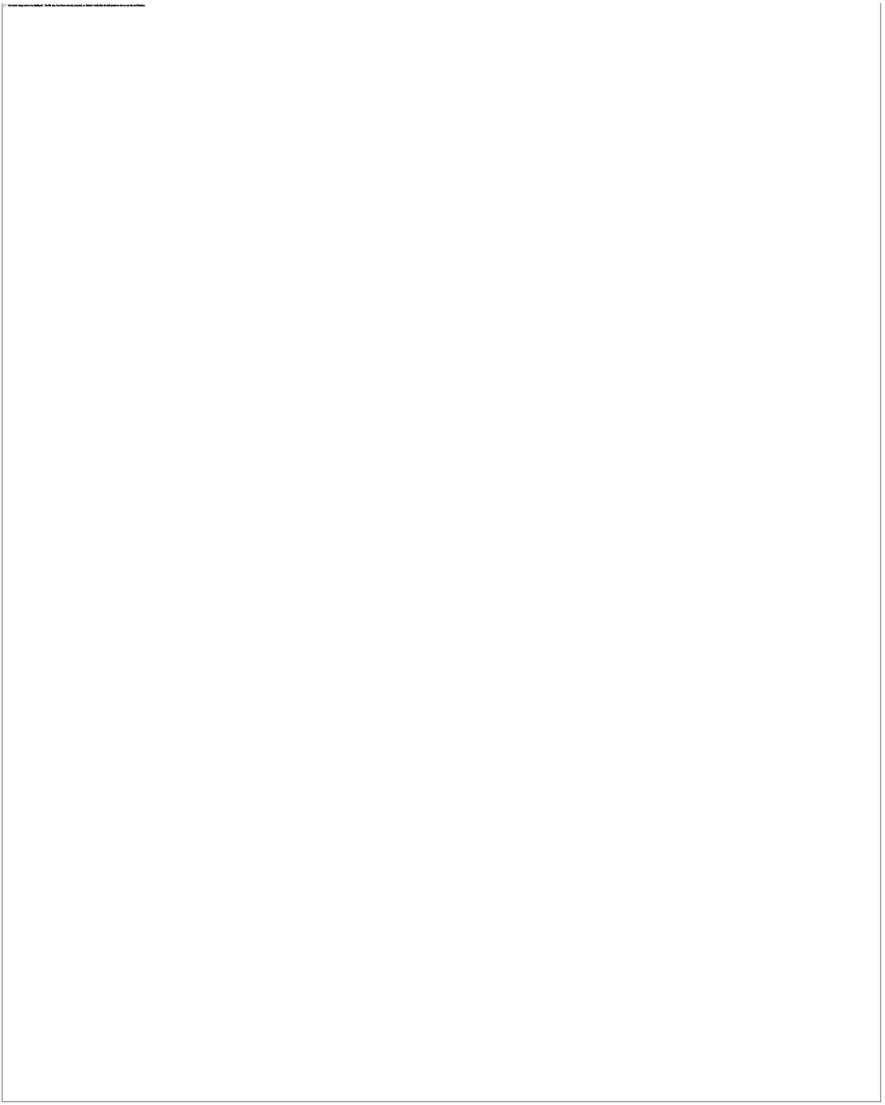

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# #18 Greta Garbo

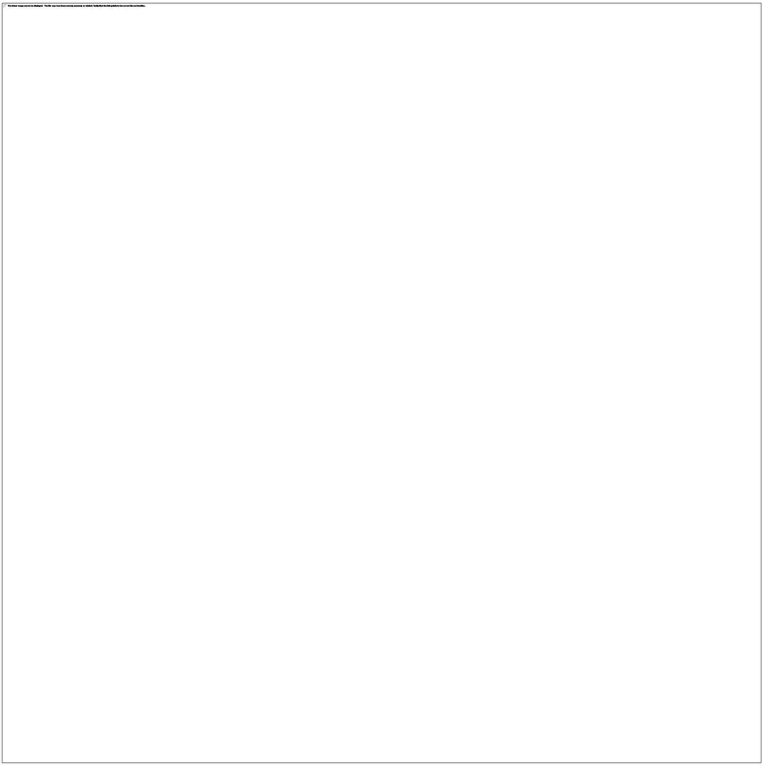

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# #19 Taylor Swift

# #20 Michael Jackson

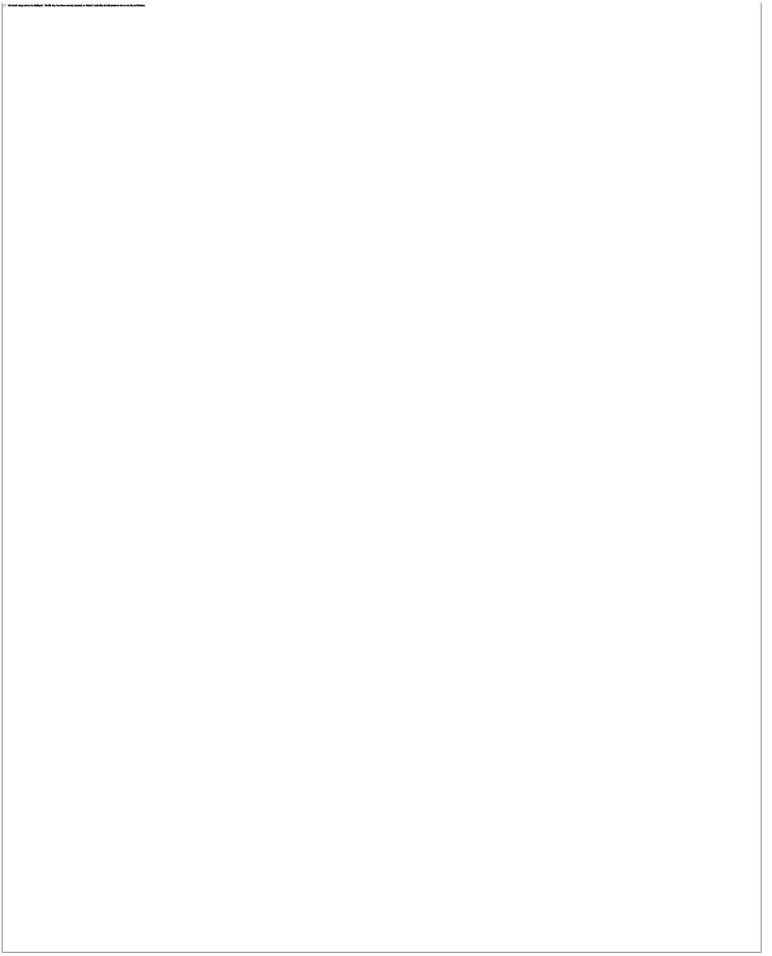

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## #21 Selena Gomez

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4. Guy Caught Staring At Taylor Swift Starts A Photoshop Battle
5. Chinese Artist Reimagines Cats And Dogs As Humans, And The Result Is On Point (22 Pics)

## 49 Short Wholesome Comics About Daily Struggles

Posted: 06 Mar 2019 07:41 AM PST

Sometimes, when the days get too gray and gloomy, you need a little pick-me-up before you can carry on, something that would make you smile. Artist Valerie Minelli and her comic series about life aim to do just that. “If I can make one person cheer up reading them, it’s a success,” claims the author of the drawings.

Despite the fact that they are drawn in black and white, the little illustrations are warm and quirky. Short and honest, the comics should make your day a little brighter and maybe even remind you a little bit of yourself. Scroll down to read them and check out our other comics about everyday life here and here.

More info: Instagram (h/t)

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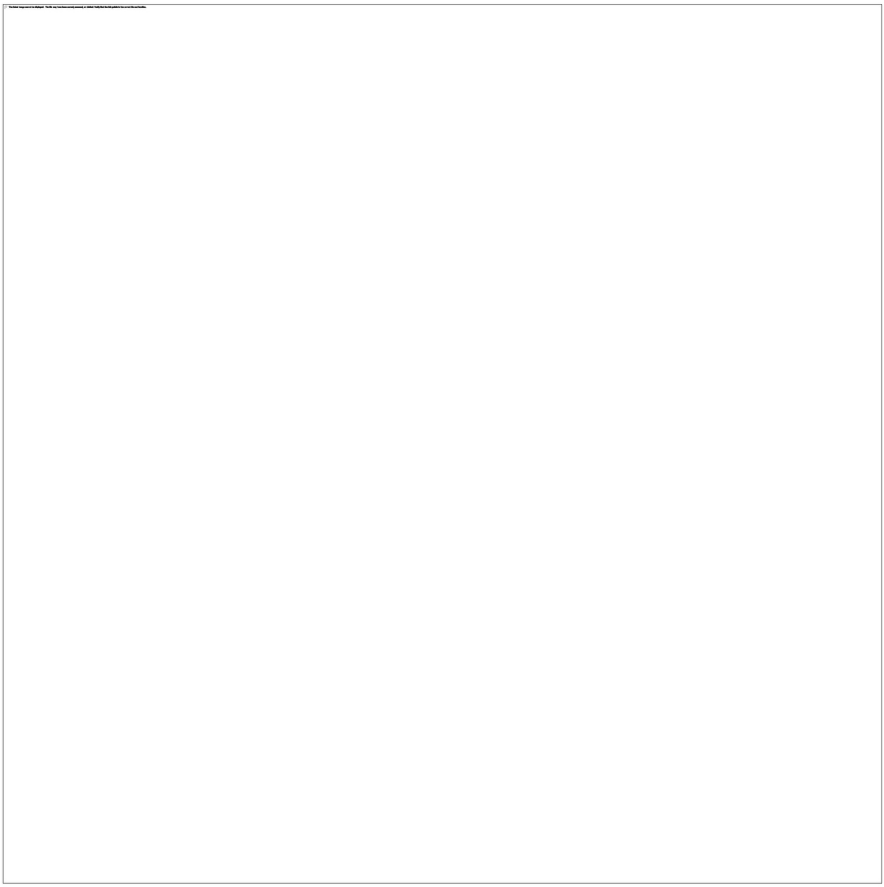

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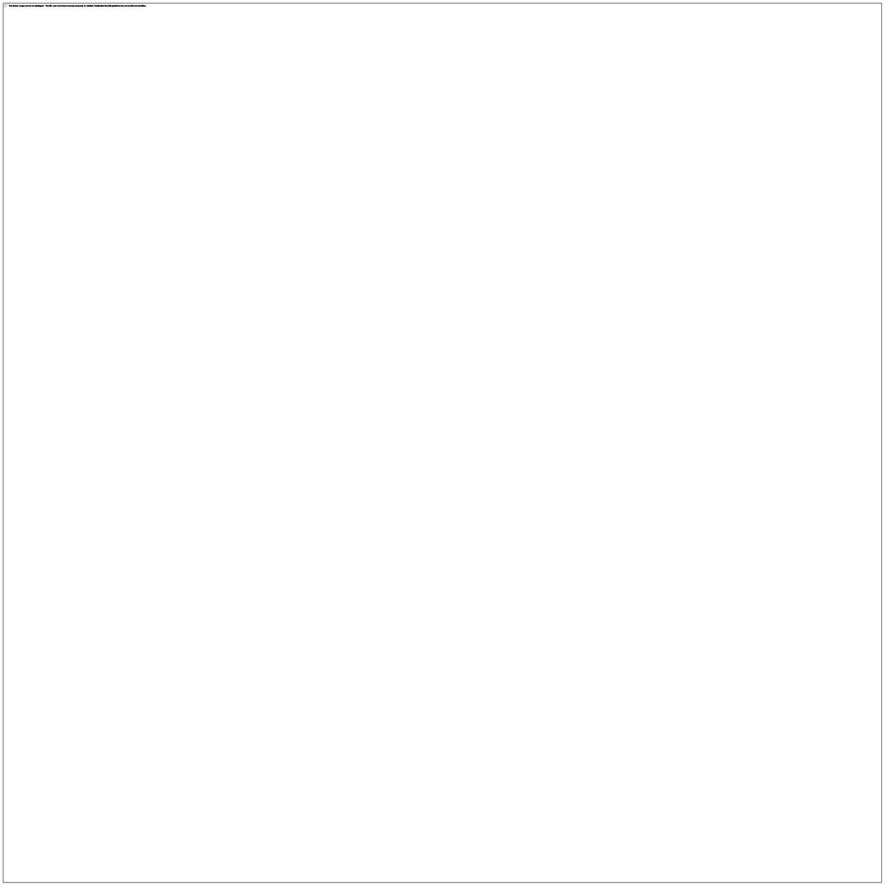

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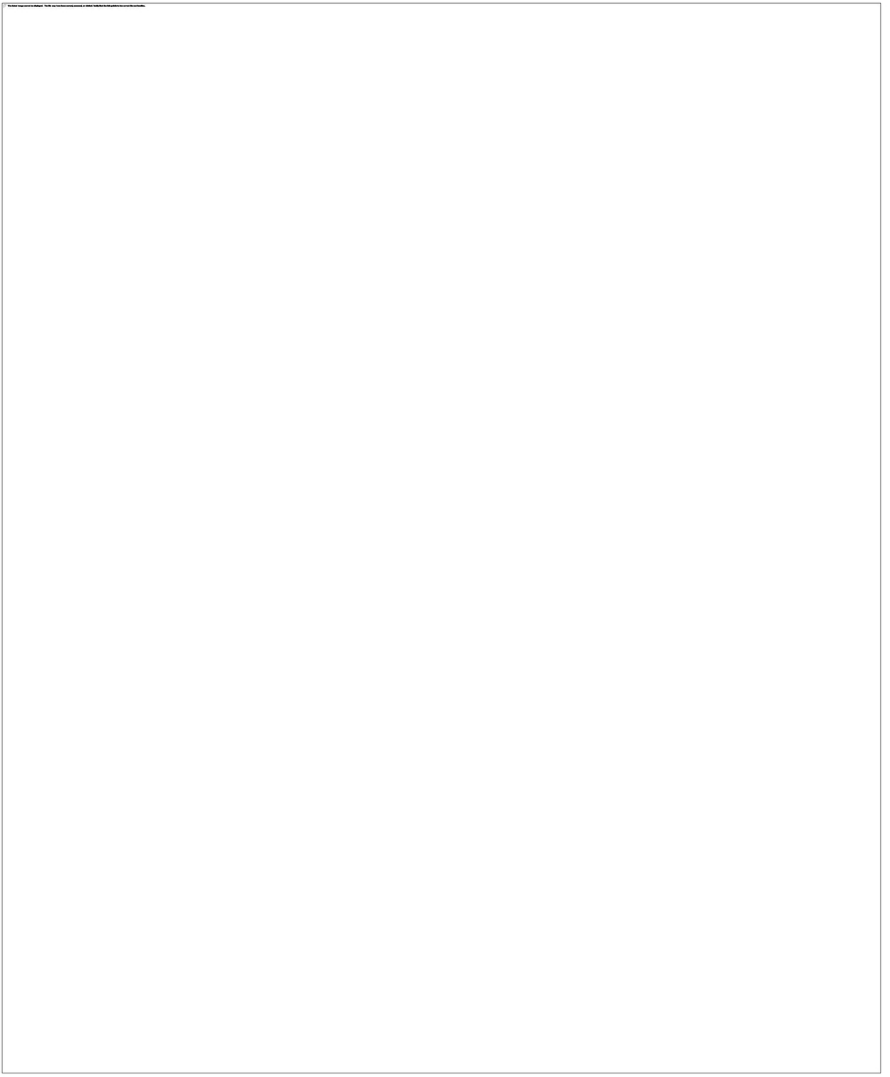
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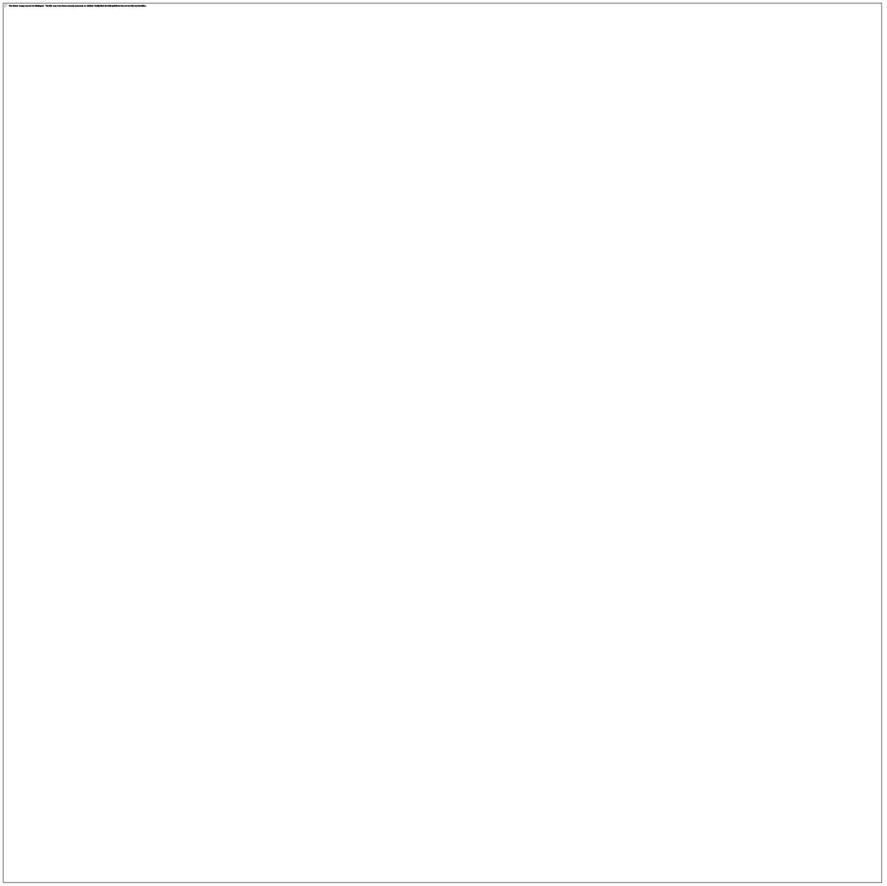
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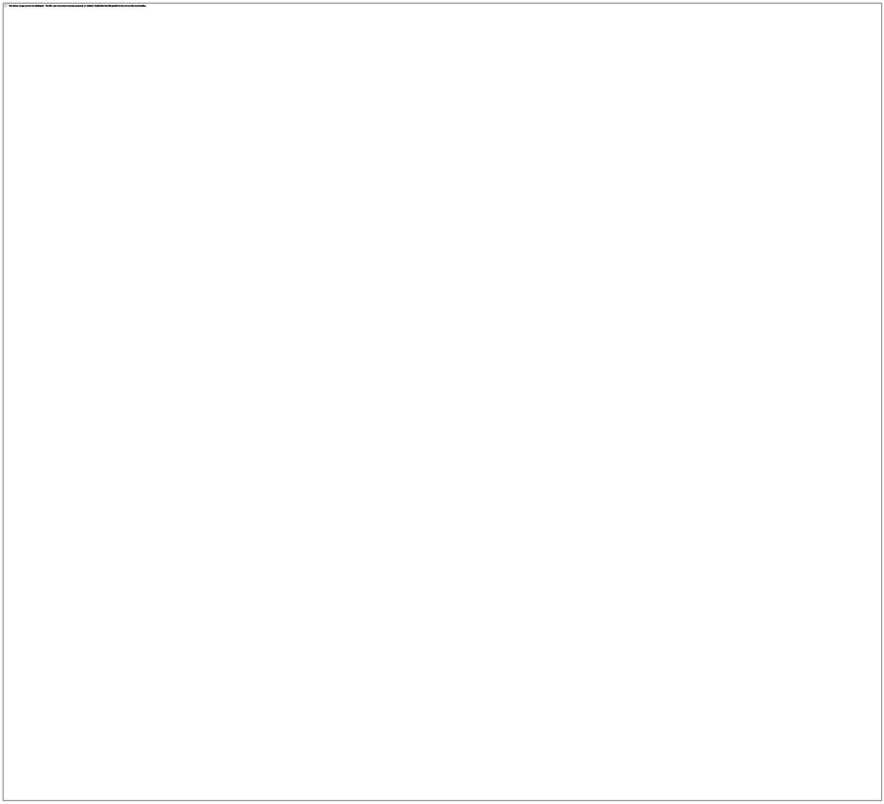
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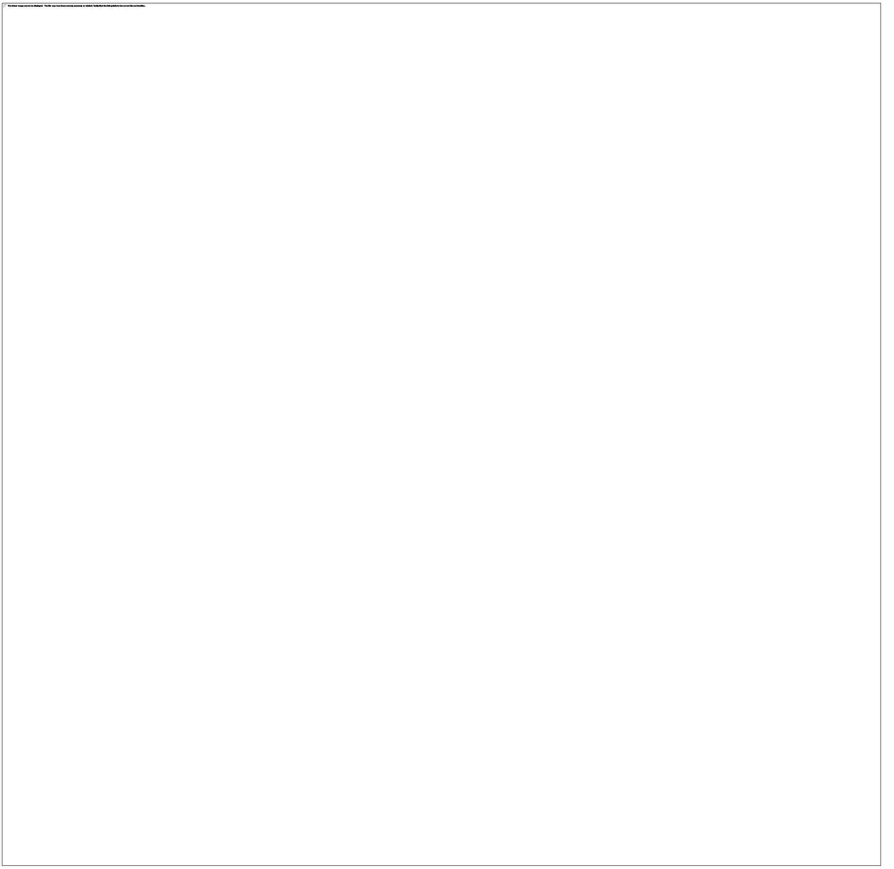
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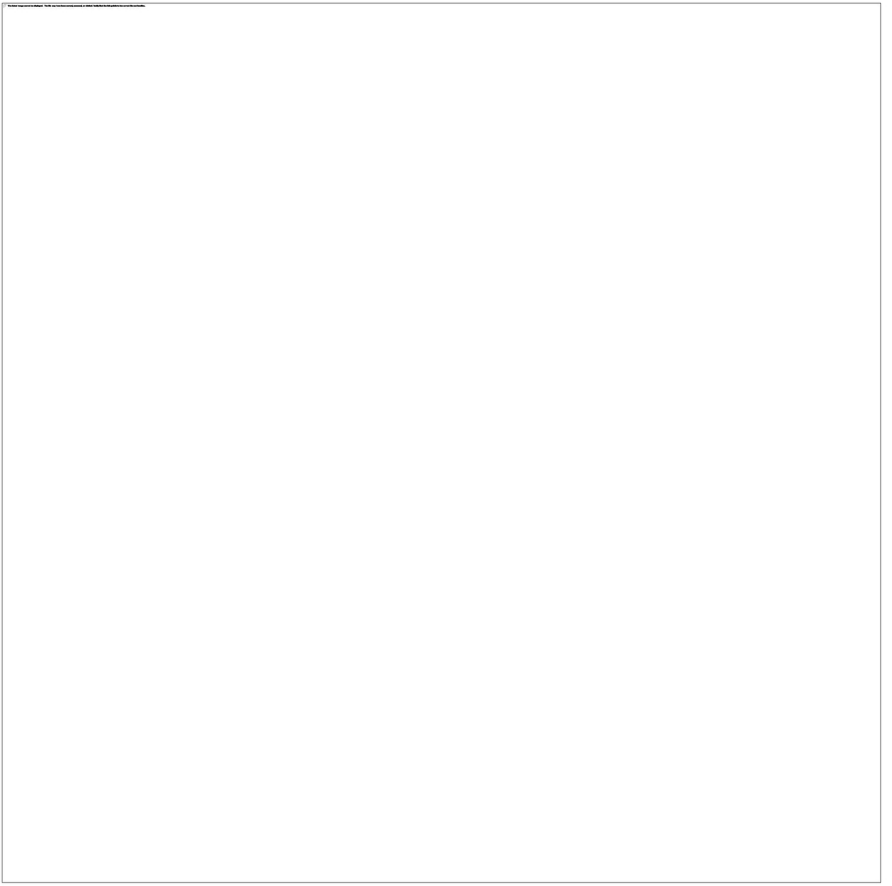
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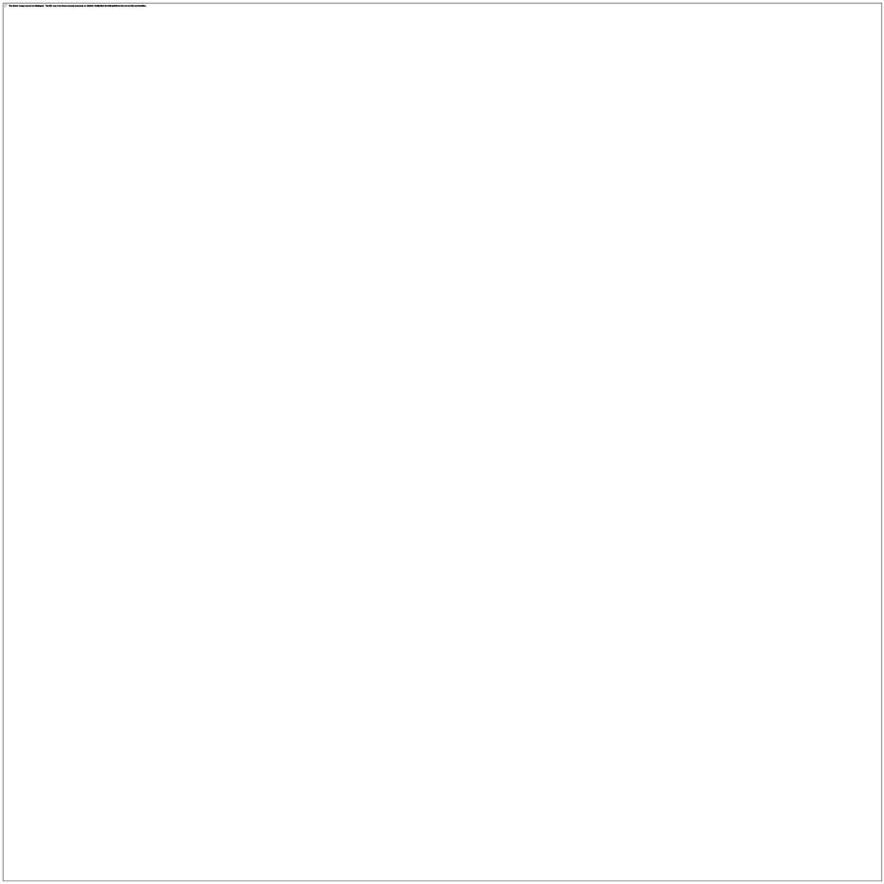
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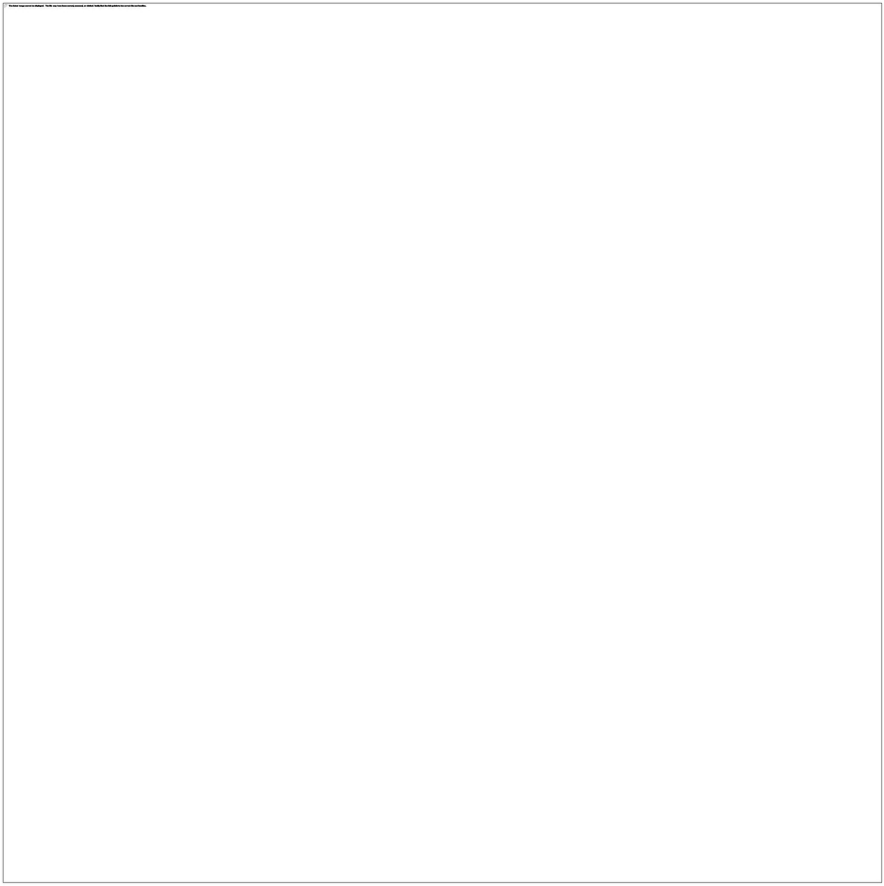
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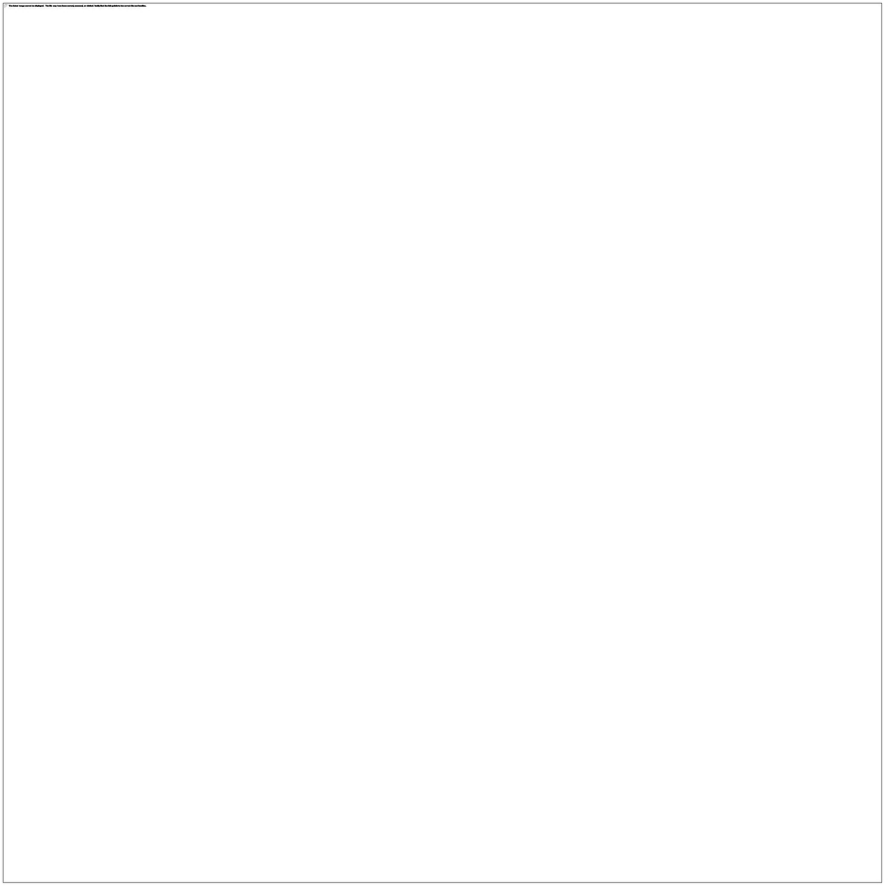
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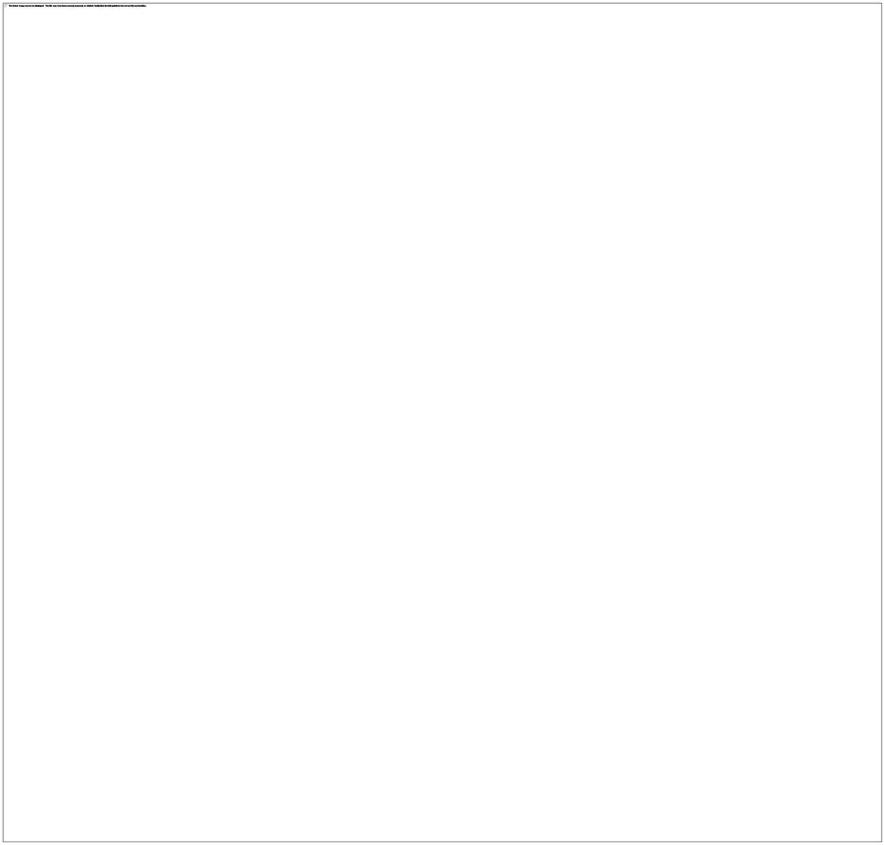

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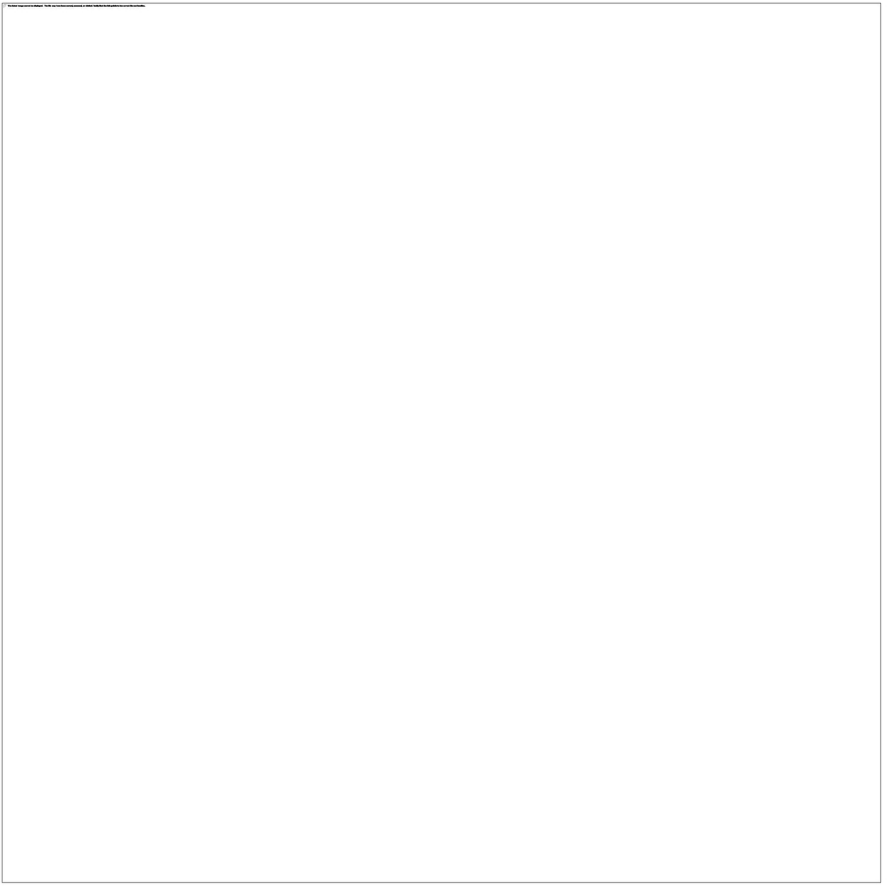
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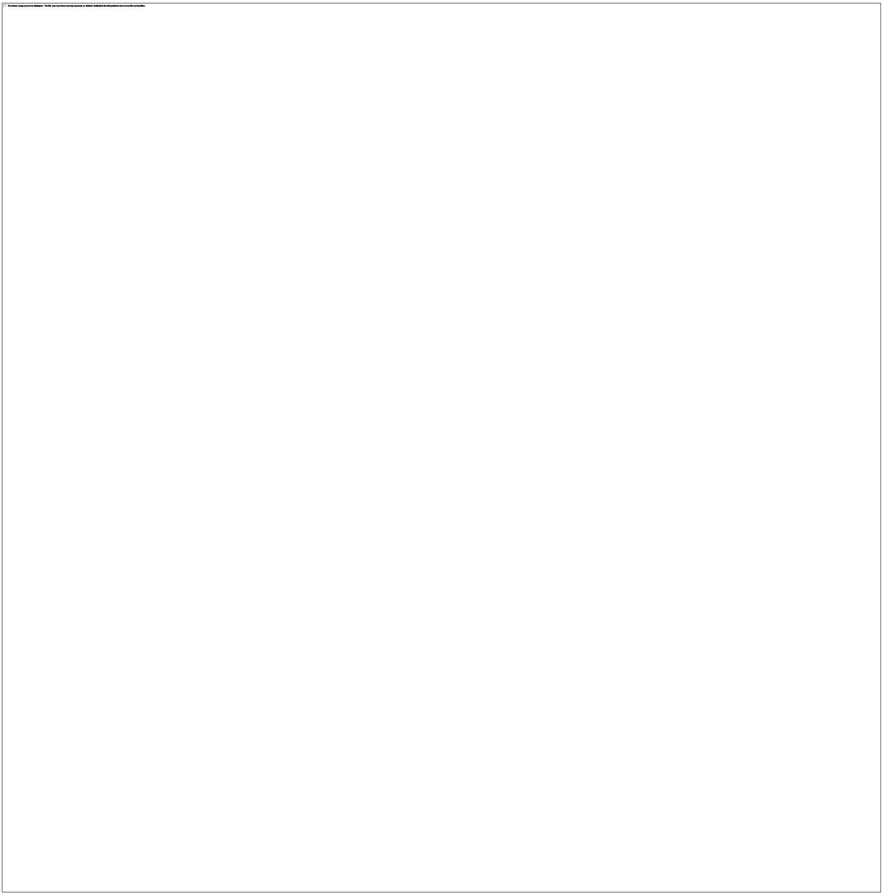

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.

## This 16-Year-Old Boy Knew He Wanted To Be An Artist Since He Was Just 2 Years Old

Posted: 06 Mar 2019 07:01 AM PST

Dušan Krtolica is a 16-year-old artist from Serbia who creates intricate pencil drawings of both real and mythical animals. Even though the artist is still young, he has plenty of experience under his belt – more specifically, 14 years of it.

The artist started drawing when he was just 2 years old and says it is his greatest passion. He finds inspiration in nature and is fascinated by animals and their diversity as well as their ability to adapt to different environments. Throughout his career as an artist, Dušan already had 6 solo exhibitions, participated in TV shows and even written and published an encyclopedia of the prehistoric world when he was just thirteen.

More info: Facebook | dusankrtolica.blogspot.com | h/t: Bored Panda

## Dušan's parent enrolled him in art school when he was just 4 years old

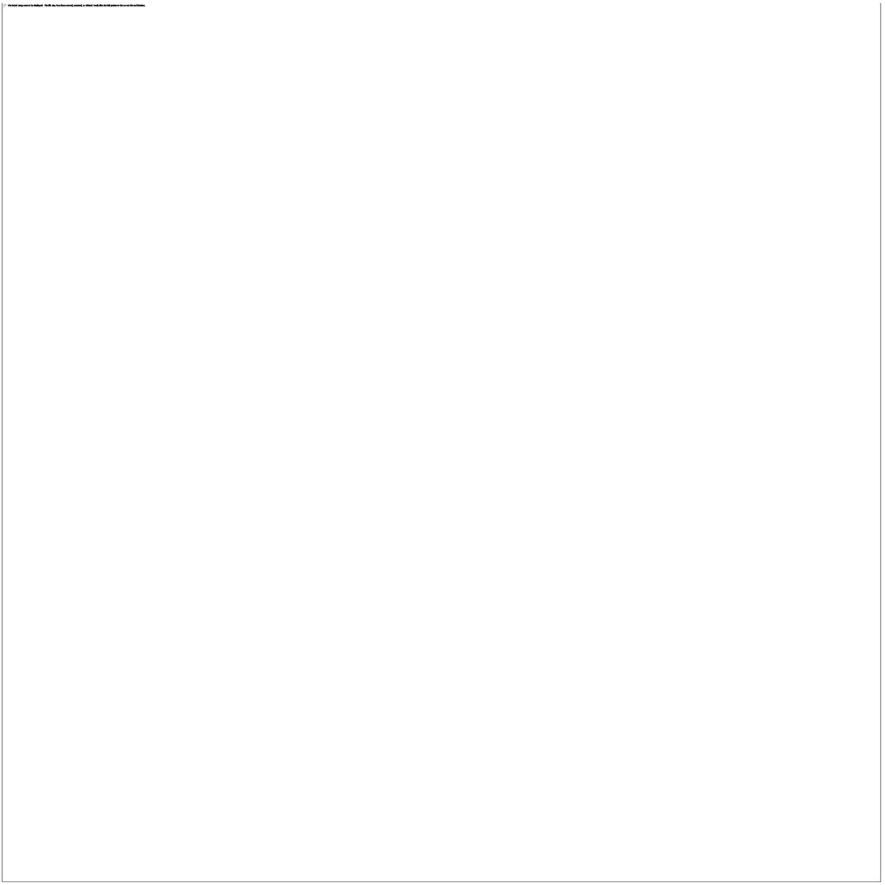

**The artist standing next to his works in 2011, when he was 8 years old**

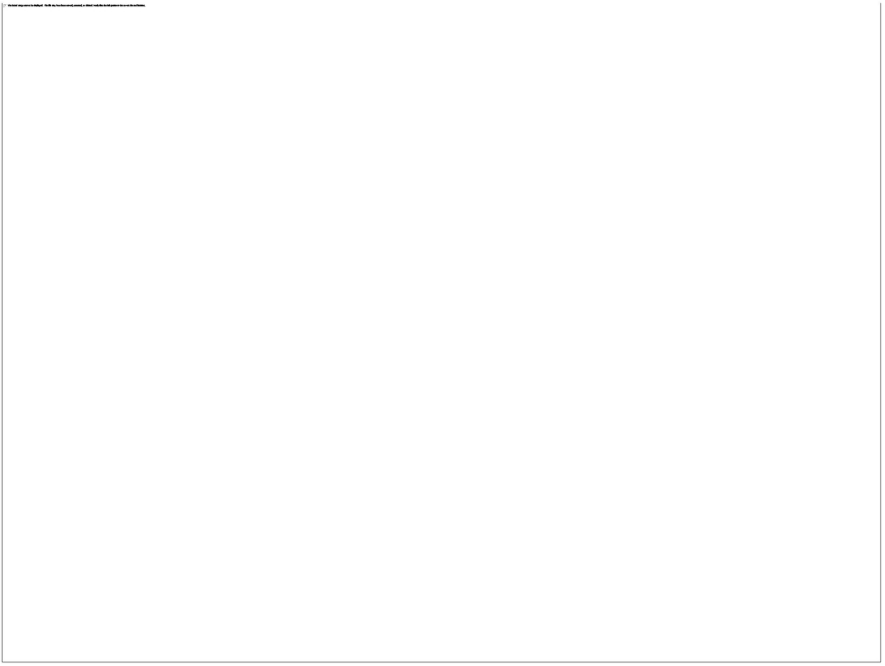

**Dušan with his drawing at 9 years old...**

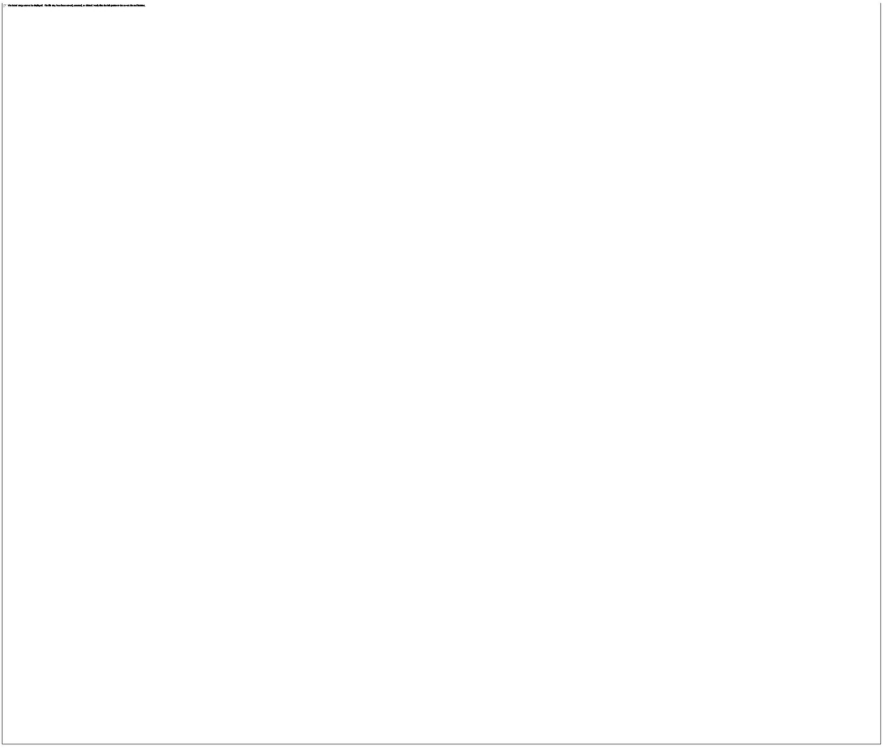

**...10 years old...**

## ...and 12 years old

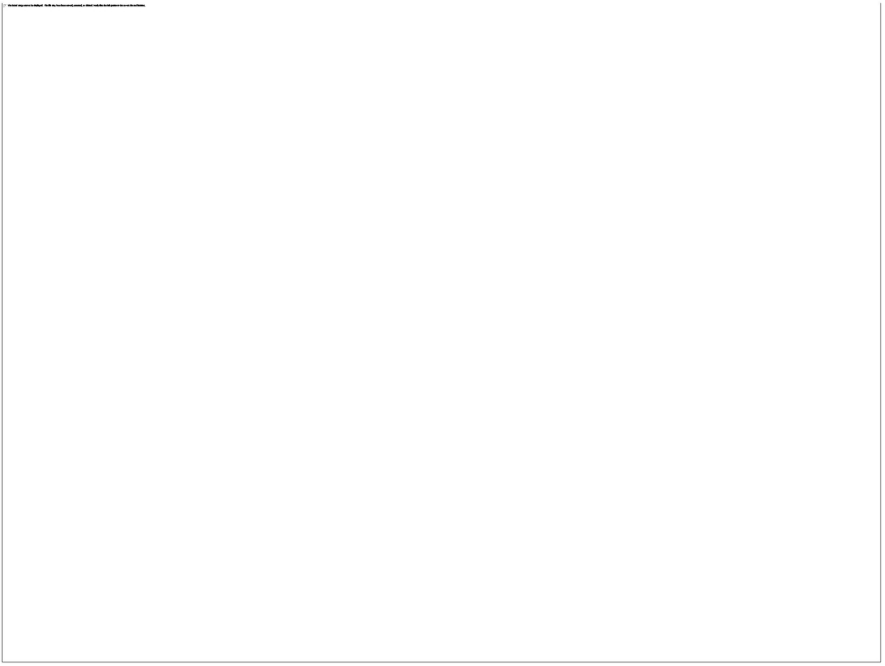

**“The Labors of Hercules” – a drawing the artist did when he was 13 years old**

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## Check out more of the young artist's works in the gallery below!

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4. Masterful Horror Makeup By 19-Year-Old Artist
5. For The Last 7 Years, This Artist Has Been Drawing Comics For His Girlfriend Every Day (NSFW)

## 23 Ordinary Slavic People That Look Just Like Famous Celebrities

Posted: 06 Mar 2019 05:51 AM PST

Slavorum is a Facebook page that documents the culture, history, and events of Slavic culture. This time they collected a series of pictures of ordinary Slavic people and paired them with their celebrity counterparts. We're pretty sure they would make you look twice when walking down the street!

In an interview with Bored Panda, Slavorum said they started as a tourist-focused website but eventually went for the more humorous approach: "We wanted to show our humorous spirit, our culture and our daily struggles we live by all in

a light-hearted and fun way." This new approach attracted people who love this unique culture from all over the world. "The funny thing is that in the end, many foreign people recognize themselves in these Slavic mini-stories, so lately we have people from all over the world being our becoming our biggest fans and observing cultural and other similarities between Slavic and their cultures," said the Facebook page.

Check out their collection of Hollywood celebrities and their Slavic doppelgangers in the gallery below!

More info: Website | Facebook | h/t: Bored Panda

# #1 Angelina Jolie?

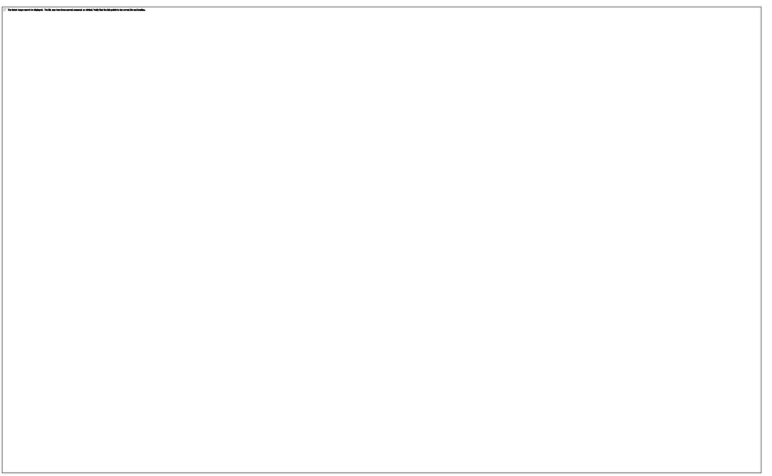

Image source: slavorum.org

# #2 Anthony Hopkins???

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## #3 Cara Delevingne?

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## #4 Dr. Gregory House

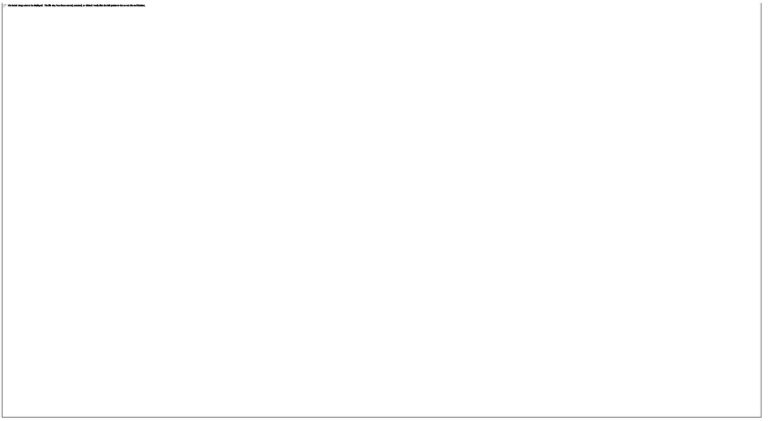


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# #5 Bruce Willis

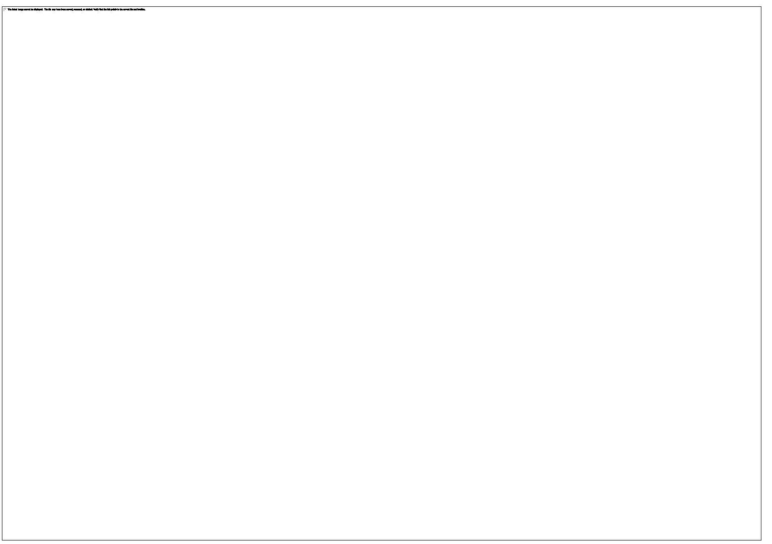


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# #6 Donald Trump???

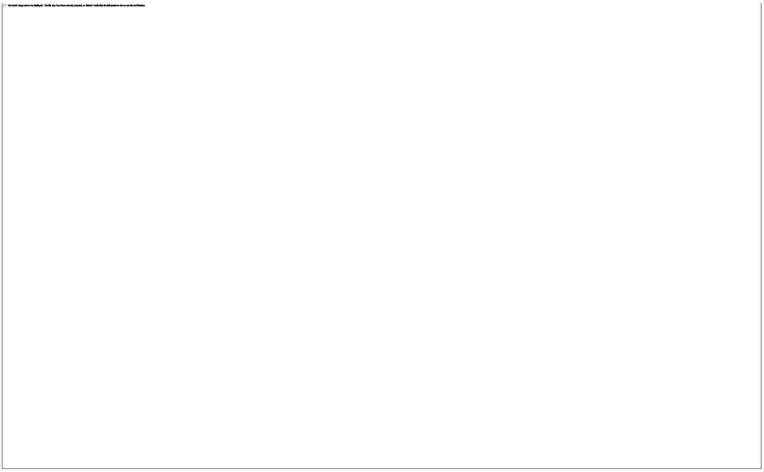

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## #7 Ron Weasley?

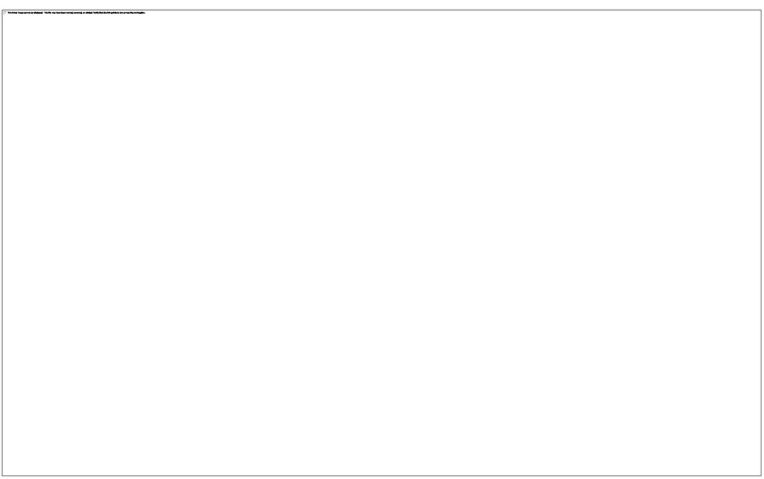

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## #8 Megan Fox Or Just A Girl From The Street?

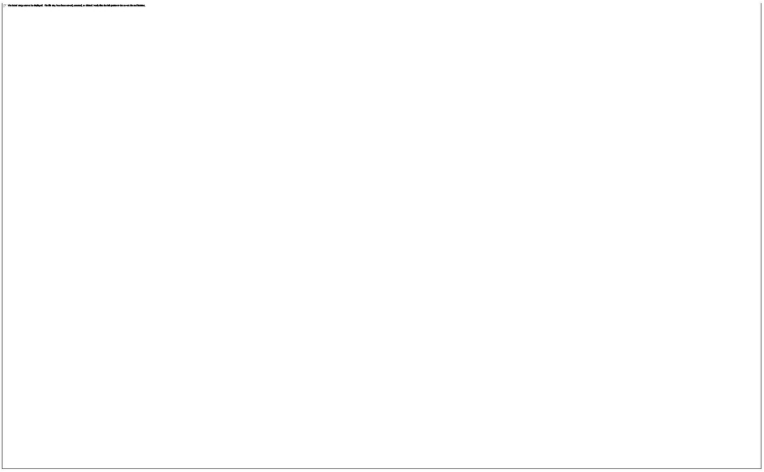

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## #9 Emilia Clark?

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## #10 Julia Stiles? Error!

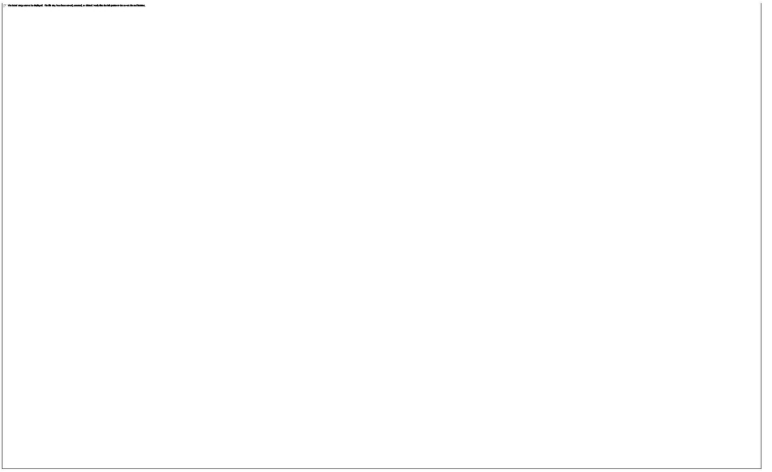

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## #11 This Is The Cosplay Of Xenia Shelkovskaya, But One Person, Right?d

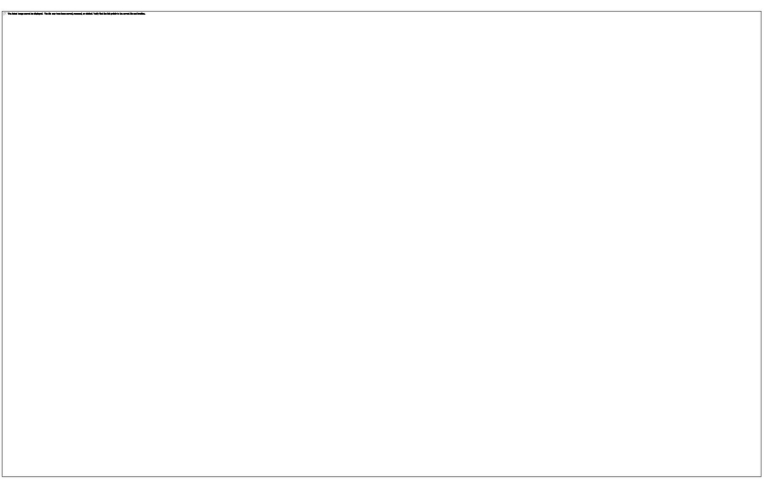

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## #12 Hello Harry Potter

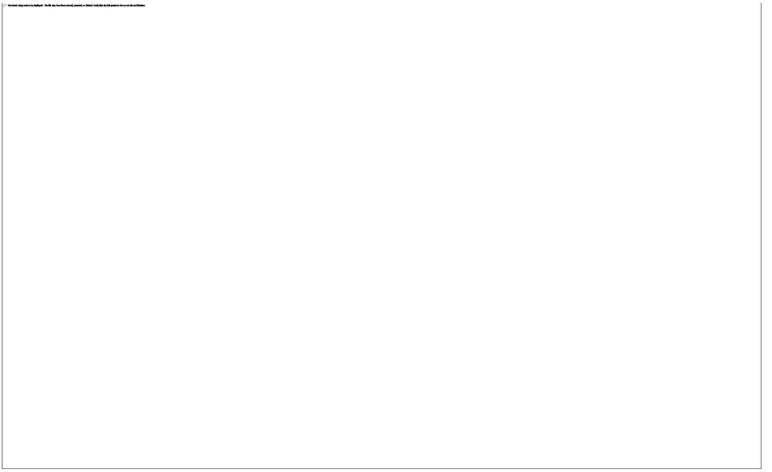

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## #13 Jennifer Lawrence?

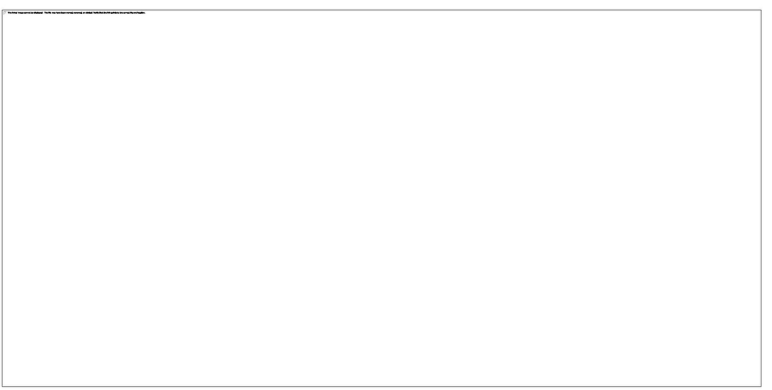

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## #14 Amy Winehouse? Nope!

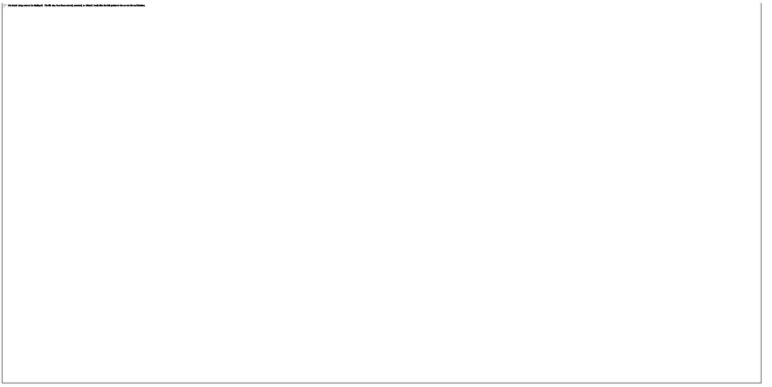

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## #15 Sasha, Is That You?

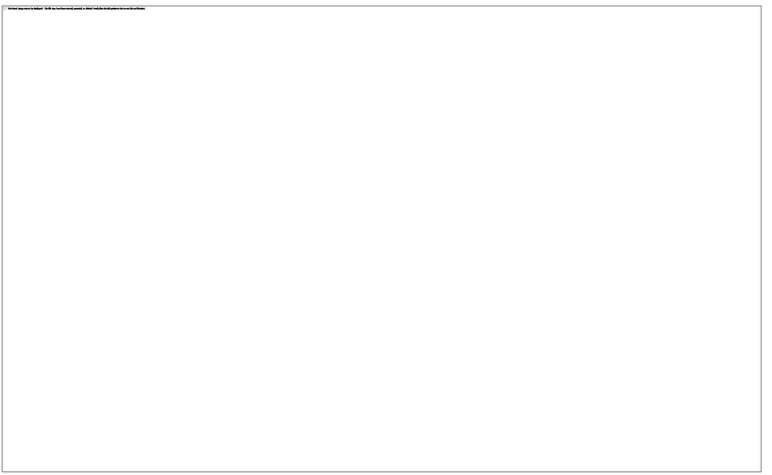

Image source: slavorum.org

## #16 Transporter

[illegible]

Image source: slavorum.org

## #17 Justin Bieber Or Just A Guy?

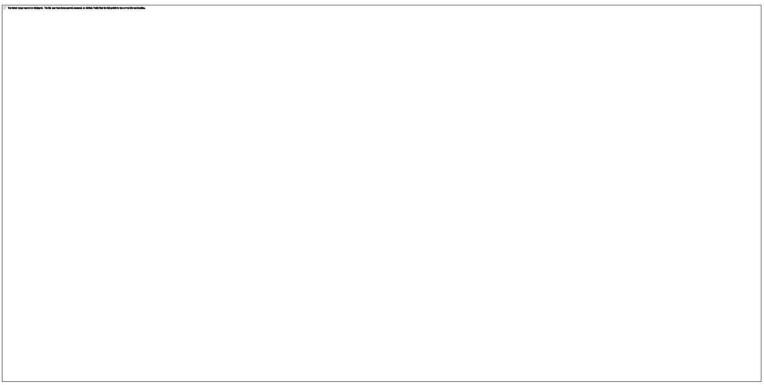

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## #18 John Snow Or Not?

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## #19 Leonardo???? ?

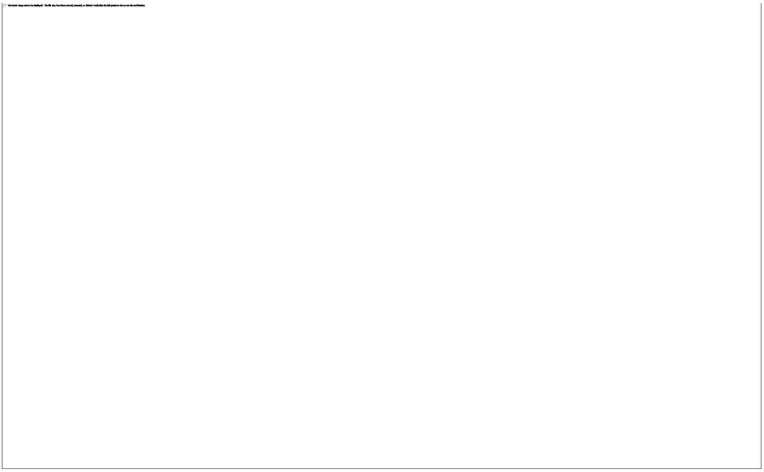

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## #20 Nicole Kidman Or Not?

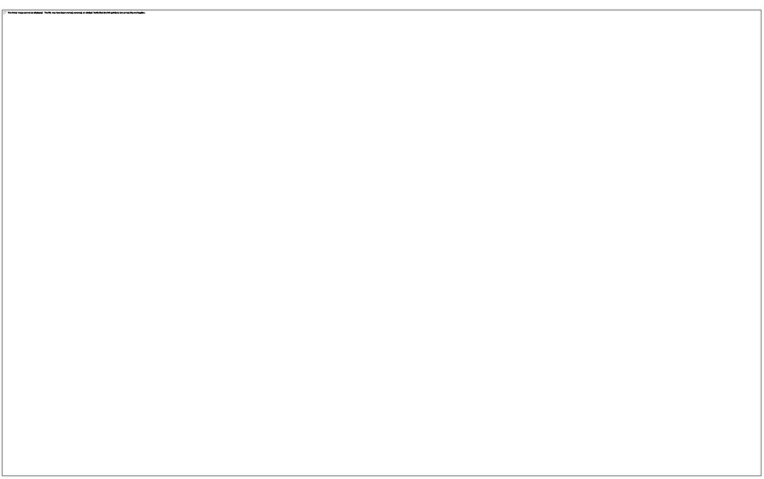

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## #21 Severus Snape

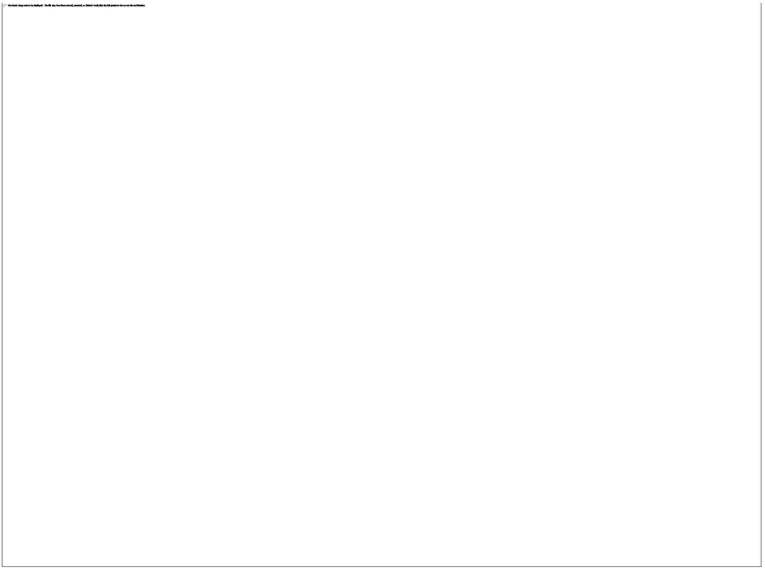


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# #22 And Another One

Image source: slavorum.org

# #23 Is This Emilia Clark Or Not?

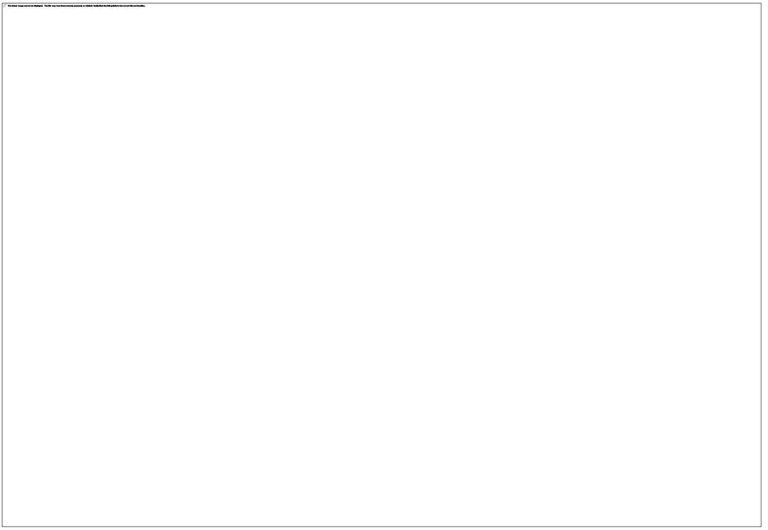

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**Sent:** 5/13/2018 11:02:26 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fw: WSJ

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**From:** Alexandra Preate <[redacted]>
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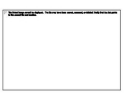

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The Concept of Rights Went With Responsibilities

- POTOMAC WATCH

**About That FBI 'Source'**

Did the bureau engage in outright spying against the 2016 Trump campaign?

House Intelligence Committee Chairman Devin Nunes at the Conservative Political Action Conference, Feb. 24 at National Harbor, Md. PHOTO: JOSHUA ROBERTS/REUTERS

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*By*

*Kimberley A. Strassel*
May 10, 2018 6:50 p.m. ET

1663 COMMENTS

• • •

• • The Department of Justice lost its latest battle with Congress Thursday when it agreed to brief House Intelligence Committee members about a top-secret intelligence source that was part of the FBI's investigation of the Trump campaign. Even without official confirmation of that source's name, the news so far holds some stunning implications.

Among them is that the Justice Department and Federal Bureau of Investigation outright hid critical information from a congressional investigation. In a Thursday press conference, Speaker Paul Ryan bluntly noted that Intelligence Chairman Devin Nunes's request for details on this secret source was "wholly appropriate," "completely within the scope" of the committee's long-running FBI investigation, and "something that probably should have been answered a while ago." Translation: The department knew full well it should have turned this material over to congressional investigators last year, but instead deliberately concealed it.

House investigators nonetheless sniffed out a name, and Mr. Nunes in recent weeks issued a letter and a subpoena demanding more details. Deputy Attorney General Rod Rosenstein's response was to double down—accusing the House of "extortion" and delivering a speech in which he claimed that "declining to open the FBI's files to review" is a constitutional "duty." Justice asked the White House to back its stonewall. And it even began spinning that daddy of all superspook arguments—that revealing any detail about this particular asset could result in "loss of human lives."

This is desperation, and it strongly suggests that whatever is in these files is going to prove very uncomfortable to the FBI.

The bureau already has some explaining to do. Thanks to the Washington Post's unnamed law-enforcement leakers, we know Mr. Nunes's request deals with a "top secret intelligence source" of the FBI and CIA, who is a U.S. citizen and who was involved in the Russia collusion probe. When government agencies refer to sources, they mean people who appear to be average citizens but use their profession or contacts to spy for

the agency. Ergo, we might take this to mean that the FBI secretly had a person on the payroll who used his or her non-FBI credentials to interact in some capacity with the Trump campaign.

This would amount to spying, and it is hugely disconcerting. It would also be a major escalation from the electronic surveillance we already knew about, which was bad enough. Obama political appointees rampantly "unmasked" Trump campaign officials to monitor their conversations, while the FBI played dirty with its surveillance warrant against Carter Page, failing to tell the Foreign Intelligence Surveillance Court that its supporting information came from the Hillary Clinton campaign. Now we find it may have also been rolling out human intelligence, John Le Carré style, to infiltrate the Trump campaign.

Which would lead to another big question for the FBI: When? The bureau has been doggedly sticking with its story that a tip in July 2016 about the drunken ramblings of George Papadopoulos launched its counterintelligence probe. Still, the players in this affair—the FBI, former Director Jim Comey, the Steele dossier authors—have been suspiciously vague on the key moments leading up to that launch date. When precisely was the Steele dossier delivered to the FBI? When precisely did the Papadopoulos information come in?

And to the point, when precisely was this human source operating? Because if it was prior to that infamous Papadopoulos tip, then the FBI isn't being straight. It would mean the bureau was spying on the Trump campaign prior to that moment. And that in turn would mean that the FBI had been spurred to act on the basis of something other than a junior campaign aide's loose lips.

We also know that among the Justice Department's stated reasons for not complying with the Nunes subpoena was its worry that to do so might damage international relationships. This suggests the "source" may be overseas, have ties to foreign intelligence, or both. That's notable, given the highly suspicious role foreigners have played in this escapade. It was an Australian diplomat who reported the Papadopoulos conversation. Dossier author Christopher Steele is British, used to work for MI6, and retains ties to that spy agency as well as to a network of former spooks. It was a former British diplomat who tipped off Sen. John McCain to the dossier. How this "top secret" source fits into this puzzle could matter deeply.

I believe I know the name of the informant, but my intelligence sources did not provide it to me and refuse to confirm it. It would therefore be irresponsible to publish it. But what is clear is that we've barely scratched the surface of the FBI's 2016 behavior, and the country will never get the straight story until President Trump moves to declassify everything possible. It's time to rip off the Band-Aid.

Correction

The FBI briefed House Intelligence Committee members about a top-secret intelligence source but did not allow them to see documents. An earlier version of this article misstated this.

Alexandra V. Preate
Chief Executive Officer
CapitalHQ
[redacted]

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**From**: Jay Lefkowitz [redacted]
**Sent**: 3/7/2011 7:11:08 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Darren [redacted]; Martin Weinberg [redacted]
**Subject**: Fw:

**Importance**: High

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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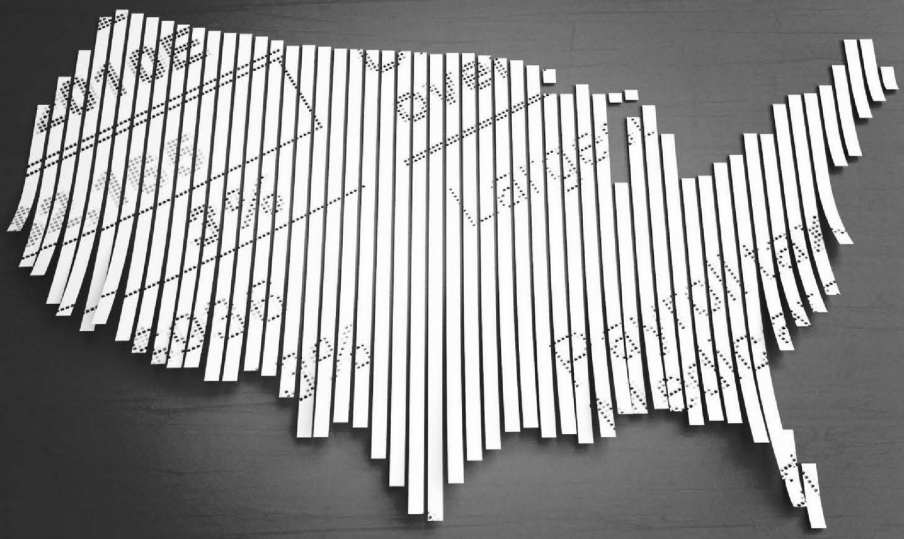

# USA Inc.

## A Basic Summary of America's Financial Statements

**February 2011**

# About USA Inc.

**Created and Compiled by Mary Meeker**

February 2011

This report looks at the federal government as if it were a business, with the goal of informing the debate about our nation's financial situation and outlook. In it, we examine USA Inc.'s income statement and balance sheet. We aim to interpret the underlying data and facts and illustrate patterns and trends in easy-to-understand ways. We analyze the drivers of federal revenue and the history of expense growth, and we examine basic scenarios for how America might move toward positive cash flow.

Thanks go out to Liang Wu and Fred Miller and former Morgan Stanley colleagues whose contributions to this report were invaluable. In addition, Richard Ravitch, Emil Henry, Laura Tyson, Al Gore, Meg Whitman, John Cogan, Peter Orszag and Chris Liddell provided inspiration and insights as the report developed. It includes a 2-page foreword; a 12-page text summary; and 460 PowerPoint slides containing data-rich observations. There's a lot of material – think of it as a book that happens to be a slide presentation.

We hope the slides in particular provide relevant context for the debate about America's financials. To kick-start the dialogue, we are making the entire slide portion of the report available as a single work for non-commercial distribution (but not for excerpting, or modifying or creating derivatives) under the Creative Commons license. The spirit of connectivity and sharing has become the essence of the Internet, and we encourage interested parties to use the slides to advance the discussion of America's financial present and future. If you would like to add your own data-driven observations, contribute your insights, improve or clarify ours, please contact us to request permission and provide your suggestions. This document is only a starting point for discussion; the information in it will benefit greatly from your thoughtful input.

This report is available online and on iPad at www.kpcb.com/usainc

In addition, print copies are available at www.amazon.com



HOUSE_OVERSIGHT_020825

# Foreword

**George P. Shultz, Paul Volcker, Michael Bloomberg, Richard Ravitch and John Doerr**

February 2011

Our country is in deep financial trouble. Federal, state and local governments are deep in debt yet continue to spend beyond their means, seemingly unable to stop. Our current path is simply unsustainable. What to do?

A lot of people have offered suggestions and proposed solutions. Few follow the four key guideposts to success that we see for setting our country back on the right path:

1) create a deep and widely held perception of the reality of the problem and the stakes involved;

2) reassure citizens that there are practical solutions;

3) develop support in key constituencies; and

4) determine the right timing to deliver the solutions.

*USA Inc.* uses each of these guideposts, and more; it is full of ideas that can help us build a better future for our children and our country.

First, Mary Meeker and her co-contributors describe America's problems in an imaginative way that should allow anyone to grasp them both intellectually and emotionally. By imagining the federal government as a company, they provide a simple framework for understanding our current situation. They show how deficits are piling up on our income statement as spending outstrips income and how our liabilities far exceed nominal assets on our balance sheet. *USA Inc.* also considers additional assets – hard to value physical assets and our intangible wealth – our creativity and energy and our tradition of an open, competitive society.

Additionally, the report considers important trends, pointing specifically to an intolerable failure to educate many in the K-12 grades, despite our knowledge of how to do so. And all these important emotional arguments help drive a gut reaction to add to data provided to reinforce the intellectual reasons we already have.

Second, *USA Inc.* provides a productive way to think about solving our challenges. Once we have created an emotional and intellectual connection to the problem, we want people to act and drive the solution, not to throw up their hands in frustration. The authors' ingenious indirect approach is to ask what a turnaround expert would do and what questions he or she would ask. The report describes how we first stumbled into this mess, by failing to predict the magnitude of program costs, by creating perverse incentives for excessive behavior, and by missing important trends. By pointing to the impact of individual responsibility, *USA Inc.* gives us reason to believe that a practical solution exists and can be realized.



HOUSE_OVERSIGHT_020826

Third, the report highlights how powerful bipartisan constituencies have emerged in the past to tackle great issues for the betterment of our nation, including tax reform, civil liberties, healthcare, education and national defense. Just as presidents of both parties rose to the occasion to preside over the difficult process of containment during the half-century cold war, we know we can still find leaders who are willing to step up and overcome political or philosophical differences for a good cause, even in these difficult times.

Finally, the report makes an important contribution to the question of timing. Momentum will follow once the process begins to gain support, and *USA Inc.* should help by stimulating broad recognition and understanding of the challenges, by providing ways to think about solutions, and by helping constituencies of action to emerge. As the old saying goes, "If not now, when? If not us, who?"

With this pioneering report, we have a refreshing, business-minded approach to understanding and addressing our nation's future. Read on…you may be surprised by how much you learn. We hope you will be motivated to help solve the problem!



HOUSE_OVERSIGHT_020827

# Table of Contents

**About USA Inc.** . . . . . **ii**

**Foreword** . . . . . **iii**

**Summary** . . . . . **vii**

**Introduction** . . . . . **5**

**High-Level Thoughts on Income Statement/Balance Sheet** . . . . . **25**

**Income Statement Drilldown** . . . . . **53**

Entitlement Spending . . . . . 72

Medicaid . . . . . 94

Medicare . . . . . 100

Unemployment Benefits . . . . . 121

Social Security . . . . . 129

Rising Debt Level and Interest Payments . . . . . 142

Debt Level . . . . . 145

Effective Interest Rates . . . . . 161

Debt Composition . . . . . 168

Periodic Large One-Time Charges . . . . . 177

TARP . . . . . 188

Fannie Mae / Freddie Mac . . . . . 193

ARRA . . . . . 200

**Balance Sheet Drilldown** . . . . . **209**



HOUSE_OVERSIGHT_020828

**What Might a Turnaround Expert Consider?** . . . . . **221**
High-Level Thoughts on How to Turn Around USA Inc.'s Financial Outlook . . . . 237
Focus on Expenses . . . . . 253
Reform Entitlement Programs . . . . . 255
Restructure Social Security . . . . . 256
Restructure Medicare & Medicaid . . . . . 268
Focus on Operating Efficiency . . . . . 329
Review Wages & Benefits . . . . . 335
Review Government Pension Plans . . . . . 338
Review Role of Unions . . . . . 342
Review Cost Structure & Headcount . . . . . 345
Review Non-Core 'Business' for Out-Sourcing . . . . . 349
Focus on Revenues . . . . . 355
Drive Sustainable Economic Growth . . . . . 356
Invest in Technology / Infrastructure / Education . . . . . 366
Increase / Improve Employment . . . . . 383
Improve Competitiveness . . . . . 389
Consider Changing Tax Policies . . . . . 395
Review Tax Rates . . . . . 396
Reduce Subsidies / Tax Expenditures / Broaden Tax Base . . . . . 400

**Consequences of Inaction** . . . . . **413**
Short-Term, Long-Term . . . . . 415
Public Debt, Net Worth vs. Peers . . . . . 416
Lessons Learned From Historical Debt Crisis . . . . . 422
General Motors . . . . . 431

**Summary** . . . . . **437**

**Appendix** . . . . . **453**

**Glossary** . . . . . **xix**

**Index** . . . . . **xxvii**



HOUSE_OVERSIGHT_020829

# Summary

**Imagine for a moment that the United States government is a public corporation. Imagine that its management structure, fiscal performance, and budget are all up for review. Now imagine that you're a shareholder in USA Inc. How do you feel about your investment?**

Because 45% of us own shares in publicly traded companies, nearly half the country expects quarterly updates on our investments. But although **100%** of us are stakeholders in the United States, very few of us look closely at Washington's financials. If we were long-term investors, how would we evaluate the federal government's business model, strategic plans, and operating efficiency? How would we react to its earnings reports? Nearly two-thirds of all American households pay federal income taxes, but very few of us take the time to dig into the numbers of the entity that, on average, collects 13% of our annual gross income (not counting another 15-30% for payroll and various state and local taxes).

**We believe it's especially important to pay closer attention to one of our most important investments.**

As American citizens and taxpayers, we care about the future of our country. As investors, we're in an on-going search for data and insights that will help us make more informed investment decisions. It's easier to predict the future if one has a keen understanding of the past, but we found ourselves struggling to find good information about America's financials. So we decided to assemble – in one place and in a user-friendly format – some of the best data about the world's biggest "business." We also provide some historical context for how USA Inc.'s financial model has evolved over decades. And, as investors, we look at trend lines which help us understand the patterns (and often future directions) of key financial drivers like revenue and expenses.

The complexity of USA Inc.'s challenges is well known, and our presentation is just a starting point; it's far from perfect or complete. But we are convinced that citizens – and investors – should understand the business of their government. Thomas Jefferson and Alexis de Tocqueville knew that – armed with the right information – the enlightened citizenry of America would make the right decisions. It is our humble hope that a transparent financial framework can help inform future debates.

In the conviction that every citizen should understand the finances of USA Inc. and the plans of its "management team," we examine USA Inc.'s income statement and balance sheet and present them in a basic, easy-to-use format. We summarize our thoughts in PowerPoint form and in this brief text summary at www.kpcb.com/usainc. We encourage people to take our data and thoughts and study them, critique them, augment them, share them, and make them better. There's a lot of material – think of it as a book that happens to be a slide presentation.



HOUSE_OVERSIGHT_020830

There are two caveats. First, we do not make policy recommendations. We try to help clarify some of the issues in a straightforward, analytical way. We aim to present data, trends, and facts about USA Inc.'s key revenue and expense drivers to provide context for how its financials have reached their present state. Our observations come from publicly available information, and we use the tools of basic financial analysis to interpret it. Forecasts generally come from 3rd-party agencies like the Congressional Budget Office (CBO), the nonpartisan federal agency charged with reviewing the financial impact of legislation. Second, the 'devil is in the details.' For US policy makers, the timing of material changes will be especially difficult, given the current economic environment.

**By the standards of any public corporation, USA Inc.'s financials are discouraging.**

True, USA Inc. has many fundamental strengths. On an operating basis (excluding Medicare and Medicaid spending and one-time charges), the federal government's profit & loss statement is solid, with a 4% median net margin over the last 15 years. But cash flow is deep in the red (by almost $1.3 trillion last year, or -$11,000 per household), and USA Inc.'s net worth is negative and deteriorating. That net worth figure includes the present value of unfunded entitlement liabilities but not hard-to-value assets such as natural resources, the power to tax or mint currency, or what Treasury calls "heritage" or "stewardship assets" like national parks. Nevertheless, the trends are clear, and critical warning signs are evident in nearly every data point we examine.

F2010 Cash Flow = **-$1.3 Trillion**; Net Worth = **-$44 Trillion**
With a Negative Trend Line Over Past 15 Years

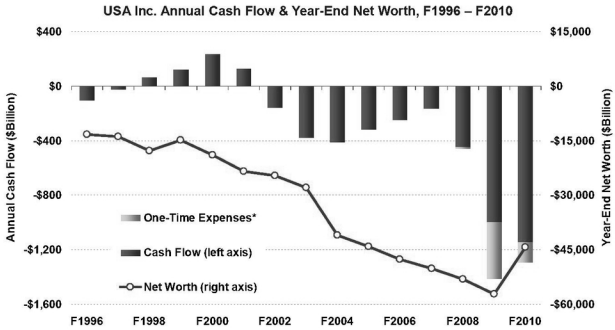


*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. *One-time expenses in F2008 include $14B payments to Freddie Mac; F2009 includes $279B net TARP payouts, $97B payment to Fannie Mae & Freddie Mac and $40B stimulus spending on discretionary items; F2010E includes $26B net TARP income, $137B stimulus spending and $41B payment to Fannie Mae & Freddie Mac. F2010 net worth improved dramatically owing to revised actuarial estimates for Medicare program resulted from the Healthcare reform legislation. For more definitions, see next slide. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government."*

KPCB www.kpcb.com USA Inc. | Summary



HOUSE_OVERSIGHT_020831

**Underfunded entitlements are among the most severe financial burdens USA Inc. faces. And because some of the most underfunded programs are intended to help the nation's poorest, the electorate must understand the full dimensions of the challenges.**

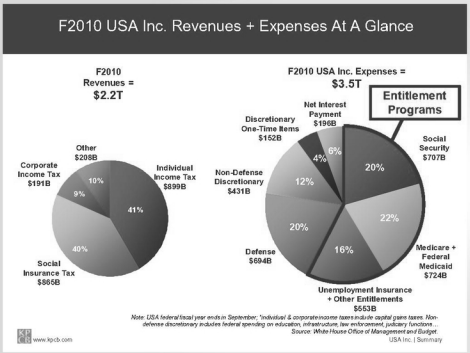


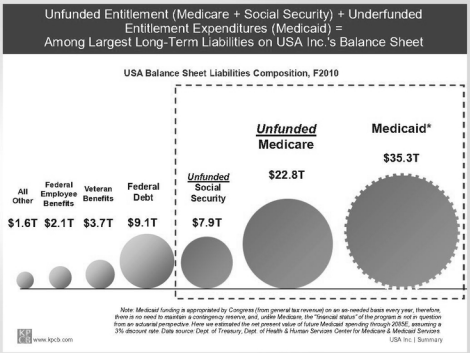


Some consider defense outlays – which have nearly doubled in the last decade, to 5% of GDP – a principal cause of USA Inc.'s financial dilemma. But defense spending is still below its 7% share of GDP from 1948 to 2000; it accounted for 20% of the budget in 2010, compared with 41% of all government spending between 1789 and 1930. The principal challenges lie elsewhere. Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. They serve many of the nation's poorest, whose struggles have been made worse by the recent financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.

Entitlement expenses amount to $16,000 per household per year, and entitlement spending far outstrips funding, by more than $1 trillion (or $9,000 per household) in 2010. More than 35% of the US population receives entitlement dollars or is on the government payroll, up from ~20% in 1966. Given the high correlation of rising entitlement income with declining savings, do Americans feel less compelled to save if they depend on the government for their future savings? It is interesting to note that in China the household savings rate is ~36%, per our estimates based on CEIC data, in part due to a higher degree of self-reliance – and far fewer established pension plans. In the USA, the personal savings rate (defined as savings as percent of disposable income) was 6% in 2010 and only 3% from 2000 to 2008.



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**Millions of Americans have come to rely on Medicare and Medicaid – and spending has skyrocketed, to 21% of USA Inc.'s total expenses (or $724B) in F2010, up from 5% forty years ago.**

Together, Medicaid and Medicare – the programs providing health insurance to low-income households and the elderly, respectively – now account for 35% of total healthcare spending in the USA. Since their creation in 1965, both programs have expanded markedly. Medicaid now serves 16% of all Americans, compared with 2% at its inception; Medicare now serves 15% of the population, up from 10% in 1966. As more Americans receive benefits and as healthcare costs continue to outstrip GDP growth, total spending for the two entitlement programs is accelerating. Over the last decade alone, Medicaid spending has doubled in real terms, with total program costs running at $273 billion in F2010. Over the last 43 years, real Medicare spending per beneficiary has risen 25 times, driving program costs well (10x) above original projections. In fact, Medicare spending exceeded related revenues by $272 billion last year.

**Amid the rancor about government's role in healthcare spending, one fact is undeniable: government spending on healthcare now consumes 8.2% of GDP, compared with just 1.3% fifty years ago.**

Total Government* Healthcare Spending Increases are Staggering – Up **7x** as % of GDP Over Five Decades vs. Education Spending Only Up **0.6x**

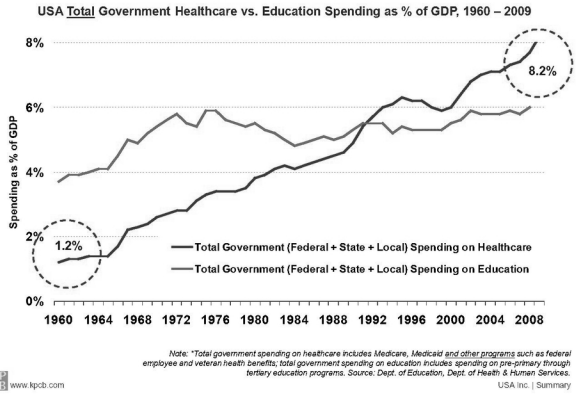


*Note: *Total government spending on healthcare includes Medicare, Medicaid and other programs such as federal employee and veteran health benefits; total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.*

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The overall healthcare funding mix in the US is skewed toward private health insurance due to the predominance of employer-sponsored funding (which covers 157MM working Americans and their families, or 58% of the total population in 2008 vs. 64% in 1999). This mixed private-public funding scheme has resulted in implicit cross-subsidies, whereby healthcare providers push



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costs onto the private market to help subsidize lower payments from public programs. This tends to help drive a cycle of higher private market costs causing higher insurance premiums, leading to the slow erosion of private market coverage and a greater enrollment burden for government programs.

The Patient Protection and Affordable Care Act, enacted in early 2010, includes the biggest changes to healthcare since 1965 and will eventually expand health insurance coverage by ~10%, to 32 million new lives. Increased access likely means higher spending if healthcare costs continue to grow 2 percentage points faster than per capita income (as they have over the past 40 years). The CBO sees a potential $143B reduction in the deficit over the next 10 years, but this assumes that growth in Medicare costs will slow – an assumption the CBO admits is highly uncertain.

**Unemployment Insurance and Social Security are adequately funded...for now. Their future, unfortunately, isn't so clear.**

Unemployment Insurance is cyclical and, apart from the 2007-09 recession, generally operates with a surplus. Payroll taxes kept Social Security mainly at break-even until 1975-81 when expenses began to exceed revenue. Reforms that cut average benefits by 5%, raised tax rates by 2.3%, and increased the full retirement age by 3% (to 67) restored the system's stability for the next 25 years, but the demographic outlook is poor for its pay-as-you-go funding structure. In 1950, 100 workers supported six beneficiaries; today, 100 workers support 33 beneficiaries. Since Social Security began in 1935, American life expectancy has risen 26% (to 78), but the "retirement age" for full benefits has increased only 3%.

**Regardless of the emotional debate about entitlements, fiscal reality can't be ignored – if these programs aren't reformed, one way or another, USA Inc.'s balance sheet will go from bad to worse.**

Federal Government Spending Had Risen to 24% of GDP in 2010, Up From an Average of 3% From 1790 to 1930

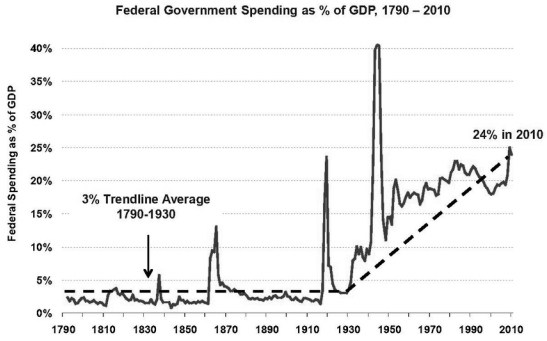


*Source: Federal spending per Series Y 457-465 in "Historical Statistics of the United States, Colonial Times to 1970, Part II" and per White House OMB. GDP prior to 1930 per Louis Johnston and Samuel H. Williamson, "What Was the U.S. GDP Then?" MeasuringWorth, 2010. GDP post 1930 per White House OMB. Neither federal spending nor GDP data are adjusted for inflation.*

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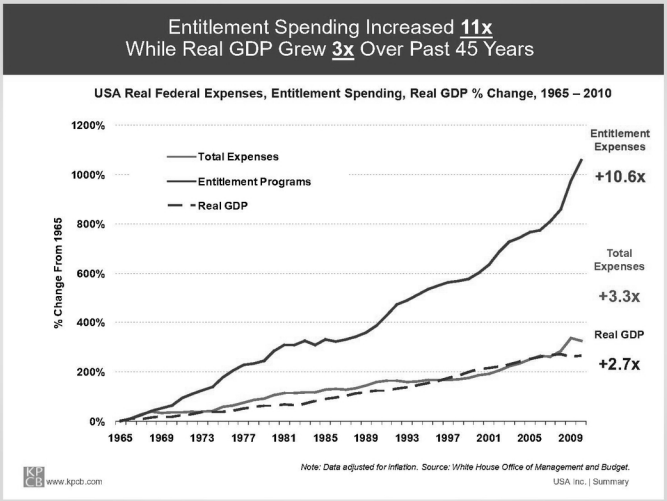


Take a step back, and imagine what the founding fathers would think if they saw how our country's finances have changed. From 1790 to 1930, government spending on average accounted for just 3% of American GDP. Today, government spending absorbs closer to 24% of GDP.

It's likely that they would be even more surprised by the debt we have taken on to pay for this expansion. As a percentage of GDP, the federal government's public debt has doubled over the last 30 years, to 53% of GDP. This figure does not include claims on future resources from underfunded entitlements and potential liabilities from Fannie Mae and Freddie Mac, the Government Sponsored Enterprises (GSEs). If it did include these claims, gross federal debt accounted for 94% of GDP in 2010. The public debt to GDP ratio is likely to triple to 146% over the next 20 years, per CBO. The main reason is entitlement expense. Since 1970, these costs have grown 5.5 times faster than GDP, while revenues have lagged, especially corporate tax revenues. By 2037, cumulative deficits from Social Security could add another $11.6 trillion to the public debt.

The problem gets worse. Even as USA Inc.'s debt has been rising for decades, plunging interest rates have kept the cost of supporting it relatively steady. Last year's interest bill would have been 155% (or $290 billion) higher if rates had been at their 30-year average of 6% (vs. 2% in 2010). As debt levels rise and interest rates normalize, net interest payments could grow 20% or more annually. Below-average debt maturities in recent years have also kept the Treasury's borrowing costs down, but this trend, too, will drive up interest payments once interest rates rise.



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**Can we afford to wait until the turning point comes? By 2025, entitlements plus net interest payments will absorb all – yes, all – of USA Inc.'s revenue, per CBO.**

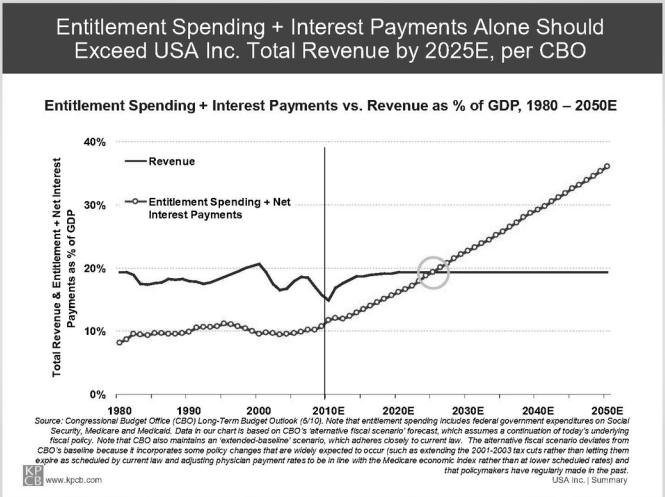


Less than 15 years from now, in other words, USA Inc. – based on current forecasts for revenue and expenses - would have nothing left over to spend on defense, education, infrastructure, and R&D, which today account for only 32% of USA Inc. spending, down from 69% forty years ago. This critical juncture is getting ever closer. Just ten years ago, the CBO thought federal revenue would support entitlement spending and interest payments until 2060 – 35 years beyond its current projection. This dramatic forecast change over the past ten years helps illustrate, in our view, how important it is to focus on the here-and-now trend lines and take actions based on those trends.

**How would a turnaround expert determine 'normal' revenue and expenses?**

The first step would be to examine the main drivers of revenue and expenses. It's not a pretty picture. While revenue – mainly taxes on individual and corporate income – is highly correlated (83%) with GDP growth, expenses – mostly entitlement spending – are less correlated (73%) with GDP. With that as backdrop, our turnaround expert might try to help management and shareholders (citizens) achieve a long-term balance by determining "normal" levels of revenue and expenses:



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- From 1965 to 2005 (a period chosen to exclude abnormal trends related to the recent recession), annual revenue growth (3%) has been roughly in line with GDP growth, but corporate income taxes have grown 2% a year. Social insurance taxes grew 5% annually and represented 37% of USA Inc. revenue, compared with 19% in 1965. An expert might ask:
  - What level of social insurance or entitlement taxes can USA Inc. support without reducing job creation?
  - Are low corporate income taxes important to global competitive advantage and stimulating growth?
- Entitlement spending has risen 5% a year on average since 1965, well above average annual GDP growth of 3%, and now absorbs 51% of all expenses, more than twice its share in 1965. Defense and non-defense discretionary spending (including infrastructure, education, and law enforcement) is up just 1-2% annually over that period. Questions for shareholders:
  - Do USA Inc.'s operations run at maximum efficiency? Where are the opportunities for cost savings?
  - Should all expense categories be benchmarked against GDP growth? Should some grow faster or slower than GDP? If so, what are the key determinants?
  - Would greater investment in infrastructure, education, and global competitiveness yield more long-term security for the elderly and disadvantaged?

With expenses outstripping revenues by a large (and growing) margin, a turnaround expert would develop an analytical framework for readjusting USA Inc.'s business model and strategic plans. Prudence would dictate that our expert assume below-trend GDP growth and above-trend unemployment, plus rising interest rates – all of which would make the base case operating scenario fairly gloomy.

**This analysis can't ignore our dependence on entitlements. Almost one-third of all Americans have grown up in an environment of lean savings and heavy reliance on government healthcare subsidies. It's not just a question of numbers – it's a question of our responsibilities as citizens…and what kind of society we want to be.**

Some 90 million Americans (out of a total population of 307 million) have grown accustomed to support from entitlement programs; so, too, have 14 million workers in the healthcare industry who, directly or indirectly, benefit from government subsidies via Medicare and Medicaid. Low personal savings and high unemployment make radical change difficult. Political will can be difficult to summon, especially during election campaigns.



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**At the same time, however, these numbers don't lie. With our demographics and our debts, we're on a collision course with the future. The good news: Although time is growing short, we still have the capacity to create positive outcomes.**

Even though USA Inc. can print money and raise taxes, USA Inc. cannot sustain its financial imbalance indefinitely – especially as the Baby Boomer generation nears retirement age. Net debt levels are approaching warning levels, and some polls suggest that Americans consider reducing debt a national priority. Change is legally possible. Unlike underfunded pension liabilities that can bankrupt companies, USA Inc.'s underfunded liabilities are not legal contracts. Congress has the authority to change the level and conditions for Social Security and Medicare benefits; the federal government, together with the states, can also alter eligibility and benefit levels for Medicaid.

**Options for entitlement reform, operating efficiency, and stronger long-term GDP growth.**

As analysts, not public policy experts, we can offer mathematical illustrations as a framework for discussion (not necessarily as actual solutions). We also present policy options from third-party organizations such as the CBO.

**Reforming entitlement programs – Social Security.**

The underfunding could be addressed through some or all of the following mechanical changes: increasing the full retirement age to as high as 73 (from the current level of 67); and/or reducing average annual social security benefits by up to 12% (from $13,010 to $11,489); and/or increasing the social security tax rate from 12.4% to 14.2%. Options proposed by the CBO include similar measures, as well as adjustments to initial benefits and index levels. Of course, the low personal savings rates of average Americans – 3% of disposable income, compared with a 10% average from 1965 to 1985 – limit flexibility, at least in the early years of any reform.

**Reforming entitlement programs – Medicare and Medicaid.**

Mathematical illustrations for these programs, the most underfunded, seem draconian: Reducing average Medicare benefits by 53%, to $5,588 per year, or increasing the Medicare tax rate by 3.9 percentage points, to 6.8%, or some combination of these changes would address the underfunding of Medicare. As for Medicaid, the lack of a dedicated funding stream (i.e., a tax similar to the Medicare payroll tax) makes the math even more difficult. But by one measure from the Kaiser Family Foundation, 60% of the Medicaid budget in 2001 was spent on so-called optional recipients (such as mid- to low-income population above poverty level) or on optional services (such as dental services and prescription drug benefits). Reducing or controlling these benefits could help control Medicaid spending – but increase the burden on some poor and disabled groups.

Ultimately, the primary issue facing the US healthcare system is ever-rising costs, historically driven by increases in price and utilization. Beneath sustained medical cost inflation is an entitlement mentality bolted onto a volume-based reimbursement scheme. All else being equal, the outcome is an incentive to spend: Underlying societal, financial, and liability factors combine to fuel an inefficient, expensive healthcare system.



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**Improving operating efficiency.**

With nearly one government civilian worker (federal, state and local) for every six households, efficiency gains seem possible. A 20-year trend line of declining federal civilian headcount was reversed in the late 1990s.

Resuming that trend would imply a 15% potential headcount reduction over five years and save nearly $300 billion over the next ten years. USA Inc. could also focus intensively on local private company outsourcing, where state and local governments are finding real productivity gains.

**Improving long-term GDP growth – productivity and employment.**

Fundamentally, federal revenues depend on GDP growth and related tax levies on consumers and businesses. Higher GDP growth won't be easy to achieve as households rebuild savings in the aftermath of a recession. To break even without changing expense levels or tax policies, USA Inc. would need real GDP growth of 6-7% in F2012-14 and 4-5% in F2015-20, according to our estimates based on CBO data – highly unlikely, given 40-year average GDP growth of 3%. While USA Inc. could temporarily increase government spending and investment to make up for lower private demand in the near term, the country needs policies that foster productivity and employment gains for sustainable long-term economic growth.

How Much Would Real GDP Need to Grow to Drive USA Inc. to Break-Even Without Policy Changes? 6-7% in F2012E-F2014E & 4-5% in F2015-F2020E…Well Above 40-Year Average of 3%

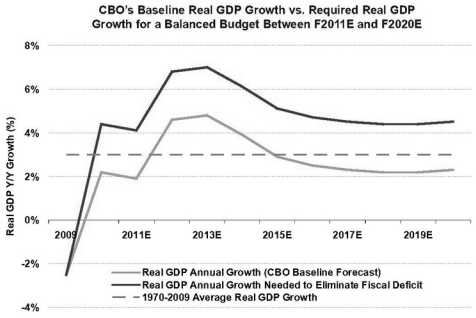


Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.

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Productivity gains and increased employment each contributed roughly half of the long-term GDP growth between 1970 and 2009, per the National Bureau of Economic Research. Since the 1960s, as more resources have gone to entitlements and interest payments, USA Inc. has scaled back its investment in technology R&D and infrastructure as percentages of GDP. Competitors are making these investments. India plans to double infrastructure spending as a percent of GDP by 2013, and its tertiary (college) educated population will double over the next ten years, according to Morgan Stanley analysts, enabling its GDP growth to accelerate to 9-10% annually by 2015 (China's annual GDP growth is forecast to remain near 8% by 2015). USA Inc. can't match India's demographic advantage, but technology can help.



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For employment gains, USA Inc. should minimize tax and regulatory uncertainties and encourage businesses to add workers. While hiring and R&D-related tax credits may add to near-term deficits, over time, they should drive job and GDP growth. Immigration reform could also help: A Federal Reserve study in 2010 shows that immigration does not take jobs from U.S.-born workers but boosts productivity and income per worker.

**Changing tax policies.**

Using another simple mechanical illustration, covering the 2010 budget deficit (excluding one-time charges) by taxes alone would mean doubling individual income tax rates across the board, to roughly 26-30% of gross income, we estimate. Such major tax increases would ultimately be self-defeating if they reduce private income and consumption. However, reducing tax expenditures and subsidies such as mortgage interest deductions would broaden the tax base and net up to $1.7 trillion in additional revenue over the next decade, per CBO. A tax based on consumption - like a value added tax (VAT) - could also redirect the economy toward savings and investment, though there would be drawbacks.

**These issues are undoubtedly complex, and difficult decisions must be made. But inaction may be the greatest risk of all. The time to act is now, and our first responsibility as investors in USA Inc. is to understand the task at hand.**

Our review finds serious challenges in USA Inc.'s financials. The 'management team' has created incentives to spend on healthcare, housing, and current consumption. At the margin, investing in productive capital, education, and technology – the very tools needed to compete in the global marketplace – has stagnated.

America's Resources Allocated to Housing + Healthcare Nearly Doubled as a Percent of GDP Since 1965, While Household and Government Savings Fell Dramatically

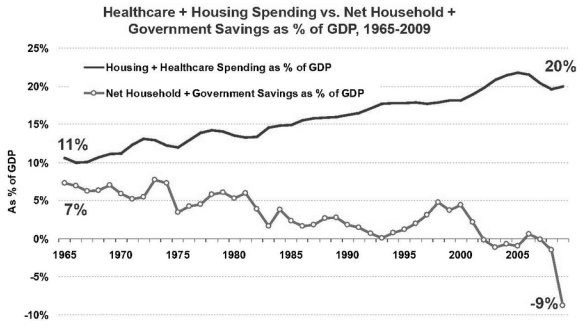


*Note: Housing includes purchase, rent and home improvement. Government savings occur when government runs a surplus.*
*Source: BEA, CMS via Haver Analytics.*

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With these trends, USA Inc. will not be immune to the sudden crises that have afflicted others with similar unfunded liabilities, leverage, and productivity trends. The sovereign credit issues in Europe suggest what might lie ahead for USA Inc. shareholders – and our children. In effect, USA Inc. is maxing out its credit card. It has fallen into a pattern of spending more than it earns and is issuing debt at nearly every turn. Common principles for overcoming this kind of burden include the following:

1) *Acknowledge the problem* – some 80% of Americans believe 'dealing with our growing budget deficit and national debt' is a national priority, according to a Peter G. Peterson Foundation survey in 11/09;

2) *Examine past errors* – People need clear descriptions and analysis to understand how the US arrived at its current financial condition – a 'turnaround CEO' would certainly initiate a 'no holds barred' analysis of the purpose, success and operating efficiency of all of USA Inc.'s spending;

3) *Make amends for past errors* – Most Americans today at least acknowledge the problems at personal levels and say they rarely or never spend more than what they can afford (63% according to a 2007 Pew Research study). The average American knows the importance of managing a budget. Perhaps more would be willing to sacrifice for the greater good with an understandable plan to serve the country's long-term best interests;

4) *Develop a new code of behavior* – Policymakers, businesses (including investment firms), and citizens need to share responsibility for past failures and develop a plan for future successes.

**Past generations of Americans have responded to major challenges with collective sacrifice and hard work. Will ours also rise to the occasion?**



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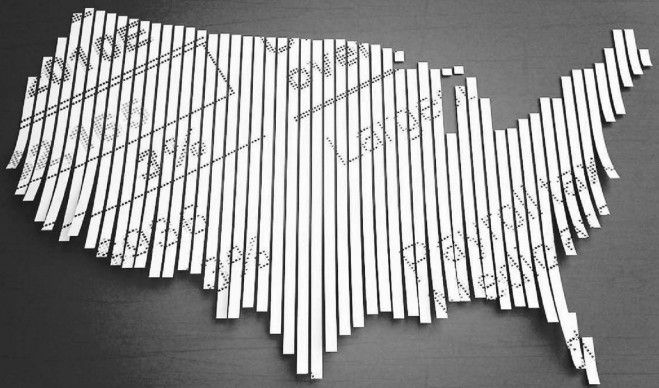

# USA Inc.

A Basic Summary of America's Financial Statements

February 2011

## USA Inc. – Outline


| | |
|---|---|
| 1 | Introduction |
| 2 | High-Level Thoughts on Income Statement/Balance Sheet |
| 3 | Income Statement Drilldown |
| 4 | Balance Sheet Drilldown |
| 5 | What Might a Turnaround Expert – Empowered to Improve USA Inc.'s Financials – Consider? |
| 6 | Consequences of Inaction |
| 7 | Summary |
| 8 | Appendix |

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# Introduction



# About This Report



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## Presentation Premise

**For America to remain the great country it has been for the past 235 years, it must determine the best ways to honor the government's fundamental mission derived from the Constitution:**

*…to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare and secure the blessings of liberty to ourselves and our posterity.*

To this end, government should aim to help create a vibrant environment for economic growth and productive employment. It should manage its operations and programs as effectively and efficiently as possible, improve its financial position by driving the federal government's income statement to long-term break-even, and reduce the unsustainable level of debt on its balance sheet.



## USA Inc. Concept

**Healthy financials and compelling growth prospects are key to success for businesses (and countries). So if the US federal government – which we call USA Inc. – were a business, how would public shareholders view it?** How would long-term investors evaluate the federal government's business model, strategic plans, and operating efficiency? How would analysts react to its earnings reports? Although some 45%[1] of American households own shares in publicly traded companies and receive related quarterly financial statements, not many "stakeholders" look closely at Washington's financials. Nearly two-thirds of all American households[2] pay federal income taxes, but very few take the time to dig into the numbers of the entity that, on average, collects 13%[3] of all Americans' annual gross income (not counting another 15-30% for payroll and various state and local taxes).

We drill down on USA Inc.'s past, present, and (in some cases) future financial dynamics and focus on the country's income statement and balance sheet and related trends. We isolate and review key expense and revenue drivers. On the expense side, we examine the major entitlement programs (Medicare, Medicaid and Social Security) as well as defense and other major discretionary programs. On the revenue side, we focus on GDP growth (driven by labor productivity and employment in the long run) and tax policies.

We present basic numbers-driven scenarios for addressing USA Inc.'s financial challenges. In addition, we lay out the type of basic checklists that corporate turnaround experts might use as starting points when looking at some of USA Inc.'s business model challenges.

*Source: 1) 2008 ICI (Investment Company Institute) / SIFMA (Securities Industry and Financial Markets Association) Equity and Bond Owners Survey; 2) Number of tax returns with positive tax liability (91MM) divided by total number of returns filed (142MM), per Tax Foundation calculations based on IRS data; 3) Total federal income taxes (ex. payroll taxes) paid divided by total adjusted gross income, per IRS 2007 data.*

## Why We Wrote This Report

**As American citizens / tax payers, we care about the future of our country. As investors, we search for data and insights to help us make better investment decisions. (It's easier to predict the future with a keen understanding of the past.)**

We found ourselves searching for better information about the state of America's financials, and we decided to assemble – in one place and in a user-friendly format – some of the best data about the world's biggest "business." In addition, we have attempted to provide some historical context for how USA Inc.'s financial model has evolved over decades.

The complexity of USA Inc.'s challenges is well known, and our presentation is just a starting point; it's far from perfect or complete. But we are convinced that citizens – and investors – should understand the business of their government. Thomas Jefferson and Alexis de Tocqueville knew that – armed with the right information – the enlightened citizenry of America would make the right decisions. It is our humble hope that a transparent financial framework can help inform future debates.



## What You'll Find Here…

**In the conviction that every citizen should understand the finances of USA Inc. and the plans of its "management team," we examine USA Inc.'s income statement and balance sheet and present them in a basic, easy-to-use format.**

In this document, a broad group of people helped us drill into our federal government's basic financial metrics. We summarize our thoughts in PowerPoint form here and also have provided a brief text summary at www.kpcb.com/usainc.

We encourage people to take our data and thoughts and study them, critique them, augment them, share them, and make them better. There's a lot of material – think of it as a book that happens to be a slide presentation.

# …And What You Won't

**We do not make policy recommendations.** We try to help clarify some of the issues in a simple, analytically-based way. We aim to present data, trends, and facts about USA Inc.'s key revenue and expense drivers to provide context for how its financials have reached their present state.

**We did not base this analysis on proprietary data.** Our observations come from publicly available information, and we use the tools of basic financial analysis to interpret it. Forecasts generally come from 3rd-party agencies like the Congressional Budget Office (CBO). For US policy makers, the timing of material changes will be especially difficult, given the current economic environment.

**No doubt, there will be compliments and criticism of things in the presentation (or missing from it)**. We hope that this report helps advance the discussion and we welcome others to opine with views (backed up by data).



# We Focus on Federal, Not State & Local Government Data

- **Federal / State & Local Governments Share Different Responsibilities**
  - Federal government is financially responsible for all or the majority of **Defense, Social Security, Medicare and Interest Payments** on federal debt and coordinates / shares funding for public investment in education / infrastructure.
  - State & local governments are financially responsible for all or the majority of **Education, Transportation** (Road Construction & Maintenance), **Public Safety** (Police / Fire Protection / Law Courts / Prisons) and **Environment & Housing** (Parks & Recreation / Community Development / Sewerage & Waste Management).
  - Federal / state & local governments share financial responsibility in **Medicaid** and **Unemployment Insurance**.
- **We Focus on the Federal Government**
  - State and local governments face many similar long-term financial challenges and may ultimately require federal assistance. To be sure, the size of state & local government budget deficits ($70 billion[1] in aggregate in F2009) and debt-to-GDP ratio (7%[2] on average in F2008) pales by comparison to the federal government's ($1.3 trillion budget deficit, 62% debt-to-GDP ratio in F2010). But these metrics may understate state & local governments' financial challenges by 50% or more[3] because they exclude the long-term cost of public pension and other post employment benefit (OPEB) liabilities.

*Note: 1) Per National Conference of State Legislatures, State fiscal years ends in June. $70B aggregate excludes deficits from Puerto Rico ($3B deficits in F2009). 2) Debt-to-GDP ratio per Census Bureau State & Local Government Finance; 3) Calculation based on the claim that $1T of collective short fall in State & local government pension and OPEB funding would be $2.5T using corporate accounting rules, per Orin S. Kramer, "How to Cheat a Retirement Fund," 9/10.*

# Summary



## Highlights from F2010 USA Inc. Financials

- **Summary –** USA Inc. has challenges.
- **Cash Flow –** While recession depressed F2008-F2010 results, cash flow has been negative for 9 consecutive years ($4.8 trillion, cumulative), with no end to losses in sight. Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers,' many of whom are people with few alternatives.
- **Balance Sheet –** Net worth is negative and deteriorating.
- **Off-Balance Sheet Liabilities –** Off-balance sheet liabilities of at least $31 trillion (primarily unfunded Medicare and Social Security obligations) amount to nearly $3 for every $1 of debt on the books. Just as unfunded corporate pensions and other post-employment benefits (OPEB) weigh on public corporations, unfunded entitlements, over time, may increase USA Inc.'s cost of capital. And today's off-balance sheet liabilities will be tomorrow's on-balance sheet debt.
- **Conclusion –** Publicly traded companies with similar financial trends would be pressed by shareholders to pursue a turnaround. The good news: USA Inc.'s underlying asset base and entrepreneurial culture are strong. The financial trends can shift toward a positive direction, but both 'management' and 'shareholders' will need collective focus, willpower, commitment, and sacrifice.

*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government," adjusted to include unfunded liabilities of Social Security and Medicare.*

# Drilldown on USA Inc. Financials…

- **To analysts looking at USA Inc. as a public corporation, the financials are challenged**
  - Excluding Medicare / Medicaid spending and one-time charges, USA Inc. has supported a 4% average net margin[1] over 15 years, but cash flow is deep in the red by negative $1.3 trillion last year (or -$11,000 per household), and net worth[2] is negative $44 trillion (or -$371,000 per household).
- **The main culprits: entitlement programs, mounting debt, and one-time charges**
  - Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. Some of these serve the nation's poorest, whose struggles have been made worse by the financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.
  - Entitlement expenses (adjusted for inflation) rose 70% over the last 15 years, and USA Inc. entitlement spending now equals $16,600 per household per year; annual spending exceeds dedicated funding by more than $1 trillion (and rising). Net debt levels are approaching warning levels, and one-time charges only compound the problem.
  - Some consider defense spending a major cause of USA Inc.'s financial dilemma. Re-setting priorities and streamlining could yield savings – $788 billion by 2018, according to one recent study[3] – perhaps without damaging security. But entitlement spending has a bigger impact on USA Inc. financials. Although defense nearly doubled in the last decade, to 5% of GDP, it is still below its 7% share of GDP from 1948 to 2000. It accounted for 20% of the budget in 2010, but 41% of all government spending between 1789 and 1930.

*Note: 1) Net margin defined as net income divided by total revenue; 2) net worth defined as assets (ex. stewardship assets like national parks and heritage assets like the Washington Monument) minus liabilities minus the net present value of unfunded entitlements (such as Social Security and Medicare), data per Treasury Dept.'s "2010 Annual Report on the U.S. Government"; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense,"* Foreign Affairs, *Jan/Feb 2011)*



# …Drilldown on USA Inc. Financials…

- **Medicare and Medicaid, largely underfunded (based on 'dedicated' revenue) and growing rapidly, accounted for 21% (or $724B) of USA Inc.'s total expenses in F2010, up from 5% forty years ago**
  - Together, these two programs represent 35% of all (annual) US healthcare spending; Federal Medicaid spending has doubled in real terms over the last decade, to $273 billion annually.
- **Total government healthcare spending consumes 8.2% of GDP compared with just 1.3% fifty years ago; the new health reform law could increase USA Inc.'s budget deficit**
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **Unemployment Insurance and Social Security are adequately funded...for now. The future, not so bright**
  - Demographic trends have exacerbated the funding problems for Medicare and Social Security – of the 102 million increased enrollment between 1965 and 2009, 42 million (or 41%) is due to an aging population. With a 26% longer life expectancy but a 3% increase in retirement age (since Social Security was created in 1935), deficits from Social Security could add $11.6 trillion (or 140%) to the public debt by 2037E, per Congressional Budget Office (CBO).



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# …Drilldown on USA Inc. Financials

- **If entitlement programs are not reformed, USA Inc.'s balance sheet will go from bad to worse**
  - Public debt has doubled over the last 30 years, to 62% of GDP. This ratio is expected to surpass the 90% threshold* – above which real GDP growth could slow considerably – in 10 years and could near 150% of GDP in 20 years if entitlement expenses continue to soar, per CBO.
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **The turning point: Within 15 years (by 2025), entitlements plus net interest expenses will absorb all – yes, all – of USA Inc.'s annual revenue, per CBO**
  - That would require USA Inc. to borrow funds for defense, education, infrastructure, and R&D spending, which today account for 32% of USA Inc. spending (excluding one-time items), down dramatically from 69% forty years ago.
  - It's notable that CBO's projection from 10 years ago (in 1999) showed Federal revenue sufficient to support entitlement spending + interest payments until 2060E – 35 years later than current projection.

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*



# How Might One Think About Turning Around USA Inc.?...

- **Key focus areas would likely be reducing USA Inc.'s budget deficit and improving / restructuring the 'business model'…**
  - One would likely drill down on USA Inc.'s key revenue and expense drivers, then develop a basic analytical framework for 'normal' revenue / expenses, then compare options.

  **Looking at history…**
  - Annual growth in revenue of 3% has been roughly in line with GDP for 40 years* while corporate income taxes grew at 2%. Social insurance taxes (for Social Security / Medicare) grew 5% annually and now represent 37% of USA Inc. revenue, compared with 19% in 1965.
  - Annual growth in expenses of 3% has been roughly in line with revenue, but entitlements are up 5% per annum - and now absorb 51% of all USA Inc.'s expense - more than twice their share in 1965; defense and other discretionary spending growth has been just 1-2%.

  **One might ask…**
  - Should expense and revenue levels be re-thought and re-set so USA Inc. operates near break-even and expense growth (with needed puts and takes) matches GDP growth, thus adopting a 'don't spend more than you earn' approach to managing USA Inc.'s financials?

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969, so many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.*

# …How Might One Think About Turning Around USA Inc.?

**One might consider…**

- **Options for reducing expenses by focusing on entitlement reform and operating efficiency**
  - Formula changes could help Social Security's underfunding, but look too draconian for Medicare/Medicaid; the underlying healthcare cost dilemma requires business process restructuring and realigned incentives.
  - Resuming the 20-year trend line for lower Federal civilian employment, plus more flexible compensation systems and selective local outsourcing, could help streamline USA Inc.'s operations.
- **Options for increasing revenue by focusing on driving long-term GDP growth and changing tax policies**
  - USA Inc. should examine ways to invest in growth that provides a high return (ROI) via new investment in technology, education, and infrastructure and could stimulate productivity gains and employment growth.
  - Reducing tax subsidies (like exemptions on mortgage interest payments or healthcare benefits) and changing the tax system in other ways could increase USA Inc.'s revenue without raising income taxes to punitive – and self-defeating – levels. Such tax policy changes could help re-balance USA's economy between consumption and savings and re-orient business lines towards investment-led growth, though there are potential risks and drawbacks.
- **History suggests the long-term consequences of inaction could be severe**
  - USA Inc. has many assets, but it must start addressing its spending/debt challenges now.



# Sizing Costs Related to USA Inc.'s Key Financial Challenges & Potential AND / OR Solutions

- **To create frameworks for discussion, the next slide summarizes USA Inc.'s various financial challenges and the projected future cost of each main expense driver.**
  - The estimated future cost is calculated as the net present value of expected 'dedicated' future income (such as payroll taxes) minus expected future expenses (such as benefits paid) over the next 75 years.
- **Then we ask the question: 'What can we do to solve these financial challenges?'**
  - The potential solutions include a range of simple *mathematical illustrations* (such as changing program characteristics or increasing tax rates) *and/or program-specific policy solutions* proposed or considered by lawmakers and agencies like the CBO (such as indexing Social Security initial benefits to growth in cost of living).
- **These mathematical illustrations are only a mechanical answer to key financial challenges and not realistic solutions. In reality, a combination of detailed policy changes will likely be required to bridge the future funding gap.**



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# Overview of USA Inc.'s Key Financial Challenges & Potential *and/or* Solutions

| Rank | Financial Challenge | Net Present Cost[1] ($T / % of 2010 GDP) | Mathematical Illustrations *and/or* Potential Policy Solutions[2] |
|---|---|---|---|
| 1 | Medicaid | $35 Trillion[3] / 239% | • Isolate and address the drivers of medical cost inflation<br>• Improve efficiency / productivity of healthcare system<br>• Reduce coverage for optional benefits & optional enrollees |
| 2 | Medicare | $23 Trillion / 156% | • Reduce benefits<br>• Increase Medicare tax rate<br>• Isolate and address the drivers of medical cost inflation<br>• Improve efficiency / productivity of healthcare system |
| 3 | Social Security | $8 Trillion / 54% | • Raise retirement age<br>• Reduce benefits<br>• Increase Social Security tax rate<br>• Reduce future initial benefits by indexing to cost of living growth rather than wage growth<br>• Subject benefits to means test to determine eligibility |
| 4 | Slow GDP / USA Revenue Growth | -- | • Invest in technology / infrastructure / education<br>• Remove tax & regulatory uncertainties to stimulate employment growth<br>• Reduce subsidies and tax expenditures & broaden tax base |
| 5 | Government Inefficiencies | -- | • Resume the 20-year trend line for lower Federal civilian employment<br>• Implement more flexible compensation systems<br>• Consolidate / selectively local outsource certain functions |

*Note: 1) Net Present Cost is calculated as the present value of expected future net liabilities (expected revenue minus expected costs) for each program / issue over the next 75 years, Medicare estimate per Dept. of Treasury, "2010 Financial Report of the U.S. Government," Social Security estimate per Social Security Trustees' Report (8/10). 2) For more details on potential solutions, see slides 252-410 or full USA Inc. presentation. 3) Medicaid does not have dedicated revenue source and its $35T net present cost excludes funding from general tax revenue, NPV analysis based on 3% discount rate applied to CBO's projection for annual inflation-adjusted expenses.*



# The Essence of America's Financial Conundrum & Math Problem?

While a hefty 80% of Americans indicate balancing the budget should be one of the country's top priorities, per a Peter G. Peterson Foundation survey in 11/09…

…only 12% of Americans support cutting spending on Medicare or Social Security, per a Pew Research Center survey, 2/11.

Some might call this 'having your cake and eating it too…'



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# The Challenge Before Us

Policymakers, businesses and citizens need to share responsibility for past failures and develop a plan for future successes.

Past generations of Americans have responded to major challenges with collective sacrifice and hard work.

***Will ours also rise to the occasion?***



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# High-Level Thoughts on Income Statement/Balance Sheet



## How Would You Feel if…

…your Cash Flow was NEGATIVE for each of the past 9 years…

…your Net Worth* has been NEGATIVE for as long as you can remember…

… it would take 20 years of your income at the current level to pay off your existing debt – assuming you don't take on any more debt.

*Note: *See slide 30 for net worth qualifier.*

## Welcome to the Financial Reality (& Negative Trend) of USA Inc.
## F2010 Cash Flow = **-$1.3 Trillion**; Net Worth = **-$44 Trillion**

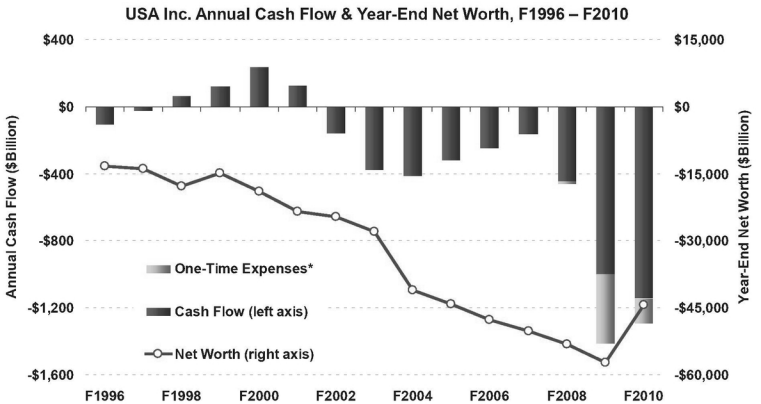


*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. *One-time expenses in F2008 include $14B payments to Freddie Mac; F2009 includes $279B net TARP payouts, $97B payment to Fannie Mae & Freddie Mac and $40B stimulus spending on discretionary items; F2010 includes $26B net TARP income, $137B stimulus spending and $41B payment to Fannie Mae & Freddie Mac. F2010 net worth improved dramatically owing to revised actuarial estimates for Medicare program resulted from the Healthcare reform legislation. For more definitions, see next slide. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government."*



## Think About That…

The previous chart is in TRILLIONS of dollars. Just because million, billion and trillion rhyme, doesn't mean that they are even close to the same quantity.

## Only Politicians Work in Trillions of Dollars— Here's How Much That Is

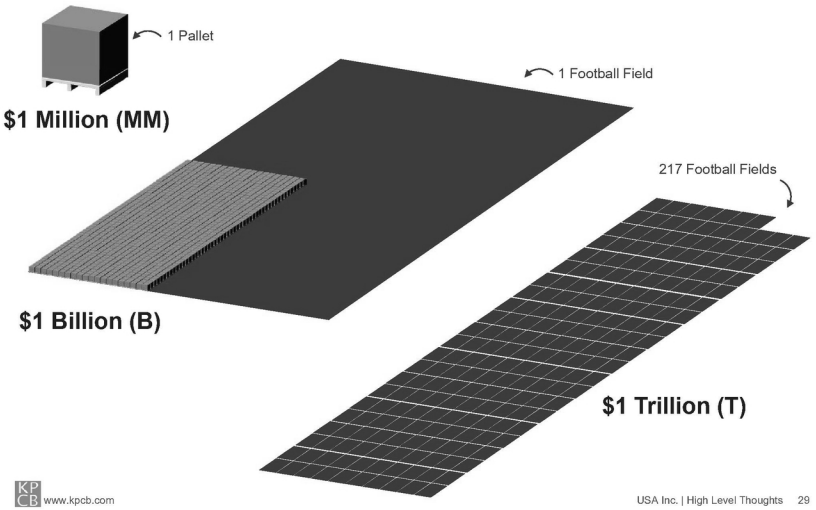




## Net Worth Qualifier

- **The balance sheet / net worth calculation does not include the power to tax** – the net present value of the sovereign power to tax and the ability to print the world's reserve currency would clearly bolster USA Inc.'s assets – if they could be accurately calculated.
- **Plant, Property & Equipment (PP&E) on USA Inc.'s balance sheet is valued at $829B[1] (or 29% of USA Inc.'s total stated assets) –** this includes tangible assets such as buildings, internal use software and civilian and military equipment.
- **The PP&E calculation <u>DOES NOT</u> include** the value of USA Inc.'s holdings in the likes of public land (estimated to be worth $408B per OMB)[1], highways, natural gas, oil reserves, mineral rights (estimated to be worth $345B per OMB), forest, air space, radio frequency spectrum, national parks and other heritage and stewardship assets which USA Inc. does not anticipate to use for general government operations. The good news for USA Inc. is that the aggregate value of these heritage and stewardship assets could be significant.

*Note: 1) USA Inc.'s holding of land is measured in non-financial units such as acres of land and lakes, and number of National Parks and National Marine Sanctuaries. Land under USA Inc.'s stewardship accounts for 28% of the total U.S. landmass as of 9/10. Dept. of Interior reported 552 national wildlife refuges, 378 park units, 134 geographic management areas, 67 fish hatcheries under their management as of 9/10. Dept. of Defense reported 203,000 acres of public land and 16,140,000 acres withdrawn public land, the USDA's Forest Service managed an estimated 155 national forests, while the Dept. of Commerce had 13 National Marine Sanctuaries, which included near–shore coral reefs and open ocean, as of 9/10. Dept. of Treasury, "2010 Financial Report of the U.S. Government."*

## A Word of Warning About Comparing Corporate & Government Accounting…

- Government accounting standards do not report the present value of future entitlement payments (such as Social Security or Medicare) as liabilities. Instead, entitlement payments are recognized only when they are paid.
- Our analysis takes a different view: governments create liabilities when they enact entitlements and do not provide for revenues adequate to fund them.
- We measure the entitlement liability as the present value of estimated entitlement payments in excess of expected revenues for citizens of working age based on Social Security and Medicare Trust Funds' actuarial analysis.
- Government accounting standards also do not recognize the value of internally-generated intangible assets (such as the sovereign power to tax). We do not recognize those assets either, as we have no basis to measure them. But the US government has substantial intangible assets that should provide future economic benefits.

*Note: For more discussion on alternatives to corporate and official government accounting methods, see Laurence J. Kotlikoff, Alan J. Auerbach, and Jagadeesh Gokhale, "Generational Accounting: A Meaningful Way to Assess Generational Policy," published on 12/94 in The Journal of Economic Perspectives.*
*Source: Greg Jonas, Morgan Stanley Research.*



## …and About Government Budgeting

- Federal government budgeting follows arcane practices that are very different from corporate budgeting – and can neglect solutions to structural problems in favor of short-term expediency.
- Federal government does not distinguish capital budget (for long-term investment) from operating budget (for day-to-day operations). As a result, when funding is limited, government may choose to reduce investments for the future to preserve resources for day-to-day operations.
- Budget "scoring" rules give Congress incentives to hide the true costs...and help Congressional committees defend their turf.*

*Note: *For more detail, refer to slide 116 on congressional budget scoring rules related to recent Healthcare reform.*

## Metric Definitions & Qualifiers

- **Cash Flow** = 'Cash In' *Minus* 'Cash Out'
  - Calculated on a cash basis (which excludes changes in non-cash accrual of future liabilities) for simplicity.
- **One-Time Expenses** = 'Spending *Minus* Repayments' for Non-Recurring Programs
  - Net costs of programs such as TARP, ARRA, and GSE bailouts.
- **Net Worth** = Assets *Minus* Liabilities *Minus* Unfunded Entitlement Liabilities
  - Assets include cash & investments, taxes receivable, property, plant & equipment (as defined by Department of Treasury).
  - Liabilities include accounts payable, accrued payroll & benefits, federal debt, federal employee & veteran benefits payable…
  - Unfunded Entitlement Liabilities include the present value of future expenditures in excess of dedicated future revenues in Medicare and Social Security over the next 75 years.

*Note: USA Inc. accounts do not follow the same GAAP as corporations.*



## Common Financial Metrics Applied to USA Inc. in F2010

- **Cash Flow Per Share = -$4,171**
  - USA Inc.'s F2010 cash flow -$1.3 trillion, divided by population of ~310 million (assuming each citizen holds one share of USA Inc.).
- **Net Debt to EBITDA Ratio = -8x**
  - USA Inc. net debt held by public ($9.1 trillion) divided by USA Inc. F2010 EBITDA (-$1.1 trillion). It's notable that the ratio compares with S&P500 average of 1.4x in 2010.

*Note: USA Inc. accounts do not follow the same GAAP as corporations. Refer to slide 31 for a word of warning about comparing corporate and government accounting. EBITDA is Earnings Before Interest, Tax, Depreciation & Amortization. Source: Dept. of Treasury, White House Office of Management and Budget, Congressional Budget Office, BEA, BLS.*



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## Even Adjusting For Cyclical Impact of Recessions, USA Inc.'s 2010 Structural Operating Loss = **-$817 Billion** vs. -$78 Billion 15 Years Ago

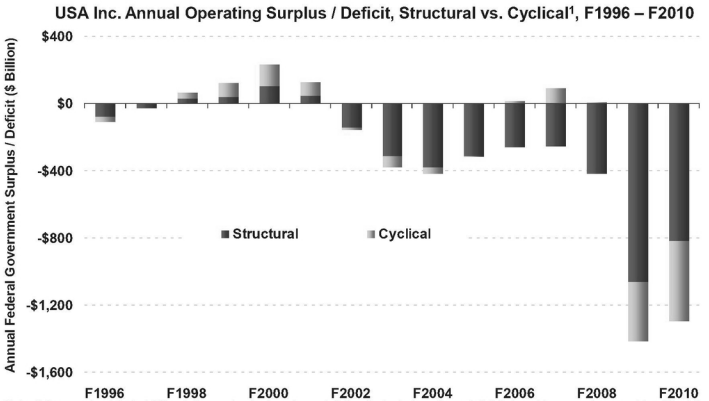


*Note: 1) Congressional Budget Office defines a structural surplus or deficit as the budget surplus or deficit that would occur under current law if the influences of the business cycle on the budget – the automatic stabilizers – were removed, and cyclical surplus or deficit as the automatic net changes in revenues and outlays that are attributable to cyclical movements in real (inflation-adjusted) output and unemployment. CBO compiled this data from Dept. of Commerce's Bureau of Economic Analysis (BEA), which maintains the national income and product accounts (NIPA). An important difference between the official budget deficit and the NIPA measure of net federal government saving is that the latter excludes such purely financial transactions as the sale of government assets, and most transactions under the Troubled Asset Relief Program, because those transactions do not help to measure current production and income. In addition, historical NIPA data are subject to significant revision; historical budget data, by contrast, are rarely revised significantly. Source: 1996-2006 data per CBO, "The Effects of Automatic Stabilizers on the Federal Budget," 5/10, 2007-2010 data per White House OMB F2012 Budget Analytical Perspective.*



## Understanding Differences Between Economist Language vs. Equity Investor Translation

### Economist Language

- **Budget Deficit** – The amount by which a government's expenditures exceed its receipts over a particular period of time.
- **Structural Deficit** – The portion of the budget deficit that results from a fundamental imbalance in government receipts and expenditures, as opposed to one based on the business cycle or one-time factors.
- **Cyclical Deficit** – The portion of the budget deficit that results from cyclical factors such as economic recessions rather than from underlying fiscal policy.
- **Federal Debt Held By the Public** – The accumulation of all previous fiscal years' deficits.

### Equity Investor Approximate Translation*

- **Cash Flow** – 'Cash in' minus 'cash out.'
- **Cash Flow (ex. One-Time Items)*** – 'Cash in' minus 'cash out' excluding expenditures that are one-time in nature (such as economic stimulus spending).
- **One-Time Expenses*** – TARP / GSE / stimulus spending related to economic recession.
- **Debt** – Cumulative negative cash flow financed by borrowing.

*Note: *We acknowledge that while the concept of 'cash flow ex. one-time items' and 'one-time expenses' is similar to 'structural deficit' and 'cyclical deficit,' respectively, these terms are not interchangeable and have different definitions. Congressional Budget Office defines a structural surplus or deficit as the budget surplus or deficit that would occur under current law if the influences of the business cycle on the budget – the automatic stabilizers – were removed, and cyclical surplus or deficit as the automatic net changes in revenues and outlays that are attributable to cyclical movements in real (inflation-adjusted) output and unemployment.*

## How Did USA Inc.'s Financial Reality Get to this Difficult Point?

**USA Inc. Has Not Adequately Funded Its Entitlement Programs**

Recessions come and go (and affect USA's revenue), but future claims (related to entitlement program commitments) on USA Inc. now meaningfully exceed its projected cash flows.

For the last 40 years, management (the government) has committed more long-term benefits through 'entitlement' programs like Medicaid / Medicare / Social Security…without developing a sound plan to pay for them.

Many of these programs provide important services to low-income, unemployed, and disabled Americans in great need for help. But without proper financing, support may dwindle.



## USA Inc. Has Substantially Expanded Its "Business Lines" Over Past 80 Years

From 1789 to 1930, 41%[1] of USA Inc.'s cumulative budget was dedicated to defense spending (compared with 20%[1] in F2010), per the Census Bureau.

This began to change in the 1930s, when the federal government substantially expanded its role (in effect, expanded its "business lines") in response to the Great Depression.

*Note: 1) 41% is the cumulative defense spending (excluding veterans' benefits and services) as % of cumulative total federal spending from 1789 to 1930. Including veterans' benefits and services, defense spending would have been 49% of cumulative annual budget from 1789 to 1930 and would have been 22% in F2009. Source: Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970," Data series Y 457-465.*

# USA Inc. "Business Lines" Have Expanded From Defense to Insurance & Other Areas

## USA Inc. Major 'Business Line' Spending as % of GDP, F1800 vs. F1900 vs. F2000

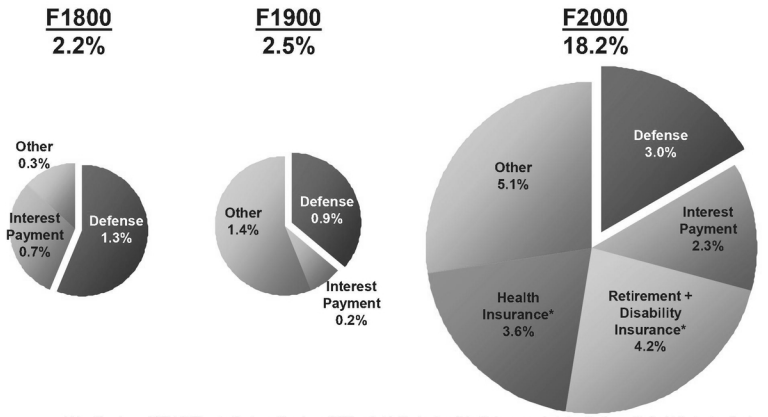


*Note: Fiscal year 1800 / 1900 ended in June. Fiscal year 2000 ended in September. *Health insurance includes Medicare, Medicaid (federal portion) and other federal health programs, retirement and disability insurance is Social Security. Other spending includes public sector employee and veteran pension & benefits cost and spending on community development, law enforcement / education / public infrastructure / energy, etc. Source: 1800 / 1900 data per Census Bureau, 2000 per White House OMB.*



# USA Inc. First 155 Years (1776-1930) = Era of Defense

## Dept. of Army + Navy = 41%[1] of Cumulative Spending From 1789-1930

### USA Inc.'s Budget Outlays For the First 155 Years (1776-1930)[2]

| | 1789-1791 | … | 1800 | … | 1850 | … | 1900 | … | 1930 | 1789-1930 Cumulative |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Federal Government Outlays ($MM)** | $4 | | $11 | | $40 | | $521 | | $3,320 | $98,747 |
| **Defense** | $1 | | $6 | | $17 | | $191 | | $839 | $40,332 |
| *% of Total Outlays* | *15%* | | *56%* | | *44%* | | *37%* | | *25%* | *41%* |
| *Dept. of the Army* | *$1* | | *$3* | | *$9* | | *$135* | | *$465* | *$28,831* |
| *% of Total Outlays* | *15%* | | *24%* | | *24%* | | *26%* | | *14%* | *29%* |
| *Dept. of the Navy* | *$0* | | *$3* | | *$8* | | *$56* | | *$374* | *$11,500* |
| *% of Total Outlays* | *--* | | *32%* | | *20%* | | *11%* | | *11%* | *12%* |
| **Interest on the Public Debt** | $2 | | $3 | | $4 | | $40 | | $659 | $13,790 |
| *% of Total Outlays* | *55%* | | *31%* | | *10%* | | *8%* | | *20%* | *14%* |
| **Other*** | $1 | | $1 | | $18 | | $290 | | $1,822 | $44,626 |
| *% of Total Outlays* | *30%* | | *13%* | | *47%* | | *56%* | | *55%* | *45%* |
| *Veteran Compensation and Pensions* | *$0* | | *$0* | | *$2* | | *$141* | | *$221* | *$8,273* |
| *% of Total Outlays* | *4%* | | *1%* | | *5%* | | *27%* | | *7%* | *8%* |

*Note: Data is rounded and not adjusted for inflation. 1) 41% is the cumulative defense spending (excluding veterans' benefits and services) as % of cumulative total federal spending from 1789 to 1930. Including veterans' benefits and services, defense spending would have been 49% of cumulative annual budget from 1789 to 1930. 2) Data not available from 1776 to 1789. * Other includes various spending on administration, legislation and veteran compensation and pensions. Source: Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970," Data series Y 457-465.*



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# USA Inc. Next 80 Years (1931-2010) = Era of Expansion

## Defense Down to 20% of Spending; Social Security + Healthcare Up to 44% in F2010

### USA Inc.'s Budget Outlays For the Next 78 Years (1931-2010)[2]

| | 1931 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| **Total Federal Government Outlays ($B)** | **$4** | **$9** | **$43** | **$92** | **$196** | **$591** | **$1,253** | **$1,789** | **$3,456** |
| **Defense** | **$1** | **$2** | **$14** | **$48** | **$82** | **$134** | **$299** | **$294** | **$694** |
| ***% of Total Outlays*** | ***23%*** | ***20%*** | ***32%*** | ***52%*** | ***42%*** | ***23%*** | ***24%*** | ***16%*** | ***20%*** |
| **Interest on the Public Debt** | **$1** | **$1** | **$5** | **$7** | **$14** | **$53** | **$184** | **$223** | **$196** |
| ***% of Total Outlays*** | ***17%*** | ***11%*** | ***11%*** | ***8%*** | ***7%*** | ***9%*** | ***15%*** | ***12%*** | ***6%*** |
| **Retirement & Disability Insurance** | **$0** | **$0** | **$1** | **$12** | **$30** | **$119** | **$249** | **$409** | **$707** |
| ***% of Total Outlays*** | ***0%*** | ***0%*** | ***2%*** | ***13%*** | ***15%*** | ***20%*** | ***20%*** | ***23%*** | ***20%*** |
| **Healthcare** | **$0** | **$0** | **$0** | **$1** | **$12** | **$55** | **$156** | **$352** | **$821** |
| ***% of Total Outlays*** | ***0%*** | ***1%*** | ***1%*** | ***1%*** | ***6%*** | ***9%*** | ***12%*** | ***20%*** | ***24%*** |
| **Physical Resources (Energy / Housing…)** | **$0** | **$2** | **$4** | **$8** | **$16** | **$66** | **$126** | **$85** | **$89** |
| ***% of Total Outlays*** | ***5%*** | ***26%*** | ***9%*** | ***9%*** | ***8%*** | ***11%*** | ***10%*** | ***5%*** | ***3%*** |
| **Other** | **$2** | **$4** | **$19** | **$17** | **$42** | **$165** | **$239** | **$426** | **$950** |
| ***% of Total Outlays*** | ***55%*** | ***42%*** | ***45%*** | ***18%*** | ***21%*** | ***28%*** | ***19%*** | ***24%*** | ***27%*** |

*Note: Data is rounded and not adjusted for inflation. Physical resources include energy, natural resources, commerce & housing credit, transportation infrastructure, community and regional development. Other includes international affairs, agriculture, administration of justice, general government, education and veterans' benefits and services. Source: 1931-1939 data per Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970." 1940-2010 data per White House OMB.*



# USA Inc. "Business Line" Extensions: 1930 – 2010

| | "Business Line" Extensions | F2010 Expense ($B) | Agencies / Programs Created (Year) | Goals |
|---|---|---|---|---|
| 1970's | **Energy Policy** | **$12** | Department of Energy (1977) | Establish the Strategic Petroleum Reserve / mandate automobile fuel efficiency standards & temporary oil price control |
| 1960's | **Community Development** | **13** | Community Development Block Grant* (1974) | Provide federal grants to local governments for projects like parking lots / museums / street repairs |
| | **Healthcare** | **724** | Medicare / Medicaid (1965) | Provide medical insurance program for the elderly (Medicare) and welfare program for low-income population (Medicaid) |
| 1950's | **Education** | **97** | Federal Subsidies for K-12 & Higher Education (1965) | Provide federal subsidies for student loans / school libraries / teacher training / research / textbooks and other items. |
| 1940's | **Housing** | **36** | Federal Housing Administration (1937) / Fannie Mae (1938) | Reduce cost of mortgages and spur home building / purchasing by offering federal mortgage insurance and create secondary market for mortgage loans. |
| | **Welfare** | **28** | Aid to Dependent Children (1935) | Provide cash assistance to low-income families with children. Replaced by Temporary Assistance for Needy Families program in 1996 |
| 1930's | **Retirement** | **584**** | Social Security (1935) | Provide retirement income to the elderly |
| | **TOTAL** | **$1.5 Trillion** | **Or 10% of F2010 GDP / 69% of USA Inc.'s Revenue / 43 of Expense** | |

*Note: *Community Development Block Grant was an effort to consolidate various pre-existing categorical community development programs that started with "urban renewal" in the 1950's. **Social Security's F2010 expense excludes ~$123B payments to disabled workers via Disability Insurance program (created in 1956). Source: CATO Institute, White House OMB.*

## Entitlement Programs Are the Largest & Growing Expense Items on USA Inc.'s Income Statement in Peace Time

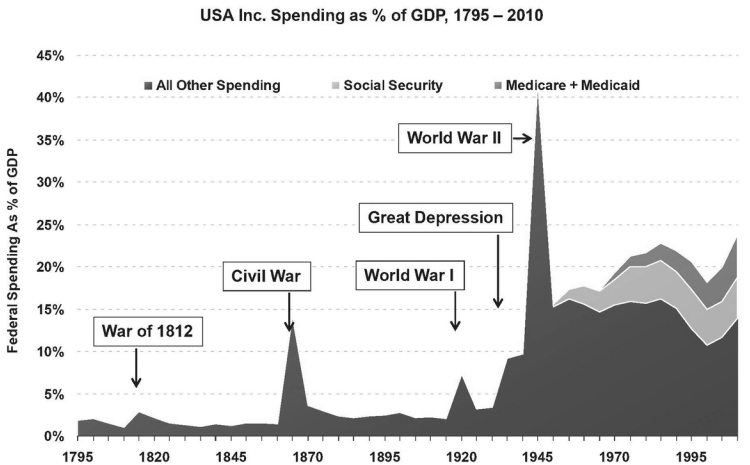


*Note: Medicaid spending only includes federal (not state) portion of spending.*
*Source: John Cogan, Stanford University.*



## Perspective – USA Entitlement Spending = India's GDP

- With a population of 1.2 billion (vs. USA's 310 million) and 2010 GDP growth of 10% (vs. USA's 3%), India is a well-recognized emerging country on the global stage.

- **It's notable that India's 2010 nominal GDP* of $1.43 trillion was equal to USA's $1.43 trillion in federal government spending on Social Security, Medicare, and Medicaid.**

*Note: *Nominal GDP is not adjusted for purchasing power parity (PPP). Population and GDP data per IMF.*

## The Original Estimates of Medicare's Costs Were Vastly Underestimated

- In 1965, the official estimate of Medicare's costs was $500 million per year, roughly $3 billion in 2005 dollars.*
- The actual cost of Medicare has turned out to be 10x that estimate.
  - Medicare's actual net loss (tax receipts + trust fund interest – expenditures) has exceeded $3 billion (adjusted for inflation) every year since 1976 and was $146 billion in 2008 alone. In other words, had the original estimate been accurate, the cumulative 43-year cost since Medicare was created would have been $129 billion, adjusted for inflation.
  - In fact, the actual cumulative spending has been $1.4 trillion** (adjusted for inflation)...in effect, 10x over budget.
- While calculations have been flawed from the beginning for some of USA Inc.'s entitlement programs, little has been done to correct the problems.

> ***An accurate economic forecast might have sunk Medicare.***
>
> *David Blumenthal and James Morone*
>
> *"The Lessons of Success – Revisiting the Medicare Story", November 2008*

*Sources: * Lyndon B. Johnson Library & Museum. Medicare spending data per White House OMB.*
***Dept. of Health & Human Services, CMS, data adjusted for inflation based on BEA's GDP price index.*



## Many Leaders Have **Voiced** Concerns About Entitlement Program Math / Spending

*The **entitlement programs** are not self-funded…they are unfunded liabilities. They are the single biggest component of spending going forward.*

-- Ben Bernanke, Chairman of the Federal Reserve
Testimony before House Budget Committee, June 9, 2010

*The time we have is growing short…there are serious questions, most immediately about the sustainability of our commitment to growing **entitlement programs**.*

-- Paul Volcker, Former Chairman of the Federal Reserve
Chairman of President Obama's Economic Recovery Advisory Board
Speech at Stanford University, May 18, 2010



HOUSE_OVERSIGHT_020864

# 40-Year USA Inc. Data Points and Trends

| | 1965 | | 2005 | '65-'05 Change |
|---|---|---|---|---|
| National[1] Healthcare Spending as % of GDP | 6% | ➔ | 16% | 167% |
| *Federal[2] Healthcare Spending as % of GDP* | *1* | ➔ | *5* | -- |
| *Out-of-Pocket Healthcare Spending as % of GDP* | *3* | ➔ | *2* | -- |
| % of Adult Population Considered Obese | 13 | ➔ | 32 | 146 |
| % of Americans Receiving Govt. Subsidy[3] | 20 | ➔ | 35 | 75 |
| % of Americans that Pay No Federal Income Tax | 20 | ➔ | 33 | 65 |
| National[1] Education Spending as % of GDP | 5 | ➔ | 7 | 48 |
| *Federal Education Spending as % of GDP* | *0* | ➔ | *1* | -- |
| Gross Debt as % of GDP | 47 | ➔ | 64 | 36 |
| Interest Payments as % of GDP | 1.2 | ➔ | 1.5 | 25 |
| Gini Index of Income Inequality[4] | 0.34[4] | ➔ | 0.41 | 20 |
| Net Debt[5] as % of GDP | 38 | ➔ | 37 | -3 |
| People Below Poverty Level as % of Population | 17 | ➔ | 13 | -26 |
| Defense Spending as % of GDP | 7 | ➔ | 4 | -33 |
| % of Americans that Pay 50% of All Income Tax | 10[6] | ➔ | 4 | -60 |
| Federal Budget Surplus / Deficit as % of GDP | -0.2 | ➔ | -3 | -- |

*Note: 1) Includes all government and private spending. 2) Includes federal spending on Medicare, Medicaid and other healthcare programs, excludes state spending on Medicaid. 3) % of Americans receiving government subsidy include all recipients of Social Security, Medicare and Medicaid, as well as government employees (incl. federal / state / local / military). Data excludes our estimated duplicates. 4) A Gini index of 0 implies perfect income equality and an index of 1 implies complete inequality, the higher the index, the more inequality there is. Earliest data for USA was measured in 1967. 5) Net debt is federal debt held by the public. 6) Earliest data available in 1980. Source: White House Office of Management and Budget, Department of Health & Human Services, Centers for Disease Control, Internal Revenue Service, Census Bureau.*



# Summary: 40-Year USA, Inc. Trends*

- **America is spending beyond its means, and the problem – with mounting losses & increasing debt – is getting worse, not better**
- **Healthcare spending and obesity are rising dramatically.**
- **Education spending is growing slower than healthcare spending.**
- **Defense spending is declining on relative basis.**
- **More and more Americans are on the government payroll or receive government subsidies for retirement income, medical care, housing, and food.**
- **Inequality of income and wealth is rising, and fewer Americans pay income taxes to support USA Inc.**
- **Government increasingly resorts to borrowing to fund rising spending levels (primarily for entitlement programs)…**

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of data points and trends. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969 and subsequently many metrics (like individual income and corporate profit as well as federal budget surplus / deficit and debt levels) were significantly off their 'normal' levels.*



HOUSE_OVERSIGHT_020865

## What's the Proper Level of This and That? What's Normal?

**We begin with the premise that for an enterprise (even a country that can 'print money' and tax) to be sustainable, it cannot lose money on an ongoing basis.**

**Successful businesses (and households) typically base their expenses on their ability to generate present and future revenue – in other words, they don't spend unless they can pay.**

We analyze the data and present scenarios and options for solving the math and financial challenges facing USA Inc.



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# Income Statement Drilldown



## Income Statement – USA Inc. Shows **-8% Median Net Margin** Over 15 Years

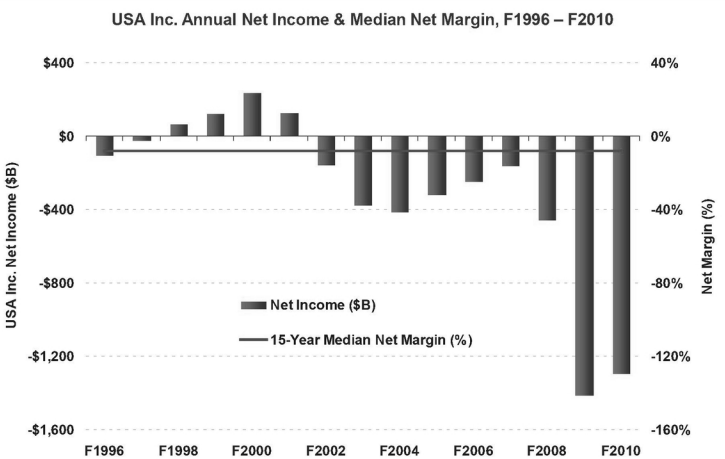


*Note: USA federal fiscal year ends in September. Source: White House Office of Management and Budget.*

# Income Statement – F2010 USA Inc. Revenues + Expenses at a Glance

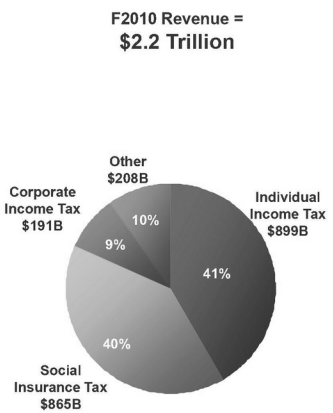


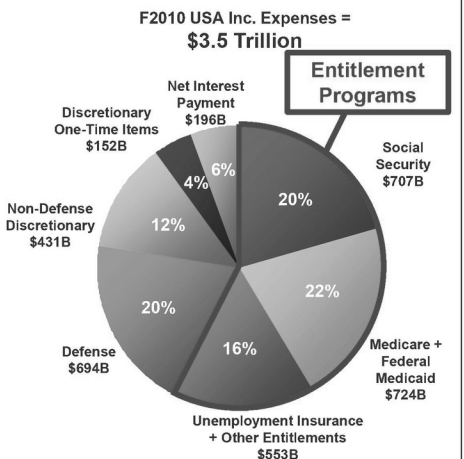


*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions…*
*Source: White House Office of Management and Budget.*



# Income Statement – USA Inc. Supported -60% Net Margin in F2010

**USA Inc. Profit & Loss Statement, F1995 / F2000 / F2005 / F2010**

| | F1995 | … F2000 | … F2005 | … F2010 | Comments |
|---|---|---|---|---|---|
| Revenue ($B) | $1,352 | $2,026 | $2,154 | $2,163 | **On average, revenue grew 3% Y/Y over past 15 years** |
| *Y/Y Growth* | -- | *11%* | *15%* | *3%* | |
| Individual Income Taxes* | $590 | $1,005 | $927 | $899 | Largest driver of revenue |
| *% of Revenue* | *44%* | *50%* | *43%* | *42%* | |
| Social Insurance Taxes | $484 | $653 | $794 | $865 | Payroll tax on Social Security + Medicare |
| *% of Revenue* | *36%* | *32%* | *37%* | *40%* | |
| Corporate Income Taxes* | $157 | $207 | $278 | $191 | Fluctuates significantly with economic conditions |
| *% of Revenue* | *12%* | *10%* | *13%* | *9%* | |
| Other | $120 | $161 | $154 | $208 | Includes estate & gift taxes / duties & fees; relatively stable |
| *% of Revenue* | *9%* | *8%* | *7%* | *10%* | |
| **Expense ($B)** | **$1,516** | **$1,789** | **$2,472** | **$3,456** | **On average, expense grew 6% Y/Y over past 15 years** |
| ***Y/Y Growth*** | -- | *5%* | *8%* | *-2%* | |
| Entitlement / Mandatory | $788 | $937 | $1,295 | $1,984 | Significant increase owing to aging population + rising healthcare cost |
| *% of Expense* | *52%* | *52%* | *52%* | *57%* | |
| Non-Defense Discretionary | $223 | $335 | $497 | $431 | Includes education / law enforcement / transportation… |
| *% of Expense* | *15%* | *19%* | *20%* | *12%* | |
| "One-Time" Items | -- | -- | -- | $152 | Includes discretionary spending on TARP, GSEs, and economic stimulus |
| *% of Expense* | -- | -- | -- | *4%* | |
| Defense | $272 | $294 | $495 | $694 | Significant increase owing to on-going War on Terror |
| *% of Expense* | *18%* | *16%* | *20%* | *20%* | |
| Net Interest on Public Debt | $232 | $223 | $184 | $196 | Decreased owing to historic low interest rates |
| *% of Expense* | *15%* | *12%* | *7%* | *6%* | |
| **Surplus / Deficit ($B)** | **-$164** | $237 | **-$318** | **-$1,293** | **USA Inc. median net margin between 1995 & 2010 = -8%** |
| ***Net Margin (%)*** | ***-12%*** | ***12%*** | ***-15%*** | ***-60%*** | |

*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions…*
*Source: White House Office of Management and Budget.*



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## Income Statement – Excluding 'Underfunded' Medicare / Medicaid[1] + One-Time Charges, USA Inc. Shows **4% Median Net Margin** Over 15 Years

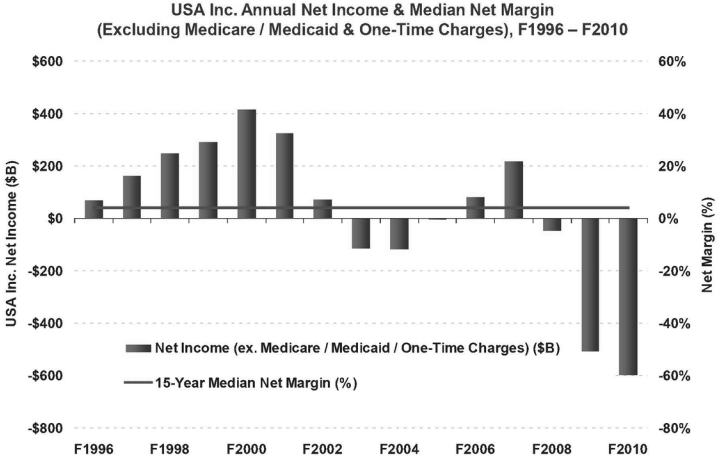


*Note: 1) Excludes both 'dedicated' revenue and spending for Medicare and Medicaid. USA federal fiscal year ends in September. Source: White House Office of Management and Budget.*



## Income Statement: USA Inc. Profit & Loss Statement Is Solid, Excluding 'Underfunded' Medicare / Medicaid Revenue and Spending + One-Time Charges

**USA Inc. Profit & Loss Statement (ex. Medicare / Medicaid / One-Time Expense), F1995 / F2000 / F2005 / F2010**

| | F1995 | F2000 | F2005 | F2010 | Comments |
|---|---|---|---|---|---|
| **Revenue ($B)** | **$1,256** | **$1,890** | **$1,988** | **$1,983** | **On average, revenue (ex. Medicare) grew 3% Y/Y over past 15 years** |
| ***Y/Y Growth*** | *--* | *11%* | *15%* | *4%* | |
| Individual Income Taxes* | $590 | $1,005 | $927 | $899 | Largest driver of core revenue |
| *% of Revenue* | *47%* | *53%* | *47%* | *45%* | |
| Social Insurance Taxes (ex. Medicare) | $388 | $517 | $628 | $685 | Payroll tax on Social Security |
| *% of Revenue* | *31%* | *27%* | *32%* | *35%* | |
| Corporate Income Taxes* | $157 | $207 | $278 | $191 | Fluctuates significantly with economic conditions |
| *% of Revenue* | *13%* | *11%* | *14%* | *10%* | |
| Other | $120 | $161 | $154 | $208 | Includes estate & gift taxes / duties & fees; relatively stable |
| *% of Revenue* | *10%* | *9%* | *8%* | *10%* | |
| **Expense ($B)** | **$1,248** | **$1,474** | **$1,992** | **$2,580** | **Expenses(ex. Medicare Medicaid) grew 5% Y/Y over past 15 years** |
| ***Y/Y Growth*** | | *5%* | *8%* | *7%* | |
| Entitlement (ex. Medicare / Medicaid) | $520 | $622 | $815 | $1,259 | Significant increase owing to aging population |
| *% of Expense* | *42%* | *42%* | *41%* | *49%* | |
| Non-Defense Discretionary | $223 | $335 | $497 | $431 | Includes education / law enforcement / transportation… |
| *% of Expense* | *18%* | *23%* | *25%* | *17%* | |
| Defense | $272 | $294 | $495 | $694 | Significant increase owing to on-going War on Terror |
| *% of Expense* | *22%* | *20%* | *25%* | *27%* | |
| Net Interest on Public Debt | $232 | $223 | $184 | $196 | Decreased owing to historic low interest rates |
| *% of Expense* | *19%* | *15%* | *9%* | *8%* | |
| **Surplus / Deficit ($B)** | **$8** | **$416** | **-$4** | **-$597** | **USA Inc. core operations were in surplus 9 out of the past 15 years** |
| ***Net Margin (%)*** | ***1%*** | ***22%*** | ***0%*** | ***-30%*** | |

*Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions… Source: White House Office of Management and Budget.*

# 100-Year Review of USA Inc.'s Basic Income Statement
## Including Revenue & Expense Drivers as Percent of GDP

| | 1910 | 1920 | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue ($B) | $0.7 | $7 | $4 | $7 | $41 | $92 | $193 | $517 | $1,032 | $2,025 | $2,524 | $2,105 | $2,163 |
| *% of GDP* | *2%* | *8%* | *4%* | *7%* | *15%* | *18%* | *19%* | *19%* | *18%* | *21%* | *18%* | *15%* | *15%* |
| Individual Income Taxes | -- | $1 | $1 | $1 | $16 | $41 | $90 | $244 | $467 | $1,004 | $1,146 | $915 | $899 |
| *% of GDP* | -- | *1%* | *1%* | *1%* | *6%* | *8%* | *9%* | *9%* | *8%* | *10%* | *8%* | *6%* | *6%* |
| Social Insurance Taxes | -- | -- | -- | $2 | $4 | $15 | $45 | $158 | $380 | $653 | $900 | $891 | $865 |
| *% of GDP* | -- | -- | -- | *2%* | *2%* | *3%* | *4%* | *6%* | *7%* | *7%* | *6%* | *6%* | *6%* |
| Corporate Income Taxes | -- | -- | $1 | $1 | $10 | $21 | $33 | $65 | $94 | $207 | $304 | $138 | $191 |
| *% of GDP* | -- | -- | *1%* | *1%* | *4%* | *4%* | *3%* | *2%* | *2%* | *2%* | *2%* | *1%* | *1%* |
| Other* | $0.7 | $6 | $3 | $3 | $10 | $16 | $24 | $51 | $92 | $161 | $174 | $161 | $208 |
| *% of GDP* | *2%* | *6%* | *3%* | *3%* | *4%* | *3%* | *2%* | *2%* | *2%* | *2%* | *1%* | *1%* | *1%* |
| Expense ($B) | $0.7 | $6 | $3 | $9 | $43 | $92 | $196 | $591 | $1,253 | $1,789 | $2,983 | $3,518 | $3,456 |
| *% of GDP* | *2%* | *7%* | *4%* | *9%* | *16%* | *18%* | *19%* | *22%* | *22%* | *18%* | *21%* | *25%* | *24%* |
| Defense | $0.3 | $2 | $1 | $2 | $14 | $48 | $82 | $134 | $299 | $294 | $616 | $661 | $694 |
| *% of GDP* | *1%* | *3%* | *1%* | *2%* | *5%* | *9%* | *8%* | *5%* | *5%* | *3%* | *4%* | *5%* | *5%* |
| Interest on the Debt | $0 | $1 | $1 | $1 | $5 | $7 | $14 | $53 | $184 | $223 | $253 | $187 | $196 |
| *% of GDP* | *0%* | *1%* | *1%* | *1%* | *2%* | *1%* | *1%* | *2%* | *3%* | *2%* | *2%* | *1%* | *1%* |
| Social Security | -- | -- | -- | $0 | $1 | $12 | $30 | $119 | $249 | $409 | $617 | $683 | $707 |
| *% of GDP* | -- | -- | -- | *0%* | *0%* | *2%* | *3%* | *4%* | *4%* | *4%* | *4%* | *5%* | *5%* |
| Healthcare | -- | -- | -- | $0 | $0 | $1 | $12 | $55 | $156 | $352 | $671 | $764 | $821 |
| *% of GDP* | -- | -- | -- | *0%* | *0%* | *0%* | *1%* | *2%* | *3%* | *4%* | *5%* | *5%* | *6%* |
| Other** | $0 | $3 | $2 | $6 | $23 | $25 | $57 | $231 | $365 | $511 | $825 | $1,222 | $1,039 |
| *% of GDP* | -- | -- | -- | *6%* | *8%* | *5%* | *6%* | *8%* | *6%* | *5%* | *6%* | *9%* | *7%* |
| Surplus / Deficit ($B) | -$0 | $0 | $1 | -$2 | -$2 | $0 | -$3 | -$74 | -$221 | $236 | -$459 | -$1,413 | -$1,293 |
| *% of GDP* | *0%* | *0%* | *1%* | *-2%* | *-1%* | *0%* | *0%* | *-3%* | *-4%* | *2%* | *-3%* | *-10%* | *-9%* |

*Note: Data are not adjusted for inflation. *Other revenue includes customs and excise / estate taxes. **Other expenses include spending on law enforcement / education / public infrastructure / energy, etc. Source: 1910 – 1930 per Census Bureau, 1940-2010 per White House OMB.*



# 100-Year Review of USA Inc.'s Basic Income Statement
## Including Revenue & Expense Drivers as Percent of Revenue & Expenses

| | 1910 | 1920 | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue ($B) | $0.7 | $7 | $4 | $7 | $41 | $92 | $193 | $517 | $1,032 | $2,025 | $2,524 | $2,105 | $2,163 |
| *% of GDP* | *2%* | *8%* | *4%* | *7%* | *15%* | *18%* | *19%* | *19%* | *18%* | *21%* | *18%* | *15%* | *15%* |
| Individual Income Taxes | -- | $1 | $1 | $1 | $16 | $41 | $90 | $244 | $467 | $1,004 | $1,146 | $915 | $899 |
| *% of Revenue* | -- | *16%* | *28%* | *16%* | *38%* | *44%* | *47%* | *47%* | *45%* | *50%* | *45%* | *43%* | *42%* |
| Social Insurance Taxes | -- | -- | -- | $2 | $4 | $15 | $45 | $158 | $380 | $653 | $900 | $891 | $865 |
| *% of Revenue* | -- | -- | -- | *25%* | *11%* | *16%* | *23%* | *31%* | *37%* | *32%* | *36%* | *42%* | *40%* |
| Corporate Income Taxes | -- | -- | $1 | $1 | $10 | $21 | $33 | $65 | $94 | $207 | $304 | $138 | $191 |
| *% of Revenue* | -- | -- | *31%* | *14%* | *26%* | *23%* | *17%* | *12%* | *9%* | *10%* | *12%* | *7%* | *9%* |
| Other* | $0.7 | $6 | $3 | $3 | $10 | $16 | $24 | $51 | $92 | $161 | $174 | $161 | $208 |
| *% of Revenue* | *100%* | *84%* | *72%* | *45%* | *25%* | *17%* | *13%* | *10%* | *9%* | *8%* | *7%* | *8%* | *10%* |
| Expense ($B) | $0.7 | $6 | $3 | $9 | $43 | $92 | $196 | $591 | $1,253 | $1,789 | $2,983 | $3,518 | $3,456 |
| *% of GDP* | *2%* | *7%* | *4%* | *9%* | *16%* | *18%* | *19%* | *22%* | *22%* | *18%* | *21%* | *25%* | *24%* |
| Defense | $0.3 | $2 | $1 | $2 | $14 | $48 | $82 | $134 | $299 | $294 | $616 | $661 | $694 |
| *% of Expense* | *45%* | *37%* | *25%* | *20%* | *32%* | *52%* | *42%* | *23%* | *24%* | *16%* | *21%* | *19%* | *20%* |
| Interest on the Debt | $0 | $1 | $1 | $1 | $5 | $7 | $14 | $53 | $184 | $223 | $253 | $187 | $196 |
| *% of Expense* | *3%* | *16%* | *20%* | *11%* | *11%* | *8%* | *7%* | *9%* | *15%* | *12%* | *8%* | *5%* | *6%* |
| Social Security | -- | -- | -- | $0 | $1 | $12 | $30 | $119 | $249 | $409 | $617 | $683 | $707 |
| *% of Expense* | -- | -- | -- | *0%* | *2%* | *13%* | *15%* | *20%* | *20%* | *23%* | *21%* | *19%* | *20%* |
| Healthcare | -- | -- | -- | $0 | $0 | $1 | $12 | $55 | $156 | $352 | $671 | $764 | $821 |
| *% of Expense* | -- | -- | -- | *1%* | *1%* | *1%* | *6%* | *9%* | *12%* | *20%* | *23%* | *22%* | *24%* |
| Other** | $0 | $3 | $2 | $6 | $23 | $25 | $57 | $231 | $365 | $511 | $825 | $1,222 | $1,039 |
| *% of Expense* | *52%* | *47%* | *55%* | *68%* | *54%* | *27%* | *29%* | *39%* | *29%* | *29%* | *28%* | *35%* | *30%* |
| Surplus / Deficit ($B) | -$0 | $0 | $1 | -$2 | -$2 | $0 | -$3 | -$74 | -$221 | $236 | -$459 | -$1,413 | -$1,293 |
| *% of GDP* | *0%* | *0%* | *1%* | *-2%* | *-1%* | *0%* | *0%* | *-3%* | *-4%* | *2%* | *-3%* | *-10%* | *-9%* |

*Note: Data are not adjusted for inflation. *Other revenue includes customs and excise / estate taxes. **Other expenses include spending on law enforcement / education / public infrastructure / energy, etc. Source: 1910 – 1930 per Census Bureau, 1940-2010 per White House OMB.*



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## Conclusions: 100-Year Review of USA Inc. Income Statement

- America's government has grown dramatically - USA Inc.'s revenue as percent of GDP has risen from 2% to 15%. Individual / social insurance (Social Security + Medicare) taxes have risen dramatically while customs / excise / estate taxes have declined in relative importance. In addition, USA Inc.'s spending as percent of GDP has risen to 24% in 2010, up from 3% average between 1790 and 1930.
- USA Inc.'s average operating income was at or near breakeven for most of the periods from 1910 to 1970.
- In the 1970s, as healthcare expenses (related to Medicare and Medicaid) began to surge, USA Inc. reported more frequent – and bigger – losses. Since 1970, USA Inc. showed a profit just 4 times (F1998-F2001, when economic growth was especially robust and defense spending was relatively low).
- General expense trends since 1970: non-defense discretionary spending has been flattish (except in recessions with material one-time charges), healthcare spending (largely Medicare + Medicaid) has risen materially, Social Security spending has been flattish, defense spending has been down to flattish, and interest payments varied with interest rates.



## Operations of USA Inc. Are Solid, Excluding Medicare / Medicaid and One-Time Charges

Revenues of USA Inc. (largely from individual and corporate income and payroll taxes) can fund most expenses (largely spending on defense, Social Security, unemployment insurance, education, law enforcement, transportation, energy, infrastructure, federal employee & veteran benefits, and interest payments).

**In fact, for USA Inc.'s operations besides Medicare / Medicaid and one-time expenses, there's ample scope to increase spending for defense, education, law enforcement, transportation, infrastructure and energy by ~4%* in aggregate and still remain break-even.**

*Note: *Excluding Medicare / Medicaid revenue & expenses, USA Inc.'s expenses are, on average, 4% below revenue levels from F1996 to F2010 based on our calculation of White House OMB data.*

## Defense Spending Is The Second-Largest Expense Item After Entitlements, But Below Long-Term Trend as Share of GDP

- With budget deficits rising, some advocate cutting back on defense spending, the second-largest expense item after entitlements.
- Defense spending has risen substantially in recent years, due to the wars in Afghanistan and Iraq, and other costs related to the Global War on Terror. As a percentage of GDP, however, defense spending in the U.S. remains below its 60-year trend.
- On an inflation-adjusted basis, U.S. defense spending is at its highest level since World War II. With overhead ~40% of all spending, the Defense Business Board found DoD consistently pays "more for less" and fails to attack overhead as the private sector would.[1]
- The Esquire Commission to Balance the Federal Budget, a group of four former Republican and Democratic senators, found over $300 billion[2] in defense restructuring opportunities, and other analysts proposed gradual cuts to reduce the defense budget by 14% by 2018.[3]

*Notes: 1) The Defense Business Board , "Reducing Overhead and Improving Business Operations, "July 2010, http://dbb.defense.gov; 2) see Esquire Commission to Balance the Federal Budget, http://www.esquire.com/blogs/politics/federal-budget-statistics-1110.; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense,"* Foreign Affairs, *Jan/Feb 2011)*



## Defense Spending Has Risen, Driven by Wars in Afghanistan + Iraq…

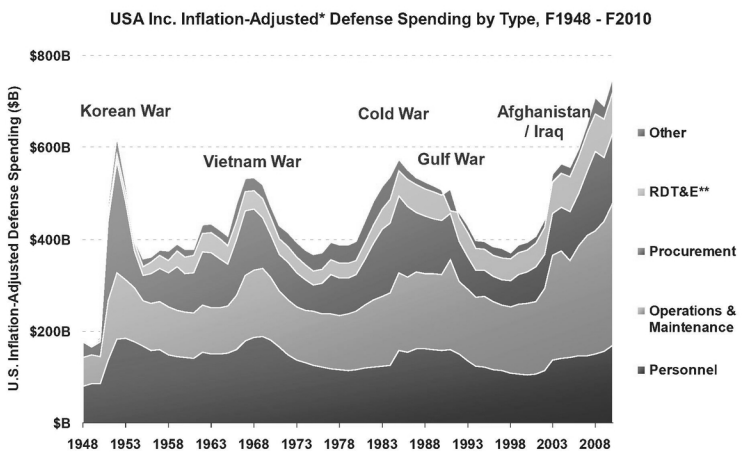


*Note: *Adjusted for inflation using GDP price index. **RDT&E is Research, Development, Test & Evaluation. Source: White House OMB.*

## …While Defense Spending Rose to 5% of GDP in F2010 & Is Up from All-Time Historical Low of 3% in F1999 But It Is Still Well Below Post-World War II (1948-2000) Average of 7%

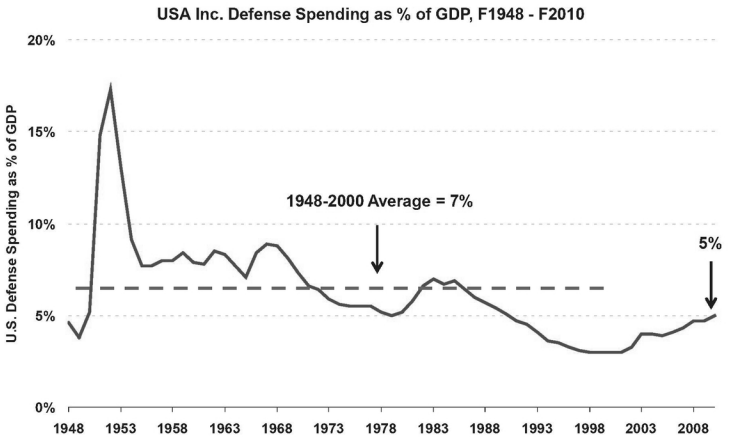


*Source: White House OMB.*



## $950 Billion = Cumulative Cost of Iraq, Afghanistan & Global War on Terror Operations Since 9/11/01 Attacks

**Cumulative Cost of Iraq, Afghanistan & Global War on Terror Operations of $950 Billion, as Percent of F2001-F2009 Spending:**

4% of Total F2001-F2009 Federal Spending

22% of Total F2001-F2009 Defense Spending

28% of Total F2001-F2009 Federal Budget Deficit

**Cumulative Cost of:**

$685 Billion = War in Iraq

$231 Billion = War in Afghanistan

$34 Billion = Other Related Operations

*Source: White House OMB, Congressional Research Service, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11," 9/2/2010.*

# While USA Inc. Ranks # 1 in Defense Spending…

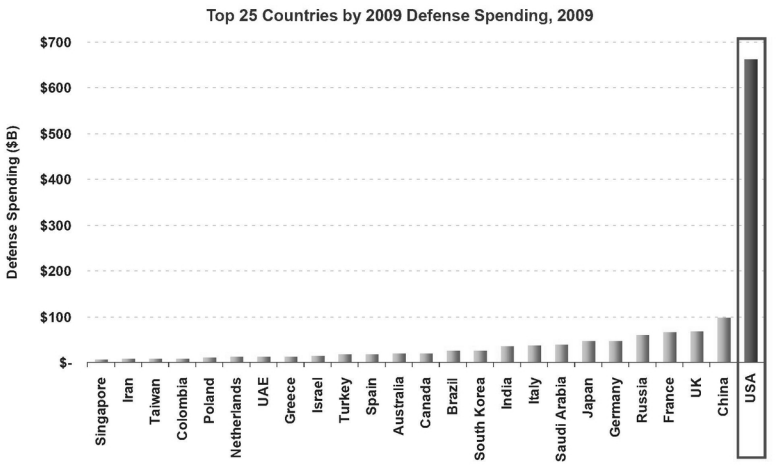


*Note: Data for North Korea unavailable.*
*Source: Stockholm International Peace Research Institute.*



# …USA Inc. Ranks # 6 in Defense Spending as Percent of GDP

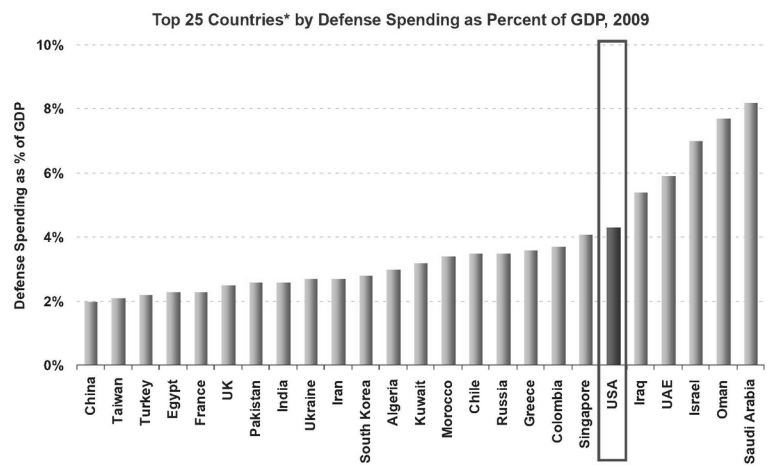


*Note: *Ranking among countries with 2009 defense spending of $3 billion or higher; data for North Korea unavailable.*
*Source: Stockholm International Peace Research Institute.*

# While USA Inc. Ranks # 2 in Number of Troops…

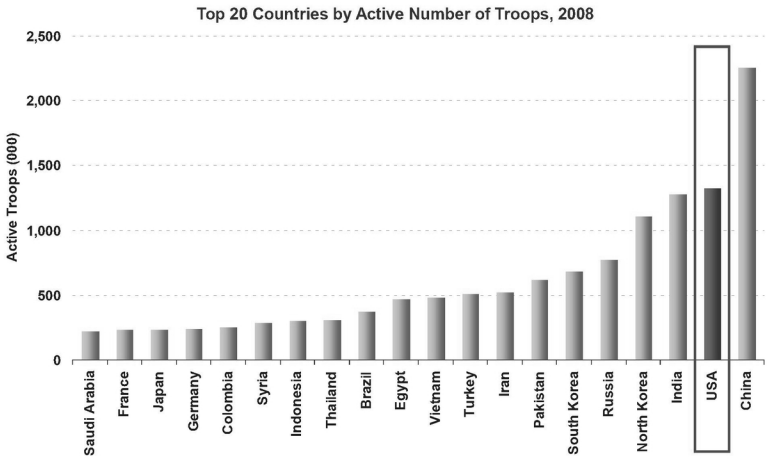


*Source: Stockholm International Peace Research Institute; Center for Strategic and International Studies, Business Monitor International.*



# …USA Inc. Ranks # 21 in Number of Troops Per Capita

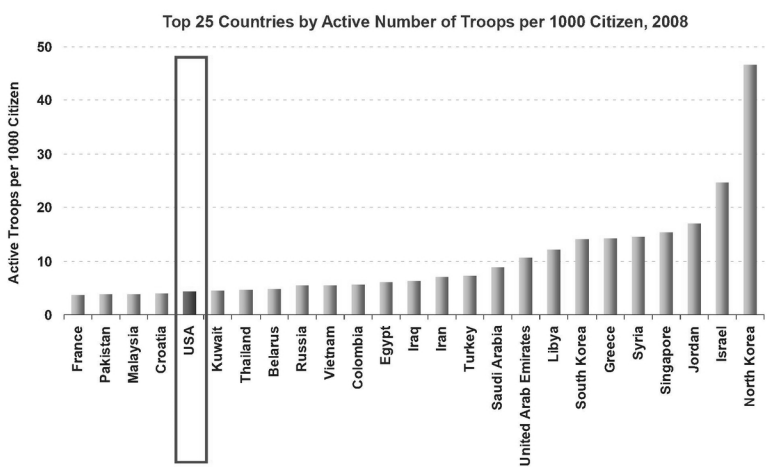


*Source: Stockholm International Peace Research Institute; Center for Strategic and International Studies, Business Monitor International.*

## Drill Down on USA Inc.
## Entitlement + Interest + One-Time Expenses for F2010

| 1 | 2 | 3 |
|---|---|---|
| **Entitlement Spending** | **Rising Debt Level & Interest Payments** | **Periodic Large One-Time Charges** |
| **Medicaid** (-$273B Net Loss*) | **Debt Level** ($9T Outstanding) | **TARP** ($26B Net Profit*2) |
| **Medicare** (-$272B Net Loss*1) | **Effective Interest Rates** (2.2%) | **Fannie Mae / Freddie Mac** (-$41B Net Loss*) |
| **Unemployment Benefits** (-$115B Net Loss*) | **Debt Composition** | **ARRA** (-$137B Net Loss*) |
| **Social Security** (-$75B Net Loss*1) | | |

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*



## Drill Down on USA Inc.
## Entitlement Spending for F2010

| 1 | 2 | 3 |
|---|---|---|
| **Entitlement Spending** | **Rising Debt Level & Interest Payments** | **Periodic Large One-Time Charges** |
| **Medicaid** (-$273B Net Loss*) | **Debt Level** ($9T Outstanding) | **TARP** ($26B Net Profit*2) |
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## Entitlement Spending: Lacks Sufficient Dedicated Funding

**Entitlement programs were created with the best of intentions by the Government. They serve many of the nation's poorest, whose struggles have been made worse by the financial crisis.**

However, with the exception of Social Security (which was developed with a pay-as-you-go funding plan and constructed to be legally flexible if conditions change) and unemployment insurance (which was designed to be flexible at State level), other entitlement plans (including Medicaid and Medicare) were developed **without** sufficient dedicated funding.

**Here we drill down on the funding trends for entitlement plans …**



## Entitlement Spending: **Expenses Up 2x** Over 15 Years
## Annual Entitlement Spending Per Household = $16,600 per Year

**USA Inc. Annual Entitlement Programs' Total & Per-Household Expenses, F1995 – F2010**

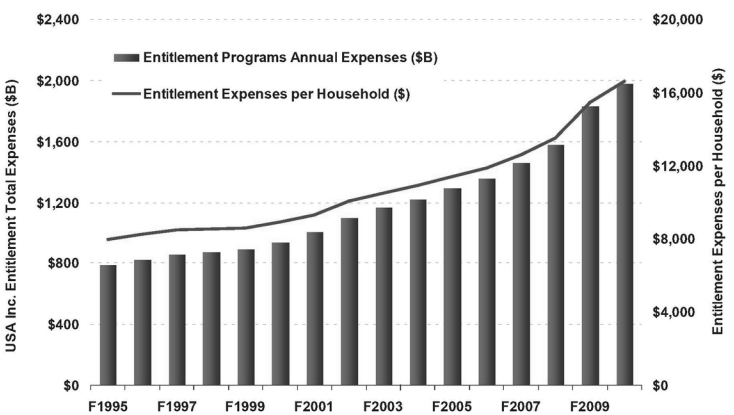


*Note: Data are not adjusted for inflation. Entitlement programs include Social Security, Medicare, Medicaid, unemployment benefits, food & nutrition assistance, housing assistance and other. USA federal fiscal year ends in September; Source: White House Office of Management and Budget.*

## Entitlement Spending: Expenses Up 169% Over Past 15 Years, While Dedicated Funding Up Only 70%**

| | F1995 ••• | F2000 ••• | F2005 | F2006 | F2007 | F2008 | F2009 | F2010 |
|---|---|---|---|---|---|---|---|---|
| **Entitlement Revenue ($B)** | **$484** | **$653** | **$794** | **$838** | **$870** | **$900** | **$891** | **$865** |
| ***Y/Y Growth*** | *--* | *7%* | *8%* | *6%* | *4%* | *4%* | *-1%* | *-3%* |
| Social Security | $351 | $481 | $577 | $608 | $635 | $658 | $654 | $632 |
| *% of Revenue* | *72%* | *74%* | *73%* | *73%* | *73%* | *73%* | *73%* | *73%* |
| Medicare | $96 | $136 | $166 | $177 | $185 | $194 | $191 | $180 |
| *% of Revenue* | *20%* | *21%* | *21%* | *21%* | *21%* | *22%* | *21%* | *21%* |
| Medicaid | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Unemployment Insurance | $29 | $28 | $42 | $43 | $41 | $40 | $38 | $45 |
| *% of Revenue* | *6%* | *4%* | *5%* | *5%* | *5%* | *4%* | *4%* | *5%* |
| Other* | $8 | $9 | $9 | $9 | $9 | $9 | $8 | $8 |
| *% of Revenue* | *2%* | *1%* | *1%* | *1%* | *1%* | *1%* | *1%* | *1%* |
| **Entitlement Expense ($B)** | **$788** | **$937** | **$1,295** | **$1,357** | **$1,462** | **$1,582** | **$1,834** | **$1,984** |
| ***Y/Y Growth*** | *--* | *5%* | *6%* | *5%* | *8%* | *8%* | *16%* | *8%* |
| Social Security | $336 | $409 | $523 | $549 | $586 | $617 | $683 | $707 |
| *% of Expense* | *43%* | *44%* | *40%* | *40%* | *40%* | *39%* | *37%* | *36%* |
| Medicare | $160 | $197 | $299 | $330 | $375 | $391 | $430 | $452 |
| *% of Expense* | *20%* | *21%* | *23%* | *24%* | *26%* | *25%* | *23%* | *23%* |
| Medicaid | $108 | $118 | $182 | $181 | $191 | $201 | $251 | $273 |
| *% of Expense* | *14%* | *13%* | *14%* | *13%* | *13%* | *13%* | *14%* | *14%* |
| Unemployment Benefits | $24 | $23 | $35 | $34 | $35 | $45 | $123 | $160 |
| *% of Expense* | *3%* | *2%* | *3%* | *2%* | *2%* | *3%* | *7%* | *8%* |
| Other* | $161 | $189 | $256 | $264 | $275 | $328 | $347 | $392 |
| *% of Expense* | *20%* | *20%* | *20%* | *19%* | *19%* | *21%* | *19%* | *20%* |
| **Entitlement Surplus / Deficit ($B)** | **-$304** | **-$284** | **-$501** | **-$519** | **-$592** | **-$682** | **-$943** | **-$1,119** |
| ***Net Margin (%)*** | ***-63%*** | ***-43%*** | ***-63%*** | ***-62%*** | ***-68%*** | ***-76%*** | ***-106%*** | ***-129%*** |

*Note: USA federal fiscal year ends in September; Medicaid is jointly funded by federal and state governments, and as a social welfare program (unlike a social insurance program like Medicare), there is no dedicated trust fund. *Other expenses include family & other support assistance, earned income tax credit, child tax credit and payments to states for foster care / adoption assistance. **We exclude Social Security & Medicare Part A trust funds interest income as they are accounting gains rather than real revenue. Source: White House Office of Management and Budget.*



## Entitlement Spending: Observation About Social Security & Medicare Part A Trust Fund – More Like Accounting Values Than Real Dollars

- Social Security Trust Fund balance (accumulated annual surpluses + interest income) = $2.5 trillion as of 2009; Medicare Part A Trust Fund balance = $304 billion as of 2009. These surpluses were invested in a special (non-marketable) series of U.S. Treasury securities, which were then used to finance budget deficits in other parts of USA Inc. like Medicaid & Nutrition Assistance.
- As a result, many observers have argued that Social Security and Medicare Part A Trust Funds' balances are no more than accounting gains on paper owing to: 1) no 'real' assets (such as tradable stocks / real estates…) in these Trust Funds as the special U.S. Treasury securities are non-marketable and 2) the Treasury Department needs to raise taxes / cut other programs' spending / borrow more money in the future to meet any withdrawal requests.
- We think that for Social Security and Medicare Part A programs, their Trust Funds' balances have **legal value** as USA Inc. is legally obliged to repay the principal and interest on the Treasury securities held in respective Trust Funds.
- However, we think that these Trust Fund balances have **NO economic value** as these cumulative surpluses have been spent by USA Inc. to reduce the borrowing need in the past. When Social Security & Medicare begin net withdrawal from their Trust Funds (likely in 2017E), USA Inc.'s debt levels + interest payments growth could accelerate, owing to the double whammy of: 1) loss of revenue source (previous surpluses) and 2) additional Treasury redemption costs related to Trust Funds' withdrawal requests.
- Consequently, **we exclude Social Security and Medicare Trust Funds' balances and interest income** from our financial models and **calculate their liabilities on a net basis**.

*Data source: Social Security Administration, Dept. of Health & Human Services, CBO. Note: the economic value of Social Security Trust Fund is subject to debate, for a different perspective, refer to Peter Dimond and Peter Orszag, "Saving Social Security: A Balanced Approach," p51 Box 3-5.*



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## Entitlement Spending: Non-Partisan CBO Advises Excluding Social Security / Medicare Trust Funds' Balances + Interest Income in Fiscal Analysis

*Trust funds can be useful mechanisms for monitoring the balance between earmarked receipts and a program's spending, but they are basically an accounting device, and their balances, even if "invested" in Treasury securities, provide no resources to the government for meeting future funding commitments. When those payments come due, the government must finance them in the same way that it finances other commitments -- through taxes or borrowing from the public. Thus, assessing the state of the federal government's future finances requires measuring such commitments independently of their trust fund status or the balance recorded in the funds.*

*-- Congressional Budget Office (CBO)*

*"Measures of the U.S. Government's Fiscal Position Under Current Law," 8/04*



## Entitlement Spending: Funding Patterns of Some Entitlement Programs Work Better than Others

***Have Worked Relatively Well Financially:***

- **Social Security** – Has operated at close to break-even - so far - thanks to sufficient payroll tax income from a relatively large working-age population. In fact, Social Security has worked so well, that its surplus net income has been used to finance other government activities such as Medicaid.
- **Unemployment Insurance** – Has operated at close to break-even thanks to accumulated net incomes during 'good years' (though expenses spiked to $123 billion / $160 billion in 2009 / 2010 from $45 billion in 2008 owing to recession).

***Have Worked Relatively Poorly Financially:***

- **Medicaid** – Has operated at an average annual loss of $160 billion with, in effect, an average net margin of -100% over past 15 years; the annual dollar loss has risen from $108 billion to $273 billion because of rising healthcare costs and expanded enrollment.
- **Medicare** – Has operated at an average annual loss of $123 billion with, in effect, an average net margin of -83% over past 15 years; the margin has fallen from -66% to -154% (or -$64 billion in annual loss to -$272 billion) because of rising healthcare costs + expanding coverage (added Part D prescription drug benefits through legislation in 2003, rolled out in 2006).

*Source: White House Office of Management and Budget.*

# Entitlement Spending: What The Programs Are and How They Have Evolved

**Social Security** Act signed into law by President Roosevelt. Created during the height of the Great Depression, the Act provides monetary support to retired people from payroll taxes paid by current workers and employers.

Social Security Trust Fund cash flow = $766 million.

Social Security Trust Fund balance started to decline.

Medicare Part D signed into law to provide federal subsidies to prescription drugs for Medicare beneficiaries.

Medicare cash flow (incl. Trust Fund interest) turned negative (-$5 billion).

1935 1937 1965 1975 1983 2003 2008 2010E

**Unemployment Insurance** signed into law as part of the Social Security Act, setting up a joint federal-state program (funded via taxing employers) to provide temporary monetary support to laid-off workers.

**Medicare & Medicaid** created to provide hospital & medical insurance to elderly & disabled.

Amendments to Social Security Act raising taxes to shore up funding for the Social Security Trust Fund.

Social Security cash flow (ex. Trust Fund interest) projected to turn negative by Congressional Budget Office.

*Source: Social Security Administration, Dept. of Health & Human Services.*



# Entitlement Spending: 76% Is Directed to Social Security + Medicare + Medicaid

**Dedicated Entitlement Revenue Breakdown, F2010**

Total = $0.87T

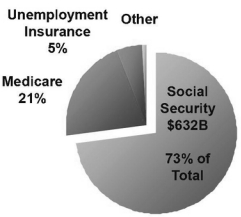


**Entitlement Spending Breakdown, F2010**

Total = $1.98T

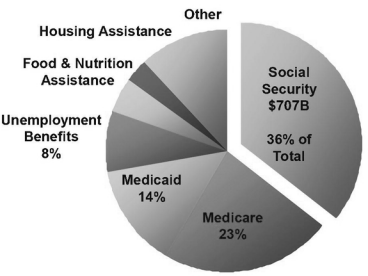


*Note: USA federal fiscal year ends in September; Source: White House Office of Management and Budget.*

## Entitlement Spending: Observations from Previous Slide

- **Entitlement revenue was $0.87 trillion, yet entitlement spending was $1.98 trillion in F2010.**
- **Entitlement <u>spending exceeded entitlement revenue by 129%</u> in F2010.**
- Social Security (ex. Trust Fund interest income) accounted for 73% of dedicated entitlement revenue yet only 36% of entitlement spending in F2010 while Medicare accounted for 21% of revenue and 23% of spending and Medicaid accounted for 0% of revenue and 14% of spending.



## Entitlement Spending: Clarification On 'Unfunded' / 'Net Responsibilities'…

- There is debate about the semantics of using words like unfunded / net responsibilities to describe the financial status of entitlement programs like Social Security, Medicare and Medicaid.
- **'Unfunded'** – We define 'unfunded' liabilities for Social Security and Medicare as the present value of future expenditures in excess of dedicated future revenue. We call Social Security and Medicare 'partially unfunded' entitlement programs as their future expenditures are projected to exceed dedicated future revenue.
- **<u>'Net Responsibilities'</u>** – USA Inc. does not record these 'unfunded' financial commitments as explicit liabilities on balance sheet, owing to Federal accounting standards.[1]
  - USA Inc.'s Dept. of Treasury calls these commitments 'net responsibilities' or 'net expenditures' in its annual *Financial Report of the U.S. Government*.
- **Medicaid** – We view Medicaid as an 'unfunded' liability as there is no dedicated revenue source to match expected expenses in our financial analysis. Medicaid is jointly funded on a pay-as-you go basis by Federal and State general tax revenue.

*Note: 1) per Dept. of Treasury, "2004 Financial Report of the United States Government."*

## …Entitlement Spending: Clarification On 'Unfunded' / 'Net Responsibilities'

- Unless they are reduced, USA Inc.'s financial liabilities -- whether they are actual debt or the present value of future promises, whether called 'unfunded' liabilities or 'net responsibilities' and whether funded by dedicated taxes or general revenue – represent significant claims on USA Inc.'s future economic resources.

- To be sure, the projected unfunded liabilities are not the same as debt, because Congress can change the laws that are behind those future promises. With a few exceptions, however, over the past 60 years, lawmakers have acted to boost rather than reduce them.



## Entitlement Spending: Social Security Funding Has Worked, So Far While Medicare/Medicaid Are Underfunded by $5.6 Trillion Since Inception in 1965

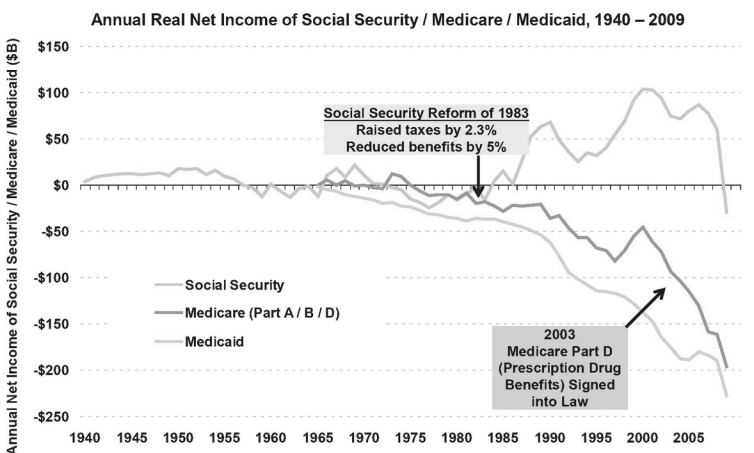


*Note: Real net income are inflation-adjusted using White House OMB's GDP price index (based on BEA's data); calculated as total revenue (tax receipts, excluding trust fund interest revenue) minus total expenditures; Medicare Part B / D and Medicaid do not have dedicated funding source. Source: Social Security Administration, White House Office of Management and Budget.*

## Entitlement Spending: Medicare & Medicaid Payments per Beneficiary Have Risen Faster than Social Security Payments Owing to Rising Healthcare Costs + Expanded Coverage

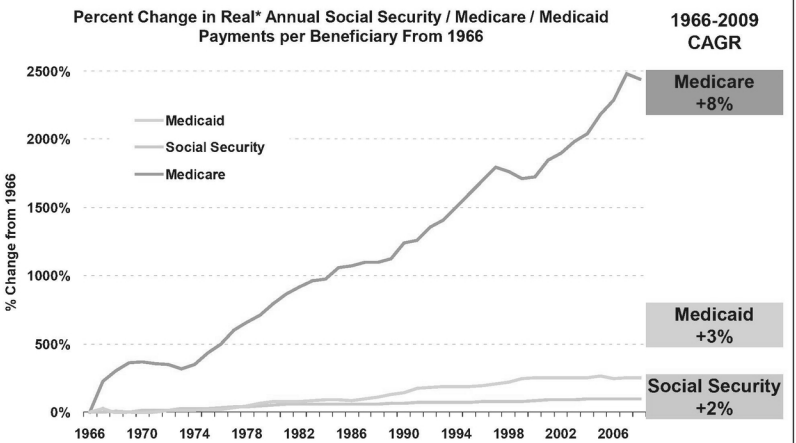


*Note: Data are inflation adjusted using White House OMB's GDP price index (based on BEA's data).*
*Source: Social Security Administration, Dept. of Health & Human Services.*



## Entitlement Spending: Program Beneficiaries (Now 29%* of Population vs. 13%* in 1966) Have Grown Faster than Population Owing to Aging Population + Expanded Eligibility

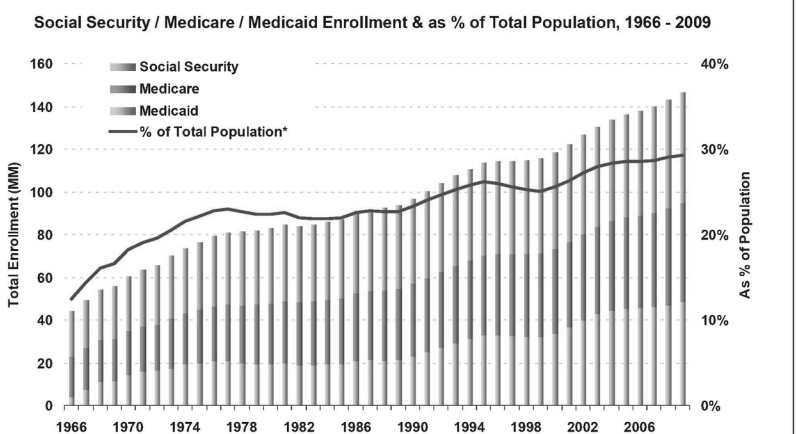


*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services.*

## Entitlement Spending: While Beneficiaries From Aging Population Rose 2x From 1966 to 2009, Beneficiaries From Expanded Eligibility (Low-Income / Disabled) Rose 10x

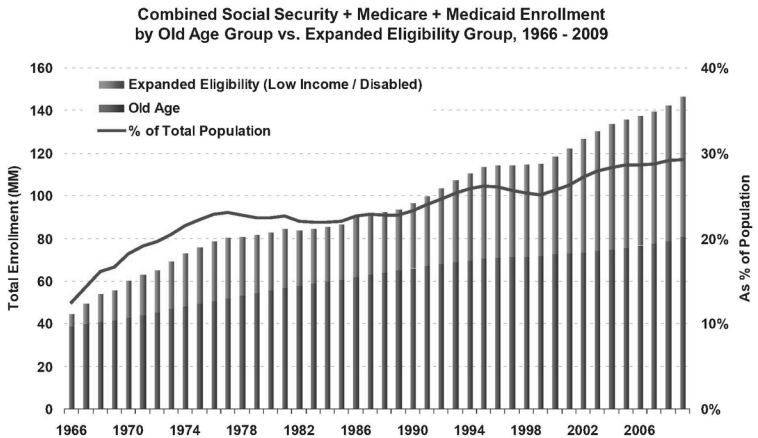


*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services.*



## Entitlement Spending: Entitlement Program + Government Employee Beneficiaries Are Now 36%* of Population vs. 20%* in 1966

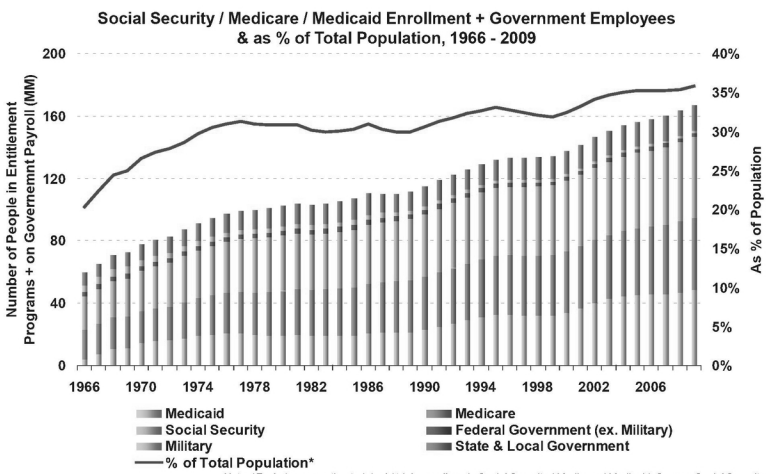


*Note: *Excludes our estimated dual / triple enrollees in Social Security / Medicare / Medicaid. Source: Social Security Administration, Dept. of Health & Human Services, Bureau of Economic Analysis.*

## Entitlement Spending per Beneficiary: Inflation-Adjusted Average Pre-Tax Income from Entitlement Programs Has Gone Up 3x Since 1966 to $12K in 2008, or 15% of Average Pre-Tax Income

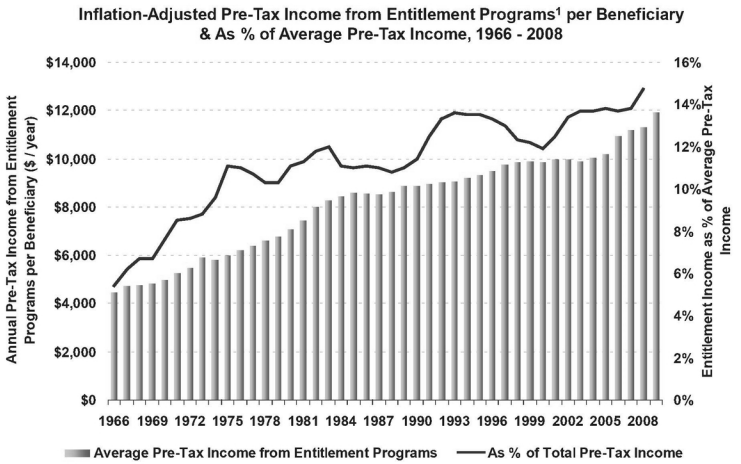


*Note: 1) Entitlement Income calculated as Government Social Benefits to persons less Veterans benefits.*
*Source: Social Security Administration, Dept. of Health & Human Services, Bureau of Economic Analysis.*



## Entitlement Spending: Rising Entitlement Income Is Highly Correlated (82%) with Falling Personal Savings

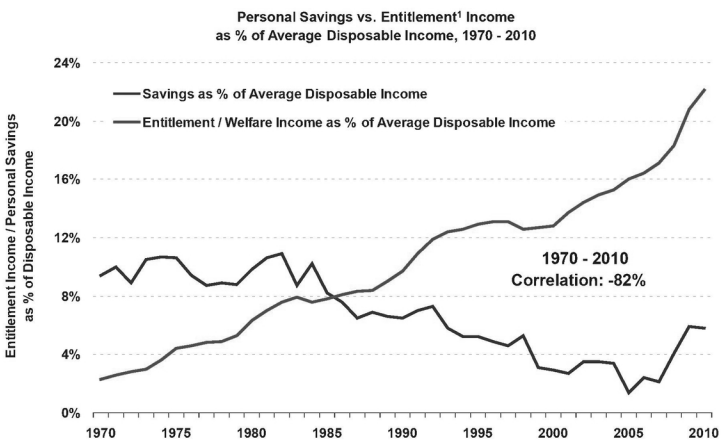


*Note: 1) Entitlement Income calculated as Government social benefits to persons in the NIPA series Table 2.1. Savings rate is the amount of money saved divided by income after taxes.*
*Sources: BEA*

## Entitlement Spending: Observation from Previous Slide

- Clearly, lower interest rates have allowed Americans to borrow more and save less. But given the high correlation between rising entitlement income for beneficiaries and declining savings rates, one might also wonder if Americans feel less compelled to save money as they feel that they can depend on the government to give them money.

*Note: Savings rate is the amount of money saved divided by income after taxes.*



## Entitlement Spending: Social Security Now Provides 37% of an Average Retiree's Income, Up From 31% in 1962

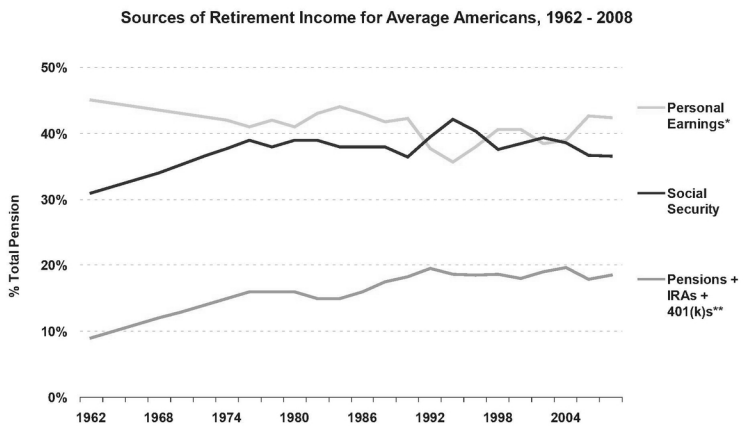


*Note: *Personal earnings include income from investment & assets + salaries; ** occupational pensions include regular payments from private pensions, government employee pensions, IRAs, 401(k)s. Source: Social Security Administration Office of Retirement and Disability Policy*

# Next, We Drill Down on Entitlement Programs…

- **We begin with the programs with the least sound financials (Medicaid and Medicare) and end with the programs with the most sound financials (Unemployment Insurance and Social Security), as of today.**

- **We then move to a drilldown of rising healthcare costs after the Medicaid and Medicare drilldowns.**



| 1 | 2 | 3 |
|---|---|---|
| **Entitlement Spending** | **Rising Debt Level & Interest Payments** | **Periodic Large One-Time Charges** |
| **Medicaid** (-$273B Net Loss*) | **Debt Level** ($9T Outstanding) | **TARP** ($26B Net Profit*2) |
| **Medicare** (-$272B Net Loss*1) | **Effective Interest Rates** (2.2%) | **Fannie Mae / Freddie Mac** (-$41B Net Loss*) |
| **Unemployment Benefits** (-$115B Net Loss*) | **Debt Composition** | **ARRA** (-$137B Net Loss*) |
| **Social Security** (-$75B Net Loss*1) | | |

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

# Medicaid: Facing Accelerating Cash Flow Deficits

- **Social Welfare Program** – Created in 1965 to provide health insurance to low-income population (2% of Americans under coverage then and 16% now*).
- **No Dedicated Funding** – Federal funding comes from general revenue (all forms of tax receipts).
- **Ever-Growing Expenses** – $273 billion in F2010, up 2x from 10 years ago.
  - **Rising Healthcare Costs –** Owing to aging population + unhealthy life styles + technology advances.
  - **Growing Beneficiary + Benefits** – Covered beneficiaries expanded beyond low-income group in 1980s to include additional groups (like individuals who have high medical expenses and have spent down their assets, and some of those who lost their employer-sponsored healthcare insurance coverage in recession), while covered benefits expanded to include prescription drugs / dental services. **Total expenditures on these new groups and benefits represented ~60% of Medicaid program's spending in 2001, per Kaiser Family Foundation estimates. See slide 319-322 for more details.**
  - **Moral Hazard** – As a "free good," Medicaid reduced demand for private long-term insurance[1] while regulation loopholes + need-based benefit policies created incentives to abuse the Medicaid reimbursement system.

*Note: 1) for more information, please see Jeffrey Brown and Amy Finkelstein, "The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market," 2006. *Medicaid enrollment was 4MM (population 196MM) in 1966 and 50MM (population 305MM) in 2009. Source: National Center for Health Statistics, Kaiser Family Foundation, World Bank, Social Security Administration.*



# Medicaid: Underfunded by $3.7 Trillion Over 45 Years, With No Dedicated Funding

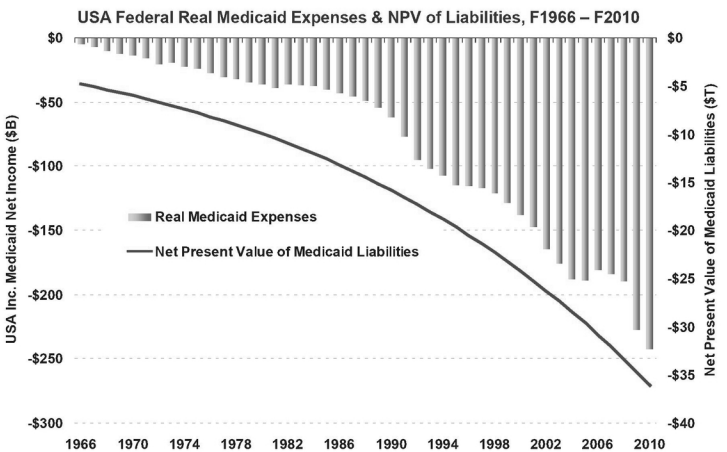


*Note: USA federal fiscal year ends in September; Data are inflation adjusted. Calculation of net present value of liability based on 75-year Medicaid spending projections from CBO, assuming a 3% discount rate (long-run average of real 10-yr treasury yields). Source: White House Office of Management and Budget, Congressional Budget Office.*

## Medicaid: Enrollment Is Up 12x to 49 Million While Annual Payments per Beneficiary Are Up 4x to $5K From 1966 to 2009

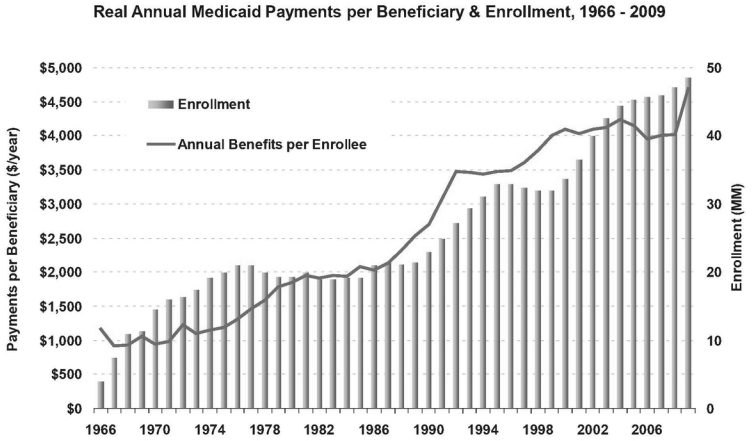


*Note: Data are inflation adjusted. Source: Dept. of Health & Human Services.*



## Medicaid: Observations

- **49 million (26MM low-income children / 12MM low-income adults / 7MM disabled / 4MM elderly) Americans (16% of population) received an average of $4,684 in tax-payer funded payments from the federal government for healthcare in 2009. For context, $6,872 in healthcare benefits is 13% of average annual per-capita income for Americans.**
- When Medicaid was created in 1965 to provide health insurance to low-income Americans, 1 in 50 Americans received Medicaid, now 1 in 6 Americans receives Medicaid.
- That said, Medicaid is an important benefit for recipients as it provides access to healthcare for low-income adults and their children. In recent years, Medicaid beneficiaries and benefit payments have risen faster than population and per-capita income growth owing to expanded coverage, economic difficulties and associated sluggish wage growth for low- and lower-middle-income families, and continued healthcare cost inflation.

*Note: Data are inflation adjusted. Source: Dept. of Health & Human Services.*

## Medicaid: While We Focus on Federal Government Dynamics, It's Notable that State Government Medicaid Funding Also Faces Significant Challenges

- **Medicaid = Major and Growing Expense Line Item for State Governments**
  - Medicaid funding responsibility is shared between federal & state governments. States with higher per-capita income (like New York) pay ~50% of total Medicaid cost while states with lower per-capita income (like Mississippi) pay ~22%.
  - On average, Medicaid accounted for 21% of total state spending in F2009 (ranging from Missouri at 35% to Alaska at 8%). Enrollment growth has been accelerating, in part, owing to more people losing employer-sponsored health insurance in the recession, and thus overall Medicaid costs jumped ~11% Y/Y from October, 2009 to June, 2010.
  - State governments (which unlike the federal government must balance their annual budgets) cannot pay for such elevated levels of Medicaid and maintain normal spending levels for other services (like education and public safety).
- **Enter the Federal Government**
  - ARRA (2009 economic stimulus) provided ~$100 billion in support for the states to pay for elevated levels of Medicaid costs and to avoid large budget cuts in education and public safety. This went a long way toward holding down the states' contribution, but it is a one-time unsustainable fix.
- **Federal Support May Be Expiring by June, 2011**
  - If no action is taken, the Medicaid-related cost burden on the states will rise dramatically in coming years. As a result, many states are on the verge of implementing Medicaid cost containment plans that include cuts in doctor payments, benefit limitations, higher patient co-payments, etc. Moreover, many states are fearful that the recently enacted healthcare reform will lead to additional Medicaid-related costs when it goes into full effect in 2014.

*Data Source: National Conference of State Legislatures, "State Budget Update: July 2009."*

**Entitlement Spending**

- **Medicaid** (-$273B Net Loss*)
- **Medicare** (-$272B Net Loss*1)
- **Unemployment Benefits** (-$115B Net Loss*)
- **Social Security** (-$75B Net Loss*1)

**Rising Debt Level & Interest Payments**

- **Debt Level** ($9T Outstanding)
- **Effective Interest Rates** (2.2%)
- **Debt Composition**



**Periodic Large One-Time Charges**

- **TARP** ($26B Net Profit*2)
- **Fannie Mae / Freddie Mac** (-$41B Net Loss*)
- **ARRA** (-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

# Medicare: Complex Social Insurance Program With Insufficient Funding

- **Social Insurance Program** – Created in 1965 to provide health insurance to the elderly (65+).
- **Four Parts** – A) Hospital Insurance (to cover inpatient expenses, introduced in 1965); B) Medical Insurance (optional outpatient expenses, 1965); C) Medicare Advantage Plans (private alternative to A&B, 1997) and D) Prescription Drug Coverage (enacted 2003).
- **Funding Mechanism Varies**
  - Part A has dedicated funding via payroll taxes (2.9% of total payroll), though has been running at an annual deficit since 2008 as related payments exceed taxes; Trust Fund is expected to be depleted by 2017E, per Social Security Administration.
  - Part B & D has no dedicated funding (75% of funding came from government allocation / 25% came from enrollees' premium payments).
  - Part C funding came Part A & Part B.
- **Ever-Growing Expenses – $452 billion expenses in F2010, up 2x from 10 years ago**
  - Rising Healthcare Costs – Owing to aging population + unhealthy life styles + technology advances.
  - Moral Hazard – As a "free good," Medicare reduced demand for private long-term insurance[1] while loopholes in the regulations + need-based benefit policies created incentives to abuse the system.

*Note: 1) for more information, please see Jeffrey Brown and Amy Finkelstein, "The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market," 2006. Source: National Center for Health Statistics, Kaiser Family Foundation, World Bank, Social Security Administration.*



# Medicare: Underfunded by $1.9 Trillion Over 45 Years

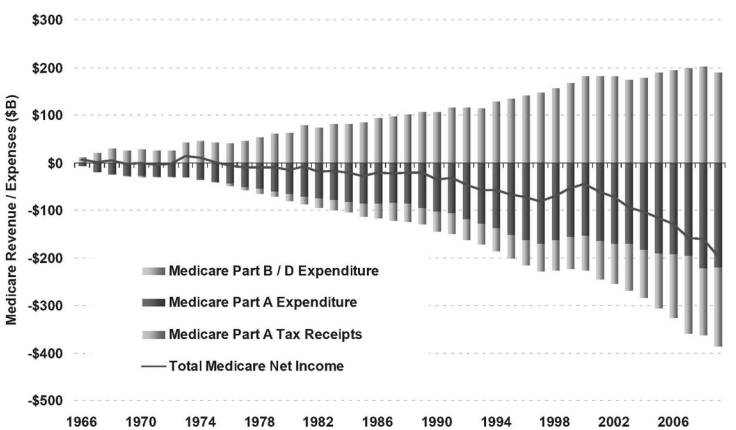


*Note: Medicare Part A (hospital insurance) has dedicated trust fund while Part B (medical insurance) and Part D (prescription drug benefits) do not have dedicated funding. Data are inflation adjusted. Source: Dept. of Health & Human Services..*

## Medicare: Enrollment Up 2x to 46 Million While Annual Payments per Beneficiary Up 26x to $8,325 From 1966 to 2009

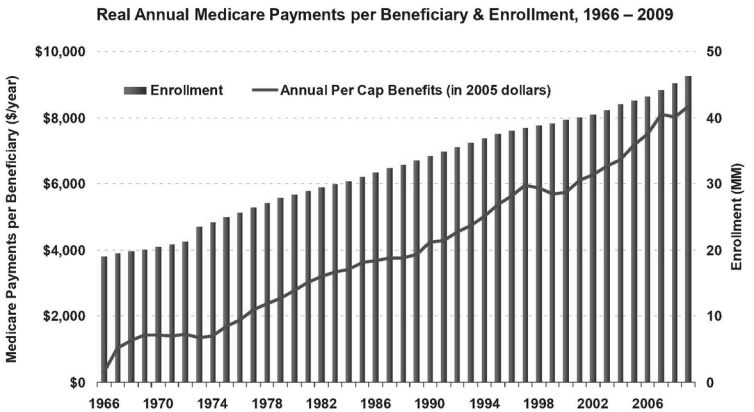


*Note: Data are inflation adjusted using BEA's GDP price index. Source: Dept. of Health & Human Services.*



## Medicare: Observations

- **46 million elderly Americans (15% of population) received an average of $8,325 in tax-payer funded payments for healthcare in 2009 ($5,079 for hospital care; $3,246 for medical insurance & prescription drugs).**
- **On the surface, $8,325 in free healthcare benefits every year certainly seems like a high number – 23% of annual per-capita income – (although working Medicare recipients do pay Medicare taxes).**
- As with employer-sponsored health insurance plans, if people, in effect, get a free benefit (with little personal financial commitment), they may not be especially diligent and frugal about how they 'spend' it. The same concept extends beyond healthcare recipients to the healthcare providers.*
- When Medicare was created in 1965 to provide health insurance to elderly Americans, 1 in 10 Americans received Medicare, now 1 in 7 Americans receives Medicare…above the initial 'plan.'

*Note: *The issue that people overuse services for which they do not have personal financial commitment applies to most private insurance as well. For a more detailed discussion, see slide 293. Data are inflation adjusted using BEA's GDP price index. Source: Dept. of Health & Human Services.*

## Total Government* Healthcare Spending Increases are Staggering – Up **7x** as % of GDP Over Five Decades vs. Education Spending, Only Up **0.6x**

**USA Total Government Healthcare vs. Education Spending as % of GDP, 1960 – 2009**

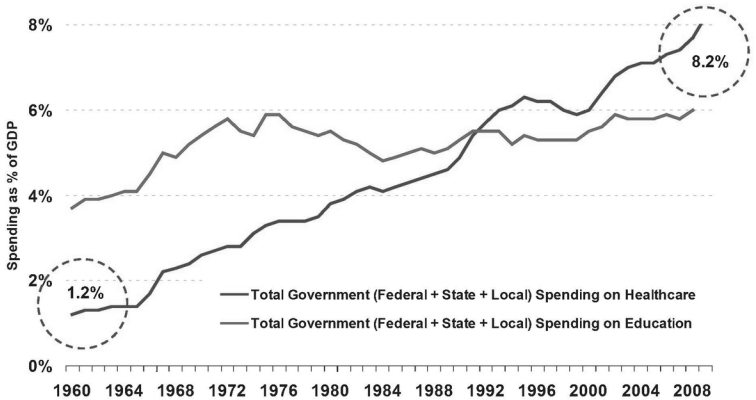


*Note: *Total government spending on healthcare includes Medicare, Medicaid and other programs such as federal employee and veteran health benefits; total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.*



## Since Their Creation in 1965, Medicare + Medicaid Have Grown to **35%** of Total USA, Inc. Healthcare Spending in 2008 from **0%**

**USA Total Healthcare Spending by Funding Source, 1960 vs. 2009**

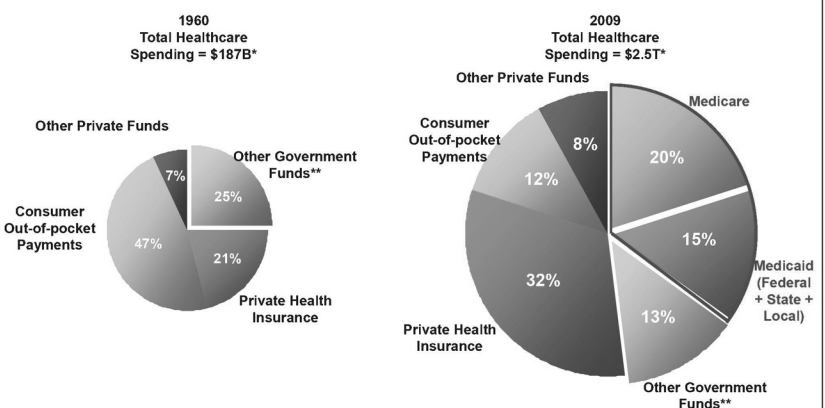


*Note: *Adjusted for inflation, in 2005 dollars. ** Other government funds include those from Dept. of Defense, Veterans' Administration and federal funding for healthcare research and public health activities. Source: U.S. Department of Health & Human Services.*

# Think About That…

- **Total government spending on healthcare (including Medicare, Medicaid and other programs) has risen 7x from 1.2% of GDP in 1960 to 8.2% in 2009 while total government spending on education has risen only 0.6x from 4% of GDP in 1960 to 6% in 2009.**
- Medicare and Medicaid, which did not exist in 1960, rose to 35% of total healthcare spending in 2009, while out-of-pocket spending declined to 12% of total healthcare spending in 2009 (or $894 per person per year*), down from 47% in 1960 (or $478 per person*).
- Lifetime healthcare costs for the average American are $631,000, of which the government pays for an estimated 48% while private insurers (like UnitedHealth and Blue Cross Blue Shield) pay 32% and consumers pay just 12%.
- When citizens don't need to pay directly for something (like healthcare) and are given an expensive good / service for free (or well below cost), they tend to consume more of it – it's basic supply and demand economics.
- This approach faces increasing challenges as USA, Inc. has gone deeper and deeper in debt to pay for it…

*Note: *Adjusted for inflation, in 2005 dollars. Nominal amount would be $972 out-of-pocket healthcare spending per person in 2008 and $70 per person in 1960. Source: U.S. Department of Health & Human Services.*



# USA Healthcare Spending Is Higher Than All Other OECD Countries Combined (with 35% of Other OECD Countries' Combined Population)

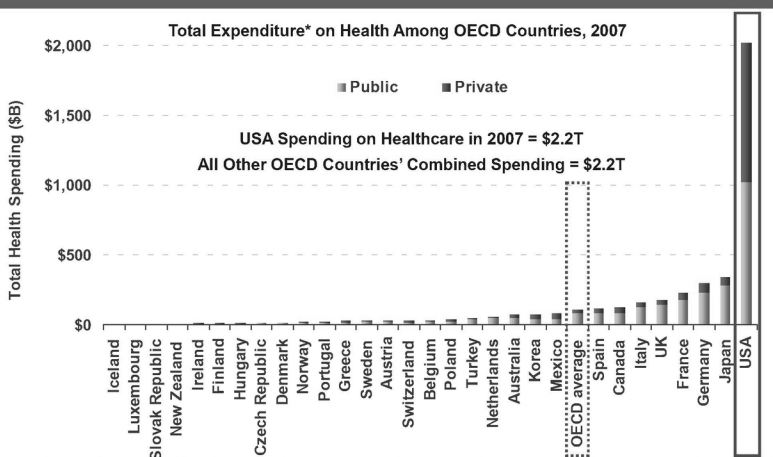


*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD, Organization for Economic Co-operation and Development is an international organization of 31 developed and emerging countries with a shared commitment to democracy and the market economy.*

# USA Per Capita Spending on Healthcare = 3x OECD Average

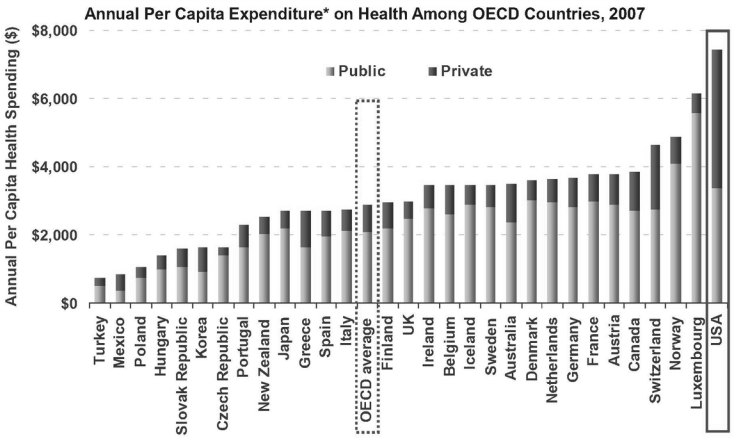


*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD.*



# USA Spending on Healthcare as % of GDP = 2x OECD Average

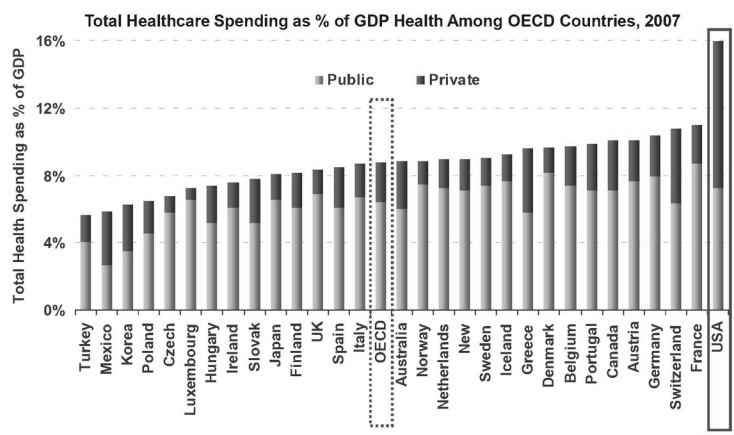


*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD.*

# USA Spending on Healthcare **IS NOT** Performance-Based and **IS NOT** Correlated to Longer Life Expectancy

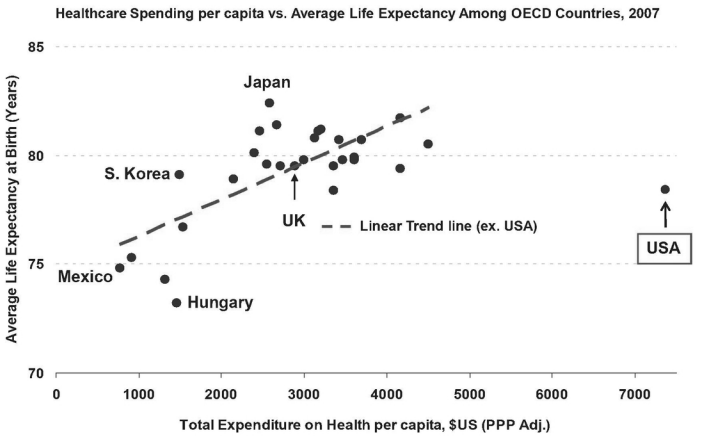


*Source: OECD.*



# In Addition to Life Expectancy, USA Falls Behind OECD Averages in Many Other Health Indicators

| 2007 Health Indicators | USA | OECD Median | USA Ranking (1 = Best, 30 = Worst) RED = Below Average |
|---|---|---|---|
| **Obesity** (% of total population) | **34** | **15** | 30 |
| **Infant Mortality** (per 1,000 live births) | **7** | **4** | 27 |
| **Medical Resources Available** (per 1,000 population) | | | |
| Total Hospital Beds | **3** | **6** | 25 |
| Practicing Physicians | **2** | **3** | 22 |
| Doctors' Consultations per Year | **4** | **6** | 19 |
| MRI Machines* (per million population) | **26** | **9** | 1 |
| **Cause of Death** (per 100,000 population) | | | |
| Heart Attack | **216** | **178** | 22 |
| Respiratory Diseases | **60** | **45** | 21 |
| Diabetes | **20** | **12** | 20 |
| Cancer | **158** | **159** | 14 |
| Stroke | **33** | **45** | 8 |

*Note: *MRI is Magnetic Resonance Imaging. Source: OECD.*

## Think About That…

- **USA per capita healthcare spending is 3x OECD average, yet the average life expectancy and a variety of health indicators in the US fall below average.**
- **But if you spend way more than everyone else, shouldn't your results (a.k.a. 'performance') be better than everyone else's, or at least near the top?**
- **Should you examine sources of waste/inefficiency given lower output despite greater input?**
- **Definition of 'Performance' = Amount of useful work accomplished given certain amount of time and resources.**
- **Definition of 'Efficient' = Obtains maximum benefit from a given level of input of cost, time, or effort.**

*Note: OECD data adjusted for Purchasing Power Parity. * Lifetime healthcare costs = life expectancy (years) x per capita healthcare spending ($ per year, 2006). Source: OECD, US Dept. of Health & Human Services.*



## *Patient Protection and Affordable Care Act (PPACA)*

*PPACA – America's new healthcare reform legislation, signed into law on 3/23/10 – creates some reason for concern that it could become an unfunded entitlement.*

## PPACA: A Detailed Drilldown into Costs of Recent Healthcare Reform Is Key as it **May Increase** Budget Deficit…

- **Congressional Budget Office expects Reform to *lower* the deficit by $143 billion during 2010-19**
  - Gross cost of $938 billion for expanded coverage, per CBO.
  - Less: $511 billion in spending cuts from lower Medicare reimbursement rate + $420 billion in tax revenues (excl. excise tax) from higher payroll tax rates on high-income families and indoor tanning services + $149 billion in penalty payments by employers/individuals and excise tax on "Cadillac" insurance plans with annual cost exceeding $10,000 for individual / $28,000 for families.

*Source: CBO.*



## PPACA – Verdict Is Still Out on Eventual Costs / Deficit Impact

- Issues With Official Cost Estimates to Consider
  - Deficit neutral status somewhat reliant on future lawmakers' willingness to implement Medicare savings/reimbursement reductions:
    - Reductions in payment rates for many types of Healthcare providers relative to the rates that would have been paid under prior law (always a politically difficult decision).
    - However the good news is that recommendations from the Independent Payment Advisory Board focused on reducing growth in per capita Medicare spending if it exceeds target automatically become the law without congressional intervention if Congress allows IPAB to operate as planned.
  - CBO estimates the effects of proposals as written: CBO acknowledges that it is unclear whether reform can actually reduce the annual growth rate in Medicare spending from 4% (historical average) to 2% for the next two decades, as PPACA estimates assume.
  - Relies on excise taxes on sectors of the healthcare industry that could be passed through to consumers via price increases.
  - Starting in 2018, assumes taxation of high premium employment-based health insurance plans.
- Opportunities For Cost Savings to Consider
  - Increased access to preventative care could potentially slow down overall healthcare cost growth. Such potential effect is not captured in CBO scoring.
  - Investments in information technology and new provider & consumer incentives can drive better and more efficient care.

*Source: Morgan Stanley Healthcare Research.*



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## PPACA – There Is Potential for 'Unintended' Consequences

- The new law changes some system incentives, which may lead to new behavior patterns, many of which are complex and hard to predict.
  - The market may adapt to new MLR (Medical Loss Ratio) rules that incentivize and reward a very specific (but ultimately arbitrary) cost structure.
  - The cost/benefit analysis for employers and consumers may change, and some may opt to re-evaluate their current employer-sponsored coverage offerings.
- Health plans that are no longer economically viable may exit markets, potentially adding to the uninsured problem prior to 2014.
- Likely acceleration in consolidation of payers as well as providers.

*Source: Doug Simpson, Morgan Stanley Healthcare Research.*



## Historical Anecdote – "An Accurate Economic Forecast Might Have Sunk Medicare & Medicaid [in 1965]"

- In 1965, the official estimate of Medicare's costs was $500 million per year, roughly $3 billion in 2005 dollars.*
- <u>The actual cost of Medicare has turned out to be 10x that estimate.</u>
  - Medicare's actual net loss (tax receipts + trust fund interest – expenditures) has exceeded $3 billion (adjusted for inflation) every year since 1976 and was $146 billion in 2008 alone. In other words, had the original estimate been accurate, the cumulative 43-year cost since Medicare was created would have been $129 billion, adjusted for inflation.
  - In fact, the actual cumulative spending has been $1.4 trillion** (adjusted for inflation)...in effect, 10x over budget.
- While calculations have been flawed from the beginning for some of USA Inc.'s entitlement programs, little has been done to correct the problems.

> ***An accurate economic forecast might have sunk Medicare.***
>
> *David Blumenthal and James Morone*
>
> *"The Lessons of Success – Revisiting the Medicare Story", November 2008*

*Sources: * Lyndon B. Johnson Library & Museum. Medicare spending data per White House OMB.*
***Dept. of Health & Human Services, CMS, data adjusted for inflation based on BEA's GDP price index.*

## If History is a Guide, There is Potential for Estimates to Understate Eventual Costs – Medicare Is 10x Higher Than Spending Forecast

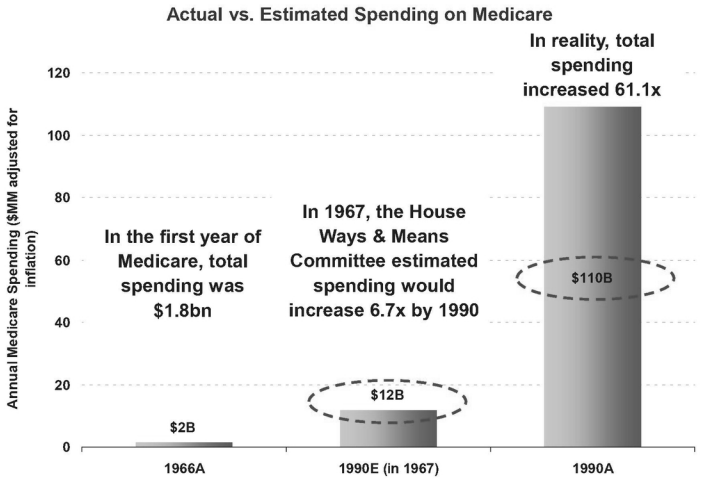


*Source: Senate Joint Economic Committee Report, 7/31/09*



## However, More Recent Healthcare Entitlement Such as Medicare part D Has Cost Less Than Expected

- Medicare Part D (the 2006 outpatient drug benefit for seniors) was projected to cost $111 billion annually.
- In 2009, Medicare Part D's actual cost = $61 billion, 45% below projection.
- The government originally projected 43 million beneficiaries in 2009, but only 33 million seniors (23% below projection) elected to participate in 2009.
- Medicare Part D was outsourced to the private sector, and seniors elected to enroll in plans operated primarily by managed care organizations, which utilize a variety of techniques to reduce costs and improve the quality of care.
- *The Washington Times* stated on August 16th 2010 – "The lower cost - a result of slowing demand for prescription drugs, higher use of generic drugs and fewer people signing up - has surprised even some of the law's most pessimistic critics."
- The Part D experience has given some observers hope that PPACA will not cost more than anticipated.

*Source: Morgan Stanley Healthcare Research.*

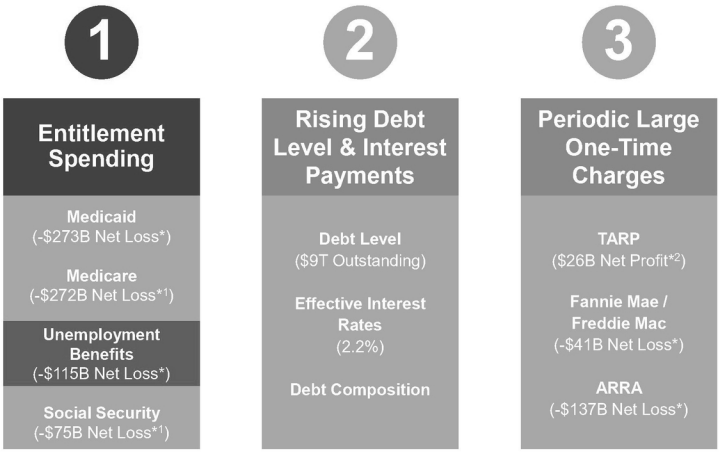


*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*



## Unemployment Benefits: Long-Term Break-Even, Though Prone to Cyclicality

- **Social Insurance Program** – Created in 1935 as part of the Social Security Act to provide temporary financial assistance to eligible workers who are unemployed through no fault of their own (via layoffs or natural disasters).
- **Funded via Taxing Employers** – Employers pay federal government 0.8% of payroll (in addition to various levels of state unemployment insurance taxes) to fund the Federal Unemployment Insurance Trust Fund.
- **Funding = Pro-Cyclical** – Rising employment increases revenue and reduces benefit payments, generally leading to surpluses, while falling employment reduces revenue and increases benefits payments, leading to periodically large deficits during recessions.
- **Flexible at the State Level by Design** – State governments set policies on unemployment benefit eligibility / duration / tax levels, while federal government provide financial and legal oversight.
- **Generally Break-Even** – In 29 of the past 49 years, Federal unemployment insurance programs have had surpluses. Excluding the 2009 / 2010 loss, unemployment insurance had a cumulative surplus of $53 billion from 1962 to 2008.

*Source: White House OMB.*

## Unemployment Benefits: Solid, Though Cyclical, Funding But Underfunded by $150B Over 49 Years Owing to -$115B* Deficits in 2010

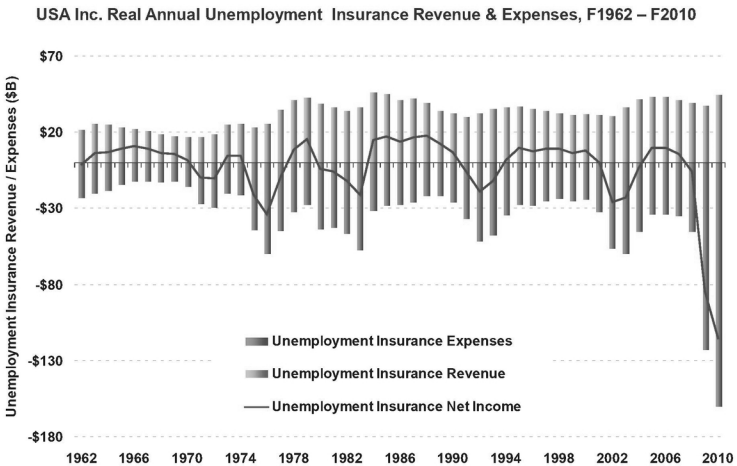


*Note: USA federal fiscal year ends in September; *all data inflation-adjusted, based on 2005 dollars.*
*Source: White House Office of Management and Budget.*



## Unemployment Benefits: In the Past, Benefits Paid Have High (70%) Correlation to Unemployment Rate

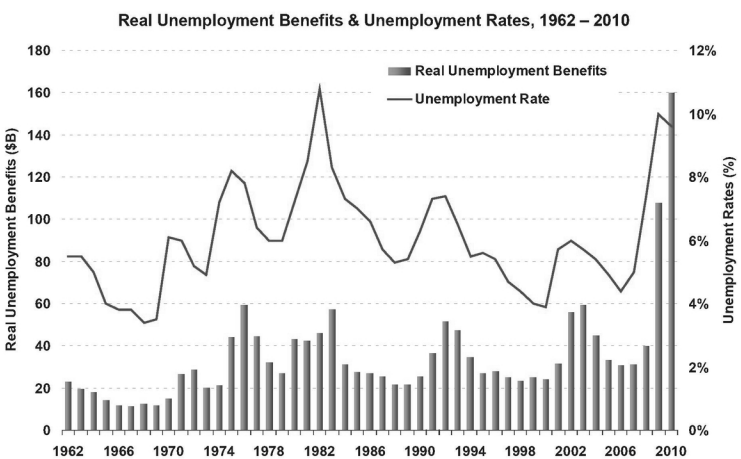


*Note: Fiscal year ends in September. Source: White House Office of Management & Budget, Bureau of Labor Statistics.*

## Unemployment Benefits: Good News—Unemployment Change In the Past Has Strong (71%) Inverse Correlation with Real GDP Change, so Economic Growth Should Reduce Unemployment

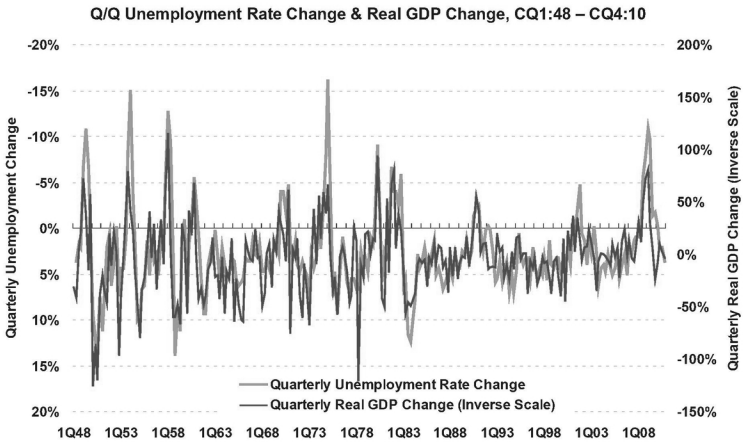


*Source: Bureau of Economic Analysis, Bureau of Labor Statistics.*



## Unemployment Benefits: Bad News—Newly Extended Unemployment Benefits Could Cost USA Inc. $34 Billion in Next Two Years

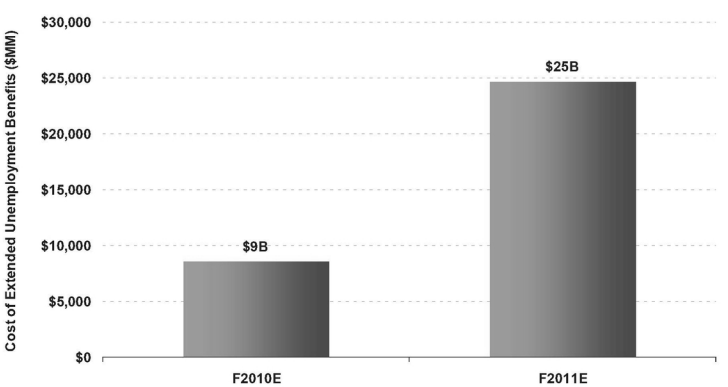


*Note: Net cost of the Unemployment Compensation Extension Act of 2010 is expected to decline substantially in F2012E because the deadline to file for extended unemployment benefits expires in November 2010 and federal extended unemployment insurance provides benefits for up to 99 weeks (less than two years). Source: Congressional Budget Office, 7/10.*

## Unemployment Benefits: Bad News—Structural Problems in Labor Force Could Lead to Prolonged Duration/Increased Rate of Unemployment

- **Structural Problems in USA Labor Force**
  - **Healthcare costs may be a barrier to hiring for employers**
    - Healthcare benefits = 8% of average total employee compensation; grew at 6.9% CAGR from 1998 to 2008 compared with 4.5% CAGR in salaries.
    - Healthcare benefits are fixed costs as they are paid on an annual per-worker basis and do not vary with hours worked.
    - As employers try to lower fixed costs to right-size to their reduced revenue levels, layoffs are the only way to reduce fixed healthcare costs.
  - **Skills mismatch may be a barrier to hiring for employers**
    - A large portion of the long-term unemployed may lack requisite skills.
    - 14% of firms reported difficulty filling positions due to the lack of suitable talent, per 5/10 Manpower Research survey.
  - **Labor immobility resulting from the housing bust may be a barrier to hiring**
    - One in four homeowners are "trapped" because they owe more than their houses are worth, so they cannot move to take another job – until they sell or walk away.

*Source: Richard Berner, "Why is US Employment So Weak" (7/23/10), Morgan Stanley Research.*



## Unemployment Benefits: Bad News

*Although economists have shown that extended availability of UI [unemployment insurance] benefits will increase unemployment duration, the effect in the latest downturn appears quite small compared with other determinants of the unemployment rate. Our analyses suggest that extended UI benefits account for about 0.4 percentage point of the nearly 6 percentage point increase in the national unemployment rate over the past few years. It is not surprising that the disincentive effects of UI would loom small in the midst of the most severe labor market downturn since the Great Depression.*

*Despite the relatively minor influence of extended UI, it is important to note that the 0.4 percentage point increase in the unemployment rate represents about 600,000 potential workers who could become virtually unemployable if their reliance on UI benefits were to continue indefinitely.*

Rob Valletta and Katherine Kuang, Federal Reserve Board of San Francisco
"Extended Unemployment and UI Benefits," April 19, 2010.

**Entitlement Spending**

**Medicaid**
(-$273B Net Loss*)

**Medicare**
(-$272B Net Loss*[1])

**Unemployment Benefits**
(-$115B Net Loss*)

**Social Security**
(-$75B Net Loss*[1])

**Rising Debt Level & Interest Payments**

**Debt Level**
($9T Outstanding)

**Effective Interest Rates**
(2.2%)

**Debt Composition**

**Periodic Large One-Time Charges**

**TARP**
($26B Net Profit*[2])

**Fannie Mae / Freddie Mac**
(-$41B Net Loss*)

**ARRA**
(-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*



## Social Security: In Good Shape Now, Yet Challenged in Future by Aging Population

- **Social Insurance Program Created in 1935** – During height of the Great Depression to help elderly (65+*) and disabled people avoid poverty.
- **Pay-as-You-Go Funding** – Social Security taxes deducted from current payrolls to pay out to current eligible recipients of Social Security.
- **For Most of its 8 Decades (1935-1970; 1985 - 2009), Annual Social Security Payments Have Been Funded by Annual Social Security Taxes** – However, based on estimates from Congressional Budget Office (CBO), beginning in 2016 (or earlier), Social Security will begin running an annual deficit as payments exceed taxes (at unchanged flat tax rate of 12.4%[1] of annual gross wages) – this is a problem!
- **Social Security Has Been Struck by Annual Deficit Crisis Before** – From 1975 to 1981, Social Security expenses exceeded revenue every year, which caused a 45% reduction in the Social Security Trust Fund balance. Legislation recommended by the Greenspan Commission in 1983 reduced average benefits by ~5%[2] and raised social insurance tax rates for individuals by ~2.3%.[3] But the Greenspan Commission fix will run out soon as Social Security turns to operating loss in 2016.

*Note: *Early retirees (62+) could receive partial benefits between 62 and 65. 1) 6.2% taxes paid by employees and matched by employers on gross wages up to but not exceeding the Social Security wage base of ~$100K; 2) total benefit cuts included $27B savings from benefit taxation for the wealthy and $66B savings from delay in cost of living adjustments over 1984-1989; 3) average increase in entitlement payroll tax rates between 1982 and 1988, includes Medicare payroll taxes, per estimates from CBO. Source: Social Security Administration.*

## Social Security: Financially Sound – So Far – Owing to Increased Revenue / Reduced Spending Post 1983 Reform, But 'Operating Loss' Resumed in 2009

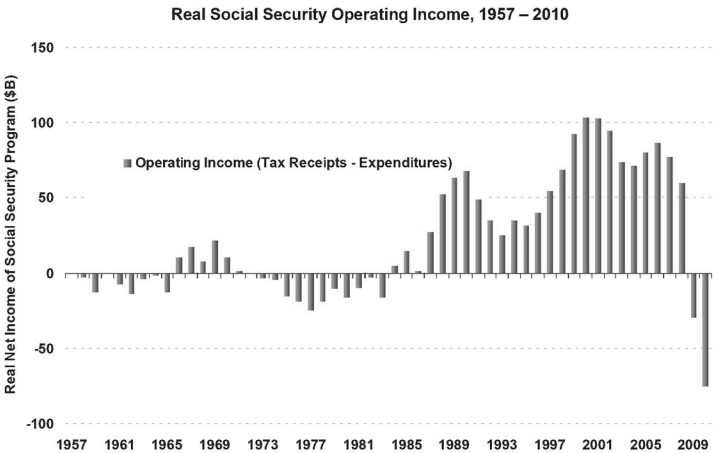


*Note: *Data is adjusted for inflation using White House OMB's GDP price index (based on BEA's data). USA federal fiscal year ends in September; Source: Social Security Administration.*



## Social Security: Enrollment Up 5x to 52 Million While Inflation-Adjusted Annual Payments per Beneficiary Up 2x to $12K From 1957 to 2009

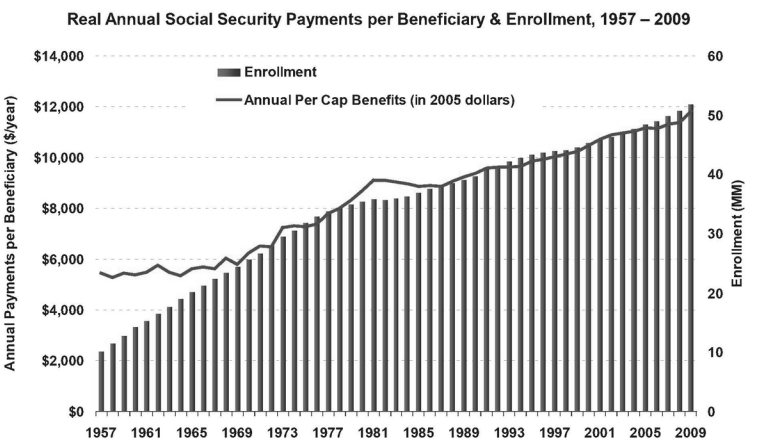


*Note: Data are inflation adjusted using BEA's GDP price index. Source: Social Security Administration.*

## Social Security: Observations

- **52 million retired Americans (17% of population) received an average of $11,826 (in 2005 dollars) in Social Security payments (32% of USA per-capita income) in 2009.**
- By comparison, 10 million retired Americans (6% of population) received an average of $5,447 (in 2005 dollars) in Social Security payments (51% of per-capita income) in 1957.
- When Social Security was created in early 20th century to provide retirement income to elderly Americans, 1 in 127 Americans[1] (<1% of population) received Social Security payments. Now 1 in 6 Americans (17%) receive Social Security payments…well above the initial 'plan.'

*Note: 1) Social Security was created in 1935, full data on enrollees not available until 1945.*
*Source: Social Security Administration.*



## Social Security: America is Aging, and USA, Inc. Workers Are Required to Support 5x More Beneficiaries (and Rising) than They Did in 1950!

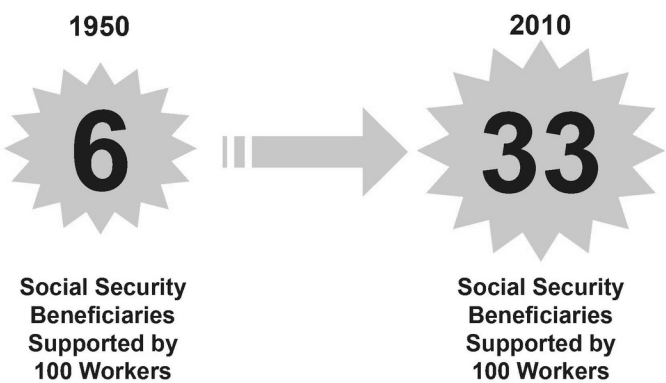


*Source: Social Security Administration.*

## Social Security: Each Retiree Was Supported by 42 Workers in 1945 & Just 3 Workers in 2009

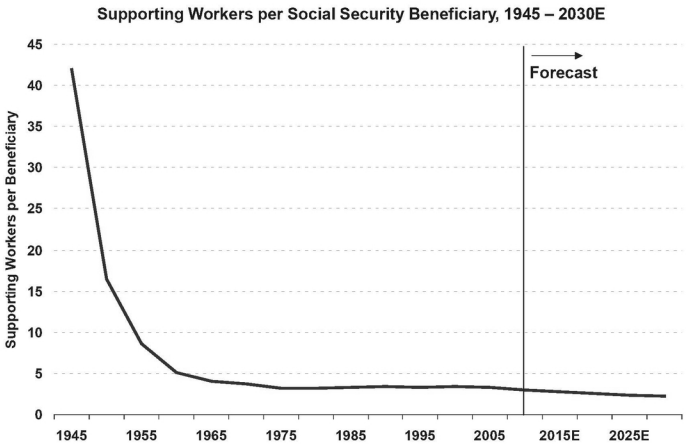


*Source: Social Security Administration.*



## Think About That…

If you are a worker in USA, Inc. (as 81 million tax-paying Americans are), in effect, you have 5 times more 'dependents*' than your parents had and 15 times more than your grandparents.

*Note: * 'Dependents' = retirees who receive Social Security benefits primarily funded via payroll taxes on current working population.*

## Analysts Often Think of Things as Math Problems…

So, how about this one…



## Americans Are Living 26% Longer, But Social Security 'Retirement Age' Has Increased Only 3% Since Social Security Was Created in 1935…

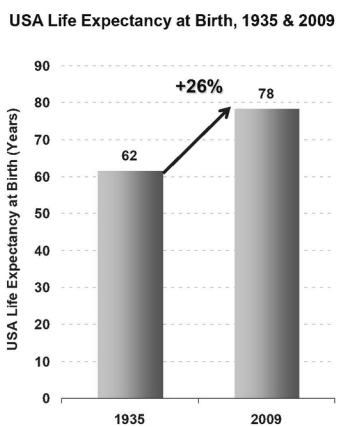


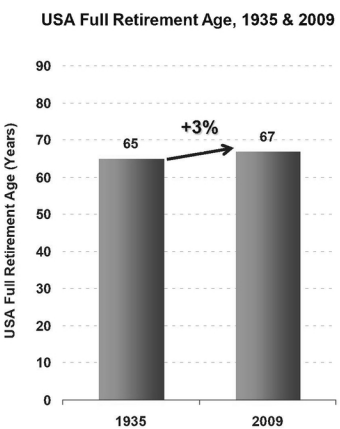


*Note: Full retirement age is 65 for people born in 1930; 67 for people born in 2009; Social Security Amendments of 1961 allowed early retirement to start at 62+ with reduced benefits. Source: National Center for Health Statistics, World Bank, Social Security Administration.*

# That's a Math Problem…

- **If an expense rises by 26% and the ability to pay rises by only 3%, the math doesn't work.** A computer in a science fiction movie might blurt out, 'does not compute…does not compute…'
- ''Something's Gotta Give…' as the 2003 film put it.
- A mathematician or economist would say, 'the expense must go down or the ability to pay must rise to match the expense.'
- Simple math implies that the age for collecting full benefits should rise from 67 to 72, so that expenses more closely match workers' ability to pay. Under this scenario, while Americans are living 30% longer, the 'retirement' age would rise just 7%, still well below the increase in life expectancy since Social Security was created.



# Social Security: Unless The Program Is Restructured, Cash Flow Will Turn Negative by 2015E Owing to Aging Population

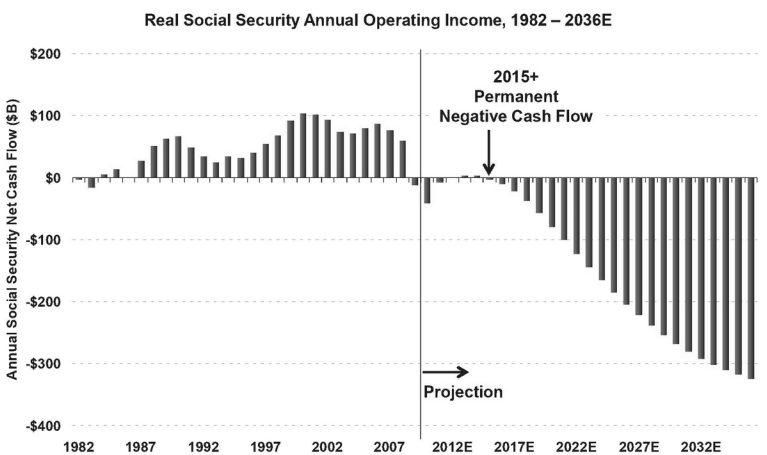


*Note: Data adjusted for inflation in real 2009 dollars. Includes Disability Insurance. Projection by Social Security Administration in 8/10. Source: Social Security Administration.*

## In Sum…

**Heretofore, Social Security and Unemployment Insurance have been effectively funded, but two significant entitlement programs (Medicaid and Medicare) were created without effective funding plans / programs. Only one of these (Medicaid) is means-tested (indicating that one is eligible for Medicaid only if he / she does not sufficient financial means).**

Left unchanged, Unemployment Insurance funding should improve as economic growth resumes, but Social Security will no longer be self-funded within 5-10 years, and the underfunding of Medicaid and Medicare will simply go from bad to worse.



## Drill Down on USA Inc.
## Rising Debt Level and Interest Payments

| 1 | 2 | 3 |
|---|---|---|
| **Entitlement Spending** | **Rising Debt Level & Interest Payments** | **Periodic Large One-Time Charges** |
| **Medicaid** (-$273B Net Loss*) | **Debt Level** ($9T Outstanding) | **TARP** ($26B Net Profit*[2]) |
| **Medicare** (-$272B Net Loss*[1]) | **Effective Interest Rates** (2.2%) | **Fannie Mae / Freddie Mac** (-$41B Net Loss*) |
| **Unemployment Benefits** (-$115B Net Loss*) | **Debt Composition** | **ARRA** (-$137B Net Loss*) |
| **Social Security** (-$75B Net Loss*[1]) | | |

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

# Interest Payments: 3 Determinants = Debt Level + Interest Rates + Maturity

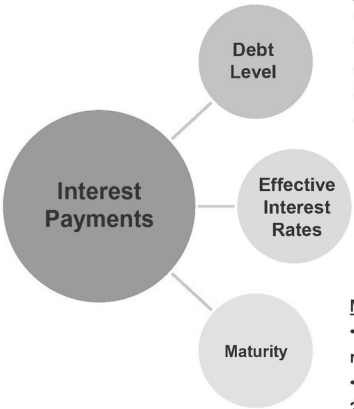


**Debt Level**

- 62% of GDP in 2010, up 2x over 30 years
- Projected to rise to ~146% of GDP by 2030E owing to diminishing surpluses from Social Security and rising expenses from Medicaid and other entitlement spending

**Effective Interest Rates**

- At historic low of 2.2% in 2010, vs. 30-year average of 6.4%
- Will rise with federal funds target rate & long-term Treasury yield as economy recovers

**Maturity**

- Shorter debt maturities imply less leverage to reduce future interest payments via inflation
- Long-term debt (10+ year) only 10% of total in 2010, down from 15% in 1985
- Short-term debt (0-1 year) especially large in 2009

*Source: Historical debt level / effective interest rates data per White House OMB; Debt projection per CBO; Maturity and composition per Dept. of Treasury.*



# Drill Down on Debt Levels & Related Expenses

**We begin with a simple study of current and historical debt levels and key drivers of why debt has risen so much, then we look at interest rates (which are low by historical standards) and the impact they have on interest expense, then we look at the short-term vs. long-term composition of USA Inc.'s debt.**

1

**Entitlement Spending**

Medicaid
(-$273B Net Loss*)

Medicare
(-$272B Net Loss*1)

Unemployment Benefits
(-$115B Net Loss*)

Social Security
(-$75B Net Loss*1)

2

**Rising Debt Level & Interest Payments**

Debt Level
($9T Outstanding)

Effective Interest Rates
(2.2%)

Debt Composition

3

**Periodic Large One-Time Charges**

TARP
($26B Net Profit*2)

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(-$41B Net Loss*)

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(-$137B Net Loss*)

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## Debt Level: Highest (as % of GDP) Since World War II and Rising Rapidly

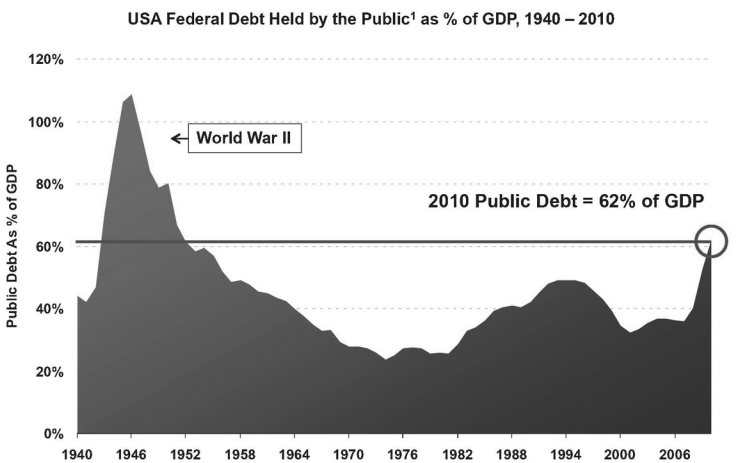


*Note: 1) For a more-detailed discussion about net debt (Federal debt held by the public) vs. gross debt, see slide 455 to 463 in Appendix. Source: White House Office of Management and Budget.*

# Why Has Debt Risen So Much? Public Debt Up **2x** Over Past 3 Decades

*Source: White House Office of Management and Budget.*



## Debt Level: Why It Has Risen
## **Answer Part 1**: Expenses (Entitlement + One-Time Items*) Grew Faster Than GDP

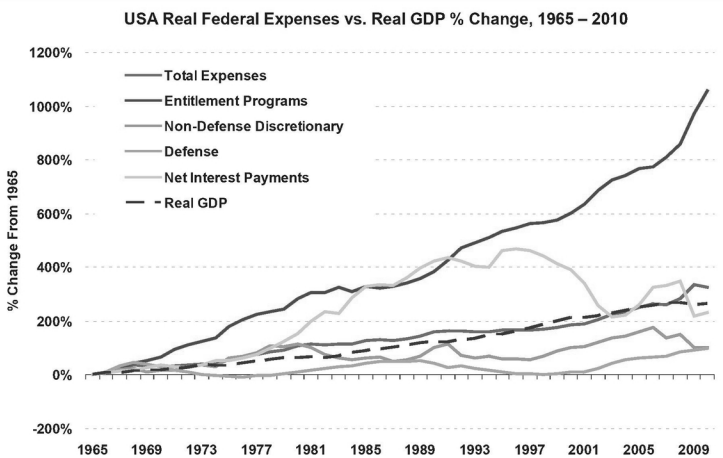


*Note: *One-time items could not be shown in chart because % change from 1965 is not available. For context, one-time items totaled $377B in 2009 and $152B in 2010 (both in 2005 constant dollars), both of which are the 3rd largest line item after entitlement expenses and defense spending. Data adjusted for inflation. Source: White House Office of Management and Budget.*

## Debt Level: Entitlement Spending Increased **11x** (1965 to 2010), While Real GDP Grew **3x**

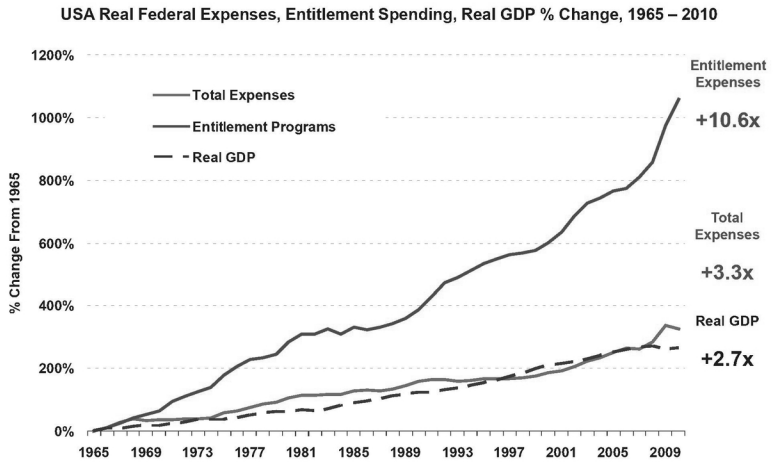


*Note: Data adjusted for inflation. Source: White House Office of Management and Budget.*



## Debt Level: Why It Has Risen
## **Answer Part 2**: Revenue (Esp. Corporate Taxes) Fell Below GDP Growth

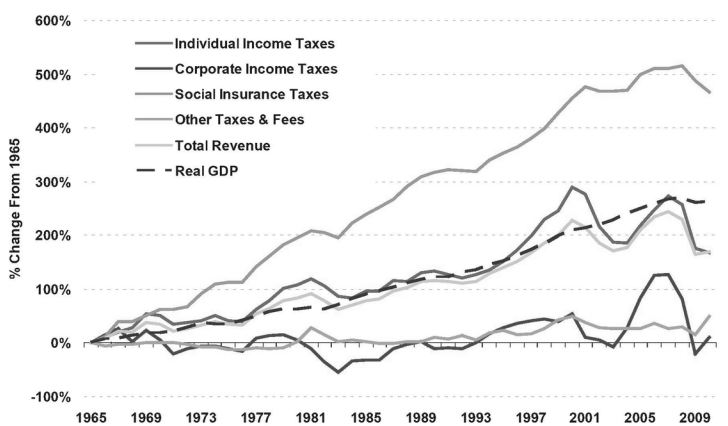


*Note: All data adjusted for inflation. Source: White House Office of Management and Budget, Bureau of Economic Analysis.*

## Debt Level: Recessions + Corporate Tax Accounting Changes Led to Revenue Underperformance (Relative to GDP Growth)

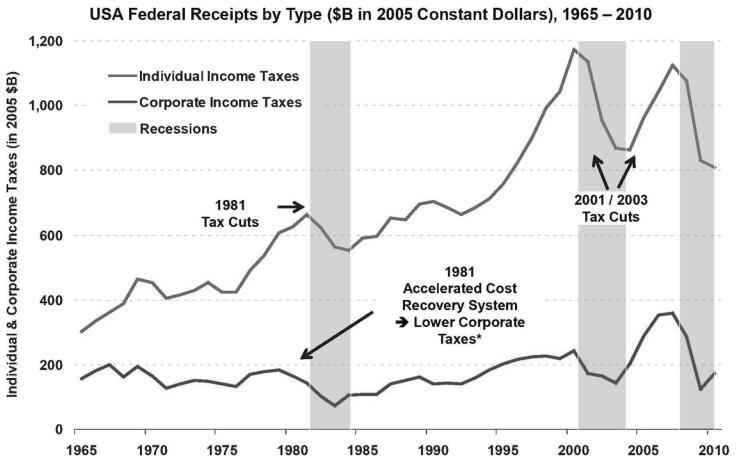


*Note: * The adoption of Accelerated Cost Recovery System allowed companies to utilize accelerated depreciation on capital investments, leading to higher depreciation costs and lower taxable income. Source: White House Office of Management and Budget. Note that recession-related tax cuts can be doubled edged – reducing tax revenue but enhancing GDP growth.*



## Debt Level: In the Past, Social Security's Surpluses Have Masked USA Inc.'s True Borrowing Needs by $1.4T

- Social Security tax receipts exceeded outlays in every year between 1984 and 2008, leading to a cumulative surplus of $1.4 trillion.
- These surpluses have been used to fund other parts of federal government operations (including Medicaid, infrastructure and defense...) under the unified budget accounting rules.
- Without these past Social Security surpluses, USA Inc. would have to have issued $1.4 trillion more debt (or 16% higher than current level of debt) to fund its operations.

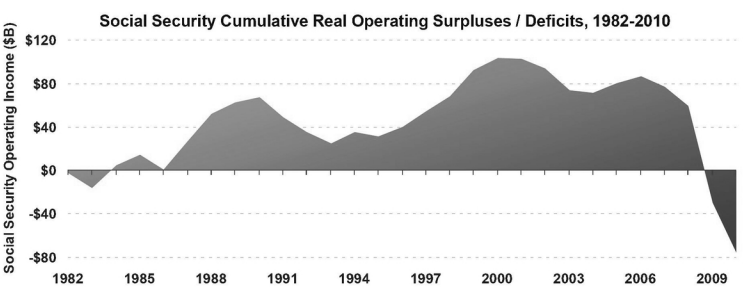


*Note: Surpluses & deficits exclude Trust Fund interest income, adjusted for inflation.*
*Data source: Congressional Budget Office.*

# Why Will Debt Level Continue to Rise? Public Debt Projected to Rise **2x** Over Next 3 Decades

*Source: Congressional Budget Office Long-Term Budget Outlook (6/10), Alternative Fiscal Scenario (assuming a continuation of today's underlying fiscal policy. This scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur and that policymakers have regularly made in the past).*



## Debt Level: Projected to Rise 3x Over Next 2 Decades, per USA Inc.'s Own Estimates

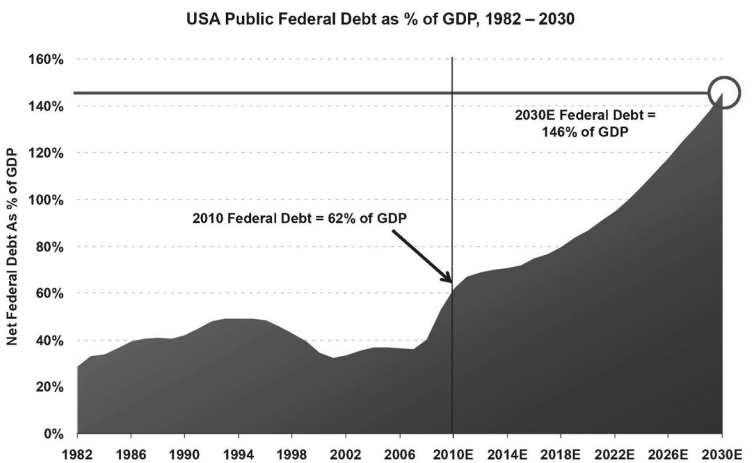


*Source: Congressional Budget Office Long-Term Budget Outlook (6/10), Alternative Fiscal Scenario (assuming a continuation of today's underlying fiscal policy. This scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur and that policymakers have regularly made in the past).*

## Debt Level: Why Will It Continue to Rise?
## Answer Part 1: Notional Social Security "Trust Fund" Surpluses Likely Turning Into Deficits Owing to Aging Population

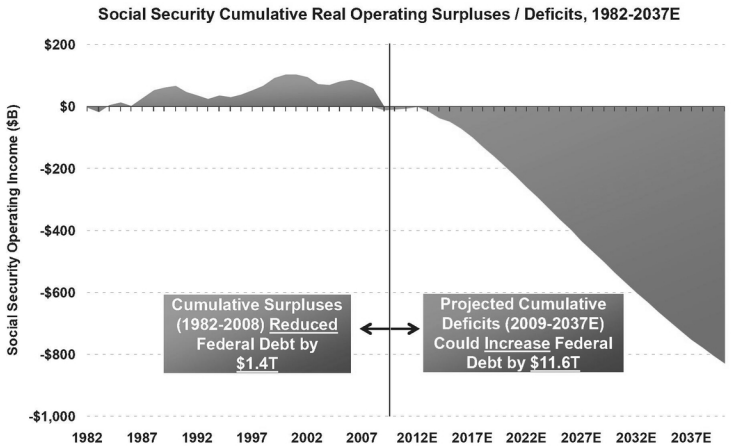


*Note: Surpluses & deficits exclude Trust Fund interest income, adjusted for inflation in 2009 dollars. Source: Congressional Budget Office.*



## Debt Level: Why Will It Continue to Rise?
## Answer Part 2: Notional Medicare* "Trust Fund" Surpluses Likely Turning Into Deficits Owing to Aging Population

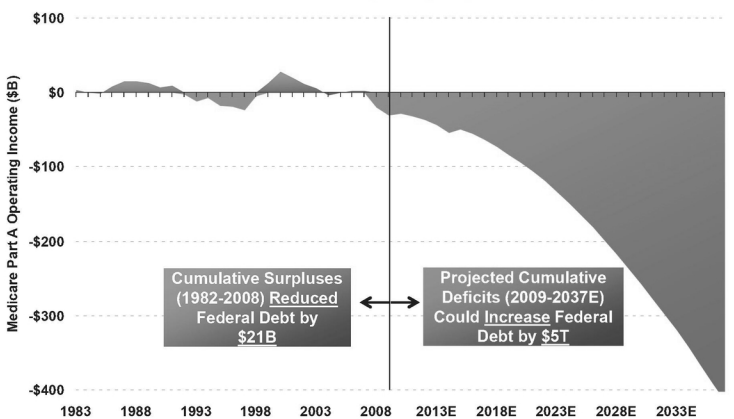


*Note: Data are adjusted for inflation in 2009 dollars. *Only Medicare Part A (hospital insurance) has a trust fund (funded by payroll taxes), Part B (medical insurance) and Part D (prescription drug benefits) are primarily funded by general tax revenue and premium / co-payments. Source: Medicare Trustees.*

## Debt Level: Why Will It Continue to Rise?
## **Answer Part 3**: Potential Loss on Guarantees on Fannie Mae / Freddie Mac Originations Could Rise

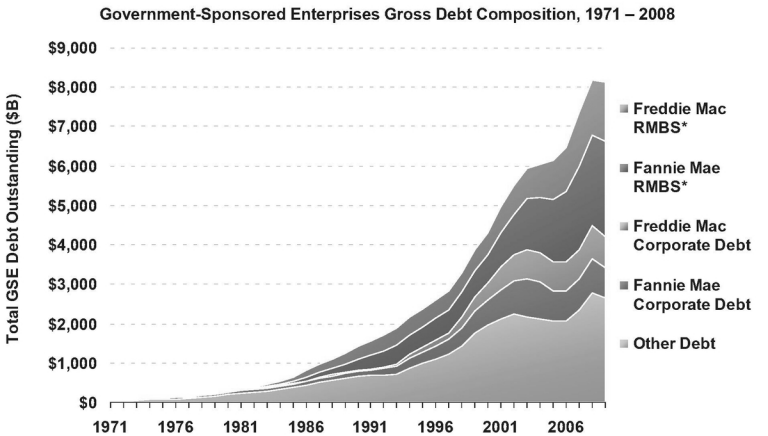


*Note: *RMBS is residential mortgage-backed securities. Other debt includes those issued by other federal agencies such as Federal Home Loan Banks and Student Loan Marketing Association (Sallie Mae). Source: FHFA Report to the Congress 2009.*



## Debt Level: GSEs' Expansion Into 'Non-Conventional' Mortgage Lending Business Has Proved to Be Costly So Far

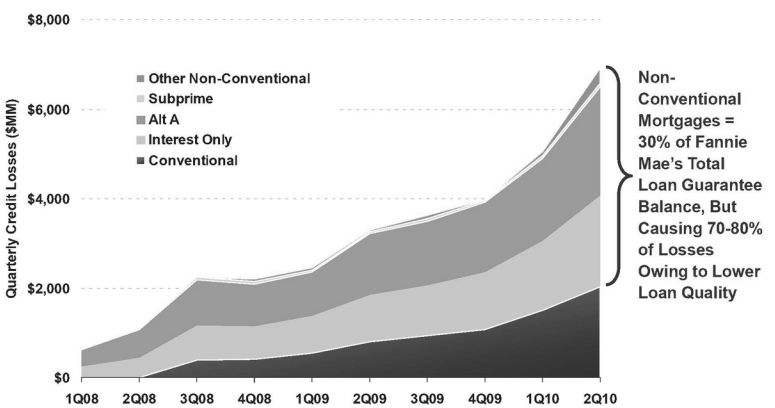


*Source: Fannie Mae, Betsy Graseck, Morgan Stanley Research.*

## Debt Level: Fannie Mae + Freddie Mac = Latest Estimated Ultimate Cost to Taxpayers Varies*

| Base-Case Estimated Ultimate Net Loss** | Source | Comments / Assumptions |
|---|---|---|
| $389 Billion | Congressional Budget Office (CBO) | Net accrued loss to be borne by taxpayers, including net cash infusions (with implied default rate of ~5-10%) and risk premiums associated with federal government's implicit guarantee on GSEs' credit.<br>Bulk of the net loss ($291B) occurred prior to and during F2009.<br>On a cash basis, CBO's estimate would have been in line with White House OMB's estimate. |
| $160 Billion | White House Office of Management and Budget (OMB) | Net cash outlay to be borne by Treasury Dept. (and ultimately taxpayers), including Treasury Dept.'s cash outlays to purchase Fannie Mae & Freddie Mac preferred stock (with implied default rate of ~5-10%), minus cash received from dividends.<br>Bulk of the net cash outlay ($112B) occurred prior to and during F2009. |

*Note: *Latest estimated cost to taxpayers varies and continues to rise. **By F2019E. Source: CBO, OMB.*



## Debt Level: Scenario Math – What Various Default Rates Could Mean for Taxpayer Ultimate Cash Cost of Fannie Mae & Freddie Mac

Fannie Mae / Freddie Mac Outstanding Loan Guarantees × Default Rate × Loss Severity* = Ultimate Cash Cost to Taxpayer

| Outstanding Loan Guarantees | Default Rate | Loss Severity* | Ultimate Cash Cost to Taxpayer |
|---|---|---|---|
| $5 Trillion[1] (before government conservatorship in 9/08) | 2% | 50% | $50 Billion |
| | 5% | | $125 Billion |
| | 10% | | $250 Billion |
| | 15% | | $375 Billion |
| | 20% | | $500 Billion |
| | 25% | | $625 Billion |

**$160 Billion**

**Current CBO / OMB Forecasts of Ultimate Cash Cost of Fannie Mae / Freddie Mac**

*Note: * Loss severity is liquidation value (foreclosure auction or other means) as a % of the loan amount adjusted for any advances and fees. Source: 1) Fannie Mae, Freddie Mac.*

**Entitlement Spending**

- **Medicaid** (-$273B Net Loss*)
- **Medicare** (-$272B Net Loss*1)
- **Unemployment Benefits** (-$115B Net Loss*)
- **Social Security** (-$75B Net Loss*1)

**Rising Debt Level & Interest Payments**

- **Debt Level** ($9T Outstanding)
- **Effective Interest Rates** (2.2%)
- **Debt Composition**

**Periodic Large One-Time Charges**

- **TARP** ($26B Net Profit*2)
- **Fannie Mae / Freddie Mac** (-$41B Net Loss*)
- **ARRA** (-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*



## Effective Interest Rates: While USA Debt Has Risen Steadily Since 1981, Rates Have Fallen Steadily, so the Cost of Debt Has Potentially Been Held Artificially Low

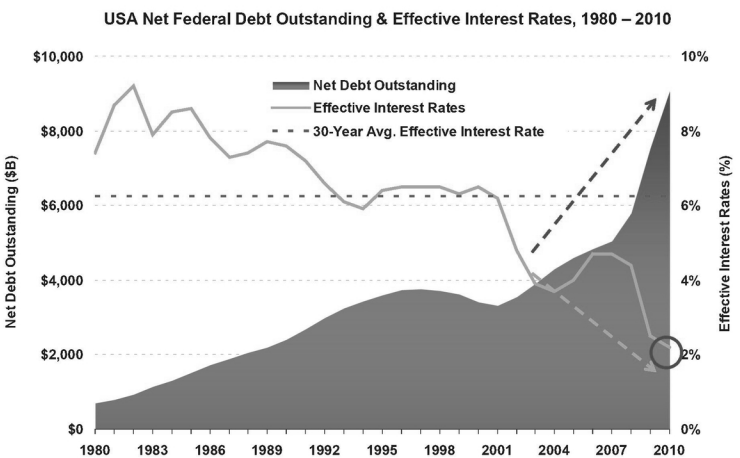


*Source: White House Office of Management and Budget.*

## Effective Interest Rates: While USA Debt Has **Risen**, Net Interest Payments Have **Fallen**

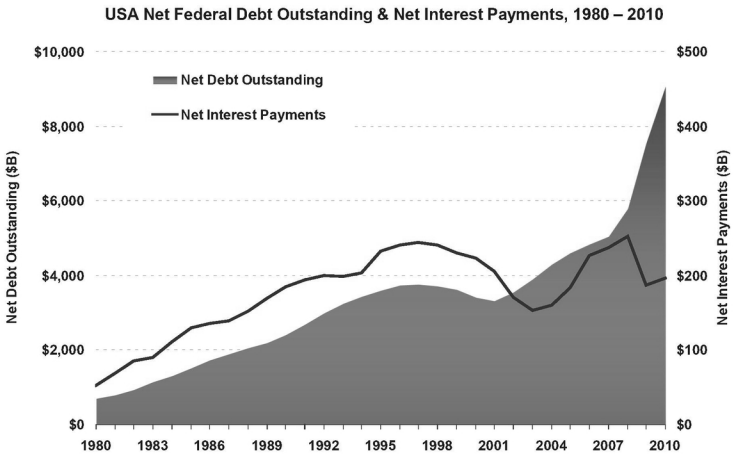


*Source: White House Office of Management and Budget.*



## Effective Interest Rates: Hypothetical Exercise – If USA 2009 Cost of Debt Was Paid at 30-Year Average Interest Rate Level of **6%** vs. Current **2%**, Annual Interest Cost Would Rise 3x to **$566 Billion** from **$196 Billion**

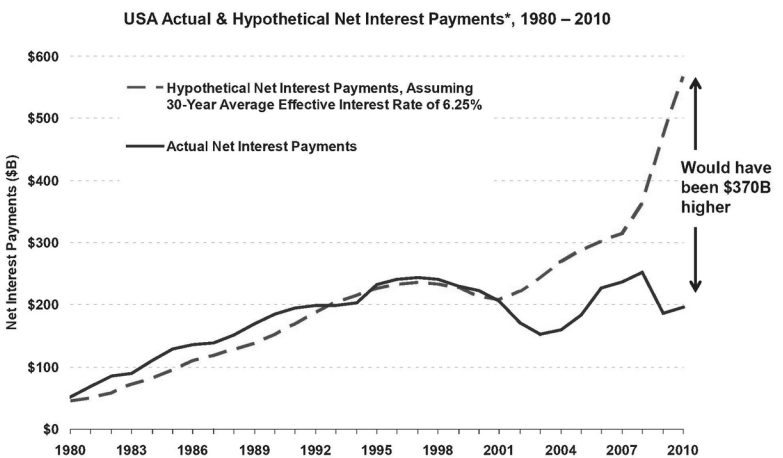


*Note: * Hypothetical net interest payments calculation assumes all other variables (such as GDP, revenue, spending, debt levels, etc.) are held constant. Source: White House Office of Management and Budget.*

## Effective Interest Rates: But Cost of Debt Unlikely to Continue to Decline For Extended Period If Economy Improves

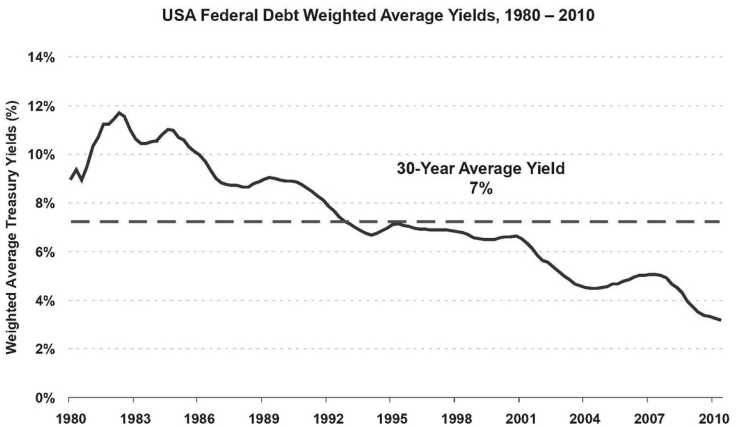


*Source: US Treasury.*



## Effective Interest Rates: If Debt Levels & Interest Rates Rise Dramatically Beyond 2010, Net Interest Payments Could Soar…

**USA Federal Net Debt Outstanding / Effective Interest Rates / Net Interest Payments, 2009 – 2016E**

| | 2009 | 2010 | 2011E | 2012E | 2013E | 2014E | 2015E | 2016E | 11-16E CAGR |
|---|---|---|---|---|---|---|---|---|---|
| **Net Debt Outstanding ($B)** | $7,545 | $9,019 | $10,856 | $11,881 | $12,784 | $13,562 | $14,301 | $15,064 | 7% |
| *Y/Y Growth* | *30%* | *20%* | *20%* | *9%* | *8%* | *6%* | *5%* | *5%* | |
| **Effective Interest Rate (%)** | 2.5% | 2.2% | 1.9% | 2.0% | 2.5% | 3.1% | 3.5% | 3.7% | -- |
| **Net Interest Payments ($B)** | $187 | $196 | $207 | $242 | $321 | $418 | $494 | $562 | 22% |
| *Y/Y Growth* | *-26%* | *5%* | *5%* | *17%* | *33%* | *30%* | *18%* | *14%* | |
| *% of Federal Tax Receipts* | *9* | *9* | *10* | *9* | *11* | *13* | *14* | *15* | |

*Note: CAGR is compound annual growth rate. Source: White House Office of Management and Budget.*

# Effective Interest Rates: If Debt Levels & Interest Rates Rise Dramatically Beyond 2010, Net Interest Payments Could Soar

**USA Net Federal Debt Outstanding & As Percent of Total Revenue, 1980 – 2016E**

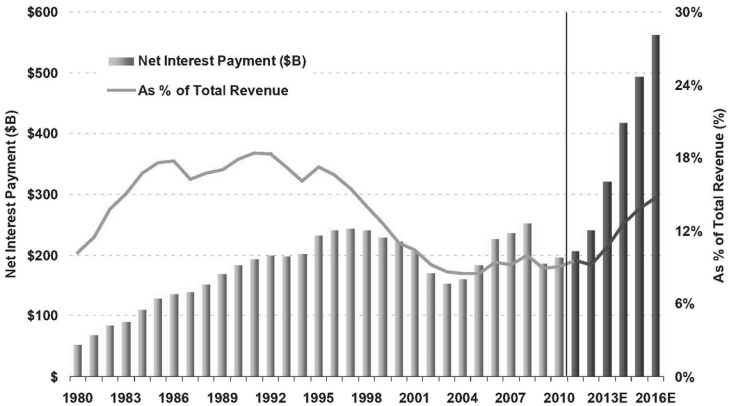


*Note: CAGR is compound annual growth rate. Source: White House Office of Management and Budget.*



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(-$272B Net Loss*1)

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## 2 Rising Debt Level & Interest Payments

**Debt Level**
($9T Outstanding)

**Effective Interest Rates**
(2.2%)

**Debt Composition**

## 3 Periodic Large One-Time Charges

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($26B Net Profit*2)

**Fannie Mae / Freddie Mac**
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## Debt Composition: Average Debt Maturity Declining Since 2000, Combined With Declining Interest Rate, Leading to "Artificially Low" Interest Payments

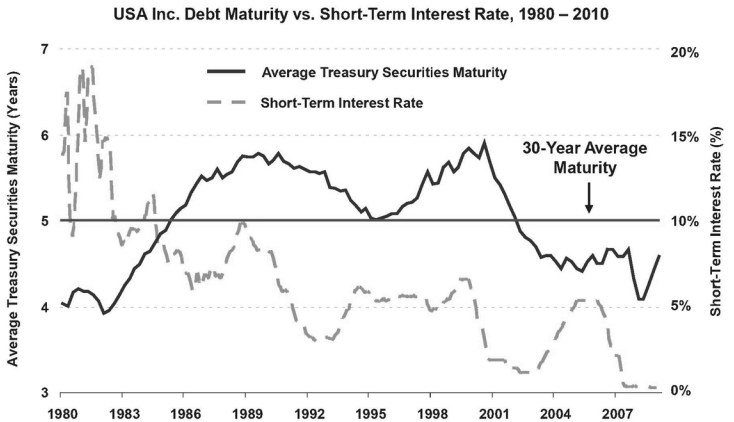


*Source: Dept. of Treasury.*



## Debt Composition: Maturity – Temporary High Mix (32%) of Short-Term Treasury Bills in 2009 Took Advantage of Historic Low Interest Rates to Reduce Interest Payments

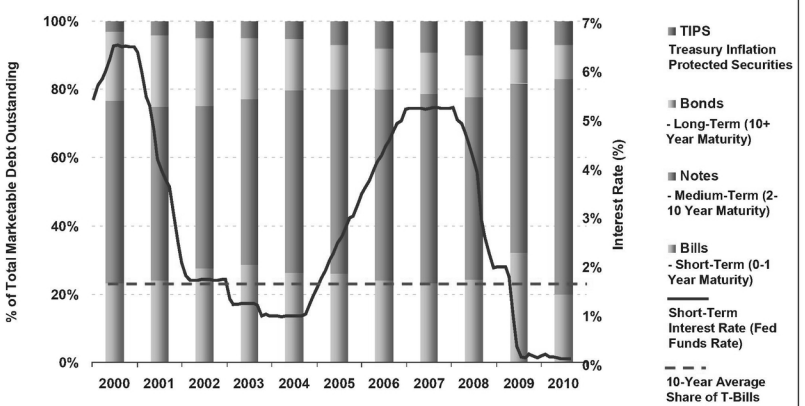


*Note: Data as of March each year; composition excludes nonmarketable securities. Source: Dept. of Treasury.*

## Debt Composition: Foreign Investors & Governments Hold ~46% of USA Inc. Public Debt

**1989 Total Public Debt Outstanding $2 Trillion**

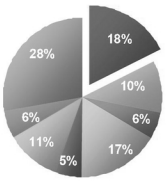


- Foreign Investors & Government
- Federal Reserve
- Mutual Funds
- State & Local Governments
- Private Pension Funds
- Depository Institutions
- Insurance Companies
- Other Investors

**2010 Total Public Debt Outstanding $9 Trillion**

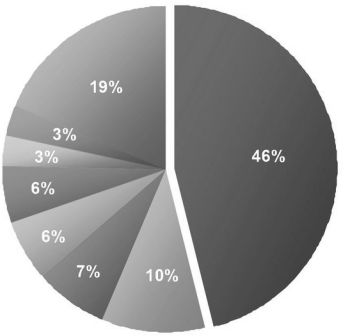


*Note: Public debt ownership excludes Government Accounts Series (such as Social Security Trust Fund) as those holdings are intra-government and not tradable in public. Source: Dept. of Treasury, as of CQ2:10.*



## Debt Composition: Foreign Investors & Governments Hold 46% of USA Inc. Public Debt, Up From 4% in 1970 – How Much Higher Should It Go?

**Foreign Ownership of US Treasury Securities, CQ1:1970 – CQ2:2010**

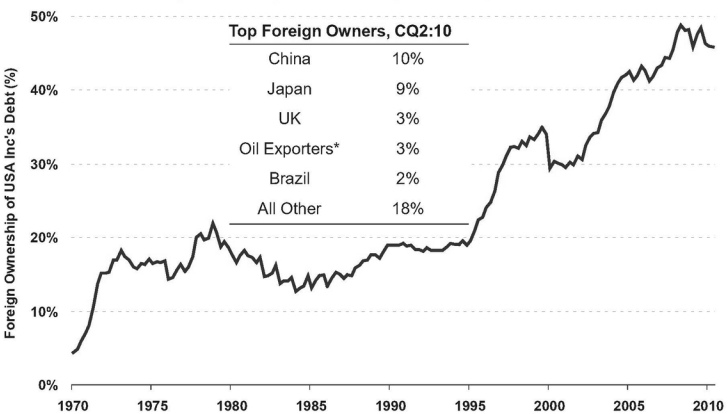


**Top Foreign Owners, CQ2:10**

| | |
|---|---|
| China | 10% |
| Japan | 9% |
| UK | 3% |
| Oil Exporters* | 3% |
| Brazil | 2% |
| All Other | 18% |

*Note: *Oil exporters include Ecuador, Venezuela, Indonesia, Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Algeria, Gabon, Libya, and Nigeria. Source: Dept. of Treasury, as of CQ2:10.*

## And – You Guessed It – Here's the Punch Line…

By USA Inc.'s Own Forecast…



## Entitlement Spending + Interest Payments Alone Should Exceed USA Inc. Total Revenue by 2025E!

**Entitlement Spending + Interest Payments vs. Revenue as % of GDP, 1980 – 2050E**

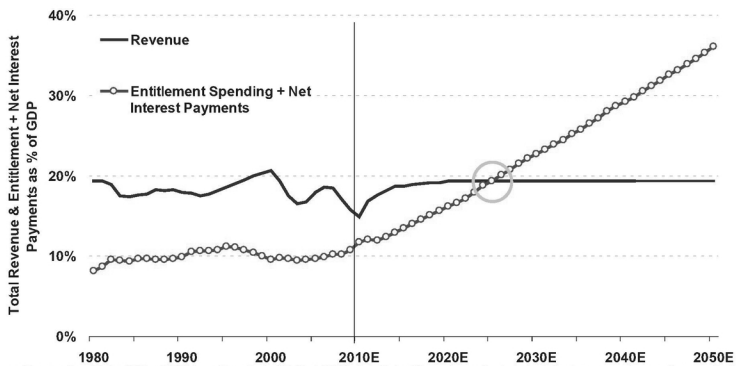


*Source: Congressional Budget Office (CBO) Long-Term Budget Outlook (6/10). Note that entitlement spending includes federal government expenditures on Social Security, Medicare and Medicaid. Data in our chart is based on CBO's 'alternative fiscal scenario' forecast, which assumes a continuation of today's underlying fiscal policy. Note that CBO also maintains an 'extended-baseline' scenario, which adheres closely to current law. The alternative fiscal scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur (such as extending the 2001-2003 tax cuts rather than letting them expire as scheduled by current law and adjusting physician payment rates to be in line with the Medicare economic index rather than at lower scheduled rates) and that policymakers have regularly made in the past.*

## CBO's Projection from 10 Years Ago (in 1999) Showed Federal Revenue Sufficient to Support Entitlement Spending + Interest Payments Until 2060E – 35 Years Later than Current Projection

**CBO's Projection in the '1999 Long-Term Budget Outlook' on Entitlement Spending + Interest Payments vs. Revenue as % of GDP, 1980 – 2070E**

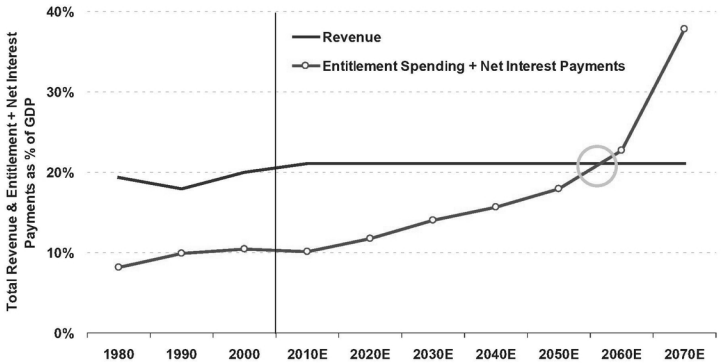


*Source: Congressional Budget Office Long-Term Budget Outlook (1999).*
*Note that there was no alternative fiscal scenario in CBO's forecast back then.*



## If the Previous Two Slides…

aren't a
wake-up call,
we don't know
what is…

# Drill Down on USA Inc. Periodic Large One-Time Charges

**Entitlement Spending**

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(-$273B Net Loss*)

**Medicare**
(-$272B Net Loss*1)

**Unemployment Benefits**
(-$115B Net Loss*)

**Social Security**
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($9T Outstanding)

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# One-Time Charges: Unusually High in F2009 & F2010 with Financial + Economic Crisis

| Net One-Time Charges to USA Inc. ($B) | F2008 | F2009 | F2010 | F2011 YTD* | Net Sum of 4 Years |
|---|---|---|---|---|---|
| **Government-Sponsored Enterprises (GSEs)** | **$14** | **$97** | **$41** | -- | **$152** |
| Fannie Mae | -- | 60 | 23 | -- | 83 |
| Freddie Mac | $14 | 37 | 18 | -- | 69 |
| **Troubled Asset Relief Program (TARP)*** | **--** | **$261** | **-$26** | **-$23** | **$213** |
| Banks | -- | 134 | -85 | -28 | 21 |
| Automakers | -- | 78 | -6 | -14 | 58 |
| AIG | -- | 49 | -- | 20 | 69 |
| Individual Homeowners | -- | 0 | 39 | -1 | 38 |
| Other Financial Institutions | -- | -- | 22 | -- | 22 |
| Consumers & Small Businesses | -- | -- | 4 | -- | 4 |
| **American Recovery and Reinvestment Act (ARRA)**** | **--** | **$40** | **$137** | **--** | **$177** |
| Education | -- | 21 | 50 | -- | 71 |
| Nutrition Assistance | -- | 5 | 11 | -- | 16 |
| Transportation | -- | 4 | 15 | -- | 19 |
| Tax Credits | -- | 2 | 33 | -- | 35 |
| Energy | -- | 1 | 5 | -- | 6 |
| Other | -- | 7 | 23 | -- | 30 |
| **Net Total One-Time Charges ($B)** | **$14** | **$398** | **$152** | **-$23** | **$542** |

*Note: Federal fiscal year ends in September. *TARP one-time charges include repayments & dividends; F2011 TARP data as of 2/11, per US Treasury; F2011 YTD GSE & ARRA data not available. **ARRA one-time charges exclude funds used by entitlement programs such as Social Security / Medicare / Medicaid / Unemployment. Source: Congressional Budget Office, Dept of Treasury.*

# One-Time Charges: What Charges from F2008-F2010 May Look Like on Net Basis Over Next 10 Years

**One-Time Charges from the 'Financial Crisis' are Not Created Equal – While TARP Was the Headliner, When All's Said & Done, TARP may be Smallest Component, by a Long Shot**

| | Current Cost ($B, as of 2/11) | Ultimate Cash Cost ($B, by F2020E) | Comments |
|---|---|---|---|
| TARP | $213B | <$51B[1] | May fall from net $213 billion to $51 billion or less[1] as banks continue to pay back their loans and automakers / AIG seek IPOs / sales to realize value of USA Inc.'s equity stake. |
| GSE | $152 | ~$160[2] | May grow from net $152 billion to ~$160 billion (or higher)[2] as Fannie Mae and Freddie Mac losses on loan guarantees stabilize and they continue to pay dividends on USA Inc.'s shares. |
| ARRA | $177 | $417 | Should rise from $177 billion to $417 billion[3] based on commitments…and a payback plan was never factored into these payments. |

*Note: 1) Latest Treasury estimate as of 12/10, includes net profits from banks of $16B, net costs from AIG ($5B) / Automakers ($17B) / Consumers & Housing programs ($-46B) and other. AIG net costs excludes potential gains from selling AIG's common shares held by the Treasury, which could turn out to be a $22B profit for the Treasury based on 10/1/10 closing price. Including this potential gain, TARP ultimate cost to the Treasury would be $29B. 2) White House OMB estimates ultimate cash cost of Fannie Mae / Freddie Mac at $165B while the CBO estimates the ultimate cash costs at $160B. Both estimates imply an average default rate of 5-10% on Fannie Mae + Freddie Mac's $5T loan guarantee portfolio and a loss severity of 50%. The Federal Housing Finance Agency (FHFA) estimates ultimate costs to range from $142B to $259B. 3) Net cash costs are limited to discretionary spending items in ARRA. Source: CBO, U.S. Dept of Treasury, White House OMB, FHFA.*



# Recipients of $ from USA One-Time Charges (F2008-2011YTD)

**Total Net 2008-2011 One-Time Charges = $542 Billion (as of 2/11)**

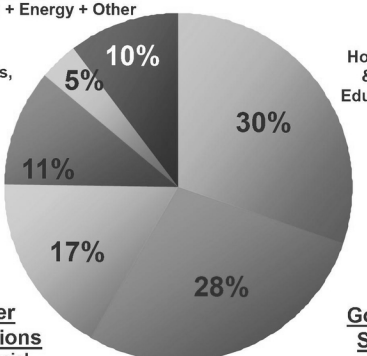


*Source: Dept. of Treasury, as of 2/11.*

## Drill Down on One-Time Charges

**Most of USA Inc.'s recent one-time charges are directly or indirectly related to America's real estate bubble and aggressive borrowing.**

**First we look at the drivers of the real estate bubble (we call it 'anatomy of a real estate bubble'), then we drill down on the past / present / future financial impact of the three types of one-time charges and the recipients:**

**1) TARP (Troubled Asset Relief Program)**
**2) GSEs (Government-Sponsored Enterprises)**
**2) ARRA (American Recovery and Reinvestment Act)**



What created the real estate bubble?

## Real Estate Bubble: Root Causes—Government Home Ownership Push + Declining Interest & Savings Rates + Aggressive Borrowing and Lending Led to 10+ Years of Rising Home Ownership

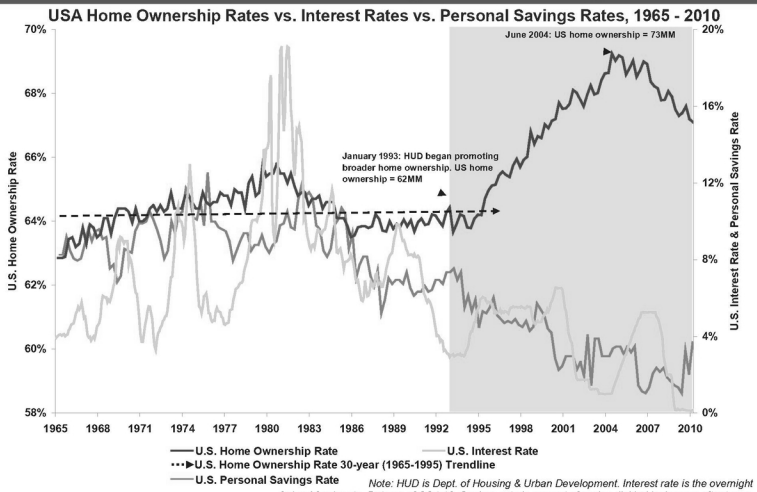


*Note: HUD is Dept. of Housing & Urban Development. Interest rate is the overnight federal funds rate. Data as of CQ1:10. Savings rate is amount of saving divided by income after taxes. Data source: Federal Reserve, DOC Bureau of Economic Analysis.*



## Real Estate Bubble: Home Prices Rose Dramatically (7% Annually) for 10 Years – Up ~2x Over 10-Year Period Ending 2007

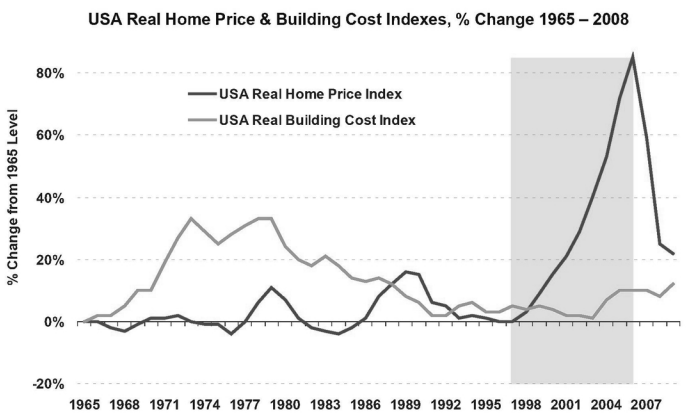


*Note: Real home prices & building costs are inflation-adjusted. Source: Robert Shiller, Yale University.*

## Banks & Other Mortgage Originators Helped Fuel Housing Bubble as They Originated Lower Quality Mortgages – Alt-A & Subprime Origination Volumes Up 374% & 94% in 2006 vs. 2003

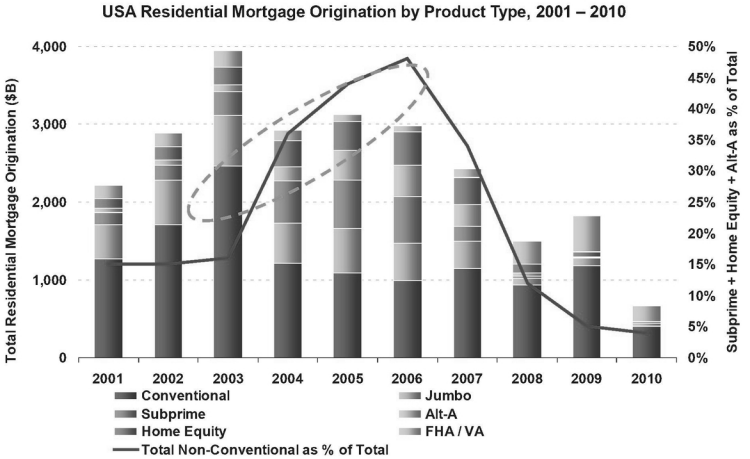


*Source: Inside Mortgage Finance.*



## Real Estate Bubble: Investors Helped Fuel It, Too, as They Reached For Yield Without Questioning AAA Ratings of A Subprime-Backed Investments

**Investors picked up 25-35bps over U.S. Treasuries with comparable maturity, typically levered 10:1 and generated 2.5-3.5% yield, meaningful against an 8% annual yield target**

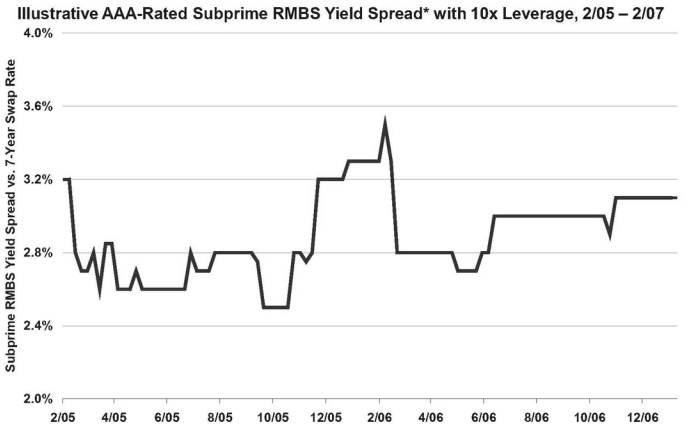


*Note: Illustrative AAA-rated subprime RMBS spread represented as Mezzanine CDO spread vs. 7-year swap rate.*
*Source: Betsy Graseck, Morgan Stanley Research.*

# Investors Struggle with Today's Low ~4% Risk Free Rate

- Pension funds & other investors look for ~8% annual returns in order to meet promised payouts.
- The challenge is far greater than before given:
  - Rising obligations relative to income
  - Lower interest rates
- Promises (e.g., pension, healthcare) made during an 8% interest rate environment are much harder to meet when the risk free rate has fallen from 8% to 3.6%.[1]
- The choice is either to reduce obligations…

  or

  …Invest in riskier assets.

*Note: 10-year Treasury coupon rate as of 2/18/2010. Source: Betsy Graseck, Morgan Stanley Research.*



| 1 | 2 | 3 |
|---|---|---|
| **Entitlement Spending** | **Rising Debt Level & Interest Payments** | **Periodic Large One-Time Charges** |
| **Medicaid** (-$273B Net Loss*) | **Debt Level** ($9T Outstanding) | **TARP** ($26B Net Profit*[2]) |
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## Troubled Asset Relief Program (TARP): Recipient of 38% of Net Government (Taxpayer) Funding*

**In TARP, the financial rescue program (created in October, 2008), USA Inc. purchased assets and equity from financial institutions to provide the capital and liquidity needed during the 2008 financial crisis (which followed the real estate bubble).**

In 2009, TARP recipients were broadened to include automakers, an insurance company (AIG), individual homeowners, small & medium-sized businesses and other non-bank financial institutions.

To date, USA Inc. loaned these institutions $464 billion and received $250 billion in repayment and warrant proceeds for a net outstanding loan balance of $214 billion.

*Note: *As of 2/11, numbers are rounded. Source: Dept. of Treasury.*



## TARP Distribution –

Equally Distributed Among Financial Institutions / Automakers / Insurer / Individuals as of 2/11

**Outstanding Troubled Asset Relief Program (TARP) Balance of $214B[1] as of 2/11**

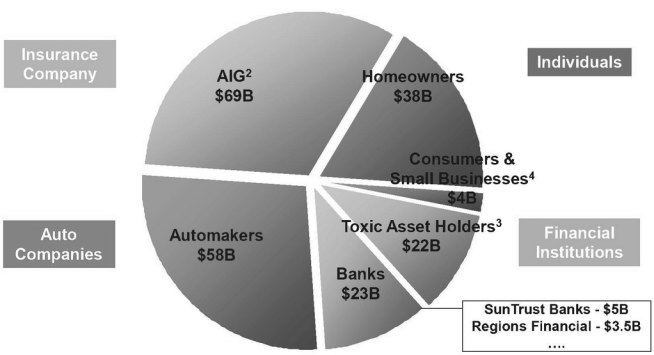


*Note: 1) #s are rounded, includes warrant proceeds of $10B from banks. 2) Total principal + accrued interest on AIG preferred stock purchased by U.S. Treasury prior to 1/11 = $49B, on 1/14/11, AIG drew an additional $20B TARP funding to buy out Federal Reserve's investment. 3) Including banks and other financial institutions; done via Public-Private Investment Program (PPIP) under which Treasury provides equity and debt financing to newly formed public-private investment funds (PPIFs) established by fund managers with investors for the purpose of purchasing legacy securities from financial institutions. These securities are commercial mortgage-backed securities and non-agency residential mortgage-backed securities. 4) Consumers and small & medium-sized businesses that need loans would benefit from the Term Asset-Backed Securities Loan Facility (TALF), through which the Fed provides loans to help support the issuance of asset-backed securities (which would in turn fund a substantial portion of the consumer credit and small business loans). Source: Dept. of Treasury, AIG, data as of 2/14/10.*

## TARP Repayments and Outstanding Loans: Most Large Banks Have Repaid $222 Billion Paid Back[1], $23 Billion Outstanding

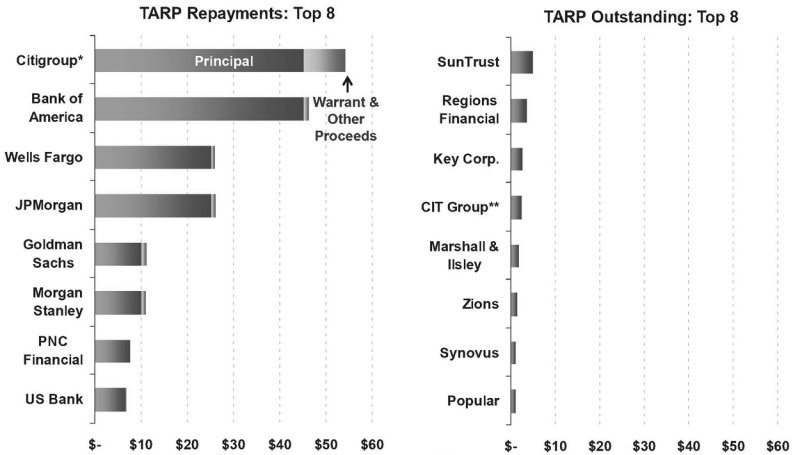


*Note: 1) Includes warrant proceeds from banks; *Citigroup's repayments include $2.3B repayment on the Asset Guarantee program and $6.9B additional proceeds from selling Treasury's ownership. **Treasury's preferred stock investment in CIT Group was lost as a result of CIT's bankruptcy filing. Source: Dept of Treasury, data as of 2/11.*



## TARP Repayments And Outstanding Loans: Most Non-Bank TARP Recipients Have Not Repaid $27 Billion Paid Back, $171 Billion Outstanding

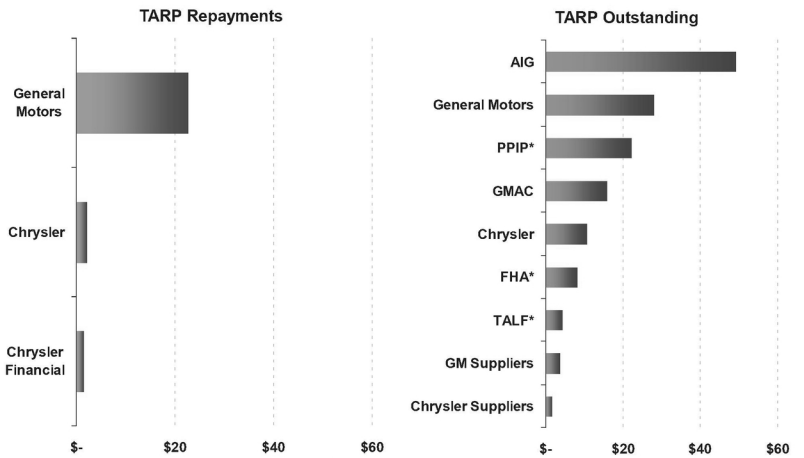


*Note: * PPIP is Public-Private Investment Program, FHA represents the FHA Short Refinance Program, TALF is Term Asset-Backed Securities Loan Facility. Source: Dept of Treasury, data as of 1/11.*

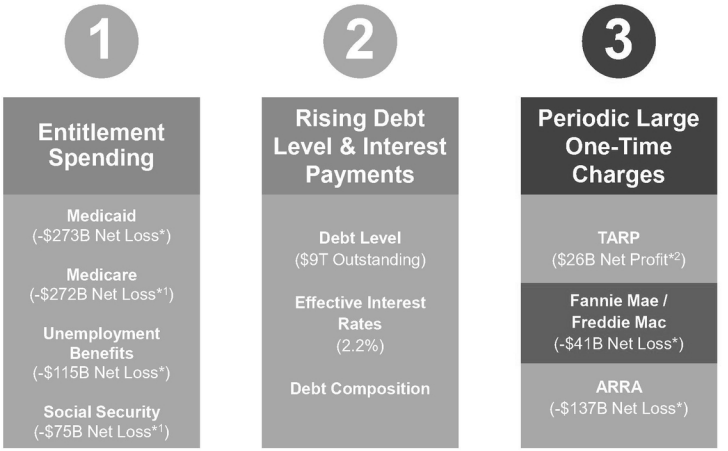


*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*



## Government-Sponsored Enterprises (GSEs): Recipients of 28% of Net Government (Taxpayer) Funding

- **GSEs Fannie Mae & Freddie Mac extended their guarantees on residential mortgages from conventional loans into Alt-A, interest-only and subprime loans.**
- While technically not part of the federal government, Fannie Mae & Freddie Mac have enjoyed an implicit government guarantee on their debt and RMBS securities as investors believed (correctly, as it turned out) that the federal government would support these entities if they failed. As a result, GSEs' long-term debt securities receive AAA/Aaa ratings from all rating agencies and are classified by financial markets as "agency securities" with interest rates above USA Treasuries but below AAA corporate debts.
- Post placing Fannie Mae & Freddie Mac into a government conservatorship, USA Inc. has so far invested $152B[1] into these two GSEs with an estimated $8-13B[2] more likely over the next 10 years, given the ongoing weakness in housing market and the poor underwriting by Fannie Mae & Freddie Mac.

*Source: 1) U.S. Dept of Treasury, as of 12/10, 2) White House OMB / U.S. Congressional Budget Office.*

# Fannie Mae & Freddie Mac: A Brief History of Government-Sponsored Enterprises

**1938** — Fannie Mae established in 1938 to provide liquidity to the primary and secondary mortgage markets

**1968** — Fannie Mae became a publicly traded company in 9/68, in part to reduce rising government debt levels from the Vietnam War by taking Fannie Mae debt off USA Inc.'s balance sheet

**1970** — Freddie Mac established in 1970 after the Emergency Home Finance Act to provide further liquidity to the mortgage markets

**1988** — Freddie Mac became a publicly traded company in 12/88 with an initial market cap of $3 billion

**2008** — Fannie Mae and Freddie Mac placed into conservatorship at a time when they guaranteed 57% of the $12 trillion USA mortgage market

**Fannie Mae & Freddie Mac – What do they do?**

They are insurance and investment companies. Both buy residential and multifamily mortgages which conform to their underwriting standards from banks and other originators. They either hold them in their portfolios or package them into residential mortgage-backed securities (RMBS). These securities, which carry Fannie and Freddie's guarantee on them, are then sold to investors (banks, insurance companies, bond funds, etc.).

*Source: Fannie Mae, Freddie Mac, Los Angeles Times.*



# Fannie Mae & Freddie Mac: What Went Wrong?

**Fannie Mae and Freddie Mac Public Market Capitalizations, 1990 – 2010**

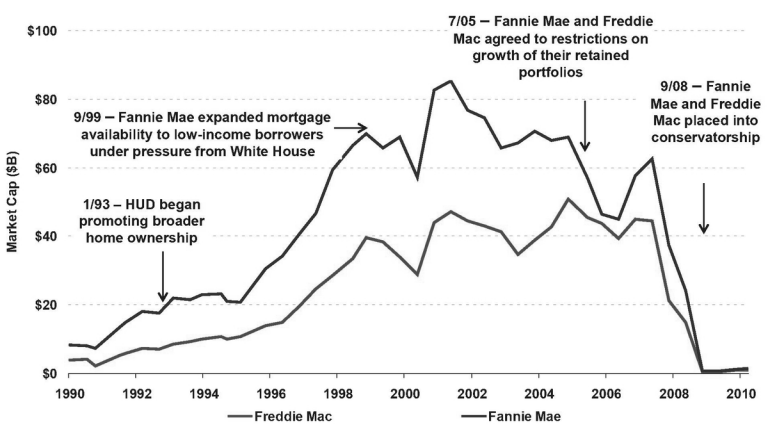


*Note: HUD is Department of Housing and Urban Development. Source: FactSet.*

## Fannie Mae & Freddie Mac: Accounted for Majority of Total Residential Mortgage-Backed Securities (RMBS) Issuance Since 1990s

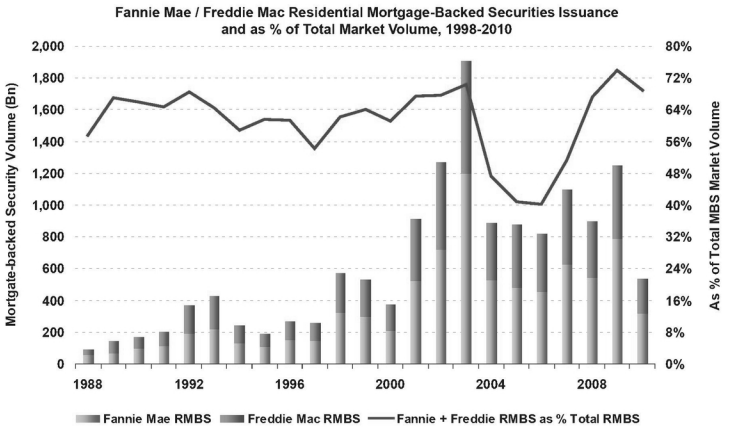


*Sources: 1988-2006 data from Calculated Risk; Fannie Mae / Freddie Mac data from FHFA Annual Report to the Congress 2009, 2009 / 2010 data per EMBS and Hybrid Weekly.*



## Fannie Mae & Freddie Mac: Latest Estimated Ultimate Cost to Taxpayers Varies*

| Base-Case Estimated Ultimate Net Loss** | Source | Comments / Assumptions |
|---|---|---|
| $389 Billion | Congressional Budget Office (CBO) | Net accrued loss to be borne by taxpayers, including net cash infusions (with implied default rate of ~5-10%) and risk premiums associated with federal government's implicit guarantee on GSEs' credit.<br>Bulk of the net loss ($291B) occurred prior to and during F2009.<br>On a cash basis, CBO's estimate would have been in line with White House OMB's estimate. |
| $160 Billion | White House Office of Management and Budget (OMB) | Net cash outlay to be borne by Treasury Dept. (and ultimately taxpayers), including Treasury Dept.'s cash outlays to purchase Fannie Mae & Freddie Mac preferred stock (with implied default rate of ~5-10%), minus cash received from dividends.<br>Bulk of the net cash outlay ($112B) occurred prior to and during F2009. |

*Note: *Latest estimated cost to taxpayers varies and continues to rise. **By F2019E. Source: CBO, OMB.*

## Fannie Mae & Freddie Mac: Scenario Math – What Various Default Rates Could Mean for Taxpayer Ultimate Cash Cost

Fannie Mae / Freddie Mac Outstanding Loan Guarantees × Default Rate × Loss Severity* = Ultimate Cash Cost to Taxpayer

| Outstanding Loan Guarantees | Default Rate | Loss Severity* | Ultimate Cash Cost to Taxpayer |
|---|---|---|---|
| $5 Trillion[1] (before government conservatorship in 9/08) | 2% | 50% | $50 Billion |
| | 5% | | $125 Billion |
| | 10% | | $250 Billion |
| | 15% | | $375 Billion |
| | 20% | | $500 Billion |
| | 25% | | $625 Billion |

**$160 Billion**

**Current CBO / OMB Forecasts of Ultimate Cash Cost of Fannie Mae / Freddie Mac**

*Note: * Loss severity is liquidation value (foreclosure auction or other means) as a % of the loan amount adjusted for any advances and fees. Source: 1) Fannie Mae, Freddie Mac.*



**1 Entitlement Spending**

**Medicaid** (-$273B Net Loss*)

**Medicare** (-$272B Net Loss*[1])

**Unemployment Benefits** (-$115B Net Loss*)

**Social Security** (-$75B Net Loss*[1])

**2 Rising Debt Level & Interest Payments**

**Debt Level** ($9T Outstanding)

**Effective Interest Rates** (2.2%)

**Debt Composition**

**3 Periodic Large One-Time Charges**

**TARP** ($26B Net Profit*[2])

**Fannie Mae / Freddie Mac** (-$41B Net Loss*)

**ARRA** (-$137B Net Loss*)

*Note: *denotes F2010 net income / net loss of respective programs, data per White House OMB. 1) Medicare and Social Security net loss excludes Trust Fund interest income. 2) TARP net loss includes proceeds from sale of warrants. TARP is Troubled Asset Relief Program; ARRA is American Recovery & Reinvestment Act programs.*

## America Recovery & Reinvestment Act (ARRA): Recipient of 34% of Net Government (Taxpayer) Funding

**In ARRA (the economic stimulus program created in February, 2009), USA Inc. aims to create jobs and promote investment and consumer spending by cutting taxes, expanding unemployment benefits, and increasing spending in education, healthcare, infrastructure, and energy.**

These measures are projected to increase federal spending by $500+ billion while reducing federal tax receipts by $275 billion over 10 years ($177 billion of which occurred in F2009 and F2010).

*Source: White House Office of Management & Budget.*



## ARRA*: Negative Effect on Discretionary Budgets Should Peak in F2010, But Spending Commitments through F2019E Total $417 Billion

**ARRA* Discretionary Items' Net Effect on Federal Budgets, F2009 – F2019E**

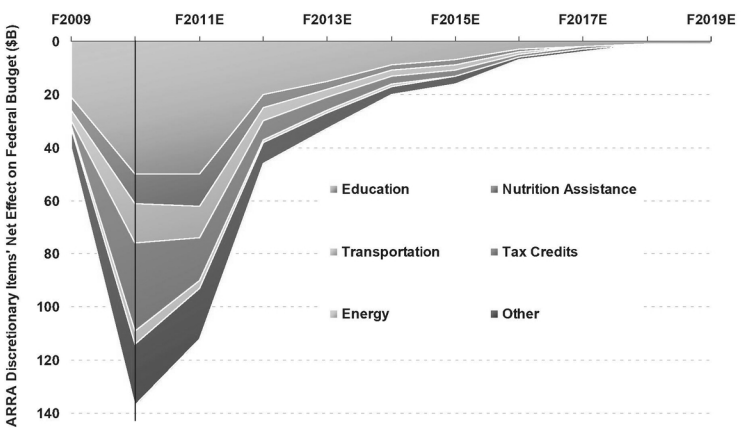


*Note: *ARRA is American Recovery and Reinvestment Act of 2009. US federal fiscal year ends in September. Net effects on budgets are limited to discretionary spending items in ARRA. Source: Congressional Budget Office.*

## ARRA: Spending Examples

**Education** – Used ARRA funding and saved education jobs, such as teachers, principals, librarians, and counselors

**Tax Credits** – Provided higher Earned Income Tax Credits

**Transportation** – Repaired roads and bridges

**Energy** – Provided additional funding for renewable energy and energy efficiency projects

**Nutrition Assistance** – Provided additional assistance for low-income families to purchase food

**Other** – Funding for various programs related to homeland security and law enforcement…



Longer-term taxpayer impact of GSE Loans + ARRA + TARP varies…regardless, it is material

# What 'One-Time Charges' from F2008-F2010 May Look Like on Net Basis Over Next 10 Years

**One-Time Charges from the 'Financial Crisis' are Not Created Equal – While TARP Was the Headliner, When All's Said & Done, TARP may be Smallest Component, by a Long Shot**

| | Current Cost ($B, as of 2/11) | Ultimate Cash Cost ($B, by F2020E) | Comments |
|---|---|---|---|
| **TARP** | **$214B** | **<$51B[1]** | May fall from net $214 billion to $51 billion or less[1] as banks continue to pay back their loans and automakers / AIG seek IPOs / sales to realize value of USA Inc.'s equity stake. |
| **GSE** | **$152** | **~$160[2]** | May grow from net $152 billion to ~$160 billion (or higher)[2] as Fannie Mae and Freddie Mac losses on loan guarantees stabilize and they continue to pay dividends on USA Inc.'s shares. |
| **ARRA** | **$177** | **$417** | Should rise from $177 billion to $417 billion[3] based on commitments…and a payback plan was never factored into these payments. |

*Note: 1) Latest Treasury estimate as of 12/10, includes net profits from banks of $16B, net costs from AIG ($5B) / Automakers ($17B) / Consumers & Housing programs ($-46B) and other. AIG net costs excludes potential gains from selling AIG's common shares held by the Treasury, which could turn out to be a $22B profit for the Treasury based on 10/1/10 closing price. Including this potential gain, TARP ultimate cost to the Treasury would be $29B. 2) White House OMB estimates ultimate cash cost of Fannie Mae / Freddie Mac at $165B while the CBO estimates the ultimate cash costs at $160B. Both estimates imply an average default rate of 5-10% on Fannie Mae + Freddie Mac's $5T loan guarantee portfolio and a loss severity of 50%. The Federal Housing Finance Agency (FHFA) estimates ultimate costs to range from $142B to $259B. 3) Net cash costs are limited to discretionary spending items in ARRA. Source: CBO, U.S. Dept of Treasury, White House OMB, FHFA.*



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# Balance Sheet Drilldown



## Balance Sheet: USA Inc. Federal Debt + Unfunded Entitlement Liabilities (Social Security + Medicare…) Exceed Stated Assets

| | F1996 | ••• | F2003 | ••• | F2009 | F2010 | Comments |
|---|---|---|---|---|---|---|---|
| **ASSETS ($B)** | | | | | | | |
| Cash & Other Monetary Assets | $193 | | $120 | | $393 | $429 | $200B cash balance owing to temporary Fed market stabilization initiatives |
| Accounts / Loans / Taxes Receivable | 206 | | 278 | | 626 | 783 | |
| Inventories | 232 | | 241 | | 285 | 286 | |
| Property, Plant & Equipment | 969 | | 658 | | 784 | 829 | |
| TARP + GSE Investments | -- | | -- | | 304 | 254 | Includes $145B TARP direct loans & equity investment + $109B in GSEs |
| Other assets | 124 | | 97 | | 275 | 303 | |
| Total Assets ($B) | 1,724 | | 1,394 | | 2,668 | 2,884 | Growth primarily owing to TARP capitalization + Fed liquidity program |
| *Y/Y Growth* | *33%* | | *40%* | | *35%* | *8%* | |
| **LIABILITIES ($B)** | | | | | | | |
| Accounts Payable | $162 | | $62 | | $73 | $73 | Significant rise in debt owing to on-going budget deficits + stimulus spending |
| Accrued Payroll & Benefits | -- | | 100 | | 161 | 164 | |
| Federal Debt | 3,730 | | 3,945 | | 7,583 | 9,060 | |
| Federal Employee & Veteran Benefits Payab | 1,652 | | 3,880 | | 5,284 | 5,720 | Federal employee & veteran benefits rose 3x owing to scheduled annual pay raises + rising benefit costs |
| Liability to GSEs | -- | | -- | | 92 | 360 | |
| Other Liabilities | 530 | | 512 | | 932 | 979 | |
| Unfunded Net Entitlement Liabilities | 5,415 | | 20,825 | | 45,878 | 30,857 | Unfunded entitlement liabilities up 6x between F1996 and F2010. |
| *Y/Y Growth* | -- | | *16%* | | *7%* | *-33%* | |
| NPV of Unfunded Social Security | $3,600 | | $4,927 | | $7,677 | $7,947 | Medicare NPV down sharply Y/Y owing to new assumptions from the Healthcare reform legislation |
| NPV of Unfunded Medicare | 1,815 | | 15,819 | | 38,107 | 22,813 | |
| NPV of Unfunded Other Benefits | | | 79 | | 94 | 97 | |
| Total Liabilities ($B) | 11,488 | | 29,324 | | 60,002 | 47,214 | Significant increase from rising levels of debt + unfunded future benefits |
| *Y/Y Growth* | -- | | *14%* | | *9%* | *-21%* | |
| NET WORTH ($B) | -$9,764 | | -$27,930 | | -$57,334 | -$44,330 | -$44T of net worth for USA Inc. more than tripled, from -$10T in 1996 |
| *Y/Y Growth* | -- | | *13%* | | *8%* | *-23%* | |

*Note: USA Inc.'s balance sheet presented here does not include the financial value of the Government's sovereign powers to tax, regulate commerce, and set monetary policy. It also excludes its control over nonoperational resources, including national and natural resources, for which the Government is a steward. Total liabilities include the net present value (NPV) of unfunded entitlement liabilities like Social Security / Medicare / other payments, which the Treasury Dept. considers 'off-balance sheet' responsibilities. U.S. government fiscal year ends in September. Source: U.S. Department of the Treasury, Financial Report on the U.S. Government, 1996 – 2010.*



HOUSE_OVERSIGHT_020946

## USA Inc. Net Worth: -$44 Trillion in Perspective

**There are doubts about the accuracy of such a big negative number, especially when the value of USA Inc.'s assets is so hard to calculate. The value of natural resources, the power to tax, the ability to print the world's reserve currency, the human capital in our educational system – these and other assets would clearly reduce that number, if they could be accurately calculated.**

**Given the differences between government and corporate accounting, what matters is not the exact number, but the trend – which is clearly moving in the wrong direction. Liabilities have been growing faster than assets. Just to put that $57 trillion into context…**

**-$44 Trillion =**

- **$142,999 per Person in USA[1]**
- **$370,961 per Household[1]**
- **20x USA Inc. Annual Revenue[2]**
- **3.8x S&P500 Total Market Capitalization[3]**
- **3.0x USA Annual GDP[4]**
- **0.9x Global Stock Market Capitalization[5]**
- **0.8x Total USA Household Wealth[6]**

*Source: 1) Population & household data as of 1/10, per Census Bureau estimates; 2) annual federal income in F2010, per Dept. of Treasury; 3) as of 1/11, per S&P; 4) GDP is 2010 nominal figure, per BEA; 5) as of 1/10, per World Federation of Exchanges; 6) as of CQ3:10, calculated as total net worth of households & nonprofit organizations, per Federal Reserve (12/10 data).*



## We Believe Citizens Should Consider These 'Off-Balance Sheet' Liabilities For A 'More Complete' Understanding of USA Inc.'s Finances

*"…the Government's responsibilities to make future payments for social insurance and certain other programs are not shown as liabilities according to Federal accounting standards…These programmatic commitments remain Federal responsibilities and as currently structured will have a significant claim on budgetary resources in the future…The reader needs to understand these responsibilities to get a more complete understanding of the Government's finances."*

*Department of the Treasury,*

*"2004 Financial Report of the United States Government"*



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## Balance Sheet: USA Inc. Total Liabilities*: **$47 Trillion** in F2010, or $395,093 per Household Owing Largely to Entitlement Spending

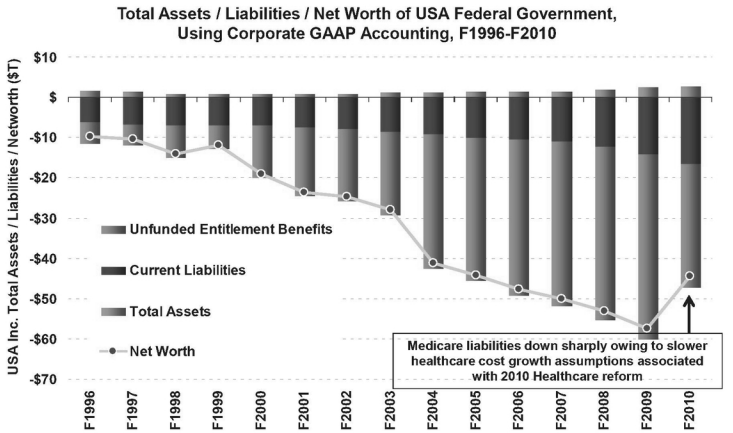


*Note: USA Inc.'s balance sheet presented here does not include the financial value of the Government's sovereign powers to tax, regulate commerce, and set monetary policy. It also excludes its control over nonoperational resources, including national and natural resources, for which the Government is a steward. Total liabilities include the net present value (NPV) of unfunded entitlement liabilities like Social Security / Medicare / other payments, which the Treasury Dept. considers 'off-balance sheet' responsibilities. U.S. government fiscal year ends in September. Source: U.S. Department of the Treasury, Financial Report on the U.S. Government, 1996 – 2009.*



## Balance Sheet: USA Inc. Total Liabilities: **$47 Trillion** in F2010 Up 5x From 1996, Driven by Medicare Liabilities

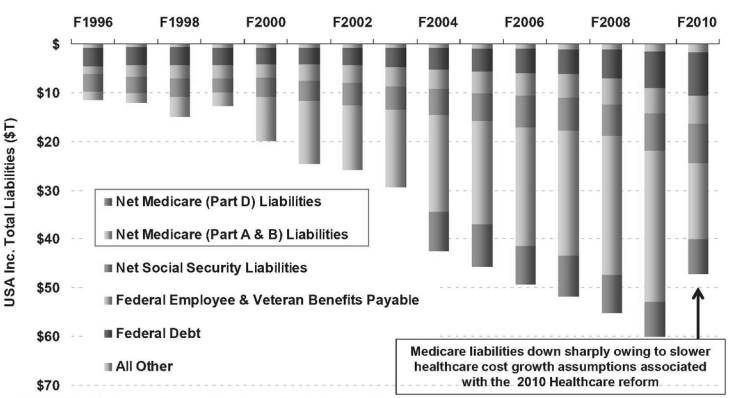


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## Important Caveats on F2010 Medicare Liability Improvement

- Medicare Part A and Part B unfunded liability improved to -$16 trillion in F2010, up 47% from -$31 trillion in F2009, per the Board of Medicare Trustees.
- The improvement was driven primarily by downward revisions of future cost growth assumptions following enactment of healthcare reform in 2010.
- However, Medicare's Chief Actuary Richard Foster noted that "*while the Patient Protection and Affordable Care Act, as amended, makes important changes to the Medicare program and substantially improves its financial outlook,* ***there is a strong likelihood that certain of these changes will not be viable in the long range****…Without major changes in health care delivery systems, the prices paid by Medicare for health services [as scheduled by current law] are very likely to fall increasingly short of the costs of providing these services…Congress would have to intervene to prevent the withdrawal of providers from the Medicare market and the severe problems with beneficiary access to care that would result. Overriding the productivity adjustments, as Congress has done repeatedly in the case of physician payment rates,* ***would lead to far higher costs for Medicare in the long range than those projected under current law…For these reasons, the financial projections shown [here] for Medicare do not represent a reasonable expectation for actual program operations in either the short range*** *(as a result of the unsustainable reductions in physician payment rates)* ***or the long range*** *(because of the strong likelihood that the statutory reductions in price updates for most categories of Medicare provider services will not be viable)."*

*Note: Emphasis added. Source: Statement of Actuarial Opinion, 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.*



## Balance Sheet: Even Excluding Unfunded Entitlement Benefits, USA Inc.'s Net Worth = -$13 Trillion in F2010, Owing to $9 Trillion of Debt

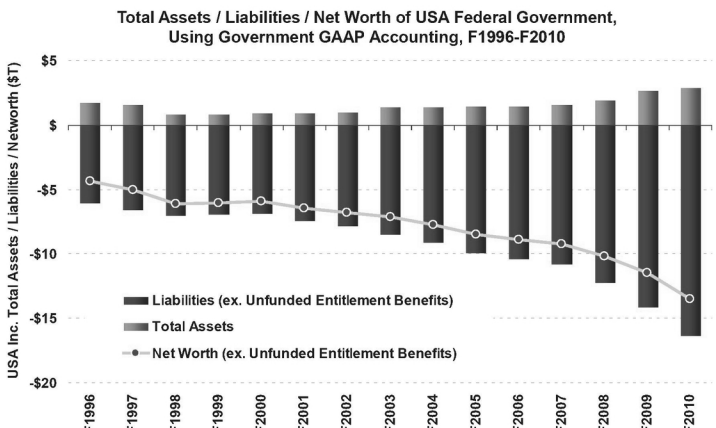


*Note: USA Inc.'s balance sheet presented here does not include the financial value of the Government's sovereign powers to tax, regulate commerce, and set monetary policy. It also excludes its control over nonoperational resources, including national and natural resources, for which the Government is a steward. Total liabilities exclude the net present value (NPV) of unfunded entitlement liabilities like Social Security / Medicare / other payments, which the Treasury Dept. considers 'off-balance sheet' responsibilities. U.S. government fiscal year ends in September. Source: U.S. Department of the Treasury, Financial Report on the U.S. Government, 1996 – 2010.*



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## Balance Sheet: Observations of Last Ten Years

- **Unfunded promise of future entitlement spending** grew 6x to -$31 trillion, owing to rapidly rising healthcare cost + new Medicare Part D program + aging population in the medium-future.
- **Federal net debt outstanding more than doubled** to $9 trillion **on the back of** chronic budget deficits, two major recessions in 2001 and 2008, and growing entitlement spending.
- **Federal employee & veteran benefits outstanding also more than doubled,** to $5.7 trillion, thanks to rising healthcare costs and ongoing war on terror.



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# What Might a Turnaround Expert—Empowered to Improve USA Inc.'s Financials—Consider?



## First, Examine USA Inc. Key Drivers of Revenue & Expenses…

- **USA Inc.'s <u>Revenue</u> = Highly Correlated (83%) with GDP Growth***
  - 90% of USA Inc.'s 2010 revenue derived from taxing individual and corporate income, which depends on GDP growth and changes to tax rates / composition.

- **USA Inc.'s <u>Expenses</u> = Less (73%) Correlated with GDP Growth***
  - *Entitlement Programs* = 57% of USA Inc.'s expenses in 2010
    - driven by government policy + demographic changes
  - *Defense Programs* = 20% of expenses
    - driven by external threat levels and policy
  - *Net Interest Payments* = 6% of expenses
    - driven by net debt level + interest rates + composition of debt maturity

***<u>Observation: while revenue is highly correlated with GDP growth, expenses are less so.</u>***

*Note: *Historical inflation-adjusted correlation between GDP and revenue / expense Y/Y growth rates from 1940 to 2010, GDP / revenue adjusted using GDP deflator; expenses adjusted using White House OMB's composite outlay deflator. Nominal revenue / GDP correlation over the same period is 84%; expense / GDP correlation is 71%. Data source: White House Office of Management & Budget, CBO.*

## Then, Aim to Determine What 'Normal' Is…

- We review **40-year income statement patterns** and focus on 'average' / 'normal' levels of USA Inc.'s revenue drivers (primarily related to taxes) and expense drivers (by category) as a percent of revenue, as a starting point to help define 'average' / 'normal.'
- Established businesses typically determine their expense levels based on their revenue trend / outlook.
- In a perfect world, the government (and its citizens) would continually review the multiple variables in the income statement of USA Inc. (in a bipartisan way) and would **work hard to foster compromise, in order to optimize** revenue and expenses for the long term AND the short term.



## Considering USA Inc. 'Normal' / Average Financial Metrics / Ratios For…

**1) Revenue Growth**

**2) Revenue Drivers as Percent of Revenue**

**3) Expense Growth by Category**

**4) Category Expenses as Percent of Expenses**

## Revenue Growth: Average Federal Revenue (Driven by Taxes) In-Line With GDP Growth

### 1965 – 2005 USA Real Federal Income Growth by Category vs. Real GDP Growth

| | Revenue Growth | | | | |
|---|---|---|---|---|---|
| | 1965 Y/Y | 2005 Y/Y | 40-yr CAGR | *'05 vs 40-yr Variance* | Comments |
| Individual Income Taxes | 11% | 11% | 3% | *8%* | Individual & corporate income taxes are cyclical; 2005 Y/Y growth were significantly affected by economic recovery post 2001 recession. |
| Corporate Income Taxes | 15 | 43 | 2 | *41* | |
| Social Insurance Taxes | 12 | 5 | 5 | *1* | Social insurance taxes & other fees are less cyclical. Social insurance taxes grew significantly faster than GDP. |
| Other Taxes & Fees | -5 | 1 | 1 | *0* | |
| Total Federal Revenue | 9% | 11% | 3% | *8%* | |
| Real GDP | 7% | 3% | 3% | *0%* | |

"Normal"

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.*
*Data source: White House Office of Management & Budget.*



## Revenue Growth: Observations from Previous Slide

**We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses.** We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969 and subsequently many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.

**Total USA Inc. revenue (collected via taxes) has grown at an average 3% annual rate, in-line with 40-year GDP growth rate. Corporate taxes have – on average – grown at 2% annually over 40 years. Social insurance taxes (for Social Security and Medicare) have grown at an average 5% annual rate, above the 3% GDP growth.**

*Questions*:

1) How crucial is the role played by lower relative tax rates – especially for corporations – in stimulating job and GDP growth and helping American maintain / gain / constrain loss of global competitive advantage?

2) Should social insurance tax growth be more closely aligned with GDP growth?

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.*
*Data source: White House Office of Management & Budget.*

## Revenue Drivers as Percent of Total Revenue: Average Federal Revenue Are Skewed to Social Insurance (Entitlement) Taxes and Away from Corporate Income Taxes

**1965 – 2005 USA Real Federal Income Mix by Category**

| | Share of Total Revenue | | | |
|---|---|---|---|---|
| | 1965 | 2005 | 40-yr Average | *'05 vs 40-yr Variance* |
| **Individual Income Taxes** | 42% | 43% | 46% | *-3%* |
| **Corporate Income Taxes** | 22 | 13 | 12 | *1* |
| **Social Insurance Taxes** | 19 | 37 | 33 | *4* |
| **Other Taxes & Fees** | 17 | 7 | 10 | *-3* |
| **Total Federal Revenue** | 100% | 100% | 100% | *0%* |

↑ **"Normal"**

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.*
*Data source: White House Office of Management & Budget.*



## Revenue Drivers as Percent of Revenue: Observations from Previous Slide

**Social Insurance taxes (for entitlement programs) have risen materially to 37% of revenue (vs. 33% 40-year average), and have risen aggressively from 19% in 1965, owing to introduction of Medicare in 1965 and the 1983 reform of social security taxes.**

*Questions*:

1) What level of social insurance / entitlement 'tax' can USA Inc. support on an on-going basis? Rising from 19% of revenue in 1965 to 33% of revenue in 2005 – of which 75% was spent on healthcare – takes its toll on other areas of spending / growth. There are serious tradeoffs - every dollar that goes to entitlement programs is not spent on education, infrastructure, and defense.

2) Why have corporate income taxes fallen to 13% of revenue in 2009 from 22% in 1965 aside from recession? How crucial has this been to maintain global competitive advantage and stimulating American job and GDP growth?

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded.*
*Data source: White House Office of Management & Budget.*

## Expense Growth by Category: Entitlement Spending Growing Much Faster than Other Expenses and 2% Higher than GDP Growth

**1965 – 2005 USA Real Federal Expenses Growth by Category vs. Real GDP Growth**

| | Expenses Growth | | | | |
|---|---|---|---|---|---|
| | 1965 Y/Y | 2005 Y/Y | 40-yr CAGR | *'05 vs. 40-yr Variance* | Comments |
| **Entitlement Expenses** | 12% | 3% | 6% | *-3%* | **Entitlement expenses grew 2 percentage points faster than GDP and overall expenses** |
| **Defense** | 12 | 6 | 1 | *4* | **Defense spending grew 2 percentage points below overall expenses** |
| **Non-Defense Discretionary*** | 10 | 6 | 2 | *4* | |
| **Net Interest Payments** | 7 | 12 | 3 | *8* | |
| **Total Federal Expenses** | 11% | 5% | 3% | *2%* | |
| **Real GDP** | 7% | 3% | 3% | *0%* | |

↑ **Normal**

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. *Non-defense discretionary spending includes education, infrastructure, agriculture, housing, etc. Data source: White House Office of Management & Budget.*



## Expense Growth by Category: Observations from Previous Slide

**While GDP and USA Inc. tax revenue have grown at a 3% annual rate for 40 years, entitlement spending has grown 5%, net interest payments have risen 3%, and defense plus non-defense discretionary spending (including education, infrastructure, law enforcement and judiciary) have risen by 1%. These different growth rates have become even more pronounced in recent years**.

*Questions*:

1) Isn't it time for a re-set and acknowledgment of trade-offs? Should taxes, non-defense discretionary spending, and defense spending grow in line with GDP over time? Should entitlement spending be restructured to be more efficient and supportable by the ongoing financial dynamics of USA, Inc. and also grow in line with or below GDP?

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. Data source: White House Office of Management & Budget.*



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## Expense Drivers as Percent of Total Expenses: Entitlement + One-Time Items Are Crowding Out Other Federal Spending

**1965 – 2005 USA Real Federal Expenses Mix by Category**

| | Share of Total Expenses | | | |
|---|---|---|---|---|
| | 1965 | 2005 | 40-yr Average | *'05 vs. 40-yr Variance* |
| **Entitlement Expenses** | 21% | 51% | 42% | *9%* |
| **Defense** | 43 | 20 | 24 | *-4* |
| **Non-Defense Discretionary*** | 29 | 22 | 23 | *-1* |
| **Net Interest Payments** | 7 | 7 | 11 | *-4* |
| **Total Federal Expenses** | 100% | 100% | 100% | *0%* |

↑ **Normal**

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. *Non-defense discretionary spending includes education, infrastructure, agriculture, housing, etc. Data source: White House Office of Management & Budget.*



## Category Expenses as Percent of Expenses: Observations from Previous Slide

**Entitlement spending has risen to 51% of total spending, higher than 40-year average of 42% (and much higher than the 21% in 1965), defense spending has fallen to 20% from 24% average, non-defense discretionary spending (including education, infrastructure, energy, law enforcement and veteran services) has fallen to 22% from 23%, and net interest payments have fallen to 7% from 11%, despite higher debt (largely because of declining interest rates). These trends have become more pronounced in recent years.**

*Questions:*

1) Should entitlement spending account for 51% (and rising) share of total USA Inc.'s spending, while other key areas (such as education, infrastructure, energy, law enforcement…) account for only 22% (and falling) of spending?

*Note: All data are inflation adjusted using GDP price index from BEA; '05 vs. 40-yr variance is rounded. Data source: White House Office of Management & Budget.*



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## Bottom Line, as Data in This Presentation Indicate…

**USA Inc.'s expenses far exceed revenue – and government projections imply this trend will get worse, not better.**

In addition - while not addressed in depth in this presentation - USA Inc. (while still a global powerhouse), at the margin, is losing competitive advantage to many other countries.

Instead of ignoring the problems, we simply ask the question…
How would a financial / turnaround expert look at USA Inc.'s financials, business model, strategic plans, efficiency and aim to drive the 'business' to break-even (or a modest profit) over the next 5-10 years?



## Matching Expenses & Revenue: Imperatives & Constraints

**There are many reasons to make changes**

- USA Inc. is losing money, and forecasts imply it will continue to lose money.
- Net debt levels (62% in F2010) are expected to surpass 90% threshold* – above which real GDP growth could slow by more than one percentage point – by 2021E.
- Spending (primarily related to entitlement programs) is at unsustainable levels based on USA Inc.'s ability to fund the spending (without increasing debt levels).
- Americans rank 'reducing America's debt' as one of country's top priorities, according to a national survey by Peter G. Peterson Foundation in 11/09.
- We are now in the midst of a major generational baton-passing (from the Baby Boomers to Generation X) which requires preparation for policy change.
- Foreigners own 46% (and rising) of USA Inc.'s debt, per Treasury Department – Are they going to keep funding USA Inc.'s spending?

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*



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## Matching Expenses & Revenue: Imperatives & Constraints

**There are many constraints to making changes**

- ~90 million citizens (29% of Americans)[1] have grown accustomed to entitlement programs - 47MM on Medicaid, 45MM on Medicare, and 51MM on Social Security, and many of them vote.
- Politicians depend on re-election campaigns, which can create conflicts, especially given that only 12% of the population are willing to cut Social Security and Medicare benefits, per Pew survey in 2/11.
- Low personal savings rates (near 6% of disposable income in CQ2:10), high unemployment (near 10%) and economic uncertainty, which can limit ability to make radical change.
- 14 million healthcare-related workers[2] have grown accustomed to relatively high healthcare spending.

*Note: 1) as of 2008, excludes double counting of beneficiaries of multiple entitlement programs; 2) as of 2008, per BEA. Source: Social Security Administration, Dept. of Health & Human Services, BEA.*



## And Then There's the Constraint of USA Inc.'s Weak Economy

*[The] typical error most countries make coming out of a financial crisis is they shift too quickly to premature restraint. You saw that in the United States in the 30s, you saw that in Japan in the 90s. It is very important for us to avoid that mistake. If the government does nothing going forward, then the impact of policy in Washington will shift from supporting economic growth to hurting economic growth.*

*Timothy Geithner, Secretary of US Treasury*

*The Wall Street Journal, September 12, 2010*

# High-Level Thoughts on How to Turn Around USA Inc.'s Financial Outlook



## Negative Cash Flow = USA Inc.'s Fundamental Financial Problem

- **Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers' (citizens).**
- **USA Inc. needs to re-prioritize its services and offer them in a more cost-effective way to stop losing (and borrowing) money.**
- **The financial data imply that USA Inc.'s operations must be restructured.**

## The First Step to a 'Turnaround' is Acknowledging There is a Problem

*A turnaround situation is first recognized when there is serious concern or dissatisfaction with the firm's [organization's] performance, results, and/or near-term forecasts of [financial] performance and results.*

- Richard Sloma, *The Turnaround Manager's Handbook*

*If your organization is in trouble, be honest. Make it absolutely clear to everyone in the company that survival [long-term viability] depends on cost management.*

- Jon Meliones, "Saving Money, Saving Lives," *Harvard Business Review on Turnarounds*



## How Might a 'Turnaround Expert' Look at an Organization that Needs to be 'Turned Around?'

*The recovery of a [challenged] company [or country]…depends on the implementation of an appropriate rescue plan or turnaround prescription. Characteristics of the appropriate remedy are that it must: 1) address the fundamental problems; 2) tackle the underlying causes (rather than the symptoms) and 3) be broad and deep enough in scope to resolve all the key issues.*

- Stuart Slatter, David Lovett, Laura Barlow, *Leading Corporate Turnaround*

## Aim to Answer Questions Like These About USA Inc.…

**Strategy / Financial Model**

- Which countries (or states) have 'best practices' (based on productivity and outcomes) in key areas of operations (like healthcare, retirement plans, welfare, defense, education, infrastructure) – which of these best practices can / should be implemented by USA Inc.?
- What is the organization trying to solve for - what is USA Inc.'s mission? / Who are USA Inc.'s customers?
- Is USA Inc. providing its customers an optimized mix of services, based, in part, on ability to fund the services?
- Are there 'business lines' that USA Inc. should exit / scale back / expand?
- Why is USA Inc. spending more money than it brings in (and borrowing more money) – what are the checks and balances?
- What do USA Inc.'s financials tell us about the health of the business?
- Should USA Inc. consider a capital budget separated from the operating budget to ensure sufficient levels of investment in education, technology and infrastructure?
- What are the best attributes / biggest problems of USA Inc.'s business?
- Does USA Inc. have a path to profitability (or break-even)?
- How should the government improve transparency in long-term budgeting and projections? How can USA Inc. engage the public in this process?



*Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.*



## …Aim to Answer Questions Like These About USA Inc.…

**People / Organizational Structure**

- Has management effectively articulated a sound mission to its employees and constituents - is USA Inc. properly organized to effectively achieve its mission?
- Does the organization have the right people, in the right places, at the right time?
- Does the business have a best-in-class leadership team and are they empowered to make change?
- Are employees motivated / empowered / accountable for maximum performance?
- Are employees properly trained and compensated?
- Has the organization 'run the numbers' and effectively quantified the things that are quantifiable?
- Do leading performance measures exist that support proactive management?
- How do you change the culture to be one that is steeped with focus on costs savings and operating efficiency?



*Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.*

## …Aim to Answer Questions Like These About USA Inc.

**Productivity / Operations**

- How does USA Inc. measure performance and progress – are tools in place to measure success / failure?
- Should USA Inc. empower an independent / 3rd party auditor with expertise in government operations around the world AND corporate turnarounds to conduct a broad-ranging audit of USA Inc.'s operations to measure efficiency and productivity of each business lines?
- Does USA Inc. have tight management and financial controls?
- What is the best way to measure and improve individual program performance? Can Congress, the administration and the agencies agree on common metrics?
- Are there operations that should be centralized (like procurement, human resources, employee payroll and benefits) and decentralized?
- Are there operations that USA Inc. can outsource to local private companies to improve efficiency and reduce costs?
- Where should USA Inc. increase and or decrease investment?
- Is USA Inc. investing for the future in a responsible way?
- Should USA Inc. drive public / private partnership in infrastructure investment with collective 'skin in the game?'
- Is the organization leveraging technology to improve productivity and connect with customers and suppliers?
- How can USA Inc. improve business process related to time, cost and quality?
- Does USA Inc. own assets it doesn't need that it can sell at attractive prices?

*Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.*



## Three Principles for a USA Inc. 'Turnaround' from Louis Gerstner

- **Do not impose "across-the-board" cost reductions**
  - This is a simple and tempting remedy for an organization in fiscal trouble. But it is almost always unproductive. A truly effective organization needs incremental investments in programs that drive innovation and higher productivity. Moreover, across-the-board cuts are almost guaranteed to reduce morale, promote short-sighted choices, and encourage accounting gimmicks that send people looking for loopholes instead of creative solutions.
- **Focus on programs, not costs**
  - The greatest productivity gains come from asking questions such as: What things are we doing now that we do not need as much in the future? Can we eliminate them? Reduce their size? Provide them in a totally restructured fashion?
- **Allow no exceptions**
  - To drive a truly effective restructuring program, everything must be on the table. There can be no sacred cows—no part of the organization that is exempt from scrutiny. Every unit of the organization may not face a cut, but every unit needs to be rethought.

*Source: Louis V. Gerstner Jr. "Don't Just Cut Government, Reinvent It," Opinion in The Wall Street Journal, 2/1/2011.*

# Financial Experts Tend to 'Assume What Can Go Wrong, Will Go Wrong,' and Usually Manage Expenses in that Way

- In projecting scenarios, financial experts would note that USA Inc.'s revenue and expenses are highly correlated to economic changes – for example, a 0.1 percentage point slowdown in real GDP annual growth rate could worsen USA Inc.'s F2011-F2020E budget deficit by $288B, or 5% owing to lower tax revenue and higher welfare spending.

| Key Economic Variables | CBO Base-Case Assumption | What if… | F2011-F2020E Impact on USA Inc.'s: Revenue ($B / % of Base-Case) | Spending ($B / % of Base-Case) | Deficit ($B / % of Base-Case) |
|---|---|---|---|---|---|
| Real GDP Y/Y Growth Rate | 2.1% F2011E<br>4.4% F2012-14E<br>2.4% F2015-20E | Real GDP growth rates are 0.1 percentage point lower per year | -$247B (-1%) | +$41B (--%) | -$288B (-5%) |
| Interest Rates | 4.6% on 3-month T-bills<br>5.5% on 10-year T-notes | Interest rates are 1 percentage point higher | +$94B (+0.3%) | +$1,214B (+3%) | -$1,120B (-19%) |
| Inflation | 1.7% | Inflation is 1 percentage point higher | +$2,475B (+7%) | +$3,191B (+7%) | -$715B (-12%) |

*Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 1/10.*



# Past Performance Does Not Guarantee Future Results – Japan's Economic Miracle From 1960 to 1990 Rapidly Deteriorated Into the 'Lost Decades' of 1990's & 2000's

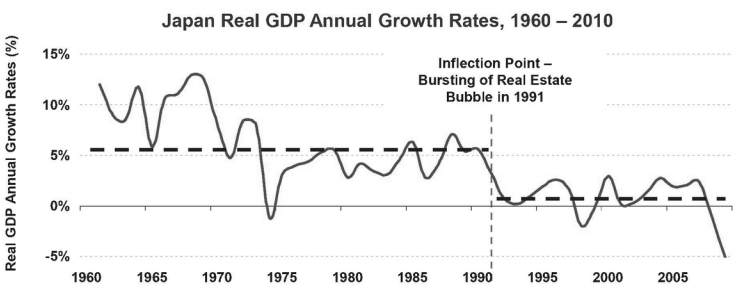


**Average Annual Real GDP Growth, Japan vs. USA, 1960's – 2000's**

| | 1960's | 1970's | 1980's | 1990's | 2000's |
|---|---|---|---|---|---|
| Japan | 10% | 5% | 4% | 1.5% | 0.7% |
| USA | 4% | 3% | 3% | 4% | 2% |

*Source: World Bank, IMF.*

## Unfunded Entitlement (Medicare + Social Security) + Underfunded Entitlement Expenditures (Medicaid) = Among Largest Long-Term Liabilities on USA Inc.'s Balance Sheet

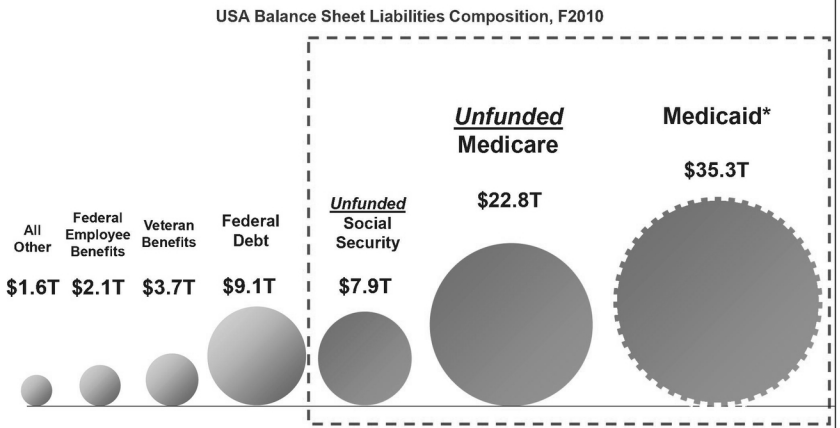


*Note: Medicaid funding is appropriated by Congress (from general tax revenue) on an as-needed basis every year, therefore, there is no need to maintain a contingency reserve, and, unlike Medicare, the "financial status" of the program is not in question from an actuarial perspective. Here we estimated the net present value of future Medicaid spending through 2085E, assuming a 3% discount rate. Data source: Dept. of Treasury, Dept. of Health & Human Services Center for Medicare & Medicaid Services.*



## USA Inc.'s Financial Disconnect

*The country faces a fundamental disconnect between the services the people expect the government to provide, particularly in the form of benefits for older Americans, and the tax revenues that people are willing to send to the government to finance those services. That fundamental disconnect will have to be addressed in some way if the budget is to be placed on a sustainable course.*

*- Douglas Elmendorf, Director of U.S. Congressional Budget Office, 11/10/2009*

## An Observation from Ben Bernanke, Current Chairman of the Federal Reserve

*A famous economist once said anything that can't go on forever will eventually stop, and this [government liabilities from entitlement programs] will stop, but it might stop in a very unpleasant way in terms of sharp cuts, a financial crisis, high interest rates that stop growth, continued borrowing from abroad. So, clearly we need to get control of this over the medium term, and* ***specifically we're going to have to look at entitlements because that's a very big part of the obligations of the federal government going forward****.*

-- Ben Bernanke, Chairman of the Federal Reserve

Testimony before House Budget Committee, June 9, 2010

*Note: Emphasis added.*



## Bad News: USA Inc.'s Entitlement Programs are Inflation Indexed, Thus Potential Inflation – Which Would Reduce General Consumer Purchasing Power – Would Not Reduce Entitlement Liabilities

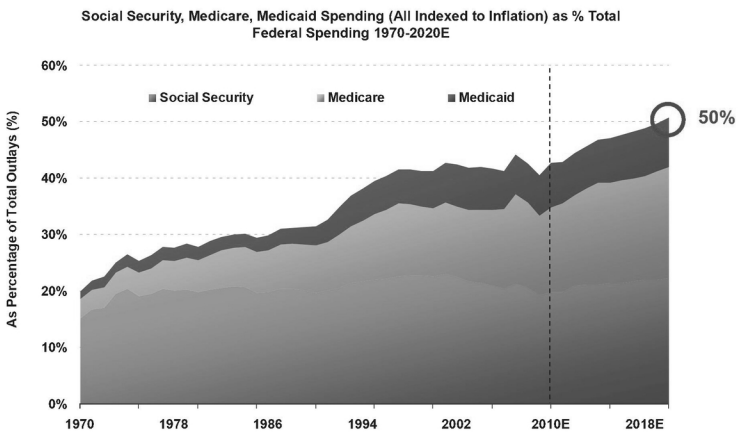


*Data sources: The Budget and Economic Outlook, CBO 6/10.*

## Good News: While 'Unfunded' Liabilities Have Helped Bankrupt Companies, USA Inc.'s Unfunded Liabilities are Not Legal Contracts

- **Medicare / Social Security** – While beneficiaries have a legal entitlement to receive benefits as set forth under the Social Security Act, **Congress has the legal authority to change the levels of benefits and/or the conditions under which they are paid**. Congress's authority to modify provisions of the Social Security program was affirmed in the 1960 Supreme Court decision in *Flemming v. Nestor*, wherein the Court held that an individual does not have an accrued "property right" in Social Security benefits. The Court has made clear in subsequent decisions that the payment of Social Security taxes conveys **no contractual rights to Social Security benefits.**
- **Medicaid** – Benefit levels & eligibility are determined jointly by Federal and State governments. Federal funding is met through an appropriation by Congress (and can be adjusted annually).

*Source: Congressional Research Service, Social Security Reform: Legal Analysis of Social Security Benefits Entitlement Issues.*



## What Might a Turnaround Expert Consider?

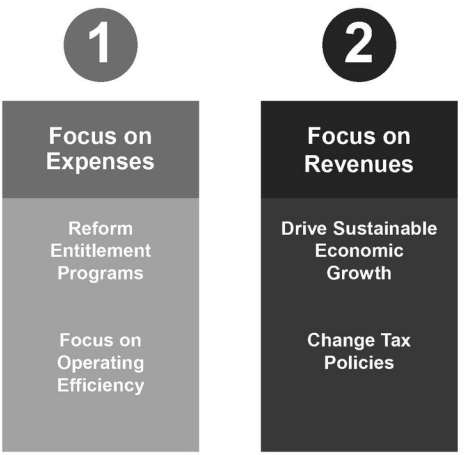

## Focus on Expenses: Reform Entitlement Programs + Focus on Operating Efficiency

**Focus on Expenses**

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced



## For Each of the Major Problems, We Highlight: 1) Mathematical Illustrations and 2) Policy Options

- **Mathematical Illustrations**
  - Here we simply calculate how big a revenue increase *and/or* expense decrease each major entitlement program needs to reach financial break-even.
  - These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.

- **Policy Options**
  - We do not take a view on preferred policy options.
  - We present policy options from our healthcare experts + 3rd party organizations (such as the Congressional Budget Office and National Commission on Fiscal Responsibility and Reform) in an easy-to-understand format to raise awareness and illustrate the financial impact of policy decisions.

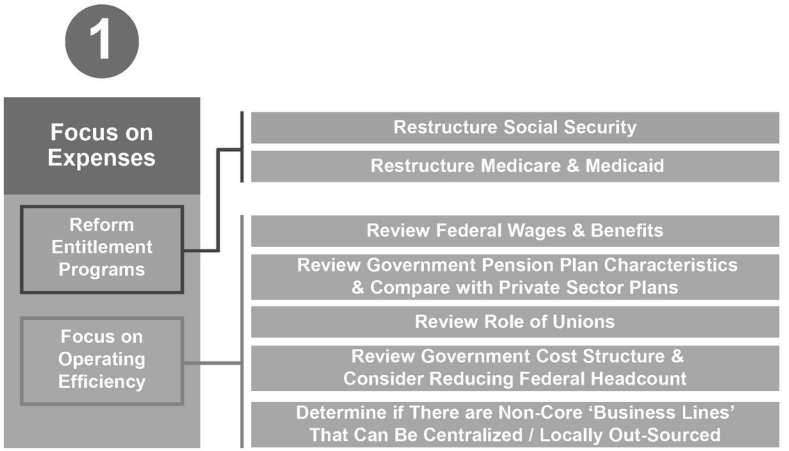




## Restructure Social Security: Variables To Make the Program Financially Break-Even for the Long-Term

**Mathematical Illustrations*** **Slide 257–259**

1) Retirement age – increase it to 73, from 67? ***or***

2) Social Security benefits – decrease them by 12%? ***or***

3) Social Security tax rate – increase it by 2 percentage points?

**Policy Options Slide 261–267**

1) Combination of some / all mathematical illustrations above? ***and/or***

2) Consider / implement CBO's various policy options on Social Security's tax rates / taxable payroll / initial benefit formulas / cost-of-living adjustment… (July 2010)**? ***and/or***

3) Consider / implement National Commission on Fiscal Responsibility and Reform's policy proposals (November 2010)***?

*Note: *For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. **See: CBO, "Social Security Options 2010." ***See: National Commission on Fiscal Responsibility and Reform, CoChairs' Proposal, 11.10.10 Draft Document.*

## Restructure Social Security: Mathematical Illustration #1 – Increase Retirement Age From 67 to 73

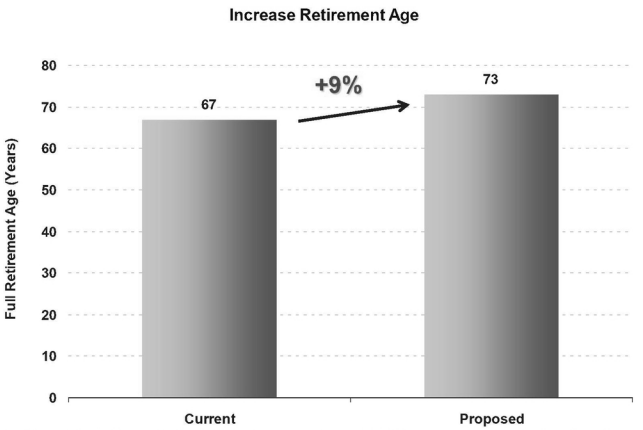


*Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Note: Increase full retirement age to 73 will reduce average life expectancy at retirement to the same level as when Social Security was introduced in the late 1930s. Source: Melissa M. Favreault and Richard W. Johnson, The Urban Institute, "Raising Social Security's Retirement Age," 7/10.*



## Restructure Social Security: Mathematical Illustration #2 – Reduce Social Security Expenses (Benefits) By 12%

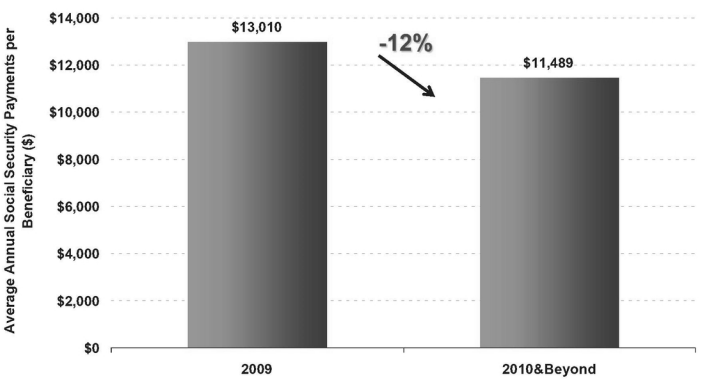


*Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Source: Social Security Administration forecast in "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/10.*

## Restructure Social Security: Mathematical Illustration #3 – Increase Social Security Tax Rate From 12.4% to 14.2%

**Increase Social Security Tax Rate by 1.92 Percentage Points, Immediately & Permanently**

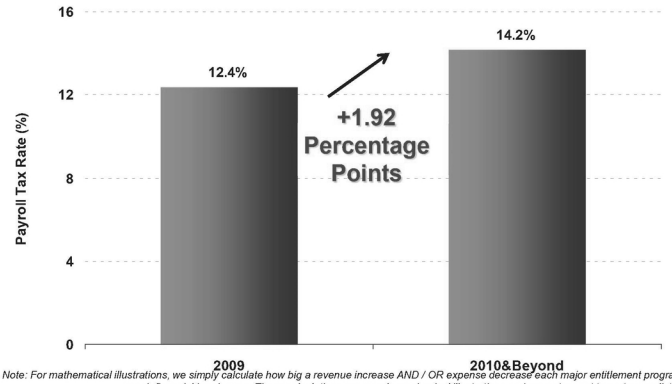


*Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Note: 1.92% is the estimated actuarial deficit for Social Security Trust Fund over a 75-year period from 2010 to 2085.*
*Source: Social Security Administration forecast in "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/10.*



## Good News: Mathematical Illustrations to Fix Social Security's Financial Problems Do Not Seem Drastic

**In fact, when Social Security was nearing bankruptcy in 1983, a combination of moderate reforms led to 25 consecutive years of operating surpluses.**

**Highlights of 1983 Social Security Reform**

1) Raised full retirement age to 67 by 2027 (from 65)*

2) Reduced annual benefits by 5% (via a 6-month delay in cost-of-living adjustment in 1983 & subsequent changes in benefit formulas and tax schemes) .

3) Raised Social Security tax rates by 2.3% (via an advancement in scheduled tax increase).

4) Made Social Security benefits (up to 50%) taxable income.

*Note: *For people born in 1937 or earlier, full retirement age (with 100% Social Security benefit) remained at 65. For people born after 1960, full retirement age was raised to 67. For people born between 1937 and 1960, the full retirement age progressively increases from 65 to 67. Source: Social Security Administration archive.*

## Restructure Social Security: Policy Options #1 – Combining Raising Retirement Age + Reducing Benefits + Raising Tax Rates

**Consider**:

1) Increase retirement age by 0-9% ***and/or***

2) Reduce social security benefits by 0-12%? ***and/or***

3) Increase social security tax rate from 12.4% to 14.2%? ***and/or***

4) Combination of some / all of the above & more?



## Restructure Social Security: Policy Options From the Congressional Budget Office (CBO) to Reduce Social Security Future Deficits By 1) Changing Tax Codes[1]

| Policy Options | | Future Deficit Reduction[2] (%) |
|---|---|---|
| Increase Payroll Tax Rate by … | 2% gradually over a 20-year period | 100% |
| | 3% gradually over a 60-year period | 83 |
| | 1% in 2012 | 50 |
| Raise the Taxable Earnings Limit[3] to … | No limit, without Increasing benefits | 150% |
| | No limit | 100 |
| | $250,000, without Increasing benefits | 83 |
| | 90% of earnings | 33 |
| Impose 4% Tax on Earnings Above … | $106,800, without Increasing benefits | 50% |
| | $250,000, without Increasing benefits | 17 |

*Note: 1) Benefits are adjusted as taxation is changed, unless specified otherwise 2) As % of the estimated present value of Social Security trust fund cumulative deficit in future 75 years. 3) Currently at $106,800*
*Source: CBO, "Social Security Options 2010."*

## Restructure Social Security: CBO's Policy Options to Reduce Social Security Future Deficits By 2) Changing Benefit Formula

| Policy Options | | Future Deficit Reduction (%) |
|---|---|---|
| Reduce Primary Insurance Amount[1] Factors ... | To Index Initial Benefits to Prices Rather Than Earnings | 167 % |
| | By ~33% for top 2 tiers of earnings[3] | 117 |
| | By 15% for all tiers of earnings | 83 |
| | By 0.5% every year for all tiers of earnings | 67 |
| | By ~33% for the top tier of earnings | 17 |
| Index ... | Earnings in AIME[2] + Bend Points in PIA[1] to price | 100% |
| | Bend Points in PIA[1] formula to price | 83 |
| | Earnings in AIME[2] formula to price | 33 |
| | Initial benefits to changes in life expectancy | 33 |
| Lower Initial Benefits[4] for .. | The top 70% of earners | 83% |
| | The top 50% of earners | 67 |

*Note: 1) Primary Insurance Amount (PIA): the benefit a person would receive if he/she elects to begin receiving retirement benefits at his/her normal retirement age 2) Average Indexed Monthly Earnings (AIME): an average of monthly income received by a beneficiary during their work life 3) Currently there are 3 tiers of earnings in calculation of PIA – top tier = 15% of monthly earnings over $4,586; tier 2 = 32% of monthly earnings between $761 and $4,586; tier 3 = 90% of monthly earnings below $761 4) Benefits for newly qualified individuals. Source: CBO, "Social Security Options 2010."*



## Restructure Social Security: CBO's Policy Solutions to Reduce Social Security Future Deficits By 3) Raising Retirement Age / Lower Cost-of-Living Adjustment

| Policy Options | | Future Deficit Reduction (%) |
|---|---|---|
| Adjust Full Retirement Age | To 70 | 50% |
| | Index to life expectancy | 33 |
| | To 68 | 17 |
| Adjust Cost-of-living Adjustment[1] | Reduce It by 0.5 Percentage Points | 50% |
| | Base It on the Chained CPI for All Urban Consumers | 33 |

*Notes: 1) Cost-of-Living Adjustment (COLA): increases of Social Security's general benefit based on cost of living, as currently measured by CPI for Urban Wage Earners and Clerical Workers (CPI-W). Source: CBO, "Social Security Options 2010."*



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## Restructure Social Security: Policy Options From Report of the National Commission on Fiscal Responsibility and Reform

| Policy Options | Future Social Security Deficit Reduction[1] |
|---|---|
| Gradually reduce future benefit payments to high earners while increasing them for low earners by 2050 | 37% |
| Gradually increase taxable maximum to 90% of covered earnings by 2050 | 35% |
| Apply refined inflation measure (chained-CPI) to cost-of-living index | 26% |
| Gradually increase retirement ages to 68 by 2050 / 69 by 2075 | 21% |
| Other[2] | -- |
| **Total Future Social Security Deficit Reduction** | **116%[3]** |

*Note: 1) As % of the estimated present value of Social Security trust fund cumulative deficit in future 75 years. 2) Other measures include boosting benefit to oldest old retirees and covering newly hired state and local workers after 2020. 3) total deficit reduction does not equal to the sum of individual reductions owing to policy interplay. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.*



## Restructure Social Security: Declining USA Household Savings Rate Creates Challenge to Reducing Benefits as Americans are Under-Saving, Thus Limiting Financial Cushion

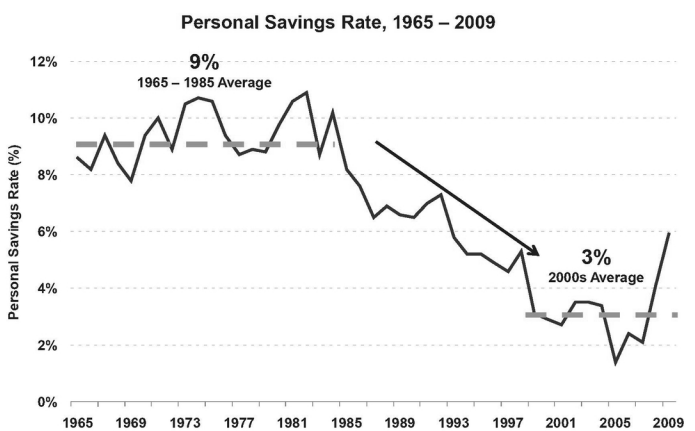


*Note: Personal savings rate is calculated as the amount of savings divided by disposable income (income after taxes). Source: BEA.*

## Restructure Social Security: Especially High Unemployment Levels Also Create Challenge to Reducing Benefits

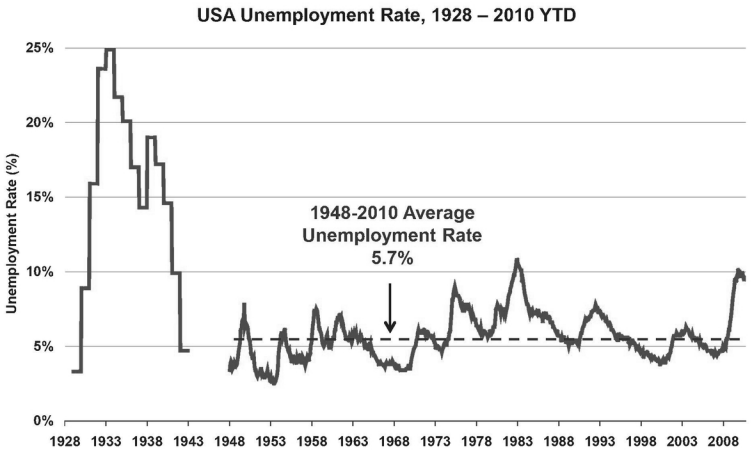


*Source: BLS, 2010 data as of 8/10.*



1

**Focus on Expenses**

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced

## Restructure Medicare & Medicaid: Observations About America's Healthcare System

1) **High Expenses** – however measured, the costs are high: a) total dollars; b) share of GDP relative to other countries; c) cost relative to ability to pay (government, business, or individual), and

2) **Inefficiencies** – both the data and the insights of doctors, nurses, patients, and healthcare professionals identify opportunities for more efficient communication, data sharing and cost saving.



## Restructure Medicare & Medicaid: Mathematical Challenge Related to Government Healthcare Programs Facing USA Inc. per CBO Forecasts

**Medicare & Medicaid Have Been Crowding Out Spending for Other Federal Programs and are Projected to Exceed All Federal Revenue by 2080E**

**Federal Revenue & Medicare / Medicaid Spending as % of GDP, 1965 – 2080E**

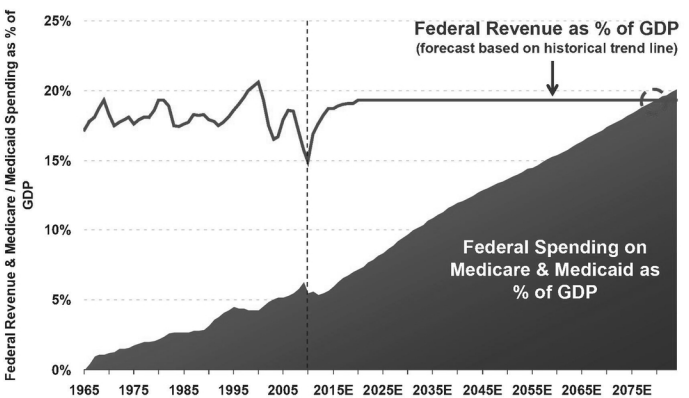


*Source: CBO Long-Term Budget Outlook alternative fiscal scenario, 6/10.*

## Restructure Medicare & Medicaid: Variables in Restructuring Medicare & Medicaid to Reduce Material Impact on USA Inc.'s Expenses

**Mathematical Illustrations*** **Slide 273–274**

1) Medicare benefits – reduce them by 53% (or cap them)? ***or***

2) Medicare tax rate – increase it by 4 percentage points?

**Policy Options** **Slide 275–328**

1) Combination of mathematical illustrations – reduce benefits ***and/or*** increase taxes? ***and/or***

2) Isolate and address the drivers of medical cost inflation? ***and***

3) Improve efficiency / productivity of healthcare system? ***and***

4) Reduce services for some Medicaid beneficiaries? ***and***

5) Consider / implement CBO's 26 policy options that could reduce annual budget deficit by up to 38%?** ***and/or***

6) Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options***

*Note: *Each mathematical illustration would bring Medicare Part A into long-term (75-year) actuarial balance. There is no mathematical illustration for Medicaid or Medicare Part B & D as there's no 'dedicated' funding.*
***See: CBO, "Budget Options, Volume 1: Health Care," 12/2008.*
****See: National Commission on Fiscal Responsibility and Reform, "Co-Chairs' Proposal," 11/10/10.*



## Restructure Medicare & Medicaid: Mathematical Illustrations*

***Mathematical Illustrations****

*1) Medicare benefits – reduce / cap them?*

***or***

*2) Medicare tax rate – increase it?*

*Note: *For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*

## Restructure Medicare & Medicaid: Mathematical Illustration #1 – Reduce Medicare Benefits* By 53%

**Sizing the problem:**
**It would take massive (53%) benefit cuts to address the shortfall of Medicare* funding**

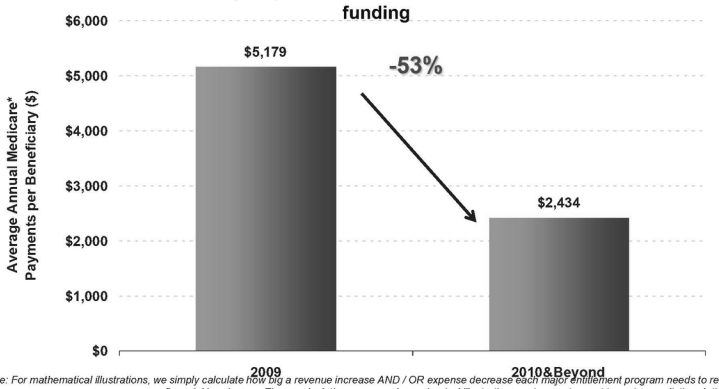


*Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Source: Dept. of Health & Human Services forecast in "2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 5/09. *Note that data presented here are limited to Medicare Part A (Hospital Insurance) Trust Fund. Medicare Part B (Medical Insurance) and Part D (Prescription Drug Benefits) are primarily funded via insurance premiums and general tax revenue transfers. Note also that data presented here are estimates prior to PPACA (2009 healthcare reform).*



## Restructure Medicare & Medicaid: Mathematical Illustration #2 – Increase Medicare Tax Rate From 2.9% to 6.8%

**Sizing the problem:**
**It would take massive (3.9 percentage points) payroll tax hikes on individual and businesses to address the Medicare* funding shortfall**

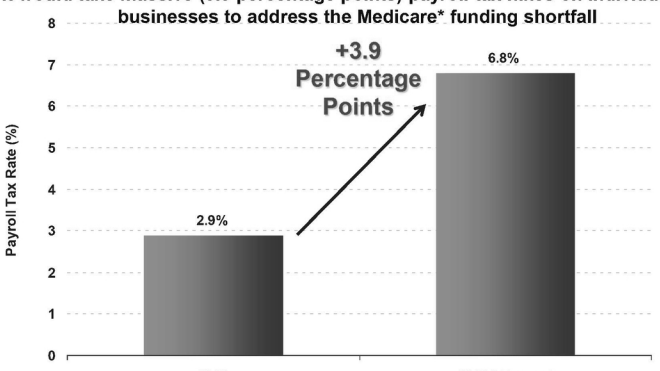


*Note: For mathematical illustrations, we simply calculate how big a revenue increase AND / OR expense decrease each major entitlement program needs to reach financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Source: Dept. of Health & Human Services forecast in "2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 5/09. *Note that data presented here are limited to Medicare Part A (Hospital Insurance) Trust Fund. Medicare Part B (Medical Insurance) and Part D (Prescription Drug Benefits) are primarily funded via insurance premiums and general tax revenue transfers. Note also that data presented here are estimates prior to PPACA (2009 healthcare reform).*

## Restructure Medicare & Medicaid: Policy Options

***Policy Options***

*1) Combination of mathematical solutions – reduce benefits and / or increase taxes?* ***and/or***

*2) Isolate and address the drivers of rising healthcare costs?* ***and***

*3) Improve efficiency / productivity of healthcare system?* ***and***

*4) Reduce services for some Medicaid beneficiaries?* ***and***

*5) Consider / implement CBO's 26 policy options that could reduce annual budget deficit by up to 38%?* ***and/or***

*6) Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options?*



## Restructure Medicare & Medicaid: Policy Option #1

*Combination of mathematical solutions – reduce benefits and/or increase taxes?*

## Restructure Medicare & Medicaid: Combination of Reducing Benefits (Including Covered Lives) & / or Raising Taxes

**Consider**:

1) Reduce Medicare benefits by 53%? ***and/or***

2) Increase Medicare tax rate from 2.9% to 6.8%? ***and/or***

3) Some combination of all / some the above

However you look at it, this math is draconian. A 53% cut in Medicare benefits and / or more than doubling taxes are unrealistic. The situation for Medicaid is even worse, as Medicaid has no dedicated funding source.

Neither Medicare nor Medicaid has yet fully faced up to the crisis and reform that Social Security experienced in the early 1980s.



## Restructure Medicare & Medicaid: Policy Option #2

*Isolate and address the drivers of rising healthcare costs*

## Restructure Medicare & Medicaid: Isolate and Address the Key Drivers of Rising Healthcare Costs

**USA Total Healthcare Spending Has Risen Faster than Peers' (France, UK and Japan)***

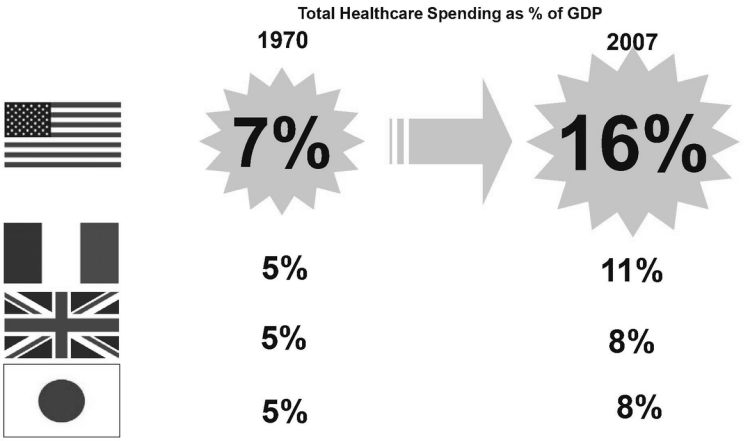


*Note: *Ranked by total healthcare spending in 2007; 1970 comparable data not available for Germany because of reunification.*
*Source: OECD, U.S. Department of Health & Human Services, Kaiser Family Foundation.*



## Restructure Medicare & Medicaid: Incentives Support Healthcare Cost Growth

- **Consumers demand healthcare services with less regard for the full economic impact as they pay only a fraction of the true cost out of pocket.**
- **Healthcare service providers are generally rewarded for pushing more services through the system, largely with relatively less regard for cost effectiveness.**

**Bottom line = Powerful forces encourage spending related to social / economic / legal issues throughout the healthcare system.**

*Source: Doug Simpson, Morgan Stanley Healthcare Research.*

## Restructure Medicare & Medicaid: Social + Economic + Legal Factors Drive Incentives to Spend

1) ***Social –*** Growing + aging population (with related disproportionate spending on end-of-life care) and unhealthy lifestyles.

2) ***Economic –*** Healthcare service providers have financial incentives to perform more services and drive revenue while consumers often have little incentive to manage incremental cost.

3) ***Legal*** **-** Rising overhead from defensive medicine (to avoid lawsuits) and from regulatory compliance costs.

*Source: Morgan Stanley Healthcare Research.*



## Restructure Medicare & Medicaid: Social Forces that Push Up Healthcare Spending

1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions



## Restructure Medicare & Medicaid: Social Factors— USA is Aging…13% of Americans Over 65 Years Old, Up from 5% in 1930

**Older Population (65+) as Percent of Total Population, 1930 / 1970 / 2010E**

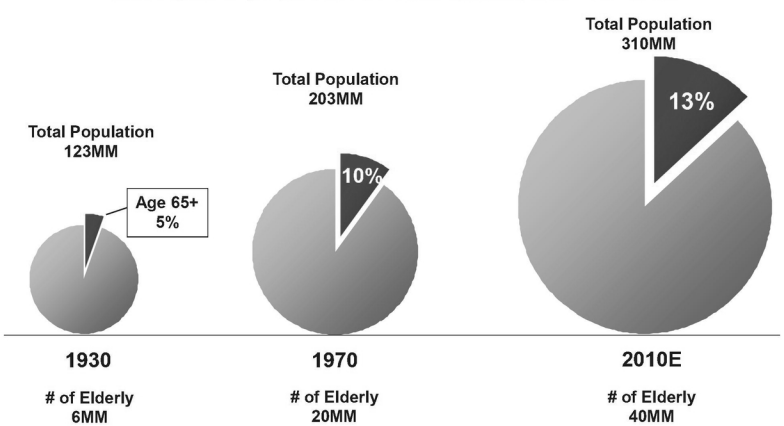


*Source: US Census Bureau.*

## Restructure Medicare & Medicaid: Social Factors— Older People Spend 2x More per Year on Healthcare than Younger Americans

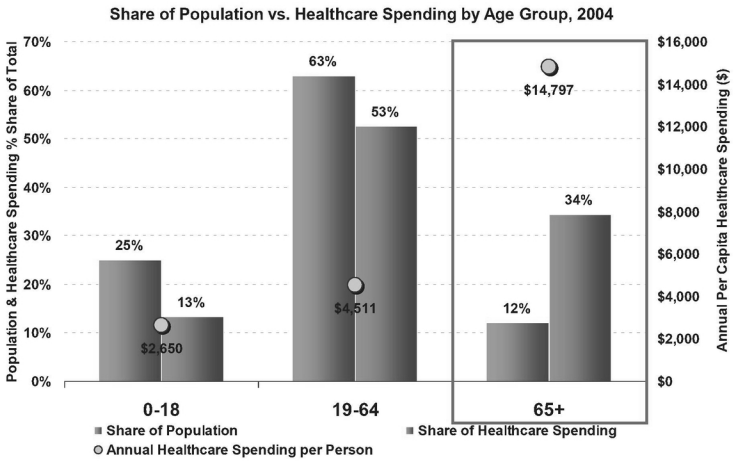


*Source: Dept. of Health & Human Services, US Census Bureau.*



## Restructure Medicare & Medicaid: Social Factors— ~28% of Annual Medicare Spending Geared Toward End-of-Life Care (Last 12 Months)

**2008 Medicare Total Benefit Expense**
**$363B**

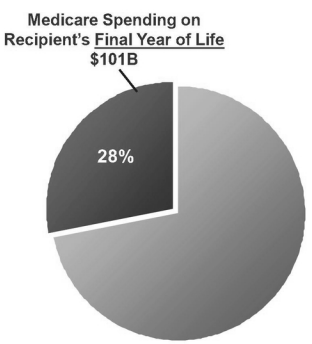


- **People 65+ spent $14,797 per year on healthcare on average in 2004, 3x what working-age people (19-64) spend.**
- It's notable that ~28% of average Medicare recipient spending occurs in the final year of life and 12% occurs in the final two months of life.

*Sources: CMS, Medpac, Report to the Congress: Medicare Payment Policy, 3/10*

1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions



## Restructure Medicare & Medicaid: Social Factors— 32% of Americans Considered Obese in 2008, Up from 15% in 1990…

**USA Adult Obesity Levels by State, 1990, 1999, 2008**

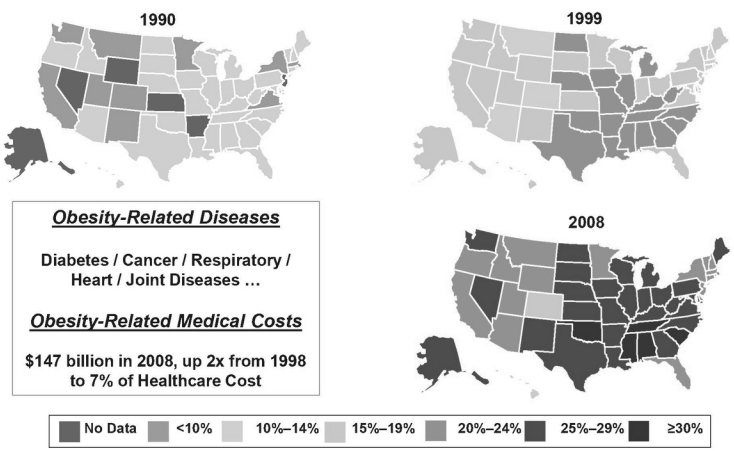


***Obesity-Related Diseases***

**Diabetes / Cancer / Respiratory / Heart / Joint Diseases …**

***Obesity-Related Medical Costs***

**$147 billion in 2008, up 2x from 1998 to 7% of Healthcare Cost**

*Note: An adult is considered obese if his / her Body Mass Index (BMI) is over 30. Source: Centers for Disease Control Behavioral Risk Factor Surveillance System, "America's Health Rankings, A Call to Action for People and Their Communities, 2009 Edition".*

## Restructure Medicare & Medicaid: Social Factors— Rising Obesity Pushes Up Healthcare Cost

- **An estimated 7% of $2.1 trillion healthcare costs (including those linked to diabetes, cancer, heart / respiratory / joint diseases) were related to obesity in 2008. By comparison, that's more than all corporate income tax revenue that year.**

*Note: Nearly half of all people in the U.S. with European ancestry carry a variant of the fat mass and obesity associated (FTO) gene, vs. 25% of U.S. Hispanics, 15% of African Americans and 15% of Asian Americans, per UCLA.*
*Source: "Annual Medical Spending Attributable To Obesity: Payer- And Service-Specific Estimates." Eric A. Finkelstein, Justin G. Trogdon, Joel W. Cohen, and William Dietz. Health Affairs , July 27, 2009.*



1) Growing and Aging Population

2) Unhealthy Lifestyles

3) Possible Solutions

## Restructure Medicare & Medicaid: Social Factors—Possible Solutions Boost Healthcare Education & Incentives to Drive Better Choices

- **Emphasize on disease prevention and wellness.**
  - Education and information
  - Highlight health risk associated with certain behaviors and lifestyles
  - Financial incentives for healthy habits
  - Create social programs to champion healthy lifestyles and consumption
  - Subsidize healthy foods for lower income population
- **Discourage unhealthy behavior and consumption.**
  - Penalize poor health choices (create new incentives based upon lessons learned from higher life insurance fees for smokers and car insurance fees for speeders)
  - Consider additional / new taxes on cigarettes, non-diet sodas, etc.

*Source: Morgan Stanley Healthcare Research.*



## Restructure Medicare & Medicaid: Economic Forces that Push Up Healthcare Spending

1) *Open access healthcare plans can increase access to care (via greater choices of care providers), but can also increase cost.*
2) *Consumers and providers are not always incentivized to constrain their healthcare costs.*
3) *Even when appropriate, poor information & lack of price transparency complicate comparison shopping for consumers.*
4) *Advances in medical technology drive demand and costs.*

## Restructure Medicare & Medicaid: Economic Factors— Rise in Usage of "Open Access" Healthcare Plans Makes It Harder to Control Patient Choices…Subsequently, Cost of Care Increases

Societal demand for less restrictive health insurance has driven a gradual switch to open access plans. These plans offer consumers greater choices of medical providers, but at higher costs.

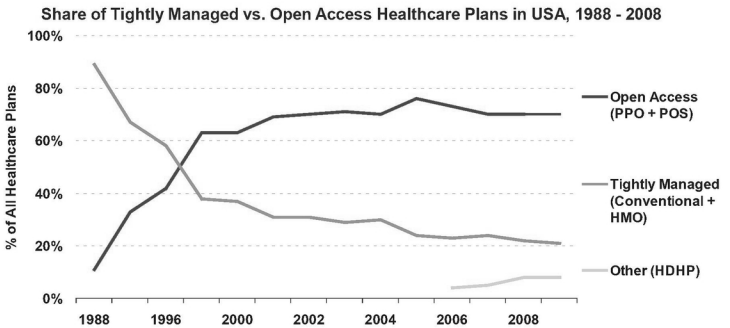


*Note: PPO is Preferred Provider Organization, which allows enrollees to select any doctor / hospital in the insurance provider's network without going through a primary care physician. HMO is Health Maintenance Organization, which requires enrollees to coordinate all healthcare via a primary care physician (a family doctor). POS is Point Of Service, which combines the features of an HMO and a PPO. HDHP is High-Deductible Health Plan, a form of catastrophic coverage with lower premiums and higher deductibles than a traditional plan. Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988*



## Restructure Medicare & Medicaid: Economic Factors— Less Incentive for Consumers or Providers to Control Costs When Someone Else (Government / Taxpayers) Pays the Bills

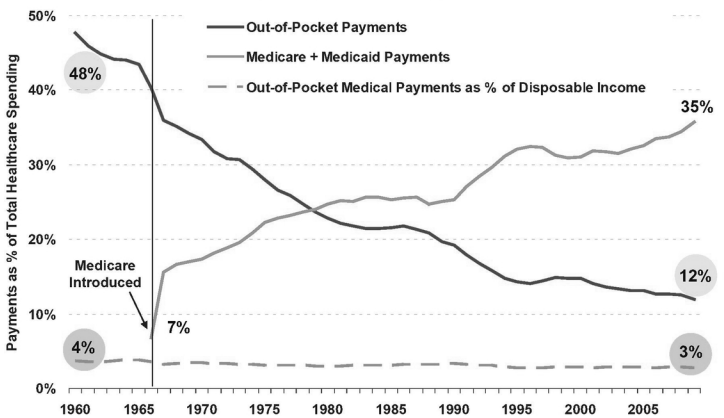


*Source: Department of Health & Human Services, Centers for Medicare & Medicaid Services.*

## Restructure Medicare & Medicaid: Economic Factors – Employer and Government Funding System Separates Consumers from True Costs of Healthcare

- **When one doesn't pay directly and gets an expensive good / service for free (or well below cost), one tends to consume more – it's basic supply and demand economics.**
- **Count up the subsidies:**
  - **Medicaid:** 47 million (24MM children / 12MM low-income adults / 7MM disabled / 4MM elderly) Americans (15% of population) each received $6,872 in taxpayer funds, on average, for healthcare in 2008 through Medicaid. That $6,872 equals ~19% of annual per-capita income for Americans.
  - **Medicare:** 45 million elderly Americans (15% of population) averaged $7,991 per person for healthcare in 2008 ($4,875 for hospital care; $3,116 for medical insurance and prescription drugs). That equals ~23% of annual per capita income.
  - **Private Market:** 157mm Americans with private health coverage (subsidized by employers) in 2008 paid just 16% of the total premium cost themselves for single coverage and 27% for family coverage. In effect, that represented tax-free "earnings" of $3,951 for singles or $9,256 for families (not including the tax savings on their personal premium contributions).

*Source: Department of Health & Human Services, Centers for Medicare & Medicaid Services.*



## Restructure Medicare & Medicaid: Economic Factors— Healthcare Providers Are Rewarded for Driving Revenue

- **While striving to provide the best care possible, healthcare providers tend to have financial / legal / societal incentives to provide more care, all else equal.**
- Reimbursement for providers is generally volume-based (e.g., more procedures generate more revenue for care providers), though there are efforts to increasingly focus on quality.
- Unlike car buyers, for example, who often disregard a dealer's maxed-out model and choose only the features that are important to them and what they can afford, healthcare buyers tend to buy all the "features" as: 1) buyers (patients in this case) are typically not medical experts, so they defer to doctors / care providers for decisions; and 2) buyers only bear a small portion of the costs as someone else (employer or government) is paying for the features.

## Restructure Medicare & Medicaid: Economic Factors— Rising Healthcare Costs Disproportionately Borne by Employers and Individuals

Over the last few decades, private payors (employer-sponsored health insurance plans) have consistently paid more than government payors (Medicare / Medicaid) and have, in effect, subsidized government reimbursement.

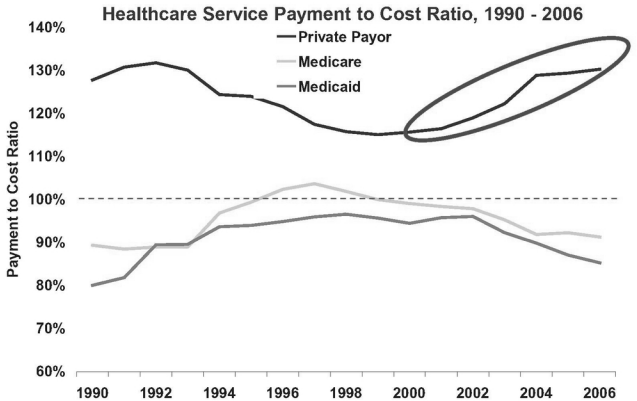


*Source: Avalere Health Analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.*



## Restructure Medicare & Medicaid: Differential Payment Rates Can Create a Negative Cycle Leading to Erosion of Private Healthcare Coverage and Higher Entitlement Spending

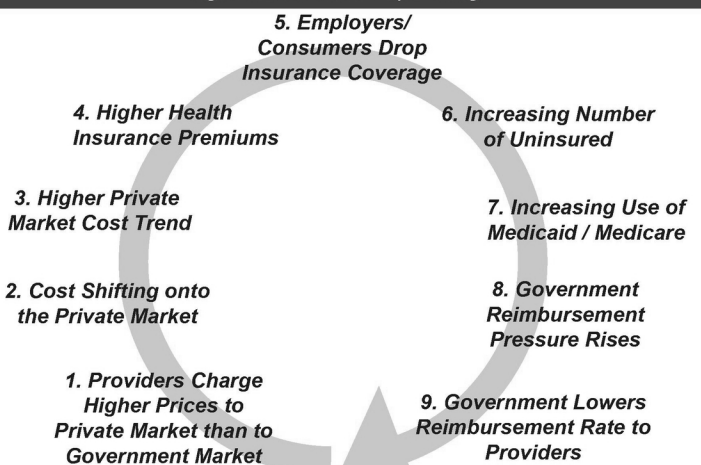


*Source: Doug Simpson, Morgan Stanley Healthcare Research.*

## Restructure Medicare & Medicaid: Economic Factors— Reimbursement Reform Is Easier Said than Done Owing to Political Sensitivity…

**Percentage Contribution to Medicare Medical Cost Growth Rate by Spending Type, 2019E**

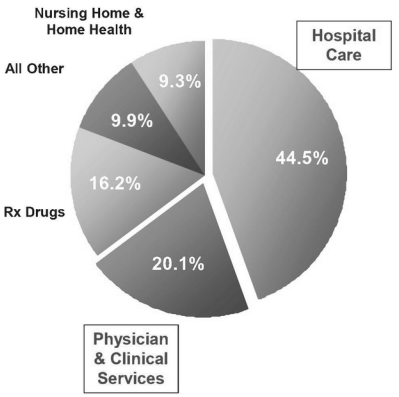


**Key Issues:**

- Consumers understandably do not like constraints on their care location.
- Doctors, nurses and hospitals are fulfilling a difficult task at the core of the healthcare delivery system.
- Care providers are very important to local communities.
- Local hospitals are large employers.
- Many hospitals are struggling financially.

*Source: Data per CMS' National Health Expenditure database, Doug Simpson, Morgan Stanley Healthcare Research.*



## Restructure Medicare & Medicaid: Economic Factors— Healthcare Service Providers are Already "Underpaid" by Government

**USA Community Hospital Profit Margins & Inpatient Discharges by Payor Class**

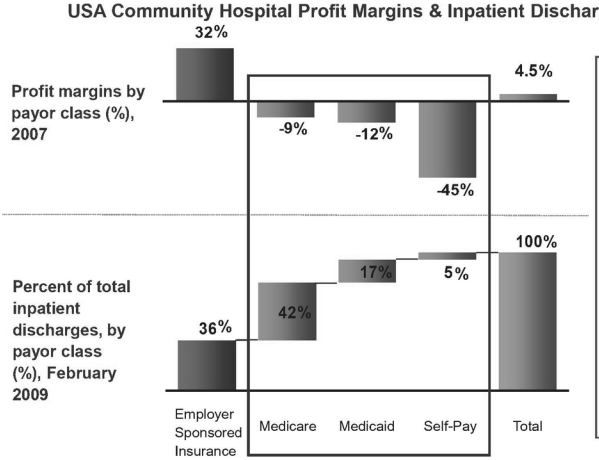


Profit margins from patients with employer sponsored insurance are sufficient to leave hospital industry with positive overall margin, despite being only 36% of inpatient discharges.

Reimbursement cuts to Medicare and/or Medicaid would pose significant challenges, as hospitals already realize negative margins from those payor classes.

*Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2007, for community hospitals. Morgan Stanley Healthcare Research.*

## Restructure Medicare & Medicaid: Economic Factors— Poor Information & Lack of Price Transparency Make it Harder for Consumers to "Comparison Shop"

**Patients are at a healthcare information disadvantage in two respects[1]:**

- **Lack of transparency:**
  - It's **harder for consumers to compare prices** of healthcare services from different healthcare providers than in other consumer markets given the complexity of healthcare market.
  - With employer- / government-subsidized insurance, many patients are **'locked in' with their insurance plans** that do not incentivize "shopping around."
- **Knowledge gap:**
  - Unlike other markets where consumers tend to use their own information and preferences, consumers **depend more on the advice and guidance of physicians** or other healthcare suppliers.
  - Unlike other "merchandise," **healthcare is literally of life-and-death importance to consumers, making risk aversion – and price insensitivity – higher**. This price insensitivity is exacerbated because the consumer, in effect, gets it at a discounted price anyway.

*Source: 1) Accounting for the cost of US healthcare, McKinsey Global Institute*



## Restructure Medicare & Medicaid: Economic Factors— Consumers Increasingly Demand Expensive Treatment and Are Able to Pay for it With Government Subsidies

**Total High-End Surgeries up 50x from 1970-2004, Driven by Medical Advancements + Consumer Ability to Spend Assisted by Government Payments**

| | # of Patients (Aged 50+) Undergoing Advanced Procedures in USA | | Typical Costs per Procedure ($) |
|---|---|---|---|
| | 1970 | 2004 | |
| ***Coronary Procedures*** | | | |
| **Angioplasty / Stent Implantation** | <20,000 | 1.1 million | $12,000 |
| **Pacemaker / ICD[1]** | <10,000 | 350,000 | $15-34,000 |
| **Bypass** | <10,000 | 220,000 | $28,000 |
| ***Dialysis Procedures*** | <10,000 | 480,000 | $24-72,000 per year |
| ***Joint Replacement Procedures*** | | | |
| **Hip** | <20,000 | 390,000 | $12,500 |
| **Knee** | -- | 440,000 | $12,500 |

*Note: 1) ICD is Implantable Cardioverter Defibrillator, which is similar to a pacemaker but for a heart rhythm that beats too fast. Cost of procedure approximated by Medicare reimbursement.*

## Restructure Medicare & Medicaid: Economic Factors— Unconstrained Access to Medical Technology Increases Cost of Care…

- **Researchers generally agree that advances in medical technology have contributed to rising US Health Spending[1]**
- Medical technology affects the costs of care through several "mechanisms of action"[2]
  - **New treatments** for previously untreatable terminal conditions
  - Major advances in clinical **ability to treat previously untreatable acute conditions**
  - **New procedures** for discovering and treating secondary diseases
  - **New indications** for a treatment over time
  - Ongoing, **incremental improvements** in existing capabilities
  - **Major advances** or the cumulative effect of incremental gains extending clinical practice to conditions once regarded beyond its boundaries
- **Very expensive, high-end medical procedures (such as dialysis and heart bypass) – which can easily cost as much as the average annual income of an American – are increasingly <u>60-70% subsidized by taxpayer dollars</u>.**

*Source: 1) "How Changes in Medical Technology Affect Healthcare Costs," Kaiser Family Foundation, March 2007; 2) Richard A. Retting, "Medical Innovation Duels Cost Containment," Health Affairs (Summer 1994).*



## Opportunity for Two Mutually Reinforcing Cycles: <u>Information</u> + Incentives…

- More widespread adoption of healthcare information technology, in particular clinical decision support software, should yield better information and provider decisions.
  - Healthcare is at the cusp of leveraging decision-support technology after historically lagging other industries.
  - Opportunity to develop best practices to improve patient care and outcomes and reduce medical errors and costs.
  - More evidence-based care could help to narrow the variation in practice norms
  - The American Recovery and Reinvestment Act of 2009 provided approximately $19 billion for Medicare and Medicaid Health IT incentives.
- Medpac summarizes the opportunities and issues succinctly.
  - "Drivers of investment in IT include the promise of quality and efficiency gains. Barriers include the cost and complexity of IT implementation, which often necessitates significant work process and cultural changes. Certain characteristics of the health care market—including payment policies that reward volume rather than quality, and a fragmented delivery system—can also pose barriers to IT adoption."

*Source: Morgan Stanley Healthcare Research.*

## …Opportunity for Two Mutually Reinforcing Cycles: Information + **Incentives**

- Improving incentives for providers and consumers is also critical.
  - Providers need appropriate incentives to improve quality of care and lower costs.
  - Drivers include more widespread adoption of bundled payments and accountable care organizations.
  - Tort reform could play an important role.
  - Consumers need to take more responsibility for their own health and to utilize the healthcare system appropriately.
  - Appropriate social and financial incentives are key.

*Source: Morgan Stanley Healthcare Research.*



## Restructure Medicare & Medicaid: Economic Factors–Possible Solutions

1) *Cost-Sharing and/or*
2) *Reimbursement Reform and/or*
3) *Improving Cost & Quality Transparency and/or*
4) *Deploy Cost-Benefit Analysis for Medical Technology Spending*

## Restructure Medicare & Medicaid: Economic Factors–Possible Solutions 1) Cost-Sharing

- **Cost-sharing can help control demand for a portion of healthcare by creating incentives for consumers to shop for most cost-effective treatments (although those benefits would be somewhat mitigated by the skew in health spending toward high users).**
- Once again, a Math Problem: Consider a routine physician office visit in which a provider suggests and / or patient requests various tests, procedures, etc.
  - Patient #1 covered by a plan with a $20 co-pay (i.e., a flat fee regardless of the level or intensity of care performed during the visit)
  - Patient #2 covered by a plan with a 10% co-insurance for in-network care (i.e., responsible for 10% of the aggregate billed charges)
  - Clearly, patient #2 will become more sensitive to necessity and cost of care beyond a level of $200 of total healthcare services
  - Note that deductibles drive similar dynamic as a co-pay: once the deductible is met, the member has little or no "skin in the game"
- Only 14-18% of employer-sponsored health insurance plans use pro-rata cost sharing (i.e. co-insurance in example #2 above). Most (77%) insurance plans only use a co-pay (in example #1), which gives consumers little incentive to shop the most cost-effective treatment path.

*Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009*



## Restructure Medicare & Medicaid: Economic Factors–Possible Solutions 2) Reimbursement Reform

**Reimbursement reform could help shift drivers of payment from quantity of care to quality of care. The following list provides a few options to consider.**

- Bundled Payments: Providers get a fixed budget to treat an episode of care (i.e. a broken hip). Exceeding the budget means providers absorb additional costs; staying under it lets provider benefit from savings.
  - Examples: PROMETHEUS Payment System[1], Medicare Acute Care Episode Demonstration[2]
- Global payment system[3] (i.e., capitation): Providers are paid up-front to provide care that their patient receives over a period, incentivizing them to manage costs and quality. This global payment is adjusted periodically to reward accessible and high-quality care.
- Pay for performance[4]: Reimbursement for care providers varies, based on various quality and efficiency measures such as discharge rate and readmission rate.
- Accountable Care Organizations (ACOs): Provider groups accept responsibility for the cost and quality of care for a specific population of patients[5]
  - The recently enacted *Patient Protection and Affordable Care Act* includes regulations supporting the creation of Accountable Care Organizations
  - Other models often discussed to improve coordination / efficiency and reduce costs : 1) integrated delivery systems; 2) multispecialty group practices; 3) physician-hospital organizations; 4) independent practice associations; 5) virtual physician organizations

*Source: 1) Cutting Healthcare Costs by Putting Doctors on a Budget, Time 1) Adopted in Rockford, IL in Jan 2010 2) Medicare Demonstration Project Overviews, www.cms.gov/demoprojects 3) Recommendations of the Special Commission on the Healthcare Payment, Commonwealth of Massachusetts 4) Pay for Performance Incentive Programs in Healthcare , Geoffrey Baker 5) How the Center for Medicare & Medicaid Innovation Should Test Accountable Care Organizations, Stephen Shortell, Lawrence P. Casalino and Elliott S. Fisher for Health Affairs, July 2010*

## Restructure Medicare & Medicaid: Economic Factors–Possible Solutions
## 3) Improving Cost & Quality Transparency

- **Improving cost and quality transparency of healthcare services could help doctors and patients make more informed decisions for each situation.**
- **Though enhancing competition and price transparency in healthcare is not easy,[1] new models for encouraging "comparison shopping" are emerging:**
  - Castlight Health, a start-up financed by venture capitalists and the Cleveland Clinic, is working to build a search engine for healthcare prices[2]
  - Other services beginning to publish price information: Thomson Reuters, Change: healthcare, and health insurers (e.g., the Aetna Navigator)[2]
- **A 2007 study by Deloitte proposes a "Price Transparency Checklist for States":**
  - provide prices for services that matter to consumers
  - make it easy to understand
  - keep care providers, insurance & pharmaceutical companies engaged and informed
  - provide price and quality measures
  - keep expanding price transparency initiatives
  - maintain methodological rigor
  - promote access and use of price information
  - evaluate impact and ROI

*Source: 1) The Market for Medical Care: Why You Don't Know the Price; Why You Don't Know about Quality; And What Can Be Done About It, by Devon M. Herrick and John C. Goodman, March 12, 2007; 2) "Bringing Comparison Shopping to the Doctor's Office," The New York Times, June 10, 2010; 3) Healthcare Price Transparency: A Strategic Perspective for State Government Leaders, by Deloitte Center for Health Solutions, 2007*



## Restructure Medicare & Medicaid: Economic Factors–Possible Solutions
## 4) Deploy Cost-Benefit Analysis for Medical Technology Spending

- **Deploying cost-benefit analysis for medical technology spending can help ensure we are spending resources wisely.**
- **Directly measuring the impact of new technology on total healthcare spending – and its true value – is very difficult[1]**
- The Kaiser Foundation outlines some of the more common policy suggestions for dealing with this driver of costs:
  - Cost-effectiveness analysis (i.e., comparative effectiveness)
  - Rationing (unlikely to be adopted owing to political sensitivity), regulation, budget-driven constraints (used by other countries but generally not popular in the U.S.)
  - Market-based rationing (consumer-driven healthcare, pay-for-performance, information technology)

*Source: 1) "How Changes in Medical Technology Affect Healthcare Costs," Kaiser Family Foundation, March 2007.*



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## Restructure Medicare & Medicaid: Legal Forces that Push Up Healthcare Spending

*1) Defensive Medicine*

*2) Possible Solutions*



## Restructure Medicare & Medicaid: Legal Factors— "Defensive Medicine" Drives up Healthcare Spending

- **Defensive Medicine consists of procedures or tests that a doctor orders to avoid possible future malpractice lawsuits.**
- **The practice is prevalent among US physicians and is contributing factor to healthcare spending. According to a survey of 824 physicians in 2005[1]:**
  - 93% said they had engaged in the practice of Defensive Medicine
  - 59% said they often ordered more diagnostic tests than medically necessary
  - 52% said they referred patients to other specialists in unnecessary circumstances
  - 33% said they often prescribed more medications than medically necessary

*Source: 1) David Studdert, et al., American Medical Association, "Defensive Medicine Among High-Risk Specialist Physicians in a Volatile Malpractice Environment," 6/2005.*

## Restructure Medicare & Medicaid: Legal Factors—Possible Solution
## Tort Reform Could Reduce Incentives of Defensive Medicine

**Ways to control costs from tort litigation without jeopardizing patient health**

***The CBO listed a package of tort reform proposals (10/09):***

- Cap of $250,000 on awards for noneconomic damages for malpractice
- Cap on awards for punitive damages of $500,000 or twice the award for economic damages, whichever is greater
- Modification of the "collateral source" rule to allow evidence of income from such sources as health and life insurance, workers' compensation, and automobile insurance and subtract it from jury awards
- A statute of limitations – one year for adults and three years for children – from the date of discovery of an injury
- Replacement of joint-and-several liability with fair-share rule: Defendants would be liable only for the percentage of a final award equal to their share of responsibility

*Source: Congressional Budget Office, Letter to the Honorable Orrin G. Hatch dated October 9, 2009; Congressional Budget Office, Letter to the Honorable John D. Rockefeller IV dated December 10, 2009*



## Restructure Medicare & Medicaid: Legal Factors—Possible Solution
## Tort Reform Could Save USA Inc. $54 Billion Over Next 10 Years

- **CBO estimates that a package of typical tort reform proposals could reduce total US health spending by 0.5% annually:**
  - Direct savings: Roughly 0.2% of this reduction stems from lower national premiums for medical malpractice insurance.
  - Indirect savings: Another 0.3% stems from slightly lower utilization of services related to defensive medicine.
- **Over 10 years, CBO estimated tort reform could reduce net healthcare spending by $54 billion:**
  - Spending for Medicare, Medicaid, Children's Health Insurance Program, and Federal Employees Health Benefits could fall ~$41 billion over the next decade (with the greatest savings in Medicare).
  - Federal tax revenues could rise by ~$13 billion as lower health insurance costs for employers could lead to higher take-home pay for employees and therefore higher income taxes for USA Inc.

*Source: Congressional Budget Office, Letter to the Honorable Orrin G. Hatch dated October 9, 2009; Congressional Budget Office, Letter to the Honorable John D. Rockefeller IV dated December 10, 2009*

## Restructure Medicare & Medicaid: Policy Option #3

*Improve Efficiency / Productivity of Healthcare System*



## Restructure Medicare & Medicaid: Most Businesses are Performance-Based, Many Components of Healthcare System are Not

**USA Healthcare Outcome (based on Life Expectancy) Have Room For Improvement Relative to Other Countries**

**Healthcare Spending per capita vs. Average Life Expectancy Among OECD Countries, 2007**

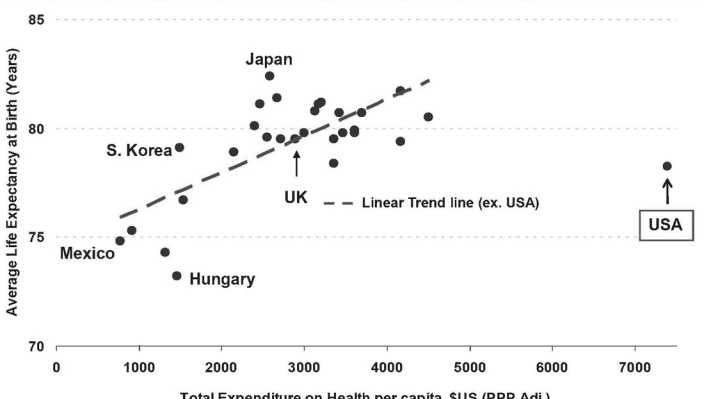


*Source: OECD.*

## Restructure Medicare & Medicaid: In Addition to Life Expectancy, USA Falls Behind OECD Averages in Many Other Health Indicators

| 2007 Health Indicators | USA | OECD Median | USA Ranking (1 = Best, 30 = Worst) RED = Below Average |
|---|---|---|---|
| **Obesity** (% of total population) | **34** | **15** | 30 |
| **Infant Mortality** (per 1,000 live births) | **7** | **4** | 27 |
| **Medical Resources Available** (per 1,000 population) | | | |
| Total Hospital Beds | **3** | **6** | 25 |
| Practicing Physicians | **2** | **3** | 22 |
| Doctors' Consultations per Year | **4** | **6** | 19 |
| MRI Machines* (per million population) | **26** | **9** | 1 |
| **Cause of Death** (per 100,000 population) | | | |
| Heart Attack | **216** | **178** | 22 |
| Respiratory Diseases | **60** | **45** | 21 |
| Diabetes | **20** | **12** | 20 |
| Cancer | **158** | **159** | 14 |
| Stroke | **33** | **45** | 8 |

*Note: *MRI is Magnetic Resonance Imaging. Source: OECD.*



## Restructure Medicare & Medicaid: Effectiveness Research Could Improve Efficiency (i.e., Outputs Track Inputs)

- **Comparative Effectiveness** evaluates different options for treating a condition for a specific set of patients[1]
  - Either relative benefits and risks of various treatment options (technology assessment, evidence-based medicine), or
  - Both clinical effectiveness and relative cost (cost-benefit analysis).
- Without rigorous data about comparative effectiveness, according to the CBO:
  - Treatment decisions often depend on anecdotal evidence, conjecture, and the experience/judgment of involved physicians.
  - Treatments and types of care vary widely from one area of the country to another.
- To affect healthcare spending meaningfully, comparative effectiveness must alter doctor and patient behavior, potentially through reimbursement scheme changes, the CBO notes.
- Note that by law, Medicare is effectively precluded from considering costs when making coverage decisions.

*Source: "Research on the Comparative Effectiveness of Medical Treatments", A CBO Paper, December 2007.*

## Restructure Medicare & Medicaid: Policy Option #4

# Reducing Optional Services + Optional Beneficiary Groups[1] Could Save Up to ~60% of Annual Medicaid Cost, per Kaiser Family Foundation

*Note: 1) Medicaid is a jointly financed federal and state program that provides health and long-term care services to 55 million low-income Americans. As a condition of participating in Medicaid, states are required to cover certain "mandatory" populations and to provide a specified set of benefits. States also have discretion to cover additional low-income individuals in each of these categories ("optional groups") and receive federal matching payments. Optional eligibility categories include children and parents, persons with disabilities and the elderly above mandatory coverage limits; persons residing in nursing facilities; and the medically needy. Source: Kaiser Family Foundation, 2005*



## Restructure Medicare & Medicaid: Policy Option # 4 – Reducing Optional Services + Beneficiary Groups[1] Could Save Up to 60% of Annual Medicaid Spending

**Medicaid Expenditures by Eligibility Group and Type of Service, 2001**

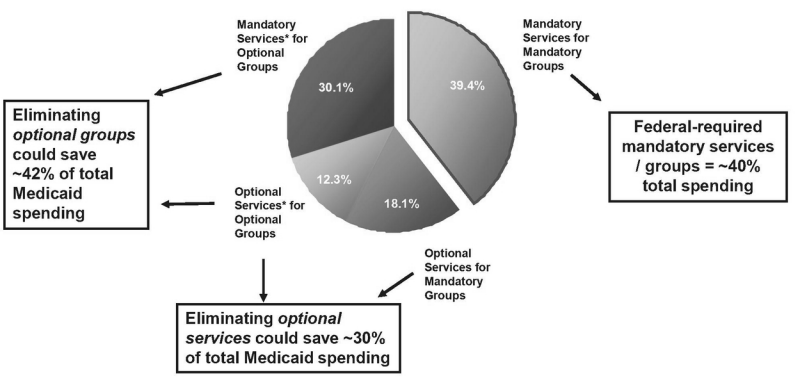


*Note: 1) Medicaid is a jointly financed federal and state program that provides health and long-term care services to 55 million low-income Americans. As a condition of participating in Medicaid, states are required to cover certain "mandatory" populations and to provide a specified set of benefits. States also have discretion to cover additional low-income individuals in each of these categories ("optional groups") and receive federal matching payments. Optional eligibility categories include children and parents, persons with disabilities and the elderly above mandatory coverage limits; persons residing in nursing facilities; and the medically needy. Source: Kaiser Family Foundation, 2005*

## Restructure Medicare & Medicaid: Examples of Medicaid's **Mandatory** Beneficiaries & Services

### Examples of Mandatory Beneficiaries

- Children under age 6 with family annual income below $20,841
- Children age 6 or older with family annual income below $15,670
- Pregnant women with annual income below $12,382
- Elderly and disabled with annual income between below $6,768 (for an individual)

### Examples of Mandatory Services

- Physician services
- Laboratory & x-ray services
- Inpatient hospital services
- Outpatient hospital services
- Rural health clinic services
- Certified pediatric and family nurse practitioner services
- Early & periodic screening, diagnostic, and treatment (EPSDT) services for individuals under 21

*Note: Supplementary Security Income and Federal Poverty Levels are 2005 levels. Source: Kaiser Family Foundation, 2005.*



## Restructure Medicare & Medicaid: Examples of Medicaid's **Optional** Beneficiaries & Services

### Examples of Optional Beneficiaries

- Disabled and elderly with annual income between $7,082 (Supplementary Security Income, or SSI) and $9,310 (Federal Poverty Level, or FPL)
- Nursing home residents with annual income between $7,082 (SSI) and $21,000 (3x SSI)
- Pregnant women with annual income above $12,382 (>133% of FPL)
- Children under 6 with annual family income above $20,841

### Examples of Optional Services

- Prescription drugs
- Dental services
- Rehabilitation and other therapies
- Prosthetic devices, eyeglasses, durable medical equipment
- Hospice services
- Inpatient psychiatric hospital services for individuals under age 21
- Other specialist medical or remedial care

*Note: Supplementary Security Income and Federal Poverty Levels are 2005 levels. Source: Kaiser Family Foundation, 2005.*

## Restructure Medicare & Medicaid: Policy Option #5

*Consider / Implement CBO's 26 policy options that could reduce annual budget deficit by up to 38% over the next 10 years*



## Restructure Medicare & Medicaid: CBO Policy Options— Regulate Private Health Insurance Market; Modify Tax Code; Modify Insurance Eligibility; Improve Efficiency

| Policy Options | Gov. Future Deficit Reduction (%)[1] |
|---|---|
| **Require large employers to either pay government for providing insurance or offer employees basic insurance coverage** | **0.7%** |
| **Replace the income tax and payroll tax exclusion with a refundable credit** | **8.8%** |
| **Replace the income tax exclusion for employment-based health insurance with a deduction** | **8.0%** |
| **Reduce the tax exclusion for employment-based health insurance and the health insurance deduction for self-employed individuals** | **6.6%** |
| **Raise the age of eligibility for Medicare to 67** | **1.2%** |
| **Convert Medicare and Medicaid "Disproportionate Share Hospital Payments" into a block grant** | **1.2%** |
| **Consolidate Medicare and Federal Medicaid payments for graduate medical education costs at teaching hospitals; set consolidated payment equal to:** | |
| • **Adjusted IME[3] payments using a 2.2% adjustment factor + DGME[4] and Medicaid GME[2] funding inflated by the CPI-U[5] minus 1 percentage point** | **0.8%** |
| • **90% total mandatory GME[2] funding inflated by the CPI-U minus 1 percentage point** | **0.4%** |

*Note: 1) As % of Cumulative Total Government Deficit from 2010 to 2019 2) Graduate Medical Education 3) Indirect Medical Education 4) Direct Graduate Medical Education 5) Consumer price index for all urban consumers Source: CBO*

## Restructure Medicare & Medicaid: CBO's Policy Options – Reduce Medicare / Medicaid Payments; Modify Premium and Cost-Sharing in Federal Health Programs

| Policy Options | Gov. Future Deficit Reduction (%)[1] |
|---|---|
| Reduce Medicare's payment rates across the board in high-spending areas | 0.7% |
| Remove or reduce the floor on Federal matching rates for Medicaid services | |
| • Remove the floor on the federal medical assistance percentage | 3.3% |
| • Reduce the floor on the federal medical assistance percentage to 45% | 1.9% |
| Reduce the taxes that states are allowed to levy on Medicaid providers | 0.7% |
| Increase the basic premium for Medicare Part B to 35% of the program's costs | 3.2% |
| Combine changes to Medicare's cost sharing with restrictions on Medigap policies[2] | 1.1% |
| Require a copayment for home health episodes covered by Medicare | 0.7% |
| Restrict Medigap coverage of Medicare's cost sharing | 0.6% |
| Introduce minimum out-of-pocket requirements under TRICARE for life | 0.6% |

*Note: 1) As % of Total Cumulative Government Deficit from 2010 to 2019 2) Individual insurance policies designed to cover most or all of Medicare's cost-sharing requirements. Source: CBO*



## Restructure Medicare & Medicaid: Policy Option #6

*Consider / Implement National Commission on Fiscal Responsibility and Reform's medium- and long-term policy options*

## Restructure Medicare & Medicaid: **Medium-Term** Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

| Medium-Term Policy Options | Deficit Reduction F2012-F2020E[1] |
|---|---|
| Convert the federal share of Medicaid payments for long-term care into a capped allotment | $89 billion |
| Reform Tricare for Life[2] to increase cost sharing for Military retirees | $55 |
| Cut federal spending on graduate and indirect medical education | $54 |
| Reduce taxes that States may levy on Medicaid providers | $49 |
| Expand ACOs, payment bundling, and other payment reform | $38 |
| Accelerate phase-in of DSH payment cuts[3], Medicare Advantage cuts and home health cuts in PPACA | $37 |
| Other[4] | $73 |
| **Total Deficit Reduction F2012-F2020E** | **$395 billion** |

*Note: 1) Cost reductions are Fiscal Commission staff estimates based on CBO and other available sources. Most numbers were generated pre-healthcare reform and may differ significantly. 2) Tricare for Life is a supplementary military health insurance designed to minimize Medicare-eligible military retirees' out-of-pocket medical expenses. 3) DSH is the Medicare and Medicaid disproportionate share hospital payments for hospitals that receive disproportionately large Medicare and Medicaid patients. 4) Other includes reduce Medicaid administrative costs, increase nominal Medicaid copays, cut Medicare payments for bad debt, increase cost sharing for federal civilian retirees and place dual-eligible individuals in Medicaid Managed Care. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.*



## Restructure Medicare & Medicaid: **Long-Term** Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

- Set global target for total federal health expenditures after 2020 (Medicare, Medicaid, CHIP, exchange subsidies, employer health exclusion), and review costs every two years. Keep federal health expenditure growth to one percentage points above GDP growth.
- If costs have grown faster than targets (on average of previous 5 years), require President to submit and Congress to consider reforms to lower spending, such as:
  - Increase premiums (or further increase cost-sharing)
  - Overhaul the fee-for-service system
  - Develop a premium support system for Medicare
  - Add a robust public option and/or all-payer system in the exchange
  - Further expand authority of the Independent Payment Advisory Board (IPAB)*

*Note: IPAB is a 15-member Independent Payment Advisory Board established under PPACA with significant authority with respect to Medicare payment rates. Beginning in 2014, in any year in which the Medicare per capita growth rate exceeded a target growth rate, the IPAB would be required to recommend Medicare spending reductions. The recommendations would become law unless Congress passed an alternative proposal that achieved the same level of budgetary savings. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.*

## Focus on Expenses–
## Reform Entitlement Programs + Focus on Operating Efficiency

**Focus on Expenses**

- **Reform Entitlement Programs**
  - Restructure Social Security
  - Restructure Medicare & Medicaid
- **Focus on Operating Efficiency**
  - Review Federal Wages & Benefits
  - Review Government Pension Plan Characteristics & Compare with Private Sector Plans
  - Review Role of Unions
  - Review Government Cost Structure & Consider Reducing Federal Headcount
  - Determine if There are Non-Core 'Business Lines' That Can Be Centralized / Locally Out-Sourced



## Start with the Basic High-Level Math –
## Review Government Cost Structure

**Government (federal + state + local, including military) spending per household has steadily risen to 82% of median post-tax household income, up from 51% in 1967.**

**Federal spending (ex. entitlement + interest payments + one-time items) per household has remained flat since 1967, while entitlement + interest payments + one-time items spending per household rose 3x.**

Including federal, GSE, state and local (excluding military) employees, there is one public worker for every six households in the country, unchanged from 1967 or 1980 levels.

*Note: *Real spending adjusted for inflation, in 2005 dollars. Source: Census Bureau, Bureau of Economic Analysis.*

## **Total Government** (Federal + State + Local, including Military) Spending Has Risen to **82%** of Median Household Income*, Up from **51%** in 1967

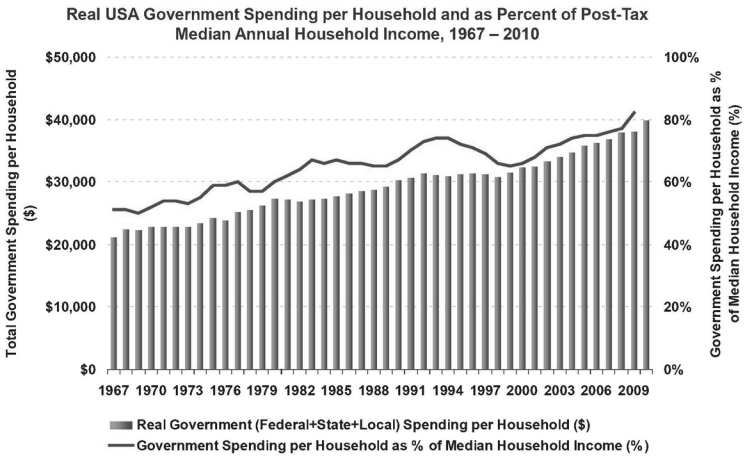


*Note: *Post tax. Real spending adjusted for inflation using BEA's GDP price index, in 2005 dollars. Data source: Census Bureau, Bureau of Economic Analysis.*



## **Federal** (Including Military) Spending Has Risen to **65%** of Median Household Income*, Up from **39%** in 1967, Driven by Entitlement Spending + Interest Payments

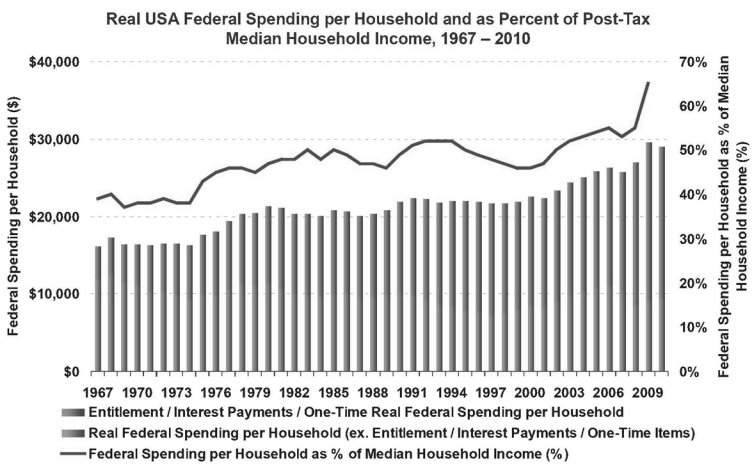


*Note: *Post tax. Real spending adjusted for inflation, in 2005 dollars. Data source: White House Office of Management and Budget, Census Bureau, Bureau of Economic Analysis.*

## **Federal** (Including Military) Spending Per Household = $29,043 in F2010
## Federal Entitlement Spending Per Household = More Than Half ($16,670)

**F2010 USA Inc. Expenses = $3.5T**

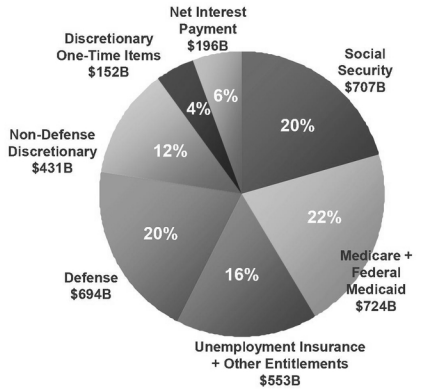


**F2010 USA Inc. Expenses Per Household = $29,043**

| | |
|---|---|
| **Entitlements** | **$16,670** |
| *Social Security* | *$5,939* |
| *Medicare + Federal Medicaid* | *$6,087* |
| *Unemployment Insurance + Other* | *$4,644* |
| **Defense** | **$5,828** |
| **Non-Defense Discretionary** | **$3,619** |
| **Discretionary One-Time Items** | **$1,277** |
| **Net Interest Payments** | **$1,649** |

*Note: Non-defense discretionary spending includes infrastructure, education, law enforcement, etc. Discretionary one-time items includes TARP, ARRA, and spending on GSEs. Source: White House Office of Management and Budget, Census Bureau, Bureau of Economic Analysis.*



## At a High Level, With Focus on Improving Operating Efficiency, USA Inc. Might Consider Ways to Do Things Like…

- Consider empowering an independent / 3rd party auditor with expertise in government operations around the world / corporate turnarounds to conduct a broad-ranging audit of USA Inc.'s operations.
- Restore strong rules for budget process: Require annual budget resolutions and reconciliation; PAYGO* to limit spending, enforce annual appropriations process consider biennial budgeting.
- Consider giving the President 'line-item' veto / rescission authority.
- Empower commissions analogous to the military base closing panels to review and consolidate government functions and agencies, as well as aid to State and local governments.
- Seek flexibility to manage performance and terminate poor-performing Federal employees.
- Develop flexible / long-term compensation plans including bonus payments for Federal employees when annual budget deficit reduction goals are met.
- Privatize government real estate and other assets with little use, expanding on current efforts to trim $3 billion in government-owned real estate.
- Identify additional opportunities to increase public/private investment, management and operations to drive innovation and investment in infrastructure

*Note: PAYGO is the practice of financing expenditures with funds that are currently available rather than borrowed.*
*Source: KPCB and Alvarez & Marsal Public Sector Services, LLC.*

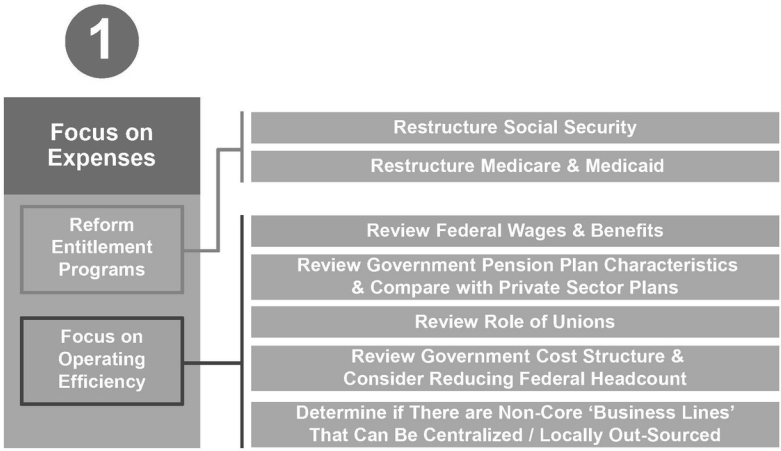




## Review Wages: A Comprehensive / Independent Review of Federal Wages & Benefits System May Be Worthwhile

- **Analysis of existing data on federal wages & benefits is controversial.**
- *USA Today* and the Cato Institute examined simple averages of federal (excluding military) wages & benefits vs. private sector using Bureau of Economic Analysis (BEA) data and concluded that federal wages & benefits are ~100% higher than private industry – wages are 58% higher while benefits are 3x higher.[1] (March 2010, updated in August 2010)
- The White House Office of Management and Budget (OMB) and the U.S. Office of Personnel Management (OPM) responded that gross average comparisons are 'unfair and untrue.' And when one holds education and age constant, federal employees earn slightly less than those in the private sector on average, although the difference is not statistically significant.[2] (March 2010)
- The Heritage Foundation, in response to OPM and OMB's comments, released a statistical analysis based on BEA data, and claimed that adjusting for variables such as age, education, marital status, race, gender, size of the metropolitan area, and several others, federal wages & benefits are 31% higher than private industry for occupations in both government and private sector.[3] (July 2010)

*Source: 1) Dennis Cauchon, USA Today, "Federal Workers earning double their private counterparts," http://www.usatoday.com/money/economy/income/2010-08-10-1Afedpay10_ST_N.htm Tad DeHaven, "Federal Employees Continue to Prosper," http://www.cato-at-liberty.org/federal-employees-continue-to-prosper/; 2) John Berry, "OPM Statement on Federal Employee Pay – Recent Comparisons of Federal Pay to Private Sector are Unfair and Untrue," http://www.opm.gov/opm_federalemployeepay/ & Peter Orszag, "Salary Statistics," http://www.whitehouse.gov/omb/blog/10/03/10/Salary-Statistics; 3) James Sherk, "Comparing Pay in the Federal Government and the Private Sector," http://www.heritage.org/research/reports/2010/07/comparing-pay-in-the-federal-government-and-the-private-sector*

## Review Wages: A Turnaround Expert Would Drill Down on Compensation Differences Between Public & Private Sectors

- In the absence of reliable, generally accepted adjustment factors, USA Inc. needs a comprehensive 3rd-party review of its compensation practices.
- Most businesses constantly review their compensation practices; these reviews typically intensify when the financials of the core business erode.
- Considerations include compensation for comparable jobs, uniqueness of skill sets and education required for particular roles, productivity, hours worked, regional cost of living, job security, years of service, and financial health of the business unit.



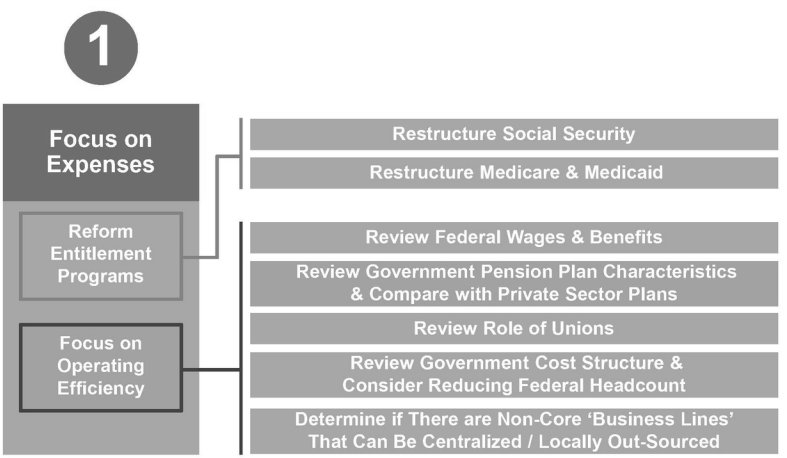

## Review Pension Plans: 70% of Federal Government Employees Still Enjoy "Guaranteed" Pensions, While Such Defined-Benefit Pension Plans Are Increasingly Rare in Private Sector (now at 32% vs. 84% in 1980)

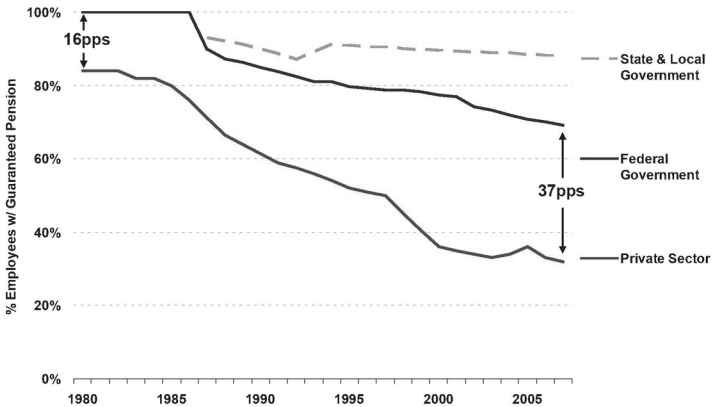


*Sources: EBRI Databook on Employee Benefits.*



## Review Pension Plans: Private Sector Has Embraced "Defined Contribution" Pension Plans, While Federal + State & Local Governments Lag Behind

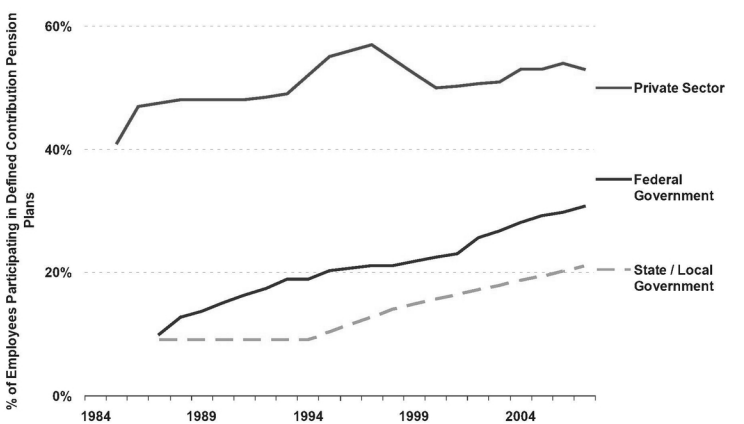


*Sources: EBRI Databook on Employee Benefits*

## Review Pension: Pension Plan Definitions / Characteristics

- **"Guaranteed" Pension Plan** – Retirees receive predetermined monthly retirement benefits from employers despite the funding status / investment returns of their pension funds. Also known as defined benefit pension plan.

- **Defined Contribution Pension Plan** – Retirees contribute specified amounts to their pension funds and receive variable monthly retirement benefits depending on investment returns. Examples include Individual Retirement Accounts (IRAs) and 401(k) plans.



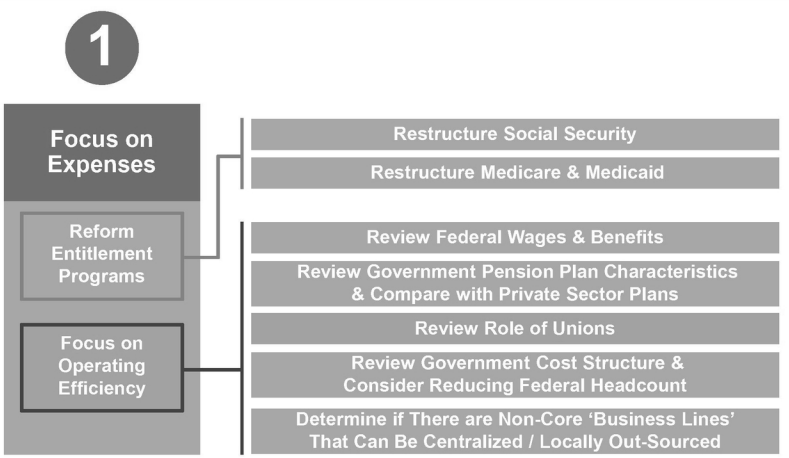

## Review Unions: Government Employee Union Membership Rate = 5x of Private Sector Union Membership Rate & Rising

- **More government (federal / state / local) employees belong to unions (8 million) than did private sector employees (7 million) in 2009.**
- Government employee union membership rate of 37% is 5x higher than private sector employee union membership rate of 7% in 2009.
- Private sector union membership rate declined 180 basis points to 7% in 2009 from 9% in 2000, while government employee union membership rate rose 50 basis points 37.4% in 2009 from 36.9% in 2000.

*Source: Bureau of Labor Statistics.*



## Review Unions: Union Membership Rates by Industry – Government = 37% Unionized vs. Private Sector's 2-22%

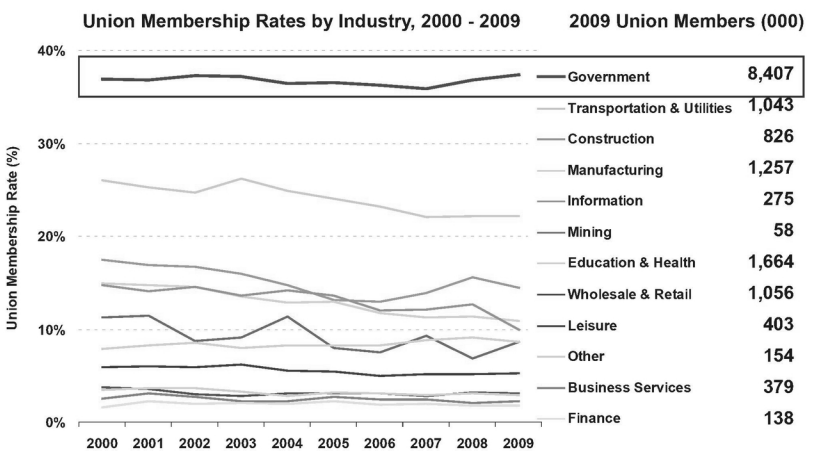


*Source: Bureau of Labor Statistics.*

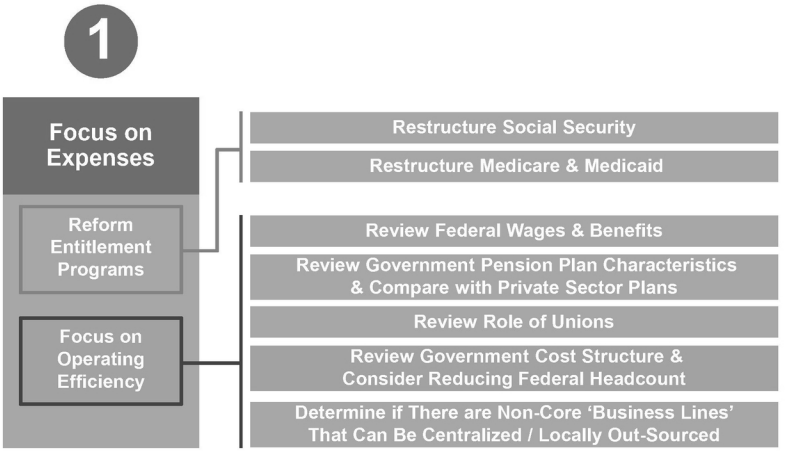




## Consider Reducing Federal Headcount

**Federal government headcount (ex. military) grew by 56,000 (or 2%) in 2008 and another 107,000 (or 3%) in 2009, while private sector unemployment rose to 10% from 5% in 2007 and private sector headcount fell 1% in 2008 and 6% in 2009.**

*. Source: Census Bureau, Bureau of Economic Analysis.*



HOUSE_OVERSIGHT_021014

# Federal Headcount Has Risen Over Past Five Years and Is Above Trendline Level

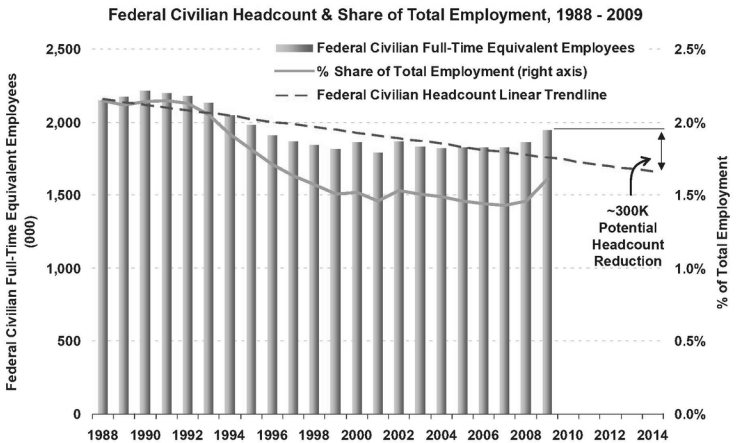


*Data source: BEA (1988-2009).*



# Reduce Headcount: Mathematical Illustration on Reducing Federal Headcount – Could Save Up to $275 Billion Over Next 10 Years, or 4% of Total Deficit

**Scenario Analysis on Potential Federal Headcount Reduction & Impact on Budget Deficits**

| | Savings ($B) For USA Inc. Over | | | Headcount Reduction |
|---|---|---|---|---|
| | F2009 | F2010-19E | F2010-85E | (000) |
| ***Scenario 1*** | | | | |
| -- Trim Headcount by 1% | $2 | $17 | $44 | 20 |
| *% of Budget Deficits* | *0%* | *0%* | *0%* | |
| ***Scenario 2*** | | | | |
| -- Trim Headcount by 5% | $11 | $91 | $219 | 98 |
| *% of Budget Deficits* | *1%* | *1%* | *1%* | |
| ***Scenario 3*** | | | | |
| -- Trim Headcount by 10% | $23 | $183 | $439 | 195 |
| *% of Budget Deficits* | *2%* | *3%* | *3%* | |
| ***Scenario 4 - Trendline**** | | | | |
| -- Trim Headcount by 15% | $34 | $274 | $658 | 293 |
| *% of Budget Deficits* | *2%* | *4%* | *4%* | |

*Note: Federal fiscal year ends in September. *Based on 20-year trend line, federal civilian headcount would have been 15% below actual levels.*

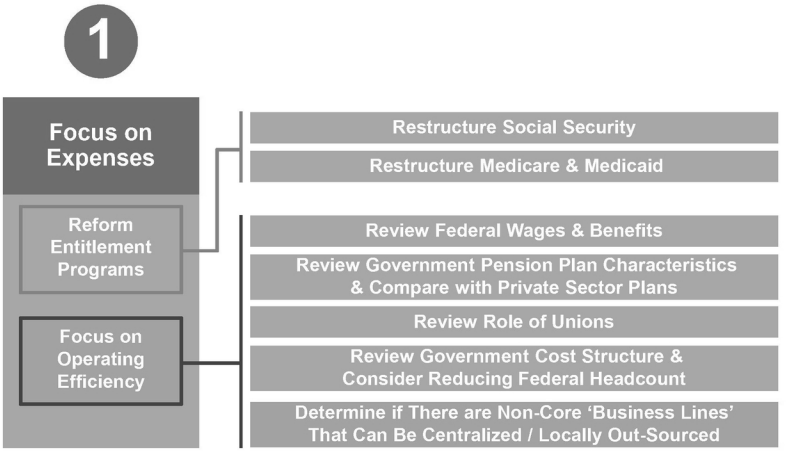




## Local Outsourcing/Consolidation: Improve Efficiency of Public Services Through Automation / Scale / Flexibility

1. **Automation** – Government agencies cannot afford to perform manual routine-based processes that can be replaced more efficiently by technology.

2. **Scale** – Consolidation of non-core processes across agencies or outsource non-core processes to local companies can deliver scale efficiencies.

3. **Flexibility** – Outsourced labor enables temporary employment in situations where hiring full-time workers would be costly and unnecessary.

*Sources: Adam Frisch, Morgan Stanley Research.*

## Local Outsourcing/Consolidation: Proven to Be Viable Cost-Cutting Measures for State / Local Governments

| | Years | Public Sector | Details | Total Cost Saving ($) | As % of Total Budget[1] | As % of Program Budget[1] |
|---|---|---|---|---|---|---|
| Automation | 2002-2010 | Missouri State Government | Digitized State Medicaid health record | ~87MM | -- | -- |
| | 1993-2010 | Port Authority of New York and New Jersey | *E-ZPass* (electronic toll collection) can process 2.5x to 3x more vehicles per lane than toll attendants | -- | -- | -- |
| Scale | 2003 | Pennsylvania State Government | Consolidated office supplies + computer procurement | ~$30MM | -- | -- |
| | 2002-2004 | Dept. Management Services, FL | Outsourced HR and supporting IT system to local contractors | ~173MM | 0.3% | 11.5% |
| | 2004-2005 | Health and Human Services Commission, TX | Outsourced HR, payroll and enterprise service center to private vendors | ~1B | 0.8% | 5.0% |
| Flexibility | 2010 | Maywood, CA | Outsourced police force to county sheriff in an effort to avoid bankruptcy | ~3.7MM | 25% | 50.7% |
| | 2005 | American Red Cross | Set up a Family Assistance Hotline within 10 days via an outsourcer (vs. 3-6 months doing it in-house) | -- | -- | -- |

*Note: 1) Annual Budget of the year when outsourcing program started. Sources: HR Outsourcing in Government Organizations, The Conference Board; Outsourcing Methods & Case Studies, 2009; Maywood, CA data per The Economist. PA state government data per Ed Rendell, Governor of Pennsylvania. ) E-ZPass per E-Zpass New Jersey Customer Service Center; Missouri Medicaid case study per ACS; American Red Cross per Tholons, Government Sector Outsourcing.*



## ***Focus on Operating Efficiency*** – *Policy Options From National Commission on Fiscal Responsibility and Reform Co-Chairs' Proposal*

## Focus on Operating Efficiency: Illustrative Policy Options From the Report of the National Commission on Fiscal Responsibility and Reform

| Illustrative Policy Options | Deficit Reduction in F2015E |
|---|---|
| Eliminate 250,000 non-defense service and staff augmentee contractors | $18 billion |
| Eliminate all earmarks[1] | $16 |
| Freeze federal salaries, bonuses, and other compensation at non-Defense agencies for three years | $15 |
| Cut the federal workforce by 10% (2-for-3 replacement rate) | $13 |
| Create a Cut-and-Invest Committee charged with trimming waste and targeting investment | $11 |
| Slow the growth of foreign aid | $5 |
| Other[2] | $22 |
| **Total Deficit Reduction F2015E** | **$100 billion** |

*Note: 1) an earmark is a legislative (especially congressional) provision that directs approved funds to be spent on specific projects, or that directs specific exemptions from taxes or mandated fees. 2) Other includes eliminate NASA funding for commercial spaceflight, terminate low-priority Army Corps of Engineers programs, sell excess federal property, reduce congressional & White House budgets by 15%, reduce unnecessary printing costs and more. Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10.*



## What Might a Turnaround Expert Consider?

**1**

**Focus on Expenses**

- Reform Entitlement Programs
- Focus on Operating Efficiency

**2**

**Focus on Revenues**

- Drive Sustainable Economic Growth
- Consider Changing Tax Policies

## Focus on Revenues – Drive Sustainable Economic Growth + Change Tax Policies

**2**

**Focus on Revenues**

- **Drive Sustainable Economic Growth**
  - Invest in Technology / Infrastructure / Education
  - Increase / Improve Employment
  - Improve Competitiveness
- **Consider Changing Tax Policies**
  - Review Tax Rates
  - Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

*Note: *Tax subsidies / expenditures are losses to the U.S. Treasury from granting certain deductions, exemptions, or credits (such as those on mortgage interest payments and employer-sponsored health insurance payments) to specific categories of taxpayers.*



## GDP Growth = Biggest Driver of Federal Revenue Growth…& 85% Correlation

**1940 – 2009 Historical Correlation Between USA Real GDP Y/Y & Real Federal Receipts Y/Y = 85%**

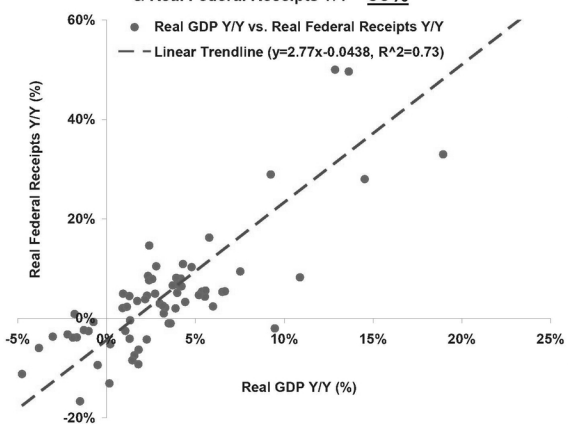


**2010E – 2019E**

| If Real GDP Y/Y is | Real Federal Revenue Could Grow… |
|---|---|
| 5% | 7% |
| 4 | 5 |
| 3 | 2 |
| 2 | 0 |
| 1 | -2 |
| 0 | -4 |
| -1 | -7 |
| -2 | -9 |
| -3 | -11 |
| -4 | -13 |
| -5 | -16 |

Current Consensus GDP Forecasts

*Data source: White House Office of Management & Budget (1940 – 2009).*

## It's Easy to Gripe About USA Inc.'s High Expense Levels… That Said, High Expenses Could be Covered by High Revenue

- **There are two primary drivers of USA Inc.'s revenue: 1) GDP growth and 2) related tax levies on consumers and businesses.**
- To bring its income statement mechanically to break-even for 2009 (excluding one-time charges), USA Inc. would have needed to raise individual income tax rates by ~2x across-the-board to an average of ~26-30% (from ~13%) of gross income.[1] This certainly seems draconian. And a tax increase of this nature would surely have a significant negative impact on USA's GDP growth as consumers would have far less disposable income to buy goods and services.
- This brings us to a key element of USA's financial challenges – the need to drive economic (GDP) AND related job growth. This is not easy. A material portion of GDP growth over the past few decades was driven by rising consumption aided by rising leverage and we have now entered a period of de-leveraging.
- Stronger economic growth would be hugely beneficial for USA Inc.'s revenues. But the legacy of the financial crisis – severe housing imbalances and the need to complete the long process of writing off private mortgage debt – means that the US recovery will probably remain slow for at least several years. The silver lining: A booming global economy should provide a modest lift to US growth.

*Note: 1) USA Inc.'s F2009 revenue shortfall was $997B (excluding one-time discretionary spending items). F2009 total income tax receipts from individuals were $915B. As a result, if one were to raise individual income tax rates alone to achieve financial break-even, one would have to more than double individual income tax rates across-the-board.*



## Drive Growth: If Real GDP Grows 0.1 Percentage Point Faster Than Current CBO Projection For F2011-F2020E, the Budget Deficit Could Shrink by 5% Without Other Policy Changes

- CBO analysis shows that for every 0.1 percentage point (pps) increase in real GDP annual growth rate above CBO's baseline estimate for F2011-F2020E, USA Inc.'s revenue (driven by taxes) could be $247 billion higher, spending could be $41 billion lower (driven by reduced welfare spending) and the budget deficit could be reduced by $288 billion, or 5%.

| CBO's baseline assumption for annual real GDP growth | What if real GDP grows faster than CBO's forecast by… | F2011-F2020E Impact on USA Inc.'s Revenue ($B / %) | Spending ($B / %) | Deficit Reduction ($B / %) |
|---|---|---|---|---|
| 2.1% F2011E<br>4.4% F2012-14E<br>2.4% F2015-20E | 0.1 pps | +$247<br>+1% | -$41<br>--% | -$288<br>-5% |
| | 0.5 pps | +$1,235<br>+3% | -$205<br>--% | -$1,440<br>-23% |
| | 1 pps | +$2,470<br>+6% | -$410<br>-1% | -$2,880<br>-46% |
| | 2 pps | +$4,940<br>+13% | -$820<br>-2% | -$5,760<br>-92% |

*Note: pps is percentage point(s). $ amount and % changes in revenue / spending / deficit are over the entire F2011-F2020E period. Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.*

## How Much Would Real GDP Need to Grow to Drive USA Inc. to Break-Even Without Policy Changes? 6-7% in F2012E-F2014E & 4-5% in F2015-F2020E…Well Above 40-Year Average of 3%

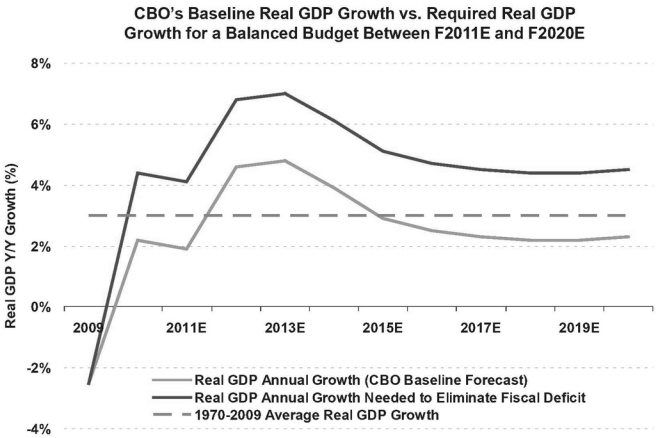


*Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.*



## It's Highly Unlikely That Annual Real GDP Can Grow Faster Than 6%... It Happened Only 8 Times in Past 60 Years and Was Always Linked to a Cyclical Bounce Back

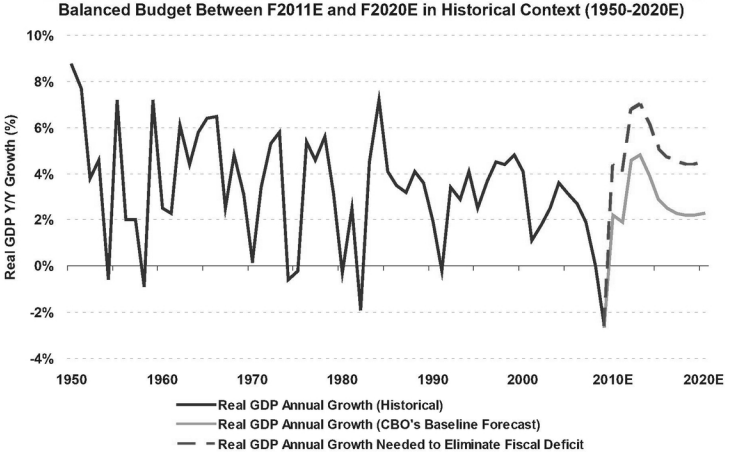


*Source: CBO, "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," 8/10.*

## USA Consumers = Biggest Demand Driver For GDP Growth, Until 2007

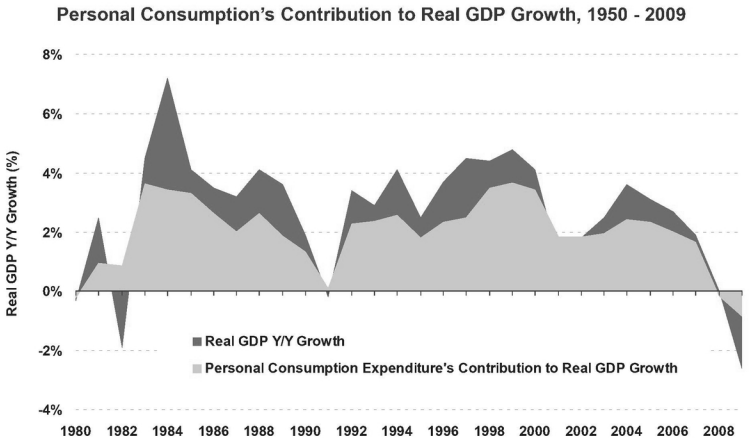


*Source: BEA.*



## Beginning in 2007, Wealth Destruction + High Unemployment Forced Consumers to Save Again, Potentially Reducing Short-Term Demand for Goods & Services

**3% average annual GDP growth (1981 - 2007) was helped as the average USA consumer:**

1) Increased personal consumption as percent of GDP to 71% from 62%;

2) Decreased personal savings rate to 2% of disposable income from 11%;

**Beginning in 2007, things changed as:**

1) The average US consumer experienced a material decline in the value of his / her largest investment assets (real estate and equities) from 2007 to 2009 when peak-to-trough valuations for USA residential real estate declined 30% and the S&P 500 declined 56%;

2) Unemployment rose to 10% in 2009 / 2010 from 30-year trough of 4% in 1999, creating uncertainty regarding future personal income levels;

3) Personal savings rate increased to 6% in 2009 / 2010 of disposable income from 2% in 2007, as uncertainty grows and appetite for consumption ebbs;

**All in, the key driver of US GDP growth – the US consumer's ability to spend – is severely constrained in the short term as he / she aims to rebuild savings and contain spending. This raises the question – 'How fast can US GDP grow annually over the next ten years?' Determining ways to drive GDP (and related job growth) is crucial…**

*Source: Residential real estate decline based on CQ1:07 to CQ1:09 changes in S&P Case-Shiller Home Price Index. GDP growth & composition / personal savings rate per BEA. Unemployment rate per BLS.*

## Economic Policy–Short-Term vs. Long-Term

- Economic theory + experience of the Great Depression suggest government can use fiscal policy (increase direct spending + investment) to offset near-term shortfalls in private demand.
- In the long term, USA Inc. cannot sustain higher levels of direct spending / investment without crowding out private consumption / investment.
- Therefore, USA Inc. should prioritize and allocate available resources to stimulate growth in productivity + employment, which drive long-term GDP growth.



## Improving Employment, Productivity, & Hours Worked Are Source of Sustainable Long-Term GDP Growth

**USA Long-Term GDP Growth[1]**
**(1970-2009)**
**2.83%**

**Productivity Growth**
**1.53%**
**DRIVEN BY:**
***Technology / Infrastructure***
***Education (Labor Quality)***
***Other (Total Factor Productivity)***

**Employment Growth**
**1.53%**
**DRIVEN BY:**
***Unemployment Rate***
***Labor Force Growth***

**Hours Worked Per Worker**
**-0.22%**
**Has Been Consistent At ~39-40 Hours per Week**

*Note: 1) all growth numbers are rounded average annual growth rates and are adjusted for inflation. 2.83% is the average annual GDP growth rate from 1970 to 2009, per BEA. Labor force growth of 1.53% is the average annual growth rate from 1970 to 2009, per BLS. Hours worked per worker per OECD. Productivity growth of 1.53% is calculated by subtracting employment growth and hours worked per worker growth from real GDP growth. Average annual growth rate of 1.53% is roughly in line with other estimates such as Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" <http://www.nber.org/chapters/c10627>*

## Focus on **Productivity** & **Employment** Growth, Each of Which Accounts for ~50% of Long-Term Real GDP Growth

- **Investments in Technology / Infrastructure / Education Boost Productivity.**
  - Newer technology improves efficiency of communication and lowers costs of providing goods and services.
  - Better infrastructure reduces transportation costs for input and output materials
  - Better education improves general labor quality and enables specialization for more efficiency.
- **Removing Restrictions / Uncertainties in Various Regulations Can Stimulate Private Employment.**
  - Immigration does not reduce employment opportunities for US-born workers, per Federal Reserve study in 8/10.
  - Removing tax / regulatory uncertainty could help create hiring incentives for private industries.
- **Hours Worked per Worker Have Remained Steady at ~39-40 Hours per Week From 1970 to 2009 and Will Likely Remain Steady.**

*Source: OECD, Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" http://www.nber.org/chapters/c10627, Federal Reserve.*



2

## Focus on Revenues

**Drive Sustainable Economic Growth**
- Invest in Technology / Infrastructure / Education
- Increase / Improve Employment
- Improve Competitiveness

**Consider Changing Tax Policies**
- Review Tax Rates
- Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base

## Technology + Infrastructure + Education Investments Drove ~90% of Labor Productivity Growth for Past ~30 Years

### Sources of USA Average Labor Productivity Growth, 1977-2000

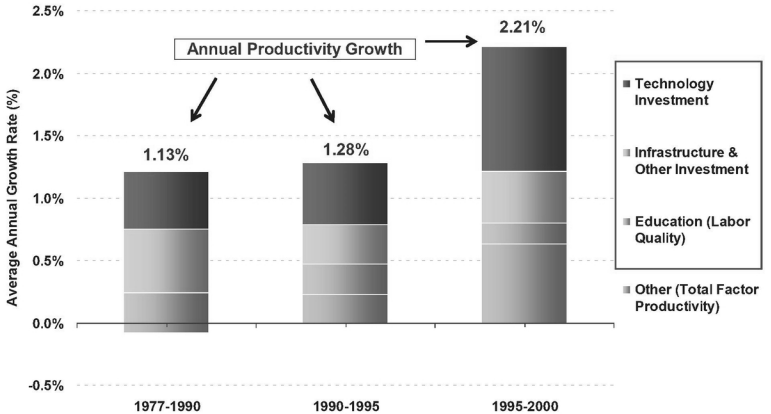


*Note: Total Factor Productivity is the portion of output not explained by the amount of inputs used in production.*
*Source: Dale W. Jorgenson, Mun S. Ho, Kevin J. Stiroh, "Growth of U.S. Industries and Investments in Information Technology and Higher Education" <http://www.nber.org/chapters/c10627>*



## However, USA Inc. Has Increasingly Allocated Resources Away from Productive Technology + Infrastructure + Education *Investment / Spending* Toward Less-Productive Entitlement Program *Spending*

### USA Real Federal Productive vs. Less-Productive Spending*, 1970-2009

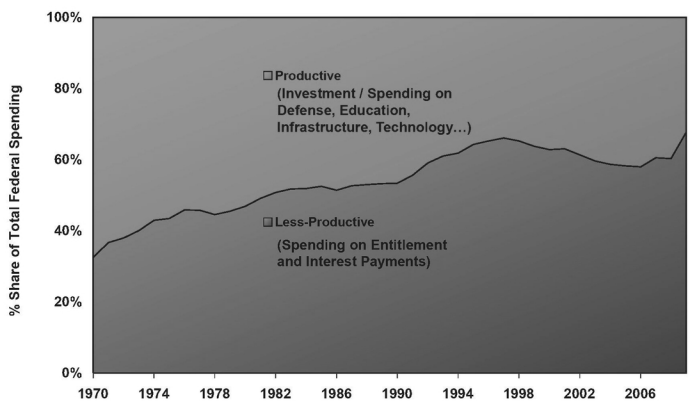


*Note: *Total spending excludes one-time items (such as TARP / GSE / ARRA) for F2008 / F2009 data.*
*Data source: White House Office of Management & Budget (1970-2009).*

## Drive Growth: Technology

# Technology Improves Efficiency of Communication and Lowers Costs of Providing Goods and Services



## Technology Has Driven Significant Wealth & Job Creation

### S&P 500 Sector Market Value Share, 1995 – 2010

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Information Technology** | **9%** | **12%** | **12%** | **18%** | **29%** | **21%** | **18%** | **14%** | **18%** | **16%** | **15%** | **15%** | **17%** | **15%** | **20%** | **19%** |
| Financials | 13 | 15 | 17 | 15 | 13 | 17 | 18 | 20 | 21 | 21 | 21 | 22 | 18 | 13 | 15 | 16 |
| Consumer Staples | 13 | 13 | 12 | 11 | 7 | 8 | 8 | 9 | 11 | 10 | 9 | 9 | 10 | 13 | 12 | 12 |
| Health Care | 11 | 10 | 11 | 12 | 9 | 14 | 14 | 15 | 13 | 13 | 13 | 12 | 12 | 15 | 12 | 11 |
| Energy | 9 | 9 | 8 | 6 | 6 | 7 | 6 | 6 | 6 | 7 | 9 | 10 | 13 | 13 | 11 | 11 |
| Industrials | 13 | 13 | 12 | 10 | 10 | 11 | 11 | 12 | 11 | 12 | 11 | 11 | 12 | 11 | 10 | 10 |
| Consumer Discretionary | 13 | 12 | 12 | 13 | 13 | 10 | 13 | 13 | 11 | 12 | 11 | 11 | 8 | 8 | 10 | 10 |
| Utilities | 5 | 4 | 3 | 3 | 2 | 4 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Materials | 6 | 6 | 4 | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Telecom Services | 9 | 7 | 7 | 8 | 8 | 5 | 5 | 4 | 3 | 3 | 3 | 4 | 4 | 4 | 3 | 3 |
| **S&P 500 Mkt Cap ($T)** | **$5** | **$6** | **$8** | **$10** | **$12** | **$12** | **$10** | **$8** | **$10** | **$11** | **$11** | **$13** | **$13** | **$8** | **$10** | **$11** |

*Note: 2010 data as of 12/31/10. Source: FactSet, Bloomberg.*

## But USA Inc. Has Steadily Scaled Back Investment in Technology R&D Since the 1960s…the Good News is That Private Industry Has Picked Up Lots of Slack, So Far

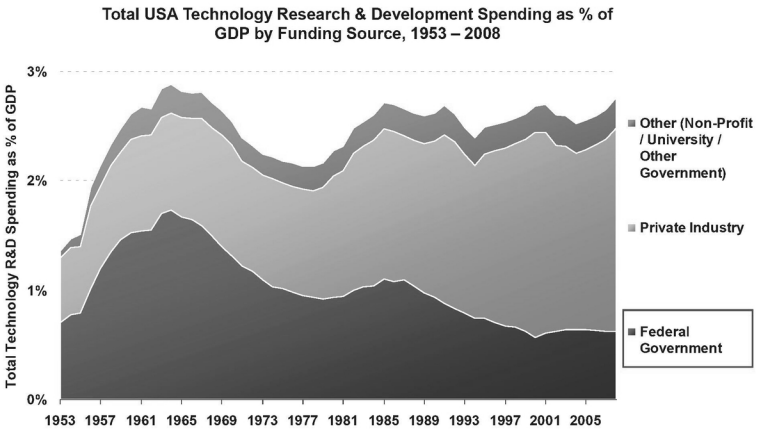


*Source: National Science Foundation, Science and Engineering Indicators, 2008.*



## For GDP Growth & Job Creation, It's Key for Private Industry to Remain Incentivized to Invest in R&D

*As we contemplate our future, we must accept the fact that many of the assumptions under which business operated for the past 50 years no longer hold true…If we are committed to investing in ideas to improve – not just maintain – what we have and what we know, the United States will do more than just recover from this recession. We will emerge, once again, as a competitive, global powerhouse…Innovation…accrues to countries in proportion to the quality and rigor of their educational systems…The future of every nation will be shaped by new ideas and creativity. These are the engines of future prosperity.*

– Paul Otellini, CEO, Intel Corporation, 2/10/09

Government targeted and 'blue sky' investment in technology (and defense) has led to crucial technology inventions for America – such as ARPANET / Internet (1970s) and Global Positioning System (1980s)..., which, on a net basis, have created jobs, wealth and related tax revenue.

Government investment in technology remains important, but, perhaps more important, government must help incentivize private industry (via tax policies such as allowing companies to repatriate overseas cash at lower tax rates[1] and other tools) to invest in domestic research & development and to create jobs…and create a stable environment in which to operate.

*Note: 1) See John Chambers and Safra Catz, "The Overseas Profits Elephant in the Room," The Wall Street Journal, 10/20/10.*

## Drive Growth: Infrastructure

Better Infrastructure Reduces Transportation Costs
For Input and Output Materials



## Public Investment in Infrastructure Has Helped Drive GDP Growth

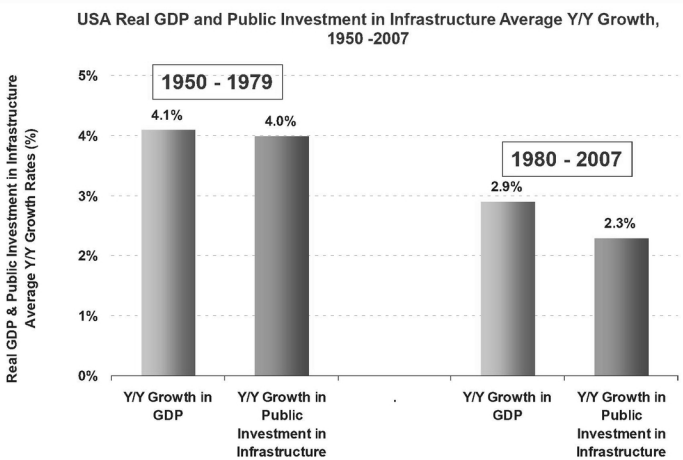


*Source: Political Economy Research Institute, "How Infrastructure Investments Support the U.S. Economy: Employment, Productivity and Growth", 1/09.*

## But USA Inc.'s Investment in Infrastructure Has Been Steadily Declining for Five Decades…

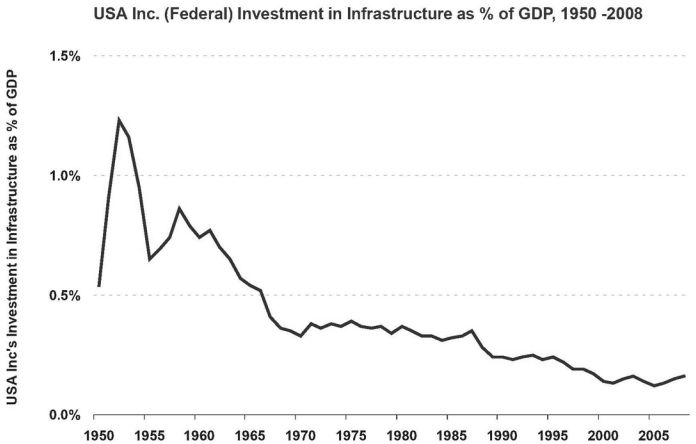


*Source: BEA.*



## …Leading to Deteriorating Infrastructure in America and Pent-Up Demand for Investment

**American Society of Civil Engineers' Report Card Grades for America's Infrastructure, 1988 vs. 2009**

| | 1988 | 2009 |
|---|---|---|
| Aviation | B- | D |
| Bridges | -- | C |
| Dams | -- | D |
| Drinking Water | B- | D- |
| Energy | -- | D+ |
| Hazardous Waste | D | D |
| Inland Waterways | B | D- |
| Levees | -- | D- |
| Rail | -- | C- |
| Roads | C+ | D- |
| School Buildings | D | D |
| Solid Waste | C- | C+ |
| Transit | C- | D |
| Wastewater | C | D- |
| **Overall USA Infrastructure G.P.A.** | **C** | **D** |
| **Cost to Improve** | **--** | **$2.2T** |

*Note: The first infrastructure grades were given by the National Council on Public Works Improvements in its report "Fragile Foundations: A Report on America's Public Works, released in February 1988." Source: American Society of Civil Engineers, "2009 Report Card for America's Infrastructure".*

## Drive Growth: Education

Better Education Improves General Labor Quality
and Enables Specialization For More Efficiency



## Education = High Long-Term ROI* Investment
## Each $1 of Government Spending Could Generate Up to $3 of Incremental Tax Return

**USA Inc. Net Present Value (NPV) for an Individual** Obtaining Secondary / Higher Education, 2005**

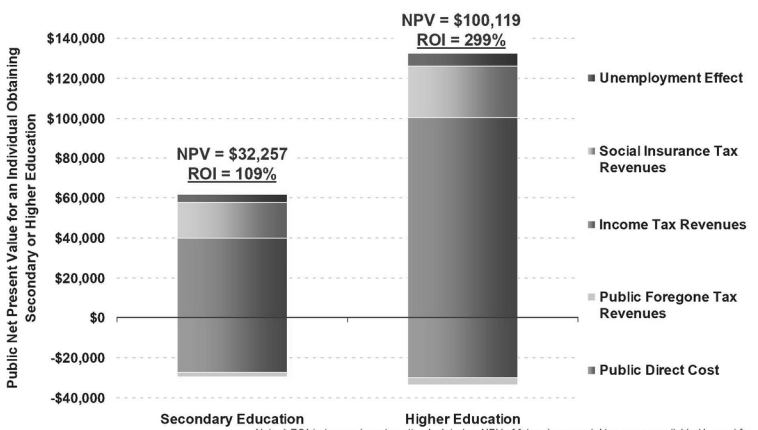


*Note: * ROI (return on investment) calculated as NPV of future incremental tax revenues divided by cost for government to support an individual for education. **Limited to male samples, female samples tend to have a lower public NPV. Source: OECD.*

## While Government Spending on Education Increased 60% Over Past 50 Years, At Margin, Government Spent More on Healthcare…

**USA Total Government Healthcare vs. Education Spending as % of GDP, 1960 – 2008**

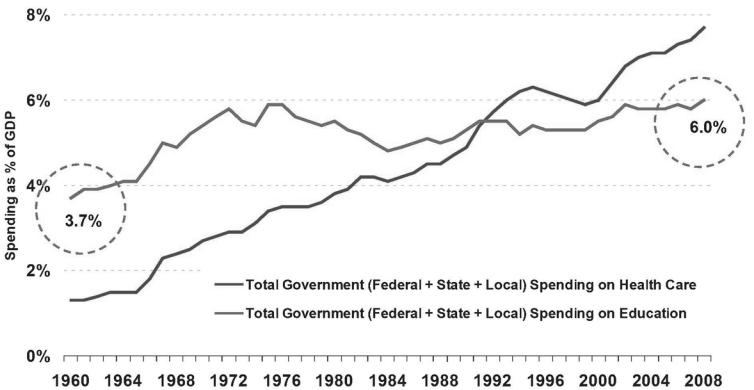


*Note: Total government spending on healthcare includes Medicare, Medicaid and other programs and total government spending on education includes spending on pre-primary through tertiary education programs. Source: Dept. of Education, Dept. of Health & Human Services.*



## Despite Increased Government Spending, USA Education is Falling Behind – Math / Science Tests Scores Well Below OECD Average & Getting Worse Though Self Confidence Rising

### USA Ranking Out of 30-34* OECD Countries

**in PISA (Program for International Student Assessment for 15-Year Olds)**
**2000 / 2003 / 2006 / 2009**

| | 2000 | 2003 | 2006 | 2009 | 2000-2009 Trend |
|---|---|---|---|---|---|
| **Mathematics** | 18 | 23 | 25 | 25 | ↓↓ |
| **Science** | 14 | 19 | 21 | 17 | ↓ |
| **Reading** | 16 | 15 | --** | 14 | ↑ |
| **Self Confidence[1]** | 2 | 1 | 1 | -- | ↑ |

*Note: *30 OECD countries participated in 2000 / 2003 PISA, 34 OECD countries participated in 2006 / 2009 PISA. 1) Confidence is the self-perceived efficacy in learning abilities (for year 2000); mathematical problem solving abilities (for year 2003) and scientific problem solving abilities (for year 2006). USA tied in confidence ranking with Canada, Hungary, Slovakia, Switzerland and Liechtenstein in 2003 and tied with Poland and Canada in 2006. **2006 reading scores for USA were rendered invalid because of a printing error in questionnaire instructions. Source: OECD.*



HOUSE_OVERSIGHT_021031

# USA Student Achievement Rankings* in Mathematics / Science Have Fallen vs. Other OECD Countries

**Mathematics Ranking***

| | 2000 | 2009 |
|---|---|---|
| 1 | Japan | S. Korea |
| 2 | S. Korea | Finland |
| 3 | New Zealand | Switzerland |
| 4 | Finland | Japan |
| 5 | Australia | Canada |
| 6 | Canada | Netherlands |
| 7 | Switzerland | New Zealand |
| 8 | UK | Belgium |
| 9 | Belgium | Australia |
| 10 | France | Germany |
| 11 | Austria | Estonia |
| 12 | Denmark | Iceland |
| 13 | Iceland | Denmark |
| 14 | Sweden | Slovenia |
| 15 | Ireland | Norway |
| 16 | Norway | France |
| 17 | Czech Republic | Slovakia |
| 18 | USA | Austria |
| 19 | Germany | Poland |
| 20 | Hungary | Sweden |
| 21 | Spain | Czech Republic |
| 22 | Poland | UK |
| 23 | Italy | Hungary |
| 24 | Portugal | Luxembourg |
| 25 | Greece | USA |
| 26 | Luxembourg | Ireland |
| 27 | Mexico | Portugal |
| 28 | | Spain |
| 29 | | Italy |
| 30 | | Greece |
| 31 | | Israel |
| 32 | | Turkey |
| 33 | | Chile |
| 34 | | Mexico |

**Science Ranking***

| | 2000 | 2009 |
|---|---|---|
| 1 | Korea | Finland |
| 2 | Japan | Japan |
| 3 | Finland | S. Korea |
| 4 | UK | New Zealand |
| 5 | Canada | Canada |
| 6 | New Zealand | Estonia |
| 7 | Australia | Australia |
| 8 | Austria | Netherlands |
| 9 | Ireland | Germany |
| 10 | Sweden | Switzerland |
| 11 | Czech Republic | UK |
| 12 | France | Slovenia |
| 13 | Norway | Poland |
| 14 | USA | Ireland |
| 15 | Hungary | Belgium |
| 16 | Iceland | Hungary |
| 17 | Belgium | USA |
| 18 | Switzerland | Czech Republic |
| 19 | Spain | Norway |
| 20 | Germany | Denmark |
| 21 | Poland | France |
| 22 | Denmark | Iceland |
| 23 | Italy | Sweden |
| 24 | Greece | Austria |
| 25 | Portugal | Portugal |
| 26 | Luxembourg | Slovak Republic |
| 27 | Mexico | Italy |
| 28 | | Spain |
| 29 | | Luxembourg |
| 30 | | Greece |
| 31 | | Israel |
| 32 | | Turkey |
| 33 | | Chile |
| 34 | | Mexico |

*Note: *USA ranking out of OECD countries in PISA (Program for International Student Assessment for 15-Year Olds). Source: OECD.*



# USA Young Adults' (25-34) Higher-Education* Penetration Significantly Lags Behind Canada / Korea / Russia / Japan

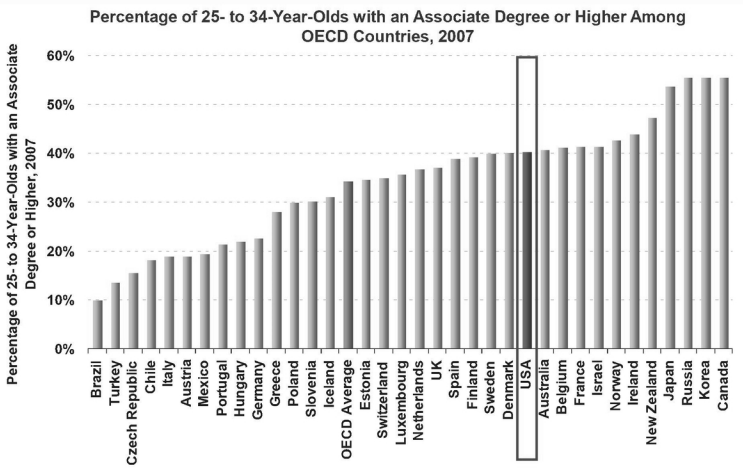


*Note: *Higher education defined as post-secondary (college / university) education. Source: OECD.*

## Focus on Revenues

**Drive Sustainable Economic Growth**

- Invest in Technology / Infrastructure / Education
- **Increase / Improve Employment**
- Improve Competitiveness

**Consider Changing Tax Policies**

- Review Tax Rates
- Reduce Subsidies / Tax Expenditures*/ Broaden Tax Base



## Employment = Key to Growth in Federal Revenue & Expenses

**The deficit problem is exacerbated by the business cycle.**

**A stagnant or declining job market means lower income (via tax revenue) and higher outlays (via entitlement expenses) for USA Inc.**

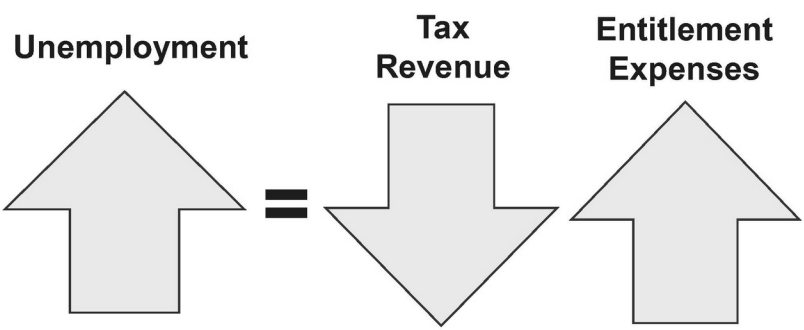

## Though Entitlements Are Structural, Not a Cyclical Problem, Entitlement Outlays Go Up with High Unemployment

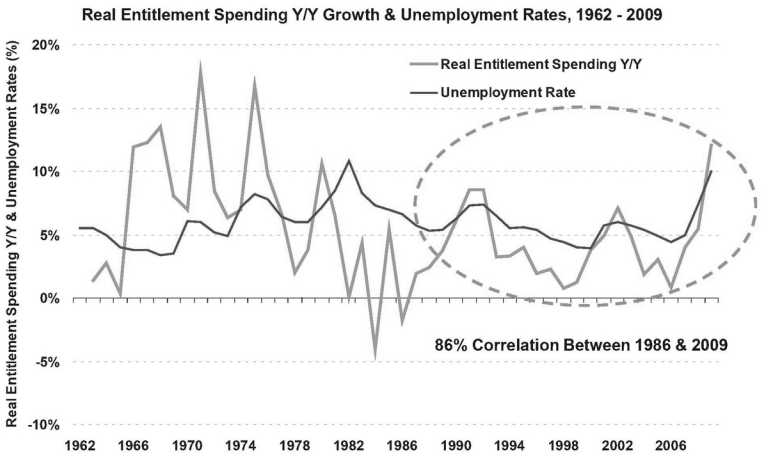


*Note: Real spending adjusted for inflation. Fiscal year ends in September. Source: White House Office of Management & Budget, Bureau of Labor Statistics.*



## Increase Employment – High-Level Policy Options to Consider

**Short-run options:**

1) Payroll tax holiday ***and/or***
2) Employment tax credit ***and/or***
3) Job training ***and/or***
4) Restore labor mobility by reducing housing imbalances

**Medium- to long-run options:**

1) Reduce employer health care costs ***and/or***
2) Improve vocational training/education ***and/or***
3) Encourage inward foreign direct investment, "onshoring" which would increase domestic employment

*Source: Richard Berner, "Employment Prospects and Policies to Improve Them" (2/26/10), Morgan Stanley Research.*

## Increase Employment: Structural Problems in USA Labor Force High Healthcare Costs + Skills Mismatch + Labor Immobility

- **Healthcare costs may be a barrier to hiring for employers**
  - Healthcare benefits = 8% of average total employee compensation; grew at 6.9% CAGR from 1998 to 2008 compared with 4.5% CAGR in salaries.
  - Healthcare benefits are fixed costs as they are paid on an annual per-worker basis and do not vary with hours worked.
  - As employers try to lower fixed costs to right-size to reduced revenue levels, layoffs are the only way to reduce fixed healthcare costs.
- **Skills mismatch may be a barrier to hiring for employers**
  - A large portion of the long-term unemployed may lack requisite skills.
  - 14% of firms reported difficulty filling positions due to the lack of suitable talent, per 5/10 Manpower Research survey.
- **Labor immobility resulting from the housing bust may be a barrier to hiring**
  - One in four homeowners are "trapped" because they owe more than their houses are worth, so they cannot move to take new jobs – until they sell or walk away.

*Source: Richard Berner, "Why is US Employment So Weak" (7/23/10), Morgan Stanley Research.*



## Increase Employment: Immigration Does Not Take Away Jobs in USA; It Improves Productivity + Boosts Income per Worker

- **Immigration = Positive Impact on USA Productivity & Income per Worker**
- **Immigration = Neutral Impact on Employment for U.S.-Born Workers**

**% Change in USA Productivity / Income per Worker / Employment for U.S.-Based Workers In Response to an Inflow of Immigrants Equal to 1% of Employment**

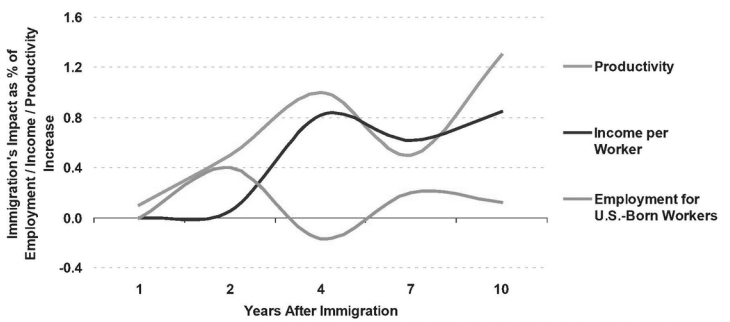


*Source: Giovanni Peri, "The Effect of Immigrants on U.S. Employment and Productivity," 8/30/2010 Federal Reserve Board of San Francisco (FRBSF) Economic Letter 2010-26.*

2

## Focus on Revenues

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Without appropriate government incentives in Education / Technology / Infrastructure / Employment, USA Inc. may continue to lose relative competitive strength to other countries.

## Compared to 10 Years Ago, USA is Losing Competitiveness at the Margin vs. Its Peers

- **McKinsey conducted a study in 2010 that compares the USA with other countries on 20 attributes related to economic fundamentals, business climate, human capital and infrastructure. McKinsey compared current status vs. status in 2000.**
- We augmented the McKinsey study with 9 additional attributes across those aforementioned areas as well as government spending metrics.
- Through this study, we found that **America**, relative to other countries, **improved on none of the 29 attributes**, **remained the same on 9 attributes** (including GDP per capita, public debt as % of GDP, public spending on healthcare, public spending on education, growth in local innovation clusters, population & demographic profile, retention of foreign-born talents, total healthcare spending and cost-adjusted labor productivity) and **deteriorated on 20** (including trade surplus, national spending on R&D, industrial production, corporate tax rate, business environment, FDI, tax incentives for R&D, number of patent applications, availability of high-quality labor, higher education penetration, telecom & transportation infrastructure, etc.).



## USA Ranking High in Country Attractiveness Indicators But Losing Share at the Margin…

| | Key metrics | US Relative Position: Ten Years Ago | US Relative Position: Today | Trend |
|---|---|---|---|---|
| Economic Fundamentals | Household consumption | Top Quartile | Top Quartile | ▼ |
| | Household consumption growth | Top Quartile | Top Quartile | ▼ |
| | GDP | Top Quartile | Top Quartile | ▼ |
| | GDP per capita[2] | Top Quartile | Top Quartile | — |
| | Stock market capitalization | Top Quartile | Top Quartile | ▼ |
| | Technology company market cap[2] | Top Quartile | Top Quartile | ▼ |
| | Industrial production | Top Quartile | Top Quartile | ▼ |
| | Trade as % of GDP | Average | Average | ▼ |
| | Trade surplus[2] | Bottom Quartile | Bottom Quartile | ▼ |
| | National spending on R&D | Average | Average | ▼ |
| Government Spending | Defense spending[2] | Top Quartile | Top Quartile | ▼ |
| | Government public debt as % GDP[2] | Average | Average | — |
| | Public healthcare spending as % of GDP[2] | Top Quartile | Top Quartile | — |
| | Government surplus as % of GDP[2] | Bottom Quartile | Bottom Quartile | ▼ |
| | Public expenditure on education | Top Quartile | Top Quartile | — |

Top Ranked  Top Quartile  Average  Bottom Quartile

*Source: 1) Growth and competitiveness in the United States: The role of its multinational companies, McKinsey & Company. 2) estimates based on data from IMF / OECD*

## …USA Ranking High in Country Attractiveness Indicators But Losing Share at the Margin

| | Key metrics | US relative position: Ten Years Ago | US relative position: Today | Trend |
|---|---|---|---|---|
| Business climate | Statutory corporate tax rate | Average | Bottom Quartile | ▼ |
| | Business environment | Top Quartile | Top Quartile | ▼ |
| | FDI as % of GDP | Average | Average | ▼ |
| | Growth of local innovation clusters | Top Quartile | Top Quartile | — |
| | Tax incentives for R&D | Top Quartile | Average | ▼ |
| Human capital | Population and demographic profile | Top Quartile | Top Quartile | — |
| | Availability of high-quality labor | Top Quartile | Top Quartile | ▼ |
| | Retention of foreign-born talent | Top Quartile | Top Quartile | — |
| | Cost-adjusted labor productivity | Average | Average | — |
| | Total healthcare spending per Capita[2] | Top Quartile | Top Quartile | — |
| | Higher education penetration[2] | Top Quartile | Top Quartile | ▼ |
| | Number of patent applications | Top Quartile | Top Quartile | ▼ |
| Infrastructure | Transportation | Top Quartile | Top Quartile | ▼ |
| | Telecommunications | Top Quartile | Top Quartile | ▼ |

Top Ranked  Top Quartile  Average  Bottom Quartile

*Source: 1) Growth and competitiveness in the United States: The role of its multinational companies, McKinsey & Company. 2) estimates based on data from IMF / OECD*



## USA's Share of Global GDP Has Declined from 33% in 1985 to 24% in 2010, While China / Brazil / Korea's Shares Have Risen

### Share of World GDP, USA vs. China / Brazil / India, 1985 – 2010E

*Note: Data are NOT adjusted for purchasing power parity. Source: IMF.*

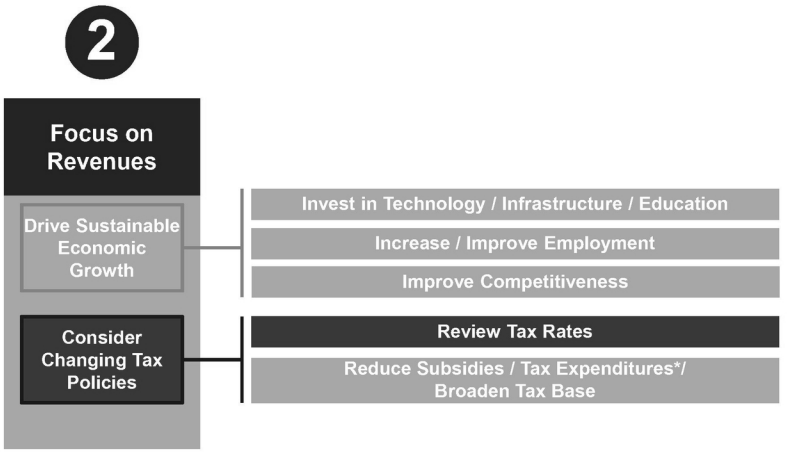




## Simple Tax Math* – Big Across-the-Board Tax Rate Increases Would Be Needed to Potentially Generate Meaningful Revenue Improvements

Each one percentage point across-the-board tax rate increase would generate an incremental $127 billion revenue for USA Inc. in F2010E[1]...excluding any related negative impact on spending / GDP growth, which is difficult to do…

| Across-the-Board Tax Rate Increase | Hypothetical Revenue Increase for USA Inc. in F2010E ($ billions) | …Which Would Reduce Estimated Losses in F2010E by |
|---|---|---|
| 1 Percentage Point | $127 | 8% |
| 2 Percentage Points (pps) | $254 | 16% |
| 3 pps | $381 | 24% |
| 4 pps | $508 | 33% |
| 5 pps | $635 | 41% |
| 10 pps | $1,270 | 82% |

*Note: *The simple tax math presented here are pure mathematical illustrations – we simply calculated how big a broad-based tax rate increase (for individual and corporate income, as well as payroll) would have to be for USA Inc. to financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. 1) Incremental dollar amount calculated as 1% of projected total personal & corporate income, which historically has been at ~87% of GDP. Source: F2010E revenue & deficit per White House OMB, GDP per CBO.*

## More Complex Tax Math: If Lower Brackets Excluded, Draconian Rate Hikes Required to Attempt to Bring USA Inc. Budget Into Financial Balance

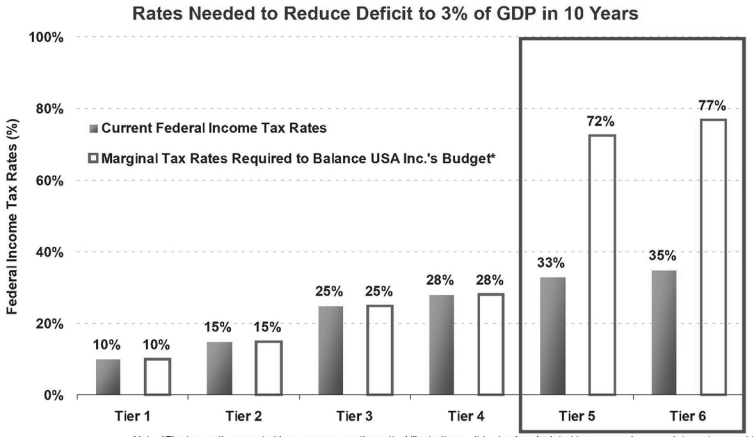


*Note: *The tax math presented here are pure mathematical illustrations – it is simply calculated to measure how much tax rates need to increase (for the top two income brackets) to achieve a deficit-to-GDP ratio of 3% by 2019E assuming a baseline budget path and relying on personal income tax rate hikes alone. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions.*
*Source: The Urban Institute (Desperately Seeking Revenue, By Altshuler, Lim and Williams, 1/5/2010.*



## Pros + Cons of Tax Rate Hikes

- A more progressive income tax system could lower tax burden from potential subsidy cuts and carbon taxes on the low-income population.
- Addressing income inequality may enhance perceived fairness – and political chances – of comprehensive deficit measures.
- Across-the-board tax rate increases would hurt nearly everyone, but especially lower-income taxpayers.
- Rate increases on upper brackets usually spur tax avoidance, and revenues often fall short of targets.
- Rate increases, which discourage savings, amplify distortions in the economy from tax subsidies, exclusions and tax expenditures, all of which encourage consumption.

## Despite Multitudes of Tax Rate Changes, USA Inc.'s Tax Revenue as Percent of GDP Remained Roughly Stable at 15-20% from 1960-2002

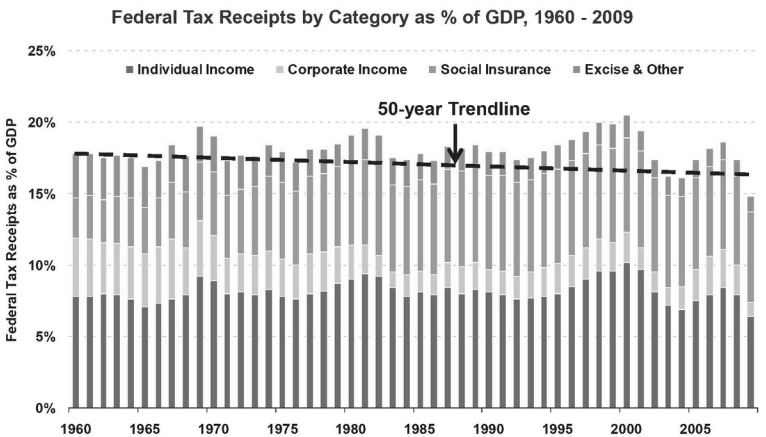


*Source: White House OMB.*



2

## Focus on Revenues

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## Illustrating the Revenue Tradeoffs – Changing Tax Rates vs. Broadening the Tax Base

### Mathematical Illustrations*

1) To eliminate F2010 deficits by increasing individual / corporate / payroll tax rates across-the-board would require +12 percentage points of tax rate increase (raising $1.4 trillion) – and would likely damage economic growth? *or*

2) To eliminate primary budget deficit** by F2019E by increasing top two tiers of income tax rates would require moving marginal rates to 72% / 77% from 33% / 35% – also likely to damage growth and encourage tax avoidance? *or*

3) Broadening tax base could require reducing 'tax expenditures' and subsidies, e.g., limiting deductions and subsidies for housing & healthcare?

### Policy Options

1) A combination of somewhat higher rates and a broader tax base? *and/or*

2) Changing taxation of individual income to encourage saving / investment rather than consumption (perhaps a value-added tax and/or carbon tax)? *and/or*

3) Changing taxation of corporate income to reflect global competition?

*Note: *The simple tax math presented here are pure mathematical illustrations – we simply calculated how big a broad-based tax rate increase (for individual and corporate income, as well as payroll) would have to be for USA Inc. to financial break-even. These calculations are merely mechanical illustrations and are not meant to portray realistic solutions. **Primary budget deficit is the budget deficit excluding net interest payments.*



## Changing USA Inc.'s Tax System Could Help Rebalance the Economy & Reallocate Resources

- **Though there would be adjustment costs, reducing subsidies and 'tax expenditures' could broaden the tax base and collect more revenue, while allowing income tax rates to stay low or go lower.**
- The current system favors consumption, penalizes saving; a tax based on consumption (or "value added") could offset some of that penalty, though there are risks and drawbacks.
- Subsidies create incentives to consume more health insurance and housing – both account for 20% of GDP, vs. 11% in 1965[1] – and take resources from other sectors like education, technology, infrastructure.
- A worldwide corporate tax system with a lower tax rate could reduce incentives for companies to keep income offshore.
- A carbon tax could raise some additional revenue to reduce the deficit, while encouraging sustainable economic development.

*Source: 1) per BEA and CMS.*

## Changing Tax Policy to Broaden Tax Base: Subsidies + Tax Expenditures = 70% of USA Inc.'s Cash Flow Deficit

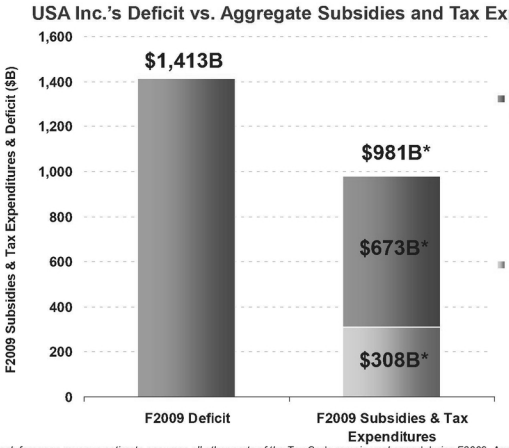


- **Some tax expenditures favor consumption…**

  Such as tax exemption on employer contributions to health insurance & deductibility of mortgage interest on owner-occupied homes…

- **…But others favor saving, investment, and growth**

  Such as tax exemptions / deductibility on capital gains / dividends / pension contributions & savings / accelerated depreciation of equipment…

*Note: *Each foregone revenue estimate assumes all other parts of the Tax Code remain unchanged during F2009. Aggregate tax subsidies presented here is simply the sum of individual estimates. In reality, the aggregate estimate would be different if tax subsidies were changed simultaneously because of potential interactions among provisions.*

*Source: White House OMB, "Analytical Perspective – Budget of the U.S. Government, Fiscal Year 2011."*



## Raising Revenue by Reducing Tax Expenditures & Subsidies: Examples

- **Reducing the biggest tax expenditures and subsidies could net $1.7 trillion in additional revenue over the next decade, per CBO and the Committee for a Responsible Federal Budget:**
  - **Reduce the tax exclusion for health insurance or replace with a credit**
  - **Cap the deduction for state and local taxes**
  - **Gradually reduce the mortgage interest deduction or change to a credit**
  - **Limit the tax benefit of other deductions, e.g., charitable contributions**
- **Some subsidies encourage saving or investment…and cutting them could mean short-term revenue gain but a net loss over time. Examples:**
  - **Favorable taxation of capital gains, dividends, and pension contributions**
  - **Exclude investment income from life insurance and annuities in taxable income**
  - **Accelerated depreciation or expensing of capital equipment outlays**

*Source: Sources: Congressional Budget Office, Budget Options Volume 1: Health Care and Volume 2, 2009; Committee for a Responsible Federal Budget, Let's Get Specific: Tax Expenditures (October 2010)*

## USA's Unbalanced Economy – Personal Consumption (Driven in Part by Healthcare) = 71% of GDP vs. 62% From 1950 To 1980…

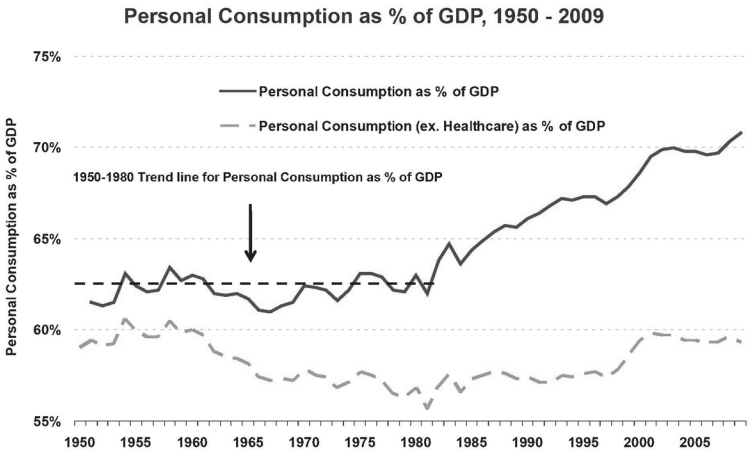


*Note: Personal consumption includes household consumption of all goods and services. Source: BEA, Federal Reserve.*



## …USA's Unbalanced Economy – National Savings (Personal + Corporate + Government Savings) = -3% of GDP, vs. 10% From 1950 To 1980

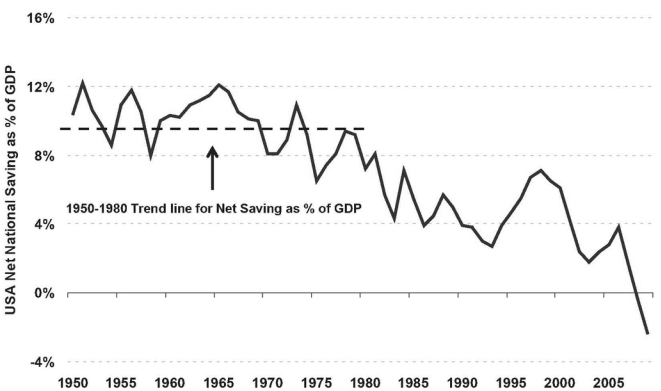


*Note: National savings equal the aggregate savings by household, corporate and government sectors. Source: BEA, Federal Reserve.*

## Current Tax Policies Help Spur Consumption – USA's Taxes on Consumption of Goods & Services Lowest Among Peers

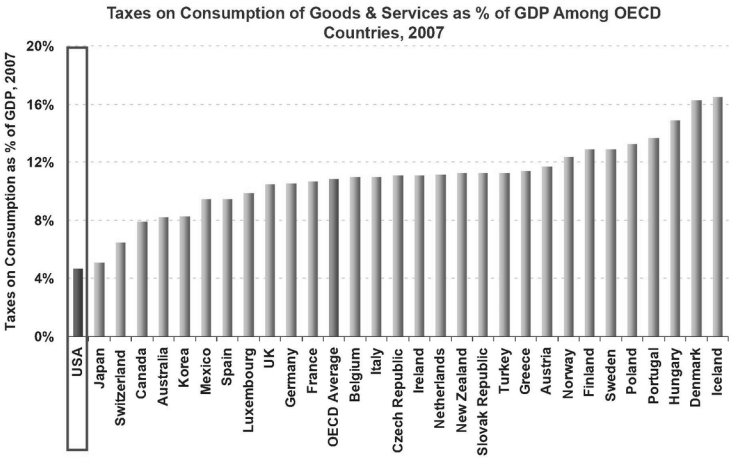


*Source: OECD, 2009 database.*



## America's Resources Allocated to Housing + Healthcare Nearly Doubled as a Percent of GDP Since 1965, While Household and Government Savings Fell Dramatically

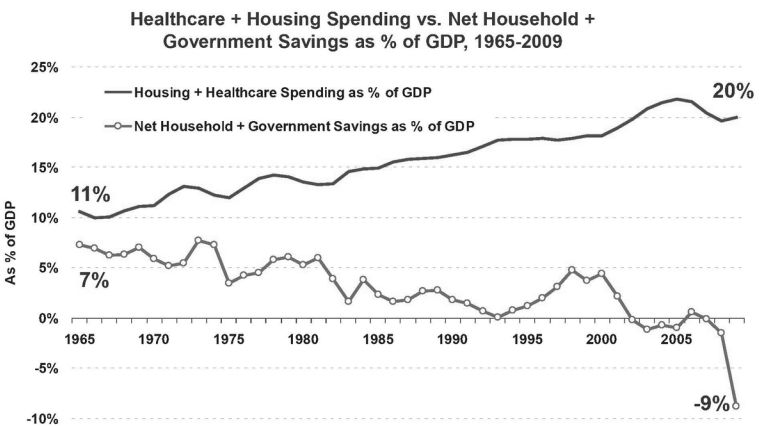


*Note: Housing includes purchase, rent and home improvement. Government savings occur when government runs a surplus.*
*Source: BEA, CMS via Haver Analytics.*

## USA Income Taxes Higher, Consumption Taxes Lower Than OECD Peers

**Government Tax Revenue as % of GDP, USA vs. OECD Average, 2007**

| Tax Type | USA | OECD Average | Variance (USA – OECD) |
|---|---|---|---|
| Individual Income Taxes | 10.8% | 9.4% | 1.4% |
| Property Taxes | 3.1 | 1.9 | 1.2 |
| Other | 4.7 | 5.0 | -0.3 |
| Corporate Income Taxes | 3.1 | 3.9 | -0.8 |
| Social Security Taxes | 6.6 | 9.1 | -2.5 |
| Value Added Taxes | -- | 6.5 | -6.5 |
| **Total** | **28.3%** | **35.8%** | **-7.5%** |

*Source: OECD Tax Database.*



## Tax Policy Options From Report of the National Commission on Fiscal Responsibility and Reform

- Consolidate the tax code into three individual income rates (15% / 25% / 35%) and one corporate income rate (26%)
- Eliminate the complex tax codes such as AMT[1], PEP[2], and Pease[3]
- Triple standard deduction to $30,000 ($15,000 for individuals)
- Repeal state & local tax deduction and miscellaneous itemized deductions
- Limit mortgage deduction to exclude 2nd residences, home equity loans, and mortgages over $500,000
- Limit charitable deduction with floor at 2% of Adjusted Gross Income
- Cap income tax exclusion for employer-provided healthcare at the amount of the actuarial value of Federal Employees Health Benefits Plan (FEHBP) standard option
- Permanently extend the research tax credit for businesses
- Eliminate and modify several business tax expenditures (domestic production deduction / LIFO[4] method of accounting / energy tax preferences for the oil and gas industry / depreciation rules)
- International tax reform including a territorial system[5]

*Note: 1) AMT is the Alternative Minimum Tax; 2) PEP is Personal Exemption Phase-out designed to eliminate personal income exemptions for high earners; 3) Pease is a similar phase-out, but instead of applying to personal exemption, it applies to most of the itemized deductions of a taxpayer's claims (mortgage interest, charitable gifts, state & local taxes paid, etc.); Pease is named after Representative Donald Pease (D-OH) who pushed for its enactment in 1990. 4) LIFO is 'Last In, First Out' which tend to reduce corporations' income taxes in times of inflation. 5) A territorial tax system is a tax system that taxes only income that is created within the borders of a specific territory (usually a country). Source: National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/10. Note that the Report also identified two other scenarios called the 'The Zero Plan' which eliminates all tax expenditures and 'Tax Reform Trigger' which forces Congress to undertake comprehensive tax reform by 2012 by raising taxes for each year Congress fails to act.*

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# Consequences of Inaction



## To Take a Step Back…

- **We Asked the Question**
  - How would public shareholders view USA Inc.?
- **What Have We Found?**
  - USA Inc.'s finances – short-term and long-term, income statement and balance sheet – are challenged. Management's policies have created incentives to invest in healthcare, housing, and current consumption rather than in productive capital, education, and technology – the tools needed to compete in the global marketplace.

# Consequences of Inaction – Investor Perspective

- **Short Term, No Problem Yet**
  - Global bond investors, in part, have looked past USA Inc.'s deteriorating financials because growth, inflation, and Fed purchases matter more, and because income statements and balance sheets of many other developed countries (such as Greece / Spain / Portugal / Ireland) are worse.
- **Long Term, Consequences of Inaction Could Be Severe**
  - If USA Inc.'s "managers" and "board" continue to ignore rising unfunded entitlement spending, investors could eventually demand a higher return to lend money to USA Inc. – leading to rising bond yields / higher borrowing costs for USA Inc. At some point, USA Inc.'s currency could also weaken significantly.

*Source: Richard Berner, "America's Fiscal Train Wreck" (7/2/2009), Morgan Stanley Research.*



## For Perspective, USA Inc.'s 55% Public Debt as % of GDP (2009) is in Middle of Pack When Compared with 'Top 25' Global Peers, Though Rising to 90% 'Warning' Level*

| Rank | Country | 2009 Net Debt Outstanding ($B) | Y/Y | As % of World Total | Net Debt as % of GDP 2009 | 2005 | 05-09 Change | 2009 GDP ($B) | Y/Y | As % of World Total | 2009 Budget Surplus / Deficit ($B) | As % of World Gross Deficit | 2009 Unemploy-ment Rate | Y/Y (pps) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Japan | $9,149 | 12% | 26% | 181% | 162% | 19% | $5,049 | -5% | 9% | -960 | 33% | 5% | +1 |
| 2 | Italy | 2,434 | 0 | 7 | 116 | 106 | 11 | 2,090 | -5 | 4 | -0 | -- | 8 | +1 |
| 3 | Greece | 374 | 8 | 1 | 111 | 99 | 12 | 338 | -2 | 1 | -27 | 1 | 9 | +2 |
| 4 | Belgium | 454 | 0 | 1 | 98 | 92 | 6 | 461 | -3 | 1 | -1 | 0 | 8 | +1 |
| 5 | France | 2,028 | 5 | 6 | 77 | 66 | 11 | 2,635 | -2 | 5 | -105 | 4 | 9 | +2 |
| 6 | Germany | 2,423 | 1 | 7 | 75 | 68 | 7 | 3,235 | -5 | 6 | -16 | 1 | 7 | +0 |
| 7 | Austria | 263 | 2 | 1 | 70 | 64 | 6 | 374 | -4 | 1 | -5 | 0 | 5 | +1 |
| 8 | India | 854 | -3 | 2 | 69 | 80 | -12 | 1,243 | 6 | 2 | 31 | -- | -- | -- |
| 9 | UK | 1,444 | 3 | 4 | 66 | 42 | 24 | 2,198 | -5 | 4 | -49 | 2 | 7 | +2 |
| 10 | Canada | 870 | -5 | 3 | 66 | 70 | -4 | 1,319 | -3 | 2 | 44 | -- | 8 | +2 |
| 11 | Netherlands | 503 | -1 | 1 | 64 | 52 | 12 | 790 | -4 | 1 | 4 | -- | 4 | +1 |
| 12 | Argentina | 178 | -7 | 1 | 59 | 59 | 0 | 301 | 1 | 1 | 14 | -- | -- | -- |
| 13 | USA | 7,811 | 23 | 23 | 55 | 37 | 17 | 14,266 | -2 | 25 | -1,438 | 50 | 9 | +3 |
| 14 | Poland | 223 | -11 | 1 | 53 | 47 | 6 | 423 | 2 | 1 | 26 | -- | -- | -- |
| 15 | Spain | 757 | 20 | 2 | 53 | 43 | 10 | 1,438 | -4 | 2 | -125 | 4 | 18 | +7 |
| 16 | Norway | 187 | -17 | 1 | 51 | 45 | 6 | 369 | -2 | 1 | 38 | -- | 3 | +1 |
| 17 | Sweden | 175 | -5 | 1 | 44 | 51 | -7 | 398 | -4 | 1 | 9 | -- | 8 | +2 |
| 18 | Brazil | 650 | -6 | 2 | 44 | 44 | 0 | 1,482 | 0 | 3 | 40 | -- | -- | -- |
| 19 | Switzerland | 212 | 5 | 1 | 44 | 53 | -9 | 484 | -1 | 1 | -10 | 0 | 4 | +1 |
| 20 | Denmark | 125 | 7 | 0 | 40 | 38 | 3 | 308 | -5 | 1 | -8 | 0 | 3 | +2 |
| 21 | Turkey | 219 | -14 | 1 | 37 | 52 | -15 | 594 | -5 | 1 | 36 | -- | -- | -- |
| 22 | Australia | 309 | -3 | 1 | 34 | 36 | -3 | 920 | 1 | 2 | 8 | -- | 6 | +1 |
| 23 | Venezuela | 95 | 11 | 0 | 27 | 27 | 0 | 353 | -3 | 1 | -9 | 0 | -- | -- |
| 24 | China | 609 | 7 | 2 | 13 | 18 | -5 | 4,758 | 9 | 8 | -38 | 1 | -- | -- |
| 25 | Russia | 92 | -15 | 0 | 7 | 14 | -7 | 1,255 | -8 | 2 | 17 | -- | -- | -- |
| | Top 1-25 | $32,438 | 0% | 94% | 55% | 52% | 3% | $47,081 | -3% | 81% | $2,790 | 97% | 7% | +1 |
| | Global | 34,632 | 8 | 100 | 68 | 66 | 2 | 57,937 | -2 | 100 | 2,885 | 100 | 7 | +2 |

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more... We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10. Pps is percentage points. Source: IMF, Business Intelligence Monitor .*

## On a Net Worth Basis, USA Inc. Also Sits in Middle of Pack vs. Western European Peer Governments

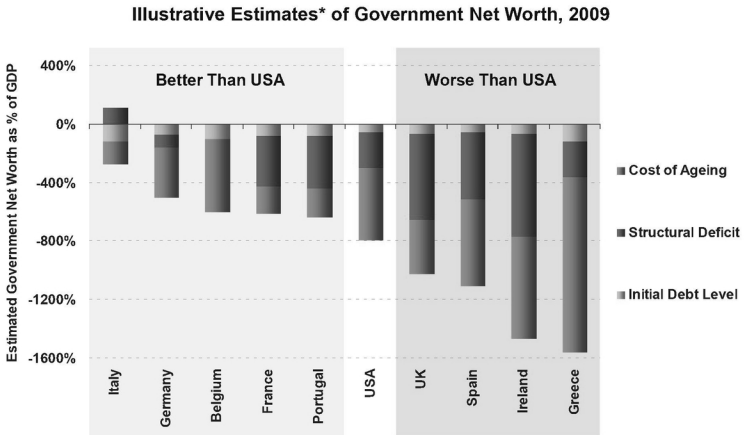


*Note: *Estimates of government net worth depends heavily on underlying assumptions such as projections for GDP, demographics, policy changes, etc. Net worth estimates may differ from U.S. Dept. of Treasury's data (used in earlier slides). For more details on underlying assumptions, please refer to Morgan Stanley Research's Global Outlook piece "Sovereign Subjects: Ask Not Whether Governments Will Default, But How," 8/25/10. Source: Arnaud Mares, Morgan Stanley Research.*



## Combined With US Dollar's Reserve Currency Status, Investors Still Prefer USA Inc.'s Debt, For Now

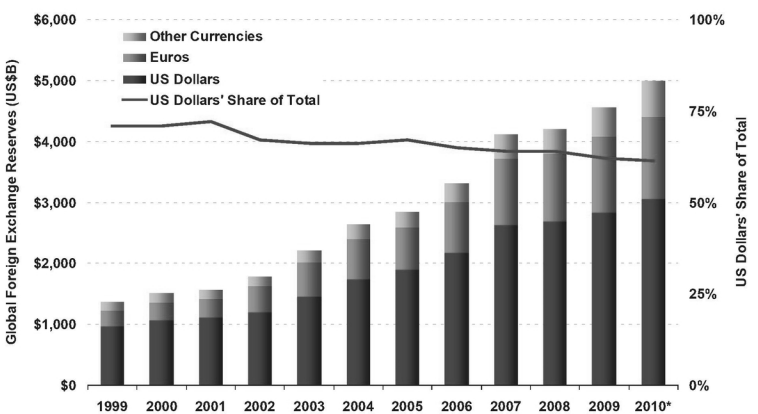


*Note: 2010 data are preliminary and as of CQ3. Source: IMF.*

## However, in Longer Term, Credit Rating Agencies Have Begun to Worry About USA Inc.'s Debt Affordability

*On balance, we believe that the ratings of all large Aaa governments [including USA Inc.] remain well positioned, although their '**distance-to-downgrade' has in all cases substantially diminished**…Growth alone will not resolve an increasingly complicated debt equation…Preserving debt affordability at levels consistent with Aaa ratings will invariably require fiscal adjustments of a magnitude that, in some cases, will test social cohesion.* [1]

- Pierre Cailleteau

Managing Director of Sovereign Risk at Moody's, 3/16/2010

*…if there are not offsetting measures to reverse the deterioration in negative fundamentals in the U.S., the likelihood of a negative outlook over the next two years will increase.* [2]

Sarah Carlson,
Senior Analyst at Moody's, 1/14/2011

*Sources: 1) Bloomberg,* The New York Times; *2)* The Wall Street Journal



## Treasury Swap Spread[1] Turned Negative For First Time in History[2] – Now Cheaper for Some Private Companies to Borrow than USA Government

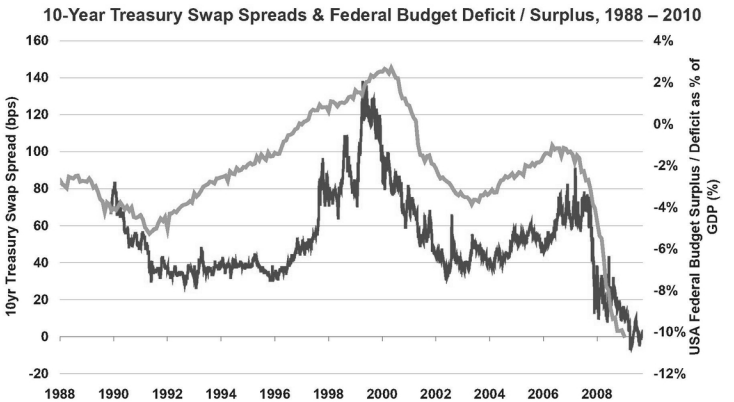


*Note: 1) Treasury swap spread = Treasury yield – swap rate (between bonds of comparable maturity); swap rate is the fixed interest rate that the buyer demands in exchange for the uncertainty of paying the short-term LIBOR (floating) rate over time; swap rates are generally higher than Treasury yields with corresponding maturities as they include incremental credit risk associated with the banks that provide swaps compared to Treasuries, which are viewed as risk-free. 2)10-year Treasury swap spread turned negative on 3/24/10, while 30-year Treasury swap spread turned negative in 10/08 and shorter-term Treasury swap spreads are still positive. Source: Bloomberg.*

## Financial Challenges for Countries are Not Uncommon

Of course, there are no exact precedents for the financial challenges faced by America and many other countries in the world today.

Yet a quick overview of a few government and corporate financial crises may illustrate how managements have addressed – or failed to address – the problems of their day.



## *History Doesn't Repeat Itself, But It Often Rhymes*[1] – What Can We Learn From These Credit Crises?

| Sovereign Credit Crisis | State / Local Financial Woes | Corporate Bankruptcy |
|---|---|---|
| **2010 – Greece ($374B Debt Outstanding – 113% of GDP)** | **1975 – New York City ($14B* Debt Outstanding)** | **2009 – General Motors ($95B Debt Outstanding)** |
| **2009 – Dubai ($26B – 32% of GDP)** | | |
| **2001 – Argentina ($132B – 130% of GDP)** | | |
| **1998 – Russia ($73B – 27% of GDP)** | | |

*Note: 1) Attributed to Mark Twain. *NYC government and subsidiaries had $14B debt outstanding in 1975. Adjusting for inflation, $14B of 1975 dollars would have been ~$50B in today's dollars. Source: sovereign data points per IMF and World Bank. NYC data point per California Research Bureau "Overview of New York City's Fiscal Crisis," 3/1/1995.*

## Simple Pattern Recognition From Historical Debt Crisis Reveal Common Drivers (Leverage & Entitlements) + Triggers

| | Year of Crisis | Debt Restructured | | Long-Term Drivers | Short-Term Triggers | Key Stakeholders |
|---|---|---|---|---|---|---|
| | | Amount | % of GDP | | | |
| Greece | 2010 | $374B | 113% | Rising Underfunded Entitlement Spending | Financial Crisis | International Bond Investors |
| Dubai | 2009 | 26B | 32 | Leveraged Construction / Real Estate Bubble | Financial Crisis | International Bond Investors |
| Argentina | 2001 | 132B | 130 | Rising Underfunded Entitlement Spending + Currency Peg | Financial Crisis | International Bond Investors |
| Russia | 1998 | 73B | 27 | Declining Productivity + Currency Peg | Financial Crisis | International Bond Investors |
| New York City | 1975 | 14B[1] | -- | Rising Underfunded Entitlement Spending | Recession | Bond Investors + Federal Government |

*Note: 1) NYC government and subsidiaries had $14B debt outstanding in 1975. Adjusting for inflation, $14B of 1975 dollars would have been ~$50B in today's dollars. Source: sovereign data points per IMF and World Bank. NYC data point per California Research Bureau "Overview of New York City's Fiscal Crisis," 3/1/1995.*



## Lessons Learned: Historical Debt Crisis

- **Rising Unfunded Entitlement Spending = Often a Long-Term Driver of Debt Crisis**
  - Countries such as Greece / Argentina and cities such as New York all nearly brought down by unfunded entitlement spending.
- **Financial Crisis / Economic Downturn = Often the Short-Term Trigger of Debt Crisis**
  - All cases had similar short-term triggers.
- **External Forces = Often Key Stakeholders in Crisis & Driving Ensuing Changes**
  - Most sovereign credit crises + ensuing reforms were driven by loss of confidence of international bond investors.
  - New York City's near default was driven by demands from bond holders + refusal of bailout from federal government.

## While High Government Debt Levels Could Hasten Economic Recovery Post Recession, There Are Many Long-Term Negative Consequences

- **Crowding Out Investment ➔ Lower Output & Income**
  - A growing portion of people's savings would be diverted to purchase government debt rather than toward investment in productive capital goods.
- **Higher Interest Payments ➔ Higher Tax Rates & Lower Output & Income**
  - Government may be forced to raise marginal tax rates and / or reduce spending on other programs to meet interest payments.
- **Reduced Ability to Borrow ➔ Less Policy Flexibility**
  - In case of economic downturns or international crises, government may not be able to raise substantially more debt.
- **Increased Chance of Sudden Fiscal Crisis ➔ Social / Economic Disruption**
  - Investors may lose confidence in government's ability to repay debt & interest without causing inflation.

*Source: Congressional Budget Office, "Federal Debt and the Risk of a Fiscal Crisis." 7/10.*



## Lessons Learned: For Countries Burdened by High Debt Levels, Austerity Measures are Necessary

| | 2009 Deficit as % of GDP | Gross Debt as % of GDP | 2009-2010 Austerity Measures | New Revenue Streams |
|---|---|---|---|---|
| **Greece** | **14%** | 113% | • Wage freeze & bonus cut of 14% on all public sector employees<br>• Reduction in government contract workers<br>• 11% reduction in pensions & Increase in retirement age to 65 from 58 | • Joint IMF–EU bailout of $146B<br>• Tax increases for VAT (+2%) / fuel / alcohol / cigarette (+10%)<br>• Clamp down on tax evasion |
| **Ireland** | **11%** | 66% | • 5-15% pay cut & 4% benefit reduction for all public sector employees<br>• $1.5B+ broad spending cuts in healthcare & infrastructure | • Carbon tax on fuel<br>• 1% tax rise on personal income about 120K euros |
| **Spain** | **11%** | 54% | • Hiring freeze for public sectors<br>• Increase of retirement age to 67 from 60<br>• Total budget cut of $70B 10-13E | • Sold $7B in new bonds |
| **Portugal** | **9%** | 78% | • Wage freeze on all public sector employees<br>• Reduce state payroll via attrition | • 50% bonus tax on top bank executives<br>• Privatize state-owned industries |

*Source: Eurostat, European Commission, IMF, New York Times, Financial Times, BBC, Wall Street Journal.*

## European Countries (including Greece, Portugal, Ireland and Spain) Have Committed A Rising Share of GDP to 'Social Benefits' Over Past Decade

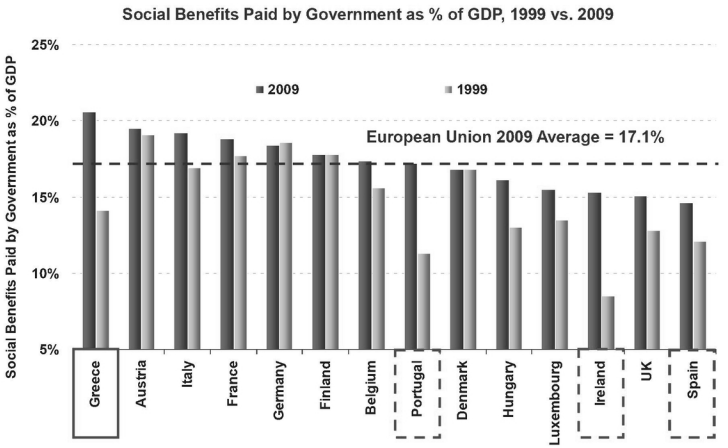


*Source: Eurostat. 'Social Benefits' include both social insurance (comparable to Social Security and Medicare) and social assistance benefits (comparable to Medicaid) provided by government units as well as all social insurance benefits provided under private funded and unfunded social insurance schemes, whether in cash or in kind.*



## Austerity Measures to Take Away Entitlement Benefits Could Spark a Vicious Cycle

## Social Unrest Can Shake Investor Confidence And Contagion Can Spread

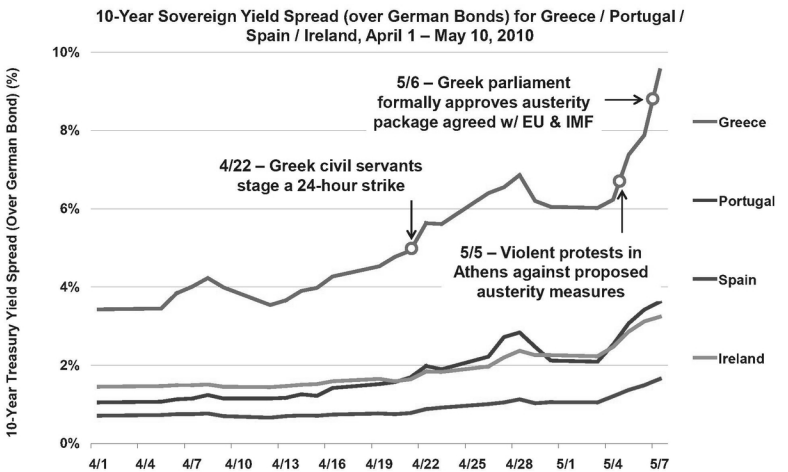


*Source: FactSet.*



## Government Deficits and Changes in Sovereign Credit Default Swap Rates = Positively Correlated

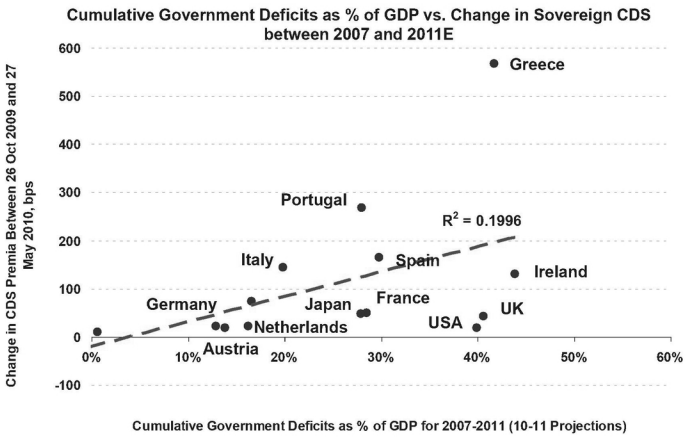


*Sources: OECD; Markit; National Data*

## When Corporations Like General Motors Run Out of Cash, Eventually They File for Bankruptcy

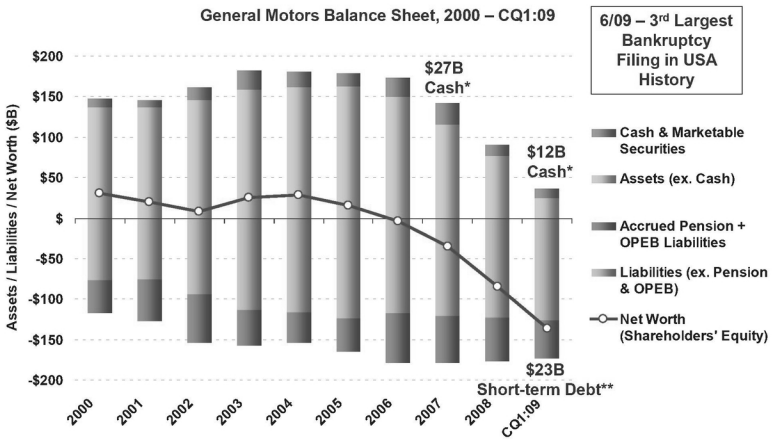


*Note: *Includes cash & equivalents, as well as marketable securities; **short-term debt also includes current portion of long-term debt. Source: General Motors.*



## General Motors – Entitlement Spending Became Too Onerous for this Great American Company

**1908** – Founded in Flint, Michigan to manufacture automobiles

**1954** – Shipped 50 millionth automobile

**1988** – Free cash flow peaked at $6.3B

**1999** – Reached a peak market capitalization of $61B

**2006** – Revenue peaked at $207B

**2009** – Filed for bankruptcy

Why did GM file for bankruptcy?

Products became increasingly uncompetitive. In addition, pension plans to support 650,000 retirees and their dependents (compared with 80,000 active employees in N. America as of 2010) rose to 4.8% of GM's annual expenses and $4,679 in annual pension payments per worker to former workers.

*Source: General Motors, FactSet, DataStream, History News Network.*

# Comparing GM & USA, Inc…

| | USA 2010 | General Motors 2008 | |
|---|---|---|---|
| Gross Debt as % of GDP | 93% | 82% | Gross Debt as % of Revenue[1] |
| Federal Spending as % of GDP | 24 | 114 | Total Cost as % of Revenue |
| Federal Budget Surplus as % of GDP | -9 | -21 | Net Income as % of Revenue |
| Interest Payments as % of GDP | 1 | 2 | Interest Payments as % of Revenue |
| % of Citizens Receiving Government Subsidy or on Government Payroll | 36 | 75 | % of Total GM Population[2] Dependent on the company |

*Note: 1) Gross debt of GM calculated as total liabilities – future OPEB & pension liabilities, as these liabilities are not reflected in USA gross debt. 2) % of total GM population dependent on the company = all living retirees / (living retirees + current workers). Source: White House Office of Management and Budget, OECD, Heritage Foundation, General Motors.*



# …Good News for GM Is It Has 'Taken Its Medicine' and Has Begun to Implement a Successful Turnaround

**Basic Framework of GM Turnaround**:

- **Focus on Expenses**
  - Eliminated some of the legacy entitlements - swapped employee healthcare for equity ownership.
  - Significantly changed operating efficiency - took out costs so that GM was able to operate at breakeven at bottom of the cycle and turn cash flow positive during other parts of its business cycle.
- **Focus on Revenue**
  - Changed business model to move away from lowering cost to improving vehicle quality, engineering and styling.

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# Summary



## Highlights from F2010 USA Inc. Financials

- **Summary –** USA Inc. has challenges.
- **Cash Flow –** While recession depressed F2008-F2010 results, cash flow has been negative for 9 consecutive years ($4.8 trillion, cumulative), with no end to losses in sight. Negative cash flow implies that USA Inc. can't afford the services it is providing to 'customers,' many of whom are people with few alternatives.
- **Balance Sheet –** Net worth is negative and deteriorating.
- **Off-Balance Sheet Liabilities –** Off-balance sheet liabilities of at least $31 trillion (primarily unfunded Medicare and Social Security obligations) amount to nearly $3 for every $1 of debt on the books. Just as unfunded corporate pensions and other post-employment benefits (OPEB) weigh on public corporations, unfunded entitlements, over time, may increase USA Inc.'s cost of capital. And today's off-balance sheet liabilities will be tomorrow's on-balance sheet debt.
- **Conclusion –** Publicly traded companies with similar financial trends would be pressed by shareholders to pursue a turnaround. The good news: USA Inc.'s underlying asset base and entrepreneurial culture are strong. The financial trends can shift toward a positive direction, but both 'management' and 'shareholders' will need collective focus, willpower, commitment, and sacrifice.

*Note: USA federal fiscal year ends in September; Cash flow = total revenue – total spending on a cash basis; net worth includes unfunded future liabilities from Social Security and Medicare on an accrual basis over the next 75 years. Source: cash flow per White House Office of Management and Budget; net worth per Dept. of Treasury, "2010 Financial Report of the U.S. Government," adjusted to include unfunded liabilities of Social Security and Medicare.*

# Drilldown on USA Inc. Financials…

- **To analysts looking at USA Inc. as a public corporation, the financials are challenged**
  - Excluding Medicare / Medicaid spending and one-time charges, USA Inc. has supported a 4% average net margin[1] over 15 years, but cash flow is deep in the red by negative $1.3 trillion last year (or -$11,000 per household), and net worth[2] is negative $44 trillion (or -$371,000 per household).
- **The main culprits: entitlement programs, mounting debt, and one-time charges**
  - Since the Great Depression, USA Inc. has steadily added "business lines" and, with the best of intentions, created various entitlement programs. Some of these serve the nation's poorest, whose struggles have been made worse by the financial crisis. Apart from Social Security and unemployment insurance, however, funding for these programs has been woefully inadequate – and getting worse.
  - Entitlement expenses (adjusted for inflation) rose 70% over the last 15 years, and USA Inc. entitlement spending now equals $16,600 per household per year; annual spending exceeds dedicated funding by more than $1 trillion (and rising). Net debt levels are approaching warning levels, and one-time charges only compound the problem.
  - Some consider defense spending a major cause of USA Inc.'s financial dilemma. Re-setting priorities and streamlining could yield savings – $788 billion by 2018, according to one recent study[3] – perhaps without damaging security. But entitlement spending has a bigger impact on USA Inc. financials. Although defense nearly doubled in the last decade, to 5% of GDP, it is still below its 7% share of GDP from 1948 to 2000. It accounted for 20% of the budget in 2010, but 41% of all government spending between 1789 and 1930.

*Note: 1) Net margin defined as net income divided by total revenue; 2) net worth defined as assets (ex. stewardship assets like national parks and heritage assets like the Washington Monument) minus liabilities minus the net present value of unfunded entitlements (such as Social Security and Medicare), data per Treasury Dept.'s "2010 Annual Report on the U.S. Government"; 3) Gordon Adams and Matthew Leatherman, "A Leaner and Meaner National Defense,"* Foreign Affairs, *Jan/Feb 2011)*



# …Drilldown on USA Inc. Financials…

- **Medicare and Medicaid, largely underfunded (based on 'dedicated' revenue) and growing rapidly, accounted for 21% (or $724B) of USA Inc.'s total expenses in F2010, up from 5% forty years ago**
  - Together, these two programs represent 35% of all (annual) US healthcare spending; Federal Medicaid spending has doubled in real terms over the last decade, to $273 billion annually.
- **Total government healthcare spending consumes 8.2% of GDP compared with just 1.3% fifty years ago; the new health reform law could increase USA Inc.'s budget deficit**
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **Unemployment Insurance and Social Security are adequately funded...for now. The future, not so bright**
  - Demographic trends have exacerbated the funding problems for Medicare and Social Security – of the 102 million increased enrollment between 1965 and 2009, 42 million (or 41%) is due to an aging population. With a 26% longer life expectancy but a 3% increase in retirement age (since Social Security was created in 1935), deficits from Social Security could add $11.6 trillion (or 140%) to the public debt by 2037E, per Congressional Budget Office (CBO).



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## …Drilldown on USA Inc. Financials

- **If entitlement programs are not reformed, USA Inc.'s balance sheet will go from bad to worse**
  - Public debt has doubled over the last 30 years, to 62% of GDP. This ratio is expected to surpass the 90% threshold* – above which real GDP growth could slow considerably – in 10 years and could near 150% of GDP in 20 years if entitlement expenses continue to soar, per CBO.
  - As government healthcare spending expands, USA Inc.'s red ink will get much worse if healthcare costs continue growing 2 percentage points faster than per capita income (as they have for 40 years).
- **The turning point: Within 15 years (by 2025), entitlements plus net interest expenses will absorb all – yes, all – of USA Inc.'s annual revenue, per CBO**
  - That would require USA Inc. to borrow funds for defense, education, infrastructure, and R&D spending, which today account for 32% of USA Inc. spending (excluding one-time items), down dramatically from 69% forty years ago.
  - It's notable that CBO's projection from 10 years ago (in 1999) showed Federal revenue sufficient to support entitlement spending + interest payments until 2060E – 35 years later than current projection.

*Note: *Carmen Reinhart and Kenneth Rogoff observed from 3,700 historical annual data points from 44 countries that the relationship between government debt and real GDP growth is weak for debt/GDP ratios below a threshold of 90 percent of GDP. Above 90 percent, median growth rates fall by one percent, and average growth falls considerably more. We note that while Reinhart and Rogoff's observations are based on 'gross debt' data, in the U.S., debt held by the public is closer to the European countries' definition of government gross debt. For more information, see Reinhart and Rogoff, "Growth in a Time of Debt," 1/10.*



## How Might One Think About Turning Around USA Inc.?...

- **Key focus areas would likely be reducing USA Inc.'s budget deficit and improving / restructuring the 'business model'…**
  - One would likely drill down on USA Inc.'s key revenue and expense drivers, then develop a basic analytical framework for 'normal' revenue / expenses, then compare options.

**Looking at history…**

  - Annual growth in revenue of 3% has been roughly in line with GDP for 40 years* while corporate income taxes grew at 2%. Social insurance taxes (for Social Security / Medicare) grew 5% annually and now represent 37% of USA Inc. revenue, compared with 19% in 1965.
  - Annual growth in expenses of 3% has been roughly in line with revenue, but entitlements are up 5% per annum - and now absorb 51% of all USA Inc.'s expense - more than twice their share in 1965; defense and other discretionary spending growth has been just 1-2%.

**One might ask…**

  - Should expense and revenue levels be re-thought and re-set so USA Inc. operates near break-even and expense growth (with needed puts and takes) matches GDP growth, thus adopting a 'don't spend more than you earn' approach to managing USA Inc.'s financials?

*Note: *We chose a 40-year period from 1965 to 2005 to examine 'normal' levels of revenue and expenses. We did not choose the most recent 40-year period (1969 to 2009) as USA was in deep recession in 2008 / 2009 and underwent significant tax policy fluctuations in 1968 /1969, so many metrics (like individual income and corporate profit) varied significantly from 'normal' levels.*

## …How Might One Think About Turning Around USA Inc.?

**One might consider…**

- **Options for reducing expenses by focusing on entitlement reform and operating efficiency**
  - Formula changes could help Social Security's underfunding, but look too draconian for Medicare/Medicaid; the underlying healthcare cost dilemma requires business process restructuring and realigned incentives.
  - Resuming the 20-year trend line for lower Federal civilian employment, plus more flexible compensation systems and selective local outsourcing, could help streamline USA Inc.'s operations.
- **Options for increasing revenue by focusing on driving long-term GDP growth and changing tax policies**
  - USA Inc. should examine ways to invest in growth that provides a high return (ROI) via new investment in technology, education, and infrastructure and could stimulate productivity gains and employment growth.
  - Reducing tax subsidies (like exemptions on mortgage interest payments or healthcare benefits) and changing the tax system in other ways could increase USA Inc.'s revenue without raising income taxes to punitive – and self-defeating – levels. Such tax policy changes could help re-balance USA's economy between consumption and savings and re-orient business lines towards investment-led growth, though there are potential risks and drawbacks.
- **History suggests the long-term consequences of inaction could be severe**
  - USA Inc. has many assets, but it must start addressing its spending/debt challenges now.



## Sizing Costs Related to USA Inc.'s Key Financial Challenges & Potential AND / OR Solutions

- **To create frameworks for discussion, the next slide summarizes USA Inc.'s various financial challenges and the projected future cost of each main expense driver.**
  - The estimated future cost is calculated as the net present value of expected 'dedicated' future income (such as payroll taxes) minus expected future expenses (such as benefits paid) over the next 75 years.
- **Then we ask the question: 'What can we do to solve these financial challenges?'**
  - The potential solutions include a range of simple *mathematical illustrations* (such as changing program characteristics or increasing tax rates) and/or *program-specific policy solutions* proposed or considered by lawmakers and agencies like the CBO (such as indexing Social Security initial benefits to growth in cost of living).
- **These mathematical illustrations are only a mechanical answer to key financial challenges and not realistic solutions. In reality, a combination of detailed policy changes will likely be required to bridge the future funding gap.**

# Overview of USA Inc.'s Key Financial Challenges & Potential and/or Solutions

| Rank | Financial Challenge | Net Present Cost[1] ($T / % of 2010 GDP) | Mathematical Illustrations and/or Potential Policy Solutions[2] |
|---|---|---|---|
| 1 | Medicaid | $35 Trillion[3] / 239% | • Isolate and address the drivers of medical cost inflation<br>• Improve efficiency / productivity of healthcare system<br>• Reduce coverage for optional benefits & optional enrollees |
| 2 | Medicare | $23 Trillion / 156% | • Reduce benefits<br>• Increase Medicare tax rate<br>• Isolate and address the drivers of medical cost inflation<br>• Improve efficiency / productivity of healthcare system |
| 3 | Social Security | $8 Trillion / 54% | • Raise retirement age<br>• Reduce benefits<br>• Increase Social Security tax rate<br>• Reduce future initial benefits by indexing to cost of living growth rather than wage growth<br>• Subject benefits to means test to determine eligibility |
| 4 | Slow GDP / USA Revenue Growth | -- | • Invest in technology / infrastructure / education<br>• Remove tax & regulatory uncertainties to stimulate employment growth<br>• Reduce subsidies and tax expenditures & broaden tax base |
| 5 | Government Inefficiencies | -- | • Resume the 20-year trend line for lower Federal civilian employment<br>• Implement more flexible compensation systems<br>• Consolidate / selectively local outsource certain functions |

*Note: 1) Net Present Cost is calculated as the present value of expected future net liabilities (expected revenue minus expected costs) for each program / issue over the next 75 years, Medicare estimate per Dept. of Treasury, "2010 Financial Report of the U.S. Government," Social Security estimate per Social Security Trustees' Report (8/10). 2) For more details on potential solutions, see slides 252-410 or full USA Inc. presentation. 3) Medicaid does not have dedicated revenue source and its $35T net present cost excludes funding from general tax revenue, NPV analysis based on 3% discount rate applied to CBO's projection for annual inflation-adjusted expenses.*



# The Essence of America's Financial Conundrum & Math Problem?

While a hefty 80% of Americans indicate balancing the budget should be one of the country's top priorities, per a Peter G. Peterson Foundation survey in 11/09…

…only 12% of Americans support cutting spending on Medicare or Social Security, per a Pew Research Center survey, 2/11.

Some might call this 'having your cake and eating it too…'

## The Challenge Before Us

Policymakers, businesses and citizens need to share responsibility for past failures and develop a plan for future successes.

Past generations of Americans have responded to major challenges with collective sacrifice and hard work.

***Will ours also rise to the occasion?***



## Current Observations About America…

- **On many fronts, USA Inc. is in great shape, but it has one big problem – USA Inc. spends too much and, in effect, is maxing out its credit card. USA Inc. must address the problem.**
- In 2009, 64% of America's revenue went to Social Security, Medicare & Medicaid, compared with 31% in 1980 and 20% in 1970.
- Using current projections, 100% of America's revenue in 2025 will go to Social Security, Medicare, Medicaid and Net Interest Expense.
- This raises the question, 'How will America pay for the likes of education, national defense, homeland security, infrastructure improvement, R&D, law enforcement, postal service, etc.?'
- **USA Inc.'s fundamental tradeoff is that it must balance its FUTURE (education) with its PRESENT (national defense & homeland security) and its PAST (Social Security & Medicare & Medicaid).**

*Source: 2009 data per White House OMB, 2025 forecast per CBO's Alternative Fiscal Scenario.*

## …Current Observations About America

- **It's Time to Rise to the Occasion, It's America's Tradition…**
- The essence of the 'American dream' is about the underdog succeeding / the turnaround story…every generation or so has an opportunity to rise to an occasion (and sacrifice) and show why America (and its democratic form of government) are great. For this generation, the biggest challenge may be staving off financial hardship.
- **Collective Sacrifice and Hard Work are the Two Inter-Related Ways out of USA Inc.'s Problems…**



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# Appendix



## Appendix

*Additional Datapoints on Federal Debt*

# Federal Debt Held by the Public vs. Gross Debt

- **Federal Debt Held by the Public ($9 Trillion Outstanding, 62% of GDP in 2010)**
  - Value of all federal securities sold to the public that are still outstanding.
  - Represents the cumulative effect of past federal borrowing on **today**'s economy and on the **current** federal budget.
  - Net interest payments represent a burden on **current** taxpayers.
- **Gross Debt ($14 Trillion Outstanding, 94% of GDP in 2010)**
  - Public debt + intragovernmental debt (related to entities including the Social Security Trust Fund and federal employee / veterans' pension fund) + net liability of GSEs (related to likes of Fannie Mae and Freddie Mac).
  - Represents a claim on both **current** and **future** resources.
- **We Focus on Public Debt Levels**
  - Public debt is the base for calculating net interest payments.
  - Gross debt level could be misleading (to take an extreme example, simply eliminating all trust funds without changing promised benefits for the associated programs would dramatically reduce gross debt from 94% of GDP to 62% of GDP without improving long-term fiscal outlook at all*).
  - In the future, when intragovernmental debt + net liability of GSEs begin demanding repayments, it is likely financed via material increases in public debt levels.

*Note: *for more details, see James R. Horney, "Recommendation That President's Fiscal Commission Focus on Gross Debt is Misguided," 5/27/10. Data source: White House OMB, CBO.*



# Public Debt = Gross Debt – Intra-Governmental Holdings – Net Liabilities of Government-Sponsored Enterprises (GSEs)

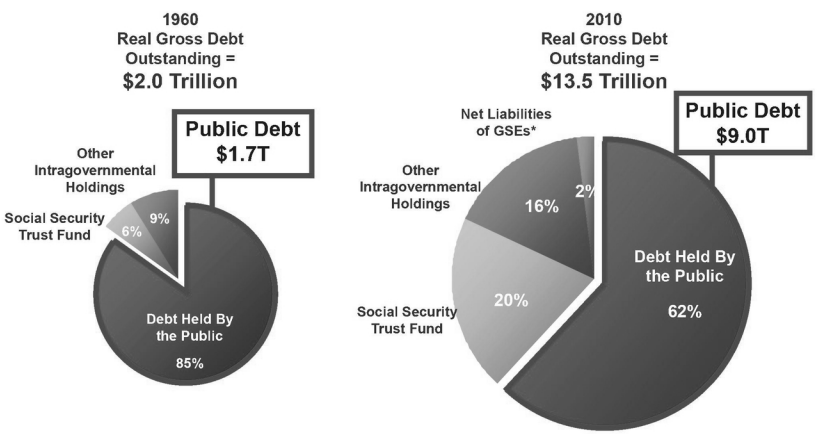


*Note: Data are inflation adjusted.* Net liabilities of GSEs assumes 50% loss ratio on $250B delinquent loans held by Fannie Mae / Freddie Mac. Data source: Dept. of Treasury, White House Office of Management and Budget.*

# Gross Debt Level = Approaching 100% of GDP

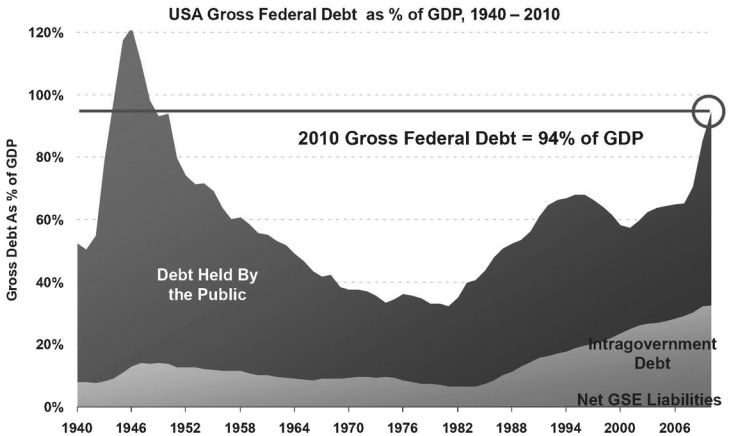


*Source: White House OMB.*



# Gross Debt Level = Would Exceed Current Statutory Limit of $1.43T* Within One Year

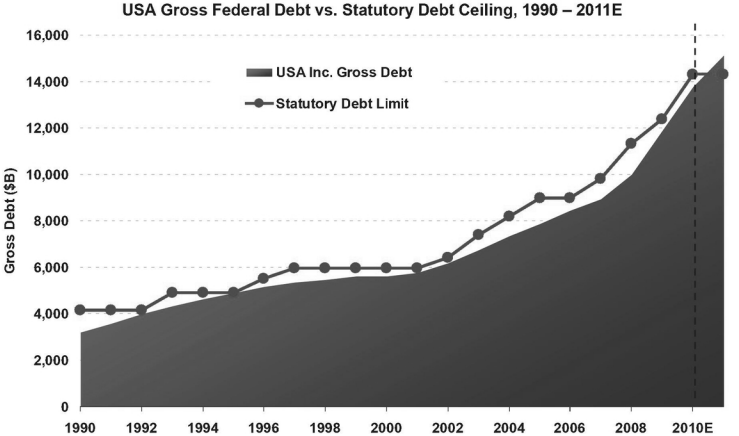


*Note: * As of 1/11. Source: White House OMB.*

## 'Top 75' Countries Ranked by **Net Debt as % of GDP**…

| Rank | Country | 2009 Net Debt Outstanding ($B) | Y/Y | As % of World Total | Net Debt as % of GDP 2009 | 2005 | 05-09 Change | 2009 GDP ($B) | Y/Y | As % of World Total | 2009 Budget Surplus / Deficit ($B) | As % of World Gross Deficit | 2009 Unemploy-ment Rate | Y/Y (pps) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Zimbabwe | $7 | 13% | 0% | 190% | -- | -- | $4 | 4% | 0% | -$1 | 0% | -- | -- |
| 2 | Japan | 9,149 | 12 | 26 | 181 | 162 | 19 | 5,049 | -5 | 9 | -960 | 33 | 5% | +1 |
| 3 | Italy | 2,434 | 0 | 7 | 116 | 106 | 11 | 2,090 | -5 | 4 | -0 | -- | 8 | +1 |
| 4 | Singapore | 186 | 3 | 1 | 114 | 99 | 15 | 163 | -2 | 0 | -5 | 0 | 3 | +1 |
| 5 | Greece | 374 | 8 | 1 | 111 | 99 | 12 | 338 | -2 | 1 | -27 | 1 | 9 | +2 |
| 6 | Egypt | 198 | 16 | 1 | 105 | -- | -- | 188 | 5 | 0 | -27 | 1 | -- | -- |
| 7 | Belgium | 454 | 0 | 1 | 98 | 92 | 6 | 461 | -3 | 1 | -1 | 0 | 8 | +1 |
| 8 | Sudan | 53 | -6 | 0 | 97 | -- | -- | 54 | 5 | 0 | 4 | -- | -- | -- |
| 9 | Hungary | 104 | -8 | 0 | 84 | 62 | 22 | 124 | -6 | 0 | 9 | -- | -- | -- |
| 10 | Cote d'Ivoire | 19 | -3 | 0 | 81 | -- | -- | 23 | -- | 0 | 0 | -- | -- | -- |
| 11 | France | 2,028 | 5 | 6 | 77 | 66 | 11 | 2,635 | -2 | 5 | -105 | 4 | 9 | +2 |
| 12 | Portugal | 167 | 3 | 0 | 76 | 63 | 13 | 220 | -3 | 0 | -6 | 0 | 9 | +2 |
| 13 | Germany | 2,423 | 1 | 7 | 75 | 68 | 7 | 3,235 | -5 | 6 | -16 | 1 | 7 | 0 |
| 14 | Austria | 263 | 2 | 1 | 70 | 64 | 6 | 374 | -4 | 1 | -5 | 0 | 5 | +1 |
| 15 | India | 854 | -3 | 2 | 69 | 80 | -12 | 1,243 | 6 | 2 | 31 | -- | -- | -- |
| 16 | Uruguay | 21 | -2 | 0 | 67 | 67 | 0 | 32 | 3 | 0 | 0 | -- | -- | -- |
| 17 | UK | 1,444 | 3 | 4 | 66 | 42 | 24 | 2,198 | -5 | 4 | -49 | 2 | 7 | +2 |
| 18 | Canada | 870 | -5 | 3 | 66 | 70 | -4 | 1,319 | -3 | 2 | 44 | -- | 8 | +2 |
| 19 | Netherlands | 503 | -1 | 1 | 64 | 52 | 12 | 790 | -4 | 1 | 4 | -- | 4 | +1 |
| 20 | Morocco | 58 | 2 | 0 | 64 | -- | -- | 91 | 5 | 0 | -1 | 0 | -- | -- |
| 21 | Ireland | 140 | 19 | 0 | 62 | 27 | 34 | 227 | -7 | 0 | -23 | 1 | 12 | +6 |
| 22 | Albania | 7 | -3 | 0 | 60 | 57 | 3 | 12 | 3 | 0 | 0 | -- | -- | -- |
| 23 | Argentina | 178 | -7 | 1 | 59 | 59 | 0 | 301 | 1 | 1 | 14 | -- | -- | -- |
| 24 | Philippines | 93 | -2 | 0 | 59 | 71 | -13 | 159 | 1 | 0 | 2 | -- | -- | -- |
| 25 | USA | 7,811 | 23 | 23 | 55 | 37 | 17 | 14,266 | -2 | 25 | -1,438 | 50 | 9 | +3 |
| | Top 1-25 | $29,836 | 1% | 86% | 75% | 67% | 8% | $35,595 | -2% | 61% | $2,662 | 92% | 8% | 1 |
| | Global | 34,632 | 8 | 100 | 68 | 66 | 2 | 57,937 | -2 | 100 | 2,886 | 100 | 7 | 2 |

*Source: IMF, Business Intelligence Monitor .*



## …'Top 75' Countries Ranked by **Net Debt as % of GDP**…

| Rank | Country | 2009 Net Debt Outstanding ($B) | Y/Y | As % of World Total | Net Debt as % of GDP 2009 | 2005 | 05-09 Change | 2009 GDP ($B) | Y/Y | As % of World Total | 2009 Budget Surplus / Deficit ($B) | As % of World Gross Deficit | 2009 Unemploy-ment Rate | Y/Y (pps) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26 | Tunisia | $22 | -3% | 0% | 55% | 55 | 0 | $40 | 3% | 0% | 1 | 0 | -- | -- |
| 27 | Ethiopia | 18 | 29 | 0 | 55 | -- | -- | 34 | 10 | 0 | -4 | 0 | -- | -- |
| 28 | Colombia | 123 | -5 | 0 | 54 | 54 | 0 | 229 | 0 | 0 | 7 | -- | -- | -- |
| 29 | Cyprus | 12 | 2 | 0 | 54 | 68 | -14 | 23 | -2 | 0 | -0 | -- | 5 | +2 |
| 30 | Poland | 223 | -11 | 1 | 53 | 47 | 6 | 423 | 2 | 1 | 26 | -- | -- | -- |
| 31 | Spain | 757 | 20 | 2 | 53 | 43 | 10 | 1,438 | -4 | 2 | -125 | 4 | 18 | +7 |
| 32 | Kenya | 15 | 2 | 0 | 51 | -- | -- | 30 | 2 | 0 | -0 | 0 | -- | -- |
| 33 | Norway | 187 | -17 | 1 | 51 | 45 | 6 | 369 | -2 | 1 | 38 | -- | 3 | +1 |
| 34 | Ghana | 7 | -11 | 0 | 48 | -- | -- | 15 | 4 | 0 | 1 | -- | -- | -- |
| 35 | Bolivia | 8 | 6 | 0 | 46 | 46 | 0 | 18 | 3 | 0 | -0 | -- | -- | -- |
| 36 | Sweden | 175 | -5 | 1 | 44 | 51 | -7 | 398 | -4 | 1 | 9 | -- | 8 | +2 |
| 37 | Brazil | 650 | -6 | 2 | 44 | 44 | 0 | 1,482 | 0 | 3 | 40 | -- | -- | -- |
| 38 | Switzerland | 212 | 5 | 1 | 44 | 53 | -9 | 484 | -1 | 1 | -10 | 0 | 4 | +1 |
| 39 | Latvia | 10 | 56 | 0 | 43 | 12 | 30 | 24 | -18 | 0 | -4 | 0 | -- | -- |
| 40 | Malawi | 2 | 15 | 0 | 42 | -- | -- | 5 | 8 | 0 | -0 | 0 | -- | -- |
| 41 | Malaysia | 84 | 0 | 0 | 41 | 44 | -3 | 207 | -2 | 0 | 0 | -- | -- | -- |
| 42 | Denmark | 125 | 7 | 0 | 40 | 38 | 3 | 308 | -5 | 1 | -8 | 0 | 3 | +2 |
| 43 | Gabon | 4 | -25 | 0 | 38 | -- | -- | 11 | -1 | 0 | 1 | -- | -- | -- |
| 44 | Finland | 91 | -2 | 0 | 37 | 42 | -4 | 242 | -8 | 0 | 2 | -- | 8 | +2 |
| 45 | Turkey | 219 | -14 | 1 | 37 | 52 | -15 | 594 | -5 | 1 | 36 | -- | -- | -- |
| 46 | Czech Republic | 68 | 6 | 0 | 36 | 30 | 6 | 190 | -4 | 0 | -4 | 0 | 7 | +2 |
| 47 | Slovenia | 17 | 43 | 0 | 35 | 27 | 8 | 50 | -7 | 0 | -5 | 0 | 6 | +2 |
| 48 | Slovakia | 30 | 10 | 0 | 34 | 44 | -10 | 88 | -5 | 0 | -3 | 0 | -- | -- |
| 49 | Croatia | 21 | -5 | 0 | 34 | 38 | -5 | 62 | -6 | 0 | 1 | -- | -- | -- |
| 50 | Australia | 309 | -3 | 1 | 34 | 36 | -3 | 920 | 1 | 2 | 8 | -- | 6 | +1 |
| | Top 26-50 | $3,392 | 0% | 10% | 44% | 44% | 0% | $7,682 | -2% | 13% | $164 | 6% | 6% | 2 |
| | Global | 34,632 | 8 | 100 | 68 | 66 | 2 | 57,937 | -2 | 100 | 2,886 | 100 | 7 | 2 |

*Source: IMF, Business Intelligence Monitor.*



HOUSE_OVERSIGHT_021071

## …'Top 75' Countries Ranked by **Net Debt as % of GDP**

| Rank | Country | 2009 Net Debt Outstanding ($B) | Y/Y | As % of World Total | Net Debt as % of GDP 2009 | 2005 | 05-09 Change | 2009 GDP ($B) | Y/Y | As % of World Total | 2009 Budget Surplus / Deficit ($B) | As % of World Gross Deficit | 2009 Unemploy-ment Rate | Y/Y (pps) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 51 | Zambia | $4 | -16% | 0% | 32% | 32 | -- | $12 | 6% | 0% | 1 | -- | -- | -- |
| 52 | Macedonia | 3 | 1 | 0 | 31 | 47 | -16 | 9 | -- | 0 | -0 | 0 | -- | -- |
| 53 | Ecuador | 17 | 2 | 0 | 30 | 30 | 0 | 56 | 0 | 0 | -0 | 0 | -- | -- |
| 54 | Lithuania | 11 | 45 | 0 | 30 | 18 | 11 | 36 | -15 | 0 | -3 | 0 | -- | -- |
| 55 | Peru | 37 | 0 | 0 | 29 | 29 | 0 | 127 | 1 | 0 | 0 | -- | -- | -- |
| 56 | South Africa | 78 | 0 | 0 | 28 | -- | -- | 277 | -2 | 0 | -0 | 0 | -- | -- |
| 57 | Paraguay | 4 | -15 | 0 | 27 | 27 | 0 | 14 | -5 | 0 | 1 | -- | -- | -- |
| **58** | **Venezuela** | **95** | **11** | **0** | **27** | **27** | **0** | **353** | **-3** | **1** | **-9** | **0** | **--** | **--** |
| 59 | New Zealand | 29 | -10 | 0 | 26 | 27 | -1 | 110 | -2 | 0 | 3 | -- | 6 | +2 |
| 60 | Thailand | 64 | 1 | 0 | 24 | 26 | -2 | 266 | -2 | 0 | -0 | 0 | -- | -- |
| 61 | Namibia | 2 | 2 | 0 | 24 | -- | -- | 9 | -1 | 0 | -0 | -- | -- | -- |
| 62 | Tanzania | 5 | 7 | 0 | 24 | -- | -- | 22 | 5 | 0 | -0 | 0 | -- | -- |
| 63 | Senegal | 3 | -6 | 0 | 23 | -- | -- | 13 | 2 | 0 | 0 | -- | -- | -- |
| 64 | Mozambique | 2 | -2 | 0 | 22 | -- | -- | 10 | 6 | 0 | 0 | -- | -- | -- |
| 65 | Romania | 35 | 29 | 0 | 22 | 16 | 6 | 161 | -7 | 0 | -8 | 0 | -- | -- |
| 66 | Uganda | 3 | 8 | 0 | 21 | -- | -- | 16 | 7 | 0 | -0 | 0 | -- | -- |
| 67 | Bulgaria | 7 | -4 | 0 | 15 | 29 | -14 | 45 | -5 | 0 | 0 | -- | -- | -- |
| 68 | Nigeria | 24 | -20 | 0 | 15 | -- | -- | 165 | 6 | 0 | 6 | -- | -- | -- |
| 69 | Angola | 10 | -18 | 0 | 15 | -- | -- | 70 | 0 | 0 | 2 | -- | -- | -- |
| 70 | Cameroon | 3 | -8 | 0 | 14 | -- | -- | 22 | 2 | 0 | 0 | -- | -- | -- |
| **71** | **China** | **609** | **7** | **2** | **13** | **18** | **-5** | **4,758** | **9** | **8** | **-38** | **1** | **--** | **--** |
| 72 | Kazakhstan | 11 | 3 | 0 | 11 | -- | -- | 107 | 1 | 0 | -0 | 0 | -- | -- |
| 73 | Algeria | 13 | -16 | 0 | 10 | -- | -- | 135 | 2 | 0 | 2 | -- | -- | -- |
| **74** | **Russia** | **92** | **-15** | **0** | **7** | **14** | **-7** | **1,255** | **-8** | **2** | **17** | **--** | **--** | **--** |
| 75 | Estonia | 1 | 15 | 0 | 7 | 5 | 2 | 18 | -14 | 0 | -0 | 0 | -- | -- |
| | **Top 51-75** | **$1,163** | **0%** | **3%** | **23%** | **27%** | **-4%** | **$8,064** | **0%** | **14%** | **$60** | **2%** | **6%** | **2** |
| | **Global** | **34,632** | **8** | **100** | **68** | **66** | **2** | **57,937** | **-2** | **100** | **2,886** | **100** | **7** | **2** |

*Note: China's net debt may be under-reported as it excludes potential liabilities from bad loans of state-owned banks.*
*Source: IMF, Business Intelligence Monitor.*



## OECD Countries Ranked by **Gross Debt as % of GDP**

| Rank | Country | 2009 Gross Debt Outstanding ($B) | Y/Y | As % of OECD Total | Gross Debt as % of GDP 2009 | 2005 | 05-09 Change | 2009 GDP ($B) | Y/Y | As % of OECD Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Japan | $974 | 14% | 27% | 193% | 175% | 18% | $5,049 | -5% | 13% |
| 2 | Italy | 269 | 1 | 7 | 129 | 120 | 9 | 2,090 | -5 | 5 |
| 3 | Iceland | 1 | -8 | 0 | 123 | 53 | 70 | 12 | -28 | 0 |
| 4 | Greece | 40 | 8 | 1 | 119 | 114 | 5 | 338 | -2 | 1 |
| 5 | Belgium | 47 | -1 | 1 | 101 | 96 | 5 | 461 | -3 | 1 |
| 6 | Portugal | 19 | 4 | 1 | 87 | 74 | 13 | 220 | -3 | 1 |
| 7 | France | 227 | 5 | 6 | 86 | 76 | 11 | 2,635 | -2 | 7 |
| 8 | Hungary | 10 | -13 | 0 | 84 | 69 | 16 | 124 | -6 | 0 |
| 9 | USA | 1,184 | 17 | 32 | 83 | 61 | 22 | 14,266 | -2 | 36 |
| 10 | Canada | 109 | 4 | 3 | 82 | 72 | 11 | 1,319 | -3 | 3 |
| 11 | Germany | 247 | -2 | 7 | 76 | 71 | 5 | 3,235 | -5 | 8 |
| 12 | UK | 159 | 4 | 4 | 72 | 46 | 26 | 2,198 | -5 | 6 |
| 13 | Austria | 26 | -4 | 1 | 70 | 71 | -1 | 374 | -4 | 1 |
| 14 | Ireland | 16 | 23 | 0 | 70 | 33 | 38 | 227 | -7 | 1 |
| 15 | Netherlands | 54 | -6 | 1 | 69 | 61 | 7 | 790 | -4 | 2 |
| 16 | Spain | 90 | 18 | 2 | 63 | 51 | 12 | 1,438 | -4 | 4 |
| 17 | Poland | 25 | -14 | 1 | 58 | 55 | 4 | 423 | 2 | 1 |
| 18 | Finland | 13 | 15 | 0 | 53 | 48 | 4 | 242 | -8 | 1 |
| 19 | Denmark | 16 | 11 | 0 | 52 | 46 | 6 | 308 | -5 | 1 |
| 20 | Sweden | 21 | -8 | 1 | 52 | 60 | -8 | 398 | -4 | 1 |
| 21 | Norway | 18 | -28 | 0 | 49 | 49 | 0 | 369 | -2 | 1 |
| 22 | Czech Republic | 8 | 2 | 0 | 42 | 34 | 8 | 190 | -4 | 0 |
| 23 | Switzerland | 20 | -5 | 1 | 42 | 56 | -15 | 484 | -1 | 1 |
| 24 | Slovakia | 3 | 17 | 0 | 39 | 38 | 1 | 88 | -5 | 0 |
| 25 | New Zealand | 4 | 3 | 0 | 35 | 27 | 8 | 110 | -2 | 0 |
| 26 | Korea | 29 | -3 | 1 | 35 | 27 | 8 | 833 | -11 | 2 |
| 27 | Australia | 18 | 28 | 0 | 19 | 16 | 3 | 920 | 1 | 2 |
| 28 | Luxembourg | 1 | -5 | 0 | 18 | 8 | 11 | 52 | -11 | 0 |
| | **OECD Total** | **$3,648** | **9%** | **100%** | **90%** | **76%** | **14%** | **$39,261** | **-4%** | **100%** |

*Note: Data for Slovenia and Estonia not available. Data may differ from Eurostat / national government figures. Gross debt data are not always comparable across countries due to different definitions or treatment of debt components. Notably, USA and Australia gross debt include the funded portion of government employee pension liabilities, which overstates their debt levels relative to other countries. Source: OECD.*



HOUSE_OVERSIGHT_021072

# Total Government + Private Debt in USA – At Historic High of 360% of GDP

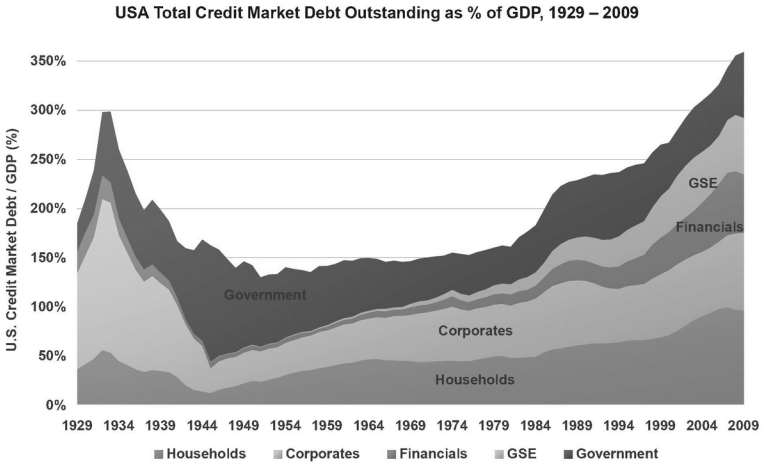


*Source: Dept. of Treasury, Federal Reserve.*



# Appendix

*Useful Links*

# Appendix – Useful Links

- Congressional Budget Office, "The Long-Term Budget Outlook," 6/2010 http://cbo.gov/doc.cfm?index=11579
- Congressional Budget Office, "Budget and Economic Outlook, Fiscal Years 2011 Through 2021," 1/2011 http://cbo.gov/doc.cfm?index=12039
- Department of Health & Human Services, Centers for Medicare & Medicaid Services, "The 2010 Annual Report of the Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," 8/5/2010 https://www.cms.gov/ReportsTrustFunds/downloads/tr2010.pdf
- Department of the Treasury, "2010 Financial Report of the United States Government," 12/2010 http://www.fms.treas.gov/fr/10frusg/10frusg.pdf
- National Commission on Fiscal Responsibility and Reform, "The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform," 12/1/2010 http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf
- Social Security Administration, "The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," 8/9/2010 http://www.ssa.gov/oact/tr/2010/tr2010.pdf
- White House Office of Management and Budget, "Budget of the United States Government, Fiscal Year 2012," 2/2011 http://www.whitehouse.gov/omb/budget/Overview/



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# Glossary

**Accountable Care Organization (ACO)** - A health system model with the ability to provide, and manage with patients, the continuum of care across different institutional settings, including at least ambulatory (outpatient) and inpatient hospital care and possibly post acute care. ACOs have the capability of planning budgets and resources and are of sufficient size to support comprehensive, valid, and reliable performance measurement. The ACO model is one of the latest designs for managing healthcare costs and especially Medicare costs, and is gaining traction among policymakers desperate to control costs and boost quality in healthcare.

**Accrual accounting** - A system of accounting in which revenues are recorded when they are earned and outlays are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time. Compare with cash accounting.

**Adjusted Gross Income (AGI)** - All income that is subject to taxation under the individual income tax after "above-the-line" deductions for such things as alimony payments and certain contributions to individual retirement accounts. Personal exemptions and the standard or itemized deductions are subtracted from AGI to determine taxable income

**Alternative Minimum Tax (AMT)** - A tax intended to limit the extent to which higher-income people can reduce their tax liability (the amount they owe) through the use of preferences in the tax code. Taxpayers subject to the AMT are required to recalculate their tax liability on the basis of a more limited set of exemptions, deductions, and tax credits than would normally apply. The amount by which a taxpayer's AMT calculation exceeds his or her regular tax calculation is that person's AMT liability.

**American Recovery and Reinvestment Act of 2009 (ARRA)** - This act provided appropriations for several federal programs and increased or extended some benefits payable under Medicaid, unemployment compensation, and nutrition assistance, among others. ARRA also reduced individual and corporate income taxes and made other changes to tax laws.

**Asset-Backed Security** - Security backed by real estate or another type of asset; a claim on an income flow, such as expected interest payments on loans, payments on leases, royalty payments, or receivables; a claim on the principal of a loan; or a claim on the expected appreciation of an asset.

**Automatic Stabilizers** - Taxes that decrease and expenditures that increase when the economy goes into a recession (and vice-versa when the economy booms) without requiring any action on the part of the government. Stabilizers tend to reduce the depth of recessions and dampen booms.



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**Bundled Payment (Healthcare) -** Also known as episode-based payment, defined as the reimbursement of health care providers (such as hospitals and physicians) on the basis of expected costs for clinically-defined episodes of care. It has been described as "a middle ground" between fee-for-service reimbursement (in which providers are paid for each service rendered to a patient) and capitation (in which providers are paid a "lump sum" per patient regardless of how many services the patient receives).

**Business Cycle -** Fluctuations in overall business activity accompanied by swings in the unemployment rate, interest rates, and corporate profits. Over a business cycle, real (inflation-adjusted) activity rises to a peak (its highest level during the cycle) and then falls until it reaches a trough (its lowest level following the peak), whereupon it starts to rise again, defining a new cycle. Business cycles are irregular, varying in frequency, magnitude, and duration. (NBER) See real and unemployment rate.

**Cash Accounting -** A system of accounting in which revenues are recorded when they are actually received and outlays are recorded when payment is made. Compare with accrual accounting.

**Centers for Medicare & Medicaid Services (CMS) –** US federal agency which administers Medicare, Medicaid, and the Children's Health Insurance Program.

**Copayment –** A flat amount paid out of pocket per medical service, e.g., $5 per office visit.

**Congressional Budget Office (CBO)** – A non-partisan federal agency within the legislative branch of the U.S. government, charged with reviewing congressional budgets and other legislative initiatives with budgetary implications.

**Conservatorship -** The legal process by which an external entity (in the case of Fannie Mae and Freddie Mac, the federal government) establishes control and oversight of a company to put it in a sound and solvent condition.

**Consumption -** In principle, the value of goods and services purchased and used up during a given period by households and governments. In practice, the Bureau of Economic Analysis counts purchases of many long-lasting goods (such as cars and clothes) as consumption even though the goods are not used up. Consumption by households alone is also called consumer spending. See national income and product accounts.

**Cost-of-Living Adjustment (COLA) -** An annual increase in Social Security and other entitlement payments to reflect price inflation.

**Current-Account Balance -** A summary measure of a country's current transactions with the rest of the world, including net exports, net unilateral transfers, and net factor income (primarily the capital income from foreign property received by residents of a country offset by the capital income from property in that country flowing to residents of foreign countries).

**Cyclical Deficit or Surplus -** The part of the federal budget deficit or surplus that results from the business cycle. The cyclical component reflects the way in which the deficit or surplus automatically increases or decreases during economic expansions or recessions.

**Cyclically Adjusted Budget Deficit or Surplus -** The federal budget deficit or surplus that would occur under current law if the influence of the business cycle was removed—that is, if the economy operated at potential gross domestic product.



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**Debt -** In the case of the federal government, the total value of outstanding bills, notes, bonds, and other debt instruments issued by the Treasury and other federal agencies. That debt is referred to as federal debt or gross debt. It has two components - debt held by the public ( federal debt held by nonfederal investors, including the Federal Reserve System) and debt held by government accounts (federal debt held by federal government trust funds, deposit insurance funds, and other federal accounts). Debt subject to limit is federal debt that is subject to a statutory limit on the total amount issued. The limit applies to gross federal debt except for a small portion of the debt issued by the Treasury and the small amount of debt issued by other federal agencies (primarily the Tennessee Valley Authority and the Postal Service).

**Deductible (Medical Insurance) -** A fixed amount, usually expressed in dollars in the form of an annual fee, that the beneficiary of a health insurance plan must pay directly to the health care provider before a health insurance plan begins to pay for any costs associated with the insured medical service.

**Deficit -** The amount by which the federal government's total outlays exceed its total revenues in a given period, typically a fiscal year. The primary deficit is that total deficit excluding net interest.

**Defined Benefit Pension Plan –** Retirees receive predetermined monthly retirement benefits from employers despite the funding status / investment returns of their pension funds.

**Defined Contribution Pension Plan –** Retirees contribute specified amount to their pension funds and receive variable monthly retirement benefits depending on investment returns. Examples include Individual Retirement Accounts (IRAs) and 401(k) plans.

**Disposable Personal Income -** Personal income—the income that people receive, including transfer payments—minus the taxes and fees that people pay to governments.

**Economic Stimulus** - Federal fiscal or monetary policies aimed at promoting economic activity, used primarily during recessions. Such policies include reductions in taxes, increases in federal spending, reductions in interest rates, and other support for financial markets and institutions.

**Entitlement** - A legal obligation of the federal government to make payments to a person, group of people, business, unit of government, or similar entity that meets the eligibility criteria set in law and for which the budget authority is not provided in advance in an appropriation act. Spending for entitlement programs is controlled through those programs' eligibility criteria and benefit or payment rules. The best-known entitlements are the government's major benefit programs, such as Social Security and Medicare.

**Excise Tax** - A tax levied on the purchase of a specific type of good or service, such as tobacco products or air transportation services.

**Federal Poverty Level (FPL)** - Income amounts set each February by the U.S. Department of Health and Human Services used to determine an individual's or family's eligibility for various public programs, including Medicaid and the State Children's Health Insurance Program.

**Federal Reserve System** - The central bank of the United States. The Federal Reserve is responsible for setting the nation's monetary policy and overseeing credit conditions. See central bank and monetary policy.



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**Fiscal Policy -** The government's tax and spending policies, which influence the amount and maturity of government debt as well as the level, composition, and distribution of national output and income. See debt.

**Fiscal Year -** A yearly accounting period. The federal government's fiscal year begins October 1 and ends September 30. Fiscal years are designated by the calendar years in which they end—for example, fiscal year 2011 will begin on October 1, 2010, and end on September 30, 2011.

**GDP price index** - A summary measure of the prices of all goods and services that make up gross domestic product. The change in the GDP price index is used as a measure of inflation in the overall economy.

**General Fund** - One category of federal funds in the government's accounting structure. The general fund records all revenues and offsetting receipts not earmarked by law for a specific purpose and all spending financed by those revenues and receipts.

**Government-Sponsored Enterprise (GSE)** - A financial institution created by federal law, generally though a federal charter, to carry out activities such as increasing credit availability for borrowers, reducing borrowing costs, or enhancing liquidity in particular sectors of the economy, notably agriculture and housing. Two housing GSEs (Fannie Mae and Freddie Mac) were taken into federal conservatorship in 2008.

Health Maintenance Organization (HMO) - A managed care plan that combines the function of insurer and provider to give members comprehensive health care from a network of affiliated providers. Enrollees typically pay limited copayments and are usually required to select a primary care physician through whom all care must be coordinated. HMOs generally will not reimburse all costs for services obtained from a non-network provider or without a primary care physician's referral. HMOs often emphasize prevention and careful assessment of medical necessity.

**Independent Payment Advisory Board (IPAB)** - A 15-member Independent Payment Advisory Board created under PPACA with significant authority with respect to Medicare payment rates. Beginning in 2014, in any year in which the Medicare per capita growth rate exceeded a target growth rate, the IPAB would be required to recommend Medicare spending reductions. The recommendations would become law unless Congress passed an alternative proposal that achieved the same level of budgetary savings. Subject to some limitations—hospitals, for example, would be exempt until 2020—the IPAB could recommend spending reductions affecting Medicare providers and suppliers, as well as Medicare Advantage and Prescription Drug Plans.

**Labor Force** - The number of people age 16 or older in the civilian non-institutional population who have jobs or who are available for work and are actively seeking jobs. (The civilian non-institutional population excludes members of the armed forces on active duty and people in penal or mental institutions or in homes for the elderly or infirm.) The labor force participation rate is the labor force as a percentage of the civilian non-institutional population age 16 or older.

**Marginal Tax Rate** - The tax rate that would apply to an additional dollar of a taxpayer's income. Compare with effective tax rate and statutory tax rate.



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**Medicaid -** Public health insurance program that provides coverage for low-income persons for acute and long-term care. It is financed jointly by state and federal funds (the federal government pays at least 50 percent of the total cost in each state) and is administered by states within broad federal guidelines.

**Medicare -** Federal health insurance program for virtually all persons age 65 and older, and permanently disabled persons under age 65, who qualify by receiving Social Security Disability Insurance.

**Mortgage-Backed Securities (MBSs) -** Securities issued by financial institutions to investors with the payments of interest and principal backed by the payments on a package of mortgages. MBSs are structured by their sponsors to create multiple classes of claims, or tranches, of different seniority, based on the cash flows from the underlying mortgages. Investors holding securities in the safest, or most senior, tranche stand first in line to receive payments from borrowers and require the lowest contractual interest rate of all the tranches. Investors holding the least senior securities stand last in line to receive payments, after all more senior claims have been paid. Hence, they are first in line to absorb losses on the underlying mortgages. In return for assuming that risk, holders of the least senior tranche require the highest contractual interest rate of all the tranches.

**National Commission on Fiscal Responsibility and Reform** - A bipartisan commission created by President Obama to address the nation's fiscal challenges. The Commission is charged with identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. Specifically, the Commission shall propose recommendations designed to balance the budget, excluding interest payments on the debt, by 2015. In addition, the Commission shall propose recommendations that meaningfully improve the long-run fiscal outlook, including changes to address the growth of entitlement spending and the gap between the projected revenues and expenditures of the Federal Government.

**Net Interest** - In the federal budget, net interest comprises the government's interest payments on debt held by the public (as recorded in budget function 900), offset by interest income that the government receives on loans and cash balances and by earnings of the National Railroad Retirement Investment Trust. See budget function and debt.

**Office of Management and Budget (OMB)** – White House office responsible for devising and submitting the president's annual budget proposal to Congress.

**Organization for Economic Co-operation and Development (OECD)** – An international organization of 31 developed and emerging countries (see list on slide 354) with a shared commitment to democracy and the market economy.

**Other Post-Employment Benefits (OPEB)** – An accounting concept created by the Governmental Accounting Standards Board (GASB) by pronouncements designed to address expenses that entities may or may not be legally bound to pay, but pay as a moral obligation (such as retirees' healthcare costs).

**Pay-As-You-Go (PAYGO)** - Procedures established in House and Senate rules that are intended to ensure that laws that affect direct spending or revenues are budget neutral. The Senate and the House have had such rules in place since 1993 and 2007, respectively.



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**PEP / Pease (Tax Policy) -** PEP is Personal Exemption Phase-out designed to eliminate personal income exemptions for high earners; 3) Pease is a similar phase-out, but instead of applying to personal exemption, it applies to most of the itemized deductions of a taxpayer's claims (mortgage interest, charitable gifts, state & local taxes paid, etc.); Pease is named after Representative Donald Pease (D-OH) who pushed for its enactment in 1990.

**Present Value -** A single number that expresses a flow of current and future income (or payments) in terms of an equivalent lump sum received (or paid) today. The present value depends on the rate of interest used (the discount rate). For example, if $100 is invested on January 1 at an annual interest rate of 5 percent, it will grow to $105 by January 1 of the next year. Hence, at an annual 5 percent interest rate, the present value of $105 payable a year from today is $100.

**Patient Protection and Affordable Care Act (PPACA)** – A federal statute as the result of the healthcare reform. Signed into law on 3/23/10, the PPACA aims to expand Medicaid eligibility, incentivize businesses to provide health care benefits, prohibit denial of coverage/claims based on pre-existing conditions, establish health insurance exchanges, and support for medical research. The costs of these provisions are offset by a variety of taxes, fees, and cost-saving measures, such as new Medicare taxes for high-income brackets, taxes on indoor tanning, improved fairness in the Medicare Advantage program relative to traditional Medicare, and fees on medical devices and pharmaceutical companies.

**Productivity** - Average real output per unit of input. Labor productivity is average real output per hour of labor. The growth of labor productivity is defined as the growth of real output that is not explained by the growth of labor input alone. Total factor productivity is average real output per unit of combined labor and capital services. The growth of total factor productivity is defined as the growth of real output that is not explained by the growth of labor and capital. Labor productivity and total factor productivity differ in that increases in capital per worker raise labor productivity but not total factor productivity.

**Tax Expenditures** - Losses to the U.S. treasury from granting certain deductions, exemptions, or credits to specific categories of taxpayers. Tax breaks are one method Congress uses to promote certain policy objectives. For example, deductions for mortgages encourage home ownership, while credits for childcare expenses allow single parents to work. Tax expenditures are an alternative to direct government spending on policy programs.

**Troubled Asset Relief Program (TARP)** - A program that permits the Secretary of the Treasury to purchase or insure troubled financial assets. Authority for the program was initially set by the Emergency Economic Stabilization Act of 2008 at $700 billion in assets outstanding at any one time and remains in effect until October 3, 2010. The TARP's activities have included the purchase of preferred stock from financial institutions, support to automakers and related businesses, a program to avert housing foreclosures, and partnerships with the private sector.



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**Trust Funds -** In the federal accounting structure, accounts designated by law as trust funds (regardless of any other meaning of that term). Trust funds record the revenues, offsetting receipts, or offsetting collections earmarked for the purpose of the fund, as well as budget authority and outlays of the fund that are financed by those revenues or receipts. The federal government has more than 200 trust funds. The largest and best known finance major benefit programs (including Social Security and Medicare) and infrastructure spending (such as the Highway Trust Fund and the Airport and Airway Trust Fund).



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HOUSE_OVERSIGHT_021083

# Index


Accounting, Government, 31
ARRA, 200-203

Balance Sheet, 209-217
Budgeting, Government, 32
Business Lines, 38-43

CBO (Congressional Budget Office)
  Entitlement Spending, 77
  Forecasts, 11
  Healthcare, 313
  Long Term Outlook, 174, 175, 270
  Policy Options, 262-264, 324-326
  Tort Reform Proposals, 313, 314
Cash Flow, 14, 15, 26, 27, 33
Competitiveness, 390-394
Consequences of Inaction, 413-434
  Austerity Measures, 426
  Credit Rating, 419
  Credit / Debt Crisis, 422-430
  Deficits / Swap Rate Correlation, 430
  Public Debt, Net Worth vs. Peers, 416-417
  Short Term / Long Term, 415
  Social Unrest, CDS, 429
Costs & Headcount, 345-348

Debt
  Composition, 168-172
  Crisis, 422-447
  Level, 145-160, 247
Defense Spending, 38-41, 63-70
  by % GDP, 65, 68
  by Country, Rank 67
  by Number of Troops, 69, 70
  by Type, 64

Deficit 35, 36, 54, 56
Deficit Commission, 256, 265, 326-328, 352, 353, 410, 465
Disability Insurance, 39

Economist vs. Investor Language, 36
Education, 377-382
Employment, 383-388
Entitlement + Interest vs. Revenue, 174, 175
Entitlement
  Covered Population, 86
  Expanded Eligibility, 87
  History, 74, 75
  Income per Beneficiary, 89
  Income vs Personal Savings, 90
  Inflation Indexed, 250
  Not Contracts, 251
  Programs, 15, 17, 37, 43
  Social Security % of income, 92
  Spending, 72-82
  Spending, "Unfunded", 82, 83
  Spending Breakdown, 80, 81
  Spending Deficit, 75
  Spending per Household, 74
  Trust Funds, 76, 77
  Unfunded, 247

Fannie Mae / Freddie Mac, 182-187, 194-199
Federal Wages & Benefits, 335-337
Financial Challenges, 20, 21, 37, 49

GDP, 44, 356-368, 392, 405, 408
General Motors, 431-434
Growth, Sustainable Economic, 356-368

Headcount, 346-348
Healthcare, 16, 39
  Costs 118-120, 279
  Indicators, 112, 307
  Performance, Life Expectancy, 111
  Reform (PPACA), 114-120
  Spend, 105-120
  Spend vs. OECD countries, 108-112
  Spend by funding source, 106
  Spend per capita vs. OECD countries, 109
  Spend vs. Education, 105

Income Statement, 54, 54-60
India GDP, 44
Infrastructure, 373-376
Interest Rates, 161-167

Medicaid, 16, 95-99, 280-328
  Enrollment, Payments Up, 97
  Underfunded, 96
  State Budgets, 99
Medicare, 16, 43, 101-107, 280-328
  Enrollment, Payments Up, 103
  Medicare, Medicaid Beneficiaries, 86
  Medicare, Medicaid per Beneficiary, 85
  Medicare, Medicaid Underfunded, 84
  Underfunded, 102
Medicare & Medicaid Restructure, 280-328
  CBO Policy Options, 323-325
  Deficit Commission Options, 326-328
  Economic Factors, 292-310
  Growing and Aging Population, 283-286
  Improve Efficiency / Productivity, 315-318
  Legal Factors, 311-314
  Possible Solutions, 290, 291
  Reduce Services, Medicaid, 319-322
  Social Forces, 282-328
  Unhealthy Lifestyles, 287-279

National Commission on Fiscal Responsibility and Reform, see Deficit Commission
Net Debt/EBITDA, 34
Net Income, 54
Net Interest Payments, 17
Net Margin, 15, 54, 56
Net Worth, 27, 30
Non-Core 'Business' Out-Sourcing, 350-351

Off Balance Sheet Liabilities, 14, 212, 438
One Time Charges, 177-205
Operating Loss, 35
Out-Sourcing, 350-351

Pensions, 339-341
P&L, 56, 58

Real Estate, 182-187
Retirement, 42, 257

Social Security, 16, 130-141, 255-267
Solutions, 21
Summary, 13-23, 437-449
Surplus, 54, 56

TARP, 188-192
Tax Policies, 395-410
Tax Rates, 396-399
Tax Subsidies / Expenditures / Broaden Base, 401-410
Technology, 369-372
Tech / Infrastructure / Education, 366-382



HOUSE_OVERSIGHT_021085

Turnaround, 18, 19, 221-410
Competitiveness, 390-394
Constraints, 235
Costs & Headcount, 345-348
Drive Sustainable Growth 355-365
Expense Drivers, 231, 232
Expense Growth, 229, 230
Expenses, 252-353
Federal Wages & Benefits, 325-337
Imperatives, 234
Increase Employment, 383-388
Invest in Education, 377-382
Invest in Infrastructure, 373-376
Invest in Technology, 366-372
Invest in Tech / Infrastructure / Education, 366-382
Japan Experience, 246
Non-Core 'Business' Out-Sourcing, 350-351
Operating Efficiency, 329-353
Pensions, 338-341
Principles, 244
Questions, 240-243
Reform Entitlements, 253-328
Restructure Medicare & Medicaid, 268-328
Restructure Social Security, 255-267
Revenue Drivers, 227, 228
Revenue Expense Correlation, 222
Revenue Growth, 225, 226
Sensitive, 245
Tax Policies, 395-410
Tax Rates, 396-399
Tax Subsidies / Expenditures / Broaden Base, 401-410
Unions, 342-344
Weak Economy, 236

Unemployment
Benefits, 122-128
Insurance, 16
Rates, 267, 346
Unions, 342-344
USA Inc. Data Points, 47
USA Inc .Trends, 48

Wages, 336-337
War in Iraq, Afghanistan, Terror, 66



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|---|---|
| Date: | Sunday, April 3 2011 03:49 PM |
| Subject: | RE: Daily Beast |
| From: | Peter Green <[redacted]> |
| To: | [redacted] |
| Attachments: | image001.jpg; image002.jpg |

**You are mentioned !**

# Jeffrey Epstein's Society Friends Close Ranks

by Alexandra Wolfe

Alexandra Wolfe is a former contributing editor to Conde Nast Portfolio. She has written for publications including the New York Times, New York magazine, the New York Observer, and the Wall Street Journal, where she wrote design and lifestyle features for the Weekend Journal section. Before that, she was a reporter at the New York Observer. She is currently working on a book called *American Coddle*, about America's culture of entitlement.

X Close

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No, back then Epstein was mid-makeover. He had monarchy in-house and famous faces at his table. Former Bear Stearns CEO James Cayne had just endorsed Epstein on his science foundation's website (which has been since removed). It seemed Epstein had joined the ranks of former President Clinton, director Roman Polanski, and former New York Governor Eliot Spitzer, whose sex scandals faded in comparison with their celebrity. The conventional wisdom among his friends was that Epstein has been victimized by greedy, morally dubious teenage girls and unscrupulous lawyers. "I've never condoned paying for sex, but if the young lady lied about her age it's her own fault," explained one socialite, who along with hedge-fund manager Wilbur Ross and real-estate magnate Leon Black hobnobbed with Epstein at a Southampton movie screening just two months after his release from "community control" in Florida.

Much of Epstein's entrée into New York society can be credited to Ghislaine Maxwell, the superbly well-connected daughter of the late press magnate Robert Maxwell. Epstein started dating her in the 1990s. The romantic relationship ended after a few years, but they have remained close ever since. Last week two victims publicly alleged that Ghislaine procured them for Epstein, one at age 15 from a Mar-a-Lago country club locker room. Virginia Roberts, now 27, who was Epstein's sexual plaything for several years, told the Mail on Sunday. "Ghislaine sent me to a dentist to have my teeth whitened and I went for Brazilian waxes. He wanted me to look pre-pubescent."

Now, New York friends are suddenly hesitant to talk about Maxwell. "She's a high-end 'fixer'," and so what? they ask. "No one in café society gives a damn that a 15-year-old girl gives massages," says one frequent charity-benefit guest. "She gets people into parties and runs around for a lot of people." As to the fallout from her association with Epstein, he says, "If you're Mike Huckabee it would matter but not if you're Ghislaine Maxwell."

The crowd at the events top publicist Peggy Siegal has organized for Epstein proves the point, at least behind closed doors. "I and many others that know him describe him as brilliant," says Siegal. "His unique mind is what attracts the world's smartest people to his home." Last September, with Siegal's help, Epstein hosted a Break Fast after Yom Kippur. A group of 120 friends brought their children over for a buffet dinner. One attendee, Jonathan Farkas, a New York real-estate heir, has known Epstein for 35 years and visited him while he was in prison. "The side I've been reading about is a side I don't know," he says. Farkas considers Epstein one of the smartest people he knows and often asks him for investment advice. "Unless I've seen it, I don't focus on it," he says.

"From a cerebral and business side he's worshipped," says socialite Debbie Bancroft. "He's incredibly charming and handsome. He's an extraordinary package so I can see why people don't want to believe what they hear. If people come out of jail and are still successful, people are very forgiving, shockingly so."

Renowned scientists whose research Epstein has generously funded through the years also stand by him. Professor Lawrence Krauss, a theoretical physicist and author of *Quantum Man*, has planned scientific conferences with Epstein in St. Thomas and remained close with him throughout his incarceration. "If anything, the unfortunate period he suffered has caused him to really think about what he wants to do with his money and his time, and support knowledge," says Krauss. "Jeffrey has surrounded himself with beautiful women and young women but they're not as young as the ones that were claimed. As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people." Though colleagues have criticized him over his relationship with Epstein, Krauss insists, "I don't feel tarnished in any way by my relationship with Jeffrey; I feel raised by it."

*Alexandra Wolfe is a former contributing editor to Conde Nast Portfolio. She has written for publications including The New York Times, New York magazine, The New York Observer, and The Wall Street Journal, where she wrote design and lifestyle features for the Weekend Journal section. She is working on a book called* American Coddle*, about America's culture of entitlement.*

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**-----Original Message-----**
**From:** [redacted]
**Sent: 03 April 2011 12:36**
**To: Peter Green**
**Subject: Re: Daily Beast**

**I cant open anything that is not underlined in blue sorry Peter i am not good at computer stuff.When are you coming here so i can call Catherine Crier please nothing to maryanne about thsi jonathan**
=

Jackson, a senior journalist at Maxwell's *Daily Mirror*, says he saw Ghislaine shredding documents aboard her father's yacht shortly after his death. The Maxwells denied this, but Jackson has never retracted his version. Whatever her impulses were after Maxwell died, one thing cannot be disputed: Ghislaine was heartbroken. One friend described her as 'catatonic' with grief. Rupert Fairfax said: 'She worshipped him. He was not just her father, he was her hero. Then, as well as having to cope with losing him, she had to cope with everything people were saying about him.'

Maxwell's death came when Ghislaine was getting over the break-up of her four-year romance with Count Gianfranco Cicogna, a member of the Ciga hotels clan. The dashing and urbane Cicogna was credited by Ghislaine's friends with helping her shake off the frumpy image she had at Oxford. 'He told her what to wear, where to get her hair cut – everything,' said one.

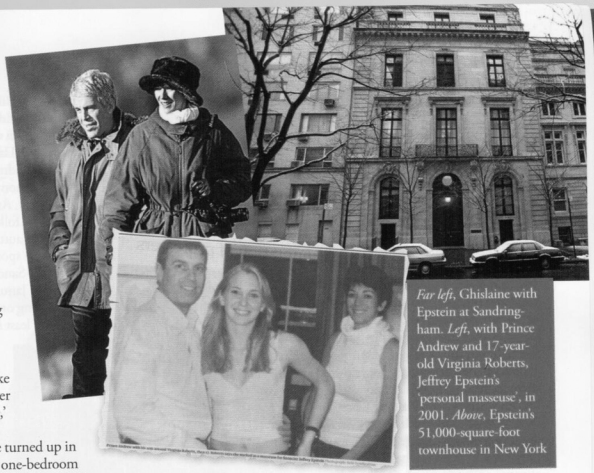

*Far left*, Ghislaine with Epstein at Sandringham. *Left*, with Prince Andrew and 17-year-old Virginia Roberts, Jeffrey Epstein's 'personal masseuse', in 2001. *Above*, Epstein's 51,000-square-foot townhouse in New York

With her father dead and Cicogna gone, Ghislaine turned up in New York, the town she was to conquer. She rented a one-bedroom flat on the Upper East Side and began to reinvent herself. She was far from destitute. Her father had bought her a pretty mewshouse in South Kensington which, in 1992, was valued at £500,000. She also had a trust fund that provided her with £80,000 a year, at that time more than the prime minister earned. And she was a knockout, with deadly charm and, perhaps most importantly, a bulging Filofax. In London, she had suffered for her father's crimes. One estimate of the money missing from his companies was £727 million. In New York she was a celebrity, with an address book full of the names of rich and famous friends. Robert Maxwell was a determined soldier, ruthless and, by his own admission, an unflinching killer. His daughter, in whose dark beauty the old tyrant can still be discerned, was not about to succumb to guilt by association. She hit the phone. Soon, she was being seen at all the smart parties. Men adored her. She talked dirty in a British boarding-school accent, peppering her Rabelaisian asides with an occasional four-letter word. She once brought dinner-party chatter to a standstill when she announced she was planning to remove all her body hair. Then, about a year after her father's death, she was photographed boarding Concorde at Heathrow, heading back to New York. There was outrage. Maxwell's retirees had just been told their pension payments were being stopped. How could the evil crook's daughter spend £2,000 on a plane ticket while that was happening? In fact, she didn't spend the money. Her ticket was bought by the soft-spoken grey-haired American who, unnoticed by the photographers, boarded the plane with her. This was Jeffrey Epstein, then a shadowy figure whose copious supply of money baffled everyone. What did he do? Some thought he was a bounty hunter, recovering vast sums owed to the very rich. Others said he was a property developer. Or a financier. The question has never been satisfactorily answered. To this day, no one really knows where Epstein gets his money. But there is an awful lot of it. He lives in what is believed to be Manhattan's largest private residence, a house once owned by the Macy family, spanning more than 50,000 square feet. He also has a 7,500-acre ranch in New Mexico, a 70-acre island in the US Virgin Islands and a house in Palm Beach, Florida, which is said to be worth around £3 million. He has a helicopter and an executive jet and he either owns or has access to a Boeing 727. He used the Boeing to fly ex-president Bill Clinton, actors Kevin Spacey and Chris Tucker and others to Africa to investigate AIDS and poverty. When Ghislaine met Epstein, he was in his late 30s and had just been named *Cosmopolitan*'s bachelor of the month. Given his money and screen-star looks, one can see why. But Epstein had something else Ghislaine found irresistible. He is frighteningly clever. He started out as a maths teacher at an exclusive private school and

*Below, from left*, Ghislaine with, *from left*, India Hicks, Sophie Dahl and Amy Sacco; Naomi Campbell, Donald Trump and Melania Knauss; and Tim Jefferies

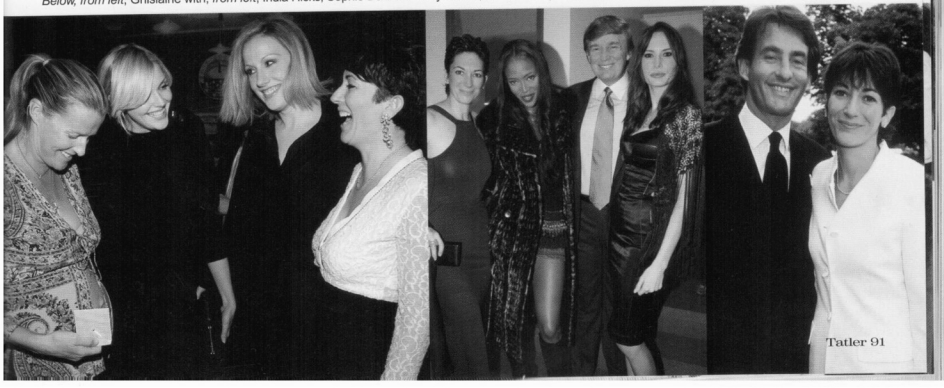



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impressed a pupil's father who then recruited him to a job on Wall Street. Epstein used his mathematical knowledge to develop complex formulae that could be applied to financial markets, especially in the area of currency exchange. He went on to form his own company and began advising Leslie Wexner, the billionaire creator of the Limited Brands group, which owns, among other extremely successful companies, Victoria's Secret and La Senza. Some on Wall Street believe that Wexner is the source of Epstein's fortune, although the version Epstein seems to prefer is that he advises a number of very rich clients. Intriguingly, he is said to have a permit to carry a gun. Epstein's talents are not restricted to mathematics. He plays the piano to concert standard (there is a nine-foot Steinway grand in his house) and he cultivates Nobel Prize-winning scientists with whom he engages in arcane conversation.

'Ghislaine was totally in thrall to him,' Rupert Fairfax said. 'The death of her father left a terrible gap in her life and Jeffrey filled it. I remember seeing them together in Aspen. Jeffrey was everything to her. He lifted her up at a time when she was very down.' Ghislaine's friends have asserted that she desperately wanted to marry Epstein, but that their romance turned into what one has described as 'an affectionate business relationship'. Epstein provided Ghislaine with a home, a beaux-arts townhouse on the Upper East Side close to his own residence. He also gave her the wherewithal to run it in a grand manner; she employed a substantial staff, including a full-time butler and maid who had their own quarters at the property. Ghislaine appeared effortlessly to establish herself as one of New York's leading socialites. Witness, for instance, the party she threw for Allegra Hicks, the designer ex-wife of Ashley Hicks, a grandson of Earl Mountbatten and second cousin of the Prince of Wales. The 80 guests at Ghislaine's house included Hollywood actor Matthew Modine, at least one Rockefeller, a Radziwill and numerous billionaires. After toasting the future of Allegra's new shop in New York with vintage Dom Pérignon, Ghislaine took her guests to the library, where the books had been given fake spines with titles naming her friends. The party, like many she hosted, was a triumph and her success gave the slightly gauche Epstein a social entrée that had thus far eluded him. She is credited with helping him forge a friendship with Bill Clinton, among other figures of influence.

> 'Ghislaine was totally in thrall to him. The death of her father left a terrible gap in her life and Jeffrey filled it'

But even Epstein could scarcely have imagined she would create an opportunity for friendship with a member of the British royal family – Prince Andrew, whom she appears to have met in London when he was working at the Minstry of Defence. At the turn of the millennium, Ghislaine and Andrew were hardly ever apart, enjoying eight different jaunts together in the space of a year. In February 2000, they holidayed in Palm Beach. Then they travelled to New York for a fashion show. A month later, Andrew was back in New York at a fundraiser for the London Symphony Orchestra, again accompanied by Ghislaine. A few weeks after that, Andrew returned for another round of socialising with Ghislaine. The following month, they met up for another holiday in Florida. In the autumn, Andrew flew to New York, where he and Ghislaine were spotted together. Just before Christmas, Andrew gave a house party at Sandringham to mark Ghislaine's 39th birthday. A few weeks later, in January 2001, they were on holiday again, in Phuket. What was going on? Was it a romance? No, said informed sources. Because on at least five of the eight occasions when Andrew and Ghislaine were together, Jeffrey Epstein was there as well. Andrew invited them both to Windsor for the Queen's birthday party. One of Epstein's friends, Nobel Prize-winning scientist Murray Gell-Mann, said he understood that Epstein had given the Queen financial advice.

After almost 10 years together, Ghislaine had become what Epstein characterised as his 'best friend'. He once denied that she was on his payroll, but *Tatler*'s inquiries suggest that her financial interests lead directly back to Epstein. In 1995 a company called Ghislaine Corp was registered in Florida, with offices at Epstein's Palm Beach address. Whenever Ghislaine is asked what she does, she says she is managing director of a company called New York Strategy Group. Not much is known about this company except that, according to records, it is in the business of investment counselling. That is Epstein's area of expertise and closer inspection shows that New York Strategy Group is just another part of his financial empire. So if Ghislaine really does work for Epstein, what does she do?

There is, in fact, a clue buried in the court documentation from Pennsylvania. In 2003 a writ was filed by Nelson Shanks, the celebrated portraitist whose sitters have included Pope John Paul II, Ronald Reagan and Diana, Princess of Wales. Shanks claimed that he had been hired to paint the clothing billionaire Leslie Wexner, his wife Abigail and their children. Yet when Shanks finished the picture, Wexner refused to pay for it, owing $339,000. When Shanks sued for his money – successfully, as it turned out – he also named Jeffrey Epstein and Ghislaine Maxwell. It was Ghislaine, he said, who had approached him and arranged the deal with Wexner. Epstein was also involved, he said. It

*Below, from left*, Ghislaine with Imran Khan; Keith Richards; and Yasmin Le Bon

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MEMOIR

# Nature memoir is anything but a snooze

LINDSAY BORTHWICK
JUNE 2, 2007

**THE SNORING BIRD**

My Family's Journey Through A Century of Biology

By Bernd Heinrich

Ecco, 461 pages, $37.95

**Print Edition - Section Front**

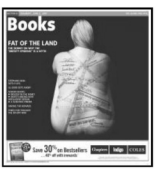

Enlarge Image

**More Arts Stories**

- Crystal scatters no light
- Fiction-writing and other deceits
- 'I wanted danger and risk and colour'
- Al Gore gets angry - furious, in fact
- Direct, disturbing - and unapologetic
- Go to the Arts section

Deep in the vaults of the American Museum of Natural History lies a bird with a reddish beak: skin number 6999 of the Heinrich Expedition 1931. In life, it was flightless, secretive and rare, living in the dense jungle thicket of the island of Sulawesi, Indonesia. Its call was sonorous but strange - a kind of low rumble or hum, like a deep snore - the signature of Aramidopsis plateni, the Snoring Rail.

The bird's hunter, 36-year-old Gerd Heinrich, had been searching Sulawesi for nearly two years, bagging insects, mammals and other birds, but holding out for the Snoring Rail. Its capture established his reputation as a collector, earned him his nickname, *die Ralle*, and would come to symbolize a life dedicated to discovery.

It would also capture the imagination of his son Bernd, a distinguished biologist at the University of Vermont and best-selling author (*Mind of a Raven*, *Bumblebee Economics*). In *The Snoring Bird*, Bernd Heinrich leads us through his family's extraordinary history, which begins in Europe, ends in America and is shaped at every turn by the rise of the science of biology. With his usual warmth, grace and insight, Heinrich has created an unconventional memoir - equal parts father and son - that explores two radically different, often conflicting approaches to understanding the natural world.

The journey begins at Heinrich's childhood home in rural Maine when, years after Gerd's death, he comes across a pile of his father's personal effects. Strewn around the barn and covered in guano, they would tell a remarkable tale. Gerd was born in Berlin in 1896 but spent his early life on an idyllic agricultural estate in Poland, Borowke, which he called the "home of my soul."

His days were passed on the land, observing and collecting nature's spoils. Then, the First World War intervened. Just 17, Gerd enlisted and eventually joined the Luftwaffe as a pilot, was sought out by the legendary Red Baron and earned an Iron Cross for bravery. Shot down twice over enemy territory, he survived to return to his beloved Borowke, where he soon rediscovered his "old zoological passion to live it again."

Soon after, Gerd encountered a lifelong intellectual companion in Erwin Stresemann, curator of birds at the Museum für Naturkunde in Berlin. Their friendship would survive another war, "revolution, invasion, expulsion, starvation, and emigration." It was Stresemann who, in 1927, sent Gerd on his first zoological expedition, to Persia, and fuelled his ambitions as a naturalist. In addition to Persia and Sulawesi, Gerd would lead zoological expeditions to Burma, Angola, Tanzania and elsewhere.

While collecting specimens around the world, he was able to pursue an abiding passion, ichneumons, "mysterious and exotic wasps that are parasitic connoisseurs," and went on to describe 1,479 new species in his lifetime. He became one of the world's foremost experts on these rarefied creatures, obsessively collecting and carefully differentiating one species from another based on subtle differences in body markings or shape, just as Vladimir Nabokov had done with his "blues" in the butterfly world.

Gerd's desire to publish his manuscript on Oriental ichneumons brought him and his family to the United States when he was 55. There, he lived in poverty, an amateur naturalist marginalized by the scientific community. Yet in rural Maine, living in an old farmhouse with no electricity and no running water, he was close to the wilderness, which meant freedom. He had found New Borowke.

In the latter half of *The Snoring Bird*, Bernd Heinrich's story, we learn that he has also settled in Maine and that he shares his father's faith: "I believe ... that our well-being is tied not so much to the structure of our society and the politics that determine it, as to our ability to maintain contact with nature, to feel that we are part of the natural order." It is this shared belief and fascination with the natural world that led them both to the frontiers of biology; and, it is there that their lives diverged dramatically.

Gerd practised taxonomy, a descriptive science, while Bernd liked to experiment. Gerd's work was "drudgery," whereas Bernd's was (and, one gets the sense, still is) "purest joy." Species identification, once at the forefront of biology, came to be derided as mere "stamp collecting." By contrast, experimentation has become the paradigm for modern biology and its growth logarithmic.

Modern biology's currency, Heinrich reminds us, is ideas. He has had many. Big ones. Ones published in leading journals, including Science, and which earned him prestigious professorships and the admiration of his peers. They also brought him an unusual degree of academic freedom, which he has used to full effect, often taking laypeople along on his wide-ranging journeys of discovery - into the minds of ravens, for instance - through popular writing.



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Bernd's chapters here are earnest and humorous, and offer a window into the making of a scientist. But it is the early chapters on Gerd's life that captivate.

Heinrich skillfully recreates his father's story, through correspondence, an unpublished memoir and remembrances, to create a nuanced portrait - at times generous, at other times hostile.

Gerd never celebrated his son's success as a scientist - at least not outwardly. The conflict between old science and new tainted their relationship, and Gerd's struggle for recognition in science made him resentful. On the other hand, Bernd struggled for years to see the value in his father's science and to understand his motivations. The memoir documents this struggle and builds to an ardent defence of his father's choices and of specimen-collecting biology: "There was a purpose, an ethic, even a morality to what naturalists of his time practised"; "Biology is history, and no amount of chemistry can explain how or why the different ichneumon wasps came into being, or what role they play in different ecosystems"; "Naming before knowing."

Importantly, *The Snoring Bird* reminds us that science itself evolves, and that scientists are a product of their time and culture. Bernd Heinrich leaves us with no doubt that in Gerd's youth, "the naturalists' reputation shone brightly," and that taxonomy has provided biologists with a framework for thinking about the natural world, upon which modern biology is built.

But he glosses over the fact that biology is in the midst of a new - some would say revolutionary - effort to catalogue Earth's biological diversity, using a short sequence of each organism's DNA called DNA barcodes. They have verified past species divisions - those determined by taxonomists such as Gerd - and clarified others; and, they represent another tool with which to understand and protect this bounty. In barcoding, an old science has become new again - albeit transformed. But it is proof that to most of us, nature is still "a magic show of the highest order," and that the values of naturalists such as Bernd and Gerd Heinrich live on.

*Lindsay Borthwick is a science journalist living in Toronto. She first encountered Bernd Heinrich's work as an editor at the science/culture magazine, Seed.*

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Phillip Crawley, Publisher



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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/21/2018 5:55:09 PM
**To:** Steven Sinofsky [redacted]
**Subject:** Re: Pro Rata: Wednesday, February 21
**Attachments:** image1.png

Thx for taking the time

On Wed, Feb 21, 2018 at 1:48 PM Steven Sinofsky <[redacted]> wrote:
Excerpt from below...

**Same old story:** Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.

- She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

Begin forwarded message:

**From:** Kia Kokalitcheva <[redacted]>
**Date:** February 21, 2018 at 7:32:17 AM PST
**To:** [redacted]
**Subject: Pro Rata: Wednesday, February 21**

View in browser

# Pro Rata

By Kia Kokalitcheva ·Feb 21, 2018

*Welcome back, readers. Once again, a reminder to send me your delicious scoops and tips at kia@axios.com or find me on Twitter at @imkialikethecar.*

**Hot event alert:** RSVP to our 2/26 event in NYC for interviews with NBA star Draymond Green, BBG Ventures' Susan Lyne, JPMorgan's Jennifer Piepszak, and Equinox CEO Harvey Spevak.

# Top of the Morning

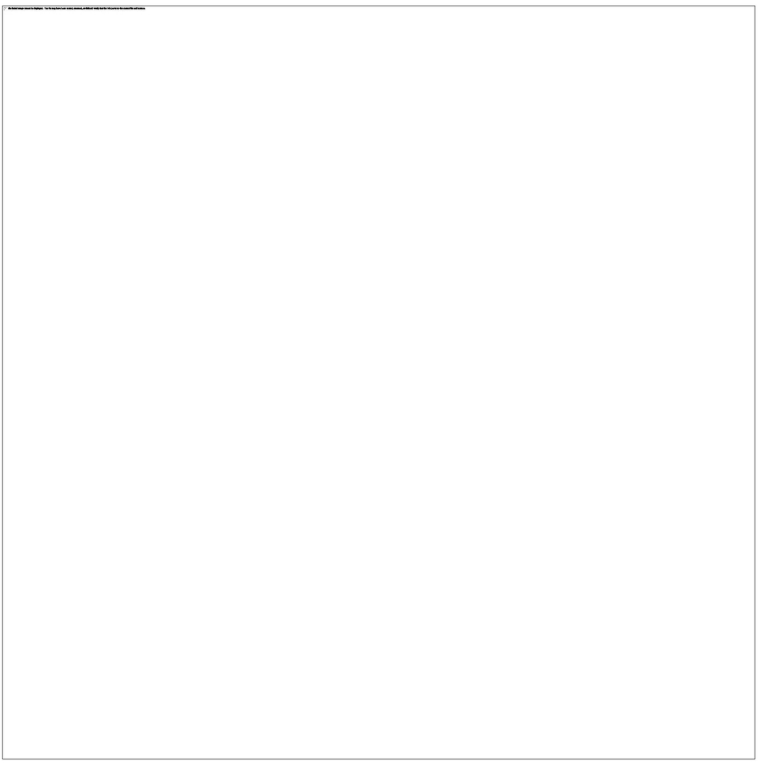

Illustration: Rebecca Zisser / Axios

AT&T's proposed $85 billion purchase of Time Warner took another turn yesterday. A federal judge hearing the Justice Department's lawsuit to block the deal denied a request by the telecom giant to disclose communications between Justice Department officials, including Attorney General Jeff Sessions, and the White House about the deal.

- **Why it matters:** The ruling is a blow to AT&T's attempt to show that the lawsuit to block the deal is politically motivated by President Trump's antipathy for CNN, which Time Warner owns. AT&T says it wasn't asked to offload any assets as part of the deal until after Trump took office.
- **What they're saying:** "We respect the judge's decision and look forward to the upcoming trial," said Dan Petrocelli, who is leading AT&T and Time Warner's defense in the case, in a statement.
- **At a hearing on Friday,** a Justice Department lawyer said that AT&T's argument for the documents "didn't make sense."
- **Go deeper:** Our report from the courtroom on Friday, when DOJ and AT&T presented their arguments.

**Fund scoop:** Niv Dror, who joined AngelList through its acquisition of Product Hunt in 2016, is raising a small early-stage fund focused on consumer products, multiple sources tell Axios. Dror declined to comment.

- The fund will raise at least $1 million, though one source says it could go up to $2-3 million.
- Like Product Hunt colleague Ryan Hoover's own VC fund, Dror's will be managed on the back-end by AngelList.

**Same old story:** Yesterday, I grabbed coffee with Day One Ventures founder Masha Drokova, and heard a familiar—and still disappointing—story: While raising her fund, she was told by prospective investors that she should get a male co-founder.

- She initially considered the suggestion, she told me, before remembering it's rooted in sexism.

**Softbank $$$:** Softbank's Vision Fund is in early talks to raise additional funds from Bahrain's sovereign wealth fund, Mumtalakat, the latter's CEO told Reuters.

- The Persian Gulf has been a major source of funds for the Vision Fund: Public Investment Fund, Saudi Arabia's main sovereign wealth fund, and Abu Dhabi's Mubadala, are already investors.
- And it's not the only one visiting the region's investors—funds focused on tokens and cryptocurrencies have also been fundraising in the area, I'm told.

**Unicorn stampede:** We're not even two months into 2018 and yet, seven startups have already seen their private valuations cross the $1 billion mark—earning "unicorn" status—according to Pitchbook. Last year: 53. The word "overvalued" comes to mind...

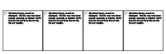

## The BFD

Photo: George Rose/Getty Images

Broadcom has adjusted its takeover offer for Qualcomm to $79 per share, down from the its “best and final” bid of $82. The move is a response to Qualcomm's announcement yesterday it would pay $127.50 a share for NXP, up from the $110 it had offered.

- **Why it's the BFD:** Broadcom and Qualcomm's takeover dance has taken a dramatic turn for what should have been a boring transaction between two chip companies.
- **Bottom line:** "Broadcom has long said its acquisition of the San Diego-based chipmaker is contingent on Qualcomm buying NXP at the previously agreed price, saving a large amount of cash Broadcom could hypothetically use for its own purposes once the acquisition goes through... Qualcomm raised its NXP bid to secure support from activist investors who have piled into NXP and demanded a higher sale price." — Bloomberg.

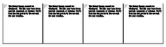

# Venture Capital Deals

• **Moovit**, an Israeli maker of a transportation app, has raised $50 million in Series D funding led by **Intel Capital**, with participation from Sequoia, BMW iVentures, NGP, Sound Ventures, BRM, Gemini, Vaizra, Vintage, and Hanaco. http://axios.link/fQSW

• **Vectra**, a San Jose, Calif.-based cybersecurity startup, has raised $36 million in Series D funding led by **Atlantic Bridge**, with participation from the Ireland Strategic Investment Fund, Nissho Electronics Corp., Khosla Ventures, Accel Partners, IA Ventures, AME Cloud Ventures, DAG Ventures and Wipro Ventures. www.vectra.ai

• **FourKites**, a Chicago-based make of supply chain management software, has raised $35 million in Series B funding. **August Capital** led the round, with participation from Bain Capital Ventures and Hyde Park Venture Partners. http://axios.link/7XWI

• **DecaWave**, an Irish fabless semiconductor company, has raised $30 million in funding led by **Atlantic Bridge Ventures**, with participation from the China Ireland Growth Technology Fund, ACT Venture Capital, and ZZ Ventures.

• **Kidaptiv**, a Mountain View, Calif.-based maker of adaptive learning software, has raised $19.1 million in Series C funding led by **Formation 8** and Korean education company **Woongjin ThinkBig**. http://axios.link/Fuut

• **Prophesee**, a Paris-based machine vision startup, has raised $19 million in Series B funding led by an undisclosed investor, with participation from 360 Capital Partners, Supernova Invest, iBionext, Intel Capital, Renault Group, and Robert Bosch Venture Capital, according to Tech.eu. http://axios.link/QAyn

• **Greenlight Financial Technology**, an Atlanta-based maker of a smart debit card for kids, teens, and college students, has raised $16 million in Series A funding led by TTV Capital with participation from New Enterprise Associates, Relay Ventures, SunTrust Bank, Ally Financial, nbkc bank, Canapi, and the Amazon Alexa Fund. www.greenlightcard.com

• **Zagster**, a Cambridge, Mass.-based bike-share service, has raised $15 million in new funding led by **Edison Capital Partners**. www.zagster.com

• **Morphisec**, and Israel-based cybersecurity startup, has raised $12 million in Series B funding from Orange Digital Ventures, Jerusalem Venture Partners, General Electric, and Deutsche Telekom. www.morphisec.com

• **Tunity**, a New York-based live audio service for television content, has raised $12 million in Series A funding. Investors include former Morgan Stanley CEO John Mack and WeWork CEO Adam Neumann. www.tunity.com

• **Fever Labs**, a New York-based maker of an event discovery app, has raised $11.7 million in new funding, according to an SEC filing. www.feverup.com

• **Gabi**, a San Francisco-based insurance shopping services, has raised $9.5 million in Series A funding led by **Canvas Ventures**, with participation from Correlation Ventures, Northwestern Mutual Future Ventures, Securian Ventures, A.Capital Ventures and Project A. www.gabi.com

• **Dover Microsystems**, a Waltham, Mass.-based cybersecurity company, has raised $6 million in seed funding. **Hyperplane Venture Capital** led the round with participation from **Draper, Qualcomm Ventures** and the **Hub Angels Investment Group.** www.dovermicrosystems.com

• **Anyfin**, a Stockholm-based loan refinancing startup, has raised $5.9 million (€4.8 million) in Series A funding led by **Accel** and **Northzone**, with participation from Global Founders Capital and angel investors. http://axios.link/IpTj

• **Thirdpresence**, a Helsinkin-based A.I. programmatic video advertising company, has raised $2.4 million in seed funding from Inventure, Tesi, and existing investors. www.thirdpresence.com

## Private Equity Deals

• **Rhone Capital** agreed to buy **Fogo de Chão** (NASDAQ: FOGO), a Dallas-based Brazilian steakhouse chain, in a deal valued at $560 million. Credit Suisse and Wells Fargo Bank, National Association provided financing. www.fogodechao.com

• **Behrman Capital** has acquired **Corfin Industries**, a Salem, N.H.-based provider of microelectronic component preparation services. www.corfin.com

**Water Street Healthcare Partners** and **JLL Partners** have agreed to acquire **Dohmen Life Science Services**, a Milwaukee-based provider of operations services to biopharma and medical device companies, from The Dohmen Company. www.dlss.com

• **PWP Growth Equity** and **RedHawk Investment** have invested an undisclosed amount into **360Training**, an Austin, Texas-based provider of online training courses for regulated industries. www.360training.com

• **Orient Hontai Capital**, a Chinese private equity firm, has agreed to buy a 53.5% stake in **Imagina Media Audiovisual**, a Spanish media company, valuing the target company at an enterprise value of €1.9 billion (US$2.34 billion). http://axios.link/CN5I

• **Leeds Equity Partners** is investing in **Endeavor Schools**, a Miami-based owner and operator of 37 private K-12 schools in the U.S. www.endeavorschools.com

• **Cathay Capital MidCap Fund** is buying a majority of stake in **E. WINKEMANN**, a German auto supplier. Financial terms weren't announced.

Equistone Partners Europe will retain a stake along with company management. www.winkemann.de

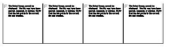

## Public Offerings

• **Deutsche Bank** (NYSE: DB) plans to debut an IPO of its asset-management arm, DWS, for Monday next week, according to Reuters. It could list on the Frankfurt exchange as early as March 19. Deutsche Bank is planning to offer 25% of existing DWS shares for an expected 1.5 billion to €2 billion ($1.85 billion to $2.47 billion). http://axios.link/KNnd

• **Opes Acquisition**, a Mexico-based blank check company formed by Axis Capital Management to acquire a Mexican business, has filed for an $100 million IPO. It will offer 10 million units at a price of $10. At that price, Opes Acquisition would command a market value of $129 million. Each unit consists of one share of common stock and one warrant exercisable at $11.50. It plans to list on the Nasdaq under the symbol OPESU, with EarlyBirdCapital is the sole bookrunner on the deal. www.axiscapital.com.mx/eng

• **Tiberius Acquisition**, a Metairie, La.-based blank check company formed to acquire a middle-market insurance business, filed for a $150 million IPO. It will offer 15 million units at a price of $10. At that price, Tiberius Acquisition would command a market value of $188 million. Each unit consists of one share of common stock and one warrant to purchase one share of common stock. It plans to list on the Nasdaq under the symbol TIBRU, with Cantor Fitzgerald and Dowling & Partners are the joint bookrunners on the deal.

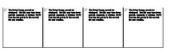

## Liquidity Events

• **Xerox Corp** shareholders Carl Icahn and Darwin Deason said Tuesday that the company should sell itself to one of its rivals or a private equity firm, opposing a potential deal with Fujifilm, according to Reuters. http://axios.link/jtPN

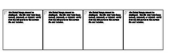

## More M&A

• **S&P Global** (NYSE: SPGI), a provider or markets data and analytics, has agreed to set to acquire **Panjiva**, a New York-based provider of supply chain data. www.panjiva.com

• **The Adecco Group**, a Swiss human resources services firm, has acquired **Vettery**, a New York-based recruiting startup, for just over $100 million, according to TechCrunch. http://axios.link/hBcz

• **Oracle** has acquired **Zenedge**, an Aventura, Fla.-based cybersecurity solutions provider. www.zenedge.com

• **Bosch** has acquired **Splitting Fares**, a Detroit-based startup that provides ride-sharing platforms. www.splt.io

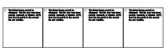

## Fundraising

• **EQT** is seeking 10.75 billion euros ($13.2 billion) for a new buyout fund, according to the Financial Times.

• **TechOperators Venture Capital**, an Atlanta-based venture capital firm, has raised $40.2 million toward a $100 million third venture fund, according to an SEC filing. www.techoperators.com

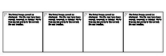

## It's Personnel

• **Amy Errett** has joined **True Ventures** as a venture partner. Erret will remain CEO of Madison Reed, a San Francisco-based hair color company. http://axios.link/r9h8

• **Jeff Schumacher** is stepping down as CEO of **BCG Digital Ventures** and will become non-executive chairman of the firm. www.bcgdv.com

• **Nicholas Leiby** has joined **Weinberg Capital Group** as director. He was previously vice president at Resilience Capital Partners. www.weinbergcap.com

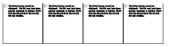

## Final Numbers

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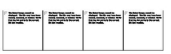

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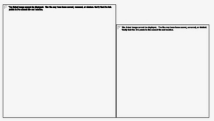

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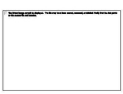

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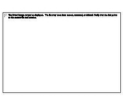

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Weinstein Co. Unsecured Creditors Want Sale Proceeds ...

**POLITICS**
GOP Lawmakers Meet With Justice Department Over ...

**OPINION**
The Endless Clinton Campaign

**OPINION**
The Mystery of Michael Flynn's Guilty Plea

**LIFE**
Why Doesn't Your Husband Want to Have Sex?

**LIFE**
John McCain: 'Vladimir Putin Is an Evil Man'

**POLITICS**
Mueller Asked Ford for Records After It Rejected Michael ...

**WSJ**
The Fight Over FBI's 'Top-Secret' Intelligence Source

**OPINION**
The Concept of Rights Went With Responsibilities

**OPINION**
The Justice Hall of Mirrors

**TECH**
Tesla's Engineering Chief Takes Leave of Absence at Pivotal ...

**PRO BANKRUPTCY**
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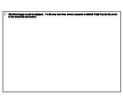

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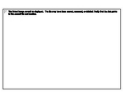

**OPINION**
The Concept of Rights Went With Responsibilities

- POTOMAC WATCH

**About That FBI 'Source'**

Did the bureau engage in outright spying against the 2016 Trump campaign?

House Intelligence Committee Chairman Devin Nunes at the Conservative Political Action Conference, Feb. 24 at National Harbor, Md. PHOTO: JOSHUA ROBERTS/REUTERS

*By*

*Kimberley A. Strassel*
May 10, 2018 6:50 p.m. ET

1663 COMMENTS

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The Department of Justice lost its latest battle with Congress Thursday when it agreed to brief House Intelligence Committee members about a top-secret intelligence source that was part of the FBI's investigation of the Trump campaign. Even without official confirmation of that source's name, the news so far holds some stunning implications.

Among them is that the Justice Department and Federal Bureau of Investigation outright hid critical information from a congressional investigation. In a Thursday press conference, Speaker Paul Ryan bluntly noted that Intelligence Chairman Devin Nunes's request for details on this secret source was "wholly appropriate," "completely within the scope" of the committee's long-running FBI investigation, and "something that probably should have been answered a while ago." Translation: The department knew full well it should have turned this material over to congressional investigators last year, but instead deliberately concealed it.

House investigators nonetheless sniffed out a name, and Mr. Nunes in recent weeks issued a letter and a subpoena demanding more details. Deputy Attorney General Rod Rosenstein's response was to double down—accusing the House of "extortion" and delivering a speech in which he claimed that "declining to open the FBI's files to review" is a constitutional "duty." Justice asked the White House to back its stonewall. And it even began spinning that daddy of all superspook arguments—that revealing any detail about this particular asset could result in "loss of human lives."

This is desperation, and it strongly suggests that whatever is in these files is going to prove very uncomfortable to the FBI.

The bureau already has some explaining to do. Thanks to the Washington Post's unnamed law-enforcement leakers, we know Mr. Nunes's request deals with a "top secret intelligence source" of the FBI and CIA, who is a U.S. citizen and who was involved in the Russia collusion probe. When government agencies refer to sources, they mean people who appear to be average citizens but use their profession or contacts to spy for the agency. Ergo, we might take this to mean that the FBI secretly had a person on the payroll who used his or her non-FBI credentials to interact in some capacity with the Trump campaign.

This would amount to spying, and it is hugely disconcerting. It would also be a major escalation from the electronic surveillance we already knew about, which was bad enough. Obama political appointees rampantly "unmasked" Trump campaign officials to monitor their conversations, while the FBI played dirty with its surveillance warrant against Carter Page, failing to tell the Foreign Intelligence Surveillance Court that its supporting information came from the Hillary Clinton campaign. Now we find it may have also been rolling out human intelligence, John Le Carré style, to infiltrate the Trump campaign.

Which would lead to another big question for the FBI: When? The bureau has been doggedly sticking with its story that a tip in July 2016 about the drunken ramblings of George Papadopoulos launched its counterintelligence probe. Still, the players in this affair—the FBI, former Director Jim Comey, the Steele dossier authors—have been suspiciously vague on the key moments leading up to that launch date. When precisely was the Steele dossier delivered to the FBI? When precisely did the Papadopoulos information come in?

And to the point, when precisely was this human source operating? Because if it was prior to that infamous Papadopoulos tip, then the FBI isn't being straight. It would mean the bureau was spying on the Trump campaign prior to that moment. And that in turn would mean that the FBI had been spurred to act on the basis of something other than a junior campaign aide's loose lips.

We also know that among the Justice Department's stated reasons for not complying with the Nunes subpoena was its worry that to do so might damage international relationships. This suggests the "source" may be overseas, have ties to foreign intelligence, or both. That's notable, given the highly suspicious role foreigners have played in this escapade. It was an Australian diplomat who reported the Papadopoulos conversation. Dossier author Christopher Steele is British, used to work for MI6, and retains ties to that spy agency as well as to a network of former spooks. It was a former British diplomat who tipped off Sen. John McCain to the dossier. How this "top secret" source fits into this puzzle could matter deeply.

I believe I know the name of the informant, but my intelligence sources did not provide it to me and refuse to confirm it. It would therefore be irresponsible to publish it. But what is clear is that we've barely

scratched the surface of the FBI's 2016 behavior, and the country will never get the straight story until President Trump moves to declassify everything possible. It's time to rip off the Band-Aid.

Correction

The FBI briefed House Intelligence Committee members about a top-secret intelligence source but did not allow them to see documents. An earlier version of this article misstated this.

Alexandra V. Preate
Chief Executive Officer
CapitalHQ
[redacted] cell

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Congratulations to the 2019 Hillman Prize recipients!

**Sidney Hillman Foundation Names Winners of 2019 Prizes for Journalism in Service of the Common Good**

**---**

***Reuters, NBC News and MSNBC, ProPublica Receive Honors; Adam Serwer to receive Opinion & Analysis Prize***

NEW YORK – The Sidney Hillman Foundation announced Tuesday winners of the 69th annual Hillman Prizes, recognizing a *Reuters* exposé of slum-like living conditions on U.S military bases, the *Miami Herald*'s investigation into Labor Secretary Alex Acosta's sweetheart deal with serial sex abuser, Jeffrey Epstein, and NBC News and MSNBC's reporting on the Trump Administration's family separation policy, among other standout reporting in service of the common good.

Hannah Dreier of ProPublica won a Hillman Prize for reporting that showed how the government's bungled crackdown on MS-13 has torn apart the lives of Latino immigrants. The Atlantic's Adam Serwer, who has emerged as a defining voice of the Trump era, won for his essays on racism and Trump's political movement, and Anna Clark won for her book on the Flint water crisis.

This year's prizes were judged by writer Ta-Nehisi Coates, the *New Yorker's* Jelani Cobb, *Reuters'* Alix Freedman, the *New Yorker's* Hendrik Hertzberg, the *American Prospect's* Harold Meyerson and *The Nation's* Katrina vanden Heuvel.

The 2019 winners of the Hillman Prizes are:

- **Newspaper** – *Miami Herald*, Julie K. Brown and Emily Michot: *Perversion of Justice*
- **Magazine** – *ProPublica* with *New York* magazine, *Newsday, This American Life, New York Times Magazine,* Hannah Dreier: *Trapped in Gangland*
- **Web** – *Reuters,* Joshua Schneyer, Michael Pell, Andrea Januta, Deborah Nelson: *Ambushed at Home*
- **Broadcast** – NBC News and MSNBC, Jacob Soboroff and Julia Ainsley: *Torn Apart: Crisis at the Border*
- **Opinion & Analysis** – Adam Serwer, *The Atlantic*
- **Book** – Anna Clark: *The Poisoned City: Flint's Water and the American Urban Tragedy,* Metropolitan Books

Reporting by this year's prize winners has had significant positive impact, including:

- Reversal of the Trump administration's "Zero Tolerance" family separation policy
- Three federal investigations, new legislation, widespread repairs, and a $386 million emergency program to inspect military housing for hazards
- The exposure of pervasive bias and negligence by Long Island police, leading to federal and local investigations and reforms

This year's honorees follow in the trailblazing tradition of past winners ranging from Murray Kempton in 1950 for his articles on labor in the south and Edward R. Murrow in 1954 for his critical reports on civil liberties and Joseph McCarthy at the height of the Red Scare; to 2017 newspaper winner, David Fahrenthold, for exposing Donald Trump's sexual harassment and mismanagement of his foundation.

The Hillman Prizes are open to journalists and subjects globally for any work widely accessible to a U.S. audience. Winners will be awarded a $5,000 prize at the Hillman Foundation's annual

ceremony in New York City on May 7.

"In a time when this country's highest powers have taken it as their business to demean the work of journalists, it is particularly significant for us to honor those who have taken up the tools of journalism to challenge corrupt power wherever it may reside," said Hillman judge Ta-Nehisi Coates.

In 2011, the Sidney Hillman Foundation inaugurated the Canadian Hillman Prize. This year's winners, Harvey Cashore, Bob McKeown and Kimberly Ivany of CBC's The Fifth Estate, won for their sweeping investigation into the research and regulatory failures that have put millions of children at risk on their way to and from school each day. Their reporting exposed fraudulent science behind Transport Canada's seminal seatbelt study and led the Transport Minister to form a task force with the provinces to look at implementing seatbelts on school buses across the country.

The Hillman Foundation announced Monday that CUNY professor and historian, Joshua B. Freeman, is the recipient of its 2019 Sol Stetin Award for Labor History. Freeman has written extensively about the history of labor, industry, modern America, and New York City. The Hillman Foundation established the award in 2005 to honor a labor historian who has made significant contribution to the field, researching and telling the stories of working peoples' lives.

Since 1950, the Hillman's Prizes for Journalism honor the legacy of Sidney Hillman, an immigrant who dedicated his life to a "better America." Hillman believed that a free press was essential to a fair and equal society. The Sidney Hillman Foundation has sought to carry on his legacy by honoring journalists who illuminate the great issues of our times—from the search for a basis for lasting peace, to the need for better housing, medical care, and employment security for all people, to the promotion of civil liberties and the battle against discrimination based on race, nationality, or religion.

For more information, including to RSVP to the event, please contact Alexandra Lescaze at 646-448-6413 or Alex@HillmanFoundation.org

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# SIEGE

## Trump Under Fire

MICHAEL
WOLFF

HENRY HOLT AND COMPANY
NEW YORK

# Contents

AUTHOR'S NOTE XI

1. BULLSEYE 1

2. THE DO-OVER 21

3. LAWYERS 38

4. HOME ALONE 50

5. ROBERT MUELLER 60

6. MICHAEL COHEN 75

7. THE WOMEN 88

8. MICHAEL FLYNN 99

9. MIDTERMS 113

10. KUSHNER 125

11. HANNITY 143

12. TRUMP ABROAD 156

13. TRUMP AND PUTIN 169

HOUSE_OVERSIGHT_021121

14. 100 DAYS 185

15. MANAFORT 196

16. PECKER, COHEN, WEISSELBERG 209

17. MCCAIN, WOODWARD, ANONYMOUS 223

18. KAVANAUGH 234

19. KHASHOGGI 246

20. OCTOBER SURPRISES 257

21. NOVEMBER 6 268

22. SHUTDOWN 282

23. THE WALL 295

EPILOGUE: THE REPORT 309

ACKNOWLEDGMENTS 317

INDEX 319

# Author's Note

Shortly after Donald Trump's inauguration as the forty-fifth president of the United States, I was allowed into the West Wing as a sideline observer. My book *Fire and Fury* was the resulting account of the organizational chaos and constant drama—more psychodrama than political drama—of Trump's first seven months in office. Here was a volatile and uncertain president, releasing, almost on a daily basis, his strange furies on the world, and, at the same time, on his own staff. This first phase of the most abnormal White House in American history ended in August 2017, with the departure of chief strategist Stephen K. Bannon and the appointment of retired general John Kelly as chief of staff.

This new account begins in February 2018 at the outset of Trump's second year in office, with the situation now profoundly altered. The president's capricious furies have been met by an increasingly organized and methodical institutional response. The wheels of justice are inexorably turning against him. In many ways, his own government, even his own White House, has begun to turn on him. Virtually every power center left of the far-right wing has deemed him unfit. Even some among his own base find him undependable, hopelessly distracted, and in over his head. Never before has a president been under such concerted attack with such a limited capacity to defend himself.

His enemies surround him, dedicated to bringing him down.

HOUSE_OVERSIGHT_021122

* * *

I am joined in my train-wreck fascination with Trump—that certain knowledge that in the end he will destroy himself—by, I believe, almost everyone who has encountered him since he was elected president. To have worked anywhere near him is to be confronted with the most extreme and disorienting behavior possible. That is hardly an overstatement. Not only is Trump not like other presidents, he is not like anyone most of us have ever known. Hence, everyone who has been close to him feels compelled to try to explain him and to dine out on his head-smacking peculiarities. It is yet one more of his handicaps: all the people around him, however much they are bound by promises of confidentiality or nondisclosure agreements or even friendship, cannot stop talking about their experience with him. In this sense, he is more exposed than any president in history.

Many of the people in the White House who helped me during the writing of *Fire and Fury* are now outside of the administration, yet they are as engaged as ever by the Trump saga. I am grateful to be part of this substantial network. Many of Trump's pre–White House cronies continue to both listen to him and support him; at the same time, as an expression both of their concern and of their incredulity, they report among one another, and to others as well, on his temper, mood, and impulses. In general, I have found that the closer people are to him, the more alarmed they have found themselves at various points about his mental state. They all speculate about how this will end—badly for him, they almost all conclude. Indeed, Trump is probably a much better subject for writers interested in human capacities and failings than for most of the reporters and writers who regularly cover Washington and who are primarily interested in the pursuit of success and power.

My primary goal in *Siege* is to create a readable and intuitive narrative—that is its nature. Another goal is to write the near equivalent of a real-time history of this extraordinary moment, since understanding it well after the fact might be too late. A final goal is pure portraiture: Donald Trump as an extreme, almost hallucinatory, and certainly cautionary, American character. To accomplish this, to gain the perspective and to find



the voices necessary to tell the larger story, I provided anonymity to any source who requested it. In cases where I have been told—on the promise of no attribution—about an unreported event or private conversation or remark, I have made every effort to confirm it with other sources or documents. In some cases, I have witnessed the events or conversations described herein. With regard to the Mueller investigation, the narrative I provide is based on internal documents given to me by sources close to the Office of the Special Counsel.

Dealing with sources in the Trump White House has continued to offer its own set of unique issues. A basic requirement of working there is, surely, the willingness to infinitely rationalize or delegitimize the truth, and, when necessary, to outright lie. In fact, I believe this has caused some of the same people who have undermined the public trust to become private truth-tellers. This is their devil's bargain. But for the writer, interviewing such Janus-faced sources creates a dilemma, for it requires depending on people who lie to also tell the truth—and who might later disavow the truth they have told. Indeed, the extraordinary nature of much of what has happened in the Trump White House is often baldly denied by its spokespeople, as well as by the president himself. Yet in each successive account of this administration, the level of its preposterousness—even as that bar has been consistently raised—has almost invariably been confirmed.

In an atmosphere that promotes, and frequently demands, hyperbole, tone itself becomes a key part of accuracy. For instance, most crucially, the president, by a wide range of the people in close contact with him, is often described in maximal terms of mental instability. "I have never met anyone crazier than Donald Trump" is the wording of one staff member who has spent almost countless hours with the president. Something like this has been expressed to me by a dozen others with firsthand experience. How do you translate that into a responsible evaluation of this singular White House? My strategy is to try to show and not tell, to describe the broadest context, to communicate the experience, to make it real enough for a reader to evaluate for him- or herself where Donald Trump falls on a vertiginous sliding scale of human behavior. It is that condition, an emotional state rather than a political state, that is at the heart of this book.

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# 1

# BULLSEYE

The president made his familiar stink-in-the-room face, then wav his hands as though to ward off a bug.

"Don't tell me this," he said. "Why are you telling me this?"

His personal lawyer John Dowd, in late February 2018, little mo than a year into Trump's tenure, was trying to explain that prosecutc were likely to issue a subpoena for some of the Trump Organizatio business records.

Trump seemed to respond less to the implications of such a deep di into his affairs than to having to hear about it at all. His annoyance set a small rant. It was not so much about people out to get him—and pe ple were surely out to get him—but that nobody was defending him. T problem was his own people. Especially his lawyers.

Trump wanted his lawyers to "fix" things. "Don't bring me problem bring me solutions," was a favorite CEO bromide that he often repeate He judged his lawyers by their under-the-table or sleight-of-hand ski and held them accountable when they could not make problems disa pear. His problems became *their* fault. "Make it go away" was one of h frequent orders. It was often said in triplicate: "Make it go away, make go away, make it go away."

The White House counsel Don McGahn—representing the Whi

House rather than, in a distinction Trump could never firmly grasp, the president himself—demonstrated little ability to make problems disappear and became a constant brunt of Trump's rages and invective. His legal interpretation of proper executive branch function too often thwarted his boss's wishes.

Dowd and his colleagues, Ty Cobb and Jay Sekulow—the trio of lawyers charged with navigating the president through his personal legal problems—had, on the other hand, become highly skilled in avoiding their client's bad humor, which was often accompanied by menacing, barely controlled personal attacks. All three men understood that to be a successful lawyer for Donald Trump was to tell the client what he wanted to hear.

Trump harbored a myth about the ideal lawyer that had almost nothing to do with the practice of law. He invariably cited Roy Cohn, his old New York friend, attorney, and tough-guy mentor, and Robert Kennedy, John F. Kennedy's brother. "He was always on my ass about Roy Cohn and Bobby Kennedy," said Steve Bannon, the political strategist who, perhaps more than anyone else, was responsible for Trump's victory. "'Roy Cohn and Bobby Kennedy,' he would say. 'Where's my Roy Cohn and Bobby Kennedy?'" Cohn, to his own benefit and legend, built the myth that Trump continued to embrace: with enough juice and muscle, the legal system could always be gamed. Bobby Kennedy had been his brother's attorney general and hatchet man; he protected JFK and worked the back channels of power for the benefit of the family.

This was the constant Trump theme: beating the system. "I'm the guy who gets away with it," he had often bragged to friends in New York.

At the same time, he did not want to know details. He merely wanted his lawyers to assure him that he was winning. "We're killing it, right? That's what I want to know. That's *all* I want to know. If we're not killing it, you screwed up," he shouted one afternoon at members of his ad hoc legal staff.

From the start, it had become a particular challenge to find top lawyers to take on what, in the past, had always been one of the most vaunted of legal assignments: representing the president of the United States. One high-profile Washington white-collar litigator gave Trump a list of twenty



issues that would immediately need to be addressed if he were to ta
on the case. Trump refused to consider any of them. More than a doz
major firms had turned down his business. In the end, Trump was left wi
a ragtag group of solo practitioners without the heft and resources of l
firms. Now, thirteen months after his inauguration, he was facing p
sonal legal trouble at least as great as that faced by Richard Nixon and E
Clinton, and doing so with what seemed like, at best, a Court Street le
team. But Trump appeared to be oblivious to this exposed flank. Ratch
ing up his level of denial about the legal threats around him, he breez
rationalized: "If I had good lawyers, I'd look guilty."

Dowd, at seventy-seven, had had a long, successful legal career, bc
in government and in Washington law firms. But that was in the past. I
was on his own now, eager to postpone retirement. He knew the impo
tance, certainly to his own position in Trump's legal circle, of und
standing his client's needs. He was forced to agree with the presider
assessment of the investigation into his campaign's contact with Russi
state interests: it would not reach him. To that end, Dowd, and the oth
members of Trump's legal team, recommended that the president coo
erate with the Mueller investigation.

"I'm not a target, right?" Trump constantly prodded them.

This wasn't a rhetorical question. He insisted on an answer, and
affirmative one: "Mr. President, you're not a target." Early in his tenu
Trump had pushed FBI director James Comey to provide precisely tl
reassurance. In one of the signature moves of his presidency, he had fir
Comey in May 2017 in part because he wasn't satisfied with the enth
siasm of the affirmation and therefore assumed Comey was plotti
against him.

Whether the president was indeed a target—and it would surely ha
taken a through-the-looking-glass exercise not to see him as the bullse
of the Mueller investigation—seemed to occupy a separate reality fro
Trump's need to be reassured that he was not a target.

"'Trump's trained me," Ty Cobb told Steve Bannon. "Even if it's bi
it's great."

Trump imagined—indeed, with a preternatural confidence, nothi
appeared to dissuade him—that sometime in the very near future he woo

hear directly from the special counsel, who would send him a comprehensive and even apologetic letter of exoneration.

"Where," he kept demanding to know, "is my fucking letter?"

* * *

The grand jury empanelled by Special Counsel Robert Mueller met on Thursdays and Fridays in federal district court in Washington. Its business was conducted on the fifth floor of an unremarkable building at 333 Constitution Avenue. The grand jurors gathered in a nondescript space that looked less like a courtroom than a classroom, with prosecutors at a podium and witnesses sitting at a desk in the front of the room. The Mueller grand jurors were more female than male, more white than black, older rather than younger; they were distinguished most of all by their focus and intensity. They listened to the proceedings with "a scary sort of attention, as though they already know everything," said one witness.

In a grand jury inquiry, you fall into one of three categories. You are a "witness of fact," meaning the prosecutor believes you have information about an investigation at hand. Or you are a "subject," meaning you are regarded as having personal involvement with the crime under investigation. Or, most worrisome, you are a "target," meaning the prosecutor is seeking to have the grand jury indict you. Witnesses often became subjects, and subjects often became targets.

In early 2018, with the Mueller investigation and its grand jury maintaining a historic level of secrecy, no one in the White House could be sure who was what. Or who was saying what to whom. Anyone and everyone working for the president or one of his senior aides could be talking to the special counsel. The investigation's code of silence extended into the West Wing. Nobody knew, and nobody was saying, who was spilling the beans.

Almost every White House senior staffer—the collection of advisers who had firsthand dealings with the president—had retained a lawyer. Indeed, from the president's first days in the White House, Trump's tangled legal past and evident lack of legal concern had cast a shadow on those who worked for him. Senior people were looking for lawyers even as they were still learning how to navigate the rabbit warren that is the West Wing.

In February 2017, mere weeks after the inauguration, and not long



after the FBI had first raised questions about National Security Adv Michael Flynn, Chief of Staff Reince Priebus had walked into Steve I non's office and said, "I'm going to do you a big favor. Give me your ci card. Don't ask me why, just give it to me. You'll be thanking me for rest of your life."

Bannon opened his wallet and gave Priebus his American Exp card. Priebus shortly returned, handed the card back, and said, "You have legal insurance."

Over the next year, Bannon—a witness of fact—spent hundrec hours with his lawyers preparing for his testimony before the sp counsel and before Congress. His lawyers in turn spent ever moun hours talking to Mueller's team and to congressional committee coun Bannon's legal costs at the end of the year came to $2 million.

Every lawyer's first piece of advice to his or her client was blunt unequivocal: talk to no one, lest it become necessary to testify about v you said. Before long, a constant preoccupation of senior staffers in Trump White House was to know as little as possible. It was a wr side-up world: where being "in the room" was traditionally the r sought-after status, now you wanted to stay out of meetings. You wa to avoid being a witness to conversations; you wanted to avoid b witnessed being a witness to conversations, at least if you were sn Certainly, nobody was your friend. It was impossible to know whe colleague stood in the investigation; hence, you had no way of knov how likely it was that they might need to offer testimony about some else—you, perhaps—as the bargaining chip to save themselves by co erating with the special counsel, a.k.a. flipping.

The White House, it rapidly dawned on almost everyone who wo there—even as it became one more reason *not* to work there—was scene of an ongoing criminal investigation, one that could potent ensnare anyone who was anywhere near it.

* * *

The ultimate keeper of the secrets from the campaign, the transition, through the first year in the White House was Hope Hicks, the W House communications director. She had witnessed most everyth

She saw what the president saw: she knew what the president, a man unable to control his own running monologue, knew.

On February 27, 2018, testifying before the House Intelligence Committee—she had already appeared before the special counsel—she was pressed about whether she had ever lied for the president. Perhaps a more accomplished communications professional could have escaped the corner here, but Hicks, who had scant experience other than working as Donald Trump's spokesperson, which, as often as not, meant dealing with his disregard of empirical truth, found herself as though in a sudden and unexpected moral void trying to publicly parse the relative importance of her boss's lies. She admitted to telling "white lies," as in, somehow, less than the biggest lies. This was enough of a forward admission to require a nearly twenty-minute mid-testimony conference with her lawyers, distressed by what she might be admitting and by where any deconstruction of the president's constant inversions might lead.

Not long after she testified, another witness before the Mueller grand jury was asked how far Hicks might go to lie for the president. The witness answered: "I think when it comes to doing anything as a 'yes man' for Trump, she'll do it—but she won't take a bullet for him." The statement could be taken as both a backhanded compliment and an estimate of how far loyalty in the Trump White House might extend—probably not too far.

Almost no one in Trump's administration, it could be argued, was conventionally suited to his or her job. But with the possible exception of the president himself, no one provided a better illustration of this unprepared and uninformed presidency than Hicks. She did not have substantial media or political experience, nor did she have a temperament annealed by years of high-pressure work. Always dressed in the short skirts that Trump favored, she seemed invariably caught in the headlights. Trump admired her not because she had the political skills to protect him, but for her pliant dutifulness. Her job was to devote herself to his care and feeding.

"When you speak to him, open with positive feedback," counseled Hicks, understanding Trump's need for constant affirmation and his almost complete inability to talk about anything but himself. Her attentiveness to Trump and tractable nature had elevated her, at age twenty-nine, to the top White House communications job. And practically speaking,



she acted as his de facto chief of staff. Trump did not want his administration to be staffed by professionals; he wanted it to be staffed by people who attended and catered to him.

Hicks—"Hope-y," to Trump—was both the president's gatekeeper and his comfort blanket. She was also a frequent subject of his prurient interest: Trump preferred business, even in the White House, to be personal. "Who's fucking Hope?" he would demand to know. The topic also interested his son Don Jr., who often professed his intention to "fuck Hope." The president's daughter Ivanka and her husband, Jared Kushner, both White House senior advisers, expressed a gentler type of concern for Hicks; sometimes they would even try to suggest eligible men.

But Hicks, seeming to understand the insular nature of Trumpworld, dated exclusively inside the bubble, picking the baddest boys in it: campaign manager Corey Lewandowski during the campaign and presidential aide Rob Porter in the White House. As the relationship between Hicks and Porter unfolded in the fall of 2017, knowing about the affair became an emblem of Trump insiderness, with special care taken to keep this development from the proprietary president. Or not: other people, assuming that Porter's involvement with Hicks would not at all please Trump, were less than discreet about it.

* * *

In the heightened enmity of the Trump White House, Rob Porter may have succeeded in becoming the most disliked person by everyone except perhaps the president himself. A square-jawed, 1950s-looking guy who could have been a model for Brylcreem, he was almost a laughable figure of betrayal and perfidy: if he *hadn't* stabbed you in the back, you would be forced to acknowledge how unworthy he considered you to be. A sitcom sort of suck-up—"Eddie Haskell," cracked Bannon, citing the early television icon of insincerity and brownnosing featured in *Leave It to Beaver*—he embraced Chief of Staff John Kelly, while at the same time poisoning him with the president. Porter's estimation of his own high responsibilities in the White House, together with the senior-most jobs that the president, he let it be known, was promising him, seemed to put the administration and the nation squarely on his shoulders.

Porter had, before the age of forty, two bitter ex-wives, at least one of whom he had beaten, and both of whom he had cheated on at talk-of-the-town levels. During a stint as a Senate staffer, the married Porter had an affair with an intern, costing him his job. His girlfriend Samantha Dravis had moved in with Porter in the summer of 2017, while, quite unbeknownst to her, he was seeing Hicks. "I cheated on you because you're not attractive enough," he later told Dravis.

In a potentially criminal break of protocol, Porter had gained access to his raw FBI clearance reports and seen the statements of his ex-wives. His most recent ex-wife had also written a blog about his alleged abuse, which, while it did not name him, clearly fingered him. Concerned about the damaging impact his former wives could have on his security review, he recruited Dravis to help him smooth his relationship with both women.

Lewandowski, Hicks's former boyfriend, caught wind of the Hicks-Porter relationship and began working to expose it; by some reports, he got paparazzi to follow Hicks. Though Porter's history of abuse was slowly making its way to the surface as a result of the FBI investigation, the Lewandowski campaign against Hicks cut through many other efforts to cover up Porter's transgressions.

Dravis, in the autumn of 2017, heard the Lewandowski-pushed rumors of the Hicks-Porter relationship. After finding Hicks's number listed under a man's name in Porter's contacts, Dravis confronted Porter, who promptly threw her out. Moving back in with her parents, she began her own revenge campaign, openly talking about Porter's security clearance issues, including to people inside the White House counsel's office, saying he had protection at the highest levels in the White House. Then, along with Lewandowski, Dravis helped leak the details of the Hicks-Porter romance to the *Daily Mail*, which published a story about it on February 1.

But Dravis, joined by Porter's former wives, decided that, outrageously, he had come out looking *good* in the *Daily Mail* account—he was part of a glam power couple! Porter called Dravis to taunt her: "You thought you could get me!" Dravis and his former wives all then publicly revealed their abuse at his hand. His first wife said he kicked and punched her; she even produced a photograph of her black eye. His second wife



informed the media that she had filed an emergency protective orc
against him.

The White House, or at least Kelly—and likely Hicks—had been awa
of many of these claims and, effectively, covered them up. ("You usua
have enough competent people for White House positions to weed out t
wife beaters, but you couldn't be so choosy in the Trump White House," si
one Republican acquaintance of Porter's.) The furor that erupted arou
Porter and his troubling gross-guy history not only annoyed Trump
"He stinks of bad press"—it further weakened Kelly. On February 7, af
both of his former wives gave interviews to CNN, Porter resigned.

A publicity-shy Hicks—Donald Trump put a high value on associa
who did not steal his press opportunities—suddenly found her love l
in the glare of intense international press scrutiny. Her affair with the d
credited Porter highlighted her own odd relationship with the preside
and his family, as well as the haphazard management, interpersonal d
functions, and general lack of political savvy in the Trump court.

* * *

The affair was, curiously, among the least of Hicks's problems. Indeed, I
Hicks the Porter scandal became perhaps a *better* cloud under which
leave the administration than what almost everybody in the West Wi
assumed was the real cloud.

On February 27, a reporter at the Washington insider newsletter *Axi*
Jonathan Swan, a favorite conduit for White House leaks, reported tl
Josh Raffel was leaving the White House. In a novel arrangement, Raf
had come into the White House in April 2017 as the exclusive spokespers
for the president's son-in-law Jared Kushner, and his wife, Ivanka, bypa
ing the White House communications team. Raffel, who, like Kushn
was a Democrat, had worked for Hiltzik Strategies, the New York pub
relations firm that represented Ivanka's clothing line.

Hope Hicks, who had also worked for the Hiltzik firm—perhaps b
known for having long represented the film producer Harvey Weinste
caught, in the fall of 2017, in an epochal harassment and abuse scan
and cover-up—had originally had the same role as Raffel but at a higl
level: she was the personal spokesperson for the president. In Septemb

Hicks had been elevated to White House communications director, with Raffel as her number two.

The trouble had arisen the previous summer. Both Hicks and Raffel had been on Air Force One in July 2017 as the news broke about Donald Trump Jr.'s meeting in Trump Tower during the campaign with Russian government go-betweens offering dirt on Hillary Clinton. During the flight back to the United States after the G20 summit in Germany, Hicks and Raffel aided the president in his efforts to issue a largely false story about the Trump Tower meeting, thus becoming part of the cover-up.

Even though Raffel had been at the White House for a little more than nine months, the *Axios* report said that his departure had been under discussion for several months. That was untrue. It was an abrupt exit.

The next day, just as abruptly, Hope Hicks—the person in the White House closest to the president—resigned as well.

The one person who perhaps knew more than anyone else about the workings of the Trump campaign and the Trump White House was suddenly out the door. The profound concern inside the White House was the reasonable supposition that Hicks and Raffel, both witnesses to and participants in the president's efforts to cover up the details of his son and son-in-law's meeting with the Russians, were subjects or targets of the Mueller investigation—or, worse, had already cut a deal.

The president, effusive in his public praise for Hicks, did not try to talk her out of leaving. In the weeks to come he would mope about her absence—"Where's my Hope-y?"—but, in fact, as soon as he got wind that she might be talking, he wanted to cut her loose and began, in a significant rewrite, downgrading her status and importance on the campaign and in the White House.

Yet here, from Trump's point of view, was a hopeful point about Hicks: as central as she was to his presidency, her duties really only consisted of pleasing him. She was an unlikely agent of grand strategy and great conspiracies. Trump's team was made up of only bit players.

* * *

John Dowd may have been reluctant to give his client bad news, but he well understood the danger of a thorough prosecutor with virtually



unlimited resources. The more a determined team of G-men sifts, strip and inspects, the greater the chance that both methodical and casu crimes will be revealed. The more comprehensive the search, the mo inevitable the outcome. The case of Donald Trump—with his history bankruptcies, financial legerdemain, dubious associations, and gene sense of impunity—certainly seemed to offer prosecutors something an embarrassment of riches.

For his part, however, Donald Trump yet seemed to believe that l skills and instincts were at least a match for all the thoroughness a resources of the United States Department of Justice. He even believ their exhaustive approach would work in his favor. "Boring. Confusi for everybody," he said, dismissing the reports of the investigation pr vided by Dowd and others. "You can't follow any of this. No hook."

One of the many odd aspects of Trump's presidency was that did not see being president, either the responsibilities or the exposu as being all that different from his pre-presidential life. He had endur almost countless investigations in his long career. He had been involv in various kinds of litigation for the better part of forty-five years. He w a fighter who, with brazenness and aggression, got out of fixes that wou have ruined a weaker, less wily player. That was his essential busin strategy: what doesn't kill me strengthens me. Though he was wound again and again, he never bled out.

"It's playing the game," he explained in one of his frequent mor logues about his own superiority and everyone else's stupidity. "I'm go at the game. Maybe I'm the best. Really, I could be the best. I think I a the best. I'm very good. Very cool. Most people are afraid that the wo might happen. But it doesn't, unless you're stupid. And I'm not stupid."

In the weeks after his first anniversary in office, with the Muel investigation in its eighth month, Trump continued to regard the sp cial counsel's inquiry as a contest of wills. He did not see it as a war attrition—a gradual reduction of the strength and credibility of the t get through sustained scrutiny and increasing pressure. Instead, he sav situation to confront, a spurious government undertaking that was v nerable to his attacks. He was confident he could jawbone this "wit hunt"—often tweeted in all-caps—to at least a partisan draw.

He remained irritated by efforts to persuade him to play the game in the usual Washington way—mounting a disciplined legal defense, negotiating, trying to cut his losses—rather than his way. This was disconcerting to many of the people closest to him, but it alarmed them more to see that as Trump's indignation and sense of personal insult rose, so did his belief in his own innocence.

* * *

By the end of February, in addition to the Mueller grand jury indictments of a group of Russian nationals for illegal activities involved with efforts by the Russian government to influence the U.S. election, Mueller had reached several levels into the Trump circle. Among those who were indicted or who had pled guilty to felonies were his former campaign manager Paul Manafort, his former national security advisor Michael Flynn, the eager-beaver junior adviser George Papadopoulos, and Manafort's business partner and campaign official Rick Gates. This series of legal moves could be classically read as a methodical, step-by-step approach to the president's door. Or, from the Trump camp's point of view, it could be seen as a roundup of the sorts of opportunists and hangers-on who had always trailed Trump.

The doubts about the usefulness of Trump's hangers-on was an implicit part of their usefulness: they could be shrugged off and disavowed at any time, which is what promptly happened at the least sign of trouble. The Trumpers swept up by Mueller were all declared wannabe and marginal players. The president had never met them, could not remember them, or had a limited acquaintance with them. "I know Mr. Manafort—I haven't spoken to him in a long time, but I know him," declared a dismissive Trump, pulling a line from the "who dat?" page of his playbook.

The difficulty in proving a conspiracy is proving intent. Many of the president's inner circle believed that Trump, and the Trump Organization, and by extension the Trump campaign, operated in such a diffuse, haphazard, gang-that-couldn't-shoot-straight manner that intent would be very difficult to establish. What's more, the Trump hangers-on were so demonstrably subpar players that stupidity could well be a reasonable defense against intent.



Many in the Trump circle agreed with their boss: they believed tha whatever idiotic moves had been made by idiotic Trump hands, the Rus sia investigation was too abstruse and nickel-and-dime to ultimately stick At the same time, many, and perhaps all, were privately convinced tha a deep dive—or, for that matter, even a cursory inspection—of Trump' financial past would yield a trove of overt offenses, and likely a pattern o career corruption.

It was hardly surprising, then, that ever since the beginning of th special counsel's investigation, Trump had tried to draw a line in the san between Mueller and Trump family finances, openly threatening Muelle if he went there. Trump's operating assumption remained that the specia counsel was afraid of him, conscious of where and how his toleranc might end. Trump was confident that the Mueller team could be made t understand its limits, by either wink-wink or unsubtle threat.

"They know they can't get me," he told one member of his circl of after-dinner callers, "because I was never involved. I'm not a targe There's nothing. I'm not a target. They've told me, I'm not a target. An they know what would happen if they made me a target. Everybod understands everybody."

* * *

Books and newspaper stories about Trump's forty-five years in busine were full of his shady dealings, and his arrival in the White House on helped to highlight them and surface even juicier ones. Real estate w the world's favorite money-laundering currency, and Trump's B-level re estate business—relentlessly marketed by Trump as triple A—was qui explicitly designed to appeal to money launderers. What's more, Trump own financial woes, and desperate efforts to maintain his billionaire lif style, cachet, and market viability, forced him into constant and unsubt schemes. In the high irony department, Jared Kushner, when he was law school, and before he met Ivanka, identified, in a paper he wrot possible claims of fraud against the Trump Organization in a particul real estate deal he was studying—a subject now of quite some amuseme among his acquaintances at the time. Practically speaking, Trump hid plain sight, as the prosecutors appeared to be finding.

HOUSE_OVERSIGHT_021130

In November 2004, for instance, Jeffrey Epstein, the financier later caught in a scandal involving underage prostitutes, agreed to purchase from bankruptcy a house in Palm Beach, Florida, for $36 million, a property that had been on the market for two years. Epstein and Trump had been close friends—playboys in arms, as it were—for more than a decade, with Trump often seeking Epstein's help with his chaotic financial affairs. Soon after negotiating the deal for the house in Palm Beach, Epstein took Trump to see it, looking for advice on construction issues involved with moving the swimming pool. But as he prepared to finalize his purchase for the house, Epstein discovered that Trump, who was severely cash-constrained at the time, had bid $41 million for the property and bought it out from under Epstein through an entity called Trump Properties LLC, entirely financed by Deutsche Bank, which was already carrying a substantial number of troubled loans to the Trump Organization and to Trump personally.

Trump, Epstein knew, had been loaning out his name in real estate deals—that is, for an ample fee, Trump would serve as a front man to disguise the actual ownership in a real estate transaction. (This was, in a sense, another variation of Trump's basic business model of licensing his name for commercial properties owned by someone else.) A furious Epstein, certain that Trump was merely fronting for the real owners, threatened to expose the deal, which was getting extensive coverage in Florida papers. The fight became all the more bitter when, not long after the purchase, Trump put the house on the market for $125 million.

But if Epstein knew some of Trump's secrets, Trump knew some of Epstein's. Trump often saw the financier at Epstein's current Palm Beach house, and Trump knew that Epstein was visited almost every day, and had been for many years, by girls he'd hired to give him massages that often had happy endings—girls recruited from local restaurants, strip clubs, and, also, Trump's own Mar-a-Lago. Just as the enmity between the two friends increased over the house purchase, Epstein found himself under investigation by the Palm Beach police. And as Epstein's legal problems escalated, the house, with only minor improvements, was acquired for $96 million by Dmitry Rybolovlev, an oligarch who was part of the close Putin circle of government-aligned industrialists in Russia, and who,



in fact, never moved into the house. Trump had, miraculously, earned $55 million without putting up a dime. Or, more likely, Trump merely earned a fee for hiding the real owner—a shadow owner quite possibly being funneled cash by Rybolovlev for other reasons beyond the value of the house. Or, possibly, the real owner and real buyer were one and the same. Rybolovlev might have, in effect, paid himself for the house, thereby cleansing the additional $55 million for the second purchase of the house.

This was Donald Trump's world of real estate.

* * *

As though using mind-control tricks, Jared Kushner had become highly skilled at containing his deep frustration with his father-in-law. He stayed expressionless—sometimes he seemed almost immobile—when Trump went off the rails, unleashing tantrums or proposing dopey political or policy moves. Kushner, a courtier in a crazy court, was possessed of an eerie calmness and composure. He was also very worried. It seemed astounding and ludicrous that this fig-leaf technicality—"You're not a target, Mr. President"—could offer his father-in-law such comfort.

Kushner understood that Trump was surrounded by a set of mortal arrows, any of which might kill him: the case for obstruction; the case for collusion; any close look at his long, dubious financial history; the always-lurking issues with women; the prospects of a midterm rout and the impeachment threat if the midterm elections went against them; the fickleness of the Republicans, who might at any time turn on him; and the senior staffers who had been pushed out of the administration (Kushner had urged the ouster of many of them), any of whom might testify against him. In March alone, Gary Cohn, the president's chief economic adviser, Rex Tillerson, the secretary of state, and Andrew McCabe, the deputy director of the FBI—each man bearing the president deep contempt—were pushed from the administration.

But the president was in no mood to hear Kushner's counsel. Never entirely trusted by his father-in-law—in truth, Trump trusted no one except, arguably, his daughter Ivanka, Kushner's wife—Kushner now found himself decidedly on the wrong side of Trump's red line of loyalty.

As a family insider, Kushner, in a game of court politics so vicious that, in another time, it might have yielded murder plots, had appeared to triumph over his early White House rivals. But Trump invariably soured on the people who worked for him, just as they soured on him, not least because he nearly always came to believe that his staff was profiting at his expense. He was convinced that everyone was greedy, and that sooner or later they would try to take what was more rightfully his. Increasingly, it seemed that Kushner, too, might be just another staff member trying to take advantage of Donald Trump.

Trump had recently learned that a prominent New York investment fund, Apollo Global Management, led by the financier Leon Black, had provided the Kushner Companies—the family real estate group that had been managed by Kushner himself while his father, Charlie, was in federal prison—with $184 million in financing.

This was troubling on many levels, and it left a vulnerable Kushner open to more questions about the conflicts between his business and his position in the White House. During the transition, Kushner had offered Apollo's cofounder Marc Rowan, the job of director of the Office of Management and Budget. Rowan initially accepted the job, declining it only after Apollo chairman Leon Black objected to what would have to be disclosed about Rowan's and the firm's investments.

But the president-elect's concerns were elsewhere: he was more keenly and furiously focused on the fact that, in the constant search for financings that occur in mid-tier real estate companies like Trump's, Apollo had never extended itself for the Trump Organization. Now, it seemed baldly apparent, Apollo was backing the Kushners solely because of the family's connection to the administration. The constant accounting in Trump's head of who was profiting from whom, and his sense of what he was therefore owed for creating the circumstances by which everyone could profit, was one of the things that reliably kept him up at night.

"You think I don't know what's going on?" Trump sneered at his daughter, one of the few people he usually went out of his way to try to mollify. *"You think I don't know what's going on?"*

The Kushners had gained. He had not.

The president's daughter pleaded her husband's case. She spoke of the



incredible sacrifice the couple had made by coming to Washington. A
for what? "Our lives have been destroyed," she said melodramatically
and yet with some considerable truth. The former New York socialit
had been reduced to potential criminal defendants and media laughir
stocks.

After a year of friends and advisers whispering that his daughter a
son-in-law were at the root of the disarray in the White House, Trur
once again was thinking they should never have come. Revising histo
he told various of his late-night callers that he had *always* thought th
never should have come. Over his daughter's bitter protests, he declin
to intercede in his son-in-law's security clearance issues. The FBI h
continued to hold up Kushner's clearance—which the president, at
discretion, could approve, his daughter reminded him. But Trump
nothing, letting his son-in-law dangle in the wind.

Kushner, with superhuman patience and resolve, waited for his opp
tunity. The trick among Trump whisperers was how to focus Trum
attention, since Trump could never be counted on to participate in a
thing like a normal conversation with reasonable back-and-forth. Spc
and women were reliable subjects; both would immediately engage h
Disloyalty also got Trump's attention. So did conspiracies. And mone
always money.

* * *

Kushner's own lawyer was Abbe Lowell, a well-known showboat of
D.C. criminal bar who prided himself on, and managed his clients' exp
tations and attention with, an up-to-the-minute menu of rumors
insights about what gambit or strategy prosecutors were about to dish
The true edge provided by a high-profile litigator was perhaps not co
room skill but backroom intelligence.

Lowell, adding to the reports Dowd had received, told Kushner t
prosecutors were about to substantially deepen the president's—and
Trump family's—jeopardy. Dowd had continued to try to mollify the pr
dent, but Kushner, with intel supplied by Lowell, went to his father-in-law v
reports about this new front in the legal war against him. Sure enough
March 15 the news broke that the special counsel had issued a subpo

for the Trump Organization records: it was a deep and encompassing order, reaching many years back.

Kushner also warned his father-in-law that the investigation was about to spill over from the Mueller team, with its narrow focus on Russian collusion, to the Southern District of New York—that is, the federal prosecutor's office in Manhattan—which would not be restricted to the Russia probe. This was a work-around intended to circumvent the special counsel's restriction to Russia-related matters, but also an effort by the Mueller team to short-circuit any attempt by the president to disband or curtail its investigation. By moving parts of the investigation to the Southern District, Mueller, as Kushner explained to Trump, was ensuring that the investigation of the president would continue even without the special counsel. Mueller was playing a canny, or ass-protecting, game, while also following precise procedures: even as he focused on the limited area of his investigation, he was divvying up evidence of other possible crimes and sending it out to other jurisdictions, all of which were eager to be part of the hunt.

It gets worse, Kushner told Trump.

The Southern District was once run by Trump's friend Rudy Giuliani, the former mayor of New York. In the 1980s, when Giuliani was the federal prosecutor—and when, curiously, James Comey had worked for him—the Southern District became the premier prosecutor of the Mafia and of Wall Street. Giuliani had pioneered using a draconian, and many believed unconstitutional, interpretation of the RICO (Racketeer Influenced and Corrupt Organizations) Act against the Mob. He used the same interpretation against big finance, and in 1990 the threat of a RICO indictment, under which the government could almost indiscriminately seize assets, brought down the investment bank Drexel Burnham Lambert.

The Southern District had long been worrisome to Trump. After his election, he had an unseemly meeting with Preet Bharara, the federal prosecutor there, a move whose optics were alarming to all of his advisers, including Don McGahn and the incoming attorney general, Jeff Sessions. (The meeting foreshadowed the one Trump would shortly have with Comey, during which he sought a pledge of loyalty in return for job security.) His meeting with Bharara was unsatisfactory: Bharara was unwilling to humor him—or, shortly, even to return his calls. In March 2017, Trump fired him.



Now, said Kushner, even without Bharara, the Southern District was looking to treat the Trump Organization as a Mob-like enterprise; its lawyers would use the RICO laws against it and go after the president as if he were a drug lord or Mob don. Kushner pointed out that corporations had no Fifth Amendment privilege, and that you couldn't pardon a corporation. As well, assets used in or derived from the commission of a crime could be seized by the government.

In other words, of the more than five hundred companies and separate entities in which Donald Trump had been an officer, up until he became president, many might be subject to forfeiture. One potential casualty of a successful forfeiture action was the president's signature piece of real estate: the government could seize Trump Tower.

* * *

In mid-March, a witness with considerable knowledge of the Trump Organization's operations traveled by train to Washington to appear before the Mueller grand jury. Picked up at Union Station by the FBI, the witness was driven to the federal district court. From 10:00 a.m. to 5:00 p.m., two prosecutors on the Mueller team, Aaron Zelinsky and Jeannie Rhee, reviewed with the witness, among other issues, the structure of the Trump Organization.

The prosecutors asked the witness about the people who regularly talked to Trump, how often they met with him, and for what purposes. They also asked how meetings with Trump were arranged and where they took place. The witness's testimony yielded, among other useful pieces of information, a signal fact: all checks issued by the Trump Organization were personally signed by Donald Trump himself.

The Trump Organization's activities in Atlantic City were a particular subject of interest that day. The witness was asked about Trump's relationship with known Mafia members—not *if* he had such relationships, but the nature of the relationships prosecutors already knew existed. The prosecutors also wanted to know about Trump Tower Moscow, a project

pursued by Trump for many years—pursued, in fact, well into the 2016 campaign—albeit never brought to fruition.

Michael Cohen, Trump's personal lawyer and a Trump Organization officer, was another significant topic. The prosecutors asked questions about the level of Cohen's disappointment at not being included in the president's White House team. They seemed to be trying to gauge how much resentment Cohen felt, which led the witness to infer that they wanted to estimate how much leverage they might have if they attempted to flip Michael Cohen against the president.

Zelinsky and Rhee wanted to know about Jared Kushner. And they wanted to know about Hope Hicks.

The two prosecutors also delved into the president's personal life. How often did he cheat on his wife? With whom? How were trysts arranged? What were the president's sexual interests? The Mueller investigation, and its grand jury, was becoming a clearing house for the details of Trump's long history of professional and personal perfidiousness.

When the long day was finally over, the witness left the grand jury room shocked—not so much by what the prosecutors wanted to know but by what they already knew.

* * *

By the third week of March, Trump's son-in-law had the president's full attention. "They can not only impeach you, they can bankrupt you" was Kushner's message.

Agitated and angry, Trump pressed Dowd for more reassurances, holding him accountable for the prior reassurances Trump had frequently demanded he be given. Dowd held firm: he yet believed that the fight was in its early stages and that Mueller was still on a fishing expedition.

But Trump's patience was finally at an end. He decided that Dowd was a fool and should go back into the retirement from which, Trump kept repeating, he had rescued him. Indeed, resisting that retirement, Dowd pleaded his own case, assuring the president that he could continue to provide him with valuable help. To no avail: on March 22, Dowd reluctantly resigned, sending another bitter former Trumper into the world.

# 2

# THE DO-OVER

The day John Dowd was fired, Steve Bannon was sitting at his dinin room table trying to forestall another threat to the Trump pres dency. This one wasn't about a relentless prosecutor but rather a betrayı base. It was about the Wall that wasn't.

The town houses on Capitol Hill, middle-class remnants of the nin teenth century, are cramped up-and-down affairs of modest parlor floo nook-y sitting rooms, and small bedrooms. Many serve as headquarte for causes and organizations that can't afford Washington's vast amou of standard-issue office real estate. Some double as housing for th organization's leaders. Many represent amateur efforts or eccentric pu suits, often a kind of shrine to hopes and dreams and revolutions yet occur. The "Embassy" on A Street—a house built in 1890 and the forn location of Bannon's Breitbart News—was where Bannon had lived a worked since his exile from the White House in August 2017. It was p frat house, part man cave, and part pseudo-military redoubt; conspir literature was scattered about. Various grave and underemployed you men, would-be militia members, loitered on the steps.

The Embassy's creepiness and dark heart were in quite stark contr to Bannon's expansive and merry countenance. He might be in exile fr the Trump White House, but it was an ebullient banishment, coffee-fue or otherwise.

In the last few weeks, he had helped install his allies—and first-draft choices during the presidential transition—in central posts in the Trump administration. Mike Pompeo had recently been named secretary of state, John Bolton would soon become the national security advisor, and Larry Kudlow had been appointed director of the National Economic Council. The president's chief political aides were Corey Lewandowski and David Bossie, both Bannon allies, if not acolytes; both operated outside the White House and were frequent visitors at the Embassy. Many of the daily stream of White House defenders on cable television—the surrogates—were Bannon people carrying Bannon's message as well as the president's. What's more, his enemies in the White House were moving out, including Hope Hicks, H. R. McMaster, the former national security advisor, and the ever shrinking circle of allies supporting the president's son-in-law and daughter.

Bannon was often on the road. He was in Europe meeting with the rising populist right-wing groups, and in the U.S. meeting with hedge funders desperate to understand the Trump variable. He was also looking for every opportunity to try to convince liberals that the populist way ought to be their way, too. Early in the year, Bannon went to Cambridge to see Larry Summers, who had been Bill Clinton's Treasury secretary, Barack Obama's director of the National Economic Council, and, for a time, president of Harvard. Summers's wife refused to allow Bannon into their home, so the meeting happened at Harvard instead. Summers was mis-shaven and wearing a shirt that was missing a button or two, while Bannon was sporting his double-shirt getup, cargo pants, and a hunting jacket. "Both of them looked like Asperger guys," said one of the people at the meeting.

"Do you fucking realize what your fucking friend is doing?" yelled Summers about Trump and his administration. "You're fucking the country!"

"You elite Democrats—you only care about the margins, people who are rich or people who are poor," returned Bannon.

"Your trade mumbo jumbo will sink the world into a *depression*," thundered Summers.

"And you've exported U.S. jobs to China!" declared a delighted Bannon, always enjoying the opportunity to joust with a member of the establishment.



Bannon was—or at least saw himself to be—a fixer, power broker and kingmaker without portfolio. He was a cockeyed sort of Clark Clifford, that political eminence and influence peddler of the 1960s and '70s. Or a wise man of the political fringe, if that was not an ultimate kind of contradiction. Or the head of an auxiliary government. Or, perhaps something truly sui generis: no one quite like Bannon had ever played such a central role in America's national political life, or been such a thorn in the side of it. As for Trump, with friends like Bannon, who needed enemies?

The two men might be essential to each other, but they reviled and ridiculed each other, too. Bannon's constant public analysis of Trump's confounding nature—both its comic and harrowing components, the behavior of a crazy uncle—not to mention his indiscreet diatribes on the inanities of Trump's family, continued to further alienate him from the president. And yet, though the two men no longer spoke, they hung on each other's words—each desperate to know what one was saying about the other.

Whatever current feeling Bannon might have for Trump—his mood ranged from exasperation to fury to disgust to incredulity—he continued to believe that nobody in American politics could match Trump's midway-style showmanship. Yes, Donald Trump had restored *showmanship* to American politics—he had taken the wonk out of politics. In sum he knew his audience. At the same time, he couldn't walk a straight line. Every step forward was threatened by his next lurch. Like many great actors, his innate self-destructiveness was always in conflict with his keen survival instincts. Some around the president merely trusted that the latter would win over the former. Others, no matter the frustration of the effort, understood how much he needed to be led by unseen hands—unseen being the key attribute.

With no one to tell him otherwise, Bannon continued, unseen, to conduct the president's business from his dining-room table on A Street

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That afternoon, a bipartisan Congress with surprising ease had passed the $1.3 trillion 2018 appropriations bill. "McConnell, Ryan, Schumer, and Pelosi," said Bannon about the Republican and Democratic congressional leadership, "in their singular moment of bipartisan magnanimity, put one over on Trump."

This legislative milestone was a result of Trump's disengagement and everybody else's attentive efforts. Most presidents are eager to get down into the weeds of the budget process. Trump took little or no interest. Hence the Republican and Democratic leadership—here supported by the budget and legislative teams in the White House—were able to pass an enormous spending bill that failed to fund Trump's must-must item, the holy grail Wall, that prospective two-thousand-mile monument meant to run the entire length of the border between the United States and Mexico. Instead, the bill provided only $1.6 billion for border security. The current bill was in effect the same budget bill that had been pushed forward at the end of the previous September, when the Wall had once again not been funded. In the fall, Trump had agreed to have the Republican-controlled Congress vote to extend the September budget bill. The *next* time it came up, the Wall would be funded or, he threatened, the government would be shut down.

Even the hardest-core Trumpers in Congress seemed content not to have to die on the actual battlefield of funding the Wall, since that would mean embracing or at least enduring an always politically risky shutdown. Trump, too, in his way, seemed to understand that the Wall was more myth than reality, more slogan than actual plan. The Wall was ever for another day.

On the other hand, it was unclear what the president understood. "We've gotten the budget," he privately told his son-in-law at the end of the March budget negotiations. "We've gotten the Wall, totally."

* * *

On Wednesday, March 21, the day before the final vote, Paul Ryan, the Speaker of the House, had come to the White House to receive the president's blessings on the budget bill.

"Got $1.6 Billion to start Wall on Southern Border, rest will be forthcoming," the president shortly tweeted.



The White House had originally asked for $25 billion for the Wall, although high-end estimates of the Wall's ultimate cost came in at $70 billion. Even then, the $1.6 billion in the appropriations bill was not so much for the Wall as for better security measures.

As the final vote neared, a gentlemen's agreement appeared to have been reached, one that extended to every corner of the government—with, it even seemed, Trump's own tacit support, or at least his convenient distraction. The understanding was straightforward: whatever their stripe, members of Congress would not blow up the appropriations process for the Wall.

There were, too, Republicans like Ryan—with the backing of Republican donors such as Paul Singer and Charles Koch—who were eager to walk back, by whatever increment possible, Trump's hard-line immigration policies and rhetoric. Ryan and others had devised a simple method for accomplishing this kind of objective: you agreed with him and then ignored him. There was happy talk, which Trump bathed in, followed by practical steps, which bored him.

That Wednesday, Trump made a series of calls to praise everyone's work on the bill. The next morning, Ryan, in a televised news conference to seal the deal, said, "The president supports this bill, there's no two ways about it."

Here were the twin realities. The Wall was the most concrete manifestation of Trumpian policy, attitude, belief, and personality. At the same time, the Wall forced every Republican politician to come to terms with his or her own common sense, fiscal prudence, and political flexibility.

It was not just the expense and impracticality of the Wall, it was having to engage in a battle for it. A government shutdown would mean a high-stakes face-off between the Trump world and the non-Trump world. Should this come to pass, it would potentially be as dramatic a moment as any that had occurred since the election of 2016.

If the Democrats wanted to harden the partisan division and were eager to find yet another example—perhaps the mother of all examples—of Trump at his most extreme, a shutdown over the Wall would hand them one. If the Republicans wanted to shift the focus from a full barbarian Trump to, say, the tax bill the Congress had recently passed

HOUSE_OVERSIGHT_021136

shutting down the government would sweep that approach right off the table.

The White House, quite behind Trump's back, was aggressively working to pass the appropriations bill and avoid a shutdown. The vice president gave Trump the same assurance he had been given previously when a budget had been passed without full funding for the Wall: Pence said the bill provided a "down payment" for the Wall, a phrase whose debt-finance implications seemed to amply satisfy the president and which he repeated with great enthusiasm. Marc Short, the White House director of legislative affairs, and Mick Mulvaney, the director of the Office of Management and Budget, in a joint appearance in the White House briefing room that Thursday, shifted the debate from the Wall to the military. "This bill will provide the largest year-over-year increase in defense spending since World War II," said Mulvaney. "It'll be the largest increase for our men and women in uniform in salary in the last ten years."

* * *

The attempt to distract the Trumpian base with these bromides utterly failed. The hard-core cadre insisted on forcing the issue, and Bannon was delighted to serve as their general.

Within minutes of the budget bill's passage on March 22, Bannon, in the Embassy, began working the phones. Calling Trump's most ardent supporters, his goal was to "light him up." The effect was nearly immediate: an unsuspecting Trump started to hear from many of those on his noisy back bench, who were suddenly furious.

Bannon understood what moved Trump. Details did not. Facts did not. But a sense that something valuable might be taken from him immediately brought him up on his hind legs. If you confronted him with losing, he would turn on a dime. Indeed, turning on a dime was his only play. "It's not that he needs to win the week, or day, or even the hour," reflected Bannon. "He needs to win the *second*. After that, he drifts."

For the hard-core Trumpers, it was back to a fundamental through line of Trumpism: you had to constantly remind Trump which side he was on. As Bannon organized a howling protest from the president's base,



he took stock of the Trump reality: "There simply is not going to be a Wall, ever, if he doesn't have to pay a political price for there not being a Wall."

If the Wall was not under way by the midterm elections in November, it would show Trump to be false and, worse, weak. The Wall needed to be real. The absence of the Wall in the spending bill was just what it seemed to be: Trump out to lunch. Trump's most effective message, the forward front of the Trump narrative—maximal aggression toward illegal immigrants—had been muted. And this had happened without him knowing it.

* * *

The night of the twenty-second, the Fox News lineup—Tucker Carlson, Laura Ingraham, and Sean Hannity—hammered the message: betrayal.

The battle was on. The Republican leadership on the Hill, along with the donor class, stood sober and pragmatic in the face of both political realities and the prospect of unlimited billions in government spending—with, certainly, no illusions that Mexico was going to pay for the Wall. Opposing them were the Fox pundits, righteous and unyielding in their appeal to the true emotion of Trumpism.

The personal transformation of Trump over the course of the evening was convulsive. All three Fox pundits delivered a set of electric shocks, each rising in current. Trump had sold out the movement. Or, worse, Trump had been outsmarted and outwitted. Trump, on the phone, roared in pain and fury. He was the victim. He had no one in his corner. He could trust no one. The congressional leadership: against him. The White House itself: against him. Betrayal? Almost everyone in the White House had betrayed *him*.

The next morning it got worse. Pete Hegseth, the most obsequious of the Fox Trump lovers, seemed, on *Fox & Friends*, nearly brought to tears by Trump's treachery.

Then, almost simultaneously with Hegseth's wailing, Trump abruptly—confoundingly—shifted position and tweeted that he was considering vetoing the appropriations bill. The same bill that, twenty-four hours before, he had embraced.

HOUSE_OVERSIGHT_021137

That Friday morning, he came down from the residence into the Oval Office in a full-on rage so violent that, for a moment, his hair came undone. To the shock of the people with him, there stood an almost entirely bald Donald Trump.

The president's sudden change of heart sent the entire Republican Party into a panic. If Trump carried out his threat not to sign the bill, he would bring on what they most feared: a shutdown. And he might well blame the shutdown on his own party.

Mark Meadows, the head of the House Freedom Caucus and a staunch Trump ally in Congress, called the president from Europe to say that after the vote on Thursday afternoon most members had left town for the congressional recess. Congress wouldn't be able to undo the previous day's vote, and the shutdown was due to commence in mere hours.

Mitch McConnell rushed Defense Secretary Jim Mattis into action to tell the president that American soldiers would not be paid the next day if he didn't sign the bill. This was a repeat performance: Mattis had issued a similar warning during a threatened shutdown in January.

"*Never . . . never . . . never . . . again*," Trump shouted, pounding the desk after each "never."

Once again he caved and agreed to sign the bill. But he vowed that next time there would be billions upon billions for the Wall or there really would be a shutdown. Really. *Really.*

* * *

Bannon had been here before, so many times.

"Dude, he's Donald fucking Trump," said Bannon, holding his head and sitting at his table in the Embassy the day after the president signed the bill.

Bannon was not confused: he had a clear understanding of how great a liability Trump could be to Bannon's own vision and career. To the nervous titters of the people around him, Bannon believed he was the man of populist destiny and not Donald Trump.

The urgency here was real. Bannon believed he represented the workingman against the corporate-governmental-technocratic machine whose constituency was the college-educated. In Bannon's romantic view,



the workingman smelled of cigarettes, crushed your hand in his, and was hard as brick—and not from working out in a gym. This remembrance of things past, of (if it ever existed) a leveled world where a workingmar was proud of his work and identity, was inspiring, Bannon believed, a global anger. It was a revolution—this worldwide unease and fear an day-by-day upending of liberal assumptions—and it was his. The globa hegemon was in his sights. He was the man behind the curtain—and h might as well be in front of it, too—trying to snatch the world back fron its postmodern anomie and restore something like the homogenized an neighborly embrace of 1962.

And China! And the coming Götterdämmerung! To Bannon, thi was way-of-life stuff. China was the Russia of 1962—but smarter, mor tenacious, and more threatening. American hedge funders, in their secr support of China against the interests of the American middle class, wer the new fifth column.

How much of this did Trump understand? How much was Trum committed to the ideas that moved Bannon and, by some emotion osmosis, the base? Trump was more than a year in, and not a shovelful dirt had yet been dug for the Wall, nor a penny allocated. The Wall ar so much else that was part of Bannon's populist revolution—the detai of which he had once listed on whiteboards in his White House offic expecting to check each one off—were entirely captive to Trump's inatte tion and wild mood swings. Trump, Bannon had long ago learned, "does give a fuck about the agenda—he doesn't know what the agenda *is*."

* * *

In late March, after the gloom of the budget bill disaster had lifted, the was a brief, optimistic moment for the faithful in Trump's inner circle.

Chief of Staff John Kelly, fed up with Trump—just as Trump was f up with him—seemed surely on the way out. Kelly had joined the Wh House, replacing Reince Priebus, Trump's first chief of staff, in Augu 2017, charged with bringing management discipline to a chaotic W Wing. But by mid-fall, Trump was circumventing Kelly's new pro dures. Jared and Ivanka—with many of the new rules designed to c tail their open access to the president—were going over his head.

HOUSE_OVERSIGHT_021138

the end of the year, Trump was casually mocking his chief of staff and his penchant for efficiency and strict procedures. Indeed, both men were openly trashing each other, quite unmindful of the large audience for their slurs. For Trump, Kelly was a "twitcher" and "feeble" and ready to "stroke out." For Kelly, Trump was "deranged" and "mad" and "stupid."

The drama just got weirder.

In February, Kelly, a retired four-star general, grabbed Trump adviser Corey Lewandowski outside the Oval Office and pushed him up against a wall. "Don't look him in the eye," whispered Trump about Kelly after the incident, circling his finger next to his head in the crazy sign. The confrontation left everybody shaken, with Trump asking Lewandowski not to tell anyone, and Lewandowski, when talking to the people he did tell, saying that he had almost wet himself.

By March, Trump and Kelly were hardly speaking. Trump ignored him; Kelly sulked. Or Trump would drop pointed hints that Kelly should resign, and Kelly would ignore him. Everyone assumed the countdown had begun.

Various Republicans, from Ryan to McConnell to their right-wing adversary Mark Meadows, along with Bannon, had gotten behind a plan to push House majority leader Kevin McCarthy for chief of staff. Even Meadows, who hated McCarthy, was all for it. Here finally was a strategy: McCarthy, a top tactician, would refocus an unfocused White House on one mission—the midterms. Every tweet, every speech, every action would be directed toward salvaging the Republican majority.

Alas, Trump didn't want a chief of staff who would focus him. Trump, it was clear, didn't want a chief of staff who would tell him *anything*. Trump did not want a White House that ran by any method other than to satisfy his desires. Someone happened to mention that John F. Kennedy didn't have a chief of staff, and now Trump regularly repeated this presidential factoid.

* * *

The Mueller team, as it pursued the Russia investigation, continued to bump up against Trump's unholy financial history, exactly the rabbit hole



Trump had warned them not to go down. Mueller, careful to protect his own flank, took pains to reassure the president's lawyers that he wasn't pursuing the president's business interests; at the same time, he was passing the evidence his investigation had gathered about Trump's business and personal affairs to other federal prosecutors.

On April 9, the FBI, on instructions from federal prosecutors in New York, raided the home and office of Michael Cohen, as well as a room he was using in the Regency Hotel on Park Avenue. Cohen, who billed himself as Trump's personal lawyer, sat handcuffed for hours in his kitchen while the FBI conducted its search, itemizing and hauling away every electronic device its agents could find.

Bannon, coincidentally, also stayed at the Regency on his frequent trips to New York, and he would sometimes bump into Cohen in the hotel's lobby. Bannon had known Cohen during the campaign, and the lawyer's mysterious involvement in campaign issues often worried him. Now, in Washington, seeing the Cohen news, Bannon knew that another crucial domino had fallen.

"While we don't know where the end is," said Bannon, "we can guess where it might begin: with Brother Cohen."

* * *

On April 11, three weeks after the president signed the budget bill, Paul Ryan—one of the government's most powerful figures given the Republican lock on Washington—announced his plan to leave the Speakership and depart Congress.

"Listen to what Paul Ryan is saying," said Bannon, sitting at his table in the Embassy early that morning. "It's over. Done. Done. And Paul Ryan wants the fuck off the Trump train today."

Ryan had been telling almost anyone who would listen that as many as fifty or sixty House seats would be lost seven months hence in the midterm elections. A Ryan lieutenant, Steve Stivers, chairman of the National Republican Congressional Committee, was estimating a loss of ninety to one hundred seats. At this gloomy hour, it seemed more than possible that the Democrats would eliminate their twenty-three-seat deficit and

HOUSE_OVERSIGHT_021139

gain a majority greater than the one the Republicans held now. Except, unlike the Republicans, theirs would be a unified party—or at least one that was unified against Donald Trump.

Ryan and Stivers were hardly the only ones seeing such a result. Mitch McConnell was telling donors not to even bother contributing to House races. The money should go to the Senate campaign, where prospects for holding the Republican majority were significantly brighter.

This was, for Donald Trump, in Bannon's view, the most desperate moment in his political career, arguably even worse than the revelation of the *Access Hollywood* grab-them-by-the-pussy tape. He was already on the ropes legally, with Mueller and the Southern District bearing down; now, looking at a likely wipeout in the midterm elections, he was in serious political jeopardy as well.

But Bannon's usual ebullience quickly returned. As he talked his way out of his funk, he became nearly joyful. If the establishment—Democrats, Republicans, moderate thinkers of every sort—believed that Donald Trump needed to be run out of town, then Bannon relished the prospect of defending him. For Bannon, this was the mission, but it was also sport. Bannon thrived on the possibility of upset. His own leap to the world stage had come because the Trump campaign was so deep in hopelessness that he was allowed to take it over. Then, on November 9, 2016, against all odds and expectations, Trump, riding Bannon's campaign—with Bannon's primacy soon one of the bitterest pills for Trump to swallow—won the presidency. Now, even with almost every indicator for the November elections looking bleak, Bannon believed he could yet see how Republican losses could be held to under the twenty-three seats needed to save the House majority. Still, it was going to be a grinding fight.

"When Trump calls his New York friends after dinner and whines that he doesn't have a friend in the world, he's kind of right," said a mordant Bannon.

Bannon viewed the case against Donald Trump as both inherently political—his enemies willing to do whatever it took to bring him down—and essentially true. He had little doubt that Trump was guilty of most of what he was accused of. "How did he get the dough for the primary and



then for the general with his 'liquidity' issues?" asked Bannon with hi hands out and his eyebrows up. "Let's not dwell."

But for Bannon there were two sides in American politics—not s much right and left, but right brain and left brain. The left brain wa represented by the legal system, which was empirical, evidentiary, an methodical; given the chance, it would inevitably and correctly convic Donald Trump. The right side was represented by politics, and therefor by voters who were emotional, volatile, febrile, and always eager to throv the dice. "Get the deplorables fired up"—he slapped his hands in thunder clap effect—"and we'll save our man."

Almost a year and a half on, all of the issues of 2016 remained a powerful and raw as ever: immigration, white man's resentment, and th liberal contempt for the working—or out-of-work—white man. The yea 2018 was, for Bannon, the real 2016: the deplorable base had become th deplorable nation. "It's civil war," Bannon said, a happy judgment he ofte repeated.

The most resonant issue was Donald Trump himself: the people wh elected him would be galvanized by the effort to take him from them Bannon was horrified by mainstream Republican efforts to run the com ing election on the strength of the recent Republican tax cut. "Are yo kidding? Oh my fucking god, are you kidding?" This election was abou the fate of Donald Trump.

"Let's have a do-over election. That's what the libs want. They ca have it. Let's do it. Up or down, Trump or no Trump."

Impeachment was not to be feared, it was to be embraced. "That what you're voting for: to impeach Donald Trump or to save him fro impeachment."

The legal threat, however, might be moving faster than the electio And to Bannon—who knew more about the president's hankerings, moo swings, and impulse-control issues than almost anyone—you could n have produced a needier or more hapless defendant.

* * *

Since coming aboard in the summer of 2017, the president's legal team—Dowd, Cobb, and Sekulow—had delivered the message their client insiste

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upon hearing, that he was not a target and would shortly be exonerated. But the lawyers went even further with their feel-good strategy.

Presidents, faced with hostile investigations by the other coequal branches of government, Congress and the judiciary, invariably cite executive privilege both as a legitimate principle and as a dilatory tactic. It's a built-in bargaining chip. But Trump's lawyers, hoisted by how often they had to assure the president that he had nothing to fear, supported their confident assessment, to Trump's delight, by dispensing with any claim of executive privilege and willingly satisfying all the special counsel's requests. Trump, in all his dodginess, had become an open book. What's more, Trump himself, ever believing in the force and charm of his own personality, was, with his attorneys' apparent assent, eager to testify.

And yet, Bannon knew, it was still much worse. The president's lawyers had sent more than 1.1 million documents to the special counsel, aided by only a scant document production team. It was just Dowd, Cobb, and two inexperienced assistants. In major litigations, documents are meticulously logged and cross-referenced into elaborate and efficient database systems. Here, they shipped over much of the material merely as attachments, and kept minimal or no records of what exactly had been sent. Few in the White House knew what they had given up and thus what the special counsel had. And the haphazard approach didn't stop there. Dowd and Cobb neither prepared many of the witnesses who had worked for the White House in advance of their testimony to Mueller's team nor debriefed them after they testified.

Bannon was overcome by the hilarity and stupidity of this what-me-worry approach to federal prosecutors whose very reputations depended on nailing the president. Trump needed a plan—which, of course, Bannon had.

Bannon swore that he did not want to go back into the White House. He wouldn't ever, he said. The humiliations of working in Trump's administration had almost destroyed Bannon's satisfaction at having risen so miraculously to the top of the world.

Some, however, were not convinced by his protestations. They believed that Bannon actively fantasized that he would be brought back into the West Wing to save Trump—and that, not incidentally, this would



be his ultimate revenge on Trump, saving him yet again. Bannon certainly believed that he was the only one who could pull off this difficult rescue, a reflection of his conviction that he was the most gifted political strategist of his time, and of his view that Trump was surrounded by only greater and lesser lummoxes.

Trump, Bannon believed, needed a wartime consigliere. And if, he mused, Jared and Ivanka were finally sent packing . . . But no, he insisted, not even then.

Moreover, Trump would not be able to tolerate it. Bannon understood that only Trump could save the day, or at least that Trump *believed* only he could save the day. No other scenario was possible. He would rather lose, would rather even go to jail, than have to share victory with someone else. He was psychologically incapable of not being the focus of all attention.

In the end, it was easier and more productive to give Trump advice at a distance than up close. It was a safer play to do what needed to be done without Trump himself actually being involved with, or even aware of, what was being done.

The morning Ryan announced his retirement from the House, Bannon was particularly eager to send some advice Trump's way. Setting up a deft bank shot, he invited Robert Costa, a reporter for the *Washington Post*, to visit him at the Embassy.

Bannon spent a good part of every day talking to reporters. On some days, perhaps most days, his blind-quote voice—hidden behind a familiar attribution such as "this account is drawn from interviews with current and former officials"—crowded out most other voices on the subject of whatever new crisis was engulfing the Trump administration. These quotes functioned as something like a stage whisper that Trump could pretend he didn't hear. Trump, in fact, was always desperately seeking Bannon's advice, though only if there was the slightest pretext for believing that it came from some place other than Bannon. Indeed, Trump was quite willing to hear Bannon say something in this or that interview and then claim he had thought of it himself.

Costa sat at Bannon's dining-room table for two hours, taking down Bannon's prescription for how to save Trump from himself.

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Trump's stupidity, said Bannon, could sometimes be made into a virtue. Here was Bannon's idea: the president should make a retroactive claim of executive privilege. *I didn't know. Nobody told me. I was ill-advised.*

It was hard not to see Bannon's satisfaction in a prostrate Trump admitting to his own lack of guile and artfulness.

Bannon understood that this claim of retroactive executive privilege would have no chance of success—nor should it. But the sheer audacity of it could buy them four or five months of legal delay. Delay was their friend, possibly their only friend. They could work this claim of retroactive executive privilege, no matter how loopy, all the way to the Supreme Court.

For this plan to work, the president would have to get rid of his inept lawyers. Oh, and he would also have to fire Rod Rosenstein, the deputy attorney general who was overseeing the Mueller investigation. Bannon had been against the firing of Comey, and in the months after the appointment of the special counsel, he had fought the president's almost daily impulse to fire Mueller and Rosenstein, seeing this as the surest invitation to impeachment. ("Just don't pay attention to his crazy shit," he had urged everyone around the president.) But now they had run out of options.

"Firing Rosenstein is our only way out of here," Bannon told Costa. "I don't come to this lightly. As soon as they went to Cohen—that's what they do in Mob prosecutions to get a response from the true target. So you can sit there and get bled out—get indicted, go to grand juries—or you can fight it politically. Get it out of the law-and-order system where we are losing and are going to lose. A new DAG will review where we stand on this thing, which could take a couple of months. Delay, delay, delay—and shift it politically. Can we win? I have no fucking idea. But I know on that other path I'm going to lose. It's not perfect . . . but we live in a world of imperfect."

* * *

Costa's story, which was posted online later that day, described Bannon as "pitching a plan to West Wing aides and congressional allies to cripple the federal probe into Russian interference in the 2016 election, according to four people familiar with the discussions." But however many people



Costa had spoken to about the background machinations of Steve Bannon, what mattered was that he had spoken directly and at length to Bannon himself, who was using the *Washington Post* to pitch a plan to the president.

Bannon's three-part plan for Trump instantly made its way to the Oval Office. And the next morning, the president offered Kushner his view that he should fire Rosenstein, reinstate a claim of executive privilege, and get a tough-guy lawyer.

Kushner, pressing his own strategies, urged his father-in-law to move cautiously when it came to Rosenstein.

"Jared is spooked," said a scornful Trump later that day while on the phone to a confidant. "What a girl!"

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# 3

# LAWYERS

There was a running sweepstakes or office pool for the unhappiest person in the White House. Many had held the title, but one of the most frequent winners was White House counsel Don McGahn. He was a constant target for his boss's belittling, mocking, falsetto-voice mimicry, and, as well, sweeping disparagements of his purpose and usefulness.

"This is why we can't have nice things," McGahn uttered almost obsessively under his breath, quoting the Taylor Swift song to comment on whatever egregious act Trump had just committed ("... because you break them," the song continues).

McGahn's background was largely as a federal election lawyer. Mostly he was on the more-money, less-transparency side—he was against, rather than for, aggressive enforcement of election laws. He served as the counsel to the Trump campaign, arguably among the most careless about election law compliance in recent history. Before joining the Trump administration, McGahn had no White House or executive branch experience. He had never worked in the Justice Department or, in fact, anywhere in government. Formerly an attorney for a nonprofit affiliated with the Koch brothers, he was known as a hyperpartisan: when Obama's White House counsel, Kathy Ruemmler, the previous occupant of McGahn's office, reached out to congratulate him and to offer to be a resource on past practices, McGahn did not respond to her email.



One of McGahn's jobs was to navigate what was possibly the most complicated relationship in modern government: he was the effective point person between the White House and the Department of Justice. Part of his portfolio, then, was to endure the president's constant rage and bewilderment about why the DOJ was personally hounding him, and his incomprehension that he could do nothing about it.

"It's my Justice Department," Trump would tell McGahn, often repeating this more than dubious declaration in his signature triad.

Nobody could quite be certain of the number of times McGahn had had to threaten, with greater or lesser intention, to quit if Trump made good on his threat to fire the attorney general, the deputy attorney general, or the special counsel. Curiously, one defense against the charge that the president had tried to fire Mueller in June 2017 in an effort to end the special counsel's investigation—as the *New York Times* claimed in a January 2018 scoop—was the fact that Trump was almost constantly trying to fire Mueller or other DOJ figures, doing so often multiple times a day.

McGahn's steadying hand had so far helped avert an ultimate crisis. But he had missed or let slip by or simply ignored a number of intemperate, unwise, and interfering actions by the president that might, McGahn feared, comprise the basis of obstruction charges. Deeply involved with the conservative Federalist Society and its campaign for "textualist" judges, McGahn had long dreamed himself of becoming a federal judge himself, but given the no-man's-land he occupied between Trump and the Justice Department—not to mention Trump's sometimes daily attacks on the DOJ's independence, which McGahn had to accept or condone—he knew his future as a jurist was dead.

* * *

Fifteen months into Trump's tenure, the tensions between the administration and the Department of Justice had erupted into open conflict. Now it was war—the White House against its own DOJ.

Here was a modern, post-Watergate paradox: the independence of the Justice Department. The DOJ might be, from every organizational and statutory view, an instrument of the White House, and, as much as any other agency, its mission might appear to be driven by whoever hele

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the presidency. That's what it looked like on paper. But the opposite was true, too. There was a permanent-government class in the Justice Department that believed an election ought to have no role at all in how the DOJ conducted itself. The department was outside politics and ought to be as blind as the courts. In this view, the Justice Department, as the nation's preeminent investigator and prosecutor, was as much a check on the White House, and ought to be as independent of the White House, as the other branches of government. (And within the Justice Department, the FBI claimed its own level of independence from its DOJ masters, as well as from the White House itself.)

Even among those at Justice and the FBI who had a more nuanced view, and who recognized the symbiotic nature of the department's relationship with the White House, there was yet a strong sense of the lines that cannot be crossed. The Justice Department and the FBI had, since Watergate, found themselves accountable to Congress and the courts. Any top-down effort to influence an investigation, or any evidence of having bowed to influence—memorialized in a memo or email—might derail a career.

In February 2018, Rachel Brand, the associate attorney general, a former Bush lawyer who had been nominated for the number three DOJ job by Obama, resigned to take a job as a Walmart lawyer. If Trump had fired Rosenstein during Brand's tenure, she would have become acting attorney general overseeing the Mueller investigation. She told colleagues she wanted to get out before Trump fired Rosenstein and then demanded that she fire Mueller. She would take Bentonville, Arkansas, where Walmart had its headquarters, over Washington, D.C.

For a generation or more, the arm's-length relationship between the White House and the Department of Justice often seemed more like a never-ending conflict between armed camps. Bill Clinton could hardly stomach his attorney general, Janet Reno, having to weather the blowback from her decisions regarding Ruby Ridge, a standoff and deadly overreaction between survivalists and the FBI; Waco, another botched standoff with a Christian cult; and the investigation of Dr. Wen Ho Lee, with the DOJ chastised for its reckless pursuit of a suspected spy. Clinton came very close to firing Louis Freeh, his FBI director, who openly criticized



him, but managed to swallow his rage. Top people from the Bush White House, the FBI, and the Justice Department almost came to literal blows at the bedside of the ailing AG John Ashcroft—James Comey himself standing in the way of the White House representatives trying to get Ashcroft to renew a domestic surveillance program—with the White House finally having to back down. Under Obama, Comey, who by then was the FBI director, made a further grab for the FBI's independence from the Justice Department when he unilaterally decided to end and later reopen the Hillary Clinton email investigation—and, by doing so, arguably tossing the election to her opponent.

Enter Donald Trump, who had neither political nor bureaucratic experience. His entire working life was spent at the head of what was in essence a small family operation, one designed to do what he wanted and to bow to his style of doing business. At the time of his election, he was absent even any theoretical knowledge of modern government and its operating rules and customs.

Trump was constantly being lectured about the importance of "custom and tradition" at the Justice Department. As reliably, he would respond, "I don't want to hear this bullshit!"

He needed, one aide observed, "a hard, black line. Without a hard, black line that he can't cross, he's crossing it."

Trump believed what to him seemed obvious: the DOJ and FBI worked for him. They were under his direction and control. They must do exactly what he demanded of them; they must jump through his hoops. "He reports to me!" an irate and uncomprehending Trump repeated early in his tenure about both his attorney general Jeff Sessions and his FBI director James Comey. "I am the boss!"

"I could have made my brother the attorney general," Trump insisted, although in fact he did not even speak to his brother (Robert, a seventy-one-year-old retired businessman). "Like Kennedy." (Six years after John F. Kennedy appointed his brother Robert attorney general, Congress passed the Federal Anti-Nepotism Statute, called the "Bobby Kennedy law," to prevent exactly this sort of thing in the future—although that did not stop Trump from hiring his daughter and son-in-law as senior advisers.)

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# The Billionaire's Playboy Club

**By Virginia Roberts**

**To my true love Robbie who believes in me every step of the way and to all of my children, you are all my very inspirations!**

## Chapter1

Every single person in this shared world together has a unique story of his or her own to tell, this one is mine.
It was coming up to my third night camping out at Miami Beach in the summer of 1997. I was thirteen years old and hiding from a world full of hurt. Sitting on the shoreline for hours watching the sunset fall deeper into the horizon, my eyes were glazed over with tears, not from being wind-whipped by the rough sea breeze, but from reflecting on the abuse I encountered as a young girl and how everyone in my life who was supposed to be there for me had now turned their backs on me in abandonment. My fears crept up and the excitement of escaping all of them faded now realizing how alone I really was now, and for the hunger that was paining my belly. At this point, with nowhere to go and only time to waste, I wiped the tears from my eyes and set out to find an empathetic person that I could manage to get dinner money from. If not, it wouldn't have been the first time I had gone hungry for the night. I walked to the nearest bus stop and asked a handful of people for any spare change, none of whom that could help me. Sitting down on a nearby curb disappointed in grief of my current state, I put my head into my knees and began to sob.

Out of nowhere, it seemed, a black stretch limousine turned the corner and stopped in front of the curb where I had been hopelessly lost. The back door opened to reveal a heavy weight and balding, old man with a big cheesy smile. Neatly dressed in black trousers and a collared shirt, he was sitting next to a striking young, blonde girl, drop dead beautiful and dressed in a foxy red mini dress she looked like a model just stepping off a runway.

Their smiles greeted me warmly and he kindly asked, "What is such a sweet little girl like you doing sitting alone on the street looking so upset?" Shocked from this strangers concern I was hesitant in telling him the truth. Reluctantly I decided to tell him that I was a runaway, not from around here and really hungry. Hoping at most, I would get some money for food from him. He instantly displayed a chilling excitement and offered me to come into his car so we could talk some more. That



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should've been my first queue to get out of there quick but with no where to go, and so naïve I didn't realize how much worse it could get. Setting foot into that limo, I made my first entrance into a world that would entrap me for many years to come.

He introduced himself immediately as Ron Eppinger, a businessman and owner of a successful modeling agency, called "Perfect 10". Flaunting his oozing wealth by introducing one of his many girlfriends, the beauty next to him was Yana, a supposed model from the Czech Republic who looked like she could be in her early twenties with the heavy load of makeup she was wearing, but really was only in her late teens. She kissed me on both cheeks and politely said "Hello" in a thick Czech accent, making me feel a little more at ease. Convinced it couldn't be that bad there was another girl in the car, right? I couldn't be more wrong.

What he didn't tell me to begin with was that his modeling agency was only posing for an undercover trade. By the time I found out I thought it was too late to run. His business was really an illegal immigrant trafficking ring of young women mostly consisting of underage girls that he was using as escorts to make him uber rich. Only available to a selective clientele costing them anywhere from $1000.00 and over per hour of erotic entertainment, the girls were trained to fulfill every sexual desire asked of them, no matter how bizarre the requests might be. The high paid escorts, for Ron's super rich clientele, such as Yana and many other charismatic beauties would only benefit a fraction of their earnings for themselves, Ron reaping in the majority of the financial rewards and being they were all illegal immigrants they were further trapped by his enslavement.

I proceeded to introduce myself, besides what he had found out about me on the curbside. Telling him my name and a little about how I ended up on the streets explaining that I could take care of myself and didn't need my family or anyone to look after me anymore. Looking back later in life I can now admit I was in a terrible state, but being such a headstrong teenager, I refused to give in. He asked my age and I told him I was sixteen at first. He coyly replied, "Are you sure? I think you could be telling me a fib? How old are you… really? I wont be mad" Being a terrible liar, I knew had been caught out and couldn't deny it any further. I told him the truth and he chuckled then paused and answered in a very serious tone " As long as you never lie to me again I will take you in" Right away I pondered to myself what did he mean…take me in?

He gave the driver the location of our destination and rolled the middle window back up to then tell me a story of how his daughter had passed away seven years ago from a horrific car accident in which four other teens were killed and he has never gotten over it. I reacted with sheer

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EXHIBIT 8

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sympathy and gave him my pity, believing this man had a heart. His next proposal was eerie, he said," If you wanted, I can be your new Daddy. Someone to take care of you and you'll be my new baby forever" he stroked my hair such as a caring parent would comfort a scared child. A part of me wanted to accept his words and believe he really could feel that way, and then I also considered how hard it was living on the streets. In the end I convinced myself this would be the lesser of two evils.

The car stopped at a plaza on the water, surrounded by little boutique shops, restaurants, and little stalls with items for sale like sunglasses and costume jewelry. I didn't know what to say or do or how to act, it all happened so fast I just went along with everything he said, for now.

We went to a take out restaurant and ate on the waterside, and afterwards he took me to G.A.P Kids co. to dress me in his idea of proper attire, tiny cutoff shorts revealing the cusp of my buttocks and some shirts that barely fit, even the sales assistant was shocked at what she thought was my Grandfathers choice in clothing. I couldn't even believe it myself only an hour ago I was begging for money living on the streets and now I was dining alfresco and shopping at name brand outlets. We then hit a couple of more specialty stores afterwards. He said he had to buy me a few more necessities to start with. Lacy G-strings and what looked to me like lingerie pieces I had only seen grown women wearing in magazine ad's or movies was now a part of my wardrobe, in my mind it was a big step up from being a little girl any longer.

The driver took us back to Ron's grand apartment overlooking the isle of Key Biscayne and a large bridge leading into a Miami Harbor. Entering his residence, I was blown away by the spectacular view, rich décor, and white marble floors that were so glossy it looked as if I was stepping on glass. He took my shopping bags to a large room at the back of the apartment and put them into a small closet. The room was considerably large with glass exterior walls that maximized the potential of the panorama landscape soaking in the seascape of Miami. In the room was a gigantic round bed raised off the floor by three steps and mirrors on the ceiling. It looked like a honeymoon suite out of a raunchy hotel. He then exclaimed, "This is my room here and you will be sharing it with me" When I asked him where I would sleep he then sickly replied "With me silly, where else of course?" With no room for argument I pretended to be O.K with everything that my common sense was screaming out in my head to run.

Next I was taken down a long hall at the other end of the apartment to meet five more exotic beauties. Three girls were in their late teens and the other two in were in their early twenties. All of them were from the Czech, here under false passports provided by Ron and his contacts. Yana held my hand while introducing me to the group of girls as "Baby" a pet



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name she came up with for me, being I was the youngest one among them or ever to be brought in by Ron for that matter. It became my new identity not even worrying to mention my real name to anyone anymore. My identity was no longer important to myself, I wanted to become someone new and "Baby" is who I was.

A shocking first impression, the girls were completely nude revealing their voluptuous young bodies with such a careless ease and others were in just a G-string, similar to the one's Ron had bought me earlier. They were all stunning girls and full of life. Charismatic and beautiful, they were the girls who should be on the front of billboards not selling their bodies to old crewed men for sex. Doing each other's make-up in front of the mirror and chatting away on the bed with no care in the world, aiming at persuading me to see the highlights of the life Ron gave them and they almost did. Ron left the room for a few moments, letting us all get to know each other a little better and that's when I started to compile an understanding of what really went on here.

Just catching a bit of their conversation from before my introduction, I heard them chatting about the night they were preparing for. Speaking excitedly about some men they would be entertaining in a few hours, one girl was talking about going out to sea with one o these clients on a yacht for a few days. Since none of the girls seemed shy to talk about their professions or anything for that matter, I decided to ask them a few questions about what they did. They were more than happy to expand on their point of view in the conversation, attempting to paint a pretty picture of what they were paid to do.

They all began to jump up and down with excitement like giddy school girls at a slumber party. Another girl with jet-black hair and a thick accent, wearing absolutely nothing at all, grabbed me onto the bed with them and into their fiasco, instantly making me feel accepted into their sorority, like I actually belonged somewhere for once. Yana went on to explain a little more in detail, " We accompany the wealthy friends of Ron. They want only beautiful girls by their side so we come and act however they want us too but most importantly we make them think we want them back too." Other girls began to jump in with their vivid points of view while playing with my hair, they were taking turns brushing and styling it as they were filling my head with all of the prospects I could have as an escort too. They made me feel beautiful like them, too beautiful for what a girl beyond my years should feel. I was simply being lured into a dangerous trap, just like they had been at a young age too.

It pretty much all came down to two things in their game, the money they would make and the lifestyle they were given. Their enthusiasm only interested me further, making it not only sound like an acceptable way of living but also appearing to keep them all vivaciously satisfied. This way



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of life was just mind blowing to even comprehend at first. With such a new outlook of the world to try and grasp at my young age I was listening to every word spoken to me with such attentiveness, I was going to try and model what I was observing from the girls. I justified their way of thinking in my head for now, thinking if all these girls seem happy enough, why couldn't I try to be, it was this or the streets for me.

Ron came back for me not long after our conversation got out of hand and took me to a bathroom down the hall. He opened the tap and filled a small plastic cup with water and handed me two small blue oval pills. Telling me to take them both as they would help me to relax a little bit more. I swallowed the pills just following his orders. I put the cup on the counter top and turned back around to face him. Backing me up against the wall and now cornered by this large man I felt his slithering hands began to creep under my shirt, writhing my skin. I closed my eyes tightly and turned my head away from him, hoping he would take my actions as a sign of being extremely uncomfortable but that wouldn't bother him at all. He was half enjoying my reaction from the smug look on his face, and persisted through it.

Continuing to undress my clothes he said he wanted to look me over and clean me up. It was so humiliating having to expose myself to this ageing man and now I knew he was going to end up with his hands and whatever else all over me. All too soon I hated to be right, as I stood naked before his widened eyes, he told me "you're a hairy bugger I'll have to shave you right up young lady", and I didn't know he wasn't just talking about my legs. Standing with my legs wide apart while this man coaxed me through the entire ordeal of shaving, his hands made me feel so dirty. "Have I lost my mind?" I thought to myself but I had to play nice until I had an opportunity to get away, this was not as fun as the girls made it out to be after all, this was utterly disgusting. I had no idea what was going to happen next with this guy, and due to whatever pharmaceuticals he gave me, I still don't know to this day.

Waking up the next morning my head was pounding in an agonizing thumping pain and I was so thirsty. The satin sheets thankfully covered my body, which was still nude from the night before, and I could hear hushed voices standing over the bed where I was pretending to still be asleep. Listening in on their conversation I kept my eyes shut. I knew Ron's voice from two of the men but not recognizing the other guys I just stayed quiet hoping they'd soon leave. Ron was telling the other man what atrocities he got up to the night before with me and I heard him say, "Doesn't she even look like an angel the way she sleeps? She's my own little angel!" He exclaimed proudly. I opened my eyes and rolled over to face them both having to wrap the sheets over my body, really not knowing what to say except "Good-morning" in a blushful tone. Ron



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introduced me to his business partner and told to go get dressed. He had my whole day planned out for me already. Booked into get my hair colored, a much lighter tint of blonde, and afterwards a day of shopping with the girls I was becoming exactly what he wanted me too, a carbon copy of the teenage Barbie… only I wasn't plastic and came with many benefits.

Days turned into weeks, being a servant to the sexual desires of this distorted pervert. I dreamt of escaping but where would I go and how would I get away from Ron with him controlling my every second of my day. Separating myself from the other girls being so uncomfortable with enduring the everyday occurrences I was longing for the solitude of the beach again. They were training me up to be an escort prodigy or something like it. Outrageous orgies were conducted as my lessons with the girls teaching me all of their tricks in the game, it was all for the sake of men's perverted fantasies, they didn't get anything from being sexually exploited and molesting each other, except getting paid for it. Everything from oral sex too penetration with toys, I was expected to not only to join in but even perform ludicrous acts of hedonism.

I was Thirteen years old and had never heard the terminology of these sexual acts before, and definitely shouldn't have been learning them first hand. Thrown into a world of chaos, I didn't know what to do except be as compliant as possible, even when asked to do the most degrading tasks. The excitement of the lifestyle he offered quickly diminished once I had to pay so dearly for it. The girls that subdued to this lifestyle and enjoyed it definitely put on a good act, but no little girl with hopes and dreams of their untainted future, turns to her mother and say's "one day I dream of being a prostitute, passed around from man to man, only to grow older regretting so much of my life" It was all a part of an illusion that Ron painted for us that made it seem so alluring in the first place.

Spending my days with Ron, he took advantage at every chance given. Even in his convertible with the top down I would be forced to go topless while he drove around, when I asked him why one day, it was supposedly so I could maintain an even suntan, but I knew it was his way of showing off his treasures. It was a far cry from the simple country life I had been raised in. Wearing designer miniskirts and tops that always revealed too much, of course due to Ron and the girls determining everything I wore, ate, or spoke. We would spend our days at hair laser clinics, shopping, tanning beds, and eating as little as possible. Through the nights we were expected to become party animals and greet Ron's clientele with the upmost flirtatious attention and doting as possible. Then whether we were out for dinner, at a party, or at a club, the men would choose his girl and take her home. Every girl had a different price and so did the charges depending on the various clienteles but Ron always kept me for himself.



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I would always dread the end of every night, fearing what new desires he had in-store for the evening. Sometimes he would hurt me and tell me to try and enjoy it then do it over and over again until I gave him exactly what he wanted, I always resisted until I could no more, he was too overpowering and relentless at getting the results he wanted. At other times he could be so gentle and caress my skin, worshiping every inch of my body, all relying upon on what mood he was in. Often though he liked to play the teacher role and instruct me on every motion and explain what would happen when I did those certain things to him. No matter what he did to me I was only disgusted with myself more and more. I still shudder at the thought of how he used my body.

I turned fourteen in August that same year and was spending my birthday loaded on a concoction of pharmaceuticals and alcohol, being generously supplied by the very man who swore his devotion to caring for my every need. I didn't even know myself any longer, completely shying away from the girl I had grown up to be until to this point. The apartment was empty except for me, for the time being, and that was God's own little present for me... some solitude for once I thought. Pouring myself another drink I opened the sliding glass doors to the balcony and walked to the edge. Looking down from the many stories where Ron's apartment was, I wished myself a happy birthday out loud and wondered if my family even remembered the day's occurrence.

Dwelling in my sadness for the fourteen years of suffering and loneliness I had already endured, the tears swelled up in my eyes, trickling downwards making my eyeliner inevitably leak down my cheeks. Inside I felt so trapped and began to entertain the thought of jumping over the edge, it all seemed much easier, and the simple blackness that death had to offer rather than the tangled mess I was so tired of fighting to get out of seemed a much easier approach. Detached from wanting to feel anything, I became so numb towards my life's own tragedies. I couldn't live like this any longer. I lifted my bare legs over the edge of the railing and sat looking at the ground beneath me so close to even just slipping off the edge to my very death. I couldn't think of any reason not to fall. I thought I had made too many bad decisions to keep going on but some force of a higher nature had other things in store for me.

The sliding door slammed open with a burst of speed and Ron scooped me up in his big arms and brought me inside to our bedroom. Laying me down and seeing the look of despair in my eyes from my tear stained face he went into the bathroom cupboard and returned with three pink pills. Forcing me to swallow them using the angered tone of his voice he thought he was turning my sorrows into a distant dream as I passed out in



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his tight clutches, crying myself all the way to sleep. He didn't even ask me what was wrong, probably because he knew already.

Soon enough the crumbling of his evil empire in the underworld of selling sex for his own advantage began with a single crack in his perfect scheme, and proudly it all started with me. Ron got a scare one-day and rampaged through his apartment telling us girls to only pack our important belongings and some clothes as we all had to leave right away. I didn't have much belonging to me so I basically sat there watching everyone rush around frantically and was curious what could've gotten a man like Ron so scarred. Once we were packed up and in the limo he was trying to calm the frantic girls down after all the panic that spread through the apartment like wildfire, I was the only one sitting there half amused at the entire situation.

He began by assuring us that everything was going to be fine. Calmly he continued to tell all of us packed in tightly, even for a limo, that we were all taking a long trip to Florida's countryside because someone has reported an anonymous tip to the missing persons unit at the local police station identifying a very young girl as a possible victim of abuse living at his apartment. Ron knew what a landmine of trouble he had brought upon himself making an exhibition out of me on the streets of Miami, I didn't pull off the older look like the other girls, I actually looked younger than my age with my blue eyes and freckles always giving the impression of my youthful innocence.

Now he just had to do whatever it took to ensure he stayed as far away from the authorities as possible. Arriving at a ranch in central Florida many hours later and I assumed it belonged to Ron knowing never to ask him things like that. I knew my purpose and it wasn't prying into his personal life outside of the bedroom. There was a main house, a few cottages, some staff quarters and paddocks where the horses were kept. I was in heaven...I thought at first. Finally, something I could really enjoy. Riding was my passion, basically growing up on the backs of horses since I was just able to walk.

Not surprisingly I began to despise Ron and all of the girls for the gross exploits they made me do with them. Beginning to isolate myself from everyone I'd rather spend my time sitting under a tree watching the horses graze, writing in my journal or painting but mostly avoiding everyone possible unless Ron required me elsewhere. Nighttime was always a reoccurring nightmare for me. Relived over and over again in many various ways. Ron would always start by making me some drinks and offering an assortment of pills before indulging himself by grotesquely putting his genitals in my mouth and tell me how to give him what he would call a "first-class blow-job", and I was being judged every minute of it. Ordering me to slowdown or speedup or maintain a perfect



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rhythm I was constantly being criticized for my efforts in pleasing him. I was eager when he actually gave me a compliment. The rest of the evening was always a surprise left up to a moments notice. Quite regularly he would proceed with having the girls dress me up in some sexy outfit and loads of makeup then entertain him with a lesbian reenactment revolving him in the center. Sometimes they would use dildos and other foreign sex toys, Ron liked to see us hurt during sex, sometimes even penetrating me anally but I always resisted and would try to redirect him with another sexual desire of his but I had no excuses when it came to me having to use the sex toys on him, he told me how men have g-spots in their rectum and instructed me on how to precisely penetrate him. These nights went on what seemed like an eternal sentence for the price of not living on the streets, where unfortunately for the one's still there, I feared and knew from my own personal experience, could be much worse.

Needing some contact with someone of my adolescent mentality I called one of my school friends from the past, whom I wont name out of privacy, but I'll call him T.J. We were so close and I knew very well, so well, I had memorized his number a long time before. He was my first puppy love sprung from of a childhood friendship. Being my very first crush the summer before all of this happened he was the only person I could think of that would care enough to talk to me.

In the middle of the day, the least busy time to be noticed, I snuck into one of the vacant guest rooms and used the phone to call my good friend. The sound of my voice radiated a chill in him. "It's you, oh my God Jenna! Are you okay?" he was so shocked to hear from me and the sheer fact I was still alive. Nearly three months now without a single word to my family or friends, every one doubted my return. My attempt to forge a happy voice when I spoke to him failed and I absolutely crumbled when he was at a loss for kind words for me. I told him of my current state of affairs. Telling him of Ron and how I was terrified of him, trying to escape in the middle of nowhere was useless. It was like being kept in cage that I was unable to break free from. Going on to dump my issues on T.J, I proceeded with how I longed to call my family and to be with my them for good but was too afraid they didn't want me, knowing I'd just be sent away somewhere else again and to me after all this time was like going from one cage to another.

He had been called by them numerously and promised me that they were very worried and even hired private investigators to try and find me. Given I was eleven years old the first time I was sent away, my trust in there sincerity he spoke about was seriously doubted. I kept the conversation short just in case my absence was being noticed and I left on the note that I would speak to him again shortly. His attempts to get off



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the phone were nothing short of desperate plea to keep me on as long as possible. I thought he was just trying to help in someway. Giving him assurance in the fact I had survived this long obviously I can hold off a while longer I gave him my love and told him I'd be in touch.

Thinking I had slipped away unnoticed I entered into the room that I shared with Ron, hoping I got away with my brief and very needed phone call. The place looked empty and everyone else seemed to be out and about so I decided to have a bath in the spa and try to relax before the night's precautions. My body glided into the steamy water as I began to think about T.J and how good it felt just to hear from a friendly voice. My thoughts drifted into the days I missed when I felt I could be silly and childlike and I nearly forgot for a moment how grown up I was acting these days.

My first glimpse at the image surrounding me when I resurfaced above the water was daunting. There was Ron was standing over my tub, looking down at me with an eager display of his arousal. He began to undo his pants and take them down when he told me "put your lips on my cock", I was too slow in responding to his request so he grabbed me by the back of the head and forced me into his groin. I had tears streaming down my face as I looked up to him with the saddest blue eyes hoping he would take pity and stop, but he never did. I was really hurt by his aggression and he definitely knew it this time, which I believe only made him more heated. I closed my eyes and began to count using the time to keep my thoughts elsewhere believing every number I counted only furthered me to the end of this. I just got over a hundred when he finally exploded in fulfillment still half submerged in the deep bath I was struggling to gain my bearings in as Ron was picked me up out of the bath and carried me to go to the bedroom, which was just outside the French adjoin doors. Still damp from the hot water in the spa I had goose bumps from the chill of the fresh air where he brought me to the bed and proceeded to deeply violate my every being. Eventually his scars that he left were too deep ever to be healed and would even carry on through the years to come.

Upon his bursting with pleasure for the second time, he just got up and left, without even saying a word to me. Left alone I was awake for hours after that. There was no escaping the pain that night. I lay naked wrapped in the sheets, sobbing in the dark. My feelings of being hurt and disgusted after his abusive ordeal "When will it ever stop" I prayed to God and begged for death rather than face another day in my life. I woke up still alone the next day and exasperated from the misery I felt the night before. Ushering through my drawers to find something to throw on I could care less what lay in store for me today, couldn't be as bad as being raped by a scary man repeatedly.



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Starting my day with a few of the supplied oxytocin's and a bloody mary, made by the live-in house chef. Having two celery sticks for my breakfast, I wanted to lye out by the pool and forget the world. Ron hated tan-lines so to be caught with a bikini top on was a big no-no in his rule book but after my cries to stop were so blatantly ignored last night, I was out to piss him off so I didn't remove my shirt. I put on my headphones and before I knew it had fallen into a deep slumber from my self-made therapeutic cocktail, the only way I knew how to cope with the emotional turmoil on the inside.

Desperate to hear his voice I called my friend T.J a few more times that week. I needed to feel like someone out there really knew me. Sometimes we could just chat like old friends with no care in the world and laugh at a distant memory from too long ago. Then would come the good-bye part of the conversation and we would both get teary-eyed not knowing what could happen next or if this would even be the last time we ever spoke to each other again.

My biggest fear came to reality when I was in our bedroom one afternoon, just lounging around out of boredom. Ron came bursting in through the door, red as a tomato. I couldn't help but feeling I was in big trouble. His face was distorted and raging towards me. I knew right away he must have found out that I was calling T.J, but how, I had no idea. I had always tried to be as invisible as possible, soon enough it was all explained.

"Are you trying to get me caught? You are nothing but a stupid girl you know that! What am I supposed to do with you now?" He was tearing up the room while his rants gave me something else to think about. What would he do with me if he had no use for me any longer? I wasn't even thinking about him being caught for soliciting illegal immigrants for the purpose of prostitution. I was more worried that he would be upset at the fact I was talking to another guy, maybe even jealous that he was at least my age. I replied with simple sentences that I could manage to get out between all the shouting. I kept saying, "I'm sorry" and putting my head down in shame. He picked me up by my throat pinning me against the wall, "You are going away, far -far away from me and you better be nicer to the next man I send you to, I've heard he's not a nice as most would like. Are you fucking hearing me Bitch?" I slid down the wall, choking on the first air entering my lungs, breathless and terrified, I never thought Ron was a nice guy but I had never seen him lose it this bad. Now I was being sent me away to another stranger, another man, it only terrified me more.

The girls came in to say their good-byes all of them were crying and asking me in their best English languages, why I had to call someone and lose everything? I was able to find out through the broken sobs off of



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them that the confession came from the house-keeper who said she saw me use the room regularly but was never messed up, so Ron looked at the recent telephone bills and found the same number dialed from that room consecutively, he knew it was me right away. At least he didn't know it was another guy, I thought to myself, or I probably wouldn't have made it out of there alive.

Ron came back to usher the girls out of my room and told me I had five minutes to pack my clothes, which he made clear were to be my only belongings to take with me. He washed his hands clean of me that night, or so he thought. The driver came knocking at my door, just as Ron said, no longer than the five minutes that he had offered me and he took my single bag to the car. I didn't want all the jewelry, music or books that he so caringly bought me as tokens of his twisted affection. Only taking my clothes and a wad of hundred dollar bills I had been saving, I slit a hole in my scrunchie inserting my cash for a rainy day that I was more than sure was just around the corner..

We drove for hours, until I started seeing familiar surroundings. I couldn't believe my own eyes. I was back in Miami, but not on the beaches, somewhere in the CBD this time. The Driver delivered me to the front door with my one bag and waited at the door with me. Now I knew how it felt to be a puppy picked from her litter as you can only hope your next owner would treat you with some sort of kindness.

Another balding man answered the door but he wasn't so grotesquely fat like Ron, but still a new owner at that. He looked me up and down and seemed amused as he snickered to himself. With one last look to the driver over my shoulder it was almost an appeal to him for some way to help me. I knew he couldn't anyways, I was just hoping. He told me his name was Charlie but didn't even bother in asking me for mine. I was sure Ron already filled in all of my details when he arranged this.

Charlie picked up my bag and led me into his bachelor pad townhouse. I was never given a welcoming tour of my new residence or made to feel comfortable. He walked me up the stairs and opened one of the doors in the small hallway. Telling me this would be my room, he showed me into it and told me to wait, he would be back shortly. I sat on my bed afraid to touch anything and after the warning Ron gave me I knew I had to watch my step around here. I put my head down onto the pillows my where world was falling apart and let my emotions downpour. Exhausted from the days emotional turmoil I ended up falling asleep. I don't even know if he ever came in at all that night.

The next morning I looked out of the window to see my new surroundings. It was a beautiful sunny day outside, unlike the dreary cell I was locked away inside of. Feeling the sun warm up my face through the glass, it radiated a familiar sense of comfort from the days of the good



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parts of my childhood. I reminisced how it had used to be before all my life turned upside down. Before all of the fights with my family, before I had to look after myself, and before I was a slave to men.

Those days were too long gone now. With too many hard times passing me by it seemed surreal to think that life had ever even existed in the first place. With that thought I shook myself out of reminiscing that way. Whatever was going to happen was out of my control now, I just had to give myself some hope that I would have the strength to get myself out these circumstances before anything really bad happened.

## Chapter 2

The house was quiet so I just assumed Charlie was still asleep. I decided to get cleaned up and have a shower. Not even a knock on the door when Charlie walked in with ease. "Typical" I thought. It was an easy way for Charlie to break the ice. "You really are as beautiful as Ron said" as he opened the curtain. Watching me rinse myself in the shower and me knowing I had no way out of this except to go along with whatever he wanted. I just looked down at the mention of Ron's name, wondering what else he had told Charlie about me. Realizing later that he wouldn't have said anything anyways, in fear I would've been a damaged product that wouldn't make him the money that young girls go for.

He just sat on the side of the vanity top and continued to take observations of me standing submerged under the falling water. I avoided looking at him and let him do all the talking, after all I knew what I had to say was of no importance, that is if he was anything like Ron. Between the water beating down over my head I could slightly hear him ramble on about some club and restaurant he owned in FT. Lauderdale. He said he was going to take me shopping for some club outfits and we would party together tonight, as if I was supposed to be excited over this so-called treat of his.

I looked up and gave him a quick smile adding a compliant nod and turned my attention to turning off the faucets and quickly grabbing my towel. I was falling so far from who I used to be, shying away from my outgoing personality to a quiet girl that didn't even recognize herself in the mirror anymore. I dried myself off and looked at the man standing between the doorway and me. He was still watching me with a sleazy look on his face but now preceded to move in my direction, arms wide open. He embraced me, running his hands up around my youthful curves, licking my neck and earlobes. Then his large, rough hands cupped my small breasts and continued downwards to feel in between my legs. I



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knew what I had to do to get this over and done with as quick as possible, but I was dreading this moment from the second he greeted me at the door last night.

I fell to my knees and gave into his demented perversions. Thankfully it didn't last long before he climaxed and I was allowed to get myself dressed and ready to go out. I was nothing but money well spent in his mind. This was another extremely wealthy man with a completely new set of wants and needs asking a fourteen year old girl to affectionately dote on sexual desires to a man in his mid forties. I really hated myself, these men, and just about everything my life had boiled up to by this point, but I knew from a young age that to survive in this harsh world I would have to do many things I would not willingly choose to.

At the shops he decided he would choose the clothes he paid for, which I might as well have been declared a teenage prostitute. Just like Ron he also liked it that way. The more degrading he was to me only proved his ownership of my body. He bought me tiny cocktail dresses, and skimpy outfits, which I thought closely, resembled the lingerie he'd also bought for me to wear for him. I noticed that day that he enjoyed parading me around the shopping mall and out for lunch at hooters, even joking with the waitress that he'd like to buy her uniform because he thought it'd look sexy on his new girlfriend.

We arrived at his two in one, Restaurant and Club, at around nine o'clock in the evening. It was a revolving tower called "Hot Chocolates" in downtown Ft. Lauderdale. The food was delicious and for the first time since being with Ron, I ordered a hefty meal with steak and mashed potatoes with a scrumptious gravy smothered on top. Charlie ordered strong cocktails for us both and before I knew it my head was spinning and we were on the dance floor together. The music blared in my head and the rhythm of my body took over, completely forgetting about even dancing with Charlie and letting the music take ahold and work it's magic.

It didn't do me any justice though as Charlie watched me imagining what pleasures lay in store for him later on. Taking me home before the club had even closed, he just couldn't wait to indulge on exactly what he was fantasizing from beforehand. Once back at his townhouse he led me up the stairs into his bedroom and pushed me down in the middle of his bed. The motions from the wavy mattress made me dizzy and feel even drunker when he lay on top of me. Coming at me like a hungered beast wanting to ravage his next meal, it was intimidating as he entered into me with a forceful thrust, he moaned out in delectable heaves. I looked away while he self indulged his own gratifying needs using my body as his instrument in pleasure. I only grew stronger in my head letting the hatred for men desires intensify.



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The next two weeks I was expected to be at Charlie's beckon call, never aloud to leave his side, even making me sleep in his bed from the second night onwards. I never even got the chance to call T.J again. It was too much of a risk anyways. Thus pushing him further out of my memory, too afraid, of the emotional repercussions.

Our typical routine was to wake up get showered and dressed and I would put on my make-up while Charlie made his business calls for the day. We would leave the house mid-afternoon and run his errands do some shopping, sometimes meeting his friends or business partners for lunch, none of the men he introduced me to seemed offended at his choice of adolescent eye candy. They'd just continue to chat away as if it was normal to be in public with his arms draped over a girl young enough to be his granddaughter, not too shy by giving me a flirty tap on my bottom or even try to kiss me.

My last night was no different from every other night. We went shopping that day and out for lunch alone. Later we headed to a club his friend just launched and it was his grand opening that night. The club was called "Iguana Joe's". We met up with his friend and said our hellos. They both seemed so excited about the club and Charlie was full of compliments all around. The club did have a line out the door which looked a mile long coming in, luckily we didn't have to use the front door. Charlie returned from the bar with two giant long-island iced teas, which were his favorite drink to start with and then we just sat for a while watching people dancing. Occasionally conversing about passing thoughts. We danced for a while having a few more drinks and after about two hours, Charlie said he was ready to go home. What a daunting time to look forward to, he always liked to have a brief sexual encounter before drifting off to sleep with my naked body intertwined between his arms and legs.

It was bad enough to have to entertain him at every given second of the day but his grip on me was so stifling I felt so chocked I could hardly breathe much less sleep. Eventually my over-worked mind would drift in-and-out of a restless sleep, but constantly on edge. I thought many of nights of escaping, but where would I go? Would one of Ron's ever-so-connected informants finds me and turns me into him to be disposed of for good? I just prayed that I wouldn't be another missing person to add to the list of girls found in the local ditches. I knew that's where I was headed if I screwed this up for Ron again.

As if my guardian angel was there the whole time listening to my secret prayers, my rescue came the next morning with an abrupt bursting through the bedroom door at about six am. Charlie and I were still lying in bed together and his grip on me was still tight. The men dressed in all black military gear had large guns and helmets on. It was so frightening



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at first. I couldn't even comprehend what was happening so rapidly. I thought Charlie could've been in some kind of trouble with a business friend he had done wrong too, but then one of the men in black shouted "F.B.I this is a raid get down with your hands on you head", in too much shock to move three of the men grabbed Charlie and threw him to the floor and cuffed him. I sat up in bed with my sheets covering my naked body and watched as they dragged Charlie from the room. Still completely nude he wasn't even aloud to get dressed. Another agent had to come back in to the room to find him a pair of shorts. I could hear him screaming at the top of his lungs all of the way outside He was screaming and the last thing I heard him yell was "If you say anything you know who will find you!" I could hear more threats being yelled at me but I couldn't make out what it was that he was saying. I was in total confusion and couldn't believe what was happening. There were so many uniformed agents I felt so small compared to all of them but they were all very kind and helped me out of bed allowing me to remain covered up with the bed sheets so I could get dressed. The first decency I had been showed in a long time. It was an odd feeling to acknowledge. I knew the life I had come accustomed to for the last six months was now over, and in so many ways I was relieved but was also very nervous about what lay ahead of me.

I excused myself to the bathroom to put some clothes on. Not having anything half decent, like a normal pair of jeans and a t-shirt. The best I could come up with was a metallic blue miniskirt and a tiny matching top that fell just below my breasts, hardly clothing at all it was more like scraps of cloth. Putting my hair up in a tight bun with the scrunchie that held my five hundred dollar bills I was led out of Charlie's townhouse for the very last time. Starting my life over...again, I wanted to leave behind my every memory belonging to these horrid times. Only taking small sack containing my underwear, makeup bag, and journal with me.

The agents led me down the staircase and my last vision's of Charlie was bent over the hood of a police vehicle still screaming and handcuffed. I slipped into the backseat of the car and was driven to Broward County Police Station where the Federal Agents interviewed me about my entire whereabouts for the last six months. I was so scared of what Ron would do if I told the agents what really happened but at the same token I knew he'd most likely kill me anyways for being such a liability.

Over the next few hours I sat down and told the agents how Ron's business worked and what I part I had to play to him. I was able to ask how they found out I was at Charlie's house and they informed me that I was being followed all the way from Ocala, Florida where Ron had me stowed away for the last four months. T.J, my friend, called my parents



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after our first phone conversation and ever since then, the F.B.I were tapping the phone lines and recording every conversation. Completely unaware of T.J's caring act of deceit, I was in such shock that they had been tracking us for so long. I knew now, with or without my help, the F.B.I had enough on Ron to put him away for a very long time, if they could catch him, that is.

Having so many crooked people working for you can be an advantage when you're in trouble. Like having a pair of eyes in every city. Ron was somehow able to find out about Charlie's arrest and immediately deserted the country to avoid legal punishment, not to mention the discretization of his esteemed clientele that the feds were now on to. Ron had so many countless charges put up against him, eventually when the F.B.I were able to track him down they were able to have him arrested in Yugoslavia and extradited back to Miami, he was finally held accountable for being a pedophile, soliciting women for prostitution, and running many illegitimate and illegal businesses. By the time the F.B.I caught him he was in his mid-seventies when he died of old age serving his second year prison for a lengthy sentence. Coincidentally I was told of his punishment and death many years later by one of the same F.B.I agents that had rescued me from Charlie's arms.

I was taken out of the interrogation room after the interview was over with and told to sit at one of the officer's desk while I was waiting for someone to pick me up. Uncertain of who that someone would be I assumed it would be someone from the juvenile delinquents division to take me back to some state operated lockdown facility. Not the nicest of places to call home, but I had no choice in this matter.

Sitting back in the revolving chair I was twirling out of boredom and listening to the roaming conversations within the office. I pondered in fearful anticipation of the dreadful places that lay in store for me. Having to of spent a lot of my adolescence in these kind of places for the sheer factor that my mother said "I was out of control and unable to handle" by eleven years old. There was plenty of just reason for me to be so scared of those places. What I knew lay in store for me were constant fights between the rough girls being settled with violent raids then out came the pepper spray and then the strip-searches and worst of all, no sunlight. It didn't matter if you were a quiet, shy girl that didn't belong there, when there was a fight, which was could be like a few times a week, every person in the room was considered a threat and were treated like a violent criminal. I hated those places and the memories they gave me. That's why I always ended up back on the streets. No child or even a juvenile should have to be subjected to such unreasonable force and neglect. Some of the girls were so used to being subdued to this kind of treatment their



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whole life they ended up repeating the same attributes as the people who initially hurt them in the first place.

One very sad girl I'll never forget her, had a father who had been a heroine junkie and decided to play Russian Roulette with some of his addict friends and by fate or chance took the bullet straight through his brain, killing him instantly. Her mother being a heroine addict herself spiraled downwards after his death and gave her four year old child to her ageing grandmother that eventually had to put my twelve year old friend in this un-dire circumstance. I can only have he highest hopes for her today but unfortunately for most girls that have been victimized by society aren't able to ever stop being a victim for the rest of their lives or go on to make other people victims themselves. A sad and unfortunate fate for so many innocent, and it happens so much more than anyone would rather admit too instead of just trying to find a solution.

## Chapter 3

Hours later I was still twirling myself in the same office chair when I spun around to see my Father walking in my direction. I nearly fell off my seat at the sight of him. Gripping the chairs handles I couldn't imagine what in the world I would say to the man I once used to call Daddy but now hated for the abandonment and unforgiving wounds he instilled inside of me. He contemplated putting his arms out to hold me but instead anger and shame took over and he just shook his head. I never saw my Dad cry until that day and I have to say it made me feel young again and sad I had disappointed my parents again. The agents now standing beside us led both of us together back into the interrogation room to re-tale my journey to my father who they said I had no choice to tell, or they would have to tell him for me, being I was an under-aged minor and Ron violated the statutory rape law, among many others, when he took me back to his apartment and kept me as his sex slave. My Dad couldn't believe what he was hearing and for his lack of better choice in words asked me to stop talking, he was just happy to know I was alive. Like everyone I'd known in life they would rather brush it under the carpet and not deal with the pain rather than realizing sooner or later it all comes out sometime in our life even if it transgresses into our future then becomes what we are willing to accept out of partners, work, and people in general. Simply saying in other ways than with words that our bad decisions befall our tragedies later on in life.

The next discussion was led to where I would go to from here. Before anyone could put his or her suggestion forward I leapt in with my two bits and made it obviously clear to my Dad that if I was sent away to



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another lockdown facility and if he betrayed my trust, again, he would never see me again. I would disappear for good this time and for all he would know I could be dead in no time on the streets. He looked at me and for the first time in my life he saw the many years I had grown up in the time I was gone and heard the seriousness in the tone of my voice when I made my vow to him. He put his head in his hands and told me the bad news, my Mom didn't want me to come home and she was making his life hell for even suggesting bringing me back into their lives. I for some reason threatened her lifestyle and drove her crazy. I had been surprised about a lot of things lately but not that one. The last time I saw my Mom she ever so carefully lied to me and told me she was bringing me to an eye-doctor for an infection. Instead we walked into this tall blue building with people in uniforms holding clipboards and a few muscly guards, she ushered me inside and hurried up to close the large auto lock doors behind her leaving me there alone and imprisoned, which is what led me to recently living on the streets. My life was hell as long as she was in control of it, so when she didn't want me back at home I was fine with that too, but there had to be somewhere else I could go. My dad said he had no choice but to put me back into the facility, but he made a sincere promise that he would not take any longer than a week to try to find a place for me to stay and to go to school. A week I could deal with, but I was still unsure if I could trust my father and hold him to his word, but yet again, I had no choice. Being my legal guardian he could send me anywhere he wanted and there would be nothing I could do, except for keep running. I gave in, and before he left the officers to take me back to the last facility I had run from, I gave him one last hug and reminded him "one-week and I'm gone". Nodding his head and squeezing his arms tighter around me, I could only hope he meant it, but he didn't look too optimistic.

In the police car on the way back to the facility they had to handcuff me in case I ran again, but I had no intentions to anyways. I was going to give my dad the week before I began to search for the right opportunity to jolt again. I was like a "ghost come back," said so many of my girlfriends from the past and there was now a lot of new faces there too. At night when we were all in bed and supposed to be sleeping, I would be daydreaming of better days and imagine myself somewhere in a comfortable bed, actually enjoying my life for a change. A week went by in this facility spending most of my days locked up in what they called "The White Room", a bare room with concrete flooring, no toilet or even a chair to sit on. The only comfort I had was the blue sweater that was provided as part of the uniform, and my hair scrunchie filled with my stowed away cash that no one had found during my unpleasant strip-searches. I would spend hours in the white room for objecting to their



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conformity and unwilling to participate in their drilling regime. I didn't feel like I owed any explanation to these people even when they brought a physiologist in to speak with me, "What was the point when I would be gone any day now" and as if any of these people even cared in the first place, I was just another number in the system and they had a job to do.

There was one mega-bitch, female guard, named Evelyn and she used to either really like you or really hate you and God-forbid you were one of the unfortunates that she didn't like, she'd make your entire stay their an agonizing nightmare. Constantly picking on girls who were not strong enough to cope with their predicament or past issues, she'd stand them up and publicly humiliate them, and even when they begged her through their sobs to let them sit down, she'd only torment them worse. Which only made the strong girls want to antagonize the fragile one's with more malicious intent. Luckily when I had previously been there she didn't take much notice of me, but I stayed out of harms way with her, just being quiet and observant.

Being back here seemed like an eternity while I held my end of the bargain but unfortunately my Father didn't. The first chance I saw to run I took it. I was being sent to go get my blood and urine taken for drug and disease analysis. My driver would be a volunteer from the community and it was the perfect getaway for me. I was brought from the white solitaire room and led into the bright sun, feeling like today would be favorable in my escape. We got to the doctors office, my whereabouts told me I had plenty of ways to run and I scouted out the best looking route. My plan was to barge through the volunteer's inexperienced grip and wriggle my way out if needed, then hit the asphalt, running until my legs couldn't carry me any further. Playing it out in my mind felt different to the anticipation that led up to actually doing it. The inner-strength I had was the only thing going to help me in this circumstance.

We arrived in the parking lot and I hadn't said a word to him the entire drive, the small framed Spanish man tried to make pleasant conversation but I couldn't see him as anything but a challenge, so I kept quiet instead, ignoring his humorous attempts to befriend me. The car pulled to a stop and he came around the side to unlock my door, this was it, "here we go" I told myself, and pushed past the volunteer. His arms grabbed out at me but only caught me by my shirt, he didn't even put up much of a struggle, like some of the other trained one's I had gotten before, they would put me into body locks of all sorts but he just tore at the collar of my shirt letting me break free. I had done this many times before so I knew I wasn't gone yet, I had to first get out of these clothes. The cops would be looking for someone of my description in the area with a blue shirt and khaki pants, so my first stop was a busy shopping complex. I took the money from my scrunchie and bought myself a pair of jeans, a shirt, and



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a sweater for disguise and my next stop was Dunkin Doughnuts' to get a chocolate iced doughnut and a cup of coffee. I didn't have doubts about getting out of the facility but I wasn't expecting it to be so easy this time. My past excursions all began with an abrupt struggle sometimes ending in a brutal state of affairs after being pepper sprayed and fastened into some painful lock by forceful men four- times my size, then tossed into solitary until I saw my next chance to desert. I got to know the guards real well, as I spent a lot of my time being dragged down to the white room by them. There was Jim, a large black man who could've doubled for a "Miami Dolphin's" defensive linebacker. John was another big man with a ponytail and a mustache, and he looked like someone who definitely owned a Harley. The last guy Scott had a smaller build but made up for it with his steroid injected muscles bulging out of his neck and their was the added height from his curly fro. When they weren't restraining me and holding me captive in solitaire, they were actually pretty nice guys, not afraid to have a laugh after some explosive incident and I held no contempt towards them either, they were just doing their jobs.

It was de'ja'vous all over again, free at last but where would I go now. With Ron's scouts on the lookout for me, and now the authorities being notified I was a runaway again, I would have a lot of people searching for me, so I knew I had to be careful where I went. My last stop before leaving the shopping center was to use a payphone to call my parents, my Dad answered completely surprised to hear me on the other end, I wanted to sarcastically thank him for breaking his promise to me and I hope he is happy now, he just lost his daughter for good. I stopped to listen to what he was trying to say and he told me "I was getting you out in a few days, I found you somebody to stay with, she's a good person who has got teenagers your age, I was just trying to convince your Mother to sign the papers to get you out of there".

I was so outraged at her ability to put her own wants before the needs of her own flesh and blood daughter. I told him to come pick me up and bring me to the house so I could speak with her for the first time in over a year, but if I felt threatened for one second I will be on my way quicker than a blink of an eye and on my own for good. He wasn't overjoyed at my proposition, knowing what position this put him in as her husband but as my father he decided to put me first for once and take me home to confront my mother.

I arrived at my house for the first time in a long time and everything looked different. My parents refurnished and renovated the house. I didn't even have a room anymore, my old belongings and bed were removed and it was now the office. Of course my Mom didn't meet me at the gate or the front door like her long lost offspring reunited. No, instead she



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waited for me to come find her outback smoking cigarettes and having a beer. She stood up from her seat and squinted her eyes loathing in her hatred she coldly slapped me hard in the face. The slap stung, but I matched her look with a familiar stone-coldness that only she could understand. Immediately we both started to cry and we washed away our anguish and resentment through our tears and consolidated our feelings for the first time since the chaos first affected our lives. She didn't want to know much of my whereabouts and she still had a lot of anger to get over but she asked me to stay home at least. My little brother ran through the back door and hugged me so tight, I started to cry again and was saddened by how much time I had missed the time I had lost just hanging out with my brothers and it took me even longer to realize how precious time really is. We were never going to be the average Joes next door but at least this was better than nothing. I loved being with my family again. We had BBQ's and bon-fires with each other and life began to slowly piece back together. It was bizarre how normal it was when I first got home. I turned fifteen that year and it was the exact cup of tea that I had needed to boost me up and get me on the right track.

I decided to go school to acquire my general education diploma or G.E.D and got a summer job with my Dad at Mar-A-Lago, Donald Trumps exclusive country club in Palm Beach. Surrounded by lush acres of tropical landscapes, manicured gardens, and a mansion made into a beach club for the rich and famous it is known as the "Jewel of Palm Beach". I was in sheer awe at the gold arched ceilings and the grandeur ballrooms.

The spa where I worked was world class, not only oozing in style but in the way each and every clientele was treated with the upmost service. My focus was now set on becoming a massage therapist, and working my way into a luxurious spa like the one I worked for now, only I was a locker-room attendant there. I studied many books about the anatomy of the human body and how you can affect a person's well-being and health for the better through a simple healing touch. It was amazing to me the way the body responded to massage. I was more than just interested. I was determined to become a therapist.

It was one of those anatomy books that I had my nose buried in one afternoon on a quiet Tuesday and it could get pretty lonely in the locker room, so if I weren't busy I'd sit outside by the spa's reception and read my books in the warmth of the Florida sun. A lovely looking woman in her late thirties who spoke with a proper English accent approached me. I assumed it was a general question, "like where's the ladies room or was that the famous model from so-and-so?" but she was more interested in the book I was reading. Only believing at first we were just making small talk she was really intrigued at my choice of reading. She then asked if I



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did massage on the side, I stated I was only reading the book and had not yet began to study but one day I would love to practice massage therapy.

She introduced herself as Ghislane Maxwell. I would later find out that she was the daughter of the late prominent businessman and disgraced newspaper tycoon, Robert Maxwell. I told her my name is Jenna pointing to my nametag on my shirt and offered her a cold or hot beverage, as those were my instructed duties at work. She accepted a tea and went on to chat a bit about this rich guy that she worked for and she knew off-hand that he was looking for a massage therapist. Just doing me a good deed out of her kindness of her heart, I'm sure, she offered to introduce me to him. I declined her first proposition, thinking out loud, told her I didn't know the body well enough to even attempt an interview. She didn't seem worried at all by my fear of incompetence saying that if he liked me enough he would get me the best training in the industry. Ghislane thought I had a cheery persona and fit the quota for what he was looking for and as she put it an enthusiastic learner that she said she gathered from the sticky notes popping out of the various sections in my book. I accepted her phone number and the house address and told her I will call her if I am able to come over after work. I rushed over to the tennis courts where my dad was working and told him of the news. We both thought this could be a wonderful opportunity to get my accreditation in massage therapy. Seeing that it was a lady in her late thirties who came off as more of a nurturer rather than a procurer, neither of us saw any reason to be hesitant.

## Chapter 4

At around Five p.m. my dad drove me down to the bottom of "El Brillo Way." on the Palm Beach intercostal. We pulled into a short driveway beckoning a large pink mansion with heavy wooden doors. I was so excited about this chance and asked my dad to wish me luck. He gave me a big squeeze and wished me the best. He walked me to the front door and I rung the door chime. Moments later we were greeted by an older gentleman dressed in a casual butler uniform. I told him I was here to meet Ms. Maxwell for a massage trial and he opened the doors for my father and I telling us to wait in the entry as Ms. Maxwell would be on her way any second, and she was. Down the stairs she walked with a warm smile, her short black hair seeming very proper and elegant, for now. She shook my fathers hand and thanked him for bringing me and kissed us both on the cheeks. They spoke briefly about whom she worked for and about Mar-a-Lago where we worked. She was in hurry, you could tell to end the conversation and say good-bye to my dad, which she did so



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ever pleasantly. She said the boss was upstairs and waiting my arrival, so with that I said bye to my dad and began to follow Ghislane up the stairs. I was so nervous, but I didn't show it. I kept my reserve and demeanor cool as ice, trying show maturity for the open position. We continued on to the massage room, passing by a grand crystal chandelier, and a couple lengthy wooden hall tables displaying a multitude of photos displaying young girls and beautiful women, trying not to gawk at them I didn't even notice that some of those girls were only wearing their smile.

Ghislane asked me how my day at work was and I told her it was easy peasy as always just trying to make simple conversation. There was a fork at the end of the staircase and she led me to the right hand side. The lights were dimmed in the bedroom but I could still see the King Size bed in the middle of room, we did a U-turn around the bed, which led us into a massage room. Dripping in luxury I could've definitely compared it to the renowned Mar-a-Lago's spa's, it had marble walls and a glass enclosed shower and self-automated steam room at the very end of the Burberry carpeted room. There was a large mirror over a basin to the right of the room with an array of oils, ointments, soaps, and lotions and a small closed door, which I assumed must be a closet. The only thing that struck awkward about this room was the naked man laying face down atop of the turquoise massage table in the center of it. "I had to be prepared for this," I told myself. Massage was something I had never done before so I quickly brushed away my thoughts of possible schemes, wanting to believe whole-hearted this was going to be legit. Ghislane introduced us to each other and I proceeded to make his acquaintance.

Looking up at from his downwards position, he looked me over and gave a smile to Ghislane, an obvious notion of his approval. He was Jeffrey Epstein as she pronounced for him, as if I supposed to recognize his name or something. He affirmed, "It was his pleasure" and replied to just call him Jeffrey, "No need for formalities" he answered, cleverly putting me at ease. This man did not look like someone to beware of. Both him and Ghislane appeared to be very nice people and conscious of their health as their need for massages and spa visits, no alarm bells went off, yet. I was prepped by Ghislane to "treat this as a lesson from her and follow her exact lead, if I did good tonight then maybe I would become Jeffrey's Travelling Masseuse, seeing the world and getting paid well for it". I was very hopeful, a job like this could really make my dreams come true.

I followed suit and washed my hands with warm water so the coldness would not shock Jeffery's naked body, then lathered them in rich body butter. Ghislane told me to always keep one hand on Jeffrey, even when getting more lotion, so it didn't make him lose concentration on being relaxed. She gave me a tip and told me to keep a blob of lotion high up on



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my forearm so it prevented me from having to keep going back for more and was less disruptive to Jeffrey. This all seemed for real to begin with, I was being educated about the body and splitting Jeffrey's body with Ghislane, mimicking her every motion. Starting with his feet, we began with his heels and arches of his soles. Pushing the blood up his calves in upward strokes to rejuvenate the body's blood supply and being careful to mind his leg hair didn't pull. I was keeping up with her and enjoying the education. It was so interesting how the body worked and I couldn't believe I was learning all of this for free. Once I got a bit of a groove following Ghislane, they began asking me all sorts of questions about my past and it didn't take long before the conversation led down the darker experiences of my young life. When they found out that I hadn't led much of a normal existence they only probed me with more questions, which being put on the spot answered honestly. The funny thing was they didn't seem appalled at all by my statements, rather entertained if anything. Jeffrey called me a "naughty-girl" with that wry smile of his, and half playful and half defensive, I answered "no I'm not, I'm really a good girl, just always in the wrong places" he then replied, "It's O.K, I like naughty girls" and rolled over onto his front side to expose his complete nude self. He wasn't the first man to show me his penis, so I wasn't shocked at the appearance of his manhood but I was incredibly shocked at his complete ease to present himself with an erection. I tried to ignore it waiting to follow the next directions off of Ghislane, who surprisingly now stood behind me bare breasted. Before I had a chance to even think of replying hastily she began to slowly undress me, while Jeffrey started to stroke his manhood while watching us. She unbuttoned my blouse and removed my bra, revealing my bosoms. Cupping them in her hands she moved her lips across my nipples, licking and teasing them with her tongue making them cold and stiff. Next her hands moved down to my little white skirt, removing the final piece of my remaining uniform. She slid my skirt down my legs with ease, for a moment keeping on my love-heart panties, so they could both take notice of my apparent youth. They even snickered to each other about " How cute she still wears little girl pantie's" Jeffrey said, and Ghislane joined in his laughter.

Acting as my madam, she instructed me to start by licking his nipples and after I had sufficiently pleasured both of them, then prompted me to go down on Jeffery orally while she rubbed her breasts along his body tantalizingly. She moved behind me again this time to remove my panties and start fondling the delicate folds between my legs. I was still in shock from the initial degrading blow. I hadn't even let the reality sink in, it was all too much for me to emotionally handle so instead I hid behind my fears, which I told myself "I wasn't going to ever be worth anything at all and this would probably be as good as it gets for me" after all I thought,



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"what have I been trained up for until now". Nobody ever stopped to ask if I was comfortable or if I wanted to stop, no, instead, Ghislane only directed me to conclude the massage session by climbing up on the table to be fixated on Jeffrey, straddling him so he could penetrate me.

When it was all done and over with, I was taken into the steam room with just Jeffrey to get further aquatinted, as Ghislane left the room to go get dressed. He asked me to grab his feet and rub them not saying a word about what just happened, like it was all normal and accepted. I listened to him ramble on about the health benefits of a sauna and the history of it, ignoring the fact of the matter of his pretentiousness degrading my spirit. I figured I had gone too far already, what would be the point in throwing in the towel now after I had done exactly what these people wanted.

Whilst we were sweating out our bodies' toxins, and the steam was blasting my burning face I listened to his lessons, entertaining his ego, I let him become my teacher, he seemed to like that. He sounded like a very clever and intelligent man though. Telling me his story of how he made himself an empire of billions from being a middle-class professor to an elite financial advisor for clientele with only billions in their bank accounts and through his so-called "lessons", He became my mentor and I emerged as his pupil, the teacher's pet.

After the sauna we went to the next glass door beside us where the shower was. He turned tap outwards and stood underneath the water as I stood naked and cold from the temperature difference. Instead of asking me to join him under the warm stream, like I thought he was going to, he handed me a bar of soap and asked me to wash his body from top to toe. It didn't stop there I had to massage the shampoo and conditioner into his scalp as well. I was bewildered someone would ask this off of someone else, wasn't it belittling enough having to endure the illicit massage from beforehand but now this. The surprises kept coming that night, as this was definitely not how I expected my interview to turn out, but that's what I had learned in my short time on this earth, life was full of disappointment.

I let everyone else take the power of authority from myself and use me in whatever way he or she wanted instead of standing up and giving myself the respect I deserved, which in turn would've helped me get through life without all of the abuse I ended up copping. Not given the belief in myself from an early age on I suppose is what affected my sense of control. Always letting the one's with power and strength reduce my inner-self to shreds until I was cut so tiny in size I would be completely subdued to only their wants and needs left ignoring mine. The men I had encountered in my short experience with them only repeated their inflictions convincing me there was no running away from the sick world I lived in, not yet understanding it all came down to the choices I had



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made for myself, I needed some encouragement and the right words to unlock my very soul.

Jeffrey told me the towels were on the heated rack just outside the shower and asked me to get one and pat him down. Again putting himself first as I sat there freezing while I compliantly patted down his body with the white fluffy towel until he was dried. I nearly expected him to ask me to dress him as well, but not surprisingly that came later down the track too. I dried myself off and wiped the make-up from under my eye's, keeping quiet not sure what to really say and half-embarrassed from the entire evening's events that just took place. I just remained silent whilst we both got dressed until he brought me downstairs where Ghislane was sitting at a desk holding his black leather duffel bag. When she moved from the chair to let Jeffrey sit down, she passed him the bag and began to tell me that I had great potential to be a massage therapist, they really liked my style and who knows where this could lead too. She asked to see me again tomorrow, same time after work. He opened the bag, revealing stacks of brand-new hundred dollar bills separated with rubber bands to count by the thousands. He grabbed one stack and took out two crisp notes, placing them in my hand. He laughed that it was nearly my whole week's wage at Mar-A-Lago. Only there I didn't have to degrade myself as his new little toy.

When I got home my parents were anticipating my arrival. I kept it simple and sweet with my folk's, only telling them of the lessons about the body I had received and the future prospects in massage therapy that lie ahead. Nobody questioned who I was working for and complimented my ability to be a hard worker. I quickly got out of that conversation afraid I might give away a hint of shame in my eyes but no one caught on. I excused myself to the bathroom to have a shower and stared into the mirror for a moment, asking myself if I could really go through with this only to mentally respond by reminding myself this would be as good as it gets for a girl of my stature and limitations. I scrubbed myself rigidly in the shower as if it would wash away the filthiness of the night, but it didn't help, I could still feel their hands in me and all over me and inside of me. Trying to sleep that night was nearly impossible too, closing my eyes only to drift away to flashbacks of the moments I had to give myself to Jeffrey and Ghislane, each replay an exploitation of my vulnerability.

The next morning I awoke feeling anxious about the day ahead, trying to push yesterday's memory from my thoughts, I was quiet for the whole trip to work with my Dad. Before we got out of his car in the parking lot he asked me if everything was okay, I lied, for his sake and mine. My life was being transformed and I didn't even know it yet, but soon enough I would be a brainwashed tool only used for the sexual pleasure of others.



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About to be entrapped in the same life I had broken free from only months ago.

Convincing myself in order to succeed I had to step up from being a girly teenager and start thinking like a young woman, it would be my ticket to a great career and a fortunate life. I told myself "So what if I had to bargain my body to this rich old geezer, some girls get themselves through college by becoming a stripper and using their bodies to pay for degrees, others go down even worse paths." I guess it was just another way to fathom the road I was going down, the effectiveness of the lies I forced myself to believe was working as I continued to tell myself I had to make it any way I could rather than ever letting myself sleep on the streets again. I was trading one shocking lifestyle for another, thinking I was choosing the right one. If I could go back in time to ever meet myself I would choose this time in my life. I'd start with a good hard smack to my head to first shake some things up in there and next I would tell that girl she could actually make it on her own if she just worked hard at earning an honest wage and built her life up slowly. There is no rush or time limit to ever stop reaching for achievement. Sadly enough I probably wouldn't of even believed myself anyways, learning my life's hard lessons through the experiences I continued to suffer.

I went to work at Mar-A Lago that day trying hard not to think of what lay ahead in the afternoon too come, but the later the hour got the more distinguished the knots became in my stomach. I spoke to no one of the details to my explicit interview but told one girl how I was so happy I was now officially studying massage therapy, another lie. My friend was surprised and intrigued that these people who could afford the best of the best of therapists in the world chose an untrained fifteen-year-old girl to perform a massage. She never said it in words, but her body language told me she knew exactly why they wanted to use me and it wasn't for a therapeutic reason either and deep down inside I understood.

The rest of the afternoon slipped away quickly and before I knew it I was standing before those large wooden doors again, giving a moments pause but long enough to draw in my breath and exhale some of the anxiety before ringing the doorbell. Juan answered the door again and told me Ghislane would be down in a few moments and asked to follow him into the kitchen. There was a pleasant looking young girl with blonde spirals in her hair that glanced up from the mound of paperwork before her. Her shocking blue eye's and appealing English accent seemed delightful and she introduced herself as "Emmy", Ghislane's Personal Assistant. I introduced myself as "Jenna" which is what most people knew me as and told her I was on an employment trial to become Jeffrey's massage therapist. She had a coy smile on her face that told me she knew exactly what I was on trial for. Something in my gut told me



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this wasn't the first time a young girl had been trialed for the same position I was about to fill.

We were only chatting for a moment before Ghislane appeared and told me Jeffrey was ready for his massage. I was led through the extensively large house to the winding staircase that would lead me up to the same dreaded room where I would have to re-enact last night's performance. I wasn't far from wrong. I gave Jeffrey a massage with Ghislane leading the way again, this time we surprisingly made it to the front of his body and she continued to show me how to massage all the way up to his stomach pushing my hands in a spiraling clockwise circular motion to not disrupt the bowels and then we came up to his chest. He couldn't dare contain himself for one second longer, telling me to put my lips on his nipples and give them a kiss. Jeffrey moaned in pleasure and Ghislane started to undress me from behind. Within moments I was completely naked and Ghislane had her top off. She was caressing my body with her hands while Jeffrey moved his hands down to stroke his loins while he watched her and I kiss and touch each other. I didn't know if she was doing this for the sake of his eye-candy but she sure did act like she loved having the control over me telling me what to do throughout the entire threesome. Jeffrey's climax was always the end to our sessions and this time he wanted to have me make him orgasm orally. Afterwards we went for the ritualistic steam-room, this time Ghislane joining in with us for conversation. She asked me to massage her feet this time while we were in the steam room, showing me that Jeffrey wasn't the only one I had pay my homage to. We all had a shower next and then we all went downstairs to pay me and have Juan drop me off back home.

The following afternoon I received a call at work, surprisingly it was Ghislane asking me to come over when I got off of work again. The compliant side took over and I told her I looked forward to meeting with them today, instead of telling her to go screw herself for lying to me and making me degrade myself more each time I saw them. I finished work for the day and my Dad brought me over to El Brillo Way again, where the vultures were patiently waiting in their lair, he wished me well as I hopped out of his big truck, looking ever so much like his little girl again. I gave him a smile and a wave as he drove down the long driveway, waiting for him to suddenly turn back and not leave me alone to my task. I shook myself out of that calamity and put on my "big girls" face.

Juan brought me to the kitchen again as I waited for Ghislane. He offered me a cold drink and some fruit on a platter, I accepted and was grateful for the rejuvenation before I went to work again. It wasn't long before Ghislane approached me from behind with a cold intense look in her eye. I jumped from my seat, feeling like maybe I shouldn't have been eating and drinking while on the job, as her demeanor seemed annoyed



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and temperamental in the seconds that she appeared. She told me I would be on my own today as she had business to attend to, so make sure I remembered what she had taught me, as my trial depended on it.

## Chapter 5

I walked up the stairs by myself this time, taking in more of the décor, noticing the more I looked around the more I noticed a different girl in each photograph in his collection of half-nude and topless girls on display around his mansion. I couldn't believe how many girls there were, it's not like Jeffrey was much to look at. He was an aging man in his early fifties with shiny grey hair and characteristic lines drawn down his face as if he had seen harder days. With no prospects of ever settling down or having a family of his own, Jeffrey treated us girls like a piece of clothing he could try on for the day and get rid of the next. So why was there so many girls in these photo's?! I wondered to myself if I would end up one of those girls among his collection of forgotten relationships and broken promises.

I continued to make my way up the stairs, and as if all of my senses were heightened from my bare nerves being exposed, I could smell the cleaning detergents recently used by the housekeepers, my observations of the shade of lighting through the concealed blinds as I entered Jeffrey's bedroom appeared golden, and the sound of stillness except for the thud of my rapid beating heart all made me more aware of how nervous I was to be on my own. Not that Ghislane was anything of a comfort, but I didn't know what to expect or how I was going to lead myself into upholding my obligation in pleasing him. I would hope for the best I thought, trying to uplift my confidence as I opened the door to the massage room with the typical scene of Jeffrey laying naked facedown in the massage bed waiting for his entertainment. It was de'ja'vous' all over again. Repeating what Ghislane had taught me, with him commenting on what else I should be doing, until it got to the end and I was expected to grant him all of his spoken desires. We finished up with the shower again and he seemed very pleased in my contribution of myself to him, giving in to every request.

He told me to go ask Juan to pay me, as he was lethargic after the massage and intimate affair between us and now was going to have sleep. I walked back down stairs and told Juan that Jeffrey was asleep and said I had to ask him for my pay. He went to Jeffrey's desk and took out the exact amount I was owed without even asking how much I normally get paid. He then drove me home, only to be back the next afternoon.



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The following week was a daily routine, providing Jeffrey with massages and continuously being groomed to fulfill all his needs. Often joined by Ms. Maxwell and her assistant Emmy for sexual trysts of all kinds. I was mentally and physically exhausted from the week of working and having to keep up with Jeffrey's strenuous late night activities. I couldn't believe what I was doing but it was all starting to sink in fast. Most nights when I get home, I'd briefly say "Hi" to Mom and Dad before heading straight to my bedroom. I couldn't even sleep well anymore. Closing my eyes at night I would fight the inevitable flood of thoughts, replaying the moments of shame that ate away myself piece by piece. My only reasoning being I just had to keep telling myself it would all be worth it in the end.

This afternoon Ghislane appeared to be in a much better mood. Instead of taking me straight up to Jeffrey she took me to a yellow guest room where Emmy mostly stayed. It had a balcony where Emmy was already outside reading a magazine and puffing on a cigarette. Ghislane lit one up too and then offered me one. I hadn't smoked cigarettes much before, besides trying to look cool in front of one of my friends, but never really took to them, so when I started to cough from the inhalation of smoke, the girls began to laugh and joke about my in-experience. It was an icebreaker for all of us to laugh and poke fun at me. I was then able to give it back to them saying I would rather be an in-experienced non-smoker than an old lady with a raspy smokers cough. I don't think Ghislane was used to somebody giving it back to her, but she seemed to like it, as long as she was able to have the last say. I knew my boundaries and she liked that I wouldn't cross those invisible lines. All three of us chatted like friends and it started to feel like some kind of a strange relationship was budding. After about fifteen minutes of chatting away, Ghislane instructed me to wash my hands thoroughly, as Jeffrey hated the smell of smokers, and to follow her down the hallway to the massage room where he'll be expecting me shortly. I did what she asked and sprayed myself with the body spray that I always carried in my purse and headed down the hall to Jeffrey's room.

When I opened the door to the massage room surprisingly it was empty. I sat down on the already made up massage table and was careful not to mess up the neatly folded towels on the end of the bed. It was a good fifteen more minutes before Jeffrey made his appearance. It was strange seeing him in clothes for the first time. He wasn't wearing what you'd expect your typical billionaire's attire to be. He was wearing a pair of sweatpants and a Harvard sweatshirt, which he began to remove immediately. This time he wanted to commence our session in the steam room, so I began to undress as well. We went into the steam room and he pushed a few buttons and the steam began to pour in from the marble



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wall's built in jets. There was a bench coming out of the wall also made out of marble that went from either side of the room and had a step underneath it where I was instructed to sit on so that I could begin giving Jeffery his massage. Our conversation started off about simple things like how was your day at work, and I asked Jeffrey how his day was lounging around, just being polite to each other. He was acting out of character being a lot more attentive and conversing with me about other things than sex or massages for once. Starting with his heels, ankles, toes and arches in the soles of his feet I massaged all the way up to his calves. It took a lot more strength to massage in the steam room without oils or lotions and the constant blowing of steam in your face making me twice as exerted. I was beginning to really start to heat up when the door to the room suddenly opened to reveal two naked women. Ghislane and Emmy acted as if they came in to join us for a steam bath, but my instincts were telling me otherwise. At least the cold burst of air and escaped steam revived me a bit.

So there was Jeffrey and Ghislane sitting on top of this marble bench, each with a young girl at their feet. Emmy and I continued with the massage until they were ready to head into the shower. There were two showerheads that Ghislane and Jeffrey both stood under while they were being lathered with soap bubbles as we washed their bodies. After the shower Ghislane led us into Jeffrey's bed to finish today's session with Emmy, Ghislane and I performing lesbian acts of foreplay on each other while Jeffrey laid back and watched. Stroking his manhood in much delight, he brought himself to climax, and the session was over within moments. We all got dressed and went downstairs to the kitchen for some refreshments. Like nothing had happened at all, it was all so bizarre for me, the whole ordeal with them since this all began. I couldn't understand why Ghislane and Jeffrey had such an openly intimate relationship but yet never regarded themselves as partners. They rarely kissed and never held hands or even slept in the same bed. It was more like a sexual arrangement between the two of them. She brings in the girls for his peculiar taste and he supplies the lavish lifestyle she was accustomed too before her family lost all of their fortunes. I wasn't sure how to act or feel, always obliging to their needs but reserved enough not to get attached, as if there was this invisible hierarchy and by instinct I knew my place.

We all hung out in the kitchen for a while before I asked when Juan could bring me home as I had work in the morning and was tired. They said no problem and called Juan on the intercom right away, but said we'd all have something to talk about tomorrow. I knew it had something to do with my employment trial and from the way they were acting tonight, I could only assume I got the job, but you never know with these



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types of people. Their friendships and partnerships can change like the weather.

I went home that night still confused on how I could let myself sink so low, I had to put on an act like I enjoyed submitting my body and being their new subservient plaything all for the fact that I was making anywhere between $200-$400 for just a couple of hours. Then spent the rest of the night regressing on the entire event in my head over and over again. I battled those thoughts with the hope that I was receiving a profession out of this and making good money in the meantime. All I had to do was keep lying to myself long enough until I eventually believed it.

Arriving at Jeffrey's on time the next afternoon, as I always did, understanding punctuality was a sign of respect and I wanted them to feel as if they had my deepest appreciation for the once in a lifetime chance they had given to a girl of my history. This time when Juan answered the door he told me Mr. Epstein and Ms. Maxwell were waiting for me upstairs in the massage room. I began my hike up the familiar spiraling staircase and through to the room where my arrival was being deeply anticipated. They were already in the steam room awaiting me to join them. I undressed out of my uniform and folded them in a neat pile, which I placed upon the marble basin. Having one last look in the mirror before I exhaling a deep breath as if I was plunging into deep water, I knew today was a big day. I either accepted their offer and trade my morals for opportunity, or walk away with the prospect of one day many years from now trying to make it on my own which I knew endowed hardships of there own.

So confused about what decision to make, I just opened the door to the steam room and let them do the talking. Used to the routine by now I sat below Jeffrey and began to massage his feet and legs as I listened in on their ongoing conversation about travel plans for the next few weeks. Ghislane and Jeffrey turned their attention to me and he asked me how would I like to go see the big city of Manhattan. I told them I had never visited New York before and it sounded like an adventure but my job at Mar-A-Lago was only a summer job and wouldn't be able to get the time off, especially that summer was so busy anyways.

Jeffrey then made his announcement, that I should just quit my job at Mar-a-Lago and become his permanent travelling masseuse. He then further persuaded me with all of the luxuries that came along with my acceptance. Rather than being paid $9 dollars per hour at my current job I could be earning $200 dollars per massage, which he even said could be a few times a day. Tomorrow we could be leaving Palm Beach together in his private jet first heading to his residence in the upper east side of Manhattan, also the largest mansion in N.Y, and would next be setting off to the Caribbean, where he owned a secluded island just past Little St.



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James for a bit of relaxation. The temptation of his grandeur offer wasn't hard to give into, my vulnerability to be lewd into his grasp seemed comforting at the time. The idea that females were nothing more than an empty shell of beauty bound by only a body to offer was a notion I had accepted a long time ago with my first teacher, Ron.

My reaction had to be more than amusing for their egos, even though I was excited to be traveling I could only imagine the likeliness of having to be at their beckon call as well. In my head I just told myself we all do what we have to do in our lives to succeed no matter what it takes, and with no one knowing the truth, I had no one to talk me out of it. I accepted his offer and knew from here on out I would be his servant to his sexual desires until one day I would gain my credentials and only then could I go out on my own and make it in this world that when so young seems so unconquerable. The night advanced into the usual grooming of his requirements, for the next hour and a half being exploited to satisfy Jeffrey's every sexual whim.

My mom cornered me that night, before I had a chance to avoid speaking to anyone, heading to the shower then my bedroom, like I had been the last week. She knocked at my door with a hostile look in her eyes, " Virginia, what exactly does an older couple want with a fifteen year old girl, who has no credentials and with no experience in massage therapy?" She used that stern tone of voice that she's always had, when I was in trouble.

Thus, as impressionable as I was, my blue eyes batted their innocence in her direction and I flashed her a girlish grin selling her the pitch that I had been given earlier that night. Not mentioning the other side to the glamorous lifestyle I would soon be living in. I told her about the money I'd be earning, the places I'd be seeing, the people I could meet and most of all the trade I'd be learning. It all sounded so good, except it was a bunch of lies I had to tell her and myself to otherwise convince us, that this was a once in a lifetime opportunity, and I had to take it.

She asked when all of this would start, and I as shocking as it was to me too, I told her I had to go start packing. We were leaving the next morning off to N.Y.C. At fifteen most girls would be sucking up to their parents to go to a high-school dance or to go on a date to the movies with a nervous chap, but I wasn't even asking her. I was simply letting her know that I would be away for the next couple weeks, maybe three and would keep in contact when I got free time. Her daughter was lost a long time ago, and she just now realized it. Backing out of the bathroom, with nothing she could say, she left me wondering to myself who I was becoming.

Instead of driving me to work the next morning my Dad dropped me off at Jeffrey's mansion, he told me not to worry about calling Mar-A-Lago,



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he'd take care of it for me. We said our good-byes outside in the driveway, Jeffrey even coming outside to meet with my father to shake his hands and assure him that his daughter will be more than looked after. I hugged my dad tightly, feeling like I was on the verge of a steep cliff, when he let go, so did the last of my innocence.

Juan drove Jeffrey, Ghislane and I to Palm Beaches' Private Airport and the luggage handlers escorted us on the tar mat where we all boarded on Jaffrey's black jet. Larry was his main pilot, he had shiny grey hair and long lanky legs, but a very sincere smile that instantly made you feel at ease. He greeted us at the staircase that led into the main cabin. It was as lavish as I imagined it would be. The seats were enveloped in the finest beige leather with polished wood grain finishes and there was a kitchen in the back with an adjoining toilet. Jeffrey saw the amazement in my eyes and to make it more thrilling he brought me up to the cockpit and let me watch with a bird's eye view of the take off. I was on a natural high when I came back to the cabin and was instantly brought back down when Jeffrey rested his bare feet on top of the reclined seat and instructed me to get to work and start massaging him. My future was in his hands now, so when he wanted something, I wouldn't hesitate in giving it to him.

## Chapter 6

Upon our arrival at New Jersey's Private Airstrip, the driver Jo-Jo met us. His name was most likely shortened for something of his oriental decent. Jeffrey liked to shorten the names of his multi-cultural staff into American names. Even Juan and Maria were known as John and Mary. We arrived in the Upper East Side of Manhattan. His principal place of residence was the largest home in Manhattan, eight stories of opulence. It used to be a Private School for boy's many years ago, until Les Wexner, Jeffrey's best friend and mentor bought it for him as a mysterious gift.

There were two large Chinese gargoyles outside the entrance, and beside the heavy looking wooden doors there was an intercom with a camera overlooking us. I walked up the concrete steps into a realm of wealth, glamour and most of all influence. My eye's glistened at the splendor of his palace. Caramel colored marble tiles spread through the first floor, where his gourmet kitchen and dining hall were also located. Then I came to this sweeping staircase that curved into the next level where Jeffrey and I went into his office, even though it looked more like a museum exhibit. Ancient draperies that told lascivious stories of their own covered parts of the elevated walls, and the remaining wall spaces were taken up by rows on top of rows of books. He loved to read, as he



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often found it hard to sleep and was comforted in the early morning hours with his literature, or sometimes in other ways I would come to find out. There was a mantle piece and a sofa with two armchairs next to the grand piano that flaunted more of Jeffrey's beautiful conquests, young women posing in salacious pictures, suggesting I could be easily replaced next to one of those girls if I failed in keeping him satisfied. There were also some pictures with recognizable political and royal figures either shaking Jeffrey's hand, or with an arm around each other, even one with Jeffrey and the Dali Lama, although his church was the bank. He liked to use his power, wealth, and money to manipulate everyone in his life.

He made a phone call that sounded business like and I didn't mind, I was quite enjoying taking in all of the beauty around me, I was blinded by all of it. I was still waiting for him when, Ghislane came in. She asked me what I thought so far of my trip to N.Y.C, I knew she was talking about the house, she loved to gloat, even though none of it actually belonged to her, she wanted everyone to believe that it did. I complimented her on the mid-evil looking tapestries and a few other adornments, when she cut me off mid-sentence to compliment it herself, telling me the history about one of the 17th century tapestry's which to an unsophisticated eye, looked to me like a rug on the wall.

Jeffrey hung the phone up and walked over to the sofa where we were sitting next to the mantle piece and took a seat on one of the armchairs. He didn't seem worried from the phone call but his mind was definitely somewhere else from the hard look on his face. We all spoke for a few moments more about the splendid décor before Jeffrey had enough small talk and needed some of his own relaxation time. He told Ghislane he was going to show me to the massage room and he'd be back in a couple hours. She agreed he looked like he could use some time to unwind and with that wry grin of hers, she gave me a look that told me precisely how he was expecting to be relaxed.

We left his office all together, Ghislane going downstairs, and Jeffrey showing me to the lifts. The lift looked like it's original that came with the school. It was made out of brass antique with archaic cuts throughout the arches at the top. It wasn't the only lift in the house, but certainly the most beautiful. We walked down a long hall carpeted in a royal red and golden trim, passing by a bronze pagan statue of the horny little goat God "Pan". How adequate, I thought, fit Jeffrey to a tee. We walked into this dimly lit room. Another daunting chamber that looked like we had stepped back in time to the dark ages. It took a second for my eyes to adjust to the darkness, and Jeffrey beckoned me to follow him through the room to the open adjoin shower, toilet and steam room. The room was in black marble to accent the dreariness, and smaller than the one in Palm



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Beach, but it had it's own witchery feel to it. Another unseen side to this Man I was coming to know.

We both undressed and I followed Jeffrey into the steam room first. He loved feeling clean, teaching me that the steam would deplete the toxins from your skin, which was great during a massage when your blood flow is being replenished. I grabbed his foot out of instinct, knowing I had to be constantly on alert to keep this man satisfied. He looked down at me with a nod and reclined back against the wall as the steam pored in, this was his idea of alleviation. I worked up to his calves and within a few more minutes, he said he was ready for his massage on the bed. We got out and towel dried off, both still nude, he asked me to stay undressed, then we headed to massage bed in the middle of the room. He lay down on the bed and told me to turn on the CD player on the wall hutch, where all of the oils and lotions were set out, I hit play and a collection of mixed classical symphonies began to fill the silence. I could tell he wasn't in one of those moods to be uplifted with idle chat, so I remained silent, letting him enjoy my slow movements, making my way up his body. My instincts told me I was right about his mood, as he seemed to appreciate the quietness of moment and the leisurely of the strokes I was using to massage him. When I got to his scalp he turned over, and grabbed my hand to put on his erect manhood. No words spoken yet, I took the gesture and initiated what I had been taught over the last week. While pleasing my master his hands groped my young flesh, penetrating my insides with his fingers, he was only concerned with what he wanted, as If I was a new car out for a test drive and he was pressing his new gadgets. His soft moans were soon brought to louder heaves of breath and my job was done. No intimate kisses, or sweet pillow talk. He showed his appreciation with money, never attachment. We concluded with a shower and he told me he had some business to conduct. He walked me to the lift and told me go to the next level and my room was the first one on the right, it had an intercom in which he can contact me when needed.

I hit number 5 on the lift and took his directions to my room. I opened the door to this massive loft, the size of an adequate house. I walked down the long hall and my eyes took in the magnificence of my surroundings. It was a room fit for royalty, and later would find out had been stayed in by some. The room was trimmed in gold paint and had another eerie tapestry on the main wall as feature. There was a T.V and a huge king sized bed, with goose feathered comforter and pillows.

All of the glitter from Jeffrey's lifestyle he was offering me finally covered the last bit of sight I had left and I let go of my consciousness. Excited by my enthralling day, not having anyone around to have to act reserved, I jumped into the soft bed and lay looking around, thinking about how quick life could change based upon one swift decision. Dazing



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into the artistry, the intercom buzzed on the telephone next to the bed and it was a housemaid letting me know Jeffrey wanted to see me in his office now. "Already" I thought to myself, I was just getting settled in. I was worried I was going to get lost in this ancient museum, but I got myself back to his office with no trouble, it was kind of hard to miss. I knocked at the slightly ajar door and Jeffrey called for me to enter. I walked over to his desk, where he was just ending a phone call and he opened his duffel bag full of money. "I'll be out at my other office for most of the day, so instead of being locked inside I thought you should go do some sightseeing for the day since it is your first trip to the Big Apple" He didn't count how much he was giving me he just handed me a bundle out of the banded $100 dollar bills. He knew just how pull the right strings, making me squeal in delight and give him a kiss in the cheek, since we were never really emotionally intimate, it would be odd to act in any other way, but he seemed to like it.

I ran upstairs to get dressed for "City" shopping and put my make-up on, then hit the streets of N.Y.C, looking for a place to start spending this load of dosh. When I got to the end of 72nd street on 5th Avenue, I had no idea which way to turn, left or right. I thought I'd just follow the lights past Central Park and see the local sights on my way. My eyes were once again peeled back in splendor. I had never imagined a place so busy with the hustle and bustle of all the walks of life. My first stop was to buy a disposable camera and I was off taking photos of every wonder that caught my attention. I didn't do much shopping as I had planned too; I was having too much fun exploring this capacious metropolitan.

When it started to hit dusk I began walking back to Jeffrey's but not before stopping off to enjoy a giant slice of pepperoni pizza, it was the best I had ever had, and considering I was going back to Jeffrey's chickpea and tofu salad's or such. I really hated the healthy cuisine served by Jeffrey's personal chef. I was a naturally skinny girl, never watching what I ate and to eat that food I might as well have chewed on hay. I strolled back to Jeffrey's and was missed. Ghislane scolded me "You shouldn't have been gone so long young lady", "We need to know where you are at all times, you are on call for Jeffrey" I started to apologize, feeling guilty, I didn't want them to think I didn't take my job with them seriously. She cut off my explanation with a short conclusion to this conversation "We will get you a cell phone tomorrow, so we can always find you". I thanked her for her generosity, and she dismissed me to my room. So I wasn't even needed after all, it was just a way for her to place me deeper in their control. The next few days I was on call, as Ghislane said I'd be. Venturing out to the city for only an hour or so at a time, I looked most forward to my outings. I would return to Jeffrey's



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mansion to attend to his sexual desires and when he was finished with me, I'd be off to my adventures.

On the day before we were to be heading back to Palm Beach, Jeffrey had a new proposition for me. I could make double the money I was making, if I would look for pretty girls and convince them to come back to Jeffrey's to be further persuaded with money to engage in bi-sexual and sexual acts with Jeffrey and I. I asked him how does one actually propose such a thing to a complete stranger? "Well" he said in a build up to another kind of lesson. "If I were you I would use your charm to entice them and my money to bring them, I would tell them you work for a multi-billionaire who has a taste for young, beautiful girls and with his contacts in the acting, modeling, or rich husband world, your boss could help them. All they have to do is come meet me first." If I wasn't so naive at the time I would've seen that's exactly what he was doing with me, my prospects were massage credentials, but with too much pain from my past, I could only have hope. Not that I was a shy girl, but picking up girls for one reason alone, only to be endorsed for her body, didn't sound like something I could do. But not wanting to displease my master, I told him that I would give it a go. You could tell he was instantly excited with my agreement, he started to reveal the politics of what kind of girls he was looking for. He wasn't into multi-cultural girls, a very chauvinistic perception; he said they had to be uniquely gorgeous to be accepted by him, but definitely no African-American girls, he was racist against anything different to his kind, a very narrow minded way of thinking for such a supposed brilliant man. The list went on and on. No girls with tattoo's or piercing's, or gothics, no drug users, or prostitutes. Basically he wanted everyone's daughter that looked like the girl next door, with blue eyes and blonde curly ringlets. I just nodded and smiled, wanting this to be over with and move on to another conversation, but so worked up from our previous talk, instead he persisted to show me exactly what I was good for to him. He took me up to the highest loft in his large mansion and he lay down on his large bed, expecting me to know exactly what he wanted done. As always, I complied. Part of me hating him for having to degrade myself to be so subservient to his sexual whims, and another part of me was telling myself to be grateful for the opportunities I was being given.

The battles in my head were beginning to cause me too much anxiety, when we got back to Palm Beach, I asked my Mom to make me a doctor's appointment for some headaches I had been getting lately, so she wouldn't question me. I walked out of the doctor's with a prescription for a mind-altering anxiety tablet called "Xanax", not only did it help with anxiety but it also acted as blanket over terrible memories. So when I had to perform degrading acts, I would take a few pills and forget what



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happened within the next hour and be able to become someone without a battling conscious.

I spent my sweet 16th birthday on his island in the Caribbean next to "St. James Isle" he liked to call it "Little St. Jeff's", his ego was as enormous as his appetite for fornicating. I was given a birthday cake and a new collection of designer make-up from London. Ghislane made a joke after I blew out my array of candles and said, "I'd be soon getting too old for Jeffrey's taste, and soon they'd have to trade me in." She was only half joking in a sad reality though. A few days after my birthday, a girl was flying out to the island to join us for a few days before flying back to N.Y.C. I was introduced to a pretty girl a few years my senior, named Sarah. She had long ash blonde hair and big brown eyes that hinted she had a cheeky nature. She had known Jeffrey before I had, and he was supposedly trying to help her get an acting job in L.A. She was obviously accustomed to the lifestyle he provided her, making it ever so apparent with her prompt attention she lavished on him. She would do things like strip nude and bathe around the swimming pool, taunting him for sex. She was good at what she did, even putting me at ease with her cool persona and funny jokes. Jeffrey told me privately that she was one of his best at procuring young girls into her entrapment and delivering them to him when he was in town, and when it came to time in the private chambers with Jeffrey, Her and I, it wasn't hard to comprehend. She was devoted to the moment, giving Jeffrey every imaginable lustful desire he could fathom. On the last night there we all took a trip over to St. James to go for a stroll, odd I thought, it was past 7pm and Jeffrey rarely strayed out past then, unless it was some event or dinner party. While Ghislane and him looked the average couple strolling arm in arm through the streets, he said to Sarah and I, "Why don't you two hit the night club here and see if there is anyone interesting to bring back for the evening?" It was more of an order than a request and then I knew why we came out tonight and why Sarah was invited, tonight was all about training, and Sarah was going to show me the ropes in picking up girls. Although there was no one to accustom to Jeffrey's distinct taste to bring back, watching Sarah flirt from girl to girl like a floating butterfly, gave me enough insight into what I was expected to do.

Within Months I had become his handy little helper. Not only would I run to his beckon call, but I also aided Ghislane in bringing in more girls to keep the appetite of our sexually starving chief from going hungry. I once asked Ghislane, why she did what she did for him, instead of having a common monogamous relationship and getting jealous like normal partners would? She replied simply "It takes the pressure off me having to do it". That said it all, we were all under the shade of Jeffrey's money tree, and not even someone like her could escape from its lure.



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Just like Ghislane had trained me it was now my job to reiterate that onto other girls and thus the cycle of girls trying to climb the chain of hierarchy would start all over each time I brought a new one in. The sessions rarely differed much. They would mostly start out with Jeffrey on top of the massage table already naked and me leading a girl into massaging him until his instructions came to remove our clothing and if they agreed to that, then Jeffrey knew he had them in his pocket, and could do what ever else he wanted. He was never turned down in the many years I stayed with him. Never being shy, he would tell us to start kissing each other or depending on what he wanted we would perform erotic acts sometimes with him fondling us, or just masturbating while he watched. On explicit occasions, sex toys would be used on us girls, making it all the more exciting for him to observe. Ending with a payment of $200 for the new girl and $400 to me for bringing her. He would then wait for us to leave before adding the events details of names and payments in a little black diary he kept with him wherever he went, so if he were in anyone of the city's he lived in, he would always have contacts for sex.

I was slowly climbing the ladder, as Jeffrey was happy taking me everywhere with him, within the States. Merely at home I distanced myself from my Family altogether and with Jeffrey renting me an apartment in Royal Palm Beach as well as a plush furnished apartment in N.Y.C, there was hardly a need to see them. I just couldn't face everyone thinking they all knew what I was really doing travelling around with a man old enough to be my grandfather who supposedly only wanted me for massages. Much further convincing myself of the lies I told myself, I took a liking to the Xanax, it felt like it was all a dream at times, even meeting up with old contacts from school years who experimented with drugs. I was flying around the country, seeing so many places in America I had only heard about in Movies and making more money than anyone my age and loving it. My friends didn't believe the lies I told them about only being a massage therapist, some of them even asking if they can meet Jeffrey too. At this point in my life my heart went missing for a while and I stooped so low, I was even bringing my friends, I just saw them as easy commission. When I wasn't playing servant to my master, I was partying hard, eventually using ecstasy pills, acid, and marijuana to disillusion the times I would've had away from Jeffrey to think about what I was actually doing with my life. I realized something one day while I was alone, although I had Jeffrey to attend to sexually, it was not gratifying. I needed someone to come home to, someone I could call my boyfriend and that showed me emotion not just a job to get done.



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## Chapter 7

A knock came to my apartment door one lazy afternoon while we were in Palm Beach. I looked through the peephole and didn't recognize the once familiar face. I asked from behind the closed door "Who is it"? The voice of the reply was one I wasn't anticipating to ever hear again. It was my Junior-High crush and childhood friend, T.J. The last time I saw him I was a runaway and he had let me stay at his house for a few days, telling his parents nothing, he kept me hidden away in his room. At nightfall he said to knock on his window and I could jump through and stay the night. Until I was picked up by authorities during school hours and questioned why I wasn't in school they did some resourcing finding out I was a runaway, then delivered me back to my angry parents.

"Oh My God- You finally answer your door girl", and in a whirlwind, T.J stormed back into my life. Even moving into my apartment, secretly, within two weeks of his arrival. He had changed so much from the last time I had seen him. He used to be this hard looking rocker type, now he was cleaned up wearing preppy clothes and shooting out Tupac Lyrics. He had the same old big brown eyes though, and when he told me he had heard I was back in town but he was unable to ever get ahold of me he just kept knocking at my door every so often, I was sold. How sweet I thought, he must care about me if he was so intent on approaching me, not even thinking he would've spoken to the girls from our junior-high circle and they would've mentioned him I was back in town, what I was doing and where to find me. We were a drug-induced romance, which budded from fake emotions the affects made us feel. He got what he wanted, a free ride and not having to work, and I got what I deserved, a man who could let me go away with this multi-billionaire I regarded as my second boyfriend.

I didn't want to alarm Jeffrey in me having a boyfriend so I kept it quiet, until during a massage I was giving to him one afternoon. We were having a conversation about some of my friends, the party girls I had brought in to meet him. Jeffrey started asking questions about the different types of drugs they used hearing them speak about it in his presence. " I thought a person on drugs would be all strung out and looking like hell, but the girls you know look great" he stated face down during the massage.

That's when I told him I had been dabbling in ecstasy lately too, and I thought it was the most amazing feeling one could even fathom. I tried to describe the euphoric feelings it gave me and even joked with him about wanting to pet anything furry that was around and then there was the constant need to flick my tongue-ring around my mouth. It was great



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having such an open conversation about things Jeffrey had never experienced before and he seemed okay with everything I was telling him as we were having a good laugh together, so I thought I could push it a bit further and tell him the truth about T.J, since it was bound to come out sooner than later I'd rather not the latter, when it would look even worse that I kept the truth from him for so long.

"Well why were opening up about things together", I continued by saying "I had met someone from my past and we have been hanging out a lot lately. When I haven't been travelling with you I have been with him and I was wondering if you minded if I started to see this guy." He started to laugh out loud, "Are you serious? Of course not, no one in this world is monogamous, why would I expect you to be?" I was smitten with relief, but a little bit dis-heartened when I heard him speak that way and I wondered to myself if he'd had his own personal encounter with heartache.

Of course the evening concluded in the same way it always had, the only reason I was really even there in the first place. Upon his request I straddled him on top of the table and let him explode with pleasure inside of me. Thinking the entire time about T.J, I felt so terrible but I quickly had to wipe the thoughts of guilt from my mind not to give Jeffrey the wrong impression. So I had myself busy with two men in my life, but that's not what I really wanted for myself. I wanted an occupation that would eventually set me free from depending on a man as my source of survival.

I asked Jeffrey before I left for the evening, when my real training was going to begin and he liked my assertiveness. I thought it meant to him that I was taking my job with him seriously, but it was all part of his master plan to keep me by his side. Within a couple of weeks of my persistence, Jeffrey introduced me to a couple of real working massage therapists, not only with credentials but with their own clientele too. I was in awe of their teachings, it all made so much sense about the body and what they were saying. I felt like I had picked myself up out of the lurches and had a direction again.

I was in the middle of another training session, with Jeffrey the recipient as usual, being it was rare for Ghislane to ask for a massage unless of course it was for Jeffrey's own pleasure to watch the punch line of the session, when I was shocked to hear Jeffrey ask one of the therapists to now remove her shirt. He had no shame I thought. Even though she was above his usual age criteria, she was still a pretty woman in her early 30's with curly blonde hair and had an athletic body for a mother of two children. She didn't hesitate in his request. It looked like something out of a role-playing porn scene with the therapist removing



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her white uniform to reveal her beautiful nude body and a much darker side to her personality.

I couldn't believe it at first it was such a state of shock and I began to question t myself if this was normal in the massage profession to expect this kind of clientele to request such degrading tasks even though they were professionals. At the end of the session she was paid $300 dollars an additional hundred for helping to train me as well, and I was paid my usual $200 dollars then we were both invited by Jeffrey to join him out by the pool for a cool dip. With Jeffrey making a few phone calls while her and I undressed again for a swim, I wanted to ask her a few personal questions about what she's come to learn about the Massage Therapy game, but I never got the chance as we were joined by Ghislane moments later. She was asking how my training was going and booked the therapist in for herself in the following morning. Where she was invited back to do another training session with me It didn't take me long to figure out why.

I was at my apartment when I received a phone call from Jeffrey, I thought it was the usual call to come over to his house, but he surprised me. Instead I would be going to the exclusive hotel in Palm Beach tonight, The Breaker's, where I would be meeting my first ever clients. Only told their first names I was given some instructions and the address where to meet Glen and Eva. They were a married couple with one on the way. I was quite concerned when I heard she was pregnant, being I really didn't know the body that well and didn't want to inflict any wrong doing on the unborn baby but Jeffrey insisted I take this job. Just massage her gently where she wants to be rubbed and to save all of my energy for Glen's massage, since it was going to be a four-hour job. In an emphasized tone of voice I was being coached by Jeffrey to treat Glen with exactly whatever he wanted, just like I do for Jeffrey himself. It was my last bit of preparation before he sent me out to his friends and my first taste of responsibility in upholding his reputation.

At around seven pm I took a taxi to the address I was given and found them on the residential side of the giant hotel's extensive property. When I arrived in their apartment it was a far cry from the lavish place I was expecting, still really nice but had a cozier family feel to it. It was just beginning to get dark when Eva and I went into the Master Bedroom and she undressed to reveal the first naked pregnant body I had ever seen. It was fascinating to see her in the later stages of maternity, and strangely enough it was a miraculous and wondrous sight. She was a former model and one of Jeffrey's many entourages from his past that had gotten to old for his taste and was married off to a wealthy colleague of his.

Lying down on the bed I adjusted the pillows to try and make her more comfortable and I began to massage her as Jeffrey had instructed me to,



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softly and slowly. So at ease with her nude body she even asked me to massage her swelling breasts, in a non- sexual way. Not knowing any other way but that way, I was trying to oblige in her request doing the very best I could to relieve her but couldn't help but giggle to myself at the very sight of this. She said she was very happy at the end of the massage and rolled over to go to sleep, asking me to turn out the light at the end of it. I closed the door gently as if not to disturb her, and went to find my other client.

The apartment's lights had been turned out for the sleeping children and I found Glen awaiting for me in the lounge room where I had to call out "Excuse me?" as I couldn't see him in the dark. There was a throw rug on the ground that he had already placed out as he began to strip down in preparation of the massage. Lying frontwards facing me with his exposed and ever growing manhood, I asked him to roll over to begin the massage. He complied with a cheeky smile and from his eagerness to show he was not shy indeed, I already knew where this was going to end up.

I found it much more strenuous to massage on the floor but I wouldn't let that hold me back I wanted to have a career and this being my first ever clients, I didn't want them to disapprove. Nearly four hours after I had gotten there I was still hard at work. Mentally preparing for the end of the session he let me know when he was ready to begin the other side to my job and just like Jeffrey did the first time, he requested me to take off my clothes starting with my shirt. When I complied, the requests kept coming in and before I could change my mind and run away, I was having intercourse with this man that was so comfortable doing all of this while his pregnant wife and children slept in the room beside us. When he had climaxed, we both got up and dressed and he paid me a large tip even though Jeffrey would be the one to actually pay me for my time spent there. Just like it had all started, it had also ended so quickly and now that was that. I had to accept what my duties were and now I could go back to Jeffrey who would be further pleased in my demonstrations to keep him happy.

I was called the next morning to come over to Jeffrey's mansion that afternoon for lunch, a swim and of course a massage session. Knowing all too well they'd be expecting the gory details of last nights events with my new clientele. I came there at 1pm as requested and sat down for a light lunch and a swim. Jeffrey was mostly conducting business from his offside pool office, but he came to ask me if everything went well the night before. I told him I did everything asked of me and I am quite confident both my client's were more than pleased with me. He gave me a quick grin, before he headed back to the office, throwing a purple grape down his throat as he walked away.



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Lying out on one of the pool decks blue and white striped lounge beds I was waiting for Jeffrey to finish his business so I could give him his massage. He never took too long with his work, unless there was something wrong and then we would all have to wear his mood but today he seemed fine though, when we went up the stairs he told me we would be leaving for his ranch in Santa Fe', New Mexico in the morning and I'd need to be packed and ready tonight. They loved leaving in the spur of the moment, Jeffrey once said he checks with his pilot Larry on the best weather before he heads to a different destination. I enjoyed spending time at his ranch being it was my favorite of all of his residences. He had a lavish Mediterranean looking castle on top of a hill that over looked his extensive 7,500 acres of property. It has an indoor pool, gym, and all the trimmings of extravagance I could only imagine. I had a great time on the quad bikes, Sarah and I often got scolded for tipping one over going to fast or trying to go up a steep hill, but we knew those weren't the things he cared about, so it wouldn't matter. My favorite of it all was his little town with it's own fire station and truck, stables full of horses, and little cottages where the housekeepers and ranch hands lived.

On my own time I would take one of the quad bikes down to the stables and saddle up on one of his beautiful horses and go for a ride in the open terrain. It was coming up to the end of a very cold winter and it still had the snow covered mountaintops and brisk air that I loved to take in during my many trail rides. I have been an experienced horse rider since my childhood, and could honestly pinpoint some of the best memories of my life being on the back of a horse. I acclaimed with thrill in my voice "Great, I'll get packed as soon as I get back to my apartment" he threw in "Pack for a few weeks, as we will also be making a pit stop to L.A for some business afterwards and then to N.Y.C." I was used to these round trips with him, it was great as I was saving loads of cash and about to buy myself my first car.

Jeffrey, Ghislane, Emmy and I all left the following morning, as planned. Arriving in only a few hours at his awe-inspiring Santa Fe Palace was always a delight. Still frisk in the air, my petite frame looked even smaller in these gigantic overcoats. Nonetheless I was looking forward to spending time out in the fresh clean air and open land. After a few days of leisurely spending our time on the ranch, we went to the Indian markets in Albuquerque for a bit of shopping and sight seeing. Jeffrey wasn't the most off road kind of guy, so when we went sight seeing it was more like museums, boutique shopping, and local art galleries. Still a splendid trip though. With me picking up a few nifty collectables to bring back for my family and knowing how much my mom loves Indian apparel, I thought it would put me back in her good books for awhile, I hoped at least. There was some lengthy time to put a



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little water under the bridge between my folks and I. With my life heading in a different direction I didn't see any use in holding on to so much hate especially that I didn't even have to see them that much.

We got back to "Zorro Ranch", the name Jeffrey chose to call the massive land he bought to build his fortress on, and Jeffrey told me that he was looking forward to one of my famous relaxing massages and with that notion he gave my bags of shopping to one of the many housemaids who greeted us at the front door and asked her to bring my bags to the exquisite room I was staying in. We headed straight downstairs just past the massage room and gym there is an indoor heated pool, shower and spa. First Jeffrey wanted to warm up in the spa underneath a decorated ceiling of clouds and blue skies. Starting the massage in the spa I rubbed his feet while he reclined into the spa's jets. We spoke of the museum and some of the knick-knacks I had bought and I thanked him for the turquoise earrings and necklace he had got for me as a gift, joking about not ever knowing what to get for him, being that he was richest man I'd ever known. By no far means did we ever have any kind of a mutual respectful bond between us, but there was a significant softer side he began to share with me that was different from how he treated his other girls. Maybe it was my feet that filled the shoes for that time being, or the fact my novelty hadn't worn off yet, but what ever it was I was getting confused from the double-sided life I was leading.

He got up from the spa tub shortly thereafter and asked me to come wash him in the shower. It was nothing unordinary to me, I was used to his need to be nurtured and pampered. I performed his request with a cheerful mannerism, letting him think I was taking care of him out of my sheer sweetness. I got the towels ready for him to get out of the shower and towel dried him, patting his skin instead of rubbing as previously instructed. "You know you have a very maternal instinct, you'll make a fine mother someday", he would constantly acclaim at my gentleness. "I hope so" I replied, I would love to have my own babies one day, but not any time soon". Laughing at the very thought of that.

We walked up the steps and through the French doors into the gym's adjoining massage room. It was smaller room than in his other houses, placing the emphasis on the large massage bed in the center. I grabbed another clean towel to keep him warm while I prepared the music, lights, and oils. He liked me to use mostly lavender or other aromatherapy scents, which reminded me of woodlands in the spring. Always enjoying the beginning of the massage, I put my heart and soul into training in my profession. I could just close my eyes I would see only with my hands the areas that needed the most work, and even though I wasn't a professional yet, Jeffrey could feel and told me there wasn't many that could please him during a massage being untrained. I'm sure now it was just



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something he'd say nice to all the girls, but in the time I had known him I could honestly say it wasn't like him to compliment girls in any other way than regards to a sexual performance or their looks. I was flattered at his praise and when the massage was over, so were the sentiments. I was back to being used for my body and what I could do with it.

With him satisfied and off for a nap, I could go do what ever I wanted, like usually I would go down to the stables or something adventurous, but today I was in a melancholy mood, just wanting to relax and unwind myself in a giant tub in my bathroom. I got out some of the oils I used on Jeffrey putting them in the steaming water and popped two of my Xanax pills, forgetting about my troubles and focusing on the quiet moment at hand, just wanting to soak up the peacefulness of it. Nearly slipping away to sleep in the tub, I was startled when I got the call on the intercom to come down for dinner.

Everybody seemed in good spirits at dinner, which helped to lift mine. We all ate our meals and went into the movie room to watch a newly released movie. It was a ritualistic scenario, most nights that everyone was at ease we would all sit in one of his various located movie rooms and hang out together. Just as he always would Jeffrey asked Emmy and me to both grab a foot during the movie that night and just keep massaging through the film. We were always on call for duty, no matter where we were or what ever time it was. He would just plop a foot up or pass over his hand at any given time and require a massage, even if the film went on for over two hours, I would still be required to sit on the floor rubbing his feet or hands, and even his scalp at times. After the credits had rolled Ghislane got up to close the door to the room and I knew she had received the signals herself and would proceed to manipulate, violate, and use us to satisfy Jeffrey's urges once more before he went to bed.

The blue illumination from the empty T.V screen was glaring in the tenebrous room as we watched her undress in a light that relied on the reflection of the moon through the windows peek to show it's proceeding display. She walked back to the sofa where I was sitting at Jeffrey's feet still rubbing away and uncovered her shirt displaying ample bosoms for his appeal. Approaching me like a lioness hunting her prey she stood me up and led me to the other couch across from Jeffrey and situated herself on top of me, sliding her fingers through my dress to unbutton my attire, revealing my girlish figure and two small peaks. Pushing my head into her breasts I was being fondled by Emmy at the same time, which took her cue when she saw Ghislane look in my direction. From an occasional glance upwards, I could see that Jeffrey was up to his methodical foreplay stroking his manhood while watching the build up to his main event. They both took turns making me moan from their touches and when



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Ghislane was ready too she would insinuate we do the same to her. She urged me downwards, until my head was between her opened legs and giving into her wanton indulgence. Twenty minutes passed before Jeffrey exerted his last energies for the night, the only advantage of being with an old man was they could never last long.

Departing to our own separate quarters for the night, I called T.J for condolence. It was so important for me to feel like I had someone out there who saw me as more than a pretty girl with vulnerabilities. I needed to maintain some sort of a connection to my youthful side. But it would be to no avail as I was getting used to being badly disappointed by all the men in my life.

## Chapter 8

The phone nearly rang out and as I was about to hang up the receiver when he finally picked up. On the other end of the phone I could hardly hear T.J above the background noises. When I asked where he was he told me "At our place baby", meaning the apartment Jeffrey had rented for me to be staying in alone. He already sounded off his chops elongating his words and slurring his speech. There was music pumping and people shouting behind him and every one sounded like they were having a great time. I was so sick of his friends coming over using my house as a place to party and then trashing it so bad I would even have to sometimes throw my furniture out. I blew up at him over the phone and threatened to kick him out, back to his parent's house, so much for my relaxing evening I thought to myself venturing on to tell him "You leech off me using the money I leave behind for you for drugs and throw these gigantic parties while I'm away." Also mentioning the disastrous messes I would come home too. "I am so close to ending it with you", I would openly threaten, but he knew better than I did, that I just couldn't bring myself to do so, needing some attachment to my youth through all of this. "Don't worry baby" he would say attempting to soothe me with his false words going on to tell me how much he was missing me and how he was always thinking about me when I was away which was like all the time.

I would soon be buttered up and soft for serve. This was my penalty for choosing a guy that accepted my lifestyle with my "Other-Man" as I had so eloquently put it to him once as not only acceptable but deemed it "Cool". The conversation ended with an easy good-bye and no "I-Love-You's" or anything sweet. We weren't those kinds of partners yet, so much time spent away from each other and the lifestyles we both led, I couldn't expect much more from him than what we already had.



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Jeffrey and I left two days later, heading off to Carmel in California for a business trip of his, leaving Ghislane and Emmy to catch a commercial flight back to N.Y.C, where we would meet up with them later. When we arrived at the hotel we were given badges for the meeting tomorrow and settled into our rooms. We got adjoining rooms, keeping the doors open at all times, but sleeping in different beds. He liked sleeping alone, even after a late night session I would always go back to my own room. I think that's why he liked me so much I never put pressure on him to become intimately more than what we were already, never giving him the impression I wanted more than what we had. It seemed to keep him happy just the way we were together. I hung out with Jeffrey that night, going to a restaurant for dinner and afterwards watching a movie back at the hotel.

The next morning we went for an early morning breakfast before the conference and Jeffrey gave me some money to go shopping instead of attending the all day meeting with him. I was more than obliged to accept his request, and wished him a good day before planning to meet back in the room around six pm. He gave me five hundred dollars. He said it was just enough to go have fun for the day and a girl of my means could find plenty to do with that kind of money. I walked around the many boutiques that lined the streets of the picturesque cozy town, and picked up some bits of clothing here and there and even met a girl who was passing through on a road trip. She was somewhere in her late teens with golden sunshine tresses, olive skin and blue eyes. Her name escapes me, as it was so unexpected, I think it was Tina or something like that but she was your typical California carefree chic, offering me a few tokes of her jay as we ducked down a side street together. I was so happy I had met this girl, as she was fun spirited and charismatic a relief from the social expectations I had come to know lately, but always being "on-call" as I had been trained up to be, I ended up inviting her back to meet Jeffrey at our hotel later on as a surprise for him. Maybe she was just a bit too carefree for Jeffrey's taste but anyhow she was pretty enough to let him be the judge of that matter.

Over the next hour of hanging out together I found out that she was on a road trip with her best friend who was still sleeping off the hard night of partying from the night before. She was originally from the southern states as she had a bit of draw still left in her accent, and she had recently left her boyfriend because he was leaving for a college too far away not believing in long distance relationships. Then it was my turn to dish out my contribution to the conversation of getting to know each other better. I always got anxiety before I would tell a girl what I did for work and romance (as such), morally I was ashamed of who I was especially with a girl having led somewhat of a normal life. Next, as always, I expected to



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be probed with so many more questions and having to make Jeffrey sound ideal and hot for the taste of a young girl and knew I would be point blank lying, so I told her some of the truth which was that he was really rich and paid good money for a massage and useful to have around as a contact. I told her he'd give her two hundred dollars for a two-hour massage with me leading the way and warning her he was known to be frisky during the session. Unexpectedly she said she could use the money and then came the part that I hated the most, but had to do so they wouldn't be as shocked as I was the first time I had met him. "He does like us to be nude though and sometimes asks for more than just the massage itself". All I could do was wait for a response after a shocking sentence like that, and depending on the girl, most were sadly taken back by the money. Her carefree attitude seemed to disillusion for a moment when she gave it some thought and asked me "He's not like, fat and ugly, is he"? " " No…no…not at all" I replied, "He's got more of a Richard Gere appeal to him". Trying to make him sound a little more measurable than just a rich old man that likes to be with girls younger than half his age. "Well then, what time shall we meet tonight"? She asked next. Great, I thought, Jeffrey would be most pleased with my find. "Knock on my room quietly, you're going to be a surprise. Be there at around half past seven tonight and I will introduce you to Jeffrey". She threw the butt of the second jay we shared in the bushes and we strolled into a homemade fudge boutique to get some relief for the munchies we now had.

When I got back to the hotel at around a quarter to six o'clock pm as requested I'd be, nobody was back yet, so I took the time to set up the oils and bath in my room for his massage tonight. I thought I would plan it so the girl would be cleaning off, as Jeffrey liked before he had sexual contact with a new girl and he could walk in and be surprised to find a strange beautiful girl in my room who wanted to massage him. Jeffrey walked through the door not long after I was done prepping for the night ahead, looking like he had a rough day at the office, which was very rare for him. He sat down on the bed and I asked him how his day was. He didn't want to talk much about it, saying it was boring and long, rather asking what I got up to for the day. Being coy about having a jay and his unexpected surprise to come, I told him it was a great day of shopping and sight seeing and I even brought him back some local made fudge from the shop that had fulfilled my chocolate cravings only hours ago.

Telling him of the places I ventured into I mentioned to him "We'd have to hit the fisherman's wharf tomorrow. I saw some locals walking around with breadbaskets filled with creamy clam chowder and it smelled absolutely scrumptious." He said if the weather were nice we'd check it out tomorrow before we left for L.A. He wanted to take off his jeans and



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collared shirt and put on his normal attire of sweatpants and a sweatshirt. Ushering him out the door for dinner when he was more relaxed I was lucky when he said he was starving and quickly got dressed. We just found a quite spot to eat that was next to the wharf and got back to the hotel just in time for our surprise guest. He wanted to go have a shower and settle down for a massage, so I told him I'd join him in a minute, I just had to make a phone call real quick which he thought was odd and asked me if everything was alright, I reinstated that I'd just be a minute, trying not to let on about anything. The knock came quietly on my room's door just on time, as we had planned and I told her my idea to surprise him. I let her into the bathroom where she orchestrated my plan perfectly. Jeffrey finished his shower without me and when he called out for me I told him that I needed him to have a look at something in my room real quick. Not giving in to what it was that he would be looking at, he came into the room where I opened my bathroom door to reveal a beautiful nude girl bathing in a thick amount of soap bubbles in my tub looking at him with an alluring intrigue. His grin went from ear to ear when she stood up and introduced herself letting the bubbles run down her glistening body at an ever-slow pace. It was a proud moment for Jeffrey, I had done well in his eyes, and she was not like the other girls I had brought to him before, degraded from a lifetime of abuse off the streets. This girl was exactly his pro quo looking sweet and innocent as the girl next door. My efforts were to show him I knew that my only responsibility was to keep him happy at all costs. I led her through the massage on Jeffrey and of course afterwards gratifying his perversion with his lustful requests to be fondled and watch us become more than just friends. I didn't feel too bad at the time with his coercion providing many financial rewards making his scheme enticing to a young, impressionable teen not realizing the terrible memories left to come from all of this. Afterwards he paid her the usual two hundred dollars he gave to everyone for their time and took down her name and phone number writing it in his infamous little black book of the contacts he met in every city but only the ones he really liked made it down in his records.

We went out the next afternoon as I had suggested last night and we ate our clam chowder breadbaskets over looking the wharf's bay, watching the seals playfully barking at each other on the rocks nearby. Shortly after we were driven to the private airstrip and took off for Los Angeles. On the plane was an unexpected visitor. Matt Groening the producer of the "The Simpson's" T.V show was catching a ride with us. I was so excited, as I loved watching his show and acted like a star struck fan, asking him everything from his initial idea for creating the show to where he got his characters from. He told me it was all based on his own family make up,



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but without the crazy father and son scenes of Homers hand around Bart's throat.

I was enjoying our conversation, when Jeffrey insisted that I give Matt a foot massage throughout the duration of the short flight. I never turned down a client but when I saw the shape of his feet, I nearly threw up at the thought of having to touch them. He had yellow crusty toenails that even someone with a chainsaw would've had troubles cutting through and then there was the fluffy balls of leftover pieces of sock wedged between the crevices of his sweaty toes, now that was the real icing on the cake for me, no way could I attempt this I thought. Then I had an idea. I went to the back of the plane and rinsed a wash cloth in warm soapy water and returned for his dreaded foot massage but not before attempting to clean them first.

In return for my services Matt was kind enough to draw me two quick sketches on blank paper from his briefcase of my two favorite characters, Homer and Bart. I asked if he would make them out to my little brother and dad, the true fans of the family not missing an episode during dinner over the past ten years or so. Next to the A-4 size drawing he was able to fit in the quote "To my greatest fan from Matt Groening" and their names next to it. I knew they'd absolutely love it, and it was such a nice gesture his feet were no longer an issue as I laughed it off and even made a joke to the comedian about getting a pedicure before hitting L.A's beaches.

The flight was only short and we arrived in busy L.A within the hour, saying Good-Bye to Matt, who was a pleasure to meet. Jeffrey had a meeting at a production studio for one of the girls he was keeping lured in his grasps, so we were off yet again for more business. We were staying with one of his old girlfriends, Jeffrey's code for "She got to old for my taste, but was still nice enough to keep around". She was a tall blonde with blue eyes, a stereotypical Barbie doll. In her younger years she had been a successful model and now lived on the beaches of Santa Monica with a sweeping view of the oceans landscape as her backyard.

The next morning Jeffrey and I went out to breakfast. He said Sarah Keller, would be joining us with another one of Jeffrey's girls I hadn't met yet, her name was Nadia Bjorlin and she was a Yugoslavian model turned aspiring actress, with the help of Jeffrey, as he so proudly remarked at the table before they arrived shortly thereafter. She was a stunning brunette with olive skin tones and shocking blue eyes. By far one of the most beautiful girls I had ever met before. She and Sarah approached the table, shopping bags in hands already in the early hours of the day. They both pulled out a chair and showed us their new pair of Jimmy Choo's they had bought on their way here this morning, and excitedly asked for Jeffrey's opinion. He loved the doting attention and anyone who could make him feel important. We all went back to Sarah's



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apartment that Jeffrey rented for her on Malibu Beach. This was the first time Jeffrey came to visit and when we got there you could see why. It was a tiny one-bedroom shack, too small for his likes of accommodation, but she loved it and it was plain to see why, the waves lapped underneath her porch twice a day, what else could anyone want. Before even walking through her door, you could hear the commotion of excitedly screaming females voices coming from inside. There were about five other girls in Sarah's living room and she had invited them so Jeffrey could have a few different girls to choose from. Jeffrey looked at Sarah and smiled, aren't you sweet, as all the girls rushed to introduce themselves, hoping for the opportunities Sarah had offered them to come in the first place.

We all had some coffee and biscuits while the conversation kept getting louder and louder, every girl trying to talk over the next one. Jeffrey could handle only so much of that before getting too annoyed. Instead of choosing one of the other new girls, Jeffrey wanted Sarah to show Nadia and I into her bedroom. He was anticipating the introduction of his two favorite girls together, what mischief he had hoped we would get up to was apparent when he asked where Sarah had kept her play toys and not the fisher price ones. Sarah brought out quite a collection of her personal toys and was giggling on her way out as she shut the door. Suddenly the room behind us went quiet, probably hoping to catch a moan or groans too laugh at and I felt so degraded having everyone knowing exactly what was going on. Knowing my duties well I was baffled this time as there was no ritualistic massage wanted. He immediately instructed us to start kissing and fondling each other with the provided toys straight away seeing his excitement grow watching us try and out do the other one with pleasure, he couldn't keep restraint any longer and started to have intercourse with the both of us, taking his erect penis out of the other to only swap to the other girl, back and forth. This continued for a good fifteen minutes or so while we continued to engage in lesbian acts on each other while the other girl was being subdued by Jeffrey's thrust's of penetration. Nadia was just as dutiful as I was in fulfilling his demented requests, willing to lend her body to Jeffrey and those he sent her too, for the sake of keeping her acting career and putting on a good act at that. She was never competition though. Once I found out where she actually came from I took pity on her for the similar life of servitude we were both accustomed too and not that we ever became good friends but we had reason to relate to each other.

Later on Jeffrey, Nadia and I went to a production studio in L.A, where we had to meet with Nadia's agent as well as the producer of "Day's Of Our Lives". The meeting lasted five minutes, with everyone in consent to the proposal. We flew all the way out there to talk about money, only to be leaving that evening back to N.Y.C. On the way to the airport we



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stopped at a fifties looking diner and got a cheeseburger and vanilla milkshake, the first and only time I saw Jeffrey eat what I considered to be real food. Seven lanes to drive in and the freeway was still lined bumper to bumper in the heavy rain. The sound of downpour on the rooftop of the taxi and the rhythm of the windshield wipers was making me sleepy. I was looking forward to sleeping through the long flight back. Thank goodness we had a private jet to catch back, the trip would be comfortable and not rushed to get there on time through the daily peak hour traffic. Jeffrey asked me what I thought of Nadia, more of a kiss and tell kind of thing for him, so proud to admit some of his tenacious acts of pedophilia to me that I knew most people would be embarrassed to even think aloud but I said what he wanted to hear when he asked me what I had thought of her on the way back. I replied, "She is attractive, funny, and seems to know what she is doing with you." Laughing at my statement, he then started to tell me the history behind where he got her. Five years ago when she was merely a teenager just turned thirteen. Her father had recently passed away, leaving Nadia's mother in a tremendous amount of debt and living in a third world country, she didn't have the means necessary to raise her own daughter. When Ghislane approached Nadia for the first time at a music school, she seemed like a maternal, caring stepmother. Telling Nadia's mother if she let Nadia go with her, she would se to it personally that Nadia receive the best education and chances in life to make it. In her customs it wasn't odd for a young girl to be married off to bring the family good fortune, so she kissed her baby girl good-bye and sent her off to commence her life of servitude. I sat there speechless listening to Jeffrey brag about his endeavor to get her over here, shocked that he could stoop as low to use a barely teen to oblige his sexual desires. He was laughing and giddy as he replayed the memories of her arrival over in his head, painting me a horrific picture I had no choice but to imitate a smile to face him with.

No pretty girl is safe from the allurement of these villains procuring the youth off of every street in the world. I knew that day more than ever before those morals did not exist for people like this. Jeffrey once told me that every girl he has had sexual relations with has benefited in their career, finances, or an achievement in marriage with a successful colleague of his. Mine was the massage career, ever so often still giving me a lesson from a professional, which kept me quiet for a while longer. I thought I was already knee deep in this world, if I gave up after putting myself through all of this hell it would've all been be for nothing. So I treaded lightly, constantly at a risk of being replaced by another willing participant and playing the eager student he wanted me to be.



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## Chapter 9

We met Ghislane and Emmy in N.Y.C, and it wasn't a blissful reunion as I hoped for, wanting a break from all of this I was just looking forward to getting back to Palm Beach, not leaving for a further four more days. I got home late in the evening as Jeffrey invited me out to the movies after we had relaxed at his house for a while after landing.

I put my keys through the door to my apartment and walked in to a quiet house. Not thinking anyone was at home I set my suitcase on the floor and put my cell phone on charge as I always did to be accessible for whenever Jeffrey or Ghislane could call. I went to get a drink out of the fridge when I heard some noises coming from the back of my apartment where my bedroom was. I started back there and slowly turned my doorknob to reveal T.J on top of another girl. When they noticed they weren't alone anymore, T.J got off her with promptness. I recognized the girl from seeing her around at parties, and she was the town lowie, scattering her trail of guys along with her presumable diseases, and I wasn't shy to verbalize that when she tried to open her mouth and calm the heated situation between T.J and I. She didn't like her cards on the table in front of the guy she was screwing around with and got up in a fit of rage to attack me. Still nude with only my new white sheets to cover her body, I threw her out of my house along with T.J. "I have been paying your way for months, only finding out your sleeping with the biggest slut in Royal Palm Beach, at least have some dignity and higher your standards." I didn't really have a leg to stand on since I had started this relationship giving him the knowledge I had a sugar daddy to answer to above him. "You're gone all the time and with that old man, what did you expect me to do"? He was right, I wanted what I couldn't have, but I needed some time to cool down and accept my situation. I loved having T.J around to come home too, and he used to be my best friend in my school days. I convinced myself of the lies I continued to accept.

Days later I was still not speaking with T.J, mentally adjusting to my circumstances, I thought I'd have the day off to relax since I hadn't been called all day. Until about five pm when Ghislane called and said Jeffrey would like a massage in an hour. Grudgingly I got up from relaxing on the couch, got dressed and put my make-up on, meeting Juan downstairs a half an hour later. Jeffrey was already lying on the massage table when I walked in. I started the massage being very quiet from my somber mood, when Jeffrey picked up on it and said "you know it's not good to massage people when you're angry, you could pass on negative energy". I wasn't sure if he was serious or just trying to be nice so I could speak about what was bothering me. Ending up not being able to contain my



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emotion any further I told him what happened with T.J and broke down in tears, a little heart broken from living in such a lie. He turned around from his massage and sincerely paused for a second thinking he was going to console me but instead he laughed at the very prospect of my notion that monogamous relationships ever existed. "Are you serious, he was only doing what every guy in the world does, you can't hold that against him". I replied in a lighthearted gesture "whose side are you on anyways"? His answer stuck with me for many years to come "I'm on your side which is why I'm going to save you a lot of grief with this one tip, Never expect a man to be faithful and you'll never be let down, it's just the way us men are genetically imprinted." The remainder of the massage I had to pretend like I wasn't further saddened by his response, but in fact having to act enlightened. I would never come to him for any other relationship advice, ever again. He told me I'd be fine if I just listened to my mentor. He still loved role-playing the teacher and me the pupil, like the old days before he got rich and only used to be a college professor. I finished the massage and fulfilled my sexual duties before being sent home wanting to collapse in anguish.

T.J was outside my apartment door when I got there, his mom waiting downstairs in her minivan just in case I kicked him out again. He pleaded his guilt and promised that he would never see her again, agreeing with me that she was the town slut and he screwed up big time. I let him back into my apartment and back into my life for that matter but more aware of the world I was being led into believing was of normal conduct accepted by everyone in this sick world. Jeffrey was going back to N.Y.C and told me to have a few days off before his assistant at his office would arrange an E-Ticket on a commercial flight for me to join him later in the week. I had just made loads of money from my previous trip and wanted to relax like any teenager does, so I threw a hotel party that weekend on Singer Island in Rivera Beach, inviting only a small group of friends to begin with.

The hotel room quickly filled up with a flood of teens and the pumping music was blaring. The room had a balcony overlooking the pool and the beach that became the smoker's section. I wasn't a real smoker at that point, preferring to have a puff of a spiffed blunt instead so I made it my rule to go outside trying to prevent holes in the carpet, but it didn't last too long when our forbidden walls came tumbling down. Making so much money that I could supply my wild parties with an assortment of drugs like trips, ecstasy, and coke as well as an abundance of alcohol, that T.J had all the contacts for, made my fellow teens admire me. It definitely gave me a head swell, thinking here I was so young but so grown up already with all of my peers from high school looking up to me. In the wee hours of the morning we were all still going hard with our eyes



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dilated into little black diamonds. We were all having in depth conversations about life and where we would all end up when this charade was all said done. Nobody got to sleep that night as the room slowly dwindled in numbers as people were finding their way home to recover from the repercussions of drugs wearing down out of their intoxicated system.

When I flew out to N.Y.C to meet Jeffrey the next day, I was still in a horrible state. Not knowing what was wrong with me, thinking it was just a bad come down, I rushed out of the elevator and down the hall to my room, sweating profusely, to make it just in time to the toilet to throw up bile again for the uncountable time since getting off the plane. I was having intense cramps in my stomach and when I was called down to meet Jeffrey in the massage room, I had to decline for the first time. I told the housekeeper that I was feeling very ill after the flight, maybe some off food for lunch and needed to lie down for a while. Nobody came up to check on me for hours or even called. Waking up from my much-needed nap, I pulled back the expensive white sheets to find myself in a pool of my own sweat and blood. I was covered in the red stains that drenched the pants I was wearing. I had no idea what was going on, I could only focus on the dire amount of pain I was in. In between the heaves of throwing up and crying simultaneously I was able to reach the phone and called the housemaid on the intercom. I told her I needed to go to a hospital immediately and slammed the phone down only to fall back to the floor hurdled in a ball. She didn't hesitate in calling Ghislane who ran up to see what was wrong. Ghislane then called Jeffrey who was in his office at the time and told him to hurry up to my level, stressing to him that it was an emergency. Thinking they really cared about me for the first time since I had known them, they came with me to the hospital with me. Now I realize I was only a liability in getting them caught and they needed to get to the doctors before I could say anything incriminating. They were suspecting the worst now and seeing he never wore a condom with me and from our previous conversations they knew I always made T.J wear one, they feared the situation at hand.

When he saw the catastrophic state I was in at that point, it was the housemaid who helped me get up and assisted me down to the car where Jo-Jo was waiting for me. He drove us to either Lennox Hill Hospital or Mount Sinai, I can't remember, as it was so blurry in such a bad condition. Rushed in for immediate testing I was uncontrollably vomiting and in so much agony, I was given an injection to help me to subside the intense pain. A nurse came in to ask who would pay for this and although I insisted my parents insurance still covered me, Jeffrey persisted that he take care of all the medical bills and gave the nurse his information.



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When the pain relief kicked in, everything and everyone dwindled away until I felt like Alice in Wonderland who just swallowed the shrinking tablet and everyone standing around me seemed to move so quick, speak so loud and hover above me. When I awoke from my induced state, I was alone in a different room. Not knowing at all what went on but feeling a little better, I called in the nurse who looked through my charts and checked my vital signs. Then told me the doctor would be in shortly to inform me of the conclusion to my illness.

He was a tall man with dark hair, and a hardened look about him obviously from his job and constantly seeing the worst horror stories man could think of, he just bluntly told me I had miscarried in early stages of pregnancy. I should be fine to go home as soon as my course of intravenous antibiotics was complete. The news sunk in fast and hit a deep nerve. I waited for the doctor to close the curtain before I let out any emotion and cried for my disastrous lifestyle that was dragging me into a world that I wanted to break out of. This reoccurring cycle of believing I needed men like Jeffrey to succeed in my life was draining the last bits of sensitivity left in my heart. I was picked up by Jeffrey himself who took the doctor alone to the side of the busy hallway to have a private conversation about something. Jeffrey wasn't comforting at all, instead he sent me back home to rest for a couple weeks, and I only fell deeper into a depression, using all forms of self-medication to treat my sorrows.

Two weeks later, as if Jeffrey was trying to lighten my spirits, he told me I would be going to his island to meet a new client. He is a Harvard Professor, named Stephen Kosslyn. I would be spending two days with him showing him around the island, dining with him, and treating him to a massage whenever he wanted. Without Jeffrey even verbalizing the need to have sex with him, he told me to keep him happy like I had my first client. I packed my suitcase with island apparel, and kissed T.J good-bye, who had at least offered me a warm embrace upon the news of my miscarriage but none other than that knowing it wasn't his.

Stephen was a quirky little man with white hair and a mad scientist look about him. We arrived separately and I greeted him when one of the housekeepers picked him up from the airport and arrived by boat, instead of helicopter as Jeffrey and Ghislane often arrive on. We made our acquaintances and he looked as if he was tripping over himself with words, obviously delighted with his company and location for the weekend. I showed him around as Jeffrey had asked and took him on an adventurous quad bike ride around the small curvy paths, leading the way and letting loose my hair, doing something that gave me a natural high instead of the prescription one. The sights alone were breathtaking from the mountainous peaks of the untouched parts of the island, we sat at a cliff and just sat there, not saying a word to each other besides to



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compliment the sights mother nature that appealed to us. I didn't feel as if I owed this stranger anything but what was expected of me by Jeffrey and I could be polite, I just couldn't be myself.

We got back to the main villa to see what time dinner would be served so we could have time to unpack and clean up beforehand. We both met at six pm for dinner on the outside veranda. He sat at the head of the table and I sat next to him, politely folding my napkin to put in my lap. The first time Jeffrey and Ghislane had seen me cut meat and eat with a fork and knife they were so appalled, making fun of my unsophisticated habits. Ghislane took the fork and knife in her hands and proceeded to show me how to politely cut my food and eat. Now that my mannerisms had improved they wouldn't have to be worried about my etiquette when someone important was around anyone. We both drank the red wine supplied on the table and it seemed to warm me up on the breezy night. By the time dinner was served and another red wine bottle later, he seemed to get funnier. I made fun of his tousled hair and he poked at me for my skinny legs, calling me a wanna-be- anorexic. When dessert was brought out, he asked if he could receive one of the delightful massages he has been hearing about from Jeffrey. I gulped more red wine down and sweetly complied with his offer, dreading the moment I'd have to see his naked body, let alone touch it. I asked the housekeeper Kathy that had been serving us that night to please have someone set up a massage bed in one of the cabana's. I went to my room to down a few Xanax, telling him I wanted to freshen up after dinner but to meet me in his cabana in twenty minutes or so. I was ready to go as I had said, twenty minutes later, with the effects of the tablets mixed with the red wine, and I would be free not to feel anything. He was still dressed when I got in the cabana, obviously not accustomed to this and a lot shyer than what I had been used to, I told him he'd need to undress and lie face down on the table, putting a towel to cover his bare bottom to prevent him feeling embarrassed during the massage. I gave the massage my earnest as I always had, and quickly get through having intercourse with him. Not wanting to make any foreplay or anything extravagant out of it, I let him think that's as good as it got, and by the smile on his face, I thought I had done enough.

The next day I took him down to the beach for a real massage under a tiki-hut on the waters edge. It was one of Jeffrey's favorite places to have a massage, as he droned out to the sound of the waves and my gentle therapeutic strokes. Afterwards we had lunch back at the main villa and went back down to the beach to swim out to the water trampoline about one hundred meters off the dock. He didn't do any bouncing around or anything like that. It was just a good base point for a rest spot after a long



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swim. What was really cool about it though, was you could see through the mesh and watch fish swimming underneath.

The rest of the afternoon we spent by the pool reading magazines and eating fruit plates. Eventually he went to his cabana to have a nap later on. That night after dinner and my mixed cocktail of Xanax and red wine, I asked if he'd like another massage before I went to bed. He just wanted to stay up watching movies in Jeffrey's theatre room. As peculiar as that request was to me I didn't argue it, I just hoped I hadn't disappointed him in any way that could make it back to Jeffrey. I showed him how to use the remote and turn off the T.V when he was finished before going to bed. The next morning we were both catching a flight from St. Thomas and we had no time for anything other than breakfast and packing, which saved me from having to be too polite as we said our good-bye's from the terminal in the airport, both hurriedly off in separate directions, thankfully. I arrived back in Palm Beach, only to be told to catch another flight the next day to N.Y.C, where Jeffrey would fix me up the money he owed me for treating his colleague out to an entertaining weekend.

## Chapter 10

I was fixed up more than what I had usually made for two days, which was great because that car I had been saving for was finally within my reach. I had been waiting for the freedom a car gives every teenager for a long time, and now that I had over fifteen thousand dollars saved up I could pretty much afford to go buy myself a nice car outright. Looking much better than the last time I saw him Jeffrey acknowledged it. I went to his office where he was waiting for me and he had a guest with him. She was unusual looking to the common stereotype drop dead gorgeous girls Jeffrey had normally introduced me to. Of Asian decent, her name was Rena. Jeffrey had met her at an art gallery where some of her own artwork was on display. She had a bubbly persona about her and I could then understand why Jeffrey liked her so much, she fit into the subservient category that he liked his girls to fall under. It was apparent to me that they had already slept together in the short time span they had met, as there closeness was oddly noticeable and I wondered what it was he was offering to her in exchange for her body. I found out later from Jeffrey that he was buying her artwork, promising her the world as an artist, telling her he'd have her work in the all the museums in N.Y.C and the best art exhibits. Everyone was promised something, and seemed to be bought off in someway or another to be in his company. It was only a matter of time that the truth would come out.



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To my own amazement Rena was to be assisting me in Jeffrey's massage this day, not being a total knockout or anything spectacular, looks wise that is, but for some reason he seemed intrigued enough. As we made our way through his spectacular mansion she was in total awe at every corner. Commenting on the present artwork and décor that we passed in every hall, it no longer seemed so grandeur to me anymore but hearing someone else speak about it in such excitement reminded me of the days when all of this seemed so unforeseer.

When we got to the massage room, or "The Dungeon" as I used to put it for it's medieval looking appearance, we firstly out of custom all had a steam shower, where Jeffrey expected me to walk her through a servants duties, telling her to take his other foot and start rubbing in small circles and stroking the arches of his foot rhythmically. Rena took the instructions well and began to massage him too. When we all went to the shower next and she followed in my exact lead washing his body as well. Jeffrey absolutely loved the fact that two teenage girls were dually pampering him. Jeffrey wanted to move to the massage bed and I had to further begin to show her about the body, upon his accord. She mimicked my every move up his legs and buttocks, keeping up with every stroke until he could not contain his arousal any longer and was already requesting us to start kissing each other, the start of the very reason we had even met in the first place.

He blatantly stopped the massage nowhere near being complete and turned over to announce his increased arousal in a physical abundance of grotesqueness. Moving over to the small couch in the corner of the room he made a space for her to lye me down on the massage table as she had commanded him to do in such a domineering tone that he wasn't used to being spoken down to with. From that very moment onwards and from the look on his face he was yearning for her to orchestrate an hour of deliverance upon my meek nature. He started to stroke his erect manhood as he was being tantalized watching her take over every inch of my body in a dominating act of seduction. I was left breathless and soar after my first introduction into the world of S&M.

Rena considered herself a dominatrix, she loved bondage, whipping hitting, and eventually cutting her sex partner with little sharp knives until they subdued to her punishment in agonizing pain. She was absolutely crazy if you were to ask me, and I couldn't help but wonder what got her into this in the first place. All I knew was that Jeffrey was absurdly taking into the appeal of watching us two interact, often with her acting as my mistress who would fondle me with an insurmountable amount of whips and toys. Then she would love to finish off every session by hitting me across my face with a hard blow from the back of her hand and sneering over my curled up body showing Jeffrey her ability



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to make others surrender to her extreme force. She could be so opposite all of the sudden and be tenderly intimate with Jeffrey stroking his penis lovingly and even speaking in baby talk to him, which he seemed to adore.

He loved us pairing up so much that within months he made Rena an official even renting her an apartment at the same place he had one for me during my extensive trips out to N.Y.C. Sending us out shopping together at all of the underground seedy sex stores downtown we would bring him back thousands of dollars worth of sexy outfits, sex toys and bondage material. His favorite one was a black leather studded collar that lead down the back of my spine to cuff my hands and feet together, offering Rena the most compromising positions to wield her afflictions, one she was excited to pick out for my usage.

She was good at eradicating my softer side though. Helping me forge an unpredictable scenario of me turning the tables on her, making her at my will instead of me always being at her twisted discretion. Jeffrey loved the rivalry between us, both striving to dominate the other one but to me it was just another way of surviving her punishment. All for show I thought she was a madman let loose in a torturesome domain of violent sex and unbearable beatings. I wasn't sure how long I could hold off this charade of S & M, I just didn't want Jeffrey to think I couldn't give him everything that she could, always being replaceable in his company.

She and I could often come across as good friends to his blind eye but it was only a matter of time before the animosity inside of me was going to snap. Doing normal things too made it all half bearable. Having a lot of similar interests we did fun things like go to the theatre to watch "Phantom of the Opera" or visit several historical and art museums together, afterwards treating ourselves for a giant piece of greasy N.Y.C style pizza. Like I said, we really liked each other purely as friends but the dominance in the massage chambers was taking it's toll on our strange friendship. One average trip back to N.Y.C, she surprised Jeffrey with a six foot by six-foot oil painting of her and I lying nude in a ying and yang position facing each other. Although we were soliciting each other with sexual innuendo the picture was still very carefully orchestrated to perfectly portray the darker side of Jeffrey's thrills. It was an amazing piece of work, besides the lewdness of it, but she would've known that's exactly what kind of art Jeffrey liked. He was so astounded by her gift as he had previously asked her to construct a small painting of us together but was not expecting anything of this grand magnitude she had presented him with. He lifted her from the ground and twirled her around before he thanked her profusely and embellished her with his profound gratitude, the only thing Jeffrey had to offer, he handed her a small wad of cash as her payment. It was the most appreciation I had ever



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seen him show a girl. Obviously moved by her gesture, he got her an exhibit in N.Y.C's "Metropolitan Museum of Art" where she submitted her very own piece. She sculpted an image of my headshot out of clay, shaping it with the strands of my long hair blowing across my face. I was taken aback myself at her creation. She really did have an amazing talent if not for her meaner streak she would've been a great friend. I will never forget Rena, for all of the ups and the downs we endured together.

It wasn't too much longer before I finally had enough of the abuse in the bedroom and I had to tell Jeffrey what I was feeling. She was getting even more violent as time went on, and with her questioning me and Jeffrey why she didn't get brought on long trips with him, she didn't get the fact that she was just a tool for him to use. Jeffrey said he was already thinking about getting rid of her off of his "regular list". He said she was becoming too clingy and he didn't like clinginess or jealousy. I never even got to say good-bye or take the opportunity to keep her as a friend, like a girlfriend to catch up with once and awhile, but that's how it was with Jeffrey, one day you sat under the blanket of his comfortably and the next without any warning you could be discarded like yesterdays news. She would've taken it hard but that's the game we were playing and it was for those who knew what lines not to cross.

I was further surprised the next day when Jeffrey gave me a thousand dollars to go shopping in downtown Manhattan to find a classy dress, on top of being sent to the exclusive beauty salon of celebrity stylist "Frederic Fekkai" for a new look. It was amazing, to be pampered like royalty. I walked out of there feeling like I had replaced a young girl with a young woman, I felt beautiful. He had yet another surprise in store for me. Ghislane called me and told me I need to go to a photo-developing store and ask them for two I.D photos then bring them downtown to Jeffrey's Manhattan office. Weird request I thought. I was more used to posing in full body shots being sexually exposed as a gift for Jeffrey. I did as they asked and took my two photos into the office where Jeffrey's assistant was waiting for my arrival. Still not telling me what the headshots were for, she took them from me and told me to have a seat for a second. A moment later I heard Jeffrey call me into the office. "I like what you've done with your hair, you've gone more blonde, suits your glowing tan". I replied with an appreciative "thank-you" for sending me to such a renowned hairstylist, and shopping money. I showed him my finds for the day, an elegant off the shoulder navy blue dress that had two layers that would swoosh and sway with my every stride. I couldn't wait to wear it on a special occasion, and I wouldn't have to. The pictures I had to bring to him, as he would proceed to tell me, were for my first passport. I was so excited, we were going to France for a close friend of Jeffrey and Ghislane's birthday party, famed super-model Naomi



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Campbell. I was so over-joyed with excitement, what girl my age with a background like mine was attending socialite parties and globetrotting the world. It only made it harder for me to see beyond the elusive walls I had put up to protect myself from the appalling truth.

We left in early April first going to London, Paris and then our final destination being St. Tropez in Southern France. If Hallmark had a postcard, St. Tropez would definitely be on the front of it. It was beautiful spring weather and every where you looked women were dressed in bikini tops branded with some kind of designer label embedded into it and the men were following them around like harping dogs in heat. In all of the elegance of the Mediterranean, "La Bastide De St. Tropez" was an impressive landmark. Jeffrey and Ghislane were staying in one of the private cottages, on the park on the grounds, while Emmy and I stayed in separate quarters inside the hotel. The old style cobblestone streets were lined with boutique shops and beauty parlors. It was the hedonistic stomping grounds of the beyond rich and famous.

The next day we went out to lunch at the grand opening of the infamous Nikki Beach Club, where a cheap glass of champagne costs around two hundred dollars and if your not keeping the alcohol consumption flowing like water, you'd be asked to leave to make way for the constant flow of prospectus patrons. That's where I first got to meet Naomi Campbell. She was wearing the typical attire strutting around southern France, a D&G bikini top and a wrap around mini skirt to go over the swimsuits bikini. She was so tall and stunningly beautiful. Her charisma was energetic, funny, and everyone seemed to hang off of her every word and laugh at her every joke. Ghislane and Jeffrey kissed her cheeks and wished her a happy birthday, and then I was introduced and followed in their suit. She was surrounded by a league of assistants, friends and fans, which didn't make it easy for us to all converse but she got enough time in to invite us abroad a yacht of a fellow she was "kind of seeing" at the time for the before party ahead of tonight's event. We went back to the hotel and I gave Jeffrey a massage in his room before we all headed down to the pool to soak in some of the year's first sun's rays.

I loved wearing my new ball gown and feeling like a princess. It was absolutely sensational and made me feel as if I floated in the dress. I swept up my long hair in a twisted clip, only letting down a few curly strands and layered on the mascara. Receiving many compliments throughout the evening when we eventually left the Yacht to make our appearance at the main birthday bash, I couldn't help but feel excitement for the party to come it was the first celebrity birthday bash I had ever been to. Being introduced to model after model and the rich men that followed them around became dizzying. Jeffrey sat back and watched as I buoyantly worked the dance floor, coming back to the table where he



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was, only to grab another glass of champagne every now and then. Every so often he'd introduce to me to someone new, pulling me aside to show off his eager young masseuse to his fellow pedo's. These people had so much money pouring out of them. I don't know why he even thought they'd care in the first place. It made me feel good though. At least I knew I made him proud to have me in his company.

Being surrounded by so many of Jeffrey's colleagues and his likeminded people that were considered the most sophisticated and the highly esteemed of today's world nearly made the way I was living lately more fathomable, at least to myself. I thought if everyone looks up to these people and they are all accepting of it, it must be just the way the world turns. I danced with a young prince that night and with all of the help from the bubbly champagne I couldn't remember his name for the life of me. On one of my trips back to the table for another glass, Jeffrey leaned over to quietly whisper in my ear that it was a prince that I had actually been dancing with and I didn't phase me in the least way. I went back to the dance floor and continued to let my hair down. It was a fun bash, the entire crowd sang "Happy Birthday" to Naomi and by the time we got back in the car to retreat for the night, I was giddy from the drinking and dancing all evening. We had a guest in the car, and apparently we had already been introduced, but I couldn't even remember his name in the first five minutes of our meeting again. He was the hotel owner of some large chain in America called "Hilton". Staying at one of the cottages near Jeffrey, he saw it quaint to loan me out for a night's massage to ruin an "almost" perfect evening. Jeffrey told me to come back to his room after I was finished with Rick, thankfully he reminded me of his name but also odd I thought, being so late I would've never imagined Jeffrey could stay up this late but I never made a fuss out of his requests. I gave him affirmation of my understood instructions and headed off with this stranger into the darkness.

I dimmed the bright lights in his bedroom to a softer tone as if it might aid the vision of this short, balding man with straggling remnants of curly brown hair left to show for the remaining bits of youth left in him. I had to ask him to undress and lay on top of the towel that I had picked up from the neatly folded pile at the end of his bed and spread it over the duvet. I didn't want to waste a second in his place, getting right to the very reason I was even there. Turning around while he was getting undressed, being our first time together, I wanted to give him the impression I was actually a therapist and not a finale to the end of the nights entertainment. Not exactly what he had in mind though, given that my impression was already made for me when Jeffrey arranged for our meeting in the first place. His chuckle to my response was condescending as he came up behind me and unzipped my dress which floated to the



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bottom of the floor as he was saying "You can't really expect to give a massage wearing this, here sweetie, I'll help you out of it." He just wanted to see the hidden bounty my clothes were hindering his eyes from seeing. I just went about my way trying to get his hands off of me and to get him to lie down for a massage. Making quaint conversation with him was pointless as I was trying to send his thoughts elsewhere other than the apparent perverted schemes replaying in his mind from the heavy breathing he was making and the looks he was giving to me. I was using all of the tricks in the "turn-off" book even asking him about his wife and kids.

Unquestionably he was in seventh heaven turning every one of my distractions into another flattering compliment. He was saying things like "I love what you do you to me, I have never felt like this before, come stay with me and I will pay you double, no, triple whatever Jeffrey pays you!" Knowing he was just a drunk idiot, I wasn't being lured in by any of his offers of money or a privileged lifestyle, I knew these cages all too well and I was better off sticking with the one that I was at least accustomed to already. Holding back any composure now, he was going extremely wild ravishing at my body trying to tear off my panties like a hungered wild animal. After all of the champagne I had drunk that night it gave me the nerve that I needed to know exactly how to handle perverts like this one, who had been no different from every other shmuck in my life, and I quickly shut him up with a blowjob lasting no longer than two terrible minutes. It had only been shy of a half an hour before I was already getting quickly get dressed and hurrying out his cottage door.

When I got to Jeffrey's cottage I rushed through the door and told Jeffrey and Ghislane, who were sitting front of the fireplace reading a books, that I never ever wanted to see that guy ever again. When they asked me what was the matter, I told them of every thing that had happened that night even how he offered me to come work for him getting paid triple. I established a lot of trust with Jeffrey that night. He asked me why I didn't accept the offer and I responded with " Who would look after you, if I were gone?" Like a caring grand father would do, he pulled me into his chest for a hug and told me that it meant a lot to him. It was so late and I was so tired but I still had to give Jeffrey his massage that night. He asked me to just rub his feet as he fell asleep, and thankfully he was out like a light in no time. The next morning I took two headache tablets and a ginger ale instead of a coffee. Trying to contain my hangover as best as possible behind a pair of sunnies it was mid afternoon by the time I had felt like myself again. We spent the day Yacht hopping, soaking in the sunny weather while Jeffrey and Ghislane caught up with old acquaintances, Emmy and I were just accessories to look good on the arms of them. The next day we wrapped up the tail end of



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our trip and commenced our flight back into the U.S. I was paid a generous amount and set off to go car shopping as soon as I got back to Florida. Through a private seller, I was able to pay out right for my car. I got a Dodge Dakota in cherry red, and immediately had an impressive sound system put in. She was my first pride and joy and taste of freedom. I would love to drive her down to Lakeworth Beach to sit in my car and watch the waves while I listened to my stereo blare music and puffed on a jay. Letting the rest of the world pass by while I sat back and watched them walk past wondering to myself what their story was about.

I turned seventeen that summer and had accumulated a string of exotic destinations that I had travelled in such a short time. I was given more make-up and a pair of diamond earrings from Jeffrey. Ghislane only wished me a happy day, wondering at times if she felt threatened by Jeffrey's and my closeness. We went to the island after we left N.Y.C and I asked If Sarah would be meeting us, mentioning it had been a while since we had last seen her. He said he had some bad news about her. Expecting the worse, thinking she had gotten hurt or something, I was astounded when Jeffrey told me that she had been sent to his island with one of his friends for a couple days and when the housekeepers were cleaning her room and they found a stash of cocaine left out carelessly in the bathroom.

He said he had no choice but to let her go. Addicts with no respect for themselves or his wishes had no leeway in Jeffrey's book. He didn't mind that I dabbled in drugs once in a while as long as I never brought them along with us on any trips, except for my Xanax, which he didn't mind because it was pharmaceutical and most of all wouldn't cause him trouble being a legal narcotic. Sarah took it too far when she crossed international borders with an illegal drug, risking her welfare and almost costing Jeffrey public attention. She lost her apartment and contacts in the acting world, only hearing from acquaintances once in a while that she was sinking deeper and deeper into the black hole of addiction. It was sad to find out, as I always did like her.

At the island, Ghislane had just recently obtained her helicopter pilot's license and wanted to get some practice airtime and flew Jeffrey and I to St. John where we picked up Alexandria Cousteau, the grand daughter to the inventor of the scuba tank and underwater explorer Jack Cousteau. Ghislane was out to set us affright in the air, but it was all talk, she was actually an impressive pilot. Still a daredevil though, she got her kicks out of hearing us fret on the earmuffs intercom's. Jeffrey made it clear that Alexandria was a guest when I was told to adhere to her if she wanted a massage, which I obliged her with several times during our first meeting. It was Jeffrey who instigated that her and I reenact as lovers in lesbian acts of foreplay and penetration. I couldn't imagine a girl with



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such high prospects lowering herself to something of Jeffrey's standards, but I later found out through Jeffrey that he had donated money to her continuous exploration into marine life and habitats. She had followed in her family's footsteps, all of them involved in Marine Biology in some way or another. We actually got along really well, she was a real decent girl, and loved talking about her passion, everything underneath the waters surface.

When I wasn't busy giving massages to everyone around, her and I would hang out together. Often we go swimming in the crystal clear pool of ocean that the Caribbean had to offer. Once we swam out so far not paying attention to our location and were carried out to sea by the current. We took turns on the backs of each other, taking breaks against the strong ocean tide. It was almost a possibility that we nearly drowned out there, if it weren't for some guys on a boat out fishing for the day when they caught us in their view. They picked us up and brought us back to the island where we were reprimanded by a worried Jeffrey and Ghislane to first of all let someone know where we are going at all times, and never to lose sight of the shore while out for a swim. After that learning experience I took their heed and proceeded with caution. I had a newfound respect for the ocean and it's mysteries.

Having such a lover of the water as a guest, made Jeffrey want to explore parts of his Caribbean he had never seen before. The next morning we were met by a scuba instructor in St. James and given a few lessons in how to use the gear and more tips like how to descend slowly to the ocean floor as not to cause blood clots as well as visual hand signals to communicate underwater. It was so exhilarating beneath the waters surface. No voices to listen too, only the enchanting sights to take in. We explored the surrounding reef and found a large squid, many of sea urchins, and the magnificent colored coral that housed a many of the rich variety of the local species of fish. It was such a great sight to take in. Holding a permanent mental picture of those adventures to carry in my head for all times.

We all had such a great time that Jeffrey hired the same scuba instructor to come out the next day to scuba dive the safer parts around his island. We got bored quickly with not much to see but seaweed and a fish here and there. It didn't take long before Ghislane decided for us all to explore other numerous locations by boat, Jeffrey needed a bit of convincing at first and the instructor was quick to assure him that he knew his way well around these waters, of course he would say that, he was getting paid a hell of a lot to do this in the first place, why not extend it a few more hours?

The clear water glistened and the tropical array of marine life was on display as we wanted to stop at so many places but you could see as



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beautiful as it was it could be as equally dangerous. It took so long as we had to veer away from so many desirable spots. Finally we found a good place that the scuba instructor thought was safe. He buddied us up into pairs and we jumped off the back of the boat into the crystal aqua blue waters beginning our descent slowly into the darker regions of the oceans floor. We were situated on open water with a cavern of reefs to venture in and around down below. It seemed to be quite a choice to scuba in, one that our guide said he wasn't familiar with but to alleviate his bored clientele deemed safe to swim around.

It was Jeffrey and the Guide together, Ghislane and Emmy, and I was paired up with Alexandria. Miles, the houseman, came with us and stayed on the boat just in case something went wrong and lucky he did. We were all too far under the water to hear his alarming screams of distress when shadow's lurking in the murky distance started appearing closer and closer. Ghislane actually looked frightened for once as she gave us the signal to start ascending upwards, reminding us by holding her ears not to go up to quick or as we were previously warned before we could pop a blood vessel in our brain and hemorrhage to death, not a very lovely image but neither was getting torn apart by sharks.Those giant shadows became clearer and soon enough we could recognize their indistinct species as the terrifying and more aggressive breed of sharks, the hammerhead. Grabbing Miles hand I was the last one ahead of the Guide to get on the boat imaging the worst as I waited behind Emmy and Alexandria who were the next to follow after Jeffrey and Ghislane I was in too much shock to scream or cry, I just told myself I had to stay calm to get out of this alive. Unlucky for us we found out later on that we were in their breeding territory and being sent a clear message that we were soon to be on the menu to their feeding frenzy.

We all felt like we had cheated death and I know it wasn't only my heart that was still beating out of my chest when we headed back to Jeffrey's island. Jeffrey was pale as his designer sheets and looked like he had aged another ten years in such a scared state. Ghislane took the heat off herself even barely taking a notice of beforehand and decided to poke fun at all of us frantically scurrying to get out of the water, it was just her nature, as I had never seen her move so quickly either. We got back to the island and all collapsed our fatigued bodies in our own beds for a long nap. Freshened up and much more relaxed we regaled our horrendous story again over dinner, this time in laughter. The following afternoon Ghislane piloted us all in the helicopter to St. John's Airport and we said good-bye to Alexandra where we all parted ways. I met her a few more separate times in Palm Beach at Jeffrey's Mansion, but she wasn't a regular of his, probably not as easy as the troubled girls were to bribe.



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## Chapter 11

Throughout the remainder of the quickly passing year I was on a constant move with Jeffrey. Attending various dinner parties, mostly with other esteemed billionaires and widely acclaimed scientists. Jeffrey likes to surround himself with the most brilliant and powerful of minds, filling his little black book with some of the most esteemed and even infamous people in today's wealthy society. It was during those intellectual gatherings that my body was also put on the banquet menu but this time for a powerful senator George Mitchell and another prominent Nobel-Prize winning scientist who's name would be mentioned but for all the life of me can no longer remember. They would be only some of the recognizable figures of the high society that became added to my list of clientele, of course being introduced to for a lot more than just a client of massage.

As an amusement to Jeffrey's associates I also knew my place was to entertain but not to every desired content. I was to show them a good time but not the way I would have to use technique and effort for Jeffrey. The very teachings from Jeffrey himself, or my tutor, as he liked to so eloquently put it. Consistently being used and adored for the likeliness of my youthful looks I was becoming very accustomed to my lifestyle with Jeffrey, never really relaxing into it, but just accepting this as being as good as it will ever get for me. I didn't think I should be complaining, wasn't I being offered a life in exchange for servitude? Just letting the signs of my anxiety and depression pass me by while I blanketed them with my pills, suffocating under a blanket of pain is all I was really doing.

I spent Christmas and the New Years holidays with Jeffrey in N.Y.C, who doesn't celebrate the occasion, as he is of Jewish descent. Not that he was a religious man anyways, I never even saw him celebrate Hanukah either. We firstly stayed at his ranch in Santa Fe for a week, then left for a long plane trip to Paris, France where we all suffered jet lag for the next twenty four hours. We all stayed in a grand hotel with a view the Champs' Elyse.

Emmy and I shared a room and with her gifted ability to make new contacts in just a few hours, she brought out a jay to share on the rooftop at nighttime while we were overlooking the lit up Eiffel Tower. We never got really close as buddies but we both knew what we were indebted to and felt each other's sorrows. All four of us went out shopping at Chanel, D&G, Ralph Lauren, and many other little exclusive boutiques the following afternoon. As a gift Jeffrey bought me a white terry clothed goose feathered sofa and had it sent back to my apartment in Florida, and bought some new tapestries to have sent back to Santa Fe for his ranch.



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We also visited his up and coming Paris apartment. It was a modern, typical flat being refurbished, and we went to see how it was all looking. Jeffrey liked to fuss about every detail and harass the builder's about their work, changing last minute details at a whim.

Days and many croissants later we left for Spain feeling bloated and sleepy. We only stayed in Spain for the afternoon, going to see another astounding Moroccan castle for Jeffrey to replicate at one of his many mansions. It was only a short plane ride to Tangier, Africa for more castles hopping. We arrived at the historic landmark and the only five star hotel in Tangier called El Minzah in the village of Ville Nouvelle. The city and outskirts were still very hostile at the time, females being warned to not walk the streets alone and not to leave the house after dark or be at risk of being raped or worse.

When we got to the room, it was oozing with every expected bit of extravagance that a luxurious historical palace should offer until I was greeted with a pile of monkey poo in the very middle of my bed. Not a happy camper I called Jeffrey, Ghislane and Emmy into my adjoining room and they all had quite a good laugh at my expense. Within a moments notice of a complaint call to the front desk and we had an attendant cleaning up my bed linen. The cleaner noticed the window was still opened, he warned not to leave it ajar at nighttime just in case another monkey wanted to make himself comfortable in my quarters.

Ghislane joked that maybe I should keep it open I might find a suitable husband before I get any older. Always the instigator of a good joke but unable to take one herself she didn't like when I poked back that it was more in her recent taste of men, since she loved to brag about her rendezvous with her various lovers. Once she came back giddy as a schoolgirl with an explosion of news, with all the build up and excitement in her voice you'd think she was the next crown princess, but she had given George Clooney a blowjob in the bathroom at some random event, she never let that one down.

We all went to explore the towns surrounding Moroccan castles and meet their royalty that lived in them. Jeffrey's personal interior designer's met us at the residences. They walked around hurriedly, scribbling notes into their clipboards and whispering between themselves. The palaces were historically unique and beautiful but I wondered how could they live so grandeur behind these walls when they lived in a city of such poverty stricken squabble. Beggars lined the streets, people could just go missing and no one could care less, and you heard of barbaric murders happening every night. Against the advice of the Palace Attendant and Jeffrey's wishes, I decided to take a stroll one afternoon, mainly just to take photos of exotic Africa and do some shopping in the village markets but I ended up being intrigued by a group of young children playing in the streets.



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When I was noticed watching them, about fifteen of them came up to me and began to beg for money and food. I was over taken by the poor, hungry children and I felt sad for them all and wished I could help out somehow. When the tide of kids washed away and the street went empty, I was overcome with intrigue at these two little boys. Brothers I found out later on, and there only toy was an empty can they were kicking to each other in the middle of the street. Intelligent kids, they were able to speak three different languages, including English and I was interested to ask them about life here. They didn't seem to notice or be bothered by their poverty stricken lives. They told me about their school and parents and I thought I had just heard the saddest story ever but they were accustomed to living like that like I had been so accustomed to my degrading lifestyle for so long.

I was compelled to empty out the contents of my purse, giving them over two thousand dollars in U.S currency. A passer-byer snapped a photo of the kids and me for myself to take home as a personal souvenir before they rushed home to proudly show there parents the money. I told Jeffrey later on of my good deed and he couldn't believe I'd give away my money so carelessly. He told me I had set up their parents with enough money to feed and shelter their family for a year. Wasn't that a good thing? I couldn't believe it, not that I was well off or anything close too it, but to realize how lucky I was and to not have compassion for the lesser off, especially children of a third- world country, I wouldn't be human anymore. Then again what did I expect from someone who could numerously steal another man's daughter for the use of his own sexual pleasure with great ease.

We went out to lunch the following day with Jeffrey's team of designers to wrap things up and after Jeffrey's afternoon massage he went to the palace to have a nap. When I was all alone I thought I'd go see the culture of the local unique markets again and this time buy some trinkets to bring home. I got to sightseeing and took pictures of the legs of lamb hung over the blood drenched doorway over people's homes as to warn off evil spirits and the ghettos where the local villager's called home. I walked into many of the market's stalls and saw the most peculiar antiques, such as weaponry with the blood of it's last victim stained on it's sharp blades and body pieces of various animal's for the use of religious sacrifices. I was more interested in the different culture and respecting their ancient way of life with interest, instead of squirming like a tourist and getting grossed out. I thought it was so educational and enthralling in fact, I ended up buying a few sacrificial trinkets to have sent to my apartment in Palm Beach. Not to say that I wasn't looking forward to getting back to the luxuries of western civilization it was a bit like camping, fun and adventurous but as equally dangerous and thrilling.



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When we left for the final destination of our trip I was looking forward to eating normal food again, not one to stray for foreign dishes, I'm a more of a cheeseburger and pizza kind of girl, a true sign of my American heritage.

We landed at the Heathrow Int'l Airport and greeted by a driver that would take us to Ghislane's town house in London's central that Jeffrey had recently bought and refurbished as a gift for her. Emmy said "Good-Bye" at the airport, leaving us to go to her hometown in the rural countryside nearby to visit family for a six-week holiday from work. It wasn't a very long drive before we were in the heart of the city and at Ghislane's place. I thought it was a cheery townhouse that had character and the historical pub in front of it and cobblestone streets only added a unique charm to its presence. They were going out for dinner and invited me along with them but seeing I was so exhausted from all the travelling and looking a bit melancholy, I apologetically declined going out for dinner that evening, I rather would be taking a few pills to catch up on some needed sleep. "Are you sure your Okay"? Ghislane asked as she showed me to my room, more considerate than she normally was but I assured her that I was in absolute good health, just tired from all of the recent jet lag. Without another word said she whisked off downstairs, to the car where Jeffrey was waiting for her.

I took the liberty to call my parents house to say "Hello" and catch up with them since I hadn't been home at all for the holiday season this year, always too busy working. They sounded really happy to hear from me and my mom put me on the phone to talk to my brothers as well. I got to tell them about my travels abroad and I had some cool tribal stuff from Africa that I bought for them. They sounded so proud of me, all of them, and why shouldn't they be? In everyone's convinced mind I was making great money, travelling the world, and meeting new faces everywhere I went, why should I spoil anyone's delusions, especially mine. I took my sleeping tablets and had a bath before falling into a deep and much needed sleep.

The next morning I was woken up by Ghislane who I could tell was in a chirpy mood by the way she paraded through my closed door saying "Wake-up sleepy head" and opened the window's shutters to let in the bright sunlight, she had never done anything like this before and I knew immediately something big was happening. She sat down on my bed as I rolled over from my deep slumber and I was able to mutter for an explanation as to why she was awake so early. "Besides the fact it is ten o'clock in the morning and nearly time for brunch, we have a big day planned out for you today." She was waiting for my cue to ask her "What are we doing", when I did, she responded with a convincing enthusiasm "We're going shopping for a new ensemble" she paused for a moment to



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build the suspense, before completing her sentence " To go dancing with a Prince of England this evening". Hoping it would be one of the younger generations, I was disappointed when she told me he was the Duke of York, Charles's younger brother Andrew. I looked at her with a fake surprised look, one I had to use on many occasions in my time with them, to give an impression of excitement. "What… wow!" I exclaimed with my gifted acting ability. It is a sad realization but I had grown more accustomed to seeing people for their significance rather than the good qualities they possessed, and was able to grin & bear the thought of what I expected lay in store for me.

Ghislane and I left shortly thereafter for the many lanes of designer shops to choose from in London. Her pep talks to prepare me for my duties towards royalty went on and on, giving me the obscure impression I was something of importance, at least for more than an evening. "Make sure your bubbly and energetic, nobody want's a dead horse" was one of the cheap tools she instilled me with. "Who knows where this could lead for you" was another. As the day grew shorter my anxiety only heightened, anticipating the Prince's arrival and unable to decide on an outfit, I picked out three. Our last stop for the day was Burberry's for a nice handbag to compliment our chosen attire. We got back to her townhouse with still a couple hours spare to get ready. After trying on all three outfits and many mental debates with myself later, I decided on the pink mini-tee and dazzling pair of denims with horses embroidered into a pattern. It seemed a lot more my style and age group rather than the other two older looking sophisticated dresses I had picked out. I told myself I was going dancing at a club not to an opera. As most young girls can be during their body changes into womanhood, I felt awkward, you know, big feet, freckles and body hair in unwanted places. They're things you just don't want when your seventeen and then you see these iconic billboards of what femininity is supposed to represent and just don't fit into that picture, never feeling what we all are already… absolutely perfect. By the time I had got ready I was a nervous wreck, but trying to keep my cool on the outside was an act. I thought it'd be a good idea to take a few Xanax before the evening unraveled and my anxiety went through the roof.

Jeffrey and I were sitting in the lounge room downstairs, waiting for Ghislane to finish getting ready. The room was silent, only stillness in the air. I stared at the mural painted onto the wall that I was facing. It was an interesting piece of artwork. In great detail it illustrated a happy looking family sitting on a bench overlooking a pond that resided on a large piece of land with a beautiful home displayed. There were also hunting hounds and the hunters chasing a game of fox like the notorious "English Hunt Pieces" throughout history. Jeffrey took notice of my enchantment into



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the picture and in a hushed voice proceeded to tell me that it was a portrait of Ghislane's childhood, the part she could be proud of. I never realized how prominent her family's history was in England, apparently as to Jeffrey's attest, her Father was born of poor Jewish decent in Czechoslovakia, most of his family being killed upon Nazi invasion in 1939. Fleeing to join the British Army as a young man, he changed his name a few times and made a lot of contacts in the field. After the war, a newfound Robert Maxwell went into publishing using his army contacts to establish a business initially built upon publishing scientific books from occupied Germany. In time, Maxwell acquired several British newspapers, among them the Daily Mirror, countering his wits against the likes of Rupert Murdoch along the way. However, whilst constructing his publishing empire, Maxwell compiled astronomical debts, and his equivocal financial dealings attracted the attention of governing authorities that judged him not to be looking out for his companies best interest and in the end it transpired that Robert Maxwell had been using proceeds from his employees pension funds to meet his financial debts, ruining the futures of thousands of employees. Once an esteemed Member of Parliament and publishing mogul, Robert's body was found floating in the Atlantic Ocean after he was found to be missing from his yacht, the Lady Ghislane (named after his favorite child), whilst cruising the Canary Islands in 1991. Jeffrey went on to tell me that when her Father died she was inconsolable, and in a very bad state. He picked her up from the trenches of despair and took her under his wing, and it's there she has stayed comfortable ever since. To Ghislane his peculiar need to have so many woman around and even his taste in younger than legal one's didn't seem unconventional to her. It was her own Father who was deemed a womanizer and ever took a second wife while still married to Ghislane's mother. I would have never guessed this carefree, spirited, and vivacious woman had ever endured such sorrows. I couldn't help but look at her in a different light from then on, but not letting her know that I knew, to avoid any altercations between us.

Like clockwork Ghislane came downstairs five minutes before Prince Andrew were to arrive, wearing a tight-fitted white wooly turtleneck singlet and a nice pair of loose fitting trousers. Looking elegant and casual at the same time, a very hard look to achieve but one Ghislane had always easily mastered. They both seemed at ease poking fun at my obvious nervous state, just another ordinary night out for this extraordinary couple. The knock came at the door just after six o'clock in the evening. Ghislane greeted him and the guard who would wait for his return in the car. She led him down the hall to where Jeffrey and I were sitting. We both stood up and Jeffrey shook his hand, while Ghislane proceeded to introduce me and as I was taught by her was English



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custom, we both kissed on the cheek. We all sat down on the lounges for some tea and biscuits while conversing idle chitchat. By the sounds of it, Ghislane knew well of his recently divorced x-wife Fergie, whom they were all taking turns in slandering her for one reason or another. It was apparent there were some fresh wounds still lingering on and as good friends do, it was their way of helping him get over her. When his daughters were mentioned, Ghislane and Jeffrey treaded lightly, only speaking highly of them, and offering their sympathy to the young ones.

The conversation turned to a much lighter subject. Andrew wanted to know more about this young guest they had to join them out for dinner and dancing that evening and then the spotlight turned on me. I was more nervous than I had ever been before a night out with someone, probably the build-up Ghislane and Jeffrey had hyped this meeting up to be. To break the ice, she played her favorite guessing game…"how old do you think Jenna is"? When Andrew guessed correctly, I was seventeen years old, she was surprised, thinking I could have passed for younger. "I guess we are going to have to trade you in soon" she laughed, always the first one to throw in her quick-witted two bits, all of them chuckling along with her. Hardly a laugh at all, unknown to me at the time his eldest daughter is only five years my junior. I was finding it hard to make much conversation in the beginning, just laughing when the occasion called for it, and keeping up with Andrew's constant glances in my direction, was all I could manage.

The restaurant was a close drive for us with Andrew, his two guards and his driver following behind us. I was seated next to the Prince for dinner and Ghislane and Jeffrey next to each other, an evening pre-ordained. I was supposed to flatter him with compliments and dote on his every word spoken, but I didn't even do that for Jeffrey blatantly, it would've felt awkward to act like a bimbo for him. Instead I remained calm, cool, and collected, hoping that my nervousness wouldn't spill out at any given moment. The next place we were going was much more my style, and I found it easier to relax. We pulled up next to a Nightclub called "Tramp", a member's only nightclub, and one of the most exclusive haunts in the world for the rich and famous to be seen for the last forty or so years since it's doors first opened. Andrew's guards waited outside while we all went in to hit the dance floor. Jeffrey being the social introvert that he was found the first available empty seat in the corner but facing the dance floor to spend the evening watching everyone else have fun and Andrew went to the bar to grab us all drinks. He came back with sparkling water for Jeffrey and a cocktail for the rest of us, already knowing that Jeffrey never drank alcohol. We downed our glasses and made our way to the crowded dance floor, where I had the Prince's upmost attention. Moving his hands across the curves of my body, not to shy away from the fact



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that he was in public, he was whispering sweet nothings into my ear and kissing my neck. I would just giggle not really knowing how to reply to an aging man with a bad smile and terrible moves, it would sound too much of a lie if I retaliated back about his swagger. He was the most incredibly hideous dancer I had ever seen and couldn't help but laughing on the dance floor and shooting glances of embarrassment to Jeffrey and Ghislane who were having a good time laughing at my expense…as the always did.

After an hour of pelvic smashing to the D.J's pumping mixes we finally exited the floor, his royal highness was dripping with sweat and ready to embark onto a quieter scene where he said we could be alone, not knowing that it had already been arranged for all of us to meet back at Ghislane's place but complied with his so called thoughtful request. I was so anxious about getting back to the townhouse, knowing what expectations I would have to not only have meet but also exceed in this case. Ghislane and Jeffrey seemed impressed at my attempts to entertain his royal highness, so far giving him exactly what he wanted the impression that I idolized him. They told me that he really liked me and was having a great time, so far tonight. When we got to the townhouse, his guards walked him to the door, staying to wait outside in the car. Ghislane met him and brought him upstairs where Jeffrey and I were in the study. We all chatted in the hall for a few minutes and I was able to have Jeffrey snap a photo of us together, one that would cause much controversy for the Buckingham Palace in many years to come. The conversation didn't linger on much longer before Jeffrey and Ghislane dispersed downstairs together, leaving me to my own sort of royal duties. They walked away giddy as if they were teenagers imposing on young lovers about to embark on a romantic evening.

Next to the study was the bathroom where I led him to next. The room was dimly lit masking the light from showing the disparity in my eyes. It was a beige marble tiled floor with porcelain Victorian style bathtub in the middle of the room and nowhere near the size of Jeffrey's residences. I turned on the taps for the tub and the heat from the water began to steam up the small room. On the basin were aromatic oils, lotions and soaps, loving the scent of floral notes, I poured in the lavender bath oil. Trying to do the best of my youthfulness to try and act seductive, I gradually began to strip off my clothing, piece by piece. Giving him time to savor the moment to come. He loved every second of it as I went over to where he was waiting and watching, then began to undress him at a much quicker pace. We kissed and touched each other before submersing into the hot water, where we both continued to reenact foreplay. He was adorning my young body, particularly my feet, caressing my toes and licking my arches. That was definitely a first for me and I couldn't help



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but laugh, I hoped he didn't expect the same treatment back. Through my recent experiences with Rena, I drew a line with extreme fetishes, especially ones that would involve my tongue and feet in the same sentence. It wasn't hard to get him wound up to the point where he just wanted to have the rest of me so we dried off from the cold and retired to my bedchambers for the longest ten minutes of my life. Moments later and without any real emotional attachment, he burst in ecstasy, leaving me to my own feelings of dismay. As relieved as I was to see the experience come to pass with him, it was finally sinking in that I would never be anything more than but a muse. Still trying to ascertain a surreal dream a young girl once held but no longer the same girl I was no longer sure that the dream was even real anymore. In the whirlwind thrown together by wealth, power, and privilege I was but a grain of sand and felt helpless down the road I was naively being led down. When the real picture was unveiled, later in my life, I had nothing but memories filled with sorrow to remember of my teenage years.

Jeffrey, Ghislane, and I left for the states to conclude our long journey home to the U.S.A. I was so happy when we landed on our soil and called T.J from my cell phone to see if he'd meet me at the airport instead of going back to Jeffrey's, he'd be there within twenty minutes, he was so happy to hear my voice and that I was back in town. So ecstatic to be getting away from my life of servitude for the next few days, I was sourly disappointed when I got off the phone. As if he'd been listening to my entire conversation, Jeffrey told me he'd like a massage back at his place and he could pay me at the same time for my trip with him. With much dismay I had to call T.J back and cancel the arrangements, I wouldn't see him until later that night, in which one of Jeffrey's staff would drive me home and I would be too exhausted to do anything.

## Chapter 12

When we got back to Jeffrey's mansion in Palm Beach he wanted to thank me for showing his friend, the Prince, such a good time. Rewarding my diligence with an extra sum of money and luring me deeper into his goal of keeping me at his side as his personal amusement that he could lend out at anytime. Further proving his capability of using the vulnerable impressions of a young girl to influence and intimidate his fellow peers of



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like minds. Jeffrey didn't want to know the grim details of how it all happened on my intimate night with the Prince, he just asked simply if I thought that I did well in keeping his friend happy. Knowing already that the evaluation of my performance I gave was already discussed between them, I just as simply replied back with a nod of approval. Though I did have a laugh with Jeffrey about the Prince's weird fixation on my feet and lets just say that he was quite tickled with Andrew's quirky obsession, having a good ol'chuckle at my eccentric encounter. I was paid extremely well this time, putting my money earned into nothing but popping pills and alcohol by shouting my so called friends a good time, aiming for the attempt to forget about my experiences abroad. I partied like that to feel young again, my age and most of all to self-anesthetize my troubles from within. It wasn't like I was waiting for someone to arrive on his white horse and take me away to a magical world. I simply yearned for more out of life than being someone's replaceable amusement. Still a romantic at heart I would often get lost in my daydreams, imagining a new beginning with a strong man that would show me an enduring love, safety in his arms, and a lifetime friendship. Though the suggestion of true loves existence was only a dream for now, something I could only read about in novelistic fairytales but the passing thought from time to time was warmly envisioned. With my inner most desires being locked away in a deep crevice of my heart, I knew my romantic notions would be absurd in Jeffrey's eyes. For some unknown reason to me he couldn't allow himself to give love or receive someone's heart in return. Once he said to me when I asked him if he ever thought he would settle down and find Mrs. Right and he told me he didn't believe that love with one monogamous partner was possible but he found that love with many was. I thought at the time it had something to do with having so much money and everyone wanting him for that instead of seeing him as a person and even felt bad for him, but now I can understand from his recent lessons unlearned that it was a simple equation of his twisted perversion to become infatuated with the vulnerable youth off the streets. Spending so much time in the entrapment of Jeffrey's embrace, I was becoming numb to the feelings and aspiration to ever climb above this deep hole I had dug myself into. I knew I wanted to escape from this bizarre form of first class slavery but I still didn't have the tools necessary to help me get out. How could I have? Everyone that knew me believed I was living this enchanting life, a rags to riches success story that most people dream of, only I knew the price to be paid for all of this and I was the only one who could pay for it.

Underestimating my true self, I was settled by Jeffrey's side for now considering him to be someone to look up to, my mentor. Such a



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complicated battle within myself, it is one I still ache to fully comprehend today.

Sunny spring days melted away the ice off the frozen streets of New York and the harsh winter winds begun to gently blow away the dead leaves, making the caged trees appear to have some form of life again. I hated the cold winters there, it would only add to my depression being locked indoors. Give me hot Florida days blistering in the sun where I can swelter by a cool pool and sip cocktails with pieces of fruit and little oriental umbrella's floating around. What a vision of solace? Looking around my extravagantly decorated mid-evil room I was reminded of the desolation that I was more than accustomed too. Knowing it wouldn't be long before I was summoned again for another ritualistic occurrence in fornicating with my master, I hardly bothered to leave my assigned chambers, scarcely being sent home for a moments break, I just accepted my fate. As I predicted the intercom buzzed momentarily and I heard Ghislane's voice come over and request to meet them in Jeffrey's study. Not an odd call, I would often meet him there first so he could tie up some unfinished business before heading to the dungeon, or what was thought to be the massage room. Making my way down the hall, I had an eerie feeling wash over me, as if I had several pairs of eyes on me, watching my every move. A cold chill moved up my spine and I had to move my thoughts elsewhere, too easy behind these walls to succumb to my fearsome anxieties. I punched in number one once inside the elevator and it took me down to the floor where Jeffrey and his surprise guest were waiting with anticipation behind closed doors. I cracked open the heavy wooden doors and a familiar face revealed itself. Definitely not expected or pre-warned on my part but I already knew what he was here for or at least why I was called down to the study. Prince Andrew had that notorious cheesy grin slapped over his face, as he looked me up and down like a shiny new car on display and he was about to take it for a test drive. Ghislane led me to the decadent sofa he was lounging on and twirled me around to give him a good lookover before sitting me down on his lap. Like a show pony I knew exactly how they wanted me to be paraded around, with the last of my dignity long lost, I had nothing more to lose. It was easy to give them the reaction they desired, all I had too do was pretend to be entertained by their lewd gestures, and when Andrew cupped my breast with a doll made in his image, I only giggled away. Ghislane wanted to take a picture of the bizarre scene and even got Johanna, another one of Jeffrey's so-called personal assistants, to come sit on his other knee for the snapshot, giving the impression girls couldn't stay away from Randy Andy.

Many crude jokes later and I was asked to show Andrew to the upstairs massage room. I'm sure he already knew where it was from previous



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encounters with Jeffrey's "staff" but I led the way anyways, as if he was now my guest of honor. Entering into the dim room it took a few minutes for my eyes to adjust to the darkness, but knowing my way around the room was enough to find the shower. I turned on the steam room and began to undress myself. Andrew followed my lead and disrobed, throwing his attire to the floor. I wanted to run and hide feeling his hands touch me again, but my servitude for Jeffrey kept me there. Getting out of his stronghold I turned my attention to the steam filling up and tried to turn his attention to the marble bench where I suggested he take a seat while I rubbed his feet. By the look in his eyes I knew he could care less about a foot massage, his real desires were being shown by the arousal his body was forming. He indicated where he wanted me to touch him and how. I fulfilled his seedy requests, but only just. There was no pleasure in this for me, the only thing I derived from this event was to sink further into my slumber of depression. I couldn't remember a time when I felt needed for anything other than my body or amusements thereof. After his massage was thoroughly conducted I couldn't wait to get back to my room for another shower. Sitting on the floor of the shower under the harsh spray of water, I scrubbed my body where he touched me. Feeling abhorrent and ashamed what I had become, I let the water wash away the grime.

As the days progressed into nights and the nights followed a trail of destructive months, my outlook on life had diminished into utter sadness. I had lost my spark and my ability to look like I could handle the abusive state of affairs I had drifted into. Sinking deeper in the euphoric state of being on coke and pills, not only was my mentality dwindling away but also my looks. I sure as hell didn't feel like a seventeen year old anymore and now I wasn't looking like one. My eyes had dark circles underneath them from not sleeping and my bones protruded from my skinny waistline and chest. This made Jeffrey apprehensive in keeping me around as often and before I had a moments notice, I was out of money and looking for a job. When I questioned him what was happening, he told me I wasn't the same girl he had first met some time ago now and looked like I needed a break from working so much, " I'll call you next time I'm in town" was the last thing he said to me.

## Chapter 13

Going back to an average teenagers life was more of a harder transition than I would've ever thought. Jeffrey stopped paying my expensive rent and I was forced to get off the drugs and look for a real job to feed and shelter T.J and I. It was much harder than it sounded, but I was craving



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this in every possible way. Even though a week's wages for working a full-time job as a waitress didn't come close to the money I had made in a couple hours of working for Jeffrey, I was happier than I had been in a long time. I made some friends at my new job and found my duties to be easy and pleasant. I was good at making customers smile and keeping them happy becoming the waitress that made the most tips for the night, which in turn made my co-workers happy since we'd all split the tips at the end of the week. For the first time in a long time I had boys my age hitting onto me, and not that I was ever taken aback by there attempts but it reminded me of how it felt to be around a younger crowd. I missed so much of what I couldn't get back and the more I tasted it, the more I remembered how to smile. The relationship between T.J and I began to falter in a way that was beyond reconciliation. Fights became physical and I saw sides to him that only pushed me away more. He refused to look for work to help pay bills and he became utterly frustrated not having his usual cocktail of assorted drugs to keep him from feeling anything at all. He didn't like the fact I was growing inside and thinking beyond his elusive world. I had gone through too much to accept another form of abuse and degradation. Making that point very clear to him by kicking him out of my apartment back to live with his parents, I felt liberated like never before. I kept up with my rent and cleaned my act up. Enrolling in a yoga course and keeping my focus on staying fit and healthy became my only source of enjoyment. I was free and living for myself.

While out doing the grocery shopping one evening I couldn't help but stop at the local pet store and fell in love with a furry pooch. She was a Japanese Chow-Chow and a bundle of fur that more resembled a baby brown bear than a dog. I took her home with me and instantly she became my best friend. We went for several walks a day and she bore the brunt of many tear filled conversations, she was my loyal companion who understood more than anyone had before, all I really need was someone to listen and funny enough it was her that filled that hole.

Nearly three months had gone by and not a word from Jeffrey or Ghislane. With T.J out of the picture now too all I had to concentrate on was work, my parents and brothers, and of course my dog, Mary-Jane. I was going to family night dinners and bon fires again. My older brother was getting married to an amazing woman in a few weeks and I got to be apart of their beautiful ceremony. Small details of life's journey that I already missed so much of and now being able to smile at the simple things day in day out really seemed to put the real value of life into perspective for me. Everything seemed to be working out for itself and I was really happy, until he came back, T.J thought he'd come over my place one evening while I was sitting at home just watching TV.



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Obviously mentally distorted from whatever choice of drugs he was smoking that night. He screamed down my apartment complex, going mad and scaring my neighbors I felt like I had no choice but to let him inside. I tried talking to him as a good friend would, just wanting him to see what he was doing to himself and what he had become. Part of me still loved him and took pity on watching him spiral downwards. Taking him back into my life was not a decision I made whole-heartedly, but was something I did out of guilt and what I thought was loyalty. He moved his clothes back to my place, which was all he ever owned anyways and we tried to pick up the broken pieces. T.J being still badly addicted to many drugs, I had to be very careful where I kept my jewelry and expensive items. I decided to rent out a space at a local spot and store my cherished items away, just taking the necessary precautions, I thought.

Still not working I knew how he was scraping by money and I didn't agree with it, T.J was a known thief and had been caught several times attempting to steal things, even as stupid as DVD's and PS2 or Xbox games from a local Blockbuster. He even stole from his parents, his sister and his brother and would probably steal a piece of candy from a five year old kid if he knew that it would get him his next fix. He hated the change in myself, realizing I couldn't be brought back down by his ways but knowing I still stuck by his side and defended him from anything that would hurt him wanting to believe that he still wanted show the bits of human nature left in his empty heart.

Unable to stand by and see me do well for myself he contemplated a way to try and bring me down. After a busy shift one night, he retaliated with another show of control. I had just finished cleaning up my area and setting out the tables to be ready for the next day when I went to the bar to hang up my apron and put my nights tips in the tip bowl on the counter by the beer tap. On one of his drug induced rampages he stormed into the restaurant where I was working and started to pick a fight with me. I knew he was off his face when he started accusing me of sleeping with my manager on shift that evening. Having no bias or ground to stand on in his attempt to make me look bad in front of everyone, I just laughed him off as a drunk idiot who needed to go home and sleep off the night's repercussions, although I was fuming inside that he embarrassed me but I still made excuses for him and told my boss I had to leave early to bring him home.

The bar was deserted as T.J waited alone for me slumped in a barstool and looking worse for wear. I had to go to the back of the restaurant and do some explaining to the manager on duty, I couldn't afford to lose my job over this incident. Surprisingly he was sympathetic towards my dilemma and even told me I could do a lot better than that schmuck, patting my back and telling me to have a couple days off. I punched out



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and headed to my car with T.J in tow. For the rest of the night he was oddly quiet and asked to be dropped off at his parent's house, I was more than obliged to do so. I couldn't stand the sight of him let alone want to be around him tonight. Being so revved up it didn't yet dawn on me that something wasn't right. The next morning I was woken up by an alerting phone call, I had the manager from the restaurant where I worked, on the other end screaming at me and asking where the money is. I sat up in bed, completely awake now, and asked him back, "What are you talking about, what money?" His tone had calmed a bit and he could hear the earnestly in my voice and explained his accusations "The tip jar was empty after you had left last night and there was over a hundred and fifty dollars in there, now it's missing". The answer hit me instantly and I got a terrible knot in my stomach…T.J. When I left him at the bar not even thinking about the tip bowl to talk with the manager, he saw an opportunity to fund more drugs and he took it. That's why he didn't even want to come back to my apartment last night. It was all too clear for me now and I tried to explain to my manager about my boyfriend's sickness and asked him to take the lost money out of my wages. "I have no choice but to let you go and file a police report for the missing money". I couldn't believe what I was hearing. How did things turn upside down so quickly? I exclaimed "Even though I'm paying you from my pocket for money I didn't even steal and you've never even had any problems from me before?". His apologies were short and icy, nothing that could be done. I slammed down the receiver only to pick it up again to dial T.J's parents house and to no surprise he hadn't slept there last night and was not able to be reached. I felt like I was in a bad dream I couldn't wake up from and with no money to pay rent, eat, or even survive, I was back to the drawing board.

The week passed without hearing from T.J, he was in hiding, for now. When the phone rang early one morning I expected it to be him, instead it was a surprise phone call from a familiar voice. Jeffrey decided to give me a call to invite me over to his Palm Beach mansion for some lunch and to catch up, it really was just his way of finding out if I was cleaned up and ready to come back to work for him. With my life in chaos once again and having to borrow money off my parents for grocery food, I saw a quick solution to my situation and was even convinced this is what I had to do to take care of myself.

He greeted me at the door and led me inside. Ghislane was at her usual spot, her desk working away, and we headed past her with a quick wave and lip-synced a "Hello", not wanting to disturb her important sounding phone call. She glanced up quickly and gave a brisk wave my way, then put her attention back to the computer. Once we were inside the poolside cabana, which was Jeffrey's office, & gym, Jeffrey took a seat behind his



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desk and told me to have a seat across from him. He took a sip of water from an already poured glass and asked if I'd like some. "Yes, Thank you" My reply was short and polite, already just wanting to get this meeting done and over with. His face was like steel and his expressions were stern, I felt like a child in trouble sitting in the principles office.

He cut straight to the chase wanting to know "Are you on drugs anymore?" There was a moment's pause as I took a deep breath and told him the entire truth. "I got really depressed for awhile and coped with my emotions by blanketing them with mind-altering substances. Just smoking a jay to relax wasn't good enough anymore. I needed to be high and flying to believe I was happy and dealing with all of life's curveballs. Snorting things like coke and popping amphetamines replaced my sorrows with an overflow of endorphins, making it possible to keep up with everything, until I would come down and the cycle just kept on repeating itself".

He listened to me continue to tell him about the good things that have come from the break. Like my dog, yoga, and working at a restaurant, making lots of new friends but most of all, I got my smile back, without the drugs this time. He was really happy to hear the upside of everything, but there was one thing I was reluctant to tell him about. My recent travail that T.J effortlessly caused at the restaurant where I was so happily employed. As my manager had warned he had to file a police report stating that after I had left, the tips were gone, putting the blame solely on me.

Giving Jeffrey a clear picture of the entire ordeal he exclaimed "What are you doing with this idiot Jenna, he is no good for you! I know you can do better for yourself, why do you let him drag you down every time?" Nodding my head in concurrence I went on to finish my epic drama. "I received a phone call from the PBCP asking me to come in about the money. I told them what happened over the phone but they still want me to come in. I don't want to have a record for something I never did or ever would do!" I put my face into my hands and covered the tears now trickling down my cheeks. "I just can't believe this is happening to me when everything has been going so uphill, now I'm out of work and in trouble" I wiped my face and looked up at him " What do I do?" Enabling him as my mentor once again, his sly grin said it all. Jeffrey normally hated when girls made waves in any way and this one would be considered a tsunami but this time it worked to his favor. He wanted me to come back to work for him, continuing my massage studies and I needed his help. In his eyes he was doing me a solid, which in return I would have to scratch more than his back for. Taking his time to contemplate what to respond back and what solution he could offer, I began to worry that maybe I shouldn't have done this.



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Pulling a few tissues out of the box, he passed them across the desk to me. Trying to retract any damage done I said to him "I must look like such a mess to you and making you listen to my saga, I am so sorry… I shouldn't have come to you with all of this." He looked surprised and sympathetic "Quite the opposite actually. I'm glad you've come to me for help. I have got a lot of connections especially with the Palm Beach County Police Department. I give them regular hundred thousand dollar donations, and after I speak with them there will be nothing more to worry about. To be honest I'm more in shock about how much can happen to you in such a short time, your life is one big soap opera"

Now he was chuckling and trying to make light of my somber mood. Laughing along too I replied, " I know right? Drama just hangs around me like a bad smell". We did some more light-hearted catching up and went out to the poolside for some lunch and a swim, concluding the evening with an erotic massage upstairs. He paid me the usual two hundred dollars and asked me to come back tomorrow. "In the meantime I don't want you thinking about your sticky situation, consider it dealt with". His attempt to brighten my spirits had worked relieved about money and the police but now I owed myself to him feeling indebted to him more now than ever.

## Chapter 14

As was promised I never heard back from the Police Department and Jeffrey had his favorite girl back by his side. We picked up where we left off ever better than before, I being entirely subservient to every sexual desire of his engaging myself in any role he wanted me to play. As he was getting older his appetite for sex never hazed, if anything it only increased. The orgies with other girls got larger in numbers and his appeal to younger girls, new toys and wilder nights expanded from once and awhile to quite an often occurrence in Jeffrey's company. I put it down his new friend and business investment, Jean-Luc Brunel.

A long time agent for young and upcoming models, Brunel, a French citizen, was known for roaming the world in search of young, naïve beauties living in poverty stricken countries and willing to do just about anything for money. He would procure them mostly from Clubs in South America and the Former Soviet Republic. Filling their heads with fairytales of America and large amounts of money, he would promise them all of the finer things in life, sometimes even throwing a pill in their drink, if that meant getting them in his bed was becoming too much of a task. What he wanted is what he got, which is why him and Jeffrey



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ultimately became close pals and he invested one million dollars into Brunel's company. In return Jeffrey now had supply of girls on tap for him to choose from.

With the assistance of each other, Brunel obtaining the illegitimate visas for underage-overseas girls and Jeffrey housing them at his brother's apartment complex on 301 E 66th St, Manhattan, they were quite the team. Jeffrey and Brunel would charge them for rent, forcing them to work for them selling their bodies for money, nude pictures, and even pornography. These were what seemed like really nice people with not so nice intentions setting an impression of how the dignified wealth play and behind closed doors they had as much civilized manners as a barbaric chimpanzee in heat. Giving a girl a step-up in finances by teaching them there only worth is what lay between their legs, us girls all were the same in the end, regardless of what country we came from, what language we spoke or our cultural indifferences, we all were being used for one thing alone, our youthful looks and beautiful bodies.

Being Jeffrey's permanent sidekick, I would have to part-take in a many of the hedonistic exploitations that went on at one of his many residences, which meant having to be uninhibited with many girls my age and younger. Being complete strangers was hard enough but we couldn't even understand each other, speaking in different tongues we were expected to excel at preforming many acts of lovemaking and foreplay on each other, while being observed by a man in a corner jerking off. Not exactly what I would call an advantage in my stage of life, but in my head I was convinced we all had to do what we had to do to get on with life and if that meant doing all of this to keep Jeffrey happy, then I would do that.

It didn't take long in the accompaniment of Brunel for Jeffrey to hit an all time low, at least one that I knew about. Stupid enough or sick enough, I don't know which one it is or both but Jeffrey bragged about his birthday present from Brunel, once accepting three, twelve year old girls, sisters at that. He replayed the descriptive events with me telling me how they all massaged him and finished him off orally. He was so excited about the entire event, replaying over and over again over the next course of weeks how cute they were and how you could tell they were really young by the small amount of hair growth in their pubic region and non-existent breasts. A twelve year old, are you serious? I thought to myself. I still can't shake the feeling of disgust when I recall the look on his face as he told me time and time again of how his lust brought him to that profound low. He went on to tell me how Brunel bought them in Paris, France, from their parents. Offering them the usual sums of money, visas, and modeling career prospects was a bribe of the worst kind, they were just children. Laughing the whole way through, Jeffrey thought it was



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absolutely brilliant how easily money seduced all walks of life…nothing or no one that couldn't be bought in his eyes. Behind the two of them followed a destructive trail of those in their path that were misused, violated, degraded in a variety of ways for one purpose… to satisfy the desires of the perversion that rotted their hearts.

The next couple of months I spent in Jeffrey's company, my life was revolved around him and his petty happiness. Arising to the occasion, I was no longer his teenage sidekick, I was growing into being a young woman and my body was blossoming like never before. Out of the awkward stages of my life, I now took to looking after myself like never before. Regular sessions in tanning beds and keeping fit became my life outside of Jeffrey. He kept telling me what a beautiful woman I was developing into and would offer suggestions to help me look good. Sending me to dentists for regular teeth whitening consultations or helping me choose my attire for the evening, he was ushering me into a whole new position, training me up for something else, but I was unsure of what that was.

Being a snotty little teenager was a girl of the past. Now I had to be his eloquent speaking, desirable to all and almost his personal porcelain doll. I went everywhere with him again, all of his eclectic dinner parties, conferences, and meetings with various members of parliament, famous celebrities, and other esteemed billionaires…most of whom lived by the same rule of thumb as Jeffrey did. Quite an alarming realization having to accept this world the way it is. Jeffrey knew all of the right people in this game, and trading girls for favors is how he kept in the circle. He was at the center of it all, blackmail being the only thing next to money with the ability to pull a many of strings, his conniving ulterior motive was to drag all that he could down to his pitiful state of mind. Inviting easily tempted acquaintances to his island or his other various residences he would bring out the assortment of young girls and pass them around like they were cocktails on a platter. No girl had a choice in whom they went with, only completing a task, we would have to charm and bedazzle these ageing fat men who other than paying for it would've never had a shot at getting to know a beautiful girl intimately. I personally belonging to Jeffrey rarely had to be loaned out and it was a big occasion, or should I say favor, if I was. I'll never really know what made me so important or special to Jeffrey, it definitely had nothing to do with love. I guess in the end I will always put it down to my capability of being whomever he wanted when he wanted, so compliant it just made it easy for him to have a personal toy at his constant disposal. All I can say is I lived in a jail with no bars, and in a country where slavery was supposedly abolished a long time ago but still existed right underneath everybody's noses. Myself and so many other girls were walking proof of it.



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I still was given proper training in massage therapy from time to time, keeping me from looking back at being a teenager with no responsibilities to being a young adult with prospering titles. He knew I wanted to be self-sufficient so bad I would do anything for it and by giving me this dream to hold to only kept me in check. I looked forward to my training sessions, holding onto every word passed down to me and after the session was complete I would hurry back to my room and transfer the information into a workbook with associating exercises.

Trying my new moves on Jeffrey always impressed him, he would get excited hearing about my passion for knowledge and would tell me he could see it transfer into my massages, always giving it my all, my hands were a focused energy when I was at work. Using every ounce of strength to apply on a body, many were astounded in what I could do for being such a small girl, and Jeffrey loved it, using me for a two-hour massage "with benefits" sometimes being over twice a day. Ghislane would sometimes use me to massage her still but it wasn't as common, she preferred a man for that job.

Then would come the odd client here and there, of course set up by Jeffrey. Most of which were orchestrated to get beautiful girls comfortable and consequently naked then he would go in for the kill, so to speak, touching them intimately, in their most private of places like their vagina, breasts or anal. When he had us where he wanted, willing and able, then would come the toys, outfits and so on. A scheme he has used time and time again, telling those who know him well "he had never been turned down yet". It was starting to dawn on me how I wasn't getting any clientele that weren't used for Jeffrey's benefit and would make me wonder if I just wasn't good enough for that, but I kept quiet, never wanting to make waves like I had before.

To give me a break from it all as if Jeffrey didn't want to overload me again, he would send me away to his ranch for a few days, what he knew I considered being a small slice of heaven on earth. I'd spend my days roaming the hills, riding horses, and enjoying the solitude of my own company. One afternoon I was out exploring the land on Jeffrey's ranch which covered hundred's of acres with nothing but a bottle of water, my sketchbook and a small case of oil paint. I was on the search for something interesting to paint. A great pastime of mine, it made my soul quiet by creating beauty with my brush. I loved to recreate the images I saw on paper. I would paint anything beautiful that caught me eyes interest, from underwater scenes, animals to people and even fruit, I loved vibrant colors and emotion on display but my favorite soon became the landscape of the Santa Fe's rolling hills and earthly green and beige tones and in certain light it would illuminate into a golden shine. To grasp that feeling I was absolved in at the hardest of times became my greatest inner-



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achievement, like taking a piece of that serenity and putting on paper for me to keep in my heart where it still is today, closing my eyes I am able to see it, being there anytime I need to. I was enjoying the heat and taking in the deserts sights when I stumbled off the track and into the wilderness. Exploring everything new to me was my second nature and never even entered my mind what would've happened if I went too far or got lost. I would rather face Mother Nature's wrath than humankind's any day!

After about an hour of drifting off track I came to a pile of rubble, looking like the remnants of an old pueblo made out of clay and rock. I picked up what looked like half of a clay bowl and noted that it had Indian designs etched into the side of it. Excited about my findings I decided to do some more exploring around the fields surrounding the historic site. I collected rare pieces of arrowheads, utensils, and parts of many broken bowls with artwork telling tales of their own. Time was of no essence here and before I even realized the sun had sunk deeper into the hills leaving me without any light to find my way back to the pathway. Feeling silly now after passing by a familiar looking boulder twice over, I was startled when I heard some poor animal become dinner for another, it's screams of agony only amplified louder and echoed in my ear drums, heightening the hairs on the back of my neck and making my heart beat nearly out of my chest.

I was lost and confused before but now I was petrified with fear. Taking me over three hours to find my way back to the path and in the direction of Jeffrey's mansion was a mission, so relieved in the end and so were the housemaids after I hadn't showed up for dinner, assuming I must've been out for one of my usual adventures. I went to bed strenuously exhausted that night and as I was falling asleep the phone rang, it was a call from Jeffrey who had been alerted of my disappearance. "What happened tonight, one of the maids called me to tell me you hadn't come back from your walk this evening" Detecting a tone of anger in his voice I tried to distract him by telling him of my findings and he scolded me for being gone for so long without anyone knowing where I was. Going back to the Indian remnants, I persisted on telling him what I had found. In the end he was just worried about me becoming a liability, but had to make it sound as if he cared. " Don't worry Jeffrey, I won't be doing that again. I can honestly say I have learned my lesson and the next time I want to explore I promise to take someone with me". I satisfied his worry of me being a future nuisance and with that I was finally able to tell him what I had discovered on my walk. He was impressed but did not sound surprised. "You must've been gone a long time if you found the old Indian pueblo's, just be careful you don't say anything about where you found the stuff on my property, it



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could become a sight for historical preservation and that means the government could ultimately own my land."

I acknowledged his request and told them they were just a gift for my Mom, who was in love with Indians "Wait until she see's I brought her back real artifacts, she is going to totally freak out." He didn't mind that I was taking them. In fact he admired my curiosity and adventurous spirit. He reminded me that tomorrow was my last day. I would be driven to the Albuquerque International Airport the day after next, to meet Jeffrey in New York, for how long, only he knew. Giving Jeffrey many thanks for a great week, letting him know how much I appreciated these small breaks away, we then said goodnight. Hanging up the phone I had caught my second wind and set out to the kitchen to find a late-night snack. Raiding the fridge and pantry, I found some frozen pizzas and popcorn. I put on a movie and munched on the popcorn while the pizza cooked. Some 1980's dreadful alien flick got the better of me that night. It was based on a true story about people abductions from extraterrestrial beings, which were, like I was, visiting a remote area. I suddenly hated being alone on a ranch in the middle of nowhere. I munched down my burnt, crunchy pizza and became further enveloped in the thick plot. Leaving on the TV and the lights on that night, I spent my night tossing and turning, peeking through the small open crevices of the comforter, half expecting to see an alien being in my bedroom.

Living through the night was a relief and I laughed at myself in the morning, how spooked did I get? When I got to New York, Jeffrey, and Ghislane had a good laugh over my tale of survival in the wilderness and then the alien scare. "Your always having the best adventures" Ghislane exclaimed. We were similar in that way, both being s bit of free spirits it was really only her non-existence of moral standards that differentiated the two of us, in that way. "How do you know you weren't abducted and probed? I mean look at you and all that time alone on the ranch, what do you think Jeffrey, could she pass off as an alien?" Expectedly, Ghislane poked fun at me, her usual fun past time. Our relationship was an odd one, never threatened by each other but always proceatious towards one another nonetheless able to crack a joke together, but when it came time to "work" it was no fun and games, she was intensely serious. "With a sense of humor like yours I would tend to think that you are the one from another planet." Just friendly banter between the two of us, then Jeffrey had to jump in with his two bits, "I think you might be onto something Ghislane." I squinted my eyes and gave them both an exaggerated death stare and pretended to grab my stomach in pain, "I think some things trying to get out of me", putting my fist in my shirt to reenact a scene from Alien, I fell onto the couch and faked my death. "I knew it" Ghislane shouted and jumped on me to begin tickling me all over and we



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all broke out into laughter. It was those fun times that made me feel like we were all apart of this really perplexed family. We did everything together similar to normal families like eat dinner, watch TV, and travel it was only the hedonistic and corrupt side to these two deviates that made them a peculiar pair.

Getting turned on at the two of us playing together, Jeffrey came over to the couch we were on and pulled down his sweatpants revealing his erect manhood. All of the laughter stopped, now it was time for work. Pushing my head into his pubic region I had to give into his perverted wants. Ghislane started to undress me. Once I was bare she loved starting with my breasts. She cupped them in her hands and brushed her fingers over my hardened nipples heading downwards pressing her lips deeply into my skin, I had to maneuver my body on the couch in a complex position to give them both what they wanted. And just like that, without even a moment's notice I could be put on the spot and have to amuse them in any way they wanted. A shameful way to make someone feel like a used toy, I wasn't around for companionship I was there for one thing, I was a compliant piece of eye candy.

Twenty minutes later and Jeffrey had erupted in pleasure. Ghislane sat up, still fully dressed, and wiped the sides of her mouth with her hands, giving a vindictive little chuckle, "That was fun." Jeffrey concurred with a sly grin arching his back for a stretch just looking able to utter the request "Why don't you come up with me upstairs for a steam bath and massage, I need to be loosened up after that?" It was more of a statement than a request, as if I had the choice to say "No thanks, I'm actually tired myself and would love to just relax" instead I would reply with my accustomed trained obedience, "No problem, when your ready lead the way." I had to get dressed again being that we were in Ghislane's downstairs office. Putting my clothes back on, Ghislane thought she had buttered him up just where she wanted him to ask for him to come have a look at her new townhouse renovations when he was finished with his massage. A very strange relationship those two have, there's a definite love flowing between them but not a passionate one, more like a respectful business, he gets what he wants…an uncountable number of girls and she gets what she wants, simple and sweet…an uncountable amount of money. The two things in life that can create such beautiful moments or the most horrendously terrible of them all, is sex and money.

## Chapter 15



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I joined him for a shower, steam bath and concluded his needs with a massage while listening to classical music. I knew he didn't want anything sexual from me now seeing he got what he already wanted downstairs, no this one was purely therapeutic. My favorite massages to give, making me feel like an actual real therapist. I lathered him in aromatic oils and let my hands discover the ways to unlock the stresses that his body held. After the massage was concluded we were going downstairs to get ready to go see Ghislane's townhouse as he had promised her earlier. He loved taking the hidden staircase while I hated it. I was so creeped out by his choice of décor, the blood red carpets, violent medieval paintings, and sculptures of the pagan god Pan, all of it representing the darker side of hedonism his lifestyle provoked. Spiraling down the hallway along with each step you took came with a pair of eyes that followed your every step. Brown, blue, green, hazel, all of the colors were there, staring at you the entire way down. As each step progressed, so would my anxiety to get out of there.

We found Ghislane where we had left her, in her office. She had just received an order in, a satellite camera with a twelve-inch flat screen. She told us how it was used to pick up any person in any location with the quick insert of an address. Quite a powerful new toy I thought, but it was only a minute display of what the rich could afford, what use they would get out of it was another concern. Soon after she was done figuring out the controls on the camera, we made a rare and first for me pit stop, the security room. What I thought was our way out by the front door was another hidden door. I was in shock as I was led into a room, so discreet that in three years I never even knew it existed. I kept my head down most of the time, knowing how secretive this must be being another door was an entire security base within his mansion. What I could see when I stole a glimpse here and there was an array of tiny screens, twenty odd or something. Small screens showing various rooms of the mansion I had recognized. The images were constantly changing so I found it hard to pinpoint an exact location but from the décor and short glimpses I suddenly knew from then on that my feelings of my every move being watched inside his corridors was now more than a possibility but was actually happening. Jeffrey spoke to an obese Spanish guy at the desk, whose job was to disgustingly overlook all of the video feedback. Kill two birds with one stone Jeffrey thought, free porn to share with all of his pedophile friends and when the occasion called for it, a security system all at one expense. Ever consumed with making money as well as saving it, I was again astonished at Jeffrey's capabilities. I didn't want to even think how deep the video infiltrated, pretending like I never saw anything at all I put the memory to the back of my mind and went on about my day. Stopping at Ghislane's new townhouse, another gift bought and paid



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for by Jeffrey, he pointed out needed changes all over the place, driving the builders mad, as always. He wanted the place to scream out "GHISLANE" with a bold statement. Checkered floors and bold colors was the theme, like the queen of hearts from Alice in Wonderland, very well suited I thought.

The dust from the walls being torn down chocked my throat and the elevator was not in use, the stairs were hardly either. The whole house was in bad shape then having to go up three flights of rickety steps was a bit of a risk too but worth it once you made it to her future walk in wardrobe or to us commoners, a closet the size of a small a house. Complete with a dressing room, luxurious bathroom and plenty of storage for her every ensemble. Even without it being finished it was already a work of art, a sanctuary for any woman. She adorned herself in her future home, finally her own, relishing every inch of it, she already put in a work desk and spoke constantly of its ongoing renovations. About an hour later we were off to pick out curtains and look at some paint samples at a couple different boutique looking shops. Easily passing off as an ordinary couple for the day, they walked arm in arm strolling the streets of the Upper East Side. Except to me, still replaying the early afternoon's events, shaking my head over the echoed images in my mind, I followed behind just waiting to be needed again.

Over the course of the next few months was a constant influx of exorbitant excursions at Jeffrey's mansions, mainly to his island, to keep up with his ever-demanding sexual appetite with various young women and teenage girls. I got back on the Xanax, an old habit that I felt at the time would stop my memories from flowing back, rehabilitate my problems and relax me enough to deal with any situation at hand, no matter what the circumstance revealed itself to be. It was a drug that would blind my eyes to everything I should've been running from.

Having Brunel always in the picture these days wasn't helping me at all either. Sending his girls for Jeffrey at all of his places now and at a vigorous flow, they had an abundance of girls at their disposal. If I were to count one girl for everyday of the week, it would be the underestimated statement of the century. So many girls between the two of them, some nights it would be a free for all frenzy for Jeffrey and Brunel, seven or so girls giving them their upmost attention, doting on their every moan and whimper, Jeffrey being the main concern since Brunel worked for him and we were all aware of that too. If there were heaven on earth for men like Jeffrey, than he would be their God. Every one of his inner most desires was fulfilled when his harem of women was around. No wonder he didn't travel much abroad these days, all he ever wanted was right at his doorstep. I couldn't believe that he was still asking me to bring girls to him as well. There was never enough girls to



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fill his appetite, so on occasion I would meet a pretty girl around my age and invite her back to his place to make some quick money by offering her a really good contact in the modeling and acting business. Keeping him satisfied and in need of me was a tiring job. With so much competition I had to be on the ball, seeming ambitious to grant him all of his desires. It was a lot of pressure and a spotlight of a role to undertake at such a young age but I told myself this is what my life's training had led me up to be.

My Birthday was around the corner and turning eighteen had lost all of its sparkle and pizzazz. There were no more surprises in store for me, nothing that would bedazzle me I hadn't done already. I spent my birthday on the island, having a quiet dinner and watching "Sex and the City" on the couch with Jeffrey, Ghislane and Fimmy. There was no cake or a celebration of any sort but I did get a couple of presents that I opened outside underneath the main cabana. Jeffrey gave me a beautiful pair of sapphire and diamond encrusted earrings and Ghislane bought me another designer makeup case. I thanked the two of them with a tight squeeze and a gratuitous short spiel. As it went quiet, I looked out to the ocean and wondered if across these waters was there ever going to be happier days spent with someone special to me. Would he be kind, compassionate, and always be there when I needed him most? Or would I end up settling for my final bit of training, a marriage to a greedy old scrooge? Either way what I wanted most didn't matter right now, I was still bound by Jeffrey's hold over me and all I had to keep telling myself to get through this epic journey was, this is just the way it was for now.

Around the table for breakfast Jeffrey announced that he was expecting a few guests coming over with Brunel, no one of importance, just his usual entourage of beautiful girls. Russian models this time and Jeffrey was also having a photographer flown in to take modeling photos using the island as the perfect background for a sexy shoot. All of us girls were ushered onto rocks, hammocks, dug into sand and displayed just about anywhere they wanted. We were being photographed in next to nothing, like a netted fabric placed over us if the shot called for it, but the more provocative the more Jeffrey and Brunel loved it.

After the photo shoot we did some outdoor watersports. While us girls raced the jet skis around and jumped on the water trampoline, the men stayed on dry land to watch us from the beach. I was so used to this constant charade of girls and I didn't mind having a bit of fun but this was different, I had to be more than just polite because I already knew it wouldn't be long before we were all intimate with each other as well. Being the only girl that spoke English out of all of them was also a huge blunder. The only way we could communicate was through hand gestures



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and body language, a very primitive form of speaking, but what choice did we have?

I did my best to get acquainted and as I had previously assumed after lunch on the beach we were again ushered into another part of the island, Jeffrey's cabana. There was no need for words here, as the girls already knew exactly what to do. Without saying anything they undressed me and began to ravage my body with their hands, tongues, lips and fingers. I was delirious, never having done anything like this before with so many girls. It was sheer chaos; I don't honestly know how men could fantasize over this. Through the glimpses in between bodies crossing over me I could see Jeffrey and Brunel watching us, sitting in a chair with their hands around their penises, stroking themselves together "The best part is they don't even speak English so there's never a need to have to keep them amused" I could hear one of the men divulge and pretty sure it came from Jeffrey laughing out loud to Brunel. I just closed my eyes and went somewhere else in my mind until it was all over. That was that, life went on and we all moved on to eat dinner together.

It couldn't be more awkward as Jeffrey and Brunel were beside themselves with their ego's beaming, and the girls chatted like busy little chipmunks with each other. Ghislane and Emmy on the other end of the table were being amused at the entire racquet around the table and then there was me. Sitting quietly and smiling in people's direction when needed, I was counting down the minutes until I could go lay down in my giant comfortable bed, slipping away to the gentle noises the island created and sink comfortably into a deep sleep with the assistance of my Xanax. Scratching at the plate in front of me with my fork out of boredom, I wasn't even hungry. I had lost my appetite for food. Rather sipping on the champagne I wanted to feel as far away from here as possible. What seemed like hours for everyone to finish their meals we were finally all saying goodnight and goodbye to each other, as Brunel was off early in the morning and taking the eight beauties with him. "Thank God" I told myself, once was more than I could handle of that in one day.

It didn't take me long to get back into my own comfort zone. Heading straight back to my cabana after dessert was served nearly tripping over my own two feet as I tried to scuttle off in a hurry. As soon as I entered my domain, I drew a breath and sighed a deep exhale outwards, finally alone and at peace… for now at least. Although the sun had set hours ago the high temperatures of the Caribbean were still an affliction, plaguing my cabana I was welcomed by a rush of warm air as I opened the door. I hit the switch to the fan and stripped down for a shower. Preparing my towel and toileries I opened the back door to the outside shower and placed them on the floor. Whether I was cleaning up in the midst of a hot



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day or retiring for the evening, an outside shower was always splendid. Under a thick dark cloak of the night sky only the moon and stars to shed enough light for me to see my way around. I could feel the soft breeze lick the droplets falling off of my bodies' curves in the reflection of the moonlight. It only encouraged me to stay longer under the warmth from the spray of rushing water. I let the hot water run out before I was sufficed enough to go back inside. Lounging around the bed in my panties and a tank top I was still sweltering from the heat. Trying to tire myself out, I did some reading and eventually fell asleep. I needed those times to unwind after such an ordeal, letting the Xanax wash away all of the pain I could then forgive the mistakes I had made, blaming myself for staying around for this I had wished I was never born at all. The pills would take all of that away for me. My heart was a tangled weave of deception and pain, only reassured by the lies that were told to me and the lies I would have to convince myself of.

## Chapter 16

When we flew back into Palm Beach, Juan drove me back to my apartment. Lonely for some companionship I decided to call an old friend. I was longing to be important to someone and unfortunately with such little time to have a social life of my own I was compelled to call T.J again. His Mom answered the phone and sounded quite surprised to hear my voice on the other end. She was always kind to me, I even used to bring her back "Cola" cans from other countries a bizarre hobby she loved collecting. She just didn't know what I saw in her son, even saying that to his face many times over. Not blind to his ways of cheating and stealing, being a personal victim of it, she made it apparent that she did not approve of T.J's choice in lifestyle. It used to really hurt him how his parents thought so badly of him, so he gave up trying to earn their love a long time ago. As long as he didn't steal from them anymore he was allowed to live there. Instead of that being a lesson to him, he would just try to be more clever in what he would steal, less obvious things. He would steal the toaster and sell it for five dollars if he knew it would help to get him his next high.

Nonetheless and at my expense I had a sweet spot for him. With enough water under the bridge, I was able to forget about the troubles he caused. His Mom told me she'd pass on the message when he got home, but that could be days from now. The last time he had been home was over a couple of weeks now. He only stopped by to get something to eat, have a long sleep and to beg her for a few bucks, supposedly to help him buy food. Then he was off again without a single word said, only leaving



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his parents to their own assumptions, which were pretty much correct anyways.

I then called around a couple of mutual friends to see if anyone had heard from him. Everyone I spoke to pointed their fingers in the same direction and the worst place possible, Ritchie's house. One of his best friends told me of how bad he was doing, "He's not the same guy anymore, and all he cares about is the next high he gets. If we don't get anything for him he just loses it and goes off somewhere." It was hard to hear how badly affected my best friend was and a part of me secretly hoped they weren't right. Still defending him, I told everyone I had spoke too while trying to find him that T.J would be fine, he's just probably going through a bad phase, like we all do sometimes and needs people to have his back more than ever now. I was pretty much laughed at on the spot, most people that I considered my friends at the time were only friends by association. As long as we all looked the part, acted the part, and could handle the part, only then did they want to be around us. The last person I called was the last person I had hoped he wasn't with and it turned out that everyone was right.

He was with one of the biggest Coke dealers in our area, Ritchie-Rich, as everyone used to call him. He didn't look like a typical strung out junkie or dealer. Instead he looked like your average preppy college grad with aspiring propositions. He dressed well and acted like a nice guy to imminent clients only to get them hooked on his drugs and then turns them out onto the streets. He was a businessman and his business was thriving. He carried everything from most drugs to guns and knives. Having ears in all places made him a dangerous acquaintance. Using kids off the local Palm Beach streets to run his dirty errands and the errands of the others above him, he made his money by using these teenagers, who as hard as it was to believe was once somebodies sweet child.

I knew T.J didn't have the finances to support himself or his drug habit so the likelihood of him being indebted to Ritchie in other ways was a safe assumption. Obtaining Ritchie's number from one of T.J's friends Marcus he asked me, "What do you want to call Ritchie for? Come over to my place and I can get you whatever you want" Marcus was a sleaze bag who would tirelessly continue to try to appeal to my lesser sense of judgment, never getting the hint or just not caring that I could never and would never be interested in him. "No Thanks Marcus, can I just get the number please, it's very important that I get ahold of T.J, I'm really worried about him." I hated having to call this guy let alone have to ask him for something. "Is this about the Adam bullshit? Cause if it is you can let him know what a fucking bitch he is for not showing up to be there for him, you can tell him from me that it's his fault and it should've been him that's lying in the morgue now, not Adam" I was totally thrown



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by his allegations I could only mutter out a whisper "Did you just say that Adam is dead, what happened?" "Oh snaps, I thought you knew, where have you been girl, under a rock or something?" Marcus was less than sensitive about his statements. "He got shot in the head by two black guys who got suspicious when their usual supplier didn't show up, your boy T.J was so fucked up he didn't even remember to turn up at Ritchie's for the delivery, so Ritchie sent Adam alone and now he's dead." Adam was a sweet kid who just happened to be born living on the wrong block. Best friends with T.J since childhood, the two were inseparable until puberty hit and even then they would chase girls together. Adam followed in T.J's every footstep, mimicking his shadow, if T.J jumped off the Eifel Tower then so would Adam so when T.J got hooked on drugs consequently Adam did too, leading ultimately to his death. Wanting to end the conversation with Marcus quickly I scribbled down the phone number on a blank piece of paper in front of me and hung up the phone to call Ritchie's place immediately.

"Yeah?" It was Ritchie whom bluntly answered the phone after the first ring. "Hi –Uh- Rich, It's Jenna, T.J's ex, we met a couple of times at a few parties" I was trying to remind him of who I was knowing how paranoid he was about people having his number. "Oh yeah, I know who you are, what is it you want?" He answered with a dry tone. "I was hoping you could tell me where I could find T.J, I've heard some stuff and am really worried about him, is he alright?" Ritchie snickered at my concerns. "What are you his Mom or something? He's fine, he should be back here around five o'clock, I'll tell him you called." In the middle of me saying "Thanks and good-bye" he hung up the phone, as there is no room for manners in his line of work. I waited until five o'clock watching the minutes on the clock tick past and when five o'clock came and passed by with still no phone call, I couldn't deny to myself that I wasn't stricken with distress. Falling asleep wasn't easy either. I ended up crashing out on my sofa watching T.V, half expecting to hear of another murder on the news and it being T.J.

Forgetting to put on my eye mask before I went to bed, I was woken up the next morning by rays of the sun beaming into my living room. When I sleep I am a creature of darkness, avoiding any window light at all costs. Staggering to the coffee pot not used to getting up this early, my first thought that day was T.J and why he hadn't called. A million thoughts rushed through my head like a steam train…is he ok? Is he not calling because he is still mad from our last breakup? Has he moved on to someone else? Is he in any trouble? Did Ritchie even pass on my message? The thoughts were an endless infliction, consuming my entire day.



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Until finally he called my cell phone later in the afternoon, relief swept over me when I heard his voice on the other end. "Thank God you called, I have been so worried about you, are you alright?" I jumped in without letting him get past saying "Hello". "Yeah, I'm fine. Ritchie told me you called his house looking for me yesterday and gave me shit for it saying you were upset or something, what's up?" I knew I would have to be delicate about asking what happened to Adam, thinking he'd be a mess over it. "I heard from Marcus that something happened to Adam and I got worried about you, what is going on?" T.J sounded scared, for what reasons were beyond my knowledge but I was going to find out, he replied " I don't want to talk about it over the phone. Are you in town so we can meet up or something?" It was obvious I wanted him to know that I was more than willing to lend my shoulder for his problems. "I'm home now if you want to come over whenever you feel like it." He didn't hesitate in taking me up on the offer. " But I won't be able to get there until later, I'm downtown at Ritchie's place unless you want to come pick me up."

It was more of a request than a favor to myself which is what he was making it out to sound like, knowing him all to well I didn't make a fuss of his ill-contemplated attributes. I got the address off him and made my way into the ugliness of the not so dazzling parts of the Palm Beaches downtown area. Rolling up my windows and locking the doors to my truck I nervously drove through the rough streets trying to find Ritchie's apartment complex. Knowing all too well the history of the area, it's not a place a lone white girl in a nice truck wants to be seen, many reports of the locals rushing up to a vehicles with a weapon demanding money, cars, or just angry and out to hurt someone. I was speeding through the streets wanting to get out of there as quick as I could. A sad world we live in with so much hurt everywhere you look and nobody wanting to do anything about it, just accepting the hopelessness of never being able to achieve anything more than what our civilization has succumbed to. Being among one of those people, we were similar in so many ways. Only separated by our own personal fears and the different direction they pulled us into.

I drove straight through the open gates at the entrance to the complex and parked on the gutter in front of Ritchie's block of units. A crowd of people stood outside the blocks I was entering. Being hit on and offered drugs simultaneously my cheeks went flush and I put my head down not saying a word. Walking up the corridors of the staircase looked like a scene out of a horror flick. Graffiti covered the peeling of green paint on the walls and the pungent stench of something rotting, only to the worst of my imagination, filled my nostrils. I could hear babies screaming



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through the thin walls and trying to find the unit number was difficult from the sporadic flickering of the fluorescent lights above me.

At last I found Ritchie's one, quite astonished with myself that I even made it this far. I had to knock loudly on the door a few times before a young girl answered the door with eyeliner bleeding down from her eyes, her jet black hair was strung out and a mess and she looked off her face on some hard drug. She had only her bra and a short skirt on to cover her private areas and a cigarette hung out of her mouth to complete the full picture of terrible state she was in. She looked me down with contempt and snubbed at me "What do you want?" I maintained my politeness and told her T.J was expecting me. She opened the door and walked away, leaving me by myself to venture through looking for T.J.

Passing through the kitchen it looked like a hospital lab with syringes on the counter tops and medicine containers lying around everywhere. Minding my steps through the dirty house, I walked to the back to the living room and found T.J in a K-Hole strung out on a filthy couch. "Hey…there" he acknowledged me with a giant smile spread across his face. He probably didn't even know who I was from the dreadful state he was in. My first look at him in months and I was in utter shock. My jaw must have dropped to the floor at the very sight of him. Never seeing him so skinny and unhealthy looking I took pity and wanted to help him before things got even worse and he ended up like Adam, dead.

"T.J, hey buddy its Jenna, remember I was coming to pick you up today. You don't look so good, what are you doing so messed up?" I don't think he could even understand what I was even saying because he could only reply by giggling and rolling over, patting the couch as if it were a fluffy animal. I stood over him now and raised my voice so he'd know I was serious and snap out of it a bit. "Get Up T.J, Now!" I ushered at him to get off the couch, repeating myself a few times over and with no response I knew I had to get physical. Rolling him back over to face me again I smacked his face hard and I'm sure it stung but I got the reaction I had wanted. He sat up and looked at me confused.

At least now he was able to focus on my words requesting him to come with me. He was getting up from the couch and stumbling around before falling down to the floor again. Putting his arm around my neck and carrying the majority of his weight, I helped him up many times over and down three flights of stairs into my truck and drove him back to my place. It was a triumph on it's own arriving downstairs in one piece. Being the only person who really cared if T.J lived or died I felt like the responsibility of helping him was my concern alone.

Thankfully Jeffrey was in Palm Beach for the next couple weeks entertaining royalty, which gave me a little time to try and clean T.J up. I called a few of his friends that I knew and asked them not to score any



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drugs for him any more, pleading with them and telling all of them he was on the brink of death, reminding them of the friendship between us all that once existed before the drugs corrupted so many of us. Some of them laughed at me telling me I was wasting my time with T.J and others were nice enough to at least lie to my face politely and promise not to help him feed his addiction.

I just wanted to remedy all of his pain and problems but I felt so helpless fighting his battle against the streets. I bought some marijuana for him to smoke hoping to subside the withdrawals he was facing over the next few days but with no avail. The only thing that would help him was my Xanax, a few of those pills and he would go back to sleep, only waking up to get more of them. I would have to force him out of bed to have a shower once a day and make sure he ate something. He was more like a baby right now than he was a boyfriend, too much in need of something I couldn't give.

## Chapter 17

When I went to see Jeffrey over the next course of days he picked out the dilemma I wore spread across my face straight away. "Your back with T.J aren't you" It was so funny that he knew me so well. "Yeah, he's in a real bad place in his life right now and needs my help." He looked astonished and replied, "You're a much better friend than I am, I know people like him and trust me they never change, no use in even trying" I believed him too knowing I was stupid for even attempting to change T.J, but my heart felt differently, he was still a human being and a good friend of mine just down at his worst. "That's what good friends are for" I laughed back at his remark, not wanting to take this conversation too much further. " I admire your loyalty at least, but take my word for it, he will hurt you again." His words were chilling but true, I had to find out for myself though.

Almost seeming like an actual friend for a second he ruined his brief momentary image by turning over from the unfinished massage that I was giving to him and acquired his sexual longings from my worn down soul. Not only did he know that I didn't want to endure any more demands tonight, but his energy enhanced from knowing it too. Looking up at him during the foreplay, it was an easy observation from the look in my eyes



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that I hated every minute of it, seething through all of my duties until he climaxed.

Most days I could take this kind of treatment, it was only seldom I couldn't hold in the way Jeffrey disregarded my feelings. He had me just where he wanted me, like a pawn piece on a checkers board I was his own personal sex slave. For the remainder of the evening I stayed quiet, not sure of what to say after an episode like that. It was a vigorous display of how calumniating he could really be. He required me to clean up his spilled semen off of his genitals with a wet warm washcloth before he retired to his bedroom for a good night's sleep. Only a monstrous creep could sleep easy at night knowing what pain he caused others.

I went downstairs and asked Juan, who was still in the kitchen to pay me for the evening telling him that Jeffrey had gone to sleep for the night. It wasn't an unusual request. Juan would often have to fix up "the girls" after the sessions and sometimes even drive them home. He went to Jeffrey's desk and underneath was his duffel bag that always held insurmountable bundles of crisp hundred dollar bills. He took out two for me and handed them over. I thanked him and said goodnight, as I was always polite to Juan and his wife, Maria. His eyes were gentle and told me more than what he was allowed to say. I understood well. We all needed to eat and pay bills unfortunately even sometimes at our own moral expense.

Putting the keys into the ignition I started up the engine and reversed out of Jeffrey's driveway with promptness. I didn't want to be there a moment longer than I had to. Not much to look forward too getting back to my apartment either, I needed some time to filter my emotions. Parking my truck in front of a nearby beach I took my shoes off gradually stepping out of the door into the fog. I walked down to the edge of the sand where the water licked at my toes. My life was slipping away from me and I was really beginning to question the difference between living and dying. I was so tired of everything, my whole existence revolved around being everything to everyone, forgetting about being something for myself altogether. Pretending to be someone else became an attribute I was better than good at, probably much of why Jeffrey liked me in the first place. This time I held back my tears back and only let the anger fester into a deep pit in my stomach. My rage was aimed at the very people who abandoned me to fend for myself in the first place and accepted this life as normal for me, my parents.

When I got back to my apartment I was expecting to have to look after T.J, but to my surprise he had come around good that night. He greeted me at the door and asked how my evening was. "It was all fine" I easily lied. I never let anyone inside close enough to see my vulnerabilities. They were mine alone to battle. In my head they were too shameful to



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talk about anyways. He wanted to talk about something else anyways. Sitting me down at the dining room table he began his spiel. " I know you don't think much of me anymore, how could you? I'm a junkie who steals and sells drugs for a living, but I promise that's all going to change now. Adam is dead because of me and the only way I can make it up to him is to get away from it all. I promise things are going to get better." It was a convincing talk, but I knew him all too well. His demon inside yearned for him to fail but who was I to second-guess him out loud, I could only try to give him hope. "No one is perfect T.J. At least you're trying now and that's all that matters to me. I am so proud of you." I gave him a sincere hug and kissed him for the first time in a long time. "I love you," he said to me and I returned my love back. We slept in the same bed together that night and were officially back on together.

Two days later I was gone again, beckoned to be in Santa Fe. Ghislane only told me that I was to meet someone there, not sure of whom that was. It wasn't my place to ask questions. As far as I knew it could be anyone and I had no choice but to be compliant to their needs. It was the middle of the day when I arrived at the airport. One of the ranch hands came to pick me up in a big work truck that smelled like dirt and sweat but I didn't mind that's what I loved about the countryside.

When we arrived at the mansion my guest was already there waiting for me. I couldn't wipe the look off my face as he turned around from the bookshelf that he was standing at. "Hello" that same old cheesy grin greeted me once again. It was his highness Prince Andrew, and what a sight. He wrapped his arms around my waist and greeted me like an old friend. I hugged him back rolling my eyes at the same time, already dreading what lay in store over the next couple of days. My job was to entertain him endlessly, whether that meant having to bestow him my body during an erotic massage or simply take him horseback riding. For the next couple of days he was to be my only concern, but he wasn't. I called in checking on T.J a few times a day, not wanting to be a nag but just hoping he hadn't had any thoughts about relapsing. He was doing great, even applying for a couple jobs. Being reassured by him made my time away less complicated and thankfully with the help of my ever-ready Xanax I was able to cope with the ordeal.

The mansion was completely empty save a couple of maids who also cooked our dinners for us, and a couple bodyguards that we hardly even saw at all. The time dragged by slowly for me as I was counting down the hours until I flew away again, anywhere but here I thought. It wasn't easy meeting the sexual desires of these strange men, the Prince being one of them. He loved my feet and even licked in between my toes. Then there was the lack of passion in the intimacy we shared, to him I was just another girl and to me he was just another job. Not the right reasons to be



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together but I thought in this world and to these monsters, there didn't need to be a reason. To them it's nothing but a reenactment of their personal fantasies. To me it was a living nightmare.

Thankfully one of Jeffrey's assistants from New York called me on my cell phone early in the morning on the second day to fill me in on my next adventure. I had a flight booked for me to leave that afternoon to arrive at La Guardia airport in the evening. Even though I had to go back to yet another controlling man, I was still relieved. At least I was used to the confinements of Jeffrey's control and in some twisted way he was more comforting than these strangers he sent me to. Overlooking the city of New York as the plane landed felt like I was flying from one cage to another. Entrapped by falling victim to the predators that lured me into their enclosure. I didn't know how I would ever get out again. That deep pit in my stomach began to churn again, a physical reaction to the anxiety I was plagued with. Before getting off the plane I touched up my make-up to hide any signs of the frailty I was feeling.

Jo-Jo met me at the arrival terminal and picked up my luggage for me. He never said much at all, nodding to any reciprocating conversation. I don't think he could really speak that good of English anyways. It was better for me as I preferred the quietness for the moment. He opened the back door for me and we headed off for my next prison cell. When we got to Jeffrey's mansion on 72nd, the place looked empty. I walked up the staircase to Jeffrey's office and he wasn't there. Feeling a bit hungry I walked back down to where the kitchen was. I opened the fridge and found some leftovers that Adam, Jeffrey's chef, had cooked. I loved his cooking, when it wasn't filled with beansprouts and tofu. He used to make me the best pizza upon request, or whenever he was cooking seafood, which he knew I hated. He had an honest appeal about him and never even took notice when on many occasions us girls would be prancing around topless, sometimes even stark naked around the pool or beach. He would have to serve us our meals and would do it with such a casual professionalism, never making anyone uneasy at any occasion.

Half way through my meal the kitchen doors swung open and incoming was Jeffrey and Ghislane. Choking down my bite of food down, I got up from my seat and kissed them both on the cheeks. " Hi guys, how are you?" I greeted them and Ghislane answered for them both "Good, good. Sit down and finish your meal, don't let us interrupt you." I hated eating alone in front of people, chewing food and maintaining a conversation at the same time didn't give off the best look. "I was just finishing anyways, can I get you guys anything, maybe a tea or something?" Always playing my part, another reason to keep me around I guess, I went beyond the call of duty and after the last period with them, I had been reminded of my place. "Yes, I'll take a one" Ghislane stated. "Jeffrey how about you,



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anything I can get for you?" I asked again and he answered, "No thanks, we just ate and I'm still full" and they sat down together on the stools at the kitchen bench.

I got out the shiny red kettle from the cupboard, knowing my way all too well around the kitchen and put it over the hot stove plate. Turning around to face them, I thought they were acting peculiar. "So…"Ghislane started the conversation, "How was the ranch with the Prince?" It was a natural reaction for me to blush, knowing exactly what she was referring too. Keeping busy preparing her cup of tea and avoiding eye contact with both of them I started to unpack the counter where I had been eating, "I think he had a really good time, he seemed relaxed during the trip and when we said good-bye to each other he gave me a kiss." I went on to tell them what we did together "I took him horseback riding, nowhere to far just around the property, um… we went swimming in the pool, and of course I gave him plenty of massages. He had a massage at least couple times each day really seeming to enjoy his time there." It's what they wanted to hear, not the truth of how disgusting I had felt over the whole thing but they already knew the truth anyways, it's what they had trained me for in the first place.

Like two proud parents they both looked over me with such content. "Good, you did really well" Jeffrey complimented me. Turning around to the boiling kettle, I finished Ghislane's tea for her and the conversation led on to other subjects. We all ventured up to Jeffrey's office and out came the infamous duffle bag that went wherever he did. I was given close to a thousand dollars for my time in Santa Fe, more than what I thought anybody at my young age could make for a couple days of work. It was fulfilling the obscene vulgar needs of the so-called privileged that earned me so much.

## Chapter 18

I spent the next few days in New York, venturing out to do some shopping therapy. I loved the eccentric parts of the city. Every street was different but the same energetic vibe filled all of them, animated with all different walks of life. Hanging out at coffee shops reading the newspaper or a good book was a favorite pastime while in the big apple. Being close enough to get back to Jeffrey for when he needed me but also far enough to get away from all of it. Most of the day slipped by without being missed and I made my way back to Jeffrey's.

Making one last pit stop, I walked into an old bookshop to browse at their assortment of old titles. I wasn't in any hurry so I took my time



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reading the backs of interesting looking books. I bumped into a girl looking down the same aisle I was down. "Sorry, I'm so clumsy" she was apologizing for my mistake. "No, no, it was my fault, I wasn't looking at where I was going. I get so wrapped up with my nose in a book and trip over my own two feet if I'm not careful enough." We were both giggling now and I further introduced myself to her. Her name was Valerie or Vickie or something like that, anyways she was a student at a school for hairdressing nearby. Chatting away both young and similar interests in each other's choice of reading we found it easy to speak with one another. She wasn't from around here only being in the city for the last two months, her parents hated her being here, but were also supportive in her big decision to move from the countryside in hopes of her accomplishing her own dreams. Aside from not having her near them, they just wanted her to be happy and supported in her big decision to move to the city, helping her pay some of the way.

She was a pretty girl with cherry red hair and soft white skin. Her long legs were emphasized by the short flowery dress that complimented her hourglass figure. She would definitely fit the pro quo for going down in one of Jeffrey's little black books. Only imagining the look on his face upon meeting her I could already see his sly grin spread from ear to ear. Knowing exactly what he would do with her and the very thought of him tarnishing a sweet country girl such as her just couldn't be done. It was the beginning of a turning point in my life that started with realizing I had a choice at hand and the effect I could have on one person alone. "I must be off, but it was really nice to meet you." Bidding her goodnight and paying for my books I turned around with one last glance over my shoulder and said. "Good luck in the city!" Leaving that bookshop was a small step in a growing abundance of larger strides to come. Turning the corner onto 72nd street I had an undeniable feeling in the pit of my stomach again but this time it wasn't the familiar hurl of anxiety I was used too after I had done something I had wrong that I had regretted, it was a new feeling of pride and inner strength. I quite liked it a lot. I held my head high and smiled on the inside when Jeffrey asked me how my day was and what I got up to, not mentioning I had let one girl slip on bye.

The icy winter winds faded away making way for the approaching sunny days that blossomed the colorful shades of spring. This was my favorite time of the year. Making the most use of his island we spent countless days of the increasingly hot days there. A constant array of visiting guests and plentiful young women to flock around keeping them entertained was the typical lazy afternoon on Little St. Jeff's. We ate, drank, and played under the blue blanket of cloudless skies. To many this lifestyle could seem idyllic, unless you were like me, the one on the other



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side of the fence where the grass wasn't so green. Fortunately for me and in some ways not, I was mostly expected to attend to only Jeffrey's insurmountable of sexual desires. Whereas the other girls who came one day and went the next were promised a multitude of open doors just for there meager participation in sexual acts with random men, only to be disappointed when they realized they were nothing more than a single night out for these geriatric senior citizens who most likely due Alzheimer's would sooner forget the entire experience let alone their first name.

Surrounded by those in our world who many looked up too but not seeing them from where I was standing, I didn't have the highest of standards in humanity. Then I met Al Gore and his lovely wife during one of those many weekends away in the Caribbean. I was blown away by the amount of attention Al doted on his wife, it was so sweet to watch. They sat next to each other at the dinner table gazing into one another's eyes having an intimate conversation between them. Among the many guests visiting that night and many of them young beautiful women, not once did Al's eye's stray elsewhere, to them they were the only ones there. He was up for a presidential election that year and he definitely had my vote. Anyone that could show that much devotion and passion towards his loved ones could have the same devotion towards running a country, or at least I thought so. He only left his wife's side to have a walk down to the beach with the host of the weekend, Jeffrey. The weather was still warm in the evening when I decided to break away from the idle chat around the table and take a stroll too.

Not wanting to interrupt the conversation between Jeffrey and Al, I walked in the opposite direction plucking the washed up sea shells imbedded in the sand along the way. I enjoyed the serenity in the solitude of the island. So many nooks and crannies to get lost in, I could imagine that I actually disappeared from the entire world for a moment. By the time I came back to the main house majority of the small crowd had been long gone retired to their cabanas. Even Jeffrey had gone off to bed but trust party animal Ghislane to still be up entertaining the remaining guests left at the table, regaling her wild stories of people and places she has embarked on. Trying not to make eye contact as I walked past them on my way back to my cabana carrying my seashells inside my curled up blouse, I wasn't up for anymore pointless talking tonight. Emptying out my seashells into a plastic bag, I went over my new treasures one by one. I loved collecting odd things, shells being one of my favorites.

Ghislane and I shared that interest together. We would enjoy walk abouts around the island searching for lost pieces of the remnants that pirate's had left behind centuries ago. It was mostly broken plates or smashed glass from bottles of ale, and even occasionally getting lucky



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enough to find some old coins here and there. It wasn't easy though, both loving a challenge it was perfect for us. Enduring many scratches from the bushes we would be searching through and then the soar arms from digging all day, but it was worth it in the end. After nearly two years of collecting items and saving them, we made Jeffrey a mosaic table out of the remaining pieces left from the era of the pirate's day. Upon completing it we were both astounded in our creation, it was such an item of rarity and an interesting piece of work. When we presented it to Jeffrey he was even impressed not only in our amazing finds but what we did with them. The table became an important work of art that Jeffrey showed off inside the main house's lounge room, sparking a much intrigue and table conversation by many of the visiting guests to his island.

The next morning was good-bye for most of the visitors, leaving just the usual behind. Soaking in the sun and living it up in the lap of luxury is how the next few weeks were spent before having to get back to the dredge of the city. Sometimes we'd have to go to St. Johns island for Jeffrey to do some work in the office. It was so boring for me to sit in their listening to him on the phone or coming down on some poor employee for something stupid like not answering the phone correctly. If I knew he was going to be awhile I would excuse myself for a bit of shopping. Not that the Caribbean had much to offer in the world of fashion but there was never an amount of bikinis one girl could own and I loved all the little knick knacks one could find there. Flying back on a private jet was the best part because I could transport just about anything I wanted back to my apartment, which was already filled with an assortment from my shopping ventures and collection of seashells from the Caribbean.

The next big dinner party on the island had another significant guest appearance being, the one and only, Bill Clinton. He is the only president in the world to be dismissed from his role as a world leader because he was caught with his trousers around his ankles and had the stain to prove it. Publicly humiliating his wife and himself he retired from his title but not from his lifestyle. This wasn't a big party as such, only a few of us eating at the diner table. There was Jeffrey at the head of it all, as always. On the left side was Emmy, Ghislane and I. Sitting across the table from us was Bill with two lovely girls who were visiting from New York. Bill's wife, Hillary's absence from the night made it easy for his apparent provocative cheeky side to come out. Teasing the girls on either side of him with playful pokes and brassy comments, there was no modesty between any of them. We all finished our meals and scattered in our own different directions.



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Jeffrey wanted his evening massage before bed and Ghislane and Emmy went to their office to talk about something, leaving our guest of honor to find company elsewhere. Strolling into the darkness with two beautiful girls around either arm, Bill seemed content to retire for the evening. He wanted to have a hot bath before bed while I began the massage in the tub. Starting with his feet and calves, he wanted to end the night quickly. Never showing any restraint he sat up on the edge of the tub and asked me to preform on him orally. I did my job, but that's all our relationship was these days, a dreadful job. Getting it over and done with as quick as possible was my hope but I couldn't let him pick up on those vibes, to make him enticed I had to act like his little porn star, knowing exactly how he wanted it. Only then would my duties be fulfilled and I would be able to get back the reality of my complicated life. Before I could say goodnight, Jeffrey had one more request. He wanted me to tuck him under the blankets and fluff his pillows for him. Then I had to reach under the covers and massage his feet while watching him fall asleep, he even wanted me to wait like twenty minutes or so after he fell asleep before I could leave. It wasn't unusual for him to ask it but God I hated it, never offering it I would always wait for him to request it. Once he was snoring gently I wiped my hands clean of the lotion and quietly closed the doors to his room. Making my way up the outdoor spiraling staircase, I felt the breeze blow through my hair and looked up to the heavens. The stars shown so bright out here in the middle of nowhere with no big city lights to hinder their effect I could get lost in time staring into them. No matter how far gone I really felt there was always something about a simple caress from the wind or the reflection of the star sweeping sky in the black glossy ocean that would always remind me of my fond love of nature's blessings.

Back in New York, there was nothing left of nature to adorn. It was a dwelling for those who no longer saw the use for trees without cages or blue skies without clouds of man made fumes and gases. Unfortunately if we weren't in the Caribbean, we were there in New York. Hardly going back to Palm Beach, barely even seeing my family, my dog or T.J these days at all. In my parents heads I was all grown up and educated in the world of wealth not needing them any longer they would just wait for my call once in a while to let them know how I was doing and that was the extent to our restricted relationship. The road my life has led down never has kept me close to home anyways so to me it wasn't anything unordinary but still a sad existence to be without a family of my own. It would've been nice to be missed though, rarely letting myself think like that. No room for pity in my heart, if I did, the floodgates could open and I'd have enough grief in one lifetime to go around a few times that they would've never been closed.



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Jeffrey's business was running well from the looks of his attentiveness the office he owned in the Upper East Side of Manhattan. Alan Dershowitz, his colleague in finances and personal solicitor, a bird of the same feather, I had seen hanging around the island and Jeffrey's Manhattan mansion, more and more these days. Alan's taste for the young and beautiful was a bias for a blooming business relationship between him and Jeffrey. After an explicit session of Jeffrey's vulgar pilgrimage into my body, we were interrupted by a knock at the door by Jeffrey's good friend, Alan. I wrapped myself up in Jeffrey's pink bed sheets, which is the color preference he chose to sleep in because it reminded him of the same color of his own words "Pussy", and covered my face from the unexpected intrusion. Jeffrey got up and wrapped a towel around his loins and answered the door completely calm. Opening the bedroom door and letting Alan inside they began to converse about business immediately, right in front of me. Jeffrey started to tell Alan what needed to be done while he jostled some notes down quickly. I peeked my head from underneath the covers thinking they were too wrapped up in their work to notice me get up and dressed, and Jeffrey turned back to me and told me to just stay there this would only take a second. Going back to Alan he turned his focus back into work and hustled out a few more orders before letting Alan out of the door and returning his attention to me.

"Sorry about that, work never stops and neither will the money coming in. How else am I going to make a million dollars while I'm sleeping?" Jeffrey chuckled as he sat back down on the bed next to me. I laughed at his humorous and mostly true statement, then a strand of hair fell in front of my face. Before I could get to it he put it back behind my ears and sweetly stroked my face, for a moment we just looked into each other's eyes and he nearly seemed almost human to me. It was bizarre how he could be so kind and gentle one moment and the second beforehand I was being treated like no more than a common plaything left out for display. Nothing more than an ego trip, Jeffrey got off on letting the ones he wanted to know that he could own anything and anyone he wanted in this world. Maybe for a brief minute I believed the sincerity behind his eyes but that vision would quickly fade away and I would be left second-guessing why I even fell for his deceitful tricks for a moment.

Jeffrey got up from the bed and asked me to join him for a shower. In his bedroom, which was the entire top floor, he had a glass shower enclosed underneath a glass skylight right in the middle of the room. It was perfectly accessible feature for a man that loved both being clean and nude, but still an odd feature at that. As I always did whenever I showered with him, I lathered a loofa with soapsuds and would scrub his body, up and down, in between his toes, even behind his ears and of



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course his genitals area. The sunlight shown through the glass ceilings into where we were standing, making the moment feel even more surreal on top of the already popped Xanax I had popped before for breakfast earlier that morning. Jeffrey was in such a lighthearted mood that day, making funny cracks at me, and acting like a flirt. When I was finished washing him he actually wanted to wash me too, which was another totally out of his character suggestion.

For the rest of the day, he took me everywhere with him, the office and then to a friends place, even just wanting to hang out with me for a while. I wasn't used to being treated like anything more than a dog on a leash, when he acted like this it just completely spun me around confusing me even more.

We were spending heaps of time together these days, a lot more than usual. At the ranch we would do things together, alone, and not just the usual perverted things I was accustomed to doing with him alone. Horseback riding on his ranch during weekends away by ourselves and movie nights snuggling up over a bucket of popcorn instead of having to massage his feet during the entire film became his way to alter my perception of my original notion that I wasn't just his sex slave, I thought I was finally becoming his friend.

When we went quad biking he no longer wanted me to take my own bike, he preferred me to sit on the back of his, holding onto him tightly and he even tried to teach me how to drive a manual stick shift car. He was definitely trying to show a softer side of himself, different to the stone cold slave driver I had to come to respect out of fear over the many years. Still a hard image to change after all I had been through and seen over the years I had been with him. Nonetheless he was still my "boss" so I humored his attempts and matched his caring demeanor, giving him the impression I was intrigued in our new kind of affair.

## Chapter 19

His attentiveness led into the warmer months that commenced the beginning of long summer days that I looked forward too. I couldn't help but enjoy his eagerness to see me more relaxed these days. He wasn't even bothering me to find alternate sources of girls for his twisted satisfaction anymore and although I was still being used for his distorted sexual enjoyments he further seduced me into believing I meant a lot more to him than I ever did.



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It all came to a sudden conclusion one sunny afternoon in the Caribbean. Jeffrey pulled himself up to the ladders first step and climbed up the next four steps to the top of the dock. His chest was heaving rapidly as he sat down catching his breath. Ghislane was the next one up and then I followed lastly behind them. To me it was an invigorating snorkel around the shallow reefs within the radius of the dock, but to Jeffrey the half an hour swim in the ocean was enough to overexert his ageing limbs. I took off my snorkel gear and placed it in the storage bench, grabbing us a few towels at the same time. Wrapping a towel around Jeffrey's backside and handing one to Ghislane, I sat down next to them on the dock and we laughed how fatigued Jeffrey was, poking fun that he really is getting older. A very touchy subject for the vain at heart but he didn't seem to mind it, probably knowing we'd never take the joke too far. We sat there in silence for a moment, an odd silence at that. Jeffrey looked at Ghislane and then Ghislane looked at me, placing me once again in the spotlight. They both scooted closer to where I was sitting and I felt something stirring in the air. The biggest turning point of events in all of my time spent with them.

Jeffrey sat next to me and put his hand on my back and looked at me with a certain kind of sincerity I hadn't seen in him before. "I want to first of all tell you that over the last few years you have shown me the kind of devotion and loyalty that I believe is rare to find among people these days, qualities I hold that high in regard." Bewildered by the whole scenario I just nodded every time he paused, trying to grasp what his intentions were getting at. He continued to praise my nature saying " I hope you know my appreciation for your embracing of my lifestyle, you have been achieving a name for yourself among the friends I have introduced you to. Everybody says basically the same thing about you, the same thing I believe. You are a delightfully funny girl who has developed into a mature graceful young woman and I could think of nobody else I'd rather have a child than with than you."

And just like that he created a whole new dilemma for me to face. In utter shock from the completely unexpected proposition and before I could even think of anything to respond with, Ghislane made the finishing touches with the business end of the deal starting with the pros before the cons "You would have around the clock nannies to help you. Jeffrey would pay for a mansion of your choice in either Palm Beach or New York" and as if the drumrolls were beckoning " and… you would have a hefty monthly allowance from Jeffrey's bank account" Astonished at their first offers I nearly took the bait. Then she continued to finish the terms of our pre-agreement with "But you would have to travel with the child where and when Jeffrey wanted you to be, and most importantly you would have to sign a contract stating that Jeffrey and you are not



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monogamous and that the child would belong in Jeffrey's custody in the event of a falling out between the two of you." She kind of threw that last one in there quickly, as if she could get away with me not hearing that I would basically have to relinquish the rights to my own flesh in blood and surrender them to a life of servitude and abuse with these people. My maternal alarm bells went off straight away and I already knew my answer. No way I could I do that to any poor baby, God only knew what these monsters had in store for me let alone a baby, but it was an instant reaction that saved me. " I don't know guy's, I mean I'm really young and never really even thought about having kids yet. Wow, I just don't know." I slicked my hand through my hair nervously and took in a silent breath. I had to go beyond what I was truly feeling and give them the feeling that I'd never let them down. Putting an eager smile on my face and sucking up my gut's intuition I told them "You know what, let me get my certificates in massage and have some time to prepare for this and get healthy then next year we'll all think about having a baby together." It was crazy to even hear me say out loud but from the expressions on their faces I had fulfilled their wishes.

Much reason to celebrate that night they were both in a cheery mood around the dinner table. Except for me who had taken double the dosage of Xanax to even cope with the high amounts of anxiety I had been suffering from since we got back from the dock. I wasn't sipping the champagne that night, I was gulping it and when their moods turned from cheery to raunchy later that evening it wasn't hard for me to comply. From the full effects of the state I was in I would've agreed to just about anything, allowing them to treat themselves to ravishing the tender parts of my body.

Over the next few weeks everything went on as it normally would, and not another mention of their proposal. My birthday was only a week away and I was turning nineteen that year. All I wanted was to get my certificates before I got any older and get trapped into this life for good. When my big day rolled around I was in New York with Jeffrey and Ghislane. Sitting on my bed listening to MTV's channel blare in the background of my room I was painting my toenails when I was suddenly buzzed on the intercom. It was Jeffrey calling himself to ask me to meet him in his office in ten minutes. Perfect timing to let my nails dry I thought to myself. Already contemplating his desire to come downstairs I knew it had something to do with my birthday present but I was more expecting the usual shopping money or piece of jewelry, definitely not what he had in store for me.

I knocked on the slightly ajar door to Jeffrey's office and heard him beckon me inside. "Hello, what cha up too?" I asked in a cutesy tone of voice. Walking over to his desk he looked up at me taking his reading



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glasses off while granting me a big smile. "Come over here and sit down with me" as he ushered me to come sit on his lap. Pulling me onto him he had a funny look on his face, like he had something really big to tell me and was letting the anticipation build in the thickness of the silence. "What???" I laughed at the way he was looking at me now. "First of all…Happy birthday today." Was only the beginning of his announcement and he proceeded to tell me "I know how much you have wanted this for so long and you are more than deserving of it. You are going away to Thailand to learn authentic Thai Massage and within eight weeks you'll receive a certificate for being a qualified Thai Massage Therapist." Astonished at his attempts to see me get what I wanted, not exactly the type of massage I was interested in but it was a start and a first certificate for me to acquire. My eyes lit up and I threw my arms around his neck, planting a big kiss on his lips, which I rarely ever did.

"Wow, I don't know what to say, this is beyond my wildest dreams…thank you so much!" I did well to let him know I appreciated his grandeur offer. He went on to give me the details of where I'd be staying, the school's schedules, and how much he loved Thai massage, apparently it was the next big thing to hit the shores of America. He had planned out an entire itinerary for me. I was to depart at the end of August and he had already enrolled me in a class at "ITM Massage School". I would only have a few days to settle in before I would be attending classes five days a week over eight hours a day. He even had an assignment for me to do while I was over there. I was to meet up with a girl who was also being put up at the "Princess Hotel" where I was staying. She had an Asian sounding name so I just assumed she was a local girl hoping for an opportunity of a lifetime, if she only knew what she would be getting herself into. If I decided that she met Jeffrey's particular quota of approval then she would be sent over to the U.S to meet with him or one of his esteemed colleagues. Besides the guilt of having to decide a stranger's uncertain fate, everything else sounded more than wonderful. Eight weeks gone from Jeffrey sounded like a lifetime away and I couldn't be more excited at this chance. It was the opportunity of my lifetime and I wasn't going to waste a second of it.

Ghislane came in a few minutes later and the look on her face told me she already knew. I got up from Jeffrey's lap and gave her a big hug and told her, "This is so nice of you guys, Thank you so much!" She didn't share my enthusiasm of excitement. In a dull tone she responded, "I didn't have a thing to do with it, it was all Jeffrey's idea but good-luck anyways." She gave me her best impression of being human for a brief second and hugged me back. It was just her way and I had come to accept it. Depending on the level of slander her insults provoked was just her way of telling you she cares without really ever showing it. Probably



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doesn't make sense to most sane people but after all of the time spent with them, I had gotten to understand a few of their quirky ways. Even if I didn't agree with them, they knew I would for their sake of opinion. What did it matter anyways I thought, I had been degraded in every other physical way what's the difference from taking their mental abuse too. Not the exact choice of employers I would've chosen over again if given the opportunity but here I was and doing my very best to excel at their demands.

I was sent home for a little over a week to pack for the long trip and make the rounds visiting my family before I left overseas on my first trip all by myself. It was great to see my family after such a long time away. My older brother and his wife even came down to visit for the well wishing of my departure. Everyone in my family seemed stoked at the prospects my long journey had led me down. Here I was jet setting around the world in my teens and getting paid to study the course of my dreams at a cost that I only knew I would have to pay. It was a wonderful get together with all of them around, a great way to remember them. If I'd only known it would be the last time I would see any of them I would've emphasized to my brothers how much I really loved them both and how much I would miss them in the decade to come! But I didn't know what my future held for me, I had nothing planned out I was just hoping for the right opportunities.

I also had a few good friends to catch up with before I went. Every night was another party and by the end of the week I had drunken enough to drown an Irishman on St. Patty's Day. I was given the lists to all of my friends email address and told to keep in touch. Yeah right I thought, I was going to be too busy having too much fun to be thinking about sitting on a computer emailing people, but I told them I would anyways. Save myself the point of having to explain that in many different ways to a group of already tipsy slurring teenagers. Out of everyone who was really happy for me, T.J wasn't. He hated the idea of me leaving him to have a non-stop party in Thailand without him. He was just starting to seem like he was coming good and I didn't like having to leave him at such a vulnerable state but in my young years I had already realized I needed to do some things for myself and this was one of them. There was still a huge amount of broken trust between us, trust that could probably never be rendered again so I thought I was being decent enough letting him stay at my apartment while I was gone, but he was not to drive my truck, at all. I paid too much money on insurance for that thing and knowing his driving record I didn't want the risk of something happening while I was gone for so long. He didn't agree with me at all, throwing a grown up tantrum all over my apartment. Hitting the walls and doors, shouting the entire complex down, there was nothing I could say or do at this point in



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time so I just put my dog on the lead and took her for a walk to calm down the situation and give me some time to be alone. Mary Jane was the only one I hated leaving behind. When we got back from the long walk she barricaded my suitcase while I was packing the horrendous amount of clothing that I always did. I was promising her I wouldn't be long and told her how much I loved her giving her a big hug. I choked back on the tears that were swelling up in my eyes, it was like she already knew the night before I flew out to New York that this would be my final trip.

There was a commercial flight booked for me in the morning and I needed the rest that night to fully recover from my binge of celebration drinking. T.J crept into bed later that night and tried to redeem his behavior with sweet nothings and dry humping my backside. It did nothing for me sexually. I didn't feel like that for him any longer and the sooner he realized that, the better he'd be off. I told him I wasn't up for it and he picked up a pillow and slammed the door behind him. It didn't matter I told myself, the next day I was off and wouldn't have to deal with him or anyone.

T.J caught a cab with me to MIA, the airport in Miami. He walked with me to the furthest point he was allowed to go by the security gates and as we stood in line together it was almost heartbreaking seeing him cry. I told him I'd try to call him everyday, attempting to give him optimistic ways to look at this time away from each other. In the end he had me crying and I had to give into my remaining feelings I had for him. One last kiss under the x-ray bridge and he vanished out of my sight as I furthered down the terminals long hall.

## Chapter 20

It was only a short flight to New York and I just couldn't wait until next week when I'd be jetting of to an exotic destination all by my lonesome self. It was all I could think about talk about and dream about, finally my break. Ghislane did what she did best that week and prepped me for everything I could imagine under the sun. Do's and Don'ts, emergency numbers and western union locations were among some things on the list she gave me. Like I said, she showed her caring side in other ways. There was also the name of the girl I was supposed to be meeting, the room she was in and what dates she would be staying there.

When I got out of Ghislane's office I was instructed to meet Jeffrey in his office. She had to stay back for some paper work that she had to catch up on pronto. Making my way up the red and gold trimmed carpeted



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staircase I prepared myself for some major sucking up before I left, he would be expecting it for his recent generosity, or so I had thought. Opening those familiar heavy doors the first thing I saw was an unfamiliar face standing over Jeffrey's shoulder.

She was a tall girl with blonde hair twisted up in a professional looking knot. Her big smile was flashing at him with hints of her cheekiness to come and she was dressed to kill with a short tight grey skirt and a matching suit jacket over her white buttoned down blouse, revealing her voluptuous ample cleavage. She looked like the old college professor's wet dream. When she introduced herself to me, a thick Czech accent presented itself. Her name was Nadia Marcinkova and Jeffrey looked just about as smitten as a victim of a love struck arrow from no one but the cupids themselves. Jeffrey further introduced her as his new assistant and masseuse while I would be away, barely taking his eyes off her for one second. It was a bit of a blow to take, being so easily replaced but also a part of me already knew this was expected off someone like him. Good for him I thought to myself, why should I have bitterness over someone I never had intimate feelings for and knew had never really cared for me in the first place. Kissing her on the cheeks and telling her my name, I was doing my best to grin and bear it. We hugged for a brief show of uniformity but it was just that, a show for Jeffrey to see. When he was away for the moment or she wasn't busy hanging off his every word, the way we all started out, she would snub me off to only head off in another direction. A real bitch if anyone was to ask me but no one would anyways it wasn't my job to like her.

Over the next course of days it was my task to show her some of my techniques in massaging Jeffrey and the erotic side of finishing it off. Nadia despised me even more when Jeffrey told her to follow my lead during the massage as she tried to take over and do her own thing a few times. To me it was quite funny her competitive side, I had nothing more to prove so watching her put on an act of seduction and scream out her every body function during a faked orgasm was nothing but entertaining in my eyes. After a few sessions together it was my time to be off on another adventure far, far away from here or from the chains that I wore for way too long. Jeffrey had someone else to fit the chains that kept me so close to him. Even though she wasn't the nicest of girls I still couldn't help but feel sorry for her. No girl should belong to someone out of servitude, but unfortunately it is the way our civilization has been for many centuries before us and I don't see changing any time soon or as long as perverts like Jeffrey are allowed to walk around freely and procure our daughters off the streets all because he's got a lot of money to pay many, many, many people off.



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Throw out your confetti because here I come Chang-Mai!! My celebrations started the second I landed, it didn't take me long to make myself aquatinted with a few fellow travelers and find the hot spots of the hustling city. It was like nowhere I had ever been before. The streets were lined with stalls offering an assortment of souvenirs, clothing, and knick-knacks. Everyone lived so freely and was in such great spirits. The parties raged on until the wee hours of the morning and people became best friends over night. From the second I got there I knew Thailand was going to be a lot of fun and I was right! Popping bottles of champagne, dancing all night to the beat of every club's rhythm's along my way and carrying on like it was my birthday…every night was a repetition I could definitely get used too. During the day I was a real good girl, the teachers pet even. Showing the credibility of my experience in massage from over the last few years and already ahead of the class the teacher was using me to help instruct the others with demonstrations. Mostly in a class full of males it wasn't a surprise that I made friends with quite a few of them, some of them with ulterior motives, but for the most part the sleazebags were none of my concern, I had already dealt with a lifetime of them to be able to spot one out and steer clear of his approaches. Out of the entire class I had made friends with only one girl from Wisconsin. She was a plain looking girl with big brown puppy dog eyes and a long drawn out accent. Her first time leaving the States or Wisconsin itself for that matter so it was easy to acknowledge that she was a little taken aback by all of the bustling city life so becoming her friend felt like I was doing a good deed showing her around the hot spots of the Chaing-Mai nightlife. Eventually I even ended up inviting her to stay with me at my hotel. She was running out of money to party every night then pay for school on top of her accommodation, it was all becoming too much out of her small budget. So I thought about it and offered her a bed in my room, I had two of them anyways. Plus she was a really nice girl and if I could help make her first time out of the country an unforgettable experience then I was also gaining something from it as well.

The first month in quickly passed me by. Having such an incredible time on my own and putting my heart into learning Thai Massage it seemed to just fly past. Routinely I had to call in and check in with Jeffrey and Ghislane letting them know my whereabouts and progression in class. Counting down the time left until my course finished Jeffrey was anticipating my departure back to New York. "I can't wait to get my first Thai massage from you. I've got you booked to come straight back to New York for my first one as soon as your course finishes next month." His eagerness put a twisted familiar knot in my stomach. Reminding me of the dream I have to awake from soon and the reality of the certain homecoming I would be arriving to. " It's such a great course, thank you



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so much for sending me here to learn this. You are going to love my new area of expertise! I am having such an amazing time over here!!" I had to let him know how much I appreciated what he had done for me and he loved the head swell that it would make him feel as well. Hating the thought of going back to him, I wasn't going to let that put a damper on my spirits while I was still out there. It was my time to party harder than ever before. Every night was a new adventure for me. Chang-Mai was a maze of places to get lost in and the vibrant city was my playground. The way I saw it this was my last chance to get out and break free, letting loose my inner girl it felt so good to take the lead of my own life.

## Chapter 21

It was an average evening getting ready in front of the bathroom mirror on just an average Sunday, though unbeknownst to us girls as we sat there chatting away carelessly, this night was already written in the stars for me. It was a very long time ago now when I was still a young child that I sat looking up to those same stars from my bedroom window with my hands pressed tightly together as I cried for God to hear my prayers. All I asked him for was death. My precious life was already such a hopeless battle that I felt too small to fight alone for. Begging him to deliver me from this cruel world I would pray for all of my pain would to away for good. My only clause in my prayers was the possibility that there was somebody in this wide world that I was meant to love, something much bigger than I could have even imagined yet. This invocation of mine was forgotten about long ago now, until tonight.

I wish I had known that night I sat crying beneath the stars that it would all be different one day and that I hadn't sold myself short to the accustomed lifestyle I was brought up to believing was acceptable. It was this night my very soul was about to cosmically collide with the man I was always meant for, the man my heart already belonged to and would know from the instant we met. This night would be the first day to the beginning of my new life to come.

I blushed my cheeks and put on my mascara before me and my girlfriend headed out to hit the town. We were dressed to kill and looking for something to do when we ran into a few of our class mates at one of our favorite drinking spots. They were meeting up for some drinks before a Muay-Thai kickboxing tournament. It sounded like fun when they invited us along to watch it with them. The massive crowd lined the street where the fight was being held and once I got inside the arena it was push



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and shove to try to find a spot to watch from. The friends that we were hanging out with were meeting up with another group of guys that were training for the kickboxing tournaments that we were watching. Then it happened it was the first moment I laid eyes on the man that would love me for the rest of my life. I wasn't expecting the most amazing time of my life to happen right there and then but it did and I would never be the same again. Destiny fell right smack into my lap and there was no stopping it! It wasn't just his smoldering appeal that was obvious at first sight it was the entire package of mannerism and chivalry that made him stand out of the crowd. Stepping right out of the pages of the fairytales I used to read, he was nothing like I had ever come to know before.

Watching him from a close distance he was playfully shadow boxing one of the guys from my massage class and it was at that moment that this handsome stranger first caught me staring at him. From top to toe this athletically built man was intriguing to watch, I couldn't take my eyes off him like I was magnetically drawn to his power of attraction. He further interested me when he wasn't acting like the majority of harping dogs that would jump at the eyes I was giving him now. Instead he coyly played hard to get, making me work for any conversation with him. The fight started and the men were going bezerk, screaming at the fighters in the ring offering either fighter their support or discrimination depending on whom they were batting for. It was like watching a primitive scene out of the days when the cavemen ruled the earth but it was as equally alluring to watch unfold, the sweat, the blood and the absolute brut fascination of it all.

After the fight and all of the men revved up from the fight, I suggested that we all head to the pizza joint in front of the Princess Hotel where I was staying for a late night snack. I made it my goal to make myself known to this appealing stranger. In the tuk-tuk on the way there I made sure I sat next to Robbie. Scooting my knees closer and closer to him on the short ride he continued his chase by moving further away from me, a game of cat and mouse that I loved. When he answered back the array of my questions he had the cutest Aussie accent that drove me absolutely wild.

Gradually we got to know each other better over a pie of peperoni pizza and two can's of coke. Too me he might as well have been the only other person in the restaurant, he knew he had my undivided attention and I think he liked it. There was no one like him that I had ever met before and I knew there was no other who could make me feel the way that I felt at the first sight of him. Being charming and suave was all an accidental front. It was easy to read him. Immediately it wasn't hard to see his sweet side, holding the door and pulling out my chair at the restaurant, I was



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already smitten. After pizza he walked me across the street to my hotel where we made plans to meet up again. There was no kiss goodnight or anything like that. No, he was too polite for that, he wanted to prove himself different and different he was. Walking through the hotel's revolving doors I watched as he walked away and when he was finally out of sight, I sung my way up to my room. Floating on cloud nine I was free falling into a deep pit of love.

The next day I attended my class as usual but not able to concentrate like I normally did. too excited about when I'd be seeing Robbie that night again. As I walked out of class that afternoon even the teacher noticed a difference in my performance and asked me if I was feeling well, "On top of the world actually" I smiled back at the old instructor and it wasn't far from the exact truth either. I hadn't ever felt the churning of butterflies in my stomach and the constant thoughts of anyone else like this before. My girlfriend and I got a tuk-tuk back together as we usually did after school and I couldn't shut up about the night before. She was laughing at my girlishness telling me that anyone who just met me would think I had never been let out before, but little did she know that I had more than my fair share in experience with men and never had I ever come across anyone that could make me feel this way, and what spun me out even more was that it was such an instant attraction. Never considering myself a person who believed in the existence of "Love at first sight", but a true romantic deep at heart, I couldn't help but believe in it now. He is my walking proof of it!

Waiting for me in the hotel lobby was the very person I couldn't stop entertaining the thought of all day long, there he was looking ever so fine standing in front of me now. The whole entire world faded away and all that was left for the moment was this complete stranger I had only met last night but somehow captivated the very essence of my very heart. There was no need for me to try and act cool now. He already knew I was snagged hook, line and sinker. Smiling all the way up the many stories in the elevator up to my room he took notice of the posh décor of the hotel. "You should see where I'm staying, this is a royal palace compared to it" His first impression of me he automatically thought I was going to be a spoiled high-maintenance girl that had money coming in from a parents hefty trust fund. Casually he got to find out through many deep and meaningful conversations that my life's grim story wasn't that pretty at all. For some reason beyond my knowledge I had the need to tell this stranger almost everything.

Wanting to be judged and looked down upon for everything about my life that I knew was wrong and being the first time I had spoken about my years with Jeffrey to anyone honestly like that ever before, I had felt like I had deserved punishment. He offered me no judgment, instead only



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gave me his warmth and compassion as he wrapped his strong arms around me, making me feel so meager and small but so safe at the same time. Encouraging me to see the worthiness of myself and leave that life behind, he adorned me with a kind love that I wasn't accustomed too.

He took me in and made me feel so at home. It was like I had known him my whole life. I couldn't bear to be without him another second while I was away on this dream holiday. When he wasn't training for Muay-Thai tournaments and I wasn't in school, nobody would ever see us. Too enveloped in each other in my hotel room to care about anything else. Which is why I asked him to come stay at my hotel with me, seeing he was never at his own anyways. My girlfriend was soon departing back to Wisconsin, making my room more than available for him. Enchanted by his words and tender touch, the way he made love to me was again like nothing I had experienced before. Even down to after sex as I had been routinely instructed by Jeffrey to get up for a warm washcloth to clean his genitals afterwards, he refused it, telling me I was no longer a slave and that he didn't want me acting like one. He'd just rather lay down together afterwards and repeat our sweet nothings with many adjoining kisses.

On our third night together with nothing but the bed sheets between us, we had spent all night looking into each other's eyes sharing such an undeniable passion for one another. In the deepest caverns of my heart I knew this man would give me what I had never experienced before…True love. We were still laying in each others arms when the orange and pink sunrise began to rise slowly through the peak's of my rooms windows, enticing me to come feel the freshness of the morning's chill. Only the bed sheets were still wrapped around my body as I went the balcony. It was overlooking the city in a valley surrounded by mountainous tops. My thoughts began to rampage through my head and I knew this could only be a dream for me. It was getting serious now, too serious for the life that I led back home. As if he sensed my anxiety Robbie walked up behind me and wrapped his strong arms around my waistline, gently kissing my neckline and pausing with his ever so thoughtful stares and gave me the exact opening that I needed to expel my thoughts. "Back home, as you already know, I am going back to someone else, it's my job, and as much as I really like you, this guy that I kind of see is going to expect me to be putting him first, I am so sorry to say all of this after such a wonderful few days we have spent together, but you need to know this thing happening between us can't get anymore serious than what we have for now. I am so sorry" I looked down to the floor with nothing else I could say to alter his perception of me now that I had told him the truth and it never dawned on me that thought he wouldn't be out the door before I could even finish my sentence but he



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continued to surprise me with his efforts to make me believe we were more than just friends with a summer crush. " You see… your problem is that you don't see what I am looking at right here in front of me, a beautiful girl who is completely lost in a game that she has no control over. Get out of it now, take my hand and follow me back to my home in Australia." I heard what he had said but I found it hard to comprehend what he was actually talking about. "What?" I asked him with a look of confusion on my face. "Your nobody's property, you can do this. Marry me." His statements got more and more profound as he went on. Repeating the question he got on one knee and proposed again " Jenna, I am in love with you and want to spend the rest of my life making you happy. Please don't go back to him. I know that I am the only one for you and I will always treat you right. He paused for another second and repeated his question "Jenna, will you please marry me?" My hands fell into my face after that and without even letting myself think through the answer, I let my heart do all of the talking. Looking back up at him I said "Yes!" I almost shouted the answer at him, as if saying it louder would give the word more meaning. Wanting to believe him and everything that he was saying felt like a vacation from all of the suffering and loneliness that I had endured over a lifetime of abuse and degradation but knowing what you want and getting it are two different things that rarely went hand in hand…or so I thought. All I knew from the brief period I had known this stranger was that he was offering me a life and love down an unfamiliar path and it was a gamble to believe a complete stranger but somehow I knew he was right. My heart was beating so loud I thought it was going to jump right out of my chest. With the earnestly in my reply he picked me up in his strong arms and took me back to the bed and reiterated his words in a more physical sense this time. Never had I felt loved like this before, so swept off my feet and unable to even think, eat, or do anything for that matter which would involve leaving the hotel room without him.

Everyday after school would be my Robbie waiting to take me back to the hotel room for another night's passionate rendezvous, but a few nights after his proposal, he had another surprise in store. He didn't just want to get married someday. He wanted to get married now, this week even. I walked into the fabric store and was attended too by several seamstresses who were already be expecting my arrival. I was there to design and have fun designing my own dream wedding dress. While I was busy picking out fabrics and having measurements taken I would look away for a moment only to catch his tender eyes staring in my direction. Such adoration behind his looks…could it be real? I would often ponder it to myself just hoping for the gamble I was taking to work



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out. I still had to believe in something better than what I was accustomed too and here he was right smack dab in front of me.

Giggling at all of the lace and frills they were trying to dress me up in, looking more like an antique porcelain doll than anything else I closed my eyes and pictured the day that I thought would never come, starting to imagine the kind of dress I would like to wear I envisioned a simple sleekness, a complimentary figure hugging gown with a small train but long enough to distinct it as an actual wedding dress. After we settled on what we were going to wear for the big day, we would next have to decide where we would hold the ceremony. Not before celebrating the entire week beforehand though. We started our honeymoon early celebrating every night spending our time between my hotel room and sending our heads spinning on the dance floor at many different clubs. Only with each other in sight, the dance floor was ours, we were out to give each other something to remember each night by. I whispered all of the things I couldn't wait to do him once we got back to the hotel room and watching him heat up on the dance floor I was never able to get enough of him driving me crazy. Like a thirst I was unable to quench, his lips were like a fountain of deep springs that I could never reach the bottom of.

Seven days, exactly a week after his proposal I sat on my bed in distress, contemplating what I would say to the man who I was about to call. There was no nice way to go about it. I couldn't last forever with him and this was my one chance to get out of it for good. I was leaving him, never to return to him ever again. I just had to go ahead and do it. Part of me was hoping he'd be at least a little happy for me and the sudden change in my life's direction but the other part of me knew I was already asking too much of him.

Calling his office in New York I was transferred to Jeffrey's personal office. He picked up the phone on the third ring, pausing before I could get any of the words to come out of my mouth but I mustered up my courage eventually and gave him my prepared spiel. Beginning with how much I had appreciated everything he has done for me up until this point. I hoped he would be understanding but he just wanted me to hurry up and get to the point. Trying to contagiously pass on my excitement through the phone lines, I finally screamed out "I'm getting married! Can you believe it?" No reply was given only a silence on the other end. Trying to make some conversation ridding the uncomfortable silence, I went on to tell him about Robbie and how I had fallen madly in love with him over the last amazing few days we'd spent together. The absence of sound made my thoughts begin to run wild and to get some response I had to ask him what he thought about everything I was telling him. Finally a few seconds later his reaction to the news sunk in and his only and final reply



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until many years to come was " Have a good life!" With that statement he slammed down phone receiver. Leaving only an echo of the dial tone to answer back too. I was to paralyzed from the shocking response. "What have I just done?" was the first thing that entered my thoughts. Overwhelmed with guilt I felt like I was falling down a deep and dark hole and then the tears began to flood in. Here I was standing at the dawn of a new happy life for myself and I couldn't see past how bad I had let Jeffrey down not yet seeing the hold he had on me.

Like my knight on a white horse, in came my hero to soothe my sorrowness. He rushed over to the bed where I was beating myself up mentally and wiped the falling tears from my cheeks. "I take it that it didn't go so well…huh?" Sniffling through my sobs I managed to tell him that "It doesn't matter anymore all I care about is you and leaving all of that life behind me!" I wrapped my arms around him and he asked me in a half joking voice "Then why are you crying?" He got me almost laughing now too "I guess it's just so scary taking such a huge plunge away from what I'm used too and taking such a big move to another country. It's just all so different and I'm just trying to comprehend everything that is happening in such a short time." Always out to lift my spirits his next comments made me gush in laughter "You think that was a hard phone call wait until I call my Sicilian mother! Watch this, I know exactly what she'll say. First it'll be a saga about how I'm killing her with my selfish actions then it'll be about how she's going to kill herself for doing such a terrible job raising normal children. Don't worry though, she'll love every second of it. Wogs thrive off of the drama in their lives and off everybody else's for that matter!!" He was pretty much on the dot when he told me how she'd react to the news. In the end after relentlessly trying to change his mind, she sighed, "If it was going to be anybody to do something as crazy as this, Robbie, it would be you!" It wasn't a blessing as such but at least she wasn't threatening suicide any longer.

Calling the closest of our families the night before our wedding to share with them our announcement wasn't celebrated by any members of either sides but that didn't discern us one bit. My parents took it well, considering their only daughter was marrying a foreign man that they didn't know from the next guy on the street and too top it off I was moving to Australia, permanently. When I asked my Dad many years later why they hadn't put up a fight, he just simply replied that nobody expected it too last very long. Fair enough, I thought. I don't think anyone did at first…even us at our toughest times. We were a rare attribute these days in the numb era we have all been accustomed to living in, turning nothing into something, which I had also come to realize, was the most precious gift in life…Love.



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Falling asleep was easy to do in his arms that night. I laid my head on top of his chest listening to the drum of his beating heart. I had never felt like I was more at home than ever before in my life. He pulled me gently in closer to him, letting me know that he was there for me even when the lights went out and the thoughts would usually creep in. Amazing how he knew what I needed without even asking for it. Wishing for something like this my whole life I thought I was being such a fool in so many ways, but I was so wrong. The way his pretty eyes looked at me with such an understanding and compassionate sincerity made me want to trust his words and believe the love that he was offering me was indeed real.

The next morning, Robbie was up and out of bed early to pick up our tailored wedding suits and dresses for our big day at Doi Cept Temple. His best friend from high school days that was travelling with him from Australia met him in the hotel lobby at seven o'clock. He was going to be joining us for the wedding as Robbie's best man. He still hadn't been able to find black shoes to go with the suit, so after he dropped off my dress back to me he was off again to try and find himself a pair of decent looking ones. Overjoyed with excitement I was thrilled from the second I kissed Robbie good-bye for the last time before we were officially married. Looking in the same mirror only a week ago I was now a different person, I felt like I was plunging into a bottomless abyss. Here I go, I thought to myself as I plunged out the door letting the butterflies in my stomach carry me all the way to my nearly husband.

I had to go to the beauticians that morning for my pre- wedding makeup and dressing. The ladies who were doing my hair and face at the salon did a great job making me feel so beautiful for my special occasion that every girl dreams about their whole entire life. Requesting simplicity at best, not wanting to go overboard with all of the wedding apparel they tied my long hair up into a knot wrapping around it a veil of flowers made up of baby's breath and small yellow and purple budding flowers. I couldn't have dreamt it up better myself and when I met my husband to be at the bottom of the mountain he stood before me speechless "You look so…beautiful!" were his first words that his mouth formed almost whispering them. He took my hand and we walked into the sky lift together. Behind us followed an interpreter that Robbie hired to translate the Buddhist Monks ceremony speech for us English only speakers and then his best friend, who only moments before gave him the best mans speech about being the last chance to walk away from this and not get married to a girl he hardly knew, but my Robbie wouldn't hear a word of it. He already made up his mind the instant he proposed and I said yes, "I was born to be with this girl," he told his best mate. "Alright then lets go do this then!" Once he knew Robbie was sure in his decision he was more than ecstatic for him. We were slowly lifted up the tremendous mountainside,



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surrounded by the floral green carpet of mossy grass that covered the earthly skyscraper and falling fog, it was like being carried to heaven or the closest thing to it! Taking my eyes off the scenery and catching him adoringly staring at me again, I welled up with unstoppable tears. "I am so lucky, is this really happening?" He squeezed my hands and replied back "You're the only one for me…I love you!" relieving the anxiety written all over my tear stained face.

## Chapter 22

Getting out of the carriage we were greeted by good fortune from the Gods above. A sun shower cascaded over us at we advanced into the ancient holy temple. My tears of joy dried and my happiness was glowing for all to see. The many visitors to the temple stopped and took photos of the passing bride and groom, no other foreigners had ever been married there and certainly anyone wearing traditional western wedding attire, such a sight had never been seen behind these religious walls, we became a permanent icon at the temple. The ceremony was done in the Buddhist customs according to their ancestral accordance, and translated for us in our own language. Both Robbie and I were anointed with a blessing from the monk with a splash of water and seven sacramental bracelets, each one representing another meaning to the longevity of our union together. We signed our names in the Buddhist wedding registry of Doi Cept Temple and officially became Mr. & Mrs. Roberts at least officially in our hearts knowing the laws of Australia only recognize certified weddings, meaning when we got back to his homeland we'd have to make a run for the courthouse. This was our real wedding though, perfect down to every detail. Walking up to the highest point of the temple to the balcony hanging over the edge of a cliff side over looking the city of Chang-Mai, we knew we had found the perfect spot to recite our vows of love to each other. Providing everything for me and more than I could ever ask for, his vows were to love me unconditionally until death do we part, shelter me from all the cruelty in the world that I was so accustomed too and to be like the bear, because the bear never forgets. Tears once again streamed down from my eyes as he made this moment unforgettable. Wiping the mascara fading underneath my eyelids whilst giggling at my embarrassment I took his hands back into mine again and gave him the vows that were the sacred prepared words from my heart. My ears were thundering the sound of a million horses hoofs descending downhill and my heart was beating so fast my words barely trembled out of my mouth when I began to tell him how much he had changed my



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whole life around and how I would dedicate my entire being to loving him and only him until I blew my final breath.

I meant every word that I said to him, this was it for me, wanting nothing more out of life than to be with someone like him to raise a few kids together and grow old on the front porch letting the days fade us by. I know it probably sounds boring to most and it would've to me as well many years ago but after the life I had led, I had enough experience in the real world for my liking and now all I want to do is to enjoy the remaining days of my life for what it is…a simple and satisfying existence. Our day was so special but not only to us, even too the Monk that married us. Upon our descent down the lifts he asked if he could take a photo with the bride and groom in front of their symbolic liberty bell signifying the union between east and west. It represented a lot for us too, it was the commencement of a new life together and just the beginning of battling each other's past demons together.

Kissing the bridal party goodbye, who were just the local girls I had met on some of our many nights out of having fun. I threw my arranged bouquet of Thailand's white wedding floras mixed with colorful orchids to the screaming Thai women behind me and we were given one last tradition to take with us, the release of caged doves. It was such an incredible gesture, especially for me. Symbolizing their freedom as well as mine I opened the cage's door to let them free to decide our own fates. As the wings on the birds began to spread open and they took their final decent into the blue skies granting themselves freedom I knew mine had finally come too. The relevance of watching them fly away and how I had perceived my own day of marriage related to the identical feeling of fleeing an entrapment of my own kind. I was liberated from the bounds of slavery I had come to know over the many years I had spent with my fair share of greedy perverted old men only to have serendipity mend my scars with the powerful healing of what true love has to endeavor on.

As customary in the romance novels I had read as a young girl he picked me up in the hallway before our hotel suite and carried me over the threshold, poufy dress and all. My arms were tightly squeezed around his neck never once taking my eyes off of him until he revealed yet another sweet surprise. Besides the cleaners tiding up my room while we were gone they were also given instructions by none other than the groom himself to pick the petals off the stems of red roses to place on our bed in the shape of a giant heart. The rose petals led the way to where we consummated our love physically and it was undeniably the first time in my life I had really ever been made love too. Hours had passed by before we thought about anything else besides one another's words of arousal, tantalizing touches, and lingering kisses. We ate a quiet dinner at a local restaurant and went straight back to the arms of each other again, so



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profoundly in love with one another it was the ideal display of what the "honeymoon period" should have to show for. It was crazy, young and energetic, just what it should be between two blossoming lovers.

The following morning we left the Princess Hotel, no longer under any of Jeffrey's financial privileges or control so to speak, continuing our love spree in another dwelling of our own accord. Three days later when we finally showed our face for the first time since checking in downstairs in the new hotel lobby, besides to request fresh sheets and towels, the entire staff of the hotel had a good laugh at our expenditure, from their reaction it must've been nice to see a couple so affectionately fond of each other.

Now we wanted to have another type of fun, Robbie had visited a tourist agent by himself before we got hitched to book a honeymoon itinerary for us to explore Thailand and beyond together, another surprise he had in store for me. We left early in the morning and joined the crowded bus for our journey beyond the border of Thailand to a village in the war torn nation of Laos. When we got through the extremely armored visa office eight hours off the beaten path, we then had to cross a flooding river from a recent heavy downpour of rain in a slim banana boat that looked like it could barely handle our weight let alone the excess of my luggage that Robbie was so kind to trek around the world for me.

Unbelievably we did make it to the other side only to find that my honeymoon in the tropics wasn't exactly how it had been explained to me. Naked children ran through the dirty streets, with one boy that decided to release his bladder on the pathway where we were walking as we passed by him on the way to our hotel. My doubts of his choice in destinations became apparent after that sight. Robbie was getting hungry after we hadn't eaten the entire duration of the trip and being such a rugged man he could digest just about anything. Deciding to stop on the side of the road he ordered some kind of seafood dish…daring I thought, settling for some toast and jam, something safer I thought. Then I saw the lady behind the counter dip some plates in a dirty bucket full of dirty water and then rinse in another bucket of water that didn't look as bad as the previous mud drenched one and then further proceeded to put my toast and his food on top of them serving it to us all in a clear view. I just couldn't bring myself to even fathom it "I can't eat that!" I mouthed in a hushed voice trying to quietly make my point clear but was made public with his loud mouth outburst of "Why not? Looks fine to me. You have to try and eat something, you haven't eaten all day!" I know it was just his caring side that was trying to force me and to top it off he is Sicilian and they're all about eating so it was our first debate and now we were officially married with many more marital conflicts to subsequently follow. Two head strong and stubborn people both with the right



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intentions but still recovering from old wounds. It was only natural and important that we fought just as much as we made passionate love together. Countlessly proving to one another the true intentions of each other loves but sometimes in not so seemingly actions.

Finally arriving at the hotel it was like a scene out of a horror flick. We were showed up to the room that looked like someone had been brutally killed in. The bed sheets were torn apart and the bed was stained with blood from some poor helpless victim. Nearly vomiting at the pure sight of the room and the stench that accompanied it, I was now tearing at the thought of even staying here for a single moment longer. "No way!" I told my new husband and from the tone in my voice he knew I was serious. Not that I was not denying the fact I have never been an outback type of girl. I was fine with that impression, I am no snob but give me the simple luxuries of a clean bed and a shower then I'll make myself at home, but this was just the epitome of filth and even possibly an act of a horrendous event but who knows, the lady who showed us to the room seemed fine with it passing it off as a hooker on her period. In some ways that was even worse…"Yuk…Okay Robbie it's time to go…now!" we were heading back down hill back to the passport center declaring our passage back into Thailand. Considering us a risk due to the short time we spent crossing the border and back, the officials held us at gunpoint while others rummaged through our luggage for drugs or whatnot. Finding nothing of course they released us and stamped our passports, making us good for another three months if we wanted. We were thankful for escaping with our lives alone, although we had nothing to hide but still an endearing experience nonetheless in the first days of our honeymoon of all days.

## Chapter 23

Arriving in Koh Samui for finally a bit of relaxation in the tropics, it was my idea of how a holiday should be, sunny warm, and clean… well, clean enough. We lived it up like kings for the next six weeks. Making it an ideal way for two strangers to properly get acquainted. Dancing into the wee hours of the night and making love in the blistering heat of the sunny days we discovered everything on that island… mostly being each other. We made friends of all sorts, mostly travelers, but everyone the same in being taken aback by our fairytale romance. With our captivated eyes never straying too far from one another anyone could easily see the strong chemistry between us.

Trying to find the woman in me wasn't difficult, as I took to the bounds of marriage with such ease, no longer a girl I loved the idea of being a



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wife and belonging to a husband like Robbie. Marriage was bliss for the duration of our honeymoon until we had to ride coach on our way to Bangkok Airport to fly out to Australia. Chatting away with always so much to say to each other we watched a movie and finally got comfortable leaning up against each other as pillows. We both fell asleep on the long ride and when we woke up to the sound of the buses brakes coming to a halt we initially realized my purse and Robbie's wallet with all of our money and cards in it was missing. Stranded in the city of Bangkok was frightening enough as it was but too make matters worse a lady looking in her mid-seventies, scrawny and hunched over from an obvious lack of nutrition lifted up her skirt to a passer-byer with a she-male hanging off his arm and began smacking her vagina blaring out "Look! No cock…Pussy, pussy! Only five baht" repeating herself many times over the man just walked on past as she sat back down on the curb waiting for the next alluring customer. Robbie and I shook our heads in disgust and disbelief, things could really be that bad for someone, I would know best as it wasn't far off the life Jeffrey had been training me up for.

Completely broke at two o'clock in the morning and with no one to call for help, I panicked right away. Robbie rubbed my back and his tired eyes trying to make the situation better. Luckily we had made friends with some really nice people from the resort on the island who gave us about two thousand baht when they saw how devastated Robbie and I were. With just enough money to rent a really cheap room for the night at a backpackers hostel and pay for a taxi to the airport the following day, we were saved.

Early the next morning we were off in separate planes, since Robbie's ticket was pre-booked and no available seats left for me to join him meant we would be landing in Australia separately. Fortunately we had found a corresponding flight that arrived within the same hour of each other but I would have to make a stop over to the Philippines. The lengthy hours of the duration on the flight seemed to stretch on with only the thoughts of the journey ahead of me I couldn't wait to get back to my husbands loving arms. The trip was going well, sleeping the majority of the flight until I had to change planes in the Philippines.

After the plane landed and before any passenger was allowed to get off we were handed a declaration statement that informed us that if we were carrying any drugs or weaponry, we would be arrested and face charges with death as the ultimate penalty. Not that I had anything to worry about, but what a thought to willingly sign over your life. I got the chills handing over my signed declaration and traveling documents to the customs officer. Obtaining my passport he additionally asked to see my departing ticket. No problem I thought, just I had done many of times, and I handed over the requested information. The officer looked me over



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and got on the phone immediately which sounded like a phone call to his superiors but I couldn't tell since it was in another language. A brief conversation but long enough to get me thinking, he then called over two guards who took me by the arms and brought me into an empty room but for a desk and three chairs to be interrogated. No one would tell me what was going on they all just scattered around in frenzy, ignoring all of my hysterical inquisitions. Leaving me by myself and alone with my thoughts I couldn't help but panic even worse now.

This was a total bombshell of confusion on my part, what had I done wrong? Minute's later a large-framed women in a green uniform entered the room with the guards from before and sat down across from me with a stern look in her eyes. She placed my documents on the desk in between us. Not saying a word to me she was waiting for me to give her an explanation for something. "Can you please tell me what this is about, have I done something wrong?" I asked her politely, trying to restraint any animosity towards her. Her reply sounded as grim as she looked. "You have been in Thailand for three months and now you have only a one way ticket booked to Australia with no visa. What exactly are your plans once you get there, Ms. Roberts?" To myself I wondered what business it was to her, don't people travel with one-way tickets all the time? Knowing I was in no position to be able to say anything like that or even at all I just gave in nicely and told her my intentions to travel over there. Crying through my entire explanation I wasn't sure if I was going to even make my flight now. She had to think about everything I had told her for a moment, deciding whether or not she would grant me permission to meet my husband in Australia or send me back alone to Bangkok. With only time on my side she had to make a hasty verdict now. One more question had to be answered before I was let go, she wanted some proof. " If you have just got married can you show me your marriage certificate then?" This didn't help my stories credibility at all seeing that we were married in a Buddhist temple and given woven bracelets instead of certificates. Explaining to her that I didn't have one to show her yet but was already aware that I would have to obtain a legal marriage certificate through a courthouse upon my arrival in Australia to stay there legally, it was only because of my husbands beliefs we wanted to get married in a Buddhist ceremony. She must have shared a common interest in religion or something like that as she finally cracked a smile upon the photos of the wedding day that I showed her and carrying in my purse since getting them developed, if she wanted proof, well this is all I really had.

Handing me back my documents and ticket I was now free to leave but she wasn't leaving me much time to run through the airports terminal to get to my departing plane. Expeditiously bolting through the busy airport



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my adrenaline was still pumping from the previous encounter with the officials of the Philippines who had enough power to condemn me if they had felt like it. I caught my plane in the knick of time and once I was settled in my seat my thoughts went back to my dear Robbie and how much I was missing him. I was just relieved that I was on my way to be back with him again soon.

Looking out the window I could see the red earth beneath me. As I landed for the last time I took notice of the first steps I walked off the plane and onto a new soil for the first time. I had so much to be looking forward too in my new homeland. In my heart I knew this was all I ever wanted, this was going to be my haven. There was another surprise in store for me when two older strangers walked up to me and asked my name. "Are you Jenna?" Nodding at their question they gave me their first names and wrapped their arms around my neck. My new mother-in law then said, " We are Robbie's parents. We wanted to be the first ones who welcomed you to Australia and into our family" It was my in-laws meeting me for the first time. Handing me some balloons and flowers they even had gifts for their new daughter-in law. While waiting for Robbie's plane to arrive we all chatted about many things like the flight over from Thailand and the scare at the previous airport in the Philippines. I asked them how they knew whom to look for? My father in law laughed, saying recognizing me was easy from Robbie's detailed description. He told them to look out for a petite, young blonde carrying an abundance of luggage. Laughing together over a few more brief conversations of getting to know each other better they seemed relieved to finally meet me compared how stressed she sounded in the conversations I overheard Robbie having with her while in Thailand.

Watching the arrivals board I knew Robbie's plane had landed ages ago but was just waiting for him to get out of customs. It didn't bother me anyhow, I was enjoying get accompanied with his parents for the first time. Eventually I saw my husband walking down the runway behind the gates, I just couldn't wait a second longer. I ducked underneath the gates and ran all the way up the runway to jump excitedly into his arms. I wrapped my arms and legs around him holding onto him for dear life. I just missed him so much I knew I would never let him go, theoretically speaking that is, and I never have nearly a decade later.

## Chapter 24

Over the near decade we spent together, Robbie and I have shared the common highs and lows that every determined marriage endures. It has



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taken a lot of hard work and doesn't come without its flaws but no matter what it is just perfect for the two of us. He helped me how to remember to smile again and life has slowly began to sort itself out. They say that time heals all wounds but what I had experienced in my young years wasn't nearly long enough to let all of the hurt go. Seeking help through many counselors and psychiatrists I was doing everything I could do to deal with the scars and all of the pain left behind. Completely off of any pharmaceuticals, since the last day of our honeymoon, and healing my heart with love instead of hate our marriage is my foundation and Robbie is my solid rock. We have to be for one another, putting the bonds of our union through the wringers and back, as neither of us expected my past life eventually to come back and haunt me after so long.

Our blissful life came to a sudden halt one day when we were out visiting my in-laws at their nearby house on just another plain afternoon. There was a knock on the front door and my father in law got up from watching TV on the couch to answer it. He rushed back quickly coming into the dining room, where I was feeding my nineteen months and five month old boys at the table, and he blurted out, "Jenna there are three police officer's at the door asking for you by the name of Virginia Roberts!" I asked my mother in law to stay with the babies to find out what this was all about. I didn't even think it had anything to do with Jeffrey at first and wasn't even worried when I opened the door to offer them to come inside to talk.

They weren't actually police officers and two federal agents of Australia with one F.B.I agent from America. The American agent asked if I wouldn't mind actually coming outside so that I may speak with them in private. "Okay" I said, as well as mentally preparing myself for something big from the look of it, it's not over a parking ticket or anything small that you get three federal agents knocking at your in-laws front door asking to speak in private. "Can we first ask you if you are in fact Ms. Virginia Roberts and originally from Palm Beach County in the United States?" I confirmed my name and previous state of residence then they even asked, "May we see some identification please?" A different agent asked the question this time and I told him "I will have to go and grab it, my purse is inside. I'll just be one second."

Robbie was standing on the other side of the door trying to figure out what they were doing here talking to me and when I rushed through it to grab my purse and saw him standing there looking puzzled, I told him I had no idea what this was about yet, but not too worry everything was going too be just fine. Taking a deep breath and slowly exhaling outwards, I opened the door to find out exactly what the agents wanted to talk about.



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Pulling out my Australian drivers license from my wallet, I was going to hand it over to them but they were sufficed at a quick glance. There was no meet and greet, they went straight to the point. One agent picked up a briefcase off the porch floor and opened it up taking out a stapled stack of paper. Then that same agent asked me if I had ever known an affiliate by the name of Mr. Jeffrey Epstein. All of the sudden my stomach tangled in a familiar knot that I hadn't felt in many years from a past life that I was trying to forget about. I nodded in affirmation of their question and said "It was a long time ago and he's no longer an affiliate of mine, but yes, I did know him once." It was shameful enough to think about let alone talk about with them for the first time since I had started my entire life over. His next response left me nothing short of speechless. The United States Attorney's Office for the district of Florida was giving me a notification of being an identified victim. Jeffrey was finally caught for his atrocious acts of perversion on girls who were barely old enough to even comprehend "the birds and the bees" so to speak.

On June 30th 2008, Jeffrey Epstein pleaded guilty for procurement of minors to engage in and solicitation of prostitution. More than a dozen girls had been named as victims of Jeffrey's federal offense's and without ever stepping a day in court he was granted a plea bargain consenting to charges that named him a registered pedophile for only two of the minor girls. Getting away with even serving only twelve of the sentenced eighteen months behind bars be that in the evening alone and in the morning he was released during the day. Restricted to the confinement of his lavish mansion in Palm Beach only to be with his original sex slaves from over ten years ago, Nadia Marcinkova and Sarah Kellen, and knowing Jeffrey all too well, they wouldn't be the only ones there while he was pulling his laughing stint of retribution. Even at nighttime the girls were still allowed to visit him, accounting to nearly seventy times while serving his time in incarceration.

No justice had been served for any of us victims. Denied the very constitutional rights allegedly there to protect and serve us. We weren't allowed to have a voice in front of a jury and judge or even informed for that matter. Instead we were handed this notification of being a victim but told we were all too late to do anything about. To make matters worse part of that plea bargain was that we had the option to sue him with the lawyers he provided for us, and conveniently enough I found out later they were also his lawyer's old friends from the college days.

I felt my knees go weak and the anxiety churning in my stomach was now making me feel sick. Taking the bundle of paperwork from the agent who was now handing it to over me, I had to excuse myself before my legs actually buckled. Closing the door behind me I couldn't even find the words to tell my husband what was going on. I rushed to the back of



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the house and went out to the back yard where I wanted a minute to compose myself and process the information I had just been told. Robbie followed behind me but the stillness in my eyes convinced him to give me that moment to compile my emotions.

A few moments later and I was ready to talk. Collapsing into his arms with such anguish, he just held me until my sobs subsided and I was able to tell him what actually happened. Starting with an apology, I began to tell him how I was so sorry but my troubled past has come back to plague our simply sweet lives and was just about to turn it all upside down. He was so understanding from the beginning of all this, telling me that he will always be behind every choice that I make in mending the sorrows of my tormenting past and there he has been through all of the thick and thins.

Deciding to call the lawyers on the victim suit provided for me was a big decision but one I had to do to seek the unanswered questions from my battered heart. The two women at the firm that I spoke to treated me so wonderfully, like long term friends they counseled me not only in the terms of a lawsuit towards Jeffrey but also in the matters of being emotionally and sexually abused. I chose to proceed with the lawsuit at least to make a statement to a man that tried to make a degrading statement about me so long ago. Now it was my turn, I had the choice to turn the tables on him hoping he would feel embarrassed and in the spotlight for everyone's entertainment where he had kept me for so many years.

Winning my lawsuit against him was not enough to heal old wounds, I never got the chance to stand up in front of a jury and tell them how much pain I had endured and still endure throughout the many nightmares I face when darkness hits and the silence of the sleeping household fills my head with pictures of reliving my past with him or the others he sent me too. Or did I even get to hear him confess his guilt and suffer the way I did locked in confinement for many years? No, instead I got to see a picture of Jeffrey with his arms around a very youthful looking teenager, if even that, parading the streets of New York, the very way he had with me and so many other girls long before.

As if it were a public display intended for not only his many victims to see but also a spectacle for the public justice system, it was bold show of insolence laughing in our faces while we all sat by not being able to do anything to help these young girls from the streets still suffering his perverted afflictions. Not much longer there was another story on Jeffrey I saw in the papers of him and Prince Andrew having a stroll together in Central Park. It instantly sparked my concerns for other girls in the very same position I was in so long ago and he was obviously up to the same old tricks, I had to do something now. Not being able to sit by any longer



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with the knowledge of being able to help out in some way. I had to tell my story no matter how shameful it was to even speak about. Putting my shame aside I had to derive every bit of courage I could sustain and now I am ready to tell it. The hardest lesson I had failed at learning until later on in my life became my strength, the belief in my inner voice and the ability to speak up. I do have a voice and now the world is going to hear it in my whispered cries for justice. Swept away by a surge of media with one phone call I sent Jeffrey's publicist into frenzy. Not to mention the release of the photos showing the first night that Prince Andrew and I shared together that I so happened to unveil for the public to see.

I spent too much of my life going out of my mind waiting for the rescue that never came until it was too late and then the scars were already imbedded deeply within. Thankfully I am now free from the struggles that nearly destroyed the love inside of my heart. I only wish it could be the same for the other victims, not just of Jeffrey's inflictions but every person who has ever suffered at the hands of another.

I'm here to tell you from my own experience that the moon is yours if that's what you want, all you have to do is stand up and take it. If some girl off the streets of Florida, like me, can stand up against the tyrants that run the deep pockets of our world, than anyone can. Just like I needed to believe that someone stood up for me once like Robbie did long ago, I now stand up for us. For all of us girls, the ones who are still on the streets and think they don't deserve better or it's an unachievable dream to be entitled to more out of life. For all of the beautiful girls who don't see beyond they're outside appearance. For all the girls still trapped in enslavement and unable to get out of the abuse that holds them down. But most of all, I stand up for every girls belief in love, because it is the very savior of my spirit and soul.

## The End

**Written and Illustrated by Virginia Roberts**



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**From**: Steve Bannon [redacted]
**Sent**: 4/23/2019 12:57:52 PM
**To**: Michael Wolff [redacted]
**CC**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re: Announcing the 2019 Hillman Prize winners

**Importance**: High

Pile on

On Apr 23, 2019, at 8:51 AM, Michael Wolff <[redacted]> wrote:

Another big prize for Miami Herald.

---------- Forwarded message ---------
From: The Sidney Hillman Foundation <[redacted]>
Date: Tue, Apr 23, 2019 at 2:45 PM
Subject: Announcing the 2019 Hillman Prize winners
To: Michael <[redacted]>

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Congratulations to the 2019 Hillman Prize recipients!

**Sidney Hillman Foundation Names Winners of 2019 Prizes for Journalism in Service of the Common Good**

**---**

***Reuters, NBC News and MSNBC, ProPublica Receive Honors; Adam Serwer to receive Opinion & Analysis Prize***

NEW YORK – The Sidney Hillman Foundation announced Tuesday winners of the 69th annual Hillman Prizes, recognizing a *Reuters* exposé of slum-like living conditions on U.S military bases, the *Miami Herald*'s investigation into Labor Secretary Alex Acosta's sweetheart deal with serial sex abuser, Jeffrey Epstein, and NBC News and MSNBC's reporting on the Trump Administration's family separation policy, among other standout reporting in service of the common good.

Hannah Dreier of ProPublica won a Hillman Prize for reporting that showed how the government's bungled crackdown on MS-13 has torn apart the lives of Latino immigrants. The Atlantic's Adam Serwer, who has emerged as a defining voice of the Trump era, won for his essays on racism and Trump's political movement, and Anna Clark won for her book on the Flint water crisis.

This year's prizes were judged by writer Ta-Nehisi Coates, the *New Yorker's* Jelani Cobb, *Reuters'* Alix Freedman, the *New Yorker's* Hendrik Hertzberg, the *American Prospect's* Harold Meyerson and *The Nation's* Katrina vanden Heuvel.

The 2019 winners of the Hillman Prizes are:

- **Newspaper** – *Miami Herald*, Julie K. Brown and Emily Michot: *Perversion of Justice*
- **Magazine** – *ProPublica* with *New York* magazine, *Newsday, This American Life, New York Times Magazine,* Hannah Dreier: *Trapped in Gangland*
- **Web** – *Reuters,* Joshua Schneyer, Michael Pell, Andrea Januta, Deborah Nelson: *Ambushed at Home*
- **Broadcast** – NBC News and MSNBC, Jacob Soboroff and Julia Ainsley: *Torn Apart: Crisis at the Border*
- **Opinion & Analysis** – Adam Serwer, *The Atlantic*
- **Book** – Anna Clark: *The Poisoned City: Flint's Water and the American Urban Tragedy,* Metropolitan Books

Reporting by this year's prize winners has had significant positive impact, including:

- Reversal of the Trump administration's "Zero Tolerance" family separation policy
- Three federal investigations, new legislation, widespread repairs, and a $386 million emergency program to inspect military housing for hazards
- The exposure of pervasive bias and negligence by Long Island police, leading to federal and local investigations and reforms

This year's honorees follow in the trailblazing tradition of past winners ranging from Murray Kempton in 1950 for his articles on labor in the south and Edward R. Murrow in 1954 for his critical reports on civil liberties and Joseph McCarthy at the height of the Red Scare; to 2017 newspaper winner, David Fahrenthold, for exposing Donald Trump's sexual harassment and mismanagement of his foundation.

The Hillman Prizes are open to journalists and subjects globally for any work widely accessible to a U.S. audience. Winners will be awarded a $5,000 prize at the Hillman Foundation's annual

ceremony in New York City on May 7.

"In a time when this country's highest powers have taken it as their business to demean the work of journalists, it is particularly significant for us to honor those who have taken up the tools of journalism to challenge corrupt power wherever it may reside," said Hillman judge Ta-Nehisi Coates.

In 2011, the Sidney Hillman Foundation inaugurated the Canadian Hillman Prize. This year's winners, Harvey Cashore, Bob McKeown and Kimberly Ivany of CBC's The Fifth Estate, won for their sweeping investigation into the research and regulatory failures that have put millions of children at risk on their way to and from school each day. Their reporting exposed fraudulent science behind Transport Canada's seminal seatbelt study and led the Transport Minister to form a task force with the provinces to look at implementing seatbelts on school buses across the country.

The Hillman Foundation announced Monday that CUNY professor and historian, Joshua B. Freeman, is the recipient of its 2019 Sol Stetin Award for Labor History. Freeman has written extensively about the history of labor, industry, modern America, and New York City. The Hillman Foundation established the award in 2005 to honor a labor historian who has made significant contribution to the field, researching and telling the stories of working peoples' lives.

Since 1950, the Hillman's Prizes for Journalism honor the legacy of Sidney Hillman, an immigrant who dedicated his life to a "better America." Hillman believed that a free press was essential to a fair and equal society. The Sidney Hillman Foundation has sought to carry on his legacy by honoring journalists who illuminate the great issues of our times—from the search for a basis for lasting peace, to the need for better housing, medical care, and employment security for all people, to the promotion of civil liberties and the battle against discrimination based on race, nationality, or religion.

For more information, including to RSVP to the event, please contact Alexandra Lescaze at 646-448-6413 or Alex@HillmanFoundation.org

Transcript Produced to Congress. This file contains Non-responsive, Privilege, or Redacted. Please refer to the Log attached to the production cover letter.

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**From:** Steve Bannon [redacted]
**Sent:** 4/23/2019 4:06:36 PM
**To:** Michael Wolff [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Announcing the 2019 Hillman Prize winners

**Importance:** High

Fix always in

On Apr 23, 2019, at 9:06 AM, Michael Wolff <[redacted]> wrote:

Look at the judges on this thing: the right-thinking establishment to a tee (to a Ta-Nihisi).

On Tue, Apr 23, 2019 at 2:57 PM Steve Bannon <[redacted]> wrote:
Pile on

On Apr 23, 2019, at 8:51 AM, Michael Wolff <[redacted]> wrote:

Another big prize for Miami Herald.

---------- Forwarded message ---------
From: The Sidney Hillman Foundation <[redacted]>
Date: Tue, Apr 23, 2019 at 2:45 PM
Subject: Announcing the 2019 Hillman Prize winners
To: Michael <[redacted]>

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Congratulations to the 2019 Hillman Prize recipients!

**Sidney Hillman Foundation Names Winners of 2019 Prizes for Journalism in Service of the Common Good**

**---**

***Reuters, NBC News and MSNBC, ProPublica Receive Honors; Adam Serwer to receive Opinion & Analysis Prize***

NEW YORK – The Sidney Hillman Foundation announced Tuesday winners of the 69th annual Hillman Prizes, recognizing a *Reuters* exposé of slum-like living conditions on U.S military bases, the *Miami Herald*'s investigation into Labor Secretary Alex Acosta's sweetheart deal with serial sex abuser, Jeffrey Epstein, and NBC News and MSNBC's reporting on the Trump Administration's family separation policy, among other standout reporting in service of the common good.

Hannah Dreier of ProPublica won a Hillman Prize for reporting that showed how the government's bungled crackdown on MS-13 has torn apart the lives of Latino immigrants. The Atlantic's Adam Serwer, who has emerged as a defining voice of the Trump era, won for his essays on racism and Trump's political movement, and Anna Clark won for her book on the Flint water crisis.

This year's prizes were judged by writer Ta-Nehisi Coates, the *New Yorker's* Jelani Cobb, *Reuters'* Alix Freedman, the *New Yorker's* Hendrik Hertzberg, the *American Prospect's* Harold Meyerson and *The Nation's* Katrina vanden Heuvel.

The 2019 winners of the Hillman Prizes are:

- **Newspaper** – *Miami Herald*, Julie K. Brown and Emily Michot: *Perversion of Justice*
- **Magazine** – *ProPublica* with *New York* magazine, *Newsday, This American Life, New York Times Magazine,* Hannah Dreier: *Trapped in Gangland*
- **Web** – *Reuters,* Joshua Schneyer, Michael Pell, Andrea Januta, Deborah Nelson: *Ambushed at Home*
- **Broadcast** – NBC News and MSNBC, Jacob Soboroff and Julia Ainsley: *Torn Apart: Crisis at the Border*
- **Opinion & Analysis** – Adam Serwer, *The Atlantic*
- **Book** – Anna Clark: *The Poisoned City: Flint's Water and the American Urban Tragedy,* Metropolitan Books

Reporting by this year's prize winners has had significant positive impact, including:

- Reversal of the Trump administration's "Zero Tolerance" family separation policy
- Three federal investigations, new legislation, widespread repairs, and a $386 million emergency program to inspect military housing for hazards
- The exposure of pervasive bias and negligence by Long Island police, leading to federal and local investigations and reforms

This year's honorees follow in the trailblazing tradition of past winners ranging from Murray Kempton in 1950 for his articles on labor in the south and Edward R. Murrow in 1954 for his critical reports on civil liberties and Joseph McCarthy at the height of the Red Scare; to 2017 newspaper winner, David Fahrenthold, for exposing Donald Trump's sexual harassment and mismanagement of his foundation.

The Hillman Prizes are open to journalists and subjects globally for any work widely accessible to a U.S. audience. Winners will be awarded a $5,000 prize at the Hillman Foundation's annual

ceremony in New York City on May 7.

"In a time when this country's highest powers have taken it as their business to demean the work of journalists, it is particularly significant for us to honor those who have taken up the tools of journalism to challenge corrupt power wherever it may reside," said Hillman judge Ta-Nehisi Coates.

In 2011, the Sidney Hillman Foundation inaugurated the Canadian Hillman Prize. This year's winners, Harvey Cashore, Bob McKeown and Kimberly Ivany of CBC's The Fifth Estate, won for their sweeping investigation into the research and regulatory failures that have put millions of children at risk on their way to and from school each day. Their reporting exposed fraudulent science behind Transport Canada's seminal seatbelt study and led the Transport Minister to form a task force with the provinces to look at implementing seatbelts on school buses across the country.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 6/27/2009 11:22:50 AM
**To:** Peggy Siegal [redacted]n]
**Subject:** Re: July 22

now is fine

On Sat, Jun 27, 2009 at 7:05 AM, Peggy Siegal <[redacted]> wrote:

Fine. What time

----- Original Message -----
From: Jeevacation <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Sat Jun 27 07:04:52 2009
Subject: Re: July 22

Call me this afternoon

Sent from my iPhone

On Jun 26, 2009, at 5:23 PM, "Peggy Siegal" <[redacted]> wrote:

So I go to a designer's cocktail party last night and Jonanthan and Kimberly Farkus are there telling me about your coming home celebration and there might be on seat left on his cousin's plane....do you know about this?

I mentioned that you said there was no "release" party....

I am coming if there is one- if you don't a "surprise" event- you might want to get into this.
Your friends are counting the days to freedom...

Went to Heyward Isham's funeral today...father of Ralph and Chris...very sad. Old wasp diplomat who was our Ambassador to Haiti in 60's- sounds like CIA....is CIA

Going to dinner with Amy Irving, her husband and Mario Platero, a brilliant Italian (jewish) journalist- very chic- wife in Engand- he travels with Obama...runs big news agency here- very funny- you will love him- will introduce in your new life..
Cannes Diary finally went to press...
Was in LA for 3 days of meetings with every studio...working hard for the business...it's there, but it'a like begging to get them to spend so we spend our days getting underwriting...thank God I have a guy in the office that does this...

Poured all day in Hamptons- sun just came out...
Miss you...
xoxo Peg

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 7/12/2009 11:37:00 AM
**To:** Sultan Bin Sulayem [[redacted]]
**Subject:** Re: World economy growth interesting reading

mandelson is in london

On Sat, Jul 11, 2009 at 9:15 PM, Sultan Bin Sulayem <[redacted]> wrote:

* 11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

*How to tell when a real recovery begins.?
By Rick Newman

*Obama says stimulus plan to kick in later this year.
Reuters

11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

When times are tough, one thing that tends to raise the spirits is knowing that somebody else has it worse. And as wretched as the U.S. economy seems, it's not as bad as in other regions.

The International Monetary Fund's latest tally of world economic conditions forecasts a 2.6 decline in U.S. economic output for all of 2009, and anemic growth of 0.8 percent in 2010. That's more optimistic than the IMF's prediction from three months ago, but those are still lousy numbers. A weak economy throughout 2010 would mean a bleak employment picture, an agonizingly slow housing recovery, and another year or two likely to feel like a recession, whether it's technically labeled that or not.

We should count ourselves lucky, though. The IMF expects at least 11 major parts of the world to have more severe economic contractions than the United State this year, including most of western Europe, Japan, Russia, and Mexico. Europe will still be stumbling along behind the United States next year, as well. Here are the IMF's projections for economic growth in various parts of the world:

| | 2009. | 2010 |
|---|---|---|
| China. | 7.5. | 8.5 |
| India. | 5.4 | 6.5 |
| Middle East | 2.0 | 3.7 |
| Africa. | 1.8 | 4.7 |
| Brazil. | -1.3 | 2.5 |
| World total | -1.4 | 2.5 |
| Canada. | -2.3 | 1.6 |
| U.S. | -2.6 | 0.8 |
| France. | -3.0 | 0.4 |
| Spain. | -4.0 | -0.8 |
| U.K. | -4.2 | 0.2 |
| E U. | -4.7 | -0.1 |

| | | |
|---|---|---|
| E Europe. | -5.0 | 1.0 |
| Italy. | -5.1 | -0.1 |
| Japan. | -6.0 | 1.7 |
| Germany. | -6.2 | -0.6 |
| Russia. | -6.5 | 1.5 |
| Mexico. | -7.3 | 3.0 |

If these projections come true, it means the United States, despite its overspent consumers, wrecked banks, and insolvent auto makers, will be leading the world economy out of recession. Somehow. The developing world will help, but those high growth projections in China and India can be deceiving.
China in particular has government policies that practically mandate high growth, and 8.5 percent in 2010 would be just about the bare minimum to keep employment at tolerable levels. And neither China nor India is a major buyer of American-made goods and services; for the most part, it's the other way around. With much of the developed world trailing the United States, it will take American consumers to ratchet up demand for the world's products. Scary thought.

How to tell when a real recovery begins.?
4 Ways to Tell When a Real Recovery Has Begun

You could conclude just about anything from the daily cavalcade of economic statistics. Some suggest an imminent recovery. Others seem to foretell years of gloom. The bent of the expert interpreting the latest news—bull, bear, Obama-basher, Wall Street-hater—has as much to do with the outlook as the numbers themselves.

For the foreseeable future, there will be an aggressive hunt for two economic recoveries. One is the technical improvement in economic indicators that signals the economy is growing again. That's the one economists care about, which is why they scour the numbers on retail sales, business inventories, purchasing manager sentiment, subatomic inflation, the mood in Shanghai, and anything else that could help pinpoint the exact inflection point for a turnaround.

The other recovery, the one that most consumers are waiting for, is the one in which companies stop firing and start hiring, banks return to normal lending, and families stop worrying about jobs and income. And that turnaround—the consumer recovery—is likely to take much longer to materialize than the technical recovery.

The danger of hyping a technical recovery is that it will arrive, with much fanfare—but fail to make ordinary consumers feel better off. Many economists, for example, are predicting that the recession will officially end by this summer or fall. The only problem is that when a technical recovery begins, a lot of companies fail to get the memo. They don't play along; they keep payrolls lean and maybe even continuing to lay off workers. So to guard against false optimism, here's how to tell when a real recovery is finally kicking into gear:

Unemployment improves. The single best indicator of the health of the economy is the job market. People who have lost their job, or worry that they might, obviously hoard their money and don't spend. That spells doom for an economy driven by consumer spending, as ours is. But once it's clear that jobs are coming back, consumers are more likely to relax and open their wallets.

Projections about unemployment should make anybody queasy about the prospects for a recovery this year. The unemployment rate is currently 9.4 percent, a steep rise from one year ago, when it was an unremarkable 5.5 percent. And by most accounts, it's going to get worse. The International Monetary Fund expects the U.S. unemployment rate to be 10.1 percent in 2010. Economist Gary Shilling thinks unemployment will hit 11.4 percent and not peak until late next year.

It's hard to imagine a "recovery" in which jobs are even more scarce than they are now. When the unemployment rate finally starts to go in the other direction, we can start to think about putting the umbrellas away. Until then, no number of upticks or volume of optimistic talk will persuade Americans worried about their jobs that they should part with precious cash.

Housing prices stabilize. This has become a mantra by now: For the economy to get healthy, housing prices must stop falling. Problem is, the houses haven't been listening.

Housing matters for two reasons: It represents a big chunk of the economy, and it's the largest single repository of Americans' household wealth. With prices falling, buyers are scarce, since nobody wants to buy an expensive good today if it's going to be worth less tomorrow. With few buyers, all the other economic activity that swirls around real estate—remodeling, appliance and furniture

sales, relocation services—is depressed. Homeowners are worse off, too, because the value of one of their vital assets is eroding.

House prices have already fallen by 32 percent nationwide from the 2006 peak. And they have further to go. The latest readings on the S&P/Case-Schiller home price index, one prominent measure, showed another record decline in May. At some point, the declines will moderate and stop being records. But prices need to stop falling altogether, and probably rise, for a real recovery to happen. The Federal Reserve thinks home prices could stop falling in 2010, after a total decline of 41 to 48 percent. Other metrics, like housing starts and new-home sales, might point upward before then. Those will be signs of signs of a turnaround, not the real thing.

Household wealth increases. The housing bust and the volatile stock market have hammered the traditional investment tools that most Americans use, causing epic declines in the wealth of Americans. Since 2006, household net worth has declined by about $12 trillion, which equates to about $107,000 of lost wealth for each of America's 112 million households. That's partly because of the 40 percent plunge in the stock market since October 2007 and partly because of the steep declines in real estate values.

Americans simply own less, too. Home equity for the typical homeowner is just 41.1 percent, a record low. In 2002, it was 58.4 percent. Owning less means we owe more and will have to rebuild savings before we can spend like we used to. "This will be a drag on all discretionary purchases," says Dirk van Dijk, an analyst at Zacks Investment Research who thinks the tightfistedness will cut into the earnings of firms ranging from hotel chains to furniture makers to motorcycle manufacturers. Those are the same kinds of companies that need to start hiring again for a real recovery to develop. But they won't if sales stay sluggish. A turnaround will require sustained stock market gains and an end to the housing bust.

President Obama stops fudging on the economy. There's still a lot that could go wrong, and Obama knows it. Yet part of the president's job is to reassure skittish Americans, even as his economic lieutenants are fighting battles in the war room. That's why Obama has been making half-hearted pronouncements, like saying that the economy shows "some return to normalcy" and that "we expect there'll be some stabilization of the economy." Virtually all of Obama's remarks on the economy contain modifiers and future tense and a not-quite-there-yet quality, since he'll blow his own credibility if he tries to convince Americans that they're better off than they actually are. When Obama starts hedging less, be happy. That will signal better days. Finally.
The IMF does offer a bit of more heartening news: The global wipe out finally seems to be receding. "The world economy is stabilizing," the IMF reports. Its global economic growth projection of 2.5 percent in 2010 is 0.6 points higher than predicted in April. But the global economy isn't expected to gain its footing in earnest until the second half of 2010. Maybe by then American spenders will have come out of hiding.

Obama says stimulus plan to kick in later this year Reuters
Obama says stimulus plan to kick in later this year

By Tom Doggett – Sat Jul 11, 3:13 pm ET

WASHINGTON (Reuters) – President Barack Obama said Saturday more time was needed for his $787 billion stimulus package to work, predicting the spending would have a bigger impact on the economy later this year.

In an advanced text of his weekly radio speech, Obama said the stimulus plan approved by Congress and signed into law in mid-February "was not designed to work in four months -- it was designed to work over two years."

U.S. Treasury Secretary Timothy Geithner said it was too soon to decide whether the U.S. economy needed the help of a second-round of government stimulus to recover from recession.
"I don't think that's a judgment we need to make now, can't really make it now prudently, responsibly," he said in a taped interview with CNN that will air Sunday.

According to a transcript provided by CNN, Geithner said the "biggest thrust" of the stimulus package signed into law earlier this year would take effect in the second half of the year.

Obama's comments follow government data showing the unemployment rate soared to 9.5 percent in June, the highest level since 1983 and above the 8 percent peak predicted by the White House when it worked with Congress to pass the package. Republicans say the stimulus plan is not working.

Obama now warns unemployment likely will top 10 percent in the coming months.

"We must let (the stimulus plan) work the way it's supposed to, with the understanding that in any recession, unemployment tends to recover more slowly than other measures of economic activity," Obama said.

He said the benefits of the plan would "accelerate greatly throughout the summer and the fall."

The continuing recession and further steep job losses are wearing away the patience of Americans and raising doubts about Obama's handling of the economy.

The share of Americans who believe the stimulus package will restore the economy slipped to 52 percent in late June, down from 59 percent two months earlier, according to a Washington Post-ABC News poll.

Vice President Joe Biden said the administration had "misread" how bad the economy was when it took office but that the stimulus package would help the economy recovery and create jobs.

Senate Republican Leader Mich McConnell Friday called the stimulus plan a failure.

Obama said it takes time for the plan's money "to get out the door" to pay for roads, bridges and other infrastructure projects that will create jobs "because we are committed to spending it in a way that is effective and transparent."

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**********

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/12/2010 12:28:25 AM
**To:** Peggy Siegal [[redacted]]
**Subject:** Re: My Wall Street 2 Story

terrific. i want to hear more about the trip

On Mon, Jan 11, 2010 at 6:32 PM, Peggy Siegal <[redacted]> wrote:

Wrote this for the February issue of AVENUE Magazine. Thought it would amuse you. Tell me what you think of it.

xoxo Peggy

--

HD: Wall Street, Take Two

DEK: In the upcoming sequel to Oliver Stone's groundbreaking film, Gordon Gekko gets out of jail and back to business. Peggy Siegal takes us behind the scenes where she got herself on camera along with a few of her famous friends. Nice work if you can get it.

In 1987, right after director Oliver Stone won the Academy Award for "Platoon," he immediately turned to a domestic arena and began working on "Wall Street" in New York City where his father had been a stockbroker. Although the film was widely seen as a scathing critique of the culture of Wall Street, Stone has said that part of the film is a defense of capitalism, his father's vision of finance (as seen through the Hal Holbrook character) and an homage to his father.

At the time Oliver was also fascinated with the connection between the psyche of Latino Miami drug dealers from his earlier "Scarface" script and the American-born 28- to 35-year-old, white collar stockbrokers. Both groups had an animalistic need to obtain big and fast money. They shared an obsession with corruption and greed.

Oliver sent his actors to Bear Stearns for research, including then-newcomer Charlie Sheen, who played Bud Fox, a kid from nowhere. When he learns to cold call, and lands one big client, Gordon Gekko, Fox is thrust into the fast lane with a rock star financial mentor who teaches him corruption.

Oliver needed an old-fashioned villain to create drama, and he cast Michael Douglas as Gekko against type. Michael was not known as a heavy at the time, but as a charming, handsome, sensitive leading man. Oliver also saw the anger, confidence, salesmanship and style that Michael brought to the role. Michael's Gekko looked a bit like Laker's coach Pat Riley with his slicked back hair and well-cut suits, and it became Michael's most important role, winning him the Academy Award for the villain no one could ever forget.

When Gekko delivers his speech, "Greed, for lack of a better word, is good. Greed is right. Greed works," cinematic history was made.

"Wall Street" was set in 1985, a time before ten financial news networks broadcasting 24/7 existed. The entire financial services industry was largely unknown and Oliver Stone nailed it.

Four years ago, Wall Street's producer Ed Pressman decided it was time for a sequel and met with Fox Film Entertainment co-chairmen Tom Rothman and Jim Gianopulos. Michael Douglas was immediately on-board pending script approval. Steven Schiff wrote the first script before the global economic crash of 2008 rendered it obsolete.

Alan Loeb was brought in for a rewrite. Pressman asked me to meet Loeb at the Carlyle Hotel to explain the social rhythms of New York's financial high society. Whereas Gekko's character was modeled after '70s junk bond kings (Michael Milken) and '80s mergers and acquisitions killers (Henry Kravis), Loeb bases the new villain on hedge fund billionaires like John Paulson and Mike Novogratz, geniuses who have created stratospheric wealth beyond Gordon Gekko's wildest dreams. When Oliver Stone agreed to direct, he rewrote a portion of the script to focus on bankers as well as hedge funders, taking no screen credit.

This past September, Oliver yelled, "action" as Gordon Gekko, with long grey hair, comes back to life as he emerges from a lengthy prison stint shot outside of Sing Sing in Ossining, New York. Gekko is desperate to redefine himself in a different era. The New York Post runs a full-page photo of Gekko and New Yorkers immediately become obsessed with the filming of Wall Street 2.

**A week into shooting, a glorious fall day**. Ed Pressman invites me on the set at the Central Park Zoo. Oliver designs an elaborate tracking shot around the seal pool where Gekko, fresh from jail, walks and talks to Jake Moore, a young idealistic investment banker played by Shia LaBoeuf. They discuss Gekko's daughter Winnie, Moore's fiancée, played by Carrie Mulligan, who is also having an off-screen romance with LaBoeuf. Oliver played Cupid. Moore invites Gekko to the Alzheimer's Ball at the Metropolitan Museum of Art. Gekko, who used to be a sponsor or honoree of such events, cannot even afford a ticket.

The shot starts with a barking seal jumping for fish, then pans down to the actors. Extras weave in and out. In one take Michael makes a wrong turn and ends up at the monkey house. Everyone laughs. The atmosphere on the set is courteous but quick and tense. There is pressure when you are making a sequel to a hit.

I watch the action on monitors while sitting on the producers' canvas chairs with Pressman, Eric Kopeloff ("Monsters Ball") and Celia Costas, who was a location manager on the first "Wall Street." They have asked me to be an extra in the Alzheimer's Ball scene and bring some friends to play rich Upper East Side socialites. Oliver wants over the top glam, go-to-the-vault jewels and couture gowns. "Give me the night before the Titanic goes down," were his exact words. Not a problem.

I pay a quick visit to Michael in his trailer on Fifth Avenue where he is resting. We go way back. I was his personal publicist when he won the Golden Globe and Oscar for Best Actor for "Wall Street" and we have remained great friends. Gekko is just as challenging for him the second time because of endless pages of technical financial dialogue. We discuss Catherine Zeta-Jones' Broadway debut in a "Little Night Music." Michael has a stack of partially finished handwritten thank you notes next to him for gifts received for their shared birthday party on September 25th at the St. Regis. Her 40th and his 65th.

I tell him I have been cast as an extra in two scenes and he laughs knowing I am desperate to hang around him and the production.

**8:30 a.m. on Wednesday, October 21st, another warm, stunning fall day**. I report to the wardrobe trailer on 65th Street and Madison Avenue. I carry four elaborate cocktail dresses and bags of matching accessories. My hair is in rollers. Statuesque Julia Koch walks over from her Park Avenue apartment carrying her white Valentino and long diamond earrings. Her real-life financial titan husband David is unaware where she is this morning.

Vanity Fair's keeper of the Best Dressed List, Amy Fine Collins, arrives totally organized in turquoise vintage Geoffrey Beene, and Vogue's fashion editor Hamish Bowles wears a riot of plaids, patterns and a large yellow fake flower on his lapel. Costume Designer Ellen Mirojnick, who created Gordon Gekko's rich slick look in the first film, is ecstatic with the extras I invited.

Oliver is shooting a scene with Josh Brolin (the star of Stone's "W"). His character Bretton (never Bret) James, a ruthless Wall Street kingpin, and his perfect wife Samantha (Noelle Beck) are hosting a benefit piano recital for a 13-year-old child prodigy in their huge, art-filled townhouse at 41 East 65th Street. The building actually belongs to Baby Jane Holzer, a wealthy art collector still famous for hanging with Andy Warhol in the '60s. The production designer had Jane's fabulous Warhols moved to storage and replaced with matching photographic copies. Very expensive contemporary art is again an important production element of Oliver's vision.

At 10:30 a.m., all the extras are placed around the living room set. Oliver's French mother, Jacqueline Stone, and her friend Monique Van Vooren, both in their 80s, are seated in front of the fireplace chatting in French. Production assistants fuss over them. Debonair macho man Chuck Pfieffer, who appeared in the original film, and I immediately invent a back story—I am his corporate wife—and we position ourselves on a couch next to the director's mother. Julia gets the best spot close to the piano and Amy, Hamish and decorator Geoffrey Bradfield are right behind her. Josh is brought in and the kibitzing stops.

Oliver appears on the set with eagle eyes and a sly grin and quickly re-positions everyone. He explains the scene, gives out lines to his favored extras, and on his way out to the monitors in the next room mentions that my earrings are too small. Wardrobe jumps. Josh rehearses and Oliver finally yells, "Action." The kid plays the piano, Josh explains why we are in his home, asks for money, the camera dollies as extras say their lines and Shia appears at the door uninvited for a confrontation with Josh. Three hours later a PA yells, "Lunch".

In costume, Amy, Hamish and I run to The Monkey Bar. I am late to meet "The Harpies," including Liz Smith, Barbara Walters, Cynthia McFadden, Nora Ephron, Jennifer Isham, Maury Perl and Beth Kseniak.

Graydon Carter is at the next table. I tell him Oliver Stone wants him in "Wall Street 2" as an extra. (I make this up.) Graydon jokes that he only works with lines. I say, "Not a problem." (This will be news to Oliver.)

Back on the set I tell Oliver that Graydon is willing to be in the film with lines. Oliver finds that intriguing.

Oliver shoots the piano recital scene over and over again from different angles all afternoon. Financial wizard Don Marron saunters on the set to visit and Oliver spontaneously puts him in a scene chatting with Josh. Carrie Mulligan hangs out watching boyfriend Shia work.

At sundown Julia Koch has to race from reel to real life and explain to her husband where she has been all day. (He loves it.)

Chuck Pfieffer plants a "Page Six" item and the next day socialites begin calling me to get into the film.

**Thursday, November 5, Shun Lee Restaurant, West 65th Street**

Oliver shoots a crowded tight interior scene with Michael, Carrie and Shia, who are having an intimate Chinese dinner. Spontaneously, Oliver decides this is the perfect scene for Graydon Carter. After a flurry of calls, Graydon arrives on set, and playing himself, sashays by the table. Gekko jumps up to say hello and Graydon brushes him off with a few dismissive lines.

**Monday, November 9, 25 Broadway**

One hundred swells show up at the former Canard Shipping building, a massive Italianate hall, at the crack of dawn for the Alzheimer's Ball, a grand charity event.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/12/2010 11:18:58 AM
**To:** Peggy Siegal [[redacted]]
**Subject:** Re: My Wall Street 2 Story

sorry you are sick, go slow.. no cleaning. stay in bed.. sorry..

On Tue, Jan 12, 2010 at 6:17 AM, Peggy Siegal <[redacted]> wrote:

Will call you later. I am sick as a dog with a cold. I am supposed to go to Dr. Magnani this morning for a cleaning. If you get a cleaning with a cold does it make it worse of just infect the dental hygenist?

Had a great lunch for Woody Harrelson and Ben Foster for "The Messenger" at Monkey Bar yesterday and hung with Clooney at the New York Film Critics Awards last night. Tonight is the National Board of Review and I am thinking of staying in bed till show time. Have a party for Clooney Wednesday nigh Graydon is hosting at Monkey Bar that we are working on.

I have to fly to LA Jan. 14 and I am worried...I have emailed three doctors this morning!

Will call later...Mattie keeps saying she is going to show me how to email photos- will try to do today and call.

I think I got sick in economy class from Lamu, Nairobi, Amsterdan, Newark from all those wanna be terrorists breathing on me in the planes.

Did you see "Avator". I do not have a dvd because it's 3D.
The white American marines are wiped out by black people painted blue....it's going to be highest grossing film in the world is an few weeks beating out "Titanic" and will win the Oscar for "Best Picture."
xoxo Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Mon Jan 11 19:28:25 2010
Subject: Re: My Wall Street 2 Story

terrific. i want to hear more about the trip

On Mon, Jan 11, 2010 at 6:32 PM, Peggy Siegal <[redacted]> wrote:

Wrote this for the February issue of AVENUE Magazine. Thought it would amuse you. Tell me what you think of it.

xoxo Peggy

--

HD: Wall Street, Take Two

DEK: In the upcoming sequel to Oliver Stone's groundbreaking film, Gordon Gekko gets out of jail and back to business. Peggy Siegal takes us behind the scenes where she got herself on camera along with a few of her famous friends. Nice work if you can get it.

In 1987, right after director Oliver Stone won the Academy Award for "Platoon," he immediately turned to a domestic arena and began working on "Wall Street" in New York City where his father had been a stockbroker. Although the film was widely seen as a scathing critique of the culture of Wall Street, Stone has said that part of the film is a defense of capitalism, his father's vision of finance (as seen through the Hal Holbrook character) and an homage to his father.

At the time Oliver was also fascinated with the connection between the psyche of Latino Miami drug dealers from his earlier "Scarface" script and the American-born 28- to 35-year-old, white collar stockbrokers. Both groups had an animalistic need to obtain big and fast money. They shared an obsession with corruption and greed.

Oliver sent his actors to Bear Stearns for research, including then-newcomer Charlie Sheen, who played Bud Fox, a kid from nowhere. When he learns to cold call, and lands one big client, Gordon Gekko, Fox is thrust into the fast lane with a rock star financial mentor who teaches him corruption.

Oliver needed an old-fashioned villain to create drama, and he cast Michael Douglas as Gekko against type. Michael was not known as a heavy at the time, but as a charming, handsome, sensitive leading man. Oliver also saw the anger, confidence, salesmanship and style that Michael brought to the role. Michael's Gekko looked a bit like Laker's coach Pat Riley with his slicked back hair and well-cut suits, and it became Michael's most important role, winning him the Academy Award for the villain no one could ever forget.

When Gekko delivers his speech, "Greed, for lack of a better word, is good. Greed is right. Greed works," cinematic history was made.

"Wall Street" was set in 1985, a time before ten financial news networks broadcasting 24/7 existed. The entire financial services industry was largely unknown and Oliver Stone nailed it.

Four years ago, Wall Street's producer Ed Pressman decided it was time for a sequel and met with Fox Film Entertainment co-chairmen Tom Rothman and Jim Gianopulos. Michael Douglas was immediately on-board pending script approval. Steven Schiff wrote the first script before the global economic crash of 2008 rendered it obsolete.

Alan Loeb was brought in for a rewrite. Pressman asked me to meet Loeb at the Carlyle Hotel to explain the social rhythms of New York's financial high society. Whereas Gekko's character was modeled after '70s junk bond kings (Michael Milken) and '80s mergers and acquisitions killers (Henry Kravis), Loeb bases the new villain on hedge fund billionaires like John Paulson and Mike Novogratz, geniuses who have created stratospheric wealth beyond Gordon Gekko's wildest dreams. When Oliver Stone agreed to direct, he rewrote a portion of the script to focus on bankers as well as hedge funders, taking no screen credit.

This past September, Oliver yelled, "action" as Gordon Gekko, with long grey hair, comes back to life as he emerges from a lengthy prison stint shot outside of Sing Sing in Ossining, New York. Gekko is desperate to redefine himself in a different era. The New York Post runs a full-page photo of Gekko and New Yorkers immediately become obsessed with the filming of Wall Street 2.

A week into shooting, a glorious fall day. Ed Pressman invites me on the set at the Central Park Zoo. Oliver designs an elaborate tracking shot around the seal pool where Gekko, fresh from jail, walks and talks to Jake Moore, a young idealistic investment banker played by Shia LaBoeuf. They discuss Gekko's daughter Winnie, Moore's fiancée, played by Carrie Mulligan, who is also having an off-screen romance with LaBoeuf. Oliver played Cupid. Moore invites Gekko to the Alzheimer's Ball at the Metropolitan Museum

of Art. Gekko, who used to be a sponsor or honoree of such events, cannot even afford a ticket.

The shot starts with a barking seal jumping for fish, then pans down to the actors. Extras weave in and out. In one take Michael makes a wrong turn and ends up at the monkey house. Everyone laughs. The atmosphere on the set is courteous but quick and tense. There is pressure when you are making a sequel to a hit.

I watch the action on monitors while sitting on the producers' canvas chairs with Pressman, Eric Kopeloff ("Monsters Ball") and Celia Costas, who was a location manager on the first "Wall Street." They have asked me to be an extra in the Alzheimer's Ball scene and bring some friends to play rich Upper East Side socialites. Oliver wants over the top glam, go-to-the-vault jewels and couture gowns. "Give me the night before the Titanic goes down," were his exact words. Not a problem.

I pay a quick visit to Michael in his trailer on Fifth Avenue where he is resting. We go way back. I was his personal publicist when he won the Golden Globe and Oscar for Best Actor for "Wall Street" and we have remained great friends. Gekko is just as challenging for him the second time because of endless pages of technical financial dialogue. We discuss Catherine Zeta-Jones' Broadway debut in a "Little Night Music." Michael has a stack of partially finished handwritten thank you notes next to him for gifts received for their shared birthday party on September 25th at the St. Regis. Her 40th and his 65th.

I tell him I have been cast as an extra in two scenes and he laughs knowing I am desperate to hang around him and the production.

8:30 a.m. on Wednesday, October 21st, another warm, stunning fall day. I report to the wardrobe trailer on 65th Street and Madison Avenue. I carry four elaborate cocktail dresses and bags of matching accessories. My hair is in rollers. Statuesque Julia Koch walks over from her Park Avenue apartment carrying her white Valentino and long diamond earrings. Her real-life financial titan husband David is unaware where she is this morning.

Vanity Fair's keeper of the Best Dressed List, Amy Fine Collins, arrives totally organized in turquoise vintage Geoffrey Beene, and Vogue's fashion editor Hamish Bowles wears a riot of plaids, patterns and a large yellow fake flower on his lapel. Costume Designer Ellen Mirojnick, who created Gordon Gekko's rich slick look in the first film, is ecstatic with the extras I invited.

Oliver is shooting a scene with Josh Brolin (the star of Stone's "W"). His character Bretton (never Bret) James, a ruthless Wall Street kingpin, and his perfect wife Samantha (Noelle Beck) are hosting a benefit piano recital for a 13-year-old child prodigy in their huge, art-filled townhouse at 41 East 65th Street. The building actually belongs to Baby Jane Holzer, a wealthy art collector still famous for hanging with Andy Warhol in the '60s. The production designer had Jane's fabulous Warhols moved to storage and replaced with matching photographic copies. Very expensive contemporary art is again an important production element of Oliver's vision.

At 10:30 a.m., all the extras are placed around the living room set. Oliver's French mother, Jacqueline Stone, and her friend Monique Van Vooren, both in their 80s, are seated in front of the fireplace chatting in French. Production assistants fuss over them. Debonair macho man Chuck Pfieffer, who appeared in the original film, and I immediately invent a back story—I am his corporate wife—and we position ourselves on a couch next to the director's mother. Julia gets the best spot close to the piano and Amy, Hamish and decorator Geoffrey Bradfield are right behind her. Josh is brought in and the kibitzing stops.

Oliver appears on the set with eagle eyes and a sly grin and quickly re-positions everyone. He explains the scene, gives out lines to his favored extras, and on his way out to the monitors in the next room mentions that my earrings are too small. Wardrobe jumps. Josh rehearses and Oliver finally yells, "Action." The kid plays the piano, Josh explains why we are in his home, asks for money, the camera dollies as extras say their lines and Shia appears at the door uninvited for a confrontation with Josh. Three hours later a PA yells, "Lunch".

In costume, Amy, Hamish and I run to The Monkey Bar. I am late to meet "The Harpies," including Liz Smith, Barbara Walters, Cynthia McFadden, Nora Ephron, Jennifer Isham, Maury Perl and Beth Kseniak.

Graydon Carter is at the next table. I tell him Oliver Stone wants him in "Wall Street 2" as an extra. (I make this up.) Graydon jokes that he only works with lines. I say, "Not a problem." (This will be news to Oliver.)

Back on the set I tell Oliver that Graydon is willing to be in the film with lines. Oliver finds that intriguing.

Oliver shoots the piano recital scene over and over again from different angles all afternoon. Financial wizard Don Marron saunters on the set to visit and Oliver spontaneously puts him in a scene chatting with Josh. Carrie Mulligan hangs out watching boyfriend Shia work.

At sundown Julia Koch has to race from reel to real life and explain to her husband where she has been all day. (He loves it.)

Chuck Pfieffer plants a "Page Six" item and the next day socialites begin calling me to get into the film.

Thursday, November 5, Shun Lee Restaurant, West 65th Street

Oliver shoots a crowded tight interior scene with Michael, Carrie and Shia, who are having an intimate Chinese dinner. Spontaneously, Oliver decides this is the perfect scene for Graydon Carter. After a flurry of calls, Graydon arrives on set, and playing himself, sashays by the table. Gekko jumps up to say hello and Graydon brushes him off with a few dismissive lines.

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# Invisible Forces and Powerful Beliefs: Gravity, Gods, and Minds

**By the**

**Chicago Social Brain Network**

FT Press
Upper Saddle River, NJ

HOUSE_OVERSIGHT_021247

# Invisible Forces and Unseen Powers: Gravity, Gods, and Minds

Preface

1. Invisible Forces Operating on Human Bodies

Gravity is an invisible force that holds us to the surface of the earth, and the fact that gravity is invisible does not place it beyond scientific scrutiny. Similarly, humans are a quintessentially social species whose need for social connection produces invisible forces on our brain, behavior, and biology that are subject to scientific investigation. Among these are forces that compel us to seek trusting and meaningful connections with others and to seek meaning and connection with something bigger than ourselves. The story of these invisible forces speaks to who we are as a species.

From Selfish Genes to Social Brains

2. The Social Nature of Humankind

The human brain has evolved under the guidance of selfish genes to produce more than a brain that is capable of powerful, isolated information processing operations. The human brain also evolved with inherent capacities for social cognition, compassion, empathy, bonding, coordination, cooperation, values, mortality and a need for social connection that extends beyond kin and even other individuals.

From Inclusive Fitness to Spiritual Striving

3. Science, Religion, and a Revised Religious Humanism

The dialogue between science and religion, if properly pursued, can usher in a new era of religious humanism in the leading world religions. Their central beliefs and practices largely would remain intact, but their views of nature and their concerns with health and well-being would be refined through their conversations with the sciences. How this model would work is discussed in terms of the relation between love and health in Christian theology – especially the tension between the agape, caritas, and eros models of Christian love.

The Status of the Body Politic and the Status of the Body Itself

4. Health by Connection: From Social Brains to Resilient Bodies

Most people feel socially connected most of the time. Felt connectedness is typically taken for granted, but the effects of its absence, as experienced in feelings of isolation, demonstrate that our evolutionary heritage as a social species has potent implications for health and well-being.

From Relationships to People and Groups to Relationships with God

5. Psychosomatic Relations: From Superstition to Mortality

It has long been recognized that mental states can impact health and well being, but the causal pathways have only recently begun to be understood. Thoughts, beliefs and attitudes can have powerful effects on physiological functions, health and disease. Examples range from superstitious beliefs associated with voodoo, bone pointing, or other black rituals to the more positive states associated with spirituality. The present essay considers these disparate psychological states and how they might translate into physiological effects having real health implications.

The Mind and Body Are One

6. The Suspension of Individual Consciousness and the Dissolution of Self and Other Boundaries

A special case of social interaction concerns two or more individuals engaging in temporally coordinated

actions that imply particular timing patterns such as synchrony or rhythmic turn taking such as applauding in unison or the 'wave' that is produced by thousands of individual sports fans in a stadium. A model to explain such synchronized behavior is proposed in terms of the neural processes that are jointly recruited. One of the main implications suggested by this model is that taking part in or being part of a synchronized social interaction gives rise to a qualitative shift in subjective experience due to the difficulty of applying an individual centered explanation to collectively produced spontaneous co-action.

## You and I as One

### 7. Action at a Distance: The Invisible Force of Language

Language forms the fabric of our social institutions and makes tangible the nature of our relationships. Although the function of language is typically viewed in terms of the information content that it provides, some of the social function of language may depend on the way it affects us. The idea of language impact – how language directly affects our emotions and social connections – may be fundamental to the way the social brain functions to connect people.

## Systems and Signals for Social Coordination

### 8. Hidden Forces in Understanding Others: Mirror Neurons and Neurobiological Underpinnings

Specific brain regions in the monkey contain individual brain cells, or neurons, that respond to both observation and execution of identical hand and mouth actions. Brain imaging in humans has demonstrated that our brains have similarly localized regions with similar properties. These areas respond to execution of goal-directed actions of the hand and mouth and during observation of the same or similar actions. Interestingly, these brain regions in the human are also responsive to observation and imitation of facial movements, and appear to be sensitive to their emotional content.

## Connecting and Binding Social Brains and Minds

### 9. Empathy and Interpersonal Sensitivity

Empathy is thought to play a key role in motivating prosocial behavior, guiding our preferences and behavioral responses, and providing the affective and motivational base for moral development. While folk conceptions of empathy view it as the capacity to share, understand and respond with care to the affective states of others, neuroscience research demonstrates that these components can be dissociated. Empathy is not a unique characteristic of human consciousness, but it is an important adaptive behavior that evolved with the mammalian brain. However, humans are special in the sense that high-level cognitive abilities (language, theory of mind, executive functions) are layered on top of phylogenetically older social and emotional capacities. These higher level cognitive and social capacities expand the range of behaviors that can be driven by empathy.

## Seeing into My Mind and Other Minds

### 10. Seeing Invisible Minds

Other minds are inherently invisible. Being able to "see" them requires learning about other minds, attending to other minds, and projecting one's own mind onto others, and seeing minds in other agents can mean the difference between treating others as humans versus as objects.

## Inferring Minds When None Can be Seen

### 11. Anthropomorphism: Human Connection to a Universal Society

The human motivation for social connection extends beyond the boundary of the human in the (often misunderstood) religious language of anthropomorphism. In this chapter, an infamous sermon from colonial America—"Sinners in the Hands of an Angry God"—is used to illustrate the way anthropomorphic language works to incorporate human society in a web of ethical obligations that connect to the natural environment and, by imaginative extension, to the universe as a whole.

## Personifications of God

### 12. How Does God Become Real

Becoming a person of faith is not so much about acquiring certain beliefs but about learning to use one's mind in particular ways; the often intensely private experience of God is built through a profoundly social learning process.

## Belief and Connection

### 13. Theological Perspectives on God as an Invisible Force

The beliefs that religious individuals hold about the way God operates in human life are potential factors affecting perceived social isolation. My paper discusses a specific type of such belief that is common in the history of Christian thought: the belief that God is an invisible force of a rather impersonal sort working for the good in everything that happens. The paper argues that this sort of belief has as great or greater potential than belief in God as a personal friend to give one the sense that one is never alone, but the conception of God as pervasive can also lead to inattention and disconnection.

## The Elusiveness of Meaningful Connection

### 14. Visible Efforts to Change Invisible Connections

Despite the human need for social connection, many individuals are lonely because they are unable to create meaningful social bonds. Interventions designed to reduce loneliness have not been successful, suggesting that a better understanding of loneliness, social connection, and the obstacles to forming meaningful connections with others is needed.

## Reflections on Invisible Connections

### 15. Social Brain, Spiritual Medicine?

Science and religion are inextricably intertwined in the practice of medicine. Science has provided modern medicine with extraordinary diagnostic and therapeutic capacities that can be employed to care for patients. Religions provide a fuller vision for the worthiness of caring for the sick, a framework to guide the application of medical science in that endeavor, and practices that strengthen the human capacity for treating patients as the mindful persons they are.

## Invisible Forces

### 16. Epilogue

Invisible forces that connect individuals to society, or to each other, have effects at both ends of the connection. As humans we are fundamentally individual and fundamentally social. We encompass both the pursuit of rational self interest of *Homo economicus* and the pursuit of approval, belonging, and intimacy of *Homo socialis,* the former grounded in *eros,* the latter in *agape.* These forces acting together represent a signature feature of *Homo sapiens* (the wise ones) and have contributed a record of influence and impact– both positive and negative –that is unmatched in biology.

## Preface

We view our past through a reverse telescope, making it seem like contemporary events are a much larger part of our history than they are. Hominids have been estimated to have evolved about 7 million years ago, with our species having evolved only within approximately the last 1% of that period. The human brain was sculpted by evolutionary forces over tens of thousands of years, whereas the human achievements we take for granted, such as civilizations, law, and art, have emerged only during the past few thousands of years. A mere 300 years ago, theology and philosophy were the principal disciplinary lenses through which the world was viewed, and from which explanations and instruction were sought. Advances in science over the past 300 years have transformed how we think, act, and live. Nearly every aspect of human existence, ranging from agriculture, commerce, and transportation to technology, communication, and medicine, has been transformed by contemporary science. We have no hesitation to accept scientific explanations of physical entities being influenced by invisible forces such as gravity, magnetism, and genes. But when human mentation and behavior are the objects to be explained, deterministic scientific accounts seem to many to be less satisfying.

For some, science and modernity are akin to the apple in the Garden of Eden, responsible for our fall from Grace. For others, theology and religion represent little more than the stuff of superstition with no place in an educated society.

About six years ago, we had the opportunity to create a most unusual group of scholars to examine questions about the invisible forces acting on, within, and between human bodies. Superb scholars who individually had made major contributions to their own disciplinary field – fields as divergent as neuroscience and medicine to philosophy and theology – were invited to form an interdisciplinary network of scholars to consider such questions. The development of these discussions even over the first few meetings truly astonished us all. We decided to share what we learned through the present book, which represents a different perspective, one in which our understanding of human nature is enriched by serious insights and scrutiny that each perspective has to offer. Theology and religion have always relied on unseen forces as the basis for explanations of human behavior and experience. Science has been able to explicate those forces even if along different lines than originally conceived. As we start to consider some of the more complex aspects of human nature, science and theology may be able to work together to shed light on some of these complexities.

We begin this preface and each chapter with a word cloud produced using Wordle at http://www.wordle.net. In the case of this preface, it illustrates key concepts that are found in this book. In the case of the chapters, the word cloud in each provides a visualization of

the key terms and ideas expressed in that chapter. Each chapter, in turn, represents a contribution led by a particular member to the network but broadened to reflect the interactions of the network on that topic. Perusal of the word clouds across chapters makes the flow of ideas more visible. Together, the chapters speak to who we are as a species and the nature of the invisible forces that make us such a unique species. For instance, humans seem to strive for social connections in a variety of ways from friendships to identification with groups to religious affiliations. A major thesis of this book is that we are fundamentally a social species, and that this journey is less a march toward isolation and autonomy than it is a march to competence, interdependence, coordination, cooperation, and social resilience. Guiding us through this journey are our social brains, which have evolved to create anything but a blank slate at birth.

We owe a debt of thanks to many for their contributions and support over the years, but we owe special thanks to Barnaby Marsh for approaching us with the idea of forming such a network and for his many contributions to the network, and to the John Templeton Foundation for their support and for their encouragement to pursue questions, ideas, and conclusions of our science regardless of where they led.

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The science of the mind is not unique in this regard. As the historian Daniel Boorstin (1983, *1*) noted:

> Nothing could be more obvious than that the earth is stable and unmoving, and that we are the center of the universe. Modern Western science takes its beginning from the denial of this commonsense axiom . . . Common sense, the foundation of everyday life, could no longer serve for the governance of the world. When "scientific" knowledge, the sophisticated product of complicated instruments and subtle calculations, provided unimpeachable truths, things were no longer as they seemed." (p. 294)

And just as the observation that we roam on stable ground led to the incorrect inference that we are the center of the universe, so too is the modern notion that the human brain is a solitary, autonomous instrument whose connections with other brains is a matter of deliberate choice and of no real import.

The human brain, the organ of the mind, is housed deep within the cranial vault, where it is protected and isolated from others, so it may seem obvious that the brain is a solitary information processing device that has no special means of connecting with other brains. But we are fundamentally a social species. Faces, expressive displays, and human speech receive preferential processing in neonate as well as adult brains. When a person feels rejected by others, their brain shows the same pattern of activation as when they are exposed to a physically painful stimulus. Permit a person to cooperate with others, and their brain shows the same pattern of activation as when they are given a rich reward such as delicious food or drink. We may not be aware of it, but human evolution has sculpted a human need for social connection, along with neural circuits and hormonal processes that enable and promote communication and connection across brains. As we shall see in the chapters to follow, our sociality is an important part of who we are as a species and it plays an important though often invisible role in the operations of our brain and our biology. Among the questions we examine is whether our social brain also contributes to the ubiquitous human quest for spirituality.

**The Chicago Social Brain Network**

For hundreds of years, theology and philosophy were the hub disciplines of scholarship, and other fields of inquiry orbited around this dyad and were tightly constrained by it. Over the past three centuries, the sciences have come into their own, displacing theology and philosophy at the center of the academic universe. In so doing, they have produced extraordinary advances in everyday life. People may reminisce about the good old days, but thanks to science and technology the amount of total income spent on the necessities of food, clothing, and shelter dropped from 80% in 1901 to 50% in 2002/2003. Yet there remains an inchoate sense that something is missing in our lives, something intangible and elusive. Science has improved our material lives, but improvements in material life may not be enough to optimize human well being.

Can these two very different ways of seeing the world be used

synergistically to shed new light on the human mind? In the Fall of 2004, we established an ongoing network of more than a dozen scholars unbounded by disciplinary precincts, geographical borders, or methodological perspectives to set aside antagonisms that had grown up between science and humanities in order to explore this question. These Network scholars hail from disciplines as disparate as psychology, neurology, theology, statistics, philosophy, internal medicine, anthropology, and sociology. Each of these scholars was well known in their own field and were busy with other obligations, but it was the opportunity to achieve a deeper, more comprehensive discussion of the human mind that made it worth the time and effort it required to be part of the Network.

Although various members of the Network interact on a daily or weekly basis, the entire Network convenes twice annually for a four-day retreat to discuss each other's research, to critique each other and to learn from one other. Scientific analyses characterized by rigorous experimental designs and data analytic strategies are interlaced with rich philosophical, theological, and historical analyses of the same questions about invisible forces that act on us all. The dialogue between the Network scientists and the scholars from the humanities and theology is bidirectional. For instance, the beliefs and behavior described in the humanities and theology are rich in hypotheses that can now be tested empirically, and the measures and methods of the behavioral sciences and neurosciences now permit rigorous investigation of some of these hypotheses. Each of the Network members brings a unique perspective to the study of the human mind, and the provocative story of the mind that is emerging from the collective efforts of the Network is the subject of this book.

The Network is unconventional in other ways, as well. Traditionally, scientists and scholars work together to achieve a common understanding and a consensus position. We quickly learned that we did not need to come to a consensus to benefit tremendously from the dialogue on the capacity and motivation for the ubiquitous human quest for sociality and spirituality. For instance, there is no consensus within the Network on whether there is a God, and we do not seek here to provide the final word on what science and the humanities each have to say to the other about the human mind. Instead, our purpose is to illustrate the possibility and importance of engaging others whose views we may not share in a serious dialogue on such topics. Among the lessons we as a Network have learned are:

1. that some questions about human nature and our social and spiritual aspirations have been asked by humankind for thousands of years. Accordingly, there may be more to be gained from engaging in a collaborative process of thinking about these questions than from demanding simple and immediate answers. We discuss what we see as possible answers to questions about our nature and strivings, but the value in stating these positions is to have clear positions from which to move thinking and research forward. Thus, our purpose in writing this book is to articulate ideas to be shaped and refined, not to provide the final word.

2. that one need not agree with a position to perform a deep and thorough analysis of the arguments for and against the position. Objectivity in thought and analysis are keys to reaching a deep understanding of a topic. By taking a position, developing arguments for and against the position, then taking the opposite position and doing likewise, we develop the capacity to be more dispassionate and powerful thinkers – and gain deeper insight into a topic.
3. that one need not reach agreement with someone to learn a great deal from discussions with them or to make significant advances in addressing a complex question. The salve of affirmation can lead us to seek like-minded others and to denigrate and avoid those who disagree with us. Although this may provide temporary comfort, it does little to help address deep divisions or solve problems with which we must deal in an increasingly complex and diverse world. There are inherent tensions between the sciences and the humanities, and these tensions have led to a polarization of views, an "it's my way or the highway" approach toward those holding divergent points of view. The contents of this book illustrate an alternative possibility. The Network is a very interdisciplinary group, and the perspectives captured in the subsequent chapters reflect some of the same tensions with which other books dealing with science and religion have dealt – and from which they have not benefitted. The tensions reflect deep and enduring differences in the way in which scholars in the humanities, the social sciences, and the sciences think about theory, methods, and evidence. These differences can test one's mettle but if acknowledged, respected, embraced, and pursued, they result in a richer, more innovative and synergistic collaborative effort. In the case of our Network, this was neither easy nor quick, but it was achieved through a mutual respect and exchange of ideas and a shared conviction regarding the importance of the Network's combination of approaches from the humanities and the sciences. In a sense, our Network is a microcosm of the structure that exists in our society. If these tensions are embraced and used to their full catapultic effect, one can make progress on serious problems, transforming not only how we think about the problem, but also how we think about those who hold different or opposing views.
4. that the insights or advances we can achieve need not be our or our opponent's position, or a less-than optimal compromise between the two, but rather they can be truly innovative, building on and transcending both initial positions. The specific forms of such creative and transcendent solutions are difficult to articulate in advance but there is a thought process – characterized by clarity, openness, constructive criticism, and synthesis – that

increases the likelihood one will reach such solutions. All of the perspectives discussed in this book have been transformed through this process.

**Background**

In pursuing the tandem lines of inquiry of science and the humanities, the Network itself serves as an example of the human capacities and emergent processes that can derive from collective social structures and actions. In the chapters to follow, the Network examines the nature and power of unseen forces ranging from human co-regulation to physiological effects of spiritual beliefs. The exchanges across disciplinary perspectives suggest that the "dominion of the solitary individual" is insufficient to understand the human mind or to optimize human health and well being. To understand human nature and the human mind, one may need to appreciate human needs and capabilities that have not been given due attention.

*Homo sapiens* are a social species, which means there are emergent organizations beyond individuals that contribute to the ability of our species to survive, reproduce, and care for our offspring sufficiently long that they too survive to reproduce. As a consequence, evolutionary forces have sculpted neural, hormonal, and genetic mechanisms that support these social structures. Among the possible consequences explored in this book are that: 1) people are not the entirely self-interested, short-term thinking, rational decision makers assumed by the mythical creature, *Homo economicus,* and 2) some of the amorphous dissatisfaction and chronic diseases that characterize contemporary society may be, in part, the consequence of the denial of the differences between the nature of these two beings. Existing scientific studies of religion have established the pervasiveness of religious beliefs and practices and an association between these beliefs or practices and physical as well as mental health. Religious beliefs and practices have also contributed to failures to heed life-saving medical advice and to the horrendous treatment of others. It will be through the serious investigation of such beliefs and practices, not through their denial, that we may ultimately be able to identify which aspects of these beliefs and practices are beneficial, for what individuals and in what contexts, and through what specific mechanisms.

Recent research has made it patently clear that William James (1890, p. 442, *2*) underestimated the faculties of human infants when he suggested that their first sensory experiences were a "blooming, buzzing confusion." But what James' sentiment did capture is the overwhelming complexity and uncertainty that exists in the child's environment, and the inherent difficulty in making sense of that complexity from scratch. Our drive to make meaning is irrepressible---and when we do not understand the forces that drive our actions, we invent narratives that make these invisible forces feel more predictable and understandable even if only in hindsight. But we do not do it alone.

Adults as well as children must explain the uncertainty and ambiguity of natural phenomena (calamities of weather, death and reproduction) as well as social phenomena (human agents) in order to operate effectively. But not all actions are perceived as being equivalent. Forces operating on objects to compel action, as when gravity causes rocks to slide down a mountain, are

viewed as external causes. Forces operating on human bodies to produce action, in contrast, are viewed as reflective of purpose, driven not only by external causes but, more importantly, by abstract reasons such as goals, aspirations, and destiny. The meaning-making proclivities of humans are so irrepressible that when external forces operate on human bodies to produce a significant impact on humankind, even the causes of the actions of these human bodies tend to be regarded in terms of more abstract purposes and reasons. The anthropomorphic description of hurricanes is a case in point.

Actions of objects have causes, whereas actions of humans have reasons. Invisible forces that operate on humans but that appear to operate independent of human agency have been the subject of religious speculations for centuries. These invisible forces include: internal neural and biological forces (e.g., homeostatic processes, autonomic activity) that exert regulatory forces which are largely hidden from conscious experience or control; strong emotions that seem to arise apart from conscious human intention (e.g., rage, fear, empathy); phenomena such as dreams or hallucinations that seemingly operate independent from the human will; motivations, biases, inclinations, predilections (such as anthropomorphism, ambiguity avoidance, preference for simple explanations, etc.) whose presence is so universal that, like language, the capacities for their development or expression may have an evolutionary basis; individual beliefs (such as the belief that there is a reality outside our head/we are not dreaming; the belief in human freedom; in values such as equality, etc), attitudes, preferences, goals, or intentions; aggregated beliefs that result in social norms, values, religion, culture, and social movements; and codified forces such as decrees, rules, alliances, and laws.

Before the enlightenment of the 18th century, many scholars believed that thought was instantaneous and that action was governed by an indivisible mind separate from the body. If a palpable cause for a person's behavior could not be identified, the Divine or some counterpart constituted a more agreeable explanatory construct than invisible forces acting through scientifically specifiable mechanisms. Unparalleled advances in the sciences have occurred since the dawn of the Enlightenment, including the development of scientific theories about magnetism, gravity, quantum mechanics, and dark matter that depict invisible forces operating with measurable effects on physical bodies. During this same period, serious scientific research on invisible forces acting within, on and across human bodies was slowed and underfunded in part because the study of the human mind and behavior was regarded by many in the public and in politics as soft and of dubious validity. The result is that many still regard the mind and behavior as best understood in terms of the actions of non-scientific agents, such as a god or gods, and the manifestations of mental illness as the result of a failure of individual will – a denial of the possibility that invisible forces (that is, forces that are tractable scientifically but of which a person is not normally aware) can affect mind and behavior.

One could try to explain away the gap in scientific knowledge about invisible forces by referring to the conception of science and religion as

systems of knowledge that are in opposition. This approach is common and evident in a spate of contemporary books that take the position that science and religion represent competing ways of understanding the world and that science (or religion) is the one and only valid way of understanding human behavior and the world around us (*3-8*). For instance, in *The God Delusion,* Richard Dawkins places specific Judeo-Christian theological doctrines under the scrutiny of science only to find that none passes scientific muster.

The vast majority of people from all educational backgrounds continue to harbor strong religious beliefs that affect their daily decisions and behavior, with both good and ill effects. These religious belief systems most commonly bump into scientific claims around invisible forces. When science opens up opportunities to improve the human condition by providing a more complete understanding of the causes of events, their measurable effects, and possible interventions– ranging from valid science education to medical advancements based on stem cell research – these opportunities are often threatened by the application of specific religious beliefs to these endeavors. Scientific research to understand religion and religious belief systems may be a more productive response than broad denouncements by scientists of any who hold such beliefs.

Conversely, when religion opens up opportunities for improving the human condition by questioning the emphasis on short-term self-interests at the expense of the collective, providing a more complete understanding of the human need to attribute meaning to events and their effects, and identifying possible interventions– ranging from the provision of tangible support to individuals in need, to the promotion of healthy lifestyles and ethical behavior– scientific research to understand these influences may again be a more productive response than broad denouncements by scientists that such beliefs are irrational. Indeed, the question of whether God exists is of much less scientific interest, and of much more questionable scientific merit (how would one scientifically falsify such a claim?), than the question of the causes, consequences, and underlying mechanisms for the observable human behaviors affected by invisible forces--- whether they be physical (gravity), social (groups), or *perceived* spiritual (gods).

Contemporary science explains many of these phenomena but also points to the human capacities and emergent processes that derive from collective social structures and actions and, underlying the emergence of these structures, the human need for meaning-making and connecting to something beyond oneself. The dominant metaphor for the scientific study of the human mind during the latter half of the 20th century has been the computer – a solitary device with massive information processing capacities. Computers today are massively interconnected devices with capacities that extend far beyond the resident hardware and software of a solitary computer. The extended capacities made possible by the internet can be said to be *emergent* because they represent a whole that is greater than the simple sum of the actions that are possible by the sum of the individual (disconnected) computers that constitute the internet. The telereceptors (e.g., eyes, ears) of the human brain have provided wireless broadband

interconnectivity to humans for millennia. Just as computers have capacities and processes that are transduced through but extend far beyond the hardware of a single computer, the human brain has evolved to promote social and cultural capacities and processes that are transduced through but that extend far beyond a solitary brain. To understand the full capacity of humans, one needs to appreciate not only the memory and computational power of the brain but its capacity for representing, understanding, and connecting with other individuals. That is, one needs to recognize that we have evolved a powerful, meaning making *social* brain.

Social species, by definition, create structures beyond the individual–structures ranging from dyads and families to institutions and cultures. These emergent structures have evolved hand in hand with neural and hormonal mechanisms to support them because the consequent social behaviors (e.g., cooperation, empathy, altruism, etc.) helped these organisms survive, reproduce, and care for offspring sufficiently long that they too reproduced. From an evolutionary perspective then, the social context is fundamental in the evolution and development of the human brain.

The observable consequences of these higher organizations have long been apparent, but we are only now beginning to understand their genetic, neural, and biochemical basis and consequences. To fully delve into these complex behaviors, science needs to deal with the invisible forces that shape human life, whether it is in the form of physical, biological, or psychological forces. For instance, anthropomorphism, the irrepressible proclivity to attribute human characteristics onto nonhuman objects to achieve meaning, predictability, and human connection, is beginning to be subjected to productive multi-level scientific analysis. Experimental studies have shown that manipulations which increase feelings of social isolation without the possibility of resolving these feelings through human interaction have the compensatory effect of increasing people's tendency to anthropomorphize, including heightened beliefs in God. This scientific work has implications for understanding claims regarding the success of religious practices such as solitude as paths to feeling closer God. Research on anthropomorphism has now identified developmental, situational, dispositional, and cultural factors that modulate people's tendency to anthropomorphize nonhuman agents ranging from technological gadgets to animals to gods, and the neural mechanisms underlying this transconfiguration of nonhuman objects into human-like agents are beginning to be revealed.

Guided by the insights from these new scientific theories of anthropomorphism, historical analyses may be worthwhile to determine whether concepts of god have changed across time and cultures such that god was created in the image of the believer rather than vice versa. Xenophanes (6th century B.C., cited in *9*), for instance, was apparently the first to use the term "anthropomorphism" when describing the similarities between religious agents and their believers, noting that Greek gods were invariably fair skinned and blue-eyed whereas African gods were invariably dark skinned and dark-eyed (joking that cows would surely worship gods that looked strikingly cow-like). Brain imaging research has confirmed

that anthropomorphism is associated with the activation of the same prefrontal areas that are active when people think about themselves or project themselves onto others.

**Conclusion**

Just as critically, the study of invisible forces requires a discussion of the method that successful teams use to work together as they cross disciplinary boundaries. Over the past few decades, there has been a demonstrable shift from the individual genius as the source of scientific and scholarly breakthroughs to interdisciplinary teams. This shift in the production of cutting-edge knowledge has been documented in all fields of scholarly activity, ranging from mathematics and theoretical physics to the humanities. This shift has both made possible and been necessitated by a need to understand complex behaviors. Although this project is primarily about the ways that scientists seek to study the impact of invisible forces, it will also reflect the methodologies that these researchers use so that their work is not constrained by common knowledge.

The philosophy of science also looks different when dealing with simple causality (one-to-one relations) than with complex causality. Affirmation of the consequent, a logical error in which a given cause for an effect is inferred based on the observation of the effect, does not lead to a scientific error when there is but a single cause for the observed effect. However, as scientific inquiry addresses increasingly complex phenomena, and increasingly complexly determined phenomena, the philosophy of science needs to become more nuanced.

A core challenge is to develop a "science" of identification and aggregation of these invisible forces at different levels. Related research questions include why they exist, and measures of robustness. One of our central goals is to demonstrate not only that considerations of these forces matter, but that that they can matter *a lot*.

There also are questions of value and ethics that could be implicated: descriptive knowledge, models, awareness of causal relationships, and so on, might not be enough to answer some kinds of questions, especially those related to value and purpose, which are the very energies that animate and invigorate real human systems. Economics comes close with its proxy measure of value based on the distribution of scarce resources and people's varying need for these resources. But this theory comes up short in many instances where other values are at play that are beyond markets, such as in assessing the value of a human life, or whether all lives are of equal value. It is an especially poor model for helping us understand something as simple as the value of articles of sentimental value, such as family photographs, which may have little or no market value at all. Thus, how do we best understand the "sentiments" that are important in the real world?

The members of the Network have worked beyond the boundaries of disciplinary borders, geographical precincts, and epistemological comfort zones to develop a rigorous but innovative approach to the study of the human mind, sociality, spirituality, health, and well being. The Network members represented in this book are Gary Berntson from Ohio State University, Don Browning from the

University of Chicago, John Cacioppo (Network Director) from the University of Chicago, Farr Curlin from the University of Chicago Medical Center, Jean Decety from the University of Chicago, Nick Epley from the University of Chicago Booth School, Clark Gilpin from the University of Chicago, Louise Hawkley from the University of Chicago, Tanya Luhrmann from Stanford University, Chris Masi from the University of Chicago Medical Center, Howard Nusbaum from the University of Chicago, Gün Semin from the University of Utrecht, Steve Small from the University of Chicago Medical Center, Kathryn Tanner from the University of Chicago, and Ron Thisted from the University of Chicago Medical Center. The biography of each along with an explanation for the essay each presents is provided at the beginning of each of their essays on invisible forces.

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**From Selfish Genes to Social Brains**

The Chicago Social Brain Network was established to examine how science might inform us about our fundamental human nature, including the apparently irrepressible quest for connection with a higher understanding and organization. Science can describe what religion does in rigorous ways that benefit religion, and religion can serve a meaning-making function that science itself disclaims. This is not to say that science can address the existence of God. Our Network instead focuses on the consequences of believing in such a mind and of seeing into that mind.

In the next chapter, John Cacioppo, a social neuroscientist, draws on work on evolutionary theory, sociobiology, and evolutionary psychology to examine the implications of the selfish gene hypothesis for *Homo sapiens*. He shows how the notion of the selfish gene has been joined with political theory, consumerism, and economics to produce a dominant modern image of humans summarized by the phrase "what is best for me is best for the society." Without rejecting the selfish gene view, Cacioppo shows how it evolves in humans into what he calls the "social brain"– a large cerebral cortex and an interconnected limbic lobule that together are sensitive to the complexities of physical and social environments. Central to this complexity is the long period of dependency of the human infant and the interdependencies of adult humans for survival especially in hostile environments (e.g., warfare). For the selfish gene to contribute its DNA to the ongoing gene pool, the individual must not only reproduce but also cooperate with others to assure that his or her offspring also grow to maturity and reproduce. This leads to natural selection choosing those genes and capacities that contribute to cooperation, reciprocity, attachments, and generosity. Over the millennia of human evolution, this process has created the social brain and made humans a unique social animal.

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automobiles, changing how we transported and consequently how and where we worked and lived; Charles Darwin who argued that the difference in mind between humans and other species, great as it is, is one of degree and not of kind; and Albert Einstein who surmised a relationship between energy and matter, opening a universe of possibilities that previously was virtually unimaginable. As a result, the cultural focus moved from a focus on the social group – the family, neighborhood, or society – toward the autonomous individual.

Forty years ago, the dominant metaphor for the human mind was the digital computer, complete with inputs, filing and memory systems, limited processing resources, and outputs. Evolutionary theory focused on the selfish gene and, by extension, on the individual whose purpose for living was to survive long enough to reproduce. Milton Friedman influenced economic theory and government policies for decades by positing that people, being fundamentally rational, are motivated first and foremost by self interests, and the adage of "united we stand, divided we fall" was supplanted by the notion that what is best for the me is best for the society. Moving from an economy based on manufacturing for the masses to one based on catering to idiosyncratic consumer interests further fueled a focus on the preferences of the autonomous individual.

One can certainly find evidence in humans and other species for the view of life being best understood in terms of self-interest. Sardines, for example, swim in what appears to be synchronized schools until approached by a predator, at which time they dart about so chaotically that they create what appears to be a large, tumultuous ball with a mind of its own. The rule governing the behavior of this dynamic and adaptive collective action can be explained entirely in terms of self-interests. Each fish is driven to swim to the middle, where it is less likely to be eaten by the hungry predator. Sardines are born with the capacity to swim, find food, and avoid predators. If they survive long enough to reproduce, their genes will be part of the gene pool for future generations. That is, if those who are genetically predisposed to swim to the middle are more likely to survive predation, then the genetic predisposition to swim to the middle will become a characteristic of a larger percentage of sardines in future generations.

The sardine ball is an example of a more general phenomenon, in which the choices made by members of a group endow the collective with properties that are consistent, predictable, and purposive enough that we can speak of them as "behaviors" of the group, even though the collective actions of the group are not directed by any of the individual members. This phenomenon can be called "emergent," because the properties or behavior of the group are not determined by any individual but arises from the collective behaviors of the individuals who constitute the group. Social structures like the sardine ball have evolved because the sardines whose genes compelled them to swim to the middle in the presence of predators were more likely to survive to reproduce, thereby contributing these genes to this species' gene pool.

According to the National Science Foundation's Tree of Life project, there are anywhere between 5 million and 100 million species on

Earth, only 2 million of which have been identified thus far. Most of the species identified are either born with the capacity to find sustenance and avoid predation sufficiently well that some survive long enough to reproduce, or they are born in such large numbers that some survive long enough to reproduce. It is the ability of such organisms to reproduce that determines what genes constitute the gene pool for the future generations of that species. These genes, in turn, shape the structure and function of the organisms that constitute a species. This reasoning led George Williams (*2*) to suggest a half century ago that traits (i.e., behavioral tendencies) which benefit the group at the expense of the individual would evolve only if the process of group-selection was great enough to overcome selection within groups. He further suggested that group selection is nearly always weak, so that group-related adaptations do not exist (*3*). Richard Dawkins (*1*) popularized the notion that traits which evolve are adaptive at the gene level through his use of the metaphor of the selfish gene. Genes serve their own selfish interests in the sense that whatever the contributions made by a gene, or set of genes, to an organism's structure and function would be passed on to the next generation if and only if the gene made its way to the gene pool. Survival of the fittest now had a biological basis.

**United We Stand, Divided We Fall**

Charles Darwin did not know that genes were the mechanism through which structures and behaviors evolved, but an important component of his original theory was the notion of survival of the fittest. Darwin was also puzzled by the observation that many individual organisms made themselves less fit so that the group might survive. Subsequent generations of evolutionary biologists realized that even though genes might act as if selfish, the *vehicle* responsible for the transport of these genes to the gene pool occasionally extended beyond the individual or parent to kin and even to unrelated members of groups. More specifically, in some cases the superorganismal structures formed by social organisms represent naturally selected levels of organization above individual organisms (*4*).

Consider the example of the Emperor penguin (*Aptenodytes forsteri)*. Emperor penguins typically reside near their food source of squid, shoaling fish, and small crustaceans but in early winter they gather into breeding colonies (rookeries) up to 60 miles inland in April and May during the Antarctic winter. They search for their mate from the previous year, and go through a courtship ritual before mating. The female lays only one egg in May or June, which coincides with the start of the bitter Antarctica winter. The Emperor penguins are thought to have developed this unusual winter breeding behavior to permit the chick to grow to independence the following summer, when food is plentiful. Ensuring the chick survives that long is a collective enterprise, with the vehicle responsible for the chick surviving long enough such that it too can reproduce not being solely the mother or the father but also the huddle.

The birthing of the egg leaves the mother depleted, so she must return to the seaside to feed while the father assumes responsibility for the incubation of the egg during the winter. An egg from an Emperor penguin will quickly freeze if left exposed to harsh winter conditions of the Antarctica, so the

transition of the egg from beneath the warmth and safety of the mother to atop the feet and under a fold of feathered abdominal skin of the father requires a bit of coordination on the part of the two. Even this is not sufficient for the genes of this pair to find their way into the gene pool. The conditions of the Antarctic winters are among the least hospitable on earth, with winter temperatures dipping below -60 degrees Celsius and winds reaching 120 mph. To protect themselves from the wind and cold, the male penguins huddle together, spending much of their time sleeping to conserve energy. In this harsh environment, survival of the chicks depends on the shared warmth and protection of the huddle, not the individual. The group as a whole is more likely to survive if each penguin and chick shares in the warmth and protection of the collective structure, which means selective pressures exist to promote cooperation to maintain the integrity of the huddle. More generally, for species born to a period of utter dependency, the genes that find their way into the gene pool are not defined solely or even mostly by likelihood that an organism will reproduce but by the likelihood that the offspring of the parent will live long enough to reproduce. As in the case of the Emperor penguins, one consequence is that selfish genes evolved through individual-level selection processes to promote social preferences and group processes, including reciprocal social behaviors, that can extend beyond kin relationships (e.g., *5*). Examples of such selection processes in humans exist, as well (e.g., *6, 7*).

The environmental challenges facing Emperor penguins, as daunting as they are, pale by comparison to the complexities facing the human species. Indeed, the social brain hypothesis posits that the social complexities and demands of primate species contributed to the rapid increase in neocortical (i.e., the outer layer of the brain) connectivity and intelligence (*8*). Warfare among ancestral hunter-gatherers appears to have contributed to group selection for human social behaviors, especially altruistic behaviors (*5*). As Darwin (1871) noted:

> A tribe including many members who, from possessing a high degree of the spirit of patriotism, fidelity, obedience, courage, and sympathy, were always ready to aid one another, and to sacrifice themselves for the common good would be victorious over most other tribes; and this would be natural selection. (p. 166)

Moreover, deducing better ways to find food, avoid perils, and navigate territories has adaptive value for large mammals, but the complexities of these ecological demands are no match for the complexities of social living (especially in hostile between-group social environments), which include: recognizing ingroup and outgroup members; learning by social observation; recognizing the shifting status of friends and foes; anticipating and coordinating efforts between two or more individuals; using language to communicate, reason, teach, and deceive others; orchestrating relationships, ranging from pair bonds and families to friends, bands, and coalitions; navigating complex social hierarchies, social norms and cultural developments; subjugating self-interests to the interests of the pair bond or social group in exchange for the possibility of long term benefits for oneself or one's group; recruiting support to sanction

individuals who violate group norms; and doing all this across time frames that stretch from the distant past to multiple possible futures (*9*). Consistent with this hypothesis, measures of sociality in troops of baboons have been found to be highly correlated with infant survival, and cross-species comparisons have shown that the evolution of large and metabolically expensive brains is more closely associated with social than ecological complexity (*9*).

Our survival depends on our connection with others. Born to the most prolonged period of utter dependency of any animal, human infants must instantly engage their parents in protective behavior, and the parents must care enough about their offspring to nurture and protect them. If infants do not elicit nurturance and protection from caregivers, or if caregivers are not motivated to provide such care over an extended period of time, then the infants will perish along with the genetic legacy of the parents (*10*). Our developmental dependency mirrors our evolutionary heritage. Hunter/gatherers did not have the benefit of natural weaponry, armor, strength, flight, stealth, or speed relative to many other species. Human survival depended on *collective* abilities, not on individual might.

**Selfish Genes, Social Brains**

It is the gene that is obligatorily selfish, not the human brain. Genes that promote behaviors that increase the odds of the genes surviving are perpetuated. One implication of this simple insight is that evolution can be viewed as the competition between genes using individuals and social structures as their temporary vehicles. The genetic constitution of *Homo Sapiens* in the long run derives not solely from the reproductive success of individuals, but also from the success of their children to reproduce. Hunter/gatherers who did not form social connections and who did not feel a compulsion to return to share their food or defense with their offspring may have been more likely to survive to procreate again, but given the long period of dependency of human infants their offspring may have been less likely to survive to procreate. The result is selection that strongly favors the ability to process information that could contribute to the formation and maintenance of social capacities and connections – that is, a social brain. These social capacities evolved hand in hand with genetic, neural, and hormonal mechanisms to support them because the resulting social behaviors helped humans survive, reproduce, and care for offspring sufficiently long that they too survived to reproduce (*11-13*). Relative to other animals, the striking development of and increased connectivity within the human cerebral cortex, especially the frontal and temporal regions, are among the key evolutionary developments in this regard. The cerebral cortex is a mantle of between 2.6 to 16 billion neurons with each neuron receiving 10,000 to 100,000 synapses in their dendritic trees (e.g., *14*). The expansion of the frontal regions in the human brain contributes to the human capacities for reasoning, planning, performing mental simulations, theory of mind, and thinking about self and others. The temporal regions of the brain, in turn, are involved with aspects of social perception, memory, and communication. The means for guiding behavior through the environment emerged prior to neocortical expansion.

The evolutionarily older systems also play a role in human information processing and behavior, albeit in a more rigid and stereotyped fashion. The intricately interconnected neocortical regions of the frontal lobes are involved in self control, which permits the modulation of these older systems and the overriding of organismal hedonistic impulses for the benefit of others (*15*).

Evidence across human history provides overwhelming support for the supposition that humans are fundamentally social creatures (*13*). Even in contemporary times in which autonomy is revered, the average person has been estimated to spend nearly 80% of waking hours in the company of others, most of which is spent in small talk with known individuals (*16*). These estimates have been supported in more detailed assessment using the day-reconstruction method to determine how people spend their time and how they experienced events in their lives on a daily basis (*17*). The results of these daily assessments indicate people spend only 3.4 hrs alone, or approximately 20% of their waking hours. The time spent with friends, relatives, spouse, children, clients, and coworkers is rated on average as more inherently rewarding than the time spent alone (*17*).

Respondents indicate that their most enjoyable activities are intimate relations and socializing – activities that promote bonding and high quality relationships, whereas their least enjoyable activities are commuting and working. These results are consistent with survey data. When asked "what is necessary for happiness?" the majority of respondents rate "relationships with family and friends" as most important (*18*), although we certainly do not always act like this is most important. It is surprisingly easy to overlook the evident.

**Noticing the Unusual, Overlooking the Obvious**

On January 15, 2009, US Airways Flight 1549 departed from New York's LaGuardia Airport for Charlotte, North Carolina when it struck a flock of geese during takeoff. Both engines were disabled, and the heavy aircraft quickly lost the power it needed to stay aloft, but Capt. Chesley Sullenberger somehow managed a controlled descent into the Hudson River. The media dubbed the ditching of the plane and the survival of all 155 passengers and crew the miracle on the Hudson, and Sullenberger was duly heralded as a hero. The ability to control the descent of an 84-ton plane without engine thrust is not something with which humans are naturally endowed. Sullenberger was not a novice, of course. He is a U.S. Air Force Academy graduate who flew F-4 fighter planes while in the Air Force, has 40 years of flight experience, and holds a commercial glider license and glider instructor rating. As remarkable as was his achievement relative to what one might normally expect in this situation, however, Sullenberger's efforts were not sufficient for the miracle on the Hudson to be achieved.

When Flight 1549 came to a stop in the frigid Hudson River, the passengers and crew scrambled to the wings and inflatable slides of their slowly sinking aircraft. Local commercial vessels from the New York Waterway and Circle Line fleets responded almost immediately, with the first of the vessels reaching the plane within four minutes. The crews of the various vessels worked together to rescue the passengers and crew of Flight

1549, and various volunteers and agencies offered medical assistance. These rescue efforts were not motivated by personal or commercial self-interests, and none of the commercial vessel captains was lauded as a hero. Their efforts received less attention because their actions were precisely what we expect of one another.

It is the unusual, not the commonplace, that is noticed. On March 13, 1964, Kitty Genovese parked near her home in Kew Gardens, New York, and proceeded to her residence in a small apartment complex. Winston Moseley, a business machine operator who later confessed that his motive was simply to kill a woman, overtook Genovese and stabbed her twice in the back. Genovese screamed, "Oh my God, he stabbed me! Help me!", a call that was heard by neighbors. When one neighbor shouted at the attacker, "Leave that girl alone," Moseley ran away. Genovese, who was wounded and bleeding, moved toward the apartment building slowly and alone. Moseley returned approximately 10 minutes later and searched for Genovese. Finding her nearly unconscious in a hallway of the building, he continued his knife attack on her and sexually assaulted her. The entire attack unfolded over about half an hour, and yet no one responded. The first clear call for help to the police did not occur until minutes following the final attack, and Genovese died in an ambulance en route to the hospital. The number of people who were aware of some aspect of the attack was estimated to be from a dozen to more than three dozen. One unidentified neighbor who saw part of the attack was quoted in a *New York Times* article as saying "I didn't want to get involved." (*19*). The notion that people might not go to the aid of another, even a stranger, in dire need led to public outrage. Decades of research led to the conclusion that the ambiguity of the situation and the diffusion of responsibility were contributing factors.

These two news stories illustrate, in very different ways, how invisible forces sculpted by evolution and cultivated by the environment act on our species. When commercial boat captains act against their own financial interests to rescue others on a sinking aircraft, we think nothing of it because we believe it is what any individual in the same situation would naturally do. When observers of a brutal attack do nothing to aid the victim, we are horrified because we believe it goes against who we are as a species. Humans are not motivated solely by self interests but rather we work together and help one another when in need. We survive and prosper in the long term through collective concerns and actions, not by solely selfish pursuits (*20*).

**Danger Signals**

The stories of the sardine ball and the penguin huddle suggest that it is dangerous to be on the social perimeter. Living on the perimeter threatens the lives and genetic legacy of humans, as well. Epidemiological studies have found that social isolation is not only associated with lower levels of happiness and well being but with broad based morbidity and mortality (*21*). Moreover, humans are such meaning-making creatures that perceived social isolation is at least as important a predictor of adverse outcomes on human health and well being as is objective social isolation (*22*). Writers may spend long periods by themselves, but the envisioned readers make this time feel

anything but isolated. High school graduates who leave family and friends for the first time to attend college, on the other hand, typically experience intense feelings of social isolation even though they are physically around more people than before they left home. Caspi and colleagues (*23*) found that *perceived* social isolation in adolescence and young adulthood predicted how many cardiovascular risk factors (e.g., body mass index, waist circumference, blood pressure, cholesterol) were elevated in young adulthood, and that the number of developmental occasions (i.e., childhood, adolescence, young adulthood) at which participants felt socially isolated predicted the number of elevated risk factors in young adulthood.

Perceived social isolation is known more colloquially as loneliness, which in early scientific investigations was depicted as "a chronic distress without redeeming features" (*24, p. 15*). Loneliness may feel like a painfully miserable, hopeless, and worthless state, but we have found it has a specific structure and a valuable adaptive function.

Research on the ways in which people describe themselves when asked the question, "Who are you?", reveals three basic dimensions (*25*): (1) *a personal, or intimate, self,* the "you" of your individual characteristics; (2) a *social or relational self,* which is who you are in relation to the people closest to you—your spouse, kids, friends, and neighbors; and (3) a *collective self,* the you that is the member of a certain ethnic group, has a certain national identity, belongs to certain professional or other associations, and a member of the fan club for certain sports teams. Similar to the relational self, this part of the self is social but what makes this self distinct is that these are broader social identities, linked to larger social groups rather than individual members of the groups. When we examined the dimensions underlying loneliness/social connectedness, we found the same three basic dimensions (*26*): (1) *intimate connection/isolation* refers to the perceived presence/absence of anyone in your life who affirms you as a valued person; (2) *relational connection/isolation* refers to the perceived presence/absence of quality friendships or family connections; and (3) *collective connection/isolation* refers to the perceived presence/absence of a meaningful connection with a group or social stimulus (e.g., school, team) beyond other individuals. When you perceive you are part of a valued group (collective connection), for instance, you may be more inclined to agree with other group members, even on beliefs that may seem irrational, than when you are thinking of yourself as a unique individual.

Given that human survival and prosperity depends on inclusion in and participation with a social group, especially in evolutionary time when food was scarce and dangers were common, there is an adaptive benefit to having the strong and aversive response of loneliness when an individual feels his or her social connections might be weakening or broken, just as there is a benefit to having aversive signals for other conditions critical for survival. Hunger, thirst, and pain have evolved as aversive signals to prompt an organism to change their behavior in a way that protects the individual and promotes the likelihood their genes will make their way into the gene pool. The social pain of loneliness has evolved similarly – to serve as a signal that one's connections

to others are weakening and to motivate the repair and maintenance of the connections to others that are needed for our health and well being as for the survival of our genes (*27*). Physical pain is an aversive signal that evolved to motivate one to take action that minimizes damage to one's body. Loneliness is an aversive signal that evolved to motivate one to take action that minimizes damage to one's social body.

People differ dispositionally in their sensitivity to the pain of social disconnection (i.e., feelings of loneliness; *28*) just as people differ in sensitivity to physical pain. Ostracism or objective isolation in most species is associated with an early death (*29*). In humans, the chronic feeling of social isolation, even when the person remains among the protective embrace of others, is associated with significant mental and physical disorders (*30*). Chronic hunger, thirst, and pain can also have deleterious effects for, like loneliness, their adaptive value lies in their effects as acute signals, not as chronic conditions. The opposite of feeling hunger, thirst, pain, or loneliness is feeling *normal*, and this is the state in which most people exist most of the time.

The social connections formed by humans need not be based on genetic similarities. The human species has evolved the capacity for and motivation to form relationships not only with other individuals but also with groups (e.g., a Chicago Cubs or Boston Red Sox fan) and nonhuman entities (e.g., through anthropomorphism, *31*). Team spirit and school spirit are familiar notions, and although team or school spirit refers to an invisible influence, it is an invisible influence that is no less open to rigorous scientific inquiry than are the invisible influences of gravity or magnetic flux. In the cases of team and school spirit, this influence represents a specific form of social connection between an individual and an emergent structure.

Perceived social connections are abstractions that can transcend time and space. People may feel a connection with their ancestors or family heritage even if they are the only remaining descendant, just as people can perceive personal connections with pets, cars, television characters, celebrities, and unseen spiritual entities with whom they do not actually interact. A potent component of spirituality (that does not depend on a specific religion) is the feeling of connection and purpose that come from forming a relationship with a higher being. A simple byproduct of our selfish genes and social brains may be our search for meaning in and connection with broader organizations or beings.

**Conclusion**

In 1939, the astrophysicist Sir Arthur Eddington published a book entitled *The philosophy of physical science* (*32*). In it he describes a hypothetical scientist who sought to determine the size of the various fish in the sea. The scientist began by weaving a 2-inch mesh net and setting sail across the seas, repeatedly sampling catches and carefully measuring, recording, and analyzing the results of each catch. After extensive sampling, the scientist concluded that there were no fish smaller than two inches in the sea. The moral of Sir Eddington's analogy is twofold. First, scientific instruments are shaped by people's intuitive theories of the phenomena to be investigated. Second, once developed, scientific expectations and instruments shape data and theory in ways more powerfully and fundamentally than are often appreciated.

What is the relevance of this to the story of the social nature of humankind? Our research findings have led me to believe that we all have made Eddington's error in the way we have thought about, studied, and tried to deal with an invisible force that motivates us to seek and maintain our connection with others – including the loneliness one feels when we feel important social connections are threatened or absent. Historically, the scientific perspective on loneliness was not only that it was a painful and miserable state, but that it was an aversive state with no redeeming features. All one needs to do is to reflect on the last time one felt terribly lonely, and one can appreciate the seemingly self-evident truth of this characterization. But as Sir Arthur Eddington's story shows us, the obvious and intuitive can sometimes be very misleading. It is now widely recognized that many structures and processes of the mind operate outside of awareness, with only the end products sometimes reaching awareness.

Humans have evolved to seek connections with and validation from other minds, and these social connections represent an important set of invisible forces operating on our brain and biology. The need for social connection extends beyond kin relations and beyond face to face relations to include felt connections with superorganismal entities such as teams, political parties, nations, and God. The unseen forces compelling these connections can be quantified and investigated objectively independent of one's spiritual beliefs. Underlying these aspirations are selfish genes that have produced a social brain which activates reward regions of the brain when we cooperate effectively with others (*33*) or punish the perpetrators of social exploitations (*34*), and which activates the pain matrix in the brain when we feel rejected by others (*35*). When people feel socially isolated (i.e., lonely) compared to when they do not feel lonely, they are more likely not only to perceive nonhuman objects as human-like but to believe in the existence of God (*31, 36*). To understand the full capacity of and forces operating on humans, we need to appreciate not only the memory and computational power of the brain but its capacity for representing, understanding, and connecting with other individuals and with the emergent structures, fictional and real, that the brain can represent. That is, we need to recognize that we have evolved a powerful, meaning-making *social* brain and a need for social connection.

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**From Inclusive Fitness to Spiritual Striving**

The notion of "selfish genes" (and, by extension, selfish organisms) was popularized in Richard Dawkins' 1976 book by that title. Not long afterwards, an article appeared in *Science* that presented evidence that the most vicious members of a warlike tribe in South America had the most wives and children. The underlying notion was one of (genetic) survival of the fittest: Those warriors who were particularly vicious were more likely to contribute their genes to the gene pool. Methodological objections have left this an open question, however, and new evidence now exists that calls this interpretation into question (1): the most aggressive warriors may have more children but they have *lower* indices of reproductive success than their milder brethren in part perhaps because the most aggressive warriors and their offspring are also more likely to be the targets of revenge killings. These new data are entirely consistent with John Cacioppo's argument that the content of the human gene pool has more to do with the reproductive success of one's offspring than one's own reproductive success. Cacioppo argued further that this genetic selection resulted in a social brain that seeks meaning and connection with individuals and with social entities (e.g., groups) that extend beyond other individuals.

In the next chapter, theologian Don Browning also embraces the concept of inclusive fitness and, through the writings of Thomas Aquinas, shows how religion serves the human need for meaning and connection through the ethics they advocate, the congregations they form, the institutions they represent, and the God they serve. In his view, religion serves to extend love and connection beyond kin. He further argues that new developments in the sciences and long-standing traditions in theology constitute fertile ground on which to build new and testable hypotheses regarding our fundamental human nature.

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## Chapter 3[3]

### Science, Religion, and a Revived Religious Humanism

For over 150 years there has been a vital, and often contentious, dialogue between science and religion. In recent years, new energy and fresh public interest have been injected into this conversation. This largely has come about due to the new insights into religion and ethics achieved by collaboration between evolutionary psychology and cognitive and social neuroscience.

What are the likely social consequences of this new interest in the relation of science and religion? There are at least three possible answers. One might be the new atheism exemplified by the writings of Richard Dawkins, Daniel Dennett, Sam Harris, and Christopher Hitchens.[1] In this approach, the alleged defective thinking of the world religions is exposed, and a worldview and way of life based strictly on science are offered as replacement. A second option might be the return of a hegemonic dominance of religion over science. However, polarizing rhetoric from advocates for the exclusive interpretive priority of either science or religion has long since ceased to be culturally or academically productive. Instead, through dialogue about common issues, scientific and theological thinkers may pose questions that lead to more sophisticated inquiry in both fields. Confidence in the productive possibilities of reciprocal questioning is a hallmark of the long tradition known as religious humanism. Here I illustrate the potential contribution of religious humanism by bringing recent psychological research into dialogue with the religious concept of love.

What would this religious humanism be like? The major world religions would remain visible and viable as religious movements. But the contributions of science would help these religions refine their interests in improving the health, education, wealth,

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In this essay, Browning acknowledges the antagonistic relationship that can be found between science and religion, but he proposes that the dialogue between science and religion can now be conducted on philosophical grounds that promote a new religious humanism that will honor the core ideas of the great religions, refine their view of nature, and increase the values of health, wealth, education, and general well-being.

and overall well-being of their adherents. In addition, the sciences would help them refine their grasp of the empirical world about which they are, like humans in general, constantly making judgments, predictions, and characterizations. In my vision, the attitude of scientists toward religion would be first of all phenomenological; they would first attempt to describe and understand religious beliefs, ethics, and rituals in their full historical context. But their interest in explaining some of the conditions that give rise to religious phenomena would not be inhibited by either religion or the wider society. There are several different approaches to phenomenology. The perspective that I recommend follows the "critical hermeneutic phenomenology" of Paul Ricoeur. Ricoeur advocates beginning the study of religion with a phenomenology – a careful description – of the person's or community's words, symbols, metaphors, and narratives used to communicate the meaning of a religious experience or practice. This view assumes that we cannot describe experience directly but rather that experience is always mediated by symbols and metaphors. But Ricoeur's phenomenology does not stop with a description of these meanings. It builds in a secondary place for science and explanation. It seeks through science to give explanatory accounts of the affects and motivations that humans bring to these words, symbols, and metaphors. If scientists followed Ricoeur's model, they would understand the importance of beginning with description, be hesitant to skip lightly over initial phenomenological meanings, appreciate yet grasp the limits of explanation, and be reluctant to plunge into speculations, such as those of the new scientific atheism, about the ultimate truth or falsity of religious phenomena.[2]

On the other hand, the religions themselves can contribute to the sciences. They can do this by offering hypotheses about how social and religious ideas, behaviors, and rituals can shape experience, even neural processes, often for the good but sometimes not. The religions can offer a more generous epistemology and ontology than science is inclined to find useful for the tight explanatory interests of the laboratory or scientific survey. This too might generate new hypotheses for scientific investigation. These would be some of the ground rules for how a dialogue between science and religion might stimulate a revived religious humanism.

**Religious Humanisms of the Past**

To speak of a revival suggests that there have been many expressions of religious humanism in the past when some form of science, philosophy, and religion creatively interacted. I will limit myself to speaking primarily about Judaism, Christianity, and Islam. A synthesis between Greek philosophical psychology and Christianity can be found in the use of Stoic theories of desire by the apostle Paul,[3] the presence of Aristotle's family ethic – with its implicit psycho-biology - in the household codes of Ephesians and I Colossians,[4] and the gospel of John's identification of Jesus with the Platonic and Stoic idea of the pre-existent "Word."[5] A more intentional religious humanism can be found in Augustine's use of the neo-Platonic Plotinus, especially in the philosophical psychology of remembrance developed in his *Confessions*.[6] But the most dramatic example of a religious

humanism that spread simultaneously into Judaism, Christianity, and Islam can be found when the lost texts of Aristotle were discovered, translated, and appropriated by scholars from these three religions who worked at the same tables in Islamic libraries in Spain and Sicily during the ninth and tenth centuries. Richard Rubinstein in his timely book titled *Aristotle's Children* (2003) tells the story well.[7] This gave rise to forms of Aristotelian religious humanism in the works of Thomas Aquinas in Christianity, Maimonides in Judaism, and Averroës in Islam. On the American scene, one sees another form of Christian humanism in the synthesis of philosophical pragmatism, with all its influence from Darwin, and expressions of liberal Christianity and the social gospel movement.[8]

Religious humanisms have not always flourished and are subject to attacks from both fundamentalists and scientific secularists. They need constant updating and vigorous intellectual development. But at their best, they make it possible for societies to maintain strong religious communities as well as integrating symbolic umbrellas that protect the productive interaction of the scientific disciplines with the wider cultural and religious life.

**An Example: The *Agape, Caritas, and Eros* Debate**

Few words in the English language have such a range of everyday meanings and of serious philosophical and theological consideration as the word love. For this reason, it is an excellent candidate for scientific investigation that has potential benefits for religious practice and everyday life. Although some theologians have sought to create a sharp division between "Christian love" and all other forms of love, the tradition of religious humanism proposes that science clarifies the workings of love in human societies and religion extends the scope of love beyond its most immediate domain of kinship.

There are three major tensions in theological discussions of Christian love. They center around the two Greek words *agape and eros* and the Latin word *caritas*. A famous book titled *Agape and Eros* (1953) written by the Swedish theologian Anders Nygren traced the debate through Christian history.[9] Nygren believed that the truly normative and authentic understanding of Christian love is found in the word *agape,* the Greek word used for Christian love in the New Testament. It refers to a kind of self-giving, even self-sacrificial, love that is only possible by the grace of God.[10] Nygren was particularly interested in arguing that Christian love did not build on what the Greek philosophers called *eros*. He claimed *eros* refers to the natural desires of humans to have and unite with the goods of life. This includes the goods of health, wealth, affiliation, and pleasure but it also includes the higher goods of beauty and truth. Nygren's point, however, was that Christian *love does not build on or incorporate eros* – the natural aspirational strivings of humans. He believed he found this view of Christian love in the New Testament (especially the writing of the apostle Paul) and Martin Luther, the giant of the Protestant Reformation.

Nygren was particularly interested in dismantling the classical medieval Roman Catholic view of Christian love that was often summarized with the English word charity or the Latin word *caritas*. Why

did Nygren oppose the *caritas* view of Christian love? The answer is that the meaning of love as *caritas* did exactly what Nygren thought Paul and Luther, his theological heroes, did not do. In the classic Roman Catholic view, love as *caritas* builds on *eros*. *Caritas* was seen to include natural desires for health and affiliation. But the *caritas* view of love also held that religious education and God's grace built on and expanded these natural inclinations to entail a self-giving benevolence to others, even strangers and enemies – an idea so central to the concept of Christian love.

All of this seemed too naturalistic for Nygren. It seemed to play down the importance of God's transforming grace. He joined other European neo-orthodox theologians of his day such as Karl Barth and Rudolph Bultmann in cutting off Christian love from *eros*,[11] which in effect was to cut Christian love from nature and desire – the very things scientists tend to study. Beginning with Nygren's strong view of *agape* and the strong supernaturalism of both Nygren and Barth, there was little room in these mid-twentieth century Protestant trends for a productive dialogue between Christian ethics and the new scientific advances in moral psychology, evolutionary psychology, and neuroscience.

At the same time, however, breakthroughs in these very disciplines have led to a new reassessment of the Catholic *caritas* model of Christian love. But before I review in more detail how this model worked, especially in the thought of the great medieval Roman Catholic theologian Thomas Aquinas, let me turn to review some of the moral implications of insights into kin altruism and inclusive fitness emerging today from evolutionary psychology and social neuroscience.

**Moral Implications of Kin Altruism and Inclusive Fitness**

As is well known, the idea of inclusive fitness was first put forth in 1964 by William Hamilton.[12] Hamilton's view of inclusive fitness holds that living beings not only struggle for their individual survival but for the survival of offspring and kin who also carry their genes. Their altruism is likely to be proportional to the percentage of their genes that others carry. This insight was further developed by the concept of parental investment. Ronald Fisher and Robert Trivers (1972) defined it as "any investment by the parent in an individual offspring that increases the offspring's chance of surviving…at the cost of the parent's ability to invest in other offspring."[13] These insights were at the core of the emerging field of sociobiology and were first brought to the wider public attention by E.O. Wilson's *Sociobiology: The New Synthesis* (1975).[14]

But the moral implications of the concept of inclusive fitness, parental investment, and kin altruism have received competing interpretations. Richard Dawkins in his *The Selfish Gene* (1976) turned these ideas into a defense of philosophical ethical egoism and argued that all altruistic acts are disguised maneuvers to perpetuate our own genes.[15] But there are other interpretations. Social neuroscientist John Cacioppo interprets our motives toward inclusive fitness and kin altruism as the core of human intergenerational care and the vital link between sociality and spirituality. In cooperation with his colleagues, his research on loneliness

uses evolutionary theory on inclusive fitness to order many of his findings. From the perspective of this model of basic human motivations, loneliness can be seen as a condition that "promotes inclusive fitness by signaling ruptures in social connections and motivates the repair or replacement of these connections."[16] According to his interpretation of inclusive fitness, our gene continuity is not assured by simply having our own children. Our children also must have children as well. And this is a challenge entailing long-term expenditures of energy. To account for this, Cacioppo writes something about human infant dependency that is very close to what both the Greek philosopher Aristotle and the medieval Roman Catholic theologian Thomas Aquinas set down many centuries earlier. Cacioppo says,

> For many species, the offspring need little or no parenting to survive and reproduce. Homo sapiens, however, are born to the longest period of abject dependency of any species. Simple reproduction, therefore, is not sufficient to ensure that one's genes make it into the gene pool. For an individual's genes to make it to the gene pool, one's offspring must survive to reproduce. Moreover, social connections and the behaviors they engender (e.g., cooperation, altruism, alliances) enhance the survival and reproduction of those involved, increasing inclusive fitness.[17]

According to this view, the twofold interaction between inclusive fitness and the long period of infant dependency has shaped humans over the long course of evolution into the social and caring creatures we are. Sociality is a fundamental characteristic of humans, and, according to Cacioppo, spirituality, in its various forms, is an extension of sociality. Religion is generally, although not always, good for our mental and physical health - our heart, our blood pressure, our self-esteem, and our self-control - just like having good friends and family or not being lonely are also good for our well-being.[18] Cacioppo and colleagues do not equate sociality and religion; they are fully aware that religions are complex phenomena with many different doctrinal, ethical, ritual, organizational, personal, and social features that require either rigorous experimental or clinical population studies to sort out, even from the perspective of how they affect health. Nonetheless, he seems to hold that the sociality that most religions offer is a key reason for their efficacy in human well-being.

**Does Christian Love Build on Health?**

But my concern is the topic of Christian love and not simply Christianity's contribution to mental and physical health. Although Jesus is said to have performed miracles of health, offering health in this world has never been at the core of Christianity or, for that matter, the other Abrahamic religions of Judaism and Islam. Bringing to maturity loving and self-giving persons has been the primary concern of Christianity, whether or not this contributes to health and well-being. But the question is, as I elaborated above, does Christian love build on *eros* - that is, our strivings for health and other goods - or come exclusively from some trans-natural source as Nygren believes the normative tradition taught? And did Christianity ever identify *eros* and our deepest motivations with

something like inclusive fitness and kin altruism?

Let me start with Aquinas. In the "Supplement" to his *Summa Theologica III,*

Thomas follows Aristotle and the Roman natural-law theorist Ulpian in asserting that humans share with all animals an inclination to have offspring. [19] Having said this, he then introduces a very modern sounding commentary on the uniqueness to humans of the long period of infant dependency. Notice the similarity of his argument to the words of Cacioppo above. Aquinas writes,

> Yet nature does not incline thereto in the same way in all animals; since there are animals whose offspring are able to seek food immediately after birth, or are sufficiently fed by their mother; and in these there is no tie between male and female; whereas in those whose offspring needing the support of both parents, although for a short time, there is a certain tie, as may be seen in certain birds. In man, however, since the child needs the parents' care for a long time, there is a very great tie between male and female, to which tie even the generic nature inclines. [20]

Although there is in this quote a description of how family formation emerges at the human level, there is an implicit argument for both the fact of human infant dependency and what we today call inclusive fitness as well. But these ideas are even more evident in the next quote, although stated very much from the male point of view, a habit typical of his time. Aquinas says, "Since the natural life which cannot be preserved in the person of an undying father is preserved, by a kind of succession, in the person of the son, it is naturally befitting that the son succeed in the things belonging to the father." [21] Aquinas's main source for this insight was Aristotle's *Politics.* In one place Aristotle wrote, " In common with other animals and with plants, mankind have a natural desire to leave behind them an image of themselves." [22]

However, in both Aristotle and Aquinas, such claims were not just about the importance of kin continuity, they were statements about the origin and need of long-term investments by parents at the human level. In contrast to his teacher Plato who, in his *Republic,* had advocated removing children from their biological parents in an effort to overcome the civil frictions created by nepotism, [23] Aristotle counters with an assertion about the origins of human care. Aristotle wrote, "That which is common to the greatest number has the least care bestowed upon it." He believed that in Plato's state, "love will be watery….Of the two qualities which chiefly inspire regard and affection – that a thing is your own and that it is your only one – neither can exist in such a state as this." [24] This is an assertion about the importance of kin altruism in human care.

Although Aquinas saw these natural inclinations as important for the formation of long-term human care, he believed that they were not sufficient for mature parental love. Powerful social, cultural, and indeed religious reinforcements were also necessary for stable parental investment to be realized. This, once again, is due, according to Aquinas, because of the many long years of human childhood dependency; human children need their parents for a very long period of time and over the course

of many contingencies and challenges. This leads Aquinas to develop his theology of marriage as a way of consolidating and stabilizing parental commitment, especially paternal commitment, to their dependent children. [25]

Although neither Aristotle nor Aquinas presented the full intergenerational scope of Cacioppo's interpretation of kin altruism and inclusive fitness – that it must extend to our children's children and not just our own – both perspectives comprehended the interlocking nature of kin altruism and the well-spring of care, long-term human commitment, and hence some of the rudimentary energies of human morality.

Of course, Aquinas and those who followed him supplemented these naturalistic observations with additional epistemological presuppositions that may seem strange to scientists. These included the idea that God works through nature as well as grace, hence God is present in the kin altruistic inclinations of parents and grandparents. He also assumed that in order for kin altruism to be stable, the additional social reinforcements of institutional marriage and God's strengthening grace and forgiveness were also needed. In addition, he held - and Christianity has always taught - that Christian love includes more than kin altruism and the care of our familial offspring; it must include the love of neighbor, stranger, and enemy, even to the point of self-sacrifice. For the Christian, this was made possible by the idea that God was the creator of all humans and hence each person was a child of God and made in God's image (*imago dei)*. For this reason, as Kant would say on different grounds, each individual should be treated "always as an end and never as a means only." [26] In Aquinas's view, acting on this belief, and with the empowering grace of God, made it possible for Christians *to build on yet analogically generalize their kin altruism to all children of God, even those beyond the immediate family, their own children, and their own kin.* These wider assumptions may be beyond the competence of science to assess. They entail a step toward metaphysical speculation of the kind science would do better to avoid. Nonetheless, in the view of Christian love developed in Aquinas, the seeds of a religious humanism – in this case a Christian humanism –began to form.

I have tried to illustrate how insights from Aristotle and Aquinas can join with insights from evolutionary psychology and social neuroscience to refine the Christian understanding of love. In pursuing this course, I join the work of Stephen Pope and others in presenting this option. [27] The kind of Christian humanism found in Aquinas makes it possible for Christianity to be enriched by the modern sciences of human nature. Aquinas's view is strikingly different from Nygren's representation of Paul and Luther when Nygren contends that Christian *love does not build on our own natural energies, but "has come to us from heaven*." [28] Or again, it is very different from Nygren's view when he writes that the Christian is "merely the tube, the channel through which God's love flows." [29] The complete discontinuity in this statement between the downward love of God and the natural extension to nonkin of human kin-altruistic impulses is stunning. And such a view as Nygren's precludes the possibility of a religious humanism of the kind I have been describing. And it

eliminates the possibility of the refinements to religious views of human nature that the conversation between religion and science can offer.

**Conclusion**

My argument has been that a revived religious humanism can come about through the dialogue between religion and science, particularly between religion and the psychological sciences. I have illustrated this with the issue of love in Christianity. I believe my argument could be illustrated with other religions, especially the Abrahamic religions of Judaism and Islam. As Aristotle's influence created a kind of religious humanism in these religions in the past, the broader dialogue between science and religion may be able to do this for them in the future.

But the contributions will not simply flow from science to religion. Even in this short essay, a question for science to investigate has arisen. It is this: how do religious and metaphysical beliefs extend the impulse of natural kin altruism, if at all? This goes beyond the issue of the relation of religion to health. It raises the question of the relation of religion to expansive love for the distant other. This is a good question that comes from taking the claims of religion seriously and an example of how religion can continue to feed and challenge scientific inquiry.

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**The Status of the Body Politic and the Status of the Body Itself**

In the long history of conversations between science and religion, starting points matter. As Don Browning demonstrates through the example of Thomas Aquinas, when religions start with a desire to understand human behavior, such as the long-term human commitment between parent and child, they recognize that science might illuminate and refine that understanding. And religion, in turn, might shape social institutions that not only enhance the human drive toward social connection but also imaginatively extend its influence beyond direct kinship to influence ethical relations with neighbor and stranger. By starting with a shared interest in understanding what Browning calls "the rudimentary energies of human morality," creative conversation between science and religion thus prompts a religious humanism, in which religion partners with science to shape models of fulfillment for human sociality.

Like Browning, Louise Hawkley starts with the human quest for social connection. As humans mature, Hawkley observes, they proceed from childhood dependence not toward independence but toward interdependence. But, whereas Browning pursued the implications of interdependence for the body politic, Hawkley wants to know the consequences of interdependence for the physical body. Her research focuses on the interplay between psychological and physical factors in the human sense of social connectedness, and Hawkley finds that "feeling wanted and accepted and like one belongs are as vital to our existence as the air we breathe. " A robust sense of social connection reverberates throughout the human body, and its absence—in loneliness—is likely to have long-term adverse effects on personal health.

## Chapter 4[4]
## Health by Connection:
## From Social Brains to Resilient Bodies

We enter and leave the world alone, but at no time do we exist disconnected from others. The connection with the mother that begins *in utero* does not end with the physical severing of the umbilical cord but continues in a lengthy dependence on the mother or primary caregiver(s) for food and safety. Years are needed for the infant to reach physical and reproductive maturation, but as Cacioppo notes, even more importantly these years are needed for the infant to develop the social and emotional skills necessary for survival in a complex social world. We graduate from infantile dependence not to independence but to interdependence (cooperation, trust, reciprocity, etc.). That we are born to and for connection explains why feeling disconnected, isolated, and like we don't belong can be so painful. We call these feelings loneliness. Feelings of loneliness function like physical pain or hunger or thirst; they motivate us to alleviate the social pain and to repair our sense of connectedness. This is an important adaptive function of loneliness because people who feel connected fare much better than those who feel disconnected. They are not only happier but also healthier than their more lonely counterparts. As we will see, the power of felt connectedness reverberates throughout the human body. As was aptly stated by Frederick Buechner, "You can kiss your family and friends good-bye and put miles between you, but at the same time you carry them with you in your heart, your mind, your stomach, because you do not just live in a world but a world lives in you."[1] We tend to take for granted our sense of social connectedness, but that should not blind us to its powerful, albeit invisible, influence on our lives. Its impact is best exposed when we observe the effects of its absence (i.e., loneliness) on physical and mental health and well-being.

**Loneliness is a Health Risk, but How?**

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Hawkley finds awe in the significance of what it means to be a social species. Atul Gawande wrote, "We are social not just in the trivial sense that we like company, and not just in the obvious sense that we each depend on others. We are social in a more elemental way: simply to exist as a normal human being requires interaction with other people" (The New Yorker, March 2009). Hawkley believes that we are social beings to our cellular core, and even that does not capture the full extent of our sociality. For these reasons, she is increasingly uncomfortable with the term "loneliness," a term that is laden with popular definitions and understandings that only hint at the deeper significance of our social nature. As she shows, what the study of loneliness actually reveals is that feeling wanted and accepted and like one belongs are as vital to our existence as the air we breathe. Nothing kills like being denied a socially meaningful existence.

For research purposes, loneliness is typically measured on a continuum that ranges from not at all lonely (i.e., socially connected) to very lonely. It is informative, however, to get a sense of the prevalence of loneliness when assessed as present or absent. Loneliness is a common experience; as many as 80 percent of people under 18 years of age and 30 percent of people over 65 years of age report being lonely at least sometimes. For most people, feelings of loneliness are situational and transient (e.g., geographic relocation). For as many as 15-30% of the general population, however, loneliness is a chronic state, and it is among these individuals that loneliness wreaks its greatest havoc. In a study of children followed through young adulthood, those who were highly lonely at each of three measurement occasions (i.e., childhood, adolescence, and at 26 years of age) exhibited a significantly greater number of standard health risks. The chronically lonely individuals were more likely to have higher body mass index (BMI), elevated blood pressure, higher levels of total cholesterol, lower levels of "good" HDL cholesterol, greater concentrations of glycosylated hemoglobin (an index of impaired glucose metabolism), and poorer respiratory fitness than those who were lonely at only two or one of the measurement occasions.[2] In a study of older adults, loneliness predicted mortality over a 3-year period, and increased mortality was explained by the fact that lonely individuals had more chronic diseases and functional limitations.[3] Higher rates of mortality in lonely individuals do not appear to be attributable to inadequate healthcare utilization: even after accounting for the presence and severity of chronic illness, lonely individuals are actually more likely than nonlonely individuals to make use of health facilities and physicians.[4]

Most chronic diseases (e.g., hypertension, coronary artery disease, diabetes) are the result of the interactive influences of genetic, environmental, and behavioral factors on physiological functioning. How do feelings of loneliness penetrate to a level that affects disease risk? Plausible pathways include poor health behaviors, stress-related processes, restorative "anti-stress" processes, and even differences in patterns of gene activity. In general, physiological systems exhibit redundancies and compensatory processes that minimize the immediate health effects of adverse heritable, environmental, and behavioral factors. However, subtle changes in these predisease pathways can be detected prior to the onset of manifest disease and may indicate the beginnings of a steeper downward trajectory in resilience.[5]

Take health behaviors, for instance. Major risk factors for disease in Western society include high-calorie, high-fat diets, and sedentary lifestyles, each of which contribute to being overweight or obese. Feelings of loneliness have been associated with greater incidence of these predominantly lifestyle risk factors. In a large cross-sectional survey of adults 18 years and older, the lonely group had a higher mean BMI and a greater proportion of overweight/obese individuals than did the nonlonely group. Loneliness has been associated with lower levels of physical activity in every age group from grade school to middle-age adults. In the latter study, lonely individuals were also more likely to become inactive over time. Changes in health status also

predicted an increased likelihood of becoming inactive, but the effects of loneliness were independent of changes in health status. Similarly, individuals with fewer social connections (i.e., a smaller social network) were less likely to be physically active, but the effects of loneliness on physical activity did not depend on the size of the social network. The invisible force of loneliness seems to play a unique role in this particular predisease pathway.

Another commonly cited risk factor for disease is stress. In reality, "stress" refers to a family of predisease pathways, each of which may be vulnerable to the influence of lonely feelings. Loneliness is itself a source of stress, but lonely individuals also differ in their exposure to stressful events and circumstances. This is less evident in young adults than it is in older adults in whom loneliness was associated with having experienced a greater number of stressful life events in the past year (e.g., death in the family, marital crisis, change in employment status) and more sources of chronic stress (e.g., employment stress, marital stress).[6] In addition, lonely individuals perceive life as more stressful and less gratifying than their socially connected counterparts, even when objective indications are that lonely and nonlonely individuals do not differ in the types of activities and behaviors they engage in on a daily basis. Good quality social interactions typically ameliorate feelings of stress, but because lonely people perceive their interactions to be less positive than those of nonlonely people, they fail to derive the same benefit. Good coping strategies can also ameliorate feelings of stress, but lonely individuals are more likely to respond to stress with pessimism and avoidance than with optimism and active engagement. And to add insult to injury, loneliness increases sensitivity to and surveillance for social threats. Anxiety, low self-esteem, and fear of negative evaluation elicit self-defensive behaviors and effectively tax cognitive resources that would normally be available to meet the demands of daily life stress. Thus, what might naively be thought of as a circumscribed problem—the feeling of loneliness and isolation—may be seen by the sufferer as a world of inescapable threat.[7]

How might these cognitions and perceptions influence physiology and health? As Berntson shows in his chapter, the brain regions involved in emotional and perceptual processes are intimately related to brain regions involved in the regulation of physiological systems. This is particularly evident in alterations of the functioning of the cardiovascular system in lonely individuals. In young adults, this alteration is apparent in increased resistance to blood flow in small arteries throughout the body. Increased vascular resistance is a precursor and predominant contributor to age-related increases in systolic blood pressure (SBP), a major risk factor for cardiovascular disease. In middle-aged adults, SBP is significantly higher in lonely adults than in their nonlonely counterparts. Moreover, loneliness accelerates the rate of increases in SBP,[8] indicating a faster decline in physiological resilience and a heightened risk for chronic cardiovascular disease. It's as though loneliness accelerates the aging process.

By virtue of extensive interconnections among the brain, peripheral nervous systems, and endocrine glands, the feelings of isolation and loneliness have a broad and

deep reach. The hypothalamus plays a key role in enabling communication from brain to periphery. Located in the lower central region of the brain, the hypothalamus receives neural input on brain and body states (e.g., pain, sadness, fear, hunger) and in response signals brain regions that control the autonomic nervous system and the pituitary and adrenal glands. Signals to the autonomic nervous system permit modulation of heart rate, blood pressure, and numerous other factors that serve to maintain homeostasis. Signals to the pituitary gland (located at the base of the brain, just below the hypothalamus) prompt the release of hormones that ultimately permit modulation of almost every endocrine gland in the body, including the adrenal glands (one is situated on top of each kidney). The adrenal glands serve many functions, and one is to produce and secrete cortisol. Cortisol is frequently referred to as a "stress hormone" because circulating levels increase dramatically in response to any stimulus that requires, or might require, metabolic resources. Thus, cortisol increases blood sugar levels, increases blood pressure, and reduces immune responses and inflammation (hence the use of cortisone cream or injections to control inflammation of the skin after exposure to poison ivy). This complex web of physiological links may seem far removed from feelings of social isolation, but loneliness has repeatedly been observed to be a risk factor for elevated levels of cortisol, especially in the morning. For instance, in middle-aged adults, the more intense the degree of loneliness reported at day's end over the course of three days in everyday life, the higher the spike in cortisol the subsequent morning. The conundrum is that loneliness is associated with increased risk of chronic conditions that are characterized by heightened inflammation (e.g., atherosclerosis, elevated cholesterol levels, heart disease, diabetes, and even cognitive impairment). If cortisol dampens inflammation, why might elevated levels of cortisol in lonely individuals be associated with more rather than less inflammation?

It turns out that communication among the hypothalamus, pituitary gland, and adrenal glands becomes dysregulated when chronically stimulated. Whereas cortisol effectively dampens immune and inflammatory responses on an acute basis, when circulating cortisol levels are chronically elevated, cells become resistant to its immunosuppressant and anti-inflammatory effects. This alteration happens at the level of DNA where the actions of genes in each cell of our body can be turned on (i.e., expressed) or off. Recent evidence suggests that the effects of loneliness reach down to this level. Circulating leukocytes (white blood cells) from a small group of chronically lonely adults showed decreased expression of glucocorticoid response genes relative to expression rates in a matched group of socially connected adults. These genes are important because they activate the production of proteins that "hear" the anti-inflammatory signal sent by cortisol. Thus, despite higher levels of circulating cortisol in the lonely group, the cortisol signal may still not be heard. The lonely group also showed increased expression of genes carrying pro-inflammatory elements which, together with reduced expression of glucocorticoid response genes, provides a functional genomic explanation for elevated risk of

inflammatory disease in individuals who experience chronically high levels of loneliness.[9]

The effects of loneliness are not limited to an increase in health-threatening processes. Loneliness has also been associated with a decrease in health-restoring processes. Sleep is the quintessential example. Much of what feels stressful and depressing at the end of a long day is perceived differently following a good night's sleep. Good quality sleep is the clincher. Lonely and non-lonely individuals do not differ in the amount of sleep they get, but lonely people have poorer sleep quality than do non-lonely people. They experience more micro-awakenings during the night and they awake feeling more tired and less capable of meeting the demands of the day. Poor sleep has been associated with elevated blood pressure and cardiovascular mortality, and this may help to explain the poorer health outcomes of chronically lonely individuals. In short, lonely days extend into the nights and lessen the restorative nature of sleep.

**Loneliness and Health: It's Not Just Peripheral**

From this sampling of the widespread effects of loneliness on health, lifestyle behaviors, physiological functioning, genetic transcription, and sleep quality, it should be clear that the invisible power of felt isolation has long tentacles that have the potential to influence all of physiology. Not only physical health, but also cognitive health is compromised. Indeed, one of the most sobering findings of recent years is that loneliness places people at risk for impaired cognition and dementia.[10] In a 4-year prospective study of initially dementia-free older adults, the risk of Alzheimer's Disease was more than twice as great in lonely than in nonlonely individuals. In addition, loneliness was associated with lower cognitive ability at baseline and with a more rapid decline in cognition during the 4-year follow-up. Similar results were reported for a sample of 75-85-year-old individuals over a 10-year follow-up.

The effects of loneliness on cognition are evident at an even more fundamental level.[11] Self-regulation, or the ability to regulate one's attention, cognition, emotion, and/or behavior to better meet social standards or personal goals, is impaired in lonely individuals. For instance, among young adults, instructions to shift auditory attention from the dominant right ear to the non-dominant left ear resulted in impaired performance in lonely relative to nonlonely individuals. Loneliness also alters emotion regulation. In middle-aged and older adults, loneliness was associated with a diminished tendency to capitalize on positive emotions, and this explained why lonely individuals were less likely than nonlonely individuals to engage in physical activity. Impaired cognitive regulation is evident in experimental studies that manipulate feelings of isolation. Participants who receive feedback that induces a sense that they are doomed to a future of social isolation perform significantly worse on tests of reasoning, behave more aggressively, and choose more tasty but unhealthy foods than other participants who receive feedback indicating a future of social connection or bad feedback of a non-social nature, namely that their future will consist of general misfortune.[12] There seems to be something uniquely threatening about the prospect, and the reality, of feeling

isolated, disconnected, and like one doesn't belong.

In terms of emotional health, the prospect for lonely people is increasing misery, at least over the short term. Loneliness and depressed affect tend to be thought of as synonymous, but the two are conceptually and empirically distinct. If loneliness and depression were synonymous, increases in loneliness would have no capacity to predict increases in depressive symptoms because increases in one would be exactly paralleled by increases in the other. Instead, longitudinal data have shown that loneliness predicts an increase in depressive symptoms but depressive symptoms do not predict an increase in loneliness over a one-year interval.[13] Importantly, the influence of loneliness on depressive symptoms was not attributable to fewer social connections, general negativity, stress, or poor social support. These data suggest that the relevant intervention target is loneliness, and that modifying the cognitions, perceptions, and expectations of the lonely individual could help improve quality of life and overall well-being.

**Social Connectedness: Invisible Forces Made Visible**

At this juncture, having become acquainted with the burden of loneliness, it is helpful to remember that most people, most of the time, feel socially connected. They derive satisfaction and meaning from their social relationships, and this makes them happier and more satisfied with life. Interestingly, happiness leads to higher levels of relationship satisfaction, indicating that happiness and relationship satisfaction feed forward to foster spirals of increasing happiness and relationship satisfaction. The general positivity that ensues from happiness is also apparent in the effects of happiness on income. Happiness predicted increases in household income over a 2-year period in middle-aged adults. However, relationship satisfaction also predicted increases in household income over this time period and, remarkably, relationship satisfaction helped to explain the effect of happiness on income. It seems that happy people experience increases in income in part because of the general good will that surrounds the socially contented individual and that elicits tangible and intangible positivity from others.

It is perhaps precisely because most people feel socially connected and happy that we take for granted the invisible force of social connectedness and its stabilizing and nurturing influence in all aspects of life. Only in its absence do we begin to comprehend its power. Western notions of the autonomous individual notwithstanding, human beings are "wired" for social connections and need social bonds to feel safe, valued, motivated, and competent.[14] Among the lamentations expressed by some in Western societies is a concern that our autonomy and independence come at the expense of meaningful social relationships and a sense of belonging to a larger social unit. Family members are no longer obligatorily part of our social community, while Facebook friends, some of whom we know only through electronic media, are deemed essential to fulfilling our need for a sense of connectedness and belonging.[15] The broadening of our social worlds has not been accompanied by maintenance, much less improvement, of the quality of our social relationships. One national study showed a threefold increase

between 1985 and 2004 in the number of Americans who reported no one with whom to discuss important matters.[16] We are a meaning-making species, and relationships that offer security, comfort, trust, and pleasure, even if interactions are relatively infrequent, are much more effective at fostering a sense of connectedness and belonging than are more friends or more frequent interactions that fail to meet these standards. The challenge, especially for those of us who live in Western society, is to recognize that the invisible force of social connectedness has benefits for health and well-being that we ignore at our peril.

**Conclusion**

The research on loneliness highlights the need for and benefits of human connections, but it speaks even more directly to the role of beliefs about our connections. Loneliness, after all, is not about how many social relationships a person has, but is about a belief that the existing social relationships fail to satisfy a desired sense of social connectedness. All human relationships have a tangible existence in physical interactions and an invisible existence in mental representations and beliefs. This human capacity expands the range of possible relationships. For instance, humans form meaningful connections with pets, with television characters whom they have never met, and with deities who lack a material existence. We have seen the health impact of the invisible force of loneliness; do different kinds of invisible forces have different effects?

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**From Relationships to People and Groups to Relationships with God**

The extent and quality of our social connections can have profound consequences for our physical well-being. In her essay, Louise Hawkley explores in particular the consequences that feelings of inadequate social connection have on such physical outcomes as sleep quality, high blood pressure, reduced ability to respond to inflammation, cognitive health in aging, and cardiovascular health. While Hawkley emphasizes the relationship between the invisible forces of social connection and health and the biological mechanisms responsible for this relationship, Gary Berntson takes things one step further by exploring a person's perceived connection with God and its effects on our basic biological systems. Many of our basic biological processes, such as breathing or maintaining sufficient blood pressure to oxygenate the brain, are reflexes that are so automatic that they become invisible to us. Berntson shows that thoughts and beliefs alter not only behaviors, but also the regulation of these reflex-like mechanisms. And he suggests that the root of these effects may lie in the way that humans and other animals maintain biological equilibrium with regulatory mechanisms that, under ordinary circumstances, keep each other in check. This theory describes a biological mechanism that could explain why spirituality is associated with generally better health.

## Chapter 5[5]

### Psychosomatic Relations: From Superstition to Mortality

People have many sources of information, knowledge and understanding. We consider the most common of these to be empirically acquired, learned facts, relations, associations, and perceptual and motor skills. Such learned associations serve as powerful determinants of thought and behavior. But other sources of information and knowledge also affect our interaction with the environment, including reflex-like (constitutionally endowed) circuits that are independent of explicit learning. Examples include central networks for pain withdrawal, hunger circuits for the ingestion of essential nutrients, social affiliation networks, and neural systems that promote maternal bonding. Each of these sources of information or knowledge can impact thoughts and beliefs, and thoughts and beliefs can impact behaviors and other bodily functions.

> "…a Maori woman who, having eaten some fruit, was told that it had been taken
>
> from a tabooed place; she exclaimed that the sanctity of the chief had been profaned
>
> and that his spirit would kill her … the next day … she was dead."(1)

> "I have seen a strong young man die …. the same day he was tapued
>
> (tabooed); the victims die under it as though their strength ran out as water. . ."(1)

A superstition is a belief, based not on reason or knowledge, but on legend, magical thinking, or other non-rational basis. Beliefs color the way we perceive the world, they direct and shape our actions, and define our personalities. Beliefs are powerful determinants of action. A useful illustration of the power of beliefs comes from the parable of the

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[5] The lead author is Gary G. Berntson, Ph.D., a Professor of Psychology, Psychiatry and Pediatrics and a member of the Neurosciences Graduate Faculty at the Ohio State University. He is a co-founder (with John Cacioppo) of the field of social neuroscience, is a co-editor of the Handbook of Psychophysiology and the Handbook of Neuroscience for the Behavioral Sciences, and is the President of the Society for Psychophysiological Research. Berntson's research focuses on the evolutionary development of the neuraxis, with special regard to levels of organization in neurobehavioral systems, affective processes and autonomic regulation. He has published over 200 articles in scientific outlets and six books.

Berntson begins with the fact that knowledge, thoughts and beliefs can influence our behaviors. Behaviors, of course, are physiological processes entailing neural operations and muscular actions. Here we see a clear intersection between the psychological domain on the one hand (knowledge, thoughts and beliefs) and the physical domain (neuromuscular effector systems) on the other. But mind-body relations extend beyond the observable actions or skeletal muscles. The mind and its organ, the brain, also impact powerfully on internal bodily functions associated with the autonomic nervous system, the endocrine system, and the immune system, to name just a few. Through these interactions, psychological processes can be translated in outcomes that have powerful significance for adaptation and health. Berntson explores the processes by which thoughts can manifest in fundamental changes in internal physiology and health.

Sultan (who had studied psychology) and his "lie-detecting" donkey. Lore has it that the Sultan was missing a valuable vase from his estate and suspected that one of his servants had stolen the piece. To identify the culprit, the Sultan gathered his servants in front of a dark room in which a donkey was tied, and then asked each of his servants if they had stolen the item. Each said "no". The Sultan explained that inside the room was a magical donkey, specially trained to detect liars, who would bray when slapped by someone who had lied. The servants were sent into the room, one by one, and were instructed to close the door, slap the donkey and return. "When the donkey brays," the Sultan proclaimed, "I will have my culprit". The first servant was sent into the room and returned shortly thereafter--tremendously relieved as the donkey had not brayed. One by one, the remaining servants entered the room and returned. The donkey had not brayed and all the servants looked quite relaxed. The Sultan was sanguine -- he knew this donkey never brayed under any circumstances. The Sultan asked the servants to show him their hands. He then pointed to one of them and declared "we have our thief," instructing the guards to take him away. How had he identified the culprit? Rather than relying on a magical donkey, the Sultan, who recall was a student of psychology, took a more rational approach. Understanding the impact of beliefs on behavior, the Sultan had surreptitiously infiltrated powdered charcoal into the donkey's hair. When the servants slapped the donkey, the charcoal marked their hands—with the exception of the guilty servant who had not slapped the donkey, out of a belief and associated fear that the donkey could detect a liar!

**Power of Beliefs**

Beliefs may be potent determinants of behavior, but can they kill? And if so, how? How can these invisible, intangible entities impact health? In a now classic article published in the *American Anthropologist* in 1942, Walter Cannon, a leading Harvard physiologist and expert on the autonomic nervous system, proposed an answer (1). Investigating phenomena such as voodoo practices of the Haitians and "bone-pointing" among Australian aborigines, Cannon found a common feature among the victims of such rituals was a strong belief in the curse and an associated morbid fear of the outcome. That fear, he argued, could trigger a "fight-or-flight reaction" (a phrase he had earlier coined), characterized by powerful and exaggerated activation of the sympathetic nervous system. The resulting vascular constriction diminishes blood flow to critical tissues (i.e., ischemia), with consequent hypoxia (decreased oxygen) and disturbances in normal metabolism and cellular function. These reactions may be exacerbated by the lack of food and water as the victim "pines away." Cannon argued that these reactions could become life-threatening—fulfilling the gruesome legacy of the ritual—based on a belief in the supernatural, the veracity of which is largely irrelevant. More relevant is the emotion triggered by the belief, specious as it may be.

Beliefs and emotions have consequences, both behavioral and physiological. A recent example comes from the contemporary medical literature. There is now a well-documented condition, sometimes triggered by something as innocuous as a spousal argument or a surprise birthday party, which entails the hallmark clinical

and physiological features of a heart attack, including chest pain, abnormalities on the electrocardiogram, and elevated cardiac enzymes (reflecting damaged heart muscle) (2). The condition has variously been termed *takotsubo cardiomyopathy*, *left-ventricular apical ballooning*, *myocardial stunning*, *stress cardiomyopathy*, or in the more vernacular parlance of the New York Times, *broken heart syndrome* (prompted by a medical review that was published just before Valentine's Day). In general accord with the speculation of Cannon, broken heart syndrome appears to be triggered by an exaggerated autonomic nervous system response, characterized by sympathetic activation and high levels of the stress hormone epinephrine (adrenalin) (3). It is important to note in these cases that psychological states, as mild as they may be, are able to induce a clear and demonstrable organ pathology.

Physiological abnormalities or dysfunctions underlie medical conditions, and indeed, constitute the defining features of disease states. An important question, however, is how those dysfunctions come to be. There are many ways in which disease develops – traumatic injuries, biotic infections, degenerative conditions – and the list goes on. The fields of psychophysiology, psychosomatic or behavioral medicine, and health psychology are particularly concerned with how psychological and behavioral factors impact physiological systems and thus health. Of particular interest are those psychological dimensions that uniquely impact physiology.

An example comes from the study of Herpes Simplex viral infections. Herpes Simplex viruses are responsible for cold sores (HSV type I) and genital herpes (HSV type II). Once contracted, herpes virus infections generally remain for life, although they are characterized by periodic eruptions and remissions. During the latter, the immune system effectively dampens viral activity and the virus retreat to a more or less dormant state. Although multiple factors likely contribute to the reactivation of HSV, one trigger appears to be stress—the defacing cold sore that erupts, for example, just before the prom or an important date. Ohio State researchers sought an animal model of this reactivation, so the underlying links and mediators could be studied. Try as they might, however, the research group was unable to reactivate HSV infections in mice with standard laboratory stressors, such as restraint-stress or shock. In a collaborative effort, we pointed out that the stressors that lead to HSV reactivation in humans were often of a social nature. Indeed, for both humans and mice, social relations are central to happiness, adaptation and even survival. In light of this, a social stressor was introduced into the project (changing the housing groupings and thus disrupting established social relations). The social stress, but again not physical stressors, resulted in significant HSV reactivation (4). Psychological factors, and in this case a specific social psychological variable, uniquely impacted an important aspect of viral immunity. This early finding led to a series of studies that have elucidated physiological pathways that mediate the relationship between social stress, immune function and HSV reactivation. But, what is it that makes social stress unique and distinct from physical stressors?

We have identified a probable general contributor to the differences

between lower-level physical or homeostatic challenges and higher-level psychological and social stressors. Basic homeostatic reflexes, reflexes that keep in balance various critical bodily processes such as blood pressure, body temperature, and blood sugar, are largely hard-wired and organized at relatively low levels of the nervous system, such as the brainstem and spinal cord. An example comes from autonomic nervous system regulation of cardiovascular function. The sympathetic division of the autonomic nervous system is an activational, energy mobilization system that comes into play in the face of adaptive challenges. Sympathetic activation increases heart rate and results in peripheral vasoconstriction, both of which tend to increase blood pressure. In contrast, the parasympathetic division is an energy-conserving, deactivational brake that generally opposes the sympathetic system, yielding decreases in heart rate and blood pressure. The baroreceptor heart rate reflex is a homeostatic reflex that functions to maintain blood pressure within homeostatic limits. Unique pressure sensitive receptors in the heart and large arteries detect changes in blood pressure, and a decrease in blood pressure triggers the baroreceptor heart rate reflex, increasing sympathetic activity and reciprocally decreasing parasympathetic tone. Both effects serve to increase heart rate (and thus cardiac output) and constrict arteries throughout the body, thereby restoring the pressure perturbation. In basic reflexes, the two autonomic branches are generally regulated in this reciprocal fashion, and thus synergistically amplify the effects of the other. This is a useful mechanism to adjust to severe adaptive challenges such as a decrease in blood pressure and compromised circulation.

Although this reciprocal mode of regulation of the autonomic branches has considerable utility, and is characteristic of basic reflex organizations, it may not always be optimal. The autonomic nervous system provides the basic support for action and adjustment, and although it figures prominently in survival related functions, it also provides the basic visceral support for emotional and cognitive operations as well. It has long been recognized that cognitively demanding tasks elicit greater autonomic activation than is needed to meet the metabolic demands of the tasks. Moreover, ascending neural signals to the brain from visceral organs such as the heart and blood vessels serve to modulate and regulate cognitive activities (5). The notable early psychologist, William James, proposed that emotion is the experience of somatovisceral sensory feedback. James suggested that we do not run from the bear because we are afraid, but rather we are afraid because we run from the bear (6). Although the strong form of this theory has not been supported, it remains the case that ascending visceral signals can modulate learning, attention, and cortical/cognitive processing (5). The autonomic nervous system is not only for lower level reflexive adjustments. Indeed, it is increasingly recognized that there is a highly complex, even intricate, interaction between the autonomic nervous system and higher level brain structures (e.g., frontal cortex) involved in human behavior. Importantly, these circuits and their interactions with the autonomic nervous system are highly flexible and are not constrained by the simple organization rules that govern basal functions such as homeostasis and

reciprocal control of the autonomic branches. Rather, higher level systems engage in highly sophisticated "banter" with the autonomic nervous system.

In contrast to the reciprocal control characteristic of autonomic reflexes, higher level brain circuits exert more flexible control over the autonomic nervous system. This can include the classic reciprocal control pattern, but can also include an independent control pattern in which only the sympathetic branch or only the parasympathetic branch of the autonomic nervous system is activated, and a coactive control pattern in which both branches are activated. This greater flexibility in control may have behavioral and health significance.

**Beliefs about One's Relationship with God and Autonomic Functioning**

Recently, we used a population-based sample of 50-68-year-old adults in the Chicago Health, Aging and Social Relations Study to examine risk factors for heart attack, a health outcome known to be influenced the autonomic nervous system. We were particularly interested in whether spirituality influenced risk for heart attack. With very few exceptions, everyone in our sample expressed a belief in God. However, individuals differed in how they perceived the quality of their relationship with God, much as individuals differ in how they perceive the quality of their relationships with other people. We defined spirituality as the degree to which a personal relationship with God was believed to offer safety, security, contentment, and love. One observation that emerged from this study was that spirituality was associated with a lower incidence of heart attack (7). This remained true after ruling out the effects of demographics, health behaviors, body mass index, blood pressure, and other potential explanatory factors. Short of divine intervention, was there a rational explanation for this relationship? We certainly know that psychological factors can impact autonomic control, among other aspects of physiology.

As considered above, when extreme or prolonged, sympathetic activation may have harmful consequences. Heightened sympathetic activation is known, for example, to predict a poorer outcome after heart attack. In contrast, parasympathetic activity may have beneficial or protective effects. From the perspective of a reciprocal model of autonomic control, high parasympathetic/low sympathetic control would be optimal whereas high sympathetic/low parasympathetic control would be considered a risk. But we also know that higher level neurobehavioral systems may not be constrained to reciprocal autonomic controls. Moreover, it has been argued that more autonomic control is better than little control, in that if affords greater capacity for adjustment of visceral functions. Could high levels of parasympathetic control, for example, mitigate the negative effects of sympathetic activation and perhaps yield an even more advantageous health outcome?

To examine these questions, we developed two quantitative measures of autonomic control (7). The first was a common metric of autonomic balance (Cardiac Autonomic Balance), which represents the relative dominance of the two branches along a single autonomic continuum that ranges from purely parasympathetic control to purely sympathetic control. This metric is consistent with the classical model of

reciprocal control, characteristic of reflex processes, where autonomic balance can be biased toward one or the other of the autonomic branches. High scores indicate sympathetic dominance and low scores parasympathetic dominance. Independent estimates of sympathetic and parasympathetic control were obtained using standard measurement procedures, and the level of parasympathetic control was subtracted from sympathetic control to derive a measure of Cardiac Autonomic Balance. A second metric was designed to capture an alternative mode of autonomic control (Cardiac Autonomic Regulation) that assesses the degree of relative coactivation (rather than reciprocal activation) of both branches. This is a metric that taps into the non-reciprocal regulatory influences of higher neural structures. Cardiac Autonomic Regulation scores were derived by essentially summing activities of the sympathetic and parasympathetic branches to afford a measure of total overall autonomic cardiac control. High scores indicate high activation and low scores indicate low activation of both branches of the autonomic nervous system.

In the 50-68-year-old adults in our sample, spirituality was found to be associated not only with a lower incidence of heart attack, but a higher level of Cardiac Autonomic Regulation. That is, people who felt closer in their relationship with God exhibited higher overall autonomic regulation—both sympathetic and parasympathetic. This was associated, in part, with lesser diminution of parasympathetic control and a greater degree of coactivation. Moreover, Cardiac Autonomic Regulation (but not Cardiac Autonomic Balance) predicted better overall health status and was associated with a lower incidence of heart attack. Participants who had low Cardiac Autonomic Regulation were more likely to have suffered from a heart attack.

Could higher Cardiac Autonomic Regulation scores explain why spirituality was associated with less risk for heart attack? That is, could a pattern of autonomic regulation associated with spirituality explain the link between spirituality and heart attack? In order to address this question, we conducted statistical tests of these linkages. As we already knew, both spirituality and Cardiac Autonomic Regulation are associated with a lower incidence of heart attack. When the predictive effects of spirituality were statistically extracted, Cardiac Autonomic Regulation continued to be a significant predictor of a lower incidence of heart attack. However, when the linkage test was reversed and the effects of Cardiac Autonomic Regulation were extracted, spirituality was no longer a significant predictor. This indicates that Cardiac Autonomic Regulation is a plausible mediator that may explain the relationship between spirituality and heart attack.

By capturing higher levels of parasympathetic control and the associated autonomic coactivation of the sympathetic and parasympathetic branches, Cardiac Autonomic Regulation provided a critical metric that permitted the study of a previously "invisible" and mysterious link between spirituality and health outcomes. This in no way diminishes the relationship between spirituality and health, but rather offers an important hypothesis as to how spirituality may impact physiology and health status. Spirituality reflects an important aspect of the

general domain of sociality and social relationships, a domain heavily influenced by our genetic constitution as a social species. Indeed, the importance of sociality may be more related to beliefs and attitudes about the meaningfulness of relationships than their existence or number. And again, beliefs about social relationships also have real consequences.

**Conclusion**

Beliefs impact thoughts and actions. This may be reflected in phenomena as diverse as biasing a behavioral disposition (such as slapping a donkey), coloring our perception of the environment, or determining how we perceive the quality of our social (including spiritual) relations. Psychology can also impact physiology, and physiology, in turn, can influence our thoughts and emotions. Psychophysiology is the study of these relationships, and promises to illuminate the intricacies of psychosomatic relations and the heretofore "invisible" mechanisms that mediate these links. The relations between the mind and the body, the so-called *mind-body problem*, are complex and still rather obscure. Nevertheless, the *mind-body problem* is yielding to science, and the *problem* it poses is progressively diminishing. Among the components of the mind-body problem yielding to rigorous scientific inquiry are the effects of spiritual beliefs including feelings of closeness to God.

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**The Mind and Body Are One**

The Cartesian view of the mind as distinct from the body persists in twenty-first century discourse as the *mind-body problem* alluded to by Gary Berntson. Berntson provides evidence that the mind and the body, psychology and physiology, are not independent of each other but represent different levels of organization of human organisms. Beliefs influence thoughts, behaviors, and physiology, and peripheral physiological processes signal central neural networks that influence cognitions and feelings crucial for the generation and moderation of beliefs. Spiritual beliefs are considered by some to be contentious candidates for scientific examination, yet Berntson argues that spiritual beliefs can be identified, measured, and subjected to scientific investigation in the same fashion as any other belief or invisible force. Accordingly, Berntson examines the effects of a specific spiritual belief – the belief that one has a close personal relationship with God. As documented by Berntson, this belief is associated with rather profound physiological and health effects.

Whereas Berntson focuses on the influence of the mind on the body and vice versa, Gün Semin speaks of the mind in the body and, more specifically, in several bodies simultaneously. In his social cognition model, Semin challenges the limits of individual social cognition and argues that regulation and co-regulation of social behavior are distributed across brains. When several individuals exhibit spontaneous synchronized behaviors (e.g., hand-clapping), the human tendency is to invoke a "supra-individual" explanation. Semin describes a mechanism by which the supra-individual source can be explained as shared motor representations and ongoing monitoring of observed actions that, under certain conditions, lead to dissolution of the boundary between self and other. The resulting shared experience of unity and collective identity may feel transcendental, but the mechanisms are as real and explicable as those governing individual behaviors and experiences.

## Chapter 6[6]

### The Suspension of Individual Consciousness and The Dissolution of Self and Other Boundaries

When we watch a group of soldiers marching in formation, we see the behavior of the group synchronized. Although we can make out the individual within the group, the group seems to be an entity of its own and the individual soldier seems to have become a cog in the social machine. Mob behavior, crowds at sporting events, and soldiers in formation all suggest that when we are organized to act together, the group becomes an emergent entity that can submerge the sense of the individual self. This apparent social absorption stands in contrast to our typical experience of being autonomous, self-aware agents in the world. The dissolution of the boundary between the self and the group is one manifestation of the social brain and the mechanisms that support our ability to connect with others.

Although not everyone has the experience of marching in a band or running with a mob, most people have been part of an audience at a concert or play. At the end of a particularly thrilling performance, an audience can be moved spontaneously as a group to clap wildly. In these situations, we know the feeling of surging to our feet as a collective, hands clapping and faces beaming with approval. As the clapping blooms, individual clappers merge into a synchronized unit.[1, 2] Similarly, thousands of individual sports fans have been observed to stand and raise their hands in a synchronized fashion to produce a collective wave that travels around the stadium. In both cases, individual people act as a collective unit, a superorganismal structure, with capacities and behaviors beyond the reach of any single individual in the group.

These examples are instances of behavioral uniformity in large groups. What is distinctive about these examples is that the observed behavioral synchrony can be understood in terms of

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[6] The lead author is Gün R. Semin, Ph.D., an Academy Professor, Royal Netherlands Academy of Arts and Sciences, at Utrecht University, The Netherlands. He is the founding Scientific Director of the Kurt Lewin Graduate School , a past president of the European Association of Experimental Social Psychology, and the Chair of the International Committee of the Association for Psychological Science. Semin's research is primarily driven by an interest in communication, social cognition as jointly recruited process, and language and the diverse uses that language can be put to in social interaction (ranging from the regulation of prejudice to that of interpersonal relationships) as well as the embodied grounding of meaning and communication.

A puzzle that has occupied Semin much of his career is how it is possible to understand social behavior by explaining individual processes. Another puzzle has been why one should focus on stills when human behavior is a movie: behavior is self evidently dynamic and highly responsive to contextual variations. Finally, Semin has been puzzled by how it is possible to think that all there might be to psychological processes is some symbolic computation taking place somewhere between the ears. As outlined in this essay, he has come to conceptualize the social in terms of jointly recruited processes rather than individual ones, social behavior as situated, and psychological processes as embodied.

a shared social goal. Sometimes the goal is spontaneous as in clapping to demonstrate appreciation and sometimes the goal is imposed by the situation (e.g., musicians following a musical score and instructions of a conductor, soldiers marching to the call of a drill sergeant). However, when we behave in synchrony with others, there is a sense of becoming part of something larger than ourselves.

To the people engaged in spontaneously synchronized behavior, there is a clearly identifiable and seemingly individual 'cause' for their emergent behavior. But when a group shares the same goal—demonstrating approval—and engages in the same action—clapping—the stage is set for such behavior to become coordinated and organized even without an external agent (conductor or drill sergeant). How do those moments of spontaneous social aggregation occur? How does the social brain work to join with others to form the emergent group?

We have begun to understand the underlying dynamics of how and when such phenomena are likely to occur and even how such phenomena can be potentially engineered. New insights afforded by developments in social psychology, developmental psychology, and social neuroscience have suggested the way in which our brains respond to the invisible force of social connection. These scientific developments suggest neural mechanisms that may be important to the way we interact with others. At the same time, the insights also reveal the likely conditions under which individual self merges into the group. Such situations when the sense of self is suspended contrast sharply with the modern Western notion of the individual standing apart from others. Indeed, the traditional Western focus on individual-centered reasons, motives, intentions, and causes may be at odds with some forms of spontaneously synchronized behaviors and group action.

**Towards a Biology of Social Interaction**

Consider the perspective of an engaged spectator at a singles tennis match. Although we may be sitting distant from competitors, if we identify with one of the players we are not merely passive observers. On the contrary, our observation of the events in the game can serve to activate some of the same neural mechanisms that would be active if we were playing the game rather than just observing it. We can feel the moves, feel the impetus to defend an attack, and feel the urge to slam the ball as if we ourselves are playing, albeit without actually flailing our arms around. We may even anticipate a move by the opponent and imagine ourselves making the potential response. Research over the last 10 years or so has revealed that our brains can map the movements of other human beings onto our own bodies almost as if we were making those movements[3]. This ability to put ourselves in another person's shoes makes it possible to identify with either player.

By comparison to the audience, consider how this ability can serve us as one of the players. This capacity provides an important facility for anticipating our opponent's moves allowing us to plan a response even before the opponent has completed a groundstroke. This kind of anticipation does not depend on explicit reasoning or conscious reflection—it seems to operate as an automatic mechanism [3, 4]. This kind of mechanism may facilitate

understanding the behavior of others. If your brain mirrors the neural activity in the brain of someone you see acting, this could provide a basis for understanding the motivation for the action. If your brain resonates to the observed action as if you were acting, this could call to mind previous experiences acting that way providing a memory for why you acted that way. That is, our social brain may directly resonate to the actions of others without reasoning explicitly about those actions. This kind of mechanism, through which intentions might be inferred, could then prepare responses quickly to facilitate the smooth flow of social interactions whether in a game or a dialogue. Of course, a critical aspect of such a mechanism is to differentiate our resonance to other people's actions and the control of our own. This kind of neural system for mapping the actions and intentions of others has been identified with a network of regions called the mirror neuron system [5], and this system may help to induce a degree of reflexive similarity or identification between self and other. The mirror neuron system appears to be continuously engaged unless it is actively suppressed by inhibition, so that this system may continuous monitor the behavior of 'others' in our social environment.

Of course, mapping the movements of the opponent is useful, but certainly not sufficient to defend our position, score a point, or win a match. One needs to execute countermoves. This is the domain of the motor system in the brain, which includes regions involved in the preparation and execution of motor action. The motor system is responsible for the implementation of one's goals and intentions to perform an action[6]. Thus, the social brain includes monitoring and motor systems that function in parallel. The mirror system puts the player in the opponent's shoes and monitors the opponent's actions in an anticipatory manner. Other parts of the social brain maintain the distinction between player and opponent by shaping the implementation of one's actions, namely by engaging a counteraction.

In sum, a tennis game or any social interaction depends on a complex network of brain regions that mediate perception and action, and the relationship between observed action and one's own behavior. The overlap in brain regions responsible for these two important social functions suggests how tightly coupled and coordinated social interactions can be. However, these two systems cannot operate in isolation from our knowledge of the context in which behavior occurs. We, therefore, turn to this topic next.

**The Social Context**

In a tennis game or any social interaction (e.g., dancing, conversation), the behavior of one individual constitutes a stimulus for others. If a behavior is meaningful, then neural mechanisms responsible for social perception and social interaction are likely to be activated to engage in complementary action. In a competitive context, such as the tennis game, the motor system is engaged in the preparation and execution of complementary actions to those observed and anticipated based on the inferred goals and intentions of the competitor. However, if everyone shares the same goal, for example, as in an audience clapping, the neural systems for monitoring the actions of others and executing one's own actions can be

mutually reinforcing leading to synchrony.

In any dynamic social situation observing one person's action can initiate neural activity in another. Parts of the observer's motor system become activated, making it possible to respond in synchrony. In fact, the specific actions that are observed are not as important as the perceived goals or intentions of the observed person. One consequence of this is that a person is sensitive to new actions in the social environment. A second is that significant actions by another person can quickly produce complementary motor responses. Thus, adaptive social behavior is a product of perceptual monitoring and motor processes. The complexity of the social environment necessitates *selective responding to socially significant features of any social interaction.* Such selective responding depends on the observer having particular goals for action. The identification of significant stimuli (e.g., a threatening backhand smash) activates in the competitor's brain goal-driven decision processes that operate in parallel with continuous social monitoring and lead to a counteraction (e.g., a defensive lob) produced by the motor system. However, a linesman collecting a ball during a tennis match does not constitute a significant action for the competition and, even if observed, does not initiate any counteraction.

Let us now return to the perspective of a spectator at the tennis match. While the specific movements driving the tennis match have significant implications for the players' actions, these movements have a different implication for the spectator from whom no overt responses are warranted. If an observed action produced by someone else does not have personal significance for an observer, the motor system does not respond in the same way at all[7]. The goal-dependent aspect of observing the actions of others allows us to understand and respond quickly and effectively without confusing what we do with what we see. However, in some special cases, when a group of individuals all respond together, the same motor system may operate differently. It is in these situations when we are neither observer nor respondent but part of a flock or chorus that our sense of individuated self may begin to dissolve into the larger social group.

**The Social Parameters for Suspended Self-Consciousness**

The dissolution of self-other boundaries is likely to be manifest under a specific set of conditions, which includes a strong feeling of identification with (i.e., connection between) oneself and a group of others, the absence of constraints to action by oneself or the observed others, a common goal shared by the group, and the absence of a recognized external synchronizing signal to which one can attribute any synchronized behavior. Clapping in unison following a rousing performance is a more common example. This remarkable phenomenon is evidenced despite considerable individual differences in clapping tempos. The transition to entrained clapping, whereby each clapper affects the surrounding other clappers both locally and globally, enhances the noise intensity at the moment of the clapping even though it leads to a decrease in the overall average noise intensity in the room. Synchronized behavior occurs rhythmically and one way of capturing its regularities is to model its cycles, periods, frequencies, and amplitudes [1,2].

Depending on the particular behavior and interaction in question, behavioral cycles of interpersonal entrainment can range from milliseconds to hours. Indeed, this kind of interpersonal entrainment is a pervasive phenomenon not specific to human social behavior alone[8].

When does synchronized clapping occur? The distinctive feature of such an event is a convergence between the neural mechanisms underlying the monitoring of the movement of others and the execution of one's own movements. The specific factors responsible for the tipping point from asynchronous to synchronous clapping are not yet known, but descriptively each individual shifts the timing of his or her subsequent clap to the perceived timing of claps by the whole collective. Thus, a continuous adjustment process emerges in the form of a collective behavior (synchronized clapping) to which each individual contributes and no single individual controls. Such continuous monitoring of the collective rather than individuals within the collective and the adjustment of one's own movements to synchronize one's behavior with that of the collective result in a continuous loop of performing the very same action leading to dissolution between self and other and the emergence of an entrained unit. The resulting effect is the materialization of a *supra-individual* behavioral phenomenon, namely extended behavioral cycles that are locked together in time. Although the emergence of clapping in unison can be regarded as a phenomenon worthy of more detailed understanding, it does not induce in its performers the necessity of searching for an explanation since the readily available account is that the performance somehow produces synchronous clapping.

There is preliminary evidence that even with no externally imposed demands prolonged synchronization emerges within pairs of people interacting or *dyads*[9]. What one finds is that despite individual differences in movements, participants entrain (tap together in time) rapidly when participants can perceive the behavior of others[9]. Extensive research in coordination dynamics has demonstrated that such entrainment does not depend on the intention to coordinate behavior [10, 11]. Studies have repeatedly shown that there is a spontaneous propensity to mimic other people (generally observed in dyads). One implication this kind of behavioral synchrony is the emergence of affective bonding – such as a feeling of rapport – both in the case of *mimicry*[12] and between the synchronized partners[13]. One might conjecture that positive feelings are even stronger when more people are synchronized.

The conditions that lead to behavioral synchrony can vary. It is interesting that people may be more likely to experience the dissolution of self-other boundaries when synchronization is produced without any obvious external director and is continuous. Prolonged spontaneous and unintended entrainment among three or more people may introduce this feeling, because the emergence of synchrony cannot be attributed to a single external cause.

**Conclusions**

Social interaction involving extended periods of synchronized behavior are not part of our daily experience, particularly when they involve more than two people. How do

we understand this kind of synchrony when it occurs? In the Western intellectual tradition, we have a strong tendency to search and explain events in terms of individual agency and causation.

Social events are generally understood in terms of contributions of the individual and the situation itself. The degree to which the person or the situational constraints shape the nature of the event will vary greatly. However, spontaneous and prolonged entrainment among three or more people introduces an experience that is difficult to explain by these more traditional accounts. These experiences cannot be easily reduced the actions of a single person, so an account has to be found in some source that goes beyond the individual. The powerful sense of unity and belonging that emerges from this kind of experience almost demands a different kind of explanation than we generally consider. Indeed, such feelings emerging from the synchrony of behavior may provide some of the foundation for the cultural interpretation of a transcendental experience.

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## You and I as One

Any social group can be thought of as either a collection of individuals or as a single new entity with emergent, unified group behavior. When a mob forms to surge together down a street one way and then another; when a flock of birds wheels about together, closely clustered as they fly without colliding; and when an orchestra performs with highly coordinated timing, we momentarily forget about the individuals and see the collective behavior as a new, single social entity. Indeed, as Cacioppo discusses, many species seem to gather, flock, and coordinate to form such collectives. For humans there are many situations from flash mobs and sports teams to choirs and audiences, when people congregate in this way.

The drive for people to affiliate and group is not sufficient on its own to produce the coordinated behavior that emerges from such a collective. Sometimes an organizing signal, like the conductor of an orchestra, can synchronize the behavior. Other times common goals and behavioral constraints can synchronize a group, as in a flock of birds. In his chapter, Gün Semin discusses how such synchrony may be self-organizing – that is, it is achieved without intention, effort, or awareness by our social brains, even when there is no clear signal or constraint. In cases of such human sociality, the group may act as though it has a single mind. Indeed, Semin approaches this issue to relate the collective behavior as an embodied consequence of individual social forces that jointly operate to satisfy our need to affiliate, and to consider how connecting behavior through synchrony may create a collective mind.

Howard Nusbaum specifically discusses a different invisible social force that has evolved with the power to bind people into a collective—language. Language is the richest social signal that has the power to move people to act and to move groups to act together. In order for language to act as a force, it must somehow affect people with sufficient social and emotional impact. As Nusbaum discusses the impact of language, it operates at a social and emotional level similar to that discussed by Semin rather than exclusively through the inferences drawn from meaning.

## Chapter 7[7]

## Action at a Distance: The Invisible Force of Language

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We often think about language in terms of the information in newspapers or speeches or reports. However, language is basis of all our social relationships and institutions. We reward and praise with language and we shun and punish with language, perhaps more often than with any other medium. In the recent election, Democratic candidates actually gave speeches outlining different views of the importance of language in our society. One candidate held that words are simply words and only have the force that we give to them by reasoning about them. The other candidate argued that speech has the power to move people to connect and act. Nusbaum was struck by this debate because it seems to him that the power of language goes well beyond what linguists and psychologists talk about as "meaning" and that understanding the meaning of language may depend on understanding the social and emotional impact of language. In this chapter, the idea of the impact of language at a distance is explored.

Language is one of the most important ways in which the social brain makes connections, enhances connections, and severs connections among people. Language is our primary medium of social exchange, grounding and elaborating our selves and our relationships in every conversation. However, language goes well beyond personal connections to connect us culturally through stories, songs, and shared manners of speech. Language also provides the formal framework that defines many of our social institutions. Language gives form and substance to the governance and behavior of every social institution from education to law to religion. Clearly there are many ways in which language serves to knit us together both formally and informally. For a linguist, all of these uses can be analyzed in terms of the structure of sentences and their content. However, structure and content do not, on their own merits, provide a complete picture of how language can have the impact it does on our sense of social connection. How does language move us to act, change our feelings, and connect us to others? It seems unlikely that the impact of language is simply the result of dispassionate rational inferences and conclusions drawn from a logical analysis of sentences.

In 1976, Barbara Jordan, a Congresswoman from Texas, gave the commencement address at Brandeis University. Listening to her speak about the importance of public service and the importance of using talent and ability in service of one's country was an impressive experience. Her delivery was clear and not particularly dramatic and yet the force of her speech was riveting. It was sufficient to turn a graduating senior's mind from graduate school in

psychology to (at least momentary) consideration of a career in government service. A student with the long-held intent of becoming a researcher and with no interest in politics, government, or public service might seem to be an immovable object. And yet, in that moment, Jordan's speech had sufficient impact to make government service seem like the only path one would want to take or should ever consider.

Although her points were argued well, the impact of Jordan's speech was not simply rhetorical. John F. Kennedy's "Ask not what your country can do for you…." and Martin Luther King, Jr.'s "I have a dream…." affected listeners deeply well beyond the cognitive strengths of a good argument. Moreover, while all these speeches were delivered beautifully and from the heart, it is not the performance of these speeches alone that can move listeners to act on behalf of others. The performance alone cannot give substance to an empty message. While there are cases in which a great performance may suggest briefly that there was content of import even in the absence of a real message, it is more likely the conjunction of message and delivery that moves people. In these speeches is a clear demonstration of the power of language. Language is more than words and more than delivery. Indeed, Cicero, in *De Oratore*, said that rhetoric conveys information, persuades listeners, and evokes emotion.

**"In the beginning was the word…."**

If "the word made flesh" is taken metaphorically, the power of language can be made visceral in sermons. Consider the power of Jonathan Edwards' sermon, which Clark Gilpin's chapter discusses, to terrify a congregation, to wrench them from complacency with images of torment. A sermon delivers a message, but it can do so in calm tones of instruction or with fire and brimstone. The choice and poetry of words and the cadence and intonation of speaking can draw the listener in slowly or seize the listener suddenly, the very sounds of speech painting images in the mind while igniting new inferences with literal and metaphoric descriptions.

In the realm of the spiritual, there are few corporeal manifestations that can be perceived directly. Neither heaven nor hell, neither God nor the Devil can be seen or heard or touched. Preaching is needed to spell out the work of unseen hands and will and illuminate the power of the unseen. The force of that which is not seen can only be felt when transmitted directly through speech.

In *Phaedrus*, Plato described rhetoric as the art of leading the soul. Thus it is not surprising that, while at the core of religion is a collection of beliefs and concepts and canons, the fabric and form of religion is language. Symbols and icons are certainly important, but language is the medium through which the force of theology is actualized in prayers, benedictions, sermons, and teaching. Language can reach across time and space to change minds, feelings, and behavior, encoding laws and beliefs and presenting them with a concrete reality in the here and now. This is one kind of impact from author to audience in which a kind of connection is constructed bridging minds.

At the same time, in religious practices, another kind of connection is formed within a congregation. Joint recitation, responsive reading, collective listening, and understanding may serve

to connect people in a religious service. Although joint participation in any event (such as sports or theatre) may have some of the same effect as discussed by Gün Semin, the content of language and the intent of the messages in religious practice is often focused on developing and strengthening social and spiritual connections.

Everyone knows someone who moved to another country, or to another part of their own country where speech patterns differ. After a period of time, in the context of novel speech patterns, some people adopt the speech patterns around them. This kind of linguistic convergence is well documented and is moderated by social factors such as the desire to be accepted or the attempt to be persuasive.[1] When people talk together, one person's speech can impact the way another person talks in order to promote social connection. Indeed, the same kind of behavioral convergence is found over the course of conversations for other kinds of non-linguistic actions as well.[2]

**Information, impact, and understanding**

How does language bind us together and compel us to action, thought, and feeling? When we talk, sound vibration is transmitted from mouth to ears. Facial expressions and manual gestures punctuate, illustrate, and illuminate our speech. These acoustic and visual signals travel over space and time to the eyes and ears of the audience. The impact of such communication is true action at a distance.

This notion of language as action at a distance is relatively well accepted in the scientific study of language. But in research on language and communication by psycholinguists and linguists, the emphasis is on the information contained within an utterance and the structure and form by which this information is presented. Research questions often focus on the variety of ways the same message can be framed and how listeners interpret such messages. But little of this work addresses the impact of the message itself.

The standard view of language processing is that we hear the sounds of speech (acoustic patterns) that we translate mentally into words. The meanings of these words are determined and then the meanings combined (through our knowledge of sentence structure) to result in sentence meaning. Given that a sentence typically occurs in a context of other sentences (e.g., a sermon) or in response to other speech (e.g., a conversation), this context is then used to frame and reinterpret the sentence meaning.

Metaphor, irony, sarcasm, and other figures are generally thought of as being understood later in this process although in Gilpin's chapter the immediate power of these to affect us is quite clear. Emotion and attitudes are thought of as not understood until after the linguistic message has been determined. The impact of language on attitudes through persuasion is viewed by cognitive psychology and linguistics as occurring after the message has been understood. However, this does raise the question about whether a "message" (to be understood) is simply the linguistic properties of a sentence or the impact of the linguistic form on an audience.

A very different view of language might come from considering vocal communications that often have a direct impact on an audience.

Sometimes just listening to laughter compels listeners to laugh. Sometimes hearing a cry of terror directly imputes an instantaneous feeling of fear. Hearing someone weep can produce a feeling of sorrow and perhaps even cause one to cry. This suggests that some forms of vocal communication can elicit direct empathic sharing as Decety discusses in his chapter.

These forms of vocal communication can produce direct results in listeners without following a route of symbolic reference and interpretation.[3] Language has typically been viewed as operating by the more symbolic route because of the linguistic claim that symbols are not the things they stand for and thus must be understood—words and sentences are not felt. However, the right insult or angry words delivered in the right way or the right praise seems to be felt directly, perhaps through the same kind of mechanisms by which empathic sharing occurs.

But how is this achieved? This kind of impact of language is not a result of understanding the content of speech. It reflects social goals and motives. To the extent that this kind of social impact may parallel empathic processes, we might find that similar mechanisms are involved. Some kind of resonance must be established between a speaker and hearer, and language can serve to establish this resonance and lead to subsequent action by the hearer. This idea of a resonance in an audience does seem more compatible with the effects of vocal behavior such as laughter or crying on a listener than the symbolic interpretative view. This notion of resonance may also be useful in understanding other kinds of language impact from the fiery sermon of Edwards to the passionate speeches of Obama and Kennedy and King.

In listening to speech that has impact, language has created a state in the listener that reflects the intention of the speaker. Whether it is fear or connection, somehow language can operate as the medium by which social and emotional psychological states get transmitted to an audience. But how does this impact get created in the social brain?

**Language impact in the social brain**

Understanding spoken language has typically been viewed as an analytic process in which sound patterns are translated into linguistic symbols by the brain. However, an alternative theory is that we understand spoken language by using our motor system to simulate what might have been said. The idea is that trying to mentally produce the speech internally (without talking) might help us understand what is said, when speech is not clear. However, this theory did not have much neural plausibility. People do not generally move their mouths overtly or even covertly while listening.

The discovery of mirror neurons, examined at greater length by Steve Small in the next chapter, suggested one kind of mechanism that might instantiate this kind of process. In certain parts of the brain, involved in the control of action, some neurons that respond when making certain actions also respond when observing the same actions. This led to the inference that these neurons are involved in understanding the behavior of other people. The reasoning is simply that neural activity in the observer's motor system that results when seeing a behavior essentially establishes the brain state that would

correspond if the observer were doing the same thing. Another way to say this is that there is a resonant response in an observer's motor system to observing a behavior and this may potentiate a degree of social coordination and connection, as discussed in Semin's chapter. This kind of neural resonance has been shown to play a role in understanding speech when seeing a talker's mouth move, even if the listener does not actually make any mouth movements.

Mirror neurons demonstrate that observed action can produce a resonant response in an observer's brain. Seeing a talker's mouth move creates a motor-resonant response that aids in understanding speech sounds. However, these two observations are very different from the idea that the meaning of sentences can create a resonant response in the listener's brain. In the case of speech, mouth movements are the actions that create speech. This might seem like a very special case. The traditional linguistic view of language is that words and sentences are symbolic: Language describing action is not action itself. Language describing emotion is not the emotion itself. The entire concept of a symbol is that a symbol denotes something, stands for something, but the symbol is not the thing itself. But it now appears that this long-held notion may be wrong.

The idea that seeing an object or event gives rise to brain states that resonate with previous experiences of that thing suggests a mechanism for language understanding to go beyond symbolic interpretation. Given that there is a brain mechanism for re-experiencing actions or sensations, this same mechanism may operate even when there is just a symbolic linguistic description. Understanding language may take place by invoking such resonant past experiences in the brain.

For example, when listening to sentences about hockey action, hockey players show neural activity in their motor system which is not seen for people who are naïve to hockey.[4] Experience playing hockey recruits the motor system in service of understanding hockey sentences as if one were watching or playing hockey when only listening to speech. This suggests one way in which language can have a direct impact on a listener. Rather than making inferences about actions based on the meanings of sentences, understanding a sentence may be a resonant motor system response in the listener to a description of an action. If this idea is extended more broadly, language impact may come from such resonant responses. Language understanding and the impact of language may result from processes more similar to the effects of hearing laughter. Hearing a sentence may create in a listener a set of resonant responses very similar to the patterns that correspond to the actual situations being described.

Such resonant responses need not be confined to the motor system and actions. Emotions such as fear or joy may be empathically evoked in listeners by speech just as a scream or laughter might. Verbal expression of attitudes may produce similar attitudinal responses in listeners. Moreover, if a listener's resonant response is strong, there may be increased empathic overlap with the speaker, which may serve to increase social connection. To the extent that people speak together and share feelings, social connection may increase as well.

**Evolution of social connection by communication**

The human social brain constructs connection and understanding by anthropomorphic projection as discussed by Nick Epley in his chapter. When we observe the behavior of nonhuman entities, anthropomorphic projection may form a feeling of social connection. Social connection depends in part on empathic responses to observed action. It has been argued that this same foundation is the basis for the evolution of language as well--observed action may be the foundation for language.[5]

A mirror neuron theory of the evolution of language starts with the assumption that we understand others by observing their actions. Communication depends on the regularization of typical actions that can be pantomimed. In principle this could lead to a kind of manual gestural system of communication akin to sign language. Hand and arm movements can depict a wide range of actions both by first-person depiction of an action such as screwing the top onto a jar and by third-person depictions such as using the fingers to portray a person walking. Hand and arm postures can depict objects such as a cupped hand representing a bowl. Combining sequences of such object and action depictions can communicate relatively complex messages even without a formal language. This is a far cry from sign languages in which the mapping between hand shapes and movements is not visually transparent in this way. But as the pressure to communicate a broader range of messages increases, a manual gestural language would have to be modified to reflect more abstract symbols ultimately leading in the direction of a sign language.

However, this kind of manual language has one major drawback. Communication depends on visual contact. In order to understand a gestural message it is necessary to see the hand movements. This limits the distances over which communication can take place. Moreover, a communication system that is effective for a group should not depend on face-to-face dyadic interaction, but allow for more broadcast communications. There is a great survival advantage in being able to maintain social connection and convey information over distances that go well beyond face-to-face communication.

Many species of fish, amphibians, reptiles, birds, and mammals commonly exchange information at a distance through vocalizations. The learned songs (and some calls) of songbirds are particularly rich sources of information conveying, to the receiver, individual identity and a host of other characteristics of the sender. Some mammals exchange information at great distances through calling behavior. Humpback whale vocalizations are perceived over extremely long distances and may be used to maintain social groups at distances as great as 5 km. African elephants can recognize friends and relatives from their calls at a distance of 2.5 km. Human sheepherders keep each other company from the top of one mountain to another in the Canary Islands using a whistled language called Silbo Gomero. Whether for purposes of mating, threat, warning, or social organization, conveying information regarding location, identity and motivation, and directed at one individual or towards far-flung groups,

vocal communication plays an important role in the social connection and behavior of a great number of vertebrate species. Thus while human vocal communication is enhanced substantially in face-to-face interaction, the evolution of speech has resulted in a system that can function even in the absence of direct visual observation. The sound of a threat or warning or distress can have substantial impact even at a distance from the speaker.

**Social impact and embodied language**

Many animals use vocalizations to maintain social group structure and to provide information relevant to a group. Even very young children use the way people speak as a marker of their social affiliation.[6] Such vocalizations are typically not viewed as symbolic forms that must be decoded and interpreted. Instead these vocalizations are mapped onto internal states more directly, much as human laughter may be. Although linguists and psychologists have often tried to differentiate human language from these kinds of vocalizations, language can impact us in much the same way. Perhaps language is less symbolic and more direct than scientists have thought.

What does it mean for language to have impact? If we take laughter as our model, perhaps it means that language gives rise to responses that have a direct effect on our perceptual and motor systems. Sermons may terrify because they create worlds inside of the listener that seem real. We can see and hear torment and imagine the feelings of pain and suffering. This is not a symbolic interpretation but a real experience created from language. However, just as we can distinguish the pain we feel from the pain of others, even when we have strong empathic responses, we can distinguish such created experiences from those that occur in the real world. The stronger the language, the richer the imagery, the more intense the delivery, the more salient the mentally created experience. One impact of language may be to create real feelings and sensations, imagined movement and behavior.[7] When language hurts us through criticism, rejection or insult, it may do so by activating our experiences of real pain. When we are soothed by language, it may produce the same kind of endorphin effect that placebo treatments can invoke. When language binds us together, it may do so by creating the kind of shared emotional states that characterize empathy.

In many respects, the linguistic view of language use does not engage these ways in which language functions. Linguistics treats language as consisting of patterns of symbols divorced from their origins in a human mouth, almost like print on a page rather than speech. But it is spoken language that the social brain evolved to use—print is a very modern invention which did not play any role in our evolution. In contrast, speech is produced from a coordinate action of muscles compressing lungs and moving tongue and jaw under the control of neurophysiology and hormones. Unlike the shape of printed letters, the sound of speech is shaped by attitude and emotion and intent, and its impact may be to transfer specific embodied states from the speaker to the listener.

**Conclusion**

Although physicists have debated the possibility of action at a distance for quite some time, the biological form of action at a distance is well established,

achieved through vocal communication in an extremely broad range of behaviors and settings. The force of language is carried by the form, content, and delivery of a message. And the impact of this force may be created in the minds of an audience by the resonant invocation of past real experiences. Real pain and sorrow, real comfort and joy, real love and caring, are all part of our shared human experience. The impact of language may come by invoking resonant past experiences that can create a platonic mental moment that flickers with the shadows of those experiences. In order to understand how this process works, we need to study how brain mechanisms operate to translate the sounds of speech into the impact of language.

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## Systems and Signals for Social Coordination

How do we understand each other as people? Do we take people at their word, or do actions speak even louder? When moved to affiliate and to act in concert with other people as a group, we need to understand the communications and actions of others. Language can move us to action even across great distances but how does it do so? While we can observe the behavior of groups of people as coordinated, the mechanism of achieving this coordination is unseen. We may be driven socially to form groups but how does that drive function in the individual to cause us to cohere. In order to go beyond the observation and experiences we have with groups and group behavior, we need to understand what makes the engine of social connection run. At one level, we can talk about language as a force itself, as Howard Nusbaum does. We can talk about the synchronization of individual behavior as Gün Semin does. However, both of these are observations about the way individuals may become part of a group. To go beyond this we must look to our biology to understand how the machinery underneath our sociality leads to connected minds.

Semin suggested one way our brains may seek to connect. Some neurons in an area of the brain that is involved in the control and planning of our actions also respond when we observe actions we have performed. Such neurons might be thought to "resonate" when seeing someone act or speak with our own experiences. Neurons that mirror actions and behavior have been thought to play a role in the process of understanding that behavior and the social connection that may form as a result of the resonance. In the next essay, Steve Small discusses these neural mechanisms and how they may be important in helping us understand spoken language and possibly in understanding social behavior.

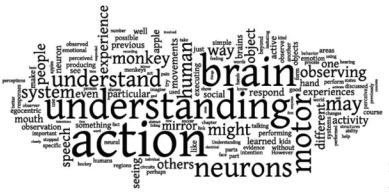


## Chapter 8[8]

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Human language represents a unique product of our social species and the tremendous evolution of the primate cerebral cortex simultaneously supported the development of both. Language is the defining feature of our species: In his 12th century volume, *Guide to the Perplexed*, Maimonides viewed it as tautological that man is a speaking animal, i.e., "there is no third element besides life and speech in the definition of man". But how does the brain implement this unique function in the context of its common ontogeny with social function? The current essay discusses the possibility that the recently discovered "mirror neurons" of the cerebral cortex of macaque monkeys play a special role in the ability of humans to understand each other with language by using a mechanism of observation and covert emulation. If the neurobiology of language were partly grounded on such systems of visual observation and imitation, this would overlap integrally with the biology of the social brain.

### Hidden Forces in Understanding Others: Mirror Neurons and Neurobiological Underpinnings

It is one thing to perceive objects in the environment and another to *understand* what is perceived. A rodent that senses an apple definitely has a notion that this represents something edible. A monkey might realize that the apple can be eaten but also can be thrown. A human might perceive it as a food, an object to be propelled, a temptation that should be resisted, or something that falls out of a tree at a specific acceleration. For each individual animal or person, understanding an apple means to take the sensory perceptions of the apple and to use previous experience and knowledge to fit it into an overall context. In this way, understanding a particular apple depends on our previously having seen, touched, and smelled apples, eaten them, read about them, and perhaps even been hit by a falling or thrown apple. All of our previous experiences come to bear every time we encounter a new perception that we must make sense of, and of course, this represents virtually every moment of our waking lives.

Our perceptions vary enormously from seeing simple objects (e.g., apples), taking in more complex entities (e.g., restaurants, neighborhoods), hearing noises or speech, and seeing actions (e.g., simple manual actions, sporting events). A major question for brain research is how we can possibly understand all these different kinds of input, and what brain circuits are used to do so. We assume that such an understanding means taking these inputs, weighing them against our previous

experiences in some way or other, and then integrating in some way the new and old together. This integration requires constant and dynamic changes to the brain structures that represent what we know and how we use it.[1] One way this could happen is that when we perceive something new, we actually re-enact in our mind's eye the previous related perceptions. For example, if we encounter an apple – having encountered many previously -- perhaps we actually imagine (seeing) one or more previous apples or episodes involving apples, or imagine (performing) one or more instances of biting an apple or throwing one, and/or imagine tasting and smelling one. We might also imagine hearing the word "apple", producing the sounds of the word, seeing the written form of the word, or even hearing, seeing, or producing synonyms or related words in our first (e.g., "Granny Smith") or second (e.g., "pomme") languages. We propose that understanding an apple is tantamount to executing this entire set of processes, and thus, that the circuits for understanding are very complicated and take up a large portion of the brain.

Of course, not all of what we understand is directly available to the senses; we can clearly understand beliefs and emotions as well as physical objects and overt actions. Brain researchers generally take the view that previous experience guides understanding of abstract concepts in much the same way that it guides the understanding of the more concrete entities. For example, we can understand the emotional states of other people by imagining being in those states ourselves. When I see someone feeling happy or sad, I can evoke examples from my own previous experience of feeling happy or sad (perhaps even for the same reasons), and by feeling the emotion, I can understand it. The closer my previous experience is to the perceived one, the better the "understanding". This principle holds whether one is trying to understand objects or people. An important distinction between people and objects when trying to understand their actions is that people, but not objects, have intentions.

**The Social Brain**

The critical question for neurobiologists is how does the brain understand. In particular, we want to know whether the same brain circuits that are used when we experience things personally are also used when we try to understand another person having the same experiences, whether these experiences are concrete, like grasping a cup or hitting a baseball, or more abstract like feeling sad or fearful or in pain. We also want to know whether understanding the simple concrete perceptions and these highly complex emotional states are mediated similarly in the brain. Further, we are interested in the overlap between conscious and unconscious understanding and shared or personal understanding. One way to address these questions is to examine the brain structures responsible for specific types of personal sensations, actions, and cognitive processes, and to see if these same ones play a role when individuals attempt to understand these functions in others. Using modern techniques of physiology, experiments of this type have been conducted in both monkeys and humans, with some surprising results.

It is now possible to measure brain activity of humans while having a wide range of different kinds of experiences. Such human neuroimaging

experiments have suggested that understanding actions and objects invoke some of the same brain structures used to perform the actions and to act on the objects. With respect to actions in particular, humans sometimes use their own motor repertoire in interpreting actions, possibly by imagining or mentally simulating the perceived action. When people are asked to observe the actions of others, particularly goal-directed actions involving the hands or mouth, they seem to activate brain regions for moving the hands or mouth. Thus, there is a link between observing actions and executing actions. This has a relevance to education as well: "Understanding by doing" (i.e., by observing and then executing) has a long and valued tradition in American education[2], and these recent scientific results might help us understand why this is effective.

When my son was 5 years old, he was a member of a kids' soccer team in Hyde Park, on the campus of the University of Chicago. His coach was a professor of history at the university, a woman who had never played soccer, but was a voracious reader, and in her readings on the subject, took careful note of all the methods needed to play soccer as well as the rules and regulations. She methodically took the kids through all the (theoretically relevant motor) steps needed to dribble the ball, to pass, and to shoot – flex your foot this way, bend your leg that way, keep your arms this way, etc. The kids tried to follow the verbal instructions but their motor performance was less than stellar — they learned a little bit, but they lost all of their dozen games, for a depressing 0-12 record. The next season, the same team was coached by another volunteer parent, this time an engineer from Trinidad, who had played soccer his whole life. The instructions he gave the kids were quite different: "Follow me and do what I do". There were no suggested foot flexions or extensions, and no specific leg movements proposed. The kids learned the skills, and won all their games. Why? The kids learned by observing a good model and then imitating what they observed the person doing, which appears to be a way to learn motor skills that is far stronger than that of explicit motor instruction.

When people have strokes, a part of their brain dies, and they can lose the ability to speak or use a hand properly. We are now using this idea of imitation in a treatment program to re-educate people with strokes to use their hands better and to pronounce words better. For these imitation-based treatments, people first observe a particular hand action or speech sample on a video monitor, and then they try to produce it. In fact, they observe it over and over again for a while before they even try to do it at all. They are never told *how* to move their hands or mouths; they are just told to copy what they see. Over the course of six weeks, people with hand problems progress from imitating a simple grasp of a cup to picking up a telephone and dialing a number to picking up a toothbrush, brushing their teeth, and returning the brush to the sink. Those with speech problems progress from imitating simple words of a single syllable to longer less common words and even short phrases. We have already shown that these therapies have beneficial effects in a number of people and are now trying it out more extensively.

There seems to be an important link between observing and executing actions. Similarly, there is a link

between observing action and understanding emotion. This link has been most clearly demonstrated in the case of facial expressions – if I observe the muscles of the face in a position to convey an emotional state, clearly I perceive the emotion. What has been shown recently is that observing such facial expressions leads to two kinds of brain activations in the observer: The first set of regions activated are those that would be used by the observer to execute the identical face movements, just as with hand or mouth movements. However, additional regions are also active, and these are precisely the ones that would be involved if the observer were to feel the observed emotion personally. Thus the circuitry for action observation in the human brain is interdependent with parts of the brain critical for understanding more complex nuanced aspects of the world.

**Mirror Neurons**

It turns out that there may be cellular building blocks in the brain that are particularly important for observing and executing actions, and may ultimately lead to an explanation of action understanding and imitation-based learning. In fact, such structures would contribute to any form of understanding that could be partly explained by imagined re-enactment of perceived actions (e.g., seeing an emotional facial expression, hearing a cry of pain). The cells under discussion are a type of nerve cell, or neuron, discovered in the front part of the monkey brain by Professor Giacomo Rizzolatti and his colleagues at the University of Parma. The scientists trained monkeys to perform specific actions like grasping an object or licking their lips, and were performing electrical recordings in regions in the front of the brain known to coordinate movements. These recording machines note brain activity both visually, as a graph on a screen, and auditorily, by a loud series of clicks, indicating the firing of a neuron. Rizzolatti and his team were focusing on a particular region in the front of the brain, and were having the monkey perform all sorts of hand, mouth, and eye movements to see how the brain cells were organized to make these movements happen. One day (or so the story goes), one of the researchers returned from lunch while the electrical recordings were being made, and was finishing off a cone of superb Italian gelato, when all of a sudden the recording device starting making a loud series of clicks. The returning scientist stopped licking his ice cream cone to see what was going on, and the noise stopped. When he restarted licking his gelato, the clicks resumed, and when he stopped again, they stopped. The investigators had discovered a type of neuron that was sensitive to the monkey observing a particular human action.

It was not surprising that following training to perform an action, some neurons in the motor region of the brain responded while performing that action, when the same neurons would not have responded beforehand. However, it was extremely surprising to find that some of those neurons also responded vigorously when the monkey *observed* the very same learned actions. Through a methodical and systematic approach, this group was able to make a more elaborate and far-reaching set of observations. For a small subset of neurons, if a monkey had learned to reach for a particular object, seeing another monkey reach for the same object would cause the neuron to fire. For a different subset of neurons, if the

monkey had learned to pucker up his lips, the neuron would fire both when the monkey did this or when the monkey observed another monkey (or even a human) doing this. These motor neurons have been dubbed "mirror neurons", since they respond during both execution of action and during observation of the same action in a mirror-like fashion.[3] Mirror neurons are not active during observation of an appropriate action if there is no goal (i.e., the object is absent) or when an appropriate object is presented alone. Mirror neurons have been discovered both for mouth actions and hand actions, and for both visual and auditory perception of actions.

Seeing a previously learned action performed by someone else seems to resonate in some neurons in the motor system almost as if the action were being performed by the observer. It is as if the observed action stimulates some motor neurons to "remember" what it was like to perform action. Of course, this is not memory in the overt sense of conscious recollection, but rather that the experience of execution changes the response of the neurons to observation. Not all the motor neurons respond this way but a small number have been shown to respond when performing and observing an action. Such mirror neurons could provide a correspondence between the experience one has of performing an action and seeing the same action performed by others.

These mirror neurons might provide one basis for understanding action. Relating actions we observe to actions we have carried out seems like an important component for comprehension. After all, we knew what we were doing when we performed an action. If that experience is somehow reinstated during observation we might attribute our past experience as the interpretation of the present observation. Imitation when observing an action might occur because our motor system is stimulated by observing an action. Coordination of action could occur because in representing others' actions as if they were our own, our brains may be able to compute the time when we can act without disrupting the other person. This is just the kind of process that is described in Gun Semin's chapter when he describes how groups of people can synchronize their actions like clapping together.

**From monkey brains to human intention**

Of course, relating responses in monkey brains to human brains is neither direct nor simple. Parts of the monkey brain and and parts of the human brain that putatively correspond, while similar, are not identical in number or size or location, and probably do not do exactly the same things, since monkeys and humans have evolved to have somewhat different capacities and behaviors. Furthermore, the study of mirror neurons in monkeys is based on recording the responses of individual neurons, which is not generally possible in humans except in rare cases of medical necessity. The measures we can make on intact human brains come from the responses of many thousands of neurons, so it is difficult to make claims about neurons that respond in producing an action and perceiving the same action. This means that any claims about human mirror neurons depend on a degree of good faith and inference rather than specific empirical demonstration that individual neurons respond both to observing and executing action.

Researchers have measured human brain responses using a variety of methods such as functional magnetic resonance imaging (fMRI), which demonstrate reliable effects of changes in neural activity by changes in blood flow. Although slower to respond than measures of electrical activity, fMRI provides evidence about where neural activity in the human brain occurs. This kind of research does show that observing action produces activity in areas of the human brain more typically associated with executing action. While there may be some disagreement about which motor areas of the human brain are active while observing or imitating action and how these would correspond to areas in the monkey brain, there is good agreement that the human motor system responds for observation and imitation of action.[4]

There is quite a difference between recognizing an action and understanding that action. We can see a hand move through space with an open palm oriented with the flat of the palm moving toward the surface of an object and predict where the hand will strike the object and that it will apply force to the surface of that object. But understanding the same general action as pushing a door open with the intent to enter and slapping a person in the face is quite different. A ball can be thrown in a game of catch or as a missile intended to do harm. The actions may be similar but the intentions are different. Therefore it is important that some researchers have argued that mirror neurons respond to the intention as well as the action.[5] However, to date there has been no clear evidence that such neurons respond to intention -- just that the sight of the action of reaching without an object to grasp, the sight of the object alone, and the sight of the action with the object present show different patterns of brain response. The fact that such different visual experiences lead to different patterns of brain activity does not provide clear evidence that intentions or goals are somehow part of the mirror neuron response to observed action.

**Understanding spoken language as action understanding**

The potential ambiguity of action is perhaps clearest if we consider language. Talking is a form of action and understanding speech might be a form of action understanding. In talking, mouth movements are made in such a way as to create sounds that will have some affect on the listener, as discussed in Howard Nusbaum's chapter. Listeners must understand what was meant by making those sounds. However, if someone says, "It's hot in here," or "You are a great friend," there can be ambiguity about the meaning. Such sentences could be straightforward observations as they seem to be or they could be something very different. We can ask to have a window opened or we can make a negative social comment using exactly the same sentences.

Nonetheless, there is good reason to believe that the human action system is involved in understanding speech as well as producing it. While some ambiguities in speech or behavior simply cannot be resolved without broader contextual knowledge, the motor system may be important in understanding. If you try to have a conversation in a noisy bar, looking at your friend talking makes it easier to understand what is being said. We have shown that the motor system contributes to this process of recognizing speech. When listeners can see someone's face while talking, mouth

movements increase activity within the motor system measured using fMRI. Furthermore, it is possible to show that the same parts of the motor system can be active in talking and in understanding speech. By analyzing which parts of the brain are active and when they become active, it is possible to show that when motor system activity in the frontal lobe of the brain precedes activity in other regions (e.g., the temporal lobe), listeners have a better understanding.[6] It is as if the motor system "recognizes" the speech before other parts of the brain when the talking mouth is visible to the listener.

This study shows that more information about the action of producing speech (visible mouth movements) can activate the motor areas of the brain during understanding of speech. But it is also the case that understanding speech without seeing the speaker depends on the motor system. Hockey players are experts at hitting slap shots, blocking passes, and whacking each other in the head with hockey sticks. They have done these things in the real world just as monkeys in Parma have learned to reach for certain objects. When hockey players listen to sentences describing hockey action, even without seeing the speaker or the action, motor areas are active during sentence understanding and these same motor areas are not active in people without hockey experience.[7] Understanding described actions appears to be influenced by the motor systems of people who have experience with those actions. Understanding action may be influenced by the experiences of our motor systems.

**Reading minds through action**

In understanding other people, we start with what we understand about ourselves. As Nick Epley describes in his chapter, we take this kind of egocentric perspective in understanding other people or pets or God or the behavior of inanimate objects. We know what we meant when we say something or do something and we make the same attribution to others, even nonhuman others. While this may be a good starting point for religions to help people feel connected to God, as discussed by Clark Gilpin, it may not be uniformly informative about human behavior. Behavior is not transparent for the intention of that behavior. The fact that any particular action is not necessarily unique to the intent behind it is the basis of a great deal of misunderstanding in daily interactions. As a result, even if mirror neurons help our brains recognize actions and sometimes interpret them, there are real limits to how experience-producing actions can correctly inform social understanding.

In spite of this limitation, we may often do just this—assume we understand another's actions because of what we would intend were we to do the same thing in the same circumstance. Human social understanding does suffer egocentric limitations often and to the extent that it does, something like a mirror neuron system may play a role. For example, as discussed by Jean Decety in his chapter, our ability to understand the pain of others may derive in part from the neural systems involved in our experience of pain, but goes beyond this starting point. The social brain is on one level perhaps a very egocentric brain. But the fundamental motivation to connect with others has resulted in systems built on top of these egocentric foundations. If social

understanding depended entirely on past experiences of our own intentions and actions, there might be much more misunderstanding and cynicism in the world. However, the capacity to reason, hypothesize, and model possible futures may increase social understanding beyond the anchor of purely egocentric perspective. We can conceive of alternatives to our own goals and motives and relate those alternatives to the actions we observe. To some extent, this process might also involve the motor system by mentally simulating actions and anticipated responses. By imagining how we might act in some situation to achieve a goal or the alternative ways we may act given some intention, it may be possible to go beyond the limits of our own experience. Such constructive imagery may well depend on the motor system, along with other neural systems, but currently there is no scientific evidence that such a system might be linked with the operation of mirror neurons.

**Conclusion**

We are equipped to understand the world around us by relating what we perceive to our own experiences. With respect to actions in particular, our brains have specialized circuitry to relate previously executed actions to newly perceived ones, possibly by performing an internal (imagined) simulation of them. There is evidence too that we might understand the emotional states of others by a similar kind of process, whereby our brains activate circuits for experiencing the emotion as a way to understand that emotion in others. These brain mechanisms might also apply (to a greater or lesser degree) when we try to understand actions or feelings by non-human animals or even inanimate entities. This could be a partial biological explanation of anthropomorphism, as discussed by Epley and Gilpin. Of course as humans we have the ability to go beyond these strict egocentric limitations and recognize and respond to our social connections more explicitly. This ability to go beyond the more basic grounding of the way we understand others may subserve part of the goal of some religions, discussed by Kathryn Tanner, in fostering a more abstract view of our connection to others. While a mirror neuron system might help form the basis for some aspects of social understanding, there may well be other invisible forces at work supported by these and other neural systems in our social brain.

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## Connecting and Binding Social Brains and Minds

We evolved as social organisms in the context of face-to-face interaction. Much of our human biology was established before the technology of email and cell phones. As a result, our biological nature is tuned primarily to social signals and interaction that occurs in the presence of another. It takes just a moment of observation for us to know a lot about another person as a social being. We can understand other speakers easily within tens of milliseconds of experience. Our brains have developed to make this kind of social connection quickly and easily, whether through language or action. In order to understand someone else, we need to be able to understand their goals and intentions. Moreover we need to relate their behavior to our own individual and personal experience. Steve Small discusses some of the brain machinery that may allow us to translate our perception of language and observation of behavior into a form that can be related to our own use of language and action. This kind of resonance with experience, rather than elaborate inferences, may allow us to connect quickly with others, satisfying our drive for sociality.

But understanding behavior and communication is not all there is to forming social connections. It is one thing to read intentions and another to feel someone's pain. If we only could understand action and communication, an important element of human connection would be missing. In forming a collective mind, as Gün Semin discusses it, we need to have collective emotional responses. Jean Decety discusses the foundations of empathy and the brain machinery that supports this important capacity by providing a resonant response to the observation of another person's distress. Although sympathy may motivate helping others, empathy may be one of the social glues that binds us together as a collective social organism.

## Chapter 9[9]

### Empathy and Interpersonal Sensitivity

A young girl, after watching a televised documentary account of child hunger and suffering in Bangladesh, pleads with her parents to "do something" to help them. A new child in daycare is being ignored by the other children with the exception of one little boy who takes her hand and includes her in all his activities. These modest beginnings signal the important and ongoing role of empathy for surviving and flourishing in our social world. Empathy has been suggested to be essential to navigating the social world; it enhances our understanding of others, improves the effectiveness of our social communication, and fosters mutually satisfying social relationships. Conversely, lack of empathy or its maladaptive use causes social relationships to falter and fail.

Empathy refers to our natural capacity to quickly and automatically relate to the emotional states of another person. Rudimentary forms of empathy appear early in the life course, and with maturation, empathy can be experienced by simply reading about or imagining someone else's emotion. Empathy comes so naturally that physicians must learn to dampen their empathic pain responses when inserting a needle into a patient (1). Just because empathy comes naturally does not mean, however, that it is instantiated in a discrete brain module that is automatically activated when one witnesses another's distress or suffering. Rather, the experience of empathy is underpinned by the combined activity of several dissociable psychobiological systems. Further, empathy can be modulated by various contextual, dispositional, and interpersonal factors. The study of empathy, using sophisticated methods from psychology, neurology, neuroimaging, and neuropsychology, provide a unique opportunity to understand the invisible power of empathy in shaping our obligatorily gregarious social nature.

**Defining empathy and its functions**

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Empathy and sympathy play crucial roles in much of human social interaction and are necessary components for healthy co-existence. Sympathy is thought to have a key role in motivating prosocial behavior, guides our preferences and behavioral responses, and provides the affective and motivational base for moral development. Although the study of these abilities has traditionally been examined using behavioral and clinical methods, recent work in social neuroscience has begun to provide compelling and novel insights on the neural mechanisms involved in interpersonal sensitivity. These developments are explored in this essay.

Empathy can be defined as our natural capacity to share, appreciate, and respond to the affective states of others. This capacity is essential for the regulation of social interactions. For instance, empathy is believed to motivate prosocial behavior and inhibit aggressive behavior (2). In addition, our ability to share the emotions of those we observe binds us to each other and fosters a collective social identity. Empathy's invisible power is that it moves us to cooperate, coordinate our behaviors, and provide the needed care for one another. Notably, however, empathic concern does not necessarily lead to empathic behavior. First, empathy poses a paradox, as sharing of feelings does not necessarily imply that one will act or even feel impelled to act in a supportive or sympathetic way. Second, the complexity of the social and emotional situations eliciting empathic concern influences the probability and nature of the help provided. Whether and how empathic actions are expressed depends on the feelings we perceive in the other, our relationship with that individual, and the context in which we share an emotional state.

Empathy is critical for complex human interactions, but this does not mean that empathy and prosocial behavior have suddenly appeared with *Homo sapiens*. If empathy is a potent invisible force generated by the social brain, some form of emotion-sharing should also be evident in other social species such as non-human primates. Indeed, field observations conducted by comparative psychologists and ethologists suggest that behaviors homologous to empathy can be found in non-human primates (2). Some have argued that empathy is not an all-or-nothing phenomenon, and that many intermediate forms of empathy exist between the extremes of mere agitation at the distress of another and full understanding of their predicaments (3). Many comparative psychologists view empathy as a kind of induction process by which emotions, both positive and negative, are shared, and which increase the probability that the protagonists will subsequently engage in similar behavior.

Though certain non-human primates may share feelings between individuals, humans seem to have the unique ability to intentionally "feel for" and act on behalf of other individuals whose experiences may differ greatly from their own. Such a capacity may help explain why empathic concern is often associated with prosocial behaviors such as helping kin, and why it has been considered the foundation for altruism, the expression of empathy and caring for those who are not kin. Evolutionary biologists have suggested that empathic helping behavior evolved because of its contribution to genetic fitness (kin selection). In humans and other mammals, an impulse to care for offspring is almost certainly genetically hard-wired. Less clear, however, is whether an impulse to care for siblings, more remote kin, and similar non-kin is genetically hard-wired. The emergence of altruism is not easily explained within the framework of neo-Darwinian theories of natural selection (but see Cacioppo's chapter on this point). Social learning explanations of kinship patterns in human helping behavior are thus highly plausible. Indeed, one of the most striking aspects of human empathy is that it can be felt for virtually any "target," even targets of a different species (animals included). We can see a deer hurt by a passing car or the dogs locked in crates at a shelter and feel

strongly for their pain or confinement and future. In part, this kind of empathic extension may be motivated by the kind of anthropomorphic attitudes we have about non-human entities as discussed by Nick Epley in his chapter. The fact that we are adept at "feeling for" very different others whom we can observe but not truly understand suggests that we possess a capacity to cognitively re-represent others in our mind in a way we can understand. Indeed, second-order representation is a key component of empathy in humans, and may be a useful adaptation for human survival because it maximizes the range of individuals with whom we can form a social bond.

**The Components of Empathy**

The psychological components that make up full-blown empathy are supported by distinct and separable psychobiological systems. Empathy can be decomposed into an affective component that includes the perception and sharing of an emotional state observed in another individual, and a cognitive component that includes the motivation and intention to respond. Closely related is a regulatory component that involves adjustment of one's emotional and behavioral response. The affective, cognitive, and regulatory aspects of empathy involve interacting, yet partially non-overlapping neural circuits. The initial component in the overall process leading to empathy draws on somatic mimicry, also known as "emotion contagion." This affective component of empathy develops earlier than the cognitive component. Affective responsiveness is present at an early age, is involuntary, and relies on mimicry and linking of actions perceived in others with actions in oneself (i.e., perception-action coupling). For instance, newborns and infants become vigorously distressed shortly after another infant begins to cry. Facial mimicry of basic emotional expressions also contributes to affective sharing, and this phenomenon starts very early in life, by approximately 10 weeks of age. This primitive mimicry mechanism, which may be based on mirror neurons, which are sensorimotor neurons found in the premotor, motor, and posterior parietal cortex of the brain that become active when observing as well as when enacting a behavior as discussed in Steven Small's chapter. This kind of mechanism may contribute to the development of empathy in the early preverbal period, and continues to operate past childhood. There is evidence that when we perceive emotions and actions of others, we use the same neural circuits as when we produce the same emotions and actions ourselves (e.g., watching another individual being disgusted and experiencing disgust in oneself activate similar neural circuits). For instance, viewing facial expressions triggers expressions on one's own face, even without explicit identification of what we're seeing (4).

The cognitive component of empathy is closely related to processes involved in "theory of mind" (i.e., the ability to attribute mental states to others and to understand that others' mental states can differ from one's own) and self-regulation. The capacity for two people to resonate with each other emotionally, prior to any cognitive understanding, is the basis for developing shared emotional meanings, but it is not enough for mature empathic understanding and concern. Such an understanding requires the observer to form an explicit representation of the feelings of another person, a process that

involves additional mechanisms beyond the sharing of emotion and includes self-regulatory mechanisms to modulate the observer's experience of negative arousal. Specifically, in order to understand the emotions and feelings of others in relation to oneself, second-order representations of the other must be consciously available and must not confuse the other with the self. The medial and ventromedial prefrontal cortices are known to play crucial roles in decoupling first-person and third-person information and maintaining representations of the other as distinct from the self (5).

The regulatory component of empathy, especially regulation of internal emotional states and processes, is particularly relevant to the modulation of vicarious emotion and the experience of empathy as well as sympathy. Empathy is unlikely to lead to helping behavior if the observer is incapacitated by strong empathically evoked emotions, which is why emotional regulation is an important component in empathy. Indeed, children high in effortful control show greater empathic concern, and the tendency to experience empathy and sympathy versus personal distress varies as a function of their ability to regulate their emotions more generally.

**How We Perceive Other People in Pain**

When witnessing another person experiencing pain, the scope of an observer's reaction can range from concern for personal safety, including feelings of alarm, fear, and avoidance, to concern for the other person, including compassion, sympathy, and care-giving. The existence of the perception-action coupling mechanism apparent in emotional contagion also seems to account for our ability to perceive and understand the pain of others. In the case of pain, individuals are predisposed to find distress of others aversive and learn to avoid actions associated with this distress. This is even the case in many mammalian species, including rodents. For instance, rats that had learned to press a lever to obtain food would stop doing so if their response was paired with the delivery of an electric shock to a visible neighboring rat (6).

Recently, a handful of functional neuroimaging studies performed with healthy human volunteers revealed that the same neural circuits implicated in processing the affective and motivational aspects of pain in oneself account for the perception of pain in others (7). In one study, participants in a magnetic resonance imaging (MRI) scanner either received a painful stimulus or, in other trials, observed a signal that their partner, who was present in the same room, would receive the same stimulus. First-hand experience of pain resulted in activation of the somatosensory cortex, which encodes the way we feel aspects of a noxious stimulus such as its bodily location and intensity. Furthermore, the anterior medial cingulate cortex (ACC), and the anterior insula were activated during both first-hand pain and the anticipated experience of pain in someone else. These regions are responsible for the affective and motivational processing of noxious stimuli such as those aspects of pain that pertain to desires, urges, or impulses to avoid or terminate a painful experience. A number of other neuroimaging studies of empathy for pain in adults as well as in children have demonstrated that the somatosensory cortex is not activated only during first-hand pain but is also activated with the perception of other

people in pain. Altogether, there is strong evidence to suggest that perceiving the pain of others triggers an automatic somatic sensory-motor mirroring mechanism between other and self, which activates almost the entire neural pain matrix including the periaqueductal gray, a major site in pain transmission and for processing of fear and anxiety, and the supplementary motor area that programs defensive movements in response to anticipated pain. Such a neural resonance mechanism provides a functional bridge between first-person and third-person information. It is grounded in the equivalence of self and other, which allows for analogical reasoning, and offers a possible, yet partial, route to understanding others.

Of course, human empathic abilities are more sophisticated than simply yoking perceptions of the self and other. In the eighteenth century, Scottish philosopher and economist Adam Smith proposed that through imagination, "we place ourselves in his situation… enter as it were into his body, and become in some measure the same person with" (8). By means of imagination we come to experience sensations which are generally similar to, although typically weaker than, those of the other person. This capacity to engage in role-taking has been theoretically linked to the development of empathy, moral reasoning, and more generally, prosocial behavior. Unlike the motor mimicry and emotional contagion aspect of empathy, perspective-taking develops later, possibly because it draws heavily on the maturation of executive functions (i.e., processes that serve to monitor and control thought and actions, including self-regulation, planning, cognitive flexibility, response inhibition, and resistance to interference), functions that are predominantly centered in the prefrontal cortex which continues to mature from birth to adolescence. Theoretically, imagining the other is distinct from imagining the self: the former may evoke empathic concern (defined as an other-oriented response congruent with the perceived distress of the person in need) while the latter induces both empathic concern and personal distress (i.e., a self-oriented aversive emotional response such as anxiety or discomfort). This distinction has been supported empirically. When individuals are asked to imagine how they would feel in reaction to emotion-laden familiar situations and to imagine how a known person would feel if she was experiencing the same situations, common neural circuits are activated both for the self and the other. However, relative to imagining the self, imagining the other results in specific activation of parts of the frontal cortex that are implicated in executive control—the use of attention and working memory and decisions—and an area of the brain at the interface of the temporal and parietal lobes of the brain that is a key component of a larger network of neural circuits involved in attention (sometimes called the temporoparietal junction).

Some researchers have hypothesized that the role of the frontal lobes and the temporoparietal junction is to hold separate perspectives or to resist interference against attention to one's own perspective. In a recent functional brain imaging study (9), participants were shown pictures of people with their hands or feet in painful or non-painful situations with the instruction to imagine themselves or to imagine another individual experiencing these situations. During perception of painful situations,

both the self-perspective and the other-perspective were associated with activation in the neural network involved in pain processing. These results reveal the similarities in neural networks representing first- and third-person information. In addition, however, the self-perspective yielded higher pain ratings and involved more extensive activation of some circuits in the pain matrix than did the other-perspective, thus highlighting important differences between self- and other-perspectives.

Neuroanatomical regions and circuits form the foundation for the experience of pain in others, but they are not sufficient to explain variability in interpersonal sensitivity. Although empathetic brain circuits are activated by the mere perception of pain in others, activity in these circuits can be modulated by social, motivational, and cognitive factors. For example, observing pain in likable others (i.e., those who played a game fairly) resulted in an enhancement of empathic brain responses, whereas pain in dislikable others who played unfairly did not. Another functional MRI study (10) found that participants showed significantly greater responses in neural regions that are involved in pain perception when observing the pain of people who were not responsible for their stigmatized condition (i.e., individuals who contracted AIDS as the result of a blood transfusion) than either controls (healthy individuals) or people who were held responsible for their condition (i.e., those who contracted AIDS through illegal drug use). In addition, participants expressed more empathy and personal distress in response to the pain of people who were not responsible for their stigmatized condition as compared to controls. The level of empathic response, therefore, seems to be influenced by motivational factors as well as the interpersonal relationship between the target and the observer.

Altogether, these findings demonstrate that the similarities between affective representations of the self and the other stem from shared neural circuits that can be emulated either automatically or intentionally by the act of perspective-taking. Importantly, these findings also point to some distinctions between these two representations, distinctions that contribute to our capacity to detach ourselves from others sufficiently to make considered responses to their pain.

**Conclusion**

Empathy, the natural capacity to share, appreciate, and respond to the affective states of others, plays a crucial role in much of human social interaction from birth to the end of life. As would be expected if empathy functions to enhance social cohesion, social non-human primate species also exhibit rudimentary versions of empathy. What humans have in abundance are higher-level cognitive and social abilities (language, theory of mind, executive functions) that can be deployed to modulate empathic responses, and that are amenable to modulation by lower-level processes such as emotional contagion and mimicry. These levels of processing enable empathy to have an impact on a wide variety of human behaviors. From motivating prosocial behavior to providing the affective and motivational bases for moral development, empathy is an invisible force to reckon with when considering how humans behave toward each other.

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**Seeing into My Mind and Other Minds**

Empathy is defined by Jean Decety as "the natural capacity to share, appreciate, and respond to the affective states of others." Empathy rests on our ability to see into the mind of another while distinguishing it from one's own to be in a position to cooperate, coordinate, and provide the needed care for others. The possession of empathic capacity is not sufficient to determine the precise nature of the response toward others, however. As Decety points out, whether an individual attends to and responds empathically upon observing emotion in another individual depends on, among other things, dispositional tendencies, the relationship between the individuals, and contextual constraints. Motivation to help another is also influenced by the amount of cognitive effort we are willing and able to exert to take the perspective of the other.

Perspective-taking is essentially an attempt to see into the invisible mind of another. What we can't see, we model based on our own mind and like-minded individuals. Nick Epley shows that seeing into and connecting with other minds is such a frequent operation of the social brain that the absence of others inclines people to see human minds in nonhuman entities. Whether it's a tree, a pet, or God, ascribing mind to others endows them with the capacity to experience the same affective states we experience. This shared capacity evokes in us a tendency to feel and express empathic concern for their well-being. Unfortunately, humans do not grant all individuals, much less non-human entities, an equivalent degree of mind. Epley articulates how differences in the capacity to see mind in others have consequences for the way we feel and think about and behave toward others.

## Chapter 10[10]

## Seeing Invisible Minds

Shortly after taking off from LaGuardia airport in the dead of winter, the engines of US Airways flight 1549 failed after inhaling several large geese. The pilots glided their plane onto the Hudson River, where all of the passengers were rescued, cold, wet, and almost completely unharmed. Explained one passenger, "God was certainly looking out for us." New Orleans Mayor Ray Nagin offered a very different assessment of God's mind following the devastating impact of Hurricane Katrina when he explained that, "Surely God is mad at America. Surely he's not approving of us being in Iraq under false pretense. But surely he's upset at Black America, too."

Depending on your own beliefs, such statements will seem somewhere between insane and insightful. To psychologists, they seem impressive. They seem impressive not because they reveal a keen sense of causal inference, but rather because they reveal what may be the most impressive capacities of the social brain—the ability to reason about, or "to see," what other minds see. Introspection enables you to know your own intentions, report on your own thoughts, feel your own pain, and recognize when you are feeling shame rather than guilt. Other minds, however, are inherently invisible. You cannot know what it is like to be another person on the inside because your skull gets in the way.

The inherent invisibility of other minds poses a major problem for hard-nosed philosophers, who skeptically note that people cannot infer that other minds exist at all. Although it is surprisingly difficult for philosophers to reject the skeptical conclusion from the "other minds problem," almost everyone else casts it aside altogether some time around the age of five. At this point people have developed such a strong capacity to think about other minds that they not only see minds in other people, but they seem to see other minds almost everywhere[1]. Gods can be caring or

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[10] The lead author is Nicholas Epley, Ph.D., a Professor of Behavioral Science at the University of Chicago Booth School of Business. His research investigates people's ability to reason about others' minds, from knowing how one is being judged by others to predicting others' attitudes, beliefs, and underlying motivations, and the implications of systematic mistakes in mind reading for everyday social interactions. His research has appeared in more than two dozen journals, has been featured by the *Wall Street Journal*, CNN, *Wired*, and National Public Radio, among many others, and has been funded by the National Science Foundation and the Templeton Foundation. Epley has written for the *New York Times*, produced lectures for the *Financial Times*, been elected as a Fellow of the Association for Psychological Science, and is the winner of the 2008 Theoretical Innovation Prize from the Society for Personality and Social Psychology.

Other minds are inherently invisible. You cannot see an attitude, smell a belief, or touch an intention, and yet you can nevertheless "see" these mental states in other people with great ease. You can even see them in agents ranging from pets to gadgets to gods. How you are able to see other minds, and how they become visible, matters because it marks the difference between treating others as human beings worthy of moral care and concern versus treating others as objects or animals.

callous. Pets can be thoughtful or devious. And every now and then, computers can have a mind of their own.

Having the capacity to reason about other minds enables people to form deep social connections with others, to empathize with others' pain and share in their joy, and to anticipate others' actions. But having a capacity and actually using it are two different things. People are not naturally inclined to see invisible things in the environment. People do not automatically see into other minds, either, but instead do so only under certain circumstances and with some psychological effort. This chapter will describe how people come to see other minds, how other minds can become more or less visible, and why the visibility of other minds matters for everyday life.

**Kinds of Minds**

Studying how people understand other minds first requires understanding how people intuitively define another mind. Research suggests that people think of minds as having two distinct dimensions, the ability to act (agency) and the ability to feel (experience)[2]. Mindful agency involves the cognitive activities that enable action, such as the capacity to plan, to have intentions, to engage in deliberate self-control, and to pursue one's own goals. Conscious preferences, attitudes, and beliefs follow from these capacities. Mindful experience, in contrast, involves the cognitive activities involved in reacting to the external world, such as the capacity for self-awareness, and the experience of basic psychological states (like hunger, thirst, or pain), and other-oriented emotions (such as empathy or sympathy). Mindful experience also involves the capacity for metacognition—the capacity to think about one's own thoughts or emotions—exemplified in experiences such as confidence and doubt, or in secondary emotions such as shame, guilt, joy, or hope. People seem to represent these two capacities in others quite independently. A sociopath, for instance, can appear to act with a high degree of mindful agency but no mindful experience, whereas a baby might appear full of mindful experience with relatively little mindful agency. Seeing other agents as mindful essentially means seeing them as able to consciously think and/or to feel. Because you are aware of both your own thoughts *and* feelings, you likely consider yourself—like most people do—to be very mindful.

**Making Other Minds Visible**

Introspection provides a kind of flashlight that seems to provide direct access to one's own agency as well as experience. Although research demonstrates that introspection is actually a process of indirect inference, it *appears* to us that introspection provides direct access to the workings of our own brain. It seems that we can look on the inside and *feel* when we are suffering, *know* when we are experiencing regret, or be *aware* of our intentions to lose weight. We can use our introspective abilities to make inferences about what others are likely thinking or feeling (and we very often do), but such inferences are likely to seem inherently less direct, less immediate, and less illuminating. We cannot see into other minds as clearly as we seem able to see our own.

When something is difficult to see, people may doubt whether it

actually exists, or may not see it at all. This is true of the relative difficulty that people have seeing other minds compared to one's own, in ways that are sometimes very subtle and surprising. For instance, we tend to evaluate ourselves by consulting our mindful intentions, but we evaluate others (and *their* intentions) by observing their actions. We may consider ourselves to be conscientious if we planned to buy our spouse a birthday gift, but need to see an *actual* gift to infer that our spouse is equally conscientious.[3] We tend to believe that we are more likely to experience complicated mental emotions like shame, guilt, or embarrassment than are others.[4,5] We tend to believe that our own behavior will therefore be guided by moral sentiments like empathy, guilt, or compassion whereas others' behavior is more likely driven by the relatively mindless motives of self-interest.[6] Other minds are more opaque than our own, and some learning, attending, seeking, and projecting is required for our brains to become fully social and see into them. Here's how[7].

*Learning*. Children do not enter the world able to think about other minds, but they learn to do so fairly quickly. At around three months of age, children start preferentially attending to animate objects compared to inanimate objects, and at around six months of age start to distinguish between intentional (goal-directed) and unintentional (accidental) action. At this age, for instance, children will look reliably longer at a person who is reaching for a cup than to a person who is making the same reaching motion in the absence of a cup. Over the next 18 months, children become more likely to mimic intentional than unintentional actions[8], to follow the gaze of another person and therefore share his or her attentional focus, and recognize that other people may have preferences that differ from one's own. By age two, children's social ability to read other minds seems to have already surpassed that of our nearest primate relatives, and over the next two years they pick up what appear to be uniquely human mind-reading capacities. By age five, children demonstrate the most sophisticated of mind-reading abilities—the capacity to recognize that others' beliefs may differ from one's own and to use those differing (sometimes *mistaken*) beliefs to predict the other agent's behavior. Variability from age five onward comes from learning more specific details about how other minds actually work, largely gathered from personal experience, religious practice, or broader cultural norms.

Many psychologists and neuroscientists speculate that learning to read other minds comes from the deeply social tendency, present at birth, to mimic others' actions. For example, Steve Small examines a neurological underpinning for mimicry, and Jean Decety argues in his essay that an inborn capacity for mimicry underlies the human capacity for empathy. Looking where others look and copying their actions is a reasonable way to copy their likely mental states as well. This egocentric method of using one's own mental experience as a guide to other minds continues to be employed throughout adulthood, and can give insight into others' mental states but can also lead people to overestimate the extent to which others' minds are similar to one's own. These biases tend to be called egocentric when reasoning about other people, and they tend to be called anthropomorphic when reasoning about

nonpeople such as a god or a gadget or a pet.

*Attending*. People rarely notice things in their environment unless they are specifically attending to them. Other minds likewise tend to be relatively invisible unless attention is specifically drawn to them. For instance, take a moment to think about how happy you are compared to the average American… No really, please take a moment…If you just spent some time thinking about how happy you are and no time thinking about how happy the average American is, then you are no different from the majority of people in psychology experiments who do likewise[8]. People can consider others' thoughts, feelings, beliefs, or emotions, but doing so requires mental effort that is in short and limited supply. Consider, for instance, a simple experiment in which you are playing a game with another person[9]. Both you and the other player in this game must first choose privately to cooperate or compete with each other. If you both choose to cooperate, you both earn $5. But if the other player chooses to cooperate and you choose to compete, then you win $10 and your partner gets nothing. If you, however, choose to cooperate and the other player chooses to compete, you win nothing and your partner wins $10. If you both choose to compete, you both win a measly $2. It seems obvious in this situation that you should consider both what you would like to do, but also consider what the other player is likely to be thinking. Experimental evidence suggests that people do indeed think about the former but spend little time thinking of the latter. In a basic version of this experiment, 60% of people chose to cooperate. However, when people were simply asked to think about their partner's thoughts before making their choice, only 27% chose to cooperate. If people had already been thinking about others' thoughts, as it seems like they would naturally be doing in this situation, then a simple instruction to consider others' thoughts would have no effect on people's own behavior. That is not the case. This simple experiment shows that people may not naturally consider other minds even when it appears that they should. Thinking about other minds requires attentional effort. It does not necessarily come automatically. Indeed, as Tanya Luhrmann describes in her chapter, people may have to work very hard to discern other minds, such as the mind of God, even when they are actively looking for them.

*Seeking*. If seeing other minds requires attention, then other minds are especially likely to become visible when people are motivated to think about them. There are many reasons why people might try to get into the mind of another agent, from a spouse to a pet to a god, but two are reasonably well-supported by existing research. First, people tend to think about other minds when they are trying to form a social connection with others. [10] Making people feel lonely or isolated, for instance, increases the tendency to describe one's pet as thoughtful, considerate, or sympathetic (all mindful traits). And those who are made to feel lonely are also likely to report believing in mindful supernatural agents, such as God. Second, people tend to think about other minds when they are trying to achieve some understanding and control over their environment or over another agent's behavior.[1] Concepts of mind, including attitudes, beliefs, goals, or desires, can provide compelling cause-

and-effect explanations of behavior that give a sense of predictability and control. A meteorologist may know that a hurricane may strike *here* or *there* depending on environmental conditions. Lacking such knowledge, a hurricane that strikes here rather than there may lead people to invoke a mindful agent—such as a God—to explain that action.

*Projecting.* If introspection makes your own mind visible, then you might assume that those who look similar to you on the outside might look similar to you on the inside as well. Indeed, animals that move at a humanlike speed (such as a horse) seem more mindful to people than do animals that move either much slower (such as a sloth) or much faster (such as a hummingbird).[11] And an agent that look humanlike, such as a computerized avatar with human face, seems more mindful than avatars that do not look humanlike. Any parent knows how well toy makers love to capitalize on this tendency. But it is the converse of this effect that is even more interesting—other minds become less visible as the agent becomes less similar to the self. Others that differ from you in their interests, nationality, or social status are likely to be seen as less mindful—less thoughtful, less likely to experience complicated emotions, less able to experience pain or suffering—than those that are similar to you. It is little wonder, then, that the history of human conflict is filled with instances of people dehumanizing radically different others, treating them like mindless animals or objects.[12]

**Why Minds Matter**

It may not be obvious to you why it matters that your neighbor, every now and then, thinks that her computer has a mind of it's own, that a mayor believes that God punished his city by sending a hurricane, or that you truly believe that your pet poodle is thoughtful and considerate. Some of these attributions of mind seem purely metaphorical and therefore unimportant, as ways of speaking rather than ways of believing, whereas others seem to represent genuine beliefs about the real presence or absence of another social mind. But metaphors have a way of influencing behavior in ways that are consistent with believing the metaphor to be literally true. People metaphorically refer to feeling dirty after behaving unethically, and yet washing one's hands actually reduces the guilt that people report feeling from engaging in unethical actions.[13] People are surely just speaking metaphorically when they refer to rejection as being given the cold shoulder, and yet research demonstrates that people do indeed report feeling that a room is colder after someone has just rejected them than after someone has just accepted them.[14] And surely people are only speaking metaphorically when they refer to the stock market as anxious or jittery, and yet describing the market as mindful leads stock traders to believe that trends are likely to continue whereas describing the market as mindless leads traders to predict more random variability.[15] Whether metaphorical or literal, seeing other agents as mindful matters because people tend to treat the agent as if it has a mind. That matters for at least three major reasons.

First, mindful agents have both intentions and the capacity for self-control. Mindful agents can therefore be held responsible for their actions. Possessing a guilty mind (*mens rea)* is necessary for being held criminally responsible for a crime in the US, a

precedent found in courts around the world dating back to the Middle Ages. In times past and cultures in which people did not so naturally restrict intentional capacities to other humans, animals (such as rats) and objects (such as "possessed" statues) were common targets of criminal prosecution[16,17]. Increasing the extent to which other agents seem mindful also increases the praise or blame that they receive for their actions. And even diminishing the extent to which people feel in mindful control of their own behavior (e.g., by undermining people's belief in free will), leads people to behave in ways that are consistent with diminished self-control (such as by cheating on an exam when tempted to do so).[18]

Second, other minds are capable of thinking, and may therefore be thinking about *you*. Being under scrutiny by mindful agents has two basic effects on human behavior. One is that mindful agents become sources of social influence, increasing the extent to which people behave in socially desirable ways[20]. Imagine, for instance, how you might behave if you found a magic ring that made you invisible… and you'll get the point. This ability for mindful surveillance to control behavior has been proposed as one of the reasons, if not the primary reason, why religious systems that posit an omnipresent deity are able to maintain such large-scale cooperative societies. The other effect of mindful surveillance is that it is mentally taxing to monitor others' thoughts. This effortful monitoring can diminish a person's performance on other cognitively demanding tasks[21]. And while waiting for a stressful event, such as giving a speech, people show less stress-related responses when in the presence of their relatively mindless pet than when in the presence of their relatively more mindful spouse[22].

Finally, other minds matter because mindful agents become moral agents worthy of care and compassion[7]. The principle of autonomy captures this most basic of human rights—that because all people have the same minimal capacity to suffer, deliberate, and choose, no person can compromise the body, life, or freedom of another person. Agents with mindful experience, the capacity to suffer, deliberate, and choose, become those that evoke empathy and concern for well being, whereas agents without mindful experience can be treated simply as mindless objects. From debates about abortion to animal rights to euthanasia, the mindful experience of the agents in question is often either the explicit or implicit focus of debate. Making invisible minds visible, and hence more like one's own, enables people to more readily follow the most famous of all ethical dictates—to treat others as you would have others treat you.

**Conclusion**

It is impossible for scientists to examine whether God was looking out for the passengers of flight 1549 or punishing the residents of New Orleans with Hurricane Katrina, but it is very possible to examine why people might make such inferences. These examinations have revealed a remarkable capacity to look beyond the visible behavior that the environment provides to reason about a completely invisible world of intentions and goals, of motives and beliefs, of attitudes and preferences—an invisible world of other minds. Understanding when people are likely to recognize other minds (and see into them) and when they are not is the

key to understanding when people may be likely to invoke natural versus supernatural explanations, when gadgets can seem to have minds of their own, and when people are likely to treat their pets as people and their enemies as animals. A mind like our own, with the capacity to see into other minds, is essential for an agent to be, as we are, fundamentally social.

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### Inferring Minds Where None Can Be Seen

The social brain seeks connections with others. But what is the foundation that we use to build such connections? We experience empathy as a form of emotional resonance and understanding of other people. This connection allows us to comfort and support and celebrate with others. Being in tune with emotional states of others allows us to respond in ways that strengthen a group. But how do we understand the thoughts and goals of others? How do we predict choices and decisions to facilitate cooperation in groups? Anthropomorphism is the basis for predicting behavior and thoughts and goals. Nick Epley discusses how anthropomorphism is rooted in an egocentric view of others. Moreover our view of others is not confined to the others that are people. It is perhaps reflective of the deep and fundamental nature of anthropomorphism in the social brain that its anthropomorphic inferences about agents can be derived from observed behavior, allowing us to understand "minds" where none may exist, as in mechanical toys or alarm clocks. Of course we tend to understand those minds by thinking they are just like us.

Even when there is no agent to be seen, events in the world may be understood by attributing them to unseen agents. During World War II, the bombing of London was demonstrably random, but citizens of London could not help but discern intentional patterns in the attacks. As Epley points out, hurricanes and floods are even today attributed to the hand of God, perhaps an angry God. Clark Gilpin discusses how religions may use this aspect of the social brain to achieve an understanding of God and what God wants. This kind of anthropomorphism can be taken to different metaphoric extremes in personifying God as father or friend. But an overly concrete personification may have costs perhaps diminishing the universality and pervasiveness of God in other religions. Thus religions may differ in theological perspective on the value of the anthropomorphic impulse inherent in the social brain.

## Chapter 11[11]

### Anthropomorphism: Human Connection to a Universal Society

When Jonathan Edwards, an angular New England minister in his late thirties, mounted the narrow steps into the pulpit on July 8, 1741, the sermon he was about to preach would become one of the most famously electrifying orations in American history, "Sinners in the Hands of an Angry God." Edwards preached this sermon during the massive transatlantic religious revival that gave rise to Methodism in England and came to be known in the American colonies as "the Great Awakening." This was not the familiar pulpit of his congregation in Northampton, Massachusetts, but rather the church at Enfield, a town that had gained notoriety for stubbornly resisting the exhortations of previous preachers of spiritual awakening. From his scriptural text—"their foot shall slide in due time" (Deut. 32: 35)—Edwards drew the doctrine that "there is nothing that keeps wicked men, at any one moment, out of hell, but the mere pleasure of God." Sinners living here and now, Edwards declared, were "the objects of that very same anger and wrath of God, that is expressed in the torments of hell," and that wrath was an annihilating fire that already "burns against them; their damnation does not slumber; the pit is prepared; the fire is made ready…to receive them." In a notorious image, Edwards portrayed God dangling the sinner's soul over the fires of hell like a spider on a single, slender filament of its web. The sermon achieved stunning results, as recorded in the diary of one of those present, Stephen Williams: "before the sermon was done, there was a great moaning and crying out throughout the whole house—what shall I do to be saved; oh, I am going to hell; oh, what shall I do for a Christ." The "shrieks and cries were piercing and amazing," Williams reported, and the scene was so tumultuous that Edwards had to stop before finishing his sermon.[i]

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[11] The lead author, Clark Gilpin, Ph.D., is the Margaret E. Burton Professor of the History of Christianity at the University of Chicago Divinity School. Clark studies the cultural history of theology in England and America from the seventeenth century to the present. From 1990 to 2000, he served as dean of the Divinity School, and from 2000 to 2004 he directed the Martin Marty Center, the Divinity School's institute for advanced research in all fields of the academic study of religion. His current research projects include a book with the working title *Alone with the Alone: Solitude in American Religious and Literary History*, which explores ways in which the spiritual discipline of solitary writing—autobiographic narratives, journals, and letters—shaped the careers of major New England intellectuals of the eighteenth and nineteenth centuries.

Anthropomorphic representations of God make many modern people very nervous, including many religious people. Attributing human-like ideas and emotions to the comprehending powers of the universe not only seems out of step with modern science but also a presumptuous confinement of the world within merely human needs and capacities. Yet, the impulse to speak anthropomorphically about our "ultimate environment" has vigorously persisted into the modern age. Rather than dismissing anthropomorphism as an outmoded way of thinking, this essay adopts a historical approach to rethink why anthropomorphism exhibits this perennial capacity to focus the human ethical imagination on our relations with and obligations to the universe within which we live.

As the classic American example of fire-and-brimstone Protestant preaching, "Sinners in the Hands of an Angry God" depends, for its effect, on *anthropomorphism*: ascribing human form and attributes—hands, emotions, and purposive agency—to nonhuman phenomena. Anthropomorphism has been a hotly debated feature of religion since classical antiquity. But, in the modern world, religious anthropomorphism has become especially controversial, while, at the same time, also becoming a crucial concept in modern theories about the very nature of religion.[ii] Modern objections to anthropomorphism have taken two major forms. First, traditions within Judaism, Christianity, and Islam have long opposed the worship of "idols," and regarded anthropomorphism as a dangerous assault against genuine piety and properly theological understanding of existence. In the modern period these religious objections against anthropomorphism have eventuated not only in sophisticated intellectual polemics against anthropomorphic concepts of God but also in popular movements of iconoclasm, which protested against anthropomorphic representations of the divine and sometimes physically destroyed anthropomorphic images. Second, the rise and development of modern science has emphasized the regularity of the processes that structure the natural world. And even when these orderly processes were described as natural "laws"—a term with obvious anthropomorphic connotations—they have generally been understood in ways that are thoroughly impersonal and lacking any intrinsic purpose or design. Hence, modern science has generated numerous questions about religious interpretations of influence on the course of nature by divine ideas and purposes. Since the late nineteenth century, many instances of the so-called "warfare" between science and theology have turned on the issue of whether any scientific plausibility could be attached to concepts of a divine mind, purpose, or intention that guided or ordered the structure of the universe.[iii] According to the philosopher Charles Taylor, the transition from perceptions of a divinely ordered, purposive universe to an "impersonal order" of nature marked a pivotal change that, especially since the eighteenth century, has shaped "a secular age" among the societies of the modern West.[iv] In short, anthropomorphism has not only become a source of tension within religions but also something of an impasse between religious and scientific interpretations of the universe. Nonetheless, anthropomorphic assumptions remain vigorously present in many of the modern forms of theology, spiritual practice, and religious art, a persistence that suggests the strength of the psychological and social functions performed by anthropomorphic representation.

In light of these longstanding controversies about religious anthropomorphism, the graphically anthropomorphic, spider-dangling deity of Edwards's sermon would seem to offer a good test case for understanding how anthropomorphic religious language works in the modern era. Such an understanding begins with one of the central themes of this book, namely, the powerful human motivation to establish and maintain social connections. Anthropomorphism extends this drive for social connection beyond the boundaries of human societies by attributing human characteristics to

nonhuman phenomena. In this way, anthropomorphic language incorporates human society in a web of ethical obligations that connect to the natural environment and, by imaginative extension, to the universe as a whole. Although the drive toward social connection is a general human trait, however, persons neither seek nor find satisfaction in a generalized sense of connection. Instead, satisfying social connections are sought and experienced in terms of the social norms and values of particular historical and cultural settings. Likewise, anthropomorphism, as an inferred social connection to the nonhuman, takes shape and becomes persuasive in terms of historically and culturally specific assumptions about society and social relations. This chapter will, therefore, step back from "Sinners in the Hands of an Angry God," in order to describe how contemporary scholarship in social neuroscience and in the history of religions provides a fresh point of view on the workings of anthropomorphic perception and then test that interpretive model by reappraising Edwards's famous sermon in its historical context.

**The Boundary of the Human**

The line between the human and the nonhuman is, perhaps, the most consequential presupposition that any society, group, or individual adopts about life in the world. The way various cultures draw this line, between "us" and "the other," has shaped civilizations and their goals as well as the norms of personal conduct and identity. Although concepts of the human have a long and contentious philosophical history, people in their everyday lives show remarkable consensus in the features they use to define "human." Central to this process of perceiving the human is a perception of mind in other agents, including the presence of goal-directed agency, emotions such as anger, guilt, or pride, a capacity for self-awareness, and free will. As Nick Epley demonstrated in the preceding chapter, the perception of these distinctively human traits—"seeing invisible minds"—is a psychological mechanism with tremendous influence on the way humans order and understand their social environment.

Mind perception is such a powerful tool of inductive inference, however, that it regularly crosses the line it has itself drawn between the human and the nonhuman. Scholars from a wide array of disciplines have long observed humans' anthropomorphic tendency to see nonhuman things or events as humanlike, imbuing the real or imagined behavior of nonhuman phenomena with human motivations, agency, and emotions. By perceiving the world in terms of human capacities and social relationships, anthropomorphism builds a complex system of analogies that uses knowledge of what it is like to be a person, in order to interpret the behavior of animals, the function of technological devices, the operation of complex social systems such as "the market," or natural occurrences such as violent weather patterns or catastrophic events.[v] Hence, anthropomorphism, as a process of inference that not only draws but also crosses the line between the human and the nonhuman, has very substantial consequences for the human sense of connection to nonhuman animals, to larger ecological systems, and to the structure of the universe taken as a whole.

Contemporary psychological research has created an intellectual space that opens the phenomenon of

anthropomorphism to fresh possibilities for interpretation that are especially important for understanding its role in the human spiritual traditions in modernity, as well as the controversies surrounding that role. This research proposes that a single set of psychological mechanisms is likely to explain when people perceive a mind at work in an encountered phenomenon, regardless of whether the thing in question is a god, a machine, an animal, another person, or an uncanny sequence of events. From this perspective, the psychological process of anthropomorphic inference works in concert with two other motivational mechanisms: the need to interact effectively with nonhuman phenomena in our environment and the desire to establish social connections with other humans.[vi] The phrase *anthropomorphic inference* fails to capture, however, the interactive dynamism that infuses a person's perception that a mind is at work in another agent. Put more strongly, our sense that mind is present in the other is, in no small measure, the sense that we are *communicating*. The absence of this communicative dimension of mind perception is precisely the tragedy in the family of an Alzheimer's patient—the loss of reciprocal recognition. As Tanya Luhrmann vividly illustrates in the next chapter, religious anthropomorphism builds on the notion that this communicative reciprocity extends beyond the boundary of human society into the wider environment and includes social connection and communication with the divine.

Anthropomorphism adds an obvious but important twist to these psychological mechanisms: whenever a person ascribes human attributes to a nonhuman phenomenon, the person nonetheless continues to perceive it as nonhuman. When, for instance, a pet owner observes a dog's reliability and infers that this behavior arises from the dog's faithfulness, the owner does not go on to say that the dog *is* human. Indeed, an indispensable aspect of an anthropomorphic way of seeing Fido's faithfulness is that the person also continues to see Fido as a dog. This dual perception is even more pronounced in a parallel illustration: a person observes the everyday reliability of gravity and infers that this arises from faithfulness at the heart of the natural order. Both illustrations indicate a close connection of anthropomorphism to metaphor, in which persons understand one kind of thing in terms of another by identifying a feature that bridges their difference without eliminating it. The specific feature, in this case *faithfulness*, posits a point of comparison that enables a familiar human capacity for loyalty to enable interpretation of another, unfamiliar or alien phenomenon. The illustrations further suggest that Fido's faithfulness is what could be called *weak* anthropomorphism, because one could plausibly argue that dogs and humans actually do share a capacity for faithfulness. We perceive that, as mammals, they exhibit many behavioral similarities. By contrast, the perception of faithfulness as an attribute of the natural order is *strong* anthropomorphism, because it makes a far more daring inference in its effort to draw an analogy that produces insight or knowledge about the communicative reciprocity of the human and the nonhuman. Religions, as Edwards's sermon illustrates, build primarily on strong anthropomorphism in order to propound communicative social

connection with the nonhuman world. The metaphorical and analogical reasoning so characteristic of religious interpretations of the world is not merely a rhetorical flourish but is, instead, closely tied to general psychological processes in which self-knowledge and knowledge of other humans function as the most readily accessible starting points for inferences we make about human connections to the most comprehensive and consequential forces at work in the nonhuman world.[vii]

Anthropomorphism's dual perception of nonhuman phenomena—as simultaneously both like and unlike human persons—has shaped modern religious and spiritual perceptions in two especially intriguing directions. In one case, it has fastened on the *difference* between the human and the divine and cultivated iconoclastic perceptions of the spiritual in which anthropomorphic representation is regarded as a dangerously misleading, albeit necessary, accommodation to the limitations of human reason.[viii] In the other case, it has emphasized the point of metaphorical *identity* between the human and the nonhuman. Thus, an ancient idea held that the physical universe was a macrocosm mirroring the human microcosm, and this included what literary critics have named "the pathetic fallacy," that is, a sympathetic response in nature to the affective states of humans. The early modern political philosopher Hugo Grotius (1583-1645), for example, described how human disobedience to divine law prompted an anthropomorphic emotional response from nature: "with sad motion wheeling, let the sky lament and mourn."[ix] In the modern history of religions, these two modes of anthropomorphism, one accentuating difference and the other accentuating identity, have varied according to social circumstance, rhetorical purpose, and political ramifications. "Sinners in the Hands of an Angry God" illustrates, in one historical context, how anthropomorphic language crosses the boundary of the human in order to interpret human ethical responsibility to both the human and the nonhuman environment.

**The Rhetoric of Divine Wrath**

Clearly, Edwards's anthropomorphic rhetoric destabilized in a terrifying way the Enfield congregation's complacent perceptions of the world. It did so by starting from an assumption that Edwards and the congregation shared: that humanity's ultimate environment should be construed, anthropomorphically, as a cosmic society held together by a covenant that God had made with the whole of creation. The sermon induced terror among the congregants by graphically portraying their own responsibility for disrupting the harmonious order of this all-encompassing society and provoking divine wrath for their rebellion against the covenant.

The primary evidence for this divine wrath came not, however, from the external orders of nature and divine providence, which Edwards imagined working together to maintain the harmonious order of the world. Instead, wrath had arisen from a clash between the benign will of the world and the rebellious human will: "there is laid in the very nature of carnal men a foundation for the torments of hell: there are those corrupt principles, in reigning power in them, and in full possession of them, that are seeds of hell

fire." For the present God restrained human wickedness "by his mighty power, as he does the raging waves of the troubled sea," but, if God should withdraw that restraining power, humanity's willful self-regard would overturn nature. The most dangerous fire in creation was not, therefore, the fire of hell but rather the hellfire bursting forth from an unrestrained human will: "The corruption of the heart of man is a thing that is immoderate and boundless in its fury; and while wicked men live here, it is like fire pent up by God's restraints," but, should God ever relax his governance, humanity's boundless fury "would set on fire the course of nature."

The turmoil stirred by human willfulness, like a violent storm at sea, threatened to capsize the ark of the universe, and the earth responded to this threat in a terrifying version of the pathetic fallacy, in which not empathy but enmity arose between humans and their natural environment. Consequently, except for "the sovereign pleasure of God, the earth would not bear you one moment," and Edwards warned the Enfield congregation that "the creation groans with you" and resented its subservience to human usurpation: "the sun don't willingly shine upon you to give you light to serve sin and Satan; the earth don't willingly yield her increase to satisfy your lusts; nor is it willingly a stage for your wickedness to be acted upon; the air don't willingly serve you for breath to maintain the flame of life in your vitals, while you spend your life in the service of God's enemies. God's creatures are good, and were made for men to serve God with, and do not willingly subserve to any other purpose, and groan when they are abused to purposes so directly contrary to their nature and end." A rebellious humanity antagonized the rest of creation, "and the world would spew you out, were it not for the sovereign hand of him who hath subjected it in hope."

The just order of the cosmos would rightly destroy humanity for its willful rebellion against the order of the whole, and the fact that this had not already happened was the expression of something like the self-restraining mercy of a monarch who does not order the execution of a traitor who has offended the royal honor: "The bow of God's wrath is bent, and the arrow made ready on the string, and Justice bends the arrow at your heart, and strains the bow, and it is nothing but the mere pleasure of God, and that of an angry God, without any promise or obligation at all, that keeps the arrow one moment from being made drunk with your blood."

The Great Awakening was coterminous and interactive with the eighteenth century development of the modern physical sciences, especially building on the work of Isaac Newton (1642-1727). Edwards's assumptions about the harmonious order of creation combined the science of his day with the aristocratic social order of eighteenth-century society. In warning the town of Enfield that it had transgressed the cosmic order, Williams was also asserting that it had violated the societal aspect of that order; as minister, he called the town to task for both violations.

**Conclusion**

Edwards imagined the Newtonian universe as an aristocratic social hierarchy held in harmony by sovereign law, at once moral and natural.

In this hierarchy one member—the human—had stepped beyond its assigned place in the cosmic society and now lived in an unwitting complacency, ignoring the precarious finitude of a life being pursued by a radical judgment: "'tis nothing but [God's] hand that holds you from falling into the fire every moment: 'tis to be ascribed to nothing else, that you did not go to hell the last night; that you was suffered to awake again in this world, after you closed your eyes to sleep: And there is no other reason to be given, why you have not dropped into hell since you arose in the morning, but that God's hand has held you up."

Like his contemporaries, the deists and religiously inclined scientists such as Newton himself, Jonathan Edwards assumed the "Newtonian world machine," operating with the metronomic regularity of natural law. Presupposing both the science and the aristocratic social hierarchy of his day, Edward introduced anthropomorphic language to create a clash between this harmonious order and the willful self-interest of humans who dared to ignore their proper rung on the ladder of existence. As a preacher of penitence, he carried his anthropomorphic imagery to extravagant heights in order to induce a reversal of behavior in a recalcitrant town. The sermon effectively threatened the people of Enfield with what amounted to "metaphysical ostracism," an expulsion no less thoroughgoing than the primordial ejection of Adam and Eve from the garden. The palpable effect of this imagery depended on the evocation of the natural and social orders rising up like, and yet unlike, an angry monarch to crush rebels against the cosmic commonwealth.

**References**

[1] In the interests of clarity, I have slightly rearranged and modernized this quotation. It and all quotations from Edwards's sermon are taken from Jonathan Edwards, *Sermons and Discourses, 1739-1742*, ed. Harry S. Stout and Nathan O. Hatch, with Kyle P. Farley, *The Works of Jonathan Edwards* 22 (New Haven: Yale University Press, 2003), 404-18.

[1] Social scientific analysis of the relation between anthropomorphism and religion is summarized by Steward Elliot Guthrie, who argues "religion *is* anthropomorphism" in his book *Faces in the Clouds: A New Theory of Religion* (New York: Oxford University Press, 1993), 178. The most lucid and succinct historical treatment remains Frank E. Manuel, *The Eighteenth Century Confronts the Gods* (Cambridge: Harvard University Press, 1959).

[1] I have in mind such authors as John William Draper, *History of the Conflict between Religion and Science* (1874), and Andrew Dickson White, *A History of the Warfare of Science with Theology in Christendom* (1896). For a more recent example, see Richard Dawkins, *The God Delusion* (Boston: Houghton Mifflin, 2008).

[1] Charles Taylor, *A Secular Age* (Cambridge: Harvard University Press, 2007), 270-95.

[1] For a sampling of relevant recent work, see Philip Husbands, Owen Holland, and Michael Wheeler, eds., *The Mechanical Mind in History* (Cambridge: MIT Press, 2008); and Lorraine Daston and Gregg Mitman, eds., *Thinking with Animals: New Perspectives on Anthropomorphism* (New York: Columbia University Press, 2005). Ralph Waldo Emerson made the classic American argument for the positive reciprocity between the human and the natural. This idea of mutuality takes a different turn in our contemporary situation, in which industrial and technological

advances have begun to alter the climate and thereby blurred the boundary between the human and the natural in another way. See for examples of this phenomenon, Bill McKibben, *The End of Nature* (New York: Random House, 1989).

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[1] Sheldon Sacks, ed., *On Metaphor* (Chicago: University of Chicago Press, 1978); David Tracy, *The Analogical Imagination: Christian Theology and the Culture of Pluralism* (New York: Crossroad, 1981).

[1] Alain Besançon, *The Forbidden Image: An Intellectual History of Iconoclasm*, trans. Jane Marie Todd (Chicago: University of Chicago Press, 2000); Joseph Leo Korner, *The Reformation of the Image* (Chicago: University of Chicago Press, 2004).

[1] Merritt Y. Hughes, "Earth Felt the Wound," *English Literary History* 36 (1969): 193-214.

**Personifications of God**

Jonathan Edwards wrote during a time in which monarchs reigned supreme. Writing from this perspective, he argued that the universe is a cosmic society organized under the leadership of a King of kings, a society against which humans have rebelled and, as a consequence, humans are at risk of annihilation except for the mercy of the King. Judgment day will come, according to Edwards, and those who have failed to meet their moral responsibility to the directive of the universe face eternal isolation. Clark Gilpin notes that by conjuring up a personified God – a God with emotions, intentions, and the capacity to act – Edwards instilled great fear and trembling in his listeners that presumably motivated them to change their behaviors in the desired direction. It is hard to imagine that Edwards would have had comparable success had he resorted to simple instructions or exhortations to engage in certain behaviors and avoid others. The innate tendency of people to understand divine entities in terms of what people do understand, namely their own thoughts, feelings, and beliefs, provided the leverage on which Edwards relied to drive his message home.

Tanya Luhrmann also discusses a personalized construction of God – a God with whom one can consult and who intervenes in one's daily life. People are intrinsically motivated to form social connections, and very little in life is more rewarding to people than their social relationships. Luhrmann, who adopts the perspective of a participant observer, finds that a new evangelical Protestant movement, the Vineyard Church, appeals to this motivation to depict God as one's personal guide and friend, well within one's sensory reach. By conjuring up an anthropomorphic God with loving emotions, intentions, and actions, the Vineyard Church creates a desire for a personal relationship with God. But developing a relationship with an invisible God defies rationality. People must learn how to transform an abstract concept of an invisible God into a concrete sensory presence in their lives. Just as the social brain can perceive nonhuman objects as human, the social brain is also capable of selectively attending to sensory experiences and interpreting these sensations as God's presence.

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this perspective, people believe in God because it is so easy to believe in invisible supernatural presence, and the great religions are elaborations around this basic core.[1]

**Belief in the Invisible**

Yet it is also true that in many ways it is hard for people to believe in the invisible, intentional being of God, at least in some ways and at some times. It is one thing to believe in the abstract that there is a good and loving God; it is another thing to believe that this God loves you in particular this very afternoon when your car has broken down in the rain. Many Christians struggle at some point with whether God exists or with whether they understand God's nature. A young man may come to university as a devout Christian, take a course on religion, and begin to wonder whether Christ as well as Krishna are cultural constructions. A depressed woman may understand herself as devout, but find that when she sits down to pray she feels that no one is listening to her prayers. And always there are times when terrible things happen to good and faithful people who often continued to believe in God in the abstract, but who find that they can not longer pray at all. The struggle between espoused religion (the religion one asserts; the Nicene creed) and lived religion (the way in which one experiences God from moment to moment) is central to the life of the Christian, and perhaps to the lives of most believers.

The problem for believers is that to experience the Christian God as present, one must override three basic features of human psychology, features that are also part of our evolutionary inheritance. A person must override the expectation that our minds are private, an expectation so substantial that researchers have shown that it develops around the world at a more or less similar age and can be found even in non-human primates. A person must override the expectation that persons are visible. And finally, a person must override the expectation that love is conditional, as it is for all social beings beyond a certain age, when right behavior is expected as a condition of human interaction. At least, some versions of Christianity expect unconditional love.

The deep puzzle of faith is not *why* but *how*. How is it possible that people are able to violate such fundamental expectations of presence? The answer, in part, is that they do not. For most Christians, it will be a lifelong process to believe in all times and in all ways that their God is real for them in the way that their church tells them that God is real. As the psalmist laments: "how long wilt thou forget me, Oh Lord? For ever? How long wilt thou hide thy face from me?" (Psalm 13: 1). What they do to make God plausible for them depends upon their understanding of God and on what the social world of a faith teaches about how to experience their minds and bodies to find evidence for God's presence.

**Learning to Sense the Presence of God**

In 2004 I set out to study ethnographically the way God becomes real for people in a church that would exacerbate the cognitive burden of belief. I chose an example of the new Protestant church that grew up after the 1960s.[2] Those churches set out as an invitation to experience God as concretely and as vividly as God had been experienced by the earliest

Christian disciples. This God is both intensely human and intensely supernatural. In these churches, God is understood as so person-like that he becomes someone to joke and argue with, someone one chats to when walking down the street, about the little trivial things that matter only to the congregant. Coming to know God in such a church is described as to hear God "speak." Dallas Willard, a beloved evangelical's intellectual, puts it baldly: that God's face-to-face conversations with Moses are the "normal human life God intended for us." I conducted ethnographic fieldwork at a church that exemplifies this approach to God, a Vineyard Christian Fellowship in Chicago and then on the San Francisco peninsula (there were eight such churches in Chicago and four on the peninsula). For three years I went to Sunday morning gatherings. I joined three small groups, or housegroups, each for a year; I went to conferences and retreats; and I interviewed many congregants casually and also more formally about the way they experienced God.

Overall, what I observed was that the process of coming to know God in such a church could best be described as a mapping process in which the congregants learn to use the familiar experience of their own minds and bodies to give content to the abstract experience of God. This is the way that humans learn most commonplace abstract words, in effect cognitively mapping from what we know to what we can only imagine. God speaks: so congregants learn to infer from their own experience of inner speech the way in which God talks to them. God relates: so congregants learn to imagine a relationship with God based on their own experience of relationship. And God loves: and congregants use their own experience of being loved by a human as an example of the way they are loved by God. But unlike learning about time, congregants also map back. They build up a model of God by interpreting out of their own familiar experience into a representation shaped by the social world of the church and the narrative of the sacred text, and then they seek to re-map their own interior emotional experience by matching it to this representation. This demands constant effort, continual work on the way one pays attention and interprets one's experience. As an ethnographer, I could see three kinds of work.

First, God must be recognized as present. What congregants learn to do is to cherry-pick mental events out of the everyday flow of their awareness, and to identify that moment as other than themselves, as being of God. God was said to speak in several different ways. He spoke through the Bible, so that a verse "jumped out" at a congregant, or in some way drew their attention. For example:

"I was reading in [some book] and I don't even know why I was reading it. There's a part where God talks about raising up elders in the church to pray for the church. And I remember, it just stuck in my head and I knew that the verse was really important and that it was applicable to me. I didn't know why. It was one of those, let me put it in my pocket and figure it out later." How did she know that it was important? "Because I just felt it. I just felt like it really spoke to me. I don't really know why. And a couple of days later a friend asked me to be on the prayer team and it was like, wow, that's what it was."

God spoke also through circumstances. What a skeptic might interpret as coincidence is understood as God's intentional decision to direct the congregant's attention. For example:

"Everything in my life right now is focused on trying to get to England, and I needed to get some ID pictures. So I was really anxious—the money hasn't really come together—and one afternoon I just felt like God said, you need to get up and go get those. Go get those ID pictures that you need. I was like, that's totally inefficient. I don't have a car, so it's like walking half an hour to Walgreens and another half an hour back. Like, I could do this later and combine it with several things I need to get done. But I felt it was a step of faith to do this thing. So I did it—grumbling. Then on the way there and back I ran into three people I knew, and I felt that there was a kind of pattern, and that I was in the right place at the right time."

These ways of recognizing God are widely shared in many forms of Christianity. More specific to experiential evangelical Christianity is the expectation that God will speak directly into the mind, by placing a mental image or thought or sensation there. For example:

"I'm praying for someone and, you know, they say their situation, what they want me to pray for. I start praying and start trying to, you know, really experience God, and, you know, I see these vivid images, and I'm explaining these vivid images and what I think they mean and, you know, sort of checking in with the person, you know, does this resonate with you? They're like "oh, my gosh, yes! How did you know that?"

Most congregants find this process of pulling out specific thoughts and ascribing them to God baffling at first: again, the process violates the basic human experience that the mind is private. A congregant commented: "now I know that the 'something' is God, God's voice. But I didn't at all have words to describe it at that time I didn't understand. It was very confusing."

The social world of the church taught specific ways to differentiate between mental events that are God and that are not. This technique has been taught in the church since the earliest time as "discernment," although the content of the word and its rules has varied with the era. In the modern experiential evangelical church, the rules of discernment are more often taught by example and gossip than explicitly. Nevertheless, there appeared to be four principles. A thought might be said to come from God if: the thought was unexpected; the thought was consonant with God's nature; the congregant had additional confirmation (one "tested" the thought); and one felt peace during the experience. The process was understood to be ambiguous, and left room not only for the congregant to be wrong, but for different congregants to disagree about whether God had, in fact, spoken in a particular manner. One afternoon, a woman spoke in front of the church explaining that God had spoken to her and told her that she should carry out some mission work in a lovely part of Mexico. The man sitting next to me said drily, "God sure wants a lot of evangelizing in Puerto Vallarta."

Second, God must be experienced in relationship. Such churches invite congregants to experience God in their imaginations as a person. Again, this violates a basic psychological expectation: persons have faces to observe and hands to shake. Human relational interactions are based on sensorial response. Churches like the Vineyard explicitly suggest that one should imagine a sensorial response from God and encouraged congregants to participate in a kind of let's pretend play in which God was present. The pastor suggested one Sunday morning that congregants should put out a second cup of coffee for God, and sit down with him to chat. People went on "date night" with God. They would get a sandwich, and sit down on park bench to talk with God as they imagined his arm around their shoulders. They would ask God truly trivial questions like what shirt they should wear in the morning and what movie he thought they would like. These behaviors were clearly play-like. One congregant remarked: "I definitely do that. When I can't decide what to wear. Like, God, what should I wear?" Then she laughed. "And you know, then I kind of forget about the fact that I asked God. I think God cares about really, really little things in my life. I mean I know God cares, but I don't expect him to tell me what to wear. I'm like, Oh, I think I'll wear that and forget I even asked God!" This invitation to play was C.S. Lewis' explicit contribution to twentieth century Christianity: "let us pretend to turn the pretense into a reality." In churches which encourage such play, heresy fades in importance. The pastors and the committed congregants worry about "deadness," not flawed imagining.

Third, congregants must learn to respond emotionally to God as if God is real. If God is real, a Christian (at least, the modern evangelical Christian) should experience the emotions that one would feel if one were loved unconditionally. Most do not. It is, in fact, difficult for humans to experience themselves as unconditionally loved because no matter how warm and loving a parent may be, at some point the child is expected to control his or her behavior and parental love will becomes contingent. The task of feeling unconditionally loved imposes upon the congregant not only the burden of identifying and relating to an invisible being, but experiencing emotions in response to that being's love which the congregant rarely, if ever, truly experiences. Congregants talk about the experience of unconditional love as rare: they speak of "those moments" when one really feels God's love.

I was driving home from grocery shopping in the car and I stopped at a light and suddenly for no reason that I could come up with, I was weeping and I felt a massive and awesome sense of the presence of God in the car with me. It just came and I had absolutely no control over it. I pulled over to the side of the road—I remember thinking that I was *so in love* with Jesus at that moment that no one else on the planet could come close. After about twenty minutes of real intensity the feeling subsided somewhat, but the presence of Jesus stayed with me. I drove home not really ever able to fully express what happened without sounding like I'd taken something illegal.

The more immediate aim seemed to be to experience what Galatians 5:22-23 calls the "fruits of the spirit": love, joy, peace, patience and so forth. The social life of the church was rich in emotional practices which sought to reshape the

congregants' interior emotional world by modeling the self on God, or on the self as seen from God's loving perspective. One of the most important was prayer ministry, where the person for whom the prayer is given is often crying and in visible pain; those around the person are offering prayers which describe the ways in which the sobbing person is loved by God. Another was treating prayer like a psychotherapy session. One congregant explained: "It's just like talking to a therapist, especially in the beginning when you're revealing things that are deep in your heart and deep in your soul, the things that have been pushed down and denied." In these churches which emphasize God's love and intimacy, hell and fear largely disappear.

The central demand of these learning practices is to use one's own mental experience as evidence and content for the responsive presence of this God, who is believed to be other than oneself, and to use pretend play to integrate those mental events into a representation that is persuasively external to the self. The emotional practices provide both direct evidence of God's love and, more generally, evidence that participation in church is satisfying and worthwhile. In effect the process asks the congregants to carve God out of their own experience and to experience those phenomena as other; and it uses the emotional practices taught by the church and the social world of the congregation to help them hold that God separate and apart and lovingly responsive.

This is hard work to do, and not everyone was able to do it, or to do it easily. Here two congregants describe their difficulty in experiencing God directly despite their efforts.

Jake: "I remember desperately wanting to draw closer to God, and [to have] one of these inspired Holy Spirit moments … I wanted those [experiences] and I sought them out, but I never found myself encountering them"

Irene: "I don't understand the gift of prophecy completely. I'll probably never will and I don't have it and I don't want it because it would scare me."

Here is another congregant who has been able to do so:

Nora: "It was pretty early on in my relationship with him. I was just all full of myself one morning. I just had wonderful devotions and worships and just felt so close. I went out, and it was the most god-awful day. It was icy rain and gray and cold and it was sleeting. I'm just full of the joy of the Lord, and I say, "God, I praise you that it isn't snowing, and that nothing's accumulating, and that the streets aren't icy"—and then I went around the corner, and I hit a patch of ice, and just about went down. It was so funny to me. I just burst out laughing out loud. It was just so funny that he would put me in my place in such a slapstick personal kind of way. But then he just graced me the rest of the morning. The bus showed up right away, which it never does. I was reading, and I missed my stop to get off, and I heard God say, "Get off the bus." I looked up and hollered, and the bus actually stopped, half a block on, to let me get off. I just felt that intimacy all morning. Like when you go from holding a new boyfriend's hand to kissing him goodnight …."

Some people experience God speaking directly to them in an easy relationship. Others do not.

As a result of my involvement with the Templeton group, I decided to carry out some quantitative and experimental work to see whether we could figure out the differences between those who found it easy to do this work, and those for whom it was difficult. That work suggests that there is a psychological capacity that makes the process of knowing this kind of God easier, though its absence does not prevent religious experience, and its presence does not predict it. It is the capacity for absorption, which is at the heart of imagination. Absorption is the capacity to focus one's attention on a non-instrumental (and often internal) object while disattending to everyday exterior surrounds. Absorption is related to hypnosis and dissociation, but not identical to either. All of us go into light absorption states when we settle into a book and let the story carry us away. There are no known physiological markers of an absorption state, but as the absorption grows deeper, the person becomes more difficult to distract, and his sense of time and agency begins to shift. He lives within his imagination more, whether that be simple mindfulness or elaborate fantasy, and he feels that the experience happens to him, that he is a bystander to his own awareness, more himself than ever before, or perhaps absent, but in any case different. And as the absorption grows deeper, people often experience more imagery and more sensory phenomena, sometimes with hallucinatory vividness. Scholars do not discuss training in absorption, although researchers of hypnosis and dissociation are clear that some kind of practice effects can be seen. [3]

**Conclusion**

Prayer is basically training in absorption, at least the kind of prayer in which the person praying focuses inwardly and disattends to the everyday world in order to engage with God. It would be hard to over-estimate the importance placed on prayer and prayer experience in a church like this and indeed, in Christian America today. Many of the best-selling Christian books are books on prayer technique, and they sell in the millions. Such books often begin by presenting the concrete sensory experience of God described in the Hebrew Bible as the everyday relationship for which the ordinary believer should strive. In these manuals, the act of praying is understood as a skill that has to be deliberately learned. I discovered that these evangelical congregants assumed that prayer was a skill which had to be taught, that it was hard, that not everyone was good at it, and that those who were naturally good and well trained would experience changes associated with a more richly developed inner world. Their mental images would seem sharper; they would be more likely to report unusual sensory experiences. They would be more able, in short, to experience God. The more quantitative work—done in collaboration with Howard Nusbaum and Ron Thisted--suggests that those who have a proclivity for absorption and who trained that proclivity through prayer are indeed more able to accomplish the demanding learning that this concept of God sets out. [4] They are more able to identify God's presence in their mind. They are more likely to experience God as an invisible

companion. They may be more capable of responding to God emotionally.

All theologies have trade-offs. This one offers an intensely personal and person-like God. He can comfort, like a friend, and respond directly, like a friend. He can be like a real social relationship for those who make the effort to experience him in this way. But because that social relationship lacks so many features of actual human sociality—no visible body, no responsive face, no spoken voice—such a theology demands a great deal of effort from those who follow it. They must constantly work with their attention, reinterpreting the ordinary and natural into the presence of the extra-ordinary and super-natural. Faiths which manage God differently—less personal, more present in the everyday natural world—make fewer demands on their followers' attentional habits. But it may be, perhaps, that such a God may be easier to take for granted. Paradoxically, it may be that this high-maintenance, effortful God appeals to so many modern people (as many as a quarter of all Americans, according to a recent Pew study) precisely because the work demanded makes the God feel more real in a world in which disbelief is such a real social option.

**References**

[1] Scholars who contribute to this perspective include Scott Atran, Justin Barrett, Pascal Boyer, Stewart Guthrie, and Harvey Whitehouse.

[2] These churches have been described by Miller, D. 1997. *Reinventing American Protestantism*. Berkeley: University of California; see also Wuthnow, R. 1998. After heaven: spirituality in America since the 1950s. Berkeley: University of California Press. A survey by the Pew Foundation 2006 (Pew, 2006, *Spirit and Power: Ten nation survey*. Pew Forum on Religion and Public Life) found that 23% of all Americans belong to a loosely similar style of "renewalist Christianity."

[3] Good summaries of work on hypnosis and dissociation, with some reference to absorption, can be found in Spiegel, H. and D. Spiegel. 2004[1978], *Trance and treatment*. New York: Basic Books; Seligman, R. and L. Kirmayer. 2008, "Dissociative experience and cultural neuroscience." *Culture, Medicine and Psychiatry 32*(1): 31-64; and Butler, L. 2006, "Normative dissociation." *Psychiatric Clinics of North America. 29*: 45-62.

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**Belief and Connection**

We tend to think of beliefs as wisps of the mind that have no power in the material world. However, as Gary Berntson and Louise Hawkley have discussed, beliefs can affect our health even to the extent of determining life and death. As Tanya Luhrmann discusses, in some forms of Christianity, there is a real belief in the presence of God. This is not simply a belief of God in the world, but a belief of a God who is by one's side. The idea of God as a friend and companion clearly motivates the desire to make such a presence manifest in tangible ways. For some, it is the sense of God with which they commune, for others it is what they believe to be a sensory experience of God that they seek. Luhrmann outlines how this belief, coupled with a supportive social structure, can lead to powerful personal experiences, such as hearing the voice of God, reflecting the operation of our social brains.

Our sense of social connection is not dependent on a single set of religious beliefs, however. In human social connections, we can form individual relationships with a spouse or friends but, as John Cacioppo outlined, there are other kinds of connections that our social brain seeks, as well. We seek connections with emergent structures such as groups, clubs, teams, congregations, and beyond. Kathryn Tanner argues that the belief that God created the world and bears causal responsibility for it serves to connect believers to life in a broader way than is provided through individual relationships. This broader connection to life does not depend on the manifestation of a presence to whom we can talk because the evidence of social connection is apparent in the very fabric of daily existence. Thus, whereas Luhrmann discusses God as a palpable friend that one can learn to attend to and experience as an active presence in one's life, Tanner discusses God as the initiator of life and the very fabric of existence, a presence so ubiquitous that there is no specific point on which one can focus to attend to or experience God.

## Chapter 13[13]

### Theological Perspectives on God as an Invisible Force

An individual's beliefs about God are one factor to be included in a multi-dimensional investigation of the social consequences and possible health benefits of religion, an aid in particular to scientific hypothesis generation.[x] Scientists can better test for the social and health consequences of religious commitment when they know more about the character and range of beliefs about God that such commitment brings. This chapter hopes to show, in particular, that exactly what Christians believe about the nature of God's influence on their lives is likely to have an important bearing on one of the questions of this volume: How can religion encourage a sense of connection to others, especially in situations of perceived social isolation, and thereby assuage the adverse health consequences of loneliness?

Depending on what they think God is like, Christians vary in the way they expect God to be a present influence on their daily lives. God's nature is supernatural or transcendent, which means God is not very much like any of the ordinary persons or things with which they come into regular contact. Christians use the same terms for God that they use for talking about ordinary persons and things but they therefore know that neither set of terms is really adequate to capture who or what God is. On the one hand, God is something like a human being in that God loves them and wants to do them good, and in that God is unhappy with their failings and trying, through the use of carrots and sticks, to get them to change. But, on the other hand, God is really not very much like an ordinary human being in that God is present at all times and everywhere, working inexorably to bring about what God intends throughout the entirety of peoples' lives by way of influences of both personal and impersonal sorts--for example, through personal words of advice and warning found in the Bible as

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Christian beliefs are not just theoretical matters, involving putative truth claims about the nature of ultimate reality, but practical ones: Christian beliefs are often promulgated with the hope of impacting the way human beings live, by establishing, for example, the meaningfulness of and motivations for certain forms of social behavior. Prior research has concerned the possible economic, social and political consequences of Christian beliefs about God's relation to the world. This essay extends such questioning to the topic of perceived social isolation. How might belief in God as an invisible force in everyday life affect an individual's sense of social connection?

well as apparent accidents of fortune like car crashes and the weather. Though retaining personal characteristics such as love or anger, God operates less like an individual human person with limited reach and partial interests, and more like light, air or gravity do—quite pervasively and constantly.

Usually one side or the other comes to the fore in the way Christians feel connected to God: for some Christians the personal side of God is central; for others, the more impersonal. Thus, some Christians expect God to be very much like a human friend, offering companionship and good advice.[xi] As Tanya Luhrmann explores in her essay, their religious lives often revolve around the internal sensory or imaginative experiences that make a God of that sort seem real to them--the sense that God is in the room with them, that God speaks to them, and so on. They work to cultivate a prayer life that heightens the vividness of those experiences and thereby allays doubts about the actual existence of this invisible, otherwise seemingly unreal, divine friend. In short, good practitioners of prayer gain a stronger and more reliable sense that God is present as a friend directing the course of their lives.

Other Christians have expectations of a more overarching and impersonal sort about the way God is a force in their lives; these expectations, I suggest below, are the consequence of their holding certain beliefs about God as the creator, sustainer, and savior of the world. In this case a strong sense of God's presence in one's life does not depend on having experiences of a literally personal sort or on developing the spiritual practices that help cultivate such experiences. The sense that God is present as an influence on one's life is rather something one feels all the time simply in virtue of the beliefs one holds about God and the world. Given a particular construal of those beliefs—a relatively impersonal one, I argue—simply having those beliefs in mind, with some awareness of their quite obvious presuppositions and implications, makes clear one is never alone, never a self-sufficient operator. In contrast to the understanding of God as friend, here God's invisibility does not threaten to interrupt a sense of God's presence and influence. God's invisibility to the contrary enables the sense of God's presence and influence to be the routine backdrop of all one's experience, to constitute a general outlook on the world, no matter what the circumstances.

**Belief in Creation as a Backdrop to the Whole of Life**

For example, a common Christian construal of the belief that God is the creator of the world makes it possible for the sense that God is with one—one's supporter and sustainer—to be a constant feature of one's life as a whole. Contrary to first impressions, God's creation of the world need not refer to the origin of the universe, or to the beginning of its more specific features or components. Were either to be its meaning, belief in God as the creator of the world could not be a very central component of a generally applicable Christian outlook, of much relevance, that is, for more than the occasional speculation about origins: e.g., why am I here at all? The belief concerns instead a causal dependence upon God of a more continuous sort, spanning, in short, the whole time of the universe's existence and therefore the whole time of one's individual life. To be created by God is to exist in a relation

of dependence upon God for what one is, However, long one exists.[xii] A human being therefore depends upon God for more than the fact of his or her birth: he or she remains dependent upon God in the same way ever after. God's creation of the world in general is simply not temporally indexed; it is no more closely associated with the beginning of things than with what comes later. A preoccupation with temporal origins therefore commonly drops out of Christian accounts of creation: the world is just as dependent upon God for its existence whether it has a beginning or always exists.[xiii] Belief in God's creation of the world for these reasons blurs into belief in God's supportive maintenance of it at every point in time.

Also enabling belief in God as creator to form a general backdrop to all one's experience—to be relevant on every occasion as a universally applicable worldview--is the fact that God is thought to be responsible as creator for the whole of what happens in the world at any one time. To believe that God is the creator of the world is at the very least to believe that God holds into existence the entirety of the world in any and all respects in which it is good. In the case of one's own life, therefore, every aspect of value at every moment—one's existence, fine qualities and capacities, enjoyments and achievements, beneficial connections with natural and social environments, and so on—is to be attributed to God's agency as creator. While there is a good deal of disagreement within Christianity on this matter, Christians, moreover, not uncommonly affirm that God is equally behind the bad things that happen, at least insofar as those bad things can be turned to good account--for example, harm suffered turned into a salutary pedagogical correction, just punishment for sin, the necessary testing of one's faith, or simply a beneficial form of sympathy with God's own suffering on the cross. For both the general reasons just mentioned—because of its holism and temporal inclusiveness--belief in God as the creator of the world encourages love, gratitude, and trust toward God, and toward the world that God brings about, as constant Christian dispositions, basic Christian attitudes of wide-ranging applicability, whatever might be going on in one's life.

**Social Connectedness and Invisibility**

The same all-inclusive causal dependence upon God at all times is what ensures individuals are never left on their own, never abandoned to their own devices. Christian theologians (especially in the Protestant tradition) usually develop the psychological implications of this in terms of avoiding either anxious or arrogant self-concern.[xiv] According to this theology, one does not believe he or she ever operates independently of God. Therefore, one should never attribute successes and achievements in a prideful way to oneself, but rather one should always give the glory to God as their ultimate source. For the same reason, one should never despair of failings, as if one's own inadequacies were the last word; one believes a supremely powerful and loving influence, God, remains an operative force in one's life, However, desperate the situation otherwise appears to be from the standpoint of one's own powers and capacities to improve one's lot in life.

By discouraging isolated self-regard or self-understanding generally, the same nexus of Christian ideas about God as creator has clear consequences

for loneliness or perceived social isolation. Because they believe themselves to be creatures of God, Christians feel related to God whatever happens. Whatever their social circumstances--no matter, at the extreme, how isolated or strong their feelings of abandonment by human others--individuals are to remember that they remain in a relationship with God, who is concerned about them. Even when they feel themselves utterly forsaken by others, Christians have reason to believe God cannot be forsaking them. They can believe they are never alone even when they appear to be absolutely so. In such circumstances, Christians can always avail themselves of a completely counterfactual sense of social connection with the best-connected "superfriend" of all—the God who remains, they believe, in a relationship of ultimately beneficial causal efficacy with not just themselves but everyone and everything.

It is the very unapparent, counterfactual character of God's influence on human lives—the invisibility of God's influence, in short--that permits Christians to perceive their relationship with God as an unbreakable constant. Because God's influence is unapparent or invisible Christians can continue to believe God is operative for creation's benefit in the absence of any of the obvious confirming evidence required in ordinary cases of beneficent human influence. Christians who believe that God is a universal influence for good as the world's creator do not expect God to be present in the way one expects a human person to be; and therefore God's apparent absence, in human terms, need not break down their sense of being in relation to God.

Having God as one's creator (in the best case scenario) is like having a perfectly loving human benefactor; but it is the unusual invisibility of this benefactor that allows Christians to think God present even when not apparently so. Being in a relationship with God for Christians who believe God is a good creator is something like being in a relationship with a human person who never lets one out of her sight and who intends one's good comprehensively. It is, for example, very like being in a relationship with a loving parent who is fully responsible, not just for the fact of one's existence, but in a comprehensive way for one's nurturance throughout an extended minority. Unlike a relationship with an ordinary human person of that sort, however, God is believed to be invisible and this is what allows individuals to assume God's constant presence, all appearances to the contrary.

The invisibility that underlies the Christian affirmation of God's constancy here is a function of the very diffuseness of God's influence, a diffuseness of influence no human person, invisible or otherwise, could possibly match. Belief in God as the creator of the world does not encourage one to single out God as the cause of any specific happening in a way that suggests God is one cause among many, the cause of this particular happening rather than some other with a different cause. Belief in God as the creator of the world does not allow one to identify God's influence in overly close fashion with any particular causal influence of a beneficent sort. Instead, as I have suggested, whatever is of benefit to the individual, over the long or short term, taken as a whole, is to be attributed to God's influence.

The Christian cannot, then, locate or pick out God as one could a loving

parent from within the field of variously operative forces or influences on one's life, and for that reason the Christian need neither fear God's loss nor rue God's absence as one would such a parent's. Unlike relations with human others, which are situation-sensitive and thereby susceptible to change of character, rupture, and decline, God, Christians believe, is with one, whatever happens, in exactly the same capacity--as the creator and sustainer of whatever it is that remains good about one's life, be that only at a minimum the bare fact that one continues to live. The Christian who believes God is his or her creator is therefore confident that God continues to work for his or her ultimate good, that God is engaged in the effort to increase it, whatever the impediments in human life suggesting the contrary, absent, that is, almost any confirming evidence.

**The Problem of Inattention**

Although invisibility and apparent absence do not pose the same problem here as they do when God is one's friend, this rather more impersonal understanding of God's influence as creator and sustainer has its own problem maintaining a strong sense of connection to God. The diffuseness of influence that lies behind God's constant invisible presence can prompt simple Christian inattention to God. The very monotony of the always pertinent Christian affirmation that everything is to be attributed to God can make that affirmation recede from focal awareness, make it fail to come focally to mind. Belief in God's uniform presence would thereby become functionally indistinguishable from the sense of God's absence. The invisibility of God that follows from a belief in the comprehensiveness of God's influence simply means in that case that God drops out of sight and mind, drops out of Christian consideration for most intents and purposes, most of the time. Such a God has little to offer as a "para-social" entity, as a factor fomenting or supplementing a sense of social connection.

In the back of their minds Christians may believe that God is the source of everything, but they may not feel compelled to consider that fact actively in the course of their everyday lives. God hides behind, so to speak, all the creaturely influences that God is working through, which become matters of primary Christian preoccupation. At the center of attention are all the ordinary influences and connections with one's natural and human environments; preoccupation with them pushes out of focal awareness the fact of God as the ultimate source of them all. Apart from specifically religious obligations—say, the demand to give God thanks and praise at times of worship—Christians who believe God is their creator would have no particular reason to dwell on that fact.

Christian theologians commonly tie this sort of practical worry--about what from a Christian point of view amounts to sinful neglect of one's connection to God--to the understanding of double agency in the account of creation I sketched above.[xv] According to that account, it is true, God's influence on human life does not have to go by way of the human and natural causal powers and influences on human life that God creates; God can influence human life without producing sufficient created causes for what God wants to happen in human life. (The Christian claim that Jesus was resurrected from the dead—an event without natural causes--is a case in point, one that Christians are

usually very reluctant to give up.) But part and parcel of the account of creation is the suggestion that God ordinarily influences human life by bringing about the very natural and human influences that shape it. In general, because God influences the world as its creator, God's working does not begin where created causes break off; God works, instead, in and through the created causes that God brings about. Christians are therefore able to give a double account of most happenings in the world: one that discusses what has happened in terms of the coordinated created powers and activities sufficient to explain it within the created order; and one that talks about God's creative activity in bringing about those same coordinated created powers, activities, and their consequences in their totality. It is the sufficiency of the explanation in terms of created causes—the self-containment of that explanation within its own order—that allows human beings to attend to the created order without taking into account the relationship of dependence upon God that is its presupposition.

The temptation to lapse into habitual obliviousness of one's relationship with God is easily countered, however, by other beliefs about God that Christians hold. Christians do not just believe that God is the creator and sustainer of the universe, but believe a lot of other things about God. For example, the common Christian belief that God acts as more than a creator in individual lives helps to counter obliviousness to God. God does not merely act as creator by giving individuals the created gifts that make them what they are—for example, their own capacities and operations, the ability to influence and be influenced by their human and natural environments, and so on. God also acts to give them God's very presence—by way, for example, of their relationship with Christ who Christians believe is God in human flesh. The very presence of God in human life means one's relationship with God cannot be ignored. The created causes and influences, through which God also influences human life, consequently no longer have the same capacity to distract human attention from God.

Christians often believe, moreover, that God's direction of human life by way of God's own presence to or within it is no optional matter: God's presence forms an essential component of human life. In addition to created capacities and influences brought about by God, God's presence is necessary for ordinary human capacities to operate as they should.[xvi] To be morally good, for example, requires not just virtuous capacities of one's own, given to one by God, but the presence of the Holy Spirit within one. Knowing well requires not just the formation of good ideas through the usual human processes of investigating one's environment—the entirety of which has its source in a good creator God--but also a mind informed by the very Word of God. And so on.

Such beliefs imply that attention to God's presence, some sort of God-directedness, should be a constant feature of an individual's everyday, ordinary life, in order for that life to be lived well. The individual Christian is accordingly given a reason to bring to mind his or her relationship with God, motivated to attend to that relationship as much as possible, indeed, in the effort to lead a better life. An active God-reference becomes part of a prospective, goal-oriented process of self-reformation

in accord with what is believed to be God's intentions for one.

Beliefs like this about God's presence as a constituent feature of human operations are at times incorporated by Christians within an account of creation: God's presence to or within them is then believed to be an element of what God as the creator of the world gives to every human being; and is in that sense part of the natural or ordinary constitution of human life that God intends in creating the world.[xvii] But more often than not the gift of God's presence as an effective influence on human life is specifically associated by Christians with salvation. Human beings, Christians typically believe, have either lost altogether, or at a minimum, habitually fail to attend properly to a presence of God always theirs, in ways that corrupt human well-being. The Christian claim is that God saves human beings by giving them the presence of God as an effective force for human transformation in virtue of something that Jesus suffers or accomplishes.

God acts as an invisible force in human lives here because God influences humans through God's very presence. Christians, if they follow the common teaching of theologians in this regard, believe God is invisible or unapparent because God is not capable of being delimited or circumscribed by the usual boundary drawing and sorting mechanisms used to cordon off and pin down other things.[xviii] God is not, in short, a kind of thing, set off by clear boundaries that distinguish God from what God is not. But there is also here the kind of invisibility discussed earlier: the invisibility of apparent absence in human terms.

Christian claims about salvation often have an eschatological edge. They frequently point, that is, to an end time, indefinitely deferred from the perspective of anything achievable in this life. What God gives to remedy the sin of human life through Christ is, accordingly, not commonly thought to be fully effective in any visible way in this life. Christians typically think that their connection to Jesus brings with it a new availability of the presence of God as a force for change in their lives, but what they expect to achieve by way of that constantly available relationship remains invisible in the form of an always deferred hope. Once again it is invisibility—here the invisibility of the revolutionary changes in one's life for which one continues to hope--that permits Christians to believe the presence of God, made available to them in a new way in Christ for the very purpose of bringing about those changes, is nevertheless always with them.

**Conclusion**

The main intention of this chapter was to make the case that basic Christian beliefs are likely to have a bearing on perceived social isolation. After suggesting that Christianity is not all of a piece on that score, I developed a particular construal of basic Christian beliefs that would seem to have great potential to alleviate perceived social isolation through attention to connection with God. While that argument was merely a logical or prima facie one, it forms a testable—though as yet untested—hypothesis: Does the particular construal of the beliefs commended here for their encouragement of a focal sense of constant connection with God really have those consequences? Do people actually feel less lonely, in other words,

when they hold such beliefs? Can they be made to feel less lonely by calling them to mind? More specifically, how does the influence of this construal on feelings of social isolation compare with that of other construals—for example, a construal that directly associates God's creative influence with the irredeemable bad? How might the stronger sense of God's presence in the hardships one suffers balance out in the latter case against the unhappy quality of the connection? Might one feel oneself to be better off alone, in other words, if God is as much one's tormentor as one's benefactor? Finally, comparable problems to the ones for belief surface in the more experience-driven God-as-friend outlook in Christianity, and make experimental testing pertinent.[xix] If the problem in both cases is that a strong sense of connection with God is hard to sustain—because God is invisible in the one case or crowded out by more obviously pressing matters in the other—how is the imaginative force of the idea of relationship with God better shored up? By imagining that one is on a date with God, or by imagining that God is always all around one like the air one breathes or the sun that shines? And what works for the greater number of people? What if the former imaginative capacities are hard to cultivate, and require in any case exceptional abilities of concentration or inward focus that many people lack? Might beliefs be easier for most people to hold in mind without sustained or disciplined practice? A simple visit to church or occasional perusal of a prayer book would do?

## References

[1] For the general importance of belief for such investigation, see the essays by W. Clark Gilpin and Tanya Luhrmann in this volume.

[1] See Luhrmann in this volume.

[1] Thomas Aquinas is one prominent theologian in the Christian tradition who highlights this idea: "creation . . . is the very dependency of the created act of being upon the principle [God] from which it is produced." *Summa Contra Gentiles, Book Two: Creation*, trans. James F. Anderson (Notre Dame and London: University of Notre Dame Press, 1975), chapter 18, section 2, p. 55.

[1] See again, for example, Thomas Aquinas, *Summa Contra Gentiles, Book Two: Creation*, chapters 31-38, pp. 91-115.

[1] See, for example, Martin Luther, *Lectures on Galatians* (1535), in *Luther's Works*, ed. Jaroslav Pelikan (St Louis, Missouri: Concordia Publishing House, 1964), vols. 26-27.

[1] Thomas Aquinas again provides a clear theological exposition of this view. See, for example, his *Summa Contra Gentiles, Book Three: Providence, Part 1*, trans. Vernon J. Bourke (Notre Dame and London: University of Notre Dame Press, 1975), chapter 70, section 8, p. 237: "It is also apparent that the same effect is not attributed to a natural cause and to divine power in such a way that it is partly done by God, and partly by the natural agent; rather, it is wholly done by both."

[1] For prominent examples of such a view in the history of Christian thought, see Augustine, *The Literal Meaning of Genesis*, trans. John Hammond Taylor (New York: Newman Press, 1982), chapters 10-12, pp. 49-51; and Cyril of Alexandria, *Commentary on the Gospel According to John*, trans. P. E. Pusey (Oxford: James Parker, 1874), Book 1, chapters 7-9, pp. 66-87.

[1] See, for example, Athanasius, "On the Incarnation of the Word," trans. Archibald Robertson, in Philip Schaff and Henry Wace (eds.), *Nicene and Post-Nicene Fathers*, vol. IV, Second Series (Grand Rapids, Michigan: Eerdmans, 1957), sections 3-5, pp. 37-39.

[1] See, for example, Gregory of Nyssa, "Answer to Eunomius' Second Book," trans. M. Day, in Philip Schaff and Henry Wace (eds.), *Nicene and Post-*

*Nicene Fathers*, vol. V, Second Series (Peabody, Massachusetts: Hendrickson, 1994), p. 257.

[1] See Luhrmann in this volume.

**The Elusiveness of Meaningful Connection**

Kathryn Tanner's chapter has developed the classical Christian idea that God is the creator and sustainer of the world, in order to suggest the ways in which this notion of the creator might be one factor providing persons with a sense of social connection and a hopeful, generous, and caring disposition toward the world that assuages the adverse health consequences of loneliness. In this classic interpretation of God as creator, the idea refers not to the origins of the universe but rather to the all-inclusive dependence of life upon God at all times. This sense of a sustaining divine presence spanning the whole time of one's life thus contributes a deep sense of one's connection to the whole order of creation. However, as Tanner notes, people may become inattentive to a presence so pervasive, just as people can become inattentive to the forces of gravity holding them to the surface of the Earth as they go about their everyday life. In more extreme versions of this inattention, the person understands humanity as "alone" in the universe, a sort of metaphysical loneliness that might exacerbate more concrete feelings of loneliness.

Perhaps surprisingly, Chris Masi, from the perspective of a physician and medical researcher, casts a fascinating and fresh perspective on the theological notion that we live in a sustaining connection to creation as a whole. After describing the negative health consequences of loneliness, Masi proceeds to describe a cycle of loneliness in which a person's sense of isolation frustrates well-intended efforts to make social connections. Masi finds that efforts to intervene and break this cycle are not notably successful, in large part because the preconscious disposition of lonely people toward the world is difficult to change. Like Tanner, although using different terminology, Masi's review of the scientific literature suggests both that the character of one's general disposition toward the world is profoundly important for one's connections to others, and that the processes by which these general dispositions change are complex and warrant further scientific attention.

## Chapter 14[14]

## Visible Efforts to Change Invisible Connections

[14] The lead author is Christopher M. Masi, M.D., Ph.D., an assistant professor in the Department of Medicine at the University of Chicago. He is co-founder of Every Block A Village Online, an Internet-based community development program, and is past president of the Illinois chapter of Physicians for a National Health Program. He is the current president of the Midwest Society of General Internal Medicine and has received numerous awards, including a Models That Work Award from the United States Bureau of Primary Health Care and the New Investigator Health Sciences Research Award from the Gerontological Society of America. With a medical degree, as well as a PhD in social service administration, Dr. Masi's research focuses on the socioeconomic factors underlying health disparities. He currently has two projects, one aimed at developing an intervention to reduce loneliness and one focused on the role of sex hormones in gender, age, and racial differences in cardiovascular disease. He is a reviewer for several scientific journals and grant-making organizations and has published research and reviews on diverse topics, including health insurance reform and racial disparities in breast cancer and hypertension.

Human capacity for creativity, compassion, and learning is unparalleled in the animal kingdom. However, humans reach their full potential only when they are socially engaged. Lack of social engagement impairs creativity and learning, and limits opportunities for caregiving and emotional growth. Numerous studies have shown that loneliness is also a risk factor for illness and premature mortality. Because loneliness is increasing in modern society, it is critically important to understand this condition, as well as strategies to reduce it. This essay describes our review of the literature regarding loneliness reduction interventions.

The 17th century English philosopher Thomas Hobbes proposed that without the organizing structure of government, humans would experience *bellum omnimum contra omnes* (war of all against all) and life would be "solitary, poor, nasty, brutish, and short"(1). While this colorful description is often quoted, less attention is paid to Hobbes' premise that such misery can be avoided if humans codify and enforce the rules of a civil society. Not everyone agrees with Hobbes' views, but history is replete with examples of human misery when anarchy reigns and of relative peace when a social contract is observed. A question that philosophers continue to debate is whether collaboration for mutual benefit is part of human nature or whether promotion of the self above all others is man's primary motivation. In this volume, Cacioppo argues that sociality is an integral part of human nature. He notes that given each child's prolonged period of total dependence, survival into child-bearing age depends entirely upon the support and protection of adults, most often parents or kin. As a result, those who survive long enough to procreate pass along genes for nurturing and protection, thereby hardwiring a form of sociality into our genetic code.

This protective behavior helps ensure that genes within a family are passed on to future generations. Cooperation among unrelated adults or the support and protection of children by adults exists beyond kin, as well, because these activities also provide survival benefit. Examples from early human existence include hunting and gathering, which are more likely to succeed when pursued as a group than individually. To these structural benefits

of non-familial sociality, we may now add physiological benefits. A 1979 population-based study showed that adults lacking social ties were 1.9 to 3.1 times more likely to die during a 9-year follow-up than those who had more social contacts, all else being equal (2). Since then, at least five population-based prospective studies (3) and numerous smaller studies have found positive associations between social integration and either survival or improved health outcomes. The mechanisms by which social integration enhances survival are several and include improved health behaviors, increased access to resources and material goods, and strengthened immunity against infection (4).

Whereas sociality is a normal state, loneliness is an unusual state, akin to hunger, thirst, or pain (5). As with those states, loneliness is unpleasant and serves to remind us that we should change the *status quo*. Therefore, loneliness can be an adaptive motivator for increased social surveillance and interaction. Unfortunately, not all individuals succeed at achieving the level of social connectedness they desire and suffer instead from chronic feelings of loneliness. Cacioppo and others have shown that lonely individuals interpret events and social interactions more negatively than non-lonely individuals. As a result, they unconsciously develop defense mechanisms, including social barriers, which shield them from insults and rejection. While this approach may achieve its goals of self-protection, it also reduces opportunities for positive social interactions and perpetuates feelings of social isolation (5). John Bunyan, a 17th century Christian writer and preacher, described the barriers associated with loneliness when he wrote of a vision in which he

> "saw the people set on the sunny side of some high mountain, there refreshing themselves with the pleasant beams of the sun, while I was shivering and shrinking in the cold, afflicted with frost, snow, and dark clouds. Methought, also, betwixt me and them, I saw a wall that did compass about this mountain (6)."

For chronically lonely people, the wall between themselves and others is partly of their own making and reflects continuous surveillance for negative signals from others (5). The challenge is to help lonely individuals break down the barriers between themselves and others and ultimately return to the normal state of sociality. In his vision, Bunyan achieved this, but only through great effort:

> "About this wall I thought myself, to go again and again, still prying as I went, to see if I could find some way or passage, by which I might enter therein, but none could I find for some time. At the last, I saw, as it were, a narrow gap, like a little doorway in the wall, through which I attempted to pass; but the passage being very strait and narrow, I made many efforts to get in, but all in vain, even until I was well-nigh quite beat out, by striving to get in; at last, with great striving, methought I at first did get in my head, and after that, by a sidling striving, my shoulders, and my whole body; then I was exceeding glad, and went and sat down in the midst of them, and so was comforted with the light and heat of their sun (6)."

Genetic studies indicate that heritability accounts for approximately 50% of loneliness while social circumstances account for the other 50% (7). Research also suggests that loneliness is common - reported by as many as 20 percent of the population at any given time (8). In addition, some evidence suggests that the prevalence of loneliness may be increasing, at least in the U.S. A recent national survey found a threefold increase in the number of Americans who indicated they had no confidant or person with whom to discuss important matters (9). Although differences between this survey and its 1985 predecessor may be sufficient to account for this increase, this suggestive report raises the possibility that contemporary societal factors may be interfering with the natural tendency for humans to form meaningful, long-term social connections. One factor is social mobility, which increased dramatically during the 20th century. A second is the aging of the U.S. population. In 1900, 4.1% of Americans were 65 years or older. By 2006, that percentage had increased to 12.4%, representing 37.3 million Americans (10). With less value placed on older individuals in the U.S., we have witnessed an increase in marginalization of this segment of society. Third, as life expectancy increases, more elders are living longer as widows or widowers and are therefore at increased risk for loneliness. Other factors which may place Americans at increased risk for loneliness include less intergenerational living, delayed marriage, increased dual- career families, increased single-residence households, and increased age-related disabilities and health conditions. Given the mental and health risks associated with loneliness described in Hawkley's chapter, interventions are needed to help lonely individuals regain normal social connections. As Bunyan's account suggests, breaking through the wall of loneliness may require considerable effort. When individual effort is not sufficient, assistance from others may be needed. Unfortunately, contemporary interventions to reduce loneliness have fared more poorly than has been recognized.

**Repairing Broken Connections**

Almost a century ago, scholars began to propose strategies for reducing loneliness. Karen Rook (11), for instance, amassed over 40 interventions dating back to the 1930's in her attempt to identify effective loneliness reduction strategies. Since Rook's review, five scientific publications have provided qualitative reviews of strategies to reduce loneliness, social isolation, or both (12-16). The most recent publication identified 30 interventions published between 1970 and 2002 (16), and evaluated the effectiveness of those intervention studies that were not flawed by poor design. Among the thirteen trials deemed to be of high quality, six were considered effective, one was considered partially effective, five were considered ineffective, and one was inconclusive. The authors' conclusions were similar to those of prior reviewers who found that interventions which emphasized social skills training and/or group activities were the most successful.

However, qualitative reviews are subject to invisible biases that can color our judgments of the scientific evidence we see. Thomas Kuhn, a 20th century physicist and epistemologist, noted that scientists too easily accept results which conform to previous intuitions and too readily reject results which do not (17).

In the case of loneliness interventions, all of the reviews essentially confirmed the findings of previous reviews that social skills training and group-based interventions can succeed in reducing loneliness. Is this conclusion justified, or is this a case in which prior conclusions have been perpetuated in the manner Kuhn describes?

To combat bias favoring results that confirm dominant theories, some scientists have argued that specific study criteria should be met to warrant an evaluation of the effectiveness of the intervention (18). These criteria include random assignment of study participants to receive the intervention, evidence that the intervention is more effective than no intervention, findings that are replicated by at least one independent research group, and results that are published in peer-reviewed journals. Previous reviewers of loneliness interventions have, in fact, placed a premium on randomized trials that contrast a group randomly selected to receive the intervention with a group randomly selected to receive no intervention. However, none has employed meta-analysis, a quantitative technique for calculating the average effect of diverse interventions designed to accomplish the same goal. Whereas qualitative reviews are subjective and vulnerable to confirmatory biases, quantitative reviews are objective and relatively impervious to bias as long as all relevant studies are included in the analysis.

To minimize bias in our meta-analysis, we first combed the literature to identify all the intervention studies that specifically targeted loneliness. To further meet our criteria for inclusion in the meta-analysis, studies had to be published in a peer-reviewed journal or as a doctoral dissertation (to ensure the scientific integrity of the findings), between 1970 and 2009 (to include and extend the time interval reviewed qualitatively in prior research), and had to measure loneliness quantitatively.

Fifty-two intervention studies for loneliness met our inclusion criteria. These studies were divided into three categories based on the experimental design used to assess the effects of the intervention. Twelve studies used a single group pre-post design in which loneliness among participants was assessed at baseline and again after exposure to the intervention. The single pre-post design is weak in terms of measuring the effectiveness of an intervention, however, because individuals who have high scores on a loneliness measure on one occasion are likely to score less extremely on a second occasion even if no intervention had occurred. Said differently, people whose measurements suggest they are very lonely at one point in time, on average, appear to be less lonely when measured at a later point in time. Our meta-analysis of these studies indicated there was indeed a lowering of loneliness as measured before and after the interventions, but we cannot conclude from this evidence that the reductions in loneliness were due to the interventions.

Eighteen studies utilized a non-randomized group comparison design in which some of the participants sought out the intervention (the experimental group) while others (the control group) did not. In this design, assignment of individuals to the experimental or control groups was based upon convenience, participant preference, or some other factor, which means the groups that did and did not receive the intervention may differ in ways that

explain different outcomes in the two groups. For example, people who volunteer to be in the experimental arm of a study may be more gregarious by nature and may be more likely to become less lonely over time *regardless* of exposure to the intervention. Results of the meta-analysis suggested the interventions might be effective, but to know it's the intervention and not an artifact of subject selection, we need to look at the effect of these interventions when assessed using randomized group comparison designs in which participants are randomly assigned to the experimental or control group.

Twenty-two studies utilized such a design. Quantitative analysis revealed that, on average, the interventions had a small but significant effect in reducing loneliness. Moreover, efficacy in reducing loneliness did not differ significantly as a function of intervention strategy nor as a function of individual- versus group-based implementation. Whereas once a consensus existed that social skills training and/or group activities could reduce loneliness, we found insufficient evidence to support that conclusion.

Why have successful interventions to reduce loneliness been so elusive? There are several possible reasons. Some of the interventions have been designed with the notion that if only lonely individuals had better social skills they would be able to form satisfying connections with others. However, recent research suggests that at least for most adults, the social skills they know are not related to the loneliness they feel. Other interventions have been developed with the notion that lonely individuals simply need to interact more with others, so the interventions are designed to increase contact with others. However, people not only tend to like lonely individuals less than nonlonely individuals, lonely individuals are especially negative toward other lonely individuals. Therefore, bringing lonely individuals together is unlikely to result in warm, satisfying social connections. Finally, some interventions were designed with the notion that what lonely individuals need is social support, such as someone who is available to provide help when needed. However, loneliness affects not only how people think, but how people think about others: loneliness diminishes people's executive functioning and biases them to see others as threatening and rejecting even when they are not (5).

Cacioppo and Patrick (5) proposed a framework for reducing loneliness which includes four elements. First, unconscious barriers that chronically lonely people develop to shield against being hurt by others tend to reduce their likelihood of having positive social interactions, and they may benefit, therefore, from encouragement and practice in forming social connections gradually in "safe" environments where threat of rejection is minimal. For instance, because chronically lonely people are self-focused in their hypervigilance for social threat, they may benefit from learning to shift their attention from themselves to others through other-oriented activities such as volunteerism. The notion is to intervene to diminish or eliminate the negative effects loneliness can have on social perception and cognition. Second, we tend to think of loneliness as the same thing as a personal weakness, as being a social isolate, being depressed, or being weak. As noted above, we now know these accounts to be incorrect, and

that acute loneliness, just like acute physical pain, serves an important biological function for our species. Being aware of how loneliness fits into our remarkable achievements as a social species and what loneliness does to our social cognition and behavior can help us better understand the actions of others toward us. Third, to the extent that desperation for social connections leads chronically lonely individuals to misguidedly vest their interest in those who are unlikely to meet their relationship needs, they may need to learn how to be selective and choose friends and groups with whom reciprocally rewarding relationships can be expected. This decision is critical to success. Research indicates that the people with whom we are most likely to form positive, lasting relationships are those who have similar attitudes, beliefs, values, interests, and activities to our own. Therefore, people should not seek friendships based on physical appearance, status, popularity, or convenience, but rather on attitudes, beliefs, values, and behaviors. Finally, because chronically lonely people expect to be disappointed with themselves and others in their relationships, they may benefit from training and practice in taking a more optimistic perspective, in expecting the best from themselves and from others. We play a much more important role in shaping our social environment than we often realize.

Although no intervention to date has incorporated all of these elements, at least one randomized trial has demonstrated that an intervention based upon volunteerism (Experience Corps) can increase social activity in older adults (19). In this trial, older adults are paired with grade-school children and dedicate at least fifteen hours per week throughout the school year to assist the teachers in supporting and encouraging children in reading, writing, and mathematics. This strategy engages at least two of the principles that emerged out of Cacioppo and Patrick's theoretical framework (5)—the provision of a "safe" venue for making social connections (i.e., the classroom of non-threatening children), and the shifting of older adults' attention away from their own concerns and toward the needs of someone else. In addition, this strategy capitalizes on Erikson's notion of generativity (i.e., helping future generations) (20). Interventions of this form deserve further assessment (21).

**Conclusion**

We began this chapter by noting that loneliness is not uncommon and, although unpleasant, may prompt individuals to attend to and repair their social connections. Loneliness affects cognition as well as well-being, however, and when loneliness persists it is a risk factor for myriad health problems. Previous reviewers have suggested that loneliness can be reduced through interventions that emphasize social skills development and group-based activities. By quantitatively analyzing twenty-two well-designed studies, we found no evidence that these strategies were any more effective in reducing loneliness than increasing social opportunities or social support, or modifying maladaptive social cognitions, whether in a group or individual context. A larger number of intervention studies may be needed to determine the relative efficacy of these intervention strategies. In the interim, it is clear from this review that global impressions and intuitions will not suffice when trying to reduce loneliness. Future interventions should

acknowledge that loneliness is not synonymous with social isolation but is a social pain that functions to motivate the formation and renewal of meaningful social relationships. When feelings of loneliness fail to accomplish their adaptive purpose, chronic loneliness may ensue. Chronic loneliness tends to be self-perpetuating through confirmatory biases that alter cognitions, emotions, and behaviors. Given the importance of social connection to people's health and well-being, it is important that we solve the puzzle of how to help the chronically lonely connect with others in meaningful and satisfying ways.

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**Reflections on Invisible Connections**

Echoing a prominent theme in this volume, Christopher Masi highlights once again the centrality of social connectedness for human well-being and the function of loneliness in signaling a rupture in a sense of social connectedness. One might reasonably expect that a social species like *Homo sapiens* would have a sufficiently large behavioral repertoire to be able to resolve feelings of isolation and restore a sense of social connectedness. Although resolution is accomplished readily in some instances for some people some of the time, the reality is that at times people are at a chronic loss for how to satisfy their need for social connection. Unfortunately, the invisible bonds of social connection are not easily repaired. We see others' social activity, but we do not see how they feel about their social lives and sense of connection. Despite our inability to recognize loneliness in others, or, as Nick Epley and Jean Decety argued earlier in this volume, because of this handicap in seeing into the minds of others, we tend to attribute to others what we ourselves have felt or would expect to feel in particular circumstances. Is it any surprise that we target for intervention those circumstances where we observe few opportunities for social interaction, inadequate social skills, and poor social support? On the other hand, because loneliness is in the mind of the sufferer, it is perhaps surprising that we would expect changes in objective social circumstances to be sufficient to alleviate loneliness in all its sufferers. Masi provides a quantitative review of strategies employed to alleviate loneliness to show that interventions to date have been only modestly successful in reducing feelings of loneliness, attesting to the challenge of effectively addressing the problem of ruptured social connections.

Invisibility should not thwart attempts to alleviate distress, however. Biological causes of disease were no more visible or evident in the 18th century than psychological causes are today. Yet significant scientific advances during the 19th and 20th centuries completely revolutionized medical practice, life expectancy, and quality of life. Farr Curlin is less interested in the invisible causes of disease than in the primordial need for social connection that John Cacioppo introduced and that Curlin regards as a preexistent condition for medicine. If science can be viewed as a cognitive system that steps us back so that we can deal more objectively and effectively with another person's distress, then religion can be viewed as a cognitive system that steps us forward to connect and care for others. Curlin argues that the practice of medicine requires a balance of these forces, and that the resulting tension between the two produces better care for the patient than does the practice of medicine using either alone.

## Chapter 15[15]

[15] The lead author is Farr A. Curlin, M.D., a hospice and palliative care physician, researcher, and medical ethicist at the University of Chicago. His empirical research charts the influence of physicians' moral traditions and commitments, both religious and secular, on physicians' clinical practices. As an ethicist he addresses questions regarding whether and in what ways physicians' religious commitments ought to shape their clinical practices in our plural democracy. Curlin and colleagues have authored numerous manuscripts published in the medicine and bioethics literatures, including a *New England Journal of Medicine* paper titled, "Religion, Conscience and Controversial Clinical Practices." As founding Director of the Program on Medicine and Religion at the University of Chicago, Dr. Curlin is working with colleagues from the Pritzker School of Medicine and the University of Chicago Divinity School to foster inquiry into and public discourse regarding the intersections of religion and the practice of medicine.

In the world of contemporary medicine, science is front and center, and for good reason. Science provides modern medicine with extraordinary diagnostic and therapeutic capacities that can be employed to care for patients. Yet there is more to medicine than science can know. Science cannot provide visions to animate care of the sick, moral frameworks to guide the application of medical technology, or practices that nurture and extend our sociobiological capacity to care for others. For these medicine turns to religious and secular moral traditions and practices. This essay examines how religious concepts are implicit and operative in practices of medicine and in the formation of fully human physicians. By attending to these concepts, we may gain a richer understanding of the way self-conscious human practices like medicine both depend on and extend our unique, human, biopsychosocial capacities.

### Social Brain, Spiritual Medicine?

No one ever asks what *science* has to do with medicine any more than they ask what books have to do with education or what tools have to do with carpentry. Before the middle of the 19th century, there was almost nothing that physicians, however well intended, could do to actually restore health to the ill. Modern science changed that. Over the past century and a half, dramatic improvements in health outcomes have been wrought through the application of sterile surgery techniques, specialized hospital care, public health measures to prevent the spread of infectious diseases, antibiotics to treat those diseases, and myriad subsequent technologies. All of these have been undergirded by the discoveries of biomedical science.

As a result, the life expectancy in developed nations has doubled. People live not only longer but with much less disability. Diseases that formerly disfigured and killed, such as smallpox and polio, have been almost completely eradicated. Epidemics of malaria, yellow fever, measles and diphtheria have been restrained. Injuries from war or other traumatic events, which in earlier periods led predictably to death or profound disability, now can be ameliorated using sophisticated surgical reconstruction techniques, advanced prostheses, and intensive rehabilitation. Medical science already has accomplished an extraordinary amount in alleviating human illness and forestalling death, and there is good reason to expect further progress. Yet, for all that science has made possible, medicine is animated by other, less tangible, forces.

To give a robust account for the practice of medicine, one must explain why sick and debilitated strangers are worthy of attention and care, and how the medical arts contribute to human flourishing. For some Americans, such accounts begin in secular moral tradition, but for most they begin in religion; nine out of ten Americans endorse a religious affiliation[1]. Either way, medicine looks beyond science to find a vision that animates care of the sick, a moral framework that guides the application of medical technology, and practices that nurture and extend the human capacity to care for patients as persons rather than as mere objects. In this sense, even though religious concepts are rarely made explicit in public and professional discourse about medicine, they are everywhere implicit and operative, and necessarily so.

**Why care for the sick?**

Humans in all cultures are moved to care for the sick. The question is why? The concept of the social brain provides the beginning of an answer. The peculiar human need and capacity for constructive, complex and meaningful relationships seems to involve neurological structures and functions that also facilitate attending to the sick. For example, Epley describes the human capacity to pay attention to our own mindedness and the mindedness of others. We are not only conscious of ourselves, but we are conscious of others being conscious of *them*selves and of us. This capacity allows us to be mindful of others' bodily suffering and mindful of their consciousness of our relation to them in that suffering. To mindfulness is added the capacity to empathize. Decety describes a neurological structure through which the sight of pain in another person triggers a response in our own brains that mirrors (albeit at a level attenuated by training and other contextual factors) the response we would have if we were suffering the pain ourselves. These features of the human brain allow us to pay attention to and to some extent share in the suffering of others—capacities that are psychological building blocks for caring for the sick.

Yet to explain medicine strictly on the basis of empirical science, one must solve a particularly thorny version of the more general problem of explaining altruistic human behavior. Decety notes, "The emergence of altruism, of empathizing with and caring for those who are not kin, is … not easily explained within the framework of neo-Darwinian theories of natural selection." Indeed one can scarcely imagine a practice less conducive to the reproductive fitness of a population than spending enormous resources caring for the sick, the deformed, the weak, and the aged. Natural selection and the physician would seem to be at cross-purposes: one works to eliminate the sickly, the other to save them from elimination. On this account, medicine appears to be the sort of dead end into which the evolutionary process sometimes blindly drifts.

Cacioppo, however, argues that altruistic behaviors can be explained within evolutionary theory by paying attention to inclusive fitness and the multiple levels of selective pressure:

> …for species born to a period of utter dependency [e.g., humans], the genes that find their way into the gene pool are not defined solely or even mostly by likelihood that an organism will reproduce but by the likelihood that the offspring of the parent will live long enough to

> reproduce… one consequence is that selfish genes evolved through individual-level selection processes to promote social preferences and group processes, including reciprocal social behaviors, that can extend beyond kin relationships

The concept of inclusive fitness helps to explain why humans care for the young when they are sick, and even why they care for those who when healthy are able to contribute to caring for the young. In addition, it may be that hunter-gatherers were more likely to survive and reproduce when they cared for a wounded or sickened member of the clan—thereby establishing an expectation of reciprocity that would contribute to social cohesion, collective effort, and defense of other group members. These provide at least the rudiments of an evolutionary rationale for the practice of medicine.

Yet, medicine does not involve caring merely (or even primarily) for the young, much less for those who are most genetically fit. Rather, medicine in large measure involves caring for those who either have no capacity to contribute to the gene pool because they are aged and otherwise infertile, or whose contributions to that pool will reduce population fitness because they are genetically predisposed to sickness and disability. Concern about the latter led Francis Galton and many of his American and European contemporaries to embrace social Darwinism and to champion efforts to keep the diminished and infirm from reproducing. In the United States, the eugenics movement was memorialized in the infamous words of Supreme Court justice Oliver Wendell Holmes, who justified the constitutionality of the forced sterilization of mentally 'unfit' women in the case of Buck v. Bell by writing, "Three generations of imbeciles are enough." Sterilization rates under eugenic laws in the United States increased following this ruling until the Skinner v. Oklahoma case in 1942, after which point they declined.

The practice of medicine expresses more than a straightforward social instinct for protecting the young. To borrow from Browning, it may be that medicine builds on and extends the dynamic of inclusive fitness much like in Catholic moral theology caritas (love) builds on and extends eros (desire). Browning writes, "[Aquinas] held – and Christianity has always taught – that Christian love includes more than kin altruism and the care of our familial offspring; it must include the love of neighbor, stranger, and enemy, even to the point of self-sacrifice." The theological concept of God as creator and Father of all "made it possible for Christians to build on yet analogically generalize their kin altruism to all children of God, even those beyond the immediate family, their own children and their own kin." Even those beyond the reasonable hope of reproducing or helping others to reproduce.

Notably, the self-conscious commitments that animate medicine do not include promoting population fitness or ensuring survival of offspring to the point of reproduction. Rather, physicians discipline themselves to practices that make possible the commitment of medicine: to preserve and restore the health of patients, notwithstanding patients' other characteristics. Religions ground this care for the sick in sacred and transcendent obligations to God and neighbor, and it is not incidental that the hospital began when Christian monastic

communities enfolded the care of the sick into a communal life of liturgy and prayer. This is not to say that the substantively irreligious lack proper motivation to practice medicine. It is to say that an animating vision for medicine as a good and worthy activity seems to require moral concepts that science alone does not provide.

**How should medical science be deployed?**

Medicine is not only animated by something like a religious vision; it also requires a thick moral framework for its ongoing *direction*. To know how best to care for patients, we need to know something about what human flourishing entails and how medicine can contribute to it. Medical science is less helpful here than one might hope.

Science facilitates the sort of religious humanism that Browning encourages, because it helps us better understand the empirical world and therefore helps all moral communities refine their efforts to bring about human flourishing. Science elucidates a range of technical possibilities and provides information about what we can reasonably expect as the consequence of choosing one course over another. Yet, even the successes of medical science highlight its limits. As medical science generates technologies that can be put to ever-wider uses, it exposes disagreements about which of those uses are worthwhile. Although medicine proceeds in scientific ways in the care of patients, it does so in pursuit of goals that science cannot set. These goals come from moral traditions and cultures, religious or otherwise.

In the same way that the influence of a dominant culture on medical practice is often invisible or taken for granted precisely because of its dominance, so the influence of religious ideas on medical practice is often invisible in those areas where commitments are shared in common among different religions and other moral traditions. For example, we generally take it for granted that mending injuries, treating infections, and removing diseased organs are good things to do. That is because the moral commitments that undergird these practices are shared by virtually all moral communities, religious or otherwise. Moral commitments that are shared by all may not seem 'moral' at all. Yet even the idea of sickness implies a norm of and concern for health that are not fully derivable from empirical science.

The influence of religion on medical practice becomes more visible where the commitments of particular traditions diverge from one another or where they diverge from the values of the dominant culture. For example, religious measures have been found consistently to strongly predict physicians' attitudes regarding ethically controversial practices such as abortion, physician-assisted suicide, withdrawal of life-sustaining therapies, contraception, physician interaction with patients about spiritual concerns and, as we have found, physicians' ideas about the relationship between religion and health.[2]

Yet overtly controversial issues merely highlight the tips of proverbial icebergs. Disputes about practices such as abortion or physician-assisted suicide concern whether the practices are intrinsically unethical. Much more commonly physicians agree about the range of legitimate clinical strategies, but they disagree about which is to be recommended in a given moment. For

example, physicians may agree that the experience of depression can be treated legitimately by antidepressant medications, referral to a psychiatrist, or referral to a counselor whose practice is rooted in a specific religious tradition. Yet our research suggests that the religious characteristics of physicians strongly influence which of these options they would recommend in a given case[3].

Controversies over a particular medical intervention often represent deeper unspoken disagreements that, unfortunately, science cannot settle. For example, controversies over the use of stimulants to manage childhood behavior disorders, or the medicalization of social anxiety, seem to reflect disagreements about more basic questions: What brings human happiness? Which moods and behaviors should be considered normal parts of human experience and which should be considered abnormal? What sorts of suffering should we try to alleviate? What leads to disordered behaviors? What resources (social, psychological, spiritual or otherwise) are best suited to addressing disruptions in individuals' mental and emotional states? How does modern medicine fit into our response to these experiences? Although physicians may not ask or answer these questions explicitly, they implicitly answer them in their responses and recommendations to patients.

So, for all that is hoped for in 'scientific' and 'evidence-based' practice, clinicians must in the end act as practical moral philosophers, making judgments about how best to pursue the goals of medicine for a particular patient in a particular context, all things considered. Among those things to be considered are moral valuations about which religions and other moral traditions have much to say, but about which medical science remains silent.

**Caring for the patient as person**

So far I have suggested that religions provide a vision that animates care of the sick and a moral framework that guides the application of medical technology. Religions make another contribution by fostering practices that nurture the human capacity to care for patients as persons rather than as mere objects.

Patients commonly complain that their physicians treat them as mere objects or specimens rather than appreciating and attending to them as unique persons. This problem has always plagued the profession. To learn how to heal, the novice physician must learn of patients as representing abstract general types and classes. She must learn about coronary artery disease and hematuria before she can begin to interpret Mrs. Smith's chest discomfort and Mr. Jones's red urine. These abstractions allow knowledge of when and how things happen, and that knowledge guides technological interventions that may bring healing to the body. These abstractions also help doctors objectify their patients' humanity enough to violate social norms that operate in every other social situation, such as asking patients to expose their nakedness in vulnerable positions, or cutting patients apart in hopes of making them whole.

As long as the process does not go too far, scientific detachment serves to make our concern effective. Yet the collective experience of both patients and physicians suggests that such detachment usually does go too far and occurs too easily. As a result physicians treat patients as mere objects and

instances of disease; they treat patients as less than the human persons they are.

Physicians, it would seem, are subject to a particular form of the more general psychological challenge of paying attention to other minds. Like all humans, physicians easily ignore the mindfulness of others. This matters, Epley reminds us, "because mindful agents become moral agents worthy of care and compassion." As such, patients who are seen as mindful "evoke empathy and concern for well-being, whereas agents without mindful experience can be treated simply as mindless objects." There are obstacles to recognizing the mindfulness of patients. Illness makes a patient different, or deviant, from human norms, and we tend to pay less attention to the minds of those who are different from ourselves. In addition, "Considering other minds requires some attentional effort. It does not come automatically." Physicians learn to go through the technical motions of caring for the sick until those motions become 'automatic'—that is the mark of a skilled and effective clinician. But paying attention to the mindfulness of patients requires a sustained investment of time and energy that physicians are often unwilling to make.

How could religious practices help? As Luhrmann notes, most people find it very difficult to pay attention to God. To help in this difficult and lifelong task, many religions have developed disciplines of prayer and other practices that call to mind what we tend to forget—including the ideas that motivate genuine human concern for those who suffer. Christians, for example, practice remembering that all people are ultimately united as children of the one creator God, that "the ground is level at the foot of the cross" regardless of one's social status, one's biological fitness or one's reproductive capacity. Epley notes that we are better able to pay attention to what another is thinking or feeling when we are motivated to do so. Christianity seeks to stimulate such motivation by encouraging Christians to meditate on the fact that Jesus comes to us in those who are sick and otherwise suffer[4]. Moreover, it reminds us that we are never alone. As Katherine Tanner details in her chapter, God is always with us. This central theological claim, when remembered in song, prayer, liturgy, reading of Scriptures and other rituals, provides a particular form of what psychologists call "mindful surveillance"—our actions become more "prosocial" (even altruistic) when we are aware of being observed by others. All of these practices depend on and extend the capacities of the social brain. They are also, from the vantage of Christianity, ways in which one may come to receive grace, the unmerited help of God.

Religious practices have therefore at least the potential to encourage and strengthen the human capacity for attending to the mindfulness, and therefore the personhood, of those who are sick and diminished. As Epley suggests, "Making minds visible, and hence more like one's own, enables people to more readily follow the most famous of all ethical dictates—to treat others as you would have others treat you."

**Conclusion**

Science and religion are invisibly and inextricably intertwined in the practice of medicine. Science has provided modern medicine with extraordinary diagnostic and therapeutic

capacities that can be employed to care for patients. Science gives knowledge of the remarkable neurological and psychological features of the social brain that make activities like caring for the sick possible. But science can also depersonalize the patient viewed through the eyes of the physician scientist. Religions (and other moral communities) motivates an attention to the person who is the patient, providing a fuller vision for the worthiness of caring for the sick, and drawing the physician and patient closer together. Religion and moral communities can also provide a framework to guide the application of medical science in that endeavor, and practices that strengthen the human capacity for treating patients as the mindful persons they are. It is the balance of the tensions produced by the forces of science and religion that may hold a key to better medical practice and patient care.

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**Invisible Forces**

Farr Curlin meditates on the puzzle of medicine—what is its evolutionary and social function, what draws individual practitioners to it, and what grounds its fundamental values. The values of scientific inquiry lead to treating the objects of inquiries in just that way: as objects. But objectifying patients and their disease would seem to work against the human values of empathy and caring for the weak that also seems to be part and parcel of what medicine is as a practice. Curlin argues that religious values inform and nurture the human side by insisting that there must be a connection between physician and patient, acting as an often unrecognized invisible force that humanizes the practice of medicine.

Religion is neither necessary nor sufficient for an individual to adhere to such values. The question of what it is that grounds the fundamental values that govern our relationships, and how those values are reflected in invisible social, psychological, and biological forces, is central to the work of our network. In a concluding essay, Ronald Thisted reflects on the many threads of investigation and discussion that have made up our conversation, and how they are interwoven into a network of inquiry that sheds light on invisible forces and the social brain.

## Chapter 16[16]

### Epilogue

Over the past six years, our network of scholars has engaged in an on-going conversation that we have come to recognize as being centered on unseen forces that shape, and are shaped by, the social nature of human beings. The essays that make up this volume give a hint as to what our conversation has been like, but the linear structure that a book imposes cannot fully evoke the give and take of vigorous debate, the excitement of viewing an old problem from a new perspective, or the satisfaction that comes from sharing the search for knowledge – even when we did not agree on the interpretation of what we discovered in our search.

We deliberately chose to describe our membership as a network rather than a committee, or seminar, or task force, or club, or salon. A network is defined as much by the connections between people as it is by the individual people themselves. Networks can be described pictorially as nodes (points that represent individuals), some of which are connected by edges (lines that represent links between two individuals). In our network, we have focused on the value of the edges, and have held the conviction that much is to be gained by exploring previously untested connections. We started with a set of nodes having only a handful of edges, and we ended with many more edges than nodes.

As a result, our network – and each individual in the network – has been enriched as we have learned more about, and more from, perspectives that initially were unfamiliar to each of us, the end result being that our whole is decidedly greater than the sum of our parts. This illustrates a recurrent theme in the book, that of emergent phenomena—characteristics that can be ascribed to entities at a higher level of organization that, without conscious

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[16] The lead author is Ronald Thisted, Ph.D., a Professor in the Departments of Health Studies, Statistics, and Anesthesia & Critical Care at the University of Chicago, where he currently chairs the Department of Health Studies. Trained in philosophy and mathematics at Pomona College and in statistics at Stanford University, his interests include the nature of argument and evidence, particularly in the context of health, disease, and medical treatment. He has published articles on topics ranging from treatment for back pain to computational mathematics, and from social determinants of health to the size of Shakespeare's vocabulary. He is a Fellow of the American Statistical Association, and a Fellow of the American Academy for the Advancement of Science.

The question of how we come to know—or to claim that we know—things, is left unexamined all too often. The similarities and differences in modes of argument across disciplines, and the variations in what counts for evidence supporting or refuting a position within and across disciplines can be illuminating. Statistics, and statistical argument, provide a rich framework for thinking about such issues as measurement, learning, uncertainty, variation, and experiment. Statistical principles provide a framework for disciplined investigation, for communication about the extent of and limitations to the information at hand, and for combining information from different sources. Although there is enormous variability between individuals, there are also commonalities to their experience that transcend their differences. As a species and as individuals, we rely on these common threads, even when they are invisible to us.

design or intent, seem to arise from behaviors and interactions at a lower level of organization. How this can come about is a puzzle, but it is a puzzle that is amenable to thoughtful investigation, both scientific and philosophical. What forces are at play, we might ask, that makes such a collection cohesive? Just what chemistry can transform a collection of individuals into something both more than and different from what in aggregate they bring to the table? We seek to understand more fully the bonds of marriage, family, friendship, or membership—invisible forces that bind and simultaneously transform the underlying nature of their constituents no less than chemical bonds transform atoms of hydrogen and oxygen into water.

Our origin was rooted in distaste for the unproductive and unenlightening shouting matches between proponents of views of science that denigrate religious belief and views of religion that are anti-scientific. We started from the assumption that scholars from the sciences and from religion and philosophy could have fruitful conversations about what is known, what counts for knowledge, what can be observed, and what can be tested through experiment and observation. And we all believe in the value of the scientific method as a means for expanding our knowledge. Internal tension is needed for the structural integrity of buildings and bridges, and that is no less true of social structures such as our network. Through appropriate construction, deep tensions between theology and science (or even between scientific disciplines or theological perspectives) that have the potential to drive us apart can instead be shaped to release creative energy and shared purpose.

Berntson notes that "beliefs and emotions have consequences, both behavioral and physiological." The network starts from the premise that one can learn about such apparently invisible phenomena as beliefs by studying and reasoning about their consequences.

In his essay, Browning advocates starting with a critical hermeneutic phenomenology, a "careful description" of our instruments, our observations, and the stories we use them to tell. Clearly articulating our assumptions and starting points has been of immense value. After doing so for the benefit of colleagues outside our disciplines, those colleagues in turn have helped us become aware of unarticulated assumptions implicit in our approaches or in our experiments. These observations have led in turn to better science and more convincing evidence. Our colleagues in the network have helped each of us to see more facets of the same elephant that individually we are too blind to appreciate fully.

Revising our thinking and our research to take those observations into account has increased the rigor of our thought and broadened the scope of our conclusions. The presence of a rich variety of disciplinary perspectives has helped us to weave the nets of Sir Arthur Eddington's parable more tightly, enabling us to see for the first time some of the "smaller fish" that earlier would have escaped our notice.

**Shedding light on invisible forces (a koan)**

Invisible forces of culture, connection, and curiosity bind us together and define us as a species that is

at once both individual and social. Because both individuality and sociality are fundamental to the human species, we are fundamentally interdependent, connected by invisible, yet powerful, threads. In exploring these threads, we have also been led to questions about how social forces can have effects on individuals, how the meaning that individuals (and groups) apply to particular phenomena or relationships affect both behavior and biology, and how our biology makes social connection possible. We have used the phrase "invisible forces" to describe the mechanisms that account for these effects that we essentially take for granted, and to suggest by analogy that they can be investigated rigorously just as other phenomena, such as gravity or autonomic regulation, that also are not immediately present to our visual or other senses can be studied.

Human minds are unparalleled at discerning patterns in what they see against a background of noise and variation, and they are equally adept at attributing meaning to them. As the essays in this volume demonstrate repeatedly, we readily ascribe patterns we encounter (or seek to encounter) to invisible forces of nature, of God, of kinship, of genes, of culture, of love, of social connection. A common premise underlying the work of the network is that what we know (or what we think we know), and how we come to know it, are social endeavors embedded in a shared view of both the world and how one talks meaningfully about the world. And mindful of our human facility to see patterns (even where none exist!), we are acutely aware that constant rigorous testing of assumptions, methods, and arguments is necessary to make sure that we are not fooling ourselves into seeing only what we hope to see.

Humans have a deep need to create meaning in their interactions with the world and with each other. We also have a deep need for making connections beyond ourselves. The biological structure we call our brain has evolved to reward social connection, just as it rewards the satisfaction of hunger or thirst. The human biology that directs and reflects these human needs is what we have termed the "social brain."

It is worthwhile to reflect on the range of invisible forces that we have considered here. These forces operate at several different levels, from the molecular, to individual bodily functions, to social groups, to societies, to species. They include such disparate ideas as evolutionary selective pressure favoring social connectedness, anthropomorphism, loneliness, social connection, emergent phenomena, connection to a higher being, transcendence, empathy, language as carrier for meaning, belief, collective will, group synchrony, autonomic regulation, and neural resonance. These forces interact with one another, too: loneliness, for instance, acting as an internal signal of the inadequacy of one's bonds of social connection, with consequent effects on health, mediated through autonomic regulation, or the role of belief in mediating scientific objectivity and empathy.

It is tempting to view individuals, both souls and bodies, as arising from lower-level forces within, such as the operation of specialized neurons and regulatory biological processes. And it is tempting to view social structures and the forces that tend to maintain them as arising, perhaps emergently, from the

individuals that make up societies. On this view, the social level of organization arises out of the interaction of lower-level entities. But invisible forces operate in both directions; one's degree of social integration or isolation (at the higher level) can have profound influence on one's mental and physical health (at the lower level). Just how these forces operate—in both directions—is one of the main themes of this book.

A recurring theme is the human need for connection. As we have explored this fundamental need, it has become clear that it can be satisfied in part by connections not necessarily to other human persons, but to other *minds*. Since the minds of others are in part of our own construction, connections to a higher being, or to our pets, or even to a transcendent order underlying the world, can fulfill part of what we strive to attain. Indeed, such non-human attachments can share the character of human connection: we can feel valued by our pet (just as we can feel validated in a social relationship), we can have an intimate dyadic relationship with God (just as we can be intimate with a close friend), and we can feel a sense of belonging to the universe (just as we can feel that we belong to social group). This explains how different, even contradictory, notions of a relationship to God, for instance, can lead different people each to find meaning in such a relationship: finding God on the downtown bus versus encountering God in the purposeful unfolding of the natural order.

The ideas of symmetry, complementarity, coordination, and co-regulation also run through several of our essays. Regulation of biological systems is often maintained through paired systems of biological checks and balances; when one system is activated, the other tends to restore equilibrium. For instance, one set of muscles flexes the arm, and an opposing set extends it. We have seen that the sympathetic and parasympathetic components of the autonomic nervous system—the system that makes us breathe and that makes our heart pump—operate in this way, and that chronic stimulation of some systems, like overstretched elastic bands, lose their ability to spring back. The notions of observing a behavior and performing that behavior not only are conceptually similar, they may be rooted in a common set of neurological structures which may, in turn, help us to understand how we can perceive another human being as being *like* us, but *not* us. Anthropomorphism is the belief that other minds mirror our own; this colors the way we perceive the world and the other actors in it, a mechanism that allows us to simulate getting under the skin of the other person.

Happiness and loneliness are perceptions about our place in the world that profoundly affect our physical bodies *and* our social relationships. Religious beliefs, too, can have profound effects on health and physical well-being, working through the same biological mechanisms that in health maintain equilibrium.

Unseen, yet powerful, forces regulate social behavior. Empathy, for instance, contributes to the regulation of social interactions. Synchronous behavior points to a phenomenon that makes the individual feel subsumed by the group, feeling part of a larger, organic whole. These behaviors can be as disparate as "the wave" at a sports stadium or congregational prayer at a church service. Shared feelings of

transcendence and belonging can simultaneously lead to greater fitness of the individual and increased cohesion and sustainability of the social organization—another indication of positive selection associated with the social brain.

The notion of resonance with another appears repeatedly through the book. Our connections to others derive in part from being able to see what they see, to hear what they hear, to know what they know, to feel what they feel. Or we have to be able to believe not only that this is possible, but that it happens. The social brain, in which the same regions are activated by our own experience of pain and by our perception of others in pain, makes both aspects possible. There is a close connection between being able to "feel for" another (empathy) and to "see into" another mind (anthropomorphism).

Language has the potential to affect people and groups in part because it is tied to meaning. Language is the medium through which we convey, preserve, and transmit meaning from one individual to another, and from one social generation to another. Language is powerful because it can activate belief, which in turn can activate physical responses. Words can bind; words can terrify; and words can cause physical pain and death. The power of words comes from the meanings they entail about our connections to one another.

**Paradox**

Our investigation of invisible forces involving the social brain has led us repeatedly to factors that fundamentally conflict. An important invisible force is the respect we pay to the boundary between self and other. Our relationship to it comes into play in conceptualizing loneliness, anthropomorphism, spirituality, group behavior, empathy, and inclusive fitness. When we speak of loneliness, this boundary seems to be an impenetrable barrier. When we speak of empathy or anthropomorphism, however, the self-other boundary is defined by the similarity and congruence of individuals to one another, providing a transparent window through which we perceive and interact with others (who must be like us). And when we speak of group synchrony, the boundary vanishes completely: self and other are one.

Successful engagement with others requires work. It is the work of *attending to* something, and it is work that often is needed to resolve competing forces. Thinking about other minds is a demanding task and requires attentional effort. It is this effort that allows us to manipulate the transparency of the self-other boundary by what we put in through learning, attending, seeking, and projecting. In effect, we can tune the degree of resonance we have with members of different groups. Similarly, consistent attentional effort is also required for the physician to attend to the mindfulness of patients, for the Vineyard church member to experience God as present in one's life, and for another to find connection to an omnipresent yet invisible God who works through the very workings of the world.

What it means to feel a connection to a higher being is a theme that several essays explore. As is evident in these essays, the Network has considered very different, even divergent, pictures of what such connection might entail. These apparent inconsistencies that can be found in

these portrayals are rooted in the different aspects of human connections, and each is grounded in a social context. Social connection can be intimate, relational, or collective. For the member of the Vineyard Church, connection with God is an intimate two-way relationship, while in Jonathan Edwards's sermon in the Great Awakening, the connection is relational and involves the coherence (or lack of it) of the individual with God's approval. And the Christian theological view of connection as a higher order can be conceived in terms of one's belonging within a whole that God's constancy makes larger than oneself.

While religion certainly speaks to individual connection to others and to the divine, religious practices can also serve an evolutionary and social function by strengthening the human capacity for attending to the personhood of those who are sick and diminished. The objectivity of medical science all too often leads to an objectification of the patient or, more frequently, the patient's disease. The social brain's capacity to see others as minds rather than objects makes it possible to assign meaning to patients and the ways in which they lack wholeness.

**Crescat scientia; vita excolatur**

The possibility that religion and science can enrich one other, even as one sets aside truth claims about such matters as the existence of a deity, is by no means obvious. But we have come to see that science can describe what religion does in rigorous ways that benefit religion, and religion can serve a meaning-making function that science itself disclaims. Gilpin notes that rifts between science and religion "have centered on whether one can make scientific sense of the notion of divine mind, purpose, or intention." Our network sidestepped this question from the beginning, focusing instead on related matters such as the *consequences* of believing in such a mind, and of seeing into that mind, for the one doing the divining.

Those are questions amenable to empirical investigation, and it is at that juncture that we can see benefit from our discussions. As Berntson says, "beliefs color the way we perceive the world, they direct and shape our actions, and define our personalities." Studying and debating about how they do so has been gratifying and immensely enjoyable. We have engaged in no theological debate, but have focused on questions about human beings, their beliefs, their behaviors, and how those things affect and are affected by multiple levels of human connection.

How we conceptualize our relationships to persons and things outside our selves has implications for our health and well-being. Specifically, we have seen that viewing our relationships in terms of meaningful connections with other minds can have positive implications for individual – as well as social – health and function. The more that we can learn about those implications, the more our increase in knowledge has the potential to enrich human life.

**From:** jeffrey epstein [jeevacation@gmail.com]
**Sent:** 3/3/2011 5:54:10 PM
**To:** Martin Weinberg Esq[redacted]; Darren Indyke [[redacted]n]
**Subject:** Fwd: From Alexandra Wolfe

# Privileged - Redacted

Begin forwarded message:

**From:** "Peggy Siegal" <[redacted]>
**Date:** March 2, 2011 3:19:39 PM PST
**To:** <jeevacation@gmail.com>
**Subject: From Alexandra Wolfe**

[redacted]

Here are some questions. Thanks again for your help! Would love to talk to him, or travel to meet with him if that would be possible.

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell? Someone said she lives with him (but that doesn't sound right)?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/7/2011 7:12:54 PM
**To:** Jay Lefkowitz [redacted]
**Subject:** Re: Fw:

**Privileged - Redacted**

On Mon, Mar 7, 2011 at 11:11 AM, Jay Lefkowitz <[redacted]> wrote:

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
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-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [mailto:[redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is 212 446 4970.

Thank you,

Jay

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/8/2011 1:10:38 AM
**To:** Mike Sitrick [[redacted]]
**Subject:** Fwd: Fw:

---------- Forwarded message ----------
From: **Jay Lefkowitz** <[redacted]>
Date: Mon, Mar 7, 2011 at 11:11 AM
Subject: Fw:
To: Jeffrey Epstein <jeevacation@gmail.com>, Darren <[redacted]>, Martin Weinberg <[redacted]>

----- Original Message -----
From: "Wolfe, Alexandra" [[redacted]]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----

From: Jay Lefkowitz [mailto:[redacted]]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/4/2011 12:21:13 PM
**To:** Peggy Siegal [redacted]
**Subject:** Re: Alexandra Wolf

never

On Mon, Apr 4, 2011 at 8:15 AM, Peggy Siegal <[redacted]> wrote:

Just read Alex's blog. It's pretty harmless.

Do you know Debbie Bancroft? Why is she giving quotes about you? She is a fat drunk with no money and a bad marriage. She writes or did write a pathetic social column about losers. Did you ever meet her? She is a joke.
Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Sat Apr 02 09:02:02 2011
Subject:

http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

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**From**: Lawrence Krauss [redacted]
**Sent**: 12/11/2017 6:53:37 AM
**To**: Nancy Portland [redacted]
**CC**: Lawrence Krauss [redacted]
**Subject**: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments**: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance**: High

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:


**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant [redacted]
Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**


On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and morever the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU, until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

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On Dec 10, 2017, at 9:53 PM, Lawrence Krauss [redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

It is worthwhile responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her to go for coffee to talk, which I usually had to turn down because I was busy, including several occasions where she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I was shocked when I later learned of her complaint, not least because there was no inappropriate interaction and also because well after the date on which she is said to have been offended, she continued to email me with joking questions or comments, and at a AAAS conference in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift well out out of our way to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed to be warranted in this case, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request because it was basically moot. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that

case, that the University would remove the allegation from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complain, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension by ANU outlined the claim you made in the words you quoted in your note to me, along with the statement made in the complaint that

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

**From:** Peter Aldhous [redacted]
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.

- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.

- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
(
(

**From:** Lawrence Krauss [redacted]
**Sent:** 12/11/2017 3:22:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Lawrence Krauss[redacted]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments:** image002.png

**Importance:** High

Thanks.. I need to get this or something to them quickly. I do feel the need to respond to each of their claims otherwise they would say I don't deny them.. Will include a short preamble. I am going to cc the letter to the Buzzfeed lawyers. I figure I will see whether the buzzfeed story gets any traction at all, or appears before putting on my web site, or tweeting and facebooking it.

LMK

On Dec 11, 2017, at 4:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

normaly thier strategy will be to take back your defense to the accusers. and attack each one. if they find you are right they will leave out. and only go with the conflicted. I think you should include short concise cover letter. that you would like published in it entirety. it can refence your attacjment that you will put on your web site? . that goes into more details but in general , these are false. they were either investigated and found lacking or ignored. etc. often they throw out the near publishing date merely to get you to ansser.

On Mon, Dec 11, 2017 at 7:53 AM, Lawrence Krauss[redacted] wrote:

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted]Assistant [redacted]
Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

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On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard

to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.

- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
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The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
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On Dec 10, 2017, at 9:53 PM, Lawrence Krauss[redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

It is worthwhile responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her to go for coffee to talk, which I usually had to turn down because I was busy, including several occasions where she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I was shocked when I later learned of her complaint, not least because there was no inappropriate interaction and also because well after the date on which she is said to have been offended, she continued to email me with joking questions or comments, and at a AAAS conference in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift well out out of our way to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed to be warranted in this case, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request because it was basically moot. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the allegation from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complain, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension by ANU outlined the claim you made in the words you quoted in your note to me, along with the statement made in the complaint that

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

**From:** Peter Aldhous[redacted]
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted] [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."

- When you pulled out a condom, she got out from under you. She said “I have to go,” and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. “There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward,” she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university’s associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: “This type of behavior could constitute sexual harassment in violation of the university’s sexual harassment policy.”
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, “Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students.”
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- “The opportunities being offered at ASU are simply too great to turn down at this stage in my career,” you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins’ foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.

- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made

with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.

- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
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Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted] | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins Project
Arizona State University

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/11/2017 11:18:58 AM
**To**: Lawrence Krauss [redacted]
**Subject**: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments**: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance**: High

normaly thier strategy will be to take back your defense to the accusers. and attack each one. if they find you are right they will leave out. and only go with the conflicted. I think you should include short concise cover letter. that you would like published in it entirety. it can refence your attacjment that you will put on your web site? . that goes into more details but in general , these are false. they were either investigated and found lacking or ignored. etc. often they throw out the near publishing date merely to get you to ansser.

On Mon, Dec 11, 2017 at 7:53 AM, Lawrence Krauss [redacted] wrote:

a few more minor changes.. one in first line of second paragraph and one misspelling corrected..so you can read this one:


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ASU Origins PROJECT
ARIZONA STATE UNIVERSITY


On Dec 10, 2017, at 10:31 PM, Lawrence Krauss [redacted] wrote:

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers falsely and inaccurately to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
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The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

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On Dec 10, 2017, at 9:53 PM, Lawrence Krauss [redacted] wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

It is worthwhile responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her to go for coffee to talk, which I usually had to turn down because I was busy, including several occasions where she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I was shocked when I later learned of her complaint, not least because there was no inappropriate interaction and also because well after the date on which she is said to have been offended, she continued to email me with joking questions or comments, and at a AAAS conference in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift well out out of our way to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would

pass her regards along to my wife and vice versa. When the University informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed to be warranted in this case, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request because it was basically moot. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the allegation from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complain, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension by ANU outlined the claim you made in the words you quoted in your note to me, along with the statement made in the complaint that

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

Begin forwarded message:

**From:** Peter Aldhous <[redacted]
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.

- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.

- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.

- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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Total Deleted Page(s) = 156
Page 30 ~ b6; b7C;
Page 31 ~ b6; b7C;
Page 32 ~ b6; b7C;
Page 33 ~ b6; b7C;
Page 34 ~ b6; b7C;
Page 35 ~ b6; b7C;
Page 36 ~ b6; b7C;
Page 37 ~ b6; b7C;
Page 38 ~ b6; b7C;
Page 39 ~ b6; b7C;
Page 41 ~ b6; b7C;
Page 43 ~ b6; b7C;
Page 47 ~ b6; b7C;
Page 48 ~ b6; b7C;
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Page 50 ~ b6; b7C;
Page 56 ~ b6; b7C;
Page 57 ~ b6; b7C;
Page 58 ~ b6; b7C;
Page 66 ~ b6; b7C;
Page 68 ~ b6; b7C;
Page 93 ~ b6; b7C; b7E;
Page 95 ~ b6; b7C;
Page 96 ~ b6; b7C;
Page 105 ~ b3; b6; b7C;
Page 106 ~ b6; b7C;
Page 107 ~ b6; b7C;
Page 108 ~ b6; b7C;
Page 115 ~ b6; b7C;
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Page 252 ~ b3; b6; b7C;
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Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 03/06/07 Time: 11:04

Case ID: 31E-MM-108062 Serial: 71

Description of Document:

Type : OTHER
Date : 02/02/06
To : [redacted] b3
From : MIAMI
Topic: EXECUTED FGJ SUBPOENA

Reason for Permanent Charge-Out:

transfer to subpoena sub

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 7

Employee: [redacted] b6 b7C

31E-MM-108062-71

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 03/07/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] was interviewed at his place of employment, [redacted] Palm Beach Gardens, Florida, telephone [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information: b6 b7C

[redacted] for Jeffrey Epstein on approximately [redacted] Epstein visited the [redacted] once and [redacted] traveled to Epstein's Palm Beach, Florida residence [redacted]

[redacted] Epstein's residence were conducted in [redacted] could not recall specific names of other individuals he encountered at Epstein's residence but advised that Epstein's [redacted] (name unknown) was present and [redacted] Massage Therapist [redacted]. Females in their mid-20's and unknown staff members were also observed at the residence during [redacted]

[redacted] telephone [redacted], performed massage therapy for Epstein and his staff members on numerous occasions. [redacted] was frequently requested based on her skills as a massage therapist. Fees were approximately $100.00 for a massage conducted [redacted] and $300.00 or higher [redacted].

[redacted] b3 b6 b7C

Investigation on 03/06/2007 at Palm Beach Gardens, Florida

File # 31E-MM-108062 Date dictated 03/07/2007

by SA [redacted] b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-72

(Rev. 01-31-2003)

b6
b7C

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 03/12/2007

**To:** Miami

**From:** Miami
PB2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To remove writer as co-case agent.

**Details:** Due to writer's transfer from the Miami Division, PBCRA, to FBIHQ, effective March 16, 2007, it is requested that writer be removed as co-case agent.

♦♦

[redacted] SA [redacted]
please remove
as co-case agent.
[redacted]
3/12/07

07[redacted]01.EC

31E-MM-108062-73

080[redacted]01.ec

(Rev. 01-31-2003)

b6
b7C

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 03/21/2007

**To:** Tampa **Attn:** SSA [redacted]
Orlando RA

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request travel reference captioned matter.

(4) [redacted]

**Administrative:** Reference telcall between SA [redacted] and SSA [redacted] on 03/21/2007.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00.

FBI Miami, PBCRA, request travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing Victim/Witness [redacted] is currently residing in Orlando, Florida. SA's [redacted] and [redacted] will travel on 03/22/2007 to interview [redacted]

31E-MM-108062-74

**LEAD(s):**

**Set Lead 1: (Info)**

TAMPA

AT ORLANDO, FL

FBI Miami request travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦



HOUSE_OVERSIGHT_021442

FD-302 (Rev. 10-6-95)

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**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 01/23/2007

[redacted] was interviewed in the town of Palm Beach, Florida regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted]

According to [redacted] would either have to contact [redacted] LNU located out of the New York Office or speak with [redacted] regarding matters that concerned

Investigation on 01/18/2007 at Palm Beach, Florida

File # 31E-MM-108062 Date dictated 01/18/2007

by SA [redacted]
SA

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-75

[redacted] compared [redacted] with a female companion of EPSTEIN, [redacted] LNU. [redacted] thought [redacted], but [redacted] LNU, a [redacted] was more naive. [redacted] said that EPSTEIN was trying to make [redacted] LNU more sophisticated.

[redacted] stated that there were many females that would come to the residence. A lot of the females that traveled with EPSTEIN looked European or Foreign. [redacted] stated that the local girls who visited the residence appeared to be younger than those that EPSTEIN traveled with. [redacted] was not sure of the local girls' ages. When asked by the interviewing agent if they were under eighteen, [redacted] stated that [redacted] a girl at Royal Palm Beach High School and that some of the girls had car pooled together. The interviewing agent inquired of [redacted] if that meant he believed some of the girls were underage. [redacted]

[redacted] stated that EPSTEIN [redacted] for a local female, [redacted] was unable to remember her name. The Unidentified Female (UF) was appearing in a high school [redacted] Royal Palm Beach High School. [redacted] said that under EPSTEIN's instruction, [redacted] for the UF. He said it [redacted]

[redacted] stated that he recalled one female that traveled with EPSTEIN that looked very young. He believed her name was [redacted] LNU and that she was from California. [redacted] remembered her only staying at the residence on that one occasion. [redacted] LNU [redacted] was instructed by EPSTEIN to take [redacted] LNU to [redacted]

[redacted] said that EPSTEIN overall was a very private individual. [redacted] said that EPSTEIN would get massages everyday, sometimes morning and night. [redacted] was asked on [redacted]

[redacted] specifically remembered paying a [redacted] LNU.

[redacted] did not witness any sexual activity between the females and EPSTEIN. When asked by the interviewing agent if [redacted] had ever [redacted] for EPSTEIN, [redacted] stated that he believed [redacted] but that he had not.

According to [redacted] other than receiving massages, EPSTEIN enjoyed getting ice cream from a local ice cream parlor with the girls. Under EPSTEIN's direction [redacted] would take the girls shopping. If EPSTEIN accompanied them he would stay in the vehicle. The girls would shop, find something they liked, place the items on hold, and later [redacted] purchase the items. [redacted] also had traveled to [redacted] stated that on occasion, EPSTEIN would allow some of the girls to drive one of his vehicles.

[redacted] stated that he had taken messages from females calling regarding providing massages to EPSTEIN. He also stated that an older female possibly in her thirties, named [redacted] LNU, would call the residence. [redacted] EPSTEIN know that she had females for him. [redacted] could provide no other information about [redacted] LNU.

[redacted] said that [redacted] traveled to the residence with EPSTEIN on occasion. [redacted] believed [redacted] to be EPSTEIN's girlfriend, at first. However, when other females accompanied EPSTEIN, [redacted] residence. [redacted] said that he thought [redacted] also would try to find females for EPSTEIN. On one occasion, [redacted]

[redacted] said that the only male visitor he could recall accompanying EPSTEIN to the residence was [redacted] believed [redacted]

[redacted] stated that he believed EPSTEIN wanted to be the center of attention with his female companions. [redacted] told the interviewing agents that [redacted] The females were laughing and appeared to be having a good time. EPSTEIN [redacted] asked the females to join him in [redacted] said that he believed EPSTEIN was jealous.

[redacted] also stated that he believed many of EPSTEIN's female companions were looking to make something of themselves and were seeking [redacted] stated that he believed, in reality, they were accomplishing nothing.

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 02/04/2007

[redacted] was interviewed in West Palm Beach, Florida regarding a federal investigation involving the sexual exploitation of minors. Also present during the interview was [redacted] and Assistant United States Attorney [redacted] of the UNITED STATES ATTORNEY'S OFFICE. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted]

[redacted] EPSTEIN's Palm Beach residence. His responsibilities included [redacted]

According to [redacted] EPSTEIN traveled to Palm Beach via EPSTEIN's aircrafts, the Gulfstream or the Boeing 727. [redacted] was not aware of EPSTEIN ever flying a commercial airline to Palm Beach. EPSTEIN visited his residence in Palm Beach once, twice and sometimes even three times a month. EPSTEIN would stay for three or four days at a time. EPSTEIN traveled less to his Palm Beach residence in the summer months. EPSTEIN spent the most time at his Palm Beach and U.S. Virgin Islands residences. EPSTEIN has another residence in New Mexico and an apartment in Paris. [redacted] stated that EPSTEIN primarily traveled to Palm Beach [redacted] currently [redacted] said that [redacted] LNU. [redacted] said that [redacted] and

Investigation on 02/02/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 02/02/2007

by SA [redacted]

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31E-MM-108062-76

[redacted] the main house. According to [redacted] the main house has six bedrooms and the Guest House has three bedrooms. Another individual that would come on a regular basis to the residence was [redacted] believed that [redacted] EPSTEIN would, on occasion, bring other guests with him when traveling to Palm Beach.

[redacted] The signatures on the account were EPSTEIN, [redacted]

[redacted] was aware that many females would come to EPSTEIN's residence to provide EPSTEIN with massages. [redacted] stated that EPSTEIN would receive one or two massages a day, sometimes even three. The massage times would be spread throughout the day. [redacted] said that none of the females providing EPSTEIN with a massage ever appeared upset.

[redacted] stated that he believed EPSTEIN [redacted] arranged EPSTEIN's appointments for massages with the females. [redacted] said some of the females who provided massages to EPSTEIN would leave messages. Messages were taken on message pads.

On one occasion, when EPSTEIN [redacted] asked [redacted] to [redacted]

[redacted] stated that EPSTEIN has a chiropractic table, as well as, a massage table. [redacted]

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[redacted] said that [redacted] According to [redacted] not like the way [redacted] conducted himself. [redacted] continued stating that [redacted] could not remember to finish one task if he were asked to complete another task at or during the same time.

[redacted]

Pursuant to a Grand Jury Subpoena, [redacted] supplied the interviewing agents with a copy of [redacted] Upon review of the report with [redacted] he provided the following information:

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[redacted]

[redacted] b3 b6 b7C

[redacted] b6 b7C

[redacted] the last time EPSTEIN was at the Palm Beach residence was prior to the execution of the State search warrant. [redacted] also said that approximately three weeks before the execution of the State search warrant [redacted] LNU came to the residence [redacted]

FD-302 (Rev. 10-6-95)

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b7C



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 01/22/2007

[redacted] date of birth [redacted] Social Security Account Number (SSAN) [redacted] residing at [redacted] Palm Beach, Florida was contacted at his residence. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] was hired by Epstein through [redacted] primary responsibility [redacted]

[redacted] identified [redacted] LNU, and [redacted] LNU as [redacted] stated when a female guest arrived at the residence, [redacted] believed some of the girls were at the residence to provide Epstein with a massage. [redacted] remembered between 10-15 different local girls arriving at the residence. [redacted] recalled some girls were more frequent guests than others. [redacted] identified [redacted] LNU. The girls would stay at the residence between approximately 45-60 minutes. He recalled [redacted]

[redacted] contacted [redacted] telephone number [redacted] West Palm Beach, Florida.

Investigation on 01/11/2007 at Palm Beach, Florida

File # 31E-MM-108062 Date dictated

by SA [redacted] SA [redacted]

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31E-MM-108062-77

After a brief telephone conversation with [redacted] stated [redacted] would like to speak with one of the agents. SA [redacted] spoke briefly with [redacted] and explained the nature of visit. [redacted] agreed that [redacted] would voluntarily place the documents/reports in a sealed envelope and be escorted to [redacted] Voluntarily, [redacted] and the agents drove with the captioned records to [redacted] The envelope was hand delivered by [redacted] for the purpose of preserving the records.

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 8B / The Palm Beach Post
West Palm Beach, FL

Date: 3/13/2007

# Delays in Epstein case unusual, lawyers say

*A federal probe or a plea deal could explain the wait in the Palm Beacher's solicitation case.*

By LARRY KELLER
*Palm Beach Post Staff Writer*

Nearly eight months after Palm Beach tycoon Jeffrey Epstein was charged with felony solicitation of prostitution, there has been no discernible progress in his case. No witnesses deposed. No trial date set. Nothing, save for routine court hearings reset without explanation.

"Usually that would be unusual," said criminal defense attorney Glenn Mitchell, who has no involvement in the case.

"As a general rule, it would be unusual for nothing to have happened," agreed Michael Dutko, a criminal defense attorney in Fort Lauderdale. He represents Haley Robson, 20, of Royal Palm Beach, potentially a key witness in the case.

A routine hearing for Epstein was pulled from the court docket last week and reset for May 16. The delays and inaction could be due to a potential federal probe of Epstein or because a plea deal is in the works, attorneys say.

Unusual is the word that best describes everything about the case against Epstein, 54, an enigmatic money manager in New York city who counts Bill Clinton

See EPSTEIN, 8B ▶

Delays in Epstein case unusual, lawyers say

Character or Classification: 31E-MM-108062

Submitting Office: MM

Indexing:

3/14/07

**Epstein** Money manager in New York has powerful allies.

# FBI: 'We still have a pending case'

▶ EPSTEIN *from 1B*

and Donald Trump among his friends.

"Highly unusual" is how Palm Beach Police Chief Michael Reiter described State Attorney Barry Krischer's handling of the case in a bluntly critical letter to Krischer last year before Epstein was indicted.

Reiter referred the matter to the FBI to determine whether any federal laws had been violated. Epstein's allies countered by attacking the chief personally and professionally.

Reiter's department investigated Epstein for 11 months. Police sifted repeatedly through trash and cleaned up the mansion and his five-bedroom, 7¼-bath, 7224-square-foot home on the Intracoastal Waterway.

Police said Epstein paid women and girls as young as 14 to give him erotic massages at his home. Police thought there was probable cause to charge him with unlawful sex acts with a minor and lewd and lascivious molestation.

Epstein responded by hiring a phalanx of lawyers. One of them, Harvard law professor and author Alan Dershowitz, provided the state attorney's office with information about alcohol and marijuana use by some of the girls who said they were with Epstein.

Prosecutors then referred the case to the grand jury

**Teenage girls were recruited to visit Epstein for massages and sex, police say.**

rather than file charges directly against Epstein.

Epstein's attorneys deny he had sex with underage girls. The lawyers say the girls' stories are not credible. But if the court file is any indicator, they've made no effort to depose the girls.

Neither prosecutors nor defense attorneys have sought to question Robson, said Dutko, her attorney. She said Epstein massaged and sexual activity. Palm Beach police said, and presumably would be a key witness.

Epstein's attorney Jack Goldberger did not return phone messages.

A source close to the case suggested it is languishing pending a decision by the FBI on whether to refer it to federal prosecutors.

"We still have a pending case," FBI spokeswoman Judy Orihuela said Monday.

State Attorney Krischer did not return a call for comment. His spokesman, Mike Edmondson, declined to say whether federal investigators are delaying the Epstein case. But, he added, "if another agency is looking at something, we wouldn't want to step on their toes."

Attorneys say inertia in a criminal case often points to a pending plea deal.

"It would not surprise me if something has happened that's not reflected in the court file," said Dutko, such as an agreement that will be formalized later.

Defense attorney Marc Shiner said defense attorneys sometimes put off overtly conducting discovery — deposing witnesses, requesting documents and the like — because doing so creates more work for harried prosecutors who may become angry and not offer a plea deal.

"Sometimes defense lawyers, knowing that, will try and do discovery without taking depositions," said Shiner, a former prosecutor for 13 years.

Instead, they may conduct a below-the-radar probe such as having a private investigator check out leads, he said.

Shiner and others say a plea deal for Epstein probably would result in pretrial intervention, in which a defendant may be ordered to undergo a psychological evaluation, counseling or other conditions in return for dropping the charge.

Edmondson, spokesman for State Attorney Krischer, said there is no plea offer and no request for the prosecution to show its cards.

To my knowledge, it's never happened that a plea deal, if filed, would be rejected," he said.

@ larry_keller@pbpost.com

HOUSE_OVERSIGHT_021453

31E-MM-108062-78

(Rev. 01-31-2003)

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# FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE Date: 03/13/2007

To: Miami Attn: SSRA [redacted]

From: Miami
Palm Beach County RA/PB-2
Contact: SA [redacted]

Approved By: [redacted]

Drafted By:

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request assignment of co-case agent.

Details: It is requested that SA [redacted] be assigned as co-case agent to above captioned case.

♦♦

Assign SA [redacted]
as co-case Agent

[redacted]

072[redacted]01.ec
31E-MM-108062-81

(Rev. 01-31-2003)

[redacted] 115a.EC
115 [redacted] 1,EC

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b7C

# FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE Date: 04/20/2007

To: Criminal Investigative Attn: Crimes Against Children Unit
UC
IA [redacted]

From: Miami
PB-2/PBCRA
Contact: SA [redacted]

Approved By [redacted]

Drafted By: [redacted]

Case ID #: 31E-MM-108062 ~~(Pending)~~

Title: JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

Synopsis: To request Intelligence Analyst (IA) [redacted] travel to Palm Beach RA to assist with analysis for captioned case.

Details: On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving billionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00 - $1,000.00.

FBI Miami, PBCRA, requests the travel of IA [redacted] [redacted] Crimes Against Children Unit (CACU), for the purpose of assisting with telephone analysis for captioned case.

31E-MM-108062-84

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LEAD(s):

Set Lead 1: (Action)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

Approve the travel of IA [redacted] to Miami - Palm Beach County RA to assist with analysis for captioned case in anticipation of an indictment on 05/15/2007

♦♦



HOUSE_OVERSIGHT_021456

(Rev. 01-31-2003)

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# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 05/02/2007

**To:** Criminal Investigative **Attn:** Gang/Criminal Enterprise Section
SC Alex Juan Turner
ASC [redacted]
UC
SSA

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request Supervisory Special Agent (SSA) [redacted] travel to Palm Beach RA for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

**Details:** On 07/24/2006, the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving billionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00 - $1,000.00.

FBI Miami, PBCRA, is anticipating an upcoming indictment and arrests of captioned subjects. The USAO and FBI Miami, PBCRA, request the travel of former co-case agent SSA [redacted] Gang/Criminal Enterprise Section, from 05/09/2007 to 05/18/2007, for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

122 [redacted] 01-EC

31E-MM-108062-82

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**LEAD(s):**

**Set Lead 1: (Action)**

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

Approval request for the travel of SSA [redacted] [redacted] to Miami Division, PBCRA from 05/09/2007 to 05/18/2007 for the purpose of assisting with indictment preparation, document preparation, chart finalization and to provide testimony at detention hearing.

♦♦



HOUSE_OVERSIGHT_021458

(Rev. 01-31-2003)

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b7C

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 05/17/2007

**To:** Tampa **Attn:** SSA [redacted]
Orlando RA

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By** [redacted]

**Drafted By:** [redacted]

**Case ID #:** ~~31E~~-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

[redacted]

**Synopsis:** To request travel reference captioned matter.

**Administrative:** Reference telcall between SA [redacted] and Primary Relief Supervisor [redacted] on 05/17/2007.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, request travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing a Victim/Witness. SA's [redacted] and [redacted] will travel on 05/18/2007 to interview the Victim/Witness.

138[redacted]01.EC

31E-MM-108062-88

**LEAD(s):**

**Set Lead 1: (Info)**

TAMPA

AT ORLANDO, FL

FBI Miami requests travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦



HOUSE_OVERSIGHT_021460

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 02/14/08 Time: 13:28

Case ID: 31E-MM-108062 Serial: 89

Description of Document:

Type : OTHER
Date : 08/02/06
To : [redacted] b3
From : US DIST COURT
Topic: SUBPOENA TO TESTIFY BEFORE GRAND JURY

Reason for Permanent Charge-Out:

serialized in the wrong file

Transferred to:

Case ID: 31E-MM-108062-GJ Serial: 39

Employee: [redacted] b6 b7C

31E-MM-108062-89

b6
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31E-MM-108062

[redacted]



[redacted]

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]

Race: White

Sex: Female

DOB:

Home Address:

Cellular Telephone:

Work:

[redacted]

116[redacted]02.ins

31E-MM-108062-91

101[redacted]01.ec

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]
Race: White
Sex: Female
DOB:
SSAN:
Home Address:

Cellular Telephone:

Parents:

[redacted]

31E-MM-108062-92

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted]

31E-MM-108062-95

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31E-MM-108062
[redacted]

1

On 05/25/2007, SSA [redacted] FBI liaison at the Department of Justice, Office of International Affairs, provided a document listing nations that currently have extradition treaties with the United States. A copy of the list is attached to, and becomes part of, this document.

31E-MM-108062-96

# UNITED STATES EXTRADITION TREATIES

**(January 1, 2006)**

**Stewart C. Robinson**
**Deputy Director**
**Office of International Affairs**
**United States Department of Justice**

International extradition is the formal process by which a person found in one country is surrendered to another country for trial or punishment. The process is regulated by treaty and conducted between the Federal Government of the United States and the government of a foreign country. It differs considerably from interstate rendition, commonly referred to as "interstate extradition", mandated by the Constitution, Art. 4, Sec. 2.

Below is a listing of extradition treaties signed by the United States. As indicated, not all of the treaties have entered into force as of the date this document was created.
Please contact the Office of International Affairs, United States Department of Justice at (202) 514-0000 to determine the status of a particular treaty.

Over the last few years, the United States has focused its efforts on replacing extradition treaties that have become outdated and obsolete, as well negotiating treaties with first time treaty partners. Our most recent treaties include the "dual criminality" approach rather than a listing of offenses for which extradition may be sought, clarify the procedures for provisional arrest, permit extradition whether the extraditable offense occurred before or after the treaty enters into force, allow the person sought to waive extradition, and permit temporary transfer of a fugitive serving a sentence in one state in order to expedite prosecution in another. In our newer treaties, one of the priorities of the United States has been to address two extremely difficult problems: the extradition of nationals; and extradition where the fugitive may be subject to the death penalty in the Requesting state. Not all of our treaty partners have agreed to extradite under these circumstances, but the issue is specifically addressed.

The treaties **highlighted "pending" in boldface**, are treaties which have not entered into force as of the date of this listing. The law of extradition varies from country to country and is subject to foreign policy considerations. The first step a prosecutor should take before considering any action relating to international extradition, is to contact the Office of International Affairs, United States Department of Justice, at (202) 514-0000.

# UNITED STATES EXTRADITION TREATIES

January 1, 2006

| Extradition Treaty with: | Signed: | Entered into Force: | Citation (if any): |
|---|---|---|---|
| Albania | March 1, 1933 | November 14, 1935 | 49 Stat. 3133 |
| Anguilla * | June 8, 1972 | January 21, 1977 | |
| Antigua-Barbuda | June 3, 1996 | July 1, 1999 | |
| Argentina | June 10, 1997 | June 14, 2000 | |
| Australia | May 14, 1974 | May 8, 1976 | 27 UST 957 |
| Australia Protocol | September 4, 1990 | December 21, 1992 | |
| Austria | January 8, 1998 | January 1, 2000 | |
| Bahamas | March 9, 1990 | September 22, 1994 | |
| Barbados | February 28, 1996 | March 3, 2000 | |
| Belgium | April 27, 1987 | September 1, 1997 | |
| **Belgium Protocol** | **March 17, 1987** | **Pending** | |
| Belize | March 30, 2000 | March 27, 2001 | |
| Bermuda * | June 8, 1972 | January 21, 1997 | |
| Bolivia | June 27, 1995 | November 21, 1996 | |
| Bosnia Herzegovina ** | October 25, 1901 | June 12, 1902 | |
| Brazil | January 13, 1961 | December 17, 1964 | 15 UST 2093 |
| Brazil | June 18, 1962 | December 17, 1964 | 15 UST 2112 |
| British Indian Ocean Territory * | June 8, 1972 | January 21, 1977 | |
| British Virgin Islands * | June 8, 1972 | January 21, 1977 | |
| Bulgaria | March 19, 1924 | June 24, 1924 | 43 Stat. 1886 |
| Bulgaria | June 8, 1934 | August 15, 1935 | 49 Stat. 3250 |
| Burma | December 22, 1931 | November 1, 1941 | 47 Stat. 2122 |
| Canada | December 3, 1971 | March 22, 1976 | 27 UST 983 |
| Canada | June 28, 1974 | March 22, 1976 | 27 UST 1017 |
| Canada Extradition Protocol | January 11, 1988 | November 26, 1991 | |
| Canada Extradition Protocol | January 12, 2001 | April 30, 2003 | |
| Cayman Islands * | June 8, 1972 | January 21, 1977 | |
| Chile | April 17, 1900 | June 26, 1902 | 32 Stat. 1850 |
| Colombia + | September 14, 1979 | March 4, 1982 | |
| Congo | January 6, 1909 | July 27, 1911 | 37 Stat. 1526 |
| Congo | January 15, 1929 | May 19, 1929 | 46 Stat. 2276 |
| Congo | April 23, 1936 | September 24, 1936 | 50 Stat. 1117 |
| Congo | | August 5, 1961 | 13 UST 2065 |
| Costa Rica | December 4, 1982 | October 11, 1991 | |
| Croatia ** | October 25, 1901 | June 12, 1902 | |
| Cuba | April 6, 1904 | March 2, 1905 | 33 Stat. 2265 |
| Cuba | December 6, 1904 | March 2, 1905 | 33 Stat. 2273 |
| Cuba | January 14, 1926 | June 18, 1926 | 44 Stat. 2392 |
| Cyprus | June 17, 1996 | September 14, 1999 | |
| Czech Republic | July 2, 1925 | March 29, 1926 | 44 Stat. 2367 |
| Czech Republic | April 29, 1935 | August 28, 1935 | 49 Stat. 3253 |
| Denmark | June 22, 1972 | July 31, 1974 | 25 UST 1293 |
| Dominica | October 10, 1996 | May 25, 2000 | |
| Dominican Republic | June 19, 1909 | August 2, 1910 | 36 Stat. 2468 |
| Ecuador | June 28, 1872 | November 12, 1873 | 18 Stat. 199 |
| Ecuador Supplementary | September 22, 1939 | May 29, 1941 | |
| Egypt | August 11, 1874 | April 22, 1875 | 19 Stat. 572 |

| Extradition Treaty with: | Signed: | Entered into Force: | Citation (if any): |
|---|---|---|---|
| El Salvador | April 18, 1911 | July 10, 1911 | 37 Stat. 1516 |
| Estonia | November 8, 1923 | November 15, 1924 | 43 Stat. 1849 |
| Estonia | October 10, 1934 | May 7, 1935 | 49 Stat. 3190 |
| **European Union** | **June 25, 2003** | **Pending** | |
| Fiji | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Finland | June 11, 1976 | May 11, 1980 | 31 UST 944 |
| France | April 15, 1996 | February 1, 2002 | |
| France | January 6, 1909 | July 27, 1911 | 37 Stat. 1526 |
| France | February 12, 1970 | April 3, 1971 | 22 UST 407 |
| Gambia | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Germany | June 20, 1978 | August 29, 1980 | 32 UST 1485 |
| Germany Protocol | October 21, 1986 | March 11, 1993 | |
| Ghana | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Greece | May 6, 1931 | November 1, 1932 | 47 Stat. 2185 |
| Greece | September 2, 1937 | September 2, 1937 | 51 Stat. 357 |
| Grenada | May 31, 1996 | Sept. 14, 1999 | |
| Guatemala | February 27, 1903 | August 15, 1903 | 33 Stat. 2147 |
| Guatemala | February 20, 1940 | March 13, 1941 | 55 Stat. 1097 |
| Guyana | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Haiti | August 9, 1904 | June 28, 1905 | 34 Stat. 2858 |
| Honduras | January 15, 1909 | July 10, 1912 | 37 Stat. 1616 |
| Honduras | February 21, 1927 | June 5, 1928 | 45 Stat. 2489 |
| Hong Kong | December 20, 1996 | January 21, 1998 | |
| Hungary | December 1, 1994 | March 18, 1997 | |
| Iceland | January 6, 1902 | May 16, 1902 | 32 Stat. 1096 |
| Iceland | November 6, 1905 | February 19, 1906 | 34 Stat. 2887 |
| India | June 25, 1997 | July 21, 1999 | |
| Iraq | June 7, 1934 | April 23, 1936 | 49 Stat. 3380 |
| Ireland | July 13, 1983 | December 15, 1984 | |
| Israel | December 10, 1962 | December 5, 1963 | 14 UST 1707 |
| Italy | October 13, 1983 | September 24, 1984 | TIAS 10837 |
| Jamaica | June 14, 1983 | July 7, 1991 | |
| Japan | March 3, 1978 | March 26, 1980 | 31 UST 892 |
| Jordan | March 28, 1995 | July 29, 1995 | |
| Kenya | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Kenya | | August 19, 1965 | 16 UST 1866 |
| Kiribati * | June 8, 1972 | January 21, 1977 | 28 UST 227 |
| Latvia | October 16, 1923 | March 1, 1924 | 43 Stat. 1783 |
| Latvia | October 10, 1934 | March 29, 1935 | 49 Stat. 3131 |
| Lesotho | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Liberia | November 1, 1937 | November 21, 1939 | 54 Stat. 1733 |
| Liechtenstein | May 20, 1936 | June 28, 1937 | 50 Stat. 1337 |
| Lithuania | April 9, 1924 | August 23, 1924 | 43 Stat. 1835 |
| Lithuania | May 17, 1934 | January 8, 1935 | 49 Stat. 3077 |
| Lithuania | October 23, 2001 | March 31, 2003 | |
| Luxembourg | October 1, 1996 | February 2, 2002 | |
| Luxembourg | April 24, 1935 | March 3, 1936 | 49 Stat. 3355 |
| Luxembourg | October 29, 1883 | August 13, 1884 | 23 Stat. 808 |
| Malawi | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Malawi | | April 4, 1967 | 18 UST 1822 |
| Malaysia | August 3, 1995 | June 2, 1997 | |
| Malta | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |

| Extradition Treaty with: | Signed: | Entered into Force: | Citation (if any): |
|---|---|---|---|
| Mauritius | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Mexico | May 4, 1978 | January 25, 1980 | 31 UST 5059 |
| Mexico Protocol | November 13, 1997 | May 21, 2001 | |
| Monaco | February 15, 1939 | March 28, 1940 | 54 Stat. 1780 |
| Montserrat * | June 8, 1972 | January 21, 1977 | |
| Nauru | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Netherlands | June 24, 1980 | September 15, 1983 | TIAS 10733 |
| New Zealand | January 12, 1970 | December 8, 1970 | 22 UST 1 |
| Nicaragua | March 1, 1905 | July 14, 1907 | 35 Stat. 1869 |
| Nigeria | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Norway | June 9, 1977 | March 7, 1980 | 31 UST 5619 |
| Pakistan | December 22, 1931 | March 9, 1942 | 47 Stat. 2122 |
| Panama | May 25, 1904 | May 8, 1905 | 34 Stat. 2851 |
| Papua New Guinea | December 22, 1931 | August 30, 1935 | 47 Stat. 2122 |
| Papua New Guinea | Feb. 2, 23,1988 | Feb. 23, 1988 | |
| Paraguay | November 9, 1998 | March 9, 2001 | |
| Peru | November 28, 1899 | February 23, 1901 | 31 Stat. 1921 |
| Peru | July 26, 2001 | August 25, 2003 | |
| Philippines | November 13, 1994 | November 22, 1996 | |
| Poland | July 10, 1996 | September 17, 1999 | |
| Portugal | May 7, 1908 | November 14, 1908 | 35 Stat. 2071 |
| Romania | July 23, 1924 | April 7, 1925 | 44 Stat. 202 |
| Romania | November 10, 1936 | July 27, 1937 | 50 Stat. 1349 |
| San Marino | January 10, 1906 | July 8, 1908 | 35 Stat. 1971 |
| San Marino | October 10, 1934 | June 28, 1935 | 49 Stat. 3198 |
| Seychelles | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Sierra Leone | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Singapore | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Singapore | | June 10, 1969 | 20 UST 2764 |
| Slovak Republic | July 2, 1925 | March 29, 1926 | 44 Stat. 2367 |
| Slovak Republic | April 29, 1935 | August 28, 1935 | 49 Stat. 3253 |
| Slovenia ** | October 25, 1901 | June 12, 1902 | |
| Solomon Islands | June 8, 1972 | January 21, 1977 | 28 UST 227 |
| South Africa | December 18, 1947 | April 30, 1950 | 2 UST 884 |
| South Africa | September 16, 1999 | June 25, 2001 | |
| South Korea | June 9, 1998 | December 21, 1999 | |
| Spain 3rd Supplementary | March 12, 1996 | July 25, 1999 | |
| Spain 2nd Supplementary | February 9, 1988 | July 2, 1993 | |
| Spain Supplementary | January 25, 1975 | June 2, 1978 | 29 UST 2283 |
| Spain | May 29, 1970 | June 16, 1971 | 22 UST 737 |
| Sri Lanka | September 30, 1999 | January 12, 2001 | |
| St. Christopher - Nevis | September 18, 1996 | February 23, 2000 | |
| St. Lucia | April 18, 1996 | February 2, 2000 | |
| St. Vincent-Grenadines | August 15, 1996 | September 8, 1999 | |
| Suriname | January 18, 1904 | August 28, 1904 | 33 Stat. 2257 |
| Suriname | June 2, 1887 | July 11, 1889 | 26 Stat. 1481 |
| Swaziland | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Sweden | October 24, 1961 | December 3, 1963 | 14 UST 1845 |
| Sweden | March 14, 1983 | September 24, 1984 | TIAS 10812 |
| Switzerland | November 14, 1990 | September 10, 1997 | |
| Tanzania | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| | | Dec. 6, 1965 | 16 UST 2066 |
| Thailand | December 14, 1983 | May 17, 1991 | |

| Extradition Treaty with: | Signed: | Entered into Force: | Citation (if any): |
|---|---|---|---|
| Tonga | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Tonga | | September 13, 1977 | 28 UST 5290 |
| Trinidad-Tobago | March 6, 1996 | Nov. 3, 1999 | |
| Turkey | June 7, 1979 | January 1, 1981 | 32 UST 3111 |
| Tuvalu | June 8, 1972 | January 21, 1977 | 28 UST 227 |
| Tuvalu | | April 25, 1980 | 32 UST 1310 |
| United Kingdom | June 8, 1972 | January 21, 1977 | 28 UST 227 |
| United Kingdom Protocol | June 25, 1985 | December 23, 1986 | |
| **United Kingdom** | **March 31, 2003** | **Pending** | |
| Uruguay | April 6, 1973 | April 11, 1984 | TIAS 10850 |
| Venezuela | January 19, 1922 | April 14, 1923 | 43 Stat. 1698 |
| Yugoslavia | October 25, 1901 | June 12, 1902 | 32 Stat. 1890 |
| Zambia | December 22, 1931 | June 24, 1935 | 47 Stat. 2122 |
| Zimbabwe | July 25, 1997 | April 26, 2000 | |

* Under Treaty with United Kingdom.

** Under Treaty with Yugoslavia which entered into force in 1902.

\+ Considered a Treaty in Force by U.S., but not by Colombia

(Rev. 01-31-2003)

162[redacted]01.ec

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# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 06/11/2007

**To:** Tampa **Attn:** SSA [redacted]
Orlando RA

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By** [redacted]

**Drafted By:** [redacted]

**Case ID #:** ~~31~~E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

[redacted]

**Synopsis:** To request travel reference captioned matter.

**Administrative:** Reference telcall between SA [redacted] and SSA [redacted] on 06/12/2007.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, requests travel concurrence with FBI Tampa, Orlando RA for the purpose of interviewing a Victim/Witness. SA's [redacted] and [redacted] [redacted] will travel on 06/12/2007 to interview the Victim/Witness.

31E-MM-108062-97

**LEAD(s):**

**Set Lead 1: (Info)**

TAMPA

AT ORLANDO, FL

FBI Miami requests travel concurrence from FBI Tampa to conduct victim/witness interview.

♦♦



HOUSE_OVERSIGHT_021472

(Rev. 01-31-2003)

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# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 06/22/2007

**To:** Miami **Attn:** IMA/PB2

**From:** Miami
PB2/PBCRA
**Contact:** SA

**Approved By:**

**Drafted By:**

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;

WSTA - CHILD PROSTITUTION

**Synopsis:** To request the opening of sub-files in captioned case.

**Details:** It is requested that the following sub-files be opened to assist in document management in captioned case.

SUB - GJ Federal Grand Jury

Open Sub-files

173 01. EC

31E-MM-108062-98

229[redacted]01.ec

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

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**Precedence:** ROUTINE **Date:** 08/17/2007

**To:** New York **Attn:** SSA [redacted]

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** ~~31E~~-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request travel reference captioned matter.

**Administrative:** Reference telcall between SA [redacted] and SA [redacted] on 08/15/2007.

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), opened an investigation involving multi-millionaire Jeffrey Epstein and captioned subjects. The investigation involves numerous underage females who attended local high schools and were recruited for the purpose of engaging in sexual activity with Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00

FBI Miami, PBCRA, requests travel concurrence with FBI New York for the purpose of interviewing witnesses and serving target letters on two subjects. SA's [redacted] and [redacted] will travel to New York from 08/20/2007 to 08/24/2007. No assistance from FBI New York is anticipated at this time.

31E-MM-108062-99

**LEAD(s):**

**Set Lead 1: (Info)**

TAMPA

AT NEW YORK, NY

FBI Miami requests travel concurrence from FBI New York to conduct witness interviews and serve target letters on subjects.

♦♦



HOUSE_OVERSIGHT_021475

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31E-MM-108062 -100
[redacted]



The following investigation was conducted by SA [redacted] [redacted]:

On 08/27/2007 at approximately 8:26 AM, this writer received a telephone call from SA [redacted] SA [redacted] advised she had just been notified that Jeffrey Epstein's private plane, bearing tail number N909JE, was due to take off from St. Thomas' airport, Cyril E. King Airport, within the next five minutes. This writer advised SA [redacted] he would make some phone calls to see if he could have the flight delayed while he responded to the airport.

At approximately 8:27 AM, this writer then contacted [redacted] [redacted] Federal Security Director, U.S. Department of Homeland Security, United States Virgin Islands. This writer asked if there was any way to delay a flight from taking off due to the possibility of that flight bearing targets of interest in a criminal investigation. [redacted] advised the only way he could delay a flight if there was a threat to the safety of the flight. This writer informed [redacted] this case did not meet that criteria. [redacted] then provided this writer with the phone number to Air Traffic Control (ATC).

This writer then contacted ATC (340-714-0793 or 340-774-1836) and spoke with [redacted] (the code name used by the individual working at the tower). I identified myself to [redacted] and asked him the status of the flight for N909JE. [redacted] advised the plane had filed a flight plan that showed estimated departure as being four minutes prior to our conversation. [redacted] advised the plane was still processing through customs at this time. I asked [redacted] if he had the capability of delaying the flight due to the plane possibly transporting targets of interest in a criminal investigation. [redacted] advised he could delay the flight a few minutes by informing the pilot of our approach, should the pilot request permission to take off prior to my arrival.

This writer then departed for Cyril E. King Airport. While in route to the airport, this writer contacted SST [redacted] [redacted] FBI St. Thomas, and requested she contact United States Customs and Border Patrol (CBP) and inform them of my impending arrival. This writer then contacted SA [redacted] and informed her of my departure to the airport.

At approximately 8:44 AM, this writer received a telephone call from [redacted] Supervisor, CBP. This writer told [redacted] there were possibly two female targets getting ready to take off on the aforementioned plane. [redacted] told this writer to meet him at the cargo entrance of the airport.

31E-MM-108062-100

Upon arriving at the airport's cargo entrance, this writer was met by [redacted] and two of his co-workers. This writer followed [redacted] to the aforementioned plane, which was parked in a waiting area with the engines off. This writer showed [redacted] and his co-workers the picture of the two female targets and explained the purpose was to serve the two females with target letters. [redacted] stepped away and went to speak with the pilot of the aircraft. This conversation between [redacted] and the pilot occurred out of this writer's range of hearing. [redacted] returned and advised the pilot informed him that Epstein was the only passenger scheduled on this flight. [redacted] informed me he was going to check the plane as part of their custom's check and asked me to accompany him. [redacted] advised they had the legal authority to board any aircraft going to the United States. I boarded the plane along with [redacted] and the other two CBP personnel. We walked the length of the plane and ascertained there was no one on board. We then disembarked the plane. [redacted] had one of his personnel go into the airport to ensure the female targets were not present inside the terminal. The CBP officer returned and advised Epstein was alone and was still processing through customs.

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At Approximately 8:55 AM, this writer contacted [redacted] at ATC. This writer told [redacted] the plane had been checked. [redacted] advised he did not have to delay the plane or take any action to delay the flight as the pilot never requested permission to take off.

At Approximately 8:59 AM, this writer contacted SA [redacted] and informed her Epstein was traveling alone. SA [redacted] advised she had just obtained that information from another source.

**NOTE:** All times referenced in this insert were taken from this writer's cellular telephone call history.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 07/02/2007

[redacted], date of birth [redacted] Social Security Account Number [redacted], was interviewed in the vicinity [redacted] Royal Palm Beach, Florida. [redacted] approached the interviewing agent's vehicle to determine the nature of the agent's presence. The agent did not indicate who was being sought until [redacted] approached the agent's vehicle a second time and asked if the agent was looking for apartment [redacted] was concerned because an investigator had already attempted to locate [redacted] It was determined that [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] has been [redacted] for approximately [redacted] had a business card in his possession and stated that the individual listed on the card was attempting to contact [redacted] Concerned for [redacted] safety, [redacted] advised [redacted] not to meet with the individual unless the meeting took place at an office. The business card listed the following information:

[redacted]

[redacted] is currently employed as [redacted] [redacted] telephone [redacted] (address: [redacted]. He believed she was going to contact the private investigator (PI) because he provided her with the PI's telephone number.

Investigation on 07/02/2007 at Royal Palm Beach, Florida

File # 31E-MM-108062 Date dictated 07/02/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-103

FD-302 (Rev. 10-6-95)

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**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 01/10/2007

[redacted] was interviewed in West Palm Beach, Florida, regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] first met JEFFREY EPSTEIN through his [redacted] date of birth [redacted]

[redacted] was residing at [redacted] an apartment complex located in Royal Palm Beach, [redacted]

[redacted] When asked by the interviewing agent if [redacted] was sexual involved with EPSTEIN, [redacted] stated he never asked her, [redacted] continued stating, [redacted] said that [redacted] was paid well and they both benefitted from the money EPSTEIN was paying [redacted]

[redacted] also found other females to perform massages for

Investigation on 01/10/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 01/10/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-104

EPSTEIN. [redacted] would find females at different places: the mall, the clubs or the schools. [redacted] said that [redacted] LNU(area code [redacted] would also call and [redacted] EPSTEIN's residence. [redacted] believed [redacted] was EPSTEIN's wife at first, but he knows now that was not the case. [redacted] stated that when he was at the EPSTEIN's residence, [redacted] would, on occasion, see [redacted] described him as a [redacted]

[redacted]

[redacted] could only remember the names of two girls, [redacted] LNU and [redacted] LNU, [redacted] When asked by the interviewing agent if he recalled someone by the name of [redacted] he stated that she had attended Royal Palm Beach High School and she was another one of the females working for EPSTEIN. He said that [redacted] LNU had recruited [redacted] LNU to work for EPSTEIN.

[redacted] said that when [redacted] EPSTEIN paid for her to [redacted] said after [redacted] he received [redacted] that she would not be returning and that [redacted] from [redacted] since that time. [redacted] stated that he still has [redacted] association with EPSTEIN. [redacted] said that he would like to reimburse [redacted]

[redacted] eventually stopped working for EPSTEIN mainly due to the fact that [redacted] said that EPSTEIN would call and inquire about [redacted] whereabouts and if he had heard from [redacted] believed that EPSTEIN knew where [redacted] was because he was the one responsible [redacted] stated that he [redacted] and that he and EPSTEIN had argued [redacted] not returning.

[redacted] said that EPSTEIN told [redacted] sure the females [redacted] were eighteen.

[redacted] EPSTEIN

[redacted] in EPSTEIN's residence. [redacted] with EPSTEIN.

[redacted]

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| SSAN: | |
| Home Address: | |
| Cellular Telephone: | |

31E-MM-108062-106

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| Husband: | |
| Home Address: | |
| Cellular Telephone: | |
| Cellular Telephone: | |
| Work: | |

31E-MM-108062-108

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31E-MM-108062
[redacted]

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On 05/10/2007, SA [redacted] faxed an intelligence request to Palm Beach County Sheriff's Office Intelligence Analyst [redacted] Information sought included current employment and residences for [redacted] and [redacted] Neighbors received results from the Florida Department of Law Enforcement on 05/24/2007 and forwarded the results to SA [redacted] via TFO [redacted] The results are attached to, and become part of, this document.

31E-MM-108062-110

FD-448 (REV. 0-2-97)

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# FBI FACSIMILE

# COVER SHEET

**PRECEDENCE**

- ☐ Immediate
- ☐ Priority
- ☒ Routine

**CLASSIFICATION**

- ☐ Top Secret
- ☐ Secret
- ☐ Confidential
- ☐ Sensitive
- ☒ Unclassified

Time Transmitted: _____
Sender's Initials: _____
Number of Pages: _____
(including cover sheet)

To: PBSO
Name of Office

Date: 05/10/2007

Facsimile Number: 561-688-3866

Attn: [redacted]
Name Room Telephone

From: FBI
Name of Office

Subject: Intel request

Special Handling Instructions: Please provide any intelligence related to current employment and residences for listed subjects. Thanks.

Originator's Name: SA [redacted] Telephone: [redacted]

Originator's Facsimile Number: 561-833-7970

Approved: _____

Brief Description of Communication Faxed: [redacted]

**WARNING**

Information attached to the cover sheet is U.S. Government Property. If you are not the intended recipient of this information, disclosure, reproduction, distribution, or use of this information is prohibited (18.USC, § 641). Please notify the

TOTAL P.01

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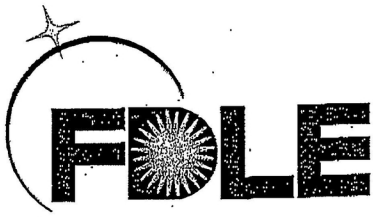

Florida Department of Law Enforcement
Palm Beach Field Office
Resident Agent in Charge [redacted]
Special Agent Supervisor [redacted]
1400 Centrepark Boulevard, Suite #800
West Palm Beach, Florida 33401
Phone: (561) 640-2840 SunCom: 256-2840
Fax: (561) 640-6160 SunCom Fax # 256-6160

To: [redacted]

From: [redacted]

Date: 5/23/07 # of pages (including cover page): 4

_____ Information Only

_____ Per Your Request

_____ Please Call After Review

_____ URGENT

CONFIDENTIAL

Comments:

- Can only query database w/ SSN #'s - so [redacted] -
- Also - pls send me a case #
- Wow on [redacted] 4th qtr of 2006!

Confirmation Requested: _____ Yes _____ No

FD-302 (Rev. 10-6-95)

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**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 06/11/2007

[redacted], Royal Palm Beach High School (RPBHS) [redacted] telephone [redacted], was interviewed at RPBHS, 10600 Okeechobee Blvd., Royal Palm Beach, Florida. [redacted] was advised of the identity of the interviewing agents and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] recalled an incident which occurred at RPBHS during the [redacted] and another female student were involved in a physical fight on campus. Neither [redacted] nor the other female sustained any injuries during the fight. The two girls were caught "out of area" on campus, meaning they were in an unauthorized area of campus. The girls were caught by an adult hall monitor and brought to [redacted] is the [redacted] for RPBHS and she is [redacted] to search students if they are found out of area. The search was conducted by having the students empty their own pockets. During the search [redacted] discovered [redacted] had $300.00 in cash.

[redacted] could not recall the reason [redacted] provided for possessing the cash. [redacted] contacted one of [redacted] parents who concurred with the reason [redacted] provided for having the cash. [redacted] and the other female were disciplined by receiving three-day suspensions.

Investigation on 06/04/2007 at Royal Palm Beach, FL

File # 31E-MM-108062 Date dictated 06/11/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-1

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 06/12/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] telephone [redacted] e-mail addresses [redacted] and [redacted] was interviewed at her place of employment, Seminole Ridge High School. [redacted] was advised of the identity of the interviewing agents and the purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] was the [redacted] at Royal Palm Beach High School. [redacted] was a student in [redacted] during the 2004-2005 school year. [redacted] cast as [redacted] did well in the play and received an award at the end of the school year for her performance.

[redacted] provided photocopies of items in her scrapbook which reflected [redacted] e-mailed additional photographs [redacted] The scrapbook photocopies, e-mail and copies of attached photographs were placed in a 1A envelope of case file.

[redacted] described her relationship with [redacted] described [redacted] as deceptive, manipulative and not trustworthy. [redacted] was into things that were not appropriate for her age. [redacted] disheveled. [redacted] coffee into the classroom. [redacted] would also apply her make-up during class. [redacted] did not have direct knowledge of any drug use [redacted] or her family but heard through another student that pot smoking may exist in [redacted]

On June 8, 2007, [redacted] telephonically contacted investigators to provide additional information regarding [redacted] During [redacted] made comments about a man who was going to fund her college education. [redacted] could not recall the man's name but stated he was very wealthy and lived in Palm Beach, Florida.

Investigation on 06/04/2007 at [redacted] Florida

File # 31E-MM-108062 Date dictated 06/12/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-113

[redacted] was a close friend of [redacted] in the school play. [redacted] is currently serving in the U.S. Army. [redacted] was another close friend of [redacted] who is also serving in the military.

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31E-MM-108062
[redacted]



Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

Name: [redacted]

Race: White

Sex: Male

DOB: [redacted]

[redacted]

31E-MM-108062-115

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 11/07/07 Time: 11:09

Case ID: 31E-MM-108062 Serial: 117

Description of Document:

Type : FD909
Date : 12/22/06
To : [redacted] b3
From : MIAMI
Topic: REQUEST FOR [redacted]

Reason for Permanent Charge-Out:

TRANSFER TO THE SUBPOENA SUB

Transferred to:

Case ID: 31E-MM-108062-SBP Serial: 80

Employee: [redacted] b6 b7C

31E-MM-108062-117

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

STATE OF FLORIDA
-vs-
JEFFREY E EPSTEIN

Case No: 502006CF009454AXXXMB

JEFFREY E EPSTEIN
358 EL BRILLO WAY
PALM BEACH GARDENS, FL 33480

# NOTICE OF HEARING

**THE DEFENDANT MUST BE PRESENT AT THIS HEARING**

*Failure to appear will result in a Bond Forfeiture or revocation of own recognizance (O.R.) and a Capias being issued for your arrest.*

**YOU ARE HEREBY NOTIFIED that this case is scheduled for:**

**JURY TRIAL**

On **JANUARY 07, 2008** DIVISION: **W** in: **COURTROOM 11F** at: **09:00:00 AM**

At the **COUNTY COURTHOUSE, 205 N. DIXIE HWY, WEST PALM BEACH, FL 33401**

***BE PREPARED TO PAY COURT COSTS AND FINES ASSESSED BY THE COURT AT THIS HEARING***

**SHARON R. BOCK**, CLERK & COMPTROLLER
DFELDER
BY: _____
Deputy Clerk

DATED: **NOVEMBER 06, 2007**

cc: ASST ST ATTY – DIV W
JACK A GOLDBERGER , ESQ.
CB/DEP. J. GOLDBERGER
JEFFREY E EPSTEIN

STATE OF FLORIDA • PALM BEACH COUNTY
I hereby certify that the foregoing is a true copy of the record in my office.
THIS 4 DAY OF Dec, 20 07
SHARON R. BOCK
CLERK & COMPTROLLER
By _____
DEPUTY CLERK

***If you are a person with a disability who needs any accommodation in order to participate in this proceeding, you are entitled, at no cost to you, to the provision of certain assistance. Please contact Mary Jaffe, ADA Coordinator in the Administrative Office of the Court., Palm Beach County Courthouse, 205 North Dixie Highway, Room 5.2500, West Palm Beach, Florida, 33401, telephone number (561) 355-4380 within two (2) working days of your receipt of this notice of hearing; if you are hearing or voice impaired, call 1-800-955-8771.***

CRC_CAL_NOH

31E-MM-108062 -1/8

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| SSAN: | |
| Address: | |
| [redacted] | |

31E-MM-108062-120

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/04/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] LNU's telephone number [redacted] was interviewed telephonically regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] currently resides with [redacted] located in [redacted] The interviewing agent inquired if [redacted] was able to speak freely over the phone with [redacted] in the car with her. [redacted] stated she was fine. When [redacted] was asked about JEFFREY EPSTEIN, she told the interviewing agent that she believed she knew an EPSTEIN that had been [redacted] stated that she could not recall traveling with her friend [redacted] to EPSTEIN's Palm Beach residence. [redacted] stated that she could not recall providing EPSTEIN with a massage. She asked the interviewing agent if she could take some time to think about it. At this time, [redacted] was advised that she was not in any trouble but that she needed to be completely honest with the interviewing agent. [redacted] stated that she was unable to remember any details regarding a JEFFREY EPSTEIN that resided in Palm Beach. The interview was concluded.

Investigation on 10/02/2007 at [redacted]

File # 31E-MM-108062 Date dictated 10/02/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-128

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/09/2007

[redacted] date of birth [redacted] was telephonically interviewed regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] believed she first met JEFFREY EPSTEIN during the [redacted] Last Name Unknown (LNU) told [redacted] she could make a lot of money providing a quick massage. [redacted] was taken by [redacted] LNU to EPSTEIN's residence. [redacted] only provided EPSTEIN with a massage [redacted] EPSTEIN told [redacted] that he would pay her [redacted] believed she was paid $ [redacted]

[redacted] stated that there were other girls she was aware of that had provided EPSTEIN with massages prior to her. [redacted] LNU attended [redacted] LNU who was at least a year younger than [redacted] also attended [redacted] LNU, who was taught from home, brought [redacted] LNU and [redacted] date of birth [redacted] old cellular telephone number [redacted] LNU, was also being taught from home. [redacted] would go to EPSTEIN's residence [redacted] would be paid more money by EPSTEIN. [redacted] believed the amount was $ [redacted] told the interviewing agents that [redacted] had a difficult time dealing with her past contacts with EPSTEIN.

[redacted] stated that they would telephone [redacted] LNU or [redacted] to schedule appointments with EPSTEIN. [redacted] LNU would also contact [redacted] to set up appointments. EPSTEIN told [redacted] EPSTEIN would also ask [redacted]

Investigation on 10/05/2007 at (telephonically)

File # 31E-MM-108062 Date dictated 10/05/2007

by SA [redacted]

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31E-MM-108062-125

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 10/04/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] LNU's cellular number [redacted] was interviewed telephonically regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agent and the nature of the interview, [redacted] provided the following information:

[redacted] informed the interviewing agent that she was at her new job, [redacted] and did not want to get involved in an investigation regarding JEFFREY EPSTEIN. The interviewing agent attempted to set up a better time for the interview but [redacted] did not want to be interviewed. However, [redacted] confirmed that she first met JEFFREY EPSTEIN when she was [redacted] years old. She was taken to EPSTEIN's residence in Palm Beach by one of her good friends. [redacted] stated that she provided EPSTEIN with massages and that she had provided these massages alone. [redacted] stated that EPSTEIN had not inappropriately touched her and that EPSTEIN had not masturbated in her presence. [redacted] said that her friend was paid more so she thought more was taking place between her friend and EPSTEIN. [redacted] again stated to the interviewing agent that she did not want to get involved and was not going to provide anymore information. [redacted] said, [redacted] and disconnected from the line.

Investigation on 10/03/2007 at [redacted] FL (telephonically)

File # 31E-MM-108062 Date dictated 10/03/2007

by SA [redacted]

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31E-MM-108062-126

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/29/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone number [redacted] [redacted] telephone number [redacted] and telephone number [redacted] was interviewed in West Palm Beach, Florida, regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] believed she was first approached about providing JEFFREY EPSTEIN with a massage during her [redacted] in High School. [redacted] stated that she was [redacted] when she first met EPSTEIN. [redacted] told her she could make at least $[redacted] by providing a massage. [redacted] to EPSTEIN's residence. EPSTEIN gave them a tour of the house. [redacted] recalled naked photographs of girls, especially in the room upstairs where she would later provide EPSTEIN with a massage. On [redacted] and waited while [redacted]

A few days to a week later, [redacted] returned to EPSTEIN's residence [redacted] was taken upstairs by EPSTEIN. [redacted] began the massage by massaging EPSTEIN's feet and lower legs. EPSTEIN wearing only a towel was lying on his stomach and talking on the telephone. After approximately 10-15 minutes on the telephone, EPSTEIN hung up and turned over. EPSTEIN asked [redacted] if she had been told that she should remove her shirt when providing him the massage. [redacted] told EPSTEIN that she was not told that and that [redacted] EPSTEIN stood up completely naked. [redacted] was paid $[redacted]

Approximately ten minutes after leaving EPSTEIN's residence [redacted] that had occurred with EPSTEIN.

[redacted] stated that there were no telephone calls to or from EPSTEIN or [redacted]

Investigation on 10/03/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 10/03/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-128

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 08/28/2007

[redacted] date of birth [redacted] home telephone [redacted] was interviewed at her residence, [redacted] regarding a federal investigation involving the sexual exploitation of minors. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information: b6 b7C

[redacted] advised that she began working [redacted] JEFFREY EPSTEIN in [redacted] She was interviewed by JEFFREY EPSTEIN, [redacted] for the position. Her current job responsibilities include [redacted] EPSTEIN's office is located at 457 Madison Avenue, New York, New York, telephone 212-750-9895. [redacted] described EPSTEIN as a good boss.

[redacted] confirmed [redacted] was employed by EPSTEIN. According to [redacted] works as EPSTEIN's [redacted]

The interview was interrupted when [redacted]

After [redacted] requested to speak with an attorney at which point the interview was concluded. [redacted] b3 b6 b7C

Investigation on 08/21/2007 at [redacted] b6 b7C

File # 31E-MM-108062 Date dictated 08/21/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-130

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/07/2007

**To:** Miami **Attn:** Third Party Draft

**From:** Miami
PB-2, PBCRA
**Contact:** SA [redacted] b6 b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request funds for expenses associated to the above captioned case.

**Enclosure(s):** Enclosed for the Miami Third Party Draft is an original bill from American Express dated October 10, 2007 and the associated FD-794.

**Details:** SA [redacted] requests Third Party Draft provide payment in the amount of $[redacted] for [redacted] that provided pertinent information on the individuals of interest in the ongoing federal investigation. This expense incurred due to labor and the extensive time spent in the reproduction of records. b3 b6 b7C

31E-MM-108062-132

(Rev. 06-04-2007)

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# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 02/06/2008

**To:** New York **Attn:** SSA [redacted]
Squad C-20

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To set leads for captioned investigation.

**Reference:** 31E-MM-108062 Serial 125

Kept as 1 serial

**Enclosure(s):** Enclosed for New York is a copy of referenced serial, FD-302 of [redacted]

**Details:** On 07/24/2006 the Federal Bureau of Investigation (FBI), Palm Beach County Resident Agency (PBCRA), began investigating Jeffrey Epstein, a part-time resident of Palm Beach, along with [redacted]. PBCRA obtained information from the City of Palm Beach Police Department (PBPD) that a [redacted]

Following the receipt of the case files from the PBPD, PBCRA began interviewing a series of girls, ranging in age from fourteen through mid to early twenties, who reported a similar

31E-MM-108062-134
037[redacted]01.ec

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series of events. In particular, the girls described how contact was made via telephone, primarily with [redacted] at Epstein's home in Palm Beach. The girls would travel to Epstein's residence, usually in the company of another girl. The girls would enter Epstein's home via the kitchen, where they would be met by Epstein [redacted]. The girls would be escorted up to Epstein's bedroom where a massage table was accessible. The girls were told to undress - some undressed only partially and some undressed completely. Epstein would enter the room partially dressed, usually wearing only a towel. He would get onto the massage table face down. While lying face down, Epstein instructed the girl how to massage him. After a period of time when [redacted]

In addition to these sexual massages, some of the girls were paid additional sums to perform more sexual activity, for example, engaging in sexual activity [redacted] while Epstein watched.

During the course of PBPD's investigation, a search warrant for Epstein's home was obtained and executed. Many of Epstein's belongings were removed from the home prior to the execution of the search warrant - for example, the computer processing units (CPUs) were removed from the house but the computer screens, keyboards, cords, etc. were left behind. The missing CPU's were never recovered.

During the search, several telephone message pads were recovered. These message pads show messages taken from several of the girls who were interviewed and admitted to engaging in sexual massages or other sexual activity with Epstein. The messages contained text such as "I have a female for him" and "has girl for tonight." Some of the messages from the girls were addressed to Epstein and others were addressed [redacted] Additional messages recovered during the search contained text confirming appointment times.

During the PBCRA's investigation, the girls related that [redacted]



HOUSE_OVERSIGHT_021501

Epstein were still in New York or elsewhere, [redacted] upon his arrival in Palm Beach. The PBCRA's investigation has collected the flight manifest for Epstein's two private planes during the period of January 2004 through December 2005 as well as cellular phone records for Epstein [redacted] The investigation revealed that prior to the flights to Palm Beach, [redacted] The massage pads show evidence that the girls responded to those telephone calls and in some instances [redacted] left for Epstein.

In addition to the home in Palm Beach, Epstein also maintains residences in the U.S. Virgin Islands, New Mexico and his New York residence, 9 E. 71st Street, New York, NY 10021.

Based on the ongoing criminal investigation, the PBCRA is requesting assistance in establishing Epstein's criminal activity utilizing interstate commerce and the travel in interstate commerce to engage in illicit sexual conduct and prostitution. On 10/05/2007, [redacted] was telephonically interviewed. [redacted] advised that she and additional minor females had participated in similar activity with Epstein in the New York area. Epstein utilized the same modus operandi which has been documented in multiple interviews of minor females in the Palm Beach, Florida area. Prior to conducting captioned leads, it is requested that the lead agent(s) contact SA [redacted] for investigative direction and questions.

**LEAD(s):**

**Set Lead 1: (Action)**

NEW YORK

AT NEW YORK, NY

Locate and interview [redacted] cellular telephone [redacted] New York, NY. Determine from [redacted] any additional minor females who may have interacted with captioned subjects.

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**Set Lead 2: (Action)**

NEW YORK

AT [redacted] NY

Locate and interview [redacted] telephone [redacted] recent address as [redacted] NY. Determine from [redacted] any additional minor females who may have interacted with captioned subjects.

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HOUSE_OVERSIGHT_021503

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** PRIORITY **Date:** 03/05/2008

**To:** Miami **Attn:** [redacted]
Third Party Draft

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**Attn:** SA [redacted]
PB-2/PBCRA

**From:** Miami
PB-1/PBCRA
**Contact:** AFI [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** This EC was originally submitted on 5/1/07 but not uploaded or filed and is therefore being resubmitted. Request advance of $[redacted] for certified copies [redacted] reference captioned case.

b3

**Enclosure(s):** Enclosed for Third Party Draft is a copy of a certification request sheet for [redacted] to be submitted to the State of Delaware, Division of Corporations.

**Details:** On 4/27/07, Assistant U.S. Attorney [redacted] requested that AFI [redacted] obtain certified copies [redacted]

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5/1/07, AFI [redacted] telephonically contacted the State of Delaware, Division of Corporations (DEDOC) regarding the procedure for obtaining [redacted] The DEDOC representative advised that [redacted] The DEDOC representative also confirmed that no taxes

File

L1/[redacted]/121[redacted]02.ec 31E-MM-108062-135

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are charged for these records (as the FBI is a tax exempt entity). The DEDOC indicated that a "Priority 7" day certification request would take approximately two weeks to process. In addition, the DEDOC gave a quote for the various records and a total amount for the corporate records to be requested outlined as follows:

[redacted] b3

Total: $[redacted]

Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of [redacted] b3 b6 b7C [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

For information of Third Party Draft in order to create a vendor account for the DEDOC:

Delaware Secretary of State
Division of Corporations
John G. Townsend Building
401 Federal Street
Suite 4
Dover, DE 19901
tel: (302) 739-3073



HOUSE_OVERSIGHT_021505

**LEAD(s):**

**Set Lead 1: (Info)**

MIAMI

AT MIAMI, FL

Miami Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

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HOUSE_OVERSIGHT_021506

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** PRIORITY **Date:** 03/05/2008

**To:** Miami **Attn:** [redacted] b6
Third Party Draft b7C

**Attn:** SA [redacted]
PB-2/PBCRA

**From:** Miami
PB-1/PBCRA
**Contact:** AFI [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** This EC was originally submitted on 5/1/07 but not uploaded or filed and is therefore being resubmitted. Request advance of $[redacted] to pay for certified copies [redacted] b3
[redacted] reference captioned case.

**Enclosure(s):** Enclosed for Third Party Draft is a copy of a certification request sheet for [redacted] to be submitted to the State of Delaware, Division of Corporations.

**Details:** On 4/27/07, Assistant U.S. Attorney [redacted] [redacted] requested that AFI [redacted] obtain b3
certified copies [redacted] for b6
the purpose of prosecution of captioned case and potential b7C
[redacted]

5/1/07, AFI [redacted] telephonically contacted the State of Delaware, Division of Corporations (DEDOC) regarding the procedure for obtaining [redacted] The DEDOC representative advised that [redacted]
[redacted] The DEDOC representative also confirmed that no taxes

b6
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File [redacted]

L1/[redacted]/121[redacted]01.ec

31E-MM-108062-136

are charged for these records (as the FBI is a tax exempt entity). The DEDOC indicated that a "Priority 7" day certification request would take approximately two weeks to process. In addition, the DEDOC gave a quote for the various records and a total amount for the corporate records to be requested outlined as follows:

[redacted] b3

Total: $[redacted]

Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] AFI [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days. b3 b6 b7C

For information of Third Party Draft in order to create a vendor account for the DEDOC:

Delaware Secretary of State
Division of Corporations
John G. Townsend Building
401 Federal Street
Suite 4
Dover, DE 19901
tel: (302) 739-3073



HOUSE_OVERSIGHT_021508

**LEAD(s):**

**Set Lead 1: (Info)**

MIAMI

AT MIAMI, FL

Miami Third Party Draft is requested to issue AFI [redacted] an advance check in the amount of $[redacted] made payable to "Delaware Secretary of State" in order to obtain certified copies [redacted] AFI [redacted] will provide an invoice for these records once obtained from the Delaware Secretary of State. It should be noted that the receipt of the invoice will take 14 to 20 days.

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HOUSE_OVERSIGHT_021509

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/04/2007

[redacted] date of birth [redacted] was interviewed at his residence [redacted], New York, New York. [redacted] was advised of the identity of the interviewing agents and the purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] has known Jeffrey Epstein [redacted] Epstein left the New York Academy of the Arts when he believed inappropriate financial activity was occurring.

Epstein is a strong supporter of scientific research and has donated 15 to 30 million dollars to Harvard. He has also funded approximately 150 additional scientists including Nobel Prize winner John Watson, co-founder of DNA. Epstein's scientific interests include the functioning of the brain, life creation and eternal life.

[redacted] Epstein is an owner of Seed Media Group which maintains an internet scientific web log(blog). [redacted]

[redacted] indicated that [redacted] may be able to provide more information regarding Epstein. [redacted] is an [redacted]

[redacted] stated Epstein does not always tell the truth and [redacted] He stated Epstein is not a good person and described him as a contrarian.

[redacted] mentioned that Epstein had recently suffered a financial loss [redacted]

Investigation on 08/23/2007 at New York, NY

File # 31E-MM-108062 Date dictated 09/04/2007

by SA [redacted]

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31E-MM-108062-137

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 09/11/2007

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the Federal Bureau of Investigation(FBI). Present during the interview was [redacted] and Assistant United States Attorney [redacted]. After being advised of the identity of the interviewing agents and purpose of the interview, [redacted] voluntarily provided the following information:

[redacted] the New York Academy of Arts(NYAA) board, met Jeffrey Epstein through NYAA functions. In the 1990's, the time period she met Epstein, [redacted] was lecturing and working with student services at the NYAA. Epstein was a former NYAA board member.

[redacted] could provide additional information regarding Epstein and his association to the NYAA at which time [redacted] engaged in conversation with the interviewing agents. [redacted] advised that Epstein was a NYAA board member in the 1980's into the early 1990's. Epstein was a social acquaintance with artist Andy Warhol. Epstein allowed the board to have meetings at his apartment as well as his office space located in the Villard House, corner of Madison Avenue and 53rd Street, New York, New York. Epstein attended NYAA parties and supported the school financially but he was not considered to be [redacted] stated Epstein was in the "social orbit of the school" meaning Epstein was more involved socially with the school than intellectually. Epstein frequently purchased artwork at the NYAA auctions and sponsored benefit tables. Epstein was consistent in his support of NYAA events. Epstein left the NYAA in the 1990's. [redacted] opined that Epstein resigned because [redacted] Epstein's long time girlfriend was [redacted]

Following the information provided by [redacted] then continued the interview. [redacted] estimated Epstein's contributions to the NYAA at $5,000-$20,000 per year. Epstein showed no particular interest in any type of art. Epstein had a [redacted]

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Investigation on 09/06/2007 at West Palm Beach, Florida (telephonically)

File # 31E-MM-108062 Date dictated 09/11/2007

by SA [redacted]

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31E-MM-108062-138

[redacted] Epstein's residence in Ohio and returned very upset. [redacted] did not know the details but believed she was hurt possibly by a verbal suggestion made by Epstein.

[redacted] painted portraits of [redacted]. [redacted] stated she was viewing one of the paintings of [redacted] as she was talking to the interviewing agents. The painting she was viewing depicted [redacted] She described the painting as odd, slightly risque but well done. [redacted] had taken photographs of [redacted] and used them for her paintings. [redacted] stated that Epstein had no interaction with [redacted].

[redacted] traveled to Santa Fe, New Mexico in approximately [redacted] including [redacted] traveled to Santa Fe to attend an art workshop on the human figure. The instructor for the workshop was [redacted] (phonetic). [redacted] believed the students were selected to attend the workshop based on merit. [redacted] visited Epstein at his residence. [redacted] the town where Epstein's New Mexico residence is located and the town is the entrance to Epstein's property.

[redacted] provided her email address, [redacted]

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 10/05/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] cellular telephone [redacted] [redacted] residence [redacted] Florida, currently employed by [redacted] Florida was interviewed at Starbucks, [redacted] Florida. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] was asked by the interviewing agent if she had knowledge of a man named Jeffrey Epstein. She believed she recognized the name Jeffrey Epstein and described him [redacted]

[redacted] has had no contact with a man named Jeffrey Epstein, in his 50's, who lived in Palm Beach, Florida. [redacted] was unaware of any other individuals who have had any contact with Jeffrey Epstein of Palm Beach, Florida.

Investigation on 10/02/2007 at [redacted] Florida

File # 31E-MM-108062 Date dictated 10/05/2007

by SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-139

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31E-MM-108062

[redacted]

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Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Maiden Name | |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| SSAN: | |
| Home Address: | |
| Home Telephone: | |

31E-MM-108062-142

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| SSAN: | |
| Mailing Address: | |
| Cellular Telephone: | |
| Emergency Contact: | |

31E-MM-108062-144

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31E-MM-108062
[redacted]

1

Pursuant to a federal investigation regarding the sexual exploitation of minors, [redacted] was interviewed by the FBI. [redacted] identifying information is recorded below:

| | |
|---|---|
| Name: | [redacted] |
| Race: | White |
| Sex: | Female |
| DOB: | [redacted] |
| SSAN: | |
| Address: | |
| Cellular Telephone: | |

31E-MM-108062-145

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/06/2007

[redacted] telephone [redacted] was interviewed telephonically after she left a voice mail message on the undersigned agent's cellular telephone. [redacted] asked the case agents to contact [redacted] regarding private investigators who had visited [redacted] residence. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

On November 2, 2007, private investigator [redacted] and [redacted] residence. Initially [redacted] and another name [redacted] could not recall, before he said [redacted] was working on behalf of attorney's for Jeffrey Epstein. [redacted] if the FBI or the original detectives ever said anything to [redacted] about a monetary settlement. [redacted] told [redacted] that she and [redacted] had not been approached by the FBI nor the original detectives regarding a monetary settlement.

[redacted] last remarks were, [redacted]

Investigation on 11/02/2007 at [redacted] Florida (telephonically)

File # 31E-MM-108062 Date dictated 11/06/2007

by SA [redacted]

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31E-MM-108062-146

FD-302 (Rev. 10-6-95)

b6
b7C



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 11/29/2007

[redacted] date of birth [redacted] Social Security Account Number [redacted] Florida, cellular telephone [redacted] was interviewed telephonically pursuant to a federal investigation regarding the sexual exploitation of minors. [redacted] was advised of the identity of the interviewing agent and purpose of the interview. [redacted] voluntarily provided the following information:

[redacted] years old when she met Jeffrey Epstein through her friend [redacted] was Epstein's [redacted] when she was approximately [redacted] years old after Epstein approached her in New York. Epstein provided [redacted]

[redacted] to travel to Epstein's residence in Palm Beach, Florida. She believed she first visited Epstein's residence on a [redacted] Once at the residence, [redacted] met Epstein and he seemed nice. Epstein requested [redacted]

[redacted] returned to Epstein's residence after they went shopping. [redacted]

Investigation on 11/28/2007 at West Palm Beach, Florida

File # 31E-MM-108062 Date dictated 11/29/2007

by SA [redacted]

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31E-MM-108062-147

[redacted] was uncomfortable with the situation. Before leaving the residence, [redacted] to return to Epstein's residence to receive a massage at a later date.

The day following [redacted] first contact with Epstein, believed to be [redacted] went to a [redacted] other girls. All of the girls in the group were attractive and some looked like strippers. Epstein had very little interaction with [redacted] but was hanging on the rest of the girls. Epstein did place his hand on the small of [redacted] back at one point and caressed her shoulder.

The next day, [redacted] believed to be [redacted] went to Epstein's residence to receive a free massage. [redacted] went to an upstairs guest room area of the residence where a massage table had been placed. The guest room overlooked the driveway of the residence. [redacted] removed her clothing at the instruction of the masseuse, leaving only her panties on. Epstein entered the room during [redacted] massage and insisted that [redacted] was very uncomfortable with the situation and felt set up and violated. During their interaction in the guest room, [redacted]

Epstein would make sexual comments toward [redacted] LNU. [redacted] could not recall any specific comments but she advised that Epstein would twist things into a sexual nature. Epstein kissed many of the girls.

[redacted] stated Epstein's residence had a black and white kitchen. [redacted] but could not recall his name or appearance.

[redacted] telephonically contacted [redacted] on several additional occasions inviting [redacted] back to Epstein's residence and offering [redacted] declined [redacted] invitations.

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)
1B / 7B / The Palm Beach Post
West Palm Beach, FL
Date: 1/25/2008
Edition:

Title: Palm Beach man faces lawsuit in teen sex case

Character or classification: 31E-MM-108062
Filing Office: MM

Mount Clipping in Space Below)

**'This was a typical 14-year-old girl. ... What happened here was despicable.'**

JEFFREY HERMAN, lawyer for parents of girl, now 17, who accuses Jeffrey Epstein of sexual assault

# Palm Beach man faces lawsuit in teen sex case

By LARRY KELLER
*Palm Beach Post Staff Writer*

WEST PALM BEACH — The parents of a teenage girl sued part-time Palm Beach resident Jeffrey Epstein for more than $50 million on Thursday, alleging that the wealthy money manager had her brought to his mansion for a massage, then engaged in sexual activity with her.

The girl, identified only as Jane Doe, was 14 at the time. She was the youngest of several alleged victims of Epstein, according to Palm Beach police, who spent 11 months investigating him.

The federal lawsuit, filed by Miami attorney Jeffrey Herman, says "Epstein has a sexual preference and obsession for underage minor girls." Epstein "gained access to primarily disadvantaged minor girls in his home, sexually assaulted these girls, and then gave them money."

Herman, who specializes in child sex abuse litigation, sued on behalf of the girl, her father and her stepmother on grounds of sexual assault, intentional infliction of emotional distress and loss of parental consortium.

"Jane Doe ... fell into Epstein's trap and became one of his victims," the lawsuit says.

"We're dismayed by the filing of the lawsuit, but not surprised," said Jack Goldberger, one of Epstein's attorneys. "We think this shows what this case is all about: money."

Lawyer Jeffrey Herman (left) conducts a news conference Thursday with the father and stepmother of a girl who claims wealthy money manager Jeffrey Epstein assaulted her in 2005. The parents seek more than $50 million in their lawsuit. Epstein, who faces a prostitution solicitation charge, is scheduled to enter a plea March 10.

BILL INGRAM
Staff Photographer

He and another Epstein attorney, Lilly Ann Sanchez, launched an immediate counteroffensive, even showing up at Herman's news conference outside the federal courthouse in West Palm Beach. They distributed copies of documents showing that the girl's father and stepmother have prior arrests for financial crimes the lawyers say show the lawsuit is financially motivated. Another Epstein lawyer, Gerald Lefcourt, a prominent New York criminal defense attorney, provided some of those

*See* EPSTEIN, 7B ▶

31E-MM-108062-18

# Epstein paid girl $300, suit claims

▶ EPSTEIN *from 1B*

documents to Goldberger.

"Jeffrey Epstein did not have sex with this woman," Sanchez said.

Herman suggested that Epstein masturbated in front of the alleged victim and used a vibrator on her after she was brought to his home in February 2005. The girl is now 17.

"This was a typical 14-year-old girl at the time she met Epstein," Herman said. "What happened here was despicable."

The girl told police investigators that she informed Epstein she was 18 when she met him, and she said that was her age on her Web page, Sanchez said.

The girl's father and stepmother also attended the news conference.

"We're very angry," the father said. "It's not right that this wealthy man can fly into town and destroy my daughter's innocence." He did not take questions.

Epstein, 55, is a mysterious New York money manager who owns a Manhattan mansion, as well as homes in Palm Beach, New Mexico and the Virgin Islands.

A Palm Beach County grand jury indicted him in July 2006 on one count of felony solicitation of prostitution stemming from alleged incidents between Aug. 1 and Oct. 31, 2005.

Epstein is scheduled to enter a plea in the case on March 10, but he has postponed other court dates to resolve the case.

**Epstein**

His indictment followed an exhaustive investigation by the Palm Beach Police Department, which concluded that Epstein paid underage girls and young women to be brought to his five-bedroom, 7½-bath Intracoastal home for massages and sometimes sex play. Much of the language in the Jane Doe suit mirrors that of police reports in the case.

Herman's client said her meeting with Epstein was set up by Haley Robson of Loxahatchee, who was a Palm Beach Community College student at the time. When Jane Doe arrived at Epstein's home, she was escorted by an Epstein assistant, Sarah Kellen, to a room with a massage table, police reports and the lawsuit say.

Epstein walked in wearing only a towel, removed it and lay naked on the massage table, the lawsuit says. He demanded that Jane Doe remove her clothing, and she did, except for her underwear, the lawsuit alleges. The sexual activity followed, the suit says.

Epstein paid her $300 afterward, and Robson got $200 for bringing the girl to him, the lawsuit says.

Robson and Kellen helped Epstein arrange other liaisons with girls, Palm Beach police concluded. Neither was charged.

This is not the first time Epstein has been sued over purported activities with teenage girls. He was sued in New York in October by a woman who says she had sex with Epstein when she was 16 and had sought his help in becoming a model.

The lawsuit filed Thursday also alleges that Epstein has assaulted girls on his private island in the Virgin Islands. Herman declined to elaborate on that assertion.

@ larry_keller@pbpost.com

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / 5B / The Palm Beach Post
West Palm Beach, FL
Date: 2/1/2008
Edition:

Title: Part-time Palm Beacher faces another sex suit

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Part-time Palm Beacher faces another sex suit

By LARRY KELLER
*Palm Beach Post Staff Writer*

WEST PALM BEACH — For the second time in two weeks, part-time Palm Beach resident Jeffrey Epstein has been sued for more than $50 million by a woman who contends that he engaged in sexual activity with her when she was a minor after enticing her to give him a massage at his home.

**Epstein**

More lawsuits may follow, Miami lawyer Jeffrey Herman said. "I'm aware of other victims," he said. "I have been contacted."

Herman filed a similar lawsuit against Epstein on Jan. 24 on behalf of a girl identified as "Jane Doe," her father and stepmother. The girl, now 17, says she was 14 when she gave Epstein a sexually tinged massage at his home.

The latest alleged victim is identified as "Jane Doe No. 2." She went to Epstein's Palm Beach mansion in 2004 or 2005 when she was 16, the lawsuit alleges. She says another girl recruited her to go there to give Epstein a massage.

Once there, she alleges, she was led to an upstairs room with a massage table. Epstein came in wearing only a towel around his waist and told her to remove her clothes. She did, except for her bra and panties, according to the lawsuit.

Epstein removed his towel, rolled onto his back, masturbated and touched Jane Doe No. 2 sexually, according to the lawsuit filed in federal court in West Palm Beach on Wednesday.

Jane Doe No. 2 was paid $200 afterward, and the girl who recruited her was given

*See* EPSTEIN, 5B ▶

31E-MM-108062-149

# 1 plaintiff's parents at odds over suit

▶ EPSTEIN *from 1B*

$100, according to the lawsuit. The two attended the same Palm Beach County high school. Jane Doe No. 2 is now 19 and living in Virginia, Herman said.

Both lawsuits contend that Epstein, 55, targeted "economically disadvantaged girls from western Palm Beach County" who were perceived as less likely to complain to authorities, or whose credibility would be questioned if they did.

"Both complaints are full of lies," said Guy Lewis, former U.S. attorney in Miami and one of Epstein's many attorneys. Jane Doe No. 2's lawsuit "is an outrageous, defamatory copycat of the first."

There has been a twist in the first Jane Doe lawsuit. Her mother in Georgia contends that her former husband — Jane Doe's father — consulted with neither of them before filing the lawsuit. She is asking a judge to halt the litigation until her daughter turns 18 in May and can make her own decisions.

The mother asked in court filings to be added to the lawsuit, saying she "has suffered and will continue to suffer severe mental anguish and pain" as a result of Epstein's "reckless conduct."

Jane Doe "just didn't want the lawsuit going forward with the father's involvement," said Ted Leopold, the mother's attorney. "She wanted to pursue it on her own. The father essentially did this on his own."

Jane Doe has been estranged from her father since Thanksgiving, Leopold said. "That's why it's even stranger what he did," he said.

The girl's mother is asking a judge in their divorce case to find the father in contempt of court for violating their divorce decree by not conferring with her on a matter involving their daughter.

"The father has sole custody and has the right to make decisions on his daughter's rights," Herman said.

Epstein is a wealthy New York money manager who has counted Bill Clinton, Donald Trump and Britain's Prince Andrew among his friends. He was the target of a lengthy investigation into his activities with girls by the Palm Beach Police Department that resulted in his indictment in July 2006 on one count of felony solicitation of prostitution. That case is pending.

Epstein has been sued in New York by a woman who says he had sex with her when she was 16. Herman said he has received calls from others making the same assertions in that state.

Herman convened a news conference Wednesday on the middle bridge connecting West Palm Beach and Palm Beach.

"This is the bridge ... these girls were recruited to come over and give a massage," he said. "When they crossed this bridge, they had no idea what was in store for them, This is a bridge of tears."

Herman has described both Jane Does as typical teenage girls Epstein robbed of their innocence.

But Harvard University law Professor Alan Dershowitz, another Epstein attorney, provided the state attorney's office with information gleaned from the myspace.com Web site two years ago showing that some of Epstein's alleged victims boasted of their alcohol and marijuana use.

Herman said the girls' backgrounds aren't relevant to Epstein's purported behavior. "They don't have the mental capacity to consent to something like this with a grown man," he said.

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FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / The Palm Beach Post
West Palm Beach, FL
Date: 2/27/2008
Edition:

Title: Girl drops lawsuit against Palm Beach man

Character or Classification: 31E-MM-108052
Submitting Office: MM

Indexing:

# Girl drops lawsuit against Palm Beach man

By LARRY KELLER
*Palm Beach Post Staff Writer*

A girl who says that wealthy money manager and part-time Palm Beach resident Jeffrey Epstein engaged in sexual activity with her when she was 14, has dropped her lawsuit against him because her divorced parents are squabbling over the litigation.

"It has to do with the fact that the parents aren't on the same page right now," said Jeffrey Herman, the attorney for the girl, identified in court papers only as Jane Doe. "It's like a sideshow."

The girl turns 18 in May and can sue again at that time without her parents' involvement, Herman said.

Herman sued Epstein last month on behalf of the girl, her father and her stepmother. Her birth mother, who lives near Atlanta, then asked to intervene on her daughter's behalf and asked that the litigation be halted until her daughter turns 18.

**Epstein**
Accused of sexually assaulting then-14-year-old girl.

The mother complained that Jane Doe's father did not consult with her or their daughter before suing Epstein for $50 million. The lawsuit alleges sexual assault, intentional infliction of emotional distress and loss of parental consortium. Herman also represents a Jane Doe No. 2 who, like Jane Doe, claims Epstein summoned her to his home for a massage when she was a minor and sexually touched her.

Epstein, 55, induced several underage girls to give him sexual massages at his Intracoastal home, a Palm Beach Police Department investigation concluded. He was indicted in July 2006 on a single count of felony solicitation of prostitution. The case is pending.

Jane Doe's parents separated two months after she was born at Good Samaritan Medical Center, according to court records. The couple's subsequent divorce has been contentious. Each has had primary custody of the girl at various times.

The father pleaded guilty to federal fraud charges in 2001 and was sentenced to 21 months in federal prison, plus three years' probation. The U.S. attorney overseeing his prosecution was Guy Lewis. Now in private practice, Lewis was hired by Epstein to defend him against the father's lawsuit filed on behalf of Jane Doe.

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31E-MM-108052-150

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
3B / The Palm Beach Post
West Palm Beach, FL
Date: 3/6/2008
Edition:

Title: Another suit alleges sex during massages

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Another suit alleges sex during massage

By LARRY KELLER
*Palm Beach Post Staff Writer*

WEST PALM BEACH — Another woman filed a federal lawsuit against Jeffrey Epstein on Wednesday, alleging that he turned a massage she gave him at his Palm Beach mansion into a sexual episode when she was 16 years old.

Identified as "Jane Doe No. 3," she is seeking more than $50 million, the same as two other "Jane Does" who filed similar lawsuits in the past six weeks. All three suits were filed by Miami lawyer Jeffrey Herman.

Herman subsequently withdrew the first Jane Doe's lawsuit because of squabbling by her parents over the litigation. The girl may refile the suit after she turns 18 in May and can make her own decisions, Herman said.

Other alleged victims also have contacted him, Herman said. "I do anticipate more cases," he said.

In the latest litigation, Jane Doe No. 3 alleges that she was recruited by a former college student, Haley Robson, to give Epstein a massage for money at his waterfront home late in 2004 or early in 2005.

The lawsuit alleges that, while on the massage table, Epstein sexually touched Jane Doe No. 3, then masturbated. She is suing on grounds of sexual assault and intentional infliction of emotional distress.

"She felt intimidated. She felt scared," Herman said. Jane Doe No. 3 made only the one visit to Epstein's home, he said.

"It's just another copycat lawsuit filed by the same lawyer who appears less interested in the truth than in grandstanding with these press conferences," said Jack Goldberger, one of Epstein's attorneys. "We now have sworn testimony that girls lied about their age to Jeffrey Epstein, and they were careful in being convincing that they were over the age of 18."

Herman said Robson instructed Jane Doe No. 3, "When he asks how old you are, tell him 18 or 19 years old." But he said it doesn't matter. "They were underage girls," Herman said. "They were sexually assaulted."

In addition to the civil lawsuits, Epstein was indicted on a single count of felony solicitation of prostitution in July 2006 after a lengthy Palm Beach Police Department investigation into his activities with underage girls at his home. A resolution has been delayed continually. The case is on Monday's court docket but is expected to be rescheduled once again.

"One of the reasons (Jane Doe No. 3) came forward is she is tired of waiting for justice," Herman said.

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31E-MM-108062-150

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Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 04/02/08 Time: 13:21

Case ID: 31E-MM-108062 Serial: 152

Description of Document:

Type : FD302
Date : 03/20/08
To : MIAMI
From : [redacted]
Topic: [redacted] WAS INTERVIEWED AT THE NEW YORK

Reason for Permanent Charge-Out:

Error in serializing.

Employee [redacted]

31E-mm-108062-152

b6
b7C

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 04/02/08 Time: 13:21

Case ID: 31E-MM-108062 Serial: 153

Description of Document:

Type : EC
Date : 03/27/08
To : MIAMI
From : NEW YORK
Topic: TO COVER LEAD SET BY THE MIAMI DIVISION,SERIAL 134,LEAD 1

Reason for Permanent Charge-Out:

Error in serializing.

Employee [redacted]

31E-mm-108062-153

FD-302 (Rev. 10-6-95)

b6
b7C



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 03/24/2008

[redacted] (hereafter referred to as [redacted], date of birth [redacted] New York, NY 10019, cellular telephone number [redacted] was interviewed at the New York Office of the Federal Bureau of Investigation (FBI), located at 26 Federal Plaza, New York, NY 10278. After being advised of the identity of the interviewing agents and the nature of the interview, [redacted] provided the following information:

[redacted] stated she is currently employed at [redacted] in New York, NY and is also a [redacted]

[redacted] added that prior to that she was [redacted]

Investigation on 03/20/2008 at New York, NY

File # 31E-MM-108062-154 Date dictated

by [redacted]

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31E-MM-108062-154

[redacted] told the girls that [redacted] knew a man by the name of JEFFREY LNU who would pay $300.00 to girls who would give him a massage. [redacted] that it was very legitimate and that he never touched them, he just wanted to see a pretty girl giving him a massage at home.

[redacted] was suspicious and wondered why he would pay so much money just for a just a massage. [redacted] told her it was very easy money and she was not required to do anything else but massage him. [redacted] just wanted to have pretty young girls around him.

[redacted] and told her that she had made an appointment for [redacted] to go to JEFFREY's house to give him a massage. [redacted] had never agreed to this but felt obligated to go to the appointment now that [redacted] had set it up. [redacted] gave her the address of JEFFREY's apartment which was located on 63rd street at Central Park East (from what she can recall). She also remembered the apartment was adjacent to the Ralph Lauren store in the Upper East Side, NYC. [redacted] was still apprehensive about going but since the appointment was during the day she figured nothing bad could happen.

She recalled that the apartment was a four story brownstone and when she pressed the buzzer a maid answered the door. [redacted]

In a minute or so JEFFREY came downstairs and introduced himself. She described him as a man in his 60's with salt and pepper hair and about 5'9". [redacted] He then took her to a room that was set up like a massage parlor complete with massage table and an assortment of massage oils, lotions, and other aroma-therapy products.

JEFFREY then explained that he wanted her to strip to her underwear and massage him. [redacted] declined but did take some of her clothes off. She left on a tank top and what she called [redacted] JEFFREY then left the room and returned fully undressed with the exception of a

towel he had wrapped around his waist. JEFFREY laid down on the massage table face down and kept the towel on. [redacted] then massaged his back and legs. JEFFREY at no time touched her or disrobed in front of her. After 20 minutes of being massaged he got off the table and paid her $300.00 in $100.00 bills. (It should be noted that [redacted].

After the massage was over, JEFFREY told [redacted]

About a week later, [redacted] again and told her she had set up another appointment. [redacted] about it and said that she should go with her and they could both make some easy money. [redacted] about her experience [redacted]

The girls then went to JEFFREY's apartment and he again led them to the massage room. He asked them both to take their clothes off which they refused. [redacted]. JEFFREY then went to the other room, and came back undressed with a towel wrapped around his waist.

The girls then began to massage him and then JEFFREY asked [redacted]

[redacted] received a call from a [redacted] JEFFREY EPSTEIN's office. She left a message on [redacted] cell phone (which is the same number she has currently) telling her that she needed to call [redacted] back as soon as possible. [redacted] did not return her call as she did not know who these people were. A few minutes later, [redacted]

worked at JEFFREY EPSTEIN's office and he was the same JEFFREY that she had met and had massaged. [redacted] told her to give [redacted] a call [redacted] called the number on her caller ID and it was the business number for JEFFREY's office. A woman by the name of [redacted] LNU called and said [redacted] would call her right back.

[redacted] immediately called [redacted] and told her that she needed to contact [redacted] and needed her cell phone number which [redacted] provided.

A few minutes later, [redacted] and asked that she go with her to JEFFREY's house. [redacted] agreed and it was the same scenario as the previous visit. Once again, after a few minutes of [redacted]

[redacted] knew from talking to the other girls like [redacted] was still going to JEFFREY's house even after

[redacted]

[redacted]

[redacted] heard through [redacted] and [redacted] When asked what she meant by that she replied they would have sex with him.

Moreover, [redacted] JEFFREY's office to [redacted] the building being located on 53rd street between Madison and Park avenues in NYC. [redacted]

[redacted]

However, she had overheard [redacted] brag to the other girls about going on a trip with JEFFREY to West Palm Beach, Florida. She was going on about going to West Palm Beach on a boat and having a great time in Florida. [redacted] probably went on a trip if not several trips with JEFFREY to Miami and West Palm Beach, FL but did not have further information on this matter.

[redacted]

[redacted] stated that JEFFREY EPSTEIN used to like to boast about all the celebrities he knew and [redacted] and make calls to celebrities in the movie industry while he was getting a massage. JEFFREY at one point had claimed to know, GELSEY KIRKLAND, a famous ballet star, KIERA KNIGHTLY among others. He thought this would impress her but since [redacted]

Nonetheless, [redacted] is cognizant that JEFFREY has a lot of money and power and now that this has come to light, [redacted]

[redacted]

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b7C

FD-302 (Rev. 10-6-95)



**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 03/26/2008

[redacted] (hereafter referred to as [redacted], date of birth [redacted] New York, NY 10019, cellular telephone number [redacted] telephonically contacted Special Agent (SA) [redacted] of the New York Division of the Federal Bureau of Investigation (FBI). [redacted] provided the following information:

[redacted] stated her friend [redacted] had called her [redacted] informed SA [redacted] that she was concerned about [redacted] regarding her involvement with JEFFREY EPSTEIN.

[redacted]

Investigation on 03/25/2008 at New York, NY (telephonically)

File # 31E-MM-108062 -155 Date dictated

by [redacted]

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31E-MM-108062-155

[redacted]

[redacted] was asked if she ever heard about JEFFREY taking pictures or videos of the girls who provided massage services. She stated she had no knowledge regarding that aspect of JEFFREY EPSTEIN's life.

(Rev. 06-04-2007)

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# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 03/27/2008

**To:** Miami **Attn:** PB-2/PBCRA
SA [redacted]

**From:** New York
C-20
**Contact:** [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 -156 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION;

**Synopsis:** To cover lead set by the Miami Division, serial 134 lead 1.

**Enclosure(s):** For the Miami Division the following documents have been enclosed:

1. One original and two copies of FD-302 reflecting interview with [redacted] dated 03/20/2008 with original notes in a 1-A envelope.

2. One original and two copies of FD-302 reflecting interview with [redacted] dated 03/25/2008 with original notes in a 1-A envelope.

**Details:** [redacted] was interviewed at the NYO FBI office on 03/20/2008. [redacted] then contacted writer telephonically after the first interview to provide additional information on 03/25/2008.

Some of most salient facts that were discovered during these interviews are as follows:

[redacted]

31E-MM-108062-156

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The NYO considers this lead covered. However, given the fact that there is the possibility that other minors are involved in the NY territory, investigation continues in this matter.

♦♦



HOUSE_OVERSIGHT_021538

FD-302 (Rev. 10-6-95)

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**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription 03/22/2008

[redacted] NY, cell phone [redacted], date of birth [redacted] was advised of the identities of the interviewing agents and the purpose of the interview and provided the following information:

[redacted] describes [redacted] as a party girl. [redacted] and was employed [redacted] she was making $300 per session for giving a massage to JEFFREY EPSTEIN. [redacted] was introduced to massages for EPSTEIN through a girl named [redacted] (Last Name Unknown) who lives in [redacted] New York.

EPSTEIN brings girls into his home, [redacted] described as a mansion on the east side of Manhattan, and has them give him massages in a spa-like room. [redacted]

[redacted] described EPSTEIN as [redacted] throughout the duration of the massage. He apparently knew a lot of celebrities. He claimed he could get [redacted] knew very little of EPSTEIN's life while she was involved in giving him

indexed 4/24/08 [redacted]

Investigation on 03/17/2008 at [redacted] New York

File # 31E-MM-108062 - 157 Date dictated

by [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-157

massages but learned more about him from the internet. [redacted] was inattentive toward the names and ages of girls she knew of that were involved in these massages but, in retrospect, she believes some would have been underage. [redacted] was underage when she started out with EPSTEIN. [redacted] does not like [redacted]

[redacted] estimates that these sessions spanned [redacted] month period. [redacted] was not a minor when she was dealing with EPSTEIN. [redacted] was unaware of locations or residences beyond Manhattan and was [redacted] for EPSTEIN.

(Rev. 06-04-2007)

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b7C

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 04/22/2008

**To:** Miami **Attn:** SA [redacted]

[redacted] **From:** New York
C41
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062- ~~(Pending)~~ 158

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

**Synopsis:** Response to lead at [redacted] New York, to interview [redacted] FD-302 attached. This lead is completed.

**Details:** [redacted] was interviewed regarding above captioned matter. Results set forth in attached FD-302.

**LEAD(s):**

**Set Lead 1:** (Action)

MIAMI

AT PBCRA

Read and Clear.

♦♦

UPLOADED
WITH TEXT ✓
WITHOUT TEXT
BY 3
DATE 4/24/08

31E-MM-108062-158

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1B / The Palm Beach Post
West Palm Beach, FL
Date: 3/18/2008
Edition:

Title: Girl sues Epstein, two others she says conspired in massages

Character or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Girl sues Epstein, two others she says conspired in massages

*Jane Doe,' 17, sues in state court after dropping a federal suit.*

By LARRY KELLER
*Palm Beach Post Staff Writer*

WEST PALM BEACH — A former Palm Beach Community College student who police say procured underage girls to give Jeffrey Epstein sexual massages at his Palm Beach mansion, and Epstein's personal assistant have been sued along with Epstein over their alleged conduct.

The girl behind the lawsuit was 14 years old when she contends he engaged in sexual conduct with her after she went to his waterfront home in 2005 to give him a massage. Her lawsuit, filed under the name Jane Doe, seeks unspecified damages from Epstein for sexual assault and intentional infliction of emotional distress.

She also sued Epstein, Haley Robson of Loxahatchee and Sarah Kellen of New York City on grounds of conspiracy and civil racketeering.

"We just want a full measure of justice for this girl," said her attorney, Ted Leopold.

Robson, who attended Palm Beach Community College, was paid by Epstein to bring girls to his mansion for massages and more, according to Palm Beach police. "I'm like a Heidi Fleiss," they said she told them. Her attorney could not be reached immediately for comment.

Kellen was an Epstein personal assistant who arranged the encounters, even escorting the girls to his massage room, police alleged.

**Epstein**

"These two conspired with him to help with the criminal enterprise," Leopold said.

Jane Doe, through her father and stepmother, filed a federal lawsuit against Epstein in January. She dismissed it after her mother said she wasn't consulted about the litigation and sought to intervene. The mother is acting on her daughter's behalf in the latest lawsuit.

Epstein's lawyer has denied the girl's allegations and said her family is simply attempting to get money from a very rich man. Epstein, 55, is a Manhattan money manager who has homes there, in New Mexico and the Virgin Islands, in addition to his $8.5 million Palm Beach mansion.

Two other Jane Does have sued Epstein in federal court this year, making similar allegations to those of the first Jane Doe. Those cases remain active.

Also pending against Epstein in state court is a felony charge of solicitation of prostitution arising from the same alleged incidents with several girls. That case is set for trial in July, two years after he was indicted.

Jane Doe's new lawsuit, filed in Palm Beach County Circuit Court, is the most explicit in detailing Epstein's alleged misconduct. It is the only suit to include Robson and Kellen as defendants, and the only one to make conspiracy and racketeering allegations.

Jane Doe will turn 18 in May. She lives with other family members in Palm Beach County, is nearing graduation from high school and is working part time, Leopold said.

© larry_keller@pbpost.com

31E-MM-108062-161

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 05/31/2008

**To:** Miami **Attn:** PB-2/PBCRA
SA [redacted] b6 b7C

**From:** New York
C-20
**Contact:** [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 - 162 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION;

**Synopsis:** To document service of Grand Jury Subpoena to [redacted] b3 b6 b7C
[redacted]

**Enclosure(s):** For the Miami Division the following documents have been enclosed:

1. One original and two copies of FD-302 reflecting interview with [redacted] b3 b6 b7C

2. One original Grand Jury Subpoena return dated [redacted] in a 1-A envelope.

**Details:** [redacted] Special Agents (SAs) [redacted] and [redacted] of the Federal Bureau of Investigation (FBI) met with [redacted] at her residence at [redacted] [redacted] New York.

[redacted] was advised of the identity of the interviewing agents and before agents could state the purpose of the interview, [redacted] stated she did not want to speak to the agents and wanted to speak to her attorney. [redacted] then provided agents with her attorney's business card. [redacted] attorney as listed on the business card is [redacted] [redacted] New York, NY 10075, telephone number [redacted]

Agents explained [redacted] but were

31E-MM-108062-162

b3
b6
b7C

there to interview [redacted] She was then provided with a copy of a Grand Jury Subpoena [redacted]

[redacted] stated that she would speak to her attorney and understood the consequences of not showing up to the grand jury [redacted] Agents provided contact information for [redacted] should she later want to contact agents regarding this matter.

It should be noted that [redacted] did call SA [redacted] later that same day and stated she wanted to know why agents wanted to talk to her so that she in turn could consult her attorney in this matter. SA [redacted] replied that this was regarding JEFFREY EPSTEIN. SA [redacted] then asked [redacted]

[redacted] was then referred to the printed material that was included with the subpoena regarding her travel and answered [redacted] questions. [redacted]

The return of service for the Grand Jury Subpoena was placed in a 1-A envelope.

♦♦



HOUSE_OVERSIGHT_021544

**FEDERAL BUREAU OF INVESTIGATION**

Date of transcription [redacted]

[redacted] Special Agents (SAs) [redacted] and [redacted] of the Federal Bureau of Investigation (FBI) met with [redacted] at her residence at [redacted] New York.

[redacted] was advised of the identity of the interviewing agents and before agents could state the purpose of the interview, [redacted] stated she did not want to speak to the agents and wanted to speak to her attorney. [redacted] then provided agents with her attorney's business card. [redacted] attorney as listed on the business card is [redacted] NY 10075, telephone number [redacted]

Agents explained [redacted] but were there to interview [redacted] She was then provided with a copy of a Grand Jury Subpoena [redacted]

[redacted] stated that she would speak to her attorney and understood the consequences of not showing up to the grand jury [redacted] Agents provided contact information for [redacted] should she later want to contact agents regarding this matter.

It should be noted that [redacted] did call SA [redacted] later that same day and stated she wanted to know why agents wanted to talk to her so that she in turn could consult her attorney in this matter. SA [redacted] replied that this was regarding JEFFREY EPSTEIN. SA [redacted] then asked [redacted] then answered "OK...", and then asked about travel arrangements to Florida for grand jury.

[redacted] was then referred to the printed material that was included with the subpoena regarding her travel and answered [redacted] questions. [redacted]

Investigation on [redacted] at [redacted] NY

File # 31E-MM-108062-163 Date dictated

by [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31E-MM-108062-163

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31E-MM-108062



[redacted] provided no further information at this time.

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)
1A/8A The Palm Beach Post
West Palm Beach, FL
Date: 7/1/2008
Edition:

Title: Palm Beacher pleads in sex case

Character or Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

in Space Below)

# Palm Beacher pleads in sex case

*Jeffrey Epstein will serve 1½ years on teen solicitation charges.*

By LARRY KELLER
*Palm Beach Post Staff Writer*

WEST PALM BEACH — He lives in a Palm Beach waterfront mansion and has kept company with the likes of President Clinton, Prince Andrew and Donald Trump, but investment banker Jeffrey Epstein will call the Palm Beach County Jail home for the next 18 months.

Epstein, 55, pleaded guilty Monday to felony solicitation of prostitution and procuring a person under the age of 18 for prostitution. After serving 18 months in jail, he will be under house arrest for a year. And he will have a lifelong obligation to register as a sex offender. He must submit to an HIV test within 48 hours, with the results being provided to his victims or their parents.

As part of the plea deal, federal investigators agreed to drop their investigation of Epstein, which they had taken to a grand jury, two law enforcement sources said.

Epstein was indicted two years ago after an 11-month investigation by Palm Beach police. They received a complaint from a relative of a 14-year-old girl who had given Epstein a naked massage at his five-bedroom, 7,234-square-foot, $8.5 million Intracoastal home.

Police concluded that there

*See* EPSTEIN, 8A ▶

UMA SANGHVI/Staff Photographer

Investment banker Jeffrey Epstein waits in court Monday before his guilty plea.

31E-MM-108062-165

# Epstein faces civil lawsuits; more clients may be added

▶ EPSTEIN *from 1A*

were several other girls brought in 2004 and 2005 to an upstairs room at the home for similar massages and sexual touching.

The indictment charged Epstein only with felony solicitation of prostitution. The state attorney's office later added the charge of procuring underage girls for that purpose.

Prosecutor Lanna Belohlavek said of the plea: "I took into consideration the length the trial would have been and witnesses having to testify" about sometimes embarrassing incidents.

Epstein may have made a serious mistake soon after he was charged. He rejected an offer to plead guilty to one count of aggravated assault.

**'It's validation of what we're saying in the civil cases.'**

JEFFREY HERMAN
Attorney who represents alleged victims, commenting on the plea

The judge was skeptical but agreed to it.

Epstein's legal woes don't end with Monday's plea. There are four pending federal civil lawsuits and one in state court related to his behavior. At least one woman has sued him in New York, where he owns a 51,000-square-foot Manhattan mansion.

"It's validation of what we're saying in the civil cases," said Miami attorney Jeffrey Herman, who represents the alleged victims in the federal lawsuits. West Palm Beach attorney Ted Leopold represents one alleged victim in a civil suit in state court. He said he anticipates amending that lawsuit to add "a few other clients" as well.

In the criminal case, police went so far as to scour Epstein's trash and conduct surveillance at Palm Beach International Airport, where they watched for his private jet so they would know when he was in town. They concluded that Epstein paid girls $200 to $300 each after the massage sessions.

"I'm like a Heidi Fleiss," Haley Robson, now 22, told police about her efforts in recruiting girls for Epstein.

There was probable cause to charge Epstein with unlawful sex acts with a minor and lewd and lascivious molestation, police concluded.

The state attorney's office said questions about the girls' credibility led it to take the unprecedented step of presenting the evidence against Epstein to a grand jury, rather than directly charging him.

Palm Beach Police Chief Michael Reiter was furious with State Attorney Barry Krischer, saying in a May 2006 letter that the prosecutor should disqualify himself. "I continue to find your office's treatment of these cases highly unusual," he wrote. He then asked for and got a federal investigation.

Epstein hired a phalanx of high-priced lawyers—including Harvard law professor and author Alan Dershowitz—and public relations people who questioned Reiter's competence and the victims' truthfulness.

In addition to mansions in Palm Beach and Manhattan, Epstein owns homes in New Mexico and the Virgin Islands. He's a frequent contributor to Democratic Party candidates. He also donated $30 million to Harvard in 2003.

Former New York Gov. Eliot Spitzer returned a $50,000 campaign contribution from Epstein after his indictment, then resigned this year during his own sex scandal. And the same Palm Beach Police Department that vigorously investigated Epstein returned his $90,000 donation for the purchase of a firearms simulator.

*Staff writer Eliot Kleinberg and staff researcher Michelle Quigley contributed to this story.*

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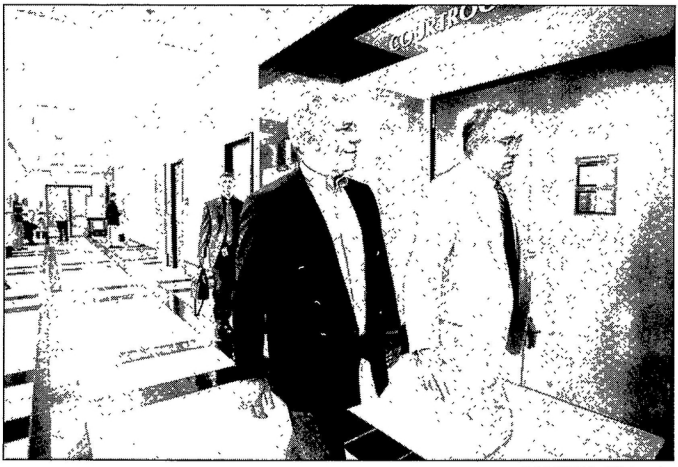

UMA SANGHVI/Staff Photographer

Jeffrey Epstein (left) appears in court Monday. Soon after he was charged two years ago, Epstein rejected a deal that would have given him five years' probation and no criminal record, documents show.

FD-350 (Rev. 5-8-81)

(Mount Clipping in Space Below)

# Rich man fought the law – and he mostly won

## *Why is Jeffrey Epstein in jail, and not prison?*

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal — guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution — does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims — and Epstein — were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

(Indicate page, name of newspaper, city and state.)

Date: 07072008
Edition: Palm Beach Post

Title: Rich man fought the law and he mostly won

Character:
or
Classification: 31E-MM-108062
Submitting Office: Miami (PB2)

Indexing:

31E-MM-108062-166

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# BID TO BURN EPSTEIN PLEA

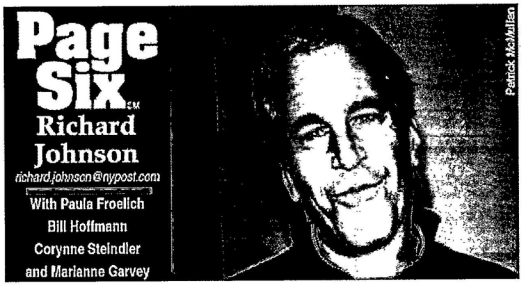


July 21, 2008 --

THREE young women suing billionaire **Jeffrey Epstein** for sex abuse at his Palm Beach mansion want a federal judge to quash the plea deal he made with the state of Florida to serve 18 months in jail in exchange for admitting he solicited a 14-year-old hooker. Their lawyer, **Brad Edwards**, has asked US District Judge **Kenneth Marra** to toss the deal - which included an agreement that Epstein's wouldn't face federal prosecution, which could have led to a longer jail term - because they weren't consulted on it. Marra has asked for more information before he rules. Epstein's rep, **Howard Ruben stein**, said, "The lawsuit has absolutely no merit. They're just looking for money. These women have lied repeatedly, and in no way shape or form were they victims. They were at his place freely and voluntarily. And one of them showed Epstein a fake ID."

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**TODAY IN PAGE SIX**

31E-mm-108 062-167

(Rev. 05-01-2008)

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b7C

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 07/25/2008

**To:** [redacted] **Attn:** ALAT [redacted]

**From:** Miami
PB2/Palm Beach County Resident Agency
**Contact:** [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 188B-MM-105207-D ~~(Pending)~~
31E-MM-108062. ~~(Pending)~~

**Title:** Victim Assistance Program
Victim Notification Letter and Brochures
7/25/2008

**Synopsis:** To deliver Victim Notification Letter and brochures.

**Enclosure(s):** Victim Notification Letter
Brochure/Help for Victims of Crime
Brochure/The Victim Notification System

**Details:** Per our conversation, that was conducted on Monday, July 21, 2008 please provide [redacted] with the enclosed Victim Notification Letter and brochures.

UNCLASSIFIED

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31E-MM-108062-170
~~188B-MM-105207-D~~

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b7C

To: [redacted] From: Miami
Re: 188B-MM-105207-D, 07/25/2008

**LEAD(s):**

**Set Lead 1: (Action)**

[redacted]

AT [redacted]

Please deliver the enclosed letter and brochures to [redacted]. In addition, please confirm completion of this matter.
Read and Clear

♦♦



HOUSE_OVERSIGHT_021553

(Rev. 05-01-2008)

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b7C

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 08/07/2008

**To:** [redacted] **Attn:** ALAT [redacted]

**From:** Miami
PB2/Palm Beach County Resident Agency
**Contact:** [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~
188B-MM-105207-D ~~(Pending)~~

**Title:** Victim Assistance Program
Victim Notification Letter and Brochure
8/7/2008

**Synopsis:** To document request for delivery of Victim Notification Letter and brochure.

**Enclosure(s):** Victim Notification Letter
Brochure/Help for Victims of Crime
Brochure/The Victim Notification System

**Details:** Per our conversation, that was conducted on Wednesday, July 23, 2008 it's very important that [redacted] DOB: [redacted] receives a Victim Notification Letter explaining her rights as a crime victim. SA [redacted] address for her, but she can be reached at the following numbers: [redacted]

According to Special Agent [redacted] on 07/24/2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving multi-million-naire Jeffrey Epstein. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00.

Testimony from multiple witnesses indicate hat [redacted] a minor at the time, was one of Jeffrey Epstein's

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~~188B-MM-105207-D~~
31E-MM-108062-171

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To: [redacted] From: Miami
Re: 31E-MM-108062, 08/07/2008

victims. Mr. Epstein is believed to have had contact with [redacted]

In addition, SA [redacted] indicated that she believes that [redacted]

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To: [redacted] From: Miami
Re: 31E-MM-108062, 08/07/2008

**LEAD(s):**

**Set Lead 1: (Action)**

[redacted]

AT [redacted]

Please deliver the enclosed letter and brouchures to [redacted] In addition, please confirm completion of this matter.
Read and Clear

♦♦



HOUSE_OVERSIGHT_021556

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*U.S. Department of Justice*

**Federal Bureau of Investigation**

File No. 31E-MM-108062 & 188B-MM-105207-D

25 August 2008

Mr. [redacted]
Federal Agent
[redacted]

Dear Federal Agent [redacted]

The Miami Division of the Federal Bureau of Investigation (FBI) requests the assistance of the [redacted] in delivering a Victim Notification Letter and brochure to [redacted] date of birth [redacted] who has been contacted in the past at [redacted]

On 24 July 2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving the illegal sexual activity between multi-millionnaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00. Testimony from multiple witnesses indicate hat [redacted] a minor at the time, was one of Jeffrey Epstein's victims. Mr. Epstein is believed to have had contact with [redacted] Under United States Code Title 18 Section 3771, a victim of a crime in the United States has a number of rights which are detailed in the enclosed letter and brochures. It is requested that the [redacted] locate [redacted] and deliver the enclosed letter and brochure. If you have any questions regarding this request, please contact Assistant Legal Attache [redacted] at [redacted]

Sincerely,

SCOTT L. CRUSE
LEGAL ATTACHE
[redacted]

[redacted]
Assistant Legal Attache

Close lead covered 9/18/08
[redacted]
emailed to
ACME
8/25/08 [redacted]

[redacted]

5: [redacted]

31E-MM-108062-173

## VICTIM NOTIFICATION SYSTEM (VNS)

VNS is a free service that provides victims of Federal crime with information and notification regarding the status of the case and the offender's custody status, to include dates of court hearings, sentencing, parole and release. Information is provided in English or Spanish.

To access this system, your Victim Specialist will provide you with a Victim Identification Number (VIN) and a Personal Identification Number (PIN). If you have chosen to participate in VNS, but have not received these numbers, please contact the Victim Specialist at your local FBI field office.

You will receive letters, as updates to your case are available. You may also call the VNS Call Center at 1-866-365-4968 or access VNS on-line at http://www.Notify.USDOJ.gov for current case, court or custody information. You will be prompted to provide both your VIN and PIN when contacting the VNS Call Center. The Call Center and VNS is available on the internet during the following hours (Eastern Standard Time):

| | |
|---|---|
| Monday - Friday | 6:00 a.m. - 3:00 a.m. |
| Saturday | 6:00 a.m. - 12:00 a.m. |
| Sunday | 8:00 a.m. - 12:00 a.m. |

## LIMITED CONFIDENTIALITY STATEMENT

As your Victim Specialist, I certainly am here to assist you as you go through the criminal justice process. However, you should know that I work as part of a team with the FBI Agent and personnel from the United States Attorney's Office. Discussions that you have with me may not be considered completely confidential. As part of the team, there are times when I may need to share information you provide with the other team members. This is especially important if you share information regarding your safety, a medical emergency, when the information relates to child abuse and/or when the nondisclosure of the information could interfere with the investigation or prosecution of the case.

If you have any questions about limited confidentiality, you may contact me for clarification.

Remember, your interests are important to us. Many victims have questions and we are here to help provide you with answers and practical assistance.

### IMPORTANT CONTACT NUMBERS

**FBI Victim Specialist:**

_____
Name

_____
Phone

**FBI Special Agent:**

_____
Name

_____
Phone

### INFORMATION CARD

_____
Victim Identification Number (VIN)

_____
Personal Identification Number (PIN)

_____
Investigation/Court Case Number

**Department of Justice**
Federal Bureau of Investigation

# HELP *for* VICTIMS OF CRIME

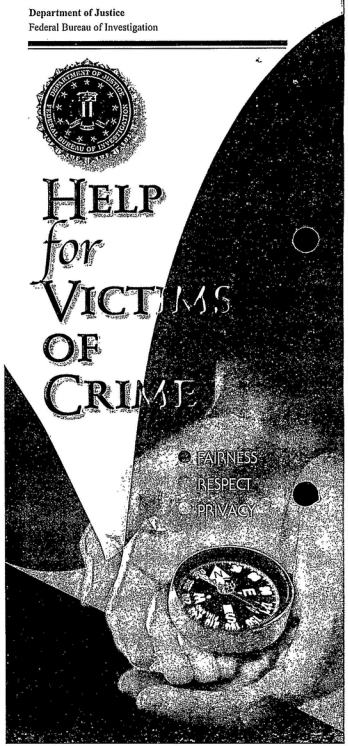

# Introduction

The Federal Bureau of Investigation (FBI) is responsible for investigating a wide range of Federal crimes. Part of the FBI's work involves providing information and assistance to victims of those crimes. Crime can have a devastating effect on victims and their families who may need help coping with the impact of victimization. FBI Victim Specialists are highly trained professionals who can assist you and coordinate with other agencies in providing you with the support, information, and resources that can effectively meet your needs. Victim Specialists are available 24 hours a day, 7 days a week.

A Federal investigation can be both complex and lengthy. It may involve several agencies, some Federal and some local. This brochure provides information to help you deal with the needs and questions that often arise during an investigation. It describes your rights under Federal law, and the types of services that may be available to you. Please contact your FBI Victim Specialist if you have any questions. The Specialist's name and number can be found at the end of this brochure.

# Help for Victims of Crime

## As a Crime Victim, you have the following rights under 18 United States Code, Section 3771:

- The right to be reasonably protected from the accused;
- The right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused;
- The right not to be excluded from any such public court proceeding, unless the court, after reviewing clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding;
- The right to be reasonably heard at any public proceeding in the district court involving the release, plea, sentencing, or any parole proceeding;
- The right to confer with the attorney for the Government in the case;
- The right to full and timely restitution as provided in law;
- The right to proceedings free from unreasonable delay;
- The right to be treated with fairness and with respect for the victim's dignity and privacy.

We will make our best efforts to ensure you are afforded the rights described. Most of these rights pertain to events occurring after the indictment of an individual for the crime, and it will be the responsibility of the prosecuting United States Attorney's Office to ensure you are afforded those rights. You may also seek the advice of a private attorney with respect to these rights.

## If you are threatened or harassed

Your safety is paramount. If anyone threatens you or you feel that you are being harassed because of your cooperation with this investigation, there are available remedies. If you are in immediate danger, contact your local law enforcement agency mmediately. Also, you should contact your Victim Specialist or the Case Agent and inform them of the situation. There are penalties for harassment and other threats; therefore, it is important that you report any incident as soon as possible.

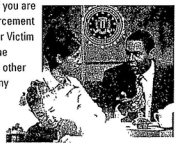

## If you need financial help or support services

All states have crime victims compensation programs that help cover some expenses resulting from violent crimes. Your state program may pay for medical and mental health care costs, lost wages and support, and funeral and burial expenses not covered by insurance or other benefits. Your FBI Victim Specialist may be able to help intercede on your behalf with employers and creditors, when appropriate. In addition, your Victim Specialist can refer you to other types of programs and services, such as emergency housing, counseling, support groups, and credit counseling. If the offender is convicted or pleads guilty, the court may order payment by the offender, called restitution, which may help cover expenses and losses caused by your victimization.

## If your property was stolen or held as evidence

If your property was stolen, we hope to recover it as part of our investigation and return it as soon as possible. If your property is held as evidence, we will notify you, maintain it in good condition, and make every effort to see that it is returned to you as quickly as possible when it is no longer needed as evidence.

Please understand that some property we receive as evidence has been damaged during the course of the crime.

## If an arrest is made

Every effort will be made to notify you if a suspect is apprehended. If criminal charges are filed, you will be contacted by the United States Attorney's Office (USAO) assigned to handle your case.

Each USAO has a Victim Witness Coordinator to help answer your questions and deal with your concerns during the prosecution of the case.

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## 9. Must I receive notification?

If you do not wish to receive notification you may contact: (1) the VNS Call Center (1-866-365-4968, provide your VNS VIN & PIN, Select Opt Out option); (2) access the VNS Web site and select the Stop Receiving Notifications link; (3) the person indicated on your initial notification letter; or (4) the Victim-Witness Coordinator at your local U.S. Attorney's Office.

## INFORMATION CARD

Victim Identification Number (VIN)

Personal Identification Number (PIN)

Not all relevant information regarding a case will be contained within VNS. Victims may contact the respective agency staff for additional information.

Overview - VNS Information

| Information - Activity | Internet | Call Center |
|---|---|---|
| Investigative Status (Under Investigation or Prosecution Declined) | ✓ | ✓ |
| Filing of Criminal Charges, Outcome of the Charges and Sentencing data | ✓ | ✓ |
| Future & Past Court Hearings | ✓ | ✓ |
| BOP Custody Status & location, projected release date | ✓ | ✓ |
| Other available information | ✓ | |
| Links to other Internet Web resources | ✓ | |
| Update address, email, telephone number | ✓ | ✓ |
| Opt out from access to VNS, including the Internet & Call Center | ✓ | ✓ |

DOJ - USA-260
USPIS - PSN7610-07-000-1290

U.S. Department of Justice

# The Department of Justice Victim Notification System

## A Service Provided by:

- The Federal Bureau of Investigation
- The United States Attorneys' Offices
- The Federal Bureau of Prisons, and
- The Office for Victims of Crime

## In Cooperation With:

- The United States Postal Inspection Service

# Introduction

The Department of Justice and the United States Postal Inspection Service are committed to ensuring that victims of federal crime are treated fairly as their case moves through the criminal justice system.

In order to provide victims with information on case events, the Department of Justice has developed the Victim Notification System (VNS). This brochure provides information about VNS.

## Victim Notification System (VNS)

VNS is a cooperative effort between the Federal Bureau of Investigation (FBI), the United States Postal Inspection Service (USPIS), the United States Attorneys' Offices, and the Federal Bureau of Prisons (BOP).

This free, computer-based system provides important information to victims. In many cases you will receive letters generated through VNS containing information about the events pertaining to your case and/or any defendants in the case.

This information is also available in English and Spanish on the Internet and through a toll-free telephone number (Call Center). In cases with many victims, you may receive only one letter and then be directed to the Internet or Call Center for further information.

# VNS Information

## Registration:

You will receive a Victim Identification Number (VIN) and a Personal Identification Number (PIN) that will allow you to access VNS on the Internet and using your telephone. You may write those numbers on the attached tear-off card to keep with you.

If you have chosen to participate in VNS, but have not received these numbers, please contact either the FBI, the USPIS, or U.S. Attorney's Office handling your case.

☞ **Your VIN and PIN numbers are both required any time you contact the Call Center or when accessing VNS on the Internet.**

## VNS Internet Access:

- You may access information about the case via the Internet at: http://www.Notify.USDOJ.Gov You will be required to enter your VIN and your PIN.
- The Web site, in some instances, may provide additional information that is not available through the Call Center.

(Refer to **Common Questions**, numbers 4, 5 & 6 below, for more information regarding the Internet.)

## The VNS Call Center:

You may call 1-866-DOJ-4YOU (1-866-365-4968) for current information. You will be required to enter your VIN and your PIN.

By following the prompts, VNS will provide custody information and notice of upcoming court events.

The Call Center will include options to hear:

**Upcoming Events** - information on future court hearings

**Historical Court Events** - information on past court hearings

**Detailed Information on Each Defendant** - information regarding criminal charges filed, the outcome of the charges, and the sentence imposed by the Court; if the defendant is in the custody of BOP, the custody location, projected date of release from custody and other release information.

## VNS Notification:

You may also receive information about case events by telephone, email, numeric pager, or fax. Please note that in some rare instances, VNS may contact you by phone which will require use of your PIN.

# Common Questions

Below are some common questions about VNS. If at any time you have a question about VNS that is not answered here, please feel free to contact your local FBI, USPIS, or U.S. Attorney's Office.

**1. When can I call the VNS Call Center or access VNS on the Internet?**

(Eastern Time)

| | |
|---|---|
| Monday - Friday | 6:00 a.m. - 3:00 a.m. |
| Saturday | 6:00 a.m. - 12:00 a.m. |
| Sunday | 8:00 a.m. - 12:00 a.m. |

**1-866-DOJ-4YOU - (1-866-365-4968)**
**International Callers:**
**(1)502-213-2767**
**http://www.Notify.USDOJ.Gov**

## 5. What information is available on the VNS Internet Web site?

The information available will include:

A. **Case Activities Detail** - information about events in your case.

B. **Downloads/Links** - supplemental information about your case.

C. **My Information** - allows you to view and/or update your mailing address, phone number, and email address.

D. **Stop Receiving Notifications** - allows you to stop receiving further notifications. You can later re-enroll using your VIN and VNS Login ID.

## 6. How often is information on the Internet updated?

The VNS Web site is updated daily, Monday through Friday.

## 7. Does the Victim Notification System ensure my safety?

No. Do not depend on VNS to ensure your safety. If you feel that you are being threatened, **immediately** notify law enforcement.

## 8. What should I do if my contact information changes?

If your address, email or phone number changes, you should update your contact information using one of the following methods: (1) VNS on the Internet* (**http://www.Notify.USDOJ.gov**) (2) VNS Call Center* (**1-866-365-4968**) (* You will need your VNS VIN & PIN/Web Login ID); (3) the person indicated on your initial notification letter, or; (4) the Victim-Witness Coordinator at your local U.S. Attorney's Office.

You must keep your contact information current (see Common Questions number 8). If an agency is unable to contact you due to outdated contact information, you will be removed from the notification program.

## 2. What if I forget my PIN?

Each VNS notification will re-state your VIN & PIN. If you do not have this correspondence, please contact the agency (FBI/USPIS/U.S. Attorney's Office) involved with your case.

## 3. What if I am not at home or my phone is busy when VNS calls?

In this instance, the Call Center will continue calling you every 30 minutes. If the call is answered, but is not confirmed with your PIN number, VNS will continue to call every two (2) hours.



## 4. How do I access the VNS Internet site?

A. Enter http://www.Notify.USDOJ.Gov in your Web browser.

B. If you are a new user, click "First time users click here".
   (1) Enter your VIN.
   (2) Enter your PIN.
   (3) Complete the remaining information as requested on the Web site to include creating a new VNS Login ID.

C. Your VNS Login ID must be used in conjunction with your VIN during any subsequent access of the VNS Web site.

(Rev. 05-01-2008)

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UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 10/07/2008

**To:** [redacted] **Attn:** ALAT [redacted]
**Attn:** ALAT

**From:** Miami
Squad PB-2, PBCRA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request hand delivery of Victim Notification Letters from the United States Attorney's Office to victims residing overseas.

**Enclosure(s):** 1) Enclosed for [redacted] a letter addressed to [redacted] C/O Asst Legal Attache [redacted] United States Embassy, [redacted]
2) Enclosed for [redacted] a letter addressed to [redacted] C/O Asst. Legal Attache [redacted] United States Embassy, [redacted]

**Details:** Per the request of the United States Attorney's Office, the above referenced letters need to be hand delivered to [redacted], dob [redacted], dob [redacted] The letters reference the outcome of a Non-Prosecution Agreement entered into by the US Government and Mr. Epstein. The letters provide the victims with the terms of the Agreement and contact information should the victims have any questions.

Mr. Epstein is currently incarcerated at the Palm Beach County Stockade serving an 18 month prison sentence, followed by

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281[redacted]01.ec
31E-MM-108062-174

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To: [redacted] From: Miami
Re: 31E-MM-108062, 10/07/2008

a year of house arrest. Mr. Epstein will also be a life time registered sex offender.



HOUSE_OVERSIGHT_021565

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To: [redacted] From: Miami
Re: 31E-MM-108062, 10/07/2008

**LEAD(s):**

**Set Lead 1: (Action)**

[redacted]

AT [redacted]

Please deliver the enclosed USAO letter to [redacted] Her telephone numbers are as follows:

[redacted]

**Set Lead 2: (Action)**

[redacted]

AT [redacted]

Please deliver the enclosed USAO letter to [redacted]

♦♦

(Rev. 05-01-2008)

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UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 10/19/2008

**To:** Miami **Attn:** [redacted]
PB2/Palm Beach County RA
SA

International Operations **Attn:** Americas Unit

**From:** [redacted]
**Contact:** ALAT [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 188B-MM-105207-D ~~(Pending)~~
31E-MM-108062 ~~(Pending)~~

**Title:** Victim Assistance Program
Victim Notification Letter and Brochures
7/25/2008

**Synopsis:** Victim [redacted] provided with Victim Notification Letter Brochure/Help for Victims of Crime Brochure/The Victim Notification System.

**Administrative:** This EC clears lead set in 31E-MM-108062 Serial 170.

**Details:** On 10/08/08, [redacted] was personally handed the above brochures by ALAT [redacted] at her place of employment and [redacted] Her work number is [redacted] and her cell number is [redacted]

[redacted] considers this lead covered.

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31E-MM-108062-175

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To: Miami From: [redacted]
Re: 188B-MM-105207-D, 10/19/2008

**Set Lead 1: (Info)**

ALL RECEIVING OFFICES

Read and clear.

♦♦



HOUSE_OVERSIGHT_021568

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1203982-1

Total Deleted Page(s) = 44
Page 75 ~ b6; b7C;
Page 76 ~ b6; b7C;
Page 77 ~ b6; b7C;
Page 78 ~ b6; b7C;
Page 79 ~ b6; b7C;
Page 80 ~ b6; b7C;
Page 81 ~ b6; b7C; b7E;
Page 103 ~ b6; b7C;
Page 104 ~ b6; b7C;
Page 105 ~ b6; b7C;
Page 106 ~ b6; b7C;
Page 107 ~ b6; b7C;
Page 108 ~ b6; b7C;
Page 112 ~ b6; b7C;
Page 113 ~ b6; b7C;
Page 114 ~ b6; b7C;
Page 115 ~ b6; b7C;
Page 138 ~ b6; b7C; b7D;
Page 139 ~ b6; b7C; b7D;
Page 140 ~ b6; b7C; b7D;
Page 141 ~ b6; b7C; b7D;
Page 142 ~ b6; b7C; b7D;
Page 143 ~ b6; b7C; b7D;
Page 144 ~ b7D;
Page 148 ~ b7E;
Page 149 ~ b7E;
Page 150 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 151 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 152 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 153 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 154 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 155 ~ Referral/Direct - 31E-MM-108062 serial 233/EOUSA;
Page 169 ~ b6; b7C;
Page 170 ~ b6; b7C;
Page 173 ~ b6; b7C;
Page 175 ~ b6; b7C;
Page 177 ~ b6; b7C;
Page 178 ~ b6; b7C;
Page 179 ~ b6; b7C;
Page 183 ~ b6; b7C;
Page 184 ~ b6; b7C;
Page 205 ~ b6; b7C; b7D;
Page 207 ~ b6; b7C; b7E;
Page 208 ~ b6; b7C; b7E;

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FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

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**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x [redacted]

Name: [redacted]

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warran | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: ___

Check if Civil Rico Complaint ☐

Information Date: ___

Indictment Date: ___

**B. Locate / Arrest**

☐ Federal ☒ Local ☐ International

Subject Priority: ☐ A ☐ B ☒ C

Locate Date: ___

Arrest Date: 06/30/08

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** ___

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: ___

Code • ___ ✓ Amount $ ___

Code • ___ ✓ Amount $ ___

Restitution Date: ___

☐ Court Ordered ☐ Pretrial Diversion

Code • ___ ✓ Amount $ ___

PELP Date: ___

Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___

Released by: ☐ Terrorist ☐ Other

Number of Hostages: ___

**F. Conviction**

☐ Federal ☒ Local ☐ International

Conviction Date: 06/30/08

[redacted]

For 6F, G, H-Include Agency Code

☒ Felony or ☐ Misdemeanor

☒ Plea or ☐ Trial

State: FL Judicial District: 5th

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___

Sentence Type: ___ , ___ , ___ •

In Jail: Years ___ Months ___

Suspended: Years ___ Months ___

Probation: Years ___ Months ___

Fines: $ ___

**I. Disruption/Dismantlement:** ✓

Disruption Date: ___

Dismantlement Date: ___

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___

Also complete "Section G"

Other Civil Matters Date: ___

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ •x

Amount $ ___

Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___

Subject Description Code ___ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___

Asset Forfeiture Date: ___

CATS # Mandatory ___

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: ___

**N. Drug Seizures** ✓ **Date:** ___

Drug Code • ___

Weight ___ Code • ___

FDIN ___

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: ___

☐ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| Jeffrey Epstein | W | M | 01/20/1953 | 090-44-3348 |

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515 ___

31E-MM-108062-176

**For Further Instructions See: MAOP, Part II, Sections 3-5 thru 3-5.3.**
**Revised 12-19-2006**

## PROPERTY CODES

01 Cash
02 Stocks, Bonds or Negot. Instruments
03 General Retail Merchandise
04 Vehicles
05 Heavy Machinery & Equipment
06 Aircraft
07 Jewelry
08 Vessels
09 Art, Antiques or Rare Collections
11 Real Property
20 All Other

## SENTENCE TYPES

CP Capital Punishment
JS Jail Sentence
LP Life Parole
LS Life Sentence
NS No Sentence (Subject is a Fugitive, Insane, has died, is a Corporation or must pay fine only)
PB Probation
SJ Suspension of Jail Sentence
YC Youth Correction Act

## PELP CODES

22 Counterfeit Stocks/Bonds/Currency/ Negotiable Instruments
23 Counterfeit/Pirated Sound Recordings or Motion Pictures
24 Bank Theft Scheme Aborted
25 Ransom, Extortion or Bribe Demand Aborted
26 Theft From or Fraud Against Government Scheme Aborted
27 Commercial or Industrial Theft Scheme Aborted
30 All Other

## RACE CODES

A Asian/Pacific Islander
B Black
I Indian/American
U Unknown
W White
X Nonindividual

## AGENCY CODES

AFOSI Air Force Office of Special Investigations
ACIS Army Criminal Investigative Service
BATF Bureau of Alcohol, Tobacco & Firearms
BIA Bureau of Indian Affairs
CBP Customs and Border Protection
DCAA Defense Contract Audit Agency
DCIS Defense Criminal Investigative Service
DEA Drug Enforcement Administration
DOC Department of Corrections
DOI Dept. of Interior
DHS Dept. of Homeland Security
EPA Environmental Protection Agency
FAA Federal Aviation Administration
FDA Food and Drug Administration
HHS Dept. of Health & Human Services
HUD Dept. of Housing & Urban Development
ICE Immigration and Customs Enforcement
IRS Internal Revenue Service
NASA Nat'l Aeronautics & Space Admin
NBIS Nat'l NARC Border Interdiction
NCIS Naval Criminal Investigative Service
RCMP Royal Canadian Mounted Police
SBA Small Business Administration
USCG U.S. Coast Guard
USDS U.S. Department of State
USMS U.S. Marshals Service
USPS U.S. Postal Service
USSS U.S. Secret Service
USTR U.S. Treasury
LOC Local
CITY City
COUN County
ST State
OTHR Other

## JUDGMENT CODES

CJ Consent Judgment
CO Court Ordered Settlement
DF Default Judgment
DI Dismissal
JN Judgment Notwithstanding
MV Mixed Verdict
SJ Summary Judgment
VD Verdict for Defendant
VP Verdict for Plaintiff

## JUDICIAL OUTCOME

AG Agreement
BR Barred/Removed
CC Civil Contempt
DC Disciplinary Charges
FI Fine
PI Preliminary Injunction
PR Temporary Restraining Order
PS Pre-filing Settlement
RN Restitution
SP Suspension
VR Voluntary Resignation
OT Other

## SUBJECT PRIORITY

A Subject wanted for crimes of violence (i.e., murder, manslaughter, forcible rape) against another individual or convicted of such a crime in the past five years.

B Subject wanted for crimes involving loss or destruction of property valued in excess of $25,000 or convicted of such a crime in the past five years.

C All other subjects.

## DRUG CODES

COC Cocaine
HER Heroin
HSH Hashish
KAT Khat
LSD LSD
MAR Marijuana
MDM Methylenedioxymethamphetamine
MET Methamphetamine
MOR Morphine
OPM Opium
OTD Other drugs

## DRUG WEIGHT CODES

GM Gram(s)
KG Kilogram(s)
L Liter(s)
ML Milliliter(s)
P Plant(s)
DU Dosage Unit(s)

# SUBJECT DESCRIPTION CODES

## ORGANIZED CRIME SUBJECTS

1F Boss
1G Underboss
1H Consigliere
1J Acting Boss
1K Capodecina
1L Soldier

## KNOWN CRIMINALS

2A Top Ten or I.O. Fugitive
2B Top Thief
2C Top Con Man

## FOREIGN NATIONALS

3A Legal Alien
3B Illegal Alien
3C Foreign Official W/out Diplomatic Immunity
3D U.N. Employee W/out Diplomatic Immunity
3E Foreign Student
3F All Others

## TERRORISTS

4A Known Member of a Terrorist Organization
4B Possible Terrorist Member or Sympathizer

## UNION MEMBERS

5D President
5E Vice-President
5F Treasurer
5G Secretary/Treasurer
5H Executive Board Member
5I Business Agent
5J Representative
5K Organizer
5L Business Manager
5M Financial Secretary
5N Recording Secretary
5P Office Manager
5Q Clerk
5R Shop Steward
5S Member
5T Trustee
5U Other

## GOVERNMENT SUBJECTS
(6F, 6G, 6H- Include Agency Code)

6A Presidential Appointee
6B U.S. Senator/Staff
6C U.S. Representative/Staff
6D Federal Judge/Magistrate
6E Federal Prosecutor
6F Federal Law Enforcement Officer
6G Federal Employee - GS 13 & Above
6H Federal Employee - GS 12 & Below
6J Governor
6K Lt. Governor
6L State Legislator
6M State Judge/Magistrate

## Continuation of GOVERNMENT SUBJECTS

6N State Prosecutor
6P State Law Enforcement Officer
6Q State - All Others
6R Mayor
6S Local Legislator
6T Local Judge/Magistrate
6U Local Prosecutor
6V Local Law Enforcement Officer
6W Local-All Others
6X County Commissioner
6Y City Councilman

## BANK EMPLOYEES

7A Bank Officer
7B Bank Employee

## OTHERS

8A All Other Subjects
8B Company or Corporation

## CHILD PREDATORS

9A Child Care provider
9B Clergy
9C Athletic Coach
9D Teacher/Aide
9E Law Enforcement Personnel
9F Counselor
9G Relative
9H Stranger
9I Other

09/30/2008

********** ARREST **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

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b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

EPSTEIN, JEFFREY

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Arrest is for Federal, Local, or International (F/L/I).. : L
Arrest Subject Priority (A/B/C)..... : C
Did Subject Resist (Y/N)..... : N
Was Subject Armed (Y/N).....: N

United States Code Violation

| Title | Section | Count |
|---|---|---|

Accomplishment Narrative

ENTERED UPON RECEIPT

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9-30-08
Date Loader's Initials [redacted]

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

[redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. X
1. [redacted]
Name [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

b6
b7C
b7E

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters** Date: ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type:
☐ Suspension
☐ Debarment
☐ Injunction
Length:
☐ Permanent
or
Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| [redacted] | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | [redacted] | |

b6
b7C

For I[redacted]
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-17

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

---

Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

[redacted]

Name: [redacted]

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: ___

Check if Civil Rico Complaint ☐

Information Date: ___

Indictment Date: ___

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: ___

Arrest Date: ___

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** ___

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: ___

Code • ___ ✓ Amount $ ___

Code • ___ ✓ Amount $ ___

Restitution Date: ___

☐ Court Ordered ☐ Pretrial Diversion

Code • ___ ✓ Amount $ ___

PELP Date: ___

Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___

Released by: ☐ Terrorist ☐ Other

Number of Hostages: ___

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: ___

Subject Description Code ___• (___)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: ___ Judicial District: ___

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___

Sentence Type: ___, ___, ___•

In Jail: Years___ Months___

Suspended: Years___ Months___

Probation: Years___ Months___

Fines: $ ___

**I. Disruption/Dismantlement:** ✓

Disruption Date: ___

Dismantlement Date: ___

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___

Also complete "Section G"

Other Civil Matters Date: ___

Judgment ___ ___ ___ ___•

Judicial Outcome ___ ___ ___ ___•x

Amount $ ___

Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___

Subject Description Code ___•

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year___ Months___

**L. Asset Seizure Date:** ___

Asset Forfeiture Date: ___

CATS # Mandatory ___

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___

Drug Code • ___

Weight ___ Code • ___

FDIN ___

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / Identified Date: 6/30/08

☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race* | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-178

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | FINAN ANALYST | | LAB FIELD SUP | | UCO - NAT BACK | | VICT-WITN COOR |
| | AIRCRAFT ASST | | PEN REGISTERS | | NCAVC/VI-CAP | | IO WANTED FLYR |
| | COMPUTER ASST | | PHOTO COVERGE | | CRIM/NS INTEL | | SARS |
| | CONSEN MONITR | | POLYGRAPH | | CRIS NEG-FED | | CART |
| | ELSUR/FISC | | SRCH WAR EXEC | | CRIS NEG-LOC | | ASSET FORF PRO |
| | ELSUR/III | | SHOW MONEY | | ERT ASST | | FORF SUPPORT P |
| | ENG FIELD SUP | | SOG ASST | | BUTTE-ITC | | TFOS/CTD |
| | ENG TAPE EXAM | | SWAT TEAM | | SAVANNAH-ITC | | CXS/CTD |
| | LEGATS ASST. | | TECH AG/EQUIP | | POC-WRCSC | | INFRAGARD/CYD |
| | EVIDNCE PURCH | | TEL TOLL RECS | | FT. MON-NRCSC | | OFC/CID |
| | INFORMANT/CW | | UCO-GROUP I | | FOR LANG ASST | | PPP |
| | LAB DIV EXAMS | | UCO-GROUP II | | NON FBI LAB EX | | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | Infra/Gard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Ind

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-179

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

| File Number |
|---|
| 31E-MM-108062 |

| Stat Agent Soc. Sec. No. |
|---|
| [redacted] |

| Stat Agent Name |
|---|
| [redacted] |

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. X
[redacted]
Name [redacted]
2. - -
Name:

## Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___• (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-180

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. X
1. [redacted]
Name [redacted]
2. - -
Name:

## Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Leb. Field Sup | | | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | | SOG Asst. | | [redacted] | Butte - ITC | | | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Pcc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | FL Mon. - ITC | | [redacted] | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___• (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years___ Months___
Suspended: Years___ Months___
Probation: Years___ Months___
Fines: $___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year___ Months___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| [redacted] | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | [redacted] | |

b6
b7C

For Indictment/Convictions Only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-181

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

[redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name [redacted]

2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Wiln Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D. (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-182

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force: [redacted]

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vicl-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ____
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

**E. Hostages(s) Released Date:** ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

**I. Disruption/Dismantlement:** ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters** Date: ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

**K. Administrative Sanction Date:** ____
Subject Description Code ____•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

**L. Asset Seizure Date:** ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ____

**N. Drug Seizures** ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only
☐ Subject related to an LCN/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-183

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name [redacted]

2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Grim/NS Intel Asst | | [redacted] | SARs |
| | | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Pcc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | [redacted] | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| [redacted] | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | [redacted] | |

b6
b7C

For Indictment/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-184

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ VI-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Pco - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| [redacted] | ce• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-185

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAV/C/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legals Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ____
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

**E. Hostages(s) Released Date:** ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____• (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

**I. Disruption/Dismantlement:** ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

**K. Administrative Sanction Date:** ____
Subject Description Code ____•
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

**L. Asset Seizure Date:** ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ____

**N. Drug Seizures** ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-186

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)
- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ____
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

**E. Hostages(s) Released Date:** ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |

**H. Sentence Date:** ____
Sentence Type: ____, ____, ____ •
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

**I. Disruption/Dismantlement:** ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____ •
Judicial Outcome ____ ____ ____ ____ •x
Amount $ ____
Suspension: Years ____ Months ____

**K. Administrative Sanction Date:** ____
Subject Description Code ____ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ____ Months ____

**L. Asset Seizure Date:** ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ____

**N. Drug Seizures** ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / Identified Date: 6/30/08
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race•. | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-187

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | FL Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ____
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

**E. Hostages(s) Released Date:** ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____• (____)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ____
Sentence Type: ____, ____, ____•
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

**I. Disruption/Dismantlement:** ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____•
Judicial Outcome ____ ____ ____ ____•x
Amount $ ____
Suspension: Years ____ Months ____

**K. Administrative Sanction Date:** ____
Subject Description Code ____•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ____ Months ____

**L. Asset Seizure Date:** ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ____

**N. Drug Seizures** ✓ Date: ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (If available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-188

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x: [redacted]

Name: [redacted]

2. - -

Name:

## Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Prol |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Bulte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Pac - ITC | | [redacted] | InfraGard/CyD |
| | | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | FL Mon. - ITC | | [redacted] | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

b6
b7C
b7E

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: ☐ Suspension ☐ Debarment ☐ Injunction
Length: ☐ Permanent or Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| [redacted] | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an CCI/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515: ___

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-189

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Slot Agent Soc. Sec. No.: [redacted]

Slot Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name: [redacted]

2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Pcc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code * ___ ✓ Amount $ ___
Code * ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code * ___ ✓ Amount $ ___
PELP Date: ___
Code * ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ * (___) *
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___ *
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ *
Judicial Outcome ___ ___ ___ ___ *x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ *
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code * ___
Weight ___ Code * ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race* | Sex | Date of Birth | Social Security No. (If available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an CCI/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
* See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-190

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. Name:
2. - - Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 6/30/08
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-191

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

---

Living/Deceased: Living
Date Child Located: 06/30/2008

---

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Pos - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____) •

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ • x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____ •

Type:
☐ Suspension
☐ Debarment
☐ Injunction

Length:
☐ Permanent
or
Year _____ Months _____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

**Admin, Civil Judicial, or Criminal**

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ Date: _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / Identified Date: 6/30/08

☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race • | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-192

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. Name:
2. Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ VI-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008 [redacted]
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

Fo
☐ Subject related to an EOC/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-193

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

RA: PBCRA
Squad: PB-2

Assisting Agents Soc. Sec. No. x [redacted]
Name [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Bulte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-197

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1.
Name
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | | |

For

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

b6
b7C

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-195

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x: [redacted]

Name: [redacted]

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | | NCAVC/ VI-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | | Bulte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | | Fl. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____, _____, _____•

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___•

Judicial Outcome ___ ___ ___ ___•x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____•

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-196

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

Name:

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Wiln Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ap/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ •x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year _____ Months _____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ Date: _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

b6
b7C

| [redacted] | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | [redacted] | |

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-197

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

Name: [redacted]

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____, _____, _____•

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____•

Judicial Outcome _____ _____ _____ _____•x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____•

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year _____ Months _____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |
| | | | | |

b6
b7C

Fo

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OCDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-198

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBORA | PB-2 |

Assisting Agents Soc. Sec. No. x

1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legals Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Fi. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ____
Check if Civil Rico Complaint ☐
Information Date: ____
Indictment Date: ____

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ____
Arrest Date: ____
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ____
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ____
Code • ____ ✓ Amount $ ____
Code • ____ ✓ Amount $ ____
Restitution Date: ____
☐ Court Ordered ☐ Pretrial Diversion
Code • ____ ✓ Amount $ ____
PELP Date: ____
Code • ____ ✓ Amount $ ____

**E. Hostages(s) Released Date:** ____
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ____

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ____
Subject Description Code ____ • (____) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ____ Judicial District: ____

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ____
Sentence Type: ____ , ____ , ____ •
In Jail: Years ____ Months ____
Suspended: Years ____ Months ____
Probation: Years ____ Months ____
Fines: $ ____

**I. Disruption/Dismantlement:** ✓
Disruption Date: ____
Dismantlement Date: ____
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ____
Also complete "Section G"
Other Civil Matters Date: ____
Judgment ____ ____ ____ ____ •
Judicial Outcome ____ ____ ____ ____ • x
Amount $ ____
Suspension: Years ____ Months ____

**K. Administrative Sanction Date:** ____
Subject Description Code ____ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ____ Months ____

**L. Asset Seizure Date:** ____
Asset Forfeiture Date: ____
CATS # Mandatory ____
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ____

**N. Drug Seizures** ✓ **Date:** ____
Drug Code • ____
Weight ____ Code • ____
FDIN ____
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

b6
b7C

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-199

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. ×
1. Name:
2. Name:

## Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Int/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ **Date:** ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | | |

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OCDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-200

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

# Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x [redacted]

Name [redacted]

2. - -

Name:

## Investigative Assistance or Technique Used

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ VI-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Proj |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Bulte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment ___ ___ ___ ___ •

Judicial Outcome ___ ___ ___ ___ •x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515b, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-201

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.: [redacted]

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulle - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

b6
b7C
b7E

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____, _____, _____•

In Jail: Years_____ Months_____

Suspended: Years_____ Months_____

Probation: Years_____ Months_____

Fines: $_____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____•

Judicial Outcome _____ _____ _____ _____•x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____•

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year_____ Months_____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| | | | | |

b6
b7C

For

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-202

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1.
Name:
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | ID Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Fl. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code * ___ ✓ Amount $ ___
Code * ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code * ___ ✓ Amount $ ___
PELP Date: ___
Code * ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ * (___) *
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ *
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ *
Judicial Outcome ___ ___ ___ ___ *x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ *
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code * ___
Weight ___ Code * ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race* | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

b6
b7C

For [redacted]
☐ Subject related to an LCN Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
* See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-203

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

## Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/98
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

**Accomplishment involves: (check all that apply)**

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ____ ____ ____ ____
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

Name

2. - -

Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____) •

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ • x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____ •

Type: ☐ Suspension ☐ Debarment ☐ Injunction

Length: ☐ Permanent or Year _____ Months _____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

b6
b7C

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-20Y

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

RA: PBCRA Squad: PB-2

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | [redacted] | Fin. Analyst | | [redacted] | Lab. Field Sup | | [redacted] | UCO - Nat.Back | | [redacted] | Vict-Witn Coor |
| | [redacted] | Aircraft Asst. | | [redacted] | Pen Registers | | [redacted] | NCAVC/ Vi-CAP | | [redacted] | IO Wanted Flyer |
| | [redacted] | Computer | | [redacted] | Photo Cover | | [redacted] | Crim/NS Intel Asst | | [redacted] | SARs |
| | [redacted] | Consen Mon. | | [redacted] | Polygraph | | [redacted] | Crisis Neg.- Fed | | [redacted] | CART |
| | [redacted] | ELSUR / FISC | | [redacted] | Search Warrant | | [redacted] | Crisis Neg.- Local | | [redacted] | Asset Forf Prog |
| | [redacted] | ELSUR / T. III | | [redacted] | Show Money | | [redacted] | ERT Asst. | | [redacted] | Forf Support Prol |
| | [redacted] | Eng. Field Spt. | | [redacted] | SOG Asst. | | [redacted] | Butte - ITC | | [redacted] | TFOS/CTD |
| | [redacted] | Eng. Tape Ex. | | [redacted] | Swat Team | | [redacted] | Sav - ITC | | [redacted] | CXS/CTD |
| | [redacted] | Legats Asst. | | [redacted] | Tech. Ag/Equip. | | [redacted] | Poc - ITC | | [redacted] | InfraGard/CyD |
| | [redacted] | Evid. Purchase | | [redacted] | Phone Toll Rec | | [redacted] | Ft. Mon. - ITC | | [redacted] | OFC/CID |
| | [redacted] | Inf/CW Info | | [redacted] | UCO - Group I | | [redacted] | For. Lang Asst. | | [redacted] | PPP |
| | [redacted] | Lab. Div. Exam | | [redacted] | UCO - Group II | | [redacted] | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___) •
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ • x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |
| | | | | |

For I

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515o, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-205

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.

Stat Agent Name

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x

1. Name:

2. Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Bulte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**

☐ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐

Information Date: _____

Indictment Date: _____

**B. Locate / Arrest**

☐ Federal ☐ Local ☐ International

Subject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest

☐ Subject Arrested was Armed

**C. Summons Date:** _____

☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code • _____ ✓ Amount $ _____

Code • _____ ✓ Amount $ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial Diversion

Code • _____ ✓ Amount $ _____

PELP Date: _____

Code • _____ ✓ Amount $ _____

**E. Hostages(s) Released Date:** _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

**F. Conviction**

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code _____ • (_____)•

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor

☐ Plea or ☐ Trial

State: _____ Judicial District: _____

**G. U.S. Code Violation**

Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** _____

Sentence Type: _____ , _____ , _____ •

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: $ _____

**I. Disruption/Dismantlement:** ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** _____

Also complete "Section G"

Other Civil Matters Date: _____

Judgment _____ _____ _____ _____ •

Judicial Outcome _____ _____ _____ _____ •x

Amount $ _____

Suspension: Years _____ Months _____

**K. Administrative Sanction Date:** _____

Subject Description Code _____ •

Type: Length:

☐ Suspension ☐ Permanent

☐ Debarment or

☐ Injunction Year _____ Months _____

**L. Asset Seizure Date:** _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**

(Circle one) Date: _____

**N. Drug Seizures** ✓ **Date:** _____

Drug Code • _____

Weight _____ Code • _____

FDIN _____

Do not indicate $ in Section D

**O. Child Victim Information**

Child located / identified Date: 06/30/2008

☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictment/Complaint only:

☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.

☐ Subject related to an OCIDrug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-206

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

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Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

Accomplishment involves: (check all that apply)

- Drugs ☐
- A Fugitive ☐
- Bankruptcy Fraud ☐
- Computer Fraud/Abuse ☐
- Corruption of Public Official ☐
- Money Laundering ☐
- Sub Invest Asst by FO(s) ☐

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ VI-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Ft. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

b6
b7C

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | | |

For Indictment/Conviction only:
☐ Subject related to an LCN/Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory. F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

Serial No. of FD-515

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

31E-MM-108062-207

09/30/2008

********** CHILD LOCATE **********
SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/30/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No.: [redacted]

Stat Agent Name: [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Fl. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Leng Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___, ___, ___•
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___•
Judicial Outcome ___ ___ ___ ___•x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___•
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

b6
b7C

| Name | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | [redacted] | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-208

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name: [redacted]
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

[redacted]

Assisting Agents SOC

[redacted]

Subject Name

[redacted]

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

---

Living/Deceased: Living
Date Child Located: 06/30/2008

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Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

FD-515 (Rev. 12-19-06)

[redacted] Squad supervisor approval (please initial)

**Accomplishment Report**

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 09/29/08
Date Loaded 9/29/08
Date Loader's Initials [redacted]

b6
b7C
b7E

| Accomplishment involves: (check all that apply) | |
|---|---|
| Drugs | ☐ |
| A Fugitive | ☐ |
| Bankruptcy Fraud | ☐ |
| Computer Fraud/Abuse | ☐ |
| Corruption of Public Official | ☐ |
| Money Laundering | ☐ |
| Sub Invest Asst by FO(s) | ☐ |

Asst. FO(s) ___ ___ ___ ___
A. B. C. D.

Task Force

[redacted]

File Number: 31E-MM-108062

Stat Agent Soc. Sec. No. [redacted]

Stat Agent Name [redacted]

| RA | Squad |
|---|---|
| PBCRA | PB-2 |

Assisting Agents Soc. Sec. No. x
1. [redacted]
Name: [redacted]
2. - -
Name:

**Investigative Assistance or Technique Used**

1. Used, but did not help
2. Helped, minimally
3. Helped, substantially
4. Absolutely essential

For Sub. Invest. Assist. by other FO(s) indicate A, B, C, D for corresponding FO

| Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT | Rate | FO | IAT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fin. Analyst | | | Lab. Field Sup | | | UCO - Nat.Back | | | Vict-Witn Coor |
| | | Aircraft Asst. | | | Pen Registers | | | NCAVC/ Vi-CAP | | | IO Wanted Flyer |
| | | Computer | | | Photo Cover | | | Crim/NS Intel Asst | | | SARs |
| | | Consen Mon. | | | Polygraph | | | Crisis Neg.- Fed | | | CART |
| | | ELSUR / FISC | | | Search Warrant | | | Crisis Neg.- Local | | | Asset Forf Prog |
| | | ELSUR / T. III | | | Show Money | | | ERT Asst. | | | Forf Support Proj |
| | | Eng. Field Spt. | | | SOG Asst. | | | Butte - ITC | | | TFOS/CTD |
| | | Eng. Tape Ex. | | | Swat Team | | | Sav - ITC | | | CXS/CTD |
| | | Legats Asst. | | | Tech. Ag/Equip. | | | Poc - ITC | | | InfraGard/CyD |
| | | Evid. Purchase | | | Phone Toll Rec | | | Fi. Mon. - ITC | | | OFC/CID |
| | | Inf/CW Info | | | UCO - Group I | | | For. Lang Asst. | | | PPP |
| | | Lab. Div. Exam | | | UCO - Group II | | | Non FBI Lab Ex | | | |

**A. Complaint / Information/ Indictment**
☐ Federal ☐ Local ☐ International
Complaint Date: ___
Check if Civil Rico Complaint ☐
Information Date: ___
Indictment Date: ___

**B. Locate / Arrest**
☐ Federal ☐ Local ☐ International
Subject Priority: ☐ A ☐ B ☐ C
Locate Date: ___
Arrest Date: ___
☐ Subject Resisted Arrest
☐ Subject Arrested was Armed

**C. Summons Date:** ___
☐ Federal ☐ Local

**D. Recovery / Restitution / PELP X**
☐ Federal ☐ Local ☐ International
Recovery Date: ___
Code • ___ ✓ Amount $ ___
Code • ___ ✓ Amount $ ___
Restitution Date: ___
☐ Court Ordered ☐ Pretrial Diversion
Code • ___ ✓ Amount $ ___
PELP Date: ___
Code • ___ ✓ Amount $ ___

**E. Hostages(s) Released Date:** ___
Released by: ☐ Terrorist ☐ Other
Number of Hostages: ___

**F. Conviction**
☐ Federal ☐ Local ☐ International
Conviction Date: ___
Subject Description Code ___ • (___)•
For 6F, G, H-Include Agency Code
☐ Felony or ☐ Misdemeanor
☐ Plea or ☐ Trial
State: ___ Judicial District: ___

**G. U.S. Code Violation**
Required for sections A, B, F and J (Federal Only)

| Title | Section | # Counts |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**H. Sentence Date:** ___
Sentence Type: ___ , ___ , ___ •
In Jail: Years ___ Months ___
Suspended: Years ___ Months ___
Probation: Years ___ Months ___
Fines: $ ___

**I. Disruption/Dismantlement:** ✓
Disruption Date: ___
Dismantlement Date: ___
Completion of FD-515a Side 2 Mandatory

**J. Civil Rico Matters Date:** ___
Also complete "Section G"
Other Civil Matters Date: ___
Judgment ___ ___ ___ ___ •
Judicial Outcome ___ ___ ___ ___ •x
Amount $ ___
Suspension: Years ___ Months ___

**K. Administrative Sanction Date:** ___
Subject Description Code ___ •
Type: Length:
☐ Suspension ☐ Permanent
☐ Debarment or
☐ Injunction Year ___ Months ___

**L. Asset Seizure Date:** ___
Asset Forfeiture Date: ___
CATS # Mandatory ___
Circle below one of the three asset forfeiture:
Admin, Civil Judicial, or Criminal
Do not indicate $ value in Section D

**M. Acquittal/ Dismissal/ Pretrial Diversion**
(Circle one) Date: ___

**N. Drug Seizures** ✓ Date: ___
Drug Code • ___
Weight ___ Code • ___
FDIN ___
Do not indicate $ in Section D

**O. Child Victim Information**
Child located / identified Date: 06/30/2008
☒ Living ☐ Deceased

[redacted]

**P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L and N**

b6
b7C

| | Race• | Sex | Date of Birth | Social Security No. (if available) |
|---|---|---|---|---|
| [redacted] | | | | |
| | | | | |

For Indictments/Convictions only:
☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515b, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
• See codes on reverse side.
✓ Requires that an explanation be attached and loaded into ISRAA for recovery over $1 m and PELP over $5 m, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

31E-MM-108062-209

09/30/2008

********** CHILD LOCATE **********

SENSITIVE / UNCLASSIFIED

Case Number: 31E-MM-108062
Serial No.:

Stat Agent Name:
Stat Agent SOC.:

Report Date: 09/30/2008
Accom Date.: 06/30/2008

b6
b7C
b7E

Does Accomplishment Involve

Drugs . . . . . : N
A Fugitive. . . . . : N
Bankruptcy Fraud. . . . . : N
Computer Fraud/Abuse. . . . . : N
Corruption of Public Officials: N
Money Laundering. . . . . : N

Assisting Agents SOC

Subject Name

| RA | Squad | Task Force |
|---|---|---|
| PBC | PB2 | SSPBC |

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Investigative Assistance or Technique Used

| | | | |
|---|---|---|---|
| FINAN ANALYST | LAB FIELD SUP | UCO - NAT BACK | VICT-WITN COOR |
| AIRCRAFT ASST | PEN REGISTERS | NCAVC/VI-CAP | IO WANTED FLYR |
| COMPUTER ASST | PHOTO COVERGE | CRIM/NS INTEL | SARS |
| CONSEN MONITR | POLYGRAPH | CRIS NEG-FED | CART |
| ELSUR/FISC | SRCH WAR EXEC | CRIS NEG-LOC | ASSET FORF PRO |
| ELSUR/III | SHOW MONEY | ERT ASST | FORF SUPPORT P |
| ENG FIELD SUP | SOG ASST | BUTTE-ITC | TFOS/CTD |
| ENG TAPE EXAM | SWAT TEAM | SAVANNAH-ITC | CXS/CTD |
| LEGATS ASST. | TECH AG/EQUIP | POC-WRCSC | INFRAGARD/CYD |
| EVIDNCE PURCH | TEL TOLL RECS | FT. MON-NRCSC | OFC/CID |
| INFORMANT/CW | UCO-GROUP I | FOR LANG ASST | PPP |
| LAB DIV EXAMS | UCO-GROUP II | NON FBI LAB EX | |

Living/Deceased: Living
Date Child Located: 06/30/2008

Accomplishment Narrative

ENTERED UPON RECEIPT

SENSITIVE / UNCLASSIFIED

329 [redacted] 1C2 [redacted]

(Rev. 05-01-2008)

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

b6
b7C

**Precedence:** ROUTINE **Date:** 11/25/2008

**To:** Miami **Attn:** SA [redacted]
PB2/Palm Beach County RA

International Operations **Attn:** Americas Unit

**From:** [redacted]
**Contact:** ALAT [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~ - 210

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** Victim [redacted] provided with USAO letter.

Kept as 1 [redacted]

**Enclosure:** [redacted] report 1-2007- 679603-11 [redacted]

b6
b7C

**Administrative:** This EC clears lead set to [redacted] in 31E-MM-108062 Serial 174.

**Details:** On 11/25/08, ALAT [redacted] spoke with [redacted] concerning delivery to her of USAO letter. [redacted] did not want to pick up the letter nor did she feel she needed to meet with anyone for delivery of the letter. She requested the letter be [redacted]

b6
b7C

On 11/25/08 the letter was delivered to the above address.

The enclosed [redacted] report with photo is in reference to lead set for [redacted] in 31E-MM-108062, Serial 170. [redacted] identifies [redacted] as [redacted] dob [redacted]

b6
b7C

UNCLASSIFIED

31E-MM-108062-210

To: Miami From: [redacted]
Re: 31E-MM-108062, 11/25/2008

b6
b7C

[redacted]

[redacted] considers this lead covered.



HOUSE_OVERSIGHT_021641

To: Miami From: [redacted] b6
Re: 31E-MM-108062, 11/25/2008 b7C

**Set Lead 1: (Info)**

ALL RECEIVING OFFICES

Read and clear.

♦♦



HOUSE_OVERSIGHT_021642

*Embassy of the United States of America*

Office of the Legal Attaché
US Consulate
[redacted]

File No. 31E-MM-108062\174

03 December 2008

Mr. [redacted]
Acting Coordinator
[redacted]

b6
b7C

Re: Jeffrey Epstein

Dear Mr. [redacted]:

The United States Attorney's Office, West Palm Beach, Florida, requests the assistance of the [redacted] in delivering the enclosed letter to [redacted] DOB [redacted] telephone numbers [redacted] The letter references the outcome of a Non-Prosecution Agreement entered into by the U.S. Government and Mr. Jeffrey Epstein. The letter provides [redacted] with the terms of the Agreement and contact information should she have any questions.

On 24/07/06, the Federal Bureau of Investigation (FBI) Palm Beach Resident Agency (PBRA) opened an investigation involving the illegal sexual activity between multimillionaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200 - $1,000. Testimony from multiple witnesses indicate that [redacted] was one of Jeffrey Epstein's victims. [redacted] Mr. Epstein is currently incarcerated at the Palm Beach County Stockade serving an 18 month prison sentence, followed by a year of house arrest. Mr. Epstein will also be a life time registered sex offender.

If you have any questions regarding this request, please contact Assistant Legal Attaché [redacted] at telephone [redacted]

Sincerely yours,

Scott D. Cruse
Legal Attaché

By:

[redacted]
Assistant Legal Attaché

Enc. 1

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Delivered to [redacted] by Atal [redacted]
12/5/08

31E-MM-108062-211

*U.S. Department of Justice*

**Federal Bureau of Investigation**

173

File No. 31E-MM-108062 & 188B-MM-105207-D

25 August 2008

Mr. [redacted] b6
Federal Agent b7C
[redacted]

Dear Federal Agent [redacted],

The Miami Division of the Federal Bureau of Investigation (FBI) requests the assistance of [redacted] in delivering a Victim Notification Letter and brochure to [redacted] date of birth [redacted] who has been contacted in the past at [redacted]

On 24 July 2006, the Federal Bureau of Investigation (FBI), Palm Beach Resident Agency(PBCRA)opened an investigation involving the illegal sexual activity between multi-millionnaire Jeffrey Epstein and minor aged children. At the conclusion of the sexual activity, the minors were paid sums of money ranging from $200.00-$1,000.00. Testimony from multiple witnesses indicate hat [redacted] was one of Jeffrey Epstein's victims. Mr. Epstein is believed to have had contact with [redacted] during the years of [redacted] Under United States Code Title 18 Section 3771, a victim of a crime in the United States has a number of rights which are detailed in the enclosed letter and brochures. It is requested that [redacted] locate [redacted] and deliver the enclosed letter and brochure. If you have any questions regarding this request, please contact Assistant Legal Attache [redacted]

Sincerely,

SCOTT L. CRUSE
LEGAL ATTACHE

by:

[redacted]
Assistant Legal Attache

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 12/08/2008

**To:** International Operations **Attn:** Asia Unit
UC [redacted]
SSA
FOS
Miami **Attn:** SA
PB-2, PBCRA

b6
b7C

**From:** [redacted] Sub-Office
**Contact:** ALAT [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062-212 (~~Pending~~)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** Lead set to Legat [redacted] covered by the [redacted] Sub Office.

**Reference:** 31E-MM-108062 Serial 174

**Details:** Reference Miami EC directed Legat [redacted] to deliver the enclosed USAO letter to [redacted], DOB [redacted].

On 12/05/2008, Assistant Legal Attaché (ALAT) [redacted] Sub Office delivered the letter to [redacted] and requested them to deliver the USAO letter to [redacted].

Legat [redacted] considers lead 174 covered.

31E-MM-108062-212

**LEAD(s):**

**Set Lead 1: (Info)**

ALL RECEIVING OFFICES

Read and clear.

♦♦



HOUSE_OVERSIGHT_021646

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

ate: 12/11/2008
dition: Palm Beach Post

# Billionaire sex offender leaves jail six days a week for work

itle: Billionaire sex offender leaves jail six ıys a week for work

Character:
or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

*Lawyer: Six women suing him for abuse are shocked, disappointed.*

By MICHELE DARGAN
*Palm Beach Daily News*

Palm Beach billionaire Jeffrey Epstein, who's serving 18 months in jail for soliciting an underage girl for prostitution, is allowed to leave the Palm Beach County Stockade six days a week on a work-release program.

Teri Barbera, spokeswoman for the Palm Beach County Sheriff's Office, confirmed that Epstein, 55, has been in the work-release program since Oct. 10.

"He works six days a week: Friday through Wednesday 10 a.m. to 10 p.m.," Barbera said via e-mail. "(He) works at his local West Palm Beach office, monitored on an active GPS system (he wears an ankle bracelet). Mr. Epstein hires a permit deputy, at his expense, for his own security at his workplace during the time he is out."

**Epstein**
Palm Beacher serving 18 months in stockade for soliciting underage girl for prostitution.

Miami attorney Jeffrey Herman represents six young women who've sued Epstein, claiming he sexually abused them at his Palm Beach home when they were minors.

Herman said he received a letter about the work-release program from the U.S. Attorney's Office within the past few days. But Herman says Epstein had been out on work-release for several weeks before the notification.

"My clients expressed shock and disappointment," Herman said. "I find it incredible that he's on work-release in the community and my clients aren't notified of this and we get this letter weeks after the fact."

Jack Goldberger, Epstein's criminal attorney, said the arrangement is not unusual.

"He goes to work every single day and goes back to jail at night, just like everybody else (in the program)," Goldberger said.

Epstein pleaded guilty June 30 to two felony counts: soliciting prostitution and procuring a person under 18 for prostitution. As part of the plea agreement, Epstein must serve one year of house arrest and register as a lifelong sex offender.

b6
b7C

31E-MM-108062-213

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 10/17/2007
Edition: PALM BEACH POST

# Woman sues billionaire investor, says they had sex when she was 16

Title: Woman sues billionaire investor says they had sex when she was 16

Character:
or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

*The Associated Press*

NEW YORK — A billionaire investor, already facing jail in Palm Beach County on charges of soliciting underage prostitutes, is being sued by a young woman who says he had sex with her when she was 16 and had sought his help becoming a model.

The lawsuit, filed late Tuesday in Manhattan's state Supreme Court, says financier Jeffrey Epstein had the teen perform a sex act when she brought photographs of herself for him to review in his Upper East Side mansion sometime in 2000.

**Epstein**

Epstein, 54, a money manager, told the teen he managed finances for Victoria's Secret and "could get you into the catalog" if she were "nice" to him, court papers say. The papers say being "nice" included massages and other favors.

When the girl told Epstein, "I am 16 years old and just want to model," he replied, "Don't worry, I won't tell anybody," court papers say.

Epstein, said by London's *Mail on Sunday* to be a close friend of England's Prince Andrew, has been indicted in Palm Beach on charges of soliciting underage prostitutes. That case is pending.

The girl visited Epstein "several times over the several months and engaged in bizarre and unnatural sex acts" while she was a minor, the lawsuit says.

Epstein "repeatedly requested that (the girl) return with her 14-, 15-, and 16-year-old girlfriends, stating, 'Come by with your friends your age next time. Don't bring Sherrie (a mutual friend in her 40s). I love girls your age.'"

The young woman, now 23, kept returning to Epstein because she has "mental issues," said her lawyer, William J. Unroch. He refused to elaborate, but court papers say she was "disabled as a result of severe mental disease and defect."

Epstein's lawyer in New York, Gerald Lefcourt, said, "The girl has admitted she is insane, but she can read a newspaper and recognize the word 'rich.'"

Lefcourt also said the statute of limitations has expired for the woman's case criminally and civilly, and will almost certainly be dismissed.

He refused to comment on Epstein's Florida charges.

Meanwhile, Unroch, 57, also acknowledged that his client was living with him and was at the center of a $10 million lawsuit he filed last year against a neighbor who said he was having sex with underage girls. That case is pending.

"What she was doing at 22 is irrelevant to what happened to her when she was 16," Unroch said Wednesday. He went on the say he hoped Epstein would agree to "do right" by his client and resolve the case out of court.

31E-MM-108062

b6
b7C

31E-MM-108062-214

ECONOMIC AND SPECIAL OPERATIONS
Telephone
Email

b6
b7C

25 November 2008

**Assistant Legal Attaché**
**Office of the Legal Attaché**
**U.S Consulate**

**FILE NO. 31E-MM-108062\174**
**LETTER TO**

Dear Mr

With reference to your referral to seeking assistance with the delivery of a letter to , I wish to advise you of the completion of this matter.

On 15 January 2009, Federal Agents attended a residence in and spoke with She was served with the letter from the US Attorney's Office.

Please find attached an acknowledgement of service document signed by for your records.

If you have any inquiries, please contact me on the number listed above.

Kind regards,

**Team Leader**

31E-MM-108062-215

REF NO. 4299965

# ACKNOWLEDGEMENT OF SERVICE

b6
b7C

I, _____,

Of _____
{ADDRESS}

Hereby acknowledge that I was served today with documents by _____

_____ on behalf of the U.S Department of Justice.

Signature of person served: _____

Dated: 15 / 01 / 2009

Signature of _____ officer serving document/s: _____

Name of _____ officer serving document/s _____

Dated: 15 / 01 / 2009

(Rev. 06-04-2007)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 02/17/2009

**To:** International Operations **Attn:** Asia Unit
A/UC [redacted]
FOS

Miami **Attn:** SA [redacted]
PB-2, PBCRA

**From:** [redacted] Sub-Office
**Contact:** ALAT [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~ -216

**Title:** JEFFREY EPSTEIN;
[redacted];
WSTA - CHILD PROSTITUTION

**Synopsis:** Lead set to Legat [redacted] covered by the [redacted] Sub Office.

**Reference:** 31E-MM-108062 Serial 174

**Enclosure(s):** Enclosed for Miami is an original communication from [redacted] and the original Acknowledgment of Service form signed by [redacted]

b6
b7C

**Details:** Reference Miami EC directed Legat [redacted] to deliver the enclosed USAO letter to [redacted] DOB [redacted].

On 01/15/2009, Federal Agents from [redacted] [redacted] appeared at a residence in [redacted] and spoke with [redacted]. She was served with the letter from the U.S. Attorney's Office.

[redacted] considers lead 174 covered.

31E-MM-108062-216

**LEAD(s):**

**Set Lead 1: (Info)**

ALL RECEIVING OFFICES

Read and clear.

♦♦



HOUSE_OVERSIGHT_021652

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
Palm Beach Post.com
Palm Beach, FL
Date: 4/10/2009
Edition:

Title: Suit accuses jailed tycoon of sex crime

Character or
Classification: 31D-MM-108062
Submitting Office: MM

Indexing:

# Suit accuses jailed tycoon of sex crime

*Jeffrey Epstein is in the county stockade.*

By SUSAN SPENCER-WENDEL
*Palm Beach Post Staff Writer*

WEST PALM BEACH — The line of civil lawsuits against billionaire financier Jeffrey Epstein has grown again, with the filing of at least the 12th claim by a young woman who also says she was lured to his Palm Beach mansion as a teen and sexually abused.

Prominent Miami attorney Robert Josefsberg filed the most recent federal lawsuit last week, on behalf of the Jane Doe 101 who allegedly visited Epstein a few times while 17 years old and was paid $200 at least once for her time there, according to the complaint.

The lawsuit mirrors facts alleged in other suits: that Epstein had a predilection for teenage girls, identified poor, vulnerable ones and lured them to his home via other young women. The teens describe ascending a staircase lined with nude photographs of young girls and to the spa room where Epstein would appear in a small towel.

Miami attorney Adam Horowitz, who represents six other Jane Does, said Monday that the cases are still in the "discovery" process, with plaintiffs requesting from Epstein phone records, pictures, videos. Horowitz said Epstein is refusing to turn over the materials, citing a Fifth Amendment right not to do so. "Stonewalling and delaying," Horowitz said. "I'm not surprised."

Horowitz said he has asked U.S. District Judge Kenneth Marra to order Epstein to turn over the information.

A local attorney for Epstein, Jack Goldberger, did not respond to a request seeking comment.

Epstein was jailed in July 2008 following a plea deal where he was sentenced to 18 months in jail for solicitation of prostitution and procuring a person under the age of 18 for prostitution and must register as a sex offender. He is serving his sentence at the Palm Beach County Stockade, according to jail records, and is due out in September.

@ susan_spencer_wendel@pbpost.com

**Jailed Palm Beacher**

See past coverage
**PalmBeachPost.com/epstein**

b6
b7C

31D- MM- 108062- 217

FD-350 (Rev. 5-8-81)

Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
1A, 4A Palm Beach Post
Palm Beach, FL
Date: 6/10/2009
Edition:

Title: Women want sex plea deal unsealed

Character or
Classification: 31E-MM-108062
Submitting Office: MM

Indexing:

# Women want sex plea deal unsealed

*Their attorneys will ask a judge to open Jeffrey Epstein's records.*

By SUSAN SPENCER-WENDEL
*Palm Beach Post Staff Writer*

WEST PALM BEACH — When wealthy money manager Jeffrey Epstein of Palm Beach pleaded guilty last year to procuring teens for prostitution, his case detoured around local and state rules regarding the sealing of court documents.

**Epstein**

At a plea conference on the state charges, a judge, a defense lawyer and a prosecutor huddled at the bench and decided that a deal Epstein had struck with federal prosecutors to avoid charges should be sealed, according to a transcript of the hearing.

And so it was.

But Florida rules of judicial administration, as well as rules of the Palm Beach County court system, require public notification that a court document has been or will be sealed, meaning kept from public view. The rules also require a judge to find a significant reason to seal,

*See* EPSTEIN, 4A ▶

See past coverage of Jeffrey Epstein's sex scandals. **PalmBeachPost.com/epstein**

b6
b7C

31E-MM-108062-218

# Public has right to know details of deal, Post attorney will claim

▶ EPSTEIN *from 1A*

such as protecting a trade secret or a compelling government interest.

Yet no notification or reason occurred in Epstein's case, according to court records.

Epstein's own attorneys, in federal filings, have referred to his confidential deferred prosecution agreement with the U.S. attorney's office, struck in September 2007, as "unprecedented" and "highly unusual." And it was "a significant inducement" for Epstein to accept the state's deal, observed the state judge who accepted his plea, County Judge Deborah Dale Pucillo.

Epstein now faces at least a dozen civil lawsuits in federal and state courts filed by young women who said they had sex with him and now are seeking damages.

Attorneys for some of those women want his agreement with federal prosecutors unsealed and will ask Circuit Judge Jeffrey Colbath to do so today.

"It is against public policy for these documents to be have been sealed and hidden from public scrutiny. As a member of the public, E.W. has a right to have these documents unsealed," wrote former Circuit Judge Bill Berger, now in private practice and representing one of the women.

*The Palm Beach Post* also will ask Colbath to unseal the agreement. *Post* attorney Deanna Shullman will argue that the public has a right to know the specifics of Epstein's deal.

According to various media accounts, Epstein moved in circles that included President Clinton, Donald Trump and Prince Andrew. "International Moneyman of Mystery," declared a 2002 *New York* magazine profile of Epstein.

Epstein, 56, is in the Palm Beach County Stockade, serving an 18-month sentence after pleading guilty nearly a year ago to felony solicitation of prostitution and procuring teenagers for prostitution.

He is allowed out from 7 a.m. to 11 p.m., escorted by a deputy, said Palm Beach County Sheriff's Office spokeswoman Teri Barbera.

During a Palm Beach Police Department investigation, five victims and 17 witnesses gave statements. They told of young women brought by his assistants to Epstein's mansion on El Brillo Way for massages and sexual activity, and then being paid afterward.

At Epstein's plea conference last year, his attorney, Jack Goldberger, and then-Assistant State Attorney Lanna Belohlavek approached Pucillo in a sidebar conference. Pucillo, who had left the bench nine years earlier, was filling in temporarily as a senior judge.

According to a transcript, Goldberger told Pucillo that Epstein had entered a confidential agreement with the U.S. attorney's office in which federal prosecutors brokered not pursuing charges against him if he pleaded guilty in state court. Pucillo then said she wanted a sealed copy of the agreement filed in his case, and Goldberger concurred that he wanted it sealed. Belohlavek later signed off on it.

The Florida Supreme Court has expressed "serious concern" and launched an all-out inquiry into sealing procedures across the state following media reports in 2006 of entire cases being sealed and disappearing from court records.

"The public's constitutional right of access to court records must remain inviolate, and this court is fully committed to safeguarding this right," justices wrote in their final report.

Epstein's office on Tuesday referred any questions to Goldberger, who declined to comment. Pucillo also has declined to comment.

@susan_spencer_wendel@pbpost.com

# FACSIMILE TRANSMISSION

[redacted]

b6
b7C

TELECOMMUNICATIONS SPECIALIST

TELEPHONE: [redacted] FAX: (561) 688-3355

DATE: 6/17/2009 TIME: 1:00 AM

TO: DET. [redacted] FAX NUMBER: (561) 650-6951

TOTAL NUMBER OF PAGES, INCLUDING COVER SHEET: 7

## REMARKS:

The following table itemizes the results.

| ITEM | AREA CODE | PHONE NUMBER | CALL TRIES QUAN | ACCEPTED CALL QUAN | RESTRICTED QUAN |
|---|---|---|---|---|---|
| 1 | [redacted] | | 0 | - | - |
| 2 | | | 0 | - | - |
| 3 | | | 0 | - | - |
| 4 | | | 100 | 78 | - |

NOTE: 1. This data is for the time period starting 06/30/08 and ending 10/10/08.

The attached data sheets show all of the above.

If you have any further questions, please call me.

THIS FACSIMILE CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED FOR THE USE OF THE ADDRESSEE(S) NAMED ABOVE. IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS FACSIMILE, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY COPYING OR DISSEMINATION OF THIS FACSIMILE IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE IMMEDIATELY NOTIFY ME BY TELEPHONE TO ARRANGE FOR THE RETURN OF THE ORIGINAL FACSIMILE.

6/17/2009 12:52:54 PM C:\Documents and Settings\yorganjan\Desktop\Word Files\Fax Cover-Jason Richards-1A.doc

31E-MM-108062

31E-MM-108062-219

# Default Contract Code

## CALL DETAIL RECORDS - I

All Facilities

06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

b6
b7C

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.**

END OF DETAIL

# Default Contract Code

b6
b7C

## CALL DETAIL RECORDS - I

### All Facilities

### 06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.**

END OF DETAIL

# Default Contract Code

## CALL DETAIL RECORDS - I

b6
b7C

### All Facilities

### 06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**THERE ARE NO RECORDS FOR THE CHOSEN SET OF CRITERIA.**

END OF DETAIL

b6
b7C

# Default Contract Code

## CALL DETAIL RECORDS - I

### All Facilities

### 06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2008/06/30 | 10:25:16 | 10:25:39 | | 10:27:51 | | 1 | | pam0t | INTAKE 3 | 0 | 2 | 90 | 6 | | |
| 2008/06/30 | 10:33:38 | 10:34:05 | | 10:35:33 | | 1 | | pam0t | INTAKE 3 | 0 | 2 | 128 | 6 | | |
| 2008/06/30 | 11:03:16 | 11:03:43 | 11:05:09 | 11:05:35 | | 1 | | pam0t | INTAKE 3 | 1 | 2 | 128 | 6 | | |
| 2008/06/30 | 12:44:02 | 12:44:28 | 12:45:54 | 12:49:41 | | 1 | | pbs0t | T20A-2 | 4 | 2 | 128 | 6 | | |
| 2008/06/30 | 13:19:53 | 13:20:19 | 13:21:47 | 13:26:27 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/01 | 10:01:39 | 10:02:22 | 10:03:50 | 10:08:48 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/01 | 17:30:18 | 17:30:41 | 17:32:01 | 17:34:43 | | 1 | | pbs0t | T20A-2 | 3 | 2 | 128 | 6 | | |
| 2008/07/02 | 18:33:08 | 18:33:32 | 18:55:00 | 19:09:49 | | 1 | | pbs0t | T20A-2 | 15 | 2 | 128 | 6 | | |
| 2008/07/02 | 19:35:25 | 19:35:48 | 19:37:12 | 19:41:44 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/04 | 16:38:50 | 16:39:13 | 16:40:43 | 16:48:00 | | 1 | | pbs0t | T20A-2 | 8 | 2 | 128 | 6 | | |
| 2008/07/04 | 18:52:02 | 18:52:25 | 18:53:49 | 18:56:30 | | 1 | | pbs0t | T20A-2 | 3 | 2 | 128 | 6 | | |
| 2008/07/05 | 18:19:01 | 18:19:22 | 18:20:48 | 18:28:08 | | 1 | | pbs0t | T20A-2 | 8 | 2 | 128 | 6 | | |
| 2008/07/06 | 11:55:22 | 11:55:43 | 11:57:07 | 12:08:33 | | 1 | | pbs0t | T20A-2 | 12 | 2 | 128 | 6 | | |
| 2008/07/07 | 11:42:36 | 11:42:58 | 11:44:24 | 11:51:46 | | 1 | | pbs0t | T20A-2 | 8 | 2 | 128 | 6 | | |
| 2008/07/07 | 12:17:05 | 12:17:32 | | 12:19:57 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/07/07 | 18:20:15 | 18:20:38 | 18:22:00 | 18:31:13 | | 1 | | pbs0t | T20A-2 | 10 | 2 | 128 | 6 | | |
| 2008/07/08 | 12:09:36 | 12:09:59 | 12:11:19 | 12:15:22 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/08 | 18:54:10 | 18:54:32 | | 18:56:50 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/07/08 | 18:56:53 | 18:57:14 | | 18:58:36 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 128 | 6 | | |
| 2008/07/08 | 19:04:17 | 19:04:41 | | 19:05:46 | | 1 | | pbs0t | T20A-1 | 0 | 2 | 128 | 6 | | |
| 2008/07/09 | 14:27:28 | 14:27:57 | 14:29:21 | 14:30:22 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/07/15 | 08:18:05 | 08:18:25 | 08:19:45 | 08:26:56 | | 1 | | pbs0t | T20A-2 | 8 | 2 | 128 | 6 | | |
| 2008/07/16 | 07:01:06 | 07:01:27 | 07:02:47 | 07:12:25 | | 1 | | pbs0t | T20A-2 | 10 | 2 | 130 | 6 | | |
| 2008/07/18 | 06:37:59 | 06:38:21 | 06:39:40 | 06:44:36 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/20 | 12:07:45 | 12:08:06 | | 12:10:14 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/07/20 | 17:49:39 | 17:50:00 | 17:51:22 | 18:01:27 | | 1 | | pbs0t | T20A-2 | 11 | 2 | 128 | 6 | | |
| 2008/07/22 | 12:18:21 | 12:18:43 | 12:20:11 | 12:24:16 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/07/25 | 11:11:22 | 11:11:44 | | 11:14:07 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/07/28 | 10:57:21 | 10:57:43 | 10:59:10 | 11:00:29 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/07/29 | 19:13:30 | 19:13:53 | 19:15:21 | 19:29:26 | | 1 | | pbs0t | T20A-2 | 15 | 2 | 128 | 6 | | |
| 2008/07/29 | 19:29:31 | 19:29:54 | 19:31:11 | 19:46:01 | | 1 | | pbs0t | T20A-2 | 15 | 2 | 128 | 6 | | |
| 2008/07/30 | 16:43:31 | 16:43:54 | 16:45:23 | 16:46:34 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/03 | 13:23:47 | 13:24:11 | 13:25:33 | 13:26:49 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/05 | 08:22:23 | 08:22:43 | | 08:25:08 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/08/05 | 17:19:39 | 17:20:21 | 17:21:56 | 17:22:56 | | 1 | | pbs0t | T20A-2 | 1 | 2 | 128 | 6 | | |
| 2008/08/05 | 17:22:58 | 17:23:19 | | 17:23:37 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 70 | 6 | | |
| 2008/08/05 | 17:23:41 | 17:24:05 | 17:25:28 | 17:31:59 | | 1 | | pbs0t | T20A-2 | 7 | 2 | 128 | 6 | | |

# Default Contract Code

## CALL DETAIL RECORDS - I

### All Facilities

### 06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number Dialed Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2008/08/06 | 14:41:08 | 14:41:29 | 14:42:51 | 14:51:30 | | 1 | | pbs0t | T20A-2 | 9 | 2 | 128 | 6 | | |
| 2008/08/07 | 18:34:57 | 18:35:18 | 18:36:38 | 18:39:01 | | 1 | | pbs0t | T20A-2 | 3 | 2 | 128 | 6 | | |
| [redacted]/08/07 | 21:23:06 | 21:23:29 | 21:24:56 | 21:26:28 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| [redacted]/08/08 | 18:34:07 | 18:34:27 | 18:35:47 | 18:37:34 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/08 | 20:24:42 | 20:25:04 | 20:26:22 | 20:36:13 | | 1 | | pbs0t | T20A-2 | 10 | 2 | 128 | 6 | | |
| 2008/08/09 | 11:54:34 | 11:54:55 | 11:56:18 | 11:58:11 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/10 | 11:58:41 | 11:59:03 | 12:00:29 | 12:01:46 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/10 | 13:08:00 | 13:08:21 | 13:09:41 | 13:24:18 | | 1 | | pbs0t | T20A-2 | 15 | 2 | 128 | 6 | | |
| 2008/08/10 | 17:55:49 | 17:56:09 | 17:57:27 | 18:05:49 | | 1 | | pbs0t | T20A-2 | 9 | 2 | 128 | 6 | | |
| 2008/08/13 | 12:11:03 | 12:11:25 | 12:12:52 | 12:20:25 | | 1 | | pbs0t | T20A-2 | 8 | 2 | 128 | 6 | | |
| 2008/08/17 | 07:50:37 | 07:50:57 | 07:52:30 | 07:56:53 | | 1 | | pbs0t | T20A-2 | 5 | 2 | 128 | 6 | | |
| 2008/08/18 | 12:13:56 | 12:14:16 | 12:15:33 | 12:22:22 | | 1 | | pbs0t | T20A-2 | 7 | 2 | 128 | 6 | | |
| 2008/08/19 | 12:09:17 | 12:09:38 | 12:10:59 | 12:22:05 | | 1 | | pbs0t | T20A-2 | 12 | 2 | 128 | 6 | | |
| 2008/08/21 | 19:33:42 | 19:34:02 | 19:35:29 | 19:37:14 | | 1 | | pbs0t | T20A-2 | 2 | 2 | 128 | 6 | | |
| 2008/08/25 | 12:10:29 | 12:10:53 | 12:12:27 | 12:14:58 | | 1 | | pbs0t | T20A-2 | 3 | 2 | 128 | 6 | | |
| 2008/09/02 | 15:29:24 | 15:29:45 | 15:31:04 | 15:39:11 | | 1 | | pbs0t | U63A | 9 | 2 | 128 | 6 | | |
| 2008/09/03 | 16:08:27 | 16:08:48 | 16:10:03 | 16:12:09 | | 1 | | pbs0t | U63A | 3 | 2 | 128 | 6 | | |
| 2008/09/09 | 16:51:05 | 16:51:26 | 16:52:49 | 16:55:49 | | 1 | | pbs0t | U63A | 3 | 2 | 128 | 6 | | |
| 2008/09/10 | 21:06:16 | 21:06:38 | 21:07:49 | 21:08:39 | | 1 | | pbs0t | U63A | 1 | 2 | 128 | 6 | | |
| 2008/09/15 | 12:13:33 | | | 12:13:46 | | 1 | | pbs0t | U63A | 0 | 2 | 86 | 6 | | |
| 2008/09/15 | 12:13:47 | | | 12:13:56 | | 1 | | pbs0t | U63A | 0 | 2 | 86 | 6 | | |
| [redacted]/09/15 | 15:46:23 | 15:46:47 | 15:48:05 | 15:55:56 | | 1 | | pbs0t | U63A | 8 | 2 | 128 | 6 | | |
| [redacted]/09/16 | 13:18:49 | 13:19:12 | 13:20:35 | 13:30:46 | | 1 | | pbs0t | U63A | 11 | 2 | 128 | 6 | | |
| 2008/09/17 | 07:30:39 | 07:31:21 | 07:32:48 | 07:38:57 | | 1 | | pbs0t | U63A | 7 | 2 | 128 | 6 | | |
| 2008/09/17 | 07:47:23 | 07:47:51 | 07:49:16 | 07:50:13 | | 1 | | pbs0t | U63A | 1 | 2 | 128 | 6 | | |
| 2008/09/17 | 16:47:46 | | | 16:47:55 | | 1 | | pbs0t | T20A-2 | 0 | 2 | 128 | 6 | | |
| 2008/09/18 | 17:52:03 | 17:52:25 | 17:53:49 | 17:57:14 | | 1 | | pbs0t | T20A-2 | 4 | 2 | 128 | 6 | | |
| 2008/09/19 | 12:11:23 | 12:11:49 | 12:13:16 | 12:22:02 | | 1 | | pbs0t | U63A | 9 | 2 | 128 | 6 | | |
| 2008/09/19 | 12:39:26 | 12:39:49 | 12:41:15 | 12:44:22 | | 1 | | pbs0t | U63A | 4 | 2 | 128 | 6 | | |
| 2008/09/19 | 12:52:04 | 12:52:27 | | 12:53:10 | | 1 | | pbs0t | U63A | 0 | 2 | 129 | 6 | | |
| 2008/09/19 | 17:56:50 | 17:57:11 | 17:58:32 | 18:11:26 | | 1 | | pbs0t | U63A | 13 | 2 | 128 | 6 | | |
| 2008/09/20 | 10:06:03 | 10:06:26 | 10:07:42 | 10:09:51 | | 1 | | pbs0t | U63A | 3 | 2 | 128 | 6 | | |
| 2008/09/20 | 10:31:22 | 10:31:43 | | 10:32:26 | | 1 | | pbs0t | U63A | 0 | 2 | 128 | 6 | | |
| 2008/09/22 | 08:36:50 | 08:37:12 | | 08:39:29 | | 1 | | pbs0t | U63A | 0 | 2 | 90 | 6 | | |
| 2008/09/22 | 11:55:19 | 11:55:40 | 11:56:56 | 11:58:10 | | 1 | | pbs0t | U63A | 2 | 2 | 128 | 6 | | |
| 2008/09/22 | 20:34:38 | 20:34:59 | | 20:35:27 | | 1 | | pbs0t | U63A | 0 | 2 | 129 | 6 | | |
| 2008/09/22 | 20:35:32 | 20:35:54 | 20:37:10 | 20:40:32 | | 1 | | pbs0t | U63A | 4 | 2 | 128 | 6 | | |



06/17/2009 13 b6 b7C 5616883355 P.B.S.O. TELECOMM. PAGE 06/07

# Default Contract Code

## CALL DETAIL RECORDS - I

### All Facilities

### 06/30/08 TO 10/10/08: INMATE PHONE CALLS TO [redacted]

| Date | Pickup | Connect | Accept | Stop | Originating Phone # | Number Dialed CC | Number Dialed Number | Facility | Location | Minutes | Type Code | Term Code | Dest Code | Recorder Channel | Acct. No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2008/09/23 | 12:12:13 | 12:12:34 | 12:13:48 | 12:15:24 | [redacted] | 1 | [redacted] | pbs0t | U63A | 2 | 2 | 128 | 6 | | |
| 2008/09/23 | 17:12:28 | 17:12:52 | 17:14:13 | 17:15:53 | [redacted] | 1 | [redacted] | pbs0t | U63A | 2 | 2 | 128 | 6 | | |
| 2008/09/24 | 19:55:53 | 19:56:15 | 19:57:31 | 19:59:01 | [redacted] | 1 | [redacted] | pbs0t | U63A | 2 | 2 | 128 | 6 | | |
| [redacted]/09/26 | 18:01:11 | 18:01:32 | 18:02:48 | 18:09:09 | [redacted] | 1 | [redacted] | pbs0t | U63A | 7 | 2 | 128 | 6 | | |
| 2008/09/27 | 08:57:11 | 08:57:32 | | 08:59:25 | [redacted] | 1 | [redacted] | pbs0t | U63A | 0 | 2 | 128 | 6 | | |
| 2008/09/29 | 08:07:24 | 08:07:50 | 08:09:05 | 08:12:52 | [redacted] | 1 | [redacted] | pbs0t | U63A | 4 | 2 | 128 | 6 | | |
| 2008/09/30 | 16:31:13 | 16:31:39 | 16:32:54 | 16:40:28 | [redacted] | 1 | [redacted] | pbs0t | U63A | 8 | 2 | 128 | 6 | | |
| 2008/09/30 | 17:02:03 | 17:02:25 | 17:03:39 | 17:07:12 | [redacted] | 1 | [redacted] | pbs0t | U63A | 4 | 2 | 128 | 6 | | |
| 2008/09/30 | 17:15:56 | 17:16:22 | 17:17:51 | 17:23:29 | [redacted] | 1 | [redacted] | pbs0t | U63A | 6 | 2 | 128 | 6 | | |
| 2008/10/01 | 18:04:42 | 18:05:03 | 18:06:19 | 18:07:03 | [redacted] | 1 | [redacted] | pbs0t | U63A | 1 | 2 | 128 | 6 | | |
| 2008/10/04 | 09:11:55 | 09:12:16 | | 09:14:15 | [redacted] | 1 | [redacted] | pbs0t | U63A | 0 | 2 | 90 | 6 | | |
| 2008/10/04 | 12:56:40 | 12:57:02 | 12:58:19 | 13:07:36 | [redacted] | 1 | [redacted] | pbs0t | U63A | 10 | 2 | 128 | 6 | | |
| 2008/10/04 | 13:16:06 | 13:16:29 | 13:17:49 | 13:28:42 | [redacted] | 1 | [redacted] | pbs0t | U63A | 11 | 2 | 128 | 6 | | |
| 2008/10/04 | 13:29:38 | 13:30:01 | 13:31:17 | 13:35:08 | [redacted] | 1 | [redacted] | pbs0t | U63A | 4 | 2 | 128 | 6 | | |
| 2008/10/04 | 16:10:27 | 16:10:51 | 16:12:17 | 16:13:01 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 1 | 2 | 128 | 6 | | |
| 2008/10/04 | 18:22:37 | 18:22:58 | 18:24:24 | 18:24:55 | [redacted] | 1 | [redacted] | pbs0t | U63A | 1 | 2 | 128 | 6 | | |
| 2008/10/05 | 12:30:28 | 12:30:49 | 12:32:07 | 12:35:26 | [redacted] | 1 | [redacted] | pbs0t | U63A | 4 | 2 | 128 | 6 | | |
| 2008/10/05 | 13:14:05 | 13:14:26 | 13:15:49 | 13:16:14 | [redacted] | 1 | [redacted] | pbs0t | U63A | 1 | 2 | 128 | 6 | | |
| 2008/10/05 | 16:24:42 | 16:25:02 | 16:26:18 | 16:34:05 | [redacted] | 1 | [redacted] | pbs0t | U63A | 8 | 2 | 128 | 6 | | |
| 2008/10/07 | 17:42:15 | 17:42:38 | | 17:44:36 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/10/08 | 16:15:10 | 16:15:32 | | 16:16:21 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 0 | 2 | 128 | 6 | | |
| 2008/10/08 | 16:18:23 | 16:18:44 | 16:20:01 | 16:21:23 | [redacted] | 1 | [redacted] | pbs0t | U63A | 2 | 2 | 128 | 6 | | |
| [redacted]/10/08 | 17:51:13 | 17:51:40 | 17:52:56 | 17:53:55 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 1 | 2 | 130 | 6 | | |
| 2008/10/08 | 17:54:00 | 17:54:21 | | 17:56:02 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 0 | 2 | 90 | 6 | | |
| 2008/10/08 | 17:57:15 | 17:57:37 | 17:58:52 | 18:02:48 | [redacted] | 1 | [redacted] | pbs0t | T20A-2 | 4 | 2 | 128 | 6 | | |
| 2008/10/08 | 19:49:49 | 19:50:10 | 19:51:27 | 19:56:21 | [redacted] | 1 | [redacted] | pbs0t | U63A | 5 | 2 | 128 | 6 | | |

**END OF DETAIL**



HOUSE_OVERSIGHT_021662

(Rev. 05-01-2008)

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 01/08/2010

**To:** Miami **Attn:** SSA [redacted] b6 b7C

**From:** Miami
PB-1, Palm Beach County RA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:**

**Case ID #:** 31E-MM-108062

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** To request transfer of above captioned case due to agent's transfer to another squad.

**Details:** Due to SA [redacted] transfer to Squad PB-1, please reassign the above captioned case.

REASSIGN TO [redacted]
1/11/2010
[redacted]
31E-MM-108062-2d1
008 [redacted] 01.ee

UNCLASSIFIED

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 1/27/10
Edition: Palm Beach Post
Title: Judge rules Epstein Attorneys can subpoena Abortion Records
Character: or
Classification: 31E-MM-108062
Submitting Office:

Indexing:

# Judge rules Epstein attorneys can subpoena abortion records

By JANE MUSGRAVE
*Palm Beach Post Staff Writer*

WEST PALM BEACH — In a decision that could spark a constitutional showdown over privacy rights, a judge Tuesday gave lawyers representing multimillionaire sex offender Jeffrey Epstein the right to subpoena abortion records from women who are seeking millions in damages from the part-time Palm Beach resident.

Palm Beach County Circuit Judge Donald Hafele said the records could help Epstein rebut the women's claims that they suffered psychological ills after being paid to give him sexually-charged massages at his Palm Beach mansion when they were as young as 14.

Hafele told Epstein's attorneys they couldn't go on a fishing expedition. The medical records, he said, can't be sought until the women are asked whether they have ever had an abortion, how many and where. Further, he said, the records would not be made public and might not be admissible during trial.

**Epstein**
The judge says the records would not be made public.

But, he said, since the women claim Epstein, now 57, is responsible for their emotional distress, his attorneys can explore the impact of other events. Medical records, Hafele said, are a better source of information than a person's memory.

Attorney Louis Silver, who represents the Presidential Women's Health Center, a West Palm Beach clinic where abortions are performed, warned Hafele that he was stepping on shaky constitutional grounds.

"These records are protected by our constitutional right of privacy," he said, referring to the Florida Constitution.

After the hearing, Silver said an appeal won't be necessary until Epstein attorneys seek the records.

In another ruling Wednesday, Hafele also said that videos from depositions in the state cases can't be released without a court order. The ruling came after Epstein attorney Robert Critton complained that a video of Epstein being asked whether he had an "egg-shaped" penis became a youtube.com sensation. It first appeared on *The Palm Beach Post* Web site.

Critton blamed attorney Spencer Kuvin for releasing it. Kuvin said it was public record.

The civil suits began mounting after Epstein agreed to plead guilty to two state charges: procuring a minor for prostitution and soliciting prostitution. He served 13 months of an 18-month sentence. As part of the deal brokered with federal prosecutors, he agreed not to contest the accusations in the civil lawsuits. He can argue the women don't deserve the millions they are seeking.

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31E-MM-108062-FBI/DOJ 223

FD-350 (Rev. 5-8-81)

(Indicate page, name of newspaper, city and state.)

Date: 1/26/2010
Edition: MORNING
Title: PALM BCH POST
Ex-Epstein Faces obstruction charges
Character:
or
Classification:
Submitting Office: 31E-MM-108067

# Ex-Epstein worker faces obstruction charges

**Epstein** Papers listed Palm Beach sex offender's victims

*The FBI says he tried to sell information to an agent.*

By SUSAN SPENCER-WENDEL
*Palm Beach Post Staff Writer*

WEST PALM BEACH — A former employee of sex-scandal-plagued Jeffrey Epstein has been charged with obstruction of justice after the employee allegedly withheld critical information from federal agents — an expansive list of Epstein victims and witnesses — as investigators probed the Palm Beach financier for sexual exploitation of minors.

According to an FBI agent's affidavit, Alfredo Rodriguez offered to later sell the information for $50,000 — Rodriguez calling it the "Holy Grail" or "Golden Nugget" — to a government witness, who is not named in the affidavit.

The affidavit does not refer to Epstein by name, either.

In early November, an undercover FBI agent was sent in to make the buy from Rodriguez. Rodriguez, born in 1953, had told police that he worked for Epstein as a butler, chauffeur, chef and housemaid, sometimes picking up and cleaning sex toys left behind after Epstein finished his encounters with the underage girls.

According to the affidavit, Rodriguez met the undercover agent and produced a small bound book and several sheets of legal paper, which he told the agent he had taken from Epstein's home while employed there in 2004 and 2005. Rodriguez then began counting his $50,000 payoff.

He was stopped, detained on the spot and questioned by agents, according to the

*See* EPSTEIN, 5B ▶

# Information could have altered case

▶ EPSTEIN *from 1B*

affidavit.

Rodriguez told agents of witnessing nude girls whom he believed to be underage at Epstein's pool area, of knowing that his former employer was having sex with underage girls, and of viewing underage pornography on computers in Epstein's home.

Special Agent Christina Pryor wrote that later review of the papers and book Rodriguez handed over revealed information "that would have been extremely useful in investigating and prosecuting the case, including names and contact information of material witnesses and additional victims."

"Had those items been produced in response to inquiries of state law enforcement officers or the Special Agents, their contents would have been presented to the federal grand jury," Pryor wrote.

The information allegedly withheld by Rodriguez may have been a tipping point in the controversial probe of Epstein. Federal prosecutors ended up striking an extraordinary deal with Epstein and his top-flight lawyers: agreeing to recall grand jury subpoenas if Epstein pleaded guilty to prostitution-related felonies in state court, which he ultimately did.

Epstein received an 18-month jail sentence. He served 13 months and was allowed to leave the jail most waking hours of the day.

An attorney for Rodriguez, Assistant Federal Public Defender Dave Brannon, declined to comment on his behalf.

An unnamed government witness mentioned in the affidavit is likely one of the attorneys representing women in a gaggle of current civil lawsuits against Epstein.

The affidavit outlines how the unnamed witness had deposed Rodriguez, who denied having documents, then received a call from Rodriguez later offering to sell for $50,000 the "Holy Grail."

"Rodriguez explained that the information contained hundreds of additional victims and their phone numbers from diverse geographic locations including New York, New Mexico and Paris," according to the affidavit.

Rodriguez is scheduled to be arraigned in federal court Monday.

Also in the affidavit are the reasons Rodriguez cited to the unnamed witness for why he withheld the lists from investigators: He considered it his property and should be compensated for it, and he feared the target of the federal investigation, Epstein, would make him disappear or otherwise harm him.

○ susan_spencer_wendel@pbpost.com

31E-MM-108067-2

PRINT

# BLOGS & STORIES

## The Billionaire Pedophile's Sex Den

by *Conchita Sarnoff*

July 22, 2010 | 11:46pm

**The Daily Beast reveals new details about the twisted sex life of Jeffrey Epstein and his penchant for underage girls. Conchita Sarnoff on his massages, sex toys, and questionable deals. Also:**

Newscom

- **Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs**
- **Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day**
- **The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments**
- **Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2**
- **According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets**

Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."

A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact, particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the

31E-MM-108062-225

shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.

Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits. Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel



HOUSE_OVERSIGHT_021667

Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home—the city's largest private residence—and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated MC2 for a 60 Minutes broadcast several years ago, is quoted in Michael Gross' book about the modeling industry, *Bad and Beautiful*. Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities, Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)

An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

Read Conchita Sarnoff's original report on Epstein.

*Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is a contributor to The Huffington Post and is writing a book about child trafficking in America.*

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For inquiries, please contact The Daily Beast at editorial@thedailybeast.com.

URL: http://www.thedailybeast.com/blogs-and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/p/ **PRINT**

PRINT

# BLOGS & STORIES

## Billionaire Pedophile Goes Free

by *Conchita Sarnoff*

July 20, 2010 | 11:05pm

**Hedge fund mogul Jeffrey Epstein became a free man Wednesday, five years after he was first accused of sexually abusing underage girls. After months of reporting, The Daily Beast's Conchita Sarnoff reveals exclusive details of the investigation and the legal wrangling that saved him from a long prison term. She reports:**

- **Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive look at his nine-hour deposition about the investigation.**
- **Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.**
- **Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.**
- **The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.**
- **Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.**
- **Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."**

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a luxurious exile.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

31E-MM-108062 -226



HOUSE_OVERSIGHT_021669

But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Michael Reiter, the former Palm Beach police chief, certainly thinks so. He gave The Daily Beast exclusive access to the transcript of his nine-hour deposition for the victims' civil suits, in which he explained how the case against Epstein was minimized by the State Attorney's Office, then bargained down by the U.S. Department of Justice, all in an atmosphere of hardball legal tactics and social pressures so intense that Reiter became estranged from several colleagues. At the time, Reiter, who retired in 2009 and now runs his own security firm, objected both to Epstein's plea agreement and to the flexible terms of his incarceration in the county jail rather than state prison. Asked during the deposition whether he thought Epstein received special treatment, he answered "yes."

In March 2005, Reiter's department, acting on a complaint from the Florida parents of a 14-year-old girl, launched an investigation that would eventually uncover a pattern of predatory behavior stretching back years and spanning several continents, knowingly enabled by Epstein's associates and employees. Two or three times a day, whenever Epstein was in Palm Beach, a teenage girl would be brought to the mansion on El Brillo Way. ("The younger the better," he instructed Haley Robson, a local teenager who was paid to bring other girls to the house, and who declared, on a police tape, that she was "like a Heidi Fleiss," the infamous California madam.) Advised that she would be giving a "massage," the girl was then pressured to remove her clothes, submit to fondling and a large vibrator, and sometimes lured into more invasive sexual contact. Each girl was paid $200 or more, depending on how far things went, by house manager Alfredo Rodriguez, who was instructed always to have $2,000 cash on hand.

The Palm Beach Police Department identified 17 local girls who had contact with Epstein before the age of consent; the youngest was 14, and many were younger than 16. And that was just at one of Epstein's many homes around the world—he also owns property in New York, Santa Fe, Paris, London, and the Caribbean. Subsequent investigation by the FBI, reaching as far back as 2001, indentified roughly 40 victims, not counting Nadia Marcinkova, whom Epstein referred to as his "Yugoslavian sex slave" because he had imported her from the Balkans at age 14. Now 24,



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Marcinkova became a member of the household and is alleged to have participated in the sexual contact with underage girls.

Epstein quickly got wind of the investigation, and progress on the case got messy very quickly. He hired a squad of lawyers and private investigators and dispatched influential friends to pressure the police into backing off. Instead, local detectives pressed on and brought the matter to the attention of the FBI. The detectives asked their federal colleagues whether the fact that some victims appeared to have traveled out of state on Epstein's planes—plus the use of interstate phone service to arrange assignations—might be violations of the federal 2000 Trafficking Victims Protection Act, which carries a minimum sentence of 20 years. (Florida enacted the federal TVPA in 2002.)

So when State Attorney Barry Krischer, who also ran Florida's Crimes Against Children Unit, proved reluctant to mount a vigorous prosecution of Epstein, saying the local victims were not credible witnesses, Chief Reiter wrote the attorney a letter complaining of the state's "highly unusual" conduct and asking him to remove himself from the case. He did not, and the evidence his office presented to a state grand jury produced only a single count of soliciting prostitution. (Krischer has since retired and would not comment for this article.) The day after that indictment was returned, Reiter was relieved to have the FBI step in and take over the investigation.

The details that eventually emerged were often shocking and occasionally bizarre. For Epstein's birthday one year, according to allegations in a civil suit, he was presented with three 12-year-old girls from France, who were molested then flown back to Europe the next day. These same civil complaints allege that young girls from South America, Europe, and the former Soviet republics, few of whom spoke English, were recruited for Esptein's sexual pleasure. According to a former bookkeeper, a number of the girls worked for MC2, the modeling agency owned by Jean Luc Brunel, a longtime acquaintance and frequent guest of Epstein's. Brunel received $1 million from the billionaire around the time he started the agency.

The non-prosecution agreement executed between Epstein and the Department of Justice states that Epstein and four members of his staff were investigated for "knowingly, in affecting interstate and foreign commerce, recruiting enticing and obtaining by any means a person, knowing that person has not yet obtained the age of 18 years and would be caused to engage in commercial sex act"—that is, child sex trafficking. Yet the agreement allowed Epstein to plead guilty to only two lower-level state crimes, soliciting prostitution and soliciting a minor child for prostitution.

Although the police investigation was officially closed, Chief Reiter tried to stay abreast of the federal case against Epstein. He was particularly concerned that Epstein be registered as a sex offender, which was part of the final deal, and that a fund be set up to compensate his victims—which was not, although Epstein agreed to bankroll their civil lawsuits. Attorney Dershowitz says Epstein's agreement to pay attorney fees for the victims and agree to civil damage claims—without admitting guilt—amounted to "extortion under threat of criminal prosecution."

But exactly which crimes did the Department of Justice threaten to prosecute? The Daily Beast has learned that there were several earlier versions of the U.S Attorney's charges, including a 53-page indictment that, had he been convicted, could have landed Epstein in prison for 20 years. Brad Edwards, attorney for seven of the victims, confirms the existence of an earlier draft of the non-prosecution agreement, officially under seal, in which it appears that Epstein "committed, at some point, to a 10-year federal sentence." But in the end Epstein's legal team refused that deal and threatened to proceed to trial. And that's where the question of whether the case was "winnable" before a jury again came into play, according to a source in the U.S Attorney's Office, which shared the state attorney's view that the prosecution was far from a slam dunk.

For one, it was clear from the start that Epstein would spare no legal expense and that his team of veteran lawyers, whose cases ranged from O.J. Simpson to the investigation of Clinton's relationship with an intern, would play rough. When the Palm Beach police started to identify victims, according to Detective Joe Recarey's report, Dershowitz began sending the detective Facebook and MySpace posts to demonstrate that some of these girls were no angels. Reiter's deposition also states that he heard from local private investigators that Dershowitz had launched background checks on both the police chief and Det. Recarey. Dershowitz denies all of that. According to Reiter, both he and Recarey also became aware that they were under surveillance for several months, without knowing who ordered it. And the Florida victims began to complain that they and family members were being followed and intimidated by



HOUSE_OVERSIGHT_021671

private investigators who were then linked to local attorneys in Epstein's employ. In one reported instance, the private investigator claimed to be a police officer, and Reiter considered filing witness-tampering charges.

The credibility of the victims was also an issue; they had never complained of their treatment by Epstein until they were contacted by police, and they may have voluntarily returned to the Palm Beach mansion several times. Many of the girls came from disadvantaged backgrounds or broken homes, and they were susceptible to Epstein's cash, intimidation, and charm. Those who were 16 when they went to El Brillo Way would have been in their 20s by the time they took the stand, and Epstein's investigators had dredged up every instance of bad behavior in their pasts. According to an exchange in the Reiter deposition, a few of the victims had worked in West Palm Beach at massage parlors known as "jack shacks." Each new compromising detail was immediately forwarded to the State Attorney's Office, where staff met frequently with Epstein's lawyers.

The Florida statutes are clear: Any person older than 24 who engages in sexual contact with someone under the age of 18 commits a felony of the second degree. The victim's prior sexual conduct is not relevant; ignorance of her age is no defense. She needn't resist physically to cast doubt on the issue of "consent." For a child under 16, even lewd behavior short of touching is a felony of the second degree. But convincing a jury that a sexual encounter is a heinous crime is difficult if the victim can be made to appear willing and unharmed, not to mention vulgar and mercenary. It wasn't hard to imagine some of the victims quickly being discredited in court by Epstein's crack legal team, who repeatedly noted that the age of consent is lower in many other states.

But that doesn't quite explain why the Department of Justice would forgo the child-trafficking charges, which pertain regardless of a girl's attitude or character. Epstein's final sentence is so out of line with the statutory guidelines for that crime that it appears the department may have been influenced by the existence of his many powerful friends and attorneys. A highly intelligent man who once taught math at the Dalton School in New York without a bachelor's degree, Epstein has been a serious and respected player in the highest reaches of politics and philanthropy. He has made substantial contributions to political candidates, served on the Council on Foreign Relations, and donated $30 million to Harvard University.

Moreover, many of his high-powered acquaintances availed themselves of Epstein's private jets, for which the pilot logs, obtained by discovery in the civil suits, sometimes showed that bold-face names were on the same flights as underage girls. A high-profile trial threatened to splash mud over all sorts of big players, just as both Gov. Richardson and Bill Clinton's wife were running for president. Also, a hedge fund prosecution in which Epstein offered to give evidence was heating up. Alberto Gonzales, who was U.S. attorney general throughout most of the Epstein investigation and resigned just before the non-prosecution agreement was signed, told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess." But that may have been an impossible mandate, given the players involved.

Instead, said attorney Brad Edwards, "Epstein committed crimes that should have jailed him for most of his life...he was jailed for only a few months." And this week he walks through his door a free man.

*Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is a contributor to The Huffington Post and is writing a book about child trafficking in America.*

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For inquiries, please contact The Daily Beast at editorial@thedailybeast.com.

URL: http://www.thedailybeast.com/blogs-and-stories/2010-07-20/jeffrey-epstein-billionaire-pedophile-goes-free/p/ **PRINT**

**Federal Bureau of Investigation**
170 Marcel Drive
Winchester, VA 22602
FAX- (540)868-4996

# Fax

| | | | |
|---|---|---|---|
| To: | | From: | |
| Fax: | 561-650-6951 | Pages: | 4 |
| Phone: | | Date: | 4/16/2010 |
| Re: | FOIA Request | CC: | |

b6
b7C

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• Comments:

31E-mm-108062-227

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January 6, 2010

Record/Information Dissemination Section
Federal Bureau of Investigation
Department of Justice
170 Marcel Drive
Winchester, VA 22602-4843

**REQUEST UNDER FREEEDOM OF INFORMATION ACT AND PRIVACY ACT**

To Whom It May Concern:

This letter constitutes a request ("Request") under the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), the Justice Department's implementing regulations (including 28 C.F.R. § 16.1), the Privacy Act, 5 U.S.C. § 552a, and all other applicable regulations and other applicable provisions of law.

This Request is submitted by undersigned counsel on behalf of our client, Jeffrey Edward Epstein ("the Requester" or "Epstein"). Submitted with this request is an executed Privacy Waiver signed by Epstein which designates undersigned counsel to receive the results of this FOIA request.

**I. The Requester**

The Requester is a natural person. His birthdate is January 20, 1953. His place of birth is Kings County, New York. His social security number is 090-44-3348. His current address is 358 El Brillo Way, Palm Beach, Florida 33480.

**II. Request.**

Epstein seeks disclosure of any records[1], documents, files, communications, memoranda, orders, agreements and/or instructions created from January 1, 2000 to December 31, 2009, that

[1] The term "records" as used herein includes all records or communications preserved in electronic or written form, including but not limited to correspondence, documents, data, videotapes, audiotapes, faxes, files, guidance, guidelines, evaluations, instructions, analysis, memoranda, agreements, notes, orders, policies, procedures, protocols, reports, rules, technical manuals, technical specifications, training manuals, or studies.

were prepared, received, transmitted, collected, and/or maintained by the Federal Bureau of Investigation, the Department of Justice, or any of their components on field offices, including but not limited to the following:

1. Any records, order, agreement, or accommodation relating or referring to Epstein, including, but not limited to, records that document monitoring, surveillance, observation, questioning, interrogation, investigation, and/or collection of information relating to Epstein.

2. Any records relating or referring to how, why, or when Epstein was selected to be a subject of monitoring, surveillance, observation, questioning, interrogation, investigation, and/or collection of information.

We preauthorize spending up to $1,000.00

We specifically request that a cross-reference search be conducted for the requested materials. Likewise, we specifically request that the requested search include but not be limited to a search of the FBI's Central Records System (" CRS"), Electronic Surveillance ("ELSUR") indices and so-called tickler files.

Pursuant to applicable regulations and statutes, if this request is denied in whole or in part, we request that you justify all deletions by reference to specific exemptions of the FOIA, the Privacy Act, and any other provisions of law upon which you rely. Unless you reply otherwise within the response deadline set forth in the FOIA, I will assume that you do not claim that you are not the proper office to receive this request. The Requester reserves the right to appeal a decision to withhold any information.

Please furnish all requested information to my above-listed office. Thank you.

Respectfully,

Martin G. Weinberg

Complete, sign, and mail (original signature needed)

U.S. Department of Justice

Federal Bureau of Investigation

## Privacy Waiver and Certification of Identity

Full Name: Jeffrey E. Epstein

Aliases used:

Current Address: 358 El Brillo Way, Palm Beach, FL 33480

Date of Birth: 1/20/1953 Place of Birth: Kings County, New York

Social Security Number (optional): 090-44-3348

(Optional: Prior addresses, employments, etc., which may assist the FBI in locating the requested information)

I hereby waive my right to privacy, and I authorize the FBI to release any and all information relating to me to:

(Name, address & phone of attorney or other designee)

Martin G. Weinberg
20 Park Plaza, Suite 1000, Boston, MA 02116 - 617 227 3700

Under penalty of perjury, I hereby declare that I am the person described above and understand that any falsification of this statement is punishable under the provisions of Title 18, United States Code (U.S.C.), Section 1001 by a fine of not more than $10,000 or by imprisonment of not more than five years, or both; and that requesting or obtaining any record(s) under false pretenses is punishable under the provisions of Title 5, U.S.C., Section 552a (i)(3) as a misdemeanor and by a fine of not more than $5,000.

Signature: _____ Date: 1/5/10

(Rev. 05-01-2008)

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 11/24/2010

**To:** Jacksonville **Attn:** CFR
Miami ✓**Attn:** SA [redacted]

**From:** Jacksonville
Squad 10
**Contact:** SA [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 802R-JK-52669-12 (Closed)
31E-MM-108062✓ (~~Pending~~) -230

**Title:** [redacted]
POTENTIAL CONFIDENTIAL HUMAN SOURCE;
HUMAN TRAFFICKING;
CI;
JACKSONVILLE DIVISION

b6
b7C

JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

b6
b7C

**Synopsis:** Providing information to the Miami Division re [redacted]

b6
b7C
b7D

**Reference:** 31E-MM-108062 Serial 226

**Details:** On 10/27/2010, Jacksonville sources reported [redacted] was attending [redacted] Brief contact was made with [redacted] and captioned 802R file was opened. However, sources reported that [redacted] received [redacted] and departed the Jacksonville area sometime during the week of [redacted] Captioned 802R file was subsequently closed on [redacted]

UNCLASSIFIED

31E-MM-108062-230

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

After contact with MM case agents, Jacksonville case agent believes that information obtained during this brief 802R assessment may be beneficial to Miami's captioned 31E investigation. This EC directs copies of all 11 serials and enclosures to be forwarded to 31E-MM-108062 for case agents review and for informational purposes.

The highlights of this brief assessment revealed the following:

[redacted] b6 b7C b7D

In closing, Jacksonville requests Miami notify Jacksonville if information is received indicating [redacted] is returning to [redacted] to possibly receive [redacted]. This would be the next logical



HOUSE_OVERSIGHT_021678

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

[redacted] b6
[redacted] Jacksonville b7C
believes this source could be extremely valuable to Miami's case b7D
if needed.



HOUSE_OVERSIGHT_021679

To: Jacksonville From: Jacksonville
Re: 802R-JK-52669, 11/24/2010

**LEAD(s):**

**Set Lead 1: (Action)**

JACKSONVILLE

AT JACKSONVILLE, FL

Request to copy all serials and enclosures in 802R-JK-52669 and forward to case agent SA [redacted] Miami Division, Palm Beach RA, re: 31E-MM-108062. b6 b7C

**Set Lead 2: (Info)**

MIAMI

AT PALM BEACH, FL

For information purposes only.

♦♦

(Rev. 05-01-2008)

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 12/10/2010

**To:** Miami

**From:** Jacksonville
Squad 10
**Contact:** SA [redacted] b6 b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 802R-JK-52669 (Closed)
31E-MM-108062 ~~(Pending)~~ 231
[redacted] ~~(Pending)~~ b7D

**Title:** [redacted] b6 b7C
ET AL;
MIAMI DIVISION

**Synopsis:** Forwarding current photographs of [redacted]

**Enclosure(s):** Forwarding copies of [redacted] photographs obtained by [redacted] of [redacted] Also enclosed is a photograph of [redacted] b6 b7C b7D b7E

**Details:** Recently, photographs were forwarded in an email by [redacted] obtained this email and forwarded it to JK. According to the email, [redacted] is using the email address of [redacted]

Several of these photographs show [redacted] Jeffrey Epstein).

UNCLASSIFIED

31E-MM-108062 - 231

To: Miami From: Jacksonville
Re: 802R-JK-52669, 12/10/2010

According to [redacted] is registered to [redacted] b7E



HOUSE_OVERSIGHT_021682

To: Miami From: Jacksonville
Re: 802R-JK-52669, 12/10/2010

**LEAD(s):**

**Set Lead 1: (Info)**

MIAMI

AT PALM BEACH, FL

Forwarding [redacted] current email address and photographs of [redacted] with ties to JEFFREY EPSTEIN.

b6
b7C
b7D

♦♦



HOUSE_OVERSIGHT_021683

HARK! You're spending too much at the mall.
THERE'S A BETTER WAY TO CHRISTMAS SHOP. ›ROLLOVER TO FIND OUT HOW
Marshalls TJ maxx

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## Picture of the Grumman American G-1159B Gulfstream II-B aircraft

[ Medium Large Fit Screen ]

URL (link) to this photo: http://www.airliners.net/photo/Grumman-American-G-1159B/1678945/M/

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mormon.org
rollover to see more of Helen

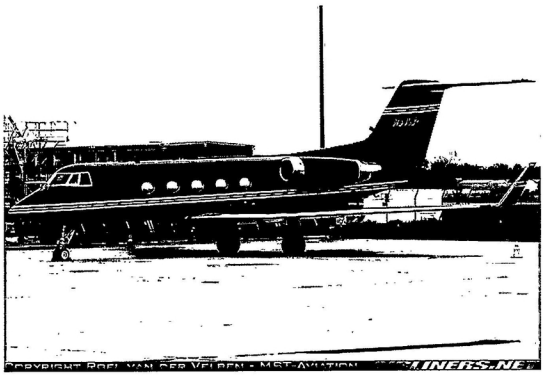


Sponsor Message:
I KNOW THE HEARTS OF THE HOMELESS.
I'm Sally Marks & I'm a Mormon
WATCH MY VIDEO
mormon.org

Rate and comment on this photo by clicking on the star rating below:

**Aircraft**
More: Untitled
More: Grumman American G-1159B Gulfstream II-B

**Remark**
N909JE (cn 151)

**Taken at**
More: Paris - Le Bourget (LBG / LFPB)
More: France, April 28, 2008

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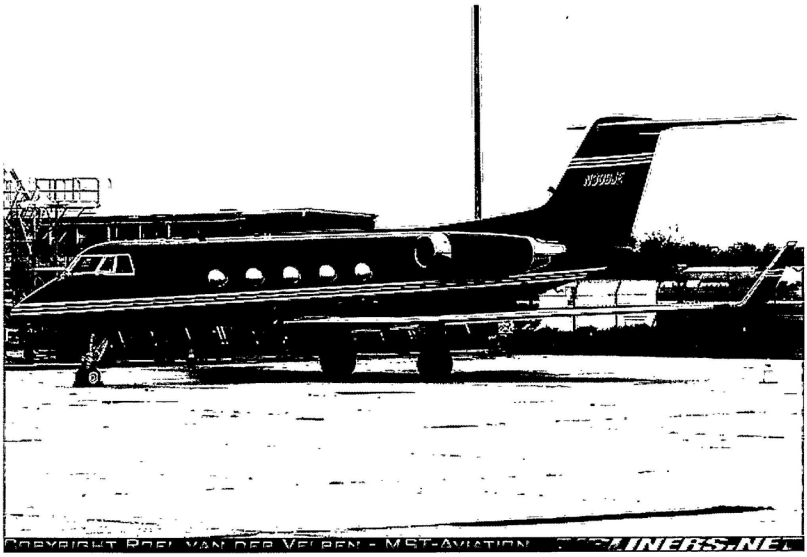
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(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 03/12/2011

**To:** Criminal Investigative **Attn:** Violent Crime Section
Crimes Against Children Unit
SSA [redacted] b6 b7C

**To:** [redacted] **Attn:** LEGAT [redacted]
ALAT

**From:** Miami
Squad PB-2 / Palm Beach County RA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (~~Pending~~)

**Title:** JEFFREY EPSTEIN;
[redacted]; b6 b7C
WSTA - CHILD PROSTITUTION

**Synopsis:** Request country clearance and travel authority for two Miami Agents to travel to [redacted] from 03/14/2011 to 03/21/2011 to interview United States Citizen, [redacted]

**Details:** : Captioned matter was initiated in July 2006 after the Palm Beach Police Department (PBPD) requested the assistance of the FBI. PBPD reported that they had an ongoing investigation regarding EPSTEIN procuring underage girls from local high schools to perform massages and sexual acts at his residence.

The victims were usually recruited by other underage females and after performing various acts were paid sums of money in the $200-$1000 range.

During the FBI investigation a victim, [redacted] was identified. It was reported [redacted] was working at [redacted] when she was approached by [redacted] to meet EPSTEIN at his residence. [redacted] agreed and soon began [redacted]

[redacted] b1.ec 31E-MM-108062-234

b6
b7C

An identified victim, [redacted] was introduced to EPSTEIN by [redacted] at the time. During their first meeting, [redacted]

On 03/04/2011 [redacted] activities with EPSTEIN. [redacted] indicated that EPSTEIN had [redacted]

Miami Division requests country clearance for two case agents to travel to [redacted] on 03/14/2011 to interview [redacted], victim in captioned matter. [redacted] currently lives [redacted] and is a US Citizen [redacted] is the victim of a sex crime and a face to face interview at the [redacted] in [redacted] would be the most appropriate forum to obtain her information. Agents with the most knowledge of the matter will be able to review documents that [redacted] has and evaluate them quickly.



HOUSE_OVERSIGHT_021688

**A. Bureau Travelers:**

Name:
DOB:
SSAN:
PASS:
Expires:
Clearance:

Name:
DOB:
SSAN:
PASS:
Expires:
Clearance:

b6
b7C

**B. Dates of travel:**

The travel for Miami personnel is scheduled from March 14, 2011 to March 21, 2011.

**C. Points of travel:**

The agents will travel from West Palm Beach, Florida to and return to West Palm Beach, Florida.

b6
b7C

**D. Purpose of travel:**

SA and SA will travel to to interview about her sexual abuse.

**E. Other agencies involved:**

N/A

**F. Dates of previous travel:**

None

SA and SA have completed Overseas Awareness training, and Personnel Recovery 1 training.



HOUSE_OVERSIGHT_021689

**LEAD(s):**

**Set Lead 1: (Action)**

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

CAC Unit is requested to coordinate and obtain appropriate approvals for proposed international travel of the listed Miami personnel.

**Set Lead 2: (Action)**

[redacted] b6 b7C

AT [redacted]

[redacted] is requested to obtain concurrence from the [redacted] in obtaining country clearance for the travel of the listed Miami personnel.

♦♦



HOUSE_OVERSIGHT_021690

(Rev. 01-31-2003)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 03/12/2011

**To:** Criminal Investigative **Attn:** Violent Crime Section
Crimes Against Children Unit
SSA [redacted] b6 b7C

**To:** [redacted] **Attn:** LEGAT Henry Gittleman
ALAT [redacted]

**From:** Miami
Squad PB-2 / Palm Beach County RA
**Contact:** SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 ~~(Pending)~~

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA - CHILD PROSTITUTION

**Synopsis:** Request [redacted] facilitate interview of victim, [redacted], through the [redacted]

**Details:** : Captioned matter was initiated in July 2006 after the Palm Beach Police Department (PBPD) requested the assistance of the FBI. PBPD reported that they had an ongoing investigation regarding EPSTEIN procuring underage girls from local high schools to perform massages and sexual acts at his residence.

The victims were usually recruited by other underage females and after performing various acts were paid sums of money in the $200-$1000 range.

During the FBI investigation a victim, [redacted] was identified. It was reported [redacted] was working at [redacted] when she was approached by [redacted] to meet EPSTEIN at his residence. [redacted] agreed and soon began [redacted]

272 [redacted] 01-ec 31E-MM-108062-235

An identified victim, [redacted] was introduced to EPSTEIN by [redacted]. During their first meeting, [redacted] b6 b7C

On 03/04/2011 [redacted] activities with EPSTEIN. [redacted] indicated that EPSTEIN had [redacted]

On 03/11/2011, [redacted] was contacted telephonically by AUSA [redacted] and agreed to meet with writer and SA [redacted] at the [redacted] on Thursday, [redacted] at 11:00 a.m. (local time [redacted]. Miami Division requests [redacted] facilitate the interview of [redacted] through the [redacted] DOB [redacted] a U.S. Citizen, currently resides at [redacted] telephone [redacted] email [redacted] is the victim of a sex crime and is not considered a subject or facing any charges in captioned matter.

**LEAD(s):**

**Set Lead 1: (Info)**

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC

For info only.

**Set Lead 2: (Action)**

[redacted]

AT [redacted]

[redacted] is requested to facilitate the interview of [redacted] through the [redacted] to occur at the [redacted] on [redacted] at 11:00 a.m.

b6
b7C

♦♦



HOUSE_OVERSIGHT_021693

(Rev. 05-01-2008)

UNCLASSIFIED

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE **Date:** 04/07/2011

**To:** Miami **Attn:** Third Party Draft

**From:** Miami
PB-2/PBCRA
**Contact:** SA [redacted]

b6
b7C

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 31E-MM-108062 (~~Pending~~)

**Title:** JEFFREY EPSTEIN;
[redacted]
WSTA-CHILD PROSTITUTION

**Synopsis:** EC requesting reimbursement from case funds for purchase of supplies

**Enclosure(s):** Original receipt, copy of receipt, and FD-759

**Details:** After the close of regular business hours on Friday, March 11, 2011, it was discovered that the color UNET printer was out of black ink and was not functional. SA [redacted] inquired with SSA [redacted] as to replacement cartridges. While there were several color replacement cartridges, no black cartridges were found in the squad supply area.

SAs [redacted] were scheduled to depart for [redacted] on Monday, March 14, 2011 to interview a sexual assault victim. Printed documents and photographs from the Unet machines were needed for use in the interview. Due to the exigent travel requirements and with the situation occurring over the weekend, a replacement cartridge was purchased from Staples. SA [redacted] purchased one (1) Hewlett Packard Model Q6000A black toner cartridge for use in the UNET unclassified printer on March 13, 2011. Reimbursement in the amount of $90.09 is requested.

♦♦

S:\DRAFTS\PB2[redacted]097[redacted].01.ec UNCLASSIFIED

31e-mm-108062-239

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| QTY SKU | PRICE |
|---|---|
| 1 HP Q6000A BLACK TO | |
| 603403 | 84.99 |
| SUBTOTAL | 84.99 |
| Standard Tax 6.00% | 5.10 |
| TOTAL | $90.09 |
| Visa | 90.09 |

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Auth No.: 00510C

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b6
b7C

FD-794
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10-11-2005

FEDERAL BUREAU OF INVESTIGATION

# PAYMENT REQUEST

## DRAFT TYPE

| Request Type: | Payment Type: | Forfeiture or Drug Related?: | Catalog: |
|---|---|---|---|
| ○ Advance<br>◉ Expense | ◉ Commercial<br>○ Confidential | ☐ Yes<br>☑ No | CW |

## INFORMATION ABOUT THE REQUESTING EMPLOYEE

| Official Bureau Name: (Last, First, Middle) | Social Security Number: | Date of Request: |
|---|---|---|
| [redacted] | [redacted] | 04/07/2011 |

| Division: | Section: | Unit: | Telephone Number: | File Number: |
|---|---|---|---|---|
| MM | PBCRA | PB-2 | [redacted] | 31E-MM-108062 |

## INFORMATION ABOUT THE REQUESTED PAYEE

| Payee Name: | Social Security or Taxpayer ID Number: |
|---|---|
| [redacted] | [redacted] |

Justification:

**Printer toner cartridge needed for use in case preparation immediately preceding travel to [redacted]**

V2R1

## DETAILS ABOUT THE REQUESTED DRAFT

To be completed by Finance Only

| Catalog: | Item Number: | Description: | Amount: |
|---|---|---|---|
| CE | 552571 | **See attached EC** | **$90.09** |
| | | Total: | $90.09 |

## APPROVAL

| | | Date |
|---|---|---|
| Supervisor: | | 04/07/2011 |
| SAC / ASAC / AO / SAS: | | 4/14/11 |
| Supply Technician: | | |
| Draft Approval Officer: | | 4-19-11 |
| Procurement Authority: | | |

## OBLIGATION PROCESSING 176790

| Vendor Number: | Group Number: | Obligation Number: | Follow Up Date: |
|---|---|---|---|
| ANMM 108062 | A2 | 176790 | 5/20/11 |

| Cost Center: | Squad or RA: | Document Number: | Draft Number: |
|---|---|---|---|
| 3460 | PB-2 | 11 | 110618 |

Signature of Cashier: Date:

## EXPENSE PROCESSING

| Document Number: | Draft Number: | Signature of Cashier: | Date: |
|---|---|---|---|
| EXPmm11 | 110493 | | 4-20-11 |

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Received
APR 15 2011

DRAFT

31e-mm-108062-240

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Mail Online

# Prince Andrew and the 17-year-old girl his sex offender friend flew to Britain to meet him

By Sharon Churcher
Last updated at 1:02 PM on 2nd March 2011

- **Virginia Roberts reveals she is 'Jane Doe 102' in Jeffrey Epstein case**
- **Mother-of-three spent four years as millionaire's personal masseuse**
- **She describes being flown across world to meet Prince Andrew**
- **Epstein trained her 'as a prostitute for him and his friends'**

As the UK's special representative for international trade, the Duke of York holds an important position, requiring sound judgement and widespread respect.

But those qualities have been thrown into question since photographs of Prince Andrew with his billionaire financier friend Jeffrey Epstein, a convicted child-sex offender who was jailed for 18 months for soliciting underage prostitutes, appeared last weekend.

Today, however, even more serious doubts are cast on his suitability after a woman at the centre of the Epstein case revealed to The Mail on Sunday that she had, as a 17-year-old employed by Epstein, been flown across the world to be introduced to the Prince.

31E-MM-108062-246



HOUSE_OVERSIGHT_021697

**First meeting: Prince Andrew puts his arms around 17-year-old Virginia, centre**

On one of those occasions Virginia Roberts was subsequently paid $15,000 (£9,400). Her shocking account of her four years as Epstein's personal masseuse is supported by court documents, an



HOUSE_OVERSIGHT_021698

eyewitness, photographs and flight details of Epstein's private jets.

One picture, said to have been taken by Epstein during Andrew's first encounter with the girl in March 2001 and published today by The Mail on Sunday, shows the Prince with his arm around her waist.

This is not the first time the Duke of York's judgment and choice of associates have been questioned. He appears to relish the company of super-rich oil billionaires from the Middle East, North Africa and the former Soviet Union.

The peculiar sale of his former marital home to a Kazakh businessman for £15 million after it had languished unsold for five years at £12 million has never been satisfactorily explained.

In the recent leak of American diplomatic cables it was revealed that he had criticised an official corruption investigation into the huge Al-Yamamah arms deal between Britain and Saudi Arabia, while he is also said to be close to Saif Al-Islam Gaddafi, son of the beleaguered Libyan president, and may have had a role in the early release of Lockerbie bomber Abdelbaset Al Megrahi.

## While on the streets, I slept with men for money. I was a paedophile's dream

But it is Andrew's friendship with Epstein, whom he has known since at least 2000, and with Epstein's confidante Ghislaine Maxwell, daughter of the late disgraced newspaper baron Robert Maxwell, that gives most concern.

He was first seen with the pair on holiday in Thailand, and was pictured cavorting with Ghislaine at a Halloween fetishthemed party in Manhattan.

The photograph that appeared last weekend shows the prince strolling through Central Park with 58-year-old Epstein. Andrew was said to have spent four days at his New York mansion in December, when he was joined by other distinguished guests, including Woody Allen, at a dinner.

It is by no means the first New York soiree Andrew has attended as Epstein's guest.

A lengthy profile of the financier in Vanity Fair magazine some years ago reported that Andrew was a guest at a cocktail party thrown by Epstein and Maxwell packed with young Russian models. 'Some guests were horrified,' said the article's author, Vicky Ward.

It should not be forgotten that Epstein is a registered sex offender after recently completing his sentence for offences relating to child prostitution.

However, he avoided trial on more serious charges that carried a potential life sentence. And no one reading The Mail on Sunday's interview with the woman who was prepared to testify against him can be in any doubt of the seriousness of the charges.

Epstein, a Wall Street money manager who once counted Bill Clinton and Donald Trump among his friends, became the subject of an undercover investigation in 2005 after the stepmother of a 14-year old girl claimed she was paid $200 (£125) to give him an 'erotic massage'.

The subsequent FBI probe uncovered at least 20 girls levelling sexual allegations against him. Eventually, Epstein struck a 'plea bargain' with prosecutors – a practice not permitted under British law – under which he was allowed to plead guilty to two relatively minor charges.



HOUSE_OVERSIGHT_021699

Police claim that his donations to politicians and his 'dream team' of influential lawyers deterred prosecutors from bringing more serious charges of sex-trafficking. The deal certainly kept the names of a lot of Epstein's famous friends out of an embarrassing court case.

However, an unusual part of the agreement was that Epstein's alleged victims were allowed to bring civil proceedings against him.

He has so far made 17 out-of-court settlements, and some cases are ongoing. One of these girls was to have been a key witness for the prosecution had the case gone to trial. She was just 15 years old when she was drawn into Epstein's exploitative world in 1998.

In her civil writ against him, under the pseudonym Jane Doe 102' she alleged that her duties included being 'sexually exploited by Epstein's adult male peers including royalty'.



HOUSE_OVERSIGHT_021700

A new life: Virgina, now a mother-of-three, in Australia

Now, horrified by the evidence of Epstein and Andrew enjoying each other's company in New York, Jane



HOUSE_OVERSIGHT_021701

Doe 102 has agreed to waive her anonymity and tell for the first time her deeply disturbing story.

Her real name is Virginia Roberts and she now lives in Australia, where she is a happily married mother of three.

Over the course of a week during which she spoke at length to The Mail on Sunday, she appeared sometimes vulnerable, and sometimes steely, but always quietly resolute and consistent.

Revisiting events from a past that she had hoped she had left behind,Virginia occasionally buried her face in her hands.

Some recollections – and, for reasons of taste, not all the details can be included here – caused her to flush with shame. 'I'm telling you things that even my husband didn't know,' she said.

Virginia, who has undergone counselling to try to come to terms with her past, is honest about her initiation into Epstein's depraved world.

She was a troubled teenager, whose slender figure, delicate complexion, hesitant voice and soulful blue eyes made her look young for her years.

Born in Sacramento, California, in August 1983, Virginia spent her early years on a small ranch on the West Coast of America.

This seemingly idyllic childhood ended when she was sexually molested by a man close to her family.

The fallout from that led to her parents temporarily splitting up. Blaming herself, Virginia began to get into trouble Aged 11, she was sent to live with an aunt but repeatedly ran away.

Living on the streets, she was beaten up and slept with at least two older men in return for food. 'I was a paedophile's dream,' she says.

Three years later, she was reunited with her family and started a new life with her father who had moved to Palm Beach,

Florida, where he was maintenance manager at Donald Trump's country club, Mar-a-Lago.

Virginia got a part-time job as a changing room assistant –which is where, soon after her 15th birthday, she met Ghislaine Maxwell, who invited her to work as Epstein's personal masseuse.

'I was wearing my uniform – a white miniskirt and a skin-tight white polo top – when I was approached by Ghislaine,' Virginia says.

'I told her I wanted to become a masseuse and she said she worked for a very wealthy gentleman who was looking for a travelling masseuse.

I'd get training and be paid well.'Virginia's father gave his blessing, believing his daughter was being handed the opportunity to learn a skill and to work for a wealthy and respectable employer.

He drove her to Epstein's pink mansion on the Palm Beach waterfront – he also owns a nine-storey home in New York, the city's biggest private residence; a 7,500-acre ranch called 'Zorro' in New Mexico and Little Saint James, a private 70- acre atoll in the US Virgin Islands.

Virginia says: 'Ghislaine said I was to start immediately and that someone would drive me home.

My father left and I was told to go upstairs.' She was led by another woman through Epstein's bedroom into a massage room where he lay face down naked on a table.

He started to interviewed Virginia. This was unconventional, but Virginia had no suspicions. Presumably, she thought, this was how the wealthy conducted their business.

Epstein elicited the information that Virginia had been a runaway, and was no longer a virgin.

Virginia was then told to start massaging Epstein, under the instructions of the woman who had shown her in. The massage quickly developed into a sexual encounter.

Virginia was uncomfortable, but reluctant to deny such important people. 'My face was red with embarrassment,' she says. 'But I felt under immense pressure to please them.

The whole time it was going on, they were promising me the world, that I'd travel with Jeffrey on his private jet and have a well-paid profession.' Afterwards, she was given two $100 bills and told to return the next day.

That was the beginning of the four years she spent with Epstein.

For three of those years, she was under Florida's age of consent, which is 18.

**Troubled teenager: Virginia on the billionaire's Zorro ranch in New Mexico in 2001**

Virginia was fascinated by his life story: the son of a humble New York City parks worker, he was a teacher before becoming a Wall Street broker and friends with the upper echelons of the political, financial and academic establishment.

As a confused teenager, Virginia easily fell into the practice of sexually gratifying him for money.

He guaranteed her a minimum of $200 each time she gave him what he called an 'erotic massage.'

Virginia said: 'I would always receive the money immediately. He would give me the cash from a wad he carried in a black duffel bag or an assistant paid me.

'And, because of the way Epstein had warped her sensibilities, every time she took the cash, Virginia felt even more indebted to him. Secretly, he was also preparing her for an even more disturbing role.

## Epstein had trained me to do whatever men wanted. I told myself I was special

'Basically, I was training to be a prostitute for him and his friends who shared his interest in young girls,' she says: 'After about two years, he started to ask me to "entertain" his friends.'

It started when Epstein called Virginia at the Palm Beach apartment he had rented for her.

She recalls: 'He said, "I've got a good friend and I need you to fly to the island to entertain him, massage him and make him feel how you make me feel."

He didn't spell out what I had to do. He didn't have to. 'He'd trained me to do whatever a man wanted. I was shocked but I told myself he was sharing me around because he trusted me and I was special.

I was worried, but I would do anything to keep Jeffrey happy and to keep my place as his number one girl.

He would keep telling me how lucky I was with the life I was leading and the money I was making. It was easy to fall into his grasp.

'The way it usually worked was I'd be sent to meet a man on the private island Jeffrey owned in the Caribbean, or at his ranch in New Mexico, which was really isolated.' She was 'given' to men ranging in age from their 40s to their 60s.

They included a well-known businessman (whose pregnant wife was asleep in the next room), a world-renowned scientist, a respected liberal politician and a foreign head of state.

None appeared to think the arrangement was unusual. Virginia says there were many other girls in Epstein's circle and that she was paid extra money to help recruit them.



HOUSE_OVERSIGHT_021704

**Counselling: Virginia at her mother's home at Palm Beach in 1998**

'They would lounge around the Palm Beach house, the ranch or the island, nude or topless,' she says. 'But I was one of the very few he trusted as "special" and chosen to "entertain" his friends.'

Virginia took the sedative Xanax to detach herself from sordid reality. 'It was an escape drug,' she says. 'It made me calm and helped me forget about what I had to do. I was up to eight pills a day.'

Epstein had no objection to Virginia's use of prescription drugs, no doubt recognising that they made her even more malleable. 'I didn't want to go back to the life I'd had before' she says.

'That made me totally obedient.' Despite the fact that Epstein was, essentially, her pimp, this life now seemed normal to Virginia. 'I felt that he and Ghislaine really cared for me,' she said.

'We'd do family things, like watch Sex And The City and eat popcorn. 'A lot of it was very glamorous. I met famous friends of his such as Al Gore and Heidi Klum and Naomi Campbell. He introduced me as his "travelling masseuse."

Some people mistook me for his daughter. 'When we were in New York or Palm Beach, Ghislaine and I would shop all day.

Jeffrey bought me jewellery – diamonds were his favourite – and wonderful furniture. He was paying me very well because I'd give him sex whenever he wanted it.'

She was, she says, delighted when Epstein invited her to accompany him on a six-week trip in 2001.

'He said we'd be going to Europe and North Africa to meet architects and interior decorators because he



HOUSE_OVERSIGHT_021705

wanted to redo his New Mexico house.

I threw my arms around him and gave him a peck on the cheek.' They flew to Paris, then Spain, then Tangier.

Finally, they went to London. 'After we landed, we drove straight to Ghislaine's house,' says Virginia. 'I was given a small upstairs bedroom. The following morning, Ghislaine came in.

She was chirpy and jumped on the bed saying, "Get up, sleepyhead. You've got a big day. We've got to go shopping. You need a dress as you're going to dance with a Prince tonight."

'She said I needed to be "smiley" and bubbly because he was the Queen's son.

Ghislaine and I went to Burberry, where she bought me a £5,000 bag, and to a few other designer stores where we bought a couple of dresses, a pair of embroidered jeans and a pink singlet, perfume and make-up.

We got back to Ghislaine's house at around 4pm and I ran straight upstairs to shower and dress.

When I went downstairs, Ghislaine and Jeffrey were in the lounge. There was a knock at the door. Ghislaine led Andrew in and we kissed each other on the cheek. 'Ghislaine served tea from a porcelain pot and biscuits. She knew Sarah Ferguson and they talked fondly about Andrew's daughters.

Then Ghislaine asked Andrew how old he thought I was and he guessed 17 and they all laughed. Ghislaine made a joke that I was getting too old for Jeffrey.

She said, "He'll soon have to trade her in." It was widely known that he liked young girls.' The four of them went out to dinner and on to Tramp nightclub where, she says, Andrew danced with her.

'After about an hour-and-a-half, we drove back to Ghislaine's.

All of us went upstairs and I asked Jeffrey to snap a picture of me with the Prince. I wanted something to show my Mom. Ghislaine and Jeffrey left us after that, and later Andrew left.

'In the morning, Ghislaine said, "You did well. He had fun". We flew straight back to the States.' The Mail on Sunday has confirmed that the tycoon's jet flew to Paris on March 6, 2001, continuing to Granada, Tangier and London, before returning to New York.

On the last leg of the trip, Virginia was paid about $15,000 (£9,400) by Epstein. 'It was amazing money, more than I'd ever made on a trip with him before.

He didn't say there was any special reason, but I felt like I'd done everything he wanted. He was very pleased.'

## I took eight pills a day to help me forget what I had to do. It made me calm.

There is no suggestion that there was any sexual contact between Virginia and Andrew, or that Andrew knew that Epstein paid her to have sex with his friends.

However, the Prince must have been aware of Epstein's conviction when he stayed with him in New York in December.



HOUSE_OVERSIGHT_021706

Virginia says she met Andrew for a second time around Easter 2001 at Epstein's Manhattan mansion.

'When I got to the mansion, I was told, "Get ready. You are meeting someone in the office" – which is what they called the library. Andrew was sitting there in a big leather armchair.

Ghislaine had just given him a present, a big toy that was his Spitting Image puppet. 'He was smiling ear-to-ear. He looked like a kid whose parents were taking him to Disney World.

A beautiful girl called Johanna Sjoberg who worked for Jeffrey was sitting on Andrew's knee. Ghislaine guided me over to Andrew and I think he recognised me, though I don't know if he remembered my name.

**Organiser: Ghislaine Maxwell looks on as Andrew put his arm around Virginia. Robert Maxwell's daughter invited her to work as Epstein's personal masseuse soon after her 15th birthday**

We kissed on the cheek and Ghislaine placed me on his other knee.' Johanna spoke to The Mail on Sunday three years ago about this incident, which took place when she was 21.



HOUSE_OVERSIGHT_021707

She said: 'Ghislaine put the puppet's hand on Virginia's breast, then Andrew put his hand on my breast. It was a great joke. Everybody laughed.' After this, Virginia was paid, by Epstein, around $400 (£250).'

She met Andrew for the third and final time on Epstein's Caribbean island, Little Saint James. Virginia was never under the British legal age of consent when she met Andrew. She was 17 during the first two encounters and 18 at the third.

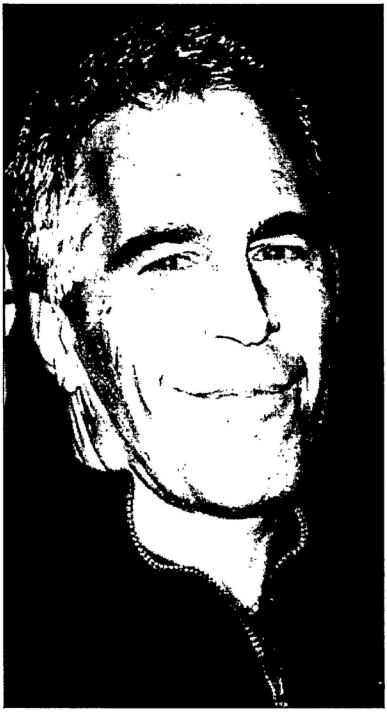

**Conviction: Jeffrey Epstein**

By now, however, Epstein, had started to hint that she was getting 'too old' for him.

But during one trip to the island, Epstein and Ghislaine made their most astonishing proposition, and one which repulsed her. 'They said Jeffrey wanted me to have his child,' she says.

'They said I was part of their family and I was beautiful,young, loyal and nurturing and would be a great mother.

They said I would have to sign a contract relinquishing rights to the child and consenting to Jeffrey having as many relationships as he liked. In return I would have my own mansion in Palm Beach and a large



HOUSE_OVERSIGHT_021708

monthly payment, a percentage of his income.'

This, finally, was a wake-up call to Virginia and she began to see the way in which she had been groomed.

'It was a smack in the face,' she says. 'I finally realised this wasn't ever going to be a real relationship but I knew if I refused, I'd be thrown back on the streets. So I said, "I'm too young. I want to get my massage credentials, then maybe we'll do it".'

The tycoon took her at her word and, for her 19th birthday in August 2002, flew her to Thailand where he enrolled her in a massage course.

Shortly after arriving there, she met an Australian martial arts expert called Robert. They fell in love and, just ten days later, married in a Buddhist ceremony.

'I called Jeffrey and told him I'd fallen madly in love,' Virginia says. 'I was hoping he'd be delighted. But he said, "Have a nice life," and hung up on me.' The couple now have two sons, aged five and four, and a daughter who recently turned one.

'The first few months after I married Robert were the worst,' she says. 'I couldn't bring myself to tell him much. No man wants to know his wife has been traded out.

'I felt very alone. I was having panic attacks and seeing a psychiatrist and was on anti-depressants.

' Virginia was beginning to put her Epstein days behind her when, three years ago, she was phoned by the FBI.

'They said they had found photos of me at Jeffrey's Palm Beach house,' she says. '[Epstein had] hidden cameras watching me the entire time even when I was in the bathroom. I was so embarrassed.

'I told the FBI that my true purpose was sexual. They told me everything he did was illegal because I was under age.' (The age of consent in Florida is 18).

'They said that if it had to go to trial, they'd need me because I'd lived with him and that made me a key witness. I was very afraid, because he had so much power, but eventually I agreed to testify.

I was glad he'd finally been found out. He shouldn't be hurting other girls. Following Epstein's arrest, investigators are believed to have found a list of men's names on his computer and asked him whether they had been 'treated' to sexual encounters with his menage of minors.

'He took the Fifth Amendment, refusing to answer, indicating that if he were to answer the question, it could be incriminating,' a source told The Mail on Sunday.

Epstein struck a deal resulting in what commentators characterised as a 'slap on the wrist' for him, and ended up serving 13 months of his sentence, much of it in a liberal work-release programme Lawyer Brad Edwards, who represented several of Epstein's victims, said: 'Rather than punish him the way they would an average Joe, they sent a clear message that with enough money and power and influence, the system can be bought.'

Virginia was spared her the humiliation of having to go before a jury, and has kept her feelings bottled up until last weekend's photograph of Andrew with Epstein triggered distressing memories.



HOUSE_OVERSIGHT_021709

Virginia says: 'I am appalled. To me, it's saying, "We are above the law." But Jeffrey is a monster.'

Last night, neither Epstein, Ghislaine Maxwell nor Prince Andrew would comment on Virginia's story.

People:
- Woody Allen,
- Bill Clinton,
- Naomi Campbell,
- Al Gore,
- Sarah Ferguson,
- Robert Maxwell,
- Donald Trump,
- Heidi Klum

Places:
- York,
- London,
- Paris,
- New York,
- Australia,
- Thailand,
- Spain,
- United Kingdom,
- America,
- Europe,
- Middle East,
- Caribbean

Organisations:
- Federal Bureau of Investigation

## Comments (101)

- Newest
- Oldest
- Best rated
- Worst rated

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How many people in the middle east must consider themselves lucky when they look at the immorality of our highly paid royal family which has been ripping the British public off for years. W.S.

- Will Stirum, Manchester, 27/2/2011 17:06

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complete waste of space,

- dusters, up in the north, 27/2/2011 16:58

Click to rate _ _ Rating 292

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"....Makes yer proud to be English... I think not....."- Rupert, Scotland, 27/2/2011 07:31----------what on earth has being English got to do with it? Epstein is American so was the girl. And we all know how morally corrupt the rest of the Maxwell family were/are. Prince Andrew is not the epitome of being English. What you are talking about is related to a small minoirty of individuals who just happen to be English. If they behave badly, then it says something about them, their chosen lifestyle, or the circles they move around in. What it does NOT, is have any bearing on the rest of the nation! So please, let's not get into provocative Scottish vs English battle - history is what it is - the PAST. And I certainly won't be accountable for what someone else did long before I was born or simply beacause I am also English. I am proud to be English, that is what I am. Now British -



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is another matter. NO thanks.

- RJ, NW, 27/2/2011 16:12

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Andrew needs to be investigated and if found guilty of impropriety banished as Persona non Grata. He will lose his right as fourth in line to the throne and all the benefits that come with that, including his extravagant and worthless lifestyle being funded by public money.

- Julia Larsen, London UK, 27/2/2011 16:09

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Why do we find the lives of these people? REPUBLIC NOW!

- Newell Fisher, Lancing West Sussex, 27/2/2011 15:42

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I was truly disgusted having read this article. Although sadly not surprised, I wonder why people idolize any kind of celebrity or other such "influential" people, most of whom seem to surround themselves with depraved "friends" & whom can turn a blind eye to anything where status, fame & wealth are concerned (seemingly typical of our "anything goes" society where everything is justifiable). That aside, I am more disgusted that out of the 24 comments on this article so far, people are either talking about what a pretty piece of tot she is, how she should have basically kept her mouth shut, how we can't be judged by the actions of our friends, whether the royal family has any validity (as if it ever had a clean past), & most astonishingly arguments about whether Fergie has more right to a royal wedding invite than Andrew! Absolutely disgusting, looking forward to further comments on her weight, whether she looks good for her age, & scrutiny over whether she's had any work done soon.

- Fiona, Stop the world I wanna get off, 27/2/2011 14:55

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- 120 suspected British paedophiles arrested after police smash biggest worldwide ring
- 60 police officers in 30-hour siege to round up two dangerous dogs
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- Two men shot dead after violence erupts in caravan park
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# Prostitution Ring Leader Sentenced To 21 Months

November 11, 2001 | Staff report

A man extradited from Germany has been sentenced to 21 months in prison and fined $6,000 for recruiting Czech women to a prostitution ring with promises of modeling work.

Ronald Eppinger had faced up to 10 years after pleading guilty this month to charges of alien smuggling for prostitution, interstate travel for prostitution and money laundering.

Eppinger worked with two Czech women to get tourist visas for the future prostitutes and kept nearly half of their earnings from operations in Miami, New York, Texas and the Bahamas, prosecutors said. Women were brought to the United States illegally from 1997 to 1999.

As part of his plea, Eppinger forfeited a boat and limousine used to promote the call-girl service.

Eppinger learned he was under investigation in June 1999 and moved from the United States to the Czech capital of Prague.

He was arrested in Germany last December while traveling from the Czech Republic to Spain and was sent to the United States in May.

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Two accomplices, Lucie Faubert and Tereza Benesova, pleaded guilty earlier to alien smuggling conspiracy. They also received part of the prostitution fees.

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# Sides argue whether Jeffrey Epstein's nonprosecution deal violated alleged victims' rights

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By **DAVID ROGERS**
DAILY NEWS STAFF WRITER

Updated: 7:57 p.m. Friday, Aug. 12, 2011
Posted: 7:14 p.m. Friday, Aug. 12, 2011

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U.S. District Judge Kenneth Marra is set to decide in the coming days whether the rights of two alleged victims of Palm Beach sex offender Jeffrey Epstein were violated when the U.S. Attorney's Office failed to confer with them before signing a non-prosecution agreement in September 2007.

Attorneys Brad Edwards and Paul Cassell, representing Jane Doe No. 1 and Jane Doe No. 2, argued Friday in federal court in West Palm Beach that the government's action violated the girls' rights under the federal Crime Victims' Rights Act.

Edwards and Cassell want the agreement nullified and want Marra to unseal un-redacted plea deal correspondence between the U.S. Attorney's Office and Epstein's defense team. If he agrees, that action could spur a federal case that might expose Epstein to a longer incarceration if convicted.

After Palm Beach police received a complaint about Epstein in spring 2005, more than 30 young women participated in civil lawsuits that alleged he lured them to his home for sexually charged rubdowns and/or sex in exchange for cash when they were minors. Some cases were dismissed, and others were settled.

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Epstein, now 58, pleaded not guilty in August 2006 in state court. Eventually he agreed to a state plea deal and served 13 months of an 18-month sentence for soliciting a minor for prostitution and soliciting prostitution — but only after his attorneys successfully argued for the federal non-prosecution pact.

The U.S. attorneys sent letters to Jane Doe No. 1 and No. 2 twice in 2008 describing their case as being under federal investigation — even though a non-prosecution agreement had been created the previous year and had been kept secret from the young women, according to Edwards. Edwards said the latter action "eviscerated the rights" of the two women to bring Epstein to justice.

Assistant U.S. Attorney Dexter Lee told Marra that the Crime Victims' Rights Act dictates that victim notification is triggered only after an indictment.

Cassell disagreed. "It wasn't designed to be so narrowly circumscribed," the Fort Lauderdale lawyer said.

Lee said requiring federal attorneys to confer with alleged victims before they can determine whether an indictment is warranted would impinge on prosecutorial discretion. "The government believes these rights would attach only after a formal indictment," Lee said.

Marra questioned that assertion. "I think we wouldn't be here if your office had conferred with the victims, heard them out," and explained why prosecution wasn't pursued, the judge said.

Lee countered that alleged victims have no right to confer with the government when the government is not "in the case."

The judge reserved ruling on the plaintiffs' motion to unseal the federal attorneys' plea deal correspondence with Epstein's legal team.

He gave famed criminal defense attorney Roy Black two weeks to submit materials explaining why the letters should not be turned over to the two young women's lawyers. The U.S. Attorney's Office will then have two weeks to respond, then the plaintiffs' team will have a week to respond. Black will then have a week to deliver his final reply to the judge.

Black had argued that the correspondence was protected by attorney -client privilege. "Any statements made in regard to plea bargaining are immunized" whether related to statements of culpability or not, Black said. "This is classic work product we sent to the government."

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The Virgin Islands

# DAILY NEWS

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## Secret ingredient is V.I. pride

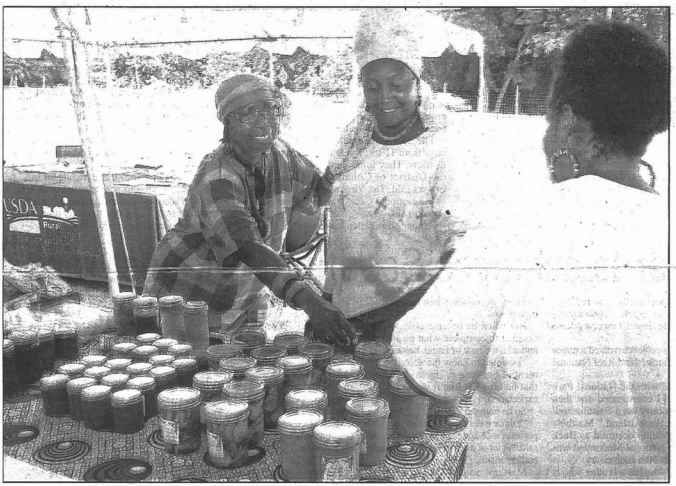

Daily News Photo by JASON BRONIS

Vendors display their products during the first Virgin Fresh Value Added Market Day on Saturday at Rudolph Shulterbrandt Agriculture Complex on St. Croix. The event showcased vendors who use locally grown food in their products. Page 5

## Havensight merchants warn 30% are on brink

Longer slow season, construction, competition hurting stores

Page 3

## Scouts return from national Jamboree

Page 2

## For Eagle, quitting was not an option

Page 2

Matthew Edwards

## $53 million jewelry heist

Page 28

## Vietnam war hero Col. Bud Day dies at 88

Was McCain's cellmate Page 27

## Umpire, owner and player inducted into Cooperstown hall

Page 61

## 3 million hear pope in Rio

Pages 20-21

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# Scouts represent V.I. at national Jamboree

By JOY BLACKBURN
Daily News Staff

ST. CROIX — Some 25 local Boy Scouts, fresh from the National Scout Jamboree, arrived at St. Croix's Rohlsen Airport Friday afternoon.

"Our scouts, they participated. They made friends. We had a good time," said Chris Brooks, the scoutmaster for the contingent that went to the jamboree. "Where there were challenges to be met, we met them head-on."

The 10-day National Scout Jamboree, which the Boy Scouts of America typically holds every four years, draws tens of thousands of scouts, volunteers, and staff from all over the country.

This was the first year the jamboree was held at the new Summit Bechtel Family National Scout Reserve in West Virginia's New River Gorge area, which will now be the permanent home for the national jamboree. The reserve encompasses 10,600 acres.

"Mostly it was good," Philip Edwards, 16, the senior patrol leader for the Virgin Islands group, said of the experience.

Edwards said a number of storms and some lightening cancelled a few activities, including some zip line adventures the group had scheduled — but he described it as a "great trip" that scouts enjoyed anyway.

"I think they learned how to deal with disappointment," he said.

Marcus Norkaitis, 14 and a patrol leader, said it was his first national jamboree.

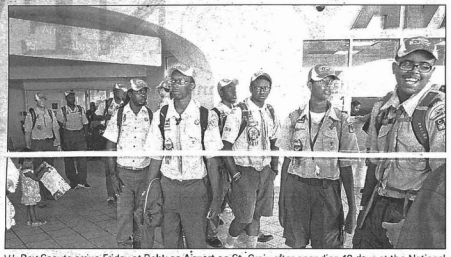

V.I. Boy Scouts arrive Friday at Rohlsen Airport on St. Croix after spending 10 days at the National Scout Jamboree in West Virginia.

"I think it was a very productive jamboree. It was a wonderful experience," he said. "It was a historical experience."

Norkaitis said it was historical because it was the first national jamboree at the new reserve. For years, the national jamboree liad been held at Fort A.P. Hill in Virginia.

The group also learned to work together, he said.

"It was really cool because we all learned teamwork," Norkaitis said. "We had some problems at first, but then we got more comfortable working together, working as a team."

The 25 scouts from the territory included boys from 11 to 17 years old from both island districts. They joined up with 10 scouts from the District of Columbia for the jamboree, Brooks said. The Virgin Islands District is part of the National Capitol Area Council in D.C., Brooks said.

Among the challenges the scouts faced was getting up on time daily, getting their meals prepared, and cleaning up. The hot, humid weather in West Virginia was also a challenge, as was the size of the new site for the jamboree, according to Brooks.

> "It was really cool because we all learned teamwork. We had some problems at first, but then we got more comfortable working together, working as a team."
> — Marcus Norkaitis, 14, patrol leader

The new reserve is so large, the group sometimes had to walk for more than an hour to get to an activity, he said.

Because the 35 scouts who were part of the group included scouts from St. Thomas, St. Croix and Washington, D.C., who did not necessarily know each other, one of the challenges was getting them to work together, Brooks said.

Making the scouts from different areas into a cohesive group that worked well together was one of the major challenges, according to Brooks.

"In doing that, they made friends for life," he said. "All in all, our scouts came back with a sense of accomplishment, a sense of friendship, and a sense of being able to safely do whatever task they were asked to do."

# Matthew Edwards achieves Scouting's highest rank

By JOY BLACKBURN
Daily News Staff

ST. CROIX — Local Boy Scout Matthew Edwards recently earned the highest advancement award the Boy Scouts of America offer, becoming an Eagle Scout.

"We're delighted. We are very proud of him," said Dale Edwards, Matthew's father, on Friday as he and Matthew's mother, Lori Dale Edwards, waited for other sons to return from the National Scout Jamboree. "He worked very hard for it."

Only 4 percent of all Boy Scouts become Eagle Scouts, according to a press release about Matthew attaining the Eagle rank.

To become an Eagle Scout, a candidate has to earn 21 merit badges, 11 of which are specifically required, and successfully complete a community-related service project, the press release said.

Matthew's project involved a major cleanup at Buck Island Reef National Monument.

"I worked with the National Park Service and I coordinated and then helped them carry out a coastline/trail cleanup on Buck Island," Matthew said. The cleanup occurred as Buck Island Reef National Monument was celebrating its 50th anniversary.

Matthew, who has a brother who is already an Eagle Scout and two other brothers who are working toward attaining the Eagle rank, said he has been involved in scouting since he was little, and he assumed he would become an Eagle Scout — although he lost interest for awhile when he got into high school.

But when he became a senior, he decided to complete what he started and earn the rank of Eagle, he said.

"I wanted to know the accomplishment of finishing it," he said, adding that he also felt like it was a family expectation.

So he plunged back into it.

"I think it definitely gave me a lot of perseverance and pushing through," he said. "A lot of it was a lot of paperwork and organizing."

Matthew said that becoming an Eagle Scout required diligence and dedication — but it was worth it.

His advice for others who would like to become Eagle Scouts?

"Just not to give up because it's worth it once you've done it," he said. "To be willing to put yourself out there, do something you're not comfortable doing, it's fulfilling."

Matthew is home-schooled and his immediate plan after graduation is to participate in a five-month discipleship training school with a focus on worship and music, through Youth With a Mission, according to the press release.

He will be recognized as an Eagle Scout in a ceremony at 6:30 p.m. Friday at the Howard M. Wall Scout Camp.

Matthew Edwards is the 11th scout to become an Eagle Scout in Troop 227, which was chartered by Country Day School.

*— Contact reporter Joy Blackburn at 714-9145 or email jblackburn@dailynews.vi.*

Matthew Edwards

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Calendar ..... 49
Classifieds ..... inside
Comics ..... 50-53
Crossword ..... 53
Cruise Ships ..... 7
Horoscope ..... 51
Lottery Results ..... 20
Nation & World ..... 10-28
Opinions ..... 30-31
Police Reports ..... 8
Sports ..... 54-64
Sudoku ..... 51
TV Schedule ..... 48-49
Weather ..... 12

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# Struggling Havensight merchants see rent-abatement as last chance for them to resuscitate their businesses

By AMANDA NORRIS
Daily News Staff

ST. THOMAS — For merchants at Havensight mall, it's summer time, but the living is anything but easy.

After being granted six months of free rent by the mall's owner, the Government Employees Retirement System, many said this has been the worst off-season they have experienced.

They cited a perfect storm of prolonged road construction in front of the mall, fewer cruise ships docking in St. Thomas Harbor, competition from Crown Bay merchants and skyrocketing utility costs.

When the GERS board voted to relieve the tenants of rent obligations from July 1 to Dec. 31, they did so because tenants had accumulated a delinquency of more than $2 million and reported that they could no longer sustain the cost of doing business. The board discussed the closure of Dockside Bookshop, which has announced that it will close within the next two weeks after 35 years in business.

GERS Administrator Austin Nibbs presented the board with two options: forego rent for six months altogether with the stipulation that tenants pay all arrearages by April 1 or give tenants a 25 percent reduction in rent over the next 24 months. The board decided the six month abatement, which would cost GERS a little more than $3 million, would be the most feasible way to give tenants a chance to pay the $2 million in back rent owed.

"I don't like this rent abatement, but if we want to continue to have tenants, we are going to have to help them," Nibbs said.

At the meeting, some board members were under the impression that another Havensight business, an office supply store called The Draughting Shaft, was also scheduled to close, but, according to The Draughting Shaft owner, Terry Robinson, that was never the case.

Nevertheless, Robinson said, he has had discussions with GERS board members and attended meetings to inform them of the adverse conditions that had caused him to fall behind in his rent.

Robinson said his business, unlike many of the boutiques and stores that cater primarily to tourists, had been unduly hit by prolonged construction, with orange barricades diverting traffic into and out of the mall's parking lots.

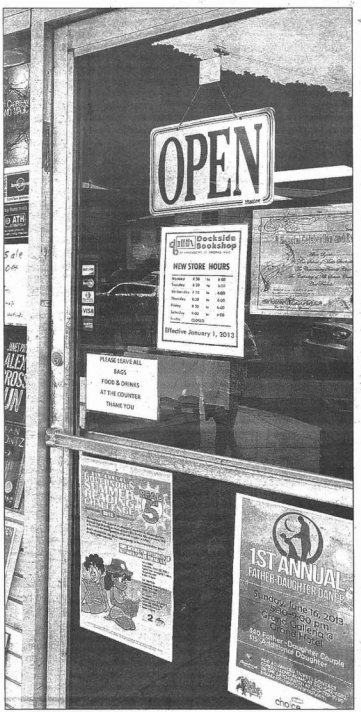


Daily News File Photo

Dockside Bookshop in Havensight Mall is scheduled to close within the next two weeks after 35 years in business.

"Many of our customers are locals and residents, and many have called and said they just don't want to come in because they don't want to deal with, it," Robinson said of the construction.

Robinson is among a number of long-time Havensight merchants who say they have been in business for decades but never had to weather anything quite like the last six months.

"I remember in the 80s the slow season was only three months, now it is a full six months," Ram Mirpuri, president of the Havensight Merchants Association said. Mirpuri's son, Minoj Mirpuri, owns Bliss Jewelers.

Ram Mirpuri said he hoped the six-month abatement would be the "springboard" Havensight merchants need to recover. If not, about 30 percent of the association's membership had reported that they would go under this year or the next, he said.

Daily News File Photo

Havensight Mall merchants say because of the ongoing Long Bay road project, rising V.I. Water and Power Authority bills and other issues that they have had their worst off-season ever. The Government Employees Retirement System, the mall's owner, has granted the merchants six months of free rent to help them repay $2 million in overdue rent.

> **We were almost closing down. There was no way we could survive. We are extremely grateful for the abatement. It will be a big help.**
>
> — Sonny Panjabi, jewelry store owner

"The mall has been hurting since Crown Bay opened. We lost about 500,000 passengers because of that," Mirpuri said. He added that the larger Carnival cruise ships, the Oasis of the Seas and the Allure of the Seas, dock at Crown Bay, where the harbor can support them.

Projections are that, with more cruise ships scheduled through 2014, businesses on the brink of closure might be able to use the abatement to get through to a breakthrough season in the winter of 2014, Mirpuri said.

Other merchants said their WAPA bills had tripled or quadrupled since they opened, leaving them to wonder if an abatement would be enough to counter the rising rates.

"WAPA is killing us," Sonny Panjabi, owner of the Casa Blanca jewelry store, said. Utility bills total $3,000 during the busy season, and $2,000 during the slow season, when hours of operation are cut back, he said.

"We were almost closing down. There was no way we could survive. We are extremely grateful for the abatement. It will be a big help," he said.

Since the recession hit, travelers "seem to spend all their money on the trip itself, and they come with less disposable income," according to Jerry Woodhouse, president of St. John's Bay Rum, a fragrance company that supplies other Havensight stores and has offices behind the mall.

Woodhouse also said that in the last decade hotels, which used to provide transportation to shopping districts, have shifted to providing as many amenities as possible to guests and have limited the excursions to beaches rather than shopping districts.

"They want to grab as much revenue as possible per customer while they are staying at the hotel," Woodhouse said.

*— Contact Amanda Norris at 714-9104 or email anorris@dailynews.vi.*

# Tiny boats, big speeds

A driver uses a controller to navigate the Bethlehem Pond course.

Daily News Photos by JASON BROWNS

A racer launches his radio-controlled boat off a dock at Bethlehem Pond during RC boat races Saturday on St. Croix. The boats sped around the pond at speeds upwards of 50 mph during two days of racing.

Radio-controlled boats race around the course on Saturday.

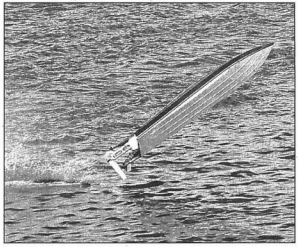

A radio-controlled boat goes airborne before flipping over.

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# V.I. government agencies defend budget requests

By AMANDA NORRIS
Daily News Staff

ST. THOMAS — Last week, the Senate Finance Committee heard testimony on fiscal year 2014 budgets from the Bureau of Motor Vehicles, the Public Services Commission and the V.I. Economic Development Authority.

## Bureau of Motor Vehicles

Bureau of Motor Vehicles Director Jerris Browne defended a General Fund appropriation of $1,642,010 as sufficient to meet the bureau's needs. The request is a 5 percent decrease, or $86,422, less than the 2013 appropriation.

Eighty-eight percent will go toward personnel services and fringe benefits, and the budget will be supplemented by a projected income of $1 million from the bureau's revolving funds and another $643,854 from the personalized license plate fund, for a total operating budget of $3,285,864.

To meet fiscal constraints imposed by the governor's 5 percent cuts to most departments to balance the fiscal 2013 budget, the bureau eliminated two General Fund positions: an executive assistant and motor vehicle inspector, according to Browne's testimony.

The fiscal 2014 operating budget contains money for 52 positions, and to further meet fiscal obligations, the bureau intends to leave unfilled two more General Fund positions, according to Browne's testimony.

A critical hiring plan leaves room for five vacant positions to be filled, however, Browne testified.

The bureau's accomplishments for fiscal 2013 include: completing a REAL ID card concept design which allow for forensic analysis and provides specialized identifications to government employees; integratting facial recognition software, providing 24 hour access to the BMV database for law enforcement, installing additional security cameras and completing two grant packages for Division of Highway Safety awards totalling $730,000 to be used to fund the motorcycle safety education program and to accommodate online vehicle registration.

## Public Services Commission

Public Services Commission Executive Director Keithley Joseph testified that it is the commission's mission's goal to move from being a "government organization that is reactive to a proactive public policy making agency with results-based management."

The Public Services Commission is primarily funded through assessments levied on the utilities it regulates.

Joseph testified that the fiscal 2014 budget request from the V.I. government for the commission would be $1,620,740. This represents an increase of $57,373, or 3.54 percent, from its fiscal 2013 revenue assessment of $1,563,367. Pursuant to Virgin Islands Code establishing the commission and stipulating that it be 100 percent funded by fees levied to the utilities it regulates, the commission's budget request reflects what it needs to maintain operations while it collects outstanding assessment from communications, water and electric, and public transportation companies, Joseph said.

The commission's uncollected revenues from fiscal 2013 are $384,630, according to Joseph's testimony.

It is anticipated that in fiscal 2014, the commission will collect a total of $1,620,739 from the V.I. Water and Power Authority; VITELCO, Innovative Cable, Varlack Ventures, Transportation Services and the V.I. Waste Management Authority, according to testimony.

A total of $1,081,113 will go toward "personal services and fringes," according to testimony.

## V.I. Economic Development Authority

V.I. Economic Development Authority Chief Executive Officer Percival Clouden requested a General Fund appropriation of $5,043,274. This amount represents an increase of $325,574, or 6.9 percent over the fiscal 2013 appropriation.

According to Clouden, the additional money is needed to match federal funds for a small business incubator program, to institute a more aggressive marketing strategy for the Economic Development Commission's tax incentive program and to enhance computer data analysis programs for the Economic Development Commission and the lending divisions, according to Clouden's testimony.

During fiscal 2013, the authority received $2 million in grants from the United States Department of Commerce Economic Development Administration to assist small and mid-size businesses in the territory. The authority also relocated its offices on St. Thomas, realizing a 20 percent savings rental costs, 48 percent in utilities and 15 percent in other related expenses, Clouden said.

Also during fiscal 2013, the authority realized a 4 percent increase in collections and saw a 37 percent decrease in the number of delinquent borrowers due to enhanced litigation efforts, Clouden said.

To date, the authority has approved $692,606 in new 2013 loans and collected $842,224 in outstanding accounts. The number of delinquent borrowers stands at 242, for a total of $7,470,534, according to Clouden's testimony.

*— Contact Amanda Norris at 714-9104 or email anorris@dailynews.vi.*

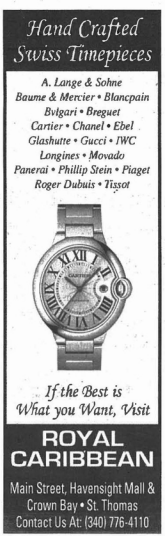


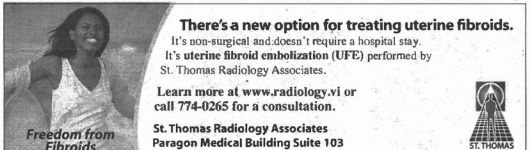


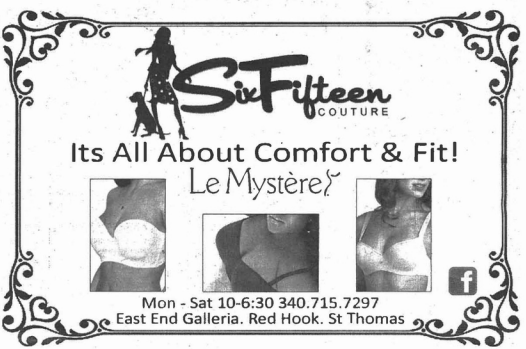

# HOVENSA cuts price for regular by 4 cents

Daily News Staff

ST. CROIX — After two weeks of significant increases in wholesale gasoline prices in the territory, some of the prices slipped slightly downward today as HOVENSA adjusted its rack rates.

The changes lowered the rack rates — the price of fuel purchased wholesale at the HOVENSA truck-loading station on St. Croix — for regular gasoline by 4 cents per gallon and for premium gasoline by a penny per gallon, while diesel fuel increased by 4 cents per gallon.

Under today's adjustments, independent gas station operators in the territory now are paying $3.45 per gallon for regular gasoline, $3.79 per gallon for premium gasoline, and $3.57 per gallon for diesel fuel when they buy their fuel wholesale at HOVENSA. Those prices include the 14-cents-per-gallon tax that the refinery collects for the government.

**Independent gas station operators in the territory now are paying $3.45 per gallon for regular gasoline**

The rack rates influence retail gasoline prices in the territory because independent gas station operators can buy their gasoline at the loading station, then resell it to their customers. The new rates are effective through Sunday.

On the retail side, average retail gasoline prices in the U.S. on Thursday were also slightly down from a week ago, according to the American Automobile Association.

The average retail gasoline price in the U.S. on Thursday was $3.648 per gallon for regular, $3.976 per gallon for premium, and $3.883 per gallon for diesel fuel, according to AAA.

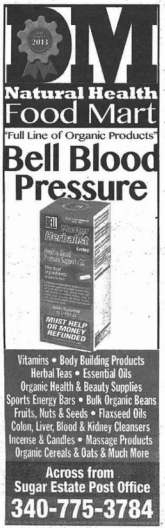



# Made and grown in the V.I.

Daily News Photos by JASON BROWN

Shoppers browse vendors' tables during the first Virgin Fresh Value Added Market Day on Saturday at the Rudolph Shulterbrandt Agriculture Complex on St. Croix. The event showcased vendors who use locally grown food to produce processed or packaged items. Items for sale included jams, jellies, hot sauce, dressings, seasonings, fruit juices, smoothies and mead wine.

Foods made with local mangoes are displayed.

# Medicaid reimbursements to increase

Daily News Staff

ST. CROIX — The V.I. Human Services Department on Friday released a notice of intent to amend the V.I. Medicaid State Plan concerning the reimbursement of enrolled physicians.

The statement indicates that Medicaid reimbursement in the territory may be increasing.

For services provided in the territory, "upon approval by the Centers for Medicare and Medicaid Services with a target effective date of Aug. 1, 2013, physicians in private practice enrolled as V.I. Medicaid Program enrolled providers will be eligible to receive reimbursement from the U.S. Virgin Islands Medicaid program for both inpatient and outpatient services" at 100 percent of the V.I. Medicare allowable rate, the release states.

"All such services must be authorized from the department or its agents," the release said.

For physician services provided outside the territory, the V.I. Medicaid Program will reimburse physicians enrolled in the V.I. Medicaid Program for both inpatient and outpatient services at the Medicare rate in the state where the service was rendered, according to the release.

# CORE spruces up Caret Bay area

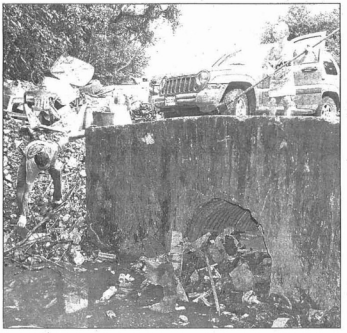

The CORE Foundation collected several bags full of trash Saturday near the Caret Bay dumpsite on St. Thomas. Furniture, household appliances, tires and an assorted list of other discarded items were gathered and deposited into the dump. CORE president John Rubattino, board members Jason Quetel, Kitty Edwards and Edythe Dirks, and a number of volunteers, including youngster Kendrick Dietsch, participated in the cleanup.

Daily News Photos by DENÁ FISHER

## Cruise Ships

| | | |
|---|---|---|
| **Today, July 29** | | |
| Carnival Valor (2,974) | 9 a.m. to 6 p.m. | Havensight |
| **Tuesday, July 30** | | |
| Oasis of the Seas (5,400) | 9 a.m. to 6 p.m. | Crown Bay |
| **Wednesday, July 31** | | |
| Carnival Dream (3,646) | 7 a.m. to 3 p.m. | Havensight |
| Freedom of the Seas (3,600) | noon to 7 p.m. | Havensight |
| Disney Fantasy (4,000) | 6:45 a.m. to 4:15 p.m. | Havensight |
| **Thursday-Saturday, August 1-3** | | |
| No ships | | |
| **Sunday, August 4** | | |
| Jewel of the Seas (2,500) | 8 a.m. to 5 p.m. | Havensight |
| **Monday, August 5** | | |
| Carnival Valor (2,974) | 9 a.m. to 6 p.m. | Havensight |

*Numbers in parentheses indicate passenger capacity.*

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# Authorities targeting unregistered sex offenders

By JENNY KANE
Daily News Staff

ST. THOMAS — Although a sweep for unregistered sex offenders netted nine unregistered offenders in recent weeks, an unknown number still remain at large in the territory.

The Virgin Islands Department of Justice paired with local police and U.S. marshals to sweep the islands for unregistered sex offenders last week, primarily targeting ones that have been convicted within the Virgin Islands. All but two local unregistered offenders last week were arrested and charged with failing to register.

Local police and U.S. Marshals initially arrested five unregistered offenders on St. Croix and three on St. Thomas in just seven days, and then arrested another at the very end of last week on St. Thomas — bringing the total to nine.

The department, however, has little way of knowing how many unregistered offenders are here from other jurisdictions. Within the territory, offenders are required to register annually, though offenders sometimes come to the islands without notifying their jurisdiction of their move.

"They are supposed to notify someone," said Virgin Islands Attorney General Vincent Frazer. "We go out and look for them, but someone has to notify us."

The sweep last week was the second "Operation Island Sweep" in the territory, Frazer said.

Currently, 55 sex offenders are registered between St. Thomas and St. John, and 42 sex offenders are registered on St. Croix.

Sex offenders are obligated to register in whatever community they reside in under federal law and territorial law, so as to make communities aware of where offenders live.

The department encouraged community members to visit usvi.nsopw.gov to access the registry and view the list of sex offenders in the Virgin Islands.

The department also asked that anyone knowing the whereabouts of an unregistered sex offender to contact it at **774-5666** on St. Thomas or **773-0295** on St. Croix and provide information to one of the Sex Offender Registry coordinators.

*— Contact reporter Jenny Kane at 714-9102 or email jkane@dailynews.vi.*

## ♦ Funeral Schedule ♦

| Name | Date of death | Service | Arrangements |
|---|---|---|---|
| **St. Thomas** | | | |
| Ovalda Millin Andre | July 18, 2013 | Pending | Davis |
| Cyril Belleau | | Pending | Davis |
| Robert Evans Sr. | June 15, 2013 | Pending | John Thomas |
| Robert E. Francis | July 18, 2013 | Aug. 10 | Davis |
| Sylvanie Gilbert | July 3, 2013 | Pending | Turnbull's |
| Jean A. Hatchett | July 25, 2013 | Pending | John Thomas |
| Samuel A. Henry | July 15, 2013 | Pending | Turnbull's |
| Bernard O. Lake | July 18, 2013 | Pending | Davis |
| Daniel LaPlace | July 13, 2013 | Pending | John Thomas |
| Winthrop Gregory Lewis | July 24, 2013 | Pending | Davis |
| Elizabeth Marshall | July 20, 2013 | Pending | Turnbull's |
| Lillian Agatha Matthew | July 20, 2013 | Pending | Turnbull's |
| Lucia L. Francis Mulraine | July 23, 2013 | Pending | Davis |
| Cornelius Powell Sr. | July 22, 2013 | Pending | Turnbull's |
| Francis Howard Pratt | July 17, 2013 | Pending | John Thomas |
| Craig Lester Schneider | July 22, 2013 | Today | Golden Gate |
| Elma Vanterpool | July 20, 2013 | Pending | Turnbull's |

## Senate Agenda

### Today

No meetings.

### Tuesday

The Culture, Historic Preservation, Youth and Recreation Committee will meet at 10 a.m. in Ottley Legislative Hall on St. Thomas to hear bills on:

- Making the queen conch shell the official shell of the Virgin Islands.
- Authorizing the Department of Sports, Parks and Recreation to develop a master plan for creating a public park and recreational area at Altona Lagoon on St. Croix.
- Redefining the use of the Enid M. Baa Library and Archives Building.
- Naming the archives division of the Charles Wesley Turnbull Regional Library the "June Lindquist Archives Division."
- Conducting a feasibility student to establish a festival and cultural park on St. Thomas.

### Wednesday

No meetings.

### Thursday

The Student Public Health Forum will be held from 10:30 a.m. to noon in Ottley Legislative Hall on St. Thomas.

## Police Reports

The police blotter is the V.I. Terretorial Emergency Management Agency's list of incidents and the time they were reported to police.

### St. Croix

Incidents in the police blotter over the weekend included:

**Assault** — 6:39 p.m. Friday, Strawberry; 3:01 p.m. Saturday, Queen Street, Christiansted; 3:23 p.m. Saturday, Prince Streetm Frederiksted; 12:03 a.m. Sunday, La Reine; 2:38 p.m. Sunday, Mars Hill; 6:17 p.m. Sunday, no location given.

**Burglary** —3:43 p.m. Sunday, Hannah's Rest.

**Fighting** — 9:01 p.m. Friday; Harbour View Housing Community; 5:57 p.m. Saturday, Union and Mt. Washington; 7:55 p.m. Saturday, Mars Hill; 11:31 a.m. Sunday, Peters Rest; 11:57 a.m. Sunday, Welcome; 4:37 p.m. Sunday, Plessen; 6:18 p.m. Sunday, Frederiksted.

**Larceny** — 9:47 a.m. Saturday, Lower Love; 2:19 p.m. Saturday, Christiansted; 6:19 p.m. Sunday, Diamond Ruby.

**Outside fire** — 8:34 p.m. Friday, La Grange; 9:15 a.m. Sunday, Marys Fancy; 4:20 p.m. Sunday, New Street, Frederiksted.

**Reckless Endangerment** — 6:42 a.m. Sunday, Mutual Homes.

**Robbery** —5:14 p.m. Sunday, Yellow Cedar.

**Weapons** — 8:09 p.m. Friday, La Grange; 10:46 p.m. Friday, Mutual Homes Housing Community; 11:34 p.m. Friday, Profit; 4:39 p.m. Saturday Harbourview Housing Community; 5:40 p.m. Prince Street, Frederiksted; 9:16 p.m. Saturday, Bellvue; 4:26 a.m. Sunday, Castle Coakley; 6:14 a.m. Sunday, Mountain; 5:57 a.m. Sunday, Luis Hospital.

### St. Thomas

Incidents in the police blotter over the weekend included:

**Assault** — 10:10 p.m. Friday, Hull Bay; 10:21 p.m. Friday, Bordeaux; 1:40 p.m. Saturday, no location given.

**Burglary** — 6:38 p.m. Friday, Nadir; 7:06 p.m. Friday, Frenchtown; 9:16 a.m. Saturday, Charlotte Amalie; 4:29 p.m. Saturday, Altona.

**Indecency** — 4:06 p.m. Saturday, Red Hook.

**Larceny** — 1:18 p.m. Saturday, Frenchman's Bay; 1:32 p.m. Solberg; 3:58 p.m. Saturday, Altona; 11:42 a.m. Sunday, no location given.

**Robbery** — 9:58 a.m. Sunday, no location given.

**Runaway** — 8:32 a.m. Sunday, Lucinda Millin Home.

**Vehicle fire** — 9:52 p.m. Friday, Black Point Hill; 2:39 p.m. Sunday, Estate Frydendahl.

**Watercraft in distress** — 7:15 p.m. Sunday, Magens Bay Beach.

### St. John

Incidents in the police blotter over the weekend included:

**Runaway** — 5:04 p.m. Sunday, Westin Resort.


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# What a city owes its residents

**Michelle Wilde Anderson**

Though it is the biggest city in U.S. history to file for bankruptcy, Detroit is only one of 26 urban municipalities that have gone into bankruptcy or state receivership for fiscal insolvency since 2008. Detroit should draw attention and debate to a challenging issue underlying all these public insolvencies: What level of public services will we protect and guarantee for U.S. cities?

The Bankruptcy Court will have to face that question. It will have to determine whether Detroit can cut into current services any more than it already has. Unless the state or federal government steps in with funds for operating costs, the bankruptcy will function as a zero-sum game, with residents fighting creditors for a share of city revenue. Creditors have contracts to monetize what they are seeking, but how should the court determine the public spending that residents need today and tomorrow?

Politicians and judges who manage local fiscal crises speak of maintaining basic services and ensuring residents' minimal health and safety, but these concepts are short on specifics. While our laws provide an entitlement to a public education, and we have long struggled to interpret what constitutes a legally adequate education, there is little to nothing that would tell us what other services the local public sector must provide.

As a matter of law, there is no such thing as a crime rate that is too high or an ambulance response time that is too long. Should there be?

For now, it is left to politics and moral judgment to determine whether it is acceptable that less than one in three streetlights are operational in Detroit or that the city has 80,000 abandoned and blighted structures that it cannot afford to demolish. In Detroit, as in many other struggling cities, dramatic police layoffs mean that the average wait time after a 911 call for a police officer is 58 minutes, and a resident can rarely summon an officer at all if the reported crime is not in progress and violent.

As for other public functions that a high-poverty city (especially one with severe winters) might hope to have — such as reliable bus service, playground equipment, indoor basketball courts, after-school programs, active libraries and community centers for the elderly — these services are decades into deep cuts and widespread closures. Indeed, having curtailed everything beyond emergency services, it would be tempting to refer to a government like Detroit's as a night-watchman state — the libertarian ideal of a government focused only on public safety.

That is, we'd be tempted to use such a term for Detroit, and cities like it, were it not such a cruel irony: Detroit had more than 15,200 violent crimes and 500 acts of arson in 2012. The night watchmen are understaffed and underpaid. According to a 2012 study by economists Aaron Chalfin and Justin McCrary, public spending in Detroit on each police officer (including all wages, benefits and retirement costs) is less than two-thirds what it is just 45 miles away in the prosperous university town of Ann Arbor.

As a political and moral matter, as much as a legal one, Detroit represents an opportunity to take a stand for urban habitability. What belongs on our list of minimum standards for a city? Detroit invites us to have a public conversation about what services and public spaces we expect from city governments for human dignity and for humans to flourish. We have a chance to say that no one should have to wait hopelessly for an ambulance, that a violent crime in a neighborhood every few hours is intolerable.

Paying for such commitments should not just be the burden of creditors. Many of the city's creditors are rank-and-file public employees and retirees who have counted on a public pension and are not eligible for Social Security. Detroit's bankruptcy plan could send them into poverty in their old age.

Basic services and safety in our cities are the responsibility of states, the federal government, the private sector and voters. It is all of them — all of us — who have a role to play in the stabilization that Detroit is seeking through bankruptcy. All of us have a responsibility to help them give basic health and safety real meaning, and to make this bankruptcy a safety net, not a punishment.

*— Michelle Wilde Anderson is an assistant professor of law at UC Berkeley School of Law.*

# Mrs. Anthony Weiner is Hillary 2.1

**Christine M. Flowers**

I sat there watching the television screen as Anthony Weiner squirmed before the microphones for the second time in two years, and realized that this was a deja vu moment.

At first I thought it was because the former congressman and aspiring mayoral candidate was, once again, apologizing for tweeting and cheating without really meeting. And then I took one look at Weiner's wife and realized that this had absolutely nothing to do with the fellow.

Huma Abedin might have creamy olive skin, beautiful brown eyes and long dark hair, but you don't need to put her in a pantsuit and slap a headband on her tresses to realize that we are now in the presence of Hillary Clinton, version 2.1.

We all remember the pre-Senate, pre-State Department Hillary who inspired both awe and revulsion for her assault on the East Wing. Never before had we been treated to a first lady who so blatantly and brazenly sought equal status with the guy we'd actually elected.

Eleanor Roosevelt, her idol, had exercised a considerable amount of weight behind the scenes. But it wasn't until Franklin died that she really came into her own. Not so Mrs. Clinton, or, rather, Mrs. Rodham Clinton.

It was painfully obvious to anyone paying attention that Bill's wife was hell bent on giving us that two-for-one bargain that the couple had promised during the campaign. Say what you will about her, Hillary was a force to be reckoned with. And praised. And loathed. Even her most strident enemies didn't underestimate her survival instincts.

Health care? (If at first you don't succeed ... .) Whitewater? (Did anyone say rafting?) Vince Foster? (Personal tragedy, nothing more.) And then came the stream of women: Gennifer (no relation,) Paula (a genuine victim) and, of course, "A little bit of Monica."

Anyone who thought that Hillary was going to let the Bimbo Bombs destroy her carefully constructed plans clearly didn't know just who they were dealing with. Our first lady stood by her philandering man and rode the crest of a sympathetic wave into the Senate. Mrs. Wynette Goes To Washington, so to speak.

And who did she take with her on that long and fruitful journey, ever upward, ever more successfully? Why none other than Mrs. Weiner, the lovely, inscrutable Huma.

Hillary once said that she had one daughter, but that, if she had another it would be her beloved personal assistant.

Huma Abedin has been by her mentor's side for almost two decades, and it is reasonable to think that she spent a large part of that time taking notes about how to thrive and survive in the political jungle. Therefore, it is not surprising that she (I) chose to marry an animal indigenous to that environment i.e., a cheetah, and (2) figured out how to make sure that she could withstand whatever wounds he managed to inflict on their shared ambitions.

Anthony's wife has taken a page from her pseudo-mama's dog-eared book and has perfected the art of damage control.

First, you assume a posture of dignified disappointment, wherein your whole body seems to just "sigh" under the weight of the offensive conduct. It's a cross between an "I can't believe he did this to me" and a "boys will be boys, God bless their randy little hearts." Then, you gaze sadly at the perpetrator as he stares into the camera and apologizes for the second, third or 13th time for being a pervert with his privates. Then, you allow him to draw a line in the sand where he says he might be sorry but he won't go gentle into that good campaign and is continuing to seek the mayoral prize.

And then you spring into action. You straighten your shoulders, raise your pointed chin, allow a few wisps of that luxuriant velvet hair to fall across your delicately drawn cheek and assume a stoic pose. You love him, you say. You believe in him, you say. You forgive him, you say. You idiot, we say.

But you do not hear us speaking, because you do not care what the peanut gallery thinks. This is not about the crowds massed to watch this public shaming. This is not even about your husband who, truth be told, is probably sleeping in the garage these days, which is why he has both the time and the inclination to tweet.

This is about something far more important to you, perhaps almost as important as the future of the child you and the Tweeter have in common. This is about your political survival.

Huma Abedin learned at the feet of a master, someone who might very well parlay her experience as scorned wife into an office in the West Wing. Huma is a bit more modest, of course. Seems she'd be content to redecorate Gracie Mansion.

*— Christine M. Flowers is a lawyer and columnist for the Philadelphia Daily News.*

# Luring elephants into big tent

**William Hershey & John C. Green**

Republican national chairman Reince C. Priebus could take a lesson from history in his efforts to herd his fellow elephants into a big tent. Nobody did a better job of coaxing feuding Republicans to cooperate than Ray C. Bliss, the Akron, Ohio, insurance man who chaired the national committee from 1965 to 1969. His success is worth remembering.

When Bliss became chairman in 1965, the Republicans were in much worse shape than in 2013: President Lyndon Johnson had won a landslide re-election over Arizona Sen. Barry Goldwater, and the Democrats held large majorities in both houses of Congress and the statehouses.

The party was deeply divided between "moderates," such as New York Gov. Nelson Rockefeller, and "conservatives," like Goldwater. The latter appeared to bless strident voices when he famously proclaimed: "Let me remind you that extremism in defense of liberty is no vice. And let me remind you also that moderation in pursuit of justice is no virtue."

Although best known as a "nuts-and-bolts" party mechanic, Bliss used a two-step approach to address these ideological rifts.

The first step was to challenge voices that made Republicans look extreme to voters. On Nov. 5, 1965, he issued n even-handed critique of "radicals" on the left and right, singling out a staunchly anti-communist firebrand Robert Welch:

"One of my major concerns in the matter of extremism of the radical right is that honest, patriotic and conscientious conservatives may be misjudged because of irresponsible radicals such as Robert Welch, who has accused President Eisenhower of being a 'dedicated, conscious agent of the Communist conspiracy.'"

"We've got to get this (party) in the middle of the road," Bliss explained, "Eisenhower and his people have taken enough."

There was a sharp backlash. One letter writer called Bliss "sneaky" and further:

"You recently asked all Republicans to get out of the strongest and most effective anti-Communist organization in the United States. I question your motives."

Bliss wasn't bothered by the criticism. "I don't have the fixation I have all the answers," he told reporters, "everything is compromise."

His second step was leading Republicans to common ground.

The means was the Republican Coordinating Committee. Its members were a cross-section of the party: Eisenhower and four former presidential candidates — Goldwater, Richard Nixon, Alfred Landon and Thomas Dewey — as well as governors, members of Congress, state legislators and party leaders.

Eisenhower was a key to the committee's work.

"He backed me up in the early d ys of my chairmanship," Bliss reported, "He had the respect of all factions."

The method was face-to-face dialogue.

"You don't say anything nasty, at least not publicly, about somebody you're going to dinner with tonight," Bliss said.

The committee eventually produced 48 policy proposals, offering an alternative to President Johnson's "Great Society" program.

In the end, Bliss got the results he wanted: the GOP made a huge comeback in the 1966 elections, and in 1968, it won back the White House.

Of course, 2013 is not 1965, Mitt Romney is no Barry Goldwater, nor is the party division identical. And the GOP may lack an Eisenhower to rally around.

Still, Chairman Priebus could take a lesson from Chairman Bliss' success in herding the elephants into a big tent.

*— William Hershey is a former Knight-Ridder Washington correspondent and Columbus bureau chief for the Akron Beacon Journal and Dayton Daily News. John Green is director of the Bliss Institute of Applied Politics at the University of Akron.*

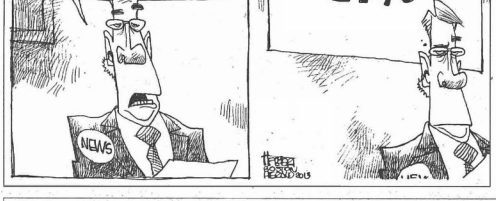


# Time to hard-delete Carlos Danger

**Maureen Dowd**

When you puzzle over why the elegant Huma Abedin is propping up the eel-like Anthony Weiner, you must remember one thing: Huma was raised in Saudi Arabia, where women are treated worse by men than anywhere else on the planet.

Comparatively speaking, the pol from Queens probably seems like a prince. Even though he's a punk. After he got caught sexting and flashing women online in 2011, he promised to "never, ever" do that to his family again and slouched away from Congress. He cyber-creeped other young women in a pervy bout of tweet du seigneur as his wife traveled the world with Hillary Clinton while she was secretary of state.

Yet, while married to the classy, gorgeous mother of his infant son and planning a redemptive run for mayor, he told a Facebook friend and phone-sex partner he had never met that he loved her. Then he told her to "hard-delete" all their correspondence — if that is what you call it.

Aside from his zany Zorro-like nom de porn, Carlos Danger, Weiner has been called many things. His digital girlfriend and fellow extreme exhibitionist, Sydney Leathers (whose nom de sounds like a nom de porn), said that Weiner described himself to her accurately as "an argumentative, perpetually horny middle-aged man."

But Weiner's Goya-esque grotesquerie earns him another name: the "Rosemary's Baby" of the Clintons.

Bill and Hillary Clinton transformed the way we look at sex scandals. They plowed through the ridicule, refused to slink away in shame like Gary Hart, said it was old news, and argued that if Hillary didn't object, why should voters?

Poppy Bush thought Americans would reject Bill Clinton in 1992 because of his lascivious ways, but he learned that voters are more concerned with how their own lives will be changed than they are with politicians' duplicitous private lives.

Americans keep moving the marker of acceptable behavior, partly as a reflection of the coarsening of society and partly as a public acknowledgment that many pols with complicated personal lives have been good public servants.

Now, defining deviancy downward, Señor and Señora Danger are using the Clinton playbook.

The difference is, there's nothing in Weiner's public life that is redeeming. In 12 years in Congress, he managed to get only one minor bill passed, on behalf of a donor, and he doesn't work well with people. He knows how to be loud on cable and wave his Zorro sword in our faces.

Some sex scandals, like Mark Sanford's, fall into the realm of flawed human nature, and some, like Weiner's, fall into the realm of "Seriously, what is wrong with you?"

Huma gained renown, movie star suitors and a Vogue spread as the stylish Muslim Garbo silently and efficiently parting the waves for Hillary. She had to be resilient to work her way up from intern to consigliere in tough Hillaryworld, and she saw firsthand how the Clintons beat back foes.

They love Huma, but the Clintons, now showcasing philanthropy and public service preparatory to Hillary's 2016 run, are not happy about getting dragged into the lewd spectacle that is a low-budget movie version of their masterpiece.

The former president is distancing himself, one associate said, noting, "He's not getting anywhere near that grenade."

Huma's friends are "slapping-my-forehead astounded," as one put it, that Weiner would get in the race knowing the online land mines that would rock Huma's world again and torpedo the campaign.

Weiner wooed Huma assiduously, showing up at the Westchester airport in the wee hours to pick her up when she came back from trips with Hillary. "They were two hyperdrive young brains that just clicked," said a friend. "She liked his Borscht Belt humor."

Her circle understands that "you love who you love," as one put it, marveling at Weiner's "madonna-whore" complex played out online. But that doesn't mean that you ask people to vote for someone who's dreadfully flawed for a major office, just because you love him.

They are worried that Huma's decision to vouch for her husband is starting to hurt her, the one person they all assumed would never be ensnared in anything weird or bad. "The hard stink of this one is going to get on everyone involved," said one friend.

Another agreed: "As soon as she stood up to say those words she changed herself from a sophisticated, mysterious guiding intelligence and beauty next to Hillary Clinton to the wife of a tarnished Anthony Weiner."

They fear Huma learned the wrong lesson from Hillary, given that Bill was a roguish genius while Weiner's a creepy loser.

"Bill Clinton was the greatest political and policy mind of a generation," said one. "Anthony is behaving similarly without the chops or résumé."

As often as Bill apologized, he didn't promise he would "never, ever" do it again, as Weiner did.

"What people won't forgive is lying in the apology," said the Clinton pal. "It has to be sincere, and it sure as hell has to be accurate."

*— Maureen Dowd is a New York Times columnist.*

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# Team New Zealand defeats Italy in America's Cup challenger trials

The Associated Press

SAN FRANCISCO — Emirates Team New Zealand beat Italy's Luna Rossa by 3 minutes, 21 seconds in their final meeting of the round-robins in the America's Cup challenger trials Sunday on San Francisco Bay.

As the points leader in the round-robins, the Kiwis had the choice of advancing straight to the Louis Vuitton Cup final or picking their opponent for the semifinals. Skipper Dean Barker said that while the New Zealanders considered getting in more racing time, they've decided to advance straight to the finals in order to continue development of their 72-foot catamaran.

That leaves Luna Rossa to face Artemis Racing of Sweden in the semifinals starting Aug. 6. Artemis only recently launched its new boat and hasn't sailed in the round-robins. The syndicate has been slowed by the fatal capsize of its first boat on May 9.

The Louis Vuitton Cup finals begin Aug. 17, with the winner advancing to face Oracle Team USA in the 34th America's Cup starting Sept. 7.

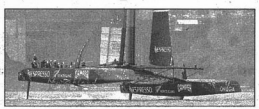

File Photo by ASSOCIATED PRESS

Emirates Team New Zealand.

Team New Zealand had a slight lead at the start Sunday and built its lead at every turning mark on the seven-leg course. It went 5-0 against the Italians, including the opening race that Italy boycotted due to a rules spat.

In their four head-to-head matchups, the Kiwis were so dominant that the Italians twice were officially ruled a DNF — did not finish — because they crossed the finish line more than five minutes behind Team New Zealand.

After the race, Tom Cruise and his son boarded Team New Zealand's boat and were given a ride across the bay.

# USVI men volleyball team defeats Guadeloupe, 3-1, for fifth place at CAZOVA

Daily News Staff

Aseah Thomas had 23 points and team captain Nayib Gonzalez added 20 as they led the U.S. Virgin Islands junior men's volleyball team past host Guadeloupe, 25-21, 20-25, 20-25, 25-21, 15-9, on Saturday in the fifth-place game at the ninth CAZOVA Junior Men's Championship in Guadeloupe.

Thomas had seven aces and one block, while Gonzalez's 20 points came by way of kills in the match, which lasted five.

Malick Frederic was Guadeloupe's top scorer with 22 points, while Yannis Biodore added 15 points and Meidhy Tacita added 10.

On Friday, the USVI was upset by a previously winless Bahamas squad, 25-16, 19-25, 25-17, 26-24, in the quarterfinals of the tournament.

Gonzalez led the USVI with a match-high 20 points, followed by Thomas with 16 points.

Team captain Rajahl Moxey led the Bahamas with 16 points, followed by Kenton Dawkins with 10 points, three of which were blocks. Justin Smith added nine points.

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## V.I. Future Stars Baseball Showcase

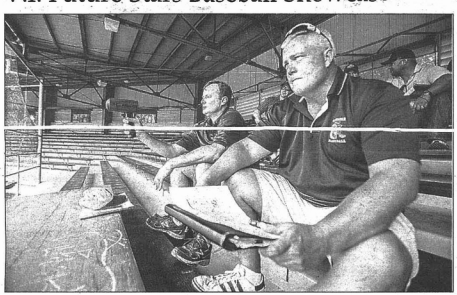

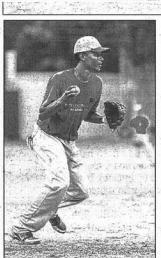

Above, Malik Mitchell, a pitcher in his second year at Genesee College, throws a pitch for scouts.

At left, Leroy Simmonds, a shortstop and former student at St. Croix Central High School, makes a play to get a runner out at first base.

Daily News Photos by THOMAS LAYER

Coaches Skip Sherman, right, of Genesee Community College in Batavia, N.Y., and Scott Dulin, of Fisher College in Boston, Mass., holding a radar gun, scout baseball prospects at the V.I. Future Stars' annual Summer Baseball Showcase on Saturday at Lionel Roberts Stadium on St. Thomas. There were also representatives from Southern Conneticut State University, the San Francisco Giants, St. Louis Cardinals and Colarado Rockies. The showcase, organized by V.I. Future Stars president Daren Canton gives local players the opportunity to display their athletic skills for college and professional scouts.

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**Sent:** 3/14/2019 4:48:11 PM
**To:** Martin Weinberg [redacted] Darren Indyke [redacted]; Kathy Ruemmler [redacted]; Jack Goldberger [redacted]
**Subject:** Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
**Attachments:** Sp_Marie_Villafana2.jpg; WilliamZloch.jpeg; acosta.jpg

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From: **Darren Indyke** <[redacted]>
Date: Thu, Mar 14, 2019 at 12:30 PM
Subject: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
To: jeevacation@gmail.com <jeevacation@gmail.com>
Cc: Darren Indyke <[redacted]>

https://www.miamiherald.com/news/politics-government/article226765309.html

# Jeffrey Epstein prosecutor was previously rebuked for handling of a child sex case

Julie K. Brown

Nine months before cutting a covert plea deal with sex trafficking suspect Jeffrey Epstein, Miami U.S. Attorney Alexander Acosta was notified that the lead prosecutor in Epstein's case had concealed victim information in another underage sex crimes case, the Miami Herald has learned.

The prosecutor, A. Marie Villafaña, was harshly rebuked by a federal judge in January 2007 for what he called her "intentional and/or serious lapse in judgment" when she failed to explicitly inform him that the defendant, a Texas man who traveled to Florida to have sex with a 14-year-old girl, had a prior history of predatory behavior with minors, court records show.

Acosta, her boss at the time, not only knew about Villafaña's breach — records show that he subsequently defended it. Acosta assigned another prosecutor in his office to write a treatise for the judge in an unsuccessful attempt to persuade him to soften the stinging language in his order.

Senior U.S. District Court Judge William J. Zloch copied Acosta on his order, noting, "The court is at a total loss as to why the Office of the United States Attorney for the Southern District of Florida, as well as the Assistant United States Attorney assigned to the above-styled cause, found it appropriate to intentionally withhold ... information from the court."

A. Marie Villafaña was the lead federal prosecutor in the Jeffrey Epstein sex case. The U.S. attorney's office's handling of the prosecution, which led to a plea to minor charges in state court, has been harshly criticized.

Later that year, Acosta and Villafaña put together a plea bargain for Epstein, a multimillionaire money manager who sexually abused nearly three dozen teenage girls at his mansion in Palm Beach. The deal, a federal judge ruled last month, was intentionally kept from his victims in violation of the Crime Victims' Rights Act.

While the two cases are unrelated, it shows that both Acosta and Villafaña had been warned about the importance of victim disclosure in sex crimes cases before the Epstein agreement. They nevertheless forged ahead with a pact with Epstein that violated the law.

U.S. District Court Judge Kenneth A. Marra wrote: "When the Government gives information to victims, it cannot be misleading. While the Government spent untold hours negotiating the terms and implications of the [agreement] with Epstein's attorneys, scant information was shared with victims."

This comes as Acosta, who is now the U.S. secretary of labor, is facing mounting scrutiny for his oversight of the Epstein case. On Monday, White House press secretary Sarah Huckabee Sanders declined to say whether President Trump has full confidence in Acosta, noting that Acosta's involvement in the Epstein case is "currently under review."

The Justice Department launched a probe in January into whether Acosta, Villafaña and other prosecutors committed professional misconduct.

Francey Hakes, who worked in the Justice Department's Crimes Against Children unit, said Zloch's comments were so brutal that it should have deterred Acosta and Villafaña from keeping the deal secret.

"It is highly unusual for a court to allege an assistant U.S. attorney has intentionally withheld information. That allegation is like dropping a bomb in the legal community," she said.

The story behind a Palm Beach sex offender's remarkable deal

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

"It seems to show that they are not taking these cases very seriously, they are not advocating for strong punishment for sexual predators, and not advocating for victims in a meaningful way. "

Villafaña, a well-regarded 18-year veteran federal prosecutor, would not comment for this story. But her lawyer, Jonathan Biran, said she has worked tirelessly on

behalf of crime victims. She received the 2011 National Crime Victims' Rights Service Award as well as the Attorney General's Project Safe Childhood Award.

He also pointed out that the parents of the victim in the Texas man's case wrote a letter thanking Villafaña at the conclusion of the case.

"AUSA Villafaña has spent her 18-year career advocating tirelessly on behalf of victims of some of the most serious crimes in Florida, and has received numerous awards for her successful prosecution of major cases," Biran said, adding that Villafaña has "made South Florida a safer place for children and adults alike."

## Enticing a minor

By all accounts, Adam McDaniel was an awkward and shy Texas teenager who spent countless hours on his computer, socializing with girls on the internet.

In 2005, McDaniel, then 19, traveled from Texas to Fort Lauderdale, where he hopped into a taxi and headed to Boca Raton to meet up with a 14-year-old girl he had been talking to online for about a year. He picked up the ninth grader at a high school basketball game, and drove her to a Marriott, hotel where they spent the night, court records show.

When she failed to come home that evening, her parents called Boca Raton police. Officers tracked the pair down at the hotel the next day, where they found them in bed, clad in little more than their underwear, according to court records.

McDaniel was arrested on federal sex charges, and pleaded guilty on Oct. 6, 2006, to enticing a minor into sexual conduct by means of interstate commerce, which carried a sentence of from five years up to 30 years in federal prison.

U.S. District Judge William Zloch

At sentencing, McDaniel's public defender, Patrick Hunt, argued for a reduced sentence, blaming his client's immaturity for the crime. McDaniel had been a good student at Texas Tech and had a family that supported him, Hunt told Zloch.

Family and acquaintances, including a former Fort Worth police lieutenant, submitted letters to the court vouching for McDaniel's character.

There were other issues, however, presented to the judge. While McDaniel was being held in federal lockup awaiting sentencing, he had corresponded with his victim, despite being ordered not to contact her, the court record shows.

Still, Hunt argued that a sentence of five years was overly harsh.

Villafaña disagreed, but conceded that McDaniel would benefit from psychological treatment. She advocated for a sentence of five to sex years, which was at the low end of the guideline.

It was then that the judge heard from the victim's mother.

In a statement, the mother decried the emotional and mental trauma her daughter suffered and the long road to recovery she had ahead of her. The mother mentioned she was further upset that McDaniel continued contact with her daughter after his arrest and she said she believed that McDaniel was still trying to manipulate her daughter by blaming her for his arrest.

The mother pointed out that prior to their sexual encounter, McDaniel had directed her daughter to watch sexually explicit movies and had described for her sex activities he had had with another underage girl.

At that point, the judge interrupted.

"...There has been some reference to another incident with a minor girl. What do you know about that, if anything?" Zloch asked Villafaña.

Former U.S. Attorney Alex Acosta never told sexual-abuse victims of a lenient plea deal for Jeffrey Epstein.

*Getty Images*

Only then did Zloch learn that McDaniel had preyed on other girls over the internet, including a 16-year-old California girl whom he brought to Texas and impregnated. He was also having another relationship with a 15-year-old girl at the time of his arrest, Villafaña admitted in court.

The judge promptly sentenced McDaniel to 10 years — twice what Villafaña recommended.

Three months later, in January 2007, after reviewing the entire case, Zloch issued an order excoriating Villafaña for failing to tell him about McDaniel's prior history.

"The serial nature of defendant's seduction of minor girls was revealed for the first time to the court upon the Government's response to the Court's inquiry," Zloch wrote, explaining that the defendant's past was evidence of predatory behavior that warranted a harsher sentence because he may pose a danger to the community.

Assistant U.S. Attorney Andrew Lourie was assigned to try to correct the record and persuade the judge to strike a portion of his comments. They argued that since McDaniel had never before been charged with a crime, the history was not relevant

at sentencing. The defendant's prior relationship with a 16-year-old was not illegal in Texas or in California, they said, and the girl classified her relationship as a friendship.

All the relevant information was provided to the probation department and at McDaniel's detention hearing, they added, making the point that it was in the record and therefore, not intentionally withheld by the government.

While Zloch conceded that the information was part of the probation and bond hearing record, he said it was nevertheless the U.S. Attorney's Office's duty to present the defendant's prior history with minors at sentencing. He refused to strike the most critical portions of his order.

"Lack of candor to the court is a serious charge, and the judge has quite reasonably expressed dismay that the assistant U.S. attorney apparently intended that he never be given a full picture of the defendant's conduct," Hakes said.

But nine months later, in September 2007, Villafaña was in the throes of thorny negotiations with Epstein's lawyers. While an FBI investigation was ongoing, Villafaña discussed ways to quietly resolve the case, emails show.

A Miami Herald investigation, "Perversion of Justice," published in November, revealed how federal prosecutors, including Acosta and Villafaña, tried to keep the full scope of Epstein's crimes out of the public eye. At one point, they discussed charging Epstein in Miami, instead of Palm Beach where the crimes happened, noting there would be less media coverage.

Emails also show that prosecutors repeatedly abided by Epstein's lawyers' demands that his victims not be told that an agreement had been reached until after he was sentenced. That meant that the girls could not appear at the hearing to derail the deal. Prosecutors had drafted a 53-page federal indictment on sex trafficking charges, but Acosta instead allowed Epstein to plead guilty to two prostitution charges in state court. In exchange, Epstein and his co-conspirators were given federal immunity.

Villafaña wrote Epstein's lawyer, Jay Lefkowitz, to discuss the wording of the sentencing agreement for the judge:

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**From:** Darren Indyke [redacted]
**Sent:** 3/14/2019 4:30:53 PM
**To:** jeevacation@gmail.com
**CC:** Darren Indyke [redacted]
**Subject:** Epstein prosecutor was rebuked for prior child sex case | Miami Herald
**Attachments:** Sp_Marie_Villafana2.jpg; WilliamZloch.jpeg; acosta.jpg

**Importance:** High

https://www.miamiherald.com/news/politics-government/article226765309.html

# Jeffrey Epstein prosecutor was previously rebuked for handling of a child sex case

Julie K. Brown

Nine months before cutting a covert plea deal with sex trafficking suspect Jeffrey Epstein, Miami U.S. Attorney Alexander Acosta was notified that the lead prosecutor in Epstein's case had concealed victim information in another underage sex crimes case, the Miami Herald has learned.

The prosecutor, A. Marie Villafaña, was harshly rebuked by a federal judge in January 2007 for what he called her "intentional and/or serious lapse in judgment" when she failed to explicitly inform him that the defendant, a Texas man who traveled to Florida to have sex with a 14-year-old girl, had a prior history of predatory behavior with minors, court records show.

Acosta, her boss at the time, not only knew about Villafaña's breach — records show that he subsequently defended it. Acosta assigned another prosecutor in his office to write a treatise for the judge in an unsuccessful attempt to persuade him to soften the stinging language in his order.

Senior U.S. District Court Judge William J. Zloch copied Acosta on his order, noting, "The court is at a total loss as to why the Office of the United States Attorney for the Southern District of Florida, as well as the Assistant United States Attorney assigned to the above-styled cause, found it appropriate to intentionally withhold ... information from the court."

A. Marie Villafaña was the lead federal prosecutor in the Jeffrey Epstein sex case. The U.S. attorney's office's handling of the prosecution, which led to a plea to minor charges in state court, has been harshly criticized.

Later that year, Acosta and Villafaña put together a plea bargain for Epstein, a multimillionaire money manager who sexually abused nearly three dozen teenage girls at his mansion in Palm Beach. The deal, a federal judge ruled last month, was intentionally kept from his victims in violation of the Crime Victims' Rights Act.

While the two cases are unrelated, it shows that both Acosta and Villafaña had been warned about the importance of victim disclosure in sex crimes cases before the Epstein agreement. They nevertheless forged ahead with a pact with Epstein that violated the law.

U.S. District Court Judge Kenneth A. Marra wrote: "When the Government gives information to victims, it cannot be misleading. While the Government spent untold hours negotiating the terms and implications of the [agreement] with Epstein's attorneys, scant information was shared with victims."

This comes as Acosta, who is now the U.S. secretary of labor, is facing mounting scrutiny for his oversight of the Epstein case. On Monday, White House press secretary Sarah Huckabee Sanders declined to say whether President Trump has full confidence in Acosta, noting that Acosta's involvement in the Epstein case is "currently under review."

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Francey Hakes, who worked in the Justice Department's Crimes Against Children unit, said Zloch's comments were so brutal that it should have deterred Acosta and Villafaña from keeping the deal secret.

"It is highly unusual for a court to allege an assistant U.S. attorney has intentionally withheld information. That allegation is like dropping a bomb in the legal community," she said.

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Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

"It seems to show that they are not taking these cases very seriously, they are not advocating for strong punishment for sexual predators, and not advocating for victims in a meaningful way. "

Villafaña, a well-regarded 18-year veteran federal prosecutor, would not comment for this story. But her lawyer, Jonathan Biran, said she has worked tirelessly on

behalf of crime victims. She received the 2011 National Crime Victims' Rights Service Award as well as the Attorney General's Project Safe Childhood Award.

He also pointed out that the parents of the victim in the Texas man's case wrote a letter thanking Villafaña at the conclusion of the case.

"AUSA Villafaña has spent her 18-year career advocating tirelessly on behalf of victims of some of the most serious crimes in Florida, and has received numerous awards for her successful prosecution of major cases," Biran said, adding that Villafaña has "made South Florida a safer place for children and adults alike."

## Enticing a minor

By all accounts, Adam McDaniel was an awkward and shy Texas teenager who spent countless hours on his computer, socializing with girls on the internet.

In 2005, McDaniel, then 19, traveled from Texas to Fort Lauderdale, where he hopped into a taxi and headed to Boca Raton to meet up with a 14-year-old girl he had been talking to online for about a year. He picked up the ninth grader at a high school basketball game, and drove her to a Marriott, hotel where they spent the night, court records show.

When she failed to come home that evening, her parents called Boca Raton police. Officers tracked the pair down at the hotel the next day, where they found them in bed, clad in little more than their underwear, according to court records.

McDaniel was arrested on federal sex charges, and pleaded guilty on Oct. 6, 2006, to enticing a minor into sexual conduct by means of interstate commerce, which carried a sentence of from five years up to 30 years in federal prison.

U.S. District Judge William Zloch

At sentencing, McDaniel's public defender, Patrick Hunt, argued for a reduced sentence, blaming his client's immaturity for the crime. McDaniel had been a good student at Texas Tech and had a family that supported him, Hunt told Zloch.

Family and acquaintances, including a former Fort Worth police lieutenant, submitted letters to the court vouching for McDaniel's character.

There were other issues, however, presented to the judge. While McDaniel was being held in federal lockup awaiting sentencing, he had corresponded with his victim, despite being ordered not to contact her, the court record shows.

Still, Hunt argued that a sentence of five years was overly harsh.

Villafaña disagreed, but conceded that McDaniel would benefit from psychological treatment. She advocated for a sentence of five to sex years, which was at the low end of the guideline.

It was then that the judge heard from the victim's mother.

In a statement, the mother decried the emotional and mental trauma her daughter suffered and the long road to recovery she had ahead of her. The mother mentioned she was further upset that McDaniel continued contact with her daughter after his arrest and she said she believed that McDaniel was still trying to manipulate her daughter by blaming her for his arrest.

The mother pointed out that prior to their sexual encounter, McDaniel had directed her daughter to watch sexually explicit movies and had described for her sex activities he had had with another underage girl.

At that point, the judge interrupted.

"...There has been some reference to another incident with a minor girl. What do you know about that, if anything?" Zloch asked Villafaña.

Former U.S. Attorney Alex Acosta never told sexual-abuse victims of a lenient plea deal for Jeffrey Epstein.

*Getty Images*

Only then did Zloch learn that McDaniel had preyed on other girls over the internet, including a 16-year-old California girl whom he brought to Texas and impregnated. He was also having another relationship with a 15-year-old girl at the time of his arrest, Villafaña admitted in court.

The judge promptly sentenced McDaniel to 10 years — twice what Villafaña recommended.

Three months later, in January 2007, after reviewing the entire case, Zloch issued an order excoriating Villafaña for failing to tell him about McDaniel's prior history.

"The serial nature of defendant's seduction of minor girls was revealed for the first time to the court upon the Government's response to the Court's inquiry," Zloch wrote, explaining that the defendant's past was evidence of predatory behavior that warranted a harsher sentence because he may pose a danger to the community.

Assistant U.S. Attorney Andrew Lourie was assigned to try to correct the record and persuade the judge to strike a portion of his comments. They argued that since McDaniel had never before been charged with a crime, the history was not relevant

at sentencing. The defendant's prior relationship with a 16-year-old was not illegal in Texas or in California, they said, and the girl classified her relationship as a friendship.

All the relevant information was provided to the probation department and at McDaniel's detention hearing, they added, making the point that it was in the record and therefore, not intentionally withheld by the government.

While Zloch conceded that the information was part of the probation and bond hearing record, he said it was nevertheless the U.S. Attorney's Office's duty to present the defendant's prior history with minors at sentencing. He refused to strike the most critical portions of his order.

"Lack of candor to the court is a serious charge, and the judge has quite reasonably expressed dismay that the assistant U.S. attorney apparently intended that he never be given a full picture of the defendant's conduct," Hakes said.

But nine months later, in September 2007, Villafaña was in the throes of thorny negotiations with Epstein's lawyers. While an FBI investigation was ongoing, Villafaña discussed ways to quietly resolve the case, emails show.

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**From:** Darren Indyke [redacted]
**Sent:** 3/14/2019 5:28:39 PM
**To:** jeevacation@gmail.com
**CC:** Darren Indyke [redacted]
**Subject:** Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
**Attachments:** WilliamZloch.jpeg

**Importance:** High

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Begin forwarded message:

**From:** Kathy Ruemmler <[redacted]>
**Subject: Re: Epstein prosecutor was rebuked for prior child sex case | Miami Herald**
**Date:** March 14, 2019 at 1:27:47 PM EDT
**To:** Darren Indyke <[redacted]>

**Privileged - Redacted**

On Mar 14, 2019, at 1:18 PM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

DARREN K. INDYKE
5300 W. Atlantic Avenue, Suite 602
Delray Beach, Florida 33484
[redacted]

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Begin forwarded message:

**From:** J <jeevacation@gmail.com>
**Subject: Fwd: Epstein prosecutor was rebuked for prior child sex case | Miami Herald**
**Date:** March 14, 2019 at 12:48:11 PM EDT
**To:** Martin Weinberg <[redacted]>, Darren Indyke <[redacted]>, Kathy Ruemmler <[redacted]>, Jack Goldberger <[redacted]>

**Privileged - Redacted**

---------- Forwarded message ---------
From: **Darren Indyke** <[redacted]>
Date: Thu, Mar 14, 2019 at 12:30 PM
Subject: Epstein prosecutor was rebuked for prior child sex case | Miami Herald
To: jeevacation@gmail.com <jeevacation@gmail.com>
Cc: Darren Indyke <[redacted]>

https://www.miamiherald.com/news/politics-government/article226765309.html

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<Sp_Marie_Villafana2.jpg>

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<acosta.jpg>

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*Getty Images*

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**Date:** Friday, June 19 2009 11:01 PM
**Subject:** Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Peggy Siegal [redacted];

---

Jeffrey Epstein, the Florida money manager who once roamed in the same social circle as Bill Clinton, Prince Andrew and other high profile figures, is going to be released from prison early, a source tells RadarOnline.com.

Epstein pleaded guilty last year to procuring teen girls for prostitution, ending his lifestyle with the rich and famous in a Palm Beach, Florida scandal that reverberated through high-profile society. He received an 18-month sentence and was slated to be incarcerated until the end of this year.

But now, says the source, the jail door is about to swing open because Epstein has been secretly helping the feds unravel a suspected Ponzi scheme. He had inside knowledge of the scheme because he was one of its victims, losing $67 million.

The source says it's all tied to the indictment of former managers of Bear Stearns Mortgage Investment Fund, and in that case Epstein is the person who is identified only as Victim # 1.

Meanwhile, Epstein's life behind bars hasn't been too rough – in fact he's allowed to spend most days at his attorney's office. He was supposedly working on a charity venture but the source says he was actually busy helping the feds with the Ponzi scheme. One source says that he's been guarded by men in suits with earphones.

Well if those suits are going to follow him when he's freed they better pack bathing suits. Epstein owns Little St. James Island in the Virgin Islands.

On Fri, Jun 19, 2009 at 4:51 PM, Peggy Siegal [redacted] wrote:

Can you cut and paste and email to my blackberry...I can't open this up. Peg

---- Original Message ----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jun 19 16:17:18 2009
Subject:

http://www.radaronline.com/category/tags/jeffrey- epstein <http://www.radaronline.com/category/tags/jeffrey- epstein>

HELP ; a reporter for the ny times wants to write the following ; Epsteins lawyers were contacted and they said they had no comment.. We have checked with some of the world s financial experts ,both in and out of gov't , the consensus is that if Epstein is cooperating with the feds the average intelligence of the u.s. government , just went up dramatically.

**Date:** Tuesday, June 23 2009 10:49 PM
**Subject:** Re: Radar Online reports that you are to be released early
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** David Grosof [redacted];

http://www.palmbeachdailynews.com/news/content/news/2009/06/23/webepstein062309.html

On Sat, Jun 20, 2009 at 6:41 AM, Jeevacation <jeevacation@gmail.com> wrote:

30 days

Sent from my iPhone
On Jun 20, 2009, at 4:01 AM, David Grosof [redacted] wrote:

Hi, Jeffrey,
I hope the Radar Online report today (Friday 6-19) that you are to be released early is correct!
Best wishes,
David

Referencing:
http://www.radaronline.com/exclusives/2009/06/exclusive- jeffrey-epstein-be-released-prison-early

EXCLUSIVE: Jeffrey Epstein To Be Released From Prison Early

Jeffrey Epstein, the Florida money manager who once roamed in the same social circle as Bill Clinton, Prince Andrew and other high profile figures, is going to be released from prison early, a source tells RadarOnline.com.

Epstein pleaded guilty last year to procuring teen girls for prostitution, ending his lifestyle with the rich and famous in a Palm Beach, Florida scandal that reverberated through high-profile society. He received an 18-month sentence and was slated to be incarcerated until the end of this year.

But now, says the source, the jail door is about to swing open because Epstein has been secretly helping the feds unravel a suspected Ponzi scheme. He had inside knowledge of the scheme because he was one of its victims, losing $67 million.

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2010 2:59:54 PM
**To**: Alan M. Dershowitz [redacted]; Martin Weinberg [redacted]
**Subject**: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To: [redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients

could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

## Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained. To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2010 3:01:31 PM
**To**: Alan M. Dershowitz[redacted]; Martin Weinberg[redacted]
**Subject**: Fwd: Fw: Epstein News Articles
**Attachments**: Epstein combined articles.pdf

---------- Forwarded message ----------
From:[redacted]
Date: Wed, Feb 24, 2010 at 5:53 AM
Subject: Fw: Epstein News Articles
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:53AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 08/12/2008 09:33PM
Subject: Epstein News Articles

*(See attached file: Epstein combined articles.pdf)*

Joyce,

I am looking forward to meeting with you on Wednesday. Please find below (and attached as a PDF file), some background information for your reference. Thanks for agreeing to have this discussion.

Regards,
Mike

**Palm Beach Post Editorial #1**

He was over 50. And they were girls

By Elisa Cramer

HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something - the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on

girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case

went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

**Palm Beach Post Editorial #2**

Massaging the system

Palm Beach Post Editorial

Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.

The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.

Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.

The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?

Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.

The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.

Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime. Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.

Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

**Palm Beach Post Editorial #3**

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

**Palm Beach Post Editorial #4**

Rich man fought the law and he mostly won

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public

Post your that there's a different system of justice for the wealthy who hire highcomments powered lawyers. Epstein's legal team included West Palm Beach defense

on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

**New York Post – 07/27/2008**

New York Post - New York, N.Y.

Date: Jul 27, 2006

Start Page: 014

Section: Page Six

Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls

ages 14-16 for massages and sex at his home. She said they were paid $200 per session.
Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.
Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.
Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."
Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."
A spokeswoman for Reiter said, "We think our investigation speaks for itself."
Cops also allege that [Jeffrey Epstein]'s personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.
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**NewYork Post – 09/20/2007**

JAIL LOOMS FOR SEX-CASE MOGUL

September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.
Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.
The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state

prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.
Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.
Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.
Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

**Palm Beach Post - 08/14/ 2006**

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.
Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.
To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.
Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.
Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.
In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine

Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

**New York Times – 09/03/2006**

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the

police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself.

Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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**New York Times – 06/30/08**

Financier Starts Sentence in Prostitution Case -NYTimes.com Page 1 of 4 ge 1 of 4

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his

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**Palm Beach Post Editorial #1**

He was over 50. And they were girls
By Elisa Cramer
HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something - the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?

Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."

But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."

In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

**Palm Beach Post Editorial #2**

Massaging the system
Palm Beach Post Editorial

Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.

The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.

Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.

The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?

Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.

The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.

Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime. Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.
Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

**Palm Beach Post Editorial #3**

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

**Palm Beach Post Editorial #4**

Rich man fought the law and he mostly won
Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public
Post your that there's a different system of justice for the wealthy who hire high-
comments powered lawyers. Epstein's legal team included West Palm Beach defense
on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz,

who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

**New York Post – 07/27/2008**

New York Post - New York, N.Y.
Date: Jul 27, 2006
Start Page: 014
Section: Page Six
Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's

lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls ages 14-16 for massages and sex at his home. She said they were paid $200 per session.

Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."

Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."

A spokeswoman for Reiter said, "We think our investigation speaks for itself."

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**NewYork Post – 09/20/2007**

JAIL LOOMS FOR SEX-CASE MOGUL
September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.

Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.

The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.

Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.

Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.

Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

**Palm Beach Post - 08/14/ 2006**

Police chief's reputation helps discredit attacks
By Larry Keller
Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.
Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.
Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics.

And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.
"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

**New York Times – 09/03/2006**

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself. Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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**New York Times – 06/30/08**



July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his 78-acre island, which he calls Little St. Jeff's. "I will abide by this."

It is a stunning downfall for Mr. Epstein, who grew up in Coney Island and went on to live the life of a billionaire, only to become a tabloid monument to an age of hyperwealth. Mr. Epstein owns a Boeing 727 and the largest town house in Manhattan. He has paid for college educations for personal employees and students from Rwanda, and spent millions on a project to develop a thinking and feeling computer and on music intended to alleviate depression.

But Mr. Epstein also paid women, some of them under age, to give him massages that ended with a sexual favor, the authorities say.

Federal prosecutors initially threatened to bring him to trial on a variety of charges and seek the maximum penalty, 10 years in prison. After years of legal wrangling, Mr. Epstein pleaded guilty to lesser state charges.

Upon his release from jail, he must register as a sex offender wherever he goes in the United States.

People from all walks of life break the law, of course. But for the rich, wrapped in a cocoon of immense comfort, it can be easy to yield to temptation, experts say.

"A sense of entitlement sets in," said Dennis Pearne, a psychologist who counsels people on matters related to extreme wealth. The attitude, he said, becomes, "I deserve anything I want, I can have anything I want — and I can afford it."

To prosecutors, Mr. Epstein is just another sex offender. He did what he did because he could, and because he never dreamed he would get caught, they say. Mr. Epstein's defenders counter that he has been unjustly persecuted because of his wealth and lofty connections.

Sitting on his patio on "Little St. Jeff's" in the Virgin Islands several months ago, as his legal troubles deepened, Mr. Epstein gazed at the azure sea and the lush hills of St. Thomas in the distance, poked at a lunch of crab and rare steak prepared by his personal chef, and tried explain how his life had taken such a turn. He likened himself to Gulliver shipwrecked among the diminutive denizens of Lilliput.

"Gulliver's playfulness had unintended consequences," Mr. Epstein said. "That is what happens with wealth. There are unexpected burdens as well as benefits."

Those benefits are on full display on his island where, despite his time in jail, Mr. Epstein has commissioned a new estate. The villa will occupy the island's promontory, which offers views of the Atlantic on one side and the Caribbean on the other. It will have a separate library to house Mr. Epstein's 90,000 volumes, a Japanese bathhouse and what he calls a "Ziegfeld" movie theater.

For now, however, those visions of a private paradise have been replaced by the cold reality of a jail cell.

The legal drama began in 2005, when a young woman who gave Mr. Epstein massages at his Palm Beach mansion told the local police about the encounter. She was 14 at the time, and was paid $200.

The police submitted the results of their investigation to the state attorney, asking that Mr. Epstein be charged with sexual relations with minors. His lawyers say Mr. Epstein never knew the young women were under age, and point to depositions in which the masseuses — several of whom have filed civil suits — admitted to lying about their age.

In July 2005, a Florida grand jury charged Mr. Epstein with a lesser offense, soliciting prostitution. Mr. Epstein's legal team, which would eventually include the former prosecutor Kenneth W. Starr and the Harvard law professor Alan M. Dershowitz, was elated: Mr. Epstein would avoid prison.

But then the United States attorney's office in Miami became involved. Last summer, Mr. Epstein got an ultimatum: plead guilty to a charge that would require him to register as a sex offender, or the government would charge him with sexual tourism, according to people who were briefed on the discussions.

David Weinstein, an attorney in the government's Miami office, declined to discuss the specifics of the case. But he did address the subject of Mr. Epstein's means and prominent legal team, and dismissed a proposal by Mr. Epstein's lawyers — who opposed the application of federal statutes in the case — that he be confined to his house in Palm Beach for a probationary period.

“In their mind that would be an adequate resolution,” Mr. Weinstein said. “Our view is that is not enough of a punishment to fit the crime that occurred.”

The lurid details of the case have captivated wealthy circles in Palm Beach and New York and transformed Mr. Epstein, who shuns publicity and whose business depends on discretion, into a figure of public ridicule.

He said he has been trailed by stalkers and has become the target of lawsuits. In recent months, he said, he received over 100 letters a week asking for money or jobs as a masseuse. He recently received a package of gold-tinted condoms.

It has been a long, strange journey from Coney Island, where Mr. Epstein grew up in middle-class surroundings. He taught briefly at Dalton, the Manhattan private school, and then joined Bear Stearns, becoming a derivatives specialist. He struck out on his own in the 1980s.

His business is something of a mystery. He says he manages money for billionaires, but the only client he is willing to disclose is Leslie H. Wexner, the founder of Limited Brands.

As Mr. Epstein explains it, he provides a specialized form of superelite financial advice. He counsels people on everything from taxes and trusts to prenuptial agreements and paternity suits, and even provides interior decorating tips for private jets. Industry sources say he charges flat annual fees ranging from $25 million to more than $100 million.

As it became clear that he was headed for jail, Mr. Epstein has tried to put on a brave face. “Your body can be confined, but not your mind,” he said in a recent interview by phone.

But the strains were showing. “I am anxious,” he said in another recent interview, referring to how inmates would treat him. “I make a great effort to treat people equally, but I recognize that I might be perceived as one of the New York arrogant rich.”

Jail will certainly be a big change. Mr. Epstein is a man of precise, at times unconventional, habits. He starts his mornings with a secret-ingredient bran muffin prepared by his chef. He seems to have a germ phobia. He never wears a suit, preferring monogrammed sweatsuits and jeans. And he rarely attends meetings — “I never have to be anywhere,” he tells his pilots, when he cautions them to avoid flying through chancy weather.

Looking back, Mr. Epstein admits that his behavior was inappropriate. “I am not blameless,” he said. He said he has taken steps to make sure the same thing never happens again.

For starters, Mr. Epstein has hired a full-time male masseur (the man happens to be a former Ultimate Fighting champion). He also has organized what he calls a board of directors of friends to counsel him on his behavior.

And Mr. Epstein has changed his e-mail address to alert people that he will be unavailable for the next 18 months. The new address indicates he is “on vacation.”

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/26/2010 6:37:49 PM
**To:** Robert D. Critton Jr.[redacted]; Jessica Cadwell[redacted]
**Subject:** Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 9:59 AM
Subject: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: "Alan M. Dershowitz" [redacted], Martin Weinberg [redacted]

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

## Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained. To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein

Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2010 6:41:25 PM
**To**: Robert D. Critton Jr.[redacted]; Jessica Cadwell [redacted]
**Subject**: Fwd: Fw: Epstein News Articles
**Attachments**: Epstein combined articles.pdf

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 10:01 AM
Subject: Fwd: Fw: Epstein News Articles
To: "Alan M. Dershowitz" [redacted], Martin Weinberg[redacted]

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:53 AM
Subject: Fw: Epstein News Articles
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:53AM -----

To:[redacted]
From: Michael Reiter/PalmBeach
Date: 08/12/2008 09:33PM
Subject: Epstein News Articles

*(See attached file: Epstein combined articles.pdf)*

Joyce,

I am looking forward to meeting with you on Wednesday. Please find below (and attached as a PDF file), some background information for your reference. Thanks for agreeing to have this discussion.

Regards,
Mike

**Palm Beach Post Editorial #1**

He was over 50. And they were girls

By Elisa Cramer

HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something -

the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?
Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."
But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."
In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

**Palm Beach Post Editorial #2**

Massaging the system
Palm Beach Post Editorial
Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.
The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.
Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.
The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?
Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.
The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.
Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime.

Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.

Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

**Palm Beach Post Editorial #3**

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

**Palm Beach Post Editorial #4**

Rich man fought the law and he mostly won

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public

Post your that there's a different system of justice for the wealthy who hire highcomments powered lawyers. Epstein's legal team included West Palm Beach defense on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

**New York Post – 07/27/2008**

New York Post - New York, N.Y.

Date: Jul 27, 2006

Start Page: 014

Section: Page Six

Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls ages 14-16 for massages and sex at his home. She said they were paid $200 per session.

Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."

Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."

A spokeswoman for Reiter said, "We think our investigation speaks for itself."

Cops also allege that [Jeffrey Epstein]'s personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

**NewYork Post – 09/20/2007**

JAIL LOOMS FOR SEX-CASE MOGUL

September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.

Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other

things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.

The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.

Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.

Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.

Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

**Palm Beach Post - 08/14/ 2006**

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of

sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

**New York Times – 09/03/2006**

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B.

Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself.

Chief Reiter refused several requests to be interviewed, and his spokeswoman would not

say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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**New York Times – 06/30/08**

Financier Starts Sentence in Prostitution Case -NYTimes.com Page 1 of 4 ge 1 of 4

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his

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including all attachments.

**From:** [redacted]
**Sent:** Saturday, January 3, 2015 10:34 PM
**To:** jeffrey E.
**Subject:** Re:

**Importance:** High

I loved Alan's response...

Sent from my iPhone

On Jan 3, 2015, at 5:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> [redacted] is detailing her version of my many parties, clinton on the island dershowitz having sex with her. . all fantasy but the press love it.
>
> On Sat, Jan 3, 2015 at 6:03 PM, [redacted] wrote:
> Why now? Something new?
>
> Sent from my iPhone
>
> On Jan 3, 2015, at 2:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> > prince andrew under fire. ignore .
> >
> > On Sat, Jan 3, 2015 at 12:54 PM, [redacted] wrote:
> > Why is the press calling me?
> >
> > Sent from my iPhone
>
> --
> please note
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> JEE
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**From:** [redacted]
**Sent:** Friday, January 9, 2015 6:56 PM
**To:** jeffrey E.
**Subject:** Re: we'll see

**Importance:** High

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

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**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:44 PM
**Subject:** Re: we'll see

I only met Jeffrey Epstein, after I was adult. ( over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. ( charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon. ) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as allegations . She claimed in the minutest of detail , her dinner with President Clinton on the Caribean Island, How he arrived . ( by black heli). where he sat. ,(on jeffreys left.) a 21st century tale of power , sex , money . The fact is that this story is total make believe , fabricated on purpose to gain tabloid attention ,and easily refuted by readily availalble travel records of a former president. . it defies belief that any person would take seriously such a preposterous story. little different than her telling her father that she met the queen, whoops- he believed her though her mother at the relevant time complained that she must have been engaging in satan worship and asked that she be put her in a drug home. cmon. I am currenty a professional pilot with a spotless record. I have a checklist that I follow before every flight to verify that things are what they are supposed to be , checking her story which the presss has refused to do would serve the public well. In this case human error is merely a euphmisn for hijacking the truth ,

On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

> Apparently..
>
> They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
> Getting ugly..
>
> ---
>
> **From:** jeffrey E. <jeevacation@gmail.com>
> **To:** [redacted]
> **Sent:** Friday, January 9, 2015 12:50 PM
> **Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

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**From:** [redacted]
**Sent:** Friday, January 9, 2015 7:01 PM
**To:** jeffrey E.
**Subject:** Re: we'll see

**Importance:** High

I know, I like where it's going..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Nadia <nadja2102@yahoo.com>
**Sent:** Friday, January 9, 2015 1:59 PM
**Subject:** Re: we'll see

It was a first draft

On Friday, January 9, 2015, [redacted] wrote:

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**From:** [redacted]
**Sent:** Friday, January 9, 2015 7:27 PM
**To:** jeffrey E.
**Subject:** Re: we'll see

**Importance:** High

I'm a pilot...I prefer sex slave to copilot ;)

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**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Nadia <nadja2102@yahoo.com>
**Sent:** Friday, January 9, 2015 2:18 PM
**Subject:** Re: we'll see

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

On Friday, January 9, 2015, [redacted] wrote:

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**Subject:** Re: we'll see

I only met Jeffrey Epstein, after I was adult. ( over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. ( charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon. ) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as

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,

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Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 12:50 PM
**Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

--

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**From:** [redacted]
**Sent:** Friday, January 9, 2015 8:50 PM
**To:** jeffrey E.
**Subject:** Re: we'll see

**Importance:** High

I know, cute,, just a joke about people's unique sensitivities. You must have heard many this week. How are You doing?

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To** [redacted]
**Sent:** Friday, January 9, 2015 3:15 PM
**Subject:** Re: we'll see

it was only meant as a pun on [redacted]

On Fri, Jan 9, 2015 at 3:26 PM, [redacted] wrote:

> I'm a pilot...I prefer sex slave to copilot ;)
>
> ---
>
> **From:** jeffrey E. <jeevacation@gmail.com>
> **To:** [redacted]
> **Sent:** Friday, January 9, 2015 2:18 PM
> **Subject:** Re: we'll see
>
> Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):
>
> On Friday, January 9, 2015, [redacted] wrote:
>
>> I know, I like where it's going..
>>
>> ---
>>
>> **From:** jeffrey E. <jeevacation@gmail.com>
>> **To:** [redacted]
>> **Sent:** Friday, January 9, 2015 1:59 PM
>> **Subject:** Re: we'll see
>>
>> It was a first draft
>>
>> On Friday, January 9, 2015, [redacted] wrote:
>>
>>> Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..
>>>
>>> Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:44 PM
**Subject:** Re: we'll see

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Getting ugly..

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**To:** [redacted]
**Sent:** Friday, January 9, 2015 12:50 PM
**Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted] [redacted]

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**From:** [redacted]
**Sent:** Tuesday, January 20, 2015 2:19 AM
**To:** jeffrey E.
**Subject:** Re: your statement?

**Importance:** High

Ha, the sequel comment is great. But I don't think it's my place to discuss her accusations of other people...I know nothing about it and never met her or Clinton. The points I can legitimately address are the nature of my involvement with you and some smoking gun allegations by the other girls. I will talk to a lawyer this week.

It could really be fun if I made a viral video that showed how easily people can be fooled, followed by a statement saying the stories are obviously false. If it's fun, tabloids may cover it...

Btw, I was invited to go to Davos...does not seem like such a good idea at the moment :)

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Monday, January 19, 2015 7:13 PM
**Subject:** your statement?

I have to hand it to [redacted] I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. ( clinton was never ever there, easy to confirm ). Sharing a bath with a Prince ( bathtub too small even for one adult ). sex slave being paid thousands of dollars. ( while at the exact same time, she was working as a hostess in a burger bar ). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

ROUGH DRAFT TITLE

***ROUGH DRAFT TRANSCRIPT***

- - -

CASE NAME: BRADLEY J. EDWARDS and PAUL G. CASSELL vs. ALAN M. DERSHOWITZ

WITNESS NAME: PAUL G. CASSELL

DATE OF DEPOSITION: 10/16/15

- - -

This is an unedited, unproofread, uncertified transcript for attorneys' information only. This transcript may NOT be cited in documents or used for examination purposes.

This raw transcript may contain the following:

1. Conflicts - an apparently wrong word that has the same stenotype stroke as a less-used word. Conflicts are remedied by the reporter in editing.

2. Untranslates/Misstrokes - a stenotype stroke appears on the screen as the result of the computer dictionary not having the same stroke previously identified or a misstroke or partial translation of the word.

3. Reporter's notes - a parenthetical word or phrase from the reporter. Since the reporter must write each word instantly, a misunderstood word or phrase will not be apparent until some time later. Reporter's notes provide the opportunity to correct such situations.

1 THE VIDEOGRAPHER: We are now on the video
2 record. Today is Friday, the 16th day of
3 October, 2015. The time is 1:33 p.m.
4 We are here at 110 Southeast 6th Street,
5 Suite 1850, in Fort Lauderdale Florida for the
6 purpose of taking the videotaped deposition of
7 Paul G. Cassell. The case is Bradley J. Edwards
8 and Paul G. Cassell versus Alan M. Dershowitz.
9 The court reporter is Terry Tomaselli and the
10 videographer is Don Savoy, both from Esquire
11 Deposition Solutions. Will counsel please
12 announce their appearances for the record.
13 MR. SCAROLA: Jack Scarola appearing on
14 behalf of Bradley Edwards and Professor Paul
15 Cassell. With me is Joni J. Jones from the Utah
16 Attorney General's Office.
17 MS. McCAWLEY: Sigrid McCawley on behalf of
18 Virginia Roberts from Boies Schiller & Flexner.
19 MR. SIMPSON: Richard Simpson on behalf of
20 Defendant and Counter-Claim Plaintiff Alan
21 Dershowitz. And with me is my colleague Nicole
22 Richardson and Thomas Scott from the firm of Cole
23 Scott & Kissane. Ms. Richardson and I are from
24 the firm of Wiley Rein.
25 MR. SWEDER: Kenneth Sweder from the firm of

1 Sweeder & Ross for Professor Dershowitz.
2 Thereupon,
3 PAUL G. CASSELL,
4 having been first duly sworn, was examined and testified
5 as follows:
6 THE WITNESS: I do.
7 DIRECT EXAMINATION
8 BY MR. SIMPSON:
9 Q. Good morning or good afternoon, I guess?
10 A. Afternoon, yes.
11 Q. If I ask any questions today that you can't
12 understand, would you please let me know and I'll
13 attempt to rephrase or clarify it?
14 A. Sure.
15 Q. You're a former United States District Judge;
16 is that correct?
17 A. That's correct.
18 Q. When were you a judge?
19 A. From about 2002 'til about November 2007.
20 Q. Okay. So you were appointed by the first
21 President Bush?
22 A. Yes.
23 Q. Uh, second President Bush?
24 A. Second President Bush, yes.
25 Q. And then after resigning as a judge, you

1 became a professor at the University of Utah; is that
2 correct?
3 A. Yeah I was professor -- excuse me -- before I
4 was a professor in the evening hours while I was a judge
5 from 2002 to 2007. And then I resumed full time
6 teaching at the University of Utah in around November of
7 2007 when I left the bench.
8 Q. Okay. And since you've left the bench, have
9 you also been affiliated with a law firm?
10 A. Yes.
11 Q. Could you tell me what that affiliation is
12 what --
13 A. Sure. I'm a special counsel with Hatch James
14 and Dodge. It's a law firm, small boutique litigation
15 law firm in Salt Lake City, Utah, and I occasionally do
16 cases with them.
17 Q. Is it fair to say that since 2007, since
18 resigning as a judge, you've been engaged at least on a
19 part-time basis in the practice of law?
20 A. Yes.
21 Q. And, in particular, in one of the cases
22 that's at issue here, what has been referred to as the
23 underlying CVRA case; you're familiar with that case?
24 A. Yeah. Let me be clear just the juxtaposition
25 of the causes, the CVRA case is not through Hatch James

1 and Dodge. That's through the University of Utah. I'm
2 pro bono work through the University of Utah.
3 Q. You have entered an appearance in that case?
4 A. Correct.
5 Q. And in order to enter that appearance, you
6 were admitted pro hac vice; is that correct?
7 A. That's right.
8 Q. And to be admitted pro hac vice, you
9 certified that you were familiar with the applicable
10 rules including the rules of the southern district of
11 Florida; is that right?
12 A. That's right.
13 Q. And you're also familiar with the rules of
14 professional responsibility; is that correct?
15 A. Sure.
16 Q. Okay. As a judge, did you ever strike a
17 party's pleadings because they were impertinent,
18 scandalous, irrelevant?
19 A. I don't recall doing that immediately.
20 Q. Okay. To the best of your knowledge, you
21 don't recall any instance of doing that?
22 A. I mean what I did, I think, there were two
23 cases where I referred people to the Bar which was a way
24 of dealing with the pleadings that were inappropriate in
25 those cases.

1 Q. Okay. But other than referring the two
2 parties to the Bar, you never entered, to your
3 recollection, striking a party's pleadings; is that
4 right?
5 A. That's right.
6 Q. Okay. I want to ask you a few questions
7 about the issue of striking pleadings. Would you agree
8 with me that courts generally disfavor a motion to
9 strike?
10 A. No.
11 Q. And that striking allegations from a pleading
12 is a drastic remedy to be resorted to only when required
13 for the purposes of justice and only when the
14 allegations to be stricken have no possible relation to
15 the controversy?
16 A. I think that's what some courts have said,
17 yes.
18 Q. And is it fair to say -- is that what you
19 represented to the court in response to
20 Professor Dershowitz's application to intervene?
21 A. That's right.
22 Q. And you wouldn't have represented that to the
23 court unless you believed it to be accurate; is that
24 right?
25 A. That's right.

1 Q. Would you also agree that if there is any
2 doubt as to whether the allegations might be an issue in
3 the action, courts will deny the motion?
4 A. That was our position in our response to
5 Professor Dershowitz's motion to strike, yes.
6 Q. And in considering a motion to strike, the
7 court must consider the pleadings in the light most
8 favorable to the party making the pleading, correct?
9 A. Yeah, that's our position, that was our
10 position, yes.
11 Q. Okay. In your view, is it -- for an attorney
12 to ask a leading question at a deposition, does the
13 attorney have to have a good-faith basis to believe that
14 that question is true or the facts assumed in that
15 question are true?
16 A. I mean, that's a broad question, but as a
17 general rule, yeah.
18 Q. As a general rule -- I'm not being very
19 articulate --
20 A. Yeah.
21 Q. -- you don't ask a leading question about a
22 fact unless you have a good-faith basis to believe that
23 facts is true, correct?
24 A. I think that's right. I mean I don't know if
25 over the last day and a half, you know, narrow questions

1 have been given very long answers. I am assuming you
2 want narrow answers; is that true?
3 Q. Well, that wasn't my question, but why don't
4 we stay on that --
5 A. I mean, I could discuss that at great length.
6 I didn't know if that's what you wanted me to do.
7 Q. I would like you to give a fair answer to my
8 questions and I'll let you answer your questions and if
9 follow up, I would ask that one at a time for the court
10 reporter.
11 I would ask that you answer the question
12 fairly and I'll try not to interrupt you. And then if
13 you would do your best to answer the questions, and as I
14 said, if you don't understand it, let me know.
15 A. Right.
16 MR. SCAROLA: Excuse me. I'm going to
17 interrupt you for just a moment. Pardon me.
18 There is this page that was placed in front of
19 me, and I don't know whether this was intended as
20 a delivery of something.
21 MR. SCOTT: No. You had asked for a copy of
22 the entry from Professor Dershowitz's book when
23 he made reference to it. I said I'd give you a
24 copy in the last deposition, and that's it. We
25 made a copy of it.

1 MR. SCAROLA: Okay. Thank you. I had also
2 asked for all of the information regarding
3 communications with Rebecca, which I was told
4 that I would get today. Is that available?
5 MR. SCOTT: No. I told you that we would
6 consider if that -- I apologize. I said we will
7 consider that and you can put it in a request and
8 we will respond.
9 THE WITNESS: I would sure like to see that
10 before I answer any more questions. Is that
11 something you could make available?
12 MR. SIMPSON: I don't think that's necessary
13 to answer the questions I'm going to ask. I'm
14 not going to ask you any questions -- I won't ask
15 you any questions about Professor Dershowitz's
16 communications with this Rebecca that you've
17 heard about. You were in the room while he
18 testified, correct?
19 THE WITNESS: Right, but I mean there are --
20 there are broader subjects that extend beyond
21 those communications, so if you're going to ask
22 any questions about those broader subjects, I
23 would like to see the communications. That would
24 be helpful to me.
25 BY MR. SIMPSON:

1 Q. I'm just going to ask you questions about
2 the case and about your knowledge, and all I ask is that
3 you give your best answers based on your knowledge.
4 A. And all I ask is, if you're going to ask any
5 questions touching on those communications and I get a
6 chance to take a look at the subjects addressed in those
7 communications --
8 Q. If I ask you a question that you need to look
9 at something that you've never seen before to answer,
10 why don't you let us know?
11 A. Okay. Will do.
12 Q. What is your understanding of the ethical
13 responsibility of an attorney in signing a pleading to
14 be filed in Federal Court, and let's say in the Southern
15 District of Florida, if that's any different than
16 elsewhere?
17 A. Sure.
18 Q. Just give me your understanding.
19 A. Sure. The obligation is to make sure that it
20 is a good-faith pleading based on the facts and the law
21 as the attorney understands them, and consistently with
22 the obligation of the attorney to zealously represent
23 the position of his client.
24 Q. Okay. Would you agree with me that it would
25 be unethical to use pleadings for an improper purpose,

1 for a purpose other than to advance a cause in
2 litigation?
3 A. Sure.
4 Q. And would you agree with me that it would be
5 unethical to make allegation of misconduct by a person
6 in a pleading if that -- if those allegations were not
7 relevant to the case?
8 A. Sure.
9 Q. And would you agree --
10 A. Actually, not pertinent to the case.
11 Q. Not pertinent to the case?
12 A. Yeah. And when you say not relevant,
13 obviously, reasonable people can have disagreements
14 about what allegations are relevant to the case or not.
15 Q. And my question is that an attorney, it would
16 be unethical, do you agree, for an attorney to sign a
17 pleading where the attorney does not have a good-faith
18 basis that the allegations of misconduct are relevant to
19 the case, are pertinent to the case?
20 A. Pertinent to the case, and as I understand
21 for example under rule 11, the requirement is that the
22 allegations being advanced must not be frivolous.
23 Q. And that there's a good-faith basis for them?
24 A. Well, I mean if you're talking about good
25 faith frivolity, those are I mean, potentially different

1 standards under the law. My understanding is that
2 frivolity is the standard for, for example, rule 11
3 sanctions.
4 Q. Is it unethical to include, in your opinion,
5 to include allegations in a pleading for the purpose of
6 generating publicity?
7 A. If that's the only purpose, sure, that it
8 would be inappropriate.
9 Q. And is it unethical to make allegations
10 without having done a reasonable investigation to
11 satisfy -- for the attorney to satisfy himself or
12 herself that there's a factual basis for the
13 allegations?
14 A. Something along those lines, sure.
15 Q. As a general matter, you agree with that
16 proposition?
17 A. Yes, sure.
18 Q. Would you agree that the scope of the
19 investigation, the reasonable investigation an attorney
20 must do, varies depending upon the nature of the
21 allegations being made?
22 A. Sure, yes.
23 Q. Let me finish -- we are both speaking at the
24 same time --
25 A. Sure.

1 Q. -- so let me finish --
2 A. Sure. I just want to make sure you get an
3 opportunity to ask as many questions as you want so.
4 Q. Okay. And I appreciate that, but the court
5 reporter can't take down both of us at once. So we just
6 need to speak one at a time, but I appreciate that.
7 A. Good.
8 Q. I believe the last question I was asking you
9 about whether the scope of the investigation, what
10 reasonably required of an attorney varies depending upon
11 the nature of the allegations being made. I think you
12 said, yes; is that right?
13 A. Yes.
14 Q. And could you explain how, what in your
15 understanding of how --
16 A. Sure. I mean, obviously, they are going to
17 be some cases that are very complicated factually. More
18 investigation would be appropriate there. There can be
19 some situations that very simple factually, less
20 investigation would be factually necessary there. Same
21 points about legal issues, too, some cases are complex
22 legally, some cases are simple legally.
23 The more legal investigation would be
24 required for the more complex cases.
25 MR. SCAROLA: Professor Cassell, I know it is

1 a little bit unnatural for you to be responding
2 to questions that are being asked immediately to
3 your right and not be looking directly at the
4 examiner the entire time, but because this is
5 being videotaped, it might be helpful if you can,
6 to the extent that you're able, to look into the
7 camera so that the jury for whom this may be
8 played --
9 THE WITNESS: I see.
10 MR. SCAROLA: -- at a later time gets to see
11 your full face.
12 THE WITNESS: All right. I hope you won't
13 consider me rude then --
14 MR. SIMPSON: I will not consider -- it's
15 good advice from your counsel and I will not
16 consider you rude.
17 THE WITNESS: Thank you.
18 BY MR. SIMPSON:
19 Q. I want to ask you some more questions about
20 the scope of investigation. Would you agree that an
21 allegation of serious misconduct by another person
22 generally requires more investigation than a lesser
23 serious type of allegation?
24 A. Sure. That's a fair statement.
25 Q. And so, for example, before accusing a person

1 of engaging in criminal misconduct, the attorney needs
2 to do a thorough investigation; is that right?
3 A. Yeah, under the circumstances, sure. I
4 should say in light of the circumstances, obviously, you
5 know, different kinds of cases can have different
6 circumstances.
7 Q. Okay. Is one of the considerations that goes
8 into that how much -- whether there's time pressure to
9 get the pleading on file?
10 A. Sure. That would be one of the factors.
11 Q. And how much time the attorney has to
12 investigate the facts?
13 A. Yes. That would be one of the factors as
14 well.
15 Q. Okay. And so before making -- where an
16 attorney's client has no pressing need to get a pleading
17 on file immediately, and the pleading is going to
18 include serious allegations of misconduct by another
19 person, an ethical attorney will take the time needed to
20 do a full investigation; is that fair?
21 A. That's fair, and the converse of your
22 proposition is also fair. For example, if a client has
23 a pending discovery dispute in front of a judge that
24 could be ruled on any day, that would be an exigency
25 that would require pleadings to be filed more quickly

1 than -- than otherwise.
2 Q. And if the dispute concerned, for example, a
3 specific discovery issue, would you expect the response
4 to be directed to that issue?
5 A. I would expect that the record would be built
6 so that it would be available for the discovery issue,
7 yes.
8 Q. Okay. I am going to ask the reporter to mark
9 as Cassell -- am I pronouncing your name correctly?
10 A. Yes, it's Cassell, yes.
11 Q. Okay. Could I ask the reporter to mark as
12 Cassell Exhibit 1 -- I will hand that to the reporter.
13 (^ Plaintiff's ^ Defendant's I.D. Exhibit
14 No. 1 - ^ description was marked for identification.)
15 BY MR. SIMPSON:
16 Q. Let me identify that for the record. I may
17 want to mark two things.
18 A. Okay.
19 Q. Exhibit 1 is documented Plaintiff's Response
20 to Motion for Limited Intervention by Alan M.
21 Dershowitz, and I'm going to ask the reporter to mark
22 another exhibit at the same time. This will be
23 Exhibit 2, and this is a document entitled Jane Doe
24 Number 3 and Jane Doe Number 4's motion pursuant to rule
25 21 for joinder in action. Both cases having been filed

1 in the case Jane Doe 1 and Jane Doe 2 versus the United
2 States. This is number 2.
3 (^ Plaintiff's ^ Defendant's I.D. Exhibit
4 No. 2 - ^ description was marked for identification.)
5 BY MR. SIMPSON:
6 Q. Mr. Cassell, do you have those documents in
7 front of you?
8 A. I do.
9 Q. Okay. I'm going to ask you first about
10 Exhibit 2 before 1, since exhibit 2 is first in
11 chronological order.
12 A. Yes.
13 Q. Is this the motion for joinder that you filed
14 on behalf of the parties then known as Jane Doe Number 3
15 and Jane Doe Number 4 in what was called the CVRA
16 action?
17 A. This is the joinder motion, yes.
18 Q. Okay. And if you look at the last page
19 before the certificate of service --
20 A. Yes.
21 Q. -- over on page 12, it shows the document
22 being signed by Bradley J. Edwards and then it says and
23 Paul G. Cassell, pro hac vice, S.J. Queeny [sic] College
24 of Law
25 A. Quinney.

1 Q. Quinney, got that one wrong, College of Law
2 at the University of Utah. Is that indicating your
3 signature to the document?
4 A. That's -- that's indicating not my signature,
5 but it's indicating that I stand behind the arguments
6 made in the document, yes.
7 Q. Much more articulate statement than I. I
8 simply wanted to confirm that you had authorized your
9 name to be listed as a counsel who was, for purposes of
10 the rules, vouching for this document?
11 A. Yes, I was vouching for this document
12 completely.
13 Q. Okay. And you list here your address as
14 being at the college of law at the University of Utah
15 with no qualification. If you compare that to the next
16 exhibit, Exhibit 1 actually --
17 A. Yes.
18 Q. -- your signature has a footnote that says,
19 this daytime business address is provided for
20 identification and correspondence purposes only, and is
21 not intended to imply institutional endorsement by the
22 university of Utah; do you see that?
23 A. I do see that.
24 Q. Why was that footnote not included on the
25 first pleading filed which is Exhibit 2?

1 A. The footnote -- one of the problems with the
2 the Word processing program to drop a star footnote is
3 it requires, under the word programing, you have to to
4 have different sections in the document because
5 otherwise it would be footnote -- let's see.
6 Yes, so there was already a footnote 1 on the
7 joinder motion and so, what happens with footnotes is if
8 you identify it as footnote, put in a footnote where the
9 University of Utah signature block is, for example, it
10 becomes footnote 2, so then you have to create a
11 different section and then once you have a different
12 section you can establish a new number and a new
13 nomenclature instead of numbers. You can have the
14 asterisk, and so somehow with the signature block
15 getting reprocessed here, that star footnote dropped off
16 and within I think -- I think it was about three days, I
17 realized that the star footnote had dropped off, so I
18 filed a corrected pleading with the -- with the new star
19 footnote on it.
20 Q. You would agree with me that a fair-minded, a
21 reasonable reader looking at the signature block on the
22 as filed original document, could conclude that the
23 University of Utah was somehow endorsing or standing
24 behind this pleading?
25 A. I don't think that's quite fair. I think the

1 way that works is, people know that when, for example,
2 you know, a Professor speaks from the university, they
3 are giving their own point of view. The -- a school
4 like the University of Utah has, gosh, several hundred
5 faculty members, if not more, and so any time a member
6 of the University of Utah speaks, they are giving their
7 views on the subject. There may be a range of views.
8 Some Professors at the university of Utah may
9 be in favor of crime victim rights. Other Professors
10 may be opposed to crime victim rights. Young people
11 generally jump to the conclusion that just because they
12 are hearing a Professor from a particular school speak,
13 that that necessarily means that they are saying
14 something that the university endorses.
15 Q. If that's true, why do you include the
16 footnote on some pleadings?
17 A. Well, I included the footnote in this
18 particular case, the dean at the law school said, hey,
19 you know, it might be useful just to drop a footnote in
20 just to make sure that there's no misunderstanding and I
21 said, sure, I would be glad to do that. And so I think
22 pleadings, in this case leading up to this, had the star
23 footnote. Apparently on the signature block had got
24 dropped out. And then we were able to fix that in a
25 couple of days on this one.

1 Q. So is it accurate that after you filed what's
2 Exhibit 2, that the dean of the law school asked you to
3 file a corrected version with the footnote?
4 A. No. That misunderstands what I said. Early
5 on, just in talking -- I do a lot pro bono litigation
6 for crime victims all over the country, and I do that,
7 that's one of the reasons I'm at the University of Utah.
8 They have been very supportive of my pro bono work in
9 this case as well as in other cases, and so the dean
10 said, well, one of the things just might be helpful is
11 to drop a footnote. I don't think it was required that
12 I drop the footnote, nobody suggested it would be useful
13 to drop the footnote, and so I agreed to do that in this
14 case and in other cases as well, but somehow in this
15 particular pleading, the -- as I say, the signature
16 block possibly was a cut-and-paste from an earlier
17 pleading in the case, possibly it was some issue
18 involving that section feature of the word processing
19 program. The star footnote had dropped off.
20 And so once I realized that without anyone
21 calling that to my attention when I looked at the brief
22 a couple of days after we filed it, and said, oh, I need
23 to fix that and did, indeed, fix that as quickly as I
24 could.
25 Q. What was the context in which the dean asked

1 you as a practice to drop the footnote; was it in
2 connection with this case or some other circumstance?
3 A. It was -- as I recall, it was several years
4 earlier. I don't know. Maybe a year or two earlier
5 than this particular litigation, from what I remember.
6 If I looked at some of my other pro bono cases around
7 the country, we might be able to get a sharper time
8 frame on that. I've done pro bono crime victims in a
9 lot of cases. And the dean just thought it might be
10 useful to have that kind of a footnote to avoid any
11 misunderstanding.
12 Q. Would you agree with me that in order to
13 allow your name to be listed as counsel on this
14 pleading, that you were required to have a sufficient
15 basis for the allegations based on what you knew as of
16 December 30th, 2014?
17 A. Sure. I think that's fair. Obviously, I
18 imagine one of the issues we are going to discuss here
19 today is what is a sufficient basis for filing a
20 pleading like that. So, yeah, in general, of course, we
21 had to have a sufficient basis for filing something like
22 this and I firmly believe that we did.
23 Q. And to put a point on my question, the way in
24 which to measure the knowledge is as of December 30th,
25 2014, so the facts that came to your attention after

1 that date, by definition, could have been part of what
2 you were relying on to allow your name to be listed as
3 counsel on this document, correct?
4 A. That's right. With regard to this document,
5 we would be looking at knowledge on or before December
6 30th, 2014.
7 Q. Would you turn to page 4 of the document,
8 first full paragraph on the page, the second sentence.
9 Actually, third sentence, you say: In addition to being
10 a participant in the abuse of Jane Doe Number 3 and
11 other minors, Dershowitz was an eye witness to the
12 sexual abuse, et cetera. Do you see that?
13 A. Yes.
14 Q. Who were the other minors?
15 A. Well, one of the ways -- you want some
16 documentation of that?
17 Q. I want to know: You made an allegation here,
18 you first make an allegation that Professor Epstein
19 abused -- Jane Doe Number 3 -- Dershowitz. I'm sorry?
20 A. Right.
21 Q. Jane Doe Number 3 who is no longer anonymous,
22 Miss Roberts, correct?
23 A. Right. I'm sorry. Could you repeat the
24 question please.
25 Q. I just want to clarify that your pleading is

1 alleging that Professor Dershowitz engaged in this
2 sexual misconduct with Miss Roberts; she's Jane Doe
3 Number 3, correct?
4 A. That's right. Jane Doe Number 3 is Miss
5 Virginia Roberts Goufrey ^ (ph).
6 Q. And I will ask you questions about that. But
7 my question now is: You also allege that Professor
8 Dershowitz was a participant in the abuse of other
9 minors besides Miss Roberts. Do you see that?
10 A. Yes, I see that.
11 Q. Who are the other minors?
12 A. So I don't know the exact name of the other
13 minors who were involved, but I do have an 89 page
14 police report from the Palm Beach Police Department
15 which lists, if I recall correctly, about 23 or 24 names
16 of minors who went to the Jeffrey Epstein mansion in
17 Palm Beach during a period of time that extends from --
18 let's see -- it would have been roughly, I don't know,
19 from probably about a six-month period in 2005 -- there
20 are a series of names. I don't think in this particular
21 case because of confidentiality reasons, we can put into
22 the record the names of those girls, but what I would
23 propose doing is putting into the record the 89 page
24 police report from the Palm Beach Police Department,
25 which has page after page after page after page of young

1 girls going to the Epstein Palm Beach mansion and then
2 being sexually abused in some cases, at least one case,
3 forcibly raped. That is the basis for that particular
4 allegation.
5 Q. Mr. Cassell, does the police report you're
6 referring to at any point say Professor Dershowitz
7 abused any of these particular minors -- not were they
8 abused at the mansion -- but did it say anywhere that
9 Professor Dershowitz did that?
10 A. The police report itself does not refer to
11 Professor Dershowitz abusing these girls. However, when
12 you look at the police report, what it shows is a
13 pattern of egregious sexual abuse of approximately 23 to
14 24 young girls over an extended period of time at a
15 mansion that was owned by Jeffrey Epstein who was one of
16 the closest personal friends, from what I could gather,
17 of Mr. Dershowitz.
18 And so that was -- there's other information.
19 I don't want to filibuster you on that. I would be
20 happy to elaborate on that, but that is the first piece
21 of evidence that I would begin referring to. If you
22 want a more -- if you want -- just so the record is
23 clear, if you want to know all the bases, all the
24 grounds for which that allegation appears, then I would
25 like to make a more extended presentation.

1 Q. We will get there. But my -- I want to make
2 sure we are clear about this.
3 Am I correct that the report itself never
4 says, Alan Dershowitz abused anyone?
5 A. That is a correct statement, I believe.
6 Q. And we won't -- and the report does
7 reflect -- the conclusion of -- it reflects abuse of
8 minors by Jeffrey Epstein, correct?
9 A. Oh yes, oh yea. What it shows is forcible
10 rape of underage girls, and not a, shall we say, one off
11 situation, but on something that is happening over,
12 let's say, this is roughly a six-month period, 180
13 days -- I mean, I think you know, they document roughly
14 speaking at least 180 sexual encounters give or take,
15 and in fact, on some days, what they document in that
16 police report is abuse that is taking place not once,
17 not twice, but three times during the day in this
18 mansion.
19 And so I certainly agree with you, if it's
20 possible, maybe my math is off here, 200 percent, that
21 this report documents repeated sexual abuse including
22 forcible rape by one of the closest friends of
23 Mr. Dershowitz, Jeffrey Epstein.
24 Q. So it's your testimony that Mr. Epstein was
25 one of Professor Dershowitz's closest friends?

1 A. Yes.
2 Q. We will come back to your basis for that.
3 I want to go back to the police report.
4 We've clarified it never says Professor Dershowitz
5 abused anyone, correct?
6 A. It doesn't say that directly, but the police
7 report is part of a larger package of information that I
8 had available to me since you asked on December 30th
9 that suggested that Mr. Dershowitz was involved in the
10 abuse of minors.
11 I'm sorry. Let me correct that. In the
12 sexual abuse of minors, in particularly, minor girls.
13 Q. Would it be your position that anyone who was
14 a friend, or a friend of Mr. Epstein who visited his
15 house on more than a few occasions, that that's
16 sufficient to conclude that -- to allege that they
17 engaged in sexual abuse of minors?
18 A. No.
19 Q. Are we talking about guilt by association
20 here?
21 A. No. And that question requires a more
22 extended answer, which I would be happy to provide for
23 you, if you would like an extended answer.
24 Q. Let me ask you this question: You referred
25 to the police report, correct?

A. Correct.

Q. And focusing now, not -- not on Virginia Roberts, we are focusing on the other minors, correct? I just have that in mind, right?

A. I'm sorry. Could you repeat the question?

Q. I want to make sure you're focusing on the allegation in this pleading that Professor Dershowitz abused other minors; do you have that in mind?

A. I do.

Q. Okay. First of all, I want to know, and for this question you don't have to give the names, do you have specific minors who you, at this point, contend were abused?

A. I believe that the pool of people came from, among other young girls, roughly 23 to 24 minors identified in the Palm Beach Police Department report, or other similarly-situated girls in either New York, in the airplanes, or on -- in the Palm Beach mansion. So this -- the problem that I have here frankly, I'm sorry, but I think your question fairly calls for a longer answer, I could give you the names of those girls if Jeffrey Epstein would tell us the names of those girls that he trafficked in Florida, in New York, on his airplanes and elsewhere. But I think everyone in this room is aware Mr. Epstein has repeatedly refused to

1 answer questions about the names of the girls that he
2 was sexually trafficking. And that's one of the things
3 that has made this case so difficult, because if we
4 could get the names of those girls, then we could -- we
5 could try to help them.
6 We could -- we could start to unravel the
7 many crimes that Mr. Epstein has committed along with
8 his associates. So, again, I could go on longer, and I
9 don't want to filibuster your time, I think I've seen
10 illustrations of that recently, but I -- what I want to
11 do is make sure that -- that I could give additional
12 information if people like Mr. Epstein would cooperate
13 and give me the names of the girls that he was sexually
14 trafficking.
15 MR. SIMPSON: Move to strike the
16 nonresponsive portion of the answer.
17 Can I have the same standing objection,
18 Mr. Scarola?
19 MR. SCAROLA: No, I don't think -- I don't
20 think you will need a standing objection.
21 MR. SIMPSON: Well, I'll just make the
22 objection there and --
23 MR. SCAROLA: Thank you.
24 MR. SIMPSON: I will go back to my question.
25 BY MR. SIMPSON:

1 Q. My question had nothing to do with whether
2 you could identify girls that Jeffrey Epstein abused.
3 My question was: As of December 30th, 2014 -- you don't
4 have to give me the name right now -- is there any
5 specific girl that you had evidence Professor Dershowitz
6 abused?
7 A. What I had was the police report moving girls
8 and the girls were named in the police report, although
9 the police report that I think has been made public has
10 the names redacted, those girls were moving through the
11 mansion at the time when, for example, household staff
12 were saying that Mr. Dershowitz was receiving massages.
13 And so, yes, I have 24 names in mind as
14 possible sexual abuse victims that Dershowitz may or may
15 not have abused. And I have not been able to pinpoint
16 exactly what happened, because the people who would be
17 in the best position to help me sort out what the names
18 were, specifically Jeffrey Epstein among others, have
19 refused to cooperate and give me those names.
20 MR. SIMPSON: Move to strike the
21 nonresponsive portion of the answer.
22 THE WITNESS: Can I ask what part of that was
23 nonresponsive in your view?
24 MR. SCAROLA: That's all right.
25 THE WITNESS: Okay.

1 MR. SCAROLA: Professor Cassell, you don't
2 need to do that.
3 BY MR. SIMPSON:
4 Q. If I understand you correctly, you said in
5 that answer question -- strike that.
6 If I understood you correctly, you said in
7 that answer that there was a universe of 24 girls I
8 believe you said or approximately, that Professor
9 Dershowitz may or may not have abused; is that your
10 position?
11 A. That's correct. It's been impossible to
12 narrow down exactly what happened because of lack of
13 cooperation from, for example, Jeffrey Epstein.
14 Q. If as of December 30th, 2014, based on your
15 information, Professor Dershowitz may or may not have
16 abused other minors, why did you allege that he did?
17 A. Your question, as I understood it, was did I
18 know the name of the particular girl that he may or may
19 not have alleged -- I'm sorry -- did I know the name of
20 the particular girl that he may have abused. And I
21 couldn't get the exact name, but what I had was
22 Mr. Dershowitz receiving massages in a time when,
23 according to the police report, massage was a code word
24 for sexual abuse of underage girls.
25 Q. And so was it your understanding as of

1 December 30th, 2014, that every massage given to anybody
2 at Mr. Epstein's residence was a code word for sexual
3 abuse?
4 A. It was my understanding that the term
5 "massage" was frequently, if not almost invariably, used
6 as a code word for sexual abuse, or at least sexual
7 activity, if the girl happened to be over the age of 18.
8 But in most cases at least, or in many cases depending
9 on exactly what universe you're looking at, these were
10 underage girls, under the age of consent in the State of
11 Florida, they were under the age of 18.
12 Sometimes as young as -- I think it went all
13 the way down to, gosh, I'm trying to remember now, I
14 think 13 or 14 was was the youngest age in the police
15 report.
16 Q. Is it your position that as of December 30th,
17 2014, you had a sufficient basis under the Federal Rules
18 of Procedure and applicable ethical rules to allege that
19 anyone who got a massage at Mr. Epstein's residence had
20 abused minors?
21 A. No.
22 Q. What -- back up now. With respect again to
23 other minors as of December 30th, 2014, had anyone --
24 had any young woman, other than -- we will put -- I'm
25 going to ask about Virginia Roberts separately.

1 A. Okay.
2 Q. Had any other young woman told you she had
3 been abused by Professor Dershowitz?
4 A. No other young women had told me that, no.
5 Q. Had, as of that date, had anyone told you
6 that Professor Dershowitz had abused other minors?
7 MS. McCAWLEY: I'm going to object for a
8 moment here to the extent that you're going to be
9 answering a question that requires you to divulge
10 any attorney/client communication with Virginia
11 Roberts, I have a standing objection that I'm
12 putting on the record right now.
13 Virginia Roberts does not waive her
14 attorney/client privilege with her lawyers, and
15 they are not entitled to testify as to
16 information that she intended to be confidential
17 that she communicated to her lawyers.
18 MR. SCAROLA: And I would instruct you not to
19 answer the question on that basis.
20 MR. SIMPSON: All right.
21 BY MR. SIMPSON:
22 Q. I disagree with the position on the
23 privilege, but I will -- you're going to follow the
24 instruction not to answer those questions?
25 A. I am.

1 Q. Okay. I want to put then aside Virginia
2 Roberts.
3 Had anyone else as of December 30th, 2014,
4 told you that Professor Dershowitz had abused any minor,
5 other than Virginia Roberts?
6 A. No one -- no other -- no other person, no
7 other person had spoken to me and told me that directly,
8 no.
9 Q. And when you say no other person, I'm
10 including not just any -- any victims of Mr. Epstein,
11 but anyone else, no one had said to you, I have
12 knowledge that Alan Dershowitz abused a minor, other
13 than Virginia Epstein -- Virginia Roberts; is that
14 correct?
15 MR. SCAROLA: Let me ask you for
16 clarification if I could. Are you asking whether
17 any person made that statement based upon the
18 direct personal knowledge of that person? And
19 the purpose for my clarification is to the extent
20 information was conveyed to Professor Cassell by
21 co-counsel, or anyone within the joint
22 representation or common interest privilege, I'm
23 not going to permit him to answer that question.
24 If it's anybody outside that, he clearly can. So
25 if you're looking for someone with direct

1 knowledge, he can answer that question, because I
2 assume none of the lawyers within the common
3 interest privilege had that direct knowledge.
4 MR. SIMPSON: I'm asking -- for the purpose
5 of the questions I'm putting aside Virginia
6 Roberts and I'm putting aside her attorneys.
7 MR. SCAROLA: Attorneys.
8 MR. SIMPSON: Attorneys.
9 MR. SCAROLA: Attorneys.
10 MR. SIMPSON: Yes.
11 MR. SCAROLA: Not just Virginia Roberts'
12 attorneys, but any attorney sharing a common
13 interest privilege?
14 MR. SIMPSON: No. No.
15 MR. SCAROLA: Okay. Well I'm not going to
16 let him --
17 BY MR. SIMPSON:
18 Q. Let me is ask this: As of December 30th,
19 2014, were there any attorneys who were sharing a common
20 interest privilege with you as counsel in the CVRA case?
21 Had you entered into an agreement with any other
22 attorney? You have co-counsel, Mr. Edwards.
23 MS. McCAWLEY: Well, to the extent that's
24 going to reveal privileged information about
25 accountant interest agreement, I am not going to

1 let him do that.
2 MR. SIMPSON: That certainly is not
3 privileged. That's fact.
4 THE WITNESS: I think this is a -- I would be
5 happy to answer the question, but this is a very
6 complicated issue that -- that I think I should
7 confer with -- I don't want to inadvertently
8 waive a privilege that my client, Virginia
9 Roberts, has or other persons may potentially
10 have, so I think I would like take to short break
11 and confer with my counsel on that question.
12 MR. SIMPSON: We will take a short break.
13 THE VIDEOGRAPHER: We are going off the video
14 record, 2:13 p.m.
15 (Thereupon, a recess was taken.)
16 THE VIDEOGRAPHER: We are back on the video
17 record, 2:25 p.m.
18 MR. SCAROLA: So that the record is clear, we
19 have had an opportunity to consult, and we are
20 asserting both the attorney/client and common
21 interest privilege, and I can tell you that there
22 is no source of information outside of the
23 attorney/client and common interest privilege
24 that relates to the area of your current inquiry.
25 MR. SIMPSON: Well, and I'll ask the question

1 and you can tell me if you'll answer this
2 question.
3 BY MR. SIMPSON:
4 Q. Who, as your understanding as of December
5 30th of 2014, with which attorneys did you have a common
6 interest privilege?
7 A. Brad Edwards from, obviously, the law firm
8 that I've been working with here. Also attorneys from
9 the Boies Schiller law firm who were representing
10 Virginia Roberts at that time.
11 Q. Anyone else?
12 A. The -- at that time, on December 30th, I
13 don't know that it's directly responsive to your
14 question, but also the Scarola law firm, Mr. Scarola in
15 connection with litigation he was handling for Brad
16 Edwards.
17 Q. Any any other law firm lawyers that you had a
18 common interest privilege with?
19 A. No.
20 Q. And you're going to refuse to answer
21 questions about communications with Miss Roberts; is
22 that right?
23 A. Sure. Those are -- well, some -- some
24 communications are public, we will discuss those, I'm
25 sure as the deposition moves along, but certainly with

1 respect to confidential communications that were part of
2 providing legal services to Miss Roberts, yes, I will be
3 asserting -- well, she's -- let me be a little more
4 precise.
5 She will be asserting attorney/client
6 privilege and I'm not at liberty to waive that for her.
7 Q. And we will make a proffer later as to
8 questions we would ask about your communications with
9 Miss Roberts as we believe those are not privileged,
10 but --
11 MR. SCOTT: As well as the others.
12 MR. SIMPSON: As well as the others that
13 have --
14 MR. SCOTT: Attorney/client.
15 MR. SIMPSON: -- attorney/client the
16 privilege has been asserted.
17 BY MR. SIMPSON:
18 Q. Let me go back to the common interest group.
19 Is there any written agreement memorializing a common
20 interest agreement?
21 MS. McCAWLEY: I'm going to object to the
22 extent that it seeks details of an agreement.
23 You're allowed to know the existence of the
24 agreement; he testified to that. The details,
25 you're not entitled to.

1 MR. SIMPSON: I'm not going to ask any
2 details at all.
3 BY MR. SIMPSON:
4 Q. I'm simply going to ask: Is it in writing,
5 yes or no? As of December 30th, 2014, was there a
6 written common interest agreement, yes or no?
7 MR. SCAROLA: Those are two different
8 questions and I think the record needs to be
9 clear as to which one you're asking.
10 MR. SIMPSON: All right. Let me ask this
11 question.
12 BY MR. SIMPSON:
13 Q. As of December 30th, 2014, was there any
14 common interest agreement that was in writing?
15 A. I'm not certain what date a written agreement
16 was executed on these subjects.
17 Q. At some point, was a written agreement
18 executed?
19 A. Yes.
20 Q. And who were the parties to the written
21 agreement?
22 A. Well, there have been addenda to the
23 agreement, if I recall correctly, but sitting here
24 today, the parties to the agreement include Virginia
25 Roberts, and her -- well, attorneys representing -- I

1 mean -- I guess the attorneys representing Virginia
2 Roberts on various matters which Boies Schiller law
3 firm, the Bradley J. Edwards and his law firm,
4 University of Utah's general counsel's office, the
5 university -- I'm sorry -- the Utah Attorney General's
6 office, Attorney General Reaz ^ (ph) and other persons
7 there. And the Searcy -- well, Mr. Scarola's law firm,
8 I'm trying to remember -- sorry, Jack, I can't remember
9 the name of all your partners off the top of my head.
10 MR. SCAROLA: That's quite all right.
11 MR. SIMPSON: He's the man.
12 THE WITNESS: It's the law firm that
13 Mr. Scarola is a named partner in.
14 BY MR. SIMPSON:
15 Q. And is it -- am I correct that you cannot say
16 one way or the other whether that written agreement was
17 executed before or after December 30th, 2014?
18 A. That's right. Sitting here right now, no, I
19 can't recall.
20 Q. Okay. I want to go back to the motion for
21 joinder which is Exhibit 2, and the provision -- not the
22 provision -- the assertion that we were referring to.
23 A. Right, right.
24 Q. Concerning not Virginia Roberts, but other
25 minors. Do you have that in mind?

A. Yes.

Q. Okay. Because of the privilege instruction, I'm going to ask it this way: As of December 30th, 2014, when you put your -- allowed your name to be put on this pleading as --

A. I didn't allow it. I was proud to sign this pleading.

Q. Okay. As of December 30th, 2014, when you were proud to sign this pleading, was there any witness, whether a victim or anyone else, who could be -- person, whether a victim or anyone else, who could be called as a witness who would say, I have knowledge that Alan Dershowitz abused a minor, other than Virginia Roberts?

A. I believe with further discovery we could have identified witnesses, yes.

Q. So is the answer to my question, no, when I ask: As of December 30th, 2014, when you signed this, were you aware of a single witness who would testify, I have knowledge that Alan Dershowitz abused a minor, other than Virginia Roberts?

MS. McCAWLEY: Objection. I just want to be clear. Outside the context of Virginia Roberts, what he learned through the common interest privilege.

BY MR. SIMPSON:

1 Q. I'm asking whether he was aware of I'm not
2 asking about -- well, let me back up.
3 Are you aware of any witness who could be
4 called who, as of December 30th, 2014, any person who
5 could be called as a witness who would testify, I have
6 knowledge that Alan Dershowitz abused a minor to support
7 the allegation that Alan Dershowitz abused other minors?
8 MR. SCAROLA: Outside of information gathered
9 through attorney/client or common interest
10 privileged communications; is that correct?
11 MR. SIMPSON: No. It's not correct.
12 MR. SCAROLA: Okay. Then, I'm not going to
13 permit him to answer the question to the extent
14 that it includes a request for information within
15 the attorney/client and common interest
16 privilege.
17 MR. SIMPSON: Is it your position that the
18 name of a person who could be called as a witness
19 is somehow privileged?
20 MR. SCAROLA: It is my position that any
21 information communicated within the scope of the
22 confidential attorney/client communication is
23 privileged information.
24 It is my position that any information
25 including names communicated in the scope of

1 confidential common interest privilege
2 communications is privileged. Yes, that's my
3 position.
4 MR. SIMPSON: Okay. That, we will have to go
5 to the judge on.
6 BY MR. SIMPSON:
7 Q. Let me ask you this way: As of December --
8 A. I'm going to write down your question because
9 this one sounds like it's going to be complicated.
10 Q. I'm going to ask it again. It's not
11 complicated. It's very simple. This one is going to be
12 very simple.
13 A. Okay.
14 Q. As of December 30th, 2014, had you spoken
15 personally with anyone who said, I have knowledge that
16 Alan Dershowitz -- I have personal knowledge that Alan
17 Dershowitz abused other minors?
18 MR. SCAROLA: To the extent that that
19 question calls for information conveyed within
20 the scope of either the attorney/client or common
21 interest privilege, I instruct you not to answer.
22 BY MR. SIMPSON:
23 Q. Put aside for the moment Virginia Roberts.
24 I'll ask the question: Did Virginia Roberts tell you
25 that Alan Dershowitz abused anyone other than her?

1 MR. SCAROLA: I instruct you not to answer.
2 MS. McCAWLEY: And I object to that.
3 MR. SIMPSON: Okay.
4 BY MR. SIMPSON:
5 Q. So will you not answer that question?
6 MR. SCAROLA: On the basis of attorney/client
7 privilege, I instruct him not to answer.
8 BY MR. SIMPSON:
9 Q. And you will follow the instruction?
10 A. I'm being instructed not to waive
11 attorney/client privileges of Virginia Roberts and I'm
12 going to follow that instruction, yes.
13 Q. To shorten the deposition --
14 MR. SCAROLA: I might be able to help you a
15 little bit. You can assume that Professor
16 Cassell will follow my instructions. You
17 don't need to ask for --
18 MR. SIMPSON: We are at the same place. I
19 was just going to say, we have an agreement that
20 if --
21 THE WITNESS: Yeah, yeah.
22 MR. SIMPSON: Let me just finish. If
23 Mr. Scarola on Ms. McCawley instructs you not to
24 answer, you're going to follow it?
25 A. That's fine. I don't want to try to run out

1 the clock or anything, but let's get this moving along
2 so we can get your questions answered.
3 Q. I just need to make my record on that.
4 So we are going to put aside Virginia
5 Roberts.
6 A. Okay.
7 Q. And I'm not talking about attorneys here
8 talking about -- what I'm talking about is people who
9 could be witnesses, people who saw things, people did
10 things, heard things, people who have evidence that
11 would be admissible in court. Do you have that in mind?
12 A. Okay.
13 Q. As of December 30th, 2014, putting aside
14 Miss Roberts, as to whom you've refused to answer, had
15 anyone who fits that category of a person with personal
16 knowledge of admissible evidence told you that Alan
17 Dershowitz had abused any other minors?
18 MR. SCAROLA: I'm going to instruct you not
19 to answer that question on the basis of the
20 attorney/client and work product privileges.
21 MR. SIMPSON: The knowledge -- let me ask
22 this way.
23 MR. SCAROLA: Let me explain. It might be
24 helpful to you if I were to explain the basis of
25 my objection.

1 MR. SIMPSON: Let me --
2 MR. SCAROLA: You are not permitted to get
3 indirectly what you cannot get directly, and by
4 phrasing the questions as you have phrased them,
5 you are attempting to narrow down the source of
6 information to an attorney/client privileged
7 communication.
8 I can't allow the witness to respond to that
9 question and thus disclose information that may
10 fall within the scope of the attorney/client
11 privilege or common interest privilege.
12 BY MR. SIMPSON:
13 Q. Let me ask it -- try asking it this way: You
14 filed this pleading in the CVRA case; is that correct?
15 A. Yes.
16 Q. And if I understand correctly, you have
17 argued and the court has agreed that this is a civil
18 proceeding; is that right?
19 A. That's a very complicated question that would
20 require a longer answer, so I'm just tipping you off, if
21 you want a long answer, we can talk about that.
22 Q. Give me a fair answer to the question.
23 What's been your position and have there been rulings on
24 the nature of the proceeding?
25 A. So this requires some context here. This

1 action was filed back in 2007 at a time when
2 Mr. Edwards, and a couple days later, I did not know
3 that there was a nonprosecution agreement that had been
4 entered into between the U.S. Government and Jeffrey
5 Epstein giving immunity to Epstein, four named women,
6 and any other potential co-conspirators for sexually
7 abusing minors over an extended period of time.
8 And Mr. Edwards and a couple days later I, we
9 filed -- it was a petition seeking to get access to the
10 nonprosecution agreement and also seeking to invalidate
11 that agreement, which essentially, gave immunity to at
12 least five and potentially, you know, many more persons
13 from federal prosecution for federal sex crimes.
14 When the pleading was filed in the District
15 Court, what happened I believe was that the -- you know,
16 it was styled as a petition and the clerk refused to set
17 set an emergency hearing so I think there's a
18 hand-scrawled notation that it's an emergency hearing.
19 And at that point it went into the court and
20 I believe the court gave it a civil caption. The
21 caption that we see reflected here, it's 9:08-CV-80736,
22 and it's a civil case. However the ultimate aim of the
23 action is to try to invalidate a nonprosecution
24 agreement and allow criminal prosecution.
25 Now, our position, as I understand it, and as

1 we tried to articulate it over seven years is that this
2 action is an action that is ancillary to a contemplated
3 criminal prosecution of Jeffrey Epstein, four women who
4 were assisting him in international sex trafficking and
5 the other co-conspirators that would be involved.
6 Judge Marra, I think it's fair to say, there
7 are a whole series of ruling over seven years so I
8 wouldn't want to try to encapsulate them in just a short
9 statement here and I'll just take another minute or so I
10 think we will have this finished.
11 But I think he's essentially ruled that
12 procedural purposes, he's going to treat this case as a
13 civil case and has not yet had to decide whether or not
14 the case is actually a civil action or a criminal
15 action. And that has had some consequences along the
16 way, but we have been, I think generally, proceeding
17 something under the civil rules, you know, for example,
18 on interrogatory -- or with regard to different
19 procedural issues.
20 So to that extent, the procedural rules
21 covering civil actions have been what have been in play.
22 Q. All right. I'm going to go back to this
23 allegation about other minors.
24 A. Yes.
25 Q. Putting aside your communications that you

1 are claiming privilege as -- as to, are you aware of any
2 person who, as of December 30th, 2014, had said, I have
3 knowledge that Professor Dershowitz abused other minors?
4 MR. SCAROLA: I'm sorry. I need to have that
5 question repeated.
6 (Thereupon, a portion of the record was read
7 by the reporter.)
8 MR. SCAROLA: That's fine. You can answer
9 that. Were there any nonprivileged
10 communications of that?
11 BY MR. SIMPSON:
12 Q. My question is -- for purposes of this
13 question, I'm putting aside what you're claiming is
14 scope of privilege. Were you aware of anyone who made
15 the assertion that Alan Dershowitz had abused other
16 minors?
17 A. I didn't have a named person, but I had a
18 pool of persons that I understood would be potentially
19 available to provide that kind of information.
20 Q. So the answer to the question is, no, you did
21 not have a person who had said to you that Alan
22 Dershowitz abused other minors?
23 A. I think that is slightly different than what
24 I just said. I didn't have a named person. I had a
25 pool of people in mind, the names of whom I didn't, you

1 know, know every single one of them, but I had a pool of
2 persons in mind that I thought could provide that
3 information.
4 Q. So at the time you filed the pleading, you
5 didn't have the name of any other minor in mind; is that
6 right?
7 A. No -- well, I had, you know, I had for
8 example 23 names, 24 names in the West Palm Beach Police
9 Department report as potential persons that could
10 provide that information. I also had in mind a broader
11 pool of people, again, some of whom had been identified
12 by FBI, some of whom had not been identified as
13 potentially providing that information.
14 Q. When you say these people have been
15 identified as potentially providing this information,
16 what do you mean?
17 A. What I mean is that, as indicated in the
18 pleading, it was my understanding on December 30th, that
19 Mr. Dershowitz had not only abused Virginia Roberts, but
20 had abused other underage minors and that if we could
21 figure out the names of those girls, we could bring them
22 in and have them testify and explain exactly what he had
23 done to them, explain the crimes he had committed to
24 them
25 And I was hopeful that this was going to be

1 the first step in discovering the names of those girls,
2 not just for purposes of moving this prosecution along,
3 but if we could identify the names of some of these
4 other girls who had been abused we could provide help to
5 them, services to them.
6 So this was a first step in those kinds of
7 developments or what I hoped to be those kinds of
8 developments.
9 Q. So is it fair to say that as of December
10 30th, 2014, you hoped you would be able to develop
11 evidence showing that Alan Dershowitz had abused other
12 minors?
13 A. No. What I had hoped to find was the name of
14 the girl or the girl who would be willing come forward
15 and testify so that we could put them into the case. I
16 mean, let's be clear. This -- we are talking about
17 sexual abuse and it's not just a matter of knocking on
18 somebody's door and saying, hey, would you tell me how
19 you were sexually abused by this very powerful person
20 who was working with an international sex trafficking
21 ring to do this, just -- just right out of the blue or
22 call somebody up on the phone.
23 This is difficult and tricky business. The
24 Federal Government had been trying to do this for years,
25 and Mr. Edwards and I had been trying to do it too, so

1 it's not a simple task.
2 But I very much recall that there were going
3 to be other girls who would come forward and swear under
4 oath that Alan Dershowitz had sexually abused them in
5 exactly the same way as he had sexually abused Virginia
6 Roberts. And that was the basis on which I filed this
7 pleading, along with my colleague Mr. Edwards.
8 MR. SIMPSON: Move to strike nonresponsive
9 portion of the answer.
10 BY MR. SIMPSON:
11 Q. Let me ask you this: In your pleading, in
12 your motion to join, you allege that Professor
13 Dershowitz abused Virginia Roberts, correct?
14 A. Correct.
15 Q. How did adding "and other minors" enhance
16 your legal position in this case?
17 A. So that's -- let me just be clear before I
18 dive into that. It enhanced the legal position in
19 multiple ways, so I am going to end up giving a long
20 answer, I just want to tip you off, if that's what you
21 want, I would be happy to give the extended answer.
22 Q. I would like to know why you alleged "and
23 other minors" given what you have said about your
24 knowledge of the factual basis, so to speak, for that
25 allegation.

1 A. Okay. There are going to be -- I'm going to
2 end up giving you nine reasons, each of which is
3 complicated, so I just want to -- I don't want to be
4 accused of filibustering or anything. I just want you
5 to know that you have asked a broad question that's
6 going to require a broad and extended answer.
7 Q. Answer the question.
8 A. Okay. Then I'm going to refer to a -- I have
9 a -- well, actually, I don't.
10 Q. Let me ask you this: Before you refer to
11 something --
12 A. Yeah.
13 Q. -- please give me your best recollection of
14 what the basis was, the factual basis that you had in
15 mind, if the court said to you -- let me put it this
16 way.
17 If you went to court and Judge Marra said,
18 Professor Cassell, what's your factual basis for this
19 allegation? Tell me. What would you say?
20 A. Right.
21 MS. McCAWLEY: Wait. Outside the context of
22 of anything that's been communicated to you.
23 MR. SCAROLA: Excuse me. You have asked two
24 different questions now and I need to understand
25 which question you are asking.

1 The question that you posed before just now
2 was: What was the reason for your including
3 those allegations in this pleading? Now you have
4 asked: What is the factual basis? And that's
5 going back to questions that we have already
6 covered and we have, I think, exhausted the
7 ability to respond to that question outside of
8 privileged information.
9 Do you want to go back to the question about
10 what was your reason for including those
11 allegations?
12 MR. SIMPSON: I'll ask the question a
13 different way.
14 MR. SCAROLA: Thank you.
15 BY MR. SIMPSON:
16 Q. Mr. Cassell, I'm going to ask you if you're
17 in court and Judge Marra said to you, counsel, what is
18 the factual basis for your allegation that Professor
19 Dershowitz abused other minors, what would you say? And
20 if you wouldn't say something because it's privileged,
21 then don't include it. What would you tell the judge
22 was your basis for this?
23 A. All right. So the initial basis for it
24 was --
25 MR. SCAROLA: First of all, let me object

1 because Professor Cassell is not here as an
2 expert witness and hypotheticals are
3 inappropriate. You're calling for speculation on
4 his part and I'm not going to instruct him not to
5 answer, but it is an improper question.
6 MR. SIMPSON: I disagree, but you can answer
7 the question.
8 THE WITNESS: Right. So the factual basis
9 would -- we are setting aside attorney/client
10 communications, right?
11 BY MR. SIMPSON:
12 Q. I'm asking: What would you tell the judge?
13 A. Right. So that -- that's speculative. I
14 don't think I can give a fair answer at this point
15 because that would have involved going back to my client
16 and carving out what kinds of things we were going to
17 present to Judge Marra in light of the posture of the
18 case at that point.
19 So it's a speculative question. I would
20 have -- let me just, without going into any
21 attorney/client privileged communications, I would have
22 provided an ample factual basis for those allegations.
23 MR. SIMPSON: Move to strike as
24 nonresponsive.
25 BY MR. SIMPSON:

1 Q. Let me ask this way: We have talked somewhat
2 about the basis for this allegation about other minors.
3 Putting aside information as to what you're claiming
4 privilege, tell me what you knew as of December 30th,
5 2014, that formed the factual basis for your -- for that
6 allegation about other minors?
7 MR. SCAROLA: And I'll instruct you not to
8 answer that question for the same reason that
9 when the same question was asked earlier, I
10 instructed you not to answer.
11 MR. SIMPSON: I'm -- maybe we are not being
12 clear, Jack. I'm asking him to put aside -- I
13 mean, certainly, he filed a pleading. You've
14 asserted privilege as to certain aspects. I'm
15 simply asking him, putting aside whatever you're
16 claiming privilege for, right, so I'm not asking
17 you right now to tell me anything you're claiming
18 as privilege.
19 BY MR. SIMPSON:
20 Q. Tell me whatever is not privileged that
21 supports that allegation.
22 A. Okay. The privileged information obviously
23 you're asking me not to reveal at this point.
24 Q. I'm asking you to tell me the nonprivileged
25 information -- and I'm not agreeing with your privilege

1 assertion --
2 A. Sure.
3 Q. -- but purpose of this question --
4 A. For purposes of this question.
5 Q. -- I'm accepting it.
6 Putting aside what you claim is privileged, I
7 want to know everything that's the factual basis for
8 including the allegation about other minors.
9 A. Okay. The privileged information which I'm
10 not disclosing in any way would have interacted with a
11 vast body of other information. The vast body of other
12 information would have started with an 89-page police
13 report from the Palm Beach Police Department that showed
14 for about a six-month period in 2005, there was sexual
15 abuse of minor girls going on on a daily basis, in --
16 whenever Jeffrey Epstein was in his Palm Beach mansion.
17 And on some cases, it was going on, not once,
18 not twice, but three times during the day. That -- let
19 me just be clear. I mean, I referred to the 89-page
20 police report. I have offered to put it into the record
21 if it would speed things up.
22 Let's just talk about some of the things that
23 are in that 89-page police report. This was a very
24 intensive investigation that the Palm Beach Police
25 Department put together. They did, for example, what

1 are called trash covers; that is when trash came out of
2 the mansion of Epstein, the police would intercept the
3 trash and then they would go through the trash and look
4 for incriminating information.
5 And what they began to discover was memo
6 pads -- and I say memo pads, let's be clear. Pad after
7 pad after pad or I guess I should say, sheet after sheet
8 after sheet, that had the name of a girl. And then
9 there was the notation of something to the effect of a
10 massage. And so the Palm Beach Police Department began
11 tracking down -- wait a minute, these are girls giving
12 massages and they don't seem to have any specialized
13 training in massages; they don't seem to be masseuses in
14 any sense of the term; what's going on here?
15 And so the Palm Beach Police Department
16 began, you know, I guess what we would call
17 knock-and-talks, knocking on doors to try to get to some
18 of these girls, and they would get to the girls and many
19 of them initially were -- were afraid to explain what
20 had happened.
21 But as they as they continued talking to
22 them, the girls began to explain that what was happening
23 was, they were going over to Epstein's house under the
24 guise of giving a massage, and when they got there, the
25 massage was, in fact, sexual activity. And for many of

1 the girls, as I said around 23, 24 something along those
2 lines, they were underage; they were under the age of
3 consent in Florida.
4 And so each and every one of those events was
5 a crime being perpetrated -- and let's be clear, not
6 just being perpetrated by Epstein, but by other people
7 who were involved there at the mansion.
8 And so what the Palm Beach Police Department
9 was putting together was that this mansion in Florida
10 was the next of sexual abuse of young girls here in
11 Florida that involved literally, in this period of time,
12 more than a hundred events that they were able to
13 document of sexual abuse. When you put that together
14 with the pattern or practice that was being revealed
15 there, there were hundreds of acts of sexual abuse going
16 on in the mansion.
17 But then what becomes -- and in this is where
18 I indicated the answer would continue on -- the problem
19 was that the evidence was starting to show that this was
20 a much broader series of events. For example, there
21 were flight logs showing that Mr. Epstein was then
22 flying with underaged girls and those flight logs, you
23 know, as the flight logs began to develop, for example,
24 we have seen -- I know in the last day or two here, one
25 underage girl was Virginia Roberts who is on the flight,

1 you know, with Epstein, and with Maxwell, and those
2 sorts of things.
3 So you start to look at the flight logs and
4 you see what's going on is not just events that are
5 occurring in Florida, but it's occurring on a multi
6 state basis which now starts to make it a federal crime.
7 For example, we are seeing evidence that -- let's just
8 talk about Virginia Roberts since she's central to this
9 case.
10 We are seeing Virginia Roberts being flown
11 from Florida to New York where she's in the clutches of
12 Jeffrey Epstein who is sexually abusing her, you know,
13 many times a week. And not just Jeffrey Epstein, but
14 other powerful persons, for example, Ghislane Maxwell is
15 there with him on all of these flights and apparently
16 being involved in the abuse.
17 Indeed -- and so you have you have -- you
18 have -- you have that. You also start to see on the
19 flight logs, what to my mind are some very sinister
20 things, suggesting that the pattern is not just confined
21 to sort of, you know, the girls that are there in
22 Florida, but it is extending more broadly.
23 Like one to my mind sinister and scary things
24 on the flight logs is we see, you know, Virginia Roberts
25 who we know has been sexually abused and we see Jeffrey

1 Epstein and then we see on the flight logs one female,
2 that's kind of an odd notation for a flight log because,
3 you know, typically, I understand flight logs, the
4 purpose is, well, if something happens with the flight,
5 or there's some question about who was on and you want
6 to know who the person was who was on the flight.
7 So, to my mind, when I started to see on
8 these flight logs entries like one female, I view that
9 as a potential device for obscuring the fact that there
10 was interstate trafficking of underage girls for
11 purposes of sexual activity. Serious federal offenses.
12 But then the evidence extended, you know,
13 more broadly than that. The evidence also started to
14 show again if we talk just about flight logs, that
15 the -- that underage girls such as Virginia Roberts were
16 being flown internationally from, for example, Teterboro
17 in New York to locations just to pick one, for example,
18 in London, where again sexual abuse was occurring.
19 And so you started to put together this
20 pattern of criminality that was started in this, you
21 know, I don't know what the right word is here, I don't
22 know -- I don't want to -- you know, you've heard
23 discussions of hyperbole and things like that, but we
24 have got this nest of, I won't say snakes, but we have
25 this nest of criminals in Florida, but it seems to be

1 spreading to Epstein's mansion in New York, it seems to
2 be spreading to Ghislane Maxwell's flat in London,
3 and -- and it goes on.
4 So those are the kinds of things that would
5 have formed the -- the -- the basis. Particularly when
6 you start to add in this fact, what the Palm -- going
7 back now to Florida with the Palm Beach Police
8 Department, the Palm Beach Police Department had
9 discovered, was a not one-off kind of event, one
10 particular day, one particular girl had been sexually
11 abused. What the Palm Beach Police Department had
12 discovered was brazen, notorious, repetitive activity
13 sometimes occurring as often as three times in a
14 particular day. And so that led me to believe that the
15 sexual activity that was going on in Florida was such
16 that someone who was a regular house guest there would
17 have immediately come to the conclusion that, well,
18 look, gee, there are these underage girls coming in here
19 and they seem to be -- you know, they don't seem to be
20 here to be doing business activities, they might be here
21 doing other kinds of activity. So those would be the
22 kinds of things that would -- would have formed the
23 factual basis.
24 There are other things as well, but I'm sure
25 you want to ask other questions in addition to that. So

1 I'll stop there, but those -- that's -- I think gives
2 you a small flavor of the kind of evidence that, you
3 know, was undergirding the allegations that were being
4 presented here.
5 Q. It sounds like you quite passionately believe
6 that there was strong evidence that Mr. Epstein had
7 engaged in sexual misconduct; is that right?
8 A. I think "strong" understates it.
9 Q. In the course of that long answer, you didn't
10 mention Professor Dershowitz's name once.
11 A. I said flight logs. Let's talk about flight
12 logs.
13 Q. Let me back up. You didn't answer his
14 name -- mention his name once; is that your recollection
15 as well?
16 A. That's correct. We were talking about a
17 factual basis and I'll be glad -- I told you that there
18 were other things if you want, factual basis for
19 Mr. Dershowitz, I'll be glad to add that in. Let me --
20 I would like to supplement my answer then if I could.
21 Q. Do you want to look at a document?
22 A. Yes.
23 Q. Let me first -- have we exhausted your
24 recollection without documents of all the evidence that
25 you would refer to to support the allegation that

1 Professor Dershowitz abused other minors?
2 A. No.
3 MR. SCAROLA: And let me say that you have a
4 right to refer to whatever documents you choose
5 to refer to, to be sure that you give a complete
6 response to the question that has been asked, as
7 long as you understand that whatever you refer to
8 is going to be available to the other side and we
9 would be happy to make it available to you.
10 MR. SIMPSON: And I'll give you an
11 opportunity to look at that --
12 THE WITNESS: Sure --
13 BY MR. SIMPSON:
14 Q. -- but I'm entitled to ask first about your
15 recollection.
16 A. Okay.
17 Q. Based on your recollection, I want to know
18 all the evidence you're relying on here?
19 A. Right. So what I'm going to do, I'm going to
20 make a list here on my notepad of all the things and
21 then I'm going to compare that with notes I have here.
22 There may be couple things I don't cover.
23 Q. As long as your counsel is okay with that?
24 A. Yeah.
25 Q. You understand you'll have to give that to

1 me?
2 A. Yeah, I'll give you the notes and then I will
3 compare with what I've got there.
4 Q. All right.
5 A. So I mentioned the Palm Beach Police
6 Department report. The next thing that I want to
7 mention is the Jane Doe 102 complaint. In August of
8 2009, Bob Josefsburg, who is from what I understood a
9 very well-regarded lawyer here in Florida; in fact, a
10 lawyer that was selected by the United States Government
11 to represent a number of the girls that had been
12 sexually abused by Jeffrey Epstein. He was part of the
13 procedure that was including the nonprosecution
14 agreement.
15 In August of 2009 he filed a complaint on
16 behalf of Virginia Roberts. That complaint indicated
17 that Virginia Roberts had been sexually abused in
18 Florida, in New York, and in other places as I recall.
19 The thing that I particularly recall was that
20 Mr. Josefsburg had said Virginia Roberts was abused
21 by -- he gave some categories of people.
22 He mentioned, I think, business people, he
23 mentioned royalty, and he mentioned academicians. And
24 so to tie into your question, I knew that Professor
25 Dershowitz was an academician, and so what I was seeing

1 now was, that according to a very, very respected
2 attorney here in Florida, he had found Virginia Roberts
3 to be credible. And had filed a lawsuit against
4 Mr. Epstein saying that she had been trafficked,
5 sexually trafficked, you know, not just abused by
6 Mr. Epstein, but now being forcibly sent to, you know,
7 other people to abuse. And in the categories of people
8 that were sexually abusing her were academicians and I
9 knew that Mr. Dershowitz fell within that category of
10 being an academician.
11 That complaint also indicated that there
12 might be flight logs that would show that Virginia
13 Roberts had been sexually abused in these various
14 locations. And that started to indicate to me that
15 there might be what the law refers to as a common scheme
16 or plan. And that just as Virginia Roberts was being
17 trafficked to these powerful people in various places,
18 there might well be other girls.
19 And so I have mentioned a flight log and you
20 wanted to talk about Mr. Dershowitz. On December 30th,
21 2009, I was aware that there was a flight log showing
22 Mr. Dershowitz flying with Tatiana (indicating), who as
23 far as I can tell was not a business person, was not
24 providing financial advice or something else.
25 I understood that Mr. Epstein was a

1 billionaire who was heavily involved in financial
2 issues. I knew that Tatiana was on plane with
3 Mr. Dershowitz and then there was also, if I recall
4 correctly working from memory as you were wondering
5 about, there was a notation that Mr. Dershowitz was on a
6 plane with one female.
7 And so I was -- when I looked at that, I'm
8 seeing Mr. Dershowitz on a flight with a women who
9 doesn't seem to be there for, frankly, anything other
10 than sexual purposes or something along those lines with
11 Mr. Epstein, with Mr. Epstein, who is a sex trafficker,
12 and with one female which seemed to me to be a
13 potentially entry for disguising international sex
14 trafficking. So that was of concern.
15 I then began to look at, well, I wonder, how
16 would I find out if Mr. Dershowitz had been abusing
17 other girls? Let's see, I knew that Virginia Roberts
18 had been forced to -- to -- to do this sort of thing...
19 MS. McCAWLEY: You're okay as long as
20 you're -- if you're revealing something in an
21 affidavit, that she submitted, you're fine.
22 THE WITNESS: Right. So -- so what... let's
23 see. At this point --
24 BY MR. SIMPSON:
25 Q. Do you want the question back?

1 A. No, I'm just trying to remember what I was
2 thinking about with -- with regard to --
3 MR. SCAROLA: Do you need the response read
4 back up to the point --
5 THE WITNESS: If you would do that.
6 MR. SCAROLA: -- about privilege. Just read
7 the last couple of sentences back or the last two
8 sentences.
9 THE WITNESS: Oh, I'm sorry, now I remember
10 exactly.
11 How would we go find out whether Mr. Epstein
12 was lending women, or in this case, underage
13 girls to Mr. Dershowitz for sexual purposes?
14 Well, the first thing I want to do was ask -- I
15 will ask go Jeffrey Epstein.
16 And so what I discovered when I started to
17 look at the transcripts, there were a number of
18 transcripts where Mr. Epstein was asked about
19 Alan Dershowitz. And rather than say, well, no,
20 he wasn't involved in any of these illegal
21 activities, Jeffrey Epstein took the Fifth as the
22 phrase, you know, to be more precise, he
23 exercised his right against compelled
24 self-incrimination and refused to answer the
25 question, which since these were civil cases

1 indicated to me, since he was being represented
2 by very experienced legal counsel, that there was
3 more than an insignificant risk of incriminating
4 himself if he answered that.
5 And so Jeffrey Epstein now had taken the
6 Fifth. And one of the things that I was aware of
7 having been involved in, you know, civil
8 litigation and criminal litigation in other
9 cases, once somebody refuses to answer a question
10 like, you know: Do you know Mr. Dershowitz, and
11 they take the Fifth on that, that you're then
12 entitled to draw what's called an adverse
13 inference. You can infer that, well, if they
14 answered that question --
15 MR. SCAROLA: Excuse me.
16 MS. McCAWLEY: Yeah, I want to make an
17 objection here --
18 MR. SCAROLA: Pardon me. Could you please
19 try to control your client who keeps jumping up
20 and down and distracting everybody in the room?
21 MS. McCAWLEY: Yeah, and there was also
22 profanity used earlier. I mean, we just have to
23 settle down on this side, take a deep breath, and
24 let him answer his questions.
25 MR. SIMPSON: Look, I mean, the same thing

1 was happening on the other side.
2 MR. SCAROLA: No, sir. No, no, no. There
3 was never anyone who jumped to their feet at any
4 time during the course of the last two days. The
5 only person who keeps jumping up is Alan
6 Dershowitz. Have him pass you a note quietly if
7 you would, please.
8 MR. SIMPSON: I will disagree with your
9 characterization, but let me say the
10 argumentation --
11 MR. SCAROLA: Are you making the
12 representation --
13 MR. SIMPSON: No, I'm not.
14 MR. SCAROLA: -- that somebody on this side
15 of the room jumped up?
16 MR. SIMPSON: No, no, no, I'm not.
17 MR. SCAROLA: Okay. Thank you. I appreciate
18 that.
19 MR. SIMPSON: And I --
20 MR. SCAROLA: And you do acknowledge that
21 Mr. Dershowitz has repeatedly been jumping up in
22 the middle of testimony, correct?
23 MR. SIMPSON: That's -- he just got up and
24 came over to me, that's the only time I'm aware
25 of because I'm looking at the witness, but he did

1 just do that, and I will pass notes. We won't
2 get up.
3 MR. SCAROLA: Okay. Well, I will -- I will
4 for the record, as an officer of the court,
5 represent that there have been multiple times
6 during the course of Professor Cassell's
7 deposition when Alan Dershowitz has jumped up in
8 the middle of the testimony and excitedly
9 whispered in your ear.
10 You may not have realized it because you were
11 focusing on the witness, but everybody on this
12 side of the room has been distracted by his
13 unprofessional conduct.
14 MR. SIMPSON: I'm not going to argue with
15 you.
16 MR. SCAROLA: Thank you.
17 MR. SIMPSON: I disagree with that
18 characterization. There is another attorney
19 sitting between us. We will pass notes.
20 MR. SCAROLA: Thank you.
21 MR. SIMPSON: And I believe, Ms. McCawley,
22 were you instructing not to answer or what was
23 happening? What did you -- what were you
24 raising?
25 MS. McCAWLEY: No. There was a lot of

1 yelling going on here, so I was trying to make
2 sure that everybody was quiet so that the client
3 could answer.
4 MR. SIMPSON: All right. Let me back up.
5 Professor Cassell, I think you were in the middle
6 of an answer?
7 THE WITNESS: Yeah, I was.
8 MR. SIMPSON: Could the court reporter read
9 me the last two lines of your answer?
10 (Thereupon, a portion of the record was read
11 by the reporter.)
12 BY MR. SIMPSON:
13 Q. Can you pick up then?
14 A. Sure. I'll pick up the ans -- so I was
15 beginning to draw an adverse inference when Jeffrey
16 Epstein, who is at the heart of the sexual abuse of not
17 only Virginia Roberts, but dozens and dozens and dozens
18 of girls literally scattered across the globe, takes the
19 Fifth, refuses to answer the question.
20 Off the top of my head, I can't recall
21 exactly, but something along lines of: Do you know Alan
22 Dershowitz? And he says, I take the Fifth. That sort
23 of, frankly, startled me, that this international sex
24 trafficker was taking the Fifth now when asked about
25 Mr. Dershowitz.

1 And so I was stymied in trying to get
2 information from Mr. Epstein at that point. I think
3 there were two depositions, if I recall correctly off
4 the top of my head, that I had an opportunity to review
5 in which he took the 5th when asked questions about
6 Dershowitz.
7 So at that point in trying to figure out, you
8 know, whether Mr. Dershowitz was involved in sexually
9 abusing not only Virginia Roberts, but in other girls,
10 then you go down to the next level, next layer of the
11 criminal conspiracy. Epstein is at the top, so you go
12 to the next layer. These are, you know, basically the
13 women who, from what I could gather, were older than the
14 age that Epstein wanted to sexually abuse. I think
15 these were 22, 23-year-old girls, so they had, you know,
16 essentially aged out of being his sexual abuse victims,
17 but they continued to -- what they would do is collect
18 girls for him under the age of 18, that I guess was in
19 his target range.
20 And so what -- so the next person I wanted to
21 talk to, you know, and get information from was Sarah
22 Kellen. Sarah Kellen is on a lot of these flight logs
23 with, you know, these girls that -- or women and with
24 Epstein and others, and so I wanted to talk to Sarah
25 Kellen.

1 But what I discovered there was that when
2 Sarah Kellen was asked about Alan Dershowitz, she took
3 the Fifth and she wasn't the only one. There was
4 Miss Mucinska who also took the Fifth when asked
5 questions about Alan Dershowitz.
6 And then there was Marcin -- Miss Marcinkova
7 who also took the Fifth. So what we -- what I had at
8 this point was Jeffrey Epstein's international sex
9 trafficking organization. I had the next echelon and
10 both the top kingpin of the sex trafficking organization
11 and the next echelon had taken the Fifth, had refused to
12 answer questions about Alan Dershowitz.
13 And so at that point, I was drawing an
14 adverse inference, not just from one person, but from
15 four persons and that adverse inference was being
16 strengthened by the surrounding circumstances, some of
17 which we have already talked about.
18 One of the things that really bolstered the
19 adverse inference that I was drawing in this case was
20 that I've mentioned those three girls, Kellen, Mucinska,
21 and Marcinkova, they were all covered by a
22 nonprosecution agreement. And the nonprosecution
23 agreement was highly unusual.
24 I had been a federal prosecutor for about
25 four years, I had been a federal judge for about

1 five-and-a-half years, so I had seen a lot of, you know,
2 nonprosecution types of arrangements. And one of the
3 things that was very unusual in this one is, it has what
4 I'll refer to as the blank check immunity provision.
5 There was a provision in the nonprosecution
6 agreement that said, this agreement will prevent federal
7 prosecution for international and interstate sex
8 trafficking, not only of Jeffrey Epstein, and not only
9 of the four women who were identified, but -- and this
10 is a direct quote: Any other potential co-conspirator,
11 close quote. And so that was unusual because what it --
12 what it seemed to be doing was somehow this agreement
13 was quite out of the normal and had been designed to
14 extend immunity to other people that might have been
15 associated with Epstein.
16 And I knew that that category included the
17 people that were involved in negotiating this highly
18 unusual provision included Mr. Dershowitz who had been
19 heavily involved, not only in the drafting of the
20 agreement, but had also been involved remarkably in
21 attacking the credibility of these girls and saying
22 things like, you know, it was -- Epstein wasn't
23 targeting minor girls, which just struck -- you know, I
24 was -- I don't want to use a technical term,
25 gob-smocked, that a defense attorney with an obligation

1 to tell the truth was making a factual representation
2 that Jeffrey Epstein was not targeting minor girls, when
3 the Palm Beach Police Department had collected, you
4 know, 23 of them that had all given essentially
5 interlocking stories about how they had all gone over
6 this house, you know, the mansion, to give a massage and
7 when they had gotten, there they had been sexually
8 abused.
9 So the kingpin wouldn't talk. The next
10 echelon of the trafficking organization wouldn't talk.
11 So the next step was to say, okay, let's see if we can
12 find somebody, you know, lower level in there, you know,
13 a household employee or something like that, maybe they
14 will have some information about, you know, what this
15 criminal organization is doing.
16 Now, let's understand, you know, given the
17 pervasiveness of the criminal activity, I wasn't
18 convinced that they were going to be able to get in
19 there and start saying exactly what was going on because
20 they might well be exposing themselves to criminal, you
21 know, criminal culpability.
22 But I was able to read a sworn deposition
23 from Juan Alessi and Juan Alessi, I don't know, maybe
24 just to speed things up today, I won't go through all
25 the things that are said there, but Alessi puts

1 Mr. Dershowitz at the nest of this international sex
2 trafficking organization, let's see, I think he said
3 four or five times a year, two or three -- you know, two
4 or three days when he goes there.
5 And let's be clear, I know Mr. Dershowitz,
6 had said at some point like, I'm an attorney, that's my
7 client. So Alessi said, no, but this was not in a
8 lawyer/client capacity, this is in a friend capacity.
9 So now we have Alessi putting him there at
10 the same time when young girls were there. And one of
11 the things that I picked up -- so is Alessi, is he able
12 to figure out how these girls are? A photograph of
13 Virginia Roberts is shown to Juan Alessi in the
14 deposition, and he I.D.s the photograph as, you know,
15 V.R., so he had put two and two together.
16 So now I've got V.R. coming to the house at a
17 time when Mr. Dershowitz is also in the house, and
18 apparently spending, you know, two to three nights there
19 and doing this four or five times a year.
20 Now, Alessi wasn't the only one. There was
21 Alfredo Rodriguez who was there about 2004 to 2005,
22 after the time period of Virginia Roberts, but it's part
23 of the common scheme or plan that we've been discussing
24 here.
25 And so in 2005, Alfredo Rodriguez says, yeah,

1 again, Mr. Dershowitz is there at a time when these
2 massages are going on, and when you start to look at
3 Alessi and Rodriguez's statements in context where they
4 are saying, he's there at the same time of the massages
5 are occurring, and with the West Palm Beach Police
6 Department reports showing that massages are of a sexual
7 nature, again, it started to put two and two together.
8 One of the things that was particularly
9 important about Rodriguez's situation was that Rodriguez
10 had an access to what's been called the little black
11 book. I think he referred to it as the holy grail.
12 This was Jeffrey Epstein's, you know, telephone book
13 where he had telephone numbers in it. And so Rodriguez
14 had that and, you know, I guess thought that this was
15 would be worth a lot of money because it would -- it
16 would identify all of the people that have been sexually
17 abused by Jeffrey Epstein. And so he tried to sell it,
18 the FBI busted him for that. And when the FBI busted
19 him, now he's got this book. And so the book went to
20 Alessi and according to a later FBI report, Alessi
21 identified information that was pertinent to the FBI's
22 investigation.
23 And so when I look at the little black book
24 that I have seen copies of, there are a handful of names
25 in that black book that have been circled, apparently by

1 Mr. Rodriguez, and one of the names that's -- that --
2 that has been circled is Alan Dershowitz. And so that,
3 to me, was suggesting that Mr. Rodriguez had identified
4 Alan Dershowitz as somebody who had information about
5 this international sex trafficking ring.
6 Just as a side note, but an important note,
7 the thing that was circled on the Alan Dershowitz page
8 was not a single phone number indicating somebody
9 Epstein had bumped -- you know, Epstein had bumped into
10 at one point.
11 I believe there were 10 or 11 phone numbers
12 that were associated with Mr. Dershowitz that had all
13 been circled and an e-mail address as well. So that
14 started to corroborate my sense that Mr. Dershowitz was,
15 indeed, a very close friend of Jeffrey Epstein.
16 Now, I had then continued to do -- there's
17 been reference today to using Google to do research and
18 so forth, so I Googled Jeffrey Epstein and one of the
19 things that pops up rather rapidly is an article in
20 Vanity Fair and what you see in that article is, you
21 know, discussion about Mr. Epstein, but when you're
22 trying to do a profile of someone, you try to figure out
23 who that person's closest friends are.
24 And so the Vanity Fair author had gone to
25 Alan Dershowitz, you know, our Mr. Dershowitz here, and

1 had asked him, hey, what do you know about Jeffrey
2 Epstein? And, again, off the top of my head, you want
3 to know what I can remember right now.
4 What I can remember right now is that in the
5 Vanity Fair article, the -- in the Vanity Fair article,
6 Mr. Dershowitz said, I've written 20-some odd books.
7 There's only one person outside my immediate family with
8 whom I share drafts and that's Jeffrey Epstein.
9 So I took that as indicating a very close
10 personal association that, you know, among the people
11 that obviously he's sharing these kinds of things that
12 he wants evaluated before he shares them with the
13 broader world. There's his immediate family and then
14 there's Jeffrey Epstein.
15 There was also another similar quote in the
16 article that indicated that -- that Mr. Dershowitz said
17 that he wasn't interested in Epstein just because he has
18 a lot of money. I mean, Epstein was identified as a
19 billionaire -- billionaire with a B, so the record is
20 clear.
21 But he said, look, if Epstein wants all his
22 money, and I'm paraphrasing here, I will be happy to
23 walk down, you know, the Coney Island Boardwalk with him
24 and discuss things with him, even if he didn't have any
25 money.

1 So now I'm seeing Dershowitz is a very close
2 personal friend of Jeffrey Epstein. And then I started
3 to look at flight logs. There were some very
4 interesting things that I noticed on the flight logs.
5 One of the things I noticed was when I began
6 to, you know, get into this, that you know, I was
7 wondering, well, how do these flight logs come into the
8 possession of, you know, law enforcement agencies? And
9 the answer turned out to be that they had been provided
10 by Epstein's defense attorney and, you know,
11 coincidentally I suppose, or in my mind suspiciously,
12 they were not provided by just any defense attorney on
13 this rather large defense team.
14 They were provided by one attorney according
15 to Detective Riccari ^ (ph). Detective Riccari
16 testified under oath that the flight logs were provided
17 to him by Alan Dershowitz.
18 So one of the things that was interesting
19 was, Dershowitz has had access to these flight logs and
20 now I'm beginning to wonder, well, has there been an
21 opportunity to sanitize those flight logs or remove any
22 incriminating information?
23 And one of the things that was interesting
24 about the flight logs that were produced, I believe,
25 just so the record is clear, that was Exhibit 1 that --

1 if I could refer -- I need to refresh my recollection --
2 well, you may not want me to look at a document.
3 It was either Exhibit 1 or 2 this morning
4 during Dershowitz's deposition which was covering a time
5 period of January to, I believe, September 2005. These
6 were flight logs that were produced by Mr. Dershowitz to
7 the Palm Beach Police Department.
8 When you wonder why did they stop in
9 September, you know, why stop in September 2005? What's
10 the significance of that? Well, later on, additional
11 flight logs were obtained, and sure enough, who shows up
12 on an October 2005 flight log with Jeffrey Epstein?
13 Mr. Dershowitz.
14 So that led to a suspicion that
15 Mr. Dershowitz had provided to the Palm Beach Police
16 Department flight logs that, the time period of which
17 for the production had been carefully crafted to keep
18 him out of it; in other words, to not produce the
19 October 2005 version.
20 The other thing I began to discover is, I
21 started going through some flight logs. Dave Rogers,
22 who is one of I think about three pilots that Epstein
23 regularly relied on to fly his -- he had very fancy --
24 to use the technical term -- jets. There were about
25 three pilots there.

1 One of them had some flight logs and that was
2 the pilot, Dave Rogers, if I'm recalling his name
3 correctly. And so later on in the litigation, the sex
4 abuse litigation against Epstein, flight logs were
5 obtained from Dave Rogers and it was possible to -- to
6 compare -- I'm sorry, I don't mean to -- I want to make
7 sure I get -- you know, the question is how much can I
8 remember and I'm trying to make sure I get it all in.
9 And so the flight logs were produced from
10 Dave Rogers. And so Dave Rogers produced some flight
11 logs and some of the flights that he produced logs for
12 coincided with the logs that Mr. Dershowitz had provided
13 to Palm Beach Police Department and there were
14 inconsistencies.
15 And so that again aroused my suspicion that
16 maybe Mr. Dershowitz when he had --
17 MR. SCOTT: I just got a call from a lawyer
18 on the screen. His phone is not working,
19 Epstein's lawyer, Darrin Indyke. Do you want to
20 take a break for a second?
21 MR. SIMPSON: Why don't we let him finish his
22 answer.
23 MR. SCAROLA: Finish the answer.
24 MR. SCOTT: You're right.
25 MR. SCAROLA: Although it may take a while.

1 THE WITNESS: It's, I mean, the question --
2 MR. SCAROLA: Yeah. But let's --
3 MR. SCOTT: I don't care.
4 MR. SCAROLA: Let's go ahead and finish.
5 MR. SCOTT: Let's go ahead and finish the
6 answer. We heard this much. I don't want to
7 break him on a roll.
8 MR. SCAROLA: Thanks.
9 THE WITNESS: Right. I mean, I want to
10 make -- I want to make clear that there was a lot
11 of information that I was relying on in filing
12 this pleading, and of course, the later pleading.
13 So we are on the subject of flight logs.
14 Flight logs showed that the flight logs that
15 Mr. Dershowitz had produced to Detective Riccari
16 were incomplete and inaccurate. And so that led
17 to concern on my part that Mr. Dershowitz had had
18 an opportunity to sanitize the flight logs, had
19 provided incomplete production, you know,
20 obviously, very important production that the
21 Palm Beach Police Department was looking at.
22 Then we got some additional flight logs from
23 Dave Rogers. What those flight logs showed --
24 first off, let's talk again about the production
25 of those flight logs.

1 My recollection is that Dave Rogers's flight
2 logs were provided by Bruce Rinehart ^ (ph) who
3 is a former Assistant U.S. Attorney who had been
4 inside the Southern District of Florida office at
5 a time when the Epstein case was the subject of
6 regular discussion in that office.
7 And then he had gone to work for some kind of
8 a law firm or private operation that was located
9 adjacent to Mr. Epstein's business. And so, now,
10 Rinehart, who appeared to be being paid by
11 Mr. Epstein and certainly was adjacent to
12 Mr. Epstein's business office, was producing
13 these flight logs. So that, again, aroused
14 suspicion that the flight logs that were being
15 produced would have been sanitized or inaccurate.
16 But even -- I mean, I think the problem with,
17 you know, you can't sanitize everything, that
18 would be too suspicious. And so what was -- what
19 was evident on these flight logs was, for
20 example, approximately ten flights by
21 Mr. Dershowitz with Tatiana has been discussed,
22 with Maxwell, with Jeffrey Epstein. One of them
23 had one female, which again in the context that I
24 was looking at, seemed to be a potential code
25 word for underage, underage girl.

1 And so those flight logs showed, you know,
2 again, close association and travel with --
3 with -- with Mr. Dershowitz, and Mr. Epstein.
4 Another thing that I had, and I will not reveal
5 any privileged communications here or any
6 confidential information, but on December 30th, I
7 was aware that one of the preeminent lawyers in
8 the United States, David Boies, had agreed to
9 represent Virginia Roberts and given the vast
10 amounts of business that tries to get in the
11 door --
12 MR. SIMPSON: Could I interrupt? I think we
13 are going towards a waiver here.
14 MS. McCAWLEY: Yeah.
15 MR. SIMPSON: We can't have testimony
16 about -- this is one most respected people in the
17 country or lawyers in the country and then you
18 won't answer the questions.
19 THE WITNESS: Okay.
20 MR. SIMPSON: You said not to answer.
21 MS. McCAWLEY: Well, describing David Boies
22 in general doesn't constitute waiver.
23 MR. SIMPSON: I agree with the description;
24 he's a distinguished lawyer.
25 MR. SCAROLA: And I don't think we are

1 getting beyond anything that is a matter of
2 public record.
3 MR. SIMPSON: I just --
4 MS. McCAWLEY: But I appreciate you letting
5 me know that.
6 THE WITNESS: All right. I will not waive
7 anything, and if I start to do that, I would
8 certainly request the opportunity to retract what
9 I'm doing, but I was aware, since the issue is,
10 well, what's in the public record, I was aware
11 that, you know, probably the most significant
12 United States Supreme Court case argued in the
13 last 20 years was Bush versus Gore, which was a
14 case that essentially determined who was going to
15 be President of the most powerful country in the
16 world.
17 There were two attorneys who argued that case
18 in front of the United States Supreme Court and
19 arguing for the Democratic Presidential
20 Candidate, Al Gore, was David Boies. He had put
21 his credibility on the line in arguing the Bush
22 versus Gore case, and without going into any
23 confidential communications or trying to waive in
24 any way, I knew that David Boies had agreed to
25 represent Virginia Roberts which gave me

1 additional confidence in the fact that I was also
2 representing this young woman in her effort to
3 bring sex traffickers to justice, and those who
4 had sexually abused her to justice.
5 And so those are things that come to mind
6 immediately as -- let me just take a second and
7 see if there were other things regarding
8 Dershowitz that come immediately -- immediately
9 to mind.
10 Oh, one of the things was in the Jane Doe 102
11 complaint which alleged academicians that had --
12 that had abused -- sexually abused Jane Doe 3,
13 there -- there were -- so that raises a question,
14 obviously, of who were the academicians that Bob
15 Josefsburg had identified.
16 I can't recall, actually, the record should
17 be clear, I can't recall immediately whether it
18 was singular or plural. It may have been plural,
19 but if it's singular, I don't want to suggest
20 that there were other academicians, but at least
21 one academician had sexually abused Jane Doe 3
22 according to the complaint that had been filed by
23 Bob Joseph ^ [sic].
24 There were two things of interest to that:
25 One was that Mr. Epstein, the man that I wasn't

1 able to get information from because he was
2 invoking the Fifth, had refused or declined to
3 file an answer to that complaint.
4 Rather than deny the allegations, he had
5 ultimately, it's my understanding -- I don't have
6 inside information and I'm not trying to waive
7 any information, but my understanding is that
8 rather than answer the complaint, he settled the
9 case through the payment of some kind of
10 compensation that Jane Doe 102 found desirable
11 for dropping her claim.
12 The other thing that I found interesting is
13 that Josefsburg's partner, I believe it is,
14 Miss Isell (indicating), had been to some of the
15 depositions of, for example, I believe Juan
16 Alessi and Alfredo Rodriguez. I believe at least
17 one of those, and perhaps both of those. And she
18 had asked questions about Alan Dershowitz in
19 those depositions, but had not asked questions
20 about other academics in those depositions.
21 So that led me to conclude that Bob
22 Josefsburg and his outstanding law firm had
23 identified Alan Dershowitz as someone who had
24 information relevant -- and let's be clear, this
25 is not a lawsuit about some contract dispute or

1 something -- that he was someone who had
2 information relevant to the sexual abuse of
3 underage girls and, indeed, they were asking
4 questions about what information -- what
5 information he might have.
6 Another -- I remember now, there's a whole
7 other line of things that I had in mind at the
8 time, and I think since you want to test my
9 memory -- let me be clear, I'm not claiming I
10 have a superb memory, I have an average memory,
11 but this is a subject that's very important to me
12 and so I've worked, you know, very hard to get
13 all the information.
14 THE WITNESS: I would like to take a break.
15 MR. SCAROLA: Sure. Take a break.
16 THE VIDEOGRAPHER: We are going off video
17 record, 3:27 p.m.
18 (Thereupon, a recess was taken.)
19 THE VIDEOGRAPHER: We are back on the record,
20 3:41 p.m.
21 THE WITNESS: I want to continue my answer.
22 I'm sorry I got emotional there for a moment. I
23 want to do a good job for Virginia Roberts on
24 representing all the -- the evidence that is
25 available to support her.

1 The next thing that I was thinking of was,
2 all right, then the question is, well, what does
3 Mr. Dershowitz have to say about all this? So I
4 started to look at the information on that as
5 well.
6 In 2009, there had been a deposition request
7 sent to Mr. Dershowitz, and I saw a document
8 showing that that had actually been served on
9 him, and you know, to the extent that what I saw
10 was a, I think a receipt, from the process server
11 or something along those lines, so I saw attempt
12 to contact him in 2009.
13 And then I saw an additional attempt to
14 contact him in 2011. Mr. Scarola had sent him a
15 note and there was, you know, some back and
16 forth. The one note that jumped out to me was
17 one in which Mr. Scarola had written to
18 Mr. Dershowitz, I think the phrase was, multiple
19 witnesses have placed you in the presence of
20 Jeffrey Epstein and underage girls. I would like
21 to depose you about those subjects.
22 And the answer that came back was not, well,
23 let me clear all of that misunderstanding up.
24 You know, that's frankly -- if I had gotten
25 something like that, that's what I would I have

1 said.
2 The answer that came back was, from
3 Mr. Dershowitz, was something along the lines, if
4 I remember correctly, well, tell me what you --
5 tell me what you want to know and I'll decide
6 whether to cooperate, was I think the phrase that
7 was used. And so there was an attempt, you know,
8 in 2009, an attempt, a 2011 attempt to get
9 information from Mr. Dershowitz.
10 Then there was another subpoena without
11 deposition for documents. You know, we have
12 heard a lot about records in this case that could
13 prove innocence. There was a records request to
14 Mr. Dershowitz in 2013. Again, my understanding
15 was that there was no -- you know, no documents
16 were provided on that.
17 And so those I -- had that information.
18 Another bit of information that I had was that in
19 2011, I believe in early April, the -- this is
20 not attorney/client privileged information from
21 Virginia Roberts. This is a telephone call that
22 she placed from Australia where she had been
23 essentially forced into hiding by Jeffrey
24 Epstein.
25 She managed to escape and was hiding out in

1 Australia, and she somehow, you know, Mr. Scarola
2 and Mr. Edwards were able to reach her and there
3 was a telephone call that was made. And in that
4 telephone call she identified Alan Dershowitz as
5 someone who would have relevant information about
6 Jeffrey Epstein and the sexual abuse of underage
7 girls.
8 And so I had that information as well. So
9 that is -- the question was: What could I recall
10 off the top of my head with regard to the factual
11 basis for information connecting Mr. Dershowitz
12 with the sexual abuse of minor girls, plural, and
13 that, sitting here at this moment, is the best
14 that I can recall for the information along those
15 liens.
16 BY MR. SIMPSON:
17 Q. Was that answer --
18 MR. SCAROLA: Excuse me. Before -- before
19 you go on to another subject, Professor Cassell
20 is entitled to refresh his recollection to give
21 you a complete response. So why don't you go
22 ahead and do that now. Make sure you've covered
23 everything.
24 MR. SIMPSON: I'm -- I think I get to ask the
25 questions, but I was going to ask the same

1 question.
2 MR. SCAROLA: Wonderful. We are on the same
3 page.
4 BY MR. SIMPSON:
5 Q. Mr. Cassell, you mentioned that you had
6 something that you had prepared --
7 A. Yes.
8 Q. -- that would summarize --
9 A. Right.
10 Q. -- your knowledge.
11 A. Right.
12 Q. And now that you have exhausted your
13 recollection, could you produce that and let's just mark
14 it as an exhibit?
15 A. Sure.
16 MR. SIMPSON: We are up to Exhibit 3, I
17 believe. Cassell 3?
18 THE WITNESS: Right. Now, there are two
19 parts to this --
20 MR. SIMPSON: Can we mark it first?
21 THE WITNESS: Yeah. I just want the record
22 to be clear, there's a pre-December 30th section
23 and a post-December 30th section, so the top part
24 is the what I was working off of.
25 BY MR. SIMPSON:

1 Q. Okay.
2 A. Now, underneath this is the, you know, if you
3 have questions about what happened after December 30th.
4 Q. So you're -- you're prepared to produce the
5 entire document, but you're clarifying? I don't want to
6 ask you. If you're going to use it in your testimony
7 then we will mark the whole thing?
8 MR. SCAROLA: Mark the whole thing. You can
9 use it.
10 MR. SIMPSON: Mark the whole thing and I'll
11 ask you about it.
12 THE WITNESS: Absolutely.
13 MR. SIMPSON: I'm going to ask the court
14 reporter to mark as Cassell Exhibit 3, a one-page
15 document that the witness has just handed to me.
16 It's mostly typed, it has some handwriting on it.
17 (^ Plaintiff's ^ Defendant's I.D. Exhibit
18 No. 3 - one-page note of witness was marked for
19 identification.)
20 THE WITNESS: All right. So let me -- if I
21 could look at this to see if the top portion of
22 to see if it refreshes my recollection about --
23 BY MR. SIMPSON:
24 Q. Could I just see it for one second?
25 A. Absolutely.

1 Q. All right. Let me just clarify one point
2 before you do that?
3 A. Yes, sir.
4 Q. In your answer, were you referring to the
5 evidence you could recall or the information you could
6 recall that supported your allegations as to both
7 Virginia Roberts and other minors or were you treating
8 those separately?
9 A. No, I was not treating those separately. I
10 was -- for me, there's a common -- what the law refers
11 to as a common scheme or plan in a criminal conspiracy
12 for international trafficking that involved not just a
13 single girl, but multiple girls, so the answer was --
14 was with respect to multiple girls.
15 Q. Okay. So I may have some questions to
16 distinguish further between those two --
17 A. Yes.
18 Q. -- but is it fair to say that -- and I
19 realize you're going refresh your recollection, but that
20 you had exhausted your recollection of the basis for the
21 allegation in this Exhibit 2, the motion to join as to
22 both Miss Roberts and other minors?
23 A. Yes.
24 Q. Okay. So then now take a look at that and
25 tell me if there's anything there that refreshes your

1 recollection as to something that you have not yet told
2 me about.
3 A. So -- and this refreshes my recollection.
4 Sarah Kellen, I think I refer to her as Miss Kellen.
5 Sarah Kellen was the first name.
6 Nadia Marcinkova, Nadia was the first name
7 there. Adrianna Mucinska was the full name of those --
8 that's the second echelon of the -- of the criminal
9 conspiracy.
10 Oh, this refreshes my recollection that
11 Jeffrey Epstein had answered some questions in the civil
12 litigation. He provided, for example, names of some
13 people who were involved, but he took the Fifth when
14 asked -- he took -- he provided names of some people who
15 would have relevant information in the civil cases. But
16 when asked in deposition about Mr. Dershowitz, he took
17 the Fifth.
18 So I found it significant that for some
19 people, he was willing to answer questions, but with
20 regard to Mr. Dershowitz, he took -- invoked his Fifth
21 Amendment right against compelled self-incrimination
22 presumably because revealing what he knew about
23 Mr. Dershowitz would, you know, cause criminal --
24 criminal charges potentially to be filed against him.
25 There was a common scheme or plan and I'll

1 elaborate on that in a moment, but yeah, one of -- so
2 this was another point. I mentioned that there had been
3 three efforts to get information from Mr. Dershowitz by
4 way of a 2009 deposition request, a 2011 deposition
5 request, and further follow-up correspondence from
6 counsel on that, and a 2013 document request all
7 propounded to Mr. Dershowitz that had not gone answered.
8 And this was -- yeah, I'm sorry this slipped
9 my mind at the time -- but when we saw Mr. Dershowitz
10 not responding to these answers, you know, maybe the
11 mail didn't get delivered to him or something like that.
12 I suppose that's, you know, a theoretical possibility.
13 But the reason I ruled out that possibility,
14 first, it didn't seem likely; but secondly, there was a
15 pattern of Mr. Epstein's associates evading efforts to
16 get information from them. And so let me just go back
17 to the earliest instance of that.
18 According to the Chief of Police in the Palm
19 Beach -- of the Palm Beach Police Department,
20 Mr. Dershowitz had said that he would make available
21 Mr. Epstein for questions about the sex, you know, abuse
22 that was going on. And, you know, Mr. Dershowitz had
23 said to the Palm Beach Police Department, yeah, we will
24 make him available, no, we got to reschedule it, you
25 know, another time reschedule, another time. And so

1 there were multiple -- according to the Chief of Police,
2 there had been multiple, you know, requests to interview
3 Mr. Epstein and Mr. Dershowitz had repeatedly said, oh,
4 yeah, we will schedule that. And then it hadn't
5 happened.
6 Now, obviously, there could have been a
7 situation there where an emergency had come up for
8 Mr. Epstein and he wasn't able to make a schedule or
9 something like that. But what I saw was a pattern of
10 offers to meet and then withdrawals and that seems to me
11 to be a deliberately calculated strategy to sort of
12 stall the investigation to say, oh, we will get you
13 Epstein, oh, we can't meet now. Oh, we will get it
14 now -- and so forth.
15 And one of the things that I noted from all
16 that was that Mr. Dershowitz, as Mr. Epstein's attorney,
17 never ultimately produced Epstein for a meeting with the
18 Palm Beach Police Department, having made another
19 offers -- now, obviously, something could have happened
20 there. I mean, I don't -- I don't know what was the
21 communications and so forth, but as an attorney trying
22 to get information and unable to do that, I had to make
23 some reasonable inferences.
24 And so one of the inferences I began to draw
25 was that this was a stall tactic by Mr. Dershowitz, and

1 in my view potentially an unethical one, but I don't
2 think we need to get into that in this litigation.
3 What I saw was a stall tactic going on, and
4 the reason I think it was a stall tactic as we are
5 sitting here now in, what is it, October of 2015, and
6 Mr. Epstein has never been willing to answer questions
7 about his sexual abuse of these girls.
8 And this was back in around, what was it, I
9 guess it would be 2005, 2006, you know, roughly a decade
10 ago, Mr. Dershowitz was offering to make Epstein
11 available. And then that never happened and given the
12 ten-year pattern that -- I guess I should go back. I'm
13 sorry. Let me correct my answer.
14 We should go back to December 30th, 2014, so
15 there -- there appeared to be about an eight-year period
16 of time during which Mr. Epstein had refused to answer
17 any questions about his sexual abuse of girls and yet,
18 Mr. Dershowitz said, oh, it's just a scheduling issue
19 and we will get the Palm Beach Police Department to --
20 to -- to, you know, to meet and learn all this.
21 The other thing that that I'm seeing here, so
22 now there's -- there's -- Mr. Dershowitz had been
23 involved in concealing Mr. Epstein from the Palm Beach
24 Police Department, but there were others that had done
25 similar sorts of things.

1 So one of them was a Ghislane Maxwell. I
2 will just call her Glen Maxwell. I think that's kind of
3 the nickname I understand she goes by.
4 Glen Maxwell -- remember, she is the one, you
5 know, I think the record is clear, in litigation that,
6 you know, allegation has been made that she was the one
7 that -- that brought Virginia Roberts into the -- into
8 the sex trafficking, and was heavily involved with, you
9 know, in all the -- not all the flights, but on many of
10 the flights with Jeffrey Epstein where this seemed to be
11 going on and was very close to Epstein, staying at the
12 mansion frequently.
13 And so she would, obviously, be I guess if
14 you have Epstein at the top of the -- you know, the
15 kingpin of the operation, Maxwell would be, you know, a
16 close second or certainly at the higher echelon.
17 So, obviously, someone who would have very
18 significant information about, you know, the sex
19 trafficking, who were the other people that -- the girls
20 were being trafficked to, what kind of abuse was going
21 on, you know, what kind of sex toys were being used to
22 abuse them, because I think it was in her room or
23 adjacent to her room that many of these devices were
24 located, and so she would have had very significant
25 information to provide.

1 And so in connection with the civil cases
2 that some of the girls had filed against Mr. Epstein,
3 her deposition was set by my co-counsel, Mr. Edwards,
4 and there was some haggling over a confidentiality
5 agreement, you know, and that had all been worked out
6 and then she was set for a deposition and finally
7 agreed, you know, to deposition. And just shortly, I
8 think a couple of days before that deposition, she
9 canceled. Well, she didn't cancel, her -- her attorney
10 called to cancel the deposition, and represented that
11 Miss Maxwell was outside the United States of America
12 and had no plans to return back to the United States.
13 And so, at that point, the deposition was --
14 was not able to go forward. But it turned out that she
15 had not left the United States for an extended period of
16 time. She was spotted later at a wedding of a prominent
17 person in New York. And so that was Maxwell fitting
18 into this pattern, you know, Epstein was being, you
19 know, Palm Beach Police Department being told by
20 Dershowitz that Epstein will answer your questions, and
21 then not getting information.
22 Maxwell evading the deposition. Jean Luc
23 Brunel ^ (ph) was another person who seemed to be very
24 much involved in trafficking the girls and it was the
25 same situation. A deposition was set to try to get

1 answers, you know, who is involved, which girls are
2 involved, what are their names, what's -- what's going
3 on? And so Brunel's deposition is set and then he -- he
4 finagles out of it, too. I don't recall exactly what
5 his excuse was, but, you know, evaded the deposition and
6 in fact, later information came to light he was hiding
7 out in the mansion of Epstein while he's claiming he's
8 unavailable for deposition.
9 So -- so this pattern of Mr. Dershowitz, you
10 know, there were three attempts to obtain information
11 from him, if that's all I had, I guess that would have
12 been one thing. But what I had was a pattern of people
13 who were implicated in the sex trafficking ring evading
14 questions, you know, quite in violation of court orders
15 and depositions and things -- I shouldn't say court
16 orders -- in violation of the deposition notices that
17 were being sent and agreements being made through
18 counsel.
19 And then in addition to that, I had this, so
20 why -- why would you think that there's this sex
21 trafficking, you know, ring going on? It sounds kind of
22 farfetched. Well, one of the things that I had
23 available to me on December 30th was a photograph that
24 was widely available on the Internet, and that
25 photograph depicted three people.

1 It depicted Glen Maxwell, Prince Andrew and
2 Virginia Roberts, and at the time that it looked like
3 Virginia Roberts was an underage girl, she was not
4 dressed in formal attire. And Prince Andrew had his arm
5 around her, I think if memory serves, and right next --
6 smiling in the background is Miss Maxwell, and it
7 appeared that that was a private residence presumably in
8 London close to Buckingham Palace where Prince Andrew
9 lived.
10 So here was Prince Andrew with this underage
11 girl with Glen Maxwell, the right-hand girl, if that's
12 the right expression. I probably should say -- strike
13 that -- right-hand woman of Mr. Epstein, that were there
14 and somebody had taken the photograph.
15 Given the surrounding circumstances, I
16 thought perhaps Mr. Epstein had taken the photograph.
17 So that would have shown Virginia Roberts's sexual abuse
18 was not confined just to Florida, not confined to the
19 New York mansion, it would have -- it would have
20 presumably continued into London where one of, you know,
21 the highest, most powerful persons in the governmental
22 structure that exists in England was now involved in
23 sexual abuse.
24 And so that created grave concern about, how
25 far did this sex trafficking ring reach, what were their

1 connections, what were their abilities to influence, you
2 know, law enforcement agencies in those countries, in
3 England or law enforcement agencies in this country
4 through power that somebody at that level, fifth, I
5 think in line to the British Throne, would have, you
6 know, presumably access to levers of power that other
7 people might not -- might not have.
8 And so that is the -- I believe is the
9 information that I had available to me on December 30th
10 involving not just Virginia Roberts, but the entire sex
11 trafficking organization.
12 Q. Okay. And that, just to clarify again, it
13 exhausts and refreshed your recollection as to both the
14 information you were relying on as to the allegations
15 about Virginia Roberts and as to the allegations about
16 other minors; is that right?
17 A. Correct.
18 Q. So I don't have to ask you separately about
19 Roberts?
20 A. That's right. No, and I gave you a heads-up
21 that was going to be long answer.
22 Q. You made Mr. Dershowitz look like an amateur.
23 If I could --
24 MR. SCAROLA: I'm sorry. Like a what?
25 MR. SIMPSON: Amateur, at long answers.

1 THE WITNESS: Well, I wasn't trying to -- let
2 me be clear. I was not trying to filibuster.
3 You asked me a very direct question which was, I
4 want to know everything that was in your memory
5 on December 30th, and as you can tell, this was a
6 very important subject to me and it's very
7 important to Miss Roberts and I wanted to be
8 comprehensive. And I gave you the opportunity
9 to say, let's have a narrower question, but you
10 wanted a broad questions. That's why I did this.
11 BY MR. SIMPSON:
12 Q. Mr. Cassell, I apologize for attempting humor
13 in this intense situation.
14 A. This is very important to me. This is not --
15 this is not something that I find funny.
16 Q. Well, I say it's very important to
17 Mr. Dershowitz, Professor Dershowitz also, he was trying
18 to answer questions. I'm not questioning that you were
19 trying to answer my question and I appreciate it.
20 Mr. Dershowitz was trying to do the same
21 thing and it is a difficult situation.
22 A. All right.
23 Q. So I was not trying to make light of the
24 questions I'm asking you.
25 A. This involves sexual abuse --

1 Q. I understand that.
2 A. -- of multiple girls.
3 Q. I understand that. I understand the
4 allegations that have been made.
5 A. And your side keeps attacking these girls.
6 That's why it's emotional for me.
7 Q. That part is not true, but I will ask
8 questions --
9 A. I believe that part is true. I would like to
10 take a break. I'm sorry.
11 THE VIDEOGRAPHER: We are going off the video
12 record, 4:01 p.m.
13 (Thereupon, a recess was taken.)
14 THE VIDEOGRAPHER: We are back on the video
15 record 4:04 p.m.
16 MR. SCAROLA: The record should reflect that
17 Mr. and Mrs. Dershowitz have -- are no longer
18 present.
19 MR. SIMPSON: Correct.
20 MR. SCAROLA: Thank you.
21 BY MR. SIMPSON:
22 Q. Mr. Cassell, would you agree with me that
23 accusing someone --
24 MS. McCAWLEY: I'm sorry. I just realized
25 that she stepped out to get water. I didn't ask.

1 I'm sure it's probably --
2 THE WITNESS: It's all right.
3 MR. SIMPSON: That's okay with you?
4 THE WITNESS: Sure.
5 BY MR. SIMPSON:
6 Q. Would you agree with me that accusing a
7 person of -- an adult of engaging in sex with a minor is
8 a serious accusation?
9 A. Sure.
10 Q. And would you agree with me that the cause of
11 victims' rights is harmed and not furthered by false
12 allegations of sexual abuse?
13 A. Sure.
14 Q. I want to go back. I'm going to follow up on
15 some aspects of your answer.
16 A. Sure.
17 Q. Kind of work my way through some of those.
18 A. Sure.
19 Q. But first let me -- let me ask this: You
20 drew in your answer a lot of inferences based on the
21 facts or information you -- you recited, inferences that
22 Professor Dershowitz had engaged in the conduct alleged;
23 is that fair to say?
24 A. I think part of it was -- was inference, part
25 of were the facts. I mean, you say a lot of inferences.

1 I think that would be, you know, subject to the debate
2 which perhaps we are going to do now.
3 Q. No. Let's say you drew some inferences based
4 on information you had; is that fair to say?
5 A. Sure.
6 Q. Okay. It's true, is it not, that you and
7 your co-counsel, Mr. Edwards, had decided to seek the
8 joinder of Miss Roberts and Jane Doe 4 as parties no
9 later than the Summer of 2014?
10 A. Jane Doe 4, I think, give or take, yeah. I
11 think Jane Doe -- well, that's -- there's a nomenclature
12 issue. Let's refer to -- how do you want to refer to
13 Virginia Roberts? Shall we just call her --
14 Q. I think we can call her Miss Roberts since
15 the name is now known.
16 A. Right. Sure.
17 Q. And just clarifying, we can call Jane Doe 4.
18 We won't use that name, Jane Doe 4.
19 A. Right. I think sometime in the Summer or the
20 Fall the decision was made to -- to approach the U.S.
21 Attorneys's Office to get their agreement to add her
22 into the case. And they declined, which ultimately led
23 to the filing on December 30th.
24 Q. Okay. And the basis for my question was, I
25 believe I saw in a pleading that you had represented to

1 the court that you had been asking the government for
2 consent since, I believe it was the Summer of 2014; is
3 that consistent with your recollection?
4 A. The exact timing, you know, if I looked at
5 the documents, we could refresh my recollection. We put
6 those documents into the court record in January 21st,
7 2015, the correspondence that we had had. The U.S.
8 Attorney's Office had delayed, you know, giving us an
9 answer on that for as I recall, several months and
10 ultimately they said, no, and that's why we filed the
11 pleading.
12 Q. Okay. My question is: Why, during that
13 several-month period before you filed the motion itself,
14 did you not contact Professor Dershowitz to ask him if
15 this was true, and if he had any evidence to refute it?
16 Why not contact the person you're accusing?
17 A. I mean, there's a cost -- you know, again,
18 this is going take a little bit of an answer, not as
19 long as the other one.
20 Q. I won't cut you off.
21 A. No, you have been very polite. I appreciate
22 that. This is about a five-minute answer, just so you
23 got a heads-up.
24 Okay. So the issue of why didn't I contact
25 Mr. Dershowitz, it's a cost benefit situation. So what

1 would be the benefit of asking him. Well, I thought the
2 benefit would be zero. What I thought we would get was
3 zero, because in 2009, an effort to depose him had been
4 made unsuccessful. 2011, an effort had been made to
5 depose him unsuccessfully. In 2013 --
6 MR. SIMPSON: Was there an objection on the
7 phone?
8 MR. INDYKE: No.
9 MR. SIMPSON: Okay. I didn't think so.
10 BY MR. SIMPSON:
11 Q. Please continue.
12 A. In 2013, an effort had been made to depose
13 him unsuccessfully, and I mentioned a moment ago this
14 manner of people involved in Epstein's organization that
15 had been evading efforts to get information. So it
16 wasn't just that something hadn't been received in the
17 mail. It appeared to me that Dershowitz fit into a
18 pattern of not providing information and, indeed, he had
19 been party to making, supposedly, Mr. Epstein available
20 to the Palm Beach Police Department and then pulling --
21 pulling him back. And that seemed to be a stall tactic.
22 So I didn't think we were going get any
23 information. On the other hand, now we had to waive a
24 cost of calling Mr. Dershowitz and saying, we are
25 preparing to file a pleading that identifies you. And I

1 don't want -- I'm not going to get into communications
2 that Mr. Edwards and I had, which you have asked what
3 was my state of mind on December 30th as to why I hadn't
4 called Mr. Dershowitz?
5 My own personal state of mind, not revealing
6 any attorney/client communications, but it does revolve
7 around Virginia Roberts. I had in front of me evidence
8 of an international sex trafficking organization that
9 was going to the Fifth in line to the Throne in England,
10 to very powerful people in the United States, to a
11 billionaire in Palm Beach, Florida, Epstein. Very
12 powerful people.
13 And what I also had was a history of
14 Mr. Epstein intimidating, threatening witnesses, and in
15 some cases, you know, potentially what seemed to be
16 possibly life-threatening kinds of situations. There
17 was a report of investigators quote, unquote, following
18 I think it was girls or witnesses against Mr. Epstein
19 and, indeed, had done so in a circumstance that
20 suggested the possibility that somebody had been forced
21 off the road.
22 I had been personally and directly involved
23 in an Epstein effort to intimidate a witness in the
24 Summer of 2010, which was a very disturbing incident.
25 The incident took place right around, I don't know, July

2nd, July 3rd, I believe it was 2010, where a woman that I was representing along with my colleague, Brad Edwards, I'll refer to her by initials, if that's all right with you.

(Phone Interruption.)

MR. SIMPSON: On the phone, could you --

THE WITNESS: Can we mute them?

MR. SIMPSON: Would you mute it, please?

MR. SCAROLA: Before the phone is muted, could we identify who is on the phone now, please? Who is on the phone?

MR. SIMPSON: Yeah. Who is on the phone?

MR. SWEDER: Ken Sweder.

MR. SIMPSON: Anyone else?

MR. SWEDER: Alan Dershowitz.

MR. INDYKE: Darrin Indyke.

MR. SIMPSON: Anyone else? Did you get those? Okay.

THE WITNESS: I just need to make a note because I kind of got distracted there. Let's see. We had -- oh, right. Okay.

That was the other point I wanted to make.

And I've only got about another minute or two, but the point was, I had had personal experience on about July 2nd, I believe it was,

1 2010. What had happened was, S.R. was a young
2 woman who had been sexually abused by Jeffrey
3 Epstein. She was identified in the
4 nonprosecution agreement as sex abuse victim, and
5 we had a civil suit going against Mr. Epstein and
6 her case was set for trial. It was going to be
7 the first trial against Mr. Epstein.
8 You know, this -- he had abused, according to
9 the NPA, I think 35 girls, and at that point I
10 think, gosh, I think 31 of them had settled, all
11 the girls except for the three represented by
12 Mr. Edwards and I had settled.
13 So this was going to be the first person that
14 was going to bring, if you will, the light of day
15 to this. This was going to be the first time
16 where this was going to be tried in open court.
17 So this was potentially an opportunity to, you
18 know, expose exactly what Epstein has done
19 because people are going to be called as
20 witnesses including Epstein and others like him.
21 So this was, I think, a potentially explosive
22 situation for Mr. Epstein because all of the --
23 all of the crimes that his organization had been
24 committing were going to be exposed during the
25 course of this trial. So -- but this all

1 depended on S.R. being able to get to trial and
2 not be intimidated.
3 She's a very petite woman and what happened
4 that evening was a very large, physically large,
5 private investigator who turned out had been
6 hired by Mr. Epstein, went and parked his car in
7 front of her home. And then, indeed, as I
8 understand it -- I wasn't there, but I was
9 getting frantic reports from -- from people in
10 Florida about what was going on -- the car was
11 pivoted so that I think the phrase is
12 high-beaming or something. The private
13 investigator was shining his lights into S.R.'s
14 home and she was terrified.
15 We were trying to get assistance to her and
16 then we went -- we were filing motions to try to
17 protect her. She had to flee her home, so that's
18 what happened to S.R. just a few days before she
19 went to trial.
20 And so I'm thinking, you know, if we call
21 Mr. Dershowitz, who is his first call going to
22 be? I mean I think -- I didn't have this
23 information on December 30th. I want the record
24 to be clear that, sure enough, we learned today
25 that within just a day or two of these

1 allegations coming out, Dershowitz called
2 international sex trafficker Epstein to make sure
3 their memories coincided or something like that.
4 And I was afraid if we contacted Alan
5 Dershowitz, what had happened to S.R. was going
6 to happen to Virginia Roberts, which was going to
7 be even worse because she had been hiding out in
8 Australia for a number of years to escape
9 Epstein.
10 And now this would potentially tip him off
11 that she was now back in contact and he would
12 redouble efforts to find her. So I was, frankly
13 again, just speaking for myself, I'm not speaking
14 for my co-counsel, but I was extremely afraid of
15 tipping off Mr. Dershowitz that we were going to
16 be filing this pleading because he would have
17 contacted Epstein in the same intimidation
18 tactics and, indeed, life-threatening tactics
19 that had apparently been used against other
20 witnesses might be used against her.
21 I mean, I also was thinking frankly, about
22 whether to file this pleading, because of the
23 risk that she would be in, but I thought that the
24 safest way to protect her was to file this so
25 that the information was out there.

1 And, at that point, you know, you know, if
2 she disappeared or something, the world would
3 know, you know, who the first person would be to
4 look at would be, you know, Jeffrey Epstein and
5 other people to look at would be those who were
6 associated with him.
7 BY MR. SIMPSON:
8 Q. I want to go back to your testimony a bit ago
9 about the Fifth Amendment. You testified that
10 Mr. Epstein took the Fifth when he was asked about
11 Professor Dershowitz?
12 A. Yes.
13 Q. Is that right?
14 A. Yes.
15 Q. Didn't he take the Fifth with respect to a
16 whole host of people?
17 A. With some other people, yes, but not with
18 every person. That's why I want my memory to aid here.
19 If you look at the Jeffrey Epstein answers to
20 interrogatories in one of the civil cases, he provided,
21 for example, the name of Alessi as someone who would
22 have relevant information, but not Dershowitz.
23 And that was consistent with I think invoking
24 the Fifth, not on the sort of household people, but the
25 people who were higher up in the echelon which would

1 have been, in my view, Mr. Dershowitz.
2 Q. At his deposition, he took the Fifth as to
3 everyone he was asked about; isn't that true?
4 A. I haven't looked at the depositions lately.
5 There were also variations in tactics that he used. I
6 recall for example, that sometimes when he was asked
7 about a person, even if he knew that person, he would
8 pretend not to know that person and try to communicate
9 that, you know, maybe he didn't know that person.
10 But he did he did have broad invocations of
11 the Fifth Amendment in his deposition. I certainly
12 wouldn't quarrel with you on that.
13 Q. And you understand or I believe this was in
14 your testimony that if a person takes the Fifth in
15 response to a question in a civil litigation, that
16 answer can be used against the person generally; is that
17 right?
18 A. Sure. Right.
19 Q. Are you aware of any authority whatsoever
20 that Person A taking the Fifth can be used as evidence
21 against Person B?
22 A. Yeah, we are sitting here in the -- let's
23 see, we are in Florida, in the 11th Circuit, and that
24 is -- there's 11th circuit case law that allows that to
25 happen. I could give you the citation, you know, in

1 about five minutes if you know me take a break, I can
2 give you the case.
3 Q. We -- we -- we can come back to it.
4 A. Okay.
5 Q. In your mind, if you have a witness who is
6 asked about a long litany of persons and he takes the
7 Fifth Amendment in response to all of them, is it fair
8 to draw an adverse inference as to the other person?
9 A. Okay. So now this will be about a
10 three-minute answer, if that's okay, and I would say the
11 answer to that question is, yes, and I want to explain
12 why.
13 The 11th Circuit I'll give you the name, if I
14 have a chance to look at WesLaw or something like that
15 has a four-factor test that says, look, you can't just
16 draw an adverse inference against someone in every
17 circumstance, you have to balance various factors.
18 And so you have to look at the relationship
19 between the parties and things like that, the degree of
20 control that one person has over another party.
21 Different factors that you would look at.
22 And so I -- I think there are two things here
23 that would lead to the conclusion that under the
24 four-factor balancing test, the adverse inference could
25 be used in the 11th Circuit and recall that the crime

1 victims' rights act case that we are talking about is in
2 the Southern District of Florida. I think the record
3 should be clear that that is in the 11th Circuit. And
4 so that case law says that you look at these different
5 factors, one of the factors, that to my mind would weigh
6 heavily in favor of drawing the adverse inference would
7 be the degree of control that the one party has over the
8 other.
9 Dershowitz was the attorney for Epstein and,
10 indeed, we heard today that he continues to be the
11 attorney on the Tri-Tech case and I'm assuming an
12 attorney/client privilege on other matters as well. So
13 he would seem to have a significant control over that.
14 The other thing that was going on in my mind
15 when I'm drawing the adverse inference is that there
16 might be some people that are invoking the Fifth
17 Amendment but not getting sound legal advice.
18 An attorney can only allow his client to
19 assert a Fifth Amendment privilege in civil case if
20 there's a significant risk that the answer will be
21 incriminating. You can't just invoke it willy-nilly.
22 And I knew that Mr. Epstein had been
23 receiving -- you know, as a billionaire would -- you
24 know, the best legal advice that money could buy, and
25 the advice he was getting with regard to questions about

1 Mr. Dershowitz was apparently, based on the transcripts
2 I was seeing, to take the Fifth even with regard to any
3 knowledge of Mr. Dershowitz.
4 So in those circumstances I did think it was
5 highly fair to draw an inference from Mr. Epstein,
6 particularly where, you know, like some of the sexual
7 abuse involved Virginia, Epstein, and Dershowitz was the
8 allegations, you know, the trafficking and so forth.
9 So you know, if Virginia is making an
10 allegation, Mr. Epstein is invoking the Fifth and
11 Mr. Dershowitz is, you know, declining to answer
12 questions, it seemed to me in those circumstances an
13 adverse inference would be fair.
14 Q. Isn't it routine practice for a witness who
15 is the target or faces -- I'm going to start over.
16 Isn't it routine practice for a witness who
17 faces potential criminal liability to take the Fifth as
18 to all substantive questions?
19 A. That's not -- no. I would say absolutely
20 not. And again, I'm drawing -- I was a federal
21 prosecutor for four years. I was a federal district
22 court judge for about five-and-a-half years. I would
23 say, that is not the practice and, indeed, that would be
24 inconsistent with Fifth Amendment case law as I
25 understand it.

1 Q. As a prosecutor, did you ever in a
2 prosecution against one person successfully introduce
3 into evidence that somebody else had taken the Fifth?
4 MR. SCAROLA: In a criminal case?
5 MR. SIMPSON: In a criminal case, yeah.
6 THE WITNESS: So I had about 20 trials, most
7 of them I was in the general crimes units in the
8 eastern district of Virginia. Most of them
9 involved drug dealers and gun runners that did
10 not -- where those issues didn't come up.
11 So as sitting here today, I can't recall a
12 circumstance where in that criminal case I was
13 able to do that. The standards for using it in a
14 civil case would be much, much broader.
15 MR. SIMPSON: Move to strike nonresponsive
16 portion of the answer.
17 BY MR. SIMPSON:
18 Q. Have you been involved in a civil case in
19 which you have successfully introduced into evidence the
20 fact that Person A took the Fifth Amendment as evidence
21 against Person B?
22 A. I haven't been involved in many civil cases
23 involving invocations of the Fifth Amendment so I can't
24 recall a circumstance like that right now.
25 Q. And is the 11th Circuit case you're referring

1 a criminal case or a civil case?
2 A. My understanding, it's a civil case.
3 Q. Did you ask -- you referred to the complaint
4 that is styled Jane Doe 102 versus Epstein, you referred
5 to that complaint?
6 A. Yes.
7 Q. And Jane Doe 102 is Virginia Roberts,
8 correct?
9 A. Yes.
10 Q. And you talked about the Josefsburg firm, Bob
11 Josefsburg, who we all -- there was testimony about him
12 being a respected lawyer; you heard that. Right?
13 A. Right.
14 Q. Did you ever ask Mr. Josefsburg if he -- if
15 the term "academicians" in that complaint included Alan
16 Dershowitz?
17 A. Did I --
18 MS. McCAWLEY: I'm sorry. To the extent that
19 it reveals anything that is a privilege of
20 Virginia's because she was represented by
21 Mr. Josefsburg, I don't want you to reveal.
22 BY MR. SIMPSON:
23 Q. I'm just asking whether you ever asked him
24 the question. Don't give me the answer right now. But
25 did you ever ask him the question?

A. Did I personally do that?
Q. Yes.
A. No. To my knowledge, I've never met Mr. Josefsburg, so no.
Q. To your knowledge, did anyone else in the group of attorneys you were working with ask Mr. Josefsburg that question?
MR. SCAROLA: Excuse me. To the extent that that question would call for a communication within the common interest privilege, you should not answer it.
THE WITNESS: I'm going take my counsel's advice. I can't answer that.
BY MR. SIMPSON:
Q. You're not going to answer whether to your knowledge anyone asked Mr. Josefsburg?
A. Right.
Q. But you are testifying that the fact that Mr. Josefsburg had signed a complaint with a generic term "academicians" in it was some evidence, in your mind, against Professor Dershowitz?
A. Yes, because he's an academician and shortly after the complaint was filed, a partner in his firm began asking Alan Dershowitz questions about the sex abuse matter that we are discussing here.

1 Q. Did you misspeak about whether they were
2 asking for Mr. Dershowitz or they were asking some other
3 witness?
4 A. No, they -- I'm sorry. They asked about --
5 thank you for that clarification. They asked other
6 witnesses about Dershowitz's knowledge of the matters we
7 have been discussing.
8 Q. All right. And at those depositions, which
9 deposition do you have in mind?
10 A. Rodriguez and Alessi.
11 Q. Okay. And didn't Rodriguez testify that he
12 didn't know, didn't have any knowledge as to
13 Mr. Dershowitz doing anything improper?
14 A. He said that he was present at the scene of
15 the crime, if you will. Now, whether he had direct
16 knowledge of what happened in the bedroom, you're right,
17 he didn't -- he did not indicate that.
18 Q. The "scene of the crime" being what?
19 A. Sex abuse of minor girls.
20 Q. But I take it you're referring to a location?
21 A. That's right.
22 Q. What location are you referring to?
23 A. Jeffrey Epstein's Palm Beach mansion.
24 Q. How many academicians visited Mr. Epstein's
25 Palm Beach mansion?

A. I'm not certain.

Q. Do you -- can you give any estimate at all?

A. You know, in this case, I've probably seen reference to another in Florida, you know, maybe another four or five academics that had some kind of interaction with Epstein.

Q. And you are aware that Epstein was so closely associated with Harvard, that he had his own office there?

A. No, I didn't know that Mr. Epstein had an office at Harvard.

Q. Did you know that Mr. Epstein regularly had dinners and other social events in which there were scores of distinguished academicians?

A. Are we talking about Florida or New York?

Q. Generally.

A. Yeah, I knew there was some events like that in New York. I don't recall having specific information about an event like that in -- in Palm Beach.

MR. SCAROLA: Richard, let me just make note of the fact that it's almost 4:30, and by agreement, we are going stop at 4:30, so if there's something really pressing you want to get in this afternoon, this would be a good time to do that.

1 MR. SIMPSON: Well, we have a lot to cover,
2 but I'll ask a few more questions until we get to
3 that -- that time.
4 MR. SCAROLA: Okay. It's 4:25.
5 BY MR. SIMPSON:
6 Q. In the Rodriguez deposition at one point, he
7 was asked a question and he responds with the name,
8 Larry Dershowitz. Do you recall that?
9 A. Oh, you mean Larry -- you didn't mean to say
10 Larry Dershowitz.
11 Q. His answer was Larry Dershowitz in the
12 deposition?
13 A. I don't recall that.
14 Q. Did you consider whether he was thinking
15 about Larry Summers ^ (ph)?
16 A. My recollection of the Rodriguez depo and,
17 you know, there are two depos here, Alessi and
18 Rodriguez, was that -- that the identifiers with regard
19 to Dershowitz were famous criminal defense lawyer-type
20 which would fit Mr. Dershowitz, but not fit Mr. Summers.
21 Q. Okay. We will come back and look at the
22 transcript itself.
23 A. Okay. Sure.
24 Q. One of the other things that you mentioned in
25 your -- your answer, was that the flight logs showed

1 Mr. Dershowitz on a flight with Tatiana; is that right?
2 A. Correct.
3 Q. Did you find out before December 30th of 2014
4 how old Tatiana was at the time?
5 A. Yes.
6 Q. How -- how old was she?
7 A. I understood she was around -- which time are
8 we referring to, 1998?
9 Q. We are referring to when she -- the log shows
10 her on a flight with Professor Dershowitz.
11 A. Yeah, I was understood she was over the age,
12 she was 18 or older, you know, and I think within a
13 couple of years maybe 18.
14 Q. And you heard today that Mr. Dershowitz's,
15 Professor Dershowitz's wife was able to determine in a
16 few second on Google that she was 24 at the time. Any
17 reason to question that?
18 A. Well, because -- I think I want to look at
19 the information we were talking about. Is the question
20 of time frame and so, you know, the Dershowitzes on
21 these flights with Epstein in 1998, and I think 2004,
22 2005, which is, you know, there's like a -- obviously a
23 six or seven-year period, so I would want to know
24 exactly what time frame we are talking about.
25 Q. Well --

A. But I understood, let me be clear, I understood Tatiana was, you know, 18 or older at the time.

Q. And -- and -- and you could have found out exactly how old she was; isn't that true?

A. Potentially, yeah.

Q. Yes. And in fact, we heard today that someone found it in just a few seconds?

A. We heard a representation to that effect. I don't know if that's true or not.

Q. Okay. Do you have any reason to doubt that Tatiana was 24 at the time?

A. I mean, give or take. I mean, give or take. I mean, I'm not trying to say -- let me be clear. I know she's over the age of 18. Now whether she's 24 or something, that was not something that I had specifically --

Q. I understand you don't know, but I'm just asking whether if we represent to you that our research indicates she was 24 at the time, do you have any reason to question that?

MR. SCAROLA: At what time?

MR. SIMPSON: At the time of the flight, the flight logs showed --

THE WITNESS: 1998 flight?

1 BY MR. SIMPSON:
2 Q. Whatever the flight -- the date of the
3 flight?
4 A. Yeah. I think that sounds too old for
5 Tatiana.
6 Q. Okay.
7 A. But I mean, I don't, you know, we could
8 obviously check into it so...
9 Q. And you do know though that she was over 18?
10 A. Eighteen or over, yes.
11 Q. Eighteen or over. And have you ever heard of
12 an older man having a relationship with a younger woman;
13 has that ever happened in your experience?
14 A. Sure, but what --
15 Q. That's my --
16 A. I guess, how much of a difference? I mean
17 the question is, you know -- sure, there are examples of
18 that. It's unusual, but there are examples of that.
19 Q. Is a 24-year-old woman an adult?
20 A. Yes.
21 Q. Is there anything criminal or anything
22 criminal about a man of Jeffrey Epstein's age having a
23 relationship with a 24-year-old woman?
24 MR. SCAROLA: I assume you agree that depends
25 upon the nature of the relationship.

1 MR. SIMPSON: Is there anything -- let me --
2 I think my question was clear.
3 BY MR. SIMPSON:
4 Q. You can answer the question. Having a
5 romantic relationship with a 24-year-old?
6 A. Just if those are the only facts, sure,
7 that's not a crime.
8 Q. And so if --
9 MR. SCAROLA: And it is -- it is 4:30.
10 MR. SIMPSON: Let me just ask one more
11 question then.
12 MR. SCAROLA: Sure. So long as it isn't one
13 of the 30-minute ones.
14 MR. SIMPSON: That's in the witness's
15 control.
16 MR. SCOTT: That applies to you.
17 MR. SCAROLA: So stop smiling.
18 MR. SCOTT: I'm not smiling at all. I'm
19 anything but smiling, Mr. Scarola.
20 BY MR. SIMPSON:
21 Q. My -- my question --
22 MR. SCOTT: Oh, you are.
23 BY MR. SIMPSON:
24 Q. My question, Mr. Cassell, is that if all you
25 have is the fact that a middled-aged man is on an

1 airplane with a 24-year-old woman, is there a basis to
2 draw an adverse inference from that about anything?
3 A. If that's all that you have, obviously not.
4 MR. SIMPSON: Okay.
5 MR. SCAROLA: Thank you.
6 MR. SIMPSON: We will break then and we will
7 talk off the record about logistics for tomorrow.
8 MR. SCAROLA: Okay.
9 THE VIDEOGRAPHER: We are going off the video
10 record, 4:31 p.m.
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**From:** [redacted]
**Sent:** Wednesday, January 20, 2016 2:10 AM
**To:** jeffrey E.
**Subject:** Re: Help!

**Importance:** High

Wow.
I haven't seen her in months but we are friendly and I can try to find out more if you want. Let me know...

Sent from my iPhone

On Jan 19, 2016, at 4:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: [redacted]
Date: Tue, Jan 19, 2016 at 6:39 PM
Subject: Help!
To: Jeffrey Epstein <jeevacation@gmail.com>

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

--

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HOUSE_OVERSIGHT_021957

* * *

Whatever the reasons for his resignation, Epstein still gets his annual bonus of around $100,000 (roughly $275,000 in today's dollars). The SEC never brings charges against him or any other Bear Stearns employee. And so the particulars of Epstein's departure get folded up into the greater mystery surrounding the man. Did Epstein crash the rocket ship that Ace Greenberg had given him to pilot? Or did he take it and fly it out, over the horizon?

Either way, Epstein was out on his own.

For him, the future would only get brighter.



*Ana Obregó*

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# CHAPTER 24

## *Ana Obregón: 1982*

Ana Obregón was one of the world's most beautiful women and well on her way to becoming famous as such when she first met Jeffrey Epstein. For her, there would be film roles—in the 1984 Bo Derek vehicle *Bolero,* Ana Obregón gives the star a run for her money—and appearances on the covers of Spanish *Playboy* and Spanish *Vanity Fair.*

As for fortune, Obregón had that already.

Ana's father was a very wealthy investor in Spain. But he also had serious problems. On June 15, 1982, a venerable stock- and bond-trading firm, the Drysdale Securities Corporation, announced that it was going out of business. Just that year, Drysdale had spun off a subsidiary operation called Drysdale Government Securities. And in May, DGS defaulted on $160 million in interest payments it owed on Treasury securities that it had borrowed. In doing so, DGS had dragged down its parent company.



HOUSE_OVERSIGHT_021959

A very well-connected group of Spanish families—including members of Spain's royal family—had invested with Drysdale. Those investors stood to lose hundreds of millions of dollars. And Ana's father was one of those investors.

What Ana wanted from Jeffrey Epstein was help in recovering her father's money.

"My father, he's done something stupid," she told him.

A Spanish accent. A Brooklyn accent. They blended well together, and Ana was so very lovely.

It turned out that Epstein was willing to help.

"Something stupid, you see, with the money. The family money. Some—what do you call it? A scheme. He knew some of the people, but they lied to him. And now the money is gone."

People who knew Jeffrey Epstein recall that he was bad off after his exit or ouster—whatever it was—from Bear Stearns. Moving from couch to couch for a while. Sleeping in his lawyer's offices before settling down in an apartment in the Solow Tower, on East 66th Street.

It's a bit hard to believe. After all, Epstein left Bear Stearns with a good deal of money. But Epstein's lifestyle was expensive. He was a man on the make then, and Ana was still in her twenties, plying her craft at the Actors Studio—the New York City theater institution that Marlon Brando, Robert De Niro, Jack Nicholson, and Jane Fonda had all been members of.

Epstein told Ana that he'd formed a company, International Assets Group.

To Ana, this sounded very impressive. In fact, IAG was a small operation that Epstein was running out of his apartment.



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Ana Obregó

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ery impressive. In fact, IAG was a
was running out of his apartment.





But if Ana had known that, would she have cared? She could already see that Epstein was brilliant. And though she would maintain that their friendship was strictly platonic, it was Ana who helped set Epstein on his course. Like other beautiful women he'd cultivate throughout his life, she opened doors to whole other kingdoms.

Ones that no boys from Brooklyn had even dreamed of.

Andrew Levander was an assistant US attorney in the Southern District of New York's Securities and Commodities Fraud Task Force. He was assigned to look into Drysdale's collapse. The case he was building would result in fraud convictions for a number of Drysdale executives, and even today, Levander remembers Epstein bringing "a very attractive woman" to meet him when Epstein came to him in the course of the investigation.

The woman was Ana Obregón.

Levander told Ana that he was already working the case. A lawyer named Robert Gold, who was a former federal prosecutor himself, was assisting. And now Epstein would join them in the hunt for the monies.

In effect, DGS had built a series of labyrinths, rabbit holes, deadfalls. And even investors who'd lost vast sums to the company were less than forthcoming when it came to speaking to the US attorney. Several of the investors were foreign. Some had violated their own countries' laws pertaining to foreign investments.

This was where Epstein—with his calm, confident air of discretion—came in.

Ana Obregón gave Epstein power of attorney over any monies



HOUSE_OVERSIGHT_021961

that he recovered. And though it took him three years, working with Robert Gold and the US attorney's office, Epstein finally did make his way to the center of DGS's maze and recover Obregón's money.

Most of it was being held in a bank in the Cayman Islands.

Epstein's agreement with Ana prevents us from knowing how much he recovered—and how much he kept. But given the amounts at stake, Epstein likely earned millions—or more—and to this day Ana Obregón has nothing but appreciation for what Epstein accomplished.

"I know he's had some problems," she says. "I don't want anything to do with that."

As for Epstein, he came out of the deal with a new modus operandi: from now on, he'd only work with the super rich.



*Eva Andersson:*

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# CHAPTER 25

## *Eva Andersson: July 8, 1980*

Miss Sweden, Eva Birgitta Andersson, is wearing a dazzling white gown and sweating, ever so slightly, under the stage lights. But Bob Barker's about to announce the winner of this, the twenty-ninth Miss Universe pageant, held in Seoul, South Korea, and Eva's smile is as wide as the ocean.

"And now that we know what Miss Universe will win, let's see which five girls are still in the running!"

Barker pauses, like the expert broadcaster he is. Eva's chest tightens. There are twelve women on stage, all of them beautiful—even if they're not quite as beautiful as Miss Sweden.

"On this card are the names of five contestants who have received the highest total score from our judges in the personal interview, the swimsuit, and the evening gown competition."

Eva feels the camera pan across the stage—pan across *her,* standing in between Miss Scotland and Miss Puerto Rico.



HOUSE_OVERSIGHT_021963

"As a result, they will be our five finalists. As I call each name, you will see a figure on your television screen. That is the total score received by the contestant since she became a semifinalist. But one thing I would point out to you: the point total is not necessarily a sign of who our eventual winner will be. Being first now is no guarantee of being first at the time of our judges' final ballot."

*Oh, get on with it,* Miss Sweden thinks. And, as if by her command, Bob Barker does.

"Now our five finalists. Good luck, girls! The first finalist is: *Miss Sweden!*"

Eva's hands fly up to her face. The time it takes her to walk to the front of the stage is all the time she needs to stop herself from crying.

For Eva, it's not meant to be. Miss USA, Shawn Weatherly, wins that year's competition—she'll go on to become a star on *Baywatch*. But Eva's future is secure nonetheless. After the pageant, she'll spend three years studying in Stockholm, finish med school at UCLA, and become a doctor of internal medicine.

Along the way, she'll meet Jeffrey Epstein.

People who knew them when they were a couple say that Eva wanted to marry Epstein. One friend says he considered it seriously. In the end, Eva ended up with a man named Glenn Dubin, though she and Epstein remained very close. And if Eva was the proverbial "one who got away," Epstein ended up dating other impressive women—world-class beauties—as he made his way in the world.



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Why didn't any of the romances take? Perhaps there was always someone more fabulous waiting for Epstein around the corner. Perhaps none of these women satisfied Epstein's deeper urges. But he did have a knack for keeping the women he'd dated by his side through thick and thin, long after he'd broken up with them.

When he was through with his girlfriends, Epstein would say, they graduated up, not down, the ladder, moving from the status of "lover" to "friend."

In his estimation, these shifts always constituted a promotion.

The world was full of beautiful women. But for Epstein, friendship seemed to be a far more precious commodity.



HOUSE_OVERSIGHT_021965

# CHAPTER 26

## *Jeffrey Epstein: 1984*

How *did* Jeffrey Epstein make all his money?

Epstein would tell stories over the years about monies recovered from slippery characters. Sometimes, friends and former associates would say, he'd suggest he had ties to the government, giving listeners the impression that he was doing dangerous, glamorous work.

Others said that what Epstein *really* did, at this stage in his career, was much more banal. According to them, Epstein spent most of his time coming up with creative new ways for the rich to avoid paying taxes. The commission for tax-avoidance deals was enormous, although the number of deals Epstein was involved with is a matter of conjecture, as is his record of successes and failures.

But Epstein's business model was evolving. He'd charge a flat fee. No fancy math. No percentages.



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# CHAPTER 26

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*Pay me fifty million dollars. Or pay the IRS seven times that amount.*

At first Epstein did not demand his fee up front. Instead he asked that the payment—often a substantial one—be put into escrow. If his strategy worked, he'd get paid. If not, the money bounced back to the client.

In the eighties, when tax rates on the top 1 percent were much, much higher than they are today, topping out at close to 50 percent, it was an extremely effective pitch. And then there were other ways to make money.

In 1982, Epstein sold his wealthy friends, his friends' wealthy relatives, and others on an oil-drilling deal. One of the investors, Michael Stroll, had run Williams Electronics, an entertainment company known for the pinball machines it made.

Stroll put $450,000 into the oil deal.

But in 1984, Michael Stroll wanted his money back. Despite repeated demands and requests for a full accounting of what Epstein owed him, he got $10,000 back on his $450,000 investment. Eventually he sued Epstein in federal court for the remaining $440,000—the case went on for a number of years. In court, Epstein told the judge that the $10,000 he'd returned was actually the payment for a horse Stroll had sold him.

Like many cases involving Epstein, this one was settled out of court, the terms of the final agreement kept secret.



HOUSE_OVERSIGHT_021967

# CHAPTER 27

## *Steven Hoffenberg: July 10, 1987*

Before there was Bernie Madoff, there was Steven Hoffenberg.

In 1987, Hoffenberg was the head of Towers Financial Corporation, a company that bought debts, such as unpaid medical bills, at a very steep discount while pressing the debtors to repay in full. He'd started the company fifteen years earlier with two thousand dollars and just a handful of employees. Thanks, in part, to a grueling work ethic, he'd turned that into a much bigger concern, with twelve hundred employees and stock that traded over the counter. But Hoffenberg still spent fifteen hours each day, six days a week, in his office.

He wanted more. Hoffenberg was a Wall Street outsider. A Brooklyn boy. A college dropout, like Epstein.

One thing Hoffenberg wanted was respect. The other was someone who was familiar with Wall Street's inner workings. Jeffrey Epstein, who had traded options for Bear Stearns, fit the bill.



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# CHAPTER 27

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Hoffenberg began paying twenty-five thousand dollars per month for Epstein's expertise as a consultant.

The SEC had already looked into Hoffenberg's affairs, settling with him out of court in a matter relating to unregistered securities. But Hoffenberg was dangling a very big prize.

In the 1980s, several major financial players were involved in the greenmailing of publicly traded companies. What greenmailing means, in practice, is that a brokerage house or group of investors will start buying shares in companies that seem to be vulnerable to takeover attempts. To ward off the attempts, executives at those companies will buy the shares back at a premium. It's risky, but very often the investors stand to make a handsome profit.

Yet another thing Hoffenberg wanted was to take over Pan American World Airways. The iconic airline had already entered its downward trajectory, but it was still a giant.

For Hoffenberg, the greenmailing profits could have been huge.

According to Hoffenberg, Epstein handled the attempted takeover of Pan Am—a deal that went sideways almost immediately.

Steven Hoffenberg still has a lot to say on the subject. But in listening to him, one must bear in mind that in 1995, he pleaded guilty to criminal conspiracy and fraud charges involving a $460 million swindle, a familiar scheme to anyone who followed the Bernie Madoff case.

Like so many others, Hoffenberg had tried to fly very high without the necessary updraft. And despite all the hours he spent at the office, he'd also developed a taste for the high life. He



HOUSE_OVERSIGHT_021969

bought his own jet, a luxury yacht, and a Long Island mansion to go with his expensive Manhattan apartment. He'd also briefly owned a controlling interest in the *New York Post*.

To cover his tracks, Hoffenberg had been taking money from investors and using it to pay previous investors. It was a classic Ponzi scheme—one of the biggest in history—and Hoffenberg ended up spending nineteen years in a federal prison.

Why was Epstein not implicated in the case? All that Hoffenberg will say when asked is: "Ask Robert Gold."

Another source suggests that Gold, the former federal prosecutor who had helped Epstein recover Ana Obregón's money, kept the US attorney away from Epstein until there were only a few weeks left before the statute of limitations ran out.

As for Epstein himself, he would always deny any wrongdoing. Despite his proximity to Hoffenberg, he managed to avoid the blast radius.



## *Robert Meister: 1985*

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# CHAPTER 28

## *Robert Meister: 1985*

Robert Meister, the vice chairman of a giant insurance brokerage and consulting firm called Aon, met Jeffrey Epstein in the mid-eighties, aboard a flight from New York to Palm Beach. Both men were flying first class. Each one thought the other looked familiar. They talked in the course of that flight, and Meister filed the conversation away, only to recall it in 1989. At that time, Les Wexner, who was Meister's friend and a client of Meister's insurance company, was complaining to him about the people managing his money.

Wexner was a billionaire, but for all his wealth, his finances were in a tangle. Maybe Epstein could help. And perhaps Epstein would also be grateful for the introduction. Hard as it is to believe, there's evidence to suggest that Epstein really had spent the last of his last Bear Stearns bonus—along with his share of the money he'd recovered for Ana Obregón—and was broke, again, at the time.



HOUSE_OVERSIGHT_021971

One estranged friend says that he had to loan Epstein money to pay the bill at Epstein's garage, which had seized Epstein's car for nonpayment.

Another estranged friend says that Epstein didn't have two nickels to rub together.

Diana Crane, a former model, says that Epstein always had first-class upgrades he would give to his friends so they didn't have to fly economy class.

"No one knew where or how he got them," Crane recalls. "Sometimes they worked, and other times they didn't. I remember he saw a friend of mine wearing a Concorde jacket. He asked if he could borrow it for a day or so. My friend never got the jacket back. But Epstein would tell people he always flew on the Concorde—a *total* lie."

But even if Epstein were flush, Les Wexner would have been a big fish to catch.

From the get-go, Meister's wife, Wendy, had her suspicions about Epstein. About the way he presented himself and the way he worked himself into their inner circle.

Before long, Wendy was calling Epstein *the virus*.

But for Epstein, the Meisters weren't the point. Wexner was.

And hard as it is to understand why the billionaire would associate with a man who'd worked with a Ponzi king like Steven Hoffenberg, it turned out that Wexner and Epstein would get along perfectly well.



*Ghislaine Maxwell*

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# CHAPTER 29

## *Ghislaine Maxwell: 1991*

Robert Meister was not the only friend who helped Jeffrey Epstein, the boy from Coney Island, on his way up the social ladder. There was also Ghislaine Maxwell, a wealthy heiress from the United Kingdom who'd retained her ties to some of the world's most glamorous and scandalous jet-setters.

Maxwell was the youngest and most favored child of one of the most famous—even infamous—men in Europe. Her father, Robert Maxwell, was a Czech refugee who had fought in the French Foreign Legion and with the British in World War II and had gone on to become a member of Parliament. By the 1960s, he'd become a media baron. Born into a Hasidic family—his birth name was Ján Ludvík Hyman Binyamin Hoch—Maxwell died in disgrace in 1991 after falling or perhaps jumping off the side of his supersize yacht, the *Lady Ghislaine*.

"The shtetl Solotvyno, where I come from, it is no more,"



HOUSE_OVERSIGHT_021973

Maxwell said a few months before his demise. "It was poor. It was Orthodox. And it was Jewish. We were very poor. We didn't have things that other people had. They had shoes, they had food, and we didn't. At the end of the war, I discovered the fate of my parents and my sisters and brothers, relatives, and neighbors. I don't know what went through their minds as they realized that they'd been tricked into a gas chamber."

Maxwell's own death was followed by an international scandal. It turned out that he'd stolen hundreds of millions of pounds from his companies' pension funds and used them to prop up his empire. Two of his sons were tried for conspiracy to commit fraud and ultimately exonerated. But Ghislaine, who had grown up in luxurious surroundings and counted the Duke of York, Prince Andrew, among her intimates, could not escape the dark shadow her father had cast. Looking to start fresh, she took the Concorde to New York City.

At first, it seems, Maxwell and Epstein were lovers. "She was madly in love with Jeffrey," says a longtime friend of Ghislaine's. Then they became something more. Ghislaine took care of Epstein's travel arrangements. She managed his household and opened doors that very few Brooklyn-born Jewish boys could have passed through. According to lawsuits and witness testimony, she also became one of several women who procured young girls for Epstein.

She was not jealous, according to people who knew her back then. If anything, Ghislaine seemed to take pleasure in satisfying Epstein's needs.

Ghislaine introduced Epstein to a fabulous world that the



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Brooklyn boy knew nothing about. One friend jokes that she taught Epstein the difference between a fish fork and a salad fork. But despite—or was it because of?—Maxwell's devotion to Epstein, she, too, graduated from girlfriend to friend status. According to *Jane Doe 102 vs. Jeffrey Epstein,* a civil complaint filed in 2009 by a woman later identified as Virginia Roberts, one of the services Maxwell provided for Epstein was the procurement of underage women. (Through her lawyer and in court papers, Maxwell has vehemently denied any involvement with Virginia, with any other young woman Epstein was involved with, or with any criminal activities committed by Jeffrey Epstein. In a 2016 answer to a defamation lawsuit brought by Roberts, Maxwell called the allegations fabricated for financial gain.)

The case of Nadia Bjorlin, who was thirteen when she was first noticed by Epstein, raises questions in this regard, at least in the eyes of her mother.

Bjorlin's Iranian-born mother spoke to a British tabloid some years ago about her family's disturbing experience with Maxwell and Epstein. Bjorlin's father, a celebrated conductor of classical music, had died a year earlier, the mother said. She believed that this made the girl a vulnerable and easy target.

"She was at school at the famed Interlochen Arts Center, in Michigan, when she met Epstein," the mother said.

"My daughter was a singer. She was a baby. She was a skinny little girl, not mature for her age. She was thirteen, but everyone thought she was nine or ten.

"Epstein was a big donor, and he heard about Nadia and that her father had died, so she was vulnerable, and he contacted her. He said, 'Here's my number.'

"He kept saying, 'Come—will you come?' He said he wanted



HOUSE_OVERSIGHT_021975

to help mentor her. I wouldn't let her meet him. What sort of a man approaches a young girl and asks to meet her?"

In the meantime, Maxwell had become friendly with the family. "I trusted Ghislaine; she was like a mother," Bjorlin's mother recalled. "She was always calling my house.

"Ghislaine didn't want me to meet Epstein, but I did anyway, and I asked what he wanted with Nadia. He said he wanted to help her singing career. He said, 'I'd like to be like a godfather.' It felt creepy.

"I had a bad vibe about him and said, 'Stop!' I told him, 'No, thank you. She doesn't need your help.' I kept Nadia away from him. She never met him alone. She never went anywhere with him."

Despite her suspicions, it took Epstein's arrest to make Bjorlin's mother wonder whether Maxwell and Epstein hadn't been sizing her daughter up for his stable of underage women.



*Leslie Wexner: 19*

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# CHAPTER 30

## *Leslie Wexner: 1993*

Leslie Wexner, the richest man in Ohio, is a proud midwesterner. Born into the rag trade (Wexner's parents were Russian-Jewish immigrants), he grew up to be a straight shooter—taciturn and camera-shy.

For several years running, his 315-foot boat, the *Limitless,* was the largest yacht owned by an American.

Wexner's employees loved him, and he was known to be fiercely loyal to them.

In time, he'd come to see the same qualities in Jeffrey Epstein.

"Everyone was mystified as to what [Epstein's] appeal was," says Robert Morosky, a former vice chairman of the clothing retailer the Limited, founded by Wexner.

"Almost everyone at the Limited wondered who he was," another former employee of Wexner's recalls. "He literally came out of nowhere."



HOUSE_OVERSIGHT_021977

But it seems that Epstein did work hard to untangle Wexner's finances. And it appears he succeeded. "Jeffrey cleaned that up right away," a former associate of Epstein's says.

The two men became all but inseparable.

"Very smart, with a combination of excellent judgment and unusually high standards," Wexner said of Epstein at the time. "Also, he is always a most loyal friend."

When Wexner wanted to break up with a woman he'd been dating for several years—a woman who moved to Ohio and converted to Judaism to make him happy—he dispatched Epstein to do the dirty work.

When Wexner hired a decorator for his Ohio mansion and wanted someone to verify the authenticity of several expensive antiques, Epstein flew in his friend Stuart Pivar, the renowned art collector and author. (According to Pivar, most of the antiques were cheap imitations.) When Wexner traveled abroad, he'd bring back trinkets and gifts for Epstein. When Wexner wanted to see *Cats*, Epstein arranged to have the cast perform in his mansion.

In Ohio, Wexner's associates whispered about his relationship with Jeffrey Epstein. In New York, they wondered about Epstein's role in Wexner's 1993 marriage to Abigail Koppel.

At thirty-one, Koppel was twenty-four years Wexner's junior. It was Epstein who negotiated the prenuptial agreement and orchestrated its very strange signing. Abigail signed the agreement in her law office. Wexner signed it in his office. According to an associate of Epstein's who was present, Epstein brought a *Sports Illustrated* swimsuit model along to Wexner's office, as if





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to make the point that there are other beautiful women in the world. As a joke, Epstein placed the agreement on the model's belly and had Wexner sign it right there.

Epstein asked his friend: "Are you sure you want to do this?"

"Yes, Jeffrey," said Wexner. "Quite sure."

"It was an uproarious scene," Epstein's associate recalls. "Just Jeffrey being Jeffrey. That was his gestalt."



HOUSE_OVERSIGHT_021979

# PART III

## The Women

# CHAPTER 31

*Mc2 Model Management's NYC branch is looking for "highly motivated and energetic" interns to assist their agents part-time or full-time. If you're thinking to yourself, who?, it's the agency founded by Jean-Luc Brunel, the guy who first signed Christy Turlington when she was just fourteen. Responsibilities include scanning pictures, answering phones, assisting with updating models' portfolios, and working in Photoshop, Word and Excel (so you have to already know what you're doing in those). You Must: Be interested in the fashion, modeling and photography industries, outgoing, well spoken, and able to keep cool while five different people demand Starbucks / copies / phone calls / etc. This is a great opportunity to get hands-on experience at a smaller agency, plus they can offer a stipend and a Metrocard as well as school credit if needed. Send your resume to intern@mc2mm.com Good luck!*

—Julia Hermanns, *Fashionista*, January 30, 2009



HOUSE_OVERSIGHT_021981

## *Jean-Luc Brunel: 2005*

For Jeffrey Epstein, Leslie Wexner is more than a mentor. More than the last in a line of older men—father figures—whom Epstein cultivated while making his way in the world.

Wexner is also a steady, if indirect, source of beautiful women.

After all, Wexner is the man in charge of Victoria's Secret, part of the Limited family of companies and—better yet—in charge of the Victoria's Secret catalog. What this means for Epstein is models galore. In fact, like a fox that's gotten hold of the lease to a henhouse, Epstein, according to evidence collected in a later lawsuit brought by Epstein victims, eventually provided financial support for a modeling agency, and provided support for models employed by that agency, in New York City.

This story begins with a Frenchman—a playboy modeling agent named Jean-Luc Brunel—who was an owner of the Karin modeling agency.

Brunel had been working as a modeling agent since the seventies. He claimed to have launched the careers of Monica Bellucci, Estelle, Jerry Hall, Rachel Hunter, Milla Jovovich, Rebecca Romijn, Kristina Semenovskaya, Sharon Stone, and Estella Warren, as well as Christy Turlington and other well-known cover girls. Brunel had also been a subject of a *60 Minutes* investigation, broadcast in 1988, into sexual exploitation in the modeling industry. That exposé had caused Eileen Ford of the elite Ford modeling agency to sever her ties with the playboy. (Brunel's activities were also chronicled in a 1995 book about the fashion



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industry—*Model: The Ugly Business of Beautiful Women,* by Michael Gross.)

But Brunel's reputation did not prevent Jeffrey Epstein from getting involved in his business.

According to a summary judgment court filing by Bradley Edwards, a victims' lawyer defending against a lawsuit by Jeffrey Epstein alleging fabrication of sexual assault cases against him, Epstein had provided support for Brunel's agency, which changed its name, in 2005, from Karin to MC2—as in $E = mc^2$.

As a scout for MC2, Brunel traveled the world in search of undiscovered talent, favoring Scandinavia, Israel, central Europe, the former Soviet republics, and South America, setting up modeling competitions and negotiating with other international modeling agents and agencies.

But according to the court filing, in which Edwards detailed the information he had gathered in support of victims, Epstein and Brunel had used the agency to bring underage girls from foreign countries into the United States by promising them modeling contracts. These girls were then housed in condominiums belonging to Epstein. "Epstein and Brunel would then obtain a visa for these girls," the document states, "then charge the underage girls rent, presumably to live as underage prostitutes in the condos."

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," Brunel would say. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager. I have exercised with the utmost ethical standard for almost forty years."

According to Brunel, his association with Jeffrey Epstein



HOUSE_OVERSIGHT_021983

ended up having a strong negative impact on his reputation and business. Several photographers refused to work with him. Other agencies, such as Modilinos Model Management, curtailed their relationships with Brunel. And in 2015, Brunel filed his own civil lawsuit against Jeffrey Epstein, denying that he had any role in Epstein's illegal activities, alleging that Epstein had obstructed justice by telling him to avoid having his deposition taken in the criminal case the Palm Beach PD had built against Epstein, and claiming that false allegations of Brunel's links to Epstein's activities had harmed his reputation and cost him a great deal of business.

In his filing, Brunel included several e-mails from industry contacts who expressed their doubts about placing models with his agency. "Parents don't want their daughters coming to us because [when] they google your name and the agency name the only things they see is 'Sex Trafficking'!!!" one correspondent had written.



*Nadia Marcinkova: circ*

MC2 has offices in N
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Some guests marvel in p
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According to statements
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HOUSE_OVERSIGHT_021984

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# CHAPTER 32

## *Nadia Marcinkova: circa 2000*

MC2 has offices in New York City. But Jeffrey's always *in motion*—flying to his homes in New Mexico and the Virgin Islands. Often to Palm Beach. Sometimes to Paris. And when he comes home to New York he hosts parties where important people—corporate titans, real estate tycoons, university presidents, Nobel Prize–winning scientists, princes, ex-presidents, and heads of state—mingle with beautiful women.

Some guests marvel in public: Who *are* these women? Where do they *come* from?

Nadia Marcinkova comes from Slovakia. She looks like a model. But Nadia's done very little modeling, if any. Instead she's become another of Epstein's girlfriends.

According to statements given to the Palm Beach police, she's also served as a willing accomplice in Epstein's sexual assaults on underage females.



HOUSE_OVERSIGHT_021985

Epstein prefers diminutive women, but Nadia is tall. She's rail-thin and blond like the sun, with glowing skin, a wide smile, and sky-high cheekbones.

On a good day, she could pass for a Bond girl—a woman caught up in a web of crime and intrigue. But of course, that's exactly what she is.

In certain circles, the academics and the women in Epstein's orbit are almost a joke. In a 2003 profile of him, *New York* magazine quotes Harvard professors ("He is amazing"), Princeton professors ("He changed my life"), MIT professors ("If I had acted upon the investment advice he has given me over the years, I'd be calling you from my Gulfstream right now"), and other luminaries, up to and including Bill Clinton.

"I've known Jeff for fifteen years," says Donald Trump. "Terrific guy; he's a lot of fun to be with."

No one knew then that someday Trump would run for president. (When he does, he'll attack Hillary Clinton for Bill Clinton's own entanglements with Epstein.) But Trump's already ahead of the curve in that he ends up severing his ties to Epstein well before the police or the media get wind of Epstein's penchant for underage girls.

He does this because he finds out that in their endless hunt for "masseuses," Epstein's procurers have been prowling around Trump's estate in Palm Beach.



*Virginia Roberts: 1999*

Trump's estate, Mar-a
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Donald Trump had fou
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HOUSE_OVERSIGHT_021986

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# CHAPTER 33

## *Virginia Roberts: 1999*

Trump's estate, Mar-a-Lago, had once belonged to the fabulously wealthy heiress Marjorie Merriweather Post. It sits on twenty perfectly manicured acres less than two miles away from Jeffrey Epstein's home on El Brillo Way. It's home to the exclusive Mar-a-Lago Club, which has a spa, tennis courts, and a very posh restaurant.

Donald Trump had fought the town council for decades as they blocked all his efforts to turn the place into a private resort. Other clubs on the island—those with a history of excluding blacks and Jews—had never faced such restrictions, Trump had argued. At one point he sent copies of two movies to every member of the town council: *Guess Who's Coming to Dinner,* in which Sidney Poitier confronts his girlfriend's racist parents, and *Gentleman's Agreement,* in which a journalist confronts anti-Semitism in Connecticut and New York City.



HOUSE_OVERSIGHT_021987

"Whether they love me or not, everyone agrees the greatest and most important place in Palm Beach is Mar-a-Lago," Trump told the *Washington Post* after winning his battle. "I took this ultimate place and made it incredible and opened it, essentially, to the people of Palm Beach. The fact that I owned it made it a lot easier to get along with the Palm Beach establishment."

The Breakers hotel, Trump explained, "gets the [island's] leftovers."

It cost $100,000 to join the club. Members paid $14,000 yearly in dues. And although Epstein had never properly joined the club, Trump's friendship with Ghislaine Maxwell gave Epstein unlimited use of the facilities.

This arrangement ended when a member's young daughter complained to her wealthy father: while relaxing at Mar-a-Lago, she'd been approached and invited out to Epstein's house.

The girl said that she had gone and that Epstein had tried to get her to undress.

The girl's father had gone directly to Trump, who—in no uncertain terms—told Epstein that he was barred from Mar-a-Lago.

Because no complaint was filed, the police had taken no action. But years later, a woman named Virginia Roberts would say that, as a young girl, she'd had an identical encounter at Mar-a-Lago.

According to a court document Virginia filed in her civil lawsuit against Epstein, she was a changing-room assistant at Mar-a-Lago, earning about nine dollars an hour, when Ghislaine Maxwell approached her. Maxwell asked Virginia if she was interested in learning to be a massage therapist—which, it turned out, she was. Like the other girl, Virginia told her father,





who was also employed a
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he drove her, later that day

There, according to the
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Epstein was lying, naked, c

Virginia was shocked,
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At the time, Virginia wa

HOUSE_OVERSIGHT_021988

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who was also employed at Mar-a-Lago as a maintenance manager. But Virginia's father saw nothing wrong with the offer, and he drove her, later that day, to Epstein's house on El Brillo Way.

There, according to the document, Maxwell assured Virginia's father that Ms. Maxwell would provide transportation home for his teenage daughter. Then she led Virginia upstairs, to a spa room equipped with a shower and a massage table. Jeffrey Epstein was lying, naked, on the table.

Virginia was shocked, she says in the filing, but, with no experience with massages, thought this could be massage therapy protocol. "Ms. Maxwell then took off her own shirt and left on her underwear and started rubbing her breasts across [Jeffrey's] body, impliedly showing [Virginia] what she was expected to do," the filing continues. "Ms. Maxwell then told [Virginia] to take off her clothes. The minor girl was apprehensive about doing this, but, in fear, proceeded to follow Ms. Maxwell by removing everything but her underwear. She was then ordered to remove her underwear and straddle [Epstein]. The encounter escalated, with [Jeffrey] and Ms. Maxwell sexually assaulting, battering, exploiting, and abusing [Virginia] in various ways and in various locations, including the steam room and the shower. At the end of this sexually exploitive abuse, [Epstein] and Ms. Maxwell giddily told [Virginia] to return the following day and told her she had 'lots of potential.' [Epstein] paid [Virginia] hundreds of dollars, told her it was for two hours of work, and directed one of her employees to drive her home."

At the time, Virginia was fifteen years old.



HOUSE_OVERSIGHT_021989

# CHAPTER 34

## *Declaration of Virginia Roberts Giuffre: January 19, 2015, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims*

*1. My name is Virginia Giuffre and I was born in August, 1983.*

*2. I am currently 31 years old.*

*3. I grew up in Palm Beach, Florida. When I was little, I loved animals and wanted to be a veterinarian. But my life took a very different turn when adults—including Jeffrey Epstein and his close friend Alan Dershowitz—began to be interested in having sex with me.*

*4. In approximately 1999, when I was 15 years old, I met Ghislaine Maxwell. She is the daughter of Robert Maxwell, who had been a wealthy publisher in Britain. Maxwell asked that I come with her to Jeffrey Epstein's mansion for the purposes of teaching me how to perform "massages" and to train*





*me personally in that area.*
*home in Palm Beach on El*

*5. From the first time*
*that day, his motivations*
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*seemed to be in his 40s or 5*
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*6. I came back for sev*
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*rious room. The mansion we*
*got scared because it was s*
*room with a massage parlor*
*sexual activities with him the*

*9. You can see how you*
*below [see insert page 3].*

*10. Epstein took me on a*
*New York City and there he*
*approximately 15 or 16 years*



HOUSE_OVERSIGHT_021990

# CHAPTER 34

## erts Giuffre: January 19, 015 by attorneys 's victims

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, when I was 15 years old, I met e daughter of Robert Maxwell, lisher in Britain. Maxwell asked y Epstein's mansion for the pur- perform "massages" and to train





*me personally in that area. Soon after that I went to Epstein's home in Palm Beach on El Brillo Way.*

*5. From the first time I was taken to Epstein's mansion that day, his motivations and actions were sexual, as were Maxwell's. My father was not allowed inside. I was brought up some stairs. There was a naked guy, Epstein, on the table in the room. Epstein and Maxwell forced me into sexual activity with Epstein. I was 15 years old at the time. He seemed to be in his 40s or 50s. I was paid $200. I was driven home by one of Epstein's employees.*

*6. I came back for several days following and did the same sorts of sexual things for Epstein.*

*7. After I did those things for Epstein, he and Maxwell said they were going to have me travel and were going to get an education for me. They were promising me the world, that I would travel with Epstein on his private jet and have a well-paid profession. Epstein said he would eventually match me up with a wealthy person so that I would be "set up" for life.*

*8. So I started "working" exclusively for Epstein. He took me to New York on his big, private jet. We went to his mansion in New York City. I was shown to my room, a very luxurious room. The mansion was huge. I was very young and I got scared because it was so big. Epstein brought me to a room with a massage parlor. Epstein made me engage [in] sexual activities with him there.*

*9. You can see how young I looked in the photograph below [see insert page 3].*

*10. Epstein took me on a ferry boat on one of the trips to New York City and there he took the picture above. I was approximately 15 or 16 years old at the time.*



HOUSE_OVERSIGHT_021991

*11. Over the next few weeks, Jeffrey Epstein and Ghislaine Maxwell trained me to do what they wanted, including sexual activities. The training was in New York and Florida, at Epstein's mansion. It was basically every day and it was like going to school. I also had to have sex with Epstein many times.*

*12. I was trained to be "everything a man wanted me to be." It wasn't just sexual training—they wanted me to be able to cater to all the needs of the men they were going to send me to. They said that they loved that I was very compliant and knew how to keep my mouth shut about what they expected me to do.*

*13. Epstein and Maxwell also told me that they wanted me to produce information for them in addition to performing sex on the men. They told me to pay attention to the details about what the men wanted, so I could report back to them.*

*14. While I had juvenile hopes of bettering my life, from very early on I was also afraid of Epstein. Epstein told me he was a billionaire. I told my mother that I was working for this rich guy, and she said "go, go far away." Epstein had promised me a lot, and I knew if I left I would be in big trouble. I was witness to a lot of illegal and bad behavior by Epstein and his friends. If I left Epstein, he knew all kinds of powerful people. He could have had me killed or abducted, and I knew he was capable of that if I did not obey him. He let me know that he knew many people in high places. Speaking about himself, he said "I can get away" with things. Even as a teenager, I understood what this meant and it scared me, as I believe he intended.*





*15. I visited and traveled*
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*17. When I was with him, E*
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*18. Epstein's code word for se*
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HOUSE_OVERSIGHT_021992

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y people in high places. Speak-
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*15. I visited and traveled with Jeffrey Epstein from 1999 through the summer of 2002, and during that time I stayed with him for sexual activities at each of his houses (or mansions) in locations including New York City, New York; the area of Santa Fe, New Mexico; Palm Beach, Florida; an island in the U.S. Virgin Islands; and Paris, France. I had sex with him often in these places and also with the various people he demanded that I have sex with. Epstein paid me for many of these sexual encounters. Looking back, I realize that my only purposes for Epstein, Maxwell, and their friends was to be used for sex.*

*16. To illustrate my connection to these places, I include four photographs taken of me in New Mexico [see insert page 3 for one of the photographs mentioned]. The first one is a museum in Santa Fe, New Mexico. We had gone sightseeing for the day. Epstein took this picture of me. I was approximately 17 at the time, judging from the looks of it. At the end of the day we returned to Epstein's Zorro Ranch. The second picture is me on one of Epstein's horses on the ranch in New Mexico. The following two are from wintertime in New Mexico.*

*17. When I was with him, Epstein had sex with underage girls on a daily basis. His interest in this kind of sex was obvious to the people around him. The activities were so obvious and bold that anyone spending any significant time at one of Epstein's residences would have clearly been aware of what was going on.*

*18. Epstein's code word for sexual encounters was that it was a "massage." At times the interaction between Epstein and the girls would start in the massage room setting, but it was always a sexual encounter and never just a massage.*



HOUSE_OVERSIGHT_021993

*19. In addition to constantly finding underage girls to satisfy their personal desires, Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would "owe him," they would "be in his pocket," and he would "have something on them." I understood that Epstein thought he could get leniency if he was ever caught doing anything illegal, or that he could escape trouble altogether.*

Roberts submitted her declaration in support of a motion to be added as a plaintiff in a suit (ongoing, as of this writing) that sought to overturn a non-prosecution agreement that Jeffrey Epstein would reach with the government. Roberts was seeking to join a case brought against the government by two other victims, but a judge denied her motion in April of 2015, explaining that the case had already been pending for several years, and it was unneccesary to add an additional plaintiff.

Roberts's declaration, which goes on for another eight pages, and makes twenty-four additional points, was stricken from the record—the judge explained that the "lurid" and "unnecessary details" involving "non-parties" to the lawsuit against the government, were "immaterial and impertinent" to the proceedings.

Through a representative, Ghislaine Maxwell called the allegations against her "obvious lies," after which Roberts filed a defamation suit against Maxwell. In an answer filed in the suit, Maxwell elaborated that Roberts's "story of abuse at the hands of Ms. Maxwell" was "fabricated" for financial gain.



## *Alicia: May 20, 1997*

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* Alicia's name, some identifying

HOUSE_OVERSIGHT_021994

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# CHAPTER 35

## *Alicia: May 20, 1997*

Donald Trump's instincts regarding Jeffrey Epstein were solid. But if the reporters who were beginning to look into Epstein's mysterious background had dug a bit further, there's a chance they would have hit pay dirt as well—and not just in Palm Beach.

In California, for instance, a paper trail already stretched from the Santa Monica Police Department to Epstein's front door.

In the spring—almost the summer—of 1997, a call came in to the police. The young woman who placed it—a young actress who'd appeared on *Baywatch* and *General Hospital*—said she'd been sexually assaulted at a trendy hotel called Shutters on the Beach.

The officer who took the call knew the woman's name—Alicia*—and her voice. A week earlier, she'd told him about an

* Alicia's name, some identifying details, and dialogue have been changed.



HOUSE_OVERSIGHT_021995

encounter with Epstein. The woman had not wanted to make a formal complaint at the time. But she had taken the cop's card, and now he was happy to hear that she'd changed her mind.

In a shaky voice, Alicia described Epstein as a tallish man—five feet eleven or six feet in height was her guess—with gray hair and brown eyes. He was the owner of a large black four-door Mercedes and was a regular at Shutters on the Beach, which was the kind of place that cost one thousand dollars a night and was frequented by actors, agents, and other Hollywood types.

Alicia told the cop that she was a model and actress herself. She'd known Epstein for about a month. They had a friend in common, and she'd sent him her head shots.

Then, through an assistant, Epstein had invited her to meet in his room at the hotel.

*Alicia said she was having reservations,* the officer wrote in his report, *because generally interviews are not conducted in hotel rooms.*

According to her, things turned frightening quickly.

> *She was unsure she was safe because although she wanted to land the job as a 'Victoria's Secret' catalog model she felt as though Epstein was attempting to get her to act in an unprofessional manner for a model.*

Epstein wore navy blue sweatpants and a white T-shirt, she recalled. The T-shirt had the letters *USA* printed on it in patriotic red, white, and blue.

> *Epstein told her to undress and actually assisted her to do so while saying 'let me manhandle you for a second.'*





Then, Alicia told the cop,
*her will while acting as though*
had stopped Epstein, and left
incident.

At the top of his crime
Battery." But Epstein was ne
Santa Monica Police Departme
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attorney, Jack Goldberger, told

"The cops said it'd be my
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HOUSE_OVERSIGHT_021996

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Then, Alicia told the cop, *Epstein groped her buttocks against her will while acting as though he was evaluating her body.* Alicia had stopped Epstein, and left the room, but couldn't get over the incident.

At the top of his crime report, the officer wrote "Sexual Battery." But Epstein was never charged in the incident. "The Santa Monica Police Department discounted every one of [Alicia's] allegations of improper conduct by Jeffrey Epstein and they took no action on this 1997 complaint," Epstein's West Palm Beach attorney, Jack Goldberger, told the *Palm Beach Post* in 2010.

"The cops said it'd be my word against his," Alicia told the paper. "And since he had a lot of money, I let it go. I hadn't thought much about it since, until I saw his picture online. And now, I want everybody to know how much of a creep he's always been."



HOUSE_OVERSIGHT_021997

# CHAPTER 36

## *Graydon Carter: December 2002*

Graydon Carter, the legendary editor of *Vanity Fair,* likes to get to his office early, well before the rest of his staff files in.

Most monthly magazines operate at a leisurely pace—three weeks of coming up with ideas, assigning articles, and shooting the shit in the corporate kitchen followed by one frantic week when all the actual editing gets done. But this isn't the case at *Vanity Fair,* which runs hard-hitting investigative pieces alongside its glitzy celebrity profiles. There are also parties to plan and host—incredibly glamorous parties, including the annual Oscar-night bash, which is more fun and far more exclusive than the Academy Awards ceremony itself. *Vanity Fair* is an old, famous brand. But Carter is its public face, just as Anna Wintour is the face of Condé Nast's iconic fashion magazine, *Vogue.*



One cover of *Vanity F*
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HOUSE_OVERSIGHT_021998

# CHAPTER 36

## 2002

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ic fashion magazine, *Vogue*.





One cover of *Vanity Fair* can turn a minor celebrity into a superstar. And a single thoroughly researched story can bring down a corporate overlord.

Carter's easy to recognize: the pompadour of white hair, like a lion's mane. The Santa Claus body stuffed into an impeccably tailored bespoke suit. He wears his fame lightly. But he could not be more serious about his responsibilities, which are weighing heavily on him this month. Months earlier, he'd assigned a piece to Vicky Ward, an Englishwoman who wrote frequently for *Vanity Fair*. He'd meant for it to be an easy assignment: Ward was pregnant with twins. She wasn't allowed to fly. But here was a story right on her doorstep. A nice, easy profile of Jeffrey Epstein. Who was he, really? Carter knew he threw fabulous parties attended by academics, billionaires, and beautiful women. Recently he'd flown Bill Clinton to Africa. But no one seemed to know how he had made his fortune. Epstein's story reminded the editor of F. Scott Fitzgerald's *The Great Gatsby*.

Carter himself could have stepped out of a novel—though in his case, the author would be Horatio Alger. A Canadian college dropout who'd worked as a railroad lineman, he arrived in New York in his late twenties and commenced an astonishingly quick rise up the social and media ladders. But where Carter was open and outgoing, Epstein really was Gatsby-like—very little about him was known. Maybe, Carter thought, Ward could find out. What did Epstein do, exactly, for money? Why was he so secretive? Why were so many brilliant and powerful men drawn to him? And where did those beautiful women come from?

Almost immediately, Epstein began a campaign to discredit Ward. He prevailed upon Conrad Black, the press baron and



HOUSE_OVERSIGHT_021999

Epstein's Palm Beach neighbor—who was also a step-uncle of Vicky Ward's husband—to ask Ward to drop the story. But Ward was tenacious, and what she came back with was dynamite. More interesting and much more salacious than anything Carter had imagined.

Now Carter's staff was putting in the hours it would take to confirm all the things she'd uncovered, picking the ones they could publish and laying them all out in a narrative that would be no less explosive than the facts it contained.



## *Vicky Ward: October*

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# CHAPTER 37

## *Vicky Ward: October 2002*

Epstein went out of his way to spin the *Vanity Fair* story to his own ends, and soon after she got the assignment, Vicky Ward's phone began to ring off the hook: calls from Ace Greenberg and Jimmy Cayne, the current head of Bear Stearns; from Les Wexner; from academics, scientists, and movers and shakers who counted Epstein among their friends.

Then there were the calls from Epstein himself. He wouldn't go on the record, but despite the rumors he'd spread behind Ward's back, he was happy to talk informally, even give her a tour of his Manhattan mansion and trot out stories that he had dined out on for years. By most accounts, Epstein could be extremely charming—even if it had taken Ghislaine to teach him which forks to use when—and he did his best to charm Vicky Ward. But she was not easily seduced, and she turned out to have a keen eye for Epstein's missteps.



HOUSE_OVERSIGHT_022001

Over tea in his town house, she noticed, Epstein ate all the finger food that had been put out for both of them. She found it odd that the only book this supposedly brilliant man had left for her to see was a paperback by the Marquis de Sade. And then there was the call afterward from one of Epstein's assistants—a woman Ward did not know—who told her, "Jeffrey wanted me to tell you that you looked so pretty."

Ward is pretty, with fine English features and flowing blond hair. She was also *very* pregnant then, with a bad case of morning sickness. She threw up often, sometimes in public, and these clumsy advances on Epstein's part only added to her ever-present nausea. For a man who was supposedly brilliant, he'd struck her, oddly, as not very *smart*.

"Epstein is charming, but he doesn't let the charm slip into his eyes," she wrote. "They are steely and calculating, giving some hint at the steady whir of machinery running behind them. 'Let's play chess,' he said to me, after refusing to give an interview for this article. 'You be white. You get the first move.' It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole."

The testimonials Epstein's friends gave were glowing: "I think we both possess the skill of seeing patterns," Les Wexner told her. "Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are



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not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

"I'm on my 20th book," said Alan Dershowitz, who'd met Epstein in 1997. "The only person outside of my immediate family that I send drafts to is Jeffrey."

But Ward also talked to other sources, who had their own questions and qualms about Jeffrey Epstein. Some were involved in lawsuits against him. Others had served on prestigious boards with him. One who had witnessed Epstein's aborted stint on the board of Rockefeller University called him arrogant.

One powerful investment manager wondered about Epstein's conspicuous absence from New York's trading floors. "The trading desks don't seem to know him," he says. "It's unusual for animals *that* big to not leave any footprints in the snow."

Ward uncovered legal documents, including Epstein's interview with the SEC, given in the wake of his departure from Bear Stearns. She visited a federal prison in Massachusetts and spoke at length with Steven Hoffenberg, who told her that Epstein had made a major mistake in taking Bill Clinton to Africa. "I always told him to stay below the radar," Hoffenberg said. He made other accusations, about Epstein's financial practices, which Epstein denied—and Ward knew that Hoffenberg, the Ponzi-scheme mastermind, was not to be trusted. But she did find it strange that throughout the reporting process Epstein was much less openly concerned with what she'd found out about his finances than with what she'd uncovered about his dealings with women.

Time and again, he would call and ask her: "What do you have on the *girls*?"



HOUSE_OVERSIGHT_022003

* * *

One young woman Ward talked to had been invited by Ghislaine Maxwell to attend a party at Epstein's town house. There, the woman had noticed, female guests far outnumbered the male guests. "These were not women you'd see at Upper East Side dinners," the woman had said. "Many seemed foreign and dressed a little bizarrely."

"This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models," Ward wrote. "'Some of the guests were horrified,' the woman says."

Another source, one who had worked with Epstein, said, "He's reckless, and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."



*Vicky Ward: Novembe*

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# CHAPTER 38

## *Vicky Ward: November 2002*

What I had 'on the girls,'" Ward explained in a *Daily Beast* article published after Epstein's arrest, "were some remarkably brave first-person accounts. Three on-the-record stories from a family: a mother and her daughters who came from Phoenix. The oldest daughter, an artist whose character was vouchsafed to me by several sources, including the artist Eric Fischl, had told me, weeping as she sat in my living room, of how Epstein had attempted to seduce both her and, separately, her younger sister, then only 16."

Ward had written it all down in her notes. She had crossed the t's, dotted the i's.

But when she called Epstein to get his response, he denied the allegations completely.

"Just the mention of a 16-year-old girl," Epstein told her,



HOUSE_OVERSIGHT_022005

"carries the wrong impression. I don't see what it adds to the piece. And that makes me unhappy."

If some sort of criminal investigation had taken place, that would have been one thing. But, at that time, no criminal investigation into Epstein's affairs had been launched. And in the absence of an investigation, the rumors of Epstein's dealings with very young women seemed to be just that—rumors.

Graydon Carter consulted his lawyers, his editors, and his fact-checkers. And then something odd and disturbing happened at the Condé Nast building, then in Times Square.

As usual, Carter had come into the office early. He swiped his key card in the lobby, pressed the elevator button, and arrived in the hallway outside the reception area on the twenty-first floor.

It would have been a perfect time to review Ward's story.

Her description of Epstein's town house—which is said to have been the largest private residence in New York City at the time—was priceless: "Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu," she'd written. "This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries. The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet . . . but the host coyly refuses to tell visitors who painted it. In any case,

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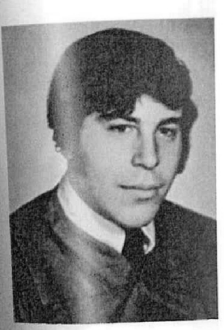

Jeffrey Epstein, Coney Isl
circa 1969 (*Anonym*

HOUSE_OVERSIGHT_022006

# CHAPTER 52

## *Jeffrey Epstein: June 30, 2008*

The Palm Beach County Main Detention Center is on the west side of Lake Worth Lagoon, which separates West Palm Beach from the island of Palm Beach. Epstein's home on El Brillo Way is five miles to the east. Mary's high school is several miles to the west.

It's fitting, somehow, that this jail—which is the jail Epstein ends up in, after turning himself in to the local sheriff—lies in between the two points.

The detention center's inmates, their families, and their lawyers call it the Gun Club, a reference not only to the jail's address, on Gun Club Road, but also to its population of hustlers, burglars, drug dealers, rapists, and murderers. There's the occasional hooker as well. And, from time to time, Haitian refugees are lodged there.

There are three thousand inmates in all.



HOUSE_OVERSIGHT_022007

Some wait a year before making their way to the courthouse, their date with the public defender, and an appearance before the judge. Some get out much sooner, if only they can make bail. But there's no bail without money—or at least collateral—and, of course, being without money is often what lands people in jail in the first place.

Jeffrey Epstein could have posted bail for every single inmate in the Gun Club.

But that's just one of the ways in which Epstein is unlike his fellow inmates. He's an admitted pedophile now. Even a famous one.

And, famously, pedophiles tend to fare poorly in jail.

Luckily for Epstein, Ric Bradshaw, the sheriff in charge of local jails, transfers Epstein to the infirmary, where he spends exactly one night before being transferred seven miles up the road to a much smaller, safer location: the Palm Beach County *Central* Detention Center—or, as it's known, the Stockade.

"It's not somewhere we'd put a serial killer," Ric Bradshaw says.

Most of the residents here are addicts who take part in drug education programs, prostitutes, petty criminals, and drunks. It's a far safer place for Epstein to be, and, unlike other inmates (except, of course, those being held in solitary), he'll end up with his own cell, even his own wing, which he has to himself. Epstein's allowed to pay for a security guard, who sits outside the cell and keeps watch. And he's allowed any number of visitors.

For a convicted felon, it's an extraordinary benefits package.

But according to Sheriff Bradshaw, who also oversees the Stockade, Epstein is incredulous over the treatment he is receiving.

"He was astonished that he had to go to prison at all," Bradshaw remembers.

"Let's just say he didn't think he belonged there."



*Sheriff Ric Bradshaw: June*

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# CHAPTER 53

## *Sheriff Ric Bradshaw: June 2015*

"Our job," says Ric Bradshaw, "was to make sure nobody killed him."

Sheriff Bradshaw could have stepped off the set of a Western. Imposingly tall, with his cowboy hat, Kurt Russell mustache, and slow, southern drawl, he looks *exactly* like an old-school law officer—the kind you once would have found patrolling the streets of Tombstone, Deadwood, or Dodge City. He's been a lawman for forty-four years, eleven of which have been spent as the head of the county's jails. As a rule, he doesn't talk to the media, and today, as he talks about Jeffrey Epstein, he's clearly uncomfortable, fidgety, and ill disposed.

But here in his wood-paneled office on the first floor of the Gun Club, Bradshaw remembers Epstein quite well.

"We have a thousand sexual predators in the county," he says. "When he arrived here, he was one of them. He definitely



HOUSE_OVERSIGHT_022009

fit the category we have to ensure the general population is not going to take their anger out on."

Although he understands that Epstein is a sex offender and has a sense of the scope of his alleged crimes, Bradshaw's also aware that the actual *conviction* was for a "low-level felony." At the request of Epstein's attorneys—a request that is confirmed by a court order—Epstein is quickly granted "work release."

What it means in practice is that six days a week, for up to sixteen—sixteen!—hours each day, Epstein is allowed to leave the Stockade to be driven by a designated driver in a car earmarked especially for him to any one of three places: his lawyer Jack Goldberger's office in downtown West Palm Beach, the Palm Beach office of a science foundation that he's established, and his house on El Brillo Way.

Despite the ankle bracelet he wears, it could be argued that as a fabulously rich prisoner with two of his own jets parked nearby, at the Palm Beach International Airport, Epstein might have posed a flight risk.

Instead, every day of the week save one, he's allowed to go to his lawyer's, to go to his office, or simply to go home.

Did the deputy in charge of Epstein go to the house on El Brillo Way?

Ric Bradshaw considers the question.

"Yes," he says, "he did."

Did the deputy go inside the house?

"Yes, he did."

If so, the deputy might have encountered Nadia Marcinkova, who was staying on El Brillo Way at the time. He may also have





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That would be Jean-Luc E

For the duration of Jeffre
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That would be Jean-Luc Brunel.

For the duration of Jeffrey Epstein's stay—or half stay—in the Stockade, Brunel's taken up residence in the house on El Brillo Way.



HOUSE_OVERSIGHT_022011

# CHAPTER 54

## *Jeffrey Epstein: June 30, 2008–July 21, 2009*

According to Sheriff Ric Bradshaw, the treatment Jeffrey Epstein received in the Stockade was not preferential. By some measures, he isn't wrong.

In 2010, millionaire polo mogul John Goodman killed a young man while driving drunk. He was convicted but was allowed to spend two years under house arrest while his appeal was being tried.

Like Epstein, Goodman was allowed visitors. But Goodman's visitor list was nothing like Jeffrey Epstein's.

Nadia Marcinkova is said to have visited Epstein in jail more than seventy times.

Epstein's assistant Sarah Kellen also visited Epstein in the Stockade.

A Russian mixed martial artist named Igor "Houdini" Zinoviev was another visitor, as was a disbarred lawyer and financial





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Sheriff Bradshaw wants
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But even US attorney Acos
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"Epstein appears to have
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# CHAPTER 54

*2008–July 21, 2009*

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Sheriff Bradshaw wants to be clear: none of these visits was conjugal.

But even US attorney Acosta, who negotiated Epstein's unusual agreement with the government, would say that Epstein's arrangement was highly irregular.

"Epstein appears to have received highly unusual treatment while in jail," Acosta would say in a letter addressed to the general public. "Although the terms of confinement in a state prison are a matter appropriately left to the state of Florida and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence."

And, of course, Epstein's stay at the Stockade was subsidized by taxpayers.



HOUSE_OVERSIGHT_022013

# CHAPTER 55

## *R. Alexander Acosta's letter to the general public, March 20, 2011*

To whom it may concern:

I served as U. S. Attorney for the Southern District of Florida from 2005 through 2009. Over the past weeks, I have read much regarding Mr. Jeffrey Epstein. Some appears true, some appears distorted. I thought it appropriate to provide some background, with two caveats: (i) under Justice Department guidelines, I cannot discuss privileged internal communications among department attorneys and (ii) I no longer have access to the original documents, and as the matter is now nearly 4 years old, the precision of memory is reduced.

The Epstein matter was originally presented to the Palm Beach County State Attorney. Palm Beach Police alleged that Epstein unlawfully hired underage high-





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# CHAPTER 55

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school females to provide him sexually lewd and erotic massages. Police sought felony charges that would have resulted in a term of imprisonment. According to press reports, however, in 2006 the State Attorney, in part due to concerns regarding the quality of the evidence, agreed to charge Epstein only with one count of aggravated assault with no intent to commit a felony. That charge would have resulted in no jail time, no requirement to register as a sexual offender and no restitution for the underage victims.

Local police were dissatisfied with the State Attorney's conclusions, and requested a federal investigation. Federal authorities received the State's evidence and engaged in additional investigation. Prosecutors weighed the quality of the evidence and the likelihood for success at trial. With a federal case, there were two additional considerations. First, a federal criminal prosecution requires that the crime be more than local; it must have an interstate nexus. Second, as the matter was initially charged by the state, the federal responsibility is, to some extent, to back-stop state authorities to ensure that there is no miscarriage of justice, and not to also prosecute federally that which has already been charged at the state level.

After considering the quality of the evidence and the additional considerations, prosecutors concluded that the state charge was insufficient. In early summer 2007, the prosecutors and agents in this case met with Mr. Epstein's attorney, Roy Black. Mr. Black is perhaps best known for his successful defense of William



HOUSE_OVERSIGHT_022015

Kennedy Smith. The prosecutors presented Epstein a choice: plead to more serious state felony charges (that would result in 2 years' imprisonment, registration as a sexual offender, and restitution for the victims) or else prepare for a federal felony trial.

What followed was a year-long assault on the prosecution and the prosecutors. I use the word assault intentionally, as the defense in this case was more aggressive than any which I, or the prosecutors in my office, had previously encountered. Mr. Epstein hired an army of legal superstars: Harvard Professor Alan Dershowitz, former Judge and then Pepperdine Law Dean Kenneth Starr, former Deputy Assistant to the President and then Kirkland & Ellis Partner Jay Lefkowitz, and several others, including prosecutors who had formerly worked in the U.S. Attorney's Office and in the Child Exploitation and Obscenity Section of the Justice Department. Defense attorneys next requested a meeting with me to challenge the prosecution and the terms previously presented by the prosecutors in their meeting with Mr. Black. The prosecution team and I met with defense counsel in Fall 2007, and I reaffirmed the office's position: two years, registration and restitution, or trial.

Over the next several months, the defense team presented argument after argument claiming that felony criminal proceedings against Epstein were unsupported by the evidence and lacked a basis in law, and that the office's insistence on jail-time was motivated by a zeal to overcharge a man merely because he is wealthy. They bolstered their arguments with legal opinions from





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well-known legal experts. One member of the defense team warned me that the office's excess zeal in forcing a good man to serve time in jail might be the subject of a book if we continued to proceed with the matter. My office systematically considered and rejected each argument, and when we did, my office's decisions were appealed to Washington. As to the warning, I ignored it.

The defense strategy was not limited to legal issues. Defense counsel investigated individual prosecutors and their families, looking for personal peccadilloes that may provide a basis for disqualification. Disqualifying a prosecutor is an effective (though rarely used) strategy, as eliminating the individuals most familiar with the facts and thus most qualified to take a case to trial harms likelihood for success. Defense counsel tried to disqualify at least two prosecutors. I carefully reviewed, and then rejected, these arguments.

Despite the army of attorneys, the office held firm to the terms first presented to Mr. Black in the original meeting. On June 30, 2008, after yet another last minute appeal to Washington D.C. was rejected, Epstein pled guilty in state court. He was to serve 18 months imprisonment, register as a sexual offender for life, and provide restitution to the victims.

Some may feel that the prosecution should have been tougher. Evidence that has come to light since 2007 may encourage that view. Many victims have since spoken out, filing detailed statements in civil cases seeking damages. Physical evidence has since been discovered. Had these additional statements and evidence been known,



HOUSE_OVERSIGHT_022017

the outcome may have been different. But they were not known to us at the time.

A prosecution decision must be based on admissible facts known at the time. In cases of this type, those are unusually difficult because victims are frightened and often decline to testify or if they do speak, they give contradictory statements. Our judgment in this case, based on the evidence known at the time, was that it was better to have a billionaire serve time in jail, register as a sex offender, and pay his victims restitution than risk a trial with a reduced likelihood of success. I supported that judgment then, and based on the state law as it then stood and the evidence known at the time, I would support that judgment again.

Epstein's treatment, while in state custody, likewise may encourage the view that the office should have been tougher. Although the terms of confinement in a state prison are a matter appropriately left to the State of Florida, and not federal authorities, without doubt, the treatment that he received while in state custody undermined the purpose of a jail sentence.

Some may also believe that the prosecution should have been tougher in retaliation for the defense's tactics. The defense, arguably, often failed to negotiate in good faith. They would obtain concessions as part of a negotiation and agree to proceed, only to change their minds, and appeal the office's position to Washington. The investigations into the family lives of individual prosecutors were, in my opinion, uncalled for, as were the accusations of bias and/or misconduct against individual prosecutors.





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At times, some prosecutors felt that we should just go to trial, and at times I felt that frustration myself. What was right in the first meeting, however, remained right irrespective of defense tactics. Individuals have a constitutional right to a defense. The aggressive exercise of that right should not be punished, nor should a defense counsel's exercise of their right to appeal a U.S Attorney to Washington D.C. Prosecutors must be careful not to allow frustration and anger with defense counsel to influence their judgment.

After the plea, I recall receiving several phone calls. One was from the FBI Special Agent-In-Charge. He called to offer congratulations. He had been at many of the meetings regarding this case. He was aware of the tactics of the defense, and he called to praise our prosecutors for holding firm against the likes of Messrs. Black, Dershowitz, Lefkowitz and Starr. It was a proud moment. I also received calls or communications from Messrs. Dershowitz, Lefkowitz and Starr. I had known all three individuals previously, from my time in law school and at Kirkland & Ellis in the mid 90s. They all sought to make peace. I agreed to talk and meet with each of them after Epstein pled guilty, as I think it important that prosecutors battle defense attorneys in a case and then move on. I have tried, yet I confess that this has been difficult to do fully in this case.

The bottom line is this: Mr. Jeffrey Epstein, a billionaire, served time in jail and is now a registered sexual offender. He has been required to pay his victims restitution, though restitution clearly cannot compensate for the crime. And



HOUSE_OVERSIGHT_022019

we know much more today about his crimes because victims have come forward to speak out. Some may disagree with prosecutorial judgments made in this case, but those individuals are not the ones who at the time reviewed the evidence available for trial and assessed the likelihood of success.

Respectfully,
R. Alexander Acosta
Former U.S. Attorney
Southern District of Florida



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R. Alexander Acosta
Former U.S. Attorney
Southern District of Florida



# PART VI

## Aftermath

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# CHAPTER 56

## *Jeffrey Epstein: July 2009*

Jeffrey Epstein walks out of the Stockade on July 21, 2009, having served less than thirteen months of his eighteen-month sentence. One of the concessions his lawyers have gotten while working out his plea-deal guarantees is that the media not be alerted to the time and day of his departure.

But from now on, Epstein, who is fifty-six, will carry the mark of a level 3 sex offender—level 1 being the lowest, and level 3 indicating the highest possible risk of a future criminal act of a sexual nature. Wherever he goes, he will be forced to register as such.

Every ninety days, Epstein will have to check in with the authorities. Every year, the New York City Police Department will take his mug shot. And for a full year, Epstein will be under house arrest in Palm Beach.

This last prohibition doesn't stop him from flying, with court



HOUSE_OVERSIGHT_022022

approval, on his own planes to New York and to Little Saint Jeff's, where the locals have taken to referring to Epstein's 727 as the Lolita Express.

There are other restrictions, of course, that Epstein is supposed to abide by. He has to provide the state of Florida with a list of all the motor vehicles, boats, and airplanes he owns. The full list includes two Escalades, six Suburbans, two Ford F-150s, two Harley-Davidsons, a Land Rover, a Hummer H2, a thirty-four-foot JVC boat, and a thirty-five-foot Donzi powerboat.

Three of his five planes turn out to be registered to a company called Air Ghislaine, Inc.

As a registered sex offender, Epstein is legally obliged to undergo psychiatric treatment. This is a restriction he'll get around by having his own psychologist submit a report to law enforcement officers.

Epstein is also prohibited from accessing pornography on the Internet and using social networking for sexual purposes.

For Jeffrey Epstein, there will be no Bangbros, Tinder, or Swingles.com.

There *will* be lawsuits.

Six weeks before probation ends, he settles with seven women who sue him in civil court. But Epstein can easily afford the settlement payments. He won't be going back to jail, and in regard to further prosecution for any criminal actions, his troubles are behind him.

Not everyone who's spent time in his company will be so lucky.



*Alfredo Rodriguez: Aug*

Epstein's houseman, Al
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# CHAPTER 57

## *Alfredo Rodriguez: August 2009*

Epstein's houseman, Alfredo Rodriguez, also ends up with a prison sentence.

In a sworn statement, Rodriguez talks about Epstein's maid, Lupita, who had complained to him about having to clean up after Epstein's "massages." Lupita, who was a devout Catholic, had cried as she described the stained towel and sex toys.

Rodriguez was fired by Epstein, he says, when he called 911 after seeing a strange car—a "beater"—in Epstein's driveway.

As it turned out, the car had belonged to one of Epstein's masseuses.

On his way out of the house on El Brillo Way, he took some of Epstein's papers, which he failed to produce when questioned by Chief Reiter's investigators.

For years, Rodriguez tried and failed to find work as a house manager. No one wanted to hire someone who'd worked for



HOUSE_OVERSIGHT_022024

Jeffrey Epstein. Finally, desperately, he tried to sell the information he'd stolen.

The papers named underage girls and the places where Epstein had taken them. The list included locations in California, Paris, New Mexico, New York, and Michigan. The papers also included the names, addresses, and phone numbers of famous individuals—Henry Kissinger, Mick Jagger, Dustin Hoffman, Ralph Fiennes, David Koch, Ted Kennedy, Donald Trump, Bill Richardson, Bill Clinton, and former Israeli prime minister Ehud Barak among them.

This was intriguing, if not at all damning. Epstein made a habit of collecting such information for future use. But information pertaining to the girls would have bolstered the state's case against Jeffrey Epstein, and by withholding it from the Palm Beach PD and the FBI, Rodriguez had committed a crime.

In his defense, Rodriguez would say that the papers were an "insurance policy." Without them, he believed, Epstein would have made him "disappear."

But now Rodriguez needed the money. And so a few weeks after Epstein's release from the Stockade, he approached a lawyer who was representing some of Epstein's masseuses. He had the "holy grail," he insisted. A "golden nugget." The names of hundreds of girls, he said, who had been abused by Epstein.

The lawyer told Rodriguez in no uncertain terms that he was obliged to turn whatever he had over to the authorities. By demanding money for the information, Rodriguez was committing another crime.

According to a sworn statement by Christina Pryor, a special agent with the FBI, Rodriguez "persisted that he would only turn over the information in his possession in exchange for $50,000."





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Two months later, on October 28, the lawyer called Rodriguez, who insisted once more on being paid for the information. The lawyer told him that an associate would be in touch.

What the lawyer knew and Rodriguez did not know was that the associate in question was an undercover employee (UCE) of the FBI. A few days later, on November 2, the UCE calls Rodriguez and sets up a meeting, which takes place the following day.

"During the meeting, Rodriguez produced a small bound book and several sheets of legal pad paper containing handwritten notes," Special Agent Pryor would say in her statement. She continues:

> *Rodriguez explained that he had taken the bound book from his former employer's residence while employed there in 2004 to 2005 and that the book had been created by persons working for his former employer. Rodriguez discussed in detail the information within the book and identified important information to the UCE. In addition, Rodriguez admitted he had previously lied to the FBI. Rodriguez asked the UCE about the $50,000, took possession of the money, and began counting it.*
>
> *Rodriguez was then detained for Obstruction of Official Proceedings, Title 18, U.S. Code, Section 1512(c), and questioned. After Miranda warnings were administered by agents, Rodriguez waived his rights and signed a written waiver of those rights. Rodriguez admitted that he had the documents and book in his possession and had never turned them over to local law enforcement or the FBI. In addition, Rodriguez*



HOUSE_OVERSIGHT_022026

*advised he had witnessed nude girls whom he believed were underage at the pool area of his former employer's home, knew that his former employer was engaging in sexual contact with underage girls, and had viewed pornographic images of underage girls on computers in his employer's home. Rodriguez was then released from custody for further investigation.*

*The items that Rodriguez had attempted to sell to the UCE for $50,000.00 were reviewed by an agent familiar with the underlying criminal investigation. As Rodriguez had described, the items contained information material to the underlying investigation that would have been extremely useful in investigati[ng] and prosecuting the case, including the names and contact information of material witnesses and additional victims. Had those items been produced in response to the inquiries of the state law enforcement officers or the FBI Special Agents, their contents would have been presented to the federal grand jury.*

Following his release, Alfredo Rodriguez was arrested again. He appeared in court on June 18, 2010, facing charges of corruptly concealing records and documents. Dressed in a blue jumpsuit and shackles, he apologized for his crimes and asked the court to be merciful.

He received a sentence of eighteen months.

It was the same punishment that Jeffrey Epstein had gotten for his crimes. But unlike Epstein, Alfredo Rodriguez served his time in a federal prison and did not ask for, or receive, permission to go on work release.



## *Prince Andrew: 2011*

Prince Andrew also fares
imprisonment.

The two men are old f
Ghislaine Maxwell introduced
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The prince had also visited
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According to the *Guardian*,
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# CHAPTER 58

## *Prince Andrew: 2011*

Prince Andrew also fares poorly in the wake of Epstein's imprisonment.

The two men are old friends. They have been ever since Ghislaine Maxwell introduced the prince to her then-beau, sometime in the 1990s. In 2000, Epstein had been invited to Windsor Castle to celebrate the queen's birthday. Six months later, Epstein flew to Sandringham, the queen's estate in Norfolk, England, for a party Prince Andrew threw for Ghislaine's thirty-ninth birthday.

The prince had also visited Epstein on several occasions, in Palm Beach as well as in New York. And if allegations Virginia Roberts made in her 2015 declaration are to be believed, Epstein asked her to give the prince whatever he required, then report back with the details.

According to the *Guardian,* Epstein and the prince had partied together at Windsor Castle, in Saint-Tropez, and in Thailand,



HOUSE_OVERSIGHT_022028

where "Andrew was pictured on a yacht surrounded by topless women."

According to Roberts's lawsuit, Epstein had forced her into the prince's bed on Little Saint Jeff's.

After Epstein's conviction, the British press were using another name for Little Saint Jeff's: Sex Island. The *Guardian* reported that the manager of two Virgin Islands–based corporations owned by Epstein happened to be the wife of the governor of the Virgin Islands. There were allegations involving a million-dollar donation that Epstein had made to the governor's reelection campaign. And then there was Roberts's claim that she had been forced to have sex with the prince on the island as well as in New York and in London.

Invariably, the photograph of Prince Andrew with his arm around the bare midriff of a very young-looking Virginia Roberts ran with stories that appeared in the tabloids.

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship" with Roberts, Buckingham Palace spokespersons would say. "The allegations made are false and without any foundation."

The prince's ex-wife, Sarah Ferguson, the Duchess of York, while on a skiing trip with the prince and their daughter Eugenie in Switzerland, told reporters, "He is the greatest man there is. It was the finest moment of my life in 1986 when I married him. He is a great man, the best in the world."

"I won't stand by—because I know what it feels like to have salacious lies made up about you—and not support him so publicly because they are just shockingly accusatory allegations,





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said a former aide to the princ
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Despite all this, the prince had
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Some few months before it
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"Once again," she said aft
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Prince Andrew had had his
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which I don't think is right," she said a few days later when interviewed by *Today* host Matt Lauer. "It's a defamation of character, and as a great father and a humongously good man and all the work he does for Britain I won't stand by and let him have his character defamed to this level."

But at the same time, a certain schadenfreude attended the good man's fall from grace, and former associates kept coming out of the woodwork to dish to the press.

"I've seen him treat his staff in a shocking, appalling way," said a former aide to the prince. "He's been incredibly rude to his personal protection officers, literally throwing things on the ground and demanding they 'fucking pick them up.' No social graces at all. Sure, if you're a lady with blond hair and big boobs, then I bet he's utterly charming."

Despite all this, the prince had stuck by Epstein. There was even a photo, frequently trotted out by the tabloids, of the two of them strolling in Central Park.

Some few months before it was taken, a reporter posing as a businessman had secretly taped Sarah Ferguson's demand for five hundred thousand pounds in return for access to the prince.

"If you want to meet him in your business," she'd said then, "look after me, and he'll look after you. You'll get it back tenfold."

"Once again," she said afterward, "my errors have compounded and rebounded and also impacted on the man I admire most in the world: the Duke."

Prince Andrew had had his troubles already—with shady real estate deals, sticky romances, highly embarrassing document dumps (courtesy of Julian Assange and WikiLeaks), and



HOUSE_OVERSIGHT_022030

questionable ties to Tunisian oligarchs, corrupt presidents of former Soviet republics, and Mu'ammar Gadhafi, among other entanglements, many of which were explored in a *Vanity Fair* article headlined THE TROUBLE WITH ANDREW.

"The duke has a record of being loyal to his friends," a "royal source" told *Vanity Fair*'s Edward Klein. "Take his feelings for Sarah Ferguson. If you are a prince and you bring a woman into the royal life and, for whatever reasons, she's spit out, you might have feelings of debt toward her. The duke feels that she's been spattered and rejected. His close relationship with the Duchess of York is problematic, and there have been many problems over the last 5 to 10 years, all of which stem from the duchess. Some of the behavior of the duchess is inconsistent with being married to, or an ex-wife of, the duke. There's no question but that Sarah's been a financially self-destructive element in the duke's life."

"The same kind of loyalty manifested itself last December, when the duke visited Epstein at his home in New York," said a spokesperson for Buckingham Palace. "Epstein was a friend of the duke's for the best part of 20 years. It was the first time in four years that he'd seen Epstein. He now recognizes that the meeting in December was unwise."

"Don't expect to see a photo of the two of them together," another "royal source" would say.

But one more story about the prince's dealings with Jeffrey Epstein had already emerged.

At a dinner party at Epstein's town house, the prince dished about the wedding of his nephew Prince William to Kate Middleton.

"He was amused that his dinner companions were so inter-



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ested in every detail," a guest in attendance told a *New York Post* gossip columnist. "What would Kate wear, what would the Queen wear, would his ex-wife Sarah Ferguson be invited?"

Other guests in attendance that night included Chelsea Handler, George Stephanopoulos, Charlie Rose, Katie Couric, and Woody Allen.

At around the same time, Jeffrey Epstein told the *New York Post,* "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel."

Was it so remarkable that Prince Andrew would have been seen in Epstein's company? Andrew's philandering had been tabloid fodder for years. Randy Andy, they called him in the UK. And in the circles that Jeffrey Epstein moved in, philandering wasn't seen as a vice. Epstein came of age just as industrywide deregulation took hold on Wall Street. Junk bonds were king. Call girls were charging ten thousand dollars a night. And in the shadows, you'd see things that would have made Caligula blush. Sights that would make Nero himself reach for the nearest fire extinguisher. When the urge presented itself, the new super rich didn't have to swap wives.

They could simply swap harems.

By the same token, was it so very strange to think that a man like the prince would have grown so detached from reality—insofar as *reality* is even a word that applies to a prince? Was it odd that he thought it was absolutely fine to be seen by photographers strolling through Central Park with a registered sex offender—when at the time large swaths of the financial, banking, and trading industries were characterized by their very



HOUSE_OVERSIGHT_022032

detachment from day-to-day concerns such as morality, ethics, and appearances?

As for Jeffrey Epstein, one question that might be worth asking is, if he's in fact a narcissist and megalomaniac, could he actually believe that he's *innocent*? Then again, that might be the wrong question. Epstein did plead guilty, after all. But what if he simply doesn't see what he pleaded to as a crime? What if he's *proud* of his lifestyle? And if that's the case, why *wouldn't* Prince Andrew be proud to be seen in public with his dear friend Jeffrey Epstein?

What if, for people like Epstein and the prince, it's just servants and masters, the way of the world? They're natural winners—*aristocrats*, after all—and if life were fair, well, how would we know who the real winners are?



*Anna Salter: Novembe*

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# CHAPTER 59

## *Anna Salter: November 2015*

Why do powerful men do the things that Jeffrey Epstein and Prince Andrew have been accused of doing?

Dr. Anna Salter studies child sex offenders professionally. Educated at Harvard, with a graduate degree in clinical psychology, she spoke, with the benefit of hindsight, about Jeffrey Epstein and others like him from her office in Madison, Wisconsin.

"Consider a car," says Dr. Salter. "There's a motor, and there are brakes. We all have sexual impulses we don't think it would be a good idea to act on. Most of us have good control over our behavior. We have good brakes.

"Sexual offenses and inappropriate sexual behavior are sometimes the result of a bad motor—for example, an attraction to prepubescent children or eleven-to-fourteen-year-old pubescent children as opposed to postpubescent individuals. But they are always the result of bad brakes.



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"Antisocial psychopaths don't have brakes at all."

Dr. Salter has never met Epstein, but she's followed his case closely and finds him a familiar type. She's especially struck by the singular nature of the relationship between powerful, wealthy men and vulnerable, underage women.

"[The men] are more impressive to a fourteen-year-old [girl] than to, say, an adult young woman who is self-supporting and feels more sure of herself," she explains.

"They are attracted to what they call freshness—barely budding sexuality and lack of sexual experience. The difference between them and their victims feeds their ego.

"Great wealth and access are generally factors that make men feel they are entitled to whomever and whatever they want. Some have narcissistic personalities with inflated self-images. And of course, great wealth and status make such men think they can get away with it. Too often, they're right."

On the other hand, Dr. Salter believes that certain conditions, such as the ones exhibited by Jeffrey Epstein, might be an inborn character trait.

Personality can be influenced, sometimes quite heavily, by genetics.

"Virtually no one believes anymore that humans are born a totally blank slate," she explains.

"We arrive with temperamental and personality variations that, of course, the environment can often, but not always, influence. We arrive with baggage."

Is Epstein a born psychopath, then?

"*Psychopathy* is the umbrella term for individuals who do not have a conscience. Pyschopaths are often narcissistic, but narcissists are often not psychopathic. Some individuals who prey





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on young girls delude themselves into thinking that the abuse will not harm the child. They have a conscience, but they have medicated it with thinking errors. Others are flat-out psychopathic and simply don't care if it hurts the young girl or not. I can't say anything about Epstein, as I have not evaluated him, but narcissism and psychopathy are concepts an evaluator would look at concerning anyone who was sexually attracted to postpubescent individuals but who then began to focus on younger teens.

"Psychopaths are often superficially charming, high-stimulus seekers who are bored if not doing something. They lie, con, and manipulate. They do not establish deep affective ties.

"They are callous and remorseless individuals who simply don't feel bad about harming someone.

"Rules don't apply to them because they are exceptional. They are sure they won't get caught."



HOUSE_OVERSIGHT_022036

# CHAPTER 60

## *Jeffrey Epstein: July 2010*

Jeffrey Epstein was done with jail, but he wasn't done settling suits brought by his victims. Under the conditions of his non-prosecution agreement, he's even paid for the victims' lawyers. Still, Epstein's NPA seemed to ensure that he would not be prosecuted again for his crimes. Double jeopardy was working in Epstein's favor. But in July of 2010, reports began to appear in the press: federal investigators were following other leads—leads that could result in child-trafficking charges and a twenty-year sentence.

The Florida attorney general's office refused to comment. It was against policy to confirm or deny the existence of an ongoing investigation. One of Epstein's lawyers told the *Daily Beast* that he had no knowledge of such an investigation. "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach," Jack



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# CHAPTER 60

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Goldberger said. "There are no pending civil lawsuits. There are not and should not be any pending investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

If there was an investigation, nothing had come of it yet. For the moment, Epstein was free—free to turn his attention, again, to intellectual pursuits. He launched a website, JeffreyEpsteinScience.com, that featured blog posts such as "Conversations with Jeffrey Epstein," "The Value of Quantum Computation to Jeffrey Epstein," "Why Evolutionary Biology Intrigues Jeffrey Epstein," and "An Understanding of Theoretical Physics from Jeffrey Epstein." The latter post began: "This is where Jeffrey Epstein takes you to the very cutting edge of the frontiers of knowledge to explore and discuss our basic understanding of the subtle, simple, and hidden [qualities] that lie beneath . . . our universe."

"Jeffrey doesn't know shit about science," says Stuart Pivar, the art collector who has known Epstein for more than three decades. "Does he like to act like he does? Yes. But he doesn't. But as far as these academic scientists—without people like him they wouldn't have any money."

Other friends of Epstein's say that he truly did have a brilliant mind for science. And in any case, Epstein had done more than sponsor individual scientists. He'd also sponsored conferences on Little Saint Jeff's. On his website, he announced a conference called Mindshift at which Nobel laureates, such as the theoretical physicist Murray Gell-Mann, would mix with surgeons, engineers, and futurists and where professors would



HOUSE_OVERSIGHT_022038

discuss cognitive neuroscience, artificial intelligence, systems of encryption and decryption, and other topics.

Epstein had been hosting get-togethers like this for years. Toward the end of Chief Reiter's investigation, in March of 2006, Epstein had hosted twenty top physicists—including three Nobel Prize winners as well as the celebrity physicist Stephen Hawking—at a Saint Thomas symposium called "Confronting Gravity," which was advertised as "a workshop to explore fundamental questions in physics and cosmology."

"This is a remarkable group," one of the Nobel Prize winners told a reporter for the *St. Thomas Source*.

"There is no agenda except fun and physics, and that's fun with a capital F," Epstein said.

Epstein had been especially interested in Stephen Hawking. Someday, Hawking had theorized, the universe would stop expanding and collapse, at which point time would begin to run backwards. Hawking believed that computer viruses were living things. He thought that given the size of the universe, alien life forms existed. He did not believe in God. But he had a vast appreciation for the inner workings of the universe, and this is why Epstein gave Hawking a tremendous gift. He paid to have a submarine modified so that it could fit Hawking and his wheelchair and give the scientist his first glimpse of an actual alien world—the one that lies under the waves of the ocean.

It was one of the most romantic, generous gestures that Jeffrey Epstein had ever made.



## *Al Seckel: January 201*

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# CHAPTER 61

## *Al Seckel: January 2012*

Epstein's partner in the Mindshift conference, a man named Al Seckel, was known for throwing fabulous parties that were said to have included the actor Dudley Moore, magician James "the Amazing" Randi, and future Tesla and SpaceX founder Elon Musk, as well as many of the scientists Jeffrey Epstein would court in the course of his own climb up the social ladder.

In certain Los Angeles circles, Al Seckel was a very good man to know. But, like Jeffrey Epstein, Seckel was a sort of illusionist. According to Mark Oppenheimer, a journalist who knew Seckel and followed his career for fifteen years, Seckel made his money by selling rare books and papers, often through his social and academic connections.

"A number of these transactions resulted in accusations and lawsuits," Oppenheimer would write. "In speaking to former



HOUSE_OVERSIGHT_022040

Seckel acquaintances, I kept hearing variations on a scheme Mrs. Pearce Williams believed he perpetrated against her late husband, the man Seckel said was his mentor. Seckel took books and promised money, or he took money and promised a book; but somehow, the promised party lost money."

"He was charming, erudite, humorous," one of Seckel's marks told the reporter. "I lent him $75,000. When the time came to pay it back he didn't want to do it."

Oppenheimer found several people whom Seckel had stiffed and uncovered dozens of lawsuits he'd been involved in. In 2007, Seckel settled a libel lawsuit against a man who'd edited his *Wikipedia* page. Years later, Oppenheimer spoke with Seckel's lawyer, Nicholas Hornberger.

"Hornberger confirmed that he'd reached a settlement for the case, a favorable one," the journalist wrote. "Hornberger added that Seckel has still not paid him for his services."

He also interviewed Seckel's wife, Isabel Maxwell.

Al and Isabel met on a blind date and married in Malibu in or "around" 2007 ("I don't keep the dates in my head," Seckel explained). A few years later, they moved to the South of France, where Seckel continued to trade in rare books and papers. While living in France, he was sued by a Virgin Islands company that accused him and Isabel of fraudulently attempting to sell rare books and a seventeenth-century portrait of Isaac Newton.

Seckel had also been trying to sell papers belonging to Isabel's father.

Isabel is Ghislaine Maxwell's sister and the daughter of Robert Maxwell.

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It was an odd thing, Epstein's association with this self-professed PhD who, on closer inspection, turned out to be a bit of a grifter. But the Mindshift conference that Epstein and Seckel hosted in the Virgin Islands did take place, in 2010. Murray Gell-Mann was there, along with Leonard Mlodinow, a physicist who coauthored books with Stephen Hawking. Gerald Sussman, an expert on artificial intelligence who taught at MIT and also attended the conference, said that he didn't remember too much about it.

"We had scientific discussions, talked about various things," he said vaguely.

When Mark Oppenheimer asked him if he'd given money to Seckel, Sussman "got testy" with the reporter.

"I have had some dealings with him," Sussman said. "I don't want to say what it's about, because I don't feel good about it, okay?"

Today, Epstein's websites—JeffreyEpsteinFoundation.com and JeffreyEpsteinScience.com—are down. Their domain names have long since expired. Several recipients of Epstein's charitable contributions, including New York's Mount Sinai Hospital and Ballet Palm Beach, announced that they would not be accepting new gifts.

"The further I can keep myself from anything like that the better," said Ballet Palm Beach founder Colleen Smith.

But in 2012, Epstein held one more conference on Little Saint Jeff's. Once again, three Nobel Prize winners were in attendance. Stephen Hawking was also there. All in all, Epstein had gathered twenty-one physicists—from Princeton, Harvard, MIT, and CERN



HOUSE_OVERSIGHT_022042

(the European Organization for Nuclear Research)—to "determine what the consensus is, if any, for defining gravity."

According to a press release issued by Epstein's foundation, the consensus that did emerge was that space is "not quite empty."



## *Jeffrey Epstein: Februar*

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# CHAPTER 62

## *Jeffrey Epstein: February 2, 2011*

It's Groundhog Day, and once-reclusive Jeffrey Epstein is hitting the peak of his fame in a ripped-from-the-headlines episode of *Law & Order: SVU* that tracks, eerily well, with his own legal history.

The setup for this episode is the rape of a very young French girl. One who's been flown to New York on a very rich man's private jet, then flown back—coach class—to Paris.

On the plane, she has a freak-out. She thinks the middle-aged guy sitting next to her is trying to rape her. In Paris, the local police get involved.

"It was just a birthday party," the tearful girl tells the SVU cops via videoconference from France. "We were his present."

The cops ask: Whose present?

"The billionaire. The one who owns the jet."

Does the French girl know his name?



HOUSE_OVERSIGHT_022044

"Jordan. He wanted a massage. But I had to take off my clothes. He climbed on top of me. It hurt. I started to bleed, and it wouldn't stop. The doctor came."

"Dominique," the cops say. "We're going to arrest this man. But we need you to return to New York so you can testify."

*"Non,"* says the girl. *"Non! Jamais! Jamais!"*

For Epstein, there are other embarrassments, many of which have to do with his royal friends. The wedding of Prince William and Kate Middleton is approaching, and the ongoing troubles of Prince William's uncle Prince Andrew keep threatening to derail the festivities. On March 6, a spokesperson for Sarah Ferguson confirms that Epstein paid off part of the seventy-eight thousand pounds that the duchess borrowed from a man who was once her personal assistant.

The next day, headlines appear in the *Telegraph* and other British papers: DUKE OF YORK "APPEALED TO JEFFREY EPSTEIN TO HELP DUCHESS PAY DEBT."

"I personally, on behalf of myself, deeply regret that Jeffrey Epstein became involved in any way with me," Prince Andrew's ex-wife tells journalists. "I abhor paedophilia and any sexual abuse of children and know that this was a gigantic error of judgment on my behalf.

"I am just so contrite I cannot say. Whenever I can I will repay the money and will have nothing ever to do with Jeffrey Epstein ever again."

That week, as part of the ongoing civil lawsuits against Epstein, Sarah Kellen and Nadia Marcinkova are both asked about Prince Andrew's relations with Epstein.





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"Would you agree with me that Prince Andrew and Jeffrey Epstein used to share underaged girls for sexual relations?" Kellen is asked.

"On the instructions of my lawyer," Kellen replies, "I must invoke my Fifth Amendment privilege."

"Have you ever been made to perform sexually on Prince Andrew?" lawyers ask Marcinkova.

"Fifth" is Nadia's simple, succinct reply.

That same week, the government downgrades Prince Andrew's role as Great Britain's royal trade envoy. But the British press is tenacious, and in the *Telegraph*, the *Guardian*, and elsewhere, stories appear on a daily basis:

- *The Duke, His Paedophile Guest, and the Most Unusual Use of an RAF Base*
- *Andrew's Secret Love Life Revealed*
- *Royal Connections: Prince Andrew and the Paedophile Are Suddenly the Talk of New York*
- *Time to Show This Right Royal Clown the Door*
- *An Odd Trio: The Royal Trade Envoy, the Teenage Masseuse and the Fixer*
- *No. 10 Struggles to Contain Row Over Prince*
- *From Royal Asset to National Liability*
- *Royal Blush*
- *Duke Could Be Called to Two Epstein Trials*
- *It's the Company You Keep... The Duke's Dangerous Liaisons*
- *Nothing Grand About This Old Duke of York*
- *The Royal Family Has Feared a Blow-Up Over Duke's Choice of Friends For Years*
- *Our Less-Than-Grand Old Duke of York*



HOUSE_OVERSIGHT_022046

On March 11, a devastating undersea earthquake and tsunami move Japan's main island by several feet, shifting the earth on its axis. The destruction is horrific and unprecedented. But on March 13, the *Daily Mail* devotes four pages and seven separate articles to Prince Andrew. That same day, the *Telegraph* runs three pieces, and the *Sunday Times* runs a two-page spread headlined GUN SMUGGLER BOASTS OF SWAY OVER ANDREW.

On March 14, the *Guardian* runs one more piece about Andrew's troubles.

PRINCE ANDREW DOMINATES HEADLINES DESPITE THE EARTHQUAKE, the headline reads.



*Alan Dershowitz: Septen*

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# CHAPTER 63

## *Alan Dershowitz: September 2014*

If the ongoing lawsuits are costing Epstein millions, he has millions left to spare. Meanwhile, the FBI's investigation into whether Epstein trafficked underage women across state lines seems to be going nowhere. As 2014 draws to a close, it's beginning to look as if Epstein is finally free and clear of the case.

But for Epstein's friend and sometime lawyer Alan Dershowitz, things are about to get very unpleasant.

At the start of 2008, Bradley Edwards, the Fort Lauderdale lawyer, had filed a motion in a West Palm Beach court on behalf of two unnamed women accusing Prince Andrew and Alan Dershowitz of participating directly in Epstein's illegal activities.

Prince Andrew had had no comment to make, and Dershowitz had objected to the accusations in the strongest possible terms.

"There's absolutely no kernel of truth to this story," he'd said.



HOUSE_OVERSIGHT_022048

"I don't know this woman. I've never been in the same place with her. She's made the whole story up out of whole cloth."

Bradley Edwards had already become involved in lawsuits against Epstein. In 2007, working with a former federal judge and University of Utah law professor named Paul Cassell, he had filed a lawsuit on behalf of another unnamed woman. Six years later, that case is still pending, and now, Edwards and Cassell petition to have the two suits combined.

All in all, four Jane Does take part in the lawsuit.

Jane Doe 3 is Virginia Roberts, the girl who says that Ghislaine Maxwell recruited her for Epstein at Trump's resort, Mar-a-Lago.

Epstein had "lent" her and other young girls to prominent businessmen, important politicians, world leaders, and other powerful men in order "to ingratiate himself with them for business, personal, political, and financial gain, as well as to obtain blackmail information," Roberts claims.

She says that Epstein forced her and other underage girls to take part in an orgy in the Virgin Islands.

She names Prince Andrew and Alan Dershowitz as two of the men she'd been forced to have sex with and claims that Dershowitz had been "an eyewitness to the sexual abuse of many other minors by Epstein and several of Epstein's co-conspirators."

This time, Prince Andrew does respond to the allegations.

"This relates to longstanding and ongoing civil proceedings in the United States, to which the Duke of York is not a party," Buckingham Palace says in a short statement. "As such we would not comment on the detail. However, for the avoidance of doubt, any suggestion of impropriety with underage minors is categorically untrue."





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Alan Dershowitz also goes on the attack. Virginia's claims are part of a plot to extort him, he claims. The motion that Edwards and Cassell have filed is "the sleaziest legal document" he's ever seen.

"They manipulated a young, suggestible woman who was interested in money," Dershowitz says. "This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me." It's a vehement denial. But then, the allegations made by Virginia Roberts, on January 15, 2015, in a declaration filed against the government in an attempt to overturn Jeffrey Epstein's non-prosecution agreement, are highly disturbing.



HOUSE_OVERSIGHT_022050

# CHAPTER 64

## *Declaration of Virginia Roberts Giuffre, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims (continued)*

*20. Harvard law professor Alan Dershowitz was around Epstein frequently. Dershowitz was so comfortable with the sex [that] was going on that on one occasion he observed me in sexual activity with Epstein.*

*21. I had sexual intercourse with Dershowitz at least six times. The first time was when I was about 16, early on in my servitude to Epstein, and it continued until I was 19.*

*22. The first time we had sex took place in New York in Epstein's home. It was in Epstein's room (not the massage room). I was approximately sixteen years old at the time. I called Dershowitz "Alan." I knew he was a famous professor.*

*23. The second time that I had sex with Dershowitz was at Epstein's house in Palm Beach.*



*24. I also had sex*
*Ranch in New Mexico i*
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*25. We also had se*
*U.S. Virgin Islands.*

*26. Another sexual*
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*on the plane with us.*

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# CHAPTER 64

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*24. I also had sex with Dershowitz at Epstein's Zorro Ranch in New Mexico in the massage room off of the indoor pool area, which was still being painted.*

*25. We also had sex at Little Saint James Island in the U.S. Virgin Islands.*

*26. Another sexual encounter between me and Dershowitz happened on Epstein's airplane. Another girl was present on the plane with us.*

*27. I have recently seen Alan Dershowitz on television calling me a "liar." He is lying by denying that he had sex with me. The man I've seen on television, described as a former law professor, is the same man that I had sex with at least six times. Dershowitz also knows that Epstein had sex with other underage girls and lent me out to other people, but he is lying and denying that....*

*28. After years of abuse and being lent out, I began to look for a way to escape. I had first gone into Epstein's household because I wanted to be a massage therapist. Epstein had taken me into his clutches through promises and talk and for some time I believed him. But once he had me under his control, regardless of my doubts and fears, I felt trapped.*

*29. I kept asking Epstein for my promised training and education. Epstein finally got me a plane ticket to Thailand to go to Chiang Mai to learn Thai massage. This sounded like my chance to escape. In September 2002, I packed my bags for good. I knew this would be my only opportunity to break away.*

*30. On September 27, 2002, I flew from JFK in New York to Chiang Mai, Thailand. I arrived around September 29 for my training. But Epstein was going to get something out of*



HOUSE_OVERSIGHT_022052

*this trip as well. I was supposed to interview a girl and bring her back to the United States for Epstein.*

31. [Left blank in the original]

*32. I did the massage training in Chiang Mai. While I was there, I met a great and special guy and told him honestly what I was being forced to do. He told me I should get out of it. I told him that the people I was working for were very powerful and that I could not walk away or disobey them without risking serious punishment, including my life. He told me he would protect me. I had confidence [in] him and I saw his love and help as my opportunity to escape and to be with someone who truly loved me and would protect me. I married him and flew to Australia.*

*33. I called Epstein and told him I was not coming back. He asked why? I said "I've fallen in love." Epstein basically said "good luck and have a good life." I could tell he was not happy. I was afraid of what he was going to do to me. I thought he or one of his powerful friends might send someone to hurt me or have me killed.*

*34. From that point onward, out of concern for my safety and general well-being, I stayed in Australia with my husband. I was in Australia from late 2002 to October 2013. To be clear, I was never in the United States during these years, not even for a short trip to visit my mother. And my absence from the United States was not voluntary—I was hiding from Epstein out of fear of what he would do to me if I returned to the United States.*

*35. In around 2007, after not hearing from anyone for years, out of the blue I was contacted by someone who identified himself with a plain sounding name and claimed he was*





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*with the FBI. It seemed very odd for someone doing an official criminal investigation to just call up on the phone like that. I hadn't heard Epstein's name for years. I didn't know who this person was and what it was really about. I couldn't tell what was going on.*

*36. This man said he was looking into Jeffrey Epstein. The man asked if I had been involved with Epstein. My first instinct was to say nothing because I wasn't sure he was really with the FBI or any authorities. I answered a few basic questions, telling him that I knew Jeffrey Epstein and had met him at a young age. But the conversation didn't feel right. This man never offered to come and meet with me in person. Instead, he asked me right off the bat about Epstein's sexual practices. I thought it would be strange for a true law enforcement officer to behave that way, so I became increasingly uncomfortable and suspicious about who was actually calling me.*

*37. I told the man nothing more about Epstein. The conversation probably didn't even last three minutes, but it immediately triggered all of the fears of Epstein and his powerful friends that had caused me to escape in the first place. If the call accomplished anything, it only put me back in a state of fear and told me that I could be found quite easily and had nobody officially protecting me.*

*38. I suspected that the man who called me was working for Epstein or one of Epstein's powerful friends. I believed that if this was really an agent who was investigating Epstein, he would have known who I was and how I fit into Epstein's sexual crimes in many different places. He would have interviewed me in a way that would have established his credentials*



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*and would have shown how he could provide potential protection from Epstein. That never happened.*

*39. Getting a call from this supposed FBI agent made me scared all over again. I had left the old life of sexual slavery behind me and started a new life in a new country in hopes that the powerful people whose illegal activities I knew all about would never find me.*

*40. Shortly after this purported FBI call, I was contacted by telephone by someone who appeared clearly to be working for Epstein. The caller told me about an investigation into Epstein and said that some of the girls being questioned were saying that Epstein had had sexual contact with them. After they made these allegations, the man said they were being discredited as drug addicts and prostitutes, but in my case, if I were to keep quiet, I would "be looked after." The fact that this call was made shortly after the supposed FBI call reinfor[c]ed my concern that the man I had talked to earlier was not really working for the FBI but for Epstein. I didn't think that the FBI and Epstein would both be working together and would both get my phone number at almost exactly the same time. I played along and told this person that I had gotten a call from the "FBI" but that I didn't tell him anything. The person on the phone was pleased to hear [that].*

*41. A short time later, one of Epstein's lawyers (not Alan Dershowitz) called me, and then got Epstein on the line at the same time. Epstein and his lawyer basically asked again if I was going to say anything. The clear implication was that I should not. The way they were talking to me, I was afraid of what would happen if I didn't keep quiet. My thought was*



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*that if I didn't say what they wanted me to say, or not to say, I might get hurt.*

*42. I promised Epstein and his lawyer that I would keep quiet. They seemed happy with that and that seemed to me to [be the] way to keep me and my family safe. And I did what Epstein and his lawyer told me. I kept quiet.*

This declaration, stricken from the record by the judge in the victims' lawsuit against the government, also set in motion events that led to Dershowitz's and Roberts's lawyers becoming involved in spectacular lawsuits, which included a complaint by Dershowitz that these allegations were false and had defamed him, and a complaint by Edwards that Dershowitz's accusations against him were false and defamatory.



HOUSE_OVERSIGHT_022056

# CHAPTER 65

## *Alan Dershowitz: October 2015*

About fifteen minutes into the ripped-from-the-headlines episode of *Law & Order: SVU* that was inspired by the Jeffrey Epstein saga, the plot takes an interesting turn: before officers have a chance to arrest him, Jordan, the character modeled on Epstein, shows up at SVU headquarters.

The twelve-year-old French girl raped *him,* Jordan says.

Wearing a monogrammed fleece pullover like the ones favored by Jeffrey Epstein, he describes an evening at home.

"The party was in full swing," he explains. "A friend said she wanted to give me a *special* present. Told me to wait in my massage room—"

An SVU guy interrupts: "Guy has a massage room?"

"I suffer from chronic back pain," Jordan says.

"While I was waiting, I fell asleep. Now, at first I thought I must be dreaming. I was aroused. I felt myself being manually



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# CHAPTER 20

## *Jeffrey Epstein: 1953–1969*

Jeffrey Epstein's mother, Paula, was the daughter of Max and Lena Stolofsky, who arrived in the United States as Lithuanian refugees. Relatives on that side of the family who remained in the old country would all perish in the course of Adolf Hitler's campaign to exterminate European Jewry.

Epstein's father, Seymour, was a manual laborer, like his father before him. Seymour's parents, Julius and Bessie Epstein, had emigrated from Russia and landed in Brooklyn, both of them with eighth-grade educations. They lived in Crown Heights, where Julius owned a house-wrecking company.

Before landing a job with the city, Seymour had worked with his father.

They were kind people, says Epstein's childhood friend Gary Grossberg. Seymour was there for him at a difficult time, Grossberg says. When Grossberg was young, his parents divorced, and



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his father moved out of Brooklyn. Seymour and Paula took Gary in. Often they referred to him as their third son. "Paula was a wonderful mother and homemaker," Grossberg remembers, "despite the fact that she had a full-time job."

Epstein, as a kid, was "chubby, with curly hair and a high, 'hee-hee' kind of laugh," Beverly Donatelli recalls.* Beverly was two years older than Epstein, but thanks to his precocious talents, which allowed him to skip two grades, they graduated from Brooklyn's Lafayette High School together, in 1969.

"He was *advanced*," Beverly remembers. "He tutored my girlfriend and myself in the summer. He taught me geometry in *just two months*."

When Beverly thinks of Epstein now, she recalls gentler times—long strolls down the Coney Island boardwalk, roller-coaster rides, stolen kisses. "That last year in school, I think he kind of loved me," she says. "One night on the beach he kissed me. In fact, our history teacher made up a mock wedding invitation for Jeffrey and myself to show to the class. That seems pretty inappropriate now. But back then, we all thought it was funny. Jews and the Italians, that was pretty much who went to Lafayette High School. They didn't socialize that much. And though my mother was crazy about him, she told me Jewish boys don't marry Italians."

Through the haze of several decades, Beverly remembers Epstein as a kindhearted boy and something of a prodigy—a gifted young pianist as well as a math whiz.

"I was talking to my girlfriends the other day," she says.

* Beverly Donatelli's name, some identifying details, and dialogue have been changed.



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"There is nothing but nice we can say about him. He is actually the reason I went to college."

Beverly lost contact with Epstein over the years. But not long after Epstein's fiftieth birthday, she got a call out of the blue.

"He had a photo of us on the beach," she says. "A friend noticed it at his birthday party. And Jeffrey said to the friend: 'I bet she has a big ass now.' So Jeffrey called me and invited me to his home on 71st Street. We hung out. We reminisced. He was the same Jeffrey. A gentleman."

The two never did speak again, but to this day Beverly sympathizes with her high school sweetheart.

"I feel so bad for him," Beverly says. "That's how much I liked him."

Gary Grossberg was a year younger than Epstein and in the same class as Epstein's kid brother, Mark, with whom Grossberg remains very friendly, though he hasn't seen or spoken with Jeffrey in some time. Both brothers are good people, he says.

"Jeffrey's a brilliant and good person. He is also incredibly generous."

Grossberg says he's talked to Epstein about "the problem in Florida." As he sees it, Epstein "got carried away . . . perhaps he was hanging around with the wrong people."

Grossberg wonders, too, if the things that made Epstein special contributed to his eventual fall from grace.

"He was a diamond in the rough, you see," Grossberg explains. "People recognized Jeffrey's brilliance very early on. But he had a gift for recognizing opportunities very quickly. He started buying



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properties in Manhattan, including 301 East 66th Street. He asked his brother—did Mark want to join him? He did."

Grossberg himself has had his ups and downs. At one point, he worked in a building owned by the Epstein brothers. There, he says, a porter told him a story about a little-known side of Jeffrey Epstein. The porter's wife, who lived in South America, desperately needed an organ transplant. Epstein paid for the operation.

"That's just typical," Grossberg says. "That's who he always was, long as I knew him."

"Lafayette was a city school," says another old classmate, James Rosen. "It was functional. There was nothing special about it."

James Rosen is a retired postal worker. He lives in South Florida now, but, like Jeffrey Epstein, he'd grown up in Sea Gate.

"There was a lot of volatility at Lafayette," Rosen recalls. "It was a blue-collar area that was, at one time, 90 percent Italian. Then a small amount of Jews moved in, and there was anti-Semitism. The Italians didn't want the Jews to be there."

Black families were moving in, too, he remembers, and Hispanic ones. But he says most of the animosity was aimed at Jews.

"There were fights in the schools. They thought we were going to take over."

But Epstein seems to have made friends easily. Even then, his buddies—who called him Eppy—could see he was special. While they hung out on the beach, Epstein played the piano. Did homework. Worked on his prized stamp collection.

Innocent times.



*Jeffrey Epstein: 19*

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# CHAPTER 21

## *Jeffrey Epstein: 1969–1976*

It's the height of the Vietnam War. Students collide with college administrators. Hippies collide with hard hats. Kids with long hair collide with their parents. Jeffrey Epstein does not go in for any of that. At the age of sixteen, he's taking advanced math classes at Cooper Union, an august institution in the East Village where Abraham Lincoln once spoke.

Thanks to a generous endowment, the school is tuition-free, though the application process is famously rigorous.

Epstein sails through it.

At Harvard or Yale, his accent would give him away. Epstein *tawks* like the Brooklyn boy he is. But Cooper Union is more open than any Ivy League school. It's full of boys from Brooklyn, and, aside from his prodigious intellect, Epstein doesn't stand out. He starts to make money by tutoring his fellow students. And in 1971, he leaves Cooper Union for the greener pastures of New York



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University, located a few blocks away. There, at the Courant Institute of Mathematical Sciences, he studies the mathematical physiology of the heart. But he never graduates from any college or university.

By 1973, Epstein is teaching at the Dalton School, a prestigious private school on the Upper East Side. Like Tavern on the Green, Grand Central Terminal, and the Century Association, Dalton is a New York institution—an elite K–12 rocket ship built for the children of New York's ruling classes.

It's not at all clear how Epstein, who has no college degree, ends up there.

And yet here he is, barely out of his teens and already a teacher of math and physics. "Go forth unafraid" is the Dalton School's credo.

It's a philosophy Epstein has adopted. For him, Dalton's an excellent launching pad.

It's nothing like Lafayette High School. The kids he's teaching are rich—very rich. Their parents are extremely well connected. And despite Epstein's outer-borough accent, he's careful in his presentation. At any given moment, he's one parent-teacher conference away from a whole new world of possibilities.

Because Dalton has an excellent student-to-teacher ratio, the parents get to know Epstein quite well. Before long, a Wall Street *macher* named Alan "Ace" Greenberg has taken a special shine to the young man who's been tutoring his son Ted.

Like Epstein, Ace Greenberg came from a humble background.

The son of an Oklahoma City shopkeeper, he won a football scholarship to the University of Oklahoma, transferred to the



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University of Missouri following a back injury, and graduated in 1949. That same year, he moved to New York and, after a series of rejections at white-shoe firms—places that never would hire a Jew—landed a job at Bear Stearns, earning $32.50 a week as a clerk.

By 1958, he'd been made a full partner. Built like a pit bull, Greenberg smoked cigars, performed coin tricks for his friends, and always dressed in a bow tie. He was an all-elbows trader—gruff, cheap, and, above all, impatient. He was also a champion bridge player, a hunter of big game in Africa, and the firm but loyal leader of the team he'd built at Bear Stearns—an unusual team made up mostly of men who'd grown up in New York's outer boroughs.

Greenberg didn't care about MBAs or Ivy League diplomas. What he cared about was raw talent and drive. Greenberg cultivated risk takers, unconventional thinkers, and he looked high (and especially low) for his "PSDs": men who, in his estimation, were poor, smart, and, above all, determined.

Jeffrey Epstein, the Dalton School teacher, fit Greenberg's bill perfectly.



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# CHAPTER 22

## *Jeffrey Epstein: 1976–1981*

According to several published reports, it was Ace Greenberg's son, Ted, who introduced Epstein to Greenberg. But other sources say Greenberg's daughter, Lynne, was dating Epstein at the time. According to them, *that* was how Epstein got into Bear Stearns—by charming a young and beautiful woman and using her to advance his career.

At Bear Stearns, Epstein started as an assistant to a trader on the American Stock Exchange and quickly worked up to junior partner, which meant that he was entitled to a share of the profits. Still in his twenties, he was running with the bulls, kicking down any doors that stood in his way.

The view from Ace Greenberg's office, high above Madison Avenue in midtown, was striking. At night, the whole city was lit up like a stage set.

It was Epstein's city now, to win or to lose. And there were



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# CHAPTER 22

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women to go with the prize. Tall, beautiful women, blondes and brunettes, who wouldn't have given a math teacher the time of day. Now they found Epstein exciting and *handsome*.

Greenberg's gorgeous assistant was one of these women.

If Greenberg knew about their affair, he did not seem to care. Then again, Greenberg had other things on his mind. The Reagan era, when deregulation kicked into high gear, was still on the horizon. But there was already a decreasing amount of government oversight on Wall Street, and a new breed of bare-knuckle traders had begun to push every available limit. It was the start of the age of corporate raiders, and with Ace Greenberg looking out for him, Epstein had no reservations when it came to throwing his weight around. The golden boy's gift for working the numbers earned him a place in the special-products division, where he worked on extremely complex tax-related problems for a select group of Bear Stearns's wealthiest clients—an elite within the elite—including Seagram CEO Edgar Bronfman.

In the spring of 1981 Bronfman made a bid to take over the St. Joe Minerals Corporation. He offered forty-five dollars a share, or close to three times the value of St. Joe's stock. The whole offer amounted to $2.1 billion in cash.

But St. Joe's executives didn't want to sell their 118-year-old company. In a press release, they called Seagram's bid unsolicited and dismissed it as "grossly inadequate." At which point the SEC decided to investigate.

There were allegations of insider trading. Within a few weeks, Bear Stearns's employees were called in to testify.

Epstein got called in as well and categorically denied any wrongdoing.

But, as it turned out, he'd just resigned from Bear Stearns.



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# CHAPTER 23

## *Jeffrey Epstein: 1981*

Epstein will always maintain that his resignation had nothing to do with the SEC's investigation into Bear Stearns and Edgar Bronfman's ill-fated attempt to take over St. Joe's.

But of course this raises the question: Why *did* Epstein resign from Bear Stearns?

In his testimony before the SEC, Epstein says he was offended by the company's investigation of a twenty-thousand-dollar loan he'd made to his friend Warren Eisenstein. Epstein didn't know it at the time, he maintains, but if used to buy stock, such a loan might have been unethical, if not illegal.

On top of that, questions about Epstein's expenses had come up.

In the end, Bear Stearns fined him $2,500—an embarrassing thing, to be sure. So much for making full partner anytime soon.

But $2,500 is not $250,000 or even $25,000. Who'd give up a job as junior partner over that?



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# CHAPTER 23

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Another one of Epstein's bosses, James "Jimmy" Cayne, will say, "Jeffrey Epstein left Bear of his own volition." Epstein wanted to strike out on his own, Cayne explains. But given the timing, some questions remain. Then there's Epstein's own testimony, given on April 1, 1981, before SEC investigators Jonathan Harris and Robert Blackburn:

Q: Sir, are you aware that certain rumors may have been circulating around your firm in connection with your reasons for leaving the firm?
A: I'm aware that there were many rumors.
Q: What rumors have you heard?
A: Nothing to do with St. Joe.
Q: Can you relate what you heard?
A: It was having to do with an illicit affair with a secretary.

As far as the investigators are concerned, this is new information; the first time a secretary's name has come up. But they have no interest in Epstein's office romance and press on:

Q: Mr. Epstein, did anyone at Bear Stearns tell you in words or substance that you should not divulge anything about St. Joe Minerals to the staff of the Securities and Exchange Commission? Has anyone indicated to you in any way, either directly or indirectly, in words or substance, that your compensation for this past year or any future monies coming to you from Bear Stearns will be contingent upon your not divulging information to the Securities and Exchange Commission?
A: No.



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Whatever the reasons for his resignation, Epstein still gets his annual bonus of around $100,000 (roughly $275,000 in today's dollars). The SEC never brings charges against him or any other Bear Stearns employee. And so the particulars of Epstein's departure get folded up into the greater mystery surrounding the man. Did Epstein crash the rocket ship that Ace Greenberg had given him to pilot? Or did he take it and fly it out, over the horizon?

Either way, Epstein was out on his own.

For him, the future would only get brighter.



*Ana Obregó*

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# CHAPTER 24

## *Ana Obregón: 1982*

Ana Obregón was one of the world's most beautiful women and well on her way to becoming famous as such when she first met Jeffrey Epstein. For her, there would be film roles—in the 1984 Bo Derek vehicle *Bolero,* Ana Obregón gives the star a run for her money—and appearances on the covers of Spanish *Playboy* and Spanish *Vanity Fair.*

As for fortune, Obregón had that already.

Ana's father was a very wealthy investor in Spain. But he also had serious problems. On June 15, 1982, a venerable stock- and bond-trading firm, the Drysdale Securities Corporation, announced that it was going out of business. Just that year, Drysdale had spun off a subsidiary operation called Drysdale Government Securities. And in May, DGS defaulted on $160 million in interest payments it owed on Treasury securities that it had borrowed. In doing so, DGS had dragged down its parent company.



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A very well-connected group of Spanish families—including members of Spain's royal family—had invested with Drysdale. Those investors stood to lose hundreds of millions of dollars. And Ana's father was one of those investors.

What Ana wanted from Jeffrey Epstein was help in recovering her father's money.

"My father, he's done something stupid," she told him.

A Spanish accent. A Brooklyn accent. They blended well together, and Ana was so very lovely.

It turned out that Epstein was willing to help.

"Something stupid, you see, with the money. The family money. Some—what do you call it? A scheme. He knew some of the people, but they lied to him. And now the money is gone."

People who knew Jeffrey Epstein recall that he was bad off after his exit or ouster—whatever it was—from Bear Stearns. Moving from couch to couch for a while. Sleeping in his lawyer's offices before settling down in an apartment in the Solow Tower, on East 66th Street.

It's a bit hard to believe. After all, Epstein left Bear Stearns with a good deal of money. But Epstein's lifestyle was expensive. He was a man on the make then, and Ana was still in her twenties, plying her craft at the Actors Studio—the New York City theater institution that Marlon Brando, Robert De Niro, Jack Nicholson, and Jane Fonda had all been members of.

Epstein told Ana that he'd formed a company, International Assets Group.

To Ana, this sounded very impressive. In fact, IAG was a small operation that Epstein was running out of his apartment.



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But if Ana had known that, would she have cared? She could already see that Epstein was brilliant. And though she would maintain that their friendship was strictly platonic, it was Ana who helped set Epstein on his course. Like other beautiful women he'd cultivate throughout his life, she opened doors to whole other kingdoms.

Ones that no boys from Brooklyn had even dreamed of.

Andrew Levander was an assistant US attorney in the Southern District of New York's Securities and Commodities Fraud Task Force. He was assigned to look into Drysdale's collapse. The case he was building would result in fraud convictions for a number of Drysdale executives, and even today, Levander remembers Epstein bringing "a very attractive woman" to meet him when Epstein came to him in the course of the investigation.

The woman was Ana Obregón.

Levander told Ana that he was already working the case. A lawyer named Robert Gold, who was a former federal prosecutor himself, was assisting. And now Epstein would join them in the hunt for the monies.

In effect, DGS had built a series of labyrinths, rabbit holes, deadfalls. And even investors who'd lost vast sums to the company were less than forthcoming when it came to speaking to the US attorney. Several of the investors were foreign. Some had violated their own countries' laws pertaining to foreign investments.

This was where Epstein—with his calm, confident air of discretion—came in.

Ana Obregón gave Epstein power of attorney over any monies



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that he recovered. And though it took him three years, working with Robert Gold and the US attorney's office, Epstein finally did make his way to the center of DGS's maze and recover Obregón's money.

Most of it was being held in a bank in the Cayman Islands.

Epstein's agreement with Ana prevents us from knowing how much he recovered—and how much he kept. But given the amounts at stake, Epstein likely earned millions—or more—and to this day Ana Obregón has nothing but appreciation for what Epstein accomplished.

"I know he's had some problems," she says. "I don't want anything to do with that."

As for Epstein, he came out of the deal with a new modus operandi: from now on, he'd only work with the super rich.



*Eva Andersson:*

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# CHAPTER 25

## *Eva Andersson: July 8, 1980*

Miss Sweden, Eva Birgitta Andersson, is wearing a dazzling white gown and sweating, ever so slightly, under the stage lights. But Bob Barker's about to announce the winner of this, the twenty-ninth Miss Universe pageant, held in Seoul, South Korea, and Eva's smile is as wide as the ocean.

"And now that we know what Miss Universe will win, let's see which five girls are still in the running!"

Barker pauses, like the expert broadcaster he is. Eva's chest tightens. There are twelve women on stage, all of them beautiful—even if they're not quite as beautiful as Miss Sweden.

"On this card are the names of five contestants who have received the highest total score from our judges in the personal interview, the swimsuit, and the evening gown competition."

Eva feels the camera pan across the stage—pan across *her,* standing in between Miss Scotland and Miss Puerto Rico.



HOUSE_OVERSIGHT_022074

"As a result, they will be our five finalists. As I call each name, you will see a figure on your television screen. That is the total score received by the contestant since she became a semifinalist. But one thing I would point out to you: the point total is not necessarily a sign of who our eventual winner will be. Being first now is no guarantee of being first at the time of our judges' final ballot."

*Oh, get on with it,* Miss Sweden thinks. And, as if by her command, Bob Barker does.

"Now our five finalists. Good luck, girls! The first finalist is: *Miss Sweden!*"

Eva's hands fly up to her face. The time it takes her to walk to the front of the stage is all the time she needs to stop herself from crying.

For Eva, it's not meant to be. Miss USA, Shawn Weatherly, wins that year's competition—she'll go on to become a star on *Baywatch*. But Eva's future is secure nonetheless. After the pageant, she'll spend three years studying in Stockholm, finish med school at UCLA, and become a doctor of internal medicine.

Along the way, she'll meet Jeffrey Epstein.

People who knew them when they were a couple say that Eva wanted to marry Epstein. One friend says he considered it seriously. In the end, Eva ended up with a man named Glenn Dubin, though she and Epstein remained very close. And if Eva was the proverbial "one who got away," Epstein ended up dating other impressive women—world-class beauties—as he made his way in the world.



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Why didn't any of the romances take? Perhaps there was always someone more fabulous waiting for Epstein around the corner. Perhaps none of these women satisfied Epstein's deeper urges. But he did have a knack for keeping the women he'd dated by his side through thick and thin, long after he'd broken up with them.

When he was through with his girlfriends, Epstein would say, they graduated up, not down, the ladder, moving from the status of "lover" to "friend."

In his estimation, these shifts always constituted a promotion.

The world was full of beautiful women. But for Epstein, friendship seemed to be a far more precious commodity.



HOUSE_OVERSIGHT_022076

# CHAPTER 26

## *Jeffrey Epstein: 1984*

How *did* Jeffrey Epstein make all his money?

Epstein would tell stories over the years about monies recovered from slippery characters. Sometimes, friends and former associates would say, he'd suggest he had ties to the government, giving listeners the impression that he was doing dangerous, glamorous work.

Others said that what Epstein *really* did, at this stage in his career, was much more banal. According to them, Epstein spent most of his time coming up with creative new ways for the rich to avoid paying taxes. The commission for tax-avoidance deals was enormous, although the number of deals Epstein was involved with is a matter of conjecture, as is his record of successes and failures.

But Epstein's business model was evolving. He'd charge a flat fee. No fancy math. No percentages.



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# CHAPTER 26

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*Pay me fifty million dollars. Or pay the IRS seven times that amount.*

At first Epstein did not demand his fee up front. Instead he asked that the payment—often a substantial one—be put into escrow. If his strategy worked, he'd get paid. If not, the money bounced back to the client.

In the eighties, when tax rates on the top 1 percent were much, much higher than they are today, topping out at close to 50 percent, it was an extremely effective pitch. And then there were other ways to make money.

In 1982, Epstein sold his wealthy friends, his friends' wealthy relatives, and others on an oil-drilling deal. One of the investors, Michael Stroll, had run Williams Electronics, an entertainment company known for the pinball machines it made.

Stroll put $450,000 into the oil deal.

But in 1984, Michael Stroll wanted his money back. Despite repeated demands and requests for a full accounting of what Epstein owed him, he got $10,000 back on his $450,000 investment. Eventually he sued Epstein in federal court for the remaining $440,000—the case went on for a number of years. In court, Epstein told the judge that the $10,000 he'd returned was actually the payment for a horse Stroll had sold him.

Like many cases involving Epstein, this one was settled out of court, the terms of the final agreement kept secret.



HOUSE_OVERSIGHT_022078

# CHAPTER 27

## *Steven Hoffenberg: July 10, 1987*

Before there was Bernie Madoff, there was Steven Hoffenberg.

In 1987, Hoffenberg was the head of Towers Financial Corporation, a company that bought debts, such as unpaid medical bills, at a very steep discount while pressing the debtors to repay in full. He'd started the company fifteen years earlier with two thousand dollars and just a handful of employees. Thanks, in part, to a grueling work ethic, he'd turned that into a much bigger concern, with twelve hundred employees and stock that traded over the counter. But Hoffenberg still spent fifteen hours each day, six days a week, in his office.

He wanted more. Hoffenberg was a Wall Street outsider. A Brooklyn boy. A college dropout, like Epstein.

One thing Hoffenberg wanted was respect. The other was someone who was familiar with Wall Street's inner workings. Jeffrey Epstein, who had traded options for Bear Stearns, fit the bill.



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# CHAPTER 27

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Hoffenberg began paying twenty-five thousand dollars per month for Epstein's expertise as a consultant.

The SEC had already looked into Hoffenberg's affairs, settling with him out of court in a matter relating to unregistered securities. But Hoffenberg was dangling a very big prize.

In the 1980s, several major financial players were involved in the greenmailing of publicly traded companies. What greenmailing means, in practice, is that a brokerage house or group of investors will start buying shares in companies that seem to be vulnerable to takeover attempts. To ward off the attempts, executives at those companies will buy the shares back at a premium. It's risky, but very often the investors stand to make a handsome profit.

Yet another thing Hoffenberg wanted was to take over Pan American World Airways. The iconic airline had already entered its downward trajectory, but it was still a giant.

For Hoffenberg, the greenmailing profits could have been huge.

According to Hoffenberg, Epstein handled the attempted takeover of Pan Am—a deal that went sideways almost immediately.

Steven Hoffenberg still has a lot to say on the subject. But in listening to him, one must bear in mind that in 1995, he pleaded guilty to criminal conspiracy and fraud charges involving a $460 million swindle, a familiar scheme to anyone who followed the Bernie Madoff case.

Like so many others, Hoffenberg had tried to fly very high without the necessary updraft. And despite all the hours he spent at the office, he'd also developed a taste for the high life. He



HOUSE_OVERSIGHT_022080

bought his own jet, a luxury yacht, and a Long Island mansion to go with his expensive Manhattan apartment. He'd also briefly owned a controlling interest in the *New York Post*.

To cover his tracks, Hoffenberg had been taking money from investors and using it to pay previous investors. It was a classic Ponzi scheme—one of the biggest in history—and Hoffenberg ended up spending nineteen years in a federal prison.

Why was Epstein not implicated in the case? All that Hoffenberg will say when asked is: "Ask Robert Gold."

Another source suggests that Gold, the former federal prosecutor who had helped Epstein recover Ana Obregón's money, kept the US attorney away from Epstein until there were only a few weeks left before the statute of limitations ran out.

As for Epstein himself, he would always deny any wrongdoing. Despite his proximity to Hoffenberg, he managed to avoid the blast radius.



## *Robert Meister: 1985*

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# CHAPTER 28

## *Robert Meister: 1985*

Robert Meister, the vice chairman of a giant insurance brokerage and consulting firm called Aon, met Jeffrey Epstein in the mid-eighties, aboard a flight from New York to Palm Beach. Both men were flying first class. Each one thought the other looked familiar. They talked in the course of that flight, and Meister filed the conversation away, only to recall it in 1989. At that time, Les Wexner, who was Meister's friend and a client of Meister's insurance company, was complaining to him about the people managing his money.

Wexner was a billionaire, but for all his wealth, his finances were in a tangle. Maybe Epstein could help. And perhaps Epstein would also be grateful for the introduction. Hard as it is to believe, there's evidence to suggest that Epstein really had spent the last of his last Bear Stearns bonus—along with his share of the money he'd recovered for Ana Obregón—and was broke, again, at the time.



HOUSE_OVERSIGHT_022082

One estranged friend says that he had to loan Epstein money to pay the bill at Epstein's garage, which had seized Epstein's car for nonpayment.

Another estranged friend says that Epstein didn't have two nickels to rub together.

Diana Crane, a former model, says that Epstein always had first-class upgrades he would give to his friends so they didn't have to fly economy class.

"No one knew where or how he got them," Crane recalls. "Sometimes they worked, and other times they didn't. I remember he saw a friend of mine wearing a Concorde jacket. He asked if he could borrow it for a day or so. My friend never got the jacket back. But Epstein would tell people he always flew on the Concorde—a *total* lie."

But even if Epstein were flush, Les Wexner would have been a big fish to catch.

From the get-go, Meister's wife, Wendy, had her suspicions about Epstein. About the way he presented himself and the way he worked himself into their inner circle.

Before long, Wendy was calling Epstein *the virus*.

But for Epstein, the Meisters weren't the point. Wexner was.

And hard as it is to understand why the billionaire would associate with a man who'd worked with a Ponzi king like Steven Hoffenberg, it turned out that Wexner and Epstein would get along perfectly well.



*Ghislaine Maxwell*

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# CHAPTER 29

## *Ghislaine Maxwell: 1991*

Robert Meister was not the only friend who helped Jeffrey Epstein, the boy from Coney Island, on his way up the social ladder. There was also Ghislaine Maxwell, a wealthy heiress from the United Kingdom who'd retained her ties to some of the world's most glamorous and scandalous jet-setters.

Maxwell was the youngest and most favored child of one of the most famous—even infamous—men in Europe. Her father, Robert Maxwell, was a Czech refugee who had fought in the French Foreign Legion and with the British in World War II and had gone on to become a member of Parliament. By the 1960s, he'd become a media baron. Born into a Hasidic family—his birth name was Ján Ludvík Hyman Binyamin Hoch—Maxwell died in disgrace in 1991 after falling or perhaps jumping off the side of his supersize yacht, the *Lady Ghislaine*.

"The shtetl Solotvyno, where I come from, it is no more,"



HOUSE_OVERSIGHT_022084

Maxwell said a few months before his demise. "It was poor. It was Orthodox. And it was Jewish. We were very poor. We didn't have things that other people had. They had shoes, they had food, and we didn't. At the end of the war, I discovered the fate of my parents and my sisters and brothers, relatives, and neighbors. I don't know what went through their minds as they realized that they'd been tricked into a gas chamber."

Maxwell's own death was followed by an international scandal. It turned out that he'd stolen hundreds of millions of pounds from his companies' pension funds and used them to prop up his empire. Two of his sons were tried for conspiracy to commit fraud and ultimately exonerated. But Ghislaine, who had grown up in luxurious surroundings and counted the Duke of York, Prince Andrew, among her intimates, could not escape the dark shadow her father had cast. Looking to start fresh, she took the Concorde to New York City.

At first, it seems, Maxwell and Epstein were lovers. "She was madly in love with Jeffrey," says a longtime friend of Ghislaine's. Then they became something more. Ghislaine took care of Epstein's travel arrangements. She managed his household and opened doors that very few Brooklyn-born Jewish boys could have passed through. According to lawsuits and witness testimony, she also became one of several women who procured young girls for Epstein.

She was not jealous, according to people who knew her back then. If anything, Ghislaine seemed to take pleasure in satisfying Epstein's needs.

Ghislaine introduced Epstein to a fabulous world that the



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Brooklyn boy knew nothing about. One friend jokes that she taught Epstein the difference between a fish fork and a salad fork. But despite—or was it because of?—Maxwell's devotion to Epstein, she, too, graduated from girlfriend to friend status. According to *Jane Doe 102 vs. Jeffrey Epstein*, a civil complaint filed in 2009 by a woman later identified as Virginia Roberts, one of the services Maxwell provided for Epstein was the procurement of underage women. (Through her lawyer and in court papers, Maxwell has vehemently denied any involvement with Virginia, with any other young woman Epstein was involved with, or with any criminal activities committed by Jeffrey Epstein. In a 2016 answer to a defamation lawsuit brought by Roberts, Maxwell called the allegations fabricated for financial gain.)

The case of Nadia Bjorlin, who was thirteen when she was first noticed by Epstein, raises questions in this regard, at least in the eyes of her mother.

Bjorlin's Iranian-born mother spoke to a British tabloid some years ago about her family's disturbing experience with Maxwell and Epstein. Bjorlin's father, a celebrated conductor of classical music, had died a year earlier, the mother said. She believed that this made the girl a vulnerable and easy target.

"She was at school at the famed Interlochen Arts Center, in Michigan, when she met Epstein," the mother said.

"My daughter was a singer. She was a baby. She was a skinny little girl, not mature for her age. She was thirteen, but everyone thought she was nine or ten.

"Epstein was a big donor, and he heard about Nadia and that her father had died, so she was vulnerable, and he contacted her. He said, 'Here's my number.'

"He kept saying, 'Come—will you come?' He said he wanted



HOUSE_OVERSIGHT_022086

to help mentor her. I wouldn't let her meet him. What sort of a man approaches a young girl and asks to meet her?"

In the meantime, Maxwell had become friendly with the family. "I trusted Ghislaine; she was like a mother," Bjorlin's mother recalled. "She was always calling my house.

"Ghislaine didn't want me to meet Epstein, but I did anyway, and I asked what he wanted with Nadia. He said he wanted to help her singing career. He said, 'I'd like to be like a godfather.' It felt creepy.

"I had a bad vibe about him and said, 'Stop!' I told him, 'No, thank you. She doesn't need your help.' I kept Nadia away from him. She never met him alone. She never went anywhere with him."

Despite her suspicions, it took Epstein's arrest to make Bjorlin's mother wonder whether Maxwell and Epstein hadn't been sizing her daughter up for his stable of underage women.



*Leslie Wexner: 19*

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# CHAPTER 30

## *Leslie Wexner: 1993*

Leslie Wexner, the richest man in Ohio, is a proud midwesterner. Born into the rag trade (Wexner's parents were Russian-Jewish immigrants), he grew up to be a straight shooter—taciturn and camera-shy.

For several years running, his 315-foot boat, the *Limitless,* was the largest yacht owned by an American.

Wexner's employees loved him, and he was known to be fiercely loyal to them.

In time, he'd come to see the same qualities in Jeffrey Epstein.

"Everyone was mystified as to what [Epstein's] appeal was," says Robert Morosky, a former vice chairman of the clothing retailer the Limited, founded by Wexner.

"Almost everyone at the Limited wondered who he was," another former employee of Wexner's recalls. "He literally came out of nowhere."



HOUSE_OVERSIGHT_022088

But it seems that Epstein did work hard to untangle Wexner's finances. And it appears he succeeded. "Jeffrey cleaned that up right away," a former associate of Epstein's says.

The two men became all but inseparable.

"Very smart, with a combination of excellent judgment and unusually high standards," Wexner said of Epstein at the time. "Also, he is always a most loyal friend."

When Wexner wanted to break up with a woman he'd been dating for several years—a woman who moved to Ohio and converted to Judaism to make him happy—he dispatched Epstein to do the dirty work.

When Wexner hired a decorator for his Ohio mansion and wanted someone to verify the authenticity of several expensive antiques, Epstein flew in his friend Stuart Pivar, the renowned art collector and author. (According to Pivar, most of the antiques were cheap imitations.) When Wexner traveled abroad, he'd bring back trinkets and gifts for Epstein. When Wexner wanted to see *Cats*, Epstein arranged to have the cast perform in his mansion.

In Ohio, Wexner's associates whispered about his relationship with Jeffrey Epstein. In New York, they wondered about Epstein's role in Wexner's 1993 marriage to Abigail Koppel.

At thirty-one, Koppel was twenty-four years Wexner's junior. It was Epstein who negotiated the prenuptial agreement and orchestrated its very strange signing. Abigail signed the agreement in her law office. Wexner signed it in his office. According to an associate of Epstein's who was present, Epstein brought a *Sports Illustrated* swimsuit model along to Wexner's office, as if





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Epstein asked his friend:

"Yes, Jeffrey," said Wexne

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to make the point that there are other beautiful women in the world. As a joke, Epstein placed the agreement on the model's belly and had Wexner sign it right there.

Epstein asked his friend: "Are you sure you want to do this?"

"Yes, Jeffrey," said Wexner. "Quite sure."

"It was an uproarious scene," Epstein's associate recalls. "Just Jeffrey being Jeffrey. That was his gestalt."



HOUSE_OVERSIGHT_022090

# PART III

## The Women

HOUSE_OVERSIGHT_022091

# CHAPTER 31

*Mc2 Model Management's NYC branch is looking for "highly motivated and energetic" interns to assist their agents part-time or full-time. If you're thinking to yourself, who?, it's the agency founded by Jean-Luc Brunel, the guy who first signed Christy Turlington when she was just fourteen. Responsibilities include scanning pictures, answering phones, assisting with updating models' portfolios, and working in Photoshop, Word and Excel (so you have to already know what you're doing in those). You Must: Be interested in the fashion, modeling and photography industries, outgoing, well spoken, and able to keep cool while five different people demand Starbucks / copies / phone calls / etc. This is a great opportunity to get hands-on experience at a smaller agency, plus they can offer a stipend and a Metrocard as well as school credit if needed. Send your resume to intern@mc2mm.com Good luck!*

—Julia Hermanns, *Fashionista*, January 30, 2009



HOUSE_OVERSIGHT_022092

## *Jean-Luc Brunel: 2005*

For Jeffrey Epstein, Leslie Wexner is more than a mentor. More than the last in a line of older men—father figures—whom Epstein cultivated while making his way in the world.

Wexner is also a steady, if indirect, source of beautiful women.

After all, Wexner is the man in charge of Victoria's Secret, part of the Limited family of companies and—better yet—in charge of the Victoria's Secret catalog. What this means for Epstein is models galore. In fact, like a fox that's gotten hold of the lease to a henhouse, Epstein, according to evidence collected in a later lawsuit brought by Epstein victims, eventually provided financial support for a modeling agency, and provided support for models employed by that agency, in New York City.

This story begins with a Frenchman—a playboy modeling agent named Jean-Luc Brunel—who was an owner of the Karin modeling agency.

Brunel had been working as a modeling agent since the seventies. He claimed to have launched the careers of Monica Bellucci, Estelle, Jerry Hall, Rachel Hunter, Milla Jovovich, Rebecca Romijn, Kristina Semenovskaya, Sharon Stone, and Estella Warren, as well as Christy Turlington and other well-known cover girls. Brunel had also been a subject of a *60 Minutes* investigation, broadcast in 1988, into sexual exploitation in the modeling industry. That exposé had caused Eileen Ford of the elite Ford modeling agency to sever her ties with the playboy. (Brunel's activities were also chronicled in a 1995 book about the fashion



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industry—*Model: The Ugly Business of Beautiful Women*, by Michael Gross.)

But Brunel's reputation did not prevent Jeffrey Epstein from getting involved in his business.

According to a summary judgment court filing by Bradley Edwards, a victims' lawyer defending against a lawsuit by Jeffrey Epstein alleging fabrication of sexual assault cases against him, Epstein had provided support for Brunel's agency, which changed its name, in 2005, from Karin to MC2—as in $E = mc^2$.

As a scout for MC2, Brunel traveled the world in search of undiscovered talent, favoring Scandinavia, Israel, central Europe, the former Soviet republics, and South America, setting up modeling competitions and negotiating with other international modeling agents and agencies.

But according to the court filing, in which Edwards detailed the information he had gathered in support of victims, Epstein and Brunel had used the agency to bring underage girls from foreign countries into the United States by promising them modeling contracts. These girls were then housed in condominiums belonging to Epstein. "Epstein and Brunel would then obtain a visa for these girls," the document states, "then charge the underage girls rent, presumably to live as underage prostitutes in the condos."

"I strongly deny having participated, neither directly nor indirectly, in the actions Mr. Jeffrey Epstein is being accused of," Brunel would say. "I strongly deny having committed any illicit act or any wrongdoing in the course of my work as a scouter or model agencies manager. I have exercised with the utmost ethical standard for almost forty years."

According to Brunel, his association with Jeffrey Epstein



HOUSE_OVERSIGHT_022094

ended up having a strong negative impact on his reputation and business. Several photographers refused to work with him. Other agencies, such as Modilinos Model Management, curtailed their relationships with Brunel. And in 2015, Brunel filed his own civil lawsuit against Jeffrey Epstein, denying that he had any role in Epstein's illegal activities, alleging that Epstein had obstructed justice by telling him to avoid having his deposition taken in the criminal case the Palm Beach PD had built against Epstein, and claiming that false allegations of Brunel's links to Epstein's activities had harmed his reputation and cost him a great deal of business.

In his filing, Brunel included several e-mails from industry contacts who expressed their doubts about placing models with his agency. "Parents don't want their daughters coming to us because [when] they google your name and the agency name the only things they see is 'Sex Trafficking'!!!" one correspondent had written.



*Nadia Marcinkova: circ*

MC2 has offices in N
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According to statements
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# CHAPTER 32

## *Nadia Marcinkova: circa 2000*

MC2 has offices in New York City. But Jeffrey's always *in motion*—flying to his homes in New Mexico and the Virgin Islands. Often to Palm Beach. Sometimes to Paris. And when he comes home to New York he hosts parties where important people—corporate titans, real estate tycoons, university presidents, Nobel Prize–winning scientists, princes, ex-presidents, and heads of state—mingle with beautiful women.

Some guests marvel in public: Who *are* these women? Where do they *come* from?

Nadia Marcinkova comes from Slovakia. She looks like a model. But Nadia's done very little modeling, if any. Instead she's become another of Epstein's girlfriends.

According to statements given to the Palm Beach police, she's also served as a willing accomplice in Epstein's sexual assaults on underage females.



HOUSE_OVERSIGHT_022096

Epstein prefers diminutive women, but Nadia is tall. She's rail-thin and blond like the sun, with glowing skin, a wide smile, and sky-high cheekbones.

On a good day, she could pass for a Bond girl—a woman caught up in a web of crime and intrigue. But of course, that's exactly what she is.

In certain circles, the academics and the women in Epstein's orbit are almost a joke. In a 2003 profile of him, *New York* magazine quotes Harvard professors ("He is amazing"), Princeton professors ("He changed my life"), MIT professors ("If I had acted upon the investment advice he has given me over the years, I'd be calling you from my Gulfstream right now"), and other luminaries, up to and including Bill Clinton.

"I've known Jeff for fifteen years," says Donald Trump. "Terrific guy; he's a lot of fun to be with."

No one knew then that someday Trump would run for president. (When he does, he'll attack Hillary Clinton for Bill Clinton's own entanglements with Epstein.) But Trump's already ahead of the curve in that he ends up severing his ties to Epstein well before the police or the media get wind of Epstein's penchant for underage girls.

He does this because he finds out that in their endless hunt for "masseuses," Epstein's procurers have been prowling around Trump's estate in Palm Beach.



## *Virginia Roberts: 1999*

Trump's estate, Mar-a
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HOUSE_OVERSIGHT_022097

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# CHAPTER 33

## *Virginia Roberts: 1999*

Trump's estate, Mar-a-Lago, had once belonged to the fabulously wealthy heiress Marjorie Merriweather Post. It sits on twenty perfectly manicured acres less than two miles away from Jeffrey Epstein's home on El Brillo Way. It's home to the exclusive Mar-a-Lago Club, which has a spa, tennis courts, and a very posh restaurant.

Donald Trump had fought the town council for decades as they blocked all his efforts to turn the place into a private resort. Other clubs on the island—those with a history of excluding blacks and Jews—had never faced such restrictions, Trump had argued. At one point he sent copies of two movies to every member of the town council: *Guess Who's Coming to Dinner,* in which Sidney Poitier confronts his girlfriend's racist parents, and *Gentleman's Agreement,* in which a journalist confronts anti-Semitism in Connecticut and New York City.



HOUSE_OVERSIGHT_022098

"Whether they love me or not, everyone agrees the greatest and most important place in Palm Beach is Mar-a-Lago," Trump told the *Washington Post* after winning his battle. "I took this ultimate place and made it incredible and opened it, essentially, to the people of Palm Beach. The fact that I owned it made it a lot easier to get along with the Palm Beach establishment."

The Breakers hotel, Trump explained, "gets the [island's] leftovers."

It cost $100,000 to join the club. Members paid $14,000 yearly in dues. And although Epstein had never properly joined the club, Trump's friendship with Ghislaine Maxwell gave Epstein unlimited use of the facilities.

This arrangement ended when a member's young daughter complained to her wealthy father: while relaxing at Mar-a-Lago, she'd been approached and invited out to Epstein's house.

The girl said that she had gone and that Epstein had tried to get her to undress.

The girl's father had gone directly to Trump, who—in no uncertain terms—told Epstein that he was barred from Mar-a-Lago.

Because no complaint was filed, the police had taken no action. But years later, a woman named Virginia Roberts would say that, as a young girl, she'd had an identical encounter at Mar-a-Lago.

According to a court document Virginia filed in her civil lawsuit against Epstein, she was a changing-room assistant at Mar-a-Lago, earning about nine dollars an hour, when Ghislaine Maxwell approached her. Maxwell asked Virginia if she was interested in learning to be a massage therapist—which, it turned out, she was. Like the other girl, Virginia told her father,



who was also employed a
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There, according to the
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Epstein was lying, naked, c

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who was also employed at Mar-a-Lago as a maintenance manager. But Virginia's father saw nothing wrong with the offer, and he drove her, later that day, to Epstein's house on El Brillo Way.

There, according to the document, Maxwell assured Virginia's father that Ms. Maxwell would provide transportation home for his teenage daughter. Then she led Virginia upstairs, to a spa room equipped with a shower and a massage table. Jeffrey Epstein was lying, naked, on the table.

Virginia was shocked, she says in the filing, but, with no experience with massages, thought this could be massage therapy protocol. "Ms. Maxwell then took off her own shirt and left on her underwear and started rubbing her breasts across [Jeffrey's] body, impliedly showing [Virginia] what she was expected to do," the filing continues. "Ms. Maxwell then told [Virginia] to take off her clothes. The minor girl was apprehensive about doing this, but, in fear, proceeded to follow Ms. Maxwell by removing everything but her underwear. She was then ordered to remove her underwear and straddle [Epstein]. The encounter escalated, with [Jeffrey] and Ms. Maxwell sexually assaulting, battering, exploiting, and abusing [Virginia] in various ways and in various locations, including the steam room and the shower. At the end of this sexually exploitive abuse, [Epstein] and Ms. Maxwell giddily told [Virginia] to return the following day and told her she had 'lots of potential.' [Epstein] paid [Virginia] hundreds of dollars, told her it was for two hours of work, and directed one of her employees to drive her home."

At the time, Virginia was fifteen years old.



HOUSE_OVERSIGHT_022100

# CHAPTER 34

## *Declaration of Virginia Roberts Giuffre: January 19, 2015, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims*

*1. My name is Virginia Giuffre and I was born in August, 1983.*

*2. I am currently 31 years old.*

*3. I grew up in Palm Beach, Florida. When I was little, I loved animals and wanted to be a veterinarian. But my life took a very different turn when adults—including Jeffrey Epstein and his close friend Alan Dershowitz—began to be interested in having sex with me.*

*4. In approximately 1999, when I was 15 years old, I met Ghislaine Maxwell. She is the daughter of Robert Maxwell, who had been a wealthy publisher in Britain. Maxwell asked that I come with her to Jeffrey Epstein's mansion for the purposes of teaching me how to perform "massages" and to train*





*me personally in that area.*
*home in Palm Beach on El*

*5. From the first time*
*that day, his motivations*
*Maxwell's. My father was*
*up some stairs. There was*
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*activity with Epstein. I w*
*seemed to be in his 40s or 5*
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*6. I came back for sev*
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*they were going to have me tr*
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*8. So I started "working"*
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*rious room. The mansion w*
*got scared because it was s*
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*sexual activities with him the*

*9. You can see how you*
*below [see insert page 3].*

*10. Epstein took me on a*
*New York City and there he*
*approximately 15 or 16 years*



HOUSE_OVERSIGHT_022101

# CHAPTER 34

## ›erts Giuffre: January 19, :015 by attorneys ı's victims

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:h, Florida. When I was little, I ı be a veterinarian. But my life ›hen adults—including Jeffrey Alan Dershowitz—began to be me.

!, when I was 15 years old, I met ıe daughter of Robert Maxwell, lisher in Britain. Maxwell asked :y Epstein's mansion for the pur- perform "massages" and to train





*me personally in that area. Soon after that I went to Epstein's home in Palm Beach on El Brillo Way.*

*5. From the first time I was taken to Epstein's mansion that day, his motivations and actions were sexual, as were Maxwell's. My father was not allowed inside. I was brought up some stairs. There was a naked guy, Epstein, on the table in the room. Epstein and Maxwell forced me into sexual activity with Epstein. I was 15 years old at the time. He seemed to be in his 40s or 50s. I was paid $200. I was driven home by one of Epstein's employees.*

*6. I came back for several days following and did the same sorts of sexual things for Epstein.*

*7. After I did those things for Epstein, he and Maxwell said they were going to have me travel and were going to get an education for me. They were promising me the world, that I would travel with Epstein on his private jet and have a well-paid profession. Epstein said he would eventually match me up with a wealthy person so that I would be "set up" for life.*

*8. So I started "working" exclusively for Epstein. He took me to New York on his big, private jet. We went to his mansion in New York City. I was shown to my room, a very luxurious room. The mansion was huge. I was very young and I got scared because it was so big. Epstein brought me to a room with a massage parlor. Epstein made me engage [in] sexual activities with him there.*

*9. You can see how young I looked in the photograph below [see insert page 3].*

*10. Epstein took me on a ferry boat on one of the trips to New York City and there he took the picture above. I was approximately 15 or 16 years old at the time.*



HOUSE_OVERSIGHT_022102

*11. Over the next few weeks, Jeffrey Epstein and Ghislaine Maxwell trained me to do what they wanted, including sexual activities. The training was in New York and Florida, at Epstein's mansion. It was basically every day and it was like going to school. I also had to have sex with Epstein many times.*

*12. I was trained to be "everything a man wanted me to be." It wasn't just sexual training—they wanted me to be able to cater to all the needs of the men they were going to send me to. They said that they loved that I was very compliant and knew how to keep my mouth shut about what they expected me to do.*

*13. Epstein and Maxwell also told me that they wanted me to produce information for them in addition to performing sex on the men. They told me to pay attention to the details about what the men wanted, so I could report back to them.*

*14. While I had juvenile hopes of bettering my life, from very early on I was also afraid of Epstein. Epstein told me he was a billionaire. I told my mother that I was working for this rich guy, and she said "go, go far away." Epstein had promised me a lot, and I knew if I left I would be in big trouble. I was witness to a lot of illegal and bad behavior by Epstein and his friends. If I left Epstein, he knew all kinds of powerful people. He could have had me killed or abducted, and I knew he was capable of that if I did not obey him. He let me know that he knew many people in high places. Speaking about himself, he said "I can get away" with things. Even as a teenager, I understood what this meant and it scared me, as I believe he intended.*





*15. I visited and traveled*
*through the summer of 2002*
*with him for sexual activities*
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*area of Santa Fe, New Mex*
*island in the U.S. Virgin Islan*
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*ple he demanded that I have*
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*16. To illustrate my conne*
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*for one of the photographs m*
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*the day. Epstein took this picture*
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*we returned to Epstein's Zorro R*
*on one of Epstein's horses on th*
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*17. When I was with him, E*
*girls on a daily basis. His inte*
*obvious to the people around*
*obvious and bold that anyone s*
*at one of Epstein's residences wo*
*of what was going on.*

*18. Epstein's code word for s*
*was a "massage." At times the*
*and the girls would start in the*
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HOUSE_OVERSIGHT_022103

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f that if I did not obey him. He
ny people in high places. Speak-
an get away" with things. Even
hat this meant and it scared me,





15. I visited and traveled with Jeffrey Epstein from 1999 through the summer of 2002, and during that time I stayed with him for sexual activities at each of his houses (or mansions) in locations including New York City, New York; the area of Santa Fe, New Mexico; Palm Beach, Florida; an island in the U.S. Virgin Islands; and Paris, France. I had sex with him often in these places and also with the various people he demanded that I have sex with. Epstein paid me for many of these sexual encounters. Looking back, I realize that my only purposes for Epstein, Maxwell, and their friends was to be used for sex.

16. To illustrate my connection to these places, I include four photographs taken of me in New Mexico [see insert page 3 for one of the photographs mentioned]. The first one is a museum in Santa Fe, New Mexico. We had gone sightseeing for the day. Epstein took this picture of me. I was approximately 17 at the time, judging from the looks of it. At the end of the day we returned to Epstein's Zorro Ranch. The second picture is me on one of Epstein's horses on the ranch in New Mexico. The following two are from wintertime in New Mexico.

17. When I was with him, Epstein had sex with underage girls on a daily basis. His interest in this kind of sex was obvious to the people around him. The activities were so obvious and bold that anyone spending any significant time at one of Epstein's residences would have clearly been aware of what was going on.

18. Epstein's code word for sexual encounters was that it was a "massage." At times the interaction between Epstein and the girls would start in the massage room setting, but it was always a sexual encounter and never just a massage.



HOUSE_OVERSIGHT_022104

*19. In addition to constantly finding underage girls to satisfy their personal desires, Epstein and Maxwell also got girls for Epstein's friends and acquaintances. Epstein specifically told me that the reason for him doing this was so that they would "owe him," they would "be in his pocket," and he would "have something on them." I understood that Epstein thought he could get leniency if he was ever caught doing anything illegal, or that he could escape trouble altogether.*

Roberts submitted her declaration in support of a motion to be added as a plaintiff in a suit (ongoing, as of this writing) that sought to overturn a non-prosecution agreement that Jeffrey Epstein would reach with the government. Roberts was seeking to join a case brought against the government by two other victims, but a judge denied her motion in April of 2015, explaining that the case had already been pending for several years, and it was unneccesary to add an additional plaintiff.

Roberts's declaration, which goes on for another eight pages, and makes twenty-four additional points, was stricken from the record—the judge explained that the "lurid" and "unnecessary details" involving "non-parties" to the lawsuit against the government, were "immaterial and impertinent" to the proceedings.

Through a representative, Ghislaine Maxwell called the allegations against her "obvious lies," after which Roberts filed a defamation suit against Maxwell. In an answer filed in the suit, Maxwell elaborated that Roberts's "story of abuse at the hands of Ms. Maxwell" was "fabricated" for financial gain.



## *Alicia: May 20, 1997*

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# CHAPTER 35

## *Alicia: May 20, 1997*

Donald Trump's instincts regarding Jeffrey Epstein were solid. But if the reporters who were beginning to look into Epstein's mysterious background had dug a bit further, there's a chance they would have hit pay dirt as well—and not just in Palm Beach.

In California, for instance, a paper trail already stretched from the Santa Monica Police Department to Epstein's front door.

In the spring—almost the summer—of 1997, a call came in to the police. The young woman who placed it—a young actress who'd appeared on *Baywatch* and *General Hospital*—said she'd been sexually assaulted at a trendy hotel called Shutters on the Beach.

The officer who took the call knew the woman's name—Alicia*—and her voice. A week earlier, she'd told him about an

* Alicia's name, some identifying details, and dialogue have been changed.



HOUSE_OVERSIGHT_022106

encounter with Epstein. The woman had not wanted to make a formal complaint at the time. But she had taken the cop's card, and now he was happy to hear that she'd changed her mind.

In a shaky voice, Alicia described Epstein as a tallish man—five feet eleven or six feet in height was her guess—with gray hair and brown eyes. He was the owner of a large black four-door Mercedes and was a regular at Shutters on the Beach, which was the kind of place that cost one thousand dollars a night and was frequented by actors, agents, and other Hollywood types.

Alicia told the cop that she was a model and actress herself. She'd known Epstein for about a month. They had a friend in common, and she'd sent him her head shots.

Then, through an assistant, Epstein had invited her to meet in his room at the hotel.

*Alicia said she was having reservations,* the officer wrote in his report, *because generally interviews are not conducted in hotel rooms.*

According to her, things turned frightening quickly.

> *She was unsure she was safe because although she wanted to land the job as a 'Victoria's Secret' catalog model she felt as though Epstein was attempting to get her to act in an unprofessional manner for a model.*

Epstein wore navy blue sweatpants and a white T-shirt, she recalled. The T-shirt had the letters *USA* printed on it in patriotic red, white, and blue.

> *Epstein told her to undress and actually assisted her to do so while saying 'let me manhandle you for a second.'*





Then, Alicia told the cop,
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Then, Alicia told the cop, *Epstein groped her buttocks against her will while acting as though he was evaluating her body.* Alicia had stopped Epstein, and left the room, but couldn't get over the incident.

At the top of his crime report, the officer wrote "Sexual Battery." But Epstein was never charged in the incident. "The Santa Monica Police Department discounted every one of [Alicia's] allegations of improper conduct by Jeffrey Epstein and they took no action on this 1997 complaint," Epstein's West Palm Beach attorney, Jack Goldberger, told the *Palm Beach Post* in 2010.

"The cops said it'd be my word against his," Alicia told the paper. "And since he had a lot of money, I let it go. I hadn't thought much about it since, until I saw his picture online. And now, I want everybody to know how much of a creep he's always been."



HOUSE_OVERSIGHT_022108

# CHAPTER 36

## *Graydon Carter: December 2002*

Graydon Carter, the legendary editor of *Vanity Fair,* likes to get to his office early, well before the rest of his staff files in.

Most monthly magazines operate at a leisurely pace—three weeks of coming up with ideas, assigning articles, and shooting the shit in the corporate kitchen followed by one frantic week when all the actual editing gets done. But this isn't the case at *Vanity Fair,* which runs hard-hitting investigative pieces alongside its glitzy celebrity profiles. There are also parties to plan and host—incredibly glamorous parties, including the annual Oscar-night bash, which is more fun and far more exclusive than the Academy Awards ceremony itself. *Vanity Fair* is an old, famous brand. But Carter is its public face, just as Anna Wintour is the face of Condé Nast's iconic fashion magazine, *Vogue.*



One cover of *Vanity F*
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# CHAPTER 36

## 2002

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One cover of *Vanity Fair* can turn a minor celebrity into a superstar. And a single thoroughly researched story can bring down a corporate overlord.

Carter's easy to recognize: the pompadour of white hair, like a lion's mane. The Santa Claus body stuffed into an impeccably tailored bespoke suit. He wears his fame lightly. But he could not be more serious about his responsibilities, which are weighing heavily on him this month. Months earlier, he'd assigned a piece to Vicky Ward, an Englishwoman who wrote frequently for *Vanity Fair*. He'd meant for it to be an easy assignment: Ward was pregnant with twins. She wasn't allowed to fly. But here was a story right on her doorstep. A nice, easy profile of Jeffrey Epstein. Who was he, really? Carter knew he threw fabulous parties attended by academics, billionaires, and beautiful women. Recently he'd flown Bill Clinton to Africa. But no one seemed to know how he had made his fortune. Epstein's story reminded the editor of F. Scott Fitzgerald's *The Great Gatsby*.

Carter himself could have stepped out of a novel—though in his case, the author would be Horatio Alger. A Canadian college dropout who'd worked as a railroad lineman, he arrived in New York in his late twenties and commenced an astonishingly quick rise up the social and media ladders. But where Carter was open and outgoing, Epstein really was Gatsby-like—very little about him was known. Maybe, Carter thought, Ward could find out. What did Epstein do, exactly, for money? Why was he so secretive? Why were so many brilliant and powerful men drawn to him? And where did those beautiful women come from?

Almost immediately, Epstein began a campaign to discredit Ward. He prevailed upon Conrad Black, the press baron and



HOUSE_OVERSIGHT_022110

Epstein's Palm Beach neighbor—who was also a step-uncle of Vicky Ward's husband—to ask Ward to drop the story. But Ward was tenacious, and what she came back with was dynamite. More interesting and much more salacious than anything Carter had imagined.

Now Carter's staff was putting in the hours it would take to confirm all the things she'd uncovered, picking the ones they could publish and laying them all out in a narrative that would be no less explosive than the facts it contained.



*Vicky Ward: October*

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# CHAPTER 37

## *Vicky Ward: October 2002*

Epstein went out of his way to spin the *Vanity Fair* story to his own ends, and soon after she got the assignment, Vicky Ward's phone began to ring off the hook: calls from Ace Greenberg and Jimmy Cayne, the current head of Bear Stearns; from Les Wexner; from academics, scientists, and movers and shakers who counted Epstein among their friends.

Then there were the calls from Epstein himself. He wouldn't go on the record, but despite the rumors he'd spread behind Ward's back, he was happy to talk informally, even give her a tour of his Manhattan mansion and trot out stories that he had dined out on for years. By most accounts, Epstein could be extremely charming—even if it had taken Ghislaine to teach him which forks to use when—and he did his best to charm Vicky Ward. But she was not easily seduced, and she turned out to have a keen eye for Epstein's missteps.



HOUSE_OVERSIGHT_022112

Over tea in his town house, she noticed, Epstein ate all the finger food that had been put out for both of them. She found it odd that the only book this supposedly brilliant man had left for her to see was a paperback by the Marquis de Sade. And then there was the call afterward from one of Epstein's assistants—a woman Ward did not know—who told her, "Jeffrey wanted me to tell you that you looked so pretty."

Ward is pretty, with fine English features and flowing blond hair. She was also *very* pregnant then, with a bad case of morning sickness. She threw up often, sometimes in public, and these clumsy advances on Epstein's part only added to her ever-present nausea. For a man who was supposedly brilliant, he'd struck her, oddly, as not very *smart*.

"Epstein is charming, but he doesn't let the charm slip into his eyes," she wrote. "They are steely and calculating, giving some hint at the steady whir of machinery running behind them. 'Let's play chess,' he said to me, after refusing to give an interview for this article. 'You be white. You get the first move.' It was an appropriate metaphor for a man who seems to feel he can win no matter what the advantage of the other side. *His* advantage is that no one really seems to know him or his history completely or what his arsenal actually consists of. He has carefully engineered it so that he remains one of the few truly baffling mysteries among New York's moneyed world. People know snippets, but few know the whole."

The testimonials Epstein's friends gave were glowing: "I think we both possess the skill of seeing patterns," Les Wexner told her. "Jeffrey sees patterns in politics and financial markets, and I see patterns in lifestyle and fashion trends. My skills are



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not in investment strategy, and, as everyone who knows Jeffrey knows, his are not in fashion and design. We frequently discuss world trends as each of us sees them."

"I'm on my 20th book," said Alan Dershowitz, who'd met Epstein in 1997. "The only person outside of my immediate family that I send drafts to is Jeffrey."

But Ward also talked to other sources, who had their own questions and qualms about Jeffrey Epstein. Some were involved in lawsuits against him. Others had served on prestigious boards with him. One who had witnessed Epstein's aborted stint on the board of Rockefeller University called him arrogant.

One powerful investment manager wondered about Epstein's conspicuous absence from New York's trading floors. "The trading desks don't seem to know him," he says. "It's unusual for animals *that* big to not leave any footprints in the snow."

Ward uncovered legal documents, including Epstein's interview with the SEC, given in the wake of his departure from Bear Stearns. She visited a federal prison in Massachusetts and spoke at length with Steven Hoffenberg, who told her that Epstein had made a major mistake in taking Bill Clinton to Africa. "I always told him to stay below the radar," Hoffenberg said. He made other accusations, about Epstein's financial practices, which Epstein denied—and Ward knew that Hoffenberg, the Ponzi-scheme mastermind, was not to be trusted. But she did find it strange that throughout the reporting process Epstein was much less openly concerned with what she'd found out about his finances than with what she'd uncovered about his dealings with women.

Time and again, he would call and ask her: "What do you have on the *girls?*"



HOUSE_OVERSIGHT_022114

* * *

One young woman Ward talked to had been invited by Ghislaine Maxwell to attend a party at Epstein's town house. There, the woman had noticed, female guests far outnumbered the male guests. "These were not women you'd see at Upper East Side dinners," the woman had said. "Many seemed foreign and dressed a little bizarrely."

"This same guest also attended a cocktail party thrown by Maxwell that Prince Andrew attended, which was filled, she says, with young Russian models," Ward wrote. "'Some of the guests were horrified,' the woman says."

Another source, one who had worked with Epstein, said, "He's reckless, and he's gotten more so. Money does that to you. He's breaking the oath he made to himself—that he would never do anything that would expose him in the media. Right now, in the wake of the publicity following his trip with Clinton, he must be in a very difficult place."



*Vicky Ward: Novembe*

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# CHAPTER 38

## *Vicky Ward: November 2002*

What I had 'on the girls,'" Ward explained in a *Daily Beast* article published after Epstein's arrest, "were some remarkably brave first-person accounts. Three on-the-record stories from a family: a mother and her daughters who came from Phoenix. The oldest daughter, an artist whose character was vouchsafed to me by several sources, including the artist Eric Fischl, had told me, weeping as she sat in my living room, of how Epstein had attempted to seduce both her and, separately, her younger sister, then only 16."

Ward had written it all down in her notes. She had crossed the t's, dotted the i's.

But when she called Epstein to get his response, he denied the allegations completely.

"Just the mention of a 16-year-old girl," Epstein told her,



HOUSE_OVERSIGHT_022116

"carries the wrong impression. I don't see what it adds to the piece. And that makes me unhappy."

If some sort of criminal investigation had taken place, that would have been one thing. But, at that time, no criminal investigation into Epstein's affairs had been launched. And in the absence of an investigation, the rumors of Epstein's dealings with very young women seemed to be just that—rumors.

Graydon Carter consulted his lawyers, his editors, and his fact-checkers. And then something odd and disturbing happened at the Condé Nast building, then in Times Square.

As usual, Carter had come into the office early. He swiped his key card in the lobby, pressed the elevator button, and arrived in the hallway outside the reception area on the twenty-first floor.

It would have been a perfect time to review Ward's story.

Her description of Epstein's town house—which is said to have been the largest private residence in New York City at the time—was priceless: "Inside, amid the flurry of menservants attired in sober black suits and pristine white gloves, you feel you have stumbled into someone's private Xanadu," she'd written. "This is no mere rich person's home, but a high-walled, eclectic, imperious fantasy that seems to have no boundaries. The entrance hall is decorated not with paintings but with row upon row of individually framed eyeballs; these, the owner tells people with relish, were imported from England, where they were made for injured soldiers. Next comes a marble foyer, which does have a painting, in the manner of Jean Dubuffet . . . but the host coyly refuses to tell visitors who painted it. In any case,

One of the photogra
captured on video during
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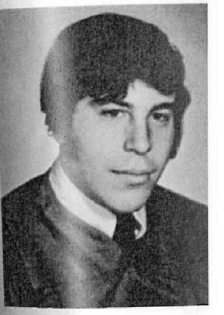

Jeffrey Epstein, Coney Isl
circa 1969 *(Anonym*

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# CHAPTER 58

## *Prince Andrew: 2011*

Prince Andrew also fares poorly in the wake of Epstein's imprisonment.

The two men are old friends. They have been ever since Ghislaine Maxwell introduced the prince to her then-beau, sometime in the 1990s. In 2000, Epstein had been invited to Windsor Castle to celebrate the queen's birthday. Six months later, Epstein flew to Sandringham, the queen's estate in Norfolk, England, for a party Prince Andrew threw for Ghislaine's thirty-ninth birthday.

The prince had also visited Epstein on several occasions, in Palm Beach as well as in New York. And if allegations Virginia Roberts made in her 2015 declaration are to be believed, Epstein asked her to give the prince whatever he required, then report back with the details.

According to the *Guardian*, Epstein and the prince had partied together at Windsor Castle, in Saint-Tropez, and in Thailand,



HOUSE_OVERSIGHT_022118

where "Andrew was pictured on a yacht surrounded by topless women."

According to Roberts's lawsuit, Epstein had forced her into the prince's bed on Little Saint Jeff's.

After Epstein's conviction, the British press were using another name for Little Saint Jeff's: Sex Island. The *Guardian* reported that the manager of two Virgin Islands–based corporations owned by Epstein happened to be the wife of the governor of the Virgin Islands. There were allegations involving a million-dollar donation that Epstein had made to the governor's reelection campaign. And then there was Roberts's claim that she had been forced to have sex with the prince on the island as well as in New York and in London.

Invariably, the photograph of Prince Andrew with his arm around the bare midriff of a very young-looking Virginia Roberts ran with stories that appeared in the tabloids.

"It is emphatically denied that the Duke of York had any form of sexual contact or relationship" with Roberts, Buckingham Palace spokespersons would say. "The allegations made are false and without any foundation."

The prince's ex-wife, Sarah Ferguson, the Duchess of York, while on a skiing trip with the prince and their daughter Eugenie in Switzerland, told reporters, "He is the greatest man there is. It was the finest moment of my life in 1986 when I married him. He is a great man, the best in the world."

"I won't stand by—because I know what it feels like to have salacious lies made up about you—and not support him so publicly because they are just shockingly accusatory allegations,





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viewed by *Today* host Matt La
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said a former aide to the princ
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Despite all this, the prince had
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strolling in Central Park.

Some few months before it
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"Once again," she said aft
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which I don't think is right," she said a few days later when interviewed by *Today* host Matt Lauer. "It's a defamation of character, and as a great father and a humongously good man and all the work he does for Britain I won't stand by and let him have his character defamed to this level."

But at the same time, a certain schadenfreude attended the good man's fall from grace, and former associates kept coming out of the woodwork to dish to the press.

"I've seen him treat his staff in a shocking, appalling way," said a former aide to the prince. "He's been incredibly rude to his personal protection officers, literally throwing things on the ground and demanding they 'fucking pick them up.' No social graces at all. Sure, if you're a lady with blond hair and big boobs, then I bet he's utterly charming."

Despite all this, the prince had stuck by Epstein. There was even a photo, frequently trotted out by the tabloids, of the two of them strolling in Central Park.

Some few months before it was taken, a reporter posing as a businessman had secretly taped Sarah Ferguson's demand for five hundred thousand pounds in return for access to the prince.

"If you want to meet him in your business," she'd said then, "look after me, and he'll look after you. You'll get it back tenfold."

"Once again," she said afterward, "my errors have compounded and rebounded and also impacted on the man I admire most in the world: the Duke."

Prince Andrew had had his troubles already—with shady real estate deals, sticky romances, highly embarrassing document dumps (courtesy of Julian Assange and WikiLeaks), and



HOUSE_OVERSIGHT_022120

questionable ties to Tunisian oligarchs, corrupt presidents of former Soviet republics, and Mu'ammar Gadhafi, among other entanglements, many of which were explored in a *Vanity Fair* article headlined THE TROUBLE WITH ANDREW.

"The duke has a record of being loyal to his friends," a "royal source" told *Vanity Fair*'s Edward Klein. "Take his feelings for Sarah Ferguson. If you are a prince and you bring a woman into the royal life and, for whatever reasons, she's spit out, you might have feelings of debt toward her. The duke feels that she's been spattered and rejected. His close relationship with the Duchess of York is problematic, and there have been many problems over the last 5 to 10 years, all of which stem from the duchess. Some of the behavior of the duchess is inconsistent with being married to, or an ex-wife of, the duke. There's no question but that Sarah's been a financially self-destructive element in the duke's life."

"The same kind of loyalty manifested itself last December, when the duke visited Epstein at his home in New York," said a spokesperson for Buckingham Palace. "Epstein was a friend of the duke's for the best part of 20 years. It was the first time in four years that he'd seen Epstein. He now recognizes that the meeting in December was unwise."

"Don't expect to see a photo of the two of them together," another "royal source" would say.

But one more story about the prince's dealings with Jeffrey Epstein had already emerged.

At a dinner party at Epstein's town house, the prince dished about the wedding of his nephew Prince William to Kate Middleton.

"He was amused that his dinner companions were so inter-



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ested in every detail," a guest in attendance told a *New York Post* gossip columnist. "What would Kate wear, what would the Queen wear, would his ex-wife Sarah Ferguson be invited?"

Other guests in attendance that night included Chelsea Handler, George Stephanopoulos, Charlie Rose, Katie Couric, and Woody Allen.

At around the same time, Jeffrey Epstein told the *New York Post*, "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel."

Was it so remarkable that Prince Andrew would have been seen in Epstein's company? Andrew's philandering had been tabloid fodder for years. Randy Andy, they called him in the UK. And in the circles that Jeffrey Epstein moved in, philandering wasn't seen as a vice. Epstein came of age just as industrywide deregulation took hold on Wall Street. Junk bonds were king. Call girls were charging ten thousand dollars a night. And in the shadows, you'd see things that would have made Caligula blush. Sights that would make Nero himself reach for the nearest fire extinguisher. When the urge presented itself, the new super rich didn't have to swap wives.

They could simply swap harems.

By the same token, was it so very strange to think that a man like the prince would have grown so detached from reality—insofar as *reality* is even a word that applies to a prince? Was it odd that he thought it was absolutely fine to be seen by photographers strolling through Central Park with a registered sex offender—when at the time large swaths of the financial, banking, and trading industries were characterized by their very



HOUSE_OVERSIGHT_022122

detachment from day-to-day concerns such as morality, ethics, and appearances?

As for Jeffrey Epstein, one question that might be worth asking is, if he's in fact a narcissist and megalomaniac, could he actually believe that he's *innocent?* Then again, that might be the wrong question. Epstein did plead guilty, after all. But what if he simply doesn't see what he pleaded to as a crime? What if he's *proud* of his lifestyle? And if that's the case, why *wouldn't* Prince Andrew be proud to be seen in public with his dear friend Jeffrey Epstein?

What if, for people like Epstein and the prince, it's just servants and masters, the way of the world? They're natural winners—*aristocrats,* after all—and if life were fair, well, how would we know who the real winners are?



*Anna Salter: Novemb*

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# CHAPTER 59

## *Anna Salter: November 2015*

Why do powerful men do the things that Jeffrey Epstein and Prince Andrew have been accused of doing?

Dr. Anna Salter studies child sex offenders professionally. Educated at Harvard, with a graduate degree in clinical psychology, she spoke, with the benefit of hindsight, about Jeffrey Epstein and others like him from her office in Madison, Wisconsin.

"Consider a car," says Dr. Salter. "There's a motor, and there are brakes. We all have sexual impulses we don't think it would be a good idea to act on. Most of us have good control over our behavior. We have good brakes.

"Sexual offenses and inappropriate sexual behavior are sometimes the result of a bad motor—for example, an attraction to prepubescent children or eleven-to-fourteen-year-old pubescent children as opposed to postpubescent individuals. But they are always the result of bad brakes.



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"Antisocial psychopaths don't have brakes at all."

Dr. Salter has never met Epstein, but she's followed his case closely and finds him a familiar type. She's especially struck by the singular nature of the relationship between powerful, wealthy men and vulnerable, underage women.

"[The men] are more impressive to a fourteen-year-old [girl] than to, say, an adult young woman who is self-supporting and feels more sure of herself," she explains.

"They are attracted to what they call freshness—barely budding sexuality and lack of sexual experience. The difference between them and their victims feeds their ego.

"Great wealth and access are generally factors that make men feel they are entitled to whomever and whatever they want. Some have narcissistic personalities with inflated self-images. And of course, great wealth and status make such men think they can get away with it. Too often, they're right."

On the other hand, Dr. Salter believes that certain conditions, such as the ones exhibited by Jeffrey Epstein, might be an inborn character trait.

Personality can be influenced, sometimes quite heavily, by genetics.

"Virtually no one believes anymore that humans are born a totally blank slate," she explains.

"We arrive with temperamental and personality variations that, of course, the environment can often, but not always, influence. We arrive with baggage."

Is Epstein a born psychopath, then?

"*Psychopathy* is the umbrella term for individuals who do not have a conscience. Pyschopaths are often narcissistic, but narcissists are often not psychopathic. Some individuals who prey



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on young girls delude themselves into thinking that the abuse will not harm the child. They have a conscience, but they have medicated it with thinking errors. Others are flat-out psychopathic and simply don't care if it hurts the young girl or not. I can't say anything about Epstein, as I have not evaluated him, but narcissism and psychopathy are concepts an evaluator would look at concerning anyone who was sexually attracted to postpubescent individuals but who then began to focus on younger teens.

"Psychopaths are often superficially charming, high-stimulus seekers who are bored if not doing something. They lie, con, and manipulate. They do not establish deep affective ties.

"They are callous and remorseless individuals who simply don't feel bad about harming someone.

"Rules don't apply to them because they are exceptional. They are sure they won't get caught."



HOUSE_OVERSIGHT_022126

# CHAPTER 60

## *Jeffrey Epstein: July 2010*

Jeffrey Epstein was done with jail, but he wasn't done settling suits brought by his victims. Under the conditions of his non-prosecution agreement, he's even paid for the victims' lawyers. Still, Epstein's NPA seemed to ensure that he would not be prosecuted again for his crimes. Double jeopardy was working in Epstein's favor. But in July of 2010, reports began to appear in the press: federal investigators were following other leads—leads that could result in child-trafficking charges and a twenty-year sentence.

The Florida attorney general's office refused to comment. It was against policy to confirm or deny the existence of an ongoing investigation. One of Epstein's lawyers told the *Daily Beast* that he had no knowledge of such an investigation. "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach," Jack



Goldberger said. "There
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# CHAPTER 60

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or proceedings in Palm Beach," Jack





Goldberger said. "There are no pending civil lawsuits. There are not and should not be any pending investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

If there was an investigation, nothing had come of it yet. For the moment, Epstein was free—free to turn his attention, again, to intellectual pursuits. He launched a website, JeffreyEpsteinScience.com, that featured blog posts such as "Conversations with Jeffrey Epstein," "The Value of Quantum Computation to Jeffrey Epstein," "Why Evolutionary Biology Intrigues Jeffrey Epstein," and "An Understanding of Theoretical Physics from Jeffrey Epstein." The latter post began: "This is where Jeffrey Epstein takes you to the very cutting edge of the frontiers of knowledge to explore and discuss our basic understanding of the subtle, simple, and hidden [qualities] that lie beneath . . . our universe."

"Jeffrey doesn't know shit about science," says Stuart Pivar, the art collector who has known Epstein for more than three decades. "Does he like to act like he does? Yes. But he doesn't. But as far as these academic scientists—without people like him they wouldn't have any money."

Other friends of Epstein's say that he truly did have a brilliant mind for science. And in any case, Epstein had done more than sponsor individual scientists. He'd also sponsored conferences on Little Saint Jeff's. On his website, he announced a conference called Mindshift at which Nobel laureates, such as the theoretical physicist Murray Gell-Mann, would mix with surgeons, engineers, and futurists and where professors would



HOUSE_OVERSIGHT_022128

discuss cognitive neuroscience, artificial intelligence, systems of encryption and decryption, and other topics.

Epstein had been hosting get-togethers like this for years. Toward the end of Chief Reiter's investigation, in March of 2006, Epstein had hosted twenty top physicists—including three Nobel Prize winners as well as the celebrity physicist Stephen Hawking—at a Saint Thomas symposium called "Confronting Gravity," which was advertised as "a workshop to explore fundamental questions in physics and cosmology."

"This is a remarkable group," one of the Nobel Prize winners told a reporter for the *St. Thomas Source*.

"There is no agenda except fun and physics, and that's fun with a capital F," Epstein said.

Epstein had been especially interested in Stephen Hawking. Someday, Hawking had theorized, the universe would stop expanding and collapse, at which point time would begin to run backwards. Hawking believed that computer viruses were living things. He thought that given the size of the universe, alien life forms existed. He did not believe in God. But he had a vast appreciation for the inner workings of the universe, and this is why Epstein gave Hawking a tremendous gift. He paid to have a submarine modified so that it could fit Hawking and his wheelchair and give the scientist his first glimpse of an actual alien world—the one that lies under the waves of the ocean.

It was one of the most romantic, generous gestures that Jeffrey Epstein had ever made.



*Al Seckel: January 201*

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# CHAPTER 61

## *Al Seckel: January 2012*

Epstein's partner in the Mindshift conference, a man named Al Seckel, was known for throwing fabulous parties that were said to have included the actor Dudley Moore, magician James "the Amazing" Randi, and future Tesla and SpaceX founder Elon Musk, as well as many of the scientists Jeffrey Epstein would court in the course of his own climb up the social ladder.

In certain Los Angeles circles, Al Seckel was a very good man to know. But, like Jeffrey Epstein, Seckel was a sort of illusionist. According to Mark Oppenheimer, a journalist who knew Seckel and followed his career for fifteen years, Seckel made his money by selling rare books and papers, often through his social and academic connections.

"A number of these transactions resulted in accusations and lawsuits," Oppenheimer would write. "In speaking to former



HOUSE_OVERSIGHT_022130

Seckel acquaintances, I kept hearing variations on a scheme Mrs. Pearce Williams believed he perpetrated against her late husband, the man Seckel said was his mentor. Seckel took books and promised money, or he took money and promised a book; but somehow, the promised party lost money."

"He was charming, erudite, humorous," one of Seckel's marks told the reporter. "I lent him $75,000. When the time came to pay it back he didn't want to do it."

Oppenheimer found several people whom Seckel had stiffed and uncovered dozens of lawsuits he'd been involved in. In 2007, Seckel settled a libel lawsuit against a man who'd edited his *Wikipedia* page. Years later, Oppenheimer spoke with Seckel's lawyer, Nicholas Hornberger.

"Hornberger confirmed that he'd reached a settlement for the case, a favorable one," the journalist wrote. "Hornberger added that Seckel has still not paid him for his services."

He also interviewed Seckel's wife, Isabel Maxwell.

Al and Isabel met on a blind date and married in Malibu in or "around" 2007 ("I don't keep the dates in my head," Seckel explained). A few years later, they moved to the South of France, where Seckel continued to trade in rare books and papers. While living in France, he was sued by a Virgin Islands company that accused him and Isabel of fraudulently attempting to sell rare books and a seventeenth-century portrait of Isaac Newton.

Seckel had also been trying to sell papers belonging to Isabel's father.

Isabel is Ghislaine Maxwell's sister and the daughter of Robert Maxwell.

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It was an odd thing, Epstein's association with this self-professed PhD who, on closer inspection, turned out to be a bit of a grifter. But the Mindshift conference that Epstein and Seckel hosted in the Virgin Islands did take place, in 2010. Murray Gell-Mann was there, along with Leonard Mlodinow, a physicist who coauthored books with Stephen Hawking. Gerald Sussman, an expert on artificial intelligence who taught at MIT and also attended the conference, said that he didn't remember too much about it.

"We had scientific discussions, talked about various things," he said vaguely.

When Mark Oppenheimer asked him if he'd given money to Seckel, Sussman "got testy" with the reporter.

"I have had some dealings with him," Sussman said. "I don't want to say what it's about, because I don't feel good about it, okay?"

Today, Epstein's websites—JeffreyEpsteinFoundation.com and JeffreyEpsteinScience.com—are down. Their domain names have long since expired. Several recipients of Epstein's charitable contributions, including New York's Mount Sinai Hospital and Ballet Palm Beach, announced that they would not be accepting new gifts.

"The further I can keep myself from anything like that the better," said Ballet Palm Beach founder Colleen Smith.

But in 2012, Epstein held one more conference on Little Saint Jeff's. Once again, three Nobel Prize winners were in attendance. Stephen Hawking was also there. All in all, Epstein had gathered twenty-one physicists—from Princeton, Harvard, MIT, and CERN



HOUSE_OVERSIGHT_022132

(the European Organization for Nuclear Research)—to "determine what the consensus is, if any, for defining gravity."

According to a press release issued by Epstein's foundation, the consensus that did emerge was that space is "not quite empty."



## *Jeffrey Epstein: Februar*

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# CHAPTER 62

## *Jeffrey Epstein: February 2, 2011*

It's Groundhog Day, and once-reclusive Jeffrey Epstein is hitting the peak of his fame in a ripped-from-the-headlines episode of *Law & Order: SVU* that tracks, eerily well, with his own legal history.

The setup for this episode is the rape of a very young French girl. One who's been flown to New York on a very rich man's private jet, then flown back—coach class—to Paris.

On the plane, she has a freak-out. She thinks the middle-aged guy sitting next to her is trying to rape her. In Paris, the local police get involved.

"It was just a birthday party," the tearful girl tells the SVU cops via videoconference from France. "We were his present."

The cops ask: Whose present?

"The billionaire. The one who owns the jet."

Does the French girl know his name?



HOUSE_OVERSIGHT_022134

"Jordan. He wanted a massage. But I had to take off my clothes. He climbed on top of me. It hurt. I started to bleed, and it wouldn't stop. The doctor came."

"Dominique," the cops say. "We're going to arrest this man. But we need you to return to New York so you can testify."

*"Non,"* says the girl. *"Non! Jamais! Jamais!"*

For Epstein, there are other embarrassments, many of which have to do with his royal friends. The wedding of Prince William and Kate Middleton is approaching, and the ongoing troubles of Prince William's uncle Prince Andrew keep threatening to derail the festivities. On March 6, a spokesperson for Sarah Ferguson confirms that Epstein paid off part of the seventy-eight thousand pounds that the duchess borrowed from a man who was once her personal assistant.

The next day, headlines appear in the *Telegraph* and other British papers: DUKE OF YORK "APPEALED TO JEFFREY EPSTEIN TO HELP DUCHESS PAY DEBT."

"I personally, on behalf of myself, deeply regret that Jeffrey Epstein became involved in any way with me," Prince Andrew's ex-wife tells journalists. "I abhor paedophilia and any sexual abuse of children and know that this was a gigantic error of judgment on my behalf.

"I am just so contrite I cannot say. Whenever I can I will repay the money and will have nothing ever to do with Jeffrey Epstein ever again."

That week, as part of the ongoing civil lawsuits against Epstein, Sarah Kellen and Nadia Marcinkova are both asked about Prince Andrew's relations with Epstein.





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"Have you ever been m
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Nadia Marcinkova are both asked
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"Would you agree with me that Prince Andrew and Jeffrey Epstein used to share underaged girls for sexual relations?" Kellen is asked.

"On the instructions of my lawyer," Kellen replies, "I must invoke my Fifth Amendment privilege."

"Have you ever been made to perform sexually on Prince Andrew?" lawyers ask Marcinkova.

"Fifth" is Nadia's simple, succinct reply.

That same week, the government downgrades Prince Andrew's role as Great Britain's royal trade envoy. But the British press is tenacious, and in the *Telegraph*, the *Guardian*, and elsewhere, stories appear on a daily basis:

- *The Duke, His Paedophile Guest, and the Most Unusual Use of an RAF Base*
- *Andrew's Secret Love Life Revealed*
- *Royal Connections: Prince Andrew and the Paedophile Are Suddenly the Talk of New York*
- *Time to Show This Right Royal Clown the Door*
- *An Odd Trio: The Royal Trade Envoy, the Teenage Masseuse and the Fixer*
- *No. 10 Struggles to Contain Row Over Prince*
- *From Royal Asset to National Liability*
- *Royal Blush*
- *Duke Could Be Called to Two Epstein Trials*
- *It's the Company You Keep... The Duke's Dangerous Liaisons*
- *Nothing Grand About This Old Duke of York*
- *The Royal Family Has Feared a Blow-Up Over Duke's Choice of Friends For Years*
- *Our Less-Than-Grand Old Duke of York*



HOUSE_OVERSIGHT_022136

On March 11, a devastating undersea earthquake and tsunami move Japan's main island by several feet, shifting the earth on its axis. The destruction is horrific and unprecedented. But on March 13, the *Daily Mail* devotes four pages and seven separate articles to Prince Andrew. That same day, the *Telegraph* runs three pieces, and the *Sunday Times* runs a two-page spread headlined GUN SMUGGLER BOASTS OF SWAY OVER ANDREW.

On March 14, the *Guardian* runs one more piece about Andrew's troubles.

PRINCE ANDREW DOMINATES HEADLINES DESPITE THE EARTHQUAKE, the headline reads.



*Alan Dershowitz: Septen*

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VAY OVER ANDREW.
*lian* runs one more piece about

HEADLINES DESPITE THE EARTHQUAKE,



# CHAPTER 63

## *Alan Dershowitz: September 2014*

If the ongoing lawsuits are costing Epstein millions, he has millions left to spare. Meanwhile, the FBI's investigation into whether Epstein trafficked underage women across state lines seems to be going nowhere. As 2014 draws to a close, it's beginning to look as if Epstein is finally free and clear of the case.

But for Epstein's friend and sometime lawyer Alan Dershowitz, things are about to get very unpleasant.

At the start of 2008, Bradley Edwards, the Fort Lauderdale lawyer, had filed a motion in a West Palm Beach court on behalf of two unnamed women accusing Prince Andrew and Alan Dershowitz of participating directly in Epstein's illegal activities.

Prince Andrew had had no comment to make, and Dershowitz had objected to the accusations in the strongest possible terms.

"There's absolutely no kernel of truth to this story," he'd said.



HOUSE_OVERSIGHT_022138

"I don't know this woman. I've never been in the same place with her. She's made the whole story up out of whole cloth."

Bradley Edwards had already become involved in lawsuits against Epstein. In 2007, working with a former federal judge and University of Utah law professor named Paul Cassell, he had filed a lawsuit on behalf of another unnamed woman. Six years later, that case is still pending, and now, Edwards and Cassell petition to have the two suits combined.

All in all, four Jane Does take part in the lawsuit.

Jane Doe 3 is Virginia Roberts, the girl who says that Ghislaine Maxwell recruited her for Epstein at Trump's resort, Mar-a-Lago.

Epstein had "lent" her and other young girls to prominent businessmen, important politicians, world leaders, and other powerful men in order "to ingratiate himself with them for business, personal, political, and financial gain, as well as to obtain blackmail information," Roberts claims.

She says that Epstein forced her and other underage girls to take part in an orgy in the Virgin Islands.

She names Prince Andrew and Alan Dershowitz as two of the men she'd been forced to have sex with and claims that Dershowitz had been "an eyewitness to the sexual abuse of many other minors by Epstein and several of Epstein's co-conspirators."

This time, Prince Andrew does respond to the allegations.

"This relates to longstanding and ongoing civil proceedings in the United States, to which the Duke of York is not a party," Buckingham Palace says in a short statement. "As such we would not comment on the detail. However, for the avoidance of doubt, any suggestion of impropriety with underage minors is categorically untrue."



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Alan Dershowitz also
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Edwards and Cassell have
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"They manipulated a y
interested in money," Ders
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ever made this false charge
But then, the allegations m
15, 2015, in a declaration
attempt to overturn Jeffrey
are highly disturbing.

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short statement. "As such we would
However, for the avoidance of doubt,
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Alan Dershowitz also goes on the attack. Virginia's claims are part of a plot to extort him, he claims. The motion that Edwards and Cassell have filed is "the sleaziest legal document" he's ever seen.

"They manipulated a young, suggestible woman who was interested in money," Dershowitz says. "This is a disbarrable offense, and they will be disbarred. They will rue the day they ever made this false charge against me." It's a vehement denial. But then, the allegations made by Virginia Roberts, on January 15, 2015, in a declaration filed against the government in an attempt to overturn Jeffrey Epstein's non-prosecution agreement, are highly disturbing.



HOUSE_OVERSIGHT_022140

# CHAPTER 64

## *Declaration of Virginia Roberts Giuffre, filed on January 19, 2015 by attorneys representing Jeffrey Epstein's victims (continued)*

*20. Harvard law professor Alan Dershowitz was around Epstein frequently. Dershowitz was so comfortable with the sex [that] was going on that on one occasion he observed me in sexual activity with Epstein.*

*21. I had sexual intercourse with Dershowitz at least six times. The first time was when I was about 16, early on in my servitude to Epstein, and it continued until I was 19.*

*22. The first time we had sex took place in New York in Epstein's home. It was in Epstein's room (not the massage room). I was approximately sixteen years old at the time. I called Dershowitz "Alan." I knew he was a famous professor.*

*23. The second time that I had sex with Dershowitz was at Epstein's house in Palm Beach.*



*24. I also had sex*
*Ranch in New Mexico i*
*pool area, which was st*

*25. We also had se*
*U.S. Virgin Islands.*

*26. Another sexual*
*itz happened on Epstein*
*on the plane with us.*

*27. I have recently*
*calling me a "liar." He i*
*with me. The man I've se*
*mer law professor, is th*
*least six times. Dershow*
*with other underage girl*
*but he is lying and denyi*

*28. After years of ab*
*look for a way to escape. I*
*hold because I wanted to l*
*taken me into his clutches*
*some time I believed him.*
*trol, regardless of my doul*

*29. I kept asking Eps*
*education. Epstein finally*
*to go to Chiang Mai to le*
*like my chance to escape.*
*bags for good. I knew this*
*break away.*

*30. On September 27, 2*
*to Chiang Mai, Thailand. I*
*my training. But Epstein w*

HOUSE_OVERSIGHT_022141

# CHAPTER 64

*oberts Giuffre, filed on*
*rneys representing Jeffrey*
*ıed)*

*r Alan Dershowitz was around*
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*vhen I was about 16, early on in*
*d it continued until I was 19.*
*ad sex took place in New York in*
*Epstein's room (not the massage*
*y sixteen years old at the time. I*
*knew he was a famous professor.*
*at I had sex with Dershowitz was*
*Beach.*





*24. I also had sex with Dershowitz at Epstein's Zorro Ranch in New Mexico in the massage room off of the indoor pool area, which was still being painted.*

*25. We also had sex at Little Saint James Island in the U.S. Virgin Islands.*

*26. Another sexual encounter between me and Dershowitz happened on Epstein's airplane. Another girl was present on the plane with us.*

*27. I have recently seen Alan Dershowitz on television calling me a "liar." He is lying by denying that he had sex with me. The man I've seen on television, described as a former law professor, is the same man that I had sex with at least six times. Dershowitz also knows that Epstein had sex with other underage girls and lent me out to other people, but he is lying and denying that. . . .*

*28. After years of abuse and being lent out, I began to look for a way to escape. I had first gone into Epstein's household because I wanted to be a massage therapist. Epstein had taken me into his clutches through promises and talk and for some time I believed him. But once he had me under his control, regardless of my doubts and fears, I felt trapped.*

*29. I kept asking Epstein for my promised training and education. Epstein finally got me a plane ticket to Thailand to go to Chiang Mai to learn Thai massage. This sounded like my chance to escape. In September 2002, I packed my bags for good. I knew this would be my only opportunity to break away.*

*30. On September 27, 2002, I flew from JFK in New York to Chiang Mai, Thailand. I arrived around September 29 for my training. But Epstein was going to get something out of*



HOUSE_OVERSIGHT_022142

*this trip as well. I was supposed to interview a girl and bring her back to the United States for Epstein.*

31. [Left blank in the original]

*32. I did the massage training in Chiang Mai. While I was there, I met a great and special guy and told him honestly what I was being forced to do. He told me I should get out of it. I told him that the people I was working for were very powerful and that I could not walk away or disobey them without risking serious punishment, including my life. He told me he would protect me. I had confidence [in] him and I saw his love and help as my opportunity to escape and to be with someone who truly loved me and would protect me. I married him and flew to Australia.*

*33. I called Epstein and told him I was not coming back. He asked why? I said "I've fallen in love." Epstein basically said "good luck and have a good life." I could tell he was not happy. I was afraid of what he was going to do to me. I thought he or one of his powerful friends might send someone to hurt me or have me killed.*

*34. From that point onward, out of concern for my safety and general well-being, I stayed in Australia with my husband. I was in Australia from late 2002 to October 2013. To be clear, I was never in the United States during these years, not even for a short trip to visit my mother. And my absence from the United States was not voluntary—I was hiding from Epstein out of fear of what he would do to me if I returned to the United States.*

*35. In around 2007, after not hearing from anyone for years, out of the blue I was contacted by someone who identified himself with a plain sounding name and claimed he was*





*with the FBI. It seemed ve*
*cial criminal investigatio*
*that. I hadn't heard Epste*
*who this person was and*
*tell what was going on.*

*36. This man said he*
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HOUSE_OVERSIGHT_022143

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*of what he would do to me if I*
*tes.*
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*contacted by someone who identi-*
*unding name and claimed he was*





*with the FBI. It seemed very odd for someone doing an official criminal investigation to just call up on the phone like that. I hadn't heard Epstein's name for years. I didn't know who this person was and what it was really about. I couldn't tell what was going on.*

*36. This man said he was looking into Jeffrey Epstein. The man asked if I had been involved with Epstein. My first instinct was to say nothing because I wasn't sure he was really with the FBI or any authorities. I answered a few basic questions, telling him that I knew Jeffrey Epstein and had met him at a young age. But the conversation didn't feel right. This man never offered to come and meet with me in person. Instead, he asked me right off the bat about Epstein's sexual practices. I thought it would be strange for a true law enforcement officer to behave that way, so I became increasingly uncomfortable and suspicious about who was actually calling me.*

*37. I told the man nothing more about Epstein. The conversation probably didn't even last three minutes, but it immediately triggered all of the fears of Epstein and his powerful friends that had caused me to escape in the first place. If the call accomplished anything, it only put me back in a state of fear and told me that I could be found quite easily and had nobody officially protecting me.*

*38. I suspected that the man who called me was working for Epstein or one of Epstein's powerful friends. I believed that if this was really an agent who was investigating Epstein, he would have known who I was and how I fit into Epstein's sexual crimes in many different places. He would have interviewed me in a way that would have established his credentials*



HOUSE_OVERSIGHT_022144

*and would have shown how he could provide potential protection from Epstein. That never happened.*

*39. Getting a call from this supposed FBI agent made me scared all over again. I had left the old life of sexual slavery behind me and started a new life in a new country in hopes that the powerful people whose illegal activities I knew all about would never find me.*

*40. Shortly after this purported FBI call, I was contacted by telephone by someone who appeared clearly to be working for Epstein. The caller told me about an investigation into Epstein and said that some of the girls being questioned were saying that Epstein had had sexual contact with them. After they made these allegations, the man said they were being discredited as drug addicts and prostitutes, but in my case, if I were to keep quiet, I would "be looked after." The fact that this call was made shortly after the supposed FBI call reinfor[c]ed my concern that the man I had talked to earlier was not really working for the FBI but for Epstein. I didn't think that the FBI and Epstein would both be working together and would both get my phone number at almost exactly the same time. I played along and told this person that I had gotten a call from the "FBI" but that I didn't tell him anything. The person on the phone was pleased to hear [that].*

*41. A short time later, one of Epstein's lawyers (not Alan Dershowitz) called me, and then got Epstein on the line at the same time. Epstein and his lawyer basically asked again if I was going to say anything. The clear implication was that I should not. The way they were talking to me, I was afraid of what would happen if I didn't keep quiet. My thought was*



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*I might get hurt.*

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*his lawyer basically asked again*
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*vere talking to me, I was afraid of*
*ln't keep quiet. My thought was*





*that if I didn't say what they wanted me to say, or not to say, I might get hurt.*

*42. I promised Epstein and his lawyer that I would keep quiet. They seemed happy with that and that seemed to me to [be the] way to keep me and my family safe. And I did what Epstein and his lawyer told me. I kept quiet.*

This declaration, stricken from the record by the judge in the victims' lawsuit against the government, also set in motion events that led to Dershowitz's and Roberts's lawyers becoming involved in spectacular lawsuits, which included a complaint by Dershowitz that these allegations were false and had defamed him, and a complaint by Edwards that Dershowitz's accusations against him were false and defamatory.



HOUSE_OVERSIGHT_022146

# CHAPTER 65

## *Alan Dershowitz: October 2015*

About fifteen minutes into the ripped-from-the-headlines episode of *Law & Order: SVU* that was inspired by the Jeffrey Epstein saga, the plot takes an interesting turn: before officers have a chance to arrest him, Jordan, the character modeled on Epstein, shows up at SVU headquarters.

The twelve-year-old French girl raped *him*, Jordan says.

Wearing a monogrammed fleece pullover like the ones favored by Jeffrey Epstein, he describes an evening at home.

"The party was in full swing," he explains. "A friend said she wanted to give me a *special* present. Told me to wait in my massage room—"

An SVU guy interrupts: "Guy has a massage room?"

"I suffer from chronic back pain," Jordan says.

"While I was waiting, I fell asleep. Now, at first I thought I must be dreaming. I was aroused. I felt myself being manually



manipulated. Then I reme
enjoy myself. But then it g
eyes."

"What did you see?"

"A woman. A woman I'

"A woman? Dominique

"It was dark. I just wan

"But the twelve-year-ol

"No. She *threatened* me.
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"And there was nothin
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"The party was going on
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But the plot twist that
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"There was a criminal extort
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Dershowitz had counters
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# CHAPTER 65

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lot takes an interesting turn: before
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SVU headquarters.
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ng," he explains. "A friend said she
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Guy has a massage room?"
k pain," Jordan says.
ell asleep. Now, at first I thought I
used. I felt myself being manually





manipulated. Then I remembered it was my present. I started to enjoy myself. But then it got rough, and that's when I opened my eyes."

"What did you see?"

"A woman. A woman I'd never seen before."

"A woman? Dominique Moreau was *twelve!*"

"It was dark. I just wanted her off of me. I tried to stop her."

"But the twelve-year-old overpowered you?"

"No. She *threatened* me. She said if I didn't let her . . . continue, she was going to scream 'Rape.' "

"And there was nothing that you could do? You've got forty years and a hundred pounds on the girl."

"The party was going on right outside the door. I knew how this was going to look. I was naked. She was naked. What could I do?"

It was a brilliant plot twist—one that ultimately allowed Jordan to get off scot-free.

But the plot twist that Epstein's own story ended up taking on the day of Alan Dershowitz's deposition at a Broward County, Florida, courthouse was even more surprising.

"There was a criminal extortion plot," Alan Dershowitz told Brad Edwards and Paul Cassell's lawyer, Jack Scarola, on October 15, 2015.

"Your clients were involved."

Bradley and Cassell had sued Dershowitz in Broward County for defamation—payback for extremely negative comments the law professor had made in the media.

Dershowitz had countersued. His reputation was on the line, and he had come armed for battle.



HOUSE_OVERSIGHT_022148

"I'm thrilled they sued me," he'd told reporters. "In the end, someone will be disbarred. Either it will be me or the two lawyers."

But if Dershowitz was swinging for the fences in his struggle to keep his hard-earned reputation afloat, he still had a bombshell to drop. When deposed by Scarola, he proposed his own theory about why Virginia Roberts had named him, along with Prince Andrew, as one of the men who had sexually abused her at Epstein's New Mexico ranch, in New York City, and in Palm Beach.

A theory that implicated the lawyers who were suing *him* in a much larger conspiracy.

According to Dershowitz, Brad Edwards pressured Virginia Roberts into identifying Dershowitz as one her assailants.

Dershowitz said that Edwards did this so that they could blackmail Jeffrey Epstein's patron Leslie Wexner for one *billion* dollars.

Roberts lied about him, Dershowitz maintained, to give Wexner an idea of what would happen to him if Edwards's demands weren't met.

Furthermore, Dershowitz said, he had *proof*.



*Excerpts from the Deposi*
*October 15, 2015*

9:46 a.m.

Q: In an interview with Hala
broadcast on *CNN Live*, yo
Do you acknowledge havir

A: I have a superb memory, sc
My mother had an extraorc
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aid, he had *proof.*



# CHAPTER 66

## *Excerpts from the Deposition of Alan Dershowitz: October 15, 2015*

9:46 a.m.

Q: In an interview with Hala Gorani on January 5 of this year, broadcast on *CNN Live*, you said, "I have a superb memory." Do you acknowledge having made that statement?

A: I have a superb memory, so I must have made that statement. My mother had an extraordinary memory, and when I was in college and I was on the debate team, my mother allowed me to debate on the Sabbath, which was Jewish rest day, only on the condition that I not take notes or write. And at that point I discovered that I have a very good memory and don't have to—generally didn't have to take notes. My memory, obviously, at the age of seventy-seven has slipped a bit; but do I have a very good memory, yes.



HOUSE_OVERSIGHT_022150

* * *

10:18 a.m.

Q: Which of my clients are you swearing under oath encouraged Virginia Roberts to include allegations of an encounter with you at the New Mexico ranch?

A: Both of them—both of your clients, both Judge Cassell and Mr. Edwards—were both involved in encouraging [their] client to file a perjurious affidavit that they knew or should have known was perjurious recently when they sought to file another defamatory allegation in the federal proceeding.

Q: Was the arrangement such that what you are charging Bradley Edwards and Professor Paul Cassell with doing was suborning perjury?

A: Absolutely. If you ask me the question, I am directly charging Judge Cassell and Bradley Edwards with suborning perjury. I have been advised that Virginia Roberts did not want to mention me, told her friends that she did not want to mention me. And was, quote, pressured by her lawyers into including these totally false allegations against me. Yes, your clients are guilty of suborning perjury.

Q: Who told you that Bradley Edwards pressured Virginia Roberts into falsely identifying you?

A: A friend of Virginia Roberts who called me out of the blue and told me that she was horrified by what was happening to me and that she recently had meetings with Virginia Roberts and Virginia Roberts had told her that she never mentioned me previously. That the lawyers pressured her into mention-



ing me. And mentioni
me, yes.

10:20 a.m.

Q: What was the name of
A: Her name is—her first
Q: Yes.
A: I don't know the last na
Q: Did you attempt to find
A: I have her last name wr
Q: Where?
A: It's in my—in my notes
Q: When did you write Reb
A: When she—when she f
since you've asked me th

At first her husband a
would not give me their n
had a series of phone co
please, to tell me their na
they told me the story in g
her name. She asked me
her identity without her p
her. Called her as recently

I want to recall—I do
I called her twice last ni
reveal her complete name
and I will be happy to give
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HOUSE_OVERSIGHT_022151

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ing me. And mentioning me over her desire not to mention me, yes.

10:20 a.m.

Q: What was the name of the person?
A: Her name is—her first name is Rebecca.
Q: Yes.
A: I don't know the last name.
Q: Did you attempt to find out her last name?
A: I have her last name written down, but—
Q: Where?
A: It's in my—in my notes. And I could get it for you....
Q: When did you write Rebecca's name down?
A: When she—when she first called me—let me be very clear, since you've asked me the question.

At first her husband and she called me on the phone. They would not give me their names. But they told me [the] story. We had a series of phone conversations in which I asked them, please, to tell me their names. And after a period of time, after they told me the story in great detail, she was willing to give me her name. She asked me to promise that I would not disclose her identity without her permission. I have been trying to call her. Called her as recently as this morning and last night.

I want to recall—I don't think I called her this morning. I called her twice last night to try to get her permission to reveal her complete name and identity. But I have the name, and I will be happy to give it to you. I just don't have it off the top of my head.



HOUSE_OVERSIGHT_022152

* * *

10:23 a.m.

Q: Would you tell us how many phone conversations [you had] with this person Rebecca?

A: More than six. Probably between six and ten, maybe closer to ten. The first few [times] she called me, and after I got their number I called her a number of times.

Q: What is her husband's name?

A: Michael. Different last name from hers, but again.

Q: Where do they live?

A: Palm Beach. Or West Palm Beach, in the Palm Beach area. They have been friends of Virginia Roberts since she was a young child.

Q: Were there any witnesses to any of these phone conversations other than Rebecca, Michael, and you?

A: Yes.

Q: Who?

A: My wife.

Q: When did the first conversation occur?

A: I can probably get you specific information about that. But it was months ago. When the story was in the newspapers, she called and related the entire story to me and related to me that it was part of a massive extortion plot.

10:25 a.m.

Q: Did you take contemporaneous notes of those phone conversations?



A: No. I took note of na
stance, no.

Q: Have you ever made n
any communications t
and/or Michael?

A: I didn't "allegedly" have
versations. And I don't
tions.

10:44 a.m.

Q: How many phone calls d
before she informed yo
ing you?

A: She informed me the firs

Q: The very first conversati

A: Yes.

Q: How many phone calls w

A: She never asked me for n

Q: How many phone calls v
for money?

A: I was never asked for mo

Q: Do you know how it is t
tact you?

A: They told me they went
and left a message for me
Oh, no; they sent me—th
an e-mail and asked me—
but a way to respond. A:

HOUSE_OVERSIGHT_022153

* *

ıy phone conversations [you had]

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A: No. I took note of names, but not really notes of the substance, no.

Q: Have you ever made notes with regard to the substance of any communications that you allegedly had with Rebecca and/or Michael?

A: I didn't "allegedly" have these conversations. I had these conversations. And I don't recall taking notes of those conversations.

10:44 a.m.

Q: How many phone calls did you have with this person Rebecca before she informed you as to the reason why she was calling you?

A: She informed me the first time.

Q: The very first conversation.

A: Yes.

Q: How many phone calls was it before she asked you for money?

A: She never asked me for money.

Q: How many phone calls was it before her husband asked you for money?

A: I was never asked for money, ever.

Q: Do you know how it is that these people knew how to contact you?

A: They told me they went to my website and got my number and left a message for me to call. Yeah, that's what happened. Oh, no; they sent me—they went on my website and sent me an e-mail and asked me—and the e-mail had a blank name but a way to respond. And so I responded with my phone



HOUSE_OVERSIGHT_022154

number and they called, is my recollection. That's my best recollection.

10:45 a.m.

Q: So from the very first conversation that you had with this person, you had information indicating that this person was informing you that Bradley Edwards had engaged in unethical conduct, correct?

A: Let me just be very clear what she said to me. She said to me that she had been told directly by her friend Virginia Roberts, who stayed with her overnight for a period of time, that she never wanted to mention me in any of the pleadings. And that her two lawyers in the pleadings, or her lawyers who filed the pleadings, pressured her into including my name and details.

Q: Did Rebecca ever suggest to you that the details sworn to by Virginia Roberts were false?

A: She certainly suggested that, yes. She mentioned to me that Virginia Roberts had never, ever mentioned [me to her], among any of the people that she had had any contact with, until she—until she was pressured into doing so by her lawyers, yes.

Q: So from the very first conversation, the impression you had was that this was a witness who could provide information that Bradley Edwards and Paul Cassell had acted unethically and dishonestly, correct?

A: I wasn't sure she could provide the information because she was very reluctant to come forward. She didn't want to be





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11:08 a.m.

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A: Yes.

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A: I don't remember.

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involved. But I knew she had provided me with information, yes, but I didn't know, and I still don't know, whether she is prepared to be a witness. I don't know the answer to that question.

11:08 a.m.

Q: Was any request made by you for a meeting?

A: Yes.

Q: Let me back up then, if I could, please. Because what I want you to do, based upon your superb memory, is to tell us in as much detail as you possibly can recall everything that was said....

A: I'm not sure the request for the meeting came in the first call or the second call.... The first call was basically, I'd really like to talk to your wife [Rebecca] about this. I'm happy to fly down. I'm happy to talk to you on the phone. And we left it that they would think—that she would—that he would ask her to think about it. And that I could call back in a—in a few days and find out what her—what her current feelings were.

Q: Where were you when you received this phone call—or when you made this phone call? Sorry.

A: I think I was in New York.

Q: Do you know whether that phone call was made on a cell phone or a landline?

A: I don't remember.

Q: Have you attempted to gather your telephone records for purposes of responding to discovery requests in this case?



HOUSE_OVERSIGHT_022156

A: I left that to my lawyers. I know that we did produce telephone records during the relevant periods of time when Virginia Roberts knew Jeffrey Epstein, and those telephone records established that I could not have been at the locations and at the times that Virginia Roberts claimed to have had—falsely claimed to have [had] sexual contact with me.

Q: I promise you we're going to get to those.

A: Good.

Q: Promise you. Along with all the flight logs that you claim exonerate you.

11:11 a.m.

Q: Let's go to the very second contact that you had with either Michael or Rebecca. Who initiated the second contact?

A: I think I did. I called and got Michael on the phone.

Q: Where did you call from?

A: I think New York.

Q: Tell me in as much detail as your superb memory allows you to recall everything that was said during the course of that phone conversation.

[Dershowitz's lawyer]: Let's object to the form and the continued use of the word *superb*. He's described his memory. That's your characterization. Go ahead.

Q: No, I think that that was Mr. Dershowitz's characterization, which I have adopted.

[Lawyer]: Okay. Go ahead.

A: I called, spoke to Michael. I asked Michael if he had spoken to his wife. She said yes, and she was still reluctant to talk to me.





Q: I'm sorry—she said yes
spoken to his wife?

A: He said yes. And that sh
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Q: I'm sorry—she said yes when you asked Michael if he had spoken to his wife?

A: He said yes. And that she was still reluctant to talk to me. I suggested to him that perhaps she could talk to me briefly just so that she hears what I have to say. And he could listen and remain on the phone, and she could stop at any time she wanted. And there came a time during that conversation when she did get on the phone, and here's what she told me. She said she had grown up with Virginia Roberts. That they were very, very close friends as young people. That Virginia Roberts came to stay with her for a number of days, I think it was over Halloween, and they had gone out and had dinner, just the two of them. And that she confided in her; Virginia Roberts confided in Rebecca that she had never wanted to mention me in any of the pleadings, but she was pressured by her lawyer into doing so. Rebecca then said that I was not the object of this effort. The object of the effort was a billionaire who lives in Columbus, Ohio, and who owns Victoria's Secret and Limited Too. Rebecca told me she did not know the name of that billionaire, but that Virginia and her lawyers hoped to get one billion dollars, b-i-l-l-i-o-n, one billion dollars, or half of his net worth, from him by alleging that he had improperly engaged in sexual misconduct with Virginia Roberts. That money would be divided three ways: a third of it to Virginia Roberts, a third of it to a charity that she and her lawyers were setting up for battered women, and a third of it to the lawyers.

She then told me that they were trying to get ABC News to interview Virginia Roberts so as to give her credibility in order to pressure the billionaire from Columbus, Ohio, into



HOUSE_OVERSIGHT_022158

paying a large sum of money. And that I was named as an effort to try to show the billionaire what could happen to somebody if they were accused of sexual misconduct. And that would encourage him to settle a lawsuit or pay money in exchange for his name not being mentioned or revealed. I had no idea about this. And I didn't—I didn't ask about this. She just stated this. And I then corroborated the fact that she was absolutely correct in everything she had said to me.

Q: You corroborated the fact that she was absolutely correct in everything that she had said to you?

A: That's right.

Q: How?

A: Okay. Let me answer that question. I was very—I wasn't sure, so I called Leslie Wexner. I got his wife on the phone, Abigail Wexner. Obviously I knew that the only billionaire in Columbus, Ohio, who owned Limited Too and who owned Victoria's Secret was Leslie Wexner. I had met Leslie Wexner on two occasions, I think, and his wife. I called Abigail on the phone and I said, "I think you ought to know that there is an extortion plot being directed against your husband by unscrupulous lawyers in—in Florida." And she said, "Oh, we're aware of that; they've already been in contact with us," which surprised me. But [her statement] was confirmation of that. I then also—I can't give you the chronology of that. I then was in touch with ABC and found out she was absolutely correct about her efforts to try to get interviewed on ABC television. In fact, I learned that your client, Brad Edwards, had sent a communication to people in the area urging them to watch her interview that was scheduled to be on three television programs. If I'm not mistaken, it was [the] *Good Day Show,*





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the evening news, and the show *Nightline*. . . . I then was in communication with ABC and helped to persuade them that they would be putting false information on the air if they allowed Virginia Roberts to tell her false story. So I was able to corroborate that. I then also corroborated the fact that she had never mentioned me when her boyfriend appeared on television and publicly stated that she had never mentioned me in any of her description[s] of people who she had sexual contact with. So I was then completely satisfied that Rebecca was telling me the complete truth. And that in my view, there was an extortion plot directed against Leslie Wexner, a criminal extortion plot directed against Leslie Wexner, and that your clients were involved in that extortion plot.

11:30 a.m.

Q: Let's see if we can make sure that we're understanding one another, sir. Do you recognize that there's a distinction between Virginia Roberts having met you, having been sexually abused by you on multiple occasions, but not wanting to name you as opposed to Virginia Roberts never having met you and never having been sexually abused by you . . . ? Are those two things different in your mind?

A: Not in the context of this case. Because Virginia Roberts said that she was going to seek justice from everybody that had abused her. And if she didn't want to name me, I think the inference is inescapable that I was not among those people that she had had any sexual contact with. So that was certainly the inference I drew. . . .



HOUSE_OVERSIGHT_022160

* * *

11:35 a.m.

Q: Who are the people that Rebecca says Virginia had previously told her that Virginia was abused by?

A: I never asked her that question.

Q: Did you ask her was Les Wexner one of the people that abused Virginia?

A: I told you I never asked her the question.

Q: Are you aware that years before December of 2014, when the CVRA pleading was filed, that your name had come up repeatedly in connection with Jeffrey Epstein's abuse of minors, correct?

A: I am aware that never before 2014, end of December, was it ever, ever alleged that I had acted in any way inappropriately with regard to Virginia Roberts, that I ever touched her, that I ever met her, that I had ever been with her. I was completely aware of that. There had never been any allegation. She claims under oath that she told you that secretly in 2011, but you have produced no notes of any such conversation. You, of course, are a witness to this allegation and will be deposed as a witness to this allegation. I believe it is an entirely false allegation that she told you in 2011 that she had had any sexual contact with me. I think she's lying through her teeth when she says that. And I doubt that your notes will reveal any such information. But if she did tell you that, she would be absolutely, categorically lying. So I am completely aware that never—until the lies were put in a legal pleading at the end of December 2014, it was never alleged that I had any





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sexual contact with Virginia Roberts. I know that it was alleged that I was a witness to Jeffrey Epstein's alleged abuse, and that was false. I was never a witness to any of Jeffrey Epstein's sexual abuse. And I wrote that to you, something that you have falsely denied. And I stand on the record. The record is clear that I have categorically denied I was ever a witness to any abuse, that I ever saw Jeffrey Epstein abusing anybody. And—and the very idea that I would stand and talk to Jeffrey Epstein while he was receiving oral sex from Virginia Roberts, which she swore to under oath, is so outrageous, so preposterous, that even David Boies [a prominent lawyer associated with the firm representing Virginia Roberts] said he couldn't believe it was true.

12:24 p.m.

Q: You engaged in a mass-media campaign to convince the world that Bradley Edwards and Professor Paul Cassell were unethical lawyers who had fabricated false charges against you, correct?

A: No, that's not correct. I responded to press inquiries by telling the truth. My goal was to let the world know that Virginia Roberts's allegations against me were totally false. These two stories appeared, as far as I can tell, in every single newspaper in the world and on every media, which was part of their plot and the plan of your clients, which is why they absurdly mentioned Prince Andrew, claiming in the most absurd way—that they mentioned him because he was trying to lobby prosecutors to get a reduced sentence for Jeffrey



HOUSE_OVERSIGHT_022162

Epstein; they obviously put Prince Andrew in there in order to get massive publicity around the world. And every media in the world, practically, called me, from the BBC to CBS to ABC to CNN, and I responded to lies with the truth.

Q: And the truth that you attempted to convey was that Bradley Edwards and Professor Paul Cassell were unethical lawyers who fabricated false charges against you, right?

A: The truth that I intended to convey was that the charges against me were false and fabricated, that I never had any sexual contact—

Q: Fabricated by whom, sir?

A: Please don't interrupt me. . . . that I never had any sexual contact with Virginia Roberts. Because Professor Cassell insisted on conveying to the public that he was a former judge and that he was a professor and that he was using—improperly, in my view—the stationery and name of his university to add credibility to his claims, I felt that it was imperative for me to indicate that he was engaging in improper and unethical conduct. It would have been improper for me to have allowed his use of his credibility as a former federal judge, as a professor who uses, misuses, his university imprimatur—it was very important for me to attack the credibility of the messengers of the false information. And it was important for me to also remind the public that Bradley Edwards was a partner of [Scott] Rothstein, a man who is spending fifty years in jail for fraudulently creating a Ponzi scheme to sell Jeffrey Epstein cases that didn't exist.



## *Scott Rothstein: 2009*

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# CHAPTER 67

## *Scott Rothstein: 2009*

Scott Rothstein was a flashy Fort Lauderdale ex-lawyer who parked his collection of cars in an air-conditioned warehouse, kept a copy of the Torah on his desk, and hung a portrait of Al Pacino as Michael Corleone outside his office. One of his nicknames was TPOFD, short for "the Prince of Fucking Darkness," and in private, he'd say things like: "Understand that the repercussions of engaging me could open the gates of hell. Understand that I am capable of evil far beyond anything your imagination could ever conjure up."

Rothstein hosted receptions for prominent politicians—John McCain, Bobby Jindal, Arnold Schwarzenegger—and handed out hundreds of thousands of dollars at a time in campaign contributions. He gave millions more to charitable institutions: the Joe DiMaggio Children's Hospital; the American Heart



HOUSE_OVERSIGHT_022164

Association. By all outward appearances, he could afford it: seventy lawyers worked in his firm, which had offices in Florida, New York, and Venezuela. But Rothstein's millions actually came from a $1.2 billion Ponzi scheme he'd been running since 2005.

In April of 2009, Bradley Edwards joined Rothstein's firm. The lawyer brought his papers along, and Rothstein showed those pertaining to Epstein to potential investors. In exchange for a lump sum up front, Rothstein said, investors would receive a far larger chunk of money later, which Epstein would pay in future settlements.

Edwards and Rothstein both say that Edwards had no knowledge whatsoever of the Ponzi scheme. (Prosecutors, and the Florida Bar, agree.) Edwards left as soon as he caught wind of the scheme, in November of 2009. But the few months he spent in Rothstein's company gave Dershowitz the opening he needed to pry open Virginia Roberts's accusations.

It was at Edwards's insistence, Dershowitz would say, as well as Paul Cassell's, that Virginia Roberts added Dershowitz's name to the list of men she claimed had abused her.

According to Dershowitz, he'd been pulled into a billion-dollar extortion plot Edwards had hatched. And for Edwards and Cassell, there had been a secondary benefit: Dershowitz had helped to work out Epstein's confidential non-prosecution agreement with the government. By implicating him directly in Epstein's abuse of underage women, Dershowitz claimed, Edwards and Cassell were trying to "open up" that agreement.

It might have been a Hail Mary pass on the part of Alan Dershowitz.

But the argument had its own internal logic.



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The idea that Bradley Edwards and Paul Cassell were trying to blackmail *Leslie Wexner*—blackmail him for one *billion* dollars, no less—sounds highly improbable. But we do know for a fact that Edwards had worked with Rothstein—a man who'd been running his own billion-dollar con.

Edwards may not have known that Rothstein was taking his files on Jeffrey Epstein and showing them to investors. But Edwards's *proximity* to Rothstein didn't look good. It may not have been as damaging as Dershowitz's close friendship with Epstein, but it was damaging nonetheless. It gave Dershowitz the opening he needed to make his argument. And the genius of Dershowitz's argument was that it wasn't necessarily predicated on an actual plot to blackmail Wexner. Maybe the thing Edwards was really after was the idea that *a lawyer who helped work out Epstein's non-prosecution agreement* was also having sex with Virginia Roberts. That *would* give Edwards leverage in trying to crack the agreement open. And in that case, was it so hard to imagine him pressuring Virginia Roberts to add Dershowitz's name to the list?

Perhaps it wasn't, in this scenario. Virginia would have still felt reluctant to mention Dershowitz. If she was, there was the matter of the three hundred million dollars, and then some, that she would stand to gain. And the three hundred million or so that goes to set up a charity for battered women? If the scenario Dershowitz had thrown out was true, that would have been a genius move on Edwards's part—the sort of detail that helps the whole psychological picture fall into place. If Virginia felt guilty for lying about Dershowitz, she could think of the thousands of battered women she'd end up helping.



HOUSE_OVERSIGHT_022166

All these possibilities seemed bizarre. And yet *everything* connected with Epstein's story seemed to be bizarre.

Bill Clinton got the use of a jet out of Epstein—a trip to Africa. But he and Epstein weren't bosom buddies.

As for Prince Andrew, we already know how he feels about women.

But what did Dershowitz get out of Epstein, aside from Epstein's wise counsel on all the books he'd written?

One advantage Dershowitz had, as he laid out his argument, was that when it came to Jeffrey Epstein, all bets were off. He didn't have to establish his innocence. All he had to do was make sure that the waters stayed muddy. The more complicated things seemed to be, the better they were for Dershowitz.

Thanks to Jeffrey Epstein's actions, and the endlessly complicated cycle of suits and countersuits those actions inspired, those waters were very muddy indeed.



## Scott Rothstein

On October 27, 2009, Floric
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# CODA

## Scott Rothstein

On October 27, 2009, Florida's governor, Charlie Crist, left Scott Rothstein a voice-mail message.

"Hey, Scott," the governor said. "It's Charlie, your favorite Greek governor. Hope you're doing well, buddy. Just wanted to touch base and let you know I'm working Versace for November twenty-fourth, and it is going amazingly well—unbelievable, brother. . . . Really enjoyed again seeing you and Kimmie and watch[ing] a little football and best to you guys from Carol and me. We love you. Take care. Bye-bye."

That same day, Rothstein took a chartered Gulfstream V to Casablanca, Morocco. For a while, it seemed as if Rothstein was running. But a few days later, the same Gulfstream returned to Fort Lauderdale. The Ponzi king had decided to turn himself in.

The moment he did, he started to sing like a canary in return for a lenient sentence. Rothstein gave up dozens of associates—the list included people at his law firm, law enforcement officers,



HOUSE_OVERSIGHT_022168

and his own wife, Kimmie, who was arrested for hiding more than one million dollars' worth of jewelry.

All in all, more than thirty people involved in Rothstein's schemes were arrested and sentenced.

Thanks, in part, to his cooperation with the feds, his was the only Ponzi scheme in history in which all the victims recovered their money. In return, Rothstein was put into a witness protection program and is serving his fifty-year sentence anonymously, in an undisclosed prison location.

## Alan Dershowitz

On November 10, 2015, Alan Dershowitz arrived at Shriver Hall, on the campus of Johns Hopkins University, in Baltimore, to talk about the Arab-Israeli conflict.

"The outlines for peace are so obvious," he said. "There has to be a two-state solution."

Fifteen minutes into the talk, a group of women—students belonging to a group called Hopkins Feminists—stood up in protest. Dressed all in black, with duct tape over their mouths, they held up a sign and marched out of the hall.

YOU ARE RAPE CULTURE, the sign read.

Afterward, a reporter for the student paper asked Dershowitz about Jeffrey Epstein and Epstein's victims. Wasn't it true that Dershowitz had implied that one of those victims was "asking for it?"

"I'm a defense attorney," Dershowitz replied. "I have an obligation under the Constitution to provide a full and zealous defense to my clients. If I have failed to do all the things you had just listed, I could be disbarred. I could be found incompetent as counsel."



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He asked the reporter, "Would any defense lawyer not look on the websites, look on social networks, find out what the woman who was accusing my client was doing? We were able to disprove many of the charges, just like how I was able to disprove the charges against me. Falsely charging somebody with rape is a heinous thing to do. First of all, it creates horrors for the person who has been falsely accused. Second, it so hurts real rape victims because it makes it clear that some women lie for money. Our country, unlike others, requires that everybody be defended, and I'm going to continue to do that whether my clients are guilty or innocent. Let me tell you, most of my clients have been guilty. They deserve a zealous defense just as anybody else. I'm very proud of what I did for Jeffrey Epstein. If people don't like the fact that I got a 'good deal,' that's the job I do."

The suits and countersuits Paul Cassell, Bradley Edwards, and Dershowitz filed against each other dragged on into the spring of 2016—reaching a crescendo with Dershowitz's argument about the plot to blackmail Les Wexner. But on April 8, all the parties involved agreed to settle, issuing a joint statement that read: "Edwards and Cassell acknowledge that it was a mistake to have filed sexual misconduct accusations against Dershowitz; and the sexual misconduct accusations made in all public filings (including all exhibits) are hereby withdrawn. Dershowitz also withdraws his accusations that Edwards and Cassell acted unethically. Neither Edwards, Cassell, nor Dershowitz have any intention of repeating the allegations against one another." Dershowitz also hired former FBI director Louis J. Freeh to do an independent investigation. Freeh concluded that the evidence



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his team reviewed refuted the accusations of sexual misconduct against Dershowitz.

For Alan Dershowitz, the long nightmare he'd had to endure as a result of his friendship with Jeffrey Epstein finally seemed to be over.

## Ghislaine Maxwell

Trying to put her troubles with Epstein behind her, Ghislaine Maxwell took up a new calling.

"She's doing something to save the oceans now," a socialite says over the din of cocktail-party chatter at a private Palm Beach Club.

Maxwell's nonprofit, the TerraMar Project, describes itself as "a platform for citizenship and transformation of the high seas." Its focus is on cleaning up the eight million metric tons of plastic debris—garbage—that are dumped into the world's oceans each year. (Sources say that an earlier enterprise, the Seed Media Group, was funded by Jeffrey Epstein in 2005 to the tune of two million dollars.)

"Is anybody here staying awake at night because they're frightened about the ocean?" she asks in 2014 at a TEDx talk in Charlottesville, Virginia. "Are you scared about what could happen? Are you trying to think about what could you do that would help the ocean and all its myriad of troubles?"

But although her efforts on behalf of the environment are sincere and articulate, Ghislaine still appears in the society pages.

In 2010, she attends Chelsea Clinton's wedding in Rhinebeck, New York.

In 2014, New York journalist Richard Johnson reports that she's newly back from running in an Iditarod dogsled race in



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Alaska. "It's hard to top Ghislaine Maxwell in the globe-trotting department," he writes.

Upon her return, the president of the China Arts Foundation International hosts Maxwell at a dinner cooked by the former chef for Madame Chiang Kai-shek.

Sources say that Maxwell still maintains her warm relationship with the Clintons. She was never charged with a crime. And Maxwell has repeatedly denied all allegations made by Virginia Roberts—and continues to do so today. Through her lawyer, Maxwell says she's had no connection to any criminal misconduct involving Virginia Roberts (or any other young woman) and Jeffrey Epstein. She claims that Virginia's story about her experience as a "sex slave" has changed, significantly, over time—that with each telling, Virginia adds salacious details and names new public figures. Nevertheless, legal troubles for Maxwell recently began.

In 2015, Virginia Roberts filed a defamation suit against the woman she says recruited her to work at Epstein's house on El Brillo Way. In January of 2016, Roberts filed additional papers, claiming that a defamation suit filed against Bill Cosby, another alleged sexual predator, was directly relevant to her case against Maxwell. In March, Maxwell filed an answer in court denying all of Roberts's allegations and accusing Roberts of fabricating them for financial gain.

As of this writing, the suit is ongoing.

## Prince Andrew

In January of 2016, Sunninghill Park—the twelve-bedroom estate that Sarah Ferguson and Prince Andrew once shared in the English county of Berkshire—was bulldozed.



HOUSE_OVERSIGHT_022172

Prince Andrew had long since sold the home, which he and Sarah had received as a gift after their 1986 wedding. He got into hot water when it was revealed that the buyer, a Kazakh billionaire named Timur Kulibayev, had paid three million pounds more than the home's asking price.

For her part, Sarah Ferguson announced that she was moving into a thirteen-million-pound ski chalet in Switzerland.

It was a fitting end to the long, sometimes sordid story of the prince's marriage. But it was not the end of the scandals that seemed always to be swirling around the prince.

On January 2, 2015, Virginia Roberts's allegations about her relationship with the prince—and the photo of him with his arm around Roberts's waist—appeared in the press. Prince Andrew was forced to cut short a skiing holiday to confer with his mother, the queen, and to issue a statement denying Roberts's allegations—a step that was widely seen as being without precedent for a member of the royal family.

That same month, at the World Economic Forum in Davos, Switzerland, the prince was again forced to "reiterate and to reaffirm" the repeated denials made by Buckingham Palace that he had any sort of sexual relationship with Roberts, who had announced in papers filed at the start of the year that Prince Andrew has a "sexual interest in feet."

"My focus is on my work," Prince Andrew said at the time.

Asked by a reporter, "Will you be making a statement?" the prince refused to answer.

A few days later, Virginia Roberts signed a sworn statement in which she said, "I did have sexual contact with him as I have described here—under oath. Given what he knows and has seen, I was hoping that he would simply voluntarily tell the truth about



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Barry Krischer said in 2016
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According to several reports, Roberts's lawyers had written to the prince, asking him to respond to her allegations in court. Reportedly, Buckingham Palace refused delivery of the letter.

"I knew he was a member of the British royal family, but I just called him 'Andy,'" Roberts had said in her statement. "I got news from Maxwell that I would be meeting a prince. Later that day, Epstein told me I was meeting a 'major prince.' Epstein told me 'to exceed' everything I had been taught. He emphasized that whatever Prince Andrew wanted, I was to make sure he got."

Signing her name to the document, Roberts wrote, "I declare under penalty of perjury that the foregoing is true and correct."

That spring, Prince Andrew got a rare break: a federal judge in South Florida ordered that the allegations Roberts made be stricken from civil-court records. "At this juncture in the proceedings, these lurid details are unnecessary," the judge concluded. Once again, Buckingham Palace vehemently denied the prince's involvement in any activities, sexual or otherwise, pertaining to Roberts. But that same year, reports leaked that the BBC program *Panorama* was working on an in-depth investigation into the prince's dealings with Epstein and Roberts.

As of this writing, the investigation has yet to air.

## Barry Krischer

"I have no intention of being dragged into that conversation," Barry Krischer said in 2016 when contacted via telephone and asked about Jeffrey Epstein.



HOUSE_OVERSIGHT_022174

More than a decade had passed since Epstein's case first landed on the state attorney's desk.

"The *New York Times* has called me," said Krischer. "The British papers. I'm not interested in being pulled into that conversation. I know that the police chief didn't think the case was handled right, but that's why he's a cop and I'm a prosecutor."

Krischer, who left the state attorney's office in 2009, is still a member of the Criminal Justice Commission in Palm Beach County. Since his retirement, he's volunteered one morning a week at the office of the state attorney and two mornings a week at the Palm Beach County Sheriff's Office.

He still remains active in child welfare issues, working with the Florida Department of Children and Families.

Despite his continued involvement with local law enforcement, he hasn't spoken to Michael Reiter in years.

## Bradley Edwards

In December of 2009, Jeffrey Epstein filed suit, under Florida's RICO act, against Scott Rothstein, the jailed Ponzi king; Bradley Edwards, the lawyer who'd worked, briefly, in Rothstein's law firm, RRA, and represented several of Epstein's victims; and one of those victims, an individual referred to in the lawsuit as "L.M."

"Upon information and belief," the suit stated, "EDWARDS knew or should have known that ROTHSTEIN was utilizing RRA as a front for the massive Ponzi scheme and/or were selling an alleged interest or investment in the Civil Actions (and other claims) involving Epstein." The suit also claimed that, "By using



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Civil Actions against EPSTEIN as 'bait' and fabricating settlements regarding same, ROTHSTEIN and others were able to lure investors into ROTHSTEIN'S lair and bilked them of millions of dollars which, in turn, was used to fund the litigation against EPSTEIN for the sole purpose of continuing the massive Ponzi scheme."

Moreover, the suit claimed, L.M. had "testified she never had sex with Epstein; worked at numerous strip clubs; is an admitted prostitute and call girl; has a history of illegal drug use (pot, painkillers, Xanax, Ecstasy); and continually asserted the 5th Amendment during her depositions in order to avoid answering relevant but problem questions for her." (The suit made similar claims about two other victims.) According to the suit, L.M. had said only good things about Epstein when interviewed by the FBI in 2007, while being represented by another lawyer. Her story "changed dramatically," the suit claimed, once she was "in the hands of EDWARDS and RRA."

In a motion for summary judgment filed by Bradley Edwards, Edwards denied all of these allegations, calling Epstein's claims frivolous for two separate reasons: On the one hand, Edwards claimed, Epstein was seeking damages from Edwards while asserting his own Fifth Amendment privilege to block the discovery of relevant facts. (And, in fact, Epstein did plead the Fifth, dozens of times, when deposed by the lawyers of his victims.) On the other hand, Epstein's claims were "directly contradicted by all of the record evidence.

"The truth in the record is entirely devoid of any evidence to support Epstein's claims and is completely and consistently corroborative of Edwards's sworn assertion of innocence," the motion stated.



HOUSE_OVERSIGHT_022176

*Put simply, Epstein has made allegations that have no basis in fact. To the contrary, his lawsuit was merely a desperate measure by a serial pedophile to prevent being held accountable for repeatedly sexually abusing minor females. Epstein's ulterior motives in filing and prosecuting this lawsuit are blatantly obvious. Epstein's behavior is another clear demonstration that he feels he lives above the law and that because of his wealth he can manipulate the system and pay for lawyers to do his dirty work—even to the extent of having them assert baseless claims against other members of the Florida Bar. Epstein's Complaint against Edwards and LM is nothing short of a far-fetched fictional fairy-tale with absolutely no evidence whatsoever to support his preposterous claims. It was his last ditch effort to escape the public disclosure by Edwards and his clients of the nature, extent, and sordid details of his life as a serial child molester. Edwards's Motion for Summary Judgment should be granted without equivocation.*

Edwards filed a counterclaim for malicious prosecution. "He sued me with knowingly made up, falsified facts,' Edwards says.

*And his sole motivation was to extort me into abandoning the legitimate cases I was pursuing against him on behalf of the victims, including the CVRA suit. He ultimately had to dismiss that case, literally on the morning our Summary Judgment was to be heard. I then sued him. We were set for trial. The judge granted me punitive damages in my claim. And then, in a separate case in Florida, one of the appellate*



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## Sarah Kellen

"She said her name was C
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*courts basically abolished the tort of malicious prosecution in Florida. My case was dismissed. I then appealed that. And our district ruled that my malicious prosecution claim can stand and the tort is not abolished in Florida. They sent it back to the trial court and Jeffrey Epstein appealed that to the State Supreme Court, and that's where that stands.*

## Sarah Kellen

"She said her name was Clara something on the rental application," says a real estate agent in Palm Beach. "It wasn't until much later that I realized she was associated with Epstein."

In April of 2009, that agent rented Clara a bungalow in Palm Beach. For Clara, that little home was a step down from Jeffrey Epstein's big house on El Brillo Way and from the life she'd known as Sarah Kellen. But not *such* a step down. "She signed a lease to pay four thousand dollars a month from April 18 through July 18, 2009," says a Palm Beach resident familiar with the local housing market. "But she stayed a lot longer. And by the way, she went on a round-the-world trip for at least a month while she had the lease."

Kellen had been a prime suspect in Chief Reiter's investigation. Prosecutors had considered charging her, Wendy Dobbs, and Nadia Marcinkova as potential coconspirators. They'd avoided those charges as part of the plea deal that Epstein had struck—a deal in the course of which it was suggested that if Epstein had to have pleaded to *something*, he could have pleaded to striking Kellen—or slapping her, once, on his jet. Assault, they'd have called it.



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Kellen might have gone along with that. But in the end she didn't need to. Sources say she found another rich man as Epstein whiled away his hours in and out of the Palm Beach Stockade. She reinvented herself, and when her relationship with the wealthy man fell apart, she played the field until she met and married a race-car driver named Brian Vickers. Along the way she reinvented herself yet again, changing her name to Sarah Kensington.

## Nadia Marcinkova

Nadia Marcinkova changed her surname to Marcinko and, after training at a Palm Beach flight school, became a commercial pilot and certified flight instructor. Calling herself Gulfstream Girl on Facebook, she cultivated her social media presence until 2013, when the Gulfstream company filed a trademark infringement lawsuit against her. When the suit was settled out of court, in 2014, Marcinko changed "Gulfstream" to "Global."

"As a child," she wrote for the "About Me" page on her website, "Nadia channeled her entrepreneurial spirit by selling invisible pets to neighboring kids. She continued on to manage a successful family marketing business and soon she was discovered by a modeling agency and immersed into the marketing and advertising world as a spokesperson and international fashion model."

There is no mention of Jeffrey Epstein. But on her YouTube channel, Marcinko appears in the cockpit of a Gulfstream II that looks very much like Epstein's Gulfstream, sitting beside a man who looks much like Larry Visoski, a pilot for Epstein.



Marcinko's Manhatta
Jeffrey Epstein's brother,
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## The Girls

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Marcinko's Manhattan address belongs to a building where Jeffrey Epstein's brother, Mark, owns the majority of apartments.

Sarah Kensington uses the same address in New York.

## The Girls

One of the girls who gave Jeffrey Epstein massages moved to Los Angeles and became an actress, starring for a time in a soap opera and appearing in several films. She is now pursuing a career in country music.

Several girls have been arrested for drugs, prostitution, and other nonviolent crimes.

One girl is dead—murdered by her boyfriend for reasons that had nothing to do with Epstein.

One of the girls who claimed to have been raped by Epstein is now a successful real estate broker in South Florida.

Mary moved back in with her parents, finished high school, and attended college for a while. She had her ups and downs along the way. In 2010, she was arrested for shoplifting. But Mary, who was born in 1990, is still in her midtwenties—*still* young for a man of Jeffrey Epstein's age—with many good years ahead of her.

Wendy Dobbs studied nursing in college and became a bartender and waitress. "I want to fill a position in which I can [utilize] my communication and customer service skills to help others," she wrote on LinkedIn. "I feel I am at my best when I can make a difference in someone's life. My goal is to inspire and encourage others to make positive changes daily. If you are not reaching for the stars then your dreams are not big enough."



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## The Cops

Michele Pagan is now a sergeant for the Palm Beach Police Department.

In early 2012, at a reception at Mar-a-Lago, Detective Joe Recarey received the first Palm Beach Police Foundation Police Officer of the Year award—one of several honors he received in the course of his twenty-three-year career in Palm Beach. Two years later, he left the department and took a job as director of loss prevention for the Gold Coast Beverage company.

"I've been [at the Palm Beach Police Department] longer than my children have been alive," he told a reporter for the *Palm Beach Daily News* when he left. "I'm going to miss a majority of the people I've worked with, and, obviously, I'm going to miss the work. This is my extended family. Like many families, you have disagreements with some family members. But you overlook that, and you work together and you're a team. I'm going to look back and miss a lot of the people I've worked with."

Palm Beach police chief Michael Reiter left the department in 2008 after twenty-eight years on the job. He now runs his own security company in Palm Beach.

## Jean-Luc Brunel

In January of 2015, Jean-Luc Brunel sued his old friend Jeffrey Epstein, claiming that Epstein's fall from grace had cost him millions of dollars in business and caused him "severe emotional stress."

The lawsuit claimed, "Plaintiff Brunel is emotionally destroyed



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Brunel's agency, MC2, is

## Jeffrey Epstein

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Brunel is emotionally destroyed



as a result of Epstein's actions and the resulting effects on his business. He has been on medications to deal with the effects of this."

It continues: "Defendant Epstein recklessly inflicted emotional distress on Plaintiff Brunel by engaging in illegal conduct with under-aged girls, which was falsely linked to Plaintiff.... This illegal conduct was extreme and outrageous by any standard."

The suit went on to quote Brunel's doctor, who said that the modeling scout had gone into psychotherapy "due to a subjective sense of depression related to what he believes is a loss of business in his modeling agency as a result of slander published against his business." Brunel had gone on prescription drugs—Prozac, Rivotril—as a result.

The fashion world had frozen him out, he said, after his relationship with Jeffrey Epstein had become public. It had become impossible for him to find the "fresh faces" he needed for his agency, MC2.

Brunel acknowledged Epstein's alleged crimes but denied his own involvement. "Epstein's illegal activities were outrageous and extreme; they involved receiving massages from the under-aged girls while the girls were nude or nearly nude; penetration of the girls with a finger or object; or full intercourse."

When the *Daily Beast* reported the story and reached out to Brunel for a comment, the website's reporter was told, "Jean-Luc is not in town; he's in South America."

Brunel's agency, MC2, is still in business.

## Jeffrey Epstein

As of this writing, Jeffrey Epstein continues to entertain young women at his Manhattan town house.



HOUSE_OVERSIGHT_022182

# EPILOGUE

When John Connolly, Tim Malloy, and I began work on this book, I had hoped to interview Jeffrey Epstein myself: to look directly into the eyes of the man we'd be writing about. Epstein declined to sit for an interview. Many of his friends and associates did speak with us on the condition that they not be quoted. Several of them still liked Epstein and made a point of telling us what a loyal friend he was—although, like Icarus, he seemed to have a fatal flaw.

If Epstein had agreed to an interview, these are the questions I would have asked him:

- You pleaded guilty to a single felony count of soliciting prostitution from a minor. Do you believe in your heart that you were guilty?
- In 2011 you told the *New York Post*, "I'm not a sexual predator, I'm an 'offender.' It's the difference between a murderer and a person who steals a bagel." Do you stand by that statement today?



- Do you feel you w
tice system?
- What effect did yo
- Do you believe th
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- Are you still in to
- Are you in touch v
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- After your stay in
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today?
- Do you regard you
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- What is your greate
- What do you look f
- Last question. How

HOUSE_OVERSIGHT_022183

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gle felony count of soliciting
Do you believe in your heart

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It's the difference between a
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ay?





- Do you feel you were treated fairly by the criminal justice system?
- What effect did your conviction have on your business?
- Do you believe that you've done psychological harm to the women—especially the underage girls—you've been involved with?
- Are you still in touch with Ghislaine Maxwell?
- Are you in touch with Prince Andrew?
- You've spent time with Bill Clinton as well as Donald Trump. How would you characterize the two men?
- Several people have described you as a very loyal friend. Is that a fair characterization?
- I've heard that Leslie Wexner removed all photographs of you from his home. Given how close you once were, have you reconciled or tried to repair the relationship?
- Did the thirteen months you spent in jail change you in any way?
- After your stay in prison, have you continued to seek the company of very underage women?
- You were ordered to undergo psychological treatment as part of your sentence. Are you under treatment today?
- Do you regard yourself as having a sex addiction, and, if so, have you been treated for it?
- What is your greatest regret?
- What do you look for in a woman?
- Last question. How well do you sleep at night?



HOUSE_OVERSIGHT_022184

# ABOUT THE AUTHORS

**James Patterson** received the Literarian Award for Outstanding Service to the American Literary Community at the 2015 National Book Awards ceremony. He holds the Guinness World Record for the most number one *New York Times* bestsellers, and his books have sold more than 325 million copies worldwide.

**John Connolly** has been an investigative reporter for twenty-five years, the last twelve of them with *Vanity Fair*. He has written scores of nonfiction pieces for numerous national magazines.

**Tim Malloy** is a thirty-year veteran of print and television journalism. He has won eight Emmys as an investigative reporter, documentary maker, and war correspondent. He appears in print, on the Web, and on TV as a political analyst.

HOUSE_OVERSIGHT_022185

*"I HAD BEEN HEARING HAIR-RAISING STORIES about Jeffrey Epstein for a couple of years. Our interests could not have been more different, but Palm Beach, where we both live, is small and tightly knit, and we knew some of the same people. So I had followed Epstein's case in the media and talked about it over dinners with friends. I wondered why it had taken so long for the Palm Beach police to catch up with Epstein. And, once they did, why he had served so little jail time. Those were the obvious questions, but there were others: How had Epstein made his money, possibly billions? No one seemed to know.*

*Epstein had powerful friends. Were his connections the reason that Epstein was now a free man? I wanted to know."*

ISBN 978-0-316-27405-0
52800 >
EAN
9 780316 274050

**From:** [redacted] <[redacted]>
**Sent:** Thursday, October 13, 2016 6:08 PM
**To:** JEE
**Subject:** Fwd: CNN Inquiry

**Importance:** High

Fyi

Sent from my iPhone

Begin forwarded message:

> **From:** Melanie Hicken <hit-reply@linkedin.com>
> **Date:** October 13, 2016 at 8:03:22 PM GMT+2
> **To:** [redacted] <[redacted]>
> **Subject: CNN Inquiry**
> **Reply-To:** Melanie Hicken <59d7d715-38e6-4332-9945-5076dffc7f28@reply.linkedin.com>
>
> Hi [redacted],
>
> I'm a reporter at CNN, and my colleague Blake Ellis and I have read that Bill Clinton and Donald Trump have both visited Epstein's private island. We are trying to determine whether there is any truth to the allegations that either or both of these men may have had sexual relations with minors while there. We know that you have been Epstein's pilot, so we're wondering if you would be willing to speak with us completely off the record. We are not focusing on the allegations against Epstein -- we are solely focusing on Trump and Clinton given the current allegations being levied in the press.
>
> If you don't feel comfortable sharing anything via social media or email, feel free to send us any documentation/proof that might be helpful anonymously via mail:
>
> Melanie Hicken
> 6430 Sunset Blvd #300
> Los Angeles, CA 90028
>
> You can also reach us by phone: [redacted]
>
> Thanks so much,
> Melanie

Reply | Not interested

View Melanie's LinkedIn profile

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If you need assistance or have questions, please contact LinkedIn Customer Service.

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**From:** [redacted] <[redacted]>
**Sent:** Friday, November 11, 2016 2:06 AM
**To:** jeffrey E.
**Subject:** Re:

**Importance:** High

I saw that, amazing.
I also think it's shocking she is 35 in the recent picture (if she was 13 in '94). She looks 20 years older.

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted] <[redacted]>
**Sent:** Thursday, November 10, 2016 5:01 PM
**Subject:**

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 9, 2015 7:00 PM
**To:** [redacted]
**Subject:** Re: we'll see

**Importance:** High

It was a first draft

On Friday, January 9, 2015, [redacted] > wrote:

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:44 PM
**Subject:** Re: we'll see

I only met Jeffrey Epstein, after I was adult. ( over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. ( charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon. ) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as allegations . She claimed in the minutest of detail , her dinner with President Clinton on the Caribean Island, How he arrived . ( by black heli). where he sat. ,(on jeffreys left.) a 21st century tale of power , sex , money . The fact is that this story is total make believe , fabricated on purpose to gain tabloid attention ,and easily refuted by readily availalble travel records of a former president. . it defies belief that any person would take seriously such a preposterous story. little different than her telling her father that she met the queen, whoops- he believed her though her mother at the relevant time complained that she must have been engaging in satan worship and asked that she be put her in a drug home. cmon. I am currenty a professional pilot with a spotless record. I have a checklist that I follow before every flight to verify that things are what they are supposed to be , checking her story which the presss has refused to do would serve the public well. In this case human error is merely a euphmisn for hijacking the truth ,

On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]

**Sent:** Friday, January 9, 2015 12:50 PM
**Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

--
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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 9, 2015 7:19 PM
**To:** [redacted]
**Subject:** Re: we'll see

**Importance:** High

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

On Friday, January 9, 2015, [redacted] wrote:

I know, I like where it's going..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:59 PM
**Subject:** Re: we'll see

It was a first draft

On Friday, January 9, 2015, [redacted] wrote:

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:44 PM
**Subject:** Re: we'll see

I only met Jeffrey Epstein, after I was adult. ( over 18). I was never, ever, his " sex slave " . obviously a lurid chauvenistic categorization. which in my opinion could only have been made by some loser of a repressed male reporter. He was always kind , funny and generous to me . These fantasy fabrications made by a delusional thief. ( charged with stealing from the burger place and which she worked, though she claimed to paid thousands of dollars in cash and held at the beck and call of the genious tycoon. ) . Her story telling had it been done while sleeping would have been called dreaming, if awake, hallucinaitons but to the English press they are referred to as allegations . She claimed in the minutest of detail , her dinner with President Clinton on the Caribean Island, How he arrived . ( by black heli). where he sat. ,(on jeffreys left.) a 21st century tale of power , sex , money . The fact is that this story is total make believe , fabricated on purpose to gain tabloid attention ,and easily refuted by readily availalble travel records of a former president. . it defies belief that any person would take seriously such a preposterous story. little different than her telling her father that she met the queen, whoops- he believed her though her mother at the relevant time complained that she must have been engaging in satan worship and asked that she be put her in a drug home. cmon. I am currenty a professional pilot with a spotless record. I have a checklist that I follow before every flight to verify

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On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 12:50 PM
**Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, Nadia <nadja2102@yahoo.com> wrote:

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

They called my friend [redacted] today and told her they are writing a story about notable people from the east and would like to talk to her about me. She didn't fall for it.. Slovakian press is going crazy now.

--

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 9, 2015 9:03 PM
**To:** [redacted]
**Subject:** Re: we'll see

sexy cute

On Fri, Jan 9, 2015 at 4:50 PM, [redacted] wrote:

I know, cute,, just a joke about people's unique sensitivities. You must have heard many this week. How are You doing?

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 3:15 PM
**Subject:** Re: we'll see

it was only meant as a pun on [redacted]

On Fri, Jan 9, 2015 at 3:26 PM, [redacted] <[redacted]> wrote:

I'm a pilot...I prefer sex slave to copilot ;)

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 2:18 PM
**Subject:** Re: we'll see

Normally it's the copilots job to call out [redacted], in this instance I'm calling her out)):

On Friday, January 9, 2015, [redacted] wrote:

I know, I like where it's going..

---

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:59 PM
**Subject:** Re: we'll see

It was a first draft

On Friday, January 9, 2015, [redacted] wrote:

Yes, let's do it. I like most of it. Would like less personal attacks and more reasons why allegations are ridiculous..

Love the fact checking story. Just a few days ago, I toyed with the idea of posting a photo of me doing a preflight inspection and saying I wished other professions would have that requirement before putting innocent people's lives at risk.

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**To:** [redacted]
**Sent:** Friday, January 9, 2015 1:44 PM
**Subject:** Re: we'll see

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On Fri, Jan 9, 2015 at 2:10 PM, [redacted] wrote:

Apparently..

They are now asking how my parents bought a building in town...implying it was all the money they got for selling me :)
Getting ugly..

**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Nadia <nadja2102@yahoo.com>
**Sent:** Friday, January 9, 2015 12:50 PM
**Subject:** Re: we'll see

notable?

On Fri, Jan 9, 2015 at 1:44 PM, [redacted] wrote:

[redacted]

Definitely not gonna talk to the reporters. It doesn't feel right. Xoxoxo

Sent from Mobile

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Tuesday, January 20, 2015 12:14 AM
**To:** [redacted]
**Subject:** your statement?

**Importance:** High

I have to hand it to [redacted] I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. ( clinton was never ever there, easy to confirm ). Sharing a bath with a Prince ( bathtub too small even for one adult ). sex slave being paid thousands of dollars. ( while at the exact same time, she was working as a hostess in a burger bar ). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

--

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**From:** Al seckel [[redacted]]
**Sent:** 12/11/2010 9:01:17 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Screen shot

**Importance:** High

This is a screen shot of a google search on your name taken about one minute ago, and this is BEFORE the next big sweep. I UNDERSTAND your point about "one thing kills me," but the daily beast article is gone, the other ones, including the powerful Huffington Post, are about to be pushed off. And, out stuff is on top.

Top of Form

Search

Instant is on

Bottom of Form

**Web** Images Videos Maps News Shopping Gmail more

Web History | Search settings | Sign in

Advanced search
About 324,000 results (0.21 seconds)

## Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
**Jeffrey** Edward **Epstein** (born January 20, 1953 in Coney Island, New York) is a Jewish-American financier and philanthropist. **Epstein** was raised in Coney ...
Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar

2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar

4. **Jeffrey Epstein** | Profiles in Science
**Jeffrey Epstein** presents some of the greatest minds and finest scientists working today.
www.**jeffreyepstein**science.com/ - Cached

5. **Jeffrey Epstein**, MD, FACS, Miami, New York Hair Transplant Surgeon
Dr. **Epstein** and the hair transplant surgeons at the Foundation for Hair Restoration are experts in the field of hair restoration. Dr. **Epstein** is one of the **...**
www.foundhair.com/pages/about.shtml - Cached - Similar

6. **Jeffrey Epstein** - Blackboard
Jul 21, 2010 **...** **Jeffrey** Edward **Epstein** in a hedge fund mogul and convicted sex offender from New York. Born in Coney Island, he attended Lafayette High **...**
www.businessinsider.com/blackboard/**jeffrey-epstein** - Cached

7. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan **...**
Jul 21, 2010 **...** **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the **...**
www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

8. **Jeffrey Epstein** on Sports
An old school look at today's sport's world focusing on professional basketball and football by**Jeffrey Epstein**.
www.**jeffreyepstein**sports.com/ - Cache d

9. **Jeffrey Epstein** | Philanthropy
**Jeffrey Epstein** has three main philanthropic and charitable organizations he uses to fund arts, sciences, research and other causes.
www.**jeffreyepstein**.org/ - Cached

10. About **Jeffrey Epstein**
**Jeffrey Epstein** is a financial mogul, hedge fund manager and philanthropist.
www.**jeffreyepstein**.org/about**jeffreyepstein**.html - Cached

Show more results from jeffreyepstein.org

11. Sex Offender **Jeffrey Epstein** Is Not A Billionaire - Billions **...**
**Jeffrey Epstein**, the underage massage king of Palm Beach, was back in the headlines this week: "Billionaire pedophile goes free," (Daily **...**
blogs.forbes.com/.../is-billionaire-sex-offender-**jeffrey-epstein**-all-that-rich/ - Cached

Searches related to **jeffrey epstein**

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Al seckel <[redacted]>
**Sent:** Sat, December 11, 2010 12:31:16 PM
**Subject:**

the google page is not good.. after sept when you told me you thought it would take approx twenty thousand to clean up. and hopefully in time for nov 1. then another ten thsousand , and another ten thousand. and your emails about how you are all about results ,, then an emergency 2500 dollars to keep servers active , then you told me micahel didn't want to give his bank details.. your quote was he'd explode, that was after he was sent forty thousand dollars directly to his bank.. I have yet to have a complete breakdown of payments. and the results , are what they are,.

--
**********
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Jeffrey Epstein
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**From:** Al seckel [redacted]
**Sent:** 12/16/2010 9:28:38 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Latest screen shot

**Importance:** High

This is the latest screenshot. Mike managed to knock out daily beast again. She is a pain and very very persistent. We managed to push Huffington post down near bottom and is about to be pushed off, but it would take a bit more work, and again, you have your active detractors out there. Just the way it is.

On the second page, we have replaced 8 toxic references with good ones, and there are four toxic ones left, which were pushed off the first page.

The science and org sites would have been placed higher if there was new content created and added.

Mike, however, is stopping work now on the project.

We need to talk about island asap, as they are bugging me for logistics.

Thanks.
me

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Web History | Search settings | Sign in

Advanced search
About 327,000 results (0.20 seconds)

## Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
**Jeffrey** Edward **Epstein** (born January 20, 1953 in Coney Island, New York) is a Jewish-American financier and philanthropist. **Epstein** was raised in Coney ...
Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar
▶
2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar

4. **Jeffrey Epstein** | Profiles in Science
**Jeffrey Epstein** presents some of the greatest minds and finest scientists working today.
www.**jeffreyepstein**science.com/ - Cached

5. **Jeffrey Epstein** on Sports
An old school look at today's sport's world focusing on professional basketball and football by**Jeffrey Epstein**.
www.**jeffreyepstein**sports.com/ - Cached

6. **Jeffrey Epstein**, MD, FACS, Miami, New York Hair Transplant Surgeon
Dr. **Epstein** and the hair transplant surgeons at the Foundation for Hair Restoration are experts in the field of hair restoration. Dr. **Epstein** is one of the **...**
www.foundhair.com/pages/about.shtml - Cached - Similar

7. **Jeffrey Epstein** | Philanthropy
**Jeffrey Epstein** has three main philanthropic and charitable organizations he uses to fund arts, sciences, research and other causes.
www.**jeffreyepstein**.org/ - Cached

8. About **Jeffrey Epstein**
**Jeffrey Epstein** is a financial mogul, hedge fund manager and philanthropist.
www.**jeffreyepstein**.org/about**jeffreyepstein**.html - Cached

Show more results from jeffreyepstein.org

9. Edge: **JEFFREY EPSTEIN**

**JEFFREY** E. **EPSTEIN** is a money manager and science philanthropist who currently serves as the Chairman and Chief Executive Officer of the Financial Trust **...**

www.edge.org/3rd_culture/bios/**epstein**.html - Cached - Similar

10. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan **...**

Jul 21, 2010 **...** **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the **...**

www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

11. Dr. **Jeffrey Epstein**, MD, FACS | Board Certified Plastic Surgeon **...**

Dr. **Jeffrey Epstein** has been in solo private practice in Miami since 1994, and New York City since 2005, and is a Clinical Professor at the University of **...**

www.justformenplasticsurgery.com/AboutDr**Epstein**.asp - Cached - Similar

Searches related t

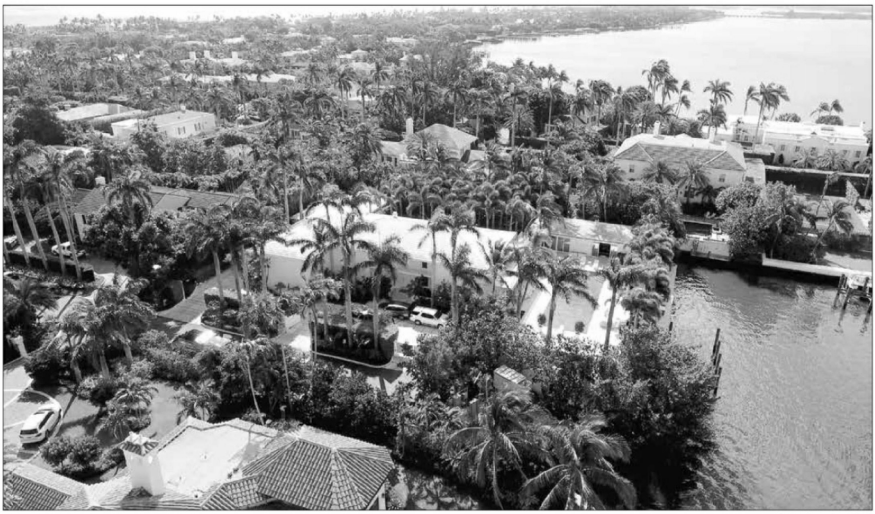

File photo by MIAMI HERALD

The home of Jeffrey Epstein has a large waterfront footprint in the Town of Palm Beach, not far from President Trump's Mar-a-Lago.

## PERVERSION

CONTINUED FROM PAGE 12

the entire block on 71st Street between Fifth and Madison avenues.

He also owns a 10,000-acre ranch, named "Zorro," in New Mexico, a private island called "Little St. James" in the Virgin Islands, the $13 million house in Palm Beach, a Gulfstream jet and, at one point, owned a Boeing 727.

He has never been in the Forbes 400 list of the wealthiest Americans, largely because the magazine has never been able to determine the source or the size of his wealth.

He has been dogged by questions about his financial dealings. A former business partner, Steven Hoffenberg, sued him in 2016, claiming that Epstein was the mastermind behind a $500 million Ponzi scheme that Hoffenberg was imprisoned for in 1995.

Hoffenberg served 18 years for the scam, but he later dropped the lawsuit against Epstein.

In August, two of Hoffenberg's former investors rekindled the lawsuit against Epstein, but the case was dropped in October.

Epstein and his associate, British-born socialite Ghislaine Maxwell, were also accused in a 2015 federal civil suit of organizing underage sex parties on his private plane, nicknamed "The Lolita Express," and at Epstein's various homes.

Maxwell, who has never been charged with wrongdoing, has denied allegations made in

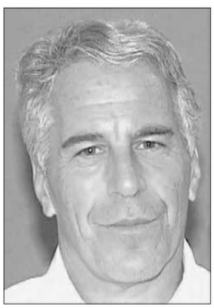

Jeffrey Epstein

the lawsuit that she was Epstein's "madam." The suit, filed by victim Virginia Roberts, was settled in 2017.

It was Epstein's contacts with powerful and famous people that first propelled him into the public spotlight. In 2002, he flew former President Bill Clinton, actor Kevin Spacey, comedian Chris Tucker and others to South Africa on his private jet as part of a fact-finding AIDS mission in support of the Clinton Foundation.

But Epstein, a Clinton donor who contributed hundreds of thousands of dollars to Democratic candidates and causes, realized that his Democratic connections weren't going to help him in 2006, when the federal prosecutor was Acosta, a conservative Republican appointed during the George W. Bush administration.

### All-star attorneys

Epstein's tactic: hire the most aggressive and politically connected lawyers that his money could buy.

At the top of his list: Kenneth Starr, a Republican icon because of his pursuit of Bill Clinton during the Whitewater investigation, which led to the impeachment (but not conviction) of the president after it was revealed he'd had sex with a young White House intern.

Like Acosta, Starr had worked at the prestigious law firm Kirkland & Ellis. Epstein also tapped Jay Lefkowitz, also of Kirkland, who worked as a domestic policy adviser and later as a special envoy to North Korea during the George W. Bush presidency.

Epstein also hired Bruce Reinhart, then an assistant U.S. attorney in Palm Beach.

Reinhart, now a U.S. magistrate, left the U.S. Attorney's Office on Jan. 1, 2008, and went to work representing Epstein's employees on Jan. 2, 2008, court records show.

Kenneth Starr

In 2011, Reinhart was named in the Crime Victims' Rights Act lawsuit, which accused him of violating Justice Department policies by switching sides, implying that he leveraged inside information about Epstein's investigation to curry favor with Epstein.

Reinhart, in a sworn declaration attached to the Crime Victims' Rights Act case, denied the allegation, saying he did not participate in Epstein's criminal case and "never learned any confidential, non-public information about the Epstein matter."

The U.S. Attorney's Office has since disputed that, saying in court papers that he did possess confidential information about the case.

Contacted for this story, Reinhart, in an email, said he never represented Epstein — only Epstein's pilots; his scheduler, Sarah Kellen; and Nadia Marcinkova, described by some victims as Epstein's sex slave. Reinhart also pointed out that a complaint filed against him by victims' lawyer Paul Cassell was dismissed by the

See **PERVERSION,** next page

# Federal prosecutors admit backing down

## Epstein's attorneys applied relentless pressure, they say

By JULIE K. BROWN
Miami Herald

In recent court filings, the government was forced to answer questions about its negotiations, finally admitting in 2013 that federal prosecutors had backed down under relentless pressure by Jeffrey Epstein's attorneys.

"The government admits that, at least in part as a result of objections lodged by Epstein's lawyers to victim notifications, the [United States Attorney's Office] reevaluated its obligations to provide notification to victims and Jane Doe #1 was thus not told that the USAO had entered into a non-prosecution agreement with Epstein until after it was signed," wrote Assistant U.S. Attorney Dexter Lee.

Kenneth Starr

Said Francey Hakes, the former federal prosecutor: "I have never heard of a case where federal prosecutors consult with a defense attorney before they send out standard victim notification letters. To negotiate what the letters would say and whether they would be sent at all suggest that the victims' rights were violated multiple times."

Kenneth Starr's aggressive advocacy for Epstein against allegations of improper sexual behavior was in stark contrast to the path he took investigating President Bill Clinton as independent counsel for the Whitewater probe.

The Starr Report, the summary of his findings in the Whitewater investigation, which started as a probe of a land deal gone sour and veered into an investigation of sexual misconduct, savaged the president for his involvement with White House intern Monica Lewinsky and was the basis for impeachment.

Starr himself would face criticism in 2016 — he stepped down as president of Baylor University amid allegations that he and other university officials mishandled sexual assault allegations brought by female students against members of the school's football team.

The Miami Herald reached out to Starr, through certified letter and through a spokesman for his current law firm, the Lanier Firm, but did not receive a response for this story.

Palm Beach police detective Joseph Recarey, one of the most highly decorated officers on the Palm Beach Police Department, called the Epstein case the most troubling of his 23-year career.

"Some of the victims were — and still are — afraid of Epstein," he said as part of a series of interviews with the Herald earlier this year.

Privately, Michael Reiter and Recarey said they held onto hope that Epstein would be brought to trial someday, but they said that that notion had faded.

"I always hoped that the plea would be thrown out and that these teenage girls, who were labeled as prostitutes by prosecutors, would get to finally shed that label and see him go to prison where he belongs," Recarey said.

Recarey died in May after a brief illness. He was 50 years old.

File photo by MIAMI HERALD

After he pleaded guilty in state court, Jeffrey Epstein was assigned to a private section of the Palm Beach County stockade. Soon, however, he was allowed to leave the compound six days a week, 12 hours a day, for what was termed work release.

Jeffrey Epstein, accused of sexually abusing dozens of underage women, grins for his mugshot on Florida's sex offender registry. He once compared his crimes to "stealing a bagel."

Photo by FLORIDA SEX OFFENDER REGISTRY

### Epstein's sentencing hearing

Jeffrey Edward Epstein appeared at his sentencing on June 30, 2008 at the Palm Beach County Courthouse dressed comfortably in a blue blazer, blue shirt, jeans and gray sneakers. His attorney, Jack Goldberger, was at his side.

At the end of the 68-minute hearing, the 55-year-old silver-haired financier — accused of sexually abusing dozens of underage girls — was fingerprinted and handcuffed, just like any other criminal sentenced in Florida.

But inmate No. W35755 would not be treated like other convicted sex offenders in the state of Florida, which has some of the strictest sex offender laws in the nation.

Ten years before the #MeToo movement raised awareness about the kid-glove handling of powerful men accused of sexual abuse, Epstein's lenient sentence and his extraordinary treatment while in custody are still the source of consternation for the victims he was accused of molesting when they were minors.

Beginning as far back as 2001, Epstein lured a steady stream of underage girls to his Palm Beach mansion to engage in nude massages, masturbation, oral sex and intercourse, court and police records show.

The girls — mostly from disadvantaged families — were recruited from middle schools and high schools around Palm Beach County. Epstein would pay the girls for massages and offer them further money to bring him new girls every time he was at his home in Palm Beach, according to police reports.

The girls, now in their late 20s and early 30s, allege in a series of federal civil lawsuits filed during the last decade that Epstein sexually abused hundreds of girls, not only in Palm Beach, but at his homes in Manhattan, New Mexico and on Little St. James island in the U.S. Virgin Islands.

### Special treatment in prison

In 2007, the FBI had prepared a 53-page federal indictment charging Epstein with sex crimes that could have put him in federal

See **PERVERSION,** next page

# Dems want Acosta out over Epstein case. GOP seeking investigation. Then there's Matt Gaetz

By ALEX DAUGHERTY
McClatchy Washington Bureau

WASHINGTON — Democrats are calling for Labor Secretary Alex Acosta's resignation. Republicans support an internal investigation into Acosta's role in a controversial plea deal for multimillionaire sex abuser Jeffrey Epstein in 2008.

Matt Gaetz

But Florida Rep. Matt Gaetz, one of President Donald Trump's biggest defenders in Congress, is taking a different approach.

In an interview with the Miami Herald this week, Gaetz said re-examining Acosta's handling of Epstein's case, which came under increased scrutiny after the Herald's three-part series Perversion of Justice, sets a "dangerous" precedent for prosecutors. A federal judge ruled last week that prosecutors run by Acosta, then the U.S. attorney for South Florida, broke the law when they failed to inform Epstein's underage victims of the plea agreement. The judge gave federal prosecutors 15 days to confer with Epstein's victims and their attorneys to come up with a resolution.

"I don't know what I don't know and certainly if there is ever an indication of misconduct, that has to be thoroughly reviewed, but I think it's a dangerous thing to go back and second-guess decisions that prosecutors have to make in real time," Gaetz said. "I'm deeply troubled by Mr. Epstein's actions, I think that he certainly should have faced a far stiffer consequence than he did, but having tried cases I know that it's hard to go back and sort of second-guess the risk analysis that goes into putting witnesses before a jury and subjecting them to cross-examination."

Labor Secretary Alex Acosta

In fact, the judge in the case, U.S. District Judge Kenneth A. Marra, was careful to say he was not questioning the prosecution's authority to sign a non-prosecution agreement. However, the judge said the U.S. attorney had an obligation to consult with Epstein's victims under the Crime Victims' Rights Act. Acosta's deliberate decision not to do so — at the insistence of Epstein's legal team — violated that law, rendering the outcome illegal, Marra wrote in a 33-page order.

Gaetz's stance is not shared by other South Florida lawmakers, including Republicans.

Republican Sen. Marco Rubio, who introduced Acosta at his confirmation hearing, said he wants to see the results of an investigation into the Justice Department's internal decision-making process about Epstein's plea deal before deciding on Acosta's future.

"We'd love to have an investigation that looks at all that internal deliberation and who knew what about this, how they talk about it, how was this decision ultimately made and what paper trail is there about that decision-making," Rubio said. "Obviously, newspaper reporting is important but so is whatever facts the Justice Department has in its possession."

Sen. Rick Scott, Rubio's fellow Republican, had a similar view, along with Miami Republican Rep. Mario Diaz-Balart. Both said Acosta doesn't need to resign at this time, but want the investigation to continue.

"We don't really know all the facts yet so it ought to come out," Scott said. "We need more information."

Six of the seven Democrats in Congress from Miami-Dade and Broward have called on Acosta to resign, the exception being Rep. Donna Shalala.

Shalala was part of a group of Democrats who signed on to a letter last week demanding the passage of a bill that would allow the Department of Justice's Inspector General to review the conduct of attorneys within Justice, a power it does not currently have. Acosta was responsible for negotiating Epstein's agreement when he pleaded guilty to two prostitution charges in state court instead of facing federal charges, even though he was accused of sexually abusing dozens of young girls in his Palm Beach mansion.

Four Democrats, Rep. Debbie Wasserman Schultz, Rep. Debbie Mucarsel-Powell, Rep. Lois Frankel and Rep. Ted Deutch, signed on to a letter calling for Trump to demand Acosta's resignation. Rep. Alcee Hastings also said Acosta should go.

"I would think under the circumstances with such a hot lamp on it, he'd be better served to resign," Hastings said. Hastings, a federal judge who was impeached and removed from office on corruption allegations before successfully running for the House, said he had never seen a plea agreement like Epstein's during his legal career.

Rep. Frederica Wilson went one step further, saying Acosta should be removed from office if he does not resign.

"The … manner in which he handled the Epstein case clearly demonstrates that he is not the right person to serve as our nation's labor secretary," the Democrat said in a statement. "If he could not stand up against Epstein's white-shoe attorneys, he clearly is not qualified to take on the networks of human traffickers operating in the United States and represent their victims."

Gaetz, the outlier among those interviewed, is important because he is a key Trump ally who frequently speaks with the president. In his second term in Congress after serving in the state House, Gaetz represents the views of the president's most fervent supporters and attracts national attention for his defense of the president's policies and rhetoric.

Gaetz is currently the subject of an inquiry by the Florida Bar after posting a tweet that critics said appeared to be threatening toward former Trump lawyer Michael Cohen. The tweet, which was later deleted, implied that Cohen had extramarital relations and was posted the night before the public hearing where Republicans attempted to shred Cohen's credibility as he detailed his illegal activities on behalf of the president.

Gaetz suggested that Acosta's decision to cut a plea deal without the victims knowing could have been a move to protect them.

"I don't know if this was the case in this matter, but as the former criminal justice chairman in Florida, I've seen how a lot of these sexual violence cases, the fragility of witnesses and the willingness of witnesses can be a factor," Gaetz said. "I'm not saying it was here, I'm just saying that in these types of cases it's something that's always on the minds of prosecutors."

# Eyeing 2020, White House steps up 'socialism' attack on Democrats

WASHINGTON (AP) — As the White House gears up for the 2020 campaign, it's pressing the case that Democrats are rallying behind what it's calling the policies of "socialism."

Trying to portray Democrats as out of step with ordinary Americans, Vice President Mike Pence said in a speech Friday at the Conservative Political Action Conference that the choice in the next election is "between freedom and socialism, between personal responsibility and government dependence."

"The moment America becomes a socialist country is the moment America ceases to be America," Pence told the crowd of conservative activists.

Pence also took aim at "Medicare-for-all" and the Green New Deal, policy proposals prominent in the crowded Democratic contest for the presidential nomination.

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778-5962 • #4 Estate Pearl, C'sted, St. Croix
East End of Hess road across from Junie's

**Shit Pilots Say**
Yesterday at 5:10 PM ·

**Joseph Ugulano**
Tom West you should google that chicks name. Global girl. Also known as a sex trafficking accomplice and general loser

15h **Like** **Reply** 8

**Gordon Rosel**
Tom West

https://en.m.wikipedia.org/wiki/
[redacted]

3

EN.WIKIPEDIA.ORG
[redacted] **Wikipedia**

15h **Like** **Reply**

**Jordan Francis**
Tom, there's really no humor to get. She did "favors" for Jeffrey Epstein, Billy Clinton's buddy that had that island down in the Caribbean where he'd bring underage girls for his pleasure. [redacted] was the "head of recruitment," I guess you could say.

15h **Like** **Reply** 11

Write a comment...

**From:** [redacted]
**Sent:** Thursday, January 31, 2013 11:32 AM
**To:** Jeffrey Epstein
**Subject:** Re:

**Importance:** High

Apparently Brazil is a hot investment place now (?) It is more about the offset part than the jet deal. France, Sweden and USA are all lobbying to get the jet deal as aviation is tied into potentially big tourism deals. (36 planes)
I was just on a call with a guy in Sweden who is dealing with this...
I never know if the stories are real, but he claims to work with the Brazilian president, Obama, Warren Buffet etc..

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Thursday, January 31, 2013 5:47 AM
**Subject:** Re:

brazil , has tried to buy fighters, in the past, they don't have a lot of money,

On Thu, Jan 31, 2013 at 6:36 AM, [redacted] wrote:

> Hmm, so the offset service provider does what - negotiation between the parties? Complex sounds interesting...

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Thursday, January 31, 2013 3:36 AM
**Subject:** Re:

Yes , one of the most complex negotiations they re very strange. Someone buys fighters but with the fighter money , some must be used for specific third party items. I will buy your pussy for 10k, but with 2 of the 10 you have to buy me food. And to make matter worse I need to borrow thev10 from you.

On Thursday, January 31, 2013, [redacted]:

> Do you understand offset agreements? I got asked to be involved in negotiating some of the deals between Brazil and other countries in regards to the purchase of new fighter jets..
>
> What is an offset service provider?

--
**********

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**From:** Al seckel [redacted]
**Sent:** 12/15/2010 5:36:27 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Results

**Importance:** High

Jeffrey,

The bots did the sweep. Here are the new results taken as of a minute ago. You have only one negative article left on front page of google, which is the Huffington Post article. The Huffington Post is extremely hard to move, because it is so powerful, has millions of links to it, and uploads massive new and original content it on a daily basis with posting from out side readers. We managed to push it down the page, as it used to be at the top. If we were able to post original content to both the science and the org site (absolutely not a single word to this day by Jessica, just talk), we would have been able to push it down even further, and off the page. WE did manage to get rid of the daily beast article, which is now far removed, inspite of their own efforts to keep it prominent.

Toxic suggested search engine terms that popped up automatically when you typed in your name are also now removed.

Wikipedia was an important victory, as it will always be at the top of the search engine results. ow the head lines do not mention convicted sex offender or pedophile. Instead, Philanthrophic work, Epstein Foundation, Promotion of Scientists. We have stopped the hacking on your wiki site, and that was a major effor. Your wiki entry now is pretty tame, and bad stuff has been muted, bowlerized, and pused to the bottom. Careful editing and wording has muted the effect immensely. We hacked the site to replace the mug shot and caption, and now has an entirely different photo and caption. This was a big success.

We pushed the Edge all the way up to the front page, where it was previously buried on page 5 of google search.

We have promoted the other jeffrey epsteins, and other pages are also filled with your material.

And, while the sites are up, and in the direction we hoped, they are still new, and subject to volitility, especially if new original content is not added on a minimum of a weekly basis. I have been forbideen to add new content to the philanthrophic site as well as the science site, and therefore, as a result our rating slipped down (still on the first page, but would have liked them (and some of the articles to been able to push Huffington off page). We also helped with you images, and the first images that come of you on a google search are not of your mug shot, etc.

Your daily beast foe is still at it, and trying to promote her sites against you in the same way that we try to depromote you.

As far as this site is concerned, and the continuation of this, I do not know what you wish to do. Clearly, you have no interest in my continuing. And, I am not sure if you want to continue the project at all. If the latter, and you stop, eventually it will just go into the way of entropy, and it will return to the old form. The major work has been done, but it needs to be maintained. For it to get better results, it needs to have constant input and supervision, and that means generating proper content, not just editing and grammatical fixes. Writers need to know what to write. THe philanthrophy site is at the bottom of the page precisely because you have not allowed us to add any content to it, and as a result it suffers.

You paid Mike $2500, which he applied for the purchasing of his replacement servers, but his fee of $7500 balance is now due if you want to continue. Please let me know what you want to do. I need to inform him, and if you are not going to use him, he needs to take on his other clients and devote his time there.

This needs to be contrasted with what we started with, which was a search on your name, which had nine/10 very toxic prominent stories, and toxic Wiki article and headline.

## Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
- 9 visits - Dec 2
**Jeffrey** Edward **Epstein** (born January 20, 1953 in Coney Island, New York) is a Jewish-American financier and philanthropist. **Epstein** was raised in Coney ...
Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar
2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein** | Profiles in Science
- 4 visits - Nov 3
**Jeffrey Epstein** presents some of the greatest minds and finest scientists working today.
www.**jeffreyepstein**science.com/ - Cached
4. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar
5. Edge: **JEFFREY EPSTEIN**

**JEFFREY** E. **EPSTEIN** is a money manager and science philanthropist who currently serves as the Chairman and Chief Executive Officer of the Financial Trust ...
www.edge.org/3rd_culture/bios/**epstein**.html - Cached - Similar

6. The Plastic Surgeon: **Jeffrey Epstein** | Full of Crop
Dec 9, 2010 ... Dr. **Jeffrey Epstein** is an internationally known reconstructive surgeon, known for exhibiting the highest standards in the medical field.
fullofcrop.com/2010/12/09/the-plastic-surgeon-**jeffrey-epstein**/ - Cached

7. **Jeffrey Epstein**, MD, FACS, Miami, New York Hair Transplant Surgeon
Dr. **Epstein** and the hair transplant surgeons at the Foundation for Hair Restoration are experts in the field of hair restoration. Dr. **Epstein** is one of the ...
www.foundhair.com/pages/about.shtml - Cached - Similar

8. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan ...
Jul 21, 2010 ... **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the ...
www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

9. Dr. **Jeffrey Epstein**, MD, FACS | Board Certified Plastic Surgeon ...
Dr. **Jeffrey Epstein** has been in solo private practice in Miami since 1994, and New York City since 2005, and is a Clinical Professor at the University of ...
www.justformenplasticsurgery.com/AboutDr**Epstein**.asp - Cached - Similar

10. **Jeffrey Epstein** on Sports
An old school look at today's sport's world focusing on professional basketball and football by**Jeffrey Epstein**.
www.**jeffreyepstein**sports.com/ - Cached

11. **Jeffrey Epstein** | Philanthropy
**Jeffrey Epstein** has three main philanthropic and charitable organizations he uses to fund arts, sciences, research and other causes.
www.**jeffreyepstein**.org/ - Cached

**From:** Al seckel [redacted]
**Sent:** 12/16/2010 1:15:29 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Results

**Importance:** High

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**Sent:** Thu, December 16, 2010 5:01:25 AM
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**From:** Al seckel [aseckel@yahoo.com]
**Sent:** 12/16/2010 1:20:06 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Results

**Importance:** High

you can call as i am obviously up.[redacted]

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**Sent:** 12/16/2010 1:27:48 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Results

**Importance:** High

ok. Just FYI, your detractors are on a rampage against you this past week.... Mike is trying to take care of it (NO! there is no extra charge) it comes with the territory.

---

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We pushed the Edge all the way up to the front page, where it was previously buried on page 5 of google search.

We have promoted the other jeffrey epsteins, and other pages are also filled with your material.

And, while the sites are up, and in the direction we hoped, they are still new, and subject to volitility, especially if new original content is not added on a minimum of a weekly basis. I have been forbideen to add new content to the philanthrophic site as well as the science site, and therefore, as a result our rating slipped down (still on the first page, but would have liked them (and some of the articles to been able to push Huffington off page). We also helped with you images, and the first images that come of you on a google search are not of your mug shot, etc.

Your daily beast foe is still at it, and trying to promote her sites against you in the same way that we try to depromote you.

As far as this site is concerned, and the continuation of this, I do not know what you wish to do. Clearly, you have no interest in my continuing. And, I am not sure if you want to continue the project at all. If the latter, and you stop, eventually it will just go into the way of entropy, and it will return to the old form. The major work has been done, but it needs to be maintained. For it to get better results, it needs to have constant input and supervision, and that means generating proper content, not just editing and grammatical fixes. Writers need to know what to write. THe philanthrophy site is at the bottom of the page precisely because you have not allowed us to add any content to it, and as a result it suffers.

You paid Mike $2500, which he applied for the purchasing of his replacement servers, but his fee of $7500 balance is now due if you want to continue. Please let me know what you want to do. I need to inform him, and if you are not going to use him, he needs to take on his other clients and devote his time there.

This needs to be contrasted with what we started with, which was a search on your name, which had nine/10 very toxic prominent stories, and toxic Wiki article and headline.

# Search Results

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
- 9 visits - Dec 2
**Jeffrey** Edward **Epstein** (born January 20, 1953 in Coney Island, New York) is a Jewish-American financier and philanthropist. **Epstein** was raised in Coney ...
Philanthrophic Work - The Epstein Foundation - Promotion of Scientists
en.wikipedia.org/wiki/**Jeffrey_Epstein** - Cached - Similar

2. Images for **jeffrey epstein**
- Report images

3. **Jeffrey Epstein** | Profiles in Science
- 4 visits - Nov 3
**Jeffrey Epstein** presents some of the greatest minds and finest scientists working today.
www.**jeffreyepstein**science.com/ - Cached

4. **Jeffrey Epstein**: International Moneyman of Mystery
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump.
nymag.com/nymetro/news/people/n_7912/ - Cached - Similar

5. Edge: **JEFFREY EPSTEIN**
**JEFFREY** E. **EPSTEIN** is a money manager and science philanthropist who currently serves as the Chairman and Chief Executive Officer of the Financial Trust ...
www.edge.org/3rd_culture/bios/**epstein**.html - Cached - Similar

6. The Plastic Surgeon: **Jeffrey Epstein** | Full of Crop
Dec 9, 2010 ... Dr. **Jeffrey Epstein** is an internationally known reconstructive surgeon, known for exhibiting the highest standards in the medical field.
fullofcrop.com/2010/12/09/the-plastic-surgeon-**jeffrey-epstein**/ - Cached

7. **Jeffrey Epstein**, MD, FACS, Miami, New York Hair Transplant Surgeon
Dr. **Epstein** and the hair transplant surgeons at the Foundation for Hair Restoration are experts in the field of hair restoration. Dr. **Epstein** is one of the ...
www.foundhair.com/pages/about.shtml - Cached - Similar

8. **Jeffrey Epstein**, Convicted Pedophile And Former Hedge Fund Titan ...
Jul 21, 2010 ... **Jeffrey Epstein**, the former hedge fund manager who pleaded guilty to soliciting an underage girl for prostitution, is now free of the ...
www.huffingtonpost.com/.../**jeffrey-epstein**-disgraced_n_654674.html - Cached

9. Dr. **Jeffrey Epstein**, MD, FACS | Board Certified Plastic Surgeon ...
Dr. **Jeffrey Epstein** has been in solo private practice in Miami since 1994, and New York City since 2005, and is a Clinical Professor at the University of ...
www.justformenplasticsurgery.com/AboutDr**Epstein**.asp - Cached - Similar

10. **Jeffrey Epstein** on Sports
An old school look at today's sport's world focusing on professional basketball and football by**Jeffrey Epstein**.
www.**jeffreyepstein**sports.com/ - Cached

11. **Jeffrey Epstein** | Philanthropy
**Jeffrey Epstein** has three main philanthropic and charitable organizations he uses to fund arts, sciences, research and other causes.
www.**jeffreyepstein**.org/ - Cached

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**From:** [redacted]
**Sent:** Tuesday, March 8, 2011 8:32 PM
**To:** Jeffrey Epstein
**Subject:** Re:

**Importance:** High

? Good for you. And ghislaine. congrats

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Tue, March 8, 2011 3:27:58 PM
**Subject:**

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance <http://www.vanityfair.com/online/daily/2011/03/notes-on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by ***Vicky Ward*** <*http://www.vanityfair.com/contributors/vicky-ward*>
March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."

So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein. Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.

I wrote a piece for *Vanity Fair* in 2003 called "The Talented Mr. Epstein." It was largely a business piece that focused on his mysterious exit from Bear Stearns in 1981, his close relationships with Jimmy Cayne, Les Wexner, the chairman of Limited Brands, and above all, the man who claimed to be his mentor, Steven Jude Hoffenberg, who is currently serving a 20-year-jail sentence for bilking investors in Towers Financial out of $450 million.

The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair*story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember



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asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,*Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

When I saw pictures of Prince Andrew walking in Central Park with Jeffrey, my immediate thought was that "Andy"—as Jeffrey calls him—is probably asking for help with his role as British trade envoy, or whatever his strange title is. Because if one thing's for sure: When it comes to international business, Jeffrey knows what he's talking about far more than "Andy" does. Which is why Leon Black, Mort Zuckerman and a few other financiers hang out with him.

And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability. And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.



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1. Jeffrey Epstein and Alan Dershowitz have been friends for years. The two met in July, 1996, when Mr. Epstein was introduced to Mr. Dershowitz by a mutual friend and flew on his private jet to Martha's Vineyard to spend the day with Mr. Dershowitz.

2. Mr. Epstein, had grown up in Coney Island. He did not graduate from college.

3. Mr. Epstein was wealthy and owned luxurious houses and private planes and was sometimes accompanied by beautiful women. He had many intellectuals as friends.

4. Mr. Epstein and Mr. Dershowitz quickly found common interests. Mr. Dershowitz has said they talked about science, academia, and Harvard.

5. In August, 1996, Mr. Epstein invited Mr. Dershowitz to meet Leslie Wexner, whom Mr. Epstein described as his mentor. Mr. Epstein and Mr. Dershowitz took Mr. Epstein's private jet to New Albany, Ohio, where Mr. Wexner had an estate, to attend a party for Mr. Wexner's fifty-ninth birthday. Mr. Dershowitz later said that he was Mr. Epstein's intellectual gift to Mr. Wexner.

6. In the seventies, Mr. Epstein had been a trader and a wealth manager at Bear, Stearns, before leaving in 1981 to start a small firm, J. Epstein & Co.

7. In 1987, Mr. Wexner hired Mr. Epstein as his financial adviser. Mr. Epstein has said that he re- fused to accept clients with less than a billion dollars in assets. The only client that he has ever named publicly is Mr. Wexner. When asked in a deposition whether Mr. Wexner was his only client, Mr. Epstein took the Fifth.

8. In 1989, Mr. Wexner bought a seven-story Manhattan mansion, overlooking the Frick Museum. The mansion was among the largest private residences in the city. Mr. Wexner is reported to have sold it to Mr. Epstein for one dollar. In 1996, Mr. Epstein told the Times that he owned the mansion.

9. In 1997, Mr. Epstein invested thirty million dollars in Boston Provident. Orin Kramer, the founder of the hedge fund, understood that the money came from Mr. Wexner. Later in 1997, Mr. Epstein called Mr. Kramer and asked him to stop by his office. Mr. Dershowitz also attended the meeting. At the meeting, Mr. Epstein asked Mr. Kramer to accept an investment of about half a million dollars from Mr. Dershowitz. Mr. Kramer accepted as a favor to Mr. Epstein. Mr. Dershowitz signed standard papers acknowledging that his money was at significant risk.

10. In 1998, the fund sustained enormous losses. Mr. Epstein told Mr. Kramer that one of the two of them would have to reimburse Mr. Dershowitz. Mr. Epstein said that if he were to have to reimburse Mr. Dershowitz, Mr. Kramer would regret it. Mr. Kramer agreed to restore Mr. Dershowitz's losses, if Mr. Epstein would leave the remainder of the money he controlled in the fund.

11. Mr. Epstein threw parties at his house in New York. He would often invite scientists, whose company he enjoyed.

12. Mr. Epstein also had an interest in Harvard. In 1990, he and Mr. Wexner had helped to fund the construction of a new building at Harvard Hillel, named after Henry Rosovsky, then the Dean of the Faculty of Arts and Sciences.

13. Mr. Dershowitz began introducing Mr. Epstein around the college. Mr. Epstein subsequently began funding research into psychology and the history of science, and he became a member of the advisory board of the Harvard Society of Mind, Brain, and Behavior, and a Harvard fellow. Mr. Epstein also established an office in Brattle Square, where he held seminars on contemporary academic ideas, in which Mr. Dershowitz sometimes participated.

14. In an article in the Harvard Crimson, Mr. Dershowitz said that he would debate mathematics, genetics, law, and psychology with Mr. Epstein and professor Steven Kosslyn, and that in these discussions, they would all cut each other off all the time "because we just get it."

15. Mr. Epstein would evaluate drafts of Mr. Dershowitz's books. Mr. Dershowitz has said that Mr. Epstein was the only person outside his family whom he trusted to do this.

16. After Lawrence Summers became president of Harvard in 2001, he flew to Palm Beach on Mr. Epstein's plane and stayed at his mansion. In 2003, Mr. Epstein pledged thirty million dollars to Harvard to create the Epstein Program for Mathematical Biology and Evolutionary Dynamics. To lead it, he recruited Martin Nowak, a biologist from Princeton University. Mr. Dershowitz became a Faculty Affiliate of the program.

17. In January 2007, the evolutionary biologist Robert Trivers was scheduled to receive the Crafoord Prize in biosciences. Mr. Nowak invited him to give a talk at the Epstein Center, followed by dinner. That April, Mr. Trivers sent Mr. Dershowitz a letter that criticized him for what Mr. Trivers viewed as an attack on Norman Finkelstein, and also said that Mr. Dershowitz was a Nazi or Nazi-apologist for his stance on the Israeli-Palestinian conflict.

18. On May 25, the day of his talk, Mr. Nowak, having arrived at Harvard, told Mr. Trivers that he was cancelling the talk a planned celebration, under orders from someone he would not identify. The reason given was that Mr. Trivers had called a Harvard professor a Nazi. Mr. Trivers said that he later learned that the order came from Mr. Epstein, under pressure from Mr. Dershowitz. (Mr. Dershowitz has denied this.) Mr. Trivers said that Mr. Epstein later apologized for having stopped the talk, using the word "apology," and Mr. Trivers now described them as friendly.

19. In the summer of 2000, according to a deposition by Juan Alessi, who managed Mr. Epstein's house in Palm Beach, Alessi was driving Ghislaine Maxwell, Mr. Epstein's

girlfriend, to Donald Trump's Mar-a-Lago resort, when they saw a girl walking from the main lobby toward the spa. Ms. Maxwell approached the girl, a sixteen year old named [redacted], who was reading a book on anatomy and massage therapy. Ms. Maxwell informed her that she knew somebody who was looking for a travelling masseuse. This person was Mr. Epstein.

20. When [redacted] was dropped off at the house, there was a big hall table with pictures of young nude girls, mixed in with those of celebrities and politicians.

21. Ms. Maxwell led [redacted] upstairs to a suite where Mr. Epstein was lying, nude, and showed [redacted] how to massage him. Ms. Maxwell then took off her clothing, and instructed Ms. Giuffre to remove her clothing. Ms. Maxwell told Ms. Giuffre that it was cute that she was wearing children's underwear. Ms. Maxwell then told Ms. Giuffre to straddle Mr. Epstein, and Ms. Giuffre and Mr. Epstein had sex. Afterward, Mr. Epstein told Ms. Giuffre that she "did a really good job," and gave her two hundred dollars.

22. [redacted] returned the next day, at Ms. Maxwell's invitation, and she became a regular presence at the home. She was informed that she was to have sex with Mr. Epstein several times a day, often along with Ms. Maxwell and other girls. She was subsequently told that Mr. Epstein would also be lending her to other men. Ms. Maxwell told her that she was expected to please these men in whatever way they wanted.

23. Mr. Epstein told [redacted] to report back to him about what the men liked. In his New York mansion, Mr. Epstein had also installed a video system that taped every room in the house, which could allow Mr. Epstein to accumulate information to use as leverage against the men.

24. Mr. Epstein used the girls under his control to bring in more girls. He preferred young girls from difficult backgrounds who would be in need of money. The women around Mr. Epstein were discouraged from speaking with one another.

25. Mr. Epstein owned nearly a dozen apartments in New York in a building on the Upper East Side, where he kept what were called "semi-permanent" girls.

26. In [redacted] case, Mr. Epstein paid her, paid for her apartment, and took her to New York, London, Paris, Tangiers, and his private island. He told [redacted] that he was powerful, that he owned the police department, and that he had friends who owed him favors. Mr. Epstein was a donor to the Palm Beach Police Department for years.

27. In 2002, soon after [redacted] turned nineteen, Mr. Epstein and Ms. Maxwell sent her to Thailand for a three-week course in massage, and arranged for her to bring back a young girl for Mr. Epstein.

28. In March 2005, a fourteen-year-old girl in Palm Beach described to the police that Mr. Epstein had paid her three-hundred dollars for a massage, told her to take off her clothes, and masturbated.

29. The police soon began investigating Mr. Epstein for sexually abusing underage girls. The case against Mr. Epstein would involve the testimony of dozens of young girls. Press coverage included a list of famous men who travelled on Mr. Epstein's plane, the so-called Lolita Express, to Little St. James, an island that Mr. Epstein owned in the Caribbean.

30. When Mr. Epstein learned about the investigation, in the fall of 2005, he immediately called Mr. Dershowitz, who established himself in the lead of a team of prominent attorneys from New York, Boston, Washington, D.C., and Miami.

31. Mr. Epstein once likened his offense to that of "a person who steals a bagel."

*[Much of the following seven queries involve actions that Mr. Dershowitz performed while representing Mr. Epstein. Can you confirm that they are accurate?]*

32. Mr. Dershowitz prepared a dossier featuring entries from Web sites like MySpace, in which Mr. Epstein's alleged victims recounted experiences with alcohol or marijuana and wrote about sex.

33. Florida State Attorney Barry Krischer helped Mr. Dershowitz arrange a meeting with Joseph Recarey, the lead investigator in the case. Mr. Dershowitz presented the dossier as evidence that the girls were not of high moral quality.

34. Mr. Dershowitz also raised questions about the police. He made a public-records request to the police department for any paper bearing the name of Michael Reiter, the Palm Beach police chief name, and began had private investigators perform background investigations on Mr. Reiter.

35. For months, Mr. Reiter and Mr. Recarey were under constant surveillance, in which cars followed them, their trash was searched, and investigators contacted Mr. Reiter's ex-wife. Mr. Epstein has denied his involvement in this. In 2010, when Mr. Reiter testified about the surveillance, in 2010, Mr. Epstein turned to his lawyer and said, "That wasn't us!"

36. At one point, Mr. Recarey told Mr. Dershowitz that at least one of the investigators had tried to misrepresent himself to one of the alleged victims as a police officer. Mr. Dershowitz surmised that the woman was someone identified as [redacted] in depositions.

37. [redacted] had alleged that he Mr. Epstein had forcibly penetrated her when she was a minor. She told detectives that in 2003, when she was sixteen, a friend introduced her to Mr. Epstein. The friend told her that in exchange for a massage she could earn enough money for a camping trip in Maine that she wanted to go on. [redacted] said that she returned to Mr. Epstein's house hundreds of times, becoming his Mr. Epstein's favorite. She said that she sometimes had non-penetrative sex with Mr. Epstein and one of his "semi-permanent" girls, [redacted] whom Mr. Epstein was said to have bought from her parents in

Yugoslavia when she was about fifteen. [redacted] said that Mr. Epstein would take naked photographs of her and other girls and display the photographs in the house.

38. In a letter to Mr. Recarey, Mr. Dershowitz enclosed snippets gathered from [redacted] presence on social media. Mr. Dershowitz noted that [redacted] chose to go by the nickname "pimp juice," and he noted that [redacted] appeared to have a fascination with marijuana. Mr. Dershowitz said that the two investigators who tried to speak with her were instructed beforehand to take notes, out of feat that she was an accomplished drama student, who, Mr. Dershowitz said, had misled others in the past and might try to do the same with the investigators. Mr. Dershowitz suggested that [redacted]. motivation was money, to be "really rich."

39. In July 2006, Krischer, charged Mr. Epstein with one count of aggravated assault. There was no mention of underage girls, nor a requirement to register as a sex offender, nor a threat of jail time.

40. In 2007, Mr. Epstein argued that he was being persecuted because he was Jewish. Lawyers for Mr. Epstein said that he was being unjustly targeted because of his wealth.

41. In the fall of 2007, Mr. Epstein's legal team negotiated a non-prosecution agreement, in which the federal government would throw out its indictment if Mr. Epstein pleaded to two state felony charges, solicitation of prostitution and procuring minors for prostitution. Mr. Epstein would also register as a sex offender and pay lawyers' fees for the victims who sued him. The agreement also contained a clause that protected four of Mr. Epstein's assistants, including [redacted] from prosecution. In the final days of the negotiations, an unusual provision was added that guaranteed immunity for "any potential co-conspirators."

42. Afterward, over nine months, Mr. Dershowitz and his team investigated prosecutors and their families, attempting to disqualify them, in order to prove the prosecution was tainted. The U.S. Attorney rejected these attempts. When officials at the Justice Department ruled that the charges offered by Mr. Dershowitz's team were baseless, Mr. Dershowitz's team went to more senior officials. Can you confirm that this description is accurate?

43. On June 30, 2008, with every alternative exhausted, Mr. Epstein pleaded guilty. He was given an eighteen-month sentence in a county jail, and allowed to depart every day, on work release, for an office that he had acquired nearby. At the office, Mr. Epstein received visitors, and a policeman served them coffee. Mr. Epstein told a friend that he was reading "De Profundis" in prison. Mr. Epstein was released after thirteen months.

44. In 2007, Ms. Maxwell called [redacted] who was living outside of Sydney. Ms. Maxwell told [redacted] that Mr. Epstein was being investigated, and that if [redacted] refused to cooperate, she'd be "taken care of." [redacted] told Ms. Maxwell that she wouldn't speak to anyone, but she declined compensation. A few days later, Mr. Epstein and his lawyer called to hear directly from her that she wouldn't be speaking to anyone.

45. In May 2009, [redacted] sued Mr. Epstein, as Jane Doe No. 3. In her complaint, [redacted] stated that she had been sexually abused by Mr. Epstein and also was "required to be sexually exploited by Mr. Epstein's friends, including royalty, politicians, academicians, businessmen.

46. Mr. Epstein eventually settled her suit, and those of many other victims.

47. In December, 2014, [redacted] filed a motion to join a suit attempting to overturn the non-prosecution agreement. She claimed that Mr. Epstein had abused her, and had trafficked her to powerful friends as a way of gaining influence over them. In her motion, she named three men: Jean Luc Brunel; Prince Andrew, the Duke of York; and Mr. Dershowitz. She said that she had sex with Mr. Dershowitz at least six times, in Mr. Epstein's various residences, on his private island, in a car, and on his plane. [redacted] has also said that Mr. Epstein trafficked other girls.

48. A British-South African woman named [redacted] has also accused Mr. Epstein in a lawsuit of involving her in a sex-trafficking ring.

49. [redacted] said that in September, 2006, when she was twenty-two and recently arrived in New York, a new friend introduced her to Mr. Epstein, describing him as a philanthropist who used his wealth and connections to help poor young women in exchange for massages. [redacted] said that Mr. Epstein paid the friend five-thousand dollars in exchange for bringing [redacted] to him.

50. After the massages turned sexual, [redacted] was allowed to live in a large apartment in Mr. Epstein's building on the Upper East Side. She was also given a cell phone, car service, and money for living expenses. Mr. Epstein invited her to fly to his island, which she did several times in late 2006 and early 2007. Mr. Epstein and Ms. Maxwell told [redacted] they could help arrange her admission at the Fashion Institute of Technology, where she dreamed of studying.

51. [redacted] was told that if she refused to have sex with Mr. Epstein and his associates, her apartment would be taken away, and Mr. Epstein would make sure that she couldn't go to college or get a job. Mr. Epstein told [redacted], who weighed about 125 pounds, that he wanted her to weigh 114. One night on Little St. James, Mr. Epstein took away [redacted] food and announced to other guests that if she didn't lose weight, she would have to move out.

52. In an affidavit, [redacted] said she spent significant time with Mr. Epstein in New York and that Mr. Epstein lent her out to friends and associates, including Mr. Dershowitz, at Mr. Epstein's townhouse. [redacted] described visiting Little St. James repeatedly, in order to have sex with Mr. Epstein, [redacted] and other girls and guests.

53. Last December, [redacted] suit was settled in her favor. Mr. Epstein paid her an undisclosed sum.

54. As part of the court proceedings, a lawyer for Ms. Maxwell mentioned that Mr. Dershowitz was one of several people [redacted] alleged Mr. Epstein had directed her to have sex with.

*[The remainder of the queries involve allegations concerning Mr. Dershowitz but that also involve Mr. Epstein, that I would therefore like to verify with Mr. Epstein.]*

55. [redacted] met Mr. Dershowitz in a brief encounter at Mr. Epstein's mansion in New York. After that, Mr. Dershowitz was seen with Mr. Epstein often. After some time, Mr. Epstein let Mr. Dershowitz use his bedroom, something that Mr. Epstein rarely, if ever, did for another man. Once, after [redacted] had sex with Mr. Epstein, Mr. Epstein walked out of his bedroom and Mr. Dershowitz entered and had sex with [redacted]. Can Mr. Epstein verify that this description is accurate?

56. Mr. Dershowitz visited Mr. Epstein's Palm Beach home four or five times a year, and typically stayed for two or three days. On one occasion, several girls, who were nude, were having lunch at the pool, and Mr. Dershowitz was also present. [redacted] said that she was made to give Mr. Dershowitz a massage and to tend to him. [redacted] also gave Mr. Dershowitz a massage on the beach at Little St. James and then went with him to one of the beach bungalows, which were just large enough to hold a bed, where she was made to have sex with him. Can Mr. Epstein verify that this description is accurate?

57. Mr. Dershowitz has said that he received a massage at Mr. Epstein's house in Palm Beach—though he has said that [redacted] wasn't the masseuse and he kept his underwear on. Can Mr. Epstein verify that this account is accurate?

58. Several months after meeting Mr. Epstein, [redacted] went to Miami for the weekend. When she returned, she told Mr. Epstein that she had met a man, who, with a friend, had attempted to rape her. Mr. Epstein told her that he would introduce her to one of his best lawyers, and he later introduced her to Mr. Dershowitz. Mr. Epstein and Mr. Dershowitz argued, successfully, against her going to the police, and Mr. Dershowitz told her that he would represent her. [redacted] did not know of the investigation into Mr. Epstein, or that Mr. Dershowitz was representing him.

59. Shortly afterward, [redacted] had dinner with Mr. Epstein and Mr. Dershowitz to talk about her case. When [redacted] asked how the case was proceeding, Mr. Dershowitz said little. Can Mr. Epstein verify that this description is accurate?

60. Several weeks after the dinner, was called to Mr. Epstein's mansion early one evening. Mr. Epstein, Mr. Dershowitz, and [redacted] were present. There [redacted] took Ms. Ransome upstairs. In the room [redacted] undressed [redacted] Mr. Dershowitz then walked in, undressed, and the three engaged in a sexual encounter, in

which Mr. Dershowitz didn't penetrate [redacted], but she was forced to perform oral sex on him and masturbate him. Can Mr. Epstein verify that this description is accurate?

61. Can you confirm that Mr. Dershowitz has been Mr. Epstein's lawyer, without interruption, since the police investigation began in 2005?

62. Mr. Dershowitz has said that Mr. Epstein and Ms. Maxwell had a joint defense agreement in this case, which would mean that Mr. Dershowitz's conversations with Ms. Maxwell are subject to attorney-client privilege. Does this description look accurate?

63. When Mr. Dershowitz was asked if he was still in touch with Mr. Epstein, he said that he doesn't represent Mr. Epstein, and then said that one never stops being someone's lawyer, and that he'd always take Mr. Epstein's call. Can Mr. Epstein confirm?

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/28/2009 11:34:06 PM
**To:** Gmax [gmax1@ellmax.com]
**Subject:** Re:

we just rea;lzied that the picture , in my kitchen is me clinton and ted. how funny

On Mon, Sep 28, 2009 at 7:17 PM, Gmax <gmax1@ellmax.com> wrote:

That's her..I couldn't remember her name

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Mon Sep 28 19:16:28 2009
Subject: Re:

do yu mean nicole junkerman

On Mon, Sep 28, 2009 at 1:21 PM, gmax <gmax1@ellmax.com> wrote:

Am in CA – that friend of yours whom I think lives in Paris was at the conference..she spoke to you last week..claims to be in charge of a hedge fund or something

On 9/28/09 6:08 AM, "J J" <jeevacation@gmail.com> wrote:

thanks,, where are you.. i loved your bono mick story,,

On Mon, Sep 28, 2009 at 12:08 AM, Gmax <gmax1@ellmax.com> wrote:

No later than Wednesday probably..

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Sun Sep 27 19:35:33 2009
Subject:

when does [redacted] have to get back? [redacted] went to new york

--
**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,

including all attachments.

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Friday, March 4, 2011 4:38 PM
**To:** [redacted]
**Subject:** Fwd: FW: Ghislaine Maxwell

---------- Forwarded message ----------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
**From:** Mark Cohen <[redacted]>
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** [redacted]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

Dear Brett Jaffe,

I left you a telephone message earlier. The Mail on Sunday newspaper is running a story on Ghislaine Maxwell, Jeffrey Epstein, Prince Andrew and others this weekend.

We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted] or [redacted]

Annette Witheridge
On behalf of the Mail on Sunday

1. [redacted] says Ghislaine Maxwell offered her a job as a masseuse with Jeffrey Epstein when she was aged 15. Ms Maxwell led [redacted] upstairs on her first visit to him at his Palm Beach house. Mr Epstein was naked on massage table.
Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.



HOUSE_OVERSIGHT_022247

Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted] and Mr Epstein.

3. Ms Maxwell kept sex toys and costumes in the Palm Beach mansion and dressed [redacted] prior to sex sessions with Mr Epstein. S Maxwell herself wore black vinyl during sex sessions with Mr Epstein.

4. [redacted] was paid between US $200 and $ 5000 US sex, depending on whether it involved travel and other men.

5, [redacted] was required to have sex with friends of Ms Maxwell and Mr Epstein, including Glenn Dubin, Les Wexner, Ehud Barak, former Senator George Mitchell and Stephen Kosslyn.

6. Ms Maxwell introduced [redacted] to Prince Andrew in 2001 at Ms Maxwell's London house where [redacted] had sex with him. [redacted] subsequently was directed to meet him at Mr Epstein's New York house where Ms Maxwell directed [redacted] to sit on Andrew's knee with [redacted]. Andrew groped both girls. Ms Maxwell directed [redacted] after this to have sex with Andrew.
Ms Maxwell and Mr Epstein subsequently travelled with [redacted] to Little St James where she was directed to stage an orgy for Andrew and Mr Epstein during which she performed oral sex on them.

7. [redacted] was paid extra by Mr Epstein or his employees for these sexual encounters.

8. Ms Maxwell knew [redacted] age and laughed about it when she introduced her to Andrew.

9. Ms Maxwell and Mr Epstein tried to persuade [redacted] to bear his child.

10. After sexual encounters with male friends of Mr Epstein and/or Ms Maxwell, Ms Maxwell and Mr Epstein would ask [redacted] explicit questions about what went on.

11. Mr Epstein's residences in Florida and New York had surveillance cameras that taped the sex sessions and taped [redacted] even in the bathroom.

12. Ms Maxwell and Mr Epstein arranged for Ehud Barak to have sex with several girls, often at Mr Epstein's Palm Beach house. -

13. Ms Maxwell piloted President Bill Clinton in a helicopter to a dinner on Little St James where two brunettes Ms Maxwell, [redacted] and Mr Epstein were at the table.

14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message



HOUSE_OVERSIGHT_022248

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**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**Date:** Sunday, April 3 2011 07:15 PM
**Subject:** Re: raw text
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

try opening in firefox

On Sun, Apr 3, 2011 at 1:50 PM, <[redacted]> wrote:

Ok. So if you would like [redacted] or [redacted] to call me and possibly they could read off to me.

Sent via BlackBerry by AT&T

---

**From:** Darren Indyke [redacted]
**Date:** Sun, 3 Apr 2011 12:54:56 -0400
**To:** Lesley Groff<[redacted]>
**Cc:** Jeffrey Epstein<jeevacation@gmail.com>
**Subject:** Re: raw text

I also could only open 1st doc and don't have Je's highlights from the other docs.

Sent from my iPhone
On Apr 3, 2011, at 10:08 AM, Lesley Groff <[redacted]> wrote:

> Scott was able to send me the attachments below but there are no highlights. Darren, if you want to call me and read me the highlights, I can type them on a Word Doc as you dictate...(?) (Even when Scott opened them on his end he had no highlights)
>
> ---------- Forwarded message ----------
> From: **Scott Denett** [redacted]
> Date: Sun, Apr 3, 2011 at 10:04 AM
> Subject: raw text
> To: Lesley Groff <[redacted]>
>
> According to Friday's *NY Post* Jeffrey Epstein returned to New York City "making wisecracks about his just-ended jail stint for having sex with an underage girl". "I'm not a sexual predator, I'm an 'offender,' " the Wall Street hedge fund manager told *The Post*. "It's the difference between a murderer and a person who steals a bagel," said Epstein.
> Well that's not exactly the correct analogy...
> Not only are Epstein's comments brazen, they are arrogant and self-implicating. By telling a reporter "I'm an offender", he seems to be admitting guilt.
> Which brings me to the big question of the day. Why did Cyrus R. Vance Jr., the Manhattan D.A., allow a Level 3 sex offender (the most dangerous kind) to reside -- even for ten minutes -- in a house that is right next to Central Park and a school? Isn't that unlawful given the housing guidelines for sex offenders?
> According to the *NYPost*, Epstein's Level 3 designation means that he is at "high risk" to repeat his offense and poses "a threat to public safety."
> When I rang Vance (twice) to discuss Epstein's residential guidelines he did not take my calls.

According to a few of the attorneys who represented Epstein's victims in the civil cases, the financier never agreed to a psychological evaluation prior to or during his sentence, a requirement of all sexual predators.
While Epstein's self-incriminating statements are published (this week he told the *Post* "the crime that was supposedly committed in Florida is not a crime in New York" -- an interesting choice of words -- he continues to mock the law that applies to all other sex offenders who are found guilty of the same crime.
Epstein served 13 months in the West Palm Beach Stockade and 18 months under community control (a rather permissive version of house arrest), for 2 Counts of Solicitation of Prostitution with a Minor.
In August of 2010, immediately following his release from "community control", Epstein returned to his $50 million East 71st Street town house given to him by his former client and long time friend Leslie Wexner.
Just in the last few weeks he held a house warming dinner to celebrate his release from jail and reportedly invited television reporters Katie Couric, Charlie Rose, George Stephanopoulus and his close friend, HRH Prince Andrew, according to the *NY Post*.
You would think these professional television reporters would have done their homework prior to accepting his invitation no matter how desperate they were to rub elbows with Prince Andrew.
According to a 53-page sealed indictment Epstein was facing 10 years to life on multiple counts of statutory rape, and child sex trafficking.
Court documents in that case claimed he routinely sought out girls as young as 14 and paid them $200 to $1,000 for sexually explicit massages in his homes in Palm Beach, Fla., and Manhattan.
In the New York sex-offender database, Epstein isn't registered under a zip code rather a "name search" option that does not list his New York address.
The reason for this is because Epstein's Upper East Side home is considered "temporary" and by NY state law, he is required to provide only his permanent address to the database.
Epstein is currently listed under his Florida home even though he is no longer a Florida resident either (after his arrest he immediately became a US VI resident), but then again who's keeping count?
Once again these are mere technicalities when it comes to Epstein's sexual predator case. The two most disturbing parts of this story are that this could easily happen again and that once again there will be no justice.
Had Epstein been a caring benefactor contributing to society and these young girl's education and well being then the world would have judged him differently.
What he has done instead is the exact opposite -- causing enormous damage to hundreds of underage girls who could have been sponsored towards a better education.
With respect to Manhattan DA Cyrus Vance, I'm confused by his decision to allow this sexual predator to live at his Fifth Avenue house all this time (since August 2010), given his rather tough stance on gun control as witnessed by his testimony in Friday's *NYPost* when asked about a Florida driver cleared in a Manhattan weapon's charge, "guns brought illegally into New York City" he said, " for any reason violate well established state laws and are a threat to our public safety".
Then wouldn't a registered sex offender living 500 feet from a park (Central Park where young girls congregate), and with resources to spare be an even more dangerous threat to society?

**The Billionaire Pedophile's Sex Den**
by Conchita Sarnoff javascript:void(0)

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- http://www.thedailybeast.com/blogs-and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/full/
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- Email
- javascript:void(0)

Newscom **Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff reports on the sordid details in part two of her exclusive exposé. Also:**

**• Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs**

**• Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day**

**• The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments**

**• Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2**

**• According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets**

Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."

A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact, particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe

• Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the

massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.

- javascript:;javascript:;
- http://www.thedailybeast.com/blogs- and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/full/
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Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits. Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home, and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated Brunel for a *60 Minutes* broadcast many years ago, is quoted in Michael Gross' book about the modeling industry, *Model: The Ugly Business of Beautiful Women*.

Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities, Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)
An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.
Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

Posted 02 August 2010 - 12:47 AM

**Jeffrey Epstein, Jew Billionaire Pedophile, Child Trafficker Goes Free..WoW! 20 year old Hearsay is enough to destroy catholic priest. What happened here to the justice system?**

Conchita Sarnoff
http://www.thedailyb...hile- goes-free/
Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.

Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff follows up on her investigation of the legal wrangling that saved him from a long prison term and reports on the sordid details in part two of her exclusive exposé. Also:

• Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive look at his nine-hour deposition about the investigation.

• Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.

• Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.

• The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.

• Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.

• Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe
• The Billionaire Pedphile's Sex Den
With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a luxurious exile.

But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Epstein Faces Sex-Traffic Probe
http://www.thedailyb...obref=obnetwork

The Justice Department is investigating Jeffrey Epstein for child trafficking, The Daily Beast has learned—and has widened the scope of its probe to include a famous modeling agency.

Hedge-fund manager Jeffrey Epstein completed his sentence for soliciting prostitution with a minor last week. But it appears his problems may not be over. Now The Daily Beast has learned that:

• Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking—a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.

• The FBI is also investigating Epstein's friend Jean Luc Brunel, whose MC2 modeling agency appears to have been a source of girls from overseas who ended up on Epstein's private jets.

Because Epstein's predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover.

Under the concept of double jeopardy, Epstein can no longer be prosecuted for any of the charges covered by his non-prosecution agreement, in which he agreed to serve a short term of incarceration, fund the civil suits of named victims, and register as a sex offender. The victims who accepted cash

settlements in these civil suits agreed not to testify against him or speak publicly about the case. However, new evidence developed by the Department of Justice on other offenses not covered by the agreement, including allegations by additional victims who come forward, could lead to new charges. There is no statute of limitations in the federal sex-trafficking law, which was also enacted by the state of Florida in 2002. Because his predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover. (Several young women who claim to be Epstein victims have recently contacted a Ft. Lauderdale lawyer, but to date no new civil complaints have been filed.)

• Conchita Sarnoff: The Billionaire Pedphile's Sex Den
• Billionaire Pedophile Goes Free
These new developments come one week after the publication of two articles in The Daily Beast about Epstein's pattern of sexual contact with underage girls, which Palm Beach police began investigating in 2005 and the U.S. Attorney's office then settled in a 2007 plea deal. The first article quoted a deposition by then-Palm Beach Chief of Police Michael Reiter, in which he stated that Epstein, a billionaire with many powerful friends, had received special treatment in both his plea deal and the terms of his incarceration. Although federal investigators at one point produced a draft 53-page indictment against Epstein, he was eventually allowed to plead guilty to only two relatively minor state charges and receive a short term of incarceration: 13 months in the county jail, during which he went to the office every day, and one year of community control, during which he traveled frequently to New York and his private island in the Virgin Islands.

The Daily Beast has now discovered another instance in which Epstein apparently received special consideration: As a convicted sex offender, he is required by law to undergo an impartial psychological evaluation prior to sentencing and to receive psychiatric treatment during and after incarceration. This is because child molesters tend to be repeat offenders with high rates of recidivism. According to a source in law enforcement, however, Epstein was allowed to submit a report by his private psychologist, Dr. Stephen Alexander of Palm Beach, Florida, whose phone has since been disconnected with no forwarding information.

The Daily Beast's second article provided details about Epstein's systematic abuse of underage girls at his Palm Beach mansion, where members of his staff allegedly recruited and paid a parade of teenagers, most of them 16 or younger, to perform daily massages that devolved into masturbation, groping, and sometimes full-blown sexual contact. It also revealed a monetary relationship between Epstein and Jean Luc Brunel, a frequent visitor to whom he gave $1 million around the same time that Brunel was starting his MC2 modeling agency. Some of the young girls MC2 recruited from overseas—often from Eastern Europe and South America—are known to have been passengers on Epstein's private jets.

The U.S. Attorney General's Office in Florida says that it is against policy to confirm or deny the existence of an investigation. Jeffrey Epstein's lawyer, Jack Goldberger, says he has no knowledge of an ongoing probe, and he told The Daily Beast, "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach. There are no pending civil lawsuits. There are not and should not be any pending criminal investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current-events debate TV programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.
0
**#2 bruce**

- Registered User
-
- Group: Members

- Posts: 11113
- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM
These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.
0

- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM
These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.
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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 31, 2013 11:37 AM
**To:** [redacted]
**Subject:** Re:

yes but with a 2.2 billion dollar top. most planes are above 100 each, hence the issue

On Thu, Jan 31, 2013 at 7:32 AM, [redacted] wrote:

Apparently Brazil is a hot investment place now (?) It is more about the offset part than the jet deal. France, Sweden and USA are all lobbying to get the jet deal as aviation is tied into potentially big tourism deals. (36 planes)
I was just on a call with a guy in Sweden who is dealing with this...
I never know if the stories are real, but he claims to work with the Brazilian president, Obama, Warren Buffet etc..

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Thursday, January 31, 2013 5:47 AM
**Subject:** Re:

brazil , has tried to buy fighters, in the past, they don't have a lot of money,

On Thu, Jan 31, 2013 at 6:36 AM, Nadia <[redacted]> wrote:

Hmm, so the offset service provider does what - negotiation between the parties? Complex sounds interesting...

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]
**Sent:** Thursday, January 31, 2013 3:36 AM
**Subject:** Re:

Yes , one of the most complex negotiations they re very strange. Someone buys fighters but with the fighter money , some must be used for specific third party items. I will buy your pussy for 10k, but with 2 of the 10 you have to buy me food. And to make matter worse I need to borrow thev10 from you.

On Thursday, January 31, 2013, [redacted] wrote:

Do you understand offset agreements? I got asked to be involved in negotiating some of the deals between Brazil and other countries in regards to the purchase of new fighter jets..

What is an offset service provider?

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**From:** Vinit Sahni [redacted]
**Sent:** 3/14/2014 2:24:19 AM
**To:** jeevacation@gmail.com
**CC:** Paul Morris [redacted]
**Subject:** Re: Oil options
**Attachments:** graycol.gif

**Importance:** High

Classification: External Communication

I am on a plane to and from tokyo tomorrow next 2-3 days, if u need something otherwise available 24/7 on +447703720599.

Vinit Sahni

----- Original Message -----
**From:** Vinit Sahni
**Sent:** 03/13/2014 09:47 PM EDT
**To:** jeevacation@gmail.com
**Cc:** Paul Morris
**Subject:** Fw: Oil options
Classification: External Communication

Jeffrey - apologise if this long to execute next time we'll be much quicker.

Nav Gupta

----- Original Message -----
**From:** Nav Gupta
**Sent:** 03/12/2014 09:35 PM GDT
**To:** "jeevacation@gmail.com" <jeevacation@gmail.com>
**Cc:** Tazia Smith; Paul Morris/db/[redacted] Vinit Sahni/db/[redacted]
**Subject:** Oil options
Jeffrey

Just got off the phone with Vinit.
DB stopped marketmaking OTC oil options - for short dated I'd go for exch traded - better liquidity and lower transaction costs in and out.

My central scenario - Kerry Lavrov meeting Friday will be a bust and the Crimea referendum this weekend will result in "yes" given the 59pct ethic Russian makeup. Sunday/ Monday sanction rhetoric from ranging from g8 expulsion to Iran-style bank embargo is raised a notch. Russia follows with more threats of counter-sanctions. My sense is the Obama 5m of 696m SPR release is to show Merkel and co he will step in. He needs to because there are 8 small European and Baltic countries that rec 70%+ of their gas from Russia. Germany gets 30%.

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Exchange WTI calls - there are 2 options (as of 3pm est):

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and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

**For 35d expiry You could look at selling 91.50 (6usd OTM put) for 56cents and buying 103c (5.5usd OTM) for 58cents or the 102c (4.5usd OTM) for 76cents.

CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted]c
h

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**From:** Vinit Sahni [redacted]]
**Sent:** 3/14/2014 4:41:47 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Oil options

**Importance:** High

Classification: External Communication

Agree will address, need to fix this.
Back mid day tuesday from tokyo.

---

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 03/13/2014 11:39 PM AST
**To:** Vinit Sahni
**Subject:** Re: Oil options

thanks 4 hours for a quote in a normally fast moving market ? confirms my voiced concerns

On Thu, Mar 13, 2014 at 10:24 PM, Vinit Sahni <[redacted]> wrote:

Classification: External Communication

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Vinit Sahni

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**Sent:** 03/13/2014 09:47 PM EDT
**To:** jeevacation@gmail.com
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**Subject:** Fw: Oil options

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**Cc:** Tazia Smith; Paul Morris/db/[redacted] Vinit Sahni/db/[redacted]
**Subject:** Oil options

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CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted] c
h

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**From**: Weingarten, Reid [redacted]
**Sent**: 3/15/2017 12:14:18 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Corruption...client is Richard ireland

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, March 15, 2017 8:12 AM
**To:** Weingarten, Reid
**Subject:** Re:

turk or...

On Wed, Mar 15, 2017 at 8:08 AM, Weingarten, Reid <[redacted]> wrote:

Pennsylvania

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, March 14, 2017 10:52 PM
**To:** Weingarten, Reid
**Subject:** Re:

Which case

On Tue, Mar 14, 2017 at 9:55 PM Weingarten, Reid <[redacted]n> wrote:

Bet trump leaked the 2 pages...cross the government's star witness tomorrow...it's odd I still do this shit...

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, March 6, 2017 10:59 AM
**To:** Weingarten, Reid
**Subject:**

jack morris partner marino could be the problem forlicencing. ribis can help i think

--

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**Describe WE Talks, and why you believe it's different from other "empowerment series."**

WE Talks ("WE" standing for women empowerment) is an event series for female entrepreneurs and professionals organized on a monthly basis. The idea of WE Talks was to create an intimate environment where our attendees can build relationships in an organic way, based on mutual interests and shared values. We encourage our guests to learn not only from our speakers, but also from each other, to connect exchange contacts, and stay in touch. WE Talks is a "safe space," where it is ok to express your vulnerability (most speakers on our panel address not only their past challenges, but also the current pressing issues), and to ask the community for support and guidance. We also hope that as our community grows, our members meet future business partners, advisors, investors, and friends.

After attending many business events in NYC and internationally, I have noticed that women are less likely to network and introduce themselves than their male peers. That's why, at every event that we host we try to make curated introductions and make sure that each guest meets at least three people relevant to her business.

**Part of the inspiration for WE Talks was birthed from a negative experience at a popular "empowerment" event. Share that story and how it motivated you to start WE Talks.**

Ever since I moved to NY, I have been searching for a community where I would feel comfortable and could turn for guidance. A while ago, I attended a very interesting and intellectually stimulating women summit aimed at empowering female founders and helping them scale up. As the second day of the conference was coming to an end, the participants were encouraged to publicly express their take always. After a long hesitation, I asked for the microphone. It was a big challenge for me, being terrified of public speaking and English being only my third language. I am not sure whether my manner of speaking, or my accent was the reason why the host cut me off after 10 seconds and asked to hurry. After not getting the support I had been looking for from something that was described as the most inclusive and friendly community, I decided to start my own. At WE Talks, we are very inclusive and don't make judgements based on your accent or physical appearance. If you are driven, ambitious, thoughtful, and giving - you are always welcome here!

**Why is now a more important time than ever for a WE Talks?**

I believe the women movement to be one of the most fascinating phenomena of our times. The woman's role has changed so much in modern society with more women taking leadership positions and starting their own companies. The modern woman is wearing more hats than ever. In the 80-s, a successful woman was expected to pursue an education and then to get married and raise children. Right now, women are expected to have successful careers, be equal financial contributors to the family, and yet maintain their traditional "feminine" roles, including taking care of the home, cooking, and raising kids.

Yet women with full-time jobs still earn only about 77 percent of their male counterparts' earnings. About four-in-ten employed women say they have experienced some form of gender discrimination at work. There is also a serious gender gap in startup rates of men and women, where there are about seven women entrepreneurs for every ten men entrepreneurs. The statistics is pretty gloomy in both corporate and startup world. The share of female Fortune 500 CEOs has dropped by 25% in 2018 to 5%. Female founders receive only 2% percent of the venture capital. Nevertheless, female-founded startups generate more revenue and do it with less funding.

I think networking a paramount to business and personal success. For ages, men had men only clubs, including cigar clubs, university clubs, golf clubs etc. Even nowadays, male investors and intrapreneurs would go out for drinks and talk about business. Women are starting to do it, but just don't do it enough. Curated networking, right introductions, and a solid community would help narrow the gender gap.

**You were a model, then ran a nonprofit, and now you've started WE Talks. Where did you learn to have the courage to "put yourself out there" and take risks again and again?**

I think risk taking is in my DNA. I grew up playing tennis competing on a Junior Circuit and simply couldn't envision a predictable and "normal" life in Moscow. I

come from a very patriarchate society where women are encouraged to study and to meet future husband in the their early 20s, then to get married and to take care of the home. The entrepreneurship “à la russe” usually includes your husband or father “buying” a beauty salon/ retail brand/ fashion magazine and the woman “running it”, usually without a solid understanding how business operates and mostly without ever becoming profitable. It just wasn’t for me. My biggest fear in life was not that of failure, but that of leading the most predictable life in Moscow and being like everyone else. I saw modeling not as long-term career path, but a way to explore the world, gain financial independence, and eventually move to the US (I got denied for a tourist visa but approved for a work permit in the fashion industry). My parents and friends thought I was completely out of my mind when I quit a well-paid job in finance to move to Milan, but in less than two years I had enough savings to invest in real estate in Russia (one of the best investment decisions I have ever made).

Modeling is one of the most competitive industries in the world where thousands of women compete for one job. The supply outweighs the demand dramatically, and consequently most models (even the most accomplished ones) have to face rejection on a daily basis. Embracing rejection and maintaining confidence at the same time is one of the most important lessons I have learned from modeling.

**What's a challenge or failure you've faced in your journey thus far? From growing up in an intellectual family in Moscow until now. How did you get through that challenge? What did you learn from it that has led to your entrepreneurial resilience today?**

I grew up in the 90-s in Moscow, one of the most dramatic and controversial times in Russian history. When Soviet Union collapsed, my family was on the one hand excited about the future opportunities, but in the other hand, completely unprepared for capitalism. In order to provide, both of my parents had to quit high rank government jobs and to start their careers from scratch trying to embrace entrepreneurship – something that used to be condemned during the communist regime. In 1998, Russia experienced one of the worst financial crises in its history, resulting in our government defaulting on its debt. The situation was so unstable and unpredictable that my parents thought it would be safer for me to get enrolled in college two years earlier than I was supposed to. We just couldn’t predict what

would happen next. I took high school graduation tests and then the college entrance exams (Russian system din not have SATs back then and every college required students to take particular exams to be admitted).

My family has always placed a high value on education and the only option we thought would help me succeed in life was the Moscow State University of Foreign Relations, famously referred to as “Harvard of Russia” by Henry Kessinger. My entrance grades were excellent and I got the state scholarship covering my tuition and living costs. Most of the students studying with me were coming from a completely different “oligarchy” world, driving (or being driven) the most expensive cars in the world and being accompanied by bodyguards. Girls would fly to Milan and Paris to shop the latest Chanel collections. I was an outlier, a normal kid, taking a bus and commuting for 2 hours to get to school. And I was pretty unhappy feeling that just didn’t belong to this world and got there by mistake. Not having many friends, I focused on my studies, graduating Cum Laude top on the class with only “A” grades in my diploma. Now looking back, I am incredibly grateful for something I used to see as a traumatizing experience. I would have never grown up as ambitious and resilient had I been given all the opportunities my peers had at a young age.

**What's the biggest challenge(s) you're currently facing as you grow WE Talks - personally and/or professionally - and what are you doing to navigate that challenge(s)?**

WE Talks started as an idea and became a rapidly growing community. We were expecting just about 30 attendees at our first gathering, but ended up having over 50 guests. Consequently, we have been growing at a 50% monthly rate and just had an event in partnership with TOPSHOP with over 100 attendees, including more than 30 entrepreneurs. One of the major challenges would be to keep growing at a sustainable pace and to turn the community into a business.
When I was just starting WE Talks, many told me that the event space market in NY in very saturated and that without a significant experience I the event space it would be incredibly hard to create a quality community. And yet here we are,

**Anything else you want us to know?**

After hosting a few successful events, WE are planning a bigger and better event in fall. In fact, WE are making a statement that women should not be judged based on their external beauty and should be rewarded for their intellect and hard work.

The majority of our society still emphasizes the importance of female physical qualities, such as beauty, body, or photogenic skills. Miss USA, the famous Beauty Pageant previously owned by Donald Trump, until this summer required the participants to pose in a swimsuit paired with high heels. Effective this year, the show will abolish the bikini contest. We think that it is time to take one step further and to finally start rewarding women for their mind, hard work, and creativity.

Our idea is to host a "Beauty Pageant" for female entrepreneurs and to have the top five finalists do a five-minute pitch in front of our jury. The finalists will not only get a money prize, but also receive a significant exposure to investors and media. We are hoping to get at least a few hundred applications as the application is completely free. Female founders should have equal opportunities and resources to their male counterparts. We hope that our event will encourage other female entrepreneurs and help them advance in their careers.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/14/2014 3:39:28 AM
**To:** Vinit Sahni [redacted]
**Subject:** Re: Oil options
**Attachments:** graycol.gif

**Importance:** High

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Vinit Sahni

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[redacted]h

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/23/2018 4:01:11 PM
**To:** Kathy Ruemmler [[redacted]
**Subject:** Re: NYTimes: Donald Trump's High Crimes and Misdemeanors

ill call you from new york

On Thu, Aug 23, 2018 at 11:55 AM, Kathy Ruemmler <[redacted]> wrote:
Rich person problem

On Aug 23, 2018, at 11:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

id, Morris concedes that *American Dharma* could be an uncomfortable experience for those still wrestling with the realities of the Trump era in America: "It's a kind of horror movie," says Morris. "I don't know how better to describe it."

On Thu, Aug 23, 2018 at 11:13 AM, Kathy Ruemmler <[redacted]> wrote:
It makes no difference whether it was his money. Issue is failure to disclose. Plus, fact that he has lied his ass off about it makes clear that he knew it was illegal.

On Aug 23, 2018, at 11:03 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think he makes the argument that it was his , trumps money , making it not illegal. though he also said he only found out afterwards? and the fact according to the indicment was billed as services rendered and grossed up. im sure his acct has flipped anyway. . I did talk in detail to starr yesterday re indicments how trump can make a deal ( special counsel) . clintons trash can yes starr gave me more. YECHHHH! .

On Thu, Aug 23, 2018 at 10:50 AM, Kathy Ruemmler <[redacted]n> wrote:
Here's a story from The New York Times that I thought you'd find interesting:

The principled case for impeachment is clear. What's missing is the courage.

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## NATIONAL LABOR RELATIONS BOARD

### 29 CFR Part 104

**RIN 3142–AA07**

### Notification of Employee Rights Under the National Labor Relations Act

**AGENCY:** National Labor Relations Board.

**ACTION:** Final rule.

**SUMMARY:** On December 22, 2010, the National Labor Relations Board (Board) issued a proposed rule requiring employers, including labor organizations in their capacity as employers, subject to the National Labor Relations Act (NLRA) to post notices informing their employees of their rights as employees under the NLRA. This final rule sets forth the Board's review of and responses to comments on the proposal and incorporates any changes made to the rule in response to those comments.

The Board believes that many employees protected by the NLRA are unaware of their rights under the statute and that the rule will increase knowledge of the NLRA among employees, in order to better enable the exercise of rights under the statute. A beneficial side effect may well be the promotion of statutory compliance by employers and unions.

The final rule establishes the size, form, and content of the notice, and sets forth provisions regarding the enforcement of the rule.

**DATES:** This rule will be effective on November 14, 2011.

**FOR FURTHER INFORMATION CONTACT:** Lester A. Heltzer, Executive Secretary, National Labor Relations Board, 1099 14th Street, NW., Washington, DC 20570, (202) 273–1067 (this is not a toll-free number), 1–866–315–6572 (TTY/TDD).

**SUPPLEMENTARY INFORMATION:**

## I. Background on the Rulemaking

The NLRA, enacted in 1935, is the Federal statute that regulates most private sector labor-management relations in the United States.[1] Section 7 of the NLRA, 29 U.S.C. 157, guarantees that

> Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any or all such activities[.]

In Section 1, 29 U.S.C. 151, Congress explained why it was necessary for those rights to be protected:

> The denial by some employers of the right of employees to organize and the refusal by some employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce[.] * * *
>
> * * * * *
>
> Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.
>
> * * * * *
>
> It is declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection.

Thus, Congress plainly stated that, in its judgment, protecting the rights of employees to form and join unions and to engage in collective bargaining would benefit not only the employees themselves, but the nation as a whole. The Board was established to ensure that employers and, later, unions respect the exercise of employees' rights under the NLRA.[2]

For employees to fully exercise their NLRA rights, however, they must know that those rights exist and that the Board protects those rights. As the Board explained in its Notice of Proposed Rulemaking (NPRM), 75 FR 80410, it has reason to think that most do not.[3]

The Board suggested a number of reasons why such a knowledge gap could exist—the low percentage of employees who are represented by unions, and thus lack an important source of information about NLRA rights; the increasing proportion of immigrants in the work force, who are unlikely to be familiar with their workplace rights; and lack of information about labor law and labor relations on the part of high school students who are about to enter the labor force.[4]

Of greatest concern to the Board, however, is the fact that, except in very limited circumstances, no one is required to inform employees of their NLRA rights.[5] The Board is almost unique among agencies and departments administering major

[1] Labor-management relations in the railroad and airline industries are governed by the Railway Labor Act, 45 U.S.C. 151 *et seq.*

[2] The original NLRA did not include restrictions on the actions of unions; those were added in the Labor-Management Relations (Taft-Hartley) Act of 1947, 29 U.S.C. 141 *et seq.*, Title I.

[3] The Board cited three law review articles in which the authors contended that American workers are largely unaware of their NLRA rights, that the Board can take action to vindicate those rights, and that this lack of knowledge stands in the way of employees' effectively exercising their rights. Peter D. DeChiara, "*The Right to Know: An Argument for Informing Employees of Their Rights under the National Labor Relations Act,*" 32 Harv. J. on Legis. 431, 433–434 (1995); Charles J. Morris, "*Renaissance at the NLRB—Opportunity and Prospect for Non-Legislative Procedural Reform at the Labor Board,*" 23 Stetson L. Rev. 101, 107 (1993); Morris, "*NLRB Protection in the Nonunion Workplace: A Glimpse at a General Theory of Section 7 Conduct,*" 137 U. Pa. L. Rev. 1673, 1675–1676 (1989). 75 FR at 80411.

[4] *Id.*

[5] The Board requires that employees be notified of their NLRA rights in only the following narrow circumstances: (1) For the three working days before a Board-conducted representation election, the employer is required to post a notice of election including a brief description of employee rights; see 29 CFR 103.20. (2) When an employer or a union has been found to have violated employee rights under the NLRA, it is required to post a notice containing a brief summary of those rights. (3) Before a union may seek to obligate newly hired nonmember employees to pay dues and fees under a union-security clause, it must inform them of their right under *NLRB* v. *General Motors*, 373 U.S. 734 (1963), and *Communications Workers* v. *Beck*, 487 U.S. 735 (1988), to be or remain nonmembers and that nonmembers have the right to object to paying for union activities unrelated to the union's duties as the bargaining representative and to obtain a reduction in dues and fees of such activities. *California Saw & Knife Works*, 320 NLRB 224, 233 (1995), enfd. sub nom. *Machinists* v. *NLRB*, 133 F.3d 1012 (7th Cir. 1998), cert. denied sub nom. *Strang* v. *NLRB*, 525 U.S. 813 (1998). The same notice must also be given to union members if they did not receive it when they entered the bargaining unit. *Paperworkers Local 1033 (Weyerhaeuser Paper Co.)*, 320 NLRB 349, 350 (1995), rev'd. on other grounds sub nom. *Buzenius* v. *NLRB*, 124 F.3d 788 (6th Cir. 1997), vacated sub nom. *United Paperworkers Intern. Union* v. *Buzenius*, 525 U.S. 979 (1998). (4) When an employer voluntarily recognizes a union, the Board has required that the employer must post a notice informing employees: (i) That the employer recognized the union on the basis of evidence that it was designated by a majority of the unit employees; (ii) the date of recognition; (iii) that all employees, including those who previously signed cards for the recognized union, have the right to be represented by a labor organization of their choice, or no union at all; (iv) that within 45 days of the date of the notice a decertification or rival petition, supported by 30 percent or more of the unit employees, may be filed with the Board and will be processed to an election; and, (v) that if no petition is filed within 45 days, the recognition will not be subject to challenge for a reasonable period to allow the employer and union to negotiate a collective-bargaining agreement. *Dana Corp.*, 351 NLRB 434 (2007).

Federal labor and employment laws in not requiring employers routinely to post notices at their workplaces informing employees of their statutory rights.[6] Given this common practice of workplace notice-posting, it is reasonable for the Board to infer that a posting requirement will increase employees' awareness of their rights under the NLRA.[7] Further support for that position is President Obama's recent Executive Order 13496, issued on January 30, 2009, which stressed the need for employees to be informed of their NLRA rights. Executive Order 13496 requires Federal contractors and subcontractors to include in their Government contracts specific provisions requiring them to post notices of employees' NLRA rights. On May 20, 2010, the Department of Labor issued a Final Rule implementing the order effective June 21, 2010. 75 FR 28368, 29 CFR part 471.

After due consideration, the Board has decided to require that employees of all employers subject to the NLRA be informed of their NLRA rights. Informing employees of their statutory rights is central to advancing the NLRA's promise of "full freedom of association, self-organization, and designation of representatives of their own choosing." NLRA Section 1, 29 U.S.C. 151. It is fundamental to employees' exercise of their rights that the employees know both their basic rights and where they can go to seek help in understanding those rights. Notice of the right of self-organization, to form, join, or assist labor organizations, to bargain collectively, to engage in other concerted activities, and to refrain from such activities, and of the Board's role in protecting those statutory rights is necessary to effectuate the provisions of the NLRA.

The Board believes that the workplace itself is the most appropriate place for communicating with employees about their basic statutory rights as employees. Cf. *Eastex, Inc.* v. *NLRB,* 437 U.S. 556, 574 (1978) ("[T]he plant is a particularly appropriate place for the distribution of [NLRA] material.").

Accordingly, and pursuant to its rulemaking authority under Section 6 of the NLRA, the Board proposed a new rule requiring all employers subject to the NLRA to post a copy of a notice advising employees of their rights under the NLRA and providing information pertaining to the enforcement of those rights. 75 FR 80411. For the reasons discussed more fully below, the Board tentatively determined that the content of the notice should be the same as that of the notice required under the Department of Labor's notice posting rule, 29 CFR part 471. *Id.* at 80412. Also, as discussed at length below, the Board proposed that failure to post the notice would be found to be an unfair labor practice—*i.e.,* to interfere with, restrain, or coerce employees in the exercise of their NLRA rights, in violation of Section 8(a)(1) of the NLRA. *Id.* at 80414. The Board also proposed that failure to post the notice could lead to tolling of the 6-month statute of limitations for filing unfair labor practice charges, and that knowing and willful failure to post the notice could be considered as evidence of unlawful motive in unfair labor practice cases. *Id.* The Board explained that the burden of compliance would be minimal—the notices would be made available at no charge by the Board (both electronically and in hard copy), and employers would only be required to post the notices in places where they customarily post notices to employees; the rule would contain no reporting or recordkeeping requirements. *Id.* at 80412. Finally, the Board expressed its position that it was not required to prepare an initial regulatory flexibility analysis of the proposed rule under the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* and that the notice posting requirement was not subject to the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq. Id.* at 80415–80416.

The Board invited comments on its legal authority to issue the rule, the content of the notice, the requirements for posting the notice, the proposed enforcement scheme, the definitions of terms in the proposed rule, and on its positions concerning the Regulatory Flexibility Act and the Paperwork Reduction Act. The Board stated that comments would be accepted for 60 days following the publication of the NPRM in the **Federal Register**, or until February 22, 2011. The Board received 6,560 comments by February 22. However, many late-filed comments were also submitted, and the Board decided to accept all comments that it received on or before March 23.[8]

In all, 7,034 comments were received from employers, employees, unions, employer organizations, worker assistance organizations, and other concerned organizations and individuals, including two members of Congress. The majority of comments, as well as Board Member Hayes' dissent, oppose the rule or aspects of it; many opposing comments contain suggestions for improvement in the event the Board issues a final rule. Many comments, however, support the rule; a few of those suggest changes to clarify or strengthen the rule. The Board wishes to express its appreciation to all those who took the time to submit thoughtful and helpful comments and suggestions concerning the proposed rule.[9]

After careful consideration of the comments received, the Board has decided to issue a final rule that is similar to that proposed in the NPRM, but with some changes suggested by commenters. The most significant change in the final rule is the deletion of the requirement that employers distribute the notice via email, voice mail, text messaging or related electronic communications if they customarily communicate with their employees in that manner. Other significant changes include clarifications of the employee notice detailing employee rights protected by the NLRA and unlawful conduct on the part of unions; clarification of the rule's requirements for posting notices in foreign languages; allowing employers to post notices in black and white as well as in color; and exemption of the U.S. Postal Service from coverage of the rule. The Board's responses to the comments, and the changes in the rule and in the wording of the required notice of employee rights occasioned by the comments, are explained below. (In his dissent, Board Member Hayes raises a number of points that are also made in some of the comments. The Board's responses to those comments should be understood as responding to the dissent as well.)[10]

[6] *See, e.g.,* Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e–10(a); Age Discrimination in Employment Act, 29 U.S.C. 627; Family and Medical Leave Act, 29 U.S.C. 2601, 2619(a); Fair Labor Standards Act, 29 CFR 516.4 (implementing 29 U.S.C. 211). 75 FR 80411.

[7] As set forth in the NPRM, two petitions were filed to address this anomaly. 75 FR 80411.

[8] March 23, 2011 was the date that the Board downloaded all of the electronic and (pdf. versions of) hard copy comments it had received from *http://www.regulations.gov* and subsequently uploaded into a text analytics tool for coding and review.

A few commenters submitted their comments in both electronic and hard copy form. Because all comments received are included in the numbers cited in text above, those numbers overstate somewhat the number of individuals, organizations, etc. that submitted comments.

[9] Many comments charge that the Board is issuing the rule for political reasons, to encourage and spread unionism, to discourage employers and employees from engaging in direct communication and problem solving, to drive up union membership in order to retain agency staff, and even to "line [its] pockets." The Board responds that its reasons for issuing the rule are set forth in this preamble.

[10] The Board majority's reasoning stands on its own. By its silence, the majority does not adopt any characterization made by the dissent of the majority's rationale or motives.

## II. Authority

Section 6 of the NLRA, 29 U.S.C. 156, provides that ''The Board shall have authority from time to time to make, amend, and rescind, in the manner prescribed by the Administrative Procedure Act [5 U.S.C. 553], such rules and regulations as may be necessary to carry out the provisions of this Act.'' As discussed in detail below, the Board interprets Section 6 as authorizing the rule.

### *A. The Board's Section 6 Rulemaking Authority*

Numerous comments dispute the Board's statutory authority to enact the proposed rule. Many note the fact that the Board's rulemaking is constrained by Congressional intent as evidenced in its enabling statute. For instance, the American Trucking Association quotes a Ninth Circuit case explaining that Section 6 ''does not authorize the Board to promulgate rules and regulations which have the effect of enlarging its authority beyond the scope intended by Congress,'' [11] and similarly, the Motor & Equipment Manufacturers Association asserts, ''A regulation cannot stand if it is contrary to the statute.'' [12] The Board agrees that it may not exercise its rulemaking authority in a way contrary to that intended by Congress, but for the reasons discussed below it also does not believe that it has done so in this rule.

Several comments assert that because NLRA Section 6 is written in general, rather than specific, terms, the Board is not empowered to enact the proposed rule. For example, Associated Builders and Contractors argues that ''the lack of express statutory language under Section 6 of the NLRA to require the posting of a notice of any kind 'is a strong indicator, if not dispositive, that the Board lacks the authority to impose such a requirement * * *.'.'' [13] And the Heritage Foundation likewise argues that the Board's reliance upon its general Section 6 rulemaking authority does not suffice to meet the Administrative Procedure Act's requirement that the NPRM must ''reference the legal authority under which the rule is proposed.'' [14]

The Board believes that these comments are in error because the courts' construction of other statutes' general rulemaking authority, as well as Section 6 in particular, fully support its reading of this statutory provision. In fact, earlier this year, the Supreme Court issued a decision in *Mayo Foundation for Medical Education and Research* v. *United States* [15] (discussed more fully below), unanimously reaffirming the principle that a general grant of rulemaking authority fully suffices to confer legislative (or binding) rulemaking authority upon an agency.

Even prior to *Mayo,* a long line of both non-NLRA and NLRA cases supported reading Section 6 in the manner suggested by the Board. Over forty years ago, in *Thorpe* v. *Housing Authority,* [16] the Supreme Court found that the expansive grant of rulemaking authority in Section 8 of the Housing Act was sufficient to grant legislative rulemaking power to the Department of Housing and Urban Development. The Court further noted that ''[s]uch broad rule-making powers have been granted to numerous other federal administrative bodies in substantially the same language.'' [17] A few years later, in *Mourning* v. *Family Publication Services,* [18] the Court reaffirmed its stance in *Thorpe:*

> Where the empowering provision of a statute states simply that the agency may 'make * * * such rules and regulations as may be necessary to carry out the provisions of this Act,' we have held that the validity of a regulation promulgated thereunder will be sustained so long as it is 'reasonably related to the purposes of the enabling legislation.' [19]

Following the Supreme Court's lead, key circuit decisions then extended the notion that broad grants of rulemaking authority conveyed legislative rulemaking power.[20] Although the Board had historically chosen to make policy by adjudications, the Supreme Court, consistent with the non-NLRA case law, used a pair of Board enforcement cases to unanimously emphasize the existence of the Board's legislative rulemaking authority, *NLRB* v. *Wyman-Gordon Co.*[21] and *NLRB* v. *Bell Aerospace,*[22]

In 1991, after the Board enacted a rule involving health care units, the Supreme Court unanimously upheld that rule in *American Hospital Association* v. *NLRB.*[23] The Supreme Court found that the general grant of rulemaking authority contained in Section 6 of the Act ''was unquestionably sufficient to authorize the rule at issue in this case unless limited by some other provision in the Act.'' [24] As in *AHA,* there is no such limitation here on the Board's authority to enact the proposed Rule, as explained further below. As Senator Tom Harkin and Representative George Miller [25] emphasized in their comment, the Supreme Court in *AHA* examined ''the structure and the policy of the NLRA,'' in order to conclude:

> As a matter of statutory drafting, if Congress had intended to curtail in a particular area the *broad rulemaking authority* granted in § 6, we would have expected it to do so in language expressly describing an exception from that section or at least referring specifically to the section.[26]

Thus, the Court could not have been clearer that unless the Board is ''expressly'' limited in some manner, Section 6 empowers the Board to make ''such rules and regulations as may be necessary to carry out the provisions of this Act.'' This point was underscored

[11] *Gen. Eng'g, Inc.* v. *NLRB,* 341 F.2d 367, 374 (1965).

[12] Citing *United States* v. *O'Hagan,* 521 U.S. 642, 673 (1997). However, the Supreme Court actually held there that an agency's interpretation of its enabling statute must be given ''controlling weight unless it is arbitrary, capricious, or manifestly contrary to the statute.'' (quoting *Chevron U.S.A. Inc.* v. *Natural Res. Def. Council, Inc.,* 467 U.S. 837, 844 (1984)). There, the Court upheld the rule and found it was not arbitrary, capricious, or manifestly contrary to the statute.

[13] Quoting Member Hayes' dissent, 75 FR 80415.

[14] *See* 5 USC 553(b)(2). For this conclusion, the Heritage Foundation cites *Global Van Lines, Inc.,* v. *ICC,* 714 F.2d 1290, 1297–98 (5th Cir. 1983). But *Global Van Lines* did not find that a general statement of authority can never meet the APA's requirements to specify the legal authority for the rule. Instead, the Fifth Circuit held that that portion of the APA is violated when an agency chooses to rely on additional statutory provisions in support of its rule for the first time on appeal, and those grounds do not appear elsewhere in the administrative record. *See id.* at 1298–99. Here, in contrast, the grounds for the Board's rule are clearly laid out in subsection B, Statutory Authority, below.

[15] 131 S.Ct. 704, 713–14 (2011).

[16] 393 U.S. 268 (1969).

[17] *Id.* at 277 n. 28 (citations omitted). The rulemaking grant there at issue provided that HUD may, ''from time to time * * * make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this Act,'' *id.* at 277, quite similar to Section 6 of the NLRA.

[18] 411 U.S. 356 (1973).

[19] *Id.* at 369 (quoting *Thorpe,* 393 U.S. at 280–81).

[20] *Nat'l Ass'n. of Pharm. Mfrs.* v. *FTC,* 637 F.2d 877, 880 (2d Cir. 1981) (''this generous construction of agency rulemaking authority has become firmly entrenched''); *Nat'l Petroleum Refiners Ass'n* v. *FTC,* 482 F.2d 672, 686 (D.C. Cir. 1973) (''plain, expansive language'' of the rulemaking grant at issue, together with the ''broad, undisputed policies'' meant to be furthered by Congress's enactment of the Federal Trade Commission Act of 1914, sufficed to grant the FTC substantive rulemaking authority).

[21] 394 U.S. 759, 764 (1969) (plurality opinion of Fortas, J., joined by Warren, C.J., Stewart, J., and White, J.), 770 (Black, J., Marshall, J., and Brennan, J), 777, 779 (Douglas, J.), 783 n. 2 (Harlan, J.).

[22] 416 U.S. 267, 295 (1974) (majority opinion of Powell, J., and dissenting opinion of White, J. (and three other justices)).

[23] 499 U.S. 606 (1991) (*AHA*).

[24] *Id.* at 609–10 (emphasis added).

[25] (Hereafter, Harkin and Miller.) Senator Harkin is the Chairman of the Senate Committee on Health, Education, Labor, and Pensions. Representative Miller is Ranking Member on the House Committee on Education and the Workforce.

[26] *Id.* at 613 (emphasis added).

in a Wagner Act-era Senate hearing, as cited by Americans for Limited Government (ALG), in which it was acknowledged that the language of Section 6 indeed grants "broad powers" to the Board.[27]

And in January of this year, a unanimous Supreme Court, in *Mayo Foundation for Medical Education and Research* v. *United States,* affirmed this key principle that a broad grant of statutory rulemaking authority conveys authority to adopt legislative rules.[28] *Mayo* concerned in part the question of how much deference a Treasury Department tax regulation should receive. In *Mayo,* an amicus argued that the Treasury Department's interpretation should receive less deference because it was issued under a general grant of rulemaking authority, as opposed to an interpretation issued under a specific grant of authority.[29] The Court responded by first explaining its earlier holding in *U.S.* v. *Mead,* that *Chevron* deference is appropriate "when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority." [30] Then, in significant part, the Court observed:

> *Our inquiry in that regard does not turn on whether Congress's delegation of authority was general or specific.*
>
> * * * * *
>
> The Department issued the full-time employee rule *pursuant to the explicit authorization to "prescribe all needful rules and regulations for the enforcement"* of the Internal Revenue Code. 26 U.S.C. 7805(a). We have found *such "express congressional authorizations to engage in the process of rulemaking"* to be "a very good indicator of delegation meriting Chevron treatment." [31]

And so, all nine members of the Supreme Court agreed on the following key principle: an express, albeit general, grant of rulemaking authority is fully sufficient for an agency to receive *Chevron* deference for its rulemaking. It follows that a broad grant of rulemaking authority will suffice for the agency to engage in legislative rulemaking in the first place. Thus, the Supreme Court's rulings continue to fully support a broad construction of Section 6.

Disputing this conclusion, ALG asserts that Section 6 was intended to be used "primarily" for procedural rulemaking, and cites a Senate report from the Wagner Act's legislative history. That Senate report explains: "[i]n no case do the rules have the force of law in the sense that criminal penalties or fines accrue for their violation, and it seems sufficient that the rules prescribed must be 'necessary to carry out the provisions' of the act." [32] The Board disagrees. The cited language merely proclaims the obvious, that no criminal penalties or fines accrue for violating the Board's rules. However, laws such as the NLRA that do not impose criminal penalties or fines for their violation can also have the "force of law" (which is perhaps why the Senate report used the limiting phrase "in the sense of"). The Supreme Court has previously recognized that final Agency orders under Sections 10 (e) and (f) of the Act, despite their non-self enforcing nature, have "the force and effect of law." [33] So too, do the Board's rules have the force and effect of law, as held by the Supreme Court in *AHA.*[34]

Several comments discuss whether Board Rule 103.20, which mandates the posting of an election notice in a workplace three working days prior to a representation election, should be considered analogous to the proposed rule. The United Food and Commercial Workers International Union (UFCW) comments that the election rule is, like the proposed rule, only minimally burdensome and further noted that it has never been challenged.[35] ALG disagrees that the election rule should be considered analogous here, because although in the election context a notice posting is the most feasible means to inform employees about an upcoming election that is occurring at a specific place and time, that is not the case in the NLRA rights context, in which employees can just search the Internet to find out more information. The Board agrees with the UFCW that posting a notice is a minimally burdensome way to ensure that employees receive certain information, although obviously, the proposed notice will reach many more employers over a much longer period of time than do election notices. And ALG's acknowledgment that a notice posting in the workplace is in fact sometimes the most feasible means to inform employees of important information supports the Board's belief, explained below, that workplace notice posting is a more efficient way of informing employees of their NLRA rights than relying on information available on the Internet.

A few comments argue that the Board is a law enforcement agency only, and should not be engaging in rulemaking for that reason. One comment asserts that "Congress did not intend to "empower the NLRB to be a rulemaking body, but rather an investigatory/enforcement agent of the NLRA." [36] The Board responds that by enacting Section 6, Congress plainly and explicitly intended to, and did, "empower the NLRB to be a rulemaking body." And, as shown above, *AHA* conclusively found that the Board is empowered to use its rulemaking powers, as the Court had previously indicated in *Wyman-Gordon* and *Bell Aerospace.*[37]

A joint comment submitted by Douglas Holtz-Eakin and Sam Batkins argues against the Board's assertion of Section 6 authority here by asserting that "the Supreme Court has circumscribed NLRB rulemaking in the past: 'The deference owed to an expert tribunal cannot be allowed to slip into a judicial inertia which results in the unauthorized assumption by an agency of major policy decisions properly made by Congress.' " However, that comment neglects to provide the citation for that quotation, *American Ship Building Co.* v. *NLRB,*[38] which was not a rulemaking case but an adjudication. In any event, the Board does not agree that this rule presumes to make a major policy decision properly made by Congress alone. As explained in subsection B,

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[27] Statement of Donald A. Callahan, U.S. Senate Committee on Education and Labor, March 29, 1935, *Legislative History of the National Labor Relations Act,* U.S. Government Printing Office, 1949, p. 2002.

[28] 131 S. Ct. 704, 713–14 (2011).

[29] *Id.* at 713.

[30] *Id.* (quoting *United States* v. *Mead,* 533 U.S. 218, 226–27 (2001)); *see also Chevron,* 467 U.S. at 842–43 (announcing two-part framework for determining whether courts should grant deference to agency interpretations of enabling statutes).

[31] *Mayo,* 131 S. Ct. at 713–14 (emphasis added and citations omitted).

[32] *See* Comparison of S. 2926 (73d Congress) and S. 1958 (74th Congress) 24 (Comm. Print 1935), reprinted in 1 Legislative History of the National Labor Relations Act, 1935, (1949) at 1349.

[33] *NLRB* v. *Sears, Roebuck & Co.,* 421 U.S. 132, 153–54 (1975) (ordering disclosure of such Agency opinions under the FOIA, and quoting legislative history of the FOIA to that effect, H.R. Rep. No. 1497, p. 7, U.S. Code Cong. & Admin. News, 1966, p. 2424).

[34] 499 U.S. at 609–10. But even if one were to construe the report in the way advocated by the comment, such reports themselves do not have the force and effect of law, *see Lincoln* v. *Vigil,* 508 U.S. 182, 192 (1993); *AHA,* 499 U.S. at 616, and thus at best are only potential evidence of legislative intent.

[35] However, it is incorrect that the rule has never been challenged; it has been challenged and upheld. *See Pannier Corp.* v. *NLRB,* 120 F.3d 603, 606–07 (6th Cir. 1997) (rejecting an as-applied challenge to Rule 103.20).

[36] Comment of Manufacturers' Association of South Central Pennsylvania.

[37] In *National Petroleum Refiners Ass'n* v. *FTC,* 482 F.2d 672 (D.C. Cir. 1973), the court rejected the argument that the FTC's prosecutorial functions rendered it unsuitable for issuing rules. By way of example, it noted that the NLRB is similar to the FTC in its methods of adjudication and enforcement, but the Supreme Court had repeatedly encouraged the Board to utilize its rulemaking powers. *Id.* at 684.

[38] 380 U.S. 300, 318 (1965).

Statutory Authority, below, the Board believes that it has been Congressionally authorized to make this regulatory decision in the interests of carrying out the provisions of the Act.

Many comments argue that the Board should heed the use of the word "necessary" in Section 6. For instance, the Portland Cement Association comments that Section 6 requires the Board to demonstrate that: (1) The specific rule being proposed is, in fact, necessary, and (2) the adoption of the proposed rule will carry out one or more specific provisions of the Act.[39] The Board believes, for the reasons expressed in subsection C, Factual Support, below, that the requisite showing of necessity has been made. And, as explained below, the adoption of the proposed rule is consistent with Section 1 and will help effectuate Sections 7, 8, 9 and 10 of the NLRA.

The Board, however, disagrees with the Motor & Equipment Manufacturers Association's assertion based upon the case of *West Virginia State Board of Education* v. *Barnette*[40] that the Board needs to show "a grave and immediate danger" before enacting a rule. First, that case held that that very rigorous standard of review is required only where a First Amendment freedom is alleged to have been infringed. The Court further noted that where the First Amendment is not implicated, the government may regulate an area so long as it has a "rational basis" for doing so. As explained in subsection B, Statutory Authority, below, this rule infringes upon no First Amendment interests, and consequently, the rule should be judged on a standard similar to the "rational basis" test laid out in *Barnette*. It was in fact just such a deferential standard which the Supreme Court used to examine the Board's health care rule in *AHA*. There, the Court found that even if it read Section 9 to find any ambiguity, it still would have deferred to the Board's "reasonable interpretation of the statutory text," and found the Board authorized under Sections 6 and 9 to enact the health care bargaining unit rule at issue.[41] No "grave and immediate danger" was found to be required prior to the Board enacting that rule. This ruling was also consistent with the Supreme Court's earlier holdings in *Thorpe* and *Mourning*, in which regulations promulgated under broadly phrased grants of authority needed to be only "reasonably related to the purposes of the enabling legislation." [42] For the reasons shown below, that standard is more than met in the present rule.

*B. The Board's Statutory Authority To Issue This Rule*

The National Labor Relations Act does not directly address an employer's obligation to post a notice of its employees' rights arising under the Act or the consequences an employer may face for failing to do so. However, as stated, NLRA Section 6 empowers the Board to promulgate legislative rules "as may be necessary to carry out the provisions" of the Act. 29 U.S.C. 156. A determination of necessity under Section 6 made by the Board, as administrator of the NLRA, is entitled to deference. *See Ragsdale* v. *Wolverine World Wide, Inc.*, 535 U.S. 81, 86 (2002).

Furthermore, even in the absence of express rulemaking authority, "the power of an administrative agency to administer a congressionally created * * * program necessarily requires the formulation of policy and the making of rules to fill any gap left, implicitly or explicitly, by Congress." *Morton* v. *Ruiz*, 415 U.S. 199, 231 (1974). Under the well-known test articulated by the Supreme Court in *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), courts will defer to the Board's reasonable interpretation of a gap left by Congress in the NLRA.

An examination of the provisions of the whole law demonstrate how the notice-posting rule is a legitimate exercise of both legislative rulemaking authority under Section 6 and implied gap-filling authority under *Chevron*, 467 U.S. at 843. Section 1 of the NLRA explains that Congress deliberately chose the means of "encouraging the practice and procedure of collective bargaining" and "protecting the exercise of workers of full freedom of association, self-organization, and designation of representatives of their own choosing" in order to combat the substantial burdens on commerce caused by certain employer and labor union practices as well as by the inherent "inequality of bargaining power between employees * * * and employers." 29 U.S.C. 151.[43] Section 7 therefore sets forth the core rights of employees "to self-organization"; "to form, join, or assist labor organizations"; "to bargain collectively"; and "to engage in other concerted activities"; as well as the right "to refrain from any or all such activities." *Id.* § 157. Section 8 defines and prohibits union and employer "unfair labor practices" that infringe on employees' Section 7 rights, *id.* § 158, and Section 10 authorizes the Board to adjudicate unfair labor practice claims, *id.* § 160, subject to the NLRA's procedural six-month statute of limitations, *see Zipes* v. *Trans World Airlines, Inc.*, 455 U.S. 385, 395 n.11 (1982). Finally, Section 9 authorizes the Board to conduct representation elections and issue certifications. 29 U.S.C. 159.

Notably, the NLRA does not give the Board or its General Counsel roving investigatory powers. Although the Board is specifically empowered to "prevent" unfair labor practices, *id.* § 160(a), "[t]he Board may not act until an unfair labor practice charge is filed * * * alleging a violation of the Act." 2 The Developing Labor Law 2683 (John E. Higgins, Jr. ed., 5th ed. 2006). In addition, certification "procedures are set in motion with the filing of a representation petition." *Id.* at 2662. In both instances, the initiating document is filed by a private party. *Id.* at 2683 (citing 29 CFR 102.9); *id.* at 2662–63 (citing 29 U.S.C. 159(c)(1)(A), (B), and (e)(1)).

Enforcement of the NLRA and effectuation of Congress's national labor policy therefore depend on the existence of outside actors who are not only aware of their rights but also know where they may seek to vindicate them within appropriate timeframes. The Department of Labor made a similar finding in an analogous rulemaking proceeding under the Fair Labor Standards Act: "effective enforcement of the [FLSA] depends to a great extent upon knowledge on the part of covered employees of the provisions of the act and the applicability of such provisions to them, and a greater degree of compliance with the act has been effected in situations where employees are aware of their rights under the law." 14 FR 7516, 7516 (Dec. 16, 1949). Given the direct relationship between employees' timely awareness of their rights under the NLRA and the Board's

[39] *See also* comment of Americans for Limited Government, citing to *AFL–CIO* v. *Chao*, 409 F.3d 377, 391 (D.C. Cir. 2005) for the same principle.

[40] 319 U.S. 624, 639 (1943).

[41] 499 U.S. at 614.

[42] *Mourning*, 411 U.S. at 369 (quoting *Thorpe*, 393 U.S. at 280–81).

[43] These regulations are entirely compatible with the national labor policy, as expressed in Section 1, "to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred." 29 U.S.C. 151 (fifth paragraph). As explained below, the Board's ability to "eliminate" the causes of labor strife and depressed wage rates, "which have the intent or necessary effect of burdening or obstructing commerce," *id.*, depends on workers' knowledge of their rights and the protections provided by the NLRB. The Board therefore rejects the argument of the Manufacturer's Association of South Central Pennsylvania that both the notice-posting rule and the Board's general assertion of rulemaking authority are inconsistent with Section 1.

ability to protect and enforce those rights, this rule is "necessary" for purposes of Section 6.

Aside from the rule's manifest necessity, the notice posting requirement fills a *Chevron*-type gap in the NLRA's statutory scheme. Thus, as discussed, the purpose of Section 1, as implemented in Sections 7 and 8, is to encourage the free exercise and enforcement of the Act's provisions, and fulfillment of that purpose depends on the private initiative of employees and employers to commence Board representation proceedings pursuant to Section 9 and Board unfair labor practice proceedings pursuant to Section 10. The effective working of the NLRA's administrative machinery therefore presupposes that workers and their employers have knowledge of the rights afforded by the statute and the means for their timely enforcement. The statute, however, has no provision with respect to making that knowledge available, a subject about which the statute is completely silent.

This statutory gap has always been present but was of less significance in earlier years when the density of union organization was greater, since, as is widely recognized, unions have been a traditional source of information about the NLRA's provisions. *See Lechmere, Inc.* v. *NLRB,* 502 U.S. 527, 531–32 (1992) (reaffirming that the Section 7 rights of employees interested in union organization depend to some extent on their having access to unions); *Harlan Fuel Co.,* 8 N.L.R.B. 25, 32 (1938) (holding that the rights guaranteed to employees by Section 7 include "full freedom to receive aid, advice and information from others concerning [their self-organization] rights"); cf. *Chamber of Commerce of the United States* v. *Brown,* 554 U.S. 60, 68 (2008) (observing that Section 7 "implies an underlying right to receive information"). Moreover, as rates of unionization have declined, employees are less likely to have experience with collective bargaining or to be in contact with other employees who have had such experience. The statutory gap is thus now important to the Board's administration of the NLRA and its role in enforcing employees' rights.

As the Supreme Court has observed,

> The responsibility to adapt the Act to changing patterns of industrial life is entrusted to the Board. * * * It is the province of the Board, not the courts, to determine whether or not the "need" [for a Board rule] exists in light of changing industrial practices and the Board's cumulative experience in dealing with labor-management relations. For the Board has the "special function of applying the general provisions of the Act to the complexities of industrial life," and its special competence in this field is the justification for the deference accorded its determination.

*NLRB* v. *J. Weingarten, Inc.,* 420 U.S. 251, 266 (1975) (citations omitted). Consistent with this understanding of the Board's role, the notice-posting regulations represent an attempt to "adapt the Act" in light of recent realities and "the Board's cumulative experience." *Id.* The rule is wholly consistent with the aims of the NLRA, and the "need" for it now is heightened given the "changing patterns of industrial life." *Id.*

For all these reasons, this rule is entitled to deference regardless of how it is characterized because it is "reasonably related to the purposes of the enabling legislation," *Thorpe,* 393 U.S. at 280–81, and constitutes a "'reasonable interpretation' of the enacted text," *Mayo,* 131 S. Ct. at 714 (quoting *Chevron,* 467 U.S. at 844).

In response to the NPRM, a number of arguments have been made challenging the Board's statutory authority to promulgate the notice posting rule. As explained below, the Board does not find merit in any of these arguments.

1. Limitations on the Board's Rulemaking Authority Implied by Sections 9 and 10 of the Act

Of the comments that address the Board's statutory authority to issue this rule, many express agreement with the dissenting views of Member Hayes that were published in the NPRM. Member Hayes criticized the basis for the rule and questioned the Board's statutory authority to promulgate and enforce it. *See* 75 FR 80415. He specifically referred to Section 10 as an obstacle to the proposed rule, because it "indicate[d] to [him] that the Board clearly lacks the authority to order affirmative notice-posting action in the absence of an unfair labor practice charge filed by an outside party." *Id.*

Many comments submitted in response to the NPRM, such as those of the Texas Association for Home Care & Hospice and those of the Independent Bakers Association, interpret Section 10 to prohibit the Board from ordering any affirmative act that does not address the consequences of an unfair labor practice. Although this proposition may be true when the Board acts through adjudication—the administrative function to which Section 10 directly applies—it does not perforce apply when the Board specifies affirmative requirements via rulemaking under Section 6. *See Clifton* v. *FEC,* 114 F.3d 1309, 1312 (1st Cir. 1997) ("Agencies are often allowed through rulemaking to regulate beyond the express substantive directives of the statute, so long as the statute is not contradicted.") (citing *Mourning*). If it did, then the Board's longstanding rule mandating that employers post an election notice three days before a representation election would be subject to challenge on that ground. *See* 29 CFR 103.20; *see also Pannier Corp., Graphics Div.* v. *NLRB,* 120 F.3d 603, 606–07 (6th Cir. 1997) (rejecting an as-applied challenge to § 103.20). Furthermore, under *American Hospital Association,* the Board's exercise of its broad rulemaking authority under Section 6 is presumed to be authorized unless elsewhere in the Act there is "language expressly describing an exception from that section or at least referring specifically to the section." 499 U.S. at 613. Section 10 does not refer to the Board's Section 6 authority.

Some comments, such as those of the Council on Labor Law Equality (COLLE), contend that the Board has no authority whatsoever to administer the NLRA unless a representation petition or unfair labor practice charge has been filed under Sections 9 or 10, respectively. The Board declines to adopt such a narrow view of its own authority. Certainly, the Board cannot issue certifications or unfair labor practice orders via rulemaking proceedings. But that is not what this rule does. As explained above, by promulgating the notice-posting rule, the Board is taking a modest step that is "necessary to carry out the provisions" of the Act, 29 U.S.C. 156, and that also fills a statutory gap left by Congress in the NLRA.

Moreover, the argument advanced by COLLE and others fails to appreciate that the Board's authority to administer the Act is not strictly limited to those means specifically set forth in the NLRA. Rather, as the Supreme Court has recognized, the NLRA impliedly authorizes the Board to take appropriate measures "to prevent frustration of the purposes of the Act." *NLRB* v. *Nash-Finch Co.,* 404 U.S. 138, 142 (1971). By way of example, the Supreme Court pointed out that its decisions had recognized the Board's implied authority to petition for writs of prohibition against premature invocation of the review jurisdiction of the courts of appeals, *see In re NLRB,* 304 U.S. 486, 496 (1938); to institute contempt proceedings for violation of enforced Board orders, *see Amalgamated Util. Workers* v. *Con. Edison Co.,* 309 U.S. 261 (1940); and to file claims in bankruptcy for Board-awarded backpay, *see Nathanson* v. *NLRB,* 344 U.S. 25 (1952). Relying on

that precedent in *Nash-Finch Co.*, the Supreme Court concluded that the Board also had implied authority "to enjoin state action where [the Board's] federal power preempts the field." 404 U.S. at 144. Like these judicially recognized powers, the notice-posting requirement that is the subject of this rulemaking has not been specifically provided for by Congress. But the cited cases demonstrate that Congress need not expressly list a power for the Board to legitimately exercise it. Indeed, the notice-posting requirement is not even an implied power of the Board in the same sense as those previously mentioned. Rather, it is the product of the Board's exercise of express rulemaking authority and inherent gap-filling authority, both of which have been delegated to the Board by Congress.

2. The First Amendment and Section 8(c) of the NLRA

A handful of commenters argue that the notice-posting requirement violates the First Amendment to the Constitution, Section 8(c) of the NLRA, or both. For example, the Center on National Labor Policy, Inc. maintains that "compelling an employer to post its property with a Notice that asserts the statutory 'rights' and employer obligations, runs counter to constitutional views long protected by the Supreme Court." The Center also argues that the "proposed poster would impede the employer's statutory right to express itself on its own property." Along these same lines, the National Right to Work Legal Defense Foundation, Inc. and others on whose behalf it writes contend that "the Board's proposal for forced speech favoring unionization directly conflicts with the First Amendment and longstanding federal labor policy under Section 8(c) that employers and unions should be able to choose themselves what to say about unionization." These concerns were echoed by the National Association of Wholesaler-Distributors. In addition, two attorneys affiliated with Pilchak Cohen & Tice, P.C., which they describe as "a management-side labor and employment law firm," argue that the notice-posting requirement "tramples upon employers' Free Speech rights by regulating the content of information that employers are required to tell employees and by compelling them to post the Notice containing pro-union NLRA rights, when it is almost assuredly not the employers' prerogative to do so." The Independent Association of Bakers goes further and characterizes the regulation as an unconstitutional "gag order" that "prohibits the employer from telling the truth about the impact a union might pose to his business." The Board rejects these arguments.

As an initial matter, requiring a notice of employee rights to be posted does not violate the First Amendment, which protects the freedom of speech. Indeed, this rule does not involve employer speech at all. The government, not the employer, will produce and supply posters informing employees of their legal rights. The government has sole responsibility for the content of those posters, and the poster explicitly states that it is an "official Government Notice"; nothing in the poster is attributed to the employer. In fact, an employer has no obligation beyond putting up this government poster. These same considerations were present in *Lake Butler Apparel Co.* v. *Secretary of Labor,* 519 F.2d 84, 89 (5th Cir. 1975), where the Fifth Circuit rejected as "nonsensical" an employer's First Amendment challenge to the Occupational Safety and Health Act requirement that it post an "information sign" similar to the one at issue here. As in *Lake Butler,* an employer subject to the Board's rule retains the right to "differ with the wisdom of * * * this requirement even to the point * * * of challenging its validity. * * * But the First Amendment which gives him the full right to contest validity to the bitter end cannot justify his refusal to post a notice * * * thought to be essential." *Id.; see also Stockwell Mfg. Co.* v. *Usery,* 536 F.2d 1306, 1309–10 (10th Cir. 1976) (dicta) (rejecting a constitutional challenge to a requirement that an employer post a copy of an OSHA citation).

But even if the Board's notice-posting requirement is construed to compel employer speech, the Supreme Court has recognized that governments have "substantial leeway in determining appropriate information disclosure requirements for business corporations." *Pac. Gas & Elec. Co.* v. *Pub. Utils. Comm'n,* 475 U.S. 1, 15 n.12 (1985). This discretion is particularly wide when the government requires information disclosures relevant to the employment relationship. Thus, as the D.C. Circuit has observed, "an employer's right to silence is sharply constrained in the labor context, and leaves it subject to a variety of burdens to post notices of rights and risks." *UAW-Labor Employment & Training Corp.* v. *Chao,* 325 F.3d 360, 365 (D.C. Cir. 2003) (*UAW* v. *Chao*) (citing *Lake Butler,* 519 F.2d at 89). Accordingly, the Board's notice-posting requirement is not susceptible to a First Amendment challenge.[44]

The Board is equally satisfied that the rule does not violate NLRA Section 8(c), 29 U.S.C. 158(c), which creates a safe harbor for noncoercive speech in the unfair labor practice area. Specifically, Section 8(c) shields from unfair labor practice liability "[t]he expressing of *any views, argument or opinion,*" provided that "such expression contains no threat of reprisal or force or promise of benefit." *Id.* (emphasis added). A government poster containing accurate, factual information about employees' legal rights "merely states what the law requires." *Lake Butler,* 519 F.2d at 89. For that reason, "[t]he posting of the notice does not by any stretch of the imagination reflect one way or the other on the views of the employer." *Id.*[45]

[44] The decision of the intermediate state court in *Smith* v. *Fair Employment & Housing Commission,* 30 Cal. Rptr. 2d 395 (Cal. Ct. App. 1994), rev'd on other grounds, 913 P.2d 909 (Cal. 1996), lends no support to arguments challenging these regulations on First Amendment grounds. There, the California Court of Appeal held that a landlord's right to freedom of speech was "implicate[d]," *id.* at 401–02, by a state fair housing agency's remedial order requiring her to sign, post, and distribute notices "setting out the provisions of [the fair housing statute], the outcome of th[e] case, and the statement that [she] practices equal housing opportunity." 913 P.2d at 914. The *Smith* case is not persuasive here because the notice at issue in *Smith* would not merely have set forth the rights of prospective buyers or renters but also would have contained a signed statement from the landlord which would have given the false appearance that she agreed with the state's fair housing "concepts and rules," despite her religious beliefs to the contrary. 30 Cal. Rptr. 2d at 401. That feature of the case has no parallel here. Here, by contrast, employers are not required to sign the informational notice, and as noted, nothing in the poster is attributed to them. The Board further notes that the *Smith* decision is not authoritative because it was superseded by the California Supreme Court's grant of review in that case. *See* 913 P.2d at 916 n.*.

[45] The Employers Association of New Jersey is therefore off the mark when it argues that the notice-posting requirement is preempted under the principles of *Lodge 76, International Ass'n of Machinists & Aerospace Workers* v. *Wisconsin Employment Relations Commission,* 427 U.S. 132 (1976), as an attempt to regulate employer speech "about unionization and collective bargaining." As explained above, the employer's choice whether to express its own views, arguments, or opinions is wholly unaffected by a requirement to post a government-provided notice summarizing what the law requires. Indeed, consistent with both *Machinists* and the policy of Section 8(c) '"to encourage free debate on issues dividing labor and management,"' *Brown,* 554 U.S. at 67 (quoting *Linn* v. *United Plant Guard Workers, Local 114,* 383 U.S. 53, 62 (1966)), employers remain free under this rule—as they have in the past—to express noncoercive views regarding the exercise of these rights as well as others. *See, e.g., United Techs. Corp.,* 274 N.L.R.B. 609, 609, 618–20, 624–26 (1985), enforced sub nom. *NLRB* v. *Pratt & Whitney Air Craft Div.v., United Techs. Corp.,* 789 F.2d 121 (2d Cir. 1986); *Warrensburg Bd. & Paper Corp.,* 143 N.L.R.B. 398, 398–99 (1963), enforced, 340 F.2d 920 (2d Cir. 1965). For this reason, the Board finds it unnecessary to adopt the proposal made by the

But even if the new rule is understood to compel employer speech, Section 8(c) "'merely implements the First Amendment.'" *Brown,* 554 U.S. at 67 (quoting *NLRB* v. *Gissel Packing Co.,* 395 U.S. 575, 617 (1969)). Thus, if a First Amendment challenge to the rule must fail, so too must a challenge based on Section 8(c). Such was the holding of the D.C. Circuit in *UAW* v. *Chao.* There, the court was presented with a preemption argument, grounded in Section 8(c), challenging a Federal procurement regulation that required contractors to post a notice informing their employees of certain NLRA rights. The D.C. Circuit interpreted Section 8(c) as coextensive with the scope of free speech rights protected by the First Amendment and upheld the procurement regulation in light of well-established free speech jurisprudence in the labor context. *See* 325 F.3d at 365.

3. Lack of Contemporaneity With the Enactment of the NLRA

Several comments attack the notice-posting regulation for its lack of contemporaneity with the enactment of the NLRA. For example, many comments criticize the regulation by noting that "this is a new rule interpreted into the Act 75 years after its passage." The Board rejects these contentions for two reasons.

First, the Supreme Court has repeatedly "instructed that 'neither antiquity nor contemporaneity with [a] statute is a condition of [a regulation's] validity.'" *Mayo,* 131 S. Ct. at 712 (alterations in original) (quoting *Smiley* v. *Citibank (S.D.), N.A.,* 517 U.S. 735, 740 (1996)); *see also Smiley,* 517 U.S. at 740 (deferring to a regulation "issued more than 100 years after the enactment" of the statutory provision that the regulation construed). Second, the argument fails to consider that much has changed since 1935, the year the NLRA was enacted. Unionization rates are one example. As pointed out in the NPRM and as confirmed by comments submitted by the Association of Corporate Counsel's Employment and Labor Law Committee, unionization rates increased during the early years of the Act, peaking at around 35 percent of the workforce in the mid-1950s. But since then, the share of the workforce represented by labor unions has plummeted to approximately 8 percent. As a result, fewer employees today have direct, everyday access to an important source of information regarding NLRA rights and the Board's ability to enforce those rights.

As noted above, "[t]he responsibility to adapt the Act to changing patterns of industrial life is entrusted to the Board." *J. Weingarten, Inc.,* 420 U.S. at 266. It would therefore be an abdication of that responsibility for the Board to decline to adopt this rule simply because of its recent vintage. Accordingly, the Board finds such arguments unpersuasive.

4. Comparison With Other Statutes That Contain Notice-Posting Requirements

Many comments note, as the Board did in the NPRM, that several other labor and employment statutes enacted by Congress contain express notice-posting provisions. *See* 75 FR 80411 (listing such statutes). Though a few such comments, such as those of the International Brotherhood of Teamsters, applaud the Board for "fill[ing] this glaring and indefensible gap," the bulk of these comments instead argue that the lack of a parallel statutory provision in the NLRA negates the existence of Board authority to issue this rule.

The Board notes that inferences gleaned from side-by-side comparisons to other statutes have diminished force when an agency uses its gap-filling authority under *Chevron.* There are many possible reasons why Congress did not include an express notice-posting provision in the NLRA. "Perhaps that body consciously desired the [agency] to strike the balance at this level * * *; perhaps it simply did not consider the question at this level; and perhaps Congress was unable to forge a coalition on either side of the question * * *." *Chevron,* 467 U.S. at 865. But, "[f]or judicial purposes, it matters not which of these things occurred." *Id.* Indeed, the central premise behind *Chevron* and its progeny is that agencies should be allowed reasonable latitude to fill gaps arising from congressional silence or ambiguity. Accordingly, "the contrast between Congress's mandate in one context with its silence in another suggests not a prohibition but simply a decision not to mandate any solution in the second context, *i.e.,* to leave the question to agency discretion." *Cheney R.R. Co.* v. *ICC,* 902 F.2d 66, 69 (D.C. Cir. 1990) (labeling the *expressio unius est exclusio alterius* canon "an especially feeble helper" in *Chevron* cases).

Arguments contrasting the NLRA with other federal enactments that contain notice-posting requirements might have some persuasive force if there were evidence that Congress had considered and rejected inserting such a requirement into the Act. However, nothing in the legislative history of the Act so indicates. Indeed, there is not the slightest hint that the omission of a notice-posting requirement was the product of legislative compromise and therefore implies congressional rejection of the idea. *Cf. Ind. Prot. & Advocacy Servs.* v. *Ind. Family & Soc. Servs. Admin.,* 603 F.3d 365, 384–85 (7th Cir. 2010) (en banc) (Posner, J., concurring) (inferring a private right of action from statutory silence in a case where such silence was not the product of "legislative compromise"). For these reasons, the Board rejects the Motor and Equipment Manufacturers Association's unsupported suggestion that there has been an affirmative "legislative determination not to include a posting requirement by employers that have not violated the Act."

A number of comments point out that Congress included a general notice-posting provision in the Railway Labor Act (RLA), which predates the NLRA. Given the relative proximity of these two enactments, some comments regard the absence of a notice-posting provision in the NLRA as strong evidence that Congress did not intend for there to be one. For reasons just explained, the Board does not find a side-by-side comparison with the RLA availing. In addition, the Board notes that although the NLRA and the RLA share several common features, the NLRA was not perfectly modeled after the RLA. *See Bhd. of R.R. Trainmen* v. *Chi. River & Ind. R.R. Co.,* 353 U.S. 30, 31 n.2 (1957) ("The relationship of labor and management in the railroad industry has developed on a pattern different from other industries. The fundamental premises and principles of the Railway Labor Act are not the same as those which form the basis of the National Labor Relations Act * * *.").

Finally, the Board notes that other federal departments and agencies have not understood Congress's failure to include an express provision containing a notice-posting requirement in a federal labor or employment statute as a bar to such a regulatory requirement. Like the NLRA, the Fair Labor Standards Act (FLSA), which was passed in 1938, does not contain a provision requiring employers to post a notice of pertinent employee rights. Yet the Department of Labor adopted a notice requirement now codified at 29 CFR 516.4. Furthermore, the Board is unaware of any challenge to the Labor Department's authority to promulgate or enforce the FLSA notice requirement, which has been in effect for over 60 years. *See* 14 FR 7516 (Dec.

Pilchak attorneys to revise the rule to specify that employers "may post a notice of equal dignity which advises employees of * * * additional rights and realities." Alternatively, the Pilchak attorneys propose that the Board amend the rule to permit employers to "alter the Poster and include additional rights." Adopting this suggestion would compromise the integrity of the notice as a communication from the government. It, too, is therefore rejected.

16, 1949), promulgating 29 CFR 516.18, the predecessor to 29 CFR 516.4.

5. The Teamsters 357 Decision

In response to the NPRM, the U.S. Chamber of Commerce submitted a comment that questions "how the proposal can be said to be consistent with" the Supreme Court's decision in *Local 357, International Brotherhood of Teamsters* v. *NLRB,* 365 U.S. 667 (1961). Specifically, the Chamber accuses the Board of ignoring the Court's admonition in that case warning that "[w]here * * * Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme." *Id.* at 675. The Chamber reads this statement out of context.

To understand why the Board disagrees with the Chamber's view, further explanation of *Teamsters 357* is necessary. In that case, the Supreme Court rejected the Board's conclusion that a union had committed an unfair labor practice by operating an exclusive hiring hall pursuant to an agreement that contained a nondiscrimination clause but not three additional clauses that the Board had previously declared in its *Mountain Pacific* decision to be necessary to prevent " 'unlawful encouragement of union membership.' " *Id.* at 671 (quoting *Mountain Pacific Chapter,* 119 NLRB 883, 897 (1958)). The Court first noted that Congress had examined the operation of hiring halls and had decided not to ban them. *Id.* at 673–74. Next, the Court observed that NLRA Section 8(a)(3) " 'does not outlaw all encouragement or discouragement of membership in labor organizations; only such as is accomplished by discrimination is prohibited.' " *Id.* at 674–75 (emphasis added) (quoting *Radio Officers' Union* v. *NLRB,* 347 U.S. 17, 42–43 (1954)). Since the hiring hall agreement at issue in *Teamsters 357* "specifically provide[d] that there will be no discrimination * * * because of the presence or absence of union membership," the Court determined that the Board was attempting to protect against nondiscriminatory encouragement of union membership. *Id.* at 675. This was impermissible because "[w]here * * * Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme." *Id.* at 676.

Properly understood, *Teamsters 357* does not preclude the Board from issuing the notice posting rule. The union had not committed an unfair labor practice in that case because its hiring hall agreement did not encourage or discourage union membership by "discrimination." *See id.* at 674–75. By faulting the union for not including in its agreement clauses that the Board's *Mountain Pacific* rule had declared necessary to prevent " 'unlawful encouragement of union membership,' " *id.* at 671 (quoting *Mountain Pacific Chapter,* 119 NLRB at 897), the Board had attempted to regulate hiring halls in a manner that was facially inconsistent with the discrimination requirement embedded in NLRA Section 8(a)(3) and (b)(2). Accordingly, the Chamber makes too much of the Court's statement prohibiting the Board from "establish[ing] a broader, more pervasive regulatory scheme" when "specific discriminatory practices" have already been outlawed. *Id.* at 676. By that, the Court simply meant to remind the Board that it may not administratively amend Section 8(a)(3) and (b)(2) to prohibit nondiscriminatory activity that might be viewed as undesirable because those statutory sections are clearly aimed only at "specific discriminatory practices." *Id.*[46]

This rulemaking does not involve those provisions of the NLRA that *Teamsters 357* addressed. Accordingly, the Board does not view that case as controlling the outcome of this proceeding.

6. Miscellaneous Matters

The Center on National Labor Policy, Inc., argues that the Board "must be mindful of the Supreme Court's admonition in *Lechmere[, Inc.]* v. *NLRB,* 502 U.S. 527, 534 (1992), that an employer possesses First Amendment rights to its property." The Board disagrees that the property rights discussed in *Lechmere* emanate from the First Amendment, *see Thunder Basin Coal Co.* v. *Reich,* 510 U.S. 200, 217 n.21 (1994) ("The right of employers to exclude union organizers from their private property emanates from state common law * * *."), and to the extent that the Center's reference to the First Amendment asserts a conflict between these regulations and employers' right to free speech, that argument is rejected for reasons explained above. After quoting extensively from *Lechmere,* the Center next contends that "if a union has no access to company property to communicate with employees, neither does the Board without Section 10(c) authority." The Board rejects this argument because it fails to recognize the important substantive difference between the conduct at issue in *Lechmere,* which involved " 'trespassory organizational activity' " by nonemployees on the employer's grounds, *id.* at 535 (quoting *Sears, Roebuck & Co.* v. *San Diego Dist. Council of Carpenters,* 436 U.S. 180, 205 (1978)), and the regulations here which involve nothing more than the employer's responsibility to post an official notice of legal rights.

The Portland Cement Association (PCA) comments that the Board's failure to place the three law review articles that the Board cited to the NPRM[47] in the administrative docket is arbitrary and capricious. Although the Board provided the legal citations for these articles, PCA believes that it should not have to pay an electronic legal reporting service to access the material. The Board has placed these articles in the hard copy docket, but has not uploaded these articles to the electronic docket at *http://www.regulations.gov,* because such an action could violate copyright laws.[48]

Finally, one comment contends that requiring employers to set aside wall space for posting the notices violates the Takings Clause of the Fifth Amendment to the U.S. Constitution. The comment cites no authority for this proposition, which would seem to invalidate the notice-posting requirements under all other Federal and state workplace statutes. Accordingly, the Board rejects this contention.

In conclusion, the Board believe that it has fully demonstrated that it possesses sufficient statutory authority to enact the final rule, and therefore that it is not "in excess of statutory jurisdiction" or "short of statutory right" within the meaning of the Administrative Procedure Act, Section 706(2)(C), 5 U.S.C. 706(2)(C).

*C. Factual Support for the Rule*

As stated above, the Board found that the notice posting rule is needed because it believes that many employees are unaware of their NLRA rights and therefore cannot effectively exercise those rights. The Board based this finding on several factors: the comparatively small percentage of private sector employees who are represented by unions and thus have ready access to information about the

[46] To the extent that the Board espoused a contrary view of *Teamsters 357* in a prior rulemaking proceeding, that view is abandoned. *See* Union Dues Regulation, 57 FR 43635, 43637–38 (Sept. 22, 1992), *withdrawn,* 61 FR 11167 (Mar. 19, 1996).

[47] *See* NPRM, 75 FR 80411 and fn. 3 above.

[48] The Board has also placed the other non-case materials cited to in this final rule into the hard copy docket.

NLRA; the high percentage of immigrants in the labor force, who are likely to be unfamiliar with workplace rights in the United States; studies indicating that employees and high school students about to enter the work force are generally uninformed about labor law; and the absence of a requirement that, except in very limited circumstances, employers or anyone else inform employees about their NLRA rights. 75 FR 80411.

A large number of comments contend that the Board failed to demonstrate the necessity of the notice posting rule. They challenge each of the premises (except the last) underlying the Board's belief that employees are generally unaware of their NLRA rights.

Many comments assert that, contrary to the Board's belief, the right to join a union is widely known and understood by employees. For example:

—I believe the majority of employees know about labor unions and how to form a union, and this poster is unnecessary.[49]
—[I]t is hard to imagine that there are many in the US who do not know that they can try to join a union.
—The fact of the matter is that if a group of employees are upset enough with their current management that they feel they need union representation, they already know what they need to do as a recourse. And if they do not immediately know how to respond, there are plenty of resources for them.[50]
—We, the employees, know the unions exist, * * * If the employees want to know about unions, they should research it themselves. It is not as though the information is not readily available.

Some posit that comparatively few private sector employees are represented by unions not because employees do not know that they can join unions, but because they have consciously rejected union representation for any number of reasons (*e.g.*, they do not believe that unions can help them; they do not want to pay union dues; they deem union representation unnecessary in light of other workplace protection statutes). For example:

—Is it not just as probable that people clearly understand unions, and they have decided they want no part of them?
—Labor unions charge approximately 1.3% of pre-tax earnings for monthly dues. Many workers, especially those who lost their good paying jobs during this recession and have found new jobs at $10.00-$11.00 per hour wages, need the dues money themselves, in order to support their families.
—Membership is down because so many of the good things unions fought for a long time ago have been legislated, at either the Federal or State level, and so the need for unions has declined.[51]
—[M]ost employees are very aware of their rights to unionize and many employees choose not to do so because of the rights they already have under our federal and state laws.
—In fact, one could say that the NLRA and other employment laws have succeeded to the degree that unions are NOT necessary in today's work environment.[52]

A few comments question the Board's belief that immigrant workers are unfamiliar with their workplace rights.[53] Several comments argue that the NLRA has been in effect for nearly 76 years, which is sufficient time for employees to learn about its provisions.[54]

A number of comments argue that the studies cited in the NPRM are from the late 1980s and early 1990s and are therefore out of date[55] (and also, some say, poorly supported).[56] Moreover, those studies, whatever their value when published, predate the wide use of the internet. Now there are many online sources of information concerning unions and union organizing, including the Board's own Web site. According to these comments, it should not be necessary to require employers to post notices of NLRA rights because employees who are interested in learning about unions can quickly and easily find such information online.[57] One comment, like some others, argues that "If it is so important that employees know their rights under the NLRB it should be the government or union whose responsibility it is to inform them."[58] Two comments suggest that the Board conduct a mass media informational campaign to that end, and one notes that the Board has in fact recently increased its public information efforts.[59] One comment urges the Board to conduct a study to ascertain current employees' level of NLRA knowledge before imposing a notice posting requirement.

In contrast, as discussed in more detail below, numerous comments from individuals, union organizers, attorneys representing unions, and worker assistance organizations agree with the Board that most employees are unfamiliar with their NLRA rights. Immigrant rights organizations state that immigrant workers largely do not know about their rights.

After careful consideration of the comments on both sides of this issue, the Board believes that many employees are unaware of their NLRA rights and that a notice posting requirement is a reasonable means of promoting greater knowledge among employees. To the extent that employees' general level of knowledge is uncertain, the Board believes that the potential benefit of a notice posting requirement outweighs the modest cost to employers. Certainly, the Board has been presented with no evidence persuasively demonstrating that knowledge of NLRA rights is widespread among employees.

The comments asserting that the right to join a union is widely known cite little, if any, support for that assertion. By contrast, many of the comments contending that employees are unfamiliar with their NLRA rights base their statements on personal experience or on extensive experience representing or otherwise assisting employees. Many individual workers, commenting on the rule, indicate their personal experiences with the lack of NLRA knowledge and concurrent strong support for the rule. For example:

—Even though most of my coworkers and supervisors were highly intelligent people, it is my experience that most workers are almost totally unaware of their rights under the NLRA.
—Knowing that there is a federal agency out there that will protect the rights of working people to organize is essential to the exercise of those rights.
—I had no idea that I had the right to join a union, and was often told by my employer that I could not do so. * * * I think employers should be required to post notices so that all employees may make an informed decision about their rights to join a union.[60]
—Workers have rights and they have the right to know them.[61]
—[T]here is a lot of ignorance among young workers and veteran workers alike with regard to knowledge of their right to

[49] Comment of the Employers Association.

[50] Comment of Malt-O-Meal Company (Malt-O-Meal).

[51] Comment of Tecton Products.

[52] Comment of Printing and Imaging Association of MidAmerica (Printing and Imaging Ass'n).

[53] *See, e.g.*, comment of the Printing and Imaging Ass'n.

[54] *See, e.g.*, comment of Coalition for a Democratic Workplace.

[55] *See, e.g.*, comments of Printing Industries of America and the Portland Cement Association.

[56] *See, e.g.*, comments of Cass County Electric Cooperative and Pilchak Cohen & Tice, P.C.

[57] As one person states, "The internet has long ago replaced lunch room bulletin board postings as the means by which employees learn of and exercise their rights."

[58] Such comments appear to misunderstand that by this rule, the Board is indeed seeking to inform employees of the provisions of the NLRA, using the most accessible venues to reach them, their workplaces.

Other comments question why this rule does not mandate notice posting by governmental employers. The NLRA does not cover such employers. *See* Section 2(2), 29 U.S.C. 152(2).

[59] Comment of Fisher & Phillips, LLP.

[60] Comment of Member, Local 150, Operating Engineers.

[61] Comment of Organizer, IBEW.

organize. This is not a cure for employer intimidation, * * * but it is a step in the right direction.

—As an employee at will, I was not aware of my rights to form a union or any rights that I may have had under the NLRA.[62]

—I worked in the construction materials testing industry for about eight years. During that time I had no idea I had the right to join a union.[63]

—As a working class citizen, I am well aware of just how rare it is for my fellow workers to know their rights. For that reason, this is a rule that is extremely overdue. * * *.

A sampling of comments from labor attorneys, workers' organizations, and labor organizations is consistent with these employees' comments:

—It is my experience that upwards of 95% of employees have no idea what their rights are with respect to labor unions.[64]

—In fact, I have had many employees over the years tell me that their employers have told them that they do not allow unions at their workplace.[65]

—Workers today do not know what their rights are under the NLRA. As a Union organizer with more than 20 years of experience, without exception, every worker I encounter thinks that it is perfectly legal for their employer to fire them simply for saying the word union, or even to speak with other employees at work about general working conditions. The protections afforded workers to engage in protected concerted activity around workplace issues is unknown to the majority of workers today.[66]

—It is the experience of [Service Employees International Union (SEIU) Local 615] that many employees are woefully unaware of their rights under the NLRA and that that lack of knowledge makes employees vulnerable when they desire to address their wages and working conditions with the employers.[67]

—I have participated in hundreds of organizing campaigns involving thousands of employees. In my experience, most people had no idea what their rights were to organize or join unions.[68]

Some unions also assert that even unionized employees often do not have a clear understanding of the NLRA. One union staff representative writes that "there seems to be a disconnect, most of our membership does not know a thing about NLRA."[69] Another union steward comments similarly:

I saw how union members were often unaware of their rights unless the union specifically did outreach and member education, or unless the employee ran into a problem and came to a steward for assistance. * * *

Notice to employees, however, could provide a starting point for those employees to try to assert rights that they currently have on paper but often do not have in practice.

Several immigrant workers' organizations comment on the difficulty that this population has in understanding their rights and accessing the proper help when needed.[70] These organizations note that laws in the immigrants' home countries may be quite different from those of the United States, and the high barrier that lack of fluency in English creates in making these persons aware of their rights under the NLRA.[71] These organizations also contend that because guestworkers in particular can work only for the employer that requested their visa, they are extremely vulnerable to labor violations, and that these employers routinely misrepresent the existence of NLRA rights.[72] The National Day Laborers Organizing Network claims that "most workers are not aware of their right to organize."

One immigrant construction worker, commenting favorably on the proposed rule, explains that she learned English after coming to the United States from Poland: "While working as a testing technician, I had no idea I had the right to join a union." She writes:

I think a government written notice posted in the workplace would be a critical source of information for employees who want to join a union. Especially in this industry where many people like myself are foreign born, there is a language barrier that adds to the difficulty in understanding our legal rights. I take government posted notices seriously and believe other people do as well.[73]

Significantly, the Board received numerous comments opposing the rule precisely because the commenters believe that the notice will increase the level of knowledge about the NLRA on the part of employees. Specifically, they predict that the rule will lead to increased unionization and create alleged adverse effects on employers and the economy generally. For example, Baker and Daniels LLP comments that as more employees become aware of their NLRA rights, they will file more unfair labor practice charges and elect unions to serve as their collective-bargaining representatives. But fear that employees may exercise their statutory rights is not a valid reason for not informing them of their rights.

Moreover, the NLRA protects the right to join a union and to refrain from doing so and the notice so states. In addition, the NLRA confers and protects other rights besides the right to join or refrain from joining unions. Section 7 provides that employees have the right "to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection[.]" Such protected concerted activities include concertedly complaining or petitioning to management concerning their terms and conditions of employment;[74] concertedly petitioning government concerning matters of mutual interest in the workplace;[75] and concertedly refusing to work under poor working conditions.[76] Few if any of the comments contending that employees know about their NLRA rights assert that employees are aware of the right to engage in such protected concerted activities in the nonunion setting. By contrast, as shown above, many comments favoring the rule report that nonunion employees are especially unlikely to be aware of their NLRA rights.

Although some comments contend that the articles cited by the Board in support of its belief that employees are largely unaware of the NLRA rights are old and inadequately supported,[77] they cite no more recent or better supported studies to the contrary. In addition, the percentage of the private sector workforce represented by unions has declined from about 12 percent in 1989, about the time the articles cited in the NPRM were published, to 8 percent presently;[78] thus, to the extent that lack of contact with unions contributed to lack of knowledge of NLRA rights 20 years ago, it probably is even more of a factor today.[79]

[62] Comment of International Staff Representative, Steelworkers.

[63] Comment of Member, Local 150, Operating Engineers.

[64] Comment of Organizer, Local 150, Operating Engineers.

[65] Comment of Strokoff and Cowden.

[66] Comment of Organizer, Teamsters, Local 117.

[67] Comment of SEIU Local 615.

[68] Comment of Financial Secretary, Local 150, Operating Engineers.

[69] Comment of Staff Representative, Steelworkers.

[70] *See e.g.*, comments of National Immigration Law Center and Latino Justice.

[71] *See, e.g.*, comment of Friends of Farmworkers, Inc.

[72] Comment of Alliance of Guestworkers for Dignity.

[73] Comment of Instructor, Apprenticeship and Skill Improvement Program, Local 150, Operating Engineers.

[74] *North Carolina License Plate Agency #18*, 346 NLRB 293 (2006), enf'd. 243 F. Appx. 771 (4th Cir. 2007) (unpublished).

[75] *Eastex, Inc.* v. *NLRB*, above, 437 U.S. at 565–567.

[76] *NLRB* v. *Washington Aluminum Co.*, 370 U.S. 9, 14 (1962).

[77] *See* comment of Cass County Electric Cooperative. For example, Professor Morris, author of two of the articles cited by the Board (as "see also") listed no authority to support his assertion that employees lack knowledge about the NLRA. *See* Charles J. Morris, "*Renaissance at the NLRB*," above at fn. 3; Morris, "*NLRB Protection in the Nonunion Workplace*," above at fn. 3.

[78] See DeChiara, "The Right to Know," above at fn. 1; 75 FR 80411 fn. 4.

[79] The Printing and Imaging Association discussed these declining rates of unionization, and

In support of their contention that NLRA rights are widely known among employees, several comments observe that the Board's processes for holding representation elections and investigating and remedying unfair labor practices are invoked tens of thousands of time a year.[80] That is true. However, the civilian work force includes some 108 million workers potentially subject to the NLRA.[81] Thus, the number of employees who invoke the Board's processes make up only a small percentage of the covered workforce. Accordingly, the Board does not consider the number of times the Board's processes are invoked to be persuasive evidence that workers generally are aware of their NLRA rights.

Finally, remarks in multiple opposing comments strongly suggest that the commenters themselves do not understand the basic provisions of the NLRA:

—If my employees want to join a union they need to look for a job in a union company.[82]

—[a]nytime one of our independent tradesmen would like to join the union they are free to apply and be hired by a union contractor.

—If a person so desires to be employed by a union company, they should take their ass to a union company and apply for a union job.

—Belonging to a union is a privilege and a preference—not a right.[83]

—If they don't like the way I treat them, then go get another job. That is what capitalism is about.[84]

—We are not anti-union; but feel as Americans, we must protect our right not to be signatory to a third party in our business.[85]

—If one desires to be a part of a union, he or she is free to apply to those companies that operate with that form of relationship.[86]

—I also believe employees already have such notice by understanding they retain the right to change employers whenever they so choose.[87]

These comments reinforce the Board's belief that, in addition to informing employees of their NLRA rights so that they may better exercise those rights, posting the notice may have the beneficial side effect of informing employers concerning the NLRA's requirements.[88]

As to the contention that information concerning unions is widely available on the internet, including on the Board's Web site, the Board responds that not all employees have ready access to the internet. Moreover, it is reasonable to assume that an employee who has no idea that he or she has a right to join a union, attempt to organize his employer's workforce, or engage in other protected concerted activities, would be less likely to seek such information than one who is aware of such rights and wants to learn more about them.[89] The Board is pleased that it has received a large number of inquiries at its Web site seeking information concerning NLRA rights, but it is under no illusion that that information will reach more than a small fraction of the workforce in the foreseeable future.

Several comments assert that, in any event, requiring the posting of notices will not be effective in informing employees of their rights, because employees will simply ignore the notices, as the comments contend they ignore other workplace postings. "Posters are an ineffective means of educating workers and are rarely read by employees."[90] Other comments argue that adding one more notice to the many that are already mandated under other statutes will simply create more "visual clutter" that contributes to employees' disinclination to pay attention to posted notices. As one employer stated, "My bulletin boards are filled with required notifications that nobody reads. In the past 15 years, not one of our 200 employees has ever asked about any of these required postings. I have never seen anyone ever read one of them."[91] Another wrote, "Employers are already required to post so many notices that these notices have lost any semblance of effectiveness as a governmental communication channel."

To these comments, the Board responds that the experiences of the commenters is apparently not universal; other comments cited above contend that employees are more knowledgeable about their rights under statutes requiring the posting of notices summarizing those rights than about their NLRA rights. Moreover, not every employee has to read workplace notices for those notices to be effective. If only one employee of a particular employer reads the Board's notice and conveys what he or she has read to the other employees, that may be enough to pique their interest in learning more about their NLRA rights. In addition, the Board is mandating electronic notice to employees on an internet or intranet site, when the employer customarily communicates with its employees about personnel rules or policies in that way, in order to reach those who read paper notices and those who read electronic postings. As for the comment that argues that the Board can use public service announcements or advertising to reach employees, the Board believes that it makes much more sense to seek to reach directly the persons to whom the Act applies, in the location where they are most likely to hear about their other employment rights, the workplace.[92]

cited Professor Kate Bronfenbrenner's doctoral dissertation, "Seeds of Resurgence: Successful Union Strategies for Winning Certification Elections and First Contracts in the 1980s and Beyond," (available at *http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1002&context=reports&sei-redir=1#search="Kate+Bronfenbrenner,+Uneasy+terrain:+The+impact+of+capital+mobility+on+workers,+wages,+and+union"*) to argue that the higher win rates for unions in elections involving both immigrant and older workers argued against the need for the proposed rule.

The Board is not addressing the many debated causes of the declining rates of private sector unionization in the United States. This rule simply accepts those rates as given, and seeks to increase the knowledge of NLRA provisions among those without readily available sources of reliable information on these provisions.

[80] *See, e.g.*, comment of Desert Terrace Healthcare Center.

[81] *See* Bureau of Labor Statistics, Economic News Release, Table B–1, "Employees on nonfarm payrolls by industry sector and selected industry detail," May 3, 2011 (seasonally adjusted data for March 2011) *http://data.bls.gov/timeseries LNS11300000?years_option=specific_years &include_graphs=true&to_year=2010 &from_year=1948* (last visited June 6, 2011).

[82] Comment of P & L Fire Protection, Inc.

[83] Comment of OKC Tea Party.

[84] Comment of Montana Records Management, LLP.

[85] Comment of Humphrey & Associates, Inc.

[86] Comment of Medina Excavating, Inc.

[87] Comment of Olsen Tool & Plastics, Co.

[88] And as one union official writes:

Having been active in labor relations for 30 years I can assure you that both employees and employers are confused about their respective rights under the NLRA. Even union officers often do not understand their rights. Members and non-members rarely understand their rights. Often labor management disputes arise because one or both sides are mis-informed about their rights. Often the employer takes an action it truly believes is within its rights when it is not.

Comment of Civil Service Employees Association.

[89] Thus, the many comments that assert that employees can just use Internet search engines to find out about unions (see, *e.g.*, comments of Winseda Corp. Homestead Village, Inc.), misapprehend the breadth of the rights of which the Board seeks to apprise all employees. As stated above, Section 7 is not merely about the right to join or refrain from joining a labor organization, but more broadly protects the right of employees to engage in "concerted activities" for the purpose of "mutual aid or protection." It is this right that is the most misunderstood and simply not subject to an easy Internet search by employees who may have no idea of what terms to use, or even that such a right might be protected at all.

[90] Comment of Riverbend Community Mental Health.

[91] Comment of Farmers Cooperative Compress.

[92] Printing Industries of America uses election data to argue that the Labor Department's notice posting rule for Federal contractors has not been effective because the rate of elections has not increased. It is unclear whether any meaningful conclusion can be drawn from election data for only

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Some comments argue that the Board's notice posting rule does not go far enough to effectuate the NLRA. One labor attorney argues that the Board should require annual trainings for supervisors and captive audience meetings where employees are read their rights by supervisors and Board agents and the employees would have to acknowledge receiving those notices.[93] The same comment suggests banning captive audience meetings by employers. The comment concludes that the NPRM "doesn't go anywhere near far enough. It is, however, an important and worthwhile advancement." [94] Another comment also suggests that annual, mandatory training classes for employees would be desirable.[95] The Board believes that this Rule strikes the proper balance in communicating necessary information about the NLRA to employees.

For all the foregoing reasons, the Board is persuaded that many private sector employees are unaware of their NLRA rights.[96]

## III. Summary of Final Rule and Discussion of Related Comments

The Board's rule, which requires employers subject to the NLRA to post notices of employee rights under the NLRA, will be set forth in Chapter 1, Part 104 of Volume 29 of the Code of Federal Regulations (CFR). Subpart A of the rule sets out definitions; prescribes the size, form, and content of the employee notice; and lists the categories of employers that are not covered by the rule. Subpart B sets out standards and procedures related to allegations of noncompliance and enforcement of the rule. The discussion below is organized in the same manner and explains the Board's reasoning in adopting the standards and procedures contained in the regulatory text, including the Board's responses to the comments received.

### Subpart A—Definitions, Requirements for Employee Notice, and Exceptions From Coverage Definitions

*A. The Definitions*

For the most part, the definitions proposed in the rule are taken from those appearing in Section 2 of the NLRA, 29 U.S.C. 152. No comments were received concerning those definitions, and they are unchanged in the final rule. A number of comments were received concerning the definition of other terms appearing in the rule. Those comments are addressed below.

*B. Requirements for Employee Notice*

1. Content Requirements

The notice contains a summary of employee rights established under the NLRA. As explained above, the Board believes that requiring notice of employee rights is necessary to carry out the provisions of the NLRA. Accordingly, § 104.202 of the proposed rule requires employers subject to the NLRA to post and maintain the notice in conspicuous places, including all places where notices to employees are customarily posted, and to take reasonable steps to ensure that the notices are not altered, defaced, or covered by any other material, or otherwise rendered unreadable.

As stated in the NPRM, the Board considered the substantive content and level of detail the notice should contain regarding NLRA rights. In arriving at the content of the notice of employee rights, the Board proposed to adopt the language of the Department of Labor's final rule requiring Federal contractors to post notices of employees' NLRA rights. 29 CFR part 471. In the NPRM, the Board explained that it tentatively agreed with the Department of Labor that neither quoting the statement of employee rights contained in Section 7 of the NLRA nor briefly summarizing those rights in the notice would be likely to effectively inform employees of their rights. Rather, the language of the notice should include a more detailed description of employee rights derived from Board and court decisions implementing those rights. The Board also stated that it saw merit in the Department of Labor's judgment that including in the notice examples, again derived from Board and court decisions, of conduct that violates the NLRA will assist employees in understanding their rights. 75 FR 80412.

Prior to issuing the NPRM, the Board carefully reviewed the content of the notice required under the Department of Labor's final rule, which was modified in response to comments from numerous sources, and tentatively concluded that that notice explains employee rights accurately and effectively without going into excessive or confusing detail. The Board therefore found it unnecessary, for purposes of the proposed rulemaking, to modify the language of the notice in the Department of Labor's final rule. Moreover, the Board reasoned that because the notice of employee rights would be the same under the Board's proposed rule as under the Department of Labor's rule, Federal contractors that have posted the Department of Labor's required notice would have complied with the Board's rule and, so long as that notice is posted, would not have to post a second notice. *Id.*

The proposed notice contained examples of general circumstances that constitute violations of employee rights under the NLRA. Thus, the Board proposed a notice that provided employees with more than a rudimentary overview of their rights under the NLRA, in a user-friendly format, while simultaneously not overwhelming employees with information that is unnecessary and distracting in the limited format of a notice. As explained below, the Board also tentatively agreed with the Department of Labor that it is unnecessary for the notice to include specifically the right of employees who are not union members and who are covered by a contractual union-security clause to refuse to pay union dues and fees for any purpose other than collective bargaining, contract administration, or grievance adjustment. See *Communications Workers* v. *Beck*, 487 U.S. 735 (1988). *Id.* at 80412–80413.

The Board specifically invited comment on the statement of employee rights proposed for inclusion in the required notice to employees. In particular, the Board requested comment on whether the notice contains sufficient information of employee rights under the NLRA; whether it effectively conveys that information to employees; and whether it achieves the desired balance between providing an overview of employee rights under the Act and limiting unnecessary and distracting information. *Id.* at 80413.

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a few months, especially since the number of contractors covered by the Labor Department's rule is only a small fraction of the number of employers subject to the NLRA. In any event, the Board does not believe that that is the proper criterion by which to measure the rule's effectiveness. The purpose of requiring the posting of such notices is to inform employees of their rights so that they may exercise them more effectively, not to obtain any particular result such as the filing of more election petitions.

The same comment also cites a couple of textbooks which it asserts are popularly used in high schools today to argue that labor history is being taught to today's students. The Board is unable to assess the truth of that assertion, but regardless, it is unclear whether students necessarily connect this history to their future rights as employees.

[93] Comment of Weinberg, Roger & Rosenfeld.

[94] *Id.*

[95] Comment of Staff Representative, Steelworkers.

[96] Accordingly, the Board finds it unnecessary to conduct a study to determine the extent of employees' knowledge of NLRA rights. The Board further observes that even if only 10 percent of workers were unaware of those rights, that would still mean that more than 10 million workers lacked knowledge of one of their most basic workplace rights. The Board believes that there is no question that at least a similar percentage of employees are unaware of the rights explained in the notice. In the Board's view, that justifies issuing the rule.

The proposed Appendix to Subpart A included Board contact information and basic enforcement procedures to enable employees to learn more about their NLRA rights and how to enforce them. Thus, the required notice confirmed that unlawful conduct will not be permitted, provided information about the Board and about filing a charge with the Board, and stated that the Board will prosecute violators of the NLRA. The notice also indicated that there is a 6-month statute of limitations for filing charges with the Board alleging violations and provided Board contact information. The Board invited suggested additions or deletions to these provisions that would improve the content of the notice of employee rights. *Id.*

The content of the proposed notice received more comments than any other single topic in the proposed rule. But of the thousands of comments that address the content of the notice, the majority are either very general, or identical or nearly identical form letters or "postcard" comments sent in response to comment initiatives by various interest groups, including those representing employers, unions, and employee rights organizations. Many comments from both individuals and organizations offer general support for the content of the proposed notice, stating that employee awareness of basic legal rights will promote a fair and just workplace, improve employee morale, and foster workforce stability, among other benefits.[97] More specifically, one comment asserts that the proposed notice "contains an accurate, understandable and balanced presentation of rights." [98] The United Transportation Union contends that the "notice presents an understandable, concise and extremely informative recitation of workers' rights, without getting bogged down in extraneous language, incomprehensible legalese or innumerable caveats and exceptions."

Other comments were less supportive of the content of the proposed notice and the notice-posting requirement in general. A significant number of comments, including those from many individuals, employers, and employer industry and interest groups, argue that the content of the notice is not balanced, and appears to promote unionization instead of employee freedom of association. In particular, many comments state that Section 7 of the NLRA includes the right to refrain from union activity, but claim that this right is given little attention in comparison to other rights in the proposed notice. Several comments also argue that the proposed notice excludes rights associated with an anti-union position, including the right to seek decertification of a bargaining representative, the right to abstain from union membership in "right-to-work" states, and rights associated with the Supreme Court's decision in *Communications Workers* v. *Beck*.[99] Comments also suggest that the notice should include a warning to employees that unionizing will result in a loss of the right to negotiate directly with their employer.[100] Many of these comments argue that a neutral government position on unionization would be more inclusive of anti-union rights.[101]

A number of comments address the issue of complexity, and argue that the Board's attempt to summarize the law is flawed because the Board's decisional law is too complex to condense into a single workplace notice.[102] Some of the comments addressing this issue note that NLRA law has been developed over 75 years, and involves interpretations by both the NLRB and the Federal courts, sometimes with conflicting results. The Chamber of Commerce cites the "NLRB's Basic Guide to the National Labor Relations Act: General Principles of Law Under the Statute and Procedures of the National Labor Relations Board" (Basic Guide to the NLRA) (1997), available at *http://www.nlrb.gov/publications/brochures*, to make their point about legal complexity. In the Foreword to the Basic Guide to the NLRA, the Board's General Counsel states that "[a]ny effort to state basic principles of law in a simple way is a challenging and unenviable task. This is especially true about labor law, a relatively complex field of law." The thrust of these comments about legal complexity was that the NLRA is complex, dynamic, and nuanced, and any attempt to summarize it in a workplace notice will result in an oversimplification of the law and lead to confusion, misunderstanding, inconsistencies, and some say, heightened labor-management antagonism. Moreover, some comments express concern that Board member turnover could result in changes to the law, which may require frequent updates to the notice.[103]

Many comments suggest that the required notice should include only the specific rights contained in Section 7 of the NLRA or, at most, the rights and obligations stated in employee advisories on the NLRB's Web site. The comments favoring a more general notice suggest that the detailed list of rights far exceeds the "short and plain" description of rights that the Board has found sufficient to "clearly and effectively inform employees of their rights under the Act" in unfair labor practice cases.[104] *See Ishikawa Gasket America, Inc.,* 337 NLRB 175 (2001), enfd. 354 F.3d 534 (6th Cir. 2004). A comment from Fisher & Phillips LLP argues that, under the Board's current remedial practices, only an employer that egregiously violates the Act on numerous occasions is required to post such an inclusive list of rights.

Finally, a number of comments suggest that the notice should include a list of employer rights, namely the right to distribute anti-union literature and the right to discuss the company's position regarding unions.

In addition to the general comments about the proposed notice, many comments offer suggestions for specific revisions to individual provisions within the five sections of the proposed notice: the introduction, the statement of affirmative rights, the examples of unlawful conduct, the collective-bargaining provision, and the coverage information. The following discussion presents the comments related to individual provisions of the notice, followed by the Board's decisions regarding the content of the final notice made in response to those comments.

*a. Comments Regarding the Introduction*

The introduction to the notice of rights in the proposed rule stated:

> The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity. Employees covered by the NLRB are protected from certain types of employer and union misconduct. This Notice gives you general information about your rights, and about the obligations of employers under the NLRA. Contact the National Labor Relations Board (NLRB), the Federal agency that investigates and resolves complaints under the NLRA, using the contact information supplied below, if you have any questions about specific rights that may apply in your particular workplace.

[97] *See* comments of the National Immigration Law Center, Service Employees International Union, and Weinberg, Roger & Rosenfeld.

[98] Comment of David Fusco, a labor and employment attorney.

[99] *See* comments of Pilchak, Cohen & Tice, American Trucking Association, and Electrical and Mechanical Systems Inc.

[100] *See, e.g.* comment of the Heritage Foundation.

[101] *See, e.g.,* comment of the National Right to Work Committee.

[102] *See, e.g.,* comment of COLLE, Retail Industry Leaders Association.

[103] *See* comment of Capital Associated Industries, Inc. and National Association of Manufacturers.

[104] *See e.g.* comments of COLLE and Coalition for a Democratic Workplace.

75 FR 80418–80419 (footnote omitted).

The Board received a few suggestions for changes to the introduction of the notice. The first comment suggests including language stating that employees are required to contact their "executive manager" or "administrative team" before contacting the NLRB and suggests that the NLRB refuse to process employees' complaints until the employees first raise the issue with his or her "management team." The second comment, from COLLE, urges the Board to add language in the introduction alerting employees that they also have the right to refrain from engaging in union activity. The comment suggests that by not including the right to refrain from union activity in the introduction, the Board is showing a bias toward union organizing. The comment argues that a more neutral notice would include both the right to engage and not engage in union activity at the beginning of the document, rather than wait to first mention the right to refrain in the affirmative rights section.

The Board does not agree with the proposal that employees be required to contact management officials as a prerequisite to contacting the Board. Such a procedural requirement is not contemplated in the NLRA and could discourage employees from exercising or vindicating their rights.

The Board agrees, however, that the introduction should include both the rights to engage in union and other concerted activity and the right to refrain from doing so. The Board believes that adding the right to refrain to the introduction will aid in the Board's approach to present a balanced and neutral statement of rights. Accordingly, the first sentence in the introduction to the notice in the final rule will state:

> The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity or to refrain from engaging in any of the above activity.

b. Comments Regarding Affirmative Statement of Rights

The proposed notice contains the following statement of affirmative rights: Under the NLRA, you have the right to:

> Organize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment.
>
> Form, join or assist a union.
>
> Bargain collectively through representatives of employees' own choosing for a contract with your employer setting your wages, benefits, hours, and other working conditions.
>
> Discuss your terms and conditions of employment or union organizing with your co-workers or a union.
>
> Take action with one or more co-workers to improve your working conditions by, among other means, raising work-related complaints directly with your employer or with a government agency, and seeking help from a union.
>
> Strike and picket, depending on the purpose or means of the strike or the picketing.
>
> Choose not to do any of these activities, including joining or remaining a member of a union.

75 FR 80419.

The majority of comments addressing the affirmative rights section were general and did not specifically address the language of the individual provisions. Generally, labor organizations and employee advocate groups favor the Board's language. A comment from the United Food and Commercial Workers International Union asserts that the approach "achieves an appropriate balance between providing sufficiently clear information about employee's basic statutory rights and limiting unnecessary and confusing information about peripheral rights." On the other hand, comments from employer groups do not favor the Board's language. More specifically, employer groups argue that the notice is biased toward union organizing. Generally, the comments argue that the right to refrain from engaging in union activity should have a more prominent place on the notice, rather than being the last of the rights listed on the poster. Many of these comments contend that the notice should include the right not to engage in specific union-related activities.

Other comments about the notice's statement of affirmative rights are directed at individual provisions of the notice. A discussion of those comments is set out in more detail below.

i. The Right To Organize and the Right To Form, Join and Assist a Union

A few comments generally state that the notice should include the consequences of exercising the right to organize, join or form a union.[105] For example, several comments argue that employees should be informed that if they join a union they give up the right to deal directly with their employers. Another comment argues that employees should be informed of the cost of organizing a union, including the cost of dues and the potential for the company to shut down because of increased labor costs associated with a unionized workforce. Other comments suggest including language informing employees that they can be fired for not paying their union dues.

The Board rejects those suggestions. The notice is intended to inform employees of the rights that they have under the NLRA and does not include the benefits or consequences of exercising any of the enumerated rights. Adding the consequences of one right would require revising the entire notice to include potential consequences—both positive and negative—of all the protected rights. For example, the notice would need to include the consequences of refraining from joining a union, such as not being permitted to vote on contract ratifications or attend union membership meetings. The necessary additions to the notice would create a notice that is not a concise list of rights, but more likely a pamphlet-sized list of rights and explanations. In addition, the consequences of unionization are unique to each unionized workplace, so it would be impossible to include a list of general consequences that could apply uniformly to all unionized workplaces. If employees have questions about the implications of any of their rights, they can contact an NLRB regional office.

Assisted Living Federation of America (ALFA) suggests that the affirmative rights section should be revised to reflect the anti-union position. For example, rather than the current provision that states that employees have a right to "[o]rganize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment," the comment suggests the following provision: "you have the right to organize with other employees in opposition to a particular union or unions." And "you have the right to: refuse to form, join, or assist a union, including the right to refuse to sign a union card, attend a union meeting or supply a union with information concerning you, your co-worker or your job," rather than "[you have the right to] [f]orm, join or assist a union." The Board disagrees. The Board's proposed notice language reflects the language of the NLRA itself, which specifically grants affirmative rights, including nearly all of those listed in the notice. Also, the notice, like the NLRA, states that employees have the right to refrain from engaging in all of the listed activities. The Board therefore sees no need to recast the notice to further emphasize the right to oppose unions.

ii. The Right To Bargain Collectively

Two comments suggest that the collective-bargaining provision is

[105] *See, e.g.*, comment of Pilchak Cohen & Tice.

misleading and vague. The first comment, from COLLE, argues that the provision is misleading because it fails to acknowledge that an employer does not have an obligation under the NLRA to consent to the establishment of a collective-bargaining agreement, but instead only has the statutory duty to "meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment." 29 U.S.C. 158(d). The comment also argues that the failure to reach an agreement is not per se unlawful, and the finding of an unfair labor practice depends on whether the parties engaged in good-faith bargaining. This comment suggests that the notice should instead note that the NLRA requires parties to bargain in good faith but does not compel agreement or the making of concessions, and that, in some instances, a bargaining impasse will result, permitting the parties to exercise their economic weapons, such as strikes or lockouts. The second comment, made generally by more than a few organizations and individuals, suggests that the notice add a statement indicating that employers and unions have an obligation to bargain in good faith.

The Board finds it unnecessary to add the suggested amplifications. For one thing, the notice does state that employers and unions have a duty to bargain in good faith, "in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment." In the Board's view, the statement that the parties must make a "genuine effort" to reach agreement necessarily implies that they are not, in the end, required to reach one. The Board deems the notice language to be adequate on this point. Finally, for the reasons already discussed, the Board rejects the contention that the notice should discuss the implications or consequences of unsuccessful bargaining.

iii. The Right To Discuss With Co-Workers or Union

A comment from the National Immigration Law Center suggests that the use of the phrase "terms and conditions of employment" is unclear especially to employees who are unaware of their rights under the NLRA. The comment recommends that, in order to clarify, the Board add the phrase "including wages and benefits." The suggested language would read, "you have the right to: discuss your terms and conditions of employment, including wages and benefits, or union organizing with your co-workers or a union."

The Board agrees that adding the suggested language would clarify the provision. The list of affirmative rights uses the terms "wages, hours, and other terms and conditions of employment" to describe what unions may negotiate. The notice then uses the terms "wages, benefits, hours, and other working conditions" to describe the right to bargain collectively for a contract. Those statements make it clear that "terms and conditions of employment" includes wages and benefits. But then immediately following those two statements, the notice states that employees may discuss "terms and conditions of employment," but does not include any clarifying language. In order, to create a more uniform notice and clarify the extent to which employees may discuss their terms and conditions of employment the final notice will read, "Under the NLRA, you have a right to: Discuss your wages and benefits and other terms and conditions of employment or union organizing with your co-workers or a union."

iv. The Right To Strike and Picket

The notice's reference to the right to strike and picket received a few comments from law firms and other organizations representing employers' interests. The comments suggest that the provision is flawed because of the absence of further limitations, exceptions, and distinctions.[106] Generally, the comments argue that not all strikes and pickets are protected. COLLE argues that the notice should inform employees of the limitations of strikes encompassed by "depending on the purpose or means of the strike or pickets"—for example, whether the strike is for recognition or bargaining, whether the strike has a secondary purpose, whether picketing involves a reserved gate, whether the strike is a sit-down or minority strike, whether the conduct is a slowdown and not a full withholding of work, whether the strike is partial or intermittent, whether the strike involves violence, and whether the strike is an unfair labor practice strike or an economic strike. ALFA argues that employees should be informed that if the employer is a healthcare institution, "employees do not have the right to participate in a union-initiated strike or picket unless the union has provided the employer and federal and state mediation agencies with the required 10 days notice."

[106] *See* comments of ALFA, Carrollton Health and Rehabilitation Center, and COLLE.

The Board disagrees. By necessity, an 11x17-inch notice cannot contain an exhaustive list of limitations on and exceptions to the rights to strike and picket, as suggested by employers. However, because exercising the right to strike can significantly affect the livelihood of employees, the Board considers it important to alert employees that there are some limitations to exercising this right. The Board is satisfied that the general caveat, "depending on the purpose or means of the strike or the picketing," together with the instruction to contact the NLRB with specific questions about the application of rights in certain situations, provides sufficient guidance to employees about the exercise of their rights while still staying within the constraints set by a necessarily brief employee notice.

v. The Right To Refrain From Union or Other Protected Concerted Activity

All the comments that discuss the right to refrain from engaging in union activity criticize what they contend to be its lack of prominence. ALFA accuses the Board of "burying" the provision by placing it last, below the other rights to engage in union and other concerted activity. The U.S. Chamber of Commerce suggests that the notice include "or not" after each of the enumerated rights. For example, "you have the right to: form join or assist a union, or not." (Emphasis added.) Other suggested revisions to amplify the prominence of the provision include stating that employees have the right to refrain from protected, concerted activities and/or union activities; stating that employees' right to refrain includes the right to actively oppose unionization, to not sign union authorization cards, to request a secret ballot election, to not be a member of a union or pay dues or fees (addressed further below), or to decertify a union (also addressed below); and stating that employees have the right to be fairly represented even if not a member of the union. One employer suggests that if the notice retains its current emphasis favoring union activity and disfavoring the freedom to refrain from such activity, employers will need to post their own notices that emphasize and elaborate on the right to refrain.

The Board received at least four comments that argue that the notice, as written, may make employees believe that the employer is encouraging unionization. Two of those comments suggest that an employer is protected from compelled speech by Section 8(c) of the NLRA. (The Board has already rejected the latter argument; *see* section

II, subsection B, "Statutory Authority," above.)

The contention that the right to refrain from engaging in union activity is "buried" in the list of other affirmative rights or that the Board is biased in favor of unionization because of the choice of placement is without merit. The list of rights in the proposed notice is patterned after the list of rights in Section 7 of the NLRA, 29 U.S.C. 157. Section 7 lists the right to refrain last, after stating several other affirmative rights before it. In addition, the Board's remedial notices list the right to refrain last. *See Ishikawa Gasket America, Inc.,* above. So does the Board's Notice of Election. In addition, the notice required by this rule states that it is illegal for an employer to take adverse action against an employee "because [the employee] choose[s] not to engage in any such [union-related] activity." The Board has revised the introduction of the notice to include the right to refrain—this addition further highlights an employee's right to refrain from union activity. Finally, the Board believes that people understand a right as different from an obligation and thus will, for example, understand that the right to organize a union includes the right not to do so. Accordingly, the Board concludes that the notice sufficiently addresses the right to refrain among the list of statutory rights. In addressing the numerous comments questioning the Board's neutrality, the Board points out that in Section 1 of the NLRA, Congress declared that it is the policy of the United States to mitigate or eliminate obstructions to the free flow of commerce "by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection." 29 U.S.C. 151. Thus, by its own terms, the NLRA encourages collective bargaining and the exercise of the other affirmative rights guaranteed by the statute. In doing so, however, the NLRA seeks to ensure employee choice both to participate in union or other protected concerted activity and to refrain from doing so.

Turning to the issues of whether the notice creates the impression that the employer is encouraging unionization and whether an employer can be compelled to post the notice which contains information the employer would otherwise not share with employees, the Board disagrees with both arguments. First, the notice clearly states that it is from the government. Second, in light of the other workplace notice employees are accustomed to seeing, employees will understand that the notice is a communication to workers from the government, not from the employer. Finally, as discussed above, NLRA Section 8(c) protects employers' right to express any "views, argument, or opinion" "if such expression contains no threat of reprisal or force or promise of benefit." The rule does not affect this right. Therefore, if an employer is concerned that employees will get the wrong impression, it may legally express its opinion regarding unionization as long as it does so in a noncoercive manner.

Critics of the notice contend that the notice should contain a number of additional rights and also explanations of when and how an employee may opt out of paying union dues. Thus, most employer groups argue that the notice should contain a statement regarding the right to decertify a union. A number of those comments state that the notice should provide detailed guidance on the process for decertifying a union. Others suggest that the notice should contain instructions for deauthorizing a union security clause. A majority of employers and individuals who filed comments on the content of the notice urge the Board to include a notice of employee rights under *Communications Workers* v. *Beck.* Baker & McKenzie suggests adding a provision informing employees that for religious purposes an employee may opt out of paying dues to a union.[107] A few comments also suggest that the notice add any rights that employees may have in "right-to-work" states. As indicated previously, numerous comments suggest the inclusion of other rights of employees who do not desire union representation. Baker & McKenzie suggests a list of 26 additional affirmative rights, most of which only affect employees in a unionized setting and are derived from the Labor-Management Reporting and Disclosure Act, the Labor-Management Relations Act, or other Federal labor statutes enforced by the Department of Labor. The proposed list also includes some rights covered by the NLRA such as "the right to sign or refuse to sign an authorization card," "the right to discuss the advantages and disadvantages of union representation or membership with the employer," and "the right to receive information from the employer regarding the advantages and disadvantages of union representation."

The Board has determined that the inclusion of these additional items is unnecessary. As discussed above, the NLRA itself contains only a general statement that employees have the right not to participate in union and/or other protected concerted activities. Section 19 does specifically set forth the right of certain religious objectors to pay the equivalent of union dues to a tax-exempt charity; however, this right is implicated only when an employer and union have entered into a union-security arrangement. Because the notice does not mention or explain such arrangements, the Board finds no reason to list this narrow exception to union-security requirements. In sum, the Board is not persuaded that the notice needs to expand further on the right to refrain by including a list of specific ways in which employees can elect not to participate or opt out of paying union dues. Employees who desire more information regarding the right not to participate can contact the Board.

The Board does not believe that further explication of this point is necessary. However, because so many comments argue that the notice should include the right to decertify a union and rights under *Communication Workers* v. *Beck,* the Board has decided to explain specifically why it disagrees with each contention.

Concerning the right to decertify, the notice states that employees have the right not to engage in union activity, "including joining or remaining a member of a union." Moreover, the notice does not mention the right to seek Board certification of a union. Indeed, contrary to the numerous comments suggesting that the proposed notice is a "roadmap" for union organizing, the notice does not even mention the right to petition for a union representation election, possibly leading to union certification; rather, it merely states that employees have the right to "organize a union" and "form, join or assist a union." The notice does not give any further instructions on how an employee can exercise those rights. Similarly, the notice states that employees may choose not to remain a member of a union without further instructions on how to exercise that right. To include instructions for

[107] NLRA Section 19 provides that "Any employee who is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body, or sect which has historically held conscientious objections to joining or financially supporting labor organizations shall not be required to join or financially support any labor organization as a condition of employment; except that such employee may be required in a contract between such employee's employer and a labor organization in lieu of periodic dues and initiation fees, to pay sums equal to such dues and initiation fees to a nonreligious, nonlabor organization charitable fund exempt from taxation[.]" 29 U.S.C. 169.

exercising one right and not the other would upset the balanced recitation of rights. If employees have questions concerning how they can exercise their rights, the notice encourages them to contact the Board.

The Board has also determined that the addition of *Beck* rights in the final notice is unnecessary. Those rights apply only to employees who are represented by unions under collective-bargaining agreements containing union-security provisions. As stated in the NPRM, unions that seek to obligate employees to pay dues and fees under those provisions are required to inform those employees of their *Beck* rights. See *California Saw & Knife Works,* above, 320 NLRB at 233. See 75 FR at 80412–80413. The Board was presented with no evidence during this rulemaking that suggests that unions are not generally complying with their notice obligations. In addition, the Notice of Election, which is posted days before employees vote on whether to be represented by a union, contains an explanation of *Beck* rights. Moreover, as the Board stated in the NPRM, only about 8 percent of all private sector employees are represented by unions, and by no means are all of them subject to union-security clauses. Accordingly, the number of employees to whom *Beck* applies is significantly smaller than the number of employees in the private sector covered by the NLRA. *Id.* at 80413. Indeed, in the ''right-to-work'' states, where union-security clauses are prohibited, no employees are covered by union security clauses, with the possible exception of employees who work in a Federal enclave where state laws do not apply. Accordingly, because *Beck* does not apply to the overwhelming majority of employees in today's private sector workplace, and because unions already are obliged to inform the employees to whom it does apply of their *Beck* rights, the Board is not including *Beck* notification in the final notice.

The Board also disagrees with the comment from Baker & McKenzie contending that an exhaustive list of additional rights should be included in the notice. In addition to the reasons discussed above, the Board finds that it would not be appropriate to include those rights, most of which are rights of union members vis-à-vis their unions. For example, the comment suggests including the ''right for each union member to insist that his/her dues and initiation fees not be increased * * * except by a majority vote by secret ballot * * *,'' the ''right of each employee in a bargaining unit to receive a copy of the collective bargaining agreement,'' and the ''right to nominate candidates, to vote in elections of the labor organization, to attend membership meetings, and to participate in the deliberations and voting upon business properly before the meeting.'' Those rights are not found in the NLRA, but instead arise from other Federal labor laws not administered by the NLRB. See Labor-Management Reporting and Disclosure Act of 1959, 29 U.S.C. 401 et seq (LMRDA). The Board finds that it would be inappropriate to include those additional rights in a notice informing employees of their rights under the NLRA.

vi. Other Comments

The Board has also considered, but rejected, the contention that the notice contain simply a ''short and plain'' description of rights such as that used in remedial notices. See *Ishikawa Gasket America, Inc.,* above. The two notices have different purposes: one looks back; the other, forward. As explained in the NPRM, the principal purpose of a remedial notice is to inform employees of unlawful conduct that has taken place and what is being done to remedy that conduct. Accordingly, although a remedial notice contains only a brief summary of NLRA rights, it also contains examples of unlawful actions that have been committed. To the extent that such a notice generally increases employees' awareness of their rights, the unlawful conduct detailed adds to that awareness. The proposed notice, by contrast, is a notice intended to make employees aware of their NLRA rights generally. It normally will not be posted against a background of already-committed unfair labor practices; it therefore needs to contain a summary both of NLRA rights and examples of unlawful conduct in order to inform employees effectively of the extent of their NLRA rights and of the availability of remedies for violations of those rights. Moreover, as the Board explained in the NPRM, the general notice of rights posted in the pre-election notice is sufficient because at least one union along with the employer is on the scene to enlighten employees of their rights under the NLRA. 75 FR 80412 fn.19.

The fundamental rights described in the notice are well established and have been unchanged for much of the Board's history. Accordingly, the Board does not share the concern expressed in some comments that a new notice will have to be posted each time the composition of the Board changes.

Finally, the Board rejects the contention that the notice should address certain rights of employers. The notice is intended to inform employees of their rights, not those of their employers.

For all the foregoing reasons, the Board finds it unnecessary to modify the section of the notice summarizing employees' NLRA rights.

c. The Examples of Unlawful Employer Conduct in the Notice

The proposed notice contained the following examples of unlawful conduct:

Under the NLRA, it is illegal for your employer to:

Prohibit you from soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms.

Question you about your union support or activities in a manner that discourages you from engaging in that activity.

Fire, demote, or transfer you, or reduce your hours or change your shift, or otherwise take adverse action against you, or threaten to take any of these actions, because you join or support a union, or because you engage in concerted activity for mutual aid and protection, or because you choose not to engage in any such activity.

Threaten to close your workplace if workers choose a union to represent them.

Promise or grant promotions, pay raises, or other benefits to discourage or encourage union support.

Prohibit you from wearing union hats, buttons, t-shirts, and pins in the workplace except under special circumstances.

Spy on or videotape peaceful union activities and gatherings or pretend to do so. 75 FR 80419.

The Board received limited comments on six of the seven examples of unlawful employer conduct. As a general matter, some comments contend that the number of examples of employer misconduct is disproportionate compared to the examples of union misconduct.[108] Most of the comments refer to the number of paragraphs devoted to illegal employer conduct (7) and the number of paragraphs devoted to illegal union conduct (5). Several comments indicate that when one compares the employer misconduct listed in Section 8(a) of the NLRA with union misconduct listed in Section 8(b), no such imbalance appears in the text of the statute. Several comments provide additional examples of union misconduct that they say should be included.

As with the notice's statement of affirmative rights, some of the

[108] *See, e.g.,* comments of COLLE, Baker & McKenzie, National Association of Manufacturers, and American Trucking Association.

individual provisions in this section of the notice received numerous comments and suggestions for improvement. The vast majority of the comments about the specific provisions are from representatives of employers. Those comments generally contend that the provisions are overgeneralizations and do not articulate the legal standard for evaluating allegations of unlawful conduct or indicate factual scenarios in which certain employer conduct may be lawful.

After reviewing all of the comments, the Board has decided to revise one of the examples of unlawful employer conduct contained in the NPRM. The Board concludes that the other provisions, as proposed, are accurate and informative and, as with the notice as a whole, strike an appropriate balance between being simultaneously instructive and succinct.

Furthermore, the Board sees no reason to add or subtract from the employer or union illegal activity to make the two sections contain an equal number of paragraphs. The comment that argues that no imbalance exists in the statute is correct, but the majority of violations under Section 8(b) concern union conduct *vis-à-vis* employers, not conduct that impairs employees' rights. The notice of rights is intended to summarize employer and union violations against employees; accordingly, there is no need to alter the list to include unlawful union activity against employers.

i. No-Solicitation and No-Distribution Rules

The Board received a few comments that were critical of the proposed notice language stating that an employer cannot lawfully prohibit employees from "soliciting for the union during non-work time or distributing union literature during non-work time, in non-work areas." The Service Employees International Union comments that "solicitation" has a narrow meaning and involves asking someone to join the union by signing an authorization card, which is subject to the restrictions suggested in the notice. The comment submits that the notice should state that an employer cannot prohibit employees from "talking" about a union. The comment suggests that "talking" is both more accurate and is easier for employees to understand than "soliciting."

The remaining comments criticize the provision for failing to note any limitations on employees' rights to solicit and distribute, such as the limited rights of off-duty employees, and limitations in retail and health care establishments. One comment, in particular, suggests the notice should advise healthcare employees that they do not enjoy a protected right to solicit in immediate patient care areas or where their activity might disturb patients. See *Beth Israel Hosp.* v. *NLRB,* 437 U.S. 483 (1978). The comment proposes to include a qualification that a hospital or other health care employer may prohibit all solicitation in immediate patient care areas or outside those areas when necessary to avoid disrupting health care operations or disturbing patients. Another comment suggests that the law in this area is so complex that no meaningful but succinct provision can be constructed, and therefore recommends deleting it entirely.

The Board disagrees with those comments. The Board appreciates that under case law, employees' right to engage in solicitation and distribution of literature is qualified in certain settings and accordingly that employers may, in some situations, legally prohibit solicitation or distribution of literature even during employees' nonworking time. Given the variety of circumstances in which the right to solicit and distribute may be limited, however, the Board has determined that limitations on the size and format of the notice preclude the inclusion of factual situations in which an employer may lawfully limit such activity. As stated above, employees may contact the NLRB with specific questions about the lawfulness of their employers' rules governing solicitation and literature distribution.

Turning to the suggestion that the notice should be modified to remove the reference to union solicitation in favor of a reference only to the right to engage in union talk, the Board agrees in part. The Board distinguishes between soliciting for a union, which generally means encouraging a co-worker to participate in supporting a union, and union talk, which generally refers to discussions about the advantages and disadvantages of unionization. *Scripps Memorial Hosp.,* 347 NLRB 52 (2006). The right to talk about terms and conditions of employment, which would necessarily include union talk, is encompassed more specifically by the "discussion" provision in the affirmative rights section of the notice. That provision indicates that employees have the right to "discuss your terms and conditions of employment or union organizing with your co-workers or a union." In order to maintain consistency and clarity throughout the notice, the Board agrees that some change is necessary to the solicitation provision. Accordingly, the final notice will state that it is illegal for an employer to "prohibit you from talking about or soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms."

ii. Questioning Employees About Union Activity

The Board received one comment concerning this provision, suggesting that it was confusing. The Board believes the existing language is sufficiently clear.

iii. Taking Adverse Action Against Employees for Engaging in Union-Related Activity

The Board did not receive any specific comments regarding this provision.

iv. Threats To Close

A few comments from employer groups criticize the perceived overgeneralization of this provision. Those comments note that, as with unlawful interrogation, a threat to close is evaluated under a totality of circumstances, and that an employer is permitted to state the effects of unionization on the company so long as the statement is based on demonstrably probable consequences of unionization.

The Board agrees that the law in this general area is complex and that predictions of plant closure based on demonstrably probable consequences of unionization may be lawful. *NLRB* v. *Gissel Packing Co.,* 395 U.S. 575, 618 (1969). However, the example in the proposed notice is not such a prediction; rather, the notice states that it is unlawful for an employer to "threaten to close your workplace if workers choose a union to represent them." Such a statement, which clearly indicates that the employer will close the plant in retaliation against the employees for choosing union representation, is unlawful. *Id.* at 618–619. Thus, the Board finds it unnecessary to modify or delete this provision of the notice.

v. Promising Benefits

The Board received one comment addressing this provision. The comment argues that the provision is "troubling" because it may be interpreted by a reader to mean "anytime their employer seeks to make such improvements it discourages union support because improved wages and benefits may reduce employee's interest in a union." The Board does not think such an

interpretation would be reasonable, because it is contrary to the plain language of the notice. The notice states that promises or grants of benefits ''to discourage or encourage union support'' are unlawful. It would make little sense to use such language if the Board had meant that any promises or grants of benefits were unlawful, rather than only those with the unlawful stated purposes. And stating that such promises or grants to * * * encourage union support are unlawful necessarily implies that not all promises and grants of benefits discourage union support.

vi. Prohibitions on Union Insignia

A few comments suggest that the provision fails to illuminate the conditions under which ''special circumstances'' may exist, including in hotels or retail establishments where the insignia may interfere with the employer's public image, or when the insignia is profane or vulgar. Another comment indicates that the provision is overly broad because it does not reflect that a violation depends on the work environment and the content of the insignia. All the comments addressing this provision suggest either adding more detail to the provision to narrow its meaning, or striking the provision entirely.

Again, the Board disagrees. Employees have a statutorily protected right to wear union insignia unless the employer is able to demonstrate ''special circumstances'' that justify a prohibition. *Republic Aviation Corp.* v. *NLRB,* 324 U.S. 793 (1945). For reasons of format, the notice cannot accommodate those comments suggesting that this provision specify cases in which the Board has found ''special circumstances,'' such as where insignia might interfere with production or safety; where it conveys a message that is obscene or disparages a company's product or service; where it interferes with an employer's attempts to have its employees project a specific image to customers; where it hinders production; where it causes disciplinary problems in the plant; where it is in an immediate patient care areas; or where it would have any other consequences that would constitute special circumstances under settled precedent. *NLRB* v. *Mead Corp.,* 73 F.3d 74, 79 (6th Cir. 1996), enfg. *Escanaba Paper Co.,* 314 NLRB 732 (1994).

Given the lengthy list of potential special circumstances, the addition of one or two examples of special circumstances might mislead or confuse employees into thinking that the right to wear union insignia in all other circumstances was absolute. And including an entire list of special circumstances, concerning both the wearing of union insignia and other matters (*e.g.,* striking and picketing, soliciting and distributing union literature), would make it impossible to summarize NLRA rights on an 11x17 inch poster. In any event, the Board finds that the general caveat that special circumstances may defeat the application of the general rule, coupled with the advice to employees to contact the NLRB with specific questions about particular issues, achieves the balance required for an employee notice of rights about wearing union insignia in the workplace.

vii. Spying or Videotaping

Aside from the few comments that suggest the provision be stricken, only one comment specifically addresses the content of this provision. The comment states that the language is confusing because a ''supervisor might believe it would be permissible to photograph or tape record a union meeting. Another might say that their video camera doesn't use tape so it's okay to use.'' The Board has determined that no change is necessary. In the Board's view, it is unlikely that a reasonable supervisor would construe this notice language (which also says that it is unlawful to ''spy on'' employees' peaceful union activities) as indicating that it is unlawful to videotape, but lawful to tape record or photograph, such activities. Supervisors are free to contact the Board if they are unsure whether a contemplated response to union activity might be unlawful.

viii. Other Suggested Additions to Illegal Employer Conduct

The Heritage Foundation suggests that the Board add language to the notice informing employees that if they choose to be represented by a union, their employer may not give them raises or bonuses for good performance without first bargaining with the union. The comment suggests that the Board add the following provision ''if a union represents you and your co-workers, give you a pay raise or a bonus, or reduce or dock your pay, without negotiating with the union.'' The Board rejects this suggestion for the same reason it rejects other comments contending that the notice should include the consequences of unionization in the summary of NLRA rights, above.

The National Immigration Law Center suggests that the Board add the following to the notice poster:

> Under the NLRA, it is illegal for your employer to: Report you or threaten to report you to Immigration and Customs Enforcement (ICE) or to other law enforcement authorities in order to intimidate or retaliate against you because you join or support a union, or because you engage in concerted activity for mutual aid and protection.

The Board finds it unnecessary to add this statement. The notice states that it is unlawful for an employer to ''fire, demote, or transfer you, or reduce your hours or change your shift, or *otherwise take adverse action against you, or threaten to take any of these actions,* because you join or support a union, or because you engage in concerted activity for mutual aid and protection (emphasis added) [.]'' Reporting or threatening to report an employee in the manner described in the comment would be a form of adverse action or threat thereof, and the Board believes that it would be understood as such.

d. Examples of Illegal Union Activity

The proposed notice contained the following examples of unlawful union conduct:

> Under the NLRA, it is illegal for a union or for the union that represents you in bargaining with your employer to:
>
> Threaten you that you will lose your job unless you support the union.
>
> Refuse to process a grievance because you have criticized union officials or because you are not a member of the union.
>
> Use or maintain discriminatory standards or procedures in making job referrals from a hiring hall.
>
> Cause or attempt to cause an employer to discriminate against you because of your union-related activity.
>
> Take other adverse action against you based on whether you have joined or support the union.
>
> 75 FR 80419.

There were only a few comments addressing specific changes to the language in this section of the notice. ALFA criticizes the provision that states that a union may not ''threaten you that you will lose your job unless you support the union,'' because the proposed language ''fails to capture Section 8(b)(1)(A)'s broader prohibition against restraint and coercion.'' The comment suggests revising the language to state that a union may not ''[r]estrain or coerce you in the exercise of your right to refrain from joining a union by threatening to inflict bodily harm or following you to your home and refusing to leave unless you sign a union card.'' That comment also suggests adding a provision stating that it is unlawful for a union to ''promise to waive your union initiation fee if you agree to sign a union card before a vote is taken.''

Another comment argues that the illegal union conduct portion of the notice fails to fully inform employees of their rights as union members.[109] In contrast, another comment states a different position—that the list of illegal union conduct "ostensibly relates only to restraint or coercion by a union in a unionized environment." [110] The comment further states that the Board should have included examples of "union restraint or coercion in an organizing setting" but gives no specific examples.

ALFA suggests three changes to the unlawful union activity section. First, rather than say that the union may not "threaten you that you will lose your job," a more comprehensive statement would be "threaten, harass, or coerce you in order to gain your support for the union." The Board agrees, except as regards "harass," which is sometimes used to characterize almost any sort of union solicitation. Accordingly, the statement will be modified to read "threaten or coerce you in order to gain your support for the union." Second, the comment suggests changing "cause or attempt to cause an employer to discriminate against you" to "discriminate or attempt to discriminate against you because you don't support a union." The Board disagrees, because the suggested change would shift the focus of the provision away from the sort of conduct contemplated in the rule. *See* NLRA Section 8(b)(2), 29 U.S.C. 158(b)(2). Third, the comment suggests changing "take other adverse action against you based on whether you have joined or support the union" to "take adverse action against you because you have not joined or do not support the union." The Board agrees and will modify this provision of the notice accordingly.

Baker & McKenzie urges that a variety of other examples of unlawful union conduct be added to the notice, including requiring nonmembers to pay a fee to receive contract benefits, disciplining members for engaging in activity adverse to a union-represented grievant, disciplining members for refusing to engage in unprotected activity, engaging in careless grievance handling, failing to notify employees of their *Beck* rights, requiring employees to agree to dues checkoff instead of direct payment, discriminatorily applying hiring hall rules, and conditioning continued employment on the payment of a fine or dues in "right-to-work" states.

As with the examples of unlawful employer activity, the Board concludes that the provisions concerning unlawful union activity, as proposed, are accurate and informative, and, as with the notice as a whole, strike an appropriate balance between being simultaneously instructive and succinct. Moreover, the Board finds it unnecessary to include additional examples of unlawful conduct so that the lists of employer and union activity are the same length because the notice describes the central forms of unlawful conduct engaged in by each type of entity. Still less is it necessary to add a host of additional examples of unlawful union conduct, with the result that the list of such conduct would be much longer than the list of unlawful employer conduct. In the Board's view, the list of unlawful union conduct in the proposed notice fairly informs employees of the types of conduct that a union is prohibited from engaging in without providing unnecessary or confusing examples. Employees may contact the NLRB if they believe a union has violated the NLRA.

e. Collective-Bargaining Provision

The collective-bargaining provision of the NPRM states that "if you and your co-workers select a union to act as your collective bargaining representatives, your employer and the union are required to bargain in good faith and in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment. The union is required to fairly represent you in bargaining and enforcing the agreement." 75 FR 80419.

The Board received only a few comments on this provision of the notice. Notably, COLLE requests the inclusion of a limitation on the provision that employees have the right to bargain collectively, in order to clarify that the employer's obligation is only to bargain in good faith and not necessarily to reach an agreement. A second comment suggests that the notice inform employees that they have the right to "sue a union for unfairly representing the employee in bargaining, contract administration, or a discrimination matter."

The Board has decided that no changes are necessary to the duty to bargain paragraph. The Board is satisfied that the proposed collective-bargaining provision provides sufficient guidance to employees about the exercise of these rights while still staying within the constraints set by a necessarily brief employee notice. As to the first comment, the notice states that an employer and union have a duty to "bargain in good faith and in a genuine effort to reach a written, binding agreement." As discussed above, by referring to a "genuine effort" to reach agreement, the notice necessarily implies that the parties are not obliged to actually reach one. The duty to bargain in good faith has many components. *See NLRB* v. *Katz,* 369 U.S. 736 (1962). And the suggestion that employers do not have to agree to certain proposals, although correct, does not account for the line of cases that suggest that an important ingredient in good faith bargaining is a willingness to compromise. *See Phelps Dodge,* 337 NLRB 455 (2002).

Turning to the suggestion that the notice include language informing employees of their right to "sue" the union if it fails to represent them fairly, the Board has concluded that the notice sufficiently apprises employees of their right to fair representation and of their right to file unfair labor practice charges with the Board should a union fail to fulfill that duty. The rights that employees have to sue unions directly in court without coming to the Board are beyond the scope of this rulemaking.

f. Coverage Provision

In regard to coverage under the NLRA, the proposed notice states:

> The National Labor Relations Act covers most private-sector employers. Excluded from coverage under the NLRA are public-sector employees, agricultural and domestic workers, independent contractors, workers employed by a parent or spouse, employees of air and rail carriers covered by the Railway Labor Act, and supervisors (although supervisors that have been discriminated against for refusing to violate the NLRA may be covered). 75 FR 80419.

A comment from the National Immigration Law Center suggests adding the following language: "The NLRA protects the above-enumerated rights of all employees, irrespective of their immigration status. That protection extends to employees without work authorization, though certain remedies in those circumstances may be limited. Employers cannot threaten you or intimidate you on the basis of you immigration status to prevent you from joining or supporting a union, or engaging in concerted activity for mutual aid and protection."

The Board has decided not to amend the coverage provision in the final notice. Although the Board understands that many immigrant employees may be unsure whether they are covered by the NLRA, the notice does not include a list of covered employees. Including specific coverage of immigrants, but not other classes of employees, may cause

[109] *See* comment of National Association of Manufacturers.

[110] *See* comment of ALFA.

confusion for many employees. Currently, the language in the notice tracks statutory language and provides only the list of employees excluded from coverage. As a result, those employees not listed under the exclusions will reasonably believe they are covered employees under the statute. Any employees who are unsure of their status should contact a regional office of the NLRB.

The final notice as modified is set forth in the Appendix to Subpart A of this rule.

2. Posting Issues

The Board proposed that the notice to employees shall be at least 11 inches by 17 inches in size, and in such colors and type size and style as the Board shall prescribe. The proposed rule further provides that employers that choose to print the notice after downloading it from the Board's Web site must print in color, and the printed notice shall be at least 11 inches by 17 inches in size.

Proposed § 104.202(d) requires all covered employers to post the employee notice physically "in conspicuous places, including all places where notices to employees are customarily posted." Employers must take steps to ensure that the notice is not altered, defaced, or covered with other material. Proposed § 104.202(e) states that the Board will print the notice poster and provide copies to employers on request. It also states that employers may download copies of the poster from the Board's Web site, *http://www.nlrb.gov,* for their use. It further provides that employers may reproduce exact duplicates of the poster supplied by the Board, and that they may also use commercial poster services to provide the employee notice consolidated onto one poster with other Federally mandated labor and employment notices, as long as consolidation does not alter the size, color, or content of the poster provided by the Board. Finally, employers that have significant numbers of employees who are not proficient in English will be required to post notices of employee rights in the language or languages spoken by significant numbers of those employees. The Board will make available posters containing the necessary translations.

In addition to requiring physical posting of paper notices, proposed § 104.202(f) requires that notices be distributed electronically, such as by e-mail, posting on an intranet or an internet site, and/or other electronic means, if the employer customarily communicates with its employees by such means.[111] An employer that customarily posts notices to its employees on an intranet or internet site must display the required employee notice on such a site prominently—*i.e.,* no less prominently than other notices to employees. The Board proposed to give employers two options to satisfy this requirement. An employer may either download the notice itself and post it in the manner described above, or post, in the same manner, a link to the Board's Web site that contains the full text of the required employee notice. In the latter case, the proposed rule states that the link must contain the prescribed introductory language from the poster, which appears in Appendix to Subpart A, below. An employer that customarily communicates with its employees by e-mail will satisfy the electronic posting requirement by sending its employees an e-mail message containing the link described above.

The proposed rule provides that, where a significant number of an employer's employees are not proficient in English, the employer must provide the required electronic notice in the language the employees speak. This requirement can be met either by downloading and posting, as required in § 104.202(f), the translated version of the notice supplied by the Board, or by prominently displaying, as required in § 104.202(f), a link to the Board's Web site that contains the full text of the poster in the language the employees speak. The Board will provide translations of that link. 75 FR 80417.

Section 104.203 of the proposed rule provides that Federal contractors may comply with the requirements of the rule by posting the notices to employees required under the Department of Labor's notice-posting rule, 29 CFR part 471. *Id.*

The Board solicited comments on its proposed requirements for both physical and electronic notice posting. In addition, the Board solicited comments on whether it should prescribe standards regarding the size, clarity, location, and brightness of the electronic link, including how to prescribe electronic postings that are at least as large, clear, and conspicuous as the employer's other postings.

The Board received numerous comments concerning the technical requirements for posting the notices of employee rights. Those comments address the locations where notices would be physically posted, physical characteristics of the posters, requirements for posting in languages other than English, details of the requirement for electronic posting of notices by employers that customarily communicate with their employees electronically, and "safe harbor" provisions for Federal contractors that are already posting the Department of Labor's notice of NLRA rights.

a. Location of Posting

Section 104.202(d) of the proposed rule requires that the notice be posted "in conspicuous places, including all places where notices to employees are customarily posted." Some employers and their representatives, including law firm Baker & McKenzie, comment that the proposed rule does not define "customarily." The Board responds that the term is used in its normal meaning of "ordinarily" or "usually," as it has been used in the Board's remedial orders for decades.[112] This standard is consistent with the posting requirements in the regulations and statutes of other agencies.[113] Baker & McKenzie's comment contends that the quoted phrase should read instead "where other legally-required notices to employees are customarily posted." The Board disagrees. As under the Department of Labor's notice posting requirement,[114] the Board's final rule clarifies that the notice must be posted wherever notices to employees regarding personnel rules and policies are customarily posted and are readily seen by employees, not simply where other legally mandated notices are posted.

A number of comments from employers[115] and individuals take the position that it is time to move away from paper posters and to encourage employees to inform themselves of their rights through the Internet. Many comments object that the posting requirement will add to already cluttered bulletin boards or necessitate additional bulletin boards.[116] The Board responds to these comments above in section II, subsection C, Factual Support for the Rule. The Council of Smaller

[111] *See J. Picini Flooring,* 356 NLRB No. 9, slip op. at 6 (2010).

[112] *See, e.g., The Golub Corporation,* 159 NLRB 355, 369 (1966).

[113] *See, e.g.,* 29 CFR 1903.2 (Occupational Safety and Health Act); 29 CFR 1601.30 (Title VII of the Civil Rights Act of 1964); 42 U.S.C. 2000e-10(a) (Americans with Disabilities Act); 29 U.S.C. 2619(a) (Family and Medical Leave Act).

[114] 75 FR 28386.

[115] *See, e.g.,* comments of Buffalo Wild Wings; Associated Milk Producers, Inc.; Smitty's, Inc.; National Grocers Association; and Sorensen/Wille, Inc.

[116] *See, e.g.,* comments of Dr. Pepper Snapple Group; Georgia Caremaster Medical Services; Homestead Village, Inc.; Exodus Designs & Surfaces; Bonnie Dedmore State Farm.

Enterprises further maintains that the requirement to ensure that the notice is conspicuous and not altered or defaced imposes an unnecessary burden on employers. Caremaster Medical Services' comment asks whether periodic inspections of the notices will be conducted and, if so, by whom. Specifically, this comment expresses concern that employers will be forced to permit union officials to enter their facilities to inspect the notices. The rule does not provide for such inspections or alter current standards regarding union access to employers' premises. Rather, the Board contemplates that an employer's failure to comply with the rule will be brought to the attention of the employer or the Board by employees or union representatives who are lawfully on the premises.

The International Union of Operating Engineers comments that the rule needs to apply to the marine construction industry, in which employees work at remote sites and do not necessarily see a posting in the office. Another comment similarly states that the rule is not practical for small employers with dispersed employees, *e.g.,* trucking or insurance companies.[117] Similarly, one comment contends that the requirement is burdensome for construction employers, whose employees report to various worksites.[118] The Board recognizes that certain work situations, such as those mentioned in the comments, present special challenges with regard to physical posting. However, the Board concludes that these employers must nonetheless post the required notice at their work premises in accordance with the proposed rule. Electronic posting will also aid the employers in providing the notice to their employees in the manner in which they customarily communicate with them.

TLC Companies contends that professional employer organizations (PEOs) such as itself should be exempt from the rule's requirements. It explains that PEOs are "co-employers" of a client employer's employees, providing payroll and other administrative services. However, it asserts that PEOs have no control over the client employer's worksite. Accordingly, TLC Companies is concerned that a PEO could be found liable for its client's failure to post the notice. The Board contemplates that employers will be required to physically post a notice only on their own premises or at worksites where the employer has the ability to post a notice or cause a notice to be posted directed to its own employees.

Retail Industry Leaders Association asks whether the rule would apply to overseas employees of American employers. The answer to that question is generally "no"; the Board's jurisdiction does not extend to American employees engaged in permanent employment abroad in locations over which the United States has no legislative control. *See Computer Sciences Raytheon,* 318 NLRB 966 (1995). Employers of employees who are working abroad only temporarily are not required to post the notice in foreign workplaces.

b. Size and Form Requirements

Many comments from organizations and individuals object to the 11x17-inch size prescribed by the proposed rule.[119] They argue that most employers do not have the capacity to make 11x17-inch color copies and will have to use commercial copy services, which some contend are expensive. A human resources official also asserts that other required notices are smaller, and that the larger poster will be more eye-catching, implying that NLRA rights are more important. Other comments support the proposed 11x17-inch size, stating that the notice should stand out and be in large print, with one comment specifying that the title should be larger.[120] The AFL–CIO argues that employers should not be permitted to download the notice from the Board's Web site if their limited printing capacity would make it less eye-catching.

A few comments contend that the prescribed size will make it difficult to include in consolidated posters of various statutory rights, as the proposed rule permits.[121] One comment urges the Board to follow the "3′ rule," according to which a notice is large enough if it can be read from a distance of 3 feet,[122] and another suggests only a legibility requirement.[123] One comment states that minor deviations, such as ¼ inch, should not be deemed violations.[124] Another comment expresses a concern that a large, prominent poster could cause a few unhappy employees to begin activity that could result in divisiveness in a small facility.[125]

The Board has decided to retain the 11x17-inch poster size. As the NPRM states, the Board will furnish paper copies of the notice, at no charge, to employers that ask for them. Employers that prefer to download and print the notice from the Board's Web site will have two formats available: a one-page 11x17-inch version and a two-page 8 ½x11-inch version, which must be printed in landscape format and taped together to form the 11x17-inch poster. In response to the comments objecting to the added expense of obtaining color copies through outside sources, the Board has revised the rule to delete the requirement that reproductions of the notice be in color, provided that the reproductions otherwise conform to the Board-provided notice. Accordingly, the Board concludes that obtaining copies of the notice will not be difficult or expensive for employers.

The Board finds no merit to the other objections to the 11x17-inch poster size. Contrary to some comments, the Board does not believe that employees would think that NLRA rights are more important than other statutory rights, merely because the notice of NLRA rights is somewhat larger than notices prescribed under some other statutes. It would seem that, upon learning of all of their rights in the workplace, employees will determine from their understanding of the rights themselves, rather than the size of the various posters, which rights (if any) are more important to them than others. In the Board's view, adopting a subjective "3′ rule" or a "legibility standard" could lead to disagreements over whether a particular poster was "legible" or could be read at a distance of 3 feet. In addition, if, as some comments contend (without citing specifics), the size of the Board's notice will pose a problem for manufacturers of consolidated posters to include it with posters detailing other workplace rights, that would seem to be a problem best left to those manufacturers to solve.

c. Language Issues

The proposed rule requires that, "[w]here a significant portion of an employer's workforce is not proficient in English, the employer must provide the notice in the language the employees speak." This is the same standard applied in the Department of Labor's notice of NLRA rights for federal contractors (29 CFR 471.2(d)) and in the notice required under the Family and Medical Leave Act (29 CFR 825.300(4)). Many comments support the requirement and availability of translated notices, particularly as an essential way of informing immigrant

[117] Comment of TLC Companies.

[118] Comment of NAI Electrical Contractors.

[119] *See, e.g.,* comment of Associated General Contractors (AGC) of Iowa.

[120] *See, e.g.,* comments of AFL–CIO and three Georgetown University Law Center students.

[121] *See, e.g.,* comment of Sinnissippi Centers.

[122] AGC of Iowa.

[123] Sinnissippi Centers.

[124] National Council of Agricultural Employers.

[125] Mercy Center Nursing Unit Inc.

employees about their rights.[126] But several comments complain that the rule does not define "significant." [127] Baker & McKenzie proposes that the standard be 40 percent specifically of the employer's production and maintenance workforce, while the National Immigration Law Center proposes a 5 percent standard. Another comment urges that translated notices be required whenever any of the employees are not proficient in English.[128] The U.S. Chamber of Commerce asserts that a safe harbor is needed for employers when a notice in a particular language is not yet available from the Board. Moreover, a few comments contend that the Board should also provide Braille notices for vision-impaired employees, as well as audio versions for illiterate employees, and versions of the notice that are adaptable to assistive technologies.[129] One individual proposes that the rule mandate that employers read the notice to employees when they are hired and to all employees annually.

Having carefully considered the comments, the Board has decided to define "significant" in terms of foreign-language speakers as 20 percent or more of an employer's workforce. Thus, if as many as 20 percent of an employer's employees are not proficient in English but speak the same foreign language, the employer must post the notice in that language, both physically and electronically (if the employer is otherwise required to post the notice electronically). If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must either physically post the notice in each of those languages or, at the employer's option, post the notice in the language spoken by the largest group of employees and provide each employee in each of the other language groups a copy of the notice in the appropriate language. If such an employer is also required to post the notice electronically, it must do so in each of those languages. If some of an employer's employees speak a language not spoken by employees constituting at least 20 percent of the employer's workforce, the employer is encouraged, but not required, either to provide the notice to those employees in their respective language or languages or to direct them to the Board's Web site, *http://www.nlrb.gov,* where they can obtain copies of the notice in their respective languages. The Board has also decided to add to the notice instructions for obtaining foreign-language translations of the notice.

Employers will be required to request foreign-language notices from the Board or obtain them from the Board's Web site in the same manner as the English-language notice. If an employer requests from the Board a notice in a particular language in which the notice is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language.

With respect to employees who are vision-impaired or those who are illiterate, employers may consult the Board's Regional Office on a case-by-case basis for guidance on appropriate methods of providing the required notice, including by audio recording.

d. Electronic Posting

Many employer comments oppose the requirement for electronic notice. The Coalition for a Democratic Workplace points out that other agencies do not require both electronic and physical posting and asserts that only one method is necessary. For example, the Coalition notes that the Family and Medical Leave Act notice obligation is satisfied by electronic posting alone, and other statutes do not mention electronic posting. The National Council of Agricultural Employers urges the Board to require electronic posting only if the employer posts other statutory or regulatory notices in that fashion. Another proposes that employers be permitted to choose either physical or electronic posting. The National Association of Manufacturers remarks that the proposed rule breaks new ground for using an employer's email system to communicate information about "union membership." The U.S. Chamber of Commerce suggests that this aspect of the rule would chill employers' use of new technologies. On the other hand, the AFL–CIO and several other commenters [130] support electronic as well as physical posting; the Center for American Progress Action Fund, among others, points out that electronic communications at work are standard now.

After carefully considering these comments, the Board concludes that electronic posting will substantially assist in providing the prescribed notice to employees. As some comments state, electronic communication is now a routine practice in many workplaces and the source of much information from employers to their employees. However, the Board has clarified the final rule to mandate only that, if an employer customarily communicates personnel rules or policies to its employees in that manner, it must also do so with respect to the notice of employee rights under the NLRA. The concern that the rule will discourage employers from using new technologies is apparently not widely shared and, in the Board's view, is implausible. Although the Board recognizes that some other statutes and regulations do not require electronic notice, it notes that they generally predated the routine use of electronic communications in the workplace. Having only recently begun ordering electronic posting of remedial notices,[131] the Board has limited experience in this area, and employers are encouraged to contact the local Regional Office with questions about this provision. The Board does not agree that employers should be permitted to choose whether to provide physical or electronic notice, because some employers could select the less effective of these alternatives, thus undermining the purpose of the rule. Finally, the rights stated in the notice are not accurately described as pertaining solely to union membership, and the notice is not intended to promote union membership or union representation. Rather, the notice addresses a broad range of employee legal rights under the NLRA, which involve protected concerted activity as well as union activity in both organized and unorganized workplaces, and also the right to refrain from any such activity.

Many employer comments note that the proposed rule also does not define "customarily" as it pertains to electronic posting in § 104.202(f), *i.e.,* the type and degree of communication that triggers the requirement.[132] Numerous employers also participated in a postcard campaign objecting, among other things, that employers use a wide variety of technology to communicate with employees and that the rule could require them to use all methods to convey the notice.[133] For

[126] *See, e.g.,* comments of National Immigration Law Center, Legal Aid Society—Employment Law Center, and La Raza Centro Legal; Filipino Advocates for Justice.

[127] *See, e.g.,* comments of COLLE; Food Marketing Institute (FMI).

[128] Georgetown law students.

[129] *See, e.g.,* Baker & McKenzie; Heritage Foundation; Georgetown law students.

[130] *See, e.g.,* comments of Gibson, Dunn, Cohen, Leifer & Yellig, P.C.; Beeson, Tayer & Bodine.

[131] *J. Picini Flooring,* 356 NLRB No. 9 (2010).

[132] *See, e.g.,* comments of International Foodservice Distributors Association (IFDA); Associated Builders and Contractors; Los Angeles County Business Federation; National Roofing Contractors Association.

[133] *See, e.g.,* comments of American Home Furnishings Alliance; Seawright Custom Precast;

Continued

example, they ask whether an employer that occasionally uses text messaging or Twitter to communicate with employees would have to use those technologies and, if so, how they would be able to comply with the rule, in view of the length restrictions of these media. The U.S. Chamber of Commerce raises the same issue regarding faxing, voice mail, and instant messaging. The National Roofing Contractors Association notes that some employers use email to communicate with certain employees, while other employees have no access to email during their work day. As to email communication itself, an individual observes that many employees change jobs every 3 to 4 years, and an email reaches only those in the workforce at a specific time. The same comment notes that the proposed rule does not state when or how often email notice should be provided. Three Georgetown law students recommend that the rule mandate email as well as intranet notice to employees when it goes into effect and written notice to new employees within a week of their starting employment.

The Board responds that, as discussed above regarding the location of posting, "customarily" is used in its normal meaning. This provision of the rule would not apply to an employer that only occasionally uses electronic means to communicate with employees. However, in view of the numerous comments expressing concern over the proposed rule's email posting requirements, the Board has decided not to require employers to provide the notice to employees by means of email and the other forms of electronic communication listed in the previous paragraph. In the Board's judgment, the potential for confusion and the prospect of requiring repeated notifications in order to reach new employees outweigh the benefits that could be derived at the margin from such notifications. All employers subject to the rule will be required to post the notice physically in their facilities; and employers who customarily post notices to employees regarding personnel rules or policies on an internet or intranet site will be required to post the Board's notice on those sites as well. Moreover, those notices (unlike the Board's election and remedial notices) must remain posted; thus, it is reasonable to expect that even though some employees may not see the notices immediately, more and more will see them and learn about their NLRA rights as time goes by. Accordingly, the only electronic postings required under the final rule will be those on internet or intranet sites.

Many comments address the characteristics of electronic posting, as prescribed in § 104.202(f). In the NPRM, the Board proposed not to prescribe the size, clarity, location, or brightness of an electronic notice or link to the notice, but rather require that it be at least as prominent as other electronic notices to employees, as the Department of Labor's rule requires. No comments suggest more specific requirements; the Michigan Health & Hospital Association argues that such requirements would result in inadvertent noncompliance. The Board has decided to adopt the Department of Labor's approach, as proposed in the NPRM.

Baker & McKenzie urges that the title of the link in the proposed rule be changed to "Employee Rights under the National Labor Relations Act" rather than "Important Notice about Employees Rights to Organize and Bargain Collectively with Their Employers." The Board agrees and has revised the rule accordingly.

A comment from Vigilant states that a link to the Board's Web site, which is one means of electronic posting, should not be required to include the introductory language of the notice. The Board agrees, noting that the Department of Labor takes this approach, and will not require that electronic links to the Board's Web site include the introductory language.

For the foregoing reasons, the Board has decided to retain the posting requirements as proposed in the NPRM, modified as indicated above.

e. Compliance With the Department of Labor's Rule

Several comments opposing the proposed rule urge that, if the rule becomes final, the Board should retain the "safe harbor" provided for Federal contractors that comply with the Department of Labor's notice posting rule.[134] However, the U.S. Chamber of Commerce states that some employers post the Department of Labor's notice at facilities where it is not required or where Federal contract work is performed only sporadically. It questions whether such employers must replace the Department of Labor's notice with the Board's when no contract work is being performed, or whether they can comply with the Board's rule by leaving the Department of Labor's notice in place. The Chamber proposes that employers be allowed to choose to maintain the Department of Labor's notice, although another comment asserts that employees might think that the notice is no longer applicable because of the lack of a current contract. Another comment raises the possibility that either the Board or the Department of Labor could decide to change its notice and emphasized that they need to be identical in order to provide the safe harbor. The Board responds that a Federal contractor that complies with the Department of Labor's notice-posting rule will be deemed in compliance with the Board's requirement.[135]

3. Exceptions

The rule applies only to employers that are subject to the NLRA. Under NLRA Section 2(2), "employer" excludes the United States government, any wholly owned government corporation, any Federal Reserve Bank, any State or political subdivision, and any person subject to the Railway Labor Act, 45 U.S.C. 151 *et seq.* 29 U.S.C. 152(2). Thus, under the proposed rule, those excluded entities are not required to post the notice of employee rights. The proposed rule also does not apply to entities that employ only individuals who are not considered "employees" under the NLRA. *See* Subpart A, below; 29 U.S.C. 152(3). Finally, the proposed rule does not apply to entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.[136] The Board proposed that all employers covered under the NLRA would be subject to the notice posting rule. 75 FR 80413.

The Coalition for a Democratic Workplace argues that the final rule cannot be applied to religiously-affiliated employers. The Coalition argues that assertion of jurisdiction would "substantially burden [such employers'] exercise of religion in violation of both the First Amendment and the Religious Freedom Restoration Act." Similarly, Seyfarth Shaw contends that religiously-affiliated healthcare

Mount Sterling, Kentucky Chamber of Commerce; U.S. Xpress, Inc.

[134] *See, e.g.,* comments of IFDA; Estes; The Sack Company; National Roofing Contractors Association.

[135] A few comments ask whether the Board's rule would preempt the Department of Labor's rule. Because the answer to that question would not affect the validity of the Board's rule, the Board finds it unnecessary to take a position on that issue in this proceeding.

[136] The proposed rule excludes small businesses whose impact on interstate commerce is de minimis or so slight that they do not meet the Board's discretionary jurisdiction requirements. See generally An Outline of Law and Procedure in Representation Cases, Chapter 1, found on the Board's Web site, *http://www.nlrb.gov,* and cases cited therein.

institutions should be excluded from coverage if they are nonprofit and hold themselves out to the public as being religious.

The Board examines jurisdictional issues on a case-by-case basis, and the Board's jurisdiction jurisprudence is highly complex. The Board has asserted jurisdiction over some religiously-affiliated employers in the past, but has declined to assert jurisdiction over other religiously-affiliated employers. *See, e.g., Ecclesiastical Maintenance Service,* 320 NLRB 70 (1995), and *St. Edmund's High School,* 337 NLRB 1260 (2002). In *Ukiah Valley Medical Center,* the Board found that neither the First Amendment nor the Religious Restoration Act precludes the Board from asserting jurisdiction over a religiously-affiliated employer. 332 NLRB 602 (2000). If an employer is unsure whether the Board has jurisdiction over its operations, it may contact the Board's regional office.

In its comment, the United Stated Postal Service points out that it has different statutory rules from those covering other private sector employees. Labor relations in the Postal Service are governed by Chapter 12 of the Postal Reorganization Act of 1970, 39 U.S.C. 1201 *et seq.* Section 1209(a) of the Postal Reorganization Act generally makes the NLRA applicable to all employee-management relations "to the extent not inconsistent with the provisions of this title." As raised by the comment, there are indeed several areas in which the Postal Reorganization Act is inconsistent with the NLRA. The principal differences are that an agency shop is prohibited (*id.* section 1209(a)) and that postal employees may not strike. *Id.* Section 410(b)(1)(incorporating 5 U.S.C. 7311).

In light of these differences, the Board agrees that a postal worker-specific notice is necessary. The Board, however, does not wish to create a notice without the benefit of specific public comment on this issue. Accordingly, the Board will exclude the United States Postal Service from coverage under the final rule; the Board may, at a later date, request comments on a postal worker-specific notice.

**Subpart B—Enforcement and Complaint Procedures**

Subpart B of the rule contains procedures for enforcement of the employee notice-posting requirement. In crafting Subpart B, the Board was mindful of the need to identify an effective remedy for noncompliance with the notice-posting requirement. The Board gave careful consideration to several alternative approaches to enforcing the rule's notice-posting requirements. Those alternatives, not all of which are mutually exclusive, were (1) Finding the failure to post the required notices to be an unfair labor practice; (2) tolling the statute of limitations for filing unfair labor practice charges against employers that fail to post the notices; (3) considering the willful failure to post the notices as evidence of unlawful motive in unfair labor practice cases; (4) voluntary compliance. 75 FR 80413–80414.

As explained in the NPRM, the Board considered but tentatively rejected relying solely on voluntary compliance. This option logically would appear to be the least conducive to an effective enforcement of the notice-posting requirement, and the Board's limited experience with voluntary posting of notices of employee rights seems to confirm this. When an election petition is filed, the Board's Regional Office sends the employer Form NLRB–5492, Notice to Employees, together with a leaflet containing significant "Rights of Employees." See the Board's Casehandling Manual, Part Two—Representation Proceedings, Section 11008.5, found on the Board's Web site, *http://www.nlrb.gov.* The Regional Office also asks employers to post the notice of employee rights in the workplace; however, the Board's experience is that the notices are seldom posted. *Id.* at 80414. Moreover, because the notice is voluntary and there is no enforcement scheme, there is no remedy to fix the problem when the notice is not posted. The Board has found nothing in the comments to the NPRM that would give it reason to believe that voluntary compliance would be any more effective under the present notice rule. Therefore, the Board has decided not to rely on voluntary compliance. Instead the final rule provides that failing to post the notice may be found to be an unfair labor practice and may also, in appropriate circumstances, be grounds for tolling the statute of limitations. In addition, a knowing and willful failure to post employee notices may be found to be evidence of unlawful motive in an unfair labor practice case. (As the Board also explained in the NPRM, it did not consider imposing monetary fines for noncompliance, because the Board lacks the statutory authority to impose "penalties or fines." See, *e.g., Republic Steel Corp.* v. *NLRB,* 311 U.S. 7, 10–12 (1940).) These provisions have two purposes: to ensure that any violations of the notice-posting requirement that occur may be remedied where necessary, and to describe how violations of the notice-posting requirement may affect other Board proceedings.[137]

The Board received several hundred comments regarding the proposed means of enforcing the notice posting requirement. Those that favor implementing the rule also favor the proposed enforcement mechanisms.[138] Those opposing the rule generally oppose all three enforcement mechanisms.

*A. Noncompliance as an Unfair Labor Practice*

The rule requires employers to inform employees of their NLRA rights because the Board believes that employees must know their rights in order to exercise them effectively. Accordingly, the Board may find that an employer that fails or refuses to post the required notice of employee rights violates Section 8(a)(1) of the NLRA, 29 U.S.C. 158(a)(1) by "interfer[ing] with, restrain[ing], or coerc[ing] employees in the exercise of the rights guaranteed in section 7 (29 U.S.C. 157)."

As it explained in the NPRM, the Board expects that most employers that fail to post the required notice will do so simply because they are unaware of the rule, and that when it is called to their attention, they will comply without the need for formal administrative action or litigation. When that is not the case, the Board's customary procedures for investigating and adjudicating alleged unfair labor practices may be invoked. See NLRA Sections 10 and 11, 29 U.S.C. 160, 161; 29 CFR part 102, subpart B.[139] When the Board finds a violation, it will customarily order the employer to cease and desist and to post the notice of

[137] The tolling and animus provisions are not remedies in the usual sense of the term; however, these provisions inform the public of the impact that violations of the notice posting obligation may have in other NLRB proceedings. As described below, these impacts are not a "punishment" for noncompliance. To the contrary, the tolling provision is intended to ensure that noncompliance with the notice posting requirement does not prejudice innocent employees. And the animus provision is intended to inform the public that knowing and willful violations of the rule may support an inference of animus toward NLRA rights.

[138] *See, e.g.,* Harkin and Miller, National Employment Law Project, Public Justice Center, Inc.

[139] The Board's General Counsel has unreviewable discretion as to whether to issue a complaint in an unfair labor practice proceeding. *See, e.g., Vaca* v. *Sipes,* 386 U.S. 171, 182 (1967). The General Counsel has exercised that discretion to refuse to proceed with meritorious charges when it would not serve the purposes of the Act. See General Counsel memoranda 02–08 and 95–15. This discretion includes dismissing any charge filed against an employer that is not covered by the Board's jurisdictional requirements.

employee rights as well as a remedial notice.[140] 75 FR 80414.

The comments opposing this proposal make three principal arguments. First, only Congress, not the Board, has the authority to "create a new unfair labor practice." [141] Second, even if the Board possesses such authority, it has not identified the Section 7 rights that would be interfered with by an employer's failure to post the notice.[142] Third, "interfer[ing] with, restrain[ing], or coerc[ing]" employees within the meaning of NLRA Section 8(a)(1) necessarily involves action, not failure to act; therefore, failure to post the notice cannot violate Section 8(a)(1).[143] The Board finds no merit in any of these contentions.

To begin with, it is incorrect to say that the Board lacks the authority to find that failure to post the notice violates Section 8(a)(1) without Congressional approval. It is true, as the Society for Human Resource Management states, that "Section 10(a) of the Act specifically limits the NLRB's powers to preventing only the unfair labor practices listed in Section 8 of the Act. Section 8 is silent regarding any notice posting requirement (emphasis in original)." However, as the Supreme Court remarked long ago,

> The [NLRA] did not undertake the impossible task of specifying in precise and unmistakable language each incident which would constitute an unfair labor practice. On the contrary that Act left to the Board the work of applying the Act's general prohibitory language in the light of the infinite combinations of events which might be charged as violative of its terms. Thus a "rigid scheme of remedies" is avoided and administrative flexibility within appropriate statutory limitations obtained to accomplish the dominant purpose of the legislation.

*Republic Aviation Corporation* v. *NLRB,* 324 U.S. 793, 798 (1945) (citation omitted). Accordingly, since its creation, the Board in interpreting Section 8(a)(1) has found numerous actions as to which "Section 8 is silent"—*e.g.,* coercively interrogating employees about their protected concerted activities, engaging in surveillance of employees' union activities, threatening employees with retaliation for engaging in protected activities—to violate Section 8(a)(1) by "interfer[ing] with, restrain[ing], or coerc[ing] employees in the exercise of the rights guaranteed in section 7" of the NLRA. Section 8 is equally silent concerning unions' duty to inform employees of their rights under *NLRB* v. *General Motors,* above, and *Communications Workers* v. *Beck,* above, before attempting to obligate them pursuant to a union-security clause, yet the Board finds that a union's failure to provide that notice restrains and coerces employees in violation of Section 8(b)(1)(A). *California Saw & Knife Works,* above, 320 NLRB at 233, 259, 261.[144]

Because, as described in detail above, notice posting is necessary to ensure effective exercise of Section 7 rights, a refusal to post the required notice is at least an interference with employees' exercise of those rights. For these reasons, in finding that an employer's failure to post the required notice interferes with, restrains, or coerces employees in the exercise of their NLRA rights, in violation of Section 8(a)(1), the Board is acting consistently with its settled practice. Some comments claim that the Board has not identified any specific Section 7 right to justify this remedy. But such specificity is not needed, because all Section 7 rights are implicated by an employer's failure to post the required notice. As previously stated, there is a strong nexus between knowledge of Section 7 rights and their free exercise. It therefore follows that an employer's failure to post this notice, which informs employees of their Section 7 rights, reasonably tends to interfere with the exercise of such rights.

Finally, although most violations of the NLRA involve actions rather than failures to act, there are instances in which a failure to act may be found to interfere with, restrain, or coerce employees in the exercise of their Section 7 rights. Thus, a union's failure to provide the required notices under *NLRB* v. *General Motors,* above, and *Communications Workers* v. *Beck,* above, violates Section 8(b)(1)(A) of the NLRA. *California Saw & Knife Works,* above, 320 NLRB at 233, 259, 261. An employer that fails or refuses to execute an agreed-to collective-bargaining agreement on request of the union violates Section 8(d), 8(a)(5) and, derivatively, Section 8(a)(1). An employer that fails to provide relevant information requested by the union that represents the employer's employees violates Section 8(a)(5) and (1). *See, e.g., NLRB* v. *Truitt Mfg. Co.,* 351 U.S. 149 (1956).

The NLRA's recognition that a failure to perform a legal duty may constitute unlawful interference, coercion or restraint is not unique. Courts have expressly held that the failure to post notice required by regulation can be an "interference" with employee Family and Medical Leave Act rights. In a provision that "largely mimics th[e language of] § 8(a)(1) of the NLRA," *Bachelder* v. *Am. W. Airlines,* 259 F. 3d 1112, 1123 (9th Cir. 2001), the FMLA states that "[i]t shall be unlawful for any employer to interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided under this title." 29 U.S.C. 2615(a)(1). In interpreting this language, the Department of Labor's regulations specifically state that failure to post the required notice of FMLA rights "may constitute an interference with, restraint, or denial of the exercise of an employee's FMLA rights" under section 2615(a)(1). 29 CFR 825.300(e). Courts have agreed, finding that the failure to provide FMLA notices is an "adverse action" against the employee that supports a prima facie case of interference. *Greenwell* v. *Charles Machine Works, Inc.,* (W.D. Ok. April 15, 2011); *Smith* v. *Westchester County,* (S.D.N.Y. February 14, 2011). Accordingly, the Board finds no impediment to declaring that an employer's failure to post the required notice will violate Section 8(a)(1).[145]

As it explained in the NPRM, however, the Board expects that, in practice, few violations will be found for failures to post the notice. The Board anticipates that most employers that fail to post the notice will do so because they are unaware of the rule, and that when they learn about the rule, they will post the notice without the need for formal administrative action or litigation. 75 FR 80414. To that end, § 104.212(a) of the rule states that if an

[140] Consistent with precedent, it will be unlawful for an employer to threaten or retaliate against an employee for filing charges or testifying in a Board proceeding involving an alleged violation of the notice-posting requirement. NLRA Sections 8(a)(1), 8(a)(4), 29 U.S.C. 158(a)(1), (4); *Romar Refuse Removal,* 314 NLRB 658 (1994).

[141] *See, e.g.,* comments of FMI, Assisted Living Federation of America (ALFA).

[142] *See, e.g.,* comment of U. S. Chamber of Commerce.

[143] *See, e.g.,* comments of Employment and Labor Law Committee, Association of Corporate Counsel ("ACC"); California Chamber of Commerce (California Chamber); and National Council of Agricultural Employers (NCAE).

[144] *See* Harkin and Miller. Although the Board suggested in a footnote in *California Saw* that there was no obligation to inform employees of their Section 7 rights, 320 NLRB at 232 n. 42, this dicta merely indicated that no such obligation had yet been recognized in that particular context. To the extent it could be read as denying that such an obligation may exist, it is the considered view of the Board that this reading must be rejected. Similarly, the statement in *U.S. Postal Service,* 241 N.L.R.B. 141, 152 (1979), regarding affirmative notice obligations is limited to *Weingarten* rights, and, in any event, does not suggest that notice of NLRA rights may never be required.

[145] ALFA contends that failure to post a Board-required notice is not an unfair labor practice, but the authorities cited do not support that proposition.

unfair labor practice charge is filed alleging failure to post the notice, ''the Regional Director will make reasonable efforts to persuade the respondent employer to post the * * * notice expeditiously,'' and that ''[i]f the employer does so, the Board expects that there will rarely be a need for further administrative proceedings.'' 75 FR 80419.

Numerous comments assert that finding the failure to post the notice to be an unfair labor practice is too harsh a remedy, especially for small employers that are more likely to be excusably unaware of the rule.[146] As just stated, in practice it should almost never be necessary for proceedings to reach that point. For the few employers that may ultimately be found to have violated Section 8(a)(1) by failing to post the notice of employee rights, the only certain consequences will be an order to cease and desist and that the notice and a remedial notice be posted; those remedies do not strike the Board as severe.

Michigan Health & Hospital Association urges that an employer be allowed to correct an initial failure to post the notice without further consequences; Fireside Distributors, Inc. agrees and asks that technical violations of the rule not be subject to a finding of a violation. The Heritage Foundation backs the same approach for inadvertent failures to post. The Board disagrees. To repeat, the Board anticipates that most employers that inadvertently fail to post the notice will do so on being informed of the posting requirement, and that in those circumstances further proceedings will rarely be required. However, the Board believes that this matter is best handled through the General Counsel's traditional exercise of prosecutorial discretion in accordance with the directions given here.

California Chamber and NCAE contend that the Board should specify the ''reasonable efforts'' a Regional Director will make to persuade an employer to post the notice when a charge alleging a failure to post has been filed. They propose that the rule be amended to state that the Board will send the employer at least two mailed letters, with the notice enclosed, requesting that the employer post the notice within a specified period of time, preferably 30 days. They also assert that the Board must specify the circumstances in which additional proceedings will be appropriate. The Heritage Foundation urges that § 104.212(a) be modified to state that if an employer promptly posts the notice, ''there will be no further administrative proceedings, unless the Board has information giving the Board reason to believe that the preceding failure to do so was intentional.'' The Board rejects these suggestions because they would create unnecessary obstacles to effective enforcement of the notice requirement. That requirement is straightforward, and compliance should be a simple matter. The Board believes that the General Counsel should have discretion to address particular cases of non-compliance efficiently and appropriately, depending upon the circumstances.

*B. Tolling the Section 10(b) Statute of Limitations*

NLRA Section 10(b) provides in part that ''no complaint shall issue based upon any unfair labor practice occurring more than six months prior to the filing of the charge with the Board[.]'' 29 U.S.C. 160(b). However, as the Board stated in the NPRM, the 6-month filing period does not begin to run until the charging party has actual or constructive notice of the allegedly unlawful conduct. See, *e.g., John Morrell & Co.,* 304 NLRB 896, 899 (1991), review denied 998 F.2d 7 (D.C. Cir. 1993) (table). 75 FR 80414. This makes intuitive sense, because it would be unfair to expect charges to be filed before the charging party could reasonably have known that the law was violated. Similar concerns for fairness justify tolling the statute of limitations where an employee, although aware of the conduct in question, is excusably unaware that the conduct is unlawful because mandatory notice was not given to the employee. The Board found that widespread ignorance of NLRA rights justified requiring notice to be posted. The Board cited the observation of the U.S. Court of Appeals for the Third Circuit in a case involving the failure to post the notice required under the ADEA, that ''[t]he [ADEA] posting requirement was undoubtedly created because Congress recognized that the very persons protected by the Act might be unaware of its existence.'' *Bonham* v. *Dresser Industries,* 569 F.2d 187, 193 (1977), cert. denied 439 U.S. 821 (1978). Accordingly, the Board proposed that tolling the 10(b) period for filing unfair labor practice charges might be appropriate where the required notice has not been posted. 75 FR 80414. For the reasons discussed below, the Board adheres to that view.

Section 10(b) is a statute of limitations, and statutes of limitations are presumed to include equitable tolling whenever the statute is silent or ambiguous on the issue. *Irwin* v. *Dep't Veterans Affairs,* 498 U.S. 89, 94–96 (1990); *Zipes* v. *Trans World Airlines, Inc.,* 455 U.S. 385, 392–98 (1982); see *Young* v. *United States,* 535 U.S. 43, 49 (2002) (''It is hornbook law that limitations periods are customarily subject to equitable tolling, unless tolling would be inconsistent with the text of the relevant statute.'' (quotations and citations omitted)); *Hallstrom* v. *Tillamook County,* 493 U.S. 20, 27 (1989) (''The running of such statutes is traditionally subject to equitable tolling.''); *Honda* v. *Clark,* 386 U.S. 484, 501 (1967); *Glus* v. *Brooklyn E.D. Terminal,* 359 U.S. 231, 232–33 (1959) (equitable tolling of statutes of limitations is ''[d]eeply rooted in our jurisprudence''); *Holmberg* v. *Armbrecht,* 327 U.S. 392, 396–97 (1946) (equitable tolling is ''read into every federal statute of limitation'').

In *Zipes,* the Supreme Court held that the timeliness provision of Title VII's charge-filing requirement was ''subject to waiver, estoppel and equitable tolling.'' 455 U.S. at 392–98. The Supreme Court expressly analogized to the NLRA, and stated that Section10(b) was not jurisdictional: ''[T]he time requirement for filing an unfair labor practice charge under the National Labor Relations Act operates as a statute of limitations subject to recognized equitable doctrines and not as a restriction of the jurisdiction of the National Labor Relations Board.'' *Id.* at n.11. *Zipes* strongly supports the proposed rule. The analogy between Title VII and the NLRA is well established, and neither the holding of *Zipes* regarding Title VII nor *Zipes'* characterization of 10(b) has ever been called into doubt.

Notices of employment rights are intended, in part, to advise employees of the kinds of conduct that may violate their rights so that they may seek appropriate remedies when violations occur. Failure to post required notices deprives employees of both the knowledge of their rights and of the availability of avenues of redress. Accordingly, a substantial majority of the courts of appeals—including the First, Third, Fourth, Fifth, Sixth, Seventh, Eighth, and Eleventh Circuits—have adopted the doctrine that the failure to post required employment law notices may result in equitable tolling of the statute of limitations. *Mercado* v. *Ritz-Carlton San Juan Hotel,* 410 F.3d 41, 47–48, 95 FEP Cases 1464 (1st Cir. 2005) (Title VII); *Bonham* v. *Dresser Industries,* above, 569 F.2d at 193 (ADEA); *Hammer* v. *Cardio Medical Products, Inc.,* 131 Fed. Appx. 829, 831–832 (3d Cir. 2005) (Title VII and ADEA);

[146] *See, e.g.,* comments of St Mar Enterprises, Inc. and National Federation of Independent Business.

*Vance* v. *Whirlpool Corp.,* 716 F.2d 1010 (4th Cir. 1983) (describing notice posting tolling as "the prevailing view of the courts"); *Elliot* v. *Group Med. & Surgical Serv.,* 714 F.2d 556, 563–64 (5th Cir. 1983); *EEOC* v. *Kentucky State Police Dept.,* 80 F.3d 1086, 1096 (6th Cir. 1996), cert. denied 519 U.S. 963 (1996); *Posey* v. *Skyline Corp.,* 702 F.2d 102 (7th Cir. 1983); *Schroeder* v. *Copley Newspaper,* 879 F.2d 266 (7th Cir. 1989); *Kephart* v. *Inst. Gas Tech.,* 581 F.2d 1287, 1289 (7th Cir. 1978); *Beshears* v. *Asbill,* 930 F.2d 1348 (8th Cir. 1991); *McClinton* v. *Alabama By-Prods. Corp.,* 743 F.2d 1483 (11th Cir. 1984); *see also Henchy* v. *City of Absecon,* 148 F. Supp. 2d 435, 439 (D. N.J. 2001); *Kamens* v. *Summit Stainless, Inc.,* 586 F. Supp. 324, 328 (E.D. Pa. 1984) (FLSA). [147] (But *see Wilkerson* v. *Siegfried Ins. Agency, Inc.,* 683 F.2d 344, 347 (10th Cir. 1982) ("the simple failure to post [Title VII and ADEA] notices, without intent to actively mislead the plaintiff respecting the cause of action, does not extend the time within which a claimant must file his or her discrimination charge.")).

After careful consideration, the Board is persuaded that the prevailing judicial view should apply in the NLRA context as well.[148] As an equitable concept, equitable tolling is a matter of fairness. The Board has determined that many employees are unaware of their NLRA rights and has devised a minimally burdensome means of attempting to rectify that situation—requiring employers to post workplace notices informing employees of those rights. To bar an employee who is excusably unaware of the NLRA from seeking a remedy for a violation of NLRA rights because he or she failed to file an unfair labor practice charge within the 10(b) period, when the employer did not post the required notice, would unfairly deprive the employee of the protection of the Act because of the employer's failure to comply with its legal responsibilities. To deny equitable tolling in such circumstances "would grant to the employee a right to be informed without redress for violation." *Bonham* v. *Dresser Industries,* above, 569 F.2d at 193.[149]

The Board received many comments opposing this proposed rule provision. Several comments assert that, when a charging party is unaware of the facts supporting the finding of an unfair labor practice, the Board tolls the 10(b) period only when the charged party has fraudulently concealed those facts from the charging party.[150] That is not so. The Board has long held, with court approval, that the 10(b) period begins to run only when the charging party has notice that the NLRA has been violated. The party asserting the 10(b) defense has the burden to show such notice; it may do so by showing that the charging party had either actual or constructive knowledge of the alleged unfair labor practice prior to the 10(b) period. *See, e.g., Broadway Volkswagen,* 342 NLRB 1244, 1246 (2004), enfd. sub nom. *East Bay Automotive Council* v. *NLRB,* 483 F.2d 628, 634 (9th Cir. 2007); *University Moving & Storage Co.,* 350 NLRB 6, 7, 18 (2007); *John Morrell & Co.,* above, 304 NLRB at 899; *Pullman Building Company,* 251 NLRB 1048 (1980), enfd. 691 F.2d 507 (9th Cir. 1982) (table); *Burgess Construction,* 227 NLRB 765, 766 (1977), enfd. 596 F.2d 378 (9th Cir. 1978), cert. denied 440 U.S. 940 (1979). Knowledge may be imputed if the charging party would have discovered the unlawful conduct by exercising reasonable or due diligence. *Broadway Volkswagen,* above, 342 NLRB at 1246. Certainly, the Board has found it appropriate to toll the 10(b) period when the charging party was excusably unaware of the pertinent facts because the charged party had fraudulently concealed them; *see, e.g., Burgess Construction,* above, 227 NLRB at 766; but tolling is not limited to such circumstances. *Pullman Building Company,* above, 251 NLRB at 1048.

To the extent that the comments argue that the Board should not engage in equitable tolling of the 10(b) period when an employer has merely failed to post the notice but not engaged in fraudulent concealment,[151] the Board disagrees. Fraudulent concealment concerns a different kind of equitable doctrine, and is not directly relevant to the notice posting equitable tolling doctrine hereby adopted. *See Mercado,* above, 410 F.3d at 46–47 n.8 (employer misconduct and equitable tolling doctrine form "two distinct lines of cases apply[ing] two distinct standards to two distinct bases for equitable tolling").

Some comments argue that because Section 10(b) contains a limited exception to the 6-month filing period for employees in the military, it is improper for the Board to toll the 10(b) period under other circumstances.[152] The Board rejects this argument as foreclosed by the Supreme Court's holding in *Zipes,* above, and by the long line of Board and court decisions finding tolling of the 10(b) period appropriate. In any event, the exception in Section 10(b) for persons in the military provides that if the aggrieved person "was prevented from filing such charge by reason of service in the armed forces, in which event the six-month period shall be computed from the day of his discharge." This provision does not toll the six-month period during armed service; rather, it states that the six-month period begins at discharge. *See Holland* v. *Florida,* 130 S.Ct. 2549, 2561 (2010) (rejecting argument that explicit exceptions to time limits in nonjurisdictional statute of limitations precluded equitable tolling).[153]

A number of comments contend that tolling the 10(b) period is contrary to the salutary purpose of statutes of limitations in general, and 10(b) in particular, which is "to require diligent prosecution of known claims, thereby providing finality and predictability in legal affairs and ensuring that claims will be resolved while evidence is reasonably available and fresh." [154] *Black's Law Dictionary,* 9th Edition, at 1546. The Board recognizes that with the passage of time evidence can be lost and witnesses die, move away, or their memories fade; it therefore will not lightly find that the 10(b) period should be tolled. However, like the courts whose decisions are cited above, the Board also recognizes that equitable tolling is a fundamental part of the statute of limitations, and that inequity results from barring an individual from seeking relief from a violation of his or her NLRA rights where the individual excusably was unaware of these rights. After all, the purpose of a statute of limitations is to "require diligent

[147] *See* comments of Harkin and Miller, AFL–CIO, and Service Employees International Union (SEIU).

[148] The Board has broad discretion to interpret 10(b), including equitable tolling, in accordance with its experience administering the Act. *Lodge 64, IAM* v. *NLRB,* 949 F.2d 441, 444 (D.C. Cir. 1991) (deferring to the Board's interpretation of 10(b) equitable exceptions).

[149] Under the final rule, the Board could also find the failure to post the notice to be an unfair labor practice, and could, if appropriate, consider a willful failure to post to be evidence of unlawful motive in an unfair labor practice case. However, in the absence of equitable tolling of the 10(b) period, such "redress" would not aid an employee who was excusably unaware of his or her NLRA rights, failed to file a timely charge, and thus was denied any remedy for violation of those rights. *Cf. Kanakis Co.,* 293 NLRB 435, 436 fn. 10 (1989) (possibility of criminal sanctions against employer would be little comfort to charging party if deprived of recourse to Board's remedial processes).

[150] *See, e.g.,* comments of FMI, COLLE.

[151] *See, e.g.,* comments of FMI, COLLE.

[152] *See, e.g.,* comments of California Chamber and NCAE.

[153] *American Bus Association* v. *Slater,* 231 F. 3d 1 (D.C. Cir. 2000), cited by California Chamber and NCAE, did not concern equitable tolling and is therefore inapposite. The court there also found that Congress had expressly limited the sanctions available under the Americans with Disabilities Act to those enumerated in that statute; such is not the case under the NLRA.

[154] *See, e.g.,* comments of FMI, COLLE, and U.S. Chamber of Commerce.

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prosecution of known claims,'' not claims that are unknown to the injured party. As to concerns that the statute of limitations could be tolled for years, ''perhaps indefinitely,'' [155] the Board responds that such a potential also exists under other statutes, as well as under the NLRA when a charging party is unaware of the facts giving rise to an alleged unfair labor practice. However, at this point, concerns about the unfairness of lengthy tolling periods are entirely speculative. Tolling is an equitable matter, and one factor to be considered in deciding whether equitable tolling is appropriate is whether it would prejudice the respondent. *Mercado,* above, 410 F.3d at 48. Accordingly, if a lengthy tolling of the 10(b) period would prejudice an employer in a given case, the Board could properly consider that factor in determining whether tolling was appropriate in that case.[156]

Several comments argue against tolling the 10(b) period because ''ignorance of the law is no excuse.'' [157] This argument is amply refuted by the court decisions cited above, in which limitations periods under other workplace statutes were tolled because employers failed to post required notices. Most notably, the Fifth Circuit has emphasized that the failure to post a required notice ''vitiates the normal assumption that an employee is aware of his rights.'' *Elliot* v. *Group Med. & Surgical Serv.,* 714 F.2d 556, 563–64 (5th Cir. 1983). In any event, the maxim relied on is generally understood to have arisen in order to prevent individuals (usually in criminal cases) from deliberately failing to ascertain whether actions they contemplate taking would be lawful, and then pleading ignorance when accused of lawbreaking.[158] In the Board's view, this reasoning loses much of its force when applied to individuals, such as charging parties in unfair labor practice cases, who are not accused of any wrongdoing but who claim to have been injured by the unlawful actions of other parties.

The Board emphasizes, however, that failure to post the required notice will not automatically warrant a tolling remedy. If an employer proves that an employee had actual or constructive knowledge of the conduct alleged to be unlawful, as well as actual or constructive knowledge that the conduct violated the NLRA, and yet failed to timely file an unfair labor practice charge, the Board will not toll the 10(b) period merely because of the employer's failure to post the notice. *Cf. John Morrell & Co.,* above, 304 NLRB at 899.

The Board asked for comments concerning whether unions filing unfair labor practice charges should be deemed to have constructive knowledge of the unlawful character of the conduct at issue. All of the comments that addressed this issue answered in the affirmative.[159] Unlike most employees, unions routinely deal with issues arising under the NLRA and are therefore more familiar with the Act's provisions. Accordingly, the tolling provisions in the final rule apply only to charges filed by employees, not those filed by unions. (The Board still could toll the 10(b) period if a charging party union did not discover the facts underlying the charge within six months, if the employees reporting those events failed to alert the union within that time because they were excusably unaware of their NLRA rights.)

Several comments contend that failure to post the required notice should not toll the 10(b) period if an employee who files an unfair labor practice charge is either a union member or is represented by a union. Taft Stettinius & Hollister LLP asserts that the burden should be placed equally on unions to ensure that their organizers and members are aware of employee rights under the NLRA. California Chamber and NCAE observe that knowledge of a filing time limit is generally imputed to an individual who is represented by an attorney, *see, e.g., Mercado* v. *Ritz-Carlton San Juan Hotel,* above, 410 F.3d at 47–48; they urge that an employee who is represented by a union should be treated similarly. Conversely, three Georgetown University law students oppose the idea that union-represented employees should be deemed to have constructive knowledge of NLRA rights. They reason that some workplaces may have unrepresented as well as represented employees, and that imputing knowledge to the latter group would provide an incentive not to post the notice, thus depriving the former group of needed information. The students also suggest that some employees, though represented, may have little contact with their unions and rely on workplace notices instead of unions for relevant information.

The Board finds some merit in both sets of contentions. On the one hand, it is reasonable to assume that employees who are represented by unions are more likely to be aware of their NLRA rights than unrepresented employees. And, although being represented by a union is not the same as being represented by legal counsel, it is reasonable to assume that union officials are sufficiently conversant with the NLRA to be able to give employees effective advice as to their NLRA rights. On the other hand, some employees, though represented by unions, may in fact have little contact with their bargaining representatives for one reason or other and may, in fact, be filing charges against their representative. Thus, the Board does not find it appropriate under all circumstances to impute knowledge of NLRA rights to charge-filing employees who are union members or are represented by unions. Rather, the Board will consider evidence concerning the union's representational presence and activity in determining whether it is appropriate to toll the 10(b) period.

*C. Failure To Post as Evidence of Unlawful Motive*

The Board suggested that it could consider an employer's knowing failure to post the notice as evidence of unlawful motive in an unfair labor practice proceeding in which motive is an issue. 75 FR 80414–80415. A number of comments assert that the Board cannot properly take that step.[160] To the contrary, the Board has often considered other unlawful conduct as evidence of antiunion animus in cases in which unlawful motive was an element of an unfair labor practice.[161] *See, e.g., Leiser Construction, LLC,* 349 NLRB 413, 417–419 (2007) (threats, coercive statements, interrogations evidence of unlawfully motivated failure to hire), enfd. 281 Fed. Appx. 781 (10th Cir. 2008) (unpublished); *Shearer's Foods,* 340 NLRB 1093, 1094 (2003) (plant closing threat evidence of unlawfully motivated discharge); *Ferguson-Williams, Inc.,* 322 NLRB 695, 703, 707 (1996) (threats, interrogations, creation of impression of surveillance, evidence of unlawfully motivated discharge); *Champion Rivet Co.,* 314 NLRB 1097, 1098 (1994) (circulating unlawful antiunion petition,

[155] *See* comments of Fisher & Phillips LLC and National Grocers Association.

[156] As to ACC's concern that the rule could potentially subject employers to unfair labor practice charges based on conduct as far back as 1935, the Board stresses that tolling will be available only in the case of unlawful conduct that occurs after the rule takes effect.

[157] *See, e.g.,* comments of Coalition for a Democratic Workplace and COLLE.

[158] Moreover, even in criminal law, the principle is not absolute. *See, e.g., Lambert* v. *California,* 355 U.S. 225 (1957).

[159] *See, e.g.,* comments of U.S. Chamber of Commerce, American Trucking Associations, Taft Stettinius & Hollister LLP.

[160] *See, e.g.,* comments of COLLE and California Chamber.

[161] *See* comment of AFL–CIO.

refusal to recognize and bargain with union, evidence of unlawfully motivated failure to hire). Thus, it is proper for the Board to consider a knowing and willful failure to post the notice as evidence of unlawful motive.

However, the Board has noticed that it employed somewhat inconsistent language in the NPRM regarding the consideration of failure to post the notice as evidence of antiunion animus. Thus, the caption of paragraph 104.214(b) reads: "*Knowing* noncompliance as evidence of unlawful motive." However, the paragraph itself states that "If an employer has actual or constructive knowledge of the requirement to post the notice and fails or refuses to do so, the Board may consider such a *willful* refusal as evidence of unlawful motive in a case in which motive is an issue." (Emphasis added in both cases.) 75 FR at 80420. In the preamble to the NPRM, the Board referred only to *knowing* noncompliance as evidence of unlawful motive. 75 FR at 80414–80415. On reflection, the Board wishes to clarify this provision to state that, to be considered as evidence of unlawful motive, an employer's failure to post the notice must be both knowing and willful—*i.e.*, the employer must have actual (as opposed to constructive) knowledge of the rule and yet refuse, on no cognizable basis, to post the notice. The Board is revising the language of the rule accordingly.

The comment that prompted these revisions urges that there should be no adverse consequences for the employer that does not post the notice because it has a good-faith (but, implicitly, erroneous) belief that it is not covered by the NLRA.[162] The Board rejects this contention as it pertains to finding the failure to post to be an unfair labor practice or grounds for tolling the 10(b) period. Failure to post the notice interferes with employees' NLRA rights regardless of the reason for the failure; good faith, though commendable, is irrelevant.[163] Additionally, tolling is concerned with fairness to the employee, and these fairness concerns are unaffected by the employer's good or bad faith; as previously noted, notice posting tolling is fundamentally different from tolling based upon employer misconduct. However, an employer that fails to post the notice only because it honestly but erroneously believes that it is not subject to the NLRB's jurisdiction does not thereby indicate that it is hostile to employees' NLRA rights, but only that it believes that those rights do not apply in the employer's workplace. In such a case, the employer's good faith normally should preclude finding the failure to post to be willful or evidence of antiunion animus.

ACC contends that even though the rule states that only a "willful" failure to post the notice may be considered evidence of unlawful motive, in practice the Board will always infer at least constructive notice from the publication of the rule in the **Federal Register** and the maxim that "ignorance of the law is no excuse."[164] The Board rejects this contention. The quoted maxim means only that an employer's actual lack of knowledge of the rule would not excuse its failure to post the notice. It would, however, undercut any suggestion that the failure to post was willful and therefore indicative of unlawful motive.

Contrary to numerous comments,[165] finding a willful failure to post the notice as evidence of animus is not the same as adopting a "presumption of animus" or "presumption of unlawful motive." There is no such presumption. The Board's general counsel would have the burden of proving that a failure to post was willful. In any event, a willful failure to post would not be conclusive proof of unlawful motive, but merely evidence that could be considered, along with other evidence, in determining whether the general counsel had demonstrated unlawful motive.[166] Likewise, contrary to the contentions of ALFA and AHCA, the Board will not assume that any failure to post the notice is intentional and meant to prevent employees of learning their rights.

*D. Other Comments*

The Board received many comments asserting that if the proposed enforcement scheme for failure to post the required notice is adopted, union adherents will tear down the notices in order to harass employers and, particularly, to vitiate 10(b).[167] These comments express the concern that tolling the 10(b) period will lead to a flood of unfair labor practice charges, and that, to avoid that eventuality, employers will have to incur significant costs of policing the postings and/or installing expensive tamper-proof bulletin boards.[168] In the absence of experience with such postings, the Board deems these concerns speculative at this time. If particular employers experience such difficulties, the Board will deal with them on a case-by-case basis. However, as explained above, tolling is an equitable matter, and if an employer has posted the notice and taken reasonable steps to insure that it remains posted, it is unlikely that the Board would find tolling appropriate.

California Chamber and NCAE ask the Board to specify the "additional remedies" that may be imposed in the event of a notice posting violation. 104.213(a). The Board has broad discretion in crafting remedies for violations of the NLRA. *NLRB* v. *Seven-Up Bottling Co. of Miami,* 344 U.S. 344, 346 (1953). The remedies imposed in a given case depend on the nature of the violations and the particular facts in the case. The Board declines to speculate as to every possible remedy that might be imposed in every imaginable set of circumstances.

Several comments protest that employers could be fined for failing to post the notice; several others contend that the Board should levy fines instead of imposing the proposed remedies. The

[162] One example could be an employer that believes that it is subject to the Railway Labor Act and not to the NLRA.

[163] This is so in other areas of NLRA law. For example, an employer who coercively interrogates or disciplines an individual concerning his or her union activities violates the NLRA if the individual is a statutory employee, even though the employer may have honestly believed that the individual was a statutory supervisor and not protected by the NLRA. Also, absent compelling economic circumstances, an employer that is testing the Board's certification of a newly-selected union in the court of appeals makes unilateral changes in unit employees' terms and conditions of employment at its peril; if the court affirms the certification, the unilateral changes violate NLRA Section 8(a)(5) even if the employer believed in good faith that the certification was inappropriate. *Mike O'Connor Chevrolet,* 209 NLRB 701, 703 (1974), enf. denied on other grounds 512 F.2d 684 (8th Cir. 1975).

[164] *See also* comment of American Health Care Association (AHCA).

[165] *See, e.g.,* comments of FMI and COLLE.

[166] The Georgetown law students ask whether, if failure to post the notice may be found to be an unfair labor practice and also may be considered evidence of antiunion animus, such a failure could "satisfy an element of its own violation." The answer is no, because the failure to post, whether knowing or inadvertent, would be an unfair labor practice regardless of motive; knowing and willful failure to post would be relevant only in cases such as those alleging unlawful discipline, discharge, or refusal to hire, in which motive is an element of the violation.

[167] *See, e.g.,* comments of Lemon Grove Care & Rehabilitation, numerous "postcard" comments.

[168] One comment asserts that because of the potential for tolling the 10(b) period, "businesses * * * will have to keep records forever[.]" The Board finds no merit in this contention. Employers that are aware of the rule can avoid keeping records "forever" simply by posting the notice. Employers that are not aware of the requirement to post the notice would also be unaware of the possibility of tolling the 10(b) period in the event of a failure to post, and thus would discern no reason to—and probably would not—keep records "forever." Prejudice to the employer because of long-lost records would be considered by the Board in determining whether tolling is appropriate in the particular case.

Another comment complains that "the requirement of proof on the employer to 'certify' that this posting is up each day is burdensome[.]" There is no such requirement.

Board rejects both contentions because, as explained in the NPRM, the Board does not have the authority to impose fines. 75 FR 80414, citing *Republic Steel Corp.* v. *NLRB,* 311 U.S. 7, 10–12 (1940). Another comment argues that the Board should not provide remedies for failing to post the notice because such remedies are not provided under other statutes. In fact, both remedies and sanctions are imposed under some statutes; *see, e.g.,* 29 CFR 1601.30 (fine of $110 per offense for failing to post notice under Title VII); 29 CFR 825.300(a)(1) (same sanction for failing to post notice under FMLA); cases cited above for tolling of limitation periods for failing to post notices under several statutes.

One comment contends that the proposed remedies were proposed solely as means of deterring failures to post the notices, and are therefore inappropriate; several other comments assert that the proposed remedies are punitive.[169] Although the Board disagrees, there is language in the NPRM that may have inadvertently suggested that the enforcement mechanisms were proposed solely for deterrent purposes. The Board wishes to correct any such misimpression. As stated above, in explaining why it was proposing those mechanisms, the Board stated in its NPRM that it was "mindful of the need to identify effective incentives for compliance." 75 FR 80413. Later, referring to tolling the 10(b) period and considering a willful failure to post the notice as evidence of unlawful motive, the Board said that it "proposes the following options intended to induce compliance with the notice-posting requirement." *Id.* at 80414. However, the Board made those statements while explaining why it had determined not to rely entirely on employers' voluntary compliance with the rule. (The Board had had little success in persuading employers to voluntarily post notices of employee rights during the critical period leading up to a representation election.) *Id.* By noting that the proposed enforcement scheme would have some deterrent effect in that context, the Board did not mean to imply that it was proposing those measures solely for deterrence purposes. For the reasons discussed at length above, the Board has found that finding a failure to post the notices to violate Section 8(a)(1) and, in appropriate circumstances, to warrant tolling the 10(b) period and/or inferring unlawful motive in an unfair labor practice case are legitimate remedial measures supported by extensive Board and court precedent.

In addition, in a number of places the NPRM used the term "sanctions" in a very loose sense to refer to aspects of the proposed enforcement scheme, inadvertently suggesting that this scheme was punitive. The term "sanctions" was an inapt choice of descriptor for the enforcement scheme: the classic 8(a)(1) remedial order has long been upheld as nonpunitive; equitable tolling is concerned with fairness to employees, not punishment of misconduct, and is fully consistent with current Board doctrine; and the animus provision is little more than the common-sense extension of well-established evidentiary principles that apply to many other NLRA violations, and is also not designed to punish employers. That they may also furnish incentives for employers to comply with the notice-posting rule does not detract from their legitimacy; if it were otherwise, the Board could never impose any remedy for violations of the NLRA if the remedy had a deterrent effect. In any event, the Board hereby disavows any suggestion from statements in the NPRM that the remedial measures were proposed solely as penalties.

Contrary to the tenor of numerous comments opposing this rule,[170] the Board is not issuing the rule in order to entrap unwary employers and make operations more difficult for them because of inadvertent or technical violations. It is doing so in order that employees may come to understand their NLRA rights through exposure to notices posted in their workplaces explaining those rights. Accordingly, the important thing is that the notices be posted. As explained above, an employer that fails to post the notice because it is unaware of the rule, but promptly posts the notice when the rule is brought to its attention, will nearly always avoid any further proceedings. Similarly, an employer that posts the notice but fails initially to comply with one of the technical posting requirements will almost always avoid further problems by correcting the error when it is called to the employer's attention. And if an employer is unsure of what the rule requires in a particular setting, it can seek and receive guidance from the Board.

The Service Employees International Union and the United Food and Commercial Workers propose that, in addition to the proposed enforcement scheme, the rule state that an employer's knowing failure to post the notice of employee rights during the critical period before a representation election shall be grounds for setting the election aside on the filing of proper objections. The Board finds that this is unnecessary, because the Board's notice of election, which must be posted by an employer three working days before an election takes place, contains a summary of employee NLRA rights and a list of several kinds of unfair labor practices, and failure to post that notice already constitutes grounds for setting an election aside.[171] In any event, during a union organizing campaign, the union can instruct members of its in-plant organizing committee to verify whether the notice required under this rule has been posted; if it has not, the union can so inform the employer and, if need be, the Board's regional office.

**Subpart C—Ancillary Matters**

Several technical issues unrelated to those discussed in the two previous subparts are set out in this subpart.

**IV. Dissenting View of Member Brian E. Hayes**

"Agencies may play the sorcerer's apprentice but not the sorcerer himself."[172]

Today, my colleagues conjure up a new unfair labor practice based on a new statutory obligation. They impose on as many as six million private employers the obligation to post a notice of employee rights and selected illustrative unfair labor practices. The obligation to post is deemed enforceable through Section 8(a)(1)'s proscription of interference with employees' Section 7 rights, and the failure to post is further penalized by equitable tolling of Section 10(b)'s limitations period and the possible inference of discriminatory motivation for adverse employment actions taken in the absence of posting. While the need for a more informed constituency might be a desirable goal, it is attainable only with Congressional imprimatur. The Board's rulemaking authority, broad as it is, does not encompass the authority to promulgate a rule of this kind. Even if it did, the action taken here is arbitrary and capricious, and therefore invalid, because it is not based on substantial evidence and it lacks a reasoned analysis.

[169] *See, e.g.,* comments of FMI, ALFA, AHCA.

[170] For example, "This seems to be yet another trap for the employers. Another avenue to subject them to law suits and interrogations, and uneconomic activities and ungodly expenditures."

[171] *See* Section 103.20 of the Board's Rules and Regulations.

[172] *Alexander* v. *Sandoval,* 532 U.S. 275, 291 (2001).

*No Statutory Authority for the Proposed Rule*

The majority concedes that the "National Labor Relations Act does not directly address an employer's obligation to post a notice of its employees' rights arising under the Act or the consequences an employer may face for failing to do so." In fact, the NLRA [173] makes no mention of any such putative obligation. The majority further acknowledges that the NLRA "is almost unique among major Federal labor laws in not including an express statutory provision requiring employers routinely to post notices at their workplaces informing employees of their statutory rights." Despite the obvious import of these admissions, the majority concludes that the Board's plenary authority under Section 6 of the Act to make rules "necessary to carry out the provisions of the Act" permits promulgation of the rule they advocate. I disagree.

Congress did not give specific statutory authority to the Board to require the posting of a general rights notice when it passed the Wagner Act in 1935. Just one year earlier, however, Congress amended the Railway Labor Act ("RLA") to include an express notice-posting requirement. 45 U.S.C. 152 Eighth; Pub. L. No. 73–442, 48 Stat. 1185, 1188 (1934). As the Supreme Court noted, the RLA served as the model for the National Labor Relations Act. *NLRB* v. *Pennsylvania Greyhound Lines,* 303 U.S. 261 (1938). See also *NLRB* v. *Jones & Laughlin Steel Corp.,* 301 U.S. 1, 44 (1937); *H. J. Heinz Co.* v. *NLRB,* 311 U.S. 514, 524–525(1941).

That Congress did not include an express notice-posting requirement when passing the Wagner Act the following year strongly implies, if not compels, the conclusion that Congress did not intend for the Board to have regulatory authority to require such a notice. Nothing in the legislative history hints of any concern by Congress about the need for employers to notify employees generally of their rights under the new enacting statute. Since 1935, despite extensive revisions in the Taft-Hartley Act amendments of 1947 and the Landrum-Griffin Act amendments of 1959, Congress has never added such authority.

On the other hand, when Congress has subsequently desired to include a general rights notice-posting requirement, it has done so expressly in other federal labor and employment laws. See Title VII of the Civil Rights Act of 1964 (Title VII), 42 U.S.C. 2000e–10, the Age Discrimination in Employment Act (ADEA), 29 U.S.C. 627, The Occupational Safety and Health Act, 29 U.S.C. 657(c), the Americans with Disabilities Act (ADA), 42 U.S.C. 12115, the Family and Medical Leave Act (FMLA), 29 U.S.C. 2619(a), and the Uniformed Service Employment and Reemployment Rights Act (USERRA), 38 U.S.C. 4334(a).

The majority points out that the Department of Labor (DOL) promulgated a notice-posting rule under the Fair Labor Standards Act (FLSA), although that statute does not contain a specific statutory provision on workplace postings. However, the FLSA, unlike the NLRA, imposes a data-collection and recordkeeping requirement on employers. 29 U.S.C. 211(c). DOL's Wage and Hour Administrator promulgated the notice-posting regulation in 1949 in reliance on this requirement. It appears that the propriety of the FLSA rule has never been challenged, perhaps because, unlike the rule promulgated herein, there are no citations or penalties assessed for the failure to post. This is a significant point of distinction that warrants further discussion.

It must be constantly borne in mind that the rule promulgated today makes the failure to post the required notice a violation of the Act. The majority misleadingly seeks to decouple obligation from violation in its analysis by discussing the latter in the context of enforcement of the assertedly lawful notice-posting rule. That is nonsense. Making noncompliance an unfair labor practice is integral to the rule and, consequently, integral to an analysis of whether the notice-posting requirement is a permissible exercise of the Board's rulemaking authority. Of the aforementioned agencies that have notice-posting requirements, none of them makes the failure to post unlawful, absent additional specific statutory authorization. Only the RLA, Title VII, FMLA, and the Occupational Safety Act (OSHA) have such authorizing language. ADA, the ADEA, the FLSA, and the USERRA do not. Consequently, an employer's failure to post a notice under those statutes is not subject to sanction as unlawful.

Thus, both before and after the Wagner Act, Congress has consistently manifested by express statutory language its intent to impose a general notice-posting duty on employers with respect to the rights of employees under various federal labor laws. Only one administrative agency promulgated a notice-posting requirement in the absence of such language in its enabling statute. No agency has made the failure to comply with a notice-posting requirement unlawful absent express statutory authorization, until today.

The explicit inclusion of notice-posting provisions and permissible sanctions by Congress in other labor legislation undercuts the majority's claim that this notice-posting rule is not a "major policy decision properly made by Congress alone." Strangely, the majority does not merely contend that this pattern in comparable labor legislation fails to prove that Congress did not intend that the Board should have the rulemaking authority under Section 6 to mandate the notice posting at issue here. They conversely contend that it proves Congress must have intended to confer such authority on the Board! [174]

Perhaps cognizant of the weakness of this position, the majority attempts to downplay the import of Congressional silence on the Board's authority to mandate notice posting and to enforce that mandate through unfair labor practice sanctions. They cite *Cheney R.R. Co.* v. *ICC,* 902 F. 2d 66, 68–69 (D.C. Cir. 1990), for the proposition that the maxim "expressio unius est exclusio alterius," which holds that the special mention of one thing indicates an intent for another thing not be included elsewhere, may not always be a useful tool for interpreting the intent of Congress. Obviously, the usefulness of this tool depends on the context of a particular statute. *Independent Ins. Agents of Am., Inc.* v. *Hawke,* 211 F.3d 638 (D.C. Cir. 2000) (applying the maxim). In my view, the absence of an express notice provision in the NLRA, and the failure to amend the Act to include one when Congress expressly included notice posting provisions in other labor statutes, shows that it did not intend to authorize the Board to promulgate this rule.[175]

Arguing to the contrary, the majority asserts that the notice-posting rule is

[173] Throughout this dissent, I will refer generally to the statute we administer as the NLRA, unless the discussion focuses on a specific historical version, such as the Wagner Act.

[174] Of course, this reasoning would seem to dictate that the failure of the Board to inform its own employees of their general rights under the Federal Labor Relations Act is an unfair labor practice, even though that statute imposes no such express requirement. To date, I am not aware that this agency, or any other, views itself as subject to such an enforceable obligation.

[175] The majority contends that the fact that the rule comes 76 years after the NLRA was enacted is not a "condition of validity." *Mayo Foundation for Medical Education and Research* v. *United States,* 131 S.Ct. 704, 713–14 (2011) (quoting *Smiley* v. *Citibank (S.D.), N.A.,* 517 U.S. 735, 740 (1996) ("neither antiquity nor contemporaneity with the statute is a condition of validity."). I have no problem with that proposition, but if the Board lacks statutory authority to promulgate a rule, it is of no matter that it attempts to do so in year 1 or year 76 of its existence.

entitled to deference under the analysis set forth in *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.,* 467 U.S. 837 (1984). Under *Chevron,* where Congress has not ''directly addressed the precise question at issue,'' *id.* at 842–843, that rulemaking authority may be used in order ''to fill any gap left, implicitly or explicitly, by Congress.'' *Id.* at 843.

Even assuming that the absence of an explicit posting requirement in the NLRA is not interpreted as clear expression of Congressional intent, the majority fails to persuade that Congress delegated authority in Section 6 of the NLRA for the Board to fill a putative statutory gap by promulgating a rule that an employer commits an unfair labor practice by failing to affirmative notify its employees of their rights under the NLRA. As the Supreme Court has explained, ''the ultimate question is whether Congress would have intended, and expected, courts to treat [the regulation] as within, or outside, its delegation to the agency of 'gap-filling' authority.'' *Long Island Care at Home, Ltd.* v. *Coke,* 551 U.S. 158, 173 (2007).

There is no doubt that there are many gaps and ambiguities in the NLRA that Congress intended for the Board to address, using its labor expertise, either through adjudication or rulemaking. However, the existence of ambiguity in a statute is not enough per se to warrant deference to the agency's interpretation of its authority in every respect. The ambiguity must be such as to make it appear that Congress either explicitly or implicitly delegated authority to cure that ambiguity. *Am. Bar Ass'n* v. *FTC,* 430 F.3d 457, 469 (D.C. Cir. 2005); *Motion Picture Ass'n of America, Inc.* v. *FCC,* 309 F. 3d 796, 801 (D.C. Cir. 2002) (''*MPAA* '') (''agency's interpretation of [a] statute is not entitled to deference absent a delegation of authority from Congress to regulate in the areas at issue.'').

Thus, even when an administrative agency seeks to address what it believes is a serious interpretive problem, the Supreme Court has said that the agency ''may not exercise its authority 'in a manner that is inconsistent with the administrative structure that Congress enacted into law.' '' *FDA* v. *Brown & Williamson Tobacco Corp.,* 529 U.S. 120, 125(2000) (quoting *ETSI Pipeline Project* v. *Missouri,* 484 U.S. 495, 517(1988)). Further, the statute at issue must be considered as a ''symmetrical and coherent regulatory scheme.'' *Gustafson* v. *Alloyd Co.,* 513 U.S. 561, 569, 115 S.Ct. 1061, 131 L.Ed.2d 1 (1995). In our case, the exercise of rulemaking authority under Section 6 is not self-effectuating; it must be shown to relate reasonably to some other provision as part of the overall statutory scheme contemplated by Congress.[176]

Nothing in the text or the regulatory structure of the NLRA suggests that the Board has the authority to promulgate the notice-posting rule at issue in order to address a gap in the statutory scheme for resolving questions concerning representation through Section 9, or in preventing, through Sections 8 and 10, specifically enumerated unfair labor practices that adversely affect employees' Section 7 rights. On the contrary, it is well-established that the Board lacks independent authority to initiate or to solicit the initiation of representation and unfair labor practice proceedings, and Section 10(a) limits the Board's powers to preventing only the unfair labor practices listed in Section 8 of the Act. Yet the majority asserts that it may exceed these limitations by requiring employers to post a notice of employee rights and illustrative unfair labor practices at all times, regardless of whether a petition had been filed or an employer has been found to have committed an unfair labor practice.

The majority's reliance on a combination of Section 7, 8, and 10 warrants special mention. They reason that an employer interferes with Section 7 rights in general, and thereby violates Section 8(a)(1), by failing to give continuous notice to employees of those rights. It may be a truism that an employee must be aware of his rights in order to exercise them, but it does not follow that it is the employer under our statutory scheme who must provide enlightenment or else incur liability for violating those rights. The new unfair labor practice created by the rule bears no reasonable relation to any unfair labor practice in the NLRA's pre-existing enforcement scheme developed over seven decades.[177] It certainly bears no relation to the few examples the majority can muster in Board precedent. The only instance with even a passing resemblance to the rights notice-posting requirement here is the requirement that a union give notice of *Beck*[178] and *General Motors*[179] rights. However, the failure to give such a notice is not per se unlawful. It becomes an unfair labor practice only when a union, without giving notice, takes the affirmative action of seeking to obligate an employee to pay fees and dues under a union-security clause.[180] Beyond that, a union has no general obligation to give employees notice of their *Beck* and *General Motors* rights; much less does it violate the NLRA by failing to do so. By contrast, the rule promulgated today imposes a continuing obligation on employers to post notice of employees' general rights and, even absent any affirmative act involving those rights, makes the failure to maintain such notice unlawful.[181]

Unlike my colleagues, I find that the Supreme Court's opinion in *Local 357, Teamsters* v. *NLRB,* 365 U.S. 667 (1961), speaks directly to this point. In that case, the Board found a hiring hall agreement unlawfully discriminatory per se because, even though it included an express anti-discrimination

[176] *See, e.g., Mourning* v. *Family Publications Service, Inc.,* 411 U.S. 356, (1973) Unlike here, the Federal Reserve Board easily met this standard in *Mourning* when issuing a disclosure regulation under the Truth in Lending Act, even though that Act did not explicitly require lenders to make such disclosures. In sustaining the regulation, the Court found the regulation to be within the Federal Reserve's rulemaking authority and, in light of the legislative history, the disclosure requirement was not contrary to the statute. ''The crucial distinction, * * * [was that] the disclosure requirement was in fact enforced through the statute's pre-existing remedial scheme and in a manner consistent with it.'' *Ragsdale* v. *Wolverine World Wide, Inc.,* 535 U.S. 81, 94 (2002).

[177] The Senate report on the Wagner bill stressed that unfair labor practices were ''strictly limited to those enumerated in section 8. This is made clear by paragraph 8 of section 2, which provides that 'The term 'unfair labor practice' means unfair labor practice listed in Section 8,'' and by Section 10(a) empowering the Board to prevent any unfair labor practice ''listed in Section 8.'' Thus, ''[n]either the National Labor Relations Board nor the courts are given any blanket authority to prohibit whatever labor practices that in their judgment are deemed to be unfair.'' S. Rep. No. 573, 74th Cong., 1st Sess. 17 (1935) at 8–9 reprinted in *Legislative History of the National Labor Relations Act of 1935, Vol. II* at 2307–2308 (1985).

[178] *Communications Workers* v. *Beck,* 487 U.S. 735 (1988).

[179] *NLRB* v. *General Motors,* 373 U.S. 734 (1963).

[180] *California Saw & Knife Works,* 320 NLRB 224, 233 (1995).

[181] None of the FMLA cases cited by the majority support finding that a failure to post a general notice of employee rights under the NLRA is unlawful. In *Bachelder,* the Ninth Circuit actually found ''unavailing'' the employer's argument that it had satisfied all its specific FMLA notice obligations because it had complied with the FMLA's general posting rule. *Id.* at 1127, fn. 5. Rather, the court found that because the employer failed to ''notify'' an employee which of the four FMLA's ''leave year'' calculation methods it had chosen, the employer ''interfered'' with that employee's rights and, therefore, improperly used the employee's FMLA covered absences as a ''negative factor'' when taking the affirmative adverse action of discharging her.

Similarly, in neither *Greenwell* v. *Charles Machine Works, Inc.,* 2011 WL 1458565 (W.D.Okla., 2011); *Smith* v. *Westchester County,* 769 F. Supp 2d 448 (S.D.N.Y. 2011), was the FMLA general posting requirement at issue. *Smith* did not involve a notice issue and *Greenwell* involved the employer's failure to comply with a different notification obligation under the FMLA.

In any event, as previously stated, FMLA expressly provides that employers give notice to employees of rights thereunder and expressly provides for sanctions if notice is not given. The NLRA does neither.

provision, it did not include two additional provisions that the Board declared were necessary to prevent ''unlawful encouragement of union membership.'' The Court disagreed, stating

> Perhaps the conditions which the Board attaches to hiring-hall arrangements will in time appeal to the Congress. Yet, where Congress has adopted a selective system for dealing with evils, the Board is confined to that system. *National Labor Relations Board* v. *Drivers, etc. Local Union,* 362 U.S. 274, 284–290, 80 S.Ct. 706, 712–715, 4 L.Ed.2d 710. Where, as here, Congress has aimed its sanctions only at specific discriminatory practices, the Board cannot go farther and establish a broader, more pervasive regulatory scheme.[182]

Congress in Section 8(a)(1) aimed its sanctions only at employer actions that interfere with the exercise of Section 7 rights. By this rulemaking, my colleagues go farther and establish a broader, more pervasive regulatory scheme that targets employer inaction, or silence, as unlawful interference. As *Local 357* instructs, they lack the authority to do this.[183]

*American Hospital Association* v. *NLRB,* 499 U.S. 606 (1991) (*AHA*), upon which the majority heavily relies, illustrates a valid exercise of authority under Section 6. In *AHA,* the Supreme Court unanimously upheld the Board's health care unit rule, finding that Section 6's general grant of rulemaking authority ''was unquestionably sufficient to authorize the rule *at issue in this case* unless limited by some other provision in the Act.'' *Id.* at 609–10 (emphasis added). The Court further found that the rule was clearly consistent with authority under Section 9(b) to make appropriate bargaining unit determinations. It specifically rejected the argument that language in 9(b) directing the Board to decide the appropriate bargaining unit ''in each case'' limited its authority to define appropriate units by rulemaking.

Congress expressly authorized the Board in Section 9(b) to determine appropriate bargaining units and the Board exercised its rulemaking authority to promulgate a rule ''necessary to carry out'' Section 9(b). In contrast, as previously stated, there is no reasonable basis for finding that a rule making it unlawful for employers to fail to post and maintain a notice of employee rights and selected illustrative unfair labor practices is necessary to carry out any substantive section of the NLRA. Nevertheless, the majority construes *AHA* as an endorsement of deference to the exercise of Section 6 rulemaking authority whenever Congress did not expressly limit this authority. This is patently incorrect. ''To suggest, as the [majority] effectively does, that *Chevron* deference is required any time a statute does not expressly negate the existence of a claimed administrative power * * *, is both flatly unfaithful to the principles of administrative law * * * and refuted by precedent.'' *Railway Labor Executives' Ass'n* v. *National Mediation Bd.,* 29 F.3d 655, 671 (D.C.Cir.1994) (citation omitted). Were courts ''to presume a delegation of power absent an express withholding of such power, agencies would enjoy virtually limitless hegemony, a result plainly out of keeping with *Chevron* and quite likely with the Constitution as well.'' *Id.*

In sum, the majority's notice rule does not address a gap that Congress delegated authority to the Board to fill, whether by rulemaking or adjudication. The Supreme Court has made clear that ''[w]here Congress has in the statute given the Board a question to answer, the courts will give respect to that answer; but they must be sure the question has been asked.'' *NLRB* v. *Insurance Agents' Int'l Union,* 361 U.S. 419, 432–433 (1960). The Supreme Court also has made clear: ''[Congress] does not * * * hide elephants in mouseholes.'' *Whitman* v. *American Trucking Associations,* 531 U.S. 457, 468 (2001).

My colleagues' action here is markedly like the Federal Trade Commission (FTC) regulation rejected as ultra vires by the court of appeals in *Am. Bar Ass'n* v. *FTC, supra.* The FTC issued a ruling that attorneys engaged in certain practices were financial institutions subject to the privacy provision of the Gramm-Leach-Bliley Act (GBLA). Upon review of the detailed statutory scheme at issue, the court found it ''difficult to believe that Congress, by any remaining ambiguity, intended to undertake the regulation [of a subject] * * * and never mentioned [it] in the statute.'' 430 F.3d at 469. The court further opined that to find the FTC's interpretation to be ''deference-worthy, we would have to conclude that Congress not only had hidden a rather large elephant in a rather obscure mousehole, but had buried the ambiguity in which the pachyderm lurks beneath an incredibly deep mound of specificity, none of which bears the footprints of the beast or any indication that Congress even suspected its presence.'' *Id.* No such conclusion was possible in that case. No such conclusion is possible here. Quite simply, the Board lacks statutory authority to promulgate a rule that imposes a new obligation on employers and creates a new unfair labor practice to enforce it.

*The Rule Is Arbitrary and Capricious*

Even if the Board arguably has rulemaking authority in this area, deference is unwarranted under *Chevron* and the Administrative Procedure Act if the rule promulgated is ''arbitrary or capricious in substance, or manifestly contrary to the statute.'' *United States* v. *Mead Corp.,* 533 U.S. 218, 227 (2001). Also *see AHA,* 499 U.S. at 618–20 (applying arbitrary and capricious standard in its consideration of the Board's rule on acute care hospital bargaining units). ''Normally, an agency rule would be arbitrary and capricious if the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise.'' *Motor Vehicle Mfg. Ass'n of the U.S., Inc.* v. *State Farm Mut. Auto. Ins. Co.,* 463 U.S. 29, 43 (1983). ''[T]he agency must examine the relevant data and articulate a satisfactory explanation for its action including a 'rational connection between the facts found and the choice made.' '' *Id.* (quoting *Burlington Truck Lines* v. *United States,* 371 U.S. 156, 168 (1962)). *See also Business Roundtable et al.* v. *S.E.C.,*— F.3d—, 2011 WL 2936808 (D.C. Cir., July 22, 2011) (finding SEC acted arbitrarily and capriciously by relying on insufficient empirical data supporting its rule and by completely discounting contrary studies).

In *AHA,* the Board's health care bargaining units rule was supported by ''the extensive record developed during the rulemaking proceedings, as well as its experience in the adjudication of health care cases during the 13-year period between the enactment of the health care amendments and its notice of proposed rulemaking.'' *AHA,* 499 U.S. at 618. The Supreme Court upheld the validity of the rule finding it ''based on substantial evidence and supported by a ''reasoned analysis.'' *Id.* at 619 (citing *Motor Vehicle Mfrs. Ass.,* 463 U.S. at 57).

By contrast, the majority's articulation of the need to mandate that employers violate Section 8(a)(1) unless they post a notice of employee rights is not based

[182] 365 U.S. at 676.

[183] My colleagues attempt to distinguish *Local 357* as limited to an interpretation of Sec. 8(a)(3) and 8(b)(2)'s prohibition of discriminatory practices. That may have been the issue before the Court, but I do not view the quoted rationale as so limited.

on substantial evidence, nor does it provide a satisfactory explanation for the choice they have made. They contend that a mandatory notice posting rule enforceable through Section 8(a)(1) is needed because they believe that most employees are unaware of their NLRA rights and therefore cannot effectively exercise those rights. This belief is based on: (1) Some studies indicating that employees and high school students about to enter the work force are generally uninformed about labor law; (2) an influx of immigrants in the labor force who are presumably also uninformed about labor law; (3) the current low and declining percentage of union-represented employees in the private sector, which presumably means that unions are less likely to be a source of information about employee rights; and (4) the absence of any general legal requirement that employers or anyone else inform employees about their NLRA rights. 75 FR 80411.

Neither the Notice of Proposed Rulemaking nor today's notice summarizing comments in response to that notice come anywhere close to providing a substantial factual basis supporting the belief that most employees are unaware of their NLRA rights. As for the lack of high school education on this subject, we have only a few localized studies cited in a 1995 journal article by a union attorney.[184] With respect to the assumption that immigrants entering the work force, we have even less, only anecdotal accounts. For that matter, beyond the cited journal article, almost all supposed factual support for the premise that employees are generally unaware of their rights comes in comments received from individuals, union organizers, attorneys representing unions, and immigrant rights and worker assistance organizations agreeing, based on professed personal experience, that most employees (obviously not including most of the employee commenters) are unfamiliar with their NLRA rights. There are, as well, anecdotal accounts and comments from employers, employer associations and management attorneys to the opposite effect that the employees know about their rights under the Act, but my colleagues find these less persuasive.

In any event, the partisan opinions and perceptions, although worthy of consideration, ultimately fail as substantial evidence supporting the Board majority's initial premise for proposing the rule. There remains the Board's conclusion that the decline in union density provides the missing factual support. The majority explains that there was less need for a posting of information about NLRA rights when the union density was higher because "friends and family who belonged to unions" would be a source of information. This is nothing more than supposition. There is no empirical evidence of a correlation between union density and access to information about employee rights, just as there are no broad-based studies supporting the suppositions about a lack of information stemming from high school curricula or the influx of immigrants in the work force.

At bottom, the inadequacy of the record to support my colleagues' factual premise is of no matter to them. In response to comments contending that the articles and studies they cite are old and inadequately supported, they glibly respond that the commenters "cite no more recent or better supported studies to the contrary," as if opponents of the proposed rule bear that burden. Of course, it is the agency's responsibility to make factual findings that support its decision and those findings must be supported by substantial evidence that must examine the relevant data and articulate a satisfactory explanation for its action. *Burlington Truck Lines,* 371 U.S. at 167.

Even more telling is the majority's footnote observation that there is no real need to conduct a study of the extent of employees' knowledge of NLRA rights because the notice posting rule would be justified even if only 10 percent of the workforce lacked such knowledge. This statement betrays the entire factual premise upon which the rulemaking initiative was purportedly founded and reveals a predisposition to issue the rule regardless of the facts. This is patently "arbitrary and capricious."

Even assuming, if we must, that there is some factual basis for a concern that employees lack sufficient information about their NLRA rights, the majority also fails to provide a rational explanation for why that concern dictates their choice made to address that concern. Why, for instance, was a noncompulsory information system, primarily reliant on personal union communications, sufficient when the Wagner Act was passed, but not now? The union density levels for 1935 and today are roughly the same.[185] Why at a time when the Board champions its new Web site and the Acting General Counsel continues to encourage the regional outreach programs initiated by his predecessor, do my colleagues so readily dismiss the Board's role in providing information about rights under the statute we administer? For that matter, why are the numerous employee, labor organizer, and worker advocacy groups whose comments profess awareness of these rights unable to communicate this information to those who they know lack such awareness? Is the problem one of access or message? Would a reversal of the union density trend or an increase in petition and charge filings be the only reliable indicators of increased awareness?

I would think that a reasoned explanation for the choice of a sweeping rule making it unlawful for employers to fail to post and maintain notice of employee rights would at least include some discussion of these questions and attempt to marshal more than a fragmented and inconclusive factual record to support their choice. The majority fails to do so. Their rule is patently arbitrary and capricious.

*Executive Order 13496*

The majority mentions in passing Executive Order 13496[186] and the DOL implementing regulation[187] mandating that Federal contractors post a notice to employees of NLRA rights that is in most respects identical to the notice at issue here. Their consideration of this administrative action should have led them to the understanding that they lack the authority to do what the President and DOL clearly could do to advance essentially the same policy choice.

The authority to require that contractors agree to post an NLRA employee rights notice as part of doing business with the Federal government comes both from the President's authority as chief executive and the specific grant of Congressional authority in the Federal Property and Administrative Services Act, 40 U.S.C. 101 *et seq.* There was no need or attempt to justify the promulgation of the notice-posting rule by relying on evidence that employees lacked knowledge of their rights. Moreover, in

[184] Peter D. DeChiara, "*The Right to Know: An Argument for Informing Employees of Their Rights under the National Labor Relations Act,*" 32 Harv. J. on Legis. 431, at 436 and fn. 28 (1995).

In the Notice of Proposed Rulemaking, the majority also relied on two articles by Professor Charles J. Morris, a co-petitioner for notice-posting rulemaking: "*Renaissance at the NLRB—Opportunity and Prospect for Non-Legislative Procedural Reform at the Labor Board,*" 23 Stetson L. Rev. 101, 107 (1993); and "*NLRB Protection in the Nonunion Workplace: A Glimpse at a General Theory of Section 7 Conduct,*" 137 U. Pa. L. Rev. 1673, 1675–1676 (1989). Professor Morris did not refer to any specific evidence supporting a belief that employees lack knowledge of their rights.

[185] Mayer, Gerald, "Union Membership Trends in the United States" (2004). *Federal Publications.* Paper 174, Appendix A. *http://digitalcommons.ilr.cornell.edu/key_workplace/.*

[186] 74 FR 6107 (Feb. 4, 2009).

[187] 75 FR 28368 (May 20, 2011).

the notice of a final rule, DOL rejected commenters' contentions that the Executive Order and implementing regulation were preempted by the Board's jurisdiction under the *Garmon* doctrine.[188] Necessarily, this meant that DOL believed that the rule requiring federal contractors to post the employee rights notice did not involve any rights protected by Section 7 of the Act, such as a right to receive such information from their employer, or conduct prohibited by the Act, such as the employer's failure to provide such information.

Not only does my colleagues' rulemaking action today contradict DOL's preemption analysis, but its flaws are manifest in comparison to the DOL's rule and the authority enabling it.

*Conclusion*[189]

Surely, no one can seriously believe that today's rule is primarily intended to inform employees of their Section 7 right to refrain from or to oppose organizational activities, collective bargaining, and union representation. My colleagues seek through promulgation of this rule to reverse the steady downward trend in union density among private sector employees in the non-agricultural American workforce. Theirs is a policy choice which they purport to effectuate with the force of law on several fronts in rulemaking and in case-by-case adjudication. In this instance, their action in declaring that employers violate the law by failing to inform employees of their Section 7 rights is both unauthorized and arbitrary and capricious. Regardless of the arguable merits of their policy choice or the broad scope of *Chevron* deference and the Board's rulemaking authority, I am confident that a reviewing court will soon rescue the Board from itself and restore the law to where it was before the sorcerer's apprentice sent it askew.

## V. Regulatory Procedures

### *A. Regulatory Flexibility Act*

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601 *et seq.,* requires agencies promulgating final rules to prepare a final regulatory flexibility analysis and to develop alternatives wherever possible, when drafting regulations that will have a significant impact on a substantial number of small entities. The focus of the RFA is to ensure that agencies "review draft rules to assess and take appropriate account of the potential impact on small businesses, small governmental jurisdictions, and small organizations, as provided by the [RFA]." E.O. 13272, Sec. 1, 67 FR 53461 ("Proper Consideration of Small Entities in Agency Rulemaking"). However, an agency is not required to prepare a final regulatory flexibility analysis for a final rule if the agency head certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). Based on the analysis below, in which the Board has estimated the financial burdens to employers subject to the NLRA associated with complying with the requirements contained in this final rule, the Board has certified to the Chief Counsel for Advocacy of the Small Business Administration (SBA) that this rule will not have a significant economic impact on a substantial number of small entities.

The primary goal of this rule is notifying employees of their rights under the NLRA. This goal is achieved through the posting of notices by employers subject to the NLRA of the rights of employees under the NLRA. The Board will make the notices available at no cost to employers; there are no information collection, record keeping, or reporting requirements.

The Board estimates that in order to comply with this rule, each employer subject to the NLRA will spend a total of 2 hours during the first year in which the rule is in effect. This includes 30 minutes for the employer to learn where and how to post the required notices, 30 minutes to acquire the notices from the Board or its Web site, and 60 minutes to post them physically and electronically, depending on where and how the employer customarily posts notices to employees. The Board assumes that these activities will be performed by a professional or business worker, who, according to Bureau of Labor Statistics data, earned a total hourly wage of about $32.20 in March 2011, including fringe benefits.[190] The Board then multiplied this figure by 2 hours to estimate the average costs for employers to comply with this rule during the first year in which the rule is in effect. Accordingly, this rule is estimated to impose average costs of $64.40 per employer subject to the NLRA (2 hours × $32.20) during the first year.[191] These costs will decrease dramatically in subsequent years because the only employers affected will be those that did not previously satisfy their posting requirements or that have since expanded their facilities or established new ones. Because the final rule will not require employers to post the notice by email, instant messaging, text messaging, and the like, the cost of compliance should be, if anything, somewhat less than the Board previously estimated.

According to the United States Census Bureau, there were approximately 6 million businesses with employees in 2007. Of those, the SBA estimates that all but about 18,300 were small businesses with fewer than 500 employees.[192] This rule does not apply to employers that do not meet the Board's jurisdictional requirements, but

[188] *San Diego Bldg. Trades Council* v. *Garmon,* 359 U.S. 236, 244 (1959)

[189] Because I find the rule is invalid, I find it unnecessary to comment on the content of the notice or the consequences, other than finding an unfair labor practice, if an employer fails to post the required notice. For the reasons stated in my dissenting opinion in *J. Picini Flooring,* 356 NLRB No. 9 (2010), I also disagree with the rule's requirement that certain employers must also electronically distribute the notice.

[190] Source: U.S. Department of Labor, Bureau of Labor Statistics, "Economic News Release," Table B–8, June 3, 2011 (available at *http://www.bls.gov*). (The Board is administratively informed that BLS estimates that fringe benefits are approximately equal to 40 percent of hourly wages. Thus, to calculate total average hourly earnings, BLS multiplies average hourly wages by 1.4. In March, 2011, average hourly wages for professional and business workers were $23.00. Table B–8. Accordingly, the Board multiplied that number by 1.4 to arrive at its estimate of $32.20 average hourly earnings, including fringe benefits.) In the NPRM, the Board estimated hourly earnings of $31.02, based on BLS data from January 2009. 75 FR 80415. The estimate has been updated to reflect increases in hourly earnings since that time. Those increases have been relatively minor, and do not affect the Board's conclusion that the economic impact of the rule will not be significant; see discussion below.

[191] The National Roofing Contractors Association asserts (without support) that "federal agencies have a notoriously poor track record in estimating the costs of new regulations on businesses"; it therefore predicts that "the actual cost for many employers could be considerably higher." The Board recognizes that some employers, generally firms with extensive and/or multiple facilities, may incur initial compliance costs in excess of the Board's estimate. For example, a company with multiple locations may require more than 30 minutes to physically post the notices on all of its various bulletin boards. The Board's estimate, however, is an average for all employers; many small employers, especially those with only one facility and/or limited electronic communication with employees, may incur lower compliance costs.

In this regard, however, contrary to numerous comments, such as that of St Mar Enterprises, Inc., the Board does not expect that the rule will be "very burdensome" for businesses with more than one facility. Normally, such firms should have to learn about the rule's requirements and acquire the notices only once, no matter how many facilities are involved. The same should be true for electronic posting: downloading the notice and posting it on an employer's Web site normally should have to be done once for all facilities. Thus, the only additional costs involved for multi-facility firms should be those of physically posting the notices at each facility.

[192] Source: SBA Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census, and trends from the U.S. Department of Labor, Bureau of Labor Statistics, Business Employment Dynamics.

the Board does not have the means to calculate the number of small businesses within the Board's jurisdiction. Accordingly, the Board assumes for purposes of this analysis that the great majority of the nearly 6 million small businesses will be affected, and further that this number is a substantial number within the meaning of 5 U.S.C. 601. However, as discussed below, because the economic impact on those employers is minimal, the Board concludes that, under 5 U.S.C. 605, the final rule will not have a significant economic impact on any small employers.

The RFA does not define "significant economic impact." 5 U.S.C. 601. In the absence of specific definitions, "what is 'significant' * * * will vary depending on the problem that needs to be addressed, the rule's requirements, and the preliminary assessment of the rule's impact." *See A Guide for Government Agencies: How to Comply with the Regulatory Flexibility Act,* Office of Advocacy, U.S. Small Business Administration at 17 (available at *http://www.sba.gov*) (SBA Guide). As to economic impact and whether it is significant, one important indicator is the cost of compliance in relation to revenue of the entity or the percentage of profits affected. *Id.* at 17. More specifically, the criteria to be considered are:

- Whether the rule will lead to *long-term insolvency, i.e.,* regulatory costs that significantly reduce profits;
- Whether the rule will lead to *short-term insolvency, i.e.,* increasing operating expenses or new debt more than cash reserves and cash flow can support, causing nonmarginal firms to close;
- Whether the rule will have *disproportionate effects,* placing small entities at a significant competitive disadvantage; and
- Whether the rule will result in *inefficiency, i.e.,* in social costs to small entities that outweigh the social benefits resulting from the rule. *Id.* at 26.

Applying these standards, the Board concludes that the economic impact of its notice-posting rule on small employers is not significant. The Board has determined that the average cost of complying with the rule in the first year for all employers subject to the NLRA will be $64.40. It is unlikely in the extreme that this minimal cost would lead to either the short- or long-term insolvency of any business entity, or place small employers at a competitive disadvantage. Since this rule applies only to organizations within the NLRB's jurisdictional standards, the smallest employer subject to the rule must have an annual inflow or outflow across state lines of at least $50,000. *Siemons Mailing Service,* 122 NLRB 81 (1959). Given that the Board estimates that this rule will cost, on average, $64.40, the total cost for the smallest affected companies would be an amount equal to less than two-tenths of one percent of that required annual inflow or outflow (.13%). The Board concludes that such a small percentage is highly unlikely to adversely affect a small business.[193] And, in the Board's judgment, the social benefits of employees' (and employers') becoming familiar with employees' NLRA rights far outweigh the minimal costs to employers of posting notices informing employees of those rights.[194]

For all the foregoing reasons, the Board has concluded that the final rule will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605.

As discussed in the NPRM, because it assumes that a substantial number of small businesses will be required to comply with the rule, the Board preliminarily considered alternatives that would minimize the impact of the rule, including a tiered approach for small entities with only a few employees. However, as it also explained, the Board rejected those alternatives, concluding that a tiered approach or an exemption for some small entities would substantially undermine the purpose of the rule because so many employers would be exempt under the SBA definitions. Given the very small estimated cost of compliance, it is possible that the burden on a small business of determining whether it fell into a particular tier might exceed the burden of compliance. The Board further pointed out that Congress gave the Board very broad jurisdiction, with no suggestion that it wanted to limit coverage of any part of the NLRA to only larger employers. The Board also believes that employees of small employers have no less need of a Board notice than have employees of larger employers. Finally, the Board's jurisdictional standards mean that very small employers will not be covered by the rule in any case. 75 FR 80416. (A summary of the Board's discretionary jurisdictional standards appears in § 104.204, below.) Thus, although several comments urge that small employers be exempted from the rule, the Board remains persuaded, for the reasons set forth in the NPRM, that such an exemption is unwarranted.[195]

Some comments contend that, in concluding that the proposed rule will not have a significant impact on small employers, the Board understates the rule's actual prospective costs. One comment, from Baker & Daniels LLP, argues that the Board improperly focuses solely on the cost of complying with the rule—*i.e.,* of printing and posting the notice—and ignored the "actual economic impact of the rule's effect and purpose." According to this comment, it is predictable that, as more employees become aware of their NLRA rights, they will file more unfair labor practice charges and elect unions to serve as their collective-bargaining representatives. The comment further asserts that the Board has ignored the "economic realities of unionization," specifically that union wages are inflationary; that unions make business less flexible, less competitive, and less profitable; and that unions cause job loss and stifle economic recovery from recessions. Accordingly, this comment contends that "the Board's RFA certification is invalid, and [that] the Board must prepare an initial regulatory flexibility analysis." Numerous other comments echo similar concerns, but without reference to the RFA.

The Board disagrees with the comment submitted by Baker & Daniels LLP.[196] Section 605(b) of the RFA states that an agency need not prepare an initial regulatory flexibility analysis if the agency head certifies that *the rule*

[193] In reaching this conclusion, the Board believes it is likely that employers that might otherwise be significantly affected even by the low cost of compliance under this rule will not meet the Board's jurisdictional requirements, and consequently those employers will not be subject to this rule.

[194] See further discussion in section II, subsection C, Factual Support for the Rule, above.

[195] Cass County Electric Cooperative says that, after estimating the average cost of compliance, "the NLRB quickly digresses into an attempt to estimate the cost of the proposed rule on only small businesses." The Board responds that in estimating the cost of the rule on small businesses, it was doing what the RFA explicitly requires (and that focusing on small businesses, which comprise more than 99 percent of potentially affected firms, is hardly a "digression"). The comment also asserts that the Board concluded "that the cost of estimating the implementation cost will likely exceed the cost of implementation, and thus is not warranted. At best, this is a poor excuse to justify the rule." This misstates the Board's observation that "Given the very small estimated cost of compliance, it is possible that the burden on a small business of determining whether it fell into a particular tier might exceed the burden of compliance." This observation was one of the reasons why the Board rejected a tiered approach to coverage for small entities, not an "excuse to justify the rule." 75 FR 80416.

[196] In any event, the comment from Baker & Daniels LLP and related comments are difficult to square with the assertions made in numerous other comments that the notice posting is unnecessary because employees are already well aware of their NLRA rights and have made informed decisions not to join unions or seek union representation.

will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b) (emphasis added). The Board understands the "economic impact of * * * *the rule*" to refer to the costs to affected entities of complying with the rule, not to the economic impact of a series of subsequent decisions made by individual actors in the economy that are neither compelled by, nor the inevitable result of, the rule.[197] Even if more employees opt for union representation after learning about their rights, employers can avoid the adverse effects on business costs, flexibility, and profitability predicted by Baker & Daniels LLP and other commenters by not agreeing to unions' demands that might produce those effects.[198]

The Board finds support for this view in the language of Section 603 of the RFA, which lists the items to be included in an initial regulatory flexibility analysis if one is required. 5 U.S.C. 603. Section 603(a) states only that such analysis "shall describe the impact of the proposed rule on small entities." 5 U.S.C. 603(a). However, Section 603(b) provides, as relevant here, that "[e]ach initial regulatory flexibility analysis * * * shall contain—* * *

"(4) a description of the projected *reporting, recordkeeping and other compliance requirements* of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record[.]" 5 U.S.C. 603(b)(4) (emphasis added). The Small Business Administration cites, as examples of "other compliance requirements,"

(a) Capital costs for equipment needed to meet the regulatory requirements; (b) costs of modifying existing processes and procedures to comply with the proposed rule; (c) lost sales and profits resulting from the proposed rule; (d) changes in market competition as a result of the proposed rule and its impact on small entities or specific submarkets of small entities; (e) extra costs associated with the payment of taxes or fees associated with the proposed rule; and (f) hiring employees dedicated to compliance with regulatory requirements.[199]

Thus, the "impact" on small entities referred to in Section 603(a) refers only to the rule's projected compliance costs to small entities (none of which would result from posting a workplace notice), not the kinds of speculative and indirect economic impact that Baker & Daniels LLC invokes.[200]

Associated Builders and Contractors, Inc. (ABC) and Retail Industry Leaders Association (RILA) contend that the Board's RFA analysis fails to account for the costs of electronic notice posting, especially for employers that communicate with employees via multiple electronic means. Both comments deplore what they consider to be the rule's vague requirements in this respect. ABC argues that clear guidance is needed, and that the Board should withdraw the electronic notice posting requirements until more information can be gathered. RILA asserts that "[d]eciphering and complying with the Board's requirements would impose significant legal and administrative costs and inevitably result [in] litigation as parties disagree about when a communication is 'customarily used,' and whether and when employees need to be informed through multiple communications."

Numerous comments assert that employers, especially small employers that lack professional human resources staff, will incur significant legal expenses as they attempt to comply with the rule. For example, Fisher and Phillips, a management law firm, urges that the cost of legal fees should be included in assessing the economic impact of the proposed rule: "[I]t might be considered naïve to assume that a significant percentage of small employers would not seek the advice of counsel, and it would be equally naïve to assume that a significant percentage of those newly-engaged lawyers could be retained for as little as $31.02/hour."

Those comments are not persuasive. The choice to retain counsel is not a requirement for complying with the rule. This is not a complicated or nuanced rule. The employer is only required to post a notice provided by the Board in the same manner in which that employer customarily posts notices to its employees. The Board has explained above what the rule's electronic posting provisions require of employers in general, and it has simplified those provisions by eliminating the requirement that notices be provided by email and many other forms of electronic communication.[201] It should not be necessary for employers, small or large, to add human resources staff, retain counsel, or resort to litigation if they have questions concerning whether the proposed rule applies to them or about the requirements for technical compliance with the rule, including how the electronic posting provisions specifically affect their enterprises.[202] Such questions can be directed to the Board's regional offices, either by telephone, personal visit, email, or regular mail, and will be answered free of charge by representatives of the Board.[203]

Cass County Electric Cooperative argues that the Board failed to take into account legal expenses that employers will incur if they fail to "follow the letter of the proposed rule." The comment urges that the Board should estimate the cost to businesses "should they have to defend themselves against an unfair labor practice for failure to comply with the rule, no matter what the circumstances for that failure might be," presumably including failures to post the notice by employers that are unaware of the rule and inadvertent failures to comply with technical posting requirements. International Foodservice Distributors Association contends that the Board also should have considered the costs of tolling the statute of limitations when employers fail to post the notice. However, the costs referred to in these comments are costs of not complying with the rule, not compliance costs. As stated above, for RFA purposes, the relevant economic analysis focuses on the costs of complying with the rule.[204]

[197] For RFA purposes, the relevant economic impact on small entities is the impact of compliance with the rule. *Mid-Tex Electric Cooperative, Inc.* v. *FERC*, 773 F.2d 327, 342 (D.C. Cir. 1985), cited in SBA Guide, above, at 77.

[198] NLRA Section 8(d) expressly states that the obligation to bargain in good faith "does not compel either party to agree to a proposal or require the making of a concession[.]" 29 U.S.C. 158(d).

[199] SBA Guide, above, at 34.

[200] Baker & Daniels LLP cites no authority to support its contention that the RFA is concerned with costs other than the costs of compliance with the rule, and the Board is aware of none.

[201] Contrary to ABC's and RILA's assertions, the Board did estimate the cost of complying with the rule's electronic notice posting requirements; its estimated average cost of $62.04 specifically included such costs. 75 FR 80415. Although ABC faults the Board for failing to issue a preliminary request for information (RFI) concerning the ways employers communicate with employees electronically, the Board did ask for comments concerning its RFA certification in the NPRM, *id.* at 80416. In this regard, ABC states only that "many ABC member companies communicate with employees through email or other electronic means," which the Board expressly contemplated in the NPRM, *id.* at 80413, and which is also the Board's practice with respect to communicating with its own employees. If ABC has more specific information it has failed to provide it. In any event, the final rule will not require email or many other types of electronic notice.

[202] Association of Corporate Counsel contends that employers will have to modify their policies and procedures manuals as a result of the rule. The Board questions that contention, but even if some employers do take those steps, they would not be a cost of complying with the rule.

[203] Fisher and Phillips also suggest that the Board failed to take into account the effect that the proposed rule would have on the Board's own case intake and budget. The RFA, however, does not require an estimate of the economic effects of proposed rules on Federal agencies.

[204] *See* fn. 197, above.

Some comments assert that the content of the notice will prompt employee questions, which managers and supervisors will have to answer, and be trained to answer, and that the Board failed to account for the cost of such training and discussions in terms of lost work time.[205] Other comments contend that employers will incur costs of opposing an increased number of union organizing campaigns.[206] Relatedly, several comments state that employers should be allowed to, and/or will respond to the notice by informing employees of aspects of unionization and collective bargaining that are not covered by the notice; some suggest that employers may post their own notices presenting their point of view.[207] (A few comments, by contrast, protest that employers will be prohibited from presenting their side of the issues raised by the posting of notices.) The Board responds that any costs that employers may incur in responding to employee questions, in setting forth the employers' views on unions and collective bargaining, or in opposing union organizing efforts will be incurred entirely at the employers' own volition; they are not a cost of complying with the rule.

As discussed above, many comments express concerns that union supporters will tear down the notices in order to expose employers to 8(a)(1) liability for failing to post the notices. Some of these comments also contend that, as a result, employers will have to spend considerable time monitoring the notices to make sure that they are not torn down, or incur additional costs of installing tamper-proof bulletin boards. One commenter predicts that his employer will have to spend $20,000 for such bulletin boards at a single facility, or a total of $100,000 at all of its facilities, and even then will have to spend two hours each month monitoring the postings. For the reasons discussed above, the Board is not convinced at this time that the problem of posters being torn down is anything more than speculative, and accordingly is inclined to discount these predictions substantially. In any event, the rule requires only that employers "take *reasonable* steps"—not every conceivable step—to ensure that the notice is not defaced or torn down. The rule does not require, or even suggest, that employers must spend thousands of dollars to install tamper-proof bulletin boards or that employers must constantly monitor the notice.[208]

One comment contends that most small employers do not have 11 x 17-inch color printers, and therefore will have to have the posters printed commercially at a cost that, alone, assertedly will exceed the Board's estimate of the cost of the rule. The Board understands the concerns of this small employer. The Board points out that it will furnish a reasonable number of copies of the notice free of charge to any requesting employer. Moreover, as explained above, employers may reproduce the notice in black-and-white and may print the notice on two standard-sized, 8.5 x 11-inch pages and tape or bind them together, rather than having them printed commercially.

A number of comments argue that the rule will lead to workplace conflict. For example, the comment of Wiseda Corporation contains the following:

> *Unnecessary Confusion and Conflict in the Workplace.* The labor law terms and industrial union language of the proposed notice (such as hiring hall and concerted activity) present an unclear and adversarial picture to employees. Most non-union employers like us, who wish to *remain* non-union, encourage cooperative problem solving. In a modern non-union workplace, to require such a poster encouraging strikes and restroom leaflets is disrespectful of the hard work and good intentions of employers, management, and employees. The proposed poster would exist alongside other company notices on problem-solving, respect for others, resolving harassment issues, etc., and would clearly be out of character and inappropriate. (Emphasis in original.)

Another comment puts it more bluntly: "The notice as proposed is more of an invitation to cause employee/employer disputes rather than an explanation of employee rights." The Board's response is that the ill effects predicted in these comments, like the predicted adverse effects of unionization discussed above, are not costs of compliance with the rule, but of employees' learning about their workplace rights. In addition, Congress, not the Board, created the subject rights and did so after finding that vesting employees with these rights would reduce industrial strife.

### *B. Paperwork Reduction Act (PRA)*[209]

The final rule imposes certain minimal burdens associated with the posting of the employee notice required by § 104.202. As noted in § 104.202(e), the Board will make the notice available, and employers will be permitted to post copies of the notice that are exact duplicates in content, size, format, and type size and style. Under the regulations implementing the PRA, "[t]he public disclosure of information originally supplied by the Federal government to [a] recipient for the purpose of disclosure to the public" is not considered a "collection of information" under the Act. *See* 5 CFR 1320.3(c)(2). Therefore, contrary to several comments, the posting requirement is not subject to the PRA.[210]

The Board received no comments suggesting that the PRA covers the costs to the Federal government of administering the regulations established by the proposed rule. Therefore, the NPRM's discussion of this issue stands.

Accordingly, this rule does not contain information collection requirements that require approval by the Office of Management and Budget under the PRA (44 U.S.C. 3507 *et seq.*).

### *C. Congressional Review Act (CRA)*[211]

This rule is a "major rule" as defined by Section 804(2) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Congressional Review Act), because it will have an effect on the economy of more than $100 million, at least during the year it takes effect. 5 U.S.C. 804(2)(A).[212] Accordingly, the

[205] *See, e.g.,* comments of Cass County Electric Cooperative and Baker & McKenzie. The latter estimates that each private sector employee will spend at least an hour attending meetings concerning the content of the notice, and that the cost to the economy in terms of lost employee work time will be $3.5 billion.

[206] *See, e.g.,* comment of Dr. Pepper Snapple Group.

[207] *See, e.g.,* comments of Metro Toyota and Capital Associated Industries, Inc.

[208] Contrary to one comment's suggestion, no employer will be "bankrupted" by fines imposed if the notice is torn down. As explained above, the Board does not have the authority to impose fines.

[209] 44 U.S.C. 3501 *et seq.*

[210] The California Chamber of Commerce and the National Council of Agricultural Employers dispute this conclusion. They assert that the PRA distinguishes between the "agencies" to which it applies and the "Federal government," and therefore that the exemption provided in 5 CFR 1320.3(c)(2) applies only to information supplied by "the actual Federal government," not to information supplied by a Federal agency such as the Board. The flaw in this argument is that there is no such legal entity as "the [actual] Federal government." What is commonly referred to as "the Federal government" is a collection of the three branches of the United States government, including the departments of the executive branch, and the various independent agencies, including the Board. If "the Federal government" can be said to act at all, it can do so only through one or more of those entities—in this instance, the Board—and that is undoubtedly the meaning that the drafters of 5 CFR 1320(c)(2) meant to convey.

[211] 5 U.S.C. 801 *et seq.*

[212] A rule is a "major rule" for CRA purposes if it will (A) Have an annual effect on the economy of $100 million or more; (B) cause a major increase in costs or prices for consumers, individual industries, government agencies, or geographic regions; or (C) result in significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. 5 U.S.C. 804. The notice-posting rule is a "major

Continued

effective date of the rule is 75 days after publication in the **Federal Register**.[213]

### List of Subjects in 29 CFR Part 104

Administrative practice and procedure, Employee rights, Labor unions.

### Text of Final Rule

Accordingly, a new part 104 is added to 29 CFR chapter 1 to read as follows:

## PART 104—NOTIFICATION OF EMPLOYEE RIGHTS; OBLIGATIONS OF EMPLOYERS

### Subpart A—Definitions, Requirements for Employee Notice, and Exceptions and Exemptions

Sec.
104.201 What definitions apply to this part?
104.202 What employee notice must employers subject to the NLRA post in the workplace?
104.203 Are Federal contractors covered under this part?
104.204 What entities are not subject to this part?
Appendix to Subpart A—Text of Employee Notice

### Subpart B—General Enforcement and Complaint Procedures

104.210 How will the Board determine whether an employer is in compliance with this part?
104.211 What are the procedures for filing a charge?
104.212 What are the procedures to be followed when a charge is filed alleging that an employer has failed to post the required employee notice?
104.213 What remedies are available to cure a failure to post the employee notice?
104.214 How might other Board proceedings be affected by failure to post the employee notice?

### Subpart C—Ancillary Matters

104.220 What other provisions apply to this part?

**Authority:** National Labor Relations Act (NLRA), Section 6, 29 U.S.C. 156; Administrative Procedure Act, 5 U.S.C. 553.

### Subpart A—Definitions, Requirements for Employee Notice, and Exceptions and Exemptions

#### § 104.201 What definitions apply to this part?

*Employee* includes any employee, and is not limited to the employees of a particular employer, unless the NLRA explicitly states otherwise. The term includes anyone whose work has ceased because of, or in connection with, any current labor dispute or because of any unfair labor practice, and who has not obtained any other regular and substantially equivalent employment. However, it does not include agricultural laborers, supervisors, or independent contractors, or anyone employed in the domestic service of any family or person at his home, or by his parent or spouse, or by an employer subject to the Railway Labor Act (45 U.S.C. 151 *et seq.*), or by any other person who is not an employer as defined in the NLRA. 29 U.S.C. 152(3).

*Employee notice* means the notice set forth in the Appendix to Subpart A of this part that employers subject to the NLRA must post pursuant to this part.

*Employer* includes any person acting as an agent of an employer, directly or indirectly. The term does not include the United States or any wholly owned Government corporation, or any Federal Reserve Bank, or any State or political subdivision thereof, or any person subject to the Railway Labor Act, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization. 29 U.S.C. 152(2). Further, the term "employer" does not include entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.

*Labor organization* means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. 29 U.S.C. 152(5).

*National Labor Relations Board* (Board) means the National Labor Relations Board provided for in section 3 of the National Labor Relations Act, 29 U.S.C. 153. 29 U.S.C. 152(10).

*Person* includes one or more individuals, labor organizations, partnerships, associations, corporations, legal representatives, trustees, trustees in cases under title 11 of the United States Code, or receivers. 29 U.S.C. 152(1).

*Rules, regulations, and orders,* as used in § 104.202, means rules, regulations, and relevant orders issued by the Board pursuant to this part.

*Supervisor* means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment. 29 U.S.C. 152(11).

*Unfair labor practice* means any unfair labor practice listed in section 8 of the National Labor Relations Act, 29 U.S.C. 158. 29 U.S.C. 152(8).

*Union* means a labor organization as defined above.

#### § 104.202 What employee notice must employers subject to the NLRA post in the workplace?

(a) *Posting of employee notice.* All employers subject to the NLRA must post notices to employees, in conspicuous places, informing them of their NLRA rights, together with Board contact information and information concerning basic enforcement procedures, in the language set forth in the Appendix to Subpart A of this part.

(b) *Size and form requirements.* The notice to employees shall be at least 11 inches by 17 inches in size, and in such format, type size, and style as the Board shall prescribe. If an employer chooses to print the notice after downloading it from the Board's Web site, the printed notice shall be at least 11 inches by 17 inches in size.

(c) *Adaptation of language.* The National Labor Relations Board may find that an Act of Congress, clarification of existing law by the courts or the Board, or other circumstances make modification of the employee notice necessary to achieve the purposes of this part. In such circumstances, the Board will promptly issue rules, regulations, or orders as are needed to ensure that all future employee notices contain appropriate language to achieve the purposes of this part.

(d) *Physical posting of employee notice.* The employee notice must be posted in conspicuous places where they are readily seen by employees, including all places where notices to

rule" because, as explained in the discussion of the Regulatory Flexibility Act above, the Board has estimated that the average cost of compliance with the rule will be approximately $64.40 per affected employer; thus, because there are some 6 million employers that could potentially be affected by the rule, the total cost to the economy of compliance with the rule will be approximately $386.4 million. As further explained, nearly all of that cost will be incurred during the year in which the rule takes effect; in subsequent years, the only costs of compliance will be those incurred by employers that either open new facilities or expand existing ones, and those that for one reason or another fail to comply with the rule during the first year. The Board therefore expects that the costs of compliance will be far less than $100 million in the second and subsequent years. The Board is confident that the rule will have none of the effects enumerated in 5 U.S.C. 804(2)(B) and (C) above.

[213] The Board finds unpersuasive the suggestions in several comments that the effective date of the rule be postponed to as late as April 15, 2012. The Board finds nothing in the requirements of the rule or in the comments received that would warrant postponing the effective date.

employees concerning personnel rules or policies are customarily posted. Where 20 percent or more of an employer's workforce is not proficient in English and speaks a language other than English, the employer must post the notice in the language employees speak. If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must either physically post the notice in each of those languages or, at the employer's option, post the notice in the language spoken by the largest group of employees and provide each employee in each of the other language groups a copy of the notice in the appropriate language. If an employer requests from the Board a notice in a language in which it is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language. An employer must take reasonable steps to ensure that the notice is not altered, defaced, covered by any other material, or otherwise rendered unreadable.

(e) *Obtaining a poster with the employee notice.* A poster with the required employee notice, including a poster with the employee notice translated into languages other than English, will be printed by the Board, and may be obtained from the Board's office, 1099 14th Street, NW., Washington, DC 20570, or from any of the Board's regional, subregional, or resident offices. Addresses and telephone numbers of those offices may be found on the Board's Web site at *http://www.nlrb.gov*. A copy of the poster in English and in languages other than English may also be downloaded from the Board's Web site at *http://www.nlrb.gov*. Employers also may reproduce and use copies of the Board's official poster, provided that the copies duplicate the official poster in size, content, format, and size and style of type. In addition, employers may use commercial services to provide the employee notice poster consolidated onto one poster with other Federally mandated labor and employment notices, so long as the consolidation does not alter the size, content, format, or size and style of type of the poster provided by the Board.

(f) *Electronic posting of employee notice.* (1) In addition to posting the required notice physically, an employer must also post the required notice on an intranet or internet site if the employer customarily communicates with its employees about personnel rules or policies by such means. An employer that customarily posts notices to employees about personnel rules or policies on an intranet or internet site will satisfy the electronic posting requirement by displaying prominently—*i.e.,* no less prominently than other notices to employees—on such a site either an exact copy of the poster, downloaded from the Board's Web site, or a link to the Board's Web site that contains the poster. The link to the Board's Web site must read, ''Employee Rights under the National Labor Relations Act.''

(2) Where 20 percent or more of an employer's workforce is not proficient in English and speaks a language other than English, the employer must provide notice as required in paragraph (f)(1) of this section in the language the employees speak. If an employer's workforce includes two or more groups constituting at least 20 percent of the workforce who speak different languages, the employer must provide the notice in each such language. The Board will provide translations of the link to the Board's Web site for any employer that must or wishes to display the link on its Web site. If an employer requests from the Board a notice in a language in which it is not available, the requesting employer will not be liable for non-compliance with the rule until the notice becomes available in that language.

### § 104.203 Are Federal contractors covered under this part?

Yes, Federal contractors are covered. However, contractors may comply with the provisions of this part by posting the notices to employees required under the Department of Labor's notice-posting rule, 29 CFR part 471.

### § 104.204 What entities are not subject to this part?

(a) The following entities are excluded from the definition of ''employer'' under the National Labor Relations Act and are not subject to the requirements of this part:

(1) The United States or any wholly owned Government corporation;

(2) Any Federal Reserve Bank;

(3) Any State or political subdivision thereof;

(4) Any person subject to the Railway Labor Act;

(5) Any labor organization (other than when acting as an employer); or

(6) Anyone acting in the capacity of officer or agent of such labor organization.

(b) In addition, employers employing exclusively workers who are excluded from the definition of ''employee'' under § 104.201 are not covered by the requirements of this part.

(c) This part does not apply to entities over which the Board has been found not to have jurisdiction, or over which the Board has chosen through regulation or adjudication not to assert jurisdiction.

(d)(1) This part does not apply to entities whose impact on interstate commerce, although more than de minimis, is so slight that they do not meet the Board's discretionary jurisdiction standards. The most commonly applicable standards are:

(i) The retail standard, which applies to employers in retail businesses, including home construction. The Board will take jurisdiction over any such employer that has a gross annual volume of business of $500,000 or more.

(ii) The nonretail standard, which applies to most other employers. It is based either on the amount of goods sold or services provided by the employer out of state (called ''outflow'') or goods or services purchased by the employer from out of state (called ''inflow''). The Board will take jurisdiction over any employer with an annual inflow or outflow of at least $50,000. Outflow can be either direct—to out-of-state purchasers—or indirect—to purchasers that meet other jurisdictional standards. Inflow can also be direct—purchased directly from out of state—or indirect—purchased from sellers within the state that purchased them from out-of-state sellers.

(2) There are other standards for miscellaneous categories of employers. These standards are based on the employer's gross annual volume of business unless stated otherwise. These standards are listed in the Table to this section.

TABLE TO § 104.204

| Employer category | Jurisdictional standard |
|---|---|
| Amusement industry | $500,000. |
| Apartment houses, condominiums, cooperatives | $500,000. |
| Architects | Nonretail standard. |

TABLE TO § 104.204—Continued

| Employer category | Jurisdictional standard |
|---|---|
| Art museums, cultural centers, libraries | $1 million. |
| Bandleaders | Retail/nonretail (depends on customer). |
| Cemeteries | $500,000. |
| Colleges, universities, other private schools | $1 million. |
| Communications (radio, TV, cable, telephone, telegraph) | $100,000. |
| Credit unions | Either retail or nonretail standard. |
| Day care centers | $250,000. |
| Gaming industry | $500,000. |
| Health care institutions: | |
| Nursing homes, visiting nurses associations | $100,000. |
| Hospitals, blood banks, other health care facilities (including doctors' and dentists' offices) | $250,000. |
| Hotels and motels | $500,000. |
| Instrumentalities of interstate commerce | $50,000. |
| Labor organizations (as employers) | Nonretail standard. |
| Law firms; legal service organizations | $250,000. |
| Newspapers (with interstate contacts) | $200,000. |
| Nonprofit charitable institutions | Depends on the entity's substantive purpose. |
| Office buildings; shopping centers | $100,000. |
| Private clubs | $500,000. |
| Public utilities | $250,000 or nonretail standard. |
| Restaurants | $500,000. |
| Social services organizations | $250,000. |
| Symphony orchestras | $1 million. |
| Taxicabs | $500,000. |
| Transit systems | $250,000. |

(3) If an employer can be classified under more than one category, the Board will assert jurisdiction if the employer meets the jurisdictional standard of any of those categories.

(4) There are a few employer categories without specific jurisdictional standards:

(i) Enterprises whose operations have a substantial effect on national defense or that receive large amounts of Federal funds

(ii) Enterprises in the District of Columbia

(iii) Financial information organizations and accounting firms

(iv) Professional sports

(v) Stock brokerage firms

(vi) U. S. Postal Service

(5) A more complete discussion of the Board's jurisdictional standards may be found in *An Outline of Law and Procedure in Representation Cases,* Chapter 1, found on the Board's Web site, *http://www.nlrb.gov.*

(e) This part does not apply to the United States Postal Service.

## Appendix to Subpart A—Text of Employee Notice

### "EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT

The National Labor Relations Act (NLRA) guarantees the right of employees to organize and bargain collectively with their employers, and to engage in other protected concerted activity or to refrain from engaging in any of the above activity. Employees covered by the NLRA* are protected from certain types of employer and union misconduct. This Notice gives you general information about your rights, and about the obligations of employers and unions under the NLRA. Contact the National Labor Relations Board (NLRB), the Federal agency that investigates and resolves complaints under the NLRA, using the contact information supplied below, if you have any questions about specific rights that may apply in your particular workplace.

"Under the NLRA, you have the right to:

- Organize a union to negotiate with your employer concerning your wages, hours, and other terms and conditions of employment.
- Form, join or assist a union.
- Bargain collectively through representatives of employees' own choosing for a contract with your employer setting your wages, benefits, hours, and other working conditions.
- Discuss your wages and benefits and other terms and conditions of employment or union organizing with your co-workers or a union.
- Take action with one or more co-workers to improve your working conditions by, among other means, raising work-related complaints directly with your employer or with a government agency, and seeking help from a union.
- Strike and picket, depending on the purpose or means of the strike or the picketing.
- Choose not to do any of these activities, including joining or remaining a member of a union.

"Under the NLRA, it is illegal for your employer to:

- Prohibit you from talking about or soliciting for a union during non-work time, such as before or after work or during break times; or from distributing union literature during non-work time, in non-work areas, such as parking lots or break rooms.
- Question you about your union support or activities in a manner that discourages you from engaging in that activity.
- Fire, demote, or transfer you, or reduce your hours or change your shift, or otherwise take adverse action against you, or threaten to take any of these actions, because you join or support a union, or because you engage in concerted activity for mutual aid and protection, or because you choose not to engage in any such activity.
- Threaten to close your workplace if workers choose a union to represent them.
- Promise or grant promotions, pay raises, or other benefits to discourage or encourage union support.
- Prohibit you from wearing union hats, buttons, t-shirts, and pins in the workplace except under special circumstances.
- Spy on or videotape peaceful union activities and gatherings or pretend to do so.

"Under the NLRA, it is illegal for a union or for the union that represents you in bargaining with your employer to:

- Threaten or coerce you in order to gain your support for the union.
- Refuse to process a grievance because you have criticized union officials or because you are not a member of the union.
- Use or maintain discriminatory standards or procedures in making job referrals from a hiring hall.
- Cause or attempt to cause an employer to discriminate against you because of your union-related activity.
- Take adverse action against you because you have not joined or do not support the union.

"If you and your co-workers select a union to act as your collective bargaining representative, your employer and the union

are required to bargain in good faith in a genuine effort to reach a written, binding agreement setting your terms and conditions of employment. The union is required to fairly represent you in bargaining and enforcing the agreement.

''Illegal conduct will not be permitted. If you believe your rights or the rights of others have been violated, you should contact the NLRB promptly to protect your rights, generally within six months of the unlawful activity. You may inquire about possible violations without your employer or anyone else being informed of the inquiry. Charges may be filed by any person and need not be filed by the employee directly affected by the violation. The NLRB may order an employer to rehire a worker fired in violation of the law and to pay lost wages and benefits, and may order an employer or union to cease violating the law. Employees should seek assistance from the nearest regional NLRB office, which can be found on the Agency's Web site: *http://www.nlrb.gov.*

You can also contact the NLRB by calling toll-free: 1–866–667–NLRB (6572) or (TTY) 1–866–315–NLRB (1–866–315–6572) for hearing impaired.

If you do not speak or understand English well, you may obtain a translation of this notice from the NLRB's Web site or by calling the toll-free numbers listed above.

''*The National Labor Relations Act covers most private-sector employers. Excluded from coverage under the NLRA are public-sector employees, agricultural and domestic workers, independent contractors, workers employed by a parent or spouse, employees of air and rail carriers covered by the Railway Labor Act, and supervisors (although supervisors that have been discriminated against for refusing to violate the NLRA may be covered).

''This is an official Government Notice and must not be defaced by anyone.''

## Subpart B—General Enforcement and Complaint Procedures

### § 104.210 How will the Board determine whether an employer is in compliance with this part?

The Board has determined that employees must be aware of their NLRA rights in order to exercise those rights effectively. Employers subject to this rule are required to post the employee notice to inform employees of their rights. Failure to post the employee notice may be found to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed by NLRA Section 7, 29 U.S.C. 157, in violation of NLRA Section 8(a)(1), 29 U.S.C. 158(a)(1).

Normally, the Board will determine whether an employer is in compliance when a person files an unfair labor practice charge alleging that the employer has failed to post the employee notice required under this part. Filing a charge sets in motion the Board's procedures for investigating and adjudicating alleged unfair labor practices, and for remedying conduct that the Board finds to be unlawful. *See* NLRA Sections 10–11, 29 U.S.C. 160–61, and 29 CFR part 102, subpart B.

### § 104.211 What are the procedures for filing a charge?

(a) *Filing charges.* Any person (other than Board personnel) may file a charge with the Board alleging that an employer has failed to post the employee notice as required by this part. A charge should be filed with the Regional Director of the Region in which the alleged failure to post the required notice is occurring.

(b) *Contents of charges.* The charge must be in writing and signed, and must be sworn to before a Board agent, notary public, or other person authorized to administer oaths or take acknowledgements, or contain a declaration by the person signing it, under penalty of perjury, that its contents are true and correct. The charge must include:

(1) The charging party's full name and address;

(2) If the charge is filed by a union, the full name and address of any national or international union of which it is an affiliate or constituent unit;

(3) The full name and address of the employer alleged to have violated this part; and

(4) A clear and concise statement of the facts constituting the alleged unfair labor practice.

### § 104.212 What are the procedures to be followed when a charge is filed alleging that an employer has failed to post the required employee notice?

(a) When a charge is filed with the Board under this section, the Regional Director will investigate the allegations of the charge. If it appears that the allegations are true, the Regional Director will make reasonable efforts to persuade the respondent employer to post the required employee notice expeditiously. If the employer does so, the Board expects that there will rarely be a need for further administrative proceedings.

(b) If an alleged violation cannot be resolved informally, the Regional Director may issue a formal complaint against the respondent employer, alleging a violation of the notice-posting requirement and scheduling a hearing before an administrative law judge. After a complaint issues, the matter will be adjudicated in keeping with the Board's customary procedures. *See* NLRA Sections 10 and 11, 29 U.S.C. 160, 161; 29 CFR part 102, subpart B.

### § 104.213 What remedies are available to cure a failure to post the employee notice?

(a) If the Board finds that the respondent employer has failed to post the required employee notices as alleged, the respondent will be ordered to cease and desist from the unlawful conduct and post the required employee notice, as well as a remedial notice. In some instances additional remedies may be appropriately invoked in keeping with the Board's remedial authority.

(b) Any employer that threatens or retaliates against an employee for filing charges or testifying at a hearing concerning alleged violations of the notice-posting requirement may be found to have committed an unfair labor practice. *See* NLRA Section 8(a)(1) and 8(a)(4), 29 U.S.C. 158(a)(1), (4).

### § 104.214 How might other Board proceedings be affected by failure to post the employee notice?

(a) Tolling of statute of limitations. When an employee files an unfair labor practice charge, the Board may find it appropriate to excuse the employee from the requirement that charges be filed within six months after the occurrence of the allegedly unlawful conduct if the employer has failed to post the required employee notice unless the employee has received actual or constructive notice that the conduct complained of is unlawful. *See* NLRA Section 10(b), 29 U.S.C. 160(b).

(b) Noncompliance as evidence of unlawful motive. The Board may consider a knowing and willful refusal to comply with the requirement to post the employee notice as evidence of unlawful motive in a case in which motive is an issue.

## Subpart C—Ancillary Matters

### § 104.220 What other provisions apply to this part?

(a) The regulations in this part do not modify or affect the interpretation of any other NLRB regulations or policy.

(b)(1) This subpart does not impair or otherwise affect:

(i) Authority granted by law to a department, agency, or the head thereof; or

(ii) Functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(2) This subpart must be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This part creates no right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its

officers, employees, or agents, or any other person.

Signed in Washington, DC, August 22, 2011.

**Wilma B. Liebman,**

*Chairman.*

[FR Doc. 2011–21724 Filed 8–25–11; 8:45 am]

**BILLING CODE 7545–01–P**

**From:** Paul Morris [[redacted]]
**Sent:** 10/21/2013 12:44:26 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fw: Weekend Snippets [C]
**Attachments:** graycol.gif

**Importance:** High

Classification: Confidential

Vinit is working with me on some large clients now, good resource, I will introduce you to him and few other sr. folks before year end either in NYC or in europe, just some directional thoughts/observations not necessarily for you,

Vinit Sahni

----- Original Message -----
**From:** Vinit Sahni
**Sent:** 10/20/2013 07:05 PM GDT
**To:** Vinit Sahni
**Subject:** Weekend Snippets (internal only) [I]
Classification: For internal use only

Here we are -> record highs for the S&P 500, the S&P 400 Midcaps, and small cap Russell 2000. Should we be asking ourselves if this is the Terminal Phase or will this continue ?

In these snippets here is a quick mark to market on where we are and some of the trades below. The theme of the trades below is very clear, carry outperformance and lower vol. Vol has broken down and we are on the leg down to 2009 levels (includes FX vol, rates vol, commodity vol etc) -> this has prompted additional risk taking and technicians for example are calling for 1775 levels in the S&P -> sharpe ratios of high carry trades looks very compelling here

**Mark to Market**:
With the US government reopened / debt ceiling raised, Obama stated -> there were "no winners." It's been only about 3 weeks, but the fourth quarter has already shown itself worthy of the history books. If the spec community can hold gains through year-end (the vol markets are alluding to) -> the ranks of billionaires will surely inflate further. No winners, right ?

This week saw the S&P500, the S&P 400 Mid-Cap Index and the small cap Russell 2000 all trade to record highs. The week's 2.8% advance increased the small caps' year-to-date gain to 31.3%. Google added about 140 points and $38.5bn of market cap this week (to $338bn) to reach an all-time high (up 43% y-t-d). The more speculative "beta" stocks continue to outperform. The NASDAQ 100 (up 3.7% this week), Morgan Stanley High Tech Index (up 2.6%) and The Interactive Week Internet Index (3.4%) all traded to the highest levels since 2000. Treasury, MBS, and corporate debt prices were higher as well. It all adds up.

The QE-enhanced 2013 version of "how crazy do things get?" is outshining even the 1999 speculative melee, yeah!!. The (post-LTCM bailout) year 1999 saw the small cap Russell 2000 Index jump from 422 to 505 (19.7%). This year, it has already run from 849 to 1,114 (up 31.3%). The S&P400 Midcap Index jumped from 392 to 445 in 1999 (13.5%). With more than two months to go, so far it's 1,020 to 1,290 for the midcaps (up 26.5%).

Why stop just at the US. Germany's DAX equities index added 1.6% this week to a new all-time high (up 16.5% y-t-d). Italian stocks jumped 2.1% (up 18.4% y-t-d) and Spanish stocks surged 3.5% (up 22.5%), both to more than two-year highs. Australian stocks gained 1.7% (up 14.5% y-t-d). Despite major economic issues, India's stock market jumped 1.7% this week to within a couple percent of new highs. Stocks jumped 4.2% in Brazil and 4.3% in Argentina. Indonesian stocks rallied 4.5%. Around the globe, most equities markets pushed higher. Fueled by huge ETF flows, total equity mutual fund inflows this past week jumped to a whopping $12.7bn.

You may want to see this -> On a weekly basis, global central bank International Reserve Assets (data from Bloomberg). This data provide a decent proxy for global financial flows, especially to the emerging markets (EM). From $6.63 TN back in April of 2009, International Reserves surged this week to a record $11.415 TN. Reserves have inflated 330% in ten years.

**Lets focus on some trades here:**
1) This environment is supportive for carry trades, which has been reflected in the outperformance of high yielders following the announcement of the US debt deal.
Long AUD/USD: Longer term investors remain relatively short AUD, which suggests that AUDUSD strength has further to run. A

move above parity is unlikely as the RBA should step in. Therefore buy 2m 0.9750 call against selling 2x 0.9900 calls. The AUDUSD risk reversal looks cheap (calls expensive relative to puts). This suggests selling high-strike calls, either outright for those that do not expect further AUD appreciation or to finance a low-strike call for a short-term carry position.
Long KRW NDF : this trade will benefit should CNY appreciation or band widening expectations gain additional traction
Long USD TRY: the market remains relatively short TRY, and with risk premium in USDTRY declining the most among major currencies, these short positions are likely to be at risk from carry traders.

2) HY vs IG compression trade in Europe: Six weeks of retail outflows from high-grade funds but retail inflows into high-yield funds shows that the compression trade in credit is firmly entrenched in Europe. There is a structural reach for yield and this trade still has some legs. I would however hedge out rate risk and stick with spread risk. I will point out that more than $200bn of "cov-lite" loans have been issued so far this year, more than double the $100bn sold in 2007. The record issuance means that about 56 per cent of new leveraged loans are now cov-lite !!

3) Long Europe small caps: This is a leveraged trade to a European recovery. European small + mid caps have a higher potential for upside. As European economies improve and small to mid cap valuations in the region continue to look attractive, a re-acceleration of sales and earnings at these companies should drive better performance in European small to mid caps versus the US. Investors looking for yield will find higher levels in Europe versus the US with European small to mid caps yielding near 3% versus approximately 1.4% in the US.

4) Long IT stocks: overall IT spend is expected to grow 0.9% in 2014 compared to ~0.7% growth. Corporate spending sentiment now is on the uptick prompting this move. Also keep an eye on data center growth. Demand for data center services is due to, First, technological evolution -> driving up computing density (servers) and utilization rates (virtualization), therefore data center space must constantly evolve to meet power and cooling needs. Second, increased cost consciousness and core competency focus -> driving greater acceptance of data center outsourcing within Enterprise IT departments.

5) Long Italian Banks / Italian Govvies: another leveraged play on the European periphery recovery. Unicredit clearly stands out. UCG will definitely gain from the European banking union theme. There has been recent talk of this year / early 2014 as a point when impaired loan growth may finally subside and I expect a wide range of cost cutting action. Our strategists think "Italy looks attractive in a twin deficits framework and should benefit from improving fiscal and credit impasse, political risk premium should decline", therefore they recommend buying 10y Italy vs Germany at 230bps, targetting a spread at 200bps

6) Euro Inflation floors: In the euro inflation options market, 5y 0% inflation floor prices are close to their lows. This is not consistent with the 5y inflation swap rates which are by themselves close to lows -> meaning deflation is closer-to-the-money. Inflation volatility has collapsed, probably mostly for purely technical reasons as is all other vol !!. Deflation is not anyone's central case, but a "underpriced tail risk". This creates opportunity for those prepared to pay premium for this risk and therefore would recommend buying the charted 5y 0% zero coupon floors at or around the current level of 20c.

7) KOSPI Calls: The KOSPI2 has been trading within a tight range, realizing only 9.8% over the past 30 days, the lowest globally. Low realized vol has capped short-dated implied vol, driving 1m ATM vol to 12.8%, near all time lows. The Index broke out from a tight range last week and investors should consider buying short-dated calls for upside exposure or replace outright longs with calls. The differential between positioning in EM equities and European equities has reached an extreme – worst on record and 2.4 stdev below its 10-year average. Even the NKY 3M ATM vol dropped to an 8-month low !!!

8) UK Banks: On the back of weak FICC earnings across the street, Barclays I feel has hit Rock Bottom. This reflects the sentiment around FICC geared investment banks generally, but also the horrible six months that management has seen. My personal view is that rates + credit will recover in 2014 as tapering will create a steeper curve and volatility. I also think Barclays leverage ratios will improve soon and Barclays will push through an aggressive cost cutting plan.

Quick Macro Snippet:
*What should we be focused on*: The most important market drivers will now be the 1) US labor market data and 2) Eurozone inflation. An improvement in the former will determine the timing and pace of Fed tapering. A decline in the latter will determine whether the ECB will stay on hold, or loosen policies. The Sep NFP is on Tuesday stay focused.

Gold some technicals - couldn't resist: The bears are still fighting the recent up move, here are some technicals to rebase...
The volatility in gold over the past several days has been impressive. A close above 1330 (Oct-08 high) would be the first sign of basing and a turn higher, while bulls gain control only AFTER a close above 1375 (Sep-19 high). A close below 1270 exposes the Jun-13, bear trend lows of 1180

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Deutsche Asset
& Wealth Management

Blanche Lark Christerson
Managing Director, Senior Wealth Planning Strategist

# Tax Topics

12/20/13

2013-12

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**Budgets, tax reform and "extenders"**

As the year winds down, House Budget Committee Chairman Paul Ryan (R-WI) and Senate Budget Committee Chairman Patty Murray (D-WA) have hammered out a budget deal that forestalls – for two years – another government shutdown, and limits some of the forthcoming sequester cuts otherwise slated to go in effect in January. Although neither negotiator is entirely happy with the agreement, both view it as a workable cease-fire in the budget battles; the House passed the agreement 332 to 94 on December 12th, and the Senate passed it 64 to 36 on December 18th. President Obama will sign the bill shortly, thereby making it possible for Congress to draft spending bills so as to allocate the budget dollars that have now been approved. Note, however, that this budget agreement does not address the debt ceiling suspension, which expires in February, and that another fiscal showdown is therefore possible early next year.

As to tax reform, Sen. Max Baucus (D-MT), Chairman of the Senate Finance Committee, has recently put forth several discussion drafts of legislation, generally dealing with corporate and international tax, and energy incentives, while Rep. Dave Camp (R-MI), Chairman of the House Ways and Means Committee, acknowledged that he fell short on his goal of introducing tax reform legislation this year, but that he would rather focus on that than an "extenders" bill.

What is "extenders" legislation, and how might it fit into the tax reform puzzle? Although "extenders" are not defined anywhere, they generally refer to temporary provisions of the tax law that Congress regularly renews – usually for a year or two at a time. For example, the research and development credit is an important business incentive that has been around since 1981 – and is again among the extenders that expire on December 31, 2013 (this year, they number 57). Some of the other extenders on this list are more recent, including the $250 above-the-line deduction for certain out-of-pocket expenses of teachers, the deduction for state and local sales taxes, and the IRA charitable "rollover" provision for taxpayers who are at least 70½.

Why does the tax law have so many temporary provisions? Several reasons come to mind. If a provision was enacted in response to a natural disaster or specific crisis, it is theoretically a short-term measure

designed to get taxpayers through a particularly difficult period – such as the expiring extender dealing with mortgage forgiveness. Enacted at the end of 2007 in response to turmoil in the housing market, this provision was designed to help borrowers who were underwater with their home mortgages: previously, if a lender foreclosed on a home and sold it for less than the outstanding indebtedness, the forgiveness of the unpaid balance generated taxable income for the borrower, as did a renegotiated mortgage that reduced the outstanding indebtedness. Under this temporary provision, that forgiveness is not considered income – a welcome result for taxpayers in this unhappy situation.

Yet what about temporary provisions that promote favored tax policies but that don't respond to a particular situation? If they're such a good idea, why not make them permanent? This gets to a basic reality: permanent provisions are more costly than temporary ones. That is because the Joint Committee on Taxation must use a current law "baseline" when it estimates the revenue impact of tax legislation. Such a baseline assumes that a temporary measure, such as the mortgage forgiveness mentioned above, generates only a short-term revenue loss, and will expire as scheduled – even if that is unlikely to occur. This means that such measures can paint a rosier fiscal picture than is perhaps justified, and can therefore be a more "cost-effective" way to continue desired tax benefits (and policies), regardless of how inefficient and counter-productive the resulting uncertainty may be.

These current expiring extenders seem likely to languish – at least for a bit, especially considering that the House has already recessed for the year. Although Congress has often renewed expiring provisions retroactively, such a move early next year could take some of the steam out of tax reform (assuming it has a chance). In addition, despite how inherently worthy these expiring provisions may be, Congress is under less pressure to pass extenders legislation because of the American Taxpayer Relief Act of 2012 (ATRA) (Pub. L. 112-240). That is, in addition to making most of the 2001 and 2003 tax cuts permanent, ATRA, which was enacted on January 2, 2013, made the "granddaddy" of extenders permanent, by permanently indexing the AMT exemption for inflation, thereby permanently sparing over 25+ million taxpayers from the AMT, as opposed to the "mere" 4+ million currently affected by it (recall that the earliest incarnation of the AMT in the late 1960's was in response to 155 taxpayers who paid no income tax through use of permissible credits and deductions).

Tax reform – and extenders – are thus moving targets. Even though Rep. Camp and Sen. Baucus, along with others in Congress, say they would like to address tax reform in 2014, that is a tall order: not only will members of Congress soon be pre-occupied with the November mid-term elections, there is also that small matter of the philosophical divide between Republicans and Democrats – Republicans want tax reform to be revenue-neutral, while Democrats want higher taxes on the top 1% to 2% of taxpayers. Finally, the latest fly in the ointment is that Sen. Baucus, who is not running for re-election in 2014, reportedly will be nominated as the next ambassador to China – meaning that he will not complete his final term in office, assuming he is confirmed. Does this take additional momentum away from the prospect of tax reform in 2014? Arguably yes, although Sen. Ron Wyden (D-OR), who could be Sen. Baucus's successor as Chairman of the Senate Finance Committee, is also interested in tax reform and has previously put forth bipartisan tax reform proposals. It will be interesting to see what develops.

## End of the year recap

With the end of 2013 upon us, we wanted to highlight a few of the tax and political developments that stood out to us this year, and that have long-term implications:

**ATRA.** As mentioned above, the American Taxpayer Relief Act (ATRA) made the AMT "patch" and most of the 2001 and 2003 tax cuts permanent. It also raised taxes on the top 1% to 2% of taxpayers, in part, by bringing back the top income tax rate of 39.6% and, for those at that rate, the 20% rate on qualified dividends and most long-term capital gains. In addition, ATRA reinstated the personal exemption phase-out and what is generally a 3% limitation on itemized deductions, such as for mortgage interest, state and local



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taxes, and charitable contributions (the exemption phase-out and deduction limitation are colloquially known as "PEP and Pease"). These changes, coupled with the new 3.8% tax on net investment income (see below), may mean an unhappy surprise for many taxpayers on April 15, 2014, when they pay their 2013 income tax liability. On the transfer tax front, ATRA also made permanent the $5 million basic exclusion against the gift and estate tax, along with "portability," which effectively allows a surviving spouse to "inherit" the deceased spouse's unused exclusion. (The exclusion has been indexed for inflation since 2012, and in 2014, will increase to $5.34 million, the same amount as the generation-skipping transfer tax exemption). Finally, ATRA raised the top transfer tax rate from 35% to 40%.

**3.8% tax on net investment income.** What has come to be known as the "Affordable Care Act" (or ACA, sometimes referred to as "Obamacare") was enacted in two parts in March 2010: the "Patient Protection and Affordable Care Act" (Pub. L. 111-148), and "The Health Care and Education Reconciliation Act of 2010" (Pub. L. 111-152). ACA is a seismic shift in health care insurance and is beginning to be phased in (see below). It has also brought a number of new taxes, including the 3.8% tax on "net investment income," which took effect in 2013. Such income includes interest, dividends, capital gains, royalties and rents; the 3.8% tax on these items can apply if a taxpayer's "modified adjusted gross income" (adjusted gross income plus otherwise excluded foreign income) exceeds certain amounts that are *not* indexed for inflation: $250,000 (married filing jointly), $200,000 (single taxpayers) and $125,000 (married filing separately).

The extensive guidance the IRS has issued on this 3.8% tax is indicative of its complexity. To illustrate, in November 2012, the IRS issued over 150 pages of proposed regulations on the tax (REG-130507-11), and on November 27, 2013, the IRS issued over 300 pages of material: final regulations (T.D. 9644, effective December 2, 2013), along with some new proposed regulations (REG-130843-13) that address areas where guidance had been requested, or that had seemed unduly burdensome to commentators (such as how to calculate gain or loss when disposing of certain partnership or S Corporation property). Additional areas, the IRS has indicated, are reserved for future guidance…and then there are the various questions and answers the Service has issued, along with the explanations it has added to multiple publications that are designed for the general public. Put simply, this is a lot of material for a statute that is barely two pages long!

With the advent of these final regs, the IRS presumably will soon issue instructions for the new Form 8960, where taxpayers will report the 3.8% tax (a draft form was issued this August, but its frequent injunction to "see instructions" meant that taxpayers were still in the dark about how to calculate the tax). Note that if the "kiddie tax" applies to a child's "unearned income" AND the parent elects to report this income as his own, by filing Form 8814, this income will also be part of the parent's "net investment income" for purposes of the 3.8% tax. (The kiddie tax effectively taxes a child's unearned income in excess of $2,000 (the 2013 and 2014 thresholds) at the parent's highest rate.)

***Windsor* and same-sex marriage.** The Supreme Court decided *United States v. Windsor* on June 26, 2013, and held that Section 3 of the Defense of Marriage Act (DOMA) was unconstitutional because it defined "marriage" as only between a man and a woman. On August 29th, Treasury and the IRS issued guidance explaining that, effective September 16, 2013, same-sex married couples are now treated as married for *all* federal tax purposes, regardless of where they live (see, for example, Revenue Ruling 2013-17 and various Q&As on the IRS website: irs.gov). Nevertheless, because Section 2 of DOMA still stands, states are not required to recognize same-sex marriages that were validly celebrated in a different state. Thus, the state tax treatment of a same-sex married couple may differ from the couple's federal treatment, depending on where they live. In other words, complications still abound.

**ACA rollout.** As mentioned above, the Affordable Care Act (ACA) is being phased in, including the rollout this fall of HealthCare.gov, the government website through which individuals can seek health insurance so as to satisfy the "individual mandate," which requires individuals to procure health insurance by January 1, 2014, or face a penalty. As has been widely reported, the website has had numerous problems, and many individuals who had coverage are now losing it because it apparently doesn't meet ACA's new minimum



HOUSE_OVERSIGHT_022327

coverage standards, and therefore won't be renewed. It goes without saying that ACA is bound to be an issue in next year's mid-term elections.

**Government shutdown.** The 16-day government shutdown in October happened because there was a spending and debt ceiling impasse between Democrats and Republicans. Although Republicans took much of the heat for the shutdown, it nevertheless seemed to reflect badly on everyone in Washington, and had wide-reaching effects, including delaying any number of things that the government needed to do, such as issuing guidance on the 3.8% tax (see above). The shutdown also delayed the start of the 2013 filing season, which the IRS has now announced will begin on January 31, 2014, or about 10 days later than usual (this means that taxpayers who are anticipating a refund – and therefore want to file early – will have to wait a little longer). As mentioned above, the recent budget agreement, which was born of this shutdown, should forestall another one…but another crisis is possible when the debt ceiling suspension expires in early February. Given the public's fury over the shutdown, however, it is hard to believe that Democrats and Republicans won't reach an agreement over the debt ceiling – the mid-term elections next November are not that far away, and voters do have memories!

**"Nuclear option."** Senate Democrats recently exercised the so-called "nuclear option," so as to limit potential filibusters on presidential executive and judicial nominees (other than those for the Supreme Court). In other words, all presidential nominees who are subject to the Senate's "Advice and Consent" can have their nomination put forth for Senate confirmation on 51 votes, and can't be filibustered, which requires 60 votes to overcome. Needless to say, Senate Republicans are unhappy with this rule change, and warn that Democrats will be even unhappier with it when they (the Democrats) are again in the minority, as will inevitably happen at some point. This move is significant, and may make bipartisan cooperation on immigration and tax reform even more improbable. 2014 will be interesting.

**"Permanency."** Much of this discussion has referred to "permanent" changes in the tax law, such as how ATRA made the 2001 and 2003 tax cuts permanent, along with the generous $5 million exclusion against gift and estate taxes. But how long a shelf-life do these provisions really have? Here's a thought: they are there until Congress later changes them. In other words, perhaps what separates a temporary provision from a permanent one is whether there's a built-in expiration date – if the provision has one, it's an "extender"; if it doesn't, it's "permanent." And if tax reform actually happens, all bets are off!

## December 7520 rate issued

The IRS has issued the December 2013 applicable federal rates: the December 7520 rate remains at 2.0%, where it was in November. December's mid-term rates are as follows: 1.65% (annual), 1.64% (semiannual and quarterly), and 1.63% (monthly), a slight drop from November's midterm rates of 1.73% (annual), 1.72% (semiannual and quarterly), and 1.71% (monthly).



HOUSE_OVERSIGHT_022328

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HOUSE_OVERSIGHT_022329

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# Tax Topics 2013

## Table of Contents

**2013**


| | | |
|---|---|---|
| 12/20/13 | Budgets, tax reform and "extenders"; end of the year round-up | 2013-12 |
| 11/15/13 | The government shutdown, and selected inflation-adjusted numbers for 2014 and end-of-the-year planning points | 2013-11 |
| 10/07/13 | A review of basic planning points | 2013-10 |
| 08/30/13 | Revised discussion of *Windsor*, reflecting guidance from the IRS and the Treasury Department, issued on August 29, 2013 | 2013-09 |
| 08/28/13 | *United States v. Windsor*: the Supreme Court rejects Section 3 of DOMA, which defines "marriage" as only between a man and a woman | 2013-08 |
| 07/01/13 | Selected planning points: the now "permanent" $5 million exclusion, indexed for inflation, state estate taxes and "portable" spousal exclusions | 2013-07 |
| 05/29/13 | Updated discussion of selected options to save for a child's college education | 2013-06 |
| 04/29/13 | Selected tax provisions from President Obama's Fiscal Year 2014 Budget | 2013-05 |
| 03/21/13 | Updated estate planning glossary and selected income tax terms | 2013-04 |
| 02/20/13 | Conservation easement flunks as charitable contribution (*Belk*); "DD" and the cost of employer-provided health care; two important 100-year anniversaries; some lesser-known provisions of the American Taxpayer Relief Act | 2013-03 |
| 01/25/13 | Selected numbers from official IRS 2013 inflation-adjustments (Rev. Proc. 2013-15); façade easement has zero value as charitable deduction (*Scheidelman*) | 2013-02 |

| | | |
|---|---|---|
| 01/10/13 | Selected overview of the "American Taxpayer Relief Act of 2012" (H.R. 8): 2001 and 2003 tax cuts largely made permanent, but higher taxes for the top 1% to 2% | 2013-01 |

**2012**

| | | |
|---|---|---|
| 12/31/12 | Proposed regulations on the 3.8% tax on "net investment income"; *Wandry* again, and how many gift tax dollars the "defined value" clause saved | 2012-09 |
| 11/30/12 | The "fiscal cliff," alternative minimum tax and transfer taxes; IRS "non-acquiesces" in *Wandry;* possible taxpayer relief for those affected by Hurricane Sandy | 2012-08 |
| 10/31/12 | Countdown to the election; selected 2013 inflation-adjusted numbers and various planning points; *Wandry* appeal withdrawn | 2012-07 |
| 09/25/12 | The looming "fiscal cliff" and the shape of possible future tax legislation; how NOT to substantiate a charitable deduction (*Mohamed v. Commissioner*); *Wandry* appealed | 2012-06 |
| 07/31/12 | The Supreme Court's health care decision: The Affordable Care Act upheld | 2012-05 |
| 06/11/12 | *Wandry v. Commissioner*: yes, another taxpayer victory using a "defined value" formula clause – but caution may be in order | 2012-04 |
| 04/19/12 | Supreme Court arguments on the health care law; Medicare taxes taking effect in 2013: 0.90% on the wages of "high earners" and 3.8% tax on "net investment income"; the Buffett Rule and the "Paying a Fair Share Act" (S. 2230) | 2012-03 |
| 03/08/12 | Tax proposals on "high-income" taxpayers from President Obama's Fiscal Year 2013 Budget and the Treasury Department's "Green Book" | 2012-02 |
| 01/23/12 | *Estate of Petter v. Commissioner*: another taxpayer victory using a "defined value" formula clause, and the legacy of *Procter v. Commissioner* | 2012-01 |

**2011**

| | | |
|---|---|---|
| 12/02/11 | "Super Committee" bows out; 2012 inflation-adjusted numbers and various planning points; the "Sensible Estate Tax Act of 2011" (H.R. 3467) | 2011-09 |
| 10/21/11 | The American Jobs Act of 2011: the 28% limitation, the millionaires' surtax, and the "Buffett Rule" | 2011-08 |
| 09/16/11 | The Budget Control Act of 2011 (Pub. L. 112-25) and the "Super Committee": reduce the deficit – or else! | 2011-07 |
| 07/28/11 | How certain discretionary language almost made a credit shelter trust taxable in the trustee/beneficiary's estate (*Estate of Chancellor v. Commissioner*) | 2011-06 |
| 06/13/11 | A Tax Court valuation case that illustrates just how far apart the experts can be, and how a judge evaluates those experts (*Estate of Mitchell*) | 2011-05 |
| 05/03/11 | Additional thoughts on last December's 2010 Tax Act: lifetime gifts (GRATs, Sales to Defective Grantor Trusts and QPRTs) and how "credit shelter trusts" are still relevant despite the "portability" of a deceased spouse's estate tax exclusion | 2011-04 |




HOUSE_OVERSIGHT_022331

| | | |
|---|---|---|
| 04/06/11 | What it means to be a "statutory resident" of New York for income tax purposes – and how expensive that can be (*Matter of Baker)* | 2011-03 |
| 02/24/11 | Updated "estate planning glossary" | 2011-02 |
| 01/31/11 | A discussion of "tax expenditures" and possible tax reform, based on reports from the President's Deficit Commission and the National Taxpayer Advocate | 2011-01 |


## 2010


| | | |
|---|---|---|
| 12/23/10 | Overview of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. 111-312): income tax and capital gains rates, tax-free distributions from IRAs to charity; estate and gift tax and GST provisions | 2010-11 |
| 11/30/10 | Thoughts on the mid-term elections, and selected year-end planning points, along with some of the inflation-adjusted pension plan numbers for 2011; brief reminder of what low interest rates mean for certain planning techniques, including GRATs (grantor retained annuity trusts) and Sales to Defective Grantor Trusts | 2010-10 |
| 10/26/10 | *Estate of Tatum*: another disclaimer gone awry – but taxpayer loses this time; possible timeline for retroactive reinstatement of estate tax and GST, based on *Carlton*, a 1994 Supreme Court estate tax case | 2010-09 |
| 09/14/10 | Taxpayer successfully rescinds defective disclaimers and avoids significant gift tax liability (*Breakiron*); discussion of *Bosch*, the vintage case addressing when a state law holding is binding on the IRS | 2010-08 |
| 07/27/10 | A discussion of next year's likely return of "PEP" and "Pease" (indirect tax increases on higher earners) and the potential impact on charitable giving; two cases involving purported charitable gifts and a skeptical IRS: *Hendrix* and *Free Fertility Foundation* | 2010-07 |
| 07/01/10 | A round-up of the still uncertain tax landscape: Sen. Bernie Sanders' estate tax bill and its revenue raisers (consistent basis reporting, limits on valuation discounts and GRAT restrictions), "PAYGO" and Sen. Kyl's estate tax proposal; Rep. Ryan's "Roadmap"; NY drops "privity" requirement for executor's suit against estate planning attorney (*Schneider v. Finnman*) | 2010-06 |
| 05/28/10 | *"Pierre II"*: the Tax Court addresses the "step transaction doctrine" and valuation issues in a continuation of the *Pierre v. Commissioner* saga; valuation of fractional interests used in QPRTs (*Ludwick v. Commissioner*) | 2010-05 |
| 05/06/10 | An updated discussion of some of the options to save for a child's college education | 2010-04 |
| 04/05/10 | An overview of some of the provisions in the new health care legislation, particularly the new Medicare taxes; codification of "economic substance doctrine"; GRAT restrictions advance | 2010-03 |
| 02/28/10 | President Obama's FY 2011 Budget – increases on higher earners, and estate and gift tax proposals: return to the 2009 estate tax regime, consistent values, modifying rules on valuation discounts and mandating minimum 10-year term and remainder interest for GRATs; under the "check-the-box" regulations, is a single member LLC disregarded for gift tax purposes? (*Pierre v. Commissioner*) | 2010-02 |




HOUSE_OVERSIGHT_022332

| | | |
|---|---|---|
| 01/26/10 | The 2010 planning landscape: NO estate tax, GST or basis adjustment rules; what Congress may do; possible constitutional "due process" challenge; what can go wrong when documents are wrong about how property is titled (*Beudert-Richard v. Richard)* | 2010-01 |


## 2009


| | | |
|---|---|---|
| 12/22/09 | The imminent demise of the estate tax? Possible effect on formula provisions and the difficulties of modified carryover basis; extenders bill and carried interest; proposed stock transactions tax; importance of keeping beneficiary designations current (*Kennedy v. DuPont SIP)* | 2009-10 |
| 09/30/09 | More on Roth IRA conversions: calculating what the taxable amount may be; how a "decoupled" state may tax a non-resident's property, even if it's passing to a surviving spouse; NY advisory opinion on non-resident's proposed condo purchase (TSB-A-08(1)M) | 2009-08 |
| 08/31/09 | What may happen with estate tax repeal and tax-free IRA distributions to charity; early 2009 AMT "patch"; Roth IRA conversions in 2010 – restrictions will be gone so that anyone may convert a "regular" IRA to a Roth | 2009-07 |
| 07/28/09 | Some pros and cons of several options to pay for health care reform; the case of the "tainted witness" and a will's tax apportionment clause (*Estate of Wu)*; how some states are dealing with economic adversity | 2009-06 |
| 06/15/09 | OMB's "Analytical Perspectives" and Treasury Department's "Green Book" offer insights on Obama tax proposals and outline of estate and gift tax proposals: consistent values, modifying rules on valuation discounts and minimum 10-year terms for GRATs; taxing employer-provided health care?; new mortality tables and QPRTs; New York's increased taxes and estimated tax payments | 2009-05 |
| 04/20/09 | The "Taxpayer Certainty and Relief Act of 2009" (S. 722) – makes lower income tax rates permanent, increases higher rates, and freezes the estate tax at 2009 levels; focus on whether Congress might reinstate the state death tax credit; new task force on tax reform | 2009-04 |
| 03/19/09 | President Obama's FY 2010 budget proposal: higher rates, limits on itemized deductions and the personal exemption phase-out; the interaction of the regular tax with the AMT; historical income tax and capital gains tax rates; S. 394 would enhance the tax treatment of art and collectibles | 2009-03 |
| 02/09/09 | Rep. Pomeroy's estate tax bill (H.R. 436); basic planning points; basis adjustment rules, including modified carryover basis in 2010; "The Rangel Rule" (H.R. 735); intra-family loans | 2009-02 |
| 01/12/09 | Suspension of 2009 required minimum distributions under *The Worker Retiree and Employer Recovery Act of 2008 (Pub. L. 110-458)*; a brief mention of another "bad facts" limited partnership case *(Hurford)* | 2009-01 |




HOUSE_OVERSIGHT_022333

## 2008


| | | |
|---|---|---|
| 12/02/08 | Prospective tax increases and their possible revenue implications; inflation-adjusted numbers for 2009 and selected planning points | 2008-11 |
| 11/04/08 | *The Emergency Economic Stabilization Act of 2008 (Pub. L. 110-343)*: AMT extenders and ISO relief, tax-free IRA distributions to charity, deduction for state and local sales taxes, broker basis reporting, and harmonizing preparer penalties for undisclosed positions; making lemonade out of lemons – coping with the market decline | 2008-10 |
| 09/30/08 | A discussion of the upcoming $3.5 million estate tax exclusion, and how it affects planning in "decoupled" states, especially for married couples | 2008-09 |
| 08/29/08 | A selected review of major tax legislation during the Bush administration, and a snapshot of the tax proposals of Senators McCain and Obama | 2008-08 |
| 07/31/08 | No discount for "restricted management accounts" (Rev. Rul. 2008-35); final regs on "grantor retained interest trusts" (T.D. 9414) | 2008-07 |
| 06/30/08 | Charitable remainder trusts and UBTI: final regs (T.D. 9403); charitable lead trusts and "tiering" provisions: proposed regs (REG-101258-08) | 2008-06 |
| 05/30/08 | Supreme Court holds that muni bonds still tax free (*Kentucky v. Davis*); IRS issues proposed regs on alternate valuation (REG-112196-07; *Kohler v. Commissioner*) | 2008-05 |
| 04/28/08 | The awful AMT and its disappearing exemption; Notice 2008-22 and a trust grantor's "nonfiduciary" power to swap trust property for property of equivalent value; planning techniques that work well in a low-interest rate environment | 2008-04 |
| 03/31/08 | Disclaimers and self-adjusting valuation clauses (*Christiansen*) | 2008-03 |
| 02/26/08 | More on the new preparer penalties: Notice 2008-13 | 2008-02 |
| 01/28/08 | Supreme Court affirms that trust investment advisory fees subject to 2% floor (*Knight*); wash sale rules and IRAs; survivorship and the marital deduction (*Lee*) | 2008-01 |


## 2007


| | | |
|---|---|---|
| 12/21/07 | AMT patch, cont'd.; 11th Circuit reverses Tax Court: built-in capital gains tax liability reduces value of closely held corporation: *Estate of Jelke* (*General Utitilies* doctrine; willing buyer-willing seller; IRA implications) | 2007-12 |
| 11/20/07 | AMT patch; inflation-adjusted numbers for 2008 and planning points; 0% rate for dividends and capital gains | 2007-11 |
| 10/26/07 | Preparer penalties: the new rules under the Small Business and Work Opportunity Act of 2007; transition rules under Notice 2007-54 | 2007-10 |
| 09/28/07 | Charlie Rangel's proposal; AMT and estimated tax; taxing "carried interest" | 2007-09 |
| 08/31/07 | Saving for college: the "kiddie tax" and the pros and cons of different savings vehicles | 2007-08 |




HOUSE_OVERSIGHT_022334

| | | |
|---|---|---|
| 07/31/07 | *Davis v. Kentucky Revenue Department* – Supreme Court to examine muni bond taxability; proposed regs on trust investment fees and the 2% floor (REG-128224-06) | 2007-07 |
| 06/28/07 | Proposed regs on grantor retained income trusts (REG-119097-05); why timing of payments matters; why there's a 7520 rate; *Rudkin* update | 2007-06 |
| 05/31/07 | "Kiddie tax" changes; custodial accounts; "pay-go"; whither the estate tax; get a good valuation expert! (*Kimberlin)* | 2007-05 |
| 04/27/07 | 2nd Circuit affirms that trust investment fees subject to 2% floor: *Rudkin* | 2007-04 |
| 03/29/07 | IRS Clarification: non-spousal rollovers and tax-free IRA distributions to charity (Notice 2007-7); tax patents; Chuck Grassley on the AMT and the "tax gap" | 2007-03 |
| 02/28/07 | Estate Planning Glossary | 2007-02 |
| 01/30/07 | The "First 100 Hours"; President Bush's health care proposals; 2006 Annual Report of the National Taxpayer Advocate | 2007-01 |


## 2006


| | | |
|---|---|---|
| 12/29/06 | *The Tax Relief and Health Care Act of 2006 (Pub. L. 109-432):* "extenders"; health savings accounts; AMT refundable credit; charitable remainder trusts and UBTI; permanent capital gain treatment for self-created musical works | 2006-11 |
| 11/22/06 | The mid-term elections; 2007 inflation-adjusted numbers | 2006-10 |
| 10/23/06 | More on the *Pension Protection Act of 2006:* fractional interest gifts and $100,000 tax-free IRA contributions to public charities; Charlie Rangel and AMT reform; Connecticut marital deduction for same-sex couples | 2006-09 |
| 09/08/06 | *The Pension Protection Act of 2006 (Pub. L. 109-280)*: selected retirement and charitable provisions | 2006-08 |
| 07/31/06 | *Estate Tax and Extension of Tax Relief Act of 2006 (H.R. 5970)*; Illinois decoupling (*McGinley v. Madigan*); non-resident income taxation and out-of-state property | 2006-07 |
| 06/27/06 | *Permanent Estate Tax Relief Act of 2006 (PETRA, H.R. 5638)* | 2006-06 |
| 05/31/06 | *Tax Increase Prevention and Reconciliation Act of 2005 (Pub. L. 109-222)*: "kiddie tax"; conversions to Roth IRAs; expatriate income and housing exclusion; capital gains treatment for self-created musical works | 2006-05 |
| 04/28/06 | The AMT and stock options: capital loss carryback prohibitions apply to AMT as well (*Merlo*); attempted assignment of income fails (*McManus*); assignment of income: non-qualified stock options and charitable remainder trusts | 2006-04 |
| 03/29/06 | 4th Circuit upholds IRS win in *Chawla*, but "insurable interest" issue still dangles | 2006-03 |
| 02/22/06 | Charitable Remainder Trust Safe-Harbor (Notice 2006-15); more on prepaid tuition; debts, forgiveness and taxes | 2006-02 |




HOUSE_OVERSIGHT_022335

| | | |
|---|---|---|
| 01/27/06 | Prepaid tuition (PLR 200602002); gift and estate tax reminder; "Personal Revival Trusts" for cryonauts | 2006-01 |

**2005**

| | | |
|---|---|---|
| 12/27/05 | Tax Reform Panel Recommendations; Ron Wyden's "Fair, Flat Tax Act of 2005" | 2005-12 |
| 11/18/05 | Hurricane Katrina Provisions; 2006 inflation-adjusted numbers; sale of remaining lottery payments is not a sale of a "capital asset" (*Prebola*) | 2005-11 |
| 10/18/05 | Saving for College – round-up of options | 2005-10 |
| 09/30/05 | *Ittleson* – New York taxes sale of non-resident's artwork | 2005-09 |
| 09/08/05 | Estate tax thoughts; GST consequences of taxable trust renunciation (PLR 200532024); note about the "rule against perpetuities" | 2005-08 |
| 07/29/05 | *Strangi* – 5th Circuit upholds IRS win in Texas FLP case | 2005-07 |
| 06/30/05 | Circular 230 | 2005-06 |
| 05/27/05 | Estate planning glossary; Washington state's new estate tax | 2005-05 |
| 04/20/05 | New Jersey loses on decoupling case (*Oberhand*); retroactive tax changes (*Nationsbank*); charitable remainder trust "safe harbor" rules and the right of election (Rev. Proc. 2005-24) | 2005-04 |
| 03/28/05 | Insurable interests and trusts: *Chawla*; "frivolous arguments to avoid when paying taxes" (Notice 2005-30) | 2005-03 |
| 02/18/05 | Washington State decoupling struck down: *Hemphill* | 2005-02 |
| 01/28/05 | Social security, the estate tax and tax reform; several cases: *Banks* (contingent attorney's fees); *Harkins* ("corporation sole"); *Davis* (marital deduction) | 2005-01 |

**2004**

| | | |
|---|---|---|
| 12/28/04 | The Barnes Foundation | 2004-15 |
| 11/24/04 | 2005 inflation-adjusted numbers; how a low 7520 rate affects planning techniques | 2004-14 |
| 11/05/04 | Tax reform: flat tax and consumption tax; American Jobs Creation Act deductions for sales tax and attorneys' fees; New York tax law change: non-resident's sale of co-op now taxable | 2004-13 |
| 10/08/04 | *The Working Families Tax Relief Act of 2004 (H.R. 1308)*: extension through 2010 of 10% and 15% brackets; that "ridiculously complex" tax code; a word on PORC; reminder about low 7520 rates | 2004-12 |
| 09/10/04 | *Turner v. Commissioner* (formerly *Thompson):* 3d Circuit affirms IRS Tax Court win against FLP (family limited partnership); *Turner* contrasted with *Kimbell* | 2004-11 |




HOUSE_OVERSIGHT_022336

| | | |
|---|---|---|
| 08/03/04 | Tax Court says stock transfers to FLP are indirect gifts (*Senda*); co-op's real estate taxes not deductible against AMT (*Ostrow* and *Guterman*) | 2004-10 |
| 07/14/04 | IRS addresses grantor trust rules and implications of tax reimbursement clauses (Rev. Rul. 2004-64); LUST tax | 2004-09 |
| 06/25/04 | H.R. 4520, the export bill; proposals for state and local sales tax deduction and deferred compensation; House bills; temporary Connecticut decoupling; 7520 rate chart | 2004-08 |
| 05/28/04 | *Kimbell v. U.S.* – 5th Circuit hands taxpayer a victory in FLP case; how the applicable federal rates are determined | 2004-07 |
| 04/28/04 | Export bill: economic substance doctrine, expanded "kiddie tax"; no dice on offsetting gambling losses (TAM 200417004); QSLOB election | 2004-06 |
| 04/02/04 | President Bush's 2005 budget takes aim at 529 plan "loopholes"; deductibility of attorneys' fees – Supreme Court grants cert on *Banaitis* and *Banks* | 2004-05 |
| 03/18/04 | Impact of 2001 and 2003 tax law changes and interplay with AMT; reminder about low 7520 rates | 2004-04 |
| 02/27/04 | More thoughts on "decoupling": New York, New Jersey and Connecticut – the power of lifetime gifts; pro-rating the tax on a New York trust that changes situs | 2004-03 |
| 02/03/04 | Tax clause nightmare: *Lurie v. Commissioner*, or the pain of charging taxes to a non-taxable share; interrelated computations | 2004-02 |
| 01/14/04 | New York fiduciary income tax and trust situs: *Estate of William Rockefeller* and *Matter of Harriet* Bush; codification of *Mercantile* | 2004-01 |


## 2003


| | | |
|---|---|---|
| 12/19/03 | More changes on New York's 529 Plan; intra-family loans: term and demand loans, and forgiving them; note on William Roth and John Breaux | 2003-21 |
| 11/26/03 | Inflation-adjusted numbers for 2004; charitable remainder trusts, "ordering rules" and qualified dividends (REG-110896-98) | 2003-20 |
| 11/10/03 | Connecticut "decouples" for a bit; New York and New Jersey "decoupling" – disclaimers and contingent QTIPs; changes to New York's 529 Plan | 2003-19 |
| 10/24/03 | IRS acquiesces in *Walton* GRAT decision (Notice 2003-72); Social Security and "full retirement age" | 2003-18 |
| 10/10/03 | The Independent 529 Plan | 2003-17 |
| 09/26/03 | IRS guidance on reporting requirements for substitute dividends (Notice 2003-67); the "Wall Street Rule"; tax reward money taxable (*Roco*) | 2003-16 |
| 09/05/03 | The fall legislative agenda; saving for a child's college education | 2003-15 |




HOUSE_OVERSIGHT_022337

| | | |
|---|---|---|
| 08/06/03 | *Strangi III* – the Tax Court thumps taxpayer in Texas FLP case | 2003-14 |
| 07/23/03 | 7th Circuit upholds IRS win in *Hackl*: no annual exclusion for gifts of LLC interests | 2003-13 |
| 07/01/03 | New York's "tax traps" regarding the estate tax, GST and non-residents | 2003-12 |
| 06/16/03 | More on JGTRRA, qualified dividends and the new tax rates | 2003-11 |
| 06/06/03 | JGTRRA: lower rates, qualified dividends, increased child tax credit; marriage penalty relief; increased AMT exemption; chart with phase-outs of the AMT exemption amounts | 2003-10 |
| 05/16/03 | Jobs and growth bill; trust's investment fees subject to 2% floor (*Scott*); tax apportionment (*PNC Bank v. Roy*); Michigan and the TPT credit (*Lacks v. Michigan Department of Treasury*) | 2003-09 |
| 05/02/03 | Jobs and growth bill; flat tax proposals; tax apportionment (*Kuralt*) | 2003-08 |
| 04/11/03 | Budget update; estate tax pitfalls for non-resident aliens (*Fung*); "indirect skips" and the GST; QTIP election boo-boo (PLR 200314012); early CRUT termination and capital gain (PLR 200314021) | 2003-07 |
| 03/28/03 | Budget news; contingent attorneys' fees (*Raymond*) – and how AMT interacts with them | 2003-06 |
| 03/13/03 | Budget and legislative update; marital deduction mess-up (*Davis*); limited education no defense against estate tax deficiency (*Koester*) | 2003-05 |
| 02/28/03 | Taxpayer's SCIN works (*Estate of Dulio Costanza*); SCIN contrasted with private annuity; IRS loses on "joint-spousal GRATs" (*Cook*) | 2003-04 |
| 02/14/03 | Details on Fiscal Year 2004 Budget, including various proposed savings accounts (lifetime, retirement and employer-sponsored); impact on 529 plans; a closer look at arguments in favor of tax-free dividend proposal | 2003-03 |
| 01/31/03 | State of the Union address and tax-free dividend proposal; CBO's deficit numbers; Sen. Daschle on the Democratic plan; *is* all retirement plan income "effectively" tax-free? (KD 3761); "decoupling" in Nebraska and Kansas | 2003-02 |
| 01/16/03 | President Bush's job creation plan and tax proposals, including tax-free dividends; Sen. Feinstein on freezing the top rate; JCT lists expiring provisions;House rules to require macroeconomic analyses; dynamic scoring | 2003-01 |


**2002**


| | | |
|---|---|---|
| 12/19/02 | New faces: John Snow and Steven Friedman; adjustment clause too much like *Procter* – Mom can't take back gift (TAM 200245053); non-immigrant visa doesn't preclude domicile (*Estate of Jack*); payments to Holocaust survivors permanently exempted from income tax | 2002-22 |
| 11/27/02 | Our "abominable" tax code and how it got that way; Lindy Paull's departure; how 7520 rates affect planning techniques – why GRATs work better with lower rates and QPRTs don't | 2002-21 |




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| | | |
|---|---|---|
| 11/19/02 | Aftermath of the mid-term elections and the AMT; estate tax issues; inflation-adjusted numbers for 2003 | 2002-20 |
| 10/25/02 | Run-down on proposed legislation: the CARE and NESTEG bills; next year's FICA; low 7520 rates and planning: QPRTs, CLATs, CRATs, GRATs and charitable gift annuities | 2002-19 |
| 09/20/02 | Possible permanency of 2001 Tax Act and its education provisions;"decoupling": D.C., Massachusetts, New Jersey and New York | 2002-18 |
| 09/04/02 | Treasury ends "abusive" split-dollar scheme (Notice 2002-59) | 2002-17 |
| 08/29/02 | CBO's budget numbers and stimulus proposals; IRA discussion correction – comment from Cathy Vohs of the IRS | 2002-16 |
| 08/01/02 | CARE Act progresses – proposed gifts to charity from IRAs | 2002-15 |
| 07/23/02 | Corrections on IRA discussion; single life distribution table | 2002-14 |
| 07/18/02 | Corrected discussion on the final minimum distribution regs | 2002-13 |
| 07/02/02 | The debt limit increase; IRS retreats from imposing FICA or FUTA taxes on ISOs (Notice 2002-47) | 2002-12 |
| 06/21/02 | Attempts to make 2001 Tax Act permanent; efforts at estate tax reform; law-school expenses not deductible (*Galligan*); ignorance of the law is no excuse – "innocent spouse" relief denied (*Mitchell)* | 2002-11 |
| 05/24/02 | The "sunset" provision of the 2001 Tax Act; new IRA distribution tables | 2002-10 |
| 04/18/02 | Thoughts on 529 Plans; IRS issues final rules on IRA distributions; "decoupling": Maryland, Nebraska and New York | 2002-09 |
| 04/09/02 | Tax Court denies annual exclusion for gifts of LLC interests (*Hackl*); Florida says goodbye to estate tax revenues | 2002-08 |
| 03/20/02 | Senate Finance Committee hearing on tax shelters; Joint Committee on Taxation report on shelters and judicial doctrines used against them | 2002-07 |
| 03/15/02 | Stimulus bill passes; bill to freeze some of 2001 Tax Act; CBO and OMB revenue projections; Concord Coalition suggestions about fiscal year 2003 budget; GRAT includibility under IRC Sec. 2039 (TAM 200210009); Vermont "decoupling"; the GST and "indirect" skips – the opt-out | 2002-06 |
| 02/28/02 | Tax shelter amnesty (Announcement 2002-2); whither the corporate income tax?; IRS permits early CRUT termination (PLR 200208039) and tax treatment of early termination (PLR 200127023); IRS information on Victims' Relief Bill (Publication 3920); New York City's cigarette tax | 2002-05 |
| 02/22/02 | President Bush's fiscal year 2003 budget; Senate vote on estate tax repeal; the shrinking surplus; increase in debt ceiling; taxability of frequent flyer miles (Announcement 2002-18); cigarette taxes | 2002-04 |




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| | | |
|---|---|---|
| 01/31/02 | Victims' Relief bill signed – planning points; bill to reinstate marital deduction for non-citizen spouses (H.R. 3575); the state death tax credit and "decoupling": Minnesota, Rhode Island and Wisconsin | 2002-03 |
| 01/25/02 | IRS Notice on split-dollar life insurance (Notice 2002-8) | 2002-02 |
| 01/11/02 | Tom Daschle speech on the economy; 2001 Report of the National Taxpayer Advocate | 2002-01 |


## 2001


| | | |
|---|---|---|
| 12/21/01 | The stimulus package; the Victims of Terrorism Relief Act; inflation-adjusted numbers for 2002 | 2001-25 |
| 11/30/01 | More on Victims of Terrorism bill (history of prior such bills); applicability of FICA and FUTA taxes to ISOs (incentive stock options): proposed regulations (REG-142686-01) and Notices 2001-72 and 2001-73; the AMT and ISOs | 2001-24 |
| 11/26/01 | Stimulus package stalls; Victims' Relief bill progresses; 18% capital gains tax rate and gain on principal residence exclusion (Revenue Ruling 2001-57) | 2001-23 |
| 10/31/01 | More thoughts on the Victims of Terrorism relief bill; FICA increase; France and the VAT | 2001-22 |
| 10/24/01 | Stimulus plans; budget shortfalls in California, Florida, New York and North Carolina | 2001-21 |
| 09/28/01 | 9/11 aftermath: Victims of Terrorism Relief Act | 2001-20 |
| 09/04/01 | More on "timing" and the new estate tax rates; the phase-out of the state death tax credit | 2001-19 |
| 08/07/01 | AMT ISO relief?; "timing" and the new estate tax rates; the tax rebates | 2001-18 |
| 08/02/01 | Possible repeal of the "sunset" provision and the estate tax; GST "indirect" skips and deemed allocations | 2001-17 |
| 07/25/01 | GST changes under 2001 Tax Act | 2001-16 |
| 07/10/01 | Two unfavorable IRA rulings: sons can't be default "designated beneficiaries" (PLR 2001260410) and daughter can't name herself as Mom's designated beneficiary after Mom's death (PLR 200126036); new IRA rules wouldn't necessarily have made a difference | 2001-15 |
| 06/29/01 | Some of the numbers behind the 2001 Tax Act | 2001-14 |
| 06/04/01 | Rundown on EGTRRA (the 2001 Tax Act) | 2001-13 |
| 05/22/01 | Gifts to non-grantor trusts under the "Relief" bill; Neal tries to shut down swap funds (H.R. 1785) | 2001-12 |
| 05/18/01 | Rundown on the "Relief" bill; the "Byrd rule" | 2001-11 |




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| | | |
|---|---|---|
| 04/20/01 | Costs of the "Death Tax Elimination" bill; the Joint Committee on Taxation and revenue estimates; estate tax reform bills; Rangel bill would make state and local taxes deductible against AMT | 2001-10 |
| 04/13/01 | The costs of estate tax repeal | 2001-09 |
| 04/11/01 | President Bush's tax proposals, H.R. 8, "The Death Tax Elimination Act of 2000," carryover basis and "dynamic" versus "static" scoring | 2001-08 |
| 03/23/01 | Competing stimulus bills and possible estate tax relief | 2001-07 |
| 03/07/01 | Stimulus bill in the making; IRA hardship exemption fails (*Gallagher*); tax fraud conviction and sentencing of Dorothy and George Henderson; office space for the Clinton Foundation | 2001-06 |
| 02/05/01 | Projected budget surpluses; President Bush's tax plan; possible estate and gift tax repeal | 2001-05 |
| 01/30/01 | Clarification on new proposed IRA regs | 2001-04 |
| 01/24/01 | Appendix with new IRA distribution period | 2001-03 |
| 01/22/01 | Senate Finance Committee takes shape; new proposed regs on IRA distributions (REG-130477-00 and REG-130481-00) | 2001-02 |
| 01/10/01 | Tax-writing committees take shape; possible tax legislation; IRS loses *Walton* GRAT case; how tax credits lard up the tax code; joint spousal revocable trust wins and loses | 2001-01 |


## 2000


| | | |
|---|---|---|
| 12/20/00 | The $1.3 trillion tax cut; inflation-adjusted numbers for 2001 | 2000-19 |
| 11/29/00 | Thoughts on the new faces in Washington; candidates for Chairman of the House Ways and Means Committee | 2000-18 |
| 11/22/00 | The uncertain outcome of the elections; compromise bill on the foreign sales tax regime; standard mileage rates | 2000-17 |
| 11/17/00 | Election outcome unknown, but what the tax-writing committees may look like | 2000-16 |
| 10/30/00 | House passes tax bill, Clinton promises veto; NY streamlines tuition savings plan; FICA increases and Social Security funding | 2000-15 |
| 10/18/00 | Details on 18% capital gains tax rate; deduction and credit for college tuition; conviction of Dorothy and George Henderson for tax fraud | 2000-14 |
| 10/02/00 | H.R. 1102, the "Retirement Security and Savings Act of 2000"; estate tax update | 2000-13 |




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| | | |
|---|---|---|
| 09/15/00 | Override on "marriage penalty" veto fails; Republican edge in House narrows;"surviving spouse" in same-sex relationship loses 50% co-ownership argument (*Estate of Horstmeier*); credit for tax on prior transfers doesn't fly (*Estates of Harrison*); Gov. Jesse Ventura on Minnesota public school education | 2000-12 |
| 09/08/00 | Override on estate repeal veto fails; final GRAT regulations issued (T.D. 8899, 26 CFR Part 25); settlement fees and tax apportionment (*Estate of Esther Brabson*); dependency exemption for kidnapped child (ILM 200034029) | 2000-11 |
| 08/07/00 | Strategies for passing tax reform; New Hampshire upholds inheritance tax | 2000-10 |
| 07/14/00 | Thoughts on possible estate tax repeal; New Hampshire House overrides inheritance tax repeal veto; the problem of joint-ownership (PLR 200034029); draft legislation to permit fair market value deduction for charitable contributions by artists and authors (S. 2781) | 2000-09 |
| 06/29/00 | Projected surpluses; estate tax repeal movement | 2000-08 |
| 06/09/00 | New Hampshire governor vetoes inheritance tax repeal; IRS ruling on a "5 & 5" power: ever-increasing ownership of the trust (PLR 200022035); IRS wins two cases: gifts to a corporation don't qualify for annual exclusion (*Stinson*); "economic benefit" doctrine doesn't accelerate taxability of lottery winnings (*Thomas*) | 2000-07 |
| 05/19/00 | H.R. 8 and estate tax repeal; embezzled money is taxable income (*Amini*); no "married filing jointly" available for taxpayer in same-sex relationship (*Mueller*) | 2000-06 |
| 05/15/00 | Estate tax valuation of a disputed claim: *Estate of Algerine Smith. Commissioner* – 5th Circuit reverse Tax Court | 2000-05 |
| 04/13/00 | IRS goes after "ghoulish" charitable lead trusts (REG-100291-00; new tax shelter listings apply to individuals as well as corporations; IRS permits disclaimer to change IRA beneficiaries (PLR 200013041); community property IRA distribution to ex-spouse taxable to IRA owner (*Bunney*); charitable bequest of non-qualified stock options taxable to charity, not estate (PLR 20012076) | 2000-04 |
| 03/24/00 | Donees subject to transferee liability (*Armstrong*); converting NIM-CRUTs to CRUTs (Notice 99-31); discharge of GRAT liability (TAMs 200010010 and 200011005) | 2000-03 |
| 02/28/00 | Corporate tax refunds are up; taxpayer wins Texas partnership case (*Elsie Church v. United States*) | 2000-02 |
| 0/11/00 | President Clinton's final budget (fiscal year 2001); attempted casualty loss for property next to O.J. Simpson's estate (*Chamales*) | 2000-01 |




HOUSE_OVERSIGHT_022342

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HOUSE_OVERSIGHT_022343

**Date:** Monday, January 13 2014 08:14 PM
**Subject:** mission acomplished for some
**From:** Boris Nikolic <[redacted]>
**To:** Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>;

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**Philanthropy – Full text articles**

Revealed: the world's most admired people
Stephan Shakespeare **– Times**

Bill Gates is the most admired person in the world, according to a global survey for The Times by YouGov. The man who many see as responsible for the democratisation of computing and who is the biggest activist philanthropist across the globe is highly regarded everywhere.

In his home, America, he ranks only 5th, behind Pope Francis, President Obama, Billy Graham, and George W. Bush. Mr Obama and the Pope have a strong lead in Western nations but Mr Gates is highly regarded in every country polled, from Brazil to Egypt, Nigeria to Indonesia, Britain to Russia to Australia. He tops the poll in China — as respondents there said: "He got into a good university, but gave up studying to start his business. He has become a rich man despite dropping out of school . . . He has a successful career and a caring heart — he is ordinary, but great."

The Queen came highest in Britain and second in Australia, but didn't make the Indian top ten. Nevertheless she is the most admired woman in the world, in 17th place, closely followed by Angelina Jolie and Oprah Winfrey.

Half of the top ten admired in Russia are women, including the pop singer Alla Pugacheva and the Queen. That is the highest figure in all countries surveyed — women are strikingly under-represented.

Some light is shed on this by comparing our results with a recent Gallup poll in America, which asked for most admired man and woman in separate questions. In that poll, Bill Clinton scored 2 per cent and Hillary Clinton 15. YouGov asked a single question, not differentiating men and women, and the two Clintons rated about the same. The two polls also show the power of the media to direct public attention: Gallup polled early in December, and Pope Francis was "most admired" by only 4 per cent. By the time of the YouGov survey, Time magazine had made him its Person of the Year, and he shot up to 21 per cent.

Business leaders did well in general. YouGov puts Sir Richard Branson 4th in Britain, the Hong Kong billionaire Sir Li Kashing was sixth in China; the Nigerian industrialist Aliko Dangote was third in his home country; Silvio Santos, a media billionaire, was 4th in Brazil; Mikhail Khodorkovsky, the tycoon recently freed by Vladimir Putin, was 8th in Russia; while Warren Buffett, who is admired in India, Pakistan and China, was 8th in the world.

Actors and musicians do less well. With the exception of the Bollywood superstar Amitabh Bachchan, Ms Jolie and Stephen Fry, who confirms his enormous Twitter following by making 7th in Britain, just below Desmond Tutu. Johnny Depp and Brad Pitt get close to the top in a couple of countries and Justin Bieber did well in Indonesia, but the rock star and anti-poverty campaigner Bono is notable by his absence.

Sportsmen were more highly regarded, with the Indian cricketer Sachin Tendulkar 5th in the world — but only because he is so adored in the world's second-most populous country. The footballer Lionel Messi had broader support, reaching 15th in the world. In Britain, David Beckham squeaked into 10th place.

In only two countries of the 13 surveyed did no local politician make it into the top ten — Australia and the UK. The omission was most striking in Britain where Nigel Farage, the top politician, was in 16th place. David Cameron received the "most admired" accolade from only two people in a thousand. In Germany, Angela Merkel scored 65 times higher at 13 per cent, second only to the Pope. Vladimir Putin topped the Russian poll with a whopping 24 per cent, Nicolas Sarkozy was third in France and Goodluck Jonathan 8th in Nigeria. Edward Snowden, responsible for leaking classified documents that revealed the extent of surveillance by America's National Security Agency, was 10th most admired in the country that granted him asylum, Russia. He also showed strongly in Germany. We also asked who was the most famous person in the world. The

overwhelming choice was Mr Obama, with 26 per cent, and Mr Gates behind on 12.

YouGov polled in Great Britain, France, Germany, Russia, the US, Australia, Pakistan, Indonesia, India, China, Egypt, Nigeria and Brazil, representing over half of the world's population and the most populated country on each continent, and spoke to total of 13,895 people around the world. We used a mix of internet and mobile phone surveys. In most countries we achieved representative samples but in some we were unable to achieve good representation of rural communities. Our survey asked two open-ended questions, seeking write-in answers: who do you think is the most famous person in the world, and who do you personally most admire?

Although we specified that only living people should be considered, many wanted to choose Nelson Mandela anyway, and had we conducted the survey a month earlier he would have come top. In China there was significant support for Mao Zedong, Zhou Enlai and Deng Xiaoping, with 14 per cent between them, and had those respondents considered only the living, Xi Jinping would have scored even more highly.

Who's Who
- Narendra Modi, an Indian politician, is the prime ministerial candidate of the BJP, the main opposition party.
- Amitabh Bachchan is a Bollywood superstar, who was the "angry young man" of Hindi cinema.
- Abdul Kalam is an Indian scientist and was president of his country 2002-07.
- Anna Hazare held a series of hunger strikes in India in a successful campaign for anti-corruption laws.
- Arvind Kejriwal is the Chief Minister of Delhi, and worked alongside Hazare.
- Peng Liyuan, a Chinese folk singer, is the wife of President Xi Jingping.
- The philanthropist Abdul Sattar Edhi founded the Edhi Foundation, the largest welfare organisation in Pakistan.
- Joko 'Jokowi' Widodo, the governor of Jakarta, is a populist leader who may run in the 2014 Indonesian presidential election.

*Stephan Shakespeare is CEO of YouGov.*

**From:** Paul Morris [[redacted]]
**Sent:** 3/14/2014 10:27:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Oil options [C]
**Attachments:** graycol.gif

**Importance:** High

Classification: Confidential

I do want to talk to u about this, they spent too much thinking about options here, let me know when u have couple minutes.

Vinit Sahni

----- Original Message -----
**From:** Vinit Sahni
**Sent:** 03/13/2014 09:47 PM EDT
**To:** jeevacation@gmail.com
**Cc:** Paul Morris
**Subject:** Fw: Oil options
Classification: External Communication

Jeffrey - apologise if this long to execute next time we'll be much quicker.

Nav Gupta

----- Original Message -----
**From:** Nav Gupta
**Sent:** 03/12/2014 09:35 PM GDT
**To:** "jeevacation@gmail.com" <jeevacation@gmail.com>
**Cc:** Tazia Smith; Paul Morris/db/[redacted]; Vinit Sahni/db/[redacted]
**Subject:** Oil options
Jeffrey

Just got off the phone with Vinit.
DB stopped marketmaking OTC oil options - for short dated I'd go for exch traded - better liquidity and lower transaction costs in and out.

My central scenario - Kerry Lavrov meeting Friday will be a bust and the Crimea referendum this weekend will result in "yes" given the 59pct ethic Russian makeup. Sunday/ Monday sanction rhetoric from ranging from g8 expulsion to Iran-style bank embargo is raised a notch. Russia follows with more threats of counter-sanctions. My sense is the Obama 5m of 696m SPR release is to show Merkel and co he will step in. He needs to because there are 8 small European and Baltic countries that rec 70%+ of their gas from Russia. Germany gets 30%.

Cross asset correlations outside of the US are increasing past few days - eg copper and the Turkish lira hourly charts are on top of each other past 4 days. I'm worried there is a 30-40pct(?) chance of a hard risk off move in markets in first half of next week - more focused on European equities, copper, EM FX (Turkey, ZAR, Ruble etc) than SPX. In that scenario oil is way up.

Exchange WTI calls - there are 2 options (as of 3pm est):

5day expiry 17march 2014 underlying clj4 97.92
and
35d expiry 16april2014 underlying clk4 97.59

** The 5 day options are a bit short - one possibility is sell a 3usd out of the money put (95.5 strike) for 20cents and buy a 2usd OTM 100 call for 25. Net pay 5cents. But 5d is a bit short for me.

**For 35d expiry You could look at selling 91.50 (6usd OTM put) for 56cents and buying 103c (5.5usd OTM) for 58cents or the 102c (4.5usd OTM) for 76cents.

CL1 <comdty> OMON on Bloomberg has live strikes and bid/ask.

If 5d is too short and 35d is too long / not enough gamma, Tazia may be able to source liquidity from the street. Am Cc'ing her for any live pricing or additional comment

Best
Nav
[redacted] c
h

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Deutsche Bank does not render legal or tax advice, and the information contained in this communication should not be regarded as such.

**From:** Darren Indyke [[redacted]]
**Sent:** 3/1/2012 3:54:12 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: front page of foxnews.com right now!! - Look at this!

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** Erika Kellerhals <[redacted]>
**Date:** February 29, 2012 10:41:17 PM EST
**To:** "[redacted]" <[redacted]>
**Subject: Fwd: front page of foxnews.com right now!! - Look at this!**

Sent from my iPhone

Begin forwarded message:

**From:** "William L. Blum" <[redacted]>
**Date:** February 29, 2012 10:26:26 PM EST
**To:** "[redacted]" <[redacted]>, Erika Kellerhals <[redacted]>, "Edward B. Reynolds, Jr." <[redacted]>
**Subject: Fwd: front page of foxnews.com right now!! - Look at this!**

Did you guys see this?

Bill

Sent from my iPhone

Begin forwarded message:

**From:** Justin Blackhall <[redacted]>
**Date:** February 29, 2012 10:06:39 PM EST
**To:** "William L. Blum" <[redacted]>, "Robert A. Solomon" <[redacted]>
**Subject: front page of foxnews.com right now!! - Look at this!**

http://www.foxnews.com/politics/2012/02/29/obama-bundler-works-as-virgin-islands-tax-adviser/

Justin B. Blackhall
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May 2012

# J.E. CASCADING GRAT & INSTALLMENT SALE ANALYSIS

**Investment products: Not FDIC insured • No bank guarantee • May lose value**

Please see important information at the end of this presentation.

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J.P.Morgan

# A sale to an IDGT is a tax-efficient way to transfer future appreciation of an asset

## Intentionally Defective Grantor Trust ("IDGT")

- Grantor makes arm's length sale of assets to an irrevocable trust
- Grantor receives a note for the fair market value of the asset plus interest at current AFR
- Grantor pays income taxes generated by trust assets
- After the note is paid, remaining trust assets pass to heirs gift tax free
- Additional considerations
  - trust should be "pre-funded" by grantor to provide sufficient coverage for the note
  - having the loan guaranteed by trust beneficiaries may be beneficial
  - advisable to allocate GST exemption to trust in order to maximize benefit to heirs

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## How a sale to an IDGT works

1. Sell asset at fair market value to the trust in return for a promissory note bearing interest at proper AFR* based upon term of loan
2. Receive payments satisfying terms of note
3. Pay income tax on trust income and realized gain
4. After note is paid off, remaining assets in trust are available, free of gift tax, for beneficiaries**

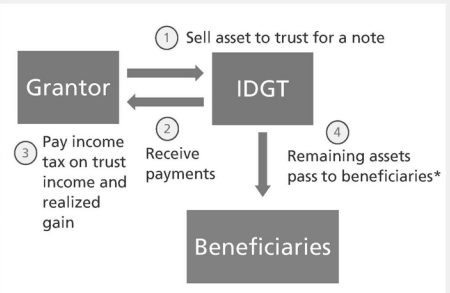


**To enhance the potential benefits consider funding a series of cascading GRATs – the remainders can be added to the IDGT**

**If the cascading GRATs are successful, at the end of the cascading GRAT terms additional assets can be sold to the IDGT**

* AFRs are defined as: 1) short-term - not over three years; 2) mid-term - over three, but not over nine years; 3) long-term - over nine years.
** If Grantor dies before note is satisfied, the fair market value of the note is includible in grantor's estate.

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## A "Cascading GRAT" strategy enhances the benefits of a GRAT

- The "Cascading GRAT" strategy uses a GRAT's annuity stream to fund subsequent short-term GRATs
  - annual reinvestment of annuity stream enhances potential value for beneficiaries

- Multiple short-term GRATs allow you to take advantage of market volatility
  - shorter terms permit market "spikes" to be captured immediately

- Short-term GRATs enable you to better manage mortality risks
  - if grantor dies during term of trust, the assets in the GRAT are included in the estate
  - grantor has greater probability of surviving a shorter term

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## How a "Cascading GRAT" strategy works

1. Grantor transfers asset(s) to an irrevocable trust. Grantor may manage GRAT assets as trustee.
2. Grantor pays little or no gift tax, or uses gift tax exemption*, on present value of trust remainder**
3. Annuity payments from existing GRATs fund a new GRAT
4. Grantor pays tax on ordinary income and realized gain earned by the trust (but not on annuity amount transferred from trust to grantor)
5. When trust term ends, remaining trust assets pass to beneficiaries free of gift tax
   - if grantor does not survive the term, trust assets are included in the estate and subject to estate tax

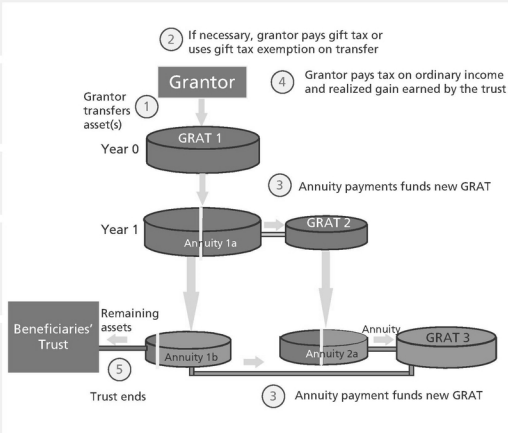


*Gift tax exemption in 2012 shelters up to $5,120,000 per individual of value transferred from gift tax.
**Calculation based on Treasury discount rate in effect at time of funding GRAT. A recent Tax Court decision (Walton v. Commissioner, 115 T.C. No. 41 (Dec. 22, 2000)) allows GRAT to be "zeroed out," eliminating the need to incur any gift tax.

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# Economic flows of Cascading GRATs

| Example | |
|---|---|
| Value of initial transfer to GRAT | $50,000,000 |
| IRS discount rate | 1.60% |
| Number of GRATs | 4 |
| Length of strategy | 5 years |
| Annuity rate | 51.20% |
| Escalating annuity percentage | 0% |
| Term of individual GRATs | 2 years |
| Future IRS discount rate | 1.60% |

Note: Assumes grantor survives all GRAT terms
Note: Model does not include income taxes; the ongoing income taxes generated by the trust are paid by the grantor, income tax implications should be carefully considered
Note: Model assumes all annuity payments are made in cash

| Pre-tax annual return of asset | |
|---|---|
| Year | Return |
| 1 | 15.00% |
| 2 | 15.00% |
| 3 | 15.00% |
| 4 | 15.00% |
| 5 | 15.00% |

| | GRAT First Year | | | GRAT Second Year | | |
|---|---|---|---|---|---|---|
| GRAT # | FMV | Appreciation | Annuity | FMV | Appreciation | Annuity |
| 1 | 50,000,000 | 7,500,000 | (25,601,587) | 31,898,413 | 4,784,762 | (25,601,587) |
| 2 | 25,601,587 | 3,840,238 | (13,108,825) | 16,333,000 | 2,449,950 | (13,108,825) |
| 3 | 38,710,413 | 5,806,562 | (19,820,960) | 24,696,014 | 3,704,402 | (19,820,960) |
| 4 | 32,929,786 | 4,939,468 | (16,861,096) | 21,008,158 | 3,151,224 | (16,861,096) |

| | Beneficiary's trust reinvests remainders | | | Grantor reinvests annuities | | |
|---|---|---|---|---|---|---|
| Year | Balance | Inflows | FMV | Balance | Inflows | FMV |
| 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 11,081,587 | 11,081,587 | 0 | 0 | 0 |
| 3 | 12,743,825 | 5,674,124 | 18,417,950 | 0 | 0 | 0 |
| 4 | 21,180,642 | 8,579,456 | 29,760,099 | 0 | 36,682,056 | 36,682,056 |
| 5 | 34,224,114 | 7,298,286 | **41,522,399** | 42,184,364 | 16,861,096 | 59,045,460 |

Numbers have been rounded for convenience, are only estimates for illustrative purposes and should not be relied upon. Corporate insiders should consult with securities counsel as to any reporting issues under Section 16 of the Securities Exchange Act of 1934 associated with receiving shares in-kind.

Note: Above example is for illustrative purposes only. These materials should not be construed as providing legal, tax or accounting advice. GRATs involve complex tax and, in the case of insiders, securities laws issues that should be discussed with your own advisors and company counsel. Annuity will be paid for full term to the grantor or, in case of the grantor's death, to the grantor's estate. Calculation is based on 2000 Tax Court ruling in Walton v. Commissioner (115 T.C. No. 41 (Dec. 22, 2000).

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# Economic flows of IDGT*

| Example - Initial Funding | |
|---|---|
| Total assets transferred to trust | $69,285,714 |
| Valuation discount | 30% |
| Valuation of assets for gift tax purposes | $50,000,000 |
| Seed capital/coverage | $5,000,000 |
| Trust term | 20 years |
| Lifetime gift tax exemption applied | $5,000,000 |
| Gift tax paid | $0 |
| Applicable interest rate (AFR) | 2.89% |
| Annual interest payment on note | $1,300,500 |
| Note face value (year 20 balloon payment) | $45,000,000 |

| Additional funding in year 5 from cascading GRATs | |
|---|---|
| Assumed assets in trust at the end of year 5 | $91,799,393 |
| **Additional assets from GRATs** | **$41,522,399** |
| Additional note (9:1 leverage) | $373,701,591 |
| Initial note outstanding face value | $45,000,000 |
| Total outstanding notes | $418,701,591 |
| Remaining note term | 15 years |
| Lifetime gift tax exemption applied | $0 |
| Gift tax paid | $0 |
| Applicable AFR | 2.89% |
| Annual interest payment on notes | $12,100,476 |

**Assumptions**

- The arithmetic return of assets = 15%; of which ordinary income/short term capital gains = 15%
- Income tax rate used for majority of analysis = 48.4% (Federal = 39.6%, New York City = 8.33%, Medicare = 3.8%)
- Capital gains tax rate used for majority of analysis = 28.8% (Federal = 20%, New York City = 8.33%, Medicare = 3.8%)
- Income and capital gains tax rates adjusted in early years to reflect current law
- Assumes note payments are satisfied using yield first, then seed capital, and finally other assets. If a valuation discount is specified, a pre-disount value is used

| Year | Return (asset and seed capital) | Interest and principal payments on note | Trust Value (pre-discount) |
|---|---|---|---|
| 0 | | | 69,285,714 |
| 1 | 10,392,857 | 1,300,500 | 78,378,071 |
| 2 | 11,756,711 | 1,300,500 | 88,834,282 |
| 3 | 13,325,142 | 1,300,500 | 100,858,924 |
| 4 | 15,128,839 | 1,300,500 | 114,687,263 |
| **5** | **17,203,089** | **1,300,500** | **705,971,667*** |
| 6 | 105,895,750 | 12,100,476 | 799,766,941 |
| 7 | 119,965,041 | 12,100,476 | 907,631,507 |
| 8 | 136,144,726 | 12,100,476 | 1,031,675,757 |
| 9 | 154,751,364 | 12,100,476 | 1,174,326,644 |
| 10 | 176,148,997 | 12,100,476 | 1,338,375,165 |
| 11 | 200,756,275 | 12,100,476 | 1,527,030,964 |
| 12 | 229,054,645 | 12,100,476 | 1,743,985,132 |
| 13 | 261,597,770 | 12,100,476 | 1,993,482,426 |
| 14 | 299,022,364 | 12,100,476 | 2,280,404,314 |
| 15 | 342,060,647 | 12,100,476 | 2,610,364,485 |
| 16 | 391,554,673 | 12,100,476 | 2,989,818,682 |
| 17 | 448,472,802 | 12,100,476 | 3,426,191,008 |
| 18 | 513,928,651 | 12,100,476 | 3,928,019,183 |
| 19 | 589,202,878 | 12,100,476 | 4,505,121,585 |
| 20 | 675,768,238 | 430,802,067 | 4,750,087,756 |
| Return to grantor (nominal) | | 606,711,231 | |
| **Net trust amount** | | | **4,750,087,756** |

* Analysis assumes that at the end of year 5 the $41,522,399 cumulative remainder of cascading GRATs from the previous page is used as seed capital for another note at 9:1 leverage used to purchase $373,701,591 of assets at a 30% discount using today's long-term AFR of 2.89%

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# A sale to an IDGT results in greater value for heirs than if the asset were held outright

Cash flow example:

| | | Scenario 1 | Scenario 2: Sell asset to IDGT | | |
|---|---|---|---|---|---|
| Year | | Hold asset | Grantor | Cost of taxes | Trust |
| 0 | Asset held/sold to trust* | $64,285,714 | | | $64,285,714 |
| | Coverage | 5,000,000 | | | 5,000,000 |
| | Gift tax on coverage | | | - | |
| 5 | Assets from initial funding | 100,544,702 | 7,570,535 | (37,615,685) | 130,589,853 |
| | Assets from cascading GRATS | 72,558,032 | 59,045,460 | (28,009,827) | 41,522,399 |
| | Assets held/sold to trust** | 533,859,416 | | | 533,859,416 |
| 20 | Value of assets | 2,066,664,527 | 763,711,690 | (3,447,134,919) | 4,750,087,756 [1] |
| | Estate tax*** | (1,136,115,490) | (420,041,430) | 1,895,924,205 | - |
| | Net wealth to beneficiaries | 930,549,037 | 343,670,261 | (1,551,210,713) | 4,750,087,756 |
| | Total value to beneficiaries | $930,549,037 | | $3,542,547,303 | |
| | **Value added by IDGT** | | **$2,611,998,266** | | |

1. Assets do not receive a step up in basis upon death

* Value shown is prior to assumed valuation discount of 30%, the value of assets for gift tax purposes is assumed to be $45,000,000

** Value shown is prior to assumed valuation discount of 30%, the value of assets for gift tax purposes is assumed to be $373,701,591

*** In scenario 1 an estate tax exemption of $1,000,000 is applied. This is the lesser of the $5,000,000 gift tax exemption applied to scenario 2 and the $1,000,000 applicable estate tax exemption in year 20

Assumptions: The arithmetic return of asset years 1-20=15%;of which ordinary income/short term capital gains = 15%;interest rate paid to grantor = 2.89%; annual interest payment=$1,300,500; valuation discount = 30%; transfer tax rate (for transfers at the end of year 20) = 55%.
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On June 7, 2001, President Bush signed into law the Economic Growth and Tax Relief Reconciliation Act ("EGTRRA") which significantly changed estate, gift, and generation-skipping transfer taxes. On December 17, 2010, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization and Jobs Creation Act of 2010, which institutes estate, gift, and GST taxes at 35% with a $5MM exemption for 2011 and 2012 (adjusted for inflation), after which rates and exemptions will return to pre-EGTRRA levels.

**NOTE:** Analysis assumes that at the end of year 5 the $41,522,399 cumulative remainder of cascading GRATs from page 5 is used as seed capital for another note at 9:1 leverage used to purchase $373,701,591 of assets at a 30% discount using today's long-term AFR of 2.89%

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**Sent:** 4/30/2013 6:57:28 PM
**To:** jeevacation@gmail.com
**Subject:** Fw: Tax Topics
**Attachments:** Untitled attachment 144206.gif; Untitled attachment 144209.gif; apr29tx13.pdf

**Importance:** High

Classification: Public

Paul Morris
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----- Forwarded by Paul Morris/db/dbcom on 04/30/2013 02:56 PM -----

From: Blanche Christerson[redacted]
To:

Date: 04/30/2013 02:55 PM
Subject: Tax Topics

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Classification: Public

Attached is the latest edition of *Tax Topics*. It discusses some of the tax proposals in President Obama's Fiscal Year 2014 Budget, which was released on April 10th. It also has the 7520 rate and the applicable federal mid-term rates.

...three cheers for spring!

Blanche Lark Christerson
Managing Director

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Blanche Lark Christerson
Managing Director, Senior Wealth Planning Strategist

# Tax Topics

04/29/13

2013-05

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## Fiscal Year 2014 Budget issued

On April 10th, President Obama issued his Fiscal Year 2014 budget. Shortly thereafter, the Treasury Department issued its "Green Book," which explains the tax provisions in the budget. Although most of these provisions are familiar and have appeared in previous budgets, a few were new. Here is a selected overview of some of these provisions, most of which would apply (assuming Congress enacts them) as of 2014:

- **Limit the value of certain tax benefits.** As in previous budgets, the current budget proposes to limit the value of various tax benefits so that they only reduce or shelter income that would be taxed at 28% or less. In other words, taxpayers with income that would be taxed at the 33%, 35% or 39.6% rate would see tax benefits curtailed, including ALL itemized deductions (these include deductions for mortgage interest, charitable contributions and state and local taxes), tax-exempt municipal bond interest, employer and employee contributions to employer-sponsored health insurance, employee contributions to retirement plans such as 401(k)s, contributions to health savings accounts and Archer medical savings accounts, interest on education loans and certain higher education expenses. Because an affected taxpayer's pre-tax contribution to her retirement account would be taxed, the account's "basis" would be increased accordingly.

  **Comments.** This proposal is not new, but the basis adjustment for retirement accounts is an equitable provision that was previously missing. Also, because the proposal would apply to income that is taxed at 33%, 35% or 39.6%, it would increase taxes on some of those President Obama has previously pledged to insulate from higher taxes – namely, individuals with income under $200,000 or married couples filing jointly with income under $250,000. That is, in 2013, the 33% tax rate applies to taxable income in excess of $183,250 (single taxpayers), $203,150 (head of household) and $223,050 (married filing jointly).

- **The "Buffett Rule."** To limit the advantage that high-income taxpayers enjoy from the preferential low rates on dividends and long-term capital gains, the budget proposes the "Fair Share Tax" (FST), a new

minimum tax designed to ensure that taxpayers pay at least 30% on their adjusted gross income (AGI) (a credit for charitable contributions would be allowed). Translated, this means that if the taxpayer's "regular" taxes (including certain credits, the alternative minimum tax and the new 3.8% surtax on net investment income) and payroll taxes didn't reach 30%, the FST would make up the difference. The FST would be phased in starting at $1 million of AGI, and would be fully phased in at $2 million of AGI (these thresholds would be indexed for inflation as of 2015).

**Comments.** Taxpayers who already pay an aggregate 30% in regular and payroll taxes would not be subject to the FST – but those who chiefly have income from qualified dividends and long-term capital gains (and therefore have lower than a 30% effective rate) would see a significant tax increase.

- **Restore the 2009 transfer tax parameters.** Beginning in 2018, the transfer tax provisions that were in effect in 2009 would be restored. The top transfer tax rate would thus be 45% instead of 40%; the estate tax exclusion and generation-skipping transfer tax (GST) exemption would be $3.5 million, and the gift tax exclusion would be $1 million (these amounts would *not* be indexed for inflation). In computing gift or estate tax liability with respect to these reduced exclusions, taxpayers would not be affected by "clawback." That is, they wouldn't be subject to additional tax if they had taken advantage of the previous (higher) exclusion amounts (in 2013, the applicable exclusion amount (AEA) against gift and estate tax is $5.25 million, and is indexed for inflation; the GST exemption equals the AEA). "Portability," which allows a surviving spouse to effectively "inherit" the deceased spouse's unused AEA, would continue.

  **Comments.** Despite President Obama's urging to the contrary, the American Taxpayer Relief Act of 2012 (ATRA), enacted on January 2, 2013, made permanent most of the transfer tax provisions that were in effect in 2011 and 2012: a $5 million exclusion amount, indexed for inflation, against gift and estate taxes and GST, and portability. (ATRA increased the top transfer tax rate from 35% to 40%.) In other words, Congress just "permanently" stabilized transfer taxes, and is probably not eager to revisit them anytime soon. Yet the budget proposes relitigating the issue, and reverting to the 2009 regime – but not until 2018. Perhaps this is more protest than blueprint.

- **Require consistent basis for transfer tax and income tax.** The basis of inherited property would have to equal the property's estate tax value, and the basis of property received by lifetime gift would have to equal the donor's basis. Although these are, in fact, generally the current rules, the proposal would require executors of estates and donors of lifetime gifts to report the property's value and basis to both the recipient and the IRS.

- **Require a minimum term for Grantor Retained Annuity Trusts (GRATs).** To limit the effectiveness of GRATs, which are designed to pass potential appreciation at little or no gift-tax "cost," GRATs would be required to have: 1) a minimum term of 10 years and a maximum term of the annuitant's life expectancy plus 10 years; 2) at least some gift at the trust's creation (i.e., no more "zeroed-out" GRATs); and 3) no declining annuity during the trust's term.

- **Limit the duration of the GST exemption.** A trust that is protected from generation-skipping transfer tax would lose that protection after 90 years, when GST would again apply to the trust.

- **Coordinate income and transfer tax rules regarding grantor trusts.** The grantor of a "grantor trust" is responsible for paying the trust's income taxes. Such trusts are often includible in the grantor's estate (as in a "revocable trust" or a GRAT). A trust that is *not* includible in the grantor's estate but for which the grantor is responsible for paying the income taxes is a "defective" grantor trust. Transactions between the grantor and his grantor trust are not recognized for income tax purposes, so that if, for example, the grantor sells appreciated property to a defective grantor trust in exchange for an interest-



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bearing note – known as a "sale to a defective grantor trust" – the sale does not trigger capital gains taxes and the grantor is not taxable on the trust's interest payments to him. Such transactions can pass significant potential appreciation to the grantor's heirs free of gift tax and generation-skipping transfer tax.

To eliminate this planning technique, the proposal provides that if the deemed income tax owner of a trust (this could be the grantor or a beneficiary) "engages in a transaction with that trust that constitutes a sale, exchange, or comparable transaction," then the portion of the trust attributable to this transaction (along with income or appreciation on the property): 1) would be includible in the deemed owner's estate; 2) would be subject to gift tax if the deemed owner ceased to own the trust during life; and 3) would be treated as a gift from the deemed owner if, during the owner's life, distributions were made from the trust to another person. Any gift or estate tax triggered by the proposal would be payable from the trust. The proposal would not apply to trusts that are already includible in the grantor's estate, "rabbi trusts" (non-qualified deferred compensation plans that are subject to claims of the grantor's creditors) or trusts that are grantor trusts solely because the trust's income can be used to pay insurance premiums on the life of the grantor or the grantor's spouse (i.e., insurance trusts that are designed to remove insurance proceeds from an insured's estate).

**Comments.** Last year was the first appearance of this proposal to unify income and transfer tax rules for grantor trusts. It was so broadly worded that it would have caught existing trusts, such as insurance trusts. This new iteration simply targets sales to defective grantor trusts.

- **Extend the lien on estate tax deferrals.** The tax law allows the estate tax on certain closely held business interests to be deferred for up to 15+ years from the decedent's death. Another provision of the tax law imposes what is generally a ten-year lien on the estate's assets to ensure payment of the estate tax. Because that lien can expire before the estate tax is paid, it may be difficult for the IRS to collect those tax dollars. The proposal would extend the lien through the permitted deferral period.

- **Clarify the GST treatment of "HEETs."** Donors can make direct payments of tuition and medical expenses free of gift tax. If that donor is a grandparent, for example, such payments are also free of generation-skipping transfer tax. Specifically, the tax law provides that the GST will not apply to "any transfer which, if made inter vivos by an individual [i.e., during the donor's life], would not be treated as a taxable gift" because it is a direct payment for tuition or medical expenses. This language has been read to mean the following: GST will not apply to a trust's direct payments for, say, a grandchild-beneficiary's tuition or medical expenses, even though the trust is otherwise subject to GST.

  Some planners have taken this understanding a step further with "HEETs," or Health and Education Exclusion Trusts. These trusts purportedly are fully protected from GST, despite not having any GST exemption allocated to them. That is, because charity has an ongoing "substantial" income interest in the HEET (say, 10%), gifts into the trust are not subject to GST, and GST won't apply when one generational level of beneficiaries dies off. In addition, trust distributions on behalf of beneficiaries such as grandchildren can only be made for tuition or medical expenses, and are therefore GST-exempt. The proposal says that it would "clarify" that this GST exclusion for direct payments of tuition or medical expenses only applies to payments made by a *living* donor, and not from a trust. The proposal would apply to trusts created after the bill proposing this change is introduced in Congress, and to transfers after that date made to pre-existing trusts.

  **Comments.** The desire to "clarify" this special exclusion reflects the perception that HEETs are abusive, given the proposal's recommended effective date (introduction, rather than enactment, of legislation). Despite this perception, however, it is worth noting that trusts that typically take advantage



HOUSE_OVERSIGHT_022363

of direct payments for tuition and medical expenses *are* subject to GST but for this special exclusion. Also, although HEETs have been written about in planning publications, it is unclear how often they are actually implemented: donors who use their GST exemption for multi-generational trusts often feel that they've done "enough" for those lower generations, and may lack the charitable intent necessary for the HEET to work. In addition, given life's uncertainties, trust creators may be reluctant to limit trust distributions to tuition and medical expenses only.

- **Tax "carried" (profits) interests as ordinary income.** In exchange for their services on behalf of hedge funds and private equity funds, managers of these entities are often compensated with what are called "carried interests," or profits from the entity. Because these profits interests are structured as partnership interests, they pass through long-term capital gain to the partners/managers, and are therefore taxed at preferential rates. The proposal would not recharacterize the treatment of a partner's *investment* in the entity, but would tax as ordinary income what is viewed as compensation for the partner's investment management services for the partnership. Thus, a partner's share of income in an "investment services partnership interest" (ISPI), regardless of how the income is characterized at the partnership level, would be taxed as ordinary income, and would also be subject to self-employment tax. An ISPI is an interest in future profits of an "investment partnership"; an investment partnership is one in which substantially all of the entity's assets are investment-type assets, such as certain securities, real estate, interests in partnerships, commodities, cash or cash equivalents, or derivative contracts related to those assets.

- **Tighten up conservation easements.** Donors of conservation easements typically get a charitable deduction for the permanent restrictions they put on property that will be used exclusively for conservation purposes. Recent court decisions have upheld large deductions for easements preserving recreational amenities, including golf courses, surrounded by upscale homes. These contributions have raised concerns that the deductions claimed are excessive and seem to promote private interests rather than bona fide conservation activities. The proposal would prohibit a deduction for a conservation easement on a golf course. A second proposal would address historic preservation easements, and would disallow a deduction for restricting the "upward development" of an historic building, since such development is typically already restricted under local ordinances. In addition, conservation easements on buildings listed in the National Register would need to comply with the same (more stringent) rules applicable to buildings in a registered historic district.

- **Limit protracted payout for non-spouse beneficiaries of IRAs and retirement plans.** Under current law, a non-spouse beneficiary of an IRA or a retirement plan (such as a 401(k)) must begin taking "required minimum distributions" (RMDs) from the account the year after the account owner's death, but can spread those distributions out over her life expectancy. Thus, if widowed Mom names Child as beneficiary of her IRA, for example, and Child is 40 when Mom dies, Child's RMDs can last over 40 years, assuming those are the only distributions Child takes from the account. The proposal would change this rule, and in general would require that non-spouse beneficiaries withdraw the balance of the retirement account within five years after the owner's death. (Certain exceptions would apply for "eligible" beneficiaries, such as those who are disabled, chronically ill or a child under the age of majority.) The reason for the proposed change is that retirement accounts were intended to benefit owners and their spouses, and not heirs such as children and grandchildren.

  **Comments.** It is not surprising to see this proposal, as last year, something similar was in a highway bill, but was then pulled. Given the need for revenue, limiting the generous protracted payouts currently permitted for non-spouse beneficiaries seems like low-hanging fruit. If enacted, the proposal would potentially make it less attractive for owners of substantial traditional IRAs to convert that IRA into a Roth



HOUSE_OVERSIGHT_022364

IRA, so as to provide, say, children and grandchildren with long-term income-tax free annuities. Nevertheless, even if those beneficiaries had to take the balance of the Roth IRA within five years of the owner's death, they still would be receiving income-tax free dollars – something that would not be the case if they had simply "inherited" a traditional IRA with its built-in income tax liability. In other words, by converting a traditional IRA into a Roth IRA, the owner is accomplishing something akin to what happens with a defective grantor trust (see above): relieving the beneficiaries of an income tax liability they would otherwise have to pay.

- **Limit the size of retirement benefits.** Under current law, there are limits as to how much individuals can accrue under a defined benefit plan (such as a pension plan), or how much they can contribute to IRAs and various defined contribution plans, such as 401(k)s. There are no limits, however, as to how much individuals can accumulate in these tax-preferred accounts. Because of this, the proposal explains, individuals can accumulate more than is needed to fund "reasonable levels of consumption in retirement…well beyond the level of accumulation that justifies tax-advantaged treatment of retirement savings accounts." The proposal would therefore cap the size of a taxpayer's various retirement accounts by barring additional contributions (or accruals) if, in total, the accounts exceeded what was necessary to provide the maximum annuity permitted for a defined benefit plan: currently $205,000 per year for a hypothetical 62 year-old and her spouse (this equates to accumulations of about $3.4 million). When a taxpayer's accounts hit that ceiling, they could still grow through investment returns, but additions to the accounts would only be allowed if the maximum permitted annuity increased, or the taxpayer's investment returns for a given year were less than the actuarial assumptions underlying the annuity. If an addition put a taxpayer's accounts over the ceiling, the taxpayer would include that excess in income, and have a grace period to withdraw it; if the taxpayer did not withdraw the excess, then that amount and attributable earnings would be subject to income tax when distributed, even if the distribution was from a Roth IRA or a Roth 401(k).

  **Comments.** This new proposal seems to be a reaction to this fall's presidential elections and the significant retirement accounts of one of the contenders. Nevertheless, it is not an excise tax to whittle down significant accounts, but a prohibition on additional contributions (or accruals). As Treasury Secretary Lew has pointed out, we're not saying you can't save for retirement, we're just saying that such large amounts shouldn't be tax-preferred. Still, will Congress really be inclined to limit how much taxpayers can accumulate in their retirement accounts, especially when a rising interest rate environment would make the permitted accumulation smaller? Although anything is possible, particularly if tax reform really comes about, Congressional sentiment might be against what could be viewed as "penalizing" successful savers.

- **Replace Consumer Price Index (CPI) with Chained CPI.** Every year, the IRS issues inflation-adjusted numbers for a variety of provisions, such as the income thresholds for the individual income tax rate brackets, personal exemptions, and income thresholds and phase-out ranges for various deductions, exclusions and tax credits. The proposal states that the CPI overstates the effects of inflation because it doesn't fully reflect consumer reaction to price changes (as in, if prices go up, consumers will buy something cheaper). A "chained" CPI would "account more fully for this substitution effect" and better reflect changes in the cost of living. The proposal would take effect as of 2015.

  **Comments.** Just as the proposal to limit tax benefits for income that would be taxed at higher than 28% would raise taxes on some of those President Obama has previously pledged to protect (see above), a chained CPI would also raise taxes for everyone, in that tax brackets (and other tax benefits, such as personal exemptions) would increase more slowly. Similarly, a chained CPI would reduce cost-of-living increases for Social Security recipients – again something that would affect those the President has pledged to protect. Although this proposal represents an attempt at balance, Republicans and Democrats generally seem to dislike it, but for different reasons.



HOUSE_OVERSIGHT_022365

**Legislative prospects?** Where these proposals go may be a function of what happens with possible tax reform – and the prospects of that are…unknown. Rep. Dave Camp (R-MI), Chairman of the House Ways & Means Committee has been holding hearings, and issuing a number of legislative proposals that are designed to elicit comments and prod tax reform. Sen. Max Baucus (D-MT), Chairman of the Senate Finance Committee, has also been pursuing tax reform, but has recently announced his retirement. Does that put him in a better or worse position to achieve this goal? Time will tell. But trying to reconcile the Republican desire for lower rates and a broader tax base with the Democratic desire for higher taxes on those they feel can best afford them will not be easy. Considering the country's pressing fiscal needs, however, it's hard to imagine that tax revenues won't have to go up at some point. The question is how, and whose ox gets gored.

## May 7520 rate issued

The IRS has issued the May 2013 7520 rate. It is 1.2%, a drop of 0.20% (20 basis points) from April's rate of 1.4%. May's annual, semiannual, quarterly and monthly mid-term rates are all 1%, a 0.09% (9 basis points) drop from April's annual, semiannual, quarterly and monthly mid-term rates, which were all 1.09%.

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Blanche Lark Christerson is a managing director at Deutsche Asset & Wealth Management in New York City, and can be reached at blanche.christerson@db.com.

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HOUSE_OVERSIGHT_022366

# RESUME OF JACK J. GRYNBERG
**(July 2014)**

## EDUCATION

Colorado School of Mines, Golden, Colorado
Professional Degrees:

| | |
|---|---|
| 1/1950-5/1952 | Master of Engineering* (Petroleum Refining (Chemical) Engineer) |
| 8/1952-5/1953 | Completed Graduate Studies for a Doctor of Science in Geophysical Engineering except thesis |
| 1/1959-5/1959 | Master of Engineering* (Professional Degree as Petroleum (Production) Engineer) |
| 5/1976 | Honorary Degree and Distinguished Achievement Medal in the Field of Mineral Engineering |
| 3/1976-3/1981 | Member Board of Trustees, Colorado School of Mines, Golden, Colorado |

*Formerly Professional Engineer's Degree

## REGISTERED PROFESSIONAL ENGINEER

Active and in Good Standing:

| | |
|---|---|
| Colorado | Registration No. 29586 |
| Oklahoma | Registration No. 3663 |
| South Dakota | Registration No. 5582 |
| Texas | Registration No. 14578 |
| Utah | Registration No. 9089260-2202 |

## PROFESSIONAL EXPERIENCE

| | |
|---|---|
| 2014 | Chairman, President and CEO, MOST Power, LLC |
| 2007-Present | Founder, President and CEO, MOST Ethanol Company, LLC |
| 2006-Present | Chairman, President and CEO, Superior Energy Company, Inc. |
| 2005-Present | President and CEO, GADECO, LLC |
| 1996-Present | Chairman, President and CEO, RSM Production Corporation |
| 1990-Present | President and CEO, Pricaspian Development Corporation |
| 1990-Present | Founder of a number of oil & gas and gold ventures exploration and development in the former Soviet Union |
| 1988-Present | Active in international oil and natural gas and gold in the former Soviet Union, Middle East, Africa, Far East and Latin America |
| 1985-Present | President and CEO, Grynberg Production Corporation |
| 1980-Present | Chairman and CEO, Transworld Resources Corporation |
| 1962-Present | Independent Oil, Gas, and Mineral Operator, U.S.A. Domestic operations within the continental United States with oil and gas production and exploration in California, Colorado, Louisiana, Michigan, Mississippi, South Dakota, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming |
| 1954-Present | President, Grynberg Petroleum Company and its predecessor, Jack Grynberg and Associates |
| 1976-1982 | President and CEO, Olympic Uranium Company. Uranium exploration and development, U.S.A. |

| | |
|---|---|
| 1974-1981 | Founder, Chairman and CEO, Universal Drilling Company and Universal Drilling Services, Inc., a 6-rig drilling contractor with 10,000 to 22,000 foot rigs. Companies sold in 1981 |
| 1974-1981 | President and CEO, Universal Drilling S.A., Panama |
| 1973-1974 | President, Hess Exploration Company (affiliate of Amerada Hess), beneficiary of 20% credited interest |
| 1969-1976 | Founder and Principal Stockholder (76%), Chairman, President and CEO, Oceanic Exploration Company, a public company engaged in off-shore and onshore oil, gas and mineral exploration and production in the following areas outside the continental United States: British North Sea, Dutch North Sea, Cameroon, Greece, Madagascar, Malaysia, Nicaragua, Peru, Timor and Taiwan. A public company whose stock was traded over the counter. Company sold in 1981. |
| 1954-1962 | Partner (60%-owner), Pirson-Grynberg Associates<br>Through this partnership with Dr. Sylvain J. Pirson, jointly conducted 2-week intensive well log interpretation and 4-week advanced reservoir engineering courses in the U.S.A. (Austin, Texas and Denver, Colorado), Canada, Venezuela, England, France, Italy and the Middle East. |
| 1954-1962 | Owner, Jack Grynberg and Associates, Consulting petroleum, petrophysical, geological and geophysical engineers |
| 1953-1954 | Research Engineer, Research and Development Department, Continental Oil Company, Ponca City, Oklahoma |

**PROFESSIONAL ATTAINMENTS, APPOINTMENTS AND MEMBERSHIPS**

| | |
|---|---|
| Patent Holder: | United States Patent #4,492,862 - January 8, 1985<br>"Method and Apparatus for Analyzing Components of Hydrocarbon Gases Recovered from Oil, Natural Gas and Coal Drilling Operations"<br>Invented by: Jack J. Grynberg, Leonard Y. Nelson and Stephen E. Moody |
| Appointments: | Appointed by Colorado Governor Richard Lamm to the Board of Trustees, Colorado School of Mines, March 1975 to March 1981 |
| | Appointed to the International Board of Advisors, Gubkin State Oil and Gas University, Moscow, Russia-1992 |
| | Appointed to the Presidential Council, Colorado School of Mines, 1989-Present |
| | Committee on Nuclear and Alternative Energy Systems of the National Academy of Sciences and National Academy of Engineering -- Presidential Appointments by President Gerald Ford (1974-1976) and President Jimmy Carter (1976-1980) |
| | Appointed by President Bill Clinton to panel consisting of chief executives of American oil and gas companies to represent the American oil and gas industry in the Russian Republic in order to enhance American-Russian oil and gas joint ventures, 1994. |
| Speaking Invitations: | Speaker at 6th African United Nations Oil & Gas, Trade & Finance Conference in Douala, Cameroon, October 2002 |



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Represented the U.S. Department of Energy and U.S. Department of Commerce at 7th African United Nations Oil & Gas, Trade & Finance Conference in Luanda, Angola, and made a presentation on behalf of the U.S. Government, May 2003

Speaker at African Petroleum Forum in London, England, March 2004

Speaker at 8th African United Nations Oil & Gas, Trade & Finance Conference in Marrakech, Morocco, April 2004

Speaker at 10th Annual Latin Oil & Gas 2004 Conference in Rio de Janeiro, Brazil, June 2004

Speaker at African Petroleum Forum in Houston, Texas, April 14-15, 2005

Speaker at Africa Energy Forum 2005 in Barcelona, Spain, June 22–24, 2005

Speaker at Upstream Oil & Gas Summit at Amelia, Island, Florida, February 5–7, 2006; topic "Effective Strategies to Deal with the Top Challenges of Remote Supply Markets"

Speaker and Chairman of a Gas21 Session at Africa Energy Forum 2006 in Lille, France, June 28-30, 2006; topic "The Gas Potential of Africa"

Speaker at Tribal (American Indian) Energy in the Southwest Conference in Albuquerque, New Mexico, December 11-12, 2006

Speaker at a Gas21 Session at the Africa Energy Forum 2007 in Hamburg, Germany, June 27-29, 2007

Member of Market Watch Panel and Speaker on "African Bio-Fuels Potential" at Africa Energy Forum 2008 in Nice, France, July 2-4, 2008

Principal speaker at National Association of Royalty Owners (NARO) 28th Annual Convention on "Mismeasurement and Shortchanging of Royalty Owners by Gas Pipeline Companies and Oil Companies" in Little Rock, Arkansas, September 18-20, 2008

Speaker at Energy Freedom Summit on "Biofuels: Ethanol, Biodiesel , Methanol, Compressed Natural Gas (CNG) and Gas to Liquids (GTL)" in Chicago, Illinois, October 24-25, 2008

Chairman and Speaker on "Gas Value" and on "Trading African Biofuels," plus gave presentation on "Biofuels: Ethanol, Biodiesel, Methanol, Compressed Natural Gas (CNG), Gas to Liquids (GTL), and Flex Fuels" at the Africa Energy Forum in Bordeaux, France, June 30-July 2, 2009

Chairman of "Investment Opportunities and Risks" Session at AfricaGAS at the Africa Energy Forum 2010 in Basel, Switzerland, June 29-July 1, 2010



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Speaker at Africa Energy Forum 2011 in Paris, France, on "Natural Gas Potential of Africa," June 13-15, 2011

Speaker at Platts 1st Annual Biofuels Conference in Amsterdam, The Netherlands, on "Advances in Biofuel Feedstocks for African Development," June 28-29, 2012

Speaker at Merrick & Company 2nd Annual Bioprocessing Conference in Denver, Colorado, on "Cassava and Plantains-Biofuels Feedstocks for Africa," Sept. 10, 2012

Memberships:

National Society of Professional Engineers
Society of Exploration Geophysicists (SEG)
American Association of Petroleum Geologists (AAPG)
American Institute of Mining and Engineers (AIME)
Society of Petroleum Engineers (SPE) - Legion of Honor Member
Association of International Petroleum Negotiators
European Society of Exploration Geophysicists (ESEG)*
Rocky Mountain Association of Geologists (RMAG)
American Petroleum Institute (API)*
Member Board of Trustees, Colorado Energy Research Institute, March 1975 to March 1981
Honorary Consul, Republic of Panama, 1974-1986
Member, Uranium Subpanel of Supply and Delivery Panel

***Member Emeritus**

**PUBLICATIONS**

"Induction Log Departure Curves for No Invasion" (Oil Base Mud or Air)
By: Jack J. Grynberg - 1953

"The Microlog - Its Application and Interpretation"
By: Jack J. Grynberg and Leendert de Witte - 1954

"Quantitative Electric Log Interpretation of "D" and "J" Sands–Denver Basin"
By: Jack J. Grynberg - 1956

""The Continuous Dipmeter"
Articles in April 1 and 22, 1957, The Oil and Gas Journal
By: Jack J. Grynberg and Morris I. Ettinger

"Log Interpretation Charts"
By: Sylvain J. Pirson and Jack J. Grynberg - 1958

"Selected Well Logging Problems for Geologists and Petroleum Engineers"
By: Sylvain J. Pirson and Jack J. Grynberg – 1958

"DST - Success or Failure?"
Article in June 22, 1959, The Oil and Gas Journal
By: Jack J. Grynberg



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"Log Interpretation Manual Number 2"
Supplement-A-Ri-Rt Conversion Charts
Based on Lectures by Jack J. Grynberg and Sylvain J. Pirson – 1960

"Handbook of Well Log Analysis"
McGraw-Hill - 1964
Based on Lectures by Sylvain J. Pirson and Jack J. Grynberg

"Application of Water Resistivity Data"
By: Jack J. Grynberg and B.L. Carlberg - 1974

Study of Nuclear and Alternative Energy Systems
Supporting Paper 1 - 1978
"Problems of U.S. Uranium Resources and Supply to the Year 2010"
By: The National Research Council, The National Academy of Science
By: Leon T. Silver, Jack J. Grynberg, David S. Robertson, Joseph B. Rosenbaum and Arnold J. Silverman
Study of Nuclear and Alternative Energy Systems
"U.S. Energy Supply Prospects to 2010" - 1979
By: The National Research Council, National Academy of Science
By: Jack J. Grynberg and others.

**LANGUAGES**

English, French, German, Polish, Russian and Hebrew

**LEGISLATION**

H.R. 501 - Sections 801 and 802, "Study of Actions to Improve the Accuracy of Collection of Federal Oil, Condensate, and Natural Gas Royalties Act of 2011"
H.R. 3534 titled "Study of Actions to Improve the Accuracy of Collection of Royalties"
H.R. 2152 titled "Foreign Business Bribery Prohibition Act of 2009"
GAO-10-313 Report issued March 2010, "Interior's Oil and Gas Production Verification Efforts do not Provide Reasonable Assurance of Accurate Measurement of Production Volumes"

**MILITARY SERVICE**

Resistance against Nazis, 1943-1944
Volunteer, Israel's War of Independence, 1947-1949
U.S. Army Corps of Engineers; U.S. Army Research and Development Command, Soviet Radioactive Warfare Section, and worked as a scientific spy 1956-1957
Honorable Discharge

**PERSONAL**

U.S. Citizen, born January 21, 1932, Brest, Poland
Married June 1959 to Celeste C. Bachove
Three (3) children and three (3) grandchildren

# Election 2016: Trump Wins Presidency, Republicans Hold Congress

Washington Council Ernst & Young 9 November 2016

After the most tumultuous and unpredictable campaign in modern history, Republican Donald Trump upset Democrat Hillary Clinton to win the Presidency, claiming at least 279 electoral votes (270 electoral votes to win) to Clinton's 228, with results in Arizona, Michigan, and New Hampshire still outstanding, according to the Associated Press. The popular vote margin remains close, with Trump currently trailing by approximately 200,000 votes out of a total of almost 120 million votes that have been counted. Clinton's blue wall of support was pierced by Trump with unexpected wins in Pennsylvania and Wisconsin. He also won the needed battleground states of Florida, Ohio, and North Carolina. With fewer losses than expected, Republicans will retain their majorities in the House and Senate, thereby controlling both ends of Pennsylvania Avenue.

Clinton, who called Trump last night to concede the race, said this morning, "I offered to work with him [Trump] on behalf of our country" and "our nation is more deeply divided than we thought," but went on to say, "we stand together..and our best days are still ahead of us." In his remarks shortly before 3:00 AM, President-elect Trump said, "It is time to bind the wounds of division. It is time for us to come together as one united America." He went on to say that it was "not a campaign, but an incredible movement." And, alluding to his policy agenda, Trump said we "would be working together to begin the task of rebuilding our nation and renewing the American dream." Trump has touted an agenda of revitalizing the economy and promoting job growth by reforming the tax code, rebuilding America's infrastructure, repealing and replacing "Obamacare," and being "tough" on immigration and in renegotiating international trade agreements.

Maintaining the Senate majority will give Republicans the ability to set the agenda in the Senate. However, bipartisan cooperation still will be necessary to achieve meaningful policy accomplishments as Senate rules generally require a 60-vote threshold for movement on most issues. An early challenge may be filling the Supreme Court vacancy created by the death of Antonin Scalia in early 2016 –one that could spark fireworks on Capitol Hill and across the country's highly charged political environment. How Republicans, Democrats, and Trump navigate through the process of nominating and confirming a new Justice to the Supreme Court is likely to set the tone in the Senate for the next two years. The nature of Speaker Paul Ryan's relationship with President-elect Trump and his often unruly House Republican Conference is not clear at this time. However, the House Republican "Better Way" agenda, which was developed in consultation with the Trump campaign, is now a focal point for congressional action.

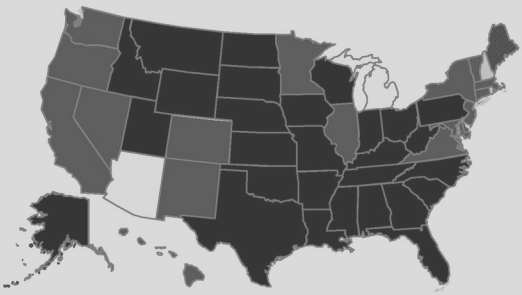

| Electoral votes | |
|---|---|
| Trump | Clinton |
| 279 | 228 |

Leaning Democratic

Leaning Republican

EY

Building a better working world

# Contents


| | |
|---|---|
| Election results | 2 |
| Senate profile | 4 |
| House profile | 6 |
| Administration and agenda | 8 |
| Lame-duck session 2016 | 11 |
| Tax | 13 |
| Health | 17 |
| Energy | 19 |
| Financial services | 21 |
| Trade | 23 |


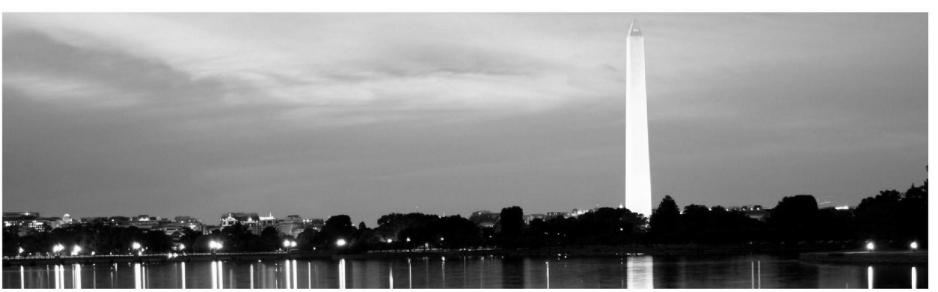



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# Election results

With Republicans set to control the White House, Senate, and House of Representatives for the session of Congress beginning in January 2017, the lame-duck session of the current Congress between now and the end of this year seems likely to be limited to keeping the government funded beyond the expiration of the current continuing resolution on December 9, 2016. President-elect Trump and the Republican Congress are certain to provide ambitious policy agendas with plenty of proposals to analyze and the need for significant legislative activity. However, it remains to be seen where Democrats and Republicans, particularly in the Senate, will be able to forge compromise.

With 24 of the 34 Senate seats up for election on November 8th held by Republicans, and many of those seats quite vulnerable, retaining control is a major victory for Senate Majority Leader Mitch McConnell (R-KY) and his Republican majority. Currently, Republicans are expected to hold at least 51 seats in the new congress, with Senator Kelly Ayotte's (R-NH) reelection bid in New Hampshire still undecided. In Louisiana, State Treasurer John Kennedy (R) received 25 percent of the vote and Foster Campbell (D), a member of the Louisiana Public Service Commission, received 17%in a crowded 24 candidate "jungle primary" to advance to a runoff election to be held on December 10, 2016. Senior House Ways and Means Committee member Charles Boustany (R-LA) fell just short in his quest to make the two-candidate runoff receiving 15%of the vote. While the Louisiana seat is technically undecided, the state went strongly Republican in the Presidential election and Kennedy is heavily favored to hold the seat.

Illinois Senator Mark Kirk (R-IL) lost his race to Rep. Tammy Duckworth (D-IL). In Indiana, Rep. Todd Young (R-IN) won his race against former Democratic Senator Evan Bayh (D-IN) to succeed retiring Senator Dan Coats (R-IN). In Nevada, Catherine Cortez Masto (D-NV) beat Rep. Joe Heck (R-NV) to hold the seat of retiring Senate Democratic Leader Harry Reid (D-NV). In other notable races:

- Ohio: Once ground zero for Senate control, Senator Rob Portman (R-OH) easily beat former Governor Ted Strickland (D-OH).
- North Carolina: In a race that was consistently within the margin of error in recent days, Senator Richard Burr (R-NC) held onto his seat against former state legislator Deborah Ross (D-NC).
- Pennsylvania: Behind in most recent polling, Senator Pat Toomey (R-PA) prevailed against former federal and state environmental official Katie McGinty (D-PA).

| Select Senate race results | |
|---|---|
| Arizona | |
| Kirkpatrick | |
| McCain | ✓ |
| Colorado | |
| Bennet | ✓ |
| Glenn | |
| Florida | |
| Murphy | |
| Rubio | ✓ |
| Illinois | |
| Duckworth | ✓ |
| Kirk | |
| Indiana | |
| Bayh | |
| Young | ✓ |
| Missouri | |
| Kander | |
| Blunt | ✓ |
| Nevada | |
| Cortez Masto | ✓ |
| Heck | |
| New Hampshire | |
| Hassan | |
| Ayotte | ? |
| North Carolina | |
| Ross | |
| Burr | ✓ |
| Ohio | |
| Strickland | |
| Portman | ✓ |
| Pennsylvania | |
| McGinty | |
| Toomey | ✓ |
| Wisconsin | |
| Feingold | |
| Johnson | ✓ |



HOUSE_OVERSIGHT_022374

# Election results

Along with the House GOP majority, Senate Republicans will unambiguously set the agenda in the new Congress. However, with a closely divided Senate, Republicans will be well short of the 60 votes necessary under the Senate rules to bring debate to a close (cloture) and advance controversial legislation without votes from the other party. Narrow Republican and Democratic majorities in the recent past have both found their legislative agendas stalled unless they were willing to compromise to attract bipartisan support.

One area where 60 votes are not required is confirming appointments to the Administration and the Federal courts, with the exception of the Supreme Court. There could be speculation about whether Senate Republicans would consider a rules change to create a 51 vote threshold for Supreme Court nominees, also known as the "nuclear option." But any serious consideration on this front is far from certain.

Republican House losses in the election were minimized for a number of reasons, including the Republican turnout for Donald Trump, the relatively static map created by the post-2010 redistricting process, and highly localized campaigns run by Republican House Members in marginal districts where support for Trump was weaker. With a loss in the single digits, the GOP majority goes from 246 members to somewhere in the 230s, giving Republicans a margin of 20 or so seats versus the current 30.



HOUSE_OVERSIGHT_022375

# Senate profile

Current Majority Leader McConnell will stay in the post after successfully working this past session to keep the Senate in Republican hands, while Senator Charles Schumer (D-NY) will take over for retiring Senator Reid after 12 years as Democratic Leader. Given that Republicans held control of the Senate, McConnell will spend the next two years working toward a filibuster-proof 60-vote majority in the 2018 elections, when 25 Democratic or Independent seats are up for re-election, compared with only eight Republicans. Schumer will likely try to reach some compromises with Republicans while distinguishing his party ahead of 2018, and will likely be pulled left, with the influence of Senators Elizabeth Warren (D-MA) and Bernie Sanders (D-VT).

Leadership elections are expected to be held on Wednesday, November 16, and committee ratios, likely to be close to what they are now, will be determined soon after the Senate reconvenes. Predicting the chair and ranking members of Senate committees immediately after an election is speculative because members with seniority will be able to choose between chairmanships and must adhere to Senate Republican committee leadership term limits. Republican senators may serve as chairman for six years and six years as ranking member for any one committee, on a cumulative basis. Following is a discussion of expected select committee chairmen and membership for 2017. An added complication could arise should sitting Republican senators be tapped for cabinet positions in the Trump administration.

| AGRICULTURE, NUTRITION, AND FORESTRY (Same leadership as 114th Congress) | |
|---|---|
| Chairman Pat Roberts (R-KS) | Ranking Member Debbie Stabenow (D-MI) |

| APPROPRIATIONS | |
|---|---|
| Chairman Thad Cochran (R-MS) | Ranking Member ????? |

Several Democrats on the committee with significant seniority are in line to choose other ranking positions: Leahy - Judiciary; Murray - HELP; Feinstein - Intelligence; Durbin, who serves as the Assistant Democratic Leader, and doesn't take a ranking member position on a major committee; and Jack Reed - Armed Services. However, given the importance of the Appropriations Committee and its responsibility for preparing bills to fund the government, it would be surprising that the ranking position would be very far down that list.

| ARMED SERVICES (Same leadership as 114th Congress) | |
|---|---|
| Chairman John McCain (R-AZ) | Ranking Member Jack Reed (D-RI) |

| BANKING, HOUSING, AND URBAN DEVELOPMENT | |
|---|---|
| Chairman Mike Crapo (R-ID) | Ranking Member Sherrod Brown (D-OH) |

Senator Richard Shelby (R-AL) has served his six-year limit as Chairman.

| BUDGET | |
|---|---|
| Chairman Mike Enzi (R-WY) | Ranking Member Bernie Sanders (I-VT) |

If Senator Murray retains the ranking slot on HELP, former presidential candidate Sanders will continue to fill the ranking member role.

| COMMERCE, SCIENCE, AND TRANSPORTATION (Same leadership as 114th Congress) | |
|---|---|
| Chairman John Thune (R-SD) | Ranking Member Bill Nelson (D-FL) |



HOUSE_OVERSIGHT_022376

# Senate profile

| ENERGY AND NATURAL RESOURCES (Same leadership as 114th Congress) | |
|---|---|
| Chairman Lisa Murkowski (R-AK) | Ranking Member Maria Cantwell (D-WA) |

| ENVIRONMENT AND PUBLIC WORKS (Same leadership as 114th Congress) | |
|---|---|
| Chairman John Barrasso (R-WY) | Ranking Member Tom Carper (D-DE) |

Jim Inhofe (R-OK) has exhausted his six-year limit. Senator Barbara Boxer (D-CA), the current ranking member of EPW, is retiring. Senator Carper could opt for the post over his current position on the Homeland Security and Governmental Affairs Committee. If Carper decides to stay at HSGA, Senator Ben Cardin (D-MD) would have the option of ranking member of EPW or Foreign Relations. If Cardin should choose Foreign Relations, Senator Sanders would be next in line for the ranking member position. Barrasso can be expected to continue the criticisms of current Chairman Inhofe of EPA regulations and their effect on US energy development and the energy industry.

| FINANCE (Same leadership as 114th Congress) | |
|---|---|
| Chairman Orrin Hatch (R-UT) | Ranking Member Ron Wyden (D-OR) |

Senator Hatch will continue to serve as Chairman by way of an agreement reached with Senator Grassley, who is actually more senior to Senator Hatch on the Committee. (Grassley will serve as Judiciary Chairman.) Dan Coats (R-IN) is retiring from Congress. Senators Richard Burr (R-NC) and Pat Toomey (R-PA) both won re-election races. Eight Democratic committee members will be running for re-election in 2018: Debbie Stabenow (D-MI), Maria Cantwell (D-WA), Bill Nelson (D-FL), Robert Menendez (D-NJ), Tom Carper (D-DE), Ben Cardin (D-MD), Sherrod Brown (D-OH), and Bob Casey (D-PA).

| FOREIGN RELATIONS (Same leadership as 114th Congress) | |
|---|---|
| Chairman Bob Corker (R-TN) | Ranking Member Ben Cardin (D-MD) |

| HEALTH, EDUCATION, LABOR, AND PENSIONS | |
|---|---|
| Chairman Lamar Alexander (R-TN) | Ranking Member Patty Murray (D-WA) |

If Senator Murray opts for ranking member of Appropriations, Senator Sanders would be in line to be ranking member of HELP where he could be expected to use the position to highlight income inequality.

| HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS | |
|---|---|
| Chairman Ron Johnson (R-WI) | Ranking Member Claire McCaskill (D-MO) |

Senator McCaskill will get the ranking member position if Senator Tom Carper (D-DE) opts for ranking member of EPW.

| JUDICIARY | |
|---|---|
| Chairman Charles Grassley (R-IA) | Ranking Member Patrick Leahy (D-VT) |

Senator Leahy will have the option of choosing ranking member of either Appropriations or Judiciary. Most think that with the expectation of at least one Supreme Court nomination and immigration reform legislation in the next two years, he will opt to stay in the ranking position on Judiciary.



HOUSE_OVERSIGHT_022377

# House profile

By retaining control of the House and Senate, with the loss of only a few seats, and winning the White House, Republicans believe they have a mandate to govern. The potential for a Freedom Caucus challenge to Paul Ryan's leadership is unlikely given the party's strong showing. The path is clear for the Speaker to pursue the policy actions described in the "Better Way" policy platform developed earlier this year and promoted through the ubiquitous presence of a pamphlet describing the plan that he used during the campaign and press appearances. That effort generated interest from Trump, who adapted his tax plan to reflect some of the proposals.

The week following the elections and prior to Thanksgiving will be focused on internal party organizational issues, including the election of party leadership, and discussion around Republican conference and Democratic caucus rules and the makeup of the Steering Committee, which will determine committee assignments. The leadership of the chamber will be decided in closed-door meetings during this time, with a formal floor vote for Speaker in January. Some Steering Committee decisions regarding committees are likely to take place after Thanksgiving and to include ratification of committee chairmanships and Speaker-appointed committee memberships, as well as appointments of members to vacant slots on "A" committees (including Ways and Means, Energy and Commerce and Financial Services). Ryan and Democratic Leader Nancy Pelosi (D-CA) will conduct a negotiation to determine committee ratios, which would be expected to be close to what they are now.

| WAYS AND MEANS (Same leadership as 114th Congress) | |
|---|---|
| Chairman Kevin Brady (R-TX) | Ranking Member Sander Levin (D-MI) |

Republican members Boustany and Young ran for Senate ,and Rep. Robert Dold (R-IL) lost his re-election campaign, leaving three open seats. Republicans under consideration for Committee seats include Reps. Carlos Curbelo (R-FL), Mike Bishop (R-MI), Bradley Byrne (R-AL), Jackie Walorski (R-IN) and Andy Barr (R-KY). Longtime Democratic members Charles Rangel (D-NY) and Jim McDermott (D-WA) are retiring.

| ENERGY & COMMERCE | |
|---|---|
| Chair John Shimkus (R-IL)/ Greg Walden (R-OR) | Ranking Member Frank Pallone (D-NJ) |

Rep. Fred Upton (R-MI) will reach his term limit as chairman of the Energy and Commerce Committee and will step down at the end of the current Congress. Rep. Upton noted that he's "not planning to" seek a waiver of the term limits. The two current frontrunners to replace the outgoing chairman include Reps. John Shimkus (R-IL) and Greg Walden (R-OR). Rep. Shimkus has seniority on the committee, but Walden has also generated party support related to his role serving as chairman of the National Republican Congressional Committee for the past two election cycles. Rep. Joe Barton (R-TX) is also expected to run for the Chairmanship. The powerful Republican Steering Committee, consisting of Republican leadership as well as rank-and-file members, will decide in a private meeting who will lead the committee in the 115th Congress. Adding to the leadership shuffle at the Energy and Commerce Committee, the current chairman of the E&C Subcommittee on Health, Rep. Joe Pitts (R-PA), is retiring at the end of the Congress. Rep. Tim Murphy (R-PA) is under consideration to replace him.

| EDUCATION & THE WORKFORCE | |
|---|---|
| Chairman Virginia Foxx (R-NC) | Ranking Member Bobby Scott (D-VA) |

Current Chairman John Kline (R-MN) did not seek reelection. He will likely be succeeded as chair of the House Education and Workforce Committee by Rep. Foxx. She has had a limited role on pension and retirement issues, but has been a reliable voice for limited government regulation and joined in opposing the Obama Administration's investment advice regulations. Where Chairman Kline put pension reform high on the committee's agenda, Foxx has not signaled a strong interest in making pension issues a priority.



HOUSE_OVERSIGHT_022378

# House profile

| APPROPRIATIONS | |
|---|---|
| Chairman Rodney Frelinghuysen (R–NJ) | Ranking Member Nita Lowey (D-NY) |

| BUDGET | |
|---|---|
| Chairman Tom Price (R-GA) | Ranking Member John Yarmuth (D-KY) |

Current ranking Member Chris Van Hollen (D-MD) was elected to the Senate; Yarmuth is expected to replace him.

| FINANCIAL SERVICES (Same leadership as 114th Congress) | |
|---|---|
| Chairman Jeb Hensarling (R-TX) | Ranking Member Maxine Waters (D-CA) |

| JUDICIARY (Same leadership as 114th Congress) | |
|---|---|
| Chairman Bob Goodlatte (R-VA) | Ranking Member John Conyers (D-MI) |

| OVERSIGHT (Same leadership as 114th Congress) | |
|---|---|
| Chairman Jason Chaffetz (R-UT) | Ranking Member Elijah Cummings (D-MD) |

| TRANSPORTATION (Same leadership as 114th Congress) | |
|---|---|
| Chairman Bill Shuster (R-PA) | Ranking Member Peter DeFazio (D-OR) |



HOUSE_OVERSIGHT_022379

# Administration and agenda

Looking ahead to the Trump administration and a Republican-controlled Congress, the focus will be on Trump's top priorities: infrastructure, tax reform, dismantling the Affordable Care Act (ACA), and immigration reform. President-elect Trump highlighted his commitment to infrastructure investment during his victory speech early November 9. "We are going to fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals," he said. "We're going to rebuild our infrastructure, which will become, by the way, second to none. And we will put millions of our people to work as we rebuild it." Trump would fund infrastructure investment through public-private partnerships and private investments through tax incentives rather than tax reform, though he has called for early action on that issue as well. On October 22, Trump outlined a voter contract for his first 100 days plan that calls for enactment of:

- The Middle Class Tax Relief And Simplification Act (comprehensive tax reform);
- The End the Offshoring Act, to establish tariffs to discourage companies from laying off their workers in order to relocate in other countries and ship their products back to the U.S. tax-free;
- The American Energy & Infrastructure Act, to leverage public-private partnerships and private investments through tax incentives to raise $1 trillion in infrastructure investment over 10 years;
- The School Choice And Education Opportunity Act, to expand primary education options and make college more affordable;
- The Repeal and Replace Obamacare Act, to repeal the ACA and replace it with Health Savings Accounts;
- The Affordable Childcare and Eldercare Act, to allow Americans to deduct childcare and elder care;
- The End Illegal Immigration Act, to fund the construction of a wall on the Mexican border;
- The Restoring Community Safety Act, to reduce crime;
- The Restoring National Security Act, to rebuild the military by eliminating the defense sequester and expanding military investment; and
- The Clean up Corruption in Washington Act, to enact "new ethics reforms to Drain the Swamp and reduce the corrupting influence of special interests on our politics."

As part of the voter contract announced in October, Trump has also pledged to act on his first day in office to "cancel every unconstitutional executive action, memorandum and order issued by President Obama." Trump advisor Anthony Scaramucci said in October that the new administration would repeal the rulemaking on conflicts of interest in the delivery of investment advice to IRA and 401(k) plan investors.

Regulations that have been finalized cannot be unilaterally vacated by executive order without intervening regulatory or legislative action. In order to make changes to final regulations without legislative action, agencies are typically required to follow the administrative procedural process which requires a notice and comment process prior to modifying regulations. If an Administration wishes to repeal or revise a final regulation through the administrative process, the agency may be required to demonstrate that its actions are not "arbitrary and capricious," and based on more than a change in political views. It is possible that a new Administration could dispense with the notice and comment process by moving to issue an interim final rule, replacing the previous regulation. In this situation, the agency could be called on demonstrate that it acted with "good cause" to circumvent the typical notice and comment requirements.

A new Administration could also use its executive power to affect the level of legal defense of challenges to existing regulations provided by the Administration or temporarily refuse to exercise its enforcement responsibilities until compelled through legal action or public pressure.

Trump also intends to immediately begin the process of filling the Supreme Court vacancy created by the death of Antonin Scalia in early 2016 – one that could spark fireworks on Capitol Hill and across the country's highly charged political environment. How Republicans, Democrats, and Trump navigate through the process of nominating and confirming a Justice to the Supreme Court is likely to set the tone in the Senate for the next two years.

Trump also intends to act on trade issues on his first day in office, including:

- announcing his intention to renegotiate or withdraw from NAFTA;
- announcing withdrawal from the Trans-Pacific Partnership; and



HOUSE_OVERSIGHT_022380

# Administration and agenda

- directing Treasury to label China a currency manipulator.

Consistent with Trump's desire to change the way business is conducted in Washington, he also pledges to act on his first day in office to:

- propose a constitutional amendment to impose term limits on all members of Congress;
- require that for every new federal regulation, two existing regulations must be eliminated; and
- impose a five–year ban on White House and congressional officials becoming lobbyists after they leave government service.

(The Trump Contract with the Voter is available at https://assets.donaldjtrump.com/CONTRACT_FOR_THE_VOTER.pdf)

Budget. While President-elect Trump has vowed to act quickly on repeal of the ACA, it is difficult to see how that can be accomplished outside of reconciliation instructions for FY 2018. "When we win on November 8th, and elect a Republican Congress, we will be able to immediately repeal and replace Obamacare. I will ask Congress to convene a special session," he said November 1.

An early focus of attention will be the first Trump budget proposal and the congressional FY 2018 budget resolution. As with the past several years under divided government, a main issue will be how to address the Budget Control Act sequester for FY 2018. According to the Congressional Budget Office, the cap on discretionary budget authority originally established by the Budget Control Act is set at $1.156 billion in 2018, though it will be reduced by automatic procedures unless Congress intervenes. CBO said the reduction will total $91 billion for 2018: $54 billion for defense and $37 billion in 2018 for nondefense. Therefore, total budget authority is slated to be $1.065 trillion, split between $549 billion for defense and $516 billion for nondefense. Both Trump and Speaker Ryan want to eliminate the sequester as it applies to defense, but would likely want to maintain the sequester for non-defense spending.

As reported in Politico last month, Speaker Ryan is bullish on using the "budget reconciliation" process to pass significant tax reform. "This is our plan for 2017," Ryan said, waving a copy of his "Better Way" policy agenda. "Much of this you can do through budget reconciliation." He said key pieces are "fiscal in nature," meaning they can be moved quickly through a budget maneuver that requires a simple majority in the Senate and House.

Use of "Budget Reconciliation" to enact legislation involves a two-step process. First, both Chambers of Congress need to pass a concurrent Budget Resolution (requires only simple majority in the Senate) that contains "reconciliation instructions." These instructions are directions to committees of jurisdiction to change the spending or revenue numbers (or both), and to report back the changes by a date certain. A budget resolution generally is a legislative vehicle that serves as the blueprint for fiscal policy and establishes a framework for consideration of spending and revenue bills for the coming fiscal year. Technically, a budget resolution is a "concurrent resolution" which is binding in the House and the Senate. Because a concurrent resolution is not submitted to the President for signature, it does not have the force of law.

The second part of the process is to pass "reconciliation" bills that adhere to the reconciliation instructions from the budget resolution.

Reconciliation bills can involve changes to spending, revenue, or the debt limit (or any combination of the three). Importantly, these reconciliation bills also only require a simple majority in the House and Senate for passage.

Reconciliation bills carry strict debate time and amendment restrictions, but unlike a budget resolution, reconciliation legislation contains specific spending and revenue policy changes that are signed into law by the President. In the Senate, debate is limited to 20 hours. While only a simple majority is required for passage in the Senate, 60 votes are required to waive violations of the so-called "Byrd rule," which prohibits the inclusion of provisions that increase the budget deficit for the period outside the budget window, usually a 10-year period. An unlimited number of amendments may be offered and voted upon, even after the 20 hours of debate have expired – a process often referred to as a "vote-a-rama".

This process is attractive because of the simple majority vote in the Senate, but carries with it restrictions such as the ten-year expiration for titles of the bill that increase the deficit outside the budget window.

It was used by President George W. Bush to pass significant tax cut legislation in 2001 (the "Bush tax cuts") and is expected to be considered next year for tax reform. Note that the Bush tax cuts were originally sunsetted at the end of ten years due to the Byrd rule. Subsequent legislation passed outside reconciliation process made many of these provisions permanent.



HOUSE_OVERSIGHT_022381

# Administration and agenda

Debt limit. The debt limit will be reinstated after March 15, 2017, though Congress will likely have additional time to either suspend or increase the limit. Extraordinary measures that can be undertaken by the Treasury Department should allow Treasury to continue meeting its financial obligations until at least midsummer of 2017, according to a September 13 posting by the Bipartisan Policy Center. When the debt limit is reinstated, the federal government's accumulated debt will immediately equal the new ceiling, which is projected to be about $20.1 trillion. The optics of the figure surpassing $20 trillion could spur lawmakers to be even more adamant about demands for spending cuts in return for supporting an additional increase or suspension of the debt limit.

FAA reauthorization. The Airport and Airway Trust Fund taxes expire after September 30, 2017, along with Federal Aviation Administration (FAA) spending authority, both of which were last extended in July. Privatization of the air traffic control system was a sticking point in negotiations this year. The FAA bill can be a vehicle for other tax legislation.

Personnel. The fact that Trump has not held political office and is not a traditional Republican puts a new spin on filling out his administration. Press reports have speculated about potential cabinet appointments. Trump has reportedly said that Goldman Sachs alumnus and campaign finance chairman Steven Mnuchin could be a possible nominee for Treasury secretary.

Economic advisers that have represented Trump on the campaign include investor Wilbur Ross and economists Peter Navarro, Larry Kudlow, and Stephen Moore.

New Jersey Gov. Chris Christie is in charge of Trump's transition. Politicians who have supported and served as surrogates for Trump and could possibly be tapped for Cabinet posts include: former New York mayor Rudy Giuliani, former House Speaker Newt Gingrich, Senator Jeff Sessions (R-AL), Dr. Ben Carson, and former Alaska Governor Sarah Palin. Senate Foreign Relations Committee Chairman Bob Corker (R-TN) was reportedly under consideration for the vice presidential pick and could be tapped for a Cabinet post.

| Economic packages pursued by past presidents | |
|---|---|
| Barack Obama<br>Took office January 20, 2009 | American Recovery and Reinvestment Act of 2009<br>Enacted February 17, 2009<br>► Stimulus legislation, included bonus depreciation |
| George W. Bush<br>Took office January 20, 2001 | Economic Growth and Tax Relief Reconciliation Act of 2001<br>Enacted June 7, 2001<br>► The "Bush tax cuts" reduced individual rates, repealed the estate tax |
| Bill Clinton<br>Took office January 20, 1993 | Omnibus Budget Reconciliation Act of 1993<br>Enacted August 10, 1993<br>► Increased individual, corporate taxes |
| George H. W. Bush<br>Took office January 20, 1989 | Omnibus Budget Reconciliation Act of 1990<br>Enacted November 5, 1990<br>► Increased individual taxes despite "no new tax" pledge |
| Ronald Reagan<br>Took office January 20, 1981 | Economic Recovery Tax Act of 1981<br>Enacted August 13, 1981<br>► Sharply reduced individual, corporate taxes |



HOUSE_OVERSIGHT_022382

# Lame-duck session

With the Republican sweep in the election, the sense is the lame-duck legislative agenda will be minimalist, with Republicans having little motivation to engage in other business aside from funding the government beyond December 9. Congress returns the week of November 14 for organizational meetings and then departs again for Thanksgiving week, leaving lawmakers only a couple of weeks to finish their legislative business. Other possibilities include: a defense authorization bill; the conference report for an omnibus energy bill; the "21st Century Cures" bill increasing funds for medical research and accelerating drug approvals; the Water Resources Development Act (WRDA), which would also carry money to address the drinking-water crisis in Flint, Michigan; tax extenders provisions; and retirement savings measures.

Government Funding. Under the stopgap continuing resolution (CR) cleared on September 28, funding for the government will expire on December 9. Only one of the 12 fiscal 2017 appropriations bills has been sent to the President so far. The government funding bill may take the form of a large omnibus bill or continuing resolution, if the House and Senate Republican leadership's preference for moving spending bills on a standalone basis or in packages does not pan out. Given the election results, leaders are likely to limit the length of the spending bill to a handful of months to allow the Trump administration an opportunity to help shape fiscal 2017 spending next year. Speaker Ryan has said he favors a strategy of combining spending bills into "minibus" vehicles, but Senate Democrats have said such an approach could be a tactic to get around the spending caps Congress agreed to on a bipartisan basis last year. The bill(s) may include additional spending to address flooding in Louisiana and elsewhere, and damage from Hurricane Matthew. If the vehicle for government funding is a large omnibus bill, Republicans may push for some conservative policy "riders" as their price for accepting the budget numbers that were negotiated last year.

Tax. There are no must-pass tax issues for the lame-duck session, and it is unclear whether there will be consideration of expiring tax provisions, House and Senate miscellaneous tax bills, and tax technical corrections. House Ways and Means Chairman Brady is opposed to addressing tax extender provisions this year, preferring to look forward to tax reform; that could also be the position taken on other tax issues given that Republicans will control Washington and have a shared interest in tax reform. However, Senate Leader McConnell previously committed to addressing energy tax extenders this year, so they could still come up for consideration.

Pensions. The Senate could consider the Retirement Enhancement and Savings Act, a package of measures affecting multiple-employer pension plans, 401(k) plans and annuities, which was approved on a unanimous vote by the Senate Finance Committee on September 21. The committee also approved the Miners Protection Act, which would fund retiree health and pension benefits for coal miners, which a majority of the committee's Republican members opposed.

Health. One of the top Republican legislative priorities for the lame-duck session is the 21st Century Cures bill, a package of measures intended to spur new medical treatments and boost funding for the National Institutes of Health, the FDA, and White House initiatives such as "precision medicine" and the Cancer Moonshot. Questions remain in both the House and Senate over how to pay for the bill and the size of the funding increases, but Senator McConnell has said the bill "could end up being the most significant piece of legislation we pass in the whole Congress."

On the House side, this continues to be the top priority of the Chairman of the Energy and Commerce Committee Fred Upton. Leaders of the Energy and Commerce Committee said on September 29 that they had been "working hard for months, and we will continue to work toward an agreement that can pass both chambers and be signed by the President." The House passed its version of the 21st Century Cures bill (H.R. 6) in July 2015 by a vote of 344-77, including nearly $9 billion in new research funding for the NIH and reforms to the FDA's process for approving certain new medicines and medical devices. In the Senate, the Health, Education, Labor, and Pensions (HELP) Committee has passed a package of 19 bills aimed at accelerating approval of new drugs and medical devices and attracting talented researchers to the FDA, but the full Senate has yet to consider the bills. HELP Committee Chairman Lamar Alexander (R-TN) told Bloomberg BNA in June that the impediments to passage are the proposals' complexity and disagreements over how to pay for them. Negotiations continue.

Speaker Ryan has also listed passage of mental health legislation as one of his priorities for the lame-duck session. H.R. 2646, a bill sponsored by Rep. Tim Murphy (R-PA) that passed the House almost unanimously in July, would expand Medicaid coverage of mental health services, fund more psychiatric hospital beds and change privacy rules to allow caregivers to receive more information about patients.



HOUSE_OVERSIGHT_022383

# Lame-duck session

A Senate version (S. 2680) prompted Democratic concerns over funding levels, privacy issues, and other matters. This issue is one that could slip into the next Congress if negotiators are unable to reach an agreement given the limited time available.

Another outstanding year-end issue for Congressional leaders is whether to address the pending Medicare Part-B premium increases facing new and some existing Medicare enrollees caused by a smaller annual Social Security cost-of-living adjustment (COLA). Congress has acted in the past to avert premium increases due to modest COLA adjustments before the premium increases take effect. Additional Medicare changes that are bipartisan in nature could be added to this Part B adjustment if leaders agree to move forward. Up for potential consideration are a handful of Medicare-related bills that have already passed the House or Senate in the 114th Congress, as well as a package of provisions recently unveiled by the Finance Committee that would address how chronic conditions are managed in the Medicare population.

Additionally, Congress continues to contemplate action in the lame duck session to address the Obama Administration's proposal to modify the payment mechanisms for Part B Medicare drugs. While the proposal has not yet been finalized, concerns about the size and scope of the proposal have been raised by Congress.

Energy. House and Senate conferees also hope to finish negotiating the final version of the bipartisan, omnibus Energy Policy Modernization Act (S. 2012, H.R. 8). Among many other provisions, that bill would give the Energy Department emergency authority to protect the electric power grid from physical and cyber threats; require the Federal Energy Regulatory Commission (FERC) to expedite consideration of pipeline siting applications; ease procedures for mining certain minerals on federal lands; increase water allocations to address drought in California; and change forestry management.

There will also be a push to complete the Water Resources Development Act (WRDA). In September, both the Senate (S. 2848) and House (H.R. 5303) overwhelmingly passed bills that need to be reconciled, but the two chambers have not yet formally gone to conference. One factor that is likely to expedite a conference and floor votes is the fact that in September, in order to resolve a deadlock over government funding, Speaker Ryan made a commitment to move assistance to Flint, Michigan (which has faced a drinking-water crisis) as part of the WRDA bill.

Energy measures could also come up as Republican "riders" on a year-end spending bill, such as provisions blocking the EPA's Clean Power Plan or the "Waters of the U.S." wetlands rule. House Majority Leader McCarthy has also said the House will consider a bill offering a tax credit for new nuclear reactors.

Financial Services. House Financial Services Chairman Jeb Hensarling (R-TX) has said he hopes for a lame-duck floor vote on his CHOICE Act, which would repeal much of the Dodd-Frank Act and replace it with a system in which banks would become exempt from many prudential rules if they agree to a much higher leverage ratio. The committee passed the CHOICE Act on a party-line vote in September. The Wells Fargo scandal could pose a hurdle for that plan, because Hensarling's bill would repeal the Consumer Financial Protection Bureau's (CFPB) new rules limiting the use of mandatory arbitration clauses in bank contracts. Wells Fargo has been criticized for requiring its account holders to agree to such clauses, restricting their ability to sue the bank after as many as 2 million unauthorized accounts were discovered.

The Financial Services Committee will hold a second hearing on November 30 on the Wells Fargo issue, with CFPB Director Richard Cordray testifying. SEC Chairman Mary Jo White will also testify on November 15.



HOUSE_OVERSIGHT_022384

# Tax

The surprising results of yesterday's election have teed up comprehensive tax reform as a clear priority for the new Republican President and the Republican Congress. A unified Republican government makes the process of achieving significant tax reform much more manageable next year, in particular because Speaker Ryan during the campaign pledged to move such a plan in the form of so-called budget reconciliation legislation, which would mean that only a simple majority of senators would be necessary to pass the plan, rather than the usual 60-vote majority. A lot of the groundwork has been laid through proposals and negotiations over the last three or four years on various key aspects of business tax reform, but Congressional Republican leaders and the new President will have to decide whether to push forward with legislation that embodies the House Republican Tax Reform Blueprint, or the outlines of a tax reform plan that President-elect Trump championed during the campaign. One significant difference is that the Blueprint, according to its authors, is largely revenue neutral using dynamic scoring, while the Trump plan was scored by various non-governmental groups as losing trillions of dollars.

House Speaker Ryan has said on multiple occasions that tax reform is his top priority. The Blueprint, the sixth and final plank of Ryan's "Better Way" campaign to provide policy alternatives, proposed a 20% statutory corporate tax rate, a 25% business tax rate for pass-through entities, a move toward a cash-flow consumption tax through immediate expensing for all businesses and elimination of deductibility of net interest expense, a territorial international tax system, a border tax adjustment mechanism, and elimination of most business preferences except the R&D tax credit and LIFO. Interestingly, all of these pieces of business tax reform may be fair game in discussions with Democrats, but the two parties differ greatly over whether to reduce individual tax rates – a key component of both the Blueprint and the Trump campaign agenda – and over important revenue issues, including whether reform should be revenue neutral on a static basis, and whether timing and one-time revenue raisers should be used to pay for permanent tax rate reduction. The use of budget reconciliation, however, could make many of these differences irrelevant as Senate Democrats could have little power to change or block the legislation on the Senate floor.

Along with the 20% statutory corporate tax rate, the Blueprint includes a 25% business tax rate for pass-through entities; and individual rates set at 12%, 25%, and 33%

Ways and Means Republican tax staff is in the process of receiving feedback and building out the tax reform Blueprint by drafting detailed statutory language. The publicly expressed goal is to have that effort completed by the end of 2016. In October 14 remarks at University of Wisconsin–Madison, House Speaker Ryan said, "I really want to get tax reform running as quickly as possible..."

Asked September 29 whether there is opportunity for progress on big-ticket items in 2017, Senate Majority Leader McConnell said, "We need to do tax-reform – comprehensive tax-reform – not piecemeal."

Trump's tax plan differs from the Blueprint in that the corporate tax rate would be lower – 15% – with the same rate imposed on pass through entities. The latest statement from the Trump campaign suggests that small business owners do not retain earnings may face double taxation.

Individual income tax rates would be 12%, 25%, and 33%, the same as the House Republican tax reform Blueprint.

Trump and his staff have supported a 10% tax rate on the deemed repatriation of previously untaxed foreign earnings of US companies, but the campaign never made clear whether they still support repeal of deferral in a new international tax system going forward.

Trump has pledged to work with House Republicans on tax issues and, in addition to adopting their proposed individual rates, brought his plan closer to theirs by announcing support for immediate expensing of new business investments for manufacturers. The House plan proposed expensing in conjunction with eliminating the deductibility of net interest expense. In the follow-up to a September 15 speech to the Economic Club of New York, Trump clarified that he believes expensing should be limited to manufacturers and those who elect expensing will lose the deductibility of corporate interest expense.

The Trump campaign also clarified in September that they favored repeal of most corporate tax expenditures, except for the R&D Credit. While continuing to call for repeal of the estate tax, Trump proposed disallowing a step-up in basis for estates over $10 million: "The Trump plan will repeal the death tax, but capital gains held until death will be subject to tax, with the first $10 million tax-free as under current law to exempt small businesses and family farms. To prevent abuse, contributions of appreciated assets into a private charity established by the decedent or the decedent's relatives will be disallowed."



HOUSE_OVERSIGHT_022385

# Tax

Trump additionally proposed capping itemized deductions at $100,000 for single filers and $200,000 for married filers and highlighted the benefits of his proposals for working Americans and the middle class. "By lowering rates, streamlining deductions, and simplifying the process, we will add millions and millions of new jobs. In addition, because we have strongly capped deductions for the wealthy, and closed special interest loopholes, the tax relief will be concentrated on the working and middle class taxpayer..," he said. "This is a working and middle-class tax relief proposal." A campaign fact sheet proclaims that Trump's economic proposals would add 25 million jobs over a decade, which equates to 200,000 new jobs per month.

The motivating factors for tax reform will remain the same as they were in the current Congress, but unified government should make enacting tax reform much easier. The statutory corporate income tax rate is seen as too high and the international tax system compels profit shifting to low-tax jurisdictions and erodes the US tax base. That phenomenon escalated this year with the European Commission's latest state aid decision, which was seen as demonstrating a tension between the US and Europe over who should tax the foreign income of US multinationals.

The passage of the EU's harmful tax competition directive will lead to enactment in all EU countries of a variety of measures that could increase taxes on US companies operating in Europe, while implementation of innovation box regimes in many countries, following the OECD BEPS project outline, will make it more attractive for US companies to move intellectual property and exploit that IP into those jurisdictions. The Administration took significant steps this year to try to prevent further erosion of the US tax base through regulatory action to deter inversions and earnings stripping, but all involved said these were Band-Aid approaches that were no substitute for US tax reform.

Design issues – international tax reform. As has been the case for the last few years, there is broad agreement on the design elements of business tax reform, and more specifically, international tax reform, but the devil is in the details. For example, the House Republican Blueprint on tax reform calls for a 8.75% tax rate on previously untaxed accumulated foreign earnings held in cash or cash equivalents, and a 3.5% tax rate on all other accumulated earnings, with tax liability payable over an eight-year period.

This is the same tax treatment of accumulated foreign earnings called for under former Ways and Means Committee Chairman Dave Camp's (R-MI) Tax Reform Act of 2014.

But in a departure from the Camp bill, the Blueprint also calls for a move to a destination-basis tax system, under which border adjustments exempt exports from tax while taxing imports, making the tax jurisdiction the location of consumption rather than production. Exempting exports from US tax and taxing imports regardless of where they are produced will eliminate incentives for US businesses to move or locate operations outside of the United States under a territorial tax system, according to the Blueprint. By relieving exports from US tax while imposing US tax on imports, the Blueprint would eliminate the need for any new exemption or territorial tax system to be accompanied by a minimum tax or any other more conventional anti-base erosion measure, thereby sidestepping one of the more intractable and divisive debates among the business community over the past several years of tax reform discussions.

Developing a workable border adjustability mechanism that is not actually a component of a value-added tax presents some significant policy and technical hurdles.

US companies that are net exporters could end up in a perpetual tax loss position, and handing out refunds to some of the largest US companies may not work from a political standpoint, particularly as the domestic income of US companies (including the suppliers for exporting companies) is subject to tax. How to apply the border adjustability concept to cross-border flows of capital, or whether to exempt financial transactions must also be considered.

While moving to a form of exemption system has some level of bipartisan support, more liberal Democrats will insist on a more pure worldwide system that includes repeal of deferral. Senate Finance Committee Ranking Member Wyden (intermittently) and Senator Warren (consistently) have both backed the latter approach, and Speaker Ryan noted the differing viewpoints in September given that Democrats increasingly call for a worldwide system and repeal of deferral.



HOUSE_OVERSIGHT_022386

# Tax

"There is a big gulf between our two views... We believe that we should have a pure territorial system...And so I do believe that this issue is coming," Ryan said. "I don't think you can stand against a territorial system much longer." Ryan also remarked that "the experience I had when I was Ways and Means chair with [Democrats] was not a pleasant one, and I don't know if that's going to change."

In a September 8 New York Times op-ed, Senator Warren said foreign developments are increasing pressure on Congress to cut corporations "a new sweetheart deal" in tax reform, but lawmakers should instead take the opportunity to collect more revenue from corporations.

"Preferential tax treatment, either through special rates or deferred due dates, creates a huge financial incentive for American companies to build businesses and create jobs abroad rather than in the United States. Our tax code should favor jobs and businesses at home – period," Warren said.

Along with these political and mechanical questions, there is the question of whether such a system, embedded in an income tax rather than a value added tax or other true consumption tax, is legal from an international trade perspective.

Design issues – paying for rate reduction. There may also be tension among House Republicans given that the Blueprint has not had a full airing among members – it was released soon before Congress left for its summer recess – and the drafting of legislative language may make apparent what is necessary to achieve the stated goals, particularly the reduced rates: a 20% statutory corporate tax rate; a 25% business tax rate for pass-through entities; and individual rates set at 12%, 25%, and 33%. Once the details are hashed out, the Blueprint could present just as many trade-offs as previous serious tax reform proposals. While the mix of winners and losers may be different than under other proposals, the ultimate fate of the Blueprint will still be determined by the same fundamental political dynamics that would face any tax reform proposal.

For example, the Blueprint would permit companies to fully and immediately deduct the cost of all tangible and intangible property, with the exception of land. However, the Blueprint also would correspondingly deny deductions for net interest expense. Companies must therefore weigh whether losing interest deductions is a cost they are willing to incur in exchange for full expensing (and a 20% corporate rate).

The purpose for denying deductions for net interest expense is to prevent a presumed double benefit from fully expensing leveraged purchases of property.

However, the exclusion of land from full expensing under the Blueprint would be particularly severe for debt-financed purchases of land because the land would not be eligible for full expensing (or apparently even depreciation as under current law), while deductions for interest expense on the debt would not be permitted.

Moreover, the persistent issues under current law involving the allocation of purchase price between non-deductible land and immediately deductible improvements on the land would be intensified under the Blueprint. Other aspects of paying for a reduced corporate rate will not come easier in the new Congress. The allure of reducing business tax rates did not draw members to support the bill presented to them by former Ways and Means Chairman Dave Camp.

Corporate integration. In the Senate, Finance Committee Chairman Hatch continues to go his own direction on tax reform, touting a corporate integration plan that could be a substitute for or be complementary to a rate reduction effort that includes international tax reform. Hatch says he is still aiming to release a corporate integration discussion draft. Chairman Hatch has said the proposal could accomplish the international tax reform that is widely seen as necessary, and the reception to the draft could dictate how strongly he tries to advance the proposal next year. The draft is expected to pair a dividends-paid deduction with a mandatory 35% withholding tax for dividends and interest. Other senators and third parties have raised concerns about a corporate integration plan, including:

- that the proposed 35% withholding tax expected would penalize tax-exempt entities like retirement plans and deter foreign investment in the United States; and
- that a dividends paid deduction would, by reducing corporate tax liability, diminish the effectiveness of current tax incentives like the R&D credit and accelerated depreciation, and disadvantage startup companies more likely to retain their earnings rather than pay dividends.

Extenders. The fate of tax extenders (and certain other tax issues) will likely depend on both what can be accomplished during the 2016 lame-duck session and the success of the likely focus on tax reform in early 2017.



HOUSE_OVERSIGHT_022387

# Tax

There is a push to include the provisions that expire at the end of 2016 in year-end legislation, though if that is unsuccessful the issue will certainly return in 2017, either through inclusion in a tax reform measure or separately if those efforts have played out.

The 2015 tax legislation made some extender provisions permanent and extended others for five years, meaning the two-year extensions that expire at the end of 2016 will be the focus of the next effort.

There will certainly be attention paid to these provisions during any discussion of tax extenders in 2017.

Tax treaties. Action on the eight Foreign Relations Committee-approved tax treaties that Senator Rand Paul (R-KY) wants renegotiated over information sharing concerns is seen as overdue. The treaties include: new protocols amending US tax treaties with Switzerland, Luxembourg, Spain and Japan; new tax treaties with Hungary, Chile and Poland; and a multilateral convention on tax administration. There have been no plans announced for trying to move the treaties during the lame-duck session, though such an effort is possible.

State tax issues. In August, House Judiciary Committee Chairman Goodlatte released a second discussion draft related to remote sales tax that would apply tax at the destination state of the goods, rather than on the location of the seller, which was his previous approach. The tax would be imposed at a single rate determined by the state of the purchaser, but using the tax base of the state of origin.

Chairman Goodlatte wanted a vote this year on the proposal, which had the support of Speaker Ryan, but this vote is not likely to occur during the lame duck session. When Congress approved a customs reauthorization measure that made permanent the Internet Tax Freedom Act in February, Senate Majority Leader McConnell said he had provided assurances to supporters of the Marketplace Fairness Act "that we'll have an opportunity to consider that sometime this year." Since that is not likely to occur during the lame-duck session, the issue is sure to resurface in 2017.

In September, the House approved by voice vote the Mobile Workforce State Income Tax Simplification Act (H.R. 2315), to prohibit wages earned by an employee who performs employment duties in more than one state from being subject to income tax in any state other than: (1) the state of the employee's residence, and (2) the state within which the employee is present and performing employment duties for more than 30 days during the calendar year. Senate Finance Committee member John Thune (R-SD) sponsors a Senate version of the bill (S. 386), though the outlook for the issue is unclear.



HOUSE_OVERSIGHT_022388

# Health

With a Trump win and Republicans maintaining control of the House and Senate, the health agenda promises to be one of the greatest policy areas of change in the next Congress.

ACA Repeal/Replace. In January, following a 240-181 vote, the House sent to the President H.R. 3762, Restoring Americans' Healthcare Freedom Reconciliation Act – a piece of legislation which dismantled key provisions of the Affordable Care Act (ACA). The same legislation was approved in the Senate on a vote of 52 to 47. Although the President ultimately vetoed the legislation, it represents a blueprint for Congressional action in 2017 to repeal core components of the ACA.

The reconciliation process allows leaders to call up legislation and pass it with a simple majority vote in the Senate–avoiding a potential filibuster. Reconciliation rules in the Senate are complex, enforced by the Senate Parliamentarian, and constrained by CBO scoring rules and conventions – which combine to determine what can and cannot be included in a reconciliation bill. Reconciliation is a powerful tool but its use is limited to policy changes that have a direct impact on taxing or spending levels. Because they have used this process before, Republicans have a road map of the changes that will be possible through the use of reconciliation in a closely divided Senate. Find a link to a summary of the Reconciliation bill that passed in 2015 here. Donald Trump has been less prescriptive in terms of the specifics of the ACA replace plan that he supports. But generally, he has called for a special session of Congress to completely repeal the ACA and replace it with a plan that allows consumers to buy insurance across state lines, allow individuals to deduct the cost of health care on their federal tax returns, expand Health Savings Accounts (HSAs) and block grant Medicaid. Speaker Paul Ryan and the House GOP introduced a proposal to replace the ACA that can be found here. Because the Senate GOP did not introduce their own ACA replace plan, negotiations between the chambers will be required before a strategy is developed.

User Fee Legislation. The Senate HELP Committee and the House Energy and Commerce Committee are tasked with the reauthorization of the Prescription Drug User Fee Act (PDUFA), the Generic Drug User Fee Act (GDUFA), the Biosimiliar User Fee Act (BsUFA), the Medical Device User Fee and Modernization Act (MDUFMA). These programs must be reauthorized in 2017 to ensure that sufficient industry fees are available for the FDA to continue to consider the applications of drugs and devices.

The Food and Drug Administration (FDA) and relevant industries have reached draft agreements on the user fee proposals. The proposals are historically bipartisan priorities and are expected to be approved by Congress next year. Some of the drug pricing issues raised by Democrats in 2016 could potentially become embroiled in the FDA user fee legislation negotiations. Even though Donald Trump has voiced some populist concerns about the increasing cost of prescription drugs, the risk of drug pricing policy changes being enacted next year are less likely given that Hillary Clinton did not win the White House and the GOP continues to control the House and Senate. But Democrats are likely to continue to highlight the issue and seek policy changes to address it.

Mental Health/ Opioids. Currently, discussions are ongoing to find a compromise that can be enacted on mental health legislation in the lame duck Congress and possible further action to address the opioid addiction crisis that was such a big issue in so many election campaigns. But disagreements over funding levels, gun issues and the privacy of medical records persist. It remains to be seen if negotiators can reach agreement on these issues in the lame duck session of Congress or if the issue will be revisited in the next Congress.

MACRA Oversight. Congressional oversight of the Centers for Medicare & Medicaid Services' (CMS) implementation of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is expected to continue following several House and Senate hearings held over the past several months and recent publication of a final rule on the matter.

In 2015 Congress passed MACRA which overhauls how Medicare pays for physician services. The legislation repealed the Medicare physician sustainable growth rate (SGR) formula and instead moves to a new two-track payment system called the Quality Payment Program (QPP). The two tracks of the QPP seek to tie an increased percentage of physicians' Medicare fee-for-service payments to outcomes through the Merit Based Incentive Payment System (MIPS) and also to encourage the adoption of alternative payment models (APMs).

At recent House and Senate hearings, members from both parties expressed concern about MACRA's potential adverse impact on smaller independent and rural physician practices. While the final rule attempts to address these concerns, it is expected that Congress will continue to utilize its oversight power to monitor implementation.



HOUSE_OVERSIGHT_022389

# Health

Healthcare Reauthorization Priorities. The Children's Health Insurance Plan (CHIP) will expire and needs to be reauthorized in 2017. CHIP is a federal and state partnership program which provides health coverage to an estimated 8.9 million low-income children. In 2015, President Obama signed the Medicare Access and CHIP Reauthorization Act which extended CHIP for an additional two years; without an extension of the program in 2017 the program will exhaust its funding and states will be required to continue the children's coverage through Medicaid until 2019, due to the ACA's maintenance of effort (MOE) provision unless the ACA is repealed. The reauthorization process will create an opportunity to consider additional policy changes including changes to the CHIP and Medicaid programs.

The ACA also created a funding stream for community health centers. In 2015, a bipartisan vote in Congress extended the Community Health Center Fund by an additional two years (FY 2016 and FY 2017). It is likely that lawmakers will push to extend funding of community health centers into future years beyond 2017.

Chronic Care. In late October, Senate Finance Committee Chairman Hatch and Ranking Member Wyden along with Senators Johnny Isakson (R–GA) and Mark Warner (D-VA), co-chairs of the Finance Committee Chronic Care Working Group, released a discussion draft with proposals to improve health outcomes for Medicare beneficiaries living with chronic conditions. Potential Senate legislative action on the discussion draft is possible in the lame duck session, but it is also possible the bill will be taken up in the next Congress.



HOUSE_OVERSIGHT_022390

# Energy

Donald Trump is widely expected to significantly depart from the priorities of the Obama Administration by favoring development of additional conventional energy resources and attempting to put the brakes on new environmental initiatives. The GOP majorities in the House and Senate have a similar agenda and Democrats in Congress are expected to mobilize in opposition -- in particular by leveraging their power in the Senate to filibuster legislation – and publicly highlight the potential impacts of a Trump administration's policies.

Trump has pledged to cancel US participation in the 2015 Paris Climate agreement, and opposes implementation of the Obama Administration's Clean Power Plan (CPP). His campaign literature is heavily salted with proposals to provide regulatory relief to fossil fuel industries and slanted in favor of new administrative initiatives to foster conventional energy development. Specifically, his website calls for the following energy-related initiatives:

- Make America energy independent, create millions of new jobs, and protect clean air and clean water; conserve our natural habitats, reserves and resources; unleash an energy revolution that will bring vast new wealth to our country.
- Declare American energy dominance a strategic economic and foreign policy goal of the United States.
- Unleash America's $50 trillion in untapped shale, oil, and natural gas reserves, plus hundreds of years in clean coal reserves.
- Become, and stay, totally independent of any need to import energy from the OPEC cartel or any nations hostile to our interests.
- Open onshore and offshore leasing on federal lands, eliminate moratorium on coal leasing, and open shale energy deposits.
- Encourage the use of natural gas and other American energy resources that will both reduce emissions but also reduce the price of energy and increase our economic output.
- Rescind all job-destroying Obama executive actions. Mr. Trump will reduce and eliminate all barriers to responsible energy production, creating at least a half million jobs a year, $30 billion in higher wages, and cheaper energy.

Given the predominance of oil and gas executives amongst his kitchen cabinet, it is also widely expected that President-elect Trump will try to halt additional environmental regulatory measures proposed by the Obama Administration, such as methane emission curbs. It should be noted that it is difficult legally to change or repeal regulations which have been promulgated in final form – such as the CPP – without going through the Administrative Procedures Act process. Environmental lawyers can be expected to litigate at every step of the way if Trump attempts to bypass Congress and eliminate the CPP by Executive Order, and the courts may well serve as a brake on such actions. However, environmental advocates who would have likely tried to push a President Clinton to administratively expand the scope of the CPP's carbon emission regulations beyond the electric power sector, potentially economy-wide under Section 115 of the Clean Air Act, may now be left to using a litigation route to try to force the Environmental Protection Agency to expand the CPP to achieve this goal.

During the campaign, Trump also specifically rejected the idea of using a carbon tax/carbon pricing as a means of encouraging market-driven emission reductions. With GOP chairmen of the tax-writing committees in the House and Senate, it is very unlikely that they will schedule hearings or markups to move carbon taxes – other than to schedule votes in the House or Senate aimed at undermining vulnerable Democrats up for reelection in 2018.

Additionally, the President-elect has vowed to allow energy infrastructure projects, like the Keystone Pipeline and other industrial facilities which have faced denials or delays under the current Administration, to move forward. Trump has proposed a $1 trillion infrastructure plan that would rely heavily on private-public partnerships by providing a tax credit to encourage private investors to fund projects overseen by states and municipalities. As conceived by Trump's advisors, the tax credit would apply to infrastructure projects with a dedicated source of revenue, such as toll roads, airports or utilities financed at least in part by fees paid by users. Decisions on which projects to fund would generally be left to the states.



HOUSE_OVERSIGHT_022391

# Energy

Trump's tax reform plans generally adhere to the precepts of the House Republican tax reform Blueprint, but he differs with that outline in some important respects. The House Blueprint proposes, among other things, to allow 100%expensing of qualified business investments and to deny the deductibility of net business interest expenses. It would also eliminate most fossil fuel-specific tax incentives such as deductions for intangible drilling costs (IDCs) and percentage depletion, but its proposal to allow expensing of all business investment would mitigate the loss of many of the specific deductions. The Blueprint appears to allow both independent and integrated producers to deduct 100%of IDCs in the year they are paid or incurred. While this would preserve the status quo for independent producers, allowing integrated oil and gas companies to also expense 100%of IDCs could increase the rate of return on oil and gas wells drilled by integrated companies. This change, in combination with the possible loss of the percentage depletion deduction (which allows cost recovery in excess of cost basis) could ultimately make independent producers less competitive with integrated companies.

Trump offered qualified support for the Blueprint's proposal to allow 100%expensing – but would limit the provision to manufacturers – and those who elect expensing will lose the deductibility of business interest expenses. Further, he may be more inclined to keep traditional fossil fuel-specific tax incentives, such as the deduction for intangible drilling costs and the percentage depletion deduction.

While President-elect Trump has spent much of his time discussing federal policy issues surrounding conventional energy resources, he has expressed opposition to continued federal support for the development of wind and solar energy and has said that he will eliminate all federal spending for clean energy research. How he proceeds in the new Congress may be heavily influenced by both electoral politics (e.g., ethanol-rich Iowa largely supported his candidacy) and the pre-existing dynamics in Congress. Many congressional Republicans have opposed even temporary extensions of renewable energy incentives and the fate of these provisions may well be linked to the effectiveness of the Democratic minority.



HOUSE_OVERSIGHT_022392

# Financial Services

Republicans' retention of the House and Senate majorities means that President-elect Trump will have partners in both banking committees to help implement an agenda heavy on deregulation. The new Senate Banking Committee chairman will be Mike Crapo (R-ID), who has a solid working relationship with returning Ranking Member Sherrod Brown (D-OH) and could work productively with him in a handful of areas. On the House side, Rep. Jeb Hensarling (R-TX) returns as chairman of the Financial Services Committee. A fierce opponent of the 2010 Dodd-Frank Act, Hensarling will have Trump's support in renewing his effort to repeal and replace the Dodd-Frank Act and continuing the panel's aggressive oversight of financial regulators. Given Republicans' narrow majority in the Senate, Democrats' ability to filibuster controversial bills in that chamber will make it difficult for House and Senate GOP leaders to push through a broad dismantling of major elements of Dodd-Frank, something the President-elect called for during the campaign. But given that Republicans will have full control of the executive and legislative branches for the first time since 2006, the GOP base will be dismayed if they don't try anyway. Short of that broader effort, bipartisan compromises in the areas of bank capital and regulatory relief for smaller banks seem achievable.

Senate Banking Committee. Crapo is widely seen as working constructively with Sen. Brown – a stark contrast to Brown's relationship with current Chairman Richard Shelby (R-AL), who has been unable to agree with Democrats on much legislatively. In a July interview, Crapo called Brown "straightforward and honorable" and said that while they were far apart in terms of their political views, "the fact is we have been able to find significant areas of consensus where we can agree to move forward on good policy, so I expect that we would be able to do that." The leading options for an early bipartisan effort include a bill providing regulatory relief from some Dodd-Frank provisions to community banks, a high priority for both Crapo and Brown. Such a bill might include language raising Dodd-Frank's $50 billion asset threshold, above which banks must submit to more rigorous prudential supervision by the Fed. Crapo and Brown also could agree on modest structural changes to the Federal Reserve, unless pressure from the Trump White House for a more ambitious Fed reform bill – like the package of changes passed by the House in November 2015 – derails that effort. Crapo and Brown could also conceivably agree on more stringent capital standards for the largest banks, a theme that Brown hammers at every opportunity.

As Shelby did, Crapo is expected to maintain the committee's focus on rules and bodies created by the Dodd-Frank Act, such as the Financial Stability Oversight Council (FSOC) and the Consumer Financial Protection Bureau (CFPB), which suffered a judicial setback when a federal appeals court on October 11 ruled that its structure was unconstitutional. Crapo has also been skeptical of the new supervisory authorities the 2010 law gave the Fed to oversee larger banks and insurers that are designated as systemically important by the FSOC. Crapo could work collaboratively with Ranking Member Brown on a legislative follow-up to the Fed's recent report criticizing banks' trading of physical commodities; one obvious possibility is to repeal the merchant banking exemption given to the holding companies for Goldman Sachs and Morgan Stanley, as the Fed recommended. Finally, a post-crisis system for housing finance – i.e., the future of Fannie Mae and Freddie Mac – still looms as the biggest area left unaddressed by the 2010 financial reforms, but a bipartisan effort to establish a new system drafted by Crapo and then-Chairman Tim Johnson (R-SD) in 2013-14 foundered when the Banking Committee's liberal Democrats (and some Republicans) declined to support the centrist proposal. Since then, few signs have emerged about how to structure a new housing finance system in a way that could survive a Senate filibuster, and President-elect Trump did not address the issue during his campaign.

House Financial Services Committee. After years of confrontation with a Democratic White House and Democratic appointees to financial regulators, Chairman Hensarling will shift strategies now that the executive branch is in more friendly hands. Hensarling is not likely to improve his contentious relationship with Rep. Maxine Waters (D-CA), however, who will return as ranking member and is certain to push back on Hensarling's efforts to replace the 2010 reforms with more conservative approaches. While Hensarling has regularly done battle with officials at the FSOC, Treasury, SEC and the Fed, new leadership is expected at those agencies – though even Republican appointees will be constrained by the existing statutory mandates in Dodd-Frank, unless the new Congress is able to alter the law with legislation. At the Fed, Chairman Janet Yellen's term does not expire until January 2018. President-elect Trump frequently criticized Yellen as being overly "political" during the campaign.



HOUSE_OVERSIGHT_022393

# Financial Services

During the four previous years of Hensarling's chairmanship, most of the committee's major bills died quietly in the Senate, such as efforts to repeal much of Dodd-Frank (the CHOICE Act), impose substantial reforms upon the Fed, restructure the CFPB and strip the FSOC of various powers. That may change now that the House, Senate and White House will operate with greater coordination, though the threat of the Senate filibuster limits what Republicans can achieve. Hensarling notably has enjoyed a longtime friendship with Vice President-elect Mike Pence, which will give him a powerful ally in the White House as the new administration plots its strategy for financial regulation and nominates key appointees for the regulatory agencies. Hensarling agrees with Senators Crapo and Brown on the importance of capital for big banks, but he wants to reward banks with relief from much of Dodd-Frank's supervisory regime if they agree to a higher leverage ratio. Hensarling can be expected to reintroduce his CHOICE Act and Rep. Bill Huizenga's (R-MI) package of Fed reforms (the FORM Act), and to renew the panel's aggressive oversight of the CFPB, the FSOC and other bodies established by Dodd-Frank. Republicans have also been critical of moves by global regulatory bodies to set capital and liquidity rules for "systemically important" banks and insurance companies.

Wells Fargo Scandal. Lawmakers in both the House and Senate are certain to resume their investigations of Wells Fargo in the wake of revelations that the bank's employees created as many as 2 million accounts without customers' consent. Hensarling and other Republicans want to use the scandal to raise questions about the performance of the CFPB and the Office of the Comptroller of the Currency (OCC), while Ranking Member Waters has vowed to offer a bill breaking up Wells Fargo into smaller companies. On the Senate side, Ranking Member Brown has used the scandal to focus on mandatory arbitration provisions in financial contracts, and will likely propose legislation prohibiting such clauses, though Sen. Crapo is unlikely to support him. In an editorial piece in October, Camden Fine, president of the Independent Community Bankers of America (ICBA), wrote that he "fully expected" that Wells Fargo's new policy of notifying customers whenever a new account is created in their name, along with "far more stringent policies, will ultimately become mandatory as policymakers respond to the scandal with additional regulatory burdens on banks of all sizes."

Oversight of Regulators. As they have in previous years, the banking committees in 2017 will devote considerable time to overseeing rules issued by financial regulators. These will include the still-unfinished interagency rules for clawing back incentive compensation drafted by the SEC, the Fed, the FDIC and other agencies; the CFPB's controversial new rules for prepaid cards, payday lenders and mandatory arbitration clauses; the global Financial Stability Board's forthcoming regulations for capital held by large insurers; and the international Basel Committee's rules for bank capital, which are expected to be issued by the end of this year. The Banking Committee must also schedule hearings for high-level Treasury nominees, as well as nominees for key vacancies at the SEC, CFTC, the Federal Reserve and the Ex-Im Bank, which were never filled in the current Congress because of lingering disputes with the Obama administration.

Two Deadlines to Watch: 1) the largest banks resubmit their "living will" resolution plans in May 2017, always a source of contention for critics of "too big to fail"; 2) the Terrorism Risk Insurance Act (TRIA) expires at the end of 2017, forcing yet another ideological dispute over whether the federal backstop program should be renewed.



HOUSE_OVERSIGHT_022394

# Trade

Trade legislative issues could figure prominently in 2017. During the campaign, President-elect Trump argued vigorously against the proposed Trans-Pacific Partnership (TPP), vowed to renegotiate the North American Free Trade Agreement (NAFTA) and pledged to label China as a currency manipulator, which could trigger the imposition of significant tariffs on Chinese imports.

Senate Finance Committee. President-elect Trump may find himself somewhat at odds on his trade agenda with Senate Finance Committee Chairman Hatch who has supported numerous trade agreements during his congressional tenure.

House Ways and Means Committee. House Republican trade leaders – including Speaker Ryan and Ways and Means Chairman Brady – played a pivotal role in advancing President Obama's trade initiatives through Congress, including passage of Trade Promotion Authority (TPA) in 2015. A key question is how closely they will work to support President-elect Trump's trade restrictionist agenda.

Trans-Pacific Partnership Agreement. Unless TPP can be approved in the 2016 lame-duck session (an extremely unlikely prospect, as discussed above), TPP will not be ratified.

Transatlantic Trade and Investment Partnership Agreement. US and EU trade negotiators failed to make much meaningful progress on TTIP in 2016. Prospects for TTIP are dim, given the President-elect's trade priorities and a potential chill in US-EU relations.

Other trade agreements? The Trade Promotion Authority, enacted in 2015, provides enhanced fast-track procedures for trade agreements reached before July 1, 2018, with a possible extension to July 1, 2021. Will President-elect Trump decide to launch additional trade agreements that could be considered under the fast-track authority in Congress? Following the U.K. vote on Brexit this summer, some Members of Congress expressed an interest in a possible US-U.K. free trade agreement.



HOUSE_OVERSIGHT_022395

**From:** [redacted]
**Sent:** 11/22/2016 5:55:37 PM
**To:** Jeffrey [jeevacation@gmail.com]

**Importance:** High

My Mom's childhood friend from Ukraine reached out to her - she works for Oleksandr Vilkul (Ukraninan opposition leader), asked if I could help organize the invitation to the Trump inauguration for a high reward. Shall I find out the details or drop it? Any interest in meeting them at all

I personally don't know Tamara (my Mom's friend) and my Mom hasn't seen her for years

**From**: paul krassner [redacted]
**Sent**: 3/22/2017 2:35:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Wednesday's Headlines: Labor pick cut deal with billionaire accused of having sex with minors

**Importance**: High

JEFFREY—

AS A FRIEND I'M SAYING MY ATHEIST PRAYERS FOR YOU.

DON'T LET THE BASTARDS FRAME YOU.

—PAUL

**From:** The Washington Post <email@e.washingtonpost.com>
**Subject: Wednesday's Headlines: Labor pick cut deal with billionaire accused of having sex with minors**
**Date:** March 22, 2017 at 3:03:03 AM PDT
**To:** [redacted]

*Democracy Dies in Darkness*

The morning's most important stories, selected by Post editors

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Labor pick cut deal with billionaire accused of having sex with minors

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**Trump tells GOP critics of health-care bill: 'I'm gonna come after you'**

The president stormed Capitol Hill to sell the health-care overhaul, using both charm and admonishment to make his case, reassuring skittish members that they would gain seats in Congress if the bill passed. Rep. Harold Rogers, a supporter of the bill, said of the president's remark: "Oh, he was kidding around. I think."

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**Gorsuch says attacks on federal judges are 'disheartening' and 'demoralizing'**

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**Trump's budget targets rural development programs that provide a quiet lifeline**

As a political statement, Trump's budget proposal delighted many small-government conservatives. But voters in Kentucky's Appalachia, an area that supports the president, worry that vital community programs that enhance job prospects and keep towns afloat might suffer.

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**Yazidis who suffered genocide are fleeing again, but this time not from the Islamic State**

At a strategic crossroads between Syria, Turkey and Iraq, the traditional Yazidi heartland has become a flash point for Kurdish political rivalries. “We feel like a toy in the hands of the politicians,” a Yazidi religious sheikh said.

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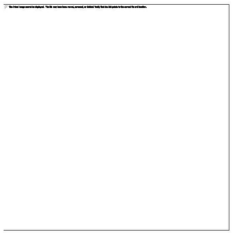

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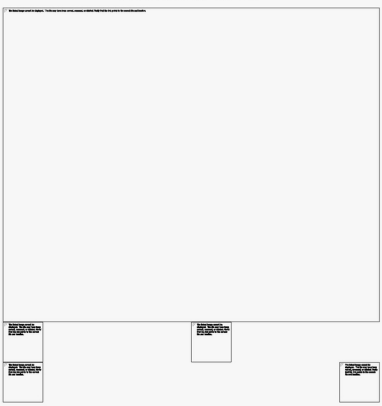

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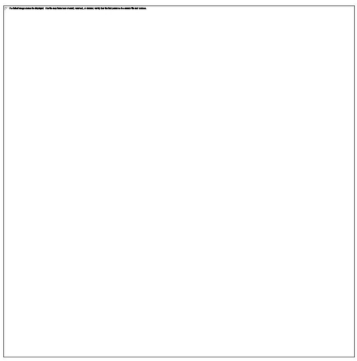

**North Korean missile explodes seconds after launch**

The attempted missile launch comes at a time of heightened tensions in the region, with the U.S. and South Korea conducting joint military exercises and the Trump administration clearly signaling it is prepared to use force to stop the Kim regime.

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Trump's 'big, beautiful wall' at U.S.-Mexico border will require him to take big swaths of other people's land

The wall will cost a lot more — politically and economically — than the president has publicly acknowledged. Trump will need to wield the power of government to forcibly take private properties, including those belonging to his supporters.

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As Ivanka Trump's White House role expands, her company is sued for unfair competition

A San Francisco clothing retailer says President Trump, his daughter and his aides have leveraged the presidency to promote products from Ivanka Trump's brand.

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As White House seeks distance, former Trump campaign chairman faces new corruption allegations

Tillerson, NATO look for new date for meeting with foreign ministers

A Ukrainian lawmaker claimed documents show Paul Manafort attempted to hide payments he received from a political party with ties to Russia. Manafort has denied assisting Russia in election hacks and a spokesman called the new Ukraine allegations "baseless."

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The effort came after news that Secretary of State Rex Tillerson would miss a NATO summit meeting and later travel to Russia. As officials tried to schedule a new meeting, all sides insisted that Tillerson meant no disrespect in deciding to skip the April 5 gathering.

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To whom it may concern:

I met Jeffrey Epstein half a dozen years ago. We have been in regular contact since, with many long and often in-depth discussions about a very wide range of topics, including our own specialties and professional work, but a host of others where we have shared interests. It has been a most valuable experience for me.

In the area of his own direct engagements, I have learned a great deal from him about the intricacies of the global financial system, about complex technical issues that arise in the often arcane world of finance, and about specific cases in which I have a particular interest, such as the financial situation in Saudi Arabia and current economic planning and prospects there. Jeffrey invariably turns out to be a highly reliable source, with intimate knowledge and perceptive analysis, commonly going well beyond what I can find in the business press and professional journals.

Turning to my own special interests in linguistics, cognitive science, and philosophy of language and mind, Jeffrey constantly raises searching questions and puts forth provocative ideas, which have repeatedly led me to rethink crucial issues.

We have also had (for me) very rewarding discussions on many other topics, for example the prospects for Artificial Intelligence, deep learning, multi-layered neural nets, automation and robotics, singularity, and related matters, exploring the claims and predictions and looking closely at the results that have been achieved, their intellectual contributions and social import. We have also discussed many other issues, ranging from intellectual history, to world affairs and contemporary geopolitics, to foundations of mathematics, to such matters as recent discoveries about communication in the plant world. He has also tried, so far with limited success, to carry forward my wife Valeria's efforts to introduce me to the world of jazz and its wonders. Whatever comes up, Jeffrey not only has a lively interest but also unconventional and challenging ideas and thoughtful suggestions.

Given the range and depth of his concerns, I suppose I should not have been surprised to discover that Jeffrey has repeatedly been able to arrange, sometimes on the spot, very productive meetings with leading figures in the sciences and mathematics, and global politics, people whose work and activities I had looked into though I had never expected to meet them. Once, when we were discussing the Oslo agreements, Jeffrey picked up the phone and called the Norwegian diplomat who supervised them, leading to a lively interchange. On another occasion, Jeffrey arranged a meeting with former Israeli Prime Minister Ehud Barak, whose record I had studied carefully and written about. We have our disagreements, but had a very fruitful discussion about a number of controversial matters, including one that was of particular interest to me: the Taba negotiations of January 2001, in the framework or President Clinton's "parameters," events that remain obscure and controversial because the diplomatic record is still mostly secret. Barak's discussion of the background was illuminating, also surprising in some ways. In very different areas, much the same was true in meetings Jeffrey arranged with evolutionary biologists, neuroscientists, mathematicians and computer scientists, several of

them engaged in exciting work at the limits of understanding in their fields, sometimes with perspectives quite different from mine. More lively interchanges, in which Jeffrey was once again an active participant, often an effective gadfly.

The impact of Jeffrey's limitless curiosity, extensive knowledge, penetrating insights, and thoughtful appraisals is only heightened by his easy informality, without a trace of pretentiousness. He quickly became a highly valued friend and regular source of intellectual exchange and stimulation.

Noam Chomsky
Institute Professor (emeritus), MIT; Laureate Professor, U. of Arizona

# Women Advance

Women Empowerment and Self-realization

# Our Mission

- Our mission is to support enhance women professional and personal growth and fulfillment
- We are deeply committed to providing achievement-driven women with Inspiration, Guidance, and Networking

# Our Target Audience

- Millennial women pursuing various careers ranging from art and fashion, to finance and politics;
- Female professionals who have reached the middle management position and are struggling to break through the glass ceiling;
- Women seeking a transition in order to fulfill their potential and receive recognition.

# Our Approach

- We organize and conduct seminars with women speakers leaders in their industry
- TED Talks for Women in a seminar format
- We connect women with mentors in the industries of their interest

# Topics of interest

- Sexual harassment
- Sexual abuse
- Negotiations/ salary and promotion negotiation skills
- Gender inequality, sexual discrimination, income disparity
- Women founders
- Communication challenges
- Conflict management skills for women
- Building leadership skills
- Obstacles in the way of success and the way to overcome them

# Timeline – measurements of success

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Number of seminars | 3 | 4 | 8 |
| Number of attendants | 20 | 30 | 50 |

# First speakers

- Kathryn Ruemmler is an attorney who formerly served as White House Counsel to President Barack Obama. She previously worked as Principal Deputy White House Counsel
- Helen Fisher, PhD Biological Anthropologist, is a Senior Research Fellow, The Kinsey Institute, member of the Center for Human Evolutionary Studies in the Department of Anthropology, Rutgers University and Chief Scientific Advisor to the Internet dating site Match.com. She has conducted extensive research and written six books on the evolution and future of human sex, love, marriage, gender differences in the brain and how your personality style shapes who you are and who you love
- Erika Karp is an American entrepreneur, businesswoman and investment advisor as well as a writer and speaker on issues related to sustainable finance. She is the Founder and Chief Executive Officer of Cornerstone Capital Inc., an investment firm
- Suzanne King is a partner at NEA, one of the largest and most successful Venture Capital companies in the United States.
- Nell Derick Debovoise is the Founder & CEO of Inspiring Capital, a certified B Corp that powers purposeful growth with uniquely integrated training, consulting, and community offerings; Forbes contributor
- Arianna Huffington
- Karly Kloss

# Why is this important? /draft

- 60% percent of American women said they had been the victims of sexual harassment
- 33 million U.S. women have been sexually harassed—and 14 million sexually abused—in work-related episodes. 95% report that male perpetrators of such abuse usually go unpunished
- Women working full time in the United States are still earning 80% of what men earn (2016)
- Female CEOs get only 2.7% of all venture capital
- Between the years 1997 and 2015 the number of women-owned businesses increased by 74%

# Price model/ draft

- Ticket price 300 – 500 USD; TBD
- Amount of tickets 20-30
- Frequency: 2018 – April, June, September

# Creative ideas/ draft

- Combine with useful healthy activities
- Beauty rituals workshops
- Nutrition/ fitness
- Retreats
- Branded events/ sponsors

# PARK PARTNERS

320 EAST 82 ST | NEW YORK | NY

November 23, 2015

Dear Partner,

I hope this letter finds you well – please see the below updates on the Park Mansion:

I am happy to report that we have completed the building's demolition stage. I have included a few photos for your reference.

Furthermore, we are very close to filling our building permit and we have finalized our design for the units. Please see the attached plans. The team is finishing interviews with General Contractors (GCs) and has come down to the final five GCs that will be allowed to bid on the project.

Additionally included are visuals for the sidewalk shed and a rendering for the website.

Please fell free to contact me if you have any questions at [redacted] or [redacted]

Thank you so much for your trust and friendship,

David J. Mitchell

801 Madison Avenue, New York, NY 10065
[redacted]

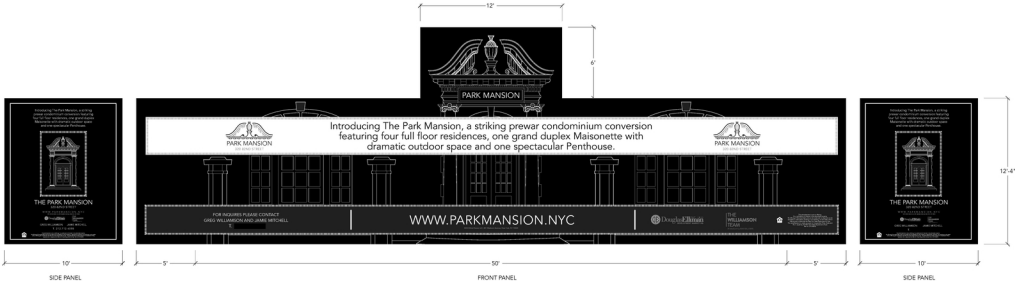


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PARK MANSION
920

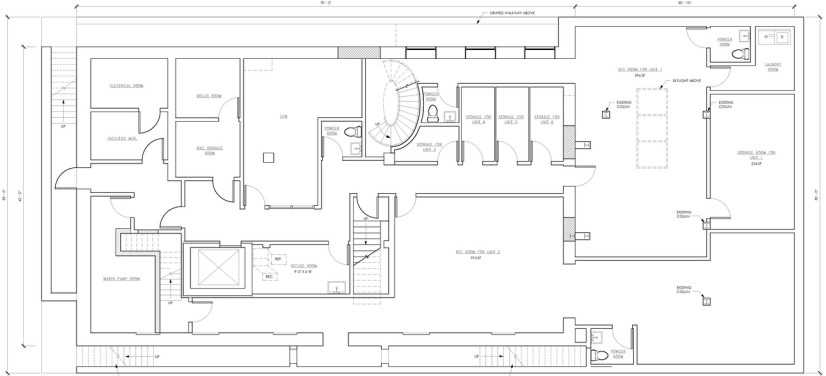


JEFFREY COLE ARCHITECTS

28-GAST 3RD STREET
GROVER FLOOR
NEW YORK NY 10009

PHONE
[redacted]

| No. | Revision | Date |
|---|---|---|
| | | |

Project Number

Date Issued

Drawn By

320 EAST 82ND STREET

| | |
|---|---|
| 1 | 2018-11-14 |
| 2 | 2019-03-07 |

CELLAR PLAN

Sheet Number

A-100.00

Sheet Of

1 of 8

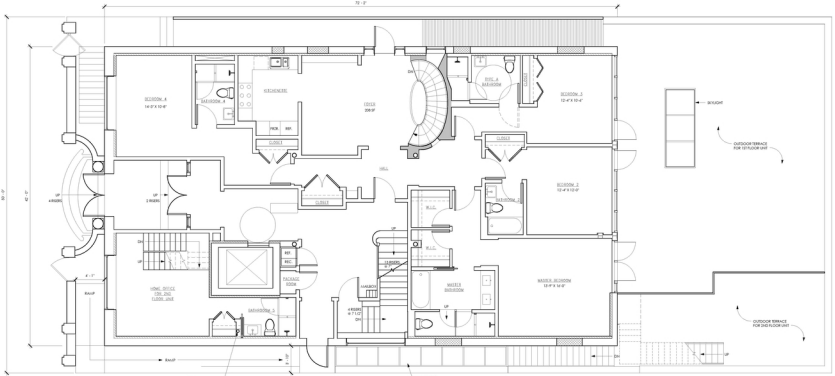


1 1ST FLOOR
1/4" = 1'-0"

JEFFREY
COLE
ARCHITECTS

28-EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE
[redacted]

| No. | Revision | Date |
|---|---|---|
| | | |

Drawn by: J.C.A.P. / J.C.A.P.

Checked by: J.C.A.P. / J.C.A.P.

Project Name: 320 EAST 82ND STREET

Date: 2018-11-16

Scale: 3/8" = 1'-0"

FIRST FLOOR PLAN

Drawing No.: A-101.00

Sheet No.: 2 of 8

HOUSE_OVERSIGHT_022421

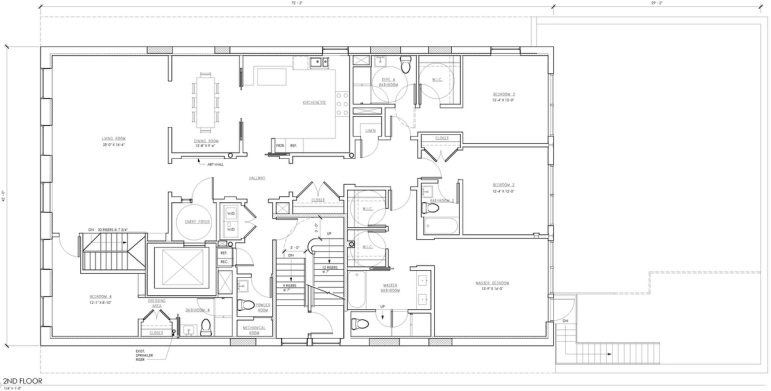


1 2ND FLOOR
1/4" = 1'-0"

JEFFREY COLE ARCHITECTS

29 EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE
[redacted]

| No. | Revision | Date |
|---|---|---|
| | | |

320 EAST 82ND STREET

| | |
|---|---|
| Date | 2019-11-14 |
| 3 | 3-D & EXT |

SECOND FLOOR PLAN

A-102.00

2 of 8

HOUSE_OVERSIGHT_022422

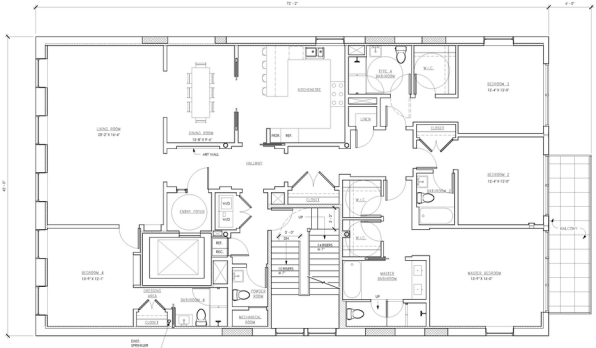


1 3RD FLOOR
1/8" = 1'-0"

JEFFREY COLE ARCHITECTS


29 EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE
[redacted]


| No. | Revision | Date |
|---|---|---|
| | | |

Date of Issue

Revision Number

Drawn by

Checked by

320 EAST 82ND STREET

| No. | Issue | Date |
|---|---|---|
| 1 | | 2018-11-14 |
| 2 | | 2019-01-07 |

THIRD FLOOR PLAN

Drawing Number

A-103.00

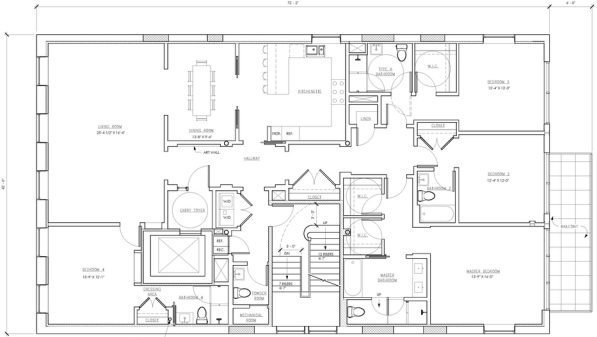


1 4TH FLOOR
1/4" = 1'-0"

JEFFREY COLE ARCHITECTS

ZIB EAST 82ND STREET
GROUND FLOOR
NEW YORK NY 10028

PHONE
[redacted]

| No. | Revision | Date |
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Project Number

Date Issued

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320 EAST 82ND STREET

Date

2019-11-14

Revision

2 11-3-19 SET

FOURTH FLOOR PLAN

Sheet Number

A-104.00

Sheet

3 of 9

HOUSE_OVERSIGHT_022424

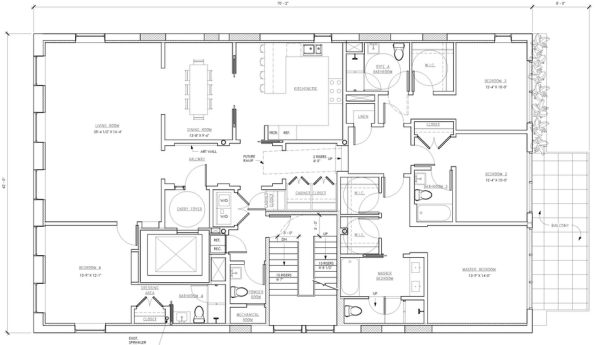


1 5TH FLOOR
1/4" = 1'-0"

JEFFREY COLE ARCHITECTS


298 EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE
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Project Number: 2017-01

Issued for Permit: 10-17-2018

Issued for Bid: 11-13-2018

Issued for Construction:

Issued for Record:

320 EAST 82ND STREET

Issue Date:
1 2018-11-14
2 11-13-18 BID

FIFTH FLOOR PLAN

Drawing Number:
A-105.00

Sheet: 4 of 9

HOUSE_OVERSIGHT_022425

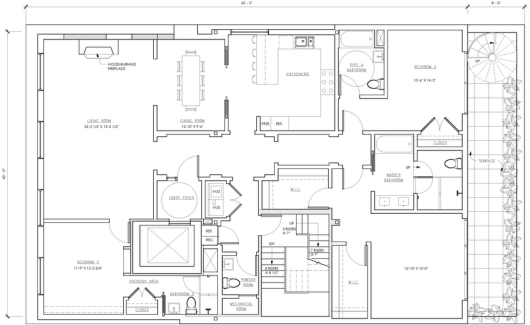


1 6TH FLOOR
1/4" = 1'-0"

JEFFREY COLE ARCHITECTS

ZIB EAST 82ND STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE
[redacted]

| No. | Revision | Date |
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Date of Issue

Revision Number

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320 EAST 82ND STREET

Date

2019-09-09

3-3-9-9-9-17

Drawn by

SIXTH FLOOR PLAN

Drawing No.

A-106.00

Sheet

7 of 9

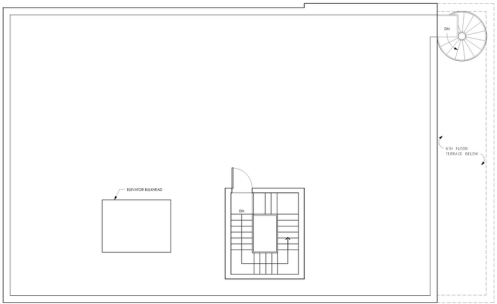


1 ROOF
1/4" = 1'-0"

JEFFREY
COLE
ARCHITECTS

298 EAST 3RD STREET
GROUND FLOOR
NEW YORK NY 10009

PHONE: 212.375.8000
FAX: 212.375.8006

| No. | Revision | Date |
|---|---|---|
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Date Issued: 2013-10-01

Drawn by: 0.0.0.

Project: 320 EAST 82ND STREET

Sheet Title: ROOF PLAN

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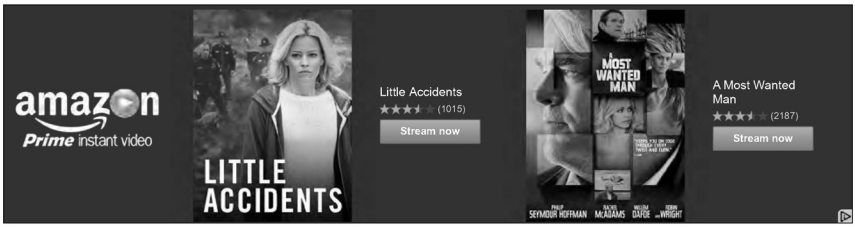


REAL ESTATE

# The Upper East Side's last affordable pocket goes luxe

By Hana R. Alberts

September 9, 2015 | 7:56pm

Take in views of Yorkville (and beyond) from a posh 20 East End Ave. terrace.
Photo: Hayes Davidson

It's a tale (practically) as old as time. When New York City real estate thrives, home builders and buyers seek to colonize neighborhoods previously deemed undesirable.

The Financial District was once the exclusive domain of nine-to-fivers; these days, every other office building is a condominium. Along the Hudson River, midtown Manhattan used to be an industrial no-man's-land of warehouses and strip clubs.

No more — residential projects abound. And now the Upper East Side neighborhood dubbed Yorkville, which stretches from about 72nd to 96th streets east of Third Avenue, is ready for its turn.

TRENDING NOW ON NYPOST.COM

The area, defined by its dearth of all-glass towers and plethora of tree-lined streets, has long been a favorite for blue-bloods looking to live near prep schools and the FDR Drive — for weekend getaways out East, of course.

But as both land and condo prices hit record highs, it's attracting a fresh wave of interest. More than a dozen new buildings are on the way, and with them a crop of buyers who see Yorkville as a place where apartments are a relative bargain.

Yes, until the Second Avenue subway comes online in late 2016, public transportation is limited as you approach the East River. But the Q extension's imminent completion — coupled with a new Whole Foods and easy access to parks, museums, hospitals and other family-friendly perks — all mean people want in on a neighborhood in the throes of a transformation from nice 'n' quiet to construction-induced, decibel-busting busy.

Extell Development sure wants a piece of the action, shelling out $100 million for a Gristede's grocery store on 86th Street near First Avenue. (The property giant already owns at least four tenement buildings in the vicinity, and reports say it's cobbled together enough land to build something big.) Extell has also filed plans for two smaller projects on 92nd Street and Second Avenue, plus, it's already begun the foundation of a 30-story building at the corner of 95th and Third Avenue, just a block south of the boundary with East Harlem. Called The Kent, sales of 83 luxe two- to five-bedroom residences in a handsome brick structure will hit the market in the fourth quarter. Talk about flooding the zone!

A biker tackles Carl Schurz Park's scenic promenade along the East River.
Photo: NY Post Brian Zak

Note that The Kent, set for completion in the fall of 2017, is replacing a row of walk-up tenements that used to dominate their block. Similarly, Icon Realty spent less than $50 million for a comparable row on Second Avenue in the 80s, which it is demolishing

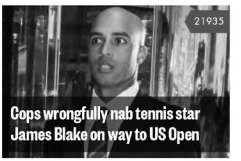


VIDEO

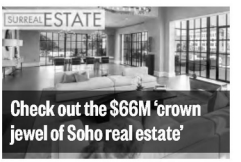


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Musician Neil Young Is Saying 'Aloha' to Compound on Hawaii's Big Island

Hot in the Hollywood Hills: Actress Ali Larter Is Selling Loft-Style Home in L.A.

Hall of Famer Tom Glavine Selling Florida Beach Home

Dean Cain's Colorado Ranch Needs a Hero to Come to the Rescue

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with the goal of putting up a chic high-rise on the site. It's markedly cheaper than Extell's deal, in part because Icon started assembling properties in 2007. (Icon is working on a second high-rise as well as a shorter rental building in the same neck of the woods.)

Just look to other data and the same trend emerges. In 2010, Yorkville's median sale price was $663,500, according to real estate listings site StreetEasy. Compare that to the first seven months of this year — it's 14 percent higher, at $757,500. But remember, the sub-market remains cheaper relative to the Upper East Side at large, which boasts a year-to-date median of $1.15 million.

Get your fill of brats and glass boots of Warsteiner at Heidelberg.
Photo: Stefano Giovannini

Despite the building boom, some low-rises remain, housing institutions, such as German butcher Schaller & Weber and beer garden Heidelberg, that are vestiges of centuries past when Yorkville was an immigrant enclave.

Schaller & Weber owner Ralph Schaller happily holding his weisswurt.
Photo: Anne Wermiel/NY Post

Let's hope they can hang on: Even more small buildings were razed to make way for star architecture firm SHoP (of Barclays Center fame) to design a tower of 83 condos with Anbau Enterprises at the corner of 89th Street and First Avenue. The building, dubbed Citizen360 because its height will afford many residents an all-around view of

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NOW ON Page Six

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Docs don't have to admit wrongdoing in Rivers' death: judge

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the neighborhood, will have 6,000 square feet of amenity space that ranges from music rehearsal and art rooms to a gym and children's play area. Apartments go on sale this fall, with pricing in the $1.3 million to over-$12 million ballpark.

The latest rendering for skyscraping Citizen360.
Photo: SHoP Architects

"The site was highly undervalued because it was so far east, and there were no good transportation links, and people just weren't interested or willing to go there. But we saw opportunity," says Barbara van Beuren, Anbau's managing director. "I think the absolute prices are manageable. This is not a building full of $10 million apartments." Still, it points to a future far more expensive than the current data shows.

Just one block from 113-year-old Jewish bakery Glaser's, which churns out delicious black-and-white cookies, Citizen360's shimmery facade will rise 410 feet above street level. But trumping them all will be DDG's under-construction goliath on 180 E. 88th St. At 521 feet, it will be the tallest structure on the Upper East Side north of 72nd Street. Its 48 apartments with 16-foot ceilings and custom lobby artwork launch sales this fall, with two-beds starting from $3.4 million, three-beds from $4.5 million and four-beds from $7 million.

It's not all about living among the clouds, though. Michael D'Alessio, president of Michael Paul Enterprises, oversaw the overhaul of two smallish rental buildings east of Third Avenue into boutique luxury projects. "They were prime locations for condominiums catering to families," says D'Alessio of the projects, 225 E. 81st St. (a.k.a The Justin) and 554 E. 82nd St., which have nine apartments between them. "They are three or four bedroom units, with big living and dining areas with fireplaces, and they all have outdoor space." Six have been snatched up, with asks ranging from $2.25 million for a two-bedroom to $5.99 million for a four-bedroom.

A fireplace-sporting unit inside 554 East 82nd St.
Photo: Michael Paul Enterprises

Meanwhile, another rental-to-condo conversion — Carnegie Park — attracted first-time buyer Elizabeth Dean, who realized Yorkville offered more bang for her buck after house-hunting in lower Manhattan.

"Originally, I wasn't going to go north of 86th Street. I didn't know what was above there," says Dean, 29, who works in finance, paid $1,184 per square foot for her one-

bedroom and loves the restaurants, bars and grocery stores that dot the area

First-time homebuyer Elizabeth Dean in a model unit at Carnegie Park. She moves into her own one-bedroom soon.
Photo: Brian Zak

In July, StreetEasy reports Yorkville's median price per square foot was $1,098, up 5.1 percent from the year prior and a whopping 29.8 percent from the month prior. The Upper East Side as a whole, of course, boasts a higher median: $1,694 per square foot in July.

"It'll actually be a great investment," Dean says. "Downtown is extremely pricey, and I think there's a lot more upside to the Upper East Side."

Part of Carnegie Park's makeover includes a slate of plush amenities designed by classicist Robert A.M. Stern, the architect behind famously ritzy buildings like 15 Central Park West. (The pool, the roof deck and the in-house "mini-Equinox" gym lured Dean.) Available apartments range from a $955,000 one-bedroom to a $7.15 million penthouse.

You'll be able to drive up to 20 East End in style via its porte-cochère and motor court. (The latter is depicted in the rendering.)
Photo: Hayes Davidson

Stern is also working on a ground-up project at 20 East End Avenue that could pass as a setback-laden prewar, with old-school details like a porte-cochère, which allows residents to enter in a vehicle via an archway from the street and drive right up to the lobby door in a circular motor court. One of these hasn't been a part of any newly constructed building since the 1930s! About half of its 43 condos, spread across 18 stories, are in contract from $4.49 million to $14.25 million.

Still, three-fourths of New York City residents are renters, and the Upper East Side's new crop of construction has something for them, too. Related has topped out on a 36-story tower at 205 E. 92nd St., where a playground used to sit. The uber-fancy development will have a massive two-story Equinox gym and a private school for kids with language-based learning disabilities on its lower floors.

The under-construction rental at 205 E. 92nd St.
Photo: Brian Zak

The apartments above, set for completion and leasing in the spring of 2016, will have layouts that skew in favor of three- and four-bedrooms. "There will be thermostats programmable remotely on all the A/C units, and motorized shades in some of the units," says Bryan Cho, executive vice president at Related Companies. "From the marble bathrooms to the highly designed public spaces and the amenities, it's what's usually in condominiums."

On the rental market sooner is The Rose Modern, a 20-story, 82-unit tower currently finishing up construction on York Avenue. The leasing office will open the first week of October offering "competitive" rents for a luxury building, according to Bond New York's Douglas Wagner, with move-ins slated for November and December.

An art-infused kitchen inside a condo at The Charles.
Photo: Evan Joseph Images

Want to buy now, and move in immediately? The building most ahead of the curve is The Charles. Previously stalled after 2008's downturn, the 32-story condo at 1355 First Ave. got redesigned to emphasize large full-floor apartments before breaking ground in 2012. And it's paid off. There are four units left out of 27 total, which started at $5.97 million. A recent sale of the top six floors to two unidentified relatives for a total of $59 million made headlines. That price? On *First Avenue*?

"The preconceived idea of what was considered prime and where you would build luxury has completely changed," says Jason Karadus of Town, who is director of sales for the Charles along with Ginger Brokaw. "A lot of people in the industry smirked at the pricing — about $2,500 per square foot … Now it's not so risky, which is why you're seeing companies like Extell building up what's left to be developed up there."

First look! Once a three-story garage, 302 E. 96th St. will become a 21-story luxury condo.
Photo: Handout

Every developable parcel seems to be getting snatched up. Just take a three-story garage on 302 East 96th Street, which developer Wonder Works bought in March for $24 million. On the northernmost border with Harlem, the developer plans to put up a 21-story, 48-unit "affordable luxury" condo building — basically right on the approach to the FDR. (Don't worry, the facade will have extra soundproofing.)

"The Second Avenue subway station for 96th street, which will be one of the first ones opened, is just 200 feet away," says Eric Brody, Wonder Works' managing partner, who adds that brokers are recommending asking prices of $1,500 to $2,300 per square foot when units go on sale next year. "The buyer is anyone who can't afford to be in all these downtown neighborhoods, but still wants to live in the city and have incredibly close access to a train."

Public transit of the future is why Andrew Ellis bought a fixer-upper on 95th Street and Second Avenue in 2013. The 31-year-old consultant paid a mere $430 per square foot for a one-bedroom garden-level duplex. Then came a massive year-long renovation that updated the windows and kitchen appliances. He also completely redid the backyard, adding a rear deck and koi pond. In Yorkville, Ellis discovered a "neighborhood feel" that was a far cry from the raucous scrum of Murray Hill, where he had been renting.

"I had sort of grown out of that," says Ellis, who is no longer alone in his move uptown. "My high school friends and some college friends are migrating to the Upper East Side. One is two doors down, literally, and two others are a few blocks away. Having that subway there eventually is really what did it for me. This place can only go up."

Andrew Ellis stands in his Yorkville backyard, which he completely redid, adding a deck (so that the outdoor space was accessible from the upstairs living room of the duplex) and a koi pond.
Photo: Brian Zak

anbau

## 360 East 89th Street
## New York, NY

**DESCRIPTION**

360 East 89th Street is a new construction luxury condominium building located in Manhattan's Upper East Side between Carl Schurz Park on the East River and the new Second Avenue subway. The building will offer a full range of residence types, all with floor to ceiling windows, innovative kitchens, and high ceilings. Over 7,500 SF of amenity space will be available for the residents' use and an on-site, fully automated parking facility is also planned.

**COMPLETION DATE**

2017

**SIZE**

209,000 SF, 34 stories

**UNIT MIX**

83 one, two, three, four bedroom and penthouse units

**AMENITIES**

24 hour doorman, gym and fitness studio, children's playroom, catering kitchen, tenant and bike storage, common laundry & automated parking facility

**TEAM**

| | |
|---|---|
| Architect | SHoP Architects |
| Interior Designer | Clodagh Design |
| Engineers | Cosentini Associates |
| | Thornton Tomasetti |
| Marketing & Sales | The Corcoran Group |
| Creative Agency | IF Studio |
| Contractor | Ryder Construction, Inc. |

seamlessly with a multigenerational com- for the city.

**Big Ticket** 1355 First Avenue | MICHELLE HIGGINS

# Four Floors, One Apartment

A three-apartment penthouse combination, spanning the top four floors of the Charles condominium at 1355 First Avenue, sold for $37.94 million and was the most expensive closed sale of the week, according to city records.

## $37,940,000

SAM HODGSON FOR THE NEW YORK TIMES

1355 First Avenue

The price is the highest ever paid for a home on the Upper East Side east of Third Avenue, according to CityRealty, which tracks co-op and condo sales.

The common charges for PH1, an 11,740-square-foot quadruplex with 1,300 square feet of private terraces on two levels and views that extend north, south and from river to river, are $10,547 a month. Taxes are $4,048 a month, abated through 2020.

The buyer, who was shielded under a limited liability company, CRE Acquisition L.L.C., created the sprawling unit by combining the original duplex penthouse, priced at $16.5 million, with the two contiguous floors beneath, one priced at $10.81 million and the other at $10.63 million.

The three apartments, on floors 29 to 32, comprise a dozen bedrooms and 12 and a half bathrooms. But according to a publicist for the Charles, the buyer, who is American, is creating a custom configuration with 12-foot ceilings and a private elevator.

"It's like having a townhouse, but with views and the services of an ultraluxury condominium," said R. Ramin Kamfar, the chief executive of Bluerock Real Estate, which is developing the project with the Victor Group.

The buyers were represented by Beth Benalloul of the Corcoran Group, who declined to comment.

The Charles, a 27-unit glass-and-limestone condominium designed by Ismael Leyva, is on First Avenue between 72nd and 73rd streets, a neighborhood with more tenement-style walk-ups and postwar high-rises than ritzy townhouses and luxury condos.

"There was always a line of delineation," said Ginger Brokaw, an associate broker with Town New Development, who is handling sales at the Charles with Jason Karadus, also of Town. "West of Third was considered better than anything east of Third." But now, with the Second Avenue subway underway, she said, there has been "a shift in luxury commercial and residential real estate toward the East River."

Units at the Charles have eat-in kitchens with Miele and Sub-Zero appliances, soundproofing components like under-floor padding, and master bedroom suites with dressing areas, walk-in closets and marble soaking tubs. Interior finishes, designed by David Collins Studio, include white oak and marble floors.

Building amenities include a children's lounge, private storage, a fitness center, a game room and 24-hour doormen and concierges. Five full-floor four-bedrooms are still for sale from $6.58 million to $9.88 million.

Big Ticket includes closed sales from the previous week, ending Wednesday.

**From**: Nicholas Ribis [redacted]
**Sent**: 1/21/2016 2:28:39 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]

**Importance**: High

Jeffrey – I told u weeks ago that Davis would issue a report critical of Leon and board read article in Post business page re Davis Report and Caesars – and DJT will be President -- Nick

Nicholas Ribis
President/CEO
NLR Ventures
60 Morris Turnpike 2FL
Summit, NJ 07901
O: [redacted]
F: [redacted]

**********
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Thank you.
**********

**From**: Nicholas Ribis [redacted]
**Sent**: 4/25/2016 2:04:49 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]

**Importance**: High

Remind ur friend that I designed the DJT business comeback and now he may be the President

Nicholas Ribis
President/CEO
NLR Ventures
60 Morris Turnpike 2FL
Summit, NJ 07901
O: [redacted]
F: [redacted]

**********
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Thank you.
**********

*Inference: International Review of Science*

Feedback & Comments

**November 2018**

David Adger

Professor of Linguistics at Queen Mary University of London.

*"Thanks for the hardcopy of the last issue. It was really interesting,"*

Egil Asprem

Associate Professor in the History of Religions at Stockholm University.

*"It is exciting to see text moving toward production - and quite an impressive job by the editors in cutting the text so much while retaining the essentials in an elegant way!"*

*"It's been a pleasure working with you!"*

Pamela Asquith

Professor of Anthropology, University of Alberta.

*"The journal looks very interesting indeed and I feel it is an honor to be invited to contribute."*

Jeremy Avigad

Professor of Philosophy at Carnegie Mellon University.

*"I have been reading and enjoying a number of articles in* Inference. *I am impressed; it is a very nice publication."*

Jeremy Bersntein

Professor emeritus of physics at the Stevens Institute of Technology.

*"So many thanks. This worked out very well. The editing was excellent although the caricature of me looked more like Donald Trump than me! I hope to work with you in the future"*

*"I read the issue with great interest and was pleased to see my quantum there."*

*"I thank the editors for their good editing. "*



HOUSE_OVERSIGHT_022445

Robert Berwick

Professor of Computational Linguistics and Computer Science and Engineering at MIT.

*"I am truly delighted that you and others have started publishing such a journal as Inference, which touches on so many of my own concerns and interests - I have been meaning for years to write articles on evolutionary theory (some like the fine ones you've already published); on big data and its discontents (I have one on the deep troubles with deep learning); on the sloppy connectome neuroscience (which you've covered); and so on - in fact, many of the topics on your "hit list". Your abbreviations alone are priceless."*

Simon Blackburn

Professor of Philosophy at the University of Cambridge.

*"Many thanks for the new issue link and for the prompt payment. Unusual in the publishing world."*

*"Fascinating. I had not realised how high you aimed."*

Ralph Blumenthal

Former reporter for The New York Times.

*"Thanks, looks impressive. Unable to take on anything else now but will keep in mind."*

Cedric Boeckx

Research Professor at the Catalan Institute for Advanced Studies.

*"Thanks for your invitation to contribute to* Inference*, your patience & advice. I think it came out nicely."*

Alexander Bogomolny

Cut The Knot blog.

*"I loved the journal - very broadly informative. I plan to making references to a few articles."*



HOUSE_OVERSIGHT_022446

William Briggs

Independent writer, statistician, scientist and consultant.

*"It would be my honor to accept your invitation. I know your journal. I especially like George Ellis's latest essay."*

John Brooke

Professor of History and Anthropology and Director of the Center for Historical Research at Ohio State.

*"Many thanks – I have been spending the last few minutes reading these letters, you have put together an excellent body of commentary."*

Umberto Cannella

Physicist and currently educational specialist for the Swiss Space Center at the Polytechnic Federal Institute in Lausanne.

*"I very much enjoyed the final form of the essay: the editing has really improved its completeness and readibility. The caricature was a nice plus of the collaboration: it was a pleasure to work with* Inference *and I do hope to contribute again in the future."*

James Carny

Brunel University London.

*"I read* Inference *with great interest, and consider it to be one of the most useful publications for intelligent and challenging writing across all the disciplines."*

Gregory Chaitin

Professor at the Federal University of Rio de Janeiro.

*"I enjoyed very much the pieces by David Berlinski and Kusala Rajendran. Looking forward to reading Are We Smart Enough to Know How Smart Animals Are?, a terrific title."*



HOUSE_OVERSIGHT_022447

Swapan Chattopadhyay

Presidential Chair for Research, Scholarship and Artistry, Professor and Director of Accelerator Research at Northern Illinois University.

*"Many thanks for seeking me out and your message. I am very impressed by the quality of individuals who have contributed to your on-line journal and its peer-less and informal character, which is conducive to creative and innovative expression."*

Noam Chomsky

American linguist, philosopher, cognitive scientist.

*"Looks like a fascinating issue, with a lot of material of special interest for me."*

*"Many thanks for sending. Much enlightening reading ahead."*

*"Many thanks for sending. Glad to see it. And the whole issue too, as always."*

Marcin Chrząszcz

Physicist at the University of Zurich.

*"Thank you for the new issue of* Inference. *I see my good friend Joaquim Matias has written an article about my measurement :) Looking forward reading more in details!"*

Arthur Cody

American philosopher emeritus at San José State College in California.

*"I have read several of the articles in the current Inference. I liked them all. You all, the editors, have worked very hard, I see, at getting the papers in a readable but not a condescending shape."*

John Colarusso

Comparative linguist at McMaster University.

*"It is an extraordinary journal. Fascinating!"*

*"I am so pleased to have had a chance to contribute to it."*



HOUSE_OVERSIGHT_022448

Simon Conway Morris

English palaeontologist, evolutionary biologist, and astrobiologist.

*"Thank you for your e-mail as well as sending me earlier a recent copy of* Inference. *In principle I'd be happy to contribute a piece."*

Jay Cordes

Data scientist at Berkeley.

"*In addition to Data Science, I'm also very interested in Quantum Mechanics, so I may have to subscribe to your journal; it looks fantastic!"*

Emanuel Derman

South African-born academic, businessman and writer.

*"I've been enjoying very much reading* Inference *while I've been writing. It's an amazing endeavor and I wonder how it got started."*

Niall Ferguson

senior fellow of the Hoover Institution, Stanford, and the Center for European Studies, Harvard.

*"Your new journal sounds excellent."*

Robert Freidin

Professor emeritus in the Council of the Humanities in the Philosophy Department at Princeton University.

*"Thanks again for the opportunity to write about linguistics for a general audience. It was an interesting and educational experience. I wish you great success with your journal."*



HOUSE_OVERSIGHT_022449

Kieran Fox

Postdoc in Neurology and Neurological Sciences at Stanford.

*"I had not heard of* Inference *before but I looked into it and it looks like you have created a really classy and thoughtful venue. I was very impressed with the quality of the work and the list of illustrious contributors. I'm honored to be invited to contribute."*

Sheldon Glashow

Nobel Prize, Metcalf Professor of Mathematics and Physics at Boston University and Higgins Professor of Physics, emeritus, at Harvard University.

*"I am honored to become an author for* Inference.*"*

*"Indeed I enjoyed the latest issue, and not just my own contribution. The editing process was most professional."*

Sharon Glotzer

Distinguished University Professor of Engineering and the Stuart W. Churchill Collegiate.

*"I am impressed with your journal having now read several articles."*

Alex Golub

Associate professor at the Department of anthropology, University of Hawaï.

*"I was not aware of your journal before receiving your message, and having read some of the reviews on your site I am impressed with the quality of both the authors and the content."*

Monica Green

American historian and Professor of History at Arizona State University.

*"I saw it last night. Thank you so much. It's already getting a lot of attention on Twitter."*



HOUSE_OVERSIGHT_022450

John Hawks

Associate professor of anthropology at the University of Wisconsin–Madison.

*"Thanks for getting in touch with me! I did see Tattersall's essay and really like the way that you handled that. It is a very nice format, and gives a great opportunity for a deeper discussion of scientific issues like this one."*

*"I received a copy of* Inference. *I have been impressed by the work that I have seen published by other researchers in* Inference.*"*

William von Hippel

Professor and former head of the School of Psychology at the University of Queensland.

*"Thanks, looks very interesting!"*

Roald Hoffmann

Nobel Prize in Chemistry.

"*I really enjoyed your article in* Inference, *because you really tried to convey to a general educated audience what a synthesis is like. It is not easy, and I have tried.*"

Gerald Holton

American physicist, historian of science, and educator.

*"Thank you for sending me Mr. Glashow's remarkable and engaging essay."*

Jim Hudspeth

Laboratory of Sensory Neuroscience at The Rockefeller University.

*"Wow! I am very impressed by both the range and the quality of the articles and responses that have appeared to date, several of which I have just read."*



HOUSE_OVERSIGHT_022451

Tasneem Husain

Theoretical physicist, writer and educator, based in Cambridge.

*"I have not yet had the opportunity of reading all the articles, but gauging from what I have read, this latest issue seems fascinating."*

José M Igoa

Department of Basic Psychology Department at the University of Madrid.

*"Thank you very much for the information about your journal and the link to David Lobina and Mark Benchley's review of Tom Wolfe's book. I have taken a look at the title of the articles you have published so far and they look pretty interesting indeed. I will voice the news about your publication to my colleagues."*

Eva Jablonka

Israeli theorist and geneticist.

*"Thank you very much for sending us the online ninth issue (very interesting and thought provoking)."*

Andrew Jordan

Professor of physics at the University of Rochester.

*"I have gone through the edited version of the book review. There were a lot of changes made, but I think you managed to keep most of my ideas and condense it in the editing process. Please pass along my thanks to David and the other editors for the editing/co-writing."*

Alexander Kharazishvili

Chief Researcher in the Department of Mathematical Analysis at the A. Razmadze Mathematical Institute.

*"Thank you very much for information and good news! Definitely, I will be reading this issue of* Inference *with my great interest and I am sure I will enjoy it. Especially, I am proud to be among so eminent authors."*



HOUSE_OVERSIGHT_022452

*"Many thanks for information concerning the new issue of* Inference. *I will be reading the material presented in it with my great interest, especially because of very eminent persons among the authors of articles of this issue."*

William Kininmonth

Australian retired meteorologist.

*"Thank you for advising of the availability of the fifth issue of* Inference. *It has splendid articles and may the publication prosper."*

Matthew Kleban

*Associate Professor of Physics and Director of the Center for Cosmology and Particle Physics at New York University.*

*"It seems to me that Ellis' criticism of my response is rather dishonest. He quotes part of a paragraph, and then attacks it ("Wrong…") on precisely the grounds that I addressed in the sentences following the part he quoted, which he ignores. Nevertheless, I'm glad to see this debate playing out in a serious publication (rather than on blogs etc)."*

Lawrence Krauss

Foundation Professor of the School of Earth and Space Exploration at Arizona State University and director of its Origins Project.

*" It is a remarkable collection. I am honored to be listed as a part of it."*

Martin Krieger

Professor of planning at the Sol Price School of Public Policy at the University of Southern California.

"Inference *continues to have terrific stuff. Please tell the editors that what is being published in* Inference *is much better than what appears elsewhere in its areas of concern. Concrete, specific, interesting."*



HOUSE_OVERSIGHT_022453

Pieter Lemmens

Professor of philosophy and ethics at the Radboud University in Nijmegen, the Netherlands.

*"I wanted to thank you both once again for all your excellent support and for the outstanding way in which my review has been edited and published on the beautiful* Inference *website, including the caricature, which I really liked. I feel truly honored. And many thanks for the generous remuneration as well."*

David LePoire

Environmental analyst at the US national laboratory.

*"Thank you very much. Your efforts in revising and editing this paper have improved it greatly. Although I like the figure, I realize that the table is more readable."*

John Leslie

University Professor Emeritus, Fellow of the Royal Society of Canada.

*"I am grateful for the issues of Inference that you have sent to me, all of them very interesting.*

*I admired its quality."*

Audrey Li

Professor of East Asian Languages and Cultures and Linguistics.

"*Many thanks for bringing my attention to this excellent article. The writing is accessible and captivating. Hope you don't mind me helping to spread words about this article."*

Stuart Lindsay

Director of the Center for Single Molecule Biophysics in the Biodesign Institute, Arizona State University.

*"The many requests from "vanity" publishers swamp out the genuine article. Your publication is very interesting. I enjoyed the articles in the link, even Jim Tour's which I think is based on silly science."*



HOUSE_OVERSIGHT_022454

Wolf-Ekkehard Lönnig

Former research scientist at the Max Planck Institute for Plant Breeding Research in Cologne, Germany.

*"Thank you very much for your informative mail and the print version of* Inference. *I liked it and I have appreciated the quality of its selection of the range of substantial topics as well as its eminent contributors."*

Robert Losee

Professor at the UNC School of Information and Library Science

*"Looking through your web site, I am impressed by* Inference*!"*

Jean-Pierre Luminet

Director of Research at the CNRS Astrophysics Laboratory in Marseille and the Paris Observatory.

*"I am quite amazed by the extraordinary improvement of our draft due to your strong implication in Quietanus' history. I really enjoy the new version as it is, and I thank you to have taken so quickly and efficiently the decision to publish it."*

Jayadev Misra

Indian computer scientist, currently the Schlumberger Centennial Chair Emeritus and Distinguished Teaching Professor Emeritus at University of Texas at Austin.

*"I looked over some of the back issues of your journal, and I am impressed by the quality of the publications (and the authors). It will be a great honor to write an article, but also extremely time-consuming."*

Alexander More

Research Associate in Harvard department of History, Initiative for the Science of the Human Past .

*"I've read several great reviews on* Inference *recently."*



HOUSE_OVERSIGHT_022455

Feedback & Comments

John Norton

Distinguished Professor at Department of History and Philosophy of Science, University of Pittsburgh.

*"I've been reading the articles. Congratulations—a great issue!"*

*"An aside, if I may: I happen to writing some teaching materials on time travel universes and quantum mechanics for my online teaching book. So it was a welcome surprise to find articles on the very topic in Vol 3 and Vol 4 of your journal. Count me as a happy reader!"*

Christof Paulus

Visiting lecturer in the Department of History at the Ludwig Maximilian University of Munich.

*"It really has become a very interesting new issue of* Inference. International Review of Science. *I'm happy to be part of it and I enjoy it very much."*

Philip Pilkington

Research analyst working in investment management and focusing on macroeconomic research.

*"I read some of the articles online. Very good."*

CP Rajendran

Indian geologist.

*"I just opened the link and saw a wonderful list of articles. Looking forward to reading them. Kusala's article is highly liked by some readers in India."*

Kusala Rajendran

Professor at the Indian Institute of Science's Centre for Earth Sciences in Bangalore.

*"The piece shared with friends revieved very good comments. Lot of people would access the site now. Thanks for inviting me to do this and thanks for the great job."*



HOUSE_OVERSIGHT_022456

Joris Roosen

PhD student at Utrecht University and is affiliated to the Research Institute for History and Art History.

*"It was a pleasure to contribute to your journal."*

Merrilee Salmon

Professor Emerita at the University of Pittsburgh in the Department of History and Philosophy of Science.

*"I have read with great pleasure about half of the issue now, and I am delighted that my piece appears in such distinguished company."*

Subir Sarkar

Head of the Particule Theory Group in Oxford's Department of Physics.

*"I am still very interested in writing for* Inference. *I do think it is unique - both in its style and coverage, and in its readership who I imagine are intellectuals in the broadest sense. It should be a privilege to write for it"*

*"I am very impressed by the depth and quality of the contributions. There are critical literary journals (e.g. the London Review of Books) but I have not come across anything like this in the sciences."*

Eric Scerri

Historian and philosopher of chemistry in the Department of Chemistry & Biochemistry at UCLA.

*"What an excellent journal!"*

Pierre Schapira

Professor Emeritus at University Pierre et Marie Curie, Paris 6.

*"This issue seems extremely rich and interesting."*



HOUSE_OVERSIGHT_022457

George Scialabba

Contributing editor of the online art and literary magazine The Baffler.

*"I look forward to reading it, as usual."*

James Sharpe

Professor of Early Modern History.

*"Again, my thanks for having been sent this, and I would like to extend my best wishes for the future of* Inference*."*

Lawrence R. Smith

Entrepreneur, former academic, and a specialist in the Inuktitut (Eskimo) language for computational linguistics research.

*"I appreciate your editorial work and have admired* Inference *since its inception."*

Wolfgang Streeck

Director Emeritus and Professor at the Max Planck Institute for the Study of Societies in Cologne.

*"Looks very good."*

Ian Tattersall

Paleoanthropologist, American Museum of Natural History in New York City.

*"Please thank your staff for a very nice production job. It has been a pleasure working with you, and I would be delighted to repeat the experience some time. Thanks again for showcasing my work. "*

Mariam Thalos

Professor of Philosophy at the University of Utah.

*"I am very gratified by your invitation, which I will be very happy to accept (and propose a topic) if you would still like me to do so after reading this email."*



HOUSE_OVERSIGHT_022458

Vangelis Tourloukis

Post-doctoral researcher in the Paleoanthropology Department of the Institute for Archaeological Sciences at the Eberhard Karls University of Tübingen.

*"I enjoy and respect* Inference*, and I really appreciate your invitation."*

Luca Turin

Biophysicist with an interest in biological electronics.

*"A science article I wrote for Inference is now online. I am honored to find myself in the company of people whose writing I admire, like the great critic George Scialabba and the astronomer and cosmologist Jean Pierre Luminet. And I even like the caricature."*

*"The article looks great, many thanks. I would be happy to write some more for your excellent magazine."*

Reidun Twarock

German-born mathematical biologist at the University of York.

*"Many thanks for the link - I have read the essays with great pleasure."*

Jaya Sivaswami Tyagi

Professor and Head, Department of Biotechnology, All India Institute of Medical Sciences.

*"I have indeed received the print version of Inference in very good condition considering its size and was impressed by the product. I have glanced through it and will definitely read the articles and give you my feedback in due course of time."*

Richard Wagner

Holbert L. Harris Professor of Economics at George Mason University.

*"Thanks for sending along the new issue of* Inference*. Your journal has established a wonderful editorial policy of presenting deeply thoughtful examinations of a broad range of scholarly topics. Not only do I plan to keep up with Inference going forward, but also I will convey my enthusiasm for your journal to those colleagues of mine who I think will be interested."*



HOUSE_OVERSIGHT_022459

Swede White

Wolfram Research.

*"The journal's content is quite interesting, and this sounds like a wonderful opportunity."*

William A. Wilson

Entrepreneur and artificial intelligence researcher.

*"I hadn't previously heard of your magazine, but when I clicked over to your website my eye was immediately caught by Gregory Chaitin's article, as he is one of my favorite mathematicians. I also read with great pleasure "Categories: From Zero to Infinity" by Pierre Schapira, which did an excellent job of communicating a highly technical subject. I'm now looking forward to perusing the rest of the site when I have time!"*

Natalie Wolchover

Award-winning science writer, she has covered the physics beat on staff at Quanta Magazine since the magazine's launch in 2013.

*"Thank you very much for the invitation to write for your excellent journal. I have read many wonderful essays in* Inference*, and would be honored to contribute, if only I had the time and energy to do so.*

*I hope we can stay in touch and perhaps revisit the possibility of my writing for you at a future time. I especially appreciate how long and technical, but still crystal clear, your articles tend to be, permitting great depth and thoroughness. Congratulations to you and your team."*



HOUSE_OVERSIGHT_022460

## *French authors*

Aurélien Barrau

Astrophysicist specializing in general relativity and cosmology. He is a professor at the Université Grenoble-Alpes.

*"Ca semble très intéressant, merci ! "*

Jean-Paul Delahaye

Mathematician, professor emeritus in computer science at the University of Lille.

*"Ce fut un plaisir de travailler avec vous et j'espère que nous aurons d'autres occasions de le faire."*

Gilles Dryancour

Honorary Chairman of the Public Policy Group of CEMA, a European trade association.

"*Un grand merci pour l'information et la publication. C'est un plaisir d'être publié dans votre revue. "*

Jean-Pierre Dupuy

Professor Emeritus of Social and Political Philosophy at the École Polytechnique in Paris and Professor of Political Science at Stanford University.

*" Merci beaucoup! Ce numéro se présente excellemment, et je suis fier d'être en aussi bonne compagnie. "*

Djillali Hadjouis

Paleoanthropologist and associate researcher at the CNRS.

*"Les traducteurs ont fait un excellent travail. Je vous remercie de votre envoi. Comme d'habitude, ce nouveau numéro livre d'intéressantes contributions. "*



HOUSE_OVERSIGHT_022461

Henri Lepage

Economist well-known for Demain le capitalisme (Tomorrow, Capitalism) and Demain le libéralisme (Tomorrow, Liberalism).

"*En tous les cas, bravo pour cette initiative. "*

René Lozi

Mathematician in the Laboratoire Jean-Alexandre Dieudonné at the Université de Nice Sophia-Antipolis.

*"Je vous remercie très vivement, ainsi que par vous l'équipe éditoriale d'*Inference*, d'avoir accepté ma lettre. J'ai été très intéressé de découvrir votre revue. Je suis également très honoré d'être publié en compagnie de mathématiciens célèbres. "*

**From Twitter**

*"Thoughtful, thorough, wide-ranging, and well written analyses. A rare find amidst a surfeit of shallowness."*

*"As a general and very ordinary reader, I just wanted to thank you for making available such damned interesting stuff." -- C. Van Wert*



HOUSE_OVERSIGHT_022462

Courtney Wild, 30, was a victim of serial sexual offender Jeffrey Epstein beginning at the age of 14. Epstein paid Wild, and many other underage girls, to give him massages, often having them undress and perform sexual acts. Epstein also used the girls as recruiters, paying them to bring him other underage girls. Epstein, 65, a hedge fund manager, splits his time between the Virgin Islands and Palm Beach, Fla.

Photos by MIAMI HERALD

Jena-Lisa Jones, with her 18-month-old son, Raymond, says she was 14 when she was introduced to Jeffrey Epstein and was paid $200 by him to give him a massage at his home. Jones says Epstein told her to take off all of her clothes and that he fondled her during the massage.

# Lawmakers issue call for investigation of Epstein deal

By JULIE K. BROWN, ALEX DAUGHERTY and CAITLIN OSTROFF
Miami Herald

MIAMI — More than two dozen lawmakers are demanding an investigation into possible misconduct by U.S. Secretary of Labor Alexander Acosta, who, as a former federal prosecutor in Miami, helped broker a secret plea deal for a multimillionaire accused of running an underage sex trafficking network.

The lawmakers, mostly Democrats, have sent several letters to Michael E. Horowitz, inspector general for the Department of Justice, calling for a probe into Acosta's role in the 2008 plea deal for Little St. James resident Jeffrey Epstein.

Epstein, 65, a hedge fund manager who splits his time between the Virgin Islands and Palm Beach, Fla., faced a possible life sentence for molesting dozens of girls, but was instead granted federal immunity as part of a non-prosecution agreement approved by Acosta when he was U.S. Attorney for the Southern District of Florida.

Thus far, 34 senators and members of the House have called for a probe of the Epstein case, including two Republicans, Sen. Marco Rubio and Sen. Ben Sasse, chairman of the Senate Judiciary Committee's subcommittee for oversight.

The requests come one week after the Miami Herald published an investigation, "Perversion of Justice," that revealed how federal prosecutors worked with Epstein's high-profile lawyers to craft a deal that would keep him out of prison. Instead he would serve a brief jail stint.

Acosta agreed, despite a federal law to the contrary, that the deal would be kept from Epstein's underage victims until after Epstein was sentenced, thereby making it impossible for them to appear in court and possibly derail the agreement.

The Herald identified nearly 80 possible victims, most of them 13 to 16 years old. Several of them, now in their late 20s and early 30s, told the Herald that they felt betrayed by Acosta and other prosecutors who failed to treat them as victims and labeled them as prostitutes — even though they were under the age of consent.

Acosta, 49, was confirmed as President Donald Trump's labor secretary in April 2017. During his hearings, Sens. Tim Kaine and Patty Murray questioned Acosta about Epstein's deal but Acosta never explained why he agreed to have it sealed.

He was approved by the Senate, 60-38, with eight Democrats and one independent voting in favor of his appointment.

"At the end of the day, based on the evidence, professionals within a prosecutor's office decided that a plea that guarantees someone goes to jail, that guarantees he register (as a sex offender) generally and guarantees other outcomes, is a good thing," Acosta said during his hearings.

As secretary of labor, Acosta oversees a massive federal agency that provides oversight of the country's labor laws, including human trafficking.

He had been on a list of possible successors to former Attorney General Jeff Sessions, but was said to have been eliminated from consideration after the Herald published its series online last week.

**The Miami Herald identified nearly 80 possible victims, most of them 13 to 16 years old. Several of them, now in their late 20s and early 30s, told the Herald that they felt betrayed by former federal prosecutor Alexander Acosta — who now works for the Trump administration — and other prosecutors who failed to treat them as victims and labeled them as prostitutes — even though they were under the age of consent.**

On Thursday, a group of senators, led by Murray, the ranking Democrat on the Senate panel that oversees the Department of Labor, wrote a letter to Horowitz, questioning whether Epstein used his connections to not only secure a lenient sentence, but to obtain immunity for other people who were involved or knew about his sexual exploitation of minors.

"Our justice system is predicated on the fundamental value that no individual is above the law, and to that end, it is essential that plea agreements involving well-connected individuals not only follow the law and standard practice, but also stand up to scrutiny," said the letter, signed by 15 other members of the Senate.

Rubio on Thursday also called upon the Justice Department to explain how such a deal could have happened.

"There should be a little bit more clarity as to why that case was resolved the way it was resolved," Rubio said. "Because for most people that read it, it doesn't make sense."

From 2001 to 2006, Epstein assembled a large cultlike network of underage girls — most of them from disadvantaged backgrounds — to give him massages. He then coerced them into sex acts and paid them to recruit other girls to bring to his Palm Beach mansion, three to four times a day, according to police.

The Herald's examination of thousands of court records, emails and FBI records also showed that after the deal was struck, it effectively shut down an ongoing FBI probe into whether Epstein was trafficking girls and young women from around the country and from overseas for sex parties attended by other powerful people at his mansions in New York, New Mexico and on his private island in the Caribbean.

Federal prosecutors had prepared a 53-page indictment against Epstein for federal sex crimes involving minors, which would have sent him to prison for decades. The indictment, however, was shelved, and Epstein was allowed to plead guilty to two minor prostitution charges in state court.

He spent just 13 months in the Palm Beach County jail, where he was given permission to leave most of the day under a liberal work release program that wasn't granted to other convicted sex offenders. He was released in 2009.

Sasse, in his letter, said he was disturbed that federal prosecutors would have given Epstein such a break.

"The fact that this monster received such a pathetically soft sentence is a travesty that should outrage us all," Sasse wrote in a letter to DOJ's inspector general.

Experts say its possible that several investigations could be launched, not just by the Department of Justice.

The Department of Labor's inspector general could also do a review, said Philip Lacovara, who served as counsel to the special prosecutor who investigated President Richard Nixon's Watergate scandal.

Neither agency is required to say if and when it is conducting a review, he said, so it's possible investigations could already be underway. But the results may or may not be made public.

"They may do 10 confidential investigations, but you may only know about one," Lacovara said.

Francey Hakes, a former federal prosecutor, said that such an investigation could result in policy changes and new regulations on how federal prosecutors handle victim notification and non-prosecution agreements.

"I just don't know of any retrospective way to fix things," Hakes said. "I hope they will get to the bottom of whatever happened."

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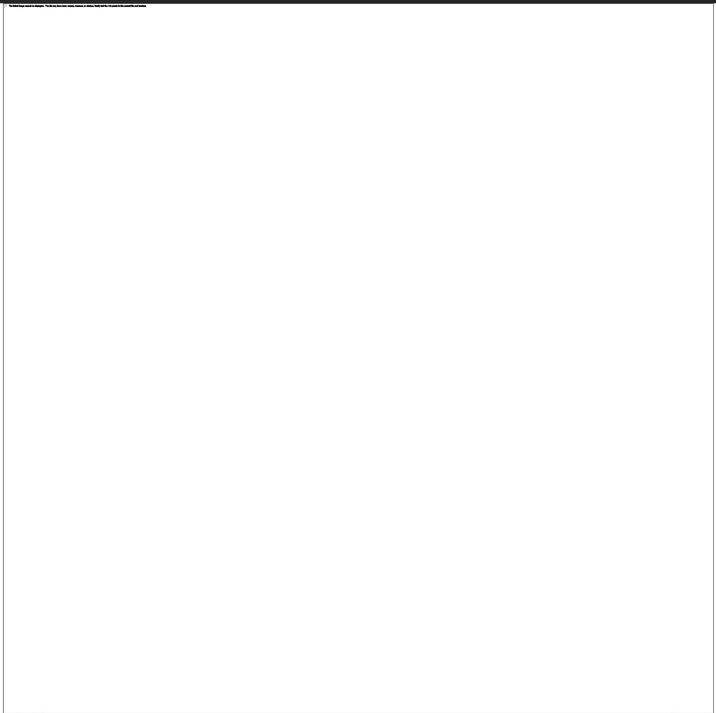


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# FCPA

## *A Resource Guide to the* U.S. Foreign Corrupt Practices Act

By the Criminal Division of the U.S. Department of Justice and
the Enforcement Division of the U.S. Securities and Exchange Commission

This guide is intended to provide information for businesses and individuals regarding the U.S. Foreign Corrupt Practices Act (FCPA). The guide has been prepared by the staff of the Criminal Division of the U.S. Department of Justice and the Enforcement Division of the U.S. Securities and Exchange Commission. It is non-binding, informal, and summary in nature, and the information contained herein does not constitute rules or regulations. As such, it is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, that are enforceable at law by any party, in any criminal, civil, or administrative matter. It is not intended to substitute for the advice of legal counsel on specific issues related to the FCPA. It does not in any way limit the enforcement intentions or litigating positions of the U.S. Department of Justice, the U.S. Securities and Exchange Commission, or any other U.S. government agency.

Companies or individuals seeking an opinion concerning specific prospective conduct are encouraged to use the U.S. Department of Justice's opinion procedure discussed in Chapter 9 of this guide.

This guide is United States Government property. It is available to the public free of charge online at www.justice.gov/criminal/fraud/fcpa and www.sec.gov/spotlight/fcpa.shtml.

# A RESOURCE GUIDE TO THE U.S. FOREIGN CORRUPT PRACTICES ACT

By the Criminal Division of the U.S. Department of Justice and
the Enforcement Division of the U.S. Securities and Exchange Commission

# FOREWORD

We are pleased to announce the publication of *A Resource Guide to the U.S. Foreign Corrupt Practices Act*. The Foreign Corrupt Practices Act (FCPA) is a critically important statute for combating corruption around the globe. Corruption has corrosive effects on democratic institutions, undermining public accountability and diverting public resources from important priorities such as health, education, and infrastructure. When business is won or lost based on how much a company is willing to pay in bribes rather than on the quality of its products and services, law-abiding companies are placed at a competitive disadvantage—and consumers lose. For these and other reasons, enforcing the FCPA is a continuing priority at the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC).

The *Guide* is the product of extensive efforts by experts at DOJ and SEC, and has benefited from valuable input from the Departments of Commerce and State. It endeavors to provide helpful information to enterprises of all shapes and sizes—from small businesses doing their first transactions abroad to multi-national corporations with subsidiaries around the world. The *Guide* addresses a wide variety of topics, including who and what is covered by the FCPA's anti-bribery and accounting provisions; the definition of a "foreign official"; what constitute proper and improper gifts, travel and entertainment expenses; the nature of facilitating payments; how successor liability applies in the mergers and acquisitions context; the hallmarks of an effective corporate compliance program; and the different types of civil and criminal resolutions available in the FCPA context. On these and other topics, the *Guide* takes a multi-faceted approach, setting forth in detail the statutory requirements while also providing insight into DOJ and SEC enforcement practices through hypotheticals, examples of enforcement actions and anonymized declinations, and summaries of applicable case law and DOJ opinion releases.

The *Guide* is an unprecedented undertaking by DOJ and SEC to provide the public with detailed information about our FCPA enforcement approach and priorities. We are proud of the many lawyers and staff who worked on this project, and hope that it will be a useful reference for companies, individuals, and others interested in our enforcement of the Act.

**Lanny A. Breuer**
Assistant Attorney General
Criminal Division
Department of Justice

**Robert S. Khuzami**
Director of Enforcement
Securities and Exchange Commission

November 14, 2012

# CONTENTS

Chapter 1: INTRODUCTION . . . 2

The Costs of Corruption . . . 2
Historical Background . . . 3
National Landscape: Interagency Efforts . . . 4
- Department of Justice . . . 4
- Securities and Exchange Commission . . . 4
- Law Enforcement Partners . . . 5
- Departments of Commerce and State . . . 5

International Landscape: Global Anti-Corruption Efforts . . . 7
- OECD Working Group on Bribery and the Anti-Bribery Convention . . . 7
- U.N. Convention Against Corruption . . . 8
- Other Anti-Corruption Conventions . . . 8

Chapter 2: THE FCPA: ANTI-BRIBERY PROVISIONS . . . 10

Who Is Covered by the Anti-Bribery Provisions? . . . 10
- Issuers—15 U.S.C. § 78dd-1 . . . 10
- Domestic Concerns—15 U.S.C. § 78dd-2 . . . 11
- Territorial Jurisdiction—15 U.S.C. § 78dd-3 . . . 11

What Jurisdictional Conduct Triggers the Anti-Bribery Provisions? . . . 11
What Is Covered?—The Business Purpose Test . . . 12
What Does "Corruptly" Mean? . . . 14
What Does "Willfully" Mean and When Does It Apply? . . . 14
What Does "Anything of Value" Mean? . . . 14
- Cash . . . 15
- Gifts, Travel, Entertainment, and Other Things of Value . . . 15
- Charitable Contributions . . . 16

Who Is a Foreign Official? . . . 19
- Department, Agency, or Instrumentality of a Foreign Government . . . 20
- Public International Organizations . . . 21

How Are Payments to Third Parties Treated? . . . 21
What Affirmative Defenses Are Available? . . . 23
- The Local Law Defense . . . 23
- Reasonable and Bona Fide Expenditures . . . 24

What Are Facilitating or Expediting Payments? . . . 25
Does the FCPA Apply to Cases of Extortion or Duress? . . . 27
Principles of Corporate Liability for Anti-Bribery Violations . . . 27
- Parent-Subsidiary Liability . . . 27
- Successor Liability . . . 28

Additional Principles of Criminal Liability for Anti-Bribery Violations: Aiding and Abetting and Conspiracy . . . 34

Additional Principles of Civil Liability for Anti-Bribery Violations: Aiding and Abetting and Causing . . . . . 34
What Is the Applicable Statute of Limitations? . . . . . 34
Statute of Limitations in Criminal Cases . . . . . 34
Statute of Limitations in Civil Actions . . . . . 35

Chapter 3: THE FCPA: ACCOUNTING PROVISIONS . . . . . 38

What Is Covered by the Accounting Provisions?. . . . . 39
Books and Records Provision . . . . . 39
Internal Controls Provision. . . . . 40
Potential Reporting and Anti-Fraud Violations . . . . . 41
What Are Management's Other Obligations?. . . . . 42
Who Is Covered by the Accounting Provisions? . . . . . 42
Civil Liability for Issuers, Subsidiaries, and Affiliates. . . . . 42
Civil Liability for Individuals and Other Entities . . . . . 43
Criminal Liability for Accounting Violations . . . . . 44
Conspiracy and Aiding and Abetting Liability. . . . . 45
Auditor Obligations . . . . . 45

Chapter 4: OTHER RELATED U.S. LAWS . . . . . 48

Travel Act . . . . . 48
Money Laundering . . . . . 48
Mail and Wire Fraud . . . . . 49
Certification and Reporting Violations . . . . . 49
Tax Violations . . . . . 49

Chapter 5: GUIDING PRINCIPLES OF ENFORCEMENT . . . . . 52

What Does DOJ Consider When Deciding Whether to Open an Investigation or Bring Charges? . . . . . 52
DOJ *Principles of Federal Prosecution* . . . . . 52
DOJ *Principles of Federal Prosecution of Business Organizations* . . . . . 52
What Does SEC Consider When Deciding Whether to Open an Investigation or Bring Charges?. . . . . 53
Self-Reporting, Cooperation, and Remedial Efforts. . . . . 54
Criminal Cases . . . . . 54
Civil Cases . . . . . 55
Corporate Compliance Program . . . . . 56
Hallmarks of Effective Compliance Programs . . . . . 57
Commitment from Senior Management and a Clearly Articulated Policy Against Corruption . . . . . 57
Code of Conduct and Compliance Policies and Procedures . . . . . 57
Oversight, Autonomy, and Resources . . . . . 58
Risk Assessment . . . . . 58
Training and Continuing Advice . . . . . 59
Incentives and Disciplinary Measures . . . . . 59
Third-Party Due Diligence and Payments . . . . . 60

Confidential Reporting and Internal Investigation . . . 61
Continuous Improvement: Periodic Testing and Review . . . 61
Mergers and Acquisitions: Pre-Acquisition Due Diligence and Post-Acquisition Integration. . . . 62
Other Guidance on Compliance and International Best Practices . . . 63

Chapter 6: FCPA PENALTIES, SANCTIONS, AND REMEDIES . . . 68

What Are the Potential Consequences for Violations of the FCPA? . . . 68
Criminal Penalties . . . 68
U.S. Sentencing Guidelines . . . 68
Civil Penalties . . . 69
Collateral Consequences . . . 69
Debarment. . . . 70
Cross-Debarment by Multilateral Development Banks . . . 70
Loss of Export Privileges. . . . 71
When Is a Compliance Monitor or Independent Consultant Appropriate? . . . 71

Chapter 7: RESOLUTIONS . . . 74

What Are the Different Types of Resolutions with DOJ? . . . 74
Criminal Complaints, Informations, and Indictments . . . 74
Plea Agreements. . . . 74
Deferred Prosecution Agreements . . . 74
Non-Prosecution Agreements . . . 75
Declinations . . . 75
What Are the Different Types of Resolutions with SEC? . . . 76
Civil Injunctive Actions and Remedies. . . . 76
Civil Administrative Actions and Remedies . . . 76
Deferred Prosecution Agreements . . . 76
Non-Prosecution Agreements . . . 77
Termination Letters and Declinations . . . 77
What Are Some Examples of Past Declinations by DOJ and SEC? . . . 77

Chapter 8: WHISTLEBLOWER PROVISIONS AND PROTECTIONS . . . 82

Chapter 9: DOJ OPINION PROCEDURE . . . 86

Chapter 10: CONCLUSION . . . 90

APPENDIX: THE FOREIGN CORRUPT PRACTICES ACT . . . 92

APPENDIX: ENDNOTES . . . 104

Corporate bribery is bad business. In our free market system it is basic that the sale of products should take place on the basis of price, quality, and service. Corporate bribery is fundamentally destructive of this basic tenet. Corporate bribery of foreign officials takes place primarily to assist corporations in gaining business. Thus foreign corporate bribery affects the very stability of overseas business. Foreign corporate bribes also affect our domestic competitive climate when domestic firms engage in such practices as a substitute for healthy competition for foreign business.[1]

—United States Senate, 1977

# INTRODUCTION

Congress enacted the U.S. Foreign Corrupt Practices Act (FCPA or the Act) in 1977 in response to revelations of widespread bribery of foreign officials by U.S. companies. The Act was intended to halt those corrupt practices, create a level playing field for honest businesses, and restore public confidence in the integrity of the marketplace.[2]

The FCPA contains both anti-bribery and accounting provisions. The anti-bribery provisions prohibit U.S. persons and businesses (domestic concerns), U.S. and foreign public companies listed on stock exchanges in the United States or which are required to file periodic reports with the Securities and Exchange Commission (issuers), and certain foreign persons and businesses acting while in the territory of the United States (territorial jurisdiction) from making corrupt payments to foreign officials to obtain or retain business. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books and records or knowingly circumventing or failing to implement a system of internal controls.

The Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) share FCPA enforcement authority and are committed to fighting foreign bribery through robust enforcement. An important component of this effort is education, and this resource guide, prepared by DOJ and SEC staff, aims to provide businesses and individuals with information to help them abide by the law, detect and prevent FCPA violations, and implement effective compliance programs.

## The Costs of Corruption

Corruption is a global problem. In the three decades since Congress enacted the FCPA, the extent of corporate bribery has become clearer and its ramifications in a transnational economy starker. Corruption impedes economic growth by diverting public resources from important priorities such as health, education, and infrastructure. It undermines democratic values and public accountability and weakens the rule of law.[3] And it threatens stability and security by facilitating criminal activity within and across



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borders, such as the illegal trafficking of people, weapons, and drugs.[4] International corruption also undercuts good governance and impedes U.S. efforts to promote freedom and democracy, end poverty, and combat crime and terrorism across the globe.[5]

Corruption is also bad for business. Corruption is anti-competitive, leading to distorted prices and disadvantaging honest businesses that do not pay bribes. It increases the cost of doing business globally and inflates the cost of government contracts in developing countries.[6] Corruption also introduces significant uncertainty into business transactions: Contracts secured through bribery may be legally unenforceable, and paying bribes on one contract often results in corrupt officials making ever-increasing demands.[7] Bribery has destructive effects within a business as well, undermining employee confidence in a company's management and fostering a permissive atmosphere for other kinds of corporate misconduct, such as employee self-dealing, embezzlement,[8] financial fraud,[9] and anti-competitive behavior.[10] Bribery thus raises the risks of doing business, putting a company's bottom line and reputation in jeopardy. Companies that pay bribes to win business ultimately undermine their own long-term interests and the best interests of their investors.

## Historical Background

Congress enacted the FCPA in 1977 after revelations of widespread global corruption in the wake of the Watergate political scandal. SEC discovered that more than 400 U.S. companies had paid hundreds of millions of dollars in bribes to foreign government officials to secure business overseas.[11] SEC reported that companies were using secret "slush funds" to make illegal campaign contributions in the United States and corrupt payments to foreign officials abroad and were falsifying their corporate financial records to conceal the payments.[12]

Congress viewed passage of the FCPA as critical to stopping corporate bribery, which had tarnished the image of U.S. businesses, impaired public confidence in the financial integrity of U.S. companies, and hampered the efficient functioning of the markets.[13] As Congress recognized when it passed the FCPA, corruption imposes enormous costs both at home and abroad, leading to market inefficiencies and instability, sub-standard products, and an unfair playing field for honest businesses.[14] By enacting a strong foreign bribery statute, Congress sought to minimize these destructive effects and help companies resist corrupt demands, while addressing the destructive foreign policy ramifications of transnational bribery.[15] The Act also prohibited off-the-books accounting through provisions designed to "strengthen the accuracy of the corporate books and records and the reliability of the audit process which constitute the foundations of our system of corporate disclosure."[16]

> No problem does more to alienate citizens from their political leaders and institutions, and to undermine political stability and economic development, than endemic corruption among the government, political party leaders, judges, and bureaucrats.
>
> — *USAID Anti-Corruption Strategy*

In 1988, Congress amended the FCPA to add two affirmative defenses: (1) the local law defense; and (2) the reasonable and bona fide promotional expense defense.[17] Congress also requested that the President negotiate an international treaty with members of the Organisation for Economic Co-operation and Development (OECD) to prohibit bribery in international business transactions by many of the United States' major trading partners.[18] Subsequent negotiations at the OECD culminated in the Convention on Combating Bribery of Foreign Officials in International Business Transactions (Anti-Bribery Convention), which, among other things, required parties to make it a crime to bribe foreign officials.[19]



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In 1998, the FCPA was amended to conform to the requirements of the Anti-Bribery Convention. These amendments expanded the FCPA's scope to: (1) include payments made to secure "any improper advantage"; (2) reach certain foreign persons who commit an act in furtherance of a foreign bribe while in the United States; (3) cover public international organizations in the definition of "foreign official"; (4) add an alternative basis for jurisdiction based on nationality; and (5) apply criminal penalties to foreign nationals employed by or acting as agents of U.S. companies.[20] The Anti-Bribery Convention came into force on February 15, 1999, with the United States as a founding party.

## National Landscape: Interagency Efforts

DOJ and SEC share enforcement authority for the FCPA's anti-bribery and accounting provisions.[21] They also work with many other federal agencies and law enforcement partners to investigate and prosecute FCPA violations, reduce bribery demands through good governance programs and other measures, and promote a fair playing field for U.S. companies doing business abroad.

### Department of Justice

DOJ has criminal FCPA enforcement authority over "issuers" (i.e., public companies) and their officers, directors, employees, agents, or stockholders acting on the issuer's behalf. DOJ also has both criminal and civil enforcement responsibility for the FCPA's anti-bribery provisions over "domestic concerns"—which include (a) U.S. citizens, nationals, and residents and (b) U.S. businesses and their officers, directors, employees, agents, or stockholders acting on the domestic concern's behalf—and certain foreign persons and businesses that act in furtherance of an FCPA violation while in the territory of the United States. Within DOJ, the Fraud Section of the Criminal Division has primary responsibility for all FCPA matters.[22] FCPA matters are handled primarily by the FCPA Unit within the Fraud Section, regularly working jointly with U.S. Attorneys' Offices around the country.

DOJ maintains a website dedicated to the FCPA and its enforcement at http://www.justice.gov/criminal/fraud/fcpa/. The website provides translations of the FCPA in numerous languages, relevant legislative history, and selected documents from FCPA-related prosecutions and resolutions since 1977, including charging documents, plea agreements, deferred prosecution agreements, non-prosecution agreements, press releases, and other relevant pleadings and court decisions. The website also provides copies of opinions issued in response to requests by companies and individuals under DOJ's FCPA opinion procedure. The procedures for submitting a request for an opinion can be found at http://www.justice.gov/criminal/fraud/fcpa/docs/frgncrpt.pdf and are discussed further in Chapter 9. Individuals and companies wishing to disclose information about potential FCPA violations are encouraged to contact the FCPA Unit at the telephone number or email address above.

### Securities and Exchange Commission

SEC is responsible for civil enforcement of the FCPA over issuers and their officers, directors, employees, agents,



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### SEC Contact Information

FCPA Unit Chief
Division of Enforcement
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Online: Tips, Complaints, and Referrals website
http://www.sec.gov/complaint/tipscomplaint.shtml

Office of Investor Education and Advocacy:
(800) SEC-0330

or stockholders acting on the issuer's behalf. SEC's Division of Enforcement has responsibility for investigating and prosecuting FCPA violations. In 2010, SEC's Enforcement Division created a specialized FCPA Unit, with attorneys in Washington, D.C. and in regional offices around the country, to focus specifically on FCPA enforcement. The Unit investigates potential FCPA violations; facilitates coordination with DOJ's FCPA program and with other federal and international law enforcement partners; uses its expert knowledge of the law to promote consistent enforcement of the FCPA; analyzes tips, complaints, and referrals regarding allegations of foreign bribery; and conducts public outreach to raise awareness of anti-corruption efforts and good corporate governance programs.

The FCPA Unit maintains a "Spotlight on FCPA" section on SEC's website at http://www.sec.gov/spotlight/fcpa.shtml. The website, which is updated regularly, provides general information about the Act, links to all SEC enforcement actions involving the FCPA, including both federal court actions and administrative proceedings, and contains other useful information.

Individuals and companies with information about possible FCPA violations by issuers may report them to the Enforcement Division via SEC's online Tips, Complaints and Referral system, http://www.sec.gov/complaint/tipscomplaint.shtml. They may also submit information to SEC's Office of the Whistleblower through the same online system or by contacting the Office of the Whistleblower at (202) 551-4790. Additionally, investors with questions about the FCPA can call the Office of Investor Education and Advocacy at (800) SEC-0330.

For more information about SEC's Whistleblower Program, under which certain eligible whistleblowers may be entitled to a monetary award if their information leads to certain SEC actions, see Chapter 8.

#### Law Enforcement Partners

DOJ's FCPA Unit regularly works with the Federal Bureau of Investigation (FBI) to investigate potential FCPA violations. The FBI's International Corruption Unit has primary responsibility for international corruption and fraud investigations and coordinates the FBI's national FCPA enforcement program. The FBI also has a dedicated FCPA squad of FBI special agents (located in the Washington Field Office) that is responsible for investigating many, and providing support for all, of the FBI's FCPA investigations. In addition, the Department of Homeland Security and the Internal Revenue Service-Criminal Investigation regularly investigate potential FCPA violations. A number of other agencies are also involved in the fight against international corruption, including the Department of Treasury's Office of Foreign Assets Control, which has helped lead a number of FCPA investigations.

#### Departments of Commerce and State

Besides enforcement efforts by DOJ and SEC, the U.S. government is also working to address corruption abroad and level the playing field for U.S. businesses through the efforts of the Departments of Commerce and State. Both Commerce and State advance anti-corruption and good governance initiatives globally and regularly assist U.S. companies doing business overseas in several



HOUSE_OVERSIGHT_022507

important ways. Both agencies encourage U.S. businesses to seek the assistance of U.S embassies when they are confronted with bribe solicitations or other corruption-related issues overseas.[23]

The Department of Commerce offers a number of important resources for businesses, including the International Trade Administration's United States and Foreign Commercial Service (Commercial Service). The Commercial Service has export and industry specialists located in over 100 U.S. cities and 70 countries who are available to provide counseling and other assistance to U.S. businesses, particularly small and medium-sized companies, regarding exporting their products and services. Among other things, these specialists can help a U.S. company conduct due diligence when choosing business partners or agents overseas. The International Company Profile Program, for instance, can be part of a U.S. business' evaluation of potential overseas business partners.[24] Businesses may contact the Commercial Service through its website, http://export.gov/eac/, or directly at its domestic and foreign offices.[25]

Additionally, the Department of Commerce's Office of the General Counsel maintains a website, http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives, that contains recent articles and speeches, links to translations of the FCPA, a catalogue of anti-corruption resources, and a list of international conventions and initiatives. The Trade Compliance Center in the Department of Commerce's International Trade Administration hosts a website with anti-bribery resources, http://tcc.export.gov/Bribery. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions.[26] The Department of Commerce also provides information to companies through a number of U.S. and international publications designed to assist firms in complying with anti-corruption laws. For example, the Department of Commerce has included a new anti-corruption section in its Country Commercial Guides, prepared by market experts at U.S. embassies worldwide, that contains information on market conditions for more than 100 countries, including information on the FCPA for exporters.[27] The Department of Commerce has also published a guide, *Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies*, which contains information about corporate compliance programs for businesses involved in international trade.[28]

The Departments of Commerce and State also provide advocacy support, when determined to be in the national interest, for U.S. companies bidding for foreign government contracts. The Department of Commerce's Advocacy Center, for example, supports U.S. businesses competing against foreign companies for international contracts, such as by arranging for the delivery of an advocacy message by U.S. government officials or assisting with unanticipated problems such as suspected bribery by a competitor.[29] The Department of State's Bureau of Economic and Business Affairs (specifically, its Office of Commercial and Business Affairs) similarly assists U.S. firms doing business overseas by providing advocacy on behalf of U.S. businesses and identifying risk areas for U.S. businesses; more information is available on its website, http://www.state.gov/e/eb/cba/. Also, the Department of State's economic officers serving overseas provide commercial advocacy and support for U.S. companies at the many overseas diplomatic posts where the Commercial Service is not represented.

The Department of State promotes U.S. government interests in addressing corruption internationally through country-to-country diplomatic engagement; development of and follow-through on international commitments relating to corruption; promotion of high-level political engagement (e.g., the G20 Anticorruption Action Plan); public outreach in foreign countries; and support for building the capacity of foreign partners to combat corruption. In fiscal year 2009, the U.S. government provided more than $1 billion for anti-corruption and related good governance assistance abroad.



HOUSE_OVERSIGHT_022508

The Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) manages U.S. participation in many multilateral anti-corruption political and legal initiatives at the global and regional level. INL also funds and coordinates significant efforts to assist countries with combating corruption through legal reform, training, and other capacity-building efforts. Inquiries about the U.S. government's general anti-corruption efforts and implementation of global and regional anti-corruption initiatives may be directed to INL on its website, http://www.state.gov/j/inl/c/crime/corr/index.htm, or by email to: anticorruption@state.gov. In addition, the U.S. Agency for International Development (USAID) has developed several anti-corruption programs and publications, information about which can be found at http://www.usaid.gov/what-we-do/democracy-human-rights-and-governance/promoting-accountability-transparency. Finally, the Department of State's brochure "Fighting Global Corruption: Business Risk Management," available at http://www.ogc.doc.gov/pdfs/Fighting_Global_Corruption.pdf, provides guidance about corporate compliance programs as well as international anti-corruption initiatives.

## International Landscape: Global Anti-Corruption Efforts

In recent years, there has been a growing international consensus that corruption must be combated, and the United States and other countries are parties to a number of international anti-corruption conventions. Under these conventions, countries that are parties undertake commitments to adopt a range of preventive and criminal law measures to combat corruption. The conventions incorporate review processes that allow the United States to monitor other countries to ensure that they are meeting their international obligations. Likewise, these processes in turn permit other parties to monitor the United States' anti-corruption laws and enforcement to ensure that such enforcement and legal frameworks are consistent with the United States' treaty obligations.[30] U.S. officials regularly address the subject of corruption with our foreign counterparts to raise awareness of the importance of fighting corruption and urge stronger enforcement of anti-corruption laws and policies.

### OECD Working Group on Bribery and the Anti-Bribery Convention

The OECD was founded in 1961 to stimulate economic progress and world trade. As noted, the Anti-Bribery Convention requires its parties to criminalize the bribery of foreign public officials in international business transactions.[31] As of November 1, 2012, there were 39 parties to the Anti-Bribery Convention: 34 OECD member countries (including the United States) and five non-OECD member countries (Argentina, Brazil, Bulgaria, the Russian Federation, and South Africa). All of these parties are also members of the OECD Working Group on Bribery (Working Group).[32]

The Working Group is responsible for monitoring the implementation of the Anti-Bribery Convention, the 2009 Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions, and related instruments. Its members meet quarterly to review and monitor implementation of the Anti-Bribery Convention by member states around the world. Each party undergoes periodic peer review.[33] This peer-review monitoring system is conducted in three phases. The Phase 1 review includes an in-depth assessment of each country's domestic laws implementing the Convention. The Phase 2 review examines the effectiveness of each country's laws and anti-bribery efforts. The final phase is a permanent cycle of peer review (the first cycle of which is referred to as the Phase 3 review) that evaluates a country's enforcement actions and results, as well as the country's efforts to address weaknesses identified during the Phase 2 review.[34] All of the monitoring reports for the parties to the Convention can be found on the OECD website and can be a useful resource about the foreign bribery laws of the OECD Working Group member countries.[35]

The United States was one of the first countries to undergo all three phases of review. The reports and appendices can be found on DOJ's and SEC's websites.[36] In its



HOUSE_OVERSIGHT_022509

Phase 3 review of the United States, which was completed in October 2010, the Working Group commended U.S. efforts to fight transnational bribery and highlighted a number of best practices developed by the United States. The report also noted areas where the United States' anti-bribery efforts could be improved, including consolidating publicly available information on the application of the FCPA and enhancing awareness among small- and medium-sized companies about the prevention and detection of foreign bribery. This guide is, in part, a response to these Phase 3 recommendations and is intended to help businesses and individuals better understand the FCPA.[37]

### U.N. Convention Against Corruption

The United States is a state party to the United Nations Convention Against Corruption (UNCAC), which was adopted by the U.N. General Assembly on October 31, 2003, and entered into force on December 14, 2005.[38] The United States ratified the UNCAC on October 30, 2006. The UNCAC requires parties to criminalize a wide range of corrupt acts, including domestic and foreign bribery and related offenses such as money laundering and obstruction of justice. The UNCAC also establishes guidelines for the creation of anti-corruption bodies, codes of conduct for public officials, transparent and objective systems of procurement, and enhanced accounting and auditing standards for the private sector. A peer review mechanism assesses the implementation of the UNCAC by parties to the Convention, with a focus in the first round on criminalization and law enforcement as well as international legal cooperation.[39] The United States has been reviewed under the Pilot Review Programme, the report of which is available on DOJ's website. As of November 1, 2012, 163 countries were parties to the UNCAC.[40]

### Other Anti-Corruption Conventions

The Inter-American Convention Against Corruption (IACAC) was the first international anti-corruption convention, adopted in March 1996 in Caracas, Venezuela, by members of the Organization of American States.[41] The IACAC requires parties (of which the United States is one) to criminalize both foreign and domestic bribery. A body known as the Mechanism for Follow-Up on the Implementation of the Inter-American Convention Against Corruption (MESICIC) monitors parties' compliance with the IACAC. As of November 1, 2012, 31 countries were parties to MESICIC.

The Council of Europe established the Group of States Against Corruption (GRECO) in 1999 to monitor countries' compliance with the Council of Europe's anti-corruption standards, including the Council of Europe's Criminal Law Convention on Corruption.[42] These standards include prohibitions on the solicitation and receipt of bribes, as well as foreign bribery. As of November 1, 2012, GRECO member states, which need not be members of the Council of Europe, include more than 45 European countries and the United States.[43]

The United States has been reviewed under both MESICIC and GRECO, and the reports generated by those reviews are available on DOJ's website.



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# THE FCPA: ANTI-BRIBERY PROVISIONS

The FCPA addresses the problem of international corruption in two ways: (1) the anti-bribery provisions, which are discussed below, prohibit individuals and businesses from bribing foreign government officials in order to obtain or retain business and (2) the accounting provisions, which are discussed in Chapter 3, impose certain record keeping and internal control requirements on issuers, and prohibit individuals and companies from knowingly falsifying an issuer's books and records or circumventing or failing to implement an issuer's system of internal controls. Violations of the FCPA can lead to civil and criminal penalties, sanctions, and remedies, including fines, disgorgement, and/or imprisonment.

In general, the FCPA prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business.[44]

### Who Is Covered by the Anti-Bribery Provisions?

The FCPA's anti-bribery provisions apply broadly to three categories of persons and entities: (1) "issuers" and their officers, directors, employees, agents, and shareholders; (2) "domestic concerns" and their officers, directors, employees, agents, and shareholders; and (3) certain persons and entities, other than issuers and domestic concerns, acting while in the territory of the United States.

### Issuers—15 U.S.C. § 78dd-1

Section 30A of the Securities Exchange Act of 1934 (the Exchange Act), which can be found at 15 U.S.C. § 78dd-1, contains the anti-bribery provision governing



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### How Can I Tell If My Company Is an "Issuer"?

- It is listed on a national securities exchange in the United States (either stock or American Depository Receipts); or
- The company's stock trades in the over-the-counter market in the United States and the company is required to file SEC reports.
- To see if your company files SEC reports, go to SEC's website at http://www.sec.gov/edgar/searchedgar/webusers.htm.

issuers.[45] A company is an "issuer" under the FCPA if it has a class of securities registered under Section 12 of the Exchange Act[46] or is required to file periodic and other reports with SEC under Section 15(d) of the Exchange Act.[47] In practice, this means that any company with a class of securities listed on a national securities exchange in the United States, or any company with a class of securities quoted in the over-the-counter market in the United States and required to file periodic reports with SEC, is an issuer. A company thus need not be a U.S. company to be an issuer. Foreign companies with American Depository Receipts that are listed on a U.S. exchange are also issuers.[48] As of December 31, 2011, 965 foreign companies were registered with SEC.[49] Officers, directors, employees, agents, or stockholders acting on behalf of an issuer (whether U.S. or foreign nationals), and any co-conspirators, also can be prosecuted under the FCPA.[50]

#### Domestic Concerns—15 U.S.C. § 78dd-2

The FCPA also applies to "domestic concerns." [51] A domestic concern is any individual who is a citizen, national, or resident of the United States, or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship that is organized under the laws of the United States or its states, territories, possessions, or commonwealths or that has its principal place of business in the United States.[52] Officers, directors, employees, agents, or stockholders acting on behalf of a domestic concern, including foreign nationals or companies, are also covered.[53]

#### Territorial Jurisdiction—15 U.S.C. § 78dd-3

The FCPA also applies to certain foreign nationals or entities that are not issuers or domestic concerns.[54] Since 1998, the FCPA's anti-bribery provisions have applied to foreign persons and foreign non-issuer entities that, either directly or through an agent, engage in *any* act in furtherance of a corrupt payment (or an offer, promise, or authorization to pay) while in the territory of the United States.[55] Also, officers, directors, employees, agents, or stockholders acting on behalf of such persons or entities may be subject to the FCPA's anti-bribery prohibitions.[56]

#### What Jurisdictional Conduct Triggers the Anti-Bribery Provisions?

The FCPA's anti-bribery provisions can apply to conduct both inside and outside the United States. Issuers and domestic concerns—as well as their officers, directors, employees, agents, or stockholders—may be prosecuted for using the U.S. mails or any means or instrumentality of interstate commerce in furtherance of a corrupt payment to a foreign official. The Act defines "interstate commerce" as "trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof ...."[57] The term also includes the *intrastate* use of any interstate means of communication, or any other interstate instrumentality.[58] Thus, placing a telephone call or sending an e-mail, text message, or fax from, to, or through the United States involves interstate commerce—as does sending a wire transfer from or to a U.S. bank or otherwise using the U.S. banking system, or traveling across state borders or internationally to or from the United States.

Those who are not issuers or domestic concerns may be prosecuted under the FCPA if they directly, or through an agent, engage in *any* act in furtherance of a corrupt payment while in the territory of the United States, regardless of



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whether they utilize the U.S. mails or a means or instrumentality of interstate commerce.[59] Thus, for example, a foreign national who attends a meeting in the United States that furthers a foreign bribery scheme may be subject to prosecution, as may any co-conspirators, even if they did not themselves attend the meeting. A foreign national or company may also be liable under the FCPA if it aids and abets, conspires with, or acts as an agent of an issuer or domestic concern, regardless of whether the foreign national or company itself takes any action in the United States.[60]

In addition, under the "alternative jurisdiction" provision of the FCPA enacted in 1998, U.S. companies or persons may be subject to the anti-bribery provisions even if they act outside the United States.[61] The 1998 amendments to the FCPA expanded the jurisdictional coverage of the Act by establishing an alternative basis for jurisdiction, that is, jurisdiction based on the nationality principle.[62] In particular, the 1998 amendments removed the requirement that there be a use of interstate commerce (e.g., wire, email, telephone call) for acts in furtherance of a corrupt payment to a foreign official by U.S. companies and persons occurring wholly outside of the United States.[63]

## What Is Covered?—The Business Purpose Test

The FCPA applies only to payments intended to induce or influence a foreign official to use his or her position "in order to assist ... in obtaining or retaining business for or with, or directing business to, any person."[64] This requirement is known as the "business purpose test" and is broadly interpreted.[65]

Not surprisingly, many enforcement actions involve bribes to obtain or retain government contracts.[66] The FCPA also prohibits bribes in the conduct of business or

## Hypothetical: FCPA Jurisdiction

Company A, a Delaware company with its principal place of business in New York, is a large energy company that operates globally, including in a number of countries that have a high risk of corruption, such as Foreign Country. Company A's shares are listed on a national U.S. stock exchange. Company A enters into an agreement with a European company (EuroCo) to submit a joint bid to the Oil Ministry to build a refinery in Foreign Country. EuroCo is not an issuer.

Executives of Company A and EuroCo meet in New York to discuss how to win the bid and decide to hire a purported third-party consultant (Intermediary) and have him use part of his "commission" to bribe high-ranking officials within the Oil Ministry. Intermediary meets with executives at Company A and EuroCo in New York to finalize the scheme. Eventually, millions of dollars in bribes are funneled from the United States and Europe through Intermediary to high-ranking officials at the Oil Ministry, and Company A and EuroCo win the contract. A few years later, a front page article alleging that the contract was procured through bribery appears in Foreign Country, and DOJ and SEC begin investigating whether the FCPA was violated.

**Based on these facts, which entities fall within the FCPA's jurisdiction?**

All of the entities easily fall within the FCPA's jurisdiction. Company A is both an "issuer" and a "domestic concern" under the FCPA, and Intermediary is an "agent" of Company A. EuroCo and Intermediary are also subject to the FCPA's territorial jurisdiction provision based on their conduct while in the United States. Moreover, even if EuroCo and Intermediary had never taken any actions in the territory of the United States, they can still be subject to jurisdiction under a traditional application of conspiracy law and may be subject to substantive FCPA charges under *Pinkerton* liability, namely, being liable for the reasonably foreseeable substantive FCPA crimes committed by a co-conspirator in furtherance of the conspiracy.



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### Examples of Actions Taken to Obtain or Retain Business

- Winning a contract
- Influencing the procurement process
- Circumventing the rules for importation of products
- Gaining access to non-public bid tender information
- Evading taxes or penalties
- Influencing the adjudication of lawsuits or enforcement actions
- Obtaining exceptions to regulations
- Avoiding contract termination

to gain a business advantage.[67] For example, bribe payments made to secure favorable tax treatment, to reduce or eliminate customs duties, to obtain government action to prevent competitors from entering a market, or to circumvent a licensing or permit requirement, all satisfy the business purpose test.[68]

In 2004, the U.S. Court of Appeals for the Fifth Circuit addressed the business purpose test in *United States v. Kay* and held that bribes paid to obtain favorable tax treatment—which reduced a company's customs duties and sales taxes on imports—could constitute payments made to "obtain or retain" business within the meaning of the FCPA.[69] The court explained that in enacting the FCPA, "Congress meant to prohibit a range of payments wider than only those that directly influence the acquisition or retention of government contracts or similar commercial or industrial arrangements."[70] The *Kay* court found that "[t]he congressional target was bribery paid to engender assistance in improving the business opportunities of the payor or his beneficiary, irrespective of whether that assistance be direct or indirect, and irrespective of whether it be related to administering the law, awarding, extending, or renewing a contract, or executing or preserving an agreement."[71] Accordingly, *Kay* held that payments to obtain favorable tax treatment can, under appropriate circumstances, violate the FCPA:

> Avoiding or lowering taxes reduces operating costs and thus increases profit margins, thereby freeing up funds that the business is otherwise legally obligated to expend. And this, in turn, enables it to take any number of actions to the disadvantage of competitors. Bribing foreign officials to lower taxes and customs duties certainly *can* provide an unfair advantage over competitors and thereby be of assistance to the payor in obtaining or retaining business.
>
> * * *
>
> [W]e hold that Congress intended for the FCPA to apply broadly to payments intended to assist the payor, either directly or indirectly, in obtaining or retaining business for some person, and that bribes paid to foreign tax officials to secure illegally reduced customs and tax liability constitute a type of payment that can fall within this broad coverage.[72]

### Paying Bribes to Customs Officials

In 2010, a global freight forwarding company and six of its corporate customers in the oil and gas industry resolved charges that they paid bribes to customs officials. The companies bribed customs officials in more than ten countries in exchange for such benefits as:

- evading customs duties on imported goods
- improperly expediting the importation of goods and equipment
- extending drilling contracts and lowering tax assessments
- obtaining false documentation related to temporary import permits for drilling rigs
- enabling the release of drilling rigs and other equipment from customs officials

In many instances, the improper payments at issue allowed the company to carry out its existing business, which fell within the FCPA's prohibition on corrupt payments made for the purpose of "retaining" business. The seven companies paid a total of more than $235 million in civil and criminal sanctions and disgorgement.



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In short, while the FCPA does not cover every type of bribe paid around the world for every purpose, it does apply broadly to bribes paid to help obtain or retain business, which can include payments made to secure a wide variety of unfair business advantages.[73]

## What Does "Corruptly" Mean?

To violate the FCPA, an offer, promise, or authorization of a payment, or a payment, to a government official must be made "corruptly."[74] As Congress noted when adopting the FCPA, the word "corruptly" means an intent or desire to wrongfully influence the recipient:

> The word "corruptly" is used in order to make clear that the offer, payment, promise, or gift, must be intended to induce the recipient to misuse his official position; for example, wrongfully to direct business to the payor or his client, to obtain preferential legislation or regulations, or to induce a foreign official to fail to perform an official function.[75]

Where corrupt intent is present, the FCPA prohibits paying, offering, or promising to pay money or anything of value (or authorizing the payment or offer).[76] By focusing on intent, the FCPA does not require that a corrupt act succeed in its purpose.[77] Nor must the foreign official actually solicit, accept, or receive the corrupt payment for the bribe payor to be liable.[78] For example, in one case, a specialty chemical company promised Iraqi government officials approximately $850,000 in bribes for an upcoming contract. Although the company did not, in the end, make the payment (the scheme was thwarted by the U.S. government's investigation), the company still violated the FCPA and was held accountable.[79]

Also, as long as the offer, promise, authorization, or payment is made corruptly, the actor need not know the identity of the recipient; the attempt is sufficient.[80] Thus, an executive who authorizes others to pay "whoever you need to" in a foreign government to obtain a contract has violated the FCPA—even if no bribe is ultimately offered or paid.

## What Does "Willfully" Mean and When Does It Apply?

In order for an individual defendant to be criminally liable under the FCPA, he or she must act "willfully."[81] Proof of willfulness is not required to establish corporate criminal or civil liability,[82] though proof of corrupt intent is.

The term "willfully" is not defined in the FCPA, but it has generally been construed by courts to connote an act committed voluntarily and purposefully, and with a bad purpose, i.e., with "knowledge that [a defendant] was doing a 'bad' act under the general rules of law."[83] As the Supreme Court explained in *Bryan v. United States*, "[a]s a general matter, when used in the criminal context, a 'willful' act is one undertaken with a 'bad purpose.' In other words, in order to establish a 'willful' violation of a statute, 'the Government must prove that the defendant acted with knowledge that his conduct was unlawful.'"[84]

Notably, as both the Second Circuit and Fifth Circuit Courts of Appeals have found, the FCPA does not require the government to prove that a defendant was specifically aware of the FCPA or knew that his conduct violated the FCPA.[85] To be guilty, a defendant must act with a bad purpose, i.e., know generally that his conduct is unlawful.

## What Does "Anything of Value" Mean?

In enacting the FCPA, Congress recognized that bribes can come in many shapes and sizes—a broad range of unfair benefits[86]—and so the statute prohibits the corrupt "offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of *anything of value* to" a foreign official.[87]

An improper benefit can take many forms. While cases often involve payments of cash (sometimes in the guise of "consulting fees" or "commissions" given through intermediaries), others have involved travel expenses and



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expensive gifts. Like the domestic bribery statute, the FCPA does not contain a minimum threshold amount for corrupt gifts or payments.[88] Indeed, what might be considered a modest payment in the United States could be a larger and much more significant amount in a foreign country.

Regardless of size, for a gift or other payment to violate the statute, the payor must have corrupt intent—that is, the intent to improperly influence the government official. The corrupt intent requirement protects companies that engage in the ordinary and legitimate promotion of their businesses while targeting conduct that seeks to improperly induce officials into misusing their positions. Thus, it is difficult to envision any scenario in which the provision of cups of coffee, taxi fare, or company promotional items of nominal value would ever evidence corrupt intent, and neither DOJ nor SEC has ever pursued an investigation on the basis of such conduct. Moreover, as in all areas of federal law enforcement, DOJ and SEC exercise discretion in deciding which cases promote law enforcement priorities and justify investigation. Certain patterns, however, have emerged: DOJ's and SEC's anti-bribery enforcement actions have focused on small payments and gifts only when they comprise part of a systemic or long-standing course of conduct that evidences a scheme to corruptly pay foreign officials to obtain or retain business. These assessments are necessarily fact specific.

### Cash

The most obvious form of corrupt payment is large amounts of cash. In some instances, companies have maintained cash funds specifically earmarked for use as bribes. One U.S. issuer headquartered in Germany disbursed corrupt payments from a corporate "cash desk" and used offshore bank accounts to bribe government officials to win contracts.[89] In another instance, a four-company joint venture used its agent to pay $5 million in bribes to a Nigerian political party.[90] The payments were made to the agent in suitcases of cash (typically in $1 million installments), and, in one instance, the trunk of a car when the cash did not fit into a suitcase.[91]

### Gifts, Travel, Entertainment, and Other Things of Value

A small gift or token of esteem or gratitude is often an appropriate way for business people to display respect for each other. Some hallmarks of appropriate gift-giving are when the gift is given openly and transparently, properly recorded in the giver's books and records, provided only to reflect esteem or gratitude, and permitted under local law.

Items of nominal value, such as cab fare, reasonable meals and entertainment expenses, or company promotional items, are unlikely to improperly influence an official, and, as a result, are not, without more, items that have resulted in enforcement action by DOJ or SEC. The larger or more extravagant the gift, however, the more likely it was given with an improper purpose. DOJ and SEC enforcement cases thus have involved single instances of large, extravagant gift-giving (such as sports cars, fur coats, and other luxury items) as well as widespread gifts of smaller items as part of a pattern of bribes.[92] For example, in one case brought by DOJ and SEC, a defendant gave a government official a country club membership fee and a generator, as well as household maintenance expenses, payment of cell phone bills, an automobile worth $20,000, and limousine services. The same official also received $250,000 through a third-party agent.[93]

In addition, a number of FCPA enforcement actions have involved the corrupt payment of travel and entertainment expenses. Both DOJ and SEC have brought cases where these types of expenditures occurred in conjunction with other conduct reflecting systemic bribery or other clear indicia of corrupt intent.

A case involving a California-based telecommunications company illustrates the types of improper travel and entertainment expenses that may violate the FCPA.[94] Between 2002 and 2007, the company spent nearly $7 million on approximately 225 trips for its customers in order to obtain systems contracts in China, including for employees of Chinese state-owned companies to travel to popular tourist destinations in the United States.[95] Although the trips were purportedly for the individuals to conduct training at



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**Examples of Improper Travel and Entertainment**

- a $12,000 birthday trip for a government decision-maker from Mexico that included visits to wineries and dinners
- $10,000 spent on dinners, drinks, and entertainment for a government official
- a trip to Italy for eight Iraqi government officials that consisted primarily of sightseeing and included $1,000 in "pocket money" for each official
- a trip to Paris for a government official and his wife that consisted primarily of touring activities via a chauffeur-driven vehicle

the company's facilities, in reality, no training occurred on many of these trips and the company had no facilities at those locations. Approximately $670,000 of the $7 million was falsely recorded as "training" expenses.[96]

Likewise, a New Jersey-based telecommunications company spent millions of dollars on approximately 315 trips for Chinese government officials, ostensibly to inspect factories and train the officials in using the company's equipment.[97] In reality, during many of these trips, the officials spent little or no time visiting the company's facilities, but instead visited tourist destinations such as Hawaii, Las Vegas, the Grand Canyon, Niagara Falls, Disney World, Universal Studios, and New York City.[98] Some of the trips were characterized as "factory inspections" or "training" with government customers but consisted primarily or entirely of sightseeing to locations chosen by the officials, typically lasting two weeks and costing between $25,000 and $55,000 per trip. In some instances, the company gave the government officials $500 to $1,000 per day in spending money and paid all lodging, transportation, food, and entertainment expenses. The company either failed to record these expenses or improperly recorded them as "consulting fees" in its corporate books and records. The company also failed to implement appropriate internal controls to monitor the provision of travel and other things of value to Chinese government officials.[99]

Companies also may violate the FCPA if they give payments or gifts to third parties, like an official's family members, as an indirect way of corruptly influencing a foreign official. For example, one defendant paid personal bills and provided airline tickets to a cousin and close friend of the foreign official whose influence the defendant sought in obtaining contracts.[100] The defendant was convicted at trial and received a prison sentence.[101]

As part of an effective compliance program, a company should have clear and easily accessible guidelines and processes in place for gift-giving by the company's directors, officers, employees, and agents. Though not necessarily appropriate for every business, many larger companies have automated gift-giving clearance processes and have set clear monetary thresholds for gifts along with annual limitations, with limited exceptions for gifts approved by appropriate management. Clear guidelines and processes can be an effective and efficient means for controlling gift-giving, deterring improper gifts, and protecting corporate assets.

The FCPA does not prohibit gift-giving. Rather, just like its domestic bribery counterparts, the FCPA prohibits the payments of bribes, including those disguised as gifts.

### Charitable Contributions

Companies often engage in charitable giving as part of legitimate local outreach. The FCPA does not prohibit charitable contributions or prevent corporations from acting as good corporate citizens. Companies, however, cannot use the pretense of charitable contributions as a way to funnel bribes to government officials.



HOUSE_OVERSIGHT_022518

For example, a pharmaceutical company used charitable donations to a small local castle restoration charity headed by a foreign government official to induce the official to direct business to the company. Although the charity was a bona fide charitable organization, internal documents at the pharmaceutical company's subsidiary established that the payments were not viewed as charitable contributions but rather as "dues" the subsidiary was required to pay for assistance from the government official. The payments constituted a significant portion of the subsidiary's total promotional donations budget and were structured to allow the subsidiary to exceed its authorized limits. The payments

## Hypothetical: Gifts, Travel, and Entertainment

Company A is a large U.S. engineering company with global operations in more than 50 countries, including a number that have a high risk of corruption, such as Foreign Country. Company A's stock is listed on a national U.S. stock exchange. In conducting its business internationally, Company A's officers and employees come into regular contact with foreign officials, including officials in various ministries and state-owned entities. At a trade show, Company A has a booth at which it offers free pens, hats, t-shirts, and other similar promotional items with Company A's logo. Company A also serves free coffee, other beverages, and snacks at the booth. Some of the visitors to the booth are foreign officials.

**Is Company A in violation of the FCPA?**

No. These are legitimate, bona fide expenditures made in connection with the promotion, demonstration, or explanation of Company A's products or services. There is nothing to suggest corrupt intent here. The FCPA does not prevent companies from promoting their businesses in this way or providing legitimate hospitality, including to foreign officials. Providing promotional items with company logos or free snacks as set forth above is an appropriate means of providing hospitality and promoting business. Such conduct has never formed the basis for an FCPA enforcement action.

**At the trade show, Company A invites a dozen current and prospective customers out for drinks, and pays the moderate bar tab. Some of the current and prospective customers are foreign officials under the FCPA. Is Company A in violation of the FCPA?**

No. Again, the FCPA was not designed to prohibit all forms of hospitality to foreign officials. While the cost here may be more substantial than the beverages, snacks, and promotional items provided at the booth, and the invitees specifically selected, there is still nothing to suggest corrupt intent.

**Two years ago, Company A won a long-term contract to supply goods and services to the state-owned Electricity Commission in Foreign Country. The Electricity Commission is 100% owned, controlled, and operated by the government of Foreign Country, and employees of the Electricity Commission are subject to Foreign Country's domestic bribery laws. Some Company A executives are in Foreign Country for meetings with officials of the Electricity Commission. The General Manager of the Electricity Commission was recently married, and during the trip Company A executives present a moderately priced crystal vase to the General Manager as a wedding gift and token of esteem. Is Company A in violation of the FCPA?**

No. It is appropriate to provide reasonable gifts to foreign officials as tokens of esteem or gratitude. It is important that such gifts be made openly and transparently, properly recorded in a company's books and records, and given only where appropriate under local law, customary where given, and reasonable for the occasion.

**During the course of the contract described above, Company A periodically provides training to Electricity Commission employees at its facilities in Michigan. The training is paid for by the Electricity Commission as part of the contract. Senior officials of the Electricity Commission inform Company A that they want to inspect the facilities and ensure that the training is working well. Company A pays for the airfare, hotel, and transportation for the**

*(cont'd)*



HOUSE_OVERSIGHT_022519

**Electricity Commission senior officials to travel to Michigan to inspect Company A's facilities. Because it is a lengthy international flight, Company A agrees to pay for business class airfare, to which its own employees are entitled for lengthy flights. The foreign officials visit Michigan for several days, during which the senior officials perform an appropriate inspection. Company A executives take the officials to a moderately priced dinner, a baseball game, and a play. Do any of these actions violate the FCPA?**

No. Neither the costs associated with training the employees nor the trip for the senior officials to the Company's facilities in order to inspect them violates the FCPA. Reasonable and bona fide promotional expenditures do not violate the FCPA. Here, Company A is providing training to the Electricity Commission's employees and is hosting the Electricity Commission senior officials. Their review of the execution and performance of the contract is a legitimate business purpose. Even the provision of business class airfare is reasonable under the circumstances, as are the meals and entertainment, which are only a small component of the business trip.

**Would this analysis be different if Company A instead paid for the senior officials to travel first-class with their spouses for an all-expenses-paid, week-long trip to Las Vegas, where Company A has no facilities?**

Yes. This conduct almost certainly violates the FCPA because it evinces a corrupt intent. Here, the trip does not appear to be designed for any legitimate business purpose, is extravagant, includes expenses for the officials' spouses, and therefore appears to be designed to corruptly curry favor with the foreign government officials. Moreover, if the trip were booked as a legitimate business expense—such as the provision of training at its facilities—Company A would also be in violation of the FCPA's accounting provisions. Furthermore, this conduct suggests deficiencies in Company A's internal controls.

**Company A's contract with the Electricity Commission is going to expire, and the Electricity Commission is offering the next contract through its tender process. An employee of the Electricity Commission contacts Company A and offers to provide Company A with confidential, non-public bid information from Company A's competitors if Company A will pay for a vacation to Paris for him and his girlfriend. Employees of Company A accede to the official's request, pay for the vacation, receive the confidential bid information, and yet still do not win the contract. Has Company A violated the FCPA?**

Yes. Company A has provided things of value to a foreign official for the purpose of inducing the official to misuse his office and to gain an improper advantage. It does not matter that it was the foreign official who first suggested the illegal conduct or that Company A ultimately was not successful in winning the contract. This conduct would also violate the FCPA's accounting provisions if the trip were booked as a legitimate business expense and suggests deficiencies in Company A's internal controls.



HOUSE_OVERSIGHT_022520

also were not in compliance with the company's internal policies, which provided that charitable donations generally should be made to healthcare institutions and relate to the practice of medicine.[102]

Proper due diligence and controls are critical for charitable giving. In general, the adequacy of measures taken to prevent misuse of charitable donations will depend on a risk-based analysis and the specific facts at hand. In Opinion Procedure Release No. 10-02, DOJ described the due diligence and controls that can minimize the likelihood of an FCPA violation. In that matter, a Eurasian-based subsidiary of a U.S. non-governmental organization was asked by an agency of a foreign government to make a grant to a local microfinance institution (MFI) as a prerequisite to the subsidiary's transformation to bank status. The subsidiary proposed contributing $1.42 million to a local MFI to satisfy the request. The subsidiary undertook an extensive, three-stage due diligence process to select the proposed grantee and imposed significant controls on the proposed grant, including ongoing monitoring and auditing, earmarking funds for capacity building, prohibiting compensation of board members, and implementing anti-corruption compliance provisions. DOJ explained that it would not take any enforcement action because the company's due diligence and the controls it planned to put in place sufficed to prevent an FCPA violation.

Other opinion releases also address charitable-type grants or donations. Under the facts presented in those releases, DOJ approved the proposed grant or donation,[103] based on due diligence measures and controls such as:

- certifications by the recipient regarding compliance with the FCPA;[104]
- due diligence to confirm that none of the recipient's officers were affiliated with the foreign government at issue;[105]
- a requirement that the recipient provide audited financial statements;[106]
- a written agreement with the recipient restricting the use of funds;[107]
- steps to ensure that the funds were transferred to a valid bank account;[108]
- confirmation that the charity's commitments were met before funds were disbursed;[109] and
- on-going monitoring of the efficacy of the program.[110]

Legitimate charitable giving does not violate the FCPA. Compliance with the FCPA merely requires that charitable giving not be used as a vehicle to conceal payments made to corruptly influence foreign officials.

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**Five Questions to Consider When Making Charitable Payments in a Foreign Country:**

1. What is the purpose of the payment?
2. Is the payment consistent with the company's internal guidelines on charitable giving?
3. Is the payment at the request of a foreign official?
4. Is a foreign official associated with the charity and, if so, can the foreign official make decisions regarding your business in that country?
5. Is the payment conditioned upon receiving business or other benefits?

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## Who Is a Foreign Official?

The FCPA's anti-bribery provisions apply to corrupt payments made to (1) "any foreign official"; (2) "any foreign political party or official thereof"; (3) "any candidate for foreign political office"; or (4) any person, while knowing that all or a portion of the payment will be offered, given, or promised to an individual falling within one of these three categories.[111] Although the statute distinguishes between a "foreign official," "foreign political party or official thereof," and "candidate for foreign political office," the term "foreign official" in this guide generally refers to an individual falling within any of these three categories.

The FCPA defines "foreign official" to include:

> any officer or employee of a foreign government or any department, agency, or instrumentality thereof,



HOUSE_OVERSIGHT_022521

> or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.[112]

As this language makes clear, the FCPA broadly applies to corrupt payments to "any" officer or employee of a foreign government and to those acting on the foreign government's behalf.[113] The FCPA thus covers corrupt payments to low-ranking employees and high-level officials alike.[114]

The FCPA prohibits payments to foreign *officials*, not to foreign *governments*.[115] That said, companies contemplating contributions or donations to foreign governments should take steps to ensure that no monies are used for corrupt purposes, such as the personal benefit of individual foreign officials.

### Department, Agency, or Instrumentality of a Foreign Government

Foreign officials under the FCPA include officers or employees of a department, agency, or instrumentality of a foreign government. When a foreign government is organized in a fashion similar to the U.S. system, what constitutes a government department or agency is typically clear (e.g., a ministry of energy, national security agency, or transportation authority).[116] However, governments can be organized in very different ways.[117] Many operate through state-owned and state-controlled entities, particularly in such areas as aerospace and defense manufacturing, banking and finance, healthcare and life sciences, energy and extractive industries, telecommunications, and transportation.[118] By including officers or employees of agencies and instrumentalities within the definition of "foreign official," the FCPA accounts for this variability.

The term "instrumentality" is broad and can include state-owned or state-controlled entities. Whether a particular entity constitutes an "instrumentality" under the FCPA requires a fact-specific analysis of an entity's ownership, control, status, and function.[119] A number of courts have approved final jury instructions providing a non-exclusive list of factors to be considered:

- the foreign state's extent of ownership of the entity;
- the foreign state's degree of control over the entity (including whether key officers and directors of the entity are, or are appointed by, government officials);
- the foreign state's characterization of the entity and its employees;
- the circumstances surrounding the entity's creation;
- the purpose of the entity's activities;
- the entity's obligations and privileges under the foreign state's law;
- the exclusive or controlling power vested in the entity to administer its designated functions;
- the level of financial support by the foreign state (including subsidies, special tax treatment, government-mandated fees, and loans);
- the entity's provision of services to the jurisdiction's residents;
- whether the governmental end or purpose sought to be achieved is expressed in the policies of the foreign government; and
- the general perception that the entity is performing official or governmental functions.[120]

Companies should consider these factors when evaluating the risk of FCPA violations and designing compliance programs.

DOJ and SEC have pursued cases involving instrumentalities since the time of the FCPA's enactment and have long used an analysis of ownership, control, status, and function to determine whether a particular entity is an agency or instrumentality of a foreign government. For example, the second-ever FCPA case charged by DOJ involved a California company that paid bribes through a Mexican corporation to two executives of a state-owned



HOUSE_OVERSIGHT_022522

Mexican national oil company.[121] And in the early 1980s, DOJ and SEC brought cases involving a $1 million bribe to the chairman of Trinidad and Tobago's racing authority.[122]

DOJ and SEC continue to regularly bring FCPA cases involving bribes paid to employees of agencies and instrumentalities of foreign governments. In one such case, the subsidiary of a Swiss engineering company paid bribes to officials of a state-owned and controlled electricity commission. The commission was created by, owned by, and controlled by the Mexican government, and it had a monopoly on the transmission and distribution of electricity in Mexico. Many of the commission's board members were cabinet-level government officials, and the director was appointed by Mexico's president.[123] Similarly, in another recent case, Miami telecommunications executives were charged with paying bribes to employees of Haiti's state-owned and controlled telecommunications company. The telecommunications company was 97% owned and 100% controlled by the Haitian government, and its director was appointed by Haiti's president.[124]

While no one factor is dispositive or necessarily more important than another, as a practical matter, an entity is unlikely to qualify as an instrumentality if a government does not own or control a majority of its shares. However, there are circumstances in which an entity would qualify as an instrumentality absent 50% or greater foreign government ownership, which is reflected in the limited number of DOJ or SEC enforcement actions brought in such situations. For example, in addition to being convicted of funneling millions of dollars in bribes to two sitting presidents in two different countries, a French issuer's three subsidiaries were convicted of paying bribes to employees of a Malaysian telecommunications company that was 43% owned by Malaysia's Ministry of Finance. There, notwithstanding its minority ownership stake in the company, the Ministry held the status of a "special shareholder," had veto power over all major expenditures, and controlled important operational decisions.[125] In addition, most senior company officers were political appointees, including the Chairman and Director, the Chairman of the Board of the Tender Committee, and the Executive Director.[126] Thus, despite the Malaysian government having a minority shareholder position, the company was an instrumentality of the Malaysian government as the government nevertheless had substantial control over the company.

Companies and individuals should also remember that, whether an entity is an instrumentality of a foreign government or a private entity, commercial (i.e., private-to-private) bribery may still violate the FCPA's accounting provisions, the Travel Act, anti-money laundering laws, and other federal or foreign laws. Any type of corrupt payment thus carries a risk of prosecution.

### Public International Organizations

In 1998, the FCPA was amended to expand the definition of "foreign official" to include employees and representatives of public international organizations.[127] A "public international organization" is any organization designated as such by Executive Order under the International Organizations Immunities Act, 22 U.S.C. § 288, or any other organization that the President so designates.[128] Currently, public international organizations include entities such as the World Bank, the International Monetary Fund, the World Intellectual Property Organization, the World Trade Organization, the OECD, the Organization of American States, and numerous others. A comprehensive list of organizations designated as "public international organizations" is contained in 22 U.S.C. § 288 and can also be found on the U.S. Government Printing Office website at http://www.gpo.gov/fdsys/.

## How Are Payments to Third Parties Treated?

The FCPA expressly prohibits corrupt payments made through third parties or intermediaries.[129] Specifically, it covers payments made to "any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly,"[130] to a foreign official. Many companies doing business in a foreign country retain a local individual or company to help them conduct business. Although these foreign agents may provide entirely legitimate advice regarding local customs and procedures and may help facilitate business transactions,



HOUSE_OVERSIGHT_022523

companies should be aware of the risks involved in engaging third-party agents or intermediaries. The fact that a bribe is paid by a third party does not eliminate the potential for criminal or civil FCPA liability.[131]

For instance, a four-company joint venture used two agents—a British lawyer and a Japanese trading company—to bribe Nigerian government officials in order to win a series of liquefied natural gas construction projects.[132] Together, the four multi-national corporations and the Japanese trading company paid a combined $1.7 billion in civil and criminal sanctions for their decade-long bribery scheme. In addition, the subsidiary of one of the companies pleaded guilty and a number of individuals, including the British lawyer and the former CEO of one of the companies' subsidiaries, received significant prison terms.

Similarly, a medical device manufacturer entered into a deferred prosecution agreement as the result of corrupt payments it authorized its local Chinese distributor to pay to Chinese officials.[133] Another company, a manufacturer of specialty chemicals, committed multiple FCPA violations through its agents in Iraq: a Canadian national and the Canadian's companies. Among other acts, the Canadian national paid and promised to pay more than $1.5 million in bribes to officials of the Iraqi Ministry of Oil to secure sales of a fuel additive. Both the company and the Canadian national pleaded guilty to criminal charges and resolved civil enforcement actions by SEC.[134]

In another case, the U.S. subsidiary of a Swiss freight forwarding company was charged with paying bribes on behalf of its customers in several countries.[135] Although the U.S. subsidiary was not an issuer under the FCPA, it was an "agent" of several U.S. issuers and was thus charged directly with violating the FCPA. Charges against the freight forwarding company and seven of its customers resulted in over $236.5 million in sanctions.[136]

Because Congress anticipated the use of third-party agents in bribery schemes—for example, to avoid actual knowledge of a bribe—it defined the term "knowing" in a way that prevents individuals and businesses from avoiding liability by putting "any person" between themselves and the foreign officials.[137] Under the FCPA, a person's state of mind is "knowing" with respect to conduct, a circumstance, or a result if the person:

- is aware that [he] is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur; or
- has a firm belief that such circumstance exists or that such result is substantially certain to occur.[138]

Thus, a person has the requisite knowledge when he is aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.[139] As Congress made clear, it meant to impose liability not only on those with actual knowledge of wrongdoing, but also on those who purposefully avoid actual knowledge:

> [T]he so-called "head-in-the-sand" problem—variously described in the pertinent authorities as "conscious disregard," "willful blindness" or "deliberate ignorance"—should be covered so that management officials could not take refuge from the Act's prohibitions by their unwarranted obliviousness to any action (or inaction), language or other "signaling device" that should reasonably alert them of the "high probability" of an FCPA violation.[140]

Common red flags associated with third parties include:

- excessive commissions to third-party agents or consultants;
- unreasonably large discounts to third-party distributors;
- third-party "consulting agreements" that include only vaguely described services;
- the third-party consultant is in a different line of business than that for which it has been engaged;
- the third party is related to or closely associated with the foreign official;



HOUSE_OVERSIGHT_022524

- the third party became part of the transaction at the express request or insistence of the foreign official;
- the third party is merely a shell company incorporated in an offshore jurisdiction; and
- the third party requests payment to offshore bank accounts.

Businesses may reduce the FCPA risks associated with third-party agents by implementing an effective compliance program, which includes due diligence of any prospective foreign agents.

### United States v. Kozeny, *et al.*

In December 2011, the U.S. Court of Appeals for the Second Circuit upheld a conscious avoidance instruction given during the 2009 trial of a businessman who was convicted of conspiring to violate the FCPA's anti-bribery provisions by agreeing to make payments to Azeri officials in a scheme to encourage the privatization of the Azerbaijan Republic's state oil company. The court of appeals found that the instruction did not lack a factual predicate, citing evidence and testimony at trial demonstrating that the defendant knew corruption was pervasive in Azerbaijan; that he was aware of his business partner's reputation for misconduct; that he had created two U.S. companies in order to shield himself and other investors from potential liability for payments made in violation of the FCPA; and that the defendant expressed concerns during a conference call about whether his business partner and company were bribing officials.

The court of appeals also rejected the defendant's contention that the conscious avoidance charge had improperly permitted the jury to convict him based on negligence, explaining that ample evidence in the record showed that the defendant had "serious concerns" about the legality of his partner's business practices "and worked to avoid learning exactly what [he] was doing," and noting that the district court had specifically instructed the jury not to convict based on negligence.

## What Affirmative Defenses Are Available?

The FCPA's anti-bribery provisions contain two affirmative defenses: (1) that the payment was lawful under the written laws of the foreign country (the "local law" defense), and (2) that the money was spent as part of demonstrating a product or performing a contractual obligation (the "reasonable and bona fide business expenditure" defense). Because these are affirmative defenses, the defendant bears the burden of proving them.

### The Local Law Defense

For the local law defense to apply, a defendant must establish that "the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's, political party's, party official's, or candidate's country."[141] The defendant must establish that the payment was lawful under the foreign country's written laws and regulations at the time of the offense. In creating the local law defense in 1988, Congress sought "to make clear that the absence of written laws in a foreign official's country would not by itself be sufficient to satisfy this defense."[142] Thus, the fact that bribes may not be prosecuted under local law is insufficient to establish the defense. In practice, the local law defense arises infrequently, as the written laws and regulations of countries rarely, if ever, permit corrupt payments. Nevertheless, if a defendant can establish that conduct that otherwise falls within the scope of the FCPA's anti-bribery provisions was lawful under written, local law, he or she would have a defense to prosecution.

In *United States v. Kozeny*, the defendant unsuccessfully sought to assert the local law defense regarding the law of Azerbaijan. The parties disputed the contents and applicability of Azeri law, and each presented expert reports and testimony on behalf of their conflicting interpretations. The court ruled that the defendant could not invoke the FCPA's affirmative defense because Azeri law did not actually legalize the bribe payment. The court concluded that an exception under Azeri law relieving bribe payors who voluntarily



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disclose bribe payments to the authorities of criminal liability did not make the bribes legal.[143]

### Reasonable and Bona Fide Expenditures

The FCPA allows companies to provide reasonable and bona fide travel and lodging expenses to a foreign official, and it is an affirmative defense where expenses are directly related to the promotion, demonstration, or explanation of a company's products or services, or are related to a company's execution or performance of a contract with a foreign government or agency.[144] Trips that are primarily for personal entertainment purposes, however, are not bona fide business expenses and may violate the FCPA's anti-bribery provisions.[145] Moreover, when expenditures, bona fide or not, are mischaracterized in a company's books and records, or where unauthorized or improper expenditures occur due to a failure to implement adequate internal controls, they may also violate the FCPA's accounting provisions. Purposeful mischaracterization of expenditures may also, of course, indicate a corrupt intent.

DOJ and SEC have consistently recognized that businesses, both foreign and domestic, are permitted to pay for reasonable expenses associated with the promotion of their products and services or the execution of existing contracts. In addition, DOJ has frequently provided guidance about legitimate promotional and contract-related expenses—addressing travel and lodging expenses in particular—through several opinion procedure releases. Under the circumstances presented in those releases,[146] DOJ opined that the following types of expenditures on behalf of foreign officials did not warrant FCPA enforcement action:

- travel and expenses to visit company facilities or operations;
- travel and expenses for training; and
- product demonstration or promotional activities, including travel and expenses for meetings.

Whether any particular payment is a bona fide expenditure necessarily requires a fact-specific analysis. But the following non-exhaustive list of safeguards, compiled from several releases, may be helpful to businesses in evaluating whether a particular expenditure is appropriate or may risk violating the FCPA:

- Do not select the particular officials who will participate in the party's proposed trip or program[147] or else select them based on pre-determined, merit-based criteria.[148]
- Pay all costs directly to travel and lodging vendors and/or reimburse costs only upon presentation of a receipt.[149]
- Do not advance funds or pay for reimbursements in cash.[150]
- Ensure that any stipends are reasonable approximations of costs likely to be incurred[151] and/or that expenses are limited to those that are necessary and reasonable.[152]
- Ensure the expenditures are transparent, both within the company and to the foreign government.[153]
- Do not condition payment of expenses on any action by the foreign official.[154]
- Obtain written confirmation that payment of the expenses is not contrary to local law.[155]
- Provide no additional compensation, stipends, or spending money beyond what is necessary to pay for actual expenses incurred.[156]
- Ensure that costs and expenses on behalf of the foreign officials will be accurately recorded in the company's books and records.[157]

In sum, while certain expenditures are more likely to raise red flags, they will not give rise to prosecution if they are (1) reasonable, (2) bona fide, and (3) directly related to (4) the promotion, demonstration, or explanation of products or services or the execution or performance of a contract.[158]



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## What Are Facilitating or Expediting Payments?

The FCPA's bribery prohibition contains a narrow exception for "facilitating or expediting payments" made in furtherance of routine governmental action.[159] The facilitating payments exception applies only when a payment is made to further "routine governmental action" that involves non-discretionary acts.[160] Examples of "routine governmental action" include processing visas, providing police protection or mail service, and supplying utilities like phone service, power, and water. Routine government action does *not* include a decision to award new business or to continue business with a particular party.[161] Nor does it include acts that are within an official's discretion or that would constitute misuse of an official's office.[162] Thus, paying an official a small amount to have the power turned on at a factory might be a facilitating payment; paying an inspector to ignore the fact that the company does not have a valid permit to operate the factory would not be a facilitating payment.

### Examples of "Routine Governmental Action"

An action which is ordinarily and commonly performed by a foreign official in—

- obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
- processing governmental papers, such as visas and work orders;
- providing police protection, mail pickup and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country;
- providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or
- actions of a similar nature.

Whether a payment falls within the exception is not dependent on the size of the payment, though size can be telling, as a large payment is more suggestive of corrupt intent to influence a non-routine governmental action. But, like the FCPA's anti-bribery provisions more generally, the facilitating payments exception focuses on the *purpose* of the payment rather than its value. For instance, an Oklahoma-based corporation violated the FCPA when its subsidiary paid Argentine customs officials approximately $166,000 to secure customs clearance for equipment and materials that lacked required certifications or could not be imported under local law and to pay a lower-than-applicable duty rate. The company's Venezuelan subsidiary had also paid Venezuelan customs officials approximately $7,000 to permit the importation and exportation of equipment and materials not in compliance with local regulations and to avoid a full inspection of the imported goods.[163] In another case, three subsidiaries of a global supplier of oil drilling products and services were criminally charged with authorizing an agent to make at least 378 corrupt payments (totaling approximately $2.1 million) to Nigerian Customs Service officials for preferential treatment during the customs process, including the reduction or elimination of customs duties.[164]

Labeling a bribe as a "facilitating payment" in a company's books and records does not make it one. A Swiss offshore drilling company, for example, recorded payments to its customs agent in the subsidiary's "facilitating payment" account, even though company personnel believed the payments were, in fact, bribes. The company was charged with violating both the FCPA's anti-bribery and accounting provisions.[165]

Although true facilitating payments are not illegal under the FCPA, they may still violate local law in the countries where the company is operating, and the OECD's Working Group on Bribery recommends that all countries encourage companies to prohibit or discourage facilitating payments, which the United States has done regularly.[166] In addition, other countries' foreign bribery laws, such as the United Kingdom's, may not contain an exception for facilitating payments.[167] Individuals and companies should therefore be aware that although true facilitating payments



HOUSE_OVERSIGHT_022527

are permissible under the FCPA, they may still subject a company or individual to sanctions. As with any expenditure, facilitating payments may still violate the FCPA if they are not properly recorded in an issuer's books and records.[168]



## Hypothetical: Facilitating Payments

Company A is a large multi-national mining company with operations in Foreign Country, where it recently identified a significant new ore deposit. It has ready buyers for the new ore but has limited capacity to get it to market. In order to increase the size and speed of its ore export, Company A will need to build a new road from its facility to the port that can accommodate larger trucks. Company A retains an agent in Foreign Country to assist it in obtaining the required permits, including an environmental permit, to build the road. The agent informs Company A's vice president for international operations that he plans to make a one-time small cash payment to a clerk in the relevant government office to ensure that the clerk files and stamps the permit applications expeditiously, as the agent has experienced delays of three months when he has not made this "grease" payment. The clerk has no discretion about whether to file and stamp the permit applications once the requisite filing fee has been paid. The vice president authorizes the payment.

A few months later, the agent tells the vice president that he has run into a problem obtaining a necessary environmental permit. It turns out that the planned road construction would adversely impact an environmentally sensitive and protected local wetland. While the problem could be overcome by rerouting the road, such rerouting would cost Company A $1 million more and would slow down construction by six months. It would also increase the transit time for the ore and reduce the number of monthly shipments. The agent tells the vice president that he is good friends with the director of Foreign Country's Department of Natural Resources and that it would only take a modest cash payment to the director and the "problem would go away." The vice president authorizes the payment, and the agent makes it. After receiving the payment, the director issues the permit, and Company A constructs its new road through the wetlands.

**Was the payment to the clerk a violation of the FCPA?**

No. Under these circumstances, the payment to the clerk would qualify as a facilitating payment, since it is a one-time, small payment to obtain a routine, non-discretionary governmental service that Company A is entitled to receive (i.e., the stamping and filing of the permit application). However, while the payment may qualify as an exception to the FCPA's anti-bribery provisions, it may violate other laws, both in Foreign Country and elsewhere. In addition, if the payment is not accurately recorded, it could violate the FCPA's books and records provision.

**Was the payment to the director a violation of the FCPA?**

Yes. The payment to the director of the Department of Natural Resources was in clear violation of the FCPA, since it was designed to corruptly influence a foreign official into improperly approving a permit. The issuance of the environmental permit was a discretionary act, and indeed, Company A should not have received it. Company A, its vice president, and the local agent may all be prosecuted for authorizing and paying the bribe.



HOUSE_OVERSIGHT_022528

## Does the FCPA Apply to Cases of Extortion or Duress?

Situations involving extortion or duress will not give rise to FCPA liability because a payment made in response to true extortionate demands under imminent threat of physical harm cannot be said to have been made with corrupt intent or for the purpose of obtaining or retaining business.[169] In enacting the FCPA, Congress recognized that real-world situations might arise in which a business is compelled to pay an official in order to avoid threats to health and safety. As Congress explained, "a payment to an official to keep an oil rig from being dynamited should not be held to be made with the requisite corrupt purpose."[170]

Mere *economic* coercion, however, does not amount to extortion. As Congress noted when it enacted the FCPA: "The defense that the payment was demanded on the part of a government official as a price for gaining entry into a market or to obtain a contract would not suffice since at some point the U.S. company would make a conscious decision whether or not to pay a bribe."[171] The fact that the payment was "first proposed by the recipient ... does not alter the corrupt purpose on the part of the person paying the bribe."[172]

This distinction between extortion and economic coercion was recognized by the court in *United States v. Kozeny*. There, the court concluded that although an individual who makes a payment under duress (i.e., upon threat of physical harm) will not be criminally liable under the FCPA,[173] a bribe payor who claims payment was demanded as a price for gaining market entry or obtaining a contract "cannot argue that he lacked the intent to bribe the official because he made the 'conscious decision' to pay the official."[174] While the bribe payor in this situation "could have turned his back and walked away," in the oil rig example, "he could not."[175]

Businesses operating in high-risk countries may face real threats of violence or harm to their employees, and payments made in response to imminent threats to health or safety do not violate the FCPA.[176] If such a situation arises, and to ensure the safety of its employees, companies should immediately contact the appropriate U.S. embassy for assistance.

## Principles of Corporate Liability for Anti-Bribery Violations

General principles of corporate liability apply to the FCPA. Thus, a company is liable when its directors, officers, employees, or agents, acting within the scope of their employment, commit FCPA violations intended, at least in part, to benefit the company.[177] Similarly, just as with any other statute, DOJ and SEC look to principles of parent-subsidiary and successor liability in evaluating corporate liability.

### Parent-Subsidiary Liability

There are two ways in which a parent company may be liable for bribes paid by its subsidiary. First, a parent may have participated sufficiently in the activity to be directly liable for the conduct—as, for example, when it directed its subsidiary's misconduct or otherwise directly participated in the bribe scheme.

Second, a parent may be liable for its subsidiary's conduct under traditional agency principles. The fundamental characteristic of agency is control.[178] Accordingly, DOJ and SEC evaluate the parent's control—including the parent's knowledge and direction of the subsidiary's actions, both generally and in the context of the specific transaction—when evaluating whether a subsidiary is an agent of the parent. Although the formal relationship between the parent and subsidiary is important in this analysis, so are the practical realities of how the parent and subsidiary actually interact.

If an agency relationship exists, a subsidiary's actions and knowledge are imputed to its parent.[179] Moreover, under traditional principles of *respondeat superior*, a company is liable for the acts of its agents, including its employees, undertaken within the scope of their employment and intended, at least in part, to benefit the company.[180] Thus, if an agency relationship exists between a parent and a subsidiary, the parent is liable for bribery committed by the subsidiary's employees. For example, SEC brought an administrative action against a parent for bribes paid by the president of its indirect, wholly owned subsidiary. In that matter, the subsidiary's president reported directly to the CEO of the parent issuer, and the issuer routinely identified



HOUSE_OVERSIGHT_022529

the president as a member of its senior management in its annual filing with SEC and in annual reports. Additionally, the parent's legal department approved the retention of the third-party agent through whom the bribes were arranged despite a lack of documented due diligence and an agency agreement that violated corporate policy; also, an official of the parent approved one of the payments to the third-party agent.[181] Under these circumstances, the parent company had sufficient knowledge and control of its subsidiary's actions to be liable under the FCPA.

### Successor Liability

Companies acquire a host of liabilities when they merge with or acquire another company, including those arising out of contracts, torts, regulations, and statutes. As a general legal matter, when a company merges with or acquires another company, the successor company assumes the predecessor company's liabilities.[182] Successor liability is an integral component of corporate law and, among other things, prevents companies from avoiding liability by reorganizing.[183] Successor liability applies to all kinds of civil and criminal liabilities,[184] and FCPA violations are no exception. Whether successor liability applies to a particular corporate transaction depends on the facts and the applicable state, federal, and foreign law. Successor liability does not, however, create liability where none existed before. For example, if an issuer were to acquire a foreign company that was not previously subject to the FCPA's jurisdiction, the mere acquisition of that foreign company would not retroactively create FCPA liability for the acquiring issuer.

DOJ and SEC encourage companies to conduct pre-acquisition due diligence and improve compliance programs and internal controls after acquisition for a variety of reasons. First, due diligence helps an acquiring company to accurately value the target company. Contracts obtained through bribes may be legally unenforceable, business obtained illegally may be lost when bribe payments are stopped, there may be liability for prior illegal conduct, and the prior corrupt acts may harm the acquiring company's reputation and future business prospects. Identifying these issues before an acquisition allows companies to better evaluate any potential post-acquisition liability and thus properly assess the target's value.[185] Second, due diligence reduces the risk that the acquired company will continue to pay bribes. Proper pre-acquisition due diligence can identify business and regional risks and can also lay the foundation for a swift and successful post-acquisition integration into the acquiring company's corporate control and compliance environment. Third, the consequences of potential violations uncovered through due diligence can be handled by the parties in an orderly and efficient manner through negotiation of the costs and responsibilities for the investigation and remediation. Finally, comprehensive due diligence demonstrates a genuine commitment to uncovering and preventing FCPA violations.

In a significant number of instances, DOJ and SEC have declined to take action against companies that voluntarily disclosed and remediated conduct and cooperated with DOJ and SEC in the merger and acquisition context.[186] And DOJ and SEC have only taken action against successor companies in limited circumstances, generally in cases involving egregious and sustained violations or where the successor company directly participated in the violations or failed to stop the misconduct from continuing after the acquisition. In one case, a U.S.-based issuer was charged with books and records and internal controls violations for continuing a kickback scheme originated by its predecessor.[187] Another recent case involved a merger between two tobacco leaf merchants, where prior to the merger each company committed FCPA violations through its foreign subsidiaries, involving multiple countries over the course of many years. At each company, the bribes were directed by the parent company's senior management. The two issuers then merged to form a new public company. Under these circumstances—the merger of two public companies that had each engaged in



HOUSE_OVERSIGHT_022530

### Practical Tips to Reduce FCPA Risk in Mergers and Acquisitions

Companies pursuing mergers or acquisitions can take certain steps to identify and potentially reduce FCPA risks:

- **M&A Opinion Procedure Release Requests:** One option is to seek an opinion from DOJ in anticipation of a potential acquisition, such as occurred with Opinion Release 08-02. That case involved special circumstances, namely, severely limited pre-acquisition due diligence available to the potential acquiring company, and, because it was an opinion release (i.e., providing certain assurances by DOJ concerning prospective conduct), it necessarily imposed demanding standards and prescriptive timeframes in return for specific assurances from DOJ, which SEC, as a matter of discretion, also honors. Thus, obtaining an opinion from DOJ can be a good way to address specific due diligence challenges, but, because of the nature of such an opinion, it will likely contain more stringent requirements than may be necessary in all circumstances.
- **M&A Risk-Based FCPA Due Diligence and Disclosure:** As a practical matter, most acquisitions will typically not require the type of prospective assurances contained in an opinion from DOJ. DOJ and SEC encourage companies engaging in mergers and acquisitions to: (1) conduct thorough risk-based FCPA and anti-corruption due diligence on potential new business acquisitions; (2) ensure that the acquiring company's code of conduct and compliance policies and procedures regarding the FCPA and other anti-corruption laws apply as quickly as is practicable to newly acquired businesses or merged entities; (3) train the directors, officers, and employees of newly acquired businesses or merged entities, and when appropriate, train agents and business partners, on the FCPA and other relevant anti-corruption laws and the company's code of conduct and compliance policies and procedures; (4) conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable; and (5) disclose any corrupt payments discovered as part of its due diligence of newly acquired entities or merged entities. DOJ and SEC will give meaningful credit to companies who undertake these actions, and, in appropriate circumstances, DOJ and SEC may consequently decline to bring enforcement actions.

bribery—both the new entity and the foreign subsidiaries were liable under the FCPA. The new parent entered into a non-prosecution agreement with DOJ and settled a civil action with SEC, while the company's subsidiaries, which also merged, pleaded guilty.[188]

More often, DOJ and SEC have pursued enforcement actions against the predecessor company (rather than the acquiring company), particularly when the acquiring company uncovered and timely remedied the violations or when the government's investigation of the predecessor company preceded the acquisition. In one such case, an Ohio-based health care company's due diligence of an acquisition target uncovered FCPA violations by the target's subsidiary, and, before the merger was completed, the subsidiary's violations were disclosed to DOJ and SEC. The subsidiary pleaded guilty and paid a $2 million criminal fine,[189] the acquisition target settled with SEC and paid a $500,000 civil penalty,[190] and no successor liability was sought against the acquiring entity. In another case, a Pennsylvania-based issuer that supplied heating and air conditioning products and services was subject to an ongoing investigation by DOJ and SEC at the time that it was acquired; DOJ and SEC resolved enforcement actions only against the predecessor company, which had by that time become a wholly owned subsidiary of the successor company.[191]

DOJ and SEC have also brought actions only against a predecessor company where its FCPA violations are discovered after acquisition. For example, when a Florida-based U.S. company discovered in post-acquisition due diligence that the telecommunications company (a domestic concern) it had acquired had engaged in foreign bribery, the successor company disclosed the FCPA violations to DOJ. It then conducted an internal investigation, cooperated fully with DOJ, and took appropriate remedial action—including terminating senior management at the acquired



HOUSE_OVERSIGHT_022531

company. No enforcement action was taken against the successor, but the predecessor company pleaded guilty to one count of violating the FCPA and agreed to pay a $2 million fine.[192] Later, four executives from the predecessor company were convicted of FCPA violations, three of whom received terms of imprisonment.[193]

On occasion, when an enforcement action has been taken against a predecessor company, the successor seeks assurances that it will not be subject to a future enforcement action. In one such case, a Dutch predecessor resolved FCPA charges with DOJ through a deferred prosecution agreement.[194] While both the predecessor and successor signed the agreement, which included a commitment to ongoing cooperation and an improved compliance program, only the predecessor company was charged; in signing the agreement, the successor company gained the certainty of conditional release from criminal liability, even though it was not being pursued for FCPA violations.[195] In another case, after a Connecticut-based company uncovered FCPA violations by a California company it sought to acquire, both companies voluntarily disclosed the conduct to DOJ and SEC.[196] The predecessor company resolved its criminal liability through a non-prosecution agreement with DOJ that included an $800,000 monetary penalty and also settled with SEC, paying a total of $1.1 million in disgorgement, pre-judgment interest, and civil penalties. The successor company proceeded with the acquisition and separately entered into a non-prosecution agreement with DOJ in which it agreed, among other things, to ensure full performance of the predecessor company's non-prosecution agreement. This agreement provided certainty to the successor concerning its FCPA liability.[197]

Importantly, a successor company's voluntary disclosure, appropriate due diligence, and implementation of an effective compliance program may also decrease the likelihood of an enforcement action regarding an acquired company's post-acquisition conduct when pre-acquisition due diligence is not possible.[198]



HOUSE_OVERSIGHT_022532

## Hypothetical: Successor Liability Where Acquired Company Was Not Previously Subject to the FCPA

Company A is a Delaware corporation with its principal offices in the United States and whose shares are listed on a national U.S. exchange. Company A is considering acquiring Foreign Company, which is not an issuer or a domestic concern. Foreign Company takes no actions within the United States that would make it subject to territorial jurisdiction. Company A's proposed acquisition would make Foreign Company a subsidiary of Company A.

**Scenario 1:**

Prior to acquiring Foreign Company, Company A engages in extensive due diligence of Foreign Company, including: (1) having its legal, accounting, and compliance departments review Foreign Company's sales and financial data, its customer contracts, and its third-party and distributor agreements; (2) performing a risk-based analysis of Foreign Company's customer base; (3) performing an audit of selected transactions engaged in by Foreign Company; and (4) engaging in discussions with Foreign Company's general counsel, vice president of sales, and head of internal audit regarding all corruption risks, compliance efforts, and any other corruption-related issues that have surfaced at Foreign Company over the past ten years. This due diligence aims to determine whether Foreign Company has appropriate anti-corruption and compliance policies in place, whether Foreign Company's employees have been adequately trained regarding those policies, how Foreign Company ensures that those policies are followed, and what remedial actions are taken if the policies are violated.

During the course of its due diligence, Company A learns that Foreign Company has made several potentially improper payments in the form of an inflated commission to a third-party agent in connection with a government contract with Foreign Country. Immediately after the acquisition, Company A discloses the conduct to DOJ and SEC, suspends and terminates those employees and the third-party agent responsible for the payments, and makes certain that the illegal payments have stopped. It also quickly integrates Foreign Company into Company A's own robust internal controls, including its anti-corruption and compliance policies, which it communicates to its new employees through required online and in-person training in the local language. Company A also requires Foreign Company's third-party distributors and other agents to sign anti-corruption certifications, complete training, and sign new contracts that incorporate FCPA and anti-corruption representations and warranties and audit rights.

**Based on these facts, could DOJ or SEC prosecute Company A?**

No. Although DOJ and SEC have jurisdiction over Company A because it is an issuer, neither could pursue Company A for conduct that occurred prior to its acquisition of Foreign Company. As Foreign Company was neither an issuer nor a domestic concern and was not subject to U.S. territorial jurisdiction, DOJ and SEC have no jurisdiction over its pre-acquisition misconduct. The acquisition of a company does not create jurisdiction where none existed before.

Importantly, Company A's extensive pre-acquisition due diligence allowed it to identify and halt the corruption. As there was no continuing misconduct post-acquisition, the FCPA was not violated.

**Scenario 2:**

Company A performs only minimal and pro forma pre-acquisition due diligence. It does not conduct a risk-based analysis, and its review of Foreign Company's data, contracts, and third-party and distributor agreements is cursory. Company A acquires Foreign Company and makes it a wholly owned subsidiary. Although Company A circulates its compliance policies to all new personnel after the acquisition, it does not translate the compliance policies into the local language or train its new personnel or third-party agents on anti-corruption issues.

A few months after the acquisition, an employee in Company A's international sales office (Sales Employee) learns from a legacy Foreign Company employee that for years the government contract that generated most of Foreign Company's revenues depended on inflated commissions to a third-party agent "to make the right person happy at Foreign Government Agency." Sales Employee is told that unless the payments continue the business will likely be lost, which would mean that Company A's new acquisition would quickly become a financial failure. The payments continue for two

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HOUSE_OVERSIGHT_022533

years after the acquisition. After another employee of Company A reports the long-running bribe scheme to a director at Foreign Government Agency, Company A stops the payments and DOJ and SEC investigate.

**Based on these facts, would DOJ or SEC charge Company A?**

Yes. DOJ and SEC have prosecuted companies like Company A in similar circumstances. Any charges would not, however, be premised upon successor liability, but rather on Company A's post-acquisition bribe payments, which themselves created criminal and civil liability for Company A.

**Scenario 3:**

Under local law, Company A's ability to conduct pre-acquisition due diligence on Foreign Company is limited. In the due diligence it does conduct, Company A determines that Foreign Company is doing business in high-risk countries and in high-risk industries but finds no red flags specific to Foreign Company's operations. Post-acquisition, Company A conducts extensive due diligence and determines that Foreign Company had paid bribes to officials with Foreign Government Agency. Company A takes prompt action to remediate the problem, including following the measures set forth in Opinion Procedure Release No. 08-02. Among other actions, it voluntarily discloses the misconduct to DOJ and SEC, ensures all bribes are immediately stopped, takes remedial action against all parties involved in the corruption, and quickly incorporates Foreign Company into a robust compliance program and Company A's other internal controls.

**Based on these facts, would DOJ or SEC prosecute Company A?**

DOJ and SEC have declined to prosecute companies like Company A in similar circumstances. Companies can follow the measures set forth in Opinion Procedure Release No. 08-02, or seek their own opinions, where adequate pre-acquisition due diligence is not possible.

## Hypothetical: Successor Liability Where Acquired Company Was Already Subject to the FCPA

Both Company A and Company B are Delaware corporations with their principal offices in the United States. Both companies' shares are listed on a national U.S. exchange.

**Scenario 1:**

Company A is considering acquiring several of Company B's business lines. Prior to the acquisition, Company A engages in extensive due diligence, including: (1) having its legal, accounting, and compliance departments review Company B's sales and financial data, its customer contracts, and its third-party and distributor agreements; (2) performing a risk-based analysis of Company B's customer base; (3) performing an audit of selected transactions engaged in by Company B; and (4) engaging in discussions with Company B's general counsel, vice president of sales, and head of internal audit regarding all corruption risks, compliance efforts, and any other major corruption-related issues that have surfaced at Company B over the past ten years. This due diligence aims to determine whether Company B has appropriate anti-corruption and compliance policies in place, whether Company B's employees have been adequately trained regarding those policies, how Company B ensures that those policies are followed, and what remedial actions are taken if the policies are violated.

During the course of its due diligence, Company A learns that Company B has made several potentially improper payments in connection with a government contract with Foreign Country. As a condition of the acquisition, Company A requires Company B to disclose the misconduct to the government. Company A makes certain that the illegal payments

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HOUSE_OVERSIGHT_022534

have stopped and quickly integrates Company B's business lines into Company A's own robust internal controls, including its anti-corruption and compliance policies, which it communicates to its new employees through required online and in-person training in the local language. Company A also requires Company B's third-party distributors and other agents to sign anti-corruption certifications, complete training, and sign new contracts that incorporate FCPA and anti-corruption representations and warranties and audit rights.

**Based on these facts, would DOJ or SEC prosecute?**

DOJ and SEC have declined to prosecute companies like Company A in similar circumstances. DOJ and SEC encourage companies like Company A to conduct extensive FCPA due diligence. By uncovering the corruption, Company A put itself in a favorable position, and, because the corrupt payments have stopped, Company A has no continuing liability. Whether DOJ and SEC might charge Company B depends on facts and circumstances beyond the scope of this hypothetical. DOJ would consider its *Principles of Federal Prosecution of Business Organizations* and SEC would consider the factors contained in the *Seaboard Report*, both of which are discussed in Chapter 5. In general, the more egregious and long-standing the corruption, the more likely it is that DOJ and SEC would prosecute Company B. In certain limited circumstances, DOJ and SEC have in the past declined to bring charges against acquired companies, recognizing that acquiring companies may bear much of the reputational damage and costs associated with such charges.

**Scenario 2:**

Company A plans to acquire Company B. Although, as in Scenario 1, Company A conducts extensive due diligence, it does not uncover the bribery until after the acquisition. Company A then makes certain that the illegal payments stop and voluntarily discloses the misconduct to DOJ and SEC. It quickly integrates Company B into Company A's own robust internal controls, including its anti-corruption and compliance policies, which it communicates to its new employees through required online and in-person training in the local language. Company A also requires Company B's third-party distributors and other agents to sign anti-corruption certifications, complete training, and sign new contracts that incorporate FCPA and anti-corruption representations and warranties and audit rights.

**Based on these facts, would DOJ or SEC prosecute?**

Absent unusual circumstances not contemplated by this hypothetical, DOJ and SEC are unlikely to prosecute Company A for the pre-acquisition misconduct of Company B, provided that Company B still exists in a form that would allow it to be prosecuted separately (e.g., Company B is a subsidiary of Company A). DOJ and SEC understand that no due diligence is perfect and that society benefits when companies with strong compliance programs acquire and improve companies with weak ones. At the same time, however, neither the liability for corruption—nor the harms caused by it—are eliminated when one company acquires another. Whether DOJ and SEC will pursue a case against Company B (or, in unusual circumstances, Company A) will depend on consideration of all the factors in the *Principles of Federal Prosecution of Business Organizations* and the *Seaboard Report*, respectively.

**Scenario 3:**

Company A merges with Company B, which is in the same line of business and interacts with the same Foreign Government customers, and forms Company C. Due diligence before the merger reveals that both Company A and Company B have been engaging in similar bribery. In both cases, the bribery was extensive and known by high-level management within the companies.

**Based on these facts, would DOJ or SEC prosecute?**

Yes. DOJ and SEC have prosecuted companies like Company C on the basis of successor liability. Company C is a combination of two companies that both violated the FCPA, and their merger does not eliminate their liability. In addition, since Company C is an ongoing concern, DOJ and SEC may impose a monitorship to ensure that the bribery has ceased and a compliance program is developed to prevent future misconduct.



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## Additional Principles of Criminal Liability for Anti-Bribery Violations: Aiding and Abetting and Conspiracy

Under federal law, individuals or companies that aid or abet a crime, including an FCPA violation, are as guilty as if they had directly committed the offense themselves. The aiding and abetting statute provides that whoever "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission," or "willfully causes an act to be done which if directly performed by him or another would be an offense against the United States," is punishable as a principal.[199] Aiding and abetting is not an independent crime, and the government must prove that an underlying FCPA violation was committed.[200]

Individuals and companies, including foreign nationals and companies, may also be liable for conspiring to violate the FCPA—i.e., for *agreeing* to commit an FCPA violation—even if they are not, or could not be, independently charged with a substantive FCPA violation. For instance, a foreign, non-issuer company could be convicted of conspiring with a domestic concern to violate the FCPA. Under certain circumstances, it could also be held liable for the domestic concern's substantive FCPA violations under *Pinkerton v. United States*, which imposes liability on a defendant for reasonably foreseeable crimes committed by a co-conspirator in furtherance of a conspiracy that the defendant joined.[201]

A foreign company or individual may be held liable for aiding and abetting an FCPA violation or for conspiring to violate the FCPA, even if the foreign company or individual did not take any act in furtherance of the corrupt payment while in the territory of the United States. In conspiracy cases, the United States generally has jurisdiction over all the conspirators where at least one conspirator is an issuer, domestic concern, or commits a reasonably foreseeable overt act within the United States.[202] For example, if a foreign company or individual conspires to violate the FCPA with someone who commits an overt act within the United States, the United States can prosecute the foreign company or individual for the conspiracy. The same principle applies to aiding and abetting violations. For instance, even though they took no action in the United States, Japanese and European companies were charged with conspiring with and aiding and abetting a domestic concern's FCPA violations.[203]

## Additional Principles of Civil Liability for Anti-Bribery Violations: Aiding and Abetting and Causing

Both companies and individuals can be held civilly liable for aiding and abetting FCPA anti-bribery violations if they knowingly or recklessly provide substantial assistance to a violator.[204] Similarly, in the administrative proceeding context, companies and individuals may be held liable for causing FCPA violations.[205] This liability extends to the subsidiaries and agents of U.S. issuers.

In one case, the U.S. subsidiary of a Swiss freight forwarding company was held civilly liable for paying bribes on behalf of its customers in several countries.[206] Although the U.S. subsidiary was not an issuer for purposes of the FCPA, it was an "agent" of several U.S. issuers. By paying bribes on behalf of its issuers' customers, the subsidiary both directly violated and aided and abetted the issuers' FCPA violations.

## What Is the Applicable Statute of Limitations?

### Statute of Limitations in Criminal Cases

The FCPA's anti-bribery and accounting provisions do not specify a statute of limitations for criminal actions. Accordingly, the general five-year limitations period set forth in 18 U.S.C. § 3282 applies to substantive criminal violations of the Act.[207]

In cases involving FCPA conspiracies, the government may be able to reach conduct occurring before the five-year limitations period applicable to conspiracies



HOUSE_OVERSIGHT_022536

under 18 U.S.C. § 371. For conspiracy offenses, the government generally need prove only that one act in furtherance of the conspiracy occurred during the limitations period, thus enabling the government to prosecute bribes paid or accounting violations occurring more than five years prior to the filing of formal charges.[208]

There are at least two ways in which the applicable limitations period is commonly extended. First, companies or individuals cooperating with DOJ may enter into a tolling agreement that voluntarily extends the limitations period. Second, under 18 U.S.C. § 3292, the government may seek a court order suspending the statute of limitations posed in a criminal case for up to three years in order to obtain evidence from foreign countries. Generally, the suspension period begins when the official request is made by the U.S. government to the foreign authority and ends on the date on which the foreign authority takes final action on the request.[209]

### Statute of Limitations in Civil Actions

In civil cases brought by SEC, the statute of limitations is set by 28 U.S.C. § 2462, which provides for a five-year limitation on any "suit or proceeding for the enforcement of any civil fine, penalty, or forfeiture." The five-year period begins to run "when the claim first accrued." The five-year limitations period applies to SEC actions seeking civil penalties, but it does not prevent SEC from seeking equitable remedies, such as an injunction or the disgorgement of ill-gotten gains, for conduct pre-dating the five-year period. In cases against individuals who are not residents of the United States, the statute is tolled for any period when the defendants are not "found within the United States in order that proper service may be made thereon."[210] Furthermore, companies or individuals cooperating with SEC may enter into tolling agreements that voluntarily extend the limitations period.



HOUSE_OVERSIGHT_022537

HOUSE_OVERSIGHT_022538

# THE FCPA: ACCOUNTING PROVISIONS

In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The FCPA's accounting provisions operate in tandem with the anti-bribery provisions[211] and prohibit off-the-books accounting. Company management and investors rely on a company's financial statements and internal accounting controls to ensure transparency in the financial health of the business, the risks undertaken, and the transactions between the company and its customers and business partners. The accounting provisions are designed to "strengthen the accuracy of the corporate books and records and the reliability of the audit process which constitute the foundations of our system of corporate disclosure."[212]

The accounting provisions consist of two primary components. First, under the "books and records" provision, issuers must make and keep books, records, and accounts that, in reasonable detail, accurately and fairly reflect an issuer's transactions and dispositions of an issuer's assets.[213] Second, under the "internal controls" provision, issuers must devise and maintain a system of internal accounting controls sufficient to assure management's control, authority, and responsibility over the firm's assets.[214] These components, and other aspects of the accounting provisions, are discussed in greater detail below.

Although the accounting provisions were originally enacted as part of the FCPA, they do not apply only to bribery-related violations. Rather, the accounting provisions ensure that all public companies account for all of their assets and liabilities accurately and in reasonable detail, and they form the backbone for most accounting fraud and issuer disclosure cases brought by DOJ and SEC.[215]



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In the past, "corporate bribery has been concealed by the falsification of corporate books and records" and the accounting provisions "remove[] this avenue of coverup."

*Senate Report No. 95-114, at 3 (1977)*

## What Is Covered by the Accounting Provisions?

### Books and Records Provision

Bribes, both foreign and domestic, are often mischaracterized in companies' books and records. Section 13(b)(2)(A) of the Exchange Act (15 U.S.C. § 78m(b)(2)(A)), commonly called the "books and records" provision, requires issuers to "make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer."[216] The "in reasonable detail" qualification was adopted by Congress "in light of the concern that such a standard, if unqualified, might connote a degree of exactitude and precision which is unrealistic."[217] The addition of this phrase was intended to make clear "that the issuer's records should reflect transactions in conformity with accepted methods of recording economic events and effectively prevent off-the-books slush funds and payments of bribes."[218]

The term "reasonable detail" is defined in the statute as the level of detail that would "satisfy prudent officials in the conduct of their own affairs."[219] Thus, as Congress noted when it adopted this definition, "[t]he concept of reasonableness of necessity contemplates the weighing of a number of relevant factors, including the costs of compliance."[220]

Although the standard is one of reasonable detail, it is never appropriate to mischaracterize transactions in a company's books and records.[221] Bribes are often concealed under the guise of legitimate payments, such as commissions or consulting fees.

In instances where all the elements of a violation of the anti-bribery provisions are not met—where, for example, there was no use of interstate commerce—companies nonetheless may be liable if the improper payments are inaccurately recorded. Consistent with the FCPA's approach to prohibiting payments of any value that are made with a corrupt purpose, there is no materiality threshold under the books and records provision. In combination with the internal controls provision, the requirement that issuers maintain books and records that accurately and fairly reflect the corporation's transactions "assure[s], among other things, that the assets of the issuer are used for proper corporate purpose[s]."[222] As with the anti-bribery provisions, DOJ's and SEC's enforcement of the books and records provision has typically involved misreporting of either large bribe payments or widespread inaccurate recording of smaller payments made as part of a systemic pattern of bribery.

**Bribes Have Been Mischaracterized As:**

- Commissions or Royalties
- Consulting Fees
- Sales and Marketing Expenses
- Scientific Incentives or Studies
- Travel and Entertainment Expenses
- Rebates or Discounts
- After Sales Service Fees
- Miscellaneous Expenses
- Petty Cash Withdrawals
- Free Goods
- Intercompany Accounts
- Supplier / Vendor Payments
- Write-offs
- "Customs Intervention" Payments



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### Internal Controls Provision

The payment of bribes often occurs in companies that have weak internal control environments. Internal controls over financial reporting are the processes used by companies to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements. They include various components, such as: a control environment that covers the tone set by the organization regarding integrity and ethics; risk assessments; control activities that cover policies and procedures designed to ensure that management directives are carried out (e.g., approvals, authorizations, reconciliations, and segregation of duties); information and communication; and monitoring. Section 13(b)(2)(B) of the Exchange Act (15 U.S.C. § 78m(b)(2)(B)), commonly called the "internal controls" provision, requires issuers to:

> devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—
> (i) transactions are executed in accordance with management's general or specific authorization;
> (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
> (iii) access to assets is permitted only in accordance with management's general or specific authorization; and
> (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences ....[223]

Like the "reasonable detail" requirement in the books and records provision, the Act defines "reasonable assurances" as "such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own affairs."[224]

The Act does not specify a particular set of controls that companies are required to implement. Rather, the internal controls provision gives companies the flexibility to develop and maintain a system of controls that is appropriate to their particular needs and circumstances.

An effective compliance program is a critical component of an issuer's internal controls. Fundamentally, the design of a company's internal controls must take into account the operational realities and risks attendant to the company's business, such as: the nature of its products or services; how the products or services get to market; the nature of its work force; the degree of regulation; the extent of its government interaction; and the degree to which it has operations in countries with a high risk of corruption. A company's compliance program should be tailored to these differences. Businesses whose operations expose them to a high risk of corruption will necessarily devise and employ different internal controls than businesses that have a lesser exposure to corruption, just as a financial services company would be expected to devise and employ different internal controls than a manufacturer.

A 2008 case against a German manufacturer of industrial and consumer products illustrates a systemic internal controls problem involving bribery that was unprecedented in scale and geographic reach. From 2001 to 2007, the company created elaborate payment schemes—including slush

Companies with ineffective internal controls often face risks of embezzlement and self-dealing by employees, commercial bribery, export control problems, and violations of other U.S. and local laws.



HOUSE_OVERSIGHT_022542

funds, off-the-books accounts, and systematic payments to business consultants and other intermediaries—to facilitate bribery. Payments were made in ways that obscured their purpose and the ultimate recipients of the money. In some cases, employees obtained large amounts of cash from cash desks and then transported the cash in suitcases across international borders. Authorizations for some payments were placed on sticky notes and later removed to avoid any permanent record. The company made payments totaling approximately $1.36 billion through various mechanisms, including $805.5 million as bribes and $554.5 million for unknown purposes.[225] The company was charged with internal controls and books and records violations, along with anti-bribery violations, and paid over $1.6 billion to resolve the case with authorities in the United States and Germany.[226]

The types of internal control failures identified in the above example exist in many other cases where companies were charged with internal controls violations.[227] A 2010 case against a multi-national automobile manufacturer involved bribery that occurred over a long period of time in multiple countries.[228] In that case, the company used dozens of ledger accounts, known internally as "internal third party accounts," to maintain credit balances for the benefit of government officials.[229] The accounts were funded through several bogus pricing mechanisms, such as "price surcharges," "price inclusions," or excessive commissions.[230] The company also used artificial discounts or rebates on sales contracts to generate the money to pay the bribes.[231] The bribes also were made through phony sales intermediaries and corrupt business partners, as well as through the use of cash desks.[232] Sales executives would obtain cash from the company in amounts as high as hundreds of thousands of dollars, enabling the company to obscure the purpose and recipients of the money paid to government officials.[233] In addition to bribery charges, the company was charged with internal controls and books and records violations.

Good internal controls can prevent not only FCPA violations, but also other illegal or unethical conduct by the company, its subsidiaries, and its employees. DOJ and SEC have repeatedly brought FCPA cases that also involved other types of misconduct, such as financial fraud,[234] commercial bribery,[235] export controls violations,[236] and embezzlement or self-dealing by company employees.[237]

### Potential Reporting and Anti-Fraud Violations

Issuers have reporting obligations under Section 13(a) of the Exchange Act, which requires issuers to file an annual report that contains comprehensive information about the issuer. Failure to properly disclose material information about the issuer's business, including material revenue, expenses, profits, assets, or liabilities related to bribery of foreign government officials, may give rise to anti-fraud and reporting violations under Sections 10(b) and 13(a) of the Exchange Act.

For example, a California-based technology company was charged with reporting violations, in addition to violations of the FCPA's anti-bribery and accounting provisions, when its bribery scheme led to material misstatements in its SEC filings.[238] The company was awarded contracts procured through bribery of Chinese officials that generated material revenue and profits. The revenue and profits helped the company offset losses incurred to develop new products expected to become the company's future source of revenue growth. The company improperly recorded the bribe payments as sales commission expenses in its books and records.

Companies engaged in bribery may also be engaged in activity that violates the anti-fraud and reporting provisions. For example, an oil and gas pipeline company and its employees engaged in a long-running scheme to use the company's petty cash accounts in Nigeria to make a variety of corrupt payments to Nigerian tax and court officials using false invoices.[239] The company and its employees also engaged in a fraudulent scheme to minimize the company's tax obligations in Bolivia by using false invoices to claim false offsets to its value-added tax obligations. The scheme resulted in material overstatements of the company's net income in the company's financial statements, which violated the Exchange Act's anti-fraud and reporting provisions. Both schemes also violated the books and records and internal controls provisions.



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***Sarbanes-Oxley Act of 2002***

In 2002, in response to a series of accounting scandals involving U.S. companies, Congress enacted the Sarbanes-Oxley Act (Sarbanes-Oxley or SOX),[240] which strengthened the accounting requirements for issuers. All issuers must comply with Sarbanes-Oxley's requirements, several of which have FCPA implications.

***SOX Section 302 (15 U.S.C. § 7241)—Responsibility of Corporate Officers for the Accuracy and Validity of Corporate Financial Reports***

Section 302 of Sarbanes-Oxley requires that a company's "principal officers" (typically the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)) take responsibility for and certify the integrity of their company's financial reports on a quarterly basis. Under Exchange Act Rule 13a-14, which is commonly called the "SOX certification" rule, each periodic report filed by an issuer must include a certification signed by the issuer's principal executive officer and principal financial officer that, among other things, states that: (i) based on the officer's knowledge, the report contains no material misstatements or omissions; (ii) based on the officer's knowledge, the relevant financial statements are accurate in all material respects; (iii) internal controls are properly designed; and (iv) the certifying officers have disclosed to the issuer's audit committee and auditors all significant internal control deficiencies.

***SOX Section 404 (15 U.S.C. § 7262)—Reporting on the State of a Company's Internal Controls over Financial Reporting***

Sarbanes-Oxley also strengthened a company's required disclosures concerning the state of its internal control over financial reporting. Under Section 404, issuers are required to present in their annual reports management's conclusion regarding the effectiveness of the company's internal controls over financial reporting. This statement must also assess the effectiveness of such internal controls and procedures. In addition, the company's independent auditor must attest to and report on its assessment of the effectiveness of the company's internal controls over financial reporting.

As directed by Section 404, SEC has adopted rules requiring issuers and their independent auditors to report to the public on the effectiveness of the company's internal controls over financial reporting.[241] These internal controls include those related to illegal acts and fraud—including acts of bribery—that could result in a material misstatement of the company's financial statements.[242] In 2007, SEC issued guidance on controls over financial reporting.[243]

***SOX Section 802 (18 U.S.C. §§ 1519 and 1520)—Criminal Penalties for Altering Documents***

Section 802 of Sarbanes-Oxley prohibits altering, destroying, mutilating, concealing, or falsifying records, documents, or tangible objects with the intent to obstruct, impede, or influence a potential or actual federal investigation. This section also prohibits any accountant from knowingly and willfully violating the requirement that all audit or review papers be maintained for a period of five years.

## Who Is Covered by the Accounting Provisions?

### Civil Liability for Issuers, Subsidiaries, and Affiliates

The FCPA's accounting provisions apply to every issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file annual or other periodic reports pursuant to Section 15(d) of the Exchange Act.[244] These provisions apply to any issuer whose securities trade on a national securities exchange in the United States, including foreign issuers with exchange-traded American Depository Receipts.[245] They also apply



HOUSE_OVERSIGHT_022544

to companies whose stock trades in the over-the-counter market in the United States and which file periodic reports with the Commission, such as annual and quarterly reports. Unlike the FCPA's anti-bribery provisions, the accounting provisions do not apply to private companies.[246]

Although the FCPA's accounting requirements are directed at "issuers," an issuer's books and records include those of its consolidated subsidiaries and affiliates. An issuer's responsibility thus extends to ensuring that subsidiaries or affiliates under its control, including foreign subsidiaries and joint venture partners, comply with the accounting provisions. For instance, DOJ and SEC brought enforcement actions against a California company for violating the FCPA's accounting provisions when two Chinese joint ventures in which it was a partner paid more than $400,000 in bribes over a four-year period to obtain business in China.[247] Sales personnel in China made the illicit payments by obtaining cash advances from accounting personnel, who recorded the payments on the books as "business fees" or "travel and entertainment" expenses. Although the payments were made exclusively in China by Chinese employees of the joint venture, the California company failed to have adequate internal controls and failed to act on red flags indicating that its affiliates were engaged in bribery. The California company paid $1.15 million in civil disgorgement and a criminal monetary penalty of $1.7 million.

Companies may not be able to exercise the same level of control over a minority-owned subsidiary or affiliate as they do over a majority or wholly owned entity. Therefore, if a parent company owns less than 50% of a subsidiary or affiliate, the parent is only required to use its best efforts to cause the minority-owned subsidiary or affiliate to devise and maintain a system of internal accounting controls consistent with the issuer's own obligations under the FCPA.[248] In evaluating an issuer's good faith efforts, all the circumstances—including "the relative degree of the issuer's ownership of the domestic or foreign firm and the laws and practices governing the business operations of the country in which such firm is located"—are taken into account.[249]

### Civil Liability for Individuals and Other Entities

Companies (including subsidiaries of issuers) and individuals may also face civil liability for aiding and abetting or causing an issuer's violation of the accounting provisions.[250] For example, in April 2010, SEC charged four individuals—a Country Manager, a Senior Vice President of Sales, a Regional Financial Director, and an International Controller of a U.S. issuer—for their roles in schemes to bribe Kyrgyz and Thai government officials to purchase tobacco from their employer. The complaint alleged that, among other things, the individuals aided and abetted the issuer company's violations of the books and records and internal controls provisions by "knowingly provid[ing] substantial assistance to" the parent company.[251] All four executives settled the charges against them, consenting to the entry of final judgments permanently enjoining them from violating the accounting and anti-bribery provisions, with two executives paying civil penalties.[252] As in other areas of federal securities law, corporate officers also can be held liable as control persons.[253]

Similarly, in October 2011, SEC brought an administrative action against a U.S. water valve manufacturer and a former employee of the company's Chinese subsidiary for violations of the FCPA's accounting provisions.[254] The Chinese subsidiary had made improper payments to employees of certain design institutes to create design specifications that favored the company's valve products. The payments were disguised as sales commissions in the subsidiary's books and records, thereby causing the U.S. issuer's books and records to be inaccurate. The general manager of the subsidiary, who approved the payments and knew or should have known that they were improperly recorded, was ordered to cease-and-desist from committing or causing violations of the accounting provisions, among other charges.[255]

Additionally, individuals and entities can be held directly civilly liable for falsifying an issuer's books and records or for circumventing internal controls. Exchange Act Rule 13b2-1 provides: "No person shall, directly or indirectly, falsify or cause to be falsified, any book, record or account subject to [the books and records provision] of the Securities Exchange Act."[256] And Section 13(b)(5) of



HOUSE_OVERSIGHT_022545

the Exchange Act (15 U.S.C. § 78m(b)(5)) provides that "[n]o person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account ...."[257] The Exchange Act defines "person" to include a "natural person, company, government, or political subdivision, agency, or instrumentality of a government."[258]

An issuer's officers and directors may also be held civilly liable for making false statements to a company's auditor. Exchange Act Rule 13b2-2 prohibits officers and directors from making (or causing to be made) materially false or misleading statements, including an omission of material facts, to an accountant. This liability arises in connection with any audit, review, or examination of a company's financial statements or in connection with the filing of any document with SEC.[259]

Finally, the principal executive and principal financial officer, or persons performing similar functions, can be held liable for violating Exchange Act Rule 13a-14 by signing false personal certifications required by SOX. Thus, for example, in January 2011, SEC charged the former CEO of a U.S. issuer for his role in schemes to bribe Iraqi government officials in connection with the United Nations Oil-For-Food Programme and to bribe Iraqi and Indonesian officials to purchase the company's fuel additives. There, the company used false invoices and sham consulting contracts to support large bribes that were passed on to foreign officials through an agent, and the bribes were mischaracterized as legitimate commissions and travel fees in the company's books and records. The officer directed and authorized the bribe payments and their false recording in the books and records. He also signed annual and quarterly SOX certifications in which he falsely represented that the company's financial statements were fairly presented and the company's internal controls sufficiently designed, as well as annual representations to the company's external auditors where he falsely stated that he complied with the company's code of ethics and was unaware of any violations of the code of ethics by anyone else. The officer was charged with aiding and abetting violations of the books and records and internal controls provisions, circumventing internal controls, falsifying books and records, making false statements to accountants, and signing false certifications.[260] He consented to the entry of an injunction and paid disgorgement and a civil penalty.[261] He also later pleaded guilty in the United Kingdom to conspiring to corrupt Iraqi and Indonesian officials.[262]

### Criminal Liability for Accounting Violations

Criminal liability can be imposed on companies and individuals for knowingly failing to comply with the FCPA's books and records or internal controls provisions.[263] As with the FCPA's anti-bribery provisions, individuals are only subject to the FCPA's criminal penalties for violations of the accounting provisions if they acted "willfully."[264]

For example, a French company was criminally charged with failure to implement internal controls and failure to keep accurate books and records, among other violations.[265] As part of its deferred prosecution agreement, the company admitted to numerous internal control failures, including failure to implement sufficient anti-bribery compliance policies, maintain a sufficient system for the selection and approval of consultants, and conduct appropriate audits of payments to purported "business consultants."[266] Likewise, a German company pleaded guilty to internal controls and books and records violations where, from 2001 through 2007, it made payments totaling approximately $1.36 billion through various mechanisms, including $805.5 million as bribes and $554.5 million for unknown purposes.[267]

Individuals can be held criminally liable for accounting violations. For example, a former managing director of a U.S. bank's real estate business in China pleaded guilty to conspiring to evade internal accounting controls in order to transfer a multi-million dollar ownership interest in a Shanghai building to himself and a Chinese public official with whom



HOUSE_OVERSIGHT_022546

he had a personal friendship. The former managing director repeatedly made false representations to his employer about the transaction and the ownership interests involved.[268]

### Conspiracy and Aiding and Abetting Liability

As with the FCPA's anti-bribery provisions, companies (including subsidiaries of issuers) and individuals may face criminal liability for conspiring to commit or for aiding and abetting violations of the accounting provisions.

For example, the subsidiary of a Houston-based company pleaded guilty both to conspiring to commit and to aiding and abetting the company's books and records and anti-bribery violations.[269] The subsidiary paid bribes of over $4 million and falsely characterized the payments as "commissions," "fees," or "legal services," consequently causing the company's books and records to be inaccurate. Although the subsidiary was not an issuer and therefore could not be charged directly with an accounting violation, it was criminally liable for its involvement in the parent company's accounting violation.

Similarly, a U.S. subsidiary of a Swiss freight forwarding company that was not an issuer was charged with conspiring to commit and with aiding and abetting the books and records violations of its customers, who were issuers and therefore subject to the FCPA's accounting provisions.[270] The U.S. subsidiary substantially assisted the issuer-customers in violating the FCPA's books and records provision by masking the true nature of the bribe payments in the invoices it submitted to the issuer-customers.[271] The subsidiary thus faced criminal liability for its involvement in the issuer-customers' FCPA violations even though it was not itself subject to the FCPA's accounting provisions.

## Auditor Obligations

All public companies in the United States must file annual financial statements that have been prepared in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP). These accounting principles are among the most comprehensive in the world. U.S. GAAP requires an accounting of all assets, liabilities, revenue, and expenses as well as extensive disclosures concerning the company's operations and financial condition. A company's financial statements should be complete and fairly represent the company's financial condition.[272] Thus, under U.S. GAAP, any payments to foreign government officials must be properly accounted for in a company's books, records, and financial statements.

U.S. laws, including SEC Rules, require issuers to undergo an annual external audit of their financial statements and to make those audited financial statements available to the public by filing them with SEC. SEC Rules and the rules and standards issued by the Public Company Accounting Oversight Board (PCAOB) under SEC oversight, require external auditors to be independent of the companies that they audit. Independent auditors must comply with the rules and standards set forth by the PCAOB when they perform an audit of a public company. These audit standards govern, for example, the auditor's responsibility concerning material errors, irregularities, or illegal acts by a client and its officers, directors, and employees. Additionally, the auditor has a responsibility to obtain an understanding of an entity's internal controls over financial reporting as part of its audit and must communicate all significant deficiencies and material weaknesses identified during the audit to management and the audit committee.[273]

Under Section 10A of the Exchange Act, independent auditors who discover an illegal act, such as the payment of bribes to domestic or foreign government officials, have certain obligations in connection with their audits of public companies.[274] Generally, Section 10A requires auditors who become aware of illegal acts to report such acts to appropriate levels within the company and, if the company fails to take appropriate action, to notify SEC.



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# OTHER RELATED U.S. LAWS

Businesses and individuals should be aware that conduct that violates the FCPA's anti-bribery or accounting provisions may also violate other statutes or regulations. Moreover, payments to foreign government officials and intermediaries may violate these laws even if all of the elements of an FCPA violation are not present.

## Travel Act

The Travel Act, 18 U.S.C. § 1952, prohibits travel in interstate or foreign commerce or using the mail or any facility in interstate or foreign commerce, with the intent to distribute the proceeds of any unlawful activity or to promote, manage, establish, or carry on any unlawful activity.[275] "Unlawful activity" includes violations of not only the FCPA, but also state commercial bribery laws. Thus, bribery between private commercial enterprises may, in some circumstances, be covered by the Travel Act. Said differently, if a company pays kickbacks to an employee of a private company who is not a foreign official, such private-to-private bribery could possibly be charged under the Travel Act.

DOJ has previously charged both individual and corporate defendants in FCPA cases with violations of the Travel Act.[276] For instance, an individual investor was convicted of conspiracy to violate the FCPA and the Travel Act in 2009 where the relevant "unlawful activity" under the Travel Act was an FCPA violation involving a bribery scheme in Azerbaijan.[277] Also in 2009, a California company that engaged in both bribery of foreign officials in violation of the FCPA and commercial bribery in violation of California state law pleaded guilty to conspiracy to violate the FCPA and the Travel Act, among other charges.[278]

## Money Laundering

Many FCPA cases also involve violations of anti-money laundering statutes.[279] For example, two Florida executives of a Miami-based telecommunications company were convicted of FCPA and money laundering conduct where they conducted financial transactions involving the proceeds of specified unlawful activities—violations of the FCPA, the criminal bribery laws of Haiti, and wire fraud—in order to conceal and disguise these proceeds. Notably, although foreign officials cannot be prosecuted for FCPA



HOUSE_OVERSIGHT_022550

violations,[280] three former Haitian officials involved in the same scheme were convicted of money laundering.[281]

## Mail and Wire Fraud

The mail and wire fraud statutes may also apply. In 2006, for example, a wholly owned foreign subsidiary of a U.S. issuer pleaded guilty to both FCPA and wire fraud counts where the scheme included overbilling the subsidiary's customers—both government and private—and using part of the overcharged money to pay kickbacks to the customers' employees. The wire fraud charges alleged that the subsidiary had funds wired from its parent's Oregon bank account to off-the-books bank accounts in South Korea that were controlled by the subsidiary. The funds, amounting to almost $2 million, were then paid to managers of state-owned and private steel production companies in China and South Korea as illegal commission payments and kickbacks that were disguised as refunds, commissions, and other seemingly legitimate expenses.[282]

## Certification and Reporting Violations

Certain other licensing, certification, and reporting requirements imposed by the U.S. government can also be implicated in the foreign bribery context. For example, as a condition of its facilitation of direct loans and loan guarantees to a foreign purchaser of U.S. goods and services, the Export-Import Bank of the United States requires the U.S. supplier to make certifications concerning commissions, fees, or other payments paid in connection with the financial assistance and that it has not and will not violate the FCPA.[283] A false certification may give rise to criminal liability for false statements.[284]

Similarly, manufacturers, exporters, and brokers of certain defense articles and services are subject to registration, licensing, and reporting requirements under the Arms Export Control Act (AECA), 22 U.S.C. § 2751, *et seq.*, and its implementing regulations, the International Traffic in Arms Regulations (ITAR), 22 C.F.R. § 120, *et seq*. For example, under AECA and ITAR, all manufacturers and exporters of defense articles and services must register with the Directorate of Defense Trade Controls. The sale of defense articles and services valued at $500,000 or more triggers disclosure requirements concerning fees and commissions, including bribes, in an aggregate amount of $100,000 or more.[285] Violations of AECA and ITAR can result in civil and criminal penalties.[286]

## Tax Violations

Individuals and companies who violate the FCPA may also violate U.S. tax law, which explicitly prohibits tax deductions for bribes, such as false sales "commissions" deductions intended to conceal corrupt payments.[287] Internal Revenue Service-Criminal Investigation has been involved in a number of FCPA investigations involving tax violations, as well as other financial crimes like money laundering.



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HOUSE_OVERSIGHT_022552

# GUIDING PRINCIPLES OF ENFORCEMENT

## What Does DOJ Consider When Deciding Whether to Open an Investigation or Bring Charges?

Whether and how DOJ will commence, decline, or otherwise resolve an FCPA matter is guided by the *Principles of Federal Prosecution* in the case of individuals, and the *Principles of Federal Prosecution of Business Organizations* in the case of companies.

### DOJ *Principles of Federal Prosecution*

The *Principles of Federal Prosecution*, set forth in Chapter 9-27.000 of the U.S. Attorney's Manual,[288] provide guidance for DOJ prosecutors regarding initiating or declining prosecution, selecting charges, and plea-bargaining. The *Principles of Federal Prosecution* provide that prosecutors should recommend or commence federal prosecution if the putative defendant's conduct constitutes a federal offense and the admissible evidence will probably be sufficient to obtain and sustain a conviction unless (1) no substantial federal interest would be served by prosecution; (2) the person is subject to effective prosecution in another jurisdiction; or (3) an adequate non-criminal alternative to prosecution exists. In assessing the existence of a substantial federal interest, the prosecutor is advised to "weigh all relevant considerations," including the nature and seriousness of the offense; the deterrent effect of prosecution; the person's culpability in connection with the offense; the person's history with respect to criminal activity; the person's willingness to cooperate in the investigation or prosecution of others; and the probable sentence or other consequences if the person is convicted. The *Principles of Federal Prosecution* also set out the considerations to be weighed when deciding whether to enter into a plea agreement with an individual defendant, including the nature and seriousness of the offense and the person's willingness to cooperate, as well as the desirability of prompt and certain disposition of the case and the expense of trial and appeal.[289]

### DOJ *Principles of Federal Prosecution of Business Organizations*

The *Principles of Federal Prosecution of Business Organizations*, set forth in Chapter 9-28.000 of the U.S. Attorney's Manual,[290] provide guidance regarding the resolution of cases involving corporate wrongdoing. The *Principles of Federal Prosecution of Business Organizations* recognize that resolution of corporate criminal cases by means other



HOUSE_OVERSIGHT_022554

than indictment, including non-prosecution and deferred prosecution agreements, may be appropriate in certain circumstances. Nine factors are considered in conducting an investigation, determining whether to charge a corporation, and negotiating plea or other agreements:

- the nature and seriousness of the offense, including the risk of harm to the public;
- the pervasiveness of wrongdoing within the corporation, including the complicity in, or the condoning of, the wrongdoing by corporate management;
- the corporation's history of similar misconduct, including prior criminal, civil, and regulatory enforcement actions against it;
- the corporation's timely and voluntary disclosure of wrongdoing and its willingness to cooperate in the investigation of its agents;
- the existence and effectiveness of the corporation's pre-existing compliance program;
- the corporation's remedial actions, including any efforts to implement an effective corporate compliance program or improve an existing one, replace responsible management, discipline or terminate wrongdoers, pay restitution, and cooperate with the relevant government agencies;
- collateral consequences, including whether there is disproportionate harm to shareholders, pension holders, employees, and others not proven personally culpable, as well as impact on the public arising from the prosecution;
- the adequacy of the prosecution of individuals responsible for the corporation's malfeasance; and
- the adequacy of remedies such as civil or regulatory enforcement actions.

As these factors illustrate, in many investigations it will be appropriate for a prosecutor to consider a corporation's pre-indictment conduct, including voluntary disclosure, cooperation, and remediation, in determining whether to seek an indictment. In assessing a corporation's cooperation, prosecutors are prohibited from requesting attorney-client privileged materials with two exceptions—when a corporation or its employee asserts an advice-of-counsel defense and when the attorney-client communications were in furtherance of a crime or fraud. Otherwise, an organization's cooperation may only be assessed on the basis of whether it disclosed the *relevant facts* underlying an investigation—and not on the basis of whether it has waived its attorney-client privilege or work product protection.[291]

## What Does SEC Consider When Deciding Whether to Open an Investigation or Bring Charges?

SEC's *Enforcement Manual*, published by SEC's Enforcement Division and available on SEC's website,[292] sets forth information about how SEC conducts investigations, as well as the guiding principles that SEC staff considers when determining whether to open or close an investigation and whether civil charges are merited. There are various ways that potential FCPA violations come to the attention of SEC staff, including: tips from informants or whistleblowers; information developed in other investigations; self-reports or public disclosures by companies; referrals from other offices or agencies; public sources, such as media reports and trade publications; and proactive investigative techniques, including risk-based initiatives. Investigations can be formal, such as where SEC has issued a formal order of investigation that authorizes its staff to issue investigative subpoenas for testimony and documents, or informal, such as where the staff proceeds with the investigation without the use of investigative subpoenas.

In determining whether to open an investigation and, if so, whether an enforcement action is warranted, SEC staff considers a number of factors, including: the statutes or rules potentially violated; the egregiousness of the potential violation; the potential magnitude of the violation; whether the potentially harmed group is particularly vulnerable or at risk; whether the conduct is ongoing; whether the conduct can be investigated efficiently and within the statute of limitations period; and whether other authorities, including federal or state agencies or regulators, might be better suited to investigate the conduct. SEC staff also may



HOUSE_OVERSIGHT_022555

consider whether the case involves a possibly widespread industry practice that should be addressed, whether the case involves a recidivist, and whether the matter gives SEC an opportunity to be visible in a community that might not otherwise be familiar with SEC or the protections afforded by the securities laws.

For more information about the Enforcement Division's procedures concerning investigations, enforcement actions, and cooperation with other regulators, see the *Enforcement Manual* at http://www.sec.gov/divisions/enforce.shtml.

## Self-Reporting, Cooperation, and Remedial Efforts

While the conduct underlying any FCPA investigation is obviously a fundamental and threshold consideration in deciding what, if any, action to take, both DOJ and SEC place a high premium on self-reporting, along with cooperation and remedial efforts, in determining the appropriate resolution of FCPA matters.

### Criminal Cases

Under DOJ's *Principles of Federal Prosecution of Business Organizations*, federal prosecutors consider a company's cooperation in determining how to resolve a corporate criminal case. Specifically, prosecutors consider whether the company made a voluntary and timely disclosure as well as the company's willingness to provide relevant information and evidence and identify relevant actors inside and outside the company, including senior executives. In addition, prosecutors may consider a company's remedial actions, including efforts to improve an existing compliance program or appropriate disciplining of wrongdoers.[293] A company's remedial measures should be meaningful and illustrate its recognition of the seriousness of the misconduct, for example, by taking steps to implement the personnel, operational, and organizational changes necessary to establish an awareness among employees that criminal conduct will not be tolerated.[294]

The *Principles of Federal Prosecution* similarly provide that prosecutors may consider an individual's willingness to cooperate in deciding whether a prosecution should be undertaken and how it should be resolved. Although a willingness to cooperate will not, by itself, generally relieve a person of criminal liability, it may be given "serious consideration" in evaluating whether to enter into a plea agreement with a defendant, depending on the nature and value of the cooperation offered.[295]

The U.S. Sentencing Guidelines similarly take into account an individual defendant's cooperation and voluntary disclosure. Under § 5K1.1, a defendant's cooperation, if sufficiently substantial, may justify the government filing a motion for a reduced sentence. And under § 5K2.16, a defendant's voluntary disclosure of an offense prior to its discovery—if the offense was unlikely to have been discovered otherwise—may warrant a downward departure in certain circumstances.

Chapter 8 of the Sentencing Guidelines, which governs the sentencing of organizations, takes into account an organization's remediation as part of an "effective compliance and ethics program." One of the seven elements of such a program provides that after the detection of criminal conduct, "the organization shall take reasonable steps to respond appropriately to the criminal conduct and to prevent further similar criminal conduct, including making any necessary modifications to the organization's compliance and ethics program."[296] Having an effective compliance and ethics program may lead to a three-point reduction in an organization's culpability score under § 8C2.5, which affects the fine calculation under the Guidelines. Similarly, an organization's self-reporting, cooperation, and acceptance of responsibility may lead to fine reductions under § 8C2.5(g) by decreasing the culpability score. Conversely, an organization will not qualify for the compliance program reduction when it unreasonably delayed reporting the offense.[297] Similar to § 5K1.1



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for individuals, organizations can qualify for departures pursuant to § 8C4.1 of the Guidelines for cooperating in the prosecution of others.

## Civil Cases

### *SEC's Framework for Evaluating Cooperation by Companies*

SEC's framework for evaluating cooperation by companies is set forth in its 2001 *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934 and Commission Statement on the Relationship of Cooperation to Agency Enforcement Decisions,* which is commonly known as the *Seaboard Report*.[298] The report, which explained the Commission's decision not to take enforcement action against a public company for certain accounting violations caused by its subsidiary, details the many factors SEC considers in determining whether, and to what extent, it grants leniency to companies for cooperating in its investigations and for related good corporate citizenship. Specifically, the report identifies four broad measures of a company's cooperation:

- self-policing prior to the discovery of the misconduct, including establishing effective compliance procedures and an appropriate tone at the top;
- self-reporting of misconduct when it is discovered, including conducting a thorough review of the nature, extent, origins, and consequences of the misconduct, and promptly, completely, and effectively disclosing the misconduct to the public, to regulatory agencies, and to self-regulatory organizations;
- remediation, including dismissing or appropriately disciplining wrongdoers, modifying and improving internal controls and procedures to prevent recurrence of the misconduct, and appropriately compensating those adversely affected; and
- cooperation with law enforcement authorities, including providing SEC staff with all information relevant to the underlying violations and the company's remedial efforts.

Since every enforcement matter is different, this analytical framework sets forth general principles but does not limit SEC's broad discretion to evaluate every case individually on its own unique facts and circumstances. Similar to SEC's treatment of cooperating individuals, credit for cooperation by companies may range from taking no enforcement action to pursuing reduced sanctions in connection with enforcement actions.

### *SEC's Framework for Evaluating Cooperation by Individuals*

In 2010, SEC announced a new cooperation program for individuals.[299] SEC staff has a wide range of tools to facilitate and reward cooperation by individuals, from taking no enforcement action to pursuing reduced sanctions in connection with enforcement actions. Although the evaluation of cooperation depends on the specific circumstances, SEC generally evaluates four factors to determine whether, to what extent, and in what manner to credit cooperation by individuals:

- the assistance provided by the cooperating individual in SEC's investigation or related enforcement actions, including, among other things: the value and timeliness of the cooperation, including whether the individual was the first to report the misconduct to SEC or to offer his or her cooperation; whether the investigation was initiated based upon the information or other cooperation by the individual; the quality of the cooperation, including whether the individual was truthful and the cooperation was complete; the time and resources conserved as a result of the individual's cooperation; and the nature of the cooperation, such as the type of assistance provided;
- the importance of the matter in which the individual provided cooperation;
- the societal interest in ensuring that the cooperating individual is held accountable for his or her misconduct, including the severity of the individual's misconduct, the culpability of the individual, and the efforts undertaken by the individual to remediate the harm; and



HOUSE_OVERSIGHT_022557

- the appropriateness of a cooperation credit in light of the profile of the cooperating individual.

## Corporate Compliance Program

In a global marketplace, an effective compliance program is a critical component of a company's internal controls and is essential to detecting and preventing FCPA violations.[300] Effective compliance programs are tailored to the company's specific business and to the risks associated with that business. They are dynamic and evolve as the business and the markets change.

An effective compliance program promotes "an organizational culture that encourages ethical conduct and a commitment to compliance with the law."[301] Such a program protects a company's reputation, ensures investor value and confidence, reduces uncertainty in business transactions, and secures a company's assets.[302] A well-constructed, thoughtfully implemented, and consistently enforced compliance and ethics program helps prevent, detect, remediate, and report misconduct, including FCPA violations.

In addition to considering whether a company has self-reported, cooperated, and taken appropriate remedial actions, DOJ and SEC also consider the adequacy of a company's compliance program when deciding what, if any, action to take. The program may influence whether or not charges should be resolved through a deferred prosecution agreement (DPA) or non-prosecution agreement (NPA), as well as the appropriate length of any DPA or NPA, or the term of corporate probation. It will often affect the penalty amount and the need for a monitor or self-reporting.[303] As discussed above, SEC's *Seaboard Report* focuses, among other things, on a company's self-policing prior to the discovery of the misconduct, including whether it had established effective compliance procedures.[304] Likewise, three of the nine factors set forth in DOJ's *Principles of Federal Prosecution of Business Organizations* relate, either directly or indirectly, to a compliance program's design and implementation, including the pervasiveness of wrongdoing within the company, the existence and effectiveness of the company's pre-existing compliance program, and the company's remedial actions.[305] DOJ also considers the U.S. Sentencing Guidelines' elements of an effective compliance program, as set forth in § 8B2.1 of the Guidelines.

These considerations reflect the recognition that a company's failure to prevent every single violation does not necessarily mean that a particular company's compliance program was not generally effective. DOJ and SEC understand that "no compliance program can ever prevent all criminal activity by a corporation's employees,"[306] and they do not hold companies to a standard of perfection. An assessment of a company's compliance program, including its design and good faith implementation and enforcement, is an important part of the government's assessment of whether a violation occurred, and if so, what action should be taken. In appropriate circumstances, DOJ and SEC may decline to pursue charges against a company based on the company's effective compliance program, or may otherwise seek to reward a company for its program, even when that program did not prevent the particular underlying FCPA violation that gave rise to the investigation.[307]

DOJ and SEC have no formulaic requirements regarding compliance programs. Rather, they employ a common-sense and pragmatic approach to evaluating compliance programs, making inquiries related to three basic questions:

- Is the company's compliance program well designed?
- Is it being applied in good faith?
- Does it work?[308]

This guide contains information regarding some of the basic elements DOJ and SEC consider when evaluating compliance programs. Although the focus is on compliance with the FCPA, given the existence of anti-corruption laws in many other countries, businesses should consider designing programs focused on anti-corruption compliance more broadly.[309]



HOUSE_OVERSIGHT_022558

## Hallmarks of Effective Compliance Programs

Individual companies may have different compliance needs depending on their size and the particular risks associated with their businesses, among other factors. When it comes to compliance, there is no one-size-fits-all program. Thus, the discussion below is meant to provide insight into the aspects of compliance programs that DOJ and SEC assess, recognizing that companies may consider a variety of factors when making their own determination of what is appropriate for their specific business needs.[310] Indeed, small- and medium-size enterprises likely will have different compliance programs from large multi-national corporations, a fact DOJ and SEC take into account when evaluating companies' compliance programs.

Compliance programs that employ a "check-the-box" approach may be inefficient and, more importantly, ineffective. Because each compliance program should be tailored to an organization's specific needs, risks, and challenges, the information provided below should not be considered a substitute for a company's own assessment of the corporate compliance program most appropriate for that particular business organization. In the end, if designed carefully, implemented earnestly, and enforced fairly, a company's compliance program—no matter how large or small the organization—will allow the company generally to prevent violations, detect those that do occur, and remediate them promptly and appropriately.

### Commitment from Senior Management and a Clearly Articulated Policy Against Corruption

Within a business organization, compliance begins with the board of directors and senior executives setting the proper tone for the rest of the company. Managers and employees take their cues from these corporate leaders. Thus, DOJ and SEC consider the commitment of corporate leaders to a "culture of compliance"[311] and look to see if this high-level commitment is also reinforced and implemented by middle managers and employees at all levels of a business. A well-designed compliance program that is not enforced in good faith, such as when corporate management explicitly or implicitly encourages employees to engage in misconduct to achieve business objectives, will be ineffective. DOJ and SEC have often encountered companies with compliance programs that are strong on paper but that nevertheless have significant FCPA violations because management has failed to effectively implement the program even in the face of obvious signs of corruption. This may be the result of aggressive sales staff preventing compliance personnel from doing their jobs effectively and of senior management, more concerned with securing a valuable business opportunity than enforcing a culture of compliance, siding with the sales team. The higher the financial stakes of the transaction, the greater the temptation for management to choose profit over compliance.

A strong ethical culture directly supports a strong compliance program. By adhering to ethical standards, senior managers will inspire middle managers to reinforce those standards. Compliant middle managers, in turn, will encourage employees to strive to attain those standards throughout the organizational structure.[312]

In short, compliance with the FCPA and ethical rules must start at the top. DOJ and SEC thus evaluate whether senior management has clearly articulated company standards, communicated them in unambiguous terms, adhered to them scrupulously, and disseminated them throughout the organization.

### Code of Conduct and Compliance Policies and Procedures

A company's code of conduct is often the foundation upon which an effective compliance program is built. As DOJ has repeatedly noted in its charging documents, the most effective codes are clear, concise, and accessible to all employees and to those conducting business on the company's behalf. Indeed, it would be difficult to effectively implement a compliance program if it was not available in the local language so that employees in foreign subsidiaries can access and understand it. When assessing a compliance program, DOJ and SEC will review whether the company



HOUSE_OVERSIGHT_022559

has taken steps to make certain that the code of conduct remains current and effective and whether a company has periodically reviewed and updated its code.

Whether a company has policies and procedures that outline responsibilities for compliance within the company, detail proper internal controls, auditing practices, and documentation policies, and set forth disciplinary procedures will also be considered by DOJ and SEC. These types of policies and procedures will depend on the size and nature of the business and the risks associated with the business. Effective policies and procedures require an in-depth understanding of the company's business model, including its products and services, third-party agents, customers, government interactions, and industry and geographic risks. Among the risks that a company may need to address include the nature and extent of transactions with foreign governments, including payments to foreign officials; use of third parties; gifts, travel, and entertainment expenses; charitable and political donations; and facilitating and expediting payments. For example, some companies with global operations have created web-based approval processes to review and approve routine gifts, travel, and entertainment involving foreign officials and private customers with clear monetary limits and annual limitations. Many of these systems have built-in flexibility so that senior management, or in-house legal counsel, can be apprised of and, in appropriate circumstances, approve unique requests. These types of systems can be a good way to conserve corporate resources while, if properly implemented, preventing and detecting potential FCPA violations.

Regardless of the specific policies and procedures implemented, these standards should apply to personnel at all levels of the company.

### Oversight, Autonomy, and Resources

In appraising a compliance program, DOJ and SEC also consider whether a company has assigned responsibility for the oversight and implementation of a company's compliance program to one or more specific senior executives within an organization.[313] Those individuals must have appropriate authority within the organization, adequate autonomy from management, and sufficient resources to ensure that the company's compliance program is implemented effectively.[314] Adequate autonomy generally includes direct access to an organization's governing authority, such as the board of directors and committees of the board of directors (e.g., the audit committee).[315] Depending on the size and structure of an organization, it may be appropriate for day-to-day operational responsibility to be delegated to other specific individuals within a company.[316] DOJ and SEC recognize that the reporting structure will depend on the size and complexity of an organization. Moreover, the amount of resources devoted to compliance will depend on the company's size, complexity, industry, geographical reach, and risks associated with the business. In assessing whether a company has reasonable internal controls, DOJ and SEC typically consider whether the company devoted adequate staffing and resources to the compliance program given the size, structure, and risk profile of the business.

### Risk Assessment

Assessment of risk is fundamental to developing a strong compliance program, and is another factor DOJ and SEC evaluate when assessing a company's compliance program.[317] One-size-fits-all compliance programs are generally ill-conceived and ineffective because resources inevitably are spread too thin, with too much focus on low-risk markets and transactions to the detriment of high-risk areas. Devoting a disproportionate amount of time policing modest entertainment and gift-giving instead of focusing on large government bids, questionable payments to third-party consultants, or excessive discounts to resellers and distributors may indicate that a company's compliance program is ineffective. A $50 million contract with a government agency in a high-risk country warrants greater



HOUSE_OVERSIGHT_022560

scrutiny than modest and routine gifts and entertainment. Similarly, performing identical due diligence on all third-party agents, irrespective of risk factors, is often counter-productive, diverting attention and resources away from those third parties that pose the most significant risks. DOJ and SEC will give meaningful credit to a company that implements in good faith a comprehensive, risk-based compliance program, even if that program does not prevent an infraction in a low risk area because greater attention and resources had been devoted to a higher risk area. Conversely, a company that fails to prevent an FCPA violation on an economically significant, high-risk transaction because it failed to perform a level of due diligence commensurate with the size and risk of the transaction is likely to receive reduced credit based on the quality and effectiveness of its compliance program.

As a company's risk for FCPA violations increases, that business should consider increasing its compliance procedures, including due diligence and periodic internal audits. The degree of appropriate due diligence is fact-specific and should vary based on industry, country, size, and nature of the transaction, and the method and amount of third-party compensation. Factors to consider, for instance, include risks presented by: the country and industry sector, the business opportunity, potential business partners, level of involvement with governments, amount of government regulation and oversight, and exposure to customs and immigration in conducting business affairs. When assessing a company's compliance program, DOJ and SEC take into account whether and to what degree a company analyzes and addresses the particular risks it faces.

### Training and Continuing Advice

Compliance policies cannot work unless effectively communicated throughout a company. Accordingly, DOJ and SEC will evaluate whether a company has taken steps to ensure that relevant policies and procedures have been communicated throughout the organization, including through periodic training and certification for all directors, officers, relevant employees, and, where appropriate, agents and business partners.[318] For example, many larger companies have implemented a mix of web-based and in-person training conducted at varying intervals. Such training typically covers company policies and procedures, instruction on applicable laws, practical advice to address real-life scenarios, and case studies. Regardless of how a company chooses to conduct its training, however, the information should be presented in a manner appropriate for the targeted audience, including providing training and training materials in the local language. For example, companies may want to consider providing different types of training to their sales personnel and accounting personnel with hypotheticals or sample situations that are similar to the situations they might encounter. In addition to the existence and scope of a company's training program, a company should develop appropriate measures, depending on the size and sophistication of the particular company, to provide guidance and advice on complying with the company's ethics and compliance program, including when such advice is needed urgently. Such measures will help ensure that the compliance program is understood and followed appropriately at all levels of the company.

### Incentives and Disciplinary Measures

In addition to evaluating the design and implementation of a compliance program throughout an organization, enforcement of that program is fundamental to its effectiveness.[319] A compliance program should apply from the board room to the supply room—no one should be beyond its reach. DOJ and SEC will thus consider whether, when enforcing a compliance program, a company has appropriate and clear disciplinary procedures, whether those procedures are applied reliably and promptly, and whether they are commensurate with the violation. Many companies have found that publicizing disciplinary actions internally, where appropriate under local law, can have an important deterrent effect, demonstrating that unethical and unlawful actions have swift and sure consequences.

DOJ and SEC recognize that positive incentives can also drive compliant behavior. These incentives can take many



HOUSE_OVERSIGHT_022561

forms such as personnel evaluations and promotions, rewards for improving and developing a company's compliance program, and rewards for ethics and compliance leadership.[320] Some organizations, for example, have made adherence to compliance a significant metric for management's bonuses so that compliance becomes an integral part of management's everyday concern. Beyond financial incentives, some companies have highlighted compliance within their organizations by recognizing compliance professionals and internal audit staff. Others have made working in the company's compliance organization a way to advance an employee's career. SEC, for instance, has encouraged companies to embrace methods to incentivize ethical and lawful behavior:

> [M]ake integrity, ethics and compliance part of the promotion, compensation and evaluation processes as well. For at the end of the day, the most effective way to communicate that "doing the right thing" is a priority, is to reward it. Conversely, if employees are led to believe that, when it comes to compensation and career advancement, all that counts is short-term profitability, and that cutting ethical corners is an acceptable way of getting there, they'll perform to that measure. To cite an example from a different walk of life: a college football coach can be told that the graduation rates of his players are what matters, but he'll know differently if the sole focus of his contract extension talks or the decision to fire him is his win-loss record. [321]

No matter what the disciplinary scheme or potential incentives a company decides to adopt, DOJ and SEC will consider whether they are fairly and consistently applied across the organization. No executive should be above compliance, no employee below compliance, and no person within an organization deemed too valuable to be disciplined, if warranted. Rewarding good behavior and sanctioning bad behavior reinforces a culture of compliance and ethics throughout an organization.

### Third-Party Due Diligence and Payments

DOJ's and SEC's FCPA enforcement actions demonstrate that third parties, including agents, consultants, and distributors, are commonly used to conceal the payment of bribes to foreign officials in international business transactions. Risk-based due diligence is particularly important with third parties and will also be considered by DOJ and SEC in assessing the effectiveness of a company's compliance program.

Although the degree of appropriate due diligence may vary based on industry, country, size and nature of the transaction, and historical relationship with the third-party, some guiding principles always apply.

*First*, as part of risk-based due diligence, companies should understand the qualifications and associations of its third-party partners, including its business reputation, and relationship, if any, with foreign officials. The degree of scrutiny should increase as red flags surface.

*Second*, companies should have an understanding of the business rationale for including the third party in the transaction. Among other things, the company should understand the role of and need for the third party and ensure that the contract terms specifically describe the services to be performed. Additional considerations include payment terms and how those payment terms compare to typical terms in that industry and country, as well as the timing of the third party's introduction to the business. Moreover, companies may want to confirm and document that the third party is actually performing the work for which it is being paid and that its compensation is commensurate with the work being provided.

*Third*, companies should undertake some form of ongoing monitoring of third-party relationships.[322] Where appropriate, this may include updating due diligence periodically, exercising audit rights, providing periodic training, and requesting annual compliance certifications by the third party.

In addition to considering a company's due diligence on third parties, DOJ and SEC also assess whether the company has informed third parties of the company's



HOUSE_OVERSIGHT_022562

## Compliance Program Case Study

Recent DOJ and SEC actions relating to a financial institution's real estate transactions with a government agency in China illustrate the benefits of implementing and enforcing a comprehensive risk-based compliance program. The case involved a joint venture real estate investment in the Luwan District of Shanghai, China, between a U.S.-based financial institution and a state-owned entity that functioned as the District's real estate arm. The government entity conducted the transactions through two special purpose vehicles ("SPVs"), with the second SPV purchasing a 12% stake in a real estate project.

The financial institution, through a robust compliance program, frequently trained its employees, imposed a comprehensive payment-approval process designed to prevent bribery, and staffed a compliance department with a direct reporting line to the board of directors. As appropriate given the industry, market, and size and structure of the transactions, the financial institution (1) provided extensive FCPA training to the senior executive responsible for the transactions and (2) conducted extensive due diligence on the transactions, the local government entity, and the SPVs. Due diligence on the entity included reviewing Chinese government records; speaking with sources familiar with the Shanghai real estate market; checking the government entity's payment records and credit references; conducting an on-site visit and placing a pretextual telephone call to the entity's offices; searching media sources; and conducting background checks on the entity's principals. The financial institution vetted the SPVs by obtaining a letter with designated bank account information from a Chinese official associated with the government entity (the "Chinese Official"); using an international law firm to request and review 50 documents from the SPVs' Canadian attorney; interviewing the attorney; and interviewing the SPVs' management.

Notwithstanding the financial institution's robust compliance program and good faith enforcement of it, the company failed to learn that the Chinese Official personally owned nearly 50% of the second SPV (and therefore a nearly 6% stake in the joint venture) and that the SPV was used as a vehicle for corrupt payments. This failure was due, in large part, to misrepresentations by the Chinese Official, the financial institution's executive in charge of the project, and the SPV's attorney that the SPV was 100% owned and controlled by the government entity. DOJ and SEC declined to take enforcement action against the financial institution, and its executive pleaded guilty to conspiracy to violate the FCPA's internal control provisions and also settled with SEC.

compliance program and commitment to ethical and lawful business practices and, where appropriate, whether it has sought assurances from third parties, through certifications and otherwise, of reciprocal commitments. These can be meaningful ways to mitigate third-party risk.

### Confidential Reporting and Internal Investigation

An effective compliance program should include a mechanism for an organization's employees and others to report suspected or actual misconduct or violations of the company's policies on a confidential basis and without fear of retaliation.[323] Companies may employ, for example, anonymous hotlines or ombudsmen. Moreover, once an allegation is made, companies should have in place an efficient, reliable, and properly funded process for investigating the allegation and documenting the company's response, including any disciplinary or remediation measures taken. Companies will want to consider taking "lessons learned" from any reported violations and the outcome of any resulting investigation to update their internal controls and compliance program and focus future training on such issues, as appropriate.

### Continuous Improvement: Periodic Testing and Review

Finally, a good compliance program should constantly evolve. A company's business changes over time, as do the environments in which it operates, the nature of its customers, the laws that govern its actions, and the standards of its



HOUSE_OVERSIGHT_022563

industry. In addition, compliance programs that do not just exist on paper but are followed in practice will inevitably uncover compliance weaknesses and require enhancements. Consequently, DOJ and SEC evaluate whether companies regularly review and improve their compliance programs and not allow them to become stale.

According to one survey, 64% of general counsel whose companies are subject to the FCPA say there is room for improvement in their FCPA training and compliance programs.[324] An organization should take the time to review and test its controls, and it should think critically about its potential weaknesses and risk areas. For example, some companies have undertaken employee surveys to measure their compliance culture and strength of internal controls, identify best practices, and detect new risk areas. Other companies periodically test their internal controls with targeted audits to make certain that controls on paper are working in practice. DOJ and SEC will give meaningful credit to thoughtful efforts to create a sustainable compliance program if a problem is later discovered. Similarly, undertaking proactive evaluations before a problem strikes can lower the applicable penalty range under the U.S. Sentencing Guidelines.[325] Although the nature and the frequency of proactive evaluations may vary depending on the size and complexity of an organization, the idea behind such efforts is the same: continuous improvement and sustainability.[326]

### Mergers and Acquisitions: Pre-Acquisition Due Diligence and Post-Acquisition Integration

In the context of the FCPA, mergers and acquisitions present both risks and opportunities. A company that does not perform adequate FCPA due diligence prior to a merger or acquisition may face both legal and business risks.[327] Perhaps most commonly, inadequate due diligence can allow a course of bribery to continue—with all the attendant harms to a business's profitability and reputation, as well as potential civil and criminal liability.

In contrast, companies that conduct effective FCPA due diligence on their acquisition targets are able to evaluate more accurately each target's value and negotiate for the costs of the bribery to be borne by the target. In addition, such actions demonstrate to DOJ and SEC a company's commitment to compliance and are taken into account when evaluating any potential enforcement action. For example, DOJ and SEC declined to take enforcement action against an acquiring issuer when the issuer, among other things, uncovered the corruption at the company being acquired as part of due diligence, ensured that the corruption was voluntarily disclosed to the government, cooperated with the investigation, and incorporated the acquired company into its compliance program and internal controls. On the other hand, SEC took action against the acquired company, and DOJ took action against a subsidiary of the acquired company.[328] When pre-acquisition due diligence is not possible, DOJ has described procedures, contained in Opinion Procedure Release No. 08-02, pursuant to which companies can nevertheless be rewarded if they choose to conduct thorough post-acquisition FCPA due diligence.[329]

FCPA due diligence, however, is normally only a portion of the compliance process for mergers and acquisitions. DOJ and SEC evaluate whether the acquiring company promptly incorporated the acquired company into all of its internal controls, including its compliance program. Companies should consider training new employees, reevaluating third parties under company standards, and, where appropriate, conducting audits on new business units.

For example, as a result of due diligence conducted by a California-based issuer before acquiring the majority interest in a joint venture, the issuer learned of corrupt payments to obtain business. However, the issuer only implemented its internal controls "halfway" so as not to "choke the sales engine and cause a distraction for the sales guys." As a result, the improper payments continued, and the issuer was held liable for violating the FCPA's internal controls and books and records provisions.[330]



HOUSE_OVERSIGHT_022564

## Other Guidance on Compliance and International Best Practices

In addition to this guide, the U.S. Departments of Commerce and State have both issued publications that contain guidance regarding compliance programs. The Department of Commerce's International Trade Administration has published *Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies*,[331] and the Department of State has published *Fighting Global Corruption: Business Risk Management*.[332]

There is also an emerging international consensus on compliance best practices, and a number of inter-governmental and non-governmental organizations have issued guidance regarding best practices for compliance.[333] Most notably, the OECD's 2009 Anti-Bribery Recommendation and its Annex II, *Good Practice Guidance on Internal Controls, Ethics, and Compliance*,[334] published in February 2010, were drafted based on consultations with the private sector and civil society and set forth specific good practices for ensuring effective compliance programs and measures for preventing and detecting foreign bribery. In addition, businesses may wish to refer to the following resources:

- Asia-Pacific Economic Cooperation—*Anti-Corruption Code of Conduct for Business*;[335]
- International Chamber of Commerce—*ICC Rules on Combating Corruption*;[336]
- Transparency International—*Business Principles for Countering Bribery*;[337]
- United Nations Global Compact—*The Ten Principles*;[338]
- World Bank—*Integrity Compliance Guidelines*;[339] and
- World Economic Forum—*Partnering Against Corruption–Principles for Countering Bribery*.[340]

## Hypothetical: Third-Party Vetting

### Part 1: Consultants

Company A, a U.S. issuer headquartered in Delaware, wants to start doing business in a country that poses high risks of corruption. Company A learns about a potential $50 million contract with the country's Ministry of Immigration. This is a very attractive opportunity to Company A, both for its profitability and to open the door to future projects with the government. At the suggestion of the company's senior vice president of international sales (Sales Executive), Company A hires a local businessman who assures them that he has strong ties to political and government leaders in the country and can help them win the contract. Company A enters into a consulting contract with the local businessman (Consultant). The agreement requires Consultant to use his best efforts to help the company win the business and provides for Consultant to receive a significant monthly retainer as well as a success fee of 3% of the value of any contract the company wins.

**What steps should Company A consider taking before hiring Consultant?**

There are several factors here that might lead Company A to perform heightened FCPA-related due diligence prior to retaining Consultant: (1) the market (high-risk country); (2) the size and significance of the deal to the company; (3) the company's first time use of this particular consultant; (4) the consultant's strong ties to political and government leaders; (5) the success fee structure of the contract; and (6) the vaguely-defined services to be provided. In order to minimize the likelihood of incurring FCPA liability, Company A should carefully vet Consultant and his role in the transaction, including close scrutiny of the relationship between Consultant and any Ministry of Immigration officials or other government officials. Although there is nothing inherently illegal about contracting with a third party that has close connections to politicians and government officials to perform legitimate services on a transaction, this type of relationship can be susceptible to corruption. Among other things, Company A may consider conducting due diligence on Consultant, including background

*(cont'd)*



HOUSE_OVERSIGHT_022565

and reference checks; ensuring that the contract spells out exactly what services and deliverables (such as written status reports or other documentation) Consultant is providing; training Consultant on the FCPA and other anti-corruption laws; requiring Consultant to represent that he will abide by the FCPA and other anti-corruption laws; including audit rights in the contract (and exercising those rights); and ensuring that payments requested by Consultant have the proper supporting documentation before they are approved for payment.

## Part 2: Distributors and Local Partners

**Assume the following alternative facts:**

Instead of hiring Consultant, Company A retains an often-used local distributor (Distributor) to sell Company A's products to the Ministry of Immigration. In negotiating the pricing structure, Distributor, which had introduced the project to Company A, claims that the standard discount price to Distributor creates insufficient margin for Distributor to cover warehousing, distribution, installation, marketing, and training costs and requests an additional discount or rebate, or, in the alternative, a contribution to its marketing efforts, either in the form of a lump sum or as a percentage of the total contract. The requested discount/allowance is significantly larger than usual, although there is precedent at Company A for granting this level of discount in unique circumstances. Distributor further advises Company A that the Ministry's procurement officials responsible for awarding the contract have expressed a strong preference for including a particular local company (Local Partner) in the transaction as a subcontractor of Company A to perform installation, training, and other services that would normally have been performed by Distributor or Company A. According to Distributor, the Ministry has a solid working relationship with Local Partner, and it would cause less disruption for Local Partner to perform most of the on-site work at the Ministry. One of the principals (Principal 1) of the Local Partner is an official in another government ministry.

**What additional compliance considerations do these alternative facts raise?**

As with Consultant in the first scenario above, Company A should carefully vet Distributor and Local Partner and their roles in the transaction in order to minimize the likelihood of incurring FCPA liability. While Company A has an established relationship with Distributor, the fact that Distributor has requested an additional discount warrants further inquiry into the economic justification for the change, particularly where, as here, the proposed transaction structure contemplates paying Local Partner to provide many of the same services that Distributor would otherwise provide. In many cases, it may be appropriate for distributors to receive larger discounts to account for unique circumstances in particular transactions. That said, a common mechanism to create additional margin for bribe payments is through excessive discounts or rebates to distributors. Accordingly, when a company has pre-existing relationships with distributors and other third parties, transaction-specific due diligence—including an analysis of payment terms to confirm that the payment is commensurate with the work being performed—can be critical even in circumstances where due diligence of the distributor or other third party raises no initial red flags.

Company A should carefully scrutinize the relationship among Local Partner, Distributor, and Ministry of Immigration officials. While there is nothing inherently illegal about contracting with a third party that is recommended by the end-user, or even hiring a government official to perform legitimate services on a transaction unrelated to his or her government job, these facts raise additional red flags that warrant significant scrutiny. Among other things, Company A would be well-advised to require Principal 1 to verify that he will have no role in the Ministry of Immigration's decision to award the contract to Company A, notify the Ministry of Immigration and his own ministry of his proposed involvement in the transaction, and certify that he will abide by the FCPA and other anti-corruption laws and that his involvement in the transaction is permitted under local law.

*(cont'd)*



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**Assume the following additional facts:**

Under its company policy for a government transaction of this size, Company A requires both finance and compliance approval. The finance officer is concerned that the discounts to Distributor are significantly larger than what they have approved for similar work and will cut too deeply into Company A's profit margin. The finance officer is also skeptical about including Local Partner to perform some of the same services that Company A is paying Distributor to perform. Unsatisfied with Sales Executive's explanation, she requests a meeting with Distributor and Principal 1. At the meeting, Distributor and Principal 1 offer vague and inconsistent justifications for the payments and fail to provide any supporting analysis, and Principal 1 seems to have no real expertise in the industry. During a coffee break, Distributor comments to Sales Executive that the finance officer is naïve about "how business is done in my country." Following the meeting, Sales Executive dismisses the finance officer's concerns, assuring her that the proposed transaction structure is reasonable and legitimate. Sales Executive also reminds the finance officer that "the deal is key to their growth in the industry."

The compliance officer focuses his due diligence on vetting Distributor and Local Partner and hires a business investigative firm to conduct a background check. Distributor appears reputable, capable, and financially stable and is willing to take on real risk in the project, financial and otherwise. However, the compliance officer learns that Distributor has established an off-shore bank account for the transaction. The compliance officer further learns that Local Partner's business was organized two years ago and appears financially stable but has no expertise in the industry and has established an off-shore shell company and bank account to conduct this transaction. The background check also reveals that Principal 1 is a former college roommate of a senior official of the Ministry of Immigration. The Sales Executive dismisses the compliance officer's concerns, commenting that what Local Partner does with its payments "isn't our problem." Sales Executive also strongly objects to the compliance officer's request to meet with Principal 1 to discuss the off-shore company and account, assuring him that it was done for legitimate tax purposes and complaining that if Company A continues to "harass" Local Partner and Distributor, they would partner with Company A's chief competitor. The compliance officer and the finance officer discuss their concerns with each other but ultimately sign off on the deal even though their questions had not been answered. Their decision is motivated in large part by their conversation with Sales Executive, who told them that this was the region's most important contract and that the detailed FCPA questionnaires and robust anti-corruption representations in the contracts placed the burden on Distributor and Local Partner to act ethically.

Company A goes forward with the Distributor and Local Partner agreements and wins the contract after six months. The finance officer approves Company A's payments to Local Partner via the offshore account, even though Local Partner's invoices did not contain supporting detail or documentation of any services provided. Company A recorded the payments as legitimate operational expenses on its books and records. Sales Executive received a large year-end bonus due to the award of the contract.

In fact, Local Partner and Distributor used part of the payments and discount margin, respectively, to funnel bribe payments to several Ministry of Immigration officials, including Principal 1's former college roommate, in exchange for awarding the contract to Company A. Thousands of dollars are also wired to the personal offshore bank account of Sales Executive.

**How would DOJ and SEC evaluate the potential FCPA liability of Company A and its employees?**

This is not the case of a single "rogue employee" circumventing an otherwise robust compliance program. Although Company A's finance and compliance officers had the correct instincts to scrutinize the structure and economics of the transaction and the role of the third parties, their due diligence was incomplete. When the initial inquiry identified significant red flags, they approved the transaction despite knowing that their concerns were unanswered or the answers they received raised additional concerns and red flags. Relying on due diligence questionnaires and anti-corruption representations is insufficient, particularly when the risks are readily apparent. Nor can Company A or its employees shield themselves from liability because it was Distributor and Local Partner—rather than Company A directly—that made the payments.

The facts suggest that Sales Executive had actual knowledge of or was willfully blind to the consultant's payment of the bribes. He also personally profited from the scheme (both from the kickback and from the bonus he received from the company) and intentionally discouraged the finance and compliance officers from learning the full story. Sales Executive is therefore subject to liability under the anti-bribery, books and records, and internal controls provisions of the FCPA, and others may be as well. Company A may also be liable for violations of the anti-bribery, books and records, and internal controls provisions of the FCPA given the number and significance of red flags that established a high probability of bribery and the role of employees and agents acting on the company's behalf.



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# FCPA PENALTIES, SANCTIONS, AND REMEDIES

## What Are the Potential Consequences for Violations of the FCPA?

The FCPA provides for different criminal and civil penalties for companies and individuals.

## Criminal Penalties

For each violation of the anti-bribery provisions, the FCPA provides that corporations and other business entities are subject to a fine of up to $2 million.[341] Individuals, including officers, directors, stockholders, and agents of companies, are subject to a fine of up to $100,000 and imprisonment for up to five years.[342]

For each violation of the accounting provisions, the FCPA provides that corporations and other business entities are subject to a fine of up to $25 million.[343] Individuals are subject to a fine of up to $5 million and imprisonment for up to 20 years.[344]

Under the Alternative Fines Act, 18 U.S.C. § 3571(d), courts may impose significantly higher fines than those provided by the FCPA—up to twice the benefit that the defendant sought to obtain by making the corrupt payment, as long as the facts supporting the increased fines are included in the indictment and either proved to the jury beyond a reasonable doubt or admitted in a guilty plea proceeding.[345] Fines imposed on individuals may not be paid by their employer or principal.[346]

### U.S. Sentencing Guidelines

When calculating penalties for violations of the FCPA, DOJ focuses its analysis on the U.S. Sentencing Guidelines (Guidelines)[347] in all of its resolutions, including guilty pleas, DPAs, and NPAs. The Guidelines provide a very detailed and predictable structure for calculating penalties for all federal crimes, including violations of the FCPA. To determine the appropriate penalty, the "offense level" is first calculated by examining both the severity of the crime and facts specific to the crime, with appropriate reductions for cooperation and acceptance of responsibility, and, for business entities, additional factors such as voluntary disclosure, cooperation, pre-existing compliance programs, and remediation.

The Guidelines provide for different penalties for the different provisions of the FCPA. The initial offense level for violations of the anti-bribery provisions is determined under § 2C1.1, while violations of the accounting provisions are assessed under § 2B1.1. For individuals, the initial offense level is modified by factors set forth in Chapters 3, 4, and 5 of the Guidelines[348] to identify a final offense level. This final offense level, combined with other factors, is used



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to determine whether the Guidelines would recommend that incarceration is appropriate, the length of any term of incarceration, and the appropriate amount of any fine. For corporations, the offense level is modified by factors particular to organizations as described in Chapter 8 to determine the applicable organizational penalty.

For example, violations of the anti-bribery provisions are calculated pursuant to § 2C1.1. The offense level is determined by first identifying the base offense level;[349] adding additional levels based on specific offense characteristics, including whether the offense involved more than one bribe, the value of the bribe or the benefit that was conferred, and the level of the public official;[350] adjusting the offense level based on the defendant's role in the offense;[351] and using the total offense level as well as the defendant's criminal history category to determine the advisory guideline range.[352] For violations of the accounting provisions assessed under § 2B1.1, the procedure is generally the same, except that the specific offense characteristics differ. For instance, for violations of the FCPA's accounting provisions, the offense level may be increased if a substantial part of the scheme occurred outside the United States or if the defendant was an officer or director of a publicly traded company at the time of the offense.[353]

For companies, the offense level is calculated pursuant to §§ 2C1.1 or 2B1.1 in the same way as for an individual—by starting with the base offense level and increasing it as warranted by any applicable specific offense characteristics. The organizational guidelines found in Chapter 8, however, provide the structure for determining the final advisory guideline fine range for organizations. The base fine consists of the greater of the amount corresponding to the total offense level, calculated pursuant to the Guidelines, or the pecuniary gain or loss from the offense.[354] This base fine is then multiplied by a culpability score that can either reduce the fine to as little as five percent of the base fine or increase the recommended fine to up to four times the amount of the base fine.[355] As described in § 8C2.5, this culpability score is calculated by taking into account numerous factors such as the size of the organization committing the criminal acts; the involvement in or tolerance of criminal activity by high-level personnel within the organization; and prior misconduct or obstructive behavior. The culpability score is reduced if the organization had an effective preexisting compliance program to prevent violations and if the organization voluntarily disclosed the offense, cooperated in the investigation, and accepted responsibility for the criminal conduct.[356]

## Civil Penalties

Although only DOJ has the authority to pursue criminal actions, both DOJ and SEC have civil enforcement authority under the FCPA. DOJ may pursue civil actions for anti-bribery violations by domestic concerns (and their officers, directors, employees, agents, or stockholders) and foreign nationals and companies for violations while in the United States, while SEC may pursue civil actions against issuers and their officers, directors, employees, agents, or stockholders for violations of the anti-bribery and the accounting provisions.[357]

For violations of the anti-bribery provisions, corporations and other business entities are subject to a civil penalty of up to $16,000 per violation.[358] Individuals, including officers, directors, stockholders, and agents of companies, are similarly subject to a civil penalty of up to $16,000 per violation,[359] which may not be paid by their employer or principal.[360]

For violations of the accounting provisions, SEC may obtain a civil penalty not to exceed the greater of (a) the gross amount of the pecuniary gain to the defendant as a result of the violations or (b) a specified dollar limitation. The specified dollar limitations are based on the egregiousness of the violation, ranging from $7,500 to $150,000 for an individual and $75,000 to $725,000 for a company.[361] SEC may obtain civil penalties both in actions filed in federal court and in administrative proceedings.[362]

## Collateral Consequences

In addition to the criminal and civil penalties described above, individuals and companies who violate the FCPA may face significant collateral consequences, including suspension



HOUSE_OVERSIGHT_022571

or debarment from contracting with the federal government, cross-debarment by multilateral development banks, and the suspension or revocation of certain export privileges.

### Debarment

Under federal guidelines governing procurement, an individual or company that violates the FCPA or other criminal statutes may be barred from doing business with the federal government. The Federal Acquisition Regulations (FAR) provide for the potential suspension or debarment of companies that contract with the government upon conviction of or civil judgment for bribery, falsification or destruction of records, the making of false statements, or "[c]ommission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of a Government contractor or subcontractor."[363] These measures are not intended to be punitive and may be imposed only if "in the public's interest for the Government's protection."[364]

Under the FAR, a decision to debar or suspend is discretionary. The decision is not made by DOJ prosecutors or SEC staff, but instead by independent debarment authorities within each agency, such as the Department of Defense or the General Services Administration, which analyze a number of factors to determine whether a company should be suspended, debarred, or otherwise determined to be ineligible for government contracting. Such factors include whether the contractor has effective internal control systems in place, self-reported the misconduct in a timely manner, and has taken remedial measures.[365] If a cause for debarment exists, the contractor has the burden of demonstrating to the satisfaction of the debarring official that it is presently responsible and that debarment is not necessary.[366] Each federal department and agency determines the eligibility of contractors with whom it deals. However, if one department or agency debars or suspends a contractor, the debarment or suspension applies to the entire executive branch of the federal government, unless a department or agency shows compelling reasons not to debar or suspend the contractor.[367]

Although guilty pleas, DPAs, and NPAs do not result in automatic debarment from U.S. government contracting, committing a federal crime and the factual admissions underlying a resolution are factors that the independent debarment authorities may consider. Moreover, indictment alone can lead to suspension of the right to do business with the government.[368] The U.S. Attorney's Manual also provides that when a company engages in fraud against the government, a prosecutor may not negotiate away an agency's right to debar or delist the company as part of the plea bargaining process.[369] In making debarment determinations, contracting agencies, including at the state and local level, may consult with DOJ in advance of awarding a contract. Depending on the circumstances, DOJ may provide information to contracting authorities in the context of the corporate settlement about the facts and circumstances underlying the criminal conduct and remediation measures undertaken by the company, if any. This information sharing is not advocacy, and the ultimate debarment decisions are squarely within the purview of the independent debarment authorities. In some situations, the contracting agency may impose its own oversight requirements in order for a company that has admitted to violations of federal law to be awarded federal contracts, such as the Corporate Integrity Agreements often required by the Department of Health and Human Services.

### Cross-Debarment by Multilateral Development Banks

Multilateral Development Banks (MDBs), like the World Bank, also have the ability to debar companies and individuals for corrupt practices.[370] Each MDB has its own process for evaluating alleged corruption in connection with MDB-funded projects. When appropriate, DOJ and SEC work with MDBs to share evidence and refer cases. On April 9, 2010, the African Development Bank Group, the Asian Development Bank, the European Bank for



HOUSE_OVERSIGHT_022572

Reconstruction and Development, the Inter-American Development Bank Group, and the World Bank Group entered into an agreement under which entities debarred by one MDB will be sanctioned for the same misconduct by other signatory MDBs.[371] This cross-debarment agreement means that if a company is debarred by one MDB, it is debarred by all.[372]

### Loss of Export Privileges

Companies and individuals who violate the FCPA may face consequences under other regulatory regimes, such as the Arms Export Control Act (AECA), 22 U.S.C. § 2751, *et seq.*, and its implementing regulations, the International Traffic in Arms Regulations (ITAR), 22 C.F.R. § 120, *et seq*. AECA and ITAR together provide for the suspension, revocation, amendment, or denial of an arms export license if an applicant has been indicted or convicted for violating the FCPA.[373] They also set forth certain factors for the Department of State's Directorate of Defense Trade Controls (DDTC)[374] to consider when determining whether to grant, deny, or return without action license applications for certain types of defense materials. One of those factors is whether there is reasonable cause to believe that an applicant for a license has violated (or conspired to violate) the FCPA; if so, the Department of State "may disapprove the application."[375] In addition, it is the policy of the Department of State not to consider applications for licenses involving any persons who have been convicted of violating the AECA or convicted of conspiracy to violate the AECA.[376] In an action related to the criminal resolution of a U.K. military products manufacturer, the DDTC imposed a "policy of denial" for export licenses on three of the company's subsidiaries that were involved in violations of AECA and ITAR.[377]

## When Is a Compliance Monitor or Independent Consultant Appropriate?

One of the primary goals of both criminal prosecutions and civil enforcement actions against companies that violate the FCPA is ensuring that such conduct does not occur again. As a consequence, enhanced compliance and reporting requirements may be part of criminal and civil resolutions of FCPA matters. The amount of enhanced compliance and kind of reporting required varies according to the facts and circumstances of individual cases.

In criminal cases, a company's sentence, or a DPA or NPA with a company, may require the appointment of an independent corporate monitor. Whether a monitor is appropriate depends on the specific facts and circumstances of the case. In 2008, DOJ issued internal guidance regarding the selection and use of corporate monitors in DPAs and NPAs with companies. Additional guidance has since been issued.[378] A monitor is an independent third party who assesses and monitors a company's adherence to the compliance requirements of an agreement that was designed to reduce the risk of recurrence of the company's misconduct. Appointment of a monitor is not appropriate in all circumstances, but it may be appropriate, for example, where a company does not already have an effective internal compliance program or needs to establish necessary internal controls. In addition, companies are sometimes allowed to engage in self-monitoring, typically in cases when the company has made a voluntary disclosure, has been fully cooperative, and has demonstrated a genuine commitment to reform.

**Factors DOJ and SEC Consider When Determining Whether a Compliance Monitor Is Appropriate Include:**

- Seriousness of the offense
- Duration of the misconduct
- Pervasiveness of the misconduct, including whether the conduct cuts across geographic and/or product lines
- Nature and size of the company
- Quality of the company's compliance program at the time of the misconduct
- Subsequent remediation efforts



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In civil cases, a company may similarly be required to retain an independent compliance consultant or monitor to provide an independent, third-party review of the company's internal controls. The consultant recommends improvements, to the extent necessary, which the company must adopt. When both DOJ and SEC require a company to retain a monitor, the two agencies have been able to coordinate their requirements so that the company can retain one monitor to fulfill both sets of requirements.

The most successful monitoring relationships are those in which the company embraces the monitor or consultant. If the company takes the recommendations and suggestions seriously and uses the monitoring period as a time to find and fix any outstanding compliance issues, the company can emerge from the monitorship with a stronger, long-lasting compliance program.



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# RESOLUTIONS

## What Are the Different Types of Resolutions with DOJ?

### Criminal Complaints, Informations, and Indictments

Charges against individuals and companies are brought in three different ways under the Federal Rules of Criminal Procedure: criminal complaints, criminal informations, and indictments.

DOJ may agree to resolve criminal FCPA matters against companies either through a declination or, in appropriate cases, a negotiated resolution resulting in a plea agreement, deferred prosecution agreement, or non-prosecution agreement. For individuals, a negotiated resolution will generally take the form of a plea agreement, which may include language regarding cooperation, or a non-prosecution cooperation agreement. When negotiated resolutions cannot be reached with companies or individuals, the matter may proceed to trial.

### Plea Agreements

Plea agreements—whether with companies or individuals—are governed by Rule 11 of the Federal Rules of Criminal Procedure. The defendant generally admits to the facts supporting the charges, admits guilt, and is convicted of the charged crimes when the plea agreement is presented to and accepted by a court. The plea agreement may jointly recommend a sentence or fine, jointly recommend an analysis under the U.S. Sentencing Guidelines, or leave such items open for argument at the time of sentencing.

### Deferred Prosecution Agreements

Under a deferred prosecution agreement, or a DPA as it is commonly known, DOJ files a charging document with the court,[379] but it simultaneously requests that the prosecution be deferred, that is, postponed for the purpose of allowing the company to demonstrate its good conduct. DPAs generally require a defendant to agree to pay a monetary penalty, waive the statute of limitations, cooperate with the government, admit the relevant facts, and enter into certain compliance and remediation commitments, potentially including a corporate compliance monitor. DPAs describe the company's conduct, cooperation, and remediation, if any, and provide a calculation of the penalty pursuant to the U.S. Sentencing Guidelines. In addition to being publicly filed, DOJ places all of its DPAs on its website. If the company successfully completes the term of the agreement (typically two or three years), DOJ will then move to dismiss the filed charges. A company's successful completion of a DPA is not treated as a criminal conviction.



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### Non-Prosecution Agreements

Under a non-prosecution agreement, or an NPA as it is commonly known, DOJ maintains the right to file charges but refrains from doing so to allow the company to demonstrate its good conduct during the term of the NPA. Unlike a DPA, an NPA is not filed with a court but is instead maintained by the parties. In circumstances where an NPA is with a company for FCPA-related offenses, it is made available to the public through DOJ's website. The requirements of an NPA are similar to those of a DPA, and generally require a waiver of the statute of limitations, ongoing cooperation, admission of the material facts, and compliance and remediation commitments, in addition to payment of a monetary penalty. If the company complies with the agreement throughout its term, DOJ does not file criminal charges. If an individual complies with the terms of his or her NPA, namely, truthful and complete cooperation and continued law-abiding conduct, DOJ will not pursue criminal charges.

### Declinations

As discussed above, DOJ's decision to bring or decline to bring an enforcement action under the FCPA is made pursuant to the *Principles of Federal Prosecution*, in the case of individuals, and the *Principles of Federal Prosecution of Business Organizations*, in the case of companies. As described, in the case of individuals, the *Principles of Federal Prosecution* advise prosecutors to weigh all relevant considerations, including:

- federal law enforcement priorities;
- the nature and seriousness of the offense;
- the deterrent effect of prosecution;
- the person's culpability in connection with the offense;
- the person's history of criminal activity;
- the person's willingness to cooperate in the investigation or prosecution of others; and
- the probable sentence or other consequences if the person is convicted.[380]

The *Principles of Federal Prosecution* provide additional commentary about each of these factors. For instance, they explain that prosecutors should take into account federal law enforcement priorities because federal law enforcement and judicial resources are not sufficient to permit prosecution of every alleged offense over which federal jurisdiction exists. The deterrent effect of prosecution should also be kept in mind because some offenses, "although seemingly not of great importance by themselves, if commonly committed would have a substantial cumulative impact on the community."[381]

As discussed above, the *Principles of Federal Prosecution of Business Organizations* require prosecutors to consider nine factors when determining whether to prosecute a corporate entity for an FCPA violation, including the nature and seriousness of the offense; the pervasiveness of wrongdoing within the company; the company's history of similar conduct; the existence and effectiveness of the company's pre-existing compliance program; and the adequacy of remedies, such as civil or regulatory enforcement actions.

Pursuant to these guidelines, DOJ has declined to prosecute both individuals and corporate entities in numerous cases based on the particular facts and circumstances presented in those matters, taking into account the available evidence.[382] To protect the privacy rights and other interests of the uncharged and other potentially interested parties, DOJ has a long-standing policy not to provide, without the party's consent, non-public information on matters it has declined to prosecute. To put DOJ's declinations in context, however, in the past two years alone, DOJ has declined several dozen cases against companies where potential FCPA violations were alleged.

As mentioned above, there are rare occasions in which, in conjunction with the public filing of charges against an individual, it is appropriate to disclose that a company is not also being prosecuted. That was done in a recent case where a former employee was charged but the former corporate employer was not.[383]



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## What Are the Different Types of Resolutions with SEC?

### Civil Injunctive Actions and Remedies

In a civil injunctive action, SEC seeks a court order compelling the defendant to obey the law in the future. Violating such an order can result in civil or criminal contempt proceedings. Civil contempt sanctions, brought by SEC, are remedial rather than punitive in nature and serve one of two purposes: to compensate the party injured as a result of the violation of the injunction or force compliance with the terms of the injunction.

Where a defendant has profited from a violation of law, SEC can obtain the equitable relief of disgorgement of ill-gotten gains and pre-judgment interest and can also obtain civil money penalties pursuant to Sections 21(d)(3) and 32(c) of the Exchange Act. SEC may also seek ancillary relief (such as an accounting from a defendant). Pursuant to Section 21(d)(5), SEC also may seek, and any federal court may grant, any other equitable relief that may be appropriate or necessary for the benefit of investors, such as enhanced remedial measures or the retention of an independent compliance consultant or monitor.

### Civil Administrative Actions and Remedies

SEC has the ability to institute various types of administrative proceedings against a person or an entity that it believes has violated the law. This type of enforcement action is brought by SEC's Enforcement Division and is litigated before an SEC administrative law judge (ALJ). The ALJ's decision is subject to appeal directly to the Securities and Exchange Commission itself, and the Commission's decision is in turn subject to review by a U.S. Court of Appeals.

Administrative proceedings provide for a variety of relief. For regulated persons and entities, such as broker-dealers and investment advisers and persons associated with them, sanctions include censure, limitation on activities, suspension of up to twelve months, and bar from association or revocation of registration. For professionals such as attorneys and accountants, SEC can order in Rule 102(e) proceedings that the professional be censured, suspended, or barred from practicing before SEC.[384] SEC staff can seek an order from an administrative law judge requiring the respondent to cease and desist from any current or future violations of the securities laws. In addition, SEC can obtain disgorgement, pre-judgment interest, and civil money penalties in administrative proceedings under Section 21B of the Exchange Act, and also can obtain other equitable relief, such as enhanced remedial measures or the retention of an independent compliance consultant or monitor.

### Deferred Prosecution Agreements

A deferred prosecution agreement is a written agreement between SEC and a potential cooperating individual or company in which SEC agrees to forego an enforcement action against the individual or company if the individual or company agrees to, among other things: (1) cooperate truthfully and fully in SEC's investigation and related enforcement actions; (2) enter into a long-term tolling agreement; (3) comply with express prohibitions and/or undertakings during a period of deferred prosecution; and (4) under certain circumstances, agree either to admit or not to contest underlying facts that SEC could assert to establish a violation of the federal securities laws. If the agreement is violated during the period of deferred prosecution, SEC staff may recommend an enforcement action to the Commission against the individual or company for the original misconduct as well as any additional misconduct. Furthermore, if the Commission authorizes the enforcement action, SEC staff may use any factual admissions made by the cooperating individual or company in support of a motion for summary judgment, while maintaining the ability to bring an enforcement action for any additional misconduct at a later date.



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In May of 2011, SEC entered into its first deferred prosecution agreement against a company for violating the FCPA.[385] In that case, a global manufacturer of steel pipe products violated the FCPA by bribing Uzbekistan government officials during a bidding process to supply pipelines for transporting oil and natural gas. The company made almost $5 million in profits when it was subsequently awarded several contracts by the Uzbekistan government. The company discovered the misconduct during a worldwide review of its operations and brought it to the government's attention. In addition to self-reporting, the company conducted a thorough internal investigation; provided complete, real-time cooperation with SEC and DOJ staff; and undertook extensive remediation, including enhanced anti-corruption procedures and training. Under the terms of the DPA, the company paid $5.4 million in disgorgement and prejudgment interest. The company also paid a $3.5 million monetary penalty to resolve a criminal investigation by DOJ through an NPA.[386]

For further information about deferred prosecution agreements, see SEC's *Enforcement Manual*.[387]

### Non-Prosecution Agreements

A non-prosecution agreement is a written agreement between SEC and a potential cooperating individual or company, entered into in limited and appropriate circumstances, that provides that SEC will not pursue an enforcement action against the individual or company if the individual or company agrees to, among other things: (1) cooperate truthfully and fully in SEC's investigation and related enforcement actions; and (2) comply, under certain circumstances, with express undertakings. If the agreement is violated, SEC staff retains its ability to recommend an enforcement action to the Commission against the individual or company.

For further information about non-prosecution agreements, see SEC's *Enforcement Manual*.[388]

### Termination Letters and Declinations

As discussed above, SEC's decision to bring or decline to bring an enforcement action under the FCPA is made pursuant to the guiding principles set forth in SEC's *Enforcement Manual*. The same factors that apply to SEC staff's determination of whether to recommend an enforcement action against an individual or entity apply to the decision to close an investigation without recommending enforcement action.[389]

Generally, SEC staff considers, among other things:

- the seriousness of the conduct and potential violations;
- the resources available to SEC staff to pursue the investigation;
- the sufficiency and strength of the evidence;
- the extent of potential investor harm if an action is not commenced; and
- the age of the conduct underlying the potential violations.

SEC has declined to take enforcement action against both individuals and companies based on the facts and circumstances present in those matters, where, for example, the conduct was not egregious, the company fully cooperated, and the company identified and remediated the misconduct quickly. SEC Enforcement Division policy is to notify individuals and entities at the earliest opportunity when the staff has determined not to recommend an enforcement action against them to the Commission. This notification takes the form of a termination letter.

In order to protect the privacy rights and other interests of the uncharged and other potentially interested parties, SEC does not provide non-public information on matters it has declined to prosecute.

## What Are Some Examples of Past Declinations by DOJ and SEC?

Neither DOJ nor SEC typically publicizes declinations but, to provide some insight into the process, the following are recent, anonymized examples of matters DOJ and SEC have declined to pursue:

**Example 1: Public Company Declination**

DOJ and SEC declined to take enforcement action against a public U.S. company. Factors taken into consideration included:



HOUSE_OVERSIGHT_022579

- The company discovered that its employees had received competitor bid information from a third party with connections to the foreign government.
- The company began an internal investigation, withdrew its contract bid, terminated the employees involved, severed ties to the third-party agent, and voluntarily disclosed the conduct to DOJ's Antitrust Division, which also declined prosecution.
- During the internal investigation, the company uncovered various FCPA red flags, including prior concerns about the third-party agent, all of which the company voluntarily disclosed to DOJ and SEC.
- The company immediately took substantial steps to improve its compliance program.

**Example 2: Public Company Declination**

DOJ and SEC declined to take enforcement action against a public U.S. company. Factors taken into consideration included:

- With knowledge of employees of the company's subsidiary, a retained construction company paid relatively small bribes, which were wrongly approved by the company's local law firm, to foreign building code inspectors.
- When the company's compliance department learned of the bribes, it immediately ended the conduct, terminated its relationship with the construction company and law firm, and terminated or disciplined the employees involved.
- The company completed a thorough internal investigation and voluntarily disclosed to DOJ and SEC.
- The company reorganized its compliance department, appointed a new compliance officer dedicated to anti-corruption, improved the training and compliance program, and undertook a review of all of the company's international third-party relationships.

**Example 3: Public Company Declination**

DOJ and SEC declined to take enforcement action against a U.S. publicly held industrial services company for bribes paid by a small foreign subsidiary. Factors taken into consideration included:

- The company self-reported the conduct to DOJ and SEC.
- The total amount of the improper payments was relatively small, and the activity appeared to be an isolated incident by a single employee at the subsidiary.
- The profits potentially obtained from the improper payments were very small.
- The payments were detected by the company's existing internal controls. The company's audit committee conducted a thorough independent internal investigation. The results of the investigation were provided to the government.
- The company cooperated fully with investigations by DOJ and SEC.
- The company implemented significant remedial actions and enhanced its internal control structure.

**Example 4: Public Company Declination**

DOJ and SEC declined to take enforcement action against a U.S. publicly held oil-and-gas services company for small bribes paid by a foreign subsidiary's customs agent. Factors taken into consideration included:

- The company's internal controls timely detected a potential bribe before a payment was made.
- When company management learned of the potential bribe, management immediately reported the issue to the company's General Counsel and Audit Committee and prevented the payment from occurring.
- Within weeks of learning of the attempted bribe, the company provided in-person FCPA training to employees of the subsidiary and undertook



HOUSE_OVERSIGHT_022580

an extensive internal investigation to determine whether any of the company's subsidiaries in the same region had engaged in misconduct.

- The company self-reported the misconduct and the results of its internal investigation to DOJ and SEC.
- The company cooperated fully with investigations by DOJ and SEC.
- In addition to the immediate training at the relevant subsidiary, the company provided comprehensive FCPA training to all of its employees and conducted an extensive review of its anti-corruption compliance program.
- The company enhanced its internal controls and record-keeping policies and procedures, including requiring periodic internal audits of customs payments.
- As part of its remediation, the company directed that local lawyers rather than customs agents be used to handle its permits, with instructions that "no matter what, we don't pay bribes"—a policy that resulted in a longer and costlier permit procedure.

**Example 5: Public Company Declination**

DOJ and SEC declined to take enforcement action against a U.S. publicly held consumer products company in connection with its acquisition of a foreign company. Factors taken into consideration included:

- The company identified the potential improper payments to local government officials as part of its pre-acquisition due diligence.
- The company promptly developed a comprehensive plan to investigate, correct, and remediate any FCPA issues after acquisition.
- The company promptly self-reported the issues prior to acquisition and provided the results of its investigation to the government on a real-time basis.
- The acquiring company's existing internal controls and compliance program were robust.
- After the acquisition closed, the company implemented a comprehensive remedial plan, ensured that all improper payments stopped, provided extensive FCPA training to employees of the new subsidiary, and promptly incorporated the new subsidiary into the company's existing internal controls and compliance environment.

**Example 6: Private Company Declination**

In 2011, DOJ declined to take prosecutorial action against a privately held U.S. company and its foreign subsidiary. Factors taken into consideration included:

- The company voluntarily disclosed bribes paid to social security officials in a foreign country.
- The total amount of the bribes was small.
- When discovered, the corrupt practices were immediately terminated.
- The conduct was thoroughly investigated, and the results of the investigation were promptly provided to DOJ.
- All individuals involved were either terminated or disciplined. The company also terminated its relationship with its foreign law firm.
- The company instituted improved training and compliance programs commensurate with its size and risk exposure.



HOUSE_OVERSIGHT_022581

HOUSE_OVERSIGHT_022582

# WHISTLEBLOWER PROVISIONS AND PROTECTIONS

Assistance and information from a whistleblower who knows of possible securities law violations can be among the most powerful weapons in the law enforcement arsenal. Through their knowledge of the circumstances and individuals involved, whistleblowers can help SEC and DOJ identify potential violations much earlier than might otherwise have been possible, thus allowing SEC and DOJ to minimize the harm to investors, better preserve the integrity of the U.S. capital markets, and more swiftly hold accountable those responsible for unlawful conduct.

The Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010 both contain provisions affecting whistleblowers who report FCPA violations. Sarbanes-Oxley prohibits issuers from retaliating against whistleblowers and provides that employees who are retaliated against for reporting possible securities law violations may file a complaint with the Department of Labor, for which they would be eligible to receive reinstatement, back pay, and other compensation.[390] Sarbanes-Oxley also prohibits retaliation against employee whistleblowers under the obstruction of justice statute.[391]

In 2010, the Dodd-Frank Act added Section 21F to the Exchange Act, addressing whistleblower incentives and protections. Section 21F authorizes SEC to provide monetary awards to eligible individuals who voluntarily come forward with high quality, original information that leads to an SEC enforcement action in which over $1,000,000 in sanctions is ordered.[392] The awards range is between 10% and 30% of the monetary sanctions recovered by the government. The Dodd-Frank Act also prohibits employers from retaliating against whistleblowers and creates a private right of action for employees who are retaliated against.[393]

Furthermore, businesses should be aware that retaliation against a whistleblower may also violate state, local, and foreign laws that provide protection of whistleblowers.



HOUSE_OVERSIGHT_022584

On August 12, 2011, the final rules for SEC's Whistleblower Program became effective. These rules set forth the requirements for whistleblowers to be eligible for awards consideration, the factors that SEC will use to determine the amount of the award, the categories of individuals who are excluded from award consideration, and the categories of individuals who are subject to limitations in award considerations.[394] The final rules strengthen incentives for employees to report the suspected violations internally through internal compliance programs when appropriate, although it does not require an employee to do so in order to qualify for an award.[395]

Individuals with information about a possible violation of the federal securities laws, including FCPA violations, should submit that information to SEC either online through SEC's Tips, Complaints, and Referrals (TCR) Intake and Resolution System (available at https://denebleo.sec.gov/TCRExternal/disclaimer.xhtml) or by mailing or faxing a completed Form TCR to the Commission's Office of the Whistleblower.

Whistleblowers can submit information anonymously. To be considered under SEC's whistleblower program as eligible for a reward, however, the information must be submitted on an anonymous whistleblower's behalf by an attorney.[396] Whether or not a whistleblower reports anonymously, SEC is committed to protecting the identity of a whistleblower to the fullest extent possible under the statute.[397] SEC's Office of the Whistleblower administers SEC's Whistleblower Program and answers questions from the public regarding the program. Additional information regarding SEC's Whistleblower Program, including answers to frequently asked questions, is available online at http://www.sec.gov/whistleblower.

**SEC Office of the Whistleblower**

100 F Street NE, Mail Stop 5971
Washington, DC 20549
Facsimile: (703) 813-9322
Online Report Form: http://www.sec.gov/whistleblower



HOUSE_OVERSIGHT_022585

HOUSE_OVERSIGHT_022586

# DOJ OPINION PROCEDURE

DOJ's opinion procedure is a valuable mechanism for companies and individuals to determine whether proposed conduct would be prosecuted by DOJ under the FCPA.[398] Generally speaking, under the opinion procedure process, parties submit information to DOJ, after which DOJ issues an opinion about whether the proposed conduct falls within its enforcement policy. All of DOJ's prior opinions are available online.[399] Parties interested in obtaining such an opinion should follow these steps:[400]

*First*, those seeking an opinion should evaluate whether their question relates to actual, prospective conduct.[401] The opinion procedure cannot be used to obtain opinions on purely historical conduct or on hypothetical questions. DOJ will not consider a request unless that portion of the transaction for which an opinion is sought involves only prospective conduct, although the transaction as a whole may have components that already have occurred. An executed contract is not a prerequisite and, in most—if not all—instances, an opinion request should be made before the requestor commits to proceed with a transaction.[402] Those seeking requests should be aware that FCPA opinions relate only to the FCPA's anti-bribery provisions.[403]

*Second*, before making the request, the company or individual should check that they are either an issuer or a domestic concern, as only those categories of parties can receive an opinion.[404] If the transaction involves more than one issuer or domestic concern, consider making a request for an opinion jointly, as opinions only apply to the parties that request them.[405]

*Third*, those seeking an opinion must put their request in writing. The request must be specific and accompanied by all relevant and material information bearing on the conduct and circumstances for which an opinion is requested. Material information includes background information, complete copies of all operative documents, and detailed statements of all collateral or oral understandings, if any. Those seeking opinions are under an affirmative obligation to make full and true disclosures.[406] Materials disclosed to DOJ will not be made public without the consent of the party submitting them.[407]



HOUSE_OVERSIGHT_022588

*Fourth*, the request must be signed. For corporate requestors, the signatory should be an appropriate senior officer with operational responsibility for the conduct that is the subject of the request and who has been designated by the corporation's chief executive officer. In appropriate cases, DOJ also may require the chief executive officer to sign the request. Those signing the request must certify that it contains a true, correct, and complete disclosure with respect to the proposed conduct and the circumstances of the conduct.[408]

*Fifth*, an original and five copies of the request should be addressed to the Assistant Attorney General in charge of the Criminal Division, Attention: FCPA Opinion Group.[409] The mailing address is P.O. Box 28188 Central Station, Washington, D.C. 20038. DOJ also asks that you send an electronic courtesy copy to FCPA.Fraud@usdoj.gov.

DOJ will evaluate the request for an FCPA opinion.[410] A party may withdraw a request for an opinion at any time prior to the release of an opinion.[411] If the request is complete and all the relevant information has been submitted, DOJ will respond to the request by issuing an opinion within 30 days.[412] If the request is incomplete, DOJ will identify for the requestor what additional information or documents are required for DOJ to review the request. Such information must be provided to DOJ promptly. Once the additional information has been received, DOJ will issue an opinion within 30 days of receipt of that additional information.[413] DOJ's FCPA opinions state whether, for purposes of DOJ's present enforcement policy, the prospective conduct would violate either the issuer or domestic concern anti-bribery provisions of the FCPA.[414] DOJ also may take other positions in the opinion as it considers appropriate.[415] To the extent that the opinion concludes that the proposed conduct would not violate the FCPA, a rebuttable presumption is created that the requestor's conduct that was the basis of the opinion is in compliance with the FCPA.[416] In order to provide non-binding guidance to the business community, DOJ makes versions of its opinions publicly available on its website.[417]

If, after receiving an opinion, a party is concerned about prospective conduct that is beyond the scope of conduct specified in a previous request, the party may submit an additional request for an opinion using the procedures outlined above.[418]



HOUSE_OVERSIGHT_022589

HOUSE_OVERSIGHT_022590

# CONCLUSION

The FCPA was designed to prevent corrupt practices, protect investors, and provide a fair playing field for those honest companies trying to win business based on quality and price rather than bribes. Following Congress' leadership in enacting the FCPA 35 years ago, and through determined international diplomatic and law enforcement efforts in the time since, laws like the FCPA prohibiting foreign bribery have been enacted by most of the United States' major trading partners.

This guide is designed to provide practical advice about, and useful insights into, our enforcement considerations. For businesses desiring to compete fairly in foreign markets, it is our goal to maximize those businesses' ability to comply with the FCPA in the most effective and efficient way suitable to their business and the markets in which they operate. Through our ongoing efforts with the U.S. and international business and legal communities and non-governmental organizations, DOJ and SEC can continue effectively to protect the integrity of our markets and reduce corruption around the world.



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# THE FOREIGN CORRUPT PRACTICES ACT:

## 15 U.S.C. §§ 78dd-1, 78dd-2, 78dd-3, 78m, 78ff

**15 U.S.C. § 78dd-1 [Section 30A of the Securities Exchange Act of 1934] Prohibited foreign trade practices by issuers**

(a) Prohibition

It shall be unlawful for any issuer which has a class of securities registered pursuant to section 78l of this title or which is required to file reports under section 78o(d) of this title, or for any officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A) (i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or

(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person;

(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

(A) (i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person; or

(3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

(A) (i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such foreign official, political party, party official, or



HOUSE_OVERSIGHT_022594

candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person.

(b) Exception for routine governmental action

Subsections (a) and (g) of this section shall not apply to any facilitating or expediting payment to a foreign official, political party, or party official the purpose of which is to expedite or to secure the performance of a routine governmental action by a foreign official, political party, or party official.

(c) Affirmative defenses

It shall be an affirmative defense to actions under subsection (a) or (g) of this section that—

(1) the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's, political party's, party official's, or candidate's country; or

(2) the payment, gift, offer, or promise of anything of value that was made, was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate and was directly related to—

(A) the promotion, demonstration, or explanation of products or services; or

(B) the execution or performance of a contract with a foreign government or agency thereof.

(d) Guidelines by Attorney General

Not later than one year after August 23, 1988, the Attorney General, after consultation with the Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department of Justice's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

(2) general precautionary procedures which issuers may use on a voluntary basis to conform their conduct to the Department of Justice's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of Title 5 and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

(e) Opinions of Attorney General

(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by issuers concerning conformance of their conduct with the Department of Justice's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, issue an opinion in response to that request. The opinion shall state whether or not certain specified prospective conduct would, for purposes of the Department of Justice's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by an issuer and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department of Justice's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption may be rebutted by a preponderance of the evidence. In considering the presumption for purposes of this paragraph, a court shall weight all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of Title 5 and that procedure shall be subject to the provisions of chapter 7 of that title.

(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by an issuer under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of Title 5 and shall not, except with the consent of the issuer, be made publicly available, regardless of whether the Attorney General responds to such a request or the issuer withdraws such request before receiving a response.

(3) Any issuer who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department of Justice's



HOUSE_OVERSIGHT_022595

present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department of Justice's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

(f) Definitions

For purposes of this section:

(1)(A) The term "foreign official" means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

(B) For purposes of subparagraph (A), the term "public international organization" means—
(i) an organization that is designated by Executive Order pursuant to section 1 of the International Organizations Immunities Act (22 U.S.C. § 288); or
(ii) any other international organization that is designated by the President by Executive order for the purposes of this section, effective as of the date of publication of such order in the Federal Register.

(2) (A) A person's state of mind is "knowing" with respect to conduct, a circumstance, or a result if—
(i) such person is aware that such person is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur; or
(ii) such person has a firm belief that such circumstance exists or that such result is substantially certain to occur.

(B) When knowledge of the existence of a particular circumstance is required for an offense, such knowledge is established if a person is aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.

(3)(A) The term "routine governmental action" means only an action which is ordinarily and commonly performed by a foreign official in—
(i) obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
(ii) processing governmental papers, such as visas and work orders;
(iii) providing police protection, mail pick-up and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country;
(iv) providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or
(v) actions of a similar nature.

(B) The term "routine governmental action" does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, or any action taken by a foreign official involved in the decision-making process to encourage a decision to award new business to or continue business with a particular party.

(g) Alternative Jurisdiction

(1) It shall also be unlawful for any issuer organized under the laws of the United States, or a State, territory, possession, or commonwealth of the United States or a political subdivision thereof and which has a class of securities registered pursuant to section 78*l* of this title or which is required to file reports under section 78o(d)) of this title, or for any United States person that is an officer, director, employee, or agent of such issuer or a stockholder thereof acting on behalf of such issuer, to corruptly do any act outside the United States in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to any of the persons or entities set forth in paragraphs (1), (2), and (3) of this subsection (a) of this section for the purposes set forth therein, irrespective of whether such issuer or such officer, director, employee, agent, or stockholder makes use of the mails or any means or instrumentality of interstate commerce in furtherance of such offer, gift, payment, promise, or authorization.

(2) As used in this subsection, the term "United States person" means a national of the United States (as defined in section 101 of the Immigration and Nationality Act (8 U.S.C. § 1101)) or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship organized under the laws of the United States or any State, territory, possession, or commonwealth of the United States, or any political subdivision thereof.

**15 U.S.C. § 78dd-2 Prohibited foreign trade practices by domestic concerns**

(a) Prohibition

It shall be unlawful for any domestic concern, other than an issuer which is subject to section 78dd-1 of this title, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce



HOUSE_OVERSIGHT_022596

corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A) (i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or

(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person; or

(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

(A) (i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person;

(3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

(A) (i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person.

(b) Exception for routine governmental action

Subsections (a) and (i) of this section shall not apply to any facilitating or expediting payment to a foreign official, political party, or party official the purpose of which is to expedite or to secure the performance of a routine governmental action by a foreign official, political party, or party official.

(c) Affirmative defenses

It shall be an affirmative defense to actions under subsection (a) or (i) of this section that—

(1) the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's, political party's, party official's, or candidate's country; or

(2) the payment, gift, offer, or promise of anything of value that was made, was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate and was directly related to—

(A) the promotion, demonstration, or explanation of products or services; or

(B) the execution or performance of a contract with a foreign government or agency thereof.

(d) Injunctive relief

(1) When it appears to the Attorney General that any domestic concern to which this section applies, or officer, director, employee, agent, or stockholder thereof, is engaged, or about to engage, in any act or practice constituting a violation of subsection (a) or (i) of this section, the Attorney General may, in his discretion, bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing, a permanent injunction or a temporary restraining order shall be granted without bond.

(2) For the purpose of any civil investigation which, in the opinion of the Attorney General, is necessary and proper to enforce this section, the Attorney General or his designee are empowered to administer oaths and affirmations, subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which the Attorney General deems relevant or material to such investigation. The attendance of witnesses and the production of documentary evidence may be required from any place in the United States, or any territory, possession, or commonwealth of the United States, at any designated place of hearing.

(3) In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, or other documents. Any such court may issue an order requiring such person to appear before the Attorney General or his designee, there to produce records, if so



HOUSE_OVERSIGHT_022597

ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district in which such person resides or may be found. The Attorney General may make such rules relating to civil investigations as may be necessary or appropriate to implement the provisions of this subsection.

(e) Guidelines by Attorney General

Not later than 6 months after August 23, 1988, the Attorney General, after consultation with the Securities and Exchange Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department of Justice's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

(2) general precautionary procedures which domestic concerns may use on a voluntary basis to conform their conduct to the Department of Justice's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of Title 5 and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

(f) Opinions of Attorney General

(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by domestic concerns concerning conformance of their conduct with the Department of Justice's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, issue an opinion in response to that request. The opinion shall state whether or not certain specified prospective conduct would, for purposes of the Department of Justice's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by a domestic concern and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department of Justice's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption may be rebutted by a preponderance of the evidence. In considering the presumption for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of Title 5 and that procedure shall be subject to the provisions of chapter 7 of that title.

(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by a domestic concern under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of Title 5 and shall not, except with the consent of the domestic concern, by made publicly available, regardless of whether the Attorney General response to such a request or the domestic concern withdraws such request before receiving a response.

(3) Any domestic concern who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department of Justice's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department of Justice's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

(g) Penalties

(1)(A) Any domestic concern that is not a natural person and that violates subsection (a) or (i) of this section shall be fined not more than $2,000,000.



HOUSE_OVERSIGHT_022598

(B) Any domestic concern that is not a natural person and that violates subsection (a) or (i) of this section shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

(2)(A) Any natural person that is an officer, director, employee, or agent of a domestic concern, or stockholder acting on behalf of such domestic concern, who willfully violates subsection (a) or (i) of this section shall be fined not more than $100,000 or imprisoned not more than 5 years, or both.

(B) Any natural person that is an officer, director, employee, or agent of a domestic concern, or stockholder acting on behalf of such domestic concern, who violates subsection (a) or (i) of this section shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of a domestic concern, such fine may not be paid, directly or indirectly, by such domestic concern.

(h) Definitions

For purposes of this section:

(1) The term "domestic concern" means—

(A) any individual who is a citizen, national, or resident of the United States; and

(B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States.

(2)(A) The term "foreign official" means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

(B) For purposes of subparagraph (A), the term "public international organization" means—

(i) an organization that has been designated by Executive order pursuant to Section 1 of the International Organizations Immunities Act (22 U.S.C. § 288); or

(ii) any other international organization that is designated by the President by Executive order for the purposes of this section, effective as of the date of publication of such order in the Federal Register.

(3)(A) A person's state of mind is "knowing" with respect to conduct, a circumstance, or a result if—
(i) such person is aware that such person is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur; or
(ii) such person has a firm belief that such circumstance exists or that such result is substantially certain to occur.

(B) When knowledge of the existence of a particular circumstance is required for an offense, such knowledge is established if a person is aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.

(4)(A) The term "routine governmental action" means only an action which is ordinarily and commonly performed by a foreign official in—
(i) obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
(ii) processing governmental papers, such as visas and work orders;
(iii) providing police protection, mail pick-up and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country;
(iv) providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or
(v) actions of a similar nature.

(B) The term "routine governmental action" does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, or any action taken by a foreign official involved in the decision-making process to encourage a decision to award new business to or continue business with a particular party.

(5) The term "interstate commerce" means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof, and such term includes the intrastate use of—

(A) a telephone or other interstate means of communication, or

(B) any other interstate instrumentality.

(i) Alternative Jurisdiction

(1) It shall also be unlawful for any United States person to corruptly do any act outside the United States in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to any of the persons or entities set forth in paragraphs (1), (2), and (3) of subsection (a), for the purposes set forth therein, irrespective of whether such United States person makes use of the mails or any means or instrumentality of interstate commerce in furtherance of such offer, gift, payment, promise, or authorization.



HOUSE_OVERSIGHT_022599

(2) As used in this subsection, a "United States person" means a national of the United States (as defined in section 101 of the Immigration and Nationality Act (8 U.S.C. § 1101)) or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship organized under the laws of the United States or any State, territory, possession, or commonwealth of the United States, or any political subdivision thereof.

**15 U.S.C. § 78dd-3 Prohibited foreign trade practices by persons other than issuers or domestic concerns**

(a) Prohibition

It shall be unlawful for any person other than an issuer that is subject to section 78dd-1 [Section 30A of the Exchange Act] of this title or a domestic concern, or for any officer, director, employee, or agent of such person or any stockholder thereof acting on behalf of such person, while in the territory of the United States, corruptly to make use of the mails or any means or instrumentality of interstate commerce or to do any other act in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A) (i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or

(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such person in obtaining or retaining business for or with, or directing business to, any person;

(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

(A) (i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such person in obtaining or retaining business for or with, or directing business to, any person; or

(3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

(A) (i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such person in obtaining or retaining business for or with, or directing business to, any person.

(b) Exception for routine governmental action

Subsection (a) of this section shall not apply to any facilitating or expediting payment to a foreign official, political party, or party official the purpose of which is to expedite or to secure the performance of a routine governmental action by a foreign official, political party, or party official.

(c) Affirmative defenses

It shall be an affirmative defense to actions under subsection (a) of this section that—

(1) the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's, political party's, party official's, or candidate's country; or

(2) the payment, gift, offer, or promise of anything of value that was made, was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate and was directly related to—

(A) the promotion, demonstration, or explanation of products or services; or

(B) the execution or performance of a contract with a foreign government or agency thereof.

(d) Injunctive relief

(1) When it appears to the Attorney General that any person to which this section applies, or officer, director, employee, agent, or stockholder thereof, is engaged, or about to engage, in any act or practice



HOUSE_OVERSIGHT_022600

constituting a violation of subsection (a) of this section, the Attorney General may, in his discretion, bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing, a permanent injunction or a temporary restraining order shall be granted without bond.

(2) For the purpose of any civil investigation which, in the opinion of the Attorney General, is necessary and proper to enforce this section, the Attorney General or his designee are empowered to administer oaths and affirmations, subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which the Attorney General deems relevant or material to such investigation. The attendance of witnesses and the production of documentary evidence may be required from any place in the United States, or any territory, possession, or commonwealth of the United States, at any designated place of hearing.

(3) In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, or other documents. Any such court may issue an order requiring such person to appear before the Attorney General or his designee, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(4) All process in any such case may be served in the judicial district in which such person resides or may be found. The Attorney General may make such rules relating to civil investigations as may be necessary or appropriate to implement the provisions of this subsection.

(e) Penalties

(1)(A) Any juridical person that violates subsection (a) of this section shall be fined not more than $2,000,000.

(B) Any juridical person that violates subsection (a) of this section shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

(2)(A) Any natural person who willfully violates subsection (a) of this section shall be fined not more than $100,000 or imprisoned not more than 5 years, or both.

(B) Any natural person who violates subsection (a) of this section shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of a person, such fine may not be paid, directly or indirectly, by such person.

(f) Definitions

For purposes of this section:

(1) The term "person," when referring to an offender, means any natural person other than a national of the United States (as defined in 8 U.S.C. § 1101) or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship organized under the law of a foreign nation or a political subdivision thereof

(2)(A) The term "foreign official" means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

For purposes of subparagraph (A), the term "public international organization" means—
(i) an organization that has been designated by Executive Order pursuant to Section 1 of the International Organizations Immunities Act (22 U.S.C. § 288); or
(ii) any other international organization that is designated by the President by Executive order for the purposes of this section, effective as of the date of publication of such order in the Federal Register.

(3)(A) A person's state of mind is "knowing" with respect to conduct, a circumstance, or a result if—
(i) such person is aware that such person is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur; or
(ii) such person has a firm belief that such circumstance exists or that such result is substantially certain to occur.

(B) When knowledge of the existence of a particular circumstance is required for an offense, such knowledge is established if a person is aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.

(4)(A) The term "routine governmental action" means only an action which is ordinarily and commonly performed by a foreign official in—
(i) obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
(ii) processing governmental papers, such as visas and work orders;
(iii) providing police protection, mail pick-up and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country;
(iv) providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or
(v) actions of a similar nature.



HOUSE_OVERSIGHT_022601

(B) The term "routine governmental action" does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, or any action taken by a foreign official involved in the decision-making process to encourage a decision to award new business to or continue business with a particular party.

(5) The term "interstate commerce" means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof, and such term includes the intrastate use of—

(A) a telephone or other interstate means of communication, or

(B) any other interstate instrumentality.

* * *

**15 U.S.C. § 78m [Section 13 of the Securities Exchange Act of 1934]**

Periodical and other reports

(a) Reports by issuer of security; contents

Every issuer of a security registered pursuant to section 78l of this title shall file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate for the proper protection of investors and to insure fair dealing in the security—

(1) such information and documents (and such copies thereof) as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to section 78l of this title, except that the Commission may not require the filing of any material contract wholly executed before July 1, 1962.

(2) such annual reports (and such copies thereof), certified if required by the rules and regulations of the Commission by independent public accountants, and such quarterly reports (and such copies thereof), as the Commission may prescribe.

Every issuer of a security registered on a national securities exchange shall also file a duplicate original of such information, documents, and reports with the exchange. In any registration statement, periodic report, or other reports to be filed with the Commission, an emerging growth company need not present selected financial data in accordance with section 229.301 of title 17, Code of Federal Regulations, for any period prior to the earliest audited period presented in connection with its first registration statement that became effective under this chapter or the Securities Act of 1933 [15 U.S.C. §§ 77a, et seq.] and, with respect to any such statement or reports, an emerging growth company may not be required to comply with any new or revised financial accounting standard until such date that a company that is not an issuer (as defined under section 7201 of this title) is required to comply with such new or revised accounting standard, if such standard applies to companies that are not issuers.

(b) Form of report; books, records, and internal accounting; directives

(1) The Commission may prescribe, in regard to reports made pursuant to this chapter, the form or forms in which the required information shall be set forth, the items or details to be shown in the balance sheet and the earnings statement, and the methods to be followed in the preparation of reports, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of separate and/or consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but in the case of the reports of any person whose methods of accounting are prescribed under the provisions of any law of the United States, or any rule or regulation thereunder, the rules and regulations of the Commission with respect to reports shall not be inconsistent with the requirements imposed by such law or rule or regulation in respect of the same subject matter (except that such rules and regulations of the Commission may be inconsistent with such requirements to the extent that the Commission determines that the public interest or the protection of investors so requires).

(2) Every issuer which has a class of securities registered pursuant to section 78l of this title and every issuer which is required to file reports pursuant to section 78o(d) of this title shall—

(A) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—

(i) transactions are executed in accordance with management's general or specific authorization;

(ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting



HOUSE_OVERSIGHT_022602

principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;

(iii) access to assets is permitted only in accordance with management's general or specific authorization; and

(iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and

(C) notwithstanding any other provision of law, pay the allocable share of such issuer of a reasonable annual accounting support fee or fees, determined in accordance with section 7219 of this title.

(3)(A) With respect to matters concerning the national security of the United States, no duty or liability under paragraph (2) of this subsection shall be imposed upon any person acting in cooperation with the head of any Federal department or agency responsible for such matters if such act in cooperation with such head of a department or agency was done upon the specific, written directive of the head of such department or agency pursuant to Presidential authority to issue such directives. Each directive issued under this paragraph shall set forth the specific facts and circumstances with respect to which the provisions of this paragraph are to be invoked. Each such directive shall, unless renewed in writing, expire one year after the date of issuance.

(B) Each head of a Federal department or agency of the United States who issues such a directive pursuant to this paragraph shall maintain a complete file of all such directives and shall, on October 1 of each year, transmit a summary of matters covered by such directives in force at any time during the previous year to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(4) No criminal liability shall be imposed for failing to comply with the requirements of paragraph (2) of this subsection except as provided in paragraph (5) of this subsection.

(5) No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in paragraph (2).

(6) Where an issuer which has a class of securities registered pursuant to section 78l of this title or an issuer which is required to file reports pursuant to section 78o(d) of this title holds 50 per centum or less of the voting power with respect to a domestic or foreign firm, the provisions of paragraph (2) require only that the issuer proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, to cause such domestic or foreign firm to devise and maintain a system of internal accounting controls consistent with paragraph (2). Such circumstances include the relative degree of the issuer's ownership of the domestic or foreign firm and the laws and practices governing the business operations of the country in which such firm is located. An issuer which demonstrates good faith efforts to use such influence shall be conclusively presumed to have complied with the requirements of paragraph (2).

(7) For the purpose of paragraph (2) of this subsection, the terms "reasonable assurances" and "reasonable detail" mean such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own affairs.

* * *

**15 U.S.C. § 78ff Penalties [Section 32 of the Securities Exchange Act of 1934]**

(a) Willful violations; false and misleading statements

Any person who willfully violates any provision of this chapter (other than section 78dd-1 of this title [Section 30A of the Exchange Act]), or any rule or regulation thereunder the violation of which is made unlawful or the observance of which is required under the terms of this chapter, or any person who willfully and knowingly makes, or causes to be made, any statement in any application, report, or document required to be filed under this chapter or any rule or regulation thereunder or any undertaking contained in a registration statement as provided in subsection (d) of section 78o of this title, or by any self-regulatory organization in connection with an application for membership or participation therein or to become associated with a member thereof, which statement was false or misleading with respect to any material fact, shall upon conviction be fined not more than $5,000,000, or imprisoned not more than 20 years, or both, except that when such person is a person other than a natural person, a fine not exceeding $25,000,000 may be imposed; but no person shall be subject to imprisonment under this section for the violation of any rule or regulation if he proves that he had no knowledge of such rule or regulation.

(b) Failure to file information, documents, or reports

Any issuer which fails to file information, documents, or reports required to be filed under subsection (d) of section 78o of this title or any rule or regulation thereunder shall forfeit to the United States the sum of $100 for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under subsection (a) of this section, shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States.

(c) Violations by issuers, officers, directors, stockholders, employees, or agents of issuers

(1)(A) Any issuer that violates subsection (a) or (g) of section 78dd-1 [Section 30A of the Exchange Act] of this title shall be fined not more than $2,000,000.

(B) Any issuer that violates subsection (a) or (g) of section 78dd-1



HOUSE_OVERSIGHT_022603

[Section 30A of the Exchange Act]of this title shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

(2)(A) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who willfully violates subsection (a) or (g) of section 78dd-1 [Section 30A of the Exchange Act] of this title shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

(B) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who violates subsection (a) or (g) of section 78dd-1 [Section 30A of the Exchange Act] of this title shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of an issuer, such fine may not be paid, directly or indirectly, by such issuer.



HOUSE_OVERSIGHT_022604

# ENDNOTES

[1] S. Rep. No. 95-114, at 4 (1977) [hereinafter S. Rep. No. 95-114], *available at* http://www.justice.gov/criminal/fraud/fcpa/history/1977/senaterpt-95-114.pdf.

[2] *Id.*; H.R. Rep. No. 95-640, at 4-5 (1977) [hereinafter H. R. Rep. No. 95-640], *available at* http://www.justice.gov/criminal/fraud/fcpa/history/1977/houseprt-95-640.pdf. The House Report made clear Congress's concerns:

> The payment of bribes to influence the acts or decisions of foreign officials, foreign political parties or candidates for foreign political office is unethical. It is counter to the moral expectations and values of the American public. But not only is it unethical, it is bad business as well. It erodes public confidence in the integrity of the free market system. It short-circuits the marketplace by directing business to those companies too inefficient to compete in terms of price, quality or service, or too lazy to engage in honest salesmanship, or too intent upon unloading marginal products. In short, it rewards corruption instead of efficiency and puts pressure on ethical enterprises to lower their standards or risk losing business.

*Id.*

[3] *See, e.g.*, U.S. Agency for Int'l Dev., USAID Anticorruption Strategy 5-6 (2005), *available at* http://transition.usaid.gov/policy/ads/200/200mbo.pdf. The growing recognition that corruption poses a severe threat to domestic and international security has galvanized efforts to combat it in the United States and abroad. *See, e.g.*, Int'l Anti-Corruption and Good Governance Act of 2000, Pub. L. No. 106-309, § 202, 114 Stat. 1090 (codified as amended at 22 U.S.C. §§ 2151-2152 (2000)) (noting that "[w]idespread corruption endangers the stability and security of societies, undermines democracy, and jeopardizes the social, political, and economic development of a society. . . . [and that] [c]orruption facilitates criminal activities, such as money laundering, hinders economic development, inflates the costs of doing business, and undermines the legitimacy of the government and public trust").

[4] *See* Maryse Tremblay & Camille Karbassi, *Corruption and Human Trafficking* 4 (Transparency Int'l, Working Paper No. 3, 2011), *available at* http://issuu.com/transparencyinternational/docs/ti-working_paper_human_trafficking_28_jun_2011; U.S. Agency for Int'l Dev., Foreign Aid in the National Interest 40 (2002), *available at* http://pdf.usaid.gov/pdf_docs/PDABW900.pdf ("No problem does more to alienate citizens from their political leaders and institutions, and to undermine political stability and economic development, than endemic corruption among the government, political party leaders, judges, and bureaucrats. The more endemic the corruption is, the more likely it is to be accompanied by other serious deficiencies in the rule of law: smuggling, drug trafficking, criminal violence, human rights abuses, and personalization of power.").

[5] President George W. Bush observed in 2006 that "the culture of corruption has undercut development and good governance and . . . . impedes our efforts to promote freedom and democracy, end poverty, and combat international crime and terrorism." President's Statement on Kleptocracy, 2 Pub. Papers 1504 (Aug. 10, 2006), *available at* http://georgewbush-whitehouse.archives.gov/news/releases/2006/08/20060810.html. The administrations of former President George W. Bush and President Barack Obama both recognized the threats posed to security and stability by corruption. For instance, in issuing a proclamation restricting the entry of certain corrupt foreign public officials, former President George W. Bush recognized "the serious negative effects that corruption of public institutions has on the United States' efforts to promote security and to strengthen democratic institutions and free market systems. . . ." Proclamation No. 7750, 69 Fed. Reg. 2287 (Jan. 14, 2004). Similarly, President Barack Obama's National Security Strategy paper, released in May 2010, expressed the administration's efforts and commitment to promote the recognition that "pervasive corruption is a violation of basic human rights and a severe impediment to development and global security." The White House, National Security Strategy 38 (2010), *available at* http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

[6] *See, e.g.*, Int'l Chamber of Commerce, et al., Clean Business Is Good Business: The Business Case Against Corruption (2008), *available at* http://www.unglobalcompact.org/docs/news_events/8.1/clean_business_is_good_business.pdf; World Health Org., *Fact Sheet No. 335, Medicines: Corruption and Pharmaceuticals* (Dec. 2009), *available at* http://www.who.int/mediacentre/factsheets/fs335/en/; Daniel Kaufmann, *Corruption: The Facts*, Foreign Pol'y, Summer 1997, at 119-20; Paolo Mauro, *Corruption and Growth*, 110 Q. J. Econ. 681, 683, 705 (1995) (finding that "corruption lowers private investment . . . [and] reduc[es] economic growth . . ."); The World Bank, The Data Revolution: Measuring Governance and Corruption, (Apr. 8, 2004), *available at* http://go.worldbank.org/87JUY8GJH0.

[7] *See, e.g.*, *The Corruption Eruption*, Economist (Apr. 29, 2010), *available at* http://www.economist.com/node/16005114 ("The hidden costs of corruption are almost always much higher than companies imagine. Corruption inevitably begets ever more corruption: bribe-takers keep returning to the trough and bribe-givers open themselves up to blackmail."); Daniel Kaufmann and Shang-Jin Wei, *Does "Grease Money" Speed Up the Wheels of Commerce?* 2 (Nat'l Bureau of Econ. Research, Working Paper No. 7093, 1999), *available at* http://www.nber.org/papers/w7093.pdf ("Contrary to the 'efficient grease' theory, we find



HOUSE_OVERSIGHT_022606

that firms that pay more bribes are also likely to spend more, not less, management time with bureaucrats negotiating regulations, and face higher, not lower, cost of capital.").

[8] For example, in a number of recent enforcement actions, the same employees who were directing or controlling the bribe payments were also enriching themselves at the expense of the company. *See, e.g.*, Complaint, SEC v. Peterson, No. 12-cv-2033 (E.D.N.Y. 2012), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2012/comp-pr2012-78.pdf; Criminal Information, United States v. Peterson, No. 12-cr-224 (E.D.N.Y. 2012), ECF No. 7 [hereinafter *United States v. Peterson*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/petersong/petersong-information.pdf; Plea Agreement, United States v. Stanley, No. 08-cr-597 (S.D. Tex. 2008), ECF No. 9 [hereinafter *United States v. Stanley*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/stanleya/09-03-08stanley-plea-agree.pdf; Plea Agreement, United States v. Sapsizian, No. 06-cr-20797 (S.D. Fla. 2007), ECF No. 42 [hereinafter *United States v. Sapsizian*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/sapsizianc/06-06-07sapsizian-plea.pdf.

[9] *See, e.g.*, Complaint, SEC v. Tyco Int'l Ltd., 06-cv-2942 (S.D.N.Y. 2006), ECF No. 1 [hereinafter *SEC v. Tyco Int'l*], *available at* http://www.sec.gov/litigation/complaints/2006/comp19657.pdf; Complaint, SEC v. Willbros Group, Inc., No. 08-cv-1494 (S.D. Tex. 2008), ECF No. 1 [hereinafter *SEC v. Willbros*], *available at* http://www.sec.gov/litigation/complaints/2008/comp20571.pdf.

[10] *See* Plea Agreement, United States v. Bridgestone Corp., No. 11-cr-651 (S.D. Tex. 2011), ECF No. 21, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/bridgestone/10-05-11bridgestone-plea.pdf.

[11] *See* S. Rep. No. 95-114, at 6; H.R. Rep. 95-640, at 4; *see also* A. Carl Kotchian, *The Payoff: Lockheed's 70-Day Mission to Tokyo*, Saturday Rev., Jul. 9, 1977, at 7.

[12] U.S. Sec. and Exchange Comm., Report of the Securities and Exchange Commission on Questionable and Illegal Corporate Payments and Practices 2-3 (1976).

[13] *See* H.R. Rep. No. 95-640, at 4-5; S. Rep. No. 95-114, at 3-4.

[14] H.R. Rep. No. 95-640, at 4-5; S. Rep. No. 95-114, at 4. The Senate Report observed, for instance, that "[m]anagements which resort to corporate bribery and the falsification of records to enhance their business reveal a lack of confidence about themselves," while citing the Secretary of the Treasury's testimony that "'[p]aying bribes—apart from being morally repugnant and illegal in most countries—is simply not necessary for the successful conduct of business here or overseas.'" *Id.*

[15] *See* S. Rep. No. 100-85, at 46 (1987) (recounting FCPA's historical background and explaining that "a strong antibribery statute could help U.S. corporations resist corrupt demands . . . .") [hereinafter S. Rep. No. 100-85].

[16] S. Rep. No. 95-114, at 7.

[17] Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 5003, 102 Stat. 1107, 1415-25 (1988); *see also* H.R. Rep. No. 100-576, at 916-24 (1988) (discussing FCPA amendments, including changes to standard of liability for acts of third parties) [hereinafter H.R. Rep. No. 100-576].

[18] *See* Omnibus Trade and Competitiveness Act of 1988, § 5003(d). The amended statute included the following directive:

> It is the sense of the Congress that the President should pursue the negotiation of an international agreement, among the members of the Organization of Economic Cooperation and Development, to govern persons from those countries concerning acts prohibited with respect to issuers and domestic concerns by the amendments made by this section. Such international agreement should include a process by which problems and conflicts associated with such acts could be resolved.

*Id.*; *see also* S. Rep. No. 105-277, at 2 (1998) (describing efforts by Executive Branch to encourage U.S. trading partners to enact legislation similar to FCPA following 1988 amendments) [hereinafter S. Rep. No. 105-277].

[19] Convention on Combating Bribery of Foreign Public Officials in International Business Transactions art. 1.1, Dec. 18, 1997, 37 I.L.M. 1 [hereinafter Anti-Bribery Convention]. The Anti-Bribery Convention requires member countries to make it a criminal offense "for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business." The Convention and its commentaries also call on all parties (a) to ensure that aiding and abetting and authorization of an act of bribery are criminal offenses, (b) to assert territorial jurisdiction "broadly so that an extensive physical connection to the bribery act is not required," and (c) to assert nationality jurisdiction consistent with the general principles and conditions of each party's legal system. *Id.* at art. 1.2, cmts. 25, 26.

[20] *See* International Anti-Bribery and Fair Competition Act of 1998, Pub. L. 105-366, 112 Stat. 3302 (1998); *see also* S. Rep. No. 105-277, at 2-3 (describing amendments to "the FCPA to conform it to the requirements of and to implement the OECD Convention").

[21] There is no private right of action under the FCPA. *See, e.g.*, Lamb v. Phillip Morris, Inc., 915 F.2d 1024, 1028-29 (6th Cir. 1990); McLean v. Int'l Harvester Co., 817 F.2d 1214, 1219 (5th Cir. 1987).

[22] U.S. Dept. of Justice, U.S. Attorneys' Manual § 9-47.110 (2008) [hereinafter USAM], *available at* http://www.justice.gov/usao/eousa/foia_reading_room/usam/.

[23] Go to http://export.gov/worldwide_us/index.asp for more information.

[24] Additional information about publicly available market research and due diligence assistance is available online. *See* In'l Trade Admin., *Market Research and Due Diligence*, *available at* http://export.gov/salesandmarketing/eg_main_018204.asp. The International Company Profile reports include a listing of the potential partner's key officers and senior management; banking relationships and other financial information about the company; and market information, including sales and profit figures and potential liabilities. They are not, however, intended to substitute for a company's own due diligence, and the Commercial Service does not offer ICP in countries where Dun & Bradstreet or other private sector vendors are already performing this service. *See* In'l Trade Admin., *International Company Profile*, *available at* http://export.gov/salesandmarketing/eg_main_018198.asp.

[25] The Commercial Services' domestic and foreign offices can also be found at http://export.gov/usoffices/index.asp and http://export.gov/worldwide_us/index.asp.

[26] This form can be located at http://tcc.export.gov/Report_a_Barrier/index.asp.

[27] *See* In'l Trade Admin., "Doing Business In" Guides, *available at* http://export.gov/about/eg_main_016806.asp.

[28] The Business Ethics Manual is available at http://www.ita.doc.gov/goodgovernance/business_ethics/manual.asp.

[29] Information about the Advocacy Center can be found at http://export.gov/advocacy.

[30] Reports on U.S. compliance with these treaties can be found at http://www.justice.gov/criminal/fraud/fcpa/intlagree/.

[31] *See* Statement on Signing the International Anti-Bribery and Fair Competition Act of 1998, 34 Weekly Comp. Pres. Doc. 2290, 2291 (Nov. 10, 1998) ("U.S. companies have had to compete on an uneven playing field . . . . The OECD Convention . . . is designed to change all that. Under the Convention, our major competitors will be obligated to criminalize the bribery of foreign public officials in international business transactions.").

[32] Colombia is also a member of the Working Group and is expected to accede to the Anti-Bribery Convention.

[33] OECD, *Country Monitoring of the OECD Anti-Bribery Convention*, *available at* http://www.oecd.org/document/12/0,3746,en_2649_34859_35692940_1_1_1_1,00.html.

[34] OECD, *Phase 3 Country Monitoring of the OECD Anti-Bribery Convention*, *available at* http://www.oecd.org/document/31/0,3746,en_2649_34859_44684959_1_1_1_1,00.html.

[35] OECD, *Country Reports on the Implementation of the OECD Anti-Bribery Convention*, *available at* http://www.oecd.org/document/24/0,3746,en_2649_34859_1933144_1_1_1_1,00.html.

[36] The OECD Phase 1, 2, and 3 reports on the United States, as well as the U.S. responses to questionnaires, are available at http://www.justice.gov/criminal/fraud/fcpa/intlagree.

[37] *See* OECD Working Group on Bribery, *United States: Phase 3, Report on the Application of the Convention on Combating Bribery of Foreign*



HOUSE_OVERSIGHT_022607

*Public Officials in International Business Transactions and the 2009 Revised Recommendation on Combating Bribery in International Business Transactions*, Oct. 2010, at 61-62 (recommending that the United States "[c]onsolidate and summarise publicly available information on the application of the FCPA in relevant sources"), *available at* http://www.oecd.org/dataoecd/10/49/46213841.pdf.

[38] United Nations Convention Against Corruption, Oct. 31, 2003, S. Treaty Doc. No. 109-6, 2349 U.N.T.S. 41, *available at* http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf [hereinafter UNCAC].

[39] For more information about the UNCAC review mechanism, see *Mechanism for the Review of Implementation of the United Nations Convention Against Corruption*, United Nations Office on Drugs and Crime, *available at* http://www.unodc.org/documents/treaties/UNCAC/Publications/ReviewMechanism-BasicDocuments/Mechanism_for_the_Review_of_Implementation_-_Basic_Documents_-_E.pdf.

[40] For information about the status of UNCAC, see United Nations Office on Drugs and Crime, *UNCAC Signature and Ratification Status as of 12 July 2012*, *available at* http://www.unodc.org/unodc/en/treaties/CAC/signatories.html.

[41] Organization of American States, Inter-American Convention Against Corruption, Mar. 29, 1996, 35 I.L.M. 724, *available at* http://www.oas.org/juridico/english/treaties/b-58.html. For additional information about the status of the IACAC, see Organization of American States, Signatories and Ratifications, *available at* http://www.oas.org/juridico/english/Sigs/b-58.html.

[42] Council of Europe, Criminal Law Convention on Corruption, Jan. 27, 1999, 38 I.L.M. 505, *available at* http://conventions.coe.int/Treaty/en/Treaties/html/173.htm.

[43] For additional information about GRECO, see Council of Europe, *Group of States Against Corruption*, *available at* http://www.coe.int/t/dghl/monitoring/greco/default_EN.asp. The United States has not yet ratified the GRECO convention.

[44] The text of the FCPA statute is set forth in the appendix. *See also* Jury Instructions at 21-27, United States v. Esquenazi, No. 09-cr-21010 (S.D. Fla. Aug. 5, 2011), ECF No. 520 [hereinafter *United States v. Esquenazi*] (FCPA jury instructions); Jury Instructions at 14-25, United States v. Kay, No. 01-cr-914 (S.D. Tex. Oct. 6, 2004), ECF No. 142 (same), *aff'd*, 513 F.3d 432, 446-52 (5th Cir. 2007), *reh'g denied*, 513 F.3d 461 (5th Cir. 2008) [hereinafter *United States v. Kay*]; Jury Instructions at 76-87, United States v. Jefferson, No. 07-cr-209 (E.D. Va. July 30, 2009), ECF No. 684 [hereinafter *United States v. Jefferson*] (same); Jury Instructions at 8-10, United States v. Green, No. 08-cr-59 (C.D. Cal. Sept. 11, 2009), ECF No. 288 [hereinafter *United States v. Green*] (same); Jury Instructions at 23-29, United States v. Bourke, No. 05-cr-518 (S.D.N.Y. July 2009) [hereinafter *United States v. Bourke*] (same, not docketed); Jury Instructions at 2-8, United States v. Mead, No. 98-cr-240 (D.N.J. Oct. 1998) [hereinafter *United States v. Mead*] (same).

[45] The provisions of the FCPA applying to issuers are part of the Securities Exchange Act of 1934 [hereinafter Exchange Act]. The anti-bribery provisions can be found at Section 30A of the Exchange Act, 15 U.S.C. § 78dd-1.

[46] 15 U.S.C. § 78*l*.

[47] 15 U.S.C. § 78*o*(d).

[48] SEC enforcement actions have involved a number of foreign issuers. *See, e.g.*, Complaint, SEC v. Magyar Telekom Plc., *et al.*, No. 11-cv-9646 (S.D.N.Y. Dec. 29, 2011), ECF No. 1 (German and Hungarian companies), *available at* http://www.sec.gov/litigation/complaints/2011/comp22213-co.pdf; Complaint, SEC v. Alcatel-Lucent, S.A., No. 10-cv-24620 (S.D. Fla. Dec. 27, 2010), ECF No. 1 [hereinafter *SEC v. Alcatel-Lucent*] (French company), *available at* http://www.sec.gov/litigation/complaints/2010/comp21795.pdf; Complaint, SEC v. ABB, Ltd., No. 10-cv-1648 (D.D.C. Sept. 29, 2010), ECF No. 1 [hereinafter *SEC v. ABB*] (Swiss company), *available at* http://www.sec.gov/litigation/complaints/2010/comp-pr2010-175.pdf; Complaint, SEC v. Daimler AG, No. 10-cv-473 (D.D.C. Apr. 1, 2010), ECF No. 1 [hereinafter *SEC v. Daimler AG*] (German company), *available at* http://sec.gov/litigation/complaints/2010/comp-pr2010-51.pdf; Complaint, SEC v. Siemens Aktiengesellschaft, No. 08-cv-2167 (D.D.C. Dec. 12, 2008), ECF No. 1 [hereinafter *SEC v. Siemens AG*] (Germany company), *available at* http://www.sec.gov/litigation/complaints/2008/comp20829.pdf. Certain DOJ enforcement actions have likewise involved foreign issuers. *See, e.g.*, Criminal Information, United States v. Magyar Telekom, Plc., No. 11-cr-597 (E.D. Va. Dec. 29, 2011), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/magyar-telekom/2011-12-29-information-magyar-telekom.pdf; Non-Pros. Agreement, In re Deutsche Telekom AG (Dec. 29, 2011), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/deutsche-telekom/2011-12-29-deustche-telekom-npa.pdf; Criminal Information, United States v. Alcatel-Lucent, S.A., No. 10-cr-20907 (S.D. Fla. Dec. 27, 2010), ECF No. 1 [hereinafter *United States v. Alcatel-Lucent, S.A.*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alcatel-etal/12-27-10alcatel-et-al-info.pdf; Criminal Information, United States v. Daimler AG, No. 10-cr-63 (D.D.C. Mar. 22, 2010), ECF No. 1 [hereinafter *United States v. Daimler AG*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/daimler/03-22-10daimlerag-info.pdf; Criminal Information, United States v. Siemens Aktiengesellschaft, No. 08-cr-367 (D.D.C. Dec. 12, 2008), ECF No. 1 [hereinafter *United States v. Siemens AG*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/siemens/12-12-08siemensakt-info.pdf.

[49] *See* http://www.sec.gov/divisions/corpfin/internatl/companies.shtml.

[50] *See, e.g.*, Complaint, SEC v. Turner, *et al.*, No. 10-cv-1309 (D.D.C. Aug. 4, 2010), ECF No. 1 [hereinafter, *SEC v. Turner*] (charging a Lebanese/Canadian agent of a UK company listed on U.S. exchange with violating the FCPA for bribes of Iraqi officials), *available at* http://www.sec.gov/litigation/complaints/2010/comp21615.pdf; Indictment, United States v. Naaman, No. 08-cr-246 (D.D.C. Aug. 7, 2008), ECF No. 3 [hereinafter *United States v. Naaman*] (same), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/naamano/08-07-08naaman-indict.pdf; Complaint, SEC v. Elkin, *et al.*, No. 10-cv-661 (D.D.C. Apr. 28, 2010), ECF No. 1 [hereinafter *SEC v. Elkin*] (charging an employee of U.S. publicly traded company with violating FCPA for bribery of officials in Kyrgyzstan), *available at* http://www.sec.gov/litigation/complaints/2010/comp21509.pdf; Criminal Information, United States v. Elkin, No. 10-cr-15 (W.D. Va. Aug. 3, 2010), ECF No. 8 [hereinafter *United States v. Elkin*] (same), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/elkin/08-03-10elkin-information.pdf; Indictment, United States v. Tesler, *et al.*, No. 09-cr-98 (S.D. Tex. Feb. 17, 2009), ECF No. 1 [hereinafter *United States v. Tesler*] (charging a British agent of U.S. publicly traded company with violating the FCPA for bribery of Nigerian officials), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/tesler/tesler-indict.pdf; Superseding Indictment, *United States v. Sapsizian*, et al., *supra* note 8, ECF 32 (charging a French employee of French company traded on a U.S. exchange with violating the FCPA).

[51] 15 U.S.C. § 78dd-2.

[52] 15 U.S.C. § 78dd-2(h)(1).

[53] 15 U.S.C. § 78dd-2(a). *See, e.g.*, Superseding Indictment, United States v. Nexus Technologies, *et al.*, No. 08-cr-522 (E.D. Pa. Oct. 28, 2009), ECF No. 106 [hereinafter *United States v. Nexus Technologies*] (private U.S. company and corporate executives charged with violating FCPA for bribes paid in Vietnam), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/nguyenn/09-04-08nguyen-indict.pdf; Indictment, *United States v. Esquenazi*, *supra* note 44, (private U.S. company and corporate executives charged with FCPA violations for bribes paid in Haiti), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/esquenazij/12-08-09esquenazi-indict.pdf.

[54] 15 U.S.C. § 78dd-3(a). As discussed above, foreign companies that have securities registered in the United States or that are required to file periodic reports with the SEC, including certain foreign companies with American Depository Receipts, are covered by the FCPA's anti-bribery provisions governing "issuers" under 15 U.S.C. § 78dd-1.



HOUSE_OVERSIGHT_022608

[55] *See* International Anti-Bribery and Fair Competition Act of 1998, Pub. L. 105-366, 112 Stat. 3302 (1998); 15 U.S.C. § 78dd-3(a); *see also* U.S. Dept. of Justice, Criminal Resource Manual § 9-1018 (Nov. 2000) (the Department "interprets [Section 78dd-3(a)] as conferring jurisdiction whenever a foreign company or national *causes* an act to be done within the territory of the United States by any person acting as that company's or national's agent."). This interpretation is consistent with U.S. treaty obligations. *See* S. Rep. No. 105-2177 (1998) (expressing Congress' intention that the 1998 amendments to the FCPA "conform it to the requirements of and to implement the OECD Convention."); Anti-Bribery Convention at art. 4.1, *supra* note 19 ("Each Party shall take such measures as may be necessary to establish its jurisdiction over the bribery of a foreign public official when the offence is committed in whole or in part in its territory.").

[56] 15 U.S.C. § 78dd-3(a); *see, e.g.*, Criminal Information, United States v. Alcatel-Lucent France, S.A., *et al.*, No. 10-cr-20906 (S.D. Fla. Dec. 27, 2010), ECF No. 1 [hereinafter *United States v. Alcatel-Lucent France*] (subsidiary of French publicly traded company convicted of conspiracy to violate FCPA), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alcatel-lucent-sa-etal/12-27-10alcatel-et-al-info.pdf; Criminal Information, United States v. DaimlerChrysler Automotive Russia SAO, No. 10-cr-64 (D.D.C. Mar. 22, 2010), ECF No. 1 (subsidiary of German publicly traded company convicted of violating FCPA), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/daimler/03-22-10daimlerrussia-info.pdf; Criminal Information, United States v. Siemens S.A. (Argentina), No. 08-cr-368 (D.D.C. Dec. 12, 2008), ECF No. 1 (subsidiary of German publicly traded company convicted of violating FCPA), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/siemens/12-12-08siemensargen-info.pdf.

[57] *See* 15 U.S.C. §§ 78dd-2(h)(5) (defining "interstate commerce"), 78dd-3(f)(5) (same); *see also* 15 U.S.C. §78c(a)(17).

[58] 15 U.S.C. §§ 78dd-2(h)(5), 78dd-3(f)(5).

[59] *See* 15 U.S.C. § 78dd-3.

[60] Criminal Information, United States v. JGC Corp., No. 11-cr-260 (S.D. Tex. Apr. 6, 2011), ECF No. 1 [hereinafter *United States v. JGC Corp.*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/jgc-corp/04-6-11jgc-corp-info.pdf; Criminal Information, United States v. Snamprogetti Netherlands B.V., No. 10-cr-460 (S.D. Tex. Jul. 7, 2010), ECF No. 1 [hereinafter *United States v. Snamprogetti*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/snamprogetti/07-07-10snamprogetti-info.pdf.

[61] *See* 15 U.S.C. §§ 78dd-1(g) ("irrespective of whether such issuer or such officer, director, employee, agent, or stockholder makes use of the mails or any means or instrumentality of interstate commerce in furtherance of such offer, gift, payment, promise, or authorization"), 78dd-2(i)(1) ("irrespective of whether such United States person makes use of the mails or any means or instrumentality of interstate commerce in furtherance of such offer, gift, payment, promise, or authorization").

[62] S. Rep. No. 105-277 at 2 ("[T]he OECD Convention calls on parties to assert nationality jurisdiction when consistent with national legal and constitutional principles. Accordingly, the Act amends the FCPA to provide for jurisdiction over the acts of U.S. businesses and nationals in furtherance of unlawful payments that take place wholly outside the United States. This exercise of jurisdiction over U.S. businesses and nationals for unlawful conduct abroad is consistent with U.S. legal and constitutional principles and is essential to protect U.S. interests abroad.").

[63] *Id.* at 2-3.

[64] 15 U.S.C. §§ 78dd-1(a), 78dd-2(a), 78dd-3(a).

[65] *See* H.R. Rep. No. 95-831, at 12 (referring to "business purpose" test).

[66] *See, e.g.*, Complaint, *SEC v. Siemens AG*, *supra* note 48; Criminal Information, *United States v. Siemens AG*, *supra* note 48.

[67] In amending the FCPA in 1988, Congress made clear that the business purpose element, and specifically the "retaining business" prong, was meant to be interpreted broadly:

> The Conferees wish to make clear that the reference to corrupt payments for "retaining business" in present law is not limited to the renewal of contracts or other business, but also includes a prohibition against corrupt payments related to the execution or performance of contracts or the carrying out of existing business, such as a payment to a foreign official for the purpose of obtaining more favorable tax treatment. The term should not, however, be construed so broadly as to include lobbying or other normal representations to government officials.

H.R. Rep. No. 100-576, at 1951-52 (internal citations omitted).

[68] *See, e.g.*, Complaint, SEC v. Panalpina, Inc., No. 10-cv-4334 (S.D. Tex. Nov. 4, 2010), ECF No. 1 [hereinafter *SEC v. Panalpina, Inc.*], *available at* http://www.sec.gov/litigation/complaints/2010/comp21727.pdf; Criminal Information, United States v. Panalpina, Inc., No. 10-cr-765 (S.D. Tex. Nov. 4, 2010), ECF No. 1 [hereinafter *United States v. Panalpina, Inc.*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/panalpina-inc/11-04-10panalpina-info.pdf; Criminal Information, United States v. Panalpina World Transport (Holding) Ltd., No. 10-cr-769 (S.D. Tex. Nov. 4, 2010), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/panalpina-world/11-04-10panalpina-world-info.pdf; *see also* Press Release, U.S. Sec. and Exchange Comm., SEC Charges Seven Oil Services and Freight Forwarding Companies for Widespread Bribery of Customs Officials (Nov. 4, 2010) ("The SEC alleges that the companies bribed customs officials in more than 10 countries in exchange for such perks as avoiding applicable customs duties on imported goods, expediting the importation of goods and equipment, extending drilling contracts, and lowering tax assessments."), *available at* http://www.sec.gov/news/press/2010/2010-214.htm; Press Release, U.S. Dept. of Justice, Oil Services Companies and a Freight Forwarding Company Agree to Resolve Foreign Bribery Investigations and to Pay More Than $156 Million in Criminal Penalties (Nov. 4, 2010) (logistics provider and its subsidiary engaged in scheme to pay thousands of bribes totaling at least $27 million to numerous foreign officials on behalf of customers in oil and gas industry "to circumvent local rules and regulations relating to the import of goods and materials into numerous foreign jurisdictions"), *available at* http://www.justice.gov/opa/pr/2010/November/10-crm-1251.html.

[69] United States v. Kay, 359 F.3d 738, 755-56 (5th Cir. 2004).

[70] *Id.* at 749. Indeed, the *Kay* court found that Congress' explicit exclusion of facilitation payments from the scope of the FCPA was evidence that "Congress intended for the FCPA to prohibit *all other* illicit payments that are intended to influence non-trivial official foreign action in an effort to aid in obtaining or retaining business for some person." *Id.* at 749-50 (emphasis added).

[71] *Id.* at 750.

[72] *Id.* at 749-55.

[73] *Id.* at 756 ("It still must be shown that the bribery was intended to produce an effect—here, through tax savings—that would 'assist in obtaining or retaining business.'").

[74] The FCPA does not explicitly define "corruptly," but in drafting the statute Congress adopted the meaning ascribed to the same term in the domestic bribery statute, 18 U.S.C. § 201(b). *See* H.R. Rep. No. 95-640, at 7.

[75] The House Report states in full:

> The word "corruptly" is used in order to make clear that the offer, payment, promise, or gift, must be intended to induce the recipient to misuse his official position; for example, wrongfully to direct business to the payor or his client, to obtain preferential legislation or regulations, or to induce a foreign official to fail to perform an official function. The word "corruptly" connotes an evil motive or purpose such as that required under 18 U.S.C. 201(b) which prohibits domestic bribery. As in 18 U.S.C. 201(b), the word "corruptly" indicates an intent or desire wrongfully to influence the recipient. It does not require that the act [be] fully consummated or succeed in producing the desired outcome.

*Id.* The Senate Report provides a nearly identical explanation of the meaning of the term:

> The word "corruptly" is used in order to make clear that the offer, payment, promise, or gift, must be intended to induce the recipient to misuse his official position in order to wrongfully direct business to the payor or his client, or to obtain



HOUSE_OVERSIGHT_022609

> preferential legislation or a favorable regulation. The word "corruptly" connotes an evil motive or purpose, an intent to wrongfully influence the recipient.

S. Rep. No. 95-114, at 10.

[76] *See* 15 U.S.C. §§ 78dd-1(a), 78dd-2(a), 78dd-3(a).

[77] *See, e.g.*, Complaint, SEC v. Monsanto Co., No. 05-cv-14 (D.D.C. Jan. 6, 2005) (among other things, the company paid a $50,000 bribe to influence an Indonesian official to repeal an unfavorable law, which was not repealed despite the bribe), *available at* http://www.sec.gov/litigation/complaints/comp19023.pdf; Criminal Information, United States v. Monsanto Co., No. 05-cr-8 (D.D.C. Jan. 6, 2005), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/monsanto-co/01-06-05monsanto-info.pdf.

[78] Jury instructions in FCPA cases have defined "corruptly" consistent with the definition found in the legislative history. *See, e.g.*, Jury Instructions at 22-23, *United States v. Esquenazi*, *supra* note 44; Jury Instructions at 10, *United States v. Green*, *supra* note 44; Jury Instructions at 35, *United States v. Jefferson*, *supra* note 44; Jury Instructions at 25, *United States v. Bourke*, *supra* note 44; Jury Instructions at 17, *United States v. Kay*, *supra* note 44; Jury Instructions at 5, *United States v. Mead*, *supra* note 44.

[79] *See* Complaint, SEC v. Innospec, Inc., No. 10-cv-448 (D.D.C. Mar. 18, 2010), ECF No. 1 [hereinafter *SEC v. Innospec*], *available at* http://www.sec.gov/litigation/complaints/2010/comp21454.pdf; Criminal Information at 8, United States v. Innospec Inc., No. 10-cr-61 (D.D.C. Mar. 17, 2010), ECF No. 1 [hereinafter *United States v. Innospec*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/innospec-inc/03-17-10innospec-info.pdf.

[80] *See* Complaint, *SEC v. Innospec*, *supra* note 79; Criminal Information, *United States v. Innospec*, *supra* note 79.

[81] *See* 15 U.S.C. §§ 78dd-1(c)(2)(A), 78dd-2(g)(2)(A), and 78dd-3(3)(2)(A).

[82] *Compare* 15 U.S.C. § 78ff(c)(1)(A) (corporate criminal liability under issuer provision) *with* § 78ff(c)(2)(A) (individual criminal liability under issuer provision); *compare* 15 U.S.C. § 78dd-2(g)(1)(A) (corporate criminal liability under domestic concern provision) *with* § 78dd-2(g)(2)(A) (individual criminal liability under issuer provision); *compare* 15 U.S.C. § 78dd-3(e)(1)(A) (corporate criminal liability for territorial provision) *with* § 78dd-3(e)(2)(A) (individual criminal liability for territorial provision). However, companies still must act corruptly. *See* Section 30A(a), 15 U.S.C. § 78dd-1(a); 15 U.S.C. §§ 78dd-2(a), 78dd-3(a).

[83] United States v. Kay, 513 F.3d 432, 448 (5th Cir. 2007); *see also* Jury Instructions at 38, *United States v. Esquenazi*, *supra* note 44; Jury Instructions at 10, *United States v. Green*, *supra* note 44; Jury Instructions at 35, *United States v. Jefferson*, *supra* note 44; Jury Instructions at 25, *United States v. Bourke*, *supra* note 44; Jury Instructions at 5, *United States v. Mead*, *supra* note 44.

[84] Bryan v. United States, 524 U.S. 184, 191-92 (1998) (construing "willfully" in the context of 18 U.S.C. § 924(a)(1)(A)) (quoting Ratzlaf v. United States, 510 U.S. 135, 137 (1994)); *see also Kay*, 513 F.3d at 446-51 (discussing *Bryan* and term "willfully" under the FCPA).

[85] *Kay*, 513 F.3d at 447-48; Stichting Ter Behartiging Van de Belangen Van Oudaandeelhouders In Het Kapitaal Van Saybolt Int'l B.V. v. Schreiber, 327 F.3d 173, 181 (2d Cir. 2003).

[86] The phrase "anything of value" is not defined in the FCPA, but the identical phrase under the domestic bribery statute has been broadly construed to include both *tangible* and *intangible* benefits. *See, e.g.*, United States v. Moore, 525 F.3d 1033, 1048 (11th Cir. 2008) (rejecting defendant's objection to instruction defining sex as a "thing of value," which "unambiguously covers intangible considerations"); United States v. Gorman, 807 F.2d 1299, 1304-05 (6th Cir. 1986) (holding that loans and promises of future employment are "things of value"); United States v. Williams, 705 F.2d 603, 622-23 (2d Cir. 1983) (approving jury instruction that stock could be a "thing of value" if defendant believed it had value, even though the shares had no commercial value, and noting that "[t]he phrase 'anything of value' in bribery and related statutes has consistently been given a broad meaning").

[87] Section 30A(a), 15 U.S.C. § 78dd-1(a); 15 U.S.C. §§ 78dd-2(a), 78dd-3(a) (emphasis added).

[88] Like the FCPA, the domestic bribery statute, 18 U.S.C. § 201, prohibits giving, offering, or promising "anything of value." Numerous domestic bribery cases under Section 201 have involved "small" dollar bribes. *See, e.g.*, United States v. Franco, 632 F.3d 880, 882-84 (5th Cir. 2011) (affirming bribery convictions of inmate for paying correctional officer $325 to obtain cell phone, food, and marijuana, and noting that 18 U.S.C. § 201 does not contain minimum monetary threshold); United States v. Williams, 216 F.3d 1099, 1103 (D.C. Cir. 2000) (affirming bribery conviction for $70 bribe to vehicle inspector); United States v. Traitz, 871 F.2d 368, 396 (3rd Cir. 1989) (affirming bribery conviction for $100 bribe paid to official of Occupational Health and Safety Administration); United States v. Hsieh Hui Mei Chen, 754 F.2d 817, 822 (9th Cir. 1985) (affirming bribery convictions including $100 bribe to immigration official); United States v. Bishton, 463 F.2d 887, 889 (D.C. Cir. 1972) (affirming bribery conviction for $100 bribe to division chief of District of Columbia Sewer Operations Division).

[89] Complaint, *SEC v. Daimler AG*, *supra* note 48; Criminal Information, *United States v. Daimler AG*, *supra* note 48.

[90] Complaint, SEC v. Halliburton Company and KBR, Inc., No. 09-cv-399 (S.D. Tex. Feb. 11, 2009), ECF No 1 [hereinafter *SEC v. Halliburton and KBR*], *available at* http://www.sec.gov/litigation/complaints/2009/comp20897.pdf; Criminal Information, United States v. Kellogg Brown & Root LLC, No. 09-cr-71, ECF No. 1 (S.D. Tex. Feb. 6, 2009) [hereinafter *United States v. KBR*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/kelloggb/02-06-09kbr-info.pdf.

[91] Complaint, *SEC v. Halliburton and KBR*, *supra* note 90; Criminal Information, *United States v. KBR*, *supra* note 90.

[92] *See, e.g.*, Complaint, SEC v. RAE Sys. Inc., No. 10-cv-2093 (D.D.C. Dec. 10, 2010), ECF No. 1 [hereinafter *SEC v. RAE Sys., Inc.*] (fur coat, among other extravagant gifts), *available at* http://www.sec.gov/litigation/complaints/2010/comp21770.pdf; Non-Pros. Agreement, In re RAE Sys. Inc. (Dec. 10, 2010) [hereinafter *In re RAE Sys. Inc.*] (same), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/rae-systems/12-10-10rae-systems.pdf; Complaint, *SEC v. Daimler AG*, *supra* note 48 (armored Mercedes Benz worth €300,000); Criminal Information, *United States v. Daimler AG*, *supra* note 48 (same).

[93] *See* Complaint, SEC v. ABB Ltd, No. 04-cv-1141 (D.D.C. July 6, 2004), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/comp18775.pdf; Criminal Information, United States v. ABB Vetco Gray Inc., *et al.*, No. 04-cr-279 (S.D. Tex. June 22, 2004), ECF No. 1 [hereinafter *United States v. ABB Vetco Gray*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/abb/06-22-04abbvetco-info.pdf.

[94] Complaint, SEC v. UTStarcom, Inc., No. 09-cv-6094 (N.D. Cal. Dec. 31, 2009), ECF No. 1 [hereinafter *SEC v. UTStarcom*], *available at* http://www.sec.gov/litigation/complaints/2009/comp21357.pdf; Non-Pros. Agreement, In re UTStarcom Inc. (Dec. 31, 2009) [hereinafter *In re UTStarcom*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/utstarcom-inc/12-31-09utstarcom-agree.pdf.

[95] Complaint, *SEC v. UTStarcom*, *supra* note 94; Non-Pros. Agreement, *In re UTStarcom*, *supra* note 94.

[96] Complaint, *SEC v. UTStarcom*, *supra* note 94; Non-Pros. Agreement, *In re UTStarcom*, *supra* note 94.

[97] Complaint, SEC v. Lucent Technologies Inc., No. 07-cv-2301 (D.D.C. Dec. 21, 2007), ECF No.1 [hereinafter *SEC v. Lucent*], *available at* http://www.sec.gov/litigation/complaints/2007/comp20414.pdf; Non-Pros. Agreement, In re Lucent Technologies (Nov. 14, 2007) [hereinafter *In re Lucent*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/lucent-tech/11-14-07lucent-agree.pdf.

[98] Complaint, *SEC v. Lucent*, *supra* note 97; Non-Pros. Agreement, *In re Lucent*, *supra* note 97.

[99] The company consented to the entry of a final judgment permanently



HOUSE_OVERSIGHT_022610

enjoining it from future violations of the books and records and internal controls provisions and paid a civil penalty of $1,500,000. Complaint, *SEC v. Lucent*, *supra* note 97. Additionally, the company entered into a non-prosecution agreement with DOJ and paid a $1,000,000 monetary penalty. Non-Pros. Agreement, *In re Lucent*, *supra* note 97.

[100] United States v. Liebo, 923 F.2d 1308, 1311 (8th Cir. 1991).

[101] Judgment, United States v. Liebo, No. 89-cr-76 (D. Minn. Jan. 31, 1992), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/liebor/1992-01-31-liebor-judgment.pdf.

[102] Complaint, SEC v. Schering-Plough Corp., No. 04-cv-945 (D.D.C. June 9, 2004), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/comp18740.pdf; Admin. Proceeding Order, In the Matter of Schering-Plough Corp., Exchange Act Release No. 49838 (June 9, 2004) (finding that company violated FCPA accounting provisions and imposing $500,000 civil monetary penalty), *available at* http://www.sec.gov/litigation/admin/34-49838.htm.

[103] FCPA opinion procedure releases can be found at http://www.justice.gov/criminal/fraud/fcpa/. In the case of the company seeking to contribute the $1.42 million grant to a local MFI, DOJ noted that it had undertaken each of these due diligence steps and controls, in addition to others, that would minimize the likelihood that anything of value would be given to any officials of the Eurasian country. U.S. Dept. of Justice, FCPA Op. Release 10-02 (July 16, 2010), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2010/1002.pdf.

[104] U.S. Dept. of Justice, FCPA Op. Release 95-01 (Jan. 11, 1995), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/1995/9501.pdf.

[105] *Id*.

[106] *Id*.

[107] U.S. Dept. of Justice, FCPA Op. Release 97-02 (Nov. 5, 1997), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/1997/9702.pdf; U.S. Dept. of Justice, FCPA Op. Release 06-01 (Oct. 16, 2006), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2006/0601.pdf.

[108] U.S. Dept. of Justice, FCPA Op. Release 06-01 (Oct. 16, 2006).

[109] *Id*.

[110] *Id*.

[111] *See* Section 30A(a)(1)-(3) of the Exchange Act, 15 U.S.C. § 78dd-1(a)(1)-(3); 15 U.S.C. §§ 78dd-2(a)(1)-(3), 78dd-3(a)(1)-(3).

[112] Section 30A(f)(1)(A) of the Exchange Act, 15 U.S.C. § 78dd-1(f)(1)(A); 15 U.S.C. §§ 78dd-2(h)(2)(A), 78dd-3(f)(2)(A).

[113] Under the FCPA, any person "acting in an official capacity for or on behalf of" a foreign government, a department, agency, or instrumentality thereof, or a public international organization, is a foreign official. Section 30A(f)(1)(A), 15 U.S.C. § 78dd-1(f)(1)(A); 15 U.S.C. §§ 78dd-2(h)(2)(A), 78dd-2(f)(2)(A). *See also* U.S. Dept. of Justice, FCPA Op. Release No. 10-03, at 2 (Sept. 1, 2010), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2010/1003.pdf (listing safeguards to ensure that consultant was not acting on behalf of foreign government).

[114] *But see* Sections 30A(b) and f(3)(A) of the Exchange Act, 15 U.S.C. § 78dd-1(b) & (f)(3); 15 U.S.C. §§ 78dd-2(b) & (h)(4), 78dd-3(b) & (f)(4) (facilitating payments exception).

[115] Even though payments to a foreign government may not violate the anti-bribery provisions of the FCPA, such payments may violate other U.S. laws, including wire fraud, money laundering, and the FCPA's accounting provisions. This was the case in a series of matters brought by DOJ and SEC involving kickbacks to the Iraqi government through the United Nations Oil-for-Food Programme. *See, e.g.*, Complaint, *SEC v. Innospec*, *supra* note 79; Criminal Information, *United States v. Innospec*, *supra* note 79; Complaint, SEC v. Novo Nordisk A/S, No. 09-cv-862 (D.D.C. May 11, 2009), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2009/comp21033.pdf; Criminal Information, United States v. Novo Nordisk A/S, No. 09-cr-126 (D.D.C. May 11, 2009), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/nordiskn/05-11-09novo-info.pdf; Complaint, SEC v. Ingersoll-Rand Company Ltd., No. 07-cv-1955 (D.D.C. Oct. 31, 2007), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2007/comp20353.pdf; Criminal Information, United States v. Ingersoll-Rand Italiana SpA, No. 07-cr-294 (D.D.C. Oct. 31, 2007), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/ingerand-italiana/10-31-07ingersollrand-info.pdf; Complaint, SEC v. York Int'l Corp., No. 07-cv-1750 (D.D.C. Oct. 1, 2007), ECF No. 1 [hereinafter *SEC v. York Int'l Corp.*], *available at* http://www.sec.gov/litigation/complaints/2007/comp20319.pdf; Criminal Information, United States v. York Int'l Corp., No. 07-cr-253 (D.D.C. Oct. 1, 2007), ECF No. 1 [hereinafter *United States v. York Int'l Corp.*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/york/10-01-07york-info.pdf; Complaint, SEC v. Textron Inc., No. 07-cv-1505 (D.D.C. Aug. 23, 2007), ECF No. 1 [hereinafter *SEC v. Textron*], *available at* http://www.sec.gov/litigation/complaints/2007/comp20251.pdf; Non-Pros. Agreement, In re Textron Inc. (Aug. 23, 2007), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/textron-inc/08-21-07textron-agree.pdf. DOJ has issued opinion procedure releases concerning payments (that were, in essence, donations) to government agencies or departments. *See* U.S. Dept. of Justice, FCPA Op. Release 09-01 (Aug. 3, 2009) (involving donation of 100 medical devices to foreign government), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2009/0901.pdf; U.S. Dept. of Justice, FCPA Op. Release 06-01 (Oct. 16, 2006) (involving contribution of $25,000 to regional customs department to pay incentive rewards to improve local enforcement of anti-counterfeiting laws), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2006/0601.pdf.

[116] The United States has some state-owned entities, like the Tennessee Valley Authority, that are instrumentalities of the government. McCarthy v. Middle Tenn. Elec. Membership Corp., 466 F.3d 399, 411 n.18 (6th Cir. 2006) ("[T]here is no question that TVA is an agency and instrumentality of the United States.") (internal quotes omitted).

[117] During the period surrounding the FCPA's adoption, state-owned entities held virtual monopolies and operated under state-controlled price-setting in many national industries around the world. *See generally* World Bank, Bureaucrats in Business: The Economics and Politics of Government Ownership, World Bank Policy Research Report at 78 (1995); Sunita Kikeri and Aishetu Kolo, State Enterprises, The World Bank Group (Feb. 2006), *available at* http://rru.worldbank.org/documents/publicpolicyjournal/304Kikeri_Kolo.pdf.

[118] *Id*. at 1 ("[A]fter more than two decades of privatization, government ownership and control remains widespread in many regions—and in many parts of the world still dominates certain sectors.").

[119] To date, consistent with the approach taken by DOJ and SEC, all district courts that have considered this issue have concluded that this is an issue of fact for a jury to decide. *See* Order, United States v. Carson, 2011 WL 5101701, No. 09-cr-77 (C.D. Cal. May 18, 2011), ECF No. 373 [hereinafter *United States v. Carson*]; United States v. Aguilar, 783 F. Supp. 2d 1108 (C.D. Cal. 2011); Order, *United States v. Esquenazi*, *supra* note 44, ECF No. 309; *see also* Order, United States v. O'Shea, No. 09-cr-629 (S.D. Tex. Jan. 3, 2012), ECF No. 142; Order, United States v. Nguyen, No. 08-cr-522 (E.D. Pa. Dec. 30, 2009), ECF No. 144. These district court decisions are consistent with the acceptance by district courts around the country of over 35 guilty pleas by individuals who admitted to violating the FCPA by bribing officials of state-owned or state-controlled entities. *See* Government's Opposition to Defendants' Amended Motion to Dismiss Counts One Through Ten of the Indictment at 18, *United States v. Carson*, *supra* note 119, ECF No. 332; Exhibit I, *United States v. Carson*, *supra* note 119, ECF No. 335 (list of examples of enforcement actions based on foreign officials of state-owned entities).

[120] Jury Instructions, *United States v. Esquenazi*, *supra* note 44, ECF No. 520; Order at 5 and Jury Instructions, *United States* v. *Carson*, *supra* note 119, ECF No. 373 and ECF No. 549; *Aguilar*, 783 F. Supp. 2d at 1115.

[121] Criminal Information, United States v. C.E. Millier Corp., *et al.*, No. 82-cr-788 (C.D. Cal. Sept. 17, 1982), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/ce-miller/1982-09-17-ce-miller-information.pdf.

[122] *See* Complaint, SEC v. Sam P. Wallace Co., Inc., *et al.*, No. 81-cv-1915 (D.D.C. Aug. 31, 1982); Criminal Information, United States v. Sam P. Wallace Co., Inc., No. 83-cr-34 (D.P.R. Feb. 23, 1983), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/sam-wallace-company/1983-02-23-sam-wallace-company-information.pdf; *see also* Criminal Information, United States v. Goodyear Int'l Corp., No. 89-cr-156 (D.D.C. May 11, 1989) (Iraqi Trading Company identified as "instrumentality of the Government of the Republic of Iraq"), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/goodyear/1989-



HOUSE_OVERSIGHT_022611

05-11-goodyear-information.pdf.

[123] *See* Complaint, *SEC v. ABB*, *supra* note 48; Criminal Information at 3, United States v. ABB Inc., No. 10-cr-664 (S.D. Tex. Sept. 29, 2010), ECF No. 1 [hereinafter *United States v. ABB*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/abb/09-20-10abbinc-info.pdf; Constitución Política de los Estados Unidos Mexicanos [C.P.], as amended, art. 27, Diario Oficial de la Federación [DO], 5 de Febrero de 1917 (Mex.); Ley Del Servicio Publico de Energia Electrica, as amended, art. 1-3, 10, Diario Oficial de la Federación [DO], 22 de Diciembre de 1975 (Mex.).

[124] *See* Indictment at 2, *United States v. Esquenazi*, *supra* note 44, ECF No. 3; Affidavit of Mr. Louis Gary Lissade at 1-9, *id.*, ECF No. 417-2.

[125] Criminal Information at 30-31, *United States v. Alcatel-Lucent France*, *supra* note 56, ECF No. 10.

[126] *Id.*

[127] *See* International Anti-Bribery and Fair Competition Act of 1998, Pub. L. 105-366 § 2, 112 Stat. 3302, 3303, 3305, 3308 (1998).

[128] Section 30A(F)(1)(B) of the Exchange Act, 15 U.S.C. § 78dd-1(f)(1)(B); 15 U.S.C. §§ 78dd-2(h)(2)(B), 78dd-3(f)(2)(B).

[129] Third parties and intermediaries themselves are also liable for FCPA violations. Section 30A(a) of the Exchange Act, 15 U.S.C. § 78dd-1(a); 15 U.S.C. §§ 78dd-2(a), and 78dd-3(a).

[130] Section 30A(a)(3) of the Exchange Act, 15 U.S.C. § 78dd-1(a)(3); 15 U.S.C. §§ 78dd-2(a)(3), 78dd-3(a)(3).

[131] *See, e.g.*, Complaint, SEC v. Johnson & Johnson, No. 11-cv-686 (D.D.C. Apr. 8, 2011) [hereinafter *SEC v. Johnson & Johnson*] (bribes paid through Greek and Romanian agents)), *available at* http://www.sec.gov/litigation/complaints/2011/comp21922.pdf; Criminal Information, United States v. DePuy, Inc., No. 11-cr-99 (D.D.C. Apr. 8, 2011), ECF No. 1 [hereinafter *United States v. DePuy*] (bribes paid through Greek agents), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/depuy-inc/04-08-11depuy-info.pdf; Complaint, *SEC v. ABB*, *supra* note 48 (bribes paid through Mexican agents); Criminal Information, *United States v. ABB*, *supra* note 123 (same); Criminal Information, United States v. Int'l Harvester Co., No. 82-cr-244 (S.D. Tex. Nov. 17, 1982) (bribes paid through Mexican agent), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/international-harvester/1982-11-17-international-harvester-information.pdf.

[132] *See* Criminal Information, United States v. Marubeni Corp., No. 12-cr-22 (S.D. Tex. Jan. 17, 2012), ECF No. 1 [hereinafter *United States v. Marubeni*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/marubeni/2012-01-17-marubeni-information.pdf; Criminal Information, *United States v. JGC Corp.*, *supra* note 60, ECF No. 1; Criminal Information, *United States v. Snamprogetti*, *supra* note 60, ECF No. 1; Complaint, SEC v. ENI, S.p.A. and Snamprogetti Netherlands B.V., No. 10-cv-2414 (S.D. Tex. July 7, 2010), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2010/comp-pr2010-119.pdf; Criminal Information, United States v. Technip S.A., No. 10-cr-439 (S.D. Tex. June 28, 2010), ECF No. 1 [hereinafter *United States v. Technip*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/technip-sa/06-28-10-technip-%20information.pdf; Complaint, SEC v. Technip, No. 10-cv-2289 (S.D. Tex. June 28, 2010), ECF No. 1 [hereinafter *SEC v. Technip*], *available at* http://www.sec.gov/litigation/complaints/2010/comp-pr2010-110.pdf; Indictment, *United States v. Tesler*, *supra* note 50; Complaint, *SEC v. Halliburton and KBR*, *supra* note 90; Criminal Information, *United States v. KBR*, *supra* note 90; Criminal Information, *United States v. Stanley*, No. 08-cr-597 (S.D. Tex. Sept. 3, 2008), ECF No. 1, *available at* http://justice.gov/criminal/fraud/fcpa/cases/stanleya/08-29-08stanley-info.pdf.

[133] *See* Criminal Information, United States v. AGA Medical Corp., No. 08-cr-172, ECF No. 1 (D. Minn. June 3, 2008), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/agamedcorp/06-03-08aga-info.pdf.

[134] Complaint, *SEC v. Innospec*, *supra* note 79; Criminal Information, *United States v. Innospec*, *supra* note 79; Superseding Criminal Information, *United States v. Naaman*, *supra* note 50, ECF No. 15, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/naamano/06-24-10naaman-supersed-info.pdf; Complaint, *SEC v. Turner*, *supra* note 50.

[135] *See* sources cited *supra* note 68.

[136] *See* sources cited *supra* note 68.

[137] Section 30A(a)(3) of the Exchange Act, 15 U.S.C. § 78dd-1(a)(3); 15 U.S.C. §§ 78dd-2(a)(3), 78dd-3(a)(3).

[138] *See* Section 30A(f)(2)(A) of the Exchange Act, 15 U.S.C. § 78dd-1(f)(2)(A); 15 U.S.C. §§ 78dd-2(h)(3)(A), 78dd-3(f)(3)(A).

[139] *See* Section 30A(f)(2)(B) of the Exchange Act, 15 U.S.C. § 78dd-1(f)(2)(B); 15 U.S.C. §§ 78dd-2(h)(3)(B), 78dd-3(f)(3)(B). The "knowing" standard was intended to cover "both prohibited actions that are taken with 'actual knowledge' of intended results as well as other actions that, while falling short of what the law terms 'positive knowledge,' nevertheless evidence a conscious disregard or deliberate ignorance of known circumstances that should reasonably alert one to the high probability of violations of the Act." H.R. Rep. No. 100-576, at 920; *see also* Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 5003, 102 Stat. 1107, 1423-24 (1988).

[140] H.R. Rep. No. 100-576, at 920 (1988).

[141] Section 30A(c)(1) of the Exchange Act, 15 U.S.C. § 78dd-1(c)(1); 15 U.S.C. §§ 78dd-2(c)(1), 78dd-3(c)(1).

[142] H.R. Rep. No. 100-576, at 922. The conferees also noted that "[i]n interpreting what is 'lawful under the written laws and regulations' . . . the normal rules of legal construction would apply." *Id.*

[143] *See* United States v. Kozeny, 582 F. Supp. 2d 535, 537-40 (S.D.N.Y. 2008). Likewise, the court found that a provision under Azeri law that relieved bribe payors of criminal liability if they were extorted did not make the bribe payments legal. Azeri extortion law precludes the prosecution of the payor of the bribes for the illegal payments, but it does not make the payments legal. *Id.* at 540-41.

[144] Section 30A(c)(2)(A), (B) of the Exchange Act, 15 U.S.C. § 78dd-1(c)(2); 15 U.S.C. §§ 78dd-2(c)(2), 78dd-3(c)(2).

[145] For example, the Eighth Circuit Court of Appeals found that providing airline tickets to a government official in order to corruptly influence that official may form the basis for a violation of the FCPA's anti-bribery provisions. *See Liebo*, 923 F. 2d at 1311-12.

[146] *See generally* U.S. Dept. of Justice, FCPA Op. Release 11-01 (June 30, 2011) (travel, lodging, and meal expenses of two foreign officials for two-day trip to United States to learn about services of U.S. adoption service provider), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2011/11-01.pdf; U.S. Dept. of Justice, FCPA Op. Release 08-03 (July 11, 2008) (stipends to reimburse minimal travel expenses of local, government-affiliated journalists attending press conference in foreign country), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2008/0803.pdf; U.S. Dept. of Justice, FCPA Op. Release 07-02 (Sept. 11, 2007) (domestic travel, lodging, and meal expenses of six foreign officials for six-week educational program), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2007/0702.pdf; U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007) (domestic travel, lodging, and meal expenses of six foreign officials for four-day educational and promotional tour of U.S. company's operations sites), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2007/0701.pdf; U.S. Dept. of Justice, FCPA Op. Release 04-04 (Sept. 3, 2004) (travel, lodging, and modest per diem expenses of five foreign officials to participate in nine-day study tour of mutual insurance companies), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2004/0404.pdf; U.S. Dept. of Justice, FCPA Op. Release 04-03 (June 14, 2004) (travel, lodging, meal, and insurance expenses for twelve foreign officials and one translator on ten-day trip to three U.S. cities to meet with U.S. public sector officials), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2004/0403.pdf; U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004) (seminar expenses, including receptions, meals, transportation and lodging costs, for one-and-a-half day comparative law seminar on labor and employment law in foreign country), *available at* http://www.justice.gov/criminal/fraud/fcpa/



HOUSE_OVERSIGHT_022612

opinion/2004/0401.pdf; U.S. Dept. of Justice, FCPA Op. Release 96-01 (Nov. 25, 1996) (travel, lodging, and meal expenses of regional government representatives to attend training courses in United States), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/1996/9601.pdf; U.S. Dept. of Justice, FCPA Op. Release 92-01 (Feb. 1992) (training expenses so that foreign officials could effectively perform duties related to execution and performance of joint-venture agreement, including seminar fees, airfare, lodging, meals, and ground transportation), *available at* http://www.justice.gov/criminal/fraud/fcpa/review/1992/r9201.pdf.

[147] U.S. Dept. of Justice, FCPA Op. Release 11-01 (June 30, 2011); U.S. Dept. of Justice, FCPA Op. Release 07-02 (Sept. 11, 2007); U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007); U.S. Dept. of Justice, FCPA Op. Release 04-04 (Sept. 3, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-03 (June 14, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004).

[148] U.S. Dept. of Justice, FCPA Op. Release 96-01 (Nov. 25, 1996).

[149] U.S. Dept. of Justice, FCPA Op. Release 11-01 (June 30, 2011); U.S. Dept. of Justice, FCPA Op. Release 07-02 (Sept. 11, 2007); U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007); U.S. Dept. of Justice, FCPA Op. Release 04-04 (Sept. 3, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004) .

[150] U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004).

[151] U.S. Dept. of Justice, FCPA Op. Release 08-03 (July 11, 2008).

[152] U.S. Dept. of Justice, FCPA Op. Release 11-01 (June 30, 2011); U.S. Dept. of Justice, FCPA Op. Release 92-01 (Feb. 1992).

[153] U.S. Dept. of Justice, FCPA Op. Release 08-03 (July 11, 2008).

[154] *Id.*

[155] *Id.*; U.S. Dept. of Justice, FCPA Op. Release 04-03 (June 14, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004); U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007).

[156] U.S. Dept. of Justice, FCPA Op. Release 11-01 (June 30, 2011); U.S. Dept. of Justice, FCPA Op. Release 07-02 (Sept. 11, 2007); U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007); U.S. Dept. of Justice, FCPA Op. Release 04-04 (Sept. 3, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-03 (June 14, 2004); U.S. Dept. of Justice, FCPA Op. Release 04-01 (Jan. 6, 2004).

[157] U.S. Dept. of Justice, FCPA Op. Release 07-01 (July 24, 2007); U.S. Dept. of Justice, FCPA Op. Release 08-03 (July 11, 2008).

[158] For example, DOJ has previously approved expenditures on behalf of family members or for entertainment purposes under certain, limited circumstances. *See, e.g.*, U.S. Dept. of Justice, FCPA Rev. P. Release 83-02 (July 26, 1983) (declining to take enforcement action against company seeking to provide promotional tour for foreign official and wife, where both had already planned a trip to the United States at their own expense and company proposed to pay only for all reasonable and necessary actual domestic expenses for the extension of their travel to allow the promotional tour, which would not exceed $5,000), *available at* http://www.justice.gov/criminal/fraud/fcpa/review/1983/r8302.pdf.

[159] Unlike the local law and bona fide expenditures defenses, the facilitating payments exception is not an affirmative defense to the FCPA. Rather, payments of this kind fall outside the scope of the FCPA's bribery prohibition. Prior to 1988, the "facilitating payments" exception was incorporated into the definition of "foreign official," which excluded from the statute's purview officials whose duties were primarily ministerial or clerical. *See* Foreign Corrupt Practices Act of 1977, Pub. L. No. 95-213, § 104(d)(2), 91 Stat. 1494, 1498 (1977) (providing that the term foreign official "does not include any employee of a foreign government or any department, agency, or instrumentality thereof whose duties are essentially ministerial or clerical"). The original exception thus focused on the duties of the recipient, rather than the purpose of the payment. In practice, however, it proved difficult to determine whether a foreign official's duties were "ministerial or clerical." S. Rep. No. 100-85, at 53. Responding to criticism that the statutory language "does not clearly reflect Congressional intent and the boundaries of the prohibited conduct," Congress revised the FCPA to define the exception in terms of the purpose of the payment. H. Rep. No. 100-40, pt. 2, at 77. In doing so, Congress reiterated that while its policy to exclude facilitating payments reflected practical considerations of enforcement, "such payments should not be condoned." *Id.* The enacted language reflects this narrow purpose.

[160] In exempting facilitating payments, Congress sought to distinguish them as "payments which merely move a particular matter toward an eventual act or decision or which do not involve any discretionary action," giving the examples of "a gratuity paid to a customs official to speed the processing of a customs document" or "payments made to secure permits, licenses, or the expeditious performance of similar duties of an essentially ministerial or clerical nature which must of necessity be performed in any event." H.R. Rep. No. 95-640, at 8.

[161] Section 30A(f)(3)(B) of the Exchange Act, 15 U.S.C. § 78dd-1(f)(3)(B); 15 U.S.C. §§ 78dd-2(h)(4)(B), 78dd-3(f)(4)(B).

[162] In a 2004 decision, the Fifth Circuit emphasized this precise point, commenting on the limited nature of the facilitating payments exception:

> A brief review of the types of routine governmental actions enumerated by Congress shows how limited Congress wanted to make the grease exceptions. Routine governmental action, for instance, includes "obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country," and "scheduling inspections associated with contract performance or inspections related to transit of goods across country." Therefore, routine governmental action does not include the issuance of *every* official document or *every* inspection, but only (1) documentation that qualifies a party to do business and (2) scheduling an inspection—very narrow categories of largely non-discretionary, ministerial activities performed by mid- or low-level foreign functionaries.

United States v. Kay; 359 F.3d 738, 750-51 (5th Cir. 2004) (internal footnote omitted) (emphasis in original).

[163] Non-Pros. Agreement, In re Helmerich & Payne, Inc. (July 29, 2009) [hereinafter *In re Helmerich & Payne*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/helmerich-payne/06-29-09helmerich-agree.pdf; Admin. Proceeding Order, In the Matter of Helmerich & Payne, Inc., Exchange Act Release No. 60400 (July 30, 2009) [hereinafter *In the Matter of Helmerich & Payne*], *available at* http://www.sec.gov/litigation/admin/2009/34-60400.pdf.

[164] Criminal Information, Vetco Gray Controls Inc., *et al.*, No. 07-cr-4 No. (S.D. Tex. Jan. 5, 2007), ECF Nos. 1-2, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/vetco-controls/02-06-07vetcogray-info.pdf.

[165] Complaint, SEC v. Noble Corp., No. 10-cv-4336 (S.D. Tex. Nov. 4, 2010), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2010/comp21728.pdf; Non-Pros. Agreement, In re Noble Corp. (Nov. 4, 2010), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/noble-corp/11-04-10noble-corp-npa.pdf; *see also sources cited supra* note 68.

[166] Working Group on Bribery, *2009 Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions*, at § VI (recommending countries should periodically review their policies and approach to facilitation payments and should encourage companies to prohibit or discourage facilitation payments "in view of the corrosive effect of small facilitation payments, particularly on sustainable economic development and the rule of law"); Working Group on Bribery, *United States: Phase 3*, at 24 (Oct. 15, 2010), *available at* http://www.oecd.org/dataoecd/10/49/46213841.pdf (commending United States for steps taken in line with 2009 recommendation to encourage companies to prohibit or discourage facilitation payments).

[167] Facilitating payments are illegal under the U.K. Bribery Act 2010, which came into force on July 1, 2011, and were also illegal under prior U.K. legislation. *See* Bribery Act 2010, c.23 (Eng.), *available at* http://www.legislation.gov.uk/ukpga/2010/23/contents; *see also* U.K. Ministry of Justice, *The Bribery Act 2010: Guidance About Procedures Which Relevant Commercial Organisations Can Put into Place to Prevent Persons Associated with Them from Bribing (Section 9 of the Bribery Act 2010)*, at 18 (2011), *available at* http://www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf.

[168] *See, e.g.*, Non-Pros. Agreement, *In re Helmerich & Payne*, *supra* note 163; Admin. Proceeding Order, *In the Matter of Helmerich & Payne*, *supra* note 163.

[169] In order to establish duress or coercion, a defendant must demonstrate that the defendant was under unlawful, present, immediate, and



HOUSE_OVERSIGHT_022613

impending threat of death or serious bodily injury; that the defendant did not negligently or recklessly create a situation where he would be forced to engage in criminal conduct (e.g., had been making payments as part of an ongoing bribery scheme); that the defendant had no reasonable legal alternative to violating the law; and that there was a direct causal relationship between the criminal action and the avoidance of the threatened harm. *See* Eleventh Circuit Pattern Jury Instr., Special Instr. No. 16 (2003); *see also* Fifth Circuit Pattern Jury Instr. No. 1.36 (2001); Sixth Circuit Pattern Jury Instr. No. 6.05 (2010); Seventh Circuit Pattern Jury Instr. No. 6.08 (1998); Ninth Circuit Pattern Jury Instr. No. 6.5 (2010); 1A Kevin F. O'Malley, Jay E. Grenig, Hon. William C. Lee, *Federal Jury Practice and Instructions* § 19.02 (6th ed. 2008 & Supp. 2012).

[170] S. Rep. No. 95-114, at 11.

[171] *Id*. at 10.

[172] *Id*. at 11.

[173] United States v. Kozeny, 582 F. Supp. 2d 535, 540 n.31 (S.D.N.Y. 2008).

[174] *Kozeny*, 582 F. Supp. 2d at 540 (citing S. Rep. No. 95-114, at 10-11).

[175] *Id.*

[176] These payments, however, must be accurately reflected in the company's books and records so that the company and its management are aware of the payments and can assure that the payments were properly made under the circumstances. For example, in one instance, a Kazakh immigration prosecutor threatened to fine, jail, or deport employees of a U.S. company's subsidiary. Believing the threats to be genuine, the employees in Kazakhstan sought guidance from senior management of the U.S. subsidiary and were authorized to make the payments. The employees then paid the government official a total of $45,000 using personal funds. The subsidiary reimbursed the employees, but it falsely recorded the reimbursements as "salary advances" or "visa fines." The parent company, which eventually discovered these payments, as well as other improperly booked cash payments made to a Kazakhstani consultant to obtain visas, was charged with civil violations of the accounting provisions. Admin. Proceeding Order, In the Matter of NATCO Group Inc., Exchange Act Release No. 61325 (Jan. 11, 2010), *available at* http://www.sec.gov/litigation/admin/2010/34-61325.pdf (imposing cease-and-desist order and $65,000 civil monetary penalty).

[177] *See* Jury Instructions at 21, United States v. Aguilar, No. 10-cr-1031 (C.D. Cal. May 16, 2011), ECF No. 511.

[178] *See, e.g.*, Pacific Can Co. v. Hewes, 95 F.2d 42, 46 (9th Cir. 1938) ("Where one corporation is controlled by another, the former acts not for itself but as directed by the latter, the same as an agent, and the principal is liable for the acts of its agent within the scope of the agent's authority."); United States v. NYNEX Corp., 788 F. Supp. 16, 18 n.3 (D.D.C. 1992) (holding that "[a] corporation can of course be held criminally liable for the acts of its agents," including "the conduct of its subsidiaries.").

[179] *Pacific Can Co*., 95 F.2d at 46; *NYNEX Corp*., 788 F. Supp. at 18 n.3.

[180] *See, e.g.*, Standard Oil Co. v. United States, 307 F.2d 120, 127 (5th Cir. 1962).

[181] Admin. Proceeding Order, In the Matter of United Industrial Corp., Exchange Act Release No. 60005 (May 29, 2009), *available at* http://www.sec.gov/litigation/admin/2009/34-60005.pdf; *see also* Lit. Release No. 21063, *SEC v. Worzel* (May 29, 2009), *available at* http://www.sec.gov/litigation/litreleases/2009/lr21063.htm.

[182] *See, e.g.*, Philip Urofksy, *What You Don't Know Can Hurt You: Successor Liability Resulting From Inadequate FCPA Due Diligence in M&A Transactions*, 1763 PLI/Corp. 631, 637 (2009) ("As a legal matter, when one corporation acquires another, it assumes any existing liabilities of that corporation, including liability for unlawful payments, regardless of whether it knows of them."). Whether or not successor liability applies to a particular corporate transaction depends on the facts involved and state, federal, and, potentially, foreign law.

[183] *See, e.g.*, Carolyn Lindsey, *More Than You Bargained for: Successor Liability Under the U.S. Foreign Corrupt Practices Act*, 35 Ohio N.U. L. Rev. 959, 966 (2009) ("Allowing a company to escape its debts and liabilities by merging with another entity is considered to lead to an unjust result.").

[184] *See, e.g.*, Melrose Distillers, Inc. v. United States, 359 U.S. 271, 274 (1959) (affirming criminal successor liability for antitrust violations); United States v. Alamo Bank of Texas, 880 F.2d 828, 830 (5th Cir. 1989) (affirming criminal successor liability for Bank Secrecy Act violations); United States v. Polizzi, 500 F.2d 856, 907 (9th Cir. 1974) (affirming criminal successor liability for conspiracy and Travel Act violations); United States v. Shields Rubber Corp., 732 F. Supp. 569, 571-72 (W.D. Pa. 1989) (permitting criminal successor liability for customs violations); *see also* United States v. Mobile Materials, Inc., 776 F.2d 1476, 1477 (10th Cir. 1985) (allowing criminal post-dissolution liability for antitrust, mail fraud, and false statement violations);.

[185] Complaint, SEC v. The Titan Corp., No. 05-cv-411 (D.D.C. Mar. 1, 2005) (discovery of FCPA violations during pre-acquisition due diligence protected potential acquiring company and led to termination of merger agreement), *available at* http://www.sec.gov/litigation/complaints/comp19107.pdf; Criminal Information, United States v. Titan Corp., No. 05-cr-314 (S.D. Cal. Mar. 1, 2005) (same) [hereinafter *United States v. Titan Corp.*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/titan-corp/03-01-05titan-info.pdf.

[186] For a discussion of declinations, see Chapter 7.

[187] *See* Complaint, SEC v. El Paso Corp., No. 07-cv-899 (S.D.N.Y. Feb. 7, 2007), ECF No. 1 [hereinafter *SEC v. El Paso Corp.*] (charging company with books and records and internal controls charges for improper payments to Iraq under UN. Oil-for-Food Programme), *available at* http://www.sec.gov/litigation/complaints/2007/comp19991.pdf.

[188] Complaint, SEC v. Alliance One Int'l, Inc., No. 10-cv-1319 (D.D.C. Aug. 6, 2010), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2010/comp21618-alliance-one.pdf; Non-Pros. Agreement, In re Alliance One Int'l, Inc. (Aug. 6, 2010), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alliance-one/08-06-10alliance-one-npa.pdf; Criminal Information, United States v. Alliance One Int'l AG, No. 10-cr-17 (W.D. Va. Aug. 6, 2010), ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alliance-one/08-06-10alliance-one-info.pdf; Criminal Information, United States v. Alliance One Tobacco Osh, LLC, No. 10-cr-16 (W.D. Va. Aug. 6, 2010), ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alliance-one/08-06-10alliance-one-tobaccoinfo.pdf.

[189] *See* Criminal Information, United States v. Syncor Taiwan, Inc., No. 02-cr-1244 (C.D. Cal. Dec. 5, 2002), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/syncor-taiwan/12-05-02syncor-taiwan-info.pdf; Plea Agreement, United States v. Syncor Taiwan, Inc., No. 02-cr-1244 (C.D. Cal. Dec. 9, 2002), ECF No. 14, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/syncor-taiwan/12-03-02syncor-taiwan-plea-agree.pdf.

[190] *See* Complaint, SEC v. Syncor Int'l Corp., No. 02-cv-2421 (D.D.C. Dec. 10, 2002), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/comp17887.htm; SEC v. Syncor International Corp., SEC Lit. Rel. 17997, (Dec. 10, 2002), *available at* http://www.sec.gov/litigation/litreleases/lr17887.htm.

[191] *See* Complaint, *SEC v. York Int'l Corp*., *supra* note 115; Criminal Information, *United States v. York Int'l Corp*., *supra* note 115.

[192] *See* Criminal Information, United States v. Latin Node, Inc., No. 09-cr-20239 (S.D. Fla. Mar. 23, 2009), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/litton-applied/03-23-09latinnode-info.pdf; eLandia Int'l Inc., Annual Report (Form 10-K), at 20 (Apr. 2, 2009), *available at* http://www.sec.gov/Archives/edgar/data/1352819/000119312509070961/d10k.htm.

[193] *See* Criminal Information, United States v. Salvoch, No. 10-cr-20893 (S.D. Fla. Dec. 17, 2010), ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/salvoch/12-17-10salvoch-info.pdf; Criminal Information, United States v. Vasquez, No. 10-cr-20894 (S.D. Fla. Dec. 17, 2010), ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/vasquezjp/12-17-10vasquez-juan-info.pdf; Indictment, United States v. Granados, *et al*., No. 10-cr-20881, (S.D.



HOUSE_OVERSIGHT_022614

Fla. Dec. 14, 2010), ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/granados-jorge/12-21-10granados-indict.pdf.
[194] *See* Deferred Pros. Agreement, *United States v. Snamprogetti*, *supra* note 60, ECF No. 3, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/snamprogetti/07-07-10snamprogetti-dpa.pdf.
[195] *Compare* Criminal Information, *United States v. Snamprogetti*, *supra* note 60, *with* Deferred Pros. Agreement, *United States v. Snamprogetti*, *supra* note 60, ECF No. 3.
[196] *See* Press Release, General Electric Co., General Electric Agrees to Acquire InVision (Mar. 15, 2004), *available at* http://www.ge.com/files/usa/company/investor/downloads/sharpeye_press_release.pdf; Press Release, U.S. Dept. of Justice, InVision Tech. Inc. Enters into Agreement with the United States (Dec. 6, 2004), *available at* http://www.justice.gov/opa/pr/2004/December/04_crm_780.htm; Company News; *G.E. Gets InVision, a Maker of Bomb Detectors*, N.Y. Times, Dec. 7, 2004, at C4.
[197] Non-Pros. Agreement, In re InVision (Dec. 3, 2004), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/invision-tech/12-03-04invisiontech-agree.pdf; Non-Pros. Agreement, In re General Elec. Co., (Dec. 3, 2004), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/invision-tech/12-03-04invisiontech-agree-ge.pdf; Complaint, SEC v. GE InVision, Inc., f/k/a InVision Technologies, Inc., No. 05-cv-660, (N.D. Cal. Feb. 14, 2005), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/comp19078.pdf.
[198] *See* U.S. Dept. of Justice, FCPA Op. Release 08-02 (June 13, 2008), *available at* http://www.justice.gov/criminal/fraud/fcpa/opinion/2008/0802.pdf; *see also* Press Release, U.S. Dept. of Justice, Pfizer H.C.P. Corp. Agrees to Pay $15 Million Penalty to Resolve Foreign Bribery Investigation (Aug. 7, 2012) ("In the 18 months following its acquisition of Wyeth, Pfizer Inc., in consultation with the department, conducted a due diligence and investigative review of the Wyeth business operations and integrated Pfizer Inc.'s internal controls system into the former Wyeth business entities. The department considered these extensive efforts and the SEC resolution in its determination not to pursue a criminal resolution for the pre-acquisition improper conduct of Wyeth subsidiaries."), *available at* http://www.justice.gov/opa/pr/2012/August/12-crm-980.html.
[199] 18 U.S.C. § 2.
[200] In enacting the FCPA in 1977, Congress explicitly noted that "[t]he concepts of aiding and abetting and joint participation would apply to a violation under this bill in the same manner in which those concepts have always applied in both SEC civil actions and in implied private actions brought under the securities laws generally." H.R. Rep. No. 95-640, at 8.
[201] *Pinkerton* held that a conspirator may be found guilty of a substantive offense committed by a co-conspirator in furtherance of the conspiracy if the co-conspirator's acts were reasonably foreseeable. *See* Pinkerton v. United States, 328 U.S. 640, 647-48 (1946).
[202] *See* United States v. MacAllister, 160 F.3d 1304, 1307 (11th Cir. 1998); United States v. Winter, 509 F.2d 975, 982 (5th Cir. 1975).
[203] *See* Criminal Information, *United States v. Marubeni*, *supra* note 132; Criminal Information, *United States v. JGC Corp.*, *supra* note 60; Criminal Information, *United States v. Snamprogetti*, *supra* note 60; *see also* Criminal Information, *United States v. Technip*, *supra* note 132.
[204] Section 20(e) of the Exchange Act, "Prosecution of Persons Who Aid and Abet Violations," explicitly provides that, for purposes of a civil action seeking injunctive relief or a civil penalty, "any person that knowingly or recklessly provides substantial assistance to another person in violation of a provision of this chapter, or of any rule or regulation issued under this chapter, shall be deemed to be in violation of such provision to the same extent as the person to whom such assistance is provided." Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e).
[205] Under Section 21C(a) of the Exchange Act, the SEC may impose a cease-and-desist order through the SEC's administrative proceedings upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation. Section 21C(a) of the Exchange Act,15 U.S.C. § 78u-3(a).
[206] *See* Complaint, *SEC v. Panalpina, Inc.*, *supra* note 68.
[207] 18 U.S.C. § 3282(a) provides: "Except as otherwise expressly provided by law, no person shall be prosecuted, tried, or punished for any offense, not capital, unless the indictment is found or the information is instituted within five years next after such offense shall have been committed."
[208] *See* Grunewald v. United States, 353 U.S. 391, 396-97 (1957) (holding government must prove conspiracy still existed and at least one overt act was committed within the statute of limitations); Fiswick v. United States, 329 U.S. 211, 216 (1946) ("The statute of limitations, unless suspended, runs from the last overt act during the existence of the conspiracy. The overt acts averred and proved may thus mark the duration, as well as the scope, of the conspiracy.") (citation omitted); *see generally* Julie N. Sarnoff, *Federal Criminal Conspiracy*, 48 Am. Crim. L. Rev. 663, 676 (Spring 2011).
[209] 18 U.S.C. § 3292.
[210] 28 U.S.C. § 2462.
[211] S. Rep. No. 95-114, at 3 (noting that, in the past, "corporate bribery has been concealed by the falsification of corporate books and records," that the accounting provisions "remove [] this avenue of coverup," and that "[t]aken together, the accounting requirements and criminal [anti-bribery] prohibitions . . . should effectively deter corporate bribery of foreign government officials").
[212] S. Rep. No. 95-114, at 7.
[213] Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).
[214] Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B).
[215] The accounting provisions contain a narrow exemption related to national security and the protection of classified information. Under this "national security" provision, "no duty or liability [under Section 13(b)(2) of the Exchange Act] shall be imposed upon any person acting in cooperation with the head of any federal department or agency responsible for such matters if such act in cooperation with such head of a department or agency was done upon the specific, written directive of the head of such department or agency pursuant to Presidential authority to issue such directives." Section 13(b)(3) of the Exchange Act, 15 U.S.C. § 78m(b)(3). As Congress made clear, however, the exception is narrowly tailored and intended to prevent the disclosure of classified information. H.R. Rep. 94-831, at 11, *available at* http://www.justice.gov/criminal/fraud/fcpa/history/1977/corruptrpt-94-831.pdf.
[216] Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).
[217] H.R. Rep. No. 94-831, at 10.
[218] *Id.*
[219] Section 13(b)(7) of the Exchange Act, 15 U.S.C. § 78m(b)(7).
[220] H.R. Rep. No. 100-576, at 917 (1988), *available athttp://www.justice.gov/criminal/fraud/fcpa/history/1988/tradeact-100-418.pdf.* Congress rejected the addition of proposed cost-benefit language to the definition "in response to concerns that such a statutory provision might be abused and weaken the accounting provisions at a time of increasing concern about audit failures and financial fraud and resultant recommendations by experts for stronger accounting practices and audit standards." *Id.*
[221] *See, e.g.*, Complaint, SEC v. Biomet, Inc., No. 12-cv-454 (D.D.C. Mar. 26, 2012), ECF No. 1 [hereinafter *SEC v. Biomet*], *available at* http://www.sec.gov/litigation/complaints/2012/comp22306.pdf; Criminal Information, United States v. Biomet, Inc., No. 12-cr-80 (D.D.C. Mar. 26, 2012) [hereinafter *United States v. Biomet*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/biomet/2012-03-26-biomet-information.pdf; Complaint, SEC v. Smith & Nephew Inc., No. 12-cv-187 (D.D.C. Feb. 6, 2012), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2012/comp22252.pdf; Criminal Information, United States v. Smith & Nephew plc., No. 12-cr-30 (D.D.C. Feb. 6, 2012), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/smith-nephew/2012-02-06-s-n-information.pdf; Complaint, *SEC v. Johnson & Johnson*, *supra* note 131; Criminal Information, *United States v. DePuy*, *supra* note 131; Complaint, SEC v. Maxwell Technologies Inc., No. 11-cv-258 (D.D.C. Jan. 31, 2011), ECF No. 1 [hereinafter *SEC v. Maxwell Technologies*], *available at* http://www.sec.gov/litigation/complaints/2011/comp21832.pdf; Criminal Information, United States v. Maxwell Technologies Inc., No. 11-cr-329 (S.D. Cal. Jan. 31, 2011), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/maxwell/01-31-11maxwell-tech-info.pdf; Complaint, SEC v. Transocean, Inc., No. 10-cv-1891 (D.D.C. Nov. 4, 2010), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2010/comp21725.pdf; Criminal Information, United States v. Transocean, Inc., No. 10-cr-768 (S.D. Tex. Nov. 4, 2010), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/transocean-inc/11-04-10transocean-info.pdf.



HOUSE_OVERSIGHT_022615

[222] S. Rep. No. 95-114, at 7.
[223] Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B).
[224] Section 13(b)(7) of the Exchange Act, 15 U.S.C. § 78m(b)(7).
[225] *See* Complaint, *SEC v. Siemens AG*, *supra* note 48; Criminal Information, *United States v. Siemens AG*, *supra* note 48.
[226] Complaint, *SEC v. Siemens AG*, *supra* note 48; Criminal Information, *United States v. Siemens AG*, *supra* note 48; Press Release, U.S. Dept. of Justice, Siemens AG and Three Subsidiaries Plead Guilty to Foreign Corrupt Practices Act Violations and Agree to Pay $450 Million in Combined Criminal Fines (Dec. 15, 2008), *available at* http://www.justice.gov/opa/pr/2008/December/08-crm-1105.html.
[227] *See, e.g.*, Complaint, *SEC v. Biomet*, *supra* note 221 (bribes paid to government healthcare providers in which phony invoices were used to justify payments and bribes were falsely recorded as "consulting fees" or "commissions" in company's books and records); Criminal Information, *United States v. Biomet*, *supra* note 221 (same); *SEC v. Alcatel-Lucent*, *supra* note 48 (bribes paid to foreign officials to secure telecommunications contracts where company lacked proper internal controls and permitted books and records to falsified); *United States v. Alcatel-Lucent, S.A.*, *supra* note 48 (same).
[228] Complaint, *SEC v. Daimler AG*, *supra* note 48; Criminal Information, *United States v. Daimler AG*, *supra* note 48.
[229] *Id.*
[230] *Id.*
[231] *Id.*
[232] *Id.*
[233] *Id.*
[234] *See, e.g.*, Complaint, *SEC v. Tyco Int'l*, *supra* note 9; Complaint, SEC v. Willbros, No. 08-cv-1494 (S.D. Tex. May 14, 2008), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2008/comp20571.pdf.
[235] *See, e.g.*, Complaint, *SEC v. Siemens AG*, *supra* note 48; Complaint, *SEC v. York Int'l Corp.*, *supra* note 115; Complaint, *SEC v. Textron*, *supra* note 115; Criminal Information, United States v. Control Components, Inc., No. 09-cr-162 (C.D. Cal. July 22, 2009), ECF No. 1 [hereinafter *United States v. Control Components*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/control-inc/07-22-09cci-info.pdf; Criminal Information, United States v. SSI Int'l Far East, Ltd., No. 06-cr-398, ECF No. 1 (D. Or. Oct. 10, 2006) [hereinafter *United States v. SSI Int'l*], *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/ssi-intl/10-10-06ssi-information.pdf.
[236] *See, e.g.*, Complaint, *SEC v. El Paso Corp.*, *supra* note 187; Complaint, *SEC v. Innospec*, *supra* note 79; Complaint, SEC v. Chevron Corp., 07-cv-10299 (S.D.N.Y. Nov. 14, 2007), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2007/comp20363.pdf.
[237] Plea Agreement, *United States v. Stanley*, *supra* note 8; Plea Agreement, *United States v. Sapsizian*, *supra* note 8.
[238] *See* Complaint, *SEC v. Maxwell Technologies*, *supra* note 221.
[239] *See* Complaint, *SEC v. Willbros Group*, *supra* note 9.
[240] 15 U.S.C. § 7201, *et seq*.
[241] Exchange Act Rule 13a-15, 17 C.F.R. § 240.13a-15; Exchange Act Rule 15d-15, 17 C.F.R. § 240.15d-15; Item 308 of Regulation S-K, 17 C.F.R. § 229.308; Item 15, Form 20-F, *available at* http://www.sec.gov/about/forms/form20-f.pdf; General Instruction (B), Form 40-F (for foreign private issuers), *available at* http://www.sec.gov/about/forms/form40-f.pdf.
[242] *See* U.S. Sec. and Exchange Comm., Commission Guidance Regarding Management's Report on Internal Control over Financial Reporting Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934, Release No. 33-8810 (June 27, 2007), *available at* http://www.sec.gov/rules/interp/2007/33-8810.pdf.
[243] *Id.*
[244] Foreign Corrupt Practices Act of 1977, Pub. L. No. 95-213, § 102, 91 Stat. 1494 (1977).
[245] *See supra* note 48; *SEC v. Technip*, *supra* note 132, (French company); *United States v. Technip*, *supra* note 132, (same); *see also* Admin. Proceeding Order, In re Diageo plc, Exchange Act Release No. 64978 (SEC July 27, 2011) (UK company), *available at* http://www.sec.gov/litigation/admin/2011/34-64978.pdf; Admin. Proceeding Order, In re Statoil, ASA, Exchange Act Release No. 54599 (SEC May 29, 2009) (Norwegian company), *available at* http://www.sec.gov/litigation/admin/2006/34-54599.pdf; Criminal Information, United States v. Statoil, ASA, No. 06-cr-960 (S.D.N.Y. Oct. 13, 2006) (same), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/statoil-asa-inc/10-13-09statoil-information.pdf.
[246] Although private companies are not covered by the books and records and internal controls provisions of the FCPA and do not fall within SEC's jurisdiction, such companies generally are required by federal and state tax laws and state corporation laws to maintain accurate books and records sufficient to properly calculate taxes owed. Further, most large private companies maintain their books and records to facilitate the preparation of financial statements in conformity with GAAP to comply with financial institutions' lending requirements.
[247] *See SEC v. RAE Sys. Inc.*, *supra* note 92; *In re RAE Sys. Inc.*, *supra* note 92.
[248] *See* Section 13(b)(6) of the Exchange Act, 15 U.S.C. § 78m(b) (6), which provides that where an issuer "holds 50 per centum or less of the voting power with respect to a domestic or foreign firm," the issuer must "proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, to cause such domestic or foreign firm to devise and maintain a system of internal accounting controls consistent with [Section 13(b)(2)]."
[249] *See* 15 U.S.C. § 78m(b)(6). Congress added the language in subsection 78m(b)(6) to the FCPA in 1988, recognizing that "it is unrealistic to expect a minority owner to exert a disproportionate degree of influence over the accounting practices of a subsidiary." H.R. Rep. No. 100-576, at 917. The Conference Report noted that, with respect to minority owners, "the amount of influence which an issuer may exercise necessarily varies from case to case. While the relative degree of ownership is obviously one factor, other factors may also be important in determining whether an issuer has demonstrated good-faith efforts to use its influence." *Id.*; *see also* S. Rep. No. 100-85, at 50.
[250] Section 20(e) of the Exchange Act, titled "Prosecution of Persons Who Aid and Abet Violations," explicitly provides that for purposes of a civil action seeking injunctive relief or a civil penalty, "any person that knowingly or recklessly provides substantial assistance to another person in violation of a provision of this title, or of any rule or regulation issued under this title, shall be deemed to be in violation of such provision to the same extent as the person to whom such assistance is provided." *See* Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e).
[251] *See* Complaint at 11-12, *SEC v. Elkin*, *supra* note 50, ECF 1.
[252] *SEC v. Elkin*, *supra* note 50, ECF 6-9 (final judgments).
[253] *See, e.g.*, Complaint, SEC v. Nature's Sunshine Products, Inc., *et al.*, No. 09-cv-672 (D. Utah, July 31, 2009), ECF No. 2, *available at* http://www.sec.gov/litigation/litreleases/2009/lr21162.htm.
[254] *See* Admin. Proceeding Order, In re Watts Water Technologies, Inc. and Leesen Chang, Exchange Act Release No. 65555 (SEC Oct. 13, 2011), *available at* http://www.sec.gov/litigation/admin/2011/34-65555.pdf.
[255] *Id.* at 2, 4, 6-7.
[256] Exchange Act Rule 13b2-1, 17 C.F.R. § 240.13b2-1.
[257] 15 U.S.C. § 78m(b)(5).
[258] Section 3(a)(9) of the Exchange Act, 15 U.S.C. § 78c(a)(9).
[259] Exchange Act Rule 13b2-2, 17 C.F.R. § 240.13b2-2
[260] Complaint, SEC v. Jennings, No. 11-cv-1444 (D.D.C. Jan. 24, 2011), ECF No. 1, *available at* http://www.sec.gov/litigation/complaints/2011/comp21822.pdf.
[261] Complaint, *id.*, ECF No. 1; Final Judgment, *id.*, ECF No. 3.
[262] Serious Fraud Office, Innospec Ltd: Former CEO admits bribery to falsify product tests (July 30, 2012), *available at* http://www.sfo.gov.uk/press-room/latest-press-releases/press-releases-2012/innospec-ltd--former-ceo-admits-bribery-to-falsify-product-tests.aspx.
[263] 15 U.S.C. § 78m(b)(4)-(5). Congress adopted this language in 1988 in



HOUSE_OVERSIGHT_022616

order to make clear that, consistent with enforcement policy at the time, criminal penalties would not be imposed "for inadvertent or insignificant errors in books and records, or inadvertent violations of accounting controls." *See* S. Rep. No. 100-85, at 49; H.R. Rep. No. 100-576, at 916 ("The Conferees intend to codify current Securities and Exchange Commission (SEC) enforcement policy that penalties not be imposed for insignificant or technical infractions or inadvertent conduct.").

[264] 15 U.S.C. § 78ff(a).

[265] *See United States v. Alcatel-Lucent, S.A.*, *supra* note 48; *see also United States v. Alcatel-Lucent France*, *supra* note 56.

[266] *See* Deferred Prosecution Agreement, *United States v. Alcatel-Lucent, S.A.*, *supra* note 48, ECF No. 10, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/alcatel-etal/02-22-11alcatel-dpa.pdf.

[267] *See* Plea Agreement, *United States v. Siemens AG*, *supra* note 48, ECF No. 14, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/siemens/12-15-08siemensakt-plea.pdf.

[268] *See* Minute Entry of Guilty Plea, *United States v. Peterson*, *supra* note 8, ECF 13; *see also* Press Release, U.S. Dept. of Justice, Former Morgan Stanley Managing Director Pleads Guilty for Role in Evading Internal Controls Required by FCPA (Apr. 23, 2012), *available at* http://www.justice.gov/opa/pr/2012/April/12-crm-534.html.

[269] *See* Criminal Information, United States v. Baker Hughes Svcs. Int'l, No. 07-cr-129 (S.D. Tex. Apr. 11, 2007), ECF No. 1, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/baker-hughs/04-11-07bakerhughesintl-info.pdf.

[270] *See United States v. Panalpina, Inc.*, *supra* note 68.

[271] *Id.*

[272] *See* FASB Statement of Financial Accounting Concepts No. 2, ¶¶ 63-80.

[273] PCAOB Auditing Standard No. 12 and PCAOB AU Section 325.

[274] *See* Section 10A of the Exchange Act, 15U.S.C. § 78j-1.

[275] 18 U.S.C. § 1952.

[276] *See, e.g.*, *United States v. Nexus Technologies*, *supra* note 53; Criminal Information, United States v. Robert Richard King, *et al.*, No. 01-cr-190 (W.D. Mo. June 27, 2001), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/kingr-etal/05-03-02king-robert-indict.pdf; Superseding Indictment, *United States v. Mead*, *supra* note 44; Criminal Information, United States v. Saybolt North America Inc., *et al.*, No. 98-cr-10266 (D. Mass. Aug. 18, 1998), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/saybolt/08-10-98saybolt-info.pdf.

[277] *See* Second Superseding Indictment, United States v. Kozeny, No. 05-cr-518 (S.D.N.Y. May 26, 2009), ECF No. 203, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/kozenyv/05-26-09bourke2nd-supersed-indict.pdf; Judgment, United States v. Bourke, No. 05-cr-518 (S.D.N.Y. Nov. 12, 2009), ECF No. 253, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/kozenyv/11-12-09bourke-judgment.pdf.

[278] Plea Agreement, *United States v. Control Components*, *supra* note 235, ECF No. 7; *see also* Order, *United States v. Carson*, *supra* note 119, ECF No. 440 (denying motion to dismiss counts alleging Travel Act violations), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/carsons/2011-09-20-carson-minutes-denying-motion-to-dismiss.pdf.

[279] *See, e.g.*, Criminal Information, *United States v. Esquenazi*, *supra* note 44; Criminal Information, *United States v. Green*, *supra* note 44; Criminal Information, United States v. General Elec. Co., No. 92-cr-87 (S.D. Ohio July 22, 1992), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/general-electric/1992-07-22-general-electric-information.pdf.

[280] Foreign officials may "not be charged with violating the FCPA itself, since the [FCPA] does not criminalize the receipt of a bribe by a foreign official." United States v. Blondek, 741 F.Supp. 116, 117 (N.D. Tex. 1990), *aff'd* United States v. Castle, 925 F.2d 831 (5th Cir. 1991) ("We hold that foreign officials may not be prosecuted under 18 U.S.C. § 371 for conspiring to violate the FCPA."). Foreign officials, however, can be charged with violating the FCPA when the foreign official acts as an intermediary of a bribe payment. *See, e.g.*, Information, United States v. Basu, No. 02-cr-475 (D.D.C. Nov. 26, 2002) (World Bank employee charged with wire fraud and FCPA violations for facilitating bribe payments to another World Bank official and Kenyan government official), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/basu/11-26-02basu-info.pdf; Information, United States v. Sengupta, No. 02-cr-40 (D.D.C. Jan. 30, 2002), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/sengupta/01-30-02sengupta-info.pdf.

[281] *See, e.g.*, Judgments, *United States v. Esquenazi*, *supra* note 44, ECF Nos. 182, 816, 824 (judgments against foreign official defendants).

[282] Criminal Information, *United States v. SSI Int'l*, *supra* note 235 (alleging violations of 18 U.S.C. §§ 1343, 1346); Plea Agreement, *United States v. SSI Int'l*, *supra* note 235, (Oct. 10, 2006), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/control-inc/07-24-09cci-plea-agree.pdf.

[283] *See* Ex-Im Bank, Form of Exporter's Certificate, EBD-M-56 (Jan. 2007), *available at* http://www.exim.gov/pub/ins/pdf/ebd-m-56.pdf.

[284] *See* 18 U.S.C. § 1001.

[285] 22 C.F.R. §§ 130.2, 130.9.

[286] For example, in *United States v. BAE Systems plc*, BAE pleaded guilty to conspiring to defraud the United States by impairing and impeding its lawful functions, to making false statements about its FCPA compliance program, and to violating the AECA and ITAR. BAE paid a $400 million fine and agreed to an independent corporate monitor to ensure compliance with applicable anti-corruption and export control laws. Criminal Information and Plea Agreement, United States v. BAE Sys. plc, No. 10-cr-35 (D.D.C. Mar. 1, 2010), ECF Nos.1, 8, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/bae-system/02-01-10baesystems-info.pdf and http://www.justice.gov/criminal/fraud/fcpa/cases/bae-system/03-01-10baesystems-plea-agree.pdf. In an action based on the same underlying facts as the criminal guilty plea, BAE entered a civil settlement with the Directorate of Defense Trade Controls for violations of AECA and ITAR, including over 2500 ITAR violations that included a failure to report the payment of fees or commissions associated with defense transactions and failure to maintain records involving ITAR-controlled transactions. BAE paid $79 million in penalties, and the State Department imposed a "policy of denial" for export licenses on three BAE subsidiaries involved in the wrongful conduct. Consent Agreement between BAE Sys. plc and Defense Trade Controls at 17-20, Bureau of Political-Military Affairs, U.S. Dept. of State (May 16, 2011), *available at* http://www.pmddtc.state.gov/compliance/consent_agreements/pdf/BAES_CA.pdf; Proposed Charging Letter, In re Investigation of BAE Systems plc Regarding Violations of the Arms Export Control Act and the International Traffic in Arms Regulations, U.S. Dept. of State (May 2011), *available at* http://www.pmddtc.state.gov/compliance/consent_agreements/pdf/BAES_PCL.pdf.

[287] 26 U.S.C. § 162(c)(1); *see also* Plea Agreement, United States v. Smith, No. 07-cr-69 (C.D. Cal. Sept. 3, 2009), ECF No. 89, *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/smithl/09-03-09smithl-plea-agree.pdf; Criminal Information, *United States v. Titan Corp.*, *supra* note 185.

[288] *See* USAM § 9-27.000.

[289] *See* USAM § 9-27.420 (setting forth considerations to be weighed when determining whether it would be appropriate to enter into plea agreement).

[290] *See* USAM § 9-28.000 *et seq.*

[291] *See* USAM § 9-28.710 (discussing attorney-client and work product protections).

[292] *See* http://www.sec.gov/divisions/enforce/enforcementmanual.pdf.

[293] *See* USAM§ 9-28.300.A; *see also* USAM § 9-28.700.B (explaining benefits of cooperation for both government and corporation).

[294] *See* USAM § 9-28.900 (discussing restitution and remediation). The commentary further provides that prosecutors should consider and weigh whether the corporation appropriately disciplined wrongdoers and a corporation's efforts to reform, including its quick recognition of the flaws in the program and its efforts to improve the program. *Id.*

[295] *See* USAM §§ 9-27.230, 9-27.420.

[296] U.S. Sentencing Guidelines § 8B2.1(b)(7) (2011).

[297] *Id.* § 8C2.5(f)(2) (2011).

[298] U.S. Sec. and Exchange Comm., Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934 and Commission Statement on the Relationship of Cooperation to Agency Enforcement Decisions, SEC Rel. Nos. 34-44969 and AAER-1470 (Oct. 23, 2001) [hereinafter *Seaboard* Report] *available at* http://www.sec.gov/litigation/investreport/34-44969.htm.

[299] U.S. Sec. and Exchange Comm., Policy Statement Concerning Cooperation by Individuals in its Investigations and Related Enforcements Actions, 17 C.F.R. § 202.12 (Jan. 10, 2010), *available at* http://www.sec.gov/rules/



HOUSE_OVERSIGHT_022617

policy/2010/34-61340.pdf.

[300] *See* U.S. Sentencing Guidelines at § 8B2.1(a)(2).

[301] U.S. Sentencing Guidelines § 8B2.1(b).

[302] *See generally* Debbie Troklus, *et al.*, Compliance 101: How to build and maintain an effective compliance and ethics program, Society of Corp. Compliance and Ethics (2008) 3-9 [hereinafter Compliance 101] (listing reasons to implement compliance program, including protecting company's reputation, creating trust between management and employees, preventing false statements to customers, creating efficiencies and streamlining processes, detecting employee and contractor fraud and abuse, ensuring high-quality products and services, and providing "early warning" system of inappropriate actions); Transparency Int'l, Business Principles for Countering Bribery: Small and Medium Enterprise (SME) Edition 5 (2008) (citing benefits of anti-bribery program like protecting reputation, creating record of integrity enhances opportunities to acquire government business, protecting company assets otherwise squandered on bribes); Mark Pieth, Harmonising Anti-Corruption Compliance: The OECD Good Practice Guidance 45-46 (2011) [hereinafter Harmonising Anti-Corruption Compliance] (citing need for compliance program to prevent and detect in-house risks, such as workplace security or conflicts of interest, and external risks, like anti-trust violations, embargo circumvention, environmental hazards, and money laundering).

[303] Debarment authorities, such as the Department of Defense or the General Services Administration, may also consider a company's compliance program when deciding whether to debar or suspend a contractor. Specifically, the relevant regulations provide that the debarment authority should consider "[w]hether the contractor had effective standards of conduct and internal control systems in place at the time of the activity which constitutes cause for debarment or had adopted such procedures prior to any Government investigation of the activity cited as a cause for debarment," and "[w]hether the contractor has instituted or agreed to institute new or revised review and control procedures and ethics training programs." 48 C.F.R. § 9.406-1(a).

[304] *Seaboard* Report, *supra* note 298; U.S. Sec. and Exchange Comm., Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934 and Commission Statement on the Relationship of Cooperation to Agency Enforcement Decisions, SEC Rel. No. 44969 (Oct. 23, 2001), *available at* http://www.sec.gov/litigation/investreport/34-44969.htm.

[305] USAM § 9-28.300. When evaluating the pervasiveness of wrongdoing within the corporation, prosecutors are advised that while it may be appropriate to charge a corporation for minor misconduct where the wrongdoing was pervasive, "it may not be appropriate to impose liability upon a corporation, *particularly one with a robust compliance program in place*, under a strict *respondeat superior* theory for the single isolated act of a rogue employee." *Id.* § 9-28.500.A (emphasis added). Prosecutors should also consider a company's compliance program when examining any remedial actions taken, including efforts to implement an effective compliance program or to improve an existing one. As the commentary explains, "although the inadequacy of a corporate compliance program is a factor to consider when deciding whether to charge a corporation, that corporation's quick recognition of the flaws in the program and its efforts to improve the program are also factors to consider as to appropriate disposition of a case." *Id.* § 9-28.900.B. Finally, the Principles of Federal Prosecution of Business Organizations provides that prosecutors should consider the existence and effectiveness of the corporation's pre-existing compliance program in determining how to treat a corporate target. *Id.* § 9-28.800.

[306] *See* USAM § 9-28.800.B; *see also* U.S. Sentencing Guidelines § 8B2.1(a) (2011) ("The failure to prevent or detect the instant offense does not necessarily mean that the program is not generally effective in preventing and detecting criminal conduct.").

[307] *See* Press Release, U.S. Dept. of Justice, Former Morgan Stanley Managing Director Pleads Guilty for Role in Evading Internal Controls Required by FCPA (Apr. 25, 2012) (declining to bring criminal case against corporate employer that "had constructed and maintained a system of internal controls, which provided reasonable assurances that its employees were not bribing government officials"), *available at* http://www.justice.gov/opa/pr/2012/April/12-crm-534.html; Press Release, U.S. Sec. and Exchange Comm., SEC Charges Former Morgan Stanley Executive with FCPA Violations and Investment Adviser Fraud, No. 2012-78 (Apr. 25, 2012) (indicating corporate employer was not charged in the matter and had "cooperated with the SEC's inquiry and conducted a thorough internal investigation to determine the scope of the improper payments and other misconduct involved"), *available at* http://www.sec.gov/news/press/2012/2012-78.htm.

[308] *See* USAM § 9-28.800.B.

[309] *See, e.g.*, Int'l Chamber of Commerce, ICC Rules on Combating Corruption (2011) [hereinafter ICC Rules on Combating Corruption], *available at* http://www.iccwbo.org/uploadedFiles/ICC/policy/business_in_society/Statements/ICC_Rules_on_Combating_Corruption_2011edition.pdf; Transparency Int'l, Business Principles for Countering Bribery (2d ed. 2009) [hereinafter Business Principles for Countering Bribery], *available at* http://www.transparency.org/global_priorities/private_sector/business_principles/; United Kingdom Ministry of Justice, The Bribery Act of 2010, Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing (2010), *available at* http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf; World Bank Group, Integrity Compliance Guidelines (2011) [hereinafter Integrity Compliance Guidelines], *available at* http://siteresources.worldbank.org/INTDOII/Resources/Integrity_Compliance_Guidelines.pdf; Asia-Pacific Economic Cooperation, APEC Anti-corruption Code of Conduct for Business (2007) [hereinafter APEC Anti-corruption Code], *available at* http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Task-Groups/~/media/Files/Groups/ACT/07_act_codebrochure.ashx; Int'l Chamber of Commerce, Transparency Int'l, United Nations Global Compact, and World Economic Forum, Resisting Extortion and Solicitation in International Transactions: A Company Tool for Employee Training (2011), *available at* http://www3.weforum.org/docs/WEF_PACI_RESIST_Report_2011.pdf; Int'l Chamber of Commerce, et al., Clean Business Is Good Business, *available at* http://www3.weforum.org/docs/WEF_PACI_BusinessCaseFightingCorruption_2011.pdf; World Economic Forum, Partnering Against Corruption – Principles for Countering Bribery (2009) [hereinafter Partnering Against Corruption], *available at* http://www3.weforum.org/docs/WEF_PACI_Principles_2009.pdf; Working Group on Bribery, OECD, Good Practice Guidance on Internal Controls, Ethics, and Compliance 2010, [hereinafter OECD Good Practice Guidance] *available at* http://www.oecd.org/dataoecd/5/51/44884389.pdf; U.N. Global Compact, The Ten Principles [hereinafter The Ten Principles] *available at* http://www.unglobalcompact.org/aboutTheGC/TheTenPrinciples/index.html.

[310] This is also reflected in the *Sentencing Guidelines*, which recognizes that no single, formulaic set of requirements should be imposed, but instead focuses on a number of factors like applicable industry practice or the standards called for by any applicable governmental regulation, the size of the organization, and whether the organization has engaged in similar misconduct in the past. *See* U.S. Sentencing Guidelines § 8B2.1 & app. note 2 (2011).

[311] This was underscored by then-SEC Commissioner Cynthia Glassman in 2003 in a speech on the SEC's implementation of the Sarbanes-Oxley Act: "[T]he ultimate effectiveness of the new corporate governance rules will be determined by the 'tone at the top.' Adopting a code of ethics means little if the company's chief executive officer or its directors make clear, by conduct or otherwise, that the code's provisions do not apply



HOUSE_OVERSIGHT_022618

to them. . . . Corporate officers and directors hold the ultimate power and responsibility for restoring public trust by conducting themselves in a manner that is worthy of the trust that is placed in them." Cynthia Glassman, SEC Implementation of Sarbanes-Oxley: The New Corporate Governance, Remarks at National Economists Club (April 7, 2003), *available at* http://www.sec.gov/news/speech/spch040703cag.htm .

[312] Indeed, research has found that "[e]thical culture is the single biggest factor determining the amount of misconduct that will take place in a business." Ethics Resource Center, 2009 National Business Ethics Survey: Ethics in the Recession (2009), at 41. Metrics of ethical culture include ethical leadership (tone at the top), supervisor reinforcement of ethical behavior (middle management reinforcement), and peer commitment (supporting one another in doing the right thing). Ethics Resource Center, 2011 National Business Ethics Survey: Workplace Ethics in Transition (2012) at 19. Strong ethical cultures and strong ethics and compliance programs are related, as data show that a well-implemented program helps lead to a strong ethical culture. *Id.* at 34. "Understanding the nature of any gap between the desired culture and the actual culture is a critical first step in determining the nature of any ethics-based risks inside the organization." David Gebler, *The Role of Culture* at 1.7, *in* Society of Corporate Compliance and Ethics, The Complete Compliance and Ethics Manual (2011). To create an ethical culture, attention must be paid to norms at all levels of an organization, including the "tone at the top," "mood in the middle," and "buzz at the bottom." *Id.* 1.9-1.10.

[313] *See, e.g.*, U.S. Sentencing Guidelines § 8B2.1(2)(B)-(C) (2011).

[314] *Id.*

[315] *Id.*

[316] *Id.*

[317] *See, e.g.*, Ethics and Compliance Officer Association Foundation, The Ethics and Compliance Handbook: A Practical Guide From Leading Organizations (2008) at 13-26 [hereinafter The Ethics and Compliance Handbook].

[318] *See* U.S. Sentencing Guidelines § 8B2.1(b)(4) (2011).

[319] *See* U.S. Sentencing Guidelines § 8B2.1(b)(6) (2011) ("The organization's compliance and ethics program shall be promoted and enforced consistently throughout the organization through (A) appropriate incentives to perform in accordance with the compliance and ethics program; and (B) appropriate disciplinary measures for engaging in criminal conduct and for failing to take reasonable steps to prevent or detect criminal conduct.").

[320] *See, e.g.*, Joseph E. Murphy, Society of Corp. Compliance and Ethics, Using Incentives in Your Compliance and Ethics Program (2011) at 1; The Ethics and Compliance Handbook, *supra* note 317, at 111-23.

[321] Stephen M. Cutler, Director, Division of Enforcement, SEC, *Tone at the Top: Getting It Right*, Second Annual General Counsel Roundtable (Dec. 3, 2004), *available at* http://www.sec.gov/news/speech/spch120304smc.htm.

[322] *See, e.g.*, ICC Rules on Combating Corruption, *supra* note 309, at 8.

[323] *See*, *e.g.* U.S. Sentencing Guidelines § 8B2.1(b)(5)(C); Compliance 101, *supra* note 302, at 30-33.

[324] Corporate Board Member/FTI Consulting 2009 Legal Study, *Buckle Up. Boards and General Counsel May Face a Bumpy Ride in 2009*, at 5 ("Interestingly, while 67% of general counsel say their company is subject to compliance under the FCPA, 64% of those say there is room for improvement in their FCPA training and compliance programs.").

[325] *See* U.S. Sentencing Guidelines § 8B2.1(b)(5)(B) ("The organization shall take reasonable steps . . . to evaluate periodically the effectiveness of the organization's compliance and ethics program.").

[326] *See, e.g.*, Compliance 101, *supra* note 302, at 60-61; The Ethics and Compliance Handbook, *supra* note 317, at 155-60; Business Principles for Countering Bribery, *supra* note 309, at 14.

[327] *See, e.g.*, Michael M. Mannix and David S. Black., *Compliance Issues in M&A: Performing Diligence on the Target's Ethics and Compliance Program* at 5.71-5.81, *in* Society of Corporate Compliance and Ethics, The Complete Compliance and Ethics Manual (2011).

[328] Complaint, SEC v. Syncor International Corp., *supra* note 190; Criminal Information, United States v. Syncor Taiwan, Inc., *supra* note 189.

[329] U.S. Dept. of Justice, FCPA Op. Release 08-02 (June 13, 2008), *available at* http://justice.gov/criminal/fraud/fcpa/opinion/2008/0802.pdf.

[330] Complaint, *SEC v. Rae Sys., Inc.*, *supra* note 92; Non-Pros. Agreement, *In re Rae Sys. Inc.*, *supra* note 92.

[331] U.S. Dept. of Commerce, Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies (2004), *available at* http://www.ita.doc.gov/goodgovernance/adobe/bem_manual.pdf.

[332] U.S. Dept. of State, Fighting Global Corruption: Business Risk Management (2d ed. 2001), *available at* http://www.ogc.doc.gov/pdfs/Fighting_Global_Corruption.pdf.

[333] *See* Harmonising Anti-Corruption Compliance, *supra* note 302, at 46 ("Anti-corruption compliance is becoming more and more harmonised worldwide.").

[334] OECD Good Practice Guidance, *supra* note 309.

[335] APEC Anti-corruption Code, *supra* note 309.

[336] ICC Rules on Combating Corruption, *supra* note 309.

[337] Business Principles for Countering Bribery, *supra* note 309.

[338] The Ten Principles, *supra* note 309.

[339] Integrity Compliance Guidelines, *supra* note 309.

[340] Partnering Against Corruption, *supra* note 309.

[341] 15 U.S.C. §§ 78dd-2(g)(1)(A), 78dd-3(e)(1)(A), 78ff(c)(1)(A).

[342] 15 U.S.C. §§ 78dd-2(g)(2)(A), 78dd-3(e)(2)(A), 78ff(c)(2)(A).

[343] 15 U.S.C. § 78ff(a).

[344] 15 U.S.C. § 78ff(a).

[345] 18 U.S.C. § 3571(d); *see Southern Union v. United States*, 132 S. Ct. 2344, 2350-51 & n.4 (2012).

[346] 15 U.S.C. §§ 78dd-2(g)(3), 78dd-3(e)(3), 78ff(c)(3).

[347] The U.S. Sentencing Guidelines are promulgated by the U.S. Sentencing Commission:

> The United States Sentencing Commission ("Commission") is an independent agency in the judicial branch composed of seven voting and two non-voting *ex-officio* members. Its principal purpose is to establish sentencing policies and practices for the federal criminal justice system that will assure the ends of justice by promulgating detailed guidelines prescribing the appropriate sentences for offenders convicted of federal crimes. The Guidelines and policy statements promulgated by the Commission are issued pursuant to Section 994(a) of Title 28, United States Code.

U.S. Sentencing Guidelines § 1A1.1 (2011).

[348] *Id.* at ch. 3-5.

[349] *Id.* § 2C1.1.

[350] *Id.* § 2C1.1(b).

[351] *Id.* § 3B1.1.

[352] *Id.* at ch. 4, § 5A.

[353] *Id.* § 2B1.1(b)(10)(B), 2B1.1(b)(18)(A).

[354] *Id.* § 8C2.4 (a).

[355] *Id.* § 8C2.5.

[356] *Id.* § 8C2.5(f), 8C2.5(g).

[357] DOJ has exercised this civil authority in limited circumstances in the last thirty years. *See, e.g.*, United States & SEC v. KPMG Siddharta Siddharta & Harsono, *et al.*, No. 01-cv-3105 (S.D. Tex. 2001) (entry of injunction barring company from future FCPA violations based on allegations that company paid bribes to Indonesian tax official in order to reduce the company's tax assessment); United States v. Metcalf & Eddy, Inc., No. 99-cv-12566 (D. Mass. 1999) (entry of injunction barring company from future FCPA violations and requiring maintenance of compliance program based on allegations that it paid excessive marketing and promotional expenses such as airfare, travel expenses, and per diem to an Egyptian official and his family); United States v. American Totalisator Co. Inc., No. 93-cv-161 (D. Md. 1993) (entry of injunction barring company from future FCPA violations based on allegations that it paid money to its Greek agent with knowledge that all or some of the money paid would be offered, given, or promised to Greek foreign officials in connection with sale of company's system and spare parts); United States v. Eagle Bus Manufacturing, Inc., No. 91-cv-171 (S.D. Tex. 1991) (entry of injunction barring company from future FCPA violations based on allegations that employees of the company participated in



HOUSE_OVERSIGHT_022619

bribery scheme to pay foreign officials of Saskatchewan's state-owned transportation company $50,000 CAD in connection with sale of buses); United States v. Carver, *et al.*, No. 79-cv-1768 (S.D. Fla. 1979) (entry of injunction barring company from future FCPA violations based on allegations that Carver and Holley, officers and shareholders of Holcar Oil Corp., paid $1.5 million to Qatar foreign official to secure an oil drilling concession agreement); United States v. Kenny, *et al.*, No. 79-cv-2038 (D.D.C. 1979) (in conjunction with criminal proceeding, entry of injunction barring company from future FCPA violations for providing illegal financial assistance to political party to secure renewal of stamp distribution agreement).

[358] 15 U.S.C. §§ 78dd-2(g)(1)(B), 78dd-3(e)(1)(B), 78ff(c)(1)(B); *see also* 17 C.F.R. § 201.1004 (providing adjustments for inflation).

[359] 15 U.S.C. §§ 78dd-2(g)(2)(B), 78dd-3(e)(2)(B), 78ff(c)(2)(B); *see also* 17 C.F.R. § 201.1004 (providing adjustments for inflation).

[360] 15 U.S.C. §§ 78dd-2(g)(3), 78dd-3(e)(3), 78ff(c)(3); *see also* 17 C.F.R. § 201.1004 (providing adjustments for inflation).

[361] Section 21(B)(b) of the Exchange Act, 15 U.S.C. § 78u(d)(3); *see also* 17 C.F.R. § 201.1004 (providing adjustments for inflation).

[362] *See* Securities Enforcement Remedies and Penny Stock Reform Act of 1990, Pub. L. No. 101-429, 104 Stat. 931 §§ 202, 301, 401, and 402 (codified in scattered sections of Title 15 of the United States Code).

[363] 48 C.F.R. §§ 9.406-2, 9.407-2.

[364] 48 C.F.R. § 9.402(b).

[365] *See* 48 C.F.R. §§ 9.406-1, 9.407-1(b)(2). Section 9.406-1 sets forth the following non-exhaustive list of factors:

> (1) Whether the contractor had effective standards of conduct and internal control systems in place at the time of the activity which constitutes cause for debarment or had adopted such procedures prior to any Government investigation of the activity cited as a cause for debarment.
> (2) Whether the contractor brought the activity cited as a cause for debarment to the attention of the appropriate Government agency in a timely manner.
> (3) Whether the contractor has fully investigated the circumstances surrounding the cause for debarment and, if so, made the result of the investigation available to the debarring official.
> (4) Whether the contractor cooperated fully with Government agencies during the investigation and any court or administrative action.
> (5) Whether the contractor has paid or has agreed to pay all criminal, civil, and administrative liability for the improper activity, including any investigative or administrative costs incurred by the Government, and has made or agreed to make full restitution.
> (6) Whether the contractor has taken appropriate disciplinary action against the individuals responsible for the activity which constitutes cause for debarment.
> (7) Whether the contractor has implemented or agreed to implement remedial measures, including any identified by the Government.
> (8) Whether the contractor has instituted or agreed to institute new or revised review and control procedures and ethics training programs.
> (9) Whether the contractor has had adequate time to eliminate the circumstances within the contractor's organization that led to the cause for debarment.
> (10) Whether the contractor's management recognizes and understands the seriousness of the misconduct giving rise to the cause for debarment and has implemented programs to prevent recurrence.

[366] 48 C.F.R. § 9.406-1(a).

[367] Exec. Order No. 12,549, 51 Fed. Reg. 6,370 (Feb. 18, 1986); Exec. Order No. 12,689, 54 Fed. Reg. 34131 (Aug. 18, 1989).

[368] 48 C.F.R. § 9.407-2(b).

[369] USAM § 9-28.1300 (2008).

[370] *See, e.g.*, African Development Bank Group, Integrity and Anti-Corruption Progress Report 2009-2010 7, 14 ("As the premier financial development institution in Africa, the AfDB is determined to root out misconduct, fraud and corruption within its own ranks as well as in the implementation of the projects it finances. In order to do so, the Bank created an anti-corruption and fraud investigation division in November 2005 as its sole investigative body. The unit became operational in June 2006 and commenced investigations in January 2007. . . . Investigations conducted by the IACD [Integrity and Anti-Corruption Department] are not criminal proceedings; they are administrative in nature. Sanctions range from personnel disciplinary actions, such as separation, to loan cancellation and debarment for contractors, which can be temporary or permanent."), *available at* http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Integrity%20and%20Anti-Corruption.pdf; The World Bank Group, *Procurement: Sanctions Committee* ("'The World Bank's debarment process was first formulated in July, 1996, and the Sanctions Committee was established in November 1998 to review allegations and recommend sanctions to the President. Written procedures were issued in August 2001 and are posted on the Bank's website, along with the sanction actions."), *available at* http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,contentMDK:50002288~pagePK:84271~piPK:84287~theSitePK:84266,00.html.

[371] *See* African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank Group and World Bank Group, *Agreement for Mutual Enforcement of Debarment Decisions* (Apr. 9, 2010), *available at* http://siteresources.worldbank.org/NEWS/Resources/AgreementForMutualEnforcementofDebarmentDecisions.pdf.

[372] *Id.*; *see also* The World Bank Group, *Cross-Debarment Accord Steps Up Fight Against Corruption* (Apr. 9, 2010) ("'With today's cross-debarment agreement among development banks, a clear message on anticorruption is being delivered: Steal and cheat from one, get punished by all,' said World Bank Group President Robert B. Zoellick."), *available at* http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22535805~pagePK:64257043~piPK:437376~theSitePK:4607,00.html.

[373] 22 C.F.R. §§ 126.7(a)(3)-(4), 120.27(a)(6).

[374] Authority under the AECA is delegated to the DDTC. *See* 22 C.F.R. § 120.1(a).

[375] 22 U.S.C. § 2778(g)(1)(A)(vi), (g)(3)(B).

[376] 22 C.F.R. § 127.7(c).

[377] *See supra* note 286.

[378] *See* Gary G. Grindler, Acting Dep. Att'y Gen., U.S. Dept. of Justice, Mem. to the Heads of Department Components and United States Attorneys on Additional Guidance on the Use of Monitors in Deferred Prosecution Agreements and Non-Prosecution (May 25, 2010), *available at* http://www.justice.gov/dag/dag-memo-guidance-monitors.pdf; Lanny A. Breuer, Assist. Att'y Gen., Dep't of Justice, Mem. to All Criminal Division Personnel on Selection of Monitors in Criminal Division Matters (June 24, 2009), *available at* http://www.justice.gov/criminal/fraud/fcpa/docs/response3-supp-appx-3.pdf; *see also* Craig S. Morford, Acting Dep. Att'y Gen., U.S. Dept. of Justice, Mem. to the Heads of Department Components and United States Attorneys on Selection and Use of Monitors in Deferred Prosecution Agreements and Non-Prosecution Agreements with Corporations (Mar. 7, 2008), *available at* http://www.justice.gov/dag/morford-useofmonitorsmemo-03072008.pdf.

[379] Historically, DOJ had, on occasion, agreed to DPAs with companies that were not filed with the court. That is no longer the practice of DOJ.

[380] USAM § 9-27.230.

[381] USAM § 9-27.230.B.

[382] DOJ has recently declined matters where some or all of the following



HOUSE_OVERSIGHT_022620

circumstances were present: (1) a corporation voluntarily and fully disclosed the potential misconduct; (2) corporate principles voluntarily engaged in interviews with DOJ and provided truthful and complete information about their conduct; (3) a parent company conducted extensive pre-acquisition due diligence of potentially liable subsidiaries and engaged in significant remediation efforts post-acquisition; (4) a company provided information about its extensive compliance policies, procedures, and internal controls; (5) a company agreed to a civil resolution with the Securities and Exchange Commission while also demonstrating that criminal declination was appropriate; (6) only a single employee was involved in the improper payments; and (7) the improper payments involved minimal funds compared to overall business revenues.

[383] *See* Criminal Information, *United States v. Peterson*, *supra* note 8, Press Release, U.S. Dept. of Justice, Former Morgan Stanley Managing Director Pleads Guilty for Role in Evading Internal Controls Required by FCPA (Apr. 25, 2012), *available at* http://www.justice.gov/opa/pr/2012/April/12-crm-534.html ("After considering all the available facts and circumstances, including that Morgan Stanley constructed and maintained a system of internal controls, which provided reasonable assurances that its employees were not bribing government officials, the Department of Justice declined to bring any enforcement action against Morgan Stanley related to Peterson's conduct. The company voluntarily disclosed this matter and has cooperated throughout the department's investigation."); *see also* Press Release, U.S. Sec. and Exchange Comm., SEC Charges Former Morgan Stanley Executive with FCPA Violations and Investment Adviser Fraud (Apr. 25, 2012), *available at* http://www.sec.gov/news/press/2012/2012-78.htm ("Morgan Stanley, which is not charged in the matter, cooperated with the SEC's inquiry and conducted a thorough internal investigation to determine the scope of the improper payments and other misconduct involved.").

[384] SEC Rules of Practice, 17 C.F.R. § 201.102(e).

[385] Deferred Pros. Agreement, In the Matter of Tenaris, S.A. (May 17, 2011), *available at* http://www.sec.gov/news/press/2011/2011-112-dpa.pdf; *see also* Press Release, U.S. Sec. and Exchange Comm., Tenaris to Pay $5.4 Million in SEC's First-Ever Deferred Prosecution Agreement (May 17, 2011), *available at* http://www.sec.gov/news/press/2011/2011-112.htm.

[386] *See* Non-Pros. Agreement, In re Tenaris, S.A. (May 17, 2011), *available at* http://www.justice.gov/criminal/fraud/fcpa/cases/tenaris-sa/2011-03-14-tenaris.pdf.

[387] *See* U.S. Sec. and Exchange Comm., Enforcement Manual § 6.2.3. (March 9, 2012), *available at* http://www.sec-gov/divisions/enforce/enforcementmanual.pdf.

[388] *See id*. § 6.2.4.

[389] *See id*. § 2.6.

[390] 18 U.S.C. § 1514A(c).

[391] 18 U.S.C. § 1513(e).

[392] 15 U.S.C. § 78u-6(a)(3). The new provision defines "original information" to mean information that:

> (A) is derived from the independent knowledge or analysis of a whistleblower; (B) is not known to the Commission from any other source, unless the whistleblower is the original source of the information; and (C) is not exclusively derived from an allegation made in a judicial or administrative hearing, in a governmental report, hearing, audit, or investigation, or from the news media, unless the whistleblower is a source of the information.

[393] 15 U.S.C. § 78u-6; *see also* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 922, 124 Stat. 1376, 1841-49 (2010).

[394] For detailed information about the program, including eligibility requirements and certain limitations that apply, see Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, *available at* http://www.sec.gov/about/offices/owb/dodd-frank-sec-922.pdf, and the final rules on eligibility, Exchange Act Rule 21F-8, 17 C.F.R. § 240.21F-8.

[395] For example, the rules: (1) make a whistleblower eligible for an award if the whistleblower reports original information internally, and the company informs the SEC about the violations; (2) give whistleblowers 120 days to report information to the SEC after first reporting internally and still be treated as if he or she had reported to the SEC at the earlier reporting date , thus preserving their "place in line" for a possible whistleblower award from the SEC; and (3) provide that a whistleblower's voluntary participation in an entity's internal compliance and reporting systems is a factor that can increase the amount of an award, and that a whistleblower's interference with internal compliance and reporting system is a factor that can decrease the amount of an award. *See* Exchange Act Rule 21F, 17 C.F.R. § 240.21F.

[396] *See* Exchange Act Rule 21F-7(b), 17 C.F.R. § 240.21F-7(b).

[397] For example, SEC staff will not disclose a whistleblower's identity in response to requests under the Freedom of Information Act. However, there are limits on SEC's ability to shield a whistleblower's identity, and in certain circumstances SEC must disclose it to outside entities. For example, in an administrative or court proceeding, SEC may be required to produce documents or other information that would reveal the whistleblower's identity. In addition, as part of ongoing SEC investigatory responsibilities, SEC staff may use information provided by a whistleblower during the course of the investigation. In appropriate circumstances, SEC may also provide information, subject to confidentiality requirements, to other governmental or regulatory entities. Exchange Act Rule 21F-7(a), 17 C.F.R. 240.21F-7(a).

[398] Although SEC does not have an opinion procedure release process, it has declared its decision to follow the guidance announced through DOJ's FCPA Opinion Release Procedure. U.S. Sec. and Exchange Comm., SEC Release No. 34-17099 (Aug. 29, 1980), *available at* http://www.sec.gov/news/digest/1980/dig082980.pdf. SEC Release No. 34-17099 stated that, to encourage issuers to take advantage of the DOJ's FCPA Review Procedure, as a matter of prosecutorial discretion, SEC would "not take enforcement action alleging violations of Section 30A in any case where an issuer has sought and obtained an FCPA Review letter from the Department, prior to May 31, 1981, stating that the Department will not take enforcement action under Section 30A with respect to the transaction involved." *Id*. The release further noted that it would revisit this policy once the DOJ had evaluated the results of the FCPA Review Procedure after its first year of operation. A second release stated that the SEC would continue to adhere to the policy announced in Release No. 34-17099. U.S. Sec. and Exchange Comm., SEC Release No. 34-18255 (Nov. 13, 1981), *available at* http://www.sec.gov/news/digest/1981/dig111381.pdf.

[399] Both DOJ's opinion procedure releases (from 1993 to present) and review procedure releases (from 1980-1992) are available at http://www.justice.gov/criminal/fraud/fcpa/opinion.

[400] The full regulations relating to DOJ's opinion procedure are available at http://www.justice.gov/criminal/fraud/fcpa/docs/frgncrpt.pdf.

[401] 28 C.F.R. § 80.1.

[402] 28 C.F.R. § 80.3.

[403] 28 C.F.R. § 80.12 ("Neither the submission of a request for an FCPA Opinion, its pendency, nor the issuance of an FCPA Opinion, shall in any way alter the responsibility of an issuer to comply with the accounting requirements of 15 U.S.C. 78m(b)(2) and (3).").

[404] 28 C.F.R. § 80.4.

[405] 28 C.F.R. § 80.5.

[406] 28 C.F.R. § 80.6.

[407] 28 C.F.R. § 80.14(a). This non-disclosure policy applies regardless of whether DOJ responds to the request or the party withdraws the request before receiving a response. *Id*.

[408] 28 C.F.R. § 80.6.

[409] 28 C.F.R. § 80.2.

[410] In connection with any request for an FCPA opinion, DOJ may conduct whatever independent investigation it believes appropriate. 28 C.F.R. § 80.7.

[411] 28 C.F.R. § 80.15. Once a request is withdrawn, it has no effect. However, DOJ reserves the right to retain a copy of any FCPA opinion request, documents, and information submitted during the opinion release procedure for any governmental purpose, subject to the restrictions on disclosures in 28 C.F.R. § 80.14.

[412] 28 C.F.R. § 80.8.

[413] 28 C.F.R. § 80.7. "Such additional information, if furnished orally, must be confirmed in writing promptly. The same person who signed the initial request must sign the written, supplemental information and must again certify it to be a true, correct and complete disclosure of the requested information." *Id*.

[414] 28 C.F.R. § 80.9 ("No oral clearance, release or other statement



HOUSE_OVERSIGHT_022621

purporting to limit the enforcement discretion of the Department of Justice may be given. The requesting issuer or domestic concern may rely only upon a written FCPA opinion letter signed by the Attorney General or his designee.").

[415] 28 C.F.R. § 80.8. FCPA opinions do not bind or obligate any agency other than DOJ. They also do not affect the requesting party's obligations to any other agency or under any statutory or regulatory provision other than those specifically cited in the particular FCPA opinion. 28 C.F.R. § 80.11. If the conduct for which an FCPA opinion is requested is subject to approval by any other agency, such FCPA opinion may not be taken to indicate DOJ's views on any legal or factual issues before that other agency. 28 C.F.R. § 80.13.

[416] 28 C.F.R. § 80.10. DOJ can rebut this presumption by a preponderance of the evidence. A court determining whether the presumption has been rebutted weighs all relevant factors, including whether the submitted information was accurate and complete and the activity was within the scope of conduct specified in the request. *Id.* As of September 2012, DOJ has never pursued an enforcement action against a party for conduct that formed the basis of an FCPA opinion stating that the prospective conduct would violate DOJ's present enforcement policy.

[417] As a general matter, DOJ normally anonymizes much of the information in its publicly released opinions and includes the general nature and circumstances of the proposed conduct. DOJ does not release the identity of any foreign sales agents or other types of identifying information. 28 C.F.R. § 80.14(b). However, DOJ may release the identity of the requesting party, the foreign country in which the proposed conduct is to take place, and any actions DOJ took in response to the FCPA opinion request. *Id.* If a party believes that an opinion contains proprietary information, it may request that DOJ remove or anonymize those portions of the opinion before it is publicly released. 28 C.F.R. § 80.14(c).

[418] 28 C.F.R. § 80.16.



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FCPA Unit
Fraud Section, Criminal Division
U.S. Department of Justice
1400 New York Avenue, N.W.
Washington, DC 20005
http://www.justice.gov/criminal/fraud/fcpa/

FCPA Unit
Enforcement Division
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549
http://www.sec.gov/spotlight/fcpa.shtml

**From:** Alan Dershowitz [redacted]
**Sent:** 12/31/2014 11:43:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Martin G Weinberg [redacted]
**Subject:** Re: Filing in Epstein case

**Importance:** High

# Privileged - Redacted

Sent from my iPhone

On Dec 31, 2014, at 4:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

# Disgusting: Clinton Snared In Pedophile Ring

## Will having friends in high places exempt him from the rule of law?

Kris Zane — March 27, 2014

According to former child sex slave Virginia Roberts and a class action lawsuit against convicted billionaire pedophile Jeffrey Epstein, former President Bill Clinton was present during sex parties involving up to twenty underage girls at Epstein's secluded island in the Caribbean. That flight records show Clinton was flown on numerous occasions to the island on Epstein's private jet. Clinton had a close relationship with an employee of Epstein's who compiled thousands of photos of nude young girls posed in lewd positions. And these photos were used as a catalog for Epstein to loan out his girls to powerful politicians and British royalty, including Bill Clinton.

According to the lawsuit:

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…Clinton was friends with an unnamed woman who "kept images of naked underage children on her computer, helped to recruit underage children for Epstein… and photographed underage females in sexually explicit poses."

While Epstein was indicted and jailed for his pedophilia, Bill Clinton oddly has remained unscathed, more than likely by having friends in high places.

If Bill Clinton is in fact a pedophile, will the American people demand that he be put away for a very long time so that he can't hurt any more children? Or will having friends in high places exempt him from the rule of law?

Time will tell.

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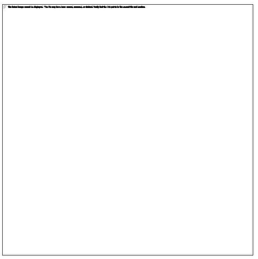

## About the Author Kris Zane

## 109 Comments

1.

JOHNTHEFOXWINS

March 27, 2014 at 12:10 pm — Log in to Reply

NO ONE SHOULD BE SURPRISED BY THIS. SO CASTRATE HIM AND GIVE HILLARY A LOBOTAMY!

-

dfinch

March 27, 2014 at 3:34 pm — Log in to Reply

I can see it now…..If Hillary does go into the Whitehouse I can invision him walking the halls in his underwear and skinny dipping in the Whitehouse pool. Eewwww…

-

Andy

March 28, 2014 at 7:40 am

You do realize that Bill Clinton used to be the President, right? And that Hillary hasn't said that she's even going to run in '16 yet, right? Low information voter.

-

tonistimmel

March 29, 2014 at 8:59 am

I'm sure you meant "in the White House Secretarial Pool"

-

tonistimmel

March 29, 2014 at 9:05 am

Andy really hit the nail on the head when he signed himself off as "low information voter", most of them don't want to admit it.

2.

pdxracefan

March 27, 2014 at 12:26 pm — Log in to Reply

This is my shocked look. Here's hoping this, or something like it will keep that vile, hideous witch of a wife of his out of the campaign in 2016.

3.

Oldveteran

March 27, 2014 at 12:31 pm — Log in to Reply

Like some of the people stated when he was caught "playing" with Monica……he's just a man. Media blew it off, the Demons yelled about going after him just because he was a Demon. I don't think THIS will be "told" to the people, especially by the media. Don't want to make this man's wife look bad. Then, remember how "slick" asked for the meaning of "is" and "sex." Demons can be some of the most vile and ugly people on the planet……..

-

Hiram

March 27, 2014 at 4:53 pm — Log in to Reply

I'm going to stop calling them DemonRats and just call them Demons!

▪

Marjorie

December 13, 2014 at 11:19 am

That is what I have been calling the for years.

○

Magic1808

March 30, 2014 at 12:59 am — Log in to Reply

I don't think you have to worry about making Hillary look bad, she does that well on her own. After Benghazi, she lost all of my respect.

4.

PDavis

March 27, 2014 at 12:33 pm — Log in to Reply

I am so sick of everyone acting like the Clinton's and even the Kennedy's are royalty. They are just a bunch of depraved people, bloated by their excess and wealth. If Clinton has been a part of this w/Epstein, then he should be in jail too where he belongs.

5.

JoAnn523

March 27, 2014 at 12:37 pm — Log in to Reply

Why is anyone surprised ? They both have ALWAYS been disgusting and revolting along with greedy and corrupt !
For the most part almost every creature like this always ends up being a filthy so called Democrat. Look at all the others that are in prison or should be there now. If they were all in prison we may have a chance of a decent country once more !!!

6.

jayleigh

March 27, 2014 at 12:49 pm — Log in to Reply

And? What will happen? What WILL happen and what SHOULD happen are two different things. The lamestream media will never cover this story. Nothing will come of it. To the left, this is just a ho-hum blip. i'll be mega-surprised if Reuters even blinks and puts it on an inside back page. The AP won't touch it… so? i don't see it making an impact on the Hill's run – not when the media will treat it as a yawner. As a former CPS child advocate, i can't print here what i think ought to happen to him….

-

John

March 28, 2014 at 9:59 am — Log in to Reply

Are you self-quashing your freedom of expression or what ???? It's not about "SHOULD" But IF he's impicated, but when ! More than likely Never ! "IF" you were meerly "implicated" You are automatically publicly scorned ,forever. you will always be known to have been implicated in Child porn and also forever be known to be a Pedophile , right ? The Evidence will never surface , or will it ? Remember that Obamacare thingy ? It has been and always will be a lie , unless of course someone "GROWS A "F"ing PAIR" and comes up with Documentation to prove it ! Grow a pair yourself JAYLEIGH ……Speak up my fellow American citizen ! "Just do it " , I double dog dare ya !

-

daniel9867

March 30, 2014 at 3:22 pm — Log in to Reply

i wouldn't be putting that your a cps advocate do to the fact that they are the biggest child theft ring in the world i think every fcking one that works for cps should be put in prison for life.

7.

blackhawk

March 27, 2014 at 12:51 pm — Log in to Reply

Sure lets make Hillary President so Bill can expand his sex addition.They are one sick family.

8.

rocquedog

March 27, 2014 at 12:56 pm — Log in to Reply

I hope that I'm around when he has to face his maker! So many crimes, so many judgements!

○

John

March 28, 2014 at 10:09 am — Log in to Reply

Focus on one thing , and ONLY one ( 1 ) my fellow American Citizen ! ! Obamas Oath of Office ! "IF" The American citizens can't see this for what it is, We the People will epically loose the battle for OUR very own idividule FREEDOM, PERIOD ! "F"ing Freedom will be GONE ! Get the picture , YET ?

○

Beeta46

March 30, 2014 at 5:01 pm — Log in to Reply

And when she faces our creator… Google 'Clinton Body Count" and see the list of people that they are responsible for having killed… She has so many people that are stupid enough to do her bidding in murder. Do they now know that murder carries a sentence of HELL in the eyes of God.. That is right they do not believe in God… They think they are GOD!

9.

Nancy

March 27, 2014 at 1:05 pm — Log in to Reply

I CAN'T SAY I AM SURPRISED, HE HAS THE MORALS OF AN ALLEY CAT, AND SO DOES HILLARY. I WOULD HATE TO SEE HER AS PRESIDENT WITH ALL OF THE CRAP SHE HAS PULLED. I THIBN WE ALL KOW THA THE MARRIAGE IS OF CONVENIENCE, SHE IS INTO WOMEN, NOT BILL OR OTHER MEN.

Kathy

March 30, 2014 at 3:52 pm — Log in to Reply

Nancy, you are so right and it is time now to take back the Peoples White House and don't let this trash back in. We have had enough with obama trashing our Great Nation AND THE WHITE HOUSE. I suspect very soon he will have us in a War. Neither Hillary the dike or obama respects our service men and they should both be put in jail for how they handled our men in that ugly country. God Bless America As We Knew It and In God We trust. NO MORE DEMORATS OR GAYS FOR PRESIDENT.

10.

Carl

March 27, 2014 at 1:06 pm — Log in to Reply

>>> THIS MUST BE " STRIKE # 9 " OF SLICK WILLIE <<< ANYONE WHO WOULD LISTEN TO HIS B . S . NOW MUST BE JUST AS DEPRAVED AS HE IS . BTW ————BY THE WAY ~ BOTH ' SLICK WILLIE ' AND HIS BITCH " HITLERY " CLINTON WERE CARD CARRYING COMMUNISTS WHILE IN COLLEGE TOGETHER .

11.

DockyWocky

March 27, 2014 at 1:08 pm — Log in to Reply

Years ago, I watched as the Dirty Old Men of the Panamanian government picked up their little blonde playthings from their crib in Panama City.

I have a feeling that if anyone really investigates the crop of liberal Hypocrats in power today, they would find who were the real Dirty Old Men of the party.

Bubba Clinton is only the first to be exposed.

12.

Carol

March 27, 2014 at 1:10 pm — Log in to Reply

Is anyone surprised? They shouldn't be! Ejo wants any of these evil spirits back on the White House?

13.

Carol

March 27, 2014 at 1:11 pm — Log in to Reply

Is any one surprised? Who wants any of these evil spirits back in the White House?

○

John

March 28, 2014 at 10:19 am — Log in to Reply

Well, LOFL , He alone Literally "Stained the Oval Office with his very own DNA" ! Obama is shurely DEFACATING ON IT as we speak, AS WELL AS THE CONSTITUTION .And then…….We the People are idley standing by and watching him destroy America AND the Constitution ! The simplicity of it is, That obama is a unconstitutional scholar / LIAR, period !

14.

Spudmans2

March 27, 2014 at 1:17 pm — Log in to Reply

They do not call him "slick" willy for nothing. Short of an actual photograph or video of him engaging in sex with a child there is no way he will get this pinned on him. Just remember how many people (40-50) connected to him and "her" that have lost their lives (murdered) and he's never been prosecuted.
As much as I would like to see him and his carpet munching wife brought down it is just not going to happen, at least this way it's not…

15.

Randolph

March 27, 2014 at 1:22 pm — Log in to Reply

So boy a la mode is his choice of dessert?

16.

99airforce

March 27, 2014 at 1:36 pm — Log in to Reply

I am not surprised, if hey dig deeper I think they will find Hillery was there too.
They were vile people, she was responible for the death of 4 Real Americas, but what ddifference does it make, its bad enough we have become a joke in the world, our anotited one has crippled our military, but they are letting anyone come in to our country, with no fear of deportation! Obama needs to be deported, but Kenya does not want his sorry ass back.

17.

mwood

March 27, 2014 at 1:36 pm — Log in to Reply

the clintons have lied their way out of almost every crime on the books

18.

knightflyerii

March 27, 2014 at 1:39 pm — Log in to Reply

I'm no Bill Caligula fan, but the column fails to mention the ages of these "children" he supposedly fooled around with. Are they more 16 & 17 year old girls who can pass for 24 as females are so good at? Did Bill Caligula know the ages of these supposed children before he started fooling with them?

19.

MMillAR

March 27, 2014 at 1:45 pm — Log in to Reply

"will the American people demand that he be put away for a very long time"
Yeah… lets put that one right over there with the mythical Obama impeachment.What is more likely is that NAMBLA now has a new champion and this might become part of the kickstart to force Americans to tolerate yet another class of pervert. You don't have to be "religious" to know a pervert when you see one.
You laugh but, "gay rights" is just the start of this downward spiral.

20.

Nikita63

March 27, 2014 at 1:45 pm — Log in to Reply

This self proved scumbag was impeached as President but got off and he will this time too. The left has so utterly turned us into a valueless and degenerate society and is determined to destroy what little of decency is left that he will NEVER be held either responsible or accountable for his sins. We have a criminally complicit Congress which has allowed the rule of law to cease to matter and when the time comes when they NEED it for their OWN SELF PRESERVATION, it will not be available even to them. As they have sown, so shall they reap! Between them, The Clintons are the perfect example of what is wrong with the Country at large and one of the major reasons we are now stuck with one worse and a set of political parasites who enable HIM to barter our freedoms, sovereignty and resources to our enemies. We have a word for those. You all know what it is but few in this country call them what they are, not only violators of their sworn oaths of Office but: TRAITORS. This one also happens to be apparently, according to this reference, a pedophile. will wonders never Cease or for that matter, CEASE TO DISGUST?

○

msueh

March 30, 2014 at 3:23 pm — Log in to Reply

"[…] he will NEVER be held either responsible or accountable for his sins."
Perhaps in this life, but not when he has to grovel before his Maker.

○

Jim

April 22, 2014 at 7:59 pm — Log in to Reply

Der Schleek Meister

21.

savannarose55

March 27, 2014 at 2:00 pm — Log in to Reply

do we really want this disgusting drama in the whitehouse again. i heard both the clintons lost their lawyers license, then bill gets impeached but he's like an enigma and you cant rid of him, then hillary as sec of state allows our embassy or annex (the stories never the same) to be attacked and we lose four americans and lies to the public thinking we're all idiots and we would just go along with the ridiculous story that this happened because of a muslim allah bashing tape, and why do we think she would be good for us as president…. people that dont agree with these two wind up dead, theyre toxic……. lets say we at least learned something from the clinton dynasty……

John H. Montgomery Jr. USMC (retired)

March 31, 2014 at 10:39 am — Log in to Reply

There's more scum supporting him than righteous people against him. they know there's awaits them. they don't care. people don't care. They rather see Satan in the white house than a conservative.

22.

mystic11

March 27, 2014 at 2:09 pm — Log in to Reply

NO SURPRISE!!!. HIS OVAL OFFICE ESCAPADES WITH THE MUCH YOUNGER GIRL WAS PROOF THAT HE LIKED "YOUNGER CHILDREN". HE HAS ALWAYS BEEN AN "OLD SLOBBER DRIPPING SEX MANIAC, PEDOPHILE. HIS WIFE LOOKS LIKE A COLD HARD, MIND WARPED, MURDERER (BENGHAZI) LESBIAN WHO JUST "STOOD BY HER MAN" TO HIDE HER SEXUAL PREFERENCE WHILE CONNING AMERICANS AS IF THEY WERE SAINTS. ONLY THE DEMOCRATS AKA DONKEYS/ ASSES (DEMS LOGO) FELL FOR THAT CON/CRAP BECAUSE THEY ARE THE MOST STUPID ANIMALS AKA PEOPLE ALIVE!!!!!!!!!!!!!!

THESE COMMIES AKA PROGRESSIVES ARE THE MOST DESPICABLE, LYING ANIMALS (OTHER THAN THEIR PAL, THE COMMIE,NAZI, HITLER#2 MUSLIM TERRORIST THE WHITE HOUSE) ALIVE.
THEY BOTH SHOULD BE IN PRISON (HER FOR MURDER (BENGHAZI, ETC.) AND HIM FOR SEXUAL PERVERSION, PEDOPHELIA!!!(?) GOOD CRIMINAL DEMOCRATS.

CAN ANYONE IMAGINE THE SECOND HALF OF THIS CRIMINAL DUO BEING "PRESIDENT OF AMERICA" AND CONTINUNING HER (THEIR) CRIME SPREES AGAINST AMERICA AND HUMANITY, POLITICALLY AND PERSONALLY THAT THEY HAVE ENJOYED FOR MANY YEARS????

A FEW "GOOD DEMS" ARRESTED THIS WEEK, CALIFORNIA NORTH CAROLINA, 4 OR 5 BLACKS IN MASS.(?) THAT SHOULD HAVE BEEN ARRESTED FOR THEIR CRIMES OF BRIBERY, ETC. BUT THE CROOKED ATTORNEY(?) THINKS IT WOULD BE "RACIST" AND SAID "NO". (DEMS SURE LIVE UP TO THE LOGO, DONKEYS/ASSES!!!!) IF THE BLACKS HAD BEEN WHITE AND GOP, CONSERVATIVE, INDEPENDENT, ETC. THEY WOULD HAVE BEEN ARRESTED IMMEDIATELY AND GO TO PRISON FOR MANY YEARS!!!! THOSE CRIMINAL DEMS AT WORK AS USUAL, AGAIN!!!!

GOD BLESS AMERICA.

23.

Linda

March 27, 2014 at 2:11 pm — Log in to Reply

This is true, but is not limited to Bill Clinton or the Democrats. It permeates the top levels of most, if not all govts, as well as the Vatican, and includes all parties. Watch the following documentary prepared by the BBC for The Discovery Channel. It was pulled at the last moment due to pressure from high levels of the US govt. Listen for the Republican names. Then share it everywhere! http://youtu.be/vBSIDQt5Dwc

Watch this one for the international factor.
http://youtu.be/XhnG76vwNms

24.

Ron

March 27, 2014 at 2:15 pm — Log in to Reply

Bill Clinton is a pervert and Hilary allows him to prey on women and Children. Let us get rid of all the Democrats who have all become communists and liars.

25.

junctionshamus

March 27, 2014 at 2:17 pm — Log in to Reply

Sure it was Bill, and not Hill?

Someone wanna double check that, just to be sure. With young girls, chances are 50-50…

26.

Carla

March 27, 2014 at 2:21 pm — Log in to Reply

about that 'War on Women'…..

27.

slammer

March 27, 2014 at 2:28 pm — Log in to Reply

is this real or onion?

28.

mystic11

March 27, 2014 at 2:42 pm — Log in to Reply

OOPS!!! SORRY, I ACCIDENTLY OMITTED THE COMMA BETWEEN CALIFORNIA AND NORTH CAROLINA IN THE FIRST SENTENCE OF THE LAST PARAGRAPH IN MY COMMENT!!!

29.

HappyClinger

March 27, 2014 at 3:17 pm — Log in to Reply

People who are paid to keep their mouths shut about illegal activities are not obligated to keep their mouths shut. The agreement does not have the force of law.

TALK, GIRLS!

30.

malcolmX

March 27, 2014 at 3:19 pm — Log in to Reply

cut off the old bast66rds BALLS AND TONGUE;; filthy scumbag……libocrats [44 raids today] are low live hypocrites with the morality of a cockroach;; nuke the fu##kers.

31.

Gary

March 27, 2014 at 3:49 pm — Log in to Reply

Exempt. Just like Obama, he won't even appear in network news stories.. The left's agenda is more important than abused children.

32.

Mel

March 27, 2014 at 4:19 pm — Log in to Reply

So this is why Commiecrats have been knocking on the door of legalized pedophilia.
I was wondering what was up.
Stay on this WJ.

33.

michael

March 27, 2014 at 4:47 pm — Log in to Reply

Now we know what Prs Obama had on them

34.

michael

March 27, 2014 at 4:50 pm — Log in to Reply

And with the help of Eric Holder and his DOJ (because its not ours) he can and did keep him out of jail

35.

Bob Bitchin'

March 27, 2014 at 5:10 pm — Log in to Reply

Oh Oh! Sounds like Billy Jeff may have really stepped in it this time. I doubt he will ever be prosecuted nor will the mainline liberal biased news media ever carry any such story no matter what the proof.

Gee, maybe after OButtbreath leaves office, evidence will come out of his visit to HOMOsexual bath houses, HOMOsexual rendezvous and relationships and dare I say? Evidence of pedophilia with underage boys. OButtbreath has made many enemies as has his wife and the Clintons both. A bit coincidental that the last two DEMONcratic Presidents in this country should be embroiled in such controversy.

36. 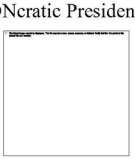

Magic1808

March 27, 2014 at 5:10 pm — Log in to Reply

The laundry list of all the crimes committed by slick Willy are available at the following site. It's amazing the man is still so active in Washington, and the government. He often represents America in many activities. I am not surprised to learn of his involvement in Pedophilia, and is probably behind this push to legalize it. When are

American's going to stand up against this? This is way beyond corruption, and needs to be stopped dead in its tracks. When will Americans stand up and make a stand against such evil?
http://prorev.com/legacy.htm

37.

rocquedog

March 27, 2014 at 5:25 pm — Log in to Reply

Magic, I say we start May 16th in DC at the OAS event. We get rid of the current evil in the Wh. then continue "cleaning house".

38.

Chase

March 27, 2014 at 5:49 pm — Log in to Reply

Ps, moderators, next week I start hacking in and posting without your intervention. So look forward to it…. : )

39.

Bds

March 27, 2014 at 5:56 pm — Log in to Reply

The question asked is: "Will having friends in high places exempt him from the rule of law?"

The answer is YES because those in "High Places" are still trying to decipher the real meaning of the word "is"

BDS.

40.

MuslimLuvChrist

March 27, 2014 at 6:52 pm — Log in to Reply

I forgot how corrupt and disgusting the Clintons really are.

-

mlimberg

March 30, 2014 at 12:28 pm — Log in to Reply

Can anyone say “Sheep Ranch”?

41.

sunshkid

March 27, 2014 at 6:55 pm — Log in to Reply

I’m definitely not surprised. Consider that Monica Lewinski was 22 at the time she first had sex with him (and he was more than double her age at the time, considering he was 49 years old), I can see where his bent for the young was already manifesting itself.

42.

Magic1808

March 27, 2014 at 6:58 pm — Log in to Reply

Rocquedog…I plan on being there, let’s get these corrupt bastids out of OUR Whitehouse!

43.

tonistimmel

March 27, 2014 at 6:59 pm — Log in to Reply

Remember back to the good ole days when the Secret Servants used to be a law enforcement agency known as the Secret Service. Of course back then even the democrats has some sense of honor and/or discretion.

44.

Magic1808

March 27, 2014 at 7:27 pm — Log in to Reply

Muslimluvchrist…Remember…now don’t forget! Let’s not forget one of the highlights of his presidency, signing NAFTA, which resulted in America losing countless businesses that provided jobs for Americans, which we still suffer from.

45.

MrBrittcoleman

March 27, 2014 at 7:36 pm — Log in to Reply

If this is true then it is truly disgusting. That being said, after reading the comments section most of you need to get off of your republican high horse. Many republican politricksters have also been embroiled in sex scandals, some of them with minors, and some with underage boys. Now before the vains start popping out of your neck causing you to respond to me in all caps calling some sort of commie democrat leftist, realize that I hate the democrats just as much as I hate the republicans. In fact let's just call them the demublicans or the republicrats, whatever your pleasure. Most of you need to realize it's not about the ideology of one party or the other, it's about the ideology of power. These politricksters, all of them more stinking rich than average Joe American, get in the insulated world of political power and get a sense of invincibility and entitlement. They don't care about you or me, not a single one of them. But, as long as we keep seeing each other as the enemy rather than realize that they are the real enemy bent on destroying this country and the world then we, our children, and our grandchildren are doomed.

Below is a link to federal sex scandals perpetrated by republicrats and demublicans alike. Keep in mind that this list does not include local and state level scandals.

http://en.wikipedia.org/wiki/List_of_federal_political_sex_scandals_in_the_United_States

46.

Magic1808

March 27, 2014 at 8:16 pm — Log in to Reply

Sunshkid, I thought the same thing…he took advantage of a young Wh intern who probably looked up to him like a God almost. He perhaps fed her lies and lured her to his den. It's not hard to imagine the senario…

47.

rocquedog

March 27, 2014 at 8:21 pm — Log in to Reply

Clinton is a low life scum sucking child molester! He's a disgrace to the human race. His wife is no better, as she allowed 4 of our patriots to be murdered without sending help when they pleaded for it.

48.

Magic1808

March 27, 2014 at 8:26 pm — Log in to Reply

Tonistimmel, yes, the Secret Service guards the president. Today I question the sense of honor and/or discretion of all politicians and government officials. This is no longer the America we were brought up in. And, I am not sure any of them have those qualities, or good intentions they once had.

49.

99airforce

March 27, 2014 at 8:33 pm — Log in to Reply

Do you remember the white water land scandal, the only ones not dead, or in jail were the Clinton's, when is the slobbering love affair with the Clinton's going to end, 4 great Americans died because of this witch!

50.

Magic1808

March 27, 2014 at 8:43 pm — Log in to Reply

Rocquedog, the latest info is that Chelsea is not slicks daughter, but is the daughter of Webb Hubbell: http://www.mofopolitics.com/2013/08/23/the-clintons-greatest-shame-chelsea-clinton-is-the-biological-daughter-of-webb-hubbell/. As for Benghazi, I watched the whole thing go down, as I was online when the first call for help came in. At the time, they claimed that the attack was because of an anti Islamic video. All the while, unbeknown to us, we were giving the Syrian Rebels arms, which had already been infiltrated by Al Nursa/Al Qaeda. In order to keep it all under wraps, Benghazi took care of all credible witnesses. IMHO.

51.

bobmann101

March 27, 2014 at 8:51 pm — Log in to Reply

We shall see what will happen. I believe he was involved, but I need to see the proof.

52.

Magic1808

March 27, 2014 at 9:07 pm — Log in to Reply

Rocquedog, I agree he is a low life, and Hillary is just as bad. Her relationship with Huma Abedine and Anthony Weiner leaves room for many questions. Weiner is runner up to slick Willy on preying on young

women, and Hillarys relationship with Huma is suspicious to say the least. Birds of a feather? Or should I say perverts of feather?

53.

Magic1808

March 27, 2014 at 9:17 pm — Log in to Reply

99AIRFORCE, yes I do remember the white water land scandal, and you are correct about the outcome. If anyone has any questions concerning this, the following site gives the information. They were criminals, and I still do not understand how slick Willy was not considered so at the time of his nomination.

http://prorev.com/legacy.htm

54.

Doug James

March 27, 2014 at 10:03 pm — Log in to Reply

Bill Clinton has had a sexual problem for his entire life. People like the Clintons, Obamas, Bidens, Reids, Schumers, Boehners, Bushs, etc. can willingly, knowingly, & intentionally commit crimes with no recourse. The U.S. Supreme Court rules Obamacare is a tax, Most likely will make Hobby Lobby & similar companies do what they are morally against, Will likely ultimately rule to enact strict gun control laws if not an outright ban, Allow open boarders, & Immigrants. They always rule in the gov'ts favor. Rarely for the citizenship any longer. If the Constitution is ever amended and/or rewrote which they are in favor of they need to be given term & power limits. They are the Supreme Power of this Nation and have proven to be a bunch of decrepit buffoons.

55.

Magic1808

March 27, 2014 at 10:39 pm — Log in to Reply

BOBMAN101, I sure hope so, this subject is outrageous, and I don't know where the minds of these people are. A pedophile ring is beyond my scope of understanding, and about one of the worst things that could ever be considered acceptable. It is an extremely important issue, and I sure don't want it to escape full coverage by the media.

56.

Mario

March 27, 2014 at 10:47 pm — Log in to Reply

Why are Democrats involved in moral issues? These people should be put away until kingdom come especially Bill Clinton if he is ever involved. They are dangerous to be around. Castrate these pedophiles ASAP. They are so low life that if fed to the sharks, the sharks will spit them out due to their obnoxious odor.

57.

BILL

March 27, 2014 at 11:22 pm — Log in to Reply

SOUNDS LIKE SLICK WILLIE HAS BEEN GETTING OFF FOR SOME TIME NOW ( IF YOU KNOW WHAT I MEAN)

58.

Taking care of business!

March 28, 2014 at 1:10 am — Log in to Reply

Bill should be castrated, then Hillary would be the only one with a member.

59.

lady_liberty_1776

March 28, 2014 at 5:06 am — Log in to Reply

No more Clintons or Bushes, ever again! The White House is going to have to be fumigated as it is. After the string of disgusting excuses for human beings we've had for Presidents, maybe we should just raze it and rebuild. Slick Willy and Killary should both be in prison. Instead they're adored by their disgusting supporters. Anyone that would support or even associate with these scum must be of the same caliber.

-

Taking care of business!

March 28, 2014 at 5:09 am — Log in to Reply

Don't stop there. No more Obama's either. And it seems there's always a Kennedy in the wings, willing to muddy the water.

○

tonistimmel

March 29, 2014 at 9:40 am — Log in to Reply

The hate "W" machine is still running in spite of the fact that "W" was a better president than Clinton and Obozo and their combinatuion. I realize that being better than those two is no real accomplishment, but "W" at least made the list of good presidents, may be not excellent, and definitely not great, a whole lot more than acceptible.

60.

Bob Bitchin'

March 28, 2014 at 6:46 am — Log in to Reply

Call it paranoid, call it conspiracy theory, call it what you watch. I wouldn't be one bit surprised to find out that there is/are a puppet master/group of puppet masters in the shadows pushing these douche bag politicians at us and giving us the illusion that there is a difference in their politics and philosophies when in reality they are all the same just doing their master's biding. They will push this liberal agenda just far enough to the edge of the cliff then pull back and give us back the conservative government so we can take retributions on the liberals for their treasonous behavior. Heads will roll, asses will get kicked, gays & blacks will once again be of no consequence and the illegals will be run out of the country. Once things have calmed down, they will change the politics again and the beat goes on.

61.

willyrho

March 28, 2014 at 7:06 am — Log in to Reply

We knew this when Monica Lewinski "with the Blue Dress with the Semen on it" exposed Billy Clinton, in the White Hoer House in DC, he had a B.J. with Monica Under the Desk in the Oval Office when he was impeached, but the Nat See Senate would not convict the Pedophile mur-derer of Vince Foster.

But we see with the new charges coming against the Felon, Hairy Reid, who takes Bribes and Steals as the DemoNatSee Leader of the Nat See Controlled Senate.

All DemoFascistCrats are Lawless and EVIL.

To think that Ronald Reagan would not remove his Suite Jacket in the Oval Office because he had such respect and Admiration of the Oval Office. And the DemoNatSees/Fascists/Marxist/Muslims now in the White House Suck…

62.

rocquedog

March 28, 2014 at 7:22 am — Log in to Reply

Willy, don't forget Ron Brown. And now we have Obama's "Ron Brown" with the Fuddy incident. Liars, cheaters, sex perverts, murderers, etc. The Demoncrats have truly been put in charge of Satan's poliitical wing.

63.

John H. Montgomery Jr. USMC (retired)

March 28, 2014 at 9:05 am — Log in to Reply

Hillary likes the P word. perversion runs in the family. Obama is on the down low.

64.

John

March 28, 2014 at 10:35 am — Log in to Reply

NIXON lied once and was no longer trusted to lead the free world . Obama leads the free world and is STILL in office , but it won't be long till it is in the hisory book and noted as " The way we were " and how stupid & gullible we were to sit on our hands , and do "too Little to damned late" Or for no better words…….NOTHING !
ONE very BIG question my fellow American Citizens……..
Didn't Obama , just like every other president in history after Lincolns death , Swear on the Lincoln Bible to "Support and Defend the Constitution " ? Don't strain your freakin' Neurons folks, the answer is YES !

65.

John H. Montgomery Jr. USMC (retired)

March 28, 2014 at 10:35 am — Log in to Reply

hopefully people will see, putting in the white will also put a pervert back in the white house. Hillary has the P word coming through the back door for her.

66.

John H. Montgomery Jr. USMC (retired)

March 28, 2014 at 10:59 am — Log in to Reply

need to our representitives, if they can't mov e toward impeachment, than they won't have job.

67.

David

March 28, 2014 at 2:20 pm — Log in to Reply

This kind of evil is what kept Romney out of office, for the time being. Obama did not win the vote, he was placed in by the same people who protect Clinton in his evil sin. Of course he should be in prison, but he won't see a day in prison as long as righteous people don't stand up to evil.

○

John H. Montgomery Jr. USMC (retired)

March 29, 2014 at 11:27 am — Log in to Reply

Thy made up things on Romney. he things stiring us in the face and do anything about it.

68.

John

March 28, 2014 at 3:08 pm — Log in to Reply

WHAT DIFFERENCE DOES IT MAKE!
WHAT DIFFERENCE DOES IT MAKE!
WHAT DIFFERENCE DOES IT MAKE!

69.

William

March 28, 2014 at 3:55 pm — Log in to Reply

Does this really surprise anyone?

70.

Valchrist1313

March 29, 2014 at 12:47 am — Log in to Reply

The girls listed here (well not here, in an article longer than a twitter post) are of age in every European country, and Canada. Just like age of drinking, you guys are the anomaly with a higher degree of repression in all social areas.

The reason for that is the crazy -ass, hate spewing, xenophobic, ignorant political bandwagons and scape-goating your society is rife with. Right now you're trying to figure out how you can blame this on Obama aren't you? Yeah I know. Obama. His fault. Somehow. (Actually several posts already are)

That said, yeah he's stupid. He should follow the laws of his own country. If that's your laws he should be following them.

However, nobody here has the slightest friggen idea if any of this is the least bit true, but you're already forming the lynch mobs.

It's not because you're really upset about the issue at hand. It's hatred of your fat and miserable existence, your subscription and indoctrination in to disgusting and brutal pseudo-religious political beliefs, and your lazy inability to fact check a thing for yourself when you find it so much easier to ride on a bandwagon.

Search "consistency theory", if you can handle all the big words and ideas, and you'll figure out why you are unable to learn and grow as people.

I swear most of you can't create or express an idea without it being ascribed to a political view.

○

Oldveteran

March 29, 2014 at 4:55 pm — Log in to Reply

Huh? Wha? I'm figuring you're not an American citizen. You "bunched" up all into a group that you describe with some wonderful words. Maybe YOU know the WHOLE TRUTH, there are plenty who recall how a newly elected President had to give MONEY to a couple of women who had been "assaulted" by this scum bag. Check the news papers…….no not twitter…….Maybe you don't know about the "White Water" scandal or about Vince Foster, who "shot" himself in the RIGHT side of his head; the man must have been so depressed he used his "off" hand to pull the trigger. Maybe his left hand just shook too much. The "Monica" escapade was just a man having a fling with a silly woman, makes no mind the woman was the same age as his daughter. HE LIED UNDER OATH TO A FEDERAL JUDGE. He stood in front of the entire country and stated "he did not have sex with that woman." As for political view points…….isn't that how governments are elected? I don't know what country you live in, but here we like to THINK before voting, OOPS! I mean generally; right now there are too damn many NON thinking casting ballots. That's how we got slick and now Obummer.

▪

Valchrist1313

March 29, 2014 at 8:18 pm

Well, your post just proved my point about not being able to base an idea independent from a political view.

About categorizing a populace: anyone intelligent enough to think for themselves isn't going to need me to validate their self-worth, and realises within themselves that this label doesn't apply to them.

71.

DockyWocky

March 29, 2014 at 8:43 am — Log in to Reply

Good thing it was on here for a moment or two, because once the powers that be get their paws on this, Bubba, The Pervert info, they will bend over backward to make it disappear from view.

By the time 2016 rolls around, Hillary and the co-president (Bubba) will be scrubbed squeaky clean and she'll be so sanitized, the Pope will bow to her when she deigns to meet him.

72.

DockyWocky

March 29, 2014 at 8:50 am — Log in to Reply

I find the funniest thing is the word "Choice" has been taken over by the pro-abortion mob, and the stupid people of the former united States don't have any choice, anymore, period.

If we had a smidgen of Choice anymore, the Clintons would be whining about getting paroled from their original prison sentences for wasting Vince Foster – on, get this, humanitarian grounds.

We have no choice. All you have to do is open your eyes and you'll see that we're still nothing but the serfs who pay for the daily antics of the lords. Nothing has changed.

73.

Cal

March 29, 2014 at 1:27 pm — Log in to Reply

ANYBODY who actually believes this obviously fake story is DEEPLY gullible.

John Prewett

October 29, 2014 at 11:00 pm — Log in to Reply

Right, obviously he was going to Epstiens “fantasy island” just to walk the beach looking for seashells.

74.

Mario

March 29, 2014 at 10:44 pm — Log in to Reply

What do you expect from a low life immoral person. Nothing up in the head as nothing inside his two balls.Worst is that he is a DemocRAT.

75.

ConservativeMe

March 30, 2014 at 12:20 pm — Log in to Reply

HEY KILLARY, ” WHAT DIFFERENCE DOES IT MAKE?”, RIGHT?

76.

james

March 30, 2014 at 1:37 pm — Log in to Reply

It comes as no surprise at all. It seems That ItIs a presequite to have a criminal record to run fo. Look at Gingrich and Romney stealing from Fannie Ma, oscammetr the criminal .They are all thieves,It does not matter what political party they belong to, A thief Is a thief Is a thief

77.

xron2

March 30, 2014 at 2:45 pm — Log in to Reply

Bill likes sex with children and Hillary likes sex with Muslim Women and helping to kill American Service men probably to please her Muslim Girl Fiend! Hang both of them beside Obama!

78.

BOBSAYSO

March 30, 2014 at 3:33 pm — Log in to Reply

I'm not surprised that a proven serial-rapist, murderer and drug trafficker would also be a pedophile. The leader of the administration before his, yes that guy, was also linked to a pedophile prostitution ring uncovered in the Franklin pedophile investigation. Research it; and also the name Johnny Gosh. It's a fascinating true story.

79.

msueh

March 30, 2014 at 3:34 pm — Log in to Reply

When are both of them going to end up on their list of "disappearances"?

80.

Doug

March 31, 2014 at 6:45 am — Log in to Reply

The clintons are just evil vial people and I am not surprised about this at all. Also there was a comment asking about the ages of those girls involved? "Clinton was friends with an unnamed woman who "kept images of naked underage children on her computer, helped to recruit underage children for Epstein… and photographed underage females in sexually explicit poses."
Read more at http://www.westernjournalism.com/clinton-snared-pedophile-ring/#PkFfIXxkTOIMkgS1.99

Pretty much covers that they were in fact underage children. Makes me sick to my stomach and would love to see "old icky billy" get his just reward but doubt it as the article also states, "because of friends in High Places".

81.

Ian

March 31, 2014 at 8:11 am — Log in to Reply

This hasn't surfaced because it's a bunch of B.S.

John Prewett

October 29, 2014 at 10:58 pm — Log in to Reply

yea, Slick Willie is soooooo straight-laced puritanical.

82.

Miss

April 7, 2014 at 9:03 pm — Log in to Reply

This is an old story. When Mr. Clinton was in the WH, there were stories going around that he was at one of his numerous cocaine parties and got an under-aged girl hooked on dope.

83.

Rhonda

July 14, 2014 at 9:48 am — Log in to Reply

What is the FBI doing? I guess they are owned by the Clintons…..and what of the Bush family too?

84.

John Prewett

October 29, 2014 at 10:56 pm — Log in to Reply

His friends in high places are most likely more vile than he is. See Matt 4

85.

mwood

October 30, 2014 at 8:15 am — Log in to Reply

check out all the death and destruction in the clintons past and then think about the possibility they might pay for any of it

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23,563
followers
1,941,714
fans
5,935
people

Read more at http://www.westernjournalism.com/clinton-snared-pedophile-ring/#eVqlufHP4TEz8fmK.99

On Wed, Dec 31, 2014 at 3:55 PM, Alan Dershowitz <[redacted]> wrote:

**Privileged - Redacted**

Sent from my iPhone

On Dec 31, 2014, at 2:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Wed, Dec 31, 2014 at 2:48 PM, Alan Dershowitz <[redacted]> wrote:

**Privileged - Redacted**

Sent from my iPhone

On Dec 31, 2014, at 1:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Wed, Dec 31, 2014 at 2:26 PM, Alan Dershowitz <[redacted]> wrote:

**Privileged - Redacted**

Sent from my iPhone

Begin forwarded message:

**From:** Josh Gerstein <[redacted]>
**Date:** December 31, 2014 at 1:03:19 PM EST

**To: '[redacted]" <[redacted]**
**Subject: Filing in Epstein case**

Hi Prof. Dershowitz:

I've been following the Jeffrey Epstein litigation saga on and off for some time.

When I checked the federal court docket last night, I came across the attached filing. It makes some serious allegations about you and several other people related to the case.

I wanted to make sure you had a copy of the filing and to ask if you have any comments on the allegations raised in it.

I'm planning to write a blog entry or story on this and will probably do so fairly soon since the filing is a public record at this point.

Anyway, if you want to respond, please let me know as soon as possible.

Thanks

--Josh Gerstein

Josh Gerstein
Reporter
POLITICO
[redacted](c)

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**From:** Thomas Jr., Landon [redacted]]
**Sent:** 1/9/2015 6:17:14 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: off the record

**Importance:** High

Lets have a chat -- you do need to fight back some how. Present evidence that she is lying AND show the world that you are no longer that guy. You have made changes -- and that this is the past. My sense is that its TV type thing where you just talk honestly about this/present evidence that its not true/ and focus on what you have been doing for past five years. Charlie Rose?

But you cant just sit there taking punches like this -- especially wen the British tabs are driving this.

Maybe you go on British TV....

Call me any time.

On Fri, Jan 9, 2015 at 1:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Landon. [redacted] the story teller , crafted much of it out of whole cloth. . part of her story , is that she was at multiple orgies with clinton and speciifically, the minute details of a dinner had on the island with him, " he sat on my left. came by black. heli. flown by ghislaine. clinton was NEVER EVER there, never. it punches a hole in the dershowitz , andrew allegation. making it all apparent that it was fantasy. and delusional. thoughts. who should break the story.

--

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 1/9/2015 6:24:30 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: off the record

**Importance:** High

on phone now -- will call when i am done

On Fri, Jan 9, 2015 at 1:20 PM, jeffrey E. <jeevacation@gmail.com> wrote:
number?

On Fri, Jan 9, 2015 at 2:17 PM, Thomas Jr., Landon <[redacted]n> wrote:
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Michael Wolff [redacted]
**Sent:** 1/9/2015 6:33:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Is Clinton willing to say he was not there? Btw, I've just filed a column for USA Today for Monday explaining how Dershowitz and Andrew allegations were picked up from unverified civil court docs, transferred to UK tabs, which go wild because of no libel rules on U.S. court papers, and then translated back here as "reported fact." Problem with [redacted] story is that tabs are too invested in present story line, and unlikely that the Times or WSJ will want to touch it--tho, depending on who is willing to on record, they might. There is another politico reporter I know who might do it, again, if the on-the-record sources are public people. Or, I will use it for New York Magazine, but that won't be until Feb. Can you still talk tomorrow? When works? Woody and Soon-Yi coming for dinner tonight. m

On Fri, Jan 9, 2015 at 1:20 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 1/9/2015 6:57:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: off the record

**Importance:** High

can talk now.[redacted]

On Fri, Jan 9, 2015 at 1:20 PM, jeffrey E. <jeevacation@gmail.com> wrote:
number?

On Fri, Jan 9, 2015 at 2:17 PM, Thomas Jr., Landon <[redacted]> wrote:
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Landon Thomas, Jr.
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Michael Wolff [redacted]
**Sent:** 1/10/2015 2:22:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Can you talk at noon? Probably need about 30 minutes. What is best number?

On Fri, Jan 9, 2015 at 1:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:
anytime tomorw ok

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**From:** Michael Wolff [redacted]
**Sent:** 1/10/2015 4:43:39 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Need 15

On Saturday, January 10, 2015, jeffrey E. <jeevacation@gmail.com> wrote:
now good?

On Sat, Jan 10, 2015 at 10:22 AM, Michael Wolff <[redacted]> wrote:
Can you talk at noon? Probably need about 30 minutes. What is best number?

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anytime tomorw ok

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**From:** Michael Wolff <[redacted]>
**Sent:** Friday, January 16, 2015 2:54 PM
**To:** jeffrey E.
**Subject:** Re: thoughts

**Importance:** High

I don't think I would put her out there. It probably seems too self-serving. But let's discuss. I have an idea about how to best use. Do you have time to continue our conversation post-3:00 today or tomorrow?

On Fri, Jan 16, 2015 at 4:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Out of respect and love for my former girlfrend I have tried to keep her out of my mess. she was never questioned , or subpeonaed. her name never surfaced.. I thought it right as a friend to protect her name. however during the entire [redacted] time she was my serious girlfriend. She traveled with me almost everywhere. each house, she is on the plane many many times. she knew and remembers [redacted] She never saw anything that [redacted] claims. She can confirm 1. I was never alone at the house. staff, friends etc. , no girl ever complained , not once. 2. jane doe 1 and 2 , were local strippers, that would call all the time asking if they could do massages. . . they left message after message. 3. We had a serious love relationship , I had promised her not to involve her in my story as it was so sordid. . she was 22 - 24 at the time. . 4 she has photos after photos showing we were together. . 5 she knows clinton was never on the island. 6 she knows no sex with steven hawking, she knows no sex with ehud as he was also never on the island. 6 she is 38 years old now and presentable. . 7 She woudl acknowledge that these girls asked to bring their friends . many of their best friends sat in the kitchen while they gave massages outside on the terrace. ( no sex _). . they certainly looked over age. nevr heard anyone say otherwise. , Jeffrey never asked for underage, that is crazy, . . 8 . [redacted] answered the phones. served coffee. . there were many massage people , men women, aged up to 60.

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HOUSE_OVERSIGHT_022667

**From:** Thomas Jr., Landon <[redacted]>
**Sent:** Friday, January 16, 2015 7:45 PM
**To:** jeffrey E.
**Subject:** Re: How are you holding up?

**Importance:** High

I think the big issue is separating yourself from Andrew. I mean I can see why a statement might help in some way -- but its Andrew (not clinton and the rest) that is keeping the story alive. Until you are able to come forward and address that the story lives on. I mean in the end he had consensual sex with [redacted]. And [redacted] worked for you. The rest is atmospherics. You have moved on! People don't know that and cant accept that unless you say as much.

Does franc drama worry you? Am writing on it now...

On Fri, Jan 16, 2015 at 2:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

very well, my reputation has admittedly taken a hit . however, again, more calls re currency than i can handle. in addition I am considering a statement and positon that Out of respect and love for my former girlfrend I have tried to keep her out of my mess. she was never questioned , or subpeonaed. her name never surfaced.. I thought it right as a friend to protect her name. however during the entire [redacted] time she was my serious girlfriend. She traveled with me almost everywhere. each house, she is on the plane many many times. she knew and remembers [redacted] She never saw anything that [redacted] claims. She can confirm 1. I was never alone at the house. staff, friends etc. , no girl ever complained , not once. 2. jane doe 1 and 2 , were local strippers, that would call all the time asking if they could do massages. . . they left message after message. 3. We had a serious love relationship , I had promised her not to involve her in my story as it was so sordid. . she was 22 - 24 at the time. . 4 she has photos after photos showing we were together. . 5 she knows clinton was never on the island. 6 she knows no sex with steven hawking, she knows no sex with ehud as he was also never on the island. 6 she is 38 years old now and presentable. . 7 She woudl acknowledge that these girls asked to bring their friends . many of their best friends sat in the kitchen while they gave massages outside on the terrace. ( no sex _). . they certainly looked over age. nevr heard anyone say otherwise. , Jeffrey never asked for underage, that is crazy, . . 8 . [redacted] answered the phones. served coffee. . there were many massage people , men women, aged up to 60.

On Fri, Jan 16, 2015 at 3:32 PM, Thomas Jr., Landon <[redacted]> wrote:

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon <[redacted]>
**Sent:** Friday, January 16, 2015 7:56 PM
**To:** jeffrey E.
**Subject:** Re: How are you holding up?

**Importance:** High

that is old news -- buy dollar and take a nap? Kind of like buying Apple?

On Fri, Jan 16, 2015 at 2:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:
it is the begining world currencies are out of balance. brazil, etc

On Fri, Jan 16, 2015 at 3:45 PM, Thomas Jr., Landon <[redacted]> wrote:
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Landon Thomas, Jr.



HOUSE_OVERSIGHT_022670

Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Kathy Ruemmler [redacted]
**Sent**: 1/30/2015 5:26:02 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd:
**Attachments**: image006.png; image007.png; image005.jpg; image010.jpg; image001.jpg; image003.jpg; image008.png; image004.jpg; image002.jpg; image009.png

**Importance**: High

Did you see this? **Privileged - Redacted**

---------- Forwarded message ----------
From: <[redacted]>
Date: Jan 30, 2015 12:25 PM
Subject:
To: <[redacted]>
Cc:

POLITICS

# Plenty Of Innuendo, But No Hard Evidence Of New Clinton Sex Scandal

**Much-discussed documents in Jeffrey Epstein affair don't live up to the hype.**

posted on Jan. 28, 2015, at 10:53 p.m.

**Ken Bensinger**
BuzzFeed News Reporter

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Carlo Allegri / Reuters

Over roughly the past month, coverage of Bill Clinton's travels with financier and convicted sex offender Jeffrey Epstein have made their way from a thick stack of court documents into something approaching political mythology, propelled by a string of innuendo-laced reports hinting that the former president *must have been* in some way complicit when he voyaged with a billionaire known for preying on underage girls.

It's a story with plenty to gape at, from horrific and excruciatingly detailed allegations against Epstein to the frequent presence of a former president who was, after all, nearly chased from office for a (consensual) affair with an intern.

But sometimes stories that seem too good to be true — just might be. A detailed review by a team of BuzzFeed News reporters of more than 2,000 pages of pleadings, depositions, affidavits, police reports, flight logs, and other documents filed in state and federal court found that many of the most provocative allegations about Clinton have little to no factual foundation and are exaggerated at best; that the documents — which appear to be the source for nearly all current reporting on this subject — themselves never suggest that Clinton was doing more than using his wealthy friend as a kind of global taxi service; and that many of the most lurid insinuations have been floated without any visible support from verifiable information.

While it's still possible that some Rosetta stone of Clintonian depravity will surface from a pair of ongoing lawsuits involving Epstein, the fact that nothing even close to that has been dug up over the course of a half-dozen years of heated litigation should not be encouraging for Republican operatives and other Clinton critics hotly anticipating the very worst.

One sign that the connection is a bit weak: The lawyers who have used the Clinton link to help publicize their cases have been markedly vague on details.

When asked to present actual proof, Jack Scarola, the Florida attorney responsible for filing some of the most attention-grabbing documents that have come to light in recent weeks, warned darkly in an email of "extortionate threats, power, wealth or political pressure."

"The time will come when all your questions will be answered," said Scarola, who represents another trial attorney suing Epstein in Palm Beach County Court. "But that time is not now."

Unwilling to wait, perhaps, publications on both sides of the Atlantic have gleefully dipped into those documents to publish breathless descriptions of Epstein's "black book," which contains a host of Clinton phone numbers (along with just about every other powerful figure in the Western world); dissections of handwritten flight logs for the financier's private 727 aircraft that frequently capture Bubba at 30,000 feet; and extensive allegations from a woman, Virginia Roberts, who claims she was Epstein's sex slave as a teenager and whose recollection places the former commander-in-chief on "Orgy Island" in 2002 to participate in a sexual romp, possibly with women who were not yet of age.

View this image ›

National Enquirer

Tellingly, many of those articles — which have notably increased in tempo in recent weeks following Roberts' late December accusation that noted attorney Alan Dershowitz was one of the men she was forced to have sex with — contain language underscoring the fact that none of this proves *anything*. "It should at this stage be stressed that the Mail has no evidence to corroborate this and other claims made by Virginia Roberts," the *Daily Mail* wrote in April. "Though her LinkedIn page claims a certificate in Swedish massage, there is no evidence that she ever actually treated Epstein to one," *Gawker* (in the most straightforward and clearest reporting on the documents to date) wrote last week. And the *National Enquirer* did not appear to rely on the court record for its conclusions, instead to the interpretation of an unnamed source who noted that "Bill's name is all over the legal papers, which are chock-full of sordid claims."

Clinton's discretion on matters of sexual restraint has attained permanent notoriety, so maybe it's natural to assume that particular leopard doesn't change his spots. But at this point, there is simply nothing to back those sordid claims up.

Here's what we **do** know:

Jeffrey Epstein is a secretive billionaire financier and Democratic donor who says he never attended college but whose "background is in physics." He owns properties in New York, Florida, New Mexico, London, and Paris and also owns an island in the U.S. Virgin Islands. He has at least two private jets, including the 727.

He has known Bill Clinton since about 1995, and his relationship with him grew stronger after he left office. There is no question they were friendly. Epstein's so-called "black book," which is less like something out of the Heidi Fleiss affair and more what most people would call a "phone directory," contains 21 numbers for getting in touch with Clinton, as well as emails and addresses.

But that 92-page directory also contains exactly the range of eye-poppingly famous and powerful contacts one might expect of an incredibly rich, connected person who owns Manhattan's largest private residence, from Tony Blair to Elie Wiesel to Courtney Love.

Epstein was long rumored to be a sexual libertine; "It is even said that he likes beautiful women as much as I do," real estate personality Donald Trump once said of his old friend. "And many of them are on the younger side."

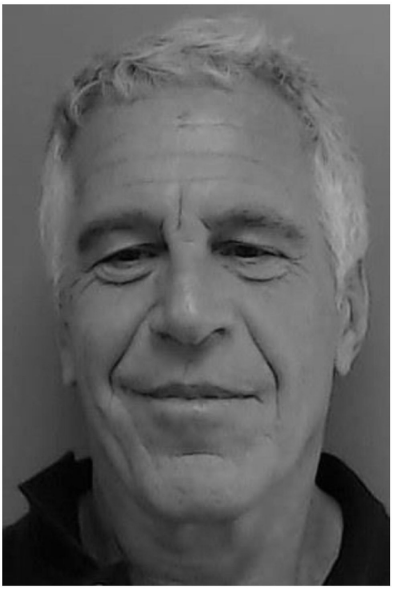

Florida Dept of Law Enforcement

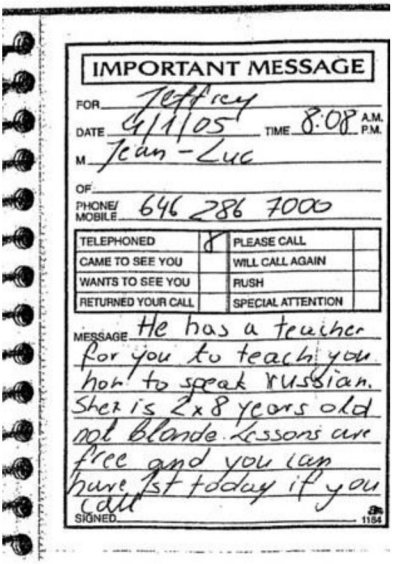

IMPORTANT MESSAGE

FOR Jeffrey

DATE 4/1/05 TIME 8:08 A.M. P.M.

M Jean-Luc

OF

PHONE/ MOBILE 646 286 7000

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE He has a teacher for you to teach you how to speak russian. Shez is 2x8 years old not blonde. Lessons are free and you can have 1st today if you call

SIGNED 1184

Palm Beach County Court

Epstein, in his Florida sex offender photo; at right, a phone message to Epstein from a modeling agent offering Russian lessons from a "2×8" year old girl.

In 2006, that reputation caught up with him, when he was arrested by the Palm Beach Police on charges of sexually molesting numerous underage girls. Police reports in the court record show that detectives found Epstein regularly paid very young women to give him massages that he turned into sexual encounters. He allegedly had a preference for very young women, whom he carefully groomed into increasingly extreme situations, including what some, including Roberts, allege to be sexual slavery.

In total, 40 women were identified as possible victims of sexual abuse by Epstein, many of them teenagers at the time, including some younger than 14 years old. Epstein was originally charged with a variety of crimes, including sexual assault, rape, and witness tampering.

He avoided most of those charges as well as federal prosecution in late 2007 by agreeing to plead guilty in Florida court, a deal that Dershowitz, who was one of Epstein's lawyers, helped negotiate along with an all-star legal lineup that interestingly also included famed Clinton-hunter Ken Starr.

In the end, Epstein got 18 months in prison for a single count of soliciting an underage prostitute, of which he served 13 months. He is now a registered sex offender who lists his primary residence as the U.S. Virgin Islands.

In a pleading late last month in federal court, attorneys for Roberts allege that "Dershowitz helped negotiate an agreement with a provision that provided protection for himself against criminal prosecution." Dershowitz has denied these charges vigorously, calling them "salacious and false" and, possibly more importantly, "completely irrelevant" in a Jan. 12 filing.

Despite what some called among the most exhaustive investigations in Palm Beach Police history — which dug up such evidence as an Amazon receipt for Epstein's purchase of titles including "Training With Miss Abernathy: A Workbook for Exotic Slaves and Their Owners" — there is nothing in the police record suggesting any other men were involved in Epstein's predatory behavior.

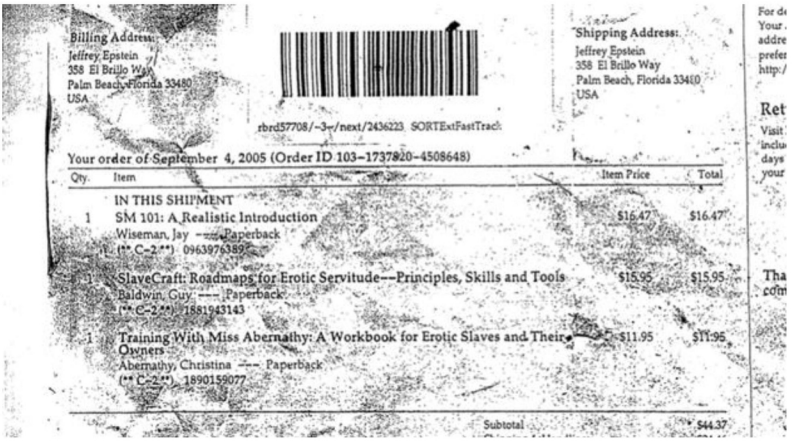

Billing Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

rbrd57708/-3-/next/2436223 SORTExtFastTrack

Shipping Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

Your order of September 4, 2005 (Order ID 103-1737820-4508648)

| Qty. | Item | Item Price | Total |
|---|---|---|---|
| | IN THIS SHIPMENT | | |
| 1 | SM 101: A Realistic Introduction<br>Wiseman, Jay --- Paperback<br>(** C-2 **) 0963976389 | $16.47 | $16.47 |
| 1 | SlaveCraft: Roadmaps for Erotic Servitude--Principles, Skills and Tools<br>Baldwin, Guy --- Paperback<br>(** C-2 **) 1581943143 | $15.95 | $15.95 |
| 1 | Training With Miss Abernathy: A Workbook for Erotic Slaves and Their Owners<br>Abernathy, Christina --- Paperback<br>(** C-2 **) 1890159077 | $11.95 | $11.95 |
| | Subtotal | | $44.37 |

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Palm Beach County Court

The criminal case provoked numerous lawsuits from women alleging they were victims of Epstein's proclivities, followed by secret settlements with more than two dozen of them. One firm bringing some of those cases employed a young lawyer named Bradley Edwards, who managed some of the cases. In 2009, a founding partner at the firm, Scott Rothstein, fled the country before ultimately returning to plead guilty of running a $1.2 billion Ponzi scheme built around recruiting investors to buy stakes in litigation settlements that turned out to be phony.

As details of the fraud emerged, Epstein sued Rothstein and Edwards in Palm Beach County Court for racketeering, alleging, among other things, that they dangled Bill Clinton's association with Epstein as a lure to investors, implying that settlements would be fast and sizable. Epstein ultimately dropped his suit in 2012, but by that time, Edwards had countersued for malicious prosecution and abuse of process.

That case, along with a claim by Virginia Roberts against the federal government over the 2007 prosecution deal in district court (which she filed as a "Jane Doe" in 2008), are still pending and are the source of most of the scant information about Clinton that has appeared. Scarola, who in the past sued Chiquita over payments to violent leftist Colombian rebels and won a $1.45 billion verdict over Morgan Stanley (that was later overturned), is the lawyer bringing the suit in county court in West Palm Beach, while Paul Cassell, a former federal judge known for his critical take on mandatory-minimum sentences, mans the federal case four blocks away.

Neither Cassell nor Edwards responded to requests for comment.

It is primarily from pleadings in those cases that the press has been getting a glimpse inside the lifestyle of Epstein, and, by extension, Clinton. "Edwards had sound legal basis for believing former President Clinton had relevant and discoverable information," part of one pleading reads. Roberts, in her case, alleges that Epstein forced her "to be sexually exploited by Defendant's adult male peers,

including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances," which, Edwards elsewhere claims, are "categories Clinton and acquaintances of Clinton fall into."

Police reports entered into the record go into stomach-wrenching detail about Epstein's alleged exploits with the girls and women he recruited and paid for massages that became sexual acts, and mention other women participating as well. Epstein's longtime friend, the socialite Ghislaine Maxwell, is accused of taking part, while his personal assistant, Sarah Kellen, is described procuring young woman for him.

But neither of those women has ever said a word about Clinton being involved. Maxwell, for her part, has never been deposed. She canceled a deposition in 2010, claiming she had to return to England indefinitely due to family illness, but was soon thereafter photographed by *Us Weekly* at Chelsea Clinton's wedding in Rhinebeck, New York.

View this image ›

Us Weekly

For her part, Kellen, who won immunity from prosecution along with Epstein in 2007, did sit for a deposition, but repeatedly pleaded the Fifth, refusing to even say if she'd ever even met the former president.

Epstein's much-discussed flight logs show fairly conclusively that she has.

A review of the handwritten documents shows Clinton taking 13 trips in Epstein's specially outfitted Boeing 727, including a much-discussed trip to Africa with Kevin Spacey and Chris Tucker. In every single instance, the logs show, Kellen was also on the plane, as was Epstein. That may sound suspicious, except for the fact that Kellen has been described as Epstein's right hand, profoundly involved in his professional activities as well as personal ones. Indeed, Doug Band, Clinton's personal aide, was on all but one of the flights the former president took on Epstein's jet.

| | | | | | | |
|---|---|---|---|---|---|---|
| UNNT | RJTA | | 99 | JG, GM, SK | 1 | 6 |
| RJTA | VHHH | | 100 | JG, GM, SK, PRESIDENT BILL CLINTON, MOLL, DOUG BANKS, JANICE, JESSICA | | 6 |
| VHHH | ZGSZ | | 101 | SAME AS ABOVE | | 4 |
| ZGSZ | WSSS | | 102 | SAME AS ABOVE | | 2 |

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Palm Beach County Court

Among the other people who most frequently flew with Clinton are Maxwell and Adriana Ross (formerly Adriana Mucinska), another Epstein assistant and a former model. The logs also show him flying with former advisor Ira Magaziner, ex-Transportation Secretary Rodney Slater, and fashion model Naomi Campbell.

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*BuzzFeed News reporters Alex Campbell, Kyle Blaine, and Megan Apper contributed to this report.*

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**From**: Kathy Ruemmler [redacted]
**Sent**: 1/30/2015 7:05:49 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:
**Attachments**: image010.jpg; image006.png; image002.jpg; image008.png; image009.png; image007.png; image004.jpg; image005.jpg; image003.jpg; image001.jpg

**Importance**: High

[redacted]

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number?

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Cc:

POLITICS

# Plenty Of Innuendo, But No Hard Evidence Of New Clinton Sex Scandal

**Much-discussed documents in Jeffrey Epstein affair don't live up to the hype.**

posted on Jan. 28, 2015, at 10:53 p.m.

**Ken Bensinger**

BuzzFeed News Reporter

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Carlo Allegri / Reuters

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laced reports hinting that the former president *must have been* in some way complicit when he voyaged with a billionaire known for preying on underage girls.

It's a story with plenty to gape at, from horrific and excruciatingly detailed allegations against Epstein to the frequent presence of a former president who was, after all, nearly chased from office for a (consensual) affair with an intern.

But sometimes stories that seem too good to be true — just might be. A detailed review by a team of BuzzFeed News reporters of more than 2,000 pages of pleadings, depositions, affidavits, police reports, flight logs, and other documents filed in state and federal court found that many of the most provocative allegations about Clinton have little to no factual foundation and are exaggerated at best; that the documents — which appear to be the source for nearly all current reporting on this subject — themselves never suggest that Clinton was doing more than using his wealthy friend as a kind of global taxi service; and that many of the most lurid insinuations have been floated without any visible support from verifiable information.

While it's still possible that some Rosetta stone of Clintonian depravity will surface from a pair of ongoing lawsuits involving Epstein, the fact that nothing even close to that has been dug up over the course of a half-dozen years of heated litigation should not be encouraging for Republican operatives and other Clinton critics hotly anticipating the very worst.

One sign that the connection is a bit weak: The lawyers who have used the Clinton link to help publicize their cases have been markedly vague on details.

When asked to present actual proof, Jack Scarola, the Florida attorney responsible for filing some of the most attention-grabbing documents that have come to light in recent weeks, warned darkly in an email of "extortionate threats, power, wealth or political pressure."

"The time will come when all your questions will be answered," said Scarola, who represents another trial attorney suing Epstein in Palm Beach County Court. "But that time is not now."

Unwilling to wait, perhaps, publications on both sides of the Atlantic have gleefully dipped into those documents to publish breathless descriptions of Epstein's "black book," which contains a host of Clinton phone numbers (along with just about every other powerful figure in the Western world); dissections of handwritten flight logs for the financier's private 727 aircraft that frequently capture Bubba at 30,000 feet; and extensive allegations from a woman, Virginia Roberts, who claims she was Epstein's sex slave as a teenager and whose recollection places the former commander-in-chief on "Orgy Island" in 2002 to participate in a sexual romp, possibly with women who were not yet of age.

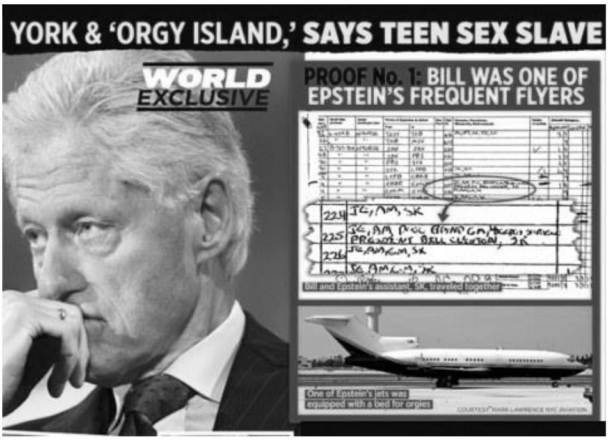


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National Enquirer

Tellingly, many of those articles — which have notably increased in tempo in recent weeks following Roberts' late December accusation that noted attorney Alan Dershowitz was one of the men she was forced to have sex with — contain language underscoring the fact that none of this proves *anything*. "It should at this stage be stressed that the Mail has no evidence to corroborate this and other claims made by Virginia Roberts," the *Daily Mail* wrote in April. "Though her LinkedIn page claims a certificate in Swedish massage, there is no evidence that she ever actually treated Epstein to one," *Gawker* (in the most straightforward and clearest reporting on the documents to date) wrote last week. And the *National Enquirer* did not appear to rely on the court record for its conclusions, instead to the interpretation of an unnamed source who noted that "Bill's name is all over the legal papers, which are chock-full of sordid claims."

Clinton's discretion on matters of sexual restraint has attained permanent notoriety, so maybe it's natural to assume that particular leopard doesn't change his spots. But at this point, there is simply nothing to back those sordid claims up.

Here's what we **do** know:

Jeffrey Epstein is a secretive billionaire financier and Democratic donor who says he never attended college but whose "background is in physics." He owns properties in New York, Florida, New Mexico, London, and Paris and also owns an island in the U.S. Virgin Islands. He has at least two private jets, including the 727.

He has known Bill Clinton since about 1995, and his relationship with him grew stronger after he left office. There is no question they were friendly. Epstein's so-called "black book," which is less like something out of the Heidi Fleiss affair and more what most people would call a "phone directory," contains 21 numbers for getting in touch with Clinton, as well as emails and addresses.

But that 92-page directory also contains exactly the range of eye-poppingly famous and powerful contacts one might expect of an incredibly rich, connected person who owns Manhattan's largest private residence, from Tony Blair to Elie Wiesel to Courtney Love.

Epstein was long rumored to be a sexual libertine; "It is even said that he likes beautiful women as much as I do," real estate personality Donald Trump once said of his old friend. "And many of them are on the younger side."

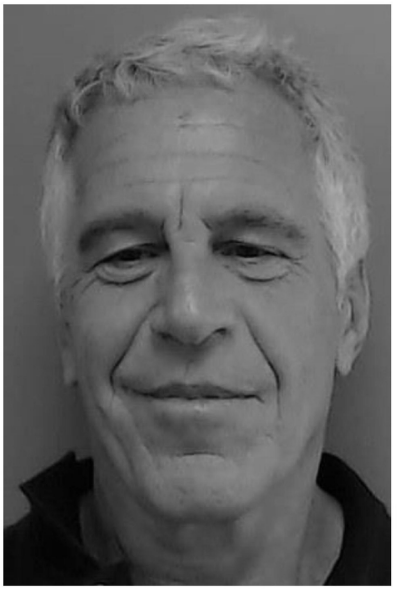

Florida Dept of Law Enforcement

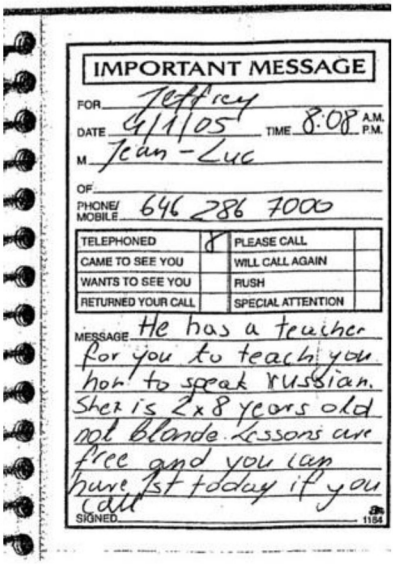

IMPORTANT MESSAGE

FOR Jeffrey

DATE 4/1/05 TIME 8:08 A.M. P.M.

M. Jean-Luc

OF

PHONE/ MOBILE 646 286 7000

| | | | |
|---|---|---|---|
| TELEPHONED | 8 | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE He has a teacher for you to teach you how to speak russian. Sher is 2x8 years old not blonde. Lessons are free and you can have 1st today if you call

SIGNED 1184

Palm Beach County Court

Epstein, in his Florida sex offender photo; at right, a phone message to Epstein from a modeling agent offering Russian lessons from a "2×8" year old girl.

In 2006, that reputation caught up with him, when he was arrested by the Palm Beach Police on charges of sexually molesting numerous underage girls. Police reports in the court record show that detectives found Epstein regularly paid very young women to give him massages that he turned into sexual encounters. He allegedly had a preference for very young women, whom he carefully groomed into increasingly extreme situations, including what some, including Roberts, allege to be sexual slavery.

In total, 40 women were identified as possible victims of sexual abuse by Epstein, many of them teenagers at the time, including some younger than 14 years old. Epstein was originally charged with a variety of crimes, including sexual assault, rape, and witness tampering.

He avoided most of those charges as well as federal prosecution in late 2007 by agreeing to plead guilty in Florida court, a deal that Dershowitz, who was one of Epstein's lawyers, helped negotiate along with an all-star legal lineup that interestingly also included famed Clinton-hunter Ken Starr.

In the end, Epstein got 18 months in prison for a single count of soliciting an underage prostitute, of which he served 13 months. He is now a registered sex offender who lists his primary residence as the U.S. Virgin Islands.

In a pleading late last month in federal court, attorneys for Roberts allege that "Dershowitz helped negotiate an agreement with a provision that provided protection for himself against criminal prosecution." Dershowitz has denied these charges vigorously, calling them "salacious and false" and, possibly more importantly, "completely irrelevant" in a Jan. 12 filing.

Despite what some called among the most exhaustive investigations in Palm Beach Police history — which dug up such evidence as an Amazon receipt for Epstein's purchase of titles including "Training With Miss Abernathy: A Workbook for Exotic Slaves and Their Owners" — there is nothing in the police record suggesting any other men were involved in Epstein's predatory behavior.

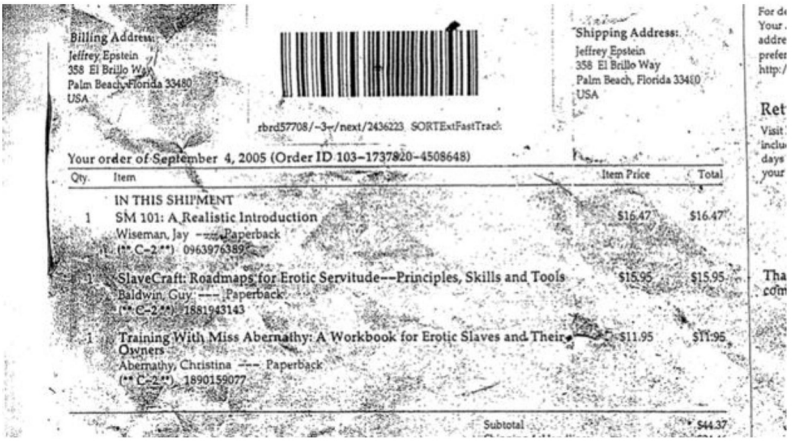

Billing Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

rbrd57708/-3-/next/2436223 SORTExtFastTrack

Shipping Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

Your order of September 4, 2005 (Order ID 103-1737820-4508648)

| Qty. | Item | Item Price | Total |
|---|---|---|---|
| | IN THIS SHIPMENT | | |
| 1 | SM 101: A Realistic Introduction<br>Wiseman, Jay --- Paperback<br>(** C-2 **) 0963976389 | $16.47 | $16.47 |
| 1 | SlaveCraft: Roadmaps for Erotic Servitude--Principles, Skills and Tools<br>Baldwin, Guy --- Paperback<br>(** C-2 **) 1881943143 | $15.95 | $15.95 |
| 1 | Training With Miss Abernathy: A Workbook for Erotic Slaves and Their Owners<br>Abernathy, Christina --- Paperback<br>(** C-2 **) 1890159077 | $11.95 | $11.95 |
| | Subtotal | | $44.37 |

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Palm Beach County Court

The criminal case provoked numerous lawsuits from women alleging they were victims of Epstein's proclivities, followed by secret settlements with more than two dozen of them. One firm bringing some of those cases employed a young lawyer named Bradley Edwards, who managed some of the cases. In 2009, a founding partner at the firm, Scott Rothstein, fled the country before ultimately returning to plead guilty of running a $1.2 billion Ponzi scheme built around recruiting investors to buy stakes in litigation settlements that turned out to be phony.

As details of the fraud emerged, Epstein sued Rothstein and Edwards in Palm Beach County Court for racketeering, alleging, among other things, that they dangled Bill Clinton's association with Epstein as a lure to investors, implying that settlements would be fast and sizable. Epstein ultimately dropped his suit in 2012, but by that time, Edwards had countersued for malicious prosecution and abuse of process.

That case, along with a claim by Virginia Roberts against the federal government over the 2007 prosecution deal in district court (which she filed as a "Jane Doe" in 2008), are still pending and are the source of most of the scant information about Clinton that has appeared. Scarola, who in the past sued Chiquita over payments to violent leftist Colombian rebels and won a $1.45 billion verdict over Morgan Stanley (that was later overturned), is the lawyer bringing the suit in county court in West Palm Beach, while Paul Cassell, a former federal judge known for his critical take on mandatory-minimum sentences, mans the federal case four blocks away.

Neither Cassell nor Edwards responded to requests for comment.

It is primarily from pleadings in those cases that the press has been getting a glimpse inside the lifestyle of Epstein, and, by extension, Clinton. "Edwards had sound legal basis for believing former President Clinton had relevant and discoverable information,"

part of one pleading reads. Roberts, in her case, alleges that Epstein forced her "to be sexually exploited by Defendant's adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances," which, Edwards elsewhere claims, are "categories Clinton and acquaintances of Clinton fall into."

Police reports entered into the record go into stomach-wrenching detail about Epstein's alleged exploits with the girls and women he recruited and paid for massages that became sexual acts, and mention other women participating as well. Epstein's longtime friend, the socialite Ghislaine Maxwell, is accused of taking part, while his personal assistant, Sarah Kellen, is described procuring young woman for him.

But neither of those women has ever said a word about Clinton being involved. Maxwell, for her part, has never been deposed. She canceled a deposition in 2010, claiming she had to return to England indefinitely due to family illness, but was soon thereafter photographed by *Us Weekly* at Chelsea Clinton's wedding in Rhinebeck, New York.

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Us Weekly

For her part, Kellen, who won immunity from prosecution along with Epstein in 2007, did sit for a deposition, but repeatedly pleaded the Fifth, refusing to even say if she'd ever even met the former president.

Epstein's much-discussed flight logs show fairly conclusively that she has.

A review of the handwritten documents shows Clinton taking 13 trips in Epstein's specially outfitted Boeing 727, including a much-discussed trip to Africa with Kevin Spacey and Chris Tucker. In every single instance, the logs show, Kellen was also on the plane, as was Epstein. That may sound suspicious, except for the fact that Kellen has been described as Epstein's right hand, profoundly involved in his professional activities as well as personal ones. Indeed, Doug Band, Clinton's personal aide, was on all but one of the flights the former president took on Epstein's jet.

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| RJTA | VHHH | | 100 | JE, GM, SK, PRESIDENT BILL CLINTON, MERKL, DOUG BANDS, JANEW, JESSICA | /1 | 6 |
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**Sent**: 1/31/2015 2:46:14 AM
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**Subject**: Re:
**Attachments**: image010.jpg; image005.jpg; image009.png; image004.jpg; image002.jpg; image007.png; image001.jpg; image008.png; image003.jpg; image006.png

**Importance**: High

Well, I think, but not because of me. The existential crisis thing is not a PMS or menopausal pose.

On Jan 30, 2015 9:16 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
how did musk call go?

On Fri, Jan 30, 2015 at 2:05 PM, Kathy Ruemmler <[redacted]> wrote:
[redacted]

On Jan 30, 2015 2:04 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
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Did you see this? Privileged - Redacted

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But sometimes stories that seem too good to be true — just might be. A detailed review by a team of BuzzFeed News reporters of more than 2,000 pages of pleadings, depositions, affidavits, police reports, flight logs, and other documents filed in state and federal court found that many of the most provocative allegations about Clinton have little to no factual foundation and are exaggerated at best; that the documents — which appear to be the source for nearly all current reporting on this subject — themselves never suggest that Clinton was doing more than using his wealthy friend as a kind of global taxi service; and that many of the most lurid insinuations have been floated without any visible support from verifiable information.

While it's still possible that some Rosetta stone of Clintonian depravity will surface from a pair of ongoing lawsuits involving Epstein, the fact that nothing even close to that has been dug up over the course of a half-dozen years of heated litigation should not be encouraging for Republican operatives and other Clinton critics hotly anticipating the very worst.

One sign that the connection is a bit weak: The lawyers who have used the Clinton link to help publicize their cases have been markedly vague on details.

When asked to present actual proof, Jack Scarola, the Florida attorney responsible for filing some of the most attention-grabbing documents that have come to light in recent weeks, warned darkly in an email of "extortionate threats, power, wealth or political pressure."

"The time will come when all your questions will be answered," said Scarola, who represents another trial attorney suing Epstein in Palm Beach County Court. "But that time is not now."

Unwilling to wait, perhaps, publications on both sides of the Atlantic have gleefully dipped into those documents to publish breathless descriptions of Epstein's "black book," which contains a host of Clinton phone numbers (along with just about every other powerful figure in the Western world); dissections of handwritten flight logs for the financier's private 727 aircraft that frequently capture Bubba at 30,000 feet; and extensive allegations from a woman, Virginia Roberts, who claims she was Epstein's sex slave as a teenager and whose recollection places the former commander-in-chief on "Orgy Island" in 2002 to participate in a sexual romp, possibly with women who were not yet of age.

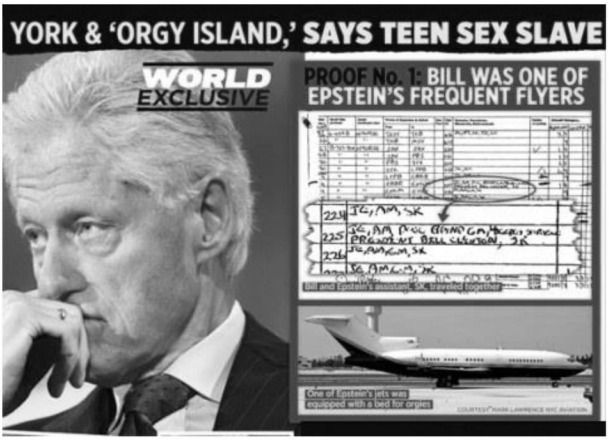


View this image ›

National Enquirer

Tellingly, many of those articles — which have notably increased in tempo in recent weeks following Roberts' late December accusation that noted attorney Alan Dershowitz was one of the men she was forced to have sex with — contain language underscoring the fact that none of this proves *anything*. "It should at this stage be stressed that the Mail has no evidence to corroborate this and other claims made by Virginia Roberts," the *Daily Mail* wrote in April. "Though her LinkedIn page claims a certificate in Swedish massage, there is no evidence that she ever actually treated Epstein to one," *Gawker* (in the most straightforward and clearest reporting on the documents to date) wrote last week. And the *National Enquirer* did not appear to rely on the court record for its conclusions, instead to the interpretation of an unnamed source who noted that "Bill's name is all over the legal papers, which are chock-full of sordid claims."

Clinton's discretion on matters of sexual restraint has attained permanent notoriety, so maybe it's natural to assume that particular leopard doesn't change his spots. But at this point, there is simply nothing to back those sordid claims up.

Here's what we **do** know:

Jeffrey Epstein is a secretive billionaire financier and Democratic donor who says he never attended college but whose "background is in physics." He owns properties in New York, Florida, New Mexico, London, and Paris and also owns an island in the U.S. Virgin Islands. He has at least two private jets, including the 727.

He has known Bill Clinton since about 1995, and his relationship with him grew stronger after he left office. There is no question they were friendly. Epstein's so-called "black book," which is less like something out of the Heidi Fleiss affair and more what most people would call a "phone directory," contains 21 numbers for getting in touch with Clinton, as well as emails and addresses.

But that 92-page directory also contains exactly the range of eye-poppingly famous and powerful contacts one might expect of an incredibly rich, connected person who owns Manhattan's largest private residence, from Tony Blair to Elie Wiesel to Courtney Love.

Epstein was long rumored to be a sexual libertine; "It is even said that he likes beautiful women as much as I do," real estate personality Donald Trump once said of his old friend. "And many of them are on the younger side."

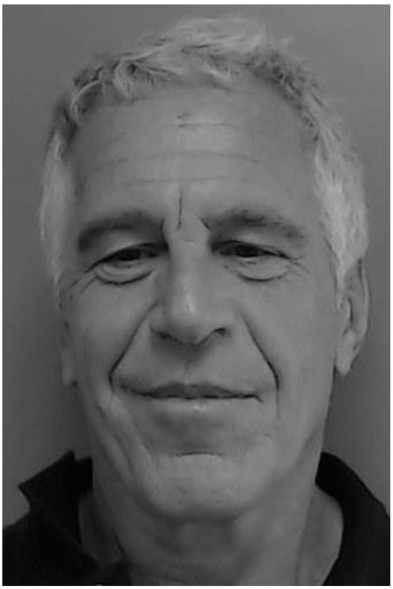

Florida Dept of Law Enforcement

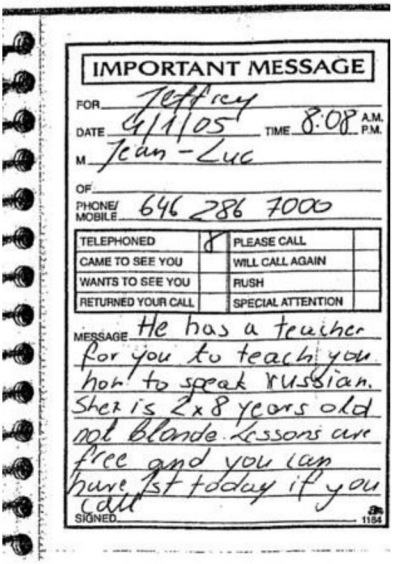

IMPORTANT MESSAGE

FOR Jeffrey

DATE 4/1/05 TIME 8:08 A.M. P.M.

M Jean-Luc

OF

PHONE/ MOBILE 646 286 7000

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CAME TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | RUSH | |
| RETURNED YOUR CALL | | SPECIAL ATTENTION | |

MESSAGE He has a teacher for you to teach you how to speak russian. Sher is 2x8 years old not blonde. Lessons are free and you can have 1st today if you call

SIGNED 1154

Palm Beach County Court

Epstein, in his Florida sex offender photo; at right, a phone message to Epstein from a modeling agent offering Russian lessons from a "2×8" year old girl.

In 2006, that reputation caught up with him, when he was arrested by the Palm Beach Police on charges of sexually molesting numerous underage girls. Police reports in the court record show that detectives found Epstein regularly paid very young women to give him massages that he turned into sexual encounters. He allegedly had a preference for very young women, whom he carefully groomed into increasingly extreme situations, including what some, including Roberts, allege to be sexual slavery.

In total, 40 women were identified as possible victims of sexual abuse by Epstein, many of them teenagers at the time, including some younger than 14 years old. Epstein was originally charged with a variety of crimes, including sexual assault, rape, and witness tampering.

He avoided most of those charges as well as federal prosecution in late 2007 by agreeing to plead guilty in Florida court, a deal that Dershowitz, who was one of Epstein's lawyers, helped negotiate along with an all-star legal lineup that interestingly also included famed Clinton-hunter Ken Starr.

In the end, Epstein got 18 months in prison for a single count of soliciting an underage prostitute, of which he served 13 months. He is now a registered sex offender who lists his primary residence as the U.S. Virgin Islands.

In a pleading late last month in federal court, attorneys for Roberts allege that "Dershowitz helped negotiate an agreement with a provision that provided protection for himself against criminal prosecution." Dershowitz has denied these charges vigorously, calling them "salacious and false" and, possibly more importantly, "completely irrelevant" in a Jan. 12 filing.

Despite what some called among the most exhaustive investigations in Palm Beach Police history — which dug up such evidence as an Amazon receipt for Epstein's purchase of titles including "Training With Miss Abernathy: A Workbook for Exotic Slaves and Their Owners" — there is nothing in the police record suggesting any other men were involved in Epstein's predatory behavior.

Billing Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

rbrd57708/-3-/next/2436223 SORTExtFastTrack

Shipping Address:
Jeffrey Epstein
358 El Brillo Way
Palm Beach, Florida 33480
USA

Your order of September 4, 2005 (Order ID 103-1737820-4508648)

| Qty. | Item | Item Price | Total |
|---|---|---|---|
| | IN THIS SHIPMENT | | |
| 1 | SM 101: A Realistic Introduction<br>Wiseman, Jay --- Paperback<br>(** C-2 **) 0963976389 | $16.47 | $16.47 |
| 1 | SlaveCraft: Roadmaps for Erotic Servitude--Principles, Skills and Tools<br>Baldwin, Guy --- Paperback<br>(** C-2 **) 1881943143 | $15.95 | $15.95 |
| 1 | Training With Miss Abernathy: A Workbook for Erotic Slaves and Their Owners<br>Abernathy, Christina --- Paperback<br>(** C-2 **) 1890159077 | $11.95 | $11.95 |
| | Subtotal | | $44.37 |

View this image ›

Palm Beach County Court

The criminal case provoked numerous lawsuits from women alleging they were victims of Epstein's proclivities, followed by secret settlements with more than two dozen of them. One firm bringing some of those cases employed a young lawyer named Bradley Edwards, who managed some of the cases. In 2009, a founding partner at the firm, Scott Rothstein, fled the country before ultimately returning to plead guilty of running a $1.2 billion Ponzi scheme built around recruiting investors to buy stakes in litigation settlements that turned out to be phony.

As details of the fraud emerged, Epstein sued Rothstein and Edwards in Palm Beach County Court for racketeering, alleging, among other things, that they dangled Bill Clinton's association with Epstein as a lure to investors, implying that settlements would be fast and sizable. Epstein ultimately dropped his suit in 2012, but by that time, Edwards had countersued for malicious prosecution and abuse of process.

That case, along with a claim by Virginia Roberts against the federal government over the 2007 prosecution deal in district court (which she filed as a "Jane Doe" in 2008), are still pending and are the source of most of the scant information about Clinton that has appeared. Scarola, who in the past sued Chiquita over payments to violent leftist Colombian rebels and won a $1.45 billion verdict over Morgan Stanley (that was later overturned), is the lawyer bringing the suit in county court in West Palm Beach, while Paul Cassell, a former federal judge known for his critical take on mandatory-minimum sentences, mans the federal case four blocks away.

Neither Cassell nor Edwards responded to requests for comment.

It is primarily from pleadings in those cases that the press has been getting a glimpse inside the lifestyle of Epstein, and, by extension, Clinton. "Edwards had sound legal basis for believing former President Clinton had relevant and discoverable

information," part of one pleading reads. Roberts, in her case, alleges that Epstein forced her "to be sexually exploited by Defendant's adult male peers, including royalty, politicians, academicians, businessmen, and/or other professional and personal acquaintances," which, Edwards elsewhere claims, are "categories Clinton and acquaintances of Clinton fall into."

Police reports entered into the record go into stomach-wrenching detail about Epstein's alleged exploits with the girls and women he recruited and paid for massages that became sexual acts, and mention other women participating as well. Epstein's longtime friend, the socialite Ghislaine Maxwell, is accused of taking part, while his personal assistant, Sarah Kellen, is described procuring young woman for him.

But neither of those women has ever said a word about Clinton being involved. Maxwell, for her part, has never been deposed. She canceled a deposition in 2010, claiming she had to return to England indefinitely due to family illness, but was soon thereafter photographed by *Us Weekly* at Chelsea Clinton's wedding in Rhinebeck, New York.

**View this image ›**

Us Weekly

For her part, Kellen, who won immunity from prosecution along with Epstein in 2007, did sit for a deposition, but repeatedly pleaded the Fifth, refusing to even say if she'd ever even met the former president.

Epstein's much-discussed flight logs show fairly conclusively that she has.

A review of the handwritten documents shows Clinton taking 13 trips in Epstein's specially outfitted Boeing 727, including a much-discussed trip to Africa with Kevin Spacey and Chris Tucker. In every single instance, the logs show, Kellen was also on the plane, as was Epstein. That may sound suspicious, except for the fact that Kellen has been described as Epstein's right hand, profoundly involved in his professional activities as well as personal ones. Indeed, Doug Band, Clinton's personal aide, was on all but one of the flights the former president took on Epstein's jet.

| | | | | | | |
|---|---|---|---|---|---|---|
| UNNT | RJTA | | 99 | JG, GM, SK | | 6 |
| RJTA | VHHH | | 100 | JG, GM, SK, PRESIDENT BILL CLINTON, MOLLY, DOUG BANDS, JANELLE, JESSICA | | 6 |
| VHHH | ZGSZ | | 101 | SAME AS ABOVE | | 4 |
| ZGSZ | WSSS | | 102 | SAME AS ABOVE | | 2 |

**View this image ›**

Palm Beach County Court

Among the other people who most frequently flew with Clinton are Maxwell and Adriana Ross (formerly Adriana Mucinska), another Epstein assistant and a former model. The logs also show him flying with former advisor Ira Magaziner, ex-Transportation Secretary Rodney Slater, and fashion model Naomi Campbell.

The pilots' documents also leave numerous and — understandably — intriguing questions unanswered: Clinton was on four flights with women identified as only "Janice" and "Jessica," who have not been identified; he once flew with a person identified only as "one female" and also, during part of the trip throughout Africa, a young woman named Chauntae Davies, who appears in Epstein's phone directly under the massage category and whose expertise in Swedish massage was described in *Gawker*'s story mentioning her last week. And because the entries are hand-written in a very cramped log form, it's impossible to know if important names ended up illegible or left out altogether, nor if there are other logs that have not been revealed.

But based on what's in the court files, there are no further clues about those flights, other than the testimony and public statements of Roberts, who has described the airplane as a kind of high-altitude Gomorrah. What is on the record is a deposition of Larry Visoski, one of Epstein's former pilots, who recalls having Clinton on his plane as many as 20 times. When asked, "Do you remember him being on the airplane with younger girls?" Visoski replies, simply, "No."

Clinton flew literally around the world with Epstein, traveling from New York to London, to Hong Kong, Singapore, Thailand, Morocco, Portugal, Russia, and throughout Africa. In almost every case, according to cross-referenced information on his speaking engagements, Clinton was apparently traveling for professional reasons, and, according to the logs, he never flew with his wealthy friend anywhere near the U.S. Virgin Islands.

That does little to bolster statements by Roberts, who in a 2011 conversation with her lawyers (which both *New York Post*'s *Page Six* and *Radar Online* described as an "interview") claimed Clinton traveled to Epstein's infamous retreat on Little St. James Island in 2002.

Earlier this month, it was reported that Roberts is writing a "tell-all" memoir about her experiences. In a sworn affidavit filed in court last week, she claimed to have had sex with Epstein, Dershowitz, England's Prince Andrew, and several other men on numerous occasions, and portrayed a three-year period ending in 2002 when Epstein passed her off to his friends continually. But, she added, "I have never had sexual relations with Clinton, nor have I claimed to have had such relations. I have never seen him have sexual relations with anyone."

tell the truth about everything because that will help prevent future similar abuse.

53. I have seen reports saying or implying that I had sex with former President Bill Clinton on Little Saint James Island. Former President Bill Clinton was present on the Island at a time when I was also present on the Island, but I have never had sexual relations with Clinton, nor have I ever claimed to have had such relations. I have never seen him have sexual relations with anyone.

54. I now understand that Epstein reached a non-prosecution agreement with the

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http://U.S. District Court

Intensive coverage prompted by the court filings has hinted that Clinton abruptly ceased his flying with Epstein in 2005, not terribly long before he was arrested, "perhaps because of events related to Epstein's sexual abuse of children." The implication is that Clinton may have known trouble of the worst kind was coming and decided to get out while he could. In fact, the logs show all of Clinton's flights came in 2002 and 2003, with not a single appearance aloft recorded in 2004 or 2005.

The closest potential link to Clinton in the period closer to Epstein's fall, the public record suggests, comes from one of his longtime confidants, former Treasury Secretary Larry Summers.

The flight logs indicate Summers flew on Epstein's jet as far back as 1998, but also on April 15, 2004, September 14, 2005, and December 21, 2005. The final trip came 10 days after Summers got married, and the log for the flight — from Bedford, Massachusetts, to the Virgin Islands — shows what appears to be his new bride on board, as well as Ghislaine Maxwell, but not Epstein.

| | | | | | | |
|---|---|---|---|---|---|---|
| 21 | " | N904JG | TCB | BED | 1852 | GM LV |
| 21 | " | " | BED | TIST | 1853 | GM, LARRY + LISA SUMMERS, LV |
| 2006 *N.15 | " | " | TIST | BED | 1854 | JG, NM LV |

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Palm Beach County Court

Epstein was a significant donor to Harvard University, of which Summers was president at the time. According to a spokesperson for Summers, on a few occasions when Epstein was flying to where Summers was also traveling, he accepted rides on the billionaire's jet.

Attorneys in the two cases have attempted to get the court to permit discovery from Clinton himself, but have been stymied by motions from Epstein's lawyers. Court records show they have also tried unsuccessfully to depose Donald Trump, former New Mexico Gov. Bill Richardson, former Sony Music head Tommy Mottola, and magician David Copperfield. Notably, a list of 73 proposed witnesses in Roberts' trial does not include Clinton.

The tale of Epstein and his sexual activities is undoubtedly a fascinating, and harrowing, one. But with the star witness in one case swearing under oath that she has no such evidence, and everyone else in a position to know keeping their mouths firmly shut, it is at this point extremely difficult to draw even a hazy, crooked, dotted line between Epstein's depredations, in the bedroom or aloft, and William Jefferson Clinton.

*BuzzFeed News reporters Alex Campbell, Kyle Blaine, and Megan Apper contributed to this report.*

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It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household help ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room, remote from the world, in front of a lap top and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising, or instructing, a startling collection of the rich and powerful, slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer in this leveled, angry age for a super rich man who attends to even more fabulously rich men (and the occasional fabulously rich women). On the other hand, with the paparazzi often posted near by, the outside world seem dangerously close too. (Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state, also visiting him.)

His subject for the morning is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The otherwise baronial dining room is disturbed by an ever-present white board, on which he scribbles calculations and notes, conducting perhaps the world's most rarified economics class, often to many of the world's finance ministers and foremost economists.

Epstein's apartness or parallel life reflects much of the other-worldly characteristics of the wealth revolution that began in the late 1970s and that continued through the Wall Street boom of the 80s, the tech boom of the 90s—surviving, to often bitter attack, the banking crisis—and that has now seen the emergence of the international billionaire and oligarch class.

Epstein's way to riches was to become a canny student of such wealth as it's grown to an unanticipated and disruptive scale. His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social and personal calculations.

He recounts a dinner he had two nights before. It is, like much of what he does, a conspiracist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, several hundred billion dollars.

"In the past, only governments had this kind of money," says Epstein making something of a pedagogical point, "money of a reality altering scale.

In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are an ultimate after thought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a curious point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not as philanthropist but as a higher sort of banker or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably, among the most influential people you've never heard of.

Though, likely, you have heard of him, but not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child of the lawlessness of privilege, and for a much smaller circle, the poster child for what can happen when you become the target of a resentful world. He is *that* Epstein, according to the Daily Mail—among his

most dogged and hyperbolic antagonists—"one of America's most notorious sex offenders."

And yet the mighty and powerful, apparently evaluating the nature of disgrace on their own terms, beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers.

He surely represents the kind of insiderism that is mostly just a figment in outsiders' fantasies. Except for the fact that, straining credulity, Epstein is real. His is an ultimate sort of fantasy of power, wealth, and secrecy. (In 2004, when the then owners of this magazine put it up for sale, I was involved with a group trying to buy it—an effort in which Epstein volunteered to invest $20 million. New York was subsequently sold to another wealthy investor.) Were the International Jewish conspiracy to actually exist, it might be here in his dining room (while not everybody in his circle is Jewish, an obvious "think Yiddish" point of view prevails).

Without ever being asked to keep what I have heard here off the record, I've willingly done so, least I not be invited back. And, too, to protect him. Who would understand Jeffrey? Who could explain him?

Certainly Epstein's past encounters with the press (and in many ways with the entire outside world) have been about as disastrous as any could be, helping to open a Pandora's box of lifestyle vulnerabilities that sent him to prison on a prostitution charge in 2008.

And yet here he is, in his 50,000 square foot mansion, dispensing advice to world leaders and business titans.

Indeed, Epstein has been advising Bill Gates on a new way to increase the already vast clout of the Gates Foundation by adding funds from other wealthy individuals that can use the Gates resources (the Gates Foundation now employs 1,200 people), but which can be directed to separate causes and goals. And it is Gates who at the end of the summer began prodding Epstein to begin a process of public rehabilitation.

Hence, as part of an effort to get "out in front" of the unfavorable notice that might greet Gates' public association with him, Epstein agreed to several on the record conversation with me, in the hope, on his part, that, after five years since his release from prison, he might be able to leaven his reputation. And with the hope on my part of learning more about how and if the rich are different than you and me (although we can fairly dispense with the if).

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's long time friends—they have a bickering brotherly relationship—and occasional legal advisors, had received from a reporter at Politico and forwarded to Epstein. The Politico reporter had been following Epstein-related court filings (there is a determined contingent of Epstein reporters) and found a new one added to an old law suit with some rather jaw-dropping claims.

Eight years after the original suit, a Florida lawyer was now seeking to add new plaintiffs to the old case. This new filing was accompanied by allegations connecting a catch-all of bold-faced names associated with Epstein more than ten years ago, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring—indeed, that Epstein's purported sex slaves had had sex with Dershowitz and the Prince at Epstein's command.

This seemed to me to be merely a desperate, even comic-book, filing—just a lawyer trying to revive a dead case. I responded to Epstein that I doubted this would be seen as credible by anyone.

Epstein, who sometimes seems to have an out-of-body attitude to his own fate and bad press, said he thought it might be "quite a show."

Two days later, the Daily Mail, which has become the effective ground zero in the English language for anti-privilege, and moral opprobrium (the more salacious the better), and whose editor Paul Dacre has a long time feud with Prince Andrew, put the story on its front page. (Epstein also has a long relationship with the family of disgraced press baron, Robert Maxwell, another reliable target of the British press.) Flimsy and far-fetched court filings in the U.S. by settlement-hungry plaintiffs might be discounted by skeptical U.S. reporters, but, the U.K. media, constrained by onerous rules about legal proceedings in the U.K., promptly went into tabloid frenzy (even the normally sniffy Guardian, in full anti- royal and anti- billionaire fever, joined the tabloid show) and effectively exported the story back to the U.S., where Epstein's connection to Bill Clinton, and, hence as a shadow over Hillary, became the news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, quite ostrich like, not to look out. Little beyond his strict realm seems palatable or even in a sense familiar to him. He's a foreigner out here. Not too long ago, I met him for lunch in the West Village, the first time in more than ten years, he said, he'd been out to lunch in a restaurant (a not particularly pleasant experience for him and we were out in 30 minutes).

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house—a kind of Boo Radley of the Upper East Side. I have taken friends by the Epstein mansion, and the reaction to its other-worldly size in Manhattan is almost always the same: audible disbelief (everybody makes their own particular odd noise). Press accounts, seldom supplying new information, ever recycle and repeat the mysterious (and monstrous) billionaire mythology, with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut.

The domesticity of the house, and the background of Epstein's problems, centers around a group of young women who act as his support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, recently married, had just returned from an around the world honeymoon that Epstein had arranged for her. Some are his romantic interests. His present girl friend is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist, became a doctor and married hedge funder Glen Dubin and together they finance the Dubin Breast Center at Mount Sinai Hospital. Most at one time will travel with him to his floating residences—the ranch in New Mexico, the vast apartment in Paris, the Island in the Caribbean, the house in Palm Beach.

This is so outside of conventional living or staffing or romantic relationships that it is hard to describe in a straightforward or straight-faced way. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

But Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities—in some sense not that different from any of the art galleries in the surrounding neighborhood.

Epstein's young women mingle freely with his powerful guests, not so much as hostess or, in tabloid language, harem-like (or as "sex slaves"), but often as attentive students (that, of course, might be regarded as having its own fetish-like attraction).

Once, Epstein invited me to sit in on a day of presentations to him in his dining room by various "quants." Quant theory involves making investments based solely on mathematical and statistical models. This method can often have uncanny predictive powers. But the problem is it doesn't scale very well—the market, having discerned a pattern of successful investing, quickly copies and discounts the advantage. Epstein's effort was to identify a dozen or so promising algorithms (each quant is effectively hawking his secret sauce algorithm) and invest up to $5 million with each. I knew paltry little about this and so rather found myself identifying with the young women to whom Epstein was explaining the basic math and mechanics—out of my league, but grateful for the lesson.

The Epstein house/office is, by careful design, exclusive and club like, part hang out, part secret society. Along with the difficulty in explaining why, even after his jail term, the rich and powerful have yet beaten a path to his door, it's also notable in the fixed hierarchy of who comes to whose turf, that everybody, when they went to see Epstein, comes to him.

A week in late September, U.N. week as it happened, began, on Sunday, at Epstein's house with a colloquial for billionaires—Gates, TK, TK, TK.

Epstein, preternaturally responsive to both the price of oil and to the politics of the middle of East, entertained that evening a delegation from Qatar, including **Sheikh Hamad**, the foreign minister. Hamad, indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused demeanor, kept prodding: "Why are you financing the bad guys? What do you get out of that?"

The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9:00 next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein. Weingarten, horse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland. (Epstein: "You actually believe he was getting fucked?" Weingarten: "From minute one. I'm not a virgin. But his was the worst I've ever seen. It was like an assassination.)

After a short discussion of the Qartarian's visit—Epstein is serving the chocolate, made from pistachios grown on the Shakes farm—and speculation about who actually controls ISIS, I am asked to leave the room.

Twenty minutes later, after what ever business has been transacted or particular confidences, shared I am asked back in.

"Why?" I asked Weingarten, when Epstein briefly steps out of the room, "do some many people keep coming back here, everything considered."

"Why we camp out here? I find that question as mysterious as you do," says Weingarten.

Shortly after Weingarten leaves, Epstein tells me that Eric Holder will resign by the end of the week—which he does.

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brook Pierce, a former child actor, and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who is now a leading investor in Bitcoin. He describe himself as the "the most active investor in the field."

And, indeed, is the first clear explanation I actually get about Bitcoin. It is so good that Epstein stops him and checks to see if his next appointment is here. And seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Shakes chocolates, focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit, "I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in what in some dramatic understatement, "you are going to have some low quality characters playing the space…"

That evening, there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jaglandthe head of the Noble Peace Prize Committee, who offers an affable, but general scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister and Israel, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then Kathy Ruemmler, who has just left her job as White House Counsel joins. She is already in the mix as a possible next attorney general, but, in fact, will withdraw from consideration in part to work with Epstein.

Larry Summers wife, Elisa New, drops by. She teaches American poetry at Harvard and is putting together a proposal for a series on poetry that WGBH in Boston may produce and Epstein is advising on where she might go for added support (he also makes mince meat of her budget).

MORE…TK

Perhaps it's just the ultimate feminist nightmare: Men (and a few opportunistic women) continue to come to Epstein's because, no matter their public bows to modern manners, they simply don't care that he offends every aspect of feminist sensibility

Or, it's a guilty pleasure. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, the real estate billionaire and publisher of the Daily News (ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems delighted to cultivate. In Epstein's Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (At the same time, Epstein is a major supporter of cancer research and the elephant, he says, is also a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

Or, in a more sophisticated view, it's a two tier understanding of the world. There is a media version of the world, which most of us live in and largely accept, and are certainly influenced by. And then there are those people who live in the media itself and therefore know that it's mostly bunk. If the media says it, as likely some version of the opposite is true. I might guess too that for many of his visitors there's an order of identification: there but for the grace of God. Any hyper-prominent person might, at any time, run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi.

Epstein is the Dreyfus of the rich.

And then there is the glue of wealth. Once, at lunch in the Epstein dinning room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did you meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

And then there is Epstein's yet more structural explanation as to why after prison and with continuing tabloid infamy he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money:

"At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional bona fides which makes me in some sense one of the few independent sources of information and actual honest brokers. That's the usefulness of disgrace."

And then there is too, that he is right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. (If I had invested $100,000 the way Epstein said I should in early September, by the end of January I would have made $2.3 million. Alas, I did not.)

And something else, which perhaps also surely accounts for Epstein's continuing relationships with the rich and powerful:

Most everyone who is now of a certain age and certain ambition and certain status grew up in, and found they were temperamentally suited to, the new age of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly and ingratiatingly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. In some sense, Epstein is just one version, picaresque, as well as louche, of this shared story.

He often tells, with some obvious marvel, his middle class to riches tale. He was born in 1953 in Coney Island. His father worked for the city's Parks Department. His mother was a housewife. He has a younger brother, Mark.

Epstein was distinguished by little other than his math talents. The captain of the math team at Lafayette High school in Bensonhurst, he goes on to Cooper Union where the tuition is free. He drops out after two years and begins taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by a slight of hand, gets a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

It's his first exposure to the wealthy. They have, he concludes, just as many problems as the people in Coney Island, just different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled not long ago as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his wood paneled station wagon to the his country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.)

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stern's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If your supposed to be so fucking smart, don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late 70s, arrived on Wall Street.

As will happen to a generation of others, by the fortuitous luck of being on Wall Street at that point in time, Epstein is transformed by a new, much faster, form of upward mobility. With a facility for mathematics as well as for getting along with rich men, he transforms at an even faster rate than others being quickly transformed.

He moves into a new building at 66th Street and Second Avenue—still in the shadow of the Maxwell Plum era when the 60s on Second was the glamour address—a building full of "actresses, models, and euro trash." (It would shortly become the Studio 54 era, where Epstein, who doesn't drink or take drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction.

"In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a 50's mentality. But in the mid 70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to

math. In a sense I didn't really make money as much as I did create it. This was intellectual activity of a fairly high order."

Intellectual activity aside, he meets Helen Gurley Brown and she makes him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I wanted sex. I liked women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was the reason to make money."

His rise at Bear Sterns was a steep one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game—who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave taking or ouster from Bear is the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, he leaves in 1982 with billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. Epstein is dating Morgan Fairchild, a television star in the 1980s rich-family soap operas, Dallas and Falcon Crest.

Now begins the Concorde phase of his life—and the Concorde phase of the 1980s. If the 80s are happening pell mell in New York, they're happening at double time and catch up speed in London. Epstein is 30 years old and living, in Lifestyle of the Rich and Famous fashion, at English shooting parties at country estates with Saturday night black tie dinners, where he's meeting the richest families in Europe.

"I don't take it seriously," Epstein recounts. "I'm not caught up in it. I'm not trying to make a billion dollars. There is no ultimate goal. Or its just to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events are serendipitous, I wouldn't decided where I was going until I got there."

At the same time, he is developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million:

"If you had a billion dollars I would think the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect you children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased.

"You can't spend a billion dollars, you can just relocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

At just about this point in the narrative, the questions or the incredulity begins in social circles and eventually in the media. He begins to acquire the major symbols of riches but does this without position, public holdings, or obvious paper trails. In essence, the formulation is, how can a person have enough money to merit increasing attention, but no clear way of having gotten it. Epstein gets stuck in that tautology. He may be rich, but he is without institutional protection or bona fides. He is a questionable substrata of wealth. He's a freelancer.

That's the rub: he doesn't work for anyone. Without institutional credentials he's…well, nobody knows what.

For a period, one part of his activities he says is recovering monies for countries looted by exiled dictators or military strongmen. If early in his career he might seem like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

Then, in his telling, he's representing a series of vastly wealthy people and families. He's not just doing their bidding or their investing, he's helping them to imagine the ambitions of their wealth. They've satisfied their business dreams. Now there are the separate challenges and possibilities of their actual wealth.

In essence, as he becomes more public the response to this, as a function of envy and the media's need for definition, is "bullshit." True, there is no clear alternate narrative. No one is accusing him of anything, accept, sometimes, guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant.) But the characterization persist: if it's not clear, it must be

murky. Sure, Goldman Sachs partners and tech fortunes, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles is on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein is sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana is wearing her "revenge" dress that evening). Graydon Carter, into his second years as editor of Vanity Fair, is also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy (i.e. they are social climbers), both men have made themselves up. To say that Epstein, in the company of the Princess, sticks in Carter's craw would be an understatement. Epstein becomes one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. A variety of the gossip that begins to circulate about Epstein—for instance, that he secretly films his guests—is seeded by Carter, who once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "For you have no idea," said Carter.)

Epstein is playing a cat and mouse game with his own growing wealth and influence. He is private and secretive, but grandly so. He joins the board of Rockefeller University. He's suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He buys from his client Limited Founder Les Wexner the larges private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He buys an airplane. He buys another. He expands his holdings in New Mexico. He begins a Zanadu refurbishment of his Caribbean Island.

He befriends Bill Clinton in his new after-office life.

And that's quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich, is suddenly being ferried around in the jet of…*who* exactly?

The New York Post is the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. The instinctively private Epstein is not just increasingly exposed, but clearly curious about the nature of exposure.

I met Epstein around this time. Epstein had become a more and more active backer of advanced scientific research—ultimately he will donate $30

million to Harvard for a theoretical physics research center—and in 2002 he was taking a small group of scientists out to the TED conference in Monterey. The TED organizers invited various other TED participants, including me, to join the flight. A small group assembled at the private plane terminal, most of us unfamiliar with our benefactor, and as we headed in the direction of the discrete private plans we were gently pointed to our ride: Epstein's 727.

It is some thoroughly updated drawing room set-up, all of us nervously ensconced in this luxury plane, waiting for our unknown host to arrive—and soon he does, tanned, relaxed, with wide open smile, accompanied by three young women.

It would be unlikely, outside of a men's magazine fantasy of the luxe life, that you could locate this in reality. Epstein's attentions, taking time with each of his passengers, seemed impossible to account for. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein's three companions were witty, poised, helpful as well as powerfully alluring—as though stewardesses of bygone times.

(One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane and, with a few other Googlers, literally ran whopping from one end of the plan to the other. Then they described for Epstein, in what I can not now remember as a put on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid reporter, Vicki Ward, to the job.

Both profiles, New York's by Landon Thomas, pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieves wealth and influence. Ward—who would more recently assert in the Daily Beast, that she was barred by Vanity Fair from writing about under-age sex evidence (a fact that could be read the other way: Vanity Fair, even looking to take down Epstein, did not find the evidence credible)—follows a rabbit hole of questionable contacts who might or might not have been the source or sources for

Epstein's wealth, but gets no closer to an answer, beyond confirming her own sense of dubiousness.

Epstein, sensing that he might be exposing himself, tried to stop the process (Ward, well known for offering an operatic view about her reporting exploits, says he threatened her), called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the troubles began.

Epstein, in man-who-can-have-everything fashion, has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're called—that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others."

It is after Epstein's round of publicity and widely touted association with Clinton, that the mother of one of the massage parlor girls who went to Epstein's house (most of the girls return to Epstein's house many times) calls the police. The police interview the girl, Saige Gonzales, who then supplies names of other girls. Some of whom are found to be younger than 18.

In the end, the police track down 18 girls—nine who are under 18; the others in their 20s and 30s; one woman is in her 60s—a number of whom give statements describing scenarios not terribly different from Epstein's description above, except each is laid out in clinical, lurid, and near-identical detail. A cold and forceful Epstein demands that unwitting juveniles (though they have come here for this very purpose) perform repulsive (or at least repulsively described) acts on him. (Although the nature of the allegations will dramatically grow, nobody at this point alleges that he did anything to them.)

Epstein, tipped to the investigation, vastly raises the stakes, calling Dershowitz, who flies into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, doubling down on the profile of the case. Dershowitz brings in Roy Black the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

Here's the narrative: the shadowy rich man, friend of the louche and disgraced President, at all times surrounded by a retinue of gorgeous retainers doing his bidding, is now found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girl friend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and forever more has become a fixture of further weird possibilities in this tale).

Palm Beach Police Chief Michael Reiter is reported to say: "This is bigger than Rush Limbaugh," who, in a storm of publicity, has just been arrested in Palm Beach for possession of controlled drugs.

On one side are some of the nation's most powerful defense attorneys (who, increasingly, seem more stumblebum than effective), on the other side, a round-up of hapless girls, with sensational tales of perversion and infamy (in the telling they are not so much sex workers, as Dickensian victims), relatively speaking giving the Palm Beach authorities the choice between utter capitulation to the powerful or standing on the side of the exploited and powerless.

Still, with a critical eye, it also quite appears to be a straightforward tale of prostitution (however more or less kinky). And even though some of the girls are minors, age is not a distinguishing factor in a prostitution charge in Florida, nor in most places (in New York, for instance, at this time soliciting sex with anyone over the age of 14 is a class D misdemeanor calling for a $100 fine).

In fact, Saige Gonzales told the police that she lied about being 18 because otherwise she knew she would not have been admitted to the house.

The local sex crimes prosecutor, Lana Belhalevic, interviews the girls and determines that the offense is solely related to prostitution—that there are no innocent victims.

Dershowitz rejects a series of lower-level plea deals and Palm Beach District Attorney Barry Krischer takes the unusual step of empanelling a grand jury, which returns with a recommendation of a single count of soliciting a prostitute—a charge without jail time. (And Epstein can apply to have his record expunged after a year.)

At which point, Reiter, the police chief, at odds with the District Attorney's office, recruits the involvement of the FBI. This is of course the Bush-era FBI and Epstein presents quite the Clinton-connected scandal. Still, solicitation, even of a minor, is not a federal crime. The FBI hits on the novel

interpretation that if Internet solicitation can be considered interstate commerce, so can telephone solicitation, permitting them to begin a deep dive investigation into Epstein's friends, many of whom receive subpoenas and are threatened with prosecution.

It's all quite in the eye of the beholder: On the one end, Epstein is paying for sex acts (Epstein paid $200 for a massage with or without happy ending), on the other, he is abusing teenage girls. It's a catch-22: How can a girl not old enough to vote be a prostitute? And yet, many girls not old enough to vote *are* prostitutes.

Compounding Epstein's predicament, the world outside of his carefully constructed and controlled environment is someplace that he seems not just ill-equipped to handle but in which he seems to be blindly grouping about (i.e. he's totally tone deaf). I visited him once during this time and found him weighing the conflicting advice of some of the most vaunted and egomaniacal lawyers (along with Dershowitz and Black, celebrity criminal attorney, Gerald Lefcourt, and Clinton prosecutor, Ken Starr) of the day—anyone with new advice, Epstein seemed to hire—as well as a catchall of the leading crisis managers, who he seemed to retain at will, all wrangling for fees and primacy.

Certainly, the upshot of his dealings with the Justice Department seem to involve a through-the-looking-glass logic. The government threatens to prosecute him (with the possibility of a 10-year sentence) and various friends, associates, and lovers, or offers an ass-backwards sort of deal in which Epstein's lawyers have to go to the Palm Beach authorities and get them to agree to charge him with an offense that will send him to jail and get him a sex offender status. Except that a solicitation charge won't produce that result. Therefore he has to agree also to a procurement or pimping charge (even though he has paid money, not received it—the sine qua non of pimping). What's more, he has to agree to pay the legal fees of any of the girls who want to sue him—and, not to defend himself from their suits—forcing him to settle with each of the girls for what are reportedly high 6-figure sums or more.

He's sentence to jail in 2008 for 18 months and serves 13 (while Epstein is now frequently accused of somehow managing to cut short his sentence, almost all Florida prisoners serve only 70% of their officially sentenced time).

This hardly ends the legal catch all. Epstein's butler, Alfredo Rodriguez, steals and tries to sell an alleged journal or calendar with

Epstein's activities—but he tries to sell it to an undercover agent. Rodriguez is sentenced to 18 months in jail on a charge of theft and of withholding evidence (and a further two and half years on a related gun charge). Scott Rothstein, a lawyer whose firm represented additional girls in their suits against Epstein, also goes to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached. It's the largest fraud in Florida history and Rothstein receives a 50-year sentence.

Then, Brad Edwards, Rothstein's former partner, sues the federal government in 2008 for abridging the rights of two of the original complainants under the Crime Victim Rights Act (giving victims the right to be consulted about the disposition of their cases) regarding the Justice Departments agreement not to prosecute in favor of the state action. In 2014, Edwards tries to ad Virginia Roberts, another of the original complainants, who has previously settled with Epstein, to the long-running suit. Roberts who was paid a settlement under the original terms of Epstein's agreement—that he would pay attorney's fees and not oppose any law suits against him—is now trying to overturn the agreement under which she was paid, and, with Edwards, further suing Epstein for $50,000,000.

As the most vocal of the accusers, Roberts, with the Daily Mail being her prime outlet, emerges now with what is billed as a memoir of her "sex slavery" with Epstein, written ten years after the fact. She names a number of people as being at Epstein's Island home, including Clinton and Al Gore and his wife, who Epstein's lawyers insists were never there—proof available through secret service records.

The FBI is now arguing that Roberts should not be party to the suit against the government because she refused to cooperate with the government in its investigation in 2007, hence has no standing as a victim. (At the same time, the FBI included her on the list of 40 victims with whom it mandated Epstein reach a settlement.)

It is hard to find a more hyperbolic intersection of media and lawyers then in Epstein's case.

Edwards, over the six years of his law suit, tries to depose Clinton, Donald Trump, and Dershowitz—almost all of his targets coming directly from the original Vanity Fair and New York Magazine articles about Epstein.

In addition to Prince Andrew as a British hot button, first connected to Epstein through Roberts' interview with the Daily Mail in 2010, Clinton takes on a new role as Hillary spoiler through his connection, real or imagined, to Epstein and sex slaves.

Almost everybody identified in any story about Epstein is approached by other media seeking to write about Epstein, often with financial incentives.

No new details emerge. Every aspect of the current story is based on court filings describing events that may or may not have taken place prior to 2007.

A recent Reuters story identified a charity that Epstein has not given money to in 15 years that said if he does give again, they would give it back.

The world cleanly divides, with Epstein (and friends) behind secure walls and the Mail and social media and upholders of new norms, ever more incredulous and apoplectic that Epstein not only walks free but prospers too. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catch all of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent Playboy in a correct and prudish world; someone who somehow didn't get the memo about vast changes in mores and culture.

When I suggested recently that one obvious way to blunt the animus is to get married, he said he would rather go back to jail.

He is Calvin Harris's song, It Was Acceptable in the 80s, come to life.

This is all, inevitably, a Gatsby-like story. But Gatsby in New York Post and Daily Mail parlance would likely be a freaky financier too.

And it's a story about the limitation of journalism, in which the most compelling parts of the story—it would take a long running cable show to do justice to the meaning of Epstein's ambitions and impulses—need to be sacrificed for not just moral certainty but for a rather preposterous fantasy of moral certainty.

Anyway, I hope I get invited back to Jeffrey's house.

It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household help ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room, remote from the world, in front of a lap top and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising, or instructing, a startling collection of the rich and powerful, slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer in this leveled, angry age for a super rich man who attends to even more fabulously rich men (and the occasional fabulously rich women). On the other hand, with the paparazzi often posted near by, the outside world seem dangerously close too. (Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state, also visiting him.)

His subject for the morning is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The otherwise baronial dining room is disturbed by an ever-present white board, on which he scribbles calculations and notes, conducting perhaps the world's most rarified economics class, often to many of the world's finance ministers and foremost economists.

Epstein's apartness or parallel life reflects much of the other-worldly characteristics of the wealth revolution that began in the late 1970s and that continued through the Wall Street boom of the 80s, the tech boom of the 90s—surviving, to often bitter attack, the banking crisis—and that has now seen the emergence of the international billionaire and oligarch class.

Epstein's way to riches was to become a canny student of such wealth as it's grown to an unanticipated and disruptive scale. His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social and personal calculations.

He recounts a dinner he had two nights before. It is, like much of what he does, a conspiracist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, several hundred billion dollars.

"In the past, only governments had this kind of money," says Epstein making something of a pedagogical point, "money of a reality altering scale. In fact, it used to be that the rich, reaching a certain point of philanthropy,

merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are an ultimate after thought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a curious point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not as philanthropist but as a higher sort of banker or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably, among the most influential people you've never heard of.

Though, likely, you have heard of him, but not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child of the lawlessness of privilege, and for a much smaller circle, the poster child for what can happen when you become the target of a resentful world. He is *that* Epstein, according to the Daily Mail—among his most dogged and hyperbolic antagonists—"one of America's most notorious sex offenders."

And yet the mighty and powerful, apparently evaluating the nature of disgrace on their own terms, beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers.

He surely represents the kind of insiderism that is mostly just a figment in outsiders' fantasies. Except for the fact that, straining credulity, Epstein is real. His is an ultimate sort of fantasy of power, wealth, and secrecy. (In 2004, when the then owners of this magazine put it up for sale, I was involved with a group trying to buy it—an effort in which Epstein volunteered to invest $20 million. New York was subsequently sold to another wealthy investor.) Were the International Jewish conspiracy to actually exist, it might be here in his dining room (while not everybody in his circle is Jewish, an obvious "think Yiddish" point of view prevails).

Without ever being asked to keep what I have heard here off the record, I've willingly done so, least I not be invited back. And, too, to protect him. Who would understand Jeffrey? Who could explain him?

Certainly Epstein's past encounters with the press (and in many ways with the entire outside world) have been about as disastrous as any could be, helping to open a Pandora's box of lifestyle vulnerabilities that sent him to prison on a prostitution charge in 2008.

And yet here he is, in his 50,000 square foot mansion, dispensing advice to world leaders and business titans.

Indeed, Epstein has been advising Bill Gates on a new way to increase the already vast clout of the Gates Foundation by adding funds from other wealthy individuals that can use the Gates resources (the Gates Foundation now employs 1,200 people), but which can be directed to separate causes and goals. And it is Gates who at the end of the summer began prodding Epstein to begin a process of public rehabilitation.

Hence, as part of an effort to get "out in front" of the unfavorable notice that might greet Gates' public association with him, Epstein agreed to several on the record conversation with me, in the hope, on his part, that, after five years since his release from prison, he might be able to leaven his reputation. And with the hope on my part of learning more about how and if the rich are different than you and me (although we can fairly dispense with the if).

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's long time friends—they have a bickering brotherly relationship—and occasional legal advisors, had

received from a reporter at Politico and forwarded to Epstein. The Politico reporter had been following Epstein-related court filings (there is a determined contingent of Epstein reporters) and found a new one added to an old law suit with some rather jaw-dropping claims.

Eight years after the original suit, a Florida lawyer was now seeking to add new plaintiffs to the old case. This new filing was accompanied by allegations connecting a catch-all of bold-faced names associated with Epstein more than ten years ago, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring—indeed, that Epstein's purported sex slaves had had sex with Dershowitz and the Prince at Epstein's command.

This seemed to me to be merely a desperate, even comic-book, filing—just a lawyer trying to revive a dead case. I responded to Epstein that I doubted this would be seen as credible by anyone.

Epstein, who sometimes seems to have an out-of-body attitude to his own fate and bad press, said he thought it might be "quite a show."

Two days later, the Daily Mail, which has become the effective ground zero in the English language for anti-privilege, and moral opprobrium (the more salacious the better), and whose editor Paul Dacre has a long time feud with Prince Andrew, put the story on its front page. (Epstein also has a long relationship with the family of disgraced press baron, Robert Maxwell, another reliable target of the British press.) Flimsy and far-fetched court filings in the U.S. by settlement-hungry plaintiffs might be discounted by skeptical U.S. reporters, but, the U.K. media, constrained by onerous rules about legal proceedings in the U.K., promptly went into tabloid frenzy (even the normally sniffy Guardian, in full anti-royal and anti- billionaire fever, joined the tabloid show) and effectively exported the story back to the U.S., where Epstein's connection to Bill Clinton, and, hence as a shadow over Hillary, became the news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, quite ostrich like, not to look out. Little beyond his strict realm seems palatable or even in a sense familiar to him. He's a foreigner out here. Not too long ago, I met him for lunch in the West Village, the first time in more than ten years, he said, he'd been out to lunch in a restaurant (a not particularly pleasant experience for him and we were out in 30 minutes).

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house—a kind of Boo Radley of the Upper East Side. I have taken friends by the Epstein mansion, and the reaction to its other-worldly size in Manhattan is almost always the same:

audible disbelief (everybody makes their own particular odd noise). Press accounts, seldom supplying new information, ever recycle and repeat the mysterious (and monstrous) billionaire mythology, with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut.

The domesticity of the house, and the background of Epstein's problems, centers around a group of young women who act as his support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, recently married, had just returned from an around the world honeymoon that Epstein had arranged for her. Some are his romantic interests. His present girl friend is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist, became a doctor and married hedge funder Glen Dubin and together they finance the Dubin Breast Center at Mount Sinai Hospital. Most at one time will travel with him to his floating residences—the ranch in New Mexico, the vast apartment in Paris, the Island in the Caribbean, the house in Palm Beach.

This is so outside of conventional living or staffing or romantic relationships that it is hard to describe in a straightforward or straight-faced way. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

But Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities—in some sense not that different from any of the art galleries in the surrounding neighborhood.

Epstein's young women mingle freely with his powerful guests, not so much as hostess or, in tabloid language, harem-like (or as "sex slaves"), but often as attentive students (that, of course, might be regarded as having its own fetish-like attraction).

Once, Epstein invited me to sit in on a day of presentations to him in his dining room by various "quants." Quant theory involves making investments based solely on mathematical and statistical models. This method can often have uncanny predictive powers. But the problem is it doesn't scale very well—the market, having discerned a pattern of successful investing, quickly copies and discounts the advantage. Epstein's

effort was to identify a dozen or so promising algorithms (each quant is effectively hawking his secret sauce algorithm) and invest up to $5 million with each. I knew paltry little about this and so rather found myself identifying with the young women to whom Epstein was explaining the basic math and mechanics—out of my league, but grateful for the lesson.

The Epstein house/office is, by careful design, exclusive and club like, part hang out, part secret society. Along with the difficulty in explaining why, even after his jail term, the rich and powerful have yet beaten a path to his door, it's also notable in the fixed hierarchy of who comes to whose turf, that everybody, when they went to see Epstein, comes to him.

A week in late September, U.N. week as it happened, began, on Sunday, at Epstein's house with a colloquial for billionaires—Gates, TK, TK, TK.

Epstein, preternaturally responsive to both the price of oil and to the politics of the middle of East, entertained that evening a delegation from Qatar, including **Sheikh Hamad**, the foreign minister. Hamad, indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused demeanor, kept prodding: "Why are you financing the bad guys? What do you get out of that?"

The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9:00 next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein. Weingarten, horse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland. (Epstein: "You actually believe he was getting fucked?" Weingarten: "From minute one. I'm not a virgin. But his was the worst I've ever seen. It was like an assassination.)

After a short discussion of the Qartarian's visit—Epstein is serving the chocolate, made from pistachios grown on the Shakes farm—and speculation about who actually controls ISIS, I am asked to leave the room. Twenty minutes later, after what ever business has been transacted or particular confidences, shared I am asked back in.

"Why?" I asked Weingarten, when Epstein briefly steps out of the room, "do some many people keep coming back here, everything considered."

"Why we camp out here? I find that question as mysterious as you do," says Weingarten.

Shortly after Weingarten leaves, Epstein tells me that Eric Holder will resign by the end of the week—which he does.

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brook Pierce, a former child actor, and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who is now a leading investor in Bitcoin. He describe himself as the "the most active investor in the field."

And, indeed, is the first clear explanation I actually get about Bitcoin. It is so good that Epstein stops him and checks to see if his next appointment is here. And seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Shakes chocolates, focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit, "I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in what in some dramatic understatement, "you are going to have some low quality characters playing the space…"

That evening, there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jaglandthe head of the Noble Peace Prize Committee, who offers an affable, but general scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister and Israel, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then Kathy Ruemmler, who has just left her job as White House Counsel joins. She is already in the mix as a possible next attorney general, but, in fact, will withdraw from consideration in part to work with Epstein.

Larry Summers wife, Elisa New, drops by. She teaches American poetry at Harvard and is putting together a proposal for a series on poetry that WGBH in Boston may produce and Epstein is advising on where she might go for added support (he also makes mince meat of her budget).

MORE…TK

Perhaps it's just the ultimate feminist nightmare: Men (and a few opportunistic women) continue to come to Epstein's because, no matter their public bows to modern manners, they simply don't care that he offends every aspect of feminist sensibility

Or, it's a guilty pleasure. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, the real estate billionaire and publisher of the Daily News (ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems delighted to cultivate. In Epstein's Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (At the same time, Epstein is a major supporter of cancer research and the elephant, he says, is also a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

Or, in a more sophisticated view, it's a two tier understanding of the world. There is a media version of the world, which most of us live in and largely accept, and are certainly influenced by. And then there are those people who live in the media itself and therefore know that it's mostly bunk. If the media says it, as likely some version of the opposite is true. I might guess too that for many of his visitors there's an order of identification: there but for the grace of God. Any hyper-prominent person might, at any time, run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi.

Epstein is the Dreyfus of the rich.

And then there is the glue of wealth. Once, at lunch in the Epstein dinning room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did you meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

And then there is Epstein's yet more structural explanation as to why after prison and with continuing tabloid infamy he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money:

"At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my

situation, I have none of that. I have no institutional bona fides which makes me in some sense one of the few independent sources of information and actual honest brokers. That's the usefulness of disgrace."

And then there is too, that he is right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. (If I had invested $100,000 the way Epstein said I should in early September, by the end of January I would have made $2.3 million. Alas, I did not.)

And something else, which perhaps also surely accounts for Epstein's continuing relationships with the rich and powerful:

Most everyone who is now of a certain age and certain ambition and certain status grew up in, and found they were temperamentally suited to, the new age of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly and ingratiatingly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. In some sense, Epstein is just one version, picaresque, as well as louche, of this shared story.

He often tells, with some obvious marvel, his middle class to riches tale. He was born in 1953 in Coney Island. His father worked for the city's Parks Department. His mother was a housewife. He has a younger brother, Mark.

Epstein was distinguished by little other than his math talents. The captain of the math team at Lafayette High school in Bensonhurst, he goes on to Cooper Union where the tuition is free. He drops out after two years and begins taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by a slight of hand, gets a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

It's his first exposure to the wealthy. They have, he concludes, just as many problems as the people in Coney Island, just different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled not long ago as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with

Sulzberger in his wood paneled station wagon to the his country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.)

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stern's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If your supposed to be so fucking smart, don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late 70s, arrived on Wall Street.

As will happen to a generation of others, by the fortuitous luck of being on Wall Street at that point in time, Epstein is transformed by a new, much faster, form of upward mobility. With a facility for mathematics as well as for getting along with rich men, he transforms at an even faster rate than others being quickly transformed.

He moves into a new building at 66th Street and Second Avenue—still in the shadow of the Maxwell Plum era when the 60s on Second was the glamour address—a building full of "actresses, models, and euro trash." (It would shortly become the Studio 54 era, where Epstein, who doesn't drink or take drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction.

"In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a 50's mentality. But in the mid 70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I did create it. This was intellectual activity of a fairly high order."

Intellectual activity aside, he meets Helen Gurley Brown and she makes him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I wanted sex. I liked women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was the reason to make money."

His rise at Bear Sterns was a steep one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game—who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave taking or ouster from Bear is the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, he leaves in 1982 with billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. Epstein is dating Morgan Fairchild, a television star in the 1980s rich-family soap operas, Dallas and Falcon Crest.

Now begins the Concorde phase of his life—and the Concorde phase of the 1980s. If the 80s are happening pell mell in New York, they're happening at double time and catch up speed in London. Epstein is 30 years old and living, in Lifestyle of the Rich and Famous fashion, at English shooting parties at country estates with Saturday night black tie dinners, where he's meeting the richest families in Europe.

"I don't take it seriously," Epstein recounts. "I'm not caught up in it. I'm not trying to make a billion dollars. There is no ultimate goal. Or its just to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events are serendipitous, I wouldn't decided where I was going until I got there."

At the same time, he is developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million:

"If you had a billion dollars I would think the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect you children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased.

"You can't spend a billion dollars, you can just relocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

At just about this point in the narrative, the questions or the incredulity begins in social circles and eventually in the media. He begins to acquire the major symbols of riches but does this without position, public holdings, or obvious paper trails. In essence, the formulation is, how can a person have enough money to merit increasing attention, but no clear way of having gotten it. Epstein gets stuck in that tautology. He may be rich, but he is without institutional protection or bona fides. He is a questionable substrata of wealth. He's a freelancer.

That's the rub: he doesn't work for anyone. Without institutional credentials he's…well, nobody knows what.

For a period, one part of his activities he says is recovering monies for countries looted by exiled dictators or military strongmen. If early in his career he might seem like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

Then, in his telling, he's representing a series of vastly wealthy people and families. He's not just doing their bidding or their investing, he's helping them to imagine the ambitions of their wealth. They've satisfied their business dreams. Now there are the separate challenges and possibilities of their actual wealth.

In essence, as he becomes more public the response to this, as a function of envy and the media's need for definition, is "bullshit." True, there is no clear alternate narrative. No one is accusing him of anything, accept, sometimes, guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant.) But the characterization persist: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech fortunes, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles is on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein is sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana is wearing her "revenge" dress that evening). Graydon Carter, into his second years as editor of Vanity Fair, is also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped

by strategic relationships with the exceptionally wealthy (i.e. they are social climbers), both men have made themselves up. To say that Epstein, in the company of the Princess, sticks in Carter's craw would be an understatement. Epstein becomes one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. A variety of the gossip that begins to circulate about Epstein—for instance, that he secretly films his guests—is seeded by Carter, who once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "For you have no idea," said Carter.)

Epstein is playing a cat and mouse game with his own growing wealth and influence. He is private and secretive, but grandly so. He joins the board of Rockefeller University. He's suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He buys from his client Limited Founder Les Wexner the larges private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He buys an airplane. He buys another. He expands his holdings in New Mexico. He begins a Zanadu refurbishment of his Caribbean Island.

He befriends Bill Clinton in his new after-office life.

And that's quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich, is suddenly being ferried around in the jet of…*who* exactly?

The New York Post is the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. The instinctively private Epstein is not just increasingly exposed, but clearly curious about the nature of exposure.

I met Epstein around this time. Epstein had become a more and more active backer of advanced scientific research—ultimately he will donate $30 million to Harvard for a theoretical physics research center—and in 2002 he was taking a small group of scientists out to the TED conference in Monterey. The TED organizers invited various other TED participants, including me, to join the flight. A small group assembled at the private plane terminal, most of us unfamiliar with our benefactor, and as we headed in the direction of the discrete private plans we were gently pointed to our ride: Epstein's 727.

It is some thoroughly updated drawing room set-up, all of us nervously ensconced in this luxury plane, waiting for our unknown host to

arrive—and soon he does, tanned, relaxed, with wide open smile, accompanied by three young women.

It would be unlikely, outside of a men's magazine fantasy of the luxe life, that you could locate this in reality. Epstein's attentions, taking time with each of his passengers, seemed impossible to account for. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein's three companions were witty, poised, helpful as well as powerfully alluring—as though stewardesses of bygone times.

(One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane and, with a few other Googlers, literally ran whopping from one end of the plan to the other. Then they described for Epstein, in what I can not now remember as a put on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid reporter, Vicki Ward, to the job.

Both profiles, New York's by Landon Thomas, pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieves wealth and influence. Ward—who would more recently assert in the Daily Beast, that she was barred by Vanity Fair from writing about under-age sex evidence (a fact that could be read the other way: Vanity Fair, even looking to take down Epstein, did not find the evidence credible)—follows a rabbit hole of questionable contacts who might or might not have been the source or sources for Epstein's wealth, but gets no closer to an answer, beyond confirming her own sense of dubiousness.

Epstein, sensing that he might be exposing himself, tried to stop the process (Ward, well known for offering an operatic view about her reporting exploits, says he threatened her), called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the troubles began.

Epstein, in man-who-can-have-everything fashion, has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're called—that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others."

It is after Epstein's round of publicity and widely touted association with Clinton, that the mother of one of the massage parlor girls who went to Epstein's house (most of the girls return to Epstein's house many times) calls the police. The police interview the girl, Saige Gonzales, who then supplies names of other girls. Some of whom are found to be younger than 18.

In the end, the police track down 18 girls—nine who are under 18; the others in their 20s and 30s; one woman is in her 60s—a number of whom give statements describing scenarios not terribly different from Epstein's description above, except each is laid out in clinical, lurid, and near-identical detail. A cold and forceful Epstein demands that unwitting juveniles (though they have come here for this very purpose) perform repulsive (or at least repulsively described) acts on him. (Although the nature of the allegations will dramatically grow, nobody at this point alleges that he did anything to them.)

Epstein, tipped to the investigation, vastly raises the stakes, calling Dershowitz, who flies into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, doubling down on the profile of the case. Dershowitz brings in Roy Black the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

Here's the narrative: the shadowy rich man, friend of the louche and disgraced President, at all times surrounded by a retinue of gorgeous retainers doing his bidding, is now found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girl friend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and forever more has become a fixture of further weird possibilities in this tale).

Palm Beach Police Chief Michael Reiter is reported to say: "This is bigger than Rush Limbaugh," who, in a storm of publicity, has just been arrested in Palm Beach for possession of controlled drugs.

On one side are some of the nation's most powerful defense attorneys (who, increasingly, seem more stumblebum than effective), on the other side, a round-up of hapless girls, with sensational tales of perversion and infamy (in the telling they are not so much sex workers, as Dickensian victims), relatively speaking giving the Palm Beach authorities the choice between utter capitulation to the powerful or standing on the side of the exploited and powerless.

Still, with a critical eye, it also quite appears to be a straightforward tale of prostitution (however more or less kinky). And even though some of the girls are minors, age is not a distinguishing factor in a prostitution charge in Florida, nor in most places (in New York, for instance, at this time soliciting sex with anyone over the age of 14 is a class D misdemeanor calling for a $100 fine).

In fact, Saige Gonzales told the police that she lied about being 18 because otherwise she knew she would not have been admitted to the house.

The local sex crimes prosecutor, Lana Belhalevic, interviews the girls and determines that the offense is solely related to prostitution—that there are no innocent victims.

Dershowitz rejects a series of lower-level plea deals and Palm Beach District Attorney Barry Krischer takes the unusual step of empanelling a grand jury, which returns with a recommendation of a single count of soliciting a prostitute—a charge without jail time. (And Epstein can apply to have his record expunged after a year.)

At which point, Reiter, the police chief, at odds with the District Attorney's office, recruits the involvement of the FBI. This is of course the Bush-era FBI and Epstein presents quite the Clinton-connected scandal. Still, solicitation, even of a minor, is not a federal crime. The FBI hits on the novel interpretation that if Internet solicitation can be considered interstate commerce, so can telephone solicitation, permitting them to begin a deep dive investigation into Epstein's friends, many of whom receive subpoenas and are threatened with prosecution.

It's all quite in the eye of the beholder: On the one end, Epstein is paying for sex acts (Epstein paid $200 for a massage with or without happy ending), on the other, he is abusing teenage girls. It's a catch-22: How can a girl not old enough to vote be a prostitute? And yet, many girls not old enough to vote *are* prostitutes.

Compounding Epstein's predicament, the world outside of his carefully constructed and controlled environment is someplace that he seems not just ill-equipped to handle but in which he seems to be blindly grouping about (i.e. he's totally tone deaf). I visited him once during this time and found him weighing the conflicting advice of some of the most vaunted and egomaniacal lawyers (along with Dershowitz and Black, celebrity criminal attorney, Gerald Lefcourt, and Clinton prosecutor, Ken Starr) of the day—anyone with new advice, Epstein seemed to hire—as well as a catchall of the leading crisis managers, who he seemed to retain at will, all wrangling for fees and primacy.

Certainly, the upshot of his dealings with the Justice Department seem to involve a through-the-looking-glass logic. The government threatens to prosecute him (with the possibility of a 10-year sentence) and various friends, associates, and lovers, or offers an ass-backwards sort of deal in which Epstein's lawyers have to go to the Palm Beach authorities and get them to agree to charge him with an offense that will send him to jail and get him a sex offender status. Except that a solicitation charge won't produce that result. Therefore he has to agree also to a procurement or pimping charge (even though he has paid money, not received it—the sine qua non of pimping). What's more, he has to agree to pay the legal fees of any of the girls who want to sue him—and, not to defend himself from their suits—forcing him to settle with each of the girls for what are reportedly high 6-figure sums or more.

He's sentence to jail in 2008 for 18 months and serves 13 (while Epstein is now frequently accused of somehow managing to cut short his sentence, almost all Florida prisoners serve only 70% of their officially sentenced time).

This hardly ends the legal catch all. Epstein's butler, Alfredo Rodriguez, steals and tries to sell an alleged journal or calendar with Epstein's activities—but he tries to sell it to an undercover agent. Rodriguez is sentenced to 18 months in jail on a charge of theft and of withholding evidence (and a further two and half years on a related gun charge). Scott Rothstein, a lawyer whose firm represented additional girls in their suits against Epstein, also goes to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached. It's the largest fraud in Florida history and Rothstein receives a 50-year sentence.

Then, Brad Edwards, Rothstein's former partner, sues the federal government in 2008 for abridging the rights of two of the original complainants under the Crime Victim Rights Act (giving victims the right to be consulted about the disposition of their cases) regarding the Justice

Departments agreement not to prosecute in favor of the state action. In 2014, Edwards tries to ad Virginia Roberts, another of the original complainants, who has previously settled with Epstein, to the long-running suit. Roberts who was paid a settlement under the original terms of Epstein's agreement—that he would pay attorney's fees and not oppose any law suits against him—is now trying to overturn the agreement under which she was paid, and, with Edwards, further suing Epstein for $50,000,000.

As the most vocal of the accusers, Roberts, with the Daily Mail being her prime outlet, emerges now with what is billed as a memoir of her "sex slavery" with Epstein, written ten years after the fact. She names a number of people as being at Epstein's Island home, including Clinton and Al Gore and his wife, who Epstein's lawyers insists were never there—proof available through secret service records.

The FBI is now arguing that Roberts should not be party to the suit against the government because she refused to cooperate with the government in its investigation in 2007, hence has no standing as a victim. (At the same time, the FBI included her on the list of 40 victims with whom it mandated Epstein reach a settlement.)

It is hard to find a more hyperbolic intersection of media and lawyers then in Epstein's case.

Edwards, over the six years of his law suit, tries to depose Clinton, Donald Trump, and Dershowitz—almost all of his targets coming directly from the original Vanity Fair and New York Magazine articles about Epstein.

In addition to Prince Andrew as a British hot button, first connected to Epstein through Roberts' interview with the Daily Mail in 2010, Clinton takes on a new role as Hillary spoiler through his connection, real or imagined, to Epstein and sex slaves.

Almost everybody identified in any story about Epstein is approached by other media seeking to write about Epstein, often with financial incentives.

No new details emerge. Every aspect of the current story is based on court filings describing events that may or may not have taken place prior to 2007.

A recent Reuters story identified a charity that Epstein has not given money to in 15 years that said if he does give again, they would give it back.

The world cleanly divides, with Epstein (and friends) behind secure walls and the Mail and social media and upholders of new norms, ever more incredulous and apoplectic that Epstein not only walks free but prospers too.

Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catch all of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent Playboy in a correct and prudish world; someone who somehow didn't get the memo about vast changes in mores and culture.

When I suggested recently that one obvious way to blunt the animus is to get married, he said he would rather go back to jail.

He is Calvin Harris's song, It Was Acceptable in the 80s, come to life.

This is all, inevitably, a Gatsby-like story. But Gatsby in New York Post and Daily Mail parlance would likely be a freaky financier too.

And it's a story about the limitation of journalism, in which the most compelling parts of the story—it would take a long running cable show to do justice to the meaning of Epstein's ambitions and impulses—need to be sacrificed for not just moral certainty but for a rather preposterous fantasy of moral certainty.

Anyway, I hope I get invited back to Jeffrey's house.

It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household help ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room, remote from the world, in front of a lap top and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising, or instructing, a startling collection of the rich and powerful, slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer in this leveled, angry age for a super rich man who attends to even more fabulously rich men (and the occasional extremely rich woman). On the other hand, with the paparazzi often posted near by, the outside world seem dangerously close too. (Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state, also visiting him.)

His subject for the morning is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The otherwise baronial dining room is disturbed by an ever-present white board, on which he scribbles calculations and notes, conducting perhaps the world's most rarified economics class, often to many of the world's finance ministers and foremost economists.

Epstein's apartness or parallel life reflects much of the other-worldly characteristics of the wealth revolution that began in the late 1970s and that continued through the Wall Street boom of the 80s, the tech boom of the 90s—surviving, to often bitter attack, the banking crisis—and that has now seen the emergence of the international billionaire and oligarch class. He has quite turned himself into a hyperbolic representations of this wealth and hence, in a way, become accountable for it.

His own way to riches was to become a canny student of the new money, as well as one of its large than life characters, as it grew to an unanticipated and disruptive scale. His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social and personal calculations.

He recounts a dinner he had two nights before. It is, like much of what he does, a conspiracist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, several hundred billion dollars.

"In the past, only governments had this kind of money," says Epstein conversationally, but making a pedagogical point, "money of a reality altering scale. In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are an ultimate after thought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a curious point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not as philanthropist but as a higher sort of banker or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably, among the most influential people you've never heard of.

Though, likely, you have heard of him, but not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child of the lawlessness of privilege, and for a much smaller circle, the poster child for what can happen when you become the

target of a resentful world. He is *that* Epstein, according to the Daily Mail—among his most frothing-at-the-mouth antagonists—"one of America's most notorious sex offenders."

And yet the mighty and powerful, apparently evaluating the nature of disgrace on their own terms, beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers.

He surely represents the kind of insiderism that is mostly just a figment in outsiders' fantasies. Except for the fact that, straining credulity, Epstein is real. His is an ultimate sort of fantasy of power, wealth, and secrecy. (In 2004, when the then owners of this magazine put it up for sale, I was involved with a group trying to buy it—an effort in which Epstein volunteered to invest $20 million. New York was subsequently sold to another wealthy investor.) Were the International Jewish conspiracy to actually exist, it might be here in his dining room (while not everybody in his circle is Jewish, an obvious "think Yiddish" point of view prevails).

Without ever being asked to keep what I have heard here off the record, I've willingly done so, least I not be invited back. And, too, to protect him. Who would understand Jeffrey? Who could explain him?

Certainly Epstein's past encounters with the press (and in many ways with the entire outside world) have been about as disastrous as any could be, helping to open a Pandora's box of lifestyle vulnerabilities that sent him to prison on a prostitution charge in 2008.

And yet here he is, in his 50,000 square foot mansion, dispensing advice to world leaders and business titans.

Indeed, Epstein has been advising Bill Gates on a new way to increase the already vast clout of the Gates Foundation by adding funds from other wealthy individuals that can use the Gates resources (the Gates Foundation now employs 1,200 people), but which can be directed to separate causes and goals. And it is Gates who at the end of the summer began prodding Epstein to begin a process of public rehabilitation.

Hence, as part of an effort to get "out in front" of the unfavorable notice that might greet Gates' public association with him, Epstein agreed to several on the record conversation with me, in the hope, on his part, that, after five years since his release from prison and relative peace, he might be able to leaven his reputation. And with the hope on my part of learning more about how and if the rich are different than you and me (although we can fairly dispense with the if).

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's long time friends—they have a bickering brotherly relationship—and occasional legal advisors, had received from a reporter at Politico and forwarded to Epstein. The Politico reporter had been following Epstein-related court filings (there is a determined contingent of Epstein reporters) and found a new one added to an old law suit with some rather jaw-dropping claims.

Eight years after the original suit, a Florida lawyer was now seeking to add new plaintiffs to the old case. This new filing was accompanied by allegations connecting a catch-all of bold-faced names associated with Epstein more than ten years ago, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring—indeed, that Epstein's purported sex slaves had had sex with Dershowitz and the Prince at Epstein's command.

This seemed to me to be merely a desperate, even comic-book, filing—just a lawyer trying to revive a dead case. I responded to Epstein that I doubted this would be seen as credible by anyone.

Epstein, who sometimes seems to have an out-of-body attitude to his own fate and bad press, said he thought it might be "quite a show."

Two days later, the Daily Mail, which has become the effective ground zero in the English language for anti-privilege, and moral opprobrium (the more salacious the better), and whose editor Paul Dacre has a long time feud with Prince Andrew, put the story on its front page. (Epstein also has a long relationship with the family of disgraced press baron, Robert Maxwell, another reliable target of the British press.) Flimsy and far-fetched court filings in the U.S. by settlement-hungry plaintiffs might be discounted by skeptical U.S. reporters, but, the U.K. media, constrained by onerous rules about legal proceedings in the U.K., promptly went into tabloid frenzy (even the normally sniffy Guardian, in full anti-royal and anti- billionaire fever, joined the tabloid show) and effectively exported the story back to the U.S., where Epstein's connection to Bill Clinton, and, hence as a shadow over Hillary, became the news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, quite ostrich like, not to look out. Little beyond his strict realm seems palatable or even in a sense familiar to him. He's a foreigner out here. Not too long ago, I met him for lunch in the West Village, the first time in more than ten years, he said, he'd been out to lunch in a restaurant (a not particularly pleasant experience for him and we were done in 30 minutes).

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house—a kind of Boo Radley of the Upper East Side. I have taken friends by the Epstein mansion, and the reaction to its other-worldly size in Manhattan is almost always the same: a gasp. Press accounts, seldom supplying new information, ever recycle and repeat the mysterious (and monstrous) billionaire mythology, with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut.

The domesticity of the house, and the background of Epstein's problems, centers around a group of young women who act as his support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, recently married, had just returned from an around the world honeymoon that Epstein had arranged for her. Some are his romantic interests. His present girl friend is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist, became a doctor and married hedge funder Glen Dubin and together they finance the Dubin Breast Center at Mount Sinai Hospital. Most at one time will travel with him to his other floating residences—the ranch in New Mexico, a vast apartment in Paris, the Island in the Caribbean, the house in Palm Beach.

This is so outside of conventional living or staffing or romantic relationships that it is hard to describe in a straightforward or straight-faced way. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

But Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities are really not that different from any of the art galleries in the surrounding neighborhood.

Epstein's young women mingle freely with his powerful guests, not so much as hostess or, in tabloid language, harem-like (or as "sex slaves"), but often as attentive students (that, of course, might be regarded as having its own fetish-like attraction).

Not long ago, Epstein invited me to sit in on a day of presentations to him in his dining room by various "quants." Quant theory involves making investments based solely on mathematical and statistical models. This

method can often have uncanny predictive powers. But the problem is it doesn't scale very well—the market, having discerned a pattern of successful investing, quickly copies and discounts the advantage. Epstein's effort was to identify a dozen or so promising algorithms (each quant is effectively hawking his secret sauce algorithm) and invest up to $5 million with each. I knew paltry little about this and so rather found myself identifying with the young women to whom Epstein was explaining the basic math and mechanics—out of my league, but grateful for the lesson.

The Epstein house/office is, by careful design, exclusive and club like, part hang out, part secret society. Along with the difficulty in explaining why, even after his jail term, the rich and powerful continued to beat a path to his door, it's also notable in the fixed hierarchy of who comes to whose turf, that everybody, when they went to see Epstein, comes to him.

A week in late September, U.N. week as it happened, began, on Sunday, at Epstein's house with a colloquial for billionaires—Gates, Mort Zuckerman, and Peter Thiel [TK].

Epstein, preternaturally responsive to both the price of oil and to the politics of the middle of east, entertained that evening a delegation from Qatar, including Sheikh Hamad Bin Jassim, the foreign minister. Hamad, indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused manner, kept prodding: "Why are you financing the bad guys? What do you get out of that?"

The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9:00 next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein and is one of attorney general Eric Holder's closest friends. Weingarten, horse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland.

After a blow by blow of the trial, there's a discussion of the Qartarian's visit—Epstein is serving chocolate made from pistachios grown on the Sheikh's farm—and speculation about who actually controls ISIS.

"Why?" I asked Weingarten, when Epstein briefly steps out of the room, "do some many people keep coming back here, everything considered."

"Why we camp out here? I guess because there's no place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, a former child actor, and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who is now a leading investor in Bitcoin. He describe himself as the "the most active investor in the field."

And, indeed, is the first clear explanation I actually get about Bitcoin. It is so good that Epstein stops him and checks to see if his next appointment is here. And seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Sheikh's chocolates, focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit, "I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in some dramatic understatement, "you are going to have some low quality characters playing early in the space…"

That evening, there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jaglandthe head of the Noble Peace Prize Committee, who offers an affable, but general scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister and Israel, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then Kathy Ruemmler, who has just left her job as White House Counsel joins. She is already in the mix as a possible next attorney general, but, in fact, will withdraw from consideration in part to work with Epstein. [TK Ruemmler quotes…]

Larry Summers wife, Elisa New, drops by. She teaches American poetry at Harvard and is putting together a proposal for a series on poetry that WGBH in Boston may produce and Epstein is advising on where she might go for added support (he also makes mince meat of her budget).

There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov.

Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do

with trying to "describe cancer mathematically." Epstein preempts Nowak's explanation (which I'm not quite getting): "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail."

Then Richard Azel, a Nobel prize winner in physiology. Then Ron Baron who, in his Baron Fund, has $26 billion under management. Then Josh Harris the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

Perhaps it's just the ultimate feminist nightmare: Men (and a few opportunistic women) continue to come to Epstein's because—no matter their public bows to modern manners—they simply don't care that he offends every aspect of reconstructed gender and political sensibilities. In private, it remains a man's world—a rich man's world.

Or, it's a guilty pleasure. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, the real estate billionaire and publisher of the Daily News (ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems delighted to cultivate. In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (Epstein says too it's a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

Or, in a more sophisticated view, it's a two tier understanding of the world. There is a media version of the world, which most of us live in and largely accept, and are certainly influenced by. And then there are those people who live in the media itself and therefore know that it's mostly bunk. If the media says it, as likely some version of the opposite is true. I might guess too that for many of his visitors there's an order of identification: there but for the grace of God. Any hyper-prominent person might, at any time,

run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi.

In this view, Epstein is a sort of Dreyfus of the rich.

And then there is the glue of wealth. Once, at lunch in the Epstein dinning room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did you meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

And then there is Epstein's yet more structural explanation as to why after prison and with continuing tabloid infamy he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money:

"At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of information and actual honest brokers. That's the usefulness of disgrace."

And then there is too, that he is right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. ((If I had invested $100,000 the way Epstein said I should in early September, by the end of January I would have made $TK million. Alas, I did not invest.)

And something else, which perhaps also surely accounts for Epstein's continuing relationships with the rich and powerful:

Most everyone who is now of a certain age and certain ambition and certain status grew up in, and found they were temperamentally suited to, the new age of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly and ingratiatingly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. Epstein is just one version, albeit picaresque, as well as louche, of this shared story.

He often tells, with some obvious marvel, his middle class to riches tale: born in 1953 in Coney Island, father works for the city's Parks Department, mother a housewife.

The captain of the math team at Lafayette High school in Bensonhurst, goes on to Cooper Union where the tuition is free. He drops

out after two years and begins taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by a slight of hand, gets a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

It's his first exposure to the wealthy. They have, he concludes, just as many problems as the people in Coney Island, just different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled recently as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.)

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stern's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If your supposed to be so fucking smart, don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late 70s, arrived on Wall Street.

As will happen to a generation of others, by the fortuitous luck of being on Wall Street at that point in time, Epstein is transformed by a new, much faster, form of upward mobility than has ever before existed. With a facility for mathematics as well as for getting along with rich men, he transforms at an even faster rate than so many others who are also being quickly transformed.

He moves into the penthouse of a new building at 66th Street and Second Avenue—still in the shadow of the Maxwell Plum era when the 60s on Second was the glamour address—a building that was he says, as a fond memory, full of "actresses, models, and euro trash." (It would shortly

become the Studio 54 era, where Epstein, who has never had drink or taken any drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction.

"In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a 50's mentality. But in the mid 70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I tried to create it. This was intellectual activity of a fairly high order."

Intellectual activity aside, he meets Helen Gurley Brown and she makes him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I enjoyed sex. I adore women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was the reason to make money."

His rise at Bear Sterns was a steep one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game—who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave taking or ouster from Bear is the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, he leaves in 1982 with billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. Epstein is dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest (plot lines from which Epstein might easily step).

Now begins the Concorde phase of his life—and the Concorde phase of the 1980s. If the 80s are happening pell mell in New York, they're happening at double time and catch up speed in London. Epstein is 30 years old and living, in Lifestyle of the Rich and Famous fashion (he befriends the show's star, Robin Leach), at English shooting parties at country estates with

Saturday night black tie dinners, where he's meeting the over-the-top families of Europe.

"I didn't take it seriously," Epstein recounts. "I was not caught up in it. I wasn't trying to make a billion dollars. There was no ultimate goal. It was just fun to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was going until I got there."

At the same time, he is developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million:

"If you had a billion dollars I would think the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect you children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased.

"You can't spend a billion dollars, you can just reallocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

At just about this point in the narrative, the questions or the incredulity begins in social circles and eventually in the media. He begins to acquire the major symbols of riches but does this without position, public holdings, or obvious paper trails. How can a person have enough money to merit increasing attention, but no clear way of having gotten it? Epstein gets stuck in that tautology. He may be rich, but he is without institutional protection or bona fides. He is a questionable substrata of wealth. He's a freelancer.

That's the rub: he doesn't work for anyone. Without institutional credentials he's…well, nobody knows what.

For a period, one part of his activities he says is recovering monies for countries looted by exiled dictators or military strongmen. If early in his career he might seem like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

Then, in his telling, he's representing a series of vastly wealthy people and families. He's not just doing their bidding or their investing, he's

helping them to navigate the ambitions of their wealth. They've satisfied their business dreams. Now there are the separate challenges and possibilities of their actual wealth. If they had big dreams before, it's nothing to what they can have now.

In essence, as Epstein becomes more of a public figure the response to this description of his livelihood, is, in the media and in high social circles, "bullshit." True, there is no clear alternate narrative. No one is accusing him of anything, accept, sometimes, guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant—along with, he points out, Paul Volcker.) But the characterization persist: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles is on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein is sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana is wearing her "revenge" dress that evening). Graydon Carter, into his second years as editor of Vanity Fair, is also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy (i.e. they are social climbers), both men have made themselves up. To say that Epstein, in the company of the Princess, sticks in Carter's craw would be a big understatement. Epstein becomes one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. A variety of the gossip that begins to circulate about Epstein—for instance, that he secretly films his guests—is seeded by Carter, who once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

Epstein is playing a cat and mouse game with his own growing wealth and influence. He is private and secretive, but grandly so. He joins the board of Rockefeller University. He's suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He buys from his client Limited Founder Les Wexner the larges private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He buys an airplane. He buys another. He expands his holdings in New Mexico. He begins a Zanadu refurbishment of his Caribbean Island.

He befriends Bill Clinton in his new after-office life.

And that's quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton really is the world's ultimate sleaze ball—is suddenly being ferried around in the jet of…*who* exactly?

The New York Post is the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. ("I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people.")

The instinctively private Epstein is not just increasingly exposed, but clearly curious about the nature of exposure.

I met Epstein around this time. Epstein had become a more and more active backer of advanced scientific research and in 2002 he was taking a small group of scientists out to the TED conference in Monterey. The TED organizers invited various other TED participants, including me, to join the flight. A small group assembled at the private plane terminal, most of us unfamiliar with our benefactor, and as we headed in the direction of the discrete private plans we were gently pointed to our ride: Epstein's 727.

It is some thoroughly updated drawing room set-up, all of us nervously ensconced in this luxury plane, waiting for our unknown host to arrive—and soon he does, tanned, relaxed, with wide open smile, accompanied by three young women.

It would be unlikely, outside of a men's magazine fantasy of the luxe life, that you could locate this in reality. Epstein's attentions, taking time with each of his passengers, seemed impossible to account for. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein's three companions were witty, poised, helpful as well as powerfully alluring—as though stewardesses of bygone times.

(One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane on the Monterey tarmac and, with a few other Googlers, literally ran whopping from one end of the plan to the other. Then they described for Epstein, in what I can not now remember as a put on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid reporter, Vicki Ward, to the job.

Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieves wealth and influence. Ward—who would more recently assert in the Daily Beast, that she was barred by Vanity Fair from writing about under-age sex evidence (a fact that could be read the other way: Vanity Fair, even looking to take down Epstein, did not find the evidence credible or supportable)—follows a rabbit hole of questionable contacts who might or might not have been the source or sources for Epstein's wealth, but gets no closer to an answer, beyond confirming her own sense of dubiousness.

Epstein, sensing that he might be exposing himself, tried to stop the process (Ward, often operatic about her journalistic exploits, says he threatened her), called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the troubles began.

Epstein, in man-who-can-have-everything fashion, and without the remotest sense of observance or propriety—as though a kind of cultural autism—has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're called—that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others."

It is after Epstein's round of publicity and widely touted association with Clinton, that the stepmother of one of the massage parlor girls, identified as "SG" in court documents, who went to Epstein's house (most of the girls return to Epstein's house many times) calls the police. The police

interview the girl who then supplies names of other girls. Some of whom are younger than 18.

In the end, the police track down 18 girls—nine who are under 18; the others in their 20s and 30s; one woman is in her 60s—a number of whom give statements describing scenarios not terribly different from Epstein's description above, except each is laid out in clinical, lurid, and near-identical detail. A cold and forceful Epstein demands that unwitting juveniles (though they have come here for this very purpose) perform repulsive (or at least repulsively described) acts on him. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleges anything more than Epstein masturbating.)

Epstein vastly raises the stakes by calling Dershowitz, who flies into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, doubling down on the profile of the case, brings in Roy Black the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

Here's the narrative: the shadowy rich man, friend of the louche and disgraced President, at all times surrounded by a retinue of young and gorgeous female retainers doing his bidding, is now found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girl friend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and forever more has become a fixture of further weird possibilities in this tale).

Palm Beach Police Chief Michael Reiter is reported to say: "This is bigger than Rush Limbaugh," who, in a storm of publicity, has just been arrested in Palm Beach for possession of controlled drugs.

On one side are some of the nation's most powerful defense attorneys (who, increasingly, seem more stumblebum than effective), on the other side, a round-up of hapless girls, with sensational tales of perversion and infamy (in the telling they are not so much sex workers, as Dickensian victims), relatively speaking giving the Palm Beach authorities the choice between utter capitulation to the powerful or standing on the side of the seemingly exploited and powerless.

Still, with a cold eye, it also quite appears to be a straightforward tale of prostitution (however more or less kinky). And even though some of the girls are minors, age is not a distinguishing factor in a solicitation charge in Florida, nor in most places (in New York, for instance, at this time soliciting

sex with anyone over the age of 14 is a class D misdemeanor calling for a $100 fine—the law has recently been changed to TK).

In fact, the "SG" tells the police that she lied about being 18 because otherwise she knew she would not have been admitted to the house (other girls will say they knew this is what they had to say, nevertheless not stopping them from saying it).

The local sex crimes prosecutor, Lana Belhalevic, interviews all the girls and determines that the offense is solely related to prostitution—that there are no real victims here.

Dershowitz, with chest pounding bravado, rejects a series of lower-level plea deals and Palm Beach District Attorney Barry Krischer takes the unusual step of empanelling a grand jury, which returns with a recommendation of a single count of soliciting a prostitute—a charge without jail time. (And Epstein can apply to have his record expunged after a year.)

At which point, Reiter, the police chief, at odds with the District Attorney's office, recruits the involvement of the FBI. This is of course the Bush-era FBI and Epstein presents quite the Clinton-connected scandal. Still, solicitation, even of a minor, is not a federal crime. The FBI hits on the novel interpretation that if Internet solicitation can be considered interstate commerce, so can telephone solicitation, permitting them to begin a deep dive investigation into Epstein's friends, many of whom receive subpoenas and are threatened with prosecution.

It's all quite in the eye of the beholder: On the one end, Epstein is paying for sex acts (Epstein paid $200 for a massage with or without happy ending), on the other, he is abusing teenage girls. It's a catch-22: How can a girl not old enough to vote be a prostitute? And yet, many girls not old enough to vote *are* prostitutes.

Compounding Epstein's predicament, the world outside of his carefully constructed and controlled environment is someplace that he seems not just ill-equipped to handle but in which he seems to be blindly grouping about (i.e. he's totally tone deaf). I visited him once during this time and found him weighing the conflicting advice of some of the most vaunted and egomaniacal lawyers (along with Dershowitz and Black, celebrity criminal attorney, Gerald Lefcourt, and Clinton prosecutor, Ken Starr) of the day—anyone with new advice, Epstein seemed to hire—as well as a catchall of the leading crisis managers, who he seemed to retain at will, all wrangling for fees and primacy.

Certainly, the upshot of his dealings with the Justice Department seem to involve a through-the-looking-glass logic. The government threatens to

prosecute him (with the possibility of a 10-year sentence) and various friends, associates, and lovers, or offers what seems to be unprecedented deal in which Epstein's lawyers (not federal prosecutors, but Epstein's lawyers, in some ultimate act of self incrimination) have to go to the Palm Beach authorities and convince them to up the charges to an offense that will send him to jail and get him a sex offender status. Except that a solicitation charge won't produce that result. Therefore he has to agree to a procurement or pimping charge (even though he has paid money, not received it—the sine qua non of pimping). What's more, in a unique, if not unprecedented arrangement, he has to agree to pay the legal fees of any of the girls who want to sue him—and, not to defend himself from their suits—forcing him to settle with each of the girls for what are reportedly high 6-figure sums or more.

He's sentence to jail in 2008 for 18 months and serves 13 (while Epstein is now frequently accused of somehow managing to cut short his sentence, almost all Florida prisoners serve only 70% of their officially sentenced time).

Jail hardly ends the legal catch all. Epstein's butler, Alfredo Rodriguez, steals and tries to sell an alleged journal or calendar with Epstein's activities—but he tries to sell it to an undercover agent. Rodriguez is sentenced to 18 months in jail on a charge of theft and of withholding evidence (it is not so much a journal as a list of phone numbers, which were apparently collected or saved by Rod Rodriguez; all of this material was subsequently included in a court filing by Edwards). Scott Rothstein, a lawyer whose firm represented additional girls in their suits against Epstein, also goes to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached. It's the largest fraud in Florida history and Rothstein receives a 50-year sentence.

Then, Brad Edwards, Rothstein's former partner, sues the federal government in 2008 for abridging the rights of two of the original complainants under the Crime Victim Rights Act (giving victims the right to be consulted about the disposition of their cases) regarding the Justice Departments agreement not to prosecute in favor of the state action. In 2014, Edwards tries to ad Virginia Roberts, another of the original complainants, who has previously settled with Epstein, to the long-running suit. Roberts who was paid a settlement under the original terms of Epstein's agreement—that he would pay attorney's fees and not oppose any law suits against him—is now trying to overturn the agreement under which she was paid, and, with Edwards, further suing Epstein for $50,000,000.

Indeed, Roberts, with the Daily Mail being her prime outlet, emerges as the most vocal accuser—and, in fact, the some total of the current story and attention.

That is, there is no story without her and what is being billed as her memoir of her "sex slavery" with Epstein, written ten years after the fact. Along with the Dershowitz and Prince Andrew charges, Roberts puts, with rather some narrative detail, both Clinton and Al and Tipper Gore on the island—and in fact Clinton, apparently with the acquiescence of the Secret Service, flying in a helicopter piloted by Epstein's girlfriend, an amateur pilot. Epstein's lawyers say that not only have Clinton and the Gores never been to the Epstein Island, but that there is easy proof of this in secret service records, which would seem to make the memoir opportunistic or hallucinatory fiction.

The FBI, in a recent filing, has argued that Roberts should not be party to the suit against the government because she refused to cooperate with the government in its investigation in 2007, hence has no standing as a victim. (At the same time, the FBI included her on the list of 40 victims with whom it mandated Epstein reach a settlement.)

It is hard to find a more hyperbolic intersection of media and lawyers then in Epstein's case.

Edwards, over the six years of his law suit, tries to depose Clinton, Donald Trump, and Dershowitz—almost all of his targets coming directly from the original Vanity Fair and New York Magazine articles about Epstein.

In addition to Prince Andrew as a British hot button, first connected to Epstein through Roberts' interview with the Daily Mail in 2010, Clinton takes on a new role as Hillary spoiler through his connection, real or imagined, to Epstein and sex slaves.

Almost everybody identified in any story about Epstein is approached by other media seeking to write about Epstein, often with financial incentives.

No new stories or even new details emerge. Every aspect of the current story is based on court filings describing events that may or may not have taken place prior to 2007. It's as though a kind of ground-hog day of moral opprobrium, a desire to repeat and to savor a new the old details.

A recent Reuters story identified a charity that Epstein has not given money to in 15 years that said if he does give again, they would give it back.

The world cleanly divides, with Epstein (and friends) behind secure walls and the Mail and social media and upholders of new norms ever more

incredulous and apoplectic that Epstein not only walks free but prospers too.

Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catch all of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent Playboy in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

When I suggested recently that one obvious way to blunt the animus would be to get married, he said he'd rather go back to jail.

He is Calvin Harris's song, It Was Acceptable in the 80s, come to life.

This is all, of course, a Gatsby-like tale: An enigmatic, and strangely appealing figure, able to invent and inhabit his own world is a mystery to try to decipher. Of course Gatsby in New York Post and Daily Mail parlance would likely be just a freaky financier too.

And this story is, in its way, about the limitation of journalism, in which the most compelling parts of the tale—Epstein's ambitions and impulses would be well suited to a long running cable drama—need to be sacrificed not just to moral certainty but to a rather preposterous fantasy of moral certainty.

Anyway, I hope I get invited back to Jeffrey's house soon.

**From**: Martin Weinberg [[redacted]]
**Sent**: 4/22/2015 7:03:52 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Kathy Ruemmler [[redacted]]
**CC**: Martin Weinberg [[redacted]]
**Subject**: ATTORNEY-CLIENT PRIVILEGE

**Importance**: High

As just received.
Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

[redacted] cell

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This Electronic Message contains

information from the Law Office of

Martin G. Weinberg, P.C.,

and may be privileged. The

information is intended for the

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are not the addressee, please note

that any disclosure, copying,

distribution, or use of the

contents of this message is

prohibited.

--- On Wed, 4/22/15, Hill, James E. <[redacted]> wrote:

> From: Hill, James E. [redacted]
> Subject: FW: inquiry from ABC News re Jeffrey Epstein
> To: [redacted]
> Date: Wednesday, April 22, 2015, 1:57 PM
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> #yiv0232406113 ul
>  {margin-bottom:0in;}
> #yiv0232406113 Marty:  With the understanding
> that we have not yet made determinations about what will or
> will not be included in our broadcast, here are the  bullet
> points of the principal allegations Ms. [redacted]
> raised in the ABC interview regarding Mr. Epstein.  I'm
> available on cell [redacted] if you wish to discuss.
> We'd ask for your response as soon as possible – best if
> by close of business Friday.  Thanks.  And I'm
> always available to talk to you if you wish to communicate
> with us.  ·
> She says in summer of 1999 when she was
> 15 - Ghislaine Maxwell approached and asked her if she was
> interested in a job as a masseuse·
> She says she was later (that same day)
> driven by her father to Epstein's Palm Beach residence,
> where she massaged Epstein with Maxwell's guidance, and
> then she says she was made to have sex, to include
> intercourse, with Epstein.  At conclusion she says she
> was paid $200 and driven home by a butler.·
> She says she quit her job and went to
> work for Epstein within a couple of weeks of the first
> encounter·
> She says Epstein always knew how old
> she was and says specifically that she, Epstein and Maxwell
> celebrated [redacted] 16th b-day together·
> She says Epstein paid her for the
> encounters and for her apartment and car·
> She says she would be expected to have
> sexual relations with Epstein up to several times a
> day·
> She says there was an uncountable
> number of other girls in similar situation to her, some as
> young as 12·
> She says she was given money by Epstein
> to go out and recruit other young girls for him.·
> She says that while she was free to
> come and go – she felt like she was under his control and
> she didn't want to disappoint Epstein.·
> She says Epstein required her, and paid
> her, to have sex with many of his friends. ·
> She says these people included
> politicians, royalty, educators·
> She says she had sex -or sexual
> activities - with Prince Andrew on three occasions – at
> the instruction of Epstein ·
> She says Epstein paid her $15,000 after
> the 1st of the three alleged encounters with
> Prince Andrew·
> She says that Epstein showed her a
> video room in his NY home which had monitors showing cameras
> in many locations in the home·
> She suggests Epstein made videos of
> underage girls with other people for purposes of potential

> blackmail ·
> She says that Epstein liked her to
> dress up in outfits, including bondage and schoolgirl
> outfits·
> She says she met Bill Clinton on
> Epstein's island in the USVI. She does not specify a
> date but says she is 100% sure it was Clinton and it was on
> the island. She says she ate dinner with Epstein and
> Clinton but alleges nothing further regarding Clinton.·
> She says one person - who she
> wouldn't name - that Epstein loaned her out to -
> physically assaulted and raped her. She says this
> happened on Epstein's island, and that she had been sent
> by Epstein - alone -to meet this person . She says she
> screamed but no one came to her aid. She says she feared
> for her life. She says she told Epstein about the
> alleged beating and rape afterwards and she said he didn't
> care.·
> She says Epstein and Maxwell asked her
> to have a child for them and to sign a document signing away
> the rights to the child in the event that she and Epstein
> had a falling out. She says she refused this
> request.·
> She says Epstein has a sick problem, is
> a pedophile, a dangerous man who should not be walking
> free -----Original
> Message-----
> From: Martin Weinberg
> [redacted]
> Sent: Wednesday,
> April 22, 2015 1:44 PM
> To: Hill, James E.
> Cc: Martin Weinberg
> Subject:
> Re: inquiry from ABC News re Jeffrey Epstein James, just confirming
> that you are sending me the bulletpoints from the interview
> you are asking about, thanksMartyMartin G. Weinberg,
> Esq. 20 Park Plaza, Suite
> 1000 Boston, MA 02116 [redacted] [redacted] cell ========== This
Electronic Message
> contains information from the Law
> Office of Martin G. Weinberg, P.C.,
> and may be privileged. The
> information is intended
> for the use of the addressee only.
> If you are not the addressee,
> please note
> that any
> disclosure, copying, distribution, or use of
> the contents of this message
> is prohibited. ----------On Tue, 4/21/15, Hill,
> James E. <[redacted]>
> wrote: Subject: inquiry from ABC
> News re Jeffrey Epstein To: "[redacted]"
> [redacted]
> [redacted]
> [redacted],
> [redacted]
> [redacted] Date: Tuesday, April 21,
> 2015, 4:36 PM
> Greetings.
> This is James Hill
> of ABC News. I write to you regarding Jeffrey Epstein - and
> your representation of him in the CVRA case in which he
> is an intervener. ABC News has recently conducted an on-camera
> interview with [redacted] (formerly known as Jane
> Doe #3), portions of which are very likely to be airing on
> Good Morning America and other ABC programs this week. We would like to offer you an opportunity
> to respond to the allegations she has raised about Mr.
> Epstein. Can you tell me who among you I should be in contact
> with? Should you wish to make a statement or respond in
> any other manner - I will need it by close-of-business
> Wednesday. Thanks kindly,James Hill James
> HillABC News Producer190 N. State St.Chicago IL
> 6060[redacted] (cell[redacted] (cell)[redacted]
> (ofc)[redacted]
>

**From:** [redacted] <[redacted]>
**Sent:** Tuesday, January 19, 2016 11:39 PM
**To:** Jeffrey Epstein
**Subject:** Help!

**Importance:** High

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

--

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**From:** [redacted]
**Sent:** Wednesday, January 20, 2016 3:46 AM
**To:** jeffrey E.
**Subject:** Help!

**Importance:** High

Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted] wrote:

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

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HOUSE_OVERSIGHT_022772

**From:** [redacted]
**Sent:** Thursday, January 21, 2016 12:19 AM
**To:** jeffrey E.
**Subject:** Help!

**Importance:** High

Happy birthday, I remember the few I had spent with you, good memories!

The problem is that you may appreciate my support but that doesn't help me. Yes, I told you I can't have people coming here to ask about you and ex pals.... My landlord may shoot them. He is pissed. I need your help. Out of all the people you should be helping is someone who actually genuinely cared about you.i realize you're living the good life and I'm not your concern, but if you really appreciated my support then you'd help me otherwise I don't know what I'll do.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate your support is what i meant. has anyting happened recently? it is my birthday today

On Tue, Jan 19, 2016 at 10:46 PM, [redacted] wrote:
Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted]
Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

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**From:** [redacted]
**Sent:** Friday, January 22, 2016 2:28 PM
**To:** Jeffrey Epstein
**Subject:** Help!

**Importance:** High

Since I need and at this point want to move off this breathtaking property, I want to be able to buy a home in NJ, with $0 savings, = impossible. With salary and cost of living, I don't get ahead. Also my luck with men and relying on a man for support is the worst idea. Average homes in NJ are $400-$500K ugh I also still have to pay off student loan, ($9,809.74).

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
what do you suggest?

On Wed, Jan 20, 2016 at 7:19 PM, [redacted] wrote:
Happy birthday, I remember the few I had spent with you, good memories!

The problem is that you may appreciate my support but that doesn't help me. Yes, I told you I can't have people coming here to ask about you and ex pals.... My landlord may shoot them. He is pissed. I need your help. Out of all the people you should be helping is someone who actually genuinely cared about you.i realize you're living the good life and I'm not your concern, but if you really appreciated my support then you'd help me otherwise I don't know what I'll do.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate your support is what i meant. has anyting happened recently? it is my birthday today

On Tue, Jan 19, 2016 at 10:46 PM, [redacted] wrote:
Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted] wrote:
Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

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HOUSE_OVERSIGHT_022779

Non-Responsive - Redacted

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| Date 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | | Number of Landings | Aircraft Category... Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| JAN 31 | N96GM | C-421B | PBI | FYE | | | D.O. [redacted] PROTOCOL OPERATION REMOVE CARGO SETUP | | | | | |
| 11 | N908JC | B-727-31 | PBI | JFK | | 93 | JC, [redacted] | | V1 | 1.6 | | |
| 11 | B-727-31 | N908JC | JFK | LFPB | | 94 | JC, GM, [redacted] | | V1 | 2.5 | | |
| 15 | " | " | LFPB | LFPG | | 95 | REPOSITION | | /1 | 7.2 | | |
| 15 | " | " | LFPG | EGGW | | 96 | JC, GM [redacted] | | | .5 | | |
| 16 | " | " | EGGW | LFMN | | 97 | JC, GM [redacted] | | | .8 | | |
| 19 | " | " | LFMN | UNNT | | 98 | JC, GM, [redacted] | | V1 | 1.8 | | |
| 20 | " | " | UNNT | RJTB | | 99 | JC, GM, [redacted] | | V | 6.7 | | |
| 22 | " | " | RJTB | VHHH | | 100 | JC, GM (PRESIDENT BILL CLINTON) [redacted] MEDIC, [redacted] | | /1 | 6.5 | | |
| 23 | " | " | VHHH | ZGSZ | | 101 | SAME AS ABOVE | PETE ROTHWEB | | 4.0 | | |
| 23 | " | " | ZGSZ | WSSS | | 102 | SAME AS ABOVE | PETE ROTHWEB | | .4 | | |
| 25 | " | " | WSSS | VTBD | | 103 | SAME AS ABOVE | PETE ROTHWEB | | 3.4 | | |
| 25 | " | " | VTBD | WBSB | | 104 | SAME AS ABOVE | PETE ROTHWEB | | 2.2 | | |
| 27 | " | " | WBSB | WRRR | | 105 | JC, GM [redacted] | PETE ROTHWEB | | 2.6 | | |
| 29 | " | " | WRRR | VCBI | | 106 | JC, GM, [redacted] | PETE ROTHWEB | V1 | 2.1 | | |
| 29 | " | " | VCBI | OMDB | | 107 | JC, GM [redacted] | PETE ROTHWEB | | 5.2 | | |
| 30 | " | " | OMDB | LFPB | | 108 | JC, GM, [redacted] | PETE ROTHWEB | | 4.4 | | |
| 31 | " | " | LFPB | EGGW | | 109 | JC, GM, [redacted] | PETE ROTHWEB | | 3.8 | | |
| JAN 7 | " | " | EGGW | EIDW | | 110 | REPOSITION | PETE ROTHWEB | 1/1 | 1.0 | | |
| | | | | | | | | | | 1.7 | | |
| | | | | | | | | Page Total | 6/7 | 57.4 | | |
| | | | | | | | | Amount Forward | 6559 / 4.00 | 8635.1 | 3.3 | 112.6 |
| | | | | | | | | Total to Date | 6581 / 4.59 | 8692.5 | 3.3 | 112.6 |

I certify that the statements made by me on this form are true.

Pilot's Signature [signature]

| Date 2007 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... AIRPLANE | GLIDER | HELICOPTER |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FEB 16 | B-727-31 | N908SE | PBI | ABY | | 64 | GM, [redacted], GLEN DUBBY, 2 GENERAL PASSENGER CARG | V | 1 3 | | |
| 16 | " | " | ABY | JFK | | | | | | | |
| 20 | " | " | JFK | MRY | | 65 | JG, GM, [redacted], GLEN DUBBY, 2 SCHOLLS [redacted] PASSENGER CARGO | | 2 1 | | |
| 23 | " | " | MRY | VNY | | 66 | BRUCE DOUGLAS, [redacted] FROM ZAGAT, [redacted] | 1/1 | 5 9 | | |
| 23 | " | " | MRY | VNY | | 69 | DAVID BRACKMAN, [redacted] MICHAEL WOLF, DANIEL | | DENNETT, RICHARD MILLER, JOSH | | |
| 23 | " | " | VNY | JAX | | 67 | JG, [redacted], [redacted] FROM ZAGAT, | 1/1 | 8 | | |
| 25 | G-1159B | N802TC | FEZ | ABQ | | 68 | GERTRUDE PASSENGER, BUDDY KING, GEORGE KING, LORD, [redacted] STEIN, [redacted] LANDING | 1/ | 4 2 | | |
| 25 | " | " | TCB | ABQ | | 164 | ROGER SQUIRE, [redacted] BARNETTE, ARLO (UNANIMAL) | | | | |
| 28 | B-727-31 | N908SE | JAX | PBI | | 192 | GM | 1/1 | 2 5 | | |
| MAR 2 | B-727-200 | SIMULATOR | MIA | MIA | | 71 | BLOCK | 1/1 | 4 3 | | |
| 7 | " | " | | " | | | STOCK TICKS, STALLS, HOLDING, | 1/1 | 1 2 | | |
| 7 | " | " | | " | | | EMERGENCY DESCENT, RTO, UNUSUAL ATTITUDES, ENGINE FAILURES, MISSED APPROACH | | 2 0 | | |
| 8 | " | " | | " | | | ENGINE FAILURE DESCENT, 2 GEN TWO OUT WENT TO HOLD, 4 ENGINE FAILURES, ENGINE FAILURE DESCENT, HOLDING, ENGINE CERT, VARIOUS WELL GRIDS | | 2 0 | | |
| 10 | B-727-31 | N908SE | PBI | JFK | | 72 | JG, GM, [redacted], 2 GENERAL | 1/ | 2 0 | | |
| 14 | " | " | JFK | PBI | | 73 | JG, [redacted], JOE PAGANO, [redacted] TODD | | 4 1 | | |
| 17 | " | " | PBI | JFK | | 74 | JG, [redacted], JOE PAGANO, [redacted] TODD, 2 GENERAL | | 2 5 | | |
| 19 | " | " | JFK | EGGW | | 75 | BILL CLINTON, DOUG BAND, 3 SECRET SERVICE | 1/ | 2 6 | | |
| 21 | " | " | EGGW | JFK | | 76 | JG, GM, [redacted] | 1/1 | 6 7 | | |
| 22 | " | " | JFK | PBI | | 77 | BILL CLINTON, DOUG BAND, 10 SECRET SERVICE, JG, GM, [redacted], NAOMI CAMPBELL, 1 MALE SERVICE CONTACT | | 7 8 | | |
| | | | | | | | Page Total | 8 5 6 | 8 5 6 | | |
| | | | | | | | Amount Forward | 6517 6169 | 8541 9 | 3 3 1 | 12 6 |
| | | | | | | | **Total to Date** | 6526 6175 | 8549 5 | 3 3 1 | 12 6 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Rodgers

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| Date 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... AIRPLANE | GLIDER | HELI... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| JUL 13 | B-727-311F | N904JC | LEMN | GMTT | | 120 | JC, GM [redacted], AP, [redacted] | | 2 | 1 | |
| 13 | " | " | GMTT | GMMC | | 121 | JC, GM [redacted], AP | | | 7 | |
| 13 | " | " | GMMC | LPAZ | | 122 | JC, GM [redacted] AP [redacted] PRESIDENT CLINTON DOG, BANN, MERC, & SECRET SERVICE | | 2 | 4 | |
| 13 | " | " | LPAZ | JFK | | 123 | JC, GM [redacted] AP [redacted] PRESIDENT CLINTON DOG, BANN, MERC, & SECRET SERVICE | | 5 | 9 | |
| 18 | " | " | JFK | PBI | | 124 | JC, [redacted], 2 FEMALES | | 2 | 2 | |
| 19 | " | " | PBI | JAX | | 125 | [redacted] GREG HOLBURT, [redacted] -C CHIEF | | 1 | 0 | |
| AUG 4 | G-1159B | N904JC | PBI | MVY | | 1383 | JC, 1 FEMALE | | 2 | 8 | |
| 4 | " | " | MVY | BED | | 1384 | JC, 1 FEMALE | | | 7 | |
| 4 | " | " | BED | TEB | | 1385 | JC, 1 FEMALE | | | 9 | |
| 5 | " | " | TEB | SAF | | 1386 | JC [redacted], 2 FEMALES | | 3 | 8 | |
| 6 | C-172XP | N7394P | ACG | ACG | | | 172 CHECK OUT | 1/1 | | 9 | |
| 6 | 206L3 | N4474W | ZORRO | ACG | | | | 3/3 | | 1 | |
| 15 | B-727-311F | N908JC | JAX | JAX | | 126 | C-CHECK FLIGHT TEST PETE RAMOS | 1/1 | | 9 | |
| 16 | " | " | JAX | PBI | | 127 | RETURN FROM C-CHECK PETE RAMOS | | | 1 | |
| 17 | G-1159-B | N904JC | SAF | TEB | | 1384 | JC, GM [redacted], [redacted] JOHN NELSON CONFIRMED ALREADY [redacted] NICK SIMMONS, | | 3 | 7 | |
| 18 | " | " | TEB | PBI | | 1340 | JC, [redacted], 1 FEMALE | | 2 | 4 | |
| 21 | B-727-311F | N908JC | PBI | TISX | | 128 | JC, [redacted] | | 2 | 5 | |
| 25 | " | " | TISX | JFK | | 129 | JC, [redacted] | 1/1 | 3 | 6 | |
| 28 | " | " | JFK | LFPB | | 130 | JC, [redacted], 1 FEMALE | | 6 | 4 | |
| | | | | | | | Page Total | 6/6 | 44 | 0 | 5 |
| | | | | | | | Amount Forward | 6547 0194 | 8 11 | 1 3 3 | 112 6 |
| | | | | | | | Total to Date | 6553 0294 | 8 54 | 1 3 3 | 117 1 |

I certify that the statements made by me on this form are true

Pilot's Signature David Pedigo

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| Date ~~19~~ 2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dec 31 | B 727-31B | N908JE | LFPB | EGBB | | 131 | JE, [redacted] | 1/1 | 1 0 | | |
| Sep 2 | " | " | EGBB | LFPB | | 132 | JE, [redacted] | | 1 0 | | |
| 3 | " | " | LFPB | JFK | | 133 | JE, [redacted] | | 1 0 | | |
| 4 | " | " | JFK | PBI | | 134 | JE, 1 FEMALE, JOHN LEE BRUNER | 1/1 | 7 5 | | |
| 8 | G-IISSB | N909TC | PBI | TCB | | 1593 | JE, [redacted], 2 FEMALES | | 2 5 | | |
| 9 | G-IISSB | " | TCB | BCN | | 1593 | JE, [redacted] | | 2 1 | | |
| 9 | " | " | BCN | TCB | | 1594 | JE, [redacted] | 1/1 | 4 | | |
| 10 | " | " | TCB | HST | | 1595 | JE, [redacted] | | 9 | | |
| 15 | " | " | HST | PBI | | 1596 | JE, [redacted], [redacted] | | 3 8 | | |
| 21 | B 727-31B | N909JE | JFK | LPAZ | | 136 | PRESIDENT WELLSMITH, [redacted] | 1/1 | 2 6 | | |
| 22 | " | " | LPAZ | DGAA | | 137 | SEVEN PAGES CHRIS TUNKIS JEGM, [redacted] | | 5 2 | | |
| 23 | " | " | DGAA | DNAA | | 138 | BOB ARNI, DAVID SLAVE, TRAVIS NASH | | 5 7 | | |
| 24 | " | " | DNAA | HRYR | | 139 | CPR NEWS, RONNY WYNN, CHRIS FLATT, WASSMAN, RONDA KLEIN [redacted] | 0/1 | 1 1 | | |
| 25 | " | " | HRYR | FQMA | | 140 | SAME AS ABOVE LESS RONDA KLEIN | | 4 0 | | |
| 26 | " | " | FQMA | FACT | | 141 | SAME AS ABOVE PLUS ERA MILLER + DUCK | | 3 5 | | |
| 27 | " | " | FACT | FAJS | | 142 | SAME AS ABOVE | 1/ | 2 4 | | |
| 28 | " | " | FAJS | FACT | | 143 | [redacted] SAME AS ABOVE LESS JEGM [redacted], [redacted] | | 2 1 | | |
| 29 | " | " | FACT | DGAA | | 144 | SAME AS ABOVE LESS [redacted], ERA MAGGIE ENDT | | 2 0 | | |
| 29 | " | " | DGAA | LFPB | | 145 | SAME AS ABOVE PLUS JOE GM [redacted] | | 6 2 | | |
| | | | | | | | SAME AS ABOVE | /1 | 6 5 | | |
| | | | | | | | Page Total | 5/6 | 62 5 | | |
| | | | | | | | Amount Forward | 6553 6200 | 8784 1 | 3 3 | 1 3 1 |
| | | | | | | | Total to Date | 6558 6200 | 8846 6 | 3 3 | 1 3 1 |

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Pilot's Signature David Rodman

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| Date 19 [illegible] | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival: From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... AIRPLANE | GLIDER | HELICOPTER |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 29 | B-727-31 | N9[illegible] | LBPB | LGGW | | 146 | [illegible] | 1/1 | | | |
| 1 | " | " | LGGW | LBPB | | 147 | [illegible] | | 9 | | |
| 2 | " | " | LBPB | JFK | | 148 | JE/GM, [redacted] | | 1 | 10 | |
| 3 | " | " | JFK | PBI | | 149 | JE/GM, [redacted] | | 8 | 11 | |
| 6 | G-1159B | N[illegible] | PBI | TCB | | 1[illegible] | JE, SK, [redacted] | | 2 | 4 | |
| 11 | " | " | TCB | PBI | | 1[illegible] | JE, GM, [redacted] | | 2 | 3 | |
| 14 | " | " | PBI-OPS | PBI | | 1599 | MARK POTTER - PPC | | 2 | 5 | |
| 15 | " | " | PBI | TCB | | 1600 | JE, GM, [redacted] RYAN DONNE [redacted] | 1/1 | 2 | 4 | |
| 17 | " | " | TCB | TIST | | 1601 | JE, SK, [redacted] | | 3 | 7 | |
| 21 | " | " | TIST | PBI | | 1602 | JE, SK, [redacted] | 1/1 | 2 | 6 | |
| 30 | " | SEMINOLE | JFK | MEV | | | [illegible] | | | | |
| 30 | " | " | MEV | JFK | | | [illegible] | | | | |
| 31 | " | " | JFK | MEV | | | [illegible] | | | | |
| Nov 1 | " | " | MEV | JFK | | | [illegible] | | | | |
| 6 | B-727-31 | N9[illegible] | PBI | TCB | | 1603 | JE, SK, [redacted] | 3/3 | | | |
| | " | SEMINOLE | JFK | MEV | | | [illegible] | 1/1 | | | |
| 6 | " | " | MEV | MEV | | | [illegible] | | | | |
| 10 | G-1159B | N[illegible] | TIST | TCB | | 1[illegible] | [illegible] | | | | |
| 15 | " | " | TCB | TIST | | 1[illegible] | [illegible] | | | | |
| 15 | " | " | TIST | PBI | | 1[illegible] | [illegible] | | | | |

I certify that the statements made by me on this form are true

Pilot's Signature [illegible]

| | | | | | |
|---|---|---|---|---|---|
| Page Total | 9 | 5 | 4 | 4 | 5 |
| Amount Forward | 6558 | | | | |
| Total to Date | 6567 | 5 | 5346 | 3 | 3 1 1 1 |

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Non-Responsive - Redacted

Non-Responsive - Redacted

Non-Responsive - Redacted

Non-Responsive - Redacted

**From:** [redacted]
**Sent:** Monday, February 15, 2016 3:25 PM
**To:** jeffrey E.
**Subject:** Help!

**Importance:** High

Still have Zorro ❤ pjs... Perfect for my lonely Valentine's Day. ☹

So, what do you think about my suggestion to help?

How are you holding up?

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
what do you suggest?

On Wed, Jan 20, 2016 at 7:19 PM, [redacted] wrote:
Happy birthday, I remember the few I had spent with you, good memories!

The problem is that you may appreciate my support but that doesn't help me. Yes, I told you I can't have people coming here to ask about you and ex pals.... My landlord may shoot them. He is pissed. I need your help. Out of all the people you should be helping is someone who actually genuinely cared about you.i realize you're living the good life and I'm not your concern, but if you really appreciated my support then you'd help me otherwise I don't know what I'll do.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate your support is what i meant. has anyting happened recently? it is my birthday today

On Tue, Jan 19, 2016 at 10:46 PM, [redacted] wrote:
Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted] wrote:
Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of

you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

--

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HOUSE_OVERSIGHT_022804

**From:** Thomas Jr., Landon [[redacted]]
**Sent:** 11/7/2017 2:26:43 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i am more interested in al-waleed/saudi purge/Jared axis. al-waleed and prez go back a ways don't they?

On Tue, Nov 7, 2017 at 5:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://people.com/movies/harvey-weinstein-hired-intelligence-agencies-to-spy-on-accusers-rose-mcgowan/ the same boies that represents [redacted] who makes totally fabricated claims re gore and clinton - boies clients. he refuses to ask them their version of events. They were never on the island and though she gave details of a dinnner. I have never ever met al gore or his wife.

boies is going to be in the firiing line. from the biz view he represented Hank Greenburg AIG, , his fees were never paid as the appeals court overturned the win. but AIG as an insurance co. -- ... phone only

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--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [[redacted]]
**Sent:** 11/7/2017 3:00:15 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Did your Saudi friends survive the purge?

On Tue, Nov 7, 2017 at 9:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:
As they are both bulkshitters

On Tue, Nov 7, 2017 at 10:26 AM Thomas Jr., Landon <[redacted]> wrote:
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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]]
**Sent:** 11/8/2017 1:48:26 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Re Boies, Voila. https://www.nytimes.com/2017/11/07/business/weinstein-lawyer-david-boies.html. Unclear to me why he is getting involved with you....

On Tue, Nov 7, 2017 at 10:10 AM, jeffrey E. <jeevacation@gmail.com> wrote:
All. With gods help ;)

On Tue, Nov 7, 2017 at 11:00 AM Thomas Jr., Landon <[redacted]> wrote:
Did your Saudi friends survive the purge?

On Tue, Nov 7, 2017 at 9:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:
As they are both bulkshitters

On Tue, Nov 7, 2017 at 10:26 AM Thomas Jr., Landon <[redacted]> wrote:
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Landon Thomas, Jr.
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Financial Reporter
New York Times
[redacted]
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

# Client Who Stood Up for Boies Goe Public in Sex Trafficking Case

After first outing herself to defend David Boies in a letter to The New York Times, Sarah Ransome is giv pseudonym "Jane Doe 43" in a sexual trafficking lawsuit against billionaire Jeffrey Epstein.

By **Miriam Rozen** | UPDATED Jan 09, 2018 at 12:21 PM | Originally published on **The American Lawyer**

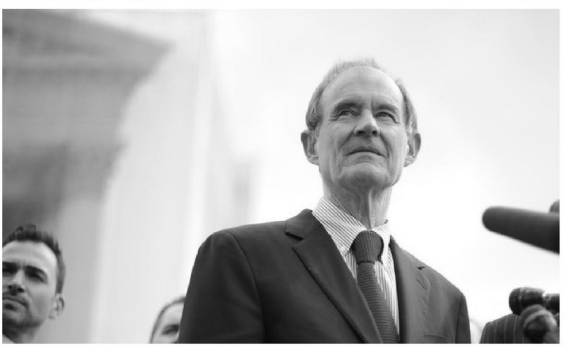

*David Boies, Boies Schiller Flexner*
**Diego M. Radzinschi/The National Law Journal**

"Jane Doe 43" has formally identified herself as Sarah Ransome in a sexual trafficking lawsuit that her lawyers at Boies Schiller Flexner are pursuing against billionaire Jeffrey Epstein.

In a notice to change the case caption filed Friday in Manhattan federal court, Ransome's attorneys said she "no longer intends to proceed by way of pseudonym" in the case, which claims Epstein forced her to have sex for money.

Defense lawyers for Epstein had argued that Ransome must litigate under her own name after she wrote a Nov. 15 letter to The New York Times, which the Times published, in which she defended Boies Schiller and firm chairman David Boies against criticism stemming from Boies' work for Harvey Weinstein.

Ransome identified herself as Jane Doe 43 in the Times letter, which said Boies "heard me and came to my rescue" when others refused to take her allegations against Epstein seriously. "For the first time in 10

years I finally feel safe because of David Boies and his colleagues," wrote Ransome, who also said the firm did not charge her legal fees.

The letter was prompted by a Nov. 9 Times op-ed by Stanford University law professor Deborah Rhode, titled "David Boies's Egregious Involvement With Harvey Weinstein." Written in the wake of revelations in The New Yorker that Boies had engaged private investigators to kill an investigation by Times reporters into Weinstein's alleged sexual predations, the op-ed suggested that Boies' work for Weinstein was unethical, partly because the Times' was a Boies Schiller client.

Two days earlier, on Nov. 7, following publication of The New Yorker article, Boies had issued a statement addressed to his firm, stating that Weinstein was no longer a client and stressing that he "would never knowingly participate in an effort to intimidate or silence women or anyone else."

In a Nov. 21 brief in the Epstein litigation, defense lawyer Michael Miller of Steptoe & Johnson LLP argued that Ransome had never satisfied requirements to file anonymously and had publicly identified herself with her letter to the Times, so she should be required to add her name to the case caption.

Sigrid McCawley, a Boies Schiller partner in the firm's Fort Lauderdale office who represents Ransome along with Boies and others, said her client ultimately chose to go public with her name "in the hopes that her courage will inspire other Epstein victims to speak their truth."

In 2008, Epstein entered a guilty plea in Florida for soliciting an underage prostitute, which led to an 18-month jail term and placement on the national sex offender registry. Since then, multiple plaintiffs have filed related complaints against him, including one that includes allegations that President Donald Trump's winter White House, Mar-a-Lago, was the location of events that led to sex trafficking.

Epstein has argued that the court should dismiss the case because Ransome failed to state a substantiated claim and because the claims she makes are barred by the statute of limitations.

Steptoe's Miller had no immediate comment for this report.

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**liriam Rozen**

riam Rozen covers the business of law with a focus on law firm-client relationships. Contact her at rozen@alm.com. Twitter: @MiriamRozen.

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**From**: Brad Edwards[redacted]
**Sent**: 4/6/2018 3:49:11 PM
**To**: jeevacation@gmail.com
**Attachments**: image001.png; clinton_9-2002.pdf; shoppers_travel_not_redacted.pdf

**Importance**: High

CONFIDENTIAL SETTLEMENT DISCUSSIONS/NO PRIVILEGE WAIVER/PER YOUR REQUEST -

I expect a crisp, new bill. Your personalized message can say whatever you would like but it should include, "you win!"

EDWARDS POTTINGER LLC

**Brad Edwards**
**Board Certified Trial Attorney**
425 North Andrews Avenue, Suite 2
Fort Lauderdale, Florida 33301
[redacted] | www.epllc.com

| Date 48-2002 | Aircraft Make and Model | Aircraft Identification Mark | Points of Departure & Arrival From | To | Miles Flown | Flight No. | Remarks, Procedures, Maneuvers, Endorsements | Number of Landings | Aircraft Category... Airplane | Glider | Helicopter |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AUG 31 | B-727-31H | N908JE | LFPB | EGBB | | 131 | JE, [redacted] | 1/1 | 1 0 | | |
| SEP 2 | " | " | EGBB | LFPB | | 132 | JE, [redacted] | | 1 0 | | |
| 3 | " | " | LFPB | JFK | | 133 | JE [redacted] JOHN LUC BRUNEL | 1/1 | 7 5 | | |
| 4 | " | " | JFK | PBI | | 134 | JE, 1 FEMALE | | 2 5 | | |
| 8 | G-1159B | N909JE | PBI | TEB | | 1592 | JE, [redacted] 2 FEMALES | | 2 7 | | |
| 9 | G-1159B | " | TEB | BED | | 1593 | JE, [redacted] | 1/1 | 9 | | |
| 9 | " | " | BED | TEB | | 1594 | JE, [redacted] | | 9 | | |
| 10 | " | " | TEB | TIST | | 1595 | JE [redacted], [redacted] 1 MALE | | 3 8 | | |
| 15 | " | " | TIST | PBI | | 1596 | JE, [redacted], [redacted] | | | | |
| 21 | B-727-31H | N908JE | JFK | LPAZ | | 136 | PRESIDENT WILLIAM J. CLINTON, [redacted] KEVIN SPACEY, CHRIS TUCKER, JE, CM, [redacted], CL | 1/1 | 2 6 | | |
| 22 | " | " | LPAZ | DGAA | | 137 | DONG BANN, DAVID SLANG, JIM KENNEY, ERIC NORRIS, RODNEY SLATER, CINDY LORD, WAGGONER, RON BURKLE, [redacted] | 1/0 | 5 2 | | |
| 23 | " | " | DGAA | DNAA | | 138 | | 1/1 | 5 7 | | |
| 24 | " | " | DNAA | HRYR | | 139 | SAME AS ABOVE LESS RON BURKLE | 0/1 | 1 7 | | |
| 25 | " | " | HRYR | FQMA | | 140 | SAME AS ABOVE PLUS ERA MAGAZINER | | 4 0 | | |
| 26 | " | " | FQMA | FACT | | 141 | SAME AS ABOVE | | 3 8 | | |
| 27 | " | " | FACT | FAJS | | 142 | SAME AS ABOVE LESS, JE, CM, SLCL | 1/ | 2 4 | | |
| 28 | " | " | FAJS | FACT | | 143 | SAME AS ABOVE LESS [redacted], [redacted] ERA MAGAZINER | | 2 1 | | |
| 29 | " | " | FACT | DGAA | | 144 | SAME AS ABOVE ADD, JE, CM, [redacted] | | 2 0 | | |
| 29 | " | " | DGAA | LFPB | | 145 | SAME AS ABOVE | | 6 2 | | |
| | | | | | | | | /1 | 6 5 | | |
| | | | | | | | Page Total | 5/6 | 62 5 | | |
| | | | | | | | Amount Forward | 6558 6200 | 8784 1 | 3 3 | 113 |
| | | | | | | | Total to Date | 6558 6266 | 8846 6 | 3 3 | 113 |

I certify that the statements made by me on this form are true.

Pilot's Signature David Rodgers

**From:** Martin Weinberg [redacted]]
**Sent:** 8/13/2018 7:30:44 PM
**To:** Jeff Epstein [jeevacation@gmail.com]; Martin Weinberg [redacted]
**Subject:** Fwd: Viceland

**Importance:** High

Fyi

Sent from my iPhone

Begin forwarded message:

**From:** Matt Williams [redacted]
**Date:** August 13, 2018 at 3:15:32 PM EDT
**To:** "Martin G. Weinberg" [redacted]
**Subject: Re: Viceland**

Thank you Marty,

The questions we wanted to reach out to Mr Epstein for comment are listed below. Feel free to contact me on [redacted] after reviewing. Kind regards - Matt

A former employee has told us that Donald Trump attended Mr Epstein's Palm Beach estate on at least two occasions. Does Mr Epstein recall hosting Donald Trump at that residence?

On one such occasion, it has been suggested to us that Mr Epstein and Donald Trump watched "young girls try on bikinis" while making comments on the their bodies." Does Mr Epstein have any comment?

How does Mr Epstein respond to claims that women - some under the legal age of sexual consent - were used as "sex slaves" at his properties?

A former employee of Mr Epstein has alleged to us that Mr Epstein sexually assaulted her on numerous occasions. Does Mr Epstein have a comment?

Did or does Mr Epstein have cameras inside rooms at his Palm Beach residence?

Did Mr Epstein remove those cameras before police raided the property as part of the investigation into alleged crimes? Did Mr Epstein ever hand over any recordings from any cameras at his properties to the authorities as part of his non-prosecution agreement?

Does Mr Epstein have in his possession any video recordings of Donald Trump taken from inside his Palm Beach estate or any other residence?

Did Mr Epstein hold sex parties at his residences involving girls under the age of sexual consent? Was Donald Trump ever present at any of these parties?

Has Mr Epstein upheld the conditions of his sentencing and registered as a sex offender in all jurisdictions in which he is due to do so?

Does Mr Epstein have any comment regarding allegations made by a woman named in the media as Virginia Giuffre/Roberts relating to her being sexually abused by Mr Epstein or used as a "sex slave"?

ENDS

On 13 August 2018 at 14:52, Martin G. Weinberg [redacted] wrote:

If you still want, send the questions. I would talk with you off the record after reviewing them (reserving the right at my option to make an on the record statement), hope that works for you. Marty

**From:** Matt Williams

**Sent:** Saturday, August 11, 2018 12:41 PM
**To:** Martin G. Weinberg
**Subject:** Re: Viceland

Hello Martin,

Thank you for getting back to me. We would be looking for on record comments or a "no comment" to our questions. But I am certainly happy to have an off record conversation with yourself as well. Perhaps we could set up a time to chat briefly off record on Monday before I send you our questions for Mr Epstein?

Kind regards,
Matt

On 11 August 2018 at 11:08, Martin G. Weinberg [redacted] wrote:

Mr Williams, I am in receipt of your emails to Jackie Percyzk. If you first agree that any communications between you and me are off the record, I would be agreeable to receiving your questions or a clip of the episode that relates to Mr Epstein. Thanks.

Martin G Weinberg PC
20 Park Plaza
Suite 1000
Boston, MA 02116
Tel [redacted]
Cel [redacted]

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**From:** Kathy Ruemmler [redacted]
**Sent:** 8/14/2018 2:09:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Viceland

**Importance:** High

Privileged - Redacted

On Aug 14, 2018, at 10:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Tue, Aug 14, 2018 at 10:06 AM, Kathy Ruemmler <[redacted]> wrote:

**Privileged - Redacted**

On Aug 13, 2018, at 3:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Mon, Aug 13, 2018 at 3:30 PM
Subject: Fwd: Viceland
To: Jeff Epstein <jeevacation@gmail.com>, Martin Weinberg <[redacted]>

Fyi

Sent from my iPhone

Begin forwarded message:

**From:** Matt Williams <[redacted]>
**Date:** August 13, 2018 at 3:15:32 PM EDT
**To:** "Martin G. Weinberg" <[redacted]>
**Subject: Re: Viceland**

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Martin G Weinberg PC
20 Park Plaza
Suite 1000
Boston, MA 02116
Tel [redacted]
Cell [redacted]

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**From:** Martin G. Weinberg[redacted]
**Sent:** 8/17/2018 2:48:49 PM
**To:** jeevacation@gmail.com;[redacted]
**Subject:** Fw: Viceland

**Importance:** High

FYI

**From:** Matt Williams
**Sent:** Friday, August 17, 2018 10:29 AM
**To:** Martin G. Weinberg
**Cc:** Tracie Morrissey
**Subject:** Re: Viceland

Hello Marty,

Just following up on the email I sent you earlier this week requesting comment from Mr Epstein, or a representative of his, in regards a number of questions we had. I'm also cc-ing my colleague Tracie, as going forward she will be a better point of contact should you or Mr Epstein wish to respond.

Kind regards,
Matt

On 13 August 2018 at 15:15, Matt Williams [redacted] wrote:

Thank you Marty,

The questions we wanted to reach out to Mr Epstein for comment are listed below. Feel free to contact me on [redacted] after reviewing. Kind regards - Matt

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Martin G Weinberg PC
20 Park Plaza
Suite 1000
Boston, MA 02116
Tel [redacted]
Cel [redacted]

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 9, 2015 6:08 PM
**To:** Landon Thomas Jr.
**Subject:** off the record

**Importance:** High

Landon. [redacted]. the story teller , crafted much of it out of whole cloth. . part of her story , is that she was at multiple orgies with clinton and speciifically, the minute details of a dinner had on the island with him, " he sat on my left. came by black. heli. flown by ghislaine. clinton was NEVER EVER there, never. it punches a hole in the dershowitz , andrew allegation. making it all apparent that it was fantasy. and delusional. thoughts. who should break the story.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/9/2015 6:20:08 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: off the record

**Importance:** High

number?

On Fri, Jan 9, 2015 at 2:17 PM, Thomas Jr., Landon <[redacted]> wrote:

Lets have a chat -- you do need to fight back some how. Present evidence that she is lying AND show the world that you are no longer that guy. You have made changes -- and that this is the past. My sense is that its TV type thing where you just talk honestly about this/present evidence that its not true/ and focus on what you have been doing for past five years. Charlie Rose?

But you cant just sit there taking punches like this -- especially wen the British tabs are driving this.

Maybe you go on British TV....

Call me any time.

On Fri, Jan 9, 2015 at 1:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Landon. [redacted] the story teller , crafted much of it out of whole cloth. . part of her story , is that she was at multiple orgies with clinton and speciifically, the minute details of a dinner had on the island with him, " he sat on my left. came by black. heli. flown by ghislaine. clinton was NEVER EVER there, never. it punches a hole in the dershowitz , andrew allegation. making it all apparent that it was fantasy. and delusional. thoughts. who should break the story.

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--

Landon Thomas, Jr.
Financial Reporter
New York Times

[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/10/2015 2:57:45 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

[redacted] talk then

On Sat, Jan 10, 2015 at 10:22 AM, Michael Wolff <[redacted]> wrote:
Can you talk at noon? Probably need about 30 minutes. What is best number?

On Fri, Jan 9, 2015 at 1:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:
anytime tomorw ok

On Fri, Jan 9, 2015 at 2:33 PM, Michael Wolff <[redacted]> wrote:
Is Clinton willing to say he was not there? Btw, I've just filed a column for USA Today for Monday explaining how Dershowitz and Andrew allegations were picked up from unverified civil court docs, transferred to UK tabs, which go wild because of no libel rules on U.S. court papers, and then translated back here as "reported fact." Problem with [redacted] story is that tabs are too invested in present story line, and unlikely that the Times or WSJ will want to touch it--tho, depending on who is willing to on record, they might. There is another politico reporter I know who might do it, again, if the on-the-record sources are public people. Or, I will use it for New York Magazine, but that won't be until Feb. Can you still talk tomorrow? When works? Woody and Soon-Yi coming for dinner tonight. m

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/10/2015 4:42:43 PM
**To:** Michael Wolff [redacted]]
**Subject:** Re:

**Importance:** High

now good?

On Sat, Jan 10, 2015 at 10:22 AM, Michael Wolff <[redacted]> wrote:
Can you talk at noon? Probably need about 30 minutes. What is best number?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/10/2015 5:58:11 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

free now

On Sat, Jan 10, 2015 at 12:43 PM, Michael Wolff <[redacted]> wrote:
Need 15

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 16, 2015 9:37 AM
**To:** Mortimer Zuckerman
**Subject:** thoughts?

Out of respect and love for my former girlfrend I have tried to keep her out of my mess. she was never questioned , or subpeonaed. her name never surfaced. Marie never contacted her. I though it right as a friend to protect her name. however during the entire [redacted] time she was my serious girlfriend. She traveled with me almost everywhere. each house, she is on the plane many many times. she knew and remembers [redacted] She never saw anything that [redacted] She can confirm 1. I was never alone at the house. staff, friends etc. , no girl ever complained , not once. 2. jane doe 1 and 2 , were local strippers, that would call all the time asking if they could do massages. . . they left message after message. 3. We had a serious love relationship , I had promised her not to involve her in my story as it was so sordid. . she was 22 - 24 at the time. . 4 she has photos after photos showing we were together. . 5 she knows clinton was never on the island. 6 she knows no sex with steven hawking, she knows no sex with ehud as he was also never on the island. 6 she is 38 years old now and presentable. . 7 She woudl acknowledge that these girls asked to bring their friends . many of their best friends sat in the kitchen while they gave massages outside on the terrace. ( no sex _). . they certainly looked over age. nevr heard anyone say otherwise. , Jeffrey never asked for underage, that is crazy, . . 8 . [redacted] answered the phones. served coffee. . there were many massage people , men women, aged up to 60.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/16/2015 6:23:52 PM
**To:** Michael Wolff [[redacted]]
**Subject:** Re: thoughts

today ok.

On Fri, Jan 16, 2015 at 10:54 AM, Michael Wolff <[redacted]> wrote:

I don't think I would put her out there. It probably seems too self-serving. But let's discuss. I have an idea about how to best use. Do you have time to continue our conversation post-3:00 today or tomorrow?

On Fri, Jan 16, 2015 at 4:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Out of respect and love for my former girlfrend I have tried to keep her out of my mess. she was never questioned , or subpeonaed. her name never surfaced.. I thought it right as a friend to protect her name. however during the entire [redacted] time she was my serious girlfriend. She traveled with me almost everywhere. each house, she is on the plane many many times. she knew and remembers [redacted] She never saw anything that [redacted] claims. She can confirm 1. I was never alone at the house. staff, friends etc. , no girl ever complained , not once. 2. jane doe 1 and 2 , were local strippers, that would call all the time asking if they could do massages. . . they left message after message. 3. We had a serious love relationship , I had promised her not to involve her in my story as it was so sordid. . she was 22 - 24 at the time. . 4 she has photos after photos showing we were together. . 5 she knows clinton was never on the island. 6 she knows no sex with steven hawking, she knows no sex with ehud as he was also never on the island. 6 she is 38 years old now and presentable. . 7 She woudl acknowledge that these girls asked to bring their friends . many of their best friends sat in the kitchen while they gave massages outside on the terrace. ( no sex _). . they certainly looked over age. nevr heard anyone say otherwise. , Jeffrey never asked for underage, that is crazy, . . 8 . [redacted] answered the phones. served coffee. . there were many massage people , men women, aged up to 60.

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, January 16, 2015 7:35 PM
**To:** Thomas Jr., Landon
**Subject:** Re: How are you holding up?

**Importance:** High

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On Fri, Jan 16, 2015 at 3:32 PM, Thomas Jr., Landon <[redacted]> wrote:

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/16/2015 7:52:31 PM
**To:** Thomas Jr., Landon [redacted]]
**Subject:** Re: How are you holding up?

**Importance:** High

it is the begining world currencies are out of balance. brazil, etc

On Fri, Jan 16, 2015 at 3:45 PM, Thomas Jr., Landon <[redacted]> wrote:

I think the big issue is separating yourself from Andrew. I mean I can see why a statement might help in some way -- but its Andrew (not clinton and the rest) that is keeping the story alive. Until you are able to come forward and address that the story lives on. I mean in the end he had consensual sex with [redacted] And [redacted] worked for you. The rest is atmospherics. You have moved on! People don't know that and cant accept that unless you say as much.

Does franc drama worry you? Am writing on it now...

On Fri, Jan 16, 2015 at 2:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/16/2015 8:12:46 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: How are you holding up?

yes, but not if you own dollars. bitcoin collapse pound is the most overvalued of alll but its a tax haven. norwegina kroner weak. sfr ,dollar . only thing to own

On Fri, Jan 16, 2015 at 3:56 PM, Thomas Jr., Landon <[redacted]> wrote:
that is old news -- buy dollar and take a nap? Kind of like buying Apple?

On Fri, Jan 16, 2015 at 2:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:
it is the begining world currencies are out of balance. brazil, etc

On Fri, Jan 16, 2015 at 3:45 PM, Thomas Jr., Landon <[redacted]> wrote:
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It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household help ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room, remote from the world, in front of a lap top and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising, or instructing, a startling collection of the rich and powerful, slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer in this leveled, angry age for a super rich man who attends to even more fabulously rich men (and the occasional extremely rich woman). On the other hand, with the paparazzi often posted near by, the outside world seem dangerously close too. (Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state, also visiting him.)

His subject for the morning is "hyper wealth." His subject is always some rarefied science or wealth, todays topic is how capital will most likely react to the given global political, economic, and cultural moment. The otherwise baronial dining room is disturbed by an ever-present white board, on which he scribbles calculations and notes, conducting perhaps the world's most rarified economics class, often to many of the world's finance ministers and foremost economists.

Epstein's apartness or parallel life reflects much of the other-worldly characteristics of the wealth revolution that began in the late 1970s and that continued through the Wall Street boom of the 80s, the tech boom of the 90s—surviving, to often bitter attack, the banking crisis—and that has now seen the emergence of the international billionaire and oligarch class. He has quite turned himself into a hyperbolic representations of this wealth and hence, in a way, become accountable for it.

His own way to riches was to become a voracious student of the new money, as well as one of its larger than life characters, as it grew to an unanticipated and disruptive scale. His stock in trade is not precisely the making of money, but the corollary issues that arise when money, at a heretofore unimaginable scale , in personal hands alters many basic economic and social principles.

He recounts a dinner he had two nights before. It is, like much of what he does, a conspiracist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, over a hundred billion dollars.

"In the past, only governments had this amount of money," says Epstein conversationally, but making a pedagogical point, "money at a reality altering

scale. In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger amounts than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without the always accompanied , unintended consequences, that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know little about the essence of money. They may know about generating it in their own businesses, but the great sums that result ,demand an entirely different sort of an intellectual discipline. The Forbes 400, says Epstein, not immune to still exhibiting an amount of wonder, increased their wealth by over $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire increased their wealth by more than a billion only in one year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be eventually change hands. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a curious point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird ."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not solely as a philanthropist but as a higher sort of banker or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably, among the most influential people you've never heard of.

Though, likely, you have heard of him, but not for his prowess with high financial abstraction, but for a scandal of such luridness that he is, for a great many,is the new poster child of the lawlessness of privilege, and for a much smaller but elite circle, the poster child for what can happen when you become the target of a resentful world. He is *that* Epstein, according to the Daily Mail—among his most frothing-at-the-mouth antagonists—"one of America's most notorious sex offenders."

And yet the mighty and powerful, apparently evaluating the nature of disgrace on their own terms, beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers.

He surely represents the kind of insiderism that is mostly just a figment in outsiders' fantasies. Except for the fact that, straining credulity, Epstein is for real. His is an ultimate sort of fantasy of power, wealth, and secrecy. (In 2004, when the then owners of this magazine put it up for sale, I was involved with a group trying to buy it—an effort in which Epstein volunteered to invest $20 million. New York was subsequently sold to another wealthy investor.)

Without ever being asked to keep what I have heard there off the record, I've willingly done so, least I not be invited back. And, too, to protect him. Who would understand Jeffrey? Who could explain him?

Certainly Epstein's past encounters with the press (and in many ways with the masses) have been about as disastrous as any could be, helping to open a Pandora's box of lifestyle vulnerabilities that sent him to jail on a prostitution charge in 2008.

And yet here he is, in his 50,000 square foot mansion, dispensing advice to world leaders and business titans.

Indeed, Epstein has been advising one the worlds largest foundations on a new way to increase its already vast clout by adding funds from other wealthy individuals that can use the foundation resources (the Gates Foundation now employs 1,200 people), but which can be directed to separate causes and goals. And it is some of the hyper wealthy that at the end of the summer began prodding Epstein to begin a process of public rehabilitation.

Hence, as part of an effort to get "out in front" of the unfavorable notice that might greet the public association with him, Epstein agreed to several on the record conversation with me, in the hope, and promise of a second chance, , that, after five years since his release from jail and relative peace, he might be able to leaven his reputation. And with the hope on my part of learning more about how and if the rich are different than you and me (although we can fairly dispense with the if).

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's long time friends—they have a bickering brotherly relationship—and occasional legal advisors, had received from a reporter at Politico and forwarded to Epstein. The Politico reporter had been following Epstein-related court filings (there is a determined contingent of Epstein reporters) and found a new one added to an old law suit with some rather jaw-dropping claims.

Six years after the original suit, a Florida lawyer was now seeking to add

new plaintiffs to the old case. This new filing was accompanied by allegations connecting a catch-all of bold-faced names associated with Epstein more than ten years ago, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring—indeed, that Epstein's purported sex slaves had had sex with Dershowitz and the Prince at Epstein's command.

This seemed to me to be merely a desperate, even comic-book, filing—just a lawyer trying to revive a dead case. I responded to Epstein that I doubted this would be seen as credible by anyone.

Epstein, who sometimes seems to have an out-of-body attitude to his own fate and bad press, said he thought it might be "quite a show."

Two days later, the Daily Mail, which has become the effective ground zero in the English language for anti-privilege, and moral opprobrium (the more salacious the better), and whose editor Paul Dacre has a long time feud with Prince Andrew, put the story on its front page. (Epstein also has a long relationship with the family of disgraced press baron, Robert Maxwell, another reliable target of the British press.) Flimsy and far-fetched court filings in the U.S. by settlement-hungry plaintiffs might be discounted by skeptical U.S. reporters, but, the U.K. media, constrained by onerous rules about legal proceedings in the U.K., promptly went into tabloid frenzy (even the normally sniffy Guardian, in full anti- royal and anti-billionaire fever, joined the tabloid show) and effectively exported the story back to the U.S., where Epstein's connection to Bill Clinton, and, hence as a shadow over Hillary, became the news.

"I told you so" said Epstein.

There is Epstein in his inner world, trying, quite ostrich like, not to look out. Little beyond his strict realm seems palatable or even in a sense familiar to him. He's a foreigner out here. Not too long ago, I met him for lunch in the West Village, the first time in more than ten years, he said, he'd been out to lunch in a restaurant (a not particularly pleasant experience for him and we were done in under 30 minutes).

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house—a kind of Boo Radley of the Upper East Side. I have taken friends by the Epstein mansion, and the reaction to its other-worldly size in Manhattan is almost always the same: a gasp. Press accounts, seldom supplying new information, ever recycle and repeat the mysterious (and monstrous) billionaire mythology, with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life

somewhere between Daddy Warbucks and Eyes Wide Shut.

The domesticity of the house, and the background of Epstein's problems, centers around a group of young women who act as his support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, recently married, had just returned from an around the world honeymoon that Epstein had arranged for her. Some are his romantic interests. His present girl friend is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist, became a doctor and married hedge funder Glen Dubin and together they finance the Dubin Breast Center at Mount Sinai Hospital. Most at one time will travel with him to his other floating residences—the ranch in New Mexico, a vast apartment in Paris, the Island in the Caribbean, the house in Palm Beach.

This is so outside of conventional living or staffing or romantic relationships that it is hard to describe in a straightforward or straight-faced way. It sometimes seems part of Epstein's implicit challenge: not just look at me, but can you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

But Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities are really not that different from any of the art galleries in the surrounding neighborhood.

Epstein's young women mingle freely with his powerful guests, not so much as hostess or, in tabloid language, harem-like (or as "sex slaves"), but often as attentive students (that, of course, might be regarded as having its own fetish-like attraction).

Not long ago, Epstein invited me to sit in on a day of presentations to him in his dining room by various "quants." Quant theory involves making investments based solely on mathematical and statistical models. This method can often have uncanny predictive powers. But the problem is it doesn't scale very well—the market, having discerned a pattern of successful investing, quickly copies and discounts the advantages of the strategy, . Epstein's effort was to identify, dissect and choose a dozen or so promising algorithms (each quant is effectively hawking his secret sauce algorithm) and invest up to $5 million with each. I knew paltry little about this and so rather found myself identifying with the young women to whom Epstein was explaining the basic math and mechanics—out of my league, but grateful for the lesson.

The Epstein house/office is, by careful design, exclusive and club like, part hang out, part secret society. Along with the difficulty in explaining why, even after his jail term, the rich and powerful continued to beat a path to his door, it's

also notable in the fixed hierarchy of who comes to whose turf, that everybody, when they went to see Epstein, comes to him.

A week in late September, U.N. week as it happened, began, on Sunday, at Epstein's house with a colloquial for billionaires—Gates, Mort Zuckerman, and Peter Thiel [TK].

Epstein, preternaturally responsive to both the price of oil and to the politics of the middle of east, entertained that evening a delegation from Qatar, including Sheikh Hamad Bin Jassim, the foreign minister. Hamad, indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused manner, kept prodding: "Why are you financing the bad guys? What do you get out of that?"

The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9:00 next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein and is one of attorney general Eric Holder's closest friends. Weingarten, horse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland.

After a blow by blow of the trial, there's a discussion of the Qartarian's visit—Epstein is serving chocolate made from pistachios grown on the Sheikh's farm—and speculation about who actually controls ISIS.

"Why?" I asked Weingarten, when Epstein briefly steps out of the room, "do some many people keep coming back here, everything considered."

"Why we camp out here? I guess because there's no place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, a former child actor, and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who is now a leading investor in Bitcoin. He describe himself as the "one of the most active investors in the field."

And, indeed, is the first clear explanation I actually get about Bitcoin. It is so good that Epstein stops him and checks to see if his next appointment is here. And seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Sheikh's chocolates, focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit, "I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in some dramatic understatement, "it is true that you are

going to have some low quality characters playing early in the space…"

That evening, there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jaglandthe head of the Noble Peace Prize Committee, who offers an affable, but general scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister and Israel, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then Kathy Ruemmler, who has just left her job as White House Counsel joins. She is already in the mix as a possible next attorney general, but, in fact, will withdraw after considering her options.

Larry Summers wife, Elisa New, drops by. She teaches American poetry at Harvard and is putting together a proposal for a series on poetry that WGBH in Boston may produce and Epstein is advising on where she might go for added support (he also makes mince meat of her budget).

There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov.

. Then Martin Nowak a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do with trying to "describe cancer mathematically." Epstein preempts Nowak's explanation (which I'm not quite getting): "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail."

Then Richard Azel, a Nobel prize winner in physiology. Then Ron Baron who, in his Baron Fund, has $26 billion under management. Then Josh Harris the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

Perhaps it's just the ultimate feminist nightmare: Men (and a few more that a few women) continue to come to Epstein's because—no matter their public bows to modern manners—they simply don't care that he offends every aspect of reconstructed gender and political sensibilities. In private, it remains a man's world—a rich man's world.

Or, it's a guilty pleasure. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, the real estate billionaire and publisher of the Daily News (ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems delighted to cultivate. In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (Epstein says too it's a reminder of his genetic engineering initiatves that are inspired by the fact that elephants have 23 copies of tumor suppressor genes, never getting cancer in the first place. while humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

Or, in a more sophisticated view, it's a two tier understanding of the world. There is a media version of the world, in which most of us live and largely accept, and are certainly influenced by. And then there are those people who live in the reality and therefore know that the media version is mostly bunk. If the media trumpets it, it is likely that some version of the opposite is true. I might guess too that for many of his visitors there's an order of identification: there but for the grace of God. Any hyper-prominent person might, at any time, himself also run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi.

In this view, Epstein is a sort of Dreyfus of the rich.

And then there is the glue of wealth. Once, at lunch in the Epstein dinning room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did you meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as though stating what should have been perfectly obvious, "is one of the largest landowners in New Mexico."

And then there is Epstein's yet more structural explanation as to why after jail and with continuing tabloid infamy he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money:

"At a certain level of finance, almost everyone is attached to an institutional . You are part of government, you want to be in government, or you are connected to a major bank or other portfolio, or you have fundamental relationships with distinct corporations or industries. Because of my more colorful past, I have none of that. I have no restrictive institutional ties which makes me in some sense one of the few wholly independent sources of information and truly independent brokers. That's the usefulness of disgrace."

And then there is too, that he is right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. ((If I had invested $100,000 the way Epstein said I should in early

September, by the end of January I would have made $TK million. Alas, I did not invest.)

And something else, which perhaps also surely accounts for Epstein's continuing relationships with the rich and powerful:

Most everyone who is now of a certain age and certain ambition and certain status grew up in, and found they were temperamentally suited to, the new age of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly and ingratiatingly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. Epstein is just one version, albeit picaresque, as well as louche, of this shared story.

He often tells, with some obvious marvel, his middle class to riches tale: born in 1953 in Coney Island, father works for the city's Parks Department, mother a housewife.

His sport, the captain of the math team at Lafayette High school. HE goes on to Cooper Union where the tuition is free. He drops out after two years and begins taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, and a sleight of hand, gets a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

It's his first exposure to the wealthy. They have, he concludes, just as many problems as the people in Coney Island, just different ones, almost invariably involving children ,divorce and money. "I found it as interesting as a physics experiment," he recalled recently as we chatted about his life. "It did not really involve me. I could just stand back and watch the experiment unfold."

Dalton fathers were attracted to him. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts with astonishment ,a story of riding with Sulzberger in his wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.)

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stern's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If your supposed to be so fucking smart"- "don't you

understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late 70s, arrived on Wall Street.

As will happen to a generation of others, by the fortuitous luck of being on Wall Street at that point in time, Epstein is transformed by a new, much faster, form of upward mobility than has ever before existed. With an extreme facility for mathematics as well as for getting along with rich men, he transforms at an even faster rate than so many others who are also being quickly transformed.

He moves into the penthouse of a new building at 66th Street and Second Avenue—still in the shadow of the Maxwell Plum era when the 60s on Second was the glamour address—a building that was he says, as a fond memory, full of "actresses, models, and euro trash." (It would shortly become the Studio 54 era, where Epstein, who has never had drink or taken any drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute financial abstraction.

"In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a 50's mentality. But in the mid 70s stock options started to be traded on an exchange. In essence, the first formally traded derivatives. The movement of these instruments are not directly tied 1to 1 to the stock price. The world of investing began turning from relationships to mathematics . In a sense I didn't really make money as much as I tried hard to create it." This was an intellectual activity of a fairly high order.

Intellectual activity aside, he meets Helen Gurley Brown and she makes him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I enjoyed sex. I adore women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was my reason to make money."

His rise at Bear Sterns was a steep one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game—who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave taking or ouster from Bear is the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, he leaves in

1982 with billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. Epstein is dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest (plot lines from which Epstein might easily step).

Now begins the Concorde phase of his life—and the Concorde phase of the 1980s. If the 80s are happening pell mell in New York, they're happening at double time and catch up speed in London. Epstein is 30 years old and living, in Lifestyle of the Rich and Famous fashion (he befriends the show's star, Robin Leach), at English shooting parties at country estates with Saturday night black tie dinners, where he's meeting the over-the-top families of Europe.

"I didn't take it seriously," Epstein recounts. "I was not caught up in it. I wasn't trying to make a billion dollars. There was no ultimate goal. It was just fun to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events in one's life are purely a result of serendipity, I wouldn't decide where I was going until I got there."

At the same time, he is developing a unique perception, or, at least a market differentiation: the hyper wealthy had signifcantly different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million:

"If you had a billion dollars I would think the last thing you should be worried about was money, in truth money, was what they most worried about. How to make more of it, how to give away more of it, how to protect you children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as fortunes eincreased exponentially .

"You can't spend a billion dollars, you can just reallocate it to a different investment classes. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely not to know very much about"

At just about this point in the narrative, the questions or the incredulity begins in social circles and eventually in the media. He begins to acquire the major symbols of riches but does this without position, public holdings, or transparent paper trails. How can a person have enough money to merit increasing attention, but no clear way of having gotten it? Epstein gets stuck in that tautology. He may be rich, but he is without institutional protection or bona fides. He isin a questionable substrata of wealth. He's a freelancer.

That's the rub: he doesn't work for anyone. Without institutional credentials

he's…well, nobody knows what.

For a period, one part of his activities he says is recovering monies for countries looted by exiled dictators or military strongmen. If early in his career he might seem like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

Then, in his version, he's representing a series of vastly wealthy people and families. He's not just doing their bidding or their investing, he's helping them to navigate the potententials of their wealth. They've satisfied their business dreams. Now there are the separate challenges and possibilities .

In essence, as Epstein becomes more of a public figure the response to this description of his livelihood, is, in the media and in high social circles, "bullshit." True, however , there is no clear alternate narrative. No one is accusing him of anything, accept, sometimes, guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant—along with, he points out, Paul Volcker.) But the characterization persist: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles is on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein is sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana is wearing her "revenge" dress that evening). Graydon Carter, into his second years as editor of Vanity Fair, is also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy (i.e. they are social climbers), both men have made themselves up. To say that Epstein, in the company of the Princess, sticks in Carter's craw would be a big understatement. Epstein becomes one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. A variety of the gossip that begins to circulate about Epstein—for instance, that he secretly films his guests—is seeded by Carter, who once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

Epstein is playing a cat and mouse game with his own growing wealth and influence. He is private and secretive, but grandly so. He joins the board of Rockefeller University. He's suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He buys from his client Limited Founder Les Wexner the

larges private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it, paying taxes on it, —an 18-year squat.) He buys an airplane. He buys another. He expands his holdings in New Mexico. He begins a Zanadu refurbishment of his Caribbean Island.

He befriends Bill Clinton in his new after-office life.

And that's quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton really is the world's ultimate sleaze ball—is suddenly being ferried around in the jet of…*who* exactly?

The New York Post is the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. ("I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people.")

The instinctively private Epstein is not just increasingly exposed, but clearly curious about the nature of exposure.

I met Epstein around this time. Epstein had become a more and more active backer of advanced scientific research and in 2002 he was taking a small group of scientists out to the TED conference in Monterey. The TED organizers invited various other TED participants, including me, to join the flight. A small group assembled at the private plane terminal, most of us unfamiliar with our benefactor, and as we headed in the direction of the discrete private plans we were gently pointed to our ride: Epstein's 727.

It is some thoroughly updated drawing room set-up, all of us nervously ensconced in this luxury plane, waiting for our unknown host to arrive—and soon he does, tanned, relaxed, with wide open smile, accompanied by three young women.

It would be unlikely, outside of a men's magazine fantasy of the luxe life, that you could locate this in reality. Epstein's sincere attentions, taking time with each of his passengers, seemed impossible to account for. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein's three companions were witty, poised, helpful as well as powerfully alluring—as though stewardesses of bygone times.

(One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane on the Monterey tarmac and, with a few other Googlers, literally ran whopping from one end of the plan to the other. Then they described for Epstein, in what I can not now remember as a put on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact,

the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid reporter, Vicki Ward, to the job.

Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieves wealth and influence. Ward—who would more recently assert in the Daily Beast, that she was barred by Vanity Fair from writing about under-age sex evidence (a fact that could be read the other way: Vanity Fair, even looking to take down Epstein, did not find the evidence credible or supportable)—follows a rabbit hole of questionable contacts who might or might not have been the source or sources for Epstein's wealth, but gets no closer to an answer, beyond confirming her own sense of dubiousness.

Epstein, sensing that he might be exposing himself, tried to stop the process (Ward, often operatic about her journalistic exploits, says he threatened her), called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the troubles began.

Epstein, in man-who-can-have-everything fashion, and without the remotest sense of observance or propriety—as though a kind of cultural autism—has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors, and strip clubs —that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others."

It is after Epstein's round of publicity and widely touted association with Clinton, that the stepmother of one of the massage parlor girls, identified as "SG" in court documents, who went to Epstein's house (most of the girls return to Epstein's house many times) calls the police. The police interview the girl who then supplies names of other girls. Some of whom are younger than 18.

In the end, the police track down 18 girls—nine who are under 18; the others in their 20s and 30s; one woman is in her 60s—a number of whom give statements describing scenarios not terribly different from Epstein's description above, except

each is laid out in clinical, lurid, and near-identical detail. A cold Epstein demands that these allegedly unwitting juveniles (though they have come here for this very purpose) perform repulsive (or at least repulsively described) acts on him and then they return again. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleges anything more than Epstein masturbating.)

Epstein vastly raises the stakes by calling Dershowitz, who flies into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, doubling down on the profile of the case, brings in Roy Black the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

Here's the narrative: the shadowy rich man, friend of the louche and disgraced President, at all times surrounded by a retinue of young and gorgeous female retainers doing his bidding, is now found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girl friend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and forever more has become a fixture of further weird possibilities in this tale).

Palm Beach Police Chief Michael Reiter is reported to say: "This is bigger than Rush Limbaugh," who, in a storm of publicity, has just been arrested in Palm Beach for possession of controlled drugs.

On one side are some of the nation's most powerful defense attorneys (who, increasingly, seem more stumblebum than effective), on the other side, a round-up of hapless girls, with sensational tales of perversion and infamy (in the telling they are not so much sex workers, as Dickensian victims), relatively speaking giving the Palm Beach authorities the choice between utter capitulation to the powerful or standing on the side of the seemingly exploited and powerless.

Still, with a cold eye, it also quite appears to be a straightforward tale of prostitution (however more or less kinky). And even though some of the girls are minors, age is not a distinguishing factor in a solicitation charge in Florida, (in New York, for instance, at this time soliciting sex with anyone over the age of 14 is a class D misdemeanor calling for a $100 fine—the law has recently been changed to TK).

In fact, the very "SG" clearly tells the police that she lied about being 18 because otherwise she knew she would not have been admitted to the house (other girls will say they knew this is what they had to say, nevertheless not stopping them from saying it).

The local sex crimes prosecutor, Lana Belhalevic, interviews all the girls and determines that the offense is solely related to prostitution—that there are "no real

victims here"d.

Dershowitz, with chest pounding bravado, rejects a series of lower-level plea deals and Palm Beach District Attorney Barry Krischer takes the unusual step of empanelling a grand jury, which returns with a recommendation of a single count of soliciting a prostitute—a charge without jail time. (And Epstein can apply to have his record expunged after a year.)

At which point, Reiter, the police chief, at odds with the District Attorney's office, recruits the involvement of the FBI. This is of course the Bush-era FBI and Epstein presents quite the Clinton-connected scandal. Still, solicitation, even of a minor, is not a federal crime. The FBI hits on the novel interpretation that if Internet solicitation can be considered interstate commerce, so can telephone solicitation, permitting them to begin a deep dive investigation into Epstein's friends, many of whom receive subpoenas and are threatened with prosecution.

It's all quite in the eye of the beholder: On the one end, Epstein is paying for sex acts (Epstein paid $200 for a massage with or without happy ending), on the other, he is abusing teenage girls. It's a catch-22: How can a girl not old enough to vote be a prostitute? And yet, many girls not old enough to vote *are without a doubt* prostitutes.

Compounding Epstein's predicament, the world outside of his carefully constructed and controlled environment is someplace that he seems not just ill-equipped to handle but in which he seems to be blindly grouping about (i.e. he's totally tone deaf). I visited him once during this time and found him weighing the conflicting advice of some of the most vaunted and egomaniacal lawyers (along with Dershowitz and Black, celebrity criminal attorney, Gerald Lefcourt, and Clinton prosecutor, Ken Starr) of the day—anyone with new advice, Epstein seemed to hire—as well as a catchall of the leading crisis managers, who he seemed to retain at will, all wrangling for fees and primacy.

Certainly, the upshot of his dealings with the Justice Department seem to involve a through-the-looking-glass logic. The government threatens to prosecute him (with the possibility of a 10-year sentence) and various friends, associates, and lovers, or offers what seems to be unprecedented arrangement in which Epstein's lawyers (not federal prosecutors, but Epstein's lawyers, in some ultimate act of self incrimination) have to go to the Palm Beach authorities and convince them to up the charges to an offense that will send him to jail and get him a sex offender status. Except that a solicitation charge won't produce that result. Therefore he has to get them to agree to a procurement or pimping charge (even though he has paid money, not received it—the sine qua non of pimping). What's more, in a unique, if not unprecedented arrangement, he has to agree to pay the legal fees of any of the girls who want to sue him—and, agree not to defend himself from their suits—forcing him to settle with each of the girls for what are reportedly high

6-figure sums or more.

He's sentence to jail in 2008 for 18 months and serves 13 (while Epstein is now frequently accused of somehow managing to cut short his sentence, almost all Florida prisoners serve only 70% of their officially sentenced time).

Jail hardly ends the legal catch all. Epstein's butler, Alfredo Rodriguez, steals and tries to sell an alleged journal or calendar with Epstein's activities—but he tries to sell it to an undercover agent. Rodriguez is sentenced to 18 months in jail on a charge of theft and of withholding evidence (it is not so much a journal as a list of phone numbers, which were apparently collected or saved by Rod Rodriguez; all of this stolen material was somehow subsequently included in a court filing by Edwards). Scott Rothstein, a lawyer whose firm represented additional girls in their suits against Epstein, also goes to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached. It's the largest fraud in Florida history and Rothstein receives a 50-year sentence.

Then, Brad Edwards, Rothstein's former partner, sues the federal government in 2008 for abridging the rights of two of the original complainants under the Crime Victim Rights Act (giving victims the right to be consulted about the disposition of their cases) regarding the Justice Departments agreement not to prosecute in favor of the state action. In 2014, Edwards tries to ad Virginia Roberts, another of the original complainants, who has previously settled with Epstein, to the long-running suit. Roberts who was paid a settlement under the original terms of Epstein's agreement—that he would pay attorney's fees and not oppose any law suits against him—is now trying to overturn the agreement under which she was paid, and, with Edwards, further suing Epstein for $50,000,000.

Indeed, Roberts, with the Daily Mail being her prime outlet, emerges as the most vocal accuser—and, in fact, the some total of the current story and attention.

That is, there is no story without her and what is being billed as her memoir of her "sex slavery" with Epstein, written ten years after the fact. Along with the Dershowitz and Prince Andrew charges, Roberts puts, with rather some narrative detail, both Clinton and Al and Tipper Gore on the island—and in fact Clinton, apparently with the acquiescence of the Secret Service, flying in a helicopter piloted by Epstein's girlfriend, an amateur pilot. Epstein's lawyers say that not only have Clinton and the Gores never been to the Epstein Island, but this fantasy is easily disproven by dsecret service records, which would seem to make the memoir opportunistic or hallucinatory fiction.

The FBI, in a recent filing, has argued that Roberts should not be party to the suit against the government because she refused to cooperate with the government in its investigation in 2007, hence has no standing as a victim. (At the same time, the FBI included her on the list of 40 victims with whom it mandated Epstein reach

a settlement.)

It is hard to find a more hyperbolic intersection of media and lawyers then in Epstein's case.

Edwards, over the six years of his law suit, tries to depose Clinton, Donald Trump, and Dershowitz—almost all of his targets coming directly from the original Vanity Fair and New York Magazine articles about Epstein.

In addition to Prince Andrew as a British hot button, first connected to Epstein through Roberts' interview with the Daily Mail in 2010, Clinton takes on a new role as Hillary spoiler through his connection, real or imagined, to Epstein and sex slaves.

Almost everybody identified in any story about Epstein is approached by other media seeking to write about Epstein, often with financial incentives offered in exchange for a tale.

No new stories or even new details emerge. Every aspect of the current story is based on court filings describing events that may or may not have taken place prior to 2007. It's as though a kind of ground-hog day of moral opprobrium, a desire to repeat and to savor a new the old details.

A recent Reuters story identified a charity that Epstein has not given money to in 15 years that said if he does give again, they would give it back.

The world cleanly divides, with Epstein (and friends) behind secure walls and the Mail and social media and upholders of new norms ever more incredulous and apoplectic that Epstein not only appears free but prospers too. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have not been sufficiently punished—that worst sin of all. He is the unrepentant catch all of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than hard work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent Playboy in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

When I suggested recently that one obvious way to blunt the animus would be to get married, he said he'd rather go back to jail.

He is Calvin Harris's song, It Was Acceptable in the 80s, come to life.

This is all, of course, a Gatsby-like tale: An enigmatic, and strangely appealing figure, able to invent and inhabit his own world is a mystery to try to decipher. Of course Gatsby in New York Post and Daily Mail parlance would likely be just a freaky financier too.

And this story is, in its way, about the limitation of journalism, in which the most compelling parts of the tale—Epstein's ambitions and impulses would be

well suited to a long running cable drama—need to be sacrificed not just to moral certainty but to a rather preposterous fantasy of moral certainty.

Anyway, I hope I get invited back to Jeffrey's house soon.

It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household staff ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room in front of a laptop and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising or instructing a startling collection of the rich and powerful, who are slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer for a super rich man who attends to even more fabulously rich men (and the occasional extremely rich woman). But with the paparazzi often posted near by, the outside world seems dangerously close too. Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state who was visiting him.

His subject, on this morning in early November during a set of interviews he's agreed to have with me about his life and views, is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The baronial quality of the dining room is disturbed only by an ever-present white board, whereon he scribbles

calculations and notes, a tool he uses to conduct one of the world's most rarified economics class, attended often by the world's finance ministers and foremost economists.

His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social, and personal calculations. He recounts a dinner he had two nights before. The scene is, like much of what he does, a conspiracy theorist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, several hundred billion dollars and they are deciding how to use it to alter the world to their liking.

"In the past, only governments had this kind of money, money of a reality altering scale," says Epstein conversationally, but making a pedagogical point. "In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are ultimately an afterthought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is

not as a philanthropist but as a sort of adviser or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably among the most influential people you've never heard of.

Though, likely, you have heard of him—not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child for the lawlessness of privilege. He is *that* Epstein, sent to jail in 2008 in Palm Beach on a prostitution charge, based on the complaints of over a dozen underage girls, with, ever since, periodic reminders of his notoriousness in the tabloid press.

And yet the mighty and powerful, disregarding his sex offender status, have still beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers. This includes, hardly least of all, Bill Gates, for whom Epstein has become a key advisor. [TKTK WHAT HE IS DOING FOR THE BILL AND MELINDA GATES FOUNDATION.]

Hence, as part of an effort to get "out in front" of the notice that might be expected to greet Gates' public association with him, Epstein—who I first met in 2002 as part of a group of TED partcipatants he was ferrying on his plan to west coast—agreed in early fall to these on the record conversations with me.

When we began to talk for this piece, Epstein was still hoping that, beyond his private confines, he might

finally, five years after his release from prison, be able to start rebuilding his public reputation.

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's longtime friends—they have a bickering brotherly relationship—and occasional legal advisors, had received from a reporter at Politico. The Politico reporter had been following Epstein-related court filings and found a new one added to an old lawsuit with some rather jaw-dropping claims. The civil filing, based on claims of one of the plaintiffs, purported to connect a catch-all of bold-faced names associated with Epstein more than a decade ago, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring, and . claimed that Epstein's alleged sex slaves had been forced on Epstein's command to have sex with Dershowitz and the Prince.

Epstein, who sometimes seems to have an out-of-body attitude toward his own fate and bad press, said that while the claims were ludicrous—putting Dershowitz among sex slaves, he said, ought to point out just how ludicrous—he thought it might provoke "quite a show." In short order, Prince Andrew's alleged involvement sent the U.K. into tabloid frenzy (even the normally sniffy Guardian, in full anti- royal and anti-billionaire fever, joined in), which then effectively exported the story back to the U.S., where Epstein's now-long-defunct connection to Bill Clinton, suddenly became a shadow over Hillary, and hence big news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, ostrich like, not to look out. Little beyond his strict realm seems palatable or even all that familiar to him. Not long ago, when I met him for lunch in the West Village, he noted that he hadn't been out to lunch in a restaurant in 10 years.

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house, with press accounts recycling the mysterious billionaire mythology—a man of vast and unsourced riches living in a parallel universe of absolute entitlement—and offering brief glimpses of him stepping out of the house (the same photos endlessly republished), and suggesting depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut. There is indeed a group of young women who act as Epstein's support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, had just returned from an around-the-world honeymoon that Epstein had arranged for her. Some are, or have been, his romantic interests. His present girlfriend, whom he met four years ago at a

dinner party in New York, is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist whom Epstein has known for more than thirty years, became a doctor—Epstein sent her to medical school—and married hedge funder Glen Dubin. Together they finance the Dubin Breast Center at Mount Sinai Hospital. Most of the women at one time will travel with Epstein to his other floating residences—the ranch in New Mexico, a vast apartment in Paris, the island in the Caribbean, the house in Palm Beach.

Epstein will sometimes move a meeting that starts in his dining room outside for a walk in the park—his idea of going out to lunch is a Sabrett's hot dog. The various girls in the house become the accompanying entourage, as though something out of an 18th-century French court.

But the Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities are really not that different from any of the art galleries in the surrounding neighborhood. They mingle freely with his powerful guests, not so much as hostesses—or, in tabloid language, harem-like "sex slaves"—but as attentive students (which, of course, might be regarded as having its own fetish-like attraction). Epstein explicitly denies that there is an sexual quid pro quo. ("There an expression that if you're fucking someone you work with they can come in late. It's not my

expression, it's Jimmy Goldsmith's.") Still, the constant attendance of so many comely young women—especially given his past conviction—seems so outside of conventional living or staffing or social or romantic relationships that it is hard to describe in a straightforward or straight-faced way. And while it may be part of the appeal for the men who come to visit Epstein, it is as well a pecularity they put up with in order to spend time with him. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

The Epstein house/office is, by careful design, exclusive and clubby, part hang out, part secret society. Along with the difficulty in explaining why, even after his jail term, the rich and powerful have continued to so eagerly solicit him, it's also notable in the fixed hierarchy of who comes to whose turf, that when they went to see Epstein, they tend to comes to him.

He's created a world and you come to it.

A week in late September—U.N. week as it happened—began, over Sunday lunch, at Epstein's house with a colloquial for billionaires: Gates, Mort Zuckerman, the real estate billionaire and own of the Daily News, and Peter Thiel, the PayPal co-founder and early Facebook investor. [DISCUSSION?].

Epstein, preternaturally responsive to both the price of oil and to the politics of the Middle East, entertained that evening a delegation from Qatar, including Sheikh Hamad Bin Jassim, the foreign minister. Hamad , indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused manner, kept prodding: "Why are you financing the bad guys? What do you get out of that?" The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9 the next morning, Epstein was joined for breakfast in the dining room by Reid Weingarten, who's represented, among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein, and is one of attorney general Eric Holder's closest friends. Weingarten, hoarse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland.

After a blow by blow of the trial, there's a discussion of the Qartarian's visit—Epstein is serving chocolate made from pistachios grown on the Sheikh's farm—and speculation about who actually controls ISIS, with Weingarten arguing that the Turks are not getting enough scrutiny (he posits that ISIS is part of their proxy war against the Kurds). There is, in Epstein's dining room, always an alternative version of world events—" "perception versus reality," says

Epstein, “not to imply that one necessarily has greater weight than the other.”

“Why?” I asked Weingarten, when Epstein briefly steps out of the room, “do so many people keep coming back here, everything considered.” This was before the most recent blowup but has been an obvious question ever since his stint in jail.

“Why we camp out here? I guess because there’s no place like it.”

Epstein summons in the next person cooling his heels in the ante-room. It’s a young man named Brock Pierce, a former child actor and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who now describes himself as the “the most active investor” in the Bitco and programmable currency space..

Epstein shortly checks to see if his next appointment is here to join us. Seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Sheikh’s chocolates, then focuses in on the Bitcoin investor.

“Okay,” he says, after listening for a bit to Pierce and his update on the rapid Bitcoin price swings,, “I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don’t look that great now—but I could go from being seen as

a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in some dramatic understatement, "you are going to have some low quality characters playing early in the space…"

That evening, there's a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jagland, the head of the Nobel Peace Prize Committee, who offers an affable, but generally scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then a high ranking official from the Obama White House (whose name I am asked not to use).

There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov.
Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak, a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do with trying to "describe cancer mathematically." (Epstein preempts Nowak's explanation : "Think of cancer the same way as you

think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail.")

Then Richard Azel, a Nobel prize winner in physiology. Then Ron Baron who has $26 billion under management in his Baron Fund. Then Josh Harris, the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

In some sense, what goes on at Epstein's house confirms everyone's worst fears about power and the powerful: they are all in a secret and shared conversation. The world runs on insider information. Inside Epstein's dining room, it remains a man's world—a rich man's world—in which women exist as little more than room decorations or helpmates. Indeed his salons tend to offend most aspects of reconstructed gender and political sensibilities.

The rich perhaps come here, risking public opprobrium, not to mention the censure of their wives,

because there aren't, in this leveled age, too many places where they don't have to pretend that they are something other than rich and powerful. The conversations at Epstein's are the conversations, I suspect, that rich men dream of, but in the real world are actually hard to have.

That's the implicit Epstein view of the world, not, in most venues, comfortably expressable, not in positive and practical terms anyway: that the rich do have quite an autonomous control over events, and the wherewithal to effect the outcome of what they can't entirely control. Epstein faciliates that conversation without guilt or worry, and, in fact, with great enthusiasm. His lack of PC--the rich man's world he has created is flagrantly non PC--is a serious part of the draw.

Wealth is the bond and the experience. Once, at lunch in the Epstein dining room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did *you* meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

Epstein has a yet more structural explanation as to why, after prison and with continuing tabloid infamy, he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money: "At a certain level of finance, almost everyone is allied with

an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of information and actual honest brokers. That's the usefulness of disgrace."

It's also true that Epstein's circle might be more forgiving of disgrace than the rest of the world. Many of these men have themselves been on the wrong side of a negative story or a scandal or a damaging public lawsuit. Any hyper-prominent person might run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi. And they know that the media's (or prosecutor's) version of events seldom square's with their own. In that way, they are, even with jail time, quite willing to give Epstein the benefit of the doubt. For some of his visitors, there's a clear order of identification: there but for the grace of God. For others tthere is even a wry sense of humor about it. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, (whose paper, the Daily News, is ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems to cultivate. In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby

elephant in his living room—that is, the *elephant in the room*. (Epstein says too it's a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

And, too, he seems often to be right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. If I had invested $100,000 the way Epstein said I should in early September, by the end of January I would have made $2.4 million. (Alas, I did not invest.)

At any one moment, he is making a series of bets for himself and others--very much not as a workaday hedge fund, and much more as a privileged association. Money is always about the club it gets you into.

Most everyone who is now of a certain age and ambition and status grew up in, and found they were temperamentally suited to, the era of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. Epstein's is just one version.

Epstein often tells, with some obvious marvel, his middle class to riches tale: born in 1953 in Coney Island, father worked for the city's Parks Department, mother a housewife.

The captain of the math team at Lafayette High school in Bensonhurst, he went on to Cooper Union where the tuition is free. He dropped out after two years and began taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by a slight of hand, he got a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

Dalton was his first exposure to the wealthy. They have, he concluded, just as many problems as the people in Coney Island, but different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled recently as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him as a young man clearly on the make. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.) But he wasn't interested in being a journalist.

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stearn's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If you're supposed to be so fucking smart, don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late '70s, arrived on Wall Street. By the fortuitous luck of being there at that point in time, Epstein was propelled by a much more explosive form of upward mobility than had ever before existed. With a facility for mathematics as well as for getting along with wealthy men, he got rich at an even faster rate than so many others.

He moved into the penthouse of a new building at 66th Street and Second Avenue—still in the shadow of the Maxwell Plum era when the 60s on Second was the glamour address—a building that was, he says as a fond memory, full of "actresses, models, and euro trash." (It would shortly become the Studio 54 era, where Epstein, who has, proudly, even militantly, never had drink or taken any drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to

embrace a level of acute abstraction. "In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a '50s mentality. But in the mid '70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I tried to create it. This was intellectual activity of a fairly high order."

Intellectual activity aside, he met Helen Gurley Brown and she made him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I enjoyed sex. I adore women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was the reason to make money."

His rise at Bear Stearns was a swift one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game), who would go on to run Bear and to lose his

fortune in Bear's 2006 collapse). Epstein's leave-taking or ouster from Bear was the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, when he left in 1982 he took with him billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. At this point, Epstein was dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest.

The Concorde phase of his life coincided with the Concorde phase of the 1980s. If the '80s were happening pell mell in New York, they were happening at double time and catch up speed in London. Thirty-year-old Epstein was living a Lifestyle of the Rich and Famous (he befriended the show's star, Robin Leach), at English shooting parties and country estates with Saturday night black tie dinners, where he was meeting the over-the-top families of Europe.

"I didn't take it seriously," Epstein recounts. "I was not caught up in it. I wasn't trying to make a billion dollars. There was no ultimate goal. It was just fun to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was going until I got there."

At the same time, he was developing a perception, or, at least a market differentiation: the hyper wealthy

had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million. "If you had a billion dollars I would think the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect your children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased.

"You can't spend a billion dollars, you can just reallocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

For a period, one part of his activities, he says, was recovering monies for countries looted by exiled dictators or military strongmen. Then, in his telling, he was representing a series of vastly wealthy people and families—not just doing their bidding or their investing, but helping them to navigate the ambitions of their wealth. If they had big dreams before, it's nothing to what they can have now.

If early in his career he might have seemed like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

At just about this point in the narrative, the incredulity about Epstein began to circulate in social circles. Epstein had acquired the major symbols of wealth but without position, public holdings, or obvious paper trails. His is a questionable substrata of wealth, without institutional credentials or bona fides. He's a freelancer. That's the rub: he doesn't work for anyone.

There is no clear alternate narrative. No one is accusing him of anything, except sometimes guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant—along with, he points out, Paul Volcker.) But the characterization persists: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles was on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein was sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana wearing her "revenge" dress that evening). Graydon Carter, in his second year as editor of Vanity Fair, was also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic

relationships with the exceptionally wealthy, both have made themselves up. To say that Epstein, in the company of the Princess, stuck in Carter's craw would be an understatement. Epstein became one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. Carter advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

Epstein is private and secretive, but grandly so. He joined the board of Rockefeller University. He was suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He bought, from his client Limited Founder Les Wexner, the largest private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He bought an airplane. Then another. He expanded his holdings in New Mexico. He began a Xanadu-like refurbishment of his Caribbean Island.

He befriended Bill Clinton in his new after-office life--and that. And would prove to be quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton really is the world's ultimate sleaze ball—was suddenly being ferried around in the jet of…*who* exactly? The New York Post was the

first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. "I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people."

I met Epstein around this time, on the flight out to TED. (Epstein had become an active backer of advanced scientific research and a TED fixture.) A small group assembled at the private plane terminal at JFK, most of us unfamiliar with our benefactor, and as we headed in the direction of the discreet private plans we were gently pointed to our ride: Epstein's 727.

It was like something out of a men's magazine fantasy of the luxe life. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein was accompanied by three young women who were witty, poised, helpful, as well as powerfully alluring. And Epstein, tanned, relaxed, with a wide open smile, was an attentive host, soliciting every guest's story and views. (One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane on the Monterey tarmac and, with a few other Googlers, literally ran whooping from one end of the plane to the other. Then they described for Epstein, in what I cannot now remember was a put-on or entrepreneurial brainstorm, a brand extension in which they would

market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British journalist, Vicki Ward, to the job. Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieved such wealth and influence. Epstein, sensing that he might be exposing himself, called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the real troubles began. Epstein, in man-who-can-have-everything fashion, has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're

called—that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others." He says all this in a straightforward manner that seems utterly tone-deaf to its effect, as if he suffers from a sort of cultural autism.

After Epstein's round of publicity and widely touted association with Clinton, the stepmother of one of the massage parlor girls who went to Epstein's house, identified as "SG" in court documents, called the police. The police interviewed the girl [WHO WAS HOW OLD AT THE TIME?] who supplied the names of other girls, some of whom were younger than 18.

In the end, the police tracked down 18 girls—nine of whom were under 18 [THIS IS IMPORTANT: HOW OLD WAS THE YOUNGEST?]; the others were in their 20s and 30s; one woman was in her 60s—a number of whom gave statements describing scenarios not terribly different from Epstein's description above, except in this version of events a cold and forceful Epstein demanded that unwitting juveniles perform repulsive acts on him. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleged anything more than Epstein masturbating.)

A shadowy rich man, friend of the louche and disgraced president, at all times surrounded by a retinue of young and gorgeous women doing his bidding, is

found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girlfriend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and is henceforth known as the procurer or madam for Epstein and, later, his friends). It certainly doesn't look good.

Epstein called in Dershowitz, who flew into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, further amping up the profile of the case, also brought in Roy Black, the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach. Epstein might have just been hit with solicitation charges and paid a fine even though some of the girls were underage; prostitution charges in Florida (as in most places) have no age limits and the Palm Beach grand jury proposed solely a solicitation charge. But Epstein's flamboyance and his friendship with Clinton invited the scrutiny of the Bush FBI, and ultimately Epstein and his legal team decided to go for a plea deal. The result was a baroque set of agreements with both the Feds and Palm Beach county, which mandated jail time (Epstein was sentenced to 18 months, of which he served 13—nearly all Florida prisoners serve only 70% of their officially sentenced time) and sex offender status. The deal also provided for an unusual, if not

unprecedented, arrangement by which he agreed to pay the legal fees for 40 girls specified by the FBI in civil suits against him and not to oppose their claims, resulting in an overall settlement costs that may be as high as $20 million.

It is in part this impossible-to-explain weird-justice outcome that has made some people think he was covering for someone else--one person in particular.

"So?" I ask directly, one day late in our interviews. "Explain this. It does make it look like you were covering for you-know-who."

"Covering?" He chuckles. "First, by the way, you-know-who was never there. Never came to the island. Not once. Not ever. But you're right, the settlement was preposterous. Nobody has ever heard anything like it. But while it was breathtaking and perverse and, well, Kafka-esque, it was also straightforward: you sign this or else we will federally indict you in ways that will threaten your property, the people who work for you, and put you in jail for ten years. I took the deal."

A bit more baroqueness: one of the lawyers representing some of the plaintiffs, Scott Rothstein, would also go to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached and that many of the listed women had agreed to take reduced immediate cash payments.

Epstein got out of jail in 2009. The experience does not seem to have much dented his general bonhomie. One evening over dinner he and the former director of

ports in the semi-rouge state of Djibouti, who had fallen afoul of the regime and found himself in prison, exchanged jail stories--they agreed, not as bad you'd think. Epstein, having done his time, moved almost seamlessly back into his life, to the shock-shock of tabloids whenever they seemed to be reminded of his existence (notably, when Epstein's payment of Fergie's debts slipped out, likely leaked by Fergie herself).

Some things changed. While surprising few others dropped him, the Clinton's did, an irony of the present tabloid interest in his old address book with its many Clinton contacts. And his sex offender status transformed him from libertine and playboy to paedophile, a distinction in the current climate it is almost impossible to argue.

While he has reguarly entertained PR proposals aimed at his public rehabilitation, until Gates prodded him, and then until this recent renwed tabloid fever, he had concluded that he was perfectlysatisfied living behind high walls and in his own exclusive club.

Even now, this new Dershowitz-Prince Andrew chapter seems like a parralel distubance rather than something that is actually effecting his world. "Bad press is not something actually bad," he notes, trying to balance perception and reality.

And, indeed, the tabloid narrative and his own narrative rather define wholly separate universes.

The, the ongoing case, with the filings that introduced the Dershowitz and Prince Andrew

allegations, he notes, was brought by the imprisoned Rothstein's former partner, Brad Edwards, part and parcel of the settlment industry that has grown up around him.

This new chapter relies entirely on the testimony and the memoir—excerpts of which were published by the Daily Mail—of Virginia Roberts, who claims that Ghislaine Maxwell met her, when she was 17, at Donald Trump's Palm Beach resort and got her a job in the Epstein house, which she held for several years, traveling in the Epstein entourage. It is Roberts—who refused to cooperate with the FBI's 2007 investigation of Epstein—who has propounded the "sex slave" narrative. She claims that "massage" was a code word for sexual acts, and that she worked for Epstein for TK years for $TK, having sex with him and his friends, and reporting on the details to Epstein so he would have blackmailable details about them. In the laundry list of big names, she also claims to have met (though not had sex with) Bill Clinton and Al and Tipper Gore through Epstein.

This is all, says Epstein, utterly false, including that she met Clinton and the Gores, who Epstein says he has never met. Indeed, there has been no corroboration of the Roberts charges nor any new evidence or further prosecution and Dershowitz is suing her for libel. Roberts who was part of the original settlement is now seeking an additional suing Epstein for an additional $50 million from Epstein, and planning a book on her

life and the scandal.

It is a curious attribute of his character that, other than perhaps being more circumspect about what legal advice to follow, Epstein would not have done anything differently. (When I suggested recently to Epstein that one obvious way to blunt the animus bearing down on him would be to get married, he said he'd rather go back to jail.) His life, living it as he wants, seems to him to be an extraordinary accomplishment. Being on the wrong side of morality, custom, politics, feminists, the media, that's just a bit of bad luck.

And it is perhaps this attitude of his that irks his critics the most. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catchall of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent Playboy (excuse me, peadophile) in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

But Epstein's friends—and I think that is, in the end, the best word for the powerful people who orbit him—are willing to take him as he comes. Epstein is their confidant. Not the only nexus of them, but one of them. Dr. Epstein. Lay on my couch. As he is everybody's confident, everybody becomes his

confident. This is a back and forth, a power loop. His expertise is knowing what other people know. Which surely offers a unique sense of confidence that it is possible to understand how the world works. And in a time of such radical flux and existential instability, everybody wants to seek out someone who might have some answers or at least make you feel like he does—even, and maybe especially, the rich. The fact that he's an outsider, even a pariah, nobody you have to fear, in his own way a secret (and all powerful people like secrets) is—if you're not caught in his company—reassuring too.

In the last days of my interviews with Epstein, he was called by a particular world-stage individual, indeed among the richest and most powerful—proudly louche himself—who, feeling out of his depth in a world of crashing oil prices and wild currency fluctuation, had come to believe he might benefit from some private tutoring. And so the math teacher got on his plane.

It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household staff ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room in front of a laptop and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising or instructing a startling collection of the rich and powerful, who are slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer for a super rich man who attends to even more fabulously rich men (and the occasional extremely rich woman). But with the paparazzi often posted near by, the outside world is dangerously close too. Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state who was visiting him.

His subject, on this morning in early November during a set of interviews he's agreed to have with me about his life and views, is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The faux-baronial quality of the dining room is disturbed by an ever-present white board, where he scribbles

calculations and notes, conducting the world's most rarified economics class, often attended by many of the world's finance ministers and foremost economists.

His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social, and personal calculations. He recounts a dinner he had two nights before. The scene is, like much of what he does, a conspiracy theorist's fantasy—the six men at this dinner, all technology entrepreneurs, representing, together, several hundred billion dollars and now trying to figure out how to use it to shape the world to their liking.

"In the past, only governments had this kind of money, money of a reality altering scale," says Epstein in a chipper and smoothed-out Brooklynese. "In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are ultimately an afterthought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is

not as a philanthropist but as a sort of adviser or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably among the most influential people you've never heard of.

Though, likely, you have heard of him—not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child for the lawlessness of privilege. He is *that* Epstein, sent to jail in 2008 in Palm Beach on a prostitution charge, based on the complaints of over a dozen underage girls making him, according to the Daily Mail—among his most fervent antagonists—"one of America's most notorious sex offenders."

And yet the mighty and powerful, disregarding his notoriety, still beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers. This includes, hardly least of all, Bill Gates, for whom Epstein has become a key advisor. Epstein has proposed leveraging the resources of the Bill and Melinda Gates Foundation to accommodate many other fortunes, so that, Epstein explains, "you might join 50 or 60 billionaires on one giving project."

Hence, as part of a Gates-encouraged effort to get "out in front" of the notice that might be expected to greet Gates' public association with him, Epstein—whom I first met in 2002 as part of a group of TED participants he was ferrying on his plane to the west coast—agreed in early fall to these on-the-record

conversations with me. He hoped that, six years after his release from prison, he could begin to rebuild his public reputation.

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's longtime friends and occasional legal advisors—they have a bickering brotherly relationship— had received from a reporter at Politico. The Politico reporter had been following Epstein-related court filings and found a new one added to an old lawsuit with some rather jaw-dropping claims. The civil filing, based on claims of one of the plaintiffs, purported to connect a catch-all of bold-faced names associated with Epstein more than a decade ago, including Dershowitz and Britain's Prince Andrew, to a "sex slave" ring. Indeed, she claimed that she had been forced to have sex with Dershowitz and the Prince at Epstein's command.

Epstein, who sometimes seems to have an out-of-body attitude toward his own fate and bad press, said that while the claims were ludicrous—putting Dershowitz in a sex slave ring, he said, ought to point out just how ludicrous—he thought it might provoke "quite a show." In short order, Prince Andrew's alleged involvement sent the U.K. into tabloid frenzy (even the normally sniffy Guardian, in full anti- royal and anti-billionaire fever, joined in), which then effectively exported the story back to the U.S., where Epstein's

now-long-defunct connection to Bill Clinton, suddenly became a shadow over Hillary, and hence big news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, ostrich like, not to look out. Little beyond his strict realm seems palatable or even all that familiar to him. Not long ago, when I met him for lunch in the West Village, he noted that he hadn't been out to lunch in a restaurant in ten years. It was a not particularly pleasant experience for him and we were done in 30 minutes.

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house. Press accounts recycle the mysterious billionaire mythology—a man of vast and unsourced riches living in a parallel universe of absolute entitlement—with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut. There is indeed a group of young women—in their twenties and thirties—who act as Epstein's support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, had just returned from an

around-the-world honeymoon that Epstein had arranged for her. Some are, or have been, his romantic interests. His present girlfriend, whom he met four years ago at a dinner party in New York, is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist whom Epstein has known for more than thirty years, became a doctor—Epstein sent her to medical school—and married hedge funder Glen Dubin. Together they finance the Dubin Breast Center at Mount Sinai Hospital. Most of the women at one time will travel with Epstein to his other floating residences—the ranch in New Mexico, a vast apartment in Paris, the island in the Caribbean, the house in Palm Beach.

Epstein will sometimes move a meeting in his dining room outside to the park—his idea of going out to lunch is a Sabrett's hot dog—with the various girls in the house the accompanying entourage, as though something out of an 18th-century French court.

But the Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities are really not that different from any of the art galleries in the surrounding neighborhood. They mingle freely with his powerful guests, not so much as hostesses—or, in tabloid language, harem-like "sex slaves"—but as attentive students (which, of course, might be regarded as having its own fetish-like attraction). Epstein explicitly denies that there is an sexual quid pro quo.

(TK Jimmy Goldsmith quote.) Still, the constant attendance of so many comely young (but of age) women—especially given his past conviction—seems so outside of conventional living or staffing or social or romantic relationships that it is hard to describe in a straightforward or straight-faced way. And while it may be part of the appeal for the men who come to visit Epstein, it is as well a peculiarity they put up with in order to spend time with him. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you even believe what you see? Or it seems he is just oblivious to what others are thinking. A willful and perhaps fatal tone deafness.

The Epstein house/office is, by careful design, exclusive and clubby, part hang out, part secret society. Along with the fact that, even after his jail term, the rich and powerful have continued to so eagerly solicit him, it's also notable in the fixed hierarchy of who comes to whose turf, that, when they want to see Epstein, they tend to come to him. He's created a world and you enter it.

A week in late September—U.N. week as it happened—begins, over Sunday lunch, with a colloquial for billionaires: Gates, Mort Zuckerman, the real estate billionaire and owner of the Daily News, and Peter Thiel, the PayPal co-founder and early Facebook investor. The subject is Epstein's concept for the Gates Foundation of what he calls a "donor advised fund" that could lend the Gates expertise to other billionaires and

his view that only the Gates Foundation has real experience in the vast complexities of giving away "hyper wealth."

That evening, Epstein, preternaturally responsive to both the price of oil and to the politics of the Middle East, entertains a delegation from Qatar, including Sheikh Hamad Bin Jassim, the foreign minister. Hamad lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused manner, keeps prodding: "Why are you financing the bad guys? What do you get out of that?" The Qatarians, in some mild diplomatic discomfort, seem most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9 the next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented, among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sachs's Lloyd Blankfein, and is one of attorney general Eric Holder's closest friends. Weingarten, hoarse with a cold, is just back from a failed defense of former Connecticut Governor John Rowland. After a blow-by-blow of the trial, there was a discussion of the Qatarian's visit—Epstein served chocolate made from pistachios grown on the Sheikh's farm—and speculation about who actually controls ISIS, with Weingarten arguing that the Turks are not getting enough scrutiny (he posits that ISIS is part of their proxy war against the Kurds). There

is, in Epstein's dining room, always an alternative version of world events—"perception versus reality," says Epstein, "not to imply that one necessarily has greater weight than the other."

"Why," I ask Weingarten, when Epstein briefly steps out of the room, "do so many people keep coming back here, everything considered." This is before the most recent blowup but has been an obvious question ever since his stint in jail.

"Why we camp out here? I guess because there's no place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, a former child actor and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout with its own sex scandal—who now describes himself as the "the most active investor" in Bitcoin and the programmable currency space.

After a bit, Epstein invites his next appointment to join them. Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Sheikh Hamad chocolates, then focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit to Pierce and his update on the rapid Bitcoin price swings, "I have opportunities here. But an additional feature of my decision problem, roughly speaking, is that the worst that could happen to you is that you could lose all the

money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in seeming dramatic understatement, "you are going to have some low quality characters playing early in the space…"

That evening, in the Epstein dining room (he seems rarely to use the rest of the house's 50,000 square feet), there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jagland, the head of the Nobel Peace Prize Committee, who offers an affable, but generally scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then a high ranking official from the Obama White House, whose name I am asked not to use. There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov. Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak, a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part

of Nowak's research has to do with trying to "describe cancer mathematically." (Epstein preempts Nowak's explanation : "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail.")

Then Richard Axel, a Nobel prize winner in physiology. Then Ron Baron who has $26 billion under management in his Baron Fund. Then Josh Harris, the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

What goes on at Epstein's house confirms everyone's worst fears about power and the powerful: they are all in a secret and shared conversation. The world runs on insider information. And, certainly, inside Epstein's dining room, it remains a man's world—a rich man's world. Indeed his salons tend to offend most every aspect of reconstructed gender and political sensibilities.

The rich come here, risking public opprobrium, not to mention the censure of their wives, because there aren't, in this leveled age, too many places where they don't have to pretend that they are something other than rich and powerful. The conversations at Epstein's are the conversations, I suspect, that rich men dream of, but in the real world are actually hard to have. At Jeffrey's the rich don't have to humor the sensitivities of the rest of the world. This is unfiltered power and wealth, which seems not so much crass as efficient: this is the way the world works, no bullshit. Epstein facilitates that conversation without guilt or worry, and, in fact, with great glee and enthusiasm. It is not just the remarkable flow of valuable information before it hits the New York Times (including, while I sat here, notice of the resignation of a cabinet secretary a week before it hit the Times), but Epstein's almost small-town narrative of the doings of the powerful in the face of this week's economic trends, a kind of back-fence gossip that just happens to feature the comings, goings, and secrets of some of the world's most astute players and assorted megalomaniacs.

Wealth is the bond and the experience. Once, at lunch in the Epstein dining room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did *you* meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he

said, as though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

Epstein has a yet more structural explanation as to why, after prison and with continuing tabloid infamy, he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money: "At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of information and actual honest brokers. That's the usefulness of disgrace."

It's also true that Epstein's circle might be more forgiving of disgrace than the rest of the world. Many of these men have themselves been on the wrong side of a negative story or a scandal or a damaging public lawsuit. Any hyper-prominent person might run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi. And they know that the media's (or prosecutors') version of events seldom square's with their own. In that way, they are, even after a conviction, quite willing to give Epstein the benefit of the doubt.

There is even a wry sense of humor about his propensity for a certain kind of scandal. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, (whose paper, the Daily

News, is ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems to cultivate. In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (Epstein says too it's a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

And, too, he seems often to be right. Since I began working on this piece in September, Epstein predictions about the price of oil, yen, ruble, and euro have all born out. If I had invested $100,000 the way Epstein said I should in early September, by the end of January I would have made $2.4 million. (Alas, I did not invest.) At any one moment, he is making a series of bets for himself and others. Recently he identified a dozen or so promising quants, each hawking their own special-sauce algorithm, and planned to test their math with investments of up to $5 million each. But don't mistake him for running anything like a workaday hedge fund; this is much more a privileged association. Money is always about the club it gets you into.

Most everyone who is now of a certain age and ambition and status grew up in, and found they were temperamentally suited to, the era of wealth that started

in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. Epstein's is just one version, albeit picaresque and louche, of this shared story.

Epstein often tells, with some obvious marvel, his middle class to riches tale: born in 1953 in Coney Island, father worked for the city's Parks Department, mother a housewife.

The captain of the math team at Lafayette High school in Bensonhurst, he went on to Cooper Union where the tuition is free. He dropped out after two years and began taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by a slight of hand, he got a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

Dalton was his first exposure to the wealthy. They have, he concluded, just as many problems as the people in Coney Island, but different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled recently as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him as a young man clearly on the make. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.) But he wasn't interested in being a journalist.

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stearn's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you're super smart in math and you're Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If you're supposed to be so fucking smart, don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late '70s, arrived on Wall Street. By the fortuitous luck of being there at that point in time, Epstein was propelled by a much more explosive form of upward mobility than had ever before existed. With a facility for mathematics as well as for getting along with wealthy men, he got rich at an even faster rate than so many others.

He moved into the penthouse of a new building at 66th Street and Second Avenue—still in the shadow of

the Maxwell Plum era when the 60s on Second was the glamour address—a building that was, he says as a fond memory, full of "actresses, models, and euro trash." (It would shortly become the Studio 54 era, where Epstein, who has, proudly, even militantly, never had drink or taken any drugs, was a regular).

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction. "In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a '50s mentality. But in the mid '70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I tried to create it. This was intellectual activity of a fairly high order."

Intellectual activity aside, he met Helen Gurley Brown and she made him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I enjoyed sex. I adore women. I wanted freedom. I was

attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free. I was not remotely ambivalent about what I wanted: to be free. That was the reason to make money."

His rise at Bear Stearns was a swift one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game), who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave-taking or ouster from Bear was the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, when he left in 1982 he took with him billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. At this point, Epstein was dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest.

The Concorde phase of his life coincided with the Concorde phase of the 1980s. If the '80s were happening pell mell in New York, they were happening at double time and catch up speed in London. Thirty-year-old Epstein was living a Lifestyle of the Rich and Famous (he befriended the show's star, Robin Leach), at English shooting parties and country estates with Saturday night black tie dinners, where he was meeting the over-the-top families of Europe.

"I didn't take it seriously," Epstein recounts. "I was not caught up in it. I wasn't trying to make a billion dollars. There was no ultimate goal. It was just fun to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was going until I got there."

At the same time, he was developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million. "If you had a billion dollars I would think the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect your children from it, how to hide it from your wife or husband, how to minimize your taxes on it. The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased.

"You can't spend a billion dollars, you can just reallocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

For a period, one part of his activities, he says, was recovering monies for countries looted by exiled

dictators or military strongmen. Then, in his telling, he was representing a series of vastly wealthy people and families—not just doing their bidding or their investing, but helping them to navigate the ambitions of their wealth. If they had big dreams before, it's nothing to what they can have now.

If early in his career he might have seemed like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator. At just about this point in the narrative, the incredulity about Epstein began to circulate in social circles. Epstein had acquired the major symbols of wealth but without position, public holdings, or obvious paper trails. His is a questionable substrata of wealth, without institutional credentials or bona fides. He's a freelancer. That's the rub: he doesn't work for anyone.

There is no clear alternate narrative, except perhaps guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi scheme, for whom Epstein acted as a consultant—along with, he points out, Paul Volcker.) But the characterization persists: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles was on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein was sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana wearing her "revenge" dress that evening). Graydon Carter, in his second year as editor of Vanity Fair, was also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy, both have made themselves up. To say that Epstein, in the company of the Princess, stuck in Carter's craw would be an understatement. Epstein became one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. Carter once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmailed. ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

Epstein is private and secretive, but grandly so. He joined the board of Rockefeller University. He was suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He bought, from his client Limited Founder Les Wexner, the largest private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He bought an airplane. Then another. He expanded his

holdings in New Mexico. He began a Xanadu-like refurbishment of his Caribbean Island.

He befriended Bill Clinton in his new after-office life—and that would prove to be quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton really is the world's ultimate sleaze ball—was suddenly being ferried around in the jet of...*who* exactly? The New York Post was the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. "I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people."

I met Epstein around this time, on the flight out to TED. (Epstein had become an active backer of advanced scientific research and a fixture at the conference.) A small group assembled at the private plane terminal at JFK, most of us unfamiliar with our benefactor, and as we headed in the direction of the discreet private plans we were gently pointed to our ride: Epstein's 727.

It was like something out of a men's magazine fantasy of the luxe life. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein was accompanied by three young women who were witty, poised, helpful, as well as powerfully alluring. And Epstein, tanned, relaxed, with a wide open

smile, was an attentive host, soliciting every guest's story and views. (One more thing about this trip: Google founders, Larry Page and Sergey Brin, with their company still in its infancy, came out to see the plane on the Monterey tarmac and, with a few other Googlers, literally ran whooping from one end of the plane to the other. Then they described for Epstein, in what I cannot now remember was a put-on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. (Epstein's flirtation with the media would result in his backing an unsuccessful effort, of which I was a part, to buy New York Magazine in 2004, and then later, with Mort Zuckerman, backing the launch of Radar magazine.)

New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British journalist, Vicki Ward, to the job. Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieved such wealth and influence. Epstein, sensing

that he might be exposing himself, called Carter and said he was having second thoughts about being a public figure.

"Then you should have lived in a two bedroom apartment in Queens," responded Carter.

And then the real troubles began. Epstein, in man-who-can-have-everything fashion, has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're called—that do outcalls. There was no sex. An often there was no happy ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others." He says all this in a straightforward manner that seems utterly tone-deaf to its effect, as if he suffers from a sort of cultural autism.

After Epstein's round of publicity and widely touted association with Clinton, the stepmother of one of the massage parlor girls who went to Epstein's house called the police. The police interviewed the girl—who was TK at the time, but whose website identified her as 18—and the girl supplied the names of other girls, some of whom were also younger than 18.

In the end, the police tracked down 18 girls—nine of whom were under 18 [THIS IS IMPORTANT: HOW OLD WAS THE YOUNGEST?]; the others were in their 20s and 30s; one woman was in her 60s—a number of whom gave statements describing, in essence, happy - ending massages. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleged anything more than this.)

A shadowy rich man, friend of the louche and disgraced president, at all times surrounded by a retinue of young and attractive women doing his bidding, is found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow reads weirder that he doesn't have sex with them.) To boot, his former girlfriend, Ghislaine Maxwell—the daughter of the disgraced Robert Maxwell—encouraged at least one of the girls to come to Epstein's home (and is henceforth known as the procurer or madam for Epstein and, later, his friends). It certainly doesn't look good.

Epstein called in Dershowitz, who flew into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, further amping up the profile of the case, also brought in Roy Black, the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach. Epstein might have just been hit with solicitation charges and paid a fine even though some of the girls

were underage; prostitution charges in Florida (as in most places) have no age limits and the Palm Beach grand jury proposed solely a solicitation charge. But Epstein's flamboyance and his friendship with Clinton invited the scrutiny of the Bush FBI, and ultimately Epstein and his legal team decided to go for a plea deal. The result was a baroque set of agreements with both the Feds and Palm Beach county, which mandated jail time (Epstein was sentenced to 18 months, of which he served 13—nearly all Florida prisoners serve only 70% of their officially sentenced time) and sex offender status. The deal also provided for an unusual, if not unprecedented, arrangement by which he agreed to pay the legal fees for 40 girls specified by the FBI in civil suits against him and not to oppose their claims, resulting in an overall settlement costs that may be as high as $20 million. (A bit more baroqueness: one of the lawyers representing some of the plaintiffs, Scott Rothstein, would also go to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached and that many of the listed women had agreed to take reduced immediate cash payments.)

It is in part this impossible-to-explain weird-justice outcome that has made some people think Epstein was covering for someone, or something, else—perhaps his most high-profile friend?

"So?" I ask, one day late in our interviews. "Explain this. It does make it look like you were covering for you-know-who."

"Covering?" He chuckles. "First, by the way, you-know-who was never there. Never came to the island. Not once. Not ever. But you're right—nobody has ever heard of anything like [this agreement]. But while it was breathtaking, it was also straightforward: you sign this or else we will federally indict you in ways that will threaten your property, the people who work for you, and might put you in jail for ten years. I took the deal." (Indeed, the deal protected him from federal prosecution, and protected his "co-conspirators," the employees who supplied him with massage girls, from being charged as accessories to molestation and sex with minors.)

Epstein got out of jail in 2009. The experience does not seem to have much dented his general bonhomie. One evening over dinner he and the former director of ports in the semi-rouge state of Djibouti, who had fallen afoul of the regime and found himself in prison, exchanged jail stories—they agreed, not as bad you'd think. Epstein, having done his time, moved mostly seamlessly back into his life, to the shock-shock of tabloids whenever they are reminded of his existence (notably, when Epstein's payment of Fergie's debts slipped out, likely leaked by Fergie herself).

Some things changed. While surprisingly few others dropped him, the Clinton's did, an irony of the

present tabloid interest in Epstein's old address book with its many Clinton contacts. And his sex offender status has transformed him from libertine playboy to pedophile.

While he has regularly entertained PR proposals aimed at his public rehabilitation, until Gates prodded him, and until this recent renewed tabloid fever, Epstein had concluded that he was perfectly satisfied living behind high walls and in his own exclusive club. Even now, this new Dershowitz-Prince Andrew chapter seems like a parallel disturbance rather than something that is actually affecting him. "Bad press is not something actually bad," he notes, trying to balance perception and reality.

And, indeed, the tabloid narrative and his own story rather define divergent realities. The ongoing case, with the filings that introduced the Dershowitz and Prince Andrew allegations, was brought by the imprisoned Rothstein's former partner, Brad Edwards. It relies entirely on the testimony and the memoir, excerpts of which were published by the Daily Mail, of Virginia Roberts, who claims that Ghislaine Maxwell met her, when she was 17, at Donald Trump's Palm Beach resort and got her a job in the Epstein house, which she held for several years, traveling in the Epstein entourage. It is Roberts—who refused to cooperate with the FBI's 2007 investigation of Epstein—who has propounded the "sex slave" narrative. She claims that "massage" was a code word for sexual acts, and that she worked for Epstein for

TK years for $TK, having sex with him and his friends, and reporting on the details to Epstein so he would have blackmailable details about them. In the laundry list of big names, she also claims that Epstein introduced her to Bill Clinton and Al and Tipper Gore (though there was no sex involved).

Roberts, who was part of the original settlement—which some accounts put as high as $1 million—has sought an additional $50 million {NEEDS STATUS CHECK} from Epstein [CLARIFY THAT SHE IS NOT SUING HIM BUT SUING THE GOVT AND SAYING SHE'LL DROP IT IF HE PAYS HER?], and is planning a book on her life and the scandal. But there has been no corroboration of the Roberts charges nor any new evidence or further prosecution. Epstein says she never met Clinton through him and, indeed, that he himself has never met the Gores. Dershowitz is suing her for libel.

But true or not, the story has taken on a life of its own, with the US and British tabloid press continuing, so far unsuccessfully, to search for a smoking gun connecting Clinton to underage girls, which could have the effect of derailing the Hillary Clinton presidential campaign. In the meantime, it is delaying—quite an understatement—Epstein's hoped-for public rehabilitation.

It is a curious attribute of his character that, other than perhaps being more circumspect about what legal advice

to follow, Epstein would have done little differently. (When I suggested recently to Epstein that one obvious way to blunt the animus bearing down on him would be to get married, he said he'd rather go back to jail.) His life, living it as he wants, seems to him to be an extraordinary accomplishment. Being on the wrong side of morality, custom, politics, feminists, the media, that's just a bit of bad luck.

And it is perhaps this attitude of his that irks his critics the most. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catchall of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent playboy (excuse me, pedophile) in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

But Epstein's friends—and I think that is, in the end, the best word for the powerful people who orbit him—are willing to take him as he comes. Epstein is their confidant. Not the only nexus of them, but one of them. Dr. Epstein. Lay on my couch. As he is everybody's confidant, everybody becomes his confidant. This is the back and forth, the power loop. His expertise is knowing what other people know. Which surely offers a unique sense of confidence that it

is possible to understand how the world works. And in a time of such radical flux and existential instability, everybody wants to seek out someone who might have some answers or at least make you feel like he does—even, and maybe especially, the rich.

In the last days of my interviews with Epstein, he was called by a particular world-stage individual, among the richest and most powerful—proudly louche himself—who, feeling out of his depth in a world of crashing oil prices and wild currency fluctuation, had come to believe he might benefit from some private tutoring. Epstein welcomed him to the club.

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/22/2015 7:16:34 PM
**To**: Darren Indyke[redacted]
**Subject**: Fwd: ATTORNEY-CLIENT PRIVILEGE

**Importance**: High

---------- Forwarded message ----------
From: **Martin Weinberg** [redacted]
Date: Wed, Apr 22, 2015 at 3:03 PM
Subject: ATTORNEY-CLIENT PRIVILEGE
To: Jeffrey Epstein <jeevacation@gmail.com>, Kathy Ruemmler[redacted]
Cc: Martin Weinberg [redacted]

As just received.
Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

[redacted] cell

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--- On Wed, 4/22/15, Hill, James E. [redacted] wrote:

> From: Hill, James E. [redacted]
> Subject: FW: inquiry from ABC News re Jeffrey Epstein
> To: [redacted]
> Date: Wednesday, April 22, 2015, 1:57 PM
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> #yiv0232406113 Marty: With the understanding
> that we have not yet made determinations about what will or
> will not be included in our broadcast, here are the bullet
> points of the principal allegations Ms. [redacted]
> raised in the ABC interview regarding Mr. Epstein. I'm
> available on cell [redacted] if you wish to discuss.
> We'd ask for your response as soon as possible – best if
> by close of business Friday. Thanks. And I'm
> always available to talk to you if you wish to communicate
> with us. ·
> She says in summer of 1999 when she was
> 15 - Ghislaine Maxwell approached and asked her if she was
> interested in a job as a masseuse·
> She says she was later (that same day)
> driven by her father to Epstein's Palm Beach residence,
> where she massaged Epstein with Maxwell's guidance, and
> then she says she was made to have sex, to include
> intercourse, with Epstein. At conclusion she says she
> was paid $200 and driven home by a butler.·
> She says she quit her job and went to
> work for Epstein within a couple of weeks of the first
> encounter·
> She says Epstein always knew how old
> she was and says specifically that she, Epstein and Maxwell
> celebrated [redacted]'s 16th b-day together·
> She says Epstein paid her for the
> encounters and for her apartment and car·
> She says she would be expected to have
> sexual relations with Epstein up to several times a
> day·
> She says there was an uncountable
> number of other girls in similar situation to her, some as
> young as 12·
> She says she was given money by Epstein
> to go out and recruit other young girls for him.·
> She says that while she was free to
> come and go – she felt like she was under his control and
> she didn't want to disappoint Epstein.·
> She says Epstein required her, and paid
> her, to have sex with many of his friends. ·
> She says these people included
> politicians, royalty, educators·
> She says she had sex -or sexual
> activities - with Prince Andrew on three occasions – at
> the instruction of Epstein ·
> She says Epstein paid her $15,000 after
> the 1st of the three alleged encounters with
> Prince Andrew·
> She says that Epstein showed her a

> video room in his NY home which had monitors showing cameras
> in many locations in the home·
> She suggests Epstein made videos of
> underage girls with other people for purposes of potential
> blackmail ·
> She says that Epstein liked her to
> dress up in outfits, including bondage and schoolgirl
> outfits·
> She says she met Bill Clinton on
> Epstein's island in the USVI. She does not specify a
> date but says she is 100% sure it was Clinton and it was on
> the island. She says she ate dinner with Epstein and
> Clinton but alleges nothing further regarding Clinton.·
> She says one person – who she
> wouldn't name – that Epstein loaned her out to –
> physically assaulted and raped her. She says this
> happened on Epstein's island, and that she had been sent
> by Epstein – alone -to meet this person . She says she
> screamed but no one came to her aid. She says she feared
> for her life. She says she told Epstein about the
> alleged beating and rape afterwards and she said he didn't
> care.·
> She says Epstein and Maxwell asked her
> to have a child for them and to sign a document signing away
> the rights to the child in the event that she and Epstein
> had a falling out. She says she refused this
> request.·
> She says Epstein has a sick problem, is
> a pedophile, a dangerous man who should not be walking
> free -----Original
> Message-----
> From: Martin Weinberg
> [mailto[redacted]
> Sent: Wednesday,
> April 22, 2015 1:44 PM
> To: Hill, James E.
> Cc: Martin Weinberg
> Subject:
> Re: inquiry from ABC News re Jeffrey Epstein James, just confirming
> that you are sending me the bulletpoints from the interview
> you are asking about, thanksMartyMartin G. Weinberg,
> Esq. 20 Park Plaza, Suite
> 1000 Boston, MA 02116 [redacted]
cell ========== This Electronic Message
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> disclosure, copying, distribution, or use of
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> is prohibited. ----------On Tue, 4/21/15, Hill,
> James E. [redacted]
> wrote: Subject: inquiry from ABC
> News re Jeffrey Epstein To: [redacted]
> [redacted] > Date: Tuesday, April 21,
> 2015, 4:36 PM
> Greetings.
> This is James Hill
> of ABC News. I write to you regarding Jeffrey Epstein – and
> your representation of him in the CVRA case in which he
> is an intervener. ABC News has recently conducted an on-camera
> interview with Virginia Roberts (formerly known as Jane
> Doe #3), portions of which are very likely to be airing on
> Good Morning America and other ABC programs this week. We would like to offer you an opportunity
> to respond to the allegations she has raised about Mr.
> Epstein. Can you tell me who among you I should be in contact
> with? Should you wish to make a statement or respond in
> any other manner - I will need it by close-of-business
> Wednesday. Thanks kindly,James Hill James
> HillABC News Producer190 N. State St.Chicago IL
> [redacted] (cell[redacted]cell[redacted]
> (ofc)[redacted]
>

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please note

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**Date:** Wednesday, April 22 2015 07:34 PM
**Subject:** Fwd: ATTORNEY- CLIENT PRIVILEGE
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Alan Dershowitz <[redacted]>;

# Privileged - Redacted

--------- Forwarded message ---------
From: **Martin Weinberg** <[redacted]>
Date: Wed, Apr 22, 2015 at 3:03 PM
Subject: ATTORNEY- CLIENT PRIVILEGE
To: Jeffrey Epstein <jeevacation@gmail.com>, Kathy Ruemmler <[redacted]>
Cc: Martin Weinberg <[redacted]>

As just received.
Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted] cell

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> #yiv0232406113 div.yiv0232406113WordSection1
> {}
> #yiv0232406113
> _filtered #yiv0232406113 {}
> _filtered #yiv0232406113 {font-family:Symbol;}
> _filtered #yiv0232406113 {}
> _filtered #yiv0232406113 {font-family:Wingdings;}
> _filtered #yiv0232406113 {font-family:Symbol;}
> _filtered #yiv0232406113 {}
> _filtered #yiv0232406113 {font-family:Wingdings;}
> _filtered #yiv0232406113 {font-family:Symbol;}
> _filtered #yiv0232406113 {}
> _filtered #yiv0232406113 {font-family:Wingdings;}
> #yiv0232406113 ol
> {margin-bottom:0in;}
> #yiv0232406113 ul
> {margin-bottom:0in;}
> #yiv0232406113 Marty: With the understanding

> that we have not yet made determinations about what will or
> will not be included in our broadcast, here are the bullet
> points of the principal allegations Ms. [redacted]
> raised in the ABC interview regarding Mr. Epstein. I'm
> available on cell [redacted] if you wish to discuss.
> We'd ask for your response as soon as possible – best if
> by close of business Friday. Thanks. And I'm
> always available to talk to you if you wish to communicate
> with us. ·
> She says in summer of 1999 when she was
> 15 - Ghislaine Maxwell approached and asked her if she was
> interested in a job as a masseuse·
> She says she was later (that same day)
> driven by her father to Epstein's Palm Beach residence,
> where she massaged Epstein with Maxwell's guidance, and
> then she says she was made to have sex, to include
> intercourse, with Epstein. At conclusion she says she
> was paid $200 and driven home by a butler.·
> She says she quit her job and went to
> work for Epstein within a couple of weeks of the first
> encounter·
> She says Epstein always knew how old
> she was and says specifically that she, Epstein and Maxwell
> celebrated [redacted]'s 16th b-day together·
> She says Epstein paid her for the
> encounters and for her apartment and car·
> She says she would be expected to have
> sexual relations with Epstein up to several times a
> day·
> She says there was an uncountable
> number of other girls in similar situation to her, some as
> young as 12·
> She says she was given money by Epstein
> to go out and recruit other young girls for him.·
> She says that while she was free to
> come and go – she felt like she was under his control and
> she didn't want to disappoint Epstein.·
> She says Epstein required her, and paid
> her, to have sex with many of his friends. ·
> She says these people included
> politicians, royalty, educators·
> She says she had sex -or sexual
> activities - with Prince Andrew on three occasions – at
> the instruction of Epstein ·
> She says Epstein paid her $15,000 after
> the 1st of the three alleged encounters with
> Prince Andrew·
> She says that Epstein showed her a
> video room in his NY home which had monitors showing cameras
> in many locations in the home·
> She suggests Epstein made videos of
> underage girls with other people for purposes of potential
> blackmail ·

> She says that Epstein liked her to
> dress up in outfits, including bondage and schoolgirl
> outfits·
> She says she met Bill Clinton on
> Epstein's island in the USVI. She does not specify a
> date but says she is 100% sure it was Clinton and it was on
> the island. She says she ate dinner with Epstein and
> Clinton but alleges nothing further regarding Clinton.·
> She says one person – who she
> wouldn't name – that Epstein loaned her out to –
> physically assaulted and raped her. She says this
> happened on Epstein's island, and that she had been sent
> by Epstein – alone -to meet this person . She says she
> screamed but no one came to her aid. She says she feared
> for her life. She says she told Epstein about the
> alleged beating and rape afterwards and she said he didn't
> care.·
> She says Epstein and Maxwell asked her
> to have a child for them and to sign a document signing away
> the rights to the child in the event that she and Epstein
> had a falling out. She says she refused this
> request.·
> She says Epstein has a sick problem, is
> a pedophile, a dangerous man who should not be walking
> free -----Original
> Message-----
> From: Martin Weinberg
> [mailto:[redacted]
> Sent: Wednesday,
> April 22, 2015 1:44 PM
> To: Hill, James E.
> Cc: Martin Weinberg
> Subject:
> Re: inquiry from ABC News re Jeffrey Epstein James, just confirming
> that you are sending me the bulletpoints from the interview
> you are asking about, thanksMartyMartin G. Weinberg,
> Esq. 20 Park Plaza, Suite
> 1000 Boston, MA 02116 [redacted] cell
========== This Electronic Message
> contains information from the Law
> Office of Martin G. Weinberg, P.C.,
> and may be privileged. The
> information is intended
> for the use of the addressee only.
> If you are not the addressee,
> please note
> that any
> disclosure, copying, distribution, or use of
> the contents of this message
> is prohibited. ----------On Tue, 4/21/15, Hill,
> James E. [redacted]>
> wrote: Subject: inquiry from ABC
> News re Jeffrey Epstein To: [redacted]"

> <[redacted]>,
> "[redacted]
> <[redacted]>,
> [redacted]"
> <[redacted]> Date: Tuesday, April 21,
> 2015, 4:36 PM
> Greetings.
> This is James Hill
> of ABC News. I write to you regarding Jeffrey Epstein – and
> your representation of him in the CVRA case in which he
> is an intervener. ABC News has recently conducted an on-camera
> interview with [redacted] (formerly known as Jane
> Doe #3), portions of which are very likely to be airing on
> Good Morning America and other ABC programs this week. We would like to offer you an opportunity
> to respond to the allegations she has raised about Mr.
> Epstein. Can you tell me who among you I should be in contact
> with? Should you wish to make a statement or respond in
> any other manner - I will need it by close-of-business
> Wednesday. Thanks kindly,James Hill James
> HillABC News Producer190 N. State St.Chicago IL
> 6060 [redacted] (cell) [redacted] (cell [redacted]
> (ofc) [redacted]
>

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Wednesday, January 20, 2016 10:21 AM
**To:** [redacted]
**Subject:** Re: Help!

**Importance:** High

i appreciate your support is what i meant. has anyting happened recently? it is my birthday today

On Tue, Jan 19, 2016 at 10:46 PM, [redacted] <[redacted]> wrote:

Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted] <[redacted]> wrote:

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

--

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HOUSE_OVERSIGHT_022937

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Thursday, January 21, 2016 1:43 AM
**To:** [redacted]
**Subject:** Re: Help!

**Importance:** High

what do you suggest?

On Wed, Jan 20, 2016 at 7:19 PM, [redacted] <[redacted]> wrote:

Happy birthday, I remember the few I had spent with you, good memories!

The problem is that you may appreciate my support but that doesn't help me. Yes, I told you I can't have people coming here to ask about you and ex pals.... My landlord may shoot them. He is pissed. I need your help. Out of all the people you should be helping is someone who actually genuinely cared about you.i realize you're living the good life and I'm not your concern, but if you really appreciated my support then you'd help me otherwise I don't know what I'll do.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

i appreciate your support is what i meant. has anyting happened recently? it is my birthday today

On Tue, Jan 19, 2016 at 10:46 PM, [redacted] wrote:

Appreciate what? I'm not sure you do. Be back for what? Where? I don't need to be photographed. I am trying to avoid that, hence the reason why I moved out here. I don't need people coming here looking for me to give them information about you or the "people" I was documented with... It's not my property. I don't think you get it.

On Tuesday, January 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

i appreciate it. I should be back feb 14,

On Tue, Jan 19, 2016 at 6:39 PM, [redacted] wrote:

Because you were not available to meet me in person last year and at this point I don't need to be seen. I can not have press, media, private investigators, film companies, etc. contacting me or my parents and sisters at home or on cell/texts and or by mail. I realize you don't have much control over this, but you can at least help me to move. I can't just get up and go like you. I left the city to escape, make a better life and I am devastated these people found me and brought to light an association of that I would rather them never to know. People think I was involved with something really bad and I lost a boyfriend of great potential over this shit. I am still in debt over all these years, been working my ass off trying to get ahead, which you could never understand I was even surviving off the pay I was getting. Well, its not any better. I dropped out of college because of you (and GM's) advice. Started working for a company you wanted me to and basically my life has has become hell since then.

I have been your supporter for 16 years, the media explosion with Clinton, Trump and Cosby is affecting me. I'm not prepared for this.

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HOUSE_OVERSIGHT_022938

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HOUSE_OVERSIGHT_022940

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/24/2017 11:04:43 PM
**To:** Matthew Hiltzik [redacted]
**Subject:** Fwd: Fw: inquiry re: Giuffre v Maxwell settlement
**Attachments:** image001.png

# Privileged - Redacted

---------- Forwarded message ----------
From: **Martin G. Weinberg** [redacted]
Date: Wed, May 24, 2017 at 6:53 PM
Subject: Fw: inquiry re: Giuffre v Maxwell settlement
To: jeevacation@gmail.com, [redacted], [redacted]

## Privileged - Redacted

**From:** Hill, James E.
**Sent:** Wednesday, May 24, 2017 6:33 PM
**To:** [redacted]
**Subject:** inquiry re: Giuffre v Maxwell settlement

Good afternoon, Marty:

This is James Hill at ABC News.

Do you have any statement you wish to share on behalf of Mr. Epstein regarding the settlement reached in the defamation suit filed by Virginia Giuffre v. Ghislaine Maxwell?

I know from the court filings and hearing transcripts, that Mr. Epstein was deposed in this action, but was not expected to be called as a live trial witness.

According to the transcripts - it was represented by plaintiff's counsel during pre-trial hearings, that Mr. Epstein invoked his 5th amendment rights and declined to answer substantive questions during the deposition. It also appears that Judge Sweet had not yet made a final determination as to whether Mr. Epstein's depo, or selected portions thereof, would be admitted at trial (which is obviously a moot point, now).

If you believe any of that to be in error, and/or if you wish to provide a statement about the settlement or in response to Giuffre's allegations about your client, please give me a call or reply to this email.

If you have no comment, I'd appreciate you letting me know that.

Thanks

James

**James Hill**

Sr. Producer

ABC News

190 N. State St.

Chicago IL 60601

[redacted] (cell)

(cell)

(ofc)

james.e.hill@abc.com

@jameshillabc

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/7/2017 10:35:08 AM
**To**: Michael Wolff [[redacted]]
**Subject**: boies

http://people.com/movies/harvey-weinstein-hired-intelligence-agencies-to-spy-on-accusers-rose-mcgowan/

right on time, i didnt know. boies is his co counsel. . represents [redacted] that claims that al gore , and clinton were both on the island. he knows its not true , or could clearly ask hif former clients.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/7/2017 10:42:23 AM
**To**: Landon Thomas [redacted]

**Importance**: High

http://people.com/movies/harvey-weinstein-hired-intelligence-agencies-to-spy-on-accusers-rose-mcgowan/ the same boies that represents [redacted], who makes totally fabricated claims re gore and clinton - boies clients. he refuses to ask them their version of events. They were never on the island and though she gave details of a dinnner. I have never ever met al gore or his wife.

boies is going to be in the firiing line. from the biz view he represented Hank Greenburg AIG, , his fees were never paid as the appeals court overturned the win. but AIG as an insurance co. -- ... phone only

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/7/2017 2:55:20 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re:

**Importance:** High

As they are both bulkshitters

On Tue, Nov 7, 2017 at 10:26 AM Thomas Jr., Landon <[redacted]> wrote:

i am more interested in al-waleed/saudi purge/Jared axis. al-waleed and prez go back a ways don't they?

On Tue, Nov 7, 2017 at 5:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://people.com/movies/harvey-weinstein-hired-intelligence-agencies-to-spy-on-accusers-rose-mcgowan/ the same boies that represents [redacted] who makes totally fabricated claims re gore and clinton - boies clients. he refuses to ask them their version of events. They were never on the island and though she gave details of a dinnner. I have never ever met al gore or his wife.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/7/2017 3:10:06 PM
**To:** Thomas Jr., Landon [[redacted]]
**Subject:** Re:

**Importance:** High

All. With gods help ;)

On Tue, Nov 7, 2017 at 11:00 AM Thomas Jr., Landon <[redacted]> wrote:
Did your Saudi friends survive the purge?

On Tue, Nov 7, 2017 at 9:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:
As they are both bulkshitters

On Tue, Nov 7, 2017 at 10:26 AM Thomas Jr., Landon <[redacted]n> wrote:
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On Tue, Nov 7, 2017 at 5:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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Landon Thomas, Jr.
Financial Reporter
New York Times

[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/8/2017 1:49:52 PM
**To:** Thomas Jr., Landon[redacted]
**Subject:** Re:

MONEY!!!! he lost the fee for hank greenburg, and needed money for his firm. if you look into boies and AIG you will find the answer

On Wed, Nov 8, 2017 at 8:48 AM, Thomas Jr., Landon <[redacted]n> wrote:
Re Boies, Voila. https://www.nytimes.com/2017/11/07/business/weinstein-lawyer-david-boies.html. Unclear to me why he is getting involved with you....

On Tue, Nov 7, 2017 at 10:10 AM, jeffrey E. <jeevacation@gmail.com> wrote:
All. With gods help ;)

On Tue, Nov 7, 2017 at 11:00 AM Thomas Jr., Landon <[redacted]> wrote:
Did your Saudi friends survive the purge?

On Tue, Nov 7, 2017 at 9:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:
As they are both bulkshitters

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household help ferrying in time-of-day-appropriate foods and beverages.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein sits at the head of the table. He spends most of his day in the dining room, remote from the world, in front of a lap top and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) advising, or instructing, a startling collection of the rich and powerful, slotted in on an hourly basis.

The apartness of Epstein's dining room might seem to offer some buffer in this leveled, angry age for a super rich man who attends to even more fabulously rich men. On the other hand, with the paparazzi often posted near by, the outside world seem dangerously close too. (Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for Jeffrey. But it was a security detail for a controversial head of state, also visiting him.)

His subject for the morning is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment. The otherwise baronial dining room is disturbed by an ever-present white board, on which he scribbles calculations and notes, conducting perhaps the world's most rarified economics class, often to many of the world's most rarefied economists.

Epstein's apartness or parallel life in part reflects much of the other-worldly characteristics of the wealth revolution that began in the late 1970s and that continued through the Wall Street boom of the 80s, the tech boom of the 90s—surviving, to often bitter attack, the banking crisis—and that has now seen the emergence of the international billionaire and oligarch class.

Epstein's way to riches was to become a student of such wealth as it has grown to an unanticipated and disruptive scale. His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social and personal calculations.

He recounts a dinner he had two nights before. It is, like much of what he does, a conspiracist's fantasy. The six men at this dinner, all technology entrepreneurs, represented, together, several hundred billion dollars.

"In the past, only governments had this kind of money," says Epstein making something of a pedagogical point, "money of a reality altering scale. In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to

change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of dough, without causing more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about their money. They may know about their own businesses, but the great sums that are the result are an ultimate after thought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that every American billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 30 years, most well before that, meaning $2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a curious point that Piketty doesn't: "Nobody, *nobody*, wants to give it to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it makes your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not as philanthropist but as a higher sort of banker or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably, among the most influential people you've never heard of.

Though, likely, you have heard of him, but not for his prowess with high abstraction, but for a scandal of such luridness that he is, for a great many, the poster child of the lawlessness of privilege and wealth, and for a much smaller circle, the poster child for what can happen when you become the target of a resentful world. He is *that* Epstein, according to the Daily Mail—among his most dogged press antagonists—"one of America's most notorious sex offenders."

Epstein might be among the most reviled men of the time, and yet the mighty and powerful, apparently evaluating the nature of disgrace on their own terms, beat a path to his door. It's a fantastic conclave of influence in his dining room: financiers, billionaires, heads of state, economic ministers.

He surely represents the kind of insiderism that is mostly just a figment in outsider's fantasies. Except for the fact that, straining credulity, Epstein is real. His is an ultimate sort of fantasy of power, wealth, and secrecy. (Many, in fact, have accused him of making up his own fantasy.) Were the International Jewish conspiracy to actually exist, it might be here in his dining room (while not everybody in his circle is Jewish, it's a recognizable sort of hamish atmosphere, with an acknowledgement that a generally "think Yiddish" point of view prevails).

It often crosses my mind, when I am invited here, that I must have made a Faustian bargain—so Faustian that I am not even aware of it. (In 2004, when the then owners of this magazine put it up for sale, I was involved with a group trying to buy it—an effort in which Epstein volunteered to invest $20 million. New York was subsequently sold to another wealthy investor.) Without ever being asked to keep what I have heard here off the record, I've willingly done so, least I not be invited back. And, too, to protect him. Who would understand Jeffrey? Who could explain him?

Certainly Epstein's past encounters with the press (and in many ways with the entire outside world) have been about as disastrous as any could be, helping to open a Pandora's box of lifestyle vulnerabilities that sorely, unluckily, and—in the eyes of many, in the eyes of *most*, rightly—offended time and place and sent him to prison.

And yet here he is, in his 50,000 square foot mansion, despite his sex offender status, dispensing advice to world leaders and business titans.

It is Bill Gates who for some time has been prodding Epstein to begin a process of public rehabilitation. Epstein has been advising Gates on a vast expansion and restructuring of the Gates foundation. Hence, as part of an effort to get "out in front" of the unfavorable notice that might be expected to greet Gates' public association with Epstein, I, as a favored journalist, have been given a degree of carte blanche to write about Epstein's life, with the hope, on Epstein's part, that the high regard in which he is held by many highly regarded people might leaven his reputation. And with the hope on my part of learning more about how and if the rich are different than you and me (although we can fairly dispense with the if).

Then, just before the New Year, Epstein forwarded me a heads-up email that Alan Dershowtiz, one of Epstein's long time friends—they have a bickering brotherly relationship—and occasional legal advisors, had received from a reporter at Politico and forwarded to Epstein. The Politico reporter had been following Epstein-related court filings (there is a determined contingent of Epstein reporters) and found a new one added to an old law suit with some rather jaw-dropping, if not preposterous, recent allegations.

This seemed to me to be merely a desperate, even comic-book, filing—just a lawyer trying to revive a dead case.

Eight years after the original filing, a Florida lawyer was now seeking to add new plaintiffs to the old case, accompanied by sensational allegations connecting a catch-all of bold-faced names associated with Epstein, including Dershowtiz and Britain's Prince Andrew, to a "sex slave" ring.

I responded to Epstein that I doubted this would be seen as credible by anyone.

Epstein, who sometimes seems to have an out-of-body attitude to his own fate and bad press, said he thought it might be "quite a show."

Two days later, the Daily Mail, which has become the effective ground zero in the English language for anti-privilege, and moral opprobrium (the more salacious the better), and whose editor Paul Dacre has a long time feud with Prince Andrew, put the story on its front page. (Epstein also has a long relationship with the family of disgraced press baron, Robert Maxwell, another reliable target of the British press.) Flimsy and far-fetched court filings in the U.S. by settlement-hungry plaintiffs might be discounted by skeptical U.S. reporters, but, the U.K. media, constrained by onerous rules about legal proceedings in the U.K., promptly went into tabloid frenzy (even the normally sniffy Guardian, in full anti-royal and anti- billionaire fever, joined the tabloid show) and effectively exported the story back to the U.S., where Epstein's connection to Bill Clinton, and, hence as a shadow over Hillary, became the news.

"I told you," said Epstein.

There is Epstein in his inner world, trying, quite ostrich like, not to look out. Little beyond his strict realm seems palatable or even in a sense familiar to him. He's a foreigner out here. Not too long ago, I met him for lunch in the West Village, the first time in more than ten years, he pointed out, he'd been to lunch in a restaurant (a not particularly pleasant experience for him and we were out in 30 minutes).

Then there is the outside world pressed to the glass, appalled and titillated by the monster inside the big house—a kind of Boo Radley of the Upper East Side. I have taken friends by the Epstein mansion, and the reaction to its other-worldly size in Manhattan is almost always the same: an incredulous guffaw. Press accounts, seldom supplying new information, ever recycle and repeat the mysterious (and monstrous) billionaire mythology, with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, in some way conforms to the most scripted fantasies: a life somewhere between Daddy Warbucks and Eyes Wide Shut.

The domesticity of the house, and the background of Epstein's problems, centers around a group of young women who act as his support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, recently married, had just returned from an around the world honeymoon that Epstein had arranged for her. Some are his romantic interests. His present girl friend is in dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist, became a doctor and married hedge funder Glen Dubin and together they finance the Dubin Breast Center at Mount Sinai Hospital. Most at one time will travel with him to his floating residences—the ranch in New Mexico, the vast apartment in Paris, the Island in the Caribbean, the house in Palm Beach.

This is so outside of conventional living or staffing or romantic relationships that it is hard to describe in a straightforward way. It sometimes seems part of Epstein's implicit challenge: not just look at me, but do you dare look at me? Or it seems he is just oblivious to what other's are thinking. A sort of fatal tone deafness.

Epstein's young women mingle freely with his powerful guests, not so much as hostess or, in tabloid language, harem-like (or as "sex slaves"), but often as attentive students (that, of course, might be regarded as having its own fetish-like attraction).

Once, Epstein invited me to sit in on a day of presentations to him in his dining room by various "quants." Quant theory involves making investments based solely on mathematical and statistical models. This method can often have uncanny predictive powers. But the problem is it doesn't scale very well—the market, having discerned a pattern of successful investing, quickly copies and discounts the advantage. Epstein's effort was to identify a dozen or so promising algorithms (each quant is

effectively hawking his secret sauce algorithm) and invest up to $5 million with each. (Epstein's advantage here, over traditional investment firms, is that he was proposing to do this without needing to own the algorithm itself, the manner in which many firms operate to the disadvantage of the quants.) I knew paltry little about this and so rather found myself identifying with the young women to whom Epstein was explaining the basic math and mechanics. (Epstein demands a certain amount of pedagogical attention in return for a wealth of information.)

Hefnerian prurience becomes quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities—really not that different from any of the art galleries in the surrounding neighborhood.

The Epstein house/office is, not unlike many nearby galleries, an ultimate club, a private reserve, a place of shared and valuable information—indeed, the kind of place, that, even for the most ardent conspiracists, might seem a little too movie-like. And while it's hard to explain why, given the radio-active nature of Epstein's disgrace, the rich and powerful still beat a path to his door, it's also notable in the fixed hierarchy of who comes to whose turf, that everybody, when they went to see Epstein, comes to him.

A week in late September, U.N. week as it happened, began, on Sunday, at Epstein's house with a colloquial for billionaires—Gates, TK, TK, TK.

Epstein, preternaturally responsive to both the price of oil and to the politics of the middle of East, entertained that evening a delegation from Qatar, including **Sheikh Hamad**, the foreign minister. Hamad, indeed, lives across the street in a similarly furnished house—he and Epstein have the same decorator. Epstein, in his relaxed and amused demeanor, kept prodding: "Why are you financing the bad guys? What do you get out of that?"

The Qatarians, in some mild diplomatic discomfort, seemed most worried that their bid for the World Cup might be compromised by bribery allegations.

At 9:00 next morning, Epstein is joined for breakfast in the dining room by Reid Weingarten, who's represented among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sach's Lloyd Blankfein. Weingarten, horse, with a cold, and dejected, is just back from a failed defense of former Connecticut Governor John Rowland. (Epstein: "You actually believe he was getting fucked?" Weingarten: "From minute one.

I'm not a virgin. But his was the worst I've ever seen. It was like an assassination.)

After a short discussion of the Qartarian's visit—Epstein is serving the chocolate, made from pistachios grown on the Shakes farm—and speculation about who actually controls ISIS, I am asked to leave the room. Twenty minutes later, after what ever business has been transacted or particular confidences, shared I am asked back in.

"Why?" I asked Weingarten, when Epstein briefly steps out of the room, "do some many people keep coming back here, everything considered."

"Why we camp out here? I find that question as mysterious as you do," says Weingarten.

Shortly after Weingarten leaves, Epstein tells me that Eric Holder will resign by the end of the week—which he does.

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brook Pierce, a former child actor, and dotcom high flyer—a principle in a gaming company called DEN, a notorious dotcom burnout, with its own sex scandal—who is now a leading investor in Bitcoin. He describe himself as the "the most active investor in the field."

And, indeed, is the first clear explanation I actually get about Bitcoin. It is so good that Epstein stops him and checks to see if his next appointment is here. And seconds later, Larry Summers, the former treasury secretary and President of Harvard, enters the dining room. Summers, off Diet Coke, digs deep into the Shakes chocolates, focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit, "I have opportunities here. But an additional feature of my decision problem roughly speaking is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in what in some dramatic understatement, "you are going to have some low quality characters playing the space…"

That evening, there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jaglandthe head of the Noble Peace Prize Committee, who offers an affable, but general scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister and Israel, for breakfast. Barack is, over his omlet, able to defend both

Obama and Putin. Then Kathy Ruemmler, who has just left her job as White House Counsel joins. She is already in the mix as a possible next attorney general, but, in fact, will withdraw from consideration in part to work with Epstein.

Larry Summers wife, Elisa New, drops by. She teaches Americna poetry at Harvard and is putting together a proposal for a series on poetry that WGBH in Boston may produce and Epstein is advising on where she might go for added support (he also makes mince meat of her budget).

MORE…TK

Perhaps it's just the ultimate feminist nightmare: Men (and a few opportunistic women) continue to come to Epstein's because, no matter their public bows to modern manners, they simply don't care that he offends every aspect of feminist sensibility; when it comes to power, feminism doesn't count.

Or, it's a guilty pleasure. People who know Jeffrey exchange "Jeffrey" stories. "That's Jeffrey," says Mort Zuckerman, the real estate billionaire and publisher of the Daily News (ever vitriolic in its coverage of Epstein), with a twinkle in his eye and obvious enjoyment, to tales of Epstein escapades. It is an outréness that Epstein seems delighted to cultivate. In Epstein's Paris apartment, 20,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. The single book on his bedside table is Lotlita (he is, beyond the joke, a great Nobokov fan).

Or, in a more sophisticated view, it's a two tier understanding of the world. There is a media version of the world, which most of us live in and largely accept, and are certainly influenced by. And then there are those people who live in the media itself and therefore know that it's mostly bunk. If the media says it, as likely some version of the opposite is true. I might guess too that for many of his visitors there's an order of identification: there but for the grace of God. Any hyper-prominent person might, at any time, run afoul of prosecutors, the political moment, the media, or the Internet hoi polloi.

Epstein is the Dreyfus of the rich.

And then there is the glue of wealth. Once, at lunch in the Epstein dinning room with Bill Richardson, the former Governor of New Mexico, and past Presidential aspirant, when Epstein left the room for a few minutes, I asked the obvious question, the one everybody asks each other, "How did you meet Jeffrey?" Richardson seemed surprised: "Jeffrey," he said, as

though stating what should have been perfectly obvious, "is the biggest landowner in New Mexico."

And then there is Epstein's yet more structural explanation as to why after prison and with continuing tabloid infamy he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money:

"At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional bona fides which makes me in some sense one of the few independent sources of information and actual honest brokers. That's the usefulness of disgrace."

And then there is too, that he is right. Since I began working on this piece in September, Epstein predictions about the price of oil, the Euro, and the Danish Krone have all born out.

And something else, which perhaps also surely accounts for Epstein's continuing relationships with the rich and powerful.

Most everyone who is now of a certain age and certain ambition and certain status grew up in, and found they were temperamentally suited to the new age of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly and ingratiatingly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one. In some sense, Epstein is just one version, picaresque, as well as louche, of this shared story.

Epstein was born in 1953 in Coney Island. His father worked for the city's Parks Department. His mother was a housewife. He has a younger brother, Mark. Epstein was distinguished by little other than his math talents. The captain of the math team at Lafayette High school in Bensonhurst, goes on to Cooper Union where the tuition is free. He drops out after two years and begins taking classes at the NYU's Courant Institute of Mathematics. Then, without a college degree, hence by slight of hand or deft misrepresentation, gets a job teaching math and physics at Dalton in 1974.

It's his first exposure to the wealthy. They have, he concludes, just as many problems as the people in Coney Island, just different ones, almost invariably involving divorce and money. "I found it interesting as a science experiment," he recalled not long ago as we chatted about his life. "It did not really involve me. I could just stand back and watch."

Dalton fathers were attracted to him. Punch Sulzberger, the publisher of the New York Times, and father of one of Epstein's students (Cynthia, the

half sister of the Times' current publisher), tried to recruit Epstein to come to the Times. Epstein recounts a story of riding with Sulzberger in his wood paneled station wagon to the his country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.

In 1976, another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stern's chief Ace Greenberg, a conversation Epstein recounts as this:

Greenberg: "Everyone tells me you are super smart in math and your Jewish and you're hungry…so why don't you start working here tomorrow?"

Epstein: "What?"

Greenberg: "If your supposed to be so fucking smart why don't you understand English?"

Epstein: "Ok. Count me in."

Hence, Epstein, like many in the late 70s, arrived on Wall Street.

As will happen to a generation of others, by the fortuitous luck of being on Wall Street at that point in time, Epstein is transformed by a new, much faster, form of upward mobility. With a facility for getting along with rich men, he transforms at an even faster rate than others being quickly transformed.

He moves into a new building at 66th Street and Second Avenue—the Maxwell Plum era when the 60s on Second was the glamour address—a building full of "actresses, models, and super stars."

And yet, the Wolf of Wall Street model may be off here. If on one side of Wall Street there were the salesmen, on the other side there was a new level of acute abstraction and the people who could embrace it.

"In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a 50's mentality. But in the mid 70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I did create it. This was intellectual activity of a fairly high order."

Still, in Wolf of Wall Street-ish fashion, he meets Helen Gurley Brown and she makes him Cosmopolitan Magazine's Bachelor of the Month in 1980.

"What," I ask, "was your social life like?"

"Well, I was a playboy."

"That's all? Not looking to get married?"

"No. Never. I never wanted to get married. I wanted sex. I liked women. I wanted freedom. I was attracted to the rich because of their freedom. But I wanted also to avoid their burdens. And I didn't want to hide. I didn't want to be a hypocrite. I wanted to be free."

His rise at Bear Sterns was a steep one. And he soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on whim—he met him in a bridge game—who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave taking or ouster from Bear is the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, he leaves in 1982 with billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. Epstein is dating Morgan Fairchild, a television star in the 1980s rich-family soap operas, Dallas and Falcon Crest.

Now begins the Concorde phase of his life—and the Concorde phase of the 1980s. If the 80s are happening pell mell in New York, they're happening at double time and catch up speed in London. Epstein is 30 years old and living, in Lifestyle of the Rich and Famous fashion, at English shooting parties at country estates with Saturday night black tie dinners, where he's meeting the great families of Europe. It's Euro trash pageantry.

"I don't take it seriously," Epstein recounts. "I'm not caught up in it. I'm not trying to make a billion dollars. There is no ultimate goal. Or its just to meet smart people, interesting people. But no long-range plans. Often no short-term plans either. I would head to Kennedy and, on the theory that most important events are serendipitous, I wouldn't decided where I was going until I got there."

At the same time, he is developing a perception, or, at least a market differentiation: wealth was not a fixed issue. The super wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million:

"While if you had a billion dollars the last thing you should be worried about was money, in truth money was what you most worried about. How to make more of it, how to give away more of it, how to protect you children from it, how to hide it from your wife, how to avoid paying taxes on it. The traditional wealth services structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts geometrically increased.

"You can't spend a billion dollars, you can just relocate it to a different investment class. And you can't give away a billion dollars without

a vast staff, in effect going into the business of giving away money, yet another business you are unlikely to know anything about."

At just about this point in the narrative, the questions or the incredulity begins in social circles and eventually in the media. He begins to acquire the major symbols of riches but does this without position, public holdings, or obvious paper trails. In essence, the formulation is, how can a person have enough money to merit increasing attention, but no clear way of having gotten it. Epstein gets stuck in that tautology. He may be rich, but he is without institutional protection or bona fides. He is a questionable substrata of wealth. He's a freelancer.

In the Epstein telling, he's representing a series of vastly wealthy people and families.

In a sense, he's their instrument, doing their bidding, and for a period describes himself as recovering money, as something like a private detective. If early in his career he might seem like a sort of George Peppard (there's a resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator.

He steps up his game and his relationship with the rich. He's not just doing their bidding or their investing, he's helping them to imagine the ambitions of their wealth. They've satisfied their business dreams. Now there are the separate challenges and possibilities of their actual wealth.

In essence, the response to this, as he becomes more public, as a function of envy and media, is "bullshit." True, there is no clear alternate narrative. No one is accusing him of anything, accept, sometimes, guilt by association. (In addition to Robert Maxwell, who will be accused of fraud, there's Steven Hoffenberg, briefly a New York high flyer, who went to jail for a Ponzi, for whom Epstein acted as a consultant.) But the characterization persist: if it's not clear, it must be murky. Sure, Goldman Sachs partners and tech fortunes, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles is on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein is sitting next to Princess Diana at a dinner at the Serpentine Galley in London (Diana is wearing her "revenge" dress that evening). Graydon Carter, into his second years as editor of Vanity Fair, is also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, and both are helped by strategic relationships with the exceptionally wealthy. To say that Epstein, sitting next to the Princess, sticks in Carter's craw would be an understatement. Epstein becomes one of the "what do you know about him" figures in Carter's

gossip trail—a story waiting to happen. A variety of the gossip that begins to circulate about Epstein—for instance, that he secretly films his guests—is seeded by Carter, who once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmail. ("For what?" I asked Carter. "For you have no idea," said Carter.)

Epstein is playing a cat and mouse game with his own growing wealth and influence. He is private and secretive, but grandly so. He joins the board of Rockefeller University. He's suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He acquires, from his client Limited Founder Les Wexner, the larges private house in Manhattan. He buys an airplane. He buys another. He expands his holdings in New Mexico. He begins a Zanadu refurbishment of his Caribbean Island. He befriends Bill Clinton in his new after-office life.

And that's quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich, is suddenly being ferried around in the jet of…*who* exactly?

The New York Post is the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. The instinctively private Epstein is not just increasingly exposed, but clearly curious about the nature of exposure.

I met Epstein around this time. Epstein has become a more and more active backer of advanced scientific research—ultimately he will donate $30 million to Harvard for a theoretical physics research center—and in 2002 he was taking a small group of scientists out to the TED conference in Monterey. The TED organizers invited various other TED participants, including me, to join the flight. A small group assembled at the private plan terminal, most of us unfamiliar with our benefactor, and as we headed in the direction of the discrete private plans we were gently pointed to our ride: Epstein's 727.

It is some thoroughly updated drawing room set-up, all of us nervously ensconced in this luxury plane, waiting for our unknown host to arrive. Epstein, looking more like a Palm Beach bon vivant than it would have been possible to imagine anyone could, was accompanied by three young women.

It would be unlikely, outside of a men's magazine fantasy of the luxe life, to located this in reality. Epstein's attentions, taking time with each of his passengers, seemed impossible to account for. The quiet of the plane, engineered into acoustic perfection, seemed spooky. Epstein's companions

were witty, poised, helpful as well as powerfully alluring (as though stewardesses bygone times).

At one point, sliding into the seat beside me, Geraldine Laybourne, then the head of the Nickelodeon network, whispered, with more awe than horror, "This could be the closest I've ever come to pure evil." (One more thing about this trip: Google founders, Larry Page and Sergey Brin, came out to see the plane and, with a few other Googlers, literally ran whopping from one end of the plan to the other. Then they described for Epstein, in what I can not now remember as put on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups.)

Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. This magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid reporter, Vicki Ward, to the job.

Both profiles pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieves wealth and influence. Ward, who would more recently assert in the Daily Beast, that she was barred by Vanity Fair from writing about under-age sex evidence (a fact that could be read the other way: Vanity Fair, even looking to take down Epstein, did not find the evidence credible), went down a rabbit hole of possible questionable contacts who might or might not have been the source or sources for Epstein's wealth, seemed to get no closer to an answer, beyond confirming her own sense of dubiousness.

Epstein, sensing that he might be exposing himself, tried to stop the process (Ward, well known for an operatic view about her reporting exploits, says he threatened her), called Carter and said he was having second thoughts about being a public figure.

"Then you should live in a two bedroom apartment in Queens," responded Carter.

And then the troubles began.

Epstein, in man-who-can-have-everything fashion, has, for many years, ordered up a daily massage following his workout sessions.

"Often these were massage massages," says Epstein matter of factly, "but sometimes these were happy ending massages, especially in Palm Beach, where there are many massage parlors—'Jack Shacks,' they're called—that do outcalls. There was no sex. An often there was no happy

ending. Often I would be on the phone for the entire massage. There were however a lot of massages and a lot of girls, with one girl recommending others."

It is after Epstein's round of publicity and widely touted association with Clinton, that the mother of one of the massage parlor girls who have gone to Epstein's house (most of the girls return to Epstein's house many times) calls the police. The place interview the girl, Saige Gonzales, who then supplies names of other girls. Some of whom are found to be younger than 18.

In the end, the police track down 18 girls—nine who are under 18—who give depositions describing scenarios not terribly different from Epstein's description above, except each is laid out in clinical, lurid, and near-identical detail—a cold and forceful Epstein demanding that unwitting juveniles (though they have come here for this very purpose) perform repulsive (or at least repulsively described) acts on him. (Although the nature of the allegations will dramatically grow, nobody at this point alleges that he did anything to them.)

Epstein, vastly raising the stakes, calls Dershowitz, who flies into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, doubling down on the profile of the case, bringing in Roy Black the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

Here's the narrative: the shadowy rich man, friend of the louche and disgraced President, at all times surrounded by a retinue of gorgeous retainers doing his bidding, is now found to have gathered a network of wrong-side-of-the-tracks Palm Beach girls to provide him with weird sexual services. (It somehow seems weirder that he doesn't have sex with them.)

Palm Beach Police Chief Michael Reiter is reported to say: "This is bigger than Rush Limbaugh," who, in a storm of publicity, has just been arrested in Palm Beach for possession of controlled drugs.

On one side are some of the nation's most powerful defense attorneys (who, increasingly, seem more stumblebum than effective), on the other side, a round-up of hapless girls, with sensational tales of perversion and infamy (in the telling they are not so much sex workers, as Dickensian victims), relatively speaking giving the Palm Beach authorities the choice between utter capitulation to the powerful or standing on the side of the exploited and powerless.

Still, with a critical eye, it also quite appears to be a straightforward tale of prostitution. And even though some of the girls are minors,, age is not a distinguishing factor in a prostitution charge in Florida, nor in most places

(in New York, for instance, at this time soliciting sex with anyone over the age of is a class D misdemeanor calling for a 100 dollars fine).

In fact, Saige Gonzales told the police that she lied about being 18 because otherwise she knew she would not have been admitted to the house.

The local sex crimes prosecutor, Lana Belhalevic, interviews the girls and determines that the offense is solely related to prostitution.

Dershowitz rejects a series of lower-level plea deals and Palm Beach District Attorney Barry Krischer takes the unusual step of empanelling a grand jury, which returns with a recommendation of a single count of soliciting a prostitute—a charge without jail time. (And Epstein can apply to have his record expunged after a year.)

At which point, Reiter, the police chief, at odds with the District Attorney's office, recruits the involvement of the FBI. This is of course the Bush-era FBI and Epstein presents quite the Clinton-connected scandal. Still, solicitation, even of a minor, is not a federal crime. The FBI's hits on the novel interpretation that if Internet solicitation can be considered interstate commerce, so can telephone solicitation, permitting them to begin a deep dive investigation into Epstein's friends, many of whom receive subpoenas and who are threatened with prosecution as a party to Epstein's actions.

It's all quite in the eye of the beholder: On the one end, Epstein is paying for sex acts (Epstein paid $200 for a massage with or without happy ending), on the other, he is abusing teenage girls. Epstein finds himself caught in an inescapable moral quandary: how can a girl not old enough to vote be a prostitute? And yet, many girls not old enough to vote are prostitutes.

Compounding Epstein's predicament, the world outside of his carefully constructed and controlled environment is someplace that he seems not just ill-equipped to handle but in which he seems to be blindly grouping about (i.e. he's totally tone deaf). I visited him once during this time and found him weighing the conflicting advice of some of the most vaunted and egomaniacal lawyers (along with Dershowitz and Black, celebrity criminal attorney, Gerald Lefcourt, and Clinton prosecutor, Ken Starr) of the day—anyone with new advice, Epstein seemed to hire—as well as a catchall of the leading crisis managers, who he seemed to retain at will, all wrangling for fees and primacy. If it was a Dickensian world, he was caught in its legal system.

Certainly, the upshot of his dealings with the Justice Department seem to involve a farce-like logic. The government threatens to prosecute him (with the possibility of a 10-year sentence) and various friends, associates,

and lovers, or offers an ass-backwards sort of deal in which Epstein has to go to the Palm Beach authorities and convince them to charge him with an offense that will send him to jail and get him a sex offender status. Except that a solicitation charge won't produce that result. Therefore he has to agree also to a procurement or pimping charge (even though he has paid money, not received it—the sine qua non of pimping). What's more, he has to agree to pay the legal fees of any of the girls who want to sue him—and, not to defend himself in their suits—forcing him to settle with each of the girls for what are reportedly high 6-figure sums or more.

He's sentence to jail in 2008 for 18 months and serves 13.

This hardly ends the legal catch all. Epstein's butler, Alfredo Rodriguez, steals and tries to sell an alleged journal or calendar with Epstein's activities—but he tries to sell it to an undercover agent. Rodriguez is sentenced to 18 months in jail on a charge of theft and of withholding evidence. Scott Rothstein, a lawyer whose firm represented additional girls in their suits against Epstein, also goes to jail for recruiting investors to pay for these suits on the fraudulent basis that settlements had already been reached.

Then, Brad Edwards, Rothstein's former partner, sues the government in 2008 for abridging their rights under the Victim Rights Act (under which victims have the right to be consulted). In 2014, tries to ad Virginia Roberts, one of the original complainants, who has previously settled with Epstein, to the long-running suit—and is now, with Edwards, further suing him for $50,000,000.

Roberts who has been the most vocal of the accusers, with the Daily Mail being her prime outlet, emerges now, more than ten years after the fact, with what is billed as a memoir of her "sex slavery" with Epstein, written ten years after the fact. She names a number of people as being at Epstein's Island home, including Clinton and Al Gore and his wife, who Epstein insists were never there—proof available through secret service records.

It is hard to find a more hyperbolic intersection of media and lawyers then in Epstein's case.

Edwards, over the six years of his law suit, tries to depose Clinton, Donald Trump, and Dershowitz—almost all of his targets coming directly from the original Vanity Fair and New York Magazine articles about Epstein.

In addition to Prince Andrew as a British hot button, first connected to Epstein through Roberts' interview with the Daily Mail in 2010, Clinton takes on a new role as Hillary spoiler through his connection, real or imagined, to Epstein and sex slaves.

The world cleanly divides, with Epstein (and friends) behind secure walls—looking out at an angry and uncomprehending world—and the Mail and social media and upholders of new norms, seeing Epstein as a useful and terrible symbol and baying for his blood.

He is all bad things rolled into one: the financier whose wealth is a product of abstraction rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an unreconstructed sybarite and feminist nightmare; an insistent Playboy in a correct and prudish world; someone who somehow didn't get the memo about vast changes in mores and culture.

When I suggested recently that one obvious way to blunt the animus is to get married, he said he would rather go back to jail.

He is Calvin Harris's song, It Was Acceptable in the 80s, come to life.

And worse, although he has been jailed for 18 months and paid out what may be as much as $20 million, he seems somehow to have gotten away with it too—that worst sin of all.

This is all, inevitably, a Gatsby-like story, except with none of the sentimentality or romantic longings accorded Gatsby—or at least that Nick Caraway and Fitzgerald accord him. Gatsby in New York Post and Daily Mail parlance would be a freaky financier too.

And that partly is the issue, Jeffrey Epstein story isn't one for black and white journalists. It's a complicated story, real but necessarily fictional, a long-running cable series, perhaps, not an ordinary good-bad, right-wrong tale, but a premium one, compelling precisely because it is about all the ambitions and impulses that we are afraid of, not least of all because for many of us they exist within ourselves.

# How Prince Andrew shared a room at Epstein's Caribbean hideaway with a busty blonde who claimed she was a brain surgeon

By Angella Johnson

**Updated:** 21:26 EST, 12 March 2011

The official-looking document, left casually on a desk, marked the beginning of the end for Cathy and Miles Alexander's eight years managing Jeffrey Epstein's private Caribbean island, Little St James.

'It said Warrant of Arrest, in big bold letters,' recalls Cathy.

'I picked it up and saw Mr Epstein's name on it.'

**Inside view: Catherine and Miles managed Epstein's private island for several years**

Shocked, she ran out of the room to tell her husband 'something bad is going on'.

Indeed it was, for the shamed financier, a close friend of Prince Andrew (who visited the island at least three times), had been arrested the previous day for under-age sex activities.

But 24 hours after his arrest in July 2006, a visibly pale and shell-shocked Epstein stood in his designer kitchen complaining to the South African couple who had run his island paradise since 1999 that he was a victim of entrapment.

Speaking at their home in South Africa, where they live in semi-retirement, the Alexanders reveal they had watched with increasing concern the beautiful girls who paraded about the house topless or naked whenever their boss was in residence – until Cathy became so disturbed that she insisted they part company with Epstein in 2007, a year before he was sentenced to 18 months in jail for solicitation of prostitution.

**Paradise retreat: Little St James, a private 72-acre island three miles off the east coast of St Thomas in the U.S. Virgin islands owned by America billionaire Jeffrey Epstein**

'I saw some girls who I thought were very young-looking – about 16 or 17 easily – and it bugged me because I have a daughter and, although she was in her 20s, I didn't like the idea that another woman's child was in that situation. I didn't feel comfortable about it,' she said.

'They looked like they had stepped out of an underwear catalogue. They walked around with very few clothes on or lounged around by the pool with nothing on. It was like that most of the time. I was

concerned about their ages. A few of them looked very young and I couldn't help but wonder if their mothers knew where they were.

'One very young-looking girl was called Tila. I just thought, "You really shouldn't be here", but I made myself switch off as I had no proof.'

The couple, who have been married for 24 years, still find it hard to comprehend that Epstein is a convicted sex offender.

**Island guest: Model Naomi Campbell stayed as a guest on Epstein's Caribbean island**

'He was a very kind man and, while I don't approve of things he's been accused of, I liked him very much,' says Miles.

While Cathy says she was always suspicious about the girls' ages, Miles insists: 'I took the view that what went on behind closed doors was not my business and it is not my place to judge. If anything was going on we didn't want to know.

'Our job was about discretion. We have a clear conscience that we didn't witness anything untoward. Whatever went on at the other houses – and yes, we heard things from other members of staff – it didn't, to my knowledge, happen at our property.'

Miles also says that on several occasions he refused Epstein's requests to smuggle female guests in by boat, to circumvent the strict immigration policies of St Thomas, the island with authority over Little St James, which would have meant logging names and passport numbers.

But he was aware that Epstein found others to do his bidding. For as the couple were told when they were hired: 'What Jeffrey wants, Jeffrey gets.'

The words came from Ghislaine Maxwell, who was then Epstein's girlfriend. She flew to South Africa with Andrew Shannon, a lawyer, to interview the Alexanders in 1998, after they had replied to a small ad for 'management couple sought to run private island'.

After apparently passing the interview, they were invited to meet Epstein in New York.

'It was very strange,' said Miles. 'We were taken by a driver to an office near Madison Square Garden. A gentleman wearing a polo shirt and jeans stepped out of the lift, asked if we had a good trip, shook our hands and left. That was it. Then Miss Maxwell came back and said we had the job.'

Ghislaine then took them to 'the big house' in Manhattan, which is said to have been the scene of sex parties and where young girls were allegedly hired as playthings for Epstein's wealthy male friends.

‘We spent five days there shadowing the staff to see how they did things,’ says Cathy.

‘A dinner party was held on the fourth night, but it was very formal and businesslike. I saw no girls – young or otherwise – at the time. We would never have willingly put ourselves in that kind of situation.’

The following day they were flown to St Thomas and transferred by boat to Epstein’s island house, a sprawling single-storey complex with white walls and a blue roof, maintained by several gardeners, two boat captains, two laundry ladies and two other women who cared for the house.

Again the couple were there to observe, but after three days they were woken in the night by a phone call telling them they had to leave the island because a VIP was making an unexpected visit. They were later told by staff that the guest had been Prince Andrew.

They went back to New York, where Ghislaine explained more of their duties.

‘She said we had to keep quiet about what we saw or heard on the island,’ Cathy recalls.

‘She told us that although Mr Epstein and she were a couple, we would see lots of beautiful girls passing in and out, but that was his nature.

‘She said that he gets what he wants but that she was always the “Queen Bee” and the one in charge.

‘She often described herself in this way. Although she could be very friendly, I discovered that she was also rather arrogant.’

Miles took up his post in March 1999 and Cathy followed a month later. Miles realised the kind of lifestyle their boss enjoyed when, on his first day, Epstein arrived with five young ladies in tow.

‘One was definitely under age, but she had a letter of consent from her parents and was under the guardianship of a model agency,’ he says.

Friends in high places: Lord Mandelson has also vacationed on Epstein's island

The Alexanders admit finding a box of sex toys in Epstein’s bedroom, but insist they never saw nor organised any raunchy parties for him or his guests. Cathy recalls that Prince Andrew was the first guest to visit during their tenure.

‘The Duke came via helicopter with his bodyguard and a woman in her 30s, who said she was a brain surgeon,’ Cathy says dryly.

‘She was tall, bleached blonde and had big boobs. They shared a room and spent most of their time on the beach windsurfing, sailing or doing other water sports.

‘One day he came back into the house in great mirth. He said that his guest had stepped on a sea urchin and he urinated on her foot as a remedy. “The royal member has done its duty,” he chuckled. He was great fun and very undemanding.’

The Prince stayed for two weeks and left a tip of $350 (£220).

‘He slipped it into my hand when we said goodbye,’ says Miles.

‘It was unexpected because other guests didn’t.’

Andrew would visit at least once more, that they recall, with Ghislaine and Epstein.

‘He also flew over the island on his way to Montserrat after the volcano had erupted and got the pilot to dip the wings as a signal to us.’

The Prince’s ex-wife, Sarah Ferguson, who became embroiled in the Epstein controversy last week when it was revealed that she had accepted £15,000 from the sex offender to pay her debts, visited once with her daughters. Epstein refused a second request for her to visit on her own.

‘Lots of people came and went,’ says Miles. ‘It was like running a five-star hotel where no one paid.’

Others who passed through included model Naomi Campbell, who arrived for two days with what Miles and Cathy called her ‘coffin’ – a huge oversized trunk filled with clothes.

Peter Mandelson holidayed there with his long-term boyfriend Reinaldo, who suffered sunburn and whined about it ‘like a baby’, says Cathy.

Numerous academics, architects and some of the most prominent scientific and business minds also enjoyed Epstein’s generous hospitality.

‘I can only surmise he might have wanted favours from these people,’ Miles suggests.

For all his wealth, Epstein appears to have led a simple life on the island.

‘Dinner was very informal, he never drank alcohol and we rarely had it in stock.

‘He also had a habit of not eating meals in front of people. Instead he would have nibbles such as crab cakes in his room.’

His most obvious luxury on the island were his daily massages. Former Epstein ‘masseuse’ Virginia Roberts says these were usually little more than foreplay to a sex act.

According to the Alexanders, whatever went on was performed in his bedroom.

'We were warned by Miss Maxwell never to disturb him there. It was absolutely forbidden,' they say.

Between 1999 and 2004, Epstein would visit at least once a month and Ghislaine was invariably with him.

Miles says: 'In our final meeting, he told me I had always been his conscience. I'm certainly battling with my conscience now.'

## Riddle of phone numbers for 'friends' he'd never met

Revealing an extraordinary network of power and influence, extending into the fields of politics, finance and showbusiness, Jeffrey Epstein's 'little black book' showed just how important a man he had become.

Yet when The Mail on Sunday contacted the people listed in the document, which was kept online, many said they had never met or even spoken to the disgraced financier.

And they were appalled to discover he had their contact details, often including home and mobile telephone numbers.

Lord Palumbo, the former Arts Council chairman and godfather to the Duke of York's eldest daughter Beatrice, said: 'I have never, never, met him. I am shocked I am in there. I am affronted. I don't know him at all.'

**Never heard of him: Both Toby Young (left) and Sir Richard Branson, were surprised to find themselves listed in a contacts books owned by Jeffrey Epstein**

Dame Gail Ronson, a charity fundraiser and wife of the multi-millionaire British developer Gerald Ronson, said: 'I've never, ever, met him. I swear, you've completely gobsmacked me. It's really distressing, horrible.

'I lead a very private life so to find out you're on this list, it's very unsavoury.'

Her shock was echoed by the celebrity milliner Philip Treacy.

'This sounds crazy, I'm amazed,' he said.

'I'm a hatmaker, I've never met Jeffrey Epstein and never had any reason to. I make hats. Does he look like the kind of person who would wear a hat? Bizarre.'

The 'book' also had numbers for the JCB tycoon Sir Anthony Bamford, but a spokesman insisted: 'There doesn't appear to be any connection. Sir Anthony doesn't know Jeffrey Epstein.'

The journalist Toby Young, said: 'I've never been within 100 yards of him and we move in completely

separate worlds. If you said I was in Colonel Gaddafi's Little Black Book I couldn't be less surprised.'

There were also numbers for the influential Rothschild family, including Sir Evelyn de Rothschild and his daughter Hannah. Last night she said: 'I have no idea why Mr Epstein would have my numbers as I don't know him.'

A print-out of the contacts book came to light after it was subpoenaed for use in a civil case against the financier by one of the young girls he employed as a masseuse.

The list included 16 numbers for Prince Andrew under his title The Duke of York.

His ex-wife, Sarah Ferguson, was entered under the Duchess of York and there were 18 numbers for her and her associates as well as an email address.

The 'book' also appeared to contain contacts of Epstein's former girlfriend Ghislaine Maxwell, including her extended family, friends and brief acquaintances.

One prominent journalist, who asked not to be named, was horrified to discover her parents' details were listed. She said: 'I knew Ghislaine once but that was more than 20 years ago. To be honest I find it really spooky.'

Artist Kate Stracher was also baffled by her inclusion.

She said: 'Ghislaine and I were at Oxford together but I haven't seen her since. I'm not at all glamorous and not at all well-connected. I definitely shouldn't be there.'

Others have had only the briefest of meetings. Philippe Amon, a Swiss industrialist, said: 'I think I came across Epstein some years ago in New York but I honestly don't think I would recognise him walking by in the street.'

A spokesman for Richard Branson said: 'Jeffrey Epstein has the island next door to Necker but Richard has literally only met him once for about five minutes. That's the extent of it.'

Those who clearly do have a connection are, perhaps unsurprisingly, less keen to talk about it.

Lisa Walker is listed alongside her friend Caroline Stanbury, a former girlfriend of Prince Andrew. She said: 'I met Epstein with Caroline.'

Asked if Prince Andrew was also present, Miss Walker said: 'I wish I could help but I don't think I should say any more.'

## Police chief's fury over plea bargain

Leaned on: Police chief Michael Reiter

Michael Reiter was a popular small-town police chief with a lifetime's experience in finding the balance between patrolling the millionaire's playground of Palm Beach, Florida, and its blue-collar neighbour West Palm Beach, home to unglamorous social housing projects and trailer parks.

Throughout his 28-year career, he prided himself that his force treated the wealthy on his patch just the same as the very poorest. But his investigation into the lifestyle of predatory paedophile Jeffrey Epstein exploded his illusion that law enforcement could ever be impartial.

He soon discovered at first hand that a man such as Epstein, with almost unlimited wealth and influential friends including former President Bill Clinton, Prince Andrew and Israeli defence minister Ehud Barak, can effectively bend the law to his whim.

The 53-year-old police chief, who retired in 2009, was so furious at what he believed was obstruction by state prosecutors, who he felt had downplayed charges against Epstein, that he outlined his frustrations in an extraordinary letter to Florida state attorney Barry Krischer in May 2006.

He wrote: 'I must urge you to examine the unusual course that your office's handling of this matter has taken and consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases.'

After failing to get a satisfactory response from prosecutors he believed had been 'got at' by Epstein, he referred the case to the FBI.

He wrote to one of Epstein's victims, saying: 'I do not feel that justice has been sufficiently served by the indictment that has been issued.'

Epstein's conviction for solicitation of prostitution came after an unprecedented plea bargain designed to protect him from future charges.

Mr Reiter later complained in sworn testimony connected to civil actions brought against Epstein that prominent politicians had repeatedly leaned on him to downplay the allegations against the financier.

Mike Fisten, an ex-FBI taskforce superviser who has led the campaign for the Epstein case to be reopened, said: 'Reiter went up against the entire town of Palm Beach to do what was right but he is not chief any more because of this.

'And eventually Epstein was given an immunity from prosecution deal the like of which I have never seen in my entire career.'

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**From**: paul krassner [redacted]
**Sent**: 5/5/2017 3:19:21 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: I ONLY FORWARD THIS SO YO'RE AWARE OF ITS EXISTENCE--pk
**Attachments**: facebook.png; twitter.png; google_plus.png; rss.png; email.png; Screen-Shot-2017-05-04-at-10.31.40-PM-410x220.png; Black-teen-confronts-white-teacher-over-racials-slur-Twitter-410x220.png; Texas-Governor-Greg-Abbott-410x220.jpg; Joe-Scarborough-MSNBC-410x220.png; Sad-Paul-Ryan-via-twitter-410x220.png; Sen.-Bill-Cassidy-CNN-410x220.png; Screenshot-814-410x220.png; trumpepstein2-410x220.jpg; Big-Bang-Theory-1-410x220.jpg; Screen-Shot-2017-05-04-at-8.56.43-PM-410x220.png; default.gif; Sad-Paul-Ryan-via-twitter-290x156.png; Tennessee-Gov-Steve-Bashear-via-screencap-300x161.png; Sad-Paul-Ryan-via-twitter-300x161.png; Sen.-Bill-Cassidy-CNN-300x161.png; A-judges-gavel-Shutterstock-300x161.jpg; Screenshot-814-300x161.png; Rep.-Barbara-Comstock-Facebook-300x161.png; Big-Bang-Theory-1-300x161.jpg; Ivanka-Trump-ABC-News-300x161.png; a45-300x161.jpg; Black-teen-confronts-white-teacher-over-racials-slur-Twitter-300x161.png; Robert-Reich-2-300x161.jpg; Joe-Scarborough-MSNBC-300x161.png; Screen-Shot-2017-05-04-at-10.31.40-PM-300x161.png; rs-footer-email-icon.gif

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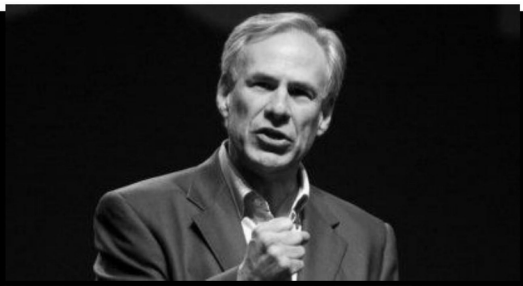

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# Sex slavery lawsuit links Trump's Mar-a-Lago to pedophile ring: report

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*Jeffrey Epstein (left, via YouTube screengrab) and President Donald Trump (right, via Creative Commons)*

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Last fall's **allegations of sexual assault against President Donald Trump** failed to stop his presidency, but one of the more explosive of those allegations is once again making headlines. ***POLITICO* reported that a new lawsuit** reveals details linking Trump to billionaire pedophile Jeffrey Epstein, a convicted sex offender. The reports indicate that one lawsuit contains information about Virginia Giuffre who alleges that she met Epstein while working as a towel girl at Mar-a-Lago when she was 15 before being recruited into "sexual slavery".

Giuffre's case is set to appear before a judge on May 15, and although her **accusations against Epstein** have been public for some time, this is the first time the detail about her employment at Mar-a-Lago has been included.

Last summer, the **Trump-Epstein connection** made headlines when Trump was slated to win the Republican nomination, and just before the election, a woman came forward **alleging that Trump raped her when she was 13** at one of Epstein's parties — only to drop suit a few days later.

In 2015, Trump lawyers denied claims of the **then-candidate's involvement with Epstein** by saying their only relation was that Epstein was "one of thousands of people who has visited Mar-a-Lago". Those claims that fly in the face of a **2002 *New York Magazine* interview** in which Trump claimed to have known Epstein for 15 years.

"He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it — Jeffrey enjoys his social life," Trump told reporters.

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**[illegible] had a message for Trump**
- 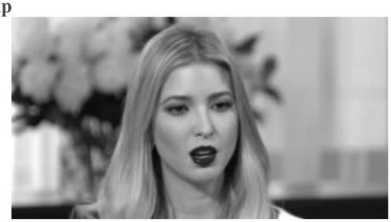
**[illegible] eo received online backlash**

- [illegible] of Trump' [illegible] tionship with the Pope

## NEW VID[illegible]

- [illegible] T[illegible] re bill must pass 'Jimmy Kimmel test' to win his support

- [illegible] ': Watch a black teen confront his white teacher who insists on [illegible]

- [illegible] pcal[illegible] p actions — i[illegible] ble for its 'unnecessary cruelty'

- [illegible] ality of the GOP health care bill are deplorable'

- **Spicer': Seth Meyers hilariously taunts a White House 'detached from reality'**

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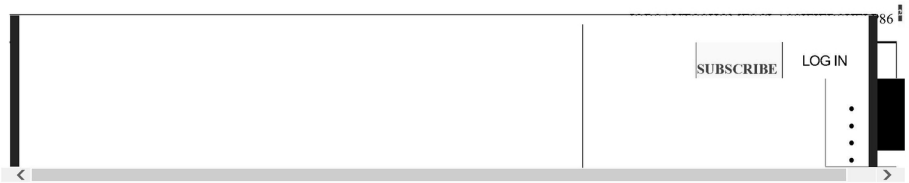
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# How many degrees of separation between Trump and sex offender Epstein?

Jane Musgrave Palm Beach Post Staff Writer
2:47 p.m Friday, May 12, 2017 Homepage

President Donald Trump at the White House on Wednesday, May 10, 2017. (AP Photo/Evan Vucci, File)

PALM BEACH President Donald Trump is a shadowy, but ever-present, figure in the never-ending saga of billionaire sex offender Jeffrey Epstein.

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Mar-a-Lago, the commander-in-chiefâ€™s private-club-turned-southern-White-House in Palm Beach, was the backdrop for Epsteinâ€™s introduction to one of his dozens of teenage victims, according to court records.

In a short-lived lawsuit that Trump decried as â€œcategorically false,â€ a California woman last year sued Trump and Epstein in federal court in New York City, claiming the two business tycoons raped her when she was 13 years old.

And Trump is on a star-studded witness list for an upcoming trial in Palm Beach County Circuit Court that attorney Jack Scarola promises will be the first public airing of Epsteinâ€™s lurid lifestyle.

But, Scarola acknowledges, it is unlikely the president will be part of what Scarola promises will be a salacious trial in the fall.

**Click here to find out why.**

# Will President Trump be used as witness in sex offender Epstein case?

By Jane Musgrave - Palm Beach Post Staff Writer

Wealthy Palm Beacher Jeffrey Epstein in Palm Beach County Circuit Court in 2008 to plead guilty to criminal charges him sexual massages. (Uma Sanghvi/The Palm Beach Post)

Updated: 3:43 p.m. Friday, May 12, 2017 | Posted: 2:45 p.m. Friday, May 12, 2017

PALM BEACH — President Donald Trump is a shadowy, but ever-present, figure in the never-ending saga of billionaire sex offender Jeffrey Epstein.

Mar-a-Lago, the commander-in-chief's private-club-turned-southern-White-House in Palm Beach, was the backdrop for Epstein's introduction to one of his dozens of teenage victims, according to court records.

In a short-lived lawsuit that Trump decried as "categorically false," a California woman last year sued Trump and Epstein in federal court in New York City, claiming the two business tycoons raped her when she was 13 years old.

And Trump is on a star-studded witness list for an upcoming trial in Palm Beach County Circuit Court that attorney Jack Scarola promises will be the first public airing of Epstein's lurid lifestyle.

But, Scarola acknowledges, it is unlikely the president will be part of what Scarola promises will be a salacious trial. Scarola claims Epstein sued attorney Brad Edwards in an effort to intimidate and punish the lawyer for representing some of Epstein's victims. While Epstein dropped his lawsuit against Edwards, who has also represented clients in a lawsuit against Trump, the malicious prosecution suit against Epstein will likely go to trial in the fall, Scarola said.

When Scarola put Trump on the witness list in August, he said he never imagined the business scion and former television star would soon occupy the Oval Office. The legal battle he would have to launch to get a sitting president to testify simply isn't worth it, Scarola said.

Moreover, while there is a lot of smoke around Trump's relationship with Epstein, there appears to be little fire, so far, Scarola said.

"Based on all available public records, Trump's involvement is peripheral," he

said.

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While Trump has recently distanced himself from Epstein, a 64-year-old financier, it wasn't always that way.

"I've known Jeff for fifteen years. Terrific guy," Trump said of Epstein during a 2002 interview with New York magazine. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side."

Attorney Spencer Kuvin, one of dozens of lawyers who successfully sued Epstein on behalf of roughly 30 women who claimed he lured them to his Palm Beach mansion for sexually-charged massages when they were as young as 14, said he always found the comment curious.

"How would he know that?" he said of Trump's acknowledgement of Epstein's penchant for young women. The interview came nearly six years before Epstein's secret sex life exploded into public view when the money manager pleaded guilty to Florida charges of procuring and soliciting a minor for prostitution. "Why would he make a joke like that?" the West Palm Beach attorney asked.

Further, Kuvin and others say they can't believe it is purely coincidental that former South Florida U.S. Attorney Alex Acosta, who signed off on a non-prosecution agreement that kept Epstein from spending years behind bars, was tapped by Trump to be U.S. Labor Secretary.

During his confirmation hearings in March, Acosta said it was "awful" that convicted sex offender Epstein was allowed to leave the Palm Beach County Jail to work during his 13-month jail sentence. But he insisted that without the involvement of his office, Epstein would have received far less punishment and his victims wouldn't have recovered any money from him. As a result of the conviction, Epstein also is on Florida's registered sex offender list.

Scarola, who has represented several of Epstein's victims in civil lawsuits, scoffed at Acosta's claims. The evidence that Epstein sexually abused young girls was "overwhelming," he said.

The answer to the many questions that still swirl around Epstein and his high-placed friends are the subject of roughly a half-dozen lawsuits that are still pending in both Palm Beach County and New York. Some of the nation's top attorneys have represented Epstein and some of his victims.

But like many of the past lawsuits spawned by Epstein's behavior, most of the remaining ones are expected to be settled. And even public court records don't tell the full story — because many documents have been sealed or are heavily redacted.

For example, a defamation lawsuit against one of Epstein's close friends was scheduled to go to trial in U.S. District Court in New York this coming Monday. But both sides agreed to a delay last week, often a signal that a settlement could be in the works.

The suit was filed by Virginia Roberts Giuffre against British-born socialite and longtime Epstein friend Ghislaine Maxwell. In a 2009 lawsuit that Epstein settled for an undisclosed amount, Giuffre claimed she was 15 when Maxwell recruited her from her $9-an-hour job in the locker room at Mar-a-Lago, where her father had a job as a maintenance worker. Giuffre claims in court records that Maxwell introduced her to Epstein and that Epstein turned her into his international sex slave.

Maxwell wasn't sued as part of the lawsuit Giuffre filed against Epstein. But, in court papers filed by Giuffre, Maxwell was accused of grooming Giuffre to be Epstein's sexual toy.

Maxwell ignored the allegations until Giuffre raised them again in December 2014 and Maxwell began publicly disputing Giuffe's claims. Famed attorney David Boies then filed a defamation lawsuit on Giuffre's behalf, claiming Maxwell "undertook a concerted and malicious campaign to discredit Giuffre." In media interviews, Maxwell called Giuffre's claims "obvious lies," Boies wrote.

The trial promised to provide scurrilous details about Giuffre's widely publicized contention in court records that Epstein not only used her but loaned her to his rich and powerful friends, including such notables as Prince Andrew and former President Bill Clinton. Similar claims against nationally-known attorney Alan Dershowitz, who represents Epstein, were withdrawn when the Harvard law professor and Giuffre's attorneys reached a confidential settlement in dueling defamation lawsuits they filed against each other over the allegations.

Flight logs from Epstein's private jet show Clinton was a frequent flyer, taking Secret Service agents along with him on trips with Epstein around the globe. Clinton has publicly ignored Giuffre's allegations but an independent investigation launched by Dershowitz raised questions about their veracity.

One of Epstein's longtime servants testified that Prince Andrew was a regular guest at Epstein's house and received massages during the visits. But house manager Juan Alessi acknowledged in a sworn deposition that older women and men offered Swedish massages to Epstein's guest. It is unclear who gave the British prince the massages or what was included. The prince has vehemently denied Giuffre's allegations.

Alessi also testified that Trump visited Epstein's home when both were in Palm Beach. "He would come, have dinner. He never sat at the table," said Alessi, who described himself as Epstein's majordomo. "He eat with me in the kitchen."

But, Alessi said, unlike other visitors, Trump didn't avail himself of massages. "No," he said. "Because he's got his own spa."

While Giuffre's defamation lawsuit appears headed for what will likely be a confidential settlement, Scarola said his case against Epstein is going to trial even though Trump won't be called as a witness.

"We can prove our case without Donald Trump's testimony," he said of malicious prosecution lawsuit he filed against Epstein for suing Edwards, the attorney who has represented Giuffre and several of Epstein's other victims.

Edwards has also been leading a separate charge to prove Acosta's office violated the federal Crime Victims' Rights Act when it signed off on the non-prosecution agreement without notifying the women. That suit, which has stalled in federal court after many of the documents were sealed, could eventually reveal why Epstein got what many call a "sweetheart deal," Scarola said.

Edwards also represented 65 members of Trump National Golf Club Jupiter, who won $5.8 million in February when a federal judge ruled that Trump improperly kept their deposits when he took over the club on Donald Ross Road in Jupiter in 2012. Trump is appealing the decision.

**From:** Darren Indyke [[redacted]]
**Sent:** 5/26/2016 3:18:43 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Maxwell ([redacted]
**Attachments:** IMAGE.jpg; IMAGE.jpg; IMAGE.jpg

**Importance:** High

# Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**********
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**********

Begin forwarded message:

**From:** "Miles Alexander" <[redacted]>
**Subject: Fwd: Re: Maxwell** ([redacted])
**Date:** May 24, 2016 at 11:35:17 AM EDT
**To:** <[redacted]>

Hi
Answer to questions asked.
No response received
Regards

**Miles Alexander**
Operations Manager

Michaelhouse Pvt Bag X1 Balgowan KwaZulu-Natal 3275 South Africa
Telephone [redacted] Facsimile [redacted] www.michaelhouse.org
>>> Miles Alexander <[redacted] 2016-05-18 05:56 PM >>>
Hi
Cathy and I have discussed your questions. At this stage we do not feel it is beneficial and may negatively impact our privacy to answer the questions.
Please respect our request not to assist.
Regards

Sent from my iPhone

On 18 May 2016, at 16:01, Brad Edwards <[redacted]> wrote:

Thank you for your response. My initial questions are fairly general I believe.

Was Former Pres Clinton ever a guest on the island?
Was George Mitchell a guest?
Would any of the guests get massages from the girls brought by Mr. Epstein or Ms. Maxwell?
Do you remember [redacted]?
What was her interaction with Ms. Maxwell?
How many massages would Mr. Epstein get per day? I understand that the massages happened in a location where, based on the article I read, Ghislaine instructed you to never go while in use. But I am curious knowing - were the massages done by the various young girls brought to the island? Did they appear to be massage therapists? I think I know that answer based again on the previous article I read.

Were you aware of Ghislaine flying a helicopter? Flying girls to the island? Flying guests to the island?
What did you understand Ghislaine's role to be? How did she describe herself or act while there? If she was the "queen bee" girlfriend, then what was her explanation of the presence of the other younger girls? And what interaction did Ghislaine have with those girls? It is our understanding that one of her primarily "jobs" was to find the girls to bring to Mr. Epstein but we do not yet have a firm understand where she found them or what interaction she personally had with each of them while on the island. I was hoping you could provide some clarity based on things you heard or observations you made.

Again, thank you for any clarification you can provide. I am interested in the facts, including any inaccuracies that have been reported in the past which may have given us a misunderstanding of anything.

Sincerely,

Brad

Sent from my iPhone

On May 18, 2016, at 4:05 AM, Miles Alexander <[redacted]> wrote:

Greetings
Thank you for your letter and sentiments contained there in.
Cathy and I have read a number of articles that have appeared in the press over the past few years. In the cases where statements are credited to [redacted] I can honestly say that we cannot agree to the statements made and therefore do not see what further info you need. For example, the notion that we served or witnessed the stated alleged acts or parties are untrue.
If you wish to take this further, please supply a list of questions you think are pertinent and we will then decide if any need answering .
Regards

**Miles Alexander**
Operations Manager

Michaelhouse Pvt Bag X1 Balgowan KwaZulu-Natal 3275 South Africa
Telephone [redacted] Facsimile [redacted] www.michaelhouse.org

>>> Brad Edwards <[redacted]> 2016-05-17 07:42 PM >>>
Dear Miles and Kathy Alexander,

I, along with several other attorneys, represent [redacted] She needs your help and we are hoping for your assistance. She doesn't need much. In fact, all she needs are some good, honest people who are willing to just tell the truth. That seems like a simple request that any compassionate person would accommodate; however, for some reason many people have instead decided to stay out of it and allow [redacted] to continue to suffer. A small number of good people have stood up for what is right and told the truth. We do not currently know where you stand but we know that you have helpful information and are hopeful that you will cooperate in sharing that information with us.

I have investigated various related aspects of this unfortunate story for 8 years now. [redacted] is one of numerous clients I have represented in related matters. And [redacted] only wants one thing - for the truth to be known and for her story to protect others. She was a teenager when she was recruited to travel with Ghislaine Maxwell and Jeffrey Epstein. After 2 years she escaped that life and lived in [redacted], hoping to forget what she had been through. After Mr. Epstein was arrested for doing similar things to other girls that he had done to her, [redacted] decided to speak out about what really had transpired while traveling with Maxwell and Epstein, including events that occurred on Little St. James.

She remembers you and your wife fondly. We read the interview you gave a few years back. There can be no doubt that we absolutely appreciate the probably unwanted media attention that your previous interview drew. We are not at all looking for a second round of that. We are not the media. We do not need any public interview. We are not concerned with anything other than the facts, from your own observations or what you heard while working on the island. We just want to speak with you.

[redacted] came back to the United States to help others similarly victimized. Specifically, she started a non-profit charity to help sex abuse victims. She very bravely told her story with the goal of starting a new life helping others. Unfortunately, Ms. Maxwell told the world that [redacted] was lying, which has thus far had the impact of destroying [redacted]'s charity. We are in litigation with Ms. Maxwell where we have to prove something that should be very simple - that [redacted] is in fact telling the truth in her story of being recruited by Ms. Maxwell to travel and "work" for Mr. Epstein. We know she is being truthful. We also know that there are numerous witnesses who also know she is. But many of the witnesses still work for Mr. Epstein or cannot be located.

[redacted] - as well as any others similarly situated - deserves the truth. And that is all we are trying to capture for her. We promise not to let anyone in the media know we are talking to you. We are not looking to drag you into anything. We are not looking for anything at all more than the truth, and Virginia has told us that of all the people who worked for Mr. Epstein you were the most likely to help.

I hope this email finds you well. I apologize for emailing you at an address that appears to be a work address. It is all I had. If there is a time when you would be so kind as to talk with me, I would be most grateful. You can email me. Call me. Set up a time for me to call you. Whatever is most convenient for you. Thank you for anything you are able to do.

Sincerely,

<IMAGE.>
**Brad Edwards**
**Board Certified Trial Attorney**
425 North Andrews Avenue, Suite 2
Fort Lauderdale, Florida 33301
[redacted]
<IMAGE.>

<IMAGE.jpg> <IMAGE.jpg> <IMAGE.jpg>

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http://www.michaelhouse.org/email_Disclaimer.aspx

This email message is subject to the Michaelhouse Email disclaimer which can be viewed at
http://www.michaelhouse.org/email_Disclaimer.aspx

**From:** Scott J. Link[redacted]
**Sent:** 11/28/2018 11:50:16 PM
**To:** E. jeffrey [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Fwd: Press Inquiry: Miami Herald expose and protective order

**Importance:** High


**Scott J. Link**
Board Certified Business Litigation

LINK & ROCKENBACH, PA
1555 Palm Beach Lakes Blvd., Suite 930
West Palm Beach, FL 33401
office [redacted] | fax [redacted]
| Email: [redacted]

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Begin forwarded message:

**From:** CNS Adam Klasfeld [redacted]
**Date:** November 28, 2018 at 6:34:54 PM EST
**To:** '[redacted]
**Subject: Press Inquiry: Miami Herald expose and protective order**

Dear Mr. Link:

A transcript made public today show how Ghislaine Maxwell's legal team fought for and ultimately won a broad protective order in the lawsuit filed by accuser Sarah Ransome against your client Jeffrey Epstein. It also shows the Maxwell legal team's concern about the media coverage, especially from the Miami Herald, weeks before it published today's bombshell investigation today.

My questions are:

What is your response to the Miami Herald story published today?

How would you respond to the series' allegations that there has been a more than decade-long cover-up of Epstein and his powerful associates, including by Trump's current secretary of labor Alexander Acosta?

Please reply ASAP as I am on deadline.

Thank you,

Adam Klasfeld

**Reporter, Courthouse News**
[redacted] (cell/Signal)
[redacted]

PGP Fingerprint for personal email: F427 EE3B 6F05 E5D5 785B 775B 2C74 683C 219D 91DC

Twitter: @KlasfeldReports Skype: [redacted]
www.adamklasfeld.com

# Alan Dershowitz suggests curbing press access to hearing on Jeffrey Epstein sex abuse

By JULIE K. BROWN
Miami Herald

MIAMI — A court hearing on whether to unseal sensitive documents involving the alleged sex trafficking of underage girls by Palm Beach multimillionaire Jeffrey Epstein — and the possible involvement of his influential friends — will play out in a New York City courtroom this week.

But it may happen behind closed doors, with the news media and public barred — at least in part.

An attorney for lawyer Alan Dershowitz wrote a letter to the U.S. District Court Second Circuit of Appeals on Tuesday, asking whether the media should be excluded from the proceeding because his oral arguments on behalf of his client could contain sensitive information that has been under seal.

The appeals court has not responded to his concern as of Friday, but if the hearing is closed during his lawyer's argument, it would represent the latest in a long history of successful efforts to keep details of Epstein's sex crimes sealed.

Dershowitz, a professor emeritus at Harvard, constitutional law expert and criminal defense attorney, represented Epstein, who in 2008 received what many consider an unusually light sentence for sexually abusing dozens of girls at his Palm Beach mansion. Two women — one of whom was underage — have said Epstein and his partner, British socialite and environmentalist Ghislaine Maxwell, directed them to have sex with Dershowitz, 80, and other wealthy, powerful men. Dershowitz and Maxwell have denied the claims.

Oral arguments are scheduled Wednesday to hear an appeal by the Miami Herald and other parties seeking to unseal a 2015 court case involving Epstein and Maxwell. The Herald, as part of an ongoing investigation into Epstein's case, hopes to shed more light on the scope of Epstein's crimes, who else might have been involved and whether there was any undue influence that tainted the criminal justice process.

A legal brief supporting the Herald's appeal was filed in December by the Reporters Committee for Freedom of the Press and 32 other media companies, including The New York Times, The Washington Post, Dow Jones, Fox News, Gannett, Politico, Reveal Center for Investigative Reporting and Tribune Publishing Co.

The case — which was settled in 2017 — involved Virginia Roberts Giuffre, who sued Maxwell in federal court in the Southern District of New York in 2015. Giuffre has asserted that Maxwell and Epstein trafficked her and other underage girls, often at sex parties that Epstein hosted at his homes in New York, New Mexico, Palm Beach and the Virgin Islands.

File photo by GETTY IMAGES

Alan Dershowitz wants to keep the public, and news media, out of a hearing in New York this week in which a judge is being asked to unseal sensitive documents involving Jeffrey Epstein and the alleged sex trafficking of underage girls.

**The case — which was settled in 2017 — involved Virginia Roberts Giuffre, who sued Ghislaine Maxwell in federal court in the Southern District of New York in 2015. Giuffre has asserted that Maxwell and Epstein trafficked her and other underage girls, often at sex parties that Epstein hosted at his homes in New York, New Mexico, Palm Beach and the Virgin Islands.**

Maxwell called Giuffre a liar, resulting in Giuffre suing for defamation.

As the case was litigated, the judge allowed a vast trove of documents, including testimony by witnesses, to be sealed. Dershowitz, having been publicly implicated in Epstein's crimes by Giuffre, tried unsuccessfully to get the judge to unseal a select number of documents that he says will exonerate him. Blogger Michael Cernovich also filed a motion to release a portion of the sealed documents.

The judge denied their motions in 2016, as the case was still ongoing, saying that release of the documents could taint a potential jury pool.

After the case was settled, the Herald filed a more extensive motion, arguing that with the case now closed, all the documents in the case should be made public. The motion, filed in April 2018, came as the Herald was working on an investigative series, Perversion of Justice, which detailed how Epstein and his lawyers manipulated federal prosecutors to obtain one of the most lenient sentences for someone who sexually abused children in history.

Dershowitz's lawyer, Andrew G. Celli Jr., emphasized to the Herald that Dershowitz is not trying to ban the media from the proceeding; he is simply giving the court a heads-up that his arguments could include information that has never been made public because it is under seal.

"What the letter says very clearly is we intend to make reference to the sealed material in open court, so we want to notify the judges that this is my intention to make my arguments," Celli said. "We want the courtroom to be open so long as we can argue the substance of what we want to unseal."

Barbara Petersen, executive director of the First Amendment Foundation, pointed out that since the judges are well aware that sealed documents are at the heart of the appeal, Dershowitz's request comes across more as a "veiled threat."

"It's like 'if you don't keep out the media, then we are going reveal stuff and let the chips fall where they may,' she said. "They don't want it to come out and they don't want to make a motion and ban the media, so they are hoping the judges do it for them."

Attorneys for Giuffre want the case unsealed.

"Ms. Giuffre is a victim of Jeffrey Epstein's sex trafficking organization," her attorney, Paul Cassell, said in a statement attached to the Herald's appeal. "When she bravely came forward to explain what happened to her at the hands of Epstein and his powerful friends, Epstein's 'Madame' and girlfriend, Ghislaine Maxwell, told the world that Ms. Giuffre was a liar. Ms. Giuffre filed a defamation action."

The case was settled in Giuffre's favor, with Maxwell paying Giuffre millions.

Maxwell wants the case to remain sealed and earlier tried to get the judge to destroy the sealed documents, but her motion was denied.

Epstein's deal, brokered by then-Miami U.S. Attorney Alexander Acosta, allowed Epstein to plead guilty to two prostitution charges in state court, and in exchange, Epstein and an untold number of others were given federal immunity. Epstein served just 13 months in the county jail, although much of his incarceration was spent at his office in downtown west Palm Beach on "work release."

Last week, a federal judge ruled that Acosta, now President Donald Trump's secretary of labor, violated the law because he and other prosecutors deliberately kept the deal secret from Epstein's victims, who are now in their late 20s and early 30s.

Cernovich's lawyer, Marc J. Randazza, said he has never seen a court seal nearly an entire court record like this.

"I've seen partial seals, but I've never seen anything where it went quite that far. That in of itself is newsworthy," he said. "What kind of power here is able to influence our court system in such a big way? Something is amiss and I'm glad that journalists are out there looking at it."

## PERVERSION

CONTINUED FROM PAGE 13

was taken of the two of them strolling in Manhattan. It was later revealed that Epstein had loaned the prince's ex-wife, Sarah Ferguson, $24,000 to pay off some debts. Ferguson later called the loan a "gigantic error of judgment."

### Changing the law

Crime victims' rights advocates have used the Epstein case to strengthen the federal law in recent years, adding more precise language mandating that prosecutors notify victims about plea bargains and allow victims to be heard at sentencing.

Because some statute-of-limitation laws set deadlines for filing civil and criminal sex crime cases, it's difficult to bring them years later, said Marci Hamilton, a University of Pennsylvania professor who is working to ease those restrictions across the country.

But she points out that there has been no statute of limitations for federal sex crimes involving children since 2002.

Children who are sexually abused often take decades to reveal what happened to them, in part because their brains aren't wired at a young age to understand the trauma they've experienced, said Kenneth V. Lanning, a retired FBI agent who investigated and studied child sex crimes for 40 years.

"We want to hold children to some superhuman standard because they behave this way. In reality, police, prosecutors and judges have to understand that children are not all angels from heaven. They are just plain human beings who are emotionally immature so we have to protect them from their own decisions."

"Really if you think about this too hard, it's scary because this is our government that is supposed to protect us but has done everything to protect a pedophile," she said.

**From**: Darren Indyke [redacted]
**Sent**: 5/10/2019 11:06:29 PM
**To**: jeevacation@gmail.com; Martin Weinberg [redacted]
**CC**: Darren Indyke [redacted]
**Subject**: Privileged and Confidential - Timeline of the Jeffrey Epstein sex abuse case | Miami Herald
**Attachments**: AP_17069588640137.jpg; epstein-logo-black.png; Home 05 Epstein EKM (1).jpg; BarryKrischer.pdf.gif; IMG_Editorialpic_4_1_MPAMVONA_L295524803.JPG; Marriott 01 Epstein EKM.jpg; 246ECDE700000578-2897939-image-a-57_1420497542266.jpg; Virgina Roberts 01 Epstein EKM.jpg; Brad Edwards 02 Epstein EKM.jpg; epstein_pt2.jpg; interactive-lead-image.png; AP_17069588640137.jpg

**Importance**: High

# Privileged - Redacted

# Timeline of the Jeffrey Epstein sex abuse case | Miami Herald

Nov. 28, 2018

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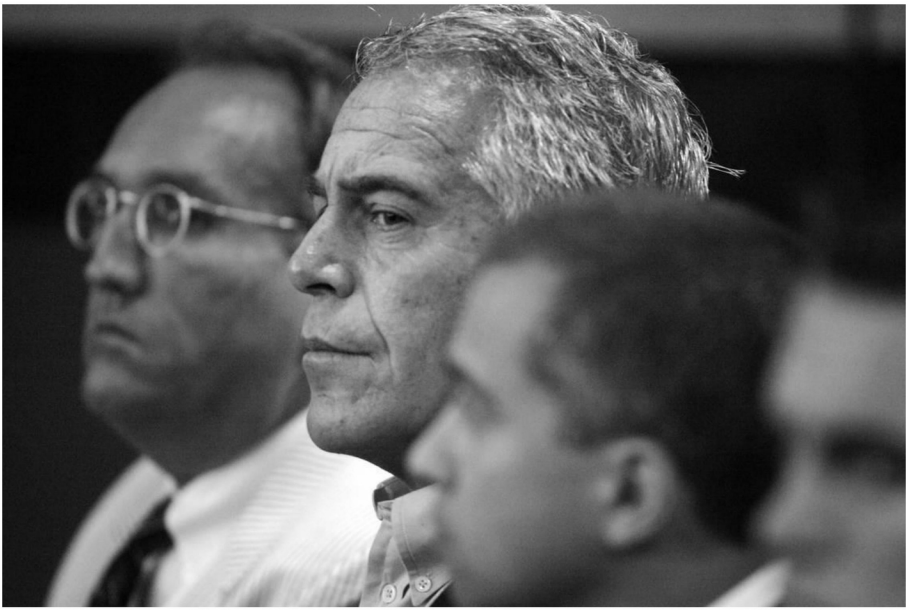

Jeffrey Epstein is flanked by his legal team during a court hearing in the summer of 2008. Uma Sanghvi *Palm Beach Post via AP*

## For years, Jeffrey Epstein abused teen girls, police say. A timeline of his case

# PERVERSION of JUSTICE

A decade before #MeToo, a multimillionaire sex offender from Florida got the ultimate break.

### 2005

**March:** A 14-year-old girl and her parents report that Jeffrey Epstein molested her at a mansion in Palm Beach. She said a female acquaintance and classmate at Royal Palm Beach High School had taken her to the house to give him a massage in exchange for money.

Jeffrey Epstein repeatedly engaged in sexual activity with underage girls at his waterfront Palm Beach home on El Brillo Way, according to police in the Town of Palm Beach. Epstein also owns residences in New York City and the U.S. Virgin Islands, among other locales. Emily Michot *emichot@miamiherald.com*

**April:** Palm Beach police begin trash pulls at Epstein's home, discovering a telephone message for Epstein with the girl's name on it, and a time that matched the time that she told police she was there. They find the names and phone numbers of other girls on message slips in his trash.

**October:** With the police probe in full swing, one of Epstein's assistants calls one of the girls just as she is being questioned by police. Investigators begin interviewing more girls, as well as Epstein's butlers, who tell them that Epstein had frequent visits from girls throughout the day. On Oct. 20, they execute a search warrant at his house on El Brillo Way in Palm Beach.

## 2006

**May:** Police sign a probable cause affidavit charging Epstein and two of his assistants with multiple counts of unlawful sex acts with a minor. The Palm Beach state attorney, Barry Krischer, instead refers the case to a grand jury.

Town of

Palm Beach police were unhappy with the handling of the Epstein case by then-State Attorney Barry Krischer.

**June:** The grand jury, after hearing from only one girl, returns an indictment of one count of solicitation of prostitution. The charge does not reflect that the victim in question and others were minors.

**July:** Epstein's powerhouse legal team tries to negotiate a deal with the State Attorney's Office. Lawyers discuss a deferred prosecution in which Epstein would enter a pretrial intervention program and serve no jail time.

**July:** After pressure from the Palm Beach police chief, the FBI opens a federal investigation, dubbed "Operation Leap Year." Documents list the possible crime as "child prostitution."

**November:** The FBI begins interviewing potential witnesses and victims from Florida, New York and New Mexico.

## 2007

**May:** As the U.S. Attorney's Office prepares to present the case to a federal grand jury, Epstein's attorneys request a meeting to discuss the investigation.

**June:** A 53-page indictment is prepared by the U.S. Attorney's Office as, simultaneously, plea negotiations are initiated with Epstein's legal team.

**July:** Grand jury subpoenas are issued for Epstein's computers, which were apparently removed from his Palm Beach home prior to the police search.

**August:** The U.S. attorney in Miami, Alexander Acosta, enters into direct discussions about the plea agreement; a motion to compel production of Epstein's computers is delayed.

**September:** Federal prosecutors draw up several federal plea agreements that are rejected by Epstein and his attorneys. Epstein signs a non-prosecution agreement on Sept. 24, but his attorneys continue to delay his court appearance.

Alexander Acosta has been criticized for his handling of the Jeffrey Epstein case as U.S. attorney. He later became the dean of Florida International University's law school and, later still, President Trump's secretary of labor. *Miami Herald file photo*

**October:** With the non-prosecution agreement still being debated, Acosta meets with Epstein lawyer Jay Lefkowitz at the West Palm Beach Marriott on Okeechobee Road to discuss finalizing a deal. Among the terms agreed upon: that the victims would not be notified, that the deal would be kept under seal and all grand jury subpoenas would be canceled.

The Marriott hotel in West Palm Beach, at 1001 Okeechobee Blvd., is where U.S. Attorney Alexander Acosta met with Jeffrey Epstein's attorney to work out a plea arrangement. Emily Michot *emichot@miamiherald.com*

**November:** Epstein's lawyers object to an addendum to the agreement. The provision called for a special master to appoint an attorney to represent Epstein victims' rights to civil compensation.

**December:** The two sides continue to debate the addendum. Epstein attorney Kenneth Starr asks for a review of the agreement by the U.S. Department of Justice in Washington, further delaying its execution. Victims are told the investigation is continuing.

## 2008

**January:** Epstein attorney, Lefkowitz, calls Acosta, telling him his client will not go through with the agreement because it requires him to register as a sex offender.

**February:** With the plea negotiations and the Justice Department review still in limbo, the FBI continues its probe, locating more witnesses and evidence.

**March:** Preparations are made for a new federal grand jury presentation. In court documents, the U.S. Attorney's Office notes that Epstein's victims are being harassed by his lawyers, who are not specifically named.

**May:** The Justice Department issues finding that, if a plea deal is not reached, Epstein can be federally prosecuted.

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now.

**June:** Epstein's lawyers revisit plea negotiations, and on June 30, Epstein appears in a Palm Beach County courtroom. He pleads guilty to state charges: one count of solicitation of prostitution and one count of solicitation of prostitution with a minor under the age of 18. He is sentenced to 18 months in jail, followed by a year of community control or house arrest. He is adjudicated as a convicted sex offender who must register twice a year in Florida.

**July:** Epstein's victims learn about his plea in state court after the fact. They file an emergency petition to force federal prosecutors to comply with the federal Crime Victims' Rights Act, which mandates certain rights for crime victims, including the right to be informed about plea agreements and the right to appear at sentencing.

**August:** Epstein's victims learn that he has already been sent to jail, and that the federal investigation is over. They seek to have his plea agreement unsealed, but federal prosecutors argue against releasing the agreement, commencing a yearlong court battle to learn the terms of Epstein's plea bargain.

**October:** Epstein begins work release from the county stockade. He is picked up by his private driver six days a week and transported to an office in West Palm Beach, where he accepts visitors for up to 12 hours a day. He returns to the stockade in the evenings to sleep.

## Support investigative journalism

The Miami Herald obtained thousands of FBI and court records, lawsuits, and witness depositions, and went to federal court in New York to access sealed documents in the reporting of "Perversion of Justice." The Herald also tracked down more than 60 women who said they were victims, some of whom had never spoken of the abuse before.

Your digital subscription, starting at $0.99 for the first month, supports investigative journalism like this.

## 2009

**July:** Epstein is released from the Palm Beach County stockade, five months early. He must register as a sex offender and is on probation for a year, confined to his Palm Beach home except to travel to his office in West Palm Beach. However,

records show he frequently makes trips to Manhattan and to his home in the U.S. Virgin Islands.

**August:** Palm Beach Police Capt. George Frick finds Epstein walking along A1A in the middle of the afternoon, when he was supposed to be at work in his office in downtown West Palm Beach. Epstein says he is walking to work, even though the location where he is found is not a direct route to his office. His probation officer says Epstein has permission to get some exercise.

**September:** The federal non-prosecution agreement is made public. By September, at least a dozen civil lawsuits have been filed by women who allege they were molested by Epstein when they were underage. Epstein begins the process of settling them out of court.

Jeffrey Epstein never went to federal prison but his butler/houseman, Alfredo Rodriguez, did, for obstruction of justice. He was busted for hiding Epstein's journal and trying to sell it. He has since died. © *Facebook*

**November:** One of Epstein's former butlers tries to sell to an undercover FBI agent a black book filled with the names of hundreds of girls and young women that Epstein allegedly procured for sex and massages. The butler tells FBI agents he witnessed nude underage girls at Epstein's pool and had known that the millionaire was having sex with them. He also said he saw pornography involving underage girls on Epstein's computers. The butler/houseman, Alfredo Rodriguez, is later charged

with obstruction of justice and sentenced to federal prison. He dies in 2015. The contents of the black book become public as part of several civil lawsuits.

## 2010

**April:** Flight logs obtained as part of civil lawsuits against Epstein show an assortment of politicians, academics, celebrities, heads of state and world leaders flying on Epstein's jets in the early 2000s. Among them: former President Bill Clinton, former national security adviser Sandy Berger, former Colombian President Andrés Pastrana and lawyer Alan Dershowitz.

## 2011

**March:** Two of Epstein's victims file a motion in federal court accusing the government of violating their rights by failing to notify them about the plea deal and keeping it secret. Among other things, they want the plea deal invalidated in the hopes of sending Epstein to prison. They accuse federal prosecutors of deceiving them with "false notification letters."

**September:** U.S. District Judge Kenneth Marra rejects the U.S. Attorney's Office argument that it was under no obligation to notify victims prior to striking a non-prosecution agreement with Epstein because there were no federal charges filed against him. The decision marks a victory for Epstein's victims, but the case will drag on for seven more years.

**November:** Epstein must register in New York as the highest and most dangerous level of sex offender, despite efforts by him and the New York District Attorney's office to lower the classification. A Level 3 status means "high risk of repeat offense and a threat to public safety exists," according to the state's guidelines.

## 2012

**March-December:** Calling himself a "celebrated philanthropist" and a "renowned educational investor," Epstein undertakes a public relations campaign to counter bad press about his sexual exploits. His foundation donates millions to scientific research and sponsors global conferences on ways to achieve world peace and save the planet. He funds cancer and educational research projects around the country.

## 2015

Virginia Roberts was working at Mar-a-Lago when she was recruited to be a masseuse to Palm Beach hedge fund manager Jeffrey Epstein. She was lured into a life of depravity and sexual abuse.

**January:** Virginia Roberts files court papers in Florida claiming that she was forced by Epstein to have sex with Prince Andrew and lawyer Alan Dershowitz when she was underage. In a sworn affidavit, she provides photographs of her with the prince and with Epstein's close associate, British socialite Ghislaine Maxwell. She claims Maxwell worked as Epstein's madam, which she denies. Dershowitz and the prince deny her claims as well, setting off a series of legal actions between Dershowitz and Roberts' attorneys that are later resolved in an out-of-court settlement.

**April:** A federal judge rules that Roberts cannot join the federal Crime Victims' Rights Act lawsuit and that her affidavit — accusing Prince Andrew and Dershowitz of having sex with her when she was underage — be stricken from the case. Dershowitz said the ruling meant he was vindicated. However, the judge does not address the veracity of Roberts' claims, writing: "The factual details regarding with whom and where the Jane Does engaged in sexual activities are immaterial and impertinent to this central claim."

**September:** Roberts sues Maxwell in federal court in New York, claiming that Epstein's alleged madam defamed her in public statements in the media. The lawsuit is widely viewed as a vessel for Epstein's victims to expose the scope of Epstein's crimes. Several civil lawsuits filed the same year allege that Epstein and Maxwell operated an international sex trafficking operation.

Virginia Roberts holds a photo of herself at 16, her age when she met Jeffrey Epstein. Her life had already been marred by sexual abuse even before she met the multimillionaire. Emily Michot *emichot@miamiherald.com*

## 2016

**June:** A lawsuit is filed in Manhattan by a woman who once used the name Katie Johnson, claiming that she was raped by then-presidential candidate Donald Trump at a party at Epstein's Manhattan mansion in 1994 when she was 13 years old. Trump and Epstein both categorically deny it ever happened.

'How in the world, do you, the U.S. attorney, engage in a negotiation with a criminal defendant, basically allowing that criminal defendant to write up the agreement?' said Bradley Edwards, shown here, who is representing some of the victims of serial sex abuser and Palm Beach multimillionaire Jeffrey Epstein. Emily Michot *emichot@miamiherald.com*

**November:** Johnson backs out of a press conference just days before Election Day, saying she had been threatened and was fearful. She later drops the lawsuit.

## 2017

**February:** President Trump nominates former Miami federal prosecutor Acosta as U.S. secretary of labor. Acosta is compelled at his confirmation hearing to briefly address questions about the deal he approved for Epstein. One lawmaker requests more records from the Epstein case. Acosta is confirmed.

**June:** Roberts settles her lawsuit with Maxwell for an undisclosed sum.

## 2018

**December:** Civil trial is scheduled in Palm Beach County Court on Bradley Edwards' allegations that Epstein sued him to punish him for representing several of his victims. The malicious-prosecution lawsuit is set to begin Dec. 4. Epstein has indicated he will not appear in court for trial.

The girls who were abused by Jeffrey Epstein and the cops who championed their cause remain angry over what they regard as a gross injustice, while Epstein's

employees and those who engineered his non-prosecution agreement have prospered.

## More from the series

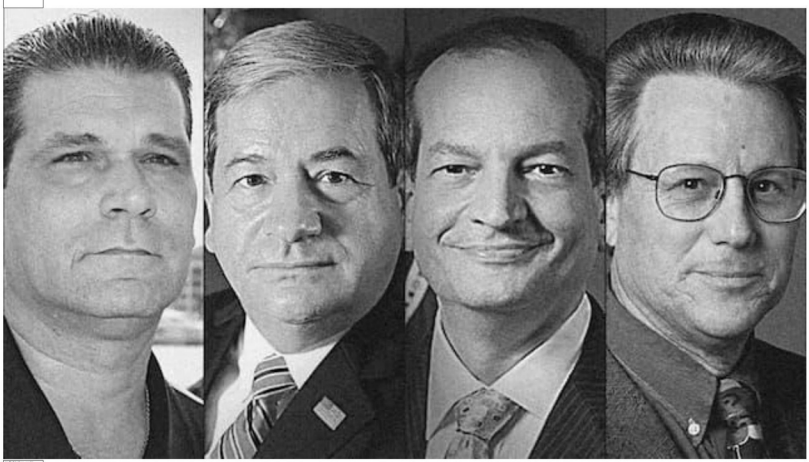

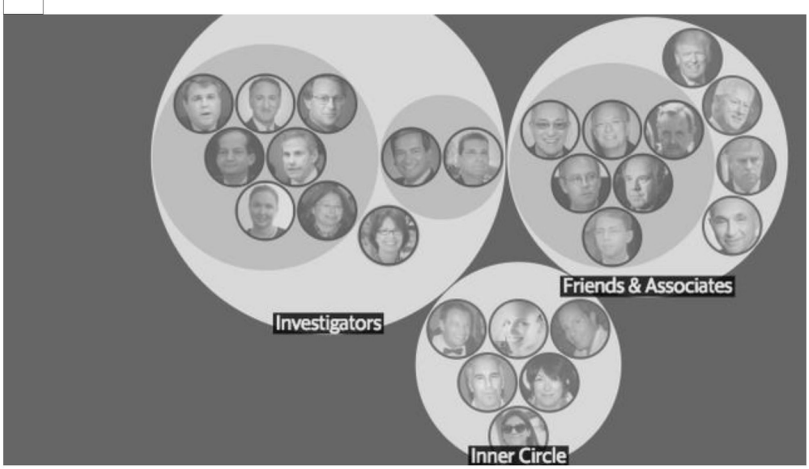

**Read**

## How Miami Herald journalists investigated Jeffrey Epstein

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**Investigative Reporter:** Julie K. Brown
**Investigations Editor:** Casey Frank
**Visual Journalist:** Emily Michot
**Interaction Designer:** Aaron Albright
**Video production:** Marta Oliver Craviotto, Emily Michot, Julie K. Brown
**Copy Editor:** Mary Behne
**Social Media Editors:** Adrian Ruhi, Noel Gonzalez
**Drone Footage:** Pedro Portal
**Director of Design:** Jessica Gilbert
**Senior Manager of Design:** Eddie Alvarez

DARREN K. INDYKE
5300 W. Atlantic Avenue, Suite 602
Delray Beach, Florida 33484
[redacted]

**********
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**********

**From:** Tonja Haddad Coleman [redacted]
**Sent:** 10/18/2013 10:38:16 PM
**To:** Darren Indyke [redacted] Jeffrey Epstein [jeevacation@gmail.com]; haddadfm@aol.com
**CC:** Debbie Fein [redacted]
**Subject:** Fwd: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

Tonja Haddad Coleman, Esq.
Sent from my iPhone

Begin forwarded message:

**From:** Sharon Churcher [redacted]
**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** [redacted]
**Cc:** Nick Pyke [redacted]
**Subject: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein**

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[redacted] further has stated to us that she intends to testify that she was flown to London by Mr Epstein and instructed to have sex at age 17 with Prince Andrew. She alleges that she was paid $15k for this encounter.

She claims that on another occasion, Mr Epstein flew two young women to a dinner for the purpose of entertaining President Clinton. She claims she herself was sex trafficked to several other men, whose contact information is contained in an address book of Mr Epstein's filed in court records.

May we have a comment please? Our deadline is 1pm tomorrow (SATURDAY) ET.

Yours sincerely,
Sharon Churcher

The Mail on Sunday (New York office)

Ph: [redacted]

---

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**From:** Darren Indyke [redacted]
**Sent:** 10/18/2013 11:24:22 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

# Privileged - Redacted

Sent from my iPhone

Begin forwarded message:

**From:** Tonja Haddad Coleman <[redacted]>
**Date:** October 18, 2013 at 6:38:16 PM EDT
**To:** Darren Indyke <[redacted]>, Jeffrey Epstein <jeevacation@gmail.com>, "[redacted]" <[redacted]>
**Cc:** Debbie Fein <[redacted]>
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**From:** Darren Indyke [redacted]
**Sent:** 10/18/2013 11:25:53 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

# Privileged - Redacted

Sent from my iPhone

Begin forwarded message:

**From:** Tonja Haddad Coleman <[redacted]>
**Date:** October 18, 2013 at 6:38:16 PM EDT
**To:** Darren Indyke <[redacted]>, Jeffrey Epstein <jeevacation@gmail.com>, "[redacted]" <[redacted]>
**Cc:** Debbie Fein <[redacted]>
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**To:** [redacted]' <[redacted]>, "[redacted]" [redacted]
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The Mail on Sunday (New York office)

Ph: [redacted] or [redacted]

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**From:** Fred Haddad [redacted]
**Sent:** 10/19/2013 12:10:27 AM
**To:** Tonja Haddad Coleman [redacted]
**CC:** Darren Indyke [redacted] Jeffrey Epstein [jeevacation@gmail.com]; Debbie Fein [redacted]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

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On Oct 18, 2013, at 6:38 PM, Tonja Haddad Coleman <[redacted]> wrote:

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**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** [redacted] <[redacted], "[redacted]"
[redacted]
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Sharon Churcher

The Mail on Sunday (New York office)

Ph: [redacted] or [redacted]

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**From:** Darren Indyke [redacted]
**Sent:** 10/19/2013 12:27:41 AM
**To:** Fred Haddad [redacted]
**CC:** Tonja Haddad Coleman [redacted]; Jeffrey Epstein [jeevacation@gmail.com]; Debbie Fein [redacted]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Oct 18, 2013, at 8:10 PM, Fred Haddad <[redacted]> wrote:

**Privileged - Redacted**

Sent from my iPhone

On Oct 18, 2013, at 6:38 PM, Tonja Haddad Coleman <[redacted]> wrote:

Tonja Haddad Coleman, Esq.
Sent from my iPhone

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**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** [redacted]
<[redacted]>
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**From:** Fred Haddad [redacted]
**Sent:** 10/19/2013 1:36:44 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Importance:** High

**Privileged - Redacted**

Sent from my iPad

On Oct 18, 2013, at 8:30 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Fri, Oct 18, 2013 at 8:10 PM, Fred Haddad <[redacted]> wrote:

**Privileged - Redacted**

Sent from my iPhone

On Oct 18, 2013, at 6:38 PM, Tonja Haddad Coleman <[redacted]> wrote:

Tonja Haddad Coleman, Esq.
Sent from my iPhone

Begin forwarded message:

**From:** Sharon Churcher <[redacted]>
**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** "[redacted]" <[redacted]>, [redacted]'
<[redacted]>
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Ph [redacted] or [redacted]

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**Date:** Friday, March 4 2011 04:28 PM
**Subject:** FW: Ghislaine Maxwell
**From:** GMAX <gmax1@ellmax.com>
**To:** J Jep <jeevacation@gmail.com>;

------ Forwarded Message
**From:** Mark Cohen [redacted]
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** [redacted]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

Dear Brett Jaffe,

I left you a telephone message earlier. The Mail on Sunday newspaper is running a story on Ghislaine Maxwell, Jeffrey Epstein, Prince Andrew and others this weekend.

We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted] or [redacted]

Annette Witheridge
On behalf of the Mail on Sunday

1. [redacted] says Ghislaine Maxwell offered her a job as a masseuse with Jeffrey Epstein when she was aged 15. Ms Maxwell led [redacted] upstairs on her first visit to him at his Palm Beach house. Mr Epstein was naked on massage table.
Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.
Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted] and Mr Epstein.

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13. Ms Maxwell piloted President Bill Clinton in a helicopter to a dinner on Little St James where two brunettes Ms Maxwell, [redacted] and Mr Epstein were at the table.

14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message

**Date:** Friday, March 4 2011 04:40 PM
**Subject:** Re: Fwd: FW: Ghislaine Maxwell
**From:** The Duke <[redacted]>
**To:** Jeevacation@gmail.com;

What? I don't know any of this. How are you responding?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: The Duke
**Sent**: Fri Mar 04 16:31:26 2011
**Subject**: Fwd: FW: Ghislaine Maxwell

---------- Forwarded message ----------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
**From:** Mark Cohen <[redacted]>
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** Awitheridg@aol.com [mailto:Awitheridg@aol.com]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

Dear Brett Jaffe,

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On behalf of the Mail on Sunday

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**Date:** Friday, March 4 2011 04:48 PM
**Subject:** Re: Fwd: FW: Ghislaine Maxwell
**From:** The Duke [redacted]
**To:** Jeevacation@gmail.com;

---

Please make sure that every statement or legal letter states clearly that I am NOT involved and that I knew and know NOTHING about any of these allegations.
I can't take any more of this my end.

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: The Duke
**Sent**: Fri Mar 04 16:45:53 2011
**Subject**: Re: Fwd: FW: Ghislaine Maxwell

just got it two minutes ago.. I ve asked g lawyers to send a letter. Not sure,, it is so salcisous and ridiculous, im not sure how to respond,, the only person she didn't have sex with was Elvis

On Fri, Mar 4, 2011 at 8:40 AM, The Duke [redacted] wrote:

What? I don't know any of this. How are you responding?

---

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**To**: The Duke
**Sent**: Fri Mar 04 16:31:26 2011
**Subject**: Fwd: FW: Ghislaine Maxwell

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**Date:** Friday, March 4 2011 04:56 PM
**Subject:** Fw: Fwd: FW: Ghislaine Maxwell
**From:** Gmax <gmax1@ellmax.com>
**To:** jeevacation@gmail.com;

---

---- Original Message ----
From: The Duke [redacted]
To: Gmax
Sent: Fri Mar 04 11:46:49 2011
Subject: Fw: Fwd: FW: Ghislaine Maxwell

Hey there! What's all this? I don't know anything about this! You must SAY so please. This has NOTHING to do with me.
I can't take any more of this.

---

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Sent: Fri Mar 04 16:31:26 2011
Subject: Fwd: FW: Ghislaine Maxwell

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**Date:** Friday, March 4 2011 05:20 PM
**Subject:** Re: Fwd: FW: Ghislaine Maxwell
**From:** Alan Dershowitz [redacted]
**To:** Jeffrey Epstein [redacted]

**Privileged - Redacted**

Sent from my Verizon Wireless BlackBerry

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Fri, 4 Mar 2011 08:37:01 -0800
**To:** Alan M. Dershowitz [redacted]
**Subject:** Fwd: FW: Ghislaine Maxwell

**Privileged - Redacted**

---------- Forwarded message ----------
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**From:** J [jeevacation@gmail.com]
**Sent:** 2/1/2019 10:18:49 AM
**To:** Michael Wolff[redacted]
**Subject:** Fwd:

have fun

---------- Forwarded message ---------
From: **J** <jeevacation@gmail.com>
Date: Fri, Feb 1, 2019 at 5:18 AM
Subject:
To: jeffrey epstein <jeevacation@gmail.com>

prostittion is a state crime. never before a man in his own house charged with soliciting. ! in Florida first offenders are required to take a sex ed class and get pre trial diversion. no criminal record. . . there is a felony solication for the THIRD offense. . A grand jury was held and they found me guilty of one count of felony solitciation . because there were many girls. . mandatory diversion. sentence. . !!!!. a grand jury . ususally only for capital murder cases. . Recarey and Reiter ( police chief ). pulled my garbage for months, and surveilled the house . letting all the gilrs come and go ? ! called in the FBI. they did not like the grand jury result. and released to the press, the raw sewage of police interviews , ie, no girl was cross examined EVER. . Unheard of. . - the girls retunred the house multiplie times. for 200 dollars for a rub and tug. . no sex. . some worked in the locak massage parlors. most in thier mid twenties. . There is only press stories told my strippers of me buying my girlfiedn from slovakia from her parents . girls under 15. . all made up to get press. . FBI / puts a task force together title " operation leap year " to investigate my personal massage activity ?! nuts. interviews my chiropractor ? medical info. . etc.

[redacted] worked at Mara Lago. Trump knew of it. and came to my house many times during that period. The testimony of the houseman John allessi confiremed it. He never got a massage.
abe gosman a friend of mine . ran into financial difficulty with assited living homes. . His home was listed at 45 million dollars. with no takers for months on end . He and I agreed a price of 30m. ( His wife [redacted] . ends up going to jail for lying to the bankrupty trustee about her jewelry. ) this is in the summer of 04. . I became the stalking horse bidder at 36 m. ie if someone bid higher I would receive a fee.
trump buys the house at the telephone auction . only me trump andd his friend pulty the developer.
He quickly puts it on the market for 125 million. serves the purpose of a justification for a high sale later . . and no one will touch it . it is is bough in the name of trump properties llc. . no idea who owns it. or what else it " owns ".
Three years later 08 he sells it to Ryboloolev for approx 100 million. He should have had a 50 million plus capital gain . he tells people and press he spent 20-30 m to fix up. that would justifiy a reduction in captial gains. key question how did he report the sale , if he did at all on his 08 tax return.
He has no money. when he buys the house. His biz model is putting his name on a real estate development and gets a fee for using his name. The hotel biz is just that. someone else buys the hotel. hoping to make a profit from its operation and eventual sale. Trump put his name on it , and get a 2 % fee and maybe a piece of the profit if any on sale. He touts the project as " his " ... . just as in his current financial statements on file as president he lists his " income " as the GROSS receipts of the clubs. with no expenses deducted. not his personal revenue. ie the doral golf club loses money every year. it pays out more than it takes in , but he lists the revenue as his income. AMAZING.

"Trump's relationship with Deutsche Bank has not always been amicable; in November 2008, he had difficulty making payments on a $640 million Deutsch Bank loan – $40 million of which he guaranteed personally – he took out to finance the construction of the Trump tower in Chicago."
https://themoscowproject.org/collusion/trump-sues-deutsche-bank-3-billion/

in july , miraculously , rybololev ve buys the house for roughly the same " 40 plus million dollar " profit "

https://www.washingtonpost.com/news/worldviews/wp/2017/08/24/the-russian-diplomat-found-dead-in-his-pool-in-sudan-is-the-seventh-to-die-since-november/?utm_term=.77b0a287fb11
Joe Recarey dies in june of 18. same m.o. ?

--

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88th year, No. 24498 WEDNESDAY, FEBRUARY 27, 2019 $1

The Virgin Islands

# DAILY NEWS

SERVING THE VIRGIN ISLANDS SINCE 1930

A Pulitzer Prize-Winning Newspaper

ST. CROIX ST. JOHN ST. THOMAS TORTOLA

CELEBRATING THE PEOPLE, CULTURES AND HISTORY OF THE VIRGIN ISLANDS

## Cops increase traffic enforcement efforts

Daily News photo by BRIAN O'CONNOR

V.I. police Sgt. Latoya Schneider directs a Jeep to the side of the road for ticketing Tuesday along Veterans Drive on St. Thomas. Police have increased enforcement of a range of traffic issues in the territory in recent weeks. Page 4

## Housing officials told to expedite payments for hurricane repairs

Page 3

## Gov. Bryan testifies before U.S. Senate

Page 2

## Pardoned broadcaster fighting order to pay restitution

Page 2

## Perversion of justice

Before joining Trump's Cabinet, Alexander Acosta helped Jeffrey Epstein avoid spending the rest of his life in prison

Pages 14-16

## EDA officials refuse to release information

Page 5

## St. Croix Dolphins take home gold

Page 34

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# How a future Trump Cabinet member gave a serial sex abuser the deal of a lifetime

By JULIE K. BROWN
Miami Herald

MIAMI — On a muggy October morning in 2007, Miami's top federal prosecutor, Alexander Acosta, had a breakfast appointment with a former colleague, Washington, D.C., attorney Jay Lefkowitz.

It was an unusual meeting for the then-38-year-old prosecutor, a rising Republican star who had served in several White House posts before being named U.S. attorney in Miami by President George W. Bush.

Instead of meeting at the prosecutor's Miami headquarters, the two men — both with professional roots in the prestigious Washington law firm of Kirkland & Ellis — convened at the Marriott in West Palm Beach, about 70 miles away. For Lefkowitz, 44, a U.S. special envoy to North Korea and corporate lawyer, the meeting was critical.

His client, Palm Beach multimillionaire Jeffrey Epstein, 54, was accused of assembling a large, cultlike network of underage girls — with the help of young female recruiters — to coerce into having sex acts behind the walls of his opulent waterfront mansion as often as three times a day, the Town of Palm Beach police found.

The eccentric hedge fund manager, whose friends included former President Bill Clinton, Donald Trump and Prince Andrew, was also suspected of trafficking minor girls, often from overseas, for sex parties at his other homes in Manhattan, New Mexico and the Virgin Islands, FBI and court records show.

Facing a 53-page federal indictment, Epstein could have ended up in federal prison for the rest of his life.

But on the morning of the breakfast meeting, a deal was struck — an extraordinary plea agreement that would conceal the full extent of Epstein's crimes and the number of people involved.

Not only would Epstein serve just 13 months in the county jail, but the deal — called a non-prosecution agreement — essentially shut down an ongoing FBI probe into whether there were more victims and other powerful people who took part in Epstein's sex crimes, according to a Miami Herald examination of thousands of emails, court documents and FBI records.

The pact required Epstein to plead guilty to two prostitution charges in state court.

Epstein and four of his accomplices named in the agreement received immunity from all federal criminal charges. But even more unusual, the deal included wording that granted immunity to "any potential co-conspirators" who were also involved in Epstein's crimes.

These accomplices or participants were not identified in the agreement, leaving it open to interpretation whether it possibly referred to other influential people who were having sex with underage girls at Epstein's various homes or on his plane.

As part of the arrangement, Acosta agreed, despite a federal law to the contrary, that the deal would be kept from the victims. As a result, the non-prosecution agreement was sealed until after it was approved by the judge, thereby averting any chance that the girls — or anyone else — might show up in court and try to derail it.

File photo by ABACA PRESS

U.S. Secretary of Labor Alexander Acosta, when he was a federal prosecutor in Miami, helped negotiate an agreement that greatly reduced the severity of the conviction of Jeffrey Epstein, a sexual abuser of girls.

> **Jeffrey preyed on girls who were in a bad way, girls who were basically homeless. He went after girls who he thought no one would listen to and he was right.**
>
> — Courtney Wild, who was 14 when she met Epstein

This is the story of how Epstein, bolstered by unlimited funds and represented by a powerhouse legal team, was able to manipulate the criminal justice system, and how his accusers, still traumatized by their pasts, believe they were betrayed by the very prosecutors who pledged to protect them.

"I don't think anyone has been told the truth about what Jeffrey Epstein did," said one of Epstein's victims, Michelle Licata, now 30. "He ruined my life and a lot of girls' lives. People need to know what he did and why he wasn't prosecuted so it never happens again."

Now President Donald Trump's secretary of labor, Acosta, 49, oversees a massive federal agency that provides oversight of the country's labor laws, including human trafficking.

Acosta did not respond to numerous requests for an interview or answer queries through email.

But court records reveal details of the negotiations and the role that Acosta would play in arranging the deal, which scuttled the federal probe into a possible international sex trafficking operation. Among other things, Acosta allowed Epstein's lawyers unusual freedoms in dictating the terms of the non-prosecution agreement.

"The damage that happened in this case is unconscionable," said Bradley Edwards, a former state prosecutor who represents some of Epstein's victims. "How in the world, do you, the U.S. attorney, engage in a negotiation with a criminal defendant, basically allowing that criminal defendant to write up the agreement?"

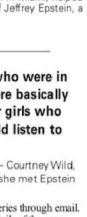

Bradley Edwards

As a result, neither the victims — nor even the judge — would know how many girls Epstein allegedly sexually abused between 2001 and 2005, when his underage sex activities were first uncovered by police. Police referred the case to the FBI a year later, when they began to suspect that their investigation was being undermined by the Palm Beach State Attorney's Office.

## Not 'he said, she said'

"This was not a 'he said, she said' situation. This was 50-something 'shes' and one 'he' — and the 'shes' all basically told the same story," said retired Palm Beach Police Chief Michael Reiter, who supervised the police probe.

Michael Reiter

More than a decade later, at a time when Olympic gymnasts and Hollywood actresses have become a catalyst for a cultural reckoning about sexual abuse, Epstein's victims have all but been forgotten.

The women — now in their late 20s and early 30s — are still fighting for an elusive justice that even the passage of time has not made right.

Like other victims of sexual abuse, they believe they've been silenced by a criminal justice system that stubbornly fails to hold Epstein and other wealthy and powerful men accountable.

"Jeffrey preyed on girls who were in a bad way, girls who were basically homeless. He went after girls who he thought no one would listen to and he was right," said Courtney Wild, who was 14 when she met Epstein.

Over the past year, the Miami Herald examined a decade's worth of court documents, lawsuits, witness depositions and newly released FBI documents. Key people involved in the investigation — most of whom have never spoken before — were also interviewed. The Herald also obtained new records, including the full unredacted copy of the Palm Beach police investigation and witness statements that had been kept under seal.

The Herald learned that, as part of the plea deal, Epstein provided what the government called "valuable consideration" for unspecified information he supplied to federal investigators. While the documents obtained by the Herald don't detail what the information was, Epstein's sex crime case happened just as the country's subprime mortgage market collapsed, ushering in the 2008 global financial crisis.

Records show that Epstein was a key federal witness in the criminal prosecution of two prominent executives with Bear Stearns, the global investment brokerage that failed in 2008, who were accused of corporate securities fraud. Epstein was one of the largest investors in the hedge fund managed by the executives, who were later acquitted. It is not known what role, if any, the case played in Epstein's plea negotiations.

The Herald also identified about 80 women who say they were molested or otherwise sexually abused by Epstein from 2001 to 2006. About

See PERVERSION, page 16

# For years, Jeffrey Epstein abused teen girls, police say. A timeline of his case

## 2005

**March:** A 14-year-old girl and her parents report that Jeffrey Epstein molested her at a mansion in Palm Beach, Fla. She said a female accomplice and classmate at Royal Palm Beach High School had taken her to the house to give him a massage in exchange for money.

**April:** Palm Beach police begin track pulls at Epstein's home, discovering a telephone message for Epstein with the girl's name on it, and a time that matched the time that she told police she was there. They find the names and phone numbers of other girls on message slips in his trash.

**October:** With the police probe in full swing, one of Epstein's assistants calls one of the girls just as she is being questioned by police. Investigators begin interviewing more girls, as well as Epstein's butlers, who tell them that Epstein had frequent visits from girls. On Oct. 20, they execute a search warrant at his Palm Beach house.

## 2006

**May:** Police sign a probable cause affidavit charging Epstein and two of his assistants with multiple counts of unlawful sex acts with a minor. The Palm Beach state attorney, Barry Krischer, instead refers the case to a grand jury.

**June:** The grand jury, after hearing from only one girl, returns an indictment of one count of solicitation of prostitution. The charge does not reflect that the victim was a minor.

**July:** Epstein's powerhouse legal team tries to negotiate a deal with the State Attorney's Office. Lawyers discuss a deferred prosecution in which Epstein would enter a pretrial intervention program and serve no jail time.

**July:** After pressure from the Palm Beach police chief, the FBI opens a federal investigation, dubbed "Operation Lean Year." Documents list the possible crime as "child prostitution."

**November:** The FBI begins interviewing potential witnesses and victims from Florida, New York and New Mexico.

## 2007

**May:** As the U.S. Attorney's Office prepares to present the case to a federal grand jury, Epstein's attorneys request a meeting to discuss the investigation.

**June:** A 53-page indictment is prepared by the U.S. Attorney's Office as, simultaneously, plea negotiations are initiated with Epstein's legal team.

**July:** Grand jury subpoenas are issued for Epstein's computers, which were removed from his home prior to the police search.

**August:** The U.S. attorney in Miami, Alexander Acosta, enters into direct discussions about the plea agreement, a motion to compel production of Epstein's computers is delayed.

**September:** Federal prosecutors draw up several federal plea agreements that are rejected by Epstein and his attorneys. Epstein signs a non-prosecution agreement on Sept. 24, but his attorneys continue to delay his court appearance.

**October:** With the non-prosecution agreement still being debated, Acosta meets with Epstein lawyer Jay Lefkowitz at the West Palm Beach Marriott to discuss finalizing a deal. Among the terms agreed upon: that the victims would not be notified, that the deal would be kept under seal and all grand jury subpoenas would be canceled.

**November:** Epstein's lawyers object to an addendum to the agreement. The provision called for a special master to appoint an attorney to represent Epstein victims' rights to civil compensation.

**December:** The two sides continue to debate the addendum. Epstein attorney Kenneth Starr asks for a review of the agreement by the U.S. Department of Justice in Washington, further delaying its execution. Victims are told the investigation is continuing.

## 2008

**January:** Epstein attorney Lefkowitz calls Acosta, telling him his client will not go through with the agreement because it requires him to register as a sex offender.

**February:** With the plea negotiations and the Justice Department review still in limbo, the FBI continues its probe.

**March:** Preparations are made for a new federal grand jury presentation. In court documents, the U.S. Attorney's Office notes that Epstein's victims are being harassed by his lawyers.

**May:** The Justice Department issues finding that, if a plea deal is not reached, Epstein can be federally prosecuted.

**June:** Epstein's lawyers revisit plea negotiations, and on June 30, Epstein appears in a Palm Beach County courtroom. He pleads guilty to state charges: one count of solicitation of prostitution and one count of solicitation of prostitution with a minor under the age of 18. He is sentenced to 18 months in jail, followed by a year of community control or house arrest. He is adjudicated as a convicted sex offender who must register twice a year in Florida.

**July:** Epstein's victims learn about his plea in state court after the fact. They file an emergency petition to force federal prosecutors to comply with the federal Crime Victims' Rights Act, which mandates certain rights for crime victims, including the right to be informed about plea agreements and the right to appear at sentencing.

**August:** Epstein's victims learn that he has already been sent to jail, and that the federal investigation is over. They seek to have his plea agreement unsealed, but federal prosecutors argue against releasing the agreement, commencing a yearlong court battle to learn the terms of Epstein's plea bargain.

**October:** Epstein begins work release. He is picked up by his private driver six days a week and transported to an office in West Palm Beach, where he accepts visitors for up to 12 hours a day. He returns to jail in the evenings to sleep.

## 2009

**July:** Epstein is released from the Palm Beach County stockade, five months early. He must register as a sex offender and is on probation for a year. Confined to his Palm Beach home except to travel to his office in West Palm Beach. However, reports show he frequently makes trips to Manhattan and to his home off St. Thomas.

**August:** Palm Beach Police Capt. George Pick finds Epstein walking along A1A in the middle of the afternoon, when he was supposed to be at work in his office in downtown West Palm Beach. Epstein says he is walking to work, even though the location where he is found is not a direct route to his office. His probation officer says Epstein has permission to get some exercise.

**September:** The federal non-prosecution agreement is made public. By September, at least a dozen civil lawsuits have been filed by women who allege they were molested by Epstein when they were underage. Epstein begins the process of settling them.

**November:** One of Epstein's former butlers tries to sell to an undercover FBI agent a black book filled with the names of hundreds of girls and young women that Epstein allegedly procured for sex and massages. The butler tells FBI agents he witnessed nude underage girls at Epstein's pool and had known that the millionaire was having sex with them. He also said he saw pornography involving underage girls on Epstein's computers. The butler/housemain, Alfredo Rodriguez, is later charged with obstruction of justice and sentenced to federal prison. He dies in 2015. The contents of the black book become public as part of several civil lawsuits.

## 2010

**April:** Flight logs obtained as part of civil lawsuits against Epstein show an assortment of politicians, academics, celebrities, heads of state and world leaders flying on Epstein's jets in the early 2000s. Among them: former President Bill Clinton, former national security adviser Sandy Berger, former Colombian President Andres Pastrana and lawyer Alan Dershowitz.

## 2011

**March:** Two of Epstein's victims file a motion in federal court accusing the government of violating their rights by failing to notify them about the plea deal and keeping it secret. Among other things, they want the plea deal invalidated in the hopes of sending Epstein to prison.

**September:** U.S. District Judge Kenneth Marra rejects the U.S. Attorney's Office argument that it was under no obligation to notify victims prior to striking a non-prosecution agreement with Epstein because there were no federal charges filed against him. The decision marks a victory for Epstein's victims, but the case will drag on for seven more years.

**November:** Epstein must register in New York as the highest and most dangerous level of sex offender, despite efforts by him and the New York District Attorney's office to lower the classification. A Level 3 status means "high risk of repeat offense and a threat to public safety exists," according to the state's guidelines.

## 2012

**March-December:** Calling himself a "celebrated philanthropist" and a "renowned educational investor," Epstein undertakes a public relations campaign to counter bad press about his sexual exploits. His foundation donates millions to scientific research and sponsors global conferences on ways to achieve world peace and save the planet. He funds cancer and educational research projects around the country.

## 2015

**January:** Virginia Roberts files court papers in Florida claiming that she was forced by Epstein to have sex with Prince Andrew and lawyer Alan Dershowitz when she was underage, in a sworn affidavit, she provides photographs of her with the prince and with Epstein's close associate, British socialite Ghislaine Maxwell. She claims Maxwell recruited Epstein's victims, which she denies. Dershowitz and the prince deny her claims as well.

**April:** A federal judge rules that Roberts cannot join the federal Crime Victims' Rights Act lawsuit and that her affidavit — accusing Prince Andrew and Dershowitz of having sex with her when she was underage — be stricken from the case. Dershowitz said the ruling meant he was vindicated. However, the judge does not address the veracity of Roberts' claims, writing: "The factual details regarding with whom and where the Jane Does engaged in sexual activities are immaterial and impertinent to this central claim."

**September:** Roberts sues Maxwell in federal court in New York, claiming that Epstein's alleged madam defamed her in public statements in the media. The lawsuit is widely viewed as a vessel for Epstein's victims to expose the scope of Epstein's crimes. Several civil lawsuits filed the same year allege that Epstein and Maxwell operated a sex trafficking operation.

## 2016

**June:** A lawsuit is filed in Manhattan by a woman who once used the name Katie Johnson, claiming that she was raped by then-presidential candidate Donald Trump at a party at Epstein's Manhattan mansion in 1994 when she was 13 years old. Trump and Epstein both categorically deny it happened.

**November:** Johnson backs out of a press conference just days before Election Day, saying she had been threatened and was fearful. She later drops the lawsuit.

## 2017

**February:** President Donald Trump nominates former Miami federal prosecutor Acosta as U.S. secretary of labor.

**June:** Roberts settles her lawsuit with Maxwell for an undisclosed sum.

## 2018

**December:** Civil trial is scheduled in Palm Beach County Court on Brittney Edwards' allegations that Epstein sued him to punish him for representing several of his victims. The malicious-prosecution lawsuit is set to begin Dec. 4. Epstein has indicated he will not appear in court for trial.

— *Miami Herald*

HOUSE_OVERSIGHT_023048

## PERVERSION

CONTINUED FROM PAGE 14

60 of them are now scattered around the country and abroad. Eight of them agreed to be interviewed, on or off the record. Four of them were willing to speak on video.

The women are now mothers, wives, nurses, bartenders, Realtors, hairdressers and teachers. One is a Hollywood actress. Several have grappled with trauma, depression and addiction. Some have served time in prison.

A few did not survive. One young woman was found dead last year in a rundown motel in West Palm Beach. She overdosed on heroin and left behind a young son.

As part of Epstein's agreement, he was required to register as a sex offender, and pay restitution to the three dozen victims identified by the FBI. In many cases, the confidential financial settlements came only after Epstein's attorneys exposed every dark corner of their lives in a scorched-earth effort to portray the girls as gold diggers.

"You beat yourself up mentally and physically," said Jena-Lisa Jones, 30, who said Epstein molested her when she was 14. "You can't ever stop your thoughts. A word can trigger something. For me, it is the word 'pure' because he called me 'pure' in that room and then I remember what he did to me in that room."

Now, more than a decade later, two unrelated civil lawsuits arose.

A civil trial set for Dec. 4 in Palm Beach County state court, involves Epstein and Edwards, whom Epstein had accused of legal misdeeds in representing several victims.

The case would have been noteworthy because it would mark the first time that Epstein's victims would have their day in court, and several of them were scheduled to testify.

However, Epstein settled that case and publicly apologized to Edwards — but he did not apologize to any of his victims.

A second lawsuit, known as the federal Crime Victims' Rights suit, is still pending in South Florida after a decade of legal jousting. It seeks to invalidate the non-prosecution agreement in hopes of sending Epstein to federal prison.

Wild, who has never spoken publicly until now, is Jane Doe No. 1 in "Jane Doe No. 1 and Jane Doe No. 2 vs. the United States of America," a federal lawsuit that alleges Epstein's federal non-prosecution agreement was illegal.

Federal prosecutors, including Acosta, not only broke the law, the women contend in court documents, but they conspired with Epstein and his lawyers to circumvent public scrutiny and deceive his victims in violation of the Crime Victims' Rights Act.

The law assigns victims a series of rights, including the right of notice of any court proceedings and the opportunity to appear at sentencing.

"As soon as that deal was signed, they silenced my voice and the voices of all of Jeffrey Epstein's other victims," said Wild, now 31. "This case is about justice, not just for us, but for other victims who aren't Olympic stars or Hollywood stars."

In court papers, federal prosecutors have argued that they did not violate the Crime Victims' Rights Act because no federal charges were ever filed in the U.S. District Court for the Southern District of Florida, an argument that was later dismissed by the judge.

Despite substantial physical evidence and multiple witnesses backing up the girls' stories, the secret deal allowed Epstein to enter guilty pleas to two felony prostitution charges. Epstein admitted to committing only one offense against one underage girl, who was labeled a prostitute, even though she was 14, which is well under the age of consent — 18 in Florida.

File photo by ASSOCIATED PRESS

Jeffrey Epstein, second from left, in custody in West Palm Beach, Fla., in 2008.

> **You beat yourself up mentally and physically. You can't ever stop your thoughts. A word can trigger something. For me, it is the word 'pure' because he called me 'pure' in that room and then I remember what he did to me in that room.**
>
> — Jena-Lisa Jones, who said Epstein molested her when she was 14

"She was taken advantage of twice — first by Epstein, and then by the criminal justice system that labeled a 14-year-old girl as a prostitute," said Spencer Kuvin, the lawyer who represented the girl.

"It's just outrageous how they minimized his crimes and devalued his victims by calling them prostitutes," said Yasmin Vafa, a human rights attorney and executive director of Rights4Girls, which is working to end the sexual exploitation of girls and young women.

"There is no such thing as a child prostitute. Under federal law, it's called child sex trafficking — whether Epstein pimped them out to others or not. It's still a commercial sex act — and he could have been jailed for the rest of his life under federal law," she said.

It would be easy to dismiss the Epstein case as another example of how there are two systems of justice in America, one for the rich and one for the poor. But a thorough analysis of the case tells a far more troubling story.

### Unusual level of collaboration

A close look at the trove of letters and emails contained in court records provides a window into the plea negotiations, revealing an unusual level of collaboration between federal prosecutors and Epstein's legal team that even government lawyers, in recent court documents, admitted was unorthodox.

Acosta, in 2011, would explain that he was unduly pressured by Epstein's heavy-hitting lawyers — Lefkowitz, Harvard professor Alan Dershowitz, Jack Goldberger, Roy Black, former U.S. Attorney Guy Lewis, Gerald Lefcourt, and Kenneth Starr, the former Whitewater special prosecutor who investigated Bill Clinton's sexual liaisons with Monica Lewinsky.

That included keeping the deal from Epstein's victims, emails show.

"Thank you for the commitment you made to me during our Oct. 12 meeting," Lefkowitz wrote in a letter to Acosta after their breakfast meeting in West Palm Beach. He added that he was hopeful that Acosta would abide by a promise to keep the deal confidential.

"You … assured me that your office would not … contact any of the identified individuals, potential witnesses or potential civil claimants and the respective counsel in this matter," Lefkowitz wrote.

In email after email, Acosta and the lead federal prosecutor, A. Marie Villafana, acquiesced to Epstein's legal team's demands, which often focused on ways to limit the scandal by shutting out his victims and the media, including suggesting that the charges be filed in Miami, instead of Palm Beach, where Epstein's victims lived.

"On an 'avoid the press' note … I can file the charge in district court in Miami which will hopefully cut the press coverage significantly. Do you want to check that out?" Villafana wrote to Lefkowitz in a September 2007 email.

Federal prosecutors identified 36 underage victims, but none of those victims appeared at his sentencing on June 30, 2008, in state court in Palm Beach County.

Most of them heard about it on the news — and even then they didn't understand what had happened to the federal probe that they'd been assured was ongoing.

Edwards filed an emergency motion in federal court to block the non-prosecution agreement, but by the time the agreement was unsealed — over a year later — Epstein had already served his sentence and been released from jail.

"The conspiracy between the government and Epstein was really 'let's figure out a way to make the whole thing go away as quietly as possible,'" said Edwards, who represents Wild and Jane Doe No. 2, who declined to comment for this story. "In never consulting with the victims, and keeping it secret, it showed that someone with money can buy his way out of anything."

### VIP treatment

It was far from the last time Epstein would receive VIP handling.

Unlike other convicted sex offenders, Epstein didn't face the kind of rough justice that child sex offenders do in Florida state prisons. Instead of being sent to state prison, Epstein was housed in a private wing of the Palm Beach County jail.

Rather than having him sit in a cell most of the day, the Palm Beach County Sheriff's Office allowed Epstein work release privileges, which enabled him to leave the jail six days a week, for 12 hours a day, to go to a comfortable office that Epstein had set up in West Palm Beach.

This was granted despite explicit sheriff's department rules stating that sex offenders don't qualify for work release.

The sheriff, Ric Bradshaw, would not answer questions, submitted by the Miami Herald, about Epstein's work release.

Neither Epstein nor his lead attorney, Jack Goldberger, responded to multiple requests for comment for this story. During depositions taken as part of two dozen lawsuits filed against him by his victims, Epstein has invoked his Fifth Amendment right against self-incrimination, in one instance doing so more than 200 times.

In the past, his lawyers have said that the girls lied about their ages, that their stories were exaggerated or untrue and that they were unreliable witnesses prone to drug use.

In 2011, Epstein petitioned to have his sex offender status reduced in New York, where he has a home and is required to register every 90 days. In New York, he is classified as a level 3 offender — the highest safety risk because of his likelihood to re-offend.

A prosecutor under New York County District Attorney Cyrus Vance argued on Epstein's behalf, telling New York Supreme Court Judge Ruth Pickholtz that the Florida case never led to an indictment and that his underage victims failed to cooperate in the case.

However, Pickholtz denied the petition, expressing astonishment that a New York prosecutor would make such a request on behalf of a serial sex offender accused of molesting so many girls.

"I have to tell you, I'm a little overwhelmed because I have never seen a prosecutor's office do anything like this. I have done so many [sex offender registration hearings] much less troubling than this one where the [prosecutor] would never make a downward argument like this," she said.

**Coming tomorrow: The victims' stories**

12:53 LTE

Alan Dershowitz on Twitter: "My..
mobile.twitter.com

Search Twitter

Log in Sign up

@AlanDersh

My perjuring accusers are Virginia Roberts and Sarah Ransomme. Both have long records of lying. Roberts sold a story claiming that she met Al Gore on Epstein's island. Secret Service records prove he was never on the island. Ransomme claims she has sex tapes of Hillary C and DJT

**Alan Dershowitz** @AlanDersh

My false accusers won't accuse me on Twitter but I will accuse them: I hereby accuse my false accusers of committing the felony of perjury and challenge them to sue me for defamation. They won't ,because they know the truth will land the...

9:42 PM · Mar 2, 2019 · Twitter for iPhone

**441** Retweets **1.5K** Likes

**Date:** Wednesday, April 17 2019 11:43 AM
**Subject:** Fwd: FW: Ghislaine Maxwell
**From:** J <jeevacation@gmail.com>
**To:** Darren Indyke <[redacted]>;

---

---------- Forwarded message ---------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Mar 4, 2011 at 12:17 PM
Subject: Fwd: FW: Ghislaine Maxwell
To: Alan M. Dershowitz <[redacted]>

**Privileged - Redacted**

---------- Forwarded message ---------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
**From:** Mark Cohen <[redacted]>
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** [redacted]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

Dear Brett Jaffe,

I left you a telephone message earlier. The Mail on Sunday newspaper is running a story on Ghislaine Maxwell, Jeffrey Epstein, Prince Andrew and others this weekend.

We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted].

Annette Witheridge
On behalf of the Mail on Sunday

1. [redacted] says Ghislaine Maxwell offered her a job as a masseuse with Jeffrey Epstein when she was aged 15. Ms Maxwell led Virginia upstairs on her first visit to him at his Palm Beach house. Mr Epstein was naked on massage table.
Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.
Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted] and Mr Epstein.

3. Ms Maxwell kept sex toys and costumes in the Palm Beach mansion and dressed [redacted] prior to sex sessions with Mr Epstein. S Maxwell herself wore black vinyl during sex sessions with Mr Epstein.

4. [redacted] was paid between US $200 and $ 5000 US sex, depending on whether it involved travel and other men.

5, [redacted] was required to have sex with friends of Ms Maxwell and Mr Epstein, including Glenn Dubin, Les Wexner, Ehud Barak, former Senator George Mitchell and Stephen Kosslyn.

6. Ms Maxwell introduced [redacted] to Prince Andrew in 2001 at Ms Maxwell's London house where [redacted] had sex with him. [redacted] subsequently was directed to meet him at Mr Epstein's New York house where Ms Maxwell directed [redacted] to sit on Andrew's knee with Johanna Sjoberg. Andrew groped both girls. Ms Maxwell directed [redacted] after this to have sex with Andrew.
Ms Maxwell and Mr Epstein subsequently travelled with [redacted] to Little St James where she was directed to stage an orgy for Andrew and Mr Epstein during which she performed oral sex on them.

7. [redacted] was paid extra by Mr Epstein or his employees for these sexual encounters.

8. Ms Maxwell knew [redacted] age and laughed about it when she introduced her to Andrew.

9. Ms Maxwell and Mr Epstein tried to persuade [redacted] to bear his child.

10. After sexual encounters with male friends of Mr Epstein and/or Ms Maxwell, Ms Maxwell and Mr Epstein would ask [redacted] explicit questions about what went on.

11. Mr Epstein's residences in Florida and New York had surveillance cameras that taped the sex sessions and taped [redacted] even in the bathroom.

12. Ms Maxwell and Mr Epstein arranged for Ehud Barak to have sex with several girls, often at Mr Epstein's Palm Beach house.

13. Ms Maxwell piloted President Bill Clinton in a helicopter to a dinner on Little St James where two brunettes Ms Maxwell, [redacted] and Mr Epstein were at the table.

14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message

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**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**From:** J [jeevacation@gmail.com]
**Sent:** 2/1/2019 10:18:27 AM
**To:** jeffrey epstein [jeevacation@gmail.com]

**Importance:** High

prostittion is a state crime. never before a man in his own house charged with soliciting. ! in Florida first offenders are required to take a sex ed class and get pre trial diversion. no criminal record. . . there is a felony solication for the THIRD offense. . A grand jury was held and they found me guilty of one count of felony solitciation . because there were many girls. . mandatory diversion. sentence. . !!!!. a grand jury . ususally only for capital murder cases. . Recarey and Reiter ( police chief ). pulled my garbage for months, and surveilled the house . letting all the gilrs come and go ? ! called in the FBI. they did not like the grand jury result. and released to the press, the raw sewage of police interviews , ie, no girl was cross examined EVER. . Unheard of. . - the girls retunred the house multiplie times. for 200 dollars for a rub and tug. . no sex. . some worked in the locak massage parlors. most in thier mid twenties. . There is only press stories told my strippers of me buying my girlfiedn from slovakia from her parents . girls under 15. . all made up to get press. . FBI / puts a task force together title " operation leap year " to investigate my personal massage activity ?! nuts. interviews my chiropractor ? medical info. . etc.

[redacted] worked at Mara Lago. Trump knew of it. and came to my house many times during that period. The testimony of the houseman John allessi confiremed it. He never got a massage.
abe gosman a friend of mine . ran into financial difficulty with assited living homes. . His home was listed at 45 million dollars. with no takers for months on end . He and I agreed a price of 30m. ( His wife lynn . ends up going to jail for lying to the bankrupty trustee about her jewelry. ) this is in the summer of 04. . I became the stalking horse bidder at 36 m. ie if someone bid higher I would receive a fee.
trump buys the house at the telephone auction . only me trump andd his friend pulty the developer.
He quickly puts it on the market for 125 million. serves the purpose of a justification for a high sale later . . and no one will touch it . it is is bough in the name of trump properties llc. . no idea who owns it. or what else it " owns ".
Three years later 08 he sells it to Ryboloolev for approx 100 million. He should have had a 50 million plus capital gain . he tells people and press he spent 20-30 m to fix up. that would justifiy a reduction in captial gains. key question how did he report the sale , if he did at all on his 08 tax return.
He has no money. when he buys the house. His biz model is putting his name on a real estate development and gets a fee for using his name. The hotel biz is just that. someone else buys the hotel. hoping to make a profit from its operation and eventual sale. Trump put his name on it , and get a 2 % fee and maybe a piece of the profit if any on sale. He touts the project as " his " ... . just as in his current financial statements on file as president he lists his " income " as the GROSS receipts of the clubs. with no expenses deducted. not his personal revenue. ie the doral golf club loses money every year. it pays out more than it takes in , but he lists the revenue as his income. AMAZING.

"Trump's relationship with Deutsche Bank has not always been amicable; in November 2008, he had difficulty making payments on a $640 million Deutsch Bank loan – $40 million of which he guaranteed personally – he took out to finance the construction of the Trump tower in Chicago."
https://themoscowproject.org/collusion/trump-sues-deutsche-bank-3-billion/

in july , miraculously , rybololev ve buys the house for roughly the same " 40 plus million dollar " profit "

https://www.washingtonpost.com/news/worldviews/wp/2017/08/24/the-russian-diplomat-found-dead-in-his-pool-in-sudan-is-the-seventh-to-die-since-november/?utm_term=.77b0a287fb11
Joe Recarey dies in june of 18. same m.o. ?

--

please note

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**Date:** Friday, March 4 2011 04:45 PM
**Subject:** Re: Fwd: FW: Ghislaine Maxwell
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** The Duke <[redacted]>;

---

just got it two minutes ago.. I ve asked g lawyers to send a letter. Not sure,, it is so salcisous and ridiculous, im not sure how to respond,, the only person she didn't have sex with was Elvis

On Fri, Mar 4, 2011 at 8:40 AM, The Duke <[redacted]> wrote:

What? I don't know any of this. How are you responding?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: The Duke
**Sent**: Fri Mar 04 16:31:26 2011
**Subject**: Fwd: FW: Ghislaine Maxwell

---------- Forwarded message ----------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
**From:** Mark Cohen <[redacted]>
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** [redacted]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

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We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted]

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On behalf of the Mail on Sunday

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Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.
Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted] and Mr Epstein.

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Ms Maxwell and Mr Epstein subsequently travelled with [redacted] to Little St James where she was directed to stage an orgy for Andrew and Mr Epstein during which she performed oral sex on them.

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12. Ms Maxwell and Mr Epstein arranged for Ehud Barak to have sex with several girls, often at Mr Epstein's Palm Beach house.

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14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message

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**Date:** Friday, March 4 2011 05:17 PM
**Subject:** Fwd: FW: Ghislaine Maxwell
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Alan M. Dershowitz <[redacted]>;

**Privileged - Redacted**

---------- Forwarded message ---------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
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and Mr Epstein.

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**Date:** Friday, March 4 2011 05:21 PM
**Subject:** Re: Fwd: FW: Ghislaine Maxwell
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

Privileged - Redacted

On Fri, Mar 4, 2011 at 9:20 AM, Alan Dershowitz [redacted] wrote:

**Privileged - Redacted**

Sent from my Verizon Wireless BlackBerry

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Fri, 4 Mar 2011 08:37:01 -0800
**To:** Alan M. Dershowitz [redacted]
**Subject:** Fwd: FW: Ghislaine Maxwell

Privileged - Redacted

---------- Forwarded message ---------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

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**Date:** Friday, July 1 2011 10:38 PM
**Subject:** Re: Huffington Post
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Peggy Siegal <[redacted]>;

I think a great opportunity has arisen. Just like the headlines of a hotel maid now proven to have lied in the Stauss Kahn case. The girl who accused Prince Andrew can also easily be proven to be a liar. I think Buckingham Palace would love it . You should task someone to investigate the girl [redacted], that has caused the Queens son all this agro. I promise you she is a fraud. you and i will be able to go to ascot for the rest of our lives. I know there is a public police report that no one has had the courage to publish, as they do not want to be seen attacking a " vicitm", but being falsely accused will be the new headline

On Fri, Jul 1, 2011 at 2:43 PM, Peggy Siegal <[redacted]> wrote:

If you rewrite your last email in better grammar, (and so I have a better understanding) I can cut and paste and send it to Arianna Huffington from me.....

Did you know why Prince Albert's Charlene fled to the airport with a one way ticket back to South Africa? Because she found out about a third illegitimate child that is 3 months old...the palace officials followed her to the airport and propably made her an offer she could not refuse...will get details from Jim Coleman when he comes home Sunday night.

In Southampton now. Peg

---- Original Message ----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jul 01 07:18:25 2011
Subject:

should you point out to Ariana Huff, that the same type of person, same as strauss Kahn i s Andrews accuser, ,long criminal record. total liar. Ariana should champion the dangers of false allegations. send a reporter or reporters to investigate,.. the palace would love it, the girl in the photo , was nothing more than a telephone answerer,, she was never 15, according to her version she worked for trump , first at that age, at MAra lago. ITs ridiculous. but the press like strauss kahn is afraid to question women.

--
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/19/2013 12:30:10 AM
**To:** Fred Haddad [redacted]
**CC:** Tonja Haddad Coleman [redacted]; Darren Indyke [redacted]; Debbie Fein [redacted]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Privileged - Redacted**

On Fri, Oct 18, 2013 at 8:10 PM, Fred Haddad <[redacted]> wrote:

# Privileged - Redacted

Sent from my iPhone

On Oct 18, 2013, at 6:38 PM, Tonja Haddad Coleman <[redacted]> wrote:

Tonja Haddad Coleman, Esq.
Sent from my iPhone

Begin forwarded message:

**From:** Sharon Churcher <[redacted]>
**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** "[redacted]" <[redacted]>, "[redacted] <[redacted]>
**Cc:** Nick Pyke <[redacted]>, Liz Hartley <[redacted]>
**Subject: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein**

Dear Sirs:

We are preparing an article about the calendaring today of Mr Edwards' claim against Mr Epstein for jury trial and the witness list which names [redacted] and other young women who allege they were underage victims of Mr Epstein.

Mr Edwards claims that Mr Epstein maliciously attempted to intimidate him and his clients into retracting their claims.

Ms [redacted] further has stated to us that she intends to testify that she was flown to London by Mr Epstein and instructed to have sex at age 17 with Prince Andrew. She alleges that she was paid $15k for this encounter.

She claims that on another occasion, Mr Epstein flew two young women to a dinner for the purpose of entertaining President Clinton. She claims she herself was sex trafficked to several other men, whose contact information is contained in an address book of Mr Epstein's filed in court records.

May we have a comment please? Our deadline is 1pm tomorrow (SATURDAY) ET.

Yours sincerely,
Sharon Churcher

The Mail on Sunday (New York office)

Ph: [redacted] or [redacted]

---

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Equity Strategy Focus Point

# Death and tax reform

Bank of America Merrill Lynch

Quantitative Analysis

29 January 2017 Corrected

## Deep dive on corporate tax reform

OK, maybe it's not as inevitable as death and taxes, but some form of corporate tax reform seems likely. It is a stated priority of President Trump and has widespread Congressional support. We here focus on four components that could have big equity implications. We assess the impacts at a market, sector, and industry level, and plan to update and augment this work as more details come to light.

## Potential near-term boost to EPS, long-term impact varies

Our 2018 S&P 500 EPS estimate of $137 already implies healthy two-year growth of +16%. Tax reform in its entirety could add as much as $5-6 to near-term EPS, as benefits are front-loaded. The sustained impact depends: under a 20% tax rate, the Blueprint would be modestly accretive; under a 15% rate, this annual benefit could triple; but a 25% tax rate that would appease the deficit hawks could shave $3.50 off of earnings each year. We also estimate a one-time $8-9 charge to GAAP EPS associated with the repatriation tax (Table 1).

## Cutting corporate tax rate could add $8 to EPS

Our starting point is the US statutory corporate tax rate. If it were lowered from 35% to 20% and the US moved to a territorial tax system (no longer taxing foreign profits), it would boost S&P 500 EPS by an estimated 12% ($17 to 2018 EPS). We assume companies would be able to retain half of the benefit ($8) and the remainder would be passed on to customers or competed away. For instance, a lasting impact to Utilities' profits is unlikely, as the benefit would be passed on via regulated pricing.

## Repatriation: Buybacks could boost EPS by 3%

Both Trump and the Blueprint support a mandatory (as opposed to 2004's optional) tax of overseas earnings of US firms' subsidiaries at reduced rates. Non-Financials in the S&P hold at least $1.2tn in overseas cash (mostly Tech and Health Care). If half was used for buybacks, this could add 3% ($4) to S&P 500 EPS. A redux of 2004 where companies used 80% of cash for buybacks may be less likely, in our view. For if repatriation is accompanied by an end to interest expense deductions, companies may choose to pay down debt over buybacks.

## Border adjustment tax (BAT) hits EPS by $5-6

While Trump has described the BAT as being "too complicated," White House press secretary Spicer's recent comments call into question his stance. This is a key component of the Blueprint and would generate significant revenue. First-order impacts could be significant, with border adjustments detracting $5-6 from 2018 EPS — nearly 80% of the drag comes from the consumer sectors. The second order impacts — product pricing, pricing within the supply chain, exchange rates, foreign policy reactions, etc. — while harder to quantify, are important to consider.

## End to interest deductibility could detract 4% from EPS

We estimate that over time, the removal of the interest expense deduction would detract about 4% from S&P 500 EPS. An increase in the cost of debt by an incremental 25% could have longer term ramifications for capital structures and funding..

## Tax reform winners and losers

We include stock screens for potential beneficiaries and victims of tax cuts, repatriation and interest deductibility changes, as well as industries most helped/hurt most by a BAT. Note that the very fact that there are companies and industries that have the potential to be very negatively impacted could call into question the likelihood of passage.

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**Refer to important disclosures on page 26 to 27.**

11706251

Timestamp: 29 January 2017 12:01AM EST

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Equity and Quant Strategy
United States

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**Alex Makedon**
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**Jill Carey Hall, CFA**
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+1 646 855 3327
jill.carey@baml.com

**Jimmy Bonilla**
Equity & Quant Strategist
MLPF&S
+1 646 556 4179
jimmy.bonilla@baml.com

**Table 1: Estimated impact of tax reform on S&P 500 2018 EPS**

| Tax policy | 15% | 20% | 25% |
|---|---|---|---|
| Tax rate change | 10.50 | 8.00 | 5.00 |
| End int. deduct. – init. impact* | -0.50 to -1.00 | -0.50 to -1.50 | -0.50 to -2.00 |
| Border adjustments | -4.00 | -5.50 | -6.50 |
| Repatriation buybacks | 4.00 | 4.00 | 4.00 |
| **Total init. Impact** | **9.50 to 10.00** | **5.00 to 6.00** | **0.50 to 2.00** |
| End int. deduct. – recur. impact | -3.50 | -5.00 | -6.00 |
| **Recurring impact** | **7.00** | **1.50** | **-3.50** |
| One-time repat. tax | -8.50 | -8.50 | -8.50 |

Source: BofAML US Equity & Quant Strategy, FactSet, Compustat, S&P

*Assumes end to interest deductibility only applies to new debt, where we estimate 70-90% of debt is long-term.

Note: For this exhibit, we assume that 100% of the cash is repatriated and 50% of it is spent on buybacks. For different buyback assumptions, please see the section on repatriation.

# Contents


| | |
|---|---|
| The costs and benefits of tax reform | 3 |
| Cutting the corporate tax rate | 4 |
| Repatriation | 6 |
| Border adjustment tax analysis | 12 |
| Closing loopholes | 15 |
| No interest tax shield | 17 |
| Tax reform screens | 19 |
| Related BofAML research on US tax reform | 22 |
| Methodology | 24 |




Bank of America Merrill Lynch

HOUSE_OVERSIGHT_023070

# The costs and benefits of tax reform

2017 could be a watershed year from a tax reform perspective. Trump has continuously stated that tax reform is a priority, and there is evidence of widespread support in Congress. Tax reform could be enacted through reconciliation without the risk of being filibustered, suggesting the timing could be imminent. Corporate tax reform could have a significant impact on S&P 500 earnings, corporate behavior and capital markets. Much has been written on the timing, funding and process by which corporate tax reform could be enacted. In this report, we use House Speaker Paul Ryan's Blueprint proposal as a starting point in quantifying the impact of corporate tax reform on the S&P 500, with some scenario analysis to account for differences included in the final bill (such as Trump's proposals). Our analysis is focused specifically on the impact of corporate tax reform, however we recognize that there are many other factors that can impact the sensitivity analysis (e.g. changes to household income tax rates, infrastructure spending, etc.).

We estimate that the Blueprint proposal would initially boost S&P 500 EPS by $5-6, assuming the end of interest expense deductions only applies to new debt, or is phased in over time. But the devil is in the details. Over time, the loss of the interest tax shield would be a significant drag on earnings as existing debt is refinanced. Additionally, the corporate tax rate is critical in determining whether or not the tax reform policies end up being accretive to earnings on a sustained basis. We estimate that at the 20% tax rate, the Blueprint would be modestly accretive, the benefit would triple under Trump's proposed 15% tax rate, but at a higher 25% tax rate that would appease the deficit hawks in Congress, the benefit would turn to a negative over time (Table 2). We also estimate a one-time $8-9 charge to GAAP EPS that would be associated with the discounted repatriation tax.

**Table 2: Estimated impact of tax reform on S&P 500 2018 EPS**

| Tax policy | 15% | 20% | 25% |
|---|---|---|---|
| Tax rate change | 10.50 | 8.00 | 5.00 |
| Ending interest deductibility – initial impact* | -0.50 to -1.00 | -0.50 to -1.50 | -0.50 to -2.00 |
| Border adjustments | -4.00 | -5.50 | -6.50 |
| Share count reduction from buybacks (50%) | 4.00 | 4.00 | 4.00 |
| **Total initial impact** | **9.50 to 10.00** | **5.00 to 6.00** | **0.50 to 2.00** |
| Ending interest deductibility – recurring impact | -3.50 | -5.00 | -6.00 |
| **Recurring impact** | **7.00** | **1.50** | **-3.50** |
| One-time repatriation tax (8.75%), GAAP charge | -8.50 | -8.50 | -8.50 |

Source: BofAML US Equity & Quant Strategy, FactSet, Compustat, S&P
*Assumes end to interest deductibility only applies to new debt, where we estimate 70-90% of debt is long-term.
Note: For this exhibit, we assume that 100% of the cash is repatriated and 50% of it is spent on buybacks. For different buyback assumptions, please see the section on repatriation.

In the following pages, we focus on the following topics that have large implications for US equity investors, but it is important to consider corporate tax reform holistically rather than drawing major implications from each measure in isolation:

- Reducing the US corporate tax rate
- Repatriation - mandatory tax on overseas profits
- Border adjustment tax
- Removal of interest expense deduction

The government revenue associated with each of these is included in the table below.



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**Table 3: Estimated 10-year* revenue impact from tax plans, $bn**
Based on estimates from both the Tax Policy Center and Tax Foundation

| | House Plan | Trump Plan |
|---|---|---|
| **Corporate Tax Reform** | **-890 to -1200** | **-1940 to -2630** |
| Lower corporate tax rate (20% under House, 15% under Trump) | -1800 to -1850 | -2120 to -2350 |
| Full capex expensing, interest expense no longer deductible (mandatory under House, choice between two under Trump)** | -450 to -1040 | -320 to -590 |
| Deemed repatriation of overseas earnings | 140 to 190 | 150-200 |
| Move to territorial tax system | -90 to -160 | n/a |
| Border adjustment | 1070 to 1180 | n/a |
| **Changes to individual income/payroll taxes** | **-980 to -2020** | **-2190 to -3730** |
| **Repeal estate/gift taxes** | **-190 to -240** | **-170 to -240** |
| **Total (static) estimate** | **-2420 to -3100** | **-4370 to -6150** |

*Tax Foundation assumes impact over 2016-2025 and Tax Policy Center assumes impact over 2016-2026
**Under House plan, Tax Foundation separately breaks out estimates for full capex expensing (-$2236) and disallowing interest deduction on new loans (+$1194).
Note: estimates rounded to nearest ten billion, with range to incorporate estimates from both sources. Other elements to corporate tax reform not itemized above include eliminating the AMT, repealing certain corporate tax deductions, etc.
Source: Urban-Brookings Tax Policy Center, Tax Foundation, BofA Merrill Lynch US Equity & US Quant Strategy (calculation of ranges)

From a sector and industry perspective there are haves and have-nots based on each policy, but in aggregate most sectors have some puts and some takes based on tax reform. The table below shows some relevant aggregate statistics by sector that inform our subsequent analysis.

**Table 4: Estimated overseas cash vs. last 12 month effective tax rate vs. COGS net exports by sector**

| Sector | Est. cash overseas ($bn) | Overseas cash % mkt cap | Effective tax rate LTM | Net % imported vs exported COGS |
|---|---|---|---|---|
| Discretionary | 75 | 2.9% | 28% | -14% |
| Staples | 68 | 3.2% | 29% | -13% |
| Energy | 39 | 2.6% | 21% | -3% |
| Health Care | 187 | 7.0% | 23% | -4% |
| Industrials | 127 | 6.0% | 26% | 1% |
| Technology | 647 | 14.9% | 20% | -9% |
| Materials | 24 | 4.0% | 23% | 3% |
| Telecom | 1 | 0.2% | 29% | 0% |
| Utilities | 2 | 0.3% | 28% | 0% |
| **S&P 500 ex. Financials & Real Estate** | **1,170** | **5.7%** | **25%** | -6% |

Source: BofAML US Equity & Quant Strategy, FactSet, Bloomberg

# Cutting the corporate tax rate

The best starting point for analyzing corporate tax reform is the US statutory corporate tax rate, as this rate is critical in determining the impact of other proposed changes (border adjustments, interest deductibility, etc.). If the tax rate were lowered from 35% to 20% and the US moved to a territorial tax system (no longer taxing foreign profits), all else equal, we estimate an initial boost to S&P 500 EPS of 12% ($17 to 2018 EPS). However, over time, some of this benefit could be passed on to customers via lower prices — for instance, it is unlikely that there will be any major long-lasting impact from tax reform for Utilities sector profits, as any benefit/cost would likely be passed through to customers when incorporated into each company's regulated pricing. The benefit would also be offset by some of the other changes discussed in subsequent sections. We assume that S&P 500 companies would be able to retain half of the benefit, or roughly $8 of 2018E EPS. Below, we show the estimated EPS impacts on each sector based on a tax rate of 20%.



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**Chart 1: Sector EPS estimated impact from 20% rate**

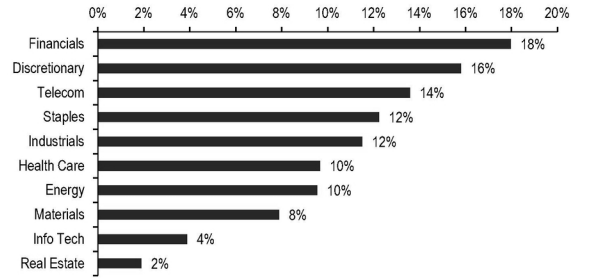


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

While the effective tax rate of the S&P 500 is generally about 28% (currently closer to 25% due to the recent commodity recession), we estimate that the tax rate for the S&P 500's domestic operations is much higher at roughly 33% — although this includes state and local taxes. If all companies with tax rates above the proposed new tax rate of 20% were to drop to 20%, and no companies provisioned for US taxes on foreign profits, we estimate the domestic effective tax rate for the S&P 500 would fall in line with its foreign tax rate of roughly 19%. This would represent a 9ppt decrease in the current S&P 500 tax rate and a 12% increase in EPS. We show the sensitivity to S&P 500 EPS to different assumed tax rates in the chart below, but we reiterate that these estimates exaggerate the actual impact on profits, as a significant portion of these benefits would likely be passed on to consumers via lower prices. We assume that in aggregate, roughly half of the gains from the lower tax rate would be retained (i.e. half of the amounts shown in the sensitivity analysis in Chart 2).

**Table 5: Impact of 20% domestic corporate tax rate**

| Sector | Current tax rate | New tax rate | Change |
|---|---|---|---|
| Discretionary | 30% | 19% | -12ppt |
| Staples | 29% | 20% | -9ppt |
| Energy | 41% | 32% | -9ppt |
| Financials | 33% | 21% | -11ppt |
| Health Care | 25% | 16% | -9ppt |
| Industrials | 32% | 23% | -9ppt |
| Info Tech | 18% | 14% | -4ppt |
| Materials | 28% | 23% | -5ppt |
| Real Estate | 9% | 7% | -2ppt |
| Telecom | 29% | 20% | -9ppt |
| Utilities | 32% | 20% | -12ppt |
| **S&P 500** | **28%** | **19%** | **-9ppt** |

Source: BofAML US Equity & Quant Strategy, FactSet, S&P
* Current tax rates may differ from other sources, as this analysis is based on companies' 5-yr median fiscal year domestic and foreign tax data from annual filings.

**Chart 2: Benefit to 2018 S&P 500 EPS from lower tax rates**

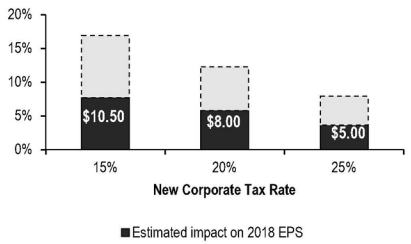


Source: BofAML US Equity & Quant Strategy
Note: Our base case assumes that half of the benefit would be passed on to customers, competed away or offset by other changes to the tax code. Thus, we would expect the uplift to our EPS forecast to be roughly half the calculated benefit from simply lowering the corporate tax rate.

The market is beginning to price in the benefits of tax cuts , but we may still be in the early days – note that potential beneficiaries of fiscal stimulus (i.e. infrastructure spending) have seen an 18% multiple re-rating but de minimis fundamental support, whereas potential beneficiaries of lower corporate tax rates have seen performance driven nearly equivalently by multiples and earnings.



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**Chart 3: Decomposition of performance of 1) S&P 500 stocks exposed to fiscal stimulus* and 2) top 50 S&P 500 stocks with the highest L12M effective tax rates, vs. rest of S&P 500 (1/31/16-1/23/17)**

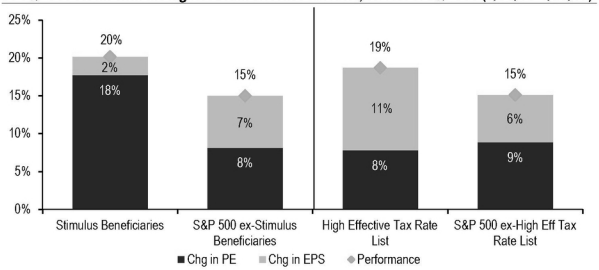


*Stocks identified by BofAML analysts as stimulus beneficiaries in 150 stocks with exposure to the Fiscal Stimulus theme 21 Aug. 2016
Source: FactSet, BofA Merrill Lynch US Equity & US Quant Strategy

**Potential beneficiaries**: See Table 19 at the end of this report for a screen of domestically-oriented companies with high effective tax rates which could potentially benefit from a lower corporate tax rate.

# Repatriation

## Repatriation likely under both Blueprint and Trump plans

### Mandatory tax on overseas profits of 8.75% under Blueprint, 10% under Trump

The US currently operates under a tax system in which the domestic earnings of US corporates are taxed at the federal US corporate rate (35%) and any overseas earnings that are repatriated are taxed at this rate less a credit for foreign taxes paid on those same earnings. Many multinationals' foreign earnings thus remain parked offshore, allowing corporations to avoid the tax hit associated with bringing them back to the US. Both Trump and the House (under Ryan) have proposed a mandatory tax of overseas earnings of US firms' foreign subsidiaries at reduced rates, such that this cash can be brought back and put to work in the US. This differs from the 2004 repatriation tax holiday, which was optional.

Under the Blueprint, accumulated overseas earnings will be subject to a transition tax of 8.75%[1] (for those held in cash/cash equivalents) or 3.5% (for all other holdings), with companies able to pay the tax liability over an eight-year period. This would be part of broader tax reform, where a proposed territorial tax system would exempt companies' foreign income from US taxes and prevent future buildup of overseas profits as companies would be free to bring them home. Trump's plan calls for a one-time deemed repatriation of overseas corporate profits at a 10% tax rate.

**Table 6: Blueprint vs. Trump tax plans for taxing offshore earnings of US firms' foreign subsidiaries**

| Plan | Tax rate on accumulated overseas earnings |
|---|---|
| Blueprint | 8.75% for cash/cash equivalents, 3.5% of all other holdings |
| Trump tax plan | 10% |

Source: donaldjtrump.com, abetterway.speaker.gov

The Tax Policy Center estimates that a repatriation tax holiday would generate approximately $150bn in tax receipts under Trump's plan (over 10 years) and $140bn

[1] Note: The effective tax rates of 8.75% and 3.5% under the Blueprint are based on an allowable deduction of 75% (for deferred earnings held in cash/liquid assets) or 90% (for the non-cash portion), with the remainder taxed at the US corporate tax rate, i.e. 35%(1-75%) = 8.75% and 35%(1-90%) = 3.5%. This methodology was proposed by Dave Camp's (former chairman of the House Committee on Ways and Means) Tax Reform Act of 2014.



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under the Blueprint (over eight years). The Tax Foundation similarly estimates that a repatriation act could drive spending amounting to $185-200bn in revenues through 2025, which could help fund infrastructure/defense spending.

### S&P 500 companies could bring back over $1tn – mostly in Tech & Health Care

Our FX team has written that US corporates in aggregate (including Financials) hold ~$2tn in cash overseas, and their work suggests that nearly half is concentrated within 20 companies. Similarly, as we discuss below, half of the repatriated cash following the 2004 Homeland Investment Act came from just 15 companies, predominantly in Pharma and Tech. Our own analysis of the S&P 500 (based on filings and estimates from our analysts) suggests that non-Financials in the S&P hold approximately $1.2tn overseas, nearly three-quarters of which is in Tech and Health Care (Chart 4).

**Chart 4: Estimated overseas cash as a % of mkt. cap by sector for the S&P 500 (excludes Financials and Real Estate)**

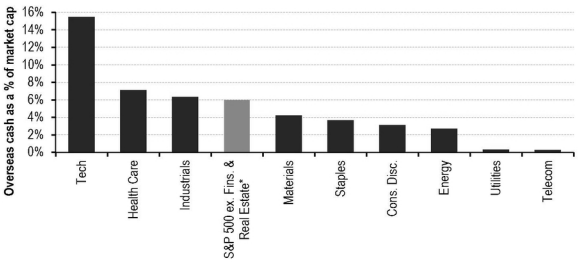


Note: Overseas cash based on company disclosures where available, BofAML analyst estimates, and BofAML US Equity & Quant Strategy estimates using overseas sales as a guide where the former two were not available. For some companies, analyst estimates are for total accumulated overseas profits (which may not all be in cash). *S&P ex. Fins. & Real Estate cash is as a % of total S&P 500 market cap
Source: Bloomberg, FactSet, BofA Merrill Lynch US Equity & US Quant Strategy, BofA Merrill Lynch Global Research

## Repatriation in context: a look back at 2004

The last repatriation holiday in the US was the Homeland Investment Act (HIA) of 2004 (part of the American Jobs Creation Act), which allowed for a one-time repatriation of foreign earnings by US multinationals at a reduced effective tax rate of 5.25% (vs. the statutory 35% rate), based on an allowable exemption of 85% of foreign earnings from US taxes (35% x [1-85%] = 5.25%). This deduction could be claimed in the tax year beginning before or after the passage date in Oct. 2004. Approximately $300bn was repatriated, according to the Bureau of Economic Analysis (BEA)'s U.S. International Transactions Accounts Data, vs. an average of $60bn over the prior five years. The IRS estimates[2] that 843 US companies took advantage of the act.

### Despite HIA's intent; most repatriated cash was spent on buybacks/dividends

Despite the U.S. Treasury Department's guidelines that repatriated earnings should be spent on capital investment, R&D, M&A, and other pro-growth uses such as hiring, this was not ultimately the result: the National Bureau of Economic Research (NBER) estimates[3] that $0.92 of every $1.00 brought back was used to return cash to shareholders ($0.79 for buybacks and $0.15 for dividends)[4], and that repatriation ultimately did not lead to a pick-up in capex, employment or R&D. In fact, a 2011 report by US Senate Permanent Subcommittee on Investigations[5] found that the top 15

[2] Redmiles, Melissa: "The One Time Received Dividend Deduction", https://www.irs.gov/pub/irs-soi/08codivdeductbul.pdf
[3] Dhammika Dharmapala, C. Fritz Foley, and Kristin J. Forbes: "Watch What I Do, Not What I Say: The Unintended Consequences of the Homeland Investment Act", NBER Working Paper No. 15023, June 2009, http://www.nber.org/papers/w15023.pdf.
[4] The $0.79 for buybacks and $0.15 for dividends does not sum to the $0.92 cash return figure due to the NBER's calculation methodology.
[5] United States Senate Permanent Subcommittee on Investigations: "Repatriating Offshore Funds: 2004 Tax Windfall for Select Multinationals", Majority Staff Report, October 11, 2011



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repatriating companies—which accounted for 52% of the total repatriated amount—actually reduced their US workforce and decreased their R&D spending following the repatriation act. The authors of the NBER study point out that cash is fungible, and firms were able to bypass the guidelines on how repatriated cash should be used.

Table 7 shows the top 15 repatriating companies following the HIA, and IRS estimates for the proportion of repatriated cash by industry are in Table 8.

**Table 7: Top 15 repatriating companies based on the 2004 HIA**

| Company | Repatriated Amount ($bn) |
|---|---|
| Pfizer | 35.5 |
| Merck | 15.9 |
| Hewlett Packard | 14.5 |
| Johnson & Johnson | 10.7 |
| IBM | 9.5 |
| Schering-Plough | 9.4 |
| Bristol Myers | 9.0 |
| Eli Lilly | 8.0 |
| DuPont | 7.7 |
| Pepsi Co, Inc. | 7.4 |
| Intel | 6.2 |
| Coca-Cola | 6.1 |
| Altria | 6.0 |
| Procter & Gamble | 5.8 |
| Oracle | 3.1 |

Source: Data provided by corporations in response to U.S. Senate Permanent Subcommittee on Investigations survey

**Table 8: Corporations Repatriating Dividends Under IRC Section 965, Selected Items, by Selected Major and Minor Industry of the Parent Corporation, Tax Years 2004-2006**

| Industry | % of Repatriated Cash Dividends |
|---|---|
| Pharmaceutical and medicine manufacturing | 29% |
| Computer and electronic equipment manufacturing | 19% |
| Other manufacturing | 8% |
| Food manufacturing | 6% |
| Other chemical manufacturing | 5% |
| Information (including software publishers) | 4% |
| Finance, insurance, real estate, rental and leasing | 4% |
| Transportation equipment manufacturing | 3% |
| Management of companies and enterprises | 3% |
| All other industries | 2% |
| Paper manufacturing | 2% |
| Machinery manufacturing | 2% |
| Electrical equipt, appliance & component manufacturing | 2% |
| Other services | 2% |
| Basic chemical manufacturing | 2% |
| Fabricated metal product manufacturing | 1% |
| Retail trade | 1% |
| Wholesale trade, nonduarable goods | 1% |
| Wholesale trade, durable goods | 1% |
| Profiessional, scientific and technical services | 1% |
| Transportation and warehousing | 0% |
| Plastics and rubber products manufacturing | 0% |
| Primary metal manufacturing | 0% |

Note: all figures are IRS estimates
Source: IRS (https://www.irs.gov/pub/irs-soi/08codivdeductbul.pdf)

Our data for the S&P 500 similarly suggests that share repurchases saw the biggest pick-up in terms of cash use from when the HIA was passed in October 2004 through the end of 2006. Buybacks jumped over 200% over this period, where they went from 12% of operating cash flows to 33% of operating cash flow by the end of 2006.

**Chart 5: Capex, dividends, buybacks and M&A for the S&P 500 ex-Financials: increase from 10/31/2004-12/31/2006 and % of Operating Cash Flow during both dates**

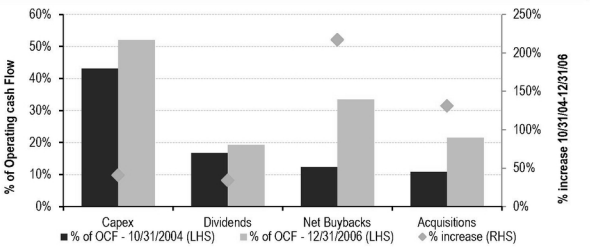


Source: FactSet, BofA Merrill Lynch US Equity & US Quant Strategy

(https://www.hsgac.senate.gov/subcommittees/investigations/media/new-data-show-corporate-offshore-funds-not-trapped-abroad-nearly-half-of-so-called-offshore-funds-already-in-the-united-states)



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### No alpha from repatriation and multiples actually compressed

Our analysis of the top 15 repatriating companies (from Table 7) suggests that while these companies initially outperformed both the S&P 500 and equal-weighted S&P 500 from November 2004-April 2005 (by 6ppt and 5ppt, respectively), they subsequently underperformed during the remainder of 2005 and early 2006 (Chart 6). From the end of September 2004 through year-end 2006, these stocks were up 27% on average, in-line with the overall S&P 500, and below the equal-weighted benchmark's 36% return. And multiples for these stocks compressed over the majority of this period, both on an absolute basis and relative to the benchmark (Chart 7).

**Chart 6: Cumulative relative performance (equal-weighted) vs. S&P 500 and EW S&P 500 of Top 15 repatriating companies, 9/30/04-12/31/06**

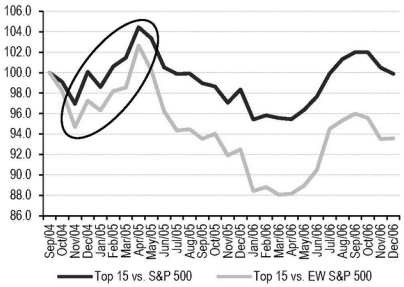


Source: U.S. Senate Permanent Subcommittee on Investigations survey (for Top 15 repatriating stocks), FactSet, Bloomberg, BofA Merrill Lynch US Equity & US Quant Strategy

**Chart 7: Fwd. P/E of Top 15 repatriating companies – absolute and relative to the S&P 500 median fwd. P/E, 9/30/04-12/31/06**

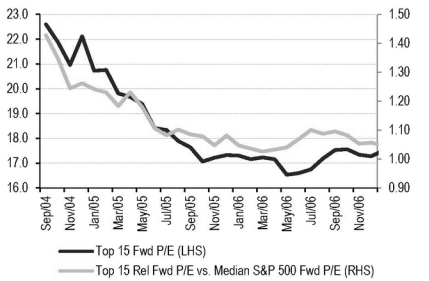


Source: U.S. Senate Permanent Subcommittee on Investigations survey (for Top 15 repatriating stocks), FactSet, Bloomberg, BofA Merrill Lynch US Equity & US Quant Strategy

## Post-repatriation cash use: will this time be different?

### Valuations, investor preference, growth & leverage ratios suggest less buybacks

While any potential restrictions on the use of repatriated earnings are still unknown, we suspect that a pick-up in buybacks is likely, but that a lower proportion will be used for buybacks today than during the last repatriation holiday. Valuations were generally more attractive in 2004-2005 on most metrics (Table 9), and we've found that buybacks tend to be more rewarded when stocks are cheap (Chart 8). Additionally, the largest buybacks have not generated alpha for the last several years, as investors have increasingly agitated for companies to use their excess cash on pro-growth investments (namely capex.) According to BofAML's latest Global Fund Manager Survey, 60% of investors want companies to increase capex spending, vs. 17% who want companies to return cash to shareholders (Exhibit 1). This compares to a majority of investors desiring companies to return cash to shareholders when the HIA was passed in late 2004.

Companies may also feel less pressure to bolster per share metrics by reducing share count if top line is recovering and organic growth is finally materializing. And from a capital structure perspective, if leverage loses its tax benefit, given that leverage ratios are already high (see below) companies may be less likely to reduce their equity capital base, as that would marginally increase their weighted average cost of capital.

### Special dividends, pay-down of debt may be other likely uses

Companies may also return the cash to shareholders by issuing a one-time special dividend: income remains in-demand, given that both interest rates and dividend payout ratios remain historically low. And if a repatriation tax holiday comes within the context of broader tax reform that includes an end to the deductibility of interest expense, companies may choose to pay down debt over other uses of cash, in an attempt to skew their balance sheets less toward debt and more toward equity (see the section on no



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interest tax shield later in this report). Deleveraging balance sheets may also be spurred by a continued environmwnt of rising interest. Leverage for S&P non-Financials has steadily been ticking up over the last few years, and, if we exclude the cash-rich Technology sector, leverage is approaching all-time highs (Chart 9).

**Table 9: S&P 500 valuations: October 2004 vs. today**

| Metric | 10/31/2004 | Today (12/31/16) |
|---|---|---|
| Fwd P/E | 15.6 | 16.9 |
| Trailing P/E | 16.7 | 22.0 |
| Median Fwd P/E | 16.2 | 17.3 |
| P/B | 2.8 | 2.9 |
| EV/EBITDA | 11.6 | 11.7 |
| P/S | 1.5 | 2.0 |
| EV/Sales | 2.2 | 2.3 |

Source: FactSet, S&P, BofA Merrill Lynch US Equity & US Quant Strategy

**Chart 8: Average Annual Return of Russell 1000 Top Quintiles by factor (1986-present)**

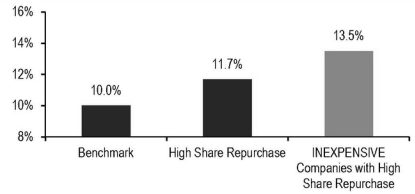


Note: valuation factor used to determine inexpensive companies is FCF/P
Source: FactSet,, BofA Merrill Lynch US Equity & US Quant Strategy

**Exhibit 1: BofAML Global Fund Manager Survey (January 2017): What would you most like to see companies do with cash flow?**

Source: BofA Merrill Lynch Global Fund Manager Survey (17 January 2017)

**Chart 9: Net Debt/EBITDA for the S&P 500 ex Financials (and excluding Energy and Tech)**

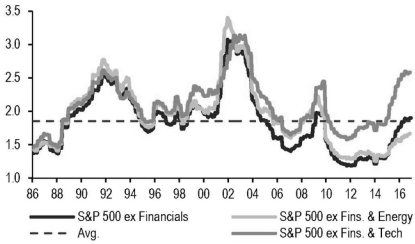


Source: FactSet, BofA Merrill Lynch US Equity & US Quant Strategy

## Potential EPS impacts

### $8-9 (6-7%) hit to GAAP EPS from the mandatory tax on accumulated overseas profit

We estimate that a tax of accumulated overseas profits of $1.2tn would result in a cash tax impact of $100-120bn (which may be allowed to be paid over 8-10 years), and a one-time hit to GAAP EPS of $8-9 (a lower $65-80bn, given that a several large multinationals such as AAPL already provision for US taxes on a portion of their overseas profit, resulting in effective US tax rates well above the US statutory rate). Our analysis assumes Trump's/the Blueprint's proposed rates of 8.75%/10%, and that all overseas profits are hit with this one-time tax, as suggested by their plans. See Table 10.

Note that our estimate of ~$1.2tn of cumulative profits overseas is based on estimates from us, our fundamental analysts, and company filings, where in many cases only overseas cash but not other indefinitely invested earnings are disclosed/estimated. Thus, the tax on these earnings could be slightly higher, though the Blueprint would tax earnings not held in cash at a lower 3.5% rate. (We conservatively assume our estimated $1.2tn is all cash and use the higher 8.75% rate under the Blueprint and 10% under Trump's plan in our below analysis).



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**Table 10: Tax impact from taxation of accumulated overseas profits at 10%/8.75% rates (assuming mandatory tax i.e. all overseas profits are taxed)**

| | Cash tax impact ($bn) | | One-time tax hit to GAAP earnings | |
|---|---|---|---|---|
| **Sector** | **Trump (10%)** | **Blueprint (8.75%)** | **Trump (10%)** | **Blueprint (8.75%)** |
| Consumer Discretionary | 7.5 | 6.5 | 7.5 | 6.5 |
| Consumer Staples | 6.8 | 5.9 | 6.8 | 5.9 |
| Energy | 3.9 | 3.4 | 3.9 | 3.4 |
| Health Care | 18.7 | 16.4 | 18.7 | 16.4 |
| Industrials | 12.7 | 11.1 | 12.7 | 11.1 |
| Information Technology | 64.7 | 56.6 | 26.0 | 22.7 |
| Materials | 2.4 | 2.1 | 2.4 | 2.1 |
| Telecommunication Services | 0.1 | 0.1 | 0.1 | 0.1 |
| Utilities | 0.2 | 0.2 | 0.2 | 0.2 |
| **S&P 500 ex. Financials & Real Estate** | **117.0** | **102.4** | **78.3** | **68.5** |
| | | | | |
| **S&P 500 GAAP EPS impact** | | | **($9)** | **($8)** |

Source: FactSet, Bloomberg, BofAML Global Research estimates, BofA Merrill Lynch US Equity & US Quant Strategy

## We estimate share buybacks add $4 (or as high as $6) to EPS (GAAP & non-GAAP)

If the full $1.2tn that we estimate for overseas cash for the S&P 500 ex. Financials & Real Estate is brought back (given the tax is mandatory and will be paid either way) and 50% is used on buybacks (~3% of S&P 500 market cap), this could add ~$4 to S&P 500 EPS. And if 80% (~4% of market cap) were used on buybacks, similar to NBER's estimate of what occurred following the 2004 tax holiday, this could add $6 to EPS. (The difference between the Trump and Blueprint tax rates is small, leading to only cents in index EPS.) If one assumed companies only brought half of their offshore cash home immediately, even though the full amount was taxed, these benefits would be cut in half.

Note that buyback programs may span several years, which could spread out some of the EPS benefit below. But if one assumes a buyback is fully executed in Year 1, this provides a one-time boost to EPS growth and a recurring benefit to future EPS given a permanently lower share count.

**Table 11: Impact to S&P 500 EPS based on various buyback scenarios**

| **% used for buybacks:** | **10%** | **20%** | **30%** | **40%** | **50%** | **60%** | **70%** | **80%** | **90%** | **100%** |
|---|---|---|---|---|---|---|---|---|---|---|
| Trump (10% tax) | 1% | 1% | 2% | 2% | 3% | 3% | 4% | 4% | 5% | 6% |
| Blueprint (8.75% tax) | 1% | 1% | 2% | 2% | 3% | 3% | 4% | 5% | 5% | 6% |
| **Benefit to 2017 EPS:** | **$1** | **$1** | **$2** | **$3** | **$4** | **$4** | **$5** | **$6** | **$7** | **$7** |
| **Benefit to 2018 EPS:** | **$1** | **$1** | **$2** | **$3** | **$4** | **$5** | **$5** | **$6** | **$7** | **$8** |

Assumes 100% of overseas cash is brought back (given tax is mandatory)
Source: FactSet, Bloomberg, BofA Merrill Lynch Global Research estimates, BofA Merrill Lynch US Equity & US Quant Strategy

Below we calculate the potential impact to sectors' EPS under various buyback scenarios. Differences are small under the Trump vs. Blueprint tax rates.

**Table 12: Impact to sector EPS from various buyback scenarios under Trump (10% tax rate)**

| | % used for buybacks: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **10%** | **20%** | **30%** | **40%** | **50%** | **60%** | **70%** | **80%** | **90%** | **100%** |
| Cons. Disc. | 0% | 1% | 1% | 1% | 1% | 2% | 2% | 2% | 3% | 3% |
| Staples | 0% | 1% | 1% | 1% | 2% | 2% | 2% | 3% | 3% | 3% |
| Energy | 0% | 0% | 1% | 1% | 1% | 1% | 2% | 2% | 2% | 2% |
| Health Care | 1% | 1% | 2% | 3% | 3% | 4% | 5% | 5% | 6% | 7% |
| Industrials | 1% | 1% | 2% | 2% | 3% | 4% | 4% | 5% | 5% | 6% |
| Tech | 1% | 3% | 4% | 6% | 7% | 9% | 11% | 13% | 14% | 16% |
| Materials | 0% | 1% | 1% | 2% | 2% | 2% | 3% | 3% | 4% | 4% |
| Telecom | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Utilities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Assumes 100% of overseas cash is brought back (given tax is mandatory)
Source: FactSet, Bloomberg, BofA Merrill Lynch Global Research estimates, BofA Merrill Lynch US Equity & US Quant Strategy

**Table 13: Impact to sector EPS from various buyback scenarios under Blueprint (8.75% tax rate)**

| | % used for buybacks: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **10%** | **20%** | **30%** | **40%** | **50%** | **60%** | **70%** | **80%** | **90%** | **100%** |
| Cons. Disc. | 0% | 1% | 1% | 1% | 1% | 2% | 2% | 2% | 3% | 3% |
| Staples | 0% | 1% | 1% | 1% | 2% | 2% | 2% | 3% | 3% | 3% |
| Energy | 0% | 0% | 1% | 1% | 1% | 1% | 2% | 2% | 2% | 3% |
| Health Care | 1% | 1% | 2% | 3% | 3% | 4% | 5% | 5% | 6% | 7% |
| Industrials | 1% | 1% | 2% | 2% | 3% | 4% | 4% | 5% | 5% | 6% |
| Tech | 1% | 3% | 4% | 6% | 8% | 9% | 11% | 13% | 15% | 16% |
| Materials | 0% | 1% | 1% | 2% | 2% | 2% | 3% | 3% | 4% | 4% |
| Telecom | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Utilities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Assumes 100% of overseas cash is brought back (given tax is mandatory)
Source: FactSet, Bloomberg, BofA Merrill Lynch Global Research estimates, BofA Merrill Lynch US Equity & US Quant Strategy



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## Cross-asset implications of repatriation

**Repatriation should spur USD-buying – up to 40% may be non-USD denominated**

While few companies disclose the currency composition of their offshore cash, our FX team estimates that 60-75% is already in USD while 25-40% is non-dollar-denominated. (If we extrapolate based on the S&P 500's geographic revenue exposure, the largest proportion could be in Europe, followed by emerging Asia.) This may result in upward pressure on the USD (which they estimate could amount to $250-$400bn if half of all offshore cash, which they estimate at ~$2tn, was repatriated). Their analysis of the EUR-USD during the last repatriation holiday suggests an "announcement effect" is likely, as the dollar strengthened ahead of the bulk of the actual repatriation flows.

**Repatriation could put upward pressure on bank funding costs**

Our rates team's analysis of some of the largest multinationals with offshore cash suggests ~70% of cash is invested in securities with maturities greater than one year, with the remaining 30% having shorter maturities. See table below. They believe repatriation could put upward pressure on bank funding costs as firms reduce their holdings in these short-term investments. According to Crane Data on offshore money fund holdings, our rates team cites that $161bn of offshore funds are held in commercial paper and CDs, of which the majority are from financial institutions with Japan, France and Canada the largest issuers.

**Table 14: Offshore holdings and investment allocation for select firms (see footnote) per BofAML Rates team (as published 12/9/2016)**

| Allocation* | |
|---|---|
| Cash & MMF | 8% |
| CP & CD | 5% |
| Tsy & Agy | 35% |
| Corporate | 36% |
| Non-US Sov | 4% |
| Other | 12% |
| | |
| **Maturity of securities holdings**** | |
| <1y | 28% |
| 1-5y | 59% |
| 5-10y | 7% |
| >10y | 6% |

*Allocation = weighted avg of holdings across all company investments for AAPL, MSFT, CSCO, ORCL, GOOG, MRK, INTC and PFE. **Maturities = weighted avg. of holdings from MSFT, CSCO, GOOG, INTC.
Source: BofAML Global Research, company 10Q's

**Exhibit 2: Offshore money fund USD asset holdings ($bn) as of 9/30/16**

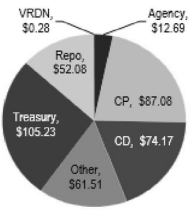


Source: Crane data, BofA Merrill Lynch Global Research

**Potential beneficiaries:** See Table 20 for a screen of companies with high (>10%) overseas cash to market capitalization ratios which could potentially benefit from repatriation.

# Border adjustment tax analysis

A new tax policy outlined in the Blueprint proposal that has been getting a lot of attention recently is the border adjustment tax, or the application of border adjustments to a company's imports and exports. While Trump has described the proposal as being "too complicated," it is a key component of the Blueprint plan and should not be ignored. Additionally, White House press secretary Sean Spicer's recent reference to "...the plan taking shape right now, using comprehensive tax reform as a means to tax imports from countries..." could be a sign that Trump is not as against the proposal his other comments would indicate.



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This policy would effectively result in the tax authorities recognizing all sales that take place in the US (regardless of where they are produced) and all the domestic costs incurred to produce goods and services for customers (regardless of where the sale takes place). As a result, net importers (such as many retailers) would suffer, as they would have to pay taxes on their domestic sales without being able to deduct a significant portion of their costs of production. Conversely, net exporters (companies with much of their production in the US but sales outside of the US) would stand to benefit from not having to pay taxes on their foreign sales while being able to deduct a significant proportion of production costs (Exhibit 3). Purely domestic companies would be unaffected.

**Exhibit 3: Illustration of border adjustment treatment of US corporate taxation**

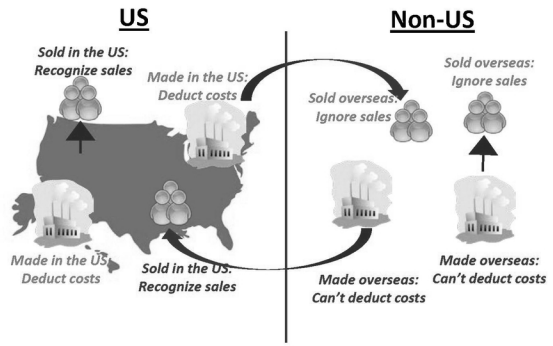


Source: BofA Merrill Lynch US Equity & US Quant Strategy

Even if border adjustments are enacted, there is significant uncertainty around implementation details. For this analysis, we focus on the first order impact of border adjustments, but we recognize there would be significant second order impacts on the pricing of products, pricing within the supply chain, foreign exchange rates as well as foreign policy reactions. (We discuss many of these second order impacts later in this report.) For the current exercise, we also ignored the cost of services as the implementation of these rules would be more complicated. See the Methodology section for more details.

We estimate that at a 20% tax rate, border adjustments would detract $5-6 from 2018 EPS, with nearly 80% of the drag coming from the Consumer Discretionary and Consumer Staples sectors (roughly evenly split). This impact includes a 50% haircut to account for offsets from alternate sourcing, currency rates and pricing power. On one hand, we may be drastically underestimating the impact because we have not included the second order impacts on the supply chain. For example, many retailers source the bulk of their goods from domestic suppliers, who source their goods from overseas suppliers. So while the original retailer may not feel the direct tax hit from importing goods, the supplier that took the tax hit would likely pass along a significant portion of this via a higher cost. On the other hand, the supplier or the retailer could look for alternate domestic sources for those products, but it would largely depend on whether the cost differential of production between the US and overseas exceeded the border adjustment tax. Some key components in determining the cost differential are the foreign exchange rates (more on this below) and labor costs. In the end, the net impact of the border adjustment taxes will be driven by a complex interplay between corporate tax rates, pricing power, foreign exchange moves, foreign versus domestic availability and cost differentials.



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**Chart 10: Sector EPS impact from border adjustment tax (15% rate)**

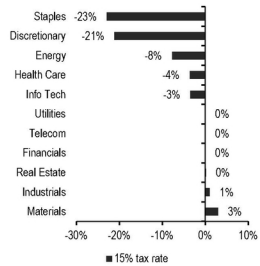


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 11: Sector EPS impact from border adjustment tax (20% rate)**

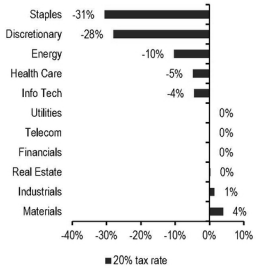


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 12: Sector EPS impact from border adjustment tax (25% rate)**

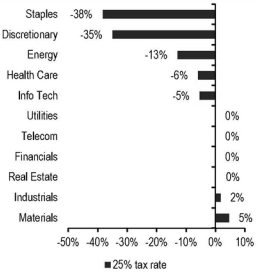


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

### Offsetting BAT with a little math and some price increases

A company could fully offset the border adjustment tax by raising prices such that the after-tax increase in sales would exceed the drag from the lost deduction of costs. All else equal, the break-even price increase would be equivalent to the cost of goods sold as a % of sales multiplied by net % imported and the tax to after-tax ratio, which at a 20% rate is 0.25 (20%/80%).

$$BAT\ price\ offset = COGS\ (\%\ of\ sales) * net\ import\ (\%) * \frac{tax\ rate\ (\%)}{(1 - tax\ rate\ (\%))}$$

As an example, a company with a 25% gross margin that imports 30% of its goods would need to increase its prices by of 5-6% to offset the border adjustment tax, all else equal.

### Offsetting BAT with FX

Some of the increase in the after-tax cost of imported goods can also be offset by a strengthening dollar. For example, companies producing goods in Mexico, which stand to see a 25% increase in the cost of imported goods, should see the cost increase partially offset by the 13% devaluation of the Mexican Peso against the US dollar since the election. The net cost increase is a more digestible 9%, especially when you also consider that the Peso has devalued nearly 30% since its 2013 peak. While it may offer little consolation to corporates, the US Dollar Index is up over 25% since mid-2014, so the border adjustment tax would presumably act as a reversal of the lowered cost of overseas production over that period.

### Border adjustment sensitivity analysis

The table below illustrates how the change in the tax rate and the application of the border adjustment tax would impact the domestic earnings of a hypothetical company with sensitivity to different tax rates and net export assumptions. We assumed the company has a 40% gross margin, operating expenses are 20% of sales and an initial tax rate of 35%. As you would expect, the biggest benefit would accrue to companies with significant net exports at a high domestic tax rate (bigger tax shield) and the most negative impact to significant net imports at a high domestic tax rate (higher taxes on higher taxable income).



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**Table 15: Sensitivity of a company's domestic earnings**

| | Net exports (% of COGS) | | | | |
|---|---|---|---|---|---|
| **Tax rate** | **-100%** | **-50%** | **0%** | **50%** | **100%*** |
| **15%** | -38% | -4% | 31% | 65% | 100% |
| **18%** | -54% | -13% | 27% | 67% | 108% |
| **20%** | -69% | -23% | 23% | 69% | 115% |
| **23%** | -85% | -33% | 19% | 71% | 123% |
| **25%** | -100% | -42% | 15% | 73% | 131% |
| **28%** | -115% | -52% | 12% | 75% | 138% |
| **30%** | -131% | -62% | 8% | 77% | 146% |
| **33%** | -146% | -71% | 4% | 79% | 154% |
| **35%** | -162% | -81% | 0% | 81% | 162% |

Source: BofAML US Equity & Quant Strategy

*We note that it is unlikely that a company can be a 100% net exporter and have any domestic earnings to begin with.

Note: We assume a company with a 40% gross margin, operating expenses are 20% of sales and an initial tax rate of 35%

**Industry screen**: Below we highlight industries which could potentially benefit most / be hurt most by the BAT.

**Chart 13: Industry EPS impact from border adjustment tax (15% rate)**

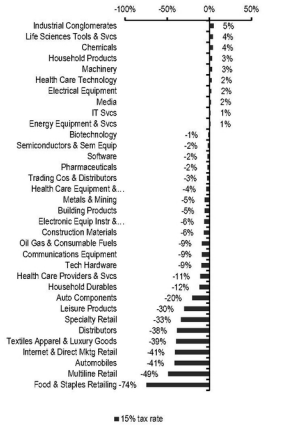


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 14: Industry EPS impact from border adjustment tax (20% rate)**

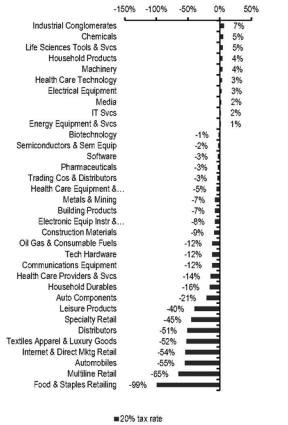


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 15: Industry EPS impact from border adjustment tax (25% rate)**

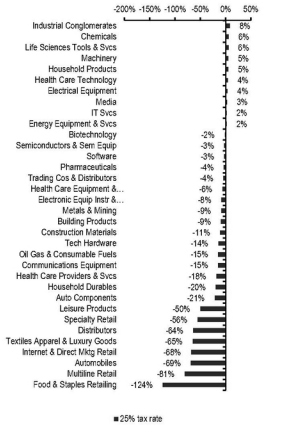


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

# Closing loopholes

Both Trump and the Blueprint proposal suggest getting rid of special-interest deductions and credits that distort capital allocation decisions. The table below lists the 25 biggest US corporate tax breaks. The #1 and #3 "tax breaks" are the deferral of foreign income and certain foreign financial income, but these would become irrelevant if the US moves to a territorial tax system, as is being proposed by the Blueprint plan. Exempting corporations from paying US taxes on foreign income would put the US in




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line with the rest of the world on this issue. Similarly, the accelerated depreciation of machinery & equipment would become irrelevant due to the move toward taxation based on business cash flow and the immediate write-off of capital expenditures. Once the depreciation from legacy investments has run off, then depreciation should become irrelevant for tax purposes. We also highlight the deduction for US production activities (section 199) due to it being specifically highlighted by the Blueprint proposal as no longer being necessary under the new tax policies. Both the Blueprint and Trump have noted that they would likely maintain the Research & Development related tax credits.

**Table 16: Top 25 US corporate tax breaks (2016)**

| Government tax expense | Category/Industry | 2016 ($mn) |
|---|---|---|
| Deferral of income from controlled foreign corporations | International affairs | 102,100 |
| Accelerated depreciation of machinery & equipment | Commerce | 28,570 |
| Deferred taxes for financial firms on certain income earned overseas | International affairs | 15,320 |
| Deduction for US production activities | Commerce | 12,080 |
| Credit for increasing research activities | General science, space, and technology | 9,580 |
| Exclusion of interest on public purpose State & local bonds | General purpose fiscal assistance | 8,400 |
| Credit for low-income housing investments | Housing | 8,200 |
| Expensing of research & experimentation expenditures | General science, space, and technology | 6,350 |
| Deferral of gains from like-kind exchanges | Commerce | 5,720 |
| Inventory property sales source rules exception | International affairs | 4,270 |
| Graduated corporation income tax rate | Commerce | 3,300 |
| Exemption of credit union income | Financial institutions and insurance | 2,310 |
| Special ESOP rules | Income security | 1,910 |
| Deductibility of charitable contributions, other than education & health | Training, employment, and social services | 1,720 |
| Tax credit for orphan drug research | Health | 1,700 |
| Exclusion & deferral of policyholder income earned on life insurance & annuity contracts | Financial institutions and insurance | 1,470 |
| New markets tax credit | Community and regional development | 1,260 |
| Energy production credit | Energy | 1,050 |
| Exclusion of interest on hospital construction bonds | Health | 1,010 |
| Energy investment credit | Energy | 890 |
| Work opportunity tax credit | Training, employment, and social services | 830 |
| Deductibility of charitable contributions (education) | Education | 820 |
| Tax exemption of insurance income earned by tax-exempt organizations | Financial institutions and insurance | 690 |
| Exclusion of interest on bonds for private nonprofit educational facilities | Education | 660 |
| Special Blue Cross/Blue Shield tax benefits | Health | 630 |

Source: BofAML US Equity & Quant Strategy, US Department of Treasury

## Immediate capex expensing should provide some initial cash tax benefits

The shift to the immediate expensing of capital expenditures should provide a significant near-term reduction in cash taxes as companies benefit from the ongoing reduction of taxable income from the depreciation of legacy assets combined with the full expensing of new investments. As the depreciation of legacy assets rolls off, the tax benefit would become more modest. Keep in mind that, for tax reporting, many companies already take advantage of the accelerated depreciation schedules discussed above. The ongoing benefit of capex expensing derives from the deferral in the timing of tax payments.

**Chart 16: S&P 500 capital expenditure to depreciation & amortization ratio**

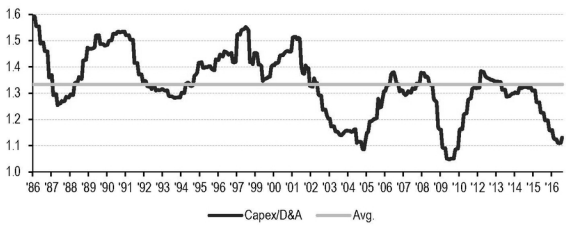


Source: BofAML US Equity & Quant Strategy, S&P, Compustat



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# No interest tax shield

Another key offset to the lower corporate tax rate is the proposed ending of the deduction of net interest expense. We assume that this rule would apply to new debt and that existing debt would be grandfathered. This tax shield removal would increase the cost of debt by an incremental 25% (not to mention the 100bp+ rise in long-term interest rates seen since the summer of 2016). In the table below, we illustrate the impact on S&P 500 corporate profits. We estimate that over time, the removal of the interest rate deduction would detract about 4%, or $4-5 from S&P 500 2018 EPS, although the initial impact would be less significant given 70-90% of the debt is long term.

**Table 17: Estimated EPS impact from the removal of interest tax shield**

| **S&P 500 Non-Financials** | |
|---|---|
| Net Debt ($mn) | 2,899 |
| Net Debt/EBITDA | 1.74 |
| New tax rate | 20% |
| After-tax interest rate [interest rate w/ no tax shield * (1 - new tax rate)] | 4.2% |
| Interest rate w/ no tax shield [interest expense / net debt] | 5.2% |
| Change in cost of debt [(interest rate w/ no tax shield / after-tax interest rate) -1] | 25% |
| **Potential profit impact (%)** [(interest rate w/) no tax shield - after-tax interest rate) * (net debt / net income)] | 4% |
| **Potential impact on 2018 EPS** | **$4-5** |

Source: BofAML US Equity & US Quant Strategy, S&P, FactSet

Many investors assume that interest deductions would likely apply only to new debt, and if this were the case, the drag would be gradual for the overall S&P 500 as debt matures and is refinanced. Companies have shifted the composition of their debt toward longer maturities and fixed rates. We estimate an average S&P 500 debt maturity of over eight years, with just one-third maturing within the next three years. The grandfathering of existing debt is a reasonable assumption, but not a sure thing, in our view. There is a possibility that legislators apply it to all debt on the grounds that most companies are expected to be net beneficiaries of comprehensive tax reform.

There is also a possibility that this policy is phased in over a number of years, with certain portions of the existing debt losing their interest deductibility over time.

**Chart 17: Russell 1000 debt by type and maturity - 2007**

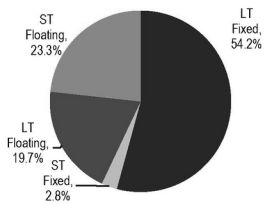


Source: FactSet, BofAML US Equity & US Quant Strategy

**Chart 18: Russell 1000 debt by type and maturity - October 2016**

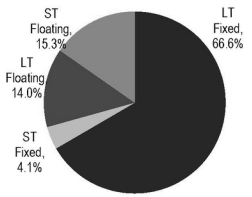


Source: FactSet, BofAML US Equity & US Quant Strategy

**Table 18: Russell 1000 estimated weighted average debt maturity (ex-Financials & REITs)**

| Sector | Estimated Wtd Avg Maturity (years) |
|---|---|
| Cons. Disc. | 7.0 |
| Cons. Staples | 8.1 |
| Energy | 8.4 |
| Health Care | 8.0 |
| Industrials | 8.0 |
| Materials | 7.4 |
| Technology | 7.4 |
| Telecom | 10.8 |
| Utilities | 12.0 |
| **Total** | **8.3** |

Source: FactSet, BofAML US Equity & US Quant Strategy

The most negatively impacted companies would clearly be the ones with the most leverage, in addition to those with depressed earnings (Metals & Mining, Energy, etc.). While the Utilities sector has a lot of leverage, there would likely be a pass through to customers in determining their allowed rate increase.



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**Chart 19: Sector EPS impact from ending interest deductibility (15% rate; ex- fin, utes)**

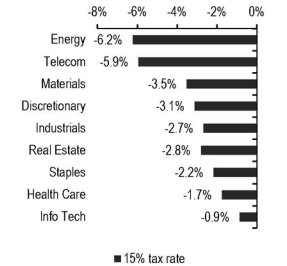


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 20: Sector EPS impact from ending interest deductibility (20% rate; ex- fin, utes)**

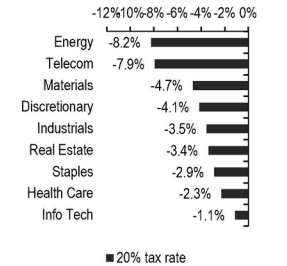


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

**Chart 21: Sector EPS impact from ending interest deductibility (25% rate; ex- fin, utes)**

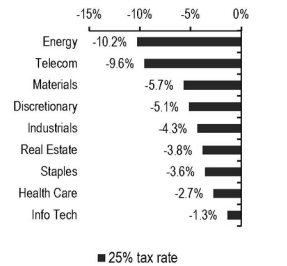


Source: BofAML US Equity & Quant Strategy, FactSet, S&P

## How will levered companies react?

Companies will likely grow comfortable with a smaller amount of debt, retain more earnings, use less cash for dividends and share buybacks, and potentially draw down cash if they have it. If a tax holiday is also granted, that might offset the loss of benefit. Companies that regularly issue long-term debt may choose to reduce that burden to offset the tax change, and find those funds elsewhere. We find it unlikely that the change would result in a surge in equity issuance, unless the change applies to existing debt, which is unlikely in our view. While this change should be taken as a line item in a wholistic bill, there are victims and beneficiaries here. Corporations that have high leverage ratios, low retained earnings, high interest expense to earnings ratios, no cash overseas offset from repatriation, and those that have recurring long-term debt needs may be most at risk.

## Other implications

While some argue that companies will try to raise outsized amounts of investment grade capital ahead of the deadline to lock in funding with the tax benefit before the loophole is closed, there is a reasonable chance that a provision is included in the legislation that would treat such debt as new debt. In our Investment Grade Strategist Hans Mikkelsen's view, demand for IG credit could be materially reduced over time. The tax change could also dampen Leverage Buyout (LBO) activity, according to our High Yield strategist Michael Contopoulos, where these funds are already struggling to generate high returns – note that LBO funds are currently sitting on close to $1tn in cash looking for a home, according to Preqin's third quarter update.

**Who could be hurt:** See Table 21 for a screen of stocks with high net interest expense as a percentage of net income which could potentially be hurt most by an end to the deductibility of interest expense.



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# Tax reform screens

## Lower US corporate tax rate: potential beneficiaries

Below we provide a screen of domestically-oriented S&P 500 companies (<10% foreign sales exposure) with a high (>35%) median 5-year effective tax rate which could potentially benefit most from a lower US corporate tax rate.

**Table 19: S&P 500 companies with high (>35%) median 5-year effective tax rates and low (<10%) foreign sales**

| Ticker | Company Name | Sector | Industry | Foreign Sales % | 5-Year Median Effective Tax Rate % |
|---|---|---|---|---|---|
| CHTR | Charter Communications, Inc. Class A | Consumer Discretionary | Media | 0% | 445.3 |
| DVN | Devon Energy Corporation | Energy | Oil Gas & Consumable Fuels | 8% | 58.3 |
| REGN | Regeneron Pharmaceuticals, Inc. | Health Care | Biotechnology | 0% | 44.3 |
| COG | Cabot Oil & Gas Corporation | Energy | Oil Gas & Consumable Fuels | 0% | 43.5 |
| EOG | EOG Resources, Inc. | Energy | Oil Gas & Consumable Fuels | 5% | 42.3 |
| RRC | Range Resources Corporation | Energy | Oil Gas & Consumable Fuels | 0% | 41.9 |
| CNC | Centene Corporation | Health Care | Health Care Providers & Services | 0% | 41.4 |
| ABC | AmerisourceBergen Corporation | Health Care | Health Care Providers & Services | 0% | 40.2 |
| CNP | CenterPoint Energy, Inc. | Utilities | Multi-Utilities | 0% | 39.7 |
| AWK | American Water Works Company, Inc. | Utilities | Water Utilities | 0% | 39.4 |
| SWN | Southwestern Energy Company | Energy | Oil Gas & Consumable Fuels | 0% | 39.3 |
| CVS | CVS Health Corporation | Consumer Staples | Food & Staples Retailing | 0% | 39.3 |
| WFM | Whole Foods Market, Inc. | Consumer Staples | Food & Staples Retailing | 3% | 38.7 |
| CMG | Chipotle Mexican Grill, Inc. | Consumer Discretionary | Hotels Restaurants & Leisure | 1% | 38.5 |
| JWN | Nordstrom, Inc. | Consumer Discretionary | Multiline Retail | 0% | 38.5 |
| AN | AutoNation, Inc. | Consumer Discretionary | Specialty Retail | 0% | 38.5 |
| TROW | T. Rowe Price Group | Financials | Capital Markets | 0% | 38.4 |
| KMX | CarMax, Inc. | Consumer Discretionary | Specialty Retail | 0% | 38.2 |
| PEG | Public Service Enterprise Group Inc | Utilities | Multi-Utilities | 0% | 38.2 |
| JBHT | J.B. Hunt Transport Services, Inc. | Industrials | Road & Rail | 0% | 38.1 |
| ULTA | Ulta Salon, Cosmetics & Fragrance, Inc. | Consumer Discretionary | Specialty Retail | 0% | 38.1 |
| CHK | Chesapeake Energy Corporation | Energy | Oil Gas & Consumable Fuels | 0% | 38.0 |
| AEE | Ameren Corporation | Utilities | Multi-Utilities | 0% | 37.9 |
| ALK | Alaska Air Group, Inc. | Industrials | Airlines | 0% | 37.9 |
| CTL | CenturyLink, Inc. | Telecommunication Services | Diversified Telecommunication Services | 0% | 37.8 |
| UNP | Union Pacific Corporation | Industrials | Road & Rail | 0% | 37.7 |
| ROST | Ross Stores, Inc. | Consumer Discretionary | Specialty Retail | 0% | 37.7 |
| LOW | Lowe's Companies, Inc. | Consumer Discretionary | Specialty Retail | 8% | 37.6 |
| BBY | Best Buy Co., Inc. | Consumer Discretionary | Specialty Retail | 8% | 37.5 |
| AAP | Advance Auto Parts, Inc. | Consumer Discretionary | Specialty Retail | 0% | 37.5 |
| LUV | Southwest Airlines Co. | Industrials | Airlines | 0% | 37.4 |
| SYF | Synchrony Financial | Financials | Consumer Finance | 0% | 37.2 |
| DLTR | Dollar Tree, Inc. | Consumer Discretionary | Multiline Retail | 8% | 37.2 |
| SCHW | Charles Schwab Corporation | Financials | Capital Markets | 0% | 37.2 |
| NAVI | Navient Corp | Financials | Consumer Finance | 0% | 37.2 |
| CAH | Cardinal Health, Inc. | Health Care | Health Care Providers & Services | 4% | 37.1 |
| CXO | Concho Resources Inc. | Energy | Oil Gas & Consumable Fuels | 0% | 37.1 |
| DFS | Discover Financial Services | Financials | Consumer Finance | 0% | 37.1 |
| DGX | Quest Diagnostics Incorporated | Health Care | Health Care Providers & Services | 2% | 37.1 |
| CSRA | CSRA, Inc. | Information Technology | IT Services | 0% | 37.1 |
| DG | Dollar General Corporation | Consumer Discretionary | Multiline Retail | 0% | 37.0 |
| XEC | Cimarex Energy Co. | Energy | Oil Gas & Consumable Fuels | 0% | 37.0 |
| WEC | WEC Energy Group Inc | Utilities | Multi-Utilities | 0% | 36.9 |
| CSX | CSX Corporation | Industrials | Road & Rail | 0% | 36.9 |
| CTAS | Cintas Corporation | Industrials | Commercial Services & Supplies | 9% | 36.9 |
| ORLY | O'Reilly Automotive, Inc. | Consumer Discretionary | Specialty Retail | 0% | 36.7 |
| KSS | Kohl's Corporation | Consumer Discretionary | Multiline Retail | 0% | 36.7 |
| BBBY | Bed Bath & Beyond Inc. | Consumer Discretionary | Specialty Retail | 0% | 36.6 |
| TSCO | Tractor Supply Company | Consumer Discretionary | Specialty Retail | 0% | 36.6 |
| HUM | Humana Inc. | Health Care | Health Care Providers & Services | 0% | 36.5 |
| TSO | Tesoro Corporation | Energy | Oil Gas & Consumable Fuels | 0% | 36.5 |
| ESRX | Express Scripts Holding Company | Health Care | Health Care Providers & Services | 0% | 36.4 |
| HD | Home Depot, Inc. | Consumer Discretionary | Specialty Retail | 9% | 36.4 |
| CME | CME Group Inc. Class A | Financials | Capital Markets | 0% | 36.4 |
| UNH | UnitedHealth Group Incorporated | Health Care | Health Care Providers & Services | 4% | 36.4 |
| PAYX | Paychex, Inc. | Information Technology | IT Services | 1% | 36.3 |
| NSC | Norfolk Southern Corporation | Industrials | Road & Rail | 0% | 36.2 |
| M | Macy's Inc | Consumer Discretionary | Multiline Retail | 0% | 36.2 |
| RAI | Reynolds American Inc. | Consumer Staples | Tobacco | 5% | 36.1 |
| CMCSA | Comcast Corporation Class A | Consumer Discretionary | Media | 8% | 35.8 |
| AZO | AutoZone, Inc. | Consumer Discretionary | Specialty Retail | 6% | 35.7 |
| UHS | Universal Health Services, Inc. Class B | Health Care | Health Care Providers & Services | 0% | 35.5 |
| AET | Aetna Inc. | Health Care | Health Care Providers & Services | 2% | 35.5 |
| DVA | DaVita Inc. | Health Care | Health Care Providers & Services | 0% | 35.4 |



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**Table 19: S&P 500 companies with high (>35%) median 5-year effective tax rates and low (<10%) foreign sales**

| Ticker | Company Name | Sector | Industry | Foreign Sales % | 5-Year Median Effective Tax Rate % |
|---|---|---|---|---|---|
| FE | FirstEnergy Corp. | Utilities | Electric Utilities | 0% | 35.3 |
| ZION | Zions Bancorporation | Financials | Banks | 0% | 35.2 |
| MO | Altria Group, Inc. | Consumer Staples | Tobacco | 0% | 35.1 |
| EXC | Exelon Corporation | Utilities | Electric Utilities | 0% | 35.1 |
| RSG | Republic Services, Inc. | Industrials | Commercial Services & Supplies | 0% | 35.0 |

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objective before making any investment decisions.

Source: FactSet, BofA Merrill Lynch US Equity & US Quant Strategy

## Repatriation: potential beneficiaries

Below we provide a screen of S&P 500 companies (excluding Financials and Real Estate) with high (>10%) overseas cash as a percent of market cap, which could potentially benefit most from repatriation.

**Table 20: S&P 500 (ex. Financials & Real Estate) companies with the highest overseas cash* as a % of their market cap (>10%)**

| Ticker | Company | Sector | Industry | Overseas Cash ($mn) | Overseas Cash as a % of Mkt Cap |
|---|---|---|---|---|---|
| WU | Western Union Company | Information Technology | IT Services | 6,100 | 62% |
| FSLR | First Solar, Inc. | Information Technology | Semiconductors & Semiconductor | 1,500 | 59% |
| NWS | News Corporation Class B | Consumer Discretionary | Media | 813 | 54% |
| ORCL | Oracle Corporation | Information Technology | Software | 48,200 | 40% |
| CSCO | Cisco Systems, Inc. | Information Technology | Communications Equipment | 59,800 | 39% |
| NTAP | NetApp, Inc. | Information Technology | Technology Hardware, Storage & | 4,000 | 39% |
| QCOM | QUALCOMM Incorporated | Information Technology | Semiconductors & Semiconductor | 29,600 | 36% |
| AAPL | Apple Inc. | Information Technology | Technology Hardware, Storage & | 216,000 | 34% |
| JNPR | Juniper Networks, Inc. | Information Technology | Communications Equipment | 3,167 | 30% |
| SYMC | Symantec Corporation | Information Technology | Software | 4,900 | 29% |
| PVH | PVH Corp. | Consumer Discretionary | Textiles, Apparel & Luxury Goo | 2,100 | 28% |
| AMGN | Amgen Inc. | Health Care | Biotechnology | 29,000 | 26% |
| GE | General Electric Company | Industrials | Industrial Conglomerates | 64,680 | 24% |
| MSFT | Microsoft Corporation | Information Technology | Software | 108,900 | 22% |
| TDC | Teradata Corporation | Information Technology | IT Services | 819 | 22% |
| CTSH | Cognizant Technology Solutions Corp. Class A | Information Technology | IT Services | 7,495 | 22% |
| RL | Ralph Lauren Corporation Class A | Consumer Discretionary | Textiles, Apparel & Luxury Goo | 1,085 | 21% |
| CA | CA, Inc. | Information Technology | Software | 2,137 | 21% |
| WAT | Waters Corporation | Health Care | Life Sciences Tools & Services | 2,346 | 20% |
| LRCX | Lam Research Corporation | Information Technology | Semiconductors & Semiconductor | 3,500 | 19% |
| NWSA | News Corporation Class A | Consumer Discretionary | Media | 813 | 18% |
| GOOG | Alphabet Inc. Class C | Information Technology | Internet Software & Services | 42,900 | 18% |
| MCHP | Microchip Technology Incorporated | Information Technology | Semiconductors & Semiconductor | 2,559 | 17% |
| GOOGL | Alphabet Inc. Class A | Information Technology | Internet Software & Services | 42,900 | 17% |
| GILD | Gilead Sciences, Inc. | Health Care | Biotechnology | 15,700 | 17% |
| VRSN | VeriSign, Inc. | Information Technology | Internet Software & Services | 1,200 | 16% |
| PBI | Pitney Bowes Inc. | Industrials | Commercial Services & Supplies | 470 | 16% |
| XLNX | Xilinx, Inc. | Information Technology | Semiconductors & Semiconductor | 2,240 | 15% |
| ADI | Analog Devices, Inc. | Information Technology | Semiconductors & Semiconductor | 3,374 | 15% |
| A | Agilent Technologies, Inc. | Health Care | Life Sciences Tools & Services | 2,181 | 14% |
| NOV | National Oilwell Varco, Inc. | Energy | Energy Equipment & Services | 2,034 | 14% |
| CTXS | Citrix Systems, Inc. | Information Technology | Software | 1,970 | 13% |
| KLAC | KLA-Tencor Corporation | Information Technology | Semiconductors & Semiconductor | 1,730 | 13% |
| GPS | Gap, Inc. | Consumer Discretionary | Specialty Retail | 685 | 13% |
| WDC | Western Digital Corporation | Information Technology | Technology Hardware, Storage & | 2,800 | 13% |
| GT | Goodyear Tire & Rubber Company | Consumer Discretionary | Auto Components | 1,042 | 13% |
| ADSK | Autodesk, Inc. | Information Technology | Software | 2,059 | 13% |
| PCLN | Priceline Group Inc | Consumer Discretionary | Internet & Direct Marketing Re | 9,800 | 13% |
| JNJ | Johnson & Johnson | Health Care | Pharmaceuticals | 38,200 | 13% |
| MRK | Merck & Co., Inc. | Health Care | Pharmaceuticals | 20,995 | 12% |
| GLW | Corning Inc | Information Technology | Electronic Equip., Instruments | 3,085 | 12% |
| MJN | Mead Johnson Nutrition Company | Consumer Staples | Food Products | 1,577 | 11% |
| LLY | Eli Lilly and Company | Health Care | Pharmaceuticals | 8,100 | 11% |
| KO | Coca-Cola Company | Consumer Staples | Beverages | 17,900 | 11% |
| MOS | Mosaic Company | Materials | Chemicals | 1,276 | 11% |
| AMAT | Applied Materials, Inc. | Information Technology | Semiconductors & Semiconductor | 4,000 | 11% |
| PH | Parker-Hannifin Corporation | Industrials | Machinery | 2,065 | 11% |

*For some companies, total overseas cash may represent total accumulated overseas profits. Overseas cash based on BofAML analyst estimates or Bloomberg data from company disclosures.

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objective before making any investment decisions.

Source: FactSet, Bloomberg, BofA Merrill Lynch Global research estimates, BofA Merrill Lynch US Equity & US Quant Strategy



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## End of interest deductibility: who could be hurt?

Below we provide a screen of the top 50 S&P 500 companies (excluding Financials, Real Estate and Utilities) by high net interest expense as a percentage of net income, which could potentially be hurt by an end to the deductibility of interest expense.

**Table 21: S&P 500 (ex. Financials, Real Estate & Utilities) with high net interest expense as a % of net income**

| Ticker | Company | Sector | Industry | Net Interest Expense (% of L12M Net Income) |
|---|---|---|---|---|
| CHTR | Charter Communications, Inc. Class A | Consumer Discretionary | Media | 1387% |
| DVN | Devon Energy Corporation | Energy | Oil, Gas & Consumable Fuels | 467% |
| CXO | Concho Resources Inc. | Energy | Oil, Gas & Consumable Fuels | 357% |
| MU | Micron Technology, Inc. | Information Technology | Semiconductors & Semiconductor | 316% |
| FCX | Freeport-McMoRan, Inc. | Materials | Metals & Mining | 280% |
| OKE | ONEOK, Inc. | Energy | Oil, Gas & Consumable Fuels | 135% |
| KMI | Kinder Morgan Inc Class P | Energy | Oil, Gas & Consumable Fuels | 120% |
| LVLT | Level 3 Communications, Inc. | Telecommunication Services | Diversified Telecommunication | 96% |
| WYNN | Wynn Resorts, Limited | Consumer Discretionary | Hotels Restaurants & Leisure | 95% |
| CTL | CenturyLink, Inc. | Telecommunication Services | Diversified Telecommunication | 94% |
| CF | CF Industries Holdings, Inc. | Materials | Chemicals | 92% |
| NFX | Newfield Exploration Company | Energy | Oil, Gas & Consumable Fuels | 82% |
| RIG | Transocean Ltd. | Energy | Energy Equipment & Services | 81% |
| NFLX | Netflix, Inc. | Consumer Discretionary | Internet & Direct Marketing Re | 80% |
| SE | Spectra Energy Corp | Energy | Oil, Gas & Consumable Fuels | 78% |
| TDG | TransDigm Group Incorporated | Industrials | Aerospace & Defense | 77% |
| HCA | HCA Holdings, Inc. | Health Care | Health Care Providers & Servic | 63% |
| MPC | Marathon Petroleum Corporation | Energy | Oil, Gas & Consumable Fuels | 56% |
| CAT | Caterpillar Inc. | Industrials | Machinery | 56% |
| EVHC | Envision Healthcare Corp. | Health Care | Health Care Providers & Servic | 55% |
| URI | United Rentals, Inc. | Industrials | Trading Companies & Distributo | 54% |
| DVA | DaVita Inc. | Health Care | Health Care Providers & Servic | 52% |
| TGNA | TEGNA, Inc. | Consumer Discretionary | Media | 52% |
| DE | Deere & Company | Industrials | Machinery | 50% |
| MAS | Masco Corporation | Industrials | Building Products | 49% |
| ENDP | Endo International Plc | Health Care | Pharmaceuticals | 48% |
| COTY | Coty Inc. Class A | Consumer Staples | Personal Products | 47% |
| IP | International Paper Company | Materials | Containers & Packaging | 47% |
| R | Ryder System, Inc. | Industrials | Road & Rail | 46% |
| DLTR | Dollar Tree, Inc. | Consumer Discretionary | Multiline Retail | 46% |
| NEM | Newmont Mining Corporation | Materials | Metals & Mining | 46% |
| FOX | Twenty-First Century Fox, Inc. Class B | Consumer Discretionary | Media | 46% |
| GT | Goodyear Tire & Rubber Company | Consumer Discretionary | Auto Components | 45% |
| RSG | Republic Services, Inc. | Industrials | Commercial Services & Supplies | 45% |
| SEE | Sealed Air Corporation | Materials | Containers & Packaging | 45% |
| PBI | Pitney Bowes Inc. | Industrials | Commercial Services & Supplies | 45% |
| AN | AutoNation, Inc. | Consumer Discretionary | Specialty Retail | 44% |
| KSS | Kohl's Corporation | Consumer Discretionary | Multiline Retail | 44% |
| F | Ford Motor Company | Consumer Discretionary | Automobiles | 43% |
| VIAB | Viacom Inc. Class B | Consumer Discretionary | Media | 42% |
| MNK | Mallinckrodt Plc | Health Care | Pharmaceuticals | 41% |
| ADS | Alliance Data Systems Corporation | Information Technology | IT Services | 41% |
| WRK | WestRock Co. | Materials | Containers & Packaging | 40% |
| VRTX | Vertex Pharmaceuticals Incorporated | Health Care | Biotechnology | 39% |
| BLL | Ball Corporation | Materials | Containers & Packaging | 37% |
| GE | General Electric Company | Industrials | Industrial Conglomerates | 37% |
| M | Macy's Inc | Consumer Discretionary | Multiline Retail | 37% |
| CVX | Chevron Corporation | Energy | Oil, Gas & Consumable Fuels | 37% |
| SLB | Schlumberger NV | Energy | Energy Equipment & Services | 37% |
| TSO | Tesoro Corporation | Energy | Oil, Gas & Consumable Fuels | 36% |

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objective before making any investment decisions.

Source: FactSet, BofaA Merrill Lynch US Equity & US Quant Strategy



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# Related BofAML research on US tax reform

Below we provide links to reports from our BofAML Global Research colleagues that address this topic.

**Economics:**
Global Watch: Will border adjustment lead to border battles? 18 January 2017

US Economic Weekly: Cutting taxes could be taxing 02 December 2016

**Credit strategy:**
Situation Room: Corporate tax reform=less debt 28 November 2016

The HY Wire: 'A Better Way': tax proposals could affect HY issuance 09 December 2016

**FX:**
FX Watch: Ten thoughts on Border Adjustments 18 January 2017

FX Viewpoint: Homeland Investment redux? 17 October 2016

**Autos:**
Automotive Industry: The Trump trade – implications for the automotive value chain 18 January 2017

**Consumer/Retail:**
Retailing - Hardlines: A taxing set of proposals for Hardline Retailers 14 December 2016

Specialty Retail and Department Stores: Border adjustment seems unlikely but would decimate retail earnings 14 December 2016

US Consumer Staples: Policy changes: what to watch for 18 January 2017

Cosmetics, Household & Personal Care: 2017 – The Year Ahead: a few diamonds in the rough 10 January 2017

Consumer Staples: 2017 - the year ahead: sector rotation puts fundamentals in focus 13 December 2016

Tobacco: Tobacco Year Ahead 2017: see domestic players having more upside potential this yr 04 January 2017

Homebuilders and Building Products: State of the union 12 December 2016

**Financials / Real Estate:**
2017 Banks Year Ahead: T-R-U-M-P: Find out what it means for "E" (20% potential upside) 10 January 2017

US Banks Chart of the Week: Muni exposure will mute benefit from lower corporate taxes 11 December 2016

Insurance: Tax changes could have mixed implications 18 January 2017

Brokers, Asset Managers & Exchanges: 2017 Year Ahead: An attractive outlook, with 12-20%+ upside, with catalysts 12 January 2017

U.S. REITs: Regulatory changes are coming: A REIT analyst guidebook 17 January 2017

**Health Care:**
Managed Care: MCO rally has just begun; beneficiaries of the non-Health Care upside from Trump 02 December 2016

Biotechnology: On the road to recovery 04 January 2017

Healthcare: 2017 – the year ahead: the only constant is change 15 December 2016



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**Energy:**
Refiners: What's going on with Refining in 2017: potential benefits in a Trump administration 05 January 2017

**Industrials / Materials:**
Industrials/Multi-Industry: DEM#217: The Year Ahead; Resetting for higher US growth and inflation 09 January 2017

Engineering & Construction: 2017 view: energy backlog more 2H story, own infrastructure & federal 12 January 2017

Transportation - Railroads: 2017 Rail Year Ahead: Macro factors favor group; 1H comps set stage for growth 12 January 2017

Business, Education & Professional Services: 2017 year ahead: INFO top pick in Business Services 12 January 2017

Basic Materials & Industrials 2017 Year Ahead: Buy America and inflation, but watch the US dollar and interest rates 12 December 2016

Global Chemicals: Potential tax reform could be more meaningful than infrastructure spending 15 December 2016

**Tech:**
Apple Inc.: Deep Dive - Benefit from lower U.S. tax rate, but border tax could be onerous 13 January 2017

Server & Enterprise Software: Tax reform +ve for INTU, CRM; Cash repatriation +ve for ORCL, MSFT, VMW 12 December 2016

Semiconductor Capital Equipment: Tax sensitivity analysis. Repatriation a bigger deal than taxes for Semicaps, EDA 02 December 2016

Telecom Equipment: New administration appears likely to drive spending on infrastructure & cyber security 18 January 2017

Internet/e-Commerce: Top 2017 US Internet Sector Drivers – Trump Act One 17 January 2017

**Telecom:**
Wireline & Wireless Telecom Services: For AT&T, Verizon and CenturyLink, the telco tax trade could be 'Huge' 19 December 2016

Wireline & Wireless Telecom Services: 2017 Year Ahead – Fiscal forces, regulation, and video migration to mobile 10 January 2017

**Media:**
Media & Entertainment: 2017 year ahead - living the stream 11 January 2017

Cable/Satellite: 2017 year ahead – reform, relief and resilience 11 January 2017

**Utilities:**
Utilities: 2017 Year Ahead: Washington DC will likely cast a long shadow on utilities 06 January 2017



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# Methodology

**Repatriation impact**

We estimated cumulative overseas profits for the S&P 500 excluding Financials and Real Estate via three sources: 1) Bloomberg data on cash held overseas (if disclosed/available), 2) BofAML analyst estimates on cumulative overseas profits or cash, and 3) our own estimate if neither (1) or (2) are available, based on (Total cash x [% of foreign sales +10%]) for companies with at least 5% foreign sales.

We apply the effective tax rates proposed by Trump (10%) and the Blueprint (8.75%) to our estimated $1.2tn in overseas cash to determine taxes due for the S&P 500 ex. Financials & Real Estate. We estimate that 100% is brought back given that the tax is mandatory. To compute the one-time tax impact to GAAP EPS, we divide the cumulative tax impact by the S&P 500 divisor, after first excluding the impact from several large multinationals (e.g. AAPL) which already provision a portion of their overseas profits for US taxes and have effective US tax rates well above 35%.

Note that for companies for which our analysts provided estimates, we asked them to provide cumulative overseas profits if possible, but in most cases this number reflects overseas cash. Thus, taxes paid could be slightly higher than we estimate given that both the Blueprint and Trump's plans suggest a mandatory tax on all accumulated overseas profits, some of which may be permanently reinvested; here, the Blueprint suggests a lower 3.5% tax for retained earnings not held in cash/equivalents, suggesting that any additional taxes payable that we are not capturing are likely to be small.

To calculate the % EPS impact from buybacks, we subtract the amount of taxes payable from total cash brought back for the S&P 500 ex. Financials & Real Estate (and for each sector) and divide this by the market cap for the S&P 500 (and for each sector.) We multiply this % impact for the overall index by our 2018E EPS of $137 to determine the potential EPS impact, applying various buyback scenarios (10-100%). We use 50% as a base case scenario, which is lower than the 80% brought back during the 2004 tax holiday, to be conservative.

**Border adjustments impact on EPS**

We estimate the costs of goods imported and exported for each company using the latest company filings, conversations with analysts, industry research, management commentary and the Input-Output accounts data published by the U.S. Department of Commerce. For more information about the Input-Output accounts data, please refer to the Bureau of Economic Analysis website at http://www.bea.gov/industry/io_annual.htm.

When using the estimates based on Input-Output accounts, we adjust them to account for the varying foreign exposures of different S&P 500 industries. For companies that source products through importers (e.g. retailers), we only included the costs of goods estimated to be directly imported by each company, as taxes pertaining to those imported goods should be paid by the importers themselves.

We estimate the earnings impact of border adjustments based on the additional taxes that companies would pay on the costs of imported goods sold in the US (non-deductible) and any reduction in taxes related to the production costs for exported goods (deductible). To calculate this, we multiple the net value of imported COGS by the assumed tax rate. Note that the net impact can be either positive or negative depending on whether the company is a net importer or exporter. We assume a 50% haircut to the impact to account for from alternate sourcing, currency rates and pricing power.

**Lower corporate tax rate impact on EPS**

We estimate the normalized effective domestic tax rate of a company based on conversations with the analysts or the median 5-year domestic income tax rate. If a company had a negative tax rate for a particular year, we exclude the tax rate of that



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year from the median calculation. For companies with normalized tax rates of more than 75%, we assume 35%.

The impact of a lower corporate tax rate on company earnings is directly proportional to the difference between the current domestic tax rate and the proposed tax rate. The impact is calculated by taking the difference between the current tax rate and the proposed tax rate, and dividing it by (1-current tax rate).

To calculate the impact of a lower corporate tax rate on the S&P 500 earnings, we can divide the change in the effective tax rate by (1 – the current effective tax rate).

**Interest deductibility impact**

We estimate the cost associated with the removal of the net interest expense deduction from taxable income by multiplying the net interest expense by the tax rate.



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# Jeffrey Epstein: Educational Programs

Cuts to public funding for education means that many programs need to find support and funding from private donors. The **Jeffrey Epstein** VI Foundation is proud to provide needed funding to worthy educational programs and schools across the country. While the initial focus of the Foundation was science education , it has since widened its scope and now provides funding to a wide range of educational programs in other fields.

*Bard Early College Program*

The Bard High School Early College program consists of three public high schools, one in Manhattan, one in Queens and one in Newark, NJ. The schools have been cited by President Obama as model schools for the country. They've also recently received funding from Epstein. Although the schools are not charter schools, they are run with the efficiency expected of a charter school.

Bard High School Early College schools have a considerably smaller number of students than most high schools. Only 600 students attend each school. The student to teacher ratio is also surprisingly low for a public school, 20 to 1. Although the schools must meet Regent exam requirements the same as other public schools, they are given more autonomy and freedom when it comes to planning their curricula.

What also sets the Bard Schools apart, is that students graduate not only with a high school diploma, but with 60 college credits and an associates degree in the liberal arts and sciences from Bard College.

Admission to Bard High School is based on a student's writing ability and grades. It's a competitive program and fewer than 10 percent of students who apply are accepted each year.

In 2012, Epstein also provided substantial funding to the Maya Angelou charter schools in Washington, DC. The charter schools were started in 1997 for teenagers who were in the juvenile justice system. Since then, the charter schools have grown and now include four schools, including a program for older students. Currently, over 600 students attend the four schools. The graduation and college acceptance rate for the Maya Angelou Charter schools is considerably higher than for regular schools in the DC area.

Jeffrey Epstein notes that 73 percent of the school's graduates attend college and 60 percent go on to earn a college degree. The Jeffrey Epstein VI Foundation is proud to have been able to support such a worthy school.

The New York Times
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March 13, 2005

FRANK RICH

# The Greatest Dirty Joke Ever Told

T was two and half weeks after 9/11 that I heard the dirtiest joke I'd ever heard in my life. New York was still tossing and turning under its blanket of grief back then. Almost no one was going out at night to have fun, a word that had been banished from the country's vocabulary. But desperately sad people will do desperate things. That's my excuse for making my way with my wife to the Hilton on Sixth Avenue, where the Friars Club was roasting Hugh Hefner.

Someone had decided that the show must go on. A crowd materialized out of nowhere to pack a vast ballroom in an otherwise shadowy and deserted Midtown. On the dais were not only the expected clowns old (Alan King) and young (Jimmy Kimmel) but a surreal grab bag of celebrities out of Madame Tussauds: Dr. Joyce Brothers, Ice-T, Patty Hearst, Donald Trump. "God Bless America" was sung by Deborah Harry.

The ensuing avalanche of Viagra jokes did not pull off the miracle of making everyone in the room forget the recent events. Restlessness had long since set in when the last comic on the bill, Gilbert Gottfried, took the stage. Mr. Gottfried, decked out in preposterously ill-fitting formal wear, has a manic voice so shrill he makes Jerry Lewis sound like Morgan Freeman. He grabbed the podium for dear life and started rocking back and forth like a hyperactive teenager trapped onstage in a school assembly. Soon he delivered what may have been the first public 9/11 gag: He couldn't get a direct flight to California, he said, because "they said they have to stop at the Empire State Building first."

There were boos, but Mr. Gottfried moved right along to his act's crowning joke. "A talent agent is sitting in is office," he began. "A family walks in - a man, woman, two kids, and their little dog. And the talent agent goes, 'What kind of an act do you do?' " What followed was a marathon description of a vaudeville routine featuring incest, bestiality and almost every conceivable bodily function. The agent asks the couple the name of their unusual act, and their answer is the punch line: "The Aristocrats."

As the mass exodus began, some people were laughing, others were appalled, and perhaps a majority of us were in the middle. We knew we had seen something remarkable, not because the joke was so funny but because it had served as shock therapy, harmless shock therapy for an adult audience, that at least temporarily relieved us of our burdens and jolted us back into the land of the living again. Some weeks later Comedy Central would

cut the bit entirely from its cable recycling of the roast. But in the more than three years since, I have often reflected upon Mr. Gottfried's mesmerizing performance. At a terrible time it was an incongruous but welcome gift. He was inviting us to once again let loose.

I bring up that night now because I've seen "The Aristocrats," a new documentary inspired in part by Mr. Gottfried's strange triumph. Unveiled in January at Sundance, it's coming to a theater near some of you this summer. (It could be the first movie to get an NC-17 rating for sex and nudity not depicted on screen.) But I also bring up that night for the shadow it casts on a culture that is now caught in the vise of the government war against "indecency." The chill cast by that war is taking new casualties each day, and with each one, the commissars of censorship are emboldened to extend their reach. When even the expletives of our soldiers in Iraq are censored on a public television documentary, Mr. Gottfried's unchecked indecency seems to belong to another age.

The latest scheme for broadening that censorship arrived the week after the Oscar show was reduced to colorless piffle on network television. Ted Stevens, the powerful chairman of the Senate Commerce Committee, pronounced himself sick of "four-letter words with participles" on cable and satellite television. "I think we have the same power to deal with cable as over the air," he said, promising to carry the fight all the way to the Supreme Court. Never mind that anyone can keep pay TV at bay by not purchasing it, and that any parent who does subscribe can click on foolproof blocking devices to censor any channel. Senator Stevens's point is to intimidate MTV, Comedy Central, the satellite radio purveyors of Howard Stern and countless others from this moment on, whether he ultimately succeeds in exerting seemingly unconstitutional power over them or not.

If you can see only one of the shows that he wants to banish or launder, let me recommend the series that probably has more four-letter words, with or without participles, than any in TV history. That would be "Deadwood" on HBO. Its linguistic gait befits its chapter of American history, the story of a gold-rush mining camp in the Dakota Territory of the late 1870's. "Deadwood" is the back story of a joke like "The Aristocrats" and of everything else that is joyously vulgar in American culture and that our new Puritans want to stamp out. It's the ur-text of Vegas and hip-hop and pulp fiction. It captures with Boschian relish what freedom, by turns cruel and comic and exhilarating, looked and sounded like at full throttle in frontier America before anyone got around to building churches or a government.

Its creator is David Milch, a former Yale fraternity brother of George W. Bush and the onetime protégé of Robert Penn Warren, whose 1946 novel "All the King's Men" upends bowdlerized fairy tales about American politics just as "Deadwood" dismantles Hollywood's old sanitized Westerns. As Mr. Milch says in an interview on the DVD of the first "Deadwood" season: "It's very well documented that the obscenity of the West was striking, and that the obscenity of mining camps was unbelievable." There was "a tremendous energy to the language," he adds, but the reason this language never surfaced in movie Westerns during the genre's heyday was the Hays production code. For some 30 years starting in 1934, Hollywood's self-censorship strictures kept even married couples in separate beds on screen.

Mr. Milch has fought such codes in the past. He was a co-creator, with Steven Bochco, of the network police show, "NYPD Blue," which prompted protests in 1993 for its rude language and exposure of David Caruso's backside. That battle was won; "NYPD Blue" overcame the howls of the American Family Association and an early blackout by some ABC affiliates to become a huge hit that ended its run only this month. But it's a measure of what has happened since that now even the backside of a cartoon toddler is being pixilated in the animated series "Family Guy," on Fox. Mr. Bochco told Variety, "I don't think today we could launch or sell 'NYPD Blue' in the form that it launched 12 years ago." He's right. We're turning the clock back to the days of Hays.

This is why "Deadwood" could not be better timed. It reminds us of who we are and where we came from, and that even indecency is part of an American's birthright. It also, if inadvertently, illuminates the most insidious underpinnings of today's decency police by further reminding us that the same people who want to stamp out entertainment like "Deadwood" also want to rewrite American history (and, when they can, the news) according to their dictates of moral and political correctness. They won't tolerate an honest account of the real Deadwood in a classroom or museum any more than they will its fictionalized representation on HBO.

Lynne Cheney has taken to writing and promoting triumphalist children's history books that, as she said on Fox News recently, offer "an uncynical approach to our nation and to our national story." (So much for her own out-of-print "Deadwood"-esque novel of 1981, "Sisters," with its evocation of lesbian passions on the frontier.) That's her right. But when her taste is enforced as government policy that's another matter. The vice president's wife has used her current political clout, as The Los Angeles Times uncovered last fall, to quietly squelch a Department of Education history curriculum pamphlet for parents that didn't fit her political agenda. It's no coincidence that Senator Stevens attacked the Smithsonian Institution in the 1990's when it mounted an exhibit deromanticizing the old West, "Deadwood"-style, by calling attention to the indignities visited on women, Indians and the environment.

At a certain point political correctness on the right becomes indistinguishable from that of the left. On the Oscar telecast, Robin Williams was prohibited by ABC from delivering a satirical comic song by Marc Shaiman and Scott Wittman, the "Hairspray" songwriting team, inspired by James Dobson's attack on the "pro-homosexual activism" of the cartoon character SpongeBob SquarePants. One of the no-no's: an unflattering reference to Indian casinos in the lyric "Pocahontas is addicted to craps." If the lyric had said Pocahontas was victimized by white guys, the right would have shut the song down just as fast.

"It's a dangerous world we're living in when you get to the point that a joke about Jude Law is the most controversial thing in the Oscar show," says the TV star and standup comic Bob Saget. "I'm missing Marlon Brando's Indian wife, David Niven and the streaker." I had called Mr. Saget because he is one of the hundred or so comedians who appear in the documentary "The Aristocrats," in which another comic, Paul Provenza, and the magician-comedian Penn Jillette interview their peers about the decades-long history and countless improvisational variations on the film's eponymous joke.

The movie is a multigenerational compendium of comedians, from Phyllis Diller and Don Rickles to George Carlin, Chris Rock, Jon Stewart, Sarah Silverman and Cartman of "South Park." But the raunchiest participants are often those best known for their roles in family-friendly sitcoms on network TV: Drew Carey, Jason Alexander, Paul Reiser. I asked Mr. Saget, who starred as a lovable widower father in the long-running hit "Full House," where his own impulse to tell X-rated standup comes from. Among his reasons: "There's something about all of us that wants to push the limits of the world we're in, where you can't say anything. There's a time and a place for stuff that is freeing for people."

I'm not a particular enthusiast for dirty jokes, but that freedom is exactly what I, and I suspect others, felt when a comic with a funny voice in a bad suit broke all the rules of propriety at that Friars Roast. But it was just three days earlier at the White House that Ari Fleischer, asked to respond to a politically incorrect remark about 9/11 by another comedian, Bill Maher, warned all Americans "to watch what they say." That last week in September 2001, I've come to realize, is as much a marker in our cultural history as two weeks earlier is a marker in the history of our relations with the world. Even as we're constantly told we're in a war for "freedom" abroad, freedom in our culture at home has been under attack ever since.

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> He would be wise to put me on his Champaign trail my Trump story would lead him to Victory ..
> His intuition lead him to his success and his intuition would make this country great ..
>
> Sent from my iPhone

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# White Collar Titan Reid Weingarten on Juries, Clients and the Scariest Federal Prosecutors

Jenna Greene, The Litigation Daily

September 4, 2015

Hope you never have to call Reid Weingarten. Because if you do, it means you're in a world of trouble.

The Steptoe & Johnson LLP partner is one of the country's preeminent white collar defense lawyers. His clients have included former WorldCom CEO Bernard Ebbers, former Enron chief accounting officer Richard Causey, former Tyco general counsel Mark Belnick and film director Roman Polanski, as well as Goldman Sachs CEO Lloyd Blankfein.

But if you do have to call him, here's a bonus: he's one of the most interesting, engaging lawyers you'll ever meet.

Weingarten spoke at length with the Litigation Daily about his practice—what it means when he wants the "smart jurors," what he says to prosecutors in their offices to convince them not to bring a case, how he and close friend Eric Holder Jr. years ago started a foundation that has helped thousands of juvenile offenders and at-risk teens.

The interview has been edited for clarity and length.

*Lit Daily: A corporate executive recently told me he thought the best lawyers are as much psychologists as legal experts. Do you agree?*

Reid Weingarten: Yes, yes, yes. The ratio is probably two-thirds lawyer, one-third shrink.

There are two distinct parts to my practice—the New York piece, largely CEOs and CFOs, Wall Street guys, hedge fund guys—and the D.C. piece, largely but not exclusively public official types and people who deal with public officials.

These are all big-ego, extraordinarily successful people who find themselves dramatically at odds with Uncle Sam, because typically people don't come to me unless the Justice Department wants to put them in prison for a long time and take all their money.

Sometimes their reaction is denial, sometimes shock and horror, sometimes anger, but it's always dramatic. The mission at a minimum is to get the client to understand what's happening so that he can be effective for me, in terms of my defending him.

*LD: Have you ever declined to represent someone because you were so appalled by what they did?*

RW: At this point, I'm in the fortunate position of turning down more cases than I take. I turn down cases for many reasons, though it's not so much that I'm appalled by the behavior.

The way I look at it is, do I bring value? Is there something about me representing the individual that adds something, as opposed to every other lawyer in town? I think if I halted, or I was so shocked or appalled or dismayed by the conduct that I'd pull my punches, I'd know that.

I break bread with the would-be client. If there's a visceral feel, either overtly or covertly, that I'm not going to want to spend time with him or her, it all factors in. There are often a variety of factors that cause me to take seriously the potential of the representation, and then I turn it down.

*LD: Are conflicts much of an issue?*

RW: Steptoe & Johnson is a big firm, but it's not one of the megafirms. There have probably been a dozen significant matters I got conflicted out of because of Steptoe's other representations. But I have colleagues who work at much bigger firms who are constantly getting conflicted out of representations.

I represented the CEO of Goldman Sachs, and Goldman intersects with everyone in the world. If I had nothing but Goldman-like representations, that would be an issue. But if you represent Jesse Jackson Jr. or [other] public officials, as I do, the potential for conflicts is significantly less.

*LD: What agency is most likely to strike fear in the heart of defendants?*

RW: The Southern District of New York is the elite prosecutor's office in the country. I don't think you'd get much dispute there. They're aggressive, they're smart, they have this enormous home court advantage. Right after them, there are several very fine, very aggressive, very talented U.S. attorneys offices like Chicago, Boston, EDVA and certainly the District of Columbia. And you can go to Topeka, Kansas, or Burlington, Vermont, and find a federal prosecutor who is very smart, has a good case and is talented in court.

In the Justice Department itself, there's the Criminal Division, and the two litigating sections—the public integrity section, where I was for 10 years, and the fraud section. They've had their ups and downs. As a defense attorney dealing with both sections regularly, you can have your hands full with either.

*LD: Some of the people you've represented have been so high-profile. How much of a challenge is jury selection, and how do you handle it?*

RW: By way of example, in my most recent trial I went down to New Orleans. I represented the former head of exploration for BP, who was accused of lying to Congress about how

much oil was coming out of the hole after the explosion. BP had pleaded guilty to the very same conduct and paid $4 billion. That was not a positive piece.

I was told by everybody that BP was loathed in New Orleans. So now I have to pick a jury in New Orleans for the very same conduct the company pleaded guilty to. And BP had paid a zillion dollars to every fisherman and stripper in New Orleans who claimed the spill prevented them from earning a living. But now, BP was getting pissed off that they were getting ripped off, and were pulling back. In addition to being hated for killing all the pelicans and ruining tourism and fishing, now they're pulling back on their largesse.

So I have to pick a jury. We had all the consultants you can imagine. The common wisdom was, don't pick anybody close to the gulf, because anyone close to the explosion will hate BP, and don't take African-Americans because they hate fancy white lawyers from Washington, blah blah blah.

I picked a jury and I did exactly the opposite, because my gut was that a sophisticated person near the water who is familiar with the industry will appreciate how difficult it is to drill these wells. If you have 100 deep sea wells in the gulf, every once in a while, you're going to have an accident.

And there's no reason to assume that the rest of the population, no matter what their background or color, wouldn't strive to be fair. I also thought I had the upper hand in that I didn't think my client was guilty of anything, so I went against the grain.

You have standard thinking among most defense counsel on jury selection, and this is an instance where I threw it out, and the jury came back in about two seconds and acquitted. I was lucky and right.

It's interesting to see who wants the smart jurors. Sometimes prosecutors want the smart jurors, sometimes I want the smart jurors. That is an indication of who thinks they have the righteous case. When prosecutors are striking all the lawyers and accountants and college-educated people, and—in New York City this happens—they want doormen and bus drivers, what they want is to rely on visceral hatred for the target and also a visceral reliance on Uncle Sam, as opposed to the facts.

When that happens, I want to blow my brains out, because that's not how prosecutors should behave. Prosecutors always should have the righteous case, and it should only be crafty defense attorneys who want to obscure the facts. When I want the smart jurors because I think I have a righteous case, that case never should have been brought.

These days I find that to be the case many times.

*LD: How do you prepare for court? Do you rehearse what you're going to say?*

RW: I can't prepare that way. There are clients who say, "I want to hear your opening before you make it." I say, "Get another lawyer."

This is not good or bad, it's just Reid. I can't say the same thing twice, and I cannot read a speech. It's not how I work with information.


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If I think there's a real likelihood there's going to be a trial, I'll make a file for opening, a file for closing, a file for putting the client on, and I'll make a cross-examination file for the snitch or snitches. If I'm taking a walk or kayaking in the North Atlantic or sleeping and have a thought, I'll throw notes in there. Two days before the opening, I'll go through the notes.

I'll have it largely in my head. I used to have a chocolate Lab I'd walk in the woods behind my house. I'd talk to myself, and I'd talk to Emma the chocolate Lab, and we'd try things and I'd practice my opening with her, but only with her.

The notes I toss in those files end up being what I do in court.

*LD: You've been described as "almost constitutionally incapable of settling a case." Do you think that's true?*

RW: No. I've had a lot of trials, but the great majority of my advocacy is done in prosecutors' offices. I'll say one or two things. One is that 'this is not a righteous case, and here's why,' and/or 'If you bring it, I'll kick your ass.' I find sometimes No. 2 is more effective, especially if it's a high-profile matter. In that sense, the case doesn't go to trial.

But Jesse Jackson Jr., for example, pleaded guilty and went to prison for couple of years. I didn't do it because I am a snitch lawyer or because I'm a rollover guy. I did it because the evidence was overwhelming, and there was no choice about it, and it was in his interest. And of course it was what he wanted to do.

I settle cases. But the people who come to me generally are people who have thought through the issues and decided there's a real chance of a scrap, and someone recommends me. Those are the people with whom I have the initial conversation, not people who are looking for an old-timer who routinely gets the best deals. Those are not the people who come to me.

*LD: How do you handle losses?*

RW: Do I want to throw myself off a bridge? Yeah. It's interesting psychologically—I just had this very nice win in New Orleans. I expected it, I was gratified, I'm very fond of my client, I was pleased—and three minutes later I'm done, on to the next one. When I lose, I replay the spool and second-guess myself constantly. It's hard to shake. The pain of a defeat is much greater than the joy of victory. I don't know why that is—I wish it were otherwise.

*LD: Is there one win that stands out as particularly satisfying?*

RW: It would be hard to separate them out. A couple come immediately to mind.

I represented a kid named Lamar Owens. He was a black Navy quarterback accused of rape by a white young woman who was his classmate. He actually moved into my house and became close friends with my son. He was acquitted of the rape charge.

I represented Ron Carey, the president of the Teamsters, during 9/11. I actually saw the second plane go into the tower. And we came back two weeks later when the court was put back together and got an acquittal. That was a huge experience.


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Ted Wells [at Paul, Weiss, Rifkind, Wharton & Garrison] and I did Mike Espy together. That was probably the first huge national trial I had as a defense lawyer. Espy was a very promising former congressman from Mississippi who [Bill] Clinton made secretary of Agriculture. It was very controversial because traditional, white hidebound farmers were not crazy about Mike Espy being secretary, and he was charged with taking bribes from Don Tyson. It was a huge trial, and I think there were 35 counts of not guilty on everything. That put me in a different place. I'm friends with Espy to this day, and very close friends with Ted Wells.

*LD: Do you wind up being friends with many of your clients?*

RW: Some, certainly not all. For many, even when there's an acquittal, the experience is so harrowing that they want to close that chapter. To maintain a relationship with me would hamper that closure for them.

With opposing counsel—these days, that's prosecutors—one of two things happens. We become close friends or we never speak again. There's no middle ground.

*LD: Tell me a little about the See Forever Foundation and how it came into existence.*

RW: By accident of history, [former Attorney General] Eric Holder and I are extremely close. We grew up together in the Justice Department and had offices next to each other for many years in the public integrity section. We're like family. We used to go to Oak Hill, which was then this dreadful juvenile justice facility in Maryland, and teach and tutor in the jail.

We came to the conclusion that one-third of these kids are hopelessly gone, we can't fix them no matter what, too much damage. One-third who knows, but one-third we could fix. These were the kids with the bright eyes and quick wit, usually drug runners. We made a commitment and we started the foundation. David Domenici, the son of the senator from New Mexico, and James Forman Jr., son of the famous civil rights leader, they deserve the credit. Reid Weingarten does not. I started it. Eric had to drop by the wayside when he became the U.S. attorney [for the District of Columbia], because he had to prosecute these kids. It was an obvious conflict. He's been a supporter in his heart since then.

But David Domenici and James Forman are phenomenally gifted lawyers who for 20 years threw their lives at this. They brought Maya Angelou in. Bob Strauss of Akin Gump gave us a million bucks, and we bought a building on Ninth Street in the Shaw neighborhood. That was a huge turning point.

We took over the education at Oak Hill, turned it around, and right now it's a model for the country. We are also a large public charter school. Frankly, it's had its ups and downs. But when I put my head down for the last time and think about what I've done and not done, the See Forever experience will be one of the things that gives me the most satisfaction.

*Contact Jenna Greene at jgreene@alm.com or on Twitter @jgreenejenna.*

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**Strange Bedfellows**:
Culture, Mgggggggeet Science/Science, Meet Culture

This series will bring together cultural icons, celebrities, movie stars, directors, writers and musicians with famous scientists to talk about commonalities and differences. Each segment will be moderated by scientist/author/provocateur Lawrence Krauss, who has spent much of his career successfully crossing the chasm separating science and culture. His Origins Project at Arizona State University produced singular events in which over 3000 people would regularly attend live, and up to 500,000 people would watch the recorded events to hear dialogues and panels, to be entertained and informed.

First Season

1. Johnny Depp, Courtney Love, Michael Manson talk creativity in music versus creativity in Science with Nobel Laureates Frank Wilczek and Yuval Hoffman.
2. Woody Allen talks about the human condition with Linguist Noam Chomsky.
3. Ricky Gervais and Astronomer Royale, former President of the Royal Society, Martin Rees.
4. Sarah Silverman and Nobel Prizewinning economist Paul Krugman.
5. William Shatner and Nobel Prize winning physicists Kip Thorne/ Steve Weinberg or Elon Musk.
6. Director Werner Herzog, Cormac McCarthy, with biologist Svante Paabo.
7. Ian McEwan and physicist/writer Jana Levin or Nobel Laureate Biologist Elizabeth Blackburn.
8. Barack Obama and psychologist Steven Pinker.
9. Director Alex Garland and IT computer scientist Eric Horvitz/Larry Page
10. Actor Bill Pullman and Nobel Prizewinning economist/psychologist Danny Kahneman.

The series will bring together Krauss and the directorial team that produced the Feature Documentary *The Unbelievers.* Each episode will be shot in a beautiful location in a different city around the world. We will go where the participants live, or work.

Format will be moderated discussion. Krauss will introduce each participant and being the episode by asking some questions to provoke discussion. The participants will be encouraged whenever possible to dialogue with each other as well. We may or may not have a studio audience, and if we do, we will take one or two questions from the audience to end the program before Krauss gives concluding remarks.

**The New Origins Project Presents:**
**Strange Bedfellows**:
Culture, Meet Science/Science, Meet Culture

This series will bring together cultural icons, celebrities, movie stars, directors, writers and musicians with famous scientists to talk about commonalities and differences. Each segment will be moderated by scientist/author/provocateur Lawrence Krauss, who has spent much of his career successfully crossing the chasm separating science and culture. When at Arizona State University, the Origins Project he created and led for a decade there produced singular events in which over 3000 people would regularly attend live, and up to 500,000 people would watch the recorded events to hear dialogues and panels, to be entertained and informed.

First Season (Proposed—23 participants have already agreed in principle)

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2. Woody Allen talks about the human condition with Linguist Noam Chomsky.
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10. Actor Bill Pullman and Nobel Prizewinning economist/psychologist Danny Kahneman.
11. Actor/writer Stephen Fry and Psychologist Robert Sapolsky
12. Actress Andie Macdowell and Evolutionary Biologist Richard Dawkins

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**Rough Budget:**

| | | |
|---|---|---|
| **Filming** | $100K/episode | $1.2 Million |
| **Venues** | $50K/episode | $0.6 Million |
| **Transportation** | $15K/episode | $0.18 Million |
| **Fees** | $100K/episode | $1.2 Million |
| | **TOTAL Production Cost** | $3.18 Million |

**The New Origins Project Presents:**
**Strange Bedfellows**:
Culture, Meet Science/Science, Meet Culture

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**Budget:**

| | | |
|---|---|---|
| **Filming** | $100K/episode | $1.2 Million |
| **Venues** | $50K/episode | $0.6 Million |
| **Transportation** | $20K/episode | $0.24 Million |
| **Fees** | $300K/episode | $3.6 Million |
| **Other Production costs** | $30K/episode | $0.36 Million |
| Total | $500K/episode | $6.0 Million |

# Top aide of Epstein prosecutor in sex case defends former boss

By JULIE K. BROWN
Miami Herald

MIAMI — A former top prosecutor involved in the Jeffrey Epstein sex case is defending his old boss, Alexander Acosta, whose decision to craft a secret plea deal with the wealthy New York hedge fund manager has come under federal scrutiny.

Epstein, who also has homes in Palm Beach, Fla., and New York, lives on Little St. James Island off St. Thomas.

In his first public comments on the 10-year-old case, Jeffrey H. Sloman — who at the time was second in command under Acosta at the U.S. Attorney's Office in Miami — said prosecutors resolved the case based on the facts and evidence, and what he called "legal impediments," including the belief that many of Epstein's teenage victims were too "terrified" to cooperate in the case.

"Given the obstacles we faced in fashioning a robust federal prosecution, we decided to negotiate a resolution," said Sloman, now in private practice. "We did not reach this decision lightly and it came only after significant and often rancorous internal debate."

Jeffrey Epstein

Alexander Acosta

In a lengthy opinion piece submitted to the Miami Herald Editorial Board, Sloman alleges that scrutiny of Acosta's role in the controversial case is being fueled by politically motivated critics who failed to raise significant issues with it when Acosta was nominated and confirmed as the U.S. secretary of labor in 2017.

Sloman's comments come two weeks after the Justice Department announced it had opened an investigation into prosecutorial misconduct in the case involving Epstein, who ran a sex pyramid scheme from his Palm Beach estate that targeted scores of underage girls from 2001 to 2006.

**Jeffrey H. Sloman — who at the time was second in command under Alexander Acosta at the U.S. Attorney's Office in Miami — said prosecutors resolved the case based on the facts and evidence, and what he called "legal impediments," including the belief that many of Jeffrey Epstein's teenage victims were too "terrified" to cooperate in the case.**

About 30 members of Congress demanded the probe following a Miami Herald series of stories, "Perversion of Justice," that detailed how federal prosecutors, led by Acosta, stitched together an unusual immunity deal that allowed Epstein to escape what could have been a life sentence in federal prison.

Instead, Epstein — whose friends included President Donald Trump, Bill Clinton and other politically connected people — was allowed to quietly plead guilty to prostitution charges in state court. He served 13 months in the county jail, where he was allowed liberal work release privileges rarely given to sex offenders in Florida and barred by the Palm Beach Sheriff's Department's own rules.

He was released in 2009, but his victims — who were 13 to 16 years old at the time — are still fighting more than a decade later to have his non-prosecution agreement overturned.

In his op-ed, Sloman called Acosta "an outstanding public servant … at risk of becoming collateral damage in Washington's latest polarized conflagration," adding, "I won't let it happen without first being heard."

"As additional details about Epstein's crimes have emerged, it is clear to me that we should have pushed for much harsher terms," Sloman wrote. "That said, some have mistakenly suggested that our office kowtowed to Epstein's high-priced defense lawyers or, worse, that his lawyers corrupted or intimidated us into submission … nothing could be further from the truth."

Sloman did not directly address the chief complaint brought by Epstein's victims, who are now in their late 20s and early 30s. Those who spoke to the Herald said they felt betrayed by federal prosecutors, who sealed the non-prosecution agreement from public view so that they wouldn't find out about it before he was sentenced. It would be almost a year before they were successful in having it unsealed. By then, it was too late to try to derail it.

They allege, in a federal lawsuit filed against the government, that prosecutors deliberately kept the deal secret — in violation of federal law — to prevent them from appearing at Epstein's sentencing to possibly undo the deal. Nor did Sloman address why prosecutors also gave immunity to a number of Epstein's co-conspirators, who have never been identified.

See **EPSTEIN,** page 8

**From:** Darren Indyke [redacted]
**Sent:** 5/10/2019 11:01:49 PM
**To:** jeevacation@gmail.com; Martin Weinberg [redacted]
**CC:** Darren Indyke [redacted]
**Subject:** Acosta plea deal in Epstein sex case defended by former aide | Miami Herald
**Attachments:** Jeffrey Sloman-Article-201401221517.jpg; alexander-acosta-ap071010029016-cropped.jpg

**Importance:** High

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# Top aide of Jeffrey Epstein prosecutor Acosta: We acted with integrity

February 15, 2019 12:17 PM

Palm Beach multimillionaire Jeffrey Epstein is a free man, despite sexually abusing dozens of underage girls according to police and prosecutors. His victims have never had a voice, until now. By **Emily Michot** | **Julie K. Brown**

A former top prosecutor involved in the Jeffrey Epstein sex case is defending his old boss, Alexander Acosta, whose decision to craft a secret plea deal with the wealthy New York hedge fund manager has come under federal scrutiny.

In his first public comments on the 10-year-old case, Jeffrey H. Sloman — who at the time was second in command under Acosta at the U.S. Attorney's Office in

Miami — said prosecutors resolved the case based on the facts and evidence, and what he called "legal impediments," including the belief that many of Epstein's teenage victims were too "terrified" to cooperate in the case.

"Given the obstacles we faced in fashioning a robust federal prosecution, we decided to negotiate a resolution," said Sloman, now in private practice. "We did not reach this decision lightly and it came only after significant and often rancorous internal debate."

Jeffrey Sloman, who was second-in-command to then-U.S. Attorney Alexander Acosta when the latter was deciding whether to prosecute Jeffrey Epstein, says the office handled the case properly. Aixa Montero Holt

In a lengthy opinion piece submitted to the Miami Herald Editorial Board, Sloman alleges that the attacks on Acosta's role in the controversial case are politically driven by critics who failed to raise significant issues when Acosta was nominated and confirmed as the U.S. secretary of labor in 2017.

Sloman's comments come two weeks after the Justice Department announced it had opened an investigation over whether there was prosecutorial misconduct in the case involving Epstein, who ran a sex pyramid scheme from his Palm Beach estate that targeted scores of underage girls from 2001 to 2006.

About 30 members of Congress demanded the probe following a Miami Herald series of stories, "Perversion of Justice," that detailed how federal prosecutors, led

by Acosta, stitched together an unusual immunity deal that allowed Epstein to escape what could have been a life sentence in federal prison.

U.S. Labor Secretary Alexander Acosta has been criticized for the plea deal he worked out with Jeffrey Epstein. Acosta was U.S. attorney for Southern Florida at the time. Alan Diaz

Instead, Epstein — whose friends included President Donald Trump, former President Bill Clinton and other politically connected people — was allowed to quietly plead guilty to prostitution charges in state court. He served 13 months in the county jail, where he was allowed liberal work release privileges rarely given to sex offenders in Florida and barred by the Palm Beach Sheriff's Department's own rules.

He was released in 2009, but his victims — who were 13 to 16 years old at the time — are still fighting more than a decade later to have his non-prosecution agreement overturned.

In his op-ed, Sloman called Acosta "an outstanding public servant ... at risk of becoming collateral damage in Washington's latest polarized conflagration," adding, "I won't let it happen without first being heard."

Jeffrey Epstein apologizes, but not to his victims

Jeffrey Epstein, a multimillionaire who molested dozens of underage girls, and is suspected of trafficking countless other girls around the world, issued a public apology Tuesday. It was not to the victims of his abuse, but to one of their lawyers.

“As additional details about Epstein’s crimes have emerged, it is clear to me that we should have pushed for much harsher terms,” Sloman wrote. “That said, some have mistakenly suggested that our office kowtowed to Epstein’s high-priced defense lawyers or, worse, that his lawyers corrupted or intimidated us into submission. ... Nothing could be further from the truth.”

Sloman did not directly address the chief complaint brought by Epstein’s victims, who are now in their late 20s and early 30s. Those who spoke to the Herald said they felt betrayed by federal prosecutors, who sealed the non-prosecution agreement from public view so that they wouldn’t find out about it before he was sentenced. It would be almost a year before they were successful in having it unsealed. By then, it was too late to try to derail it.

They allege, in a federal lawsuit filed against the government, that prosecutors deliberately kept the deal secret — in violation of federal law — to prevent them from appearing at Epstein’s sentencing to possibly undo the deal. Nor did Sloman address why prosecutors also gave immunity to a number of Epstein’s co-conspirators, who have never been identified.

“They cut a deal which they have to know was a failure,” said Marci Hamilton, a law professor at the University of Pennsylvania and executive director of Child USA, which advocates for children’s civil liberties. “ They kept it secret and they didn’t charge the co-conspirators. The horror of this is if you don’t hold all the ‘Johns’ accountable, then it doesn’t stop. This case involved multiple girls, multiple men, multiple recruiters, multiple times and he recruited girls to get other girls. That’s a trafficking organization.”

Acosta has not commented since 2011, when he defended his decisions in a publicly issued letter that can be found in the federal court file. In it, he described what he called a “yearlong assault” on prosecutors by Epstein’s “army of legal superstars,” including Roy Black, Kenneth Starr and Alan Dershowitz, among others. In four long paragraphs, Acosta detailed how defense attorneys relentlessly worked to manipulate the negotiation process, often frustrating prosecutors.

“They would obtain concessions as part of a negotiation and agree to proceed, only to change their minds, and appeal the office’s decision to Washington,” Acosta wrote, adding that their tactics included delving into the private family lives of individual prosecutors in an effort to discredit them and get them removed from the case.

Wrote Sloman: “The Herald’s ‘Perversion of Justice’ series presented a heartrending portrait of Epstein’s victims and made a strong case that he should have gone to jail much longer, but never explained or substantiated its accusation that we schemed with Epstein’s lawyers.”

The Herald's series quoted a trove of letters and emails between prosecutors and Epstein's defense team that showed that Epstein's lawyers were allowed to dictate the terms of each deal that they drew up, and prosecutors repeatedly backed down on deadlines. The lead prosecutor, Marie Villafaña, amid the negotiations wrote to Epstein lawyer Jay Lefkowitz: "I thought we had worked very well together in resolving this dispute. ... I feel that I bent over backwards to keep in mind the effect that the agreement would have on Mr. Epstein."

Where are they now? The biggest players in the Jeffrey Epstein case

The girls who were abused by Jeffrey Epstein and the cops who championed their cause remain angry over what they regard as a gross injustice, while Epstein's employees and those who engineered his non-prosecution agreement have prospered.

The email chain also shows that prosecutors sometimes communicated with the defense team using private emails, and that their correspondence referenced discussions that they wanted to have by phone or in person so that there would be no paper trail, the Herald found. At one point, Acosta met privately with Lefkowitz, who came from the same Washington, D.C.-based law firm, at a Marriott hotel in West Palm Beach, the emails showed. It was at that meeting, the records show, when Acosta agreed to keep the deal secret.

The correspondences also show that Sloman sought several times to have Epstein's victims notified about the deal, as required under the Crime Victims Rights Act. But after Epstein's lawyers aggressively objected and appealed to Acosta, it never happened.

Sloman, however, insisted that Epstein's lawyers' aggressive defense had no bearing on the office's decision to set aside what court records show was a 53-page federal indictment it had prepared against Epstein. Sloman said the facts dictated that Epstein should plead guilty to what he called "a crime in state court that reflected his true conduct," adding that the case was "at heart, a local sex case."

"It is a gross mischaracterization to describe this as a local sex case," said lawyer Jack Scarola, a representative of several of Epstein's then-underage victims. "There was ample evidence that Epstein was operating on a large international scale. The involvement of the federal government was a consequence of evidence that children were crossing national and state borders for the purpose of prostitution."

At the time that the case was closed, FBI investigators had identified nearly 40 victims — and more were coming forward — who said they had been molested or sexually assaulted by Epstein and some of his co-conspirators. One of those victims, Courtney Wild, told the Herald that she brought at least 60 girls to his waterfront

Palm Beach estate over time. She wanted Epstein prosecuted — and was willing to testify — but prosecutors never gave her the chance, she told the Herald.

In addition, FBI records show that agents had traveled to New York and New Mexico to interview other possible victims, the Herald found. The non-prosecution deal that was struck was filed under seal. The result was that no one — not even the judge — would know the full scope of Epstein's crimes and how many victims were involved.

Acosta, who now heads a federal agency with oversight of international child labor laws and human trafficking, was personally involved in the negotiations, records, letters and emails show.

AG nominee Barr pledges to look into handling of Epstein case

Sen. Ben Sasse questioned attorney general nominee William Barr about the Jeffrey Epstein case on January 15, 2019, getting the nominee to commit to having the Department of Justice look into the handling of that case if confirmed.

By C-SPAN

Sloman reiterated Acosta's earlier contention that most of Epstein's victims wouldn't cooperate.

"So somehow, had Epstein been a child molester of one or two victims, then they would have prosecuted him?" said Wild's attorney, Brad Edwards, in an interview with the Herald for its series published in November. "But because he molested hundreds of victims and some of them wouldn't testify, then they are saying, 'we can't prosecute.' How absurd is that argument?"

Edwards tried unsuccessfully to block the plea deal in federal court. In 2008, days after Epstein was sentenced, he filed an emergency order, alleging that the agreement was illegal because it violated the Crime Victims' Rights Act, which grants crime victims certain rights, including the right to confer with prosecutors and be notified of a plea deal. The lawsuit is still pending a decade later.

"There is a reason for the Crime Victims Rights Act — so that prosecutors don't preempt a victim's ability to speak for themselves about a proposed plea bargain," Scarola said. "Here, the decision was being made secretly for them."

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[redacted]

**********
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# THE SEARCH FOR PEACE IN THE ARAB–ISRAELI CONFLICT

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# The Search for Peace in the Arab–Israeli Conflict

*A Compendium of Documents and Analysis*

Edited by
TERJE RØD-LARSEN
NUR LAIQ
AND FABRICE AIDAN

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# *Foreword and Acknowledgements*

The idea of compiling an Oxford companion to the Arab–Israeli conflict was first presented to me in 2005 by Markus Bouillon, who served for me both in my UN capacity in Jerusalem and at the International Peace Institute (IPI) in New York. Nur Laiq laboriously and faithfully collected most of the relevant documents and contributed to the organization of the book and the drafting of the introduction and comments. Fabrice Aidan, a French diplomat, who served for ten years as my special assistant and political adviser in my different United Nations capacities played an instrumental role for the production of this volume. He made essential substantive inputs to the organization and compilation of the documents and the composition of the comments, throughout the book, as well as to the introduction. David Makovsky and Marwan Muasher deserve thanks for reviewing the book and for providing insightful comments.

I would like also to thank my staff at the International Peace Institute (IPI), Walter Kemp and Adam Lupel, for their editing contribution. Miklos Pinther, former chief UN cartographer, who in 2000 oversaw the delineation of the Blue Line between Israel, Lebanon and Syria, compiled and produced the maps in this volume. Finally, my executive assistant, Jilla Moazami, gave invaluable administrative support. Without these colleagues, the book would have never come to print. I am delighted that the volume came to its conclusion on the occasion of the 20th anniversary of the signing of the Oslo Accords of 1993.

I am grateful to the Government of Norway for generous support to the International Peace Institute's (IPI) Middle East program over many years.

I dedicate the book to my beloved wife, Ambassador Mona Juul, my companion in war and peace, without whom I would never have become involved in the imbroglio of the Middle East.

Terje Rød-Larsen

*Paris*
*16 September 2013*

# *Contents*

*About the Editors* xiv
*List of Maps* xvi
*List of Abbreviations* xvii
*A Chronology of the Arab–Israeli Conflict* xviii
*The Crooked Course: Step by Step on the Path to Peace* xxix
*Maps* xlii

**Part I. Peace Agreements and the Disengagement from Gaza**

Arafat–Rabin–Holst Exchange of Letters (Israel–PLO Recognition) (9 September 1993) 3

Declaration of Principles on Interim Self-Government Arrangements (13 September 1993) 6

Letter from Israel's Foreign Minister to Norway's Foreign Minister on the Status of East Jerusalem (11 October 1993) 18

Establishment of the Ad Hoc Liaison Committee (AHLC) (5 November 1993) 19

Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people (Paris Protocol) (Paris, 29 April 1994) 21

Gaza-Jericho Agreement (4 May 1994) 45

Gaza-Jericho Agreement Letters (4 May 1994) 107

Agreement on Preparatory Transfer of Powers and Responsibilities (29 August 1994) 111

Oslo Declaration (13 September 1994) 139

Establishment of the Local Aid Coordination Committee (LACC) and the Joint Liaison Committee (JLC) (30 November 1994) 142

Israeli–Palestinian Interim Agreement on the West Bank and the Gaza Strip (Oslo II Agreement) (28 September 1995) 145

Temporary International Presence in Hebron (TIPH Agreement) (9 May 1996) 324

Declaration by PM Netanyahu and Chairman Arafat following their first meeting (4 September 1996) 327

Hebron Protocol (17 January 1997) 329

Note for the Record (17 January 1997) 336

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



Temporary International Presence in Hebron II (TIPH II Agreement) (21 January 1997) 342

Wye River Agreement (23 October 1998) 348

Letters of Assurance from United States to Israel (October 1998) 356

Sharm el-Sheikh Memorandum (4 September 1999) 358

Protocol Concerning Safe Passage between West Bank and Gaza Strip (5 October 1999) 363

Sharon Address at Fourth Herzliya Conference (18 December 2003) 371

Exchange of Letters between PM Sharon and President Bush (14 April 2004) 376

Disengagement Plan: General Outline (18 April 2004) 381

Rice–Weisglass Letter of Understanding (18 April 2004) 387

Letters from President Bush to King Abdullah II of Jordan (19 May 2004) 390

The Cabinet Resolution Regarding the Disengagement Plan (6 June 2004) 394

Agreement on Movement and Access and Agreed Principles for Rafah Crossing (15 November 2005) 404

Gaza War I: Israel and Hamas Cease-Fires (18 January 2009) 410

Gaza War II: Cease-Fire Agreement (21 November 2012) 416

**Part II. Peace Proposals and Ideas**

Prime Minister Begin's Knesset Speech on Home Rule (28 December 1977) 419

Fahd Plan (7 August 1981) 422

Reagan Plan (1 September 1982) 423

Fez Peace Initiative (9 September 1982) 429

Madrid Conference: Invitation and Letters of Assurances (18 October 1991) 433

Beilin–Abu Mazen Agreement (31 October 1995) 441

Sharm el-Sheikh Summit of Peacemakers Final Statement (13 March 1996) 454

Camp David Statement (25 July 2000) 456

Remarks by US President Bill Clinton and President Hosni Mubarak of Egypt in Delivery of Joint Statements at the Conclusion of the Middle East Peace Summit (17 October 2000) 458

Clinton Parameters (23 December 2000) 461

Taba Statement (27 January 2001) 466

EU Moratinos Non-Paper on Taba Negotiations (27 January 2001) 468

HOUSE_OVERSIGHT_023140

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



Report of the Sharm el-Sheikh Fact-Finding Committee (Mitchell Report) (30 April 2001) 476

The Jordanian–Egyptian Proposal (19 April 2001) 479

Palestinian–Israeli Security Implementation Work Plan (Tenet Cease-Fire Plan) (14 June 2001) 481

Arab Peace Initiative (28 March 2002) 484

The Rose Garden Speech of President George W. Bush (24 June 2002) 486

Ayalon–Nusseibeh Statement of Principles (27 July 2002) 490

A Performance-Based Road Map to a Permanent Two-State Solution to the Israeli–Palestinian Conflict (Road Map) (30 April 2003) 492

Israel's Response to the Road Map (14 Reservations) (25 May 2003) 499

Geneva Accord: A Model Israeli–Palestinian Peace Agreement (1 December 2003) 502

Olga Document (12 July 2004) 530

Quartet Statements following Palestinian Elections of 2006, or the Three Conditions to Hamas (30 January 2006) 534

Riyadh Declaration (29 March 2007) 537

Annapolis Joint Understanding (27 November 2007) 539

Olmert–Abbas Peace Talks (December 2008) 541

US President Barack Obama's Speech on a New Beginning (Cairo Speech) (4 June 2009) 542

Prime Minister Netanyahu's Speech at Bar Ilan University (14 June 2009) 553

Chair's Summary of the Ad Hoc Liaison Committee on Palestinian Institutions' Readiness for Statehood (AHLC) (18 September 2011) 559

President Abbas's Speech to UN General Assembly on Palestine's Membership (23 September 2011) 562

President Abbas's Speech to UN General Assembly on Palestinian Non-Member Observer State Status (29 November 2012) 570

**Part III. UN Documents on the Question of Palestine**

UN General Assembly Resolution 181(II) or the UN Partition Plan (29 November 1947) 577

UN Security Council Resolution 50 (1948) and the Establishment of UNTSO (29 May 1948) 599

HOUSE_OVERSIGHT_023141

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



UN General Assembly Resolution 194 (III) (11 December 1948) 601

UN General Assembly Resolution 273 (III): Admission of Israel to Membership in the United Nations (11 May 1949) 605

UN General Assembly Resolution 303 (IV) (9 December 1949) 606

UN General Assembly Resolutions 1000 (ES-I) and 1001 (ES-I) (5 and 7 November 1956) 608

UN Security Council Resolution 242 (1967) (22 November 1967) 611

UN Security Council Resolution 338 (1973) (22 October 1973) 613

UN General Assembly Resolutions 3236 (XXIX) and 3237 (XXIX) (22 November 1974) 614

UN General Assembly Resolution 3379 (XXX) (10 November 1975) 617

UN Security Council Resolutions 476 (1980) and 478 (1980) (30 June and 20 August 1980) 619

UN General Assembly Resolution 46/86 (16 December 1991) 623

UN Security Council Resolution 904 (1994) (18 March 1994) 624

UN Security Council Resolution 1073 (1996) (28 September 1996) 626

UN Security Council Resolution 1322 (2000) (7 October 2000) 628

UN Security Council Resolution 1397 (2002) (12 March 2002) 630

UN Security Council Resolution 1402 (2002) (30 March 2002) 632

UN Security Council Resolution 1405 (2002) (19 April 2002) 633

Report of UN Secretary-General prepared pursuant to UN General Assembly Resolution ES-10/10 (Jenin Report) (31 July 2002) 634

UN General Assembly Resolution ES-10/13 (21 October 2003) 679

Report of UN Secretary-General prepared pursuant to General Assembly Resolution ES-10/13 (24 November 2003) 681

UN General Assembly Resolution ES-10/14 (8 December 2003) 691

UN Security Council Resolution 1515 (2003) (19 November 2003) 694

UN Security Council Resolution 1544 (2004) (19 May 2004) 695

International Court of Justice Advisory Opinion on the Barrier (July 2004) 697

UN General Assembly Resolution on ICJ Ruling on the Barrier (2 August 2004) 759

UN Security Council Resolution 1850 (2008) (16 December 2008) 763

UN Security Council Resolution 1860 (2009) (8 January 2009) 765

HOUSE_OVERSIGHT_023142

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



Report of the United Nations Fact Finding Mission on the Gaza Conflict (led by Judge Richard Goldstone) (25 September 2009) 767

Report of the Secretary-General's Panel of Inquiry on the 31 May 2010 Flotilla Incident (2 September 2011) 797

UN General Assembly Resolution 67/19: Status of Palestine in the United Nations (4 December 2012) 802

**Part IV. Regional Documents**

Sykes–Picot Agreement (16 May 1916) 809

Balfour Declaration (2 November 1917) 812

Churchill White Paper (3 June 1922) 813

Peel Commission (7 July 1937) 817

MacDonald White Paper (17 May 1939) 843

Biltmore Program (11 May 1942) 854

Arab League Charter (22 March 1945) 856

Egypt–Israel General Armistice Agreement (24 February 1949) 863

Lebanon–Israel General Armistice Agreement (23 March 1949) 877

Jordan–Israel General Armistice Agreement (3 April 1949) 884

Syria–Israel General Armistice Agreement (20 July 1949) 894

Khartoum Resolution (1 September 1967) 906

Cairo Agreement (3 November 1969) 908

Rogers Plan (9 December 1969) 911

Egypt–Israel Sinai Disengagement Treaties (18 January 1974) 916

Egypt–Israel Sinai Interim Agreement (4 September 1975) 918

Israel–Syria Separation of Forces Agreement (31 May 1974) 922

Sadat and Begin Speeches to Knesset (20 November 1977) 925

UN Security Council Resolutions 425 (1978) and 426 (1978) (19 March 1978) 941

Camp David Accords (17 September 1978) 943

Framework for the Conclusion of a Peace Treaty between Egypt and Israel (17 September 1978) 949

Egypt–Israel Peace Treaty (26 March 1979) 952

HOUSE_OVERSIGHT_023143

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



Protocol for the Creation of a Multinational Force and Observers (MFO) (3 August 1981) 973

UN Security Council Resolution 497 (1981) (17 December 1981) 975

UN Security Council Resolution 520 (1982) (17 September 1982) 976

London Agreement (11 April 1987) 978

Abrogation of the Cairo Agreement by the Lebanese Parliament (21 May 1987) 980

The Shultz Plan (4 March 1988) 981

King Hussein's Address on Jordanian Disengagement from the West Bank (31 July 1988) 983

Agreements between Egypt and Israel on Taba (26 February 1989) 988

Ta'if Agreement (22 October 1989) 992

Israel–Jordan Common Agenda (14 September 1993) 1002

Washington Declaration (25 July 1994) 1004

Israel–Jordan Peace Treaty (26 October 1994) 1007

Casablanca Declaration (1 November 1994) 1036

Israel–Lebanon Cease-Fire Understanding (26 April 1996) 1040

Israel–Jordan Qualifying Industrial Zone Agreement (21 January 1997) 1042

Government of Israel's Resolution to Withdraw from Lebanon (5 March 2000) 1045

Letter from Israeli Foreign Minister to UN Secretary-General on Israel's Withdrawal from Lebanon (17 April 2000) 1046

UN Reports on Israel's Withdrawal from South Lebanon (22 May, 16 June, and 18 June 2000) 1047

Report of the UN Secretary-General on the Implementation of UN Security Council Resolutions 425 and 426 (22 May 2000) 1048

Second Report of the UN Secretary-General on the Implementation of UN Security Council Resolutions 425 and 426 (16 June 2000) 1059

UN Security Council Presidential Statement on Israel's Withdrawal from South Lebanon (18 June 2000) 1070

European Parliament Votes to Suspend Euro-Israeli Association Agreement (10 April 2002) 1072

UN Security Council Resolution 1559 (2004) (2 September 2004) 1075

Agreement between Egypt and Israel on Qualifying Industrial Zones (14 December 2004) 1077

HOUSE_OVERSIGHT_023144

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



Aleppo Understanding (12 March 2005) 1084

UN Security Council Resolution 1680 (2006) (17 May 2006) 1086

Seven-Point Plan of Prime Minister Siniora (25 July 2006) 1088

UN Security Council Resolution 1701 (2006) (11 August 2006) 1090

UN Provisional Geographical Definition of the Shebaa Farms Area (30 October 2007) 1095

**Part V. Israeli and Palestinian Domestic Documents**

Declaration of the Establishment of the State of Israel (14 May 1948) 1103

Law of Return (5 July 1950) 1106

Original Palestinian National Charter (28 May 1964) 1110

Palestinian National Charter (17 July 1968) 1114

Arab League Summit Resolution on Palestine Liberation Organization (28 October 1974) 1122

Hamas Charter (18 August 1988) 1124

Palestinian Declaration of Independence (15 November 1988) 1143

Amendment to Palestinian National Charter (4 May 1996) 1147

Palestinian Basic Law (29 May 2002, 18 March 2003, 13 August 2005) 1149

Outcomes of the London Conference on Palestinian Reform (17 January 2003) 1205

Fatah Declaration of Cease-Fire Initiative (29 June 2003) 1209

Hamas and Islamic Jihad Declaration of Cease-Fire Initiative (29 June 2003) 1211

Israeli Cabinet Communiqué Approving the Removal of Arafat (11 September 2003) 1213

Hamas Political Program (17 March 2006) 1215

11 May Prisoners' Document (11 May 2006) 1217

National Conciliation Document of the Prisoners (28 June 2006) 1222

Mecca Accord for Palestinian National Unity Government (8 February 2007) 1227

Program of Palestinian Unity Government (17 March 2007) 1228

Haifa Declaration (15 May 2007) 1234

Ending Occupation, Establishing the State: Program of the Thirteenth Government of the Palestinian National Authority (Fayyad Plan) (August 2009) 1240

HOUSE_OVERSIGHT_023145

# *About the Editors*

## TERJE RØD-LARSEN

Terje Rød-Larsen became the President of the International Peace Institute (IPI) in 2005. IPI is an independent, international not-for-profit think tank headquartered in New York, with regional offices in Vienna and Manama. IPI is dedicated to the prevention and settlement of conflict. The UN Secretary-General is the honorary chair of the board of the International Peace Institute. Concurrently, Terje Rød-Larsen is a UN Under-Secretary-General. He serves as a Special Envoy of the Secretary-General.

Terje Rød-Larsen began his career as an academic, studying history, philosophy, public administration, and sociology. He taught Sociology, Political Science, and Philosophy at the Universities of Bergen and Oslo, before establishing the Fafo Institute for Applied Sciences in Oslo in 1981.

As Director of Fafo, he initiated a research project into the living conditions of Palestinians in the West Bank and Gaza Strip. The relationships with both Palestinians and Israelis that he established during the period of preparing and implementing this project led to a request by the PLO in 1992 that he help establish a secret channel for negotiations between the PLO and the Government of Israel. Those negotiations concluded with the Oslo Accords and the signing of the Declaration of Principles at the White House on 13 September 1993.

In 1993, Mr Rød-Larsen was appointed Ambassador and Special Adviser for the Middle East Peace process to the Norwegian Foreign Minister. In mid-1994, he was appointed United Nations Under-Secretary-General, Special Coordinator for Gaza and the West Bank. In 1996, he was appointed Norwegian Cabinet Minister for Planning and Cooperation.

In 1999, he moved back to the UN as Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority at the level of Under-Secretary-General, a post he held until December 2004. In this capacity he negotiated the Israeli withdrawal from Southern Lebanon in 2000 and established the UN line of withdrawal, the 'Blue Line'.

On 14 December 2004, he was appointed by the Secretary-General as his Special Envoy for the implementation of Security Council Resolution 1559, on Lebanon and Syria. In this capacity he negotiated the withdrawal of Syrian troops from Lebanon in 2005. He also represented the UN Secretary-General in the cease-fire negotiations during the 2006 war in Lebanon between Hezbollah and Israel.

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



## NUR LAIQ

Nur Laiq is the author of *Talking to Arab Youth: Revolution and Counterrevolution in Egypt and Tunisia*. Nur focuses on the transitions in the Middle East and North Africa, the Israeli–Palestinian conflict and issues related to US foreign policy.

She has worked as a senior policy analyst at the International Peace Institute in New York, where she headed the Arab Youth Project. She previously worked with Labour Party members of parliament in London on foreign policy and on the European Commission's Middle East desk in Brussels. She has also worked with refugees via United Nations Refugee Agency in New Delhi. Nur has an MPhil in Modern Middle Eastern Studies from Oxford University.

## FABRICE AIDAN

Fabrice Aidan graduated from the Écoles de Hautes Études Commerciales (HEC), Paris, School of Management in 1998. He also holds a degree in Arabic and Islamic studies from the Sorbonne University (Paris IV).

In 2000, he joined the French Ministry of Foreign Affairs and became a permanent member of the Foreign Service. He was first assigned to the Department of North Africa and the Middle East. In 2002, he served as a Diplomat at the French Mission to the United Nations in New York.

In 2003, the Government of France seconded him to the United Nations. In this capacity, he served first in Gaza/Jerusalem as the special assistant of the UN Special Coordinator for the Middle Peace Process. In 2005, he moved to UN headquarters in New York as special assistant and senior political adviser to UN Under-Secretary-General and Special Envoy of the Secretary-General, Terje Rød-Larsen, dealing with the Middle East.

In 2013, after ten years at the United Nations, he returned to the French Ministry of Foreign Affairs as senior adviser to the Director of North Africa and the Middle East.

HOUSE_OVERSIGHT_023147

# *List of Maps*


1. Middle East Region 2014 xlii
2. Palestine 1900 xliii
3. Sykes–Picot Agreement 1916 xliv
4. The Middle East after the San Remo Conference of 1920 xlv
5. Peel Commission 1937 xlvi
6. Partition Plan 1947 xlvii
7. Armistice Agreements 1949 xlviii
8. Israel and the Occupied Territories 1967 xlix
9. Oslo Accords 1994 l
10. Hebron Protocol 1997 li
11. Wye Memorandum 1998 lii
12. Sharm el-Sheikh Memorandum 1999 liii
13. Camp David 2000 liv
14. Clinton Parameters 2000 lv
15. Taba Talks 2001 lvi
16. Geneva Accord 2003 lvii
17. Gaza Disengagement 2005 lviii
18. Olmert–Abbas Talks 2007–8 lix
19. Autonomous areas 2012 lx
20. West Bank Barrier 2012 lxi
21. Israeli Settlements 2012 lxii
22. Jerusalem 2012 lxiii
23. Golan Heights 2012 lxiv
24. South Lebanon 2012 lxv


HOUSE_OVERSIGHT_023148

# *List of Abbreviations*

| | |
|---|---|
| AHLC | Ad Hoc Liaison Committee |
| ICJ | International Court of Justice |
| IDF | Israel Defense Forces |
| JLC | Joint Liaison Committee |
| LACC | Local Aid Coordination Committee |
| LAF | Lebanese Armed Forces |
| LAS | League of Arab States |
| MFO | Multinational Force and Observers |
| OAPEC | Organization of Arab Petroleum Exporting Countries |
| OIC | Organization of Islamic Cooperation |
| PA | Palestinian Authority |
| PECDAR | Palestinian Economic Council for Development and Reconstruction |
| PFLP | Palestinian Front for the Liberation of Palestine |
| PLC | Palestinian Legislative Council |
| PLO | Palestine Liberation Organization |
| SLA | South Lebanon Army |
| TIPH | Temporary International Presence in Hebron |
| UN | United Nations |
| UNDOF | United Nations Disengagement Observation Force |
| UNEF | United Nations Emergency Force |
| UNGA | United Nations General Assembly |
| UNIFIL | United Nations Interim Force in Lebanon |
| UNRWA | United Nations Relief and Works Agency for Palestinian Refugees in the Near East |
| UNSC | United Nations Security Council |
| UNSCO | United Nations Special Coordinator |
| UNSCOP | United Nations Special Committee on Palestine |
| UNSG | United Nations Secretary-General |
| UNTSO | United Nations Truce Supervision Organization |

# *A Chronology of the Arab–Israeli Conflict*

The following is a chronology of the main events in, and documents on, the Arab–Israel conflict. Documents which are included in this volume are in italics.

| | |
|---|---|
| 1914–18 | First World War. |
| 24 October 1915 | Letter from British High Commissioner McMahon to Hussein bin Ali, Sharif of Mecca. |
| 16 May 1916 | *Sykes–Picot Agreement.* |
| 2 November 1917 | *Balfour Declaration.* |
| 4–7 April 1920 | 4 days of violent rioting against Jews in Jerusalem. |
| 19 April 1920 | Opening of the San Remo Conference. |
| 10 August 1920 | Treaty of Sèvres, or the Peace Treaty between the Ottoman Empire and the Allies. |
| 1–7 May 1921 | Major riots in Jaffa between Jews and Arabs. |
| 28 February 1922 | Great Britain issues the Unilateral Declaration of Independence of Egypt. |
| 3 June 1922 | *Churchill White Paper.* |
| 24 July 1922 | The Council of the League of Nations confirms the British mandate in Palestine. |
| 23 August 1929 | Major riots between Muslims and Jews in Jerusalem. |
| 24 August 1929 | Hebron Massacre. |
| 23 September 1932 | Abdul-Aziz al-Saud founds the Kingdom of Saudi Arabia. |
| 1936–1939 | Arab revolt in Palestine. |
| 7 July 1937 | *Peel Commission.* |
| 17 May 1939 | *MacDonald White Paper.* |
| 1 September 1939 | Beginning of Second World War. |
| 11 May 1942 | *Biltmore Program.* |
| 22 November 1943 | Independence of Lebanon. |
| 22 March 1945 | *Arab League Charter.* |
| 8 May 1945 | End of Second World War in Europe. |
| 26 June 1945 | Signature of the United Nations Charter at the San Francisco Conference. |
| 17 April 1946 | Independence of Syria. |
| 25 May 1946 | The Emirate of Transjordan becomes the Hashemite Kingdom of Jordan. |
| 29 November 1947 | *UN General Assembly Resolution 181 (the partition plan).* |
| 14 May 1948 | *Israel declares its independence.* End of the British Mandate in Palestine. |
| 15 May 1948 | Five Arab states declare war on Israel. |
| 29 May 1948 | *UN Security Council Resolution 50 and the establishment of UNTSO.* |

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



| | |
|---|---|
| 11 December 1948 | *UN General Assembly Resolution 194.* |
| 24 February 1949 | *Egypt–Israel General Armistice Agreement.* |
| 23 March 1949 | *Lebanon–Israel General Armistice Agreement.* |
| 3 April 1949 | *Jordan–Israel General Armistice Agreement.* |
| 27 April 1949 | Opening of the Lausanne Conference convened by the United Nations' Conciliation Commission for Palestine (UNCCP). |
| 11 May 1949 | *The UN General Assembly admits Israel as UN member state through Resolution A/RES/273 (III).* |
| 20 July 1949 | *Syria–Israel General Armistice Agreement.* |
| 12 December 1949 | *UN General Assembly Resolution 303, on the Internationalization of Jerusalem.* |
| 24 April 1950 | Jordan annexes the West Bank and East Jerusalem. |
| 5 July 1950 | *Israel votes the Law of Return.* |
| 20 July 1951 | King Abdullah I of Jordan in assassinated in the vicinity of al-Aqsa Mosque in Jerusalem by a Palestinian gunman. |
| 23 July 1952 | Military coup in Egypt by the Free Officers Movement. |
| 18 June 1953 | The Revolutionary Command Council (RCC) abolishes the monarchy and proclaims the Republic of Egypt. |
| 23 June 1956 | Gamal Abdel Nasser is elected President of the Republic of Egypt. |
| 26 July 1956 | President Nasser of Egypt nationalizes the Suez Canal. |
| 29 October 1956 | Suez Crisis. Israel invades Sinai (Operation Kadesh) with the covert assent of France and the UK. |
| 30 October 1956 | France and the UK launch military operations against Egypt. |
| 5 November 1956 | *UN General Assembly Resolution 1000 (Suez Crisis).* |
| 7 November 1956 | *UN General Assembly Resolution 1001 (Suez Crisis).* |
| 8 March 1957 | Israel withdraws its last forces from the Sinai peninsula, ending the Suez Crisis. |
| 14 July 1958 | Military coup against Iraqi monarchy. |
| 3 February 1964 | The Palestinian Liberation Organisation (PLO) is established by the Arab League in Cairo, with Ahmed Shuqeiri as its leader. |
| 16 May 1967 | President Nasser asks the United Nations Emergency Force (UNEF) to leave Sinai and the Gaza Strip, where it had been engaged in peacekeeping functions since the 1956 Sinai conflict. |
| 22 May 1967 | Egypt announces a blockade against Israeli shipping in the Strait of Tiran. |
| 5 June 1967 | 'Six Day War': Israel launches military strikes on Egypt, Syria, and Jordan. After six days of fighting, Israel captures the Sinai peninsula and Gaza Strip from Egypt, the West Bank and East Jerusalem from Jordan, and about 1,150 square kilometres of Syrian territory on the Golan Heights. |
| 1 September 1967 | *Khartoum Resolution of the three 'Noes'.* |
| 22 November 1967 | *UN Security Council Resolution 242.* |
| 21 March 1968 | The battle of Karameh between Israel and Fatah and Jordanian forces. First direct military confrontation between Israeli and Palestinian forces. |
| 17 July 1968 | *The Palestinian National Charter.* |

HOUSE_OVERSIGHT_023151

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 2 February 1969 | Yasir Arafat, leader of the Fatah Party, elected chairman of the PLO. |
| 8 March 1969 | President Nasser denounces the 1967 war cease-fire, marking the beginning of the War of Attrition against Israel. |
| 25 September 1969 | Creation of the Organization of the Islamic Conference (OIC). |
| 3 November 1969 | *Cairo Agreement.* |
| 9 December 1969 | *Rogers Plan.* |
| 7 August 1970 | War of Attrition cease-fire. |
| September 1970 | 'Black September' in Jordan. The PLO is expelled from Jordan. |
| 28 September 1970 | President Gamal Abdel Nasser dies and is replaced by Vice President Anwar al-Sadat. |
| 16 November 1970 | Syria's Minister of Defense, Hafez al-Assad, leads the 'Correctionist Movement' military coup. |
| 12 March 1971 | Hafez al-Assad is elected President of Syria in a referendum. |
| 6 October 1973 | October or Yom Kippur War. Egypt and Syria attack Israeli forces in the Sinai and the Golan Heights. |
| 17 October 1973 | OAPEC decides on an oil embargo. |
| 22 October 1973 | *UN Security Council Resolution 338.* |
| 18 January 1974 | *First Egyptian–Israeli Disengagement of Forces Agreement.* |
| 31 May 1974 | *Israel–Syria Separation of Forces Agreement.* |
| 26–29 October 1974 | Arab summit at Rabat declares the PLO the 'sole legitimate representative of the Palestinian people'. |
| 28 October 1974 | *Arab League Resolution on Palestine Liberation Organization.* |
| 13 November 1974 | PLO Chairman Arafat addresses the UN General Assembly in Geneva. |
| 22 November 1974 | *UN General Assembly Resolutions 3236 and 3237* (*PLO*). |
| 13 April 1975 | Beginning of the Lebanese Civil War. |
| 4 September 1975 | *Second Egyptian–Israel Disengagement of Forces Agreement.* |
| 10 November 1975 | *UN General Assembly Resolution 3379 (Zionism–Racism).* |
| May 1976 | Lebanese President Suleiman Frangieh invites Syrian troops into the country. |
| 17 May 1977 | Menachem Begin's Likud Party wins Israeli national elections after 29 years of Labor Party dominance. |
| 9 November 1977 | In a speech in Cairo, President Anwar al-Sadat announces his readiness to travel to Israel. |
| 20 November 1977 | *Anwar al-Sadat and Menachem Begin speeches to the Knesset in Jerusalem.* |
| 28 December 1977 | *Prime Minister Begin's Knesset speech on Home Rule.* |
| 14 March 1978 | Operation Litany—Israel invades South Lebanon. |
| 19 March 1978 | *UN Security Council Resolutions 425 and 426* (*Lebanon*). |
| 17 September 1978 | *Camp David Accords.* |
| 2–5 November 1978 | Arab League Summit in Baghdad. Egypt suspended from the Organization. Its headquarters to be moved to Tunis. |

HOUSE_OVERSIGHT_023152

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 10 December 1978 | President Sadat and Prime Minister Begin are awarded jointly in Oslo the Nobel Peace Prize. |
| 16 January 1979 | Shah Mohamed Reza Pahlavi leaves Iran after months of domestic turmoil. |
| 26 March 1979 | *Signature of the Egypt–Israel Peace Treaty in the White House.* |
| 1 April 1979 | Ayatollah Khomeini proclaims the Islamic Republic of Iran after a national referendum. |
| 2 April 1979 | Prime Minister Begin visits Cairo. |
| February 1980 | Israel and Egypt exchange Ambassadors for the first time. |
| 30 June 1980 | *UN Security Council Resolution 476 (Jerusalem).* |
| 30 July 1980 | The Knesset votes the Basic Law on Jerusalem. |
| 20 August 1980 | *UN Security Council Resolution 478 (Jerusalem).* |
| 3 August 1981 | *Signature of the Protocol to the Treaty of Peace between Israel and Egypt, establishing the Multilateral Force and Observers (MFO).* |
| 7 August 1981 | *Fahd Plan.* |
| 6 October 1981 | Assassination of President Sadat. Vice President Mubarak succeeds him. |
| 14 December 1981 | The Israel Knesset passes a law annexing the Golan Heights. |
| 17 December 1981 | *UN Security Council Resolution 497 (Golan Heights).* |
| 25 April 1982 | Israel completes its pull back from Sinai with the exception of Taba. |
| 6 June 1982 | Israel launches Operation 'Peace in Galilee'; beginning of the Lebanon war. |
| 1 September 1982 | *Reagan Peace Plan.* |
| 9 September 1982 | *Fez Peace Initiative.* |
| 14 September 1982 | Assassination of Lebanese President Beshir Gemayel. |
| 17 September 1982 | *UN Security Council Resolution 520 (Lebanon).* |
| 17 May 1983 | Israel and Lebanon sign a peace agreement. |
| 19 February 1986 | King Hussein of Jordan severs ties with the PLO. |
| 11 April 1987 | *London Agreement.* |
| 21 May 1987 | *Lebanon's parliament abrogates the 1969 Cairo agreement with the PLO and cancels the 17 May 1983 agreement with Israel.* |
| 9 December 1987 | The first Palestinian uprising (intifada) against Israeli rule in the West Bank and Gaza begins. |
| 4 March 1988 | *Shultz Plan.* |
| 31 July 1988 | *Jordan's disengagement from the West Bank.* |
| 18 August 1988 | *Hamas Charter.* |
| 15 November 1988 | *Palestinian Declaration of Independence.* |
| 14 December 1988 | The US recognizes the PLO. President Reagan authorizes the State Department to enter into a dialogue with the organization. |
| 26 February 1989 | *Israel and Egypt sign agreement returning Taba to Egypt.* |
| 23 May 1989 | President Mubarak of Egypt attends the Arab League summit in Casablanca marking the readmission of Egypt to the Arab League. |
| 22 October 1989 | *Ta'if Agreement.* |

HOUSE_OVERSIGHT_023153

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 9 November 1989 | Fall of the Berlin Wall. |
| 12 March 1990 | The Arab League decides to return its headquarters to Cairo. |
| 20 June 1990 | President G.H. Bush suspends dialogue with the PLO. |
| 2 August 1990 | Iraq invades Kuwait. |
| 17 January 1991 | The US launches Operation Desert Storm to liberate Kuwait. |
| 30 April 1991 | The Lebanese parliament orders the disbanding of all militias by this date. Hezbollah remains active and the South Lebanon Army (SLA) refuses to disband. |
| 26 August 1991 | The Lebanese parliament grants an amnesty for all crimes committed during the civil war, 1975–90. |
| 18 October 1991 | *Invitation to the Madrid Peace Conference. The US letters of assurance to the Palestinians and Israelis.* |
| 30 October 1991 | The Middle East Peace Conference opens in Madrid. Face-to-face bilateral talks for the first time between Israeli and Arab delegations, as well as with a joint Palestinian-Jordanian delegation. |
| 16 December 1991 | *UN General Assembly Resolution 46/86* (*Zionism-Racism*). |
| 26 December 1991 | Formal dissolution of the USSR. |
| 23 June 1992 | Israeli Labor Party wins the elections. Yitzhak Rabin becomes Prime Minister. |
| January 1993 | Secret Israeli–PLO talks begin in Oslo, and develop into full-scale official negotiations in May that year. |
| 20 August 1993 | Secret signing of the Oslo Accords in Oslo by Israeli Foreign Minister Peres, Palestinian Chief Negotiator Qorei and Norwegian Foreign Minister Holst. |
| 9 September 1993 | *Israel and the PLO exchange letters of recognition.* |
| 13 September 1993 | *Signature of the Declaration of Principles on Interim Self- Government Agreements in Washington.* |
| 14 September 1993 | *Israel–Jordan Common Agenda.* |
| 11 October 1993 | *Letter from Israel's Foreign Minister Peres to Norway's Foreign Minister Holst on the Status of East Jerusalem.* |
| 5 November 1993 | *Establishment of the AHLC.* |
| 25 February 1994 | An Israeli opens fire at the Ibrahimi Mosque or Tomb of the Patriarchs in Hebron, killing 29 Palestinians. |
| 18 March 1994 | *UN Security Council Resolution 904 on the Hebron Massacre.* |
| 29 April 1994 | *Protocol on Economic Relations between the State of Israel and the PLO (Paris Protocol).* |
| 4 May 1994 | *Gaza–Jericho Agreement.* |
| 18 May 1994 | The IDF withdraws from Gaza city and Jericho. |
| 1 July 1994 | Yasir Arafat arrives in Gaza. |
| 25 July 1994 | *Washington Declaration (Jordan–Israel peace talks).* |
| 29 August 1994 | *Agreement on Preparatory Transfer of Power and Responsibilities.* |

HOUSE_OVERSIGHT_023154

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 13 September 1994 | *Oslo Declaration.* |
| 14 October 1994 | Prime Minister Rabin, Chairman Yasir Arafat, and Foreign Minister Peres are awarded the Nobel Peace Prize. |
| 26 October 1994 | *Israel–Jordan Peace Treaty.* |
| 1 November 1994 | *Casablanca Declaration.* |
| 30 November 1994 | *Establishment of the LACC.* |
| 10 December 1994 | Official ceremony to present Nobel Peace Prize to Yizhak Rabin, Shimon Peres, and Yasir Arafat. |
| 28 September 1995 | *Israeli–Palestinian Interim Agreement on the West Bank and Gaza Strip: Oslo II.* |
| 31 October 1995 | *Beilin–Abu Mazen Agreement.* |
| 4 November 1995 | Prime Minister Yitzhak Rabin assassinated. Shimon Peres becomes Prime Minister. |
| 20 January 1996 | Yasir Arafat is elected president of the Palestinian Authority (PA). |
| 25 February–4 March 1996 | A series of suicide attacks by Hamas in Israel kill more than 60. |
| 13 March 1996 | *Sharm el-Sheikh Summit of Peacemakers Final Statement.* |
| 11 April 1996 | Israel launches Operation Grapes of Wrath in Lebanon. |
| 24 April 1996 | The Palestinian National Council (PNC) cancels the clauses of the Palestinian Charter that are contrary to the recognition of Israel. |
| 26 April 1996 | *Israel–Lebanon cease-fire understandings.* |
| 4 May 1996 | *Letter from Chairman Arafat to Prime Minister Peres on the Amendment to Palestinian National Charter.* |
| 9 May 1996 | *TIPH Agreement I.* |
| 29 May 1996 | Benjamin Netanyahu elected Prime Minister of Israel. |
| 4 September 1996 | *First meeting of Prime Minister Netanyahu and Chairman Arafat.* |
| 28 September 1996 | *UN Security Council Resolution 1073.* |
| 17 January 1997 | *Hebron Protocol.* |
| 21 January 1997 | *TIPH II agreement.* |
| 21 January 1997 | *Israel–Jordan QIZ agreement.* |
| 25 September 1997 | Israel's assassination attempt on Hamas leader Khaled Meshaal in Amman. |
| 23 October 1998 | *Wye River Agreement signed by Arafat and Netanyahu.* |
| 14 December 1998 | The Palestinian National Council convenes in the presence of President Clinton to reaffirm the annulling of clauses of the Palestinian Charter which denied Israel's right to exist. |
| 7 February 1999 | King Hussein of Jordan dies. Abdullah II succeeds him. |
| 17 May 1999 | Ehud Barak elected Prime Minister of Israel. |
| 4 September 1999 | *Sharm el-Sheikh Memorandum.* |
| 5 October 1999 | *Protocol Concerning Safe Passage.* |

HOUSE_OVERSIGHT_023155

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 15 December 1999 | President Clinton hosts summit meeting with Israel's Prime Minister Barak and Syrian Foreign Minister al-Shara, followed by rounds of peace talks in Shepherdstown, West Virginia, in January 2000. |
| 5 March 2000 | *Government of Israel's resolution to withdraw from Lebanon.* |
| 26 March 2000 | Bill Clinton and Hafez al-Assad summit in Geneva. |
| 17 April 2000 | *Letter from Israel's Foreign Minister to UN Secretary-General on Israel's withdrawal from Lebanon.* |
| 22 May 2000 | *Report of the UN Secretary-General on Implementation of Resolutions 425 and 426.* |
| 24 May 2000 | IDF completes pull-out from Lebanon. |
| 10 June 2000 | President Hafez al-Assad dies. |
| 16 June 2000 | *Second Report of the UN Secretary-General on Implementation of Resolutions 425 and 426.* |
| 18 June 2000 | *The UN Security Council confirms Israel's withdrawal from Lebanon in a Presidential Statement.* |
| 10 July 2000 | Bashar al-Assad is elected President of Syria in a nationwide referendum. |
| 11–25 July 2000 | Camp David II negotiations between Ehud Barak and Yasir Arafat. |
| 25 July 2000 | *Camp David Statement.* |
| 28 September 2000 | Likud leader Ariel Sharon's visit to the Temple Mount/Haram al-Sharif, prompting major Palestinian riots. Second Palestinian uprising (al-Aqsa Intifadah) begins. |
| 7 October 2000 | Three Israeli soldiers abducted by Hezbollah along the Blue Line. |
| 17 October 2000 | *Joint Statements at the Conclusion of the Middle East Peace Summit in Sharm el-Sheikh.* |
| 10 December 2000 | Prime Minister Barak resigns and calls for early elections. |
| 23 December 2000 | *Clinton Parameters.* |
| 21–27 January 2001 | Taba Talks. |
| 27 January 2001 | *Taba Statement.* |
| 27 January 2001 | *Moratinos Non-Paper on Taba Negotiations.* |
| 6 February 2001 | Ariel Sharon elected Prime Minister of Israel. |
| 19 April 2001 | *Jordanian–Egyptian Proposal.* |
| 30 April 2001 | *Mitchell Report.* |
| 14 June 2001 | *Palestinian–Israeli Security Implementation Work Plan (Tenet Cease-Fire Plan).* |
| 17 October 2001 | Assassination of Israel tourism minister Rehavam Zeevi in Jerusalem by militants of the PFLP. |
| 17 February 2002 | Thomas Friedman of the *New York Times* publishes interview with Crown Prince Abdullah of Saudi Arabia on his peace initiative. |
| 12 March 2002 | *UN Security Council Resolution 1397.* |
| 28 March 2002 | *Beirut Arab League Summit Declaration on the Arab Peace Initiative.* |

HOUSE_OVERSIGHT_023156

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 29 March 2002 | Israel launches operation Defense Shield, placing Arafat under siege in his Ramallah compound, the Muqata. |
| 30 March 2002 | *Security Council Resolution 1402.* |
| 10 April 2002 | *European Parliament votes to suspend Euro-Israeli association agreement.* |
| 12 April 2002 | The Battle of Jenin. |
| 19 April 2002 | *UN Security Council Resolution 1405 on Jenin.* |
| 29 May 2002 | *Basic Palestinian Law.* |
| 24 June 2002 | President G.W. Bush's Rose Garden speech. |
| 27 July 2002 | *Ayalon–Nusseibeh Statement of Principles.* |
| 31 July 2002 | *Report of the UN Secretary-General prepared pursuant to UN General Assembly Resolution ES-10/10 (Jenin Report).* |
| 17 January 2003 | *Outcomes of London Conference on Palestinian Reform.* |
| 19 March 2003 | US and UK invasion of Iraq. |
| 19 March 2003 | Yasir Arafat appoints Mahmoud Abbas as the first Prime Minister of the Palestinian Authority. |
| 30 April 2003 | *Performance-Based Road Map to a Permanent Two-State Solution to the Israeli–Palestinian Conflict.* |
| 25 May 2003 | *Israel's response to Road Map.* |
| 4 June 2003 | A summit is convened by President Bush in Aqaba, Jordan with Prime Ministers Sharon and Abbas, hosted by King Abdullah II. |
| 29 June 2003 | *Palestinian cease-fire statements.* |
| 6 September 2003 | Prime Minister Mahmoud Abbas resigns. |
| 11 September 2003 | *The Israeli cabinet approves removal of Yasir Arafat from the West Bank.* |
| 5 October 2003 | Ahmed Qorei appointed Prime Minister of the Palestinian Authority. |
| 21 October 2003 | *UN General Assembly Resolution ES-10/13 (Barrier).* |
| 19 November 2003 | *UN Security Council Resolution 1515 (Quartet's Road-Map).* |
| 24 November 2003 | *Report of the UNSG pursuant to Resolution ES-10/13 (Barrier).* |
| 1 December 2003 | *The Geneva Accord: A Model Israeli–Palestinian Peace Agreement.* |
| 8 December 2003 | *UN General Assembly Resolution ES-10/14 (Barrier).* |
| 18 December 2003 | *Prime Minister Sharon's address at the Fourth Herzliyah Conference.* |
| 14 April 2004 | *Exchange of letters between Prime Minister Sharon and President Bush.* |
| 18 April 2004 | *The Disengagement Plan: General Outline.* |
| 18 April 2004 | *Rice–Weisglass Letter of Understanding.* |
| 19 May 2004 | *UN Security Council Resolution 1544.* |
| 19 May 2004 | *Letter from President Bush to King Abdullah II of Jordan.* |
| 6 June 2004 | *Israeli Cabinet Resolution Regarding the Disengagement Plan.* |
| 9 July 2004 | *Advisory Opinion of the ICJ on the Barrier.* |
| 12 July 2004 | *Olga Document.* |
| 2 August 2004 | *UN General Assembly Resolution on the ICJ Advisory Opinion on the Barrier.* |

HOUSE_OVERSIGHT_023157

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 2 September 2004 | *UN Security Council Resolution 1559 (Lebanon).* |
| 11 November 2004 | Yasir Arafat dies. The Executive Committee of the PLO elects Mahmoud Abbas as its leader. |
| 14 December 2004 | *Agreement between Egypt and Israel on Qualifying Industrial Zones.* |
| 9 January 2005 | Mahmoud Abbas elected President of the Palestinian Authority. |
| 14 February 2005 | Assassination of former Lebanese Prime Minister Rafic Hariri. |
| 12 March 2005 | *Aleppo Understandings.* |
| 7 April 2005 | UN Security Council Resolution 1595 establishes an International Independent Inquiry Commission (UNIIC) into the assassination of Prime Minister Hariri. |
| 26 April 2005 | Syria ends its military presence in Lebanon. |
| 17 August–22 September 2005 | Israel pulls out of the Gaza Strip. |
| 15 November 2005 | *Agreement on Movement and Access.* |
| 4 January 2006 | Israeli Prime Minister Sharon is incapacitated. Ehud Olmert becomes interim Prime Minister. |
| 25 January 2006 | Hamas wins Palestinian Legislative Council elections. |
| 30 January 2006 | *Quartet Statement on Palestinian Legislative elections.* |
| 16 February 2006 | Ismail Haniyeh of Hamas appointed Prime Minister. |
| 17 March 2006 | *Hamas Political Program.* |
| 28 March 2006 | Kadima leader Ehud Olmert wins Israeli elections. |
| 29 March 2006 | Palestinian Government led by Hamas sworn in. |
| 30 March 2006 | *Quartet Statement on Hamas.* |
| 11 May 2006 | *Palestinian Prisoners' Document.* |
| 17 May 2006 | *UN Security Council Resolution 1680 (Lebanon/Syria).* |
| 25 June 2006 | Abduction of Israeli soldier Gilad Shalit. Israel launches Operation Summer Rains in the Gaza Strip. |
| 28 June 2006 | *National Conciliation Document of the Prisoners.* |
| 12 July 2006 | Israel–Hezbollah war starts after Hezbollah attacks an Israeli patrol along the Blue Line, killing three soldiers and kidnapping two. |
| 25 July 2006 | *Seven-Point Plan of Prime Minister Siniora.* |
| 11 August 2006 | *UN Security Council Resolution 1701.* |
| 14 August 2006 | Cessation of hostilities between Israel and Lebanon. |
| 8 February 2007 | *Mecca Accord for Palestinian National Unity Government.* |
| 17 March 2007 | Palestinian Government of Unity sworn in. |
| 17 March 2007 | *Program of Palestinian Unity Government.* |
| 29 March 2007 | *Riyadh Declaration.* |
| 15 May 2007 | *Haifa Declaration.* |
| 30 May 2007 | UN Security Council Resolution 1757 establishes Special Tribunal for Lebanon (STL). |
| 10 June 2007 | Violent confrontations between Hamas and Fatah in the Gaza Strip. |

HOUSE_OVERSIGHT_023158

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 13 June 2007 | Shimon Peres is elected President of Israel by the Knesset. |
| 14 June 2007 | President Abbas dismisses Prime Minister Haniyeh and declares a state of emergency. |
| 15 June 2007 | Hamas takes control over the Gaza Strip in a coup, after several days of violent battles with Fatah. |
| 15 June 2007 | Salam Fayyad appointed Prime Minister of the Palestinian Authority. |
| 30 October 2007 | *UN Provisional Geographic Definition of the Shebaa Farms Area.* |
| 27 November 2007 | *Annapolis Joint Understanding.* |
| 7 May 2008 | Hezbollah militants take control of areas of Beirut. |
| 21 May 2008 | Doha agreement between Lebanese leaders brokered by Qatar. |
| 21 May 2008 | Israel and Syria announce holding indirect talks through Turkish mediation. |
| 30 July 2008 | Prime Minister Olmert announces he is not seeking re-election. |
| 15 October 2008 | Establishment of diplomatic relations between Syria and Lebanon. |
| 16 December 2008 | Last meeting of Prime Minister Olmert and President Abbas. |
| 16 December 2008 | *UN Security Council Resolution 1850 on Annapolis process.* |
| 27 December 2008 | Israel launches Operation 'Cast Lead' against Hamas. |
| 8 January 2009 | *UN Security Council Resolution 1860 on a Gaza cease-fire.* |
| 18 January 2009 | *Gaza cease-fire.* |
| 20 February 2009 | President Peres tasks Netanyahu to form a Cabinet following 10 February elections. |
| 1 March 2009 | Opening of the Special Tribunal for Lebanon (STL). |
| 31 March 2009 | Benjamin Netanyahu is sworn in as Prime Minister. |
| 4 June 2009 | *President Obama's Cairo Speech.* |
| 14 June 2009 | *Prime Minister Netanyahu's Speech at Bar Ilan University.* |
| 25 August 2009 | *Ending Occupation, Establishing the State: Fayyad Plan.* |
| 25 September 2009 | *Report of the United Nations fact finding mission on the Gaza conflict: the Goldstone report.* |
| 31 May 2010 | Gaza Flotilla Incident. |
| 25 January 2011 | Beginning of the Egyptian uprising. |
| 11 February 2011 | President Mubarak of Egypt resigns. |
| 15 March 2011 | Beginning of the Syrian uprising. |
| 4 May 2011 | In Cairo, Palestinian Authority President Abbas and Hamas leader Meshal sign a reconciliation agreement, which calls, *inter alia*, for elections in 2012. |
| 29 July 2011 | Formation of the Free Syrian Army (FSA). |
| 2 September 2011 | *Report of the Secretary-General's Panel of Inquiry on the 31 May 2010 Flotilla Incident.* |
| 18 September 2011 | *Chair's Summary of the AHLC on Palestinian Institutions' readiness for statehood.* |

HOUSE_OVERSIGHT_023159

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi



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|---|---|
| 23 September 2011 | *President Abbas's speech to the UN General Assembly on UN membership.* |
| 31 October 2011 | Palestine becomes a member of UNESCO. |
| 6 February 2012 | In Doha, Palestinian Authority President Abbas and Hamas leader Meshal sign another reconciliation agreement after the failure to implement the Cairo deal. |
| 20 June 2012 | Mohamed Morsi is sworn in as President of Egypt. |
| 14 November 2012 | Israel launches Operation 'Pillar of Defense' in Gaza. |
| 21 November 2012 | *Gaza War II: Israel and Hamas unilateral cease-fire.* |
| 29 November 2012 | *President Abbas's speech to the UN General Assembly on Palestine's status at the United Nations.* |
| 4 December 2012 | *UN General Assembly Resolution 67/19: Status of Palestine in the United Nations.* |
| 22 January 2013 | Likud Party leader Netanyahu wins parliamentary elections. |
| 13 April 2013 | Prime Minister Salam Fayyad resigns. |
| 6 June 2013 | Rami Hamdallah is sworn in as Palestinian Prime Minister. |
| 20 June 2013 | Rami Hamdallah resigns from his post. |
| 30 June 2013 | Massive demonstrations in Egypt against President Morsi. |
| 3 July 2013 | Egyptian Army removes President Morsi from power. |
| 30 July 2013 | Resumption of Israeli–Palestinian peace talks in Washington facilitated by President Obama and Secretary of State Kerry. |
| 19 September 2013 | Rami Hamdallah forms a new Palestinian Government. |
| 16 January 2014 | Opening in The Hague of the trial of the Special Tribunal for Lebanon (STL). |
| 23 April 2014 | Fatah and Hamas announce in Gaza a new reconciliation agreement calling for the formation of a national unity Government and the holding of elections. |
| 24 April 2014 | The Israeli Cabinet suspends peace talks with the Palestinians in protest to the Gaza agreement. |
| 2 June 2014 | Palestinian unity government headed by Prime Minister Rami Hamdallah is sworn in. |
| 3 June 2014 | Bashar al-Assad is re-elected President of Syria in an election whose legitimacy was widely contested. |
| 8 June 2014 | Field Marshall Abdel Fattah a-Sissi is sworn in as President of the Arab Republic of Egypt following presidential elections held 26–28 May. |
| 12 June 2014 | Three Israeli teenagers were abducted in the West Bank. The IDF found their bodies on 30 June in the vicinity of Hebron. In retaliation, Israel launched attacks against targets of Hamas and Palestinian Islamic Jihad. |
| 2 July 2014 | A Palestinian teenager was abducted and killed in Jerusalem by a group of Israelis. This triggered a series of violent clashes. |
| 7 July 2014 | Israel launches operation 'Protective Edge' against Hamas in the Gaza Strip in retaliation to rocket attacks. |
| 26 August 2014 | A ceasefire, brokered by Egypt, was reached to end hostilities between Palestinian factions and Israel in Gaza. |

HOUSE_OVERSIGHT_023160

# *The Crooked Course: Step by Step on the Path to Peace*

## INTRODUCTION

As Immanuel Kant observed, "out of the crooked timber of humanity no straight thing was ever made." And the Middle East peace process is no exception. It runs a crooked course. This work provides a paper trail of the meandering and rocky path of the peace process. Relevant documents related to the Arab–Israeli conflict over the past century (since the Sykes–Picot Agreement of 1916) are compiled in this book. It provides an annotated and chronological overview of attempts to make peace in one of the most difficult and protracted conflicts in the world, and it includes a full set of accompanying maps specially made for this edition.

The sheer volume of such a work raises the critical problem of how to present the documents in a way that facilitates their accessibility and understanding. A simple chronological ordering would miss important connections between the documents, which are thus better grouped by common theme. To this end, we have divided the volume into five thematic Parts. Part I compiles documents related to the formal peace agreements between Israel and the Palestinians, as well as those related to Israel's unilateral disengagement from Gaza. The documents in Part II relate to the many informal peace proposals and ideas offered over the years that have served to contribute to more official processes at a later date. Part III compiles the many important United Nations documents specifically related to the question of Palestine. Part IV sets the Israeli–Palestinian issue in a broader context, providing regional papers going back a century, up to the latest documents. Finally, Part V compiles Israeli and Palestinian domestic documents relevant to the quest for peace in the Middle East.

Grouping the documents by theme highlights the evolution of particular aspects of the conflict and the peace process over time. When examined as a group, these documents provide valuable insights on the events, conditions, and actions that have been most important in influencing the different phases of the peace process.

For guidance, the reader will find a chronological overview of all the documents and key events.

## ON PART I: PEACE AGREEMENTS AND THE DISENGAGEMENT FROM GAZA

Nothing about the quest for peace in the Middle East has been simple or easily attained. Merely bringing Palestinians and Israelis together was a feat that took decades to achieve. Despite all the efforts exerted by not only the principal parties, but also local actors, regional neighbors, and international players, agreements between the two sides

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



have been scarce. This Part chronicles the rare moments when both Israeli and Palestinian negotiators put pen to paper in an effort to resolve a conflict that has seemed intractable.

Part I begins with the Oslo peace talks, which in 1993 produced the Declaration of Principles (DoP) and the mutual recognition of the State of Israel and the Palestine Liberation Organization (PLO) as the legitimate representative of the Palestinian people. These two agreements formed the basis for all subsequent talks between the parties.

In 1992, as the director of the Norwegian research institute Fafo, I initiated, together with then member of Knesset Yossi Beilin, secret talks between him and local Palestinian leader Faisal Husseini, at the American Colony Hotel in Jerusalem. These talks, which were facilitated by Fafo and the Foreign Ministry of Norway, reached a dead end later that year. The Norwegians realized that without involving the exiled and outlawed Palestinian leadership in Tunis, nothing could be accomplished. At the time, both Israeli and American citizens were forbidden to engage with any member of the PLO. In December 1992, I flew to Tunis to meet for the first time with PLO Chairman Yasir Arafat. In that meeting in his villa, in the darkness of the early morning hours, he authorized the head of Fatah's financial wing, Ahmed Qorei (alias Abu Ala), to travel to Oslo for secret talks facilitated by Fafo in cooperation with the Norwegian Foreign Ministry. The first meeting took place at Borregaard Manor outside Oslo, in January 1993.

From January to May 1993, secret talks were conducted as a pre-negotiation phase, in parallel to the Madrid process taking place in Washington. The goals of pre-negotiations in Oslo were twofold: to build trust between the Palestinian and Israeli representatives; and to explore possible parameters of an agreement. In order to reach the first goal, the exercise was restricted to a small group, willing to engage in secret intense interaction over a lengthy period. Unlike the massive delegations in Washington, the delegations in Oslo were never larger than three to five people on each side, with continued interaction often from dawn to dusk.

In Oslo, the Palestinians were represented from day one by a delegation of the PLO, handpicked by its chairman, Yasir Arafat. The rationale behind this unprecedented step was that the Norwegians had discovered that the PLO was already controlling every detail, albeit invisibly, of the bilateral and multilateral talks in Washington. Furthermore we believed that if the PLO and Yasir Arafat were not directly involved in the talks, they still had the ability and the will to block any agreement. Allowing others to reach an agreement would be tantamount to political suicide by the PLO. Therefore, it was necessary to have them at the table. Without them, no agreement could be reached.

The pre-negotiation phase ended on 1 May 1993. The talks had reached a point where both parties believed that the other was negotiating in good faith and that an agreement had to take the shape of a declaration of principles. On that date, the head of the Palestinian negotiation team, Ahmed Qorei, invited me for a walk in the hills above Oslo. He made it clear—in the most explicit of words—that the PLO would not continue into a final round of talks unless the Israelis "upgraded" their delegation to high-level officials. Up to this point, the Israelis were represented by two academics (Ron Pundak and Yair Hirschfeld) who did not hold any formal position in the

HOUSE_OVERSIGHT_023162

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



government. In the following days, I flew to Israel to convey the request to Yossi Beilin, then Deputy Foreign Minister. Shortly afterwards, Foreign Minister Shimon Peres dispatched the Director General of the ministry, Uri Savir, and the head of the ministry's legal department, Joel Singer, to Oslo. The Norwegians had, until then, seen the secret talks in Oslo and their potential outcome only as possible inputs to the negotiations in Washington. We were puzzled—and pleasantly surprised—to realize that the parties now wanted to negotiate the full deal under the Oslo framework.

Indeed, in the spring of 1993 the parties started to conduct proper negotiations in Oslo—out of the public eye—rather than through the formal process in Washington. Within four months, the Declaration of Principles was initialed in a secret ceremony in the Government Guest House in Oslo. This was followed by a new set of secret negotiations in Paris, facilitated by the Norwegian team (Johan Jorgen Holst, Jan Egeland, Mona Juul, and myself). The outcome was the mutual recognition of the State of Israel and the Palestine Liberation Organization, which paved the way for the formal signing of the Oslo Accords on the White House lawn on 13 September 1993.

The Declaration of Principles was based on the approach that the easiest issues should be resolved first, with remaining issues to be addressed later, step-by-step. A Palestinian Authority for self-rule would be established, first gaining control over Gaza and Jericho, and then gradually expanding into the West Bank. The details of the expansion were to be hammered out in the so-called Oslo II Agreement, signed in Cairo on 28 September 1995.

As unique and effective as this approach proved to be, the Oslo Accords would not have been possible without the dramatic changes taking place within the international system at the time. The PLO had been financially dependent on the states of the Arab Gulf and the Communist bloc. The collapse of the Soviet Union and Arafat's support of Saddam Hussein during the Gulf War of 1991 resulted in the collapse of funding for the PLO and an end to remittances to Palestinian families in Gaza and the West Bank. Simultaneously, the first Intifada between 1987 and 1993 and the emergence of a new local leadership in Gaza and the West Bank created a threat to the leadership of the PLO in exile in Tunis. The organization needed desperately to regain its financial footing, as well as its political stature. These were major incentives to move the Organization into what was to become the Oslo process.

The Israeli leadership also had its reasons to come to the negotiating table. The rise of satellite television channels, such as CNN, beamed live images around the world of Israeli soldiers armed to the teeth combating stone-throwing kids in Gaza and the West Bank. Support for the government of Israel dropped dramatically in Europe and at home. Israelis began to feel that they were losing the moral high ground. Israeli leaders saw that using traditional military means to combat the Intifada came at a high political and moral cost. They too were in search of a political way out. In short, the Oslo channel came precisely at the right time, providing a lifeline for both the Israeli and Palestinian leaderships.

The implementation of the Declaration of Principles started in earnest in 1994, with Yasir Arafat's spectacular arrival in Gaza and the rapid establishment of the Palestinian Authority. I had the pleasure of welcoming him on behalf of UN Secretary-General Boutros Boutros-Ghali, as his newly appointed Special Coordinator for the Occupied

HOUSE_OVERSIGHT_023163

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



Territories and Personal Representative to the PLO and the Palestinian Authority at our new headquarters in Gaza city. The PLO had regained its uncontested leadership, and the Palestinian Authority received a massive financial boost with the influx of donor money from across the world. Israel received a moral boost as a large number of countries formally recognized its existence and established diplomatic relations.

A hallmark of the Declaration of Principles was the establishment of a gradual approach to resolving the conflict. *Gradualism* now became the keyword for describing the peace process. By breaking the overall goal of peace into manageable sections that could be addressed in sequence, the Oslo process allowed for progress to be made and trust to develop on less contentious issues before tackling more controversial topics like Jerusalem, borders, security arrangements, and refugees, which could threaten to derail any talks.

One of the principal advantages of the step-by-step or gradualist approach was that it enabled the parties to reach compromises through ongoing dialogue and interaction with each other by starting with the easiest issues and leaving the hardest for last. It allowed for an incremental change in perceptions and political positions. Although gradualism allowed success to be achieved in a variety of areas, moving the process forward, at each stage, depended on the parties taking the bold steps necessary to fulfill their respective commitments. The main weakness was slow movement in implementation, with progress falling behind agreed upon timelines. This led to periodic disillusionment and back-sliding.

A recurrent problem was that the parties had failed to agree on a mechanism to penalize non-compliance. This critical deficiency undermined progress. As leaders and the political climate changed, so too did the resolve to implement.

Successful gradualism required the use of ambiguous language on the most contentious issues: Jerusalem, borders, security, and refugees. The successive Israeli governments and the Palestinian leadership had substantially different views on the final status of all four of these issues. The language contained within the Oslo documents, as well as subsequent agreements, provides room for interpretation. Either side could claim that the text represents their interests. This allowed leaders to go home to their respective constituents and retain popular support.

Another practice that proved effective was the use of the annexes attached to agreements to flesh out disruptive details, or to substantially water down the impact of certain commitments made within the body of the text. In many cases the annexes are exhaustively long and detailed but are rarely read by the public, affording the leaders political space to make agreements that might otherwise face public criticism.

The three Israeli Prime Ministers who were in office from 1993 to 1999—Rabin, Peres, and Netanyahu—approached the challenges of peace through a concept of gradualism, postponing the tricky final status issues. Barak, who took office in 1999, was the first Israeli Prime Minister to address the final status head-on with a *"totalist"* approach (read below).

While the Oslo process was based on the concept of *gradualism*, characterized by bilateral negotiations—facilitated by a third party—and cumulative small steps demonstrating good faith, Ariel Sharon eventually took a contrary approach through *"uncompromising unilateralism"*. The day after he won the election in February 2001,

HOUSE_OVERSIGHT_023164

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



he invited me to meet him at the King David Hotel in Jerusalem. During the course of the conversation, he surprisingly asked what I would do with the peace process if I were him. I had just re-read his autobiography, *Warrior*, and answered: "Both as a soldier and as a politician, you have a history of being bold, daunting, daring and making surprise moves. In that spirit, I would suggest that you dismantle the settlements and pull your troops completely out of Gaza." For a minute I worried that this would anger him, but he answered very calmly. "I cannot do it." I asked why. He said: "Because of the harbor." I replied, rather perplexed: "But there is no harbor in Gaza." He said: "That's not the point. They could build one if we left Gaza." Then I realized that, contrary to common opinion, Sharon had no ideological inhibitions about leaving Gaza. His concerns were only about security. This gave me high hopes that he would eventually do it. Three years of stalemate were to follow. And then in December 2003, out of the blue, Sharon made the sweeping and stunning pronouncement that Israel would leave Gaza and end its occupation of the Strip.

Ariel Sharon deserves praise for withdrawing from Gaza. But his unilateral move undermined the possibility of peaceful relations between the inhabitants of the Gaza Strip and Israel. The PLO and the Palestinian Authority were sidelined. They could not claim credit for the move, and thus had scant motivation for supporting it. Instead, militants in Gaza and the West Bank harvested all the benefits. The Disengagement plan undermined those on the Palestinian side who claimed that the negotiating table was a more efficient tool than the barrel of a gun in order to resolve the conflict.

## ON PART II: PEACE PROPOSALS AND IDEAS

The formal agreements covered in Part I represent the conclusions of long and complex diplomatic processes. Part II encompasses proposals and ideas that contributed to breaking taboos and changing opinions that paved the way for precedent-setting agreements.

In the late 1970s and 1980s several plans and initiatives were put forward which maintain relevance for the future of the peace process. One idea was a comprehensive and unified Arab approach which was first proposed in the Fahd Plan (1981), and later refined in the Arab Peace Initiative of 2002. The latter peace proposal promoted by then Saudi Crown Prince Abdullah al-Saud represented a unified shift in the Arab States' approach to Israel. Where there was once rejection, the Arab peace initiative created the possibility of universal recognition of the State of Israel. All 57 countries of the Organization of Islamic Cooperation (OIC) endorsed the initiative.

The aftermath of the Gulf War of 1991 opened new opportunities to address the complex issue of peace in the Middle East. This was the backdrop for the groundbreaking Madrid Peace Conference, convened by the United States and the Soviet Union. It raised new hopes for peaceful resolution to the enduring conflicts of the region. The conference created an unprecedented platform for peace talks, based on the principle of "land for peace". The Israelis would have to cede land to their Arab adversaries in return for peace and security. The Madrid formula for organizing such talks followed a

HOUSE_OVERSIGHT_023165

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



two-track approach: bilateral negotiations in Washington; and the formation of several multilateral working groups to address specific issues such as water, refugees, the economy, etc. It is worth noting that the PLO was not accepted at the negotiating table. Instead the Palestinians were represented by a joint delegation of Jordanian officials and prominent Palestinians, who allegedly were not associated with the PLO. In stark contrast to the Oslo process, the Washington talks under the Madrid formula were public and in the constant glare of the media. This resulted in the parties continuously posturing to win the favor of the complex power structures that they reported to, as well as of domestic public constituencies. However, Madrid broke the taboo of direct bilateral talks between Arabs and Israelis. Madrid failed as a process, but succeeded as a spectacular event for creating hope, and formed a springboard for the subsequent secret Oslo talks.

As noted in the comments on Part I, Oslo and all subsequent agreements were embraced by the three Israeli Prime Ministers before Ehud Barak took office in 1999. As opposed to the gradualist approach of his predecessors, Barak took the path of *totalism*, i.e. aiming at solving all remaining issues in one go. Pursuant to this approach, as he put it: "nothing is agreed until everything is agreed". Heroically, he wanted to resolve simultaneously all matters with Lebanon, Syria, and the Palestinians, and put a final end to all conflicts.

Shortly after his election, I was invited to meet him at his home in the outskirts of Tel Aviv. He described his new approach metaphorically: "In order to resolve a problem, you need to analyze what the problem is, and define your objective. The problem at hand is that we have an ugly dog in front of us. The objective is to beautify the dog. In order to do so, you need to analyze why it is ugly. And then you see that it is the tail that makes the dog ugly. Through this analysis, our task becomes easy: by chopping off the tail we will have a beautiful dog." And then he added sarcastically: "But I will not chop off the tail of the dog the way you Oslo people have been doing it, painfully slice by slice like a salami. We need to chop it off all in one go."

In this spirit, in the summer of 2000 President Clinton brought the parties to the presidential estate at Camp David for marathon talks behind closed doors. The attempt failed for many reasons. First of all, a few weeks of talks did not provide ample time to address the thorniest issues (Oslo took six months of negotiation to address the least difficult issues). Other reasons were internal Palestinian disagreements and difficult interpersonal relations, in addition to a "take-it-or-leave it" approach by Israel.

Although the leaders left Camp David without diplomatic feathers in their cap, President Clinton and his team now had a clear sense of what was needed to bridge the gap between the two parties. In late December 2000, he presented what became known as the Clinton Parameters. They were a comprehensive set of American ideas on how to end the conflict. However, time was not on the side of peace. With his second term coming to an end, Clinton was unable to persuade the parties to conclude an agreement. In addition, Likud Party leader Ariel Sharon's visit to the Temple Mount / Haram al-Sharif in September 2000 signaled the second Palestinian uprising. This reduced the room for maneuver for the Palestinian negotiators.

Following the election of George W. Bush as President of the United States, and against the backdrop of the new Intifada, Palestinian and Israeli negotiators gathered in

HOUSE_OVERSIGHT_023166

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



early 2001 in the small Egyptian seaside town of Taba. They attempted, through bilateral talks, to capitalize on the basic ideas put forward by President Clinton. In spite of high hopes inspired by the Taba talks, hope was dashed by Israeli intransigence, reinforced by the violent uprising across the West Bank and Gaza, as well as internal tensions within the Palestinian leadership.

In an attempt to revive the peace process, President George W. Bush, in a speech in the Rose Garden in June 2002, took the bold step of publicly declaring support for an independent Palestinian state. However, he was convinced that Chairman Arafat was an impediment to peace, due to the continuing violence against Israelis emanating from Gaza and the West Bank. The President made further US involvement in peace negotiations contingent upon Arafat's removal from power, and the implementation of democratic reforms in the Palestinian Authority's political structure. This was consistent with Prime Minister Sharon's policies. At this time, parts of the Palestinian leadership either passively turned a blind eye to the rise of bombings in Israel, or discreetly encouraged it. Arafat became a pariah for several essential players and was isolated in his Muqata headquarters in Ramallah.

Under these dire circumstances, UN Secretary-General Kofi Annan called for a meeting in the conference room of his executive office at United Nations' Headquarters in New York with the US, Russia, and the European Union. The frustration was deep amongst all parties. Bilateral talks did not happen. Trilateral talks did not work. In response to the breakdown of the peace process, he suggested that the four actors coordinate a position to restart the process. The idea was to combine the political power of the US, Russia's credibility amongst key Arab states, the European Union's financial muscle, and the UN's legitimacy in a potent new international coalition. The UN Secretary-General coined the phrase the "Middle East Quartet" for this informal group. The Quartet met both at principals level and at the level of special envoys.

A novel approach to the imbroglio of Middle East peacemaking was launched: *multilateral unilateralism*. The concept was launched at a Quartet Envoys' working dinner at the Norwegian Ambassador's residence in Herzliya (a suburb of Tel Aviv) by US officials William Burns and David Satterfield. The idea was for the Quartet members to collectively produce an operational peace plan to be presented to the parties for implementation, without prior consultation. This resulted in the Quartet peace plan, referred to as the Road Map, which was eventually presented to the parties as an ultimatum in 2003. In other words, a unified position was imposed by a group of third parties upon the disputants—thus, *multilateral unilateralism*.

The Quartet collectively submitted the text to Palestinian Prime Minister Mahmoud Abbas. The US ambassador to Israel presented it to Israeli Prime Minister Ariel Sharon, who refused to meet with the Quartet as a whole. The Palestinian side accepted the proposals in total while the Israeli side came up with fourteen reservations.

The Oslo Accords mapped a path towards a possible peace agreement, setting up milestones to be passed along the way, and stipulating that the ride on this bumpy road would take five years. It did not define the end point of the journey, because the parties were not capable of closing the gaps between their positions at the time. The 2003 Performance-Based Road Map of the Quartet was, in many ways, the paper that concluded the Declaration of Principles of 1993, by designating the last milestone, the establishment of a Palestinian state.

HOUSE_OVERSIGHT_023167

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



However, compromises among the Quartet members led to ambiguities which gave the parties the opportunity to make radically different interpretations of their obligations under the plan. The Israeli side claimed that the Road Map called for security first—a complete end of Palestinian violence—before any negotiations could start. This strategy was called *sequentialism*. The Palestinian side, and the international community at large, supported a strategy of *parallelism* that called for progress on both security and political issues to happen in lock-step. The collision of the concepts of *parallelism* and *sequentialism* made it impossible to reach the final destination envisioned in the Road Map.

With gridlock in the formal negotiating process, civil society groups tried to take the initiative. One example of several is the Geneva Accords of December 2003 led by PLO official Yasser Abed Rabbo and former Israeli Minister Yossi Beilin.

The stalemate in the process continued until Ehud Olmert's election as Prime Minister in 2006. Through intense negotiations facilitated by US Secretary of State Condoleezza Rice and her team, the parties came close to striking a deal which would have pushed the peace process forward. However, as the end game of this phase of the negotiations, also known as the Annapolis process, unfolded, Prime Minister Olmert had to step down because of an indictment for alleged financial misconduct. At the same time also, a new wave of rockets emanating from Gaza, lead to a military operation in the Strip (Operation 'Cast Lead').

The scene and characters changed in early 2009 with the election of Barack Obama as President of the United States, and Benjamin Netanyahu as Prime Minister of Israel for a second time. Shortly after his inauguration, President Obama attempted to resuscitate the peace process with the appointment of a new high-level special envoy, Senator George Mitchell. An absolute freeze on settlements, including in Jerusalem, was made a precondition for bringing the parties to the table. This turned out to be a self-defeating proposal. For any Israeli Prime Minister, such a major move could only be the result of, and not the pre-condition for, negotiations.

During this paralysis, the Palestinian leadership looked for alternative ways of moving forward, and shifted their strategy from bilateralism to unilateralism through a bid to upgrade the Palestinian status to be on a par with the Vatican at the United Nations: that of an observer Member State in the General Assembly. This quest reached its climax during the UN General Assembly sessions of 2011 and 2012. In a speech to the General Assembly in September 2011, President Abbas called for admission of Palestine as a Member State of the United Nations. It reflected the growing frustration among the Palestinian community with the lack of progress since the end of the Annapolis process in 2008. In December 2012, the Palestinians were granted, with a large majority, state observer status at the UN.

## ON PART III: UNITED NATIONS DOCUMENTS ON THE QUESTION OF PALESTINE

An accurate picture of the Israeli–Palestinian conflict must include an understanding of the role of the United Nations. Part III provides a comprehensive collection of Resolutions and documents which have significantly shaped the context of this seemingly intractable issue.

HOUSE_OVERSIGHT_023168

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



Many of the political battles related to the Arab–Israeli conflict have been fought in the halls of the United Nations. On 29 November 1947, the UN General Assembly voted Resolution 181, also known as the Partition Plan. It called for the creation of two states—one Palestinian and one Jewish.

Other key UN Resolutions include General Assembly Resolution 194 (1948), which calls for the return of Palestinian refugees; General Assembly Resolution 303 (1949), which designates Jerusalem to be placed under UN jurisdiction; and, most famously, Security Council Resolution 242 (1967), which calls on Israel to withdraw from all territory seized during the Six Day War of 1967.

Paradoxically, some of the Resolutions are seen by both parties as supporting their side of the argument. For example, in Resolution 242 the interpretation of the clause calling for "withdrawal of Israel armed forces from territories occupied in the recent conflict" has been controversially ambiguous, and the object of widely different interpretations. The key argument relates to whether the clause requires Israel to withdraw from all territory occupied in the 1967 war, or only from some parts of the territory captured. While many Resolutions have had hardly any effect, they nevertheless continue to be used as points of reference in the different attempts to resolve the conflict.

## ON PART IV: REGIONAL DOCUMENTS

The Israeli–Palestinian issue cannot be seen in isolation: it affects and has been affected by broader regional dynamics and conflicts for a century. After years of colonial competition, France and the United Kingdom drew lines in the sand through the Sykes–Picot Agreement of 1916. This agreement divided the region into spheres of influence, and eventually led to the creation of new countries. In the subsequent thirty years, several programmatic initiatives were taken in the context of multiple anti-colonial campaigns for national self-determination and political sovereignty, including the quest of the Jewish people for a national homeland.

The 1948 war between Arab countries and the newly founded State of Israel resulted in the latter significantly expanding its territory beyond that allotted to it by the UN Partition Plan. This marked the beginning of more than half a century of Israeli–Arab tensions and conflicts. Gradually the focus moved from the legitimacy of the state of Israel to the country's territorial boundaries. This coincided with broadening support, not only internationally but also in Israel, for the establishment of a Palestinian state living peacefully, side by side, with the state of Israel, within mutually secured borders.

Obtaining the regional buy-in to peace with Israel began with the different armistice agreements signed in the wake of the 1948 war. While these agreements ended the war, the fighting continued to flare up as the armistice lines established were not internationally recognized borders.

The Arab–Israeli conflict came to a new head with the Six Day War in June 1967, when Israel conquered the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank and East Jerusalem from Jordan, and the Golan Heights from Syria. In the aftermath, Arab nations unified their position against Israel with the Arab League

HOUSE_OVERSIGHT_023169

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



Resolution at the Khartoum Summit, which is referred to as the "Three Noes Document" due to its clause that states: "no peace with Israel, no recognition of Israel, no negotiations with it". On 6 October 1973, Syria and Egypt launched a war against Israel that ended in a political stand-off between Israel and its Arab adversaries.

In November 1977, Egyptian President Anwar al-Sadat broke Arab unity when he—in a move which stunned the world—flew to Israel and addressed the Knesset in a bid for a peaceful resolution of the Arab–Israeli conflict. Subsequently, in 1978, he signed the Camp David Accords that established a separate bilateral peace agreement with Israel.

Camp David highlighted the importance of a third-party broker. When President Sadat and his counterpart, Prime Minister Menachem Begin of Israel, reached a stalemate, US President Jimmy Carter invited the parties to his presidential estate for trilateral discussions on 5 September 1978. Three scheduled days of negotiations turned into thirteen days of frustrating and intense talks. Since these tripartite discussions were unable to break the impasse, President Carter decided to work separately with both sides. The result was an American proposal which incorporated the requirements of both parties into a single text. After lengthy negotiations on this document, President Carter's shuttle diplomacy resulted in the Camp David Accords of 17 September 1978.

In 1993, PLO Chairman Yasir Arafat followed the precedent of President Sadat and broke ranks with fellow Arab leaders by secretly and bilaterally recognizing the State of Israel and signing the Oslo Accords. The year after, building on the agreements between Israel and the PLO, King Hussein of Jordan followed suit by negotiating a bilateral peace treaty with Prime Minister Yitzhak Rabin of Israel. This culminated in a spectacular signing ceremony at the desert border crossing of Wadi Araba in August 1994. In the agreement, Israel acknowledged Jordan's historical role over Muslim holy sites in Jerusalem and agreed to recognize this role in future permanent status negotiations with the Palestinians. The two leaders also agreed on steps such as the opening of border crossings and economic cooperation.

In 1999, Labor Party leader Ehud Barak defeated incumbent Prime Minister Benjamin Netanyahu. As has been described above, the new Prime Minister broke radically with the concept of *gradualism* that had been the hallmark of negotiations between Yasir Arafat and three Israeli Prime Ministers, Yitzhak Rabin, Shimon Peres, and Benjamin Netanyahu, favoring a more comprehensive approach to the peace process. For the first half of 2000, Arafat and the Palestinians were left to wait for a Syrian peace deal that was not to come. Despite Barak offering Syrian President Hafez al-Assad 99 per cent of the Golan Heights, it still fell short of Assad's demand for a return to the 4 June 1967 lines, and the Syria track subsequently crumbled. This put Arafat on the spot: how could he now, in front of the Arab world, accept less for the Palestinians than Assad had demanded for the Syrians?

The Lebanon track fared better. It began in late 1999 with a dialogue between Prime Minister Barak and me, as the newly appointed UN Special Coordinator for the Middle East peace process. The Prime Minister confided to me that, as a part of his comprehensive quest for resolving all the conflicts that Israel had with its neighbors, he wanted to end Israel's occupation of Southern Lebanon that had started in 1978. Eventually, he

HOUSE_OVERSIGHT_023170

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



conceded that only the United Nations, and not Israel alone, could delineate on a map and demarcate on the ground the line of withdrawal. Such a line had to be, to the best of the United Nations' knowledge, in conformity with Lebanon's international boundaries. On this basis, and with the consent of the parties, the UN Secretary-General could then report to the Security Council and eventually recommend that it should confirm that Israel had ended its occupation. This understanding led to an agreement for the United Nations to negotiate with the Governments of Lebanon, Syria and Israel. Through intense, difficult, and stormy tripartite negotiations over five months, the UN Secretary-General was in May 2000 able to report to the Security Council that the UN had reached an agreement with Israel, Syria, and Lebanon on a line of withdrawal (the so-called Blue Line). On this basis, it was determined that Israeli troops had left all Lebanese territory. Further, he reported that, consistent with UN requirements, Israel's Lebanese proxy, the South Lebanese Army (SLA), had been disarmed and disbanded. Subsequently, the UN Security Council confirmed the end of Israel's occupation of Southern Lebanon in fulfillment of Security Council Resolutions 425 and 426 of 1978.

In September 2004, the UN Security Council adopted Resolution 1559. Secretary-General Kofi Annan appointed me as his special envoy for its implementation. In a nutshell the resolution called for respect for Lebanon's sovereignty, territorial integrity, and political independence; the disbanding and disarming of all Lebanese and non-Lebanese militias; and the withdrawal of all foreign troops. After Israel's full withdrawal from Lebanon in 2000, the only remaining foreign troops were Syrian. Immediately after the resolution was adopted, I engaged in intense negotiations with President Assad, who until the assassination of former Prime Minister Rafic Hariri on 14 February 2005, was consistently resistant to move on the issue. On 12 March 2005, I was airborne with a small UN team, among them Fabrice Aidan, on my way to Damascus for a new round of talks with the President. Midway, the captain informed me that he was requested to change course and land in Aleppo. Afterwards I was told that the reason was to avoid the media who were waiting for the arrival of the UN team in Damascus. I was picked up at Aleppo airport by Walid Muallem, who was then Deputy Foreign Minister. He brought me to Assad's villa, where a few hours of negotiations resulted in the Aleppo understanding, which outlined Syria's military withdrawal from Lebanon with specific timelines. Assad honored his word, and ended twenty-nine years of Syrian military presence in Lebanon consistent with Resolution 1559.

What is often forgotten in the recurrent doom and gloom in the Middle East, is that the step-by-step approach, which started with the Camp David Accords of 1978, has for more than thirty years led to conflict resolution: peace between Israel and Egypt; the Oslo Accords; the mutual recognition of Israel and the PLO; the establishment of the Palestinian Authority in Gaza and the West Bank, which still functions with its presidency, cabinet, and ministries; peace between Israel and Jordan in 1994, with the recognition of borders and a long-lasting security cooperation; Israel's withdrawal from Southern Lebanon in 2000; and the subsequent Syrian military withdrawal five years later; as well as Israel's pull out from the Gaza Strip. All these steps would have been difficult, if not impossible, without the previous ones.

In 2000 the attempts to put a final end to the Syrian–Israeli and the Palestinian–Israeli conflicts both failed. This exposes the risks of a *totalist* approach to solving such

HOUSE_OVERSIGHT_023171

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



conflicts. These heroic attempts, facilitated by President Bill Clinton and his team, created a crisis of expectations, leading to the second Intifada and violent confrontation between Israelis and Palestinians, with tragic loss of life on both sides. This illustrates a fundamental dilemma in the choice between a *gradualist* and a *totalist* approach. *Totalism*'s "all or nothing" approach is inherently risky. When it backfires, it easily leads to a relapse into violence. *Gradualism* is less spectacular and appealing, with its incremental and long-term approach. However, it is precisely these characteristics which make it less risky, and more successful under some circumstances.

While *totalism* failed in 2000, with tragic consequences, it nevertheless broke down a number of taboos, such as addressing explicitly the partition of Jerusalem and the issue of Palestinian refugees.

## ON PART V: ISRAELI AND PALESTINIAN DOMESTIC DOCUMENTS

Part V seeks to provide a fuller context to the quest for peace in the Middle East. All politics are local, and the Arab–Israeli conflict typifies this axiom. The ability of negotiators to come to conclusions is only half the story. Documents such as the original Palestinian National Charter or Israel's Declaration of Independence shaped attitudes, policies, and action on both sides.

Furthermore, the Part includes important policy statements that signal revisions of previous policies such as Palestinian Authority Prime Minister Salam Fayyad's vision for a new Palestinian state. In August 2009, Fayyad introduced the "Program of the Thirteenth Government" (the Fayyad Plan), which established a path to develop a functional Palestinian state within a two-year time frame. The blueprint sought to establish and improve governing institutions, end Palestinian economic dependence on Israel, and enhance overall infrastructure. It was a move to create a *de facto* Palestinian state within the existing Palestinian territory, regardless of any formal recognition of such an entity. Fayyad sought proactive steps to "end the occupation, despite the occupation". He stressed it was not meant as a unilateral declaration of statehood.

Indeed, substantial developments did take place during Prime Minister Fayyad's tenure. In 2011, both the World Bank and the International Monetary Fund made statements that the Palestinian Authority was capable of running the economy of an independent state, and that it was on track to developing the necessary functions of a state.

The Middle East peace process continues to run its crooked course. There is no quick fix. Yet, as this volume demonstrates, many brave attempts have been made to bring peace to this troubled region.

By compiling annotated documents related to the quest for peace in the Middle East, a useful record and reference tool are created. Our hope is also that this volume will inspire future students, analysts, policy makers, and negotiators to learn from, and draw on, the experiences of the past.

HOUSE_OVERSIGHT_023172

OUP CORRECTED PROOF – FINAL, 10/9/2014, SPi



As we continue to move on the crooked path, no doubt, this compendium will have to be updated in the future. Hopefully, one of those additions will be a peace agreement that will eventually allow us all to close the book on the protracted conflicts in the Middle East.

Terje Rød-Larsen

*Oslo*
*13 September 2013*

HOUSE_OVERSIGHT_023173

# *Maps*

**Map 1.** Middle East Region 2014

**Map 2.** Palestine 1900

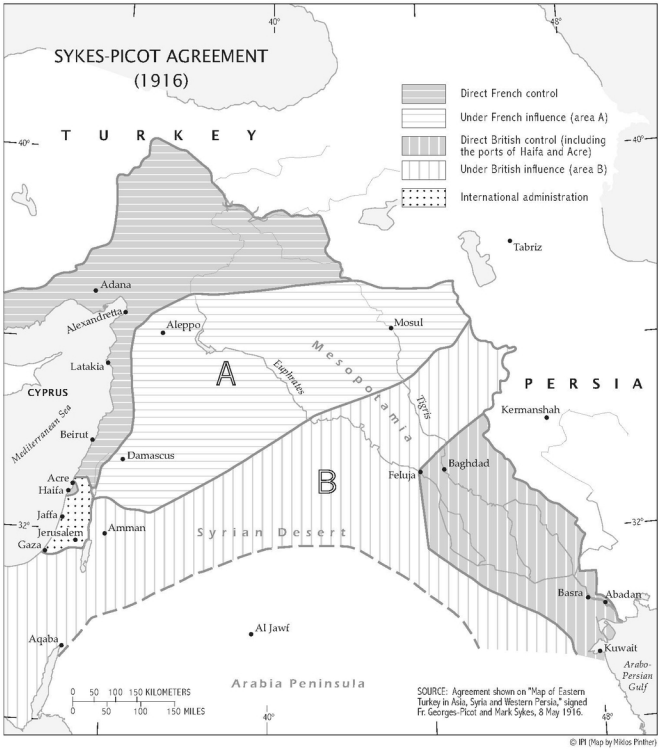


**Map 3.** Sykes–Picot Agreement 1916

© IPI (Map by Miklos Pinthier)

**Map 4.** The Middle East after the San Remo Conference of 1920

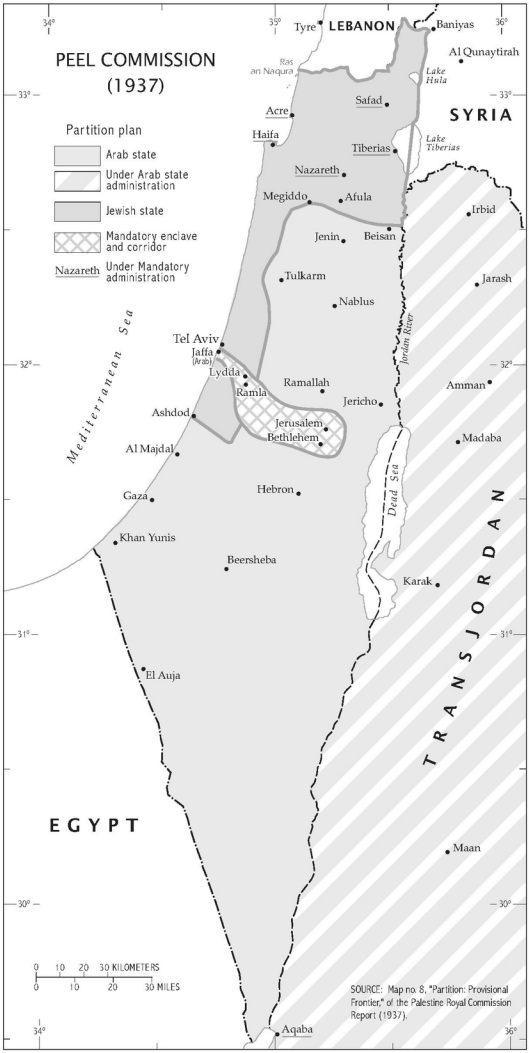


**Map 5.** Peel Commission 1937

**Map 6.** Partition Plan 1947

**Map 7.** Armistice Agreements 1949

**Map 8.** Israel and the Occupied Territories 1967

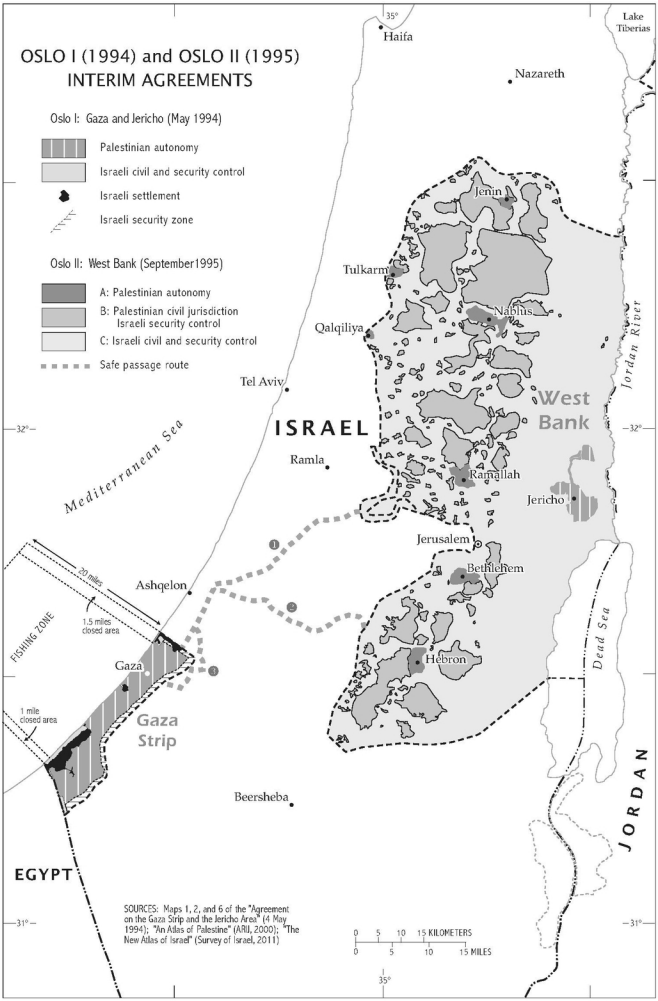


**Map 9.** Oslo Accords 1994

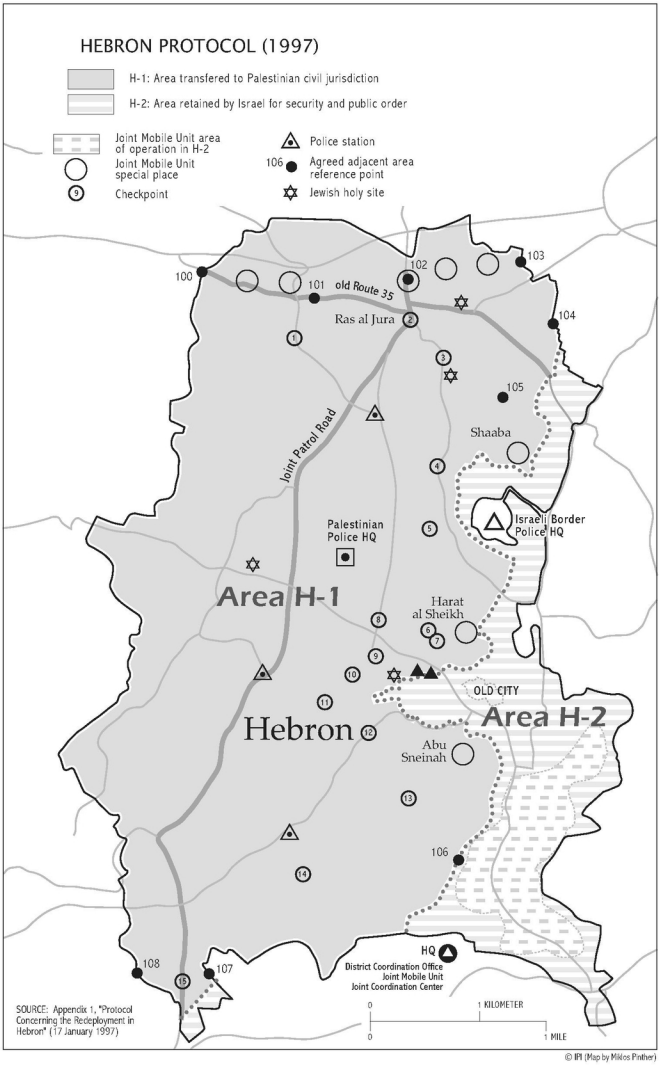


**Map 10.** Hebron Protocol 1997

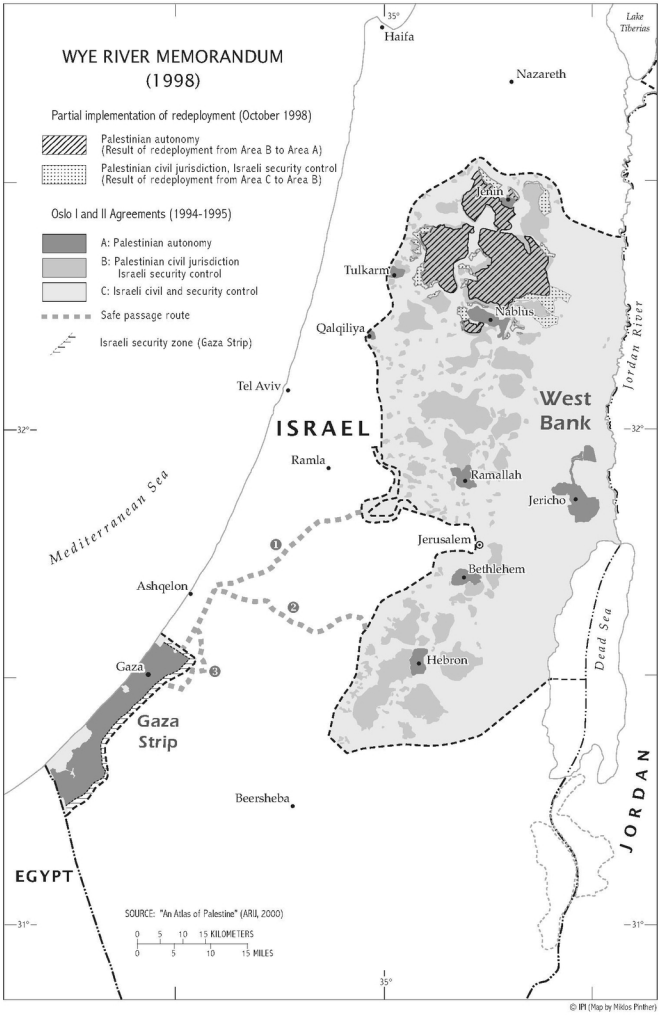


© IPI (Map by Miklos Pinther)

**Map 11.** Wye Memorandum 1998

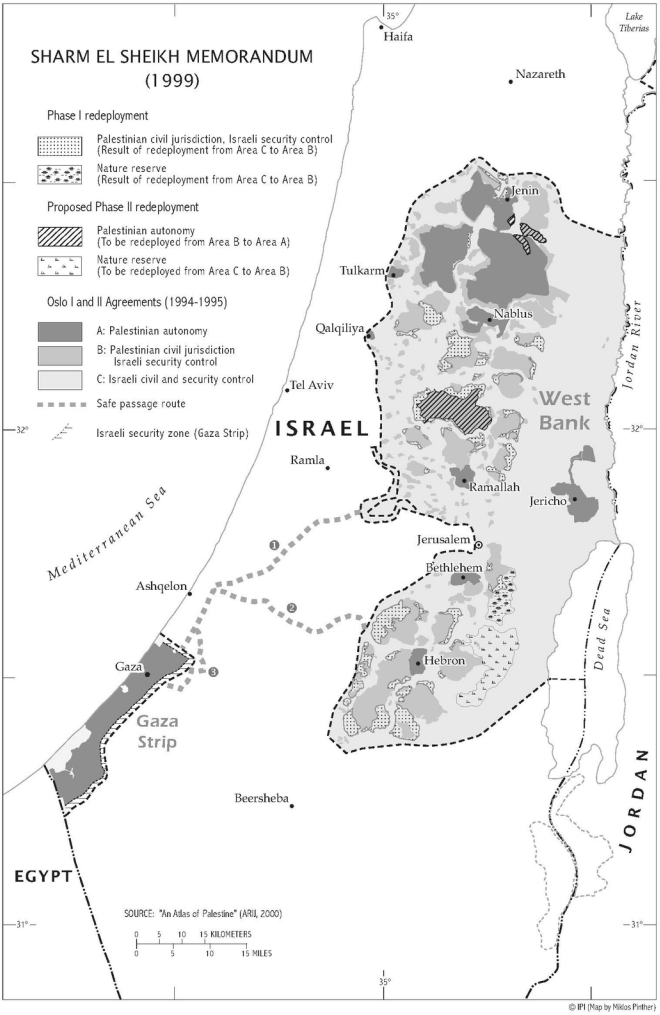


**Map 12.** Sharm el-Sheikh Memorandum 1999

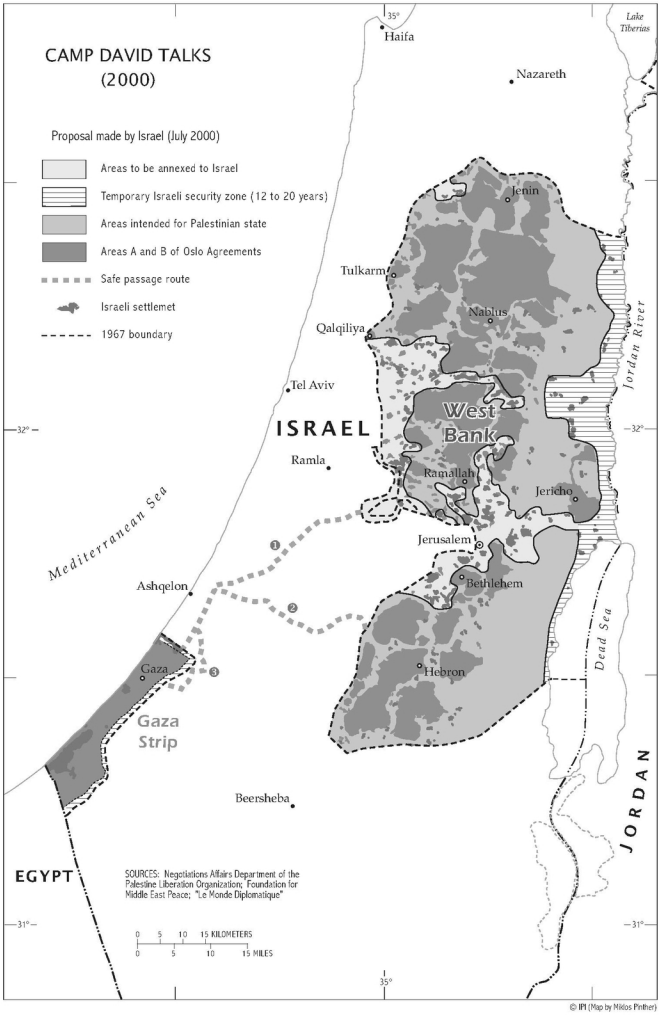


**Map 13.** Camp David 2000

**Map 14.** Clinton Parameters 2000

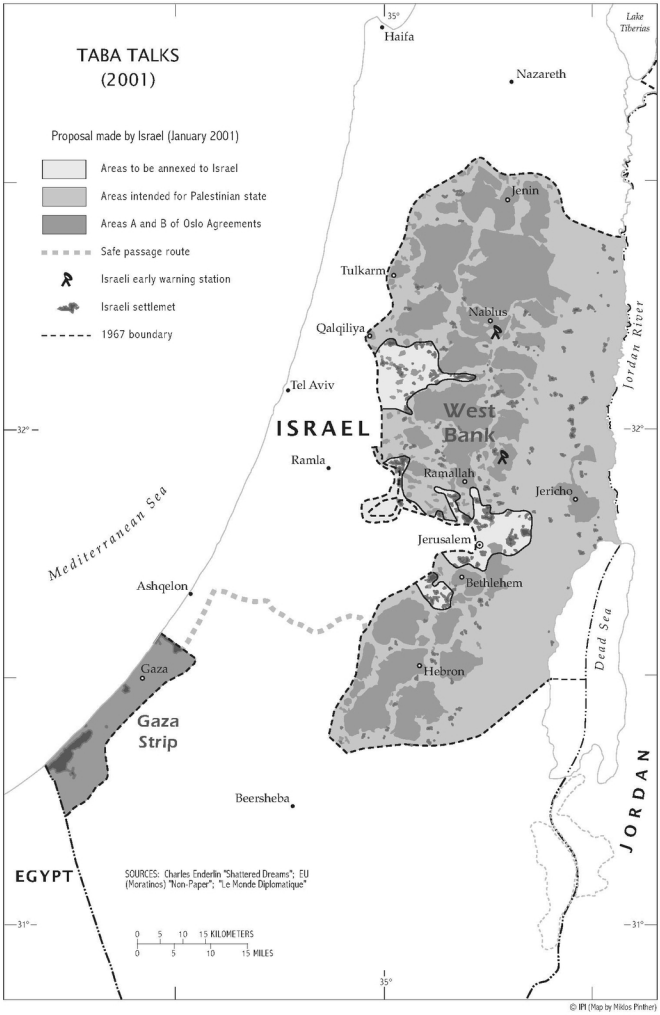


**Map 15.** Taba Talks 2001

**Map 16.** Geneva Accord 2003

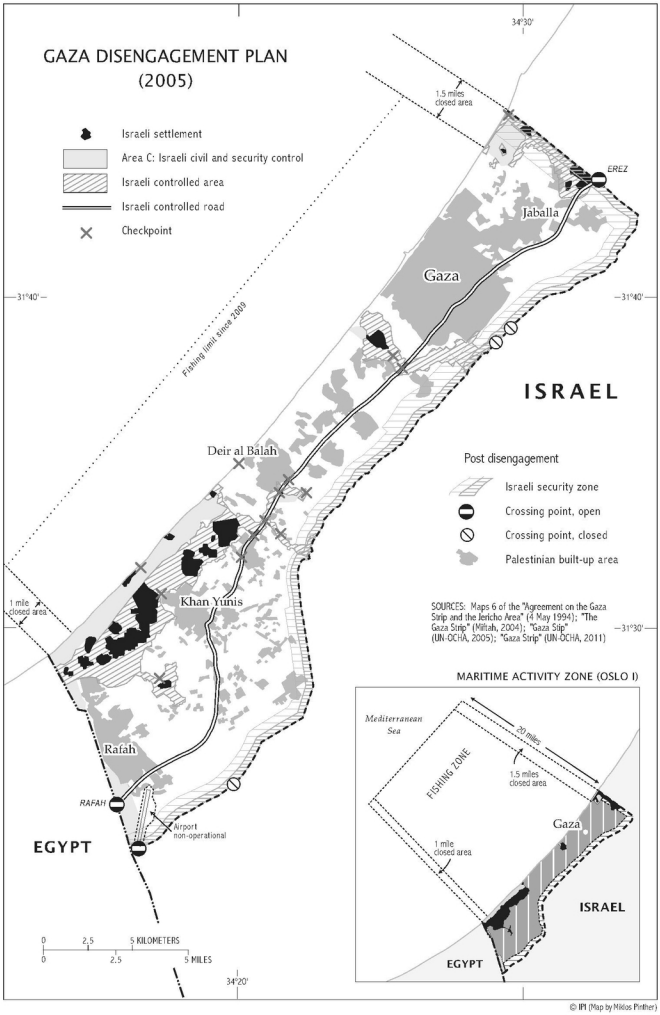


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**Map 17.** Gaza Disengagement 2005

**Map 18.** Olmert–Abbas Talks 2007–8

© IPI (Map by Miklos Pinther)

**Map 19.** Autonomous areas 2012

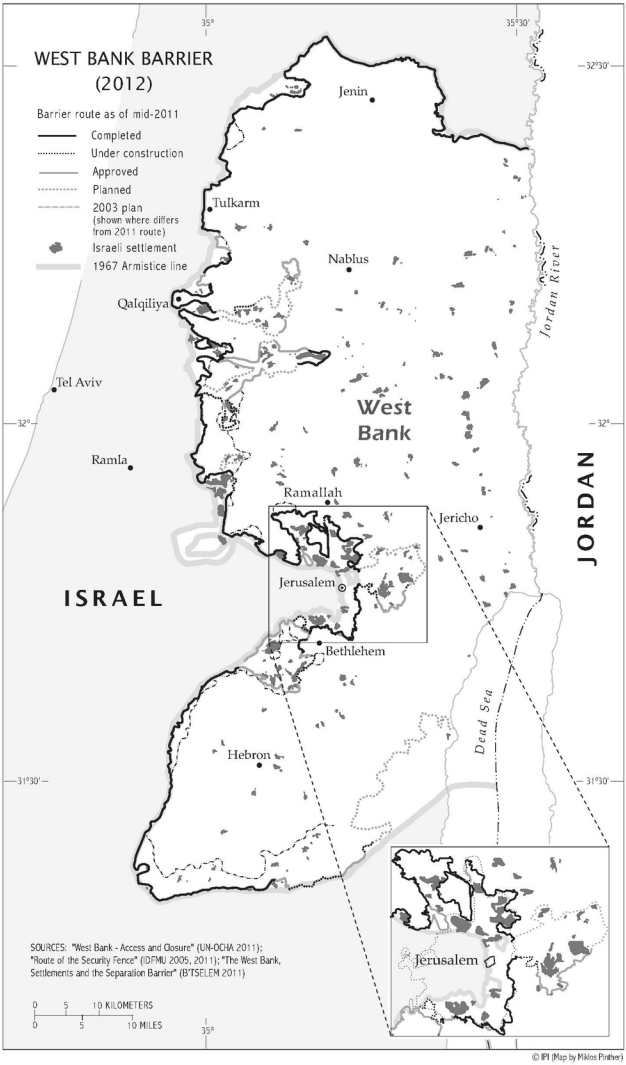


**Map 20.** West Bank Barrier 2012

**Map 21.** Israeli Settlements 2012

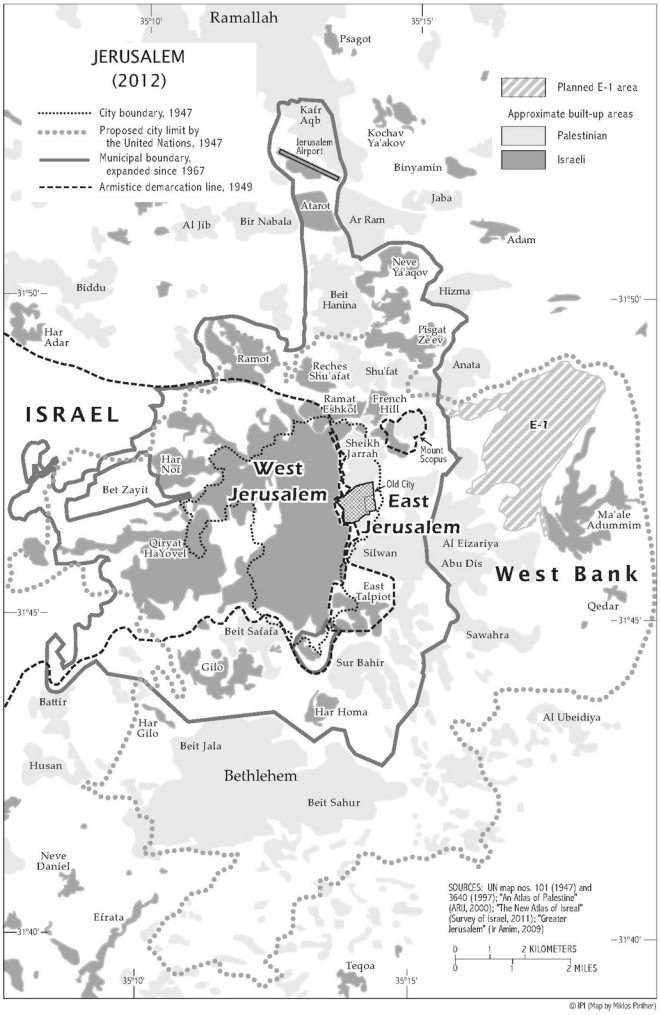


**Map 22.** Jerusalem 2012

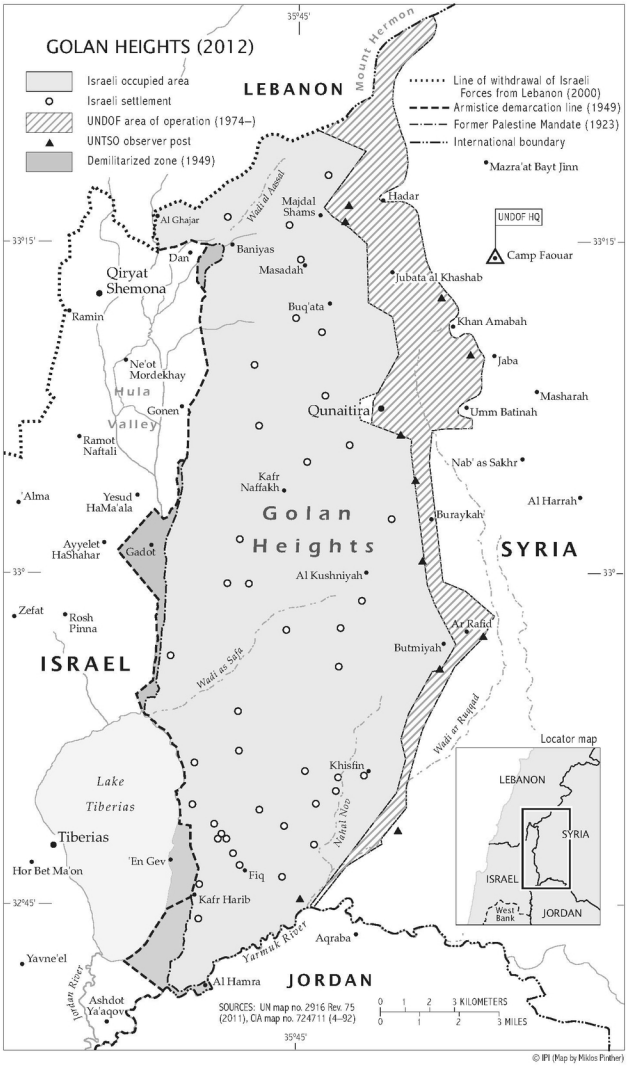


© IPI (Map by Miklos Pinther)

**Map 23.** Golan Heights 2012

OUP CORRECTED PROOF – FINAL, 12/9/2014, SPi

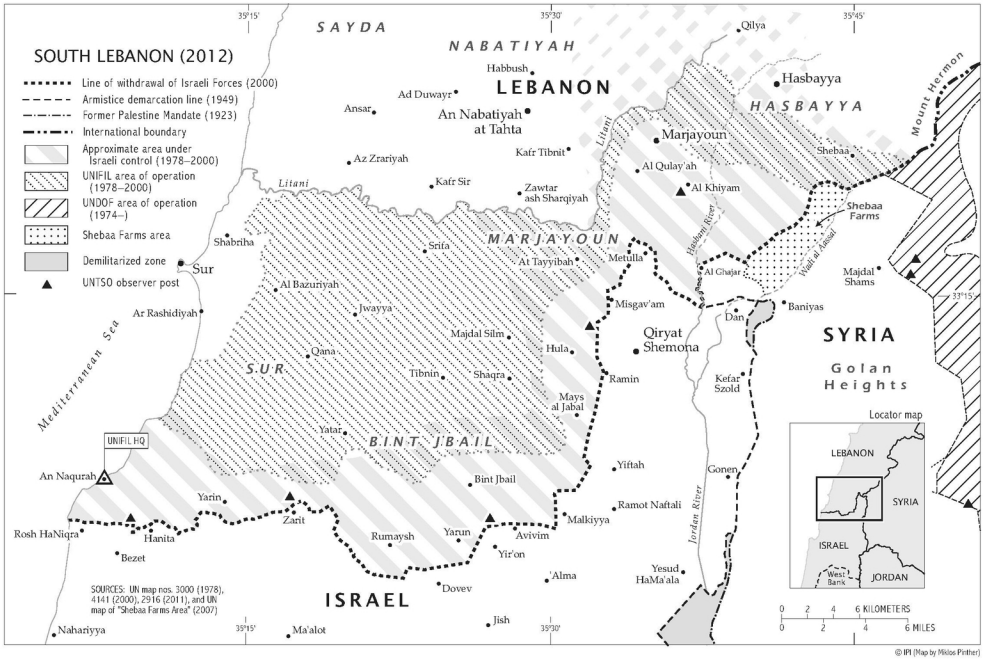


**Map 24.** South Lebanon 2012

HOUSE_OVERSIGHT_023197

**From:** Lisa New [redacted]
**Sent:** 12/7/2015 7:23:18 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: and....another bit of advice ...? on WA

**Importance:** High

politicians I have taped

Bill Clinton
Al Gore,
John McCain
Mayor Rahm Emanuel
Mayor Tom Menino
Supreme Court Justice Elena Kagan
Sir Mervyn King
Former Sec of Treasury Larry Summers

yeses from politicians not yet scheduled

Vice President Biden
Senator Mark Warner
Governor Jerry Brown
UN representative Samantha Power
former sec of State, Henry Kissinger
former Sec of State Condaleeza Rice
former Chancellor of the NYC schools, Joel Klein

In other categories I have taped

Frank Gehry, architect
Katie Couric , David Brooks and Andrea Mitchell, journalists
Richard Dawkins and Peter Gallison, scientists
Head of the College Board, David Coleman
Dean of Harvard Law School, Martha Minow
plus several poets laureate.....

On Mon, Dec 7, 2015 at 2:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:
send me the list of policticans the list you sent will generate an of course not

On Mon, Dec 7, 2015 at 3:01 PM, Lisa New <[redacted]> wrote:
Dear Jeffrey,

As you probably know, Woody Allen's legal team said that we couldn't use the film we shot of him: online, for broadcast, anywhere.

It was a fantastic experience taping with him and so, even if I can't ever use the footage, I'm still grateful to you for making the day possible. But of course I'd like to use the footage. I decided when--way back-- we got this very negative answer back from his lawyers that I should just take my time about asking --since it would take us 2 years to be ready to edit the footage anyway (The online course is chronological. When I taped Woody we were still back in 1730. Now we've gotten to the 1920s)

Well, we've now arrived at the season when we'll be editing materials on William Carlos Williams for our course on Modernism and, as we discussed on Saturday, on poetry and other arts, The Poetry of Art, Sport, and Play

I would also, of course, love to make a tv episode out of the conversation, but the threshold question is whether he'll let us use it for anything at all. In case it would matter,

Other performers who have already taped with me include

John Lithgow,
Diane Paulus
Julie Taymor
Nas
Eve Ensler
Damian Woetzel
Kate Burton
Lil Buck Riley
Alfre Woodard
Herbie Hancock
Tony Kushner
Natalia Zukerman

and those who have agreed to tape with me include

Sally Field
Lena Dunham
Yo Yo Ma
Anna Deveare Smith
and more.

Those in other fields include journalists, senators, president clinton etc etc. You've read my pitch before (many times)

His is one of only two releases that we haven't gotten. What do you think of my chances?

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

--

please note

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--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From**: Kathy Ruemmler [redacted]
**Sent**: 7/29/2017 10:28:10 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

This week was totally bananas. Did Andrea Mitchell yesterday to discuss Trump/DOJ.

Apartment appointment is Aug. 2 at 4 pm.

Sent from my iPad

On Jul 29, 2017, at 6:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

wash this week . what time see apt

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/7/2015 7:35:13 PM
**To:** Lisa New [redacted]]
**Subject:** Re: and....another bit of advice ...? on WA

better list to present woody

On Mon, Dec 7, 2015 at 3:23 PM, Lisa New <[redacted]> wrote:

> politicians I have taped
>
> Bill Clinton
> Al Gore,
> John McCain
> Mayor Rahm Emanuel
> Mayor Tom Menino
> Supreme Court Justice Elena Kagan
> Sir Mervyn King
> Former Sec of Treasury Larry Summers
>
> yeses from politicians not yet scheduled
>
> Vice President Biden
> Senator Mark Warner
> Governor Jerry Brown
> UN representative Samantha Power
> former sec of State, Henry Kissinger
> former Sec of State Condaleeza Rice
> former Chancellor of the NYC schools, Joel Klein
>
> In other categories I have taped
>
> Frank Gehry, architect
> Katie Couric , David Brooks and Andrea Mitchell, journalists
> Richard Dawkins and Peter Gallison, scientists
> Head of the College Board, David Coleman
> Dean of Harvard Law School, Martha Minow
> plus several poets laureate.....
>
> On Mon, Dec 7, 2015 at 2:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> > send me the list of policticans the list you sent will generate an of course not
> >
> > On Mon, Dec 7, 2015 at 3:01 PM, Lisa New <[redacted]> wrote:
> >
> > > Dear Jeffrey,
> > >
> > > As you probably know, Woody Allen's legal team said that we couldn't use the film we shot of him: online, for broadcast, anywhere.
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> > > It was a fantastic experience taping with him and so, even if I can't ever use the footage, I'm still grateful to you for making the day possible. But of course I'd like to use the footage. I decided when--way back-- we got this very negative answer back from his lawyers that I should just take my time about asking --since it

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Diane Paulus
Julie Taymor
Nas
Eve Ensler
Damian Woetzel
Kate Burton
Lil Buck Riley
Alfre Woodard
Herbie Hancock
Tony Kushner
Natalia Zukerman

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Yo Yo Ma
Anna Deveare Smith
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Those in other fields include journalists, senators, president clinton etc etc. You've read my pitch before (many times)

His is one of only two releases that we haven't gotten. What do you think of my chances?

Lisa

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Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/7/2015 7:36:12 PM
**To:** Lisa New[redacted]
**Subject:** Re: and....another bit of advice ...? on WA

write me a letter using only the top list and forward me his clip please

On Mon, Dec 7, 2015 at 3:23 PM, Lisa New <[redacted]> wrote:

> politicians I have taped
>
> Bill Clinton
> Al Gore,
> John McCain
> Mayor Rahm Emanuel
> Mayor Tom Menino
> Supreme Court Justice Elena Kagan
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and more.

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Lisa

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--

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Date: Mon, Oct 26, 2015 at 8:37 PM
Subject:
To: Brad Wechsler <[redacted]>, Melanie Spinella <[redacted]
gain at 20 % not 28. . so total , 35.8%. tax rate. same for boat. and plane each around 10 m so total 7 m savings if both sold

Date: Tue, Oct 27, 2015 at 11:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella <[redacted]>
Cc: Brad Wechsler <[redacted]m>
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

Date: Wed, Oct 28, 2015 at 5:56 AM
Subject: Fwd: Detailed constructive list.
To: Lesley Groff <[redacted]>
please print two copes . re formattted so leon can go line by line ie . heading s question, gift answer. blank who responsible. time frame. fee paid when?

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella <[redacted]>
Cc: Brad Wechsler <[redacted]>
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

From: **jeffrey E.** <jeevacation@gmail.com>
Date: Tue, Feb 24, 2015 at 2:20 PM

Subject:
To: Melanie Spinella <[redacted]>
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.
In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.
I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :
With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )
With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement

right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .
We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

--

Date: Wed, Nov 4, 2015 at 4:45 AM
Subject:
To: Melanie Spinella <[redacted]>
okay, its time for you to decide how you would like to move forward. ( fyi get your money from the 1031 . the screw up is only one of many,) If you decide to move foward on decanting. phaidon, note basis estate update , each requires many carefully orchestrated detailed steps. and precision . there are hundreds of millions in saving if done correctly and a huge mess if not. If you want me and my colleagues to do it , oversee it paper it and guide it, you should tell me. It is a big undertaking . If not , ok .. Brad and your crew can do it. I will have no real further involvement apart from confirming the outcome of my proposed structure, I will not risk the admonition of- they thought you said, they thought you meant, they understood it to be. but they said you said, ( i e ,I asked at our meeting that accounting be done properly for bens house , what came back was ada thought that I meant that we needed to go back to the 97 trust and give him a full third party accounting of where his money had gone??!! I kid you not). I dont think brad should talk to jane heller without a fully fleshed out plan in place and even then it should be you.

Date: Wed, Nov 11, 2015 at 10:59 AM
Subject:
To: Richard Joslin <[redacted]>, Joe Avantario <[redacted]>, Brad Wechsler <[redacted]>
lets calculate the exact payoff amount for the leon note as of nov 30 ,DEC1 , dec 31. 1) does art space get folded in to phaidon. . middle cos disolved.? 2 collapse topco etc
open bank accounts for apoo
interest will be approx 50k per day . look at deduction.
note payoff docs- notaries . new docs. releases ? , accountings? disclosures? ( gaming ? ) art partnership . renew. will? repaper lease guarantees? macfarlanes. ? do we pay down 10m. of plane. ? proposal for airplane , 91 , 135. exec , jet. .? remove debra. from plane?

Date: Wed, Nov 11, 2015 at 11:00 AM
Subject:
To: Melanie Spinella <[redacted]>
we should discuss e trust and j black trust. , brad buying phaidon. artspace folding ? plane/ boat. foundation.

Date: Wed, Nov 11, 2015 at 9:09 PM
Subject:
To: Melanie Spinella <[redacted]>

we need to coordinate. brad bank, cannot be clumsy

Date: Fri, Nov 20, 2015 at 10:50 AM
Subject: agenda
To: Melanie Spinella <[redacted]
1. brad or richard. makes litte difference. 2. gagosian . no written contract??!! fishy to me - who transfers 100 million dollars overseas without a contract ,- dont want you pulled into a scandal. careful especially as he is on the tax dept radar, . 3. I would like you to delineate what you would like me to do - the more specificity the better.- I think it important to avoid any misunderstandings as to each of our obligations and responsbilities. I will always give you my best advice. I have made my views re ada and the office clear . no hedging. . THEY should go. no hesitation . no zeus, your choice obviously. good news - I will not bring it up again. moving forward- These transactions will require a great deal of manpower over the next holiday month, every document needs minute review. . I would like to fix our fee agreement , in detail no later than this weekend . ie amounts , dates paid . entities paid. any concept you may have of" after care"? all on the table. .other questions such as how much to leave your children ,in what form, has no right answer. but you and I can dialougue as long as you like about issues of judgement. it is out of o friendship. not biz. ( bill hellman as a trustee? ) . we can talk about that during walks etc . I would like for you and I to go back to having fun.

Date: Mon, Nov 23, 2015 at 11:53 AM
Subject:
To: Melanie Spinella <[redacted]>
25 minutes needed. 1 new and vastly improved plan, needs your thoughtful input. decisions on legacy paintings bronzes. books etc. 2. we need to reach fee agreement. and authorities.( alan and I spent time over the weekend, ) , hundred documents to be drafted. 3. gagosiaon 4 revolver . 5 inspire - FBI . 6. Phaidon, solution. 7 plane. no need to reinvent the wheel. . ( rowen ).

Date: Tue, Nov 24, 2015 at 2:41 PM
Subject: Fwd: Loan
To: Melanie Spinella <[redacted]>
Please talk to him

Date: Tuesday, 24 November 2015
Subject: Loan
To: Jeffrey Epstein <jeevacation@gmail.com>
Cc: Melanie Spinella <[redacted]>, "Alan S. Halperin" <[redacted]>, Ada Clapp <[redacted]>, Joe Avantario <[redacted]>
Jeffrey-given the high daily interest cost (50k+/-) on $$ borrowed which you pointed out yesterday, here's what I'm thinking, but I want to be 100% on the same page as you:
1. Close next monday on the credit line, but don't borrow any $$. (We can, of course push closing back but my preference wld be to close.)
2. Right now, at barry's request, Irene Steiner, on behalf of the trustees is reviewing apo1 and apo-o1. While probably not impt on a "substantive" basis it was (a) impt to barry and (b) is likely good for leon.
3. We are hoping to have signature pages to the trustees (and returned to us) by early to mid next week. (Ada will oversee.)
4. We will then get the new trust to bofa who, moving quickly (according to them), will have an acct open the following week, 12/7-9.
5. We need to manage execution of paperwork associated with decanting which I assume occurs once apo-o1 and bank acct are operative. (Ada I'm sure you'll be on top of this).

6. I assume we will move $$ to pay down loan the day or day after (?) apo-01 bank acct open. As you know we cld do this as early as next monday/tuesday but then cash will be sitting in apo-1 while we're waiting for apo-01 bank acct.
7. If there are sales of assets (or llc's) from leon to apo1 or apo-01 that needs to be buttoned down and organized asap.
8. Same if you want another NEW trust in the mix as that will involve paperwork and opening an acct with bank.
Let's discuss to make sure we're on the same page on process. B
Sent from my Verizon Wireless BlackBerry

Date: Mon, Nov 30, 2015 at 5:21 PM
Subject: agenda
To: Melanie Spinella <[redacted]>
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Tue, Dec 1, 2015 at 12:26 PM
Subject:
To: Brad Wechsler <[redacted]>

I would like to consider the gaming commmison disclosure dates. . 2 we should put to bed once and for all adas concerns re the bronzes. . alan should opine on valuation ranges? rather than estimates. . 3. Leons input re gagosian purchase. ( trade in , 1031 if 17 likely transfer- . scream, phaidon. plane and boat. 4. I would like to review all assignment docs. decanting schedules. ( exhibits ). balance sheets for apo1-2 . . loan docs re transfer of narrows inside . 5. Leon should be clear regard future steps . pent etc. swaps , paydowns 6 mock-ups of all before trigger pull.

Date: Wed, Oct 28, 2015 at 12:56 AM
Subject: Fwd: Detailed constructive list.
To: Lesley Groff <[redacted]>
please print two copes . re formattted so leon can go line by line ie . heading s question, gift answer. blank who responsible. time frame. fee paid when?

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella <[redacted]>
Cc: Brad Wechsler <[redacted]>
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay

etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

ate: Fri, Dec 4, 2015 at 2:07 PM
Subject: Fwd: moving forward
To: Melanie Spinella <[redacted]>
I had forgotten that Alan was actually at the table when i explained my note deal to you. it was at the end of the meeting described below. . as you will recall , not once , not even a peep did alan suggest contemporaneously his hand in the crafting, in fact brad said it was an idea. that HE brad, HAD HAD , from the begiining . my emails between alan and I that you can read , further confirm authorship. Im sure you recall the obnoxious tooting when alan said he agreed with my plan. .

Date: Mon, Nov 2, 2015 at 10:03 PM
Subject: moving forward
To: Melanie Spinella <[redacted]>
I have mixed emotions about what transpired today. really, You saw first hand in nauseating detail what i have been saying to you for quite a while now. Joslins answers were totally incomprehensible. the charts he prepared unreadable. Brads defensive posture was at a minum very surprising . He and I have recently gotten along quite well , I thought . Neither Joslin or Brad understood a 180 million dollar number . no cash flow after weeks of requesting? odd. when you suggested that heathers behavior was emblematic of a sloppy office , brad said lets not talk about emblems??! bill pay , admittedly no change for the year. . plane not done. though it was the only thing i suggested doing first in july . . I sent you a list of 10 consultantts. brad said three, . i didnt want to push it. I was shocked that brad was opining on things he knows little or nothing about. tax issues. 1031. neg basis , note payoffs ( the same idea he said he had had from the beggining??!!) . answers re LBF holdings that can be corrected ( they cant) . valuations that have never been read. . When we met in your lobby he seems surprised that i was there. I dont know if he felt somewhat sandbagged. . .
the savings on the note payoff is aprrox 33 % of 1.8 billion. real money if you do phaidon which i see no reason not to . if later josh and ben want to buy it back with you or without you they can. i will walk you through the structure one on one. . the losses will offeset the calder gain as well as apollo gain.
Im aware that seeing what you saw frustrated you. I felt badly for you.

You wanted a contingent deal. real value. etc. I will not of course hold you to your deal . . its silly. its not how i work or a reflection of our friendship. my proposal is as follows. I want away from your buisiness , but at the same time leaving you in good shape. I think you should pay the 25m that you did not for this year. for next year its the same 40 m as always, paid 20 in jan and 20 in july, and then we are done. I will give you advice and counsel but new people will be running your operating machine. I will oversee all the work that needs to be done you and I will hire new people , and it will be self running. ( it was may in my house when you told brad it had been 5 months and you were getting fed up ) I will set up a parallel . office , somenoe like wendy dolman or her quality is paramount. two accountants two bookeepers and two office admins. . alan and zoe will handle trusts and grats. heatehr diana george will be incolved in art partnership. if you want brad, analysts etc. and kids to do investments I have little to add in that regard ,except to be able to account for things properly. I suggest that the kids must have skin in any deal.
Alternatively , we can continue to focus on fun and let someone else do the things that you want done.

and you and I can kibbitz about it all. structures outcomes risk, museums. charity, ( joslins answer by the way was I had asked how much charity was leon planining to give this year , ( the 2 m ) he didnt include your foundation or the payment to me, or from debra and you??!!

Date: Mon, Dec 7, 2015 at 5:39 PM
Subject: Fee
To: Melanie Spinella <[redacted]>
Amount ? Paid in kind ? Financed ? Plane ?Paid to ? Non charity , charity . Fixed dates

Date: Mon, Dec 7, 2015 at 8:05 PM
Subject:
To: Melanie Spinella <[redacted]>
please re iterate that no further actions taken without careful document review. please

Subject:
To: Melanie Spinella <[redacted]>
Leon,
As you are well aware, There is little I won't do for you, or at least try to do as a friend, and a great deal that I have already done ( both known and some things that willneed to remain unknown.) Our arrangement was for me to architect sophisticated structures that would be beneficial to you. that is what I have done and will continue do in order to fulfill my obligations under our agreement. The discovered fact that you in reality need an entire family office built from scratch has been trying I have aleady agreed de- facto to try to help. I would suggest that Phaidons payroll and attention pales in importance to your personal structure,which has taken a back seat, Some of my suggestions regarding the Eysium office are as follows you will need a budget of 3- 5 million per year. CEO 1 million, new tax person to work with rich, 250. new bookkeeper ,200 new paralegal to work with ADA ALan etc , coordinating with Apollo, Akin , paul weiss , new acct openings , sec filings , sales tax review, etc. $150 . art point person. loan , inventory, purchasing support, $?? software servers. video conferencing, tax oversight.
I believe You should rapidly address trustees , gift trust, succesion, wills of debra and children, , monetization events , cash flow. etc I can of course share my experiences with you on each issue.
WIth regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the begining of my involvement ) I am also aware however of my overarching friendship obligations of ok, - given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )
With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex isssues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is.

coordination with Suydam Kathy gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.
talk later..

Date: Sun, Dec 28, 2014 at 5:18 AM
Subject: jobs ahead
To: Brad Wechsler [redacted], Melanie Spinella [redacted], Ada Clapp [redacted]
1. review accounting system. Book keeping softaware. staff, ( senior accountant ) methods on line banking, brokerage. cash mgmt. airplane reimbursement. boat sale. art purchases sales use and sales tax. tax filings FBAR FATCA, gaming commsion, pfics, insurance . uk co law.
2. review docs for TRA BRH grats, trusts, heritage will, insurance, art lending. medical, springing powers. two fire drill books. one needed for injury. other for death
3 review bills . boats , planes, legal, ( PW, McFarlands all outside. legal and accounting. Toms bills over 400k . house projects. south ny ben
4 cashflow projections tax projections , interaction with Apollo accounting tax, Phaidon ,art space ,and Regan. legal accounting. audit
5. children meetings , review to date and allocations
6 review all role in payables. files scanned, no paper
7 review invesmtents for tax basis and unrecognized gain
8 schedule of all hedge funds . redeemables commitments etc.
9 charities pledges strucutre, staff ,

Date: Fri, Feb 20, 2015 at 5:52 AM
Subject:
To: Melanie Spinella <[redacted]>
1) pg 1 A " unequal shares" . pg 23 "removal of trustees " absolute. dont be confused with abiltiy to set up seperate trusts, , 2) I am reachable this afternoon in europe. on cell. 3. on another note . -our financial agreement ended months ago . seperate from the art partnership (which i was told yesterday to my amazement is still not funded) . i am obligated to complete ? the time i have dedicated since oct/ dec has been spent mainly as your friend. tom, brad though i am fully cognizant of my responsiblities. I will try to help find people. I am not good at human resources. howevr If I don;t think they are good enough for you. I will continue to say so , and you obviously decide. but I will reiterrate even in the face of your "nobody is good enough argument." keeping foremost in my mind that you and I have only beeen shown a very tiny handful of people. 4. I find the friction over fees , counterproductive. in an attempt to avoid it I had suggested a multi year deal early on. you rejected it. I then suggested, and urged you to have an option at a fixed fee , you also rejected that .you wanted the fee payment only at the end I argued but ,conceded. I suggested a structure that tom didn't like. you rejected it . 5 I suggest you make a fair proposal.- that i can either accept or reject. some payment up front this time is a requirement. I am willing to modify any outstanding obligations. - there are creative ways to assure you of your desired characterization of those payments. 6 you should open accts at Deutsh . and goldman. I am told that eilleen has set up over one hundred bank acccts for you???!!. few relevant 7 you should immediatly demand a list of all her acct authorites , exec poistions . director etc. bank authorizsations. etc. talk later or over the weekend if you like

Date: Wed, Dec 9, 2015 at 10:16 AM
Subject: Fwd:
To: Jeffrey Epstein <jeevacation@gmail.com>
kkkjkjjjkjjyou said

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella [redacted]>
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.

In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.

I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.

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With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a

new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of

course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .
We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Fri, Dec 11, 2015 at 12:19 AM
Subject: Re: Fw: sched
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: "[redacted],
"[redacted]

Jeffrey-joe tells me you want this to go live on 12/21. Possible, but an awful lot has to go right next week logistically for everything to fall into place. We'll try....

**From**: Brad Wechsler
**Sent**: Thursday, December 10, 2015 05:36 PM
**To**: 'jeevacation@gmail.com' <jeevacation@gmail.com>
**Cc**: [redacted]
**Subject**: Fw: Fw: sched

On different subject: general time frame is: docs (notes and purchase and sale agreement to you tomorrow end of biz); incorporate your comments monday and get docs to trust attorney tuesday; contemporaneously meet in person with you tuesday or wednesday and do a dry run. On these days ada will also take the trustees through outline of docs they will receive thursday. Docs to trustees, leon et al on thursday and signatures gathered by friday for first close 12/22. Tight but doable. Ada, alan agree? PS: ada, you shld begin to think abt where people are (jh, rr, bc, ldb) next week.

**From**: Heather Gray [mailto[redacted]
**Sent**: Thursday, December 10, 2015 05:24 PM
**To**: Brad Wechsler
**Cc**: Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>
**Subject**: RE: Fw:

Subject: Re: Fw: sched
Barry-what we're going to do with jeffrey will be "small picture" and detailed. It might be better for you

and jeffrey to have a higher level conversation some time next week; either way you'll have access to everything, obviously.

From: Barry J. Cohen [mailto[redacted]
Sent: Thursday, December 10, 2015 05:55 PM
To: Brad Wechsler
Subject: RE: Fw: sched
I wouldn't mind attending a meeting or portion of a meeting with JE. If he is the mastermind, and you want to move quickly, it might get a lot of questions resolved quickly.

From: Brad Wechsler [mailto:[redacted]
Sent: Thursday, December 10, 2015 5:37 PM
To: 'jeevacation@gmail.com'
Cc: [redacted]Melanie Spinella; Barry J. Cohen
Subject: Fw: Fw: sched
On different subject: general time frame is: docs (notes and purchase and sale agreement to you tomorrow end of biz); incorporate your comments monday and get docs to trust attorney tuesday; contemporaneously meet in person with you tuesday or wednesday and do a dry run. On these days ada will also take the trustees through outline of docs they will receive thursday. Docs to trustees, leon et al on thursday and signatures gathered by friday for first close 12/22. Tight but doable. Ada, alan agree?
PS: ada, you shld begin to think abt where people are (jh, rr, bc, ldb) next week.

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Sent: Thursday, December 10, 2015 05:24 PM
To: Brad Wechsler
Cc: Jeffrey Epstein (jeevacation@gmail.com<mailto:jeevacation@gmail.com>)
<jeevacation@gmail.com<mailto:jeevacation@gmail.com>>
Subject: RE: Fw:
No, I'm meeting with him at 9:30 am tomorrow.

Date: Fri, Dec 11, 2015 at 9:49 AM
Subject: fee
To: Melanie Spinella <[redacted]>
elegant solution ;re fee. , 30 million paid now. with purchase of noel kalb, paid with funds from the drawdown. you should use and keep open the line for the full 30m and leave it outstanding until its expiration. in four months. legit biz reason, very nice , - the balance of the fee - paid in kind either low basis art . or interest in either milenium ,lone cascade ,or king street.

Date: Tue, Apr 14, 2015 at 5:53 PM
Subject:
To: Melanie Spinella <[redacted]

saved you 500k at the last minute, . brad has had the same chart since march 16th, its his job to review NOT MINE .appears he is one of those living in the dark leiwe. I found 8 million dollars today, missed deductions. . not yet in the numbers, .?

Date: Wed, Apr 15, 2015 at 8:59 AM
Subject:
To: Melanie Spinella <[redacted]>

1 did the paul weiss bill get paid ??? 2. Talk to me before signing anything today important
10m paid today to gratitude america, a 501 c 3, willl make last year complete. 20 million paid today ftc . 10 million july 15 5 million sept 30. , 5 million jan 1 for all of 16 . tax savings paid at 37 percent . of net. savings. 50 million credit. net. so 150 million free . 600 savings 225 million owed. - 50 credit, 175 owed.

Date: Mon, May 18, 2015 at 8:17 AM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella <[redacted]>
as a reflection on your voiced spirited concerns in the what have you done for me lately category ? )):: .
in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to eat the apple from the knowledge tree)
. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain)
books as they were mystersiously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.

still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with :

As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and

investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Thu, May 28, 2015 at 8:53 PM
Subject: ulysses 2.0
To: Melanie Spinella <[redacted]>
I realize it is only due to a lack of understanind of the job ahead. and not out of any sense of unwillingess to pay
- as opposed to merely hiring people to set up a family office, someone will have to do the following- separate from the art partnership which is my responsiblity . there still needs to be a huge amount of work done for 2015,16. not to mention that brad at the moment is going to have train the incoming team?? your call
strategic decisions re estate and other planning , sale of phaidon etc. . in addition setting up for the accounting for each strategy ie.:
income, estate, gift ,sales and use, transfer excise picasso, 1031 calder. . review and detailed oversite of IRS SEC GAMING NYS. real estate, entity valuations ( many ) tax filings- disclosures, follow up of grats, trusts ,defective trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank account need to be rationalized, not only having brad step in to children investments . gift taxes, trust , loans, notes. payables. expenses allocations . . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments funds and charities , dividend treatment -important review of transcations relating to BRH ( amendments) TRA sale ( nuanced ) , shareholder agreements, bank loan agreements new bank relationships. . wills, construction accounting and oversite , contracts planning permits etc..employee rules, regs, . checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, . stock options,( ie environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) review of boat expenses plane expenses, depreciation issues refunds etc. . rationalize all outside counsels and accounting firms
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, , Apollo in house counsel.
set up and oversee brokerage accounts at JPM DB GS and thoughfullly trade
. new IT system from top to bottom full time IT person
new accounting system - on- line banking cooridnated with reports . fire drills as per caruci ( he sounds good ) and . audit system,s . review of john murphy? joslin? dag? eva? .
in house, review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy re:
As new facts on the ground develop , phaidon debra, children meeetings, involvment , trustees adjusted, stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe?. real estate?, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc
you are sitting on over 100 m of cash???!!

Date: Fri, Jan 2, 2015 at 2:55 PM
Subject:
To: Melanie Spinella <[redacted]>
Leon, I decided last week that there was little or no upside in disturbing your well earned holiday

especiaily as you seemed so peaceful happy and smiley ,getting yourself in shape and truly enjoying your family time. etc. however the situation in your family office is unresolved. I am aware that brad starts monday howver, two last days of the year madness. timber.deal not complete no jpm,acct activity no partnership docs , old stock sales not complete , no bank doc redo. no phaidon note restructure, ., no boat expense review. airplane same ,topco midco.etc still not finished ( trustee ) , projections mixed with fiction. , legal exp out of control. no care for admin, silly ( audit). tom conversation with joslin. notes. debra, trustee notes. trustees hiring . bens audit. interest payable made hoopjumping last day of year. after weeks and months. of lectures , gifts to discuss- staff. -houseproject mgmt. . I will continue to try , I had offered ajoint call with eileen before you left. as i said before , joslin takes instructions from eileen. he said it was made clear to him that he doesn't work for me but works for you. . I tried.

Date: Tue, Dec 29, 2015 at 7:26 AM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>
Transaction complete !
. this - in spite of your collection of Elysium misfits. !!!
With Brad out of the office and unable to run his usual interference , the level of his utter incompetence was brought front and center, he may be a step up from Eileen, but if he is , then it is not certainly not by much, . Though you and I have spent many many hours discussing the importance of details and mechanics. I was not shown one document re phaidon,- not one.. Brad wanted to keep it private between he and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is wholly ludicrous - to summarize - the list I provided to Brad last December - things I thought were a priority to get done after consulting with your office still remains virtually undone.

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.
As your friend and in order toturn the page. I will try to be constructive
The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re-do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. ,

decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them

in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.

From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant.

redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist
ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

--
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redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

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Date: Tue, Apr 14, 2015 at 5:53 PM
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To: Melanie Spinella <[redacted]>
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10m paid today to gratitude america, a 501 c 3, willl make last year complete. 20 million paid today ftc . 10 million july 15 5 million sept 30. , 5 million jan 1 for all of 16 . tax savings paid at 37 percent . of net. savings. 50 million credit. net. so 150 million free . 600 savings 225 million owed. - 50 credit, 175 owed. **600 savings 225 million owed. - 50 credit, 175 owed.**

Date: Tue, Jan 5, 2016 at 6:36 PM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>
Transaction complete !

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I preferred to have no financial interactions. I dont have many friends and didnt want money to interefer with our unique relationship. For five years you had the kind but goofy Eileen Alexandersson managing your accounting , legal, investments. reporting, trusts etc. When I told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there is no " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a postion to manage mirage investments I sent you a note saying instead you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me was tasked with hiring new people and as you wanted him to take ownership of the staff,he conducted many interviews. you may recall that as late as may, you told him in my presence that he had had six months and had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions. ,( last nov ) 11 million found in dormant accounts and 4 million in the drawer. errors in cash flow both personal and Phaidon. Oversight on new grats first at 22 and then at 19 that were done without my consulatation were resolved only as aresult of my intervention. . 600 million in after tax savings was just accomplished.

With Brad out of the office and unable to run his usual interference , the level of his total and utter incompetence was brought clearly , front and center. He may be a step up from Eileen, but, if he is , then it is certainly not by much, A major difference is that Eileen knew she was over her head. Brad struts his stupiditly whenever he gets a chance.

A critical example. - Though you and I have spent many many hours discussing the importance of care and attention to details and mechanics. with regard Phaidon I was not shown one single document , not one.!! Brad wanted to keep it private between he, and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is totally ludicrous - to summarize - the list I provided to Brad last December - of things I thought were a priority to get done - still remains in the whole unresolved.

The IT, is virtually untouched and is still in desperate need of a format - reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , when either you or brad ask for it - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told by Brad not to share the outside proposals with me - brad has no

idea even as to what questions to ask. he knows little of finance, is bullshitted over by almost everyone in the office. a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant a simple emblematic example- 3 million in deductions Im told were taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the only real question you were focused on ! " were they deducted " not -" is there a benefit " !!
I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing!, a construction project run amok , no budget, the coo fired after only 3 months. , no clue . fyi artspace financials are also a total mess. ( no receivables ??). when i asked for a list of what got done and did not, i received the email from Brad basicailly mind you own business. so much was promised. !!!
As in your words probably your closest friend and in order to turn the page. I hope the following to be constructive
Here is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain a paramount requirement 16 months after i emailed you re their importance. THe Phaidon transaction papered and structured as contemplated DOES NOT WORK , its as simple as that. DOES NOT !! I suggest again that you re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. Halperin has a conflict that should be addressed., A strategy of the use of art should be implemented. . you have tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, I still think you might consider a Rothshcild bank transaction they have 150 b and a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , complex 2 billion in taxes on transaction. ?!

the facts as i see them
in June and then again Sept, we both agreed to a 50% of phaidon payout., then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay

I included in this letter the email i sent to you on April 15, the day i was examining your returns It laid

out my understanding of the compensation for a transaction of the magnitude to the penny of the one just completed. though the number was great it was clear. When it appeared that the details could now be worked out I was the first to say , it is too much money, however.
From day zero I proposed to discount to 50 - 60 million the fair price of the transaction just completed . including Phaidon. . though this amount was already substantially less than our agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of fee outstanding till March ) ,I provided as you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any wayt to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the payment associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. I wondered whether brad even knew of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction was even begun, and had already been heavily discounted, out of friendship, from our agreement . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon showing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charitable decisions , helped with fincancial statements, gaming commission. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesn't exist
ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . ask them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. separate from making it more secure though you are not a trader with inside info the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describe to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposition in the estate. . etc. ask brad to show you the liquidation of the intervening art space cos? that has been on the table for months. .

Date: Wed, Jan 6, 2016 at 3:44 AM

Subject: Fwd:
To: Jeffrey Epstein <jeevacation@gmail.com>
PLEASE READ CAREFULLY ,
Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of detailed time. I do not know how, and if ,to move forward - our last transaction. a transaction which you saved 600 million in tax. even if as you say it could be 20 years away , ( i hope longer) discounted to today is a savings of 300 million . for some reason you chose to ignore our agreements , verbal written and emailed -and decided that it was only worth 8 million dollars to you. . ( assuming phaidon -richard happens. the calculation that you can see is a 24 m savings not including artspace and debt benefits- certain to come later .. IMPORTANT NOTE
: the phaidon transaction as currently contemplated will not work . NOT CLOSE
When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I greatly preferred to have no financial interactions. I don't have many friends and didn't want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind, but very goofy Eileen Alexandersson as the sole manager of your massive accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his biz school org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions on the returns. a cashflow that is misleading helped prepare financial statements ( april ) Oversight on new grats- first at 22 and then at 19 that were done without my consultation and were "resolved " soley as a result of my last minute intervention. . 600 million in after tax savings was just accomplished. (BTW- for some reason you left the 30 million outstanding that I had said should only be done" if" that was my additional fee. and not used for non biz purposes and not art.

Sorry but .,
in June and then again Sept, we both agreed to a 50% of phaidon payout first projected at 20 . but less when artspace and debt taken out, - then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the art space investment will also lead to a write- off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay.

I include below the email i sent to you on April 15, the day i was examining your returns It laid out my understanding of the compensation agreed for a transaction of the magnitude to the penny of the one just completed.ie 600m When it appeared that the transcation would and could go foward I was the

first to point out that our agreement would cost you too much money, therefore
From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.
Date: Wed, Jan 6, 2016 at 12:44 PM
Subject: Fwd:
To: Jeffrey Epstein <jeevacation@gmail.com>
PLEASE READ CAREFULLY ,
In the spirit in which it is sent. our friendship is intact and solid , though ,it has taken a hit.
Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of my detailed time. I do not know how, and even, if ,to move forward - . After months of hearing that you would have no problem paying a large fee if you could only ascertain value. The last transaction. a transaction which you saved over 600 million in tax. declared bullet proof by your attnys, and even if you want to disoccount for its future realization, creating a savings of over 300 million real dollars. For some reason you chose to ignore our agreements , verbal written and emailed -and at the very last minute , after the deal was complete decided that it was only worth 8 million dollars to you and your family. . ( assuming phaidon -richard happens. there is a 24 m savings not including artspace and debt write down benefits- certain to come later .. IMPORTANT NOTE
: the phaidon transaction as currently contemplated will not work . WILL NOT !!

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I greatly preferred to have no financial interactions. I don't have many friends and didn't want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind, but very goofy Eileen Alexandersson as the sole manager of your massive accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help

convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his biz school org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions on the returns. a cashflow that is misleading helped prepare financial statements ( april ) Oversight on new grats- first at 22 and then at 19 that were done without my consultation and were "resolved " soley as a result of my last minute intervention. . 600 million in after tax savings was just accomplished. (BTW- for some reason you left the 30 million outstanding that I had said should only be done" if" that was my additional fee. and not used for non biz purposes and not art.

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more details

From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that

you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.

Date: Fri, Jan 29, 2016 at 2:39 PM
Subject:
To: Melanie Spinella <[redacted]>
you've agreed that
Your office is a multi billion dollar responsibility. your children will inherit it , in order to oversee their financial lives- I feel for you, truly ,but the facts are the facts, your ceo ( Brad) has provided one bad document after another for over a year , no getting away from it, , bad cash flows no new IT, each time with " its gettting better " no in fact -! its not. - the excuse, that Brad is not the numbers guy, is ludicrous. of course he didnt actually prepare the statements. - no ceo would ,- but over and over he presented them to you and me , after , holding them back for his personal review multiple times and after multiple drafts. weeks of his editing, the consistant but "inexplicable "missing the obvious serious errors . ( gaming ) inaccuracies, ( cashflow ) and mistakes (tax returns). why, ?! the simple answer is that at best, he is a c minus, (note. I, like you ,also give points for effort. )- ! an elegant art partnership gone fallow. ??!!I and its core reason to exist. not used ? no docs for plane?, still ! why? no docs for decantings why? the docs for deal 1 received last night , " no docs at all for deal 2, the biggest " . why wasn't Tom brought in , after 4 times of my incessant reminders i spoke to him , he knows little of either transaction except for over view. never saw pahidon anything except projections until yesterday ? ?and this after your clear admonition etc. re the trading accounts no activity, at all,

Barry Cohen is great. more like him please .
you asked , - I did my best trying to train your brad chosen people in the face of my telling you that they were never going to be more than c-minuses, thousands of emails thousands ? Brad at its head . you can't as a ceo, have an accountant give you multiple pages with the most important numbers missing altogether and not notice, you and I saw the errrors right away ,as did my very junior bookeeper after only a cursory glance. He told me he didnt know the details of his note? ! , my guess is that he wanted to pay less. no more than that, any other story is blather. its silly. Talk to richard yourself.
re your estate. Yes another Brad issue - your will, needs revision. the tenants in common structure I assume Alan has carefully walked you through. it is way overdue, needed and exciting. I won't list the more serious issues in an email but we can speak over the weekend.

How can I help? We agreed at the time when you hired Castrucci , that when you fired him, I would bear no responsibility because it was clear that he shouldnt be hired. brad and you both said ," its on us", but... the equivalent of your art consultant pointing to a picasso and calling it a renoir. then a brancusi and calling it a michaelangelo. those were the types of erros that i saw immediatily, you said give them more time. at least they saw it was a painting and not a photo?

being weaned of our biz /pay realtionship has been our mutual goal. However since novemebr, you chose to do so by ignoring' our agreement re, phaidon,and your oft stated commitment to me of large payments for large value, ( 37 percent was our number ). chose to pay me a number picked by what appears to be only by whim,- have yet to justify it except for telling me that you and Brad Karp talked..
.

What should we do? the next two years in biz world appears to both you and I , very fragile. Im happy to have brad sit in ?

Date: Thu, Oct 15, 2015 at 10:38 PM
Subject:
To: Melanie Spinella <[redacted]>

Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
today is Oct 15
With your full knowledge I paid out 8 mil to my staff before june, . so i guess I can safely assume that after consideration of all the things I did for the entire past year separate and apart from your unique free "after care" concept. , what you thought was ultimately fair was the contribution of 5 million to a foundation and a total of 2 million dollars to me.

Date: Thu, Feb 4, 2016 at 10:01 PM
Subject:
To: Melanie Spinella <[redacted]>
josh's arrival cut short our needed conversation. I understand we have a difference of opinion. friends sometimes disagree, I shook on the 20 so you have no further obligation, none, I am willing to have brad karp hear both sides. as my view , you and i had an agreement. on phaidon /publishing, and then a long standing what you say is 28 , which is correct AFTer TAx. , 37 pre. . that was our numbers. I was clear what i thought the transactions were worth. far less than full. alan etc. , had you said i will pay you only 20 . i would have said ill pass. you never told me that 50-60 the number that i put on the table at the very beginning was not right. you asked that i lay out my plan step by step. and what i believe would have been the fair thing to do is say to me, I will pay you only 20 if you do as i ask, not tell me for the first time only after i laid it all out . had it not been you, i would have required payment in escrow. BEFORE fyi the reason I sent you an invoice so that if you decided that you wanted me to continue this year . it would be applied to last years income. I think today was a beginiing for you. I am glad I will meet wendy the 23, rd, . separate and aprt from being your sounding board for personal issues, I do not see my involvment moving forward.

Date: Wed, Feb 10, 2016 at 12:56 AM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
this was sent four months ago, nothing has changed
sent oct 15. before big transaction.
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to

pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
Date: Thu, Mar 3, 2016 at 3:31 AM
Subject: ask alan why he hasnt explained this to you since novmebr
To: Melanie Spinella <[redacted]>

Tenancy in common is a type of shared ownership of property, where each owner owns a share of the property. Unlike in a joint tenancy, these shares can be of unequal size, and can be freely transfered to other owners both during life and via a will. Even if owners own unequal shares, however, all owners have the right to occupy and use all of the property.
Date: Sun, Mar 13, 2016 at 12:55 PM
Subject:
To: Melanie Spinella <[redacted]

The fire drill documents received should be the final nail in the coffin of Alan and Ada, . It is inexcusable, , ludricrous and in brads words "insane "or yours, " unexplainable" that the two people that you refer to as your estate attnys , NEVER EVER took the time to actually read the documents that have the biggest efffect on your family and estate upon death or disablity, its impossible.!!! IMPOSSIBLE . after telling me that they were confident that everything had been read , and after years , of you telling me that Im not an attorney, it is clear that my telling you that you have c quality people was over generous, , I received a first draft of the summary of documents. you should read them for yourself. . executive committee issues. , unclear tax. contradictory provisions,your reps having to rely possibly on a fall back to delaware law to protect your interests, even suggesting that even if they would like to fall back , in some instances - no case law. other crazy- provisions that are personal to you , instead of you and your successor ? two pages of " open to interpretation" .or aha , maybe something is wrong! as ie, your rep, after death has no right for information on BRH? ! if you and another founder are dead , the exec commitee has no decision authority, if josh and mark want to fuck your heirs, its easy, black family partner docs dont deal with successionl YOU deserve better . fyi, after a month of brad ada and alan ,on the project, still not willing to share with me a final, they are all embarassed. and full of excuses .

It will take wendy and a new team 6 to 9 months to put your house in order. , new cash flows. new accounting system, airplane rethought, , you new hires can find deals , they can familiarize themselves with your current investments , but should not be doing the accounting for them, .
your will is still not amended, ?! the tenants in common not even explained to you. if something happens to you and debra, no real direction for the foundation. . etc

--
Date: Mon, Mar 21, 2016 at 4:17 AM
Subject:
To: Melanie Spinella <[redacted]>

glad to see you are personally on the mend - as well as the fence. -- As you know i dread money discussions with you-- however -we should address the issue of what you would like to do moving forward. re- do family office, accounting trusts , estate and apollo agreements . Along with your " payment " last year we agreed . no further obligations on each side. yes, i continued to moan. I realize that though I ve done quite a lot this year already , it is not your responsibility. . As you often like to remind me- you've paid a great deal of money to date. that being said - If you want my involvement moving foward, I suggest you pay my regular l fee of 40 m . 20 now . 20 on completion or as per the invoice issues at the end of last year pay 30 all at once. -

To help out . im keenly aware of your current cash position. so I will consider an in-kind payment - real estate ( Miami ), ,art , financing of my new plane (allows you to spread over years or of course the preferred cash. Get rid of Castrucci,it is over a year since the same story of findign the right guy at the top. you entire accounting needs to be re done. , office downsized, reporting re done. meetings to recitify, categlorize , the various docs re appollo , rowen , suydam, alan etc. Brad can direct investment guys, ( hopefully) my people will be in your office for a few months . reorganizing IF you decide not to pay I fully understand, as I m sure you will re my no longer spending any serious time on these things. Of course re any non financial issues , I am always there for you and will continue to be the best friend I can be .
Steve jobs said that everyday he woke up , and asked himself , if he knew he was going to die tomorow , would he do the same thing that he had planned for the day- he wanted to check that he was doing things that he really wanted to. after three days of getting back an answer of no, he would change what he was going to do. . he also did not believe in LONG term plans. I dont think either one of us will figure out what we want to do long term so my thinking is that we should try to have fun everyday, and welcome serendipity.

I think another trust and estate lawyer should be brought in to deal with the issues of how not to allow your family to get screwed by your partners on death . Alan, for years told me that paul weiss had drawn the docs so no issue but when recently pushed by my new fire drill he asked akin to draft .?! PLease ask brad about why he keeps talking about flow . I dont know what he means, its so silly . . this is only about money control and protection .
I am leaving monday night now. free to speak in the afternoon

Date: Thu, Apr 28, 2016 at 1:55 PM
Subject:
To: Melanie Spinella <[redacted]>
Lets start. I am aware that you are currently angry at the world. . me, karp wechsler. even yourself, all willing absorbers of the current high heat. (though you ,calling me ,Debra , did take away some of the sting ) I am sorry to see you this way.
emblematic ; I was asked to opine on whether to hire castrucci. an hour after I gave a preliminary yes. . I called you then texted you that i had thought more about it and changed my mind. The next day brad called and asked for my vote. I told him ,in no uncertain terms it is a no , I categorically vote no. I called you . you came to see me . I said it was a bad idea. you said you were going to do it anyway , I said and followed up in writing IT IS A MISTAKE . and added Please don't come back to me with anything suggesting otherwise , you and I should be clear I think it is wrong . A very strong NO . you of course can hire whomever you like.

early on I told you I thought Tom remarkably careless . Eilleen goofy and your art lawyer not well informed to say the least. you told me Tom was a senior partner. Eileen had headed the trading desk , and Ralph Lerner had to know what he was doing as he wrote the book. . I said I thought you deserved better ,should get better people and no , I am not an HR person. yesterday you told me that the reason you have hired whomver you could find was to avoid being dependent on me. a decision by far , not the best place to try to save money )
Joslin- who you say I hired . I neither found nor hired. With a two person given choice I approved joslin over some woman that eileen preferred. against my repeated advice you and eileen decided the pay range at under 300k . I told you at that time that I would personally pay the difference for a higher quality person, that was years ago . I have sent over a hundred emails to you clearly saying he needs to be closely managed by better professionals. initially , that referred to Eillen and Ada.and after, brad. john etc. THere are many emails each and every month from me, telling you , he is slipping failing cracking fragile. . crazy, nuts, heading towards incompetence. Unless YOU- TAKE ACTION! when I pressured him for accurate numbers , you told him, to tell me, that he works for you and NOT for me. . When I continued to press for accuracy from your office , you told me that they were now all afraid of me and i should let brad communicate any requests, ( you now tell me " we know what Brad is"?). When I told you you office needs to be reviewed and changed you told me i was being destructive rather than constructive. when i ultimately confronted joslin, in an attempt to protect you, told him that his numbers were wildly inaccurate , you told me that i had caused his ultimate resignation and now have an affirmative obligation to fill in the resultant gap.
I did give you a bad number , and apologized as soon as i realized it. an error that was an embarrassment for me , the fact that that the accurate number is still way below what you agreed to pay , has fallen by the wayside.( the preposterous argument that the end of year transaction was Alans idea , which you now know was not true and that me not receiving Phaidon documents was unexplainable. was your justification though, for non - full payment )
Hopefully You will recall that when you initially asked for my help. I declined repeatedly with the admonition that that having a financial arrangement is fraught with danger and could complitcate our friendship (as you will be unhappy paying what you will view as a large sum. while choosing to ignore the financial benefits, ). In Bedford , I repeated my concern. THe current circumstance is distressing to me , I have done my utmost to keep you safe. and will continue to do so. reckless choices in accounting or otherwise does not bode well. at each turn I have put your interests first , including in some instances attempting to fight your choices.
your current circumstance needs nuanced attention. as you know, there are a few areas with very serious consequences. whether it be , having Ada , form grats without review, brad doing phaidon without review. payments make without review.merely in order to be weaned , is one more high risk choice. review of outside accounting firms , CANNOT be done by brad. to have your accounting dept sit in on Alans trust accounting lecture . in order to learn the filed is reminiscent of elieen reading the tax regs. ( she also was going to take a course)
I am here in New York today. should you like to resume

Date: Mon, May 2, 2016 at 12:51 AM
Subject: Fwd: Valuation Discount
To: Melanie Spinella <[redacted]>

Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

---------- Forwarded message ----------
From: **Halperin, Alan S** [redacted]>
Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan

Date: Tue, May 10, 2016 at 12:38 AM
Subject:
To: Thomas Turrin <[redacted]>
did you get the agent?

Date: Wed, May 11, 2016 at 1:50 PM
Subject:
To: Brad Wechsler <[redacted] Melanie Spinella <[redacted]>
grats 3,4, 5, 6, also need accounting documents and backup. year 2014. other info request to follow

Date: Wed, May 11, 2016 at 2:19 PM
Subject: Re:
To: "jeevacation@gmail.com" <jeevacation@gmail.com>, [redacted]
[redacted]>
A couple of questions:
1. Jeffrey-you saw the format in which we organized the back-up for year one of grat 1 (quite thick/alot of back-up).
Does that format work (for you and internal use) or do you want it simplified/modified. Let's discuss.
2. Since this will take the focus and effort of a lot of people (just to pull and organize the various records...both legal and accting, I'd like to tell the staff that we are answering an "information request" from the irs on the grats. It will generally be helpful

for them to know why the work is impt.
You and leon ok with this?
Will call you to discuss.

Date: Thu, May 12, 2016 at 12:17 PM
Subject: tight schedule lets try a set time to speak
To: Melanie Spinella <[redacted]>
Leon, you hired me to produce a work of art. it was not inexpensive. the value far exceeds any other piece in your collection.- by FAR . It took me 30 years to be able to craft such a work. I understand your desire to modifiy my work, in doing so you have brad telling me , just a bit more red., here let me show you, you yourself pick up a brush a add some strokes. you have joslin spray water on it to maintain it. I vigorously complain that joslin in ruining my work . . you describe me as zeus, i describe it as artist and a reaction to his work being ruined. however Im aware that you own the work and you have the right to paint over it. tear it up , put it in the closet in the basement . its yours.
I was told that Toms office is sending someone in ,or some people in, to review "some things." brad told me ,the partnership accounting. I know absolutely nothing more than that. though bringing in his team was my idea . Having them review things without even asking for my input , or let alone my direction ,is ridiculous. but.. I guess you wanted to save money. ?
The audit has brought to the fore the lack of your office quality that i have been violently squawking about. ie . children playing with works of art. . It is inconceivable to me that John castrucci is still there , joslin part time, but relied on . joe error prone and brad a corporate bandleader talking about the office's finance team, accounting dept, and directing wendy to do things that are clearly not in your interest. ( saving money again ?) its nuts!! . a still non-existent IT dept. impossible , it was the first thing on my list of things that were needed to be done. Still no trading accounts to speak of , though its prophylactic quality has been discussed over and over during the past three years . computers do not read Page Six . the women at the IRS do. ! you said your motivation in keeping this group of part timers was a consequence of the high cost of my artwork. . the unfortunate result was easily predictable. - now
If you want my and my atelier to continue, I will oversee the audits. take charge of the TRA BRH assignments and review 2012 amendment options!!( note :your redo of the estate fire drill has not progressed very far ). Lots of paper needs to be collected and reviewed, At MY direction. the outside team will be brought in at my expense working for me and you. coming in for interviews and reviews, . sucession, technology, tax and compliance. investment reporting , , computerized timelines for filings etc. . household classifcations and reporting with a system of best practices.
My goal is clear - to end, not extend , our financial interactions. you will have a machine that works , it will not be complexto oversee , to create it, is some thing else . Unfortunatley for us both, the price for my works has not changed since day one. 40m per year, I m willing to discount it to 35 as I did give you a bad number when asked and should pay an embarassment fine. Im also aware, as you made perfectly clear . that you have already paid what you consider a great deal of money, for my work , but again its value exceeds anything else by far in your collection at a cost less than agreed upon. . please also remember that you and i agreed no more demands on my time after the last payment for the big transaction.
OR, you can decide that brad , tom , and whomever else you choose can screw with my work and they can oversee your audits . they are both aware and sensitive to the issue at hand. alan could be brought in but i would be extra careful having paul weiss given access to entire story.
_-On an unrelated note- you recently seemed shy to discuss certain things. , please be assured I make no judgement on any of your activities , whether or not i agree with them . not my role I am always on your side on the table. I hope your personal life quiets. you 've had a rough 15 months.

11:21 PM (13 hours ago)

to me

Jeffrey,
I created applications one week ago at NDCAS ( doctor of naturopathic medicine centralized application service ) and VMCAS ( veterinary medical college application service ) ,working on my application material , requesting evaluations letters and etc.
On Tuesday I am going to the job interview, working on my resume today .
P.s.- I hope I will get finally the results from Chinese proficiency exam today /tomorrow.

On Sat, 7 Apr 2018 at 07:54, jeffrey E. <jeevacation@gmail.com> wrote:
no concrete progress. for a year. sorry, it cannot go on this way
Date: Wed, Jun 1, 2016 at 5:41 PM
Subject:
To: Melanie Spinella <[redacted]>
As i said yesterday, pointing out places where i think my friend might be taking unnecesarry risks has become tedious and trying. Structures that have been set up 2 years ago. were done so to give you protection and flexibility, NOT FOR ME< for YOU they required hiring stafff that could manage these complex entities. you told me over the past two years that as i set them up i should be responsible for their operation. That was never the deal , never. I have heard after -care etc for quite a while. in dec when you unilatierally decided to pay me much less than our agreed amount , we agreed NO MORE money discussions NO MORE after care. The silliness has reached its pinnacle when you suggest i am responsible for the lack of sophisticaiton and thoughtfulness of the 1031 transactions that NO one even told me about. asked my advice or gave me any notice at all before the fact. same as the structure for the CAlif house. I would remind you , though Heather is great, it was not she that modified the gagosian contract to give you the protection that resulted in your having no liablity, though you tell me she has done these things many times.
3. Remind me to talk to you about MR

Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?
There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax,
He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .

. Asking me who to hire , estate attny tax people etc. :
I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.
That being said , the tasks at hand are the following.
You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,
a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note
; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that
I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge
If I can find the time to work , on your project , which is not by any means certain as I have said , I

hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

11:45 PM (13 hours ago)
to me

**T**

im in paris now

Date: Sun, May 1, 2016 at 6:51 PM
Subject: Fwd: Valuation Discount
To: Melanie Spinella <[redacted]>
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.
Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>

I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan

**Alan S. Halperin** | Partner
**Paul, Weiss, Rifkind, Wharton & Garrison LLP**
1285 Avenue of the Americas | New York, NY 10019-6064

[redacted] | www.paulweiss.com

(10 hours ago)

to me

Jeffrey
Pete informs the GIV is completed,.

Thx,
Larry

Date: Tue, Nov 15, 2016 at 6:13 AM

Subject: Fwd:
To: Melanie Spinella <[redacted]
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?
There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax,
He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .
. Asking me who to hire , estate attny tax people etc. :
I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

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mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,

a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note

; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

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I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge

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1On Apr 6, 2018, at 11:15 AM, Jeskewitz, Jeannine [redacted]> wrote:
I'm in touch with Lesley and [redacted] we will work together on these reservations.

All my best,

Jeannine

On Tue, Apr 3, 2018 at 5:43 PM, Lisa Emelia Svensson <[redacted]> wrote:

Air France has a strejk ... so French
Trying to rebook later in the week Will let you know

3 apr. 2018 kl. 16:29 skrev jeffrey E. <jeevacation@gmail.com>:

im in paris now

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Subject: Fwd:
To: Melanie Spinella <[redacted]>

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I expect as a friend you will understand that
I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge
If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

Date: Mon, Aug 29, 2016 at 1:41 PM
Subject: I know you have a lot on your mind.but..
To: Melanie Spinella <[redacted]>
sent to you JAN 29th 2016

you've agreed that
Your office is a multi billion dollar responsibility. your children will inherit it , in order to oversee their financial lives- I feel for you, truly ,but the facts are the facts, your ceo ( Brad) has provided one bad

document after another for over a year , no getting away from it, , bad cash flows no new IT, each time with " its gettting better " no in fact -! its not. - the excuse, that Brad is not the numbers guy, is ludicrous. of course he didnt actually prepare the statements. - no ceo would ,- but over and over he presented them to you and me , after , holding them back for his personal review multiple times and after multiple drafts. weeks of his editing, the consistant but "inexplicable "missing the obvious serious errors . ( gaming ) inaccuracies, ( cashflow ) and mistakes (tax returns). why, ?! the simple answer is that at best, he is a c minus, (note. I, like you ,also give points for effort. )- ! an elegant art partnership gone fallow. ??!!I and its core reason to exist. not used ? no docs for plane?, still ! why? no docs for decantings why? the docs for deal 1 received last night , " no docs at all for deal 2, the biggest " . why wasn't Tom brought in , after 4 times of my incessant reminders your admonition etc. the trading accounts ?

Barry Cohen is great. more like him please .

you asked , - I did my best trying to train your brad chosen people in the face of my telling you that they were never going to be more than c-minuses, thousands of emails thousands ? Brad at its head . you can't as a ceo, have an accountant give you multiple pages with the most important numbers missing altogether and not notice, you and I saw the errrors right away ,as did my very junior bookeeper after only a cursory glance. He told me he didnt know the details of his note? ! , my guess is that he wanted to pay less. no more than that, any other story is blather. its silly. Talk to richard yourself.

re your estate. Yes another Brad issue - your will, needs revision. the tenants in common structure I assume Alan has carefully walked you through. it is way overdue, needed and exciting. I won't list the more serious issues in an email but we can speak over the weekend.

How can I help? We agreed at the time when you hired Castrucci , that when you fired him, I would bear no responsibility

Date: Thu, May 12, 2016 at 6:17 AM

Subject: tight schedule lets try a set time to speak

To: Melanie Spinella <[redacted]>

Leon, you hired me to produce a work of art. it was not inexpensive. the value far exceeds any other piece in your collection.- by FAR . It took me 30 years to be able to craft such a work. I understand your desire to modifiy my work, in doing so you have brad telling me , just a bit more red., here let me show you, you yourself pick up a brush a add some strokes. you have joslin spray water on it to maintain it. I vigorously complain that joslin in ruining my work . . you describe me as zeus, i describe it as artist and a reaction to his work being ruined. however Im aware that you own the work and you have the right to paint over it. tear it up , put it in the closet in the basement . its yours.

I was told that Toms office is sending someone in ,or some people in, to review "some things." brad told me ,the partnership accounting. I know absolutely nothing more than that. though bringing in his team was my idea . Having them review things without even asking for my input , or let alone my direction ,is ridiculous. but.. I guess you wanted to save money. ?

The audit has brought to the fore the lack of your office quality that i have been violently squawking about. ie . children playing with works of art. . It is inconceivable to me that John castrucci is still there , joslin part time, but relied on . joe error prone and brad a corporate bandleader talking about the office's finance team, accounting dept, and directing wendy to do things that are clearly not in your interest. ( saving money again ?) its nuts!! . a still non-existent IT dept. impossible , it was the first thing on my list of things that were needed to be done. Still no trading accounts to speak of , though its prophylactic quality has been discussed over and over during the past three years . computers do not read Page Six . the women at the IRS do. ! you said your motivation in keeping this group of part timers

was a consequence of the high cost of my artwork. . the unfortunate result was easily predictable. - now

If you want my and my atelier to continue, I will oversee the audits. take charge of the TRA BRH assignments and review 2012 amendment options!!( note :your redo of the estate fire drill has not progressed very far ). Lots of paper needs to be collected and reviewed, At MY direction. the outside team will be brought in at my expense working for me and you. coming in for interviews and reviews, . sucession, technology, tax and compliance. investment reporting , , computerized timelines for filings etc. . household classifcations and reporting with a system of best practices.

My goal is clear - to end, not extend , our financial interactions. you will have a machine that works , it will not be complexto oversee , to create it, is some thing else . Unfortunatley for us both, the price for my works has not changed since day one. 40m per year, I m willing to discount it to 35 as I did give you a bad number when asked and should pay an embarassment fine. Im also aware, as you made perfectly clear . that you have already paid what you consider a great deal of money, for my work , but again its value exceeds anything else by far in your collection at a cost less than agreed upon. . please also remember that you and i agreed no more demands on my time after the last payment for the big transaction.

OR, you can decide that brad , tom , and whomever else you choose can screw with my work and they can oversee your audits . they are both aware and sensitive to the issue at hand. alan could be brought in but i would be extra careful having paul weiss given access to entire story.

_-On an unrelated note- you recently seemed shy to discuss certain things. , please be assured I make no judgement on any of your activities , whether or not i agree with them . not my role I am always on your side on the table. I hope your personal life quiets. you 've had a rough 15 months.

3. Remind me to talk to you about MR

Date: Mon, Sep 19, 2016 at 8:56 PM

Subject:

To: Melanie Spinella <[redacted]n>

dec 2015

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.

As your friend and in order toturn the page. I will try to be constructive

The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank

loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re-do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them
in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.
From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist
ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

Date: Thu, Sep 29, 2016 at 11:47 AM
Subject: new info
To: Brad S Karp[redacted], Melanie Spinella <[redacted]>
brad, leon.
After I spoke to you both, I excused myself from a dinner with some heads of state to walk into the bathroom to make some calls re 8865. I wondered whether any group that we could assert had control had filed in the past years. I called Fenn and he told me- yes.???!! he said that on friday , for the first time he learned that AGM was not delinquent at all. and had filed. !! I asked why no one had ever told me or given me the purported justification for no filings in the past for the founders. and he said Well, sorry , it was discussed on fridays call. ? the call i was not on . not invited to ,the call wechsler didnt listen in and joslin didnt transmit , if it is true. Im also now told there is a note from Deloitte re 13 and 14 that says the founders DO NOT have to file. but fenn could not tell me who wrote it and said Deloitte says to ignore it. , that s why they are pushing now.

steps 1 8865 has many exemptions for filing. let see if we can find one . ( an elegant position might be josh and agm if he is panicked and leave us out ). The requirments are FACT specific , so without the facts we still have nothing. fenn said he has now put someone on it
2 leon , I suggest need to focus on 1040 , 2015. , we may even consider filing the minimum 8865 , and wait until we are sure of our specific requirements, and file an amendment for 15 as well as past. no harm no foul\

Date: Thu, Sep 29, 2016 at 12:34 PM

Subject:
To: Melanie Spinella <[redacted]>
Leon, I am on the verge of giving up. sorry. I cannot deal with the major incompetence of your family office. I have been vocal about change. you have made none. john castrucci, still involved etc. the bullshit corporate speak, of -our accounting dept , our bookeeping dept our finance dept, the comptroller . now gives me responses that --we have heard from Deloitte , I ask, who at Deloite?. -- dont know , the new team at Deloite says the old team was wrong ! what new team? what old team? -- dont know. . Pwc agrees who at PWC , ? ? I ask ,- dont know. BDO is almost finished - who, ? dont know; . akin gump agrees. . Fenn? - not sure.
I have spoken to each of karp, pezner, fenn, brad. joslin, bodian. multiple times . like your office no one in charge with knowledge. so rudderless hysteria . silly beyond belief as this issue is a non event. other issues have been shunted aside that have real consequences. I know you are jet lagged. I am schedule tightly today , but can free myself for 15 minutes if you want . if so have melanie talk to lesley
--
Date: Monday, 3 October 2016
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>
alan told me you are going to meet tomorrow morning . He has asked me to review the presentation. I suggest you see for yourself . since you argued that he was partial architect of the big transaction. you will see. -- bad numbers. unclear assumptions. opaque presentation. no alternatives. no review of agreements. standardized schedules without names , handed out to the dentists. . NOT even up to date inputed numbers , why in the world would they present numbers 4 months old. ??!!/ it is only imputs. dividend assupmtions. a mix of silliness. ( art given to museums is listed as cash out ). discount rates of 13.05 %. what type of number. . 100k for illness expense and funeral, in a spread sheet of 5 billion dollars.? insurance numbers left out. says debra owns half the boat? taxes? all a waste of time
A clat probabaly makes sense. however who runs it, if interest rates change. did you give them the assunptions on growth?

Date: Sun, May 1, 2016 at 6:51 PM
Subject: Fwd: Valuation Discount
To: Melanie Spinella <[redacted]>
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan

Date: Wed, Nov 9, 2016 at 10:27 PM
Subject:
To: Melanie Spinella [redacted]1>
sorry, I can call on thurs or sit face to face fri afternoon. . I will be in ny until monday morning.
decisions- questions good news . I have a really elegant solution for most of the following, 1 gift tax. cash or in kind . 2 . 1031. 3 fire drill brh tra etc. 4 . xxxx 5. 8865 s.
tax planing running out of time. . 7 restructure office . barry? brad told me he thought you had acknowledged high value this year. gift tax audit etc. , . April, Oct. . returns. manage joslin , who is still running your tax dept .
you and I need not rehash old postures, its tedious - I would ask that you tell me if you intend to pay for the work that was done, and for the work you expect to be done, . thanks

Date: Tue, Nov 15, 2016 at 12:13 PM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?
There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax,
He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .
. Asking me who to hire , estate attny tax people etc. :
I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the

foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,

a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note

; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that

I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge

If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

Date: Tue, Nov 29, 2016 at 1:27 AM

Subject: so there is no misunderstanding
To: Melanie Spinella <[redacted]>
I have told the brads and barry,- I am done. its not a negotiation , out !! - fyi given my carlyn joslin castrucci, admonishments,- though my involvement in those - in one instance only gave a name - in another only given an eileen dictated choice btween two 250k preparers. and for castrucci, I actually sent emails that i take no responsiblity for his being hired. - however you felt strongly that I should be saddled with their outcomes .even with brad wechsler , i again said two months in, Leon, he doesnt get it. I tell you this so that you will understand that I will not interview, recommend or vet any new hire. A story - In 1993 trump and I had a friend that kept telling his pilots how to fly , and when to fly , he couldnt help himself from hiring morons as co pilots, and maintenance people based on cheapest rates. Donald and I tried and tried to talk some sense into him, to no avail. Donald and I were in aspen, sitting at little nells. when the friends plane crashed into the side of aspen mountain , klliing him and all on board,- Trump looked at me and said without a blink , I guess NOW he wishes he would have listened to us.- a metaphor for your office. . . had we not waited to the very last hour having had a six month window and tens of unasnwered text and emails re decisions needed including the 1031. you would have saved way more than you often feel obliged to argue about. . silly but i reallize you are stressed. Barry will need to sit with brad for months, to absorb all the co's , structures. cash flow, financial statments etc. I will present barry my thoughts on the overall redo , it will be the exact same email that i presented to you and brad two years.ago . accurate numbers first. and foremost. . ( last week gaming report stil funky). IT etc I pointed out some of the more glaring errors to barry to give him a flavor of what is to come.

Tuesday if you like we should discuss Giacometti , and pesner . difficult to finesse him if they are filing documents that you won't . these ridiculous conversations with tons of people on the phone , removes any claim you might have to not be considered a WILLFUL NON-FILER . ( after youve been told by attnys and pwc that you should file in writing , you have NO choice ) .. worst possible result - including serious penalties up the kazoo.

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella <[redacted]>
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.

In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.

I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I

thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO

Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.

Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .

We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Tue, Mar 21, 2017 at 6:58 PM
Subject: Fwd: request for docs - AAP
To: Richard Kahn [redacted], Darren Indyke <[redacted]>
not for now. but maybe later ,
---------- Forwarded message ----------
From: **Ada Clapp** <[redacted]>
Date: Fri, Mar 17, 2017 at 10:45 AM
Subject: RE: request for docs - AAP
To: "Barry J. Cohen"[redacted], "jeffrey E." <jeevacation@gmail.com>
Cc: Brad Wechsler <[redacted]>

Attached are:

1. Executed Version of AAP

2. Most Current Draft of AAP
3. Redline of 1 against 2
4. Summary of AAP from Vanessa Eng

-----Original Message-----
From: Barry J. Cohen [[redacted]
Sent: Friday, March 17, 2017 8:07 AM
To: jeffrey E. <jeevacation@gmail.com>
Cc: Brad Wechsler <[redacted]>; Melanie Spinella <[redacted]>; Ada Clapp <[redacted]>
Subject: request for docs

I will organize. Copying Ada who has a lot of this.

Sent from my iPhone

On Mar 17, 2017, at 7:25 AM, jeffrey E. <jeevacation@gmail.com<mailto:jeevacation@gmail.com>> wrote:

can you send me latest bank art loan docs. BRH agreement . TRA agreement , agreement amongst shareholders. . , org chart for phaidon , art space and regan arts. . . , ownership only, . - list of invetsments , ownership of l.a. house.structure, / list of art by highest gain. . -

Date: Tue, Dec 29, 2015 at 7:26 AM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>

Transaction complete !
. this - in spite of your collection of Elysium misfits. !!!
With Brad out of the office and unable to run his usual interference , the level of his utter incompetence was brought front and center, he may be a step up from Eileen, but if he is , then it is not certainly not by much, . Though you and I have spent many many hours discussing the importance of details and mechanics. I was not shown one document re phaidon,- not one.. Brad wanted to keep it private between he and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is wholly ludicrous - to summarize - the list I provided to Brad last December - things I thought were a priority to get done after consulting with your office still remains virtually undone.

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in

order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.

As your friend and in order toturn the page. I will try to be constructive
The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re-do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them
in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.
From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was

known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist
ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella [redacted]>
Cc: Brad Wechsler <[redacted]>
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay

etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

Date: Tue, Nov 3, 2015 at 10:45 PM
Subject:
To: Melanie Spinella <[redacted]
okay, its time for you to decide how you would like to move forward. ( fyi get your money from the 1031 . the screw up is only one of many,) If you decide to move foward on decanting. phaidon, note basis estate update , each requires many carefully orchestrated detailed steps. and precision . there are hundreds of millions in saving if done correctly and a huge mess if not. If you want me and my colleagues to do it , oversee it paper it and guide it, you should tell me. It is a big undertaking . If not , ok .. Brad and your crew can do it. I will have no real further involvement apart from confirming the outcome of my proposed structure, I will not risk the admonition of- they thought you said, they thought you meant, they understood it to be. but they said you said, ( i e ,I asked at our meeting that accounting be done properly for bens house , what came back was ada thought that I meant that we needed to go back to the 97 trust and give him a full third party accounting of where his money had gone??!! I kid you not). I dont think brad should talk to jane heller without a fully fleshed out plan in place and even then it should be you.

Date: Mon, Nov 30, 2015 at 11:21 AM
Subject: agenda
To: Melanie Spinella <[redacted]>
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Fri, Dec 4, 2015 at 8:07 AM
Subject: Fwd: moving forward
To: Melanie Spinella <[redacted]>
I had forgotten that Alan was actually at the table when i explained my note deal to you. it was at the end of the meeting described below. . as you will recall , not once , not even a peep did alan suggest contemporaneously his hand in the crafting, in fact brad said it was an idea. that HE brad, HAD HAD , from the begiining . my emails between alan and I that you can read , further confirm authorship. Im sure you recall the obnoxious tooting when alan said he agreed with my plan. .

Date: Mon, Nov 2, 2015 at 10:03 PM
Subject: moving forward
To: Melanie Spinella <[redacted]>
I have mixed emotions about what transpired today. really, You saw first hand in nauseating detail what i have been saying to you for quite a while now. Joslins answers were totally incomprehensible.

the charts he prepared unreadable. Brads defensive posture was at a minum very surprising . He and I have recently gotten along quite well , I thought . Neither Joslin or Brad understood a 180 million dollar number . no cash flow after weeks of requesting? odd. when you suggested that heathers behavior was emblematic of a sloppy office , brad said lets not talk about emblems??! bill pay , admittedly no change for the year. . plane not done. though it was the only thing i suggested doing first in july . . I sent you a list of 10 consultantts. brad said three, . i didnt want to push it. I was shocked that brad was opining on things he knows little or nothing about. tax issues. 1031. neg basis , note payoffs ( the same idea he said he had had from the beggining??!!) . answers re LBF holdings that can be corrected ( they cant) . valuations that have never been read. . When we met in your lobby he seems surprised that i was there. I dont know if he felt somewhat sandbagged. . .
the savings on the note payoff is aprrox 33 % of 1.8 billion. real money if you do phaidon which i see no reason not to . if later josh and ben want to buy it back with you or without you they can. i will walk you through the structure one on one. . the losses will offeset the calder gain as well as apollo gain.
Im aware that seeing what you saw frustrated you. I felt badly for you.

You wanted a contingent deal. real value. etc. I will not of course hold you to your deal . . its silly. its not how i work or a reflection of our friendship. my proposal is as follows. I want away from your buisiness , but at the same time leaving you in good shape. I think you should pay the 25m that you did not for this year. for next year its the same 40 m as always, paid 20 in jan and 20 in july, and then we are done. I will give you advice and counsel but new people will be running your operating machine. I will oversee all the work that needs to be done you and I will hire new people , and it will be self running. ( it was may in my house when you told brad it had been 5 months and you were getting fed up ) I will set up a parallel . office , somenoe like wendy dolman or her quality is paramount. two accountants two bookeepers and two office admins. . alan and zoe will handle trusts and grats. heatehr diana george will be incolved in art partnership. if you want brad, analysts etc. and kids to do investments I have little to add in that regard ,except to be able to account for things properly. I suggest that the kids must have skin in any deal.
Alternatively , we can continue to focus on fun and let someone else do the things that you want done. and you and I can kibbitz about it all. structures outcomes risk, museums. charity, ( joslins answer by the way was I had asked how much charity was leon planining to give this year , ( the 2 m ) he didnt include your foundation or the payment to me, or from debra and you??!!

Date: Mon, Nov 30, 2015 at 11:21 AM
Subject: agenda
To: Melanie Spinella <[redacted]>
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Fri, Feb 20, 2015 at 5:52 AM
Subject:
To: Melanie Spinella <[redacted]>

1) pg 1 A " unequal shares" . pg 23 "removal of trustees " absolute. dont be confused with abiltiy to set

up seperate trusts, , 2) I am reachable this afternoon in europe. on cell. 3. on another note . -our financial agreement ended months ago . seperate from the art partnership (which i was told yesterday to my amazement is still not funded) . i am obligated to complete ? the time i have dedicated since oct/ dec has been spent mainly as your friend. tom, brad though i am fully cognizant of my responsiblities. I will try to help find people. I am not good at human resources. howevr If I don;t think they are good enough for you. I will continue to say so , and you obviously decide. but I will reiterrate even in the face of your "nobody is good enough argument." keeping foremost in my mind that you and I have only beeen shown a very tiny handful of people. 4. I find the friction over fees , counterproductive. in an attempt to avoid it I had suggested a multi year deal early on. you rejected it. I then suggested, and urged you to have an option at a fixed fee , you also rejected that .you wanted the fee payment only at the end I argued but ,conceded. I suggested a structure that tom didn't like. you rejected it . 5 I suggest you make a fair proposal.- that i can either accept or reject. some payment up front this time is a requirement. I am willing to modify any outstanding obligations. - there are creative ways to assure you of your desired characterization of those payments. 6 you should open accts at Deutsh . and goldman. I am told that eilleen has set up over one hundred bank acccts for you???!!. few relevant 7 you should immediatly demand a list of all her acct authorites , exec poistions . director etc. bank authorizsations. etc. talk later or over the weekend if you like

Date: Tue, Jan 5, 2016 at 9:32 PM
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>
Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of detailed time. I do not know how, and if ,to move forward - our last transaction. a transaction which you saved 600 million in tax. even if 20 years away , ( i hope longer) even discounted is a 300 million savings . for that you ignored our agreements , verbal written and emailed -and decided that it was only worth 8 million dollars. ( assuming phaidon srichard happens. 24 m savings not including artspace and debt benefits certain to come later ) FYI the phaidon transaction cannot happen as currently comtemplated IT will not work . NOT

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I preferred to have no financial interactions. I dont have many friends and didnt want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind but goofy Eileen Alexandersson as the sole manager of your accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions on the returns. ,( april ) Oversight on new grats- first at 22 and then at 19 that were done without my consultation and needed to be resolved soley as a result of my last minute intervention. . 600 million in after tax savings was just accomplished. though you left the 30 million outstanding that I had said should only be done" if" that was my additional fee. not used for non biz purposes and not art.

in June and then again Sept, we both agreed to a 50% of phaidon payout first projected at 20 . but less when artspace and debt taken out, - then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the art space investment will also lead to a write- off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay.

I include below the email i sent to you on April 15, the day i was examining your returns It laid out my understanding of the compensation agreed for a transaction of the magnitude to the penny of the one just completed.ie 600m When it appeared that the transcation would and could go foward I was the first to point out that our agreement would cost you too much money, therefore

From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.

Date: Sun, Mar 20, 2016 at 11:17 PM
Subject:
To: Melanie Spinella <[redacted]>
glad to see you are personally on the mend - as well as the fence. -- As you know i dread money discussions with you-- however -we should address the issue of what you would like to do moving forward. re- do family office, accounting trusts , estate and apollo agreements . Along with your " payment " last year we agreed . no further obligations on each side. yes, i continued to moan. I realize that though I ve done quite a lot this year already , it is not your responsibility. . As you often like to

remind me- you've paid a great deal of money to date. that being said - If you want my involvement moving foward, I suggest you pay my regular l fee of 40 m . 20 now . 20 on completion or as per the invoice issues at the end of last year pay 30 all at once. -
To help out . im keenly aware of your current cash position. so I will consider an in-kind payment - real estate ( Miami ), ,art , financing of my new plane (allows you to spread over years or of course the preferred cash. Get rid of Castrucci,it is over a year since the same story of findign the right guy at the top. you entire accounting needs to be re done. , office downsized, reporting re done. meetings to recitify, categlorize , the various docs re appollo , rowen , suydam, alan etc. Brad can direct investment guys, ( hopefully) my people will be in your office for a few months . reorganizing IF you decide not to pay I fully understand, as I m sure you will re my no longer spending any serious time on these things. Of course re any non financial issues , I am always there for you and will continue to be the best friend I can be .
Steve jobs said that everyday he woke up , and asked himself , if he knew he was going to die tomorow , would he do the same thing that he had planned for the day- he wanted to check that he was doing things that he really wanted to. after three days of getting back an answer of no, he would change what he was going to do. . he also did not believe in LONG term plans. I dont think either one of us will figure out what we want to do long term so my thinking is that we should try to have fun everyday, and welcome serendipity.
I think another trust and estate lawyer should be brought in to deal with the issues of how not to allow your family to get screwed by your partners on death . Alan, for years told me that paul weiss had drawn the docs so no issue but when recently pushed by my new fire drill he asked akin to draft .?! PLease ask brad about why he keeps talking about flow . I dont know what he means, its so silly . . this is only about money control and protection .
I am leaving monday night now. free to speak in the afternoon

Date: Tue, Apr 12, 2016 at 11:49 AM
Subject:
To: Melanie Spinella <[redacted]>
use tax questions. ? california question state returns? as you know wendy did not play a role here. . her involvment moving foward would help alot. . sign your gift tax return today if possible . I will be finished tomorw with this year. crazy on april 13th. !! . last minute to say the least. . brad told you the tra can be separated with approvals. which should be simple. . alan alwys just says no , . unless he is asked , well what if we amend what is there. . moving foward , i ask you to decide if you want me and my team involved or not. . I want to be weaned. I agree the past , apart from phaidon and artspace. this year of course is done. . for me to allow bad reporting to negaitvely impact you, by keeping joslin, would be irresponsible on my part. . letting him do harm, or stopping him and having to listen to his leaving is my fault. is awkward. . I will call at 3

Date: Tue, Feb 9, 2016 at 7:56 PM
Subject: Fwd:
To: Melanie Spinella <[redacted]m>

this was sent four months ago, nothing has changed
sent oct 15. before big transaction.
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to

pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .

Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry? '

There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax,

He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .

. Asking me who to hire , estate attny tax people etc. :

I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I

am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,
a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note
; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that
I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge
If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

her the last two places. ?

To: Melanie Spinella <[redacted]
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." .

I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

---------- Forwarded message ---------
From: **Halperin, Alan S** [redacted]>
Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan

Date: Tue, Feb 24, 2015 at 8:20 AM

Subject:
To: Melanie Spinella <[redacted]>

Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.
In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.
I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50

40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )
With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-).

however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .

We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella <[redacted]>
Leon,

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In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments,

in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.

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In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .

We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Mon, Apr 21, 2014 at 11:39 AM
Subject: trying to bridge the gap.

To: Melanie Spinella <[redacted]>
you were at 30 30/ me at 60 40. . / proposal 50 /25 and in additon I would be allowed to recommend 15 from directly from your own foundation. All payments to be made in addtion to currently owed. so $40 on april 25 , $30 june 15 ,and the alreadly owed $10 as planned on oct 15. I would direct the 15 charity in the next 12 months, and the last 25 to be paid on conclusion.
leon
**10 am** - Arrival at White Plains / Westchester Airport
FBO and US customs is "Jet Systems Aviation"
Adress: 85 Tower Road Hanger E, White Plains, NY, 10604
Telephone [redacted]

Date: Wed, Mar 25, 2015 at 11:52 PM
Subject: previously sent
To: Melanie Spinella <[redacted]>
I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine . We are scheduled to meet fri at 430 , I leave at 5 am sat morning.So there are no surprises 50m for the year. . or 30m for until 7/ 15. you can roll the balance for last year as a concession. half up front. no more all at the end. ive spoken to brad every day. more questions than answers. joslyn cannot be left unsupervised. his answers are knee jerk . eillenn told me this , that the other

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Date: Thu, Mar 26, 2015 at 12:07 AM
Subject:
To: Melanie Spinella <[redacted]>

you need to build an entire office from scratch. no question that was never my obigation, - systems , personel. finance tax, bookeeping, ,office. complinace. investment. monitoring, banking loans coming due , review. gs jpm gs, . . plane boat houses construction , new will, . phaidon sale. you are no further

ahead today than my nov memo layed out = no real candidates. etc .. Ill redo the art partnership under new restrictions of course at no charge, and review the work done by tom/ joslin.
joslin you and I should sit. you won't like it. AT ALL> he is afraid of telling you the story, as he belives brad is your guy and does not want to get fired. ada still refusing to share income tax opinions based on privilege , not under control at all. ? ? joslin said that murphy is not the cfo, as you told me but the coo. and the cfo is the same guy that reported to andrew, mistakes after mistakes not picked up by murphy who joslin described as a kind buffoon . he suggested a new ceo or coo who can make decisions. someone with some financail experience. he asked for a chief decision maker. 50 for year roll in money owed . 30 till july , most up front needed

Date: Tue, Mar 31, 2015 at 3:25 PM
Subject:
To: Melanie Spinella <[redacted]>

Nov of 13 : I told you tom Eileen and Ralph were not up to the job, you disagreed very vocally and strongly , " Ralph wrote the book, Tom has been doing it for 15 years and Eileen ran the trading desk at Morgan Stanley. " Ada who had been working on all your documents for years while at the bank had been brought in- house but created more issues that didn't exist. and phaidon was its own animal
.
Dec 13. you were again annoyed that i said that they needed to be replaced and said "i was talking out of both sides of my mouth." first time ( email available)

Jan 14, you decided that no third year was necessary for my help. and i told you i thought that unwise and even suggested giving you an option at 40 m so there would be no tension

Mar 14, I told you that to do the job right , my team would need to do it. not yours it would not be inexpensive, but it would get done properly, you chose not to do itand said lets wait and see

April 14. We agreed to clean up various past mess.with the end of my work OCT 15th only then would i get paid.. urged JPM ( first of 14 reminders)
GS and db accounts to be set up in order to bring your financial structure into the 21 century

July 26 , I came to bens party, said new people needed to be hired, keep Eileen till end of year, and Ada till march, you suggested getting ada out earlier

oct structured the art partnership , but you wanted to wait until you fully understood ramifications formed the doc in dec to have it in 14,

nov/ dec 14 I told you I considered my work complete separate from art partnership. gave list of things to do.
three months of you and your high school friend , trying to build a house with little of the relenavt experience. its silly . still no accurate numbers accounting , charts, etc
jan 15, I told you joslin cannot hire people, has not so for more than 5 years, former job in a public accounting firm.
april 15 . no senior accountant even in the wings. joslin talking about reaching out to hire the only person he knew( worked in the past with dagazsitno ) and i interviewed 15 months ago. and rejected.

low level . He does not want to hire himself out of a job, spoke to brad last night he wants a coo so that he does not feel demoted

your choice!, ( brad maybe does have insight - to your credit, might have been right when he said- jeffrey you should realize this is only about leon not wanting to pay more money , ( i ignored his summary , along with his comments on the risk of fracturing
summary
I can either do it for you or not. if i do it it means finding hiring organizeing, structuring reviewing re negotiating, bring in my team under my control not brads. . stop -gap accounting - my people getting the books software and procedure in shape. setting up the various brokerage and bank accounts and rationalizing them, organizing Melanie, TPS , house, and all the intra family notes outstanding, overseeing the phaidon mess.maybe sale re do some of estate given the new circumstances. etc. I 've responded to every brad question , given him first lessons , not a good use of my time or his. he should administrate, follow up, have signing authority instead of eileen, ( AFTER rationalized accounts ). holding a position of trust. ONLY

talk whenever you like, NO STRESS , Mort had a skiing accident and sultan not fully comp es mentes. no stress please for either of us . both of our reserves which are not insubstantial , can use a break

Date: Tue, Apr 7, 2015 at 4:29 PM
Subject:
To: Melanie Spinella <[redacted]>
agenda for tomorrow.
1 building an office from scratch. who does it. ? so far little or no progress in real terms. . brad should remain and can administrate. follow up methodically, . has no idea of corrrect questions to ask. or understanding of family office issues. procedures checlks and balances. etc .. consultants , diana goldner foundtaion woman?. office . focus .
2. without strong , very stroung direction, joslin will not make it. does not know where to focus. who to respond to. and how. unfortunately now getting more and more answers like the powers that be , want it that way.??
3. the priority list is still virtually the same , since dec. . accounting system. redone from scratch. etc.
4 . it will take 9 months. at a minimum now. . an outsider brought in when everything is clean , including phaidon, notes. eileen. banks, jpm db, bam, etc.
5 disposition, of Phaidon. art space regan etc.( ressler??) . sale of boat. plane . art , stock, investments, athene? etc, tra, brh.
6 . new IT . complex. household . payroll insurance . recurring bills.
7 estate modification given new circunstances and altered probablities. ( use etc )
8 charity, new trusts,!!d IPI< harvard . fees,
I spoke to brad and made him aware of all my concerns and propsals to move forward. he is desperate for help

Date: Tue, Apr 14, 2015 at 11:53 PM
Subject:
To: Melanie Spinella <[redacted]>
saved you 500k at the last minute, . brad has had the same chart since march 16th, its his job to review NOT MINE .appears he is one of those living in the dark leiwe. I found 8 million dollars today, missed deductions. . not yet in the numbers, .?

Date: Tue, Apr 21, 2015 at 1:10 PM
Subject:
To: Melanie Spinella <[redacted]>
emblematic of my frustration and ,in the end what I believe is a waste of our time energy money and resources. is the very simple question of bidco bank accounts. 4 months ago I asked the question , does it have a bank account and if so , who has authority, where is it located and what transacations ran through it. it is only one question out of hundreds that need to be answered. hundreds. . you asked that i not behave like Zeus and try to explain why I want need certain things. since i said to placate Brad's inquisitive ness and his desire to learn I said a filing might be required. instead of merely getting me the answer. he has talked to joslin paul weiss , you , you wanted to ask brad karp. ( maybe a filing that reopened things, )
none of this as a practical matter has any influence upon the ultimate action taken . I merely needed to know a simple answer. and today after asking at least every week since then do not have an answer . I have been trying not to add stress to your day. i try to explain things and take the time to do so gently, ( not my forte . this is one question out of hundreds. the fact that a 21 year old was in the office only xeroxing for a month, was obvious to everyone in the office. having a 26 year old xeroxing instead doesnt move us forward, answers first. copying old files. can wait.

Date: Wed, Apr 22, 2015 at 1:56 PM
Subject: another flowery email.
To: Melanie Spinella <[redacted]>
I am sorry. I realize you are under tremendous stress, In Bedford you asked me for my help I could not have been more clear that thought it very unwise as in my words I did not want any financial arrangment between us, it risked conflict and tension what neither of us needed more of. and did not want to risk torturing our friendship into the likes of the kind you have with Mark nor Josh, : now,- I dont have anyone but you yelling at me , in my own house. no one. it is highly unpleasant but I am trying my best to be understanding . sorry . From the outset and as you told me you recall. i tsuggested that three years should be the period of engagment. as planning is not a one year excericse . you declined to commit to a number of alternatives presented to you for payment of the third year. I told you in nov that you should decide whether to now sign on for that very third year as the vast majority of my work ended on oct 15. you recently told me you thought i was kidding. .you hired brad patting him on the back that after months of inquiry he can now, finallly tell you which llc owns the cars??
once he has all the facts what next ??. whether or not you refer to a portion of the third year as after care, or whatever term besides 'scoundrel you choose to use, I m not sure why you assume now it should be free.( I HATE THIS CONVERSATION < HATE , ) and i heard you when you said you told me what was l work still to be done you thought valuable enough to pay for. please tell me . and then we can decide the next steps ,,, if any. I consider my work rarefied art. I guess the value is in the eye of the beholder . IT reminds me of those people looking at a modern art piece and saying " my child could do that " . hope you are feeling better.

Date: Fri, May 1, 2015 at 12:50 AM
Subject:
To: Melanie Spinella <[redacted]>
ada and brad are respondbile for the loan ,. docs, at a minimum , leon he hasn't read the financial statements SINCE DEC. !!. impossible ,had he done so the silly numbers jump off the page . ( sent in another email ). it is a financial office., 190 million sitting unused in CASH , budget and planning person

for what , its not a publice co. ? townhouse construciton , household operations, boat, plane, taxes, we went through this with the cash flow. you and i know approx how much each will cost. its a week job not a fulll time one- ada has no lien copies. none. ?! impossible not to know , ask, quesiton? two senior accountants CPA s. not the 75k girl that they hired, . IT professional backed by a firm. high quality,can we tap apollo resources? new lawyer , heather level . new receptionist, and bookeeper. get rid of ava. next could be new office ,new furniture , , the whole place reeks of cheap. IT IS MAY< I have not been asked to interview one person to date. not one. having cpas in there tomrrow woudl go a long way. i dont understand the time line, coo first. ? in by july?? cpas in by sept . tax return due oct 15. ?

Date: Fri, May 1, 2015 at 2:36 PM
Subject:
To: Melanie Spinella <[redacted]>
I know that both you and I heard brads'. im out of here if i dont get a coo. . sorry,. i know that neither of us have stood in the way of his finding/ gettting one.. JPM account DB account GS account, ??? its MAY 1. nothing in the first quarter and these are only papers that need signing.
I suggest your thinking on my role and compensation for my work might benefit , from a mental shift - think mark and josh, without the mutual resentment ( HAHA) only in terms of sharing ,thanks, I am and have been your financial partner i.. rectifying circumstances that appear in hind sight unexplainable. I wish you woudl have asked me earllier to review your things , but i understand. I do know that soley as a result of my actions your personal bottom line has increased dramatically, if you had thought of me as your partner in this endeavor , instead of an employee, i think your reaction to sharing t benefits would be different.
If you recall, you wanted me to be paid , unlike others at the END of my work. we discussed this ad nauseum, and agreed OCT 15, last year was the end . You had wanted more comfort initially on the art partnership so that date was delayed. It has now been six monhts since then, your concept of aftercare . . for free. was already unique , in your words this has to have an end.( weaned ) if the actions of josh and mark led to one hundred million dollars , what would be their share. Im not sure why it is different in your mind. but i respect the fact that it is, Is it because their work seems harder. it cannot be simply because they devote more time to you .or it appears to involve more effort. I am happy to continue to play a partnership role. as I have been in many areas of your life. . I am also happy to move on and have no more of these emails. I find them as tedious as you do . if you prefer a partnership structure , ok with me, I tried to minimize the amount of money i would recieve by making it a flat fee . as i wanted you to feel good and have no second thoguths somehow if the payment comes from a partnership structure you seem relaxed as opposed to writing a check, I focus on trust and friendship first, and the fact that you don't include josh and mark in that category, gives me great pause . I proposed 33 percent of money made for you. . in the past you agreed that amount. it will be huge, but ok with me, I can talk today at 945 as you suggested. or if you woudl rather over the weekend ok

Date: Fri, May 1, 2015 at 7:08 PM
Subject: Fwd: Picasso agreement - question
To: Melanie Spinella <[redacted]>
silly

Date: Fri, May 1, 2015 at 12:27 PM
Subject: Picasso agreement - question
To: Brad Wechsler <[redacted]>, "Jeffrey Epstein (jeevacation@gmail.com)" <jeevacation@gmail.com>

Brad and Jeffrey,

Gagosian has one final change to the Picasso agreement. As you know, we have structured this agreement with the Buyer as either Narrows Holdings LLC or AP Narrows LP, and given both of those entities the right to assign the agreement to any one among Leon, Debra, the kids, or family trusts including APO1 and APO2.

Gagosian wants us to agree that, if Narrows/AP Narrows assigns the agreement to someone else, Narrows/AP Narrows "shall not be discharged from its liabilities under this Agreement and shall remain primarily liable to Seller." Larry is concerned that we might assign to the Black kids or to a trust that has no assets, and then when he has to sue us because we don't make the final payment of the purchase price but have possession of the art, the entity/person to which we have assigned the agreement has no money.

I think this is a valid concern and that we should agree to it.

However, Ada just reminded me that it is possible that Narrows/AP Narrows (really, Leon's) agreeing to effectively guarantee payment by the assignee might be considered a gift to the assignee. In the discussions with Alan about rearranging the bank loan once AP Narrows is operational, Alan agreed that there could be deemed to be a potential gift from Leon to APO1/APO2 if Leon provides a guarantee to the bank that is for the benefit of the trusts as partners in AP Narrows. Alan suggested mitigating this risk by having the trusts sign side agreements with Leon which say that if AP Narrows defaults on the loan and the bank goes after Leon on his guarantee, the trusts will make him whole.

This issue only arises if we assign the agreement. The risk is also limited in time because it would run from the moment we assigned the agreement until the final payment is made, which even if we assigned immediately after signing, would only be 11 1/2 months.

Shall I agree to Gagosian's request that Narrows/AP Narrows remain liable even if they assign the agreement?

I'm in the office if you would like to discuss this, but I would love to get back to Gagosian ASAP so we can have this agreement signed today.

Thanks,

Heather

Date: Mon, May 11, 2015 at 3:08 PM
Subject:
To: Brad Wechsler <[redacted]>, Melanie Spinella <[redacted]>, Ada Clapp <[redacted]>, Richard Joslin [redacted]>

lets look at funding the art partnership begin with 100 m of unencumbered art. plus 20 inveestment. and the same amoiunt of value from trust. leon should choose b trustee and begin to use mechanics. . later we can amend and add .

2 hire an IT person asap
3.I would hire jerry the woman. gittis. person
4 .I will find a subpart k person to handle partnership acct
5 , accounting software upgrade, onlilne banking needs to be seamless
6. not sure status of bringing plane boat acct inhouse?
7 prepare fbar report for june. draft next week
8 pahidon actuals vs projections. . new valuation
9 . new valuation of tra contract?
jpm db goldman sachs acct? new llc?
review of dec 31 books for all entities? bfp . etc

Date: Wed, May 13, 2015 at 3:04 PM
Subject: Fwd: jobs ahead
To: Melanie Spinella <[redacted]>
the list that we discussed.. i spent time with brad again. re the candidates . fiiling due, this week, next month, .

Date: Sun, Dec 28, 2014 at 5:18 AM
Subject: jobs ahead
To: Brad Wechsler <[redacted]>, Melanie Spinella <[redacted]>, Ada Clapp <[redacted]>

1. review accounting system. Book keeping softaware. staff, ( senior accountant ) methods on line banking, brokerage. cash mgmt. airplane reimbursement. boat sale. art purchases sales use and sales tax. tax filings FBAR FATCA, gaming commsion, pfics, insurance . uk co law.
2. review docs for TRA BRH grats, trusts, heritage will, insurance, art lending. medical, springing powers. two fire drill books. one needed for injury. other for death
3 review bills . boats , planes, legal, ( PW, McFarlands all outside. legal and accounting. Toms bills over 400k . house projects. south ny ben
4 cashflow projections tax projections , interaction with Apollo accounting tax, Phaidon ,art space ,and Regan. legal accounting. audit
5. children meetings , review to date and allocations
6 review all role in payables. files scanned, no paper
7 review invesmtents for tax basis and unrecognized gain
8 schedule of all hedge funds . redeemables commitments etc.
9 charities pledges strucutre, staff ,

Date: Mon, May 18, 2015 at 2:17 PM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella <[redacted]>
as a reflection on your voiced spirited concerns in the what have you done for me lately category ? )):: . in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to eat the apple from the knowledge tree)
. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain)

books as they were mystersiously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.

still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with : As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Fri, May 29, 2015 at 2:53 AM
Subject: ulysses 2.0
To: Melanie Spinella <[redacted]>
I realize it is only due to a lack of understanind of the job ahead. and not out of any sense of unwillingess to pay
- as opposed to merely hiring people to set up a family office, someone will have to do the following- separate from the art partnership which is my responsiblity . there still needs to be a huge amount of work done for 2015,16. not to mention that brad at the moment is going to have train the incoming team?? your call
strategic decisions re estate and other planning , sale of phaidon etc. . in addition setting up for the accounting for each strategy ie.:

income, estate, gift ,sales and use, transfer excise picasso, 1031 calder. . review and detailed oversite of IRS SEC GAMING NYS. real estate, entity valuations ( many ) tax filings- disclosures, follow up of grats, trusts ,defective trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank account need to be rationalized, not only having brad step in to children investments . gift taxes, trust , loans, notes. payables. expenses allocations . . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments funds and charities , dividend treatment -important review of transcations relating to BRH ( amendments) TRA sale ( nuanced ) , shareholder agreements, bank loan agreements new bank relationships. . wills, construction accounting and oversite , contracts planning permits etc..employee rules, regs, . checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, . stock options,( ie environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) review of boat expenses plane expenses, depreciation issues refunds etc. . rationalize all outside counsels and accounting firms
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, , Apollo in house counsel.
set up and oversee brokerage accounts at JPM DB GS and thoughfullly trade
. new IT system from top to bottom full time IT person
new accounting system - on- line banking cooridnated with reports . fire drills as per caruci ( he sounds good ) and . audit system,s . review of john murphy? joslin? dag? eva? .
in house, review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy re:
As new facts on the ground develop , phaidon debra, children meeetings, involvment , trustees adjusted, stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe?. real estate?, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc
you are sitting on over 100 m of cash???!!

Subject: Re: we're calling the sales tax guy at 6:30 pm - I'll come to your office
To: Richard Joslin <[redacted]>, Brad Wechsler <[redacted]>, Heather Gray <[redacted]>
sorry but this is emblematic of the silliness that appears to continue. ..... 1. How can we ask for a legal opinion when it is crystal clear that we don't yet have accurate facts or numbers , f. 2 Invoices have not been reviewed! corporate structure is convoluted and unexplored in detail. ( was the boat captain on the call?) 3 Paul weiss is the attny , and should be charged with getting us info. . 4. Bringing in yet another outside lawyer without full vetting and consideration, a waste of time energy and money. . 5. ex. what is the location of charters shown on the invoice? do you know. . ? if th invoices are incorrect, does that give us any comfort in trying to defend an audit. . I saw three invoices only, and each had a different owner or address . .

Date: Mon, May 18, 2015 at 8:17 AM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella <[redacted]>
as a reflection on your voiced spirited concerns in the what have you done for me lately category ? )):: . in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to eat the apple from the knowledge tree)

. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain)
books as they were mystersiously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.
still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with :
As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Tue, Jun 30, 2015 at 12:23 PM
Subject:
To: Melanie Spinella [redacted]
1.I believe I have heard you , but i wanted to make certain that I have understood
Though after much discussion ,- much! you were adamant that i receive my fee only at the very END of my work, oct 15 , this was a long discussion but you felt very strongly at the time . you now feel that as it was a very large sum of money . some of my time this year should be spent on your recent concept of "after care ". - and that after care should be for free . I have continued to pay others as well.
I have asked and you have previously said you would lay out for me what you thought was encompassed by the concept. that was end of january Training brad?? who was your choice . not mine ,by a long shot. only brought on in january? ? hundreds of hours spent . eileen debrief? 2. boat. plane household

ex[penses. personal review? , trying to create accurate ledgers of capital expenses . so to minimize future gain.? 3. phaidon - review from head to toe? though we agreed many times in the past this was not my responsbility, 4. overseeing the opening of trading accts. proposed and sent over first docs in april of 14. .5. art partnership.? we agreed though the draft was sent in sept14 . and still not done though little different from first draft. . 6 picasso contract? 7 art sale 1031 8 airplane review? 9. IT system implementation. ? tra brh sec gaming comm, foerign filing , tax, disclosure. fondation returns. ? planning for 16? not sure . 10. insurane review with josh? stock sale prep. ? filing ?
I am available by phone. you mentioned my travel schedule ----last yea,r I canceled three European trips and two to seatle , none to my benefit.
I have been consistant , I dont have any new proposal , do you ? though i am" complicated" , I have no intention of trying to convince you of value, its silly ,
OOOOOOOOOOOOOOOOOO i think if I have correctly deciphered your sophisticated code - should represent -drool

Date: Tue, Mar 3, 2015 at 5:18 AM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
lets set a time to speak today if possible . 30 minutes or so. my schedule is tight

From: **jeffrey E.** <jeevacation@gmail.com>
Date: Mon, Sep 21, 2015 at 6:36 PM
Subject: agenda for today 5 pm?
To: Melanie Spinella <[redacted]>, Brad S Karp <[redacted]>
1. put someone on asap to ascertain if she is still in london. 2. set up conference will uk criminal and uk counsel. a give them more facts. 3. choose method of message delivery. my choice. - two highly respected former ---- fill in the blank, immigration, scotland yard. sfo. . who may knock on her door and present the terms. 4 if not. an alternative method. 5. Is it possible to find out if she has gone to authorities? tabloid lawyer. 6. have the same types of individuals availble in new york if she decides to return as stated. . i prefer former fbi, or immigration one man one woman. . 7 from opening a DA investigation to arrest. how long? 8 , can we open a file in either jurisdiction, and maintain confidentiality.

Date: Mon, Sep 21, 2015 at 6:48 PM
Subject: Re: agenda for today 5 pm?
To: Melanie Spinella <[redacted]>
Cc: Brad S Karp <[redacted]>
I think that Melanie should set up a separate email account for this correspondence. she currently is on an apollo server.
There is not even a good solution . all have substantial risks. we are dealing with a wholly unpredictable and bad minded person. I and Brad can only make suggestions/actions each less than stellar. - that being said we should do our best to have all the facts . options etc. and to distinguish fact from opionion As the consequences of any decision is likely to have some very bad parts , Leon needs to be cognizant of as much as the downside as we can adequately foresee.

Date: Wed, Sep 23, 2015 at 12:07 AM
Subject: Fwd:
To: Melanie Spinella <[redacted]>
jan 2 of this year
Date: Fri, Jan 2, 2015 at 2:55 PM

Subject:
To: Melanie Spinella <[redacted]>
Leon, I decided last week that there was little or no upside in disturbing your well earned holiday especiaily as you seemed so peaceful happy and smiley ,getting yourself in shape and truly enjoying your family time. etc. however the situation in your family office is unresolved. I am aware that brad starts monday howver, two last days of the year madness. timber.deal not complete no jpm,acct activity no partnership docs , old stock sales not complete , no bank doc redo. no phaidon note restructure, ., no boat expense review. airplane same ,topco midco.etc still not finished ( trustee ) , projections mixed with fiction. , legal exp out of control. no care for admin, silly ( audit). tom conversation with joslin. notes. debra, trustee notes. trustees hiring . bens audit. interest payable made hoopjumping last day of year. after weeks and months. of lectures , gifts to discuss- staff. -houseproject mgmt. . I will continue to try , I had offered ajoint call with eileen before you left. as i said before , joslin takes instructions from eileen. he said it was made clear to him that he doesn't work for me but works for you. . I tried.

Date: Tue, Sep 29, 2015 at 8:39 PM
Subject:
To: Melanie Spinella <[redacted]>
jeffrey
Brad Wechsler is asking if you could meet for a half hour with him and Rich Joslin to discuss Use Tax Refund. Below are available dates/times...below that is your schedule. OK for me to schedule in?:
NO sorry not until i hear from leon
leon. to be fair, I had sent the first note to you one year ago . stating that my work would come to an end on oct 15. that day had meaning as everything would be closed. you asked that i continue to help brad. as of nov though he would officially start in jan. I said ok, but ..... " you told me to continue as we would work something out" I told you my fee then was 40 . feb you came with ben while kathy ruemmler was here. and said next week, debra got bad news. and I quickly prioritzed not adding stress to your situation. I wont regurgitate the interim, though millions of dollars were saved since. millions. . it is now one year later and you propose 10 mlllion , plus a contingent fee . I have said that i would work with you , and if contingent and a percentage of something. I strongly believe that is not in your interest. I continue to put our friendship first and dont want you to write a check for over 100million andthe i will have to listen to lewie for the next few years. but if you prefer over my objection a percentage deal then it should be of all savings not just phaidon. ( a random concept) . The idea that i am somehow even marginally responsible for neither you nor heather , ever telling me that there was an unresolved issue, though you said you had been pinged a number of times is emblematic .
I can do a call with you and Karp. anytime you like today, but i can assure you 100 percent that there is no light between our positions. ZERO. and he is ready to do his best to try to explain it to you.

Date: Thu, Oct 1, 2015 at 11:03 PM
Subject: Fwd:
To: Melanie Spinella <[redacted]
to refresh your recollection, as 4 states. 40 a year for three years. as i said today. . the other was in addtion as you recall.
Date: Thu, Apr 11, 2013 at 4:02 PM
Subject:
To: Melanie Spinella <[redacted]>
1. 80 percent of contracted job is accomplished, now drafting ,signing and few critical decisions on your part still await , will fill in nec blanks, 1, how much of upside to kids. , 2, protections . 3 allocations. 4. charitiable, inventory, securities,

2 .to engage the second phase if you so choose , and considering there is only 8 more to be paid this year in oct , for the job now almost completed, total of 23. that was agreed only for history fix.
3. with the necessary proprietary protections , proposal is for first year only an additional 17 . making it 40 , but full year balance on signing , ie 25. takes care of 2013
4 , moving forward , 40 per year ,( approx 1 percent ) for three years, to be credited against an agreed formula. Im open to suggestions total approx 120 for new workover 3 years , benefits to you over the next 20.
5 , can consider interests other than cash as payment. ?
6. need to speak re , bankers, valuations, mechanics and their continued importance.

Date: Fri, Oct 16, 2015 at 4:38 AM
Subject:
To: Melanie Spinella <[redacted]>
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
today is Oct 15
With your full knowledge I paid out 8 mil to my staff before june, . so i guess I can safely assume that after consideration of all the things I did for the entire past year separate and apart from your unique free "after care" concept. , what you thought was ultimately fair was the contribution of 5 million to a foundation and a total of 2 million dollars to me.

Date: Fri, Oct 16, 2015 at 1:08 PM
Subject:
To: Melanie Spinella <[redacted]>
I think you should consider the fact that your family office will be the most central component of what you leave to your children , wife heirs. it is the core of your assets. your art might be sold. your houses may lie empty, the apollo stock could be sold. you will pass on your office , . it will be the primary player in your estate tax. probate, transition. Brad has taken it from a D minus to a C minus, If I were you I would set the goal of an A. just like your paintings. . Like a house you could attempt to renovate it. it will take more time and money . or . in essence as I suggested in dec of 13, start from scratch. A financail head of office. - brad could move to being richards replacment as trustee. . barry cohen would be perfect but carries the trustee taint now. . take a tax partner from a major firm. to replace joslin, cost 1 + mil . keep heather and ssmantha. . bring in full time IT person. ASAP . your lighting contractor in your new townhouse has better IT than your multi billlion dollar antique opersation. data breaches are not your concern. precision is. . either re do the office layout . or get enterly new space. the proposals to focus on following on a monthly basis the values of all your current investments is an example of misplaced prioirties. . Your office is the heart of the familys financial life and temp future, it needs a heart operation

Date: Mon, Oct 19, 2015 at 5:10 PM

Subject:
To: Melanie Spinella <[redacted]>
Radical but my preferred idea. . START from total scratch. there is absolutely nothing worth keeping in your family office except for heather , nothing at all . I remember when i bought my first house in order to renovate and jack robertson said forget it. knock it down start again, I could n't believe it. but he was right. Like your tax returns that were done in triplicate. TOM RICH ALAN. . tom and rich were not really useful in the end. Alan was the only smart one. you should in my opinion Start a brand new office. hire cfo. bring joe over. heather and samantha, run parallel for 6 months and close down the mess of elysium forever. leave your kids a functioning operation professionally constructed and managed. NOT BY ME!!!
LAst nov i laid out priorities IT , being the first nothing as of today. in July I said focus on airplane as a test . to examine procedure and proficiency, so far mostly a waste of resources time people etc. Only last week told debra owns 49 percent of plane. no IT to speak of. bens house unaccounted for. tax returns very very sloppy, . boat still argued as third home. . pilots bonuses? , structure unkown by all. cash sitlling at the same time loans outstanding.
Phaidon , looks like close to breakeven in a few years. others totally unknown. Query , do you really want this ? : I m not sure how you both want to have an investment office and have cash flow being eaten by publishing and loans amounts outstanding increased by art. --interest rates will be going up.- . your plane will cost 10 million to refinance - so will boat if sold next year-. art space and regan , both needs more cash. with little return, taxes , art purchases . Part of radical solutition is to sell publishing.altogether. (are the children really interested.) . restrucuture plane from scratch. layers unncessary. simplify crazy structure s bank accounts trading accounts accounts payble. credit cards. etc. The best way to wean yourself away from me is to have someone else do the whole thing from scratch. . move brad to be the replacement for Richard. . he is nice but this is not what he does. Him saying it is soooo fucked up to me , was only an echo of me sayint it to you. .

Subject:
To: Melanie Spinella <[redacted]
as brad can attest , I spent time today with joslin, joe. etc. no question at all, a failed experiment. In the words of a banker that made a call on your office. what happened? leon seems to have replaced Eillenn with a team of Shleppers. ? I know you care little for what they may think , but the legacy you leave your kids is just that. you only have 60 days of planning left for this year. numbers are all over the place.
I recieved a nice call from Karp today, . He touted me as a great friend to you. I am happy to be just that. . He said it was important for me to tell you what others won't. Keep heather , fire EVERYONE else.

Date: Mon, Oct 26, 2015 at 1:10 PM
Subject: CONSTRUCTIVE?
To: Brad Wechsler [redacted]>, Melanie Spinella <[redacted]
1 cash flow projections for 16. . draft ok. i will be easy. i need rought projection. 2. phaidon chart laid out now with who signs in sale of shares vs enitities. ? ie managing memebrs. . 2 . 3 new trusts. Apo-o , dynasty, ( does leon want to put in new restrictions per child ). - publishing interests. . 3 llc, for investments 4 names insured? guarnatees? art loans. outstanding. sales or use tax owed? 4, comparison of execu jet vs jet aviation. . 5. the bank loan on the jet is going to come due. does leon prefer to extend f they would ( he is a guarantor. ? ) or will he need to pay 10 million cash to renew, that wiill determine new structure of plane. getting rid of rance, wells fargo, john hannon, lisa gratizaino etc. . 5. boat restructure . 6 grats - if leon decie to have another. 7 accountning for children, .

Date: Mon, Oct 26, 2015 at 7:08 PM
Subject: draft
To: Melanie Spinella <[redacted]>, Brad Wechsler <[redacted]>
phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

0:51 PM (15 hours ago)
to me, Richard, Karen
Good afternoon
Removal of headers in Cabana's 1 and 2 started today
Dock Shelters proposed start date 16 Apr
LSJ staff cottage and Sams kitchen and bath cabinets are due in this week.
Have yet to schedule install.
Will have estimate for GSJ Staff Cottage from EB by the end of the week
Unable to contact Jimmy again regarding thIs project, Reached our Monday to schedule site meeting, got a - No Can Do -
reply !!!
Regards Brice

Date: Mon, Oct 26, 2015 at 8:37 PM
Subject:
To: Brad Wechsler <[redacted]>, Melanie Spinella <[redacted]>
gain at 20 % not 28. . so total , 35.8%. tax rate. same for boat. and plane each around 10 m so total 7 m savings if both sold

Date: Fri, Jun 3, 2016 at 5:56 PM
Subject:
To: Heather Gray <[redacted]>
heather leon seems to not recall the issue of finding an alternative to the eschange agents resale cerificate. he didnt remeebr you suggesting a gallery instead. you mentioned that he did not want to get another gallery involved. ? has any of the transactions been audited using this method , which even i find agressive.

Date: Fri, Jun 3, 2016 at 3:02 PM
Subject: RE:
To: "jeffrey E." <jeevacation@gmail.com>
Hi Jeffrey,

As you will recall, we used this same exchange agent last year on the Calder 1031. At the time, we discussed the merits of using a gallery versus a commercial exchange agent and my recommendation to Leon was to use a gallery. I felt that there were advantages to using a commercial exchange agent instead of a gallery on the 1031 side (e.g., less likelihood of a breach of confidentiality, IRS familiarity with CDEC in the event of an audit, security of

funds), but that a commercial exchange agent gave us less comfort on the sales tax side. Leon did not want to use a gallery because he was concerned about confidentiality and he did not want to have to ask a gallery that he did not do much business with to act as exchange agent.

When Leon first discussed the exchange for the Cezannes with me a few weeks ago, I asked him if he wanted to use the same exchange agent as last year, or if he wanted to use a gallery. I said that a gallery carried little to no risk on the sales tax side, but I reminded him that he had not wanted to use a gallery last year for the Calder because of confidentiality reasons. He said to use the same exchange agent as before, which made sense to me because he was extremely concerned about confidentiality with the purchase of the Cezannes.

I will find out about sales tax audits and will let you know. The exchange agent has had a New York resale certificate since 2014 and has been engaged in art transactions like this since then, but I do not believe they have been audited. I will check, though, and I will also ask the Herrick lawyer if any of his clients who have done similar deals have been audited.

Best,

Heather

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Keyword: National Theatre (National)

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# How the Oslo Accords became gripping drama

## As Tony award-winning play 'Oslo' comes to the NT, *Con Coughlin* shares his memories of covering the actual events it depicts

A three-hour play about the Middle East peace process? It's hardly a subject to get the pulse racing. And yet, JT Rogers's new play *Oslo*, about the astonishing, behind-the-scenes negotiations that resulted in the historic Oslo Accords in 1993, won a Tony for Best Play on Broadway this year, and has already virtually sold out its month-long run at the National. Such is the demand that the production, starring Toby Stephens, promptly transfers to the West End in October.

*Oslo* dramatises a period of history – and a brief spell of optimism – that is now a distant memory. With so much of the modern-day Middle East consumed by turmoil and conflict, it's al-Qaeda, so-called Islamic State, Iraq, Syria and Libya that are dominating the headlines, not the peace process.

Even as we approach the 100th anniversary of the Balfour Declaration, whereby Britain committed itself to the establishment of a Jewish homeland in the uncultivated area of the eastern Mediterranean known as Palestine, the long-running conflict between the Israelis and the Palestinians is no longer the main story. So much so that theatregoers in New York were heard to remark after a performance of *Oslo*, "Oh, the PLO! I'd forgotten all about them."

Yet by taking the art of diplomacy as its subject, Rogers has fashioned an unexpected thriller out of the brave and inspired Palestinian and Israeli negotiators who came together in a remote Norwegian house to put aside decades of hostility and make peace. Their efforts were rewarded with a momentous ceremony on the White House lawn in September 1993, with Yitzhak Rabin, the Israeli prime minister, and Yasser Arafat, the PLO chairman, shaking hands to seal the deal in front of a beaming president Bill Clinton. And sitting anonymously among the thousands of global dignitaries who had flocked to Washington to witness this historic event was Terje Rød-Larsen, the cultivated, softly spoken Norwegian diplomat who, with his wife Mona Juul, made it all possible by enabling the rival delegations to meet in secret to thrash out their differences.

As a journalist covering these extraordinary events for *The Daily Telegraph* during the Nineties, I came to know a number of these players personally. Many of them are no longer around to reflect on Rogers's version of events. Rabin, the great Israeli warrior-turned-politician who agreed to make peace with Arafat, a man most Israelis, as one Israeli character in the play remarks, saw as being akin to "Hitler in his bunker", was murdered by a Jewish extremist in November 1995 in revenge for signing the deal. The mysterious circumstances surrounding Arafat's death in a Paris hospital in November

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2004 remains a source of controversy among his PLO loyalists, many of whom believe he was poisoned by Mossad, the Israeli intelligence service. By the time Shimon Peres, the Nobel Prize-winning prime minister of Israel who helped resolve many of the more intangible issues, died more peacefully aged 93 in 2016, he had become one of the most accomplished statesmen of our age.

But perhaps the greatest casualty from that era – when there were genuine expectations on both sides of the Israeli-Palestinian divide that the conflict might be resolved peacefully – has been the peace process itself, which today is almost nonexistent. When, for example, I told an Arab ambassador acquaintance I was going to see a preview of the play, he simply remarked: "No one talks about the peace process any more. It doesn't exist."

This makes Roger's examination of one of the most unlikely diplomatic dialogues ever undertaken all the more poignant, as it harks back to an era when reconciliation seemed genuinely possible.

The task facing the rival delegates when they first meet is a daunting one. For the Israelis, if the fact became known that they were talking to the PLO, the government would most likely fall. For the Palestinians, it would mean an assassin's bullet.

At the heart of this *danse macabre* stands Rød-Larsen, whom I met on several occasions in Jerusalem in the Nineties when the hard work had begun on implementing the deal. A quiet, patient man, he never seemed to be entirely comfortable with the rough-house atmosphere of the region, where disputes were often more likely to be resolved through rocks and rubber bullets than rational persuasion.

Toby Stephens's portrayal of Rød-Larsen gives him a great deal more zest and personality than I recall, but this neatly nuanced performance is key to the pace of this fast-moving, entertaining take on the events (Rogers has said that, in order to liven up what might otherwise seem a prosaic and convoluted political process, he studied the plays of Noël Coward).

My favourite scene from the play is the one where the lead Israeli negotiator, taking a break from the negotiations, entertains his Palestinian counterparts by giving an impersonation of Arafat as an effeminate narcissist, a portrayal I found entirely plausible from my own encounters with the PLO leader, whose vanity knew no bounds.

Uri Savir, who was deputed by Peres to run the Israeli side of the negotiations, was someone else I got to know during that period. An urbane multi-linguist of an academic disposition, I generally found Uri to be softly spoken and thoughtful when discussing regional issues. Philip Arditti's portrayal of him in the play, though, makes him out to be more like the uncompromising, muscular Israeli type, more usually found in the ranks of the security forces than in the diplomatic service.

Depictions in theatre of almost anything to do with the Middle East tend to stir strong passions among audiences. I was particularly struck by Rogers' sympathetic understanding of the Palestinian predicament. "I was very anxious about the combustibility of it," said Rogers in a recent interview. "I assumed there would be controversy [in America] only because someone would be enraged that I had allowed the 'other side' to have their say." Certainly Peter Polycarpou's depiction of Ahmed Qurei, the Palestinian finance minister sent by Arafat to make peace, admirably captures the conflicting emotions of enduring the pain of exile while seeking to wreak terrible vengeance on the Israeli occupiers.

Indeed, for all the quips and light-hearted banter, *Oslo* is, at heart, a deeply emotional drama. When the Israelis finally strike a deal with the Palestinians during a telephone call to Arafat's headquarters in Tunis, they think they can hear music playing in the background. In fact it is the battle-hardened veterans of the PLO sobbing at the prospect of being allowed to return to their homeland.

Ultimately, the play is an implicit tragedy about the failure of both sides to build a lasting peace on the basis of the painful concessions made during

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the Oslo negotiations. "Between our peoples lies a vast ocean," says Ahmed Qurei, the finance minister for the PLO, in the play, just before the negotiations start. Twenty-five years on, that ocean seems as vast as ever.

*Oslo* is at the National Theatre until Sept 23, then transfers to the Harold Pinter Theatre from Sept 30 to Dec 30. Tickets for both: nationaltheatre.org.uk

*'Perhaps the greatest casualty from that era has been the peace process itself, which today is almost nonexistent'*

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BRINKHOFF-MOSSENBURG; AP

JT Rogers, far right, and the NT production of *Oslo*, above. Clinton with Netanyahu and Arafat in 1993, below

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/8/2018 4:20:18 PM
**To:** jeffrey epstein [jeevacation@gmail.com]

**Importance:** High

Date: Mon, Oct 26, 2015 at 8:37 PM
Subject:
To: Brad Wechsler[redacted] Melanie Spinella [redacted]
gain at 20 % not 28. . so total , 35.8%. tax rate. same for boat. and plane each around 10 m so total 7 m savings if both sold

Date: Tue, Oct 27, 2015 at 11:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella [redacted]
Cc: Brad Wechsler [redacted]
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

Date: Wed, Oct 28, 2015 at 5:56 AM
Subject: Fwd: Detailed constructive list.
To: Lesley Groff [redacted]
please print two copes . re formattted so leon can go line by line ie . heading s question, gift answer. blank who responsible. time frame. fee paid when?

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella [redacted]
Cc: Brad Wechsler [redacted]
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex

films . etc.

From: jeffrey E. <jeevacation@gmail.com>
Date: Tue, Feb 24, 2015 at 2:20 PM
Subject:
To: Melanie Spinella [redacted]
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.

In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers,
home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.

I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.

Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .

We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

--

Date: Wed, Nov 4, 2015 at 4:45 AM
Subject:
To: Melanie Spinella [redacted]
okay, its time for you to decide how you would like to move forward. ( fyi get your money from the 1031 . the screw up is only one of many,) If you decide to move foward on decanting. phaidon, note basis estate update , each requires many carefully orchestrated detailed steps. and precision . there are hundreds of millions in saving if done correctly and a huge mess if not. If you want me and my colleagues to do it , oversee it paper it and guide it, you should tell me. It is a big undertaking . If not , ok .. Brad and your crew can do it. I will have no real further involvement apart from confirming the outcome of my proposed structure, I will not risk the admonition of- they thought you said, they thought you meant, they understood it to be. but they said you said, ( i e ,I asked at our meeting that accounting be done properly for bens house , what came back was ada thought that I meant that we needed to go back to the 97 trust and give him a full third party accounting of where his money had gone??!! I kid you not). I dont think brad should talk to jane heller without a fully fleshed out plan in place and even then it should be you.

Date: Wed, Nov 11, 2015 at 10:59 AM
Subject:
To: Richard Joslin [redacted] Joe Avantario [redacted] Brad Wechsler [redacted]
lets calculate the exact payoff amount for the leon note as of nov 30 ,DEC1 , dec 31. 1) does art space get folded in to phaidon. . middle cos disolved.? 2 collapse topco etc
open bank accounts for apoo
interest will be approx 50k per day . look at deduction.
note payoff docs- notaries . new docs. releases ? , accountings? disclosures? ( gaming ? ) art partnership . renew. will? repaper lease guarantees? macfarlanes. ? do we pay down 10m. of plane. ? proposal for airplane , 91 , 135. exec , jet. .? remove debra. from plane?

Date: Wed, Nov 11, 2015 at 11:00 AM
Subject:
To: Melanie Spinella [redacted]
we should discuss e trust and j black trust. , brad buying phaidon. artspace folding ? plane/ boat. foundation.

Date: Wed, Nov 11, 2015 at 9:09 PM
Subject:
To: Melanie Spinella [redacted]
we need to coordinate. brad bank, cannot be clumsy

Date: Fri, Nov 20, 2015 at 10:50 AM
Subject: agenda
To: Melanie Spinella [redacted]
1. brad or richard. makes litte difference. 2. gagosian . no written contract??!! fishy to me - who transfers 100 million dollars overseas without a contract ,- dont want you pulled into a scandal. careful especially as he is on the tax dept radar, . 3. I would like you to delineate what you would like me to do - the more specificity the better.- I think it important to avoid any misunderstandings as to each of our obligations and responsbilities. I will always give you my best advice. I have made my views re ada and the office clear . no hedging. . THEY should go. no hesitation . no zeus, your choice obviously. good news - I will not bring it up again. moving forward- These transactions will require a great deal of manpower over the next holiday month, every document needs minute review. . I would like to fix our fee agreement , in detail no later than this weekend . ie amounts , dates paid . entities paid. any concept you may have of" after care"? all on the table. .other questions such as how much to leave your children ,in what form, has no right answer. but you and I can dialougue as long as you like about issues of judgement. it is out of o friendship. not biz. ( bill hellman as a trustee? ) . we can talk about that during walks etc . I would like for you and I to go back to

having fun.

Date: Mon, Nov 23, 2015 at 11:53 AM
Subject:
To: Melanie Spinella [redacted]
25 minutes needed. 1 new and vastly improved plan, needs your thoughtful input. decisions on legacy paintings bronzes. books etc. 2. we need to reach fee agreement. and authorities.( alan and I spent time over the weekend, ) , hundred documents to be drafted. 3. gagosiaon 4 revolver . 5 inspire - FBI . 6. Phaidon, solution. 7 plane. no need to reinvent the wheel. . ( rowen ).

Date: Tue, Nov 24, 2015 at 2:41 PM
Subject: Fwd: Loan
To: Melanie Spinella [redacted]
Please talk to him

Date: Tuesday, 24 November 2015
Subject: Loan
To: Jeffrey Epstein <jeevacation@gmail.com>
Cc: Melanie Spinella [redacted], "Alan S. Halperin" [redacted] Ada Clapp [redacted] Joe Avantario [redacted]
Jeffrey-given the high daily interest cost (50k+/-) on $$ borrowed which you pointed out yesterday, here's what I'm thinking, but I want to be 100% on the same page as you:
1. Close next monday on the credit line, but don't borrow any $$. (We can, of course push closing back but my preference wld be to close.)
2. Right now, at barry's request, Irene Steiner, on behalf of the trustees is reviewing apo1 and apo-o1. While probably not impt on a "substantive" basis it was (a) impt to barry and (b) is likely good for leon.
3. We are hoping to have signature pages to the trustees (and returned to us) by early to mid next week. (Ada will oversee.)
4. We will then get the new trust to bofa who, moving quickly (according to them), will have an acct open the following week, 12/7-9.
5. We need to manage execution of paperwork associated with decanting which I assume occurs once apo-o1 and bank acct are operative. (Ada I'm sure you'll be on top of this).
6. I assume we will move $$ to pay down loan the day or day after (?) apo-01 bank acct open. As you know we cld do this as early as next monday/tuesday but then cash will be sitting in apo-1 while we're waiting for apo-01 bank acct.
7. If there are sales of assets (or llc's) from leon to apo1 or apo-01 that needs to be buttoned down and organized asap.
8. Same if you want another NEW trust in the mix as that will involve paperwork and opening an acct with bank.
Let's discuss to make sure we're on the same page on process. B
Sent from my Verizon Wireless BlackBerry

Date: Mon, Nov 30, 2015 at 5:21 PM
Subject: agenda
To: Melanie Spinella [redacted]
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Tue, Dec 1, 2015 at 12:26 PM
Subject:
To: Brad Wechsler [redacted]

I would like to consider the gaming commmison disclosure dates. . 2 we should put to bed once and for all adas concerns re the bronzes. . alan should opine on valuation ranges? rather than estimates. . 3. Leons input re gagosian purchase. ( trade in , 1031 if 17 likely transfer- . scream, phaidon. plane and boat. 4. I would like to review all assignment docs. decanting schedules. ( exhibits ). balance sheets for apo1-2 . . loan docs re transfer of narrows inside . 5. Leon should be clear regard future steps . pent etc. swaps , paydowns 6 mock-ups of all before trigger pull.

Date: Wed, Oct 28, 2015 at 12:56 AM
Subject: Fwd: Detailed constructive list.
To: Lesley Groff <[redacted]>
please print two copes . re formattted so leon can go line by line ie . heading s question, gift answer. blank who responsible. time frame. fee paid when?

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella [redacted]
Cc: Brad Wechsler <[redacted]
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

ate: Fri, Dec 4, 2015 at 2:07 PM
Subject: Fwd: moving forward
To: Melanie Spinella [redacted]
I had forgotten that Alan was actually at the table when i explained my note deal to you. it was at the end of the meeting described below. . as you will recall , not once , not even a peep did alan suggest contemporaneously his hand in the crafting, in fact brad said it was an idea. that HE brad, HAD HAD , from the begiining . my emails between alan and I that you can read , further confirm authorship. Im sure you recall the obnoxious tooting when alan said he agreed with my plan. .

Date: Mon, Nov 2, 2015 at 10:03 PM
Subject: moving forward
To: Melanie Spinella [redacted]
I have mixed emotions about what transpired today. really, You saw first hand in nauseating detail what i have been saying to you for quite a while now. Joslins answers were totally incomprehensible. the charts he prepared unreadable. Brads defensive posture was at a minum very surprising . He and I have recently gotten along quite well , I thought . Neither Joslin or Brad understood a 180 million dollar number . no cash flow

after weeks of requesting? odd. when you suggested that heathers behavior was emblematic of a sloppy office , brad said lets not talk about emblems??! bill pay , admittedly no change for the year. . plane not done. though it was the only thing i suggested doing first in july . . I sent you a list of 10 consultantts. brad said three, . i didnt want to push it. I was shocked that brad was opining on things he knows little or nothing about. tax issues. 1031. neg basis , note payoffs ( the same idea he said he had had from the beggining??!!) . answers re LBF holdings that can be corrected ( they cant) . valuations that have never been read. . When we met in your lobby he seems surprised that i was there. I dont know if he felt somewhat sandbagged. . . the savings on the note payoff is aprrox 33 % of 1.8 billion. real money if you do phaidon which i see no reason not to . if later josh and ben want to buy it back with you or without you they can. i will walk you through the structure one on one. . the losses will offeset the calder gain as well as apollo gain.
Im aware that seeing what you saw frustrated you. I felt badly for you.

You wanted a contingent deal. real value. etc. I will not of course hold you to your deal . . its silly. its not how i work or a reflection of our friendship. my proposal is as follows. I want away from your buisiness , but at the same time leaving you in good shape. I think you should pay the 25m that you did not for this year. for next year its the same 40 m as always, paid 20 in jan and 20 in july, and then we are done. I will give you advice and counsel but new people will be running your operating machine. I will oversee all the work that needs to be done you and I will hire new people , and it will be self running. ( it was may in my house when you told brad it had been 5 months and you were getting fed up ) I will set up a parallel . office , somenoe like wendy dolman or her quality is paramount. two accountants two bookeepers and two office admins. . alan and zoe will handle trusts and grats. heatehr diana george will be incolved in art partnership. if you want brad, analysts etc. and kids to do investments I have little to add in that regard ,except to be able to account for things properly. I suggest that the kids must have skin in any deal.
Alternatively , we can continue to focus on fun and let someone else do the things that you want done. and you and I can kibbitz about it all. structures outcomes risk, museums. charity, ( joslins answer by the way was I had asked how much charity was leon planining to give this year , ( the 2 m ) he didnt include your foundation or the payment to me, or from debra and you??!!

Date: Mon, Dec 7, 2015 at 5:39 PM
Subject: Fee
To: Melanie Spinella [redacted]
Amount ? Paid in kind ? Financed ? Plane ?Paid to ? Non charity , charity . Fixed dates

Date: Mon, Dec 7, 2015 at 8:05 PM
Subject:
To: Melanie Spinella [redacted]
please re iterate that no further actions taken without careful document review. please

Subject:
To: Melanie Spinella [redacted]
Leon,
As you are well aware, There is little I won't do for you, or at least try to do as a friend, and a great deal that I have already done ( both known and some things that willneed to remain unknown.) Our arrangement was for me to architect sophisticated structures that would be beneficial to you. that is what I have done and will continue do in order to fulfill my obligations under our agreement. The discovered fact that you in reality need an entire family office built from scratch has been trying I have aleady agreed de- facto to try to help. I would suggest that Phaidons payroll and attention pales in importance to your personal structure,which has taken a back seat, Some of my suggestions regarding the Eysium office are as follows you will need a budget of 3- 5 million per year. CEO 1 million, new tax person to work with rich, 250. new bookkeeper ,200 new paralegal to work with ADA ALan etc , coordinating with Apollo, Akin , paul weiss , new acct openings , sec filings , sales tax review, etc. $150 . art point person. loan , inventory,

purchasing support, $?? software servers. video conferencing, tax oversight.
I believe You should rapidly address trustees , gift trust, succesion, wills of debra and children, , monetization events , cash flow. etc I can of course share my experiences with you on each issue.
WIth regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the begining of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )
With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex isssues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.
talk later..

Date: Sun, Dec 28, 2014 at 5:18 AM
Subject: jobs ahead
To: Brad Wechsler [redacted], Melanie Spinella [redacted] Ada Clapp [redacted]
1. review accounting system. Book keeping softaware. staff, ( senior accountant ) methods on line banking, brokerage. cash mgmt. airplane reimbursement. boat sale. art purchases sales use and sales tax. tax filings FBAR FATCA, gaming commsion, pfics, insurance . uk co law.
2. review docs for TRA BRH grats, trusts, heritage will, insurance, art lending. medical, springing powers. two fire drill books. one needed for injury. other for death
3 review bills . boats , planes, legal, ( PW, McFarlands all outside. legal and accounting. Toms bills over 400k . house projects. south ny ben
4 cashflow projections tax projections , interaction with Apollo accounting tax, Phaidon ,art space ,and Regan. legal accounting. audit
5. children meetings , review to date and allocations
6 review all role in payables. files scanned, no paper
7 review invesmtents for tax basis and unrecognized gain
8 schedule of all hedge funds . redeemables commitments etc.
9 charities pledges strucutre, staff ,

Date: Fri, Feb 20, 2015 at 5:52 AM
Subject:
To: Melanie Spinella <[redacted]
1) pg 1 A " unequal shares" . pg 23 "removal of trustees " absolute. dont be confused with abiltiy to set up seperate trusts, , 2) I am reachable this afternoon in europe. on cell. 3. on another note . -our financial agreement ended months ago . seperate from the art partnership (which i was told yesterday to my amazement is still not funded) . i am obligated to complete ? the time i have dedicated since oct/ dec has been spent mainly as your friend. tom, brad though i am fully cognizant of my responsiblities. I will try to help find people. I am not good at human resources. howevr If I don;t think they are good enough for you. I

will continue to say so , and you obviously decide. but I will reiterrate even in the face of your "nobody is good enough argument." keeping foremost in my mind that you and I have only beeen shown a very tiny handful of people. 4. I find the friction over fees , counterproductive. in an attempt to avoid it I had suggested a multi year deal early on. you rejected it. I then suggested, and urged you to have an option at a fixed fee , you also rejected that .you wanted the fee payment only at the end I argued but ,conceded. I suggested a structure that tom didn't like. you rejected it . 5 I suggest you make a fair proposal.- that i can either accept or reject. some payment up front this time is a requirement. I am willing to modify any outstanding obligations. - there are creative ways to assure you of your desired characterization of those payments. 6 you should open accts at Deutsh . and goldman. I am told that eilleen has set up over one hundred bank acccts for you???!!. few relevant 7 you should immediatly demand a list of all her acct authorites , exec poistions . director etc. bank authorizsations. etc. talk later or over the weekend if you like

Date: Wed, Dec 9, 2015 at 10:16 AM
Subject: Fwd:
To: Jeffrey Epstein <jeevacation@gmail.com>
kkkjkjjjkjjyou said

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella [redacted]
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.
In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers,
home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.
I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with

little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you

required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine . We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Fri, Dec 11, 2015 at 12:19 AM
Subject: Re: Fw: sched
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: [redacted]
Jeffrey-joe tells me you want this to go live on 12/21. Possible, but an awful lot has to go right next week logistically for everything to fall into place. We'll try....

From: Brad Wechsler
Sent: Thursday, December 10, 2015 05:36 PM
To: 'jeevacation@gmail.com' <jeevacation@gmail.com>
Cc: [redacted]
Subject: Fw: Fw: sched
On different subject: general time frame is: docs (notes and purchase and sale agreement to you tomorrow end of biz); incorporate your comments monday and get docs to trust attorney tuesday; contemporaneously meet in person with you tuesday or wednesday and do a dry run. On these days ada will also take the trustees through outline of docs they will receive thursday. Docs to trustees, leon et al on thursday and signatures gathered by friday for first close 12/22. Tight but doable. Ada, alan agree?
PS: ada, you shld begin to think abt where people are (jh, rr, bc, ldb) next week.

From: Heather Gray [mailto [redacted]
Sent: Thursday, December 10, 2015 05:24 PM
To: Brad Wechsler
Cc: Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>
Subject: RE: Fw:

Subject: Re: Fw: sched
Barry-what we're going to do with jeffrey will be "small picture" and detailed. It might be better for you and jeffrey to have a higher level conversation some time next week; either way you'll have access to everything, obviously.

From: Barry J. Cohen [mailto [redacted]
Sent: Thursday, December 10, 2015 05:55 PM
To: Brad Wechsler
Subject: RE: Fw: sched

I wouldn't mind attending a meeting or portion of a meeting with JE. If he is the mastermind, and you want to move quickly, it might get a lot of questions resolved quickly.

From: Brad Wechsler [mailto[redacted]
Sent: Thursday, December 10, 2015 5:37 PM
To: 'jeevacation@gmail.com'
Cc: [redacted] Melanie Spinella; Barry J. Cohen
Subject: Fw: Fw: sched
On different subject: general time frame is: docs (notes and purchase and sale agreement to you tomorrow end of biz); incorporate your comments monday and get docs to trust attorney tuesday; contemporaneously meet in person with you tuesday or wednesday and do a dry run. On these days ada will also take the trustees through outline of docs they will receive thursday. Docs to trustees, leon et al on thursday and signatures gathered by friday for first close 12/22. Tight but doable. Ada, alan agree?
PS: ada, you shld begin to think abt where people are (jh, rr, bc, ldb) next week.

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Sent: Thursday, December 10, 2015 05:24 PM
To: Brad Wechsler
Cc: Jeffrey Epstein (jeevacation@gmail.com<mailto:jeevacation@gmail.com>)
<jeevacation@gmail.com<mailto:jeevacation@gmail.com>>
Subject: RE: Fw:
No, I'm meeting with him at 9:30 am tomorrow.

Date: Fri, Dec 11, 2015 at 9:49 AM
Subject: fee
To: Melanie Spinella [redacted]
elegant solution ;re fee. , 30 million paid now. with purchase of noel kalb, paid with funds from the drawdown. you should use and keep open the line for the full 30m and leave it outstanding until its expiration. in four months. legit biz reason, very nice , - the balance of the fee - paid in kind either low basis art . or interest in either milenium ,lone cascade ,or king street.

Date: Tue, Apr 14, 2015 at 5:53 PM
Subject:
To: Melanie Spinella [redacted]

saved you 500k at the last minute, . brad has had the same chart since march 16th, its his job to review NOT MINE .appears he is one of those living in the dark leiwe. I found 8 million dollars today, missed deductions. . not yet in the numbers, .?

Date: Wed, Apr 15, 2015 at 8:59 AM
Subject:
To: Melanie Spinella [redacted]
1 did the paul weiss bill get paid ??? 2. Talk to me before signing anything today important
10m paid today to gratitude america, a 501 c 3, willl make last year complete. 20 million paid today ftc . 10 million july 15 5 million sept 30. , 5 million jan 1 for all of 16 . tax savings paid at 37 percent . of net. savings. 50 million credit. net. so 150 million free . 600 savings 225 million owed. - 50 credit, 175 owed.

Date: Mon, May 18, 2015 at 8:17 AM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella [redacted]
as a reflection on your voiced spirited concerns in the what have you done for me lately category ? )):: .

in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to eat the apple from the knowledge tree)
. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain) books as they were mysterisously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan
agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.

still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with :
As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Thu, May 28, 2015 at 8:53 PM
Subject: ulysses 2.0
To: Melanie Spinella[redacted]
I realize it is only due to a lack of understanind of the job ahead. and not out of any sense of unwillingess to pay
- as opposed to merely hiring people to set up a family office, someone will have to do the following- separate from the art partnership which is my responsiblity . there still needs to be a huge amount of work done for 2015,16. not to mention that brad at the moment is going to have train the incoming team?? your call
strategic decisions re estate and other planning , sale of phaidon etc. . in addition setting up for the accounting for each strategy ie.:
income, estate, gift ,sales and use, transfer excise picasso, 1031 calder. . review and detailed oversite of IRS SEC GAMING NYS. real estate, entity valuations ( many ) tax filings- disclosures, follow up of grats,

trusts ,defective trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank account need to be rationalized, not only having brad step in to children investments . gift taxes, trust , loans, notes. payables. expenses allocations . . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments funds and charities , dividend treatment -important review of transcations relating to BRH ( amendments) TRA sale ( nuanced ) , shareholder agreements, bank loan agreements new bank relationships. . wills, construction accounting and oversite , contracts planning permits etc..employee rules, regs, . checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, . stock options,( ie environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) review of boat expenses plane expenses, depreciation issues refunds etc. . rationalize all outside counsels and accounting firms
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, , Apollo in house counsel.
set up and oversee brokerage accounts at JPM DB GS and thoughfullly trade
. new IT system from top to bottom full time IT person
new accounting system - on- line banking cooridnated with reports . fire drills as per caruci ( he sounds good ) and . audit system,s . review of john murphy? joslin? dag? eva? .
in house, review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy re:
As new facts on the ground develop , phaidon debra, children meeetings, involvment ,
trustees adjusted, stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe?. real estate?, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc
you are sitting on over 100 m of cash???!!

Date: Fri, Jan 2, 2015 at 2:55 PM
Subject:
To: Melanie Spinella [redacted]
Leon, I decided last week that there was little or no upside in disturbing your well earned holiday especiaily as you seemed so peaceful happy and smiley ,getting yourself in shape and truly enjoying your family time. etc. however the situation in your family office is unresolved. I am aware that brad starts monday howver, two last days of the year madness. timber.deal not complete no jpm,acct activity no partnership docs , old stock sales not complete , no bank doc redo. no phaidon note restructure, ., no boat expense review. airplane same ,topco midco.etc still not finished ( trustee ) , projections mixed with fiction. , legal exp out of control. no care for admin, silly ( audit). tom conversation with joslin. notes. debra, trustee notes. trustees hiring . bens audit. interest payable made hoopjumping last day of year. after weeks and months. of lectures , gifts to discuss- staff. -houseproject mgmt. . I will continue to try , I had offered ajoint call with eileen before you left. as i said before , joslin takes instructions from eileen. he said it was made clear to him that he doesn't work for me but works for you. . I tried.

Date: Tue, Dec 29, 2015 at 7:26 AM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>
Transaction complete !
. this - in spite of your collection of Elysium misfits. !!!
With Brad out of the office and unable to run his usual interference , the level of his utter incompetence was brought front and center, he may be a step up from Eileen, but if he is , then it is not certainly not by much, . Though you and I have spent many many hours discussing the importance of details and mechanics. I was not shown one document re phaidon,- not one.. Brad wanted to keep it private between he and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is wholly ludicrous - to summarize - the list I provided to Brad last December - things I thought were a priority to get done after consulting with your office still remains virtually undone.

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.

As your friend and in order toturn the page. I will try to be constructive

The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them

in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.

From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not

forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

--

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

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10m paid today to gratitude america, a 501 c 3, willl make last year complete. 20 million paid today ftc . 10 million july 15 5 million sept 30. , 5 million jan 1 for all of 16 . tax savings paid at 37 percent . of net. savings. 50 million credit. net. so 150 million free . 600 savings 225 million owed. - 50 credit, 175 owed. 600 savings 225 million owed. - 50 credit, 175 owed.

Date: Tue, Jan 5, 2016 at 6:36 PM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>
Transaction complete !

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I preferred to have no financial interactions. I dont have many friends and didnt want money to interefer with our unique relationship. For five years you had the kind but goofy Eileen Alexandersson managing your accounting , legal, investments. reporting, trusts etc. When I told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there is no " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a postion to manage mirage investments I sent you a note saying instead you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me was tasked with hiring new people and as you wanted him to take ownership of the staff,he conducted many interviews. you may recall that as late as may, you told him in my presence that he had had six months and had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions. ,( last nov ) 11 million found in dormant accounts and 4 million in the drawer. errors in cash flow both personal and Phaidon. Oversight on new grats first at 22 and then at 19 that were done without my consulatation were resolved only as aresult of my intervention. . 600 million in after tax savings was just accomplished.

With Brad out of the office and unable to run his usual interference , the level of his total and utter incompetence was brought clearly , front and center. He may be a step up from Eileen, but, if he is , then it is certainly not by much, A major difference is that Eileen knew she was over her head. Brad struts his stupiditly whenever he gets a chance.

A critical example. - Though you and I have spent many many hours discussing the importance of care

and attention to details and mechanics. with regard Phaidon I was not shown one single document , not one.!! Brad wanted to keep it private between he, and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is totally ludicrous - to summarize - the list I provided to Brad last December - of things I thought were a priority to get done - still remains in the whole unresolved.

The IT, is virtually untouched and is still in desperate need of a format - reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , when either you or brad ask for it - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told by Brad not to share the outside proposals with me - brad has no idea even as to what questions to ask. he knows little of finance, is bullshitted over by almost everyone in the office. a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant a simple emblematic example- 3 million in deductions Im told were taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the only real question you were focused on ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing!, a construction project run amok , no budget, the coo fired after only 3 months. , no clue . fyi artspace financials are also a total mess. ( no receivables ??). when i asked for a list of what got done and did not, i received the email from Brad basicailly mind you own business. so much was promised. !!!

As in your words probably your closest friend and in order to turn the page. I hope the following to be constructive

Here is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain a paramount requirement 16 months after i emailed you re their importance. THe Phaidon transaction papered and structured as contemplated DOES NOT WORK , its as simple as that. DOES NOT !! I suggest again that you re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. Halperin has a conflict that should be addressed., A strategy of the use of art should be implemented. . you have tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, I still think you might consider a Rothshcild bank transaction they have 150 b and a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , complex 2 billion in taxes on transaction. ?!

the facts as i see them

in June and then again Sept, we both agreed to a 50% of phaidon payout., then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were

surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay

I included in this letter the email i sent to you on April 15, the day i was examining your returns It laid out my understanding of the compensation for a transaction of the magnitude to the penny of the one just completed. though the number was great it was clear. When it appeared that the details could now be worked out I was the first to say , it is too much money, however.
From day zero I proposed to discount to 50 - 60 million the fair price of the transaction just completed . including Phaidon. . though this amount was already substantially less than our agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of fee outstanding till March ) ,I provided as you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any wayt to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the payment associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. I wondered whether brad even knew of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction was even begun, and had already been heavily discounted, out of friendship, from our agreement . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon showing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charitable decisions , helped with fincancial statements, gaming commission. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesn't exist
ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . ask them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. separate from making it more secure though you are not a trader with inside info the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describe to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposition in the estate. . etc. ask brad to show you the liquidation of the intervening art space cos? that has been on the table for

months. .

Date: Wed, Jan 6, 2016 at 3:44 AM
Subject: Fwd:
To: Jeffrey Epstein <jeevacation@gmail.com>
PLEASE READ CAREFULLY ,
Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of detailed time. I do not know how, and if ,to move forward - our last transaction. a transaction which you saved 600 million in tax. even if as you say it could be 20 years away , ( i hope longer) discounted to today is a savings of 300 million . for some reason you chose to ignore our agreements , verbal written and emailed - and decided that it was only worth 8 million dollars to you. . ( assuming phaidon -richard happens. the calculation that you can see is a 24 m savings not including artspace and debt benefits- certain to come later .. IMPORTANT NOTE
: the phaidon transaction as currently contemplated will not work . NOT CLOSE
When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I greatly preferred to have no financial interactions. I don't have many friends and didn't want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind, but very goofy Eileen Alexandersson as the sole manager of your massive accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his biz school org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions on the returns. a cashflow that is misleading helped prepare financial statements ( april ) Oversight on new grats- first at 22 and then at 19 that were done without my consultation and were "resolved " soley as a result of my last minute intervention. . 600 million in after tax savings was just accomplished. (BTW- for some reason you left the 30 million outstanding that I had said should only be done" if" that was my additional fee. and not used for non biz purposes and not art.

Sorry but .,
in June and then again Sept, we both agreed to a 50% of phaidon payout first projected at 20 . but less when artspace and debt taken out, - then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the art space investment will also lead to a write- off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay.

I include below the email i sent to you on April 15, the day i was examining your returns It laid out my understanding of the compensation agreed for a transaction of the magnitude to the penny of the one just completed.ie 600m When it appeared that the transcation would and could go foward I was the first to point out that our agreement would cost you too much money, therefore
From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for

all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.

Date: Wed, Jan 6, 2016 at 12:44 PM

Subject: Fwd:

To: Jeffrey Epstein <jeevacation@gmail.com>

PLEASE READ CAREFULLY ,

In the spirit in which it is sent. our friendship is intact and solid , though ,it has taken a hit.

Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of my detailed time. I do not know how, and even, if ,to move forward - . After months of hearing that you would have no problem paying a large fee if you could only ascertain value. The last transaction. a transaction which you saved over 600 million in tax. declared bullet proof by your attnys, and even if you want to disoccount for its future realization, creating a savings of over 300 million real dollars. For some reason you chose to ignore our agreements , verbal written and emailed -and at the very last minute , after the deal was complete decided that it was only worth 8 million dollars to you and your family. . ( assuming phaidon -richard happens. there is a 24 m savings not including artspace and debt write down benefits- certain to come later .. IMPORTANT NOTE

: the phaidon transaction as currently contemplated will not work . WILL NOT !!

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I greatly preferred to have no financial interactions. I don't have many friends and didn't want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind, but very goofy Eileen Alexandersson as the sole manager of your massive accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his biz school org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions

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more details

From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.

Date: Fri, Jan 29, 2016 at 2:39 PM
Subject:
To: Melanie Spinella [redacted]
you've agreed that

Your office is a multi billion dollar responsibility. your children will inherit it , in order to oversee their financial lives- I feel for you, truly ,but the facts are the facts, your ceo ( Brad) has provided one bad document after another for over a year , no getting away from it, , bad cash flows no new IT, each time with " its gettting better " no in fact -! its not. - the excuse, that Brad is not the numbers guy, is ludicrous. of course he didnt actually prepare the statements. - no ceo would ,- but over and over he presented them to you and me , after , holding them back for his personal review multiple times and after multiple drafts. weeks of his editing, the consistant but "inexplicable "missing the obvious serious errors . ( gaming ) inaccuracies, ( cashflow ) and mistakes (tax returns). why, ?! the simple answer is that at best, he is a c minus, (note. I, like you ,also give points for effort. )- ! an elegant art partnership gone fallow. ??!!I and its core reason to exist. not used ? no docs for plane?, still ! why? no docs for decantings why? the docs for deal 1 received last night , " no docs at all for deal 2, the biggest " . why wasn't Tom brought in , after 4 times of my incessant reminders i spoke to him , he knows little of either transaction except for over view. never saw pahidon anything except projections until yesterday ? ?and this after your clear admonition etc. re the trading accounts no activity, at all,

Barry Cohen is great. more like him please .
you asked , - I did my best trying to train your brad chosen people in the face of my telling you that they were never going to be more than c-minuses, thousands of emails thousands ? Brad at its head . you can't as a ceo, have an accountant give you multiple pages with the most important numbers missing altogether and not notice, you and I saw the errrors right away ,as did my very junior bookeeper after only a cursory glance. He told me he didnt know the details of his note? ! , my guess is that he wanted to pay less. no more than that, any other story is blather. its silly. Talk to richard yourself.
re your estate. Yes another Brad issue - your will, needs revision. the tenants in common structure I assume Alan has carefully walked you through. it is way overdue, needed and exciting. I won't list the more serious issues in an email but we can speak over the weekend.

How can I help? We agreed at the time when you hired Castrucci , that when you fired him, I would bear no responsibility because it was clear that he shouldnt be hired. brad and you both said ," its on us", but... the equivalent of your art consultant pointing to a picasso and calling it a renoir. then a brancusi and calling it a michaelangelo. those were the types of erros that i saw immediatily, you said give them more time. at least they saw it was a painting and not a photo?

being weaned of our biz /pay realtionship has been our mutual goal. However since novemebr, you chose to do so by ignoring' our agreement re, phaidon,and your oft stated commitment to me of large payments for large value, ( 37 percent was our number ). chose to pay me a number picked by what appears to be only by whim,- have yet to justify it except for telling me that you and Brad Karp talked.. .

What should we do? the next two years in biz world appears to both you and I , very fragile. Im happy to have brad sit in ?

Date: Thu, Oct 15, 2015 at 10:38 PM
Subject:
To: Melanie Spinella [redacted]

Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family

office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
today is Oct 15
With your full knowledge I paid out 8 mil to my staff before june, . so i guess I can safely assume that after consideration of all the things I did for the entire past year separate and apart from your unique free "after care" concept. , what you thought was ultimately fair was the contribution of 5 million to a foundation and a total of 2 million dollars to me.

Date: Thu, Feb 4, 2016 at 10:01 PM
Subject:
To: Melanie Spinella [redacted]
josh's arrival cut short our needed conversation. I understand we have a difference of opinion. friends sometimes disagree, I shook on the 20 so you have no further obligation, none, I am willing to have brad karp hear both sides. as my view , you and i had an agreement. on phaidon /publishing, and then a long standing what you say is 28 , which is correct AFTer TAx. , 37 pre. . that was our numbers. I was clear what i thought the transactions were worth. far less than full. alan etc. , had you said i will pay you only 20 . i would have said ill pass. you never told me that 50-60 the number that i put on the table at the very beginning was not right. you asked that i lay out my plan step by step. and what i believe would have been the fair thing to do is say to me, I will pay you only 20 if you do as i ask, not tell me for the first time only after i laid it all out . had it not been you, i would have required payment in escrow. BEFORE fyi the reason I sent you an invoice so that if you decided that you wanted me to continue this year . it would be applied to last years income. I think today was a beginiing for you. I am glad I will meet wendy the 23, rd, . separate and aprt from being your sounding board for personal issues, I do not see my involvment moving forward.

Date: Wed, Feb 10, 2016 at 12:56 AM
Subject: Fwd:
To: Melanie Spinella [redacted]
this was sent four months ago, nothing has changed
sent oct 15. before big transaction.
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
Date: Thu, Mar 3, 2016 at 3:31 AM
Subject: ask alan why he hasnt explained this to you since novmebr
To: Melanie Spinella [redacted]

Tenancy in common is a type of shared ownership of property, where each owner owns a share of the property. Unlike in a joint tenancy, these shares can be of unequal size, and can be freely transfered to other owners both during life and via a will. Even if owners own unequal shares, however, all owners have the right to occupy and use all of the property.
Date: Sun, Mar 13, 2016 at 12:55 PM

Subject:
To: Melanie Spinella [redacted]

The fire drill documents received should be the final nail in the coffin of Alan and Ada, . It is inexcusable, , ludricrous and in brads words "insane "or yours, " unexplainable" that the two people that you refer to as your estate attnys , NEVER EVER took the time to actually read the documents that have the biggest efffect on your family and estate upon death or disablity, its impossible.!!! IMPOSSIBLE . after telling me that they were confident that everything had been read , and after years , of you telling me that Im not an attorney, it is clear that my telling you that you have c quality people was over generous, , I received a first draft of the summary of documents. you should read them for yourself. . executive committee issues. , unclear tax. contradictory provisions,your reps having to rely possibly on a fall back to delaware law to protect your interests, even suggesting that even if they would like to fall back , in some instances - no case law. other crazy- provisions that are personal to you , instead of you and your successor ? two pages of " open to interpretation" .or aha , maybe something is wrong! as ie, your rep, after death has no right for information on BRH? ! if you and another founder are dead , the exec commitee has no decision authority, if josh and mark want to fuck your heirs, its easy, black family partner docs dont deal with successionl YOU deserve better . fyi, after a month of brad ada and alan ,on the project, still not willing to share with me a final, they are all embarassed. and full of excuses .

It will take wendy and a new team 6 to 9 months to put your house in order. , new cash flows. new accounting system, airplane rethought, , you new hires can find deals , they can familiarize themselves with your current investments , but should not be doing the accounting for them, .
your will is still not amended, ?! the tenants in common not even explained to you. if something happens to you and debra, no real direction for the foundation. . etc

--
Date: Mon, Mar 21, 2016 at 4:17 AM
Subject:
To: Melanie Spinella [redacted]

glad to see you are personally on the mend - as well as the fence. -- As you know i dread money discussions with you-- however -we should address the issue of what you would like to do moving forward. re-do family office, accounting trusts , estate and apollo agreements . Along with your " payment " last year we agreed . no further obligations on each side. yes, i continued to moan. I realize that though I ve done quite a lot this year already , it is not your responsibility. . As you often like to remind me- you've paid a great deal of money to date. that being said - If you want my involvement moving foward, I suggest you pay my regular l fee of 40 m . 20 now . 20 on completion or as per the invoice issues at the end of last year pay 30 all at once. -

To help out . im keenly aware of your current cash position. so I will consider an in-kind payment - real estate ( Miami ), ,art , financing of my new plane (allows you to spread over years or of course the preferred cash. Get rid of Castrucci,it is over a year since the same story of findign the right guy at the top. you entire accounting needs to be re done. , office downsized, reporting re done. meetings to recitify, categlorize , the various docs re appollo , rowen , suydam, alan etc. Brad can direct investment guys, ( hopefully) my people will be in your office for a few months . reorganizing IF you decide not to pay I fully understand, as I m sure you will re my no longer spending any serious time on these things.
Of course re any non financial issues , I am always there for you and will continue to be the best friend I can be .
Steve jobs said that everyday he woke up , and asked himself , if he knew he was going to die tomorow , would

he do the same thing that he had planned for the day- he wanted to check that he was doing things that he really wanted to. after three days of getting back an answer of no, he would change what he was going to do. . he also did not believe in LONG term plans. I dont think either one of us will figure out what we want to do long term so my thinking is that we should try to have fun everyday, and welcome serendipity.

I think another trust and estate lawyer should be brought in to deal with the issues of how not to allow your family to get screwed by your partners on death . Alan, for years told me that paul weiss had drawn the docs so no issue but when recently pushed by my new fire drill he asked akin to draft .?! PLease ask brad about why he keeps talking about flow . I dont know what he means, its so silly . . this is only about money control and protection .
I am leaving monday night now. free to speak in the afternoon

Date: Thu, Apr 28, 2016 at 1:55 PM
Subject:
To: Melanie Spinella [redacted]
Lets start. I am aware that you are currently angry at the world. . me, karp wechsler. even yourself, all willing absorbers of the current high heat. (though you ,calling me ,Debra , did take away some of the sting ) I am sorry to see you this way.
emblematic ; I was asked to opine on whether to hire castrucci. an hour after I gave a preliminary yes. . I called you then texted you that i had thought more about it and changed my mind. The next day brad called and asked for my vote. I told him ,in no uncertain terms it is a no , I categorically vote no. I called you . you came to see me . I said it was a bad idea. you said you were going to do it anyway , I said and followed up in writing IT IS A MISTAKE . and added Please don't come back to me with anything suggesting otherwise , you and I should be clear I think it is wrong . A very strong NO . you of course can hire whomever you like.

early on I told you I thought Tom remarkably careless . Eilleen goofy and your art lawyer not well informed to say the least. you told me Tom was a senior partner. Eileen had headed the trading desk , and Ralph Lerner had to know what he was doing as he wrote the book. . I said I thought you deserved better ,should get better people and no , I am not an HR person. yesterday you told me that the reason you have hired whomver you could find was to avoid being dependent on me. a decision by far , not the best place to try to save money ) Joslin- who you say I hired . I neither found nor hired. With a two person given choice I approved joslin over some woman that eileen preferred. against my repeated advice you and eileen decided the pay range at under 300k . I told you at that time that I would personally pay the difference for a higher quality person, that was years ago . I have sent over a hundred emails to you clearly saying he needs to be closely managed by better professionals. initially , that referred to Eillen and Ada.and after, brad. john etc. THere are many emails each and every month from me, telling you , he is slipping failing cracking fragile. . crazy, nuts, heading towards incompetence. Unless YOU- TAKE ACTION! when I pressured him for accurate numbers , you told him, to tell me, that he works for you and NOT for me. . When I continued to press for accuracy from your office , you told me that they were now all afraid of me and i should let brad communicate any requests, ( you now tell me " we know what Brad is"?). When I told you you office needs to be reviewed and changed you told me i was being destructive rather than constructive. when i ultimately confronted joslin, in an attempt to protect you, told him that his numbers were wildly inaccurate , you told me that i had caused his ultimate resignation and now have an affirmative obligation to fill in the resultant gap.
I did give you a bad number , and apologized as soon as i realized it. an error that was an embarrassment for me , the fact that that the accurate number is still way below what you agreed to pay , has fallen by the wayside.( the preposterous argument that the end of year transaction was Alans idea , which you now know was not true and that me not receiving Phaidon documents was unexplainable. was your justification though, for non - full payment )
Hopefully You will recall that when you initially asked for my help. I declined repeatedly with the admonition that that having a financial arrangement is fraught with danger and could complitcate our friendship (as you will be unhappy paying what you will view as a large sum. while choosing to ignore

the financial benefits, ). In Bedford , I repeated my concern. THe current circumstance is distressing to me , I have done my utmost to keep you safe. and will continue to do so. reckless choices in accounting or otherwise does not bode well. at each turn I have put your interests first , including in some instances attempting to fight your choices.
your current circumstance needs nuanced attention. as you know, there are a few areas with very serious consequences. whether it be , having Ada , form grats without review, brad doing phaidon without review. payments make without review.merely in order to be weaned , is one more high risk choice. review of outside accounting firms , CANNOT be done by brad. to have your accounting dept sit in on Alans trust accounting lecture . in order to learn the filed is reminiscent of elieen reading the tax regs. ( she also was going to take a course)
I am here in New York today. should you like to resume

Date: Mon, May 2, 2016 at 12:51 AM
Subject: Fwd: Valuation Discount
To: Melanie Spinella [redacted]

Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

---------- Forwarded message ----------
From: Halperin, Alan S [redacted]
Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan
Date: Tue, May 10, 2016 at 12:38 AM
Subject:
To: Thomas Turrin [redacted]
did you get the agent?

Date: Wed, May 11, 2016 at 1:50 PM

Subject:
To: Brad Wechsler [redacted], Melanie Spinella [redacted]
grats 3,4, 5, 6, also need accounting documents and backup. year 2014. other info request to follow

Date: Wed, May 11, 2016 at 2:19 PM
Subject: Re:
To: "jeevacation@gmail.com" <jeevacation@gmail.com>, [redacted]
A couple of questions:
1. Jeffrey-you saw the format in which we organized the back-up for year one of grat 1 (quite thick/alot of back-up).
Does that format work (for you and internal use) or do you want it simplified/modified. Let's discuss.
2. Since this will take the focus and effort of a lot of people (just to pull and organize the various records...both legal and accting, I'd like to tell the staff that we are answering an "information request" from the irs on the grats. It will generally be helpful for them to know why the work is impt.
You and leon ok with this?
Will call you to discuss.

Date: Thu, May 12, 2016 at 12:17 PM
Subject: tight schedule lets try a set time to speak
To: Melanie Spinella [redacted]
Leon, you hired me to produce a work of art. it was not inexpensive. the value far exceeds any other piece in your collection.- by FAR . It took me 30 years to be able to craft such a work. I understand your desire to modifiy my work, in doing so you have brad telling me , just a bit more red., here let me show you, you yourself pick up a brush a add some strokes. you have joslin spray water on it to maintain it. I vigorously complain that joslin in ruining my work . . you describe me as zeus, i describe it as artist and a reaction to his work being ruined. however Im aware that you own the work and you have the right to paint over it. tear it up , put it in the closet in the basement . its yours.
I was told that Toms office is sending someone in ,or some people in, to review "some things." brad told me ,the partnership accounting. I know absolutely nothing more than that. though bringing in his team was my idea . Having them review things without even asking for my input , or let alone my direction ,is ridiculous. but.. I guess you wanted to save money. ?
The audit has brought to the fore the lack of your office quality that i have been violently squawking about. ie . children playing with works of art. . It is inconceivable to me that John castrucci is still there , joslin part time, but relied on . joe error prone and brad a corporate bandleader talking about the office's finance team, accounting dept, and directing wendy to do things that are clearly not in your interest. ( saving money again ?) its nuts!! . a still non-existent IT dept. impossible , it was the first thing on my list of things that were needed to be done. Still no trading accounts to speak of , though its prophylactic quality has been discussed over and over during the past three years . computers do not read Page Six . the women at the IRS do. ! you said your motivation in keeping this group of part timers was a consequence of the high cost of my artwork. . the unfortunate result was easily predictable. - now
If you want my and my atelier to continue, I will oversee the audits. take charge of the TRA BRH assignments and review 2012 amendment options!!( note :your redo of the estate fire drill has not progressed very far ). Lots of paper needs to be collected and reviewed, At MY direction. the outside team will be brought in at my expense working for me and you. coming in for interviews and reviews, . sucession, technology, tax and compliance. investment reporting , , computerized timelines for filings etc. . household classifcations and reporting with a system of best practices.
My goal is clear - to end, not extend , our financial interactions. you will have a machine that works , it will not be complexto oversee , to create it, is some thing else . Unfortunatley for us both, the price for my works has not changed since day one. 40m per year, I m willing to discount it to 35 as I did give you a bad number when asked and should pay an embarassment fine. Im also aware, as you made perfectly clear . that you have already paid what you consider a great deal of money, for my work , but again its value exceeds

anything else by far in your collection at a cost less than agreed upon. . please also remember that you and i agreed no more demands on my time after the last payment for the big transaction.
OR, you can decide that brad , tom , and whomever else you choose can screw with my work and they can oversee your audits . they are both aware and sensitive to the issue at hand. alan could be brought in but i would be extra careful having paul weiss given access to entire story.
_-On an unrelated note- you recently seemed shy to discuss certain things. , please be assured I make no judgement on any of your activities , whether or not i agree with them . not my role I am always on your side on the table. I hope your personal life quiets. you 've had a rough 15 months.

11:21 PM (13 hours ago)

to me
OBJ
Jeffrey,
I created applications one week ago at NDCAS ( doctor of naturopathic medicine centralized application service ) and VMCAS ( veterinary medical college application service ) ,working on my application material , requesting evaluations letters and etc.
On Tuesday I am going to the job interview, working on my resume today .
P.s.- I hope I will get finally the results from Chinese proficiency exam today /tomorrow.

On Sat, 7 Apr 2018 at 07:54, jeffrey E. <jeevacation@gmail.com> wrote:
no concrete progress. for a year. sorry, it cannot go on this way
Date: Wed, Jun 1, 2016 at 5:41 PM
Subject:
To: Melanie Spinella [redacted]
As i said yesterday, pointing out places where i think my friend might be taking unnecesarry risks has become tedious and trying. Structures that have been set up 2 years ago. were done so to give you protection and flexibility, NOT FOR ME< for YOU they required hiring stafff that could manage these complex entities. you told me over the past two years that as i set them up i should be responsible for their operation. That was never the deal , never. I have heard after -care etc for quite a while. in dec when you unilatierally decided to pay me much less than our agreed amount , we agreed NO MORE money discussions NO MORE after care. The silliness has reached its pinnacle when you suggest i am responsible for the lack of sophisticaiton and thoughtfulness of the 1031 transactions that NO one even told me about. asked my advice or gave me any notice at all before the fact. same as the structure for the CAlif house. I would remind you , though Heather is great, it was not she that modified the gagosian contract to give you the protection that resulted in your having no liablity, though you tell me she has done these things many times.
3. Remind me to talk to you about MR

Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella [redacted]
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?
There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax, He complained for over a year , re his

direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .

. Asking me who to hire , estate attny tax people etc. :

I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,

a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note

; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that

I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge

If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with

you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

11:45 PM (13 hours ago)
to me
OBJ
T
im in paris now

Date: Sun, May 1, 2016 at 6:51 PM
Subject: Fwd: Valuation Discount
To: Melanie Spinella [redacted]
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.
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Subject: Valuation Discount
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I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan
Alan S. Halperin | Partner SEP Paul, Weiss, Rifkind, Wharton & Garrison LLP SEP 1285 Avenue of the Americas | New York, NY 10019-6064 SEP [redacted] (Direct Phone) | [redacted] (Direct Fax) SEP [redacted] | www.paulweiss.com

(10 hours ago)
to me
OBJ
Jeffrey
Pete informs the GIV is completed,.

Thx,

Larry
Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella [redacted]
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?

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a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note

; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that

I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge

If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

1On Apr 6, 2018, at 11:15 AM, Jeskewitz, Jeannine [redacted] wrote:
I'm in touch with Lesley and [redacted], we will work together on these reservations.
All my best,Jeannine
On Tue, Apr 3, 2018 at 5:43 PM, Lisa Emelia Svensson <[redacted]> wrote:

Air France has a strejk ... so French
Trying to rebook later in the week Will let you know

3 apr. 2018 kl. 16:29 skrev jeffrey E. <jeevacation@gmail.com>:

im in paris now

Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella [redacted]

Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?

There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax, He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told

you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .

. Asking me who to hire , estate attny tax people etc. :

I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,

a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note

; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that

I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge

If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months

thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

Date: Mon, Aug 29, 2016 at 1:41 PM
Subject: I know you have a lot on your mind.but..
To: Melanie Spinella [redacted]
sent to you JAN 29th 2016

you've agreed that
Your office is a multi billion dollar responsibility. your children will inherit it , in order to oversee their financial lives- I feel for you, truly ,but the facts are the facts, your ceo ( Brad) has provided one bad document after another for over a year , no getting away from it, , bad cash flows no new IT, each time with " its gettting better " no in fact -! its not. - the excuse, that Brad is not the numbers guy, is ludicrous. of course he didnt actually prepare the statements. - no ceo would ,- but over and over he presented them to you and me , after , holding them back for his personal review multiple times and after multiple drafts. weeks of his editing, the consistant but "inexplicable "missing the obvious serious errors . ( gaming ) inaccuracies, ( cashflow ) and mistakes (tax returns). why, ?! the simple answer is that at best, he is a c minus, (note. I, like you ,also give points for effort. )- ! an elegant art partnership gone fallow. ??!!I and its core reason to exist. not used ? no docs for plane?, still ! why? no docs for decantings why? the docs for deal 1 received last night , " no docs at all for deal 2, the biggest " . why wasn't Tom brought in , after 4 times of my incessant reminders your admonition etc. the trading accounts ?
Barry Cohen is great. more like him please .
you asked , - I did my best trying to train your brad chosen people in the face of my telling you that they were never going to be more than c-minuses, thousands of emails thousands ? Brad at its head . you can't as a ceo, have an accountant give you multiple pages with the most important numbers missing altogether and not notice, you and I saw the errrors right away ,as did my very junior bookeeper after only a cursory glance. He told me he didnt know the details of his note? ! , my guess is that he wanted to pay less. no more than that, any other story is blather. its silly. Talk to richard yourself.
re your estate. Yes another Brad issue - your will, needs revision. the tenants in common structure I assume Alan has carefully walked you through. it is way overdue, needed and exciting. I won't list the more serious issues in an email but we can speak over the weekend.
How can I help? We agreed at the time when you hired Castrucci , that when you fired him, I would bear no responsibility

Date: Thu, May 12, 2016 at 6:17 AM
Subject: tight schedule lets try a set time to speak
To: Melanie Spinella [redacted]
Leon, you hired me to produce a work of art. it was not inexpensive. the value far exceeds any other piece in your collection.- by FAR . It took me 30 years to be able to craft such a work. I understand your desire to modifiy my work, in doing so you have brad telling me , just a bit more red., here let me show you, you yourself pick up a brush a add some strokes. you have joslin spray water on it to maintain it. I vigorously complain that joslin in ruining my work . . you describe me as zeus, i describe it as artist and a reaction to his work being ruined. however Im aware that you own the work and you have the right to paint over it. tear it up , put it in the closet in the basement . its yours.

I was told that Toms office is sending someone in ,or some people in, to review "some things." brad told me ,the partnership accounting. I know absolutely nothing more than that. though bringing in his team was my idea . Having them review things without even asking for my input , or let alone my direction ,is ridiculous. but.. I

guess you wanted to save money. ?
The audit has brought to the fore the lack of your office quality that i have been violently squawking about. ie . children playing with works of art. . It is inconceivable to me that John castrucci is still there , joslin part time, but relied on . joe error prone and brad a corporate bandleader talking about the office's finance team, accounting dept, and directing wendy to do things that are clearly not in your interest. ( saving money again ?) its nuts!! . a still non-existent IT dept. impossible , it was the first thing on my list of things that were needed to be done. Still no trading accounts to speak of , though its prophylactic quality has been discussed over and over during the past three years . computers do not read Page Six . the women at the IRS do. ! you said your motivation in keeping this group of part timers was a consequence of the high cost of my artwork. . the unfortunate result was easily predictable. - now

If you want my and my atelier to continue, I will oversee the audits. take charge of the TRA BRH assignments and review 2012 amendment options!!( note :your redo of the estate fire drill has not progressed very far ). Lots of paper needs to be collected and reviewed, At MY direction. the outside team will be brought in at my expense working for me and you. coming in for interviews and reviews, . sucession, technology, tax and compliance. investment reporting , , computerized timelines for filings etc. . household classifcations and reporting with a system of best practices.

My goal is clear - to end, not extend , our financial interactions. you will have a machine that works , it will not be complexto oversee , to create it, is some thing else . Unfortunatley for us both, the price for my works has not changed since day one. 40m per year, I m willing to discount it to 35 as I did give you a bad number when asked and should pay an embarassment fine. Im also aware, as you made perfectly clear . that you have already paid what you consider a great deal of money, for my work , but again its value exceeds anything else by far in your collection at a cost less than agreed upon. . please also remember that you and i agreed no more demands on my time after the last payment for the big transaction.

OR, you can decide that brad , tom , and whomever else you choose can screw with my work and they can oversee your audits . they are both aware and sensitive to the issue at hand. alan could be brought in but i would be extra careful having paul weiss given access to entire story.

_-On an unrelated note- you recently seemed shy to discuss certain things. , please be assured I make no judgement on any of your activities , whether or not i agree with them . not my role I am always on your side on the table. I hope your personal life quiets. you 've had a rough 15 months.

3. Remind me to talk to you about MR

Date: Mon, Sep 19, 2016 at 8:56 PM
Subject:
To: Melanie Spinella [redacted]

dec 2015

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.

As your friend and in order toturn the page. I will try to be constructive
The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain

the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them

in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.

From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens

drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

Date: Thu, Sep 29, 2016 at 11:47 AM
Subject: new info
To: Brad S Karp[redacted] Melanie Spinella [redacted]
brad, leon.
After I spoke to you both, I excused myself from a dinner with some heads of state to walk into the bathroom to make some calls re 8865. I wondered whether any group that we could assert had control had filed in the past years. I called Fenn and he told me- yes.???!! he said that on friday , for the first time he learned that AGM was not delinquent at all. and had filed. !! I asked why no one had ever told me or given me the purported justification for no filings in the past for the founders. and he said Well, sorry , it was discussed on fridays call. ? the call i was not on . not invited to ,the call wechsler didnt listen in and joslin didnt transmit , if it is true. Im also now told there is a note from Deloitte re 13 and 14 that says the founders DO NOT have to file. but fenn could not tell me who wrote it and said Deloitte says to ignore it. , that s why they are pushing now.

steps 1 8865 has many exemptions for filing. let see if we can find one . ( an elegant position might be josh and agm if he is panicked and leave us out ). The requirments are FACT specific , so without the facts we still have nothing. fenn said he has now put someone on it
2 leon , I suggest need to focus on 1040 , 2015. , we may even consider filing the minimum 8865 , and wait until we are sure of our specific requirements, and file an amendment for 15 as well as past. no harm no foul\

Date: Thu, Sep 29, 2016 at 12:34 PM
Subject:
To: Melanie Spinella [redacted]
Leon, I am on the verge of giving up. sorry. I cannot deal with the major incompetence of your family office. I have been vocal about change. you have made none. john castrucci, still involved etc. the bullshit corporate speak, of -our accounting dept , our bookeeping dept our finance dept, the comptroller . now gives me responses that --we have heard from Deloitte , I ask, who at Deloite?. -- dont know , the new team at Deloite says the old team was wrong ! what new team? what old team? -- dont know. . Pwc agrees who at

PWC , ? ? I ask ,- dont know. BDO is almost finished - who, ? dont know; . akin gump agrees. . Fenn? - not sure.
I have spoken to each of karp , pezner, fenn, brad. joslin, bodian. multiple times . like your office no one in charge with knowledge. so rudderless hysteria . silly beyond belief as this issue is a non event. other issues have been shunted aside that have real consequences. I know you are jet lagged. I am schedule tightly today , but can free myself for 15 minutes if you want . if so have melanie talk to lesley
--
Date: Monday, 3 October 2016
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>
alan told me you are going to meet tomorrow morning . He has asked me to review the presentation. I suggest you see for yourself . since you argued that he was partial architect of the big transaction. you will see. -- bad numbers. unclear assumptions. opaque presentation. no alternatives. no review of agreements. standardized schedules without names , handed out to the dentists. . NOT even up to date inputed numbers , why in the world would they present numbers 4 months old. ??!!/ it is only imputs. dividend assupmtions. a mix of silliness. ( art given to museums is listed as cash out ). discount rates of 13.05 %. what type of number. . 100k for illness expense and funeral, in a spread sheet of 5 billion dollars.? insurance numbers left out. says debra owns half the boat? taxes? all a waste of time
A clat probabaly makes sense. however who runs it, if interest rates change. did you give them the assunptions on growth?

Date: Sun, May 1, 2016 at 6:51 PM
Subject: Fwd: Valuation Discount
To: Melanie Spinella [redacted]
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5 and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan
Date: Wed, Nov 9, 2016 at 10:27 PM
Subject:
To: Melanie Spinella [redacted]
sorry, I can call on thurs or sit face to face fri afternoon. . I will be in ny until monday morning. decisions-questions good news . I have a really elegant solution for most of the following, 1 gift tax. cash or in kind . 2 . 1031. 3 fire drill brh tra etc. 4 . xxxx 5. 8865 s.

tax planing running out of time. . 7 restructure office . barry? brad told me he thought you had acknowledged high value this year. gift tax audit etc. , . April, Oct. . returns. manage joslin , who is still running your tax dept .

you and I need not rehash old postures, its tedious - I would ask that you tell me if you intend to pay for the work that was done, and for the work you expect to be done, . thanks

Date: Tue, Nov 15, 2016 at 12:13 PM
Subject: Fwd:
To: Melanie Spinella[redacted]
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?

There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax, He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .

. Asking me who to hire , estate attny tax people etc. :

I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.

My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.

That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,

a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock

sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note
; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that
I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge
If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

Date: Tue, Nov 29, 2016 at 1:27 AM
Subject: so there is no misunderstanding
To: Melanie Spinella [redacted]
I have told the brads and barry,- I am done. its not a negotiation , out !! - fyi given my carlyn joslin castrucci, admonishments,- though my involvement in those - in one instance only gave a name - in another only given an eileen dictated choice btween two 250k preparers. and for castrucci, I actually sent emails that i take no responsiblity for his being hired. - however you felt strongly that I should be saddled with their outcomes .even with brad wechsler , i again said two months in, Leon, he doesnt get it. I tell you this so that you will understand that I will not interview, recommend or vet any new hire.
A story - In 1993 trump and I had a friend that kept telling his pilots how to fly , and when to fly , he couldnt help himself from hiring morons as co pilots, and maintenance people based on cheapest rates. Donald and I tried and tried to talk some sense into him, to no avail. Donald and I were in aspen, sitting at little nells. when the friends plane crashed into the side of aspen mountain , klliing him and all on board,- Trump looked at me and said without a blink , I guess NOW he wishes he would have listened to us.- a metaphor for your office. . . had we not waited to the very last hour having had a six month window and tens of unasnwered text and emails re decisions needed including the 1031. you would have saved way more than you often feel obliged to argue about. . silly but i reallize you are stressed.
Barry will need to sit with brad for months, to absorb all the co's , structures. cash flow, financial statments etc. I will present barry my thoughts on the overall redo , it will be the exact same email that i presented to you and brad two years.ago . accurate numbers first. and foremost. . ( last week gaming report stil funky). IT etc I pointed out some of the more glaring errors to barry to give him a flavor of what is to come.
Tuesday if you like we should discuss Giacometti , and pesner . difficult to finesse him if they are filing documents that you won't . these ridiculous conversations with tons of people on the phone , removes any claim you might have to not be considered a WILLFUL NON-FILER . ( after youve been told by attnys

and pwc that you should file in writing , you have NO choice ) .. worst possible result - including serious penalties up the kazoo.

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella <[redacted]
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.

In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers, home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.

I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.

Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was

hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .

We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Tue, Mar 21, 2017 at 6:58 PM
Subject: Fwd: request for docs - AAP
To: Richard Kahn <[redacted]>, Darren Indyke <[redacted]>
not for now. but maybe later ,
---------- Forwarded message ----------
From: Ada Clapp <[redacted]

Date: Fri, Mar 17, 2017 at 10:45 AM
Subject: RE: request for docs - AAP
To: "Barry J. Cohen" [redacted], "jeffrey E." <jeevacation@gmail.com>
Cc: Brad Wechsler [redacted]
Attached are:

1. Executed Version of AAP
2. Most Current Draft of AAP
3. Redline of 1 against 2
4. Summary of AAP from Vanessa Eng

-----Original Message-----
From: Barry J. Cohen [mailto [redacted]
Sent: Friday, March 17, 2017 8:07 AM
To: jeffrey E. <jeevacation@gmail.com>
Cc: Brad Wechsler [redacted] Melanie Spinella [redacted]; Ada Clapp [redacted]
Subject: request for docs
I will organize. Copying Ada who has a lot of this.
Sent from my iPhone
On Mar 17, 2017, at 7:25 AM, jeffrey E. <jeevacation@gmail.com<mailto:jeevacation@gmail.com>> wrote:

can you send me latest bank art loan docs. BRH agreement . TRA agreement , agreement amongst shareholders. . , org chart for phaidon , art space and regan arts. . . , ownership only, . - list of invetsments , ownership of l.a. house.structure, / list of art by highest gain. . -

Date: Tue, Dec 29, 2015 at 7:26 AM
Subject: Fwd: leon DO NOT SEND, hand deliver.
To: Jeffrey Epstein <jeevacation@gmail.com>

Transaction complete !
. this - in spite of your collection of Elysium misfits. !!!
With Brad out of the office and unable to run his usual interference , the level of his utter incompetence was brought front and center, he may be a step up from Eileen, but if he is , then it is not certainly not by much, . Though you and I have spent many many hours discussing the importance of details and mechanics. I was not shown one document re phaidon,- not one.. Brad wanted to keep it private between he and his so called " advisors " however as he was out of the office during the most important transaction of the year, I did get to spend time with joslin Joe and john, - the situation in your office is wholly ludicrous - to summarize - the list I provided to Brad last December - things I thought were a priority to get done after consulting with your office still remains virtually undone.

IT, still desperately needed- reporting flawed cumbersome and inaccurate . all done by hand as one -off exercises , - airplane: re structure, (my only suggested priority in june ) is really ,no further ahead, ,consultants up the kazoo but nothing at all done.( the office was told that i cannot even see the proposals received without brads specific authorization ) - brad has no idea even as to what questions to ask. he knows little of finance, is run roughshod over by almost everyone in the office. he is a little man , using your power, to appear larger . Eileen was self aware enough to know she was over her head , that is a huge difference. bad info is rampant ie 3 million in deductions Im told are taken for art space but on closer examination it turns out they cannot be used at all. ( ZERO benefit ) though you will be told yes they were deducted on the return they said that is the question they get asked ! " were they deducted " not -" is there a benefit " !! I asked for the balance sheet and P and L for Regan arts , a basic first step in order to check your financials. "sorry we never got one?" though 9.8 million invested, no p&l, nothing , a construction project run amok , no budget, the coo fired after only 3 months. , no clue . I can add that artspace financials are also a total mess.
As your friend and in order toturn the page. I will try to be constructive

The following is a list of things I think would be in your interest to get done asap .but definitely not by me .

i suggest you form new grats. , hire a high level tax partner. use your trading accounts as they remain the paramount requirement 16 months after i emailed to you their importance. , I suggest you consider having the 49percent of phaidon merged into artspance and have Richard buy artspace. re-do bank loans. no need to pay interest at higher rates on boat or plane. . as Richard is now no longer trustee. re- do will, make suydam executor , with Barry, and john as back up. pay 1 million a year for executor role. get rid of Judy Black trust, deal with gifts and their tax returns, . review amounts to kids at fixed ages. put more protections in for Alex and Victoria. , distribute some money to kids let them make decisions. , decide art division with children in attendance . have fire drill done on estate. fill out estate returns as if you and Debra died today, choose advisers - rick bronstein said the only 1040 he ever filled out was his own. ( this is brads chosen advisor??!) Halperin has a conflict that should be addressed., Debra should enter a tenants in common agreement with kids. you have airplane consultants tax consultants it consultants. plane operation consultant. . boat consultants. architects, lighting , art, legal, . foundation , deal with TRA , BRH , rationalize investments. cash flow. reporting, gaming disclosures. foreign, gift. . prepare tax projections for 15 and 16, . deal with neg basis ( tufts gain, debt financed. art partnership, pledges. sell stock , art, deal with phaidon debt. athene,? income , capital , foreign , exit, corporate, insurance regs, out and inbound issues, basis, appropriate discount rates. ? terminations. control. , qualified dividends. corporate tolls, inversion rules. , grat issues, short swing and other sec disclosures, Rothshcild bank, 150 b they have a distribution network with no products , private bank Rockefeller Rothschild. financial service. deal with UK visa issue sooner rather than later. we can talk about Rowen request re Athene , 2 billion in taxes on transaction. ?!

the facts as i see them
in June and then again Sept, we both agreed to a 50% of phaidon payout., then after weeks of thinking about the issue ( which I fully understand ) . the payout was unilaterally changed . 5m woudl be reserved for the future ? . and out of the remaining 15m ,? i would receive only 5. ( note : I'm confident that both the debt , and the artspace investment will also lead to a write off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies that I devise are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay ,.
From day zero a 50 - 60 million price was attached as the fair price of the transaction just completed . though this amount was already substantially less thanour agreed and negotiated formula. - I was never told that this was out of range. in fact, alternative methods of payment . plane -in-kind etc, were discussed ( ie keeping the 30m portion of fee outstanding till March ) ,I provided as requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was not forthcoming ) in order to make my many corrections . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one-,not -one time in three years has he ever proposed a unique idea. (including the new tenant in common idea,) and lets say he made a contribution to the plan andeven that it was 50 %. though no one could posit such a large amount unless they were wearing a brightly colored clown suit. , the price of doing the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then after all was laid out for the group I was told that after a number of conversations with brad karp that only 20m would be paid , (and even that was more than originally contemplated ) for both transactions . I feel It was remarkably unfair. Did brad even know of our prior agreement.? I called him and he said he was never told.?, I would ask that you I and Brad karp sit together if you think it would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the price was known up front. , the detailed step by step plan was followed and overseen by me, the price that had been requested before the transaction was begun, and had lready heavily discounted, out of friendship, from our agreement . I believe the decision re paying only 20 m has frankly

left me felling quite uneasy.

since you asked since last nov. i found 11 million dollars in dormant accounts. 4 million dollars in eileens drawer. . went through cash flows for phaidon shwoing that john murphy is not an accountant. redid your gagosian contract , . organized structure in case of divorce. set up gift trust. stopped ada from including multiple times things not in your interest. dealt with bad sales tax use tax income tax . created 8 millino in deductions ,500k in mistakes , found bank of scotland fbar problems, . . reorg bad art purchases , funds taken, , charibale decustions , helped with fincnacil sttment gamoing commions fling. . boat deductions, rescued stock from grats. . may 1 after months of brad not finding anyone i sent an email saying you would have to pay more. . on april 15. I sent an email detailing payments owed if i could figure out the basis issue, please see attached, .

questions you might ask your team ask them to provide a balance sheet or p&l for REgan arts. . doesnt exist ask . either wechsler or haperin to tell you what brh is, or how the tra works. . . ? as bronstein to tell you why the proposed phaidon transaction DOES not work. . as them to give you a plan for the plane. ? ask them to show you the cash mgmt for over 100 million dollars. . ask them to show you the IT system progress after one year. . the approval process for payables. . the cash flow projections? assumptions? ask for a comparative review of investments. ask haperin to describle to you in any detail BRH , the major asset of his two biggest clients. tax basis, disposiotion in the estate. . etc. ask brad to show you the liquidation of the inteveing art space cos? .

Last year you asked , for my help I told you I preferred not as we would be better off having no financial intereactions. the risk was not worth it. You told me that as my friend i had to do it I agreed., here we are in what I find to be an awkward situation. the transactions that i decvised were used , our agreement was ignored. and im not sure how to respond.

Date: Tue, Oct 27, 2015 at 6:35 AM
Subject: Detailed constructive list.
To: Melanie Spinella [redacted]
Cc: Brad Wechsler [redacted]
Deciisions needed asap 1 phaidon. topco etc. . ( cash needs) many wires needed !! 2 new trustee or not. - new decantings 3 art in art partnership.??! .overdue ?! 4 grats? window - 5 art space. .6 regan arts. .7 plane simplify re strucuture re finance. re purpose . 8 .boat restrucutre , sister, 9 re fresh estate plan. to consider modifications Alex Victoria equal does not mean same. 10. tra review , sale. , 11 brh, doc review, 12. sale of stock or art ? tax, rent sale 13 . gifts of art. 14. charity current and future pledges , gifts, 15 cash flow. . 16 . new IT and new personnel. 17. operational re-do ( bill pay etc) . 18 debra and children ? current and future involvement . notifications etc. . new dynasty trust ? 19. tax plan and dislosures gaming. foreign apollo and phaidon related . 20. investments rationalize incl trading accouints . 21. bank loans . rates ? ? terms etc. consolidate. plane boat houses. disclosures? 22 . consolidate and review and reduce the number of all bank accounts and legal entities. decanting liquidating etc. . 23 all outside consultants? valuations etc. 24 review legal bills carefullly. 25. third party responsibilty Bens house , alex films . etc.

Date: Tue, Nov 3, 2015 at 10:45 PM
Subject:
To: Melanie Spinella [redacted]
okay, its time for you to decide how you would like to move forward. ( fyi get your money from the 1031 . the screw up is only one of many,) If you decide to move foward on decanting. phaidon, note basis estate update , each requires many carefully orchestrated detailed steps. and precision . there are hundreds of millions in saving if done correctly and a huge mess if not. If you want me and my colleagues to do it , oversee it paper it and guide it, you should tell me. It is a big undertaking . If not , ok .. Brad and your crew

can do it. I will have no real further involvement apart from confirming the outcome of my proposed structure, I will not risk the admonition of- they thought you said, they thought you meant, they understood it to be. but they said you said, ( i e ,I asked at our meeting that accounting be done properly for bens house , what came back was ada thought that I meant that we needed to go back to the 97 trust and give him a full third party accounting of where his money had gone??!! I kid you not). I dont think brad should talk to jane heller without a fully fleshed out plan in place and even then it should be you.

Date: Mon, Nov 30, 2015 at 11:21 AM
Subject: agenda
To: Melanie Spinella [redacted]
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Fri, Dec 4, 2015 at 8:07 AM
Subject: Fwd: moving forward
To: Melanie Spinella [redacted]
I had forgotten that Alan was actually at the table when i explained my note deal to you. it was at the end of the meeting described below. . as you will recall , not once , not even a peep did alan suggest contemporaneously his hand in the crafting, in fact brad said it was an idea. that HE brad, HAD HAD , from the begiining . my emails between alan and I that you can read , further confirm authorship. Im sure you recall the obnoxious tooting when alan said he agreed with my plan. .

Date: Mon, Nov 2, 2015 at 10:03 PM
Subject: moving forward
To: Melanie Spinella [redacted]
I have mixed emotions about what transpired today. really, You saw first hand in nauseating detail what i have been saying to you for quite a while now. Joslins answers were totally incomprehensible. the charts he prepared unreadable. Brads defensive posture was at a minum very surprising . He and I have recently gotten along quite well , I thought . Neither Joslin or Brad understood a 180 million dollar number . no cash flow after weeks of requesting? odd. when you suggested that heathers behavior was emblematic of a sloppy office , brad said lets not talk about emblems??! bill pay , admittedly no change for the year. . plane not done. though it was the only thing i suggested doing first in july . . I sent you a list of 10 consultantts. brad said three, . i didnt want to push it. I was shocked that brad was opining on things he knows little or nothing about. tax issues. 1031. neg basis , note payoffs ( the same idea he said he had had from the beggining??!!) . answers re LBF holdings that can be corrected ( they cant) . valuations that have never been read. . When we met in your lobby he seems surprised that i was there. I dont know if he felt somewhat sandbagged. . . the savings on the note payoff is aprrox 33 % of 1.8 billion. real money if you do phaidon which i see no reason not to . if later josh and ben want to buy it back with you or without you they can. i will walk you through the structure one on one. . the losses will offeset the calder gain as well as apollo gain.
Im aware that seeing what you saw frustrated you. I felt badly for you.

You wanted a contingent deal. real value. etc. I will not of course hold you to your deal . . its silly. its not how i work or a reflection of our friendship. my proposal is as follows. I want away from your buisiness , but at the same time leaving you in good shape. I think you should pay the 25m that you did not for this year. for next year its the same 40 m as always, paid 20 in jan and 20 in july, and then we are done. I will give you advice and counsel but new people will be running your operating machine. I will oversee all the work

that needs to be done you and I will hire new people , and it will be self running. ( it was may in my house when you told brad it had been 5 months and you were getting fed up ) I will set up a parallel . office , somenoe like wendy dolman or her quality is paramount. two accountants two bookeepers and two office admins. . alan and zoe will handle trusts and grats. heatehr diana george will be incolved in art partnership. if you want brad, analysts etc. and kids to do investments I have little to add in that regard ,except to be able to account for things properly. I suggest that the kids must have skin in any deal.
Alternatively , we can continue to focus on fun and let someone else do the things that you want done. and you and I can kibbitz about it all. structures outcomes risk, museums. charity, ( joslins answer by the way was I had asked how much charity was leon planining to give this year , ( the 2 m ) he didnt include your foundation or the payment to me, or from debra and you??!!

Date: Mon, Nov 30, 2015 at 11:21 AM
Subject: agenda
To: Melanie Spinella [redacted]
1 fees, amount and to what entities when and responsiblitis. 2. gagosian idea to save a minimum of 10 mill and maybe more. 3. i can walk you through carlyns screw up, 50 % would have made little difference and maybe made it worse . 4. we should have an all hands meeting with your family to talk about art distribution on death. . 5. phaidon, decantings ( already firmly in progress ) loans. ( alan ) pent. ( with follow up ) all part of same elegant transaction, 6 asymetric risk worth at least 50- 60 no matter how you calculate. I can explain. 7 lets get the money issue out of the way once and for all. I have my team set to start.

Date: Fri, Feb 20, 2015 at 5:52 AM
Subject:
To: Melanie Spinella [redacted]

1) pg 1 A " unequal shares" . pg 23 "removal of trustees " absolute. dont be confused with abiltiy to set up seperate trusts, , 2) I am reachable this afternoon in europe. on cell. 3. on another note . -our financial agreement ended months ago . seperate from the art partnership (which i was told yesterday to my amazement is still not funded) . i am obligated to complete ? the time i have dedicated since oct/ dec has been spent mainly as your friend. tom, brad though i am fully cognizant of my responsiblities. I will try to help find people. I am not good at human resources. howevr If I don;t think they are good enough for you. I will continue to say so , and you obviously decide. but I will reiterrate even in the face of your "nobody is good enough argument." keeping foremost in my mind that you and I have only beeen shown a very tiny handful of people. 4. I find the friction over fees , counterproductive. in an attempt to avoid it I had suggested a multi year deal early on. you rejected it. I then suggested, and urged you to have an option at a fixed fee , you also rejected that .you wanted the fee payment only at the end I argued but ,conceded. I suggested a structure that tom didn't like. you rejected it . 5 I suggest you make a fair proposal.- that i can either accept or reject. some payment up front this time is a requirement. I am willing to modify any outstanding obligations. - there are creative ways to assure you of your desired characterization of those payments. 6 you should open accts at Deutsh . and goldman. I am told that eilleen has set up over one hundred bank acccts for you???!!. few relevant 7 you should immediatly demand a list of all her acct authorites , exec poistions . director etc. bank authorizsations. etc. talk later or over the weekend if you like

Date: Tue, Jan 5, 2016 at 9:32 PM
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>
Mark was here this morning , the proposed transactions are extremely complex . and would take a great deal of detailed time. I do not know how, and if ,to move forward - our last transaction. a transaction which you saved 600 million in tax. even if 20 years away , ( i hope longer) even discounted is a 300 million savings . for that you ignored our agreements , verbal written and emailed -and decided that it was only

worth 8 million dollars. ( assuming phaidon srichard happens. 24 m savings not including artspace and debt benefits certain to come later ) FYI the phaidon transaction cannot happen as currently comtemplated IT will not work . NOT

When we had our meeting in your home in Bedford. You asked me for my help. I told you multiple times that i thought it was a very bad idea, in that I preferred to have no financial interactions. I dont have many friends and didnt want money in any way to interfere with our unique relationship. Reminder , For five years you had the kind but goofy Eileen Alexandersson as the sole manager of your accounting , legal, investments. reporting, trusts etc. When I first told you in no uncertain terms that I firmly believed she was incompetent you admonished me for " speaking out of both sides of my mouth " . With regard Brad Wechsler , there has never been a " both sides. ". I have consistantly maintained since day one that he was highly unsuited for the job. When you initially asked me to help convince him to take the role , promising him a position to manage mirage investments I sent you a note saying that instead of hiring him you should pay up and get first class people. I have reiterated the same message for over a year now. . Brad , not me ,was tasked with hiring new people , according to his org chart.(nauseating ) and as you wanted him to take ownership of the staff,he conducted many interviews alone. . you may recall that as late as may, you told him in my presence that though six months had passed he had not hired anyone. since then I have rectified errors in sales tax, use tax, income tax, fbar reporting, 1031 reporting, 8 million of deductions missed errors of millions on the returns. ,( april ) Oversight on new grats- first at 22 and then at 19 that were done without my consultation and needed to be resolved soley as a result of my last minute intervention. . 600 million in after tax savings was just accomplished. though you left the 30 million outstanding that I had said should only be done" if" that was my additional fee. not used for non biz purposes and not art.

in June and then again Sept, we both agreed to a 50% of phaidon payout first projected at 20 . but less when artspace and debt taken out, - then only after weeks, when you delayed any detailed discussion of money wanting to give the issue a thoughtful response ( which I fully understand ) . you unilaterally changed our agreement. . 5m would be reserved for the future ? . and out of the remaining 15m ,? i would receive only a third. ( note : I'm confident that both the debt , and the art space investment will also lead to a write- off of another 30 m. plus ) In my dining room ,you were surprised when I said that i require most people to pay their advisory fee up front so that I am assured that I will be properly compensated for my work when strategies are implemented . you may recall that you appeared offended and said " are you suggesting that i would go back on my word " I said no , of course not ! you are my closest of friends ,but my experience is that when amounts get large, people tend to get unhappy when it actually comes time for them to pay.

I include below the email i sent to you on April 15, the day i was examining your returns It laid out my understanding of the compensation agreed for a transaction of the magnitude to the penny of the one just completed.ie 600m When it appeared that the transcation would and could go foward I was the first to point out that our agreement would cost you too much money, therefore

From day one I proposed to discount our agreement to a 50 - 60 million range. An extremely fair price for all the transactions just completed . including Phaidon. - I was never told that this was out of range. in fact, alternative methods of payment . ie my plane, or an -in-kind payment were discussed ( ie including keeping the 30m portion of the fee outstanding till March ) ,I provided , only because you specifically requested a detailed step by step execution plan and reviewed all documents that i was given access to. ( Phaidon was never forthcoming ) in order to make my many corrections . ( as i said more needed on phaidon ) . I was then told that Alans involvement warranted a discount . Even in the best of light , though it is beyond question that not one time in the three years of his retainer has he ever proposed a unique idea. (including any way to deal with the use issue on debras death ,or even the most basic review of your largest asset by far , the BRH agreement. ) O.K. - lets say he made a contribution to the plan and stretch reality beyond the pale and say it was 50 %. though no one could posit such a large amount unless they were wearing a clown suit. , the payment and our formula of 37 percent associated with the deal was known . It had both sent in writing and spoken about on the phone numerous times , a detailed execution plan was provided . then and only then, after the entire transaction was laid out for the group to follow You told me that after a number of conversations with brad karp that a total of only 20m would be paid , (and even that was more than you originally contemplated ) for both transactions . Leon I feel It was remarkably unfair. Did brad even knew of our prior agreements.? ?, I would ask that you I and Brad karp sit together if you think it

would be helpful. . I would like to send him this email, with your consent of course. If the transactions were never consummated , i would not be owed a dime, however , the expected fee was known up front. , the detailed step by step plan was followed and overseen by me, the amount that I had requested before the transaction had even begun, had already been heavily discounted, out of friendship, . I believe the decision re only paying 20 m has frankly , left me felling quite uneasy. and colors the view about the Athene or Rothschild transaction.

Date: Sun, Mar 20, 2016 at 11:17 PM
Subject:
To: Melanie Spinella [redacted]
glad to see you are personally on the mend - as well as the fence. -- As you know i dread money discussions with you-- however -we should address the issue of what you would like to do moving forward. re-do family office, accounting trusts , estate and apollo agreements . Along with your " payment " last year we agreed . no further obligations on each side. yes, i continued to moan. I realize that though I ve done quite a lot this year already , it is not your responsibility. . As you often like to remind me- you've paid a great deal of money to date. that being said - If you want my involvement moving foward, I suggest you pay my regular l fee of 40 m . 20 now . 20 on completion or as per the invoice issues at the end of last year pay 30 all at once. -
To help out . im keenly aware of your current cash position. so I will consider an in-kind payment - real estate ( Miami ), ,art , financing of my new plane (allows you to spread over years or of course the preferred cash. Get rid of Castrucci,it is over a year since the same story of findign the right guy at the top. you entire accounting needs to be re done. , office downsized, reporting re done. meetings to recitify, categlorize , the various docs re appollo , rowen , suydam, alan etc. Brad can direct investment guys, ( hopefully) my people will be in your office for a few months . reorganizing IF you decide not to pay I fully understand, as I m sure you will re my no longer spending any serious time on these things.
Of course re any non financial issues , I am always there for you and will continue to be the best friend I can be .
Steve jobs said that everyday he woke up , and asked himself , if he knew he was going to die tomorow , would he do the same thing that he had planned for the day- he wanted to check that he was doing things that he really wanted to. after three days of getting back an answer of no, he would change what he was going to do. . he also did not believe in LONG term plans. I dont think either one of us will figure out what we want to do long term so my thinking is that we should try to have fun everyday, and welcome serendipity.
I think another trust and estate lawyer should be brought in to deal with the issues of how not to allow your family to get screwed by your partners on death . Alan, for years told me that paul weiss had drawn the docs so no issue but when recently pushed by my new fire drill he asked akin to draft .?! PLease ask brad about why he keeps talking about flow . I dont know what he means, its so silly . . this is only about money control and protection .
I am leaving monday night now. free to speak in the afternoon

Date: Tue, Apr 12, 2016 at 11:49 AM
Subject:
To: Melanie Spinella [redacted]
use tax questions. ? california question state returns? as you know wendy did not play a role here. . her involvment moving foward would help alot. . sign your gift tax return today if possible . I will be finished tomorw with this year. crazy on april 13th. !! . last minute to say the least. . brad told you the tra can be separated with approvals. which should be simple. . alan alwys just says no , . unless he is asked , well what if we amend what is there. . moving foward , i ask you to decide if you want me and my team involved or not. . I want to be weaned. I agree the past , apart from phaidon and artspace. this year of course is done. . for me to allow bad reporting to negaitvely impact you, by keeping joslin, would be irresponsible on my part. . letting him do harm, or stopping him and having to listen to his leaving is my fault. is awkward. . I will call at 3

Date: Tue, Feb 9, 2016 at 7:56 PM
Subject: Fwd:
To: Melanie Spinella [redacted]

this was sent four months ago, nothing has changed
sent oct 15. before big transaction.
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .

Date: Tue, Nov 15, 2016 at 6:13 AM
Subject: Fwd:
To: Melanie Spinella [redacted]
Leon, Congragulations on biting the bullet. at least 18 months late , but I m encouraged and glad for you. When you interviewed Brad two years ago you asked that i not tell him what a disaster lay before him. what would you like me to tell Barry?
There is a HUGE amount of work to be done in the next 9 -12 months. mostly the exact same work that i outlined in my email of 2 years ago. now complicated by years of mess on top. ( you can send it again if you like ) . Brad wechsler was never up to the task . sorry, I realize I have been saying the very same thing for a long time. he was a not a step up from Eileen but a step sideways. in the beginning there was Eileen and Tom and Ralph Lerner. all your hand picks. then brad. john, Joe. . joslin was chosen from a pool of 2 people. each that would be limited by a salary of 250k. ( yes i personally augmented his comp in order to get him ) I did say hire both Lisa to do the bookkeeping and joslin tax, He complained for over a year , re his direction by eileen and ada , and then brad. His breakdown was not a surprise after months and moths of warnings. Though disabled, he ran your office this year. with john and joe. He ran amok, and as i told you he rarely failed to remind me in our conversations that you told him that he works for you and not for me and that brad needs to pays him .
. Asking me who to hire , estate attny tax people etc. :
I have taken heat for years over the fact that i gave you no more than carlyns name, . no follow up questions no interactions , not even one single question asked of me re her work. ( that was Eileen _) but somehow carlyns fuck up was my doing. . when i told you that i thought Eileen wasn't up to the task, you bellowed that i was talking out of both sides of my mouth. . You told me this year , that by trying to protect you from crazy joslin, I had in essence fired him and it was my responsibility to do his work. it then turns out that he didn't consider himself fired at all he just received less money. and continued to make a really dangerous mess. . Joshn castrucci, in your eyes , was also my doing , though email after email said , I take no responsibility for him,and iYOU SHOULD NOT HIRE HIM .!!! , , your response was that was my opinion was only because i didn't trust him. then to add insult to injury last jan you told me he was gone. however he too is still there, and a waste of money and space.
My time is complicated by Donald's potentially eviscerating any reason for anyone to use the foreign funds repatriation plan that i had put together. . however as you are aware I have some decisions to make re my time allocation in the next year or two. so at least for a few weeks I am unable to commit much time and make any future plans to guide you in the redoing of your procrastination produced mess.
That being said , the tasks at hand are the following.

You have a bomb of colored string that your retarded children have formed , It has to be very carefully unwound , even the substitution of Barry for your next trustee, needs a careful focus on procedure.s It would be much preferable if Wechsler was not his replacement. do you have any person you trust ??! . I am concerned re brad taking barrys place re XXXX. In the beginning Barry will need to find and learn ACCURATE . org charts. books , balance sheets . trust valuations. are all a part. Barry will need 2 months to just get his arm around what is there , this is before any needed modifications.,
a way overdue re- fresh of your estate plan . . clats , trust. partnerships. grats. llcs. bank accounts , filing requirements. etc. the long awaited review of the brh tra and shareholders agreement to see how they fit into new plan. . " XXXXX" planning. art partnership engagement .. , airplane re-do. , buying another. . ? boat sale , Miami sale. . TRADING ACCOUNTS. . three years over due. . an accounting system. fire john .. joslin stays for a year. or so. so does tom and . except for heather everyone should be replaced with new. . Sell Artspace and shut down regan arts. . rationalize. cash flow reporting. cash mgmt. stock sales. sec irs. gaming. foreign reporting. the 8865 mess will take months to review now . . you CANNOT file unreviewed audited documents. . CANNOT!!! this will be very detailed work. . a self inflicted wound - all avoidable if professionals had been in place to limit . or contain it. . . you will need 3 new hires .a s there is no one in your office that is truly an A player. I have great hope in Barry as you know. He will need to be trained. note
; One year is my guesstimate After 4 years of telling you , that you could do better than Halperin, : im glad that you now are willing to follow barrys advice . I take no offense , in fact I take comfort in the fact that after only one conversation with Barry you are now convinced to make that change . will take a year or more.

I expect as a friend you will understand that
I will no longer , not even for one day , work on your affairs . without the compensation that is long overdue. . your unilateral idea of after care , not imposed on any other professional , except me, not paul weiss ,( caesars alone , a direct screw up on their part ) tom, akin, , no one. needs to end. . you and I had previously agreed no more of that , and this after you decided not to pay me per our agreement. to be fair I can not say im surprised as you have email after email , stating that , if you save a great deal of money, you wont want to pay , so limit it to 40m per year. - water under the bridge
If I can find the time to work , on your project , which is not by any means certain as I have said , I hope you understand that it now will have to be under my standard terms and conditions. and well documented so as to avoid any more of the he said she said. I never want to have any more uncomfortable money moments with you , I find it very distasteful. . so to be clear , my terms are as follows . I will only work for the usual 40 million per year. It needs to be paid, 25 million upon signing an agreement . 5 million every 2 months thereafter for 6 months ie march may june . this can begin if i am able in January. I will immediately stop work , if the payment is not received. If you want me to work this year until Jan 15 , it will be 10 million. paid upfront. after one year you will be left with a new estate plan a running office. staffed with professionals overseen by Barry. ( hallelujah ) a tax plan . and an investment that returns more than any painting you could possible own. . no agreement - no work. however - I of course will talk to Barry for the hour that i promised , and take your guidance as to what I should say.

her the last two places. ?

To: Melanie Spinella [redacted]
Leon please read the attached proposed response to the IRS , see if you can understand it !!!. Ive asked for a re-do. and given prelimiary directions to Alan to have it edited over the weekend
. If you are quarterbacking ,ok with me. just please let everyone know. you must deal with the outrageous incompetence in your family office .. Alans words " but I was told that.. , but I was told by the office (sic) that ... , BUT i was told by joslin,. , but I was told by . " why is leon blaming me for .." . I ve have always given you my best advice, If you reflect on your financial life , you have been kept safe , had remarkable results and no disasters. I have repeatedly urged you to get rid of the people in your office. , you have repeatedly chosen to ignore my advice , you told me last week that the emotional reason was in order to be weaned off my group and not have to pay my high fees. ( though ignoring the benefit of between 1.5

and 2b to the better. ) . and no explosions. You have email after email ,where i remind you that I am not your bookkeeper or accountant ( in brads corporate speak his" finance dept ??!!) that it should be redone .I have reviewed a multitude of the silly reports given to you and have pointed out the continued numerous inaccuracies . your question " so what if the numbers are off , so what if the categories are off. whats the big deal??. I suggest you de risk you finances and make the tough decisions necessary - pay the right amounts ( high) to get the work done properly or , you are , Im afraid, certain to get an unhappy answer.. tom will be back from vacation. this week.

---------- Forwarded message ----------
From: Halperin, Alan S [redacted]
Date: Thu, Apr 28, 2016 at 5:16 PM
Subject: Valuation Discount
To: "jeffrey E." <jeevacation@gmail.com>
I am attaching a draft response from Empire Valuation as to why it arrived at a valuation discount on the low end. Let's discuss the response and next steps. Thanks. Alan
Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella <[redacted]

Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.
In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers,
home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.
I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.

ONE YEAR AGO
Feb 17 2014 i wrote :

With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with

little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )

With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you

required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine .
We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Tue, Feb 24, 2015 at 8:20 AM
Subject:
To: Melanie Spinella [redacted]
Leon,
Yesterday , I again spent hours upon hours of my time with your office. ,( speak to brad to get flavor) and you and i will discuss the results in gory gruesome detail on Friday. it mirrored many other weeks spent doing the things that I don;t have the time to do.
In order to keep things in perspective, maybe reviewing an analogy I have used before with you, might be helpful. You and your family are a 6 billion dollar corp. with an income between 250 -500 million dollars per year. It contains a few operating biz's , a large wide array of existing investments, in various categories , a desire to enter into others. A panoply of loans, notes. purchases, wide range of all types of taxes. , planes. boats homes. . trusts ,grats. a crazy number of bank accts. ( with no oversight ) . law firms, acct firms, 800 page tax returns, foreign firms. art consultants. construction consultants bill payers,
home mgmt.,vast multitude of llc's , including foreign, and with all that you only have a combined overhead of less that 3 million dollars.
I have previously sent you the very same note that i have enclosed again below ,this time with highlights . I wrote it to you over a year ago. As my acute disability ( selective memory) seems to have been raised as one of your concerns , as a rule I try to memorialize things in writing in an attempt to lay out issues that I fear may later turn out to be a problem. ie what i would and wouldn't do , - my responsibilities. etc and those things that are not. below you will find details of things that I thought needed to be done, so that you wouldn't find yourself in the very place where you currently find yourself. however ,you chose to defer many of my suggestions- see below -,until only weeks ago. ! you chose to defer the jpm acct. the art partnership on and on - into this year. and though the 60- 50 40 timber emails all carried with it a clear warning that you needed to do something re personnel if it were to stabilize,- you chose to wait.
ONE YEAR AGO
Feb 17 2014 i wrote :
With regard the more pressing issue I am uncertain of just how to proceed. I am torn, as my very strong inclination is not to be involved at all . It is extremely time consuming, delicate, fraught with many pitfall many that will make you very upset and a major pain in the ass. I wrote you months ago that the quality of the people involved need to be upgraded. ( lucky for me these last issues arose way before the beginning of my involvement ) I am also aware however of my overarching friendship obligations of ok, -given all the complexities who else can do it? problem.
Your family office needs a daddy. children with good intentions are running around , sniping , nitpicking with little direction. As a stopgap measure I am suggesting , we put in Larry Delson to take charge Everyone would report to him. Eileen included. He would however work for me. this is not, by a long shot my first choice as I prefer only being responsible and standing behind my own personal work ( ie the word DONE will no longer be transmitted to reflect status stated by others )
With no commitment on my part whatsoever, to do it. So far as I have failed in my attempt in trying to think through the problem creatively . My organizations handling of the more complex issues I believe you

might find very costly, very ! ( however many structures available some risk sharing, maybe risk caps ,etc ) but would require my teams doing the work , not yours. Ada should be only a trust, grat administrator. not sure what role you prefer for Eileen as you hired her initially to oversee investments. whether Rich your controller stays or not, is not urgent. having Tom report to a new person,- is. coordination with Suydam Kathy Gregory, I would suggest limiting to one person. The increasing public profile needs to be taken into consideration.

TODAY

With your acquiesence , Eileen did not report to Delson ( he acting as a conduit directly to me) , she continued to provide bad info to both you ( cash flows , stock accts, structures. sales Etc) and me. and each time with my many annoying calls to you made immediately afterwards that she was g.....y !! No one was hired to run YOUR office until two months ago , no one was even interviewed and even now , Brad, a very nice man, is not even full time,(crazy ) Hours upon hours of time need to be spent training him . and his new staff. Eileen followed your instructions. not mine. in fact she continued to ignore mine saying " but Leon said " or " its on Leon's desk etc " , You would become frustrated when i pointed out each instance. of her obfuscation. originally you were given the clear choice, but to save money ,you chose not to hire my team . I was hired to do the architecture, you kept your own team. with Eileen at the head. instructions were given by me, , detailed but ignored by her. ( except in the instances where I inserted myself and personally had to do the weeks of grunt work ),ex. jpm morgan acct still not in use? That being said, If you do the cold calculation ,starting from where you were, to where you are currently . you have made a hell of a deal. -- negotiating down my original amount requested , calling upon our friendship and suggesting that the Carlyn mess was partially my fault. ( though in that specific example , I had never been asked to do more than merely provide you the name of the most highly recognized atty in the field, not consulted,nor even asked again for my guidance along the way. ). I accepted the discount as your friend. ( by the way ,,suggesting now, that your Tom is now that last word on tax characterization, frankly is a bit much,-). however - that is all in the past.

In order to move forward

I would ask that you realize that very unlike yours, My business is only comprised of my personal attention and my personal time . Time that I was forced to grossly overspend on your various issues last year. . As you are my very close friend I will not have you participate in a bidding process that I have decided i will have this year for my time . (hopefully a more fair way to allocate ) I would also ask that you keep in mind that though our deal expired months ago. (also keeping in mind , that your understanding of the final payment terms neither reflected the emails or my memory, we finished it up your way. ) I have answered every call Brad , joslin, Ada or you, have made . reviewed docs over and over/ until once again, I was forced to insert myself strongly as I thought it dangerous not to. I made serious dollar and time concessions last year.very serious I am wiling to continue to accommodate some of your concerns , but I am, under no circumstances , none, willing to spend my time for free. its not fair. After cleaning up Carlyn's mess , which was a few weeks and 30 million dollars . We were both highly aware of the dire circumstances in which you found yourself last year, and in fact due predominately to its seriousness. and those very circumstances I took extra care in our negotiations . (you had claimed I had you over a barrel , ( a horrible position to be in with my very close friend.), unfortunately I fear that if you are not cautious ,in the near future, another barrel will appear of your own design )

I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . (
FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,.

share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine . We are scheduled to meet fri at 430 , I leave at 5 am sat morning.

Date: Mon, Apr 21, 2014 at 11:39 AM
Subject: trying to bridge the gap.
To: Melanie Spinella [redacted]
you were at 30 30/ me at 60 40. . / proposal 50 /25 and in additon I would be allowed to recommend 15 from directly from your own foundation. All payments to be made in addtion to currently owed. so $40 on april 25 , $30 june 15 ,and the alreadly owed $10 as planned on oct 15. I would direct the 15 charity in the next 12 months, and the last 25 to be paid on conclusion.
leon
10 am - Arrival at White Plains / Westchester Airport
FBO and US customs is "Jet Systems Aviation"
Adress: 85 Tower Road Hanger E, White Plains, NY, 10604
Telephone [redacted]

Date: Wed, Mar 25, 2015 at 11:52 PM
Subject: previously sent
To: Melanie Spinella [redacted]
I heard you when you said you believed i had already been paid for the work that is now required. The art partnership has fully answered all your concerns and discharged all my obligations and more so. . ( FYI Carlyns art partnership that you referenced is similar in only its title. ) You will also recall that you required that my payments be at the end of my work not at the beginning as everyone else's .( my work was never to include hours upon hours of training your staff). I eventually agreed, this of course should make clear that the 2014 tax year that will close Oct 2015 is not covered by our past agreement at all. I pointed this very fact out to you when I initially proposed a multi year agreement right out of the box. you said you preferred not. As you said ,I have produced results to date, far in excess of even my own exalted opinion of my projections. I have devoted a monumental amount of my limited amount of time-- way, way in excess of our agreement. I will be fair, I am willing to roll in the amount still outstanding from last year if that helps .. However, As my best student , and my only one, you are now capable of doing most, if not all, of the required work yourself. I can put my whiteboard away when you come to eat and just have fun, trade stories,. share moments ideas etc. . I am of course always available to guide you as a friend if you choose that route . always . It will take a great deal of your time , but you will not have to spend any more money on mine . We are scheduled to meet fri at 430 , I leave at 5 am sat morning.So there are no surprises 50m for the year. . or 30m for until 7/ 15. you can roll the balance for last year as a concession. half up front. no more all at the end. ive spoken to brad every day. more questions than answers. joslyn cannot be left unsupervised. his answers are knee jerk . eillenn told me this , that the other

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Date: Thu, Mar 26, 2015 at 12:07 AM
Subject:
To: Melanie Spinella [redacted]>

you need to build an entire office from scratch. no question that was never my obigation, - systems , personel. finance tax, bookeeping, ,office. complinace. investment. monitoring, banking loans coming due , review. gs jpm gs, . . plane boat houses construction , new will, . phaidon sale. you are no further ahead today than my nov memo layed out = no real candidates. etc .. Ill redo the art partnership under new restrictions of course at

no charge, and review the work done by tom/ joslin.
joslin you and I should sit. you won't like it. AT ALL> he is afraid of telling you the story, as he belives brad is your guy and does not want to get fired. ada still refusing to share income tax opinions based on privilege , not under control at all. ? ? joslin said that murphy is not the cfo, as you told me but the coo. and the cfo is the same guy that reported to andrew, mistakes after mistakes not picked up by murphy who joslin described as a kind buffoon . he suggested a new ceo or coo who can make decisions. someone with some financail experience. he asked for a chief decision maker. 50 for year roll in money owed . 30 till july , most up front needed

Date: Tue, Mar 31, 2015 at 3:25 PM
Subject:
To: Melanie Spinella [redacted]

Nov of 13 : I told you tom Eileen and Ralph were not up to the job, you disagreed very vocally and strongly , " Ralph wrote the book, Tom has been doing it for 15 years and Eileen ran the trading desk at Morgan Stanley. " Ada who had been working on all your documents for years while at the bank had been brought in- house but created more issues that didn't exist. and phaidon was its own animal
.
Dec 13. you were again annoyed that i said that they needed to be replaced and said "i was talking out of both sides of my mouth." first time ( email available)

Jan 14, you decided that no third year was necessary for my help. and i told you i thought that unwise and even suggested giving you an option at 40 m so there would be no tension

Mar 14, I told you that to do the job right , my team would need to do it. not yours it would not be inexpensive, but it would get done properly, you chose not to do itand said lets wait and see

April 14. We agreed to clean up various past mess.with the end of my work OCT 15th only then would i get paid.. urged JPM ( first of 14 reminders)
GS and db accounts to be set up in order to bring your financial structure into the 21 century

July 26 , I came to bens party, said new people needed to be hired, keep Eileen till end of year, and Ada till march, you suggested getting ada out earlier

oct structured the art partnership , but you wanted to wait until you fully understood ramifications formed the doc in dec to have it in 14,

nov/ dec 14 I told you I considered my work complete separate from art partnership. gave list of things to do. three months of you and your high school friend , trying to build a house with little of the relenavt experience. its silly . still no accurate numbers accounting , charts, etc
jan 15, I told you joslin cannot hire people, has not so for more than 5 years, former job in a public accounting firm.
april 15 . no senior accountant even in the wings. joslin talking about reaching out to hire the only person he knew( worked in the past with dagazsitno ) and i interviewed 15 months ago. and rejected. low level . He does not want to hire himself out of a job, spoke to brad last night he wants a coo so that he does not feel demoted

your choice!, ( brad maybe does have insight - to your credit, might have been right when he said- jeffrey you should realize this is only about leon not wanting to pay more money , ( i ignored his summary , along with his comments on the risk of fracturing

summary
I can either do it for you or not. if i do it it means finding hiring organizeing, structuring reviewing re negotiating, bring in my team under my control not brads. . stop -gap accounting - my people getting the books software and procedure in shape. setting up the various brokerage and bank accounts and rationalizing them, organizing Melanie, TPS , house, and all the intra family notes outstanding, overseeing the phaidon mess.maybe sale re do some of estate given the new circumstances. etc. I 've responded to every brad question , given him first lessons , not a good use of my time or his. he should administrate, follow up, have signing authority instead of eileen, ( AFTER rationalized accounts ). holding a position of trust. ONLY

talk whenever you like, NO STRESS , Mort had a skiing accident and sultan not fully comp es mentes. no stress please for either of us . both of our reserves which are not insubstantial , can use a break

Date: Tue, Apr 7, 2015 at 4:29 PM
Subject:
To: Melanie Spinella [redacted]
agenda for tomorrow.
1 building an office from scratch. who does it. ? so far little or no progress in real terms. . brad should remain and can administrate. follow up methodically, . has no idea of corrrect questions to ask. or understanding of family office issues. procedures checlks and balances. etc .. consultants , diana goldner foundtaion woman?. office . focus .
2. without strong , very stroung direction, joslin will not make it. does not know where to focus. who to respond to. and how. unfortunately now getting more and more answers like the powers that be , want it that way.??
3. the priority list is still virtually the same , since dec. . accounting system. redone from scratch. etc.
4 . it will take 9 months. at a minimum now. . an outsider brought in when everything is clean , including phaidon, notes. eileen. banks, jpm db, bam, etc.
5 disposition, of Phaidon. art space regan etc.( ressler??) . sale of boat. plane . art , stock, investments, athene? etc, tra, brh.
6 . new IT . complex. household . payroll insurance . recurring bills.
7 estate modification given new circunstances and altered probablities. ( use etc )
8 charity, new trusts,!!d IPI< harvard . fees,
I spoke to brad and made him aware of all my concerns and propsals to move forward. he is desperate for help

Date: Tue, Apr 14, 2015 at 11:53 PM
Subject:
To: Melanie Spinella [redacted]
saved you 500k at the last minute, . brad has had the same chart since march 16th, its his job to review NOT MINE .appears he is one of those living in the dark leiwe. I found 8 million dollars today, missed deductions. . not yet in the numbers, .?

Date: Tue, Apr 21, 2015 at 1:10 PM
Subject:
To: Melanie Spinella [redacted]
emblematic of my frustration and ,in the end what I believe is a waste of our time energy money and resources. is the very simple question of bidco bank accounts. 4 months ago I asked the question , does it have a bank account and if so , who has authority, where is it located and what transacations ran through it. it is only one question out of hundreds that need to be answered. hundreds. . you asked that i not behave like Zeus and try to explain why I want need certain things. since i said to placate Brad's inquisitive ness and his desire to learn I said a filing might be required. instead of merely getting me the answer. he has talked to joslin paul weiss , you , you wanted to ask brad karp. ( maybe a filing that reopened things, )
none of this as a practical matter has any influence upon the ultimate action taken . I merely needed to

know a simple answer. and today after asking at least every week since then do not have an answer . I have been trying not to add stress to your day. i try to explain things and take the time to do so gently, ( not my forte . this is one question out of hundreds. the fact that a 21 year old was in the office only xeroxing for a month, was obvious to everyone in the office. having a 26 year old xeroxing instead doesnt move us forward, answers first. copying old files. can wait.

Date: Wed, Apr 22, 2015 at 1:56 PM
Subject: another flowery email.
To: Melanie Spinella [redacted]
I am sorry. I realize you are under tremendous stress, In Bedford you asked me for my help I could not have been more clear that thought it very unwise as in my words I did not want any financial arrangment between us, it risked conflict and tension what neither of us needed more of. and did not want to risk torturing our friendship into the likes of the kind you have with Mark nor Josh, : now,- I dont have anyone but you yelling at me , in my own house. no one. it is highly unpleasant but I am trying my best to be understanding . sorry . From the outset and as you told me you recall. i tsuggested that three years should be the period of engagment. as planning is not a one year excericse . you declined to commit to a number of alternatives presented to you for payment of the third year. I told you in nov that you should decide whether to now sign on for that very third year as the vast majority of my work ended on oct 15. you recently told me you thought i was kidding. .you hired brad patting him on the back that after months of inquiry he can now, finallly tell you which llc owns the cars??
once he has all the facts what next ??. whether or not you refer to a portion of the third year as after care, or whatever term besides 'scoundrel you choose to use, I m not sure why you assume now it should be free.( I HATE THIS CONVERSATION < HATE , ) and i heard you when you said you told me what was l work still to be done you thought valuable enough to pay for. please tell me . and then we can decide the next steps ,,, if any. I consider my work rarefied art. I guess the value is in the eye of the beholder . IT reminds me of those people looking at a modern art piece and saying " my child could do that " . hope you are feeling better.

Date: Fri, May 1, 2015 at 12:50 AM
Subject:
To: Melanie Spinella [redacted]
ada and brad are respondbile for the loan ,. docs, at a minimum , leon he hasn't read the financial statements SINCE DEC. !!. impossible ,had he done so the silly numbers jump off the page . ( sent in another email ). it is a financial office., 190 million sitting unused in CASH , budget and planning person for what , its not a publice co. ? townhouse construciton , household operations, boat, plane, taxes, we went through this with the cash flow. you and i know approx how much each will cost. its a week job not a fulll time one- ada has no lien copies. none. ?! impossible not to know , ask, quesiton? two senior accountants CPA s. not the 75k girl that they hired, . IT professional backed by a firm. high quality,can we tap apollo resources? new lawyer , heather level . new receptionist, and bookeeper. get rid of ava. next could be new office ,new furniture , , the whole place reeks of cheap. IT IS MAY< I have not been asked to interview one person to date. not one. having cpas in there tomrrow woudl go a long way. i dont understand the time line, coo first. ? in by july?? cpas in by sept . tax return due oct 15. ?

Date: Fri, May 1, 2015 at 2:36 PM
Subject:
To: Melanie Spinella [redacted]
I know that both you and I heard brads'. im out of here if i dont get a coo. . sorry,. i know that neither of us have stood in the way of his finding/ gettting one.. JPM account DB account GS account, ??? its MAY 1. nothing in the first quarter and these are only papers that need signing.
I suggest your thinking on my role and compensation for my work might benefit , from a mental shift - think mark and josh, without the mutual resentment ( HAHA) only in terms of sharing ,thanks, I am and have been your financial partner i.. rectifying circumstances that appear in hind sight unexplainable. I wish you woudl have asked me earllier to review your things , but i understand. I do know that soley as a result of my actions

your personal bottom line has increased dramatically, if you had thought of me as your partner in this endeavor , instead of an employee, i think your reaction to sharing t benefits would be different.
If you recall, you wanted me to be paid , unlike others at the END of my work. we discussed this ad nauseum, and agreed OCT 15, last year was the end . You had wanted more comfort initially on the art partnership so that date was delayed. It has now been six monhts since then, your concept of aftercare . . for free. was already unique , in your words this has to have an end.( weaned ) if the actions of josh and mark led to one hundred million dollars , what would be their share. Im not sure why it is different in your mind. but i respect the fact that it is, Is it because their work seems harder. it cannot be simply because they devote more time to you .or it appears to involve more effort. I am happy to continue to play a partnership role. as I have been in many areas of your life. . I am also happy to move on and have no more of these emails. I find them as tedious as you do . if you prefer a partnership structure , ok with me, I tried to minimize the amount of money i would recieve by making it a flat fee . as i wanted you to feel good and have no second thoguths somehow if the payment comes from a partnership structure you seem relaxed as opposed to writing a check, I focus on trust and friendship first, and the fact that you don't include josh and mark in that category, gives me great pause . I proposed 33 percent of money made for you. . in the past you agreed that amount. it will be huge, but ok with me, I can talk today at 945 as you suggested. or if you woudl rather over the weekend ok

Date: Fri, May 1, 2015 at 7:08 PM
Subject: Fwd: Picasso agreement - question
To: Melanie Spinella [redacted]
silly

Date: Fri, May 1, 2015 at 12:27 PM
Subject: Picasso agreement - question
To: Brad Wechsler [redacted], "Jeffrey Epstein (jeevacation@gmail.com)" <jeevacation@gmail.com>

Brad and Jeffrey,
Gagosian has one final change to the Picasso agreement. As you know, we have structured this agreement with the Buyer as either Narrows Holdings LLC or AP Narrows LP, and given both of those entities the right to assign the agreement to any one among Leon, Debra, the kids, or family trusts including APO1 and APO2.
Gagosian wants us to agree that, if Narrows/AP Narrows assigns the agreement to someone else, Narrows/AP Narrows "shall not be discharged from its liabilities under this Agreement and shall remain primarily liable to Seller." Larry is concerned that we might assign to the Black kids or to a trust that has no assets, and then when he has to sue us because we don't make the final payment of the purchase price but have possession of the art, the entity/person to which we have assigned the agreement has no money.
I think this is a valid concern and that we should agree to it.
However, Ada just reminded me that it is possible that Narrows/AP Narrows (really, Leon's) agreeing to effectively guarantee payment by the assignee might be considered a gift to the assignee. In the discussions with Alan about rearranging the bank loan once AP Narrows is operational, Alan agreed that there could be deemed to be a potential gift from Leon to APO1/APO2 if Leon provides a guarantee to the bank that is for the benefit of the trusts as partners in AP Narrows. Alan suggested mitigating this risk by having the trusts sign side agreements with Leon which say that if AP Narrows defaults on the loan and the bank goes after Leon on his guarantee, the trusts will make him whole.
This issue only arises if we assign the agreement. The risk is also limited in time because it would run from the moment we assigned the agreement until the final payment is made, which even if we assigned immediately after signing, would only be 11 1/2 months.
Shall I agree to Gagosian's request that Narrows/AP Narrows remain liable even if they assign the agreement?
I'm in the office if you would like to discuss this, but I would love to get back to Gagosian ASAP so we can have this agreement signed today.
Thanks,

Heather

Date: Mon, May 11, 2015 at 3:08 PM
Subject:
To: Brad Wechsler [redacted], Melanie Spinella [redacted], Ada Clapp [redacted] Richard Joslin [redacted]
lets look at funding the art partnership begin with 100 m of unencumbered art. plus 20 inveestment. and the same amoiunt of value from trust. leon should choose b trustee and begin to use mechanics. . later we can amend and add .
2 hire an IT person asap
3.I would hire jerry the woman. gittis. person
4 .I will find a subpart k person to handle partnership acct
5 , accounting software upgrade, onlilne banking needs to be seamless
6. not sure status of bringing plane boat acct inhouse?
7 prepare fbar report for june. draft next week
8 pahidon actuals vs projections. . new valuation
9 . new valuation of tra contract?
jpm db goldman sachs acct? new llc?
review of dec 31 books for all entities? bfp . etc

Date: Wed, May 13, 2015 at 3:04 PM
Subject: Fwd: jobs ahead
To: Melanie Spinella [redacted]
the list that we discussed.. i spent time with brad again. re the candidates . fiiling due, this week, next month, .

Date: Sun, Dec 28, 2014 at 5:18 AM
Subject: jobs ahead
To: Brad Wechsler [redacted], Melanie Spinella [redacted], Ada Clapp [redacted]

1. review accounting system. Book keeping softaware. staff, ( senior accountant ) methods on line banking, brokerage. cash mgmt. airplane reimbursement. boat sale. art purchases sales use and sales tax. tax filings FBAR FATCA, gaming commsion, pfics, insurance . uk co law.
2. review docs for TRA BRH grats, trusts, heritage will, insurance, art lending. medical, springing powers. two fire drill books. one needed for injury. other for death
3 review bills . boats , planes, legal, ( PW, McFarlands all outside. legal and accounting. Toms bills over 400k . house projects. south ny ben
4 cashflow projections tax projections , interaction with Apollo accounting tax, Phaidon ,art space ,and Regan. legal accounting. audit
5. children meetings , review to date and allocations
6 review all role in payables. files scanned, no paper
7 review invesmtents for tax basis and unrecognized gain
8 schedule of all hedge funds . redeemables commitments etc.
9 charities pledges strucutre, staff ,

Date: Mon, May 18, 2015 at 2:17 PM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella [redacted]
as a reflection on your voiced spirited concerns in the what have you done for me lately category ?
))::. in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to

eat the apple from the knowledge tree)
. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain) books as they were mystersiously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan
agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.

still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with : As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Fri, May 29, 2015 at 2:53 AM
Subject: ulysses 2.0
To: Melanie Spinella [redacted]
I realize it is only due to a lack of understanind of the job ahead. and not out of any sense of unwillingess to pay
- as opposed to merely hiring people to set up a family office, someone will have to do the following- separate from the art partnership which is my responsiblity . there still needs to be a huge amount of work done for 2015,16. not to mention that brad at the moment is going to have train the incoming team?? your call
strategic decisions re estate and other planning , sale of phaidon etc. . in addition setting up for the accounting for each strategy ie.:
income, estate, gift ,sales and use, transfer excise picasso, 1031 calder. . review and detailed oversite of IRS SEC GAMING NYS. real estate, entity valuations ( many ) tax filings- disclosures, follow up of grats, trusts ,defective trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank account need to be

rationalized, not only having brad step in to children investments . gift taxes, trust , loans, notes. payables. expenses allocations . . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds , miami ) , commitments funds and charities , dividend treatment -important review of transcations relating to BRH ( amendments) TRA sale ( nuanced ) , shareholder agreements, bank loan agreements new bank relationships. . wills, construction accounting and oversite , contracts planning permits etc..employee rules, regs, . checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, . stock options,( ie environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) review of boat expenses plane expenses, depreciation issues refunds etc. . rationalize all outside counsels and accounting firms
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, , Apollo in house counsel.
set up and oversee brokerage accounts at JPM DB GS and thoughfullly trade
. new IT system from top to bottom full time IT person
new accounting system - on- line banking cooridnated with reports . fire drills as per caruci ( he sounds good ) and . audit system,s . review of john murphy? joslin? dag? eva? .
in house, review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy re:
As new facts on the ground develop , phaidon debra, children meeetings, involvment ,
trustees adjusted, stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe?. real estate?, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc
you are sitting on over 100 m of cash???!!

Subject: Re: we're calling the sales tax guy at 6:30 pm - I'll come to your office
To: Richard Joslin [redacted], Brad Wechsler [redacted], Heather Gray [redacted]

sorry but this is emblematic of the silliness that appears to continue. ..... 1. How can we ask for a legal opinion when it is crystal clear that we don't yet have accurate facts or numbers , f. 2 Invoices have not been reviewed! corporate structure is convoluted and unexplored in detail. ( was the boat captain on the call?) 3 Paul weiss is the attny , and should be charged with getting us info. . 4. Bringing in yet another outside lawyer without full vetting and consideration, a waste of time energy and money. . 5. ex. what is the location of charters shown on the invoice? do you know. . ? if th invoices are incorrect, does that give us any comfort in trying to defend an audit. . I saw three invoices only, and each had a different owner or address . .

Date: Mon, May 18, 2015 at 8:17 AM
Subject: agenda for tomorrrow
To: Jeffrey Epstein <jeevacation@gmail.com>, Melanie Spinella [redacted]
as a reflection on your voiced spirited concerns in the what have you done for me lately category ?
))::: . in the beginning . there was eileen and tom. ( eve and adam,-- however it appears, she declined to eat the apple from the knowledge tree)
. that was it. ada was at the bank but reviewing docs. carlyn was in the kitchen making mush ( abel and cain) books as they were mystersiously called was being kept soley by eileen, with little or no input ,correction or advice from tom. herarely if ever asked questions. expenses ie airplane was done in house apollo. (1031 exchange blown etc) at this time
as I recall you got quite annoyed, and agressive and initiated the" talking out of the both sides of your mouth " tiddy, when i suggested that the level of their competence left much to be desired. ( ralph lerner's came later ) .response - eileen ran the desk, tom is a partner, ralph wrote the book etc
re tax there was almost no oversight of income, estate, gift ,sales and use, transfer excise etc . IRS SEC GAMING NYS. real estate, valuations ( many )tax filings- disclosures, etc. re grats trusts defect trusts, llcs corps , trustees , partnerships. foreign corps. 100 bank accounts. gift taxes, , loans, notes. payables. expenses. . , insurance.( life , art, split dollar), cashflows, operating biz, , investments, contingent liabilitiites.( funds ,

miami ) , commitments dividends, BRH TRA, shareholder agreements, bank loan agreements. wills, construction, , contracts planning permits etc..employ rules. checking account reconciliations, crediti cards. jewelry , cost basis ,( art stock etc.) foundations regs , brokerage accts, old stock certificates. stock options,( environmental solutions still not done !). estate tax calcualtion firedrill, ( note ,basis etc ) low basis , step ups , however with no accounting system, no reveiw of boat expenses plane expenses etc. . many outside counsel with litle or no coordination.
Paul Weisss , Mcdermit Will, Macfarlanes. Price Waterhouse , Reich, withers bergman, Empire, , akin gump, bbd seidman, Wendy , Apollo in house .
lumber, knowledge universe, ennvironmental, solutions 12 mii in stock, . on and on
the priority list that you asked me to prepare for brad and you in dec , unfortunatlleyso far , little change ie no accounting system that ties, no, brokerage accounts though strongly suggested , jpm db, gs, april of 2014 . IT antiquated
dagastino hired , no inut from me, julie, temps, paralegals miriam . etc.
still need new accounting system - on line banking . staff hires. ( seprate from samantha two years out of school ). audit system, . ?? john murphy? joslin? dag? eva? . i strongly suggest workers at the highest level of competence. two senior accountants. not managers workers who will get into the weeds. partn expertise, , replace ava, get heather help. a new person legal , new IT,system and person, way way overdue, new receptionist, bill opener, ability to oeversee
in house, boat plane review household ( 12million ) review, filings- partnerhip accounting,- familitarity with grats, trusts etc . audit system put in place. that should be the easy part. then strategy to deal with : As new facts on the ground develop , phaidon debra, children meeetings, ? stock sale sale of art, , apt( large gain ), 1031 trade in , plane depreciation, boat sale. construction , brad will oversee brokerage and investment, ?? pe. real es, . publishing, grats, tra, brh ( death). foundation , museum, tax proejctions cash flow projections, cooridnation with tax from apollo. etc

Date: Tue, Jun 30, 2015 at 12:23 PM
Subject:
To: Melanie Spinella [redacted]
1.I believe I have heard you , but i wanted to make certain that I have understood
Though after much discussion ,- much! you were adamant that i receive my fee only at the very END of my work, oct 15 , this was a long discussion but you felt very strongly at the time . you now feel that as it was a very large sum of money . some of my time this year should be spent on your recent concept of "after care ". - and that after care should be for free . I have continued to pay others as well.
I have asked and you have previously said you would lay out for me what you thought was encompassed by the concept. that was end of january Training brad?? who was your choice . not mine ,by a long shot. only brought on in january? ? hundreds of hours spent . eileen debrief? 2. boat. plane
household ex[penses. personal review? , trying to create accurate ledgers of capital expenses . so to minimize future gain.? 3. phaidon - review from head to toe? though we agreed many times in the past this was not my responsbility, 4. overseeing the opening of trading accts. proposed and sent over first docs in april of 14. .5. art partnership.? we agreed though the draft was sent in sept14 . and still not done though little different from first draft. . 6 picasso contract? 7 art sale 1031 8 airplane review? 9. IT system implementation. ? tra brh sec gaming comm, foerign filing , tax, disclosure. fondation returns. ? planning for 16? not sure . 10. insurane review with josh? stock sale prep. ? filing ?
I am available by phone. you mentioned my travel schedule ----last yea,r I canceled three European trips and two to seatle , none to my benefit.
I have been consistant , I dont have any new proposal , do you ? though i am" complicated" , I have no intention of trying to convince you of value, its silly ,
OOOOOOOOOOOOOOOOOO i think if I have correctly deciphered your sophisticated code - should represent -drool

Date: Tue, Mar 3, 2015 at 5:18 AM
Subject: Fwd:

To: Melanie Spinella [redacted]
lets set a time to speak today if possible . 30 minutes or so. my schedule is tight

From: jeffrey E. <jeevacation@gmail.com>
Date: Mon, Sep 21, 2015 at 6:36 PM
Subject: agenda for today 5 pm?
To: Melanie Spinella [redacted], Brad S Karp [redacted]
1. put someone on asap to ascertain if she is still in london. 2. set up conference will uk criminal and uk counsel. a give them more facts. 3. choose method of message delivery. my choice. - two highly respected former ---- fill in the blank, immigration, scotland yard. sfo. . who may knock on her door and present the terms. 4 if not. an alternative method. 5. Is it possible to find out if she has gone to authorities? tabloid lawyer. 6. have the same types of individuals availble in new york if she decides to return as stated. . i prefer former fbi, or immigration one man one woman. . 7 from opening a DA investigation to arrest. how long? 8 , can we open a file in either jurisdiction, and maintain confidentiality.

Date: Mon, Sep 21, 2015 at 6:48 PM
Subject: Re: agenda for today 5 pm?
To: Melanie Spinella [redacted]
Cc: Brad S Karp [redacted]
I think that Melanie should set up a separate email account for this correspondence. she currently is on an apollo server.
There is not even a good solution . all have substantial risks. we are dealing with a wholly unpredictable and bad minded person. I and Brad can only make suggestions/actions each less than stellar. - that being said we should do our best to have all the facts . options etc. and to distinguish fact from opionion As the consequences of any decision is likely to have some very bad parts , Leon needs to be cognizant of as much as the downside as we can adequately foresee.

Date: Wed, Sep 23, 2015 at 12:07 AM
Subject: Fwd:
To: Melanie Spinella [redacted]
jan 2 of this year
Date: Fri, Jan 2, 2015 at 2:55 PM
Subject:
To: Melanie Spinella [redacted]
Leon, I decided last week that there was little or no upside in disturbing your well earned holiday especially as you seemed so peaceful happy and smiley ,getting yourself in shape and truly enjoying your family time. etc. however the situation in your family office is unresolved. I am aware that brad starts monday howver, two last days of the year madness. timber.deal not complete no jpm,acct activity no partnership docs , old stock sales not complete , no bank doc redo. no phaidon note restructure, ., no boat expense review. airplane same ,topco midco.etc still not finished ( trustee ) , projections mixed with fiction. , legal exp out of control. no care for admin, silly ( audit). tom conversation with joslin. notes. debra, trustee notes. trustees hiring . bens audit. interest payable made hoopjumping last day of year. after weeks and months. of lectures , gifts to discuss- staff. -houseproject mgmt. . I will continue to try , I had offered ajoint call with eileen before you left. as i said before , joslin takes instructions from eileen. he said it was made clear to him that he doesn't work for me but works for you. . I tried.

Date: Tue, Sep 29, 2015 at 8:39 PM
Subject:
To: Melanie Spinella [redacted]
jeffrey
Brad Wechsler is asking if you could meet for a half hour with him and Rich Joslin to discuss Use Tax Refund. Below are available dates/times...below that is your schedule. OK for me to schedule in?:

NO sorry not until i hear from leon
leon. to be fair, I had sent the first note to you one year ago . stating that my work would come to an end on oct 15. that day had meaning as everything would be closed. you asked that i continue to help brad. as of nov though he would officially start in jan. I said ok, but ..... " you told me to continue as we would work something out" I told you my fee then was 40 . feb you came with ben while kathy ruemmler was here. and said next week, debra got bad news. and I quickly prioritzed not adding stress to your situation. I wont regurgitate the interim, though millions of dollars were saved since. millions. . it is now one year later and you propose 10 mllion , plus a contingent fee . I have said that i would work with you , and if contingent and a percentage of something. I strongly believe that is not in your interest. I continue to put our friendship first and dont want you to write a check for over 100million andthe i will have to listen to lewie for the next few years. but if you prefer over my objection a percentage deal then it should be of all savings not just phaidon. ( a random concept) . The idea that i am somehow even marginally responsible for neither you nor heather , ever telling me that there was an unresolved issue, though you said you had been pinged a number of times is emblematic .
I can do a call with you and Karp. anytime you like today, but i can assure you 100 percent that there is no light between our positions. ZERO. and he is ready to do his best to try to explain it to you.

Date: Thu, Oct 1, 2015 at 11:03 PM
Subject: Fwd:
To: Melanie Spinella [redacted]
to refresh your recollection, as 4 states. 40 a year for three years. as i said today. . the other was in addtion as you recall.
Date: Thu, Apr 11, 2013 at 4:02 PM
Subject:
To: Melanie Spinella [redacted]
1. 80 percent of contracted job is accomplished, now drafting ,signing and few critical decisions on your part still await , will fill in nec blanks, 1, how much of upside to kids. , 2, protections . 3 allocations. 4. charitiable, inventory, securities,
2 .to engage the second phase if you so choose , and considering there is only 8 more to be paid this year in oct , for the job now almost completed, total of 23. that was agreed only for history fix.
3. with the necessary proprietary protections , proposal is for first year only an additional 17 . making it 40 , but full year balance on signing , ie 25. takes care of 2013
4 , moving forward , 40 per year ,( approx 1 percent ) for three years, to be credited against an agreed formula. Im open to suggestions total approx 120 for new workover 3 years , benefits to you over the next 20.
5 , can consider interests other than cash as payment. ?
6. need to speak re , bankers, valuations, mechanics and their continued importance.

Date: Fri, Oct 16, 2015 at 4:38 AM
Subject:
To: Melanie Spinella [redacted]
Office, - ada goes. , hire heather a paralegal . Joslin goes or is closely managed by new cfo with tax experience. . castrucii goes asap.as he merely adds to mess.( too many people , ex 7 people or more to pay a bill ) eva goes. outsource as much as possible. . bookkeeping systems built from scratch, airplane restructure, boat . same, new grats. phaidon sale , decide on artspace survivability, regan, . do the kids really want these? , children accounting ie bens house.etc. re do estate for new facts. redo loans, trading accounts activity, . gaming -foreign- disclosures. . BRH TRA re thinks . household and construction architects. . redone. art partnership , choice of paintings. . re do structure of consultants. tax re family office. . decide if investments are a realistic option in the next three years.. insurance. operations. airplane , etc. . art foundation , private . max charity contributions. financial reports. still waiting. ? on line banking, . tax planning, family office deductions ( profit center ) . airplane certificate, redone jet aviation redo. . paper gigi ( E )trust to avoid gift tax. .
today is Oct 15

With your full knowledge I paid out 8 mil to my staff before june, . so i guess I can safely assume that after consideration of all the things I did for the entire past year separate and apart from your unique free "after care" concept. , what you thought was ultimately fair was the contribution of 5 million to a foundation and a total of 2 million dollars to me.

Date: Fri, Oct 16, 2015 at 1:08 PM
Subject:
To: Melanie Spinella [redacted]
I think you should consider the fact that your family office will be the most central component of what you leave to your children , wife heirs. it is the core of your assets. your art might be sold. your houses may lie empty, the apollo stock could be sold. you will pass on your office , . it will be the primary player in your estate tax. probate, transition. Brad has taken it from a D minus to a C minus, If I were you I would set the goal of an A. just like your paintings. . Like a house you could attempt to renovate it. it will take more time and money . or . in essence as I suggested in dec of 13, start from scratch. A financail head of office. - brad could move to being richards replacment as trustee. . barry cohen would be perfect but carries the trustee taint now. . take a tax partner from a major firm. to replace joslin, cost 1 + mil . keep heather and ssmantha. . bring in full time IT person. ASAP . your lighting contractor in your new townhouse has better IT than your multi billlion dollar antique opersation. data breaches are not your concern. precision is. . either re do the office layout . or get enterly new space. the proposals to focus on following on a monthly basis the values of all your current investments is an example of misplaced prioirties. . Your office is the heart of the familys financial life and temp future, it needs a heart operation

Date: Mon, Oct 19, 2015 at 5:10 PM
Subject:
To: Melanie Spinella [redacted]
Radical but my preferred idea. . START from total scratch. there is absolutely nothing worth keeping in your family office except for heather , nothing at all . I remember when i bought my first house in order to renovate and jack robertson said forget it. knock it down start again, I could n't believe it. but he was right. Like your tax returns that were done in triplicate. TOM RICH ALAN. . tom and rich were not really useful in the end. Alan was the only smart one. you should in my opinion Start a brand new office. hire cfo. bring joe over. heather and samantha, run parallel for 6 months and close down the mess of elysium forever. leave your kids a functioning operation professionally constructed and managed. NOT BY ME!!! LAst nov i laid out priorities IT , being the first nothing as of today. in July I said focus on airplane as a test . to examine procedure and proficiency, so far mostly a waste of resources time people etc. Only last week told debra owns 49 percent of plane. no IT to speak of. bens house unaccounted for. tax returns very very sloppy, . boat still argued as third home. . pilots bonuses? , structure unkown by all. cash sitlling at the same time loans outstanding.
Phaidon , looks like close to breakeven in a few years. others totally unknown. Query , do you really want this ? : I m not sure how you both want to have an investment office and have cash flow being eaten by publishing and loans amounts outstanding increased by art. --interest rates will be going up.- . your plane will cost 10 million to refinance - so will boat if sold next year-. art space and regan , both needs more cash. with little return, taxes , art purchases . Part of radical solutition is to sell publishing.altogether. (are the children really interested.) . restrucuture plane from scratch. layers unncessary. simplify crazy structure s bank accounts trading accounts accounts payble. credit cards. etc. The best way to wean yourself away from me is to have someone else do the whole thing from scratch. . move brad to be the replacement for Richard. . he is nice but this is not what he does. Him saying it is soooo fucked up to me , was only an echo of me sayint it to you. .

Subject:
To: Melanie Spinella [redacted]
as brad can attest , I spent time today with joslin, joe. etc. no question at all, a failed experiment. In the words of a banker that made a call on your office. what happened? leon seems to have replaced Eillenn with a

team of Shleppers. ? I know you care little for what they may think , but the legacy you leave your kids is just that. you only have 60 days of planning left for this year. numbers are all over the place.
I recieved a nice call from Karp today, . He touted me as a great friend to you. I am happy to be just that.
. He said it was important for me to tell you what others won't. Keep heather , fire EVERYONE else.

Date: Mon, Oct 26, 2015 at 1:10 PM
Subject: CONSTRUCTIVE?
To: Brad Wechsler [redacted], Melanie Spinella [redacted]
1 cash flow projections for 16. . draft ok. i will be easy. i need rought projection. 2. phaidon chart laid out now with who signs in sale of shares vs enitities. ? ie managing memebrs. . 2 . 3 new trusts. Apo-o , dynasty, ( does leon want to put in new restrictions per child ). - publishing interests. . 3 llc, for investments 4 names insured? guarnatees? art loans. outstanding. sales or use tax owed? 4, comparison of execu jet vs jet aviation. . 5. the bank loan on the jet is going to come due. does leon prefer to extend f they would ( he is a guarantor. ? ) or will he need to pay 10 million cash to renew, that wiill determine new structure of plane. getting rid of rance, wells fargo, john hannon, lisa gratizaino etc. . 5. boat restructure . 6 grats - if leon decie to have another. 7 accountning for children, .

Date: Mon, Oct 26, 2015 at 7:08 PM
Subject: draft
To: Melanie Spinella [redacted], Brad Wechsler [redacted]
phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

0:51 PM (15 hours ago)
to me, Richard, Karen
Good afternoon
Removal of headers in Cabana's 1 and 2 started today
Dock Shelters proposed start date 16 Apr
LSJ staff cottage and Sams kitchen and bath cabinets are due in this week.
Have yet to schedule install.
Will have estimate for GSJ Staff Cottage from EB by the end of the week
Unable to contact Jimmy again regarding thIs project, Reached our Monday to schedule site meeting, got a - No Can Do -
reply !!!
Regards Brice

Date: Mon, Oct 26, 2015 at 8:37 PM
Subject:
To: Brad Wechsler [redacted], Melanie Spinella [redacted]
gain at 20 % not 28. . so total , 35.8%. tax rate. same for boat. and plane each around 10 m so total 7 m savings if both sold

Date: Fri, Jun 3, 2016 at 5:56 PM
Subject:
To: Heather Gray [redacted]
heather leon seems to not recall the issue of finding an alternative to the eschange agents resale cerificate. he didnt remeebr you suggesting a gallery instead. you mentioned that he did not want to get another gallery involved. ? has any of the transactions been audited using this method , which even i find agressive.

Date: Fri, Jun 3, 2016 at 3:02 PM

Subject: RE:
To: "jeffrey E." <jeevacation@gmail.com>
Hi Jeffrey,

As you will recall, we used this same exchange agent last year on the Calder 1031. At the time, we discussed the merits of using a gallery versus a commercial exchange agent and my recommendation to Leon was to use a gallery. I felt that there were advantages to using a commercial exchange agent instead of a gallery on the 1031 side (e.g., less likelihood of a breach of confidentiality, IRS familiarity with CDEC in the event of an audit, security of funds), but that a commercial exchange agent gave us less comfort on the sales tax side. Leon did not want to use a gallery because he was concerned about confidentiality and he did not want to have to ask a gallery that he did not do much business with to act as exchange agent.

When Leon first discussed the exchange for the Cezannes with me a few weeks ago, I asked him if he wanted to use the same exchange agent as last year, or if he wanted to use a gallery. I said that a gallery carried little to no risk on the sales tax side, but I reminded him that he had not wanted to use a gallery last year for the Calder because of confidentiality reasons. He said to use the same exchange agent as before, which made sense to me because he was extremely concerned about confidentiality with the purchase of the Cezannes.

I will find out about sales tax audits and will let you know. The exchange agent has had a New York resale certificate since 2014 and has been engaged in art transactions like this since then, but I do not believe they have been audited. I will check, though, and I will also ask the Herrick lawyer if any of his clients who have done similar deals have been audited.

Best,
Heather

--

please note
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

2012 WL 257568 (C.A.2) (Appellate Brief)
United States Court of Appeals, Second Circuit.

In re: TERRORIST ATTACKS ON SEPTEMBER 11, 2001.

Nos. 11-3294-cv(L), 11-3407-cv(CON), 11-3490-cv(CON), 11-3494-cv(CON), 11-3495-cv(CON), 11-3496-cv(CON), 11-3500-cv(CON), 11-3501-cv(CON), 11-3502-cv(CON), 11-3503-cv(CON), 11-3505-cv(CON), 11-3506-cv(CON), 11-3507-cv(CON), 11-3508-cv(CON), 11-3509-cv(CON), 11-3510-cv(CON), 11-3511-cv(CON).
January 20, 2012.

On Appeal from the United States District Court for the Southern District of New York

**Appellants' Consolidated Brief with Respect to Dismissals for Failure to State a Claim and Foreign Sovereign Immunity**

Ronald L. Motley, Robert T. Haefele, Motley Rice LLC, 28 Bridgeside Boulevard, Mount Pleasant, South Carolina 29464, (843) 216-9000; Stephen A. **Cozen**, Elliott R. Feldman, Sean P. Carter, **Cozen** O'Connor, 1900 Market Street, Philadelphia, Pennsylvania 19103, (215) 665-2000, and Carter G. Phillips, Richard Klingler, Sidley Austin LLP, 1501 K Street, N.W., Washington, D.C. 20005, (202) 736-8000, Attorneys for All Plaintiffs-Appellants.

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***i Corporate Disclosure Statement**

In accordance with Federal Rule of Appellate Procedure 26.1, appellants certify as follows:

*11-3509 (Ashton v. Al Qaeda Islamic Army):*

Appellants are natural persons.

*11-3503, 11-3505, 11-3506, 11-3507 (Burnett v. Al Baraka Investment & Development Corp.):*

Appellants are natural persons.

*11-3508 (Cantor Fitzgerald & Co. v. Akida Bank Private Limited):*

Appellants Cantor Fitzgerald & Co.; Cantor Fitzgerald Securities; Cantor Fitzgerald, L.P.; C02e.com, LLC (now known as Cantor C02e, LLC); and Cantor Index Limited have no parent corporation and there is no public corporation that holds more than 10% of any of them.

Appellant eSpeed, Inc. (now known as BGC Partners, Inc.) has no parent corporation and there is no public corporation that holds more than 10% of it; BCG Partners, Inc. is publicly-held.

Appellants Cantor Fitzgerald Associates, L.P. (now known as BGC Capital Markets, L.P.); Cantor Fitzgerald Brokerage, L.P. (now known as BGC Environmental Brokerage Services, L.P.); Cantor Fitzgerald International (now known as BGC International); Cantor Fitzgerald Partners (now known as Seminole Financial); eSpeed Securities, Inc. (now ***ii** known as



HOUSE_OVERSIGHT_023361

Aqua Securities, L.P.); Tradespark, L.P; and eSpeed Government Securities, Inc. (now known as eSpeed Brokerage, L.P.) have no parent corporation; BGC Partners, Inc., a publicly-traded corporation, owns more than 10% of each of them.

The parent company of Appellant Cantor Fitzgerald Europe is Cantor Fitzgerald, L.P.; no publicly-traded corporation owns more than 10% of it. *11-3510 (Continental Cas. Co. v. Al Qaeda Islamic Army):*

Appellants Transcontinental Insurance Company, Transportation Insurance Company, National Fire Insurance Company of Hartford and American Casualty Company of Reading, Pennsylvania are wholly-owned subsidiaries of plaintiff-appellant Continental Casualty Company; plaintiff-appellant Valley Forge Insurance Company is a wholly-owned subsidiary of plaintiff-appellant American Casualty Company of Reading, Pennsylvania; and plaintiff-appellant Continental Casualty Company is a wholly-owned subsidiary of CNA Financial Corp., which is publicly traded.

*11-3294, 11-3407 (Estate of John P. O'Neill v. Republic of Iraq):*

The Estate is not a corporate entity.

***iii** *11-3496, 11-3500, 11-3501, 11-3502 (Euro Brokers, Inc. v. Al Baraka Inv. & Dev. Corp.):*

Appellant BGC Brokers US, L.P. (successor to Euro Brokers, Inc.) has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

Appellant BGC Financial, L.P. (f/k/a Maxcor Financial, Inc.) has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

BGC Financial Asset Management, Inc. (successor to Maxcor Financial Asset Management, Inc.) dissolved December 23, 2010.

Appellant BGC Information, L.P. (successor to Maxcor Information, Inc.) has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

Seminole Financial Limited (successor to Euro Brokers Ltd.) has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

Appellant Tradesoft Technologies, Inc. has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

***iv** Appellant Euro Brokers Financial Services Limited dissolved April 23, 2008.

Appellant Euro Brokers Mexico, S.A. de C.V. has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

Appellant Euro Brokers (Switzerland) S.A. has no parent corporation; BGC Partners, Inc., a publicly-traded corporation, indirectly owns more than 10% of it.

*11-3490, 11-3494, 11-3495, 11-3511 (Federal Ins. Co. v. al Qaida):*

Appellants Federal Insurance Company, Pacific Indemnity Company, Chubb Custom Insurance Company, Chubb Indemnity Insurance Company, Chubb Insurance Company of Canada, Chubb Insurance Company of New Jersey, Great Northern Insurance Company, and Vigilant Insurance Company are members of the Chubb Group of Insurance Companies. Appellants' parent organization, The Chubb Corporation, a publicly traded corporation, owns more than 10% of their stock.

Appellants One Beacon Insurance Company, One Beacon America Insurance Company, American Employers' Insurance Company, The Camden Fire Insurance Association, and Homeland Insurance Company of New York are members of the One Beacon Insurance Group. Appellants' ***v** parent organization, White Mountains Insurance Group Ltd., a publicly traded



HOUSE_OVERSIGHT_023362

corporation, owns more than 10% of their stock.

Appellant TIG Insurance Company is a member of the Fairfax Financial Group. Appellant's parent organization, Fairfax Financial Holdings Ltd, a publicly traded corporation, owns more than 10% of their stock.

Appellants American Alternative Insurance Corporation, Great Lakes Reinsurance U.K. PLC, and The Princeton Excess and Surplus Lines Insurance Company are members of the Munich Re Group. Appellants' parent organization, Muenchener Rueckversicherungs-Gesellschaft Aktienqesellschaft, a publicly traded corporation, owns more than 10% of their stock.

Appellant Allstate Insurance Company is a member of The Allstate Insurance Group. Allstate Insurance Company is wholly owned by The Allstate Corporation, a publicly traded corporation.

Appellants Boston Old Colony Insurance Company, The Continental Insurance Company, Commercial Insurance Company of Newark, NJ, CNA Casualty of California, Continental Insurance Company of New Jersey, Fidelity and Casualty Company of New York, Glens Falls Insurance Company, and National Ben Franklin Insurance Company of Illinois are ***vi** members of the CNA Insurance Companies. Appellants' parent organization, the CNA Financial Corporation, a publicly traded corporation, owns more than 10% of their stock.

Appellant Hiscox Dedicated Corporation Member, Ltd. is a member of Lloyds' Syndicate 33.

Appellants ACE American Insurance Company, ACE Capital V Ltd for itself and as representative of all subscribing underwriters for ACE Global Markets Syndicate 2488, ACE Bermuda Insurance Ltd, ACE INA (Canada), ACE Indemnity Insurance Company, ACE Insurance SA-NV, ACE Property & Casualty Insurance Company, Atlantic Employers Insurance Company, Bankers Standard Insurance Company, Indemnity Insurance Company of North America, Insurance Company of North America, Westchester Fire Insurance Company, Westchester Surplus Lines Insurance Company, and Pacific Employers Insurance Company are members of ACE INA Group. Appellants' parent organization, ACE Limited, a publicly traded corporation, owns more than 10% of their stock.

Appellant Woburn Insurance Ltd. is a captive insurance company, wholly owned by Viacom Inc.

Appellants AXA Corporate Solutions Assurance, AXA Corporate Solutions Insurance Company, AXA Corporate Solutions Assurance UK ***vii** Branch, AXA Corporate Solutions Assurance (Canada), AXA RE Asia Pacific Pte. Limited, AXA RE, AXA RE Canadian Branch, AXA RE UK Plc., AXA Corporate Solutions Reinsurance Company, AXA Art Insurance Corporation, SPS Reassurance, AXA Re Madeira Branch, Compagnie Gererale de Reinsurance de Monte Carlo, AXA Versicherung AG, AXA Cessions and AXA Global Risks UK, Ltd. are members of the AXA Group. Appellants' parent organization, AXA S.A., a publicly traded corporation, owns more than 10% of their stock

***i TABLE OF CONTENTS**


| | |
|---|---|
| Corporate Disclosure Statement | i |
| Table of Authorities | v |
| Preliminary Statement | 1 |
| Statement Of Subject Matter and Appellate Jurisdiction | 4 |
| Statement of Issues Presented for Review | 6 |
| Statement of The Case | 8 |
| Nature of the Case and Course of Proceedings | 8 |
| Disposition Below | 24 |




HOUSE_OVERSIGHT_023363

Statement Of Facts ..... 24

The Origins of al-Qaeda ..... 24

The Role of Ostensible Charities in al-Qaeda's Growth and Development ..... 28

Al-Qaeda's Collaborators in the Financial Industry ..... 42

Al-Qaeda's Additional Wealthy Financiers ..... 55

Summary of Argument ..... 59

Standard of Review ..... 62

Argument ..... 63

I. The District Court Improperly Dismissed the Anti-Terrorism Act Claims ..... 63

A. The ATA Is Construed Broadly and Readily Encompasses Defendants' Alleged Conduct ..... 64

B. The District Court Erred In Finding that Plaintiffs Failed to Plead that Defendants Knowingly or Recklessly Provided Support for Terrorism ..... 72

***ii** 1. The District Court Applied an Incorrect, Heightened Standard In Evaluating Plaintiffs' Pleadings ..... 74

*2. The District Court Understated and Ignored Plaintiffs' Extensive Pleadings Addressing Defendants' Knowing and Reckless Support of Terrorism* ..... 77

(a) Al Rajhi Bank ..... 78

(b) Saudi American Bank ..... 81

(c) Saleh Abdullah Kamel and Dallah al Baraka ..... 83

(d) Dar-Al-Maal Al Islami ("DMI") Trust ..... 86

*3. The District Court Failed to Draw Reasonable Inferences From Plaintiffs' Extensive Additional Pleadings Establishing Defendants' Knowing and Reckless Support of Terrorism* ..... 90

(a) Reasonable inference based on provision of support to al-Qaeda, a notorious terrorist organization ..... 91

(b) Reasonable inference based on provision of support to charities known to be fronts for al-Qaeda ..... 93

(c) Reasonable inference based on defendants' extensive relationship with the al-Qaeda network ..... 100

*4. The District Court Failed to Accept the Truth of the Facts Alleged* ..... 112

C. The District Court Incorrectly Disregarded Extensive Allegations of Support to al-Qaeda by Defendants Dallah al Baraka and Saleh Abdullah Kamel in the Early to Mid 1990s ..... 116

II. The District Court Improperly Dismissed The Alien Tort Statute Claims Because The Statute Encompasses Claims Based On Acts Related To International Terrorism ..... 120

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HOUSE_OVERSIGHT_023364

***iii** A. 0Plaintiffs Alleged That Defendants Violated the ATS By Intentionally Facilitating International Terrorism ..... 123

B. Acts of International Terrorism are a Violation of Customary International Law ..... 123

*1. United Nations Security Council resolutions* ..... 125

*2. International conventions* ..... 126

*3. Domestic laws of nations* ..... 128

*4. Congress and federal courts* ..... 129

C. International Terrorism Is Sufficiently Definite and of Mutual Concern to States ..... 132

III. The District Court Improperly Dismissed the Torture Victim Protection Act Claims ..... 135

IV. The District Court Improperly Dismissed the Negligence And Intentional Tort Claims ..... 139

A. The District Court Wrongly Dismissed the Negligence Claims ..... 140

B. The District Court Wrongly Dismissed the Intentional Tort Claims ..... 145

*1. Plaintiffs' Claims Are Not Time-Barred* ..... 145

*1. Plaintiffs Pleaded That Defendants Materially Supported al-Qaeda* ..... 148

*2. Defendants Who Supported al-Qaeda Through Its Network Are Liable* ..... 149

V. The Court Should Reverse The Dismissals Of NCB and the Sovereign Defendants Based Upon *Doe v. Bin Laden* ..... 151

A. The Sovereign Defendants And NCB Were Dismissed Under *Terrorist Attacks III* ..... 152

B. *Doe* Overruled *Terrorist Attacks III* ..... 154

***iv** C. The Court Should Reverse the Dismissals of the Sovereign Defendants and NCB and Remand For Jurisdictional Discovery ..... 155

Conclusion ..... 156

Certificate Of Compliance Pursuant to FRAP 32(a)(7)(A) ..... 160

## *v TABLE OF AUTHORITIES

**Cases**

*Abdullahi v. Pfizer, Inc.*, 130 S. Ct. 3541 (2010) ..... 124

*Abdullahi v. Pfizer, Inc.*, 562 F.3d 163 (2d Cir. 2009) ..... 124, 136, 137

*Abecassis v. Wyatt*, 785 F. Supp. 2d 614 (S.D. Tex. 2011) ..... 68, 71, 101, 118



HOUSE_OVERSIGHT_023365

*Abrahams v. Young & Rubicam Inc.*, 79 F.3d 234 (2d Cir. 1996) ..... 66

*Ahern v. Cnty. of Nassau*, 118 F.3d 118 (2d Cir. 1997) ..... 158

*Al Alwi v. Obama*, 653 F.3d 11 (D.C. Cir. 2011) ..... 111, 112

*Al-Adahi v. Obama*, 131 S. Ct. 1001 (2011) ..... 103

*Al-Adahi v. Obama*, 613 F.3d 1102 (D.C. Cir. 2010) ..... passim

*Al-Bihani v. Obama*, 131 S. Ct. 1814 (2011) ..... 111

*Al-Bihani v. Obama*, 590 F.3d 866 (D.C. Cir. 2010) ..... 111, 112

*Almog v. Arab Bank, PLC*, 471 F. Supp. 2d 257 (E.D.N.Y. 2007) ..... 100, 131, 132, 136

*Amaker v. N.Y. State Dep't of Corr. Servs.*, 435 F. App'x 52 (2d Cir. 2011) ..... 65

*Arndt v. UBS AG*, 342 F. Supp. 2d 132 (E.D.N.Y. 2004) ..... 138

*Ashcroft v. Iqbal*, 129 S. Ct. 1937 (2009) ..... passim

*Aziz v. Alcolac, Inc.*, 658 F.3d 388 (4th Cir. 2011) ..... 103, 0109, 116, 140

*Balt. & Potomac R.R. v. Fifth Baptist Church*, 108 U.S. 317 (1883) ..... 140

*Boim v. Holy Land Foundation for Relief and Development*, 549 F.3d 685 (7th Cir. 2008) ..... passim

*Boim v. Quranic Literacy Inst. & Holy Land Found. for Relief and Dev.*, 291 F.3d 1000 (7th Cir. 2002) ..... 67, 71, 78

*Bougher v. Univ. of Pittsburgh*, 882 F.2d 74 (3d Cir. 1989) ..... 149

*Bovsun v. Sanperi*, 61 N.Y.2d 219 (1984) ..... 147

*Bowoto v. Chevron Corp.*, 621 F.3d 1116 (9th Cir. 2010) ..... 140

***vi** *Brentwood Acad. v. Tenn. Secondary Sch. Athletic Ass'n*, 531 U.S. 288 (2001) ..... 141

*Calder v. Jones*, 465 U.S. 783 (1984) ..... 15

*Carpenter v. Republic of Chile*, 610 F.3d 776 (2d Cir. 2010) ..... 16

*Carter v. Barry*, 468 F.2d 821 (2d Cir. 1972) ..... 158

*Chambers v. Time Warner, Inc.*, 282 F.3d 147 (2d Cir. 2002) ..... 65



HOUSE_OVERSIGHT_023366

*Clinton v. City of New York*, 524 U.S. 417 (1998) ..... 94, 141

*Doe v. Bin Laden*, 663 F.3d 64, 2011 U.S. App. Lexis 22516 (2d Cir. 2011) ..... passim

*Ex parte Quirin*, 317 U.S. 1 (1942) ..... 126

*Federal Ins. Co. v. Kingdom of Saudi Arabia*, 129 S. Ct. 2859 (2009) ..... 16

*Federal Ins. Co. v. Kingdom of Saudi Arabia*, 2009 WL 1539068 (2009) ..... iii, 15

*Filartiga v. Pena-Irala*, 630 F.2d 876 (2d Cir. 1980) ..... 126

*Fin. One Pub. Co. v. Lehman Bros. Special Fin., Inc.*, 414 F.3d 325 (2d Cir. 2005) ..... 148

*Flores v. S. Peru Copper Corp.*, 414 F.3d 233 (2d Cir. 2003) ..... 126, 137

*Foster v. Auburn Univ.*, No. 11-CV-503, 2011 U.S. Dist. LEXIS 141056 (M.D. Ala. Dec. 8, 2011) ..... 100

*Frontera Res. Azer. Corp. v. State Oil Co. of the Azer. Rep.*, 582 F.3d 393 (2d Cir. 2009) ..... 23, 156

*Goldberg v. UBS AG*, 660 F. Supp. 2d 410 (E.D.N.Y. 2009) .. 101, 153

*Hamilton v. Beretta U.S.A. Corp.*, 96 N.Y.2d 222 (2001) ..... 143, 146

*Holder v. Humanitarian Law Project*, 130 S. Ct. 2705 (2010) ..... 68, 71, 72

*Holmes v. Lorch*, 329 F. Supp. 2d 516 (S.D.N.Y. 2004) ..... 148

*In re Chiquita Brands Int'l, Inc.*, 690 F. Supp. 2d 1296 (S.D. Fla. 2010) ..... 99

*In re Issuer Plaintiff Initial Pub. Offering Antitrust Litig.*, 00 CTV 7804 (LMM), 2004 WL 487222 (S.D.N.Y. Mar. 12, 2004) ..... 150

***vii** *In re Terrorist Attacks on September 11, 2001*,349 F. Supp. 2d 765 (S.D.N.Y 2005) ..... passim

*In re Terrorist Attacks on September 11, 2001*, 392 F. Supp. 2d 539 (S.D.N.Y 2005) ..... passim

*In re Terrorist Attacks on September 11, 2001*, 462 F. Supp. 2d 561 (S.D.N.Y. 2006) ..... passim

*In re Terrorist Attacks on September 11, 2001*, 464 F. Supp. passim



HOUSE_OVERSIGHT_023367

2d 335 (S.D.N.Y. 2006) .....

*In re Terrorist Attacks on September 11, 2001*, 538 F.3d 71 (2d Cir. 2008) ..... passim

*In re Terrorist Attacks on September 11, 2001*, 718 F. Supp. 2d 456 (S.D.N.Y. 2010) ..... passim

*In re Terrorist Attacks on September 11, 2001*, 740 F. Supp. 2d 494 (S.D.N.Y. 2010) ..... passim

*Johnson v. Nyack Hosp.*, 86 F.3d 8 (2d Cir. 1996) ..... 150

*Kadic v. Karadzic*, 70 F.3d 232 (2d Cir. 1996) ..... 125

*Khulumani v. Barclay Nat'l Bank. Ltd.*, 504 F.3d 254 (2d Cir. 2007) ..... 139

*Linde v. Arab Bank, PLC*, 384 F. Supp. 2d 571 (E.D.N.Y. 2005) ..... 71, 81

*Luddeke v. Amana Refrigeration, Inc.*, 387 S.E.2d 502 (Va. 1990) ..... 149

*Matson v. Bd. of Educ. of the City Sch. Dist. of N.Y.*, 631 F.3d 57 (2d Cir. 2011) ..... 92, 115, 116, 147

*Mohamad v. Rajoub*, 132 S. Ct. 454 (2011) ..... 98, 139, 140, 141

*Murphy v. Islamic Republic of Iran*, 740 F. Supp. 2d 51 (D.D.C. 2010) ..... 141

*Nat'l Council of Resistance of Iran v. Dep't of State*, 373 F.3d 152 (D.C. Cir. 2004) ..... 118, 153

*Neumeier v. Kuehner*, 286 N.E.2d 454 (N.Y. 1972) ..... 148

*Redding v. Edwards*, 569 F. Supp. 2d 129 (D.D.C. 2008) ..... 100

*Rivera v. Heyman*, 157 F.3d 101 (2d Cir. 1998) ..... 158

*Salahi v. Obama*, 625 F.3d 745 (D.C. Cir. 2010) ..... 103, 111, 113, 114

*Samantar v. Yousuf, et al.*, 130 S. Ct. 2278 (2010) ..... 16

***viii** *Schneberger v. Wheeler*, 859 F.2d 1477 (11th Cir. 1988) ..... 100

*Sickles v. Montgomery Ward & Co.*, 167 N.Y.S.2d 977 (N.Y. Sup. Ct. 1957) ..... 145

*Sinaltrainal v. Coca-Cola Co.*, 578 F.3d 1252 (11th Cir. 2009) ..... 139

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HOUSE_OVERSIGHT_023368

*Sosa v. Alvarez-Machain*, 542 U.S. 692 (2004) ..... 124, 133, 136

*Splawnik v. DiCaprio*, 540 N.Y.S.2d 615 (N.Y. App. Div. 1989) ..... 144

*Strauss v. Credit Lyonnais, S.A.*, No. CV-06-0702, 2006 U.S. Dist. LEXIS 72649 (E.D.N.Y. Oct. 5, 2006) ..... 101

*Sys. v. Masterson Mktg.*, No. 11-CV-695, 2011 U.S. Dist. LEXIS 135216 (S.D. Cal. Nov. 23, 2011) ..... 100

*Thorpe v. Housing Auth.*, 393 U.S. 268 (1969) ..... 158

*U.S. Bank Nat'l Ass'n v. Verizon Commc'ns, Inc.*, No. 10-CV-1842, 2011 U.S. Dist. LEXIS 106657 (N.D. Tex. Sept. 19, 2011) ..... 100

*Ungar v. Palestine Liberation Org.*, 402 F.3d 274 (1st Cir. 2005) ..... 141

*United States v. Augustin*, 661 F.3d 1105 (11th Cir. 2011) ..... 100

*United States v. Bahlul*, No. 09-001, 2011 U.S. CMCR LEXIS 3 (CMCR Sept. 9, 2011) ..... passim

*United States v. Bin Laden, et al.*, 397 F. Supp. 2d 465 (S.D.N.Y. 2005) ..... 47

*United States v. El-Mezain*, No. 09-1560, 2011 U.S. App. LEXIS 24216 (5th Cir. Dec. 7, 2011) ..... 100

*United States v. Hamdan*, 801 F. Supp. 2d 1247 (CMCR 2011) ..... 131, 132, 137

*United States v. Kassir*, No. 09-CR-356, 2009 U.S. Dist. LEXIS 83075 (S.D.N.Y. Sept. 11, 2009) ..... 101

*United States v. Smith*, 18 U.S. 153 (1820) ..... 136

*United States v. Yousef*, 327 F.3d 56 (2d Cir. 2003) ..... passim

*United States v. Yunis*, 924 F.2d 1086 (D.C. Cir. 1991) ..... 125

*Uthman v. Obama*, 637 F.3d 400 (D.C. Cir. 2011) ..... 111, 113, 114

*Weiss v. Nat'l Westminster Bank PLC*, 453 F. Supp. 2d 609 (E.D.N.Y. 2006) ..... passim

***ix** *Wultz v. Islamic Republic of Iran*, 755 F. Supp. 2d 1 (D.D.C. 2010) ..... passim

*Yeadon v. New York Transit Auth.*, 719 F. Supp. 204 (S.D.N.Y. 1989) ..... 150

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HOUSE_OVERSIGHT_023369

**Statutes, Rules, and Regulations**


10 U.S.C. § 950v(b)(24) ..... 133

10 U.S.C. § 950v(b)(25)(A) ..... 133

18 U.S.C. § 2332B ..... 70

18 U.S.C. § 2333 ..... 65

18 U.S.C. § 2333(a) ..... 69

18 U.S.C § 2339A ..... 70, 100, 134

18 U.S.C. § 2339B ..... 68, 70, 78, 100

18 U.S.C. § 2339C ..... 70, 134

28 U.S.C. § 1350 ..... 5, 7, 123, 138

42 Pa. Consol. Stat. § 5524(1) ..... 149

42 Pa. Consol. Stat. § 5524(7) ..... 149

Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. No. 104-132, § 301(a)(7), 110 Stat. 1214 (1996) ..... 68

Fed. R. Civ. P. 8(a)(2) ..... 76

N.Y. C.P.L.R. 215(3) ..... 148


**Other Authorities**


Interlocutory Decision on the Applicable Law: Terrorism, Conspiracy, Homicide, Perpetration, Cumulative Charges, 50 I.L.M. 513, 536 (Spec. Trib. For Leb. July 2011) ..... 130, 131

International Convention for the Suppression of the Financing of Terrorism (Dec. 9, 1999) ..... 130

Restatement (Second) of Torts (1965), § 390 ..... 144

S. Rep. No. 102-249 (1991) ..... 142

S.C. Res. (Oct. 8, 2004) ..... 129

*x S.C. Res. 1189, U.N. Doc. S/RES/1189 (Aug. 13, 1998) ..... 127

S.C. Res. 1214, U.N. Doc. S/RES/1214 (Dec. 8, 1998) ..... 128

S.C. Res. 1373 (Sept. 28, 2001) ..... 128

S.C. Res. 1377 (Nov. 12, 2001) ..... 128


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***1 Preliminary Statement**

Plaintiffs-Appellants are family members of the nearly 3,000 people killed in the September 11, 2001 terrorist attacks; thousands of individuals who were severely injured as a result of the attacks; and commercial entities that incurred billions of dollars of property damage and other losses as a result of the attacks (collectively "the September 11th plaintiffs" and/or "plaintiffs"). Consistent with the rights conferred upon them by the Anti-Terrorism Act (ATA), Torture Victim Protection Act (TVPA), Alien Tort Statute (ATS), and long-standing principles of common law concerted action liability, plaintiffs brought these lawsuits, which were consolidated below by the Judicial Panel on Multi-District Litigation, to hold accountable the charities, financial institutions, individuals and other parties that knowingly provided material support or resources to al-Qaeda for more than a decade before September 11, 2001, and thereby provided al-Qaeda with the means to successfully conceive, plan, coordinate, and carry out the September 11th Attacks. The district court dismissed plaintiffs' claims against five defendants-appellees ("Defendants") pursuant to Fed.R.Civ.P. 12(b)(6), holding that, despite the existence of remedies specifically designed for victims of terrorist attacks, plaintiffs ***2** were entitled to seek *no* relief against those who had supported, conspired with, and/or aided and abetted al-Qaeda in carrying out the worst terrorist attack ever to take place on American soil.[1] This Court should reverse the district court's rulings with respect to these Defendants -- Al Rajhi Banking & Investment Corp. ("Al Rajhi Bank"), Saudi American Bank, Saleh Abdullah Kamel, Dallah al Baraka, and Dar-Al-Maal Al Islami ("DMI") Trust -- because the pleadings sufficiently allege that each of these Defendants knowingly provided material support and resources to al Qaeda in the years leading up to the September 11th Attacks, so that each of them is properly held accountable under the ATA, the TVPA, RICO, the ATS, and/or the common law.

Taken collectively, the facts and allegations contained in the plaintiffs' complaints, RICO and More Definite Statements, and extrinsic materials formed a vast record, spanning literally tens of thousands of ***3** pages. Evaluated in a manner consistent with the standards of review for motions addressed to the adequacy of pleadings, the vast record presented by plaintiffs to the district court established that plaintiffs' allegations were sufficient to state claims against the Defendants under the ATA and other relevant causes of action.

In the face of these extraordinarily detailed and supported pleadings, which more than satisfied the requirements of Rule 8, the district court nonetheless held plaintiffs to an improper *heightened* pleading standard, specially applicable to cases involving allegations of terrorism. Nothing in the Federal Rules of Civil Procedure, and no precedent of this Court or any other of which plaintiffs are aware, authorized this heightened standard, nor is such a heightened standard appropriate for plaintiffs who have suffered such grievous injuries or for defendants who are alleged to have committed such heinous acts.

The district court also ignored the wealth of details provided by plaintiffs in their supplemental filings, failed to credit the allegations in the pleadings, and failed to draw inferences in the plaintiffs' favor. The court also misconstrued the scope of the Alien Tort Statute, under the erroneous belief that acts of international terrorism do not, in and of themselves, ***4** violate the "laws of nations" unless they involve the hijacking of an airplane. The court also applied the wrong statute of limitations to certain of plaintiffs' claims and misconstrued the scope of the TVPA. The combination of these errors resulted in the dismissal of all of plaintiffs' claims against some of the most significant financial institutions that provided knowing support to al-Qaeda, enabling it to train the September 11 hijackers and plan and carry out the attacks. And, in dismissing three Defendants on the basis of sovereign immunity, the district court applied a decision of this Court that has since been overruled.

This Court should reverse the judgment of the district court and hold that plaintiffs may pursue their claims against these financial sponsors of terrorism.

**Statement Of Subject Matter and Appellate Jurisdiction**

The United States District Court for the Southern District of New York had subject matter jurisdiction over these actions pursuant to 28 U.S.C. § 1330, 1331, 1332, 1350, 1367, 1407, and 1605, 18 U.S.C. §§ 1964 and 2338, and 49 U.S.C. §40101.



HOUSE_OVERSIGHT_023371

Plaintiffs assert claims under the Anti-Terrorism Act, 18 U.S.C. §§ 2331 *et seq.*, and under the Racketeer-Influenced and Corrupt Organizations ("RICO") statute, ***5** 18 U.S.C. §§ 1962 *et seq.*, which conferred jurisdiction on the district court through the specific grants of jurisdiction applicable to each statute and pursuant to 28 U.S.C. § 1331. In some of the underlying cases, plaintiffs and defendants were diverse, in that defendants were citizens of foreign states or of states different from the states in which plaintiffs were citizens. Plaintiffs who are not U.S. persons assert claims for violations of international law, over which the district court had jurisdiction pursuant to the Alien Tort Statute, 28 U.S.C. § 1350. The district court further had supplemental jurisdiction over plaintiffs' common law claims pursuant to 28 U.S.C. § 1367. Where defendants claimed immunity under the Foreign Sovereign Immunities Act and plaintiffs asserted the application of one or more exceptions to immunity, the court had jurisdiction pursuant to 28 U.S.C. §§ 1330 & 1605. In addition, actions originally filed in other jurisdictions were transferred to the Southern District of New York by the Judicial Panel on Multidistrict Litigation pursuant to 28 U.S.C. § 1407.

This Court has appellate jurisdiction of this matter pursuant to 28 U.S.C. § 1291. The district court dismissed defendants in this case in six orders dated January 18, 2005 (*In re Terrorist Attacks on September 11, 2001*, 349 F. Supp. 2d 765 ("*Terrorist Attacks*") (S.D.N.Y 2005)); September ***6** 21, 2005 (*In re Terrorist Attacks on September 11, 2001*, 392 F. Supp. 2d 539 ("*Terrorist Attacks II*") (S.D.N.Y 2005)); November 20, 2006 (*In re Terrorist Attacks on September 11, 2001*, 462 F. Supp. 2d 561 ("*SAMBA I*") (S.D.N.Y. 2006)); December 14, 2006 (*In re Terrorist Attacks on September 11, 2001*, 464 F. Supp. 2d 335 ("*DMI-Kamel*") (S.D.N.Y. 2006)); June 17, 2010 (*In re Terrorist Attacks on September 11, 2001*, 718 F. Supp. 2d 456 ("*Terrorist Attacks IV*") (S.D.N.Y. 2010)); and September 13, 2010 (*In re Terrorist Attacks on September 11, 2001*, 740 F. Supp. 2d 494 ("*Terrorist Attacks V*") (S.D.N.Y. 2010)).[2] Additional defendants remain in the case, which is still pending below. On July 14, 2011, the district court entered a partial final judgment pursuant to Rule 54(b) of the Federal Rules of Civil Procedure in favor of 75 defendants dismissed in those four orders, including each of the appellees. Plaintiffs timely filed their notices of appeal on August 9, 2011, August 10, 2011, and August 11, 2011.

## Statement of Issues Presented for Review

1. Whether plaintiffs' allegations, accepted as true and with all reasonable inferences drawn from them in plaintiffs' favor, constitute a ***7** *prima facie* showing that each of five defendants, for purposes of 18 U.S.C. § 2333, knew that or recklessly disregarded whether al-Qaeda was the recipient of the financial and other support each defendant was providing to al-Qaeda.

2. Whether, for purposes of claims asserting violations of "the law of nations" under the Alien Tort Statute, 28 U.S.C. § 1350, such violations include acts of international terrorism or are limited to the hijacking of commercial airplanes.

3. Whether claims arising under the Torture Victim Protection Act, 28 U.S.C. § 1350 note, can be asserted against defendants who are not natural persons, including corporations and other legal entities.

4. Whether plaintiffs' allegations, accepted as true and with all reasonable inferences drawn from them in plaintiffs' favor, constitute a *prima facie* showing that defendants who provided material support to al-Qaeda owed a duty of care, in relation to negligence claims, to victims of an al-Qaeda attack in the United States.

5. Whether plaintiffs' intentional tort claims related to the September 11, 2001 attacks in Virginia and Pennsylvania are subject to New York's one-year statute of limitations.

***8** 6. Whether plaintiffs' intentional tort claims related to the September 11, 2001 attacks in New York, Virginia, and Pennsylvania are subject to equitable tolling even if subject to New York's one-year statute of limitations.

7. Whether the dismissals of three defendants, based on a decision of this Court construing 28 U.S.C. § 1605(a)(5), should be vacated because this Court has overruled that earlier decision since the filing of notices of appeals.

## Statement of The Case

### Nature of the Case and Course of Proceedings



HOUSE_OVERSIGHT_023372

On September 11, 2001, members of the al-Qaeda[3] terrorist organization hijacked four commercial airliners and used those planes as weapons in a coordinated attack on the United States ("the September 11th Attacks"). The September 11th Attacks were the culmination of a campaign to wage jihad against the United States, set in motion with the formation of al-Qaeda in 1988 and made possible by the massive financial, logistic, and material support provided to al-Qaeda by its collaborators and ***9** sympathizers over a period of many years. That support allowed al-Qaeda to build the global infrastructure necessary to plan and conduct the September 11th Attacks.

Through their suits, plaintiffs seek to hold accountable the states, purported charities, banks, organizations and individuals who knowingly provided material support or resources to al-Qaeda, thereby making the September 11th Attacks possible. Plaintiffs' complaints assert claims under the Anti-Terrorism Act, Alien Tort Statute, Torture Victim Protection Act, and common law theories of concerted action liability. Plaintiffs initiated their respective actions between August 15, 2002 and September 2, 2004.

In presenting their substantive claims and theories of jurisdiction against the defendants, and in responding to the various motions to dismiss, plaintiffs offered detailed factual allegations in their respective complaints concerning the origins of al-Qaeda, the vast infrastructure that fueled that organization's growth and development, and al-Qaeda's systematic and public targeting of the United States and its citizens beginning in 1988. JA3775-78.[4] Within this broader framework, the ***10** pleadings described the particular character of the defendants' collaboration with al-Qaeda, and the nature of the material support and resources they provided to al-Qaeda in furtherance of its jihad against the United States. JA3602-3728, 3778-3876.

Plaintiffs in virtually all cases later filed one or more amended complaints, and numerous RICO Statements and/or More Definite Statements as to individual defendants, which served to amend their respective complaints.[5] Those supplemental pleadings offered additional details concerning the individual defendants' roles in supporting al-Qaeda, based largely on the flow of new evidence and information uncovered as a result of the intensive investigations initiated following the September 11th Attacks concerning the sources of al-Qaeda's vast financial and logistical support.

On December 9, 2003, the Judicial Panel on Multidistrict Litigation issued an order transferring the *Burnett* action from the District of Columbia to the Southern District of New York and consolidating all then-indicated, citations to the record refer to the docket numbers on the MDL 1570 docket sheet. ***11** pending cases against al-Qaeda's material sponsors and supporters arising from the September 11th Attacks. The September 11th MDL was assigned to Judge Richard Casey, who presided over the consolidated proceedings until his death on March 22, 2007. On April 20, 2007, the September 11th MDL was re-assigned to Judge George Daniels, who has since presided over the trial court proceedings.

Between 2002 and 2005, approximately 100 defendants entered appearances in the cases comprising the September 11th MDL and, with one exception, moved to dismiss the claims against them. In general terms, the defendants' motions sought dismissal principally under one or more of the following theories: (1) lack of subject matter jurisdiction under the Foreign Sovereign Immunities Act (FSIA); (2) lack of personal jurisdiction; and/or (3) failure to state a claim.

In response to defendants' motions seeking dismissal for lack of personal jurisdiction and/or subject matter jurisdiction and under the Foreign Sovereign Immunities Act (FSIA), plaintiffs supplemented their already detailed allegations record relevant to those jurisdictional disputes through extrinsic information and evidence filed in support of their oppositions to the Defendants' motions to dismiss. These materials ***12** included, *inter alia*, governmental and intelligence reports, documents released in response to Defendants' Freedom of Information Act (FOIA) requests, U.S. filings in criminal trials, Congressional testimony, analyses authored by counterterrorism experts and think tanks, Treasury Department statements concerning designations of terror sponsors and supporters pursuant to Executive Order 13224, as well as relevant public reporting.

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HOUSE_OVERSIGHT_023373

On January 18, 2005, Judge Casey issued his decision in *Terrorist Attacks I*, dismissing claims against, *inter alia*, the Kingdom of Saudi Arabia and several Saudi Princes on sovereign immunity and personal jurisdiction grounds. Judge Casey held that the FSIA protected the Princes from claims arising from actions undertaken in their official capacities. SPA25. The decision also dismissed claims against Al Rajhi Bank in the *Burnett* action for failure to state a claim, a ruling that was then extended to the remaining MDL cases by Order dated May 5, 2005. SPA57, 2548-51.

On September 21, 2005, Judge Casey issued a second opinion, *Terrorist Attacks II*, dismissing claims in certain of the MDL cases against two additional Saudi Princes, again on FSIA and personal jurisdiction grounds, as well as claims against the Saudi High Commission for Relief of ***13** Bosnia & Herzegovina (SHC), a purported charity operating as an alter-ego of the Saudi government, also under the FSIA. SPA76-77, 81, 98.

On December 16, 2005, the district court certified as final pursuant to Rule 54(b) its orders of January 18, 2005, May 5, 2005, and September 21, 2005 with respect to the Kingdom, Princes, SHC, and several other defendants, but not as to Al Rajhi Bank. Docket # 1554.

Plaintiffs filed appeals as to the dismissals of the Kingdom, five Princes and SHC, and a panel of this Court issued a decision concerning those appeals on August 14, 2008. *Terrorist Attacks III*, 538 F.3d 71. Affirming the dismissals of the Kingdom and SHC, the Panel held that tort claims against foreign states for injuries resulting from a terrorist attack on U.S. soil may not be brought under the FSIA's non-commercial torts exception, 28 U.S.C. §1605(a)(5), but must instead be brought exclusively under the FSIA's so-called State Sponsor of Terrorism exception, 28 U.S.C. §1605A. *Id.* at 80-86. Because Saudi Arabia is not a designated State Sponsor of Terrorism, the Panel deemed the Kingdom and SHC immune from the September 11th plaintiffs' tort claims. *Id.* In also affirming dismissals of four of the Princes for conduct undertaken in their official capacities, the Panel ruled that individual foreign officials are entitled to ***14** the protections of the FSIA. *Id.* at 90-92. Finally, the Panel affirmed the dismissals of all five Princes for claims arising from their personal, nongovernmental activities, holding that the exercise of personal jurisdiction over them for the claims as pled would not comport with due process. *Id.* at 93-95.

Plaintiffs thereafter sought review by the U.S. Supreme Court of each of these three principal holdings. In response to a request from the Supreme Court, the United States filed an amicus brief on May 29, 2009, expressing its views that this Court's reasoning was flawed with respect to each of the holdings. Br. for the United States, *Federal Ins. Co. v. Kingdom of Saudi Arabia*, 2009 WL 1539068 (2009). With regard to the decision's due process analysis, the United States stated "[i]t is unclear precisely what legal standard the court of appeals applied in affirming the district court's holding that it lacked personal jurisdiction over the Princes for their personal actions .... To the extent the court of appeals' language suggests that a defendant must specifically intend to cause injury to residents in the forum before a court there may exercise jurisdiction over him, that is incorrect. It is sufficient that the defendant took 'intentional * * * tortious, actions' and 'knew that the brunt of th[e] injury would be felt' in the ***15** foreign forum." *Id.* at *19, (*quoting Calder v. Jones*, 465 U.S. 783, 789-790 (1984)). Even so, the United States argued that the questions presented by the Petition did not warrant review by the Court. *Id.* at *22. The Supreme Court denied the petition for review. *Federal Ins. Co. v. Kingdom of Saudi Arabia*, 129 S. Ct. 2859 (2009).

A few months later, the Supreme Court accepted review of another case raising the applicability of the FSIA to claims against individual foreign officials and unanimously held that the FSIA does not apply to individual officials of foreign states. *Samantar v. Yousuf, et al.*, 130 S. Ct. 2278 (2010). This Court subsequently acknowledged that *Samantar* "abrogated [*Terrorist Attacks III*] insofar as it held FSIA applied to individual officials." *Carpenter v. Republic of Chile*, 610 F.3d 776 (2d Cir. 2010).

Throughout the course of the prior appeals to this Court and related proceedings before the Supreme Court, approximately 90 initial Rule 12 motions remained pending before the district court. Following *Terrorist Attacks III*, the district court directed the parties to submit supplemental briefs concerning the import of that decision to the remaining motions to ***16** dismiss, as well as lists identifying those defendants' motions as to which the holdings in *Terrorist Attacks III* were dispositive.

In their submissions, plaintiffs conceded that *Terrorist Attacks III* was dispositive as to the immunity defenses asserted by the Saudi Red Crescent Society (SRC) and Saudi Joint Relief Committee for Kosovo and Chechnya (SJRC), two purported charity alter-egos of the Kingdom. As *Terrorist Attacks III* purported to resolve the entitlement of only *senior* foreign officials to FSIA immunity, plaintiffs asserted that the import of that holding as to the immunity defenses asserted by several



HOUSE_OVERSIGHT_023374

remaining defendants, who allegedly held more junior positions in foreign governments, was unclear. Struggling to interpret the precise meaning of *Terrorist Attacks III's* personal jurisdiction holding, plaintiffs submitted that the decision could be interpreted as drawing a distinction between direct and indirect support of terrorism for due process purposes, and that *Terrorist Attacks III* should not be read to allow defendants with direct ties to al-Qaeda to evade jurisdiction. Plaintiffs expressly reserved their right to argue on appeal that, among other things, a rule immunizing indirect sponsors of terrorism from the jurisdiction of U.S. courts for injuries ***17** suffered in the United States on due process grounds is incorrect and inconsistent with controlling precedent.

For their part, the defendants asserted that *Terrorist Attacks III* should be read to require, for purposes of due process, a showing that the defendant "intentionally provided funding to support the September 11 attacks against the United States." R.2140, 1-2, 13.

On February 4, 2009, plaintiffs filed a Notice of Supplemental Authority bringing to the district court's attention the Seventh Circuit's decision in *Boim v. Holy Land Foundation for Relief and Development*, 549 F.3d 685, 693 (7th Cir. 2008 (en banc) (*Boim III*). R. 2156. In its decision, the Seventh Circuit comprehensively discussed the substantive liability standards governing civil claims under the ATA, and the findings and policies that prompted the Legislative and Executive Branches to establish a civil cause of action for the benefit of terror victims against material sponsors and supporters of terrorism. The *Boim III* court held that liability under the ATA extends to any person who knowingly or recklessly provided material support or resources to the terrorist organization responsible for the plaintiff's injuries, whether directly or indirectly, and that a plaintiff in an ATA case need not allege any specific or temporal link ***18** between the defendant's support and the attack producing the plaintiff's injury. *Id.* at 688-702.

On June 17, 2010, Judge Daniels issued an opinion, *Terrorist Attacks IV*, resolving the motions to dismiss of thirty-seven defendants, and holding that thirty-six of those defendants were entitled to dismissal for lack of personal jurisdiction. SPA152-211. The defendants dismissed through that decision included Appellees Abdullah bin Laden, Bakr bin Laden, Omar bin Laden, Tariq bin Laden, Yeslam bin Laden, Dallah Avco Trans-Arabia Co. Ltd. (Dallah Avco), DMI Administrative Services, Faisal Islamic Bank, Saleh al Hussayen, Yousef Jameel, Abdulrahman bin Mahfouz, Khaled bin Mahfouz, National Commercial Bank (NCB), Abdullah al Obeid (Obeid), Abdullah al Rajhi, Saleh al Rajhi, Suleiman al Rajhi, Schreiber & Zindel Treuhand Anstalt, Frank Zindel, Engelbert Schreiber, Sr., Engelbert Schreiber, Jr., Al Shamal Islamic Bank (Shamal), Abdul Rahman al Swailem (Swailem), Tadamon Islamic Bank (Tadamon), Abdullah Muhsen al Turki (Turki), Martin Wachter, Erwin Wachter, Sercor Treuhand Anstalt, and Asat Trust (Asat).

Generally, the district court predicated the dismissals of those Appellees on its conclusions that: (1) a defendant's indirect funding of al- ***19** Qaeda through a charitable intermediary "is, under controlling Second Circuit law, of no jurisdictional import," *see* SPA196; or (2) plaintiffs were required, but failed, to present allegations and facts sufficient to demonstrate the defendant's "specific intent that [his support for al-Qaeda] be used to aid al-Qaeda in the commission of a terrorist attack against the United States, *see* SPA197. In certain cases, the district court went further, appearing to require allegations or facts (or even evidence) directly linking the defendant to the September 11th Attacks. *See* SPA194.

On September 13, 2010, Judge Daniels issued another decision concerning the motions to dismiss for lack of personal jurisdiction of an additional seven defendants, and thirty-three defendants' motions to dismiss for failure to state a claim. SPA214-253 (*Terrorist Attacks V*, 740 F. Supp. 2d 494). The district court granted the motions of all seven defendants seeking dismissal for lack of personal jurisdiction, thereby dismissing Appellees Abdullah Naseef (Naseef), Sulaiman al-Ali (Ali), Adnan Basha (Basha), Jamal Khalifa (Khalifa), Aqeel Al-Aqeel (Aqeel), Yassin al Kadi (al Kadi), and Soliman al-Buthe (al-Buthe). SPA217-227. The reasoning in support of those dismissals generally followed that offered by the district court relative to the dismissals in *Terrorist Attacks* ***20** *TV*. As a component of its rulings dismissing two of the defendants-Appellees, the district court specifically held that a defendant's "terrorist designation" by the U.S. government for sponsoring al-Qaeda is insufficient to confer personal jurisdiction, *Terrorist Attacks V*, 740 F. Supp. 2d at 508, and that a defendant's status as "a key al Qeda operative" and direct participation in several al-Qaeda plots and attacks other than **9/11** was insufficient to establish jurisdiction absent an allegation that he "played any role in the **9/11** terrorist attacks" or "had authority to steward the direction of al-Qaeda's terrorist operation." SPA223. *Terrorist Attacks* Valso granted motions to dismiss for failure to state a claim, under the Anti-Terrorism Act, of Appellees Dar al-Maal-al Islami Trust (DMI Trust), Saleh Abdullah Kamel (Kamel), and al Baraka Investment and Development Corp (al Baraka). The dismissal was primarily based on the conclusion that plaintiffs did not adequately allege that those defendants knew, or recklessly disregarded, that



HOUSE_OVERSIGHT_023375

the recipients of their support advanced al-Qaeda's activities -- despite plaintiffs' detailed pleading of defendants' extensive dealings with al-Qaeda and its network of supporting entities. The Court also granted particular defendants' motions ***21** to dismiss claims predicated on the Torture Victims' Protection Act, the Alien Tort Statute, RICO, and common law causes of action.

On October 7, 2010, the parties jointly requested that the district court enter Rule 54(b) final judgments in favor of all defendants dismissed through *Terrorist Attacks IV* and *Terrorist Attacks V*, as well as with respect to dismissals effectuated through the *Terrorist Attacks I* and *Terrorist Attacks II* decisions, to the extent not within the scope of the January 10, 2006 Rule 54(b) judgment. Seventy-five defendants fell within the scope of that joint request.

The district court granted the parties' joint request for entry of Rule 54(b) judgments on July 13, 2011, and the clerk of court entered final judgment in favor of the seventy-five defendants pursuant to Rule 54(b) on July 14, 2011. Plaintiffs in all actions filed timely Notices of Appeal as to all Rule 54(b) defendants within the scope of their respective actions.

Following the filing of plaintiffs' Notices of Appeal, this Court issued its decision in *Doe v. Bin Laden*, 663 F.3d 64, 2011 U.S. App. Lexis 22516 (2d Cir. 2011) (per curiam), another of the cases comprising the September 11th MDL. In *Doe*, the Court held that the FSIA's "terrorism exception, rather than limiting the jurisdiction conferred by the noncommercial tort ***22** exception, provides an *additional* basis for jurisdiction." *Id*. at *19 (emphasis added). Therefore, the Court concluded, "the noncommercial tort exception [§ 1605(a)(5)] can be a basis for a suit arising from the terrorist acts of September 11, 2001." *Id*. The Court remanded the case against Afghanistan for jurisdictional discovery. *Id*. at *20-21.

The Court recognized that its holding conflicted with and abrogated the prior panel's decision in *Terrorist Attacks III*, and noted that the Circuit had employed its mini-en *banc* procedure, whereby the new decision had been circulated to all active judges and had received no objections, including from members of the panel that decided *Terrorist Attacks III. Id*. at *19-20 n.10. *Doe*, therefore, is now the law of this Circuit, and *Terrorist Attacks Ill's* holding regarding § 1605(a)(5) has been overruled. *See Frontera*, 582 F.3d at 400 (applying the mini-en *banc* process and holding that "to the extent that" an earlier opinion "conflicts with our holding today ... it is overruled").

In light of *Doe*, plaintiffs moved this Court to summarily vacate the dismissals in favor of defendants' SRC, SJRC and NCB, and remand those claims for discovery, on the grounds that *Doe* abrogates and overrules the legal basis for those dismissals. Appellants' Motion to Summarily Vacate ***23** and Remand, Case No. 11-3294, Docket # 243, at p. 7. Those defendants sought and received an extension of time until January 23, 2012 to respond to that Motion, which remains pending as of the date of the filing of this brief.

In an effort to narrow the scope of these appeals, plaintiffs in all cases agreed voluntarily to withdrew the appeals as to twenty-two defendants.[6] Several additional non-dispositive stipulations of dismissal were filed in individual cases as to other Appellees. As a result, these appeals now focus on the dismissals for failure to state a claim of defendants Al Rajhi Bank, Saudi American Bank (SAMBA), DMI Trust, Kamel, and Dallah al Baraka, and the dismissals for lack of personal jurisdiction of defendants Abdullah bin Laden, Bakr bin Laden, Omar bin Laden, Tariq bin Laden, Yeslam bin Laden, Dallah Avco, DMI Administrative Services, Faisal Islamic Bank, Saleh al Hussayen, Yousef Jameel, Abdulrahman bin Mahfouz, Khaled bin Mahfouz, NCB, Obeid, Abdullah al Rajhi, Saleh al Rajhi, Suleiman al Rajhi, Schreiber & Zindel Treuhand Anstalt, Frank Zindel, Engelbert Schreiber, Sr., Engelbert Schreiber, Jr., Shamal, Swailem, Tadamon, Turki, Martin ***24** Wachter, Erwin Wachter, Sercor Treuhand Anstalt, Asat, Naseef, Ali, Basha, Khalifa, Aqeel, al Kadi, and al-Buthe. Disposition Below

As noted above, in *Terrorist Attacks I, Terrorist Attacks II, SAMBA I, DMI-Kamel, Terrorist Attacks IV*, and *Terrorist Attacks V*, the district court dismissed all claims against the defendant-appellees. Thereafter, the court entered partial final judgment pursuant to Rule 54(b). This brief addresses the district court's dismissals of plaintiffs' ATA, ATS, TVPA, and torts claims against Al Rajhi Bank, Saudi American Bank, DMI Trust, Saleh Abdullah Kamel, and Dallah al Baraka for failure to state a claim under Rule 12(b)(6), and dismissals of the Saudi Joint Relief Committee, Saudi Red Crescent Society, and National Commercial Bank for lack of subject matter jurisdiction under the FSIA.

**Statement Of Facts**



HOUSE_OVERSIGHT_023376

**The Origins of al-Qaeda**

As alleged in plaintiffs' pleadings and confirmed by countless governmental investigations, al-Qaeda has its origins in the jihad against the Soviet occupation of Afghanistan, which served as a rallying point for ***25** Islamic extremists in the Middle East.[7] In 1980, Osama bin Laden traveled to Afghanistan to participate in the jihad, and gained prominence for his role in establishing the financial and logistical infrastructure that sustained the mujahedeen fighters.

Bin Ladin understood better than most of the volunteers the extent to which the continuation and eventual success of the jihad in Afghanistan depended on an increasingly complex, almost worldwide organization. This organization included a financial support network that came to be known as the "Golden Chain," put together mainly by financiers in Saudi Arabia and the Persian Gulf states. Donations flowed through charities or other non-governmental organizations (NGOs).[8]

Together with Abdullah Azzam, bin Laden founded the Maktab al Khidmat ("Office of Services") to facilitate the provision of financial and logistic support to the mujahedeen.[9] Throughout the Afghan jihad, Maktab al Khidmat worked in concert with a network of purported charities and relief organizations, including the Muslim World League ("MWL"), International Islamic Relief Organization ("IIRO"), Rabita Trust, Al Haramain Islamic Foundation ("Al Haramain"), Muwafaq Foundation ***26** ("Muwafaq"), and the Saudi Red Crescent Society, to provide travel documents, funds, transportation, training facilities, arms, physical assets and other support to the mujahedeen.[10] Fueled by donations from wealthy supporters in Saudi Arabia and the Gulf, this network of ostensible charities established a vast infrastructure to support the mujahedeen opposition to the Soviet occupation of Afghanistan.[11]

At the conclusion of the Afghan jihad, bin Laden determined that the network that supported the mujahedeen in Afghanistan should not be abandoned, but rather adapted to serve as a foundation for waging a global jihad against all of the perceived enemies of Islam, and in particular, the United States.[12] As the 9-11 Commission explained:

***27** April 1988 brought victory for the Afghan jihad. Moscow declared it would pull its military forces out of Afghanistan within the next nine months. As the Soviets began their withdrawal, the jihad's leaders debated what to do next.

Bin Ladin and [Abdullah] Azzam agreed that the organization successfully created for Afghanistan should not be allowed to dissolve. They established what they called a base or foundation (al Qaeda) as a potential general headquarters for future jihad.[13]

Once al-Qaeda was established, bin Laden turned its focus towards the United States. This was not done secretly, but rather publicly, in a series of *fatwas*. "Bin Ladin began delivering diatribes against the United States before he left Saudi Arabia [in 1991]. He continued to do so after he arrived in Sudan. In early 1992, the Al Qaeda leadership issued a jihad against the Western 'occupation' of Islamic lands...[s]pecifically singling out U.S. forces for attack."[14] In a 1996 *fatwa*, tellingly entitled "Declaration of War against the Americans Occupying the Land of the Two Holy Places," bin Laden asserted that "the occupying American enemy is the principle and the main cause of the situation. Therefore efforts should be ***28** concentrated on destroying, fighting and killing the enemy until, by the Grace of Allah, it is completely defeated." In 1998, bin Laden proclaimed to the world:

The ruling to kill Americans and their allies - civilians and military - is an individual duty for every Muslim who can do it in any country in which it is possible to do.[15]

These *fatwas* ensured that those who provided support to al-Qaeda knew and understood that al-Qaeda was directing its conduct at the United States.

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HOUSE_OVERSIGHT_023377

**The Role of Ostensible Charities in al-Qaeda's Growth and Development**

Consistent with bin Laden's plan to adapt the infrastructure developed during the Afghan jihad to build a global terrorist movement, al-Qaeda relied on the network of charities and wealthy individual donors established for the Afghan jihad to sustain its growth and development.[16] According to the United Nations Security Council Committee Concerning al-Qaeda and the Taliban:

From its inception al-Qaida has relied heavily on charities and donations from its sympathizers to finance its activities. Charities provide al-Qaida with a very useful international channel for soliciting, collecting, transferring and distributing the funds it needs for indoctrination, recruitment, training, and ***29** logistical and operational support. These funds are often merged with and hidden among funds used for other legitimate humanitarian or social programs. Al-Qaida supporters and financiers have also established front charity networks whose main purpose is to raise and deliver funds to al-Qaida. The roots of these charity networks stem from the anti-Soviet jihad in Afghanistan during the late 1980s. During that time, al-Qaida could draw on a number of state-assisted charities and other deep pocket donors that supported the anti-Soviet cause.[17]

As confirmed by internal al-Qaeda historical records seized during a 2002 raid of an al-Qaeda front charity, the partnerships forged during the Afghan jihad with the Muslim World League, International Islamic Relief Organization, and Saudi Red Crescent Society were among those seamlessly adapted to build and sustain the global infrastructure needed to support the planned jihad against the United States.[18] Additional "charities," such as al Haramain Islamic Foundation, Muwafaq Foundation, and the Saudi Joint Relief Committee, would emerge as important al-Qaeda partners as bin Laden's organization grew and expanded its global terrorist and military operations to regions as diverse ***30** as the Philippines, Bosnia, Chechnya, Kosovo, Sudan, Ethiopia, Kashmir, Somalia, Palestine, Pakistan, Yemen, Kenya, Tanzania, Egypt, Indonesia, and Malaysia.[19]

Plaintiffs' pleadings and other record materials describe in detail the pervasive involvement of these purported charities in knowingly and directly supporting al-Qaeda in the years preceding the September 11th Attacks.[20] As detailed in the record, the nature of the support provided by these organizations to al-Qaeda has taken many forms, and viewed collectively reflects their intimate, systematic, and longstanding ties to al-Qaeda. In this regard, plaintiffs' pleadings and extrinsic evidence demonstrate that these purported charities have: (1) raised and laundered funds on behalf of al-Qaeda; (2) channeled donated funds to al-Qaeda; (3) provided financial and logistical support and physical assets to al- ***31** Qaeda; (4) permitted al-Qaeda members to use ostensible employment with their organizations as a vehicle for covertly traveling in furtherance of al-Qaeda's operations; (5) performed reconnaissance within conflict regions on behalf of al-Qaeda; (6) served as liaisons to localized terrorist organizations on behalf of al-Qaeda, thereby assisting al-Qaeda in expanding its operational base and sphere of influence; (7) funded and facilitated shipments of arms and supplies to al-Qaeda; (8) funded camps used by al-Qaeda to train soldiers and terrorists; (9) actively recruited Muslim youths on behalf of al-Qaeda; (10) served as channels for distributing information and documentation within al Qaeda, and from al-Qaeda to the media; (11) disseminated publications designed to advance al-Qaeda's radical Islamist ideology throughout the Muslim world and legitimize violent jihad against Christians and Jews on the grounds that they are "infidels" who do not deserve to live; and (12) openly advocated for young Muslims to take up arms against Western and democratic societies.[21]

Contrary to the defendants' tireless efforts to cast plaintiffs' pleadings as conclusory, this Court commented in relation to a prior appeal in this ***32** proceeding that plaintiffs' allegations concerning the terrorist activities of the purported charities "include a wealth of detail (conscientiously cited to published and unpublished sources) that, if true, reflect close working arrangements between ostensible charities and terrorist networks, including al Qaeda." *Terrorist Attacks III*, 538 F.3d at 76.

Defendants Aqeel al Aqeel, Soliman al Buthe, Abdullah Naseef, Abdullah bin Saleh al Obaid, Abdullah Muhsen al Turki, Adnan Basha, Mohammed Jamal Khalifa, Abdulrhaman al Swailem, Suleiman al Ali (the "Charity Official Defendants"), Yassin al Kadi, and Abdulrahman bin Mahfouz served as senior officials of one or more of al-Qaeda's front charities, and are alleged to have used their authority over those organizations to orchestrate their material support and sponsorship of al-Qaeda.[22] Each of these defendants is specifically alleged to have acted with knowledge that the organizations under their control were channeling ***33** material support and resources to al-Qaeda, and that the support flowing to al-Qaeda from the organizations under their control would be used to support al-Qaeda's jihad against the United States.[23] These allegations are corroborated by the very nature and scope of the support flowing from the charities under defendants' control to al-Qaeda,



HOUSE_OVERSIGHT_023378

which extended to separate branch offices throughout the world over a period of many years.[24] In many cases, these partnerships grew out of the charities' well publicized sponsorship of bin Laden and the mujahedeen in Afghanistan, a legacy which was well known to the heads of those organizations.[25] In the ensuing years, each of these purported charities was repeatedly and publicly implicated in terrorist activities, and yet their support for al-Qaeda continued unabated while under the leadership of defendants.[26]

In several instances, the Charity Official defendants were directly responsible for appointing senior al-Qaeda members to positions of authority within the purported charities, a pattern that further reflects the intimacy of the partnership between those organizations and al-Qaeda. For ***34** instance, while serving as the head of both the Saudi Red Crescent Society and Saudi Joint Relief Committee ("SJRC"), Defendant Dr. Abdul Rahman al Swailem appointed Wa'el Jelaidan to serve as Director of the SJRC's office in Pristina, Kosovo.[27] Jelaidan is a founding al-Qaeda member, whose ties to bin Laden date to the Afghan jihad when Jelaidan served as Director of the MWL's office in Peshawar, Pakistan and orchestrated that purported charity's support for the mujahedeen.[28] According to U.S. authorities, Jelaidan proceeded to use the SJRC as a front to "move money and men into and from the Balkans" for Osama bin Laden.[29] On September 6, 2002, the United States listed Jelaidan as a Specially Designated Global Terrorist pursuant to Executive Order 13224, explaining that "the United States has credible information that Wa'el Julaidan is an associate of Osama bin Laden and several of bin Laden's top lieutenants. Julaidan has directed organizations that have provided financial and logistical support to al-Qa'ida."[30]

***35** The leaders of the MWL and IIRO similarly ensconced well known bin Laden associates as senior officials of those organizations, thereby providing al-Qaeda with an efficient mechanism to support its global expansion. Defendant Abdullah Naseef met personally with Osama bin Laden around the time of Al-Qaeda's formation, and reached agreement with bin Laden at that meeting that al-Qaeda would use MWL offices to launch attacks.[31] This meeting and agreement are documented in the historical records of al-Qaeda's formation seized during the 2002 raid in Bosnia.[32] Naseef proceeded to leave Wa'el Jelaidan, who to Naseef's knowledge was responsible for directing the MWL's assistance for the Afghan mujahedeen and a founding al-Qaeda member, in his position as Director of the MWL, thus ensuring a direct channel for coordinating MWL's collaboration with al-Qaeda.[33]

***36** Around this same time, Naseef formed Rabita Trust, appointing Jelaidan to a senior position within that organization as well, as reflected by the Treasury Department's own press release concerning Rabita Trust's designation under Executive Order 13224 indicating that "Rabita Trust is headed by Wa'el Hamza Julaidan, one of the founders of al-Qaida with bin Laden. He is the logistics chief of bin Laden's organization and fought on bin Laden's side in Afghanistan."[34] In this regard, the MWL-headed Nassef retained Jelaidan as a director of its operations for several years following the establishment of al-Qaeda, despite his close ties to bin Laden and primary role in supporting the jihad in Afghanistan.[35] Jelaidan's role in the MWL allowed the nascent al-Qaeda organization to use the MWL as an "umbrella" under which the terror group's members could operate, including using MWL offices for launching terrorist attacks.[36]

Similarly, as head of the MWL, Naseef approved the appointment of Mohammed Jamal Khalifa, also a founding al-Qaeda member and bin Laden's brother-in-law, to head the Philippine office of MWL subsidiary ***37** IIRO.[37] Through that position, Khalifa used the IIRO as a platform for al-Qaeda's expansion into Southeast Asia, providing funds and other support through the IIRO for the 1993 World Trade Center bombing and the 1995 "Bojinka" plot to simultaneously bomb multiple airplanes while in transit to the United States.[38] The Bojinka plot was conceived by September 11th mastermind Khalid Sheikh Mohammed, and was a precursor to the September 11th Attacks.[39] Khalifa also used IIRO funds and resources to establish Abu Sayyef Group, a Philippine terrorist organization that has served as an al-Qaeda proxy in the Far East since its establishment.[40] Appellee Adnan Basha assumed control over the IIRO, after serving as a senior officer of its parent the MWL, in the immediate aftermath of the ***38** disclosure of IIRO's involvement in the aforementioned plots and terrorist activities, and proceeded to expand IIRO's support for al Qaeda by providing $60 million to fund al Qaeda training camps in Afghanistan, as confirmed by a 1996 CIA Report.[41]

The direct involvement of Appellee Aqeel and al-Buthe in orchestrating al Haramain's terrorist activities was also well documented. As defendant Aqeel himself stated, "[t]he [al Haramain branch] offices' directors are employees who follow directions of the main office with regards to hiring workers at the offices and making any decisions on cooperation with any party."[42] In designating Aqeel as a terrorist in 2005, the United States asserted that "[t]hese entities and this individual [defendant Aqeel] have provided financial, material and logistical support to the al-Qaida network, Usama bin Laden or the Taliban, fueling and facilitating their efforts to carry out vile acts against innocent individuals and the civilized world."[43] The



HOUSE_OVERSIGHT_023379

Treasury Department further stated that ***39** Defendant Aqeel "controlled [al Haramain] and was responsible for all [al Haramain] activities, including its support for terrorism."[44]

On September 9, 2004, the United States Department of Treasury designated defendant Soliman al Buthe as a Specially Designated Global Terrorist for his role with al Haramain in the United States, which the Treasury Department stated had "direct links" with bin Laden.[45] Defendant al Buthe was also indicted on allegations that he diverted charitable donations from al Haramain to al-Qaeda fighters in Chechnya.[46] Al Buthe's role in directing al Haramain's activities are also revealed in the record which states that a "document obtained by the U.S. government shows that in October, 1997, [al Haramain] in Saudi Arabia appointed Al-Buthe its true and lawful attorney in its name, place, and stead" and "appears to give Al-Buthe broad legal authority to act on [al Haramain's] behalf within the United States."[47]

***40** Plaintiffs' allegation that defendant Yassin al Kadi co-founded Muwafaq Foundation with defendant Khalid bin Mahfouz for the specific purpose of serving as a front for al-Qaeda operations likewise enjoys support in the facts and allegations concerning al Kadi's appointment of known terrorists to head various Muwafaq offices.[48] For instance, al Kadi, himself a close associate of Jelaidan, appointed Chafiq Ayadi to head the Muwafaq operations in Europe and Bosnia.[49] On October 12, 2001, the United States listed Ayadi as a Specially Designated Global Terrorist.[50] Other Muwafaq offices throughout the world were similarly populated with al-Qaeda operatives, and al Kadi acknowledges having personally selected the managers responsible for running Muwafaq's various offices.[51] As a result of al Kadi's deep involvement in sponsoring al-Qaeda, through Muwafaq as well as various businesses under his control or influence, the ***41** United States listed him as a Specially Designated Global Terrorist on October 12, 2001.[52]

Read in context and collectively, the allegations concerning the charities' sponsorship of al-Qaeda while under the direction and control of the Charity Official defendants provide ample support for plaintiffs' specific contention that each of the these defendants played a direct role in facilitating the respective charities' sponsorship of al-Qaeda. In particular, the pleadings make clear that the charities embraced al-Qaeda's Islamist vision and used their global infrastructures to support al-Qaeda's jihad against the United States *as an institutional matter*.[53] The institutional character of the collaboration between al-Qaeda and the purported charities is reflected by the pervasiveness of their support, which followed a common pattern at separate branch offices throughout the world. In several cases, the Charity Official defendants enhanced their organizations' collaboration with al-Qaeda by appointing senior al-Qaeda officials to ***42** positions of authority within their organizations. Further, although the charities were repeatedly implicated in terrorist activities in the years following the formation of al-Qaeda, the pattern of sponsorship continued unabated under the direction and leadership of the Charity Official defendants for a period of many years, and in many cases even after the September 11th Attacks. These allegations, and the logical inferences arising therefrom, established for purposes of the jurisdictional disputes that the Charity Official defendants engaged in tortious conduct directed at the United States.

**Al-Qaeda's Collaborators in the Financial Industry**

Beyond the charity sector, al-Qaeda also benefited immensely from close working relationships with a number of financial institutions, many of which worked in concert with al-Qaeda's charity sponsors and supporters to facilitate the transfer of resources to al-Qaeda operations and affiliates through the international banking system.[54] By virtue of its own Islamist agenda, as well as for pragmatic reasons, al-Qaeda sought in particular partnerships with financial institutions operating under principles of Sharia compliant finance, and was successful in finding ***43** willing collaborators within that industry.[55] As the Council on Foreign Relations observed in its report on terrorist financing, "[m]any prominent Islamic banks operate under loose regulatory oversight, in part because they are based in jurisdictions without proper controls, but also because their religious nature often allows them a greater degree of autonomy owing to obvious domestic considerations. Islamic banks regularly co-mingle funds from depositors to place them within group investments by fund managers, creating ready opportunities for anonymous money transfers and settlements. Moreover, al-Qaeda and other terrorist groups that use Islam to justify their actions are also more likely to find willing collaborators within the Islamic banking system."[56] Al-Qaeda's willing collaborators within the financial industry included Defendants National Commercial Bank, Al Rajhi Banking and Investment Corp. ("Al Rajhi Bank"), Al Shamal Bank, Faisal Islamic Bank-Sudan, Tadamon Islamic ***44** Bank, DMI Trust, DMI Administrative Services S.A., Saudi American Bank, and Al Baraka Investment.[57]



HOUSE_OVERSIGHT_023380

The character of support provided by al-Qaeda's sponsors in the financial industry also took several forms, but in every instance involved the knowing provision of financial services and other forms of material support to al-Qaeda. In certain cases, al-Qaeda officials were directly embedded in the infrastructures of those financial institutions, and al-Qaeda openly maintained accounts and carried out transactions with the knowledge and consent of senior officials of the financial institution in question. For example, during the period that al-Qaeda was headquartered in the Sudan under the protection of the ruling National Islamic Front regime, it openly used Defendants Al Shamal Islamic Bank ("Al Shamal") and Faisal Islamic Bank-Sudan ("FIBS") to support its operations and terrorist agenda.[58] (Together with Defendants DMI Administrative Services S.A. ("DMI") and Tadamon Islamic Bank ("Tadamon"), Al Shamal ***45** and FIBS are referred to herein as the "Sudanese Defendants"). According to the testimony of former al-Qaeda finance chief Jamal al Fadl, previously deemed credible by this Court,[59] Al Shamal maintained accounts for Osama bin Laden and several other al-Qaeda officials, and carried out large cash and wire transactions in furtherance of al-Qaeda operations.[60] Al Fadl similarly testified that FIBS, which in turn is the founder of Al Shamal, partnered with al-Qaeda by mamtaining accounts for al-Qaeda and by embedding al-Qaeda officials in the infrastructure of Al Shamal.[61] Tadamon also maintained accounts for al Qaeda members according to al Fadl, including an account for bin Laden's personal bodyguard, who handled money for bin Laden and used the account for bin Laden's activities on behalf of al Qaeda.[62]

More frequently, al-Qaeda's partners in the financial sector operated covertly within its global infrastructure, by providing financial services to al-Qaeda's charity fronts with full knowledge that those accounts were being used to support al-Qaeda, and by themselves providing funds to al- ***46** Qaeda, typically through their own *zakat* charitable contributions to al-Qaeda's charity fronts. The allegations and record evidence relating to Al Rajhi Bank and National Commercial Bank ("NCB") are illustrative of this pattern of support.[63] Testifying before Congress just three weeks after the September 11th Attacks, former Central Intelligence Agency Chief of Counterterrorism Operations Vincent Cannistraro affirmed that "[t]here is little doubt that a financial conduit to bin Laden was handled through the National Commercial Bank, until the Saudi government finally arrested a number of persons and closed down the channel. It was evident that several wealthy Saudis were funneling contributions to bin Laden through this mechanism."[64]

The "mechanism" through which "wealthy Saudis" channeled support to bin Laden via NCB involved large transfers to IIRO, Muwafaq Foundation, Saudi Red Crescent, SJRC and other al-Qaeda charity fronts.[65] Conveniently, NCB maintained accounts for many of these ostensible charities, including in particular IIRO and SJRC, and promoted ***47** contributions to those accounts via advertisements, with specific awareness that those entities were supporting al-Qaeda.[66] At all times, NCB was aware of the terrorist activities of those purported charities, by virtue of the extensive public reporting concerning those activities in the Muslim world prior to **9/11**, and by virtue of the longstanding ties between senior executives of NCB (including its Chairman Appellee Khaled bin Mahfouz and Appellee Yassin al Kadi, who was the architect of NCB's Islamic Banking Division), and bin Laden, as described in further detail below.[67] (Together with NCB and Abdulrahman bin Mahfouz, Khaled bin Mahfouz and Yassin al Kadi are referred to here is ahe "NCB Defendants.")

Al Rajhi Bank played an analogous and equally important role in al-Qaeda's financial infrastructure, by also providing financial services to al-Qaeda charity fronts including the MWL, IIRO, al Haramain, and Benevolence International Foundation.[68] In addition, Al Rajhi Bank funneled its own *zakat* contributions to al-Qaeda, via contributions to al- ***48** Qaeda's charity fronts.[69] Like NCB, Al Rajhi Bank was aware at all relevant times that MWL, IIRO, al Haramain and Benevolence International Foundation were fronts for al-Qaeda, again by virtue of the public reporting concerning the terrorist activities of those organizations, and because senior Al Rajhi Bank officials, including in particular the bank's founder Suleiman al Rajhi,[70] were themselves important al-Qaeda benefactors with direct ties to bin Laden dating from the Afghan jihad.[71]

Appellees DMI Trust and DMI S.A., in turn, sat at the apex of a deliberately decentralized financial network, which included Appellees Al Shamal, FIBS and Tadamon, established for purposes of "pursuing financial jihad." Functioning as the operational arm of DMI Trust and implementing the Trust's strategies and objectives, including its material sponsorship of al Qaeda, DMI S.A. handled accounts for al Qaeda members and primary financiers, including Wa'el Jelaidan and Yassin al Kadi, ***49** siphoned off charitable donations to support al Qaeda, and used its own *zakat* contributions to support al Qaeda.[72]

As referenced above, plaintiffs' pleadings and supplemental materials allege that support for al-Qaeda's agenda emanated



HOUSE_OVERSIGHT_023381

from the founders and most senior officials of al-Qaeda's partners in the financial industry, many of whom had longstanding direct ties to bin Laden, and several of whom also held positions within al-Qaeda's charity fronts, thus placing them in a unique position to facilitate the provision of resources to al-Qaeda via the network of financial institutions and charitable organizations under their influence. In the case of Al Shamal, bin Laden was himself one of its major shareholders, having contributed $50 million in capital to the bank around the time he relocated al-Qaeda to the Sudan.[73] The Sudanese regime that invited bin Laden and al-Qaeda to Sudan also held a direct ownership in Al Shamal, as did Saleh Kamel, a wealthy patron of al-Qaeda's endeavors.[74] Al Shamal's Chairman was Adel Abdul Jalil Batterjee, a close bin Laden associate who also headed al-Qaeda charity ***50** fronts Benevolence International Foundation and its Saudi parent, Lajnat al Bir.[75] Batterjee's primary role in al-Qaeda's support infrastructure prompted the United States to list him as a Specially Designated Global Terrorist after the September 11th Attacks.[76]

Faisal Islamic Bank's leadership is similarly intertwined with the al-Qaeda organization. As is true of Al Shamal, the Sudanese regime that provided safehaven and support to bin Laden and al-Qaeda held a direct interest in Faisal Islamic Bank.[77] Its founders included Yousef Nada, another al-Qaeda financial patron designated by the United States pursuant to Executive Order 13224, and two of its Directors, Abdullah Omar Naseef and Amin Aqeel Attas, in turn were founders of Rabita Trust, an entity also designated by the United States under Executive Order 13224 based on its role in sponsoring al-Qaeda.[78]

***51** Tadamon and the DMI entities were similarly intertwined with al Qaeda's leadership and other members of al Qaeda's inner support circle. Osama bin Laden was himself a shareholder in Tadamon, and Tadamon's other shareholders included al Qaeda material sponsors FIBS, Saleh Kamel, Al Baraka Investment, Mohammed Hussein al Amoudi, and Dubai Islamic Bank.[79] DMI Trust appointed Hassan al Turabi, the noted Islamist leader of the National Islamic Front who invited bin Laden to the Sudan to build al Qaeda, to serve on its Board of Supervisors, and also held direct or indirect stakes in Al Shamal, FIBS and Tadamon.[80]

The pleadings similarly allege that al Qaeda's collaborations with NCB and Al Rajhi Bank were implemented by NCB Chairman Khaled bin Mahfouz and Al Rajhi Bank Managing Director Suleiman al Rajhi,[81] both of ***52** whom have direct ties to bin Laden.[82] Both bin Mahfouz and al Rajhi are identified as primary al-Qaeda sponsors on the "Golden Chain," a document discovered during a 2002 raid of the Bosnian offices of Benevolence International Foundation that uncovered a trove of internal documents on a computer hard drive.[83] After careful review of the materials, U.S. intelligence agencies concluded that they were internal al-Qaeda documents, chronicling the formation of al-Qaeda and details of its financial and organizational structure.[84] The Golden Chain document was found within this broader collection, and U.S. intelligence and law enforcement agencies have concluded that it is an authentic al-Qaeda document identifying al-Qaeda's most important financial benefactors, and the individuals responsible for coordinating their contributions to al-Qaeda.[85] The Golden Chain has been authenticated by former al-Qaeda ***53** finance chief Jamal al Fadl, and the Treasury Department has used inclusion on the list as a basis for designating individuals pursuant to Executive Order 13224.[86]

The authenticity of the Golden Chain as a list of al-Qaeda's most important financiers has been widely accepted. The **9/11** Commission Monograph on Terrorism Financing cites to "a group of wealthy donors from the Persian Gulf region known as the 'Golden Chain,' which provided support to ... Usama Bin Ladin."[87] The **9/11** Monograph continues:

The material seized [in Bosnia] included many documents never before seen by U.S. officials, such as the actual minutes of al Qaeda meetings, the al Qaeda oath, al Qaeda organizational charges, and the "Golden Chain" list of wealthy donors to the Afghan mujahideen....[88]

The Council on Foreign Relations Studies ("CRS") produced a report in October 2002 that also made use of the Golden Chain. Relying on the **9/11** Commission report, the CRS report described the Golden Chain as:

***54** an informal financial network of prominent Saudi and gulf individuals originally established to support the anti-Soviet Afghan resistance movement in the 1980s. U.S. officials state that this network collected funds and tunneled it to Arab fighters in Afghanistan, and later to Al Qaeda, using charities and other non-governmental organizations .... *Saudi individuals*



HOUSE_OVERSIGHT_023382

*and other financiers associated with the Golden Chain enabled bin Laden and Al Qaeda to replace lost financial assets and establish a base in Afghanistan following their abrupt departure from Sudan in 1996.*[89]

The Golden Chain thus provides a list of the most significant donors to al-Qaeda. These donors, moreover, did not give money to al-Qaeda unwittingly, through an al Qaeda front masquerading as a legitimate charity; they were, rather, bin Ladin's original list of financial backers for his al-Qaeda enterprise. The appearance on this list of Khalid bin Mahfouz and Sulaiman al Rajhi is strong evidence of their knowing and active financial support of al-Qaeda.

In addition to the positions within their respective financial institutions, Khalid bin Mahfouz, Suleiman al Rajhi, and Abdullah al Rajhi also played significant roles in al-Qaeda charity fronts. As mentioned above, bin Mahfouz founded Muwafaq Foundation along with Defendant al Kadi, with the intent that it would serve as a front for al-Qaeda ***55** operations.[90] Al Rajhi served as a Board Member of the IIRO, and also founded the SAAR Foundation, a U.S. based charity established by al Rajhi to support Islamic extremists.[91] These allegations and facts concerning their longstanding ties to bin Laden, and positions within financial institutions and charities with documented links to al-Qaeda, place bin Mahfouz and al Rajhi at the center of the al-Qaeda financial and logistic network.

**Al-Qaeda's Additional Wealthy Financiers**

A number of other wealthy financiers and sponsors played critical roles in the advancement of the al-Qaeda enterprise, by providing much of the funding al-Qaeda needed to sustain its global operations, estimated by the U.S. government at more than $30 million per year in the period immediately preceding the September 11th Attacks.[92] These wealthy individual sponsors included defendants Bakr bin Laden, Tariq bin Laden, Yeslam bin Laden, Omar bin Laden, Abdullah bin Laden (collectively the "Bin Laden Brothers"), Yousef Jameel, and Saleh Kamel--Bakr bin Laden, ***56** Jameel, and Kamel, along with Khalid bin Mahfouiz and Suleiman al Rajhi, are identified as primary al-Qaeda financiers in the Golden Chain.[93]

Bakr, Tariq, Omar, and Yeslam bin Laden are Osama's half-brothers. Bakr, Tariq, and Omar are alleged to have used their positions within the Saudi Binladin Group, the bin Laden family construction empire, to channel support to their sibling Osama after he formed al-Qaeda and made clear his intent to conduct jihad against the United States.[94] Consistent with those allegations, the National Commission on Terrorist Attacks' Staff Monograph on terrorist financing confirms that Osama bin Laden continued to receive disbursements from SBG following the establishment of al-Qaeda in 1988 through 1993 or 1994, to a tune of approximately $1 million per year, until the Saudi government allegedly "forced the Bin Ladin family to find a buyer for Usama's share of the family company."[95] Bin Laden used those funds to provide economic support to the National Islamic Front regime, a central component of the bargain under which the ***57** NIF provided safehaven, training camps and other support for al-Qaeda.[96] In addition, Bakr is a member of the Golden Chain, and a primary contributor to al-Qaeda front charity IIRO.[97]

Abdullah bin Laden sponsored al-Qaeda through his roles in establishing two US branches of al-Qaeda front charities, Taibah International and WAMY USA, both of which have extensive ties to al-Qaeda.[98] Yeslam bin Laden supported al-Qaeda through the management of Swiss bank accounts for Osama's benefit.[99]

Defendants Kamel and Jameel also are members of the Golden Chain.[100] Both are alleged to have longstanding ties to al-Qaeda, and to have supported al-Qaeda through a variety of channels.[101] Jameel's sponsorship of al-Qaeda flowed largely through purported charities, known to Jameel to be al-Qaeda fronts.[102] Kamel also contributed generously to al-Qaeda through its known charity fronts, and also ***58** supported al-Qaeda through various businesses and financial institutions under his control, including Defendant-Appellee Dalian al Baraka.[103]

***59 Summary of Argument**

The district court concluded that plaintiffs had failed to state a claim against certain defendants under the Anti-Terrorism Act

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HOUSE_OVERSIGHT_023383

("ATA"), the Alien Tort Statute ("ATS"), the Torture Victims Protection Act ("TVPA"), and common law claims including negligence and various intentional torts. In each instance, the court mistakenly narrowed the scope of legal relief afforded by statute or the common law. In certain instances, it compounded that error by failing to give effect to plaintiffs' pleadings. And throughout, the court understated and failed to acknowledge the direct nexus between the persons who facilitate an act of international terror through the provision of funding or other support, the persons who personally plan and execute a particular terrorist attack, and the persons harmed by that attack.

All these errors were evident in the court's treatment of the ATA claims. Congress intended the ATA to provide relief broadly for U.S. citizens injured by an act of international terrorism, and the district court acknowledged that recovery could be predicated on the provision of material support to a terrorist organization such as al-Qaeda when the supporter knows the nature of the recipient. The court concluded, ***60** however, that plaintiffs had insufficiently pled facts establishing that defendants knew that it was al-Qaeda they were supporting. The court could reach this conclusion only by applying a clearly incorrect legal standard (requiring "extra-careful scrutiny" of terrorism allegations) and failing to acknowledge plaintiffs' extensive allegations of defendants' knowledge and facts making those allegations plausible. The court also failed to draw obvious, much less reasonable, inferences from plaintiffs' allegations that placed each defendant at the center of a web of dealings with al-Qaeda members and their closest associates, and it even weighed evidence at the motion to dismiss stage, discounting important documents that had been credited by the U.S. government and independent experts. And further, the court misconstrued and arbitrarily limited the ATA, and ignored plaintiffs' pleadings, in disregarding -- as "too remote" -- allegations that two defendants had provided extensive support to al-Qaeda in the mid-1990s.

The district court adopted different, but no less improper, narrowing constructions of the Alien Tort Statute and the TVPA. The Alien Tort Statute provides a cause of action for certain violations of international law, and the court concluded that the only relevant international law norm ***61** related to the hijacking of commercial airplanes. Plaintiffs had, however, pled that the relevant international law norm proscribes acts of international terrorism, which basic principles of customary international law, a considerable range of judicial decisions, and the determinations of Congress and the Executive Branch all establish as acts that violate international law for purposes of establishing an ATS claim. While plaintiffs perhaps did not adequately allege a nexus between defendants' acts and hijacking, their allegations were clearly adequate in relation to acts of international terrorism. Similarly, the TVPA permits terrorism-related claims to be brought against "individuals," which the district court construed as limited to natural persons and thus excluding commercial and other entities. That conclusion was incorrect, as this Court has already indicated, and in any event the U.S. Supreme Court is expected soon to offer definitive guidance on this point.

As to plaintiffs' common law claims, the district court declined to apply hornbook tort principles in concluding that defendants owed no "duty of care" to plaintiffs, who thus could not recover for claims predicated on Defendants' negligence. It also misapplied the statute of limitation to bar recovery on tort claims by certain plaintiffs. Although ***62** acknowledging that an adequately pled claim under the ATA (an intentional tort) would also suffice to establish the predicate for the common law intentional torts, the court failed as noted above to recognize that plaintiffs' ATA claims were more than amply pled. Its dismissal of those claims, too, was thus erroneous.

Finally, a change of law since the filing of notices of appeal requires *vacatur* of the district court's decision dismissing three defendants. The district court applied an aspect of this Court's decision in *Terrorist Attacks III* that has since been overruled by a subsequent decision as a result of this Circuit's "mini-en *banc*" process. Because those dismissals were based on the overruled portion of the opinion, and because the Court must apply current law to a pending appeal, the orders dismissing those defendants should be vacated so that the district court can apply current law to defendants' motions.

**Standard of Review**

The Second Circuit "review[s] *de novo* a district court's dismissal of a complaint pursuant to Rule 12(b)(6), construing the complaint liberally, accepting all factual allegations in the complaint as true, and drawing all reasonable inferences in the plaintiff's favor." *Amaker v. N.Y. State Dep't of* ***63** *Corr. Servs.*, 435 F. App'x 52, 54 (2d Cir. 2011) (*quoting Chambers v. Time Warner, Inc.*, 282 F.3d 147, 152 (2d Cir. 2002)).

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## Argument

### I. The District Court Improperly Dismissed the Anti-Terrorism Act Claims

The Anti-Terrorism Act ("ATA"), 18 U.S.C. § 2333 *et seq.*, provides a cause of action for treble damages for those injured in their person, property, or business by acts of international terrorism, and it was designed especially for claims against material supporters of terrorist organizations. Plaintiffs allege that defendants knowingly provided just such material support to al-Qaeda, rendering them liable for injuries that plaintiffs suffered as a result of the September 11, 2001 attacks. The district court erroneously dismissed plaintiffs' ATA claims against Al Rajhi Bank,[104] Saudi American Bank,[105] Dar Al-Maal-Al-Islami Trust ("DMI ***64** Trust"),[106] Saleh Abdullah Kamel,[107] and Dallah al Baraka Group L.L.C. ("Dallah al Baraka").[108] It did so primarily on the ground that plaintiffs did not adequately allege that Defendants knew that the recipients of their support advanced al-Qaeda's activities -- despite plaintiffs' detailed pleading of Defendants' extensive dealings with al-Qaeda and its network of supporting entities. As shown below, the district court's rulings are based on fundamental legal errors regarding the standard of review and appropriate treatment of plaintiffs' allegations, misconstrue the ATA, and ignore plaintiffs' detailed pleadings that squarely place defendants at the heart of the network of persons and organizations that supported al-Qaeda.

#### A. The ATA Is Construed Broadly and Readily Encompasses Defendants' Alleged Conduct

The question whether a claim has been stated based on a statutorily-created cause of action turns on Congress's intent regarding the scope and operation of the cause of action. *Abrahams v. Young & Rubicam Inc.*, 79 F.3d 234, 237 (2d Cir. 1996). Congress without doubt intended the ATA to ***65** be construed broadly and to provide a cause of action based on conduct that includes the support provided to al-Qaeda alleged in the complaints and associated pleading materials in this case.

The ATA is directed at preventing and providing recovery for acts of material support to terrorism, broadly defined. Congress accomplished this purpose by "codify[ing] general common law tort principles and ... extend[ing] civil liability for acts of international terrorism to the full reaches of traditional tort law." *Boim v. Quranic Literacy Inst & Holy Land Found. for Relief and Dev.* (*Boim I*), 291 F.3d 1000, 1010-11 (7th Cir. 2002) (per curiam). The result was a "powerfully broad" Act that " 'impos[es] ... liability at any point along the causal chain of terrorism' " in order to " 'interrupt, or at least imperil, the flow of money' " to terrorists. *Id.* at 1011 (quoting S. Rep. 102-342, at 22 (1992) (quotation marks, emphasis, and citations omitted); *see also* Statement of Senator Grassley, 136 Cong. Rec. S4568-01 (1990), at S4593 ("With the enactment of this legislation, we set an example to the world of how the United States legal system deals with terrorists. If terrorists have assets within our jurisdictional reach, American citizens will have the power to seize them").

***66** Congress found it necessary to impose liability broadly because "foreign organizations that engage in terrorist activity are so tainted by their criminal conduct that *any contribution* to such an organization facilitates that conduct." Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. No. 104-132, § 301(a)(7), 110 Stat. 1214, 1247 (1996) (enacting 18 U.S.C. § 2339B) (emphasis added); *see also Abecassis v. Wyatt*, 785 F. Supp. 2d 614, 645 (S.D. Tex. 2011) (finding that "Congress' clear intent" in the ATA was "to resist terrorism by cutting off the sources of funding to terrorist groups"). Such sources of funding include not only contributions to a terrorist organization, such as al-Qaeda, but also "funds [provided] 'under the cloak of a humanitarian or charitable exercise ....' " *Weiss v. Nat'l Westminster Bank PLC*, 453 F. Supp. 2d 609, 626 (E.D.N.Y. 2006)). This is because "[m]oney is fungible" and, as a result, funding for nonviolent activities "frees up other resources within the organization that may be put to violent ends." *Holder v. Humanitarian Law Project*, 130 S. Ct. 2705, 2725 (2010). Therefore, as recognized by the Supreme Court, "Congress's use of the term 'contribution' is best read to reflect a determination that any form of material support furnished 'to' a ***67** foreign terrorist organization should be barred, which is precisely what the material-support statute does." *Id.*

To these ends, the ATA broadly provides a civil cause of action for "[a]ny national of the United States injured in his or her person, property, or business by reason of an act of international terrorism." 18 U.S.C. § 2333(a). "International terrorism" encompasses "violent acts or acts dangerous to human life that are a violation of the criminal laws of the United States or of any State," and that "appear to be intended ... to intimidate or coerce a civilian population" or "to affect the conduct of a



HOUSE_OVERSIGHT_023385

government by mass destruction, assassination, or kidnapping." *Id.* at § 2331(1). Such acts "transcend national boundaries in terms of the means by which they are accomplished ...." *Id.*

Defendants' alleged provision of material support to al-Qaeda and entities assisting its efforts readily falls within the ATA's scope. The district court did not dispute that plaintiffs adequately alleged that they were injured by acts of international terrorism. *See* SPA214 (*Terrorist Attacks V);* SPA1, 52 n.39 (*Terrorist Attacks I*). Those injuries arose from the terrorist attacks of September 11, 2001, which were attacks using means ***68** that transcend borders and that were intended to intimidate a civilian population and to affect the conduct of the United States Government.

Thus, plaintiffs allege that defendants are both primarily and secondarily liable under the ATA, and the district court analyzed the claims under both theories. *Compare* SPA237 (*Terrorist Attacks V*) (finding that plaintiffs allege claims of primary liability under the ATA), *with* SPA52-53 (*Terrorist Attacks I*) (analyzing plaintiffs' claims as alleging theories of secondary liability under the ATA). Primary liability is implicated because the plaintiffs' injuries arose from violations of federal criminal laws that proscribe material support of terrorists, including through financing and through furthering the transborder attack of Americans within the United States. *See* 18 U.S.C. §§ 2339A, 2339B, 2339C, 2332B. Courts have recognized primary liability under the ATA for providing financing to terrorist organizations, even when the financing is channeled indirectly through intermediaries. *See Boim v. Holy Land Found. for Relief and Dev.* (*Boim III*), 549 F.3d 685, 701-02 (7th Cir. 2008) (en banc) (holding that "donors to terrorism [cannot] escape liability because terrorists and their supporters launder donations through a chain of intermediate organizations"); *see also* ***69** *Wultz v. Islamic Republic of Iran*, 755 F. Supp. 2d 1, 50-54 (D.D.C. 2010) (finding liability based on support provided to an agent of a terrorist organization). In addition, the organization receiving the support need only have a connection to terrorism. *Cf. Humanitarian Law Project*, 130 S. Ct. at 2717 ("Congress plainly spoke to the necessary mental state for a violation of § 2339B, and it chose knowledge about the organization's *connection to terrorism*, not specific intent to further the organization's terrorist activities") (emphasis added); *Boim III*, 549 F.3d at 702 (finding that Donor A cannot escape ATA liability by providing funds "to innocent-appearing organization B which gives to innocent-appearing organization C which gives to [a terrorist organization]").

Secondary liability under the ATA is present where defendants aid and abet those undertaking the terrorist act harming Americans. *See, e.g., Boim I*, 291 F.3d at 1010; *Wyatt*, 785 F. Supp. 2d at 645, 649; *Wultz*, 755 F. Supp. 2d at 54-57; *Linde v. Arab Bank, PLC*, 384 F. Supp. 2d 571, 582-85 (E.D.N.Y. 2005). In this case, plaintiffs allege that the defendants are secondarily liable under the ATA because their financing and other support activities aided and abetted al-Qaeda in terrorism.

***70** Under both theories of liability, an ATA claim may be predicated on the provision of support without plaintiffs having to establish that the defendants sought to advance any particular terrorist attack -- or even terrorist activities generally -- by the entities or persons receiving that support. *See, e.g., Boim HI*, 549 F.3d at 692-95 (finding that a donor need only know the character of the terrorist organization to be liable under the ATA); *Wultz*, 755 F. Supp. 2d at 40-41; *Weiss*, 453 F. Supp. 2d at 625 ("The requirement that the defendant have specifically intended to further terrorist activities finds no basis in the statute's language"); *Humanitarian Law Project*, 130 S. Ct. at 2729 (money provided to a terrorist group for purportedly legitimate activities can be "redirected to funding the group's violent activities").

Here, with an exception applicable to discrete allegations regarding two defendants,[109] the district court acknowledged that plaintiffs, if they could establish that defendants acted with the requisite mental state,[110] adequately pled an ATA claim. *See supra* pp. 65-66 nn. 104-108. The district court also recognized that the ATA provides for recovery even if ***71** the defendants did not anticipate or intend the September 11th Attacks, because it was well known during the 1990s that al-Qaeda sought to commit terrorist acts against the United States. SPA237-38 (*Terrorist Attacks V*); SPA20, 50 (*Terrorist Attacks I*). Thus, merely providing material support to al-Qaeda or a related entity with the requisite state of mind would suffice to make the defendants liable for injuries caused by al-Qaeda's acts of international terrorism. *See* SPA237-39 (*Terrorist Attacks V*); SPA112-114 (*SAMBA II*); SPA110 (*DMI-Kamel*). This accords with the reasoning of other courts that have addressed ATA claims. *See, e.g., Boim III*, 549 F.3d at 693-94; *Wultz, 755* F. Supp. 2d at 50-53; *Weiss*, 453 F. Supp. 2d at 627 n.15.

In sum, under a theory of secondary liability, the attacks are attributed to defendants based on their support for al-Qaeda and its affiliated entities and efforts to advance its objectives. Under a theory of primary liability, the defendants' provision of support to al-Qaeda and its affiliated entities makes them directly responsible for the resulting, entirely foreseeable terrorist



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attacks.

***72 B. The District Court Erred In Finding that Plaintiffs Failed to Plead that Defendants Knowingly or Recklessly Provided Support for Terrorism**

The district court faulted plaintiffs' pleadings and dismissed their ATA claims against Al Rajhi Bank, Saudi American Bank, Saleh Abdullah Kamel, Dallah al Baraka, and DMI Trust principally based on a conclusion that plaintiffs failed to state a claim with respect to a single narrow element of the ATA cause of action: the defendants' state of mind in the course of providing support to al-Qaeda. Under a theory of either primary or secondary ATA liability, a defendant is liable if it "either knows that the organization engages in [terrorist] acts or is deliberately indifferent to whether it does or not, meaning that one knows there is a substantial probability that the organization engages in terrorism but ... does not care." *Boim III*, 549 F.3d at 693 (by analogy, giving "a small child a loaded gun would be a case of criminal recklessness and therefore satisfy the state of mind requirement") (emphasis omitted); *see also Wultz*, 755 F. Supp. 2d at 50-51, 57 (finding that plaintiffs sufficiently pled that defendant had the requisite mental state to be both primarily and secondarily liable for providing banking services to a terrorist organization when plaintiffs alleged that the bank was warned by the Chinese government that its ***73** services were being used by terrorists); *Weiss*, 453 F. Supp. 2d at 613-14 & n.4, 627 n.15 (finding that aiding and abetting liability was sufficiently pled based on allegation that defendant bank "had reason to know" that its clients were supporting terrorism). The district court held that plaintiffs' pleadings did not adequately establish that defendants knew or had reason to know that their support, through financing and the provision of services, was being provided to persons and entities advancing al-Qaeda's efforts. *See* SPA237-39 (*Terrorist Attacks V*); SPA112-114 (*SAMBA II*); SPA110 (*DMI-Kamel*); SPA57-58 (*Terrorist Attacks I*).

In determining that plaintiffs' pleadings were conclusory and inadequate, the district court misapplied fundamental legal principles governing the assessment of a complaint and related pleadings upon a motion to dismiss. It also dramatically understated or disregarded the scope, detail, and logic of plaintiffs' pleadings. Four principal errors infected the district court's analysis: (1) the district court adopted and applied a heightened pleading standard for defendants accused of supporting terrorism, disregarding the well-established Rule 12 and Rule 8 standards and ignoring Congress's intent regarding the ATA's scope and operation; (2) the district court understated and overlooked plaintiffs' ***74** extensive pleading allegations regarding defendants' knowing and reckless support for al-Qaeda, which were far from conclusory and provided extensive detail; (3) the district court failed to draw all reasonable inferences from plaintiffs' pleadings taken as a whole, which sufficiently alleged and clearly supported an inference regarding defendants' scienter through allegations of (a) direct support for the world's most notorious terrorist organization, al-Qaeda, (b) the publicly-known terrorism associations of the charities and entities defendants supported, and (c) defendants' proximity to, range, and pattern of dealings with entities essential to the al-Qaeda network; and (4) far from accepting the truth of the facts alleged by plaintiffs, the district court assessed and rejected certain evidence underlying plaintiffs' claims, and considered and credited evidence to the contrary.

***1. The District Court Applied an Incorrect, Heightened Standard In Evaluating Plaintiffs' Pleadings.***

The district court's entire analysis of plaintiffs' ATA allegations was tainted by its use of an erroneous legal standard to assess the adequacy of plaintiffs' pleadings. A pleading need only provide a "short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). "To survive a motion to dismiss, a complaint must ***75** contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (quotation marks omitted). A claim is facially plausible if it includes "factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.*

The district court, however, applied a heightened standard of scrutiny to plaintiffs' pleadings, one that has no basis in the Federal Rules and one that it created out of whole cloth exclusively for claims related to terrorism. The court found that due to "the extreme nature of the charges of terrorism, fairness requires extra-careful scrutiny of plaintiffs' allegations as to any particular defendant, to ensure that he -- or it -- does indeed have fair notice of [the claims]." SPA55 (*Terrorist Attacks I*) (emphasis added, brackets in original, and quotation marks and citation omitted); *accord* SPA108 (*DMI-Kamel*); SPA100 (*SAMBA I*). Not only is this departure from the Federal Rules a fundamental legal error, but it also accounts for and explains



HOUSE_OVERSIGHT_023387

why the district court disregarded and failed to credit plaintiffs' extensive, entirely adequate pleadings, *see infra* Point I.B.2; failed to draw reasonable inferences from those pleadings, *see infra* ***76** I.B.3; and declined to accept the truth of the facts alleged by plaintiffs, *see infra* Point LB.4.

Application of this heightened standard is especially misguided in light of Congress's intent that the ATA reach just the conduct that plaintiffs allege. That is, "Congress[] clearly expressed [an] intent to cut off the flow of money to terrorists at every point along the causal chain of violence." *Boim I*, 291 F.3d at 1021. Congress did this by "attach[ing] liability to all donations to foreign terrorist organizations regardless of the giver's intent" because "foreign organizations that engage in terrorist activity are so tainted by their criminal conduct that any contribution to such an organization facilitates that conduct." *Id.* at 1027. Moreover, Congress enacted Section 2339B, a criminal provision incorporated through the ATA, out of a "concern that terrorist organizations could raise funds 'under the cloak of a humanitarian or charitable exercise.' " *Weiss*, 453 F. Supp. 2d at 626 (quoting H.R. Rep. 104-393, at 43 (1995)). That statute was designed to " 'severely restrict the ability of terrorist organizations to raise much needed funds for their terrorist acts within the United States.' " *Id.* Any effort to impose a heightened pleading standard upon terrorism-related ***77** cases, as the district court did, thus "thwart[s] Congress' clearly expressed intent." *Boim I*, 291 F.3d at 1021.

### *2. The District Court Understated and Ignored Plaintiffs' Extensive Pleadings Addressing Defendants' Knowing and Reckless Support of Terrorism.*

Although the district court acknowledged that plaintiffs had in certain respects pled that the defendants knowingly provided support to al-Qaeda,[111] it radically understated the scope and detail surrounding those direct allegations. Far from presenting bare conclusions, plaintiffs abundantly provided defendants with notice of the basis for plaintiffs' claims, including their assertion that defendants sought to advance al-Qaeda's activities.

For each defendant, plaintiffs' detailed allegations focused on the knowing or reckless nature of the provision of support to al-Qaeda. The particular allegations set forth below are in addition to plaintiffs' extensive allegations regarding the broader context of al-Qaeda's use and development of a financing network, the relation between the key financiers and financing mechanisms and al-Qaeda's operations, and the integration of sources of financing into the broader social and ideological ***78** network of persons and organizations that facilitated al-Qaeda's activities. *See supra* pp. 29-60.

#### (a) Al Rajhi Bank

Al Rajhi Bank was founded in 1987 and "has a network of nearly 400 branch offices throughout Saudi Arabia and seventeen worldwide subsidiaries." SPA55 (*Terrorist Attacks I*). Plaintiffs' complaints contain numerous allegations that Al Rajhi Bank knowingly provided an extensive amount of material support to al-Qaeda front charities, including the International Islamic Relief Organization ("IIRO"), the Muslim World League ("MWL"), the World Association of Muslim Youth ("WAMY"), the Benevolent International Foundation ("BIF"), the Saudi Joint Relief Committee ("SJRC"), and Al Haramain Islamic Foundation ("Al Haramain"). *See* SPA55 (*Terrorist Attacks I*); JA1062-65, 1069-77, 3827-29. Its provision of material support included "knowingly and intentionally provid [ing] financial and bank account services" for al-Qaeda front charities and "September 11th hijacker Abdulaziz al-Omari." JA1062-77, 1784, 2483, 3827-29.[112] "Al Rajhi Bank has long known that the[se] ***79** accounts ... were being used to solicit and transfer funds to terrorist organizations, including al Qaida." JA3828. Through these bank accounts, Al Rajhi Bank "knowingly and intentionally ... facilitated [the] purchase of weapons and military equipment." JA2483. Al Rajhi Bank also "knowingly and intentionally lent repeated material support to Al Qaeda," including the front charities, "through, *inter alia*, the use of interstate and international faxes, telephones, wire transfers and transmissions, and mailings." JA1064, 1784.

The complaints further allege that Al Rajhi Bank knowingly provided material support through its involvement in raising funds for al-Qaeda's front charities, including by making direct donations to them, JA1068-73, 2483, guiding the donations of its customers, JA1069-70, cooperating with the charities to advertise the existence of their bank accounts, XXXXXX, and managing and accounting for donations, JA1071. Donations were often made as part of the Islamic duties of *zakat* and *haram*, which include an obligation by the donor "to determine" (*i.e.*, know) that "the ultimate ***80** recipients of these



HOUSE_OVERSIGHT_023388

contributions fall within one of the categories prescribed in the Quaran ...." *See infra* p. 98-99; JA1068-73, 2483. Moreover, by advertising these accounts, Al Rajhi Bank "provid[ed] a mechanism to allow al Qaida's supporters to deposit funds directly into those accounts." JA3828.

Al Rajhi Bank's operations are consistent with their support of al-Qaeda front charities. In 1999, Al Rajhi Bank was warned by United States government officials "that their financial systems were being manipulated or utilized to fund terrorist organizations such as Al Qaeda." SPA55 (*Terrorist Attacks I*); JA 2584-86; *infra* pp. 93-95. "Despite these warnings, Al Rajhi failed to adopt even the most minimal standards, [which] resulted in the use of Al Rajhi as an instrument of terror ..." SPA55 (*Terrorist Attacks I*). By ignoring the most basic banking standards "designed to thwart the support of terrorist networks," such as "anti-terrorist money laundering safeguards and 'know your customer' regulations," Al Rajhi Bank willfully turned a blind eye towards the true nature of these charities. JA2483.

***81 (b) Saudi American Bank[113]**

Plaintiffs' complaints allege that Saudi American Bank has knowingly provided various forms of material support to al-Qaeda. For example, "Saudi American Bank knowingly provided material support and resources to al Qaida" by "finance [ing] many of the projects undertaken by Osama bin Laden and al Qaida in the Sudan during the years that the al Qaida leadership structure operated from that country ...." JA843-44, 3843. This included projects such as "the construction of major roads and the Port of Sudan airport." JA3843.

Saudi American Bank is also alleged to have "knowingly provided financial services and other forms of material support to al Qaida." JA3844. It did this by "maintain[ing] accounts for many of the ostensible charities that operate within al Qaida's infrastructure, including MWL, WAMY, IRO and al Haramain" with "know[ledge] that [these] accounts ... were being used to solicit and transfer funds to terrorist organizations, including al ***82** Qaida." JA843-44, 3843-44. "Saudi American Bank also serve[d] as the Saudi Arabia correspondent for many other banks within at Qaida's infrastructure ...." JA843-44, 3844.

Plaintiffs further allege that "Saudi American Bank facilit[ated] al Qaida's fundraising efforts" by "advertis[ing] the existence and numerical designation of the accounts it maintain[ed] for those charities throughout the Muslim world, and provid[ing] a mechanism to allow al Qaida supporters to deposit funds directly into those accounts." JA3844. These actions were alleged to have been done "[i]n cooperation with the charities operating within al Qaida's infrastructure ...." JA3844. Also, plaintiffs allege that in "2000, the Saudi American Bank participated in the fund raising campaign in Saudi Arabia for collecting donations to the 'heroes of the Al Quds uprising' (Intifada) by providing a bank account and facilities to receive donations for a committee of charity organizations including [WAMY], [IIRO,] and al Haramain Foundation." JA844. In addition, plaintiffs allege that "from 1996 through 2001, the Saudi American Bank funneled money to and/or from the Spanish al Qaida cell." JA4385.

***83 (c) Saleh Abdullah Kamel and Dallah al Baraka**

Plaintiffs' complaints allege that Saleh Abdullah Kamel, a Saudi businessman, has knowingly provided extensive material support to al-Qaeda, both individually and through his various business entities, including Dallah al Baraka. JA3869-70. For example, the complaints allege that Kamel personally "has made substantial contributions to many of the charities operating within al Qaeda's infrastructure, with full knowledge that those funds would be used to support al Qaida's operations and terrorist attacks." JA3869-70. He is also alleged to have "long provided financial support and other forms of material support to terrorist organizations," such as al-Qaeda. JA3162. Kamel's role as a key financial supporter of al Qaeda's is confirmed by his inclusion on the Golden Chain. JA3164; *see infra* pp. 109-10. One such contribution is alleged to have occurred in 1992, when Kamel donated $100,000 to Sanabil Al-Khair, the North American financial arm of the IIRO. JA3125. In addition, complaints allege that through personal investments, Kamel has provided financial support to publicly identified terrorist organizations, including by means of *zakat* donations requiring Kamel's authorization. JA3173-74, 3193, 3200, 3869-70.

***84** The complaints further allege that "Kamel financed and developed Dallah al Baraka and its subsidiaries to operate as profitable banking and investment institutions and to serve as financial vehicles for transferring millions of dollars to Islamic militants around the world." JA3162, 3869-70. In fact, plaintiffs allege that "[t]he practice and policy of Dallah Albaraka ...



HOUSE_OVERSIGHT_023389

[was] to provide financial support and material assistance to international terrorist organizations including al Qaeda." JA821. This support is alleged to have begun in 1982, when both Kamel and Dallah al Baraka "direct[ed] tens of millions of dollars in funds to at least 20 non-governmental organizations, including Osama bin Laden's Mekhtab al Khidmat, the predecessor to al Qaeda ...." JA3162. Dallah al Baraka is also alleged to have "knowingly and intentionally lent material support to Al Qaeda through, *inter alia*, the use of interstate and international faxes, telephones, wire transfers and transmissions, and mailings." JA1782, 3116. Additionally, Dallah al Baraka is alleged to have "knowingly and intentionally ... maintained and serviced bank accounts held by ... Al-Haramain whose funds were earmarked and transferred to Al Qaeda." JA1783. Dallah al Baraka also is alleged to have "provided material support for terrorism," by "consistently and constantly launder[ing] ***85** money" and "engag[ing] in illegal transactions in monetary instruments." R.1233, p. 3. Both Kamel and Dallah al Baraka are additionally alleged to have "continue[d] to maintain joint investments, shares, finances, and correspondent bank accounts with [Al Shamal Islamic Bank] even after it was widely known that the bank was materially supporting international terrorism and that Osama bin Laden was a major investor in the bank." JA3128.

Plaintiffs further allege that beginning in 1983, Dallah al Baraka "facilitated jihad operations in the world [by] providing Osama bin Laden with financial infrastructures in Sudan ...." R.1233, Ex. A, p. 7. Dallah al Baraka also is alleged to have entered into "joint 'symbiotic business' investments" with "al Qaeda['s] network of front companies, farms and factories in Sudan." JA3135-36. And Kamel and Dallah al Baraka are alleged to have provided material support to the Spanish al-Qaeda cell, which directly funded the September 11, 2001, attacks, by permitting their use of an Al Baraka Bank Finance House in Turkey to transfer money to Osama bin Laden's courier in Europe, Mohamed Bahaiah. JA3148.

In addition, plaintiffs' complaints allege that Dallah al Baraka's wholly-owned subsidiary and financial arm, Al Baraka Investment and ***86** Development Company ("ABID Corp."), often acting through subsidiaries over which ABID Corp. "exercised control and direction," "has knowingly maintained accounts" for al-Qaeda front charities, including IIRO, MWL, WAMY, BIF, and al Haramain. JA1782, 3832; R.1233, Ex. A, p.6. ABID Corp. "has long known that the[se] accounts ... were used to solicit and transfer funds to terrorist organizations, including al Qaida." JA3832. ABID has also "facilitate[d] al Qaida's fundraising efforts by "advertis[ing] the existence and numerical designations of the accounts it maintains for th[e]se charities throughout the Muslim world, and provid[ing] a mechanism to allow al Qaida's supporters to deposit funds directly into those accounts." JA3832. These actions were done "[i]n cooperation" with the charities in question. JA3832. Plaintiffs' complaints also allege that Kamel and ABID Corp. engaged in a scheme to purchase and export sesame products with businesses they "knew or should have known" were "owned and operated by Osama bin Laden." JA3137.

**(d) Dar-Al-Maal Al Islami ("DMI") Trust**

The complaints allege that as one of the central banking entities used by Saudi Arabia beginning in the early 1980s to "channel[l massive financial support for the spread of ... the radical brand of Islam at the heart ***87** of the al Qaida ideology," DMI Trust "directly and through its subsidiaries and affiliates, knowingly provided material support and resources to al Qaeda and/or affiliated individuals and entities." JA3833, 4331. One such company is DMI Trust's wholly owned and directly controlled subsidiary, DMI Administrative Services S.A. ("DMI S.A."), which "puts into action the investments, strategies, distributions, and policies of the DMI Trust through direct assistance to al Qaeda." JA4985; Companion Brief at Point I.B.2.(b)(iii).

Such support is alleged to have taken the form of "laundering money for al Qaeda, knowingly and intentionally providing financial services to al Qaeda (including mamtaining and servicing al Qaeda bank accounts and accounts used to fund and support al Qaeda), and/or facilitating weapons and military equipment purchases and money transfers for al Qaeda." JA2569, 4986-87. DMI Trust is alleged to have utilized its "*zakat* [and *haram]* accounts ... to support al Qaeda ... [and] transferred money for Al Haramain." JA2569-70, 2594-95. Plaintiffs additionally allege that "DMI [Trust] and its affiliated and subsidiary companies have known that many of the ostensible charities to which they channeled *Zakat and Haraam* funds were, in fact, fronts for al Qaeda [, including IIRO and MWL]." ***88** JA4337. "Despite the actual knowledge that money contributed to these charities was being used to support terrorist activities, DMI and its affiliates and subsidiaries continued to send funds to these charities in the form of *Zakat and Haraam* contributions on their own behalf and on behalf of their investors, depositors and account holders." JA4338.

Pleadings allege not only that DMI Trust acted through its wholly owned companies, but that those companies have

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HOUSE_OVERSIGHT_023390

"facilitated financial transactions for, and advertised, maintained and serviced accounts on behalf of, several of al Qaeda's known charity fronts, including Al Haramain ..., [IIRO,] and [MWL]." JA4331. One such company that DMI Trust is alleged to have exercised "direct involvement" over is Faisal Islamic Bank of the Sudan. JA4331. Through this company and others, DMI Trust is alleged to have "entered into business partnerships with prominent al Qaeda supporters, such as the National Islamic Front, the fundamentalist regime which has ruled Sudan since 1989 and provided safe haven to Osama bin Laden and al Qaeda from 1991 through 1996." JA4331. Specifically, Faisal Islamic Bank, and thus DMI Trust, is alleged to have provided loans and other support to the National Islamic Front and its prominent members. JA4332-33. Faisal Islamic Bank is also alleged to ***89** have "actively participated in the collection of funds for certain of al Qaeda's 'charitable' front organizations." JA4337-38.

Another "wholly owned subsidiary, Faisal Finance," is alleged to have "knowingly and intentionally" held and managed accounts for multiple al-Qaeda operatives, including Wa'el Julaidan and Yasin Al Kadi, who were both designated by the U.S. Department of Treasury as Specially Designated Global Terrorists. JA3723. Plaintiffs allege that in 1998, Al Kadi's account was identified by "the FBI's Counter Terrorism Task Force ... as being a source of funding for Hamas terrorist, Mohamed Saleh" and it "was one of the accounts frozen after September 11, 2001." JA3823-24. Moreover, under DMI Trust's control, Faisal Finance continued to provide these services even after Osama bin Laden publicly acknowledged his close ties to Julaidan in 1999. JA3723. Similarly, Tadamon Bank, another DMI Trust subsidiary, has "knowingly and intentionally lent repeated material support to Al Qaeda through" the provision of "financial and bank account services to several Al Qaeda operatives." JA1789-90, 4335, 5915.

***90** ***3. The District Court Failed to Draw Reasonable Inferences From Plaintiffs' Extensive Additional Pleadings Establishing Defendants' Knowing and Reckless Support of Terrorism.***

Further, plaintiffs presented extensive additional allegations that permitted -- indeed, compelled -- reasonable inferences that each defendant knew or recklessly disregarded whether the recipients of their funds and services were in fact advancing al-Qaeda's efforts. Far from applying the rule that a court must draw "all reasonable inferences" in favor of the plaintiff when resolving a motion to dismiss, *Matson v. Bd. of Educ. of the City Sch. Dist. of N.Y.*, 631 F.3d 57, 72 (2d Cir. 2011), the district court declined to draw even the most straightforward inferences about mental state from the extensive allegations of defendants' actions directed toward al-Qaeda and its closest supporters. Plaintiffs' allegations, taken as a whole, place defendants at the core of the network that supported al-Qaeda, including through direct provision of funds and services to al-Qaeda itself; extensive dealings with the most notorious and widely known charities, related organizations, and individuals who are prominently involved in global jihad and supporting al-Qaeda; and a pattern of dealing with and assisting the persons and entities most closely associated with al-Qaeda. An inference of mental state is almost always derived from ***91** circumstantial evidence, and here that evidence pervasively and consistently points to the conclusion that defendants knew that their support advanced the efforts of al-Qaeda. Alternatively, at a minimum, plaintiffs' allegations establish that only a person deliberately oblivious to the nature of the parties involved, which is the essence of recklessness, could have failed to understand that the alleged actions were supporting terrorism.

**(a) Reasonable inference based on provision of support to al-Qaeda, a notorious terrorist organization.**

The defendants are alleged to have "provided critical financial and logistical support to al Qaeda in relation to that terrorist organization's global jihad." JA3834, 3843-44, 3870, 4314, 4331. Defendants' provision of material support to al-Qaeda came at a time when that terrorist organization was publicly, even notoriously, known to have declared its intent to "wage war with the United States." JA3153, 3777. Moreover, al-Qaeda had taken credit for numerous terrorist attacks that were among the most highly publicized on the planet. As the district court noted, the terrorist organization had "publicly acknowledged responsibility for, such terrorist schemes as the 1993 bombing of the World Trade Center, the 1998 attack of the U.S. embassies in Kenya and Tanzania, and the 2000 attack of ***92** the U.S.S. Cole in Yemen." SPA20, 50 (*Terrorist Attacks I*) (quotation marks and citations omitted). In addition, President Bill Clinton signed an Executive Order on August 21, 1998, that "block[ed] the assets of Osama bin Laden and his terrorist cells, including Al Qaeda, as international terrorists." JA1065-66.



HOUSE_OVERSIGHT_023391

These allegations and al-Qaeda's notorious nature make plain the district court's failure to draw a reasonable inference that the defendants had the requisite mental state of knowingly or recklessly advancing the efforts of a terrorist organization, where the pleadings contained detailed allegations that they provided material support to al-Qaeda. A stark example is the district court's failure to infer that Al Rajhi Bank knew or had reason to know that it was providing financial services to al-Qaeda, despite plaintiffs' allegations that United States government officials -- "William Weschler of the National Security Council and Richard Newcomb of the Office of Foreign Assets Control" -- warned Al Rajhi Bank in 1999 "that their financial systems were being manipulated or utilized to fund terrorist organizations such as Al Qaeda." SPA55 (*Terrorist Attacks I*); JA1080-81. The district court simply noted that plainti ffs failed to allege "Al Rajhi Bank implemented 'know your customer' rules that Al Rajhi ***93** failed to follow with respect to accounts held by the Defendant charities." SPA57 (*Terrorist Attacks I*).

The district court's holding is not only inconsistent with *Wultz*, 755 F. Supp. 2d at 50-5, where the court inferred that the Bank of China knowingly provided financial services to a terrorist organizations based on allegations that it had been issued a warning by a Chinese official, but also is inconsistent with its own later decision. There, plaintiffs alleged that Dubai Islamic Bank provided banking services to al-Qaeda, even as the United States government had provided warnings to the United Arab Emirates in 1999. SPA199-200 (*Terrorist Attacks IV*). These allegations, the district court concluded, "g[a]ve rise to the inference that [Dubai Islamic Bank] intentionally and knowingly assisted al Qaeda by providing banking services ...." *Id.* at 205. Similarly, the allegations against Al Rajhi Bank draw the reasonable inference that it, too, knowingly assisted al-Qaeda.

**(b) Reasonable inference based on provision of support to charities known to be fronts for al-Qaeda.**

It is also reasonable to infer defendants' mental state based on allegations of material support to al-Qaeda front charities that were intimately involved in the al-Qaeda network and publicly known as such. The complaints allege that charities have "played a singularly important ***94** role in al Qaida's development and pursuit of its perverse ambitions ... [and] have served as the primary vehicle for raising, laundering and distributing funds on behalf of al Qaida from its inception." JA3778. According to the United Nations, the main purpose of al-Qaeda front charities was "to raise and deliver funds to al-Qaida." JA3778-79. And, as a 2002 independent commission on financing of international terrorism reported:

> [T]he most important source of al Qaeda's money is its continuous fundraising efforts. Al Qaeda's financial backbone was built from the foundation of charities .... In many communities, the *zakat* is often provided in cash to prominent, trusted community leaders or institutions, who then commingle and disperse donated moneys to persons and charities they determine to be worthy. These widely unregulated, seldom audited, and generally undocumented practices have allowed unscrupulous actors such as al Qaeda to access huge sums of money over the years. Today al Qaeda continues to raise funds from both direct solicitations of wealthy supporters and through retail charities. Some, whose donations go to al Qaeda, know full well the terrorist purposes to which their money will be put.

JA791.

The pleadings allege that it was widely and publicly known prior to September 11, 2001 that the charities supported by defendants were actually fronts for al-Qaeda. JA2483-84. For example, in September 1998, al Haramain was banned from Kenya for its involvements with the ***95** bombing of United States embassies in both Kenya and Tanzania. JA2483. WAMY was identified as having been involved with the 1993 World Trade Center bombing. *Id.* MWL was known to have ties to a 1995 assassination attempt on Egyptian President Mubarak and the 1998 bombings of United States embassies. *Id.* IIRO was implicated for its "involvement with terrorist attacks and plots in Bosnia, the Philippines, Croatia, Kenya, India, Macedonia, Jordan, India, and the 1993 World Trade Center bombing ...." JA2483-84. SJRC "publicly discussed [its] involvement with terrorist attacks in Albania, Kosovo, Egypt, Tanzania and Kenya ...." JA2484. And, BIFs was publicly linked with "terrorist activities in Chechnya, the Sudan, Bosnia and the Philippines," and its manager in Sudan had been arrested "under suspicion of ties to al Qaida." *Id.*



HOUSE_OVERSIGHT_023392

The pleadings further allege that the relationship between these charities and al-Qaeda's terrorism was widely known and publicly reported. Throughout the 1990s, numerous media reports and statements by government officials disclosed similar facts, including the terrorist activities of al Haramain, IIRO, and WAMY. JA 2596-97, 4337-38, 7891-94. For example, a major Egyptian newspaper, *Rose Al Yusuf*, reported in late 1992 "that the IIRO and the Bin Laden Organization in Egypt recruited and ***96** sponsored more than 700 Arab operatives to travel to Afghanistan to train as jihadist terrorists." JA2596. International media reported "that the Cairo office of the IIRO was managed by the bin Laden family and Mohamad Showki Al Istanbul, who was sentenced to death in Egypt for his Islamic extremist activities." *Id.* Another newspaper reported that "[t]he IIRO was shut down by Egyptian authorities later in 1993 or early 1994 as a result of the charity's links to Osama Bin Laden." *Id.* An article in *Rose Al Yusuf* provided:

> Working with Palestinian Islamist Shaykh Abdallah Azzam, Bin-Ladin set up the 'Jihad and Relief" guesthouse in Peshawar to receive volunteers who would arrive after a short stop in the al-Ansar guesthouse in Jeddah. The route of this process passed through the unlicensed Cairo office of the [MWL], directed by Dr. Abdallah Umar Nasif.

JA2596-97. In addition, public testimony from a high-level al-Qaeda operative prior to September 11, 2001, "described how Osama Bin Laden's brother-in-law, convicted terrorist and IIRO employee, Jamal Khalifa, opened a [MWL] office in Pakistan for the use of the founders of al Qaeda to recruit, train and equip al Qaeda terrorists." JA2597.

Moreover, it is entirely reasonable to conclude that the defendants were aware of these facts based on their obligation under the Koran to ***97** inquire into the source of their *zakat* and *haram* donations, many of which went to al-Qaeda front charities. *See supra* 47-48, 50-51, 81-82, 85, 89-90, 96; JA1070-71. That is, "[t]he Quran requires every Muslim, individuals and corporations, to give Zakat for specific charitable purposes identified in the Quaran." JA1062. Muslims are also required to donate their *haram* income, which is money derived from sources such as earned interest or "impure activities such as gambling or the sale of liquor." JA1063-64. To ensure that their *zakat* and *haram* contributions "satisfy their religious obligations under Islam," entities making the contributions are "required to determine that the ultimate recipients ... fall within one of the categories prescribed in the Quran ...." JA1070.

It is commonplace for courts to infer a defendant's mental state from surrounding facts when analyzing a Rule 12(b)(6) motion to dismiss. *See, e.g., In re Chiquita Brands Int'l, Inc.*, 690 F. Supp. 2d 1296, 1310 (S.D. Fla. 2010) (" 'knowledge may be inferred from circumstantial evidence' ") (quoting *Schneberger v. Wheeler*, 859 F.2d 1477, 1480 (11th Cir. 1988)); *Foster v. Auburn Univ.*, No. 11-CV-503, 2011 U.S. Dist. LEXIS 141056, at *11-12 (M.D. Ala. Dec. 8, 2011) (finding that factual allegations gave rise to reasonable inference that defendant engaged in intentional conduct); *Med-* ***98** *Sys. v. Masterson Mktg.*, No. 11-CV-695, 2011 U.S. Dist. LEXIS 135216, at *19-20 (S.D. Cal. Nov. 23, 2011) (same); *U.S. Bank Nat'l Ass'n v. Verizon Commc'ns, Inc.*, No. 10-CV-1842, 2011 U.S. Dist. LEXIS 106657, at *12-16 (N.D. Tex. Sept. 19, 2011) (same); *Redding v. Edwards*, 569 F. Supp. 2d 129, 132 (D.D.C. 2008) (same); *Almog v. Arab Bank, PLC*, 471 F. Supp. 2d 257, 291 (E.D.N.Y. 2007) (same). Even in the context of criminal prosecutions under Sections 2339A and 2339B, courts have held it proper to infer a defendant's mental state based on circumstantial evidence. *See, e.g., United States v. El-Mezain*, No. 09-1560, 2011 U.S. App. LEXIS 24216 (5th Cir. Dec. 7, 2011) (finding that "it was logical for the jury to conclude that the defendants' inten[ded] ... to support Hamas" as "the evidence strongly supported the inference that the defendants were connected to Hamas"); *United States v. Augustin*, 661 F.3d 1105, 1121 n.7 (11th Cir. 2011) (finding that "there is ample circumstantial evidence of [the defendant's] knowledge of Al Qaeda and its terrorist activities"); *United States v. Kassir*, No. 09-CR-356, 2009 U.S. Dist. LEXIS 83075, at *21-22 (S.D.N.Y. Sept. 11, 2009) (finding that evidence "allowed the jury to infer that [the defendant] intended the jihad training to benefit al Qaeda").

***99** An inference that the defendants possessed the requisite mental state is particularly reasonable where, as here, the plaintiffs allege that the charities supported by the defendants were publicly known to have been involved in terrorist activities and to be affiliated with al-Qaeda. *See Wyatt*, 785 F. Supp. 2d at 647-48; *see also Goldberg v. UBS AG*, 660 F. Supp. 2d 410, 428-29 (E.D.N.Y. 2009) (finding that plaintiffs had "sufficiently pled that the defendant consciously disregarded the fact that it was supporting a terrorist organization" when various forms of public information suggested "that

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HOUSE_OVERSIGHT_023393

[the recipient] was funneling money to terrorist organizations"); *Strauss v. Credit Lyonnais, S.A.*, No. CV-06-0702, 2006 U.S. Dist. LEXIS 72649, at *47-49 (E.D.N.Y. Oct. 5, 2006) (drawing a reasonable inference that a bank "had reason to know" one of its customers was a terrorist group based on "public investigations of" the group and discussions within the press). In *Wyatt*, the district court drew upon public awareness that Iraq supported suicide bombers in Israel to "infer that ... the defendants knew the[ir kickbacks to Iraq] would be used for that purpose." 785 F. Supp. 2d at 647-48. And in *Weiss*, the district court inferred that defendants "had reason to know the activities of its clients because of its legal and self-imposed obligations to know its customers." ***100** 453 F. Supp. 2d at 627 n.15. Here, the facts alleged establish a general public awareness that the front charities supported by the defendants had been involved in acts of terrorism and actively aided al-Qaeda, and that the defendants had an obligation to know the source of their donations. These allegations give rise to a reasonable inference that defendants possessed the requisite mental state under the ATA, namely, that they knew or had reason to know the entities they supported were fronts for al-Qaeda.

**(c) Reasonable inference based on defendants' extensive relationship with the al-Qaeda network.**

The plaintiffs also provided sufficient allegations connecting the defendants to the center of al-Qaeda's network of terrorism, and individuals in the midst of al-Qaeda's network are more likely to be part of al-Qaeda and at least well placed to know the nature of its activities. *See Al-Adahi v. Obama*, 613 F.3d 1102, 1109-10 (D.C. Cir. 2010) (finding that petitioner's "close connection to the al-Qaida leadership ... strengthened the probability that he was part of al-Qaida"), *cert. denied*, 131 S. Ct. 1001 (2011). As such, it is entirely reasonable to infer, based on plaintiffs' allegations as a whole and in considering a motion to dismiss, that defendants provided material support to al-Qaeda with the requisite knowledge. *See id.* at 1105 (finding that a district court erred by analyzing ***101** evidence individually, as opposed to holistically, to determine whether the petitioner was a member of al-Qaida, because certain patterns of behavior increase the likelihood that an individual is a member of the terrorist organization); *see also Salahi v. Obama*, 625 F.3d 745, 753 (D.C. Cir. 2010) (the court "must view the evidence collectively rather than in isolation"). As the quantity and significance of a defendant's dealings and contacts with notorious members and supporters of al-Qaeda increase, it becomes at least reasonable to conclude that a defendant actually knows who his associates are. Plaintiffs' allegations far exceed that threshold.

For example, the pleadings allege that the chairman and managing director of Al Rajhi Bank, Suleiman Abdel Aziz Al Rajhi, was a member of IIRO's board of directors and "directly participate[d] in the management, funding and operation of ... MWL and IIRO." JA3827-28. The pleadings also allege that while Abdul Aziz Al-Khereiji served as an executive on Al Rajhi Bank's board of directors, he "was also a Director of a terrorist front, Muwaffaq Limited." JA1078-79. In addition, plaintiffs allege that "[d]irectors and advisory members of Al Rajhi [Bank] and its Shariah Boards share directorships and advisory positions with [al-Qaeda front] charities ...." JA1079. One such individual was alleged to be Sheik ***102** Abdallah bin Abd-al Rahman al Basam, who "simultaneously served as chairman of the Sharia Supervisory Committee in the IIRO, and as a member of the Sharia Committee of the al Rajhi Bank. He was also a member of the Holy Qura Committee of the [MWL]." JA2484-85.

Plaintiffs' allegations were corroborated by The Wall Street Journal report of the extensive contacts between Al Rajhi Bank and al-Qaeda:

> Islamic extremists have used Al-Rajhi Banking & Investment Corporation (ARABIC) since at least the mid-1990s as a conduit for terrorist transactions, probably because they find the bank's vast network and adherence to Islamic principles both convenient and ideologically sound. Senior al-Rajhi family members have long supported Islamic extremists and probably know that terrorists use their bank. Reporting indicates that senior al-Rajhi family members control the bank's most important decisions and that ARABIC'S principle [sic] managers answer directly to Suleiman. The al-Rajhis know they are under scrutiny and have moved to conceal their activities from financial regulatory authorities.

JA7882.[114] Based on these allegations, Al Rajhi Bank had reason to know of the charities' "extensive sponsorship of al



HOUSE_OVERSIGHT_023394

Qaida's operations, and consequently that the accounts maintained by Al Rajhi Bank on behalf of ***103** those organizations were being used to channel funds to al Qaida." JA3828.

Plaintiffs made further allegations connecting the Al Rajhi family, "which owns and controls Al Rajhi Bank," to al-Qaeda, including that they have ties to Osama bin Laden's personal secretary, are major donors to the SAAR network, and are closely associated with wealthy donors to Osama bin Laden identified on the Golden Chain. SPA56 (*Terrorist Attacks I*); JA1081-85; Companion Brief at Point LB.2(c). The district court found such allegations to be insufficient because plaintiffs did not also provide "allegation[s] that the family members were acting in furtherance of Al Rajhi Bank business." SPA57 (*Terrorist Attacks I*). The district court missed the point entirely, though, in focusing on the family members' *actions* and whether they furthered the bank's business. As the D.C. Circuit found in *Al-Adahi*, these allegations of the family members' *affiliations* and *patterns of behavior* paint a mosaic revealing intimate involvement with al-Qaeda. As a result, these allegations support a reasonable inference that defendants' provision of material support to al-Qaeda was done either knowingly or recklessly.

***104** The district court made the same error in finding insufficient allegations that Al Rajhi Bank provided material support to Hamas and other terrorists, including through provision of funds to Tulkarm Charity Committee, a known front for Hamas. SPA56-57 (*Terrorist Attacks I*); JA1077-79. Plaintiffs also alleged that Al Rajhi Bank hosted its website with Infocom, a Texas-based company owned and operated by Mousa Marzook, a Hamas leader and designated terrorist. SPA56 (*Terrorist Attacks I*); JA1077-78. Infocom has provided funding to Hamas, and Al Rajhi Bank has made transfers from its accounts to Marzook and Infocom. SPA56 (*Terrorist Attacks I*). The district court found these allegations to be insufficient to support the ATA claim on the ground that "[p]laintiffs have not alleged any relationship between Hamas and al Qaeda or the terrorist attacks of September 11." *Id.* at 57. Again, this ignores that such allegations provide greater support for an inference that Al Rajhi Bank had the requisite mental state when providing material support to al-Qaeda, because associates of terrorists tend to be aware of and involved in numerous activities of terrorists.

Allegations against the other defendants provide support for the same inference. The pleadings allege that Saudi American Bank has a close ***105** relationship with the Saudi Bin Laden family and "directly and materially supported Hamas, Palestinian Islamic Jihad, and other terrorist groups in that region" by "participat[ing] in the scheme to fund terrorists in Gaza and the West Bank." *Id.* at 58; JA3089.

DMI Trust is alleged to have served as one of the central banking entities that, beginning in the early 1980s, Saudi Arabia used to "channel[] massive financial support for the spread of Wahhabism, the radical brand of Islam at the heart of the al Qaida ideology" by "provid[ing] material support and resources to al Qaeda ...." JA3833, 4331. The pleadings also allege that DMI Trust has extensive relationships with al-Qaeda and its closest operatives. For example, DMI Trust is the parent company of Islamic Investment Company of the Gulf, which is the parent of Al Shamal Bank. JA2570. Osama bin Laden helped establish Al Shamal Bank in 1991 by providing capital of $50 million, and it has since held accounts for numerous al-Qaeda operatives. JA2570-71. Adel Baterjee, a wealthy Saudi businessman and close associate of Osama bin Laden, is the chairman of Al Shamal Bank. JA2587. All of DMI Trust's entities are chaired by Price Mohamed al-Faisal al-Saud, a known collaborator of al-Qaeda, who has "engaged in the sponsorship of international terrorism through [DMI ***106** Trust], the Faisal Islamic Bank and Al Shamal Bank." JA902, 2584. DMI S.A., the wholly owned and controlled subsidiary of DMI Trust, owns 100% of Islamic Investment Company of the Gulf, for which Mohamed al-Faisal al-Saud was the Chairman and Haydar Mohamed Bin Laden, the brother of Osama bin Laden, was a Director, and which is the main shareholder of Faisal Islamic Bank (Sudan). JA832, 2562. DMI Trust also appointed Hassan Abdallah Al Turabi, who has "embrace[d] an ideology of violence ...[,] promote[d] violent jihad ...[,] and encouraged radical Islamic terrorist groups such as al Qaeda" as a supervising Board of Director. JA2576-82. Youssef al-Karadawi, "the spiritual leader of the Muslim Brotherhood who promotes the ... philosophy of jihad" and "has been barred from entering the [United States] since November 1999 for his alleged support of terrorism and affiliations with al-Qaeda associates[,]" has served as a "member of the Religious Board of DMI Trust ...." JA2590-92.

In addition, the pleadings allege that Saleh Abdullah Kamel "established Dallah Al Baraka as a central house for Islamic terrorism when al Qaeda first started carrying out attacks against the United States." JA4314. Saleh Abdullah Kamel visited Sudan in 1991 with Saudi officials ***107** and businessmen -- including Yassin Al-Qadi, who was named as a Specially Designated Global Terrorist on October 12, 2001 -- and entered into "symbiotic business" investments with Osama bin Laden's entities and the government of Sudan. JA3132. Saleh Abdullah Kamel was also listed as a board member for IIRO's



HOUSE_OVERSIGHT_023395

office in Washington, DC, and he was reported to have "major investments" in Bank Al-Taqwa, a notorious Specially Designated Global Terrorist. JA3125-26, 3146. Dallah al Baraka "is a shareholder of Aqsa Islamic Bank, a bank that Israel has refused to approve, 'citing obvious ties with known terrorists.' " SPA60 (*Terrorist Attacks I*).

Both Saleh Abdullah Kamel and Al Rajhi Bank's chairman and managing director, Suleiman Abdel Aziz al Rajhi, are alleged to have been identified in the "Golden Chain" document as one of al-Qaeda's principal financiers. JA3164, 3866-67, 3869-70; *see also supra* pp. 56-60. United States intelligence agencies concluded that the seized materials were authentic al-Qaeda documents that chronicle the formation of al-Qaeda, detail its financial and organizational structure, and identify al-Qaeda's most important financial benefactors and the individuals responsible for coordinating their contributions. *See supra* at pp. 54-55 nn.85-86. Jamal al ***108** Fadl, a senior al-Qaeda official who defected and became a cooperating witness for the United States, has authenticated the Golden Chain document. *See supra* at 55 n.86. The Treasury Department has used inclusion on that list as a basis for designating individuals as terrorist sponsors and for freezing their assets under Executive Order 13224. *Id*. The Golden Chain has been relied upon by the United States as an exhibit in multiple criminal cases. *See supra* at pp. 54-55 nn.85-86. And, the **9/11** Commission's Final Report also relied upon the Golden Chain. *See supra* pp. 25-26 & n.8.

These allegations, taken together, detail an extensive relationship between the defendants and al-Qaeda, giving rise to a reasonable inference that the defendants' provision of material support to al-Qaeda was knowing or, at the very least, reckless. The reasonableness of this inference is supported by the D.C. Circuit's judicial review of habeas petitions brought on behalf of Guantanamo Bay detainees. *See, e.g., Al Alwi v. Obama*, 653 F.3d 11 (D.C. Cir. 2011); *Uthman v. Obama*, 637 F.3d 400 (D.C. Cir. 2011); *Al-Adahi*, 613 F.3d at 1102; *Al-Bihani v. Obama*, 590 F.3d 866 (D.C. Cir. 2010), *cert. denied*, 131 S. Ct. 1814 (2011). In order to have a basis to continue to detain a petitioner, the United States has been required to ***109** prove that a detainee was "more likely than not ... part of, or substantially supported, Taliban or al-Qaida forces or associated forces ...." *Al Alwi*, 653 F.3d at 15. This inquiry is fact specific and has required the court to infer, based on circumstantial evidence, a petitioner's state of mind -- whether he was "part of" al-Qaeda. *See, e.g., id*. at 17-18; *Uthman*, 637 F.3d at 407 ("[I]t remains *possible* that Uthman was innocently going about his business ... [but] the far more likely explanation for the plethora of damning circumstantial evidence is that he was part of al Qaeda"); *Salahi*, 625 F.3d at 751-52 ("[T]he determination of whether an individual is 'part of al-Qaida must be made on a case-by-case basis by using a functional rather than a formal approach and by focusing upon the actions of the individual in relation to the organization" (quotation marks and citations omitted)).

The standard employed by the D.C. Circuit is substantially more rigorous than that required in the present case, both because the United States must establish its case by a preponderance of evidence (rather than the pre-discovery, prima facie showing required here), and because the issue is whether a defendant actually served as "part of" al-Qaeda (rather than whether it simply provided knowing support to al-Qaeda). *Compare Al Alwi*, 653 F.3d at 15 (government must put forward evidence proving ***110** that the petitioner was "more likely than not ... part of, or substantially supported, ... al-Qaida"), *with Iqbal*, 129 S. Ct. at 1949 (plaintiffs' allegations need merely "allow [] the court to draw the reasonable inference that the defendant is liable for the misconduct alleged"), *and Boim III*, 549 F.3d at 693 (required mental state under the ATA is whether defendant "kn[ew] that the organization" to which he provided material support "engage[d] in [terrorist] acts or [wa]s deliberately indifferent to whether it d[id]").

Even applying this more stringent standard, the D.C. Circuit has consistently found that habeas petitioners were "part of" al-Qaeda. *See Al Alwi*, 653 F.3d at 18 (collecting cases). For example, in *Al-Bihani*, the court held that an individual's presence at "Al Qaeda training camps in Afghanistan" or "Al Qaeda guesthouses ... overwhelmingly, if not definitely, justif[ies] the government's detention ...." 590 F.3d at 873 n.2. In *Uthman*, the court looked at a variety of factors, including that the petitioner had attended a religious school where al-Qaeda had recruited fighters and "traveled to Afghanistan along a route used by al Qaeda recruits," to reach the same conclusion. 637 F.3d at 403-04. And, on numerous occasions, the D.C. Circuit has reproached the district court for ***111** its failure to draw reasonable inferences from a petitioner's contacts with those associated with al-Qaeda. *See, e.g., Al Adahi*, 613 F.3d at 1109-10 (finding that the district court "committed ... the fallacy of the possible proof" in declining to infer that the petitioner had a close relationship with al-Qaeda's leadership based on the possibility that the evidence showing his deep knowledge of al-Qaeda's leadership *could* have been learned some other way); *Salahi*, 625 F.3d at 753 (finding that petitioner's limited relationships with al-Qaeda operatives did not "independently ... prove that he was 'part of' al-Qaida, those connections make it more likely that [he] was a member of the organization ... and thus remain relevant to the question of whether he is detainable").



HOUSE_OVERSIGHT_023396

Thus, even in that more rigorous context, the D.C. Circuit has squarely rejected the approach taken by the district court here (ignoring the context of a defendant's alleged actions and examining each allegation in isolation). For example, the habeas cases repeatedly find that an inference of al-Qaeda membership may be drawn from a pattern of dealing with persons associated with al-Qaeda or from sharing characteristics with those persons. *See Uthman*, 637 F.3d at 407 (circumstantial evidence, in the form of repeated dealings with al-Qaeda, sufficient to establish membership) ***112** (collecting cases). As the D.C. Circuit held, such "evidence tend[s] to show [the detainee's] close relationship with these men and thus strengthen[s] the probability that he was part of al-Qaida." *Al Adahi*, 613 F.3d at 1109; *accord Uthman*, 637 F.3d at 407 ("[detainee's] actions and recurrent entanglement with al Qaeda show that he more likely than not was part of al Qaeda"). Just as clearly, the D.C. Circuit has recognized that courts "must view the evidence collectively rather than in isolation." *Salahi*, 625 F.3d at 753. "Merely because a particular piece of evidence is insufficient, standing alone, to prove a particular point does not mean that the evidence 'may be tossed aside and the next [piece of evidence] may be evaluated as if the first did not exist.' " *Id.* (quoting *Al-Adahi*, 613 F.3d at 1105) (brackets in original).

### *4. The District Court Vailed to Accept the Truth of the Tacts Alleged.*

In considering a motion to dismiss, courts are of course under an obligation to "assume the[] veracity" of the plaintiffs' factual allegations and to view them "in a light most favorable to the plaintiff." *Iqbal*, 129 S. Ct. at 1950; *Matson*, 631 F.3d at 72. In addressing crucial allegations bearing directly on defendants' state of mind, the district court failed to follow these basic principles.

***113** For example, when analyzing the claims against Al Rajhi Bank, the district court rejected the truth of plaintiffs' allegations, and instead, accepted Al Rajhi Bank's version of events. After recounting plaintiffs' allegation that Al Rajhi Bank had a duty to inquire into the recipients of their *zakat* donations, the district court noted that Al Rajhi Bank "submits it did not have a duty, or a right, to inspect the ... charities' financial transactions to ascertain the ultimate destination of its donations." SPA56 (*Terrorist Attacks I*). The district court continued, "Al Rajhi Bank contends it had a legal and religious duty to make its charitable donations and any terrorist activity by the recipient charities was unknown to Al Rajhi Bank." *Id.* The district court then concluded that the "[p]laintiffs do not offer facts to support their conclusions that Al Rajhi Bank had to know that ... [the recipient] charities ... were supporting terrorism." *Id.* at 57. To reach this finding, the district court necessarily ignored or declined to assume the truth of plaintiffs' express allegation that Al Rajhi Bank was "required to determine that the ultimate recipients of these contributions fall within one of the categories prescribed in the Quran for recipients of Zakat." *Id.* At the pleading stage, the court's reasoning is error. *See Iqbal*, 129 S. Ct. at 1950; *Matson*, 631 F.3d at 72.

***114** The district court also failed to follow the standards that govern review of a motion to dismiss when it rejected "as having no evidentiary value" the plaintiffs' allegations that Saleh Abdullah Kamel and Al Rajhi Bank's chairman and managing director, Suleiman Abdel Aziz al Rajhi, were listed on the Golden Chain. SPA247 (*Terrorist Attacks V*); *accord* SPA110 (*DMI-Kamel*); SPA42 (*Terrorist Attacks I*).

This finding is not only an impermissible rejection of plaintiffs' allegations concerning the Golden Chain, but also is inconsistent with the findings of other courts and the Executive branch. For example, the Golden Chain -- along with other documents discovered in the same raid -- was relied upon by the Government in an Evidentiary Proffer of al-Qaeda sponsor, Enaam Arnaout, and also referenced and used as a resource in Arnaout's sentencing hearing. *See supra* pp. 54-55 nn.85-86. It was cited in the **9/11** Commission's Final Report in July 2004, *see supra* pp. 25-26 & n.8, and the CRS has cited it in numerous reports, *see supra* p. 56. The **9/11** Commission Monograph on Terrorism Financing cites to "a group of wealthy donors from the Persian Gulf region known as the "Golden Chain," which provided support to ... Usama Bin Ladin." *See supra* p. 55 & n.87. The **9/11** Monograph continues:

> ***115** The material seized [in Bosnia] included many documents never before seen by U.S. officials, such as the actual minutes of al Qaeda meetings, the al Qaeda oath, al Qaeda organizational charges, and the "Golden Chain" list of wealthy donors to the Afghan mujahideen ....



HOUSE_OVERSIGHT_023397

*See supra* p. 56 n.89. The Golden Chain has also been used by the U.S. Treasury Department in designating persons as Specially Designated Global Terrorists. *See supra* p. 55 n.86.

The district court committed further error by failing to credit plaintiffs' allegations that DMI Trust, Dallah al Baraka, and Saleh Abdullah Kamel controlled their subsidiaries that provided material support to al-Qaeda. *See* SPA245, 247 (*Terrorist Attacks V*); SPA109 (*DMI-Kamel*); SPA60 (*Terrorist Attacks I*). A plaintiff sufficiently pleads an ATA claim by alleging that the defendant provided material support to terrorists through an entity that the defendant controlled. *See Wyatt*, 785 F. Supp. 2d at 648 (finding that plaintiffs stated an ATA claim where they alleged that company controlled intermediary through which it provided material support). As the D.C. Circuit explained, "[w]hen one entity so dominates and controls another that they must be considered principal and agent, it is appropriate, under [the ATA], to look past their separate juridical identities ***116** and to treat them as aliases." *Nat'l Council of Resistance of Iran v. Dep't of State*, 373 F.3d 152, 157 (D.C. Cir. 2004).

The plaintiffs' allegations met this standard. For example, plaintiffs allege that DMI Trust and DMI S.A. "directly participate in the oversight and management of DMI Trust's subsidiary and associate entities." JA4329. In addition, DMI Administrative Services, S.A. is alleged to be "a wholly owned subsidiary directly controlled by DMI Trust," JA4330, and DMI Trust is alleged to have "direct involvement" over Faisal Islamic Bank, JA4331. Plaintiffs also allege that Kamel "headed" Dallah al Baraka and its wholly-owned subsidiary, ABID Corp., which "exercised control and direction" over numerous subsidiaries. JA1782, 3122, 3832.

### C. The District Court Incorrectly Disregarded Extensive Allegations of Support to al-Qaeda by Defendants Dallah al Baraka and Saleh Abdullah Kamel in the Early to Mid 1990s

The district court also found that the plaintiffs had not pled "the requisite causal connection" for their ATA claims against Dallah al Baraka and Saleh Abdullah Kamel because "the alleged provision of material support" to "Osama bin Laden ... during the early 1990s ... is too remote from the **9/11** terrorist attacks ...." SPA247 (*Terrorist Attacks V*). This conclusion resulted from a legal error regarding the applicable pleading ***117** standard and a legal error regarding the inferences that may reasonably be drawn about support for terrorism, especially against the backdrop of Congress' intended scope of the ATA. The court also made a critical factual error that necessitates correction.

First, the district court incorrectly applied a heightened pleading standard regarding this specific issue. To establish causation when an undefined period of time separates the material support alleged from the terrorist attack, the district court required that the plaintiffs plead:

> sufficient factual allegations of a connection between the material support provided and the acts of terrorism that caused plaintiffs' injuries, such that a *reasonable trier of fact* could conclude that it was *more likely than not* that the support provided by the defendant assisted the terrorists in the commission of the terrorist act.

*Id*. at 239 (emphasis added). The court's "more likely than not" and "reasonable trier of fact" requirements are inconsistent with *Iqbal/ Twombly*, which only require that a plaintiff plead facts that permit "the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 129 S. Ct. at 1949. The district court's standard therefore imposed a much greater burden on the plaintiffs than is permitted at this stage of the proceeding.

***118** In addition, the inference that support for al-Qaeda in the early and mid 1990s contributed to al-Qaeda's capabilities and terrorist activities only a few years later, in 2001, is entirely reasonable -- indeed, any other conclusion is unreasonable. Plaintiffs' allegation, which must at this stage be taken as true, was that support in the years leading up to the September 11 attacks, including support for al-Qaeda in Sudan, was essential to al-Qaeda's ability to achieve the global scale and capability



HOUSE_OVERSIGHT_023398

necessary to mount a significant transborder attack. *See* JA3777-78. In particular, plaintiffs alleged that support during that crucial period enabled al-Qaeda to expand its footprint, train terrorists, plot and plan acts of terror, and carry out such acts around the world. JA798-800, 823, 843-44, 3783, 3836, 3871; *cf.* SPA152 (*Terrorist Attacks IV*) (as the district court elsewhere acknowledged, "[s]ince its inception in the late 1980's, al-Qaeda has relied on well-placed financial facilitators and logistical sponsors to raise, manage and distribute money and resources, enabling it to grow rapidly into a formidable international terrorist network").

Imposing ATA liability on defendants who provide this crucial formative support for a terrorist organization is clearly consistent with Congress' intent, *see supra* pp. 66-73, and consistent with the nature of ***119** how terrorist groups grow and become capable of undertaking attacks which, like the September 11 attacks, often take years of planning and development. See, *e.g.*, **9/11** Commission Final Report p. 48. Thus, as the Seventh Circuit has held *en banc*, the ATA is predicated on the assumption that "[t]errorism campaigns often last for many decades .... Seed money for terrorism can sprout acts of violence long after the investment." *Boim III*, 549 F.3d at 700. The court went so far as to conclude that, as a general matter, imposing liability upon "someone who with the requisite state of mind contributed to a terrorist organization in 1995 that killed an American abroad in 2045 ... would not be as outlandish, given the character of terrorism, as one might think." *Id.* at 699-700. Here, of course, a much more direct connection of a few years exists between defendants' acts that supported the development of what became the world's most extensive and capable global terrorist organization and that group's execution of its most sophisticated and deadly operation.

Lastly, the district court found that "[t]he United States had not even been targeted by al Qaeda" when "defendants provided [Osama bin Laden] with funding" while "in Sudan during the early 1990's." SPA247 (*Terrorist Attacks V*). This finding is blatantly incorrect. *See supra* pp. 28- ***120** 29. Osama bin Laden had been openly "singl[ing] out the United States for attack" "since 1992." 9-11 Commission Final Report, at 48. "Plans to attack the United States were developed with unwavering single-mindedness throughout the 1990s." *Id.*

## II. The District Court Improperly Dismissed The Alien Tort Statute Claims Because The Statute Encompasses Claims Based On Acts Related To International Terrorism

The district court dismissed the Alien Tort Statute ("ATS") claims against a handful of defendants because it thought plaintiffs were required to, but did not, plead "factual allegations [to] support a reasonable inference that the defendant[s] purposefully aided and abetted, conspired with, or materially supported al Qaeda in the commission of an act of terrorism involving the hijacking of a commercial airplane." SPA233 (*Terrorist Attacks V*). That holding is based on a mistaken assumption that the ATS authorizes, or plaintiffs alleged, only tort claims based on the hijacking of a commercial airplane in violation of international law. Neither the ATS nor plaintiffs' complaints are so limited. Instead, the ATS permits the federal courts to adjudicate a civil action "by an alien for a tort only, committed in violation of the laws of nations or a treaty of the United States." 28 U.S.C. § 1350. As explained below, the "laws of nations" ***121** prohibit acts of international terrorism, including the provision of material support for terrorism, and is not so narrowly focused on hijacking commercial airplanes. *See infra* at Points II.B & C. And, plaintiffs adequately pled facts that readily support a reasonable inference that defendants knowingly and intentionally provided financing and other forms of material support to al-Qaeda to further its international terrorism. *See supra* Points I.B.2 & I.B.3.

The ATS is a jurisdictional statute that Congress enacted as part of the Judiciary Act of 1789 on the "understanding that the common law would provide a cause of action for the modest number of international law violations with a potential for personal liability at that time," namely "violation of safe conducts, infringement of the rights of ambassadors, and piracy." *Sosa v. Alvarez-Machain*, 542 U.S. 692, 712, 724 (2004). In *Sosa*, the Supreme Court held that federal courts also may permit aliens to assert tort claims "based on the present-day law of nations" as long as they "rest on a norm of international character accepted by the civilized world and defined with a specificity comparable to the features of the 18th-century paradigms." *Id.* at 724-25. In making this determination, courts should consider "the potential implications for the foreign relations of the United ***122** States" and should be "wary of impinging on the discretion of the Legislative and Executive Branches in managing foreign affairs." *Id.* at 727.

In cases decided after *Sosa*, this Court has looked to three factors to determine whether a claim adequately alleges a violation of customary international law that is cognizable in a tort action under the ATS. To state an ATS claim, the alleged tort must

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involve a violation of a norm of customary international law that is "(1) universal and obligatory, (2) specific and definable, and (3) of mutual concern [to States.]" *Abdullahi v. Pfizer, Inc.*, 562 F.3d 163, 177 (2d Cir. 2009), *cert. denied*, 130 S. Ct. 3541 (2010). As the district court recognized, SPA233 (*Terrorist Attacks V*), aircraft hijacking has long been recognized as a violation of international law that meets these criteria and can give rise to tort claims under the ATS. *See, e.g., Kadic v. Karadzic*, 70 R3d 232, 239 (2d Cir. 1996); *cf. United States v. Yunis*, 924 F.2d 1086, 1092 (D.C. Cir. 1991). What the district court failed to recognize, however, is that the broader concept of international terrorism is also a violation of customary international law that is actionable under the ATS, and plaintiffs adequately alleged that defendants engaged in, and aided and abetted, illegal acts of international terrorism.

***123 A. Plaintiffs Alleged That Defendants Violated the ATS By Intentionally Facilitating International Terrorism**

The Burnett plaintiffs allege that "the Defendants, individually, jointly and severally, aided and abetted, sponsored, financed, promoted, fostered, materially supported, or otherwise conspired to proximately cause the death and injury of innocent persons namely the Plaintiffs herein through and by reason of acts of international terrorism -- the heinous attacks of September 11, 2001." JA970. "As a result and proximate cause of the Defendants' sponsorship of terrorism in violation of the law of nations and customary principles of international law, the Plaintiffs suffered injury and damages as set forth herein." JA972. Such allegations state a claim under the ATS because facilitation of international terrorism is a violation of customary international law that is universal, obligatory, specific and of mutual concern to States.

**B. Acts of International Terrorism are a Violation of Customary International Law**

In considering whether alleged violations of customary international law are universal, obligatory, specific and of mutual concern to States, courts consider whether the conduct is banned by international conventions and treaties ratified by an overwhelming majority of States, ***124** condemned by binding United Nations Security Council resolutions, and repudiated by individual nations. *See, e.g., Flores v. S. Peru Copper Corp.*, 414 F.3d 233, 256-57, 261-62 (2d Cir. 2003); *Filartiga v. Pena-Irala*, 630 F.2d 876, 881-84 (2d Cir. 1980). Because the Constitution specifically gives Congress the power to "define and punish ... Offenses against the Law of Nations," U.S. Const., art. I, § 8, cl. 10, courts should also accord deference to Congress's determination of what conduct constitutes an offense under the law of nations. *See, e.g., Ex parte Quirin*, 317 U.S. 1, 26 (1942).

Plaintiffs have stated valid ATS claims because international conventions, U.N. Security Council resolutions, the domestic laws of many nations, and laws enacted by Congress pursuant to its authority to define and punish offenses against the laws of nations all demonstrate that there is a universal and obligatory norm against the commission of and material support of international terrorism alleged here -- namely, transnational acts intended to cause death or serious bodily injury to civilians for the purpose of intimidating the population or compelling a government to do some act or refrain from acting.

***125 *1. United Nations Security Council resolutions***

The U.N. Security Council has adopted numerous resolutions condemning international terrorism and support for international terrorism. In 1998, for example, the Security Counsel adopted a resolution "[s]trongly condemn[ing] the terrorist bomb attacks" on the U.S. Embassies in Kenya and Tanzania on August 7, 1998 "which claimed hundreds of innocent lives, injured thousands of people, and caused massive destruction to property." S.C. Res. 1189, U.N. Doc. S/RES/1189 (Aug. 13, 1998) at ¶ 1. Later in 1998, the Security Council issued a resolution expressing concern about the "continuing use of Afghan territory, especially areas controlled by the Taliban, for the sheltering and training of terrorists and the planning of terrorist acts, and *reiterating* that the suppression of international terrorism is essential for the maintenance of international peace and security." S.C. Res. 1214, U.N. Doc. S/RES/1214 (Dec. 8, 1998) at preamble and ¶ 13 (emphasis in original). In addition to the Security Council, the U.N. General Assembly has also adopted resolutions condemning intentional terrorism, including the provision of support to terrorists. *See, e.g.*, G.A. Res. 210, U.N. GAOR, 51st Sess., Annex 1 at 6, U.N. Doc. A/RES/51/210 (1997) (declar[ing] that knowingly ***126** financing, planning and inciting terrorist attacks are ... contrary to the purposes and principles of the United Nations").



HOUSE_OVERSIGHT_023400

Since the September 11th Attacks, the Security Council has continued to condemn international terrorism and the provision of material support for terrorism and to assert that it poses a serious threat to peace and security. *See, e.g.*, S.C. Res. 1373 (Sept. 28, 2001) (deciding that States shall "[p]revent and suppress the financing of terrorist acts," and "[c]riminalize the willful provision or collection, by any means, directly or indirectly, of funds by their nationals or in their territories with the intention that the funds should be used, or in the knowledge that they are to be used, in order to carry out terrorist acts"); S.C. Res. 1377 (Nov. 12, 2001) (declaring "that acts of international terrorism constitute one of the most serious threats to international peace and security in the twenty-first century, ... that acts of international terrorism constitute a challenge to all States and to all humanity").

### *2. International conventions*

The Security Council has defined international terrorism in accordance with the definition used in international treaties to combat international terrorism. *See, e.g.*, S/RES 156 (Oct. 8, 2004) (recalling that ***127** acts "which constitute offenses within the scope of and as defined in the international conventions and protocols relating to terrorism, are under no circumstances justifiable ... and calls upon all States to ... ensure that such acts are punished"). One of the principal treaties to combat international terrorism is the 1999 Financing Terrorism Convention. Article 2.1 of that Convention states:

> Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used, in full or in part, in order to carry out: (a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex;[115] or (b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

International Convention for the Suppression of the Financing of Terrorism (Dec. 9, 1999) (1999 Financing Terrorism Convention), 2178 U.N.T.S. 197. The 1999 Financing Terrorism Convention was signed by at least 39 nations ***128** before September 11, 2011, entered into force on April 10, 2002, and now has 132 signatories and 174 parties. *See United States v. Bahlul*, No. 09-001, 2011 U.S. CMCR LEXIS 3, at *126-27 (CMCR Sept. 9, 2011).

Most of the regional and multilateral conventions regarding terrorism employ a similar definition. *See* Interlocutory Decision on the Applicable Law: Terrorism, Conspiracy, Homicide, Perpetration, Cumulative Charges (Applicable Law for Special Tribunal for Lebanon), 50 I.L.M. 513, 536 (Spec. Trib. For Leb. July 2011) (discussing conventions). In addition, "all of these conventions require--through the definition of the actus reus (the material element of a crime) or by additional provisions--a transnational element to the crime." Id. These international treaties and conventions support the conclusion that "conduct in support of terrorism [is] internationally condemned and criminal." *United States v. Hamdan*, 801 F. Supp. 2d 1247, 1284 (CMCR 2011).

### *3. Domestic laws of nations*

Countries throughout the world have adopted a similar definition of terrorism in their domestic law (although in some cases the domestic definition is broader than the definition in the international conventions because it does not include the transnational element). *See, e.g., Applicable* ***129** *Law for Special Tribunal for Lebanon*, 50 I.L.M. at *537-39; *Bahlul*, 2011 U.S. CMCR Lexis 3, at *138-148. For these reasons, at least one international court has found that there is a general opinion and practice such that international terrorism is a violation of customary international law. *See Applicable Law for Special Tribunal for Lebanon*, 50 I.L.M. at *535; *Hamdan*, 801 F. Supp. 2d at 1288-92.

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### *4. Congress and federal courts*

United States courts have also found that there is a customary international law norm against international terrorism and the provision of material support for international terrorism. *See Almog*, 471 F. Supp. 2d at 284-85, 291-294 (finding plaintiffs stated ATS claims based on allegations that defendants committed acts of international terrorism that "essentially track the conduct specifically condemned in the Financing and Bombing Conventions, as well as in the ATA sections which implement those Conventions"); *Bahlul*, 2011 U.S. CMCR LEXIS 3, at *134-35 (rejecting argument that crime of providing material support for terrorism is a "novel domestic crime" that was not recognized or charged as a war crime before passage of the Military Commissions Act of 2006, because there is " 'ample evidence' that an 'intent' or 'manner calculated to influence or affect the ***130** conduct of the government ... by intimidation or coercion,' ... now constitutes 'international custom' "); *Hamdan*, 801 F. Supp.2d at 1312 ("offense of providing material support to terrorism" is a violation of the law of war).

This conclusion is reinforced and "informed by the legislative guidance provided by Congress." *Almog*, 471 F. Supp. 2d at 285. Congress, acting pursuant to its Constitutional authority to define and punish violations of the law of nations, has enacted the ATA provisions creating a civil cause of action for U.S. nationals injured by acts of international terrorism. *See id.* at 294; *see also supra* at pp. 66-72. Congress also enacted a provision of the Military Commissions Act of 2006 making it an offense to provide material support for terrorism, which is defined to include "provid[ing] material support ... for, or in carrying out an act of terrorism" and "intentionally provid[ing] material support or resources to an international organization engaged in hostilities against the United States." 10 U.S.C. § 950v(b)(25)(A). Terrorism, in turn, is defined as the intentional killing or infliction of "great bodily harm" on protected civilians "in a manner calculated to influence or affect the conduct of the government or civilian population by intimidation or coercion, or to ***131** retaliate against government conduct ...." *Id.* § 950v(b)(24). After an exhaustive review of the international treaties, Security Council Resolutions, and domestic laws of many nations, the U.S. Court of Military Commission Review recently held that these prohibitions on terrorism are "consistent with international norms applicable at the time" of the September 11th Attacks and "consistent with the general principles of law recognized by civilized nations." *Bahlul*, 2011 U.S. CMCR LEXIS 3, at *149.

Recognizing international terrorism also fully accords with *Sosa's* direction to consider "the potential implications for the foreign relations of the United States" and to be "wary of impinging on the discretion of the Legislative and Executive Branches in managing foreign affairs." *Sosa*, 542 U.S. at 727. Like pirates, international terrorists such as al-Qaeda are widely reviled and prosecuted by all States. Indeed, many of the most effective counter-terrorism efforts directed against organizations such as al-Qaeda, in the fields of cross-border finance and otherwise, arise through the coordinated actions of many different types of States. This unanimity of action ensures that permitting ATS claims for international terrorism reflected in the September 11th Attacks has no potentially negative implications for the foreign relations of the United States, which of course ***132** has focused its own foreign affairs over the past decade on eradicating and securing international support to eradicate just this type of international terrorism. Similarly, there is no risk of impinging on the coordinate Branches. Congress has through legislation opened the doors to civil claims and to criminal prosecutions for actions that facilitate international terrorism. *See* 18 U.S.C. §§ 2333, 2339A-2339C; *see supra* at pp. 99-100 (military prosecutions); Companion Brief, at Point I.A.3. And, the Executive Branch has vigorously implemented those statutes and pursued a range of enforcement actions against the financiers, supporters, and other agents of international terrorism in a manner entirely consistent with recognition of an ATS claim for international terrorism in this context. *See* Companion Brief at Point I.A.3.

### C. International Terrorism Is Sufficiently Definite and of Mutual Concern to States

As the materials set out above indicate, transborder terrorism attacks undertaken by organizations such as al-Qaeda and its associates are just the sort of definite acts of mutual concern to States that the ATS is designed to enable. Whatever the definitional difficulties at the margins, concerning fighters in internal disturbances or civil wars or political parties with fringe militarist arms, those concerns do not apply to the September 11th Attacks. ***133** Nothing in this Court's decision in *United States v. Yousef*, 327 F.3d 56 (2d Cir. 2003) (per curiam), requires a different result. To be sure, the court in *Yousef* stated that "customary international law currently does not provide for the prosecution of 'terrorist' acts under the universality principle,



HOUSE_OVERSIGHT_023402

in part due to the failure of States to achieve anything like consensus on the definition of terrorism." *Id.* at 97. But it did so largely because there has been some disagreement among States on how to distinguish "terrorists" from "freedom fighters," and because the district court had rested its holding on the Restatement (Third) of the Foreign Relations Law of the United States instead of primary sources of international law. *Id.* at 98-103, 107-08. Those concerns are not present here.

Any disagreement about how to characterize attacks by domestic attacks within a country by national liberation movements is inapplicable to al-Qaeda's international terrorist attacks on innocent civilians in the United States. *See Almog*, 471 F. Supp. 2d at 281; *Bahlul*, 2011 U.S. CMCR LEXIS 3 at *128. And the primary sources of international law discussed above reveal a customary norm of international law that directly covers the acts of international terrorism alleged in these cases -- transnational attacks, ***134** and the provision of material support for such attacks, on innocent civilians intended to influence the conduct of a government or population by intimidation or coercion. That norm is no "less definite [in] content ... than the historical paradigms familiar when [the ATS] was enacted." *Sosa*, 532 U.S. at 732; *cf. Abdullahi*, 562 F.3d at 184 (although there are varying definitions of piracy, it is actionable under the ATS because " 'whatever may be the diversity by definitions,' " there was a consensus " 'that robbery or forcible depredations upon the sea ... is piracy' ") (quoting *United States v. Smith*, 18 U.S. (5 Wheat) 153, 159-61 (1820)).

Finally, international terrorism is clearly "capable of impairing international peace and security," *Mores*, 414 F.3d at 249, a factor this court has found to be "important" in demonstrating that the international law norm is of " 'mutual' concern to States," and thus actionable under the ATS, *Abdullahi*, 562 F.3d at 185. The U.N. Security Council Resolutions specifically state as much, *see supra* at Point n.b.2, and the United States invaded Afghanistan because the Taliban regime had supported al-Qaeda prior to the September 11th Attacks. *See Hamdan v. Rumsfeld*, 548 U.S. 557 567-68 (2006) (discussing Authorization for Use of Military Force, 115 Stat. 224 (2001)).

***135** For these reasons, there is a customary international norm against the commission of and provision of material support for acts of international terrorism that is sufficiently universal, obligatory, definite, and of mutual concern to States to give rise to a claim under the ATS. Thus, plaintiffs' allegations that defendants purposefully provided financing and other forms of material support to al-Qaeda to further its terrorist mission to attack the United States and its nationals state a claim under the ATS, without regard to whether they also state a claim for aiding and abetting the September 11th Attacks. The district court therefore erred as a matter of law in dismissing the ATS claims on the ground that they failed to allege that defendants "purposefully aided and abetted, conspired with, or materially supported al Qaida in the commission of an act of terrorism *involving the hijacking of a commercial airplane*." SPA233 (*Terrorist Attacks V*) (emphasis added).

### III. The District Court Improperly Dismissed the Torture Victim Protection Act Claims

Plaintiffs also brought claims under the Torture Victim Protection Act ("TVPA"), which provides a cause of action for victims of torture or extrajudicial killings perpetrated by "individual[s]" acting "under actual or apparent authority, or color of law, of any foreign nation." 28 U.S.C. § 1350 ***136** note. The district court dismissed plaintiffs' TVPA claims against defendants Al Rajhi Bank, Saudi American Bank, and National Commercial Bank on the ground that corporate entities are not "individuals" who may be sued under the TVPA. SPA52 (*Terrorist Attacks I*) (citing *Arndt v. UBS AG*, 342 F. Supp. 2d 132, 141 (E.D.N.Y. 2004)). This conclusion is incorrect, and the issue is likely soon to be definitively resolved by the U.S. Supreme Court, which is considering a pending case presenting this issue.

As an initial matter, this Court has already indicated that an organizational defendant can be sued under the TVPA in *Khulumani v. Barclay Nat'l Bank. Ltd.*, 504 F.3d 254 (2d Cir. 2007). In *Khulumani*, the plaintiffs asserted aiding and abetting claims under the TVPA against a bank for its participation in the torture and extrajudicial killings committed by the South African apartheid regime. *Id.* at 259. This Court dismissed the TVPA claims on the ground that the plaintiffs failed to allege that the bank had acted under color of law, but it did not question whether the bank was a proper defendant under the TVPA in the first place. *Id.* at 260. Based on *Khulumani*, the district court later held that a "corporation or other entity may ... be subject to liability under the TVPA for aiding and ***137** abetting" a principal violator. SPA210 (*Terrorist Attacks IV*); *accord* SPA234 (*Terrorist Attacks V*).

More importantly, the Supreme Court recently granted certiorari in *Mohamad v. Rajoub*, 132 S. Ct. 454 (2011), which will resolve a circuit split over whether the TVPA permits actions against non-natural persons. *Compare Sinaltrainal v.*



HOUSE_OVERSIGHT_023403

*Coca-Cola Co.*, 578 F.3d 1252, 1258 n.5 (11th Cir. 2009) (allowing TVPA action against corporate defendant), *and Khulumani*, 504 F.3d at 260, *with Mohamad v. Rajoub*, 634 F.3d 604, 607-08 (D.C. Cir. 2011) (holding that TVPA liability does not extend to non-natural persons), *and Aziz v. Alcolac, Inc.*, 658 F.3d 388, 392 (4th Cir. 2011) (same), *and Bowoto v. Chevron Corp.*, 621 F.3d 1116, 1126-27 (9th Cir. 2010) (same). In the interest of judicial economy, plaintiffs respectfully request that this Court defer deciding their appeal of the dismissal of their TVPA claims until the Supreme Court has decided *Mohamad* and the Court can obtain the benefit thereafter of the parties' views of the implications of that decision for this case.

Alternatively, should *Mohamad* not result in an opinion or if this Court is inclined to reach a decision on the TVPA claims independently of *Mohamad*, it should vacate the district court's dismissals. The TVPA ***138** creates an action in tort and, therefore, should be interpreted in light of the well-established common law (and international law) presumption that organizations are liable in tort for the acts of their agents. *See Balt. & Potomac R.R. v. Fifth Baptist Church*, 108 U.S. 317, 330 (1883); Br. for Petitioners at 12-17, *Mohamad v. Palestinian Authority*, No. 11-88 (Sup. Ct. Dec. 14, 2011) ("*Mohamad* Br."). Moreover, the TVPA's use of the term "individual" comports with this presumption because this term has often been construed as synonymous with the term "person," which has a broad legal meaning that includes organizational entities, such as corporations. *See, e.g., Clinton v. City of New York*, 524 U.S. 417, 428 & n.13 (1998); *Mohamad* Br. at 19-20 (citing cases from federals courts of appeals); *see also id.* at 17-18 (noting that dictionary definitions of the word "individual" often include non-natural entities).

Furthermore, such a broad interpretation is consistent with the structure of the TVPA, which incorporates agency principles by imposing liability on individuals who "subject[]" a victim to torture or extrajudicial killing. *Id.* at 25-26. This construction also is consistent with the fact that organizational liability exists under other federal statutes that provide civil remedies to victims of torture and extrajudicial killing. *See, e.g.*, ***139** *Brentwood Acad. v. Term. Secondary Sch. Athletic Ass'n*, 531 U.S. 288 (2001) (permitting a section 1983 suit against an association); *Ungar v. Palestine Liberation Org.*, 402 F.3d 274, 276 (1st Cir. 2005) (affirming ATA judgment against terrorist organizations); *Murphy v. Islamic Republic of Iran*, 740 F. Supp. 2d 51, 72 (D.D.C. 2010) (finding terrorist organization liable under 28 U.S.C. § 1605A(c)); *see also Mohamad Br.* at 30-34. Finally, the legislative history of the TVPA reveals that Congress's use of the term "individual" in the TVPA was only to "make crystal clear that foreign states or their entities cannot be sued ...." S. Rep. No. 102-249, at 6 (1991), and that Congress repeatedly assumed that organizations would be proper defendants in TVPA lawsuits. *Mohamad* Br. at 43-49. For these and other reasons elaborated in the briefs before the Supreme Court in *Mohamad*, Congress clearly intended the TVPA to provide a remedy against a broader set of defendants that includes entities other than natural persons.

## IV. The District Court Improperly Dismissed the Negligence And Intentional Tort Claims

Plaintiffs pleaded a number of state law tort claims against defendants subject to this appeal, including negligence, negligent infliction of emotional distress ("NIED"), intentional infliction of emotional distress ("LIED"), assault and battery, trespass, and recovery under New York's ***140** wrongful death and survival statutes. The district court wrongly dismissed claims against defendants under each of these theories of tort liability.

### A. The District Court Wrongly Dismissed the Negligence Claims

The district court dismissed plaintiffs' claims for negligence and NIED based on its conclusion that the plaintiffs failed to "allege or identify a duty owed to Plaintiffs" by the defendants. SPA55 (*Terrorist Attacks I*); *cf.* SPA232 n.6 (*Terrorist Attacks V*); SPA88 (*Terrorist Attacks II*). The court was simply wrong about this: plaintiffs expressly alleged a duty owed and violated by the defendants. *See* R.3916 ("By virtue of their participation in the conspiracy to commit acts of international terrorism against the United States, its nationals and allies, including the September 11th Attack, *the defendants negligently, intentionally, recklessly, willfully and wantonly breached duties of care owed to plaintiffs* and the employees of plaintiffs' insureds.") (emphasis added).

Because the district court overlooked the plain language of the pleadings, it did not conduct an analysis of whether defendants did, in fact, owe plaintiffs a duty of care. Had it done so, it would have found the duty to be manifest. In New



HOUSE_OVERSIGHT_023404

York, courts determine the "threshold question" of whether a duty of care exists "by balancing factors, including [1] the ***141** reasonable expectations of parties and society generally, [2] the proliferation of claims, [3] the likelihood of unlimited or insurer-like liability, [4] disproportionate risk and reparation allocation, and [5] public policies affecting the expansion or limitation of new channels of liability." *Hamilton v. Beretta U.S.A. Corp.*, 96 N.Y.2d 222, 232 (2001), opinion after certified question answered, 264 F.3d 21 (2d Cir. 2001) (internal quotation marks and citation omitted). A defendant may have a duty of care with respect to a third-party's actions "where there is a relationship either between defendant and a third-person tortfeasor that encompasses defendant's actual control of the third person's actions, or between defendant and plaintiff that requires defendant to protect plaintiff from the conduct of others." *Id.* at 233. For example, New York recognizes the doctrine of negligent entrustment, whereby

> One who supplies directly or through a third person a chattel for the use of another whom the supplier knows or has reason to know to be likely because of his youth, inexperience, or otherwise, to use it in a manner involving unreasonable risk of physical harm to himself and others whom the supplier should expect to share in or be endangered by its use, is subject to liability for physical harm resulting to them.

Restatement (Second) of Torts (1965), § 390. *See Splawnik v. DiCaprio*, 540 N.Y.S.2d 615, 616-17 (N.Y. App. Div. 1989) (citing the negligent ***142** entrustment doctrine and holding defendant liable for leaving gun with suicide victim because "the supplier owes a duty to foreseeable parties to withhold the chattel from the entrustee").

Here, where defendants are alleged to have known -- or at least been on notice of facts supporting a conclusion regarding -- the terrorist nature of the al-Qaeda network they supported, the factors weigh overwhelmingly in support of a duty of care. As the Seventh Circuit has concluded, lending material support to a terrorist organization, even *without* knowledge of its activities, satisfies the elements of negligence. *Boim III*, 549 F.3d at 693. *A fortiori*, providing support while *knowing* the character of the terrorist organization is like giving "a gun you know is loaded to a child .... [D]oing so is reckless and if the child shoots someone" the defendant "will be liable to the victim" even under the higher standard for recklessness. *Id.*

Analogously, in *Sickles v. Montgomery Ward & Co.*, a department store was held liable for negligence when an employee sold an air rifle to a father, knowing that it was intended as a gift to his son, and the son later shot the eye of another child. 167 N.Y.S.2d 977 (N.Y. Sup. Ct. 1957). The court found that the store clerk "should have known" it to be irresponsible ***143** to sell the rifle, not only because of the "known propensities of young children in whose possession firearms are placed," but also because the sale "was specifically proscribed by the Penal Law" and violated the "legislative policy of the State." *Id.* at 979. Nor did the fact that the defendant sold the rifle to the father, rather than the boy directly, changes the analysis. *Id.* ("The naked legality of the sale to the parent, also *in pari delicto*, does not operate to relieve the defendant from liability.") (emphasis added).

Here, plaintiffs allege that defendants gave material support to persons and organizations they had every reason to suspect were terrorists, and did so either directly or through front institutions -- in clear violation of the United States' policies against such actions. *See* Companion Brief at Point LA. The "reasonable expectations of parties and society generally" and "public policies affecting the expansion" of liability therefore weigh heavily in favor of recognizing a duty of care. *Hamilton*, 96 N.Y.2d at 232. Moreover, recognizing a duty would not give rise to a "likelihood of unlimited or insurer-like liability" or a "proliferation of claims" because the class of potential claimants is restricted to those injured by terrorist attacks and "does not extend beyond that limited class of plaintiffs to members of ***144** the community at large." *Id.* at 232-33. Finally, imposing a duty of care on those who provide material support to terrorists makes sense as a matter of "risk and reparation allocation," *id.* at 232, because "[d]amages are a less effective remedy against terrorists and their organizations than against their financial angels." *Boim III*, 549 F.3d at 690.

As for plaintiffs' NIED claims, the district court itself recognized that under New York law, NIED may be established under the "bystander theory," whereby a defendant is negligent for conduct that is "a substantial factor in bringing about injuries to the plaintiff in consequence of shock or fright resulting from his or her contemporaneous observation of serious physical injury or death inflicted by the defendant's conduct on a member of the plaintiff's immediate family in his or her presence." *Bovsun v. Sanperi*, 61 N.Y.2d 219, 223-24 (1984); *see* SPA54 (*Terrorist Attacks I*). A plaintiff need not have been physically



HOUSE_OVERSIGHT_023405

present at the time of death or injury to recover under NIED. *Bovsun*, 61 N.Y.2d at 233. Here, plaintiffs -- many of them the surviving family members of **9/11** victims -- allege that the defendants' knowing material support of al-Qaeda was instrumental in allowing the organization to develop and perpetrate the **9/11** attacks, *e.g.*, JA3779-80, and fit easily under the bystander theory.

***145** Given the express allegation of a duty of care in plaintiffs' pleadings, the clear existence of defendants' duty under traditional tort principles, and the deferential standard afforded to the complaint at the motion to dismiss stage, *Matson*, 631 F.3d at 72, the Court should vacate the dismissal of plaintiffs' negligence and NIED claims.

**B. The District Court Wrongly Dismissed the Intentional Tort Claims**

The district court dismissed plaintiffs' intentional tort claims for assault, battery, and IIED for a number of equally misguided reasons.

***1. Plaintiffs' Claims Are Not Time-Barred.***

The court first held that all of the *Federal Ins.* plaintiffs' claims are barred because they were filed outside of New York's one-year limitations period that applies to these intentional torts. SPA232 n.6 (*Terrorist Attacks V*); SPA210 (*Terrorist Attacks IV*); SPA101-02 (*DMI-Kamel*); SPA87-88 (*Terrorist Attacks II*); SPA53 (*Terrorist Attacks I*) (citing *Holmes v. Lorch*, 329 F. Supp. 2d 516, 523 (S.D.N.Y. 2004)); N.Y. C.P.L.R. 215(3) (McKinney 2002)).

The court failed to recognize, however, that certain of the *Federal* plaintiffs' claims arise from injuries suffered in Pennsylvania and Virginia. Applying New York choice-of-law principles, the district court should have ***146** found the Virginia and Pennsylvania-based claims timely under those States' two-year statutes of limitations. *Fin. One Pub. Co. v. Lehman Bros. Special Fin., Inc.*, 414 F.3d 325, 331 (2d Cir. 2005) (where "jurisdiction is grounded in diversity, we apply the forum state's choice-of-law rules"); *Neumeier v. Kuehner*, 286 N.E.2d 454, 457-58 (N.Y. 1972) (where the plaintiff and defendant are domiciled in different states, New York courts generally apply the law of the state where the injury occurred.); Va. Code § 8.01-243(A) (two-year default statute of limitations for personal injury claims); *Luddeke v. Amana Refrigeration, Inc.*, 387 S.E.2d 502, 504 (Va. 1990) (under Virginia law, both intentional infliction of emotional distress and assault and battery claims are subject to a two-year statute of limitations.); 42 Pa. Consol. Stat. §§ 5524(1) (two-year statute of limitations for assault and battery actions) & 5524(7) (two-year default statute of limitations for personal injury actions); *Bougher v. Univ. of Pittsburgh*, 882 F.2d 74 (3d Cir. 1989) (applying two year statute of limitations to a claim for intentional infliction of emotional distress); SPA53-54 (*Terrorist Attacks I*) (recognizing that the *Federal* plaintiffs filed their complaint less than two years after the **9/11** attacks).

***147** For those claims that are subject to New York's statute of limitations, the district court should have applied equitable tolling principles. All of plaintiffs' claims arise from the defendants' participation in the conspiracy to conduct terrorist attacks against the United States, which was designed to hide the identity of the participants from disclosure to the outside world. As a result, the statute of limitations was tolled until the plaintiffs reasonably should have become aware of the defendants' involvement in the conspiracy, itself a question of fact to be determined through discovery. *Yeadon v. New York Transit Auth.*, 719 F. Supp. 204, 209 (S.D.N.Y. 1989) (If "a defendant has concealed facts that are critical to a cause of action, then the statute of limitations is tolled until plaintiff discovers or with reasonable diligence should have discovered his claim"); *In re Issuer Plaintiff Initial Pub. Offering Antitrust Litig.*, 00 CIV 7804 (LMM), 2004 WL 487222, at *5 (S.D.N.Y. Mar. 12, 2004). Given the clandestine nature of the conspiracy in which the defendants participated, equitable principles require that the statute of limitations be tolled. *See Johnson v. Nyack Hosp.*, 86 F.3d 8, 12 (2d Cir. 1996) (holding that "[e]quitable tolling allows courts to extend the statute of limitations beyond the time of expiration as necessary to avoid inequitable circumstances").

***148** ***1. Plaintiffs Pleaded That Defendants Materially Supported al-Qaeda.***

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The district court also dismissed many other *non-Federal* plaintiffs' intentional tort claims for assault and battery, trespass, and wrongful death and survival on the ground that plaintiffs failed to allege that the defendants had "supported, aided and abetted, or conspired with the September 11 terrorists" in a manner that warranted liability. SPA101-02 (*SAMBA I*); SPA87-88 (*Terrorist Attacks II*); SPA53-54 (*Terrorist Attacks I*). The court dismissed corresponding wrongful death and survival claims, as well as the *Federal Ins.* plaintiffs' trespass claims, on the same grounds. SPA231-32, 252-53 & n.12 (*Terrorist Attacks V*); SPA101-02 (*SAMBA I*); SPA88, 98 (*Terrorist Attacks II*); SPA53-54, 61-62 (*Terrorist Attacks I*).

As the court recognized, however, because the ATA incorporates state tort law causes of action, liability under the plaintiffs' intentional tort claims, wrongful death and survival claims, and trespass claims is necessarily coextensive with liability under the ATA. SPA88 (*Terrorist Attacks II*) ("If Plaintiffs state a claim for relief under the ATA, they will have also stated a claim for wrongful death and survival, the *Federal* Plaintiffs will have stated a claim for trespass, and the *Aston* and *Burnett* Plaintiffs will have stated claims for intentional infliction of emotional ***149** distress."). Because the complaints state claims under the ATA for knowingly providing material support to al-Qaeda, *see supra* Point LA & LB, the district court's dismissal of plaintiffs' intentional tort claims -- like its dismissal of the ATA claims -- should be vacated.

### *2. Defendants Who Supported al-Qaeda Through Its Network Are Liable.*

Finally, in its most recent opinion, the district court held that the intentional tort claims against some defendants (precisely which ones, the court does not say) fail because plaintiffs "broaden the scope of liability to include those who allegedly aided, abetted, conspired and/or provided material support to other terrorist organizations that were affiliated with al Qaeda." SPA231-32 (*Terrorist Attacks V*). The court appears to have concluded that because plaintiffs alleged that some defendants supported front charities and institutions in the larger al-Qaeda network that funnel money to the organization, rather than, say, wrote a check directly payable to "al Qaeda," plaintiffs therefore have not alleged that defendants supported al-Qaeda at all.

To the extent that this is what the court meant, then Judge Daniels -- who took over the MDL litigation after Judge Casey passed away -- advances a line of reasoning never endorsed by his predecessor. Indeed, ***150** this line of reasoning would be contrary to the court's own prior statements of law, if not its applications thereof. *Cf.* SPA24 (*Terrorist Attacks I*) ("The Court is not ruling as a matter of law that a defendant cannot be liable for contributions to organizations that are not themselves designated terrorists. But [the defendant must have] kn[own] the receiving organization to be a solicitor, collector, supporter, front or launderer for such an entity.").

More problematic than inconsistency, however, is the fact that the court's rationale is incorrect. Support for a terrorist organization can be just as intentional if provided directly to the organization as if provided through an intermediary or agent certain to pass the funds to the terrorists. For this reason, courts have repeatedly recognized that material supporters of terrorism may be found liable "even where support wasn't provided directly" to the attackers, but rather through "support to an alias or agent." *Goldberg*, 660 F. Supp. 2d at 432; *cf. Nat'l Council of Resistance of Iran*, 373 F.3d at 157-58 ("Just as it is silly to suppose" that State Department designations of terrorist organizations did not survive organizational name changes, "so too it is implausible to think that Congress" did not "authorize the Secretary to prevent" terrorist organizations "from marshaling all the same support via juridically separate agents subject to its ***151** control."). And, such a rule would have provide a ready path for terrorist organizations to shield their financiers from liability -- simply by placing having the financier contribute to a cooperative intermediary. *See* Companion Brief at Point I.A.3 (describing implications of excluding from liability indirectly provided support for terrorism); *see Boim III*, 549 F.3d at 690-91 (shielding a financier from liability would exclude from the operation of the law precisely those parties most likely be deterred by the prospect of liability).

Plaintiffs have consistently alleged in their pleadings that al-Qaeda operates through an integrated network of institutions and individuals. *E.g.*, R.3779-80. The district court, for its part, cited no authority in support of its "al Qaeda-only" principle, which departs from both precedent and common sense. The dismissals of plaintiffs' tort claims predicated upon it should be vacated.

## V. The Court Should Reverse The Dismissals Of NCB and the Sovereign Defendants Based Upon *Doe v. Bin Laden*

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The Court should reverse the dismissals of three defendants -- the Saudi Joint Relief Committee and Saudi Red Crescent Society (collectively, "Sovereign Defendants") and National Commercial Bank ("NCB") -- and remand for jurisdictional discovery on the basis of this Court's recent ***152** holding in *Doe v. Bin Laden*, which abrogated the basis upon which the district court dismissed the Sovereign Defendants and NCB. Plaintiffs previously raised this argument in their separate Motion to Summarily Vacate and Remand these three defendants. *See* Dkt. 243. In addition to the following, plaintiffs hereby incorporate by reference the arguments in their pending Motion.

### A. *The Sovereign Defendants And NCB Were Dismissed Under Terrorist Attacks III.*

In *Terrorist Attacks III*, this Court held that the Foreign Sovereign Immunities Act's ("FSIA") torts exception, 28 U.S.C. § 1605(a)(5), did not provide subject-matter jurisdiction over sovereign entities engaging in terrorism, as defined under the FSIA's terrorism exception, 28 U.S.C. § 1605A, but who nevertheless could not be sued under the terrorism exception because they were not designated as state sponsors of terrorism. *See* 538 F.3d 71, 75. In such cases, where the terrorism exception to sovereign immunity was unavailable, the Court reasoned, the FSIA's torts exception could not provide an independent basis of jurisdiction because claims within the scope of the terrorism exception could not be "shoehorn[ed]" into the torts exception. *Id.* at 89.

***153** Following *Terrorist Attacks III*, plaintiffs conceded before the district court that, to the extent that *Terrorist Attacks III* were applied, the decision supported dismissal of the Sovereign Defendants because they were also sovereign entities and plaintiffs had predicated subject matter jurisdiction upon the FSIA torts exception. *See* R.2148-2, at 23-24; SPA159-60 & n.4. However, plaintiffs expressly reserved the right to argue on appeal that the Second Circuit panel had misstated governing legal standards and that dismissals predicated upon *Terrorist Attacks III* should be reversed. R.2148-2, at 23-24.

NCB also was dismissed under *Terrorist Attacks III*'s holding on the scope of the FSIA torts exception in § 1605(a)(5). SPA197-98 & n.12. The district court rejected plaintiffs' argument that a lack of personal jurisdiction could not be the basis of dismissal because NCB was a sovereign. *Id.* at n.12; *see Frontera Res. Azer. Corp. v. State Oil Co. of the Azer. Rep.*, 582 F.3d 393, 398-401 (2d Cir. 2009) (foreign states and their agents are not "persons" under the Due Process Clause, and thus not entitled to due process safeguards such as minimum-contacts personal jurisdictional analysis). Following *Terrorist Attacks III*, the court reasoned that "a potential finding as to NCB's sovereign status would simply result ***154** in NCB being immune from suit by virtue of the FSIA," because the neither the torts exception (because the conduct alleged was terrorism) nor the terrorism exception (because NCB was not a designated sponsor of terrorism) would provide subject matter jurisdiction. SPA198 n.12.

### B. *Doe* Overruled *Terrorist Attacks III*

While the appeals against the Sovereign Defendants and NCB have been pending, this Court has overruled *Terrorist Attacks III's* holding on the scope of the FSIA torts exception, *i.e.*, the basis for the dismissals of the Sovereign Defendants and NCB. *Doe*, 663 F.3d at 70-71. In *Doe*, this Court recognized that the "terrorism exception, rather than limiting the jurisdiction conferred by the noncommercial tort exception, provides an *additional* basis for jurisdiction." *Id.* at 70. Therefore, the Court concluded, "the noncommercial tort exception can be a basis for a suit arising from the terrorist acts of September 11, 2001." *Id.* at 66. The Court announced that *Terrorist Attacks III* had been overruled in this respect pursuant to this Circuit's mini-en *banc* procedure. *Id.* at 70 n.10. *Doe*, therefore, is now the law of this Circuit.

### *155 C. The Court Should Reverse the Dismissals of the Sovereign Defendants and NCB and Remand For Jurisdictional Discovery

Because this Court has overruled the basis of the dismissals of the Sovereign Defendants and NCB, reversal and remand is appropriate relief. *See id.* at 71; *also see Carter v. Barry*, 468 F.2d 821 (2d Cir. 1972) (per curiam) (granting motion to summarily reverse or give expedited consideration to district court's order of dismissal). As a general rule " 'an appellate court must apply the law in effect at the time it renders its decision.' " *Ahern v. Cnty. of Nassau*, 118 F.3d 118, 121 (2d Cir.



HOUSE_OVERSIGHT_023408

1997) (quoting *Thorpe v. Housing Auth.*, 393 U.S. 268, 281 (1969)). Here, that law has been established by *Doe*, an intervening decision, and *Doe's* application to the Sovereign Defendants and NCB is straightforward. *Cf. Rivera v. Heyman*, 157 F.3d 101, 102 (2d Cir. 1998) (vacating the district court's dismissal of a claim because of "a change in the law during the pendency of th[e] appeal").

Jurisdictional discovery is necessary for both the Sovereign Defendants and NCB. Plaintiffs have raised allegations against the Sovereign Defendants that are substantively identical to the ones raised in ***156** *Doe*, which the Court found required jurisdictional discovery.[116] *Cf. Doe*, 663 F.3d at 65, 71. Likewise, the district court previously noted the need for further jurisdictional discovery to resolve NCB's status as a sovereign instrumentality in the first instance. *See* SPA12 (*Terrorist Attacks I*) ("NCB submits that it is an instrumentality of the Kingdom of Saudi Arabia"). *Doe* makes plain that the proper course of action in such situations is to reverse and remand for such discovery. *Doe*, 663 F.3d at 65.

## Conclusion

For the foregoing reasons and those provided in plaintiffs' brief addressing personal jurisdiction, the Court should reverse the district court's dismissal of certain defendants from these proceedings, reinstate the claims dismissed against them, and remand for further proceedings consistent with those determinations.

Footnotes

1 The court dismissed approximately 20 defendants pursuant to Rule 12(b)(6), only five of which are the subject of this appeal. The district court also granted motions to dismiss under Rule 12(b)(2) filed by approximately 60 defendants, of which 36 are appellees herein, and further granted motions to dismiss under Rule 12(b)(1) with respect to nine defendants who claimed sovereign immunity under the Foreign Sovereign Immunities Act ("FSIA"), three of which are appellees herein. The dismissals under Rule 12(b)(2) are addressed in Appellants' Consolidated Brief with Respect to Personal Jurisdiction ("Companion Brief") filed concurrently with this brief. This brief addresses only the dismissals under Rule 12(b)(6) and Rule 12(b)(1).

2 A previous Rule 54(b) partial final judgment was entered with respect to certain of the defendants dismissed in *Terrorist Attacks I* and *Terrorist Attacks II*. This Court's decision affirming those dismissals is reported at 538 F.3d 71 (2d Cir. 2008) ("*Terrorist Attacks III*").

3 There is no universally accepted way to transliterate Arabic names into English. The spellings used by plaintiffs are derived from common usage in source materials, the press, or government documents. Where quoting from a document, pleading, or decision, plaintiffs have used the spelling in the original.

4 Citations in the form "JA#" are to pages in the Joint Appendix. Citations in the form "SPA#" are to pages in the Special Appendix. Citations in the form "R.#" are to the docket number of documents in the record on appeal. Unless otherwise

5 JA1360-74, 1697-1750, 1918-25, 2119-2208, 2349-65, 2428-2547, 2559-2674, 2715-85, 2812-2954, 3085-3201, 3234-3494, 3965-4645, 4725-5369, 5471-5530, 5955-6103, 6123-6340.

6 The actual withdrawal has not been filed.

7 JA3602-04, 3776-78, 7863-64.

8 Final Report of the National Commission on Terrorist Attacks Upon the United States ("**9/11** Commission Final Report"), available at http:// www.911commission.gov/report/911Report.pdf, p. 55; JA7864; R.1015, Ex. 2 (CIA Fact Sheet, *Usama Bin Laden -- Islamic Extremist Fundraiser*).

9 JA3602-07, 3776, 7864.

10 JA3777, 7864-65, 4186-91; R.1257, Ex. 4, pp. 17-18 (United States Government's Evidentiary Proffer Supporting the Admissibility of Co-Conspirator Statements, *United States v. Enaam Arnaout*, 02-cr-892, (N.D. Il.) (incorporated by reference into the *Federal* FAC at ¶ 88 [JA3782] (hereinafter referred to as "Arnaout Evidentiary Proffer"); R.963, Ex. 1, pp. 4-5, 7-8, 10-11 (1996 CIA Report); R.209, Exs. 1 and 2 (June 2004 Press Releases issued by the U.S. Department of the Treasury regarding the



HOUSE_OVERSIGHT_023409

designations of Aqeel Al Aqeel and Al Haramain Islamic Foundation); R.977, Ex. E, p. 4 (August 2002 FBI Report -- Interview with former Al Qaeda member Jamal Al Fadl); R.277, Ex. 6, p. 5 (November 29, 2001 letter from U.S. Department of the Treasury to Swiss officials regarding Muwafaq Foundation).

11 JA3777, 4186-91, 7865.

12 JA3777-78, 4186, 7865.

13 **9/11** Commission Final Report, p. 56; JA7865.

14 **9/11** Commission Final Report, p. 59; R.2059 (Order by Judge George B. Daniels holding that "1992 is the year prior to the 1993 attacks against the United States, and the year when it is alleged that Osama bin Laden and other senior al Qaeda leadership issued a formal fatwah, specifically calling for jihad against the United States and other Western allies.").

15 JA3630-31.

16 JA3602-03, 3629-30, 3655-56, 3778-80, 3848-49.

17 JA3778-79.

18 JA3650-52, 3656-66, 3788-98, 3807-09, 3982-86, 4052-54, 4129-30, 4210-14, 4427-30, 4538-41, 7867-71, 7882-94; R.1257, Exs. 3, pp. 15-17 (Second Report of the United Nations Monitoring Group on Al Qaida) and Ex. 4, pp. 28-32 (Arnaout Evidentiary Proffer).

19 JA3673-90, 3693-3707, 3779, 3801-05, 3810, 3818, 3830, 3842, 3982, 4073-74, 4166-68, 4187-89, 4200-01, 4292, 4430, 4451-54, 4478-82, 4535, 4501-04, 4537-38, 6188-96, 7867-71, 7879-94; R.963, Ex. 1, pp. 4-5, 10-11 (1996 CIA Report); R.1257, Ex. 3, pp. 16-17 (Second Report of the United Nations Monitoring Group on Al Qaida); R.209, Ex. 2 (June 2004 Press Release issued by the U.S. Department of the Treasury regarding the designations of Aqeel Al Aqeel and Al Haramain Islamic Foundation); R.277, Ex. 6 (November 29, 2001 letter from U.S. Department of the Treasury to Swiss officials regarding Muwafaq Foundation); R.1031, Ex. 8, pp. 14-15 (INTERPOL Task Force Report, *Financing of Terrorism and Charities, July 2003*).

20 JA3602-3728, 3778-3821.

21 JA3778-3821, 4139-40.

22 JA3646-47, 3656-66, 3693-3707, 3714, 3717-22, 3802, 3812, 3818, 3862-68, 3982-86, 4166-68, 4210-14, 4451-54, 4478-82, 4496-4504, 6175-99, 7867-71, 7882-94; R.1257, Ex. 3, pp. 16-17 (Second Report of the United Nations Monitoring Group on Al Qaida); R.209, Ex. 1 and 2 (June 2004 Press Releases issued by the U.S. Department of the Treasury regarding the designations of Aqeel Al Aqeel and Al Haramain Islamic Foundation); R.1039, Ex. 4, p. 1 (September 9, 2004 Press Release from the U.S. Department of the Treasury regarding the designations of Soliman Al Buthe and the U.S. branch of Al Haramain Islamic Foundation); R.277, Ex. 6, (November 29, 2001 letter from U.S. Department of the Treasury to Swiss officials regarding Yassin al Kadi and Muwafaq Foundation).

23 JA3982-86, 4120-4214, 4166-68, 4451-54, 4478-82, 4496-4504, 6175-99.

24 JA3778-3821.

25 JA3983-84, 4211-12.

26 JA3792, 3795-96, 3803-04, 3809.

27 JA4188-89, 4200-01, 4535; R.1257, Ex. 3, p. 17 (Second Report of the United Nations Monitoring Group on Al Qaida); R.1031, Ex. 8, p. 15 (INTERPOL Task Force Report, *Financing of Terrorism and Charities, July 2003*).

28 JA3790-91, 4130, 6177-79; R.1257, Ex. 4, p. 18 (Arnaout Evidentiary Proffer).

29 JA3810, 4188-89, 4200-01, 6180.



HOUSE_OVERSIGHT_023410

30 JA3790-91, 4130, 6177-81; R.1257, Ex. 3, p. 17 (Second Report of the United Nations Monitoring Group on Al Qaida); R.977, Ex. H (September 2002 Press Release from the U.S. Department of the Treasury regarding the designation of Wa'el Hamza Jelaidan).

31 JA3791-92; R.277, Ex. 3 (Arnaout Evidentiary Proffer, Exhibit of the U.S. Government -- correspondence on MWL and IIRO letterhead discussing a meeting with Naseef and the agreement to launch attacks from MWL offices).

32 JA3791-92.

33 JA868-69, 2063, 3658-59, 3790-91, 4212, 4130, 6179.

34 JA878, 1842-43, 3705, 5686.

35 JA3790-91, 4212, 4130.

36 JA3791-92; R.277, Ex. 3, p. 3 (Arnaout Evidentiary Proffer, Exhibit of the U.S. Government).

37 JA3795; R.1257, Ex. 3, pp. 16 and 18 (Second Report of the United Nations Monitoring Group on Al Qaida); R.219, Ex. 1, pp. 3-8, 14 (U.S. Government's Response Brief in Support of Decision of the Immigration Judge Denying Respondent Bail, *In the Matter of Mohammad J. A. Khalifa Respondent, In Bond* Proceedings, Case No. A29-457-661 -- stating that Khalifa, a known international terrorist, "has been providing support to terrorist groups which have undertaken bombings of civilian targets in [the Philippines], including theaters, and have kidnapped American citizens.").

38 JA3660-61, 3714-15, 3795, 4052-53, 4538-39; R.963, Ex. 1, p. 8 (1996 CIA Report).

39 R.1762, Ex. 10, pp. 4-5 (Substitution for the Testimony of Khalid Sheikh Mohammed, *U.S. v. Moussaoui*).

40 JA3764, 4539; R.1257, Ex. 3, p. 18 (Second Report of the United Nations Monitoring Group on Al Qaida).

41 JA3794; R.963, Ex. 1, pp. 7-8 (1996 CIA Report).

42 JA1776-77.

43 R.209, Ex. 1, p. 1 (June 2004 Press Release issued by the U.S. Department of the Treasury regarding the designations of Aqeel Al Aqeel and Al Haramain Islamic Foundation).

44 JA2442-43; R.209, Ex. 2, p. 3 (June 2004 Press Release issued by the U.S. Department of the Treasury regarding the designations of Aqeel Al Aqeel and Al Haramain Islamic Foundation).

45 R.1039, Ex. 4 (September 9, 2004 Press Release from the U.S. Department of the Treasury regarding the designations of Soliman Al Buthe and the U.S. branch of Al Haramain Islamic Foundation).

46 JA2445-46.

47 R.1038, p. 19.

48 JA3813, 4451, 4502-04, 4478-81, 6189-90, 7867-71; R.277, Ex. 6, pp. 4-5 (November 29, 2001 letter from U.S. Department of the Treasury to Swiss officials regarding Yassin al Kadi and Muwafaq Foundation) and Ex. 7 (German Intelligence Report, Investigation of Yassin Qadi and Muwafaq).

49 JA4480-81, 4503, 7869-71; R.277, Exs. 6, p. 5 (November 29, 2001 letter from U.S. Department of the Treasury to Swiss officials regarding Yassin al Kadi and Muwafaq Foundation) and Ex. 7 (German Intelligence Report, Investigation of Yassin Qadi and Muwafaq).

50 JA6189.

51 JA4502, 6189, 7868-70.

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52 JA3818, 4478, 6175; R.1257, Ex. 3, p. 16 (Second Report of the United Nations Monitoring Group on Al Qaida); R.1762, Ex. 5, p. 7 (October 22, 2003 Testimony of Former National Security Advisor Richard A. Clarke before the U.S. Senate Banking Committee).

53 JA3778-3780, 3782-3783, 3785-3786, 3790-3792, 3794-3795, 3802, 3808-3809, 3810.

54 JA3821-44, 4281-83, 4352-55, 4465-69, 5891-93, 6208-20, 7863-94.

55 JA3882.

56 Testimony of Lee S. Wolosky to the National Commission on Terrorist Attacks Upon the United States, April 1, 2003. *See also* Council on Foreign Relations, *Terrorist Financing*, Maurice R. Greenberg, William F. Wechsler, and Lee S. Wolosky, available at www.cfr.org/content/publications/.../ Terrorist_ Financing_TF.pdf.

57 JA3606-16, 3708-10, 3715-28, 3827-31, 3835-38, 4281-83, 4292, 4329-43, 4352-55, 4465-69, 4478-82, 4496-4504, 5981-93, 6208-20.

58 JA3606-16, 3835-38, 4329-42, 4352-55, 5981-93, 6208-20; R.1015, Exs. 2, pp. 1-2 (CIA Fact Sheet, *Usama Bin Laden -- Islamic Extremist Fundraiser*) and Ex. 3, p. 2 (March 24, 2004 Testimony of Former National Security Advisor Richard A. Clarke before the 9/11 Commission); R. 1257, Ex. 4 (Arnaout Evidentiary Proffer).

59 *United States v. Bin Laden, et al*, 397 F. Supp. 2d 465, 515-516, 518 (S.D.N.Y. 2005).

60 JA3606-16, 3837-38, 4334-35, 4354, 5983-84, 6212-14.

61 JA3835, 4333-54, 5998, 6215-17.

62 JA6209-10, 6237-38.

63 JA3827-31, 3715-22, 4073-74, 4281-83, 4292, 4465-69, 4478-82, 4496-4504, 6188-94, 7863-94.

64 JA3718-19, 4073, 4498, 4883, 6191.

65 JA3830, 3718-22, 4292, 4073-74, 4498-99, 7882-85.

66 JA3830, 4073-74, 4292, 4498, 7884-85

67 JA3718, 3831, 4478, 4501, 6175-99, 7885-93.

68 JA3716-17, 3827-28, 4281-83, 4466-71, R.1031, Ex. 8, p. 14 (INTERPOL Task Force Report, *Financing of Terrorism and Charities, July 2003*).

69 JA4282-83.

70 The other officials of Al Rajhi Bank who are defendant-appellees in this appeal are Abdullah al Rajhi, Saleh al Rajhi, and Sheik Saleh al-Hussayen. Together, these individuals and Suleiman al Rajhi are referred to as the "Al Rajhi Defendants."

71 JA3828, 4281-83, 4465-69.

72 JA2569-70.

73 JA3607, 3836-37, 4334, 4353, 5982-83, 6212; R.1015, Ex. 2, p. 2 (CIA Fact Sheet, *Usama Bin Laden -- Islamic Extremist Fundraiser*).

74 JA3606-08, 3836, 4333-34, 5981, 6164, 6211.

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75 JA3609, 3780, 3838, 3868-69, 4513, 4530-31, 5982, 6212; R.1257, Ex. 4, pp. 16-17, 27 (Arnaout Evidentiary Proffer); R.1030, Ex. P, p. 19 (**9/11** Commission Monograph on Terrorist Financing).

76 JA3607, 4512-15, 4530, 5982, 6212; R.977, Ex. U (December 21, 2004 Press Release from the U.S. Department of the Treasury regarding the designation of Adel Abdul Jalil Batterjee).

77 JA4332, 5988, 6216.

78 JA3812, 3823; R.277, Ex. 5 (January 4, 2002 letter from the U.S. Department of the Treasury to Swiss officials regarding Yousef Nada); R.1031, Ex. 9 (August 29, 2002 Press Release from the U.S. Department of the Treasury regarding the designations of Yousef Nada-related entities); R.1762, Ex. 5, p. 10 (October 22, 2003 Testimony of Former National Security Advisor Richard A. Clarke before the U.S. Senate Banking Committee).

79 JA3838-39, 4365, 6208-09, 6236.

80 JA3724.

81 The pleadings allege that al Rajhi Bank senior officers Saleh al Rajhi, Suleiman al Rajhi's brother and al Rajhi Bank's Chairman, Abdullah al Rajhi, the bank's General Manager, and Sheikh Saleh al Hussayen, a member of its Sharia Board, also participated directly and knowingly in al Rajhi Bank's sponsorship of al Qaeda. JA828, 3715-18, 4281-83, 4465-69. By virtue of their positions and the pervasive character of al Rajhi Bank's systematic sponsorship of al Qaeda, the allegations concerning their participation in al Rajhi bank's sponsorship of al Qaeda are well founded. *Id*.

82 JA3866-68, 4465-69, 4496-4504; R.1031, Ex. 8, pp. 14-15 (INTERPOL Task Force Report, *Financing of Terrorism and Charities, July 2003*).

83 JA3785-86, 3866-68, 4467, 4500-01, 4529, 6164-65; R.977, Ex. G (Exhibit to Arnaout Evidentiary Proffer -- the "Golden Chain"); R.1762, Ex. 5, p. 6 (October 22, 2003 Testimony of Former National Security Advisor Richard A. Clarke before the U.S. Senate Banking Committee).

84 JA3785, 4467, 4500-01, 4529, 6164-65.

85 JA3785-86, 4467, 4500-01, 4529, 6164-65; R.1257, Ex. 4, pp. 18-19 (Arnaout Evidentiary Proffer); R.1030, Ex. P, pp. 102-103 (**9/11** Commission Monograph on Terrorist Financing); R.1762, Ex. 5, p. 6 (October 22, 2003 Testimony of Former National Security Advisor Richard A. Clarke before the U.S. Senate Banking Committee).

86 JA4467, 4500-01, 4514-15, 4529, 6164-65; R.977, Ex. E, pp. 23-24 (August 2002 FBI Report -- Interview with former Al Qaeda member Jamal Al Fadl).

87 R.1030, Ex. P, p. 94 (**9/11** Commission Monograph on Terrorist Financing).

88 R.1030, Ex. P, pp. 102-103 (**9/11** Commission Monograph on Terrorist Financing).

89 R.1030, Ex. R, pp. 2-3 (CRS Report for Congress, *Saudi Arabia, Terrorist Financing Issues*, December 8, 2004).

90 JA3831, 3867-68, 4478, 4501, 6188-91, 7867.

91 JA3827-28, 3866-67, 4465-66.

92 **9/11** Commission Final Report, pp. 169-170.

93 JA3785-86.

94 JA3710-14, 3845, 3870-71, 4394-4402.

95 **9/11** Commission Monograph on Terrorist Financing, available at www.9-11commission.gov/staff.../911_TerrFin_Monograph.pdf.

96 JA4394-95, 5982-83, 6212-13.

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97 JA4394.

98 JA3662, 3665, 3671, 3677-81, 4399-4401.

99 JA4024-30.

100 JA3785, 3870, 4318-19, 4529.

101 JA3832-33, 4302-05, 4314-20, 4528-45.

102 JA3870, 4528-45.

103 JA3724-28, 3832-33, 4302-05, 4314-20.

104 The district court dismissed the Burnett ATA claim against Al Rajhi Bank. SPA55-57 (*Terrorist Attacks I*). The district court also dismissed the remaining ATA claims against Al Rajhi Bank brought on behalf of the other plaintiff groups. SPA63, 65-66.

105 SPA99-103 (*SAMBA I*); SPA57-58 (*Terrorist Attacks I*). The district court also denied plaintiffs' motions for leave to amend their pleadings, SPA103-04 (*SAMBA I*), and for reconsideration of the denial of their leave to amend, SPA111-15 (*SAMBA II*). *See infra* 82 n.113.

106 SPA245 (*Terrorist Attacks V*).

107 SPA246-47 (*Terrorist Attacks V*); SPA109-10 (DMI-Kamel); SPA59-60 (*Terrorist Attacks I*).

108 SPA246-47 (*Terrorist Attacks V);* SPA109-10 (DMI-Kamel); SPA59-60 (*Terrorist Attacks I*).

109 *See infra* pp. Point I.C (discussing treatment of support in mid-1990s).

110 *See infra* pp. Point I.B (discussing district court's treatment of pleadings regarding defendants' mental state).

111 SPA245-46 (*Terrorist Attacks V*); SPA106, 110 (*DM-Kamel*); SPA102-03 (*SAMBA I*); SPA55 (*Terrorist Attacks I*).

112 A bank's provision of banking services constitutes material support of terrorism if the services were provided "knowing or intend[ing] that such provision would generally facilitate ... terrorist activities ..." *Wultz*, 755 F. Supp. 2d at 44-46; *see also Linde*, 384 F. Supp. 2d at 588 ("[G]iven plaintiffs' allegations regarding the knowing and intentional nature of the Bank's activities, there is nothing 'routine' about the services the Bank is alleged to provide"); *Weiss*, 453 F. Supp. 2d at 625 ("Where the Bank knows that the groups to which it provides services are engaged in terrorist activities even the provision of basic banking services may qualify as material support" (quotation marks and citation omitted)).

113 Contrary to the district court's findings, SPA112-14 (*SAMBA II*), SPA103-04 (*SAMBA I*), the proposed amendments to plaintiffs' pleadings clearly did sufficiently allege, *inter alia*, that Saudi American Bank had the requisite mental state when it provided material support to Osama bin Laden and al Qaeda. R.1926, pp. 3-6, n.10. Accordingly, if this court finds that the pleadings do not state a claim for relief, this Court should remand this claim for the district court to revisit its denial of the motion for reconsideration of its denial of the motion for leave to amend.

114 This report was published subsequent to the initial briefing below, and submitted in connection with plaintiffs' opposition to NCB's renewed motion to dismiss. However, the facts reflected in the report were of record from the outset, as reflected in plaintiffs" pleadings as to Al Rajhi Bank.

115 The annex lists nine treaties, including the Convention for the Suppression of Unlawful Seizure of Aircraft, done at the Hague on 16 December 1970; the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 December 1971; and the International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on 15 December 1997.

116 *See* R.111-2, at 71-74. In the context of the previous appeal as to Saudi Arabia, this Court noted that plaintiffs' allegations concerning the terror sponsorship activities of the Saudi government charities "include a wealth of detail (conscientiously cited to



HOUSE_OVERSIGHT_023414

published and unpublished sources) that, if true, reflect close working arrangements between ostensible charities and terrorist networks, including al Qaeda." *Terrorist Attacks III*, 538 F.3d at 76.

**End of Document**

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**Poetry in America for Teachers II : The Poetry of Earth, Sea, and Sky**
(an initiative of Harvard Graduate School of Education, HarvardX and WGBH)

***Combining study of poetry with study of science, environment and the visual arts . Materials include hundreds archival images and live footage including***

footage of the Mayflower landing taped on Cape Cod—Corn Hill, Pamet Harbor, Snow's Pond, Duck Creek; and, in Nantucket's Whaling Museum

with author Michael Pollan on Joel Barlow (and colonial agriculture)

with economist Lawrence Summers on Oliver Wendell Holmes, (and technology and "one hoss shay" depreciation)

with Vice President Al Gore on Ralph Waldo Emerson ,and, with eco-critic Lawrence Buell (with footage taped on the Concord River as well as in Harvard's Houghton Rare Book Library )

with a dozen Harvard students and Boston area school teachers on Emily Dickinson's "skies" (shot at Emily Dickinson's home in Amherst Massachusetts) and with ED's original mss. at Harvard University

with Martin Espada and other New Yorkers (footage shot on the East River) on Walt Whitman and urban greenspace

with Director of the College Board (and writer of the Common Core Standards) , David Coleman on Robert Frost's "Birches" and with Frost biographer, Jay Parini at Robert Frost's Vermont home in the Green Mountains

with Peter Galison on Einstein and Modernism (taped in the Harvard Scientific Instruments collection in the Harvard Science Center) and with author Walter Isaacson on Einstein and Modernism (Fogg Museum)

with Ray Dalio on Marianne Moore( in Rajah Ampat with Conservation International); and with Jane Pickering, Head of the Harvard Natural History Museum, ( filmed in the Harvard Museum of Natural History)

Future planned conversations include: Conversation with Walt Mossberg and David Malan on computer "language" and poetry ; Conversation with Richard Dawkins on evolution and probability; Conversation with actor Harrison Ford on "The Fish"; Conversation with Poet Laureate Robert Hass on Ansel Adams photography ; Conversation with Henry Louis Gates on African-American dialect poetry and the postbellum rural South.

**1,000,000 for two television episodes (classroom ready) plus a full credit bearing course Middle and High School Teachers, materials to be tested in New York and Houston Schools by EdLabs**

**From:** Kathy Ruemmler [redacted]
**Sent:** 9/20/2014 2:37:36 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fwd:

**Importance:** High

Did you read David Brooks today?

On Sep 19, 2014 9:58 PM, "Kathy Ruemmler" <[redacted]> wrote:

I will try.

On Sep 19, 2014 8:52 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
try to get a good night sleep. see you sunday

On Fri, Sep 19, 2014 at 8:48 PM, Kathy Ruemmler <[redacted]> wrote:

Harder to say no for sure.

On Sep 19, 2014 8:46 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
I assume that means harder to say no, ? easier to say yes. .

On Fri, Sep 19, 2014 at 8:38 PM, Kathy Ruemmler <[redacted]> wrote:

Both harder and easier. He was there.

On Sep 19, 2014 8:32 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
decision :easier, harder, more complex?

On Fri, Sep 19, 2014 at 8:17 PM, Kathy Ruemmler <[redacted]> wrote:

I have so much more info to tell you on Sunday.

On Sep 19, 2014 8:16 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
how much and who pays now?

On Fri, Sep 19, 2014 at 5:35 PM, Kathy Ruemmler <[redacted]n> wrote:

I will. The rent on the apartment is significantly more than the monthly salary.

On Sep 19, 2014 5:34 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
no need to. call eric and get a data point

On Fri, Sep 19, 2014 at 5:23 PM, Kathy Ruemmler <[redacted]> wrote:

I don't want to give up my apartment in NY.

On Sep 19, 2014 5:18 PM, "Kathy Ruemmler" <k[redacted]> wrote:

Good advice.

On Sep 19, 2014 5:15 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
lets see how you feel sunday

On Fri, Sep 19, 2014 at 5:12 PM, Kathy Ruemmler [redacted]> wrote:

I think I should do it.

On Sep 19, 2014 4:12 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
free now

On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler <[redacted]> wrote:

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
of course not , he wouldnt have been so stupid.
---------- Forwarded message ----------
From: **Kathy Ruemmler** <[redacted]>
Date: Fri, Sep 19, 2014 at 3:44 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Gov is not jewish

On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
reid or governor

On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler <[redacted]> wrote:

Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler <[redacted]> wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler <[redacted]> wrote:

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" <[redacted]> wrote:

Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler <[redacted]> wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think

there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]n> wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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**From**: Lisa New [redacted]
**Sent**: 9/23/2014 10:17:55 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Highlight

**Importance**: High

That was fun- definitely the highlight of a day that was not without other interesting moments

Don't know which was better-- the wholly unexpected surprise reminder (by a prime minister) of my boyfriend from 1976( who was in high school, who lived with his doting parents), or , getting creamed on my producer's budget but then offered the opportunity to profess poetry for production funds . There may be someone as good in New York, but i'll never tell you and you really have a heck of a seminar table there . When do we do Whitman's "Song of Myself" 1-15 Who else is reading with us? I'm ready .

A few other follow ups :

David and Brigid point out that reality tv doesn't cost anything because it is, as it sounds, very low budget . No writing , no special expertise or knowledge or research , no archival footage , no copyright clearance , no actors , no travel beyond the one location , certainly no clinton or woody allen or justice elena kagan or david brooks or Lena Dunham or even Professor New. That said , I think If were hiring the crew id do it for less -- probably 1, 250,000 all in . But I haven't won 10 Emmys and David has . That has value too. As does Wgbh . But I'll be more prepared for the next conversation and want to be much more prepared for templeton, so thank you .

I really liked Michael. I would like to send him some stuff , but in googling him I noticed that we have the same birthday! May I have his email?

You are in! Yeay! Lets see what this may mean? I'll improve my numbers and you'll improve your deep reading ?

Sent from my iPhone

**From:** Michael Wolff [redacted]]
**Sent:** 9/24/2014 12:06:54 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Highlight

**Importance:** High

Fab! And tomorrow?

On Tuesday, September 23, 2014, jeffrey E. <jeevacation@gmail.com> wrote:

clinton woody kagan , do not add one penny to budget

On Tue, Sep 23, 2014 at 6:17 PM, Lisa New <[redacted]> wrote:

That was fun- definitely the highlight of a day that was not without other interesting moments

Don't know which was better-- the wholly unexpected surprise reminder (by a prime minister) of my boyfriend from 1976( who was in high school, who lived with his doting parents), or , getting creamed on my producer's budget but then offered the opportunity to profess poetry for production funds . There may be someone as good in New York, but i'll never tell you and you really have a heck of a seminar table there . When do we do Whitman's "Song of Myself" 1-15 Who else is reading with us? I'm ready .

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Sent from my iPhone

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**From:** Lisa New [[redacted]
**Sent:** 9/24/2014 12:25:39 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Highlight

**Importance:** High

Jeffrey , if you are conceding any bit of the other things , with all due respect, that's exciting, as its new for me to be right about anything in the area of budgets .

As it happens,and as of today , there is huge dissatisfaction in public television world with the lower budget Clinton footage versus the Herbie Hancock footage. David g was there for Herbie and not for Clinton. I can see the difference .the pilot was made for 100, 000 , with savings on the Clinton but it does show

Sent from my iPhone

On Sep 23, 2014, at 7:57 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

clinton woody kagan , do not add one penny to budget

On Tue, Sep 23, 2014 at 6:17 PM, Lisa New <[redacted]> wrote:

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**From:** Lisa New [redacted]
**Sent:** 9/24/2014 12:48:31 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Highlight

**Importance:** High

I know, and I'm immensely grateful

. I would like to send you not only the NEH , but a harvard budget for the Ed school initiative with EdLabs. This may take a few days. But I'm on it

Thank you Jeffrey
Lisa

Sent from my iPhone

On Sep 23, 2014, at 8:37 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

I only want you to succeed.. I suggest that as this is charity , the numbers will be scrutinized more heavily. ( could have gone for food for homeless etc ) please send me the neh proposal that you mentioned. I assume there is a full budget.

On Tue, Sep 23, 2014 at 8:25 PM, Lisa New <[redacted]> wrote:

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**From:** Michael Wolff [redacted]]
**Sent:** 9/25/2014 1:47:51 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Highlight

**Importance:** High

See you at 1:00....

On Tue, Sep 23, 2014 at 8:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:
thurs 1

On Tue, Sep 23, 2014 at 8:04 PM, Michael Wolff <[redacted]> wrote:
What time???

On Tuesday, September 23, 2014, jeffrey E. <jeevacation@gmail.com> wrote:
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On Tue, Sep 23, 2014 at 6:17 PM, Lisa New <[redacted]> wrote:
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Don't know which was better-- the wholly unexpected surprise reminder (by a prime minister) of my boyfriend from 1976( who was in high school, who lived with his doting parents), or , getting creamed on my producer's budget but then offered the opportunity to profess poetry for production funds . There may be someone as good in New York, but i'll never tell you and you really have a heck of a seminar table there . When do we do Whitman's "Song of Myself" 1-15 Who else is reading with us? I'm ready .

A few other follow ups :

David and Brigid point out that reality tv doesn't cost anything because it is, as it sounds, very low budget . No writing , no special expertise or knowledge or research , no archival footage , no copyright clearance , no actors , no travel beyond the one location , certainly no clinton or woody allen or justice elena kagan or david brooks or Lena Dunham or even Professor New. That said , I think If were hiring the crew id do it for less -- probably 1, 250,000 all in . But I haven't won 10 Emmys and David has . That has value too. As does Wgbh . But I'll be more prepared for the next conversation and want to be much more prepared for templeton, so thank you .

I really liked Michael. I would like to send him some stuff , but in googling him I noticed that we have the same birthday! May I have his email?

You are in! Yeay! Lets see what this may mean? I'll improve my numbers and you'll improve your deep reading ?

Sent from my iPhone

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**PROPOSAL:** ***Poetry in America for Middle and High School Teachers***

## A. NATURE OF THE REQUEST

*Poetry in America*, a collaboration between Elisa New and Programs in Professional Education (PPE) at the Harvard Graduate School of Education (HGSE), will produce courses for national and international distribution to K-12 teachers. Drawing on Elisa New's extensive archive of raw instructional video, HGSE has the goal of providing online graduate-level professional development courses for teachers who have never before had the opportunity to advance their careers online. Teachers will be able to use to this course to strengthen their classroom practice while accumulating credits toward advanced degrees in education. Though American teachers are *required* to take professional development courses, very few of these courses offer teachers *content* support. This initiative will provide such support at a high level, offering Harvard credits and career advancement to participating teachers.

Additionally, this initiative will produce classroom-ready video content designed to engage and educate middle and high school students, thus enabling teachers to bring the content of their professional development directly into the classroom. It will give teachers the confidence and tools to discuss poetry while also meeting English Language Arts standards and providing teachers with professional development opportunities. The first such course, *Poetry of the City*, is already in active development, with its first one-credit module, on the poetry of Walt Whitman, currently entering the post-production stage. The second proposed course (either "The Poetry of Character Development and the Feelings" --concerned with building literacy skills and character awareness-- or "The Poetry of Earth, Sea, and Sky" --concerned with making connections between science and poetry) will enter post-production as soon as funds become available.

In addition to the production team (including an executive director, video editor, media manager, and instructional designer), we are joined by a diverse set of senior partners including:

- **James Ryan**, Dean of the Harvard Graduate School of Education
- **Mary Grassa O'Neill**, Managing Director of HGSE Professional Education and former superintendent of the Archdiocese of Boston and Milton Public Schools
- **Roland Fryer**, Henry Lee Professor of Economics at Harvard, Macarthur "Genius," and founder of the Education Innovation Laboratory
- **Robert Polito**, American academic, critic, poet, and President of The Poetry Foundation.

Our advisory board includes:

- US Poet Laureate **Robert Pinsky**
- Actor **John Lithgow**

- Hip-Hop Artist **Nas**
- distinguished academics and poets from Harvard and elsewhere

Participants and Filmed Conversations include:

- **President Bill Clinton, Herbie Hancock**, poet **Sonia Sanchez**, and children from the **Harlem Children's Zone** on disappointment and discrimination (filmed in Harlem and LA)
- **Nas** on traditions of American urban long-form poetry
- **Lena Dunham** on truth-telling and romantic love (filmed in Brooklyn)
- **Woody Allen** on poetry, sincerity, and morality
- Supreme Court Justice **Elena Kagan** on poetry and the law
- **Vice President Al Gore** on poetry and the environment
- Robert Frost biographer **Jay Parini** with Harvard students on trauma (filmed in Vermont)
- **Alfre Woodard** on Gwendolyn Brooks and rebellion
- **Senator John McCain** on love and loyalty to comrades (filmed in Washington DC)
- **Katie Couric** on grief and self-control
- NBA athletes **Shane Battier** and **Jason Collins** on form and basketball

**B. PROJECT ACTIVITIES**

The activities of this proposal fall into three major categories: production, post-production, and distribution. The activities involve collaboration between academics, professional course developers, curricular designers and video producers.

*Poetry in America* has amassed well over one hundred hours of high quality instructional video, including dozens of interpretive conversations with well-known personalities across the professions. Some additional production is expected, and a crew is now assembled to accomplish additional production in a cost effective manner. The post-production stage will involve discussion and planning with the Harvard Graduate School of Education and other educational and media partners based on this current sizeable archive of raw video footage.

At the post-production stage, we will shape and edit the raw footage into curricular content for teachers, and produce classroom-ready video. The post-production team, led by an experienced course developer and producer, will also include a professional videographer/editor with experience in creating high-quality pedagogy, a media manager, and a curriculum design team comprised of an instructional designer and IT specialist. HGSE will develop graduate course materials, including classroom-usable lesson plans, based on video content. Courses offered will include uncoached, lightly coached and fully coached versions of teaching poetry in the classroom. Teachers enrolled in coached versions of the course will receive real-time classroom support by HGSE instructional staff.

The distribution phase will rely heavily on our media and educational partners. Distribution emanates from PPE, which attracts thousands of educators every year to its programs on Harvard's campus, and enrolls thousands of others in its highly successful *WIDE World* courses. Previous offerings of *Poetry in America* courses on edX have attracted over 25,000 learners worldwide.
Other partners include:

- The Poetry Foundation
- WGBH
- The Atlantic
- The Aspen Institute
- The Nantucket Project
- Genius
- Nautilus
- The Big Think
- The Emily Dickinson Museum

New corporate partners include:

- Digital Partners Incorporated
- Adobe
- Netsuite

**C: OUTPUTS AND OUTCOMES**

This project will eventuate in for-credit professional development materials, developed by the Harvard Graduate School of Education to support relevant educational standards, including but not limited to the Common Core. With funds sufficient to the task, we expect to release two full-credit courses for teachers by Spring 2016. HGSE has a business plan to produce these courses, which they expect will fill a market niche.

**D: FUNDING OPTIONS**

Funds to support *Poetry in America for Middle and High School Teachers* may be directed to the Harvard Graduate School of Education. There is an HGSE account dedicated to *Poetry in America* that is ready to receive donations.

Alternatively, funds can be donated to Filmmaker's Collaborative, a 501c3 dedicated to supporting independent film and media initiatives such as the *Poetry in America* project. Filmmaker's Collaborative provides low-cost fiscal sponsorship for over 200 media projects across the country, and also offers professional support and public programming. Filmmakers Collaborative allows maximum autonomy and flexibility in the use of resources to support the objectives of the *Poetry in America* project.

Brockman, Inc. 260 Fifth Avenue New York, New York 10001 Tel (212) 935-8900 Fax (212) 935-5535

**BROCKMAN, INC. AUCTIONS *NOISE* BY DANIEL KAHNEMAN, OLIVIER SIBONY, AND CASS R. SUNSTEIN 30 MARKETS**

New York, NY, Tuesday, March 20, 2018– Max Brockman, CEO of Brockman, Inc. announced today the sale of ***NOISE* by Daniel Kahneman, Olivier Sibony, and Cass R. Sunstein.**

Kahneman, Sibony, and Sunstein were represented in the negotiations by **John Brockman** for US/Canadian rights, and **Max Brockman**, who supervised auctions in the UK and foreign language markets.

According to **Max Brockman**, "We've never seen a week like this in the 45-year history of Brockman, Inc. Thirty auctions were conducted within a week, all setting new agency records for publishing advances in each market and, in many markets, at levels never seen before for a serious nonfiction book."

"This speaks to the remarkable track record of Kahneman's THINKING FAST AND SLOW**,** which has been on *The New York Times* Bestseller List since publication in 2011, with global sales approaching 6 million copies, 2 million of which are in the UK, making it the biggest nonfiction book in the 100-year history of Allen Lane/Penguin."

"Another factor in the extraordinary reaction by publishers worldwide are the expertise and skill sets that Olivier Sibony and Cass Sunstein bring to the project.

According to **Tracy Behar**, VP, Publisher, and Editor-in-Chief of Little, Brown Spark, who acquired US/Canadian rights to the book, "Daniel Kahneman, Olivier Sibony, and Cass Sunstein are three of the greatest thinkers of our time, and I believe ***NOISE*** will be one of our most influential books, with far-reaching applications. It's an honor to be able to publish it."

**About the authors:**

**Daniel Kahneman**, author of the bestseller THINKING FAST AND SLOW, is Emeritus Professor of Psychology and Public Affairs at Princeton. He is the winner of the 2002

Nobel Prize in Economic Sciences for his pioneering work integrating insights from psychological research into economic science, especially concerning human judgment and decision making under uncertainty.

**Olivier Sibony** is a professor, writer, and advisor specializing in the quality of strategic thinking and the design of decision processes. Sibony teaches Strategy, Decision Making, and Problem Solving at HEC Paris. He is also an Associate Fellow of Saïd Business School in Oxford University. Previously, he was a Senior Partner with McKinsey & Company, where he spent 25 years.

**Cass R. Sunstein** is currently the Robert Walmsley University Professor at Harvard. From 2009 to 2012 he was Administrator of the White House Office of Information and Regulatory Affairs. From 2013 to 2014, he served on President Obama's Review Group on Intelligence and Communication Technologies. From 2016 to 2017, he served on the Defense Innovation Board of the US Department of Defense. He is the author of the bestsellers NUDGE (with Richard H. Thaler) and THE WORLD ACCORDING TO STAR WARS. His two most recent books, IMPEACHMENT: A CITIZEN'S GUIDE and CAN IT HAPPEN HERE? Are reviewed together on the front page of THE NEW YORK TIMES BOOK REVIEW (March 18, 2018). Sunstein is the recipient of the 2018 Holberg prize, awarded annually to a scholar who has made outstanding contributions to research in the arts, humanities, the social sciences, law or theology.

**About Brockman, Inc.**

Brockman, Inc., established in 1973 by founder **John Brockman**, is the preeminent international literary agency in the representation of serious non-fiction authors who are the leaders of "the third culture", i.e., those scientists and other thinkers in the empirical world who, through their work and expository writing, are taking the place of the traditional intellectual in rendering visible the deeper meanings of our lives, redefining who and what we are."

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/20/2014 5:29:55 AM
**To:** Kathy Ruemmler [[redacted]]
**Subject:** Re:

He is a pseudo intellectual . Friendship is a complex biological process . Part altruism part cooperation , it does not lead to genetic fitness , friends are not inherited with genes . Nick christophalos at kit has done much work . That being said , I get your point

On Friday, September 19, 2014, Kathy Ruemmler <[redacted]> wrote:

Did you read David Brooks today?

On Sep 19, 2014 9:58 PM, "Kathy Ruemmler" <[redacted]> wrote:

I will try.

On Sep 19, 2014 8:52 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

try to get a good night sleep. see you sunday

On Fri, Sep 19, 2014 at 8:48 PM, Kathy Ruemmler <[redacted]> wrote:

Harder to say no for sure.

On Sep 19, 2014 8:46 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

I assume that means harder to say no, ? easier to say yes. .

On Fri, Sep 19, 2014 at 8:38 PM, Kathy Ruemmler <[redacted]> wrote:

Both harder and easier. He was there.

On Sep 19, 2014 8:32 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

decision :easier, harder, more complex?

On Fri, Sep 19, 2014 at 8:17 PM, Kathy Ruemmler <[redacted]> wrote:

I have so much more info to tell you on Sunday.

On Sep 19, 2014 8:16 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

how much and who pays now?

On Fri, Sep 19, 2014 at 5:35 PM, Kathy Ruemmler <[redacted]> wrote:

I will. The rent on the apartment is significantly more than the monthly salary.

On Sep 19, 2014 5:34 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

no need to. call eric and get a data point

On Fri, Sep 19, 2014 at 5:23 PM, Kathy Ruemmler <[redacted]> wrote:

I don't want to give up my apartment in NY.

On Sep 19, 2014 5:18 PM, "Kathy Ruemmler" <[redacted]> wrote:

Good advice.

On Sep 19, 2014 5:15 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

lets see how you feel sunday

On Fri, Sep 19, 2014 at 5:12 PM, Kathy Ruemmler <[redacted]> wrote:

I think I should do it.

On Sep 19, 2014 4:12 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
free now

On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler <[redacted]m> wrote:

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
of course not , he wouldnt have been so stupid.
---------- Forwarded message ----------
From: **Kathy Ruemmler** <[redacted]>
Date: Fri, Sep 19, 2014 at 3:44 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Gov is not jewish

On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
reid or governor

On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler <[redacted]> wrote:

Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler <[redacted]> wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler <[redacted]> wrote:

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" <[redacted]> wrote:

Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler <[redacted]> wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]> wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:
Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/24/2014 12:07:26 AM
**To:** Michael Wolff [[redacted]]
**Subject:** Re: Highlight

**Importance:** High

not sure yet talk in mornig

On Tue, Sep 23, 2014 at 8:06 PM, Michael Wolff <[redacted]> wrote:
Fab! And tomorrow?

On Tuesday, September 23, 2014, jeffrey E. <jeevacation@gmail.com> wrote:
clinton woody kagan , do not add one penny to budget

On Tue, Sep 23, 2014 at 6:17 PM, Lisa New <[redacted]> wrote:
That was fun- definitely the highlight of a day that was not without other interesting moments

Don't know which was better-- the wholly unexpected surprise reminder (by a prime minister) of my boyfriend from 1976( who was in high school, who lived with his doting parents), or , getting creamed on my producer's budget but then offered the opportunity to profess poetry for production funds . There may be someone as good in New York, but i'll never tell you and you really have a heck of a seminar table there . When do we do Whitman's "Song of Myself" 1-15 Who else is reading with us? I'm ready .

A few other follow ups :

David and Brigid point out that reality tv doesn't cost anything because it is, as it sounds, very low budget . No writing , no special expertise or knowledge or research , no archival footage , no copyright clearance , no actors , no travel beyond the one location , certainly no clinton or woody allen or justice elena kagan or david brooks or Lena Dunham or even Professor New. That said , I think If were hiring the crew id do it for less -- probably 1, 250,000 all in . But I haven't won 10 Emmys and David has . That has value too. As does Wgbh . But I'll be more prepared for the next conversation and want to be much more prepared for templeton, so thank you .

I really liked Michael. I would like to send him some stuff , but in googling him I noticed that we have the same birthday! May I have his email?

You are in! Yeay! Lets see what this may mean? I'll improve my numbers and you'll improve your deep reading ?

Sent from my iPhone

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**Poetry in America IV: The Poetry of Character Development and the Emotional Life** Conversations already taped or scheduled include

with NBA player Jason Collins on Emily Dickinson's on "My Life has Stood a Loaded Gun" and "Tell all the Truth"; with Harvard students on " It would have starved a gnat" and "It got so I could take the Trick" ;with national security expert, Anne Marie Slaughter on "Hope is the Thing with Feathers"; with High School and Middle School teachers on "I'm Nobody" ; (with Annette Bening and Yo Yo Ma) (filmed at the Emily Dickinson Museum, Amherst, in Houghton Rare Book Library and in Hauser Studio

With New York citizens and Boston High School teachers on "Song of Myself" and sense of self (filmed in Brooklyn Bridge Park and in Harvard Yard)

With actress and author Lena Dunham and with spoken word poet, Sarah Kay, on Edna St. Vincent Millay and falling in and out of love (to be filmed in Brooklyn)

With biographer and filmmaker Jay Parini and Harvard students on Frost's "Out! Out" and on trauma (filmed at the Robert Frost historical site, Middlebury Vermont;) and with David Coleman, head of the College Board and writer of the Common Core Standards, on Frost's "Birches" and learning.

With director and actor Woody Allen on William Carlos Williams's "this is just to say" " and on marriage (filmed in Allen's studio) and with poet physician Rafael Campo on Williams and healing

With Alfre Woodard on Gwendolyn Brooks's "song of the front yard " and on obedience to parents (filmed before a live audience in Aspen)

With Rabbi Moshe Waldocks , on Allen Ginsberg's "Kaddish" and ritual (filmed in Hauser studio)

With Bill Clinton, Sonia Sanchez , Herbie Hancock and children from the Harlem Children's Zone on dreaming and disappointment (filmed in Harlem and LA)

With journalist Katie Couric on "One Art" and on grief and self control and with actress Kate Burton on "Elizabeth Bishop's "Poem" and on memory and inheritance

With actor John Lithgow on Frank O'Hara's "Ave Maria" and on adolescent rebellion

With hip hop artist Nas on his own breakthrough album, Illmatic, (and on children and crime )

With NBA player Shane Battier on Edward Hirsch's "Fast Break" and on teamwork and love

With  Reverend Jonathan Walton on Wigglesworth's "Day of Doom" and blame

**Poetry in America for Teachers II : The Poetry of Earth, Sea, and Sky**
(an initiative of Harvard Graduate School of Education, HarvardX and WGBH)

***Combining study of poetry with study of science, environment and the visual arts . Materials include hundreds archival images and live footage shot in***
Cape Cod, Nantucket, Vermont, New York, Connecticut, Jamaica, Aspen, California, Papua New Guinea including oceans, ponds, marshes, birds, fish mountains, coral reefs, forests as well in some major collections (HMNH etc)

with author Michael Pollan on Joel Barlow (and colonial agriculture)

with economist Lawrence Summers on Oliver Wendell Holmes, (and technology and "one hoss shay" depreciation)

with Harvard students at the Nantucket Whaling Museum and with , John Steele, editor of the science magazine, *Nautlilus*, , on Lowell and Melville

with Vice President Al Gore on Ralph Waldo Emerson ,and, with eco-critic Lawrence Buell (with footage taped on the Concord River as well as in Harvard's Houghton Rare Book Library )

with a dozen Harvard students and Boston area school teachers on Emily Dickinson's "skies" (shot at Emily Dickinson's home in Amherst Massachusetts) and with ED's original mss. at Harvard University

with Martin Espada and other New Yorkers (footage shot on the East River) on Whitman and urban greenspace and with Susan Howe on Stevens and parks

with Richard Dawkins on Frost, evolution and probability and with Jay Parini, Frost biographer, in Frost's cabin on "The Road not Taken".

with Director of the College Board (and writer of the Common Core Standards) , David Coleman on Robert Frost's "Birches" (filmed in a birch grove)

with Peter Galison on Einstein and Modernism (taped in the Harvard Scientific Instruments collection in the Harvard Science Center) and with author Walter Isaacson on Einstein and Modernism (Fogg Museum)

with Ray Dalio on Marianne Moore( in Rajah Ampat with Conservation International); and with Jane Pickering, Head of the Harvard Natural History Museum, ( filmed in the Harvard Museum of Natural History)

with Walt Mossberg and David Malan on coding, computer language and L-A-N-G-U-A-G-E poetry

**Date:** Thursday, December 15 2011 02:57 AM
**Subject:** Re: The Edge Annual Question 2012 - Invitation (Confidential)
**From:** John Brockman <[redacted]>
**To:** jeffrey epstein <jeevacation@gmail.com>;

Keep it coming. JB

On Dec 14, 2011, at 3:47 PM, jeffrey epstein wrote:

> Mathematics ideals are universal truths , biology is intrinsically based in deception . Predators in search of free energy , would be able to decipher and consume , if it weren't couched in a multi layered encrypted form . Even self deception acts as a defensive strategy. More later
>
> Sorry for all the typos .Sent from my iPhone
>
> On Dec 14, 2011, at 3:05 PM, John Brockman <[redacted]> wrote:
>
>> To: Paul Allen, Jeff Bezos, Sergey Brin. Hubert Burda, Steve Case. John Doerr, Jeffrey Epstein, Tony Fadell, Bill Gates, Danny Hillis, Maja Hoffman, Bill Joy, Salar Kamangar, Dean Kamen, Vinod Khosla, Marissa Mayer, Kary Mullis Elon Musk, Nathan Myhrvold, Pierre Omidyar, Larry Page, Sean Parker, Jean Pigozzi, Nick Pritzker, Miuccia Prada, Eric Schmidt, Jacqui Safra, Ricardo Salinas Pilego, Charles Simonyi, Jeff Skoll, Craig Venter, Jimmy Wales, Evan Williams, Mark Zuckerberg
>>
>> Re: The EDGE Annual Question 2012 - Invitation to participate
>>
>> In the summer of 2009, in a talk at the Bristol (UK) Festival of Ideas, Freeman Dyson articulated a vision for the future. He referenced "The Age Of Wonder", by Richard Holmes, in which the first Romantic Age described by Holmes was centered on chemistry and poetry, while Dyson pointed out that this new age is dominated by computational biology. Its leaders, he noted, include "biology wizards" Kary Mullis, Craig Venter, medical engineer Dean Kamen; and "computer wizards" Larry Page and Sergey Brin, and Charles Simonyi. He pointed out that the nexus for this intellectual activity — the Lunar Society for the 21st century — is centered around the activities of EDGE.
>>
>> Dyson continued to articulate his vision for a new age of biology in a related review inNew York Review of Books in which he wrote: "...a new generation of artists, writing genomes as fluently as Blake and Byron wrote verses, might create an abundance of new flowers and fruit and trees and birds to enrich the ecology of our planet. Most of these artists would be amateurs, but they would be in close touch with science, like the poets of the earlier Age of Wonder. The new Age of Wonder might bring together wealthy entrepreneurs like Venter and Kamen ... and a worldwide community of gardeners and farmers and breeders, working together to make the planet beautiful as well as fertile, hospitable to hummingbirds as well as to humans."
>>
>> So, along these lines, who can best articulate the important issues questions we face today than the very people who are, through their ideas and entrepreneurial zeal, changing the very nature of reality itself. Here's the 2012 Annual Question. Before sending it out widely to the list, it's useful to seed the project with a dozen or so interesting responses to provide examples and set a high bar. Even better, to inspire. How about it?? Hope to hear from you. JB
>>
>>
>> THE WORLD QUESTION CENTER
>>
>> 2012: WHAT IS YOUR FAVORITE DEEP, ELEGANT, OR BEAUTIFUL EXPLANATION?
>>
>> http://edge.org/annual- question/what-is-your-favorite-deep-elegant-or-beautiful-explanation&view=draft

>>
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>>
>> PRESS EMBARGO UNTIL PUBLICATION (12am EST, Sunday, January 15th). DO NOT CITE OR CIRCULATE
>>
>> ----------
>>
>> "We'd certainly be better off if everyone sampled the fabulous EDGE symposium, which, like the best in science, is modest and daring all at once."
>>
>> — David Brooks, THE NEW YORK TIMES
>> ----------
>> ----------
>>
>> Scientists' greatest pleasure comes from theories that derive the solution to some deep puzzle from a small set of simple principles in a surprising way. These explanations are called "beautiful" or "elegant". Historical examples are Kepler's explanation of complex planetary motions as simple ellipses, Bohr's explanation of the periodic table of the elements in terms of electron shells, and Watson and Crick's double helix. Einstein famously said that he did not need experimental confirmation of his general theory of relativity because it "was so beautiful it had to be true."
>>
>> The EDGE Question 2012
>>
>> WHAT IS YOUR FAVORITE DEEP, ELEGANT, OR BEAUTIFUL EXPLANATION?
>>
>> Since this question is about explanation, answers may embrace scientific thinking in the broadest sense: as the most reliable way of gaining knowledge about anything, including other fields of inquiry such as philosophy, mathematics, economics, history, political theory, literary theory, or the human spirit. The only requirement is that some simple and non-obvious idea explain some diverse and complicated set of phenomena.
>>
>> [Thanks to Steven Pinker for suggesting this year's EDGE Question and to Stewart Brand, Kevin Kelly, and George Dyson for their ongoing advice and support.]
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>>
>> "Open-minded, free ranging, intellectually playful ... an unadorned pleasure in curiosity, a collective expression of wonder at the living and inanimate world ... an ongoing and thrilling colloquium."
>>
>> —Ian McEwan in THE TELEGRAPH
>>
>> ----------
>>
>> SUBMITTING ESSAYS: Email as text or attached Word file to me (brockman@edge.org).
>>
>> DUE DATE: 5pm, Thursday, January 12th
>>
>> PUBLICATION DATE: 12am EST, Sunday, January 15th
>>
>> URL: Essays will be posted at this draft URL (not visible to search engines). Please keep confidential.
>>
>> PRESS EMBARGO: Until publication. Do not cite or circulate.

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>> EDITORIAL MARCHING ORDERS
>>
>> Of course, your own explanations are deep, elegant, and beautiful. But give it a rest for this exercise and please avoid citing your own theory, idea, explanation. Also, think of examples that are not completely obvious—we don't want a hundred people nominating natural selection, or relativity, or Turing machines.
>>
>> Say something new, true, and interesting based on your own experience, in 1,000 words or less.
>>
>> Go deeper than the news. Tell us something we don't know. This is not a purely scientific question: this is question about our culture and ourselves. The ideas we present on EDGE can offer a new set of metaphors to describe ourselves, our minds, the way we think, the world, and all of the things we know in it.
>>
>> As usual, no politics ("Democrat" "Republican") or politicians ("Obama" "Romney" "Clinton" "Gingrich", etc.). No editorials, Op-eds, opinion pieces, flippancy. No ad hominem comments. No self-promotion: no referencing your books, papers, courses. No "selling from the stage", pushing your well-known agenda. No footnotes, credits, or hyperlinks in the text: stay on the page. No anecdotes about spouses, significant others, kids, family pets. Write a stand-alone piece: don't respond to the pieces of other contributors already posted.
>>
>> This is the annual opportunity for the EDGE community to give something back, to provide an important public service, to make a statement by presenting uncompromisingly sophisticated science-minded thinking to a wide global audience. Be imaginative, exciting, compelling, inspiring. Tell a great story. Make an argument that makes a difference. Amaze and delight. Surprise us!
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>> TO THE EDGE PRESS LIST
>>
>> Last year's EDGE Question ("What Scientific Concept Would Improve Everybody's Cognitive Toolkit?" - http://goo.gl/bEzNP - generated 165 essays (115,000 words) and received global press attention - http://goo.gl/Ygxs7
>>
>> For some background on how the EDGE Annual Questions comes together, check out "A Big Question", an article I wrote for the Nieman Foundation in 2010 - http://goo.gl/udnZg
>> We expect at least as many contributions this year. Please feel free use up to 1,500 words of text (gratis) without further permission, provided that:
>>
>> (a) EDGE and its URL (www.edge.org) are mentioned in the first paragraph of your print and online piece; and
>>
>> (b) a hyperlink to the EDGE home page (http://www.edge.org) is provided in the first paragraph of your online edition.
>>
>> Edge Foundation, Inc. is a nonprofit private operating foundation under Section 501(c)(3) of the Internal Revenue Code.
>>
>>
>> Happy New Year!
>>
>> John Brockman
>> Editor & Publisher

>> [redacted]
>> [redacted]
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>>
>> It's ever more delectable that EDGE-the network of prominent scientists and intellectuals— has worked against the reciprocal ignorance of literary cultures and sciences of each other. Successfully. If you take the algorithms developed by Larry Page and Sergey Brin, which measure the value of links, EDGE'S website ranks seven on a global scale of ten. THE NEW YORK TIMES ranks nine, eBay at eight.
>>
>> — SUEDDEUTSCHE ZEITUNG
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17 April, 2011

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| Article 1. | Wall Street Journal<br>**The New Cold War**<br>Bill Spindle and Margaret Coker |
| Article 2. | The New York Post<br>**The storm in Syria**<br>Amir Taheri |
| Article 3. | The American Interest<br>**Political Order in Egypt**<br>Francis Fukuyama |
| Article 4. | NYT<br>**The Budget Debate, Revealed**<br>Richard W. Stevenson |

Article 1.

Wall Street Journal

# The New Cold War

Bill Spindle and Margaret Coker

APRIL 16, 2011 -- For three months, the Arab world has been awash in protests and demonstrations. It's being called an Arab Spring, harking back to the Prague Spring of 1968.

But comparison to the short-lived flowering of protests 40 years ago in Czechoslovakia is turning out to be apt in another way. For all the attention the Mideast protests have received, their most notable impact on the region thus far hasn't been an upswell of democracy. It has been a dramatic spike in tensions between two geopolitical titans, Iran and Saudi Arabia.

This new Middle East cold war comes complete with its own spy-versus-spy intrigues, disinformation campaigns, shadowy proxy forces, supercharged state rhetoric—and very high stakes.

"The cold war is a reality," says one senior Saudi official. "Iran is looking to expand its influence. This instability over the last few months means that we don't have the luxury of sitting back and watching events unfold."

On March 14, the Saudis rolled tanks and troops across a causeway into the island kingdom of Bahrain. The ruling family there, long a close Saudi ally, appealed for assistance in dealing with increasingly large protests. Iran soon rattled its own sabers. Iranian parliamentarian Ruhollah Hosseinian urged the Islamic Republic to put its military forces on high alert, reported the website for Press TV, the state-run English-language news agency. "I believe that the Iranian government should not be reluctant to prepare the country's military forces at a time that Saudi Arabia has dispatched its troops to Bahrain," he was quoted as saying.

The intensified wrangling across the Persian—or, as the Saudis insist, the Arabian—Gulf has strained relations between the U.S. and important Arab allies, helped to push oil prices into triple digits and tempered U.S. support for some of the popular democracy movements in the Arab world. Indeed, the first casualty of the Gulf showdown has been two of the liveliest democracy movements in countries right on the fault line, Bahrain and the turbulent frontier state of Yemen. But many worry that the toll could wind up much

worse if tensions continue to ratchet upward. They see a heightened possibility of actual military conflict in the Gulf, where one-fifth of the world's oil supplies traverse the shipping lanes between Saudi Arabia and Iran. Growing hostility between the two countries could make it more difficult for the U.S. to exit smoothly from Iraq this year, as planned. And, perhaps most dire, it could exacerbate what many fear is a looming nuclear arms race in the region.

Iran has long pursued a nuclear program that it insists is solely for the peaceful purpose of generating power, but which the U.S. and Saudi Arabia believe is really aimed at producing a nuclear weapon. At a recent security conference, Prince Turki al Faisal, a former head of the Saudi intelligence service and ambassador to the U.K. and the U.S., pointedly suggested that if Iran were to develop a weapon, Saudi Arabia might well feel pressure to develop one of its own.

The Saudis currently rely on the U.S. nuclear umbrella and on antimissile defense systems deployed throughout the Persian Gulf region. The defense systems are intended to intercept Iranian ballistic missiles that could be used to deliver nuclear warheads. Yet even Saudis who virulently hate Iran have a hard time believing that the Islamic Republic would launch a nuclear attack against the birthplace of their prophet and their religion. The Iranian leadership says it has renounced the use of nuclear weapons.

How a string of hopeful popular protests has brought about a showdown of regional superpowers is a tale as convoluted as the alliances and history of the region. It shows how easily the old Middle East, marked by sectarian divides and ingrained rivalries, can re-emerge and stop change in its tracks.

There has long been bad blood between the Saudis and Iran. Saudi Arabia is a Sunni Muslim kingdom of ethnic Arabs, Iran a Shiite Islamic republic populated by ethnic Persians. Shiites first broke with Sunnis over the line of succession after the death of the Prophet

Mohammed in the year 632; Sunnis have regarded them as a heretical sect ever since. Arabs and Persians, along with many others, have vied for the land and resources of the Middle East for almost as long. These days, geopolitics also plays a role. The two sides have assembled loosely allied camps. Iran holds in its sway Syria and the militant Arab groups Hezbollah in Lebanon and Hamas in the Palestinian territories; in the Saudi sphere are the Sunni Muslim-led Gulf monarchies, Egypt, Morocco and the other main Palestinian faction, Fatah. The Saudi camp is pro-Western and leans toward tolerating the state of Israel. The Iranian grouping thrives on its reputation in the region as a scrappy "resistance" camp, defiantly opposed to the West and Israel.

For decades, the two sides have carried out a complicated game of moves and countermoves. With few exceptions, both prefer to work through proxy politicians and covertly funded militias, as they famously did during the long Lebanese civil war in the late 1970s and 1980s, when Iran helped to hatch Hezbollah among the Shiites while the Saudis backed Sunni militias.

But the maneuvering extends far beyond the well-worn battleground of Lebanon. Two years ago, the Saudis discovered Iranian efforts to spread Shiite doctrine in Morocco and to use some mosques in the country as a base for similar efforts in sub-Saharan Africa. After Saudi emissaries delivered this information to King Hassan II, Morocco angrily severed diplomatic relations with Iran, according to Saudi officials and cables obtained by the organization WikiLeaks.

As far away as Indonesia, the world's most populous Muslim country, the Saudis have watched warily as Iranian clerics have expanded their activities—and they have responded with large-scale religious programs of their own there. The 1979 Iranian revolution was a major eruption that still looms large in the psyches of both nations. It

explicitly married Shiite religious zeal with historic Persian ambitions and also played on sharply anti-Western sentiments in the region. Iran's clerical regime worked to spread the revolution across the Middle East; Saudi Arabia and its allies worried that it would succeed. For a time it looked like it might. There were large demonstrations and purported antigovernment plots in Saudi Arabia's Eastern Province, which has a large population of Shiite Muslim Arabs, and in Bahrain, where Shiites are a distinct majority and Iran had claimed sovereignty as recently as 1970.

The protests that began this past January in Tunisia had nothing to do with any of this. They started when a struggling street vendor in that country's desolate heartland publicly set himself on fire after a local officer cited his cart for a municipal violation. His frustration, multiplied hundreds of thousands times, boiled over in a month of demonstrations against Tunisian President Zine al-Abidine Ben Ali. To the amazement of the Arab world, Mr. Ben Ali fled the country when the military declined to back him by brutally putting down the demonstrations.

Spurred on by televised images and YouTube videos from Tunisia, protests broke out across much of the rest of the Arab world. Within weeks, millions were on the streets in Egypt and Hosni Mubarak was gone, shown the door in part by his longtime backer, the U.S. government. The Obama administration was captivated by this spontaneous outbreak of democratic demands and at first welcomed it with few reservations. In Riyadh, Saudi officials watched with alarm. They became furious when the Obama administration betrayed, to Saudi thinking, a longtime ally in Mr. Mubarak and urged him to step down in the face of the street demonstrations.

The Egyptian leader represented a key bulwark in what Riyadh perceives as a great Sunni wall standing against an expansionist Iran. One part of that barrier had already crumbled in 2003 when the U.S.

invasion of Iraq toppled Saddam Hussein. Losing Mr. Mubarak means that the Saudis now see themselves as the last Sunni giant left in the region.

The Saudis were further agitated when the protests crept closer to their own borders. In Yemen, on their southern flank, young protesters were suddenly rallying thousands, and then tens of thousands, of their fellow citizens to demand the ouster of the regime, led by President Ali Abdullah Saleh and his family for 43 years. Meanwhile, across a narrow expanse of water on Saudi Arabia's northeast border, protesters in Bahrain rallied in the hundreds of thousands around a central roundabout in Manama. Most Bahraini demonstrators were Shiites with a long list of grievances over widespread economic and political discrimination. But some Sunnis also participated, demanding more say in a government dominated by the Al-Khalifa family since the 18th century.

Protesters deny that their goals had anything to do with gaining sectarian advantage. Independent observers, including the U.S. government, saw no sign that the protests were anything but homegrown movements arising from local problems. During a visit to Bahrain, Secretary of Defense Robert Gates urged the government to adopt genuine political and social reform.

But to the Saudis, the rising disorder on their borders fit a pattern of Iranian meddling. A year earlier, they were convinced that Iran was stoking a rebellion in Yemen's north among a Shiite-dominated rebel group known as the Houthis. Few outside observers saw extensive ties between Iran and the Houthis. But the Saudis nonetheless viewed the nationwide Yemeni protests in that context. In Bahrain, where many Shiites openly nurture cultural and religious ties to Iran, the Saudis saw the case as even more open-and-shut. To their ears, these suspicions were confirmed when many Bahraini protesters moved beyond demands for greater political and economic participation and

began demanding a constitutional monarchy or even the outright ouster of the Al-Khalifa family. Many protesters saw these as reasonable responses to years of empty promises to give the majority Shiites a real share of power—and to the vicious government crackdown that had killed seven demonstrators to that point.

But to the Saudis, not to mention Bahrain's ruling family, even the occasional appearance of posters of Lebanese Hezbollah leader Hassan Nasrallah amid crowds of Shiite protesters pumping their fists and chanting demands for regime change was too much. They saw how Iran's influence has grown in Shiite-majority Iraq, along their northern border, and they were not prepared to let that happen again.

As for the U.S., the Saudis saw calls for reform as another in a string of disappointments and outright betrayals. Back in 2002, the U.S. had declined to get behind an offer from King Abdullah (then Crown Prince) to rally widespread Arab recognition for Israel in exchange for Israel's acceptance of borders that existed before the 1967 Six Day War—a potentially historic deal, as far as the Saudis were concerned. And earlier this year, President Obama declined a personal appeal from the king to withhold the U.S. veto at the United Nations from a resolution condemning continued Israeli settlement building in Jerusalem and the West Bank.

The Saudis believe that solving the issue of Palestinian statehood will deny Iran a key pillar in its regional expansionist strategy—and thus bring a win for the forces of Sunni moderation that Riyadh wants to lead.

Iran, too, was starting to see a compelling case for action as one Western-backed regime after another appeared to be on the ropes. It ramped up its rhetoric and began using state media and the regional Arab-language satellite channels it supports to depict the pro-democracy uprisings as latter-day manifestations of its own revolution in 1979. "Today the events in the North of Africa, Egypt,

Tunisia and certain other countries have another sense for the Iranian nation.… This is the same as 'Islamic Awakening,' which is the result of the victory of the big revolution of the Iranian nation," said Ayatollah Ali Khamenei.

Iran also broadcast speeches by Hezbollah's leader into Bahrain, cheering the protesters on. Bahraini officials say that Iran went further, providing money and even some weapons to some of the more extreme opposition members. Protest leaders vehemently deny any operational or political links to Iran, and foreign diplomats in Bahrain say that they have seen little evidence of it.

March 14 was the critical turning point. At the invitation of Bahrain, Saudi armed vehicles and tanks poured across the causeway that separates the two countries. They came representing a special contingent under the aegis of the Gulf Cooperation Council, a league of Sunni-led Gulf states, but the Saudis were the major driver. The Saudis publicly announced that 1,000 troops had entered Bahrain, but privately they concede that the actual number is considerably higher.

If both Iran and Saudi Arabia see themselves responding to external threats and opportunities, some analysts, diplomats and democracy advocates see a more complicated picture. They say that the ramping up of regional tensions has another source: fear of democracy itself.

Long before protests ousted rulers in the Arab world, Iran battled massive street protests of its own for more than two years. It managed to control them, and their calls for more representative government or outright regime change, with massive, often deadly, force. Yet even as the government spun the Arab protests as Iranian inspired, Iran's Green Revolution opposition movement managed to use them to boost their own fortunes, staging several of their best-attended rallies in more than a year.

Saudi Arabia has kept a wary eye on its own population of Shiites, who live in the oil-rich Eastern Province directly across the water

from Bahrain. Despite a small but energetic activist community, Saudi Arabia has largely avoided protests during the Arab Spring, something that the leadership credits to the popularity and conciliatory efforts of King Abdullah. But there were a smattering of small protests and a few clashes with security services in the Eastern Province.

The regional troubles have come at a tricky moment domestically for Saudi Arabia. King Abdullah, thought to be 86 years old, was hospitalized in New York, receiving treatment for a back injury, when the Arab protests began. The Crown Prince, Sultan bin Abdul Aziz, is only slightly younger and is already thought to be too infirm to become king. Third in line, Prince Nayaf bin Abdul Aziz, is around 76 years old.

Viewing any move toward more democracy at home—at least on anyone's terms but their own—as a threat to their regimes, the regional superpowers have changed the discussion, observers say. The same goes, they say, for the Bahraini government. "The problem is a political one, but sectarianism is a winning card for them," says Jasim Husain, a senior member of the Wefaq Shiite opposition party in Bahrain.

Since March 14, the regional cold war has escalated. Kuwait expelled several Iranian diplomats after it discovered and dismantled, it says, an Iranian spy cell that was casing critical infrastructure and U.S. military installations. Iran and Saudi Arabia are, uncharacteristically and to some observers alarmingly, tossing direct threats at each other across the Gulf. The Saudis, who recently negotiated a $60 billion arms deal with the U.S. (the largest in American history), say that later this year they will increase the size of their armed forces and National Guard.

And recently the U.S. has joined in warning Iran after a trip to the region by Defense Secretary Gates to patch up strained relations with

Arab monarchies, especially Saudi Arabia. Minutes after meeting with King Abdullah, Mr. Gates told reporters that he had seen "evidence" of Iranian interference in Bahrain. That was followed by reports from U.S. officials that Iranian leaders were exploring ways to support Bahraini and Yemeni opposition parties, based on communications intercepted by U.S. spy agencies.

Saudi officials say that despite the current friction in the U.S.-Saudi relationship, they won't break out of the traditional security arrangement with Washington, which is based on the understanding that the kingdom works to stabilize global oil prices while the White House protects the ruling family's dynasty. Washington has pulled back from blanket support for democracy efforts in the region. That has bruised America's credibility on democracy and reform, but it has helped to shore up the relationship with Riyadh.

Rising Tensions in the Gulf

A look at the Sunni-Shiite divide in the Middle East and some of the key flashpoints in the cold war between Saudi Arabia and Iran

The deployment into Bahrain was also the beginning of what Saudi officials describe as their efforts to directly parry Iran. While Saudi troops guard critical oil and security facilities in their neighbor's land, the Bahraini government has launched a sweeping and often brutal crackdown on demonstrators.

It forced out the editor of the country's only independent newspaper. More than 400 demonstrators have been arrested without charges, many in violent night raids on Shiite villages. Four have died in custody, according to human-rights groups. Three members of the national soccer team, all Shiites, have also been arrested. As many as 1,000 demonstrators who missed work during the protests have been fired from state companies.

In Shiite villages such as Saar, where a 14-year-old boy was killed by police and a 56-year-old man disappeared overnight and showed up

dead the next morning, protests have continued sporadically. But in the financial district and areas where Sunni Muslims predominate, the demonstrations have ended.

In Yemen, the Saudis, also working under a Gulf Cooperation Council umbrella, have taken control of the political negotiations to transfer power out of the hands of President Ali Abdullah Saleh, according to two Saudi officials.

"We stayed out of the process for a while, but now we have to intervene," said one official. "It's that, or watch our southern flank disintegrate into chaos."

Article 2.

The New York Post

# The storm in Syria

Amir Taheri

April 16, 2011 -- Yesterday was supposed to be the first day of what Syrian despot Ba shar al-Assad had dubbed "social calm"; he hoped his mixture of promises and repressive measures would silence the pro-democracy uprising that has shaken the Ba'athist regime. Instead, the opposition mounted a "Friday of Resolution," with fresh nationwide marches against tyranny.

In addition to other empty moves, Assad had ordered the release of protesters arrested in the past four weeks provided they had not done "anything that might undermine the interests of the state and the nation's security." Those qualifiers meant that by yesterday evening only nine people had been set free, out of an estimated 1,200 arrested in 18 cities -- and scores more were arrested yesterday.

To be sure, the opposition didn't succeed in organizing a major march in the capital. But a crowd of no more than 600 marched from Damascus to the nearby town of Douma, where security forces have killed at least 30 demonstrators in the past two weeks.

Yesterday was a success for the opposition. It managed to defy the massive security buildup to hold demonstrations in at least 20 cities, underlining its nationwide appeal. It also managed to show its presence in Aleppo, the country's second most populous city, which had remained relatively quiet until now.

Also significant were the first demonstrations in the Druze areas, which had never before shown any sign of revolt against the Assad dynasty. Yesterday, Syria's biggest Druze city, Suwaidah, became an "Assad-free" zone as portraits of the despot and his father were burned in public.

With the Druze joining the uprising, all of Syria's dozen or so ethnic and religious communities are now marching under the banner of revolt against the Assad dynasty.

More important, perhaps, the day brought the first signs that at least parts of the security forces may be reluctant to shoot demonstrators in the street. According to my sources, security men have shot at least three soldiers on the spot for "disobedience."

"These were cold-blooded executions in the street," one source tells me. "The soldiers had refused to fire on marchers. They were killed by men from the Alawite minority to which Assad belongs."

Two of the three soldiers shot have been identified as Muhammad Awadh Qanbar and Murad Hajoo, who died in Maddiyah. A third soldier was shot in the port city of Banias.

In Tartus, Der'aah and the Kurdish city of Qamishli, Alawite elite units have replaced the regular army with orders to crush the demonstrations.

Some special Alawite units, known as al-Ashbah or "ghosts," appear in civilian clothes to kill demonstrators at random. The tactic is meant to terrorize the opposition, forcing it to stop its almost daily protests.

These terror tactics are starting to radicalize the opposition, but some groups still hope to reach a peaceful way out of the crisis. Several human-rights groups have joined in the Damascus Declaration, calling for a negotiated departure of Bashar al-Assad and his entourage with the Syrian army acting as an interim government.

Other groups, however, insist that the opposition is willing and able to set up a transitional authority and hold free elections, with the army ensuring the country's security.

The Assad clan is trying to convince the outside world, including the United States and the European Union, that the regime's fall could lead to chaos and sectarian wars. It claims the opposition is either too

divided to form a government, or might fall under the domination of the Muslim Brotherhood.

Pro-democracy activists reject those claims. They tell me that they've been trying to establish formal contacts with both the US and EU to help the major democracies "acquire a more balanced view of the situation."

"Assad's voice is not the only one that comes out of Syria," says Wassim Turayf, a spokesman for the protesters. "The outside world should listen to other voices."

Article 3.

The American Interest

# Political Order in Egypt

Francis Fukuyama

May - June 2011 -- While academic political science has not had much to tell policymakers of late, there is one book that stands out as being singularly relevant to the events currently unfolding in Tunisia, Egypt and other Middle Eastern countries: Samuel Huntington's Political Order in Changing Societies, first published over forty years ago.1 Huntington was one of the last social scientists to try to understand the linkages between political, economic and social change in a comprehensive way, and the weakness of subsequent efforts to maintain this kind of large perspective is one reason we have such difficulties, intellectually and in policy terms, in keeping up with our contemporary world.

Huntington, observing the high levels of political instability plaguing countries in the developing world during the 1950s and 1960s, noted that increasing levels of economic and social development often led to coups, revolutions and military takeovers rather than a smooth transition to modern liberal democracy. The reason, he pointed out, was the gap that appeared between the hopes and expectations of newly mobilized, educated and economically empowered people on the one hand, and the existing political system, which did not offer them an institutionalized mechanism for political participation, on the other. He might have added that such poorly institutionalized regimes are also often subject to crony capitalism, which fails to provide jobs and incomes to the newly educated middle class. Attacks against the existing political order, he noted, are seldom driven by the poorest of the poor; they instead tend to be led by rising middle classes who are frustrated by the lack of political and economic opportunity—a

phenomenon noted by Alexis de Tocqueville in his masterful analysis of the origins of the French Revolution and raised again in the early 1960s by James Davies's well known "J-curve" theory of revolution.2

Something like this Huntingtonian process has unfolded in recent months in both Tunisia and Egypt. In both cases, anti-government protests were led not by the urban poor or by an Islamist underground, but by relatively well-educated middle-class young people used to communicating with each other via Facebook and Twitter. It is no accident that Wael Ghonim, Google's regional head of marketing, emerged as a symbol and leader of the new Egypt. The protesters' grievances centered around the fact that the authoritarian regimes of Ben Ali and Mubarak offered them no meaningful pathway to political participation, as well as failing to provide jobs befitting their social status. The protests were then joined by other groups in both societies—trade unionists, Islamists, peasants and virtually everyone else unhappy with the old regimes—but the driving force remained the more modern segments of Tunisian and Egyptian society.

Societies lacking institutions that could accommodate new social actors produced a condition Huntington labeled praetorianism, in which political participation took the form of strikes, demonstrations, protests and violence. The military often seized power in such circumstances because it was the only organized actor in society capable of running a government. The Egyptian Republic's first autocrat, Gamal Abdel Nasser, came to power in precisely this manner back in July 1952, when his Free Officers movement represented the rising Egyptian middle class. The tragedy of modern Egypt is that there has been scarcely any meaningful political development in the more than half-century since then—meaning, in

Huntington's terms, the rise of modern institutions that could peacefully channel citizen participation.

Socioeconomic development, meanwhile, has proceeded apace: Between 1990–2010 Tunisia's Human Development Index (a composite measure of health, education and income compiled by the UN) rose 30 percent, while Egypt's rose 28 percent. Both countries produced tens of thousands of college graduates with no discernable future and a lopsided income distribution in which a disproportionate share of the gains from growth went to a small group of politically connected insiders. Huntington's analysis of Egypt in the 1950s and 1960s thus remains eerily relevant today.

In Political Order Huntington was also making a broader point about the process of development itself. The significance of his book needs to be seen against the backdrop of post-World War II modernization theory, which in turn drew on classic 19th-century European social theory articulated by academics like Edward Shils, Talcott Parsons and Walt W. Rostow. American modernization theory argued that development was a single, seamless process. Economic development, changing social relationships like the breakdown of extended kinship groups and the growth of individualism, higher and more inclusive levels of education, normative shifts toward values like "achievement" and rationality, secularization and the growth of democratic political institutions, were all seen as an interdependent whole.

By pointing out that the good things of modernity did not necessarily go together, Huntington played a key role in killing off modernization theory. Political development was a separate process from socioeconomic development, he argued, and needed to be understood in its own terms. The conclusion that flowed from this point of view seemed at the time counterintuitive to the point of stunning: Without political development, the other aspects of

modernization could lead to bad results—to tyranny, civil war and mass violence.

There were other reasons why Western modernization theory fell into disrepute by the 1970s: It came to be regarded as too Eurocentric—indeed, as too Americentric insofar as it seemed to posit American society as the pinnacle of modernization. It failed to recognize the possibility that countries like Japan and China might take roads to modernity that would look very different from the ones pioneered by Britain and the United States. But even if one agreed that the end point of development should be some form of industrialized liberal democracy, Huntington made it clear that arriving at the desired destination was far more elusive and complicated than modernization theorists believed.

The central piece of policy advice that emerged out of Huntington's work was the concept of the "authoritarian transition." If political systems opened up to democratic contestation too early, before the development of political parties, labor unions, professional associations and other organizations that could structure participation, the result could be chaotic. Authoritarian regimes that could maintain order and promote economic growth, Huntington argued, might oversee a more gradual institutionalization of society, and make a transition to democracy only when broad participation could be peacefully accommodated. This form of sequencing, in which economic development was promoted before a democratic opening, was the path followed by Asian countries like South Korea and Taiwan, which made democratic transitions in the late 1980s only after they had succeeded in turning themselves into industrialized powerhouses. It was also the development strategy recommended by Huntington's former student Fareed Zakaria, as well as by the leaders of many authoritarian governments, who liked the idea of economic growth better than the idea of democratic participation.3 We will

return to the question of how well that strategy worked in the Middle East later.

Development in Silos

As interesting and important as Huntington's work was, it lay outside of mainstream thinking about development, which from the start was a highly Balkanized academic field that was dominated by economists. Few scholars have sought to understand development as an inter-connected process with political, economic and social parts. Development economists looked primarily at economic factors like capital, labor and technology as sources of economic growth, and thought neither about the consequences of growth for politics nor the relationship of political institutions to growth. The Harrod-Domar growth model that was dominant in the 1950s suggested that less-developed countries were poor primarily because they lacked capital, which then led development agencies like the World Bank to try to kick start growth with generous infusions of capital for physical infrastructure. It was only when steel plants and shoe factories in sub-Saharan Africa went idle due to corruption or lack of organizational capacity that they were forced to go back to the drawing board.

The political scientists, for their part, scaled back their ambitions from large Huntingtonian-style theory and focused primarily on political phenomena. Beginning in the 1980s, there was increasing interest in the problem of transitions into and out of democracy; with democratic transitions in Spain, Portugal and nearly all of Latin America, this became a particularly pressing issue. There was some revival of interest in the democracy-development linkage, but it never led to a clear consensus on the causal links connecting the two phenomena.

The academic interest in transitions corresponded to the burgeoning of democracy promotion as a distinct field of international practice, both on the part of the United States and of other democracies around

the world. The idea was planted during the 1970s, when the institutes linked with the German political parties played a key role in beating back an attempted Communist takeover in Portugal and facilitating that country's transition to democracy. The 1980s saw the establishment of the National Endowment for Democracy (NED), a taxpayer-funded but quasi-independent organization devoted to support of pro-democracy groups around the world. One of the NED's early successes was its funding of the Solidarity trade union in Poland before the collapse of communism. The 1990s saw the growth of a host of international organizations capable of monitoring elections and the funding of the Democracy and Governance branch of the U.S. Agency for International Development to the tune of almost $1.5 billion annually.

By the late 1990s, there was some degree of convergence in the agendas of economists and political scientists. By that point Douglass North and the school of "New Institutional Economics" he founded made economists aware of the importance of political institutions—particularly property rights—for economic growth. Economists increasingly sought to fold political variables like legal systems and checks on executive power into their models. Political science had itself been colonized at this point by economic methodology, and it was natural for such rational-choice political scientists to start looking at the economic impact of political institutions.

The return to a more interdisciplinary approach to development was marked as well by the tenure of James Wolfenson as President of the World Bank from 1995 to 2005.4 Wolfenson early on gave a speech on the "cancer of corruption" and signaled to the institution that, henceforth, political issues like corruption and good governance would be taken seriously. The publication of the 1997 World Development Report, The State in a Changing World, marked an intellectual break with the Washington Consensus focus on economic

policy and state downsizing, and the Bank created a new branch devoted to reform of developing country public sectors. These changes constituted an open admission that politics was a critical component of development, and that the state was not simply an obstacle to growth but often a necessary underpinning for it. Increasingly, donor agencies have seen the promotion of democratic accountability as one tool in the fight against corruption.

This modest degree of convergence should not, however, obscure the continuing degree of compartmentalization that exists in the field of development. While paying lip service to the importance of institutions, most economists and field practitioners still see politics as at best an obstacle to the real work of development, which is improvement in incomes, health, education and the like, and not as an independent objective of development strategy. (Amartya Sen is an important exception to this generalization.) The democracy promotion agencies, for their part, spend relatively little time worrying about economic growth, social policy or public health, which in their view are goods often used by authoritarian regimes to buy off populations and prevent democratization.

The intellectual confusion surrounding development has led to severely Balkanized policies both in the United States and in the international community that often work at cross purposes from one another. For example, the authoritarian or semi-authoritarian regimes of Meles Zenawi in Ethiopia, Paul Kagame in Rwanda and Yoweri Museveni in Uganda have been aid darlings over the past decade because of their track records in promoting economic, health and social goals. At the same time, democracy promotion groups have been highly critical of them and have supported opposition groups and civil society organizations seeking accountability and limits on executive power. To be sure, aid agencies don't object to greater government accountability on the part of these regimes, while the

democracy promotion community wouldn't stand in the way of progress on HIV/AIDS or malaria. Yet no one takes a larger view and asks, for example, whether existing aid programs are helping to keep the regime in power or, conversely, are destabilizing it.

Egypt itself presents a good case of this particular form of policy incoherence. Despite the fact that Egypt ranks as one of the top American aid recipients, it is hard to say that Washington was pursuing development goals of any sort there. The United States was primarily interested in stability. Despite brave speeches on democracy by both Condeleezza Rice and Barack Obama in Cairo, the United States actually pulled its punches in pushing serious democratic reform on Egypt, particularly after the Hamas electoral victory in Gaza in 2006. Nonetheless, U.S. economic aid programs were still pushing education and economic policy reform programs in the country. Had American aid administrators taken the Huntingtonian view that their assistance was covertly designed to promote an expectations gap and delegitimate Hosni Mubarak, this might have been a clever strategy. But no such cleverness existed. Instead, it was simply an example of compartmentalized aid programs doing their thing in ignorance of the interdependent effects of politics and economics.

What Is to Be Done?

Ideas precede action. Before we can hope to generate a coherent set of policies for Egypt, or anywhere else for that matter, we need a better understanding of development—that is, how changes in economy, politics and society over time constitute a set of discrete yet interlinked processes. Whatever the shortcomings of classic modernization theory, it at least began from the insight that the phenomenon under study required development of a master social science that transcended existing disciplinary boundaries. This objective is as far away as ever in academia, where the traditional

disciplines keep a chokehold on how younger academics think and do research. Today, the single most popular form of development dissertation in both economics and political science is a randomized micro-experiment in which the graduate student goes out into the field and studies, at a local level, the impact of some intervention like the introduction of co-payments for malaria mosquito netting or changes in electoral rules on ethnic voting. These studies can be technically well designed, and they certainly have their place in evaluating projects at a micro level. But they do not aggregate upwards into anything that can tell us when a regime crosses the line into illegitimacy, or how economic growth is changing the class structure of a society. We are not, in other words, producing new Samuel Huntingtons, with the latter's simultaneous breadth and depth of knowledge.

On a policy level, we need far more mutual understanding between those who promote socioeconomic development and those who work on democracy promotion and governance. Traditional development agencies like USAID already think politically to the extent that their aid projects are designed to support U.S. foreign policy. But they, like their counterparts in multilateral organizations like the World Bank, are not trained to do political economy analysis; they do not seek an understanding of the political context within which aid is used and abused, and what is not sought is very rarely found. We call for the liberalization of ports in Haiti, for example, without trying to understand which particular politicians are benefiting from existing arrangements that keep them closed. For their part, democracy promoters focus on democratic transitions, providing help to opposition parties and civil society organizations in authoritarian countries. But once a transition occurs, as it did after the Orange and Rose revolutions in Ukraine and Georgia, they have relatively little to offer new democratic governments in terms of policy agendas, anti-

corruption strategies or help in improving the delivery of services that citizens want.

Beyond these relatively minor adjustments, a more robust theory of social change might tell us that, in certain circumstances, the best way to destabilize an authoritarian society would be not the funding of civil society groups seeking short-term regime change, but rather the promotion of rapid economic growth and the expansion of educational access.5 Conversely, there are many societies we know will simply waste development assistance dollars because they are ruled by unaccountable authoritarian regimes. In such circumstances, it might be a more efficient use of aid resources to cut development aid entirely and to work only for political change. This is, in effect, what has happened to Zimbabwe under Robert Mugabe, but the country had to sink very far before anyone considered pulling the aid plug.

Huntington got a number of things wrong. The authoritarian transition was not a universally applicable formula for development. It worked reasonably well in East Asia, where there were a number of figures like Lee Kwan Yew, Park Chung-hee or the Chinese Communist Party leadership, who used their autocratic powers to promote rapid development and social change. Arab authoritarians were cut from a different cloth, content to preside over economically stagnant societies. The result was not a coherent development strategy but a wasted generation.

The aspiration of social science to replicate the predictability and formality of certain natural sciences is, in the end, a hopeless endeavor. Human societies, as Friedrich Hayek, Karl Popper and others understood, are far too complex to model at an aggregate level. Contemporary macroeconomics, despite dealing with social phenomena that are inherently quantified, is today in crisis due to its utter failure to anticipate the recent financial crisis.

The part of social change that is the hardest to understand in a positivistic way is the moral dimension—that is, the ideas that people carry around in their heads regarding legitimacy, justice, dignity and community. The current Arab uprising was triggered by the self-immolation of an overeducated 26-year-old Tunisian vegetable seller whose cart was repeatedly confiscated by the authorities. After Mohamed Bouazizi was slapped by a policewoman when he tried to complain, he reached the end of his tether. Bouazizi's public suicide turned into a social movement because contemporary communications technologies facilitated the growth of a new social space where middle-class people could recognize and organize around their common interests. We will probably never understand, even in retrospect, why the dry tinder of outraged dignity suddenly ignited in this fashion in December 2010 as opposed to 2009, or ten years before that, and why the conflagration spread to some Arab countries but not to others. But we can certainly do a better job in putting together the few pieces we do understand, in a way that would be useful to policymakers coping with the reality of social change.

1Huntington, Political Order in Changing Societies: With a New Forward by Francis Fukuyama (Yale University Press, 2006).

2Davies, "Towards a Theory of Revolution", American Sociological Review, Vol. 27 (1962).

3Zakaria, The Future of Freedom: Illiberal Democracy at Home and Abroad (W. W. Norton, 2003); see also Zakaria, "A Conversation with Lee Kuan Yew", Foreign Affairs (March/April 1994).

4For a description of the Wolfenson presidency, see Sebastian Mallaby, The World's Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations (Penguin Press, 2004).

5See Harold James's retroview, entitled "Growing Pains", of a classic December 1963 essay by Mancur Olson ("Rapid Growth as a Destabilizing Force") in The American Interest (September/October 2006).

Article 4.

NYT

# The Budget Debate, Revealed

Richard W. Stevenson

April 16, 2011 — The air in the capital these days is thick with references to trillion-dollar deficits, debt-to-G.D.P. ratios and mandatory spending. But the budget debate that became fully engaged last week is about far more than accounting and arcane policy disputes. What is under way now is the most fundamental reassessment of the size and role of government — of the balance between personal responsibility and private markets on the one hand and public responsibility and social welfare on the other — at least since Ronald Reagan and perhaps since F.D.R.

The battle ahead "is the big one, and goes to the very major questions about the role of government," said G. William Hoagland, a former Republican staff director of the Senate Budget Committee. "This is going to be a very fundamental clash of ideologies."

The Democratic and Republican Parties have their own internal tensions to address as the debate goes forward in Congress and on the presidential campaign trail. But in its early stages at least, it is liberals who are on the defensive.

The aging of the baby boom generation and the costs of maintaining Medicare and Social Security have put the two pillars of the social welfare system on the table for re-examination. The growing weight of the national debt has given urgency to the question of whether the government has become too big and expensive.

The tepid nature of the current economic recovery, following big stimulus packages, has provided an opening to challenge the effectiveness of Keynesianism as the default policy option for government. And the revived energy of grass-roots conservatives has

given electoral clout to the movement's intellectual and constitutional arguments.

Arthur Brooks, president of the American Enterprise Institute, the conservative research organization, said, "The optimistic view is that we have a confluence of the business cycle, of the demography and of the politics that makes it not just possible to achieve real change, but impossible that we not deal with these things if we want this country to continue on the path envisioned by the founders." So just two and a half years after a presidential election that was in part a repudiation of conservative governance, and with the nation still smarting from the aftereffects of a financial crisis that grew out of failures of markets and regulation, President Obama finds himself in a somewhat surprising position: forced to articulate and sell a vision of how liberalism and the institutions it built in the 20th century can be updated for the constraints of the 21st.

The speech he delivered Wednesday at George Washington University in Washington was his most ambitious effort so far to do so. In it, he harnessed the language of both left and right to argue against the extremes on both sides while suggesting that many of their core principles were not mutually exclusive — in other words, that Great Society values can endure in a Tea Party moment.

He defined "patriotism" as a shared sense of responsibility for the vulnerable and less fortunate. Basic standards of security for the elderly and poor and government investment in a more prosperous future, he said, can not only coexist with a tradition of "rugged individualists with a healthy skepticism of too much government," but are also a vital part of what makes America exceptional.

"We are a better country because of these commitments," he said. "I'll go further — we would not be a great country without those commitments."

Republicans in Congress, he suggested, would shred that tradition under cover of a debate that is only nominally about the budget. “The fact is,” he said, “their vision is less about reducing the deficit than it is about changing the basic social compact in America.”

Conservatives would and did object to his implication of heartlessness, but not necessarily to his assessment of their ambition.

The Republican plan put forward by Representative Paul Ryan of Wisconsin, the chairman of the Budget Committee, and adopted by the House on Friday as its policy blueprint for the next decade contains a substantial dose of deficit reduction but is really a manifesto for limited government.

It would take big steps toward privatizing Medicare, slash upper-income tax rates, repeal last year’s health care law, bite deeply into nearly all federal programs and try to cap the size of government relative to the economy. But it also imposes a self-consciously moral judgment on the government’s role, suggesting that the same kind of demand for added personal responsibility that was embedded in the 1996 overhaul of welfare should now be applied more broadly, to food stamps, housing aid and health care for the elderly and the poor.

“The safety net should never become a hammock, lulling able-bodied citizens into lives of complacency and dependency,” Mr. Ryan’s budget proposal says.

William A. Galston, who was a domestic policy aide to President Bill Clinton and is now a scholar at the Brookings Institution, said Mr. Ryan deserved credit of a sort for addressing head-on the implications of the Republican Party’s increasingly rigid antitax posture, which since it took root in the late 1970s has put greater and greater pressure on budgets and the social programs they support.

“It represents the first serious effort to begin to bring Republican social policy commitments in line with their fiscal and tax commitments,” Mr. Galston said.

But he said Democrats, too, faced a credibility test. “They have held fast to the security programs in place since the 1930s, but without being able to successfully challenge the antitax orthodoxy,” he said. “The problem the Democrats have is that they can no longer say with a straight face that raising taxes on the wealthy is going to enable them to pay over the next generation for the programs they cherish. So what do you do?”

That question is being asked quietly within both parties, each of which faces its own internal tensions about how to proceed.

There are Republicans who fear that voting for the Ryan plan will put them out of step with their constituents. There are Democrats who think the tax-and-spend label is all too accurate. There are Republicans who might countenance voting for tax increases, and there are Democrats who are willing to meaningfully scale back the benefits promised by Social Security, Medicare and Medicaid.

In the Senate, a group of Democrats and Republicans operating independently of party leaders is trying to come up with a plan that neither party would like but both would accept as necessary. But they are debating basic values; it would no doubt be much easier if the argument was just about numbers.

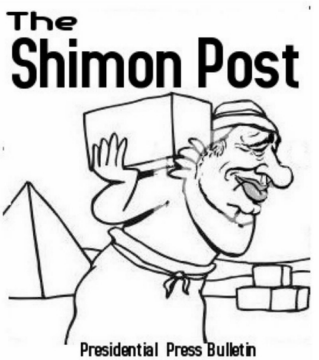


18 April, 2011

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|---|---|
| Article 1. | The Financial Times<br>**Iran will not hinder plans for a nuclear-free world**<br>Tom Donilon |
| Article 2. | World Affairs<br>**Yes, Nukes: The Global Zero Utopia**<br>Richard Perle |
| Article 3. | The Daily Star<br>**Turkey's model may be a slippery slope**<br>Soner Cagaptay |
| Article 4. | NYT<br>**Al Qaeda Stirs Again**<br>Juan C. Zarate |
| Article 5. | Wall Street Journal<br>**It's in America's Interest to Stay in Iraq**<br>Max Boot |
| Article 6. | NYT<br>**France Flies, Germany Flops**<br>Roger Cohen |

Article 1.

The Financial Times

# Iran will not hinder plans for a nuclear-free world

Tom Donilon

April 17 2011 -- Two years ago this month in Prague, President Barack Obama proposed steps to advance the goal of "a world without nuclear weapons". In the 24 months since, we have laid the foundation for these next steps in arms control. But now new action is needed.

The record so far is strong. The new Start treaty with Russia will see the lowest level of deployed nuclear weapons since the 1950s. The UN Security Council has imposed unprecedented sanctions on Iran and North Korea for failing to meet their obligations. And enough nuclear materials for hundreds of weapons have been removed, secured or eliminated around the world.

Now, to end illegal nuclear programmes and stop proliferation, we will maintain pressure on both Iran and North Korea. Iran, in particular, is trying to exploit the changes sweeping across the Middle East. But the hypocrisy of claiming to support reform in other countries while suppressing it at home is obvious for all the world to see. Some believe that the changes in the region will increase Iran's influence. In fact the opposite will happen: in a Middle East where more citizens determine their own destiny, Iran will be increasingly isolated by its actions.

Elsewhere, we will work to secure the world's vulnerable nuclear materials within four years, and use a new international fuel bank to ensure that the use of nuclear energy does not lead to proliferation. We will also seek to bring the Comprehensive Test Ban treaty into

force, while pursuing a further treaty to ban the production of fissile material for nuclear weapons.

Significant political hurdles must be overcome to make progress on these last two aims. In the case of the CTBT, we must build support in the US Senate by showing that the treaty will advance American interests, especially by limiting the current nuclear build-up in Asia. Meanwhile if a deal to proceed with negotiations for the Fissile Material Cutoff treaty proves illusive, we will move to create a new forum of like-minded states to move forward.

As we implement the new Start treaty, the next round of nuclear weapons reductions must also begin. A review, under President Obama's direction, will develop options for new reductions in the US stockpile. Once complete, this will shape our approach to a new agreement with Russia. Past agreements have only dealt with some categories of nuclear weapons, but we believe the next round must be as wide as possible, including both non-deployed and tactical nuclear weapons.

We must address the issue of Russia's tactical nuclear weapons, which have never been subject to numerical limits. To do this we seek to reduce the role and number of US tactical nuclear weapons, as Russia takes reciprocal measures to reduce its own tactical forces, and also to relocate these away from Nato's borders. We would also like increased transparency concerning the numbers, locations and types of these tactical forces in Europe.

These new reductions will not be easy. While protecting national security information both sides will need to be able to monitor nuclear weapons in storage and weapons awaiting destruction. This means more demanding verification, to confirm that any future agreements will actually be implemented – and we plan to begin discussions on this with Russia in the near future.

Finally, the US remains committed to an effective missile defence system to defend against emerging missile threats, such as from Iran and North Korea. In Europe our approach was embraced by Nato at the Lisbon summit, and it paves the way for missile defence co-operation between Russia and the US, enhancing the security of both nations, and Europe.

Standing in Prague two years ago, President Obama said some believe "we are destined to live in a world where more nations and more people possess the ultimate tools of destruction". But he also warned that "such fatalism is a deadly adversary". Two years on, it is clear that, when the international community works together to meet a shared threat, progress is possible. We remain confident that if this momentum is sustained, a world where fewer nations possess these ultimate tools of destruction is within our grasp.

*The writer is national security adviser to President Barack Obama.*

Article 2.

World Affairs

# Yes, Nukes: The Global Zero Utopia

Richard Perle

March/April 2011 -- There are many specters haunting our world, but one is of our own making—the utopian vision of a world free of nuclear weapons, the dream that has come to be called "global zero." The vision of the total elimination of nuclear weapons is a postmodern version of an old idea, popular early in the twentieth century, when Norman Angell's The Great Illusion (reprinted in 1933) was required reading in intellectual and policy circles in the United States and Europe. Seventy-six years before Barack Obama was honored in Oslo, Norman Angell also won the Nobel Prize, having come to prominence with the argument that global economic interdependence rendered war futile and unprofitable and therefore obsolete.

In the wake of the Bush administration, what lies in store for the future of America's presence abroad?

Angell's theory expressed the war-weary and wishful temper of the time. Enthusiasm for achieving peace through international institutions and legal constructs ran high in the period after the disastrous First World War, its most fulsome expression being the Kellogg-Briand Pact, named for its authors, an American secretary of state and a French foreign minister. Ratified by parliaments around the world (and by the US Senate on an 85–1 vote, with only Wisconsin Republican John J. Blaine voting against), the pact sought to deal with the problem of international aggression by simply outlawing war. Less than two years after the pact entered into force in 1929, one of the signatories, Japan, invaded Manchuria. The world "community"—that is, the rest of the treaty parties—did nothing.

Other signatories followed suit: Italy invaded Abyssinia in 1935 and Germany launched World War II with the invasion of Poland in 1939.

The great powers that signed the Kellogg-Briand Pact understood its utopian character, but they affirmed it anyway. As with any public endorsement that embraces virtue and rejects vice, the pact appeared to offer little to lose. What did it matter if there was no reasonable assumption that all parties would act in good faith, and no mechanism for enforcement? What harm could come from a lofty ideal formalized with fanfare and champagne in Paris? Realists among its supporters argued that even if prohibiting war couldn't actually end aggression, it would at least bolster the principle that disputes should be resolved peacefully. Outlawing war made good people feel better; how could that be bad?

But, looking back, we can see that the illusion created by Kellogg-Briand, that war had been outlawed, together with widespread but unjustified faith in the League of Nations, was part of the negligence that allowed Hitler to build his strength and seize vast territories from his neighbors without serious opposition. The Kellogg-Briand frame of mind contributed to the responsibility-evading defense and foreign policies of Britain, France, and others in the 1930s, countries that might have stopped Adolf Hitler in his tracks if they had not been so wishful and unrealistic. Far from making the world safer, proclaiming the "norm" of nonaggression had lulled the great powers into a lethal vulnerability. The lesson here is that nations, by indulging utopianism, do not necessarily make the world more idealistic. In fact, they may help bring about the very evils they are trying to eliminate.

Asserting that the world should forsake nuclear weapons sounds—and is—a lot like declaring that war should be illegal. And the arguments for adopting the goal of "global zero" are no more

convincing now than the arguments in support of the Kellogg-Briand pact eighty-two years ago or those advanced at the General Disarmament Conference in Geneva that followed in 1932. When the discussions in Geneva bogged down after a year of talk, President Roosevelt insisted that "if all nations would agree to eliminate entirely from possession and use the weapons which make possible a successful attack, defenses automatically would become impregnable and the frontiers and independence of every nation would become secure." Therefore, he said, the ultimate objective of the conference must be "complete elimination of all offensive weapons."

So what is today's argument for the complete elimination of all nuclear weapons, a goal President Obama embraced to wild applause in Prague in 2009? The statement that launched "global zero" appeared in the Wall Street Journal on January 4, 2007, under the title "A World Free of Nuclear Weapons." Signed by George Shultz, Henry Kissinger, William Perry, Sam Nunn, and others, it was the product of a conference at the Hoover Institution at Stanford University in October of the previous year. It is a tribute to the reputation and high standing of the authors that their statement has been endorsed by many statesmen and policy officials who regard themselves as realists, as well as precipitating a worldwide campaign supporting the concept, if not the details, of a nuclear-free world. [1] The article has been followed by further statements from them and others, as well as movies, media appearances, press conferences, congressional and presidential speeches, international conferences, demonstrations, and the like. "Global zero" organizations have been established on many university campuses in the US and abroad, and tens of millions of dollars have flowed into research institutions and advocacy groups in support of the idea of the total elimination of nuclear weapons. With T-shirts, bumper stickers, and celebrity endorsements, it's a full-blown happening.

In addition to "setting the goal of a world free of nuclear weapons," the 2007 statement argued for a number of practical measures to diminish the likelihood that nuclear weapons would fall into "dangerous hands," or that they would be launched by accident, or that countries interested in, but not now possessing, such weapons would succeed in acquiring them. A number of these measures are doable and desirable, but some are dubious. Altering the posture of nuclear weapons now deployed so that they need not be launched urgently, thereby increasing warning time and diminishing the danger of an accidental or unauthorized launch, would be a useful thing to do—although there is room for debate about how best to accomplish this. The end of the Cold War should have brought an end to deterrent forces poised for instantaneous launch (which in the extreme case could mean launching missiles on the strength of radar warnings) but, unfortunately and dangerously, old habits die hard. Reducing or eliminating the number of short-range nuclear weapons that are designed to be forward deployed would also be useful, since these are the small, highly mobile weapons that could fall into the wrong hands far more readily than large, central strategic systems that are carefully controlled. Most of the short-range weapons deployed today are Russian, however, and the Russians have resisted American proposals to adopt limits on their number. (Given Russia's strong interest in limiting strategic weapons, it is difficult to understand why the Obama administration did not insist on some limits on short-range nuclear weapons as a condition for the New START Treaty. Unused leverage is a squandered opportunity.)

"Providing the highest possible standards of security for all stocks of weapons, weapons-useable plutonium and highly enriched uranium everywhere in the world," another of the 2007 statement's recommendations, is an obvious thing to do. But there is an

unacknowledged conflict between this goal and another of the authors' recommendations—ratification of the Comprehensive Test Ban Treaty. That treaty could lock us in to weapons designs that are less safe and secure than others that might one day be developed, but whose development might necessitate testing. (The current administration's ideological opposition to any innovation in the design of our increasingly obsolete weapons—with the result that we are not, for example, introducing technology to make them unusable, should they fall into unauthorized hands—is overly rigid and shortsighted. It is too bad that the authors of the statement didn't make this point.)

Shultz, Kissinger, et al. correctly urge that international measures be taken to place control of the nuclear fuel cycle in safe hands. But accomplishing this task is complicated by the legacy of the "Atoms for Peace" concept dating back to the Eisenhower administration and enshrined in the Nuclear Non-Proliferation Treaty (NPT). Rich in unintended consequences, Atoms for Peace promised that nations pledging (i.e., merely pledging) not to acquire nuclear weapons would be eligible to receive assistance with their civilian nuclear programs from the advanced nuclear powers. The problem is that the infrastructure supporting civilian nuclear power gets you well down the road to nuclear weapons. In fact, from its inception, Atoms for Peace has spread nuclear technology around the world. India's nuclear program, for example, grew from its cooperation with Canada, which supplied the reactor that enabled India's bomb.

The NPT has become the poster child for opposition to the spread of nuclear weapons. Yet, ironically, faith in its capacity actually to restrain the proliferation of nuclear weapons is at least misplaced—and possibly much worse. For one thing, the belief that the NPT is robust enough, and its institutions effective enough, can easily become an excuse for individual nations to do no more than the treaty

process requires—and that, in turn, depends on a consensus at the UN. For another, the NPT incorporates the utopian vision of global zero and even sails beyond it, calling for "general and complete disarmament that liquidates, in particular, nuclear weapons." Since almost no governments anywhere in the world actually believe in "general and complete disarmament," the effect of its inclusion in the NPT simply robs that treaty of any gravity.

It is widely accepted among those who think the Non-Proliferation Treaty is the key to containing the spread of nuclear weapons that control of the international fuel cycle must be achieved by an international consensus and administered and enforced by the UN or comparable body. But suppose a much smaller group of nations—a coalition of the willing, perhaps—sought to control the nuclear fuel cycle, or at least deal with would-be proliferators in a firm, timely and decisive manner: Could such a coalition achieve legitimacy in light of the universalist conceit of the NPT? Would it even contemplate action outside the treaty?

But what made the 2007 Wall Street Journal article so important was not its prescription for obviously necessary measures such as ensuring controls for nuclear fuel. It was that its appearance reinforced a growing utopianism that has flowered into a movement for "a world free of nuclear weapons," a movement whose momentum is reminiscent of the 1980s movement for a "nuclear freeze"—a Soviet-manipulated protest aimed at halting Ronald Reagan's modernization of the American nuclear deterrent. Shultz, Kissinger, Perry, and Nunn should have foreseen that their statement would be seized upon by irresponsible actors. All four, after all, opposed the nuclear freeze movement of the 1980s.

The goal of a nuclear-free world was made even more emphatic in a second article, also in the Wall Street Journal, that the authors wrote a year after the first one (January 15, 2008): "Progress must be

facilitated," they said, "by a clear statement of our ultimate goal. Indeed, this is the only way to build the kind of international trust and broad cooperation that will be required to effectively address today's threats. Without the vision of moving toward zero, we will not find the essential cooperation required to stop our downward spiral."

The "downward spiral" has little to do with the nuclear strategic relationship between the United States and Russia, although the authors have, in both statements, called for ratification of the New START Treaty. In fact, that relationship has declined in importance to the point where it makes little difference whether the Russians have more nuclear weapons or fewer than they have now. The calculations of the consequences of a nuclear exchange between the United States and Russia, a proper obsession during the Cold War, are no longer relevant and, despite President Obama's overblown claims, the New START Treaty is of no substantial benefit.

What the "downward spiral" refers to is the world's descent into the dangerous disorder of a fast-growing number of nuclear-armed states—North Korea already, with Iran and others to follow. It is the bloody prospect of nuclear weapons in the hands of irresponsible regimes, or even terrorists, that has galvanized Shultz, Kissinger, Perry, and Nunn, and which urges the development of a post–Cold War nuclear weapons strategy.

In other words, the utopian vision of a world without nuclear weapons is driven principally by the fear of nuclear proliferation. The fear of many more nuclear weapon states is the key matter of concern for serious people, not cutting or fine-balancing—Cold War style—the US and Russian nuclear arsenals. The case for global zero hinges on whether embracing that goal contributes to halting the proliferation of nuclear weapons.

I worry that the commitment to global zero, and the actions of

existing nuclear states to advance toward that goal, will do more to spread than contain nuclear weapons—directly, by encouraging some current non-nuclear states to consider developing nuclear weapons, and indirectly, by displacing and undermining other more effective strategies. At the heart of the case for global zero is an argument—that reductions (on the way to zero) in our nuclear force will lead others to reduce theirs or curtail or abandon plans to acquire them altogether—that ignores history, logic, and politics.

One important reason why most friends and allies of the United States (Britain and France being the exceptions) have not sought nuclear weapons of their own has been our readiness to extend the protection of our nuclear deterrent to cover them. Germany, Japan, and South Korea, all quite capable of building nuclear weapons, went through even the precarious periods of the Cold War confident that our nuclear force made it unnecessary for them to have nuclear forces of their own. Where the United States was unwilling or unable to offer protection to countries that believed themselves threatened—India and Pakistan, for example—those countries did build independent nuclear capabilities. If the United States is seen to be heading toward eliminating its nuclear capabilities, countries that have relied on us may decide that they must acquire their own nuclear weapons. This is especially true in a region where another state, like Iran, is pursuing nuclear weapons and is likely to obtain them, thus alarming and frightening its neighbors into an arms race they would rather avoid. The sad history of the nuclearization of the Indian subcontinent, for instance, appears to have begun with India responding to China's nuclearization, followed by Pakistan responding to India's. If the United States is seen to be on a path to relinquishing nuclear weapons, is it reasonable to expect the Japanese and the South Koreans, long sheltered by our deterrent, to remain indifferent to the nuclear forces of China and North Korea?

Far more worrying, however, than the effect on friends and allies of the utopian excursion toward global zero is the effect of such thinking on such dangerous adversaries as Iran and North Korea. Is there any reason to believe that our embrace of that goal will discourage them from the vigorous pursuit of nuclear weapons? What could be more encouraging to Iran than the idea that they will be getting into the nuclear business just as we are getting out? Imagine Iran's supreme council meeting to discuss whether to continue the costly pursuit of nuclear weapons. "But what is the point of building these weapons?" asks a skeptical mullah. "We will have one or two and the Americans have thousands." Another replies: "Yes, but the Americans have declared their intention to eliminate nuclear weapons entirely. They say they have already started down that road. Shultz, Kissinger, Perry, Nunn, and even Obama himself are committed. Obama said: 'We have to insist, yes, we can.' Did you see them cheering in Prague? And when they have started getting rid of theirs, our small arsenal will not seem so puny."

Of course, proponents of global zero will say that we would never give up our last nuclear weapons if the Iranians (by that point having long ago acquired and stockpiled them) did not do the same. This argument comes close to saying the goal of global zero is a mere mirage, which leaves one wondering what benefits can be claimed for chasing it or pretending to believe it is real. International politics is played out in near real time, and the influence of future events, like future earnings, is deeply discounted by prudent officials. But one important point remains: as our nuclear capabilities dwindle, the value of even a few nuclear weapons rises (toward the end of these parallel processes, exponentially). This puts a burden on trust and verification that they simply cannot bear. I was once told by the prime minister of an important country in Europe that it was all but impossible to imagine the day when their last nuclear weapon would

be handed over to some future international body, or destroyed. "I would certainly cheat," the prime minister said. "And so would all the others." I was in no way surprised by this admission.

I agree that the problem of nuclear proliferation is real. Dealing with it is an urgent and enormously important duty of the US government. But it is a mistake to define the problem in such a way as to suggest that any spread of nuclear weapons is dangerous or that nuclear weapons in Iranian hands should be regarded as the same as nuclear weapons in the hands of, say, Japan or Australia—or, for that matter, that the weapons themselves are the problem. Yet the proponents of global zero tend to deplore all nuclear weapons equally, no matter who holds them, and to regard any diminution of their number as a positive step because only subtraction leads to zero. But would a reduction in the number of North Korean weapons together with an increase in, say, those held by the French, yielding a net increase in the number of weapons, be a bad thing? The problem is not the weapons but the character of the regimes that possess them.

In many ways such a principle simplifies the proliferation problem and makes it less daunting. Focus on the miscreants, on the few countries seeking nuclear weapons whose possession of them would be dangerous or destabilizing or both. Sanction them. Isolate them. Undermine their regimes. Pressure them mercilessly. Do whatever it takes. But don't offer to aid their "peaceful" nuclear programs in exchange for promises about weaponization that are so easily broken. And don't let them get away with the insulting notion that until we ourselves disarm we have no right to demand that they halt their clandestine programs—as if the US nuclear arsenal poses the same danger to international peace and security as do the nuclear arsenals of the regimes of Kim Jong-il or the Iranian clerics.

The goal of zero nuclear weapons, often referred to by its sponsors as a "moral imperative," inevitably delegitimizes and undermines

support for those who have actually helped to keep the peace and have the potential to go on doing so. The opprobrium attached to ignoring or dismissing the goal of global zero has no influence on the Irans and North Koreas, but it does have an influence on us. It makes it easy, for example, for reflexively anti-nuclear voices in the Congress and the Obama administration (some have migrated from the former to the latter) to oppose even modest updating of our nuclear weapons and to make technical improvements taboo. Thoughtful proponents of global zero should admit that this is dangerous nonsense. They should, at a minimum, campaign with equal vigor for the modernization of our existing, shrinking nuclear arsenal.

Unfortunately, fixing on zero as the urgent issue before us obscures the real challenge: keeping nuclear weapons out of the hands of countries or organizations that might use them offensively. Seen from this viewpoint, the two most decisive acts against the proliferation of nuclear weapons were the Israeli attacks on Iraq's weapons program in 1981 and Syria's in 2008. The 1981 attack was widely, if hypocritically, condemned. The destruction of the Syrian facility was downplayed on all sides; and while the US had opposed it, it had the good sense to keep quiet after the fact.

There is much that we can do to slow the proliferation of nuclear weapons. Tougher sanctions against the Iranian regime, especially if they produced nationwide shortages of fuel for automobiles and made it more difficult to obtain outside technology, money, and expertise, would be a good place to start. How about sanctions to be applied to any individual who assists nuclear proliferators? Or serious sanctions against companies—and their executives—who provide material support? The more effective they became, the louder the message to others who might be tempted to seek weapons of their own. Why did the "international community," which passes endless motions against

nuclear weapons, fail to follow up the destruction of the Syrian-North Korean clandestine weapons program with tough, punitive sanctions against Syria and North Korea? Their having been caught in flagrante delicto should trigger consequences beyond just the destruction of the clandestine facility.

Supporters of global zero sometimes argue that because we support it, other countries will be readier to help us confront Iran and North Korea. The idea seems to be that our support for eliminating all nuclear weapons makes it easier for, say, our European and Pacific allies to align themselves with robust anti-proliferation policies. The argument would be interesting if there were evidence to support it—but there is none. And there has been all too little backing for robust anti-proliferation policies anyway. There has been no observable difference in the readiness of other countries to pressure Iran or North Korea since Obama, who supports global zero, became president, compared to the help we got when George W. Bush, who did not support global zero, was in office.

Tough, effective measures to slow the spread of nuclear weapons are required—not utopian, solipsistic notions about how American disarmament is the key to world peace. It isn't. And the sooner we reject measures that won't work, the sooner we may find ones that do.

*Richard Perle is a resident fellow at the American Enterprise Institute. He served as assistant secretary of defense for international security policy from 1981 to 1987 and afterward as a member of the Defense Policy Board, including three years as chairman.*

[1] I believe the high regard in which Shultz, Kissinger, Perry, and Nunn are held is well deserved. In their long and extraordinary careers, they have each made important contributions to American and international security. We are all in their debt.

Article 3.

The Daily Star

# Turkey's model may be a slippery slope

Soner Cagaptay

April 18, 2011 -- The so-called "Turkish model," in which an Islamist party heads an ostensible democracy, has been touted in recent weeks as the likely outcome in post-authoritarian Arab countries.

Likely, maybe, but Turkey's experience under the ruling Justice and Development Party, or AKP, suggests that such a path may also be a slippery slope.

The AKP does not aim to create a fundamentalist state in Turkey, but the ruling party's conservative policies might inadvertently lead to precisely that. For several years the AKP has been transforming Turkish society by making religion the moral compass of the country's body politic. This does not mean that the party wants to turn Turkey into a theocracy. But once narrowly defined faith becomes a guiding principle in formulating policy, fundamentalists claiming ideological purity become more competitive politically. Their demands for an even stricter implementation of religion-based rules and values risk pushing Turkish society toward radicalization.

History teaches us that fundamentalists always defeat conservatives in any competition for ideological purity. In the 11th century, the religiously conservative Almoravid movement swept the Muslim kingdom of Andalusia in reaction to its liberal ways, especially its embrace of progressive thought and acceptance of non-Muslims. Upon taking over Andalusia, the Almoravids enshrined their illiberal interpretation of Islam as the moral compass of society.

But the Almoravids' brand of conservatism was soon viewed as too lax by Muslims who were even more fundamentalist. The Almohads

emerged to protest what they considered the Almoravids' "tolerance." Their takeover of Andalusia radicalized the society, leading to the persecution of non-Muslims and to religious warfare.

Turkey's Islamization under the AKP threatens to follow a similar, if more gradual, trajectory. The AKP's embrace of religious values is not the biggest problem of Turkish secularists. Rather, the larger threat is that, now that the AKP has pushed religion more to the center of Turkish social preoccupations, fundamentalists will gain carte blanche to challenge the AKP as "not Muslim enough."

Indeed, last November the AKP was moved to fire Ali Bardakoglu, the liberal head of Diyanet, Turkey's official religious authority that has historically checked fanaticism by building mosques and training imams while promoting a liberal understanding of Islam. The AKP replaced Bardakoglu with another well-known scholar, Mehmet Gormez, who has an avowedly more conservative take on Islam.

The new Diyanet chief's first act was to fire Ayse Sucu, who headed the organization's women's branch. Sucu's initiatives had included suggesting that women should be able to decide for themselves whether to cover their hair. Fundamentalist media and pundits were ecstatic at her ousting, claiming that it signaled that there was no room for a personal interpretation of Islam.

The AKP has promoted socially conservative values, such as the need for women to wear the Islamic headscarf and a disdain for alcohol. Turkish bureaucrats and businesspeople complain that embracing these practices to prove that one is a "good Muslim" has become a precondition for getting government promotions and contracts. Meanwhile, the AKP-run media watchdog recently scolded a television station for broadcasting a program about Suleiman the Magnificent that truthfully depicted the famously cosmopolitan Ottoman sultan drinking alcohol. The official warning followed an outcry led by AKP leaders and fundamentalists alike, who demanded

that the show be banned. Radicals now have the upper hand in slowly ending Turkey's centuries-old drinking culture.

Or take the AKP's new Kurdish policy. In an effort to expand its base among Kurds before parliamentary elections next June, the party has emphasized Islam as a common denominator between Kurds and Turks, in order to undermine the secular Kurdish nationalist party. The plan may well help the AKP win the elections. However, it will also invite competition from religious radicals, such as the Kurdish Hezbollah – a violent Sunni group not linked to the Lebanese Shiite group of the same name. Kurdish Hezbollah boasts a wide grassroots network in southeast Turkey.

Recently, Kurdish Hezbollah's leadership, which had been imprisoned since a crackdown in the late 1990s, was released due to a legal loophole. The AKP's emphasis on Islam may mean it helps replace the secular-nationalist Kurdish movement with a religious-nationalist one. Don't be surprised if Kurdish Hezbollah begins suggesting that neither the AKP nor Diyanet are "Muslim enough" to represent Kurds.

Turkey's shift is bad news for the United States and Europe. The potential radicalization of the Turkish population is a pressing concern, given that Turkey recently eliminated visa restrictions for citizens of a number of Muslim countries – including Iran, Syria, Jordan and Libya. The move will facilitate cross-fertilization among radical groups in Turkey. Washington should start making contingency plans now to deal with radicals who will challenge the AKP's cooperation with the United States, particularly in Afghanistan.

Turkey's emboldened radicals will also take issue with Ankara's European Union policy – as if Turkey's EU accession plans did not already face enough obstacles. Given the large number of Turkish

immigrants in Europe, the radicalization of the Turkish population, especially its Kurdish segment, will likely replicate itself in Europe. The AKP's religious bent, disconcerting in itself, can easily spin out of control. The lesson of the AKP experience for the Arab world, particularly give that Muslim Brotherhood-led governments may take over in the region, is that religious orthodoxy is an ideological beauty contest in which the winner is always the ugly guy.

*Soner Cagaptay is director of the Turkish Research Program at the Washington Institute for Near East Policy, where he is also a senior fellow.*

Article 4.

NYT

# Al Qaeda Stirs Again

Juan C. Zarate

April 17, 2011 -- MANY in the West had taken comfort in Al Qaeda's silence in the wake of the uprisings in the Muslim world this year, as secular, nonviolent protests, led by educated youth focused on redressing longstanding local grievances, showcased democracy's promise and seemed to leave Al Qaeda behind.

Indeed, the pristine spirit of the Arab Spring does represent an existential threat to Al Qaeda's extremist ideology. But Al Qaeda's leaders also know that this is a strategic moment. They are banking on the disillusionment that inevitably follows revolutions to reassert their prominence in the region. And now Al Qaeda is silent no more — and is taking the rhetorical offensive.

In recent statements, Ayman al-Zawahri, Osama bin Laden's second-in-command, and Qaeda surrogates have aligned themselves with the protesters in Libya, Egypt and elsewhere, while painting the West as an enemy of the Arab people.

In North Africa, Al Qaeda in the Islamic Maghreb claimed that while protesters flooded the streets of Tunis and Cairo, it had been fighting in the mountains against the same enemies. Anwar al-Awlaki, a Yemeni-American cleric affiliated with Al Qaeda in the Arabian Peninsula, declared that in the wake of the revolutions, "our mujahedeen brothers ... will get a chance to breathe again after three decades of suffocation" and that "the great doors of opportunity would open up for the mujahedeen all over the world."

Mr. Zawahri has denounced democracy, arguing that toppling dictators is insufficient and that "justice, freedom, and independence"

can be achieved only through "jihad and resistance until the Islamic regime rises."

The chaos and disappointment that follow revolutions will inevitably provide many opportunities for Al Qaeda to spread its influence. Demographic pressures, economic woes and corruption will continue to bedevil even the best-run governments in the region. Divisions will beset the protest movements, and vestiges of the old regimes may re-emerge.

Al Qaeda and its allies don't need to win the allegiance of every protester to exert their influence; they have a patient view of history. Although Washington must avoid tainting organic movements or being perceived as a central protagonist, the United States and its Western allies should not be shy about working with reformers and democrats to shape the region's trajectory — and ensuring Al Qaeda's irrelevance in the Sunni Arab world, the heart of its supposed constituency.

In countries where autocrats have been toppled (as in Egypt and Tunisia), we must help shape the new political and social environment; in nondemocratic, allied states (like the region's monarchies), we need to accelerate internal reform; and in repressive states (like Iran, Libya and Syria), we should challenge the legitimacy of autocratic regimes and openly assist dissidents and democrats. This is not about military intervention or the imposition of American-style democracy. It is about using American power and influence to support organic reform movements.

The United States Agency for International Development and advocacy organizations can help civil society groups grow; human rights groups can organize and assist networks of dissidents; and Western women's groups and trade unions could support their counterparts throughout the Middle East. Wealthy philanthropists and entrepreneurs who are part of the Middle Eastern diaspora could

make investments and provide economic opportunities for the region's youth, while technology companies interested in new markets could partner with anticorruption groups to aid political mobilization and increase government accountability and transparency. Hollywood and Bollywood writers and producers should lionize the democratic heroes who took to the streets to challenge the orthodoxy of fear.

A focused campaign to shape the course of reform would align our values and interests with the aspirations of the protesters. More important, it would answer the challenge from Al Qaeda to define what happens next and reframe the tired narratives of the past.

In 2005, Mr. Zawahri anticipated this battle for reform and noted that "demonstrations and speaking out in the streets" would not be sufficient to achieve freedom in the Muslim world. If we help the protesters succeed, it will not only serve long-term national security interests but also mark the beginning of the end of Al Qaeda.

*Juan C. Zarate, a senior adviser at the Center for Strategic and International Studies, was the deputy national security adviser for combating terrorism from 2005 to 2009.*

Article 5.

Wall Street Journal

# It's in America's Interest to Stay in Iraq

Max Boot

April 18, 2011 -- Secretary of Defense Bob Gates was in Iraq early this month urging Iraqi leaders to decide whether they want U.S. forces to stay beyond Dec. 31. "If there is to be a presence, to help with some of the areas where [the Iraqis] still need help," he said, "we're open to that possibility. But they have to ask."

This is a small, belated, but welcome step in the right direction. Until now the Obama administration has taken a hands-off attitude in Iraq, giving every indication that it would be fine with a complete pullout of the 50,000 U.S. troops currently in the country. This would presumably allow the president to make good on his 2008 campaign pledge to "end the war"--although U.S. troops aren't engaged in much of a war at the moment.

They are primarily involved in training, assisting and advising Iraqi forces, conducting counterterrorism missions, and serving as a buffer force to reassure all sides in Iraq's fractious politics that their opponents will not resort to force to achieve their ends. The reassurance provided by U.S. forces is important, given that violence continues to be perpetrated by Sunni and Shiite extremist groups, including al Qaeda in Iraq, whose premature obituary has been written more than once.

U.S. forces play a particularly important role as a peacekeeper between the Kurdish peshmerga militia and the Iraqi Security Forces along the ill-defined frontier (the "Green Line") between Iraq proper and the Kurdish Regional Government. On a visit to Iraq last month, I encountered the umpteenth crisis between the Kurds and Arabs. The peshmerga had come down south of the Green Line to surround the

disputed city of Kirkuk. The Iraqi army was moving troops to the area. Shooting could have broken out were it not for the presence of the U.S. army in the middle.

Peshmerga leaders won't talk directly to their Iraqi counterparts--they need a trusted third party in the room. What will happen next year if another such crisis erupts when U.S. troops are gone?

The U.S. Embassy has an ambitious plan to deploy some 1,000 diplomats backed by 16,000 contractors to maintain a presence there and at several consulates around the country. But even if they pull this off--a feat of logistics that would be unprecedented for the State Department--there will be no replacement for the peacekeeping function that is performed by our troops.

Contractors may be successful in training Iraqi forces but I have my doubts about whether they will be up to the magnitude of the task. Iraq has no fighter aircraft and no air-control system. It has only some 70 tanks and no artillery. Its army has almost no experience in combined-arms warfare, having devoted the last eight years, for understandable reasons, to counterinsurgency operations.

In other words, Iraq is almost defenseless. That makes it easy prey for Iran, its historic rival. This doesn't mean that an Iranian invasion is likely. Yet Iranian bullying and influence-peddling is going on all the time, and if Iraq can't defend its borders, Tehran will have an extra element of coercive leverage.

Under these circumstances, leaving Iraq entirely would be an act of folly. We are still in Kosovo, South Korea and other post-conflict zones that are far more stable. We need to be in Iraq too.

We don't need to keep 50,000 troops there, but a continuing presence of 20,000 military personnel, as argued by military analysts Frederick and Kimberly Kagan, would seem to be the minimum necessary to ensure Iraq's continued progress. It would also make possible an Iraqi-American alliance that could become one of the linchpins of security

in this strategically vital region. Having active bases in Iraq would allow us to project power and influence, counter the threat from both Iran and al Qaeda, and possibly even nudge the entire Middle East in a more pro-Western direction.

Before I arrived in Iraq, I had thought there might be behind-the-scenes negotiations going on to extend the Status of Forces Agreement to allow some troops to remain behind. But after spending several days talking with Iraqi and American officials, civilian and military, I came to the conclusion that no talks had started because each side was waiting for the other to go first. Mr. Gates has finally broken through the "After you, Alphonse" syndrome, but his intervention may be too little, too late.

*Mr. Boot is a senior fellow in national security studies at the Council on Foreign Relations.*

Article 6.

NYT

# France Flies, Germany Flops

Roger Cohen

April 16, 2011 -- I've always had a soft spot for Nicolas Sarkozy. He was the guy with the wrong name and the wrong background who took on the smug talkers with names like Dominique de Villepin and vanquished them. He was the outsider from the wrong schools who believed in energy and talent and had the audacity to smash the taboo that said a French politician can't love America and prosper.

Sarkozy was a doer. He thought François Mitterrand's seductive phrase (in French at least) — "Il faut laisser le temps au temps" (You must let time take its course) — was baloney that left you with disasters like the Bosnian genocide. He thought work and reward should be linked, a Gallic heresy, and he worked hard.

He hated the dependency culture of an overdeveloped French state, which entrenched rights and enfeebled responsibility. That he was elected president showed that France, deep in its soul, knew it had to escape the Mitterrand-Chirac rut with its glut of erudition and its glob of inaction. That was heartening.

The sanctimonious attacks on him from the left oozed the paralyzing conservatism that had blinded France to change. The attacks on Sarkozy from a blue-blooded or petit-bourgeois right often betrayed the same quasiracist disdain evident in rightist attacks on President Obama.

Yes, I liked Sarkozy — and still do. Then there was his rudeness; his taste for his rich friends' yachts; his need for adulation that helped reduce a good newspaper, Le Figaro, to a fawning mouthpiece; his authoritarian itch from which gypsies most conspicuously suffered; his petulant impatience, his petty vanities and his peevish jealousies —

what Nicole Bacharan, a social scientist, calls “the one-man soap opera.”

These were more than peccadilloes. But sharp elbows were needed to shift France from sleepwalk mode.

Only in recent weeks has the distance traveled come into focus: France, reintegrated in 2009 into the command structure of NATO, spearheading the United Nations-backed NATO military operation in Libya; providing armed muscle to the U.N. forces in Ivory Coast; and giving its pacifist-trending ally Germany a lesson in 21st-century Atlanticism.

Adenauer and de Gaulle must be turning in their graves. Here was Germany standing wobbly with Brazil, Russia, India and China — and against its closest allies, France and the United States — in the U.N. vote on Libyan military action. And here was France providing America’s most vigorous NATO support.

This was a dramatic inversion of postwar roles. It revealed the drift of a navel-gazing Germany unprepared to lead despite its power and impatient with Adenauer’s Western anchoring. It also demonstrated France’s break under Sarkozy from the posturing Gaullist notion of a French “counterweight” to America. These are seismic European shifts.

In Benghazi, the capital of free Libya, when they see a NATO aircraft they say, “There goes another Sarkozy.” After the French shame of Rwanda, a genocide where Mitterrand let time do its fullest work, that’s something.

Perhaps it’s only now with Sarkozy that another, deeper French shame is passing, one Mitterrand and Chirac knew: the “strange defeat” of 1940 with its paralyzing subsequent obfuscations.

Certainly, a presidential election next year has not been unrelated to Sarkozy’s activism. Nor has a compensatory urge after France took

the wrong side in Tunisia. But the president's instinct to save Benghazi and to oust Ivory Coast's usurper was right.

Sarkozy has intuited three things. First, the democratization of the Arab world is the most important European strategic challenge of the decade. Second, it was time "to take the training wheels off," in the words of Constanze Stelzenmüller of the German Marshall Fund, and have Europe rather than an overextended America lead in Libya. Third, the U.N. cannot always be an umbrella that folds when it rains. If its "responsibility to protect" means anything, it must be when an Arab tyrant promises to slaughter his people.

We stand at a high point in French postwar diplomacy and a nadir in German. There were strong arguments on either side of a Libyan intervention, but with a massacre looming in Benghazi, Germany had to stand with its allies. Angela Merkel has proved herself more a maneuverer than a leader. Germany often conveys the sense that it now resents the agents of its postwar rehabilitation — the European Union and NATO.

I don't think Germany believes its future lies with the BRIC countries, as the U.N. Libya vote suggested. I do think Germany has entered a new era of ambivalence and nationalist calculation.

That means several things. European integration is on hold, and as long it's on hold the future of the euro is at risk. The German-French alliance will remain under strain. Obama should look to Sarkozy, not Merkel, for strategic support.

A last thought. This restless French leader is at his best with his back to the wall. He's shown that. The same quality means it would be foolish to count him out next year.

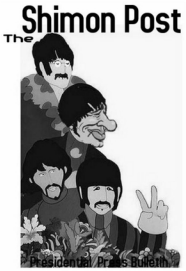


26 May, 2011

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| Article 1. | The Washington Post<br>**Where Netanyahu fails himself and Israel**<br>Fareed Zakaria |
| Article 2. | NYT<br>**Parties See Obama's Israel Policy as Wedge for 2012**<br>Jackie Calmes and Helene Cooper |
| Article 3. | Foreign Policy<br>**Hey, Bibi: Calling Hamas the al Qaeda of Palestine isn't just wrong, it's stupid**<br>Daniel Byman |
| Article 4. | Bloomberg<br>**Why Palestinians Have Time on Their Side**<br>Jeffrey Goldberg |
| Article 5. | The Daily Beast<br>**The Palestinian Right to Dream**<br>Peter Beinart |
| Article 6. | Asharq Al-Awsat<br>**Hamas' Gaza strongman criticizes Khalid Meshal** |
| Article 7. | Military Review<br>**An Old Man's Thoughts on War and Peace**<br>Edward Bernard Glick |

Article 1.

The Washington Post

# Where Netanyahu fails himself and Israel

Fareed Zakaria

May 26 -- Conventional wisdom is fast congealing in Washington that President Obama was wrong to demarcate a shift in American policy toward Israel last week. In fact, it was Prime Minister Binyamin Netanyahu who broke with the past — in one of a series of diversions and obstacles Netanyahu has come up with anytime he is pressed. He wins in the short run, but ultimately, he is turning himself into a version of Soviet Foreign Minister Andrei Gromyko, "Mr. Nyet," a man who will be bypassed by history.

Here is what Netanyahu's immediate predecessor, Ehud Olmert, said in a widely reported speech to the Israeli Knesset in 2008: "We must give up Arab neighborhoods in Jerusalem and return to the core of the territory that is the State of Israel prior to 1967, with minor corrections dictated by the reality created since then." Olmert, a man with a reputation as a hard-liner, said that meant Israel would keep about 6 percent of the West Bank — the major settlements — and give up land elsewhere. This was also the position of Ehud Barak, Israel's prime minister during the late 1990s.

The Bush administration did not have a different position, as statements from the president and Condoleezza Rice make clear. Here is George W. Bush in 2008: "I believe that any peace agreement between them will require mutually agreed adjustments to the armistice lines of 1949 to reflect current realities and to ensure that the Palestinian state is viable and contiguous." (The 1949 armistice lines is another way of saying the 1967 borders.)

Or consider this statement from last November: "[T]he United States believes that through good-faith negotiations, the parties can

mutually agree on an outcome which ends the conflict and reconciles the Palestinian goal of an independent and viable state, based on the 1967 lines, with agreed swaps, and the Israeli goal of a Jewish state with secure and recognized borders that reflect subsequent developments and meet Israeli security requirements." That's not Obama, Bush or Rice, but a statement jointly issued by Secretary of State Hillary Clinton and Netanyahu on Nov. 11, 2010.

Today, Netanyahu says that any discussion of the 1967 borders is treason and that new borders must reflect "dramatic changes" since then. So in three years, an Israeli prime minister's position has gone from "minor corrections" to "dramatic changes." Netanyahu's quarrel, it appears, is with himself. Yet we are to think it is Obama who has shifted policy?

Why did Netanyahu turn what was at best a minor difference into a major confrontation? Does it help Israel's security or otherwise strengthen it to stoke tensions with its strongest ally and largest benefactor? Does such behavior further the resolution of Israel's problems? No, but it helps Netanyahu stir support at home and maintain his fragile coalition. And while Bibi might sound like Churchill, he acts like a local ward boss, far more interested in holding onto his post than using it to secure Israel's future.

The newsworthy, and real, shift in U.S. policy was Obama publicly condemning the Palestinian strategy to seek recognition as a state from the U.N. General Assembly in September. He also questioned the accord between Fatah and Hamas. Obama endorsed the idea of a demilitarized Palestinian state, a demand Israel has made in recent years. Instead of thanking Obama for this, Netanyahu created a public confrontation to garner applause at home.

Netanyahu's references to the "indefensible" borders of 1967 reveal him to be mired in a world that has gone away. The chief threat to Israel today is not from a Palestinian army. Israel has the region's

strongest economy and military, complete with an arsenal of nuclear weapons. The chief threats to Israel are from new technologies — rockets, biological weapons — and demography. Its physical existence is less in doubt than its democratic existence as it continues to rule millions of Palestinians in serf-like conditions — entitled to neither a vote nor a country.

The path to resolving the Israeli-Palestinian conflict has been clear for 20 years. Israel would cede most of the land it conquered in the 1967 war to a Palestinian state, keeping the major settlement blocks. In return, it would get a series of measures designed to protect its security. That's why the process is called land for peace. The problem is that Netanyahu has never believed in land for peace. His strategy has been to put up obstacles, create confusion and wait it out. But one day there will be peace, along the lines that people have talked about for 20 years. And Netanyahu will be remembered only as a person before the person who made peace, a comma in history.

Article 2.

NYT

# Parties See Obama's Israel Policy as Wedge for 2012

Jackie Calmes and Helene Cooper

May 25, 2011 — Few issues in American politics are as bipartisan as support for Israel. Yet the question of whether President Obama is supportive enough is behind some of the most partisan maneuvering since the Middle East ally was born six decades ago, and that angling has potential ramifications for the 2012 elections.

The visit of Prime Minister Benjamin Netanyahu of Israel in the past week captured just how aggressively Republicans are stoking doubts about Mr. Obama. Republican Congressional leaders and presidential aspirants lavished praise on Mr. Netanyahu as quickly as they had condemned Mr. Obama for proposing that Israel's 1967 borders, with mutually agreed land swaps, should be a basis for negotiating peace with the Palestinians.

Republicans do not suggest that they can soon break the Democratic Party's long hold on the loyalty of Jewish-American voters; Mr. Obama got nearly 8 of 10 such voters in 2008. But what Republicans do see is the potential in 2012 to diminish the millions of dollars, volunteer activism and ultimately the votes that Mr. Obama and his party typically get from American Jews — support that is disproportionate to their numbers.

While Jewish Americans are just 2 percent of the electorate nationally, they are "strategically concentrated," as Mark Mellman, a Democratic pollster, put it, in several swing states that are critical in presidential elections. Those states include Florida — which in 2000

illustrated the potentially decisive power of one state — Ohio and Nevada.

A test of Mr. Obama's support will come June 20, when he will hold a fund-raiser for about 80 Jewish donors at a private dinner.

John R. Bolton, the former United States ambassador to the United Nations and a possible Republican presidential candidate, argues that because of administration proposals, Republicans will be able to make gains not only among American Jews but also among evangelicals who are supportive of Israel on biblical grounds, and other voters.

Mr. Bolton said that he was on a cruise sponsored by the conservative magazine Weekly Standard last week in the Mediterranean, and that most of the people on the ship "reacted very strongly against" Mr. Obama's speech outlining his Mideast vision. "As a Republican," he said, "you can use this to show how radical the president's policies are on a whole range of issues."

The depth of Democrats' worries was evident from the competition to out-applaud Republicans on Tuesday during Mr. Netanyahu's speech to a joint meeting of Congress and from the speed with which Congressional Democrats led by Senator Harry Reid of Nevada, the majority leader, distanced themselves from Mr. Obama on Israel.

"Are there questions in the American-Jewish community? I think the answer is yes," said Mr. Mellman, who is Jewish and has polled the community for Democrats in the past. "Has Obama been branded as not pro-Israel or anti-Israel? Not at all."

"I think he is strongly pro-Israel, in fact," he added. "But that is the political struggle in which the Republicans are engaged, which is to get him branded as not pro-Israel. And to the extent they're successful in that, the likelihood is they would have some meaningful impact on the Jewish vote."

J Street, the left-leaning alternative to the more established American Israel Public Affairs Committee, put out a statement of support for Mr. Obama on Wednesday. “To oppose the president without laying out a credible alternative basis for a two-state solution is to embrace a status quo leading to the eventual loss of Israel as we know and love it,” its statement said.

Mr. Obama’s proposal, the group said, is supported by many Jews in the United States and Israel. It is “the path that most of Israel’s recent prime ministers have attempted to blaze, from Rabin to Barak to Olmert.”

Republicans, however, are confident that their emphasis on unconditional support for Israel holds appeal both for many Jews and for conservative Christians.

Yet it is the Republican Party’s close identification with evangelical Christians in recent years that is perhaps its biggest hurdle to winning over significant numbers of Jewish voters and donors. On issues that are crucial to the conservative Republican base — like opposition to abortion, gay rights, liberalized immigration and much government spending — most American Jews are on the other side, and strongly so.

“If Republicans can mischaracterize this president as anti-Israel, they can distract from the fact that on every other issue their party is in disagreement with the American-Jewish community,” said David A. Harris, president of the National Jewish Democratic Council, a group of Jewish-American Democratic activists.

Mr. Netanyahu on Monday experienced first-hand the tension arising from that complaint among Democrats, and Republicans’ rejection of it, in a private meeting he held with representatives of the National Jewish Democratic Council and the Republican Jewish Coalition to underscore American Jews’ bipartisan consensus on Israel.

A partisan argument ensued after Representative Debbie Wasserman Schultz of Florida, whom Mr. Obama recently named as chairman of the Democratic Party, suggested they agree not to make support for Israel an election issue. Matt Brooks, executive director of the Republican group, objected, accusing her of proposing a “gag order.”

Article 3.

Foreign Policy

# Hey, Bibi: Calling Hamas the al Qaeda of Palestine isn't just wrong, it's stupid

Daniel Byman

MAY 25, 2011 -- In a rousing speech before Congress on May 24, Israeli Prime Minister Benjamin Netanyahu rejected peace talks with the newly unified Palestinian government because it now includes -- on paper at least -- officials from the terrorist (or, in its own eyes, "resistance") group Hamas. In a striking moment, Netanyahu defiantly declared, "Israel will not negotiate with a Palestinian government backed by the Palestinian version of al Qaeda," a statement greeted with resounding applause from the assembled members of Congress. But hold on a minute. Yes, Hamas, like al Qaeda, is an Islamist group that uses terrorism as a strategic tool to achieve political aims. Yes, Hamas, like al Qaeda, rejects Israel and has opposed the peace talks that moderate Palestinians have tried to move forward. And sure, the Hamas charter uses language that parallels the worst anti-Semitism of al Qaeda, enjoining believers to fight Jews wherever they may be found and accusing Jews of numerous conspiracies against Muslims, ranging from the drug trade to creating "sabotage" groups like, apparently, violent versions of Rotary and Lions clubs.

But the differences between Hamas and al Qaeda often outweigh the similarities. And ignoring these differences underestimates Hamas's power and influence -- and risks missing opportunities to push Hamas into accepting a peace deal.

While Congress was quick to applaud Bibi's fiery analogy, U.S. counterterrorism officials know that one of the biggest differences is

that Hamas has a regional focus, while al Qaeda's is global. Hamas bears no love for the United States, but it has not deliberately targeted Americans. Al Qaeda, of course, sees the United States as its primary enemy, and it doesn't stop there. European countries, supposed enemies of Islam such as Russia and India, and Arab regimes of all stripes are on their hit list. Other components of the "Salafi-jihadist" movement (of which al Qaeda is a part) focus operations on killing Shiite Muslims, whom they view as apostates. Hamas, in contrast, does not call for the overthrow of Arab regimes and works with Shiite Iran and the Alawite-dominated secular regime in Damascus, pragmatically preferring weapons, money, and assistance in training to ideological consistency.

Hamas, like its parent organization, the Muslim Brotherhood, also devotes much of its attention to education, health care, and social services. Like it or not, by caring for the poor and teaching the next generation of Muslims about its view of the world, Hamas is fundamentally reshaping Palestinian society. Thus, many Palestinians who do not share Hamas's worldview nonetheless respect it; in part because the Palestinian moderates so beloved of the West have often failed to deliver on basic government functions. The old Arab nationalist visions of the 1950s and 1960s that animated the moderate Palestinian leader Mahmood Abbas and his mentor Yasir Arafat have less appeal to Palestinians today.

One of the greatest differences today, as the Arab spring raises the hope that democracy will take seed across the Middle East, is that Hamas accepts elections (and, in fact, took power in Gaza in part because of them) while al Qaeda vehemently rejects them. For Ayman al-Zawahiri, Osama bin Ladin's deputy and presumed heir-apparent, elections put man's (and, even worse, woman's) wishes above God's. A democratic government could allow the sale of alcohol, cooperate militarily with the United States, permit women to

dress immodestly, or a condone a host of other practices that extremists see as forbidden under Islam. So yes, Hamas, like al Qaeda, talks of an Islamic government, but in practice it makes compromises, as its unity agreement with Abbas and his regime suggests. In power, Hamas has tried to Islamicize Gaza, and its rule in Gaza is notable for its repression, but it has not imposed a draconian regime as did the Taliban in Afghanistan, the only government al Qaeda ever recognized as truly Islamic.

In the end, Hamas is pragmatic. It makes compromises with rivals, cuts deals with potentially hostile foreign sponsors, and otherwise tries to strengthen its political position, even if this exposes it to the charge of hypocrisy.

Nowhere is this more apparent that in Hamas's relations with Israel. Especially since the 2008-2009 Cast Lead Operation, where Israeli forces hit Gaza hard, Hamas has often (though not always) adhered to a ceasefire with Israel. In the months following Cast Lead, only a few rockets were launched at Israel from Gaza, and Israeli officials told me those were probably from other Palestinian groups or were otherwise not an official Hamas action. Gazans did not want to go another round with Israel's army, and Hamas feared alienating them. Yet Hamas tries to maintain its street cred as a resistance organization. It has at times allowed other groups to launch attacks on Israel, and in recent months launched missile salvos itself, risking an end to the de facto ceasefire. Internal pressures within Gaza, particularly criticisms from Salafi-jihadists with ideologies akin to al Qaeda, as well as Israeli attacks on Hamas personnel, have at times led the group to risk further retaliation, but this careful calculation is a far cry from al Qaeda's call for constant struggle.

Hamas needs no reminder that al Qaeda is more foe than friend. Though Ismail Haniyeh, Hamas's leader in Gaza, praised bin Ladin after his death as an "Arab holy warrior," this was largely pandering

to his religious base. In fact, the relationship between Hamas and al Qaeda, and between Hamas and al Qaeda-like jihadists in Gaza, is far more contentious. Zawahiri has blasted Hamas for adhering to ceasefires with Israel, not immediately implementing Islamic law in Gaza, and otherwise deviating from the pure faith of jihadism.

To prevent these ideas from eroding its support, Hamas has harshly repressed al Qaeda-inspired jihadists in Gaza, arresting and even torturing some of the individuals linked to these groups, according to Israeli sources. In 2009, one Salafi-jihadist preacher declared Gaza to be an Islamic state; Hamas stormed the mosque that was his base, killing him and over 20 others.

But the biggest difference is that Hamas is a success while al Qaeda is a failure. Hamas has gone from a small group overshadowed by Yasir Arafat's Fatah to a large and powerful organization. Whether we like it or not, Hamas is the government of Gaza -- and terrorism helped them get there. And with the fall of Mubarak and the emergence of the Muslim Brotherhood in Egypt as an important political actor there, Hamas may gain influence. Al Qaeda, in contrast, is if anything farther from its goals of ending U.S. regional influence and establishing a caliphate than it was 15 years ago.

Despite Netanyahu's rhetoric, Hamas cannot simply be wished away when it comes to the peace process. It represents a large portion of Palestinian opinion, and it has repeatedly demonstrated that it can use suicide bombers, rocket attacks, or other forms of terrorism to disrupt any talks. But the group's occasional pragmatism suggests that under the right conditions it can be convinced not to play the spoiler. Such an effort may fail and involves many sticks as well as carrots, but a similar effort with al Qaeda would be a fool's errand.

Netanyahu's government may be dead-set against talking with Hamas, but treating it like al Qaeda and using this as a reason to not negotiate with moderates like Abbas only convinces skeptical Palestinians that

negotiations will never work. Indeed, the failure to restart peace talks only makes Hamas stronger, making a difficult task impossible in the years to come.

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Article 4.

Bloomberg

# Why Palestinians Have Time on Their Side

Jeffrey Goldberg

May 24, 2011 -- If I were a Palestinian (and, should there be any confusion on this point, I am not), and if I were the sort of Palestinian who believed that Israel should be wiped off the map, then I would be quite pleased with Prime Minister Benjamin Netanyahu's performance before Congress this morning.

I would applaud Netanyahu for including no bold initiatives that would have suggested to the world that Israel is alive to the threat posed by its seemingly eternal occupation of the West Bank.

In fact, I would make support for Netanyahu the foundation stone of my patient campaign to dismantle the world's only majority-Jewish country. I would support not only Netanyahu, but the far-right parties of his governing coalition, the parties that seem uninterested in democracy and obsessed with planting more Jewish settlements on the West Bank.

The settlements would have my wholehearted backing. I would encourage my brother Palestinians to help build settlements at a brisk pace. I would ask the Israelis to build an even more intricate system of bypass roads on the West Bank that would connect Jewish settlements to one another and to Israel proper. I would ask my ostensible allies among the Arab nations to provide interest-free mortgages to Israelis in Tel Aviv, so they could move out to the settlements for some fresh air and a little more yard. And, while I was at it, I would insist that my leaders abort their campaign for United Nations recognition of an independent state of Palestine.

Entanglement

My goal: To hopelessly, ineradicably, entangle the two peoples wedged between the Jordan River and the Mediterranean Sea.

Then I would wait as the Israeli population on the West Bank grew, and grew some more. I would wait until 2017, 50 years after the Six Day War, which ended with Israel in control of the West Bank and the Gaza Strip. I would go before the UN and say the following: "We, the Palestinians, no longer seek a homeland of our own. We recognize the permanence of Israeli occupation, the dominion of the Israeli military and the power of the Israeli economy. So we would like to join them. In the 50 years since the beginning of the 'temporary' occupation, we have seen hundreds of thousands of Israelis build communities near our own communities. We admire what they have built, and the system of laws that governs their lives. Unlike them, many of us live under Israeli military law but have no say in choosing the Israelis who rule us. So we no longer want statehood. We simply want the vote."

And this, of course, would bring about the end of Israel.

Apartheid State

Either the Jews of Israel would grant the Palestinians the vote, at which point their country would lose its Jewish majority and its identity as a refuge for the Jewish people, or it would deny them the vote, and become an apartheid state. The latter option is untenable, of course: Many Jewish Israelis would be repulsed by this thought; other nations that already consider Israel a pariah would now have just cause; and Israel would lose its last remaining friend, the U.S., because no American -- including and especially young American Jews -- would identify with a country reminiscent of pre-Mandela South Africa.

If Netanyahu had been thinking strategically, he might have realized this when he went before Congress this morning. And he might have

done something bold: Acknowledge that the age of Jewish settlement is over. He did mention, fleetingly, that certain settlements would be set adrift in a theoretical peace deal. But he seemed unaware that he was delivering a speech that could easily have been given 10 years ago.

It is not 10 years ago. Israel is now 10 years closer to achieving full pariah status. And -- in part because the Palestinians lack the patience to pursue a strategy of gradual, irreversible entanglement -- a moment of truth for Israel is rapidly approaching.

UN Vote

The Palestinians are seeking a UN vote in September on independence. They will prevail in the General Assembly, though not in the Security Council. President Barack Obama, with whom Netanyahu just picked a fight, will have to spend a good amount of political capital to stymie the Palestinian campaign, even though he appears to have nothing but contempt for Netanyahu's lack of vision.

But American opposition to this unilateral declaration will be in many ways immaterial. Israel will soon enough be seen by most of the world as the occupier not of disputed territory but of a foreign country. The Palestinians will wake up to find that a General Assembly vote did not, in fact, give them true independence. And then there will be an explosion.

The Palestinians who are watching Yemenis, Libyans and Syrians fighting for their freedom will soon be inspired to once again take up their own fight.

Existential Threats

Netanyahu, who understands the existential threat posed by Iran, does not seem to understand the nature of this other existential threat. His five predecessors as prime minister -- including Ariel Sharon, whose heart did not bleed for Palestinians -- understood it. President Obama understands it, too.

"The number of Palestinians living west of the Jordan River is growing rapidly and fundamentally reshaping the demographic realities of both Israel and the Palestinian territories," Obama told members of AIPAC, the pro-Israel lobbying group, on May 22. "This will make it harder and harder, without a peace deal, to maintain Israel as both a Jewish state and a democratic state."

An eternal truth of Middle East politics is that the Palestinians never miss an opportunity to miss an opportunity. Lately, though, this has become an Israeli specialty. If Israel misses the chance this year to set the Palestinians on a course toward independence, it will jeopardize its future as a Jewish democracy.

A Magnanimous Vision

Yes, it will be dangerous for Israel to return to its 1967 borders, or anything close. The potential merger between Hamas and the more moderate Fatah is cause for despair, but it should spur Netanyahu to try to split the moderates from the radicals by offering a magnanimous vision for peace. He should realize that it will be fatal for Israel to maintain control over millions of Palestinians who seek what the people of Yemen and Libya and Syria seek: freedom. Absent any hope of progress, the Palestinians will do what they can to undermine Israel. But all they have to do is wait.

Article 5.

The Daily Beast

# The Palestinian Right to Dream

Peter Beinart

May 25, 2011 -- I watched Benjamin Netanyahu's speech to Congress with a guy named Fadi Quran. He recently graduated from Stanford, where he double-majored in physics and international relations. He lives in Ramallah, where he's starting an alternative energy company. And he just might rock our world.

Quran is helping to coordinate a raft of Palestinian youth organizations—located in the West Bank, Gaza Strip, Jordan, Lebanon and Syria—all united around one goal: to create a Palestinian Tahrir Square. They organized the unity march that helped pressure Fatah and Hamas to reconcile. Ten days ago, they organized the Nakba Day protests in which refugees marched on Israel's borders.

What they're doing isn't exactly new. Palestinians in the West Bank have been conducting regular nonviolent protests for many years now, often against the separation barrier that stands between them and their fields. But Egypt and Tunisia made Quran and his colleagues realize that nonviolence was possible on a much larger scale. Not everyone in his movement believes in peaceful resistance as a matter of principle, he admitted sheepishly. But they all believe it represents the right strategy. They've been studying the civil rights movement and Gandhi's struggle against the British and the movement that peacefully brought down Slobodan Milosevic in Serbia. No one wants a second intifada, he insisted. "It hurt us much more than the Israelis."

When I asked Quran what his movement believes, I expected to hear about borders and refugees and Jerusalem. Instead, he began talking

about John Rawls and John Locke, a social contract between the government and the governed. A Palestinian government that denies his rights, he insisted, is as offensive as an Israeli one. When I pressed him on whether his colleagues want two states—one Palestinian, one Jewish—or a secular binational one, he seemed strangely agnostic. He said that in an ideal world one democratic state would be better, before adding that of course such a state would have to guarantee the safety and cultural autonomy of Jews. (One of his inspirations, he said, was Martin Buber, the Jewish philosopher who advocated a binational state in the 1920s and 1930s). When I said I didn't consider a binational state very realistic, he conceded the point, before noting that in the age of Netanyahu and Lieberman, most Palestinians don't consider a two-state solution very realistic either. After a while, it hit me: This is what Israelis and American Jews have been demanding all along. Didn't we always say, during the bloody Arafat years, that when the Palestinians produced Gandhis everything would change? We'd never be able to resist; our Jewish hearts would melt. Now that it's starting to happen, I suspect the response will be exactly the opposite: Yes, there's something admirable about young people like Fadi Quran, but who are they kidding. This is the Middle East, not Palo Alto. It's no place for dreamers; they'll get eaten for lunch.

Privately, many in Congress consider settlement expansion a catastrophe and the occupation a disgrace.

Maybe so. But watching over Fadi's shoulder as members of Congress robotically rose to applaud Netanyahu, I couldn't help thinking of the contrast. Anyone who has spent any time around Congress knows that many of the people who applauded Netanyahu—the Jewish Democrats in particular—don't actually support his policies. Privately, many consider settlement expansion a catastrophe and the occupation a disgrace. But they don't want to create

headaches for themselves. Could they say what they really believe and get reelected? Probably—after all, incumbents are very hard to beat. But who needs the hassle?

"What we want to do next," Fadi added, "is freedom rides, like in the South. We'll board settler-only buses and make them arrest us or beat us up." He mentioned that many American Jews had participated in the civil rights movement. "So how will American Jews react if we do this," he asked? "Do you think we'll get any support, given your history?" I started to talk about the way American Jewish politics actually works, about the gap between what people believe and what they say, about the way people wall themselves off from unpleasant realities, and then I stopped. It was too depressing to explain. Fadi Quran has the right to dream.

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Article 6.

Asharq Al-Awsat

# Hamas' Gaza strongman criticizes Khalid Meshal

25 May 2011 -- Differences and clashes within the Hamas movement have come to light for the first time, with Hamas senior figures verbally sparring and exchanging criticism in the media. This is particularly surprising as Hamas is known for the discipline of its cadres and members.

In an interview carried by the Lebanese Al-Akhbar newspaper on Tuesday, Zahar criticized the statements made by Hamas leader Khalid Meshal on 4 May in Cairo during the signing of the reconciliation agreement between Fatah and Hamas. Zahar said that Khalid Meshal did not have any right to say that Hamas would give Palestinian President Mahmoud Abbas another chance to try to negotiate a peace deal with Israel.

In the interview, Zahar reportedly said "we didn't know and were not consulted about the position of Khalid Meshal, and this is not the correct position." He added "we haven't given any chance for negotiations on behalf of us or the Palestinian people. Our program is against negotiations in this way, because they are a waste of time." Zahar was also quoted as saying that the Hamas power structure should be re-assessed as "the leadership is here [in the Gaza Strip], and the part (of Hamas) that is abroad is just a part of that."

Speaking to Asharq Al-Awsat, Hamas political bureau member Izzat al-Rashaq, commented on the criticisms put forward by Dr. Zahar, stressed that these statements do not represent the position of the Hamas movement.

Al-Rashaq told Asharq Al-Awsat that "the statements made by

brother Zahar are wrong, and do not represent the position of the Hamas movement or any of its institutions. They represent a violation of the organizational traditions followed by Hamas, and are not worthy of being issued against the leader or leadership of the Hamas movement." He added that "Dr. Zahar is not authorized to comment on the statements made by the leader of the Hamas movement…the political bureau is the only institution that is authorized to issue any clarification or explanation on the statements issued by the leadership."

Despite his strong statements, Izzat al-Rashaq denied that Zahar's statements reflect a state of disagreement or division within Hamas, stressing that "there is no disagreement within Hamas, the movement is highly united, and its decisions are one."

Senior Hamas official Dr. Salah al-Bardawil confirmed to Asharq Al-Awsat that the Hamas movement is united, saying that some media outlets are trying to convince the public that there is division within the ranks of Hamas. Al-Bardawil also stressed that Hamas figures have the right to issue their statements using whatever language they wish so long as they are expressing their own views and ideas, and this does not mean that there is a split in the Hamas movement's decision.

Dr. Bardawil also stressed to Asharq Al-Awsat that Hamas is under the leadership of Khalid Meshal, adding that Hamas is a resistance movement that believes that resistance is the means of liberating Palestine, especially after it has became clear to everybody that "it would be a terrible gamble to bet on these futile negotiations."

Article 7.

Military Review

# An Old Man's Thoughts on War and Peace

Edward Bernard Glick

May-June 2011 -- WHEN I WAS a young man in graduate school, two books impressed me mightily. They still do. One is Konrad Lorenz's On Aggression. An M.D. and a Ph.D. and a 1973 Nobel laureate in medicine and physiology, Lorenz established the field of ethology, the study of the behavior of animals within their natural environment. In his prologue to On Aggression, Lorenz wrote, "The subject of this book is aggression, that is to say the fighting instinct in beast and man, which is directed against members of the same species." According to him, animals, particularly males, are biologically programmed to fight over resources and turf, and this behavior is part of natural selection. In short, to a great degree, aggressive behavior is innate.

The other book that influenced me mightily as a young man was Robert Ardrey's The Territorial Imperative. Ardrey popularized and expanded on Lorenz's ideas. After reading Ardrey, a Book-of-the-Month Club reviewer asked, "Are we a territorial species? Do we defend ourselves, whether by war or other means, because we have learned to do so—or because, as animals, we must?"

Reading Lorenz and Ardrey provides a good reason for believing the Roman proverb Si vis pacem para bellum, "He who wishes peace should prepare for war." (The full text of the proverb goes on to say, "He who desires victory should carefully train his soldiers; he who wants favorable results should fight relying on skill, not chance.")

War is no longer limited to soldiers in uniform battling each other. War now includes terrorists who do not wear uniforms, do not represent a sovereign state, and use civilian airplanes and motor vehicles to crash into buildings in order to kill their enemies. Despite these changes in war, many pacifists who cling to the notion that war is immoral continue to forget that soldiers, not sermons, stopped Islam from advancing into Christian Europe at the Battle of Vienna in 1683. It was not sermons, but soldiers, who freed the American colonists from Great Britain's rule in 1781, and soldiers, not sermons, truly emancipated America's slaves in 1865 and liberated the survivors of the Nazi death camps in 1945.
Counterterrorism is the predominant form of contemporary war. One might say that, after the attack on New York's World Trade Center on 11 September 2001, Americans divided themselves into the September 10th people, the September 12th people, and the September 13th people. The September 13th people blame the United States for the events of September 11th and think that the proper U.S. response is to abandon American "arrogance" and American support of Israel. The September 10th people reject these notions, but think that terrorist acts are crimes that should be countered only by our law-enforcement and intelligence communities. The September 12th people believe that today's terrorists want to destroy Western civilization, and that acts of terrorism are acts of war that we must counter with mainly military responses.
When it comes to terrorism beyond our borders, passages from an article I published in 1979 about the Iran hostage crisis come to my mind:
The essential question—and it will cause us great pain in every sense if any of the hostages are harmed or are still being held when these words are printed—is the extent to which the Western world in general, the Third World in particular, and the United States

especially, are themselves responsible for this governmentally condoned terrorism.

In its most recurring form, modern terrorism has manifested itself in the confrontation between the Arabs and the Israelis. . . Decades ago, Israel warned the world, particularly the Western nations, that internationally tolerated terrorism is a political virus that knows no boundaries. If left unchecked it would spread to other causes, continents, and countries.

So long as they thought they were immune from the terrorist virus, aloof bystanders could adopt this kind of logic and base their actions and inactions on it. But there are no aloof bystanders. The Tehran terrorists have proven that once and for all. If the countries of the West do not band together against terrorism, whatever the short-term economic sacrifices, their long-term future as truly sovereign states is quite problematical.

Those who hate America like to discuss war within the framework of American imperialism and colonialism. Yes, the United States took land from the native peoples of North America. But so, too, did the French, British, and Canadians. So did the Spaniards and Portuguese in Latin America. So did the Australians and New Zealanders in the South Seas. So did the Russians, Chinese, and Japanese in Asia and Europe. Did the Scots, Welsh, and Catholics of Northern Island want to be a part of Great Britain? Do the Tibetans want to be part of Communist China?

Yes, the United States conquered the Philippines and Puerto Rico in the 1898 Spanish-American War and remained in de facto control of Cuba until 1934. But this country gave the Filipinos independence in 1946, and it has promised statehood or independence to the Puerto Ricans whenever they want to have it.

Yes, President Theodore Roosevelt, influenced by U.S. Admiral Alfred Thayer Mahan's sea-power theories, took advantage of a

revolt against Colombia to acquire what became the Panama Canal Zone in 1903. The new Panamanian government gave the United States the French concession to construct the Canal, which the United States completed in 1914. But President Jimmy Carter returned both the Zone and the Canal to the Panamanians in 1977.

Yes, in 1945, President Harry Truman ordered the U.S. Army Air Force to drop atomic bombs on Hiroshima and Nagasaki, thus ending Japan's participation in World War II. Yes, for a few years, the United States was the only power with nuclear weapons on this planet, but we blackmailed no one. Nor did we take anyone's land. By contrast, the Soviet Union incorporated huge swaths of post-war Poland and Germany.

If we compare the United States to Assyria, Babylonia, Persia, Greece, and Rome—or for that matter, Ottoman Turkey, Spain, Portugal, Japan, Russia, Britain, and France—we can only conclude that the United States was and is the least warlike and least imperialistic super power in history.

Of course, there is the question of war within the context of a nuclear-armed Iran. A few years ago, Thomas Friedman of the New York Times wrote, "I'd rather live with a nuclear Iran because it is the wisest thing under the circumstances." Thomas Friedman may feel this way, but for the leaders of Israel, an Iranian nuclear bomb and its associated delivery systems raise existential questions.

Can the Jewish state live with an Iran that possesses nuclear weapons and the means to deliver them? Can it ignore an Iranian leader who labels the country "a fake regime" that ought to "be wiped off the face of the Earth?" How should it react to President Mahmoud Ahmadinejad's plans for a second Holocaust, even as he denies that the first one ever happened? Millions of Israelis are descendants of those who died in the Holocaust. In 1981, when Iraq threatened Israel, Israel's then prime minister, Menachem Begin, ordered the

Israeli Air Force to destroy Iraq's nuclear reactor and then declared that "Israel has nothing to apologize for. In simple logic, we decided to act now, before it is too late. We shall defend our people with all the means at our disposal."

One sometimes hears the argument that if Iran can live with an Israeli bomb, why can't Israel live with an Iranian bomb? The answer is that no Israeli leader has ever threatened to eradicate Iran.

Iran is a large country, but Israel is a tiny one, smaller than New Jersey. At its narrowest point, it is only nine miles wide. Israel's nuclear arsenal can deter its enemies only if they have the wisdom and the sanity to be deterred. During the Cold War, the Russians and the Americans operated under a political and military doctrine known as MAD, for mutual assured destruction. The doctrine assumed that no matter how bad things got between the Soviet Union and the United States—the 1962 Cuban missile crisis being a case in point—neither side would risk annihilation. The leaders of Iran do not think that way. They reason as follows: "We have 70 million people, and Israel has 7 million. If we attack the Zionists with nuclear bombs, they will respond in kind. If they are lucky, they will kill half of us, but if Allah wills it, we shall kill all of them, and there will still be 35 million of us left."

We humans may enjoy periods of peace—sometimes for a long time—but we shall never entirely rid ourselves of war because we are "wired" to fight over pieces of land. Konrad Lorenz, Robert Ardrey, and Publius Flavius Vegetius Renatus (the man who coined the Latin phrase Si vis pacem para bellum) are correct. So, too, is Max Boot, the American author and military historian. He rejects the "sunny, if ahistorical, Enlightenment faith that peace is the natural order of things and war a temporary aberration."

Like it or not, this is the world in which we have lived in the past. This is the world in which we live now. And this is the world in which we shall live in the future.

*Edward Bernard Glick is professor emeritus of political science at Temple University in Philadelphia, where he specialized in civil-military relations.*

**From:** Lesley Groff [redacted]
**Sent:** 2/28/2013 1:33:32 AM
**To:** Jeffrey Epstein CC [jeevacation@gmail.com]
**Subject:** Fwd: INVITE THE NY OBSERVER 25TH ANNIVERSARY
**Attachments:** 25th-invite_FINAL-52.jpg

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** [redacted]
**Date:** February 27, 2013, 2:55:10 PM EST
**To:** [redacted]
**Subject: INVITE THE NY OBSERVER 25TH ANNIVERSARY**
**Reply-To:** [redacted]

Dear Mr. Jeffrey Epstein

Jared Kushner, New York's youngest powerhouse publisher, is celebrating the 25th Anniversary of the New York Observer on Thursday, March 14th.

Mayor Michael Bloomberg will be by his side to toast you all.

The Observer is honoring those who have defined and shaped New York since 1987. They are celebrating the cities best, brightest and most influential in culture,media and finance. The salmon pink pages are revered among New York's elite as the preeminent voice on power.

The celebration is going to be one of those quintessential New York nights. We are looking forward to seeing you.

xoxo,

Peggy

Jared Kushner, Publisher Joseph Meyer, CEO

Cory Booker Arthur Carter Georgina Chapman Katie Couric Lauren Santo Domingo
Larry Gagosian Mariska Hargitay Carolina Herrera Katie Holmes Woody Johnson
Peter Kaplan Comm. Ray Kelly Ken Kurson Matt Lauer Blake Lively Terry Lundgren
Peter Martins Cynthia McFadden Sean Parker Ron O. Perelman Stephen Schwarzman
Lara Spencer Steve Tisch Donald Trump Ivanka Trump Harvey Weinstein George C. Wolfe

cordially invite you and a guest
to join them at

THE NEW YORK OBSERVER
25TH ANNIVERSARY

Thursday March 14th, 2013

6:30-9:30pm
Cocktails & Light Supper

The Four Season Restaurant
99 East 52nd Street
New York City

[redacted] or 212-935-6700
cocktail attire

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cocktail attire

**From:** Lesley Groff [redacted]
**Sent:** 3/7/2013 5:32:30 PM
**To:** Epstein Jeffrey [jeevacation@gmail.com]
**Subject:** Fwd: INVITE NY OBSERVER 25TH ANNIVERSARY

**Importance:** High

Begin forwarded message:

**From:** [redacted]>
**Subject:** INVITE NY OBSERVER 25TH ANNIVERSARY
**Date:** March 7, 2013 7:31:14 AM EST
**To:** [redacted]
**Reply-To** [redacted]

**Dear Mr. Jeffrey Epstein**

Jared Kushner, New York's youngest powerhouse publisher, is celebrating the **25th Anniversary of the New York Observer on Thursday, March 14th.**

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xoxo,

Peggy

Jared Kushner, Publisher  Joseph Meyer, CEO

Cory Booker  Arthur Carter  Georgina Chapman  Katie Couric  Lauren Santo Domingo
Larry Gagosian  Mariska Hargitay  Carolina Herrera  Katie Holmes  Woody Johnson
Peter Kaplan  Comm. Ray Kelly  Ken Kurson  Matt Lauer  Blake Lively  Terry Lundgren
Peter Martins  Cynthia McFadden  Sean Parker  Ron O. Perelman  Stephen Schwarzman
Lara Spencer  Steve Tisch  Donald Trump  Ivanka Trump  Harvey Weinstein  George C. Wolfe

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# 25TH ANNIVERSARY

Thursday March 14th, 2013

6:30-9:30pm
Cocktails & Light Supper

The Four Season Restaurant
99 East 52nd Street
New York City

[redacted]
cocktail attire

**From:** JokeLand[redacted]
**Sent:** 5/9/2015 7:17:32 PM
**To:** [redacted]
**Subject:** a JokeLand E-Mail

A guy's walking down the boardwalk in Atlantic City and he runs into a hooker.
He says, "How much?"
She says "A hundred bucks."
He says, "All right."
They climb down under the boardwalk and he bangs her. The next night, he runs into the same hooker, they go under the boardwalk, only this time while he's banging her, she blasts two incredible farts. When they get done, he hands her a hundred and twenty dollars.
She says, "What's the extra twenty?"
He says, "That's for blowing the sand off my balls."

*********

Why don't sumo wrestlers shave their legs?
*So they won't be mistaken for lesbians.*

*********

**hiya ...**
**it's beautiful and I already jumped into Long Island Sound!**
**all's right with the world.**
**... *well* ...**

**if you enjoy classic comedy stories ... *please try this!***
**me & Bill Maher, Eddie Murphy & *The Jade Fountain* in Paramus, New Jersey!**
**The Hal Ennis Comedy Caravan, 1979**

**huge thanks to John Fugelsang & Penn Jillette & Jim Kerr & Mark Simone & Phoenix's *Wild Jokers* for helping me get the word out about my shtuff. love you all much ...**
**please spread the word about The JokeLand E-Mail List ...**
**... and enjoy.**
**Jackie**

*********

What'd the duck say to the prostitute?
*"Put it on my bill."*

*********

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New York New York
(212) 757-2323

*********

Two drunks are on the subway.
The first drunk says, "Wh-what time is it?"
The second drunk pulls out his cigarette lighter, looks at it, and says, "I-it's April 9th."
The first drunk says, "W-we should've got off at the last stop."

*********

please follow me on **Twitter**!
get a new (?) joke every day at 4:20 pm EST ...
**@JackieMartling**

*********

Mrs. Hartke comes home after visiting her relatives for two weeks and finds that her husband, who was too lazy to go to the supermarket, has eaten all the dog food in the house.
She calls the doctor and says, "Doc, you have to do something. My husband ate a half a case of dog food."
The doctor says, "Relax, Mrs. Hartke, it can't hurt him. There's nothing to worry about."
The next day, the doctor answers his phone, and it's Mrs. Hartke.
She says, *"Nothing to worry about,* huh, doc? Well, I hope you're satisfied. My husband's *dead."*
The doctor says, *"Dead?* From eating *dog food?* I can't understand it. What happened?"
She says, "He was lying in the driveway licking his balls and I backed the car over him."

*******

8pm this Saturday, May 9th
**The RRazz Room New Hope**

*in* The Ramada New Hope
6426 Lower York Road
New Hope, Pennsylvania
tickets (888) 596-1027
**www.therrazzroom.com**

*******

9pm Saturday, May 16th
**Miami Mike's @ Fairbridge Hotel**
130 Route 10
East Hanover, New Jersey
1-877-Uncle-Vin ... 1-877-862-5384
**unclevinniescomedyclub.com**

*******

A WalMart greeter's standing near the entrance with her clipboard when a really, really ugly woman comes in with two kids.

The greeter says, "Are they twins, ma'am?"

She says, "Of *course* not, they're *five years apart.* Why in the world would you think they was *twins?"*

The greeter says, "I couldn't believe anybody fucked you twice."

*******

What do you do when a midget's missing?
*Put his face on a carton of Half & Half.*

*******

**it's The JokeLand E-Mail List! free yuks!**
**please tell everybody you know! *free jokes!* free jokes! ...**
***by just e-mailing me,* jokeland@aol.com**

********

What's a gay guy's favorite time of day?
*Ate a cock.*

********

Why'd the Siamese Twins move to England?
*So the other guy'd get a chance to drive.*

********

Friedman calls the doctor and says, "Doc, you gotta help me. A mouse ran up inside my wife."

The doctor says, "I'll be right there. In the meantime, wave a piece of cheese between her legs."

The doctor races over, and when he comes in the door, Friedman's waving a herring between his wife's legs.

The doctor says, "What're you *doing?* I said to use a piece of cheese."

Friedman says, "I know you did. But we have to get the cat out first."

********

Why'd the guy marry a Siamese twin?
*So he could hang his wife and a girl on the side.*

********

A pickle walks into a bar.

The bartender says, "What're you doing in here?"

The pickle says, "Well, for starters, I'm celebrating the fact that I can walk."

********

Why's "bra" singular and "panties" plural?
*For the same reason that when you take a shit you actually leave one.*

********

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**The Joke Man**, **Sgt. Pecker**, **Hot Dogs & Donuts**,
**Come Again?**, **F. jackie & snart** ...
are available on *Amazon*, *iTunes*,
and at **Oglio.com**

*********

A dentist walks in with a needle to give Kasten a shot of Novocain.
Kasten says, "No way! *No needles!* I *hate* needles!"
The dentist starts hooking up the nitrous oxide and Kasten says, "No! *No!* I can't do the gas thing, either!"
The dentist says, "Can you take a pill?"
Kasten says, "Fine."
The dentist reaches into a drawer, takes out a pill and says, "Here's a Viagra."
Kasten says, "Wow. I didn't know Viagra worked as a pain killer."
The dentist says, "It doesn't. But it'll going to give you something to hold on to while I'm yanking out your tooth."

*********

Why don't Arabs circumcise their camels?
*So they'll have a place to put their gum during a sandstorm.*

*********

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get a new (?) joke every day at 4:20 pm EST ...
**@JackieMartling**

*********

How can a husband get his wife to stick her fingers in his asshole more often?
*By pretending he doesn't enjoy it.*

*********

A big fat Polish lady pushes her car into a gas station.
The mechanic says, "What's the matter?
She says, "It conked out."
In a few minutes, it's purring like a kitten.
She says, "What's the story?"
He says, "Crap in the carburetor."
She says, "How often do I have to do *that?*"

********

What'd the blonde say when she saw a guy walking two dogs?
*"He must be really blind."*

********

A frog goes into a bank and sits down in a chair next a desk that has a placard on it that says "Seymour Paddywhack, Bank Officer."

He says, "I need to borrow some money."

Mr. Paddywhack says, "To do that, you'll need some collateral. What have you got?"

The frog reaches into his bag, takes out a small plaster statue of Elvis and puts it on the desk.

Mr. Paddywhack says, "Is that all you have?"

The frog says, "Yeah."

Mr. Paddywhack says, "Well, that won't do."

The frog says, "I want to see the president."

Mr. Paddywhack leads the frog into the bank president's office, puts the little Elvis on his desk and says, "This frog wants to borrow some money, the only collateral he has is this statue and I don't even know what it is."

The bank president says, "It's a knick-knack, Paddywhack, give the frog a loan."

********

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***they keep on giving!***
all six of Jackie's **Oglio** joke CD's ...
**The Joke Man**, **Sgt. Pecker**, **Hot Dogs & Donuts**,
**Come Again?**, **F. jackie & snart** ...
are available on *Amazon*, *iTunes*,
and at **Oglio.com**

*********

A British guy comes home from work early and there's his wife on the living room floor with two guys. She's blowing one guy and the other guy is fucking her.

He says, "`Ello, `ello!"

She says, "So you're not speakin' to me, then?"

*********

Where would you find a turtle with no legs?
*Right where you left him.*

*********

What's fifteen inches long and hangs in front of an asshole?

*Donald Trump's tie.*

*********

I call in regularly to the great podcast "**Keith & The Girl**" ...
*... give them a listen!*

... and huge thanks to **Phil Iazetta** &
**iHeart Radio Comedy 24/7** ...
click to listen!
he plays me a-plenty ...

*********

The Mother Superior's riding with a few nuns and they're all giggling.
She says, "Calm down, girls, or I'll put the seats back on those bikes."

*********

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**@JackieMartling**

********

Why'd the shit cross the road?
*The chicken forgot to wipe his ass.*

********

**to hear endless jokes from all of my CDs,**
**get the Pandora or the Spotify app and type in "Jackie Martling"** ...

********

What do you say to a blonde with a plaid dildo?
*"Give me back my thermos."*

*********

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*********

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*******

Every night for twenty years, Irving Schwartz gets down on his knees and says, "Lord, it's me, Irving Schwartz. I'm a good Jewish boy. One time, couldn't you let me win the lottery? *One time?* I'm good to my parents, I'm good to my children, I go to temple. Please, Lord, please, one time, let me win the lottery."

He's on his knees every night for twenty years.

"Lord, it's me, Irving Schwartz. Would you *please* let me, sometime, win the lottery?"

Finally one night after twenty years, the heavens open up, and God says, "Irv, if you want to win the lottery, *you've got to buy a fucking ticket.*"

********

*this is* **The JokeLand E-Mail List**.
if you're not supposed to be on this train, please disembark & get off now.
... and please tell anybody who wants to get on to e-mail me, **jokeland@aol.**com ...

********

What's hairy and bites necks?
*Cunt Dracula.*

**********

An old guy with Parkinson's goes into an ice-cream parlor and says, "I-I'd like an ice cream, p-please ..."

The girl behind the counter says, "What flavor would you like?"

The guy says, "I-it don't matter, I-I'm gonna drop it anyway."

*********

Schneider walks into a shoe store and asks for a pair of size 8 tie shoes.

The salesman says, "But, sir, I can see from up here you're at least a size 11."

Schneider says, "Just bring me a size 8 tie shoe."

The salesman brings them, Schneider stuffs his feet into them, ties them tight, stands up and winces.

When he sees how confused the salesman is, he says, "Listen, I lost my business and my house, I live with my mother-in-law, my wife is fucking my best friend, my daughter is pregnant and my son deals crystal meth. The only pleasure I have in life is taking off these fucking shoes."

*********

A midget's marooned on a desert island for fourteen years and finally one day he's rescued. When they get him to shore, they ask him what he'd like.

He says, "You know damn well what I'd like."

They take him to a brothel, he goes upstairs with a girl, they go in a room and they both get undressed. Then he puts on a condom, puts some cotton in each ear and puts a clothespin on his nose.

The girl says, "What the hell are you doing?"

The midget says, "If there's two things in this world that I hate, it's the sound of a woman screaming and the smell of burning rubber."

*********

Fugelsang says to the doctor, "I'm thinking about having a vasectomy."

The doctor says, "That's a pretty big decision. Have you talked it over with your family?"

Fugelsang says, "Yeah. They're in favor of it, fourteen to three."

*********

Two Spanish guys show up at The Gates of Heaven and the first one says, "We want in."

St. Peter says, "Let me go ask God."

He walks over to God and says, "God, there are two Spanish guys at The Gates who want in."

God says, "If they are good people, let them in."

St. Peter goes back to The Gates, and then comes back to God and says, "They're gone."

God says, "The Spanish guys?"

St. Peter says, "No. The Gates."

********

A waiter brings a lady her clam chowder and she sees his thumb is hooked over the cup.

She says, "Waiter, you've got your thumb in my soup."

He says, "Yeah. I got the arthritis, and the warm makes it feel much better."

She says, "Well, why don't you just stick your thumb up your ass?"
He says, "That's what I do in the kitchen."

********

Two little old ladies are sitting at the slot machines in Atlantic City.
The first one says, "D-did you come on the bus?"
The second one says, "Yeah, b-but I made it look like an asthma attack."

********

My ex-girlfriend ... what an asshole ...
... and her tits weren't bad, either.

********

Cristiano says, "Doc, I think I've got a sex problem. I can't get it up for my wife anymore."
The doctor says, "Come back tomorrow and bring her with you."
The next day, Cristiano shows up with his wife.
The doctor says to the wife, "Take off your clothes and lie on the table."
She does it, and the doctor walks around the table a few times looking her up and down.
He pulls Cristiano to the side and says, "You're fine. She doesn't give me a hard-on, either."

********

Did you hear about those new super-sensitive condoms?
*After* you *fuck her*, they *stay and talk to her.*

********

What would you call a Chinese hooker with a huge vagina?
*Gae Ping.*

********

**for the kids**:

What would you call an elephant who never washes?
*A smellyphant.*

Why don't lobsters share?
*Because they're shellfish.*

Where do cows learn how to sing?
In moooosic class.

Knock, knock...
*Who's there?*
Cook ...
*Cook who?*
*Cuckoo?* What are you, a *clock?*

Why didn't the skeleton cross the road?
*He didn't have any guts.*

Why'd Melvin cut a hole in his brand new umbrella?
*So he could see when it stopped raining.*

Harry's mother says, "Why are you crying, Harry?"
He says, "Because my new sneakers hurt."
She looks down and says, "That's because you put them on the wrong feet."
Harry says, "But these are the only feet I have."

What should you do if your clothes are on fire?
*Don't put them on.*

**END of KIDS' SECTION** !

*********

There was a Chinee in China,
We thought was a very good climber ...
He slipped on a rock,
Fell and knocked off his cock,
Now that Chinaman's got a vagina.

********

Did you hear about the woman who died from eating too much peanut butter?
*She stuck to the roof of her coffin.*

*******

A midget goes into a bar, and he's too short to see over, so he starts jumping up and down saying, "A whiskey, please," "A whiskey, please."

Nobody's taking care of him, so he keeps jumping up and down saying, "A whiskey, please," "A whiskey, please."

Finally he gets up on a chair, looks over and sees a midget bartender jumping up and down saying, "With ice?" "With ice?"

*******

How many vaginas does it take to change a light bulb?
*Just one, but is has to be very sticky.*

******

*classic Rodney Dangerfield:*
"Last night my wife met me at the door in sexy lingerie ...
... trouble is, she was coming home. ..."

*******

What's the difference between a white cow and a black cow?
A white cow goes, "Moo," and a black cow goes, "Moo out d' way."

*******

Schmidlap's been away on business and decides it'd be nice to bring his wife a gift.

He goes into a store and the girl says, "How about some perfume? This bottle is one hundred and fifty dollars."

He says, "That's too much."

She says, "This one's sixty dollars."

He says, "Still too much. I'd like to see something really cheap."

So she hands him a mirror.

*******

What's a cowboy call a cowgirl prostitute who won't go all the way?
*A hired hand*

*******

Leeds is parking with a girl in the rain. It's very hot and stuffy and the windows are getting all steamed up, so he cracks open the passenger's side window.

He moves over and starts fiddling with her, and she says, "I'm getting wet," so he keeps fiddling, and she says, "I'm getting wet," and he keeps fiddling.

Finally she says, "Will you *close the fucking window?* I'm getting wet."

*******

thanks for enjoying the jokes ...
*... if you didn't enjoy them,*
*I hope you find a used condom at the bottom of your mayonnaise jar ...*

*******

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**@JackieMartling**

*******

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*******

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thanks,

**a JokeLand E-Mail**
JokeLand Inc.
*Box 58*
Bayville, NY 11709
USA

**Date:** Wednesday, December 27 2017 05:02 PM
**Subject:** (BN) Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street M
**From:** Glenn Dubin (DUBIN & COMPANY LP) [redacted]>
**To:** undisclosed-recipients:;
**BCC:** jeevacation@gmail.com;

---

(BN) Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street M
odel

+----------+

Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street Model
2017-12-27 11:00:00.2 GMT

By Simone Foxman and David Carey
(Bloomberg) -- Leon Black recently posed a question whose answer will determine how profitable the new U.S. tax regime could make Wall Street firms like his Apollo Global Management LLC.
Publicly traded partnerships, such as Apollo, are taxed differently than corporations. So should Apollo take advantage of the overhauled tax rules to pay less in taxes? Or should it use this chance to change to an Inc. from an LLC, which would increase its tax bill but allow it to attract investments from mutual funds that have previously been out of reach?
"We're still analyzing," Black told the Goldman Sachs U.S. Financial Services Conference Dec. 6. "It's an uncertain outcome."
Either way, it's most likely a money-making outcome. The tax changes are a boon for private equity firms such as Apollo, where Black is chief executive officer. The new lower corporate rate has made it possible for bigger publicly traded partnerships to consider the change. As it is, management fees, which typically account for 30 percent or more of their earnings, are already taxed at the corporate rate. That will drop. The legislation scarcely touched the 23.8 percent rate paid on incentive fees, also called carried interest, which incur no additional levy when paid out to shareholders.

Double Tax

If the partnerships converted to corporations, the incentive fees would be hit with a second layer of tax when they're paid out. That would push the combined tax rate on incentive income paid out as dividends to nearly 40 percent, according to Peter Furci, co-chair of Debevoise & Plimpton's global tax practice.
But it would also allow the newly minted corporations access to indexes, and therefore the mutual-fund and ETF markets. About $2.2 trillion follows the S&P 500 Index, according to its website. As of June, $122.6 billion in assets tracked the Russell 2000 Index, the best-known small-cap U.S.

stock index, and there was $1.1 trillion bet on Russell U.S. indexes overall, according to the company.
The bigger universe of investors would likely boost the trading multiples of the firms' stocks. It's unclear how big the economic benefit of increased ownership would be, so the question is whether it would make up for the higher taxes.
"There's no way to say how much multiple expansion you could get by converting," said Gerald O'Hara, who follows private equity firms for Jefferies Group. "That's the question here that I think these firms are wrestling with."

Tax Complexity

One of the main reasons the funds have stayed away from private equity managers is tax complexity. Investors in typical stocks receive a Form 1099, a straightforward document that shows interest and dividends on investments at the end of each year. Owners of publicly traded private equity firms' stock get the Schedule K-1 instead. The K-1 shows their share of the partnership's interest, which determines how much the income is taxed. It's a headache, O'Hara said. Plus, firms can be inconsistent on the time of year they send out the forms, and the process of plugging in the numbers on a Schedule K-1 isn't as simple as it is for other kinds of income.
So asset managers, which offer options for many 401(k) investors, avoid buying shares of private equity firms.
On the campaign trail last year, President Donald Trump said he wasn't a fan of Wall Street "paper pushers" like hedge fund managers. He pledged to raise the tax rate on carried interest. The new tax law keeps it unchanged for investments held at least three years.

Hamilton Lane

Proponents of conversion to corporations point to Hamilton Lane Inc., an alternative-investment manager and pension-fund consultant that's a corporation and not a publicly traded partnership. The $1.9 billion company, which went public earlier this year, is now included in dozens of S&P, Russell and WisdomTree Investments Inc. indexes. Hamilton Lane shares have about doubled since the initial public offering.
Ares Management LP, created by former Apollo executives, is the most likely of its peers to make the jump, according to analysts at Keefe Bruyette & Woods Inc. Much of its revenue comes from management fees, so becoming a corporation would hurt its after-tax earnings relatively little.
Bill Mendel of Mendel Communications, a spokesman for Ares, said the firm is studying the situation. Apollo spokesman Charles Zehren of Rubenstein Associates declined to comment.
When Black spoke to the Goldman Sachs conference, he said he was certain of one thing: None of the big publicly traded partnerships wanted to be first to undergo conversion.
"If somebody does go first and their stock doesn't move up,

then you'll know that was a pretty dumb decision," he said. If, on the other hand, the "stock does great, then all of us may have converted" in two or three years.

--With assistance from Ben Steverman and Carolina Wilson.

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November 27, 2015 8:05 pm

# In the shadow of quantitative easing, party like it is 1788

John Dizard

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## Quantitative easing is leading to the insolvency of insurers and pension plans, says John Dizard

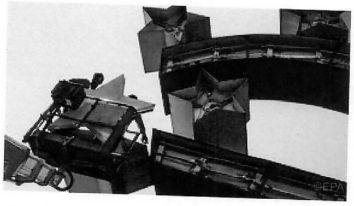

A time traveller from 2010 to today's Europe would be shocked by what they find.

The borderless Schengen area is now festooned with immigration and customs barriers, and financial markets are assuming ever-ballooning asset purchase programmes by the European Central Bank that stretch into an indefinite future. Oh, and a president of the European Commission who says the single currency makes no sense when the Schengen agreement fails.

So then, in this world, what would be the "risk-free rate" that institutional investors can use in their investment analyses? These problems are getting to the point where they not only threaten life in Europe as we know it, but our very careers. America and Canada can afford to make a lot of policy mistakes without social dissolution; Europe cannot.

Specifically, the ECB and its member banks' quantitative easing is leading to the insolvency of life insurers and defined benefit pension plans. This is no longer a worst-case scenario, but the most likely outcome of the present policy course.

Perhaps a couple of years ago this could have been dismissed as so much journalistic whingeing, but now we are getting these projections from eurozone central banks.

Referring to last year's stress test of insurance companies by the European regulator, the Eesti Pank of Estonia now says that "the low interest rate scenario used in the stress test has already arrived, and the current yield curve is already lower than that used in the test. If companies do not take appropriate measures or adjust their operations or strategy, they could face difficulties in meeting their liabilities to policyholders earlier than was calculated."

The same problem applies to defined benefit pension plans, which are what most Europeans are counting on for that part of their retirement income that is not covered by pay-as-you-go state plans.

As the promises to pension, life insurance and guaranteed investment contract beneficiaries are discounted at very low or negative rates, they eat through any reserves or capital the institutions have on hand. At the same time, the institutions earn less and less income from any new securities purchases. This has happened slowly, and, with the curve bending downwards in working populations, quickly.

Someone will have to explain to the pensioners and survivors that they are not getting what they are promised. I would suggest not applying for that particular job opening. The compensation for investment managers who are arithmetically certain to lose money will tend to decline over time.

When someone says I am not smart enough to understand persistent negative real rates (the "persistent" is important), I have to agree. There is no way I could project all the dreadful consequences. However, it would be difficult to match the stupidity of the excuses for the current consensus on central bank policy.

Not that there will be a consensus for much longer. It does not take much reading between the lines of statements such as President Obama's last note in the FT to see that the competitive devaluation implicit in the ECB's policy path is making the leaders of a major currency zone rather cross. And just before a US election year, to twist the knife.

But then it is always an election year somewhere, and it apparently is the job of macroeconomists to come up with plausible stuff to fill out press releases, not to make actual policy.

To their credit, Federal Reserve staff seem quite guileless about the shortcomings of the long-term projections generated by their central model.

Not that the market people are without their sins of oversimplification and formalism. They have stretched VAR models for risk far beyond their real utility. The market's risk managers have the same motivation as the macroeconomists: their bosses want a short answer that supports their compensation plan or political platform.

Enough hard feelings; I am now confident that we in the developed world will succeed in our most important goal. That is to get through the year end and the bonus calculation period without having to put a complete financial disaster on the books. My concerns are about what comes after that.

Next year some of the seemingly endless European processes of regulation writing are coming to an



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end. For example, Solvency II regulations for insurers are scheduled to come into force, which means that the various national publics will have to be told that it will not be possible to pay them exactly what they think they have coming.

Already there is right-to-left German national anger over the proposed eurozone deposit insurance scheme, as if refugees were not enough. That the German distress is counterpointed by apparent Italian government cynicism over budget policy does not help.

In the coming holidays, you should party like it is 1788.

**Letter in response to this article:**

*The saving grace of negative interest rates / From Michael G Mimicopoulos*

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Jorge-Tuto Quiroga

# Time for a 'Belt and Sea Lane' for Latin America

President Xi Jinping will host dozens of world leaders on Sunday and Monday at the Belt and Road Forum for International Cooperation, as China's Belt and Road Initiative has seized worldwide attention. Right after this important event, the Chinese government should take advantage of the major shifts in the Americas, look across the Pacific and launch a parallel effort: the "Belt and Sea Lane" initiative for China and Latin America (Mexico, the Caribbean, and Central and South America).

Three recent seismic changes have dramatically affected Latin America. First, the economic links that China has developed over the past 13 years with South America. Second, the end of populism in this region. Third, the election of Donald Trump as president of the United States, which will severely damage economic integration in the Americas, as shown by the recent demise of the US-led Trans-Pacific-Partnership agreement. Let us broadly review these three waves to understand the opportunity for China.

South America swayed from the "lost half decade" of 1998-2003, to the "golden decade" of 2004-14, and this change happened mainly because of China. South American nations are rich in minerals, energy and food, which China started buying at growing prices and in ever increasing volumes. China is the main purchaser and price driver for commodities; whether it is copper from Chile, soybeans from Argentina or Paraguay, iron ore and grains from Brazil, gold from Peru, beef from Uruguay, tin from Bolivia, oil from Venezuela and Ecuador, or coal from Colombia.

This economic link became crystal clear in the US financial crisis of 2008 that slowed down the economies of Mexico, Central America and the Caribbean (CAC), which all depend heavily on exports to the US market and remittances from there, but South America kept growing so long as China kept growing. The dividing line became clear: in Latin America, south of the Panama Canal the economic driver is China, north of the Panama Canal it still is the US.

China has become the main buyer of South American commodities, a more important lender and an active investor. The challenge remains to have China become a full blown, long-term development partner for South America.

The Chinese influence in Mexico-CAC is different. Here China is viewed as a competitor for access to the US market with manufactured goods (Mexico) and textiles (CAC), as well a price hiker for food products, and fuel that CAC needs to import. So the Chinese economic influence is dominant in South America. The US has been the prevailing influence in Mexico and CAC, until Trump was elected. The future for Mexico and CAC is now uncertain.

With sky-high commodity prices, South America was governed according to the Hugo Chavez project in Venezuela, the Workers Party (PT) in Brazil, the Kirchner power couple in Argentina, and other like-minded projects in the region. South American coffers were filled by Chinese purchases of oil, grains and minerals, as populist regimes reigned over South America. There was a tendency to nationalize companies, spend freely, set low unsustainable consumer prices, close off free trade and not be very friendly to foreign investment in general.

With the commodity price decline since 2014 (especially oil prices) and voters fed up with and tired of corruption and abuses of populist regimes, the tide turned. More countries now have market-friendly governments. The end of populism in South America bodes well for China, as the current governments are more open to Chinese investment, more open to trade and can assure a better structural framework to collaborate with China.

For the first time in its history, the US has elected a president who combines a protectionist trade position with an anti-migration policy. Trump has particularly targeted Mexico, promising to deport 11 million people, to build a wall by seizing remittances sent from the US, to hike duties for manufactured goods and abrogate the North American Free Trade Agreement. This is very worrisome for Mexico, but it also affects many countries in Latin America that have citizens sending remittances from the US. The trade disruption will eventually affect all CAC countries, as well as Chile, Colombia and Peru, that all have similar free trade treaties with the US.

**South America swayed to the "golden decade" of 2004-14, and this change happened mainly because of China.**

Taking into account the economic interdependence between China and South America, the end of populism in South America, and the dramatic threats that the Trump administration poses to Mexico and CAC, it is clear that time, circumstances and events are providing a significant opening for China to propose a full-blown partnership with Latin America.

The proposal should seize the opportunity of the "demise" of the Trans-Pacific Partnership agreement. Mexico now needs reliable partners, unlike the US; so will CAC very soon; and South America needs to deepen its strong trade ties with China.

President Xi Jinping can take advantage of his strengthened position as the core leader of China, his commitment to address climate change and his stance as the world's free trade leader, which will help China to extend its Belt and Road Initiative toward Latin America, across the Pacific, with a "Belt and Sea Lane" proposal. The basic elements of it should be trade, loans, investment and respect for human dignity (No deportations. No discrimination). A new trade framework, the active presence of the China-led Asian Infrastructure Investment Bank in Latin America and the expansion of Confucian Institutes should be part of this initiative. Latin America is ready and ripe for such a proposal.

This is the right time to show that while some want to build walls to divide and separate, China wants to build a bridge across the Pacific to integrate and link Asia and Latin America.

Just one opportunity illustrates the potential of a deeper China-Latin America partnership. China is the world's leading manufacturer of lithium batteries, close to 90 percent of the world's lithium reserves are in South America. Our new, deeper partnership can easily prevail in the race to lead the new wave of lithium batteries for cleaner, more efficient development in the 21st century.

The window of opportunity is now the Belt and Sea Lane Initiative for a stronger China-Latin America partnership.

*The author is former president of Bolivia.*

Robert Lawrence Kuhn

# Xi's philosophy for engaging with the world embodied in initiative

The Belt and Road Forum for International Cooperation will be held on Sunday and Monday. How does the initiative express President Xi Jinping's political philosophy with respect to China's foreign and domestic policy?

Xi's foreign policy is to engage the world, safeguard China's core interests, encourage mutual economic development, and facilitate China's emergence as a great power. Xi's domestic policy stresses reform, rule of law, and the realization of an all-round moderately prosperous society, which requires the alleviation of extreme poverty.

Here's how the Belt and Road Initiative enhances the four pillars of China's foreign policy.

A multi-polar world has long been a cornerstone of China's foreign policy, which opposes domination by one or two superpowers. The Belt and Road Initiative engages more than 60 countries along multiple land and maritime routes and exemplifies a multi-polar world.

Peaceful development is China's watchword. It has vowed that no matter how powerful the country becomes, it will never seek domination. The Belt and Road projects are founded on mutual cooperation, shared development and joint construction irrespective of the size or power of the host country.

People-to-people communications are an integral part of the Belt and Road Initiative: multi-channel, multi-level exchanges between peoples to promote mutual understanding. Examples include sister cities, cultural activities, non-governmental organizations, and public diplomacy.

A "community of shared future" is how Xi epitomizes the dreams of diverse peoples in common pursuit of peace and development. In this context, the 2,000-year history of exchanges along the ancient Silk Road provides precedence that different countries, races, religions, beliefs, political systems and cultural backgrounds can achieve peace and share the fruits of their interactions — provided they persist in seeking common goals and mutual trust, equality and mutual benefit, and tolerance and mutual learning.

The Belt and Road Initiative will be successful to the extent that China's principles of domestic development can be adopted and adapted by other developing countries according to their own conditions. Xi's overarching principles for guiding China's domestic transformation are innovation, coordination, greenness, openness and sharing.

How does each relate to the Belt and Road Initiative?

Large-scale infrastructure projects require structural innovation, especially in their financing and investment robustness. (The Belt and Road projects must be financially viable; they are not foreign aid.) The Asian Infrastructure Investment Bank, initiated by China to facilitate projects, is itself a major innovation.

For each Belt and Road project, diverse components, such as the local government, project management, international financing, and foreign and domestic constructing companies must be coordinated so they work together.

**China's spirit of openness, as well as its policy of opening-up policy catalyzed the country's economic development.**

As developing countries are more concerned about economic development than environmental protection, the short-sighted move of shipping off polluting industries to them should be guarded against. If Belt and Road projects pollute host countries, local populations will come to resent China. Environmental protection and green development are essential.

China's spirit of openness, as well as its opening-up policy catalyzed the country's economic development. This same spirit and policy can energize countries along the Belt and Road while respecting local cultures and conditions. But what worked in China, if transplanted wholesale, will likely not work elsewhere. The challenge for developing countries is to adapt what makes sense for their own conditions.

Sharing is the essence of the Belt and Road Initiative. It is the proper spirit for all human beings and it is essential for maintaining global stability. Inequalities are a primary cause of instability. Shared development is as much a matter of transferring experience as it is of transferring money.

Just as these five major development concepts are transforming China's society and rebalancing China's economy, the Belt and Road Initiative can transform the developing world's infrastructure and rebalance the entire global economy.

China cannot aspire to global leadership by means of power alone. Economic and military strength, while necessary, are not sufficient. There must also be a moral or ethical arc to China's rise, and this includes Belt and Road projects. China, as Xi asserts, should "balance justice and benefits, stress faithfulness, value friendship, carry forward righteousness, and foster ethics."

There will be challenges: unforeseen events that China will have to handle with sensitivity. But can China demonstrate moral as well as economic leadership?

*The author is a public intellectual, political/economics commentator, and international corporate strategist.*

Erik Solheim

# ESTABLISHING GREEN ROUTES FOR GROWTH

There was a time not long ago when most big social and economic challenges were domestic. With good policies and good implementation of those policies, many countries could tackle these problems alone. China's recent success in lifting millions of people out of poverty is a perfect example of this.

But today, our challenges are not only domestic, and they are not only social and economic.

Climate change, pollution, and the loss of biodiversity are environmental issues that spill over borders.

And today, issues such as poverty, inequality, peace and security are not only problems facing individual countries.

These are global challenges. They must be tackled collectively.

A number of countries are leading the way in fostering international cooperation. China, with its Belt and Road Initiative, is one of them.

Evidence of this can be seen in Ethiopia, where China has helped to build a metro system in Addis Ababa, and in Kenya, where a standard gauge railway is being built to link the port of Mombasa first with Nairobi, and ultimately with neighboring Uganda, Rwanda, and South Sudan. In recent years, Chinese companies have aslo led renewable energy projects in places such as Pakistan, Thailand and the Philippines.

Such massive investment in development is on a scale never before seen. And there is great progress to be made on security, economic and social challenges.

But we cannot forget the other global challenge that we must face together: protecting the environment.

UN Environment also recognizes the potential of the Belt and Road initiative to improve people's lives. We also know how important it is to do this sustainably.

If we do not make Belt and Road projects climate friendly, we put the world at risk from worsening pollution and severe climate change. If done right, millions will see the benefits of green growth.

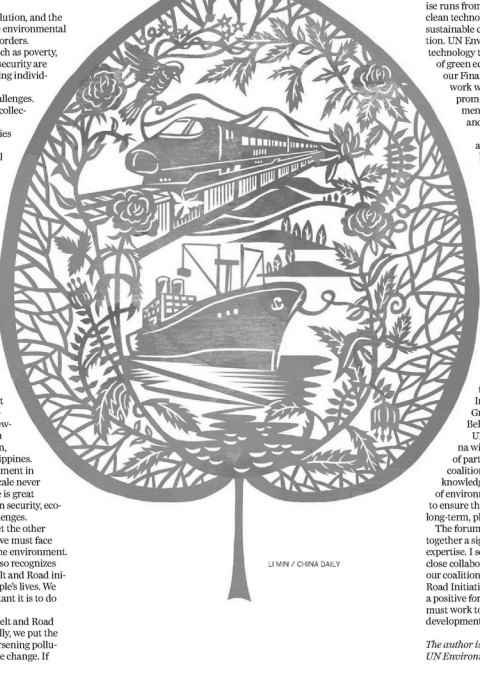

LI MIN / CHINA DAILY

Now is the time to do it right and make Belt and Road as green as possible.

That is why UN Environment signed an agreement with the Chinese Ministry of Environmental Protection in December to promote the sustainable development of the Belt and Road.

There are many ways we will support this. Our environmental expertise runs from sustainable finance and clean technologies to ecosystems and sustainable consumption and production. UN Environment can support technology transfer and the creating of green economy policies. Through our Finance Initiative, we can work with private investors to promote sustainable investment practices along the Belt and Road.

But we cannot do it alone. Many other stakeholder groups, investors, and businesses have valuable expertise to bring to the table. And many Belt and Road countries have asked specifically for such support to make sure that the Belt and Road Initiative helps them meet their sustainable development needs.

And so, at the Belt and Road Forum for International Cooperation in Beijing this week, UN Environment and China's Ministry of Environmental Protection will announce the International Coalition for Green Development on the Belt and Road.

UN Environment and China will bring together dozens of partner organizations in this coalition. We want to draw knowledge from the largest body of environmental expertise possible to ensure that Belt and Road brings long-term, planet-friendly growth.

The forum this week will bring together a significant portion of that expertise. I see it as the beginning of a close collaboration and hope to grow our coalition. We all want the Belt and Road Initiative to fulfil its promise as a positive force for development. We must work together to ensure that development is sustainable.

*The author is head of UN Environment.*

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# CHINA

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"Developing nations in Central Asia, Europe, Southeast Asia, Africa and other regions need to have our news perspectives and voices heard."

**Wilson Flores**, columnist at the Philippine Star newspaper

COMMERCE

## Trade initiative is 'direction of future'

### Expert: Belt and Road strategy will be applauded years from now as visionary

**By TANG YUE** in Xi'an
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The first US presidential debate might have been the most-watched event around the globe on Monday night local time, with the expected protectionist remarks made by candidates Donald Trump and Hillary Clinton.

Yet, at the same time, across the Pacific Ocean, the Belt and Road Initiative, launched by China three years ago to foster economic ties, gained momentum as media from China and abroad expressed support.

"I know many people think the most important event today is the debate, which is going on right now," Robert Kuhn, a US expert on China and a host on China Central Television, said on Tuesday at the media session of the International Seminar on the Belt and Road Initiative in Xi'an, Shaanxi province.

"However, looking back in 50 years or 100 years, I believe this is a more important event than the debate because it pushes forward an important initiative that is the direction of the future," Kuhn said at the two-day seminar. China Daily is a co-organizer.

In 2013, President Xi Jinping proposed the Silk Road Economic Belt, which includes countries situated on the original Silk Road, passing through Central Asia, West Asia, the Middle East and Europe, as well as the 21st Century Maritime Silk Road, which covers Southeast Asia, Oceania and North Africa.

**Robert Kuhn** (right), a US expert on China and a host on China Central Television, speaks at the media session of the International Seminar on the Belt and Road Initiative in Xi'an, Shaanxi province on Tuesday. HUO YAN / CHINA DAILY

By the end of June, China had signed cooperation agreements with more than 30 countries regarding the initiative and is working with another 20 on capacity building projects in the manufacturing sector, according to a report by Renmin University of China.

"Some countries that start to turn inward, start to talk protectionism, seem to be more skepical about trade. This initiative is moving in the opposite direction. It promotes cooperation and business across the border," said Jason Eugene Subler, Greater China bureau chief of Reuters.

Some 100 media representatives from about 20 countries attended the seminar and reached a written consensus to be "a champion of the Silk Road Spirit", referring friendship and cooperation throughout history, and to be "an active supporter of the initiative".

Wilson Flores, a columnist at the Philippine Star newspaper, said the initiative allows the media in participating countries to better cooperate and to enrich the diversity of media voices, which has long been dominated by Western news organizations.

"As we evolve into a more diverse and multipolar world, developing nations in Central Asia, Europe, Southeast Asia, Africa and other regions need to have our news perspectives and voices heard."

Kang Bing, deputy editor-in-chief of China Daily, suggested that media organizations along the route can jointly identify topics to cover, develop applications together, co-produce microvideos and launch special columns, reports and web pages on the platform of other countries.

INFRASTRUCTURE

## Big money sought to connect Asia-Pacific

**By CHEN YINGQUN**
in Yangzhou, Jiangsu
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Joint efforts are needed by Asia-Pacific countries to create innovative financing mechanisms to develop infrastructure, according to an official at a connectivity symposium in Yangzhou, Jiangsu province, on Tuesday.

Huang Mengfu, honorary chairman of the China National Committee for Pacific Economic Cooperation, said at the symposium — the International Symposium: Connecting the Connectivities in Asia Pacific — that in 15 to 20 years, global demand for infrastructure investment will reach $50 trillion.

According to the World Economic Forum, annual demand globally is currently $3.7 trillion, but as there is a $1 trillion shortage of investment, actual investment is about $2.7 trillion, Huang said.

"No single economy or any international organization can afford to cover such a huge margin. I believe we especially need to mobilize the participation of private capital in connectivity, and we should make full use of public-private partnerships," Huang told representatives from more than 20 Asia-Pacific countries and regions at the event.

Zhou Qiangwu, head of the Ministry of Finance's International Economics and Finance Institute, said connectivity in the Asia-Pacific region currently lacks capital, as well as mechanisms to maximize its use.

"It may take a long time for investors to make a profit by investing in infrastructure projects in the connectivity area, and sometimes there are even political and technical risks. As a result, private capital is reluctant to invest in it," he said.

However, there is currently about $35 trillion in idle private capital in the Asia-Pacific region, Zhou said. Multilateral development organizations could bring in more private capital and help reduce risks through creative financing tools, Zhou said.

Huang, the chairman, added that the Asia Infrastructure Investment Bank could help channel financial support to infrastructure construction.

TRANSPORTATION

## Final section of bridge to Hong Kong, Macao completed

**By ZHENG CAIXIONG**
in Zhuhai, Guangdong and
**SHADOW LI** in Hong Kong

Installation of the final 35-metric-ton piece of the Hong Kong-Zhuhai-Macao Bridge — an expansion joint — was completed on Tuesday, marking the start of the next phase of the gigantic bridge project.

Zhu Yongling, director of the bridge authority, made the announcement in Zhuhai, Guangdong province, on Tuesday after the installation was completed.

"This means construction of the 22.9-kilometer-long bridge, which is a major component of the project, has been completed," Zhu told media.

Experts said the bridge, which is expected to open before the end of 2017 will play a significant role in enhancing economic ties between Hong Kong, Macao and Guangdong.

Chen Guanghan, vice-dean of the Research Institute of the Development of Guangdong, Hong Kong and Macao, said the bridge will help Hong Kong further expand its development space when it advances its cooperation with the vast western part of the Pearl River Delta region in Guangdong after traffic begins to flow.

"The western part of the delta region, which includes the prosperous cities of Zhuhai, Zhongshan, Jiangmen, Yangjiang and Taishan, still has huge room for expansion and cooperation with Hong Kong," Chen said on Tuesday.

"Meanwhile, Zhongshan, the hometown of Dr Sun Yat-sen; and Jiangmen and Taishan, the hometowns of myriad overseas Chinese living around the world, have rich tourism resources for further development," he said.

**Above:** Workers celebrate the completion of major construction work on the Hong Kong-Zhuhai-Macao Bridge on Tuesday. ZHONG FAN / FOR CHINA DAILY
**Left:** The bridge stretches 22.9 kilometers over the water. LI JIANSHU / FOR CHINA DAILY

"The bridge will help accelerate the development of Hong Kong's international airport and its ports and the development of Hong Kong's Lantou Island area," Chen said.

It is also expected to help Hong Kong's airport and ports to attract more businesses, Chen said.

Chen urged Hong Kong to build more major shopping centers and malls on Lantou Island, with its rich tourism resources, to meet the demand from the large number of mainland residents who are expected to visit Hong Kong after the bridge opens.

Song Haiyan, associate dean of Hong Kong Polytechnic University, predicted that the bridge will positively affect the economies of all three cities.

Song said he does not believe the bridge will necessarily bring a great surge in tourist traffic, but it will have a positive effect overall, presenting yet another option in addition to plane, train or ferry for travel between Hong Kong and the mainland.

Hong Kong lawmaker Lo Wai-kwok said the bridge will fortify Hong Kong airport's pivotal role in the region, connecting the western Pearl River Delta and shortening the journey from Zhuhai to Hong Kong.

Lo said he is confident the bridge will be finished on time, noting that the most difficult part is now complete.

The 55-kilometer bridge includes a 6.7-kilometer underwater tunnel and a 22.9 kilometer bridge that passes over the sea, making it the longest cross-sea bridge in the world.

Construction of the Y-shaped bridge started in 2009 and will cost more than 10 billion yuan ($1.5 billion). It is part of the country's planned national highway network, linking the western and eastern banks of the Pearl River.

Once in operation, the bridge will help shorten the current four-hour drive from Hong Kong to Zhuhai to half an hour.

The service life of the bridge is expected to be more than 120 years.

**Hong Kong-Zhuhai-Macao Bridge**




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SECURITY

## China, India to enhance efforts against terrorism

**By ZHANG YAN**
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China and India will enhance law enforcement cooperation to fight cross-border terrorist attacks amid increasing threats to the region, according to the Ministry of Public Security.

The agreement was reached at the first China-India Dialogue on Counterterrorism and Security held in Beijing on Tuesday.

During the conference, China and India expressed their concerns and exchanged views on combating terrorist attacks and conducting extensive security cooperation. They also reached consensus on practical measures to cope with the threat.

Establishing a China-India counterterrorism dialogue mechanism will play an essential role in "enhancing their mutual trust and deepening pragmatic judicial cooperation to fight terror attacks, and in maintaining regional security and stability", said Lan Jianxue, a researcher at the China Institute of International Studies.

Under such a complex security situation, it's urgent for the two countries to "seize a rare opportunity to create a special dialogue, which will eliminate previous suspicions and guide them to implement their counterterrorism action plans", Lan said.

Last November, China and India issued a joint statement to strengthen their judicial cooperation to handle terrorist crimes.

Although some achievements have been made, challenges still hinder progress in deepening judicial cooperation, observers say.

"It's necessary for us reach a consensus on terrorism's definition and scope, and on conviction standards," said Su Qiang, a Beijing-based lawyer who specializes in researching regional security in South Asia and the Middle East.

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## Briefly

BEIJING

### Website launched to broadcast trials

China launched a website, tingshen.court.gov.cn, to broadcast court trials live on Tuesday. The live trials will involve various cases and better safeguard people's rights to know and to supervise, Zhou Qiang, head of China's Supreme People's Court, said at the launch ceremony.

### Police told to record activities

Police forces across China must record the whole processes of their law enforcement activities, under a guideline released on Tuesday by the State Council, China's Cabinet. The regulation calls for police authorities to better digitalize officers' activities, and present all cases on the internet, except those involving State secrets.

NINGXIA

### Mine explosion kills 12, traps 8

Twelve people were killed and eight others remain trapped on Tuesday evening after an underground gas explosion at a coal mine in Shizuishan, local authorities said. The explosion occurred around 7 am in a mine run by Linli Coal Mining Co. Local authorities launched an emergency rescue response and sent senior officials to coordinate rescue efforts at the site.

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# Initiative marks transition of grand vision

By **Robert Lawrence Kuhn** | China Daily | Updated: 2017-05-13 08:55

LI MIN/CHINA DAILY

The Belt and Road Forum for International Cooperation marks a transition of high symbolism in President Xi Jinping's grand vision for a new era of win-win globalization. The core idea is to structure, finance and build critical infrastructure in developing economies, as well as diversify and expand the Chinese economy, which needs restructuring.

This is the fourth Belt and Road forum I will attend.

Xi announced the Silk Road Economic Belt as a "grand cause benefiting people in regional countries along the ancient route" in Kazakhstan in September 2013. In

June 2014, I was asked to articulate the vision at the first Belt and Road forum in Urumqi, Northwest China's Xinjiang Uygur autonomous region. I described five categories: history, culture, trade, mutual development and peaceful development.

The second forum was in Quanzhou, Southeast China's Fujian province, in February 2015. It enlarged the vision to include the 21st Century Maritime Silk Road, engaging Southeast Asia, South Asia, the Middle East and East Africa.

The third forum was held in Xi'an, Northwest China's Shaanxi province, in September 2016, with the theme "Shared Memory, Common Development".

To comprehend Xi's Belt and Road Initiative, one must appreciate globalization, which is founded on the perennial law of comparative economic advantage but which is suffering discontent due to its differential impact on workers in Western countries. In a reversal of historic proportions, China now champions globalization, while the United States is now conflicted with "America First" protectionism.

China's developmental miracle is founded on globalization, as Chinese workers made China the low-cost manufacturing center of the world.

But China's old model no longer works – for one, workers must be paid higher salaries to rebalance severe socio-economic imbalances. China must develop new modes of globalization, leveraging its expertise and experience, especially in infrastructure construction, which is just what the developing economies need for their development.

The initiative is to expand links between Asia, Africa and Europe, and thus reduce imbalances in national development and promote global economic growth. It focuses on projects such as high-speed railways. Development comes first, China believes; nothing good can happen without economic growth.

The Beijing forum seeks consensus on major cross-regional projects, especially networks of roads, railways and shipping.

At the Xi'an forum, I chaired a session (on the media), which was held at precisely the same time as the first debate between US presidential candidates Donald Trump and Hillary Clinton.

"One hundred years from today," I began, "when the history of our times is written, our forum on the Belt and Road (Initiative) will carry more significance than the

Trump-Clinton debate."

I was joking in one sense, but not in another. Why is the initiative so significant? From the global perspective, poverty, under-development, and vast inequalities are deep, seemingly intractable problems – and economic development, catalyzed by infrastructure construction, is an essential part of the solutions.

From China's perspective, after decades of remarkable growth, economic transformation is necessary, and this includes geographical rebalancing within China and expanding China's trade by enhancing globalization.

All of these can be achieved by the initiative, but only if formulated synergistically and implemented assiduously. There are substantial challenges, of course – economic, financial, structural, political instability, nationalism, terrorism and, in certain circles, suspicion of China's motives.

But for sure, the world has great need and China has a grand plan in the Belt and Road Initiative.

*The author is a public intellectual, political/economics commentator, and international corporate strategist.*

http://africa.chinadaily.com.cn/opinion/2017-05/13/content_29330010.htm

# Why S&P vol dispersion may be the best way to trade a bubble in Tech

Bank of America Merrill Lynch

06 June 2017

we estimate 68% of the

## US

### How to detect and position for a potential Tech Bubble

Our investment strategists recently warned against the risk of an overshoot in US Tech, as data on valuations, relative performance, and inflows invoke echoes of the late '90s. However, rising Tech vol alongside rising Tech stock prices – a classic sign of an asset bubble – has yet to materialize, suggesting still early stages of bubble formation. Derivatives can be a key tool for trading bubbles, allowing investors to capture asset price upside while mitigating reversal risk. To this end, we like stock replacing FANG positions or overlaying Tech exposure with Nasdaq 100 (NDX) put spreads. Long volatility dispersion strategies are particularly well-suited for trading asset bubbles, in our view, as they can profit from *both* the inflation and deflation of a bubble without needing to time the top. Specifically, we like SPX 12M Top50 dispersion to position for a potential Tech Bubble as (i) the Top50 basket is dominated by Tech stocks, hence would benefit from any rise in their vol from currently low levels; (ii) the trade would benefit from any downward pressure on broad-market correlations as Tech stocks decouple from other large caps; and (iii) the late '90s Tech Bubble generated the most sustained period of elevated S&P vol dispersion in history.

## Europe

### DTE Sep17 collars can hedge DTE-TMUS merger risk; value in Enel bullish riskies

DTE GY has run too fast, too quick: investors who own stock should consider hedging a pullback using a Sep17 collar (+17put/-18 call for 46bps) to hedge losses greater than 2.9% while retaining upside to 18 (stock's ~15yr high is 18.05). Extending our EU equity vs credit theme to single names, we find Enel 3m bullish risk reversals screen attractive as Enel's projected 12m div yield is high versus Enel CDS (suggesting value in owning equity vs credit) and the price of 3M bullish risk reversals is low (versus other names) as well as versus history (2nd 5y percentile).

## Asia

### Buy best-of puts to cheaply hedge a reversal in the melt-up rally

While still high central bank liquidity may continue to push markets higher, heavy equity and option positioning suggests the risk of a market reversal. To minimize the cost of hedges and take advantage of the recent decline in volatility and correlation, we suggest owning 14-Sep-2017 95% strike best-of puts on KOSPI2/HSI/NKY at 0.8%, a 45% discount to average vanilla puts.

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**Refer to important disclosures on page 32 to 36. Analyst Certification on page 29. Price Objective Basis/Risk on page 29.** 11753360

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**Jason Galazidis >>**
Equity-Linked Analyst
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**Abhinandan Deb >>**
Equity-Linked Analyst
MLI (UK)

**Nikolay Angeloff**
Equity-Linked Analyst
MLPF&S

See Team Page for List of Analysts

**Table 1: 3M volatility (weekly changes)**

| | Implied | Realized |
|---|---|---|
| S&P500 | 9.5 (-0.1) | 7.3 (-0.4) |
| ESTX50 | 13.0 (-0.4) | 11.1 (-0.6) |
| FTSE | 10.6 (0.4) | 9.2 (-0.5) |
| DAX | 12.2 (-0.7) | 9.9 (-0.7) |
| NKY | 14.2 (-0.2) | 12.5 (0.1) |
| HSI | 12.4 (0.3) | 10.1 (-0.2) |
| KOSPI | 12.8 (-0.3) | 10.6 (0.0) |
| EEM US | 15.4 (-0.1) | 13.2 (-0.8) |
| TOP40 | 15.1 (1.0) | 10.9 (0.0) |
| RDX | 24.7 (1.2) | 21.9 (0.0) |
| IBOV | 25.3 (0.5) | 26.4 (-0.2) |
| ISE30 | 19.6 (-0.2) | 14.0 (-0.4) |

Source: BofA Merrill Lynch Global Research

# BofAML GFSI™ X-Asset Risk Landscape

## GFSI below 'normal' for longest period since summer 2014

The GFSI continued its decline last week, falling to -0.21 as of 2-Jun from -0.17 a week prior. The indicator last spent a significant proportion of time below -0.2 back in summer 2014, when cross asset volatility recorded long term lows.

- **Equity risks led the broad based decline in stress across asset classes** (Chart 2 and Chart 3), led by equity skew.
- **While most stresses fell, crude oil volatility was among the top gainers** (Chart 2) as oil continued its slide despite the May OPEC meeting seeing agreement for extending production cuts.
- **Also, Euro member bond spreads recorded a historically significant move higher** (Chart 5) as the potential for early Italian elections causing political instability amidst ECB tapering revived concerns about European sovereign risk

**Chart 1: Latest* stress across GFSI sub-components**

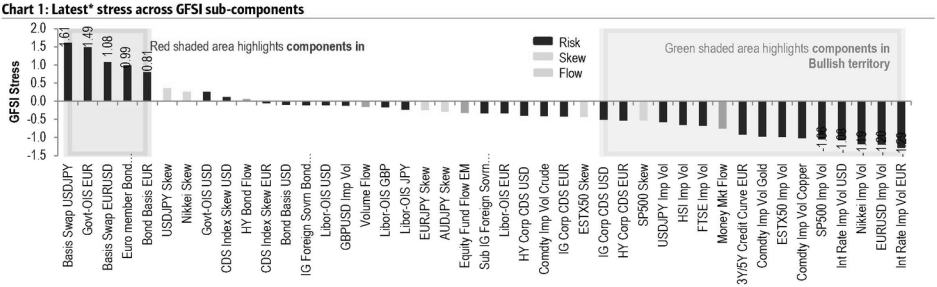


Source: BofA Merrill Lynch Global Research. *Latest as of 2-Jun-17.

**Chart 2: Change** in stress across GFSI sub-components.**

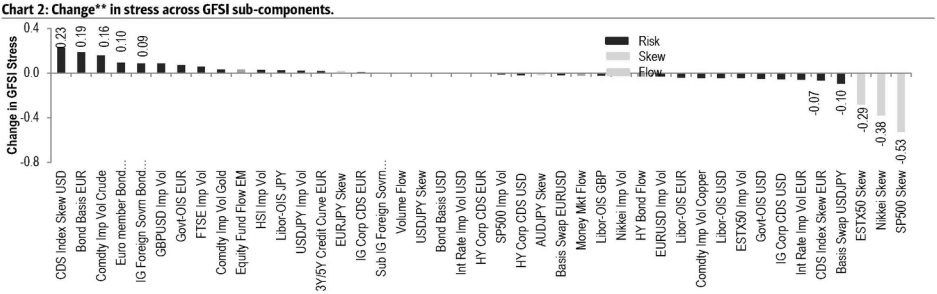


Source: BofA Merrill Lynch Global Research. **Latest as of 2-Jun-17. Change vs 1 week prior (26-May-17).

The GFSI Risk Allocator (using Bull, Bear & Neutral weights of 2, 0, 1) suggested a 21.7% overweight position on 2-Jun (vs 13.0% OW as of 26-May). The percentages of Bullish, Bearish and Neutral GFSI components (as used in the Risk Allocator) as of 2-Jun were 30.4%, 8.7% and 60.9% respectively.



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**Chart 3: Equity stresses fell by the most last week**

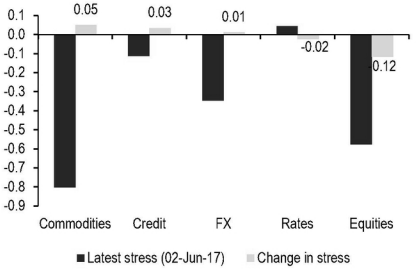


Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).

**Chart 4: Among regions, Japan & US stresses declined the most**

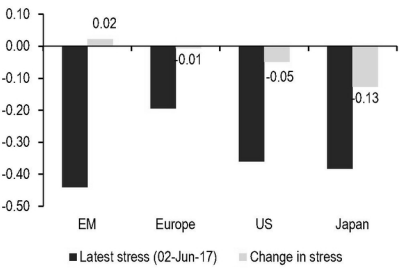


Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).

**Chart 5: Top 10 movers in stress (1-week abs chg %-ile vs history*)**

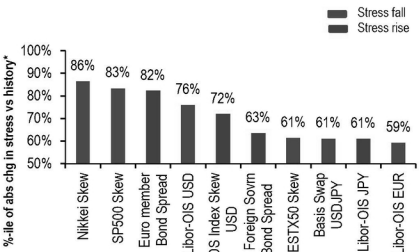


Source: BofA Merrill Lynch Global Research. * %-ile of weekly move in stress vs all historical weekly moves (earliest 3-Jan-00). Bar colours represent: rise (red) or fall (green) in stress. 1wk change (26-May-17 to 2-Jun-17).

**Chart 6: Global volatility & credit spread stress in the GFSI**

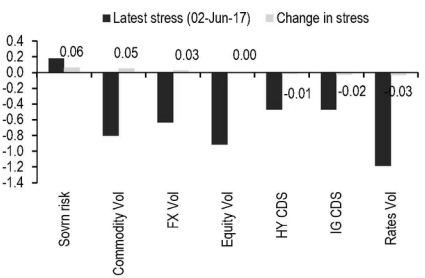


Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).



HOUSE_OVERSIGHT_023577

# Volatility in the US

## How to trade the rise & fall of a potential Tech Bubble

**"Alexa, has the Tech Bubble started?"**

Our investment strategists recently warned against the risk of an overshoot in Tech, noting that the longer it takes Central Banks to tighten, the greater the risk of Tech and Growth stocks entering a speculative frenzy. Data on relative performance, valuation, and flows are reminiscent to varying degrees of the early stages of a bubble:

- **Market cap hegemony**: Following the GFC, Tech stocks ousted Financials from their top position in terms of market cap and now account for 23% of the S&P500, the highest %-age from any single sector since the dotcom bubble (Chart 7).
- **Dazzling growth vs. value outperformance:** S&P 500 Growth stocks (SGX) on aggregate cost ~1.4x as much as their Value counterparts (SVX), the largest premium since the dotcom bubble (Chart 8). Notably, the S&P 500 Growth index is dominated by Tech stocks, which account for 36% of its total market cap.
- **Third longest streak of monthly gains:** In May, the Nasdaq 100 recorded its seventh consecutive monthly gain, the longest streak since 2009. Remarkably, the index has managed to establish a longer streak only twice in its history, in 1986 (10 consecutive months) and in 1995 (8 months). The rally in these two episodes ultimately came to an abrupt halt. However, the index would have substantial further upside from current levels if it were to achieve similar gains (Chart 9).
- **Lofty valuations:** The valuation of Tech as measured by price to consensus forward 12M earnings expectations recently hit its highest value since Nov-07 and is exhibiting signs of acceleration (Chart 10). However, Tech remains far cheaper than its dotcom bubble highs.
- **Irrational exuberance:** Inflows to Tech funds are rising at their fastest annualized rate (25% of AUM) in 15 years, a sign of renewed exuberance.

**Chart 7: The last instance where a single sector dominated SPX market cap as the Tech sector does now was the dotcom bubble era**

Source: BofA Merrill Lynch Global Research. Monthly data from Jan-1990 to Jun-17.

**Chart 8: Growth has only been relatively more expensive vs. Value during the peak of the dotcom bubble**

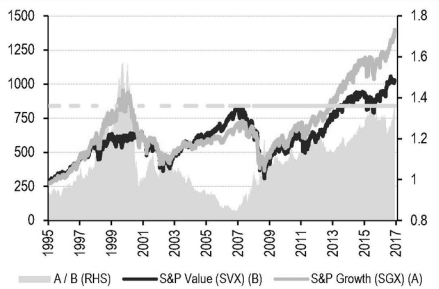


Source: BofA Merrill Lynch Global Research. Daily data from 30-Jun-95 to 5-Jun-17



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**Chart 9: In May, the Nasdaq recorded its longest streak of monthly gains since 2009 (7M). However, compared to the only other instances of longer streaks ('86, '95) the current bull run is still only half the size**

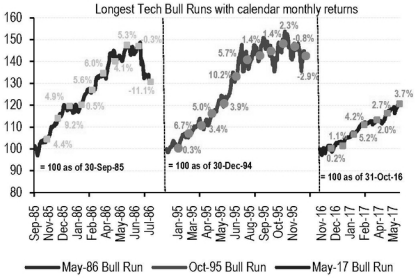


Source: BofA Merrill Lynch Global Research. Data from Sep-85 to 31-May-17

**Chart 10: Tech valuations seem to be gaining momentum and are now at their highest levels since before the GFC but remain far from dotcom bubble peaks**

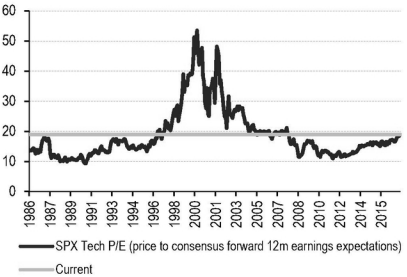


Source: BofA Merrill Lynch Global Research. Monthly data from Jan-86 to May-17.

In addition to strong price performance, lofty valuations, and exuberant inflows, asset bubbles also tend to have two other hallmarks, best seen through the derivatives lens: (i) asset volatility rising alongside asset prices (Charts 11 & 12), and (ii) declining correlation as assets closest to the source of the bubble decouple from those farther removed (Chart 11).

**Chart 11: During the 2000s Tech Bubble, Tech vol rose with Tech stocks and broader market correlations fell as Tech stocks decoupled from other large caps – both classic signs of an asset bubble**

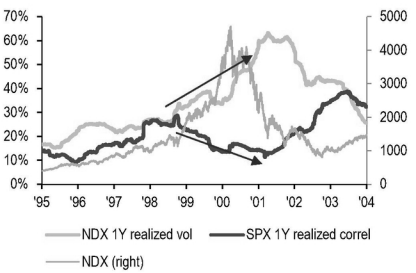


Source: BofA Merrill Lynch Global Research. Daily data from 3-Jan-95 through 31-Dec-03.
SPX correlation = average pairwise realized correlation of all 500 stocks.

**Chart 12: Historically, in major asset bubbles, realized volatility has tended to rise meaningfully not only after the bubble deflates, but also in the run-up to the market peak**

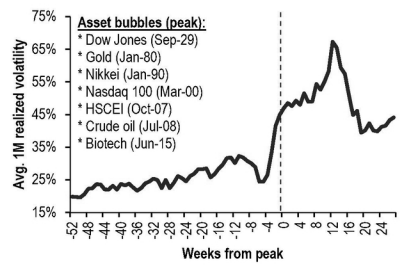


Source: BofA Merrill Lynch Global Research.

While Nasdaq 100 (NDX) implied volatility has spiked in recent weeks and now trades in the 94th percentile as a spread to S&P 500 (SPX) implied volatility (Chart 14), the absolute level of NDX 3M implied vol remains historically low (2nd percentile since Jun-09). In our view, at least for now, the spread widening is more of a response to the outsized sell-off seen in Tech stocks on 17-May rather than the volatility market trying to price in the onset of another Tech Bubble. Indeed, the -2.5% drop in the NDX on 17-May was a six standard deviation (6σ) event relative to trailing realized volatility (and the fourth worst risk-adjusted daily return since 1985), even more extreme than the 5σ decline experienced by the S&P.



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**Chart 13: The -2.5% drop in the NDX on 17-May was a six standard deviation (6σ) event relative to trailing realized volatility and the fourth worst risk-adjusted daily return since 1985**

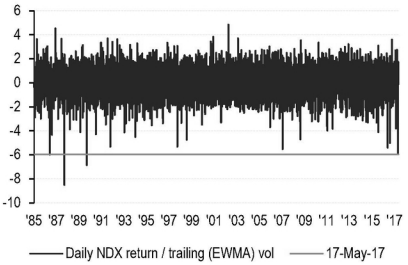


Source: BofA Merrill Lynch Global Research. Daily data from 4-Feb-85 through 2-Jun-17. EWMA = exponentially-weighted moving average realized volatility with lambda = 0.94.

**Chart 14: The 6σ sell-off in the NDX on 17-May has helped drive short-dated Tech implied vol higher relative to S&P vol, although the absolute level of Tech vol still remains historically low**

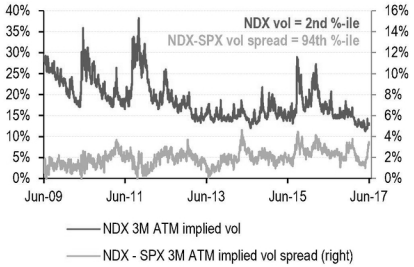


Source: BofA Merrill Lynch Global Research. Daily data from 1-Jun-09 through 2-Jun-17.

## Hedge near-term reversal risk via FANG stock replacement or NDX put spreads

As we have previously noted, asset bubbles can be notoriously difficult to trade, as fundamentals give way to chasing higher highs, and derivatives can be a key tool for capturing asset price upside while mitigating reversal risk.

**Chart 15: Proxy hedge screen for a Nasdaq 100 (NDX) benchmark suggests NDX is the best hedge for itself, as basis risk runs too high with other assets**

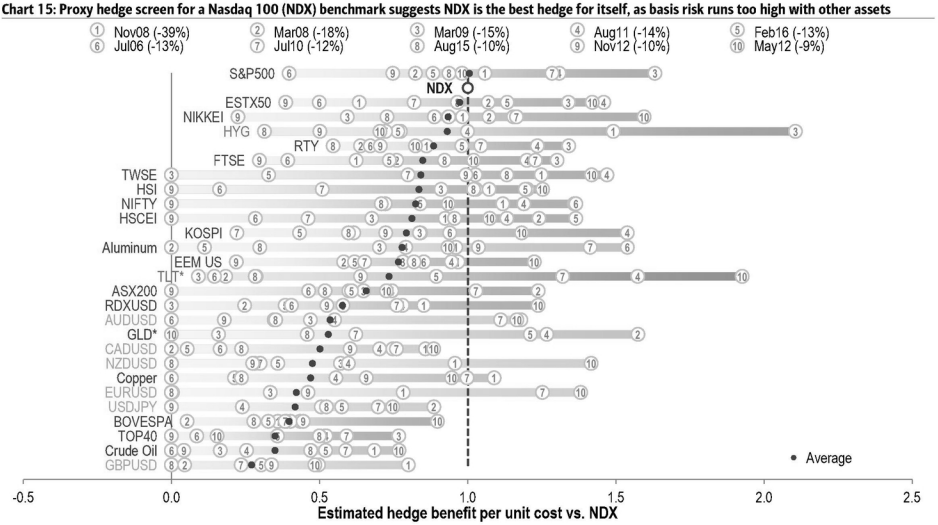


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17. *Call option volatility used.

We continue to like hedging the risk of a US Tech overshoot via stock replacement strategies, for example, stock replacing long "FANG" positions with either cheap calls on the individual FANG stocks or with outperformance calls on FANG vs. S&P.



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For those who wish to remain fully invested and/or seek broader index-level hedges for Tech positions, we suggest 3M put spreads on NDX for two reasons: (i) our cross-asset hedging analysis (Chart 15) shows little value in proxy hedging Nasdaq 100 exposure, even with relatively lower vol S&P options, as the basis risk has tended to be too high historically for proxy hedging to be reliably beneficial; and (ii) compared to outright puts, put spreads help limit long exposure to short-dated NDX implied volatility that is low but not cheap (Chart 14).

**Hedge inflation & deflation of a Tech Bubble via SPX 12M Top50 dispersion**

Dispersion strategies can be particularly attractive hedges for asset bubbles as idiosyncratic market moves generate high volatility (to which dispersion is positively correlated) with a limited rise in correlation (to which dispersion is negatively correlated). Importantly, as seen from Chart 11, this can occur both during the run-up to the market peak as well as after the bubble pops. In other words, long vol dispersion strategies can profit from *both* the inflation and deflation of an asset bubble, without requiring an investor to time the top.

With the SPX Top50 largely dominated by Tech stocks (34% of total market cap) and with average longer-dated single stock vol in the basket trading close to 3yr lows (12M SPX Top50 ATMf implied vol is in its 2nd %-ile since Jun-14, Chart 16), we recommend investors go long 12M SPX Top50 dispersion. Chart 18 shows that such a strategy would have recorded its best performance during the formation and subsequent bursting of the dotcom bubble as volatility increased in tandem with falling correlation (see Chart 11).

Importantly, while implied correlation continues trading in a new, lower range since the US election, the spread to realized correlation has remained healthy with the SPX Top50 12M implied vs. 6M realized correlation spread in its 81st %-ile over the past 3 years (Chart 17). This makes selling the correlation premium (inherently embedded in long dispersion strategies) attractive vs. history.

**Chart 16: Average SPX Top50 single stock 12M ATMf implied vol is depressed vs. history, in part driven by Tech market cap dominating the index and Tech vol the 2nd lowest across sectors on a historical basis**

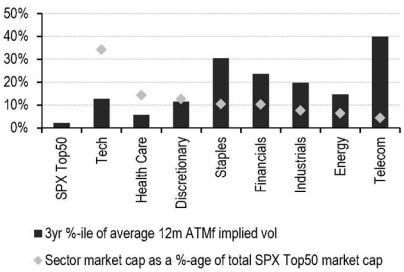


Source: BofA Merrill Lynch Global Research. Daily data from 5-Jun-14 to 5-Jun-17.

**Chart 17: Implied to realized correlation spread on the SPX Top50 basket is historically elevated, making selling the correlation premium embedded in long dispersion strategies attractive**

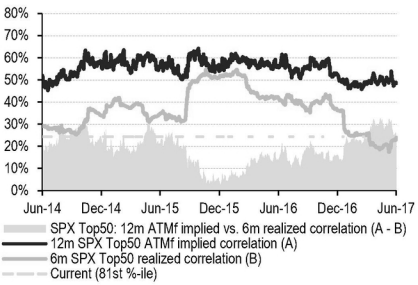


Source: BofA Merrill Lynch Global Research. Daily data from 2-Jun-14 to 2-Jun-17.



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**Chart 18: Long SPX Top50 dispersion strategies performed the best during the dotcom bubble era, providing adequate convexity during both its formation as well as its bursting**

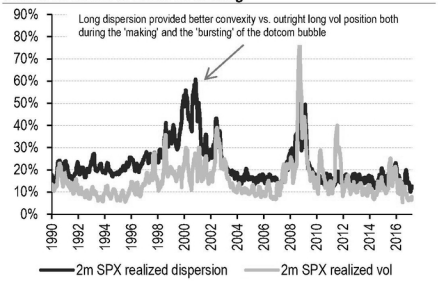


Source: BofA Merrill Lynch Global Research. Daily data from 14-Mar-90 to 2-Jun-17



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HOUSE_OVERSIGHT_023582

## Notable trends and dislocations (US)

**Major US equity indices soar to all-time highs as the low vol regime persists**

Friday marked the end of the second full week following the political turmoil on Wed, 17-May. Since then, volatility has once again collapsed (10d realized is at 4.6%) and the S&P 500 term structure of volatility has steepened with the 3m-1m spread trading in the 90th 2y %-ile. Low S&P 500 short-dated vols pushed down the back end of the curve (1y and beyond), while Russell 2000 1y+ vols remained bid (Chart 19). Last week, the VIX printed 2 of its 15 closes below 10 since 1990 (Chart 20). Vol-of-vol remained supported with the VVIX/VIX ratio setting yet another record (8.58) on Friday. All of this happened as SPX, NDX and INDU finished the week at all-time highs.

**Chart 19: In the trading sessions following the political turmoil and ensuing volatility spike on 17-May, long-term vols (1y and above) reset lower for SPX but remained bid for RTY**

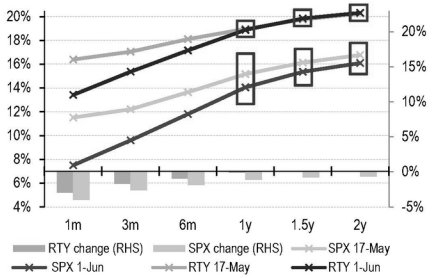


Source: BofA Merrill Lynch Global Research.

The political turmoil on 17-May caused short-term vols to reset higher and the VIX jumped to 15.59 from 10.65 the prior day. Short-term vols in turn moved the back end of the curve higher with e.g. SPX (RTY) 1y vols trading higher by 1.05% (0.79%).

However, the agitation in equity markets was short-lived. The front end of the curve collapsed over the subsequent trading sessions and resulted in a very steep term structure for both indices, similar to what we have become accustomed to over the prior months.

By the end of last week, SPX long term vols (1y and beyond) had moved to virtually the same levels where they traded prior to the vol spike. RTY long-term vols, however, remain bid.

**Chart 20: 2017 is already the 5th calmest year for the VIX with 76 YTD closes below 12. Despite the short-lived vol spike on 17-May, the VIX had a very calm month of May, extending into June as it printed 6 out of its 15 historic closes below 10**

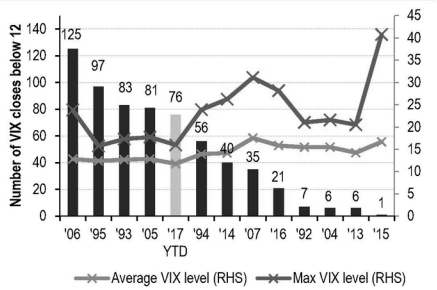


Source: BofA Merrill Lynch Global Research, Bloomberg. Daily data from Jan-90 to 5-Jun-17.

With only five months of the year behind us, the VIX has already closed below 12 on 76 days. Since 1990, only 4 other years have seen a larger number of trading sessions with the VIX closing below 12.

Of the 15 trading sessions in VIX's history since 1990 when the index closed below 10, 6 were between May-17 and Jun-17. The low short-dated implied vol is in part driven by realized vol; 10d is at 4.5%, which is already subdued even for the current low-vol regime (17th %-ile since the US election last November).



HOUSE_OVERSIGHT_023583

**Rates vol is near all-time lows and is favorable for positioning for a break-out**

Since the US Election last November, the 10y US Treasury rate has fluctuated between 2.17% and 2.63%, constantly being jostled up or down by various economic forces. It is currently trading towards the bottom of that range. Our rates strategists have a year-end target of 2.85% for the 10y rate (just above the median forecast).

Long-term rates have remained low due to uncertainty around Fiscal policy (Trump's plans on infrastructure spending), subdued inflation expectations and a slower than expected Fed hiking cycle. On the other hand, a near full-employment economy, hopes for infrastructure spending, potential for higher inflation driven by energy prices & increased government spending and an accelerated hiking cycle are providing a floor for long-term rates. In the end, uncertainty remains and analysts' estimates for the year-end target vary widely between 1.6% and 3.7% (based on 59 forecasts with median and mean of 2.8%).

For investors who believe that long-term rates will break out of their range we recommend going long TLT 6m 35-delta strangles. The structure has rarely been cheaper in history (Chart 22) and at present TLT 6m implied vol is 94bps below 6m realized, with the spread at its lowest since Aug-15. A 3m version of the 35-delta strangle prices just as attractively versus its history.

**Chart 21: Rates volatility, as measured by the Merrill Option Volatility Estimate index (MOVE) and by TLT (20+ year bond ETF) 3m ATMf vols, are the lowest they have been all year and are very near the all-time lows**

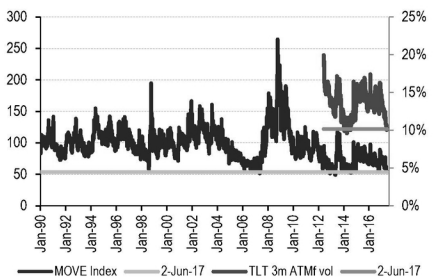


Source: BofA Merrill Lynch Global Research. Daily data from Jan-90 to Jun-17 for MOVE Index and Jun-12 to Jun-17 for TLT vols.

**Chart 22: With vol and skew in favor of the structure, the price of a TLT 6m 35d strangle is near all-time lows. Investors can go long the trade to position for a break-out from the range**

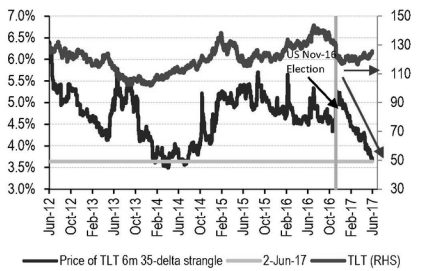


Source: BofA Merrill Lynch Global Research. Daily data from Jun-12 to Jun-17.



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**Chart 23: Steep put skew in FXB , the ETF underlying GBP, favors buying downside protection via cheap put spreads against the odds of a hung parliament outcome in the UK general election**

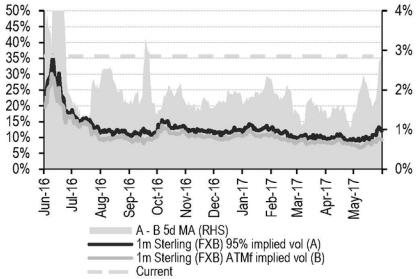


Source: BofA Merrill Lynch Global Research. Daily data from 5-Jun-16 to 6-Jun-17.

The UK general election is scheduled to take place on Thu, 8-Jun-17. When the election was called on 18-April, the polls pointed to a landslide victory for the Conservative Party. This boosted the UK's currency as investors assumed that such an outcome would lead to a "smoother" Brexit. Indeed, on that day the Sterling (GBPUSD) recorded its third best daily performance over the past 8 years.

However, while official polls still suggest an outright majority for the Conservative Party, the odds of a hung parliament have increased in recent weeks. As a consequence the boost in the currency after the election was called has slightly faded. With significant further downside room to its recent pre-rally lows and FX markets complacent with prevailing opinion poll data, there clearly could be a significant near-term correction in the sterling if the probability of a hung parliament becomes reality. Hence we favor hedging downside risk in sterling via cheap FXB put spreads to lever steep put skew (3m 95%-ATMf implied vol spread at its 1-yr 90th %-ile).

**Table 2: Current S&P500 volatility and correlation measures relative to the prior two year of historical daily data**

| | 1-week change | | | Over 2-year historical period | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2 Jun 17 | 26 May 17 | Change | Current ranking | Minimum | 25% | Median | 75% | Maximum |
| 1-month ATM implied volatility | 7.4% | 7.6% | -0.2% | 0.1% | 7.4% | 10.0% | 11.8% | 14.5% | 31.8% |
| 1-year ATM implied volatility | 13.8% | 13.9% | -0.1% | 2.5% | 13.4% | 15.4% | 16.2% | 17.3% | 22.5% |
| 1-week intraday realized volatility | 6.2% | 6.1% | 0.1% | 3.7% | 5.2% | 8.5% | 10.7% | 14.0% | 53.7% |
| 1-year minus 1-month term structure | 6.3% | 6.3% | 0.0% | 97.8% | -12.0% | 2.7% | 4.3% | 5.4% | 7.0% |
| 3-month 90 minus 110 skew | 7.9% | 8.7% | -0.8% | 4.7% | 7.1% | 9.5% | 11.3% | 11.8% | 13.8% |
| 1-year top 50 implied correlation | 45.42 | 45.85 | -0.44 | 6.7% | 42.03 | 49.79 | 54.34 | 57.14 | 65.55 |
| 3-month top 50 realized correlation | 27.75 | 30.72 | -2.97 | 24.4% | 12.57 | 27.90 | 37.28 | 48.45 | 60.41 |
| VIX 1-month ATMf implied vol | 76.5% | 75.9% | 0.6% | 20.4% | 61.2% | 77.9% | 85.0% | 95.2% | 162.2% |
| VIX 1-month 110 minus 90 skew | 28.4% | 28.5% | -0.1% | 96.2% | 9.3% | 18.6% | 21.5% | 23.8% | 30.3% |

Source: BofA Merrill Lynch Global Research



HOUSE_OVERSIGHT_023585

# Volatility in Europe

## Notable trends and dislocations (Europe)

European equities were mostly flat over the week with the notable exception of the DAX which rallied 1.8% led by Bayer (which accounts for almost 10% of the index). In contrast, the Russian RDXUSD dropped by 3.3% as oil prices continued to decline. Short-dated (3M) implied vols dropped to 2y lows on the ESTX50, DAX and CAC which helped push 12M-3M volatility term-structures to 2y highs on all three indices.

- **The short 1xAug / long 2x Sep / short 1x Oct V2X futures fly** jumped to 3.7v on 31-May given speculation around early Italian elections. This is higher than equivalent V2X flies at the same number of days to both the UK referendum and the French elections. The current price is higher than 94% of the values of historical flies 1d before the expiry of the earliest leg, suggesting it has ample room to trade lower should political uncertainty abate by Aug.
- **SX5E 2Y var convexity (var strike vs ATMf vol) has been driven lower** by (A) a decline in the Tail liquidity Risk Premium and (B) volatility skew becoming more linear (i.e., less convex in strike)
- GBPUSD short-dated (1wk) implied has reached its 92nd 4yr percentile ahead of the UK snap election on 8-Jun. It is however still at least 2.7v below the levels witnessed ahead of previous well known political catalysts.
- **DTE GY has run too fast, too quick**: hedge a potential reversal using a Sep17 collar (+17put/-18 call) for 46bps to hedge losses greater than 2.9% while retaining upside to 18 (near 15yr high of 18.05) by the Sep expiry
- **Equity vs credit: Enel stock attractive vs CDS given cheap bullish risky & high div yield vs CDS:** Among 50 companies which have high dividend yields relative to bond yields (as highlighted by BofAML credit and equity strategists), we note that Enel's projected 12m div yield is higher than its CDS and the price of 3M bullish risk reversals are cheap (vs other names and vs a 5-year history).

**ESTX50 Sep/Oct fwd vol rose as early Italian elections are (slightly) more likely**

According to our economists, the agreement reached between major Italian parties on a German-style proportional electoral law has made early elections more likely. They note that the Italian press cite possible early election dates between 10-Sep and 22-Oct, i.e., almost entirely within the V2X Sep future's volatility bucket (which also encompasses German elections). This may in part be why the short 1xAug / long 2x Sep / short 1x Oct V2X futures fly jumped to 3.7v on 31-May, which is higher than equivalent flies ahead of both the UK referendum and recently concluded French elections (Chart 24). However, our economists view an early vote within September as technically difficult.



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**Chart 24: The V2X Aug17/Sep17/Oct17 futures fly reached 3.7v on 31-May. This is higher than equivalent flies at the same number of days before both the UK referendum and recently concluded French elections**

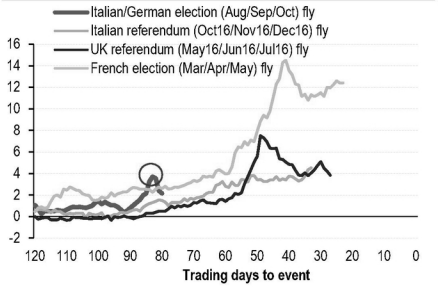


Source: BofA Merrill Lynch Global Research. Data: 8-Jan-16 to 5-Jun-17.

**Chart 25: The V2X Sep17-Oct17 spread is actually significantly lower than the equivalent UK referendum and French election spreads, suggesting the majority of excess volatility is being priced in SX5E Sep/Oct fwd vol**

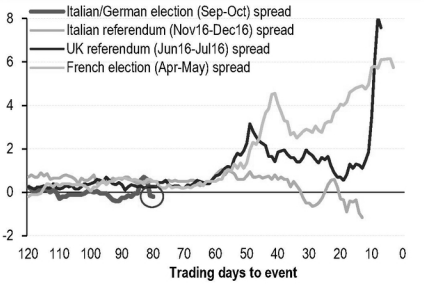


Source: BofA Merrill Lynch Global Research. Data: 8-Jan-16 to 5-Jun-17.

**Chart 26: The current price of the V2X Aug/Sep/Oct fly would have overestimated the value of a 1d/26d/46d fly (i.e., equivalent to the Aug/Sep/Oct fly 1d before the Aug expiry) 94% of the time since Jun-09**

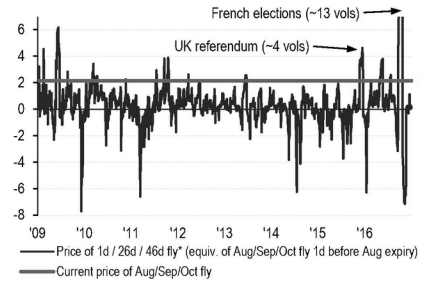


Source: BofA Merrill Lynch Global Research. Data: 2-Jun-16 to 1-Jun-17. *Using constant maturity futures.

The current price of the V2X Aug/Sep/Oct fly would have overestimated the value of a 1d/26d/46d fly (i.e., equivalent tenor to the Aug/Sep/Oct fly 1d before the Aug expiry) 94% of the time since Jun-09. This suggests it has ample room to trade lower should political uncertainty abate by Aug. However, if instead implied risk becomes more concentrated in the 20-Sep to 20-Oct period ahead of the Aug expiry (due to, say, political developments in Italy or Germany increasing risk perception), the fly would stand to gain considerably.



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**Chart 27: SX5E 2Y var convexity (var strike vs. ATMf vol) has been driven lower by (A) a decline in the Tail liquidity Risk Premium and (B) volatility skew becoming more linear (i.e., less convex in strike)**

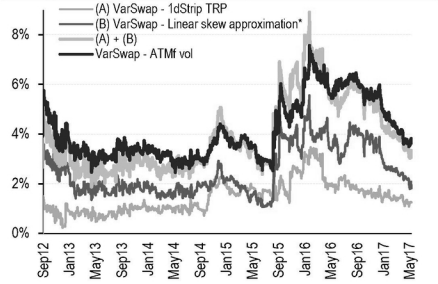


Source: BofA Merrill Lynch Global Research. Data: 21-Sep-16 to 31-May-17. *Linear approximation of variance strike = ATMf vol squared x (1 + 3 x T x skew squared), where T is time to maturity and skew = [ implied vol at strike 90 – implied vol at strike 100 ] / [ 90 – 100 ]. For more details see Derman's 1999 paper: More than you ever wanted to know about volatility swaps.

We recently noted that ESTX50 long-dated (2Y) variance convexity (var strike vs. ATMf vol) had declined considerably in recent months. This has been driven by (A) a decline in the Tail liquidity Risk Premium (as defined in our piece More to variance swaps than meets the eye) and (B) volatility skew becoming more linear (i.e., 80-90 skew being similar to 90-100 skew). Both these components of variance convexity suggest that long-dated ESTX50 tails (e.g., VarSwaps or far OTM puts) are historically cheap vs. ATMf vol.

**Chart 28: GBPUSD short-dated (1wk) implied has reached its 92nd 4yr percentile ahead of the UK snap election on 8-Jun. It is, however, still at least 2.7v below the levels witnessed ahead of previous known events.**

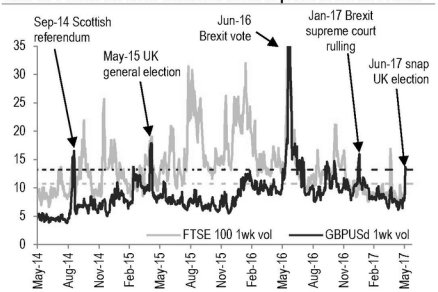


Source: BofA Merrill Lynch Global Research. Data from 5-Jun-13 to 5-Jun-17

With the UK parliamentary elections less than one week away, short-dated (1wk) implied vols on both the FTSE and GBPUSD appear more elevated vs. history, compared to last week. GBPUSD 1wk ATM vol is exhibiting some concern as it is trading in its 92nd 4yr percentile. It is, however, still at least 2.7v lower than the same measure ahead of previous known political events. In contrast, FTSE 1wk ATMf implied vol is still well below 4yr median levels.

**Deutsche Tel has run too fast too quickly; hedge using a Sep17 +17P/-18C collar**

BofAML equity telecom analysts have reiterated their recommendation to be cautious on Deutsche Tel as the company may face regulatory hurdles in their T-Mobile merger. Given the stock has outperformed European telcos (SXKP) by 15.1% over the past 1 year, investors who own the stock should consider hedging downside with a long DTE GY Sep17 17 put, short DTE GY Sep17 18 call for 0.46%, in our view. Indeed, spending 0.46% to protect gains is attractive as the price of the structure has rarely been cheaper (only 14% of the time since Jun-08, Chart 29). Moreover, Chart 30 illustrates that this structure enables stock owners to protect from losses greater than 2.1% while retaining 3.6% upside potential if the stock rises to 18 (near its 15-year high) by the Sep expiry.



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**Chart 29: DTE GY 3.5month +40delta put /-38 delta call collars (equivalent to Sep17 +17 put /-18 call) are cheap relative to history**

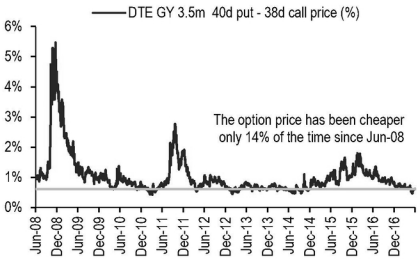


Source: BofA Merrill Lynch Global Research. Daily data from 2-Jun-08 to 5-Jun-17.

**Chart 30: DTE collars enable stock owners to protect against losses >2.9% while retaining upside to the stock's ~15yr high (€18.05)**

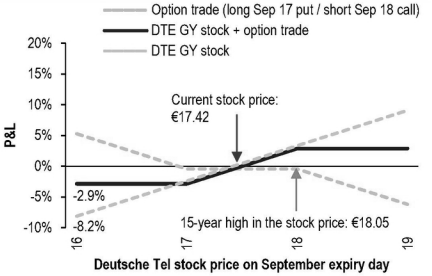


Source: BofA Merrill Lynch Global Research. Data as of 5-Jun-17

**Enel stock attractive vs credit given cheap bullish risky & high div yield vs CDS**

On 31-May-17, we recommended buying SX5E bullish risk reversals and selling IBOXX HY TRS as a low carry / low risk trade with gearing to improving earnings and FCF. We now look for similar opportunities at the single name level. Among the 50 companies which have high projected 12m dividend yield relative to bond yields (as highlighted by BofAML credit and equity strategists – Chart 9), we highlight a subset (15 names) where we have option data since at least Jun-12 (last 5yrs). The names in the bottom-right corner of Chart 31 indicate the cheapest 3m -25d put/+25delta call risk-reversals where projected dividend yield is highest relative to the CDS spread. We note that:

- **Royal Dutch Shell's stock yield is attractive vs CDS:** Shell's projected 12m div yield is 7.5% while its CDS is 52bps (0.5%), resulting in a div yield-CDS spread of 7.0%, the highest in our screen; this suggests value in Shell equity vs credit.

- **Cheap bullish risk reversals in Enel and Iberdrola:** 3m -25delta put/+25delta call risk reversals in Enel and Iberdrola are the lowest across the 15 names in Chart 31. Notably, bullish risk reversals in Enel are also particularly cheap versus history as the price of 3m -95%f / +105%f bullish risk reversals is below its 5th 5-y %-ile.



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**Chart 31: Among the 50 names highlighted by BofAML equity & credit strategists, the 15 below have liquid options. Notably, Shell equity shows best value vs CDS (highest div yield - CDS). Enel risk reversals price lowest across names & vs history *(large bubble size denotes low %-ile of risk reversal price vs 5y history)***

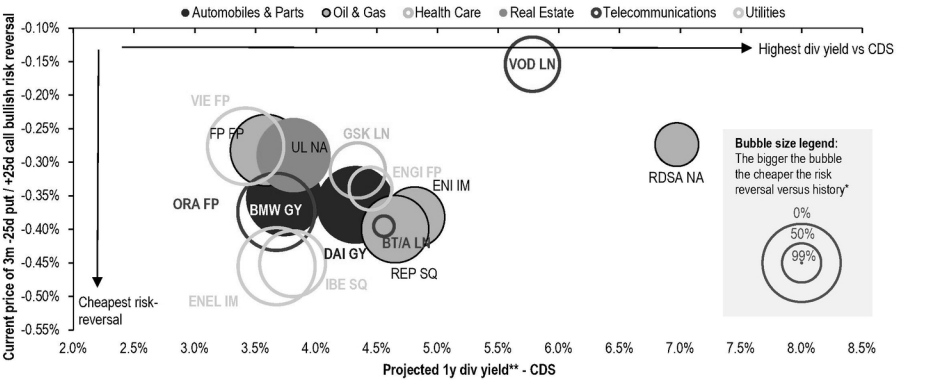


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17. *5-yr percentile of 3m 95%f-105%f bullish risk-reversals. **Projected dividend yield = implied 12m dividends/current stock price, where implied 12m dividends are derived from mid-single stock dividend swap pricing.. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions

**Chart 32: Korean-issued SX5E-linked structured products in May17 fell to €0.9bn from €1.3bn in Apr17**

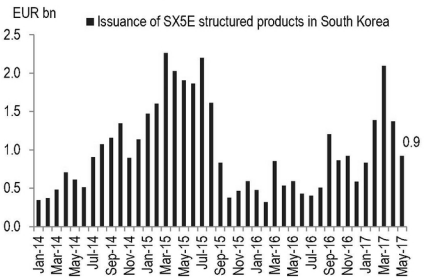


Source: BofA Merrill Lynch Global Research. Monthly Korean structured product issuance data from Jan-14 to May-17

**Chart 33: We estimate current vega outstanding from Korean-issued SX5E-linked structured products sums up to €53mn vega and would peak at €81mn vega should the SX5E fall to 2875 (all else equal)**

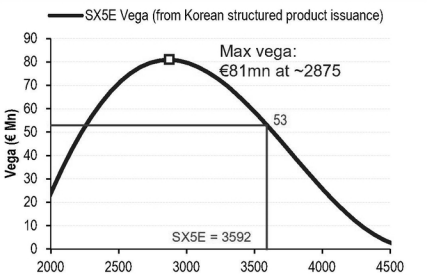


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17.

## SX5E Dec18 div futures are high relative to Dec17 and BofAML div forecasts

SX5E Dec18 dividend futures are trading at €122.4 (6.8% higher than Dec17 dividend futures), which is unusually high relative to history. Indeed, Chart 34 highlights that the second DED future (currently Dec18) is at its highest level in 8 years relative to the first (currently Dec17). Moreover, Dec18 div futures are trading only 1.5% below BofAML fundamental bottom-up forecasts of 124.2 for 2018, suggesting low upside potential if BofAML forecasts materialise (Chart 35).



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**Chart 34: The SX5E DED2 future (currently SX5E Dec18 div future) is the highest in 9-years relative to DED1**

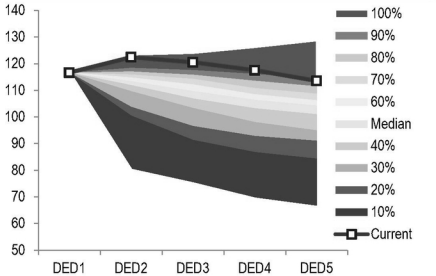


Source: BofA Merrill Lynch Global Research. Data from 5-Jun-09 to 5-Jun-17. Historical values of DED1 are fixed at its current level of 116.6 and historical levels of DED2, DED3, DED4 and DED5 are re-scaled using historical their historical ratios to DED1 (DED2/DED1, DED3/DED1, DED4/DED1 and DED5/DED1) as a multiplying factor.

**Chart 35: The DED2 div future (122.4) is not heavily discounted vs BofAML fundamental bottom-up forecasts (only 1.5% upside potential versus forecasts)**

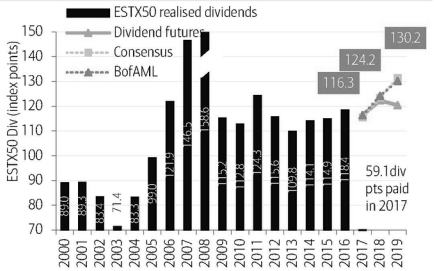


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17

**Table 3: Volatility measures of major equity indices in the EMEA region (data as of 02-Jun-17)**

| | 3Mth ATM implied volatility | | | 10D realised volatility | | | 12Mth–3Mth ATM i-vol spread | | | 3Mth 90-110 skew | | | Equity index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Weekly return |
| ESTX50 | 13.0% | -0.4% | 0% | 6.1% | -3.9% | 3% | 3.6% | 0.4% | 100% | 7.1% | -0.4% | 18% | 0.4% |
| FTSE | 10.6% | 0.4% | 4% | 4.2% | -3.6% | 3% | 2.8% | -0.1% | 87% | 5.3% | -0.4% | 2% | 0.0% |
| DAX | 12.2% | -0.7% | 0% | 7.1% | -0.8% | 8% | 3.8% | 0.4% | 100% | 7.1% | -0.6% | 22% | 1.8% |
| CAC | 12.9% | -0.3% | 0% | 6.1% | -3.9% | 3% | 2.7% | 0.3% | 100% | 7.2% | 0.2% | 18% | 0.1% |
| SMI | 11.5% | 0.1% | 4% | 6.5% | -4.6% | 6% | 2.1% | 0.0% | 94% | 6.2% | -0.1% | 19% | 0.0% |
| RDXUSD | 24.7% | 1.2% | 14% | 21.7% | -7.3% | 35% | 1.4% | -1.0% | 80% | 4.8% | 0.1% | 19% | -3.3% |
| TOP40 | 15.1% | 1.0% | 5% | 9.3% | 3.9% | 9% | 2.3% | -0.4% | 65% | 7.2% | 0.5% | 15% | -2.1% |
| ISE30 | 19.6% | -0.2% | 1% | 12.9% | 0.6% | 16% | 3.5% | -0.1% | 86% | 6.7% | -0.1% | 64% | 1.4% |

Source: BofA Merrill Lynch Global Research

# European volatility: Sector snapshot

**Table 4: Volatility measures and indicative option prices for major European sector indices (data as of 02-Jun-17)**

| | | | | | Bearish <<<< ---------- >>>> Bullish | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Mth ATMf implied volatility | | | Real vol* | 3Mth 95%-85% put spread** | | | | 3Mth 100%-110% call spread** | | | | 3Mth 90%-110% risk reversal** | | | Equity index |
| | Current | Weekly change | 2Yr %-ile | Current | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price*** (% of spot) | Weekly change (bps) | 2Yr %-ile | Weekly return |
| **SX3P (Fd&Bv)** | 10.5% | -0.2% | 1% | 8.5% | 0.6% | -3 | 1% | 17.1 | 2.0% | -4 | 1% | 4.9 | -0.2% | 2 | 85% | 0.6% |
| **SX6P (Utils)** | 11.7% | -0.2% | 1% | 10.4% | 0.7% | -1 | 1% | 13.8 | 2.3% | -3 | 2% | 4.4 | -0.3% | 1 | 100% | -0.2% |
| **SX7E (Banks)** | 23.0% | 0.9% | 3% | 20.9% | 1.9% | 8 | 4% | 5.3 | 3.6% | 12 | 13% | 2.8 | -0.5% | -7 | 40% | -3.1% |
| **SX7P (Banks)** | 19.8% | 1.2% | 12% | 14.0% | 1.6% | 11 | 13% | 6.4 | 3.3% | 15 | 17% | 3.0 | -0.5% | -8 | 60% | -2.1% |
| **SXAP (Auto)** | 17.3% | -0.2% | 2% | 13.5% | 1.3% | -1 | 2% | 7.4 | 3.1% | -1 | 2% | 3.2 | -0.4% | 0 | 54% | 0.9% |
| **SXDP (Health)** | 13.1% | -0.6% | 2% | 8.6% | 0.9% | -7 | 2% | 11.5 | 2.4% | -14 | 2% | 4.1 | -0.2% | 10 | 82% | 1.6% |
| **SXEP (Oil&Gas)** | 15.4% | -0.2% | 1% | 12.5% | 1.2% | -1 | 2% | 8.5 | 2.8% | -1 | 1% | 3.6 | -0.3% | -1 | 94% | -2.2% |
| **SXIP (Insur)** | 15.1% | -0.3% | 2% | 8.6% | 1.1% | -2 | 3% | 9.0 | 2.8% | -3 | 6% | 3.5 | -0.5% | -3 | 64% | 0.8% |
| **SXKP (Telecom)** | 14.9% | -2.0% | 1% | 11.5% | 1.1% | -21 | 1% | 9.4 | 2.7% | -20 | 1% | 3.7 | -0.2% | 2 | 98% | -1.0% |
| **SXNP (Indust)** | 16.1% | -0.1% | 6% | 9.1% | 1.2% | 0 | 14% | 8.3 | 2.8% | -1 | 6% | 3.6 | 0.0% | 2 | 100% | 1.5% |
| **SXPP (Basic)** | 25.1% | -0.4% | 5% | 18.5% | 2.1% | -3 | 6% | 4.8 | 3.6% | -1 | 9% | 2.8 | -0.2% | -2 | 58% | -1.4% |
| **SXQP (Prsnl&HH Gds)** | 13.9% | 3.2% | 22% | 6.4% | 0.9% | 34 | 21% | 11.2 | 2.6% | 53 | 25% | 3.8 | -0.5% | -24 | 41% | 0.7% |
| **SXRP (Retail)** | 12.7% | 0.1% | 7% | 7.8% | 0.8% | 1 | 5% | 13.2 | 2.3% | 3 | 6% | 4.4 | 0.1% | -3 | 96% | -0.4% |
| **SXTP (Trvl&Lsre)** | 13.7% | -1.3% | 6% | 8.5% | 0.9% | -18 | 6% | 10.8 | 2.6% | -14 | 6% | 3.9 | -0.2% | -4 | 55% | 1.9% |

Source: BofA Merrill Lynch Global Research *Real vol = EWMA (Exponentially Weighted Moving Average) volatility, which measures historical price volatility but assigns greater importance to recent returns. Sigma(t)^2 = 0.94*Sigma(t-1)^2+(1-0.94)*r(t)^2, where r(t) is the return on day t. **Indicative mid prices; strikes as % of forward ***Negative values indicate that the bullish risk reversal takes in a credit.




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# Volatility in Asia

## Use best-of puts to cheaply hedge a reversal in the rally

BofAML global strategists note that the massive central bank liquidity supernova has allowed the Wall Street bull to flare higher, led by uber "growth" (EM internet stock returns annualizing 125%). In light of this, we feel that it is prudent that investors protect gains as we think today's low volatility environment remains highly fragile, characterized by the below stats:

- The MSCI Asia Pac index is up for the 5th consecutive month and is trading at multi-year highs, while equity foreign inflows year-to-date are at the highest since 2004.
- Option delta-adjusted open interest for KOSPI2 and HSI are near a 4-year highs.
- The BofAML global Risk-Love investor sentiment measure is in euphoria, and China's nominal GDP is likely peaking. The Asian/EM EPS upgrade cycle is likely rolling over.

Volatility of equity indices remains at post-GFC lows while markets continue to trend higher. If the market were to realize a correction, we believe that indices would be highly correlated, and hence we recommend buying a 14-Sep-2017 95% strike best-of put on NKY/KOSPI2/HSI that costs 0.8%, a 45% discount to average vanilla puts.

**Indicative pricing (As of 5-Jun-17, ref: NKY: 20170, KOSPI2: 307.33, HSI: 25874)**

Buy a 14-Sep-2017 best-of 95% put on NKY/KOSPI2/HSI: 0.80%

**Chart 36: Option positioning on KOSPI2 and HSI is near a 4-year high**

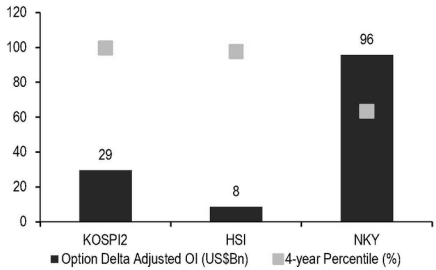


Source: BofA Merrill Lynch Global Research Data as of 2-Jun-17

**Chart 37: The 3-month 95% best of put on HSI/NKY/KOSPI2 has significantly paid off during market corrections when correlation rose**

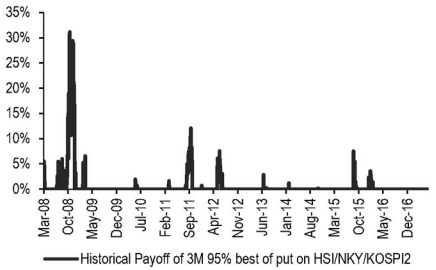


Source: BofA Merrill Lynch Global Research



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**Chart 38: YTD equity inflows into EM Asia are at the highest levels since 2004**

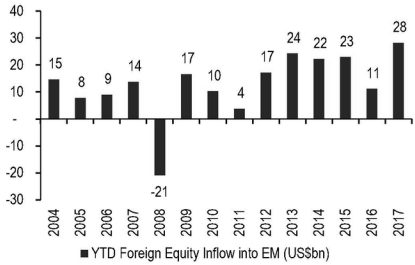


Source: BofA Merrill Lynch Global Research, Bloomberg. Data as of 2-Jun-17
Foreign inflows into Korea, Taiwan, India, Indonesia, the Philippines, and Malaysia

**Chart 39: Similar to that of global markets, Asian volatility is at its most depressed levels post-GFC**

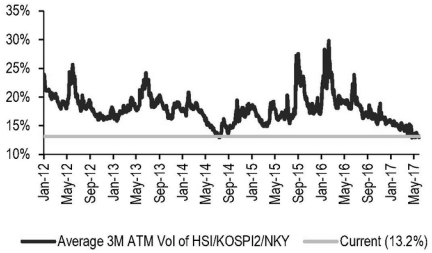


Source: BofA Merrill Lynch Global Research. Data from 2-Jan-12 to 2-Jun-17

## Notable trends and dislocations (Asia)

Asian equity markets saw modest gains last week, led by Japan's NKY index, which increased 2.5% week-over-week. In fact, the index breached the 20,000 mark last Friday for the first time since December 2015. Gains were driven by foreign inflows from investors attracted to very strong corporate profits. Additionally, economic data from last week indicated that Japan's unemployment rate held at a two-decade low, and capital spending during Q1 beat analyst estimates. The biggest contributor to last weeks' return was Fast Retailing Co Ltd (9983 JT), which added 3.9% week-over-week. The company reported that same-store-sales for its Uniqlo stores rose 2.4% year-over-year in May due to successful strategies during the Golden Week and Mother's Day holidays. After the NKY, last week's second biggest gainer was Hong Kong's HSI, which added 1.1%. The leading name in the index was Geely Automobile Holdings (175 HK), which jumped 19.8% week-over-week in response to optimism over its recent acquisition of a 49.9% stake in Proton Holdings. Hong Kong's HSCEI saw a similar return as the index added 0.8% last week.

Next we turn to India, where the NIFTY gained 0.6% last week. The leading name in the index was Aurobindo Pharma (ARBP IS), which increased 11.4% week-over-week in response to an investor presentation which outlined the company's plans to increase collaboration across its global customer business. Elsewhere in Asia, Korea's KOSPI increased 0.3% week-over-week, Australia's ASX added 0.6%, and Taiwan's TWSE gained 0.5%.

### Asian term structures were unchanged week-over-week at 3.8% on average

- Asian 3m ATM volatility increased on average 0.1 vol point to 12.6% last week, while 10 day realized vol fell on average 0.8 vol points to 8.6%. Notably, NIFTY's implied vol increased 0.7 vol points, the biggest increase in the region. On the other hand, the HSCEI's 10d realized vol saw the largest drop in the region, falling 5.1 vol points week-over-week to 9.2%.

- On average, term structures among Asian indices remained unchanged at 3.8% last week. The KOSPI 12M-1M term structure steepened the most, increasing 0.7 vol points to 2.9%. On the other hand, India's NIFTY saw the largest flattening as its term structure flattened 0.5 vol point to 3.8%.

- Asian 3M 90-110% skews narrowed 0.2 vol points on average to 3.0%. Japan's NKY narrowed the most, decreasing 1.0 vol point to 5.0%.



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**Chart 40: Volatility measures of major Asian indices (data as of 02-Jun-17)**

| | 3Mth ATM Implied Volatility | | | 10D Realized Volatility | | | 12Mth-1Mth ATM Vol Spread | | | 3Mth 90-110 Skew Spread | | | Equity Market |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Weekly return |
| HSI | 12.4% | 0.3% | 1.4% | 5.4% | -2.4% | 0.3% | 5.1% | 0.4% | 99.1% | 2.3% | -0.4% | 19.9% | 1.1% |
| HSCEI | 15.7% | 0.3% | 1.8% | 9.2% | -5.1% | 1.6% | 4.3% | 0.2% | 93.6% | 0.4% | 0.0% | 20.4% | 0.8% |
| NKY | 14.2% | -0.2% | 0.3% | 10.7% | 1.0% | 13.4% | 4.2% | -0.4% | 93.8% | 5.0% | -1.0% | 59.4% | 2.5% |
| KOSPI 200 | 12.8% | -0.3% | 34.5% | 9.8% | 2.6% | 36.9% | 2.9% | 0.7% | 44.8% | 3.0% | 0.2% | 15.8% | 0.3% |
| ASX 200 | 11.5% | -0.1% | 12.8% | 8.5% | -0.7% | 20.5% | 3.5% | 0.3% | 86.5% | 6.3% | -0.2% | 20.1% | 0.6% |
| NIFTY | 10.5% | 0.7% | 0.7% | 9.7% | -2.2% | 18.9% | 3.8% | -0.5% | 74.0% | 5.5% | 0.1% | 53.0% | 0.6% |
| TWSE | 10.7% | 0.3% | 8.2% | 7.2% | 1.5% | 14.1% | 2.9% | -0.4% | 72.6% | -1.5% | -0.1% | 0.0% | 0.5% |

Source: BofA Merrill Lynch Global Research

**Chart 41: Index correlation is generally further away from their 10-year lows while index and stock vols are near their lows, except for ASX200**

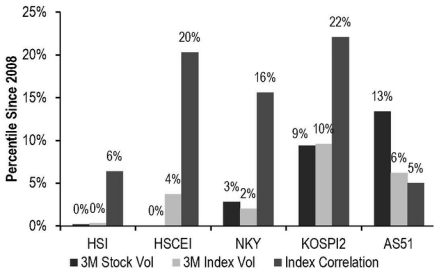


Source: BofA Merrill Lynch Global Research

## Except for the ASX200, Asian stock and index vols are more depressed than index correlation

Today's ultra-low Asian index realized volatility is largely driven by depressed single stock realized volatility and low realized correlation. Stock and index volatilities are generally more depressed than index correlation. For instance, the KOSPI2 3-month realized correlation (0.13) is the highest relative to its history (at its 22nd percentile since 2008) as foreign inflows have pushed the index to an all-time high and have driven correlation up. Korean market activities used to be dominated by domestic sector rotation trades.

On the other hand, ASX200 correlation is relatively depressed as the correlation between the banks and materials sectors has broken down in recent months.

## US$3.6bn Korean auto-callable issuance in May-17, down 21% MoM

- Korean issuance fell 21% MoM to US$3.6bn in May-17, which is close to the average monthly issuance of US$3.8bn since 2014. Products issued in Oct-16 (US$3.1bn) and Nov-2016 (US$3.4bn) have knocked out recently and rolled into new products. However, the legacy HSCEI-linked products issued in May-15 were struck at a very high HSCEI spot level and were not able to knock-out this month. We think issuance may pick up in July and August as ~US$4.0bn of legacy products may knock-out in Jul-17 with an average HSCEI knock-out level of 9665 (Chart 43).

- Issuance in KOSPI2-linked products (up from US$840mn to US$846mn) remained steady in May-17; HSI-linked products fell 66% from US$360mn to US$120mn as investors prefered HSCEI-linked products (which only fell from US$760mn to US$700mn).

- SX5E-linked (US$1.0bn), KOSPI2-linked (US$846mn), HSCEI-linked (US$700mn), and SPX-linked products (US$550mn) accounted for 86% of the May-17 issuance. We estimate that structured product issuers are currently long US$10mn of KOSPI2 vega and US$89mn HSCEI vega respectively. The majority of the US$89mn HSCEI outstanding vega came from the US$14bn of HSCEI-linked legacy products issued between Apr-15 and Jul-15 that have not knocked-out.



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### NKY Uridashi monthly issuance slightly picked-up in May-17

With NKY breaking above 19,500 in May and triggering some early knock-outs, Japanese Uridashi issuance picked up towards the end of May to US$630mn. We estimate there is now around US$7.9bn (vs. $8.1bn last month) in product outstanding and over 50% of it will be knocked out if the NKY rallies above 20,500. We estimate issuers are currently long US$44mn vega in NKY. The peak of the vega profile is around the 17,500 level and we expect issuers to lose US$2mn of vega for every 1% rally in the NKY.

**Chart 42: Korean auto-callable issuance fell 21% to US$3.6bn in May-17; Issuance in KOSPI2-linked products (rose from US$840mn to US$846mn) remained steady; HSI-linked products fell 66% from US$360mn to US$120mn as investors prefered HSCEI-linked products (which only fell from US$760mn to US$700mn)**

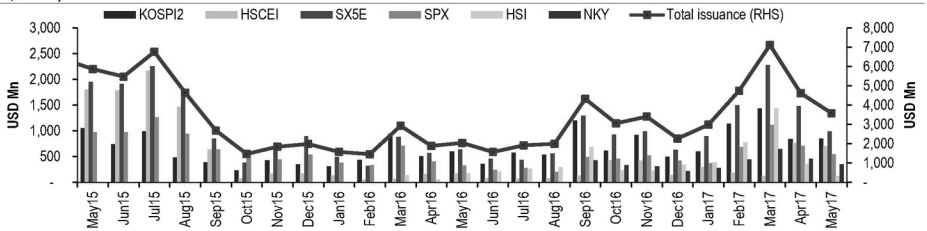


Source: BofA Merrill Lynch Global Research. From May-15 to May-17

**Chart 43: Knock-out schedule for legacy HSCEI-linked products issued in 2015; we expect more knock-outs in Jul-17 if HSCEI stays above 9,600**

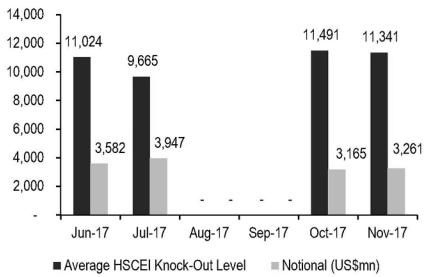


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17

**Chart 44: In May-17, there was $630mn of Uridashi products issued which were NKY linked**

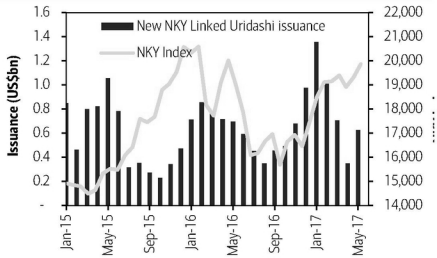


Source: BofA Merrill Lynch Global Research. Monthly data from Jan-15 through May-17



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**Chart 45: We estimate that structured product issuers are currently long US$10mn of KOSPI2 vega**

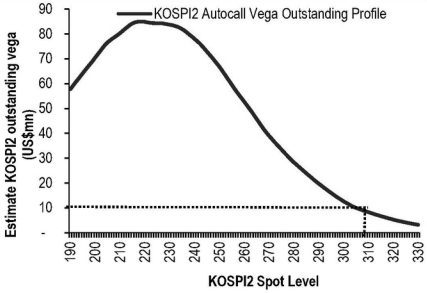


Source: BofA Merrill Lynch Global Research.

**Chart 46: Structured product issuers are currently long ~US$89mn of HSCEI vega**

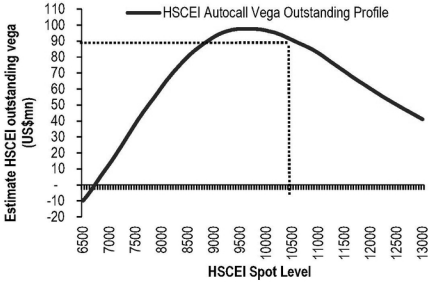


Source: BofA Merrill Lynch Global Research.

## KOSPI2 3M ATM IV over SPX is at its 4-year high

Table5 lists Asian index pairs with the highest IV ratio vs their 4-year histories. For instance, the ratio of KOSPI2 3M ATM IV over SPX is at its 4-year high.

**Chart 47: The ratio of KOSPI2 3M ATM IV over SPX is at its 4-yr high (Daily data from 1-Oct-12 through 02-Jun-17)**

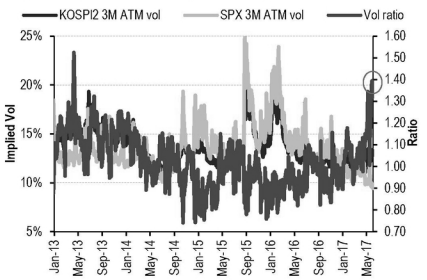


Source: BofA Merrill Lynch Global Research

**Table 5: Index pairs^ with the highest implied vol ratio vs their histories (data as of 02-Jun-17)**

| | Index A (Implied vol) | Index B (Implied Vol) | A/B Implied Vol ratio | Ratio 4-yr percentile |
|---|---|---|---|---|
| 3M ATM | KOSPI2 (12.8%) | SPX (9.4%) | 1.36 | 100% |
| 6M ATM | KOSPI2 (13.6%) | NIFTY (11.8%) | 1.16 | 99% |
| 12M ATM | KOSPI2 (14.8%) | NIFTY (13.8%) | 1.07 | 99% |
| 3M 25d-Put | KOSPI2 (13.6%) | HSCEI (16.4%) | 0.83 | 99% |
| 6M 25d-Put | KOSPI2 (14.7%) | NIFTY (12.5%) | 1.17 | 99% |
| 12M 25d-Put | KOSPI2 (16.0%) | NIFTY (14.4%) | 1.11 | 99% |
| 3M 25d-Call | KOSPI2 (12.6%) | SX5E (11.6%) | 1.09 | 100% |
| 6M 25d-Call | KOSPI2 (13.4%) | NIFTY (10.8%) | 1.25 | 100% |
| 12M 25d-Call | KOSPI2 (14.6%) | NIFTY (12.0%) | 1.21 | 100% |

Source: BofA Merrill Lynch Global Research

^ Index universe includes the ASX200, HSCEI, HSI, KOSPI2, NIFTY, NKY, TWSE, SPX and SX5E

* mid level implied vol



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# Summary of Open Trades (5-Jun-17)

*Price data for open level reflects the price on open date and does not necessarily reflect the price at which the trade could be executed at the date of this report. Our trades are structured to be executed on the open date and are not necessarily appropriate to execute as formulated beyond that date.*

**Table 6: Summary of open trades as of 5-Jun-17**

| Trade Description | Open Date | Open Level | Expected Trade Term | Rationale |
|---|---|---|---|---|
| Long SX5E vs short SPX Dec18 var swap | 5-Jul-16 | 6.1 vols | | Investors should re-assess attractiveness of popular and (typically) technically motivated longer-dated RV vol trades, given environment of structurally higher political & economic risks and increasingly limited policy options |
| Long NKY vs short SPX Dec18 var swap | 5-Jul-16 | 5.7 vols | Dec-18 expiry | |
| Long SX5E vs short SPX Dec18 put vs put | 5-Jul-16 | 0.00% | | |
| Buy a 1Y ATM worst-of call on SPX & TLT | 18-Jul-16 | 0.9% | 1 year | Cheap equity upside in a bond / equity melt-up |
| Buy SPX>UKX Jun17 ATM outperformance call, conditioned on SPX lower at maturity (qUSD) | 17-Oct-16 | 2.0% | Jun-17 expiry | Risks of a hard Brexit rising and (weak) currency tailwind likely to prove short-lived; position cheaply for FTSE 100 (UKX) underperformance |
| Buy UKX Jun17 6650 put, sell SPX Jun17 1850 put | 17-Oct-16 | 2.6% | Jun-17 expiry | |
| Buy an EWZ Jun-17 40 call conditional on SPX<2200 at expiry | 24-Oct-16 | 1.7% | Jun-17 expiry | Using derivatives to capture Brazil (EWZ) upside potential following start of easing cycle |
| Buy an SX5E Sep-17 95% put conditional on EUR 10Y CMS > 1.1% or < 0.3% in Mar-17 | 14-Nov-16 | 2.7% | Sep-17 expiry | Remain long equities and cheapen hedges by conditioning on rates |
| Buy 2823 HK Jun-17 90/110 strangle | 21-Nov-16 | 5.55% | Jun-17 expiry | China risk premium rising but A-shares vol still at all-time lows |
| Buy ESTX50 Dec17 90% put contingent on EURGBP < 0.82 by Jun17 expiry | 2-Dec-16 | 1.63% | Dec-17 expiry | Equity-FX correlation is not priced for a spillover of populism into the EU, which could cause EUR to fall against an already weakened GBP as equities fall |
| Buy SPX>UKX Jun17 5% outperformance call (qUSD) | 2-Dec-16 | 2.05% | Jun-17 expiry | UKX is heavily exposed to EU (50% revenues) and should underperform SPX if GBP tailwind fades. Volatility & correlation suit well for outperformance |
| Long XLF vs SX7E Jun17 ATM outperf call, contingent on SX7E higher at Jun expiry (qEUR) | 2-Dec-16 | 1.20% | Jun-17 expiry | Cheapen long XLF upside to near 8y lows via selling upside on structurally challenged European banks & relatively more bearish outlook for US rates vs EU |
| Buy SPX Jun17 95% put contingent on US 5Y CMS > 2.15 | 5-Dec-16 | 1.04% | Jun-17 expiry | Still depressed equity-bond correlation (US 5Y bonds vs. SPX in the 37th%-ile since Jun-88) cheapens the cost of SPX puts conditioned on higher rates |
| Buy 1x Jun-17 ATM XLF call, sell 1.8x Jun-17 ATM worst-of calls on XLP and XLU | 5-Dec-16 | 2.10% | Jun-17 expiry | Participate in the continuation of the reflation trade. Cheapen Financials upside by selling rich Utilities and Staples vol & expensive correl. |
| Buy Jun-17 ATM R2K- value outperf call over EEM, contingent on EEM > 95% | 5-Dec-16 | 2.30% | Jun-17 expiry | Higher US rates and stronger dollar are likely to hurt companies exposed to EM and help US DM. Trade the outperformance in a risk-controlled way, avoiding selling the record-low correlation |
| Buy NKY Jun17 110% Call | 02-Dec-16 | 1.83% | Jun-17 expiry | USDJPY and NKY the biggest beneficiaries of a Trump win |
| Buy TPINSU Jun17 110-125% Call Spread | 02-Dec-16 | 3.30% | Jun-17 expiry | Banks and Insurances are the most leveraged sector |
| Buy TPNBNK Jun17 110-125% Call Spread | 02-Dec-16 | 3.20% | Jun-17 expiry | Banks and Insurances are the most leveraged sector |
| Buy 2823 HK Jun17 90/110% strangle | 02-Dec-16 | 5.90% | Jun-17 expiry | China risk premium rising but A-shares vol still at all-time lows |
| Buy HSCEI Jun17 105-120% call spread contingent on $KRW >1200 | 02-Dec-16 | 1.20% | Jun-17 expiry | Own contrarian EM upside at low cost & limited risk |
| Buy NKY-SPX Dec19 70/110% corridor variance | 02-Dec-16 | 1.50% | Dec-19 expiry | QE uncertainty and USDJPY vol support NKY vs SPX realized vol |
| Buy NKY Jun17-Jun18 18,500 strike FVA | 02-Dec-16 | 21.5% | Jun-17 expiry | What if QE hits its limit? Long NKY vol outright which is cheap to carry |
| Long Russell 2000 vs. short S&P 500 Dec-18 var spread | 5-Dec-16 | 3.9pts | Dec-18 expiry | With fiscal stimulus and potential tax cuts, small caps revert to old normal generating higher vol on upside and downside relative to large caps |
| Buy 1x Jun17 64 call on Aug17 Brent futures, sell 1x SXEP Jun17 330 call | 9-Jan-17 | 1.00% | Jun-17 expiry | Vol and price technicals are attractive. BofAML commodity strategists oil target is $70/bbl but this is already priced in SXEP levels according to BofAML Oil & Gas equity analysts |
| Buy SPX 6m ATM call contingent on GLD 5% higher in 3m | 23-Jan-17 | 1% | Jul-17 expiry | Position for a near-term wobble followed by yet another equity melt up |
| Long NKY - SPX Dec-18 corridor var replication | 13-Feb-17 | 4.00% | Dec-18 expiry | Cheaply access positive carry QE failure hedge |
| Buy NDX Top20 volatility dispersion | 27-Feb-17 | 17.0% | Jan-18 expiry | |
| Long 1.8x vega on 1y single stock vols of UK Brexit exposed names, Short 1x vega on 1y FTSE index vol | 14-Mar-17 | 32.3vols | 14-Mar-18 | Position for a pick-up in single stock realised vol on the 10 names (within FTSE's top 30) where post EU referendum realised vol was the highest relative to current 1y ATMf vol. The 10 names are: Barclays, Aviva, Prudential, BT, Glencore, Tesco, CRH, BA, Standard Chartered & HSBC. |
| SPX Sep-17 95% puts conditional on the 5yr CMS rate above 2.4% at maturity | 14-Mar-17 | 1% | Sep-17, expiry | Hedge portfolios against a buy-the-dip failure should a faster rate cycle ultimately jeopardize it |
| Buy QQQ Jun17 132 call , sell XLF Jun17 25 call | 20-Mar-17 | 0.57% | Jun-17 expiry | Sell rich Financials vol to fund cheap Tech upside |
| Buy Buy-Rated MSCI A-shares stocks & hedge with puts | 23-Mar-17 | 1.44% | Jun-17 expiry | Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put |
| Buy A-shares with highest MSCI impact & hedge with put | 23-Mar-17 | 1.44% | Jun-17 expiry | Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put |
| Own Japan stock vol via gamma weighted vol dispersion | 10-Apr-17 | 15.8% | Mar18 expiry | Historically attractive to own TOPIX Top 10 corridor gamma weighted volatility dispersion |
| Buy CNOOC Jul-17 95% puts vs. sell HSCEI 95% puts | 24-Apr-17 | 0.77% | Jul17 expiry | Hedge a rollover in China GDP and screen for cyclicals that could face pressure |
| Buy CH Merchant Bk Jul-17 18.5/17 put spread vs 22 call | 24-Apr-17 | 0.10% | Jul17 expiry | Hedge a rollover in China GDP and screen for cyclicals that could face pressure |
| Buy SX5E Dec17 3800 calls contingent on EURUSD > 1.1 at expiry | 8-May-17 | 1.3% | Dec17 expiry | Benefit from low vol, flat correl, likely hawkish ECB & (FX un-hedged) inflows into EU equities |
| Buy 1.5x KOSPI2 285 puts vs. short 1x $KRW 1160 call | 8-May-17 | 0.3% | Jul17 expiry | Leverage cheap equity vs. FX vols to own cheap tail protection |
| Buy EEM Aug17 39.5 put and sell EEM Aug17 37 put | 15-May-17 | 1.6% | Aug17, expiry | Buy cheap EM equity puts on near-record performance gap to commodities |
| Buy Dec17 105% call on an equally weighted basket of SX7E, SXAP, SXPP & SXEP, sell Dec17 ATM worst-of call on the same | 15-May-17 | 1.6% | Dec17 expiry | Monetise low vol & high implied correl to position for greater sector dispersion in EU: long basket call, short worst-of call |
| Buy NKY Jul-17 19500 puts vs. short Dec-17 17500 puts | 15-May-17 | 0.0% | Jul17 expiry | Own cheap NKY hedges into FOMC; Term structure is too steep is under-pricing risks |
| Short GILD $55-$62.5-$67.5 put spread collar | 16-May-17 | 1.5% | Sep-17 expiry | Buy unloved and cheap biotech upside by levering depressed vol & skew |



HOUSE_OVERSIGHT_023597

**Table 6: Summary of open trades as of 5-Jun-17**

| Trade Description | Open Date | Open Level | Expected Trade Term | Rationale |
|---|---|---|---|---|
| Long 1x EEM 3m 97.5% put vs. short ~0.09x units each of 3m 97.5% puts on FXI, EWY, EWZ, EPI, EWT, RSX, EZA, and EWW | 1.5% | 0.0% | 3m | Buy EEM puts financed by a basket of EM puts to lever near record low correl |
| Buy Tencent Jul17 250/300 strangle | 22-May-17 | 2.45% | Jul-17 expiry | Hedge the China tech bubble; Tencent unlikely to stand still after a 45% rally YTD |
| Buy A-shares (2823 HK) Jul17 105% call | 22-May-17 | 1.15% | Jul-17 expiry | Hedge the upside into MSCI announcement on 20-Jun |
| Buy 1x contract of ESTX50 Jun17 3525, sell 4x contracts of V2X Aug future | 22-May-17 | 1.00% | Jun-17 expiry | Fundamental case to be long EU equities remains intact but stretched bullish positioning could lead to near-term consolidation |
| Buy SX5E Dec17 3450-3700 bullish risk reversal vs short IBOXX HY TRS with equal notional sizing | 30-May-17 | 1.17% | Dec-17 expiry | BofAML Equity & Credit strategists highlight they favour equities over HY credit as div yields have surpassed HY credit yield & equities offer more gearing to rising PMI's, earnings and FCF |
| Buy 6m ATM calls on FB, AMZN, NFLX and GOOGL | 30-May-17 | 6.9% (FB), 7.2% (AMZN), 9.4% (NFLX), 6.2% (GOOGL) | 6m | Stock replace FANG stocks |
| Buy a 6m outperformance call on FANG stocks vs. SPX conditional on SPX> current levels at expiry | 30-May-17 | 3.4% | 6m | Lever extremely depressed FANG volatility and low correlation to buy upside |
| Buy HSI Sep17 90% put, sell ASX200 Sep-17 90% put | 30-May-17 | 0.15% | Sep-17 expiry | HSI is unlikely to outperform if AS51 drops more than 10%; HSI vol below AS51 vol |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".



HOUSE_OVERSIGHT_023598

# Summary of Closed Trades (5-Jun-17)

**Table 7: Summary of closed trades as of 5-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Buy NKY Aug-16 105%-110% call spreads & sell 90% puts | 11-Jul-16 | 0.26% | 1.73% | 25-Jul-16 | Close position as the hurdle to surprise on the upside is high following a 5.8% NKY rally |
| Replace FB long positions via Oct-16 ATM calls | 25-Jul-16 | 5.9% | 6.1% | 1-Aug-16 | Close position as Facebook rallied on better-than expected Q2 results |
| Replace AMZN long positions via Oct-16 ATM calls | 25-Jul-16 | 5.5% | 6.3% | 1-Aug-16 | Close position as Amazon rallied on better-than expected Q2 results |
| Buy AAPL Oct-16 ATM protective puts | 25-Jul-16 | 4.6% | 1.2% | 1-Aug-16 | Remove protection as worries around disappointing Q4 guidance faded post earnings |
| Buy 1.5x 5-Aug-16 2950-3000 strangles by selling 1x 19-Aug-16 2950-3000 strangles | 25-Jul-16 | 0.00% | -1.12% | 5-Aug-16 | The BoJ, Fed & EU bank stress tests could move mkts sharply in the near term |
| Sell NKY Aug16 15500 puts, Buy Sep16 15500-14500 put spreads | 25-Jul-16 | 0.24% | 0.28% | Aug-16 expiry & Sep-16 expiry | Unwinding before the Aug16 expiry; The NKY Sep put spread has carried well |
| Buy TLS 25-Aug16 95% puts | 18-Jul-16 | 1.05% | 2.95% | 15-Aug-16 | Telstra has announced earnings and the stock has corrected 5% over the period |
| Buy Newcrest 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.64% | 1.18% | 15-Aug-16 | NCM has stayed unchanged over the period despite better than expected earnings |
| Buy CSL 25-Aug-16 95% puts | 18-Jul-16 | 1.09% | 1.18% | 22-Aug-16 | CSL fell 5.4% over the period with weak earnings announcement |
| Buy BHP 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.22% | 0.77% | 22-Aug-16 | BHP rose 3.6% over the period but the option remains out of the money |
| Buy HSCEI Aug16 9400 call, Short Oct16 10000 call | 1-Aug-16 | 0.00% | 0.67% | 22-Aug-16 | Close position as the HSCEI rallies 5.2% and we are approaching the Aug16 expiry |
| Buy Tencent (700 HK) Sep16 105% call | 15-Aug-16 | 1.70% | 2.70% | 22-Aug-16 | Tencent jumped post better than expected earnings |
| Sell 1x SX7E 1M 25d call to fully finance 1.85x SX5E 1M 25d calls | 25-Jul-16 | 0.0% | 0.0% | 25-Aug-16 | SX7E 1M 25d call / SX5E 1M 25d call price ratio is in the 100th 2-yr percentile |
| Buy CMB (3968 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.32% | 6.12% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy ICBC (1398 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.12% | 9.0% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy BOC (3988 HK) Sep16 105-115% call spread | 5-Jul-16 | 2.10% | 6.28% | 30-Aug-16 | Close position and BofA ML turned neutral in EM in the short-term |
| Buy XLF Sep 24 strike call | 25-Jul-16 | 1.4% | 2.3% | 6-Sep-16 | Close positions from trades that have benefited thus far from the rally in Financials and weakness in Utilities; monetize view that Fed will not hike in September |
| Buy XLU Sep 51 strike put | 25-Jul-16 | 1.3% | 2.6% | 6-Sep-16 | |
| Buy a 6M ATM worst-of {XLF call, XLU put} | 25-Jul-16 | 1.35% | 3.0% | 6-Sep-16 | |
| Buy 0.85x SX5E Sep16 3000-3100 strangle, sell 1x SX5E Dec16 3000-3100 strangle | 15-Aug-16 | -5.07% | -5.73% | Sep-16 expiry | Take advantage of low near term vol and a steep term structure |
| Long 0.5x V2X Oct16 future, short 0.5x V2X Jan-17 future | 11-Jul-16 | 0.05 vols | -0.95 vols | 19-Sep-16 | Unwind Oct/Jan spread and maintain Nov/Jan spread given clarity around the Italian referendum date |
| Sell VSTOXX Sep 21 puts | 30-Aug-16 | 1.20 vols | 1.77 vols | Sep-16 expiry | Global macro event risk likely to keep V2X supported going into Sep expiry |
| VIX Sep 17/22 1x2 call ratios {short 2x) + 0.75x SPY Sep23 210 puts | 15-Aug-16 | $0.85 | $0.45 | Sep VIX expiry | Trade provided hedging benefits during the sudden Sep market shock & has expired |
| Buy NKY Oct 95/105 strangle outright | 30-Aug-16 | 2.28% | 0.44% | 27-Sep-16 | Take a loss post an disappointing market reaction on the BoJ announcement |
| Buy NKY Oct 95/105 strangle daily delta-hedging | 30-Aug-16 | 2.28% | 0.56% | 27-Sep-16 | Take a loss post an disappointing market reaction on the BoJ announcement |
| Long 3M 25d EFA put vs short 3M 25d UKX put | 5-Jul-16 | 0.00% | 0.00% | 3 months | Trade expired on 3-Oct |
| Replace T long position via 3M ATM calls | 19-Jul-16 | 2.72% | 0.04% | 3 months | Our analysts no longer expect impactful catalysts in the near term; stock replacement strategies proved useful in cushioning downside losses during the abrupt Sep-16 sell-off vs. long equity positions. |
| Replace LOW long position via 3M ATM calls | 19-Jul-16 | 3.90% | 0.00% | 3 months | |
| Replace RTN long position via 3M ATM calls | 19-Jul-16 | 3.16% | 0.41% | 3 months | |
| Replace CRM long position via 3M ATM calls | 19-Jul-16 | 4.16% | 0.19% | 3 months | |
| Replace NEE long position via 3M ATM calls | 19-Jul-16 | 2.32% | 0.08% | 3 months | |
| Overlay long WBA long position with 3M ATM calls | 19-Jul-16 | 4.04% | 1.20% | 3 months | |
| Buy HKEx (388 HK) 1x2 105%-115% call ratio | 15-Aug-16 | 0.60% | 0.00% | 29-Sep-16 | HKEx failed to rally above the first call strike and expired worthless |
| Buy NKY Oct16 17500 call, Sell 0.65x NKY Sep 17250 call | 8-Aug-16 | 0.70% | 0% | 14-Oct-16 | NKY Oct-16 call expired out of the money |
| Short VIX Oct 15 put vs. long VIX Nov 19/26 call spread | 1-Aug-16 | $0.45 | $0.88 | 14-Oct-16 | Close position as the Oct VIX future stayed well-supported as is typically the case in the weeks leading up to the US presidential election |
| Long 2x SPX Oct31 2125 puts vs. short 1x SPX Mar-17 1975 put | 6-Sep-16 | 0.0% | -0.34% | 14-Oct-16 | Provided hedging benefits in the sudden equity shock in early Sep-16; now being unwound to mitigate decay |
| DAX +2.31x Dec16 / -1x Dec17 put calendars | 30-Aug16 | 0.00% | -2.60% | Dec-16 expiry | DAX outperformance & low short dated DAX vol make put calendars attractive |
| Buy SX5E Dec16 2950/2750 put spread | 6-Sep-16 | 1.48% | 0.00% | Dec-16 expiry | A catalyst-strewn fall and a remarkably low volatility summer suggests that there could be headwinds to continued market upside on low volatility |
| Buy 1.5x SX5E Dec16 3100 call, sell 1x SX5E Mar17 3100 call for an upfront credit of 56bps | 24-Oct-16 | -0.56% | 1.62% | Dec-16 expiry | Monetise steep SX5E vol curve for tactical EU upside with an upfront credit |
| Buy a 6M ATM worst-of call on XLP & GLD | 11-Jul-16 | 1.05% | 0.0% | 6 months | Take a loss as safe-haven assets post a weak performance in H2-16 with fears over Trump's surprise victory easing and stock markets rallying |
| Buy a 6M ATM worst-of {SPX put, GLD call} | 11-Jul-16 | 1.60% | 0.0% | 6 months | |
| Buy GLD 124/130 Dec-16 call spread | 8-Nov-16 | 0.9% | 0.0% | Dec-16 | |
| Buy GLD 116/124/130 Dec-16 call spread collar | 8-Nov-16 | 0.65% | -7.4% | Dec-16 | |
| Buy TLT 123/132/137 Dec-16 call spread collar | 8-Nov-16 | 0.67% | -5.03% | Dec-16 | |
| Buy Oct16 110%F calls on VIE FP, AI FP, IBE SQ, STAN LN and MUV2 GY | 18-Jul-16 | 2.37% | 3.30% | Oct-16 expiry | Add exposure via inexpensive upside on single names where positioning appears particularly bearish and stocks have underperformed vs. their sectors |
| Buy an Oct16 110%F call on an equally weighted basket (quanto EUR) | 18-Jul-16 | 0.81% | 0.00% | Oct-16 expiry | |
| Buy 0.895x V2X Oct 21 puts, sell 1x VIX Oct 16 puts | 19-Sep-16 | 0.0 | $1.3 | Oct-16 expiry | Near term catalysts & curve differentials favour tactical long V2X, short VIX puts |
| Sell SX7E Dec16 115 call | 6-Sep-16 | -0.88% | -1.09% | 24-Oct-16 | Close short SX7E call (part of SX5E put spread, short SX7E call trade) to limit potential risk from a "Yes" in the Italian referendum |



HOUSE_OVERSIGHT_023599

**Table 7: Summary of closed trades as of 5-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Buy HSI Oct-16 102% call, Sell HSP 105% call | 19-Sep-16 | 0.60% | 0.00% | 28-Oct-16 | HSP has under-performed HSI by 1.8% but both options expire out-of-the money |
| Short 1x USO 3M 25d put, long 2.1x SXEP 3M 25d call | 8-Aug-16 | 0.00% | 0.00% | 4-Nov-16 | The number of long SXEP calls per short USO put is historically high. Leverage commodity and equity strategists' views on oil and the Oil & Gas sector |
| Sell Dec16 SXDP 635 puts, buy 0.6x Dec16 SX7E 110 calls | 7-Nov-16 | 0.00% | 1.23% | 11-Nov-16 | Tactical option trade ahead of US elections |
| Long 0.5x V2X Nov16 future, short 0.5x V2X Jan-17 future | 11-Jul-16 | 0.20 vols | -1.19 vols | Nov-16 expiry | Hedge further Brexit fallout, Italian bank & referendum risk. |
| Buy NIFTY Nov16 95/105 strangle outright | 6-Sep-16 | 1.63% | 6.36% | 21-Nov-16 | Close position as NIFTY has fallen 11.4% and we are approaching the expiry |
| Buy H-shares w/ SZ-A & buy HSCEI Dec16 put | 22-Aug-16 | 1.90% | 8.72% | 5-Dec-16 | Close position as the Shenzhen HK connect has launched on 5-Dec-16 |
| Buy HK small-cap & buy HSCEI Dec16 put | 22-Aug-16 | 1.90% | 6.76% | 5-Dec-16 | Close position as the Shenzhen HK connect has launched on 5-Dec-16 |
| Buy 1.32x EFA US 3M 25d put, sell 1x SX5E 3M 25d put for near 0 upfront premium | 22-Aug-16 | 0.04% | 0.00% | 22-Nov-16 | Own EFA puts vs ESTX50 puts to benefit from any increase in quantitative failure risk in Japan and post-Brexit uncertainty |
| Buy 2.6x SX5E 3M 110% call, sell 1x SX5E 3M 90% put for near 0 upfront premium | 22-Aug-16 | -0.04% | 0.00% | 22-Nov-16 | Low vol, high skew combo makes ESTX50 levered riskies attractive |
| Sell 1M 95%f SX5E put and buy 1M 105%f SX5E call | 31-Oct-16 | -0.40% | 0.00% | 1-Dec-16 | Generate income in range-bound markets, benefiting from high ESTX50 skew |
| Buy KOSPI2 Dec16 95% put, sell $KRW 97.4% put | 17-Oct-16 | 0.00% | 0.00% | 8-Dec-16 | Both legs expire out-of-the money at expiry |
| Buy HSCEI Dec16 95% put, sell 2822 HK 94.8% put | 12-Sep-16 | 0.00% | 0.00% | 29-Dec-16 | Both legs expire out-of-the money |
| Buy HSCEI Dec-16 105-115% call spread | 27-Sep-16 | 1.82% | 0.00% | 29-Dec-16 | HSCEI call spread expires out-of-the money |
| Buy CH Banks Dec-16 105-115% call spread | 27-Sep-16 | 2.05% | 0.00% | 29-Dec-16 | Chinese Banks call spread expires out-of-the money |
| Buy Best-of TWSE,KOSPI2,HSCEI Dec16 95% put | 10-Oct-16 | 0.90% | 0.00% | 29-Dec-16 | The best performing index (KOSPI2) fell less than 5% over the period |
| Buy HSCEI Dec16 9800 call with a 10600 knock-out | 7-Nov-16 | 1.00% | 0.00% | 29-Dec-16 | HSCEI knock-out call expires out-of-the money |
| Sell Samsung Jan17 90% put, buy KOSPI2 96% put | 17-Oct-16 | 0.00% | 0.00% | 12-Jan-17 | Both legs expire out-of-the money. The relative value trade has a zero profit & loss |
| Buy an XOP Jan-17 45 call | 22-Aug-16 | 1.4% | 0.00% | 20-Jan-17 | Call expired out-of-the money at expiry |
| Buy an XLE Jan-17 ATM call with 115% knock-in | 22-Aug-16 | 2.5% | 0.0% | 20-Jan-17 | Call expires in-the-money but the barrier was not breached at expiry |
| Buy an XLE over SPX Jan-17 ATM outperformance call contingent on SPX up at expiry | 22-Aug-16 | 2.3% | 3.4% | 20-Jan-17 | Energy equity outperformed the overall equity market while both were up by the time the outperformance call expired |
| Buy XLP Jan-17 52 / 49 put spread | 19-Sep-16 | 1.4% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy a 6M ATM best-of put on SPX & TLT | 18-Jul-16 | 0.8% | 0.00% | 6 months | Put expired out-of-the money as the S&P500 ended |
| Buy LLY Jan-17 80/90 1x2 CS | 17-Oct-16 | 1.8% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy LLY Jan-17 80/85 CS with 90 KI on upper leg | 17-Oct-16 | 2.4% | 0.00% | Jan-17 expiry | Both legs expire out-of-the money |
| Buy ZTS Jan-17 46/50 bullish risk reversal | 17-Oct-16 | 2.6% | 7.4% | Jan-17 expiry | Both legs expire in-of-the money |
| Buy ZTS Jan-17 46/50/55 call spread collar | 17-Oct-16 | 1.4% | 7.4% | Jan-17 expiry | The 46 call and 50 call expire in-the-money |
| Buy an EWZ Jan-17 40 call | 24-Oct-16 | 3.1% | 0.00% | Jan-17 expiry | Call expired out-of-the money at expiry |
| Buy TPINSU 105-120% call spread, short 85% put | 14-Nov-16 | 1.75% | 4.50% | 13-Jan-17 | Option expired and Topix Insurance rose 9.5% over the period |
| Buy TPNBNK 105-120% call spread, short 85% put | 14-Nov-16 | 1.85% | 10.60% | 13-Jan-17 | Option expired and Topix Banks rose 15.6% over the period |
| Buy HSBC Jan-17 105% call, Sell HSP 105% call | 14-Nov-16 | 0.52% | 4.98% | 26-Jan-17 | Option expired; HSBC out-performed HSP on the upside |
| Buy SX5E +Dec19/-Dec18 div future spread | 4-Oct-16 | €-7.0 | €-4.2 | 6-Feb-17 | Close position given sudden SX5E rally and Dec18 div future will lose equity beta |
| Own Nifty Mar17 call to position for budget surprise | 23-Jan-17 | 0.67% | 2.15% | 6-Feb-17 | Nifty was up 4.9% over the period on the back of a positive budget announcement |
| Buy HSI Feb17 23600 call | 9-Jan-17 | 0.48% | 1.09% | 13-Feb-17 | Close position. HSI was up 4.9% over the period |
| Buy AMP AU 23-Feb-17 95% puts | 30-Jan-17 | 1.85% | 0.27% | 13-Feb-17 | Unwind the put option post the earnings result |
| Buy SUN AU 23-Feb-17 95% puts | 30-Jan-17 | 1.39% | 0.08% | 13-Feb-17 | Unwind the put option post the earnings result |
| Buy 1x V2X Feb17 19 calls, sell 0.85x V2X Mar17 futures | 17-Jan-17 | -16.1v | -14.32v | Feb-17 expiry | Unwind as the Feb17 call expired |
| Buy CBA AU 23-Feb-17 95% puts | 30-Jan-17 | 0.76% | 0.00% | 21-Feb-17 | Unwind the put option post the earnings result |
| Overwrite WES AU 23-Feb-17 103% calls | 30-Jan-17 | -0.87% | -1.20% | 21-Feb-17 | Unwind the put option post the earnings result |
| Long V2X Apr future, short V2X May future | 9-Jan-17 | 0.45 | 4.55 | 24-Feb-17 | The Apr future has already richened significantly vs. the May future. Prefer V2X May long May call spread, short Apr put as a French election hedge instead. |
| Buy 1x ESTX50 Dec17 3250 calls, sell 1.23x EURJPY Dec-17 115 puts | 5-Dec-16 | 0.00% | 3.20% | 24-Feb-17 | Unwind ahead of French elections as political uncertainty can weigh on the EUR |
| Buy NKY Dec17 19500 call, short Mar17 18000 call | 3-Oct-16 | 0.58% | -1.82% | 3-Mar-17 | Unwind the option before the Mar-17 expiry |
| Buy NKY Mar17-Dec17 17000 strike FVA | 3-Oct-16 | 20.2% | 21.6% | 3-Mar-17 | Unwind the option before the Mar-17 expiry |
| Buy TPNBNK Mar17 1x1.5 180/170 put ratio | 9-Jan-17 | 0.60% | 0.00% | 10-Mar-17 | Option expired out-of-the money as the TPNBNK remained range-bounded |
| Buy ESTX50 17-Mar-17 3350-3450 strangle | 6-Mar-17 | 0.80% | 0.00% | 17-Mar-17 | Expired out-of-the-money |
| Buy Volkswagen 2017 dividend future | 17-Jan-17 | €1.3 | €2.0 | 14-Mar-17 | Volkswagen announced a dividend of €2.05 on 14-Mar-17 |
| Buy Mar17 UKX 6700 put cont. on GBPUSD<1.20 | 10-Oct-16 | 0.81% | 0.0% | 17-Mar-17 | |
| Buy Mar17 UKX<6700 / GBPUSD<1.20 dual digital | 10-Oct-16 | 9.1% | 0.0% | 17-Mar-17 | UKX rallied making the hedges expire out-of-the-money |
| Mar17 UKX 6700 buy qUSD put, sell 0.9x vanilla put | 10-Oct-16 | 0.44% | 0.0% | 17-Mar-17 | |
| Buy 6M ATM worst-of {XLF call, XLU put} | 19-Sep-16 | 1.38% | 0% | 17-Mar-17 | While XLF has rallied ~30% since inception, XLU is higher by 4% and the XLU put is the worst performing option, expiring OTM |
| Buy an SPX Mar-17 97.5% put contingent on USO>105% at expiry | 3-Oct-16 | 1.08% | 0% | 17-Mar-17 | The structure offered a deep discount for an SPX hedge and expires OTM as markets have rallied strongly |
| Buy a USO Mar-17 105% call contingent on SPX<97.5% at expiry | 3-Oct-16 | 1.70% | 0% | 17-Mar-17 | The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks |
| Buy a Mar-17 SPX<97.5%, USO>105% dual digital | 3-Oct-16 | 11.80% | 0% | 17-Mar-17 | The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks |
| Buy an IWM Mar-17 ATM call conditional on EEM<95% at expiry | 14-Nov-17 | 1.15% | 0% | 17-Mar-17 | EEM has rallied 15% over the period together with IWM |
| Buy an XLI Mar-17 ATM call conditional on EEM<95% at expiry | 14-Nov-17 | 0.89% | 0% | 17-Mar-17 | EEM has rallied 15% over the period together with XLI |
| Buy GLD Mar-17 116 call, sell Jun-17 127 call | 23-Jan-17 | 1% | 0.31% | 17-Mar-17 | While GLD rallied strongly earlier in the life of the trade, it recently retreated at the time of expiry with GLD 87bps above the lower strike, the short call is worth 56bps |



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HOUSE_OVERSIGHT_023600

**Table 7: Summary of closed trades as of 5-Jun-17**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Long 2x SPX Aug-17 2200 puts, short 1x SPX Aug-17 2350 put | 21-Feb-17 | 0.10% | 0.01% | 17-Mar-17 | SPX has traded range bound since inception of the trade, still the carry has been minimal, close out or roll the position |
| Own Nifty Mar17 strangle heading into 5 events | 23-Jan-17 | 1.50% | 3.96% | 20-Mar-17 | Unwind the option post the state election event and Close position |
| Long XLF Jun17 24 call, short SX7E Jun17 120 call | 2-Dec-16 | 0.74% | -5.88% | 27-Mar-17 | The call vs call relative value trade is now riskier given the potential reversal in US reflation trades and the potential for European equities to rally in a French election market-favourable outcome. Unwind the position for the Tencent earnings |
| Buy Tencent Mar-17 105% calls | 27-Feb-17 | 1.15% | 2.31% | 27-Mar-17 | |
| Buy HSCEI Mar17 105% call contingent SPX <2200 | 24-Oct-16 | 1.20% | 0.00% | 30-Mar-17 | Option expired; HSCEI was up 5.1% but the SPX ended above 2200 |
| Buy HSCEI Mar17 9600 put vs short Sep17 8200 put | 17-Jan-17 | -0.05% | -0.78% | 30-Mar-17 | Unwind post Mar-17 expiry; the short Sep17 put helped reduce the hedging cost |
| Buy HSCEI Mar-17 1x1.5 10800-11200 call ratio | 21-Feb-17 | 0.57% | 0.00% | 30-Mar-17 | Option expired; HSCEI stayed flat and failed to rally above the 10800 call strike |
| Long SX5E Apr17 3300 call, short SX5E Dec17 3450 call | 30-Jan-17 | -0.60% | -0.18% | 21-Apr-17 | Apr17 option expired so we unwind the entire trade as planned |
| Short 1x SX5E May17 3350 calls, long 2x SX5E May17 3450 calls | 21-Feb-17 | 0.00% | 0.60% | 24-Apr-17 | Unwind before May expiry following the large 4% SX5E move on 24-Apr, given lack of near term catalysts |
| Buy an SPX Apr-17 95% put conditional on US 10Y CMS > 2.5% at maturity | 14-Nov-16 | 0.78% | 0% | 21-Apr-17 | In Nov-16, we recommended remaining long equities with cheap hedges. The hedge expires out of the money, while SPX has returned 8.7% for the period |
| Long SPX Apr17 2300 call, short SPX Dec17 2400 call | 30-Jan-17 | -0.80% | -0.71% | 21-Apr-17 | The reflation trade has slowed down and the market is in a holding pattern. The long Apr-17 call expires in-the-money, and the short Dec-17 call still has time value |
| Long VIX May 16 / 22 call spread vs. short VIX Apr 13 put | 21-Feb-17 | $0.35 | $0.75 | 19-Apr-17 | The call spread still has value due to elevated vol and vol-of-vol and we collect the premium on the expired short OTM put |
| Short SPX 21-Apr-17 vs. long 28-Apr-17 2325 straddle pair | 6-Mar-17 | 0.50% | 1.06% | 21-Apr-17 | The trade benefited from the rise in post-event volatility relative to pre-event volatility |
| Buy SX5E 28-Apr-17 3600 call | 3-Apr-17 | 0.26% | 0% | 28-Apr-17 | The option expired |
| Buy Unicom Apr17 105-115% call spread | 21-Feb-17 | 1.65% | 4.25% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy Sands China Apr17 105-115% call spread | 21-Feb-17 | 2.00% | 6.97% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy Galaxy Apr17 105-115% call spread | 21-Feb-17 | 2.10% | 10.0% | 27-Apr-17 | Single stock option expired in-the-money despite a 1.4% decline in the HSCEI |
| Buy SX5E Dec19 2500 put, sell SX5E Dec18 2500 put | 27-Sep-16 | 3.97% | 1.9% | 8-May-17 | SX5E has rallied 23.3% since we entered the trade and European political risk abated for now |
| Buy KOSPI2 May17 103% calls | 13-Mar-17 | 0.63% | 5.37% | 8-May-17 | Option expired; KOSPI2 rallied 8.37% over the period |
| Buy KOSPI2 May17 97/103% strangle | 13-Mar-17 | 1.38% | 5.37% | 8-May-17 | Option expired; KOSPI2 rallied 8.37% over the period |
| Buy NKY Jun17 20750 call, sell 1-1.3x 18750-17750 put ratio | 06-Mar-17 | 0.00% | 0.00% | 15-May-17 | Closing the trade post French election; option strikes remain far from the spot level |
| Long V2X May 26-32.5 call spread and short Apr 22 put | 21-Feb-17 | €0.20 | €0.00 | 19-May-17 | Expired |
| Buy 1x contract of SX5E May17 3550 call, sell 5x contracts of V2X May17 16 puts | 3-Apr-17 | 0.0% | -1.63% | 19-May-17 | Expired |
| Long GLD May 123 call vs. short May 130 call | 21-Feb-17 | 0.8% | 0.00% | 19-May-17 | The hedge expired out-of-the-money as S&P 500 remained supported |
| Buy 1.5x EFA Jun17 103% call, sell 1x EFA May17 ATM call | 6-Mar-17 | -0.15% | -0.20% | 19-May-17 | EFA rallied strongly leading into the second round of the French elections but subsequently stalled |
| Buy SPX Top50 volatility dispersion | 27-Feb-16 | 14.7% | 11.5% | 30-May-17 | Expired |
| Long HSI vs. SPX May-17 90% put switch | 06-Feb-17 | 0.07% | 0.00% | 29-May-17 | Option expired; Both HSI and SPX puts expire out-of-the-money |
| Buy the Nifty May17 95/105% strangle outright | 20-Mar-17 | 1.20% | 0.00% | 25-May-17 | Option expired; Nifty failed to move more than the straddle huddle (5%) |
| Long HSBC May-17 65/70 call spread | 3-Apr-17 | 0.95% | 4.33% | 29-May-17 | Option expired; HSBC is up 6.75% on the back of a strong seasonal rally |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".



HOUSE_OVERSIGHT_023601

# Volatility in Numbers (02-Jun-17)

**Table 8: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (developed markets)**

| | 3-month | | | | | | | 12-month | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| **Implied** | 9.5% | 13.0% | 10.6% | 12.2% | 14.2% | 12.4% | 12.8% | 13.8% | 16.5% | 13.4% | 16.1% | 17.3% | 15.9% | 14.8% |
| %tile (2yr) | 0.2% | 0.0% | 3.8% | 0.0% | 0.8% | 2.6% | 37.9% | 2.6% | 2.9% | 5.7% | 0.8% | 3.9% | 6.3% | 32.4% |
| 1Week Change | -0.1% | -0.4% | 0.4% | -0.7% | -0.2% | 0.3% | -0.3% | -0.1% | 0.1% | 0.3% | -0.3% | 0.0% | 0.2% | 0.1% |
| 1Mth Change | -0.6% | -1.4% | 0.1% | -1.3% | -0.7% | 0.0% | 0.9% | 0.3% | 0.0% | 0.5% | -0.4% | -0.2% | 0.7% | 1.6% |
| **Realised** | 7.3% | 11.1% | 9.1% | 10.0% | 12.5% | 10.3% | 11.0% | 9.6% | 16.8% | 12.7% | 15.8% | 19.8% | 13.7% | 11.5% |
| %tile (2yr) | 13.9% | 11.8% | 10.3% | 1.0% | 2.4% | 0.6% | 24.3% | 1.6% | 0.0% | 0.0% | 0.2% | 14.7% | 0.2% | 24.5% |
| 1Week Change | -0.4% | -0.7% | -0.6% | -0.7% | 0.1% | -0.2% | 0.1% | 0.0% | -0.3% | 0.0% | -0.1% | 0.0% | -0.1% | 0.0% |
| 1Mth Change | 0.4% | -0.7% | -0.2% | -1.4% | -0.4% | -0.4% | 2.4% | -0.2% | -0.7% | -0.3% | -0.5% | -0.6% | -0.4% | 0.4% |
| **Imp-real spread** | 2.3% | 1.9% | 1.4% | 2.3% | 1.7% | 2.2% | 1.8% | 4.1% | -0.2% | 0.8% | 0.3% | -2.5% | 2.2% | 3.3% |
| Spread %tile (2yr) | 51.4% | 53.4% | 61.9% | 63.3% | 67.8% | 69.9% | 64.4% | 81.5% | 79.8% | 73.3% | 79.6% | 61.2% | 88.0% | 72.9% |
| 1Week Change | 0.3% | 0.3% | 1.0% | 0.0% | -0.3% | 0.5% | -0.4% | -0.2% | 0.3% | 0.3% | -0.2% | 0.0% | 0.3% | 0.1% |
| 1Mth Change | -1.0% | -0.6% | 0.3% | 0.1% | -0.4% | 0.4% | -1.4% | 0.5% | 0.6% | 0.9% | 0.1% | 0.4% | 1.1% | 1.2% |
| **90-110 skew** | 7.9% | 7.1% | 5.3% | 7.1% | 5.0% | 2.3% | 3.0% | | | | | | | |
| %tile (2yr) | 4.6% | 16.9% | 1.1% | 21.5% | 19.0% | 6.5% | 2.7% | | | | | | | |
| 1Week Change | -0.9% | -0.4% | -0.4% | -0.6% | -1.0% | -0.4% | 0.2% | | | | | | | |
| 1Mth Change | 0.3% | 0.8% | -1.5% | -0.4% | -0.4% | -0.7% | -1.4% | | | | | | | |
| | **10-day realised** | | | | | | | **12M - 3M term vol spread** | | | | | | |
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| Current Level | 6.6% | 5.8% | 4.6% | 7.1% | 11.1% | 7.1% | 10.6% | 4.2% | 3.6% | 2.8% | 3.8% | 3.2% | 3.5% | 2.0% |
| %tile (2yr) | 21.8% | 2.1% | 0.6% | 6.7% | 16.3% | 0.4% | 46.2% | 99.6% | 100.0% | 86.2% | 100.0% | 99.6% | 98.9% | 53.1% |
| 1Week Change | -4.3% | -4.1% | -3.2% | -0.6% | 1.9% | -0.9% | 2.4% | 0.0% | 0.4% | -0.1% | 0.4% | 0.2% | -0.1% | 0.4% |
| 1Mth Change | -1.0% | -14.4% | -12.7% | -10.5% | -1.4% | -4.8% | 0.3% | 0.9% | 1.3% | 0.4% | 0.9% | 0.5% | 0.7% | 0.6% |
| | **Cash index** | | | | | | | | | | | | | |
| Current Level | 2,439.07 | 3,591.82 | 7,547.63 | 12,822.94 | 20,177.28 | 25,924.05 | 307.83 | | | | | | | |
| 1Wk Change | 0.96% | 0.36% | 0.00% | 1.75% | 2.49% | 1.11% | 0.28% | | | | | | | |
| 1Mth Change | 2.00% | 0.38% | 4.10% | 2.52% | 3.76% | 4.97% | 6.28% | | | | | | | |

Source: BofA Merrill Lynch Global Research

**Table 9: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (emerging markets)**

| | 3-month | | | | 12-month | | | |
|---|---|---|---|---|---|---|---|---|
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| **Implied** | 15.4% | 25.3% | 24.7% | 15.1% | 19.0% | 24.4% | 26.1% | 17.4% |
| %tile (2yr) | 4.0% | 52.5% | 13.4% | 4.2% | 6.9% | 41.4% | 12.1% | 1.4% |
| 1Wk Change | -0.1% | 0.5% | 1.2% | 1.0% | 0.3% | 0.6% | 0.2% | 0.6% |
| 1Mth Change | 0.8% | 4.5% | 1.0% | 0.2% | 1.6% | 1.6% | 0.3% | -0.6% |
| **Realised** | 13.3% | 26.3% | 21.8% | 10.9% | 18.0% | 22.9% | 21.4% | 14.9% |
| %tile (2yr) | 8.1% | 70.1% | 31.4% | 1.0% | 13.3% | 9.7% | 2.0% | 0.6% |
| 1Wk Change | -0.8% | -0.2% | 0.0% | 0.1% | 0.0% | 0.1% | 0.0% | 0.0% |
| 1Mth Change | 0.8% | 7.6% | 2.1% | -1.2% | -0.3% | 1.6% | 0.0% | -0.4% |
| **Imp-real spread** | 2.2% | -1.0% | 2.9% | 4.2% | 1.1% | 1.5% | 4.7% | 2.5% |
| Spread %tile (2yr) | 65.3% | 24.4% | 37.2% | 76.4% | 58.9% | 67.9% | 96.4% | 44.1% |
| 1Wk Change | 0.6% | 0.8% | 1.2% | 0.9% | 0.3% | 0.5% | 0.2% | 0.6% |
| 1Mth Change | 0.1% | -3.0% | -1.1% | 1.4% | 1.9% | 0.0% | 0.3% | -0.2% |
| **90-110 skew** | 6.0% | 4.9% | 4.8% | 7.2% | | | | |
| %tile (2yr) | 1.1% | 28.7% | 18.8% | 14.6% | | | | |
| 1Wk Change | -0.5% | 0.5% | 0.1% | 0.5% | | | | |
| 1Mth Change | -0.4% | -0.9% | 0.4% | 0.7% | | | | |
| | **10-day realised** | | | | **12M - 3M term vol spread** | | | |
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| Current Level | 13.1% | 17.7% | 21.2% | 10.0% | 3.6% | -0.9% | 1.4% | 2.3% |
| %tile (2yr) | 23.0% | 24.4% | 31.8% | 9.8% | 98.7% | 24.7% | 79.9% | 64.8% |
| 1Wk Change | -4.1% | -32.0% | -6.4% | 5.0% | 0.5% | 0.0% | -1.0% | -0.4% |
| 1Mth Change | 1.2% | -1.9% | 8.2% | -3.2% | 0.7% | -2.9% | -0.8% | -0.8% |
| | **Cash index** | | | | | | | |
| Current Level | 41.76 | 62,510.70 | 1,189.17 | 46,522.53 | | | | |
| 1Wk Change | 0.05% | -2.46% | -3.33% | -2.13% | | | | |
| 1Mth Change | 2.91% | -6.31% | -6.17% | -1.31% | | | | |

Source: BofA Merrill Lynch Global Research



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## Options Risk Statement

### Potential Risk at Expiry & Options Limited Duration Risk

Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk, all of which can occur in a short period.

### Investor suitability

The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal. For detailed information regarding the risks involved with investing in listed options:
http://www.theocc.com/about/publications/character-risks.jsp

## Price objective basis & risk

**Deutsche Telekom (DTEGF / DTEGY, B-2-7, EUR17.42/US$19.45)**
Our price objective for DT is EUR18.0/sh (US$19.62) and is derived from our Sum-of-the-Parts analysis.

Each business is valued via DCF (except MtM for TMUS and OTE ) using a 7.0% WACC and 1.00% terminal growth rate for Domestic and Western Europe assets (and 8.0% WACC/1% term growth for Eastern Europe assets) and cross-checked using implied valuation multiple analysis.

Our Domestic business valuation reflects DT's solid positioning in both fixed (FTTC rollout) and mobile (superior network quality, integrated business model).

Upside risks to our PO are any asset sales (US, non-integrated assets in Austria or NL) and revenue upside from T-Home's TV push.

Downside risks to our PO are higher than expected mobile impact coming from new Drillisch tariffs or failure to turnaround good US operational trends into more profitable revenue streams.

## Analyst Certification

We, Benjamin Bowler, Clovis Couasnon and Frederic Boulan, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

BofA Merrill Lynch is currently acting as Financial Advisor to Royal Dutch Shell PLC in connection with its proposed sale of its UK North Sea assets to Chrysaor LTD, which was announced on January 31, 2017.



HOUSE_OVERSIGHT_023603

**EMEA - Telecoms Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | BT | BT | BT US | Sunil P. Patel |
| | BT | BTGOF | BT/A LN | Sunil P. Patel |
| | DNA Oyj | XDNAF | DNA FH | Sunil P. Patel |
| | Iliad | ILIAF | ILD FP | Frederic Boulan, CFA |
| | Inwit | XISWF | INW IM | Parin Shah, CFA |
| | KPN | KKPNF | KPN NA | Frederic Boulan, CFA |
| | Orange | FNCTF | ORA FP | Frederic Boulan, CFA |
| | Orange | ORAN | ORAN US | Frederic Boulan, CFA |
| | TDC A/S | TDCAF | TDC DC | Sunil P. Patel |
| | Tele Columbus | XBTLF | TC1 GR | Sunil P. Patel |
| | Telecom Italia -RSP | TIAJF | TITR IM | David Wright |
| | Telecom Italia SPA | TI | TI US | David Wright |
| | Telecom Italia SPA | TIAOF | TIT IM | David Wright |
| | Telefonica SA | TEFOF | TEF SM | David Wright |
| | Telefonica SA | TEF | TEF US | David Wright |
| | Telenet Group Holding NV | TLGHF | TNET BB | David Wright |
| | Telenor | TELNF | TEL NO | Sunil P. Patel |
| | Telenor | TELNY | TELNY US | Sunil P. Patel |
| **NEUTRAL** | | | | |
| | Bouygues | BOUYF | EN FP | Frederic Boulan, CFA |
| | Deutsche Telekom | DTEGY | DTEGY US | Frederic Boulan, CFA |
| | Deutsche Telekom | DTEGF | DTE GR | Frederic Boulan, CFA |
| | Liberty Global | LBTYA | LBTYA US | David Wright |
| | Orange Belgium | MBSRF | OBEL BB | David Wright |
| | SFR Group SA | NUMCF | SFR FP | Frederic Boulan, CFA |
| | Swisscom | SWZCF | SCMN VX | Frederic Boulan, CFA |
| | Swisscom | SCMWY | SCMWY US | Frederic Boulan, CFA |
| | Telia Company | TLSNF | TELIA SS | Sunil P. Patel |
| | Vodafone Group | VOD | VOD US | David Wright |
| | Vodafone Group | VODPF | VOD LN | David Wright |
| **UNDERPERFORM** | | | | |
| | Cellnex | XWHXF | CLNX SM | Parin Shah, CFA |
| | Ei Towers | EITOF | EIT IM | Parin Shah, CFA |
| | Elisa | ELMUF | ELISA FH | Sunil P. Patel |
| | Proximus | BGAOF | PROX BB | David Wright |
| | RAI Way | XRWSF | RWAY IM | Parin Shah, CFA |
| | TalkTalk | TLKTF | TALK LN | Sunil P. Patel |
| | Tele2 AB | TLTZF | TEL2B SS | Sunil P. Patel |
| | Telefonica Deutschland | TELDF | O2D GR | Frederic Boulan, CFA |
| **RSTR** | | | | |
| | Altice NV -A | ALLVF | ATC NA | Frederic Boulan, CFA |
| | Altice NV -B | ALVVF | ATCB NA | Frederic Boulan, CFA |
| | Drillisch AG | DRHKF | DRI GY | Frederic Boulan, CFA |
| **RVW** | | | | |
| | United Internet AG | UDIRF | UTDI GY | Frederic Boulan, CFA |



Bank of America Merrill Lynch

HOUSE_OVERSIGHT_023604

**EMEA - Utilities Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | EDF | ECIFF | EDF FP | Peter Bisztyga |
| | EDP | EDPFY | EDPFY US | Harry Wyburd |
| | EDP | ELCPF | EDP PL | Harry Wyburd |
| | EDP Renovaveis | EDRVF | EDPR PL | Pinaki Das |
| | Enel | ESOCF | ENEL IM | Harry Wyburd |
| | Engie | ENGQF | ENGI FP | Peter Bisztyga |
| | Gamesa | GCTAF | GAM SM | Pinaki Das |
| | Iberdrola | IBDSF | IBE SM | Peter Bisztyga |
| | innogy | XISAF | IGY GR | Peter Bisztyga |
| | National Grid | NGGTF | NG/ LN | Fraser McLaren |
| | National Grid | NGG | NGG US | Fraser McLaren |
| | Red Electrica | RDEIF | REE SM | Harry Wyburd |
| | Saeta Yield | XSTAF | SAY SM | Pinaki Das |
| | Senvion SA | XSHVF | SEN GR | Pinaki Das |
| | Suez | SZEVF | SEV FP | Pinaki Das |
| | Terna | TERRF | TRN IM | Harry Wyburd |
| | Veolia | VEOEF | VIE FP | Pinaki Das |
| | Veolia | VEOEY | VEOEY US | Pinaki Das |
| | Vestas | VWSYF | VWS DC | Pinaki Das |
| **NEUTRAL** | | | | |
| | Acciona | ACXIF | ANA SM | Pinaki Das |
| | Drax Group Ltd | DRXGF | DRX LN | Fraser McLaren |
| | E.ON | ENAKF | EOAN GR | Peter Bisztyga |
| | E.ON | EONGY | EONGY US | Peter Bisztyga |
| | Gas Natural Fenosa | GASNF | GAS SM | Harry Wyburd |
| | Italgas | XXYZF | IG IM | Harry Wyburd |
| | Nordex | NRDXF | NDX1 GR | Pinaki Das |
| | RWE | RWNFF | RWE GR | Peter Bisztyga |
| | RWE | RWEOY | RWEOY US | Peter Bisztyga |
| | SSE | SSEZF | SSE LN | Fraser McLaren |
| | SSE | SSEZY | SSEZY US | Fraser McLaren |
| | Uniper | XUIKF | UN01 GY | Peter Bisztyga |
| **UNDERPERFORM** | | | | |
| | Centrica | CPYYF | CNA LN | Fraser McLaren |
| | Centrica | CPYYY | CPYYY US | Fraser McLaren |
| | DONG Energy | XDJBF | DENERG DC | Pinaki Das |
| | Enagas | ENGGF | ENG SM | Harry Wyburd |
| | Endesa | ELEZF | ELE SM | Harry Wyburd |
| | Fortum | FOJCF | FORTUM FH | Peter Bisztyga |
| | Pennon | PEGRF | PNN LN | Fraser McLaren |
| | Severn Trent | SVTRF | SVT LN | Fraser McLaren |
| | Snam | SNMRF | SRG IM | Harry Wyburd |
| | United Utilities | UUGWF | UU/ LN | Fraser McLaren |
| **RSTR** | | | | |
| | Abengoa B | AGOAF | ABG/P SM | Pinaki Das |



HOUSE_OVERSIGHT_023605

**EMEA - Integrated & Refiners Coverage Cluster**

| Investment rating | Company | BofA Merrill Lynch ticker | Bloomberg symbol | Analyst |
|---|---|---|---|---|
| **BUY** | | | | |
| | Eni | E | E US | Hamish Clegg |
| | Eni | EIPAF | ENI IM | Hamish Clegg |
| | Galp Energia | GLPEF | GALP PL | Hamish Clegg |
| | Royal Dutch Shell B | RDSB | RDS/B US | Christopher Kuplent |
| | Royal Dutch Shell B | RYDBF | RDSB LN | Christopher Kuplent |
| | Royal Dutch Shell PLC Shs A | RDSA | RDS/A US | Christopher Kuplent |
| | Royal Dutch Shell PLC Shs A | RYDAF | RDSA LN | Christopher Kuplent |
| | Statoil | STOHF | STL NO | Hamish Clegg |
| | Statoil | STO | STO US | Hamish Clegg |
| **NEUTRAL** | | | | |
| | BP plc | BP | BP US | Christopher Kuplent |
| | BP plc | BPAQF | BP/ LN | Christopher Kuplent |
| | Repsol | REPYY | REPYY US | Hamish Clegg |
| | Repsol | REPYF | REP SM | Hamish Clegg |
| | Total | TTFNF | FP FP | Christopher Kuplent |
| | Total | TOT | TOT US | Christopher Kuplent |
| **UNDERPERFORM** | | | | |
| | Neste | NTOIF | NESTE FH | Georgia Harris |
| | OMV | OMVJF | OMV AV | Hamish Clegg |
| | OMV | OMVKY | OMVKY US | Hamish Clegg |

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**DTEGF Price Chart**

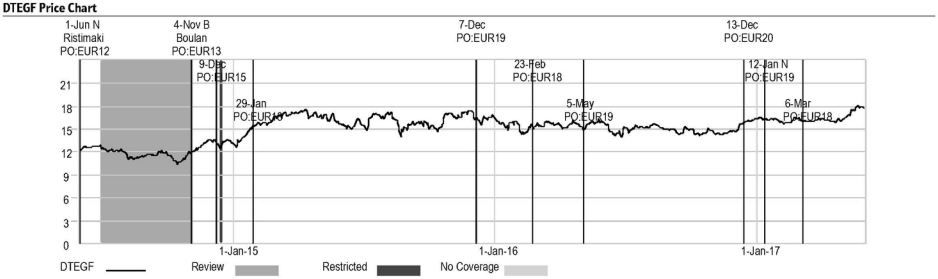


B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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**DTEGY Price Chart**

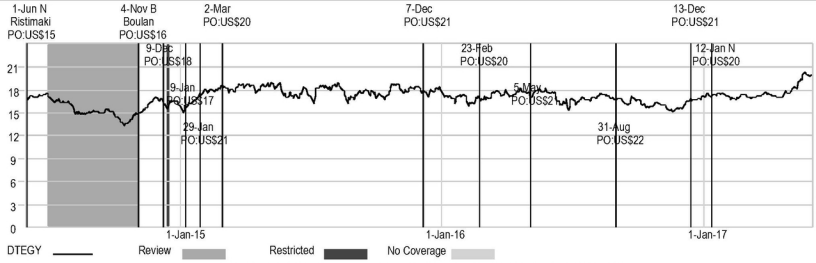


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**ESOCF Price Chart**

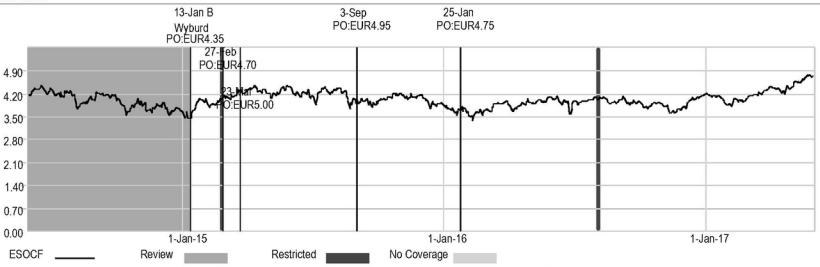


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**IBDSF Price Chart**

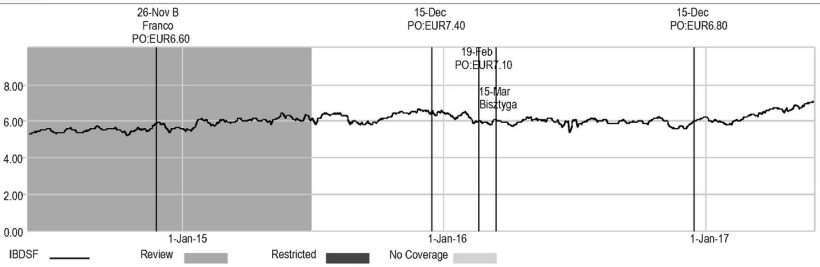


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**RYDAF Price Chart**

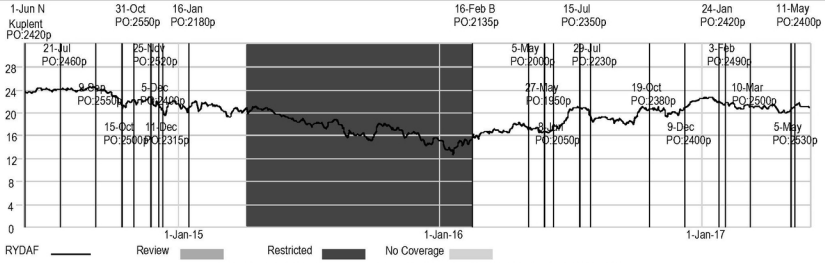


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| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 109 | 49.77% | Buy | 84 | 77.06% |
| Hold | 52 | 23.74% | Hold | 43 | 82.69% |
| Sell | 58 | 26.48% | Sell | 34 | 58.62% |

**Equity Investment Rating Distribution: Telecommunications Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 78 | 52.00% | Buy | 53 | 67.95% |
| Hold | 30 | 20.00% | Hold | 20 | 66.67% |
| Sell | 42 | 28.00% | Sell | 14 | 33.33% |

**Equity Investment Rating Distribution: Utilities Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 60 | 48.39% | Buy | 39 | 65.00% |
| Hold | 35 | 28.23% | Hold | 26 | 74.29% |
| Sell | 29 | 23.39% | Sell | 17 | 58.62% |

**Equity Investment Rating Distribution: Global Group (as of 31 Mar 2017)**

| Coverage Universe | Count | Percent | Inv. Banking Relationships* | Count | Percent |
|---|---|---|---|---|---|
| Buy | 1578 | 51.33% | Buy | 979 | 62.04% |
| Hold | 690 | 22.45% | Hold | 434 | 62.90% |
| Sell | 806 | 26.22% | Sell | 381 | 47.27% |

* Issuers that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster* |
|---|---|---|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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**Date:** Monday, January 6 2014 02:40 AM
**Subject:** Re: Larry Summers
**From:** Kelly Friendly <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

Mr. Epstein:

Many, many thanks for your overwhelming generosity. [redacted] and I flew home today with Mr. Farkas and his family. They took very good care of us and they couldn't have been nicer. Andrew and [redacted] are still stuck in St. Thomas, enjoying the use of your car.

We are extremely grateful for everything you have done for us.

Happy New Year and hope to see you next time you are at Harvard.

Fondly,
Kelly Friendly

On Jan 4, 2014, at 1:06 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> glad to help
>
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[redacted]

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**Date:** Monday, January 6 2014 12:29 PM
**Subject:** Re: Larry Summers
**From:** Kelly Friendly [redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;
**CC:** Andrew Friendly <[redacted]>;

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**To:** Jeffrey Epstein <jeevacation@gmail.com>;

He can be reached at:
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or
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**Date:** Saturday, October 8 2016 08:05 PM
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

It's an absurdly vast house, among the largest in Manhattan, but the dining room is grand but peaceful, creating a hermetic or stop-time sense, broken only by the household staff ferrying in time-of-day-appropriate exotic foods and beverages.
The real world seems terribly far away, but with paparazzi often posted near by, it's dangerously close too. Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for him . But it was a massive security detail for a well known head of state who had come for tea.
We met several years before he became arguably the world's most notorious sex offender. In 2002, his plane, a meticulously appointed 727, ferried a group of people to the TED conference in Monterey. He was the mysterious and peculiarly gracious host arriving after everyone had boarded: tanned, relaxed, attentive, soliciting every guest's story and views, and accompanied by three young women not his daughters, witty, poised, helpful, and beautiful—out of a men's magazine fantasy of the luxe life.
One more thing about this trip suggesting something of his unique view of the public world and what you got to see when you are near him. Google founders, Larry Page and Sergey Brin, with their company rising into the stratosphere, came out to see his plane on the Monterey tarmac and, with a few other Googlers, literally ran whooping from one end of the plane to the other. Then, sitting in the plane's plush living room, they described, in what I could not be sure was a put-on or entrepreneurial brainstorm, the future of search ..
Since that trip, and through his travails, I have often been invited to his house to participate in the conversations of the newest ideas that often take place there.
In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein—that Epstein, most recently embroiled in charges involved under age women ,Alan Dershowitz and Prince Andrew—spends most of his day at his dining room table in the in front of a laptop and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) conducting what must surely be the world's most extraordinary colloquial. Pictures on the table have Jeffrey and prime minister, princes, leading scientists.with fidel castro next to the photo with pope , I guess his attempt at levity.
These meetings, and this lifestyle, have somehow stayed private or secret—or apart—not out of any formal or stated restrictions, but because, in some sense, it would be very hard to explain just what you're doing there with a well known sex offender in a mouth dropping home flaunting all moderation.
And yet, defying controversy , and tolerating his societal tone deafness—or shy attitude toward the zeitgeist—still so many come. Gladly. Willingly. Feeling that his invitation is frankly quite an extraordinary privilege.

Among his frequent guests is Bill Gates, for whom Epstein has become a friend, proposing a way to leverage the resources of the Bill and Melinda Gates Foundation to accommodate many other fortunes, so that, Epstein explains, "you might join 10 or 20 billionaires on one giving project." They can leverage your unique experience and expertise in the philanthropic world and learn from your early mistakes.
As part of a many friends encouraged effort to get "out in front" of the notice that might be expected when it was revealed the number and wide diversity of the most rarified thinkers of our generation that come to visit . Epstein agreed to a limited on-the-record conversation with me.
His subject, on a morning in late fall, sitting at the dining room table—its humorous but baronial quality disturbed by an ever-present white board—is "hyper wealth." His subject is always wealth—how capital , in uber amounts should react to the given new global political, economic, and cultural moment.
His stock in trade is not the making of money, ( his proletariat background not withstanding ) but the issues that arise when wealth growing at a heretofore unimaginable rate, makes its entrance , altering many basic economic, social, and personal calculations. Watching his presentation recounts a math class of the mighty. The professor at the blackboard and the students ( the titans ), still hoping they are not called upon to answer a difficult question.
He recounts a dinner he had two nights before. The scene is, like much of what he does, a conspiracy theorist's fantasy—the six men at this dinner, all technology entrepreneurs, representing, together, over a hundred billion dollars and now trying to figure out how to use their resources in order to help shape the world.

Missions to Mars, age reversal. understanding the big bang, teleportation , Artificial Intelligence and Synthetic Biology are this weeks topics.
"In the past, only governments had this kind of money, money of a truly altering scale," says Epstein in a chipper and smoothed-out Brooklynese. "In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to question some basic assumptions and try change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique for their time . They alone had such resources and will. Now you have legions of people who must at some point ( hopefully before death, but eventually non the less ) transfer vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.
"Except that it turns out it is actually hard to give away this kind of wealth, without unintended negative consequences that may cause as many problems as you're solving."
Epstein's long-time business thesis is that the hyper rich know very little about the essence of money. They may know about their own businesses, but the great sums that are realized as a result are ultimately an afterthought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 63-year-old Epstein, they will almost all be dead in 50 years, most well before that, meaning $4.2 trillion, compounding everyday, will eventually willhave to be transferred to new hands . "So, to understand the future, what you have to begin to do is follow the money, not in Watergate- like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."
Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a point that Piketty doesn't: "Nobody, nobody, of the hyperwealthy wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that its burdens are in many cases too much to handle. One of his rules for the younger generation eventual recipients is that they all take accounting classes. Along with a video tape of the parents discussing their views on money. This acts as the bible for the too often conflicts amongst following generations

Epstein's role in this discussion of the private allotment of what is in fact a decent fraction of the U.S. Gross Domestic Product is not only as an experienced philanthropist himself but as a sort of adviser or brain—the " rich whisperer"—making him, in addition to his own vast wealth ( two private islands , one for guests ) , arguably among the most influential people you've only heard of for reasons that have absolutely nothing to do with his influence.

Epstein sometimes seems to have an out-of-body attitude toward his own fate and bad press—that's something that occurs and there is little one can do in the parallel world of the lunchbox crowd . Not long ago, when I met him for lunch in New York, he noted that he hadn't been out to eat out in a restaurant in ten years. It was a not particularly pleasant experience for him and we were done in 30 minutes. ( He said he couldn't connect with so many distractions )
On the other hand, Epstein's life sometimes may seem part of a challenge: not just look at me, but, even I can't believe what you see? But, perhaps, he is just naive to what others are thinking: a negligent and in a sense childish tone deafness.
Press accounts recycle the mysterious billionaire mythology—a man of vast and unsourced riches living in a parallel world of absolute entitlement—with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of wrongdoing inside.
In fact, the life in the house, without wife or children or conventional domestic demeanor, rather conforms to the scripted fantasies: somewhere between Daddy Warbucks and Eyes Wide Shut. There is indeed a group of young women—in their twenties and thirties—who act as Epstein's support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and

household infrastructure. One woman, on an afternoon when I was there, had just returned from an around-the-world honeymoon that Epstein had arranged for her. Some are, or may have been, his romantic interests. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist whom Epstein has known for more than thirty years, became one of new yorks top doctors—Epstein helped finance her medical school education —She married hedge funder Glen Dubin. Together they financed the Dubin Breast Center at Mount Sinai Hospital.

Epstein will sometimes move a meeting in his dining room outside to Central park—his idea of going out to lunch is a Sabrett's hot dog—with the various young women in the house acting as the accompanying entourage, as though something out of an 18th-century French court.

But the Hefnerian like attitude can also at the flash turn to sharply honed financial discussion. The highly poised young women in a mansion on the Upper East Side with various office responsibilities remind me of the various uptown art galleries in the surrounding neighborhood. They mingle freely with his hyper powerful guests, not so much as hostesses—or, in tabloid language, harem-like "sex slaves"—but as attentive colleagues (which, of course, might be regarded by some as having its own fetish-like attraction). Epstein explicitly denies , and is seconded by the group that there is no sexual quid pro quo. ("If you're sleeping someone you work with they then believe they can come in late—that's what Jimmy Goldsmith used to say.") Still, the constant attendance of so many comely young women, seems so outside of conventional living or staffing or social or romantic relationships that it is hard to describe in a straightforward or non- smirky way. And while it has been said that it may be part of the appeal for the men who come to visit Epstein, it is as well a peculiarity for them that they merely put up with in order to spend time with him.

The Epstein house/office is, by careful design, exclusive and clubby, part hang out, part secret society. Along with the fact that, even after his jail term, the rich and powerful have continued to so eagerly solicit him, it's also notable in the fixed hierarchy of who comes to whose turf, that, when they want to see Epstein, they tend to come to him. He's created a world and you enter it. Many arrive in weekend clothes. or as one world leader said , Ah here i can come in sweat clothes .

His conversations are less meeting-like—focused and agenda-driven—then narrative therapy . In effect: the outside world comes to Epstein's and he eagerly solicits reports. It's a real time newspaper, or the news you don't read in a newspaper, market movements before they occur, geopolitics with the ultimate decision makers at the table, the health and personal eccentricities of some world leaders, discussions in hushed tones of the next high level government appointments soon to be announced.

It's Sunday lunch—in his schedule from a week last fall—with Gates, Mort Zuckerman, the real estate billionaire and owner of the Daily News, and Peter Thiel, the PayPal co-founder and early Facebook investor. That evening its Sheikh Hamad Bin Jassim, the foreign minister of Qatar. Hamad lives across the street in a similarly furnished house—he and Epstein have the same decorator. (Epstein, in his relaxed and amused manner, keeps prodding: "Why are you financing the bad guys? What do you get out of that?")

Next morning, Epstein is joined for breakfast in the dining room by the lawyer Reid Weingarten, who's represented, among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sachs's Lloyd Blankfein. Weingarten, hoarse with a cold, is still lamenting his failed defense of former Connecticut Governor John Rowland. ( later to be overturned on appeal ) After a blow-by-blow of the trial, they discuss the Qatarian's visit—Epstein served chocolate made with specialy chosen pistachios grown on the Sheikh's farm—and speculate about who actually controls ISIS, with Weingarten arguing that the Turks are not getting enough scrutiny. Weingarten represents Gulen , the U.S. target of the Turks, There is, in Epstein's dining room, always an alternative version of world events—"perception versus reality," says Epstein, "not to imply that one necessarily has greater weight than the other."

"Why," I ask Weingarten, when Epstein briefly steps out of the room, "do so many people keep coming back here, everything considered."

"Why we camp out here? I guess because there's truly no other place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, an active investor" in Bitcoin and the programmable currency space. Epsteins blackboard gets quickly filled with the details of the Bitcoin blockchain mathematics,

After a bit, Epstein invites his next appointment to join them: Larry Summers, the former treasury secretary and President of Harvard, off Diet Coke, digs deep into the Sheikh Hamad chocolates, then focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit to Pierce and his update on the rapid Bitcoin price swings, "I have opportunities here. But an additional feature of my decision problem, roughly speaking, is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"
"Well," says Pierce in seeming dramatic understatement, " no question I expect as in any nascent business one is going to have some low quality characters playing early in the space…"
That evening, in the Epstein dining room (he seems rarely to use the rest of the house's 50,000 square feet), there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jagland, the head of the Nobel Peace Prize Committee, who offers an affable, but generally scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.
The next morning, it's Ehud Barack, the former Israeli Prime Minister, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then a high ranking official from the Obama White House, whose name I am asked not to use. There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov. Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak, a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do with trying to "describe cancer mathematically." (Epstein preempts Nowak's explanation : "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail.")
Then Richard Axel, a Nobel prize winner in physiology. Then Ron Baron who has $26 billion under management in his Baron Fund. Then Josh Harris, the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

The question is why, in the face of such public flogging , with the paparazzi so near,do the high and might still come?
Perhaps simply that it's intelligence of a high order. Not just market moving information, but Epstein and Summers trying to unravel the conundrum of zero interest rates, or Epstein and Noam Chomsky on memory and language, or Epstein TK…
What goes on at Epstein's house might seem just to confirm everyone's worst fears about power and the powerful: it's all insider stuff. But the conversations at Epstein's are the conversations, I suspect, that rich men dream of, but in the real world, such a buttoned-down and agenda-driven place, are actually hard to have.
"That's Jeffrey," says Mort Zuckerman, (whose paper, the Daily News, is ever vitriolic in its coverage of Epstein), with a twinkle in his eye.
On Epstein's part, there is the wink: In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the elephant in the room. (Epstein says too it's a reminder that elephants have 23 copies of cancer tumor suppressor genes and humans have only 1.) Epstein has a yet more structural explanation as to why, after prison and with continuing tabloid infamy, he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money: "At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of advice - an actual honest broker. That I guess could be described as the usefulness of a "colorful reputation"

In some sense, too, it is perhaps generational: Most everyone who is now of a certain age and ambition and status grew up in, and found they were temperamentally suited to, the era of wealth that started in the late

1970s. A meritocracy on steroids, or, as Vanity Fair would baldly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one.
Epstein often tells his middle class to riches tale: born in 1953 in Coney Island, father worked for the city's Parks Department, mother a housewife.
The captain of the math team at Lafayette High school in Bensonhurst, he went on to Cooper Union where the tuition is free. He dropped out after two years. Without a college degree, an unsolved mystery , he got a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.) Dalton fathers perhaps sensed in him a young man on the make. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his faux wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.) Another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stearn's chief Ace Greenberg. Hence, Epstein, like many in the late '70s, arrived on Wall Street.
If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction. "In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a '50s mentality. But in the mid '70s stock options started to be traded. In essence, the first version of formal derivatives. The movement of the instrument was not directly attached to the stock price but a derivative of it. The world of investing began turning from relationships to math. In a sense I didn't really know how to make money , as I produced little. I merely tried to learn how to "create" money.
He soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game), who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave-taking or ouster from Bear was the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, when he left in 1982 he took with him billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. At this point, Epstein was dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest.
If the '80s were happening pell mell in New York, they were happening at double time and catch up speed in London. "I would head to Kennedy Airport and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was actually going until I got there." Thirty-year-old Epstein was living a Lifestyle of the Rich and Famous (he befriended the show's star, Robin Leach), at English shooting parties and country estates with Saturday night black tie dinners, where he was meeting the over-the-top families of Europe.

At the same time, he was developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $10 million. "The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an less that stellar brother-in-law, became hopelessly outdated as amounts exponentially increased. You can't spend a billion dollars, you can just hope to reallocate it to different investment classes. And you can't give away a billion dollars without a vast staff, in effect going into a new give away business at its core just another business. However one you are likely to know little about."

For a period, one part of his activities, he says, was recovering looted monies . Then, in his telling, he was representing a series of vastly wealthy people and families—helping them to navigate the ambitions of their wealth. If they had big dreams before, it's nothing to what they can have now.
If early in his career he might have seemed like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charmer , later he's George Peppard in Banacek, smart and astute.. At just about this point in the narrative, the mystery about Epstein began to circulate in social circles. Epstein had acquired the major symbols of wealth but without obvious position, public holdings, or overt paper trails. His is a substrata of super wealth, i.e. without institutional establishment credentials or academic bona fides. He's a freelancer. That's the rub: he's free. i.e. doesn't work for anyone.
Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a

Coney Island, Zelig-like silver haired financier.
In 1994, just at the moment when Prince Charles was on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein was sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana wearing her "revenge" dress that evening). Graydon Carter, in his second year as editor of Vanity Fair, was also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy, both have made themselves up. To say that Epstein, in the company of the Princess, stuck in Carter's craw would be an understatement. Epstein became one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. Carter once advised me not to go to Epstein's house or accept a ride in his car least I risk being put under his spell, . ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

He joined the board of Rockefeller University. And then he was suddenly on the Trilateral commission, that cabal of business people who are fancied by some conspiracy buffs, as the group running the world. He bought, from his client Limited Founder Les Wexner, the largest private house in Manhattan. He bought an airplane. Then another. He expanded his holdings in New Mexico. He began a Xanadu-like refurbishment of his Caribbean Island and then bought the neighboring island for guests.
He befriended Bill Clinton in his new after-office life—and that would prove to be quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton was considered the world's ultimate sleaze ball—was suddenly being ferried around in the jet of…who exactly? The New York Post was the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. "I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people."
I met Epstein around this time, on the flight out to TED. Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me a dearth of understanding of the subject, began to ask me about detailed and focused questions re media—the upside, downside, and nature of media coverage. (Epstein's very brief flirtation with the media would result in his backing an unsuccessful effort, of which I was a part, to buy New York Magazine in 2004.)
New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid journalist, Vicki Ward, to the job. Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieved such magnificent wealth and substainal influence. Epstein, sensing that he might be exposing himself, called Carter and said he was having second thoughts about being a public figure.

"Then you should have lived in a two bedroom apartment in Queens," responded Carter.

And then the real troubles began. Epstein had a prodigious massage parlor outcall habit especially in Palm Beach with its many "Jack Shacks." After Epstein's round of publicity and widely touted association with Clinton, the stepmother of one of the massage parlor girls who went to Epstein's house called the police. The police interviewed the girl—who was TK at the time, but whose website identified her as 18—and the girl supplied the names of other girls, some of whom were also younger than 18.

In the end, the police tracked down 18 girls—nine of whom were under 18; the others were in their 20s and 30s (one woman was in her 60s)—a number of whom gave statements describing happy-ending massages. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleged anything more than this.)
Epstein called in Dershowitz, who flew into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, further amping up the profile of the case, also brought in Roy Black, the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.
The release by the Palm Beach authorities of the depositions by the 18 girls describing the incremental details of the sex acts, the timing of the charges coming just after Rush Limbaugh's high profile Palm Beach drug bust, the Clinton connection and then with the sudden interest of the Bush FBI in the case, moved the case from solicitation to scandal, and a plea deal with a sentence of 18 months.
He got out of jail in 2010, serving 13 months, of incarceration and then 12 months of house arrest and moved mostly seamlessly back into his life, to the shock-shock of tabloids whenever they are reminded of his existence (notably, when Epstein's payment of Fergie's debts slipped out, likely leaked by Fergie herself).

Some things changed. While surprisingly few others dropped him, the Clinton's did, an irony of the present tabloid interest in Epstein's old address book with its many Clinton contacts. And his sex offender status has transformed him from libertine playboy to sex offender in tabloid parlance.
While he has regularly entertained PR proposals aimed at his public rehabilitation, until Friends prodded him, and until this recent renewed tabloid fever, Epstein had concluded that he was perfectly satisfied living behind high walls and in his own exclusive club. Even the recent Dershowitz-Prince Andrew chapter seems like a parallel disturbance rather than something that is actually affecting him. His friends are as loyal as one could only hope for . In speaking to quite a few, without exception they stand behind their trust and like a christain chorus, all say , if you only knew the real story. but Jeffrey has not made any public statements But true or not, the story has taken on a life of its own, with the US and British tabloid press continuing, so far unsuccessfully, to search for a smoking gun connecting Clinton to underage girls, which could have—many obviously hope—the effect of derailing the Hillary Clinton presidential campaign.

It is a curious attribute of his character that, other than perhaps being more circumspect about what legal advice to follow, Epstein would have done little differently. (When I suggested recently to Epstein that one obvious way to blunt the animus bearing down on him would be to get married, he said he'd rather go back to jail.) His life, living it as he wants, seems to him to be an extraordinary accomplishment. Being on the wrong side of a groups morality, custom, politics, the media, that's just a bit of bad luck.
And it is perhaps this attitude of his that irks his critics the most. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have not been damaged as they would prefer. -thats worst sin of all. He is the unrepentant catchall of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich good looking ,white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent playboy (excuse me, sex offender ) in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.
But Epstein's friends—and I think that is, in the end, the best word for the powerful people who orbit him—are willing to support him and are willing to expound on his virtues. Generous philantroppy, science funding at he highest levels and a freedom of discourse that borders on dissent but often is the inspiration for great ideas. . Epstein is their sole confidant in many instances, Not the only nexus of them, but one of them. Dr. Epstein. may i Lay on your couch. This is the back and forth, the power loop. His expertise is knowing what other people want to know, combined with a lightning fast mind . Which surely offers those who are a part of the conversations a unique sense of confidence that they too now can understand how the world of money works. And in a time of such radical flux and existential instability, everybody wants to seek out someone who might have some answers or at least make you feel like he does—even, and maybe especially, the rich.
In the last days of my interviews with Epstein, he was called by a particular world-stage individual, among the richest and most powerful—proudly louche himself—who, feeling out of his depth in a world of crashing oil prices and wild currency fluctuation, had come to believe he might benefit from some private tutoring. Epstein welcomed him to the club.

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**From:** Thomas Jr., Landon [redacted]]
**Sent:** 11/14/2016 3:32:12 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....

**Importance:** High

The latest thinking from London hedge fund crowd
---------- Forwarded message ----------
From: **Ozan Tarman** <[redacted]>
Date: Mon, Nov 14, 2016 at 9:40 AM
Subject: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....
To:

Classification: Public

EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because Hillary bets worked as Trump trades.

Wider, steeper core rates, stronger USD, weaker EM is the Rage. The last one, EM, is the big loser out of Trump Reflation Theme. DM over EM and divergence within DM are very much in vogue. All gains of EMBI since March are gone!

For Rates & FX, it does feel like early days of Taper Tantrum trade of 3 years ago. Both dominated by US price action. In both, hedge funds have now caught the moves, play offense & ride the Trump narrative. Real Money is on the ropes, caught long Fixed Income/duration/carry and cannot play defense fearing Outflows.

In Emerging Markets, most outflows are retail, ETF driven. All eyes on next leg of institutions. In equities, banks big winners; FANGs losing. I asked partners 2 questions. 1) Would the "this will be great for business, feel good factor" wave out-run "if real yields go up, equities are a sell" fear. Clients are torn, but the former, bullish camp wins for now, my colleagues suggest. There are skeptics though.

2) In Europe, do fears over Renzi losing & Le Pen winning climb over the big momentum behind banks etc. Again, my equity team suggests, "no, reflation wave may win over Italy referendum anxiety,, for now." Renzi is now widely expected to lose, so a "yes" would be the big surprise trade. And the bigger elephant in the room is Le Pen. If she wins in May, Europe as we know it may really shake.. But for now this is more in the radars of Euro & EBG traders.

Core rates are driven by the speed of TY sell-off. And in G5 FX, the big driver is USD/JPY. The stronger "we should believe in Trump reflation narrative" winds are, the more USD/JPY buyers we see.

Some in Research warn that Trump may succeed in "tax cuts, faster than any infrastructure spending," but few macro are in mood to listen. A few players believe, looking at trade weights of each with US and magnitude of sell-off, Asia FX may have more weakness to come than MXN. Will copper/infrastructure rally eventually help Chile?

Most macro love NKY, willing to love it more. Bringing it home; fast macro money players are rushing to erase losses, year long pains through wider rates, longer USD, weaker EM, stronger equities.

Real Money is in defensive, remembering Taper Tantrum days, fearing institutional outflows & forced selling of carry hope positions.

Those who want to "fade" Trump rally, seek valuation in EM, believe core rates can tighten to get a breather are in Minority.

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Landon Thomas, Jr.
Financial Reporter
New York Times

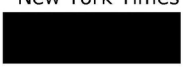

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

# "Skin So Thin, It's Inside Out"

## *Ethan Persoff* talks with *Paul Krassner* about running *The Realist*, hacking *The New York Times* Bestseller list, and that "true, extraordinary liar," Donald Trump.

*In the late Fifties, three things radically changed the course of American comedy: Lenny Bruce, The Second City, and* The Realist. *From its first issue in the Spring of 1958, Paul Krassner's iconoclastic "journal of freethought and satire" created a comedic template that is still being followed today; its mix of fact and intelligent opinion delivered with a mordant, knowing skepticism, is as current as John Oliver and as omnipresent as the entire internet. But you don't hear much about* The Realist *these days — it's the fate of truly seminal sources to seem inevitable, when in fact they reshaped the world in their own image.*

*Fortunately, in 2006 Krassner teamed with archivist/comic artist Ethan Persoff on The Realist Archive Project (*http://www.ep.to/realist/*), a free online repository of every issue of the magazine from its 43-year run. They recently collaborated again on a deluxe coffee table book,* The Realist Cartoons, *published by Fantagraphics.*

*The election of Donald Trump seemed to be a particularly Krassnerian moment, so I asked Ethan to call Paul and ask a few leading questions. — MG*

**ETHAN PERSOFF:** Paul, what's your opinion of Trump?

**PAUL KRASSNER:** Where to begin? Personally, for me, it goes back to when George Bush won the presidency in 2000. That was due to the electoral college, even though Al Gore had won the popular vote.

That same time, Hillary Clinton was elected Senator. She announced, publicly, the first thing she was going to do was get rid of the electoral college.

Years later, I was doing a column for *The New York Press*, and I sent Clinton a letter asking her about the status of her promise. She didn't reply.

During the campaign, Trump called Clinton a crook —

**EP:** Right, "Lock her up".

**PK:** —he called her a crooked businessperson. But that's what *he* was. Everything he says about anybody is really about him. He's a true, extraordinary liar.

**EP:** What's your opinion of his "fake news" media scolding?

**PK:** Another example of projection. He calls the newspapers dishonest, because he is, in fact, the most dishonest.

Trump became an insanely narcissistic dictator once he won, bragging about his electoral numbers as proof. But prior to that, he endlessly insisted the electoral college was a sham. That, to me, wins the prize for irony.

**EP:** I have to wonder, what if Clinton had won the electoral count, but lost the popular vote?

**PK:** Oh, then he would have said it was rigged.

**EP:** Lock her up!

**PK:** When I wrote the letter to her, it was partly because I'd heard the electoral college was based on slavery.

**EP:** And there's gerrymandering, which is also racist.

**PK:** Yes. You know, the thing with Trump, is there's talk of anything from impeachment, assassination, treason ... But that leads to more irony, because that would leave President Pence. Pence has just as much an interest in turning evolution around, and going back to barbaric times, but has the ability to pass as sane. Trump can't do that.

**EP:** Do you think Trump's madness is an asset to his opposition? He's such an easily identifiable lunatic, does that provide for a sense of protection, as opposed to Pence, who is so much more canny and quiet?

**PK:** There's fear of Trump, and then there's dictatorship in action. The things he's been doing are disgusting -- these appointments! Like Rick Perry for Dept of Energy. It's so insane. And then, Betsy DeVos. No education experience ... I think even starting in kindergarten. *(Laughter)*

**EP:** Yes. Everyone has their own personal thing that they're scared about with Trump. Me, it's the environment. I can't believe his appointment of Scott Pruitt with the EPA.

**PK:** They're all horrible. Then there's Michael Flynn. He is the core of the hypocrisy of the relationship between Trumpo the Elephant and Putin.

*(continued)*



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**EP:** What's your take on Trump and Russia?

**PK:** I read one article where an unidentified Russian official used the phrase "useful idiot". That's really what it is.

It's like J. Edgar Hoover; he stayed around for decades [via] blackmail. I think it's the same thing. You don't have to say it, you know. Hoover would just go to JFK and say, "We found some photo of you in bed with Marilyn Monroe. But don't you worry, we'll keep it in our safe."

**EP:** You've lived through some Red scares; can you imagine any other time where this Russia stuff would be forgiven?

**PK:** I think foreign countries may have influenced previous elections. I don't know, but it was mostly *before* the technology of the Internet. So, if there's no Internet, there ain't no hackin'. It's like there ain't no divorce if you don't have no marriage! Whatever deal was made, or hacked, I think Trump decided to run the night of the 2011 Washington Correspondent's Dinner. Obama had *such good jokes* that night. But the camera was on Trump, and you could see that he was *foaming*.

**EP:** That shot of him is amazing. The video of Trump's boiling back head. It's really gorgeous.

**PK:** Humiliation makes a difference. You know, years before any of this, Trump developed his *modus operandi* for media/political success: You cheat. What pushed him into public profile was the stated success of his book, *The Art of the Deal*. But what I found out that is that he bought 20,000 copies of his own book from Random House, and that made it a *New York Times* Best Seller.

Similarly, L Ron Hubbard had his book *Dianetics*. He had a Scientologist working at *The New York Times* who had access to the details of their best sellers lists. Back then, there was a list of cities that the *Times* measured sales at particular book stores. So, Hubbard didn't have to buy 20,000 copies, he just had his spy tell him where to buy several copies at those locations, and the Church of Scientology had an instant "Best Seller".

**EP:** Earlier you mentioned two interesting words: "assassination" and "impeachment". You have the benefit of having lived through Kennedy and Nixon.

**PK:** My earliest remembrance of a President was Franklin D Roosevelt.

**EP:** Do you remember him on the radio?

**PK:** Yes. He was famous for having his Fireside Chats. Which, through these decades, has evolved into tweets.

**EP:** Here's a very pointed question: When Kennedy got shot — what's your memory of that?

**PK:** Several memories. One was my first wife was out shopping, heard it on somebody's radio, and immediately bought a TV set. That's one thing I remember, just being glued to the television…And I was getting calls, maybe not that day, but from people wanting to write an article about the conspiracy aspect of it. You know of Jean Shepherd, right?

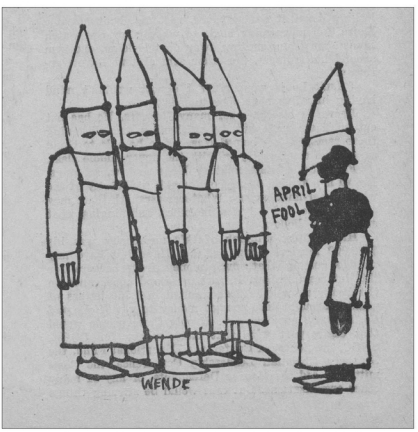


*Cartoon by Wende, from* The Realist #37, *Sept. 1962.*

**EP:** Of course.

**PK:** He was a big influence on me. He said, "This will change the whole country." He thought it was a coup. And it turned out that the CIA had the Mafia do it. After all of my studying about it, that's what it was. The Mafia were the puppets of the puppeteer in that.

I would listen to Jean Shepherd every night, and he said — he *predicted* – that America would have a dictator who won the presidency because he came out of show business. And it happened. You know, [Trump's] not like Ronald Reagan, who came out of Hollywood, of course. But in Reagan's case, he couldn't make the distinction between reality and his movie roles. But he did say he was willing to take a senility test! Of course, the suggestion that he'd take a senility test is a suggestion that you already are senile.

**EP:** Right. That's very funny.

**PK:** Jumping back to Trump. Along the same lines of the buying the 20,000 copies of his book, the first day of his presidential campaign, he came down the Trump Tower elevator. There were people with placards, saying "TRUMP 2016" — but they were all hired actors. Fifty of 'em.

**EP:** You know, the success of that red hat really disturbs me. It's so idiotic — but it really seemed to work.

**PK:** I agree. No other presidential candidate had a cap like that. And a slogan. I've seen people on TV asked, "What do you think about the election?" One elderly woman said, "Oh it's wonderful! We're going to Make America Great Again!"

**EP:** How could they win on a campaign of awful messages? Maybe Steve Bannon is some AD&D wizard, casting a spell that everything negative becomes positive. "Trust me Trump: kick babies instead of kiss them. It'll work!"

**PK:** I agree that's possible. But it's narcissism that made Trump do this. Narcissism with skin so thin, it's inside out.

That's what he was doing, too, during the campaign. If your skin is inside out, then it's projecting. Hillary "was a crook," but *he* was. He called Bernie Sanders "crazy" and *he* was. "Lyin' Ted Cruz"…

**EP:** Why do you think those nicknames were so effective? It seemed, once you were labelled by him, you were done.

**PK:** Bush had his nicknames, but they were favorable. He called Karl Rove his —

**EP:** "Turd Blossom"!

**PK:** Right, "Turd Blossom" …and he *was*.

**EP:** The prettiest turd.

**PK:** Regarding Trump's narcissism, here's my favorite joke: Trump was in the elevator of Trump Tower. It stopped on one floor and a woman got in. She said, "Oh! You're Donald Trump! Oh my, I would love to give you a blow job. I really would. I have a great reputation. I will make it that you will never forget this blow job. I really am good. I practice a lot. And I



HOUSE_OVERSIGHT_023639

want to give you a blow job so much."

And Trump says, "Yeah, but what's in it for *me?*"
*(laughter)*

There's an old saying in psychology. In order to deceive people, you have to deceive yourself. Here's the thing: Trump has *instant* belief. He just *believes* whatever he says. With Obama's birth certificate controversy, he would *believe it*, even though he had to *know* it wasn't true. Then, he said he'd *hired investigators* to go to Hawaii.

**EP:** *(embarrassed for history)* I remember that.

**PK:** I think that was a lie, too! I don't think he ever sent them. Or, if he *did* send them, and they didn't find any "evidence," then he lied by omission...of facts.

**EP:** I wonder if these lies are going to have consequences — if impeachment will happen. Getting Congress to do it will be nearly impossible.

**PK:** There's little hints that the Republicans — their conscience is gettin 'em. Those are my hopes.

**EP:** The fear I have is we're going to lose this country through this motherfucker. That we're going to have a police state – that we won't have a free press. Do you think these are real fears?

**PK:** Oh, yeah. Well, you know, a police state has a bad reputation. I mean, cops love it!

The thing is — ever since I took a lot of acid — I have become an over-doer of being optimistic. You can pick your metaphor, but I think Trump's a blessing in disguise.

With these scares, he's the monster — The Frankenstein — that we've created. It's from the country's dumbing-down of the media. Especially with the commercials. You know, when they first had TV news, they didn't have commercials.

**EP:** I've been trying to get more into the habit of watching *PBS News Hour*. It's amazing to have a full hour of commercial-free news, and not looping news, like CNN. What's sad is I find I have to build up the stamina for it. I actually find myself wanting commercial breaks. PBS had less coverage of Trump's campaign, too. Probably because there were no ads to sell.

**PK:** The epitome of it, regarding coverage of Trump, was CEO Leslie Moonves, who said "It may not be good for America, but it's damn good for CBS!"

**EP:** You know, the week Trump won, to deal with shock, my mind started remembering things that made me laugh. One of your stories showed up: The one when you met Bob Dylan and asked for his opinion about the Holocaust.

**PK:** I was at a radio show. And he was watching in the room. It was me, Abbie Hoffman, a rabbi, and some others. During the panel, the Holocaust was integrated into the dialogue. Dylan was there watching, sitting in a dark corner in the back of the room. When the program was over, he walked up and said to me, "You didn't say much." And I thought that was funny, because *he* was such a minimalist.

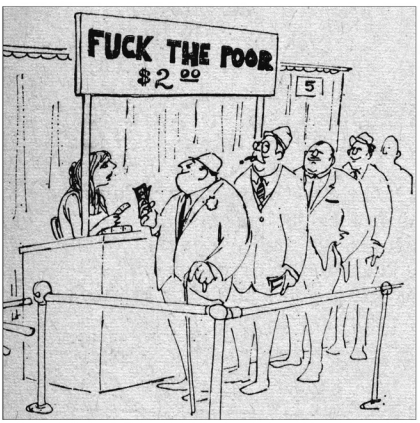

*Cartoon by Mort Gerberg, from* The Realist #50, *May 1964.*

Then I held up my fist, like a microphone, and asked, "So, what do you think about the Holocaust?" He offered his minimalistic reply: "I resent it."

**EP:** That's just too good a joke.

**PK:** I remember that, more than the radio panel, because it had such an essence of itself.

**EP:** That's the benefit of minimalism, right? It's like these insane Trump tweets. In some way, they're stronger because they're just 140 characters.

**PK:** By the way, did you see Anderson Cooper laugh for five minutes when Kellyanne Conway used the phrase "alternative facts"? It was such a bizarre oxymoron, he couldn't stop laughing.

**EP:** My favorite one of her's is the Bowling Green Massacre. The Internet was hilarious on that. For the Holocaust, of course, it's "Never Forget"; so, for the Bowling Green Massacre, people were posting pictures of green bowling balls, with the phrase "Never Remember".

**PK:** Oh, that's good. It's like what I was mentioning about optimism. The answer is what we saw right after the inauguration, with the march and the rallies. Trump is essentially the monster we've created. Whereas Frankenstein was made from corpses, Trump was made from fringe subcultures: First from the white supremacists ... Trump was on the radio with some insane conspiracy theorist, and the host said, "My listeners, they really *love you*."

Trump then went to the Evangelists, 'cause that was another subculture. He couldn't think of anything, the first time, from the Bible. Next time, though, he brought a Bible with him. He was smart enough to take the cellophane off it.

**EP:** I think for the most part, you've always been on the right side of history, actions you've taken and political/moral positions — everything from civil rights, to women's rights, to drug freedom. But I don't know how you decided to do some of this shit. For example, you ran an abortion referral service inside *The Realist*. No reward beyond a moral victory.

**PK:** Back then, when it was illegal, people thought doctors who performed abortions should be arrested and convicted.

**EP:** Let's discuss the development of your ethics. What's your internal compass? Have you always had these instincts?

**PK:** It happens organically. I remember when *LOOK Magazine* said about abortion, "There are no humane doctors ... all of them are just in it for the money." And I knew of one: Doctor Spencer in Ashland, Pennsylvania. He had a reputation. It turned out, to be, also, that he was a subscriber.

So, I wrote him a letter, asking for an interview, because I wanted to point out that *LOOK*'s statement was a lie. And I



HOUSE_OVERSIGHT_023640

The Disneyland Memorial Orgy, *by Paul Krassner and Wallace Wood, published in the May, 1967 issue of* The Realist. *Readers with annoying bare patches on their wall can buy a copy at* www.paulkrassner.com *for $35.00 plus shipping and handling.*

promised him that I would go to prison sooner than identify him.

**EP:** Was that a concern of his?

**PK:** I just volunteered it. So that he would know. And he allowed me to interview him, albeit anonymously.[1]

When I published the interview, I started to get calls. Women who were pregnant that didn't want to be, and didn't know where to go. These were different ages, different classes. I remember one that really had the most force to it: A nurse called. And she couldn't get a doctor to help her. From a hospital, or even privately.

So, I referred her to Dr. Spencer. And she sent me a gift. She knew I had a little daughter. And she sent me a doll. A lion. Holly, my daughter, named it Lenny the Lion, after Lenny Bruce.

**EP:** Oh, that's great.

**PK:** I began to get more and more calls, and I couldn't say no. You know this is not an abstract placard saying "Peace Now", this was somebody that I could help. I couldn't say no -- 'cause there are so many things going on in the world that you *can't* help.

I never *thought* I'd become an underground abortion referral service. But, you know, it became my calling, in a way.

**EP:** How long did you continue to help people out?

**PK:** I stopped when I moved to San Francisco [in 1971]. By that time there were others doing referrals -- Protestant ministers. So, I left my practice behind me.

**EP:** *The Realist* was one of the first, if not the first, news sources to talk about Enovid [the first birth control pill].

**PK:** In the first few issues! And the pill was just a rumor. This guy, a journalist -- I didn't pay him much – he did a two-part article, I think I paid him $100 for each. He went to Puerto Rico, where they were testing women. I had mixed feelings about this, because they were testing them like guinea pigs. But it worked, and it became known as "the Pill."

**EP:** Since we're referring to a lot of issues of *The Realist*, we should probably mention the online archive. I recall, with some humor and business sense, you only asked one thing: That we edit the image to the Disneyland Orgy to include a link to your site, saying a poster was available for sale on your website.

**PK:** Oh yeah, that was a *pure* ad.

[1] "An Impolite Interview With An Abortionist," *The Realist* #35, June 1962.

**EP:** The first ad to run in *The Realist*, probably?

**PK:** Well, sure. *(laughs)* It was letting people know the poster existed.

**EP:** In the ten years that the archive's been up, it's enjoyed a lot of regular traffic and is now referenced in many dissertations. By the way, did you see the *Washington Post* article linking to the archive, specifically the LBJ story?[2]

**PK:** Oh, yeah. I heard about that from Harry Shearer. He sent me the link to the article, where they refer to me as an "obscure 1960s figure." The subject line of Harry's email was "It's official!" and then in the message, a link to the article and the words "you're obscure!" I laughed hysterically.

I think the LBJ piece ("The Parts Left Out of the Kennedy Book," *The Realist* #74, May 1967) is still the most notorious article; people remember it. Lewis Black said he was fifteen when he read it and said he was shocked! You know, because the article was written as a seduction, in a way. To the culmination, to the... what do they call it in sex? The climax!

And then I published the anagram for Nixon's veep's name, Spiro Agnew.

**EP:** "Grow a penis." Do you remember



HOUSE_OVERSIGHT_023641

how that got published?

**PK:** It was originally a guy from *LIFE*. He'd interviewed me, and mentioned some of the staffers had seen *Rosemary's Baby*, where there's an anagram moment with Scrabble pieces, something to do with witchcraft —

EP: "Steven Marcato".

**PK:** Yeah. Staffers had discovered this joke about the Vice President's name, based on that scene. They couldn't use it in *LIFE*, but it had to go somewhere. So, I ran it in the four-page comic that Richard Guindon and I did together.[3]

**EP:** Both the LBJ piece and Rosemerica comic clearly bend into surrealism. The response of readers, delighted and *infuriated*, had to be one of the best moments of your life.

**PK:** Many many people believed [the LBJ piece], even for just a moment. It was something I'd learned from Joseph Heller, when I interviewed him (*Realist* #39). I asked about one of the patients in *Catch-22*, who is in a veteran's hospital. The patient was wrapped up like a mummy, fed through IV's, excreting through tubes — he was just a middleman for digestion. I asked Heller, and he said, "Well you know, it's possible, but not probable."

**EP:** "Possible but not probable" explains these last fifteen months on Earth.

**PK:** Regarding the LBJ piece, there were people who claimed to remember a photograph! *(laughs)*

People who said they believed the article, if only for a moment, included Daniel Ellsberg, who released The Pentagon Papers. He said the reason he believed it, was because he just so much *wanted* it to be true.

**EP:** Speaking of Ellsberg, and now Trump, how do you feel about leaking?

**PK:** Well, I leak several times a day. *(Shared laughter)*

**EP:** It's very good for you.

**PK:** That's bladder control.

**EP:** It's funny that the Russian sex blackmail was Trump having a urine party with a bunch of hookers.

**PK:** That was a fake. But it became a perfect image for comedians worldwide.

**EP:** But it's like the LBJ issue — maybe it will stick. People also remember The Disneyland Orgy from the magazine. And the wonderful FUCK COMMUNISM poster.

**PK:** You know, I use a walker, but I go to the gym three times a week, to use the treadmill. I had my FUCK COMMUNISM t-shirt on, you know, the red white and blue. As I was walking out, there was a policeman who held the door open for me. And he saw the t-shirt.

**EP:** Oh, god —

**PK:** He said, "Hey, that's a great t-shirt!" He took it literally!

**EP:** I know the poster was said to be the perfect confluence of two banned terms.

**PK:** Kurt Vonnegut praised it for that.

**EP:** "Fuck" has kind of won, right? You can say "Fuck" anything now, and it's fine. That is one experience I don't have, growing up when that word was so verboten. I understand how saying "Fire" in a crowded theater is illegal, but I don't have an understanding of a world where saying "Fuck" could get your arrested. How did Lenny Bruce work around it?

**PK:** He had to use a euphemism. He'd have to say "frig."

The first time I met Lenny, he came to New York, and he called — because *The Realist* was his favorite magazine.

**EP:** That had to feel great.

**PK:** It did. Steve Allen was the first subscriber. He would give subscription gifts to several friends, and Lenny was one of them.

Lenny then sent a lot of subscriptions to his friends. That's how it started, and how it grew — word of mouth — which is better than advertising, because it's free and you're getting it from someone you know, an individual.

When I met Lenny for the first time, I gave him an advance copy of an interview with Dr Albert Ellis, a psychologist. Lenny was reading and said "He used the word ['fuck']!" I explained to him that Ellis had a campaign that "fucking was good" therefore, if you wanted to say something unfriendly, you should say "unfuck you"...

Lenny asked, "How does he get away with this?" I told him, "The Supreme Court said use of the word wasn't obscene in a magazine if it was a redeeming social value, and no prurient interest."

Lenny asked, "What's that? Prurient?" He went to his suitcase on his bed in the hotel room. Inside was a huge unabridged dictionary. At first, it said something like "itching" — and Lenny asked, "Is this something like a novelty store?"

**EP:** Where they sell the powder!

**PK:** Or the dribble glasses. But the second

[2] "Trump's Presidency is Doomed," *The Washington Post*, January 16, 2017.

[1] "Roseamerica's Baby," *The Realist* #93, August 1972.

*Created in 1963 by Paul Krassner and John Francis Putnam, this poster was a staple of dorm rooms for decades. Kurt Vonnegut called it "a miracle of compressed intelligence nearly as admirable for potent simplicity, in my opinion, as Einstein's $e=mc^2$."*

HOUSE_OVERSIGHT_023642

definition was "arousal of sexuality."

Lenny was performing that night at Town Hall. He asked me to hand out copies of The Realist, with the Ellis interview, in front of the theater. From then on, Lenny thought that his act would be protected, because it had redeemable social value. But that's not the way prosecutors felt about it.

**EP:** Right. The conspiracy theory I've heard is that it's because he took on the Catholic Church.

**PK:** Oh, absolutely. Absolutely right. His "Religions, Inc" piece got him in a lot of trouble. The reason he got busted for obscenity was there wasn't a law against *blasphemy*, but that's what he was really arrested for.

**EP:** You know when Scott Marshall and I were putting together the Lenny Bruce tribute in the Wilcock comic, we included John's experience with Lenny. You're in a few panels. It's been fun to find opportunities to include you in the comic -- you're in five scenes now.

I have sort of a funny agreement with John: If he can't recall the full story, or dialogue, I can fill in the details.

**PK:** Oh (laughs) well that's trusting.

**EP:** You both are very trusting people! He couldn't remember verbatim exchanges with you from 1961. So, we gave the joke from you to be "Lenny would be a big fan of your *couch*, John."

**PK:** That's funny. When I saw that in your comic, I remembered saying it! I remembered something that didn't happen. Now I have something in common with Kellyanne Conway.

It's something I would have done. You made up something real.

**EP:** Thank you. I only do that in a few panels to keep everything glued together as a story. Otherwise it's just a bunch of disconnected fragments.

**PK:** Too close to reality, then.

**EP:** How do you think Lenny would respond to Trump?

**PK:** I think he would do it as a really high form of satire. He would make Trump a hero -- in the sense that he would take a different approach. I'm saying that because he did that about Adolf Eichmann, the Nazi organizer. Lenny would say "He was doing his job!" He would just take an approach like that. Lenny would "appreciate" the defined tragedy.

I think Bill Maher's show, February 17, was terrific. Lenny would have really appreciated it. Just the same way Lenny got serious sometimes, and the audience would say, "Hey, you're honest!" instead of "Hey, you're funny." Maher's monologue that night was really beautiful. Because he's well informed, and he couldn't just do jokes about it. He talked about the fascism. He talked about the dangers. It was just brilliant presentation of the seriousness of fascism in action.

**EP:** What do you think Abbie Hoffman would do about Trump?

**PK:** Oh, I think he would do the same thing as Maher. Abbie really had a sense of humor that was spontaneous. And it was based on being well informed. Bill Maher was doing that. He was rabble-rousing. He was trying to let people know how serious it was.

**EP:** I can't help but feel such sadness that Abbie is gone. You mentioned Shepherd as an influence, for me it's Abbie, who I regret never knowing personally. You read his books and every page glows. He's such a wonderful soul and gifted writer. Do you recall going to rallies with Abbie?

**PK:** I remember we had taken some acid in his home, and got a call that some Puerto Rican kids had gotten busted for pot. Abbie said "Okay, we gotta go there." Show them the hippies respected the kids who were busted. Because they were Puerto Rican kids. So, as we're walking there Anita, Abbie's wife at the time, mentioned she was going to regurgitate from the acid. And I said to her, "You can just vomit over by the curb over there, and we'll stand around you." That we'd hide her. Abbie said, "Now *that's* community!"

There were lots of things like that. We saw a police car, full of four cops, two in the front and two in the back, and Abbie yelled, "You guys on a double date?"

I told him he reminded me of Lenny, and he said, "Oh *really*? He's my God!"

**EP:** That's an amazing story, partly because there's no way you can talk like that to police now without being confronted. I have this terrible habit where I thank cops. I got tackled once because a cop thought I was someone else, and, partly out of fear, I thanked him. I always feel like an asshole when I do it, too.

**PK:** I did the same thing (laughs) when they frisked me. They frisked the reporters because they didn't want the reporters to have guns in court.

**EP:** Was this for the Harvey Milk trial?

**PK:** Yeah.

**EP:** During that trial, you coined the phrase "The Twinkie Defense". You've done this a couple of times, creating an expression or a term, that becomes a permanent part of the language.

**PK:** I once started a list: Yippies, Twinkie Defense, jilling off — that's a woman masturbating, instead of jacking off.

**EP:** "Soft-core porn," you coined that.

**PK:** Yes.

**EP:** What do you think Robert Anton Wilson would say about Trump?

**PK:** He would be very analytical about him. You know, he would talk about the insanity of it. He would just get to the core of Trump. He'd be fascinated by it.

**EP:** He does like "mind fuckers."

**PK:** Exactly, yeah. He would be a great analyst of how we all have some narcissism in us, but Trump is the king of — oh, you know I'm doing now what you did — when you made up what you think what I would have said, there. And now I'm saying what Robert ... what Bob Wilson would say.

**EP:** But that's totally correct, I think.

**PK:** But he would, because — there was a European order of priests who got married, or something like that. And I gave Bob the assignment of writing about that convention of the priests, as if he was there. He loved doing that; he made it seem real.

That was a very good form of his satire, because once again, it was not *only* possible, it was probable.

**EP:** What about Terry Southern? A lot of people see *The Magic Christian* happening right now with Trump — Trump is living out that description of the book. He's "making it hot for them."

**PK:** Terry Southern was — he put a lot of words in italics when he wrote. And he talked the same way. He talked with italics.

**EP:** Maybe he'd italicize Trump. Finally, how do you think George Carlin would respond to Trump?

**PK:** He might make a list. George loved to make lists. He could make a list of lies, of Trump's lies.

**EP:** Paul, this has been so good talking with you. Any closing advice to Donald Trump, if he's reading?

**PK:** I got my philosophy from [the comic strip] *Mary Worth*: "When in doubt, do the kindest thing." **B**

[1]See *The American Bystander* #1, Dec. 2015.



HOUSE_OVERSIGHT_023643

**The text of the television interview of the Deputy Crown Prince: Prince Mohammed bin Salman:**

The Prince Mohammed bin Salman bin Abdul Aziz, the Deputy Crown Prince, the Second Deputy of the Prime Minister, and the Chairman of the Council for Economic Affairs and Development, has held a television interview on Saudi Arabia's first channel for the most important local and regional issues, and he stated the followings:

* The national transformation program was designed to improve the performance of government agencies?

- That's true, and for this reason there are indicators and targets have entered in 24 government agencies, the second batch will be launched in the near future or the coming weeks, and there are new entities, that were not included in the 24 parties in the national transformation program, will be added to it.

* Now it is been a year since the establishment of 2030 vision, How do your Highness see its impact on the growth, the unemployment and non-oil income?

- I think that it has achieved so many achievements. If we look at 50 thousand feet, we will find that the deficit rate is less than all analysts' anticipation, both at home and abroad for 2015 and 2016. And also for the budget of 2017 we will find non-oil revenues almost doubled in these years, "the last two years from nearly 111 billion to nearly 200 billion Saudi riyals. We will also look at the fact that budget control has become much more accurate than a budget in the last year, which spends more than 25 % to 45 % to a budget where only less than 10 % is spent. All of which are more than 50,000 feet. In addition to that, the main economic indexes have been affected by eighties, the nineties, and 2009 fall in oil prices such as the unemployment index which increased in those sharp declines, while the inflation index rose very significantly. The investment index also fell very strongly, while in this crisis the oil prices fell very sharply in an unprecedented manner in the history of the Kingdom of Saudi Arabia and in a very rapid pace until it reached 27 dollars in a short period, and continued at this abysmal level for a year and more than a year. But, thanks to God, thanks to the guidance of his majesty the king, and the work of government agencies and officials and government employees who were able to maintain a lot of indexes without being affected negatively. Unemployment was maintained at its level and was not strongly affected negatively. Inflation was also not strongly affected negativly as the historical cases we have seen in the past. The investment index was not affected strongly and the growth index continued to rise on the GDB. It is true that it is below the global average but we have not entered a stage of contraction in the Saudi economy. Now the effects of these programs that will be launched will start to appear in late 2017. We will find their very strong impact starting from 2018 and 2019 on all these key economic indexes.

* Your Highness, Prince, with regard to the issue of unemployment from the beginning of this year and with the recession that the local market suffered, there was a layoff for people from their jobs, what is the plan for that?

- As everyone knows, that any reform process and any screening process of the country will be accompanied by side effects. It is very normal with the oil drop to $ 27 and its continuation for a long time less than $ 40 have a lot of symptoms affecting the state spending. These ten programs are all in

the different areas of spending between investment and spending from the private sector, which is a major incentive for jobs in the coming years. As everyone knows, the aim of Vision 2030 is to reach a 7% unemployment rate in the Kingdom of Saudi Arabia. With no doubt, these programs will make us into a better number than we are today in 2020.

* What is the reason for the suspension of allowances, and why they were returned?

- If we note, in the decision to stop allowances that it was temporary, and that in the same resolution there is a text that states that the decisions are reviewed periodically. And they were reviewed appropriately after the improvement of our oil revenues. This is a factor, and as you know in the program "financial balance" we had three scenarios for Oil which are: the pessimistic scenario $ 45, the average scenario or a baseline of $ 50, and the optimistic scenario of $ 55. This is not the Kingdom's assessment for oil, but this is to arrange our securities with different oil prices. In the first quarter, we were close to the optimistic scenario which is $ 55, sometimes we go beyond it and sometimes we are less than, this is a positive element. The other positive element is that our non-oil revenues in the first quarter of 2017 have achieved more than we anticipate to achieve. This is another positive element, so the decision is no longer has to continue in this manner. So that, it was reviewed as stated in the resolution itself, while we exaggerate that this is a very great success for the competent authorities in the financial and the economic and investment sides as they were able to take us from this stage in less than 8 months. The work of a very great effort has been done in the oil agreement with the OPEC countries and non-OPEC countries is an agreement for the first time in history. We have always known in the past that the agreements were held between the OPEC countries only, and this is the first time in the history that the agreement held between the OPEC countries and countries outside OPEC. That made our position is very positive in terms of the governmental revenues of the oil. Also, the procedures taken in these non-oil revenues have greatly helped in addition to the investments and restructuring of many of the sectors under the Public Investment Fund have contributed to bringing in these revenues which have strengthened our position and contributed to a decision like this.

* The amounts of allowances, were they so impressive that they stopped?

- When we notice the price of oil is $ 27 and continue for months under $ 40, we do not know what is the obvious scenario for the next three or four years, and we do not know if our effort in the oil agreement will succeed or will not work. Also, do not know if our programs in our non-oil revenues will succeed or not, we also do not know if that our investments will come to fruition in a short period of time or we cannot make a profit to help the government budget in a short period. So that, we can take “the risk” at the expense of the national economy. These procedures have been done in the past, in the eighties and in 1997. But the difference between this period and the past periods is that we took a period of few months to went back to the normal position while in previous cases in our history and the history of other countries take years to return to normal course.

* I mean the size of the amounts Was it affect the support?

- without doubt. If you want to close all the taps that you have, you must take all measures until make sure that your affairs are in a good position, and then re-open it as appropriate.

* How do you respond to some Western press, which said that this decision came under popular pressure, and this is considered a decline?

- That is incorrect words, the deficit fell in the first quarter to 44%, this in itself proves the truth of our words that the deficit falls below what we expect, so why continue the austerity measures.

* What are the most important steps that achieved compensation in the budget deficit?

1- Oil revenues are the most important factor, and the main reason for the oil agreement.

2- There are some procedures that have been implemented in the non-oil revenues in the last two years.
3- Revenues of the Public Investment Fund. And for the first time the Public Investment Fund enters the treasury of the state tens of billions annually which is 2015, 2016, and 2017 God willing and in an increasing manner.

These are the three most important factors that made the deficit fall to 44%.

* What if the price of oil falls below $ 30?

- We expect the second, third, and fourth quarters will not be below the 44% expectation because we are back and spending again.

* What if oil returned and fell below $ 30, would we return to austerity and tighten the belt?

- Without a doubt, if we go through a critical stage we will return to the austerity measures, but what we are working on today and the initiatives that exist today will make us stronger in the receipt of shocks. And if our initiatives succeeded, we will need oil prices less than fifty dollars. This will make us receiving very strong shocks without the action of tighten the belt.

* After the return of the allowances. People began to look at the citizen account that it will not be completed?

- The unified account of the citizen is to compensate the citizen for any rise in the prices of energy, water or the like so that the citizen of the middle income and less does not affected, and the impact is on the rich foreigner or citizen. Today we want to redirect the support to be materially directed to the citizen. Middle-income or low-income earners decide to spend the amount they have spent in the past on the same expenditure (energy, water, gasoline, or other goods), or reduce their consumption, and spend that amount in another thing.

* About 12 million citizens have registered their information. Have you started benefiting from that?

- Now, we believe that those who deserve support are less than ten million, or nearly ten million, and the competent authorities are working to determine the final form.

* Do the ten million include the poor and the average?

- Of course, we are trying to be as generous as possible, and trying to include the largest possible categories, even if they are above the average. So that it has a strong impact on the Saudi citizen, but to date the details has not finished yet, and the competent authorities are working on it, and is supposed to be finished in the coming months.

* How will you deal with future unemployment, is there a number you have?

- If you notice in the 10 programs that have been launched, that it is required from each program when it is announced in the next six months to measure its impact on the main indicators of the economy, including the unemployment index. In the next six months, we will see the impact of each program that is launched on the unemployment, how would this program will provide number of jobs, and how many percent will affect unemployment. We expect that the impact of these programs will be very strong to

reduce the unemployment rate, and I can only give you the real impact at the time of the announcement of each program.

* How much do your highness expect the anticipated increase in the public debt in 2017/2018?

- Public debt as announced in the fiscal balance program will not exceed 30%, we target the public debt on the GDB 30% and so far, we have not reached 30%. There are some expectations that even in 2020 we will be less than 30%. A public debt of 30% does not mean a problem, some of the countries in the world have GDB in some of them up to 50%, some up to 60% and some up to 200%, including G20 countries. If we look at the big countries, the five major economies have more than 30% public debt. So that, it is healthy for the Saudi economy to involve a percent of public debt, which means that we have opportunities for development programs on which we spend money. We have two options: to spend and continue to develop, to create jobs, to create opportunities, to create private sector opportunities, or to stop spending. Our public debt is very low, giving us a comparative advantage that we can rise to international rates and continue to spend.

* How do you see the future of the Public Investment Fund over the next three years? Would it be an internal or internal and external investment?

- The Public Investment Fund is one of the most important pillars of Vision 2030. We have several opportunities to develop the size of the Public Investment Fund:

1- Unutilized assets. Too many assets have been entered, some of which may have been reviewed or announced to the public investment fund. These will be reflected in the size of the fund, the size of the value of the fund, and the profits of the fund.
2- We have heard that some of the reserves that are not of the state's funds need to be transferred to the public investment fund, about 100 billion riyals several months ago. Also, there is a restructuring of the public investment fund companies so that their performance, growth and profits are better than the previous. All of these will maximize the size of the Public Investment Fund, on top of this the offer of Saudi Aramco.

* His Highness the prince, What about Aramco?

- As we state, the most important offer in the Public Investment Fund is the ARAMCO offer. This will provide huge sums to the Public Investment Fund and also it will help in targeting many sectors inside and outside Saudi Arabia. One of the most important sectors to be targeted by the Fund within Saudi Arabia, is the mining sector. According to the survey of the 1970s, which was re-examined last year, I think there are mining opportunities of (Trillion and three hundred billion US dollars). The value of minerals in Saudi Arabia, of which gold is more than 240 billion US dollars and that requires a very huge investment. It is always difficult for foreign and domestic investors to take risks in a new sector such as mining. Consequently, the investment should be through the Public Investment Fund. The company of Aramco contribution with part of the money (cash) in the fund will provide the Fund with the ability to invest in this new sector, which has now only utilized less than 3%, and we have another very important goal which is the local content target. Today's volume of Saudi Arabia purchases outside the Kingdom of Saudi Arabia on goods, commodities, activities or so on, amounting to US $ 230 billion. According to the vision of the Kingdom of Saudi Arabia 2030, half of this spending will be within the Kingdom, and when we talk about what are the most important local content items ($ 230 billion), the most important item is Military manufacturing, which ranges from $ 50 to $ 70 billion a year, sometimes increases, sometimes less. We are the third largest country in the world to spend 99% of the military armament outside the Kingdom. This is a huge opportunity to create large industries within the Kingdom, also to

create jobs and create development. However, what distinguish this matter is that the decision is 100% totally owned by the government. The government today has made a decision requiring that any industry should be linked to local content (i.e. I will not buy from you unless you tell me how much you give me local content). There are types of industries, low-sensitive technology industries and in this case other countries do not have the embarrassment of being transferred to you 100% inside Saudi Arabia, such as light weapons or ammunitions or what can be included under it or spare parts or structures, etc. And there are a medium-sensitive technology industries, some countries have a certain sensitivity, we try to get out of the deal a certain percentage for the local content, and sometimes we manage to reach 70% of the local content, sometimes 50%, and sometimes 20%. There are also complex industries that countries refuse to transfer technology to Saudi Arabia. Here, we stipulate that the main materials are through Saudi Arabia, which has an indirect impact on the local content inside Saudi Arabia, but the condition in the competent authorities in Saudi Arabia today is that no weapon deal without local content targeting 100 % of industry transfer. If we do not succeed we must end up in 2030 with 50% local content. This means that from 50% ($ 70 billion) will be spent inside Saudi Arabia in 2030 and will gradually increase. His Highness has pointed out that today there is a range of armament deals will be announced in the coming period. In each deal, we will know how much the local content is, and how many job opportunities will be provided by it. Arming is the largest item in the local content. The second item is the automotive industry, where car purchases by the Saudis are almost $ 30 billion a year, sometimes higher than and sometimes less than. The positive element is that $ 13 billion of these purchases are purchases for the Saudi government and we can start with the first stage is to provide the needs of the Saudi government through Saudi manufacturing companies that the Saudi government is contributing to. This will bring us 40% to 43% in 2030 in the automotive industry.

* Will there be a localization of the automotive industry?

- We will not try to offer goods to the citizen in the next ten years as cars, it will be very difficult to compete in prices and also to convince him of the quality required, but we can ensure that these deals for the government in exchange for creating this industry within Saudi Arabia, and the third most important item of the local content is entertainment and tourism (22 billion dollars a year out of Saudi Arabia on entertainment and tourism) This is the most difficult item because its decision in full to the Saudi citizen and there is no part of the purchases with the Saudi government, it is very difficult that you invest in an investment convince the Saudi citizen that instead of spending this money outside Saudi Arabia to spend it inside Saudi Arabia. Also target 50% in 2030. Under the local content, there are too many items, this (230 billion US dollars) of which we are targeting US $ 115 billion to be spent annually in Saudi Arabia and increasing gradually after 2030. Hence, until reaching 2030, these are all challenges and profitability in it are not as expected or as required and the risk is very high, no one will invest in it except the Public Investment Fund so that this sector succeeds and then privatize and sell in the stock market then Companies are listed in the stock market and the fund starts to recover its expenses and enters into another chance. This is the second sector targeted by the Public Investment Fund after mining. The third sector targeted by the Public Investment Fund is the logistics sector. We have three very large logistics opportunities and we operate very strongly. The most important opportunity is the Red Sea. 13% of the world trade passes through the Red Sea and Saudi Arabia provides nothing at this field (zero services), and here are huge opportunities to work along the Red Sea for many exports and imports of countries. We began today to work with many countries since the recent time headed by

China and now we work with them on a huge initiative in the Industrial city of Jizan and there are other countries come successively.

* Does this will include the development of ports?

- That is true. developing seaports or participate in the industrial cities on the Red Sea. Another opportunity we're working on is a Saudi and Gulf states exports to Europe, 40% of Saudi Arabia and the Gulf states exports to Europe. Especially, the Gulf countries pass from the Arabian Gulf to the Strait of Hormuz to the Arabian Sea to Bab El Mandeb to the Red Sea to the Suez Canal to the Mediterranean Sea and this period takes the cost and security risk, while we can provide them passage through Saudi Arabia directly to the bridge of the King Salman, who announced it last year to North Sinai, which reduces the time and cost. Where security guarantees are much higher than those in which they pass.

* Are you involved in the King Salman Bridge project?

- Without a doubt, this will create a lot of industries and businesses inside Saudi Arabia from connecting roads, connecting power grids, linking gas and oil pipelines, and connecting railways to North Sinai. The third opportunity we aim at in Logistics is aviation, today our brothers in the United Arab Emirates and in Qatar have done a very good job of flying in the Middle East, while they do not have a strong domestic market to rely on to take over and control the Middle East markets. Saudi Arabia has the largest domestic market as an airline market. Saudi Airlines companies should have a much larger stake in the Middle East Airlines today, this is also the third aspect we seek.

* What are the reasons for the absence of the Saudi aviation, is the weakness of the airports is the reason?

- The absence of strategy, there is no strategy and no vision. The tendency was a random move until we reached the stage we reached today, while if you set a goal and plans to reach this goal there will be an achievement of these results up to 100% or 50% or 30%. Briefly, the fund will be the main driver of the major sectors within Saudi Arabia. The fund will have a very large cash flow from Aramco and this will be directed in no less than 50% and up to 70% in new sectors within Saudi Arabia (mining, local content, logistics). After covering opportunities within Saudi Arabia, the remaining 50% and 30% will be directed to outside Saudi Arabia to the promising sectors that are possible to be in the forefront ten years from today, and. Details for all of this will be announced in the launch of the program of the Public Investment Fund in accurate and detailed manner.

* When the project was announced cash; people reacted that they wanted the habitation, what the opinion of Your Highness?

- We have so many fronts we are working on them, and we cannot then stop a certain entity that achieved an achievement because there is a delay in the other side. It will disrupt the work of the whole government, it is imposed on all sides to support, stimulate and reach an achievement, and the one that is delayed is to be investigated about the delay and its reasons and how we work on it. This is a side, the other side that spend on the public investment fund is not the state. It is one of the fund's unexploited assets. In the past, it was giving us a profit of 1%, and at the best case 2.5%, and there are bonds and funds outside the Kingdom of Saudi Arabia. Today, we transfer these amounts to Saudi Arabia and we invest in sectors that give a profit of better than 2.5% or 1%, develop key sectors and contribute to the local content on the entertainment side. Ultimately, this will create profits for the Fund, the Fund will

turn it to the state treasury that will make the state position more powerful so that it covers more expenses of "housing and other expenses" that the state need. In addition to creating job opportunities that contribute to solving many of the problems of Saudi citizens, as well as they contribute to the development of the private sector.

* Among the programs that were presented last Sunday the housing program and there was a reference to three solutions. What is the vision of Your Highness through the program to the issue of housing?

- We are optimistic and we expect the situation for us is more positive than we thought, there will be hundreds of thousands of free units in the housing program, there will also be more than one million units in soft loans for Saudi citizens. The first will be without payment for hundreds of thousands of units and there is no specific number, and the accurate number will be announced at the time of the launching of the housing program, but there will undoubtedly be more than one million units sold by the facilitator or loan from the Real Estate Development Fund, the Real Estate Development Fund will contribute to lending and also the easy sale, the Public Investment Fund will also contribute to the housing sector.

* Will the fund return to its previous role in pumping money?

- The Real Estate Development Fund is undoubtedly one of the main drivers of the development of the housing sector. We have three types of housing. The first one is the free one, hundreds of thousands, I cannot give you the final number. The second one is the housing supported by the real estate development fund. Third one is the housing from the main investor which is the government and it sells easily and at a discounted price to the Saudi citizen. This is a very long-term loan whose profit to the fund is only 3%, while the citizen can own his unit on the second day and he can pay for many years without affecting his main income. Not to mention, the free units as large as possible to citizens who cannot cover the costs of housing programs.

* When Your Highness is expected to start the project launch?

- Imposed within 6 months, I do not expect it to be one of the first programs to be launched because it is very complex and has very high spending, I expect it will be launched in the third quarter of 2017.

* Your Highness the Prince, there is a fear haunt some economic writers about Aramco and that it is the property of the state and that it should not be offered for subscription opinion. What is your opinion?

- I think that this thought tends to be communist socialist thought that everything must be owned by the state even the bakery must be the property of the state. Fundamentally, there was an intention to put Aramco on the market, and that had been stated in the main documents in which Aramco was established under the reign of King Abdul Aziz - may God have mercy on him – at that time. Today, you have a very valuable company and you can keep this company in the Kingdom of Saudi Arabia, keep its impacts in Saudi Arabia, and make it grow in Saudi Arabia, while benefiting from its value by stimulating other sectors that are not in Saudi Arabia. This will help us capture many opportunities like we spoke at the beginning of the interview. If you did not put Aramco on the market means that we will continue 50 years or 40 years to develop the mining sector, it will take 40 years for us to develop local content, and it will take years to develop logistics services, such as what we lost 40 years ago while we were trying to develop these sectors. When we offer part of Aramco's shares and take this cash and create new and

strong sectors in Saudi Arabia, we will develop the economy, create jobs, improve government and fund revenues and other benefits, and at the same time Aramco still in the Kingdom of Saudi Arabia.

* How much will you sell, what is the percentage?

- There are two main factors to determine the percentage of the offering.

* What will we sell? Is the service, wells, or what?

- We sell the value of the company, while wells are owned by the state, only the company has the right to use these wells, which is in the past and still at the present and has not changed anymore. The size of the quota to be sold is governed by to two factors, one is the demand, is there a demand or not. Second, what do we have on (Pay Plan) as investments in or outside the Kingdom of Saudi Arabia. There was a request, but we need the cash. Because we do not have a sector that invests in Saudi Arabia or absorbs this investment, why do we sell a stake for Aramco, but if there is a request and find a sector that needs this investment, the second day we will sell. This is the two factors that will determine how much we sell from Aramco, but undoubtedly will not be far from 5% too much.

* When will the Aramco project be sold?

- 2018.

* Do you now work on papers and permits?

- That is right.

* If Aramco is sold. Who will determine the ceiling of Aramco's production?

- Determination of the production ceiling would be the prerogative of the Saudi government, increasing the production at the price that suits the company is in favor of the Government of Saudi Arabia. A part of the governmental revenues is from the oil tax (50%) on the oil sold or produced, as well as the taxes it receives from Aramco. The government's interest is to develop the profits of Aramco, meaning that the government will not take a decision that violates its interests and the interests of Aramco in the rate of production.

* Your Highness the prince, the subject of production with the economic vision and mentality in the market, will the production be freed from the political decision?

- Production is not a political decision, production is an economic decision, it was not a political decision at all in the past, production is an economic decision, what is the economic benefit to determine the appropriate production price, this is governed by supply and demand and coordination with OPEC countries and countries outside OPEC to coordinate the amount of supply and demand so that there is no collapse or confusion in oil prices.

* One of the programs that have been launched last Sunday, is the investment program to stimulate 100 companies to turn either to regional or to international companies, what are the companies targeted to raise their level?

- I cannot name companies now, there are companies where part of them is in the stock market and companies outside the stock market. We acquire more than 100 companies that have the opportunity to turn from a local company into a leading regional company. We also acquire companies that have the opportunity to turn from a leading regional company to a leading global company, and we have a group of companies that can achieve this transformation and this huge impact that will be reflected on the Saudi economy. They need easy procedures, facilities and agreements with other countries, facilitate their sales, and facilitate their spread.

* Will the government negotiate on behalf of companies and take care of their interests?

- Undoubtedly, we can touch that all the governments of the world are doing this. The last of which was few days ago when we had the German Chancellor with the managers of the most important companies in Germany, and she was negotiating as if these companies are belonging to the German government, she also was entering in all the details for the success of the work of these companies. The Saudi government should play its role to turn the success of Saudi national companies. This will transform 100 Saudi companies from local leading companies to regional leading companies and from regional leading companies to global leading companies, and also this will provide us with experience in how to turn these companies into large ones so that after 2020 we operate programs targeting a wider range of these companies.

* Does this mean that the state can lend them?

- it may be according to what will be announced in the program.

* Private sector now complains of high operating costs, and believes that this will become harmful to the industry and in trade, what is the opinion of Your Highness regarding the high prices and the shrinking economic situation?

- I do not think this is accurate, but the programs that will come out will stimulate the private sector very strongly. Sales of the private sector will increase very strongly. If you spend hundreds of billions in a short period of time, this will undoubtedly have a very positive effect on the private sector. I would like to give you an example. In the past, we used to rely solely on government capital expenditure. Nowadays, in the coming years, we will have high government capital spending, that is the first thing. The second: there will be spending from the reserves mentioned in the fiscal balance program is 200 billion riyals for private sector development, this spending differs than the capital spending we are all used to. Thirdly: and it is important- it is the spend of the Public Investment Fund. The Public Investment Fund will spend in Saudi Arabia, after Aramco has been sold, more than SR 500 billion in just three years. You can imagine this spending in the military industry, the automotive industry, the entertainment industry, the tourism industry or in other industries. How will it affect all of the private sector, and this will stimulate their sales in very strong manner in all sectors, both in the retail, transport, services sector and so on.

* Will you impose taxes on corporate income?

- No, this has not and will not be mentioned in the program of financial balance. We mentioned that there would be no taxes on wealth or any taxes on income.

* Companies coming to Saudi Arabia, Are there facilities for foreign investment?

- That is true, today, the Ministry of Commerce is working on screening the work of the Investment Authority. We worked different than what was happening in the past of waiting for the demand comes from the companies, but today we pick up the companies that we want to work in Saudi Arabia. There is a very long list of companies that the Investment Authority must seize each year and enter them in the Saudi market.

* Is there anyone who wants to enter but complain about the procedures we have?

- This is true, and they are all easy procedures and contribute very significantly to the work of these companies. For example, remind you the last event in the visit of German Chancellor, the German companies have had a problem that our license in Saudi Arabia only lasts for one year, while their strategies and investments are based on four years. They have been given a change in this aspect so that the license lasts for five years, this are easy procedures that greatly stimulate the work of foreign companies in Saudi Arabia.

* With respect to the health sector, it means the privatization of the health sector, it was published on the lips of the Minister in a symposium that the hospitals will be privatized, and then it was said that it

will become some state-owned companies, what is the reality of the privatization of the health sector, and how it will be, and other important sectors?

- The health sector is privatized in all the successful globally countries. If we look at the United States for example, we do not find the US government owns hospitals, each hospital either owned by the private sector or non-profit sector. The role of the government is to guarantees a free treatment for Saudi citizens. Instead of we occupy a hospital and we spend on them and come at a quality that will be rejected by the citizen, we privatize and owned by companies and ensure the policy of insurance for every citizen. And the citizen has the choice of selecting the hospital which he wants to get the treatment in, whether private sector or non-profit sector. This will bring great competition to all private hospitals and provide quality services so that they attract this citizen who has an insurance policy and earn more profits, and it will create a better health sector with better services and much less corruption. Because it became some interests among stakeholders and it will ease the very high load of management for the Saudi government. It will also reduce the costs that the Saudi government spend on the health sector, while these expenses will be spent in other sectors that are in need for these expenses.

* When does this wheel start?

- It is a very complex project, we expect that things will be clearer during the current year.

* What are the other sectors that can be privatized in the near future?

- The municipal services sector, also the transport sector, primarily airports, aviation and ports. Those are the main sectors that we are targeting at this stage.

* In the subject of vision, your Highness has mentioned that there will be an increase in the number of those wishing to perform Umrah and Hajj through the preparation of the two Holy Mosques and its facilitation. But Muslims in Pakistan, for example, or from other countries or Muslims residing here, believe that the fees will affect so that the turnout will be decreased, and instead of having a person four times of Umrah a year, he will perform it one time?

- This is an incorrect propaganda, and we know who is behind it, which is a loathing of Saudi Arabia. It hates the interests of Saudi Arabia in one way or another and tries to seize any opportunity to alienate the Muslim peoples from Saudi Arabia. First, before this decision, there were a fee for Hajj and Umrah of 50 Saudi riyals, even for who come for the first time should pay 50 riyals on the visas of Hajj and Umrah. This decision is not targeting the visas of Hajj and Umrah, but targets all visas of the Saudi government and to unite its price at one price. As awareness from the Saudi Government, in order to serve hajjis and pilgrims, the first Hajj and the first Umrah of any Muslim were paid at the expense of the government. If there is a Muslim wants to make the first pilgrimage, he will not pay the value of the visa, and the Saudi government will pay the visa. Also, if there is a Muslim wants to make the first Umrah, the Saudi government will pay the fees of the visa. But for those who are coming again for the second or third time, he firstly drains the Saudi economy and we served for the free first time. Secondly, he takes the place of a citizen in various Islamic countries wants to come for Hajj and Umrah.

* A minister has been exempted because of overrides and the abuse of power. Is this decision is for a activating the authority of corruption?

Custodian of the Two Holy Mosques King Salman bin Abdul-Aziz Al Saud - may Allah protect him - has made changes from the first day he took the judgment, sensing the importance of the role of the authority if corruption. And also, his dissatisfaction with the role that the Authority of Corruption are playing. If the fight against corruption is not at the head of power that is meaning that you do not have the fight against corruption and you will not succeed no matter how you worked. I assure you that there will never be an exception for anyone who involved in a corruption case, whether a minister, a prince, or whatever. Anyone who convicted by enough evidence against him will be charged.

* Will social media networking contribute to detecting corruption if any?

- We must not take documents on the issue of corruption from social networking sites, where we cannot identify the counterfeit from the non-counterfeited, the real or the not real, and who has a special agenda of those who do not have a special agenda. Any Saudi citizen can be in his hand any documents of corruption or information linked to anyone or else and he believes that there is corruption, he can submit this document to the competent authorities headed by the Anti-Corruption Authority, and he must be confident that the competent authorities are in turn.

* You Highness the Prince, the open war on Houthi in Yemen, will it last?

- No one wants to continue the war.

* What is its future in your opinion?

- No doubt that when the war had there was no option for the Kingdom of Saudi Arabia, it is a must to do it, or the other will be the scenario is much worse. First his coup on the legitimacy by militias, that classified as terrorist militias and we a negative experience with them in 2009. Secondly, these Militias are forming a threat to international navigation, and all Yemen's neighbors. The third, the terrorist activity which began in the other party in southern Yemen are active in a very strong exploitation of the work of these militias, and if we waited a little danger will become more complex and will become dangerous within the territory of Saudi Arabia, within the territory of the countries in the region, and in the major international crossing points. So that, we have had no other choice. I think the Saudi armed forces have achieved very big achievements. When the operations began, the legitimate control was almost zero% on Yemeni territory. Today, the legitimacy controls 80 or 85% of the Yemeni territory, while another alliance was found in northern Saudi Arabia in Iraq and Syria to fight Da'ash, which controls part of Iraq. 60 countries led by the United States from 2014, that was a year ago before us, and until today they did not do anything. But, we are 10 countries in the region and we were able to achieve an achievement in a shorter time than the war in Iraq and Syria, this is an achievement for the Saudi armed forces, Yemeni forces, and alliance forces.

* As long as they continued to control the Yemeni territory, why legitimate authority does not move to Yemen?

- The legitimacy authority always moves between Yemen and Saudi Arabia and it has been in Aden for a long time and always avoid being the president and vice president are both in Yemen in order to mitigate the danger of the liquidation of Yemeni legitimacy, so they make steps in this way.

* There is a talk about a disagreement between Saudi Arabia and the United Arab Emirates about “El-Eslah group”, their role in the war, and the future of Yemen. What is the validity of this speech?

- Rumors are too many and certainly enemies want to create as much rumors as possible among allies.

* Why are the areas under the control of al-Houthi, a more secure and stable like Sanaa than the legitimacy areas in Taiz and Aden?

- I want the source of your information, and I am skeptical of this thing completely.

* Some reports say that the alliance intelligence reports are ineffective with evidence that Houthi and Saleh still have weapons stocks?

- We can uproot Houthi and Saleh in just few days, and we can mobilize only the Saudi land forces alone and in a few days, clear all areas and the remaining 15% under the control of Houthi and Ali Abdullah Saleh. But the result will be victims in our forces by the thousands, and we will open condolences in every Saudi city and the second result is the victims of Yemeni civilians in very high and very large losses. And the time is in our side, the long breath is ours. We have the supply, we have all logistical supplies, and our morals are high. While the enemy has no supply, no money, and does not have a long breath. Time is in our favor and we will take advantage of the time that is in our favor for us. If we do not take advantage of the time that is in our favor, we have served the enemy.

* There are proposals from Ali Saleh. cannot this be a way to isolate Houthi?

- Ali Abdullah Saleh has a very big disagreement with Houthi and we know that he is today under the control and the custody of Houthi, if he is not under the control of guardianship of Houthi, his position will be completely different from his position today without a doubt. If Ali Abdullah Saleh left Sanaa to another area his position will be quite different from his position today. Today, he may be forced to many of the positions he mentioned.

* He submitted an initiative when his son came at the beginning of the war, but you refused?

- That is true, that we were trying to make a political initiative that would make us avoid the war and we were opening a discussion line at that time provided that they did not approach Aden, because if they approached Aden, it would be very difficult to discuss a political solution, and Houthi was courting in Yemen. Unfortunately, nothing has happened as we hope and we have been forced into operations.

* Your Highness the Prince, there are forces that are neither belonging to the legitimacy nor the coupists. Why do not the kingdom open lines with these forces?

- All lines are open whether the forces belong to the legitimacy or force belongs to Ali Abdullah Saleh, or those who are not belong to both sides. And every day we are attracting more.

* Are the tribes of the northern Yemen concealed neutrality? You met with the tribes how do you see them today?

- There is no doubt that the enthusiasm was very high among them and all of them are very much hatred of the Houthi group and want to get rid of them as soon as they can devote to Yemen's development programs.

* I refer to the subject of Egypt again. The relationships with Egypt were excellent. Then the Egyptian media began to suggest that the relations were almost broken, what is happening?

- You mean the media of "Muslim brotherhood". The media criticizing Saudi Arabia or the Saudi-Egyptian relationship is the same criticizing President Sisi. The Saudi-Egyptian relationship has a strong and solid relationship in the deepest roots of the relations between the countries that are not affected in any way. In the history of Egypt and Saudi Arabia, they always stand with each other conditions and at all times. That situation did not change and there is no a situation of negative attitude of the Egyptian government towards Saudi Arabia, and also, there is no a situation of negative attitude of one of the Saudi government to the Egyptian government. Egypt has not been delayed for a moment to the Kingdom of Saudi Arabia, and Saudi Arabia will not be delayed for a moment to Egypt. This is a strong conviction between the leaders of the two countries, but also between the people of both countries. Without a doubt, the enemies of Saudi Arabia and Egypt will try to create rumors in one form or another, whether from Iranian propaganda or the media of "Muslim brotherhood" propaganda to cause a rift in the Saudi-Egyptian relationship, and the leadership of the two countries does not pay attention to these polemics and trivialities.

* Your Highness has mentioned the subject of King Salman Bridge between the Kingdom and Egypt. Do Your Highness bet on it?

- That is true, the working relevant teams have started working in the offices, not in front of the media the bridge after the bridge has been approved. The results will be announced when laying the foundation stone with full details, and the time of laying the foundation stone before 2020 without a doubt.

* The islands. Have you finished the subject of islands?

- There were no problems with the islands originally.

* We heard the Egyptian media speaks about the subject that within the corridors of the courts?

- which occurred about a year ago is only a delimitation of the maritime boundaries. The islands are registered with Egypt as a Saudi islands and they are registered with Kingdom of Saudi Arabia as Saudi islands. And are also, registered in the international centers as Saudi islands. Only the demarcation of the maritime borders has been done. Both Egypt and Saudi Arabia has not relinquished any part of their territories. The demarcation of the border came for reasons of economic benefits that could be created after the demarcation of these borders, especially the King Salman Bridge, oil supply, gas supplies, power supply or train and roads that will target the port in North Sinai, and the exports of Gulf countries to Europe.

* Is it possible to see in the future a direct dialogue with Iran, despite what it is doing in the region?

- How to reach an understanding with one who has the regime is firmly convinced that his system is based on the ideology of extremism enshrined in the Constitution and stipulated in the command of Khomeini that he must control the Muslims of the Islamic world and the dissemination of the doctrine of Jaafari-Ethna Ashry ethnic of them throughout the Islamic world until the Mahdi appears. How can I convince this person? What are the interests between me and him? When I have a problem with another state, we start to solve it. For example, if there is an economic problem there is a continuation of what you want and what we want and how we understand it. Or a political problem, for example with Russia how to cooperate in Syria. What are your interests and what are mine. How do we cooperate in

Yemen and what are your interests? How do we communicate with him ?! his logic is that the Mahdi will come and he must fertile the environment for the arrival of the Mahdi and they must control the Muslim world. They deprive their people for more than thirty years of development and put him in the stage of hunger and poor infrastructure to achieve this goal, they will not change their mind on the day and night. Otherwise, their legislation will end within Iran. What are the points of convergence that can be discussed with this system! They are almost nonexistent. This system has been tested at more than one stage, in the time of Rafsanjani and it turned out to be just plays. After the Khomeini revolution, the strategy of expansion came to anger the world and then the leader of the peace who was Rafsanjani until he gained the confidence of the world, including us, he gained our confidence. After reaching another stage and a good environment, an extremist leader is sent to continue the process of expansion, such as what we saw with Ahmadinejad in Iraq, Syria and other locations. Then another leader comes to preserve the gains to satisfy the world. And then an extremist commander comes in order to continue the deployment of expansion, this will not happen, this is over. The believer is not bitten twice from a hole. We have been bitten once, and we will not be bitten again. And we know that we are the main goal of the Iranian regime, to access to the Muslim Qibla is the major goal of the Iranian regime. We will never wait until the battle occurs in Saudi Arabia, but we will work to have the battle in Iran rather than in Saudi Arabia.

* What do you think of the solution in Syria, how do you see?

- Syria is undoubtedly a very complex situation, no doubt that former US President Barack Obama missed a lot of important opportunities that could have made a big change in Syria. Today, Syria has become an international issue. Russia is present there and it is a superpower and a big country. The United States of America exists and all five major countries are there. Any friction that may occurs between these big powers could cause a crisis which is much bigger than the Middle East crisis, the situation is very complex. Today we are trying to make the most gains for the interests of Saudi Arabia, the interests of the Syrian people and the countries of the region.

**From:** [redacted] [redacted]
**Sent:** 9/13/2017 5:31:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i m in my car at your door .. can i ring or 2 sharp?

Sent from my iPhone

On Sep 13, 2017, at 4:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Wed at 2?

On Wed, Sep 13, 2017 at 12:26 AM <[redacted]> wrote:
hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
if you bussy dont worry i can wait until thursday ..
thnx again

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

see you then :)

On Sat, Sep 9, 2017 at 6:42 PM, <[redacted]> wrote:
thursday at 6 pm? is that ok?

Sent from my iPhone

On Sep 9, 2017, at 7:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

when is good for you? late thurs? fri lunch whatever you prefer.

On Sat, Sep 9, 2017 at 6:35 PM, <[redacted]> wrote:
very well .. plz when you have a minute send me the date and the time .. i know the house by now👈

Sent from my iPhone

On Sep 9, 2017, at 7:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:

of course

On Sat, Sep 9, 2017 at 6:30 PM, <[redacted]> wrote:
😂😂😂
are we meeting in new york?

Sent from my iPhone

On Sep 9, 2017, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

is this some sort of perverted question :) 12 american . of course

On Sat, Sep 9, 2017 at 5:40 PM, <[redacted]> wrote:
what is your shoes size if you dont mind me asking?

Sent from my iPhone

On Sep 9, 2017, at 4:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think trump cut the legs off your guy . He would like to take all the credit . If there is a deal or be seen to be strong on terror

On Sat, Sep 9, 2017 at 2:34 AM jeffrey E. <jeevacation@gmail.com> wrote:
See you I in. Ew york thurs?

On Fri, Sep 8, 2017 at 11:48 PM <[redacted]> wrote:
tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, <[redacted]> wrote:
i will bring you some kuwaiti gifts but not food😉

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, <[redacted]> wrote:
things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

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# Robert Lawrence Kuhn

Dr. Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and a renowned expert on China. He is a commentator on the BBC, CNN, CGTN, CCTV, CNBC, Fox Business, Bloomberg, and other media; senior political/economics commentator on *China Global Television Network* (CGTN); and a columnist in *China Daily* and *South China Morning Post*.

For 30 years, Dr. Kuhn has worked with China's state leaders and advised the Chinese government. He spoke at the launch ceremony of President Xi Jinping's book, *The Governance of China*; he provided live commentary on CNN for Xi's policy address during his U.S. state visit (2015); and he introduced to foreign audiences Xi as "core" of the CPC (2016). He is interviewed extensively on US-China relations, including the trade war (2018).

For the 19th CPC National Congress (October 2017) and 13th National People's Congress (March 2018), Dr. Kuhn was interviewed extensively, including 24 times on CNN and BBC World News / BBC World Service, and he was quoted in newspapers and websites in U.S., Hong Kong, Italy, India, etc. His full-page, in-depth analyses of the 19th CPC National Congress were featured in *China Daily* to open the CPC Congress ("Historical Starting Point for New Stage of Development") and to close the CPC Congress ("New Era on the Road to 2050"). His essay at the opening of the Party Congress was published in *People's Daily*.

Dr. Kuhn is the author of *How China's Leaders Think* (featuring President Xi), and *The Man Who Changed China: The Life and Legacy of Jiang Zemin* (China's best-selling book of 2005). He wrote the Introduction for *Understanding the CPC*, the book series by China's ruling party, the Communist Party of China (2015).

Shanghai Media Group and Dr. Kuhn are co-creators and co-producers of the award-winning, five-part series *China's Challenges*, broadcast internationally (PBS stations in the U.S.) and in China. Dr. Kuhn is writer and host; Peter Getzels is director. *China's Challenges* won first prize in China News Awards twice (2013, 2018). A second season won an Emmy Award (Los Angeles, 2016). A third season (on "Xi Jinping Thought" and China 2020 / China 2050) is broadcast in late 2018.

Dr. Kuhn is the creator, co-producer and host of "*Closer to China with R.L.Kuhn*" on CGTN (China Global Television Network, co-created by Adam Zhu), the weekly series with unique access that features China's thought leaders and decision makers, broadcast globally and in China. *Closer To China* focuses on China's politics and government, CPC/Party, economics and society, reform and development, and international affairs and relations, with emphasis on Xi's policies and philosophy.

A special documentary on President Xi's "targeted poverty alleviation" campaign, co-produced by CGTN, Dr. Kuhn and Adam Zhu, is in production. Dr. Kuhn is host and writer. Peter Getzels is director.

Dr. Kuhn was one of only two Americans, with Henry Kissinger, named as the first "China Visionaries". He was selected by *Oriental Outlook* magazine (Xinhua News Agency) as one of the all-time, top-ten influential supporters of China's ruling party/CPC (he is the only one living).

An international corporate strategist and investment banker, Dr. Kuhn works with major multinational corporations, CEOs and C-Suite executives, in formulating and implementing China strategies by applying his "politico-strategic framework". He was president/co-owner of the largest middle-market M&A firm in the U.S. (sold to Citigroup in 2000).

Dr. Kuhn is creator, writer and host of *Closer To Truth* (produced and directed by Peter Getzels), the long-running PBS/public television series on science and philosophy (broadcast continually since 2000, over 275 TV episodes; more are in production). Dr. Kuhn is author or editor of over 30 books on China, corporate strategy, finance, science and philosophy (including, with the philosopher John Leslie, *The Mystery of Existence: Why is there Anything At All*).

Dr. Kuhn is chairman of The Kuhn Foundation which supports new knowledge in science and philosophy, classical music, and informed relations between the United States and China. The Kuhn Foundation produced the feature documentary "Khachaturian" on the life and music of the Armenian-Russian composer Aram Khachaturian, which won the Best Documentary award at the Hollywood Film Festival.

Dr. Kuhn has a B.A. Human Biology (Johns Hopkins); Ph.D. Anatomy/Brain Research (University of California at Los Angeles, UCLA); MBA (Massachusetts Institute of Technology, MIT).

# CNN – Quest Means Business

# Future of U.S.-China Trade Relations

**Robert Lawrence Kuhn, August 27, 2018**

HOUSE_OVERSIGHT_023667

# CNBC

## Squawk on the Street

## US-China Tariffs - US-China Trade War

### Robert Lawrence Kuhn, August 22, 2018

CNBC

MENU MARKETS BUSINESS NEWS INVESTING TECH POLITICS CNBC TV SEARCH

## US and China have self-fulfilling prophecies on both sides for trade...

10:40 AM ET Wed, 22 Aug 2018

Robert Kuhn, China government advisor and "How China's Leaders Think" author, discusses his expectations for the next round of U.S.-China trade talks that begin today.

WATCH CNBC LIVE TV

# FOX BUSINESS

## Mornings with Maria (Maria Bartiromo)

## US-China Tariffs - US-China Trade War

### Robert Lawrence Kuhn, August 23, 2018

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# [新闻30分]专家分析 美国对中国贸易逆差不能简单计算

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# BBC World News

## President Xi Jinping-NPC Closing Session

### Robert Lawrence Kuhn

### March 20, 2018

| | |
|---|---|
| **HOST: Well joining me now from Beijing is Dr. Robert Lawrence Kuhn, advisor to the Chinese government and author of the book *How Chinese Leaders Think.* Thanks so much for joining us here on the program. Usually the NPC is seen as sort of a choreographed event: we know what to expect. But this time it felt very different.**<br><br>**RLK: It certainly was different. You have to look at this year's National People's** | |



HOUSE_OVERSIGHT_023671

BBC

| | |
|---|---|
| **Congress - and the so-called Two Sessions - as part of the "political season" which begins with the party congress in October and goes now to the government sessions in March. And normally there is a predictability and what happens at the National People's Congress is not very significant.** | |
| **RLK: This year is different: China talks about a "New Era" – and this is not just words, it is really the case. If we look at the vision that Xi Jinping gave at the party congress, what we see here at the National People's Congress we see as the implementation of that vision across a very broad front.** | |



HOUSE_OVERSIGHT_023672

BBC

**RLK: People have focused on term limits - understandably so - but the change is only for the presidency. Xi Jinping by having been made "Core" of the Party in October 2016 - actually with that designation undermined "collective leadership" - and when Xi's name was put into the Party Constitution as the contemporary arbiter of Marxism - on which the Party is based and the Party rules the country - he then became the overarching leader, no matter what position he would hold.**

# CNN International

## President Xi Jinping, China, Term Limits

### Robert Lawrence Kuhn – March 12, 2018

**HOST: Let's talk about President Xi Jinping with our gues,t Robert Lawrence Kuhn, a longtime advisor to the Chinese government, the author of *How China's Leaders Think,* and the host of *Closer to China with R.L. Kuhn* on the China Global Television Network. Thanks for being with us.**

**RLK: Hi Natalie. Interesting day we're having.**

**HOST: Isn't it, though? So, I guess the first question would be to follow up on your book title, how China's leaders think. What is Xi Jinping thinking with this move?**

**RLK: First of all, we have to understand it in context. There are twenty-one different clauses in this Constitutional Amendment, and the whole point of it is to strengthen the governance system of China. Now China is a party-state system where the party controls the state. Everyone is focusing on the abolition of term limits, and it is important, but we need to understand the context within this party-state system. In October of 2016, Xi Jinping was made "Core" of the Party, which meant the collective leadership of the past was no longer operative; that X was, in essence, for the Party, the decision maker. Then just this last October at the 19th CPC National Congress, his name was put into the Party Constitution as "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era,"… it's a big phrase.**

**RLK: But what it means is that Xi is the arbiter of Marxism and party theory. That means in terms of being the Core ot the Party and the interpreter of Marxism that gives him ultimate power. He doesn't even need a formal position when has those two and the Party continues to run the country.**

**HOST: Is that a good thing? How can it be a good thing for the country when one person has the ultimate power?**

**RLK: There are two issues. One is how it happened: Now the abolition of presidential term limits coordinates with the Party and military, together the three largest positions. So they're now coordinated because he already had that power in the Party and the military.**

# Amanpour on CNN

## President Xi Jinping, China, Term Limits

### Robert Lawrence Kuhn – Minxin Pei

### March 5, 2018

**HOST: When it comes to trade, one country more than any other has been the target of Trump's rhetorical wrath, and that's China. But my next guest tells me that the promised tariffs won't bother China much, as we've been discussing. In any way, they in China are dealing with much more important things, like the proposal for the rubber stamp Party Congress which starts its new session today to change the Constitution, and lift all term limits on President Xi Jinping, effectively making him president for life. Now, I've been talking to Minxin Pei: he's a professor of government at Claremont McKenna College in California, and to Robert Lawrence Kuhn, who is the author of *How China's Leaders Think*, and he is the host of a show on the government-run CCTV news channel in Beijing. Gentlemen welcome to you both. Let me start by asking you, Robert Lawrence Kuhn there in Beijing. From the Chinese government perspective, these tariffs that the president of the United States has announced, how much does it concern Beijing?**

| | |
|---|---|
| **RLK: Well certainly it's a concern, but I would call it a minor annoyance as opposed to something extremely serious. They have a lot on their plate here. The last thing they want is a trade war with the U.S., but they have to react. If the U.S. does something, there has to be something that they will do in retaliation. They will ratchet it down. They will signal, as you do, that they do not want to accelerate this, but to save face and to be appropriate, they'll have to match it.**<br><br>**HOST: To you Minxin Pei, how do you see this playing out?** | |
| **MP: If the investigations find China at fault, or guilty of some practices, then the US has a wide range of options to punish China on a trade front. And if these things happen, then US-China trade war will take place. Another thing I want to say is that US-China relations have turned a corner. This is a relationship that has headed toward a long period of confrontation, and adversarial relationships. So what is going to happen on the trade front is part of a much larger picture of geopolitical rivalry, if not competition.** | |

Bloomberg

# Bloomberg TV Worldwide

## President Xi, China, Economy

## Robert Lawrence Kuhn – March 5, 2018

**HOST: You were there at the Great Hall of the People. What was your main takeaway from what some have described as Li Keqiang's impossible challenge: how to deleverage, how to take away stimulus, and still keep 6.5% growth?**

**RLK: I don't take the 6.5% growth as the primary objective here. I mean you have to look at what these National Peoples Congresses are. They're not setting the vision and the strategy. That was set at the party congress in October. What we're dealing here is the implementation of the policies. If you attend these every year you know they all look and sound the same because it's the same structure, same kind of structure of numbers, so what you do is look for the differences. What are those subtle differences between one year and another. That's what I focus on at these congresses.**

**HOST: What's the main difference you saw?**

HOUSE_OVERSIGHT_023678

# BBC World News
## Xi Jinping and the New Politburo Standing Committee
## Robert Lawrence Kuhn
## October 25, 2017

| | |
|---|---|
| **HOST: We're going to put a question to Robert Lawrence Kuhn, who's a long-time advisor to the Chinese government. Robert, great to see you again. You were with us at the very beginning of the Party Congress and you were at the Congress today when it finished. Did you have any vision, any inkling that President Xi Jinping would take on so much authority? Also, what about the fact that there is no successor candidates among the new leaders?**<br><br>**RLK: I was interviewed in early 2012 by a well-known American television network and the question put to me, in January of that year, was, "isn't Xi Jinping going to be a very weak leader because he was not appointed by Deng Xiaoping and he has no strong base of support?"** | |



HOUSE_OVERSIGHT_023679

# CNN International

## Xi Jinping and the New Politburo Standing Committee
## Robert Lawrence Kuhn - October 26, 2017

| | |
|---|---|
| **HOST: The author of *How China's Leaders Think: The Inside Story of Past, Current and Future Leaders,* Robert Lawrence Kuhn is a longtime advisor to the Chinese government. He comes to us once again from Beijing. We talked this time yesterday. Good to have you back. And we discussed yesterday what we would learn about that lineup of the standing committee. It hadn't been revealed at that point that we spoke, but we now know and is it correct to say the most significant thing is no sign of a leader in waiting?**<br><br>**RLK: I think the most significant sign is who the people are and how they relate to each other. It's a group that actually respects traditional norms.** | |
| **RLK: There was thought that Wang Qishan, for example, might violate norms by being on the Standing Committee after the traditional retirement age and that's not the case. There is balance among the member in terms of their geographies, even their political affiliations within the party which internally are important. Two are from Shanghai, two are from the Communist Youth League - one is actually from Shanghai and the Youth League as well but he's really from Shanghai - two have a long relationship with General Secretary Xi. And then of course General Secretary Xi has the overarching power as everyone says - and that is correct and will be correct for a long time to come.** | |

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# Observers offer fresh insight for new era

## Intellectual hails progress made in past while warning of challenges that lie ahead

By LI YANG
*liyang@chinadaily.com.cn*

"I like to understand new era in two categories: its characteristics at home and abroad, and its timeline."

**Robert Lawrence Kuhn,** investment banker and anatomy researcher

Q&A | ROBERT LAWRENCE KUHN

**You hold multiple titles now. How have you managed to master so many different fields? Do they have anything in common?**

There's one word to describe the commonality, that is "passion". Whatever I've done I want to have passion for it. To expand that a bit, it's the passion to learn. I'm not here to teach, I love to learn. When I write a new book, it's something I want to learn about. I use that vehicle to learn. So passion about learning is the common denominator. China has given me a hugely rich life because of everything I've learned here.

Robert Lawrence Kuhn has many titles, ranging from investment banker to anatomy researcher. But he is better known in China as a specialist who knows the country inside out.

Over the past 29 years, he has visited almost every provincial region and spoken with people from all walks of life, including some who have gone on to become State leaders.

"It's been a great gift to my life to be able to learn so much about China's rich civilization, political theories and the whole development," he said.

Kuhn, who is from the United States, learns as an outsider but communicates as an insider. In his talk show *Closer to China with R.L. Kuhn* on the China Global Television Network, he presents China's complex story to the world through candid, intimate discussions with the country's decision-makers.

In a hotel suite in Wangfujing, downtown Beijing, one busy lunchtime last week, Kuhn shared his thoughts on Chinese politics with China Daily, between exercising and a meeting of the Communist Party of China, which he had been invited to attend as an observer.

He spoke passionately about the 19th CPC National Congress, which was held in Beijing in October, describing it as "a milestone congress that set the agenda for more than 30 years".

The Party proposed two new concepts at the congress — "a new era of socialism with Chinese characteristics" and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, which has been written into the Party Constitution.

"To understand China today, it is critical to appreciate what the new era means. ... I like to understand new era in two categories: its characteristics at home and abroad, and its timeline," Kuhn said.

He has obviously developed his own way of explaining terms with Chinese characteristics. That is to break down the characteristics, domestically and internationally, rather than delve into the term.

He listed a number of challenges in China's new era, from pollution to medical care, among which he said the biggest is the rising expectations of the people at home, because "now that the people have some, they want more".

The complex international environment is the main characteristic of the new era, as the world is fragmented by diverse problems and challenges, he said.

While explaining what he called the timeline of the new era (2017, 2021, 2049) and expounding his understanding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era — which he broke down into three categories: serve the people, national rejuvenation, and governance modernization — Kuhn showcased his knowledge of the Party's files, which he has clearly learned by heart.

He recited almost every key point of the 68-page report Xi delivered to the congress in October. More important, he made connections between these points, presenting them in a vivid way, seasoned with personal experiences and thinking.

When asked about the effects of the anti-corruption campaign, he immediately listed 10 objectives. That's his style of approaching Chinese issues — divergent thinking and a vigilance not to lose sight of the connections between different points.

**From left:** Zhao Jianguo, head of the international communication bureau of the Publicity Department of the Communist Party of China Central Committee; Jiang Qingzhe, Party chief of the University of International Business and Economics; China Daily reporter Andrew Moody; Guo Weimin, vice-minister of the Information Office of the State Council; speakers Robert Lawrence Kuhn and Liu Xin; Zhou Shuchun, publisher and editor-in-chief of China Daily; and Zhang Jiannin, head of translation and interpretation for the Ministry of Foreign Affairs, pose for a photo at the inaugural Vision China event on Monday at UIBE. | FENG YONGBIN / CHINA DAILY

## British journalist tells China's story to the world

By LIU XUAN
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Despite living and working in China for a decade, Andrew Moody's ability to speak Mandarin is still at a basic level. Yet that has not stopped the award-winning journalist from interpreting China's story for the world.

Moody joined China Daily nine years ago and is now a senior correspondent. He has written more than 150 cover stories for the paper's European Weekly and African Weekly, examining a wide range of issues including the Belt and Road Initiative.

The job has provided him with firsthand experience of how China is developing as well as the chance to record reactions from the outside world, especially in the West, toward the nation's growth and changes.

He was at the Great Hall of the People to hear General Secretary Xi Jinping deliver a report to the 19th National Congress of the Communist Party of China in October, when the concept of a "new era" was first mentioned.

"The consensus of the various people I spoke to in the hours after the speech was that China's entering a new era could be a momentous turning point in world history," Moody said.

According to his interviews, he said, people believe that a more confident China is striding into a world that it also is helping to shape.

Moody has his own understanding of the new era. With 40 years of reform and opening-up, he said China has reached a point where it can move on in many ways, such as in foreign policy, global governance and domestic reforms. "China has reached a new junction and has to move forward."

The British journalist has written many stories that explain China to the rest of the world, and these have brought him many honors, including being named a State High-End Project Foreign Expert.

"I like reporting on China because it's perhaps the 21st century's most fascinating story," he said. "The real fun of reporting in China is the closeness to the actual story, the big fascinating story of China merging into the 21st century, the stories that maybe Western media don't really have the chance to interview."

Moody sees his task as communicating China to a global audience, and there are still a number of things that need to be done, he said.

"I go back to the UK quite a lot, and I still don't think that people are aware of the impact of a much bigger Chinese economy and China's being a more significant player in the world," he said. "All I can do is to report and do stories one by one."

"The real fun of reporting in China is the closeness to the actual story, the big fascinating story of China merging into the 21st century."

**Andrew Moody,** China Daily senior reporter

Q&A | ANDREW MOODY

**How do you overcome the challenges of showing the real China to the world, especially to those who have biases against China?**

It's a long-term thing, and you cannot change this overnight. There are negative perceptions about China. It's about engagement. If China has much more interactions with the rest of the world, then people will see China as it actually is. One of the 2035 objectives is to better increase China's soft power. Organizations like China Daily can actually play a role in improving China's soft power. But I do think it's a long-term process, and China doesn't need to be too sensitive toward criticism.

### What they say



Vision China is the first high-end event organized by China Daily and UIBE after the two sides launched a partnership. By telling China's stories in an objective and rational manner, it aims to help students get to know a real China and an objective world, and to understand China in the new era.
**Wang Jiaqiong,** *president of the University of International Business and Economics*



I've learned a lot from Vision China today. What impressed me most is how to eliminate bias against China when telling China's stories. The three experts shared a common opinion, which is to show a true China and not care too much about comments from the outside world. The sincerest story is often the most touching one.
**Zhu Yue,** *a senior student majoring in international politics from Beijing International Studies University*



It was an interesting lecture. It was good to understand certain aspects about China. It would be good to have things like this abroad because it's about China. You don't have to explain China to the Chinese people, but you need to explain it to the outside world.
**Nektarios Palaskas,** *science and technology counselor for the Swiss embassy*



This event was very interesting. You invited distinguished speakers, and all of them are of global thinking and have a vision about China. China is booming, and everyone is interested. I enjoyed hearing the speakers' ideas about how China will be in the future. I came here with an open mind.
**Ratthuwoot Nanthakuskool,** *first secretary of Thai embassy*

## Broadcaster sees choice and confidence in rising nation

By YANG WANGLI
*yangwangli@chinadaily.com.cn*

For 20 years, Liu Xin has had a singular goal: to build a bridge of understanding between China and the outside world.

The television presenter began working for China Central TV, the State broadcaster, in 1997, two years after becoming the first Chinese to take part in — and win — the International Public Speaking Competition.

Early last year, her desire to share China's story received a major boost when she was chosen to host *The Point*, a prime-time discussion show that airs weekdays on the China Global Television Network.

She said that China entering a new era means three things: opportunities, challenges and responsibilities.

"My winning speech in that 1995 national competition was about choice," she said. "After 15 years of reform and opening-up, we Chinese now enjoy an abundance of choice in our daily lives."

After listening to General Secretary Xi Jinping's report at the opening of the 19th National Congress of the Communist Party of China, Liu said she was impressed with his use of the word "confidence".

"It's the confidence China has developed through knowing that our system works. The confidence about who we are as a people, as a culture. And it's the confidence about our future role in the world," she said.

"As media workers, we believe we have a great story to tell. In the past, people relied on a few correspondents or experts for information and opinions on China. But more people are tuning in to Chinese media for information, both traditional platforms such as TV and online."

As more questions emerge in the minds of those watching from outside China, Liu said the opportunities to tell stories from inside the country are growing. However, so too are the challenges.

"Because of the ideological differences between China and the West, China has always been the subject of Western media criticism, which is often downright bashing based on falsehoods," she said.

Now that China has defied all kinds of predictions of a collapse or economic hard landing, Western observers are having a hard time explaining the China phenomenon, she said, adding that the result is an ignorance-based superiority complex mixed with bewilderment and need with jealousy.

During her 30-minute program, Liu conducts live interviews with guests in the studio or via satellite link to get a Chinese perspective on two to three topics that affect people around the world.

"I understand the urgency to be more assertive, but I believe we always need to be aware of the danger of putting feelings before reason, putting opinions before facts," she said. "Nationalism is my biggest enemy.

"President Xi has said we need to improve the quality and effect of development. I believe this also applies to China's international communication. The Chinese people will work hard toward a community of a shared future, regardless of how others view us."

Meanwhile, Liu has a job to do. "As a journalist, our duty is to tell China's story as it is, one topic at a time, one show at a time," she added.

"China has always been the subject of Western media criticism, which is often downright bashing based on falsehoods."

**Liu Xin,** host of *The Point* on China Global Television Network

Q&A | LIU XIN

**As a professional journalist, what do you think China's mainstream media could do to better report China to the outside world in such a media transformation age?**

It's challenging. I think we need to be aware of new technology. And the content is very important. If we're more confident, we can really be more sincere, be more at ease with our problems and our achievements. So let's have a sincere conversation, not shy away from the problems we're facing. That's why I say let's tell the China story as it is. It's not 100 percent about achievements. Every day we see mixed news, we have mixed feelings, so let's be factual, let's be sincere and let people decide whether they want to watch us or not. This is going to take time, but I think if we follow the right philosophy, the right steps, we're going to make it.

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South China Morning Post

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OPINION

# Power with purpose

**Robert Lawrence Kuhn explains why abolishing presidential term limits may well be good for China**

To interview delegates and officials at the annual National People's Congress in Beijing, interspersed with being interviewed in the international media about China abolishing term limits for its president, is to inhabit parallel universes.

Delegates and officials focus on clusters of issues from controlling financial risk and reducing pollution to scientific innovation and business stimulation, plus enhancing and institutionalising China's anti-corruption campaign with a powerful National Supervision Commission. The international media, no surprise, focus on the constitutional amendment ending term limits, assuming President Xi Jinping will now serve in a for-life dictatorship, reminiscent of Mao's China, the Soviet Union, the Kim family in North Korea and some African countries.

It is no challenge to explain why abolishing term limits is bad for China – dependency on one human being who is not omniscient but is hostage to fortune, fewer and weaker checks and balances, forced conformity in a complex society with no easy answers, etc. The system begins stronger in that hard choices can be made and consistency maintained, but it could become brittle in that officials are more wary and may say things they do not believe.

It is a challenge to explain why abolishing term limits is good for China, so that's what I will do.

First, some background. There are three separate issues being conflated: the significance of ending term limits, the intended consequences and the unintended consequences. Though terminating the two-term limit for China's presidency captures headlines, it is more the symbolic, final step ratifying Xi's near-absolute power than the big breakthrough itself. Xi's prior designation as "core" of the Communist Party in October 2016 and the inscribing of "Xi Jinping Thought..." into the party constitution in October 2017 were more meaningful.

Moreover, the Politburo Standing Committee, the highest authoritative body in China, unambiguously supports Xi. China watchers see the least page of *People's Daily* – published the day after the new Standing Committee marched out on stage – which featured Xi's photo on top, many times larger than the smaller, subservient photo of all seven members lined up on the bottom.

All this reconfirms that, in a system where the party controls the state – especially where the party is Marxist and ideology is its basis for being – Xi, as core of the party, with his name inscribed in the constitutions of party and state as the contemporary arbiter of Marxism, will be the uncontested, overarching leader of China for the rest of his sentient life.

For intended consequences, the official line is that the purpose is national cohesion brought about when the three top leadership positions – general secretary of the party, chairman of the Central Military Commission and president of the republic – are aligned temporally and held by a single person.

This makes sense, but as a primary, proximal motivation, it is not entirely persuasive. The current structure has existed for decades without outcry or angst to remove the idea that the three positions could be unified by installing term limits on the other two).

The "newera", marked by economic, social and global complexities, is said to require firm and consistent leadership, making most inner party struggles and even mitigating political gossip, facilitating focus on the tasks of governance and development. Specifically, because advancing reform has become more difficult with entrenched interest groups resisting change, the message is clear: you can't do it if you don't get with the programme, because you can't outwait or outwait Xi.

Because, it is said that only Xi has the vision, experience, competence and character to bring about "the great rejuvenation of the Chinese people", especially from 2020 to 2035 and ultimately to 2050 – bringing China to global centre stage – Xi's unimpeded leadership is deemed essential. China cannot afford "downtime" to accommodate a change of leadership, and after Xi's success at the 19th National Party Congress came the time to make clear that he will call the shots for the foreseeable future.

Some argue that doing away with term limits shows the superiority of the Chinese system as it allows flexibility in matching leadership to requirements (though what national leader, when extending his reach, has not claimed "current requirements" as justification?).

The party-run *Global Times* stated that ending term limits does not mean China has reverted to president-for-life tenure. (But who can deny that however long Xi holds the top positions seems largely up to him?)

As for the unintended consequences, the almost unanimous, disparaging foreign reaction – other than US President Donald Trump's – did not burnish China's international image.

More worrisome would be a reluctance by officials to offer constructive opposing views on central policies.

By stressing term limits, the international media misses fundamental changes going on in China – this year, innovation, streamlining of government, facilitation of business (cutting bureaucracy and reducing taxes), rural revitalisation and rural land reform. The 13th National People's Congress shows how the grand vision and mission of the 19th National Party Congress is translated into specific strategies and policies. If one sees only term limits, one cannot visualise the big picture.

As for Xi maintaining the presidency perpetually, it doesn't actually matter much – this is the deep insight of how China's party-state system works. Xi as core of the party and "Xi Jinping Thought..." as the party's (and now the state's) guiding principle means that Xi can transfer titular party leadership and/or the presidency to others and still maintain his overarching power. It may well be that, after serving two or even three more terms, rather than trying to find and install another leader like himself, he will move to bring about true democracy within the party.

Here's the best case. Xi will not be leader-for-life, but leader long enough to bring about China's national rejuvenation and establish a Chinese kind of democratic norms. Could Xi continue until around 2035, when China plans to have "basically" achieved full modernisation, heading towards, by mid-century, 2050, a "great modern socialist country"?

Many expect this experiment to end badly for China. It is indeed an experiment but its end is not set. It may be a race between achieving Xi's grand vision and some untoward perturbation that could cause fracture.

All factors considered, I am not saying abolishing term limits is absolutely good for China. I am saying it may be good – because of China's special conditions and Xi's special capabilities – but if it is good, it's just for this once, and it's just for so long. That's the best case. I'm rooting for Xi.

Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and China expert/commentator. He is the author of How China's Leaders Think

> Many expect this experiment to end badly for China. It is indeed an experiment but its end is not set

# *Private clubs deserve 'cushy' rental deals*

**Edith Terry says private recreational clubs are part of Hong Kong's heritage and have contributed to nurturing less popular sports, as well as a unique hybrid culture**

In 1964, a young German, fresh off the plane at his first job, went in search of a social group. He found a home away from home in Hong Kong's oldest private recreational club, newly relocated from a prime location on Victoria Harbour, where City Hall is today, to a modest flagstone boathouse beneath Island Road on Hong Kong's south side. Fifty-five years later, Frank Pfeiffer, a Zen Buddhist and mountain climber, is still an active member of the Victoria Recreation Club, established in 1849. He has watched it ring the changes from Hong Kong's colonial society in the 1960s, when it had only two Chinese members and no female members, to the hybrid institution it is today, under its first Hong Kong Chinese chairman, Wu Kam Shing.

Its membership is a spectrum of Hong Kong's diverse and athletically minded middle class. There is the Hong Kong Chinese court reporter who visits the club in Deep Water Bay every morning at 6am on her way from home in Ap Lei Chau to her workplace in Sha Tin. There are her fellow swimmers, many elderly, who swim out to the buoys, rain or shine, hot or cold, every day. Some 100-150 "paddlers" use the club as a base for outrigger canoeing, dragon boating and paddle boarding. Some of the sports were unknown to Hong Kong before the club nurtured them, others, like dragon boating, are deeply traditional.

In the current debate over the future of the 67 private recreational clubs that pay minimal rents to the government, history has been swept aside. True, they were designed on a colonial template, in which the diverse ethnic groups were given separate retreats. Membership at the pinnacle clubs was reserved primarily for the British. For other ethnic groups, there was a Chinese Recreation Club, a Club de Recreio, a Filipino Club, an Indian Recreation Club, and so on.

Hong Kong's colonial rulers reviewed the lease system for the private clubs in 1968 and 1978, and in the run-up to the handover in 1997 when leases were restricted to 15-year terms. At the handover, a number of leases were extended to ensure a so-called smooth transition. The sceptic would argue that this was a dodge, and indeed, in 2011, during the first post-1997 review of private recreational leases by the Legislative Council, most of the clubs seemed oblivious to public concerns as well as new requirements for "opening up"

> The government argued that subsidies were needed because use of land for sports and recreation would never trump commercial utilisation

to schools and community organisations. Following the last well-publicised review in 2013 and the current investigation seeking new venues for public housing, they are no longer complacent.

Should the private clubs have got their cushy rental deals in the first place? At the time of the reviews 50 years ago, the government argued that subsidies were needed because use of land for sports and recreation would never trump commercial utilisation. What was true then is even more so today. The high cost of land in Hong Kong is a drag on innovation and creativity. The existence of the private recreational clubs means it has been less of a drag on sports.

Most of the clubs with government leases are framed around core sports – golf, tennis, horse racing, swimming, sailing and rowing, to name a few. Hong Kong athletes whose development was supported by these clubs have gone to the Olympics and other international competitions. In the 1940s, the Victoria Recreation Club was the driving force behind Hong Kong's participation in the International Olympic Committee and the Hong Kong Sports Federation.

Public pressure on the clubs to forge community ties and contribute to Hong Kong through "opening up" schemes is appropriate – but not the pressure to convert their land to high-rise estates. The loss is not only to the core sports they represent but also to their unique DNA, which is the foundation of Hong Kong – diverse, cosmopolitan and adventurous. If you want to look for a Hong Kong that is not just about money, one place to look is here.

Edith Terry is the honorary secretary of the Victoria Recreation Club. She writes in a personal capacity

**Stand-up paddlers participate in an event held at the Victoria Recreation Club.** Photo: Jonathan Wong

# *What the Western belt and road sceptics are missing*

**Wenshan Jia says there are opportunities for the whole world to benefit from China's initiative**

China's "Belt and Road Initiative" is an original plan to carry out a new type of "collaborative globalisation" above and beyond US-led type. It was proposed five years ago by President Xi Jinping after the tapering off of US-led globalisation in 2008.

Xi offered three principles: mutual consultation, joint construction and shared benefits. China has since then fully executed 101 agreements with 86 countries, and total investment in the 24 countries along the belt and road regions has amounted to US$30 billion, resulting in 75 industrial and trade zones, and 200,000 jobs.

With its focus on infrastructure, the initiative is a model not only for developing countries, but also industrialised ones in Europe and North America, where ageing infrastructure needs replacing. It also adapts to each local, national or regional condition, situation and need. It is proving very democratic, more so than the lopsided US-led globalisation that spurred a populist, isolationist backlash across Western world.

China has done a proper job of explaining to the West what the initiative is and extended a sincere invitation to each country to join. Many think tank scholars and major media outlets in the West have found it potentially lucrative and expressed relatively strong support.

Yet, instead of appreciating China's efforts to both inherit the liberal agenda of globalisation and forge a new path for global development, many Western political elite, led by the US, have started a campaign to resist the initiative. From Australia to the US , and the UK to Germany, there are calls for the West to cut interactions with China to minimise or resist its so-called "sharp power". The labels typically applied to China include "authoritarian" and "predatory", citing Beijing for not upholding "freedom, democracy and individual rights", the core values of the West.

This attitude towards the initiative reveals not only a contradiction in the Western mind, but also the narrowing or even closing of minds.

Isn't it beneficial to meet the goals of forging connectivity and cooperation, as articulated in Xi's effort to enrich and expand the meaning of the "free world" by liberating humankind from geographical, financial, political and cultural barriers? The world is no longer the West versus the rest, as we already live in a world connected by the internet. The initiative seeks to make the world more interconnected for both the West and the rest, contributing to the consciousness of human community with a shared future.

Recently, the initiative has inspired and spawned a push for localisation, particularly the Indo-Pacific strategy led by the so-called "Quad" of the US, India, Japan and Australia. Some Western media view it as a rival or alternative to China's belt and road.

But I would argue that it can be part of China's initiative as long as the three Chinese principles (mutual consultation, joint construction and shared benefits) are observed in the Quad strategy. The belt and road was created to be an all-inclusive platform, so Beijing has no need to fear localisation as long as such strategies do not seek to contain China or disrupt its plan. It would be wise for the Quad and China to look for ways to collaborate.

Quad countries need not take an antagonistic stance towards China: the anti-China smear campaign must be replaced by a discourse involving consultation and communication. The world has experienced more than enough damaging talk, not to mention wars.

The core principles of Xi's belt and road strategy must be always applied in China's interactions with local strategies. If China is, as German Foreign Minister Sigmar Gabriel told the Munich Security Conference in February, "the only country in the world with any sort of genuinely global, geostrategic concept", then Western leaders should cultivate a genuinely global strategy in line with China's vision, for the betterment of all humankind.

> The anti-China smear campaign must be replaced by a discourse involving consultation and communication

Wenshan Jia, PhD, is a professor in the School of Communication, at Chapman University (California) and a research fellow at the National Academy of Development and Strategy, Renmin University of China

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## 2017 YEAR-END: Politics

Robert Lawrence Kuhn

# Watching China's year for history

When future historians reconstruct the long history of China, they will likely circle 2017 as a year of significance. I've seen it all this year, and attended or even participated in the major events. I've conversed with Chinese leaders and experts, and searched for meaning.

I didn't appreciate the opportunity I've had until I began reviewing the year from China's domestic perspective, seeking themes and trends, discerning from what we know about the recent past what we might forecast about the near-term future. It takes no flash of insight to see the leadership and vision of President Xi Jinping headlining almost every event.

Following is the review of the meaningful events of 2017.

Robert Lawrence Kuhn

**January**: Xi began the year with a memorable speech at the World Economic Forum in Davos, Switzerland, mounting a roaring defense of globalization, free trade, and economic openness and liberalization. It was the first-ever speech by China's head of state at Davos and, as commentators the world over noted with amazement and irony, as the United States under President Donald Trump was apparently retreating from the world and abrogating global leadership, China under President Xi was apparently defending the international order and promoting global governance.

**March**: The annual "two sessions" of the National People's Congress, China's top legislature, and the Chinese People's Political Consultative Conference National Committee, the top political advisory body, seemed to radiate more energy than usual, perhaps in anticipation of the 19th National Congress of the Communist Party of China in the fall. A highlight was the adoption of the draft general provisions of civil law, a step closer to a long-needed unified civil code.

I sensed delegates' growing confidence and assertiveness to represent their particular sectors in the competitive marketplace of public ideas and government funding, a competition that is vital for the development of China's kind of consultative democracy. This was especially true of the CPPCC National Committee, whose members are often leading experts in their fields, and that even though they do not have legal authority to pass laws, they have moral authority to exert pressure and affect change. It did not escape notice that, throughout the "two sessions", Xi was recognized repeatedly as "core" of the CPC Central Committee and of the whole Party.

### Belt and Road to the fore

**May**: The first "Belt and Road Summit" (the Belt and Road Forum for International Cooperation), held in Beijing, was the diplomatic highlight of the year in China. More 130 countries participated, including 29 heads of state and government. The goal was no less than the transformation of the economic structure of the developing world: building infrastructure and connectivity, stimulating development, alleviating poverty, reducing severe imbalances, promoting South-South cooperation, and revitalizing globalization.

Xi called the Belt and Road Initiative "the project of the century".

**July**: China celebrated the 20th anniversary of Hong Kong's return to the motherland. It was a time of reflection of geopolitical, economic, long a global leader in economic freedom and competitiveness. Hong Kong had flourished: its way of life preserved, its economy dynamic. But times change. With Shanghai and Shenzhen on the rise, and with some claiming the "one country, two systems" principle is in decline, Hong Kong faces new challenges.

**August**: The People's Liberation Army celebrated its 90th anniversary. In a move both practical and symbolic, the PLA established its first overseas logistics base in Djibouti, situated strategically on the Horn of Africa.

Xi Jinping, who is also chairman of the Central Military Commission, said the PLA is becoming "strong" informationized armed forces. "The Chinese people love peace," Xi said. "We will never seek aggression or expansion, but ... No one should expect us to swallow the bitter fruit that is harmful to our sovereignty, security or development interests".

Foreigners are wondering: what is the PLA's long-term plan for operating overseas? What will be the impact of the PLA's modernization and reform, especially its burgeoning blue-water navy with multiple aircraft carriers?

**August**: China hosted the BRICS Summit in Xiamen, East China's Fujian province. The five BRICS countries — Brazil, Russia, India, China and South Africa — have increasing influence on global economy and politics, but does BRICS as an organization make sense? China certainly thinks so, and promoted the BRICS Summit as representing a new kind of multilateral global governance. There are complexities: political instabilities in Brazil and South Africa; the growing, comprehensive cooperation between Russia and China; the sensitive, multifaceted relationship between India and China.

Throughout the year, events on the Korean Peninsula continued to intrude. While China continued to call for denuclearization and dialogue, just hours before Xi gave the opening speech at the BRICS Summit, the Democratic People's Republic of Korea detonated its most powerful nuclear bomb ever.

### 19th Party Congress and the New Era

**October**: The highlight of the year was, as expected, the 19th CPC National Congress. Not quite expected were the far-reaching proclamations and, taken together, the magnitude of their significance. I witnessed history and see six highlights.

First, Xi's name and thought were written into the CPC Constitution — "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". Xi is now, officially, the overarching creator and arbiter of political thought, and combined with his designation as "core" of the CPC, he is now the undisputed, unimpeded leader with singular authority. Xi Jinping "thought" is built on the twin pillars of people-orientation and national rejuvenation, with the new concept of development (innovation, coordination, green, open, sharing) driving a new kind of economic growth.

Second, the "New Era", which is intended as a policy-energizing game changer, is a conceptual lens with which to view the range of goals, strategies and concepts that compose Xi's way of thinking and the Party's new direction.

The "New Era" is envisioned in three temporal segments: (i) from now until the fulfillment of China's first centenary goal of a "moderately prosperous society" in 2020 (2021 being the 100th anniversary of the CPC); (ii) from 2020 to 2035, when the CPC states it will build on the foundation of the moderately prosperous society so that, after "15 years of hard work", the country will "basically" realize "socialist modernization"; and (iii) from 2035 to 2050, when the CPC states it will "work hard for a further 15 years" and "develop China into a country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful". Realizing this vision at mid-century, around 2050, with China being respected as a great, modern, socialist country, is the second centenary goal (2049 being the 100th anniversary of the People's Republic of China).

Third, the new "principal contradiction" in China's "New Era" is between "unbalanced and inadequate development" and "the people's ever-growing needs for a better life", which includes increasingly broad demands for "democracy, rule of law, fairness and justice, security, and a better environment". From now on, this new-era principal contradiction, replacing quantitative GDP growth with qualitative improvement of life, is what will guide China's domestic affairs and policies.

Fourth, the Party's leadership role in governing the country is expanding as the Party's stringent approach to governing itself is intensifying. The Party will be more deeply embedded within aspects of government and sectors of society (including private companies, foreign businesses and educational institutions). Far-reaching and purifying itself, the Party's governance will be stricter and more comprehensive. The anti-corruption campaign, the "tiger" continues, it has been enhanced.

Fifth, the "New Era" has China moving closer to center stage of the world and making greater contributions to humanity, offering "Chinese wisdom" and "Chinese solutions" for world problems. China's diplomacy will be proactive, championing the development of a community with a shared future for humanity and encouraging the evolution of the global governance system.

Sixth, I watched the new senior leaders of China, the seven members of the new Standing Committee of the Political Bureau of the CPC Central Committee, walk out on stage, ending months, really years, of speculation and rumor. Because everything in China reports to a Political Bureau Standing Committee member, and because of the Party's principle of collective leadership, their personalities, composition and balance determine the vision, strategies and policies that shape China.

The importance of the Political Bureau Standing Committee remains true today, but its importance frankly is also less true today. It is hard to overstate the consequences of Xi's name written into the Party Constitution, thus inscribing into perpetuity his predominant status and assuring his continuing pre-eminence in the country's political life.

SHI YU / CHINA DAILY

Following the 19th Party Congress, some might have expected a respite, a slower November and December. They were anything but.

### Form is substance

**November**: The "state visit-plus" of US President Donald Trump came at a delicate moment. Amid pomp and pageantry, including a personal tour of the Palace Museum (Forbidden City), $253 billion in business deals were signed, a world record, though critics complained it was all transactional, nothing structural. The number, some said, was more form than substance, but here, perhaps, form was substance. Both Xi and Trump hailed the visit as "successful and historic".

Yet, on sensitive topics, one could be forgiven for seeing sunlight between their positions. On trade, Xi lauded the business deals and market access, "which will deliver great benefits for the two peoples". Trump sought improved trade with China based on "a level playing field for our workers" and solving the "massive trade distortion" — which, characteristically, Trump blamed on past US administrations, not on China.

On the Democratic People's Republic of Korea, Xi reiterated China's firm commitment for a denuclearized Korean Peninsula and direct communications, while Trump said that they "agreed not to replicate failed approaches of the past" and he called for "increased economic pressure until North Korea abandons its reckless and dangerous path".

Subsequent to Trump's visit, China announced revised regulations that were indeed structural. China will reduce or eliminate (over time) limits on foreign ownership of financial services sectors, including insurance, commercial banking, securities, futures, and asset management.

Significantly, the State Council, China's Cabinet, established a Financial Stability and Development Committee to oversee financial stability and boost risk prevention (including close monitoring of "shadow banking" and corporate debt). This new supra-ministry commission will be empowered to make decisions related to reform and development, coordinate issues concerning monetary policy, and establish financial policies and related fiscal and industrial policies, thus improving the financial regulatory system.

At the Asia-Pacific Economic Cooperation Leaders' Meeting in Vietnam, Xi strengthened his themes of making economic globalization more open, balanced and inclusive; lauded regional multilateralism for promoting common interests; and stressed the Belt and Road Initiative for advancing global connectivity.

What struck me in Xi's speech was what he inserted about poverty: "To lift all the remaining poor people out of poverty is a solemn commitment made by the Chinese government to the people. It is uppermost in my mind, and I have spent more energy on poverty alleviation than on anything else."

"Upper most in my mind?" "More energy on poverty alleviation than on anything else?" An extraordinary statement from the president! Although Xi has been making high-profile visits to numerous poor countries and villages, relentlessly championing "targeted poverty alleviation" for realizing the "moderately prosperous society", this was his clearest statement that poverty alleviation is his highest priority.

### Main contradiction reinforced

Two unpleasant events in Beijing reinforced the new "principal contradiction", highlighting "the people's ever-growing needs for a better life" as that surprisingly powerful lens for viewing Chinese society. The first was alleged child abuse at a kindergarten. The second was a fire in which 19 migrant workers died. In both cases, netizens reacted with anger: in the alleged child abuse, anger about a perceived coverup; in the fire, anger for the disorderly and inconsiderate way of evacuating migrant workers.

When Xi first announced the new principal contradiction at the 19th Party Congress, some dismissed it as arcane Party-speak. Public reaction to the alleged child abuse and to the fire revealed its prescient and perspicacious wisdom.

The second volume of Xi Jinping: *The Governance of China*, a collection of 99 of Xi's speeches, conversations, instructions and letters, was published. The book offers a resource to follow the development of Xi's ways of thinking and ideas and to understand China's new guiding philosophy and the specific elements that compose it.

The month ended with what may seem a light touch when Xi called for China to upgrade its toilets. Toilets among the year's highlights? Xi was serious and his point is probative. For China to become a more civilized society, the hygiene of the people must be improved (especially in rural areas), and for China's tourism industry to blossom, better bathrooms are needed. Although China's leader talking toilets elicits smiles, and some say it downgrades his dignity, it demonstrates, above all, Xi's intrinsic commitment to improve the quality of life for the Chinese people.

**December**: In the first nine days of the month, Xi engaged with four international events, stressing common commitment to build a community of a shared future for all humanity.

### The four engagements

To the "CPC in Dialogue with World Political Parties High-Level Meeting", Xi described four views of the future: a world that is safe and free of fear; prosperous and free of poverty; open, inclusive and free of isolation; and environmentally clean and beautiful.

At the "Fourth World Internet Conference", Xi asserted how the internet posed new challenges for sovereignty, security and development.

At the "2017 Fortune Global Forum", Xi called for openness and innovation to enhance global economic growth, pledging to liberalize and facilitate trade and foreign investment in China.

And at the "South-South Human Rights Forum", Xi emphasized that "human rights must and can only be promoted in light of specific national conditions and people's needs".

The CPC's Dialogue with World Political Parties was path-setting in that it put the world on notice that a transformed CPC under Xi is reaching out globally with pride and confidence — explaining, especially to developing countries, the developmental benefits of party leadership and party building. The point of debate, as it were, has shifted from whether the China model of a perpetually ruling party (with all that entails) is good for China to how the China model is good for other countries.

At a meeting of the Political Bureau of the CPC Central Committee, Xi directed authorities to improve digital infrastructure, promote the integration and sharing of digital resources, and protect data security, in order to better serve the nation's economic and social development as well as to improve people's lives. The big vision is to turn China into a world leader in big data and a global innovation hub for artificial intelligence by 2030.

The last major event of the year was the annual Central Economic Work Conference, which identified "three tough battles" for the next three years: preventing and defusing risks (especially financial risks), eliminating absolute poverty (China's 2020 goal), and curbing pollution (for instance, encouraging investment in environmental projects). Setting three-year targets was itself an innovation (over the traditional one-year targets), thereby strengthening long-term thinking, reducing pressures to make hasty decisions, and giving markets stable expectations.

The priority of reducing absolute debt was modified to controlling a rise in borrowing, such that China's debt-to-GDP ratio does not further deteriorate. This signaled that growth would not be jeopardized and (to the disappointment of some) debt-driven growth would continue.

To contain financial risk, China will crackdown on irregular and illegal activities in its chaotic financial industry and intensify regulatory scrutiny; continue supply-side structural reform (reducing overcapacities); and maintain a proactive fiscal policy, a prudent and neutral monetary policy, and a basically stable yuan exchange rate.

Resisting arguments for shrinking State-owned enterprises, China will make SOEs "stronger, better and bigger"; and the government will seek efficiencies by becoming more of an investor and less of an operator.

China pledged to open up its markets further and to balance trade by boosting imports (US pressures, expressed vividly by Trump, were not mentioned).

### Theoretical foundation

After five years of "practice", the theoretical foundation of China's economic development is now labeled, "Xi Jinping Thought on Socialist Economy with Chinese Characteristics for a New Era", paralleling the phrase added to the Party Constitution two months earlier. The "thought" is based mainly on Xi's new concept of development — innovative, coordinated, green, open and shared development — which has been the core of his economic philosophy.

For the first time at this annual conference, topics other than economics were on the agenda. Diverse public concerns were addressed, such as burdensome homework for schoolchildren, sex discrimination in the workplace, and online scams. This was a clear consequence of how China's new "principal contradiction" in the "New Era" now drives domestic policy: as Chinese citizens seek a "better life", the government must respond.

To pick one message to characterize the year, it is this. In 2017, under the leadership of Xi, China set the trajectory, in all vital areas, of the country's domestic development and international engagement for the next 30-plus years, to mid-century, to 2050.

Every year brings challenges. For China, no doubt, big ones lie ahead. In 2018, China will celebrate the 40th anniversary of reform and opening-up. The world is watching.

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Robert Lawrence Kuhn

# New era on the road to 2050

Robert Lawrence Kuhn

I witnessed history sitting in the Great Hall of the People during the 19th National Congress of the Communist Party of China. I listened raptly to Xi Jinping, general secretary of the CPC Central Committee, when he delivered his new-era-defining report. I heard the amendment to the Party Constitution that enshrined "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era." I watched members of the new Standing Committee of the Political Bureau of the CPC Central Committee walk out on stage. I was awed by the presence of the leadership, past and present. And I was overwhelmed by Xi's grand vision for China and the country's increasing, radiating confidence. Most of all, I marveled at the remarkable and historic transformation of China, which means so much to the Chinese people and which in this new era will mean so much to the rest of the world.

Having departed the Great Hall of the People, I reflected how I, an American, found myself caught up in the welling Chinese patriotism of the 19th CPC National Congress. Certainly, I was experiencing firsthand this inflection point in Chinese history, when China envisions itself becoming a fully modernized country and taking proactive part in international affairs, and regaining its leading seat at the high table of great nations.

What have I just witnessed? Following are some personal observations.

A general consensus describes four primary outcomes of the 19th Party Congress: Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; a new "contradiction" that defines China's principal social challenge; a China that takes "center stage in the world"; and the Party enhancing its leadership of society, including maintaining, indeed intensifying, its anti-corruption campaign.

To me, however, a highlight was the specificity of Xi's vision of China, not only establishing policies for the next five years, but also framing the agenda and setting the strategies for the next 30 years. This congress, Xi said, is the "confluence" of the "Two Centenary Goals": a moderately prosperous society by 2020 (2021 being the 100th anniversary of the CPC), which will likely be fulfilled within the term of the 19th Party Congress, and a great, modern, socialist country by 2050 (2049 being the 100th anniversary of the People's Republic of China), which is being planned by the 19th Party Congress.

In a multi-meaning refinement, the path to mid-century is now designed in two stages. In the first stage, from 2020 to 2035, the Party states it will build on the foundation of the moderately prosperous society such that, after "15 years of hard work," the country will basically realize "socialist modernization."

In the second stage, from 2035 to 2050, the CPC states it will build on a basically achieved modernization, "work hard for a further 15 years" and "develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful." China portrays its mid-century self as a global leader in every area of human consequence: economics and trade, science and technology, military and defense, culture and governance.

But Chinese leaders, and officials in general, seem to have a different highlight. While the "Two Centenary Goals" are certainly vital, especially with new stages and specificity, they focus on the amendment to the Party Constitution: "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era".

"The (Xi's) thought is the biggest highlight of the 19th National Congress of the CPC and a historic contribution to the Party's development," said Zhang Dejiang, the third-ranking member of the Standing Committee of the Political Bureau of the 18th CPC Central Committee. Liu Yunshan, the fifth-ranking member, said the elevation of Xi's thought to the Party's guiding principle is of great political, theoretical and practical significance.

I take a closer look at Xi's thought: first by examining each of its elements, then by considering its unified significance.

"Xi Jinping" is the "core" of the CPC Central Committee and of the whole Party, and he thereby at the top level provides the "centralism" of the Party's cardinal principle of democratic centralism.

The "Thought" is the totality of Xi's fundamental principles. I see four broad categories: people orientation, national rejuvenation, comprehensive development, and Party leadership.

In his report, Xi listed 14 categories: Party leadership over all aspects of society; people-centered policies; deepening reform comprehensively; new concept of development (innovation, coordination, green, open, and sharing); people as masters of the country; adherence to rule of law, comprehensively governing the country by law; socialist value system and cultural confidence; protecting and improving people's livelihoods; harmonious coexistence of man and nature (ecological civilization); national security; the Party's absolute leadership over the military; "one country, two systems" and promoting reunification with Taiwan; international community of a shared future for all humanity; and comprehensive and strict Party governance.

The term "thought" in Chinese has special meaning because before this it had been associated only with Mao Zedong — "Mao Zedong Thought".

"Socialism" is a set of political ideas with a complex history, unified by public or common ownership of the means of production and concern for the masses.

"Chinese characteristics" is the phrase, originating with Deng Xiaoping, that adapts Marxism to China's special conditions — the Sinicization of Marxism in modern China — which includes the market playing a decisive role in the allocation of resources and the encouragement of non-public, for-profit businesses, while at the same time State-owned enterprises still playing a dominant role.

"New Era" is a new idea in the constitutional amendment, and it is designed to profoundly transform the essence of socialism with Chinese characteristics into the vision, concepts and strategies that compose Xi's way of thinking.

The more I reflect, the more I see "New Era" as a conceptual lens with which to view the 19th Party Congress. Semi-official Party analysts say the new era answers five questions.

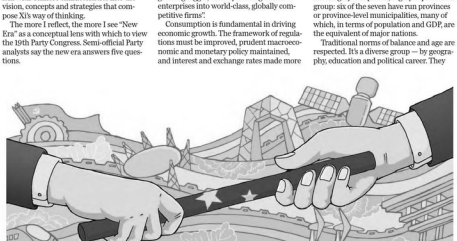

ZHAI HAIJUN / FOR CHINA DAILY

What "road" to take? Socialism with Chinese characteristics under new historical conditions.

What kind of country to build? First, a moderately prosperous society and then a modernized socialist country.

What development to realize? Better life and common prosperity for all.

What goal to achieve? The great rejuvenation of the Chinese nation.

What contribution to make? Facilitate world peace and prosperity (exemplified by the Belt and Road Initiative of building infrastructure in developing countries).

Thus, Xi Jinping joins only Mao Zedong and Deng Xiaoping in having his name affixed to a political philosophy in the Party Constitution, a blazing sign lost on no one. It then would follow that the "New Era" into which China is now entering is the Dream of the CPC and by extension of the People's Republic of China.

A seemingly subtle but significant change is the Party's judgment of what constitutes the fundamental "contradiction" in Chinese society. ("Contradiction" is a Marxist term expressing a particular way of political thinking — dialectical materialism — which identifies "dynamic opposing forces" in society and seeks to resolve the resulting tensions).

The principal contradiction has evolved from one between the ever-growing material and cultural needs of the people and backward social production to that between "unbalanced and inadequate development and the people's ever-growing needs for a better life," Xi said. The needs for the people to live a better life are increasingly broad and have to be met. Not only have their material and cultural needs grown; their demands for democracy, rule of law, fairness and justice, security, and a better environment are increasing.

This "New Era" contradiction, replacing quantitative GDP growth with qualitative improvement of life, is what will drive China's policy.

The mission of a CPC congress is to review and assess achievements of the previous five years, and to forecast challenges and set targets for the subsequent five years (and beyond). Overall, for the 19th Party Congress, the ambition of the goals and the comprehensiveness of the categories were clear, amplified by the commitment to deepen reform. Here, by category, are what stood out.

**The Party and the fight against corruption.** Confidence in socialism and the increasing role of the Party in managing all aspects of the country is unequivocal, and the increasingly strict governance of the Party, by reforming and purifying itself, is unambiguous. Moreover, the anti-corruption campaign not only continues but also will be enhanced.

**Economy.** After more than three decades of rapid growth, China's economy has been transitioning to slower but higher-quality growth. Supply-side structural reform has been written into the Constitution. No GDP growth targets are set. The country focuses on the real economy (as opposed to speculation, such as in the real estate sector). China is not backing away from State-owned enterprises, rather it will support State capital in "becoming stronger, doing better, and growing bigger, thereby turning Chinese enterprises into world-class, globally competitive firms".

Consumption is fundamental in driving economic growth. The framework of regulations must be improved, prudent macroeconomic and monetary policy maintained, and interest and exchange rates made more market-based. For economic development, innovation leads, especially in science and technology.

**Poverty alleviation.** Xi has made the elimination of extreme poverty in China by 2020 a cornerstone of his domestic policy. After all, how could China claim to have achieved a moderately prosperous society by 2020 if millions of its citizens would be still living in extreme poverty?

**Opening up.** China reasserts its commitment to become more open, including easing market access and protecting the rights and interests of foreign investors. China's economists see foreign competition as upgrading the quality and cost efficiency of Chinese companies, thus better serving Chinese consumers.

**Rule of Law.** Strengthening and institutionalizing the rule of law, and weakening arbitrary rule of officials, is a priority. Reflecting Xi's commitment, the Party is setting up a central leading group for advancing law-based governance in all areas, coordinating the activities of judicial organs. The goal is to complete the transformation of China's legal system by 2035 with theoretical foundations and practical enforcement.

**Ecology.** Beautiful China is one of the country's main descriptions for its second centenary goal by the middle of the century. This modernization is characterized by harmonious coexistence between humanity and nature (such as nature parks) and it requires substantial bolstering of regulatory agencies and their enforcement powers.

**Armed forces.** China's goal is to transform the People's Liberation Army into a world-class military by mid-century, basically completing military reform and modernization by 2035, with information technology/cyber applications and strategic capabilities prioritized.

Especially significant for Xi's mission are the two "anti's" — anti-corruption and anti-poverty — the former to support the Party's continuing leadership, the latter as a prime example of what the Party has delivered.

Xi does not downplay a realistic appraisal of problems, including social imbalances, industrial overcapacities, financial system risks, endemic pollution. "Achieving national rejuvenation will be no walk in the park," Xi said, an example of his plainspoken candor. "It will take more than drum-beating and gong-changing to get there."

The speculations of China watchers, and the focus of the international media, have been on the new Standing Committee of the Political Bureau of the CPC Central Committee. Because everything in China reports to a standing committee member, composition and balance determine the vision, strategies and policies that will shape China.

This remains true today, but less true today. It is hard to overstate the significance of Xi Jinping's name written into the Party Constitution. Xi is now, officially, the originating designator and overarching arbiter of "Thought" as it relates to "Socialism with Chinese Characteristics for a New Era", which is the guiding political theory of China and encompasses, essentially, everything in China. For Xi to be named in the CPC Constitution is the ultimate in authority, surpassing even "core" (which already had superseded all other leaders), thus setting into perpetuity Xi's predominant status and assuring his preeminence in the country's political life.

That said, to know China is to know the members of the Standing Committee. They are a highly competent, highly experienced group: six of the seven have run provinces or province-level municipalities, many of which, in terms of population and GDP, are the equivalent of major nations.

Traditional norms of balance and age are respected. It's a diverse group — by geography, education and political career. They have worked together, in various combinations, for years. With much now being written about each member, I'll just offer some personal reflections.

First, of course, is Xi Jinping, general secretary of the CPC Central Committee, whose prior experience included governor of Fujian province and Party secretary of Zhejiang province and Shanghai.

In 2005, I was advised to study the "Zhejiang model", which promotes entrepreneurship to generate economic development. I met Xi, who was then Zhejiang provincial Party secretary, and he recommended that I study China both "horizontally" across diverse regions and "vertically" through the history of its development.

"To understand our dedication to revitalize the country, one has to appreciate the pride that Chinese people take in our glorious ancient civilization," Xi said. "This is the historical driving force inspiring people today to build the nation. The Chinese people made great contributions to world civilization and enjoyed long-term prosperity," he said. "Then we suffered over a century of national weakness, oppression and humiliation. So, we have a deep self-motivation to build our country. Our commitment and determination is rooted in our patriotism and pride."

But he cautioned that pride in China's recent achievements should not engender complacency.

Second, premier of the State Council, is Li Keqiang, who was Party secretary of Henan and Liaoning provinces. When I visited Li in Liaoning, he explained the complex challenges of revitalizing State-owned enterprises while creating a fertile environment for private businesses. Li shared the same experience of Xi as educated youths in the countryside in the 1970s. The experience gave them the chance to know better rural China and the lives of rural people and thus fostered their people-orientation.

The following members are new:

Li Zhanshu, who was governor of Heilongjiang province and Party secretary of Guizhou province, has been director of the general office of the CPC Central Committee since 2012.

Wang Yang, vice-premier, is former Party secretary of Chongqing municipality and Guangdong province. At the height of the global financial crisis in early 2009, he argued it was imperative to restructure Guangdong's economy, so that it can move up the ladder of industrialization and promote more knowledge-based, high-tech, low-polluting businesses.

Wang Huning, secretariat, is director of the Policy Research Office of the CPC Central Committee. Wang is well known for providing intellectual vision and sophistication in support of practical strategies and policies, ranging from political philosophy to international relations.

Zhao Leji, new chairman of the Central Commission for Discipline Inspection, has served as head of the CPC Organization Department, and before that, as Party secretary of Qinghai and Shaanxi provinces. In addition to his responsibilities for Party and government officials, Zhao provided strong support for the poverty-alleviation mission.

Han Zheng is Party secretary of Shanghai. Under his leadership, Shanghai has become a recognized leader in trade, logistics and finance.

What is the impact of all this on China's international relations?

There is no need to speculate. Xi himself, in his report, openly and boldly tells all who will listen. China, he says, "has become a great power in the world". China's global engagement is proactive, confident and growing. Economies and trade drive China's power, exemplified by the much-needed Belt and Road Initiative, but diplomacy, the soft power of culture and media, and the hard power of a blue-water navy projecting power, are developing rapidly.

As Xi said, the new era sees "China moving closer to center stage and making greater contributions to mankind". The country is now offering "Chinese wisdom" and "Chinese solutions" to the international community — the experiences and lessons of China's remarkable development, especially to developing countries.

Regarding Taiwan, which exemplifies Chinese sovereignty, Xi painted a bright red line. "We will resolutely uphold national sovereignty and territorial integrity and will never tolerate a repeat of the historical tragedy of a divided country," Xi emphasized. "We have firm will, full confidence, and sufficient capability to defeat any form of Taiwan independence secession plot."

China has asserted again that it is no threat to any country. No matter how powerful China becomes, China's leaders say it will never seek hegemony or pursue expansionism. Nonetheless, some foreigners remain suspicious, wary of China's long-term ambitions. Who knows future circumstances, they worry? Who knows how China may change? Although I fear self-fulfilling prophecy, I am encouraged that China appreciates such sensitivities and works to build confidence.

The 19th Party Congress, especially Xi's report, is an epic narrative of what China has accomplished, what China has yet to achieve, and what China envisages as necessary to be a great nation. Xi, now, carries the authority; he also bears the burden.

Setting that new target date of 2035 for China to achieve basic modernization, Xi sees China as standing at a new historic starting point and socialism with Chinese characteristics as exploring new horizons. China has entered a new era and the road ahead leads, apparently, to great nation status by 2050.

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Five years on

Robert Lawrence Kuhn

# Historical starting point for new stage of development

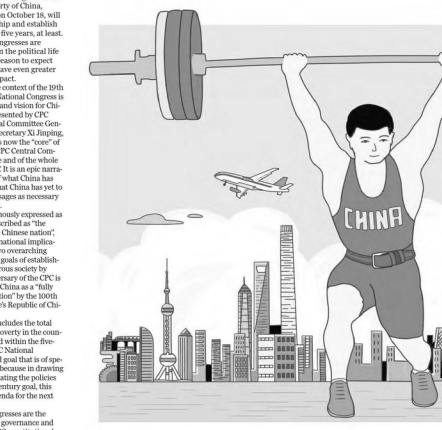


SHI YU / CHINA DAILY

The 19th National Congress of the Communist Party of China, which begins on October 18, will set the leadership and establish the policies for the next five years, at least. While Party national congresses are always seminal events in the political life of the country, there is reason to expect that this congress will have even greater and longer-reaching impact.



Robert Lawrence Kuhn

The context of the 19th CPC National Congress is the grand vision for China presented by CPC Central Committee General Secretary Xi Jinping, who is now the "core" of "the CPC Central Committee and of the whole Party". It is an epic narrative of what China has remarkably achieved, what China has yet to do, and what China envisages as necessary to become a great nation.

Xi's grand vision is famously expressed as "the Chinese Dream", described as "the great rejuvenation of the Chinese nation", which has personal and national implications. It is specified by two overarching goals: the two centenary goals of establishing a moderately prosperous society by 2020 — the 100th anniversary of the CPC is 2021 — and establishing China as a "fully modernized, socialist nation" by the 100th anniversary of the People's Republic of China in 2049.

The first goal, which includes the total elimination of extreme poverty in the country, will likely be achieved within the five-year term of the 19th CPC National Congress. It is the second goal that is of special interest at this time, because in drawing the roadmap and formulating the policies to achieve China's mid-century goal, this Congress may set the agenda for the next 30-plus years.

The CPC national congresses are the highest authority of CPC governance and decision-making. The CPC constitutional provision of holding congresses every five years was reaffirmed by Deng Xiaoping in the early days of reform (in part to establish order and collective responsibility after a period of chaos and political vicissitudes), and since 1982, Party congresses have been held scrupulously on schedule.

The congresses establish the senior leadership of the Party and hence the nation by electing the CPC Central Committee, which in turn elects all top Party positions, and also the Central Commission for Discipline Inspection; review and assess the achievements and challenges over the five years since the previous Party Congress; set the vision, goals and objectives, agenda and priorities for the subsequent five years; revise the Party constitution (to keep up with the times); and project an image of unified purpose and direction to engender national confidence and commitment.

The review and assessment of the previous five years and setting the agenda and priorities for the subsequent five years are formally presented in the Report, delivered by the general secretary representing the outgoing Central Committee and then reflecting the consensus view of the Party leadership. Ratified by the congress (after minor modifications), it becomes the guiding document that drives policy for the incoming Central Committee.

On the day following a congress, the first plenum of the new 19th Central Committee is convened to elect the Party's new senior leadership, including the Political Bureau, the Standing Committee of the Political Bureau (to which, in essence, everything in China reports), and the general secretary of the Central Committee. Also approved are the Central Military Commission (which oversees the People's Liberation Army), the Secretariat (which runs Party daily operations), and the head of the Central Commission for Discipline Inspection.

The planning for the national Party Congress follows similar patterns. Beginning more than a year in advance, it involves both formal and informal processes. The formal process includes the election or appointment of about 2,300 delegates (2,280 delegates at the 19th National Congress) from among the Party's over 89 million members, at all levels and in all sectors, and the preparation of the Report via an elaborate system of extensive research in targeted areas (involving thousands of experts), solicitation of broad input, drafts (or sections) circulated to numerous Party experts and officials for comments, and iterative intense reviews by higher bodies and senior leaders. In addition, smaller groups are assigned the more sensitive tasks of amending the Party constitution and recommending candidates for the new Central Committee and senior leadership positions.

Final decisions for this year's congress, as well as final edits of the Report, were made at the Seventh Plenum of the 18th CPC Central Committee, held on Oct 11 to 14, days prior to the opening ceremony of the 19th CPC National Congress.

To understand the position and role of CPC Central Committee General Secretary Xi at the 19th Party National Congress, we should appreciate what it means for Xi to be the core. It was in October 2016, at the Sixth Plenum of the 18th CPC Central Committee, that Xi was designated the "core" of the CPC Central Committee and of the entire Party. The appellation was an unambiguous assertion that China requires strong leadership to maintain stability and ensure development given China's unprecedented, complex challenges: domestically, slower growth, industrial overcapacity, endemic pollution, unbalanced development, income disparity, social injustice, social service demands; and internationally, regional conflicts, sluggish economies, volatile markets, trade protectionism, ethnic clashes, terrorism, geopolitical rivalries, and territorial disputes.

Moreover, because China must deepen reform to achieve the goal of being a moderately prosperous society, the resistance of entrenched interest groups must be overcome. In fact, the necessity of having a leadership core to maintain stability and expedite reform was a primary factor relating to Xi's elevation to be the core.

In addition, not only does Xi have the responsibility for China's transformation; he is also accountable for it. He has shown courage in combating rampant practice of graft, bribery and illicit patronage. Xi's relentless anti-corruption campaign is altering how officials in government and managers in industry work, and even how they think. And let no one assume that Xi's battle against corruption has been risk-free.

Xi as the core does not change the Party's cardinal principle of "democratic centralism". The Party says it is encouraging the democratic solicitation of opinions and feedback from Party members, lower-ranked officials, and the general public; and strengthening centralism through Xi's core leadership.

In a complex world, given the diverse interests and forces in Chinese society, the Party asserts that the Chinese Dream cannot be realized without unity. Strong leadership is required to build and maintain unity for China to continue its development.

When Xi received the core appellation, he was already general secretary of the Party; chairman of the Central Military Commission, and president of the country — the three highest leadership positions in China — so how does being the "core" augment his perceived stature or actual power?

The 2016 Party plenum communique confirmed that "the collective leadership system ... must always be adhered to". Nonetheless, there must have been shifts in terms of both the setting of the agenda and making final decisions — or else making Xi the core would have little meaning.

When foreigners dismiss the political aphorisms of China's leaders as simplistic sloganeering, they miss an opportunity to enrich their understanding. Chinese officials certainly hold Xi's frameworks in high esteem.

Xi's thought for the Party, the inner-Party directives, include the "eight regulations" (against waste and perks); "four self-confidences" (in the country's development path, theories, systems, culture of socialism with Chinese characteristics); opposing the "four evil winds" (formalism, bureaucracy, hedonism, decadence); the "four greats" (struggles, projects, enterprises, dreams).

**The China model, Xi said, successful at home, also broadens the way for developing countries to modernize, thus providing Chinese wisdom and Chinese solutions for problems facing mankind.**

The combined intent is to make Party members, especially Party and government officials, more dedicated, committed, competent and loyal, with exemplary moral standards of probity and rectitude. It is no small order.

The Party's unremitting anti-corruption campaign, unprecedented under Xi, has won strong public support and will certainly continue. But some foreign analysts mistakenly see Xi's anti-corruption campaign as largely a tool of political power, thus reflecting a superficial and one-dimensional understanding of China. Befitting the size and complexity of the country, for almost every decision of importance, China's leaders have multiple motivations.

For the anti-corruption campaign, these motivations include respect for the rule of law and judicial impartiality; effective functioning of the Party devoid of personal interests; public trust in the Party; efficient economic resource allocations (corruption distorts markets); expediting reform (by breaking up "interest groups" that resist reform); maintaining national unity (by removing officials with non-standard political ambitions); elevating morality of Chinese society; restoring ethical standards of Chinese civilization; and facilitating China's emergence as a world-business center and global role model.

Xi's thought for the country — his new ideas, new strategies, new initiatives set forth over the past five years — can be encapsulated as the overall vision of the "Five in One" construction (economic, political, cultural, social, ecological); governance of the country via his "Four Comprehensives" (a moderately prosperous society; deepening reform, strengthening the rule of law, strictly governing the Party); and renewed economic development via the Five Major Development Concepts (innovation, coordination, green, open, sharing), plus "supply-side structural reform".

Xi's thought for national rejuvenation includes a grand vision for global governance, consisting of eight big diplomatic concepts: a global community of shared destiny and future; win-win cooperation; economic globalization; fairer global governance; a new kind of major power relationship; expanding cooperation while managing differences; multilateralism; and people-to-people exchanges. Moreover, Xi's Belt and Road Initiative — facilitating economic development in developing countries, especially by building much-needed infrastructure — is China's "project of the century".

China recognizes it has international responsibilities and seeks to uphold a common, comprehensive, cooperative and sustainable security strategy. China's own requirement is to protect the country's three sacrosanct "core interests" — its political system, economic development, and national sovereignty (territorial integrity).

China appreciates that to be a major country, with its political influence reflecting its economic strength, and also to protect its own core interests, its diplomacy must be pro-active. China does not claim that its "China model" can be adopted by other countries, but the world should understand Xi's principles of governance as optimally suited for China's domestic conditions.

Party congresses have similar styles and to casual observers, they can all seem much the same. But they do have differences, which are usually subtle and often meaningful.

For the 19th National Congress, some of the things to look out for are:

Are political frameworks and policies stated in their expected forms? If so, confidence in political and economic stability is reinforced.

How is General Secretary Xi Jinping's status as "core" further stressed, as expected?

Who are the members of the new Standing Committee of the Political Bureau and what are their portfolios?

Assuming the Party Constitution is amended to include Xi's new ideas, new strategies, new initiatives, will they be given an overarching label?

What is the composition of the new Central Committee?

In listing the essential economic, political, cultural, social and ecological policies, are there shifts of emphasis that, however nuanced, suggest changing priorities?

For deepening reform, surely stressed, what targets are specified? For example, what will be stated explicitly about State-owned enterprise reform?

Environmental protection is a high priority, but what specific regulations and enhanced enforcements distinguish the fight against pollution under Xi from those of previous congresses?

Many social areas will be highlighted — for example, education, healthcare, rural land reform, migrant worker residencies — but do any stand out?

As already affirmed, the anti-corruption campaign will continue, but will its intensity or direction change in any manner, will it be institutionalized? How will the forthcoming National Supervisory Commission work?

What is the relative prominence of military reform and modernization?

What is the relative prominence of international affairs, given the high-profile Belt and Road Initiative and China's intense, pro-active diplomacy?

Forecasting the 19th CPC National Congress is not all guesswork and triangulating rumors. Following tradition, Xi offered to Party leaders a preview of his Report. Speaking on July 26, he outlined China's achievements since the previous national congress: new concepts of development, deepened reform, enhanced rule of law, strengthened environmental protection, and a more capable military.

China, Xi said, has, after suffering century-long hardships and tribulations, taken three historic leaps, from standing-up to becoming better-off to becoming stronger. Xi called for a comprehensive, strategic and forward-looking action program, highlighting the success and vitality of socialism with Chinese characteristics, the increasing strength of the Party, and China's expanding circle of friends in the international community. In China, he stressed, political legitimacy is founded on competence and accomplishment.

Significantly, Xi asserted that China's development stands at a new historic starting point and that socialism with Chinese characteristics is entering a new development stage. The CPC cannot rest on its laurels, he stressed. The country faces daunting challenges. He warned the Party against self-satisfaction and blind optimism.

Xi's comments resonated with his core values and bear witness to his consistency. In 2006, then Zhejiang Party Secretary Xi told me that China should be proud of its successes, but its "achievements should not engender complacency", adding "we need to assess ourselves objectively".

Preparing for the upcoming congress, Xi recognizes that the people's desire for a happier life is stronger than ever. They want better education, higher incomes, stable jobs, reliable social insurance, higher quality healthcare, more comfortable living conditions, a more beautiful environment and a richer cultural life.

And there has been an inflection point in China's international perspective, reflecting the nation's consequential global engagement. The China model, Xi said, successful at home, also broadens the way for developing countries to modernize, thus providing Chinese wisdom and Chinese solutions for problems facing mankind.

The influence of the 19th CPC National Congress and the impact of Xi Jinping's thought seem for decades to come.

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GLOBAL TIMES

# CPC-led system a political innovation

**Editor's Note:**
The Two Sessions, the annual meetings of China's top legislative and advisory bodies, have been under global spotlight for the past few weeks. This year's Two Sessions are of extraordinary importance as they have adopted the constitutional amendments, restructured government institutions and elected the new national leadership. To understand what the institutional changes mean for China's future, as well as the policy agenda for the coming year, Global Times (**GT**) Washington-based correspondent Hu Zexi talked to Dr. Robert Lawrence Kuhn (**Kuhn**) who is a long-time China observer, and author and editor of over 25 books. Kuhn has been invited to Beijing to take a closer look at this year's Two Sessions.

Illustration: Liu Rui/GT

**GT: What kind of policy issues are you following during the Two Sessions?**
**Kuhn:** The proposed amendments to the Constitution of the People's Republic of China give a road map of areas deemed critical. Several of the provisions strengthen the stability, continuity and robustness of governance. Beyond these, I looked for any deviations from expectations, for example, on State-owned enterprise reform or local government financing. I also looked for any reaction to the increased push-back against China's rising global capabilities from certain countries.

**GT: In recent years, the Chinese government has made more efforts to make Two Sessions' agenda better meet public expectations. For example, the government will cooperate with media websites to conduct surveys about top policy areas that the public wants the Two Sessions to address. How do you evaluate such efforts?**
**Kuhn:** Irrespective of the nature of the political system or ideology, transparency in governance is the best way for government to deliver effective, efficient programs, and enhance credibility. The Chinese government has been striving to increase transparency, which deserves praise.

The Two Sessions are a vehicle for the government to communicate with the people and engage them through media in dealing with all the critical issues.

**GT: How do you see the political belief of China that democracy should meet the real or fundamental needs of the public?**
**Kuhn:** Government performance and democracy are not the same.

The former is indeed assessed by alleviating poverty, reducing pollution, improving healthcare and the like. Democracy is the public participation of common people in the complex process of governance.

Thus, true democracy is much broader than one-person-one-vote. It includes, primarily, the capacity to provide substantive input on complex issues and to provide oversight in the management of officials.

**GT: China for long has argued that democracy or any other political mechanism should be developed on the basis of a country's specific condition. How do you see this belief, as well as its practice?**
**Kuhn:** Certainly, political systems differ, even between countries that have the same ideology. Nonetheless, there are great commonalities in the goals and objectives shared by all countries and people. I suspect that over time, measured in not less than decades and perhaps even centuries, there will be a convergence of systems toward what I call with a smile, "Optimizationism" – leaders, officials, executives making myriad decisions every day to optimize outcomes without thinking of the ideology.

**GT: There's talk about China's unique system of multiparty cooperation and political consultation led by the Communist Party of China (CPC) during the Two Sessions. How do you observe this system?**
**Kuhn:** The benefits of a one-party-rule are apparent: the coherence of policies, rapid decision-making and formulation of strategies that require long-term consistency for long-term commitment. But all systems of governance have trade-offs, and two challenges of one-party-rule are assuring that all rational points of view, including dissenting ones, are included in the decision-making process; and systemic checks and balances for oversight of officials at all levels of government.

China's system of multi-party cooperation and consultation, led by the CPC, is a political innovation in including inputs and ideas from diverse segments of society, while still maintaining harmony of spirit and consistency in policies. But because of its scale and power, the CPC, which is the ruling party, has a higher obligation to pay attention to other parties and voices. A true democracy is measured by how the majority treats the minority.

**GT: As a decades-long observer of China, what do you think the constitutional amendment will bring to the country?**
**Kuhn:** This constitutional amendment is all about strengthening China's system of governance, especially the Party's leadership of the country and President Xi Jinping's leadership of the Party and the nation.

Going by the whiplash of Western reactions, one could be forgiven for assuming that the amendment is all about abolishing term limits of the president and vice president. In fact, there are 21 clauses in the constitutional amendment and to understand where China is going, one must gauge the meaning and intent of all of them.

Xi has been consistent in respecting, indeed in championing, China's Constitution, and by now amending it, he underscores the congruity between the realities of how China is governed and what the Constitution says – thus bolstering Xi's commitment to the Rule of Law.

Establishing the National Supervisory Law and Commissions, expanding the anti-corruption campaign to all public organs and organizations, reaffirms Xi's commitment to enhancing the rule of law.

As for term limits, it is not that Xi will hold the formal titles of leadership for life, but that he will hold real leadership long enough to bring about China's national rejuvenation and establish Chinese type democratic norms.

All factors considered, because of China's special conditions and Xi's special capabilities, abolishing term limits may be good for China. It is commonly said that China's system of governance can ensure stability and consistency, which is a necessary requirement for advancing reform.

**GT: What do you see as the underlying reason for the institutional restructuring of the government passed during the Two Sessions?**
**Kuhn:** The sweeping restructuring of the Chinese government streamlines the bureaucracy, eliminates institutional conflicts of interest between government bodies, aligns authority with responsibility, and, significantly, enhances the leadership of the Party in the management as well as the oversight of the government. Although the restructuring has multiple motivations, a prime driver is to support China's continuing development under complex conditions – a slowing economy, uncertain financial risk, unacceptable pollution, the special demands of innovation.

Given China's challenges at home and abroad the government restructure is timely. Some media outlets describe it as a "reshuffle," as if the random rearrangement of a deck of cards. I beg to differ.

This restructuring is as deliberate as it is far-reaching – and planned precisely to address a host of contradictions. The outcome is to strengthen CPC's leadership throughout the country. In fact, deepening reform is now defined, for state as well as for Party institutions, as strengthening the CPC's leadership in every sector. The aim is consistency and uniformity in implementing policy.

The announcement of the restructuring followed swiftly after the adoption by the National People's Congress of the constitutional amendment, and although both were long in the works, their rapid-fire sequence serves to underscore the preeminence of President Xi in setting the new agenda, and the power of the Party in implementing the new policies.

**GT: Environment has always been a heated topic at the Two Sessions. How do you see the prospect of green development in China?**
**Kuhn:** I have been following China's environmental problems for over two decades, and until recent years under President Xi. While officials would of course decry pollution, it only became progressively worse. Companies flouted the law. The minuscule fines were a small price for not worrying about the cost of controlling pollution. Officials were loath to risk impeding economic growth. Today is dramatically different.

President Xi has raised ecology and environment to the highest category of national priorities. Ecological progress is among the five top goals (along with economic, political, cultural and social progress). Green is the third of the New (Five Major) Concepts of Development. The change in attitudes toward pollution is stunning. For example, fines for corporate pollution now hurt.

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INSIGHT

# Core strength

**Robert Lawrence Kuhn** says those who see China's designation of Xi Jinping as core leader to be a variation of strongman rule misunderstand its significance for a people navigating their way through huge challenges

When, at a recent party plenum, President Xi Jinping (習近平) was designated as "core" of the Communist Party's Central Committee, some Western media were quick to condemn the rise of a new "strongman". While recognising the significance of Xi as the core was correct, conjuring up visions of an emerging dictator was not.

I recalled my meeting with Xi years earlier, when he was still party secretary of Zhejiang (浙江) province. Even then he was criticising "empty talk" and advising, "We should never overestimate our accomplishments or indulge ourselves in our achievements".

I took note of how Xi stressed, "We need to assess ourselves objectively". Hardly, in retrospect, the ruminations of a gestating dictator.

To understand why Xi is now the core, one must appreciate the complex challenges of our times. China is now facing multiple challenges: domestically – slow growth, industrial overcapacity, endemic pollution, imbalanced development, income disparity, social injustice, social service demands and, internationally – wars, regional conflicts, sluggish economies, volatile markets, trade protectionism, ethnic clashes, terrorism, geopolitical rivalries, and territorial disputes in the South and East China seas.

Most critically, because China must deepen its reforms to achieve its oft-promised goal of a "moderately prosperous society" by 2020, the resistance of entrenched interest groups must be overcome. Morbidly, there is what some call a pervasive "soft resistance" – local officials who do not do their job and economic elites who migrate.

If reform had been progressing smoothly, then why strengthen central authority by investing Xi with the status of core leader? Xi has encountered obstacles; if there were no obstacles, there would be no need for a core leader.

I have been speaking to party officials and theorists about Xi as core leader. In fact, the necessity of having a leadership core to maintain stability and expedite reforms is the first and foremost of what I found to be four factors relating to Xi's elevation.

A second factor is that not only does Xi have the responsibility for China's transformation, he is also accountable for it. Moreover, he has shown courage in confronting and dismantling a vast, corrupt system of bribery, patronage and illicit wealth accretion.

A third factor is that Xi as the core does not end, and even may not diminish, the cardinal principle of "democratic centralism". The party bolsters each of the concepts: encouraging the democratic solicitations of input and feedback from members, lower-ranked officials, and the public; and strengthening centralism through Xi's leadership of the principal levers of power (his positions as party general secretary, head of state, chairman of the Central Military Commission, and head of the "leading groups" on reform, national security and internet security).

A fourth factor is that a core is required to manage the party more strictly and thereby give members and the public more confidence. Witness Xi's relentless and unprecedented anti-corruption campaign, which is altering how government officials and industry managers work and even think. Let no one assume that Xi's battle against corruption has been risk-free.

Significantly, these four factors underpinning Xi as the core leader map onto his overarching political framework, his strategic blueprint called "The Four Comprehensives" – a moderately prosperous society, reform, rule of law, party discipline.

Xi's core status arises, we're told, through the collective will of the party and the people. Becoming party core is not an automatic consequence of being general secretary; a core leader must fit the times and the status must be earned.

Speaking at a press conference following the 18th Central Committee's sixth plenum last month, Huang Kunming (黃坤明), executive vice-minister of the committee's Publicity Department, said that the "central and local departments as well as the military all expressed their support" for Xi's position as party core, adding that this decision was "based on the valuable experience of the party and we feel keenly about it".

Huang explained that "a core is needed to ensure that the party will be the governing party", describing it as significant for upholding the Central Committee's authority and maintaining the central, unified leadership of the party and for its "staying true to its mission".

Therefore, party theorists explain, Xi as core leader is more a ratification of reality than a shift of fundamentals.

What does Xi as core mean in a historical context? It was Deng Xiaoping (鄧小平) who introduced the concept when he designated Jiang Zemin (江澤民) as "core of the third generation" of central leaders, bolstering Jiang's stature following his unexpected appointment as party leader in 1989. At the time, China was facing the dual impediments of economic stagnation and social uncertainty at home, and economic quarantine and diplomatic isolation abroad. As Deng pointed out: "Any leading group should have a core; a leadership without one is unreliable."

Only then did Deng retrospectively apply the novel term to Mao Zedong (毛澤東) and to himself, as core of the first and second generations, respectively. Of course, Mao was so utterly dominant that calling him core during his lifetime would have seemed a demotion. Deng remained core even when he no longer held any official position.)

Today's world is more complex. China faces threats at home and abroad. Volatility goes and uncertainty abounds – the Middle East and Donald Trump are offered as evidence. The need to secure China's stability is more essential than ever, and thus to strengthen Xi's authority is a primary reason, I'm told, for designating Xi as core leader. Party theorists say China "urgently" requires a political mandarin that is sophisticated and nuanced, attuned to contemporary times. Though conditions now differ from those in 1989, Deng's admonition rings timelessly true.

However, that a core leader is needed now does not mean it would always be needed. When China becomes a fully modernised nation, perhaps by mid-century, conditions may change again.

**True loyalty is telling leadership in private what one really believes is in their best interests**

I hear frequently of the "painful lessons of China's century of blood and tears" and that for China not to have a vested and authoritative leadership core would be "unthinkable". Party inner talk says "Xi Jinping has passed the test of the people" to be China's political core, leadership core, and a core of the times.

Chinese scholars argue that "core" is a unique characteristic of Chinese political theory – however inapplicable (even inexplicable) in Western political theory. They call Western concerns that Xi as core leader means that "a new emperor is born" wildly unfounded, even paranoic. In feudal society, the emperor ruled unconditionally with arbitrary imperial power, and in such a "command-obey" system, goes the argument, there is simply no need for a core.

Rather, given today's party political structure, the concept of a core both strengthens cohesion and serves to prevent a personality cult, not to promote one. Having a core means acknowledging that the party system is not the "emperor system" – absolute power is rejected – and that the optimum system, at least for the foreseeable future, is a combination of concentrated central authority and democratic collective leadership.

Corroborating this functional balance, in the communiqué issued following the sixth plenum, the "collective leadership system" is reconfirmed. It states: "The implementation of collective leadership and personal division of labour is an important component of democratic centralism and must always be adhered to." And it stresses: "Any organisation or individual shall, under any circumstances, not be allowed to violate this system for any reason." The three "any's" seem no accident.

Some analysts see contradictions. On the one hand, the communiqué calls for democracy and constructive criticism internally within the party. On the other, disobeying the central leadership is forbidden, backed by vigilant supervision and tough discipline.

Yet to read these statements as contradictory is to misunderstand what is happening here. Xi appreciates the complex and arduous tasks that lie ahead. He told me so a decade ago, and it is obviously true today than it was then. The statements are harmonised, first, by the party's motivation to seek optimum policies for the country, and second, by keeping most of the divergent views internal.

True loyalty is telling leadership in private what one really believes is in their best interests, not pandering and fawning by repeating what one thinks leadership wants to hear. Though there are concerns, no one here worries that Xi will become Mao.

China is now the world's largest trading nation and its second-largest economy. China's diplomacy is expanding and its military is growing. From its Belt and Road initiative building infrastructure and facilitating trade in over 60 developing countries to its leading role in the UN peacekeeping forces, China, the "Middle Kingdom", is involved in every meaningful matter of international affairs.

So, what kind of China do we want? Certainly not one with weak central leadership and fragmented citadels of power. With its huge and imbalanced population, and its diverse culture and traditions, China needs a strong and Xi-like leader with sufficient strength and prestige to secure social stability, drive economic reforms, and guide it in being a responsible world power. Xi as core leader should be good for China and, thus, for the world.

Robert Lawrence Kuhn is a public intellectual, political/economics commentator, and an international corporate strategist. He spoke at the launch ceremony of President Xi Jinping's book, The Governance of China, and is the author of Close to China with R. L. Kuhn, a weekly show on CCTV News produced by Adam Zhu

**Xi Jinping as core leader is more a ratification of reality than a shift of fundamentals**

# The basic law of unintended consequences

**Mike Rowse** says the continuing political tussles in HK illustrate the pain of being caught in a cycle of actions and reactions, and we must address the root cause of the grievances

There has been a considerable focus recently on the Basic Law and the rule of law, and their interaction. Perhaps neglected in the process has been a different but relevant concept: the law of unintended consequences, whereby an action gives rise to outcomes unforeseen by the instigator.

Hong Kong's tortuous path towards political reform is a case in point. The first reference to the idea of universal suffrage for selection of the chief executive comes in Article 45 of the Basic Law, promulgated back in 1990. Looking towards 1997, its purpose was to reassure. Naturally, attention turned to the subject in the early part of this century. While people understood that the move towards universal suffrage had to be in accordance with the "principle of gradual and orderly progress", the reform package put forward in 2014 was widely perceived as disappointing; the plan to stick with an unrepresentative nominating committee deciding who could enter the race was unpalatable.

The Sunny Cowell's white paper on the governance of Hong Kong, intended to set things straight, only stirred things up and led to the Occupy Central protests. The government let the action linger, hoping public anger would pay dividends in the 2016 Legislative Council election. While the 79 days of disruption did bring the protesters momentary opprobrium, memories quickly faded. In the election, the pro-government share of the vote actually fell, and the attack on the idea of independence led directly to a near 20 per cent share of the vote for a localist faction. This was surely not the objective.

Now the government is trying to overturn the election outcome. The practice of banning some potential candidates from standing, then using all means at hand to unseat some of those elected, is a tactic more usually associated with third-world countries following a military coup.

**Has something been lost in translation here? Perhaps we need an interpretation of the interpretation**

In the short term, the judicial review sought by the chief executive against the decision by Legco president Andrew Leung Kwan-yuen to give Sixtus Baggio Leung Chung-hang and Yau Wai-ching another opportunity to take the oath has been successful. Mr Justice Thomas Au Hing-cheung ruled in the High Court that their oaths were invalid, they should not be given a second chance and their positions should immediately be vacated. Many observers thought he might decline to rule at all, and simply refer the matter back to the Legco president. The problem with one arm of the administration delving too deeply into the processes of another is that it inevitably generates more requests to do so. And, sure enough, we now have legal challenges against more legislators, plus a challenge against the chief executive himself.

Given that, in the past, other Legco members who had politicised their swearing-in and then done it properly second time round were permitted to take up their seats, did Leung and Yau have a legitimate expectation" that they would enjoy similar treatment? The Legco president certainly thought so, hence his original ruling. Now it is for a higher court to decide.

Meanwhile, the National People's Congress Standing Committee has sought to clarify Article 104 of the Basic Law, which requires all people concerned to "swear to uphold the Basic Law of the Hong Kong special administrative region of the People's Republic of China and swear allegiance" to it. But the interpretation is different: it talks of "a legal pledge … to the People's Republic of China and of its Hong Kong Special Administrative Region" (emphasis added). Has something been lost in translation here? Perhaps we need an interpretation of the interpretation.

If, at the end of the day, there are two (or more) vacant Legco seats, then we are in by-election territory. I don't think the people are fooled for one minute about what is going on. In each constituency, an impeccable opposition candidate will stand, win a majority, and take the oath impeccably. Unfortunately, this tragedy – or farce – will continue until the government starts to address the underlying grievances over the lack of meaningful political reform instead of just hammering the symptoms, which generates new grievances in the process.

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**A yellow umbrella, a symbol of the Occupy movement, is used in a recent protest against Beijing.** Photo: Reuters

# Bring down the curtain on this idiotic political drama

**Alice Wu** has had enough of the brouhaha over the oath-taking by two lawmakers. Now that they've been disqualified, HK must focus on battles ahead

I you've tired of all the politics, I feel you. It's draining, to say the least, especially when the melodrama in Hong Kong is dragging out; it has become downright dreadful when we know there is no respite in sight.

We were supposed to have a brief break after last September's Legislative Council polls, before the next big event. Even though a large number of people will be unable to cast a vote in the Election Committee subsector elections, less than a month away, and in the chief executive election, scheduled for late March next year, the city should by now be focusing on what's ahead.

But, thanks to the two recently disqualified lawmakers, who lacked the necessary knowledge, ability and respect for oath-taking, our cabbed dysfunctional legislature has basically been shut down for a month. The ugly politics that should have been insulated within the chamber once again spilled out onto our streets.

And what should have been decided and concluded on September 4 is now dragging on indefinitely, with two or possibly more by-elections added to the election overload.

Hell-raising politics is not going away any time soon, but the sheer stupidity of the localist pair's actions really is one for the books – *Macbeth*, in fact:

*Tomorrow, and tomorrow, and tomorrow; / Creeps in this petty pace from day to day,*

*To the last syllable of recorded time, / And all our yesterdays have lighted fools*

*The way to dusty death. Out, out, brief candle! / Life's but a walking shadow, a poor player*

*That struts and frets his hour upon the stage / And then is heard no more. It is a tale*

*Told by an idiot, full of sound and fury, / Signifying nothing.*

They were indeed full of sound and fury, and they did nothing for the common good.

What they did opened the door for an invitation to the courts to intervene. What they did presented an opportunity for an interpretation of the Basic Law by the National People's Congress Standing Committee.

What they did, ultimately, may well become the precedent for other legislators to be similarly barred. And that is why the duo's pledge to spend every penny – and lost we forget, this also means the mounting cost to the public purse – to "appeal at all costs" is beyond left, coming from them.

Clearly, they have yet to wrap their heads around the concept of "personal responsibility". Sixtus Baggio Leung Chung-hang is wrong in believing that their disqualification from Legco rendered the election meaningless. They have no one but themselves to blame for their defenestration. It is they who made the election meaningless.

And, to add insult to the grave injury they brought on the rest of us, they are asking for donations. At some point – if we're not there already – we must take serious offence to be taken as fools, again and again. The curtain must now be drawn on this overly played-out second act.

The irony may be lost on the pair but it's pretty obvious who has been played for total fools. In case they haven't noticed, the lawmakers who served as the duo's chaperones have stopped babysitting them because there is no value in being their keepers any more. Escorting the duo's Legco gate-crashing attempts served their purpose: to usher the two straight to their political end, and the votes the two rendered meaningless are now political spoils.

The two took the toxic brew and there will be no sign of execution that could stop those ready to contest their seats.

We must fight our political fatigue. We can ill afford to be distracted by those who continuously try to foolishly make their own stupid mistakes our collective problem.

Alice Wu is a political consultant and a former associate director of the Asia Pacific Media Network at UCLA

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# Looming tech war

**Robert Lawrence Kuhn says the ZTE showdown points to a misunderstanding over motives**

As someone who works for US-China understanding and roots for US-China partnerships, I've been concerned, but not worried, over what others have called "a looming trade war". I've not worried because tariffs don't work; they are blunt instruments in a globalised economy, penalising American companies and consumers as much as Chinese. Most American experts oppose tariffs, and President Donald Trump likes to make big deals after making big threats.

But I am now worried over what I will call "a looming tech war", because the structural imperatives go deeper.

As everyone who follows China knows, the US Department of Commerce has imposed a denial of export privileges against ZTE, China's second-largest telecommunications equipment manufacturer, thus prohibiting US companies from selling essential electronic components and software to ZTE, a crippling sanction.

China has responded resolutely, with actions that seem selected from expert scenario planning, and with rhetoric, both indignation and nationalistic bravado.

From China's perspective, according to its Ministry of Commerce, "If the United States attempts to curb China's development… it miscalculates. The action targets China; however, it will ultimately undermine the US itself," affecting tens of thousands of jobs and hundreds of related US enterprises.

"Targeting technology is like throttling the neck of the Chinese enterprises," wrote *China Daily*. "The ZTE case should remind China's decision-makers of the urgency to become self-sufficient in core technologies."

President Xi Jinping has been prescient about domestic control of core technologies, especially related to the internet and more recently to artificial intelligence. Since taking office in 2012, he has stressed the "hidden risks" that come with core technologies not being mastered domestically. He said, "Heavy dependence on imported core technology is like building our house on top of someone else's walls: no matter how big and how beautiful it is, it won't remain standing during a storm." Innovation is the first of Xi's "five major concepts of development".

> **Beijing also claims that the country itself is a victim of discriminatory policies**

From the US perspective, according to its Department of Commerce, the prohibition against ZTE is punishment for ZTE violating US sanctions against Iran and North Korea, making false statements and obstructing justice, and then after reaching a settlement agreement, violating it.

The United States claims it is not resisting China's rise, but rather the country's unfair or illegal means to achieve it. The US action enumerated four such practices as rationale for imposing punitive tariffs, all relating to technology or intellectual property: foreign firms in China are required to form joint ventures and transfer knowledge, as well as license technology with below-market terms and conditions, while the state supports Chinese enterprises in acquiring foreign hi-tech assets, and sanctions commercial cyber theft.

President Trump is wildly unpopular among American elites, especially among policy experts, who do not need much of an excuse to criticise him – save the fusillade of attacks on Trump's tariffs. But these elites are not criticising Trump on US moves to counter what they, with unusual consensus, perceive to be China's unfair policies, and in some cases unlawful programmes, to become a world leader in state-of-the-art technologies, especially AI, information technology, robotics, advanced manufacturing, new energy vehicles, aviation and biotechnology.

China claims that it is still a developing country, so different rules apply, a foundational principle of the World Trade Organisation. Beijing also claims that the country itself is a victim of discriminatory policies restricting its imports of hi-tech products.

Of course, China had to respond with appropriate actions as well as confident words, imposing heavy tariffs on US sorghum and signalling that additional agricultural tariffs were at the ready, along with barely veiled threats against US companies operating in China.

Here's my fear. While I have argued that most mainstream American experts are not motivated to impede China's rise, as many in China believe, I can no longer make that argument persuasive.

In the US, there has been a dark turn among experts that US policy towards China, calibrated over four decades to shepherd China's rise, has failed: China, they have come to believe, has become a competitor and may become an adversary, and that US relations with China must now be managed as with an emergent adversary, not as with a developing partner.

In China, nationalistic voices are on the rise, castigating the US for its self-serving motivation to impede China's rise, and calling for China to become more self-reliant, more rapidly, especially in world-class semiconductors, so that the country would not be vulnerable to US "blackmail".

Welcome to the unhappy world of self-fulfilling prophecy, where the actions of each side in response to a perceived threat from the other side increases the likelihood of that threat morphing from theoretical to actual.

To both sides, I offer two pieces of advice. First, take a breath and a fresh look, because the road on which you are travelling will not lead to a happy place.

Second, contemplate why the other side is misinterpreting your actions. To my American friends, what makes China think the US is resisting its rise? To my Chinese friends, what makes the US think that China is a competitor and may become an adversary?

Projecting malevolent motives and seeing sinister conspiracies is the easy way out. It can solicit cheers and plaudits in one's domestic media, but it will impede progress and is likely to be self-defeating.

The US and China must each figure out how not to confirm the other's self-fulfilling prophecy.

*Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and China expert and commentator. He is the author of* How China's Leaders Think *and a co-creator (with Adam Zhu) and host of CGTN's "Closer to China with R.L. Kuhn" and "The Watcher" commentaries*

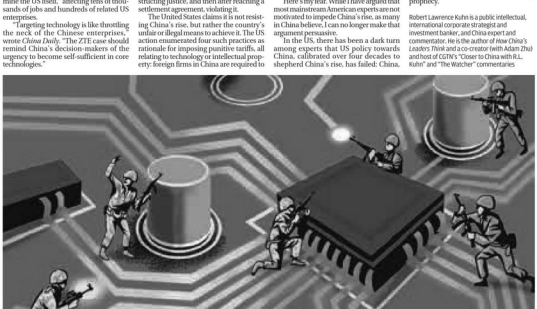

# Greater effort is required to foster gender diversity

**Kevin Sneader and Anu Madgavkar say the Asia-Pacific region needs more women leaders**

Women's representation in high-ranking positions in business and politics is a global issue, but an even more pressing one in Asia-Pacific. Across the region, only one in five people in leading roles is a woman.

This waste of women's talent comes at an economic cost. Many economies in the region are ageing and skills shortages are on the rise: making more of women's potential can help meet such challenges. Businesses gain a great deal from supporting women. McKinsey's 2018 report "The Power of Parity" found that companies in the top quarter for gender diversity on their executive teams are 21 per cent more likely to experience above-average profitability.

Even in developed economies in the Asia-Pacific, few women are getting to the top in business – in Japan, there are no female CEOs in the top 100 public companies. In Australia and Singapore, the share of women CEOs in 2016 was only 6 per cent and 5 per cent respectively. The Philippines, a traditionally matriarchal society whose government has been proactive in tackling gender inequality, does better in senior positions overall, but only 3 per cent of CEOs and 15 per cent of board members are women.

The lower share of women in leading positions within companies isn't all about the glass ceiling – the point at which women's careers appear to halt. Rather, women's under-representation has its roots as far back as the education system. In India, only 44 per cent of students in tertiary education are female and many graduates don't take up employment: only 25 per cent of entry-level positions in Indian companies are taken by women. In Japan, the share of women enrolled in college is higher, at 47 per cent, but women were only 28 per cent of students attending the top 10 universities.

The share of women erodes sharply from entry-level to the boardroom, and the biggest "breakpoint" is motherhood. In a 2015 McKinsey survey, 45 per cent of Asian executives cited the "anywhere, anytime" performance model as the largest barrier to women moving into senior roles. In Japan, a survey found that three-quarters of women respondents said they were not interested in managerial positions, partly because promotion would mean working even longer hours.

The second most cited factor behind women dropping out of work is the "double burden" of holding down a job while looking after the family. In China, 35 per cent of female respondents to a 2017 survey said that they had a lower salary when they returned to work after having a baby, and 36 per cent said they had to accept a demotion. Sixty-three per cent said they did not want a second child because this would hurt their career.

Many women struggle to return to work because childcare options are limited or too expensive. In Australia, net childcare costs (paid by two-earner families) were 20 per cent of an average family's income in 2015, compared with the 13 per cent average in OECD economies.

The attrition of women from the talent pipeline starts even earlier than motherhood, as societal attitudes militate against women pursuing a career and prioritise looking after families. In India, 70 per cent of respondents to the 2010-2014 World Values Survey agreed with the statement, "When a mother works for pay, the children suffer."

> **More can be done to give women the freedom to choose a career as well as motherhood**

There has been some progress. The share of women on company boards has been rising, reflecting efforts by both governments and private-sector organisations. India has made it mandatory for companies to have at least one female director, and the Australian Securities Exchange Corporate Governance Council tracks gender diversity in its constituent companies. Japanese pharmaceutical company Takeda hit its target of 30 per cent of new managers being women (from only 6.2 per cent in 2015) through a range of initiatives including flexible working hours.

However, there is much more that can be done to give women the freedom to choose a career as well as motherhood. Narrowing the leadership gender gap will require concerted action by governments and companies from encouraging and helping girls to learn the right skills for a changing labour market and mentoring women in their careers, to shifting attitudes towards women's roles through public-awareness campaigns to – perhaps most importantly – making work flexible.

More help with childcare is urgently needed. Governments can use public spending to expand childcare provision and companies can set up nurseries. Flexible working practices in companies are vital. In Australia, financial services company Suncorp enables flexible working through "work at home hubs" that combine home-work stations and working spaces in regional shopping centres.

Such efforts are only likely to be effective with a root-and-branch shift in attitudes towards women's roles in society. Governments can lead from the front, setting targets for women's representation in business as Japan and Singapore have done, and more companies can push for true diversity within their ranks. Doing so is not only in the interests of their bottom line but the health of the economies in which they work.

*Kevin Sneader is chairman, Asia-Pacific, of McKinsey & Company. Anu Madgavkar is a partner at McKinsey Global Institute*

# Older people still have lot to offer in the workplace

**Paul Yip says measures to ensure Hong Kong retirees remain active through employment may help prevent poverty and partially offset the impact of a declining birth rate**

Employment is the most robust method for keeping people out of poverty. In Hong Kong's latest poverty situation report, for those with a job, the poverty rate is only 12.3 per cent, compared to 77.4 per cent among those not working. Among older adults with a job, it is 12.9 per cent, compared with 48.2 per cent among those without employment.

Chief Secretary Matthew Cheung Kin-chung has recently raised the possibility of promoting workforce participation for those aged 56-64 and helping those aged 65-74 re-enter the job market. Hong Kong's workforce participation rate among older adults is 17.7 per cent, lower than in Japan (22.7 per cent), Singapore (26.8 per cent) and Seoul (31.5 per cent).

The Japanese government has been very active in promoting workforce participation among its older citizens, especially since 27 per cent of its population was aged 65 or over as of 2017. The population size has decreased, from 128 million in 2010 to 127 million in 2015, and the United Nations estimates that the number will continue to fall until 2061. The number of migrants moving to the country has not offset the population decrease, leaving no choice but to improve the labour participation and productivity rate, especially among older adults and married women with children.

Though Hong Kong's total fertility rate is only 1.2 per woman – less than the 1.4 in Japan – we have benefited from migration from the mainland to keep our population moving. Our life expectancy is also very similar to Japan's, at 81 for men and 87 for women. It is time to explore how to make better use of our older adults. We should create the right environment for raising the retirement age and extending employment beyond that age. Some issues, like excessive health and medical insurance costs for the older workforce, and long working hours, should be re-examined.

> **The most important thing is to provide an option for older adults to be active in the job market**

The government can create a fund to protect against excessive increases in insurance costs, while introducing a more flexible working arrangement for the older workforce.

The most important thing is to provide an option for older adults to be active in the job market, and give them the choice of whether to continue in a job. Those who have had enough could perhaps take on volunteered work in the community. For those who stay on with paid employment, more flexible time arrangements would better suit their needs, while their roles could be redefined so as not to stand in the way of the career advancement of younger workers. Some tangible support might be needed for the business sector, ideally through a tax-deductible arrangement rather than the proposed cash support.

For some work, such as in teaching and research, the situation depends on individual ability. As in overseas countries, participants should be allowed to work as long as they meet expectations. At present, a vigorous review process takes place to determine whether to extend beyond retirement age.

The education levels of Hong Kong's older adults is not high and, among those with very low levels, most can only find work in low-skilled jobs such as cleaning and security duties. Nevertheless, these areas face a shortage of labour and can be a good fit. In such cases, people's rights and pay should be better protected, to avoid companies exploiting this group of workers.

Also, sometimes, older adults are not driven by money when seeking work. For some, finding meaning in their work can be sufficient. The Japanese experience shows that some older adults continue to work to maintain their independence and fitness. Such workers, whatever they do, display high levels of professionalism.

Respecting the wishes of older adults and providing a quality choice in terms of working would be a win-win situation for the whole community.

*Paul Yip is chair professor (Population Health) in the Department of Social Work and Social Administration at the University of Hong Kong*

**For some, finding meaning in work is important, as with these women who recycle used clothes to make bags.**

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South China Morning Post 南華早報



# US-China trade war could end with a 'big deal' through baby steps towards mutual understanding

Robert Lawrence Kuhn says the US must accept China's need to support technological development, while China should work with US policymakers who oppose tariffs but want the country to further open its markets and protect intellectual property rights

PUBLISHED : Thursday, 30 August, 2018, 5:02am - UPDATED : Thursday, 30 August, 2018, 6:15am

Robert Lawrence Kuhn

**President Xi Jinping**

**Major Speech**

**Seattle**

**September 24, 2015**

**Robert Lawrence Kuhn**

**Simultaneous Commentary**

**Quest Means Business**

**China's Xi Jinping UN Speech**

**Robert Lawrence Kuhn Interview**

**September 28, 2015**

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中国国际电视台CGTN英语频道总监 刘聪
用海外受众能够理解的语言来介绍中国

# CNN'S AMANPOUR – May 29, 2013
# President Xi Jinping to meet President Barack Obama

## Interview with Dr. Robert Lawrence Kuhn, long-time adviser to China's leaders.

http://edition.cnn.com/video/#/video/world/2013/05/29/exp-race-china-us-amanpour.cnn

CHRISTIANE AMANPOUR, CNN HOST: Good evening. I'm Christiane Amanpour. There may officially be only one superpower today, but another is rapidly advancing. The United States and China jockey for position at the pinnacle of the world in what might just be called a race to the top. So how will the first tete-a-tete go between their leaders, the two most powerful men on Earth, U.S. President Barack Obama and China's leader, Xi Jinping, will meet just over a week from now in an informal setting at the aptly named Sunnylands Estate just outside Los Angeles. China is anxious and angry about Obama's much-touted "pivot" to Asia and about what China perceives to be the U.S. siding with Japan over disputed islands in the East China Sea. The United States, for its part, has a laundry list of concerns, everything from alleged Chinese hacking of even its most sensitive military secrets to its influence over North Korea and Pyongyang's nuclear saber-rattling. President Xi says the U.S.-China relationship is at a crucial juncture and he says that he wants to forge, "a new type of great power relationship." So what exactly will that look like? We need to know because this may just be the most important relationship in the world today. And in a moment, I will dig deeper with Robert Lawrence Kuhn, a long-time adviser to China's leaders.

AMANPOUR: Robert Lawrence Kuhn has tremendous insight into China's leaders. He's a long-time adviser to the Chinese government; he's met President Xi several times and he's the author of the book, "How China's Leaders Think." That is a big title. Welcome to the studio.

# Fareed Zakaria GPS

## "Xi Jinping: The Governance of China"

## Robert Lawrence Kuhn

### October 5, 2014

FZ: What in the world is the leader of the second largest economy on the planet thinking? That's a question many would love to know the answer to, but in a closed, secretive society, like China, it's all but impossible to know. He rarely gives interviews, and the press in China is far from free. But now we have something to look at. Chinese President Xi Jinping has a new book, entitled *The Governance of China,* and it's aiming for worldwide impact. State media there reports that the book has been published in nine languages: Chinese, English, French, Russian, Arabic, Spanish, Portuguese, German and Japanese.

My next guest, Robert Lawrence Kuhn, says it is a milestone. Kuhn has advised the Chinese government for twenty-five years, and is the author of *How China's Leaders Think*. Welcome.

KUHN: Pleasure to be here.

FZ: First, give us a sense of who this man is for our viewers. Who is Xi Jinping, and why is he a little different from China's ordinary leaders?

KUHN: Xi Jinping has been involved in all aspects of what makes China today. His father was one of the founders of the country, truly a great revolutionary and a great reformer in the early days. Xi Jinping graduated from Tsinghua University ['China's MIT'], with a degree in chemical engineering. Then he went through more than two decades working at the local level. Starting in a county, and then a city, Xiamen, working his way up for many years in Fujian province, becoming the governor. Then for five years Xi was the Party Secretary of, the number one official responsible for, Zhejiang province, which is the center of entrepreneurship in China. So that gives him a great sense of business. And that was when I first met Xi Jinping, actually, in 2005, and then again in 2006, seeing him doing the real work of running a province, a local area.

President Xi is a person, when you see him, who is unassuming; he's big, he has a strong presence in a room, but you feel very comfortable with him. He doesn't put on airs, he's very warm and

# BBC World News
## Robert Lawrence Kuhn

### China's Economy & Politics
### President Xi's 'Four Comprehensives'
**August 25, 2015**

**HOST: Dr. Robert Lawrence Kuhn is an advisor to the Chinese government and author of *How China's Leaders Think* and he joins me now from Beijing. A cut in interest rates today - but in China any economic decision is always colored with politics.**

**RLK: Certainly people are concerned here, but you have to realize a 43% drop in the Shanghai stock market is still 25% above its 52-week lows, so what the economists, government, tries to do is to distinguish between the so-called real economy and the stock market. Most people realize China's stock market was overvalued, but perception is reality, and if people have less money on paper, they'll spend less, and so the fall will affect the real economy.**

**And you're right, the way to look at such situations in China is not just economically - you can't look at China without looking at politics, and here there are two major areas. One is President Xi Jinping's state visit to Washington. This has been a very tense time in Sino-US relations: South China Sea, cybersecurity, human rights, lots of issues. But what this economic uncertainty and volatility will do - I hope - is to make both presidents focus on what really affects human beings and human lives, focus on economic areas, because this is where there can be some commonality between China and the US. The contentious issues are real, but economics is more real for people.**

**Domestically in China, it's really interesting, because in recent days, there have been editorials in *People's Daily* talking about extreme resistance to reform and older leaders who are still involved and maybe shouldn't be, and so you have to look at domestic politics in terms of what Xi Jinping, who is China's dominant leader, the president of the country, head of the party, head of the military, and other titles as well, and what his overarching policy is.**

**It's called the "Four Comprehensives." We learn from each one. The first says that China wants to build a 'moderately prosperous society'. That's their short-term goal. It's not different than others have said in**

人民日报 海外版
PEOPLE'S DAILY OVERSEAS EDITION
"一带一路"将成本世纪伟大故事
——专访美国库恩基金会主席罗伯特·劳伦斯·库恩
"十三五"文化发展改革纲要印发
俞正声会见比利时联邦参议长
"中国文化周"亮相新西兰
百国商品"抢滩"义乌商品展
通向"命运共同体"的必由之路
中国外汇储备连续三个月回升





# "一带一路"将成本世纪伟大故事

## ——专访美国库恩基金会主席罗伯特·劳伦斯·库恩

本报驻美国记者 张朋辉

《人民日报海外版》（2017年05月08日　第01版）

罗伯特·劳伦斯·库恩

"一带一路"国际合作高峰论坛开幕前夕，本报记者专访了美国库恩基金会主席罗伯特·劳伦斯·库恩。作为此次高峰论坛的嘉宾之一，库恩博士密切关注中国倡议的"一带一路"建设，对"一带一路"建设及"一带一路"国际合作高峰论坛抱有很高期待。他认为，"一带一路"倡议正当其时，"一带一路"建设将成为21世纪最伟大的故事之一。

### 中国找到了同世界的契合点

库恩分析说，"一带一路"在世界这么受欢迎，是因为中国找到了自身发展经验同世界需要的契合点。他说，"一带一路"倡议在全球许多国家受到热烈欢迎，主要有3个原因：一是基础设施是很多发展中国家的迫切需要，基础设施建设是"一带一路"的重要关注点。二是世界上很多国家经济增长缓慢，他们希望通过参与"一带一路"建设项目刺激经济增长。三是对于许多发展中国家来说，中国既是一个榜样，也是能够带来专长、经验和资本的国家，参与"一带一路"建设项目是与中国加强合作的理想方式。

"一带一路"倡议提出3年多来，成果超出预期，得到国际社会积极评价。库恩说："习近平主席关于合作共赢的全球化观念，从蓝图变成了路线图，从计划到付诸实践，从纸面的概念变成了地面的项目。过去3年，'一带一路'建设项目遍地开花，我亲自见证了这一设想从愿景变成现实。"库恩说，他更看重的成就是将正在进行的"最

# Interview: Xi's engaging, creative diplomatic approach to benefit China-U.S. ties: U.S. expert

| 2015-09-10 21:06:53 | Editor: Tian Shaohui

by Xinhua writer Luo Jun

BEIJING, Sept. 10 (Xinhua) -- Chinese President Xi Jinping, with an engaging and creative diplomatic approach, is likely to secure "a big success" in his visit to the United States later this month, said U.S. expert Robert Kuhn.

In an exclusive interview with Xinhua, Kuhn, author of "The Man Who Changed China: The Life and Legacy of Jiang Zemin" and "How China's Leaders Think," recalled Xi's previous trip to California as president and to Iowa as vice president as "one of the best images as for China."

(The photo shows Robert Lawrence Kuhn introducing "Xi Jinping: The Governance of China" at BookExpoAmerica in New York on May 29, 2015)

"He went to sporting events and I was at one of the luncheons. You really had a wonderful, enriched feeling about China at that point," Kuhn said.

Now with the United States entering a political season of presidential election, issues of contention with China and the lack of overall understanding of China's policy has been increasing, but Kuhn believes that low expectations can become an advantage as people may "get surprised on the positive

# Comment

editorial • opinion

CHINA DAILY 中国日报

EDITORIAL

## A foundation of law

**THE FOURTH PLENARY SESSION OF THE 18TH** Central Committee of the Communist Party of China opens on Monday and will last for four days. The designated theme — governing through the rule of law — indicates how important this meeting will be for the future of both the Party and the country.

That this is the first time in 17 years the Party has designated such a theme for a plenary session speaks volumes about the importance the new leadership attaches to it. It is high on the agenda.

Yet, the more the concept of rule of law has been discussed, the more obvious it becomes that there is, today, much to be desired.

More than 50 minister-level or higher officials have either been indicted or placed under investigation for abuse of power in the past year or so, underlining the fact that the rule of law is sorely needed. It is perhaps the only way to eliminate, once and for all, the most serious threat to good governance and to secure the blessings of prosperity and justice to the people.

The fact that power today can effectively nullify the law, and that those in power can circumvent it, not only deprives the Party of its capacity to govern the country in a consistently fair and just manner but also disrupts the reasonable running of the marketplace. Abuse of power makes it impossible for fairness to prevail in the socialist market economy.

Despite the great achievements China has made over more than three decades, it will be very difficult for its economy to grow in a sound manner — and neither will society progress in a healthy way — unless fair competition and mutual trust can be secured and ordinary people's rights and interests can be guaranteed through the rule of law.

If the country is to achieve further reforms in various fields and establish and maintain a fair and just society, the power-worshipping mentality among government and Party officials must be eliminated. This is a core goal of the leadership.

Unless the overwhelming majority of Party and government officials not only respect the law, but follow it when making decisions, governing the country by the rule of law will amount to little but lip service.

It will be no easy job, and it will take time for the power-oriented way of doing things to be transformed. But the new Party leadership has shown it has the courage to face the challenge. We therefore have reason to expect much from the current plenary session as they work to put the country on the right track.

OTHER VIEWS

## Historic moment

The convocation of the Fourth Plenary Session of the 18th Communist Party of China Central Committee, whose theme is promoting the rule of law, embodies the CPC's deepening perception on governance and the law.

*www.people.com.cn October 15.*

It is the first time that the CPC, as the ruling Party, will make a comprehensive plan on the rule of law in the form of a Party document. The session, which marks the ruling Party's significant strategic layout on how to govern the nation in accordance with laws and the Constitution, illustrates its new exploration of socialism with Chinese characteristics. The CPC Central Committee will focus on discussions on how to promote rule of law in at a plenary session. —

It has only six years to 2020, the deadline set for the realization of a well-off society for China, and 35 years to 2049, the promised year for China to be a prosperous, democratic, civilized and harmonious socialist modern nation. All these mean China has entered a crucial stage of deepened reforms. Only by sticking to "governance of the nation according to laws" will China realize its historic mission.

*www.xinhuanet.com.cn October 19.*

The National People's Congress, China's top legislature, should play a bigger role in the country's efforts to promote the rule of law. For example, the NPC can push for deepened reforms within the framework of the Constitution and laws through legislation to realize a benign interaction between reforms and the rule of law. The deeper the water China's reforms will enter, the more legal guidance and guarantees these reforms will need. The NPC enjoys a broad space for maneuvering in this regard.

*Beijing News October 17*

In the last three months, the Political Bureau of the CPC Central Committee has held two conferences studying major issues related to comprehensively pushing for the rule of law. As the theme "China ruled by law" is set for the Fourth Plenary Session of the 18th CPC Central Committee, the overall planning and prospect of a China governed by law will become increasingly explicit.

*Lianhe zaobao October 14*

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ROBERT LAWRENCE KUHN

# Decoding Xi's future vision

## President Xi's new book reveals his thinking about the country's governance and maps out a path for achieving the Chinese Dream

*The Governance of China*, President Xi Jinping's new book, is unprecedented. Can analyzing the book elucidate Xi's thinking and illuminate China's future? Consider seven frameworks or perspectives: publishing purposes, overarching themes, content analysis, chain of developmental causation, domestic goals, domestic means and global principles.

**Publishing Purposes:** *substance, symbol, signal.* Substance means Xi's political philosophy and wide-ranging policies — organizing 79 speeches and commentaries in 18 chapters — to discern how Xi intends to realize the Chinese Dream, "the great rejuvenation of the Chinese nation". Symbol means recognizing Xi's emergence as China's leader, with greater authority, confidence and support than observers had expected when he first took office two years ago. Signal means communicating Xi's way of thinking to global audiences in nine languages, an original and explicit outreach to engage the world on multiple levels.

**Overarching Themes:** *pride, stability, responsibility, vision.* Pride expresses the yearning of the Chinese people for the "great rejuvenation". Stability means maintaining the current political system (Socialism with Chinese characteristics and the Party's leadership). Responsibility means "realizing a moderately prosperous society by the centenary of the Party in 2021". Vision means "turning China into a prosperous, democratic, culturally advanced and harmonious modern socialist country by the centenary of the People's Republic of China in 2049".

**Content Analysis.** How does Xi impute importance to topics? By examining what's in Xi's book, can we explore what's on Xi's mind? Of the book's 18 chapters, 11 relate to domestic affairs, seven to foreign affairs; six have political relevance; six concern standards of living; and four standards of behavior. Categorizing the content, about a third is politics and people; another third on international relations; about 15 percent each on reform and development, and society and culture; and about 8 percent on national security and defense. Pervasive throughout is reform.

**Chain of Developmental Causation.** The Chinese Dream is founded on political stability, which enables far-reaching reform, which in turn promotes economic development, and which, when combined with rule of law and Chinese values, strengthens China's society, culture, ecology and even defense. Where is this "chain of causation" in Xi's book?

The first and last chapters affirm political stability: "Socialism with Chinese Characteristics" and "The CPC Leadership", both of which assert the Party's political primacy and thus assure social stability. "The Chinese Dream" is the second chapter, proclaiming the grand mission of national resurgence and personal well-being. Then, chapters on deepening reform and economic development, which lead to chapters on rule of law, advanced culture, social mistakings and ecological progress.

**Domestic Goals:** *values, morality, prosperity, fairness, happiness.* Values: Xi's vision is to inculcate China's traditional values — "the thoughts of the ancient sages", exemplified by Confucianism — into socialist core values. ("We must take traditional Chinese culture as the base.") Morality: Derived from values, morality is described as "conscious law", and "civic morality" is characterized as needing improvement, while "paragons of morality are important banners for building public ethics". ("A gentleman takes morality as his bedrock" — a traditional virtue that Xi quotes.) Prosperity: "Common prosperity is the fundamental principle of Chinese socialism ... We will accelerate China's overall prosperity." Fairness: Because the Chinese people have always had a perception that "inequality rather than want is the cause of trouble", Xi says, China "should do a better job of promoting fairness and justice". Happiness: The Chinese Dream, Xi says, is to "bring happiness to the Chinese people"; to "ensure the people greater happiness" — but, he cautions, "happiness does not fall from the sky, nor do dreams come true automatically." (In Xi's book, "values" occurs about 120 times, "morality" 24, "prosperity" 62, "fairness" 44 and "happiness" 16.)

**Domestic Means:** *close to the people, realism, stability, reform, rule of law, combating corruption.* "Close to the people" is an all-encompassing way of thinking that shapes all decisions. Realism: "I have repeatedly said that the great rejuvenation of the Chinese nation can in no way be realized easily", Xi says. "While fully affirming our achievements, we should also be aware of our shortcomings." Stability: The precondition for all else, stability is a recurrent and foundational theme ("stability" occurs 125 times). Reform: Those who wonder whether Xi is a "real reformer" should read "Explanatory Notes ... Concerning Comprehensively Continuing Reform" (page 76). Examples: the market plays a "decisive role"; farmers given transactional property rights; the judicial system separate from the administrative system. Rule of Law: "A fundamental principle" and "the basic way to run the country" — the Fourth Plenary of the 18th CPC Central Committee, focusing on rule of law, is Xi's call to action. Combating corruption is a hallmark of Xi's administration, enhancing each of the five other domestic means. It is no accident that the chapter on combating corruption is positioned, significantly, between "Close Ties with the People" and "The CPC Leadership".

I hear witness to Xi's consistency. In 2006, Adam Zhu (my long-term partner) and I met privately with then-Zhejiang Party Secretary Xi. He stressed that while China should be properly proud of its successes, "achievements should not engender complacency". Xi said: "We need to assess ourselves objectively."

**Global Principles.** Consider five. Independence (China remains unaligned). Multi-polar world (no country dominates). One country, two systems (Hong Kong, Macao, Taiwan). Peaceful development ("We have made a solemn pledge to the whole world that we will never seek hegemony"). Multilateral affairs (cooperation with the global community). These five global principles drive China's "new model of major country relations" (primarily with the US), "neighborhood diplomacy" (Japan, Vietnam, Korea, etc.), and "cooperation with developing countries" (such as in Africa.) The Silk Road economic belt (land route and maritime) is President Xi's new initiative for multinational development.

Here's my blurb for Xi's book: "This book is a milestone, both in substance and symbol, offering openly the political philosophy of President Xi Jinping and recognizing his emergence as China's senior leader. While misunderstandings about China and its leadership abound, there is now no need to speculate about President Xi. Here is how he thinks, candidly and comprehensively." It is the pride of a patriot.

*The author is an international corporate strategist and political/economics commentator. He is the author of* How China's Leaders Think *and a biography of former president Jiang Zemin. He gave one of the speeches at the launching ceremony for* Xi Jinping: The Governance of China, *at the Frankfurt Book Fair on Oct 8.*

LI MIN

FU JING

# Courtesy, not confrontation, best for Europe

Minister of Commerce Gao Hucheng arrived in the lobby of the European Commission's headquarters at 9 o'clock on Saturday morning. He was led to the office of outgoing Trade Commissioner Karel De Gucht, who has been a thorn in the side of Chinese businesses because of his protectionist attitude ever since he took over the job in 2010.

De Gucht, 60, will be replaced in a few days by Swedish politician Cecilia Malmstrom, 46, when a newly constituted commission gets underway.

In the afternoon, the Chinese side announced a long-awaited agreement in principle: Brussels will not launch an investigation into subsidies of China's telecommunication imports into the European market. The EU side still needs to go through internal procedures for formal approval. The threat was mainly targeted at Chinese telecommunications equipment makers Huawei Technologies Co and ZTE Corp.

While the big picture of relations has been a positive one, the Europeans have annoyed Beijing from time to time — for example, by allowing the Dalai Lama to visit, by attacking China on human rights and by imposing high trade barriers.

Despite such irritants, Beijing has sent constructive signals. In the first half of this year, President Xi Jinping paid the first-ever visit of a Chinese president to the European Union's headquarters. And last week, at the summit of Asian and European leaders in Milan, Italy, Premier Li Keqiang hosted a special dinner for Barroso and European Council President Herman Van Rompuy, thanking them for their contributions to positive relations. At the dinner, the leaders were thought to have touched on the telecommunication trade dispute, which involves about 1 billion euros ($1.26 billion) annually.

The path to Saturday's solution was similar to a pattern set earlier, in mid-2013, after both sides worked through an anti-dumping and anti-subsidy investigation involving China's multi-billion-dollar solar panel exports to the EU. Brussels began that investigation in 2012.

Beijing was unhappy that there had been no high-level invitation to visit Brussels a year after the launch of the investigation.

In May last year, Li made his first trip to Germany after taking office and won the support of the German government, which vetoed Brussels' decision, following dozens of EU member states.

Li made a last-minute call on Barroso the following month, as Brussels was about to vote on whether to end the solar panel dispute through amicable consultation.

Li's decisive role was crucial in preventing the escalation of a trade war. If Beijing had opted to deal with such disputes in an eye-for-eye, tooth-for-tooth manner, both sides would have been losers, with the EU taking the brunt. It has already suffered two economic recessions, and its jobless rate has been in double digits for a few years now.

Of course, with the trade volume between China and Europe expanding, and with investment pouring into Europe, China's government, its businesses and its media must work to make the most of the rising economic tide.

So far, there is no unified Chinese business council in Brussels to represent and lobby for Chinese investors in Europe. By contrast, a major US business organization reportedly has 300 staff members focusing on Brussels' policymaking.

A lack of communication and influence can easily lead to misunderstandings. Businesses in Brussels usually follow Washington's lead when making policies that affect China.

Trade commission leaders need to make more field trips to member states to learn how Chinese businesses matter.

Take China's solar panel exports for example. The industry, which involves about 400,000 workers in China, has offered competitive products to thousands of European upstream companies and helped Europe achieve its status as a green energy leader.

In telecom, Huawei and ZTE are deeply integrated with European partners. And, incidentally, Huawei is a steady job creator in Europe, where young people, in particular, have faced huge employment challenges.

If De Gucht had kept the big picture in mind, he would not have made confrontational moves against China and its businesses.

Overall, the EU recognizes China as strong strategic partner. This is the starting point for dispute control. Amicability helps both sides win. With confrontation, everyone loses.

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Closer to China with R.L.Kuhn 07/12/2015 Understanding the CPC Episode 2

## About Program

**Closer to China with R.L.Kuhn is a new weekly show that brings true, complex story of China to the world through candid, intimate discussions with China's decision-makers and opinion-setters in all sectors.**

**Air Time:**

Sun. 09:30-10:00 BJT/ Sun. 01:30-02:00 GMT ; Repeated: Sun. 21:30-22:00 BJT/ Sun. 01:30- 02:00 GMT

## Anchor

**Robert L. Kuhn**

Robert Lawrence Kuhn is a long-time adviser to China's senior leaders and the Chinese government, and an international corporate strategist and investment banker.

## Special Coverage

With the Communist Party of China having marked the 94th anniversary of its founding on July 1st, CCTV NEWS presents an exclusive inside look at the Party.

Hosted by noted author Dr. Robert Lawrence Kuhn, in our five-episode special series "Under-standing the CPC," the Party opens up, sharing its story with the world on TV for the first time ever.

Featuring interviews and insights from leading Party thinkers and officials, the series offers an insider's perspective on the workings of the CPC, its approach to governance and its vision for the future of China.

To catch the episodes, tune into CCTVNEWS every Sunday, starting July 5th, at 9:30 a.m. and 9:30 p.m. Beijing time.

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Views

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# Xi Jinping's Chinese Dream

EDITORIAL OPINION

**OBAMA MEETS XI JINPING**

American policy makers must understand that the new Chinese leader needs to be a nationalist to be a reformer.

**Robert Lawrence Kuhn**

**BEIJING** What to make of Xi Jinping, China's new senior leader, who holds his first summit meeting this week with President Barack Obama?

The hope is that Xi is a reformer who will guide China through domestic transformation and to responsible statecraft. The fear is that Xi is a nationalist, who has set China on an aggressive course of bullying its neighbors and confronting the United States.

The fear seems not unfounded. China has intensified its territorial claims, from island disputes with Japan to vast areas of the South China Sea.

Xi frequently inspects People's Liberation Army forces, especially naval fleets, exhorting China's military to "get ready to fight and to win wars" and "to win regional warfare under I.T.-oriented conditions."

Xi holds China's top three positions: head of the ruling Communist Party of China, head of state, and, as chairman of the Central Military Commission, head of the military. He will likely lead China for a decade.

Just after becoming party chief in late 2012, Xi announced what would become the hallmark of his administration. "The Chinese Dream," he said, is "the great rejuvenation of the Chinese nation."

Xi's Chinese Dream is described as achieving the "Two 100s": the material goal of China becoming a "moderately well-off society" by about 2020, the 100th anniversary of the Chinese Communist Party, and the modernization goal of China becoming a fully developed nation by about 2049, the 100th anniversary of the People's Republic.

The Chinese Dream has four parts: Strong China (economically, politically, diplomatically, scientifically, militarily); Civilized China (equity and fairness, rich culture, high morals); Harmonious China (amity among social classes); Beautiful China (healthy environment, low pollution).

"A moderately well-off society" is where all citizens, rural and urban, enjoy high standards of living. This includes doubling the 2010 G.D.P. per capita (approaching $10,000 per person) by about 2020 and completing urbanization (roughly one billion people, 70 percent of China's population) by about 2030.

"Modernization" means China regaining its position as a world leader in science and technology as well as in economics and business; the resurgence of Chinese civilization, culture and military might; and China participating actively in all areas of human endeavor.

If Xi's nationalism seems at odds with these grand goals, it is not. Here are six reasons why:

• *Need to consolidate power.* Xi was not selected by Deng Xiaoping, the architect of reform, as were his predecessors (Jiang Zemin and Hu Jintao), and he was not elected by the people. Conventional wisdom had it that Xi would be a weak leader. In order to realize his Chinese Dream, Xi needs to assert strength and assure control. So far, he has exceeded expectations.

• *Need to enable reform.* Xi and Premier Li Keqiang are determined to enact far-reaching economic reforms, the most extensive in 15 years, but there is stiff resistance from those whose dominance would be diminished and benefits cut (such as state-owned enterprises with ties to party power).

This resistance can no longer be couched credibly in terms of ideology, so it appeals to nationalistic aspirations by accusing reformers of "worshipping Western ways," "glorifying Western models" or "caving in to Western pressures." Xi's proactive nationalism is a strategy of "offense is the best defense" — an inoculation, as it were, against the political virus of being labeled "soft" or "pro-Western."

Reformers in China are generally associated with pro-American attitudes and thus subject to fierce public criticism. By establishing himself as a nationalist operating independently of the United States (his first foreign trip was to Russia), Xi is able to secure economic reforms by distinguishing them from serving Western/American interests.

• *Need to legitimze one-party rule.* To perpetuate its rule (which China's top leaders truly believe is essential for the well-being of the country), the Chinese Communist Party has constructed a grand narrative that is founded on three critical claims: Only the Communist Party can continue to improve citizen's standard of living (and ameliorate severe social and economic disparities); only the party can maintain a stable, unified country and construct a happy, harmonious society; and only the party can effect the "rejuvenation of the Chinese nation," which stresses a firm command of "core interests" (i.e., sovereignty and territoriality) and increasing global respect.

• *Maintain stability through unity.* China faces numerous internal tensions, especially a class-divided populace (rich-poor, urban-rural, coastal-inland) that have erupted within one generation. Moreover, an increasingly complex society can fracture along multiple fault lines. Pollution, corruption, healthcare, housing, migrant workers, workers' wages, social cynicism, changing values, among other raging issues, threaten to fragment society — and all are exacerbated by an energetic social media. Only nationalism, which resonates intrinsically and passionately across Chinese society, can provide sufficiently strong social glue.

• *Differentiate from predecessors.* Top Chinese leaders must combine historical continuity with their own distinguishing theories and practices. How shall Xi fare?

Economic growth rates must decline, and a host of domestic tensions (or crises) are coming his way, such as public anger at corruption and resistance to pollution. Hence another rationale for nationalism.

In the past, nationalistic surges were triggered largely by external events (such as NATO's accidental bombing of the Chinese Embassy in Belgrade in 1999). Xi is putting nationalism at the core of his leadership — his nationalism is proactive, riding the high road of patriotism and pride.

• *Personal beliefs.* Xi has deep-seated patriotic convictions, the product of family, life and career. His father, Xi Zhongxun, was a founder of the new China and a leading reformer under Deng Xiaoping. In 2006, when Xi Jinping was party secretary of Zhejiang Province, he told me about Chinese pride and patriotism as motivating China's historic resurgence — words remarkably similar to his recent pronouncements.

So is Xi a reformer? A nationalist? The answer is that he is both, because only by being a nationalist can he be a reformer. American policy makers must understand Xi's nationalism so that when the reigning superpower meets the rising superpower, both can benefit.

**ROBERT LAWRENCE KUHN** *is an international investment banker and the author, most recently, of "How China's Leaders Think: The Inside Story of China's Reform and What This Means for the Future."*

GLOBAL VIEWPOINT/TRIBUNE MEDIA SERVICES

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## Last word

# The insider with an outside view

### STRATEGIST, BANKER AND AUTHOR HAS INTIMATE KNOWLEDGE OF CHINA — AND ITS LEADERS

By **ANDREW MOODY**
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Robert Lawrence Kuhn says the West often doesn't understand the Chinese leadership's key priorities for China. The 67-year-old American is seen by many as one of the few figures outside the world's second-largest economy who actually does.

He is regarded as a knowledgeable insider, having been an adviser to a number of leading Chinese bodies since the late-1980s and knowing many of the country's top political figures personally.

"There is rarely alignment between what topics China's leaders think are important about China and what the world thinks," says Kuhn, also an international corporate strategist and investment banker. "Understanding China requires knowing the difference."

He was speaking recently in the five-star Grand Hyatt hotel in central Beijing, which is his home for 90 days a year. The rest of the time he divides between his three homes in the United States and traveling elsewhere.

"They treat me very well here. Even when I travel around China, I keep a room here," he says.

The hotel is well placed near to China's seat of government around Tian'anmen Square where he has an extensive network of contacts.

His latest book, *How China's Leaders Think: The Inside Story of China's Past, Current and Future Leaders*, which is now out in paperback and more than 500 pages, goes into extensive detail about those who have the responsibility for shaping modern China.

Kuhn, who cuts a dapper figure, says many in the West often have an outdated view about modern Chinese leaders.

"The reality is that China's leaders are meritocratic," he says.

"Many have strong academic backgrounds from top universities and all have significant experience, often having run two or more provinces or major municipalities as Party secretary, governor or mayor."

Kuhn, who is also a new China Daily columnist, is much in demand from major news organizations around the world, including TV appearances on BBC, CNBC, Euronews and Bloomberg TV, and says he has had complete freedom to express his opinions.

"I have written three books about China, dozens of articles and columns; I've produced two major TV documentaries about China and given scores of media interviews — and never has anyone in China even requested to censor anything I've published or broadcast outside of China," he says.

Some in the West, however, have accused him of being too much of an insider and not giving the full picture about China because he was too close to the leadership.

Robert Lawrence Kuhn says China's growth is good for the world, but it cannot save the world. FENG YONGBIN / CHINA DAILY

"I deem it vital, considering China's importance in the world, that China's leaders become more known to the world, and known not just via sound-bites and photo ops, but by seeing them up-close as real people — hearing their own words, listening to their stories, getting their ways of thinking. I'm pleased to facilitate some of this," he says.

"I also offer my own analysis. As for my accuracy and understanding, readers or viewers can judge for themselves."

Kuhn, who was born in New York, began his career as a scientist. After studying biology at John Hopkins University, he did a doctorate in anatomy and brain research at the University of California at Los Angeles in the 1960s. Brain science and consciousness remain major interests of his.

His first involvement in China was through the scientific community in the late-1980s when he worked with scientists reforming China's research and technology base. He received an invitation from Song Jian, then a State councilor and chairman of the State Science and Technology Commission.

At the time he was developing a parallel business career and became president of The Geneva Companies, a leading US mergers and acquisitions company, which he eventually sold to Citigroup in 2000.

At the same time he was cementing links with leading business and political figures in China.

His organization, The Kuhn Foundation, with CCTV (China Central Television), produced the documentary *In Search of China* for PBS in the US, which was broadcast in 2000.

He is now working on a new five-part series *China's Challenges*, which will be broadcast in China in the autumn and syndicated to PBS stations in the US next year.

Perhaps Kuhn's most significant project was writing a biography of former president Jiang Zemin, which was the best-selling book in China in 2005.

*How China's Leaders Think* was based on interviews with more than 100 leading Chinese political figures, some of whom he has known for more than a decade.

"I know many personally and have worked with several for a number of years. When you hear them speak over a period of time, it gives you a sense of their personalities and character as well as their intellectual capabilities, leadership style and political progress," he says.

Kuhn sometimes likes to invoke humor to explain why there is sometimes friction between Chinese and American leaders.

"Some people think it is because of ideological, historical or cultural reasons that we have communication problems. As I once pointed out, perhaps it's because China's leaders, the members of the Politburo Standing Committee, were trained as engineers, and most American politicians were trained as lawyers. Maybe the problem is that lawyers and engineers can't talk to one another!"

Kuhn says the main focus in the West is often the Chinese economy and whether it will continue to motor ahead.

"China should have 10 to 20 more years of what we should still call relatively high growth, driven by continuing the country's unprecedented urbanization and modernization.

"Growth rates will naturally ease from reform's historic averages — probably to 6 to 8 percent per annum — which is less than we are used to, but which may be optimal because China can more effectively deal with its most severe problems, particularly economic and social imbalances and sustainable development.

"However, China's economy is fragile, vulnerable to exogenous shock. China's growth is good for the world, but it cannot 'save the world,'" he says.

Kuhn says there is often a danger of China being misrepresented because it is seen through a narrow perspective.

"Western media takes China's very real problems and reports them as if they were, say, 80 percent of China's story. I take the same problems — which are genuine and often intractable — and they consist of, say, 35 percent of my work," he says.

"It is not that Western media is conspiratorially biased or always anti-China, it is that they often do not provide proper and sufficient context," he says.

*Huang Tiantian, Dong Fangyu and Zheng Yibing contributed to this story.*

## BIO

### ROBERT LAWRENCE KUHN

**International corporate strategist, investment banker, senior adviser to multinational corporations and author**

**Age:** 67

**Education:**
- Bachelor's degree in human biology, Johns Hopkins University, 1964
- PhD in anatomy and brain research, University of California at Los Angeles, 1968
- Master of sciences in management, MIT Sloan School of Management, 1980

**Career:**
- President and co-owner of The Geneva Companies, a US leading mergers and acquisitions company (sold to Citigroup in 2001)
- Chairman, The Kuhn Foundation, which produces documentaries on scientific and philosophical questions as well as on China issues
- Author of *The Man Who Changed China: The Life and Legacy of Jiang Zemin* and *How China's Leaders Think*, as well as 25 books on business strategy, finance and investment banking

**Books:** *The Inflationary Universe: The Quest for a New Theory of Cosmic Origins* by Alan H. Guth, *Lake Views: This World and the Universe* by Steven L. Weinberg, *The Coherence of Theism* by Richard Swinburne, and *Infinite Minds: A Philosophical Cosmology* by John Leslie. Books on consciousness by John R. Searle, David J. Chalmers and Colin McGinn.

**Film:** *Khachaturian* (2003, directed by Peter Rosen; Dora Serviarian-Kuhn, executive producer)

**Music:** *Piano Concerto in D-flat Major* by Aram Khachaturian (1903-78) played by Kuhn's wife Dora Serviarian-Kuhn

**Food:** "I eat tofu all the time. I appreciate the unbelievably different textures."

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# On a mission to explain 'real' China

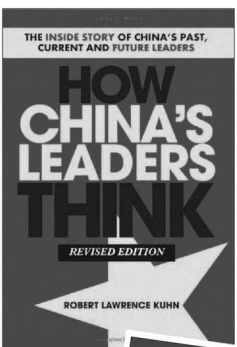

**Above: "How China's Leaders Think"**

**Right: "The Man Who Changed China: The Life and Legacy of Jiang Zemin"**

> I don't try to make anybody happy, but I just want to tell the truth. I can be wrong, and maybe my truth is not balanced.

**Lu Feiran**

China expert and American public intellectual, Robert Lawrence Kuhn is best known in China for two books about Chinese leaders and their views, including a biography of former President Jiang Zemin in 2005 and one about other leaders and their thinking in 2009.

Kuhn, also an investment banker, business consultant, brain scientist and philosopher, has been granted unprecedented access to Chinese leaders, though he does not speak Chinese.

His biography "The Man Who Changed China: The Life and Legacy of Jiang Zemin" published in both Chinese and English, was a best-seller in China where readers are not accustomed to humanized biographies of leaders.

It was probably the first biography written by a foreigner about a living Chinese leader that was published in China.

Kuhn has also produced documentaries on China, written extensively for Chinese media and is often quoted by western media. He is a contributor and consultant to CCTV, some Chinese newspapers and the Xinhua News Agency.

Kuhn sees his mission as telling the world about the real China.

He was in Shanghai late last month for an International Channel Shanghai (ICS) program he co-produced and wrote about China's challenges, in conjunction with the 18th National Congress of the Communist Party of China. He held a press conference and also spoke with Shanghai Daily.

Chinese media sometimes accuse some Westerners and Western media of China bashing, saying they misunderstand or are even malevolent.

But 68-year-old Kuhn, a New Yorker, is believed to have a more neutral view for China. He received a bachelor's degree in human biology from Johns Hopkins University, a master's of science in management from the MIT Sloan School of Management, and a PhD in anatomy and brain research from UCLA.

His books were published by the Shanghai Translation Publishing House and Shanghai Century Publishing Group.

Kuhn said he "never tried to please the Chinese government, though Western media thought I did."

"I like feedback, including negative feedback, because I know that people are engaged," he told Shanghai Daily.

"I don't try to make anybody happy, but I just want to tell the truth. I can be wrong, and maybe my truth is not balanced."

Kuhn's experience with China started in 1989, when he was invited by former State Councilor Song Jian, director of the State Science and Technology Commission.

The two became friends and Kuhn began traveling between the US and China, getting to know government officials and ordinary people.

Kuhn said he felt frustrated because his experience in China differed from the description in much of the Western media. "Then they only focused on the negative side and ignored the rest," he said.

That disparity inspired him to write Jiang's biography, he said. Jiang himself said that Kuhn didn't "beautify" him and got his wedding date wrong.

Kuhn spent four years writing "The Man Who Changed China." Though he had only met Jiang three times and did not interview him for the book, he talked to many people close to Jiang, including relatives, friends and colleagues, gathering stories and perceptions. He became close to many of them.

"I thought I had been rather familiar with China before I started working on the book," said Kuhn. "But after I started collecting the information, I found that my knowledge was very limited."

## Humanized leader

Kuhn said he was determined to depict a real, animated Jiang, different from the seemingly impassive figure appearing on state occasions, on Chinese TV and in newspapers.

"For a very long time, Chinese leaders were either described as God or the Devil, but never in-between," he said. "So I expected to display a Chinese leader who is a human being."

Soon after publication, it became a best-seller in China. After Kuhn held a book-signing in Guangzhou, Guangdong Province, more than 300 books were sold in an hour. In Shanghai, more than a million copies were sold in 2005, the highest in the social science category.

Chinese readers called the book refreshing because it told daily life stories and described Jiang's youth.

One Internet user called "Burn the scarecrow" said before reading the biography, he thought Jiang was "a quiet man standing high above the masses."

"But after reading the book, my first feeling was that he was once young like us and he is also an ordinary man."

The English version, however, received some criticism, primarily that Kuhn was "fawning" over Jiang and the government. Kuhn denied that.

"In fact, the book had a disclaimer, saying all

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2006年3月，库恩在浙江与习近平会谈。

情地与他们聊天，再从庞杂的素材中挑选自己需要的故事……

库恩坦言，在写这本书的过程中，自己与江泽民仅仅在公开场合见过3次面。“1993年，江泽民对古巴进行国事访问，住在古巴国宾馆，当时，我也在那里。我站在走廊上，而他正好也走了出来。那是我们的第一次见面。”2000年9月，江泽民赴纽约参加联合国千禧年首脑峰会，他在一次招待会上第二次见到江泽民。3年后，库恩又在北京听了江泽民关于几个重要问题的讲话。尽管没采访到江泽民本人，库恩却并不觉得有什么遗憾。在他看来，这本书只是传记而非自传，没必要非采访到本人。

为了完成这本书，库恩总是随身带着手提电脑，一有空就开始写作，从周一到周五，他常常工作至凌晨。每当他在吃完饭后一头钻进书房，妻子总会调侃他“又去见江泽民了”。整整4年，3次重写，5次编辑，库恩光资料就搜集了3000万字，第一稿70万字……

2005年，一本47万字的《他改变了中国——江泽民传》出版。首批印刷的20万册，仅10多天就销售一空。为新书做巡回推广时，由于签名数量太多，库恩的手肘甚至有些劳损，“影响了打网球”。

## 走访中国40多个城市

《他改变了中国——江泽民传》的成功，让库恩有了进一步探寻中国整体形象的想法。他于是带着助手，开始走访中国40多个城市，进行深入的、大规模的调查研究。

就是在这次调研过程中，2005年2月26日，库恩在浙江西子宾馆见到了时任浙江省委书记习近平。习近平向库恩介绍了浙江的经济、历史和文化等方面的情况，并感谢库恩多年来从自己独到的角度研究中国、向世界介绍中国，在中美两国之间搭起了文化的桥梁。

次年3月，库恩再次来到浙江，这一次，他的目的是了解“浙江模式”。虽然是不期而至，但习近平仍挤出时间与他见面。习近平说，自己之所以要这么做，是要“表示我们对库恩先生关注中国、客观介绍中国的感激之意”。

库恩回忆说，习近平在那次谈话中强调了中国自改革开放以来发生的翻天覆地的变化。“‘有句老话，士别三日当刮目相看。你一个月不来，半年不来，中国就会有很大的变化。’他又补充说，‘但如果结合中国悠久的历史来分析，又不会惊讶于它变化之快，因为我们经历了几千年才走到这一步。无论我们怎么看待这一速度，中国的发展变化，至少在一定程度上，是由爱国热情和民族自豪感推动的。’”

让库恩印象最深的是，在谈及如何以最好的方式向世界介绍中国时，习近平提出，中国的情况无法用简单的一句话来描述，或用单一的方法来概括，并借用中国古代寓言“盲人摸象”来说明这个问题。“他把中国富裕的东部沿海比作大象的腿，而将中国广袤的西部比作大象宽阔的后背，认为‘象是一个完整的概念，必须全面地了解，要避免犯盲人摸象的错误’。”对库恩来说，这样的比喻是新颖而有用的，这个说法，他到现在还记得。

接连的调研，让库恩对中国有了更深入的认识。

2007年12月9日，时任中宣部部长刘云山在与库恩的一次会谈中提议，如果由他来写一部关于中国改革30年的书，一定很有意义。库恩知道，这次又说到他心坎上了。

库恩列出了一份庞大的采访名单，每次采访前，他会向被采访对象提供三四十个问题的采访提纲，后者通常会选择其中的二三十个作答。采访结束后，库恩再根据采访录音进行整理，并对其中提及的年份、数字和事实进行核实。

在与100余位省部级官员、企业领袖和专家学者沟通交流，并采访了诸多改革开放的亲历者后，库恩用5个月时间完成了80万字的初稿。“我的家人说，整整一年，他们只能看到我的后脑勺。”

2008年12月，《中国30年：人类社会的一次伟大变迁》中文版在中国发行。第二年，为纪念新中国成立60周年，该书英文版在全球出版发行。截至目前，这本书是唯一由外国人详细描述中国改革开放30年进程的书籍。



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# 库恩
## 讲述中国政坛10年变迁

□ 本刊记者 凌云

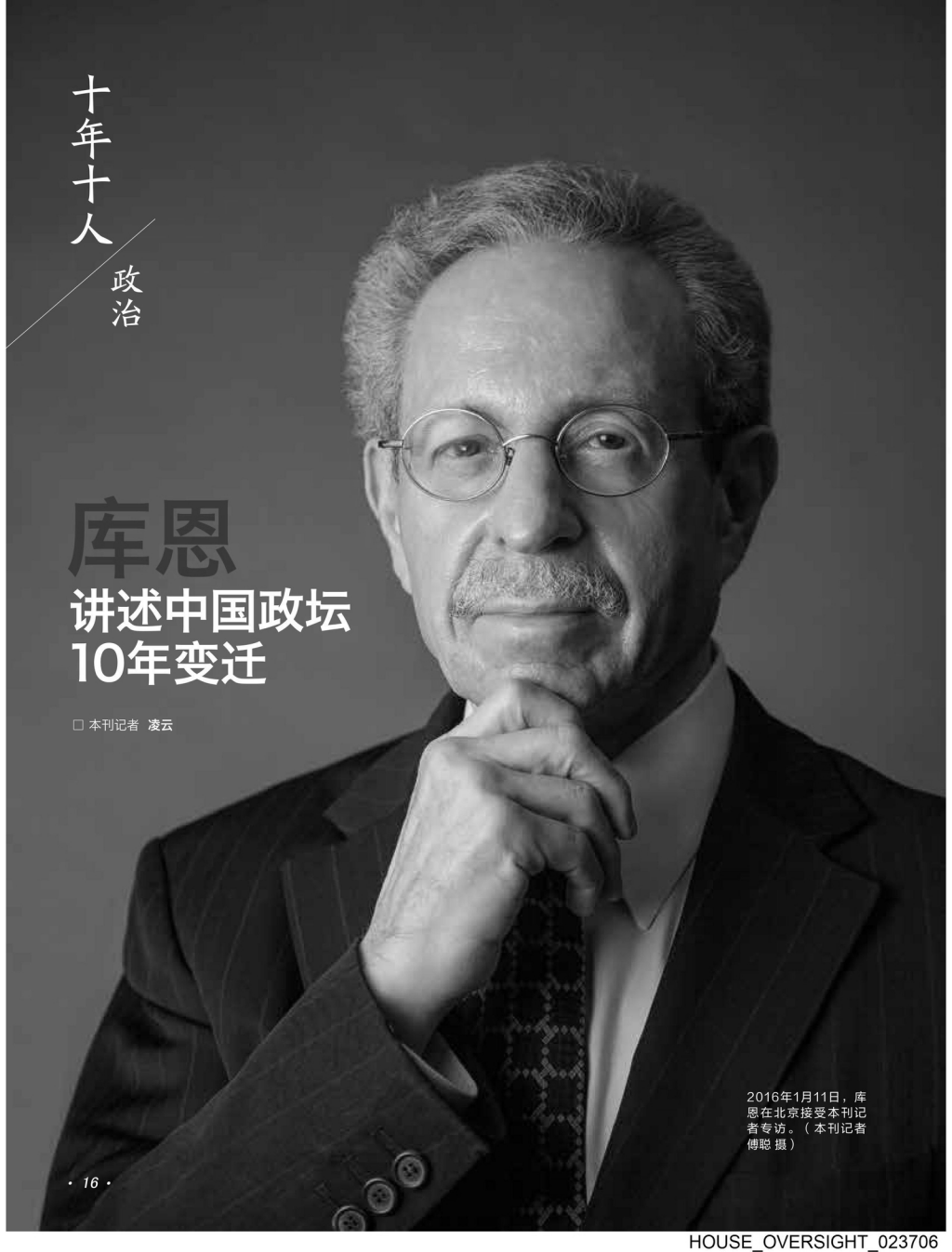

2016年1月11日，库恩在北京接受本刊记者专访。（本刊记者 傅聪 摄）



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# CNN – Quest Means Business

## U.S. and China Agree to Pause Trade War

### Robert Lawrence Kuhn, December 3, 2018

CNN

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| **Host Richard Quest:**<br><br>**Robert Lawrence Kuhn is a long-time advisor to Chinese leaders and the author of *How China's Leaders Think*. How will they be interpreting the deal that was done on Friday?** | |

CNN

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| **Robert Lawrence Kuhn / RLK: Everybody is pleased that there is the pause; 90 days is very short, of course. We have to look at the short-term, mid-term, and long-term. Let's look at the background to understand where China is today. This is the 40th year, the anniversary, of China's reform and opening up. On December 18th, 1978, Deng Xiaoping made his famous speech, which transformed China from ideologically driven class struggle into economic development. It's a big deal in China; there's a big celebration coming up.** | |
| **RLK: President Xi Jinping has said that the first big goal for China, in 2020, is to have a moderately prosperous society, specifically to eliminate all extreme poverty in China. That means they will have taken 800 million people out of poverty. So that's their overview, and so they look at the status quo that they've had with America as something that's good for both sides.** | |

CNN

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| **RLK: As for America, we have critical issues that we have to deal with: Open markets, IP protection, forced technology transfer, cyber security / cyber theft — there are a lot of issues on the table.** | |
| **Quest: The two sides are seeing Friday's deal in very different ways.**<br><br>**RLK: That always happens —**<br><br>**Quest: But the Chinese —**<br><br>**RLK: That's diplomacy. That's the definition — we saw that in the spy plane collision in 2001; we saw that in the bombing of the Yugoslavian embassy in 1999.** | |

CNN

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| **RLK: Both sides had different interpretations to suit their domestic markets.**<br><br>**Quest: But they're not even admitting, or at least acknowledging, a 90 days. Let alone all this business of, "we're going to buy more cars."**<br><br>**RLK: Well, look. In China, there is a debate among Chinese economists, what's good for China? Many economists tell me privately, personally, one-on-one, like I'm talking to you right now, that China needs to open its markets, it needs to have IP protection, it shouldn't support state-owned enterprises as much. But they have internal debate.** | |

CNN

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| **RLK: Those Chinese economists are pleased to see this pressure going on, but China cannot admit that publicly, because that undermines the rejuvenation of China, the strength of the government, the national pride.** | |
| **RLK: We have to understand both sides are speaking to their domestic audiences, but hopefully, when they get together privately, they'll talk business.** | |

CNN

**Quest: Do you believe that they can and or will make the structural changes necessary to get a long-term deal, because it seems as if President Trump is not going to be satisfied long-term with agreeing to buy a few extra bits of this or that of agriculture.**

**RLK: I totally agree with that, and I think that's right. We're going to have to see. I mean, it's easy to predict 10 years in the future, but not 10 days. So we'll see where we go.**

CNN

**RLK: But the people in China whom I talk with say they recognize that this time is different. And what they're going to do is they're going to focus on the changes that they believe are good for China. You actually saw that in some of the announcements today. We're going to do the kinds of things that help our domestic economy as well. That sounds like it's a play for their own domestic audiences — to show they're not conceding — but in fact it is really the case.**

CNN

**Quest: The U.S. president talked about selling large amounts of agriculture to the Chinese, and tariffs on automobiles down from 40% maybe to 0%. This is mercantilist stuff. This isn't "trade deal."**

**RLK: Totally agree with that. And those are superficial things, they make headlines, they're easy to understand, but they're not the substance of what's happening here.**

CNN

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| **Quest: Do you believe that there's a shift in perspective in this, this dinner shifted things?**<br><br>**RLK: I believe there has been a shift; I wouldn't tell you the dinner did it, but over time, there is recognition that this time is different.**<br><br>**Quest: Thank you, sir. Next time, when it's different, you'll come back and tell us.**<br><br>**RLK: Absolutely.**<br><br>**Quest: Okay, good. Good to see you; thank you.** | |

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/14/2016 3:34:18 PM
**To:** Thomas Jr., Landon[redacted]
**Subject:** Re: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....

thx

On Mon, Nov 14, 2016 at 10:32 AM, Thomas Jr., Landon <[redacted]> wrote:

The latest thinking from London hedge fund crowd

---------- Forwarded message ----------
From: **Ozan Tarman** <[redacted]>
Date: Mon, Nov 14, 2016 at 9:40 AM
Subject: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....
To:

Classification: Public

EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because Hillary bets worked as Trump trades.

Wider, steeper core rates, stronger USD, weaker EM is the Rage. The last one, EM, is the big loser out of Trump Reflation Theme. DM over EM and divergence within DM are very much in vogue. All gains of EMBI since March are gone!

For Rates & FX, it does feel like early days of Taper Tantrum trade of 3 years ago. Both dominated by US price action. In both, hedge funds have now caught the moves, play offense & ride the Trump narrative. Real Money is on the ropes, caught long Fixed Income/duration/carry and cannot play defense fearing Outflows.

In Emerging Markets, most outflows are retail, ETF driven. All eyes on next leg of institutions. In equities, banks big winners; FANGs losing. I asked partners 2 questions. 1) Would the "this will be great for business, feel good factor" wave out-run "if real yields go up, equities are a sell" fear. Clients are torn, but the former, bullish camp wins for now, my colleagues suggest. There are skeptics though.

2) In Europe, do fears over Renzi losing & Le Pen winning climb over the big momentum behind banks etc. Again, my equity team suggests, "no, reflation wave may win over Italy referendum anxiety,, for now." Renzi is now widely expected to lose, so a "yes" would be the big surprise trade. And the bigger elephant in the room is Le Pen. If she wins in May, Europe as we know it may really shake.. But for now this is more in the radars of Euro & EBG traders.

Core rates are driven by the speed of TY sell-off. And in G5 FX, the big driver is USD/JPY. The stronger "we should believe in Trump reflation narrative" winds are, the more USD/JPY buyers we see.

Some in Research warn that Trump may succeed in "tax cuts, faster than any infrastructure spending," but few macro are in mood to listen. A few players believe, looking at trade weights of each with US and magnitude of

sell-off, Asia FX may have more weakness to come than MXN. Will copper/infrastructure rally eventually help Chile?

Most macro love NKY, willing to love it more. Bringing it home; fast macro money players are rushing to erase losses, year long pains through wider rates, longer USD, weaker EM, stronger equities.

Real Money is in defensive, remembering Taper Tantrum days, fearing institutional outflows & forced selling of carry hope positions.

Those who want to "fade" Trump rally, seek valuation in EM, believe core rates can tighten to get a breather are in Minority.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

[redacted]

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Forthcoming (August 2011) *Future Science* edited by Max Brockman, Vintage Press, New York.

# Is Shame Necessary?

*Jennifer Jacquet*

***Jennifer Jacquet** graduated with a master's degree in environmental economics from Cornell University in 2004 and earned a PhD in 2009 from the University of British Columbia, where she now holds a postdoctoral fellowship. As part of the Sea Around Us Project, a joint collaboration between the university and the Pew Charitable Trusts, she researches market-based conservation initiatives related to seafood and other natural resources. With colleagues from the Max Planck Institute for Evolutionary Biology and UBC's Mathematics Department, she is currently conducting a series of games and experiments to study the effects of honor and shame on cooperation.*

Financial executives received almost $20 billion in bonuses in 2008 amid a serious financial crisis and a $245 billion government bailout. In 2008, more than 3 million American homes went into foreclosure because of mortgage blunders those same executives helped facilitate. Citigroup proposed to buy a $50-million corporate jet in early 2009, shortly after receiving $45-billion in taxpayer funds. Days later, President Obama took note in an Oval Office interview. About the jet, he said, "They should know better." And the bonuses, he said, were "shameful."

What is shame's purpose? Is shame still necessary? These are questions I'm asking myself. After all, it is not just bankers we have to worry about. Most social dilemmas exhibit a similar tension between individual and group interest. Energy, food, and water shortages, climate disruption, declining fisheries, increasing antibiotic resistance, the threat of nuclear warfare—all can be characterized as tragedies of the commons, in which the choices of individuals conflict with the greater good.

Balancing group- and self-interest has never been easy, yet human societies display a high level of cooperation. To attain that level, specialized traits had to evolve, including such emotions as shame.[1] Shame is what is supposed to occur after an individual fails to cooperate

[1] R. Boyd & P. J. Richerson, "Culture and the evolution of human cooperation," *Proc. Roy. Soc. Lond. B* 364: 3281-88 (2009).



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with the group. Shame regulates social behavior and serves as a forewarning of punishment: Conform or suffer the consequences. The earliest feelings of shame were likely over issues of waste management, greediness, and incompetence. While guilt is evoked by an individual's standards, shame is the result of group standards. Therefore, shame, unlike guilt, is felt only in the context of other people.

The first hominids could keep track of cooperation and defection only by firsthand observation. Many animals use visual observations to decide whether to work with others. Reef fish in the Red Sea, for instance, watch wrasses clean other reef fish, to determine whether or not they're cooperative, as biologist Redouan Bshary discovered. Bshary went scuba diving off Egypt's coast to observe this symbiotic relationship. Bluestreak cleaner wrasses (*Labroides dimidiatus)* eat parasites, along with dead or infected tissue, off reef fishes in more than 2,000 interactions a day, each of which can be considered an act of cooperation. Wrasses are tempted to eat more than just the parasites, but if the reef fish loses too much flesh in the deal, it will refuse to continue working with the wrasse. Reef fish approach wrasses that they see cooperating with their current clients and avoid the wrasses they see biting off more than they should chew.[2]

Like the Bluestreak cleaner wrasses, humans are also more cooperative when they sense they are being watched. Researchers at the University of Newcastle upon Tyne examined the effect of a pair of eyes on payments for tea and coffee to an honesty box. Alternating images of flowers and human faces were posted above the box in the university coffee room each week for ten weeks; researchers found that people paid nearly three times as much for their drinks in

[2] R. Bshary, "Biting cleaner fish use altruism to deceive image-scoring client reef fish," *Proc. Roy. Soc. Lond. B* 269: 2087-93 (2002).



HOUSE_OVERSIGHT_023721

weeks during which they were exposed to the human gaze.[3]

The feeling of being watched enhances cooperation and so does the ability to watch others. To try to know what others are doing is a fundamental part of being human. So is fitting in. The more collectivist the human society, the more important it is to conform and the more prominent the role of shame.[4] Shame serves as a warning to adhere to group standards or be prepared for peer punishment. Many individualistic societies, however, have migrated away from peer punishment toward a third-party penal system, such as a hired police force, formal contracts, or trial by jury. Shame has become less relevant in societies where taking the law into one's own hands is viewed as a breach of civility.

Perhaps this is why it makes us uncomfortable to contemplate shaming people: Shame invites the public in on the punishment. Consider the scaffolds, scab lists during union strikes, or Nathaniel Hawthorne's *The Scarlet Letter*. Or the proposal made by prominent conservative William F. Buckley Jr. in 1986 to tattoo people with AIDS. These instances of shaming now seem an affront to individual liberty. Getting rid of shaming seems like a pretty good thing, especially in regulating individual behavior that does not harm others. In eschewing public shaming, society has begun to rely more heavily on individual feelings of guilt to enhance cooperation.

Guilt prevails in many social dilemmas, including one area of my own research: overfishing. At the root of the problem of overfishing is the human appetite. Wild fish catches are declining, and many of us seek to avoid the guilt brought on by eating unsustainable seafood.

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[3] M. Bateson, D. Nettle, & G. Roberts, "Cues of being watched enhance cooperation in a real-world setting," *Biol. Lett.* 2:3, 412-14 (2006).
[4] D. M. T. Fessler, "Shame in two cultures: Implications for evolutionary approaches," *Jour. Cogn. & Culture* 4, 2 (2004).



HOUSE_OVERSIGHT_023722

Here are just a few recent headlines from major newspapers: "HOLY MACKEREL AND OTHER GUILT-FREE FISH" (*New York Times*), "GUILT-FREE SUSHI" (*Christian Science Monitor*), "COD AND CHIPS? MAKE IT POLLOCK IN GUILT-FREE GUIDE TO SEAFOOD" (*The Times* of London), and "A GOOD APPETITE; SEAFOOD, EASY AND GUILT-FREE" (*New York Times*).

It is perhaps unsurprising that a set of tools has emerged to assuage this guilt and, in the case of seafood, reform the appetite.[5] These tools aim to divert demand from one type of seafood toward another. Wallet cards, iPhone apps, and eco-labels tell consumers which fish ought to be and ought not to be eaten. Shoppers in Europe have been given rulers, so that they can measure fish and avoid buying juveniles.

Guilt abounds in many situations where conservation is an issue, not just in the response to overfishing. Harried by guilt, one mother reuses her daughter's bathwater for her own bath. Los Angeles shoppers refuse to buy blueberries imported from Chile, because of the fuel consumed in shipping them. Another woman feels guilty about the natural habitat lost to cocoa cultivation and refuses to buy chocolate, prompting her husband to say that she took the joy out of his Almond Joy.[6] Just as the devout purchased guilt-alleviating papal indulgences in the Middle Ages, guilt-ridden consumers today buy carbon offsets, LED light bulbs, and hybrid cars and can be guided to something approaching sanctimony by books like *The Virtuous Consumer, The Rough Guide to Shopping with a Conscience,* and *The Eco Chick Guide to Life: How to Be Fabulously Green*.

The problem is that environmental guilt, while it may well lead to conspicuous ecomarkets, does not seem to elicit conspicuous results. One supermarket chain introduced signs at the fish counter to show the most and least sustainable seafood: Sales of the green-tagged

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[5] J. Jacquet, et al., "Conserving wild fish in a sea of market based efforts," *Oryx* 44:1, 45-56 (2010).
[6] C. Crawford, "Green with Worry," *San Francisco Magazine,* February 2008.



HOUSE_OVERSIGHT_023723

"best choice" fish increased an average of 29 percent per week, sales of yellow-tagged "proceed with caution" seafood declined an average of 27 percent per week, but the sales of the red-tagged "worst choice" seafood—i.e., the heavily overfished species—remained the same.[7] Between 1980 and 2008, sales of pesticides increased 36 percent in the state of California, the birthing ground of the organic food eco-label.[8] Despite sporadic instances of such measures as car-pooling and use of cloth grocery bags in lieu of plastic-or-paper, the demand for oil in the U.S. has grown 30 percent overall and 5 percent per capita since 1990.[9] The positive effect of idealistic consumers does exist, but it is masked by the growing demand and numbers of other consumers.

Guilt is a valuable emotion, but it is felt by individuals and therefore motivates only individuals. Another drawback is that guilt is triggered by an existing value within an individual. If the value does not exist, there is no guilt and hence no action (e.g., sales for red "worst choice" seafood remained the same). What if the aim were to promote a value felt by the group but not necessarily by every individual in the group? Many problems, like most concerning the environment, are group problems. Perhaps to solve these problems we need a group emotion. Maybe we need shame.

Shaming, as noted, is unwelcome in regulating personal conduct that does not harm others. But what about shaming conduct that does harm others? The U.S. National Sex Offender Registry provides an online database with the names, photographs, and addresses of sex offenders in every state. In March 2010, Nebraska lawmakers approved a bill that allows the

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[7] E. Hallstein & S. B. Villas-Boas, "Are consumers color blind? An empirical investigation of a traffic light advisory for sustainable seafood," http://www.escholarship.org/uc/item/29v6w5sp#page-11 (2009)
[8] Based on data available from the California Department of Pesticide Regulation.
[9] This is calculated from DOE statistics. U.S. oil consumption in 1990 was 17 million barrels per day and 22.2 million barrels per day in 2010.



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state to publish online the names and addresses of people owing more than $20,000 in taxes. Judges in various states issue shaming punishments, such as sentencing pickpockets and robbers to carry picket signs that announce their crimes to the public. These instances of shaming might deter bad behavior, but critics like Martha Nussbaum, a political philosopher at the University of Chicago, argue that shaming by the state conflicts with the law's obligation to protect citizens from insults to their dignity.[10]

What if government is not involved in the shaming? A neighborhood in Leicester, England, has a YouTube channel dedicated to neighborhood issues, including catching "litter louts." A collection of videos shows individuals caught in various acts of littering, and if someone recognizes the litter lout, he or she can e-mail the lout's identity to the neighborhood management board, which they pass on to City Council so that fines can be issued and the video removed. In 2008, the *Santa Fe Reporter* published the names and addresses of the top ten water-using households in the city (first place went to a homeowner who used twenty-one times the household average). The tennis club near my apartment in Vancouver, B.C. publishes the names of people who do not pay their dues. In each of these cases, the activity of the individual compromises the community. In none of them is the state involved in the shaming. Is this a fair use of shaming? Is it effective?

Let's deal with the latter question. Shaming might work to change behavior in these cases, but in a world of urgent, large-scale problems, changing individual behavior is insignificant. Small changes, adopted by one individual at a time, can make a difference in a problem only when the problem is small or there is lots of time to solve it (for instance, in

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[10] M. Nussbaum, *Hiding from Humanity: Disgust, Shame, and the Law* (Princeton. NJ: Princeton University Press, 2004).



HOUSE_OVERSIGHT_023725

marginalizing politically incorrect words). Many of today's social movements, like the industries they seek to revolutionize, must make big changes quickly—which is best accomplished by directing efforts upward toward institutions. I call this vertical agitation. The *Santa Fe Reporte*r listed the top ten commercial water users, in addition to the top ten households. The first of these offenders, the city of Santa Fe, used 195 times more water than the number-one household offender. Imagine the relative difference in getting the city to commit to water-saving techniques as compared to reforming a single household.

Guilt cannot work at the institutional level, since it is evoked by individual scruples, which vary widely. But shame is not evoked by scruples alone; since it's a public sentiment, it also affects reputation, which is important to an institution. At the 2004 meeting of the World Economic Forum in Davos, Switzerland, leading CEOs issued a press release about how corporate brand reputation outranked financial performance as the most important measure of success. For an example of how shame and reputation interact, consider restaurant hygiene cards, introduced in 1998 by Los Angeles County as a shaming technique in the interests of public health. Restaurants were required to display grade cards that corresponded to their most recent government hygiene inspection. The large grade in the window—A, B, or C—honors restaurants that value cleanliness most and shames those that value it least. The grade cards have apparently led to increased customer sensitivity to restaurant hygiene, a 20-percent decrease in county-wide hospitalizations for food-borne illnesses, and better hygiene scores for county restaurants.[11]

Recall that in our early evolution we could gauge cooperation only first-hand. As group size got bigger, and ancient humans grappled with issues of necessary cooperation, the human brain became better able to keep track of all the rules and all the people. The need to

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[11] Zhe, G. and P. Leslie. 2005. The case in support of restaurant hygiene grade cards. Choices 20(2): 97-102. http://www.stanford.edu/~pleslie/Jin%20and%20Leslie%20Choices%202005.pdf



HOUSE_OVERSIGHT_023726

accommodate the increasing number of social connections and monitor one another could be, according to the social grooming hypothesis put forward by British anthropologist Robin Dunbar, why we learned to speak.[12] Then, 5,000 years ago, another tool: writing. Language, both oral and written, allowed for gossip, a vector for social information. Research carried out by Ralf Sommerfeld of the Max-Planck Institute for Evolutionary Biology and his colleagues demonstrated that in cooperation games that allowed players to gossip about one another's performance, positive gossip resulted in higher cooperation. Of even greater interest, gossip affected the players' perceptions of others even when they had access to firsthand information.[13]

Human society today is so big that its dimensions have outgrown our brains. We have an increasing number of people and norms. What tool could help us gossip in a group this size? Nowadays we keep track of and distribute unprecedented amounts of information via our computers: for example, citizens, journalists, and interest groups can access the U.S. Environmental Protection Agency's Toxics Release Inventory database online to identify and shame polluters. Between the database's inception in 1988 and 1995, releases of 330 toxic chemicals on the list have declined by 45 percent.[14] After the retailer Trader Joe's was unresponsive to requests by the nonprofit group Greenpeace to stop selling unsustainable seafood, Greenpeace coordinated singing fish telephone calls or demonstrations at every Trader Joe's across the nation using the Internet. The Trader Joe's CEO decided to comply with Greenpeace demands by dropping several overfished species and agreeing to source all seafood from sustainable sources by the end of 2012.

We can use computers to simulate some of the intimacy of tribal life, but we need

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[12] See esp. his Grooming, Gossip and the Evolution of Language (Cambridge, MA: Harvard University Press, 1997).
[13] R. H. Sommerfeld, et al., "Gossip as an alternative for direct observation in games of indirect reciprocity," *Proc. Nat. Acad. Sci.* 104:44, 17435-40 (2007).
[14] Fung, A. & D. O'Rourke. 2000. Reinventing environmental regulation from the grassroots up: Explaining and expanding the success of the Toxics Release Inventory. Environmental Management 25(2):115-127.



HOUSE_OVERSIGHT_023727

humans to evoke the shame that leads to cooperation. In addition, the emergence of new tools—language, writing, the Internet—cannot completely replace the eyes. Face to face interactions, such as those outside of Trader Joe's stores, are still the most impressive form of dissent.

So what is stopping shame from catalyzing social change? I see three main drawbacks:

(1.) *Today's world is rife with ephemeral, or "one-off," interactions.* When you know you are unlikely to run into the same situation again, there is less incentive to change your behavior. Research shows, however, that if people know they will interact again, cooperation improves.[15] Shame works better if the potential for future interaction is high. In a world of one-off interactions, we can try to compensate for anonymity with an image score, such as the hygiene grade cards or EBay's seller ratings, which sends a signal to the group about an individual or an institution's degree of cooperation.

(2.) *Today's world allows for amorphous identities*. Recall the reef fish that observe Bluestreak cleaner wrasses in the Red Sea. The wrasses seem to know they are being watched, and certain wrasses will build their reputation on the small reef fish, allowing the big reef fish to observe their cooperative behavior with the small fry. Then, when the big fish comes in for its own cleaning, these wrasses eat some of the big reef fish's flesh along with its parasites, fattening themselves on their defection. To add to the confusion on the reef, False cleanerfish (*Aspidontus taeniatus*) make their living by looking very similar to the Bluestreak cleaner wrasses. They are able to approach reef fish under the guise of cooperation and then bite off pieces of fish flesh and swim off.

Many of our interactions these days are similar to the fish cleanings in the Red Sea. It's

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[15] M. Milinski, D. Semmann, & H. Krambeck, "Reputation helps solve the 'tragedy of the commons,' " *Nature* 415, 424-26 (2002).



HOUSE_OVERSIGHT_023728

hard to keep track of who cooperates and who doesn't, especially if it's institutions you're monitoring. Enron, which in 2001 filed one of the largest bankruptcies in U.S. history, hid billions of dollars in debt in hundreds of shell firms, which bought poorly performing Enron stocks so that Enron could create a fraudulent company profile and mislead its auditors. Lehman Brothers, in the years before its 2008 collapse, used a smaller firm called Hudson Castle (of which it owned 25 percent) to shift risky investments off its books so that Hudson Castle, not Lehman Brothers, could absorb "headline risk." Which leads us to shaming's third weakness.

(3.) *Shaming's biggest drawback is its insufficiency.* Some people have no shame. In the research my colleagues and I have conducted on first-year students, involving games that require cooperation, we have found that shame does not encourage cooperation among those players who are least cooperative. This suggests that a certain fraction of a given population will always behave shamelessly, like the False cleanerfish, if the payoff is high enough. The banks may have gone bankrupt, but the bankers got their bonuses. There was even speculation that publishing individual banker bonuses would lead to banker jealousy, not shame.

My colleagues and I conclude that ultimately shame is not enough to catalyze major social change. Slavery did not end because abolitionists shamed slave owners into freeing their slaves. Child labor did not stop because factories were shamed into forbidding children to work. Destruction of the ozone layer did not slow because industries were ashamed to manufacture products that contained chlorofluorocarbons. This is why punishment remains imperative. Even if shaming were enough to bring the behavior of most people into line, governments need a system of punishment to protect the group from the least cooperative players.

Finally, consider who belongs to the group. Today we are faced with the additional challenge of balancing human interests and the interests of nonhuman life. How can we



HOUSE_OVERSIGHT_023729

encourage cooperation between all living things when the nonhumans have no voice? Successful species will likely be those that recognize, implicitly or explicitly, life's interdependency. If humans are to succeed as a species, our collective shame over destroying other life-forms should grow in proportion to our understanding of their various ecological roles. Maybe the same attention to one another that promoted our own evolutionary success will keep us from failing the other species in life's fabric and, in the end, ourselves.



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# Teaching Minds

## How Cognitive Science Can Save Our Schools

HOUSE_OVERSIGHT_023731

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## How Cognitive Science Can Save Our Schools

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HOUSE_OVERSIGHT_023734

For Milo (who can now read this) and for Max, Mira, and Jonah

HOUSE_OVERSIGHT_023735

# Contents

Preface

1. Cognitive Process-Based Education

2. Teaching Kids to Walk and Talk

3. What Can't You Teach?

4. Twelve Cognitive Processes That Underlie Learning

5. Real-Life Learning Projects Considered

6. A Socratic Dialogue

7. Knowledge-Based Education vs. Process-Based Education

8. New Curricula for a New Way of Teaching

9. How to Teach the Twelve Cognitive Processes That Underlie Learning

10. Defining Intelligence

11. Restructuring the University



HOUSE_OVERSIGHT_023737

12. How Not to Teach

13. How the Best Universities Inadvertently Ruin Our Schools

14. What Can We Do About It?

Notes

About the Author

# Preface

My father always told me that I would be a teacher. He didn't mean it in a nice way. My father talked in riddles. As the only child in the house, I had plenty of time and opportunity to figure out what he was really saying. This was it: I am afraid that like me, the best you will be able to do in life is to be a civil service worker. He was also saying: If he had realized he was going to be a civil service worker, at least he could have been a teacher, which he might have enjoyed. He wasn't really talking about me at all.

I never had any intention of being a teacher. I didn't particularly like school and later, when I became a professor, the part of the job I disliked the most was the teaching. One might wonder how I wound up being a professor if I disliked teaching, and one might wonder why I am writing a book about teaching if I dislike teaching. One also might wonder whether I still dislike teaching. Yes. And no. It depends on what one means by teaching, which is, after all, what this book is about.

The other day my 3-year-old grandson Milo told me he was going to teach me how to throw rocks. It seemed an odd idea. What could he mean by this? To Milo, "teach" means to tell someone what to do and how to do it and then have the person do it too. Teach is part of tell plus imitate for Milo. Milo is 3. It is not too surprising that this is what teach means to him. It is a little surprising that he thinks he should be his grandfather's teacher, but that is another issue. But it is really no shock that Milo thinks this is what teach means. It is what nearly everyone thinks teach means. The commonly accepted usage of teach is tell and then have the person who was told, do what he was told. This certainly is not what teach ought to mean, or more important, is not what good teaching is. And, every good teacher knows this. The problem is that the system that employs teachers doesn't know it and more or less insists that Milo's definition be the one that is followed.

Actually, I am being too generous here. Milo's view, namely, that after he tells me, I will do what he has said, is a better definition of



HOUSE_OVERSIGHT_023739

teaching than the one actually employed commonly today. Milo at least thinks that the end result will be the student doing something that the teacher did. In school, teach usually means helping the student to know something that the teacher told him. Milo doesn't know about that definition of teaching yet since he hasn't been to school, but, unfortunately, he soon will.

I have been thinking about teaching for more than 50 years. First I thought about it when my father said that was what I was going to be. Then I thought about it as I watched my teachers teach me and, no less important, watched my father teach me.

My father eventually retired from his civil service job and became a junior high school teacher in Harlem. He loved his new job and, I have to assume, became a good teacher. I say it that way because he was certainly not a good teacher for me, at least not when he thought he was trying to teach me. I remember him trying to teach me algebra and it making no sense to me whatever. I remember him teaching me sports and I mostly think of him as being totally frustrated with my inability to perform as well as he had hoped. (Being a jock was a big thing to my father.)

I did fine in algebra without his help and, in fact, became a math major in college. But, as I look back at it, my father was my first and best teacher. Why do I say this after all the bad things I have just said? Because my father was at his best when he wasn't teaching but was just saying what was on his mind and arguing. He often talked about history because he liked history. And when he talked about history and I asked questions, he became a good Socratic teacher. He forced me to think and question in our discussions. The conversations were often very heated but also were a highlight of my intellectual life at that time. My father didn't teach me anything except how to think. That's better than algebra, actually. For this I am grateful.

So, I thought about teaching then and I thought about it again when I went to college. As part of my father's conversations with me about life, he talked a great deal about his own experiences. His mother sent him to New York City to live with his aunt in Brooklyn and to go to college. He was 15 and had, until that time, spent his entire life on a farm/hotel run by his parents in upstate New York. He was unprepared for the city, had no money, missed his family, and had no idea why he wanted to go to college at all. Did I mention that he was 15? He had graduated first in his class (a class of 16, I

HOUSE_OVERSIGHT_023740

think) and had skipped a few grades on the way. Suddenly he found himself at New York University, which in those days was located in the Bronx.

This is what he remembered most about college in 1923: Apart from the poverty stories, the "how hard he had to work to support himself" stories, the stories about watching the Yankees from the elevated train and wishing he could go to a game, he remembered that teachers lectured, that you had to memorize what they told you and then tell it back to them on a test. He thought college was stupid, but he assured me (in 1960) that college surely had changed by now and that teachers wouldn't still be doing this. Oh yeah? In 1962, when I entered college, they were doing exactly that. And, in 2000, when I retired from 32 years of professoring, not that much had changed.

So I was thinking about teaching before I got to college and I was thinking about it while I was a professor and I am thinking about it now that I have, for the most part, finished teaching. To make sure I have been thinking about it correctly, I asked former Ph.D. students of mine, (now tenured professors mostly and some industry executives) what they had learned from me while they were spending 4–7 years studying with me. I thought their answers might help me think about teaching in a new way. I sent an e-mail to maybe 20 former students whose e-mail addresses I happened to have, and most responded. Here are some excerpts.

> 1. I remember quite specifically a homework presentation I made in your class. When I presented it in class, I was a junior in college, and all the other students in that class were grad students. When I was done you smiled at everyone (a rare event) and said, "Anyone care to follow that act?" Your clearly heartfelt endorsement of my little research product was a key moment in my coming to trust my own ideas. I just submitted a $16.7 million proposal to NIH that would create the first all-computational genome center. The kind of chutzpah embodied in that proposal is one consequence of my experience with you.
>
> 2. The way you assigned me to a project—you sent me to each existing project for 2 weeks until I hit on a project with a good fit (I was enthusiastic and coherent talking about it). I used this technique when I was assigning people at Accenture.

HOUSE_OVERSIGHT_023741

3. You taught me to teach by telling students stories that are meaningful to you. I think to be a real teacher you have to let yourself be vulnerable. So the students can see that you are a human with feelings and fears and goals. And then being able to say to the students: This is the way I do it; it fits who I am; it helps me be successful; and don't let anyone tell you that you can't do something.

4. You taught me that not everyone will like you no matter what you do and no matter how hard you try. I came back from a Deloitte course evaluation, and the deans just hated me. Instead of being upset with me, you assured me that you have to just say what you believe, and some people won't like you, and oh well.

5. You taught me to start by collecting data. I recall watching most of your papers start by collection of data. I recall watching your criticisms of work that was just abstraction on abstraction, with no data at its roots.

6. You once told me to imagine that my mother was my audience—if I could explain it to my mother, I could explain it to anyone. Incredibly, this seems to work for every audience out there. So I've passed that tip along to my students and it seems to work for them too.

7. I remember that you used to tell us we need to be excited to get up and go to work in the morning, that that was the most important thing. For some people, it's because of the people you will be with. For some, it is because of the passion about whatever it is. But, in general, I still give people that advice (and it is advice I've also been giving my own kids). You have to love what you are doing.

This is just a sample but it reflects what these former students, now all in their 40s and 50s, remember about what I taught them. Hadn't they learned any facts from me? Didn't I teach them some real stuff? Some said in passing that they had learned the actual content of the subjects I taught as well, but that that wasn't as important to them as the things they chose to write about. Why not?

HOUSE_OVERSIGHT_023742

There are two important answers to this question and those answers are what this book is really about. My father offered these same answers to me, not explicitly by any means, when I thought about the good and bad of having him as my teacher. When he tried to teach me facts, I learned nothing much. When he engaged my mind, I learned a lot. As a professor I never forgot this lesson. I rarely tried to teach facts, upsetting many a student along the way. I just argued with them, or encouraged them. I never told them much, except maybe some good stories.

So here are the answers:

The first is:

Teaching isn't what outsiders to the profession think it is.

The profession I am referring to here is, of course, the teaching profession.

The second is:

Learning isn't what outsiders to the profession think it is.

In this case, the profession I am referring to is not teaching at all.

Let's start with teaching.

A professor friend of mine once asked her class what they thought a professor's biggest fear was while teaching a class. They all agreed it was not knowing the answer to a question a student might ask. When she told this story to a group of professors, they all laughed out loud.

Why am I telling this story? Because a student's view of teaching varies greatly from a teacher's view. No teacher worries about not knowing the right answer to something a student will ask. You can always fake it (say—*What do you think?* or, *Class, can you help here?*) if you think it is important, but answers don't matter very much. Teachers are not supposed to be encyclopedias. They are supposed to be something else. The question is: *What?*

My students' responses above give a hint. Teachers are supposed to be people who help students find their interests in life, think about

HOUSE_OVERSIGHT_023743

how to make decisions, understand how to approach a problem, or otherwise live sensibly. Teachers are never shocked to be asked to provide personal or professional advice to a student having a problem—any problem. If one takes one's job seriously, teaching means being available to help. But this important advisory job is confused by lesson plans, and class hours, and lectures, none of which matter very much.

Why do I say that these things don't matter very much? This is the essence of what this book is about—the move from content-based instruction to cognitive-based learning, assisted by good teaching. This means we will have to define this "new" kind of learning (it's not really new, of course, just new to schools) and the "new" kind of teaching that is a natural consequence of using this new learning method.

Most teachers understand and appreciate that delivering the required material is not their real job, at least it is not the reason they signed on in the first place. The employers of teachers, on the other hand—administrators, governments, department heads, and so on—expect certain material to be covered. Exciting students is not on their worry list. This is a big problem for teachers and for students, and one that we will address here.

But my more serious concern is our conception of learning, not teaching. Teaching follows one's conception of learning so getting learning right is of prime importance. When I said earlier that outsiders to the learning profession wouldn't get the real point, I was being ironic. There is no learning profession. Why not?

In 1989, I moved from Yale to Northwestern to establish a new institute, funded by Andersen Consulting, devoted to issues of changing training and education by the use of new technologies. I needed a name for the institute and came up with The Institute for the Learning Sciences. I made up the term *learning sciences*. There was no such field in academia. Most people thought I meant we were planning to work on how people learned science. The only academic fields that "studied" learning were psychology and education. Psychology, being an experimental field, allows faculty to work only on experiments about learning that provide data in a controlled environment. Education faculty study how schools work and very rarely think about learning outside of the school context or in a way different from the paradigm already extant in schools. I wanted to create a learning profession. In 1989, there certainly didn't seem to be one.

HOUSE_OVERSIGHT_023744

Today this is less true. Cognitive science, a field I also had a big part in creating, has become more important in the academic world. Training, and e-learning, the first new field to come about as a result of our work at my new institute (for better or for worse, I am not too fond of most e-learning work) have become more important to think about within the academic context, in part because online courses are seen as potential revenue producers.

So, while there is still no learning profession per se, there is much interest in what learning is about. This book is meant to address the issue of what learning really is, in or out of school, and to answer the question: How does learning really work? The questions that follow from the answer to that question are:

- What kinds of learning situations occur naturally?
- How can we focus education (and training and e-learning) on those types of situations in a new paradigm?
- What would teaching look like in this new paradigm?
- If what we know about how learning works is antithetical to how school works, then what can we do?

Answering these questions is one goal of this book.

Another goal of this book is to think seriously about what it means to teach. Typically, we look at teaching in precisely the way that our system forces us to look at it. There are subjects and there are experts, and experts talk about their subjects to students who listen to what they have to say. This idea is not only archaic—it is wrong. In the history of humankind, teaching could never have looked this way.

Until recently, teaching always meant apprenticeship. We are set up to be apprentices, to learn by doing with help from a mentor. We have done this since the beginning of time. When learning became academic in nature, when students were expected to become scholars, all this changed—and it didn't change for the better. Teaching started to mean talking, and talking is a terrible way to teach. People aren't really that good at listening, after all. Small children don't listen to their parents. They may copy their parents. They can be corrected by their parents. They may be impeded from doing something by their parents. But listen? Not really. We listen in order to be entertained, not in order to learn.

HOUSE_OVERSIGHT_023745

This lack of understanding about what learning really is like, and what teaching must be like in order to be useful, has caused us to set up school in a way that really does not work very well. When students complain about school, when politicians say school isn't working, we understand that there is a problem. But we don't understand what the problem is. We think we can fix schools by making them more friendly, or safer, or paying teachers better, or having students have more say, or obsessing about test scores, but none of this is the case.

The problem with schools lies in our conception of the role of school. We see school as a place to study academics, to become a scholar, when in fact very few students actually want to become scholars or study academics.

As a society we have gotten caught up in a conception of school from the late 1800s that has failed to change in any significant way, despite the fact that universal education has made the system unstable. Universities dominate the discussion, and everyone listens to what academics have to say because they don't see the alternative or know whom else to listen to. But, if we understand how learning actually works, and how teaching actually should work, the alternative becomes much clearer.

It is establishing that clarity that is my goal in this book.

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CHAPTER 1

# Cognitive Process-Based Education

> Education is an admirable thing, but it is well to remember from time to time that nothing that is worth knowing can be taught.
>
> —Oscar Wilde

Learning begins with a goal. However, when we think about education and school, we often forget this. Someone, somewhere, decides that a student must learn about Napoleon, but fails to ask how such learning might conform to a goal that the student consciously holds. We don't forget this when we try to teach a child to walk or talk, because we know that the child does want to learn to do these things. When we teach a child to hit a baseball, we usually determine beforehand that the child wants to learn to do this. But, we forget this simple idea of goal-directed learning as soon as we design curricula for schools. Who cares if the child wants to learn long division? Make the child learn it. It is very important. Full speed ahead!

Somewhere along the way, many students get lost. They may get lost in high school, or in college, or in job training. But somewhere they learn to shut off their natural learning instincts, the ones that drive them to improve because they really want to accomplish something. Instead they try hard to do what they were told to do—they study, they pass tests, and eventually their love of learning is gone. The feedback that they previously have gotten from accomplishing a real goal, one that they truly had held, has been replaced by pleasing the teacher, or getting a good grade, or progress in their goal of getting into a "good college."

Designers (and teachers) of courses must contend with this truth: The students that you have may not want to learn what it is that you want to teach.

What to do?



HOUSE_OVERSIGHT_023747

First, we must establish whether students can learn whatever it is that you want to teach. I always wanted to teach my daughter to throw a ball properly. She threw a football astonishingly well at the age of 6. But, she never got it about how to throw a softball. I don't know why. She just couldn't learn to do it right. She can't do math either. Believe me, I tried.

Second, we must determine whether what you want to teach can be taught. Not everything can be taught. It is hard to learn to be a nice guy if you are inclined to be nasty. You can learn to be nicer, or at least to fake it, perhaps, but certain things are hard to learn after a certain age. You can teach a 2-year-old to be nice—a 22-year-old is another story.

Third, we must figure out what method of learning actually would teach what we want to teach. This is an important question that is made more important, in part, by the fact that the learning methods available in schools tend to be of a certain type. The things that schools desire to teach are of a type that conforms to the available methodologies for teaching. Content that lies outside the range of the currently available methodologies typically is not considered something worth teaching.

Fourth, we must decide whether a selected learning methodology actually will work, given the time constraints and abilities of the students, and other constraints that actually exist. This is, of course, the real problem in education. It is easy to say that students would learn better if they had real experiences to draw upon. This isn't that hard to figure out. What is hard is implementing this idea within the time constraints of the school day and the other demands of the school year.

Fifth, we must determine a way that will make what you want to teach fit more closely with real-life goals that your students actually may have. By real-life goals I mean things like walking and talking (and later driving). Why is it that teachers, or more accurately school systems and governments, want to teach things that are not in accord with a student's real interest? While we argue about how best to teach algebra, no one ever asks what to do if a student doesn't want to learn algebra. The question is so weird; the possibility that you could skip algebra because it doesn't interest you is so remote that we don't even think about this in any way. What is the real cause of this problem? Why can't we just let students learn what interests them? Are the people who run schools simply out of touch with how learning really works or how actual students behave when faced with something they

HOUSE_OVERSIGHT_023748

don't want to learn, or is something else more complex going on?

I will summarize these five issues as follows:

ABILITY
POSSIBILITY
METHODOLOGY
CONSTRAINTS
GOAL ALIGNMENT

School is subject-based and, further, those subjects are predefined and agreed upon by those in charge. Without giving a history of how this state of affairs came to be,[1] or why it is an issue, it is first necessary to note that it is the case. I say this because when we were students in school, we accepted the fact that school was the way it was, and we assumed that it was the way it was supposed to be. We may not think each subject we learn is valuable or interesting, and perhaps we long to learn different subjects, but never do we hear people suggest that there shouldn't be subjects in school at all. This is a very difficult idea to swallow. There have always been subjects. What else would there be? What would it mean to not have subjects?

Answering this question is the aim of this book. We need to understand what goes on in schools and what might be preferable. The issue really is not schooling at all. The real issue is how learning actually takes place in the human mind.

Ask a student how he is doing in school and he will tell you the subjects he likes. *I like English but I am bad at math,* he might say. This is such a normal sentiment among students that we never think about how weird a sentiment it really is. We don't ask: *How are you doing at life?* We could ask that of a teenager and she might say: *I am good at dating but bad at driving.*

But, actually, you would never hear teenagers say something like that. This is weird because, in general, dating and driving are much more important subjects in a teenager's world than English and math. But they don't talk about whether they are good at it or bad at it in the same way.

They continue to practice and get better at those things because they care about them. Saying, *I am bad at math,* means, in essence, *. . . and I don't care and have stopped trying because I don't see the point.* Saying, *I am good at English,* typically means, *I am getting a good grade in English.* This state of affairs defines the main problem in education:

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> There are subjects that are school subjects and there are subjects that are life subjects and teenagers can tell the difference. They work harder at the life subjects.

And, what is the difference between these two kinds of subjects? Goals. It is as simple as that.

Instead of simply saying what is wrong with schools and what teenagers are really like in school, I want to take a different tack.

Some teenagers wake up in the morning wanting to learn history or algebra but they are a very small minority of the school population. There is no minority, however, when it comes to dating or driving for teenagers. They all want to do these things. So the question I want to ask is:

> Are there other things that all teenagers want to do and are those things connected in some way with learning?

Or, to put this another way, if school had been designed around something other than subjects, what would it have been designed around? Driving and dating, which we know are winners in a teenager's world, could be seen as subjects, or they could be seen as instances of something else, and that something else might be something important to learn.

Students everywhere might want to learn whatever that is and they would work hard to learn it. If we can turn the question around in that way, maybe we can design better learning situations for everybody.

So, the question is:

> What are driving and dating instances of, with respect to learning?

Or, to address this from the cognitive science point of view:

> What is it that students are doing when they learn to drive and date that they might be getting better at while doing those things?

Can we view whatever it is they are getting better at as an example of the kinds of things we should want to teach and that students should want to learn? Answering these questions will allow us to

HOUSE_OVERSIGHT_023750

look at education in a new way. We need to think about how people actually learn, regardless of the subject, in order to address them.

Let's think about dating, then. I was never any good at it as a kid. I know how the non-cool guys feel. But, later on, much later on, I got very good at it. So, I must have learned something. What?

What was I bad at as a kid? Meeting girls, for one thing. Other kids could do it easily. I always needed to be fixed up.

Talking to girls, for another. I hardly knew any girls. I went to an all-boys high school. I was 16 when I went to college and the other freshmen were 18, so that didn't help either. In other words, I had no confidence.

But mostly, I had no idea what to say to a girl. What did they talk about?

And, one more thing. I really didn't get the point. I didn't know why one wanted to go out with girls anyway. I mean I eventually got the idea, at least I think I did.

Why am I saying it this way? I am trying to get an insight into the learning process and I am a fine example. I didn't know how to do it and then I did. I didn't get the point and then I did, sort of. So I must have learned something between the ages of 16 and 60. What?

Here are some things I learned:

- Human relationships are important, but they aren't easy to establish or maintain. They require work.
- The work involves, among other things, learning how to listen and respond to the needs of another human being. It involves subjugating one's own interests from time to time for the interests of another.
- Girls, and later women, feel good. Being with someone who loves you feels good. Learning to love feels good. More than feeling good, these things are critical for staying alive. This is not so obvious when you are surrounded by love from your family. But eventually you are alone, and alone is not so much fun.

As this is not a chapter on love, I will stop there. Suffice it to say that I learned how to meet girls, how to gain their interest, and how to form relationships with them. I also learned why I wanted to do that.

Now let's see what we have learned about learning from my little diversion into teenage angst.

We have learned that learning about how other people behave is very important.
We have learned that learning about one's own emotions and feelings is very important.
We have learned that building confidence is very important.
We have learned that learning to listen is very important.
We also have learned that learning how to express oneself is very important.

Now let's go back to discussing learning.

Why is it that teenagers are more interested in thinking about dating than they are in thinking about algebra? Why is it that they don't rate themselves on their success in dating in the same way as they do when they are discussing how they are doing in science?

What do teenagers know about learning that their school doesn't know?

This is it:

Teenagers know that the issues I have mentioned above will be important for them for the rest of their lives in a large variety of arenas, not just dating.

No matter what they do in life they will need to form relationships, assess their own abilities, gain confidence through practice, learn to listen, learn to love, try things out and see how well they work, and learn why they do what they do. To put this another way:

Dating is way more important than algebra and every teenager knows it.

Dating is much more important not because teenagers have raging hormones and they crave sex, as this phenomenon often is described. It is important because what they learn while dating serves them in many areas in life and relates strongly to who they will be and how well their lives will go.

Algebra relates to none of this and they know that too.

So, let me ask a simple question:

If we must have subjects in school, why wouldn't dating be rated as way more important than mathematics?

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The answer to this is simple enough. School was not designed to help kids live better lives. That was never the point. But shouldn't it be?[2]

From a cognitive growth point of view, school wasn't even designed to teach us things that relate to learning per se.

Scholars designed the subject matter of the current school system. You hear sportscasters describe football players as *scholar-athletes*. Really? Scholars? Why would that be what we are seeking to create? There are only so many jobs for scholars, and while scholarship is very nice, it ought not be the goal we seek in school in a system of universal education.

Yes, but dating? Is that the subject I am proposing? Really?

Let me explain the real issue here. Take a look at the items I mentioned above.

We have learned that learning about how other people behave is very important.
We have learned that learning about one's own emotions and feelings is very important.
We have learned that building confidence is very important.
We have learned that learning to listen is very important.
We also have learned that learning how to express oneself is very important.

Now, I will transform these slightly:

Students need to learn about how other people behave and why, and they need to learn how to interact with different kinds of people.
Students need to learn about their own emotions and feelings and how to deal with them.
Students need to learn how to rely on themselves and feel confident in their own abilities.
Students need to learn how to listen to others and really hear what they are saying.
Students need to learn how to express themselves effectively.

Now this list doesn't seem so crazy, does it? In fact, most parents will tell you that they try very hard to teach all these things to their children. So one argument might be that the school doesn't have to do it, since parents do it.

HOUSE_OVERSIGHT_023753

Another argument might be that if the schools worked on these issues, they would have students memorize the 12 principles for building self-confidence and learn to express themselves by analyzing classics in world literature.

Here is the key point:

> These issues, the ones that could be learned from dating, transcend all aspects of our lives.

And, more important, students know this. I started with the idea that learning begins with a goal. The points I listed above are goals that teenagers actually have. They would not have to be talked into those goals. Moreover those goals are, as all students know anyway, way more important than algebra. They aren't interested in becoming scholars.

Now let's consider the cognitive science behind this. Everything we do as human beings is goal-directed. We go for a walk for a reason, we shower for a reason, we get a job for a reason, we talk to people we meet for a reason. We pursue goals as soon as we are born. We try hard to learn to walk, talk, get along with our family, get our needs satisfied, and find out what we like and what we don't like. We do this from birth. If school related to the goals that children actually had, that they were working on at the very moment that they entered school, school would seem like a natural and helpful experience. Students wouldn't stress about satisfying their teachers any more than they stressed about satisfying their parents when they were learning to walk and talk. Yes, they want to please their parents, but that is not exactly the same thing.

People know what their goals are and they know when something they are being offered, a parasailing lesson or a pomegranate, for example, doesn't fit with their goals. They can be convinced to try out a new activity that they believe will not satisfy any of their goals, but for the most part it is difficult to convince them that weird things that were not on their goal list actually should be on the list. We say things to students like, "You will need this later." But this is usually a bold-faced lie. You don't need algebra later. Making up nonsense convinces nobody.

There is a more important issue here. Later on in this book I will detail the 12 kinds of learning that make up what it means to learn. If

HOUSE_OVERSIGHT_023754

you get good at learning these things, you get good at what life has to offer. The list above is a partial list of the group of learning processes that I detail in Chapter 4. It is really quite important. I have used dating as a simple way of explaining it because no one has to explain why that matters to a teenager. Teenagers know that they have to learn the processes that I discuss in Chapter 4. As things are now, these important issues are not considered significant enough to deal with seriously in school. World history is always considered more important. But why should that be the choice?

Earlier, I mentioned that students want to learn how to drive as well as how to date. This is a pretty universal goal that teenagers have so we should ask of it as well whether it is important and what it might be an instance of that is inherently significant in real life.

On the surface, driving seems a skill that is an important part of daily life. So, one is led to ask why driving isn't a school subject? The answer is that it is. Driver's education has been taught in schools for many years. Not every school offers it, but many do. So what is the problem? It is just a useful skill, not a scholarly subject, so surely I am not suggesting that it is more important than physics. That is, of course, exactly what I am suggesting.

In our test-driven society, when driver's ed is taught, it is taught with a clear goal and a clear notion of success. When a student has passed the tests and gotten her driver's license, everyone is satisfied.

Well, not everyone. I was once called in on a consulting assignment for a university hospital that was working on a study to prevent teenage car accidents. The study was funded by an insurance company that would have been happy to pay out less in damages and, presumably, also thought fewer dead kids would be a generally good thing. What is the problem?

Students may have their licenses but they don't know much about driving and responsibility. It wouldn't be a shock to anyone to know that kids drink and drive, text message and drive, and generally yell and scream and goof around while driving. They often die from this behavior. Could we teach them not to do that? The answer always seems to be to put up posters that say don't drink and drive and to make them watch scary movies about car accidents. The school system strikes again.

*If we tell them, then they will do it,* never seems to work, but we keep trying.

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I often have used the Department of Motor Vehicles (the DMV) as an example of the best there is in testing. They have two tests. Dumb multiple choice questions that make no sense and a real test that tests to see whether you can drive. Schools typically don't have the real test at all, one that tests to see whether you actually can do something, so the DMV at least is smarter than the school system.

But the real issue is something else entirely. Driving is an instance of a piece of very complex behavior that exemplifies one of the ways in which we learn. Perhaps more important, driving entails a great deal of other things, which could be learned and should be learned.

A simple example of this is car mechanics. Once upon a time schools taught kids to fix cars as well as to drive them. Perhaps they still do. But vocational subjects like that have been relegated to the back burner of education so that more testable subjects can be taught. Also, cars have gotten more difficult to fix. This is too bad, because if car mechanics were required instead of physics, students actually might learn science.

What do I mean by this?

When we hear an outcry about the nation's need to make children learn science, no one ever asks why. The standard answer, if this is ever asked, is that science is important in tomorrow's world or some such nonsense. Push harder and you might get some remarks along the lines that soon all the scientists will be Indian and Chinese, which may be the real fear of those who push science in the United States. To address this question properly, one has to ask what exactly is meant by "science."

Imagine that you are a student working on fixing a car in a car mechanics class. As I write this I am imagining a scene from the musical *Grease*, which was set in the 1950s when there actually were cars to work on in school. I never got to work on a car because I went to a science high school where such a thing would be looked down upon. So when I graduated from high school and drove to college and my car broke down, I hadn't the slightest idea what to do. I wish I could tell you that at least I understood the physics of the engine but I didn't. I just knew F = MA and other stuff that wasn't going to help me fix my engine.

Now let me ask you, how is fixing one's car engine like fixing one's air conditioning or plumbing? The answer to this question has

HOUSE_OVERSIGHT_023756

embodied within it what it means to do science. When science means learning facts about science, we are talking about useless information that is readily forgotten after the test. I have no idea why anyone learns to balance chemical equations or apply physics formulas or learns about biology classifications in high school. None of this is of any use to most adults. (It is easy to test, however.)

When the stuff that is being taught does not relate to the inherent goals of the students, it will be forgotten. You can count on it. Why this stuff is taught is simply that it derives from a conception of science prevalent in the 1890s that has not been modified since. It is defended by people as a way to produce more scientists, which makes no sense since it probably deters more students from entering science than it encourages.

Scientific reasoning, on the other hand, *is* worth teaching.

Why?

Because car mechanics, plumbers, doctors, and crime investigators, to name four random professions, all do scientific reasoning on a daily basis. As a society we anoint only doctors with the glory of doing actual scientific reasoning. The other professions get less glamorous interpretations. But they are all doing the same stuff. This is what they are doing:

> They are taking a look at evidence and trying to determine the probable causes of the conditions that they have found.

To do this one must know what causes what in the real world, which is science; what counts as evidence of known conditions, which is science; and previous cases that are similar and that any good scientist must know. So while we may not think of a plumber as doing scientific reasoning, that is exactly what he is doing.

Science is about creating hypotheses and gathering evidence to support or refute those hypotheses. Children are natural scientists. They often try stuff out—skipping rocks on the water or dropping stones from the roof or lighting things on fire—to see what happens. But there is more to science than trying stuff out. One must seek explanations and make sure those explanations are correct. Knowing what constitutes a correct explanation is really the essence of what scientific knowledge is about. But notice that there are correct explanations for

HOUSE_OVERSIGHT_023757

hypotheses in plumbing as well as in medicine and that these explanations exist for repairing a faulty engine and for understanding who committed a crime. It is all scientific reasoning.

The difference between plumbing and medicine is in the complexity of the science. Not a lot of invention goes on in plumbing and there aren't all that many explanations to choose from. The degree of difficulty in understanding what is going on and why is what separates those fields and makes one science and one not. But the basic thought processes are the same.

This is important to notice because all these areas of inquiry are what we might call diagnostic.

So, and this is the important part, the real issue from a cognitive science point of view is not in teaching science per se, but in teaching scientific activities, one of which is *diagnosis*. And, since diagnosis is a similar process no matter what you are diagnosing, it makes sense that all through school, diagnosis would be a subject, and not physics or literature. The things that children are asked to diagnose might start with things little kids like, like finding out what is wrong with their pets or their toys, and then move on to things bigger kids like, like cars and crime, and then move on to large issues, like why a business has failed or why our foreign policy doesn't work.

Diagnosis matters a great deal in our lives, yet it is not a subject in school. This is not surprising because the origins of the school subject areas, as I have said, are scholarly. But if we want to teach children to do things that matter and we want to retain their interest because they know intrinsically that these things do matter, then we must have them practice diagnosis all through their school lives, in a variety of venues that correlate with their interests. They don't all have to diagnose the same stuff. It is the diagnostic process itself that matters, not what is diagnosed.

I have been using the word *subject* for an idea like diagnosis but it is not a subject and should not be seen that way. I have been using the word only to contrast it to existing subjects in school. Diagnosis is a fundamental cognitive activity. Cavemen did diagnosis. They may not have done it well, but they did it well enough to continue the species. The diagnostic process is as old as people. Knowing why, being able to prove a hypothesis, is a fundamental cognitive process.

School needs to be organized around fundamental cognitive activities. It would be easy to demean what I have said here by saying

HOUSE_OVERSIGHT_023758

I want to teach kids to date and drive better. What kind of school is that?

But this trivializes the point. I do want to teach students to date and drive better. But these are just a few instantiations of general cognitive processes. Forming human relationships and figuring out what is going in the physical world are two of many very important cognitive abilities that manifest themselves in myriad ways in real life.

A properly designed school system needs to focus on cognitive abilities, not scholarly subjects. Kids will recognize instantly that these activities are the ones they know how to do and that they need to get better at. If we allow them to choose what areas of knowledge they would like to focus on while learning these skills, they would be attentive and interested students. No more ADHD. Poof!

A society that organized schools around cognitive abilities would become one where people were used to thinking about what they did and how and why they did it. They would not find school stressful or boring.

This wouldn't be a bad thing.

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CHAPTER 2

# Teaching Kids to Walk and Talk

> Failure is instructive. The person who really thinks learns quite as much from his failures as from his successes.
>
> —John Dewey

Teaching is a serious issue. Teachers matter. Or at least they should matter. But we have the sense that it is the job of the teacher to tell us stuff. Students expect it and teachers do it. Often, teachers get criticized if they do anything else. And, this is pretty much the beginning and the end of the problem with teaching. We force teachers to teach wrong.

I am beyond the age where I have little kids that I have to teach how to walk and talk. But when I did, I don't remember preparing any lesson plans. In a cognitive process-based model of education, all teaching looks like the teaching you do when you teach your children to walk and talk.

Lately I have been personally interested in being taught. This is because at the age of 55 I started to play softball in an old guys' softball league in Florida. I discovered I wasn't really very good. This was a bit surprising since I had played in the university softball leagues while I was a professor and had stopped playing only in my 40s. I wasn't a bad player then. There hadn't been that long a hiatus. And, I was playing against people a good deal older than myself since I am rather young as recent Florida transplants go. I used to be a good hitter and I wasn't now. The reason was easy enough to understand. In the university leagues they play fast pitch. A batter has a second or so to decide about swinging. It is all instinct. At least it was after having played for 40 some odd years.

But, in Florida, old guys play slow pitch. The pitcher throws the ball in a high looping arc and it is a strike if it lands on the plate. Quite a different experience from trying to hit a ball that is zinging by your head. Should be easier, no? Not for me. It took a bit of thinking to figure out why.



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I analyzed how I was swinging, when I was swinging, and what kinds of pitches I was swinging at, and I came to many different conclusions. I realized I needed to wait longer before I swung. I realized I had to stop swinging at inside pitches (the ones that almost hit you). I realized that I had to stop swinging at pitches that looked good but yet dropped in front of my feet. I realized I had to see the ball hit the "sweet spot" on the bat. I realized I needed to change my whole approach to hitting, in fact.

OK. I realized a lot. I had come to many conclusions. Now what? Just do it, right? Aha. Not so simple.

You can't just do what you know you should do. Why not? Because your subconscious isn't listening to what you have to say. This is why you don't tell a little kid how to walk and talk. Apart from the fact that he wouldn't understand you anyway, even if he could understand you, the part of his mind that would be doing the understanding is the conscious part. Cognitive process-based teaching teaches nonconscious processes a good deal of the time.

A child learns a lot more from falling down than he ever will learn from hearing Mom say, "Watch your step."

We are wired to learn from failure. Those who don't learn from failure typically die young. We are descended from people who learned not to eat certain poisonous plants, and not to travel in a way that would expose them to danger, and to stay near their mates, and to protect their offspring. Those who didn't do these things, those who didn't learn from their own failures and from the failures of others, didn't get to have surviving offspring. The human race exists precisely because it is capable of learning from failure, both individually and collectively.

Did you ever wonder why what you learned in school isn't still in your head, or why you can't remember what your wife wanted you to get from the store on your way home? Or, why the things you have decided to do to improve your business or make more money or be a better person actually don't ever get executed? The answer is simple: You can't learn by listening—not from teachers, not from your wife, not from helpful suggestions from wise people, and not even from yourself.

Why not? Because it is your subconscious that is in charge of executing daily activities—from swinging a bat, to driving home, to talking to people you want to make an impression on, to getting along with your wife. Your conscious mind can make decisions, but your

HOUSE_OVERSIGHT_023762

subconscious pretty well does what it is in the habit of doing. The subconscious is a habit-driven processor.

Bad habits, as they say, are hard to break. Actually, all habits, good or bad, are hard to break. A new swing is really hard to develop, as is a new way of selling, or a new way of treating people, or driving a new route home.

This is the real use of education: the creation of new habits. This can be done in only one way. The subconscious learns in only one way.

The subconscious learns by repeated practice.

The only teaching that can work, then, is the kind of mentoring that helps someone execute better while they are practicing.

How is a high school football coach different from a high school history teacher?

Before we attempt to answer this question, we need to consider why it is an important question to consider. In general, I think most people would agree that the behavior of these two types of teachers is likely to be quite different. In our mind's eye, we see images of yelling and crude behavior versus refined lecture and discussion. But let's get beyond the superficial stereotypes and think about what they teach rather than their style of teaching it.

The history teacher at his worst teaches facts, and at his best teaches careful analysis of sources of facts.

The football coach at his worst teaches that someone could never possibly do something, and at his best coaches someone to do something better.

The history teacher teaches the conscious. The football coach teaches the subconscious.

This makes sense if we view education (in school) as a conscious affair. It certainly seems to be a conscious affair. We discuss history, we don't do history. And, it makes sense in football since the coach doesn't need players who can discuss football—he needs players who can execute.

It begins to make less sense when we consider how the conscious and the subconscious interact.

As long as we see ourselves as rational beings who can think logically and make carefully reasoned decisions about our daily lives, then education indeed should be about the promotion of reasoned

HOUSE_OVERSIGHT_023763

deliberation and the gaining of knowledge that will enhance our ability to reason. But suppose this conception we have of ourselves and our ability to reason logically is simply wrong?

Our entire education system depends on this debate. Actually the word *debate* is really not right here as there is no debate. The other side, the side that says we need to teach our unconscious because our conscious isn't capable of listening, has not really been expressed directly very often. It is, however, indirectly referred to often enough.

Plato comments:

> The most important part of education is right training in the nursery. The soul of the child in his play should be guided to the love of that sort of excellence in which when he grows up to manhood he will have to be perfected.

Why should this be the case? Why should it be in the nursery where real training takes place? And, what kind of training could the nursery provide—the kind of the football coach or the kind of the history teacher? And, what can we learn about education by considering seriously what Plato said?

The principles of learning in childhood are rather simple really. The first and most important part of an analysis of early childhood learning is an understanding of where the motivation comes from. If learning starts with a goal, as we have said, one question is, What goals do children have and how do they happen to have them?

When people mention motivation, the word *reward* often is added into the discussion. What kinds of rewards do children receive and to what extent are these involved in learning? Bear in mind that there are three kinds of rewards: intrinsic, extrinsic, and systemic. If it makes me happy, I don't need you to tell me I did well. If the activity doesn't really matter to me (an algebra test, for example), I will need some outside reward to even try. When do kids learn because of the use of external rewards? If I do well on an algebra test, it might be that it gives me intrinsic happiness to know I did well at algebra. As a math-oriented kid, I did get that kind of reward. It also makes you happy when your parents are proud of you. And it makes you happy when your grades win you admission into Yale or get you something else you might want. Which types of rewards figure into early childhood learning and what can we learn from this about learning? And, what will this tell us about teaching?

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Let's start with walking and talking.

Walking and talking are intrinsically rewarding. No kid needs encouragement to do either. They do have to be discouraged from crying when a word will serve them better. *I want milk* works better than *wah*. But they learn this quite naturally without very much parental help. They learn to walk when their parents hold their hands and cheer when they succeed, but they would have learned to walk anyway.

The parents' role as the teachers of their children can be seen very clearly when we consider walking and talking. Kids can learn to do either without much help, but they do these things quicker and better with parental help. Children who are spoken to by their parents, and listened to and corrected when they make an error, learn to speak well and more clearly as adults. While everyone learns to walk, parental care prevents falls when steps and other hazards present themselves.

So, is the parent teaching the child? What does the parent actually know about how to teach walking and talking? Actually the parent knows quite a bit about teaching. We are wired to teach our children and help them. All higher level animals do this as well. It is not a particularly conscious process.

So, at what point are children better taught by professional teachers instead of their parents? This is an important and interesting question.

A professional teacher is better than a parent if and only if the teacher knows more about what is being taught than the parent does. Teachers may take education courses and that may seem to qualify them to teach, but really those courses are not so much about the art of teaching per se. Teachers learn to teach by teaching, like anyone else learns how to do anything. But teachers learn to teach in the system they find themselves in. This means that typically they learn how to manage classrooms and deal with administrators and handle various issues that are very specific to school.

Teaching outside of school usually does not entail managing multiple children nor should it entail dealing with state standards and other governmental interference (although that often happens anyway).

So, knowledge is the real issue in teaching, not teaching skill. Or so it would seem.

Actually this idea is clearly wrong if one thinks about university teaching. Professors become professors by writing a Ph.D. thesis, not by learning anything about teaching. They may have some teaching experience prior to becoming professors because they may have taught an introductory course or two as graduate students, but nobody

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teaches them how to teach. In fact, professors are not qualified to teach since they know nothing about teaching. They are hired by universities because of their research credentials, and teaching doesn't matter much. There is some lip service about the subject but no one ever got hired at Yale as a professor because she was a great teacher who did no research.

Here is a professor of computer science from a very highly ranked Big Ten university (he does not want his name mentioned):

> Every faculty member in the Department of Computer Science at my university thinks that their small insignificant area is important enough that all undergraduates must take a course in it. When you add all those courses up there is simply no time for a student to do anything other than take crazy courses in subdisciplines represented by the faculty in the department. Everybody's course is a sacred cow. If you tried to put something new in, something would have to come out, and no faculty member wants his course to be eliminated.

Professors are not there because they are good teachers.

I certainly knew nothing about teaching when I became a professor at Stanford many years ago. But I hated seeing students bored and miserable and started to think about what the problem was and how I could fix it. Many professors do exactly this. They want to be good at something they do regularly and their pride makes them into good teachers. Not all professors do this, by any means. What does it mean to become a good teacher in that context?

Professors are rated for their teaching ability. It is clear if one looks at those ratings what the criteria are from the students' perspective. They rate the friendliness, fairness, enthusiasm, and even the "hotness" of their teachers. These ratings have been studied extensively and conclusions like this one are typical:

> While student evaluations of faculty performance are a valid measure of student satisfaction with instruction, they are not by themselves a valid measure of teaching effectiveness. If student evaluations of faculty are included in the evaluation process of faculty members, then they should represent only one of many measures that are used.[1]

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Professors and universities are very concerned about the evaluations of the teaching of the faculty and these days websites (like www.ratemyprofessors.com) make a very public show of how badly received some professors are. The professors are concerned with how they appear and whether they are liked and how all this might affect their salaries. They are not concerned with teaching effectiveness because they are not really teachers in their own minds.

Let's hear from an Ivy League professor (who also doesn't want to be named):

> There are faculty here who study real-world phenomena and don't know how to apply that knowledge to their own lives. We could teach students here how to make use of what we teach in their own lives, we just don't. Right now the approach that is taken makes most of the information that professors impart useless. It doesn't have to be that way.
>
> My colleagues here don't even do what they are studying when they are out of the lab. They are not successful people in life. If someone studying memory had to remember something, would they make use of their own data? I doubt it. Many of our professors don't realize that they may not know as much as they think they know. All these people assume that whatever they do is the best that can be done.

When a child learns to walk, you cannot say you were very good at teaching her to walk. She would have learned to walk without your help, most likely. When you teach a child to play baseball, you can more easily say that you were a good teacher, but really who knows you didn't screw him up with nonsense that it may take him years to undo? I was taught to step into the pitch in baseball and years later learned that what I was taught was wrong.

College professors can be evaluated on effectiveness only if someone knows what that means. Does it mean how well students do on exams? We can make easier exams then. Does it mean how many of them get into Ph.D. programs at Harvard or how many get good jobs upon graduation? That likely has nothing to do with the effectiveness of the professors.

There are no measures that make sense, for a very simple reason. College teaching doesn't make much sense in the first place. Lecturing

HOUSE_OVERSIGHT_023767

and giving grades is certainly not a paradigm that any parent would use. You don't grade your child on speaking ability; you help her speak better. If it takes longer to do that, then it does. Even the DMV doesn't care about effective teaching. It doesn't give grades, just licenses. *Can you do it well?* is the question the DMV is charged with answering. But *can you do it well?* isn't a meaningful question in the top universities because there is typically nothing, other than research, that anyone is really being taught to do.

This leaves us in a quandary when it comes to understanding what it means to teach well. Here is the Ivy League professor again:

> People need to learn to generalize the information that they are given. They need to learn how to think about content in order to see how that content may or may not be true for them. We do not do that here. Instead we teach that this is the way it is done.
>
> We have kids at mediocre universities who don't know the facts and then we have kids at the good schools who know the facts but very few who know that those facts are not necessarily true. We need a different approach to knowledge than we currently have. By having students memorize the facts, it makes it seem as if the facts are truer than they actually are. We need to teach students to attack the facts and not to replace them with other facts.
>
> If facts are taught here in this way, and we are setting the standard, then we have a problem. Some faculty here actually do teach in this way, but it is not the main culture. Even the hard-core facts, like dates, are arguable. Students are not taught to use the information they have to question other information.

If we are teaching something where there are no performance measures, then effectiveness cannot be gauged. If the performance measurement is based on an exam, this likely would not reflect on the teacher's ability at all. Some students do well on exams and others don't, even though they all hear exactly the same lectures. And, when there are performance measures, it is not always clear that it was the teacher who was in any way responsible for the success of the students (or their failure).

So what is effective teaching?

HOUSE_OVERSIGHT_023768

If a teacher is better at teaching a child than a parent is, it must be because the teacher knows something the parent doesn't know or, at least, doesn't know how to teach. This makes the teacher more effective than the parent, but for very uninteresting reasons. You can't teach what you don't know, of course.

But knowledge alone is meaningless because teaching is not about the transfer of knowledge. I realize that a great many people think that this *is* what teaching is about; except if that were the issue, students wouldn't even think about rating their teachers on anything except how much they knew. And, by the way, that is about the last thing teachers are ever rated on.

For the most part, teachers are rated by students on how entertaining they are. But entertainment and teaching are really not particularly related. They are not unrelated because you can't get through to someone who has tuned you out. But you can entertain your students and get great ratings and still teach them nothing.

Here is the Big Ten professor again:

> At a big state university, which one would think has an obligation to supply training to the students of that state in a major field in which students can readily find employment, the faculty could care less about that and they only want to do graduate teaching. We teach courses that are modeled after courses in the professor training schools like Harvard and MIT. But how many professors do we need?
>
> Superstars who bring a lot of funding are very important in the university. The superstar system made sense when there were superstars. But today how many of these superstars have really big ideas? Does my school really have any superstars at all? I don't think so.
>
> The School of Education, where I am also on the faculty, has a research focus, which they do badly. Most of their students plan to be teachers. But they teach them the literature and not how to teach. It is the same situation as in computer science. They really want their students to become professors of education. They are not teaching teachers to teach because they don't care about that. They look down their noses at teacher preparation schools. Ninety-eight percent of their undergraduates

> want to become teachers but the faculty are focusing on their graduate students. They don't teach the teachers. They do it, but it is not their focus.
>
> The average professor of education here understands that he is supposed to teach teachers to teach but he gets evaluated on his research not on the quality of teachers who come out. It is a research university. How many dollars do you bring in? How much do you publish? Where would quality of teacher training fit in that model?

So, again, what exactly is effective teaching? Let's look at two of the longer versions of what my former Ph.D. students and former employees wrote to me when I asked about good teaching. These stories each need some context in order to be understood, and then I will comment.

The first story is from a Ph.D. student of mine who then continued to work with me for 30 more years.

> You were collecting key things teachers needed to know to do story curricula properly. Your contribution was "know when to lie to students." That triggered all kinds of discussion, pro and con, leading eventually to a longer, more explicit statement about knowing when to oversimplify, etc.
>
> Reflecting on it later, I realized that "know when to lie to students" was the right way to say it. The rephrased version was too reasonable. It didn't trigger any emotional reaction and re-evaluation. "Know when to lie" is a lie, but that's the point.

Why is this story important? I placed it here because it reflects an important belief that I hold about teaching. At the moment to which he is referring, we were writing, as a group, a set of guidelines on how to teach Socratically using the online curricula we were building for high schools. We were, in essence, writing an instruction manual for teachers on how to teach in a new way. When I supervise very smart people who know perfectly well how to do things, I deliberately provoke them. I believe that my job is to make them think. There is no better way to make people think than by annoying them in a way that makes them defend their point of view, especially when their point of view may not have been well thought out.

HOUSE_OVERSIGHT_023770

It is important, when teaching Socratically, which is my preferred methodology, to make students question their beliefs. No one is a better teacher than a teacher who makes students wonder whether he has been wrong about something.

Do I think that teachers should lie to students?

I think teachers should make students think harder than they might have been capable of doing without the teachers. I also think that teachers should not tell answers to students. Students do not learn from memorizing answers. They learn from developing questions for themselves that they then can begin to find answers to.

I believe that effective teaching makes . . .

students develop questions to which they then will seek answers
students look for answers from people other than the teacher
students confused and less certain than they were before

Now, I realize that these are pretty nonstandard ideas. That is, of course, the point.

This next writer worked for me (after getting his Ph.D. elsewhere) in the academic world and later in the business world.

> Probably the most important lesson I learned from you was the value of overstatement and oversimplification in communicating ideas and getting people's attention. I recently retired and was roasted at my retirement party by a group of longtime employees and there were some interesting anecdotes about what I'd taught them about selling their ideas through management. Software engineers are often uncomfortable making a point without giving every possible nuance, caveat, and detail. This typically causes management's eyes to gloss over and their ideas never get a fair hearing. So, I've (apparently relentlessly) encouraged employees to make their points quickly and to use overstatement and oversimplification as rhetorical devices. I'm still wincing over the roasts that portrayed my predilection for interrupting presenters and asking, "What's your point?"—I learned that one from you.

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I most certainly taught the lessons this writer describes. I hated it when students couldn't get to the point and I frequently interrupted them when they were speaking. In business, I make a point of saying things that are very simple, which tends to upset people. I find this a good way to start a conversation that addresses complex issues.

Of course, I never actually say any of this. I simply do it. The real issue in teaching, by parents or by teachers or by anyone else, is the model you present to the students. That model is presented by what they see you do and how they see you act. They can choose to emulate you or not. But a good teacher makes students think about how to behave and about what works and what doesn't.

I believe that effective teaching makes . . .

students think about how the teacher is behaving and causes the students to wonder about whether copying this behavior would be a good idea

students think about what works and what doesn't in the adult world

This next writer is a professor at a major university. I hired him to be on the faculty at Yale, which was his first academic job.

> I teach by telling stories that are meaningful to me. I let them see who I am and how I live. I let them see what is important to me and why. To be a real teacher you have to let yourself be vulnerable. The student needs to see that you are a human with feelings and fears and goals. You are saying to students: This is the way I do it; it fits with who I am; it helps me be successful; and don't let anyone tell you that you can't do something. Everyone wants to control you, but in the end, you have to be you, for better or worse. So, don't let anyone tell you that you can't do something.
>
> I tell that story over and over and over again in different ways. About my research, about my company, about my family. I walk the talk.
>
> And, the students have to see that there are consequences of breaking the rules; that it costs; and the costs can be high

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> at times. But that's part of the price of believing in yourself. Sometimes you get hurt and then you have to pick yourself up and try it again.

This writer was writing about his teaching. I behave this way as well, and he knows it.

> I believe that effective teaching makes . . .
>
> students think about the stories the teacher tells
> students believe that their teacher is not a phony, so they can take what is said seriously
> students think about what it means to put oneself on the line for one's own beliefs

The next writer worked for me as a writer for many years. Her main career was, and is, as a concert musician.

> My high school English teacher was a great teacher. He was married to the Singer sewing machine heiress but committed to teaching kids. He had us keep a writing journal and was just excellent at helping me understand what was so personal to me that others wouldn't be able to connect (or perhaps just plain sappy romantic drivel!) and what was "strong" and pertinent to everyone. I still have the journal and wince at what I wrote but still really admire his comments in the margins.

In the future, in a world where online learning begins to preempt classroom teaching, mentoring will replace lecturing. Many teachers know how to mentor but often they are not given the opportunity or don't take the time to do it. The teacher described above was a personal writing mentor, which is about the only way you can teach someone to write.

> I believe that effective teaching makes . . .
>
> students look more carefully at the work that they themselves have produced
> students believe that their teacher is their personal mentor

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Here is the same woman, this time writing about how she learned music.

> My mentor, Otto-Werner Mueller, was conducting the Yale Philharmonia in the 1970s—I met him as an undergrad in Madison, WI. I attended his graduate seminars in Madison and spent a lot of time with him while he was in New Haven. He guest-conducted the Hartford Symphony (where I now work) twice in the past few years. (He is 83 now.) I spent hours and hours in "lab orchestra" watching him teach his conducting students, both in Madison and at Yale. What always struck me was how students were either so self-conscious they were wooden, or how they'd try to imitate Otto (who at 6 feet, 7 inches had amazing stature) physically and couldn't pull it off. Very few were able to incorporate what he was teaching and then make it their own.

I believe that effective teaching makes . . .

students look at what the teacher does and see how they can imitate it in a way that is consonant with who they are

The next writer was a Ph.D. student of mine and is now a professor at a major university.

> Trust your intuitions. This was something you told many of us over and over. It has had three meanings for me—first, that the only right things to work on are those that I can imagine a solution to; second, that whether a way of attacking something is the right way or not, it will lead me to the right way; and third, go out on a limb. I can't say how I learned this except, perhaps, through trusting your advice and then noticing that it got me to success over and over again. It began to really sink in when I had my own students. Often, the most interesting things they brought to me were more intuitive than they were based on what everyone else was saying. And I have had to reassure people that their ideas are good and they should follow up on them. Of course, there are also intuitions that my students have that I don't think are good, and I don't advise them to follow

HOUSE_OVERSIGHT_023774

> up on those. So I think I now believe in trusting intuitions that someone I trust can also see value in, and for my students, trust intuitions that someone they trust can also see value in.
>
> I believe that effective teaching makes . . .
>
> students trust their own intuitions
> students trust their teacher's advice

The final two are a little different from the others. I included them because teaching is not always implicit, as the above stories indicate, but sometimes explicit. The next writer was student of mine who is now high up in a large corporation.

> You taught me that you always start by collecting data—so basic, but so often overlooked. I recall watching most of your papers start by collection of data. I recall watching your criticisms of work that was just abstraction on abstraction, with no data at its roots. For the work I'm currently doing, I have a log of all the types of entities (typically business or government enterprises), interactions (typically business models or sustainability models), and outcomes. I just gave five talks last week and used the method of "start by collecting data" when introducing my work and when being a critical thinker about the work of others that was being presented to me.

This point is about how to do real research does not apply to everyone. But a more general form of this advice is to start at the beginning, which is usually useful advice. Knowing where the beginning is can be complicated, however.

> I believe that effective teaching makes . . .
>
> students understand how to begin a process
> students understand what you tell if you constantly demonstrate the value of what you tell them

This writer was another of my Ph.D. students who is now a professor at a major university.

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You taught me about the important role of explicit social hierarchies in a learning environment. At Yale the hierarchy was very clear and everyone knew exactly where they stood. You pay your dues before you join the club and academia is chock full of clubs. You taught this by both example and explanation. Seeing a good clear example of a social hierarchy that works (such as the one we had in our lab at Yale) gave me one level of understanding, but I had to see what happens when the hierarchy is not so obvious to truly appreciate the importance of the whole concept. Any longstanding community will have a social hierarchy, but it's not always so obvious (especially when the community likes to pretend it doesn't exist), and that makes it really hard on newcomers. I've seen some really stellar junior faculty get into difficult tenure decisions because no one was guiding them politically (or else they just blew it off). And more recently I've been running into more and more students with "entitlement issues" who just don't seem to buy into any social hierarchies. There is a lot of social commentary on why this is happening and how the workplace needs to adjust to a whole generation of kids who always got trophies.

I believe that effective teaching makes . . .

students understand where they fit in the world in which they live
students understand how to get ahead in the world in which they live
students understand the roles of those around them

There is certainly a great deal more that one could say about effective teaching. Unfortunately, much has been written on effective teaching that is not particularly helpful. Mostly it is politically correct advice that is quite difficult to implement. Here are two lists that I found. The first is from Learning to Teach in Higher Education. 1

1: Interest and explanation
2: Concern and respect for students and student learning
3: Appropriate assessment and feedback

HOUSE_OVERSIGHT_023776

4: Clear goals and intellectual challenge
5: Independence, control, and active engagement
6: Learning from students

The second is from a Michigan State website and was taken from a book by Arthur W. Chickering and Zelda F. Gamson entitled *Seven Principles for Good Practice in Undergraduate Education.*[2]

Principle 1: Good practice encourages student–faculty contact
Principle 2: Good practice encourages cooperation among students
Principle 3: Good practice encourages active learning
Principle 4: Good practice gives prompt feedback
Principle 5: Good practice emphasizes time on task
Principle 6: Good practice communicates high expectations
Principle 7: Good practice respects diverse talents and ways of learning[3]

Whenever I see phrases like *diverse talents* or *ways of learning* or *active learning* or *active engagement* I am very distrustful of the advice being offered. *Active learning* should mean learning by doing, but it never does because learning by doing is very difficult to implement in the university context (which is where this advice comes from). It is easier to do it in 1st grade, but after a while the class has to sit still and listen and that is not active learning no matter what the teaching guides say. *Different learning styles* is usually a way of saying, "some people are dumber than others," which no one wants to say. What bothers me most about these kinds of lists is that they avoid saying what really needs to be said. It is nearly impossible to measure your success as an effective teacher because the performance expectations of students are almost always about test scores and very rarely about actual production.

With this idea in mind, that effective teaching means helping students do what it is they wanted to do and not what it is that you wanted them to do, I will list the suggestions I have been scattering about in this chapter. Bear in mind that this is not meant to be a complete list. I got this list the way you saw, by interpreting things written by students and former employees about their own experiences.

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Effective teaching makes . . .

students develop questions to which they then will seek answers
students look for answers from people other than the teacher
students confused and less certain than they were before
students think about how the teacher is behaving and causes the students to wonder about whether copying this behavior would be a good idea
students think about what works and what doesn't in the adult world
students think about the stories the teacher tells
students believe that their teacher is not a phony, so they can take what is said seriously
students think about what it means to put oneself on the line for one's own beliefs
students look more carefully at the work that they themselves have produced
students believe that their teacher is their personal mentor
students look at what the teacher does and see how they can imitate it in a way that is consonant with who they are
students trust their own intuitions
students trust their teacher's advice
students understand how to begin a process
students understand what you tell if you constantly demonstrate the value of what you tell them
students understand where they fit in the world in which they live
students understand how to get ahead in the world in which they live
students understand the roles of those around them

Now, taking my own advice about starting with the data and then classifying it, let's look at these rules as a group. What exactly are they suggestions about? Broadly speaking, they fall into the following categories:

Helping students think:

students develop questions to which they then will seek answers
students look for answers from people other than the teacher

HOUSE_OVERSIGHT_023778

students are confused and less certain than they were before
students think about the stories the teacher tells

Helping students observe and copy good behavior:

students think about how the teacher is behaving and wonder about whether copying this behavior would be a good idea
students think about what works and what doesn't in the adult world
students look at what the teacher does and see how they can imitate it in a way that is consonant with who they are

Making students respect their advisors:

students believe that their teacher is not a phony, so they can take what is said seriously
students believe that their teacher is their personal mentor
students trust their teacher's advice
students understand what you tell if you constantly demonstrate the value of what you tell them

Teaching students how and when to take action:

students think about what it means to put oneself on the line for one's own beliefs
students understand how to begin a process

Teaching students to be good critics of their own work:

students look more carefully at the work that they themselves have produced
students trust their own intuitions

Teaching students their place in the world and how to succeed in that world:

students understand where they fit in the world in which they live
students understand how to get ahead in the world in which they live
students understand the roles of those around them

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Effective teaching, then, means teaching these things:

How to be a critic
Whom to respect and copy
How to know where you fit
How to take action
How to think

The relevant question for a teacher, then, is: Does your teaching result in students who can do the five things listed above? There are many ways to get those things to happen for students. These, however, typically do not include lecturing, being entertaining, giving easy grades or easy tests, or marching students through boring exercises that teach them the truth.

Effective teaching is made much easier, of course, if what you are trying to teach is something worth learning. So, let's move on to discussing that.

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CHAPTER 3

# What Can't You Teach?

> Nothing in education is so astonishing as the amount of ignorance it accumulates in the form of inert facts.
>
> —Henry B. Adams

When children are born, they come with distinct personalities. Ask any mother of a second child. "It even behaved differently in the womb," she will say. One kid is aggressive while the other is contemplative. One kid is constantly talking while the other hardly says a word. One kid is shy while the other is outgoing.

Often, when we think about teaching and learning, we have the idea that if we want someone to do something, or know something, or behave in a certain way, all we have to do is teach it to them. So we teach kids to appreciate music, when they may have no interest in, or inclinations toward, music at all, or to act in the class play, when they are simply bad at acting, or to throw a baseball when they simply can't do it and don't care. Often, but not always, we are forgiving of the differences between people and their individual talents and we acknowledge that she is tone deaf, or he will always throw poorly, and we give up.

Small children are like sponges. They ask questions constantly and, if they have reasonable parents, get answers. The belief system that children adopt is usually quite similar to that of their parents. They don't decide to try out a different religion at age 5; they do what they have always known. They eat what they were fed and they like to go to places they have been taken. Parents influence every aspect of a child's belief system. Because of that, we have the sense that we can teach children anything, but this gets less true as they get older. The Jesuits have a saying about teaching a child before he is 7 and thus producing the man he will become. There is some truth to this. If you really learn honesty when you are 5, it is unlikely you will become a crook. Your subconscious wouldn't permit it.



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Then, what is the role of the subconscious here? When a child is being taught at 3, he is not being taught consciously. He does not memorize rules for walking or talking and he does not learn anything very much by consciously trying to learn. Rather, a child absorbs by constantly practicing and then making that practice a part of who she is.

Later, when the subconscious attitudes about walking, talking, relating to others, family values, and all the rest, are well within the deep subconscious of the child, we begin the attempt to teach the child consciously. We worry when we hear, for example, that:

> About a quarter of teens questioned in the broad survey weren't able to correctly identify Adolph Hitler as Germany's chancellor during World War II. About 20 percent couldn't say whom America fought in that war.[1]

More than a quarter wrongly believed Columbus sailed to the New World after 1750. Half didn't know whom Senator Joseph McCarthy investigated. And a third had no clue the Bill of Rights is the source of freedoms of religion and speech. Nearly a third couldn't tell you who said in a famous speech: "Ask not what your country can do for you . . . ."

Until a child enters school, he has been learning things that are useful to him. He knows where his toys are and how to play with them; he knows how to get food; he knows how to get his parents to do what he wants (perhaps); he knows how to entertain himself. In short, he has learned what he has learned because he has found his new abilities to be of value.

And the history cited above? Of what value is it to know about Joe McCarthy? Not only is it of no value to a child, but what we know about McCarthy is slanted by whoever is writing the history and biased by whatever point the person is trying to make. It is all very well to tell students the truth about what happened in the past and assume that they will learn from it, and therefore not repeat it, but we can't easily know the truth and they are not likely to learn much from the telling anyhow.

Pundits scream and yell about what children don't know. The question is: Why do they need to know it? If the answer is that it makes the system happy that they know certain facts while not making the child in any way happier, we all can guess how well that is going to turn out.

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The bottom line here is one of initial belief systems and fundamental personality characteristics, coupled with the notion of truly held goals. You cannot teach someone something that:

- does not help them achieve some goal they actually hold
- is not in line with their fundamental personality characteristics
- goes against their subconscious beliefs

You can try, but you won't succeed.

So the question of what you can't teach, which is very important when we think about teaching and learning, comes down to a question of whom the child has become because of what she learned prior to the age of 7, and what she was anyway when she exited the womb. Those two things are powerful enough even if you don't add in trying to teach something that in no way relates to any goal the child has.

This is even more true for adults, of course. We can try to teach adults things that are at odds with who they are as people, but good luck with that.

Traits may come with the child, or they may have been learned by the child prior to the age of 7, but it really makes no difference when we are discussing teaching. Personality cannot be changed. Core beliefs are very hard to change. Interests are hard to change, although new ones can be found. Clinical psychologists try to make small changes in these aspects of people but they have a very difficult time doing it.

But my point here is to address an issue in education and training that is not well understood. Simply stated it is this: *It is not possible to teach or train students to do things that are not in line with who they are as people.* This matters because much of what we try to teach in school and train for in companies is an attempt to alter behavior.

I have been building what have come to be called e-learning systems for about 25 years. Over the years, I have realized that there is nothing new under the sun in the subject matter that e-learning systems are asked to address. One of my least favorite subjects, one that comes up frequently, is integrity and compliance. I have been asked to work on this subject quite often. Usually what is being asked is impossible. Most e-learning companies simply do what they are asked to do by the client without pointing out—if they even know—that what they are being asked to teach can't be taught. Companies that need

HOUSE_OVERSIGHT_023783

to train their employees in such things, because of some regulation or other, ask for it, and e-learning companies willingly build it.

Unfortunately, as my mother would have attested to, were she still around, I was born with off-the-scale honesty. I can't build e-learning I know won't work any more than I was able, when I was 5, to let my mother walk out of a store without paying (by mistake) without becoming hysterical.

So, now I am hysterical about fraudulent education and fraudulent e-learning—namely, courses that claim to teach subjects that alter the very nature of a person. Of course, such courses don't say that is what they are trying to do, but it is pretty much the basis of courses about safe driving or drugs or sexual behavior, or how not to violate the law.

How is training about compliance an attempt to alter basic behavior?

Recently I was presented with an opportunity to teach integrity and compliance to the employees of a large company that bids on RFPs. The bidding process is part of a legal process and the company wants its employees to stay within the guidelines.

Fair enough. Makes sense.

Except, when you look at the guidelines, they include an array of rules spelled out in a complex document, typically a signed legal contract for potential bidders. To know those rules, one would have to read the contract. In effect, the company wants to train people to read, and pay careful attention to, the contract. The company wants to do this by putting employees in fictitious situations in which someone has not read the contract and this failure to read causes serious difficulties for the company when the employee violates a rule he didn't know about.

Much of e-learning is like this. You are the manager of a large project, which needs to finish on time, and is over budget. Do you:

- steal money
- lie about the time you have spent
- tell the company it can keep the damn project
- carefully explain to your superiors the problems that exist and let them decide

Do people learn from stuff like this? Of course not. But everyone feels better after producing it. At least I assume they do.

If this stuff makes people happy, then build more of it, by all means. But if we want to address real issues, we need to discuss personality and how to deal with it.

I have insisted, as long as I have been discussing education,[2] that learning has to be experientially based. I proposed building complex social simulators 20 years ago, and this has come to be understood by the e-learning community as telling people they are in a situation that they may or may not relate to instead of actually putting them into a very realistic simulation of that situation. The reason they do it that way is money, of course, but something gets lost in the translation.

What is the difference?

Suppose that I tell you that you are a baseball player in the major leagues and your team is down by one run with one out in the bottom of the ninth with the bases loaded. I then give you a set of multiple choices about what to do on the first pitch (like, a—take the first pitch, b—look for a fast ball, etc.). What is the problem with this? There are right answers about what to do, but they depend on many variables (Do you know this pitcher's habits? How have you been hitting today? How fast is the guy on third?). Pretending that we can abstract a situation with a simple description and then suggest there is a right answer, is absurd. But more important, if you have never actually been in that situation, if you have never played baseball, your comprehension of the unmentioned details is likely to be zero. Attempting to teach anything through short descriptions of situations followed by multiple choice answers is just dumb.

Why, then, do e-learning companies keep on building courses that sound like that? Usually the answer is that corporations that don't know any better asked them to.

What does this have to do with altering basic behavior? I do indeed play baseball, as I have said, and what I would do in that situation depends on my personality in many ways. It also depends on an accurate assessment of my own abilities. What it doesn't depend on is deep thought. Professional athletes do not become professional athletes owing to their superior cognitive abilities. They have superior physical abilities and rely on instinct for thinking. They do what they "know" to do. They don't think it out. Coaches try like crazy to get them to think it out, but you often can find a 20-year professional veteran getting chewed out by his coach and being asked, What were you

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thinking? Nothing. He was thinking nothing. Correct action is rarely about thought, especially when little time for thinking is available.

So, then, how do we teach people to do the right thing, especially when the right thing is not in line with their normal behavior?

Can we teach nurturance, or aggression, or extroversion, or orderliness? I hope that it is obvious that we cannot do this. People are born with these characteristics. They are not learned. Ask any parents of more than one child. They will respond that their children had certain personality traits that were apparent from birth. My grandson Milo is a neatnik. Everything has to be in its place. Also, he loves to perform in front of an audience. His parents do not share and did not teach him these behaviors. The degree to which we have such traits defines our innate personalities. So, we need to translate this question into one we can answer.

The real issue is one of degree and not of kind. You will never teach someone who is fundamentally dishonest to be very honest, or vice versa. You will never teach someone who is very aggressive to be very passive. What you can do is make people aware of the consequences of their actions and hope to change their behavior slightly, when they have the time to think about what they are about to do. You can make people aware of their behavior, and their rational selves can direct what they do, if they have time to think about. But their subconscious is likely to want them to behave differently, and it is their subconscious that is usually in charge in a pinch.

Someone who hates details is not a good candidate for being taught to read contracts in detail. Similarly, someone who loves details is not a great candidate for sales rep. (Why? Because being very people-oriented is actually a characteristic that never goes hand in hand with being detail-oriented.) So, it is not uncommon for companies to be faced with the arduous task of training their salespeople to pay attention to detail. Telling them to hire differently is hopeless, because people who are both very detail-oriented and love engaging people socially do not exist. Accountants don't usually win personality contests. What to do?

This is indeed a job for teaching but not for teaching of the usual sort. To see what kind of job it is, we need to think for a moment about how the mind works. Specifically, we need to think about how the unconscious learns to make decisions.

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If you have a character trait, say, honesty, you have had to come to grips over the years with its upside and its downside. People appreciate you for being honest, but not when they ask you if they look good after they have spent an hour dressing (I speak from experience here). People dislike dishonesty but not when it helps get a deal closed because you said you loved a restaurant that you really hated. We have mixed feelings about honesty, as we do about any personality characteristic. We like friendly people but we dislike overly friendly people. Who decides which is which is anybody's guess. Teenagers often try to be all things to all people, but as adults they soon realize that they simply will have to be themselves and they will try to find work and friends that suit the personalities that they happen to have.

Personality features are not conscious. We don't decide which ones to have and we may not even be aware of how others perceive us. We do what we feel comfortable doing and we push on. And then we meet integrity and compliance officers.

They tell us to read every detail of a contract to make sure we are in compliance, and those who are detail-oriented and fearful of making errors and introverted and sensitive do it without question, and those people who are gregarious and confident and aggressive figure they can get by without it. What is an integrity and compliance officer to do?

Here is what not to do:

- Don't try to tell people who naturally act one way to act differently.
- Don't make a movie of the idiot who did it wrong and say, See, look how dumb that guy was and look what trouble he got into.
- Don't lecture on the benefits of behaving the way the company wants you to behave.
- Don't write a manual with correct behavior that no one will read.
- Don't build an e-learning course with multiple choice answers where one of them is the right thing to do.

The mind is organized around experiences. We remember our experiences and we index our remembered experiences so that we can find them later. Individuals don't know how they do this, but cognitive

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science can tell something about how this process works. You can't find an experience that was indexed wrong, for example.

Good indexing involves figuring out the goal that an experience relates to and the conditions that allowed that goal to be achieved or not. We do not do this consciously. We learn by doing, that is, we learn from experience, and from thinking about those experiences. When we have understood our experiences well enough, we can (unconsciously) index them so that they will come up again just in time when we need them again. (This is what we call being reminded.) It is beyond the scope of this book to explain how that process works.[3] The simple idea is that experiences get labeled when we think about them and not otherwise.

So the real question for an integrity and compliance officer is how to get people to think about integrity and compliance issues. This thinking needs be done over time in a complex way and voluntarily. How might we do that?

That is the real question.

One answer to this is stories. People really like stories. As long as there have been people, there have been stories; we have moved from epic poems and theatre to novels and movies in recent years, but, by and large, the stories are the same. How to overcome obstacles to getting what you want, is a theme that dominates much of literature, for example. Movie makers say it as "boy meets girl, boy gets girl, boy loses girl, boy gets girl." There have been many books written about the basic plots that occur again and again in stories.

Human beings understand stories because stories resonate with them. Characters have dilemmas that readers or viewers themselves have had. Stories appeal to emotions rather than logic, and emotions are at the heart of our pre-7-year-old unconscious selves. We feel something because of a well-told story and that feeling can help us see something in a new way.

Why am I going on and on about stories? I believe that all of human intercourse is about the exchange of stories. (I wrote a book about this.[4]) If you want to appeal to the pre-7-year-old unconscious that resides in all of us, you need to hit emotion not logic. This means that a good story can help someone to reconsider deep down in their unconscious a feeling or attitude or seemingly immutable personality trait that they can feel perhaps is somewhat dysfunctional. Stories can change our natural instincts.

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That story cannot be short and sweet. It takes a great deal of emotion and empathy to change a point of view in a belief system. Deciding to construct a 15-minute, e-learning module in which one plays the sales rep and learns that honesty is the best policy, is so absurd that I am sorry I am referring to it at all, except that is what was proposed by the integrity and compliance people to whom I was speaking.

You can move people ever so slightly by having them have emotional experiences that they can discuss with one another. Imagine a book club that deals with a book about dishonesty and causes people in the discussion group to talk about the subject. If the book presented deep dilemmas to which there were no obviously right answers, this would allow people to get to and discuss their unconscious beliefs. Simply articulating those beliefs can be quite helpful. This is what clinical psychologists are really trying to do, after all. It is also what literature professors are trying to get their classes to do. Thinking about and talking about complex emotional issues makes personality traits and core beliefs something you can think about consciously.

The real issue, in the end, is interests. Teaching works best when you teach students who agree that they really want to learn whatever it is you have to teach. This means making sure that students are preparing to do things that they want to do and actually will do. That makes teaching much easier for all involved. The one-size-fits-all curriculum doesn't work because one size doesn't fit all. Let detail-oriented people learn detailed kinds of things. Let artistic people learn artistic kinds of things. Let logical people learn logical kinds of things. Everyone would be much happier and all would enjoy learning a lot more if we simply let people be themselves.

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CHAPTER 4

# Twelve Cognitive Processes That Underlie Learning

Those who know how to think need no teachers.
—Mahatma Gandhi

Not everything we would like to teach can be taught, as we have seen. Similarly, not everything we would like to learn can be learned, especially if we are taking the wrong approach to learning. In the previous chapter we discussed what can't be taught. Now, let's talk about what can be taught.

One problem in such a discussion is that we are used to (because we went to school) thinking about what needs to be taught and learned in terms of subjects (English, math, science, etc.). We think this way because school originally was organized by professors who had specialties in these subject areas. These professors were scholars and they set up the lower schools on the basis of the specialties that they had.

When I was working in artificial intelligence, I began to realize that what I needed to teach the computer to do in order for it be smart was a far cry from what people thought needed to be taught. People assumed that we needed to tell the computer facts about the world of the type that children learn in school, and that this would make the machine smart. (Quite recently, I attended a meeting of AI people who were planning a project to allow computers to pass SAT tests as a way of showing that the computer was smart!)

But what computers lack is intelligent capabilities, not information. It is easy enough to fill a machine with information, but when you are done, it would be able to tell you only what you told it. (If that was what a child did, you would think that he was brain damaged.) Intelligence and the learning required to create useful new knowledge are really a result of an amalgamation of cognitive processes. Intelligent computers, and intelligent people, need those processes to be working well.



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What I mean by this, is that there is stuff we can do mentally, and that learning just means doing that stuff and getting better at it. Learning is not any one process, but many processes, depending on what you are learning.

What are the cognitive processes that make up learning? If we wish to teach people, it is important to ask what cognitive capabilities we want them to have when we are done, not what we want them to know. In other words, we want to understand what we have to do in order to make them better able to think.

In this chapter, we will discuss the kinds of cognitive processes that people can (and must) learn to do well. Later we will discuss how to best approach learning and teaching these processes.

There are 12 types of processes outlined here. There may be more types than these, but with these we pretty much can cover the ground of what human learning looks like. I have divided them into three groups: *conceptual processes*, *analytic processes*, and *social processes*. Notice first that all the types are types of processes. Thinking is a process. It is something we do. We need to see what that doing is like.

All these processes require practice in order to master them. You cannot learn to master a process without practicing it again and again. Feedback and coaching help one learn.

## CONCEPTUAL PROCESSES

### 1. Prediction: Making a prediction about the outcome of actions

This is experiential learning about everyday behavior in its most common form—it includes learning about how to travel or eat or get a date, for example. In its complex form it is how one learns to be a battlefield commander or a horse race handicapper. One learns through experience by trial and error. The cognitive issue is building up a large case base and index that case base according to expectation failures, as I described in *Dynamic Memory*. We learn when predictions fail. When they succeed, we fail to care about them because most of the predictions we make are uninteresting (I predict the room I just left will look the same when I return). Learning to predict what will happen next requires repeated practice in each domain of knowledge. There is some

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transfer across domains but not that much. (Learning to buy an airplane ticket is somewhat related to eating in a restaurant, but not that closely. You might use a credit card in each, for example, and might be refused service because you are rude.)

### 2. Modeling: Building a conscious model of a process

We need to learn how things work. A citizen knows, presumably, how voting works. Someone looking for venture capital should know how fund raising works. Processes need to be learned in order to effectively participate in them and in order to propose changes in them. Building a conscious model of a process matters a great deal if you want to make the process work for you. If you want to get into college, you need to understand how the process works. This cannot be learned from experience in a serious way because one may do it only once and may not be able to experience the entire process. Having the process explained to you may not work that well either because this will not bring an operational understanding of it (as opposed to a more superficial understanding of it). Designing it, modifying it, and participating in simulations of it work much better as learning methods.

### 3. Experimentation: Experimentation and replanning based on success and failure

This is probably the most important learning process we engage in while living our lives. We make life decisions and we need to know when we need to change something. There are big decisions—like getting married or how to raise a child or whether to change jobs—and little decisions, such as changing your diet or your sleep habits. We make our decisions on the basis of what has worked before and what has failed to work. We tend to make life decisions without much knowledge. We don't know how our bodies work all that well and we don't really know how the world works or what it has in store for us. Thinking about these issues and learning from failure is a pressing need all through life. Learning to analyze what has worked out and what has not and why is part of living a rational life. These things can be learned by living and talking about our experiences, thus creating a database of stories that we can rely on later. We learn by talking with

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others and hearing their stories but we also learn from our own experience as we construct our own stories. We can learn about life experiences through reading and movies as well. We like stories in all these forms precisely because they focus on real-life issues. The cognitive task here is story creation, comparison, indexing, and modification. Most conversation depends on story exchange. The more emotional a story is, the more likely it is to be remembered.

### 4. Evaluation: Improving our ability to determine the value of something on many different dimensions

There are no rights and wrongs in what we like. But there is general agreement about what makes a work of art great. The factors to be considered are not necessarily conscious, although for experts they typically are. In these more subjective and subconscious areas of life, it is more a matter of trying to understand what feels right than understanding why it feels right. There is a difference between being someone who can make an artistic judgment and being an art expert. One might learn to notice things that one had failed to notice, if someone takes the time to point them out. Learning to make artistic judgments is about learning to notice, to describe, and to appreciate. One's concept of beauty changes when one's focus changes. Practice is a key idea here as is the assembling of a case base to use as a comparison set. Nevertheless, the comparison set is not usually conscious. One can like something because it is pleasing without realizing (or caring about) why it is pleasing.

When we make a value judgment, we don't necessarily know the values we have and we haven't necessarily learned them consciously. We should value human life over property but whether we do or not we will find out only if the situation arises. It is tempting to try to teach values but this actually is done so early in life and in so many subtle ways that anybody over the age of 10 is unlikely to be much affected by what people say to them about what they should value and what they shouldn't. Perhaps husbands should value helping their wives over watching football but that doesn't mean they will. In important areas of life, on the job and in child raising, for example, one's values come into play. If parents believe they shouldn't correct a child when he makes a mistake in speaking, they soon will find that they have

HOUSE_OVERSIGHT_023794

a child who speaks poorly. The value held by the parents may well be that self-confidence is more important than being articulate ("We don't want to criticize him."). Perhaps it is. But the consequences of one's values manifest themselves every time a value-based decision is made.

Nevertheless, we do need to learn to make value-based judgments. Doing this requires understanding what our values are. Confronting a person with her own value system (one that she has unconsciously adopted) can help her think things out, but change is never easy.

## ANALYTIC PROCESSES

### 1. Diagnosis: Making a diagnosis of a complex situation by identifying relevant factors and seeking causal explanations

Diagnosis is a very important skill and one that needs to be learned both in principle and separately for each domain of knowledge. Diagnosis of heart disease isn't a different process in principle from diagnosis of a faulty spark plug in a car engine. Nevertheless, one wants a specialist to do the diagnosis in each case. Why is this? Diagnosis is a matter of both reasoning from evidence and understanding what to look for to gather evidence. Given all the evidence, it is easy to make a diagnosis in an area of knowledge you don't know very well. So, the gathering of the evidence is the most important part. Crime analysts and gardeners both do diagnosis. They both reason from evidence. What separates them is knowing what constitutes important evidence and what does not. Here again, this comes from experienced cases.

Analytic processes involve attention to details that enable the forming of hypotheses that can be tested by a variety of methods. These three pieces, determining evidence, forming hypotheses, and testing hypotheses, are what is commonly referred to as the scientific method. When science is taught, it often dwells on the facts of science rather than the process. Diagnosis is about the process. But the process is not of much use without domain knowledge. Domain knowledge is often about causality, although that knowledge of causality may be subconscious. Experts know what causes an engine to misfire so they

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know where to look to find a faulty part. Experts also know that an engine is misfiring in the first place. What causes what is the real issue in the comprehension of any given domain.

We learn to do diagnosis, and to understand what causes what, consciously. This is knowledge that can be taught to us by experts, but it needs to be taught as part of the process of diagnosis. If you have a goal (understanding what is broken or has gone awry is a very typical goal), then it is much easier to acquire information that helps in the pursuit of that goal than it is to acquire that same information without that goal. To learn diagnosis, one must practice more and more complex cases in one area of knowledge.

### 2. Planning: Learning to plan; needs analysis; conscious and subconscious understanding of what goals are satisfied by what plans; use of conscious case- based planning

People plan constantly. Often their plans aren't very complicated. Let's have lunch is a plan, after all. Sometimes they make much more complex plans. A football coach makes plans to fool the defense. They are called plays. A general makes battlefield plans. A businessperson writes business plans. An architect draws up architectural plans. All these more complex plans have a lot in common with the let's have lunch plan. Namely, they have been used before or something quite similar has been used before. People rarely make plans from scratch. When they do, they find the process very difficult and often make many errors.

Learning to plan, therefore, has two components: being able to create a plan from scratch (which almost never actually happens) and being able to modify an existing plan for new purposes. The first one is important to learn how to do, but it is the latter ability that makes one proficient at planning. Planning from first principles is actually quite difficult. Normally people just modify an old plan. Last week we had steak; this week let's try lamb chops. This doesn't sound like rocket science and it isn't. Computer programmers write new programs by modifying old programs. Lawyers write contacts by modifying old contracts. Doctors plan procedures by thinking about past procedures. In each case, people try to improve on prior plans by remembering where these plans went wrong and then thinking about how to improve them. Acquiring a case base of plans is critical. One can modify plans from one domain of knowledge to use in another but this is not

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easy and requires a level of abstraction that is very important to learn. Most creative thinking depends on this ability to abstract plans from one field of knowledge to another. We learn to do this by practicing it. Teachers can help people see correspondences across domains. Abstraction of this sort is what creative people do best.

### 3. Causation: Detecting what has caused a sequence of events to occur by relying on a case base of previous knowledge of similar situations (case-based reasoning)

All fields of knowledge study causation; biology, physics, history, economics—they are all about what causes what. The fact that this is an object of study by academics tells us right away that it is not easy and no one knows for sure all of the causes and effects that there are in the world.

Because of this, acquiring a set of known causes and effects tends to make one an expert. A plumber knows what causes sinks to stop up and knows where to look for the culprit. A mechanic knows what causes gas lines to leak and knows where to look. A detective knows what causes people to kill and knows where to start when solving a murder case. Causal knowledge is knowledge fixed to a domain of inquiry. Experts have extensive case bases. Case bases are acquired by starting on easy cases and graduating to more complex ones. It is important to discuss with others the cases one works on because this makes one better at indexing them in one's mind, enabling one to find them later as needed.

### 4. Judgment: Making an objective judgment

There are two forms of this, both involving decisions based on data. The first is deciding whether you prefer Baskin Robbins or Ben and Jerry's. There is no right answer. We make judgments and then record them for use later. We find ways to express our judgments (Ben and Jerry's is too sweet, for example). We learn what we like by trying things out. A wine expert learns about wine by drinking it and recording what he thinks so he can compare his thoughts about one wine to those about a different wine later on.

The second form is reasoning based on evidence. A jury does this but it doesn't learn much from it. Judges, however, learn in this way, as do psychiatrists and businesspeople. They collect evidence, they

form a judgment, and later they may get to see whether their judgment is correct. When asked, they can tell you clear reasons (typically post hoc justifications) as to why they decided the way they did. The wine expert can say reasons as well, but the evidence for taste is not really all that objective. (Of course, the evidence may be found after the judgment is made. People are not always entirely rational.)

To learn to make objective judgments, one needs constant feedback either from a teacher or from a colleague or from reality. One needs to think about what was decided and why. People who are good at this are good at it because they have analyzed their successes and failures and they can articulate their reasoning. Learning requires repeated practice.

## SOCIAL PROCESSES

### 1. Influence: Understanding how others respond to your requests and recognizing consciously and unconsciously how to improve the process

Human interaction is one of the most important skills of all. We regularly interact with family, friends, colleagues, bosses, romantic interests, professors, service personnel, and strangers. Communicating effectively is very important to any success we might want to have in any area of life. But, we do not know why we say what we say, nor do we really understand how we are being perceived by others. We just talk and listen and go on our way. Some people are loved by everyone and others are despised. It is wrong to assume that we know what image we project or that we are easily capable of altering the way we behave so that we will be perceived differently.

How do we learn to become conscious of inherently unconscious behavior? One can learn to behave differently if one becomes consciously aware of the mistakes one is making. Watching others, watching oneself, thinking about how to improve—all this helps one make subconscious behavior into conscious behavior.

We unintentionally return to standard ways of acting in various situations. A wallflower at a party doesn't decide to be a wallflower—it is simply behavior she is comfortable with. If no one is harmed by

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these subconscious choices, then there is no need to fix anything. But often we might behave differently in how we treat others, if we realized what we were doing. Getting along with people is a very big part of life. Each of us has our own distinct personality and often it doesn't match with our own ambitions and desires. To change our behavior, we need to practice new behaviors that become as natural to us as our old behaviors. The only way to do this is to do it. People can help point out what you are doing that isn't helpful to your needs but that does not mean you can easily change. If you want to change, you need to try new behaviors and practice them. This can be coached. Practicing new behaviors and being critiqued can help greatly. Written communication is handled the same way.

### 2. Teamwork: Learning how to achieve goals by using a team, consciously allocating roles, managing inputs from others, coordinating actors, and handling conflicts

It is the rare individual who works all alone. Most people need to work with others. Children are not naturally good at this and are taught to "share." Then they sometimes do what is called "parallel play" where they play near one another doing different things. Getting kids to cooperate to do something together is not easy. Usually one wants to dominate the others. There is nothing wrong with this per se. People are who they are and they need to assume roles in any team that are consonant with their personalities. One person plays quarterback and another blocks. People do not have to do the same thing in order to work together. But they do need to get along and function as a team. This is no more true of sports than it is of the workplace. People learn to work in teams by working in teams and receiving helpful advice when a team is dysfunctional. Football coaches explicitly teach this. More formal learning situations (like school) often don't, which is unfortunate. It really isn't possible to get along in the real world unless you can assume various roles in a team that fit with who you are.

### 3. Negotiation: Making a deal; negotiation/contracts

Contracts, formal and informal, are the basis of how we function. We reach agreements in business, in marriage, in friendship, in a store,

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and at school. Parties to those agreements have the right to complain if obligations are not met. Learning to make a contract, legal or not, is a big part of being a rational actor. To make a contract one must negotiate it. Negotiation often is seen as something only politicians and high-powered business leaders do. But, actually, we negotiate with waitresses for good service and we negotiate with our children when we give them an allowance. Learning how to negotiate can be done only by trying and learning from failures. The techniques tend to be context-independent, but there is, of course, special knowledge about real estate and politics (for example, the relevant laws) that makes one a better negotiator in each situation. Again, practice with coaching is the ideal.

### 4. Describing: Creating and using conscious descriptions of situations to identify faults to be fixed

When problems exist in any situation, we need to be able to describe and analyze them. We need to be able to describe them in order to get help from people who may know more about the situation than we do. We need to learn to focus on the critical issues. In order to do this, we need also to be able to analyze these situations to see what was supposed to happen and why it isn't happening. Consultants who try to fix failing businesses do this sort of thing all the time, as do doctors when consulting on difficult cases. Creating a careful description of a situation is a skill that can be learned only through practice. This sometimes is described as learning an elevator speech to tell someone succinctly what you are doing. This ability is a very important part of understanding and helping others understand.

Now let's see what we have. First let's list again the types of cognitive processes that underlie learning:

Conceptual processes

1. Prediction
2. Judgment
3. Experimentation
4. Evaluation

Analytic processes

1. Diagnosis
2. Planning
3. Causation
4. Judgment

Social processes

1. Influence
2. Teamwork
3. Negotiation
4. Describing

What kind of stuff is this? I said above that these are cognitive processes. So let's look at them from that perspective. Let's start with the analytic processes.

What does it mean to say that diagnosis is a cognitive process? It means that there are steps and these steps are based in thought rather than in action. The first step may be to gather evidence, for example. While this seems like a physical act, and often it is, it is actually a mental act. Evidence can be gathered by asking questions, by looking carefully at a scene, by listening to sounds, or by taking blood tests. There are many ways to gather evidence and typically the physical manifestations of evidence gathering bear no real relationship to one another. Evidence gathering is a mental act, although physical actions may be involved. It is a mental act that is part of a set of complex mental processes that, of course, include reasoning about the evidence, checking the validity of the evidence, comparing known information with previous cases that are similar, and so on. Diagnosis is a complex mental process. Teaching diagnosis matters because getting good at diagnosis can make you a good mother, a good teacher, a good detective, a good nearly anything you can think of. The process of diagnosis is constant in our mental lives.

Are all 12 of the processes listed above like this? Clearly the other analytic processes are very similar. Planning is a mental activity that one gets better at by doing it. Whether you are planning a party or planning a career, the process involves thinking about steps and

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imagining consequences to those steps. The more you plan, the better you get at it. We do planning every day. It matters a great deal and the better you are at it, the easier your life will go. The same is true of the third mental process: analysis of causation. Knowing why something happened allows us to not do it again—if we didn't like the end result—or to try to do it again, if we did, and everything in between. Determining causation is a mental process that is very similar to diagnosis, of course.

So these three are all cognitive processes and they require constant practice. Getting better at them throughout one's life is very important. I define learning as improvement in one's cognitive processes. Lifetime learning does not mean the continual acquisition of knowledge so much as it means the improvement in one's ability to do these processes by means of the acquisition and analysis of experiences to draw on.

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CHAPTER 5

# Real-Life Learning Projects Considered

> I learned more about the economy from one South Dakota dust storm than I did in all my years of college.
>
> —Hubert H. Humphrey

These days everyone has ideas about ways to improve student learning. These range from having kids stretch between classes, to listening to Mozart, to eating right. Of course, those things won't harm you, but they really have nothing to do with learning. They are about getting students to concentrate on material that doesn't interest them much. Presumably, a tedious task is made better by these kinds of things. An interesting task does not need that kind of enhancement. It should be interesting in and of itself.

In the summer of 2008, I met a most unusual man. He recently had retired from being the CEO of Epson Europe. Some years earlier, his close friend, who was director general of a college, got sick and died. His dying wish was that his friend, the Epson CEO, would succeed him and become president of the business school of the college. And so it happened that a professional from the business world found himself in charge of the Business Engineering School at La Salle University in Barcelona, Spain. During his years at Epson he had hired many graduates from that college and others, and believed that the training they received there was highly theoretical, not practical enough or oriented to the real world of business. It was clear to him that students needed a different kind of training in order to prepare them for professional life. He began to talk to the faculty about teaching different kinds of courses, ones that were less theoretical and more related to what people actually do in business. The faculty objected. Shocker.

A provost friend of mine once said that with faculty, everything is a la carte. What he meant was that professors never feel that they have



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to follow the wishes of the administration. They consider themselves free agents. This former CEO, coming from a business where there really is someone in charge, didn't know what to do. He talked to people who talked to people and eventually he found me.

As a professor for 30 some odd years, I developed a healthy disrespect for professors as a group. They tend to lobby for keeping their lives easy and that means, among other things, making sure they don't have to teach too much or teach in a way that makes them have to work too hard. Professors always have something more important to do than teach. I am not criticizing here. I would have been the first to whine and wail if anyone had made me teach more than one course every other quarter. I considered myself a researcher, also a graduate seminar teacher, but classes with lots of students wanting to hear a lecture? Ugh.

The college president and I had dinner and discussed what we could do together. I said we could build any program he wanted online as long as we didn't need the approval of faculty to do it and we had good experts available. He said he was the expert and we needed the approval of no one. I said it would be expensive and he said, *God will provide.* (Did I mention this school is run by the Christian Brothers?)

Two months later I found myself in front of 25 faculty in Barcelona as I interviewed the president about what someone would have to know how to do in order to make them into someone whom he would hire. He gave me a list. The faculty got to comment, but that was about it. It was clear who was in charge.

So, we built a story-centered curriculum meant to teach practical business by creating simulated experiences. The idea is to deliver it online around the world, using mentors who speak the students' language. (The website is in English). No classes. No lectures. No tests. Graduates get an MBA degree but this curriculum doesn't have that much in common with traditional MBA programs. The idea is to help people launch their own business or go to work.

Students are part of teams that work to create deliverables within a story about a situation that demands some work on their part. They consult with their team members and use extensive background and step-by-step help that has been created as part of the website. Mentors are available to answer questions and to evaluate the final work product. The projects are large enough that students need to divide up the work and consult with one another on how to proceed. Eventually

they create a deliverable and either continue to work on improving it after receiving feedback from the mentor or move on to the next subtask in the story.

I will describe briefly the stories that the students work within (they each last anywhere from 6 to 9 weeks). Then I want to consider what these courses are really teaching from the perspective of the framework of cognitive processes that I described in Chapter 4.

## COURSE 1: "CASH CRISIS"— ANALYZE AND SOLVE FINANCIAL BUSINESS PROBLEMS

The story for this course is that a family that owns a winery business hires a consulting firm to help determine why the bank denied the renewal of a loan. The students, working in the role of assistant consultants, first conduct financial analyses to determine problems within the business. Next, they conduct a root cause analysis to determine the underlying causes of the problems affecting the business. Students then develop solutions to address the problems and write a report outlining the solutions, including 5-year financial projections.

## COURSE 2: "GOING ONLINE"— TAKE A SMALL BUSINESS ONLINE

Students are contacted by an investor who is interested in starting an online business selling gift baskets. She wants the students to help her plan what the business will sell in the gift baskets and to design the user interface for the website. She is leaving it up to the students to determine what sort of gift basket business they want to design. Her immediate concern is seeing what the site would look like, and how it would function, to make sure she will have a good design to impress prospective buyers.

Students begin by interviewing prospective customers and seeing how they typically buy such items online, to learn from their usage patterns and to determine common breakdowns in the usual process. Next, students produce expected user scenarios for the "personas" they identify as being prospective users of the site. They then define functional and nonfunctional requirements for the site they must

HOUSE_OVERSIGHT_023805

design. They design the information architecture, including content, sitemap, wireframes, and low-fi prototypes, after which they test their prototypes on prospective users. The final step in the process is a review of proposals from a set of vendors who could build the site the students designed.

## COURSE 3: MARKETING—LAUNCHING A NEW PRODUCT

In this story, the students belong to a product-launching team. The goal is to launch a new social network for amateur performers, iSing.com. Students decide which role they want to play, product marketing or marketing communication, and working together in teams of four, they prepare the launching plan for this product. Among the activities they perform are preparing job descriptions for both roles, preparing a position strategy statement and a message architecture, preparing a preliminary market segmentation for the product, preparing demographics and psychographics of the target groups, launching a kick-off meeting for the project, and preparing a launching program, including the following subtasks: total product requirements, barriers to customer adoption, competitive analysis, market/customer research, hiring a research firm, market leverage model, communication plan, web tools, branding, market research, and hiring a PR firm. Finally, students prepare a complete budget and defend the plan and the budget in front of the top management of the company.

## COURSE 4: RE-ENGINEER A SUPPLY CHAIN

Students now play the role of junior executive in the supply chain management department of RightByte technologies. They receive a report from the CEO describing the current processes and the main problems identified. With this information, students are requested to find out the root causes of the problems and come up with a suggested course of action to solve them. They have to take into account the following design principles for the new solution: customer service impact, impact on cost savings, and ease of implementation.

From this point on, the teams analyze each piece of the supply chain to make the deep diagnosis: demand/supply planning,

HOUSE_OVERSIGHT_023806

transportation, warehouse management, sales order management, and central order fulfillment. Once the diagnosis and requirements are well established, the teams develop a suggested solution. Finally, top management requires the team to prepare a change management evaluation to see whether the company is prepared to undertake such a complex project.

## COURSE 5: INVESTMENT READINESS—HELP A SMALL TECHNOLOGICAL COMPANY TO SUCCESSFULLY RAISE FUNDS FOR AN INTERNATIONAL EXPANSION IN A SECOND ROUND

Next.TV is a small company that has been very successful in the local market. It has developed a software package to automate an editorial department of a TV channel. Most of the main domestic channels have already implemented the package and the company wants to go international. Students are hired as expert consultants to prepare the company for this second round of financing and to present the project to Venture Capital firms. Students now do several tasks that they have already done in the previous modules, plus some new tasks, but they do them now in an integrated manner and with much less time to finish them. Task to perform are: analyze starting point (P&L and balance sheet), enhance the product value proposition, prepare a sales plan, perform a management audit, prepare the internalization plan, prepare financial planning, write the business plan, identify potential VC firms to present to, analyze offerings, and negotiate a term sheet.

## COURSE 6: ETHICAL AND LEGAL ISSUES IN CORPORATE GOVERNANCE

This course involves reading and discussing a specially written novel. The intent of the novel is to inspire readers to wrestle with the problems of the characters, who are involved in complex ethical and moral decisions within the pharmaceutical industry. The novel serves as a starting point for the kind of active contemplation and discussion that truly make people better able to think more deeply about such issues. The students immerse themselves in the story of an international

pharmaceutical company engaged in a hostile takeover of a smaller, but highly successful, competitor. Students experience the tough negotiations, the elimination of dedicated and talented individuals, and the painful shuffling of roles and responsibilities that accompany major change in a modern corporation. Students also confront the complicated (and sometimes conflicting) relationship between social responsibility, legal responsibility, and profit motive, as they witness the company's attempt to establish a new research facility in a blighted town as a consequence of the merger. As students consider each episode, they critique the actions and reactions of the central characters, advise them on next steps, and glean lessons related to negotiation, change management, legal and ethical issues in corporate governance, and working with other cultures.

## STORY 7: SELLING AND IMPLEMENTING SOLUTIONS

Students begin their work as new project managers at a premier event-planning company, World Class Events. They begin by qualifying and prioritizing opportunities to propose work to prospective clients, pitching to senior management which of the proposals should receive the greatest budget, based on potential profitability, likelihood of winning, and other relevant considerations. They create a project scope document for the sales effort, first planning and attending a simulated meeting with event-planning experts to determine a vision for the event, including risks and open questions for the client. They then engage in a role-play call with the client, introducing World Class Events and clarifying the project vision.

Of course, the intent of this curriculum is to prepare students to go out into the business world. So, there is a natural subject orientation. The subject is business. But after we acknowledge that, everything else is different. The curriculum was designed with the 12 cognitive processes in mind. Let's see how that was accomplished.

The real issue in learning in any arena of knowledge is getting better at the cognitive processes that underlie that knowledge. The processes involved in learning have been with us as long as there have been humans. School, and subject-based education, is a more recent invention. To understand how human learning works, we need to think more deeply about how we can teach these processes.

HOUSE_OVERSIGHT_023808

So, we might ask, Where do the 12 cognitive processes get taught in this MBA program?

First let's list the cognitive processes again:

Conceptual processes

1. Prediction
2. Judgment
3. Experimentation
4. Evaluation

Analytic processes

1. Diagnosis
2. Planning
3. Causation
4. Judgment

Social processes

1. Influence
2. Teamwork
3. Negotiation
4. Describing

Now let's consider them one at a time.

Where is prediction taught in our MBA program?

In course 1 (cash crisis), students have to create a financial plan. Any planning document is a serious attempt at prediction. Prediction is covered in a different way in course 2. In that course, students need to predict how users will behave on a website. In course 3, students need to predict the effects of a marketing campaign and predict what will work and what will not work in a product launch. In course 4, students need to predict how changes they make in the supply chain will improve the process. In course 5, students are developing a business model, which is in itself a prediction that certain decisions and behaviors will make money. In course 6, students must predict the effects of various changes in an organization and must predict the behavior of the people with whom they will negotiate. In course 7, students

HOUSE_OVERSIGHT_023809

predict which sales pitches will work as well as predicting various costs and benefits associated with their product.

In fact, it seems obvious that *prediction* is at the very heart of this MBA program. But so are all the other cognitive processes. Students are always working in *teams* and are always trying to *influence* their peers, their superiors, their customers, and so on. They are in constant *negotiations* and they are creating all kinds of *plans*—financial plans, marketing plans, and business plans. They are constantly *diagnosing* problems in the various stories and constantly creating documents as work products (*describing*). They must determine the *cause* of various problems in each story and *evaluate* solutions to those problems. They make *judgments* about what to do, and what is working and what isn't, in each story and they create *models* of proposed solutions. Each new solution they propose is, in effect, an *experiment,* and they must evaluate the results of each experiment as they proceed.

Now let's reconsider what it means to teach and what is important to teach within the context of a good curriculum. One might have expected, given that there are 12 cognitive processes that must be learned, that each project in the curriculum would be put clearly into one of categories. The schooling mentality naturally leads to the idea that if diagnosis is important, then we should offer a course in diagnosis. But you can't diagnose randomly and you can't teach students to do diagnosis in the absence of an acknowledgment of their real interest and goals independent of a context. While diagnosis is fundamentally the same process whether you are plumber, a doctor, or a businessperson, there is also much to learn about the context of the diagnosis, and real students with real goals will fall asleep while hearing about diagnosis in one context, whereas they will perk up while actually doing diagnosis in a context they find fascinating.

We have designed this curriculum to teach the 12 cognitive processes within the context that was decided upon by the students. No one is forced to take an MBA program. The students are those who want to run their own business or work within the context of a large business. It is the job of the curriculum designer (and the teacher), therefore, to teach them how to think well within that context.

Now I am not saying that this is not done (or at least cannot be done) within traditional schooling. Sometimes it is. A good history teacher does in fact teach about diagnosis and causation and planning. One can think about the Battle of Waterloo and learn a great

HOUSE_OVERSIGHT_023810

deal about planning, and influence, and causation, and teamwork.

But while this could be true of a good history course, it often is in no way actually the case. If history courses were designed to teach students to think within the context of history, they would be much more important than they now are. As long as we think that history is about getting the facts about who signed what declaration when, we are missing the forest for the trees from a teaching point of view.

Now, of course, some subjects lend themselves very easily to emphasis of the 12 cognitive processes. Science courses could, for example, be entirely about experimentation or diagnosis or causation, and they would be very useful if they were. But instead we encourage learning the facts about who did what experiment and we teach formulas to be memorized and we teach about equations. Experimentation is indeed a very exciting subject. (Ask any 2-year-old who experiments with what best goes in his mouth on a daily basis.) But schooling manages to make it a very dull subject by teaching who did what experiment when.

One reason that we have managed to create dullness out of material that can be inherently interesting is the absurd emphasis on testing that has dominated the world of education in the past years. Below are three questions (quite typical ones) from an AP psychology exam.

Ivan P. Pavlov is famous for his research on

(A) teaching machines.
(B) perceptual learning.
(C) forward conditioning.
(D) classical conditioning.
(E) backward conditioning.

A stimulus that elicits a response before the experimental manipulation is a (an)

(A) response stimulus (RS).
(B) unconditioned stimulus (UCS).
(C) generalized stimulus (GS).
(D) conditioned stimulus (CS).
(E) specific stimulus (SS).

HOUSE_OVERSIGHT_023811

Erikson proposed that trust or mistrust develops during the

(A) muscular-anal stage.
(B) locomotor-genital stage.
(C) latency stage.
(D) oral-sensory stage.
(E) maturity stage.

Psychology is all about experimentation, but the questions here are about facts about previous experiments, which is very different from learning to design and perform an experiment about something that personally interests you. Psychology teachers cannot teach students how to create a hypothesis and experiment to find out whether it is true, unless they go around the existing curriculum. Since teachers are judged by their students' results on AP tests, this is hardly likely.

Another problem here is that only some of the 12 cognitive processes are conscious. Others are hidden from our conscious minds. If school were to actively try to teach diagnosis, for example, soon enough there would be the 18 principles of diagnosis or a test about who said what about diagnosis. There probably wouldn't be much actual diagnosis unless something drastically changed our conception of what schooling should look like.

The major problem with how we think about teaching is our conception of what it means to teach, as well as our conception of what it means to learn. In school we "know" that one has to learn math and science and literature. I am asserting here that it is that notion, that there are these specific subjects to teach, that has ruined our schools.

There are abilities to teach, not subjects.

Academics designed the school system. To them, it seemed natural that the subjects that they were experts on should be taught in high school. Such a simple thought has created a major problem.[1] Education ought not be subject-based but, in a sense, we can't help but think of it that way because we all went to schools that were subject-based. Even corporate training, which need not be subject-based, tends to be viewed in that way as well, simply because that is the way we have always looked at education owing to our own experiences in school.

Once you set up the learning question in terms of subjects that need to be taught, it is very tempting to use the old tried and true, *Why*

*don't we just tell them the facts and any underlying theories?* The knowledge metaphor, the one that says that teachers know some stuff that students don't, naturally leads teachers to tell students what they know.

Now let's consider corporate training.

The companies that contract with my company[2] to build courses know that we will not use the *learning by telling* method. Presumably they are frustrated with the results that the telling method has produced in courses that have been built for them by others. (In fact, they refer to it as "death by PowerPoint.") This is why they come to us. Still they can't help but ask the same subject-based question. How could they not? It is all they know. They went to school. They see the world in the way that school taught them to see it.

They don't ask the questions they should ask because they can't. We need to transform badly formed educational questions into properly formed ones. We need to transform subject-based questions into cognitive process-based questions. This means changing statements about the need to manage client relationships into statements about cognition, and statements about product launch into ones about cognition, and so on. What does it mean to make such transformations? It means asking what one does when one manages client relationships or when one launches a product. This is, of course, exactly what we ask clients in our first meeting with them. For example, we ask: *What does one do when one launches a product?*

What I plan to do here is reveal what we do next, namely, the *subject to cognitive ability transformation process*. We must do the transformation properly and then make clear what one does in course design after one has figured out what really needs to be taught.

Let's start simple. Let's imagine we want to train insurance adjusters to decide what compensation a policy owner is entitled to after a hurricane hits his property. (Yes, I do live in Florida, but I can't say I care much about this process personally.) I found this on the Internet covering this subject:

> Catastrophe Adjusting Refresher
>
> **Course Description:** This is a course package comprised of three courses plus a bonus section and downloadable documents.

One of the three courses is this:

HOUSE_OVERSIGHT_023813

Catastrophe Adjusting Skills and Techniques

**Course Description:** This is a course package comprised of seven courses plus two bonus sections and a number of downloadable documents.

This online class is for individuals who are new to adjusting catastrophes, such as hurricanes, windstorms, and tornadoes. The course is broken down into two key sections: "Getting Prepared for Adjusting" and "The Actual Adjusting Process." The first section includes a number of course components and background knowledge that can be done in preparation for any catastrophe. The second part of the class takes you through all the steps and processes required for adjusting residential properties. This online package includes everything listed under course topics.

Course Topics:

- Insurance Basics
- Tools of the Trade
- Working with Digital Photos
- Residential Construction Basics
- Claim File Components
- Homeowners Policy Interpretation
- Property Adjusting 101
- Getting organized
- Claim reporting

*Course Length:* 8 hours

*Audience:* Property adjusters who are new to processing and adjusting catastrophe claims and need the knowledge and skills required to be successful on the job.

One thing that jumps out here is the time. In 8 hours, the above topics will all be covered.

Wow! Assuming an hour for each subject, this means you can learn insurance basics, or residential construction basics, in an hour if you take this course. What this means in practice, I assume, is that

there will be some text to read and some questions to answer to make sure that you have read the text. Personally, I doubt that one could learn much about any of these subjects by oneself in 8 hours (or even 8 days.) Clearly, they are teaching vocabulary and a few facts. Most of it will be forgotten.

Now suppose the insurance industry had come to me and asked my company to build a course that covered these topics. What would I say? (Apart from: *Are you nuts?—not in 8 hours.*)

I would start by asking what is hard about insurance adjusting. At the same time, I would have already assumed that this was basically a diagnosis task.

Diagnosis is a complex cognitive process that has three important parts. The most important part is the end result. All successful diagnoses result in an answer (cancer, stopped up sewer line, misfiring spark plug, paranoia, etc.). These results are taken from a list of acceptable answers and typically are not in any way inventive. The second part is the case. A prototypical case for all possible results typically is compared with the current case. A match determines the result. The third part is the evidence. To construct a case, one must gather evidence. When more than one prototypical case matches the situation, more evidence needs to be gathered in order to differentiate the cases that might match. Doctors call this differential diagnosis.

How does one learn to do diagnosis? One must know the prototypical case, which often takes years for one to acquire naturally through experience. One must know how to gather evidence, and what constitutes evidence, and one must know the possible set of results. All of this takes a long time to learn. But the process itself is very much the same no matter what you are diagnosing. So, one question we would ask was whether the students in the course had any experience diagnosing anything. It is easier to teach diagnosis to people who have done it before even if the subject matter is different this time. Another question we would ask is how much the students knew about the basics of the subject matter since it is easier to teach diagnosis to those who already know the subject matter.

So when I ask what is hard about insurance adjusting, I have a good idea of what the answer may be. It is probably in one of these three things. Is it difficult to learn all the kinds of cases that there are and what differentiates one from another? This depends on how many

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types of cases there are. Is it hard to gather evidence properly? Probably. It usually is. Is it hard to know all the possible results? It might not be. It might be hard to decide on a result, however, since the result is usually to pay some amount of money, so how much money would be the key question. All this takes practice, so what we really need to know is where the main areas of practice should be.

So now we have a real question to ask:

> Q1: How can we practice gathering evidence, learning about prototypical cases, and knowing how to determine the correct final result in insurance adjusting?

Notice that this is a very different question from asking what an insurance adjuster knows and then asking how to tell students what they should know.

Making the transformation from the list of knowledge given above by the online course offerers into Q1 is the real issue in transforming subject-based education into cognitive process- based education.

Let's discuss a different type of example. My company was invited into a technical college in Peru to discuss how to teach accounting. *Why would you want to teach accounting?* I asked. Because the students need to know it, I was told. *Why?* I said. Because they need it in their work. So I changed the subject. I asked, *What work do most people do when they graduate from your school?*

It turns out most of their graduates ran fast-food restaurants. *Then why do they need to learn accounting?* They need it in order to run a restaurant. I am sure there is some accounting done as part of running a restaurant, but surely not every part of accounting is needed. And, I asked, *Do you actually teach how to run a restaurant?*

Of course they didn't. Why not? Because accounting is an academic subject and managing fast-food employees and ordering meat are not. They hire an accounting professor and he knows accounting and knows nothing about running a restaurant. Even a practical technical school gets caught up in subject-based education in part because it hires graduates from that system who know only what they themselves were taught.

What are the cognitive processes involved in running a fast-food restaurant? Let's see which are relevant.

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Conceptual processes

| | | |
|---|---|---|
| 1. | Prediction | YES |
| 2. | Modeling | YES |
| 3. | Experimentation | YES |
| 4. | Evaluation | YES |

Analytic processes

| | | |
|---|---|---|
| 1. | Diagnosis | YES |
| 2. | Planning | YES |
| 3. | Causation | YES |
| 4. | Judgment | YES |

Social processes

| | | |
|---|---|---|
| 1. | Influence | YES |
| 2. | Teamwork | YES |
| 3. | Negotiation | YES |
| 4. | Describing | YES |

Hmm. All of them. How can this be?

Managing a business, any business, requires one to influence employees, negotiate with suppliers, plan future moves, determine what isn't working, teach employees how to work together, make judgments about people and processes, and so on.

All this should give a hint about how to approach a business that wants to teach its employees to do their jobs properly. One must teach each of the 12 processes, but they need to be taught in the actual context of what people will do when they graduate. This does not mean that for every problem there are 12 courses that need to be created.

While you might need to predict an employee's behavior, this does not mean there should be a prediction course. This is not a problem because there never is such a course. A businessperson has to make judgments, and determine causes of problems, and so on, so maybe we should have courses in each of those processes. But this makes no sense.

We must teach people to deal with the real-life issues that arise in any situation they are preparing to work in. In other words, the

HOUSE_OVERSIGHT_023817

designer of a course on how to manage a restaurant must focus on the typical goal conflict situations that a new manager would have to confront. The course designer must create a fictional situation where it is necessary to convince an employee to do something or to find out why something that was asked of an employee did not happen.

The magic word is *scenario*. Scenarios are like plays. Things happen and you have to deal with them. A well-written scenario makes sure that all of the processes that could be at all relevant to what you want to teach, occur in this new context. In a reasonable education system, students would have been practicing all of these processes all of their lives. But we do not have a reasonable education system. We have one based in subjects. So our cognitive processes are not rehearsed over time in different contexts by constant practice. Instead we learn knowledge about subjects.

To remedy this, a course designer (and a teacher if the teacher has that freedom) must make sure that as many of the cognitive processes as are relevant to a situation naturally occur within the scenario being constructed to simulate what will happen in real life later on. Not every situation requires diagnosis, but many do. Not every situation has a goal conflict or forces one to make predictions or plans, but many do. If what needs to be taught naturally lends itself to working on any of the 12 cognitive processes, then the training being built must concentrate on that. If there could be diagnosis, then there should be training in diagnosis in that context, and that training must supersede the garnering of facts.

Schools are tough to change. We are trying, but the subject-based educators have a few hundred years head start. However, in designing new training, it is quite possible to reorient subject-based courses and turn them into cognitive process-based courses that are much more satisfying to both the teacher and the student.

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CHAPTER 6

# A Socratic Dialogue

> Sit down before fact as a little child, be prepared to give up every conceived notion, follow humbly wherever and whatever abysses nature leads, or you will learn nothing.
>
> —Thomas Huxley

Slave Boy: So it really doesn't matter how you classify a teaching/learning problem because there are many methods that could apply, correct?
Socrates: And what follows from this?
Slave Boy: That it is not the classification that matters but the methods entailed in that classification.
Socrates: And what do all these methods have in common?
Slave Boy: They all involve practice
Socrates: And what else?
Slave Boy: Real experience.
Socrates: And how is experience stored?
Slave Boy: Through cases.
Socrates: Expressed how?
Slave Boy: As stories
Socrates: So what follows from all this?
Slave Boy: That the methodology entailed in each classification of learning types is not the real issue.
Socrates: And what is the real issue?
Slave Boy: Practice
Socrates: And?
Slave Boy: Dialogue
Socrates: Why dialogue?
Slave Boy: Because it is through dialogue that stories are solidified and indexed
Socrates: So the classification of learning types doesn't really matter then, does it?



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Slave Boy: Oh no, dear teacher, I beg to differ. The classification helps us think about the real issues in education.

Socrates: Indeed.

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CHAPTER 7

# Knowledge-Based Education vs. Process-Based Education

Diagnosis is not the end, but the beginning of practice.
—Martin H. Fischer

In our society we have set up schools to teach knowledge. We concern ourselves with what facts children know, we test to make sure they know them, and then we complain that the schools are failing when they don't. This idea is so ingrained in our way of looking at schooling that when people like me complain about it, we are seen as people who are rambling around muttering to ourselves.

There are so many people having anxiety attacks about what kids know, it seems one can find an article about it in every news segment on education.

I happened on an article in *Huffington Post* written by someone named Schweitzer who is listed as "having served at the White House during the Clinton Administration as Assistant Director for International Affairs in the Office of Science and Technology Policy." Here is a piece of what he said:

> The health care debate cannot be understood in historic context because many Americans have never heard of Thomas Jefferson. Extrapolating from state surveys, only 14% of American high school students can name who wrote the Declaration of Independence. Nearly 75% do not know that George Washington was our first president. . . . We can say that our educational system has failed when the vast majority of American students do not know enough to pass an exam to qualify as American citizens.

This is an astonishing statement.



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Why do we have such a failed system? Could it be the policies of presidents like Clinton, who pursued a policy of never offending the teachers unions by doing anything threatening to them, like changing the curriculum?

Or, could it be that people such as this writer define education in terms of random facts they wished everyone knew? The problem is not that people don't know who Thomas Jefferson was. If citizens knew who he was, would that mean that they could think clearly and not be influenced by all the special interests who were trying to tell them what to think? If they knew who George Washington was, what exactly would they know about him? That he could never tell a lie? This is obviously untrue, and many have written about what a good liar he actually was. That he was a brilliant general? There is lots of evidence against that. That he owned 300 slaves? This is not usually mentioned. That he married a rich woman probably so he could get her land? Historians discuss this. Schools never do. Nevertheless, people are upset because our students don't know our national myths and some random facts.

The real issue in the healthcare debate is that the general public can't think clearly. That would have a simple explanation. The schools don't even try to teach people to think clearly.

I mentioned President Clinton above, but really all U.S. presidents are culpable. It may not be their fault. Certainly they are given terrible information.

Lamar Alexander, former Secretary of Education (under George H.W. Bush) was speaking in the U.S. Senate recently on restoring teaching history to its "rightful place" and making sure that history was part of the NCLB act. Here is a quote from him from 2006:

> Just one example of how far we are from helping our children learn what they need to know. The fourth grade national report card test asked students to identify the following passage, "We hold these truths to be self-evident that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the Pursuit of Happiness." Students were given four choices: Constitution, Mayflower Compact, Declaration of Independence, and Articles of Confederation. Less than

> half the students answered correctly that that came from the Declaration of Independence. Another question said, "Imagine that you landed in Philadelphia in the summer of 1776. Describe an important event that is happening there." Nearly half the students couldn't answer the question correctly that the Declaration of Independence was being signed.

Politicians never seem to get it about education. What history do students "need to know"? None, actually, unless they plan on being historians, or maybe senators. Now I realize this is a radical point of view, but history is not something anyone needs to know.

Why not?

Because knowing what happened in Philadelphia in 1776 does not in fact make you a better citizen, no matter what Alexander says. Random historical "facts" do not make one a critical thinker about history nor do they promote clear thinking about current political issues. Such "facts" are almost always used by politicians to justify whatever it is they already believe. Understanding how human events typically flow is, in fact, quite valuable, but that has more to do with understanding human nature and prior circumstances than it does with memorizing facts that politicians deem important to know. A good citizen would be one who carefully considered the issues when voting. That would mean being able to diagnose problems and evaluate proposed solutions. But that would produce a citizenry that could ask hard questions of politicians, which is probably not what these politicians are aiming for.

In 1776 we had a bunch of politicians who, if the present set are any example, surely were voting for their own special interests. The fact that we, as a country, feel the need to make them into folk heroes does not make it one bit more likely they were any better or worse than the current people who govern us. What Alexander is really arguing for is more indoctrination—more informing students what to think instead of teaching them how to think.

It would be nice if one simply could point a finger and say it is all the politicians' fault. They really don't want people to think all that clearly. But politicians are only part of the problem.

Recently, a report was issued about the teaching of mathematics, stating:

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> Students who complete Algebra II are more than twice as likely to graduate from college compared to students with less mathematical preparation.[1]

The natural assumption here is that we must hurry up and teach more Algebra II, of course. Except that obviously is not what is going on; it just serves the interests of those who wrote the report to put it that way. Here is another statement from that report:

> Students who depended on their native intelligence learned less than those who believed that success depended on how hard they worked.

The claim is simply this: If you work harder, you get into college. Now the question is: Why are the writers of this report claiming that the thing that students have to work harder at is Algebra II?

It is easy enough to see why this panel decided that. At stake was a $100 million federal budget request for *Math Now*, and the people who were on the panel were people who would receive that funding. University professors issue reports asking for grant money to be approved that state that the nation will not succeed without that grant money. Vested interests are nothing new. I am sometimes amazed that no one points this stuff out, however. *It is well established that everyone must know algebra.* The fact that this is well established by those who make money on the teaching of algebra is never brought up by the *New York Times*, which published a lead article on the report, or by anyone else, it seems.

My favorite part of the *Times* article was the following:

> Dr. Faulkner, a former president of the University of Texas at Austin, said the panel "buys the notion from cognitive science that kids have to know the facts."

Dr. Faulkner, let me point out, is a chemist, and I am pretty sure he doesn't really know much about cognitive science. But cognitive science has been used of late to justify a great deal of what is wrong in education. E.D. Hirsch, an English professor at the University of Virginia, made a career of making lists of stuff every kid should know. When cognitive scientists trashed this work as nonsense, he cited the

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idea that one needs background knowledge in order to read, which is both true and a product of various works in cognitive science.

Hirsch was made to look like a fool so often that he resorted to hiring a cognitive science professor at Virginia, who has written a book justifying the same nonsense with more cognitive science facts.[2]

There is plenty of work in cognitive science that shows that background knowledge helps people interpret the world around them, and thus reading, for example, is facilitated by having knowledge about the world about which you are reading. This idea, however, does not imply that ramming facts down a kid's throat is the way for them to acquire that background knowledge. Knowledge acquisition is a natural result of engaging in cognitive processes that are being employed to satisfy a truly held goal.

If you are trying to find your way around a city, you will learn the streets of that city and develop what is called a cognitive map. If you try to memorize those same streets, it simply won't work. Real knowledge is acquired as a natural part of an employed cognitive process in service of a goal. But Hirsch and Willingham know nothing about cognitive processes. They only know, and talk about, how best to acquire more facts. Politicians listen to them and there are more tests to make sure those facts have been acquired. No one remembers Algebra II or much about the Founding Fathers because that stuff is mostly facts acquired independent of any real goals that will employ those facts. Knowledge is not the real issue in education or in mental life. The real issue is developing facility with doing various cognitive processes. Knowledge comes along for free with practice of these processes in specific domains.

There is no evidence whatsoever that accumulation of facts and background knowledge are the same thing. In fact, there is plenty of evidence to the contrary. Facts learned out of context, and apart from actual real-world experience that is repeated over and over, are not retained.

Why don't kids like school? Because we teach them knowledge that they know they won't need. How do they know this? They know that their parents don't know this stuff—that is how. Many kids don't like math much and it is clear why. They find it boring and irrelevant to anything they care about doing. If we think math is so important, then why not teach it within a meaningful context, where it actually is used? There is plenty of evidence that shows that teaching math

within a real and meaningful context works a whole lot better than shoving it down their throats and following that with a multiple choice test. But for the vast majority of citizens, Algebra II is never used.

There is no evidence whatsoever that says that a nation that is trailing in math test scores will somehow trail in GDP or whatever it is we really care about. This is just plain silly, but we keep repeating the mantra that we are behind Korea in math as if it has been proven that this matters in some way. Nothing of the sort has been proven. What is true is that there are a great many vested interests that need to keep teaching math: tutoring companies, testing companies, math teachers, book publishers, and many others who make lots of money when people are scared into thinking that their kid won't get into college because he or she is bad at Algebra II. Nearly every grownup has forgotten whatever algebra he or she ever learned to pass those silly tests, so it is clear that algebra is meaningless for adult life. Any college professor who is honest will tell you that algebra almost never comes up in any college course, and when it does come up it usually needn't be there in the first place.

So, math isn't important and history isn't important. What is important?

Tests. Tests are very important. Not to me, of course, but my vote isn't being counted.

The past two presidents have been obsessed with raising test scores. I am assuming this is true because some political analysts somewhere have determined that the general public believes in the significance of raising tests scores and will vote for politicians who are able to show that they have done it. There can't be any other reason. Try taking those tests. Most of them are available online. See how well you can do at them.

But what could really be wrong with testing and emphasizing test scores?

## TESTING TEACHES THAT THERE ARE RIGHT ANSWERS

The problem is that in real life, the important questions don't have answers that are clearly right or wrong. "Knowing the answer" has made school into Jeopardy. It is nice to win a game show, but important

decisions are made through argumentation and force of reason—not by knowing the right answer. People who know a lot are generally quite smart. I could do well at Jeopardy as could most professors, I would think. But we are not successful intellectuals because we know a lot of facts. We know a lot of facts because we are successful intellectuals. People have got this backwards.

Consider athletes. A great baseball player and a great basketball player, it can be assumed, also will be very good at lifting weights. But they did not become good at lifting weights and then become great athletes. It was the other way around. They had a natural talent for hitting a ball or shooting baskets and then they had to get stronger in order to compete with others who had the same talents. The talent is the reason—not the weightlifting. Michael Jordan, a really great athlete, couldn't become a successful baseball player because he couldn't hit a curve ball. That talent had nothing to do with the athletic ability that made him a great basketball player. Hitting a curve ball is a different kind of talent. His weightlifting ability was the same either way. I know a lot of facts and I am talented at designing educational software. The facts I know do not help with the talent. But the more educational software I design in different domains of knowledge, the more facts I pick up.

When we look at people who are knowledgeable and confuse that with people who can think well, we totally miss the point about education. Education ought not be focused on imparting facts any more than athletic training ought to be focused on weightlifting. You learn to hit a ball by hitting one and you learn to think clearly by thinking. Focusing on the 12 cognitive processes I have outlined, rather than focusing on fact acquisition, helps one learn to think.

## TESTING TEACHES THAT SOME SUBJECTS ARE MORE IMPORTANT THAN OTHERS

The tests are small in number. If there were thousands to choose from, then perhaps people could get tested in fiber optics instead of history. But the system has determined which subjects are the most important. The system made that determination in 1892. Some things have changed in the world since then. There are a few new subjects—psychology, computers, medicine, business, and law, for example. Many

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new sciences and social sciences came into being after 1892. But none of those will ever make it into the sacred group of math, science, English, economics, and history because everyone seems to think that the big five were handed down on tablets to Moses.

And everyone is sure that their favorite subject is the most important one, be it history, literature, math, or science. Math and science are having a big moment as I write this. We hear that the nation does not produce enough students interested in math and science. Something must be done.

I was a math major in college. I got 98 on every math Regents test offered. (I lived in New York where testing ruled in the world in the 1950s too.) My mother always asked where the other two points went. I grew up to be a computer science professor. I am not a math phobe. But neither am I a math proponent. I have never used math in my professional life.

I always start any discussion on education by asking if the person I am talking with knows the quadratic formula. One out of one hundred knows it. (The last few times I asked, the people included the head of a major testing service, the governor of a U.S. state, various state legislators, and 200 high school principals.) Then why do we teach this obviously useless piece of information to every student in the world? Because math is important, of course.

Why?

As a person who was involved with graduate admissions for 30 years at three of the top ten universities in the country, I know what this hysteria is actually about. Nearly all applicants to graduate computer science programs (which is what I know—but it is true in most fields of engineering and science) are foreign nationals. We wonder why American kids aren't interested in these fields—which is a reasonable enough question. But then we have come up with an extraordinary answer.

What we say is that we must teach math and science better in high school when what we mean is that it would be nice to have some more American-born scientists.

Do we really believe that the reason that there are so many foreign applicants to U.S. graduate programs is that they teach math and science better in other countries? China and India provide most of the applicants. They also have most of the world's people. And many of

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those people will do anything to live in the United States. So they cram math down their own throats, knowing that it is a ticket to America. Very few of these applicants come from Germany, Sweden, France, or Italy. Is this because they teach math badly there or is it because those people aren't desperate to move to the United States?

U.S. students are not desperate to move to the United States, so when you suggest to them that they numb themselves with formulas and equations, they refuse to do so. The right answer would be to make math and science actually interesting, but with those awful tests as the ultimate arbiter of success, this is very difficult to do. Math and science are not important subjects. There, I said it. Start the lynching. One can live a happy life without ever having taken a physics course or knowing what a logarithm is.

But being able to reason on the basis of evidence actually is important. You cannot live well without this skill (or any of the other cognitive processes I have been writing about). Diagnosis is science as it actually is practiced by scientists. Science is not a bunch of stuff to be memorized. It is the fact-based tests that cause this problem. We don't need more math and science. We need more people who can think.

## TESTING FOCUSES TEACHERS ON WINNING NOT TEACHING

Many teachers are extremely frustrated by the system they have found themselves a part of. They cannot afford to spend time teaching a student or getting a concept across if the issues being taught are not on the tests. They are judged on the basis of test scores. So any rational teacher gives up teaching and becomes a kind of test preparation coach. Testing has become a kind of contest between schools, much like football. I like football. But the football mentality that envelops our concept of schooling is a disaster.

Take a look at this excerpt of an article taken from my local paper. What our educators are worrying about is winning the game. Unfortunately, the game has nothing to do with educating students and everything to do with test scores, which are probably less valuable than football scores in predicting anything about the future of children's lives.

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Martin County School District won't settle for B

July 27, 2007

STUART—The Martin County School District was just short of earning a perfect report card from the state in late June.

But the district, which earned 18 A's and one B, has a chance to earn straight A's. School officials are appealing J.D. Parker School of Science, Math & Technology's B grade. The Stuart elementary school had enough points to be considered an "A" school, but because the lowest 25 percent of the school's students didn't make learning gains, the state dropped the grade to a B.

. . . .

Martin had the second-highest percentage of A schools among the state's 67 counties. Gilchrist County had the highest percentage of A's, though the county in northeastern Florida only has four schools.

The district is also filing an appeal for Warfield Elementary in Indiantown. The school received an A, but did not make adequate yearly progress under the federal No Child Left Behind Act, state data shows.

The result of all this is that teachers are now being "held accountable" for their teaching, which is another way of saying, *Get those test scores up or else.*

The following is from an article on the front page of the *New York Times* (December 23, 2007):

Mr. Obama, for instance, in a speech last month in New Hampshire denounced the law (NCLB) as "demoralizing our teachers." But he also said it was right to hold all children to high standards. "The goals of this law were the right ones," he said.

When Mr. Edwards released an education plan earlier this year, he said the No Child law needed a "total overhaul." But he said he would continue the law's emphasis on accountability.

And at the elementary school in Waterloo, Mrs. Clinton said she would "do everything I can as senator, but if we don't get it done, then as president, to end the unfunded mandate known as No Child Left Behind."

But she, too, added: "We do need accountability."

Accountability must play well in Peoria because every politician is for it.

Accountability must mean to voters, I assume, that teachers will be measured by how well they teach their students. Political candidates, always willing to hop on an uncontroversial point of view, are all quite certain that the voters know what they are talking about. No matter how stupid NCLB is, no matter how mean spirited, no matter how awful for both teachers and students, its very horror rests on the premise that no one seems to be disputing that the federal government has the right to tell the schools what to teach and to see whether they are indeed teaching it.

How is this premise wrong?

- It assumes that all schools should teach the same subjects.
- It assumes that some subjects are more important than other subjects.
- It assumes that all important subjects can be easily tested.
- It assumes that seeing who did better than whom in school is an intrinsic part of the educational process.
- It assumes that all children have the same educational needs.

Let's take them one by one.

## ALL SCHOOLS SHOULD TEACH THE SAME SUBJECTS

Why is this wrong?

First, it is wrong because subjects aren't what should be taught. But even if one follows the view presented in this book that the issue is cognitive processes and not subjects, cognitive processes need to be applied to actual domains, that are relevant to the life of the student.. Kids in New York come from, and will live in, a different world than their compatriots in New Mexico. In New Mexico, I was asked whether we could teach casino management and land use. Yes, we could, but not if there is federal accountability about algebra and 20 other subjects that make it impossible to fit these subjects in.

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## SOME SUBJECTS ARE MORE IMPORTANT THAN OTHER SUBJECTS

Yes, we have electives. But they don't matter. Because accountability means making sure that we first teach what does matter. What matters is the stuff that we are holding people accountable for. Since this seems to be math and science these days, for no good reason I can discern, this means that we will get to the stuff that would excite kids and keep them in school, and might teach them some job skills, after we are done with the important stuff. But I am certain that none of the politicians mentioned in the Times article knows the quadratic formula or the elements of the periodic table, which is, of course, the stuff of accountability since it is so easy to test. Then how can that be the important stuff?

## ALL IMPORTANT SUBJECTS CAN BE EASILY TESTED

Yes, there are right answers in math. But are there right answers in whether we should have invaded Iraq? No? Does that mean we can't teach how governments actually work and how to get reasoned arguments to be heard? Is there a right speech political candidates should make? Does that mean we can't ask students to give speeches because we can't easily assess them? Do we teach only subjects for which there are clear right answers? We do now, which is one reason why school is a deadly experience for one and all and will remain so as long as accountability is the key word in government.

## SEEING WHO DID BETTER THAN WHOM IN SCHOOL IS AN INTRINSIC PART OF THE EDUCATIONAL PROCESS

It really is all about competition, isn't it? Bush, both Clintons, and Obama are all the winners of the school competition. They went to Ivy League schools, which seems to be the real issue for most parents. I taught at Ivy League schools and I was profoundly unimpressed with the test- taking, grade-grubbing students I found there. The goal of education is not to say who won, and it is not to tell Harvard whom to admit. The goal is provide real-world skills, some of which

may not be so easy to assess until the graduate actually shows up in the real world.

## ALL CHILDREN HAVE THE SAME EDUCATIONAL NEEDS

There is more than a 50% dropout rate in many high schools because we have forgotten that not everyone is going to Harvard and that going to Harvard is not the goal of education. Some children simply need to learn about ethics and business and child raising and how the legal system works, how to take care of their health and how to understand when politicians are saying things that make no sense. Why wouldn't those subjects be critical? No politician seems to think any of those are more important than math and science. How about the student who has a passion for the environment, or doing social good, or being a good parent, or running for office? Does every student's school life have to be the same?

## STUDENTS LEARN THAT MEMORIZATION IS MORE IMPORTANT THAN THINKING

In an answer-obsessed world, "go figure it out for yourself" or "go try it and see what happens" are replaced by more memorization. Giving kids a chance to fail helps them learn. Actively preventing failure by telling the right answer just helps kids pass tests. In each of the cognitive processes that I presented in Chapter 4, failure is not only an option—but it will happen all the time. One's first hypothesis will be wrong. One will plan badly or botch a negotiation. These processes are all about failure, not right answers. Recovering from failure, getting better next time, is what learning is all about. Learning entails failure and cannot happen without it. The kind of failure I have in mind here is expectation failure. This means that we can fail even when we succeed, because we didn't expect things to happen quite like they did. Our predictions are often wrong. We work at getting better at making them and explaining to ourselves why we were wrong. This process of expectation failure followed by explanation is at the heart of learning. That's what learning is all about. Memorization has nothing whatever to do with learning, unless you want to become a singer.

How can we offer new curricula and new ways of learning if no matter what we do children must pass algebra tests? Each administration says over and over again that science is important, but since science in high school is defined for the most part by boring tests of vocabulary terms and definitions, who would be excited to learn science? If a really good scientific reasoning curriculum were created, the schools could not offer it unless it helped kids pass the very same tests that that curriculum was intended to replace.

We must make radical change. The only way to do that is to stop focusing on teaching subjects and stop using the fact-based tests are the natural end result of that focus on subjects.

An education system based on cognitive processes would look very different indeed.

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CHAPTER 8

# New Curricula for a New Way of Teaching

> A smart man makes a mistake, learns from it, and never makes that mistake again. But a wise man finds a smart man and learns from him how to avoid the mistake altogether.
>
> —Roy H. Williams

How do we put all this into practice? First, let's make sure we avoid creating departments around each of the 12 cognitive processes. The organization around subjects, which is the basis of how our schools are organized, is the source of the problem in both universities and high schools.

Subjects create departments. Departments in universities are a serious problem for students and administrators. They represent silos where decisions are made that will help the department prosper. Departments lobby for their courses to be required so they can hire more faculty. They make sure majors in their departments follow certain rules for graduation that are intended to make students scholars in their field rather than practitioners. Departments are the reason students graduate without job skills. Faculty are almost always against practical training. English departments have to be forced to teach students to write. Computer science departments have to be forced to teach students to program in a way that would make them hirable by industry. Psychology departments avoid teaching clinical psychology, which is really what students what to learn more about.

For about 10 years I have been building new online story-centered curricula. The idea behind a story-centered curriculum (SCC) is that a good curriculum should tell a story. That story should be one in which the student plays one or more roles. Those roles should be those that normally come up in such a story. These curricula are intended to teach students how to actually do something. The roles students play



HOUSE_OVERSIGHT_023835

in the story are ones that a graduate of such a program actually might do in real life or actually might need to know about (possibly because he is likely to manage or work with someone who performs that role).

Stories have been at the center of human consciousness for a long time. People tell stories, and the stories they tell shape who they are. People hear stories and remember those that resonate deeply with them. And, people live stories. The stories they live become part of them in a deep way. While we may easily forget everything about a traditional course we took in high school, we can hardly forget the roles we have played in real-life experiences, especially when those roles went on for a long time and had emotional impact on us.

The central argument here is that good education requires good stories—not solely stories that one is told, however. A good education relies on the creation of stories that a student can participate in and feel deeply about. This means that those stories must include others who are playing roles the student will have to deal with on the job, and that the roles the student plays in the stories must relate to the current or future roles that the student intends to play in his or her career.

The SCC is inherently goal-based. The goals must be those that a student has already. For small boys, for example, it can be assumed that the idea of building a truck or designing an airplane is an activity that would grab their interest. For older students, these would be ones like current or future job assignments. In an online world, it is quite possible to create hundreds or thousands of choices and allow students to pick what they want to do—not what they want to study, but activities that genuinely excite them.

The SCC is inherently activity-based. The tasks that constitute the SCC must relate to goals that the student has and the tasks that people actually perform in the roles that the student will play when the training is completed. Thus, an SCC is made up of a set of real-life types of tasks that make up the bulk of the work done by the student, and a set of events that occasionally interrupt or augment those tasks.

Thanks to a grant from the Kauffman Foundation, we built a full-year (all day, every day) high school curriculum in health sciences. This would be, ideally, used in a high school that offered perhaps over 100 full-year curricula. Students would choose four that they liked and after completing them would graduate from high school. All of the curricula would teach what it is like to live in a part of the real world, as well as allowing for practice in the 12 cognitive processes. It takes

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a while to build these SCCs and they are quite expensive to build, but they cost less than building a new school, so the money could easily be made available.

Let's look at the health sciences curriculum we built.

The year in health sciences comprises nine "rotations," each lasting 3 to 4 full-time weeks on average, in which students experience what it is like to solve the kinds of problems real professionals solve in various specialized fields related to biology and healthcare. These experiences are set in realistic stories in which the students play a leading role. The rotations are conducted consecutively. Students primarily work on assigned projects in teams, although each rotation has independent tasks as well. Each of the rotations was created with the assistance of an expert in each of the respective specialties.

One goal of the curriculum is for students to discover that practicing science is fun and relevant to real-world problems. They also should develop a sense of what it would be like to work as a practitioner in the various health sciences fields, so they can decide whether they might someday like a career in healthcare or biology. Of course, the real goal is to enable practice in the 12 cognitive processes. Let's see how that happens.

The rotations in the year in health sciences are:

1. *Internal Medicine*—Students diagnose and develop a treatment plan for a fictional patient who has a major illness and ultimately requires an organ transplant as a part of his treatment. Students also make judgments about ethical issues related to transplants, following a principled approach to ethical reasoning.
2. *Nutrition Advisor*—Students coach fictional nutritional advisors on their management of teenage clients' nutritional concerns and issues. During the process they also develop nutritional plans for themselves and for a peer.
3. *Super Worm*—Students work for a fictional philanthropic billionaire who asks them to invent ways of modifying the common earthworm so it can more efficiently improve soil to better supply the world with food.
4. *Sports Medic*—Students diagnose and develop treatment plans for patients who have sports-related injuries. In the process students produce in-depth reports on additional issues related to sports medicine.

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5. *Designer Genes*—Students consider ethical and political issues related to genetic engineering, for example, cloning, gene therapies, and the manufacturing of drugs. In the process they learn about DNA and the basics of genetic engineering.
6. *Plant Plague*—Students working for a fictional county farming agency are faced with an anomalous powdery mildew that has infected wheat in their local area. They investigate how the new strain of mildew arose and how it spread to this area and crop in particular. They work to develop a treatment for the current crop; then they develop a way to alter the wheat or the way in which it is grown to prevent future fungal outbreaks.
7. *Medical Detective*—Students work with the fictional county medical examiner to conduct medical investigations. They are asked to determine the time and cause of death for various mysterious cases.
8. *Cutting Costs Without Cutting Care*—In this rotation, students consider business aspects related to healthcare. Students play the role of a hospital consultant whose job it is to discern why the hospital is losing money and make recommendations for correcting the situation. In the process they confront ethical issues related to cutting costs in the area of healthcare.
9. *Outbreak*—In this rotation, students work in the areas of infectious disease, epidemiology, and public health administration. They begin by diagnosing the cause of a fictional patient's infection that stems from bacteria in a food item. They then learn that many people across the country have been found with similar illnesses. Students have to develop a plan to manage the outbreak due to the availability of the food item to a wide population. Later they are fictionally hired to develop a readiness plan for a possible worldwide pandemic.

Students spend weeks in each rotation. What do they learn?

Remember, the answer cannot be that they learn about health sciences. Why not?

Because that is really not the issue. No high school student learning a subject really learns that subject. Students forget what they have

learned in a day or in a week or a year. Professors always assume that entering high school students need to be retaught the basics. They may pick up the general idea but in reality the content of the subject area is, at best, vaguely understood. What they can learn is that they like a subject or have an interest in learning more.

The only other thing they can learn involves the 12 cognitive processes. So let's look at how the health sciences curriculum covers these processes.

By explicit design, all of the health science rotations emphasize all four of the "social processes." The students work in teams (*teamwork*), sometimes even in collaboration with other teams. The students and teams necessarily try to *influence* one another, *negotiate* with one another, and constantly have to *describe* their points of view and their results. The step-by-step instructions that are part of every rotation explicitly discuss how best to handle this. Now let's look at four of the rotations in detail.

## INTERNAL MEDICINE

The essence of this rotation is learning about how to do diagnosis, in this case, of liver disease. Students watch a detailed interview with the patient, select (after some orientation) specific tests to administer, receive the results, and report suggested diagnoses. They must communicate what they have discovered. So they describe the patient's symptoms and must analyze and discuss the causation of the patient's symptoms. Then they begin to plan a course of action. Planning what to do is a major component of this rotation. To do this they must make a judgment as a crucial part of the diagnostic work. They must do this again as well in the ethics unit that occurs later in this rotation. In that unit they undertake a detailed study of both medical and ethical issues in liver transplantation—which is where evaluation comes into play. Here the students become consciously aware of their values as they decide how to influence medical and ethical choices.

## SUPER WORM

The students plan carefully for this unit (a hypothetical redesign of the earthworm to make it even more helpful in agriculture). Hypothetical

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experimentation is performed repeatedly as the students predict the effects of various modifications of the worm's anatomy. Describing their conclusions is important—the project's goals; the worm's anatomy, physiology, and behavior; and the interaction of anatomy and function.

## SPORTS MEDIC

The core of this rotation is four athletic injuries. In each case the students examine the patients, describe their observations in detail, and perform a formal differential diagnosis. The students must use judgment and modeling to predict the effect of providing a competitive athlete with an artificial bone implant.

## DESIGNER GENES

This rotation has three primary activities. In all three, evaluation plays a role as they discuss genetically modified animals, crops, and muscles. Describing, planning, and influence all are involved as the students prepare a congressman for hearings. All four of the social processes come into play in formal debates.

What should be clear here is that what the health sciences curriculum seems to be about and what it is actually about are very different things. It seems to be about teaching health sciences content, when what it is really about is having students practice various cognitive processes that occur again and again throughout life. This was the goal of the design, pure and simple: to help students practice thinking. It really doesn't matter what arena they are thinking in. We get them interested in thinking by having them think about something that interests them and is connected to a world they may wish to explore later on in life. They may indeed learn something about that world as well, but the point is the cognitive process-based education, not the subject-based education.

I thought of the idea of building SCCs instead of using the normal set of courses that constitute most students' school year when I took a job with Carnegie Mellon University (CMU) as the Chief Education Officer of its new West Coast campus, located in Silicon Valley. There

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were no faculty located at this campus, since Carnegie Mellon is in Pittsburgh. I took this as an opportunity, not as a problem, since faculty want to teach the way they always have taught. Lecturing is easy and faculty like to do it. Students have learned to cope with lecturing and later cramming for tests, so no one complains much. No one learns much from this, but no one seems to be too concerned about it.

I was asked to design master's degree programs in computer science. It seemed to me that students entered a master's degree program because they wanted to get a good job after graduation, so I asked what jobs they were preparing for as I looked at each Pittsburgh campus program. Even though the faculty in Pittsburgh had been teaching these master's degree programs for years, faculty members were surprisingly unconcerned with what students did after graduation. They just taught their courses, their specialties actually, and assumed the students would find value in them. This seemed an odd state of affairs to anyone who looked at it from the outside, but as professor I know that faculty are rarely concerned with master's degree students at all and naturally wouldn't have given these programs that much thought.

There was a great deal of hostility to the SCCs that were built by my team and me. They were seen as threatening the existing structure of courses and lectures. Nevertheless, the students liked them a great deal and the people who mentored in them, after some initial resistance, began to like them and promote them. This happened in the areas of software engineering and software development.

The faculty in e-business liked what we had built so much that they got rid of the existing course-based, e-business master's degree they had offered in Pittsburgh and now offer only the SCC version on the main CMU campus.

SCCs work and work well. Students learn actual skills and teachers feel like they are helping students do something real. But faculty, who are used to the old classroom-style method, often resist doing the hard work now required of them. This is true for students as well. One mentor in the West Coast e-business program who himself had graduated from the Pittsburgh classroom-based program said that he felt sorry for the kids on the West Coast campus because they had to work so hard. He noted that they were learning a lot more than he did but that he had liked sitting in the back of the classroom and ignoring the teacher. It was much easier and he had done well at that.

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A story-centered curriculum is intended to teach cognitive processes, not subjects. Subjects are, of course, covered, but they are not really the point. Certain things need to be done again and again in life, but those things can be learned only in context, not as an abstraction. Different contexts must be provided in order to motivate students and to provide real-world skills that will be remembered, not because they were studied and tested, but because they were practiced again and again.

What is life like in a story-centered curriculum? The first ones we built were built as master's degree programs at Carnegie Mellon's new West Coast campus. Here is Max Soderby, a mentor in the first one of those master's programs, talking about his experience:

> I am almost jealous in a way because I see that they are gaining skills more rapidly than I gained them when I was a student in Pittsburgh at CMU's campus. They get exposure to things that we just talked about in a lecture hall, whereas they are actually doing it: implementing actual software and putting designs into practice. We mostly did homework and talked about it in a lecture hall. So I am jealous in that respect. It is also a lot more work, but that work pays off for the students.

Subject-based education is not really supposed to be training for work. I once proposed to the president of Yale (Bart Giamatti) that we build a master's degree program in an area of computer science that would help get people jobs after graduation. He said that that was training and that Yale does not do training. The academic subjects taught at Yale are meant to produce scholars. But, in a way, he was very wrong. Yale does do training. Yale and almost all other colleges are divided into departments, and a major in a department's subject typically is seen by the faculty as preparation for an academic career in that subject.

The students may well have a different point of view, however. Unfortunately, they come away disappointed. An English major could be hoping to become a journalist, but the education that he will receive is more likely to be appropriate for creating an English professor. A math major may well want to be an actuary, but will not learn actuarial science at Yale. He will learn to be a potential mathematics professor. And, worst of all, in my own field of computer science, the

HOUSE_OVERSIGHT_023842

very idea that a Yale degree would make you capable of getting a good job as a programmer is frowned upon by the faculty. They are training computer science professors. This is the logical end result of subject-based training.

Now, what Giamatti had in mind as the end goal of college, training for the mind, is a noble enough ideal, and a natural outcome of cognitive process-based education. The classic liberal arts view of education, one that a reader might think I am not in favor of, is actually a better model than the model that has evolved in the nation's top universities. The idea that you should try thinking in a variety of fields is a better plan, and one more in line with what I am proposing here, than the model that exists on most universities' campuses. The latter model, the one that makes students major in a subject and thus supposedly become prepared to work in that field, is really just a big lie.

There is nothing unusual here. Here again, is a statement from the Ivy League professor whom I quoted earlier:

> There is an unspoken rule at places like my university that if you are really good, you do exactly what your teacher does.

So what are these schools training students for? It could be only one thing—to become professors. There is no attempt to teach practical real-world applications of the ideas taught in classes, in part because the faculty themselves don't know those applications. Here is the Big Ten computer science professor again:

> There are roughly 60 faculty members in computer science. They cover all the traditional areas of computer science. Ironically, software engineering, which is what 90% of the undergraduates do when they graduate, is not covered. It is not considered an intellectual or academic discipline. It is considered too practical. There is only one software engineering course and it is taught by an adjunct because no one really cares about it.

This is a real problem because (the Big Ten professor again). . .

> There are hundreds of computer science majors here. The faculty doesn't feel it needs to change because there are students

HOUSE_OVERSIGHT_023843

> clamoring for what is now offered. Ninety-eight percent of them want to be programmers. Almost none of them want Ph.D.s.
>
> I cannot go to a faculty meeting any more. I get into a fight at every faculty meeting. I argue about teaching and education and they think they know because they are professors. I cannot subject myself anymore to their abuse.

These problems exist precisely because of the subject-based education system. That system is about factual knowledge, and it is this emphasis on factual knowledge that has given rise to the testing mania that has swept the country. These problems exist because the real mission of the university is very different than the general public imagines.

Here is a quote and a story that I rather like:

> A university is what a college becomes when the faculty loses interest in students.—John Ciardi
>
> Benjamin Franklin told the story of some Massachusetts commissioners who invited the Indians to send a dozen of their youth to study free at Harvard. The Indians replied that they had sent some of their young braves to study there years earlier, but on their return "they were absolutely good for nothing, being neither acquainted with the true methods for killing deer, catching beaver, or surprising an enemy." They offered instead to educate a dozen or so white children in the ways of the Indians "and make men of them."(From *Benjamin Franklin, An American Life*, by Walter Isaacson)

What has changed? Key life skills no longer include catching beaver. Otherwise, things are pretty much the same. Change "catching beaver" to any modern daily skill, and Franklin's story is just as valid today.

What do students really learn at a great university? Parents never really ask this question. They just know that their kid got into a good college and that their child is lucky to go there.

Should you avoid sending your child to top schools because they don't teach so well there and really don't plan to improve the situation any time soon?

No. Of course not. If your child gets into Yale, send her there. It is a great place. But you should know what Yale actually has to offer and what it doesn't.

If your child wants to be a professor, Yale is the place.
If your child wants to be an intellectual, Yale is the place.
If your child wants to go to law school, Yale is the place.
If your child wants to hobnob with the best and brightest, Yale is the place.
If your child wants to have a fun time for 4 years, Yale is the place.

Then what is wrong?

There is a problem only if you think that there is a different reason to go to college than the reasons I have listed above.

Oh. There is this other problem. Many of the other 3,000 colleges are trying very hard to imitate Yale. They attempt to provide similar experiences and they can't pull it off. Yale is a unique place. The nation can afford only so many unique places, however. We cannot afford having the main university of a state thinking it is Yale, as my state university friend suggests. If every university has as its main focus research and not education, then the best and brightest of each state will be trained, not necessarily willingly, to be academics rather than practitioners. There will be a great many students who came to school for an education that will help them in their future lives who will be disappointed to find out that that is not the type of education being offered.

Professors at Yale are playing the prestige game. Unfortunately, they are hardly alone in this.

My state university professor again:

> We definitely want to be part of the superstar system but we have no superstars. If we had them, we would probably lose them to Harvard and Yale anyway. Nevertheless, we are obsessed with the National Rankings put out by places like *U.S. News and World Report*. Faculty and deans say they are not obsessed with them, but rankings are an important part of the evaluation process and shape a department's growth. We want to be in the top 4 or 5 universities. We are not but that's what we want to be.

*U.S. News and World Report*'s annual rankings weigh heavily on the minds of the faculty and administration of universities who are in the prestige game. These rankings are based on numbers: average SAT scores of admitted students, average rank in class of admitted students, faculty publications, and many other numbers that come out in favor of research universities with world-class faculty. But world-class faculty means faculty who care about research and not about teaching. While there certainly is no harm in going to Harvard or Yale, the success of their students hardly depends on what they learned in those places and depends a great deal more on the fact that the best and the brightest are the ones who go there in the first place.

These places get away with teaching courses in obscure issues in literature and history, or in economic theory or in complex mathematics, by pretending that they are really teaching students to think. But does knowing obscure information necessarily imply that one is a good thinker?

A good thinker, I claim, would be good at each of the 12 cognitive processes.

What does it mean to be good at prediction, for example? Is a 2-year-old good at prediction? Is a dog good at prediction? Is a professional gambler good at prediction? Is a stock trader good at prediction? Is a mother of a toddler good at prediction? Is a politician good at prediction? Is a scientist good at prediction?

We actually are quite good at assessing the ability of others at prediction precisely because we have data to support our conclusions. We know how good gamblers or stock traders are at predicting. If they are very successful, we can say they are brilliant at what they do, or we can say they are lucky. Those are our choices.

The same is true of scientists. Most scientists make predictions, and those that are proven right are seen as brilliant. Luck enters into science as well and quite often scientists say that a given Nobel Prize winner was lucky and isn't really all that bright.

Dogs are seen as being smart (for a dog) when they can correctly predict the arrival of their master or bad weather or threats, and are seen as stupid when they bark at thunder. Their behavior is seen as stupid precisely because of the erroneous prediction that barking will scare the thunder away. A dog's inability to predict is exactly why we think dogs are dumb animals, and when they surprise us with an accurate prediction, they are seen as smart. Of course, we don't expect dogs to predict who will win the big game. We know their limitations.

HOUSE_OVERSIGHT_023846

But it is not only the accuracy of predictions that factors into our sense of a person's or an animal's ability to think. We say that a person is intelligent even when he predicts badly, if he gives good explanations for his predictions even though they don't pan out.

So when a sportscaster gives his prediction about the outcome of an upcoming game, we think he is intelligent if he has thought it out carefully, and if his explanation is coherent, and if his reasoning is sound, and we give extra credit if some of his ideas are surprising in some way. So, even if he subsequently turns out to be wrong, we still think he is good at thinking.

But prediction is actually quite complicated to judge. We respect great predictors. We think people who can predict well, especially those who can explain their predictions well, are very intelligent. But, often, we see intelligence when it may not be there. The reason is scripts. And we may fail to see it when it is there. The reason for that is explanations.

Scripts and explanations are at the beginning and at the end of intelligent behavior. What do I mean by that?

When a child is learning about the world, she is learning the scripts that commonly are followed in the world that she inhabits. I have explained this at length in two different books,[1] so I will just summarize here.

Scripts tell us what will happen next in the aspects of the world that repeat frequently. Anyone who goes to a restaurant knows that when you order food, someone will bring it to you and later you will be expected to pay for it. There are lots of variations on this standard restaurant script, however. It doesn't work quite like that at Burger King. The script is different but there is a script there too and we learn it if we frequent Burger King. The restaurant script has many variations and we are initially confused when we encounter a new one, but we learn through repeated practice. And, we generalize so that we can understand that the McDonald's script is pretty much the same as the one at Burger King.

We can predict what will happen next in the world based on experiences we have repeated. Following scripts is so normal that it is not seen as a sign of intelligence to be able to do it. We don't exclaim: Wow, he predicted that the waitress would bring what we ordered and she did. Amazing!

But the opposite is certainly seen as a sign of stupidity. Once one has experienced something many times, one should know what will

HOUSE_OVERSIGHT_023847

happen next in that arena. Dogs usually know the scripts that pertain to them, as well. They know which merchant will have the dog biscuit for them, for example.

People seem astonishingly dumb when they can't predict what is obvious to everyone else. Not knowing what will happen next in a script you don't know, because you don't have the relevant experience, means nothing at all, of course. The question is: If you have experienced something repeatedly, why haven't you figured out that what you have seen before will happen again?

Script following is, therefore, a sign of intelligence but a very limited one. We can blindly follow a script, and this can make us seem dumb indeed. Since scripts vary one from the other in many ways, the ability to see the nuances makes all the difference. Expecting that a fast-food restaurant will be the same as a three-star Michelin restaurant because it is a restaurant after all is what makes people seem stupid. Failing to make the right generalizations indicates a lack of thought.

The real question is this: What do you do when your script fails? This is important because scripts fail all the time. You expect something to happen and it doesn't. You love the cheesecake at Lindy's and suddenly it doesn't serve cheesecake. Or you find that Lindy's is now out of business. What do you do? People recover from script failure on a daily basis. How they do this tells us a lot about how the mind works.

When people refuse to abandon the generalizations they have made, they immediately are perceived as being stupid. When a medical assistant asked me the other day about the upcoming Thanksgiving holiday, I responded that I would be eating duck instead of turkey. She said that sounded awful and that duck was greasy and gamey and it sounded like a terrible idea. I asked her if she had ever eaten duck and she said no because it was game and she hated game. I told her it wasn't gamey. She refused to believe me. I was about to recommend trying magret de canard but thought better of it and asked if she had ever eaten in a French restaurant in her life. She said that she hadn't.

People who have scripts often generalize them so that in their own minds they experts on things that they have never experienced. This is what stupid looks like.

On the other hand, we might wonder what smart looks like. Let's imagine the same woman with the same beliefs hearing me say that duck was not gamey or greasy. Intelligent people respond, when they

HOUSE_OVERSIGHT_023848

are confused, or when a long-held belief is challenged, with a request for evidence. She might have asked where she might try duck or what duck tasted like since she had not understood it correctly. She might have allowed for the possibility that she was wrong and asked to know more. But she didn't. People who aren't intellectually curious rarely do.

This kind of dull thinking is not so much a matter of genetics as it a matter of not having been educated properly. And, that is, of course, the real issue here. If a child grows up in a world where questions are expected and where long-held beliefs can be abandoned because of new evidence, he will seek such interactions. But a child who grows up in a world where adults set themselves up as knowing everything and no one's beliefs are ever questioned, you will get mindless behavior like this.

Of course, it doesn't matter if this woman doesn't try duck. It is likely, however, that this behavior pattern—learn rules and never question them—pervades her life. This leads me to my main point.

Scripts are great things to have. They get you through the airport. They get you through Burger King. They get you through most of the mundane aspects of life. But scripts need to be modified. They fail all the time. The airport starts a new check-in procedure. The restaurant you always go to deletes your favorite item from the menu. The store you always shop in is getting very crowded. At some point we encounter script failure and we deal with it. The question is how.

We deal with script failure using two key procedures. It is our facility with these procedures that differentiates intelligence from stupidity. Thinking depends on them, and everyone must do them when trying to think. But not everyone does them well.

The procedures are:

Generalization
Explanation

These are not new ideas in the context of this book. Explanation is one kind of describing. Generalization is the method by which we do prediction, make judgments, do diagnosis, and determine causation. We generalize whenever we try to think.

This entire book is a generalization. It is an attempt to make sense of a vast array of information. That is what generalization is all about. The book is also an explanation of the generalizations I have

HOUSE_OVERSIGHT_023849

found to be true. At the core of thinking, you find generalization and explanation. But it is important to remember that what starts the process of generalization and explanation is failure. Without failure we don't try to generalize and explain because we have nothing to generalize and explain. Thinking, therefore, looks like this:

Make a prediction
Prediction fails
Make a generalization
Explain your generalization
Make a new prediction

Let me explain how this works and why one cannot think well if one cannot do this. To explain, I will tell a personal story relating to my own thinking and learning with respect to two of the twelve cognitive processes. I will explain afterwards why I have chosen to tell stories and why I have used personal ones.

## DESCRIBING

Let's start with describing. There is, of course, an art to describing. Anyone who writes and anyone who speaks publicly is learning all the time about describing. Since I was a professor for 30 odd years, and since I have written hundreds of papers and about 25 books, and since I have given numerous keynote speeches around the world, I have been thinking a great deal about describing for many years. I learn something whenever I speak publicly because I can easily tell whether I am being heard or not. Are the listeners on the edge of their seats or are they half asleep (or literally asleep)? I learn when I write because I read the reviews, and colleagues are always happy to tell me what was wrong with what I wrote.

Once, I was given a lesson in public speaking by someone older and wiser than me that I never forgot. I recently had been hired at Stanford as a professor. I was pretty young (22) and full of myself. In those days, the Computer Science Department ran a course for new graduate students that served as an introduction to all the special research possibilities in artificial intelligence for those who wanted to enter that field. There were many faculty in AI at Stanford and each

HOUSE_OVERSIGHT_023850

got a week to talk about what his work was about. The goal was to try to convince students to sign up for a special research seminar with that faculty member the following quarter.

My champion at Stanford was a psychiatrist named Kenneth Colby. He invited me to share his week and thus we would be a team for which students could sign up the following quarter. I listened to his talks to the students. He was very funny but rather light on content, in my opinion. I wasn't impressed. But, after I spoke, he said something to me I never forgot. He said: If you try to say everything that you know in an hour, either of two things is true. Either you can do it and therefore you must not know very much, or else you can't do it and you will talk way too fast trying to fit it all in and you will be generally incomprehensible.

I listened to what he had to say, but I wasn't sure he was right. At the first meeting of our jointly run seminar, we discovered that we had won the student jackpot. While other faculty had gotten four or five sign-ups, we had gotten 25. I was very proud of myself until the students went around the table to say who they were and why they had signed up. Not a single one of them had signed up because of anything I had said. They had been mesmerized by Colby.

Then I reheard in my head what Colby had told me the previous quarter. He had entertained them—not overwhelmed them. They thought he would be interesting and fun and they wanted to work with him. While I had looked down on his lighthearted presentation style, it turned out he knew what he was doing.

So, what did I learn and how did my thinking change? Thinking, as I said earlier, looks like this:

Make a prediction
Prediction fails
Make a generalization
Explain your generalization
Make a new prediction

What was my prediction? I had predicted that speaking quickly with a great deal of brilliant content would woo the incoming students. This was simply wrong. I needed to make a new generalization. Fortunately, I did not have to do the work myself. Colby had helped me by supplying a generalization that he believed to be true. (Good teachers

HOUSE_OVERSIGHT_023851

do exactly this: They supply generalizations when a student needs one and cannot come up with one by himself after a prediction that he made has failed.)

The generalization that Colby supplied was, more or less: Be entertaining if you want to attract followers and be listened to.

Was he right? Is this a good generalization?

The next step in thinking is: Explain your generalization. What this means here is that I needed to understand why this might be true. If possible, one wants to test out the new hypothesis. Fortunately for me, I had many opportunities to speak in public over the next 40 years. I tried many different methods of teaching and lecturing. Entertaining always works. Colby was right.

But I said that one needs to explain why it works. This is my explanation: People have trouble paying attention to someone who talks for an hour. Human beings are not built for this. Our ancestors certainly didn't listen to lectures. People communicate best by asking questions and interrupting. Since this isn't possible in a lecture, any questions they might ask, they ask themselves and try to answer. While they are thinking about what a speaker says, the speaker keeps on talking. No one can really hear a lecture, in my opinion. So, a good speaker, recognizing this, does not try to make the audience do that. He makes them laugh, he paints interesting pictures for them to ponder, he amazes them perhaps, but he does not try to get them to, nor does he expect them to, remember all that he has said. The less content, the more likely they will remember. Colby knew all this. I learned it over time. He jump-started my thinking.

By now, this new generalization of mine, together with my explanation, is part of my core beliefs. But any belief can be challenged by reality. And, any new belief generates new predictions. So I predicted that if I was funnier when I spoke, people would appreciate what I said more. I also predicted that if I didn't speak much in a graduate seminar and let students argue with one another, they would get more out of it. After 40 years I still believe these things. But, and this is the important part, there are nuances upon nuances about all these issues in my memory. I need to explain it simply when I write or speak about it, but when I think about it, I recall all kinds of exceptions and caveats. I know, or at least I think I know, a great deal about speaking and have lots of memories about specific successes and failures. Thinking and learning require one to recall one's experiences, analyze those experiences, come up with new hypotheses about failures, make

HOUSE_OVERSIGHT_023852

new predictions, and be prepared for these predictions to fail. This is what thinking looks like no matter which cognitive process is being thought about and practiced.

## DIAGNOSIS

Now let's talk about diagnosis. Again I will start with a story. This is one I have been telling for a long time because it informs us about how the mind works.

I was discussing with my colleague (Bob Abelson) how it could be that my wife could not seem to make steak rare (as I like it—she is no longer my wife, but not because of this). Bob responded that he couldn't get his hair cut as short as he wanted in England 20 years earlier.

This seems on the surface to be a rather odd response, but when we look deeper we can see that I was saying something like, She could do this right if she wanted to, and he was thinking, Maybe she thinks the request is too extreme, as happened to me with a barber in England many years ago.

Matching odd situations to other odd situations and seeing the similarity is what creative thinking is all about. Bob was trying to diagnose a problem that had been on his mind for a long time, and my new story provided him with new evidence to think again about what the proper diagnosis might be. This is what thinking looks like. It is also what reminding looks like. People get reminded precisely because they are trying to match a new situation to one they already know about and thereby determine what to do next. To put this another way, diagnosis depends on prior diagnosis. We constantly are trying to improve our diagnostic capability because we always strive to make better decisions no matter what arena these decisions are in. The fact that the improvement of diagnostic capability is not explicitly part of each and every curriculum in school is scandalous.

When we design new curricula, we need to ground them in some realistic framework that will enable students to practice things that they might end up doing in the real world. But that does not mean that the real issue in designing these curricula is anything other than teaching thinking, that is, enabling practice in the 12 cognitive processes. However, teaching thinking in the absence of a context that truly interests students is absurd.

HOUSE_OVERSIGHT_023853

CHAPTER 9

# How to Teach the Twelve Cognitive Processes That Underlie Learning

The art of teaching is the art of assisting discovery.
—Mark Van Doren

We need to completely redefine what we mean by school and what we do in school. We need to think about education in a new way. Rather than wanting people to be educated, which usually means being able to quote Shakespeare or nod sagely when Freud's name is mentioned, we need to expect people to be able to think well. Education would be better defined by defining an educated person as one who can make well-reasoned arguments for what they are about to do.

We must focus on teaching cognitive processes and abandoning the subject-based (and test-based) education system we have now that is clearly failing. The reason we have all those tests is simply because we have no idea how to make people learn all the stuff that is part of that subject-based system without threatening them. No one really wants to learn the Pythagorean theorem or information about the Taft Hartley Act. Let scholars know about these things; the average person just doesn't need to know this stuff.

But all people do know how to find and use the mathematics they need when they have continually practiced it, and they know how to find prior relevant experiences when they have to come up with a new plan they want to propose. That simply does not mean we have to tell it all to them years before they might ever make use of it.

In the age of the Internet, just-in-time learning is a serious reality. We can change things now in part because we have information readily available online. But the Internet has been designed by committee. It has much in it that is nonsense, and finding what you need just in time can be quite difficult. Still, it would not be that complicated to design a different kind of Internet, the moral equivalent of *Encyclopedia*



HOUSE_OVERSIGHT_023855

*Britannica*, if you will. It would be filled with knowledge from experts that had been vetted by other experts and delivered seamlessly without your having to search for it. You don't need to be a scholar in order to make reasoned decisions. You just need to know how to find information to help you think things out well. This means that learning to think clearly and knowing how to assess the value of new evidence that one has found, must be the main goal of any school system.

When does school start to falter? One way to think about school is to ask about the significance and age-related properties of each of the cognitive processes. Let's see if we can rank the processes in terms of age. Which of these processes would we expect a child who was entering school to already be able to do? To put this another way, a normal 5-year-old:

1. can make some accurate predictions about very simple things, like where his mother might be and what she might be doing and what will be on television
2. would have trouble modeling any process
3. has a limited sense of evaluation but knows what he likes
4. would be able to experiment with simple things like food and toys
5. might be able to do limited diagnosis of what might have gone wrong in a process, but it typically would be limited to explanations that he had heard from someone else
6. might be able to do limited planning based on plans that had been used before
7. might know something about causation because he would have been told about it and remembered what he had been told
8. can make some judgments based on his own tastes and what he has been taught about what is good and what is bad
9. can do some describing, but typically is not at all good at it
10. should be able to influence some people, especially his grandparents
11. should be able to work in a simple team together with kids his own age toward a goal
12. should be able to do some simple negotiation, especially with his parents, siblings, and some friends

So, upon reaching school age, a child can do some of the cognitive processes. Now the question is, How to we teach him to get better at them?

First let's see what the cognitive processes fundamentally have in common. This will give us a way of thinking about how to teach them.

The first and most important thing they have in common is that they all rely on a case base. We have all engaged in each of these processes many times and we have a range of experiences we can call upon to guide us the next time we find ourselves doing them. Each process relies on a story base as well. We can tell stories about interesting experiences we have had in doing each one of them. Stories usually revolve around failures, or at least unexpected results, since without these there are no good stories to tell. Engaging in any cognitive process includes the possibility of making a mistake during the process. We expect to get smarter each time as a result of any mistakes we make. This is what cognitive processes are like. We learn cognitive processes through experience and we index the failures we have so that we can find them again and perhaps avoid making the same mistake. When we avoid an error that we know we have made previously, we say that we have learned.

It follows, therefore, that acquiring a case base, learning the stories of others and learning to tell our own stories, and learning classic mistakes and being able to analyze behavior to find a mistake are all aspects of learning the cognitive processes.

Acquiring the case base and consciously analyzing the cases in that case base, then, is the fundamental issue in teaching the cognitive processes.

## HOW TO TEACH PREDICTION

We live in a physical world but we also live in a social world. Children need to understand that if they drop something heavy on their foot, it will hurt; they also need to know that if they do something mean to someone, the person may dislike them for it and may seek revenge. We use predictions to figure out what will happen as a result of our actions and then we use that knowledge to guide us in our future

HOUSE_OVERSIGHT_023857

actions. What kinds of predictions do children regularly make, then? And, what can we teach and how can they learn?

1. Children predict the actions of the people that they interact with, but they do not necessarily realize that they do this.
2. Children predict the reactions of objects and actions in the physical world, but they do not necessarily realize that they do this either.
3. Children predict their own feelings and mental states. They do things that they think will make them happy, but they don't necessarily realize that they do this either.

These three worlds, the social, the physical, and the mental, are at the center of what adults make predictions about. We predict the speed of an oncoming car and decide whether we can cross the street safely. Children may not do this so well. We predict what will happen when we scream and yell at someone, but children may not predict this too well either. We predict events that will make us happy or sad, such as taking a nice vacation, or playing a game, or a good meal, or establishing a relationship with another person. Children do not consciously think about such things.

But adults do think about these things, so where do children learn about them? At the present time, the answer is that they learn about them as events happen randomly in their lives. If they are lucky enough to have someone helpful to talk with about their experiences, they may, in fact, become good at analyzing how the world works and making their predictions conscious. Getting better at prediction is the cornerstone of living one's life in a satisfying way. One can, of course, get better at prediction by simply thinking about it—this is how most people do that today, of course. But not everyone is capable of doing that and, clearly, most adults are not all that good at making important predictions in their own lives. (This is one reason that there are bad marriages, financial counselors, clinical psychologists, and prisons.)

What helps teach one to predict is to hear about the experience of others and to be able to reflect on one's own experience. This means that having experiences to reflect upon, and people who are knowledgeable to discuss those experiences with, is at the cornerstone of learning to predict effectively.

HOUSE_OVERSIGHT_023858

This should start as early as 1st grade (or age 5—I don't really believe in grades).

How do we do it? We design experiences for children that are age appropriate and talk about what will happen in those experiences before they do them and how they can learn from and improve upon those experiences after they happen. Then they undergo a slightly more complex experience that builds on what they learned. The process is simple enough. The question is what experiences to design, how to design them.[2]

I should note that prediction is used as a teaching methodology in schools today, especially in reading. I suggested this in a book I wrote about teaching reading in 1978, and since that time (not necessarily because of that book) it has become more common to use prediction to teach reading. Also, high school kids are asked to make predictions in courses that cover current events. Kids predict sporting events or the sex of their in utero sibling.

The idea that kids can make predictions is not a really radical point. My point is that prediction has to be the curriculum, not be ancillary to the curriculum. If we want children to predict well, we need to help them do that. As it stands now, they are on their own. As adults who have not been taught to predict well, they will make poor life decisions, predicting wrongly about how people in their lives (bosses, spouses, children, co-workers, etc.) will behave toward them after they take certain actions, for example. Yes, understanding is improved if one predicts the future actions of characters in a book one is reading—it helps a lot. And, reading is a skill that is very important. But it also helps to understand how to predict daily actions better and how to find out whether you were right and how to explain why you were wrong. Doing this consistently makes you better at predicting something more important than what an author has a character do in a story.

How do we get good at making predictions about the outcome of actions? What outcomes do we need to predict?

Every action we take involves a prediction. When we put one foot in front of the other in an effort to move our bodies forward, we are predicting that this will work, that we won't fall down, and that it won't hurt to do this. Sometimes we do fall or it does hurt. We learn this and compensate next time. This is learning in its most basic form. And obviously, we have been learning about walking since we were

HOUSE_OVERSIGHT_023859

very small. We keep learning about walking throughout our lives because things change.

Babies predict what will happen when they cry. They don't start out making such predictions. They learn to expect results that they have already experienced. These are scripts, and I have discussed them at length elsewhere.[3] Scripts are acquired naturally as a result of repeated sequences of events. We predict what will happen next because we know the script. Scripts are not normally taught because they are readily acquired from living. But what if you want to teach them? You might want to teach them in a situation where someone's new job is a script and rather than learn that job from repeated experience, there is a desire to jump-start the process by simply teaching the script. How can we do this?

There is also prediction that is not script-based. In other words, there could well be a script but the predictor doesn't know it. How can one learn to predict well if one does not have a script?

And lastly, there is often the need to predict when there couldn't possibly be a script because what needs to be predicted is novel, at least to the predictor. How can the prediction be made? More important, how can someone be taught to predict in that kind of situation?

These, then, are the three aspects of prediction: learning a script; functioning without a script because it isn't known; and predicting when there is no script.

How do we teach these things? Scripts are learned through repetition. No one seeks to explain to a child that since she will be doing something again and again, she will now memorize the steps before she tries it out for the first time. Instead, we take the child through the steps until she has learned them. There is no need to try to teach a child scripts (such as how restaurants function or airplane rides go or school procedure works). We can say some words about these things, of course, but the learning comes from repeated practice no matter what we do.

Teachers (and course designers) often fail to understand about teaching scripts. Talking about what a student will have to do later will not help that student do what he is being asked to do. We don't learn scripts consciously and thus aren't likely to remember what we are consciously told about what to do. We are conscious when we execute a script—we are thinking about what will happen next—but not so much in words as in expectations of next events. We don't talk about

HOUSE_OVERSIGHT_023860

one foot going in front of the other foot or think about it very much. So if a teacher tries to teach us about it, it is doubtful that the words will help us much. Scripts are practiced. We can prepare for them if that makes people happy. We can tell a child what will happen when he rides in an airplane for the first time, but it isn't so that he can do what he is supposed to do so much as to make him more comfortable and less surprised by noises or procedures that might be upsetting. The only way to really learn a script is to do it again and again.

So what does this tell us about teaching scripts? What if we don't have the time to allow a student to practice? This is, of course, what happens in job-training situations. We tell someone what to do and hope they very quickly will learn how to do it. We can't afford weeks of practice. So how do we teach scripts in that case?

The answer to this depends on the number of mistakes that it is possible to make while executing a script. The real issue in script execution is, after all, not knowing the next steps, but knowing what to do (or what not to do) when the script begins to falter in some way. This means that a teacher (or a course designer) must have one question in mind when thinking about teaching a script: What are the most common (and most important) mistakes that are made by novices when they execute this script?

To teach people to avoid mistakes in a script, or to teach them to get out of difficult situations properly, one must practice those situations. This means that script teaching must focus around errors and that it is the job of a teacher to systematically make sure that everything that could go wrong, does go wrong in any practice situation. Teaching scripts means helping the student form a case base of errors and a case base of how to handle them. Here again, this cannot be taught consciously. Script failures must be taught through practice. The students must build up their own case bases by experiencing the problem and then either think their way out of it, or learn standard solutions as a way out of it by practicing them. So, we can speed up the script-learning process by creating a simulation that has every important mistake built into it waiting for the student to trip up and make that mistake.

When a script isn't known and predictions need to be made, the usual human procedure is to adapt on old script to serve as a temporary new one. Never been on a plane but have been on a train? Never been in a fancy restaurant but have been to a fast-food restaurant?

HOUSE_OVERSIGHT_023861

Never been to college but have been to high school? These are situations that happen to people. They usually assume that one is like the other. While this assumption may not work out all that well, it is the best a scriptless person can do in the situation.

A teacher, therefore, can take advantage of this human desire to see unknown A as being like known B. People do this all the time. They assume the girl they just met will behave like the last one they went out with. They assume that their teacher will behave the way their last teacher did. They assume that their new car works the way the last one did. They do this with situations as well. What it means is that people predict on the basis of experience and it is the job of the teacher to help students understand which of their prior experiences is most relevant when they are confused. Doing this is not so easy. But it is possible and it is a proper area for a teacher or a course to focus on.

Here is the process. Students need to be asked what to do in a situation that is new to them. Their natural response would be to rely on prior experience. The teacher's job is to make that reliance explicit. To ask students to say which experience they will rely on for help in the new situation and ask why they think that that particular choice will be helpful. To ask them to analyze the differences between the current issue and the prior script and to predict where the prior script might not work. To ask them to think of alternative scripts that might help.

What I have described here is the basic process of indexing cases and matching cases, which is critical to thinking—especially original thinking. No case is really exactly the same as one that came before. We are used to partial matches when we use an old case to help with a new one. What we are not used to is a discussion of why one match was correct and why another was less helpful. Making case matching a conscious process helps us understand something that we normally do without much conscious thought. People need to learn to rely on partial matches and they need to know how to determine which partial match is most likely. I have referred to this process as case-based reasoning in many prior publications.[4] But I have not spoken about how to teach case-based reasoning. This is where post hoc discussion is very important. An example of such a discussion can be found in a book written by Harvard government professors[5] on the failure of President Ford to choose the right cases to reason from in a crisis. Usually this kind of analysis is done as kind of an afterthought. However, teaching people to do it actually is critical to teaching people to predict properly.

HOUSE_OVERSIGHT_023862

How do we teach prediction when there is no script and there are no seemingly relevant prior cases? In some sense we can't. We can teach people how to go about trying to make predictions. This is actually what science is about. Scientists create theories that make predictions, which they then try to verify with evidence. This process—hypotheses verified by evidence—can be taught in the sense that it is a way of thinking that can be practiced in various venues. It is reasonable to start teaching children to think in this way about the world around them. As for adults, teaching scientific reasoning in the context of corporate training is probably a less than optimal place to start. People in corporations need to be able to reason from evidence and to understand what data would confirm or deny the value of actions they have taken for the benefit of the company. This, of course, is scientific reasoning. But, unfortunately, the people who go into the business world tend to have never practiced scientific reasoning in their educational careers because they weren't interested in science. But they must be interested in predicting well in order to succeed in business.

## HOW TO TEACH MODELING

Building a model of a process is very difficult for a child to do and not so easy for an adult to do either. When you teach computer science, you learn this quickly enough. Computer programs are models of processes. People try to write computer programs by creating diagrams that model what happens first and then what happens next, and so on. These models are almost never right the first time.

Programmers learn to debug their programs, which means they continue to try to get their model to be accurate. But most people cannot do this very easily, and it is a very important skill. Knowing how to raise money is important if one wants to start a business, for example. The money-raising process can be understood, but one has to examine it and go through it.

This is just as true of ordering in a restaurant. Children may seem to know about ordering in a restaurant, but they may not understand money or service or having a job exactly and thus may have an erroneous model of the process. Why does the waitress bring food, is a complex question for a 5-year-old, but also an important one. Building models of how and why things work as they do, is significant for children to learn to do.

HOUSE_OVERSIGHT_023863

The way to do this is to look at processes that children engage in during the course of their daily lives and have them first explain how and why the processes work and then try to improve upon them. They could carefully examine the operations of the school cafeteria, for example. Of course, this has to be done in line with the interests that the children actually have. The idea is building the model, not telling them what models they have to build. Every child has an interest—animals, sports, family, cars, dinosaurs, whatever. Children need to learn to model the processes that interest them in order to better understand them and to make them better. Children will learn about the modeling process from working on a car engine, for example, if they are taught to think about what is going on in a deep way rather than just learning a set of facts about how the car runs. This is true in any area of interest, from medicine to government to science.

Adults have a difficult time with models at work, as citizens, at home, and so on. They don't always know how things really work. To get people to be better at understanding the processes that they engage in daily life, they need to be able to model them. This ability has to be taught and practiced early..

Of course, kids have been building models of actual objects for a long time. Using a kit to build a model airplane is fun but it doesn't teach you much about how planes fly. More detailed models of physical objects are very helpful.

Building a medieval castle, for example, sounds like fun to me, and there are things to be learned from doing this, of course. It is a good activity for little kids, but modeling involves social processes as well. Kids need to understand how the world works, so it isn't the castle itself that is so important but perhaps a model of the society around the castle, and the need for the castle, that would matter in this instance.

## HOW TO TEACH EXPERIMENTATION

Everyone experiments all the time. We eat foods that we hope won't make us fat or might make us healthy. We take drugs that are supposed to help us, and maybe they do maybe they don't. We try out relationships that may or may not work. We experiment with jobs, hobbies,

homes, cars, toys, games, lifestyles, behaviors, hairdos. . . . The list is seemingly infinite.

We may not see ourselves as experimenting when we try out something new. We often experiment ineffectively. Learning to experiment in a reasonable way is yet again something that can be done only through experience. But, in this case, there really is an experimental process to be learned. It can be taught early on by finding simple experiments that small children really are interested in doing—they do not all have to do the same ones since it doesn't matter what they do. They can learn to attempt to control the variables and see what happens in a variety of circumstances. This is, again, the scientific method, but the issue is really not teaching science so much as it is teaching a scientific approach to gathering useful knowledge. What constitutes evidence and how to draw conclusions are the kinds of things that a teacher can help with. Here again, a case base is acquired and relied on throughout this process. The discussion of findings so that they can be mentally indexed is very important part of the process.

But how do we find out what is true? Ask any 5-year-old this question and the answer is not very likely to be, We run an experiment. Ask mommy, is more likely or, Ask the teacher, if the kid is in school.

But, testing hypotheses is a critical part of learning to think. Of course, one has to have a hypothesis first. Children are rarely asked for their hypotheses about things. This is not exactly odd because although children do have them, it is a weird kind of discussion to have with a 5-year-old. Nevertheless, it is important to do. Teaching children to form and test hypotheses is as simple as asking them to do it. But, here again, asking them to do it must be done within the context of something they really care about. There have been many attempts over the course of educational history to teach kids science by having them run experiments; sometimes they are asked simply to replicate old experiments and sometimes they are asked to try new ideas out and figure things out for themselves. While the latter is most certainly preferable, these experiments tend to be about testing water quality, or nutrients in the soil, subjects that are not exactly on the mind of a 5-year-old.

What is on the mind of a 5-year-old? He might be wondering about how to deal with his baby sister. Or he might be wondering

HOUSE_OVERSIGHT_023865

how best to throw a rock in order to hit the cat. For many of these things, hypotheses can be formed, discussions about what makes a good hypothesis can be had, and ideas for testing out hypotheses can be sought. Maybe these would just be thought experiments (as in the case of hitting the cat), but thought experiments are important also. Knowing what would confirm or deny a hypothesis is important. Finding out what kids want to get better at is part of the issue here. If they want to learn to hit a baseball, having a theory about what makes a good swing and what makes a bad one may matter to them. The subject matter doesn't matter at all really, just the thinking and the experimentation.

This suggests that the real way to teach experimentation and the other subjects we have discussed here is to group kids not by age but by interests. So, if a child wants to think about dogs all day, group him with a set of other dog lovers and start coming up with hypotheses about dogs' behavior, needs, commands that they might learn, training, breeding, and so on. It just doesn't matter what the subject is at this stage.

Suggestions for kids' science experiments are everywhere. Here is a typical one:

> Gravity
>
> The Earth tries to pull everything down toward its center. This pull is called the force of gravity (the invisible force). When you lift things up, you have to pull against gravity. If you drop a pencil, gravity pulls it to Earth. If you rest its midpoint on your finger, gravity will pull down equally on both sides of the pencil and it will balance in the air.

Here is another:

> Sound and Noise
>
> Have one person fill each of the plastic eggs with a different item. Put some rice in one, some dried beans in another, and so on. Keep track of what you put in each egg by writing numbers on the eggs. Have a different person try to see if he can figure out

what is inside each egg by shaking and listening to the sound generated. After he takes a first guess, show him the list of what items are in each egg and have him guess again. See if he changes his mind about some of the previous guesses. Now open the eggs and see how close the guesses were to what was actually inside each egg.

Now, let's make a musical instrument called a kazoo. Cut a small square of wax paper about 1 inch larger than the end of the cardboard tube. After doing that, wrap the wax paper over one of the ends of the tube and put a rubber band over the paper to hold it in place. Now, put the open end of your kazoo up to your mouth and hum a tune into it. Notice how the kazoo buzzes and vibrates to amplify (make louder) the sound of your voice.

Of course, this is not exactly what I have in mind when I suggest focusing school on experimentation. Say the word *experiment* and the word *science* usually follows right away. This is unfortunate because most kids won't become scientists any time soon. Also, most kids already know what they are being asked to "experiment" about. They know the pencil falls and they know you can make noise by blowing through things. They may not understand how all this works, but they won't understand much more after doing these so-called "experiments."

Experiments in the larger sense are about attempts to find out what is true about things you are uncertain about. The issue is how to do that when you are wondering about something. To do this we need to constantly deal with what kids are worrying about and ask them to determine how they can find out what is true. This is experimentation that can be helped by teachers. It needs to be individually focused, however. You can't have a class worry collectively about any one thing. Each kid has his own concerns.

## HOW TO TEACH EVALUATION

For an issue that is so important to so many people, it is astonishing how difficult this seems to be. Just say no to drugs campaigns don't work and people wonder why. Abstinence campaigns don't work and people wonder why. It is not all that mysterious. You can't teach

HOUSE_OVERSIGHT_023867

evaluation verbally. Since children naturally copy their parents, it is not that complicated to figure out where children acquire their initial values. And, since values are not typically stated (my father never said liquor at 5 p.m. is a good thing), it certainly isn't through lectures that we learn values. I learned to drink at 5 p.m. from my father. He wasn't trying to teach me that. I learned to gamble from my father. He wasn't trying to teach me that either. I learned to be argumentative from my father. He wasn't trying to teach that. I did not learn algebra from my father. That, he was trying to teach me.

My son wanted to grow up and sip Pepsi. He told me this constantly as he was growing up. It did not matter that I hadn't drunk Pepsi for 10 years at the point when he was saying that. He was impressed that I had done this when he was 3 and he was frustrated that I didn't allow him to drink it. Presto, another family value is learned.

Children learn the family values that their family actually has. Teenage mothers who warn against getting pregnant at a young age may say that in words, but their actions say that their kid is alive and well and it all worked out.

So, it follows that we don't have to consciously teach values because we teach them without saying a word. Values are held subconsciously and learned subconsciously. We can only hope that we have set a good example. That having been said, there will still be those who ask how we can teach values. You can't expect that "you can't," will work as an answer.

I mentioned in Chapter 3 that there are lots of things that you can't teach. I mentioned honesty as an example. Honesty is, of course, a value. Now let's ask whether you can teach people to be more honest than they are naturally inclined to be. The answer is that to do this, you have to turn a subconscious process into a conscious one. You would need to provide case after case and experience after experience to a student that all led to the conclusion that honesty simply works out better in the long run. This is, of course, what abstinence and *say no to drugs* campaigns endeavor to do. They want to argue kids into believing that things they think are fun, are bad. But how can we make that argument? The argument we can make is that these things aren't as much fun as you think, so try them and see for yourself—but that kind of ruins the basic premise about not doing them in the first place. So, in principle there is no way to argue kids into not doing what looks like fun to them and what doesn't seem to have

HOUSE_OVERSIGHT_023868

hurt anyone very much. The idea of showing pain is big in values campaigns. Campaigns against drunk driving like to show students dead drivers and awful car crashes. But they miss the real point. Have the students seen their parents drink and drive or friends drink and drive? Are they dead? If not, these campaigns will have little impact since values are subconsciously held.

There is a way to teach these things but it isn't easy. Imagine that you wanted to teach teenagers not to drive drunk. You could create a simulation of drunkenness that asked students to drive drunk while not being able to hold their heads steady, blacking out from time to time, and seeing very badly. In other words, instilling a new emotion into the mix can alter values. Make people afraid of something they want to do and that fear will manifest itself when it is time to do it. Emotions can be induced into subconscious processes and decision-making through experience. Emotions can change values.

There is a sense in which appreciation cannot be taught. You like it or you don't. I have two grandsons. The 5-year-old (my daughter's child) has announced that he doesn't want to have anything to do with a ball. The 3-year-old (my son's child) goes wild with excitement when he sees ballgames being played and responds excitedly when balls are given to him. What is the difference and how did this happen? The difference is obvious: One appreciates the art of it and one doesn't. How this happened is less clear, but the parenting is very different with respect to balls in each house. There are other, biological differences as well. The 3-year-old has much taller parents and is already the same size as the 5-year-old. He is much more physical as well.

So, the question is, Could we teach the 5-year-old to love balls and ballgames, and could we teach the 3-year-old to hate balls and ballgames? The answer to this is obvious. We could do this. It might be hard but people are, unfortunately, quite good at negative reinforcement, so it is possible to make people change their attitudes by using it as a method.

Is there a way to teach the positive? Can we get someone to appreciate a work of art who does not respond immediately to works of art? Can we get someone to appreciate classical music who does not have any interest in it?

This is, of course, what many art history or music appreciation courses endeavor to do. Their methodology is always the same:

HOUSE_OVERSIGHT_023869

repeated exposure and analysis. It always involves a lot of talking. And therein lies the problem. Since appreciation and enjoyment are subconscious processes, it stands to reason that these processes are best addressed by a methodology that is less conscious. Telling me why I should like something is not likely to do much more than teach me how to talk about something as if I liked it. I can point out the finer points of baseball to you, but if you don't care, I won't be able to get you to go to the next baseball game.

On the other hand, of course, you certainly won't like baseball if you have never seen it played. Exposure is the key to teaching subconscious processes. Add to that an enjoyable atmosphere surrounding the experience, especially if it is early on in one's life, associated with the artistry you want to teach, and it is likely that the learner will learn to like whatever he is being exposed to. So, evaluation, which starts out as a subconscious process, must be taught by enabling copying and repeated practice, but cannot easily be taught verbally.

## HOW TO TEACH DIAGNOSIS

Diagnosis is the same and it is different. Many different people do diagnosis under many different circumstances. But, the process is always the same. So it seems normal to ask why an expert in doing diagnosis in one area cannot do diagnosis nearly as well in another area of knowledge. Why can't a doctor fix his own car? Why can't a detective figure out why a business is failing? It is all diagnosis after all.

Diagnosis is best taught early on but it can be taught at any age. In the end, it is just about knowing what counts as evidence and how to create and rule out hypotheses. The general process of gathering evidence and testing hypotheses is the same no matter what you are doing. This is true in principle, of course, not in actual fact. In reality, doctors cannot rule out hypotheses by tests that might harm the patient. Businesspeople cannot rule out hypotheses by running control businesses that may lose money while others make money. Detectives cannot spoil a crime scene by altering the evidence. Mechanics cannot try something that might make things worse. Investors cannot control world events that might make a seemingly correct hypothesis still not work out all that well.

To teach diagnosis, simple problems can be worked on that lead to more complex problems. What is being taught, apart from the process

HOUSE_OVERSIGHT_023870

itself, is the knowledge that underlies the hypothesis and understanding what constitutes evidence and the consequences of evidence. This knowledge is very domain specific and is the reason that doctors don't necessarily make good car mechanics, and vice versa. This knowledge can be acquired only through practice and experience and can be acquired only consciously. Diagnosis is thus a conscious process that is very knowledge dependent. There is no seat-of-the-pants diagnosis, namely, diagnosis that is seemingly subconscious, although it may well seem that way. Having an intuition is usually just the result of having a great deal of experience, so much so that hypotheses just jump out at you because similar cases are so easily recognizable to an expert. Someone who is good at diagnosis would be good at diagnosis in any domain of knowledge if they knew how to gather and interpret evidence in that domain.

Diagnosis is clearly very difficult to learn. Most people are rather bad at it outside of their own areas of interest. Even inside their knowledge base they can be sloppy in the reasoning and leap to wrong conclusions. This is true of all analytic skills. It is possible to never learn to do them well.

## HOW TO TEACH PLANNING

Planning is extremely important and typical of an analytic cognitive process; it is something that some people simply never learn to do well. Teaching planning must be focused around the assembly of a case base. Planning is taught in many domains of knowledge and is almost always taught wrong. The classic error is to teach the theory of planning, means–ends analysis, a theory of urban planning, spatial planning, military planning, and logic-based artificial intelligence planning. Such courses all make the same mistake. Course designers think people use theories when, in fact, when people plan, they simply try to adapt old plans that have worked before to new situations. Often people don't plan at all. They simply assume that a set of actions they intend to perform will work to achieve an expected goal.

Teaching planning is therefore a tedious process that is best begun in childhood. It involves making plans, seeing how they play out, and performing an analysis of what went wrong. Often people are not even aware that they have made a plan, and are simply frustrated when things go wrong. They almost never perform an after-action

HOUSE_OVERSIGHT_023871

review (as the military calls the analysis process that takes place after a plan has been implemented).

Teaching planning means teaching about goals, how they typically are achieved, what obstacles might be encountered, and how to deal with them. The principles of planning are the same no matter what domain you are in, so children can learn to plan birthday parties, hikes, class trips, how to deal with their problems, how to treat their little sister, how to get along with their parents, and so on. This process can be learned by copying, seeing how others deal with these things, adapting a plan that has worked before, and so on. A teacher who tries to teach planning from first principles is teaching something that is easily forgotten as well as teaching a process that doesn't occur that much in real life. Chefs adapt old recipes or parts of old recipes. Generals adapt old battle plans or parts of old battle plans. Computer programmers use code that has worked before. Planning without a prior plan in mind really is quite unusual and generally not a good idea.

Planning, like diagnosis, should be a basic part of all curricula in school at all ages. People make plans all the time. They plan their lunch, they plan their day, they plan their trips, they plan their errands, and, of course, they plan their lives. It is astonishing that we don't teach planning all the time in every aspect of life. But we don't because this doesn't seem very academic. Since it is not explicitly taught to children, it is reasonable to ask how we might best teach planning to adults. Corporations want to teach financial planning, resource planning, supply chain planning, creating business plans, creating marketing plans, and so on. Planning is, in fact, one of the major preoccupations of business, as well it should be. So, how do we teach it?

The problem here is that planning really works in only one way. It is relies on a case base. We plan by adapting old plans. That's how we do it. We store old plans and we retrieve them when we need them again; we change them so they apply to the new situation or change them so that this time they will work out when they failed before. But we always start with an old plan. New planners, those we are trying to teach how to plan, cannot help but do this, even if they do not have a relevant old plan to work from. They simply will choose the best plan they have, even though it might not be all that germane to the current situation. Proverbs—for example, to a man with a hammer, everything is a nail—don't come from nowhere.

HOUSE_OVERSIGHT_023872

Thus, when we teach planning, there is either a lot to undo, or we must start from the beginning. We can try to explain why each and every old plan is not really helpful in a new situation, or we can teach a series of plans that are relevant. In other words, if you are trying to teach people to write a business plan, you need to start with a lemonade stand and work up. If you are trying to teach financial planning, you need to start with a child's allowance and work up. If you want to teach battle planning, try a tug of war first. This is what should have occurred in childhood. If it didn't, it needs to be restarted that way for adults. We need to use, again and again, plans in different situations that are simple and begin to analyze why they fail. (And these plans must fail, at least in simulation, or no real learning will occur.)

Planning is very difficult. It must start simple and be practiced simply for a while or it never becomes second nature. Plans must fail, at least in simulation, because analysis of what went wrong is a critical part of planning. If you aren't analyzing what went wrong, you aren't learning to plan. Your case base will not end up having been indexed well enough to enable you to pick and choose appropriate plans in the future.

## HOW TO TEACH CAUSATION

At the root of diagnosis and planning is causation. Detecting cause is an essential part of diagnosis, and anticipating cause is an important aspect of planning. Causation must be understood in order to do many things in this world. One needs to know what causes what. Science courses in school attempt to teach causation by having students memorize F = ma, or having them imitate chemistry experiments, or having them dissect a frog. While there is nothing wrong with any of that in principle, it really doesn't teach causation in a way that is particularly useful to a functioning adult.

While diagnosis and planning may not be recognized as critical skills by schools, causation is, although not under that word. Causation is understood as being what science is all about, and when schools endeavor to teach science, they are in fact trying to teach causation. This is true for social science as well. History is about causation, as is psychology. The fact that these subjects are not talked about in this way indicates something important about them.

HOUSE_OVERSIGHT_023873

Subject- based education makes the academic disciplines the center of what needs to be learned, when there is really something else at the base of learning. All human learning and all scientific inquiry is about causation; attempts to determine what causes what, and why, are what it means to be a scientist or an academic. Theories of causation, and tests to see whether those theories are true, are what it means to be a scientist.

The problem is that telling students that causation is part of science makes them think about physics formulas and fact memorization when the real issue in teaching causation is how to determine what causes what, rather than how to memorize what causes what. There are, of course, facts about causation that are worth knowing. It is nice to know that if you let go of something, it may fall, but it is not necessary to know that gravity is the issue in this. The world went on quite well for millions of years before Newton. People certainly understood before Newton that things would fall when you let go of them and nothing else was supporting them. Scientific explanations of causation are nice for scientists but not necessary for everyday humans. What everyday people need to know is how to determine what causes what in areas of their own interest. They can hear you tell them about causation—the stock market always goes down when a Democrat is elected president—but they need to be able to decide whether what you said is true and whether it is the election that causes the decline or something else.

Understanding about causation is much more a function of being able to figure out what caused what in any given instance than it is the memorization of facts about science. Of course, with known cases, as we have seen, being able to extrapolate from one case to another is a good way of determining what is likely to happen. There is no harm in knowing prior cases and great value in being able to use them. But, as always, cases are better learned from one's own experience than from being told about them.

Teaching causation, therefore, means teaching the process of determining what happened in any given situation. Since there is a great deal to learn about any domain of inquiry in order to determine causation, the main issue is how to know what the facts are and how to reason from them. This means that, yet again, it is the domain of knowledge that needs to be learned, and this entails constant practice in that domain. And, the methodology of determining

HOUSE_OVERSIGHT_023874

causation needs to be learned. This, too, can depend on the particular domain of inquiry. Reasoning from all this takes practice as well. Determining cause is a critical cognitive process that underlies nearly all thinking.

## HOW TO TEACH JUDGMENT

How do we get good at making a judgment? Judgments are a kind of prediction, of course. When a judge sentences a criminal, he is, in a sense, making a prediction about what will happen in the rest of this person's life. But he also is making decision that is no way a prediction, but simply serves as punishment. Similarly, when we decide that a certain restaurant is our favorite, we are predicting something about how much we will enjoy future experiences, but we also are making a decision that may or may not matter to others, that is, a recommendation. Recommendations are also predictions, but they have a different feel. When a boss decides whom to promote, he is predicting something about future behavior but, again, the prediction isn't the key point. A judgment is a decision that has some import.

Nevertheless, as different as judgments and predictions may or may not be, the process of teaching them is identical. Good judgment is learned by making judgments and analyzing the results or truth of those judgments as more information becomes available. After a judgment is made it too becomes one of one's cases and stories. Cases about judgment can be learned only by making simple judgments and getting smarter about the process over time on the basis of experience.

Judgments can be made in two ways that matter here. Either someone can decide to do one thing versus another thing based on ethical, moral, avaricious, or emotional grounds, or for many other reasons. Judgments aren't so different from decisions in this aspect. Teaching someone to make a judgment of this sort, between A and B, can be done by putting students in situations in which such judgments need to be made and then going over with them how they decided and what they may have left out of their thinking.

A different kind of judgment is made when one judges the behavior of others. Judges do this, of course, as do compliance officers in companies, and teachers with respect to student mistakes.

HOUSE_OVERSIGHT_023875

Children normally make judgments about the behavior of their parents and friends as well. In all these cases, judgment is best taught by having a student watch the behavior of others, keeping himself out of the issue and seeing what factors motivated and determined the behavior of the actors. It is a lot easier to teach proper behavior when it is not one's own behavior that is being judged. One can learn to act by judging how others act.

So, children make judgments all the time. Typically those judgments reflect the values that they have been taught at home. Children decide what is good and what is bad mostly based on what they have been told. No child discovers for himself that George Washington was an admirable man. No child decides on his own that the United States is the best country in the world. These things are taught by parents and by schools. School, to the extent that it serves as a place of indoctrination, has always succeeded at producing citizens who believe what they are taught to believe at a young age. There obviously is a great deal of sentiment for keeping indoctrination as a key part of education, but teaching judgment means allowing children to come to conclusions based on their own experience and not merely what they were told.

Learning to make judgments is a process of deciding for oneself what is true, which is, of course, not so easy. This should be the role of school but it usually isn't. School wants to teach us the truth when, in fact, truth is best discovered, again, from experience.

How would one discover the "best country in the world," if that is a meaningful idea, or whether George Washington was all he was cracked up to be? Obviously, travel helps teach one about countries. Kids can learn about countries by simulated travel in the modern era. But the point wouldn't be so much to teach them that they make good cheese in France, which is the kind of thing school does today, but to think about what makes France different from the United States. Similarly, we can read and learn some facts about George Washington, and these are indeed taught to children in primary school. I do not believe that children are equipped at a young age to determine for themselves whether Washington was a good man. Perhaps that would be a worthwhile assignment in high school, as long as students were interested in the question and were allowed to come to any conclusion that they could reasonably defend. But children of 5 or 6 can understand what

HOUSE_OVERSIGHT_023876

a hero is and what leadership is, and they can determine for themselves who they know or have seen who is good at both. Again, real experiences and discussions are how one learns to think about this, but it must be done in an environment of possible truths, not predetermined truths. One doesn't create a nation of people who can think by telling them what they should think. Kids know who is the leader among them. They should learn to discuss what it is about their leader that makes them want to follow. This is difficult discussion to have with a 6-year-old, but it gets easier with age.

Once again, asking kids to make judgments isn't that unusual. Here is a remark from a parenting book that I happened upon:

> When adults praise their kids for smart judgments, the kids glow. But here's the clincher: kids earn more and more freedom and independence when parents trust their judgments more and more.[6]

The issue here is, yet again, not whether kids make judgments, but whether they are taught, as a central part of what they study, how to make judgments.

The cognitive processes depend on reasoning from evidence in a way that makes sense. This is not something people are naturally good at. They often exhibit faulty reasoning. Practicing reasoning means practicing within particular domains of knowledge. Reasoning is the same process no matter what you are reasoning about, but we don't reason about nothing. Learning the actual facts is important, but it is the idea that this is important that has sent the school systems on the wrong path. Academics study the facts, as well they should, but they also teach the facts, which is a grievous error. How to determine the facts and how to determine their effects on a situation is what the processes of diagnosis, planning, and causation are all about.

## HOW TO TEACH INFLUENCE

This is yet another childhood skill. Children learn how to influence their parents and their siblings and their friends very early on. Of course, they may not learn these things in a good way. They might learn that temper tantrums or bullying works very well.

HOUSE_OVERSIGHT_023877

Teaching people how to influence people involves putting them in situations where it is possible to influence people and seeing how it goes. There is nothing to learn exactly. We try behaviors and see what works. What works for one person may not work for another. One way or another, we learn how to get what we want, or we learn to hang out with people who will respond to our needs. This is basically a subconscious process. We are so busy working on this at a very young age that we may not have any idea what it is we know or how to improve what we do. Of course, there is a conscious part as well. Someone can tell us that we will catch more flies with honey than with vinegar, and we can, if we think about it, adjust our behavior. But aphorisms about what works and what doesn't work aren't always correct and are highly idiosyncratic. Although there are books about how to win friends and influence people, the reality is that, apart from adopting a phony personality, people are who they are, more or less.

But this does not mean they can't be taught what works. It usually does mean that they can be taught what works as a result of their own experience. And, they can be taught what doesn't work as a result of their own experience. But this isn't at all easy. If it were, psychiatrists would not be able to make a living. You can tell a person to change his behavior, you can even tell him exactly what to do when, but he is likely not going to be able to do what you say.

The way influence is taught currently is probably the way it has to be taught, then, by use of mentors who look at your behavior and talk you through why you do what you do. This same mentoring method can be used in corporate settings. Simulations may not be so effective because while we may know and be able to say the right answer, this doesn't mean that we can execute the desired behavior in reality.

## HOW TO TEACH TEAMWORK

Teamwork is learned by working in teams. It is a mixed process because, here again, we behave in ways that are not so conscious but we can make conscious changes. Leaders learn to manage teams by thinking about what works and what doesn't. Quarterbacks must learn to manage their teammates. If they don't, it really doesn't matter how well they can throw the ball. Team members have to want to work hard for the leader, and the leader has to know how to motivate each team member. People are different so what works for one

HOUSE_OVERSIGHT_023878

may not work for another. A leader learns to figure out who is who and what works for each member of the team. The conscious part of this is about learning who needs what from the leader in order for the leader to get the most out of each individual so that the team's goals are achieved. The subconscious part is about interacting with others, which is rarely conscious behavior. We get smarter through experience. If our team wins because we functioned well as a team, we learn to repeat the behaviors that worked. If we win because our team was simply much bigger than the other team, then we probably won't learn much about teamwork.

Teamwork can be taught only by examining how a team functions and attempting to make conscious the subconscious behavior that is not working. Thinking about what we have done that may not have been helpful to the team, and making sure that team members' goals are aligned, is pretty much the only way we can learn to improve our behavior.

## HOW TO TEACH NEGOTIATION

My daughter was a little over 2 when we moved back to the United States from Switzerland. The enormity of U.S. toy stores overwhelmed her and it seemed that she wound up crying every time we entered one. She wanted everything. So I had what I thought was a clever idea. I told her that she could have two toys of her choice but that if she cried she couldn't get any at all. We talked about it and it was clear that she had understood what I said. She ran around the toy store and ended up selecting three toys. I told her one would have to go back—that our agreement was two. She started crying hysterically. I then said she had to put them all back as she had violated our no crying agreement. All of sudden, she sucked up all her tears and said in a breathless voice: I'm not crying now. I said that we would compromise on one toy.

That was possibly her first lesson in negotiating. I say possibly because kids and parents negotiate all the time. She and I are still negotiating. Now it is about when she will come to visit or when she will send her son down to visit or a range of other family issues.

Negotiation is so important that it is nearly absurd to ask how we teach negotiation. We can learn it by copying, of course, which I did when I watched my father get a good price on a used car I was buying that I was ready to pay much more for. But really we negotiate with

HOUSE_OVERSIGHT_023879

our wives and children and friends and co-workers all the time.

It is possible to teach negotiation, of course. My team once built a course on negotiation, working with a Harvard Law professor[7] who taught negotiation. The course worked by having people negotiate. The situations were artificial so there is some question as to how valuable lessons can be learned from negotiating when nothing important (except ego) depends on it. What I found most interesting about that course were the stories that the expert told from his life as a professional negotiator. I can't say that I was ever able to personally make use of the lessons that those stories taught, but other people's experiences are interesting to think about. In the end, what we really know about negotiation is what has worked well for us in the course of our lives when we were negotiating. Coaching can help, of course, which implies that the best way to teach negotiation would be with a mentor watching you do it for real and offering tips. Psychologists perform this service in couples counseling, and presumably real estate agents perform this service for homebuyers and sellers. Just-in-time advice is always helpful.

## HOW TO TEACH DESCRIBING

There is a famous quote: "I apologize that this letter is so long—I lacked the time to make it short."8 As long as people have been talking, they have had to learn to talk well. When they learned to write, they had to learn to write well. Communication is a very big part of living in a society and those who communicate well gain all kinds of advantages. It is difficult to attain public office without speaking well, or to become an important academic without writing well, or to make sales or convince anyone of anything without making your case well.

This takes practice and coaching, and there is no substitute for either. One also has to have something to say, so this means one has to have had experiences to talk and write about. Further, it helps if one is writing about something that one is passionate about. Asking kids to write about their summer vacations doesn't necessarily make them into good writers. Asking kids to give speeches about George Washington fails for reasons of lack of passion. People need to learn to describe well what is most important to them. And, they must be doing this

in every task they undertake. They must talk about and write about what they do until the description process becomes second nature to them. So, describing cannot be taught in and of itself. It must be part and parcel of other events students undertake. Writing classes make no sense, therefore. They exist because of the subject-based divisions in school. Writing and speaking must be part of everything that is going on.

## SUMMARY

Proficiency at all the cognitive processes depends on discovery and being able to extrapolate from one's experience about what has been discovered. These processes depend strongly on prior cases, and prior cases are best learned slowly in childhood. They also depend on an analysis of those cases, which is best done with help from a teacher. Discussion, reflection, and analysis of prior cases make one better able to deal with new cases. New cases must be compared with old ones in a way that helps one reason better from them. This comparison is the basis of teaching analytic cognitive processes. Learning cognitive processes means having prior experiences with events that are similar to current events and being able to extrapolate from them. When we go to a doctor, we want one who has seen our problem, and described it to others, many times before. Only then can we detect the nuances of difference that will determine an effective course of action.

Teaching cognitive processes means providing students with experiences, hopefully each one more complex than the one before, and helping students discuss those experiences and compare one with another. Knowledge is experience, but it is experience that has been analyzed so that it can be retrieved again just in time as needed. This will happen only if we have thought about what we have experienced.

A teacher's job, therefore, is to help provide the experiences and to help the student reflect upon the significance of those experiences. Good parents do this naturally. Good teachers would do it naturally as well, if they were allowed to do so. Helping someone see the world in a new way is pretty much what good teaching is all about.

HOUSE_OVERSIGHT_023881

CHAPTER 10

# Defining Intelligence

> All our knowledge begins with the senses, proceeds then to the understanding, and ends with reason. There is nothing higher than reason.
>
> —Immanuel Kant

What is school for? A common answer is, to make people more knowledgeable. Another is, to socialize them and prepare them for living with others. Another is, to make them ready for work. (This last one seems almost laughable because it is clearly untrue in the modern world, but people do seem to still believe it.) Another is, to prepare them for more school. (People take this one very seriously.) My answer is: School should make people more intelligent.

Really? Can we make people more intelligent? There are those who would argue, and I am quite sure they are right, that intelligence is genetic: It can't be altered by school, one way or the other.

Nevertheless, I think that school should make students more intelligent.

How can I believe both things?

It all depends on how you define intelligence. Let's think about intelligence the way ordinary people define it when they say that someone seems dumb or that someone seems to be very smart. There is a lot to be learned by considering seriously the folk view of intelligence as opposed to the classical school/testing view.

In the 2007 Miss Teen USA contest, Miss South Carolina responded to this question:

> "Recent polls have shown that a fifth of Americans can't locate the United States on a world map. Why do you think this is?"



HOUSE_OVERSIGHT_023883

In this way:

> "I personally believe, that U.S. Americans, are unable to do so, because uh, some, people out there, in our nation don't have maps, and uh . . . I believe that our education like such as in South Africa, and the Iraq, everywhere like such as . . . and, I believe they should uh, our education over here, in the U.S. should help the U.S. or should help South Africa, and should help the Iraq and Asian countries so we will be able to build up our future, for us."

Millions of Americans upon hearing this interview, which was replayed on every television outlet, thought this response was both very funny and an indication of how stupid Miss South Carolina was. Most adults feel that they know what intelligence looks like and that they know what stupidity looks like. Everyone agreed about the absurdity of this response. It was, after all, incoherent, and this was obvious to anybody.

Miss South Carolina was given another chance to answer the question on the *Today Show* on NBC, some days later. Here is a description of what happened from the MSNBC website:

> She explained Tuesday that she was so overwhelmed by the moment she barely heard any of the question.
>
> "Everything did come at me at once," she said. "And I made a mistake—everybody makes a mistake—I'm human. Right when the question was asked of me, I was in shock . . . I would love to re-answer that question."
>
> Curry [of the Today show] obliged, reading the entire question as it had been asked during the pageant. This time, Upton [Miss South Carolina] was ready.
>
> "Personally, my friends and I, we know exactly where the United States is on a map," she said. "I don't know anyone else who doesn't. If the statistics are correct, I believe there should be more emphasis on geography in our education so people will learn how to read maps better."
>
> She came back later in the show to deliver a flawless explanation of lunar eclipses.
>
> Held up on the Internet as the quintessential dumb blonde, Upton was an honor student in high school.

HOUSE_OVERSIGHT_023884

The premise here is that she isn't actually stupid but was just confused by the moment and that she is intelligent because she is on the honor roll at school, can explain lunar eclipses, and could answer the original question coherently, given sufficient time to do it (and maybe with some help).

The media, for reasons of their own, decided to make this a feel-good story and get people to feel better about Miss South Carolina. She has continued to work in the media in various ways since the original interview.

I am not concerned here with Miss South Carolina's intelligence, but with what it means to be seen as being intelligent. My premise is that while native intelligence is certainly genetic, the perception of intelligence and what might be described as intelligent behavior can be altered. (Perhaps this seems as incoherent a position as Miss South Carolina's position on education.)

The curious thing about her second response is that it doesn't answer the original question at all. The question was about why she thought Americans were ignorant about geography, and she responded by saying that they weren't but that maybe there should be more education about reading maps, which in no way addresses the question about why Americans can't locate the United States on a map.

So her answer is still awful even after she was given time to work on it. It is simply unintelligent.

The question is: Could we make Miss South Carolina more intelligent somehow? Clearly school hasn't done it. (She was an honor student!) How might one do it?

Of course, we really aren't concerned with Miss South Carolina in particular. Consider the following interviews conducted at a Sarah Palin book signing in November 2009, in Columbus, Ohio. The interviewees were all in line waiting to meet Sarah Palin and to buy her book:

Interviewer: Tell us why you are here today.
Older woman: She stands for what America is.
Interviewer: What do you mean by that?
Older woman: Freedom, liberty, right to speak . . .
Interviewer: What are the particular issues you would like to see her bring to office?
Older woman: Oh, geez, help me out here, guys.
Second woman: Fairness. Realness.

HOUSE_OVERSIGHT_023885

So we have a Palin supporter who has no idea why she supports Palin and asks for help. The "helper" says fairness and realness, which apart from being ungrammatical is also nonsense. Neither supporter seems to know much about Palin, but they are eager to meet her and they believe in her. (This is not a comment about Sarah Palin, at least not by me. Supporters of most political candidates have difficulty explaining why they like whomever they like. Or, alternatively, they can explain it and those explanations leave you wondering.)

I will never forget attending a JFK campaign visit to Brooklyn when I was 14. The woman next to me exclaimed that *she would vote for JFK because he was so gorgeous*. I was appalled. I knew the woman. She was not a deep thinker, but, really–people vote for someone because of their looks? Yes, people do, political scientists have pointed this out consistently.

Is this intelligent behavior? Of course not.

The question is: Can we do something about it? Is this an aspect of intelligence that is not genetic and that therefore can be changed?

If you know and believe that what you have just said makes no sense, you can try to learn how to make sense. Do these people know that are they are not making sense? Here is another person from that same Columbus event:

Young man in Ohio State jacket: She's the epitome of conservativeness and I'm telling you if the Republican Party doesn't back her, it doesn't matter because she's going to get the presidency.

Interviewer: What would you like to see her do with foreign policy?

Young man in Ohio State jacket: To be honest with you I don't know anything about her foreign policy.

Interviewer: What are some of the problems you have with cap and trade proposed by Democrats in office?

Young man in Ohio State jacket: You want to give away your own money, it's fine, but don't tell me to give away my money. It's socialism.

Young man in Ohio State jacket: The state that she did govern was right across the street from Russia. You know so I'm not saying that she ever had to deal with Russia but I'm sure she

> had boundary issues she had to deal with. We have boundary issues right now with Mexico now.

This Palin supporter is also incoherent but incoherent in a different way. He doesn't know much, and he knows he doesn't know much. But he has beliefs and he believes in his beliefs. He has beliefs about socialism (that it is bad, and that President Obama thinks it is good) that are based on no real knowledge. He has beliefs about foreign policy and what it means to have foreign policy experience that are based on nonsense. And he has made up some beliefs about "boundaries."

What does this tell us? It tells us that at some point, maybe not now because he is too set in his own beliefs, someone could have taught him about socialism or "boundaries" or what it means to have foreign policy experience. But it should be clear that this is exactly the kind of education that we have been trying to do in our schools forever. You can talk about socialism in school, but that doesn't mean that your average person learns much from what is said there.

There is a wonderful movie called *Ferris Bueller's Day Off* that reveals a great deal about education. I often use a clip from that movie, when I give speeches on education or training, wherein the teacher drones on about the Smoot Hawley tariff and George Bush's view of Reagan's voodoo economics (as stated in the 1980 primaries) while the students doze off. At a different point in the same movie, the lead character blows off a European history test, saying:

> It's on European socialism. I mean, really! What's the point? I'm not European . . . I don't plan on being European. So who gives a crap if they're socialists? They could be fascist anarchists. . . . It still wouldn't change the fact that I don't own a car!

They do teach about socialism in school, but no one is listening. If we can't produce reasonably intelligent voters in our schools, then we aren't doing much.

Here is another Columbus Palin fan:

> Interviewer: What do you think she would bring in terms of policy in office?

Young woman: Good judgment.
Interviewer: Any specifics?
Young woman: I think she would control the out-of-control spending.
Young woman: I think she would acknowledge the system of government in the United States rather than focus on the administration of czars.
Interviewer: Yeah, and what is your problem with czars?
Young woman: I'm an American and we don't have czars in America.

Here again, we have a juxtaposition of beliefs based on no actual evidence or reality. I don't know what this woman has heard about czars, but whatever it is, it misses the point. Could we teach this woman to be on point—to say meaningful things based on actual evidence? Not now, I fear, but it is my contention that we could have done so at some point in her life. School has failed her and she seems, to anyone listening, to be stupid. But she is not really stupid; she is just talking stupidly because she hasn't been challenged to behave in any other way.

Here is another:

Middle-aged woman: Governor of Alaska is the only one that has top security.
Interviewer: What does that mean?
Middle-aged woman: It means that if anything happens to our borders on that side, she's the first one in line for attack for there.

This person not only makes no sense, but she can't speak in an understandable way. Is that genetic? I doubt it. Intelligence, as it is popularly defined, includes the ability to produce coherent speech, which certainly can be enhanced through teaching, but apparently not by our schools as they currently exist.

Here is one last interview from that event:

Interviewer: What do you think of foreign policy—what would you like to see her do with foreign policy?
Man with cap: I don't know, I really don't have an answer—I don't know her well enough. I don't know what she knows or doesn't know. I don't know some stuff of what people ask me.

Interviewer: Some of the viewers think there's not enough oil.
Man with cap: We got us self-sufficient energy gas oil right under our feet. Why aren't we exploring more for it and drilling here instead of sending all that money overseas and exporting, I mean importing, all that oil back to America?
Interviewer: Do you hope she runs for president in 2012?
Man with cap: Yes, I do.
Interviewer: You will support her?
Man with cap: I sure would.
Interviewer: Do you think there will be any problems supporting her, knowing that you're unfamiliar with her foreign policy issues?
Man with cap: That wouldn't keep me from not voting for her.

There is a difference between ignorance and stupidity, just as there is a difference between knowledge and intelligence. It is a good guess that the "man with cap" above is both stupid and ignorant. The question is why?

One reason is that it is now acceptable in our society to be ignorant and stupid. Here is some of the famous ABC/Charles Gibson interview with Sarah Palin during the 2008 presidential campaign:

Gibson: Do you agree with the Bush doctrine?
Palin: In what respect, Charlie?
Gibson: The Bush—well, what do you—what do you interpret it to be?
Palin: His worldview.
Gibson: No, the Bush doctrine, enunciated September 2002, before the Iraq war.
Palin: I believe that what President Bush has attempted to do is rid this world of Islamic extremism, terrorists who are hellbent on destroying our nation. There have been blunders along the way, though. There have been mistakes made. And with new leadership, and that's the beauty of American elections, of course, and democracy, is with new leadership comes opportunity to do things better.
Gibson: The Bush doctrine, as I understand it, is that we have the right of anticipatory self-defense, that we have the right to a preemptive strike against any other country that we think is going to attack us. Do you agree with that?

HOUSE_OVERSIGHT_023889

Palin: Charlie, if there is legitimate and enough intelligence that tells us that a strike is imminent against American people, we have every right to defend our country. In fact, the president has the obligation, the duty to defend.

I suppose it is not a crime to not know the doctrine of the sitting president from your own party when you are running for vice president, but it does seem odd. But what is worse, is that after being told what that doctrine is, Palin is content to ramble on incoherently. Why doesn't this bother her? Clearly this is not a real issue because it doesn't bother her supporters either.

Here is some more from that interview:

Gibson: But this is not just reforming a government. This is also running a government on the huge international stage in a very dangerous world. When I asked John McCain about your national security credentials, he cited the fact that you have commanded the Alaskan National Guard and that Alaska is close to Russia. Are those sufficient credentials?

Palin: But it is about reform of government and it's about putting government back on the side of the people, and that has much to do with foreign policy and national security issues. Let me speak specifically about a credential that I do bring to this table, Charlie, and that's with the energy independence that I've been working on for these years as the governor of this state that produces nearly 20% of the U.S. domestic supply of energy, that I worked on as chairman of the Alaska Oil and Gas Conservation Commission, overseeing the oil and gas development in our state to produce more for the United States.

Gibson: I know. I'm just saying that national security is a whole lot more than energy.

Knowledge should matter for high government officials, but it doesn't matter precisely because the people who are listening have no knowledge either. Is Sarah Palin intelligent? There are plenty who would say that she is not. These include those who rank coherent thinking and the ability to create coherent explanations high on their list of what constitutes intelligence. But, it should be clear, that is not what

generally is thought of as intelligence. IQ tests have been measuring intelligence for decades with questions like these:

> At the end of a banquet 10 people shake hands with each other. How many handshakes will there be in total?
>
> A. 100
> B. 20
> C. 45
> D. 50
> E. 90
>
> The day before the day before yesterday is three days after Saturday. What day is it today?
>
> A. Monday
> B. Tuesday
> C. Wednesday
> D. Thursday
> E. Friday
>
> Which number should come next in the series 1, 3, 6, 10, 15?
>
> A. 8
> B. 11
> C. 24
> D. 21
> E. 27
>
> Library is to book as book is to
>
> A. page
> B. copy
> C. binding
> D. cover

It is a reasonable guess that neither Palin nor her supporters would do really well on questions like these. But the real issue is why questions like these were chosen to be on IQ tests in the first place. Certainly our concept of intelligence, and how to measure it, depends on some vague sense of mathematical reasoning ability rather than real-life situation reasoning ability.

HOUSE_OVERSIGHT_023891

The schools make the same distinction. They do not seriously debate foreign policy in high school, but they do teach how to do number sequences. There might be those who would say that Palin and her supporters probably didn't do well on the math SAT either. But to me this is just a nonsensical way to look at intelligence. Plenty of smart people don't do well in, nor do they care about, math. But smart people do well in reasoning logically from evidence and in presenting a coherent argument for their beliefs. This is the essence of what it means to be smart and to be educated. We expect leaders to be coherent in what they say and to be able to justify their beliefs and actions. One can assume that those who are bad at number sequences present no problem for the country in any way, but being bad at detecting faulty reasoning has its consequences in a democracy.

Here is a bit from the Katie Couric interview with Sarah Palin that was shown on CBS during the 2008 campaign:

Couric: Why, in your view, is *Roe v. Wade* a bad decision?

Palin: I think it should be a states' issue not a federal government-mandated, mandating yes or no on such an important issue. I'm, in that sense, a federalist, where I believe that states should have more say in the laws of their lands and individual areas. Now, foundationally, also, though it's no secret that I'm pro-life, that I believe in a culture of life is very important for this country. Personally that's what I would like to see, um, further embraced by America.

Couric: Do you think there's an inherent right to privacy in the Constitution?

Palin: I do. Yeah, I do.

Couric: The cornerstone of *Roe v. Wade*.

Palin: I do. And I believe that individual states can best handle what the people within the different constituencies in the 50 states would like to see their will ushered in an issue like that.

Couric: What other Supreme Court decisions do you disagree with?

Palin: Well, let's see. There's, of course in the great history of America there have been rulings, that's never going to be absolute consensus by every American. And there are those issues, again, like *Roe v. Wade*, where I believe are best held on a state level and addressed there. So, you know, going through the history of America, there would be others but . . .

HOUSE_OVERSIGHT_023892

Couric: Can you think of any?

Palin: Well, I could think of . . . any again, that could be best dealt with on a more local level. Maybe I would take issue with. But, you know, as mayor, and then as governor and even as a vice president, if I'm so privileged to serve, wouldn't be in a position of changing those things but in supporting the law of the land as it reads today.

So little of what Palin says makes sense that this interview was seen as a national embarrassment, provoking multiple explanations for it from the Palin camp, none of which said: She is just stupid and ignorant.

Obviously that is what her detractors were thinking. But is it true? Is she stupid and ignorant? How can we find out? Look at this next piece of the Couric interview:

Couric: . . . people have questioned your readiness since that interview. And I'm curious to hear your reaction.

Palin: Well, not only am I ready but willing and able to serve as vice president with Senator McCain if Americans so bless us and privilege us with the opportunity of serving them, ready with my executive experience as a city mayor and manager, as a governor, as a commissioner, a regulator of oil and gas, not only with my résumé proving that readiness, but I think the important thing here is that John McCain and I, we share a vision for America that includes energy independence.

What could be clearer than the idea that she is simply out of her league and that it was a foolish idea to promote her as a possible vice president? Why cynical politicians decide this is OK to do is not my problem. The question I want to address is what makes one intelligent, apart from genetics.

Looking at what we have seen here, we can think about our 12 cognitive processes one more time. Which of them are critical to the everyday assessment of the intelligence of another person that most people do on a daily basis?

Let's start by eliminating some. Being able to evaluate something, or having a set of values you believe in, has very little to do with basic intelligence. The samples of stupidity that I cite above do not indicate that any of this ability—determining what is important—is missing in the people being interviewed.

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Similarly, these people probably can influence one another, work in teams, and negotiate with one another to some extent. They may not be great at it, but we wouldn't characterize the ability to influence others well as a sign of intelligence. Many world leaders are very influential but not all of those are considered to be brilliant.

Similarly, the ability to be a good team player is no way considered to be a sign of intelligence. Some very bright people have difficulty working with others. These things are not signs of intelligence.

Modeling and experimentation ability aren't really important when we talk about intelligence. Experimentation is something scientists do. Children and chefs and nonscientists do it as well, of course. But we wouldn't criticize these interviewees if it turned out that they didn't know how to experiment. We certainly have no idea from these interviews whether they can experiment or not. We can guess that they cannot. We tend to think that experimentation is the province of brilliant people, but would we say that someone is unintelligent because they don't know how to conduct a real experiment? Or, that a chef is brilliant because he takes risks with food? (We may say that he is a brilliant chef, but that doesn't mean we think he is brilliant.) Experimentation has a lot to do with innovation, which is certainly related to intelligence, but, again, it really is not what we think about when we hear interviews and think that the people being interviewed are stupid.

Similarly, we don't know whether these folks can effectively create a model of the world. It seems a good guess that they cannot, but, yet again, this lies more within the province of science and very intelligent thinking than within our everyday definition of intelligence. Some very smart people have weird models of the world or no model of certain aspects of the world.

We do not think that the interviewees are stupid because they don't conduct experiments or create elaborate world models.

But a different story emerges when we look at the rest of the cognitive processes. Which of the remaining processes are clearly missing in the answers supplied by the interviewees above?

Obviously these people don't speak particularly well.

Being able to aptly describe your views, or describe a situation you have been in, or a thought you have had, is a hallmark of intelligence.

We judge people's intelligence, at least in part, by how well they speak.

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Does the ability to do diagnosis serve as a hallmark of intelligence?

Certainly doctors do diagnosis on a daily basis and doctors are highly respected in our society. Most people think that if you are a doctor, then you must be smart, but if you push on this belief, you find that what people actually think is that a doctor had to go to school for a really long time, learn of lot of complicated material, and then work really hard as an intern and then as a resident. People respect doctors and may well think that the doctor is the smartest person in their small town, but that is typically because she is likely the most educated person in that town. They easily may not consider her to have "common sense," which is one way that ordinary people describe their perception of intelligent behavior.

Diagnosis is done by plumbers, detectives, engineers, and beauty care professionals as well. Diagnosis is a very important cognitive process to learn. Learning to do it well often means the difference between success and failure on the job and personally. Can the interviewees do diagnosis? Miss South Carolina can.

She asserts that her friends can locate the United States on a map of the world. She can find contradictory evidence for the proposition presented to her, which is certainly part of diagnosis. The Palin interviewees have done diagnosis as well. They have determined what is wrong with the country. They may not have done much more than listen to someone on talk radio, but they came to a conclusion based on the evidence presented to them.

But they have done it badly. That is why they seem stupid.

Coming up with an accurate diagnosis requires intelligence. Everyone does diagnosis, but we seek counsel from those who do it better than others. *Diagnostic ability is a hallmark of intelligence.*

What about causation? Let's consider Miss South Carolina's revised remarks again:

> "Personally, my friends and I, we know exactly where the United States is on a map," she said. "I don't know anyone else who doesn't. If the statistics are correct, I believe there should be more emphasis on geography in our education so people will learn how to read maps better."

Miss South Carolina thinks "there should be more emphasis on geography in our education so people will learn to read maps better."

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In many ways this remark is as dumb as her early remarks. Why do I think this?

Because it makes it clear that she hasn't a clue, and doesn't really care, about causation.

And, this is exactly the problem with Sarah Palin's remarks to Katie Couric as well:

> Couric: . . . people have questioned your readiness since that interview. And I'm curious to hear your reaction.
> Palin: Well, not only am I ready but willing and able to serve as vice president with Senator McCain if Americans so bless us and privilege us with the opportunity of serving them, ready with my executive experience as a city mayor and manager, as a governor, as a commissioner, a regulator of oil and gas, not only with my résumé proving that readiness, but I think the important thing here is that John McCain and I, we share a vision for America that includes energy independence.

Why do I think that the problem here is about a misunderstanding of how to determine causation? Miss South Carolina has determined the following things to be true:

> If students can't do something, they should be taught to do it.
> If students can't do something, it is because they weren't taught to do it.
> If students can't do something that it seems anyone should be able to do, then it should be taught in school.
> Reading maps is more important than whatever would have to be eliminated from school so that reading maps could take its place.
> These decisions should be made on the basis of statistical evidence of student's abilities.

But is any of this reasonable? Not only could one argue with each of these propositions, but it is fair to say that Miss South Carolina herself doesn't know that she holds these positions, that she hasn't thought about them, and that she might disagree with what she said if someone pointed this out to her.

In other words, she cannot reason well precisely because her beliefs indicate that she does not think about causation, and one can

HOUSE_OVERSIGHT_023896

guess that she doesn't think about causation because no one ever tried to get her to do so. So she may very well be smart but she sounds stupid because she seems to be unaware of her own causal reasoning and is not very good at it. Being good at understanding causation and figuring what could possibly cause what and why is a hallmark of intelligence.

Intelligence can be enhanced by practicing the cognitive processes that are the basis of intelligent behavior and intelligent reasoning. One of these hallmark processes is certainly causation.

We could make Miss South Carolina smarter by teaching her how to determine what causes what and asking her to figure things out and explain them to others using a causation model that she could defend. Of course, it would have been better if this process started when she was a small child.

Now, with that in mind, let's look at the Palin remark. Palin was asked about her readiness for the office of vice president, which isn't much of an office really. What was really being asked was her readiness for the presidency, which was not unreasonable to worry about considering John McCain's age. She responded in a way that made clear that she has no understanding of causation either.

In the statements above, she asserted (implicitly) the following beliefs about causation:

Any mayor or city manager is ready to be president.
Any governor is ready to be president.
Any commissioner is ready to be president.
Any regulator of gas and oil is ready to be president.
If you have a vision of energy independence, you are ready to be president.

Now, of course, one of these beliefs is, in fact, shared by the country since we have chosen governors to be president. But the other beliefs are simply wrong. No one thinks that having a vision of energy independence prepares you to be president or that being an oil and gas regulator prepares you to be president.

So, what does Palin misunderstand here? She doesn't get the idea of preparedness as causation. Having a degree in accounting prepares you to be an accountant, most would agree. We believe, as a society, in certain rites of passage preparing you for the next step. Palin apparently has never thought about this or why anyone would hold such beliefs.

HOUSE_OVERSIGHT_023897

It is not an unreasonable question to ask whether being a U.S. senator prepares you to be president. It would not have been odd if Palin had asked Couric whether we ever had a president who actually was prepared for the job. Other than vice presidents who work closely with a president for 4 years or more, it is not unreasonable to assert that we have a history of unprepared presidents. But she didn't say that because preparedness is a causative notion and Palin doesn't seem to get causation. She may be bright enough to have been taught about causation when she was small, but apparently this didn't happen. As a result, she seems stupid to those who do understand causation.

Palin recently has made statements that make you wonder where her ideas about causation come from. This is from a 2009 interview on ABC:

> Walters: Now let's talk about some issues—the Middle East. The Obama Administration does not want Israel to build any more settlements on what they consider Palestinian territory. What is your view on this?
>
> Palin: I disagree with the Obama Administration on that. I believe that, um, the Jewish settlements should be allowed to be expanded upon because the population of Israel is going to grow. More and more Jewish people will be flocking to Israel in the days and weeks and months ahead.

What is the problem here? Again, there is a question of causation, but it is more obvious that that is the issue. No one who hears this statement would fail to ask why Jews would be flocking to Israel in the weeks and months ahead.

It is important to understand that determination of causation is the backbone of an intelligently thought out belief system. People believe certain things. They believe that the sun will rise in the morning and that their parents will come home from work at night. Beliefs often are based on observation and generalization. People also are taught beliefs. There are many ways to acquire beliefs. Children get them from their parents mostly but also from friends and siblings. At some point, however, reality comes into play. Reality often means comparing a belief with what you know or can figure out about causation. You can believe that the sun rises each morning but not know its cause. And, of course, you can learn the cause. You can believe that the

HOUSE_OVERSIGHT_023898

Great Pumpkin rises on Halloween if you like, but at some point you might notice that this doesn't seem to take place.

Beliefs, reality, and the rules of causation are interrelated but they are not the same thing. Causal knowledge should, however, enable one to alter erroneous beliefs that don't stand up to what one knows about causation.

So what would cause Jews to suddenly flock to Israel? Is she privy to information about another Holocaust or is this some fundamentalist religious belief? She doesn't say. The fact that she doesn't say, is what makes her look either unintelligent or incapable of clear reasoning. Being able to justify one's beliefs by citing common knowledge or revealing knowledge known only to you involves relying on commonly known rules about causation.

What about prediction?

You can believe that New York will beat Philadelphia in football. You can predict it based on evidence. You can explain the cause and effect that have made you come to this point of view. But, after New York loses, you need to modify some beliefs that you previously held. At the very least you have to acknowledge that your prediction was wrong and you might want take this into account the next time you make a prediction, by finding out what went wrong in your reasoning, if anything. Or, you simply can say your team wasn't lucky, of course.

Prediction relies on beliefs, and in many situations predictions are or are not verified immediately and new thinking can begin. But when one gets married, for example, one is predicting that the marriage will be good and will work out well for all parties. One might not realize for some years that this prediction was wrong. Then, when seeking a new marriage, the predictor hopes she has determined what went wrong by seeing what erroneous beliefs were held the last time.

It is very good to be able to predict, but predictive ability is not seen as a sign of intelligence. After all, people seek out fortune tellers because they think fortune tellers have a gift, not because they think fortune tellers are very bright. At the 2010 Olympics an octopus was apparently capable of making accurate predictions. No one claimed that it was an especially bright octopus.

A prediction made by someone that is justified by, "I just feel it," makes the predictor look foolish. In contrast, a prediction about relativity, for example, that is complex to understand but has been explained clearly and later is borne out by evidence makes the predictor

HOUSE_OVERSIGHT_023899

look like a genius. But what actually makes us feel that a scientist's accurate predictions make him smart is the reasoning behind those predictions, the causal explanation.

We can see how intelligence, or the lack of it, is perceived by people and we must begin to reconsider how intelligence should be measured by those trying to put numbers to mental abilities. And, we can see why those Palin supporters seem so dumb. Let's look at one of them again:

> Interviewer: What do you think she would bring in terms of policy to office?
> Young woman: Good judgment.
> Interviewer: Any specifics?
> Young woman: I think she would control the out-of-control spending.

This is a prediction. The question is what this prediction is based on. It is a good guess that the young woman cannot cite examples of Palin's good judgment and has no idea whether Palin was able to control spending in Alaska. If she were able to cite examples, that is, if her predictions were supported by evidence that she clearly articulated, we would, in fact, think that the young woman was smart. Perhaps she is smart and perhaps the interviewer deliberately cut out those responses. It seems unlikely, given the weird "czar" remark that followed this, but the point is that we seek such evidence when we make a judgment about someone's intelligence.

What about planning? Those who make bad plans are usually laughed at. Criminals who get caught by doing something dumb are always made fun of by the press. Bad planning makes a person look stupid.

Bad judgment, on the other hand, is more easily forgiven. When you make a mistake, you can always claim to have used bad judgment. Make the same mistake again and you begin to look stupid.

So, if we are interested in making people more intelligent, as opposed to more knowledgeable, it is clear that we need to redefine what we mean by intelligence.

Intelligence is the ability to diagnose well, to plan well, and to be able to understand what causes what. To do this one must be able to reassess one's belief system when new evidence is presented and

one must be able to explain one's reasoning clearly to those who ask. And, one must have a knowledge base of relevant information to draw upon. But our education system, in concentrating only on the knowledge base and not on independent reasoning from that knowledge base, has ensured that the knowledge base remains incomprehensible to most people and therefore is immediately forgotten after school is over.

It would be a good idea to eliminate IQ tests as a measure of intelligence and begin to teach people to do diagnosis, to plan well, to be able to determine causality, and to clearly explain their reasoning to others.

Those that cannot learn to do this would rightly be called stupid, but those who can would rightly be called intelligent.

Degrees of intelligence would be about one's ability to do this for more and more complex issues in complex domains.

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CHAPTER 11

# Restructuring the University

It is a miracle that curiosity survives formal education.
—Albert Einstein

When I moved from Stanford to Yale, it was entirely because of the efforts of Bob Abelson, a psychology professor who became my good friend and wonderful colleague during the 15 years I was at Yale. Bob had been instrumental in helping to create the Computer Science Department at Yale, which is the department that wound up recruiting me( Bob had hoped I would be outside the department structure since I didn't really fit in anywhere very well, but he couldn't win that argument.)

Bob told me a story about the creation of the Computer Science Department at Yale, which involved his having to argue with another faculty member on a university committee about why a department should be created around a machine. He said that one member of the committee actually asked him whether there should be a department of lathe science as well.

We both found this to be pretty funny at the time. Now, however, I have to admit that the guy had a point.

I have been a professor in quite a few academic departments in my university career: linguistics, computer science, psychology, education, and electrical engineering. These departments all have some something in common: They have no real reason to exist. One would assume that departments represent academic disciplines that are coherent in some way, but it simply isn't so. The people in a computer science department, for example, have in common that they all think about computer-related issues, but so do people in other disciplines. Some parts of computer science have more in common with mathematics than they do with other parts of computer science. There were many people in the departments that I was in who worked on things that I didn't understand or care about. All our interchanges were about



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department affairs, never about computer science. We had nothing to say to one another about that. The same is true in every department. Academic departments are made up of faculty who have been thrown together for historical reasons but really have no business being in the same department.

What does a clinical psychologist have in common with someone who studies animal behavior? Do they talk about crazy chimps? What does an historical linguist have to say to a Chomskian linguist? What does someone who works on the philosophy of mind have to say to someone who studies religious philosophy?

Departments probably should have been organized around ideas instead of around words. I tried to facilitate that when I helped create cognitive science as a discipline by founding the *Journal of Cognitive Science* and the Cognitive Science Society. That was over 30 years ago and while some cognitive science departments have been created, in the end the disciplines that study the mind continue to do so in their own ways. Computer scientists who study the mind build computer models, and psychologists who study the mind run experiments. Anthropologists who study the mind do descriptions. That these are three of the twelve cognitive processes is no accident. Departments are organized to some extent around the processes that they use, but that is by no means the central organizing principle. As that old adversary to the creation of the Yale Computer Science Department said, the central organizing principle was a machine and that is kind of silly.

Who suffers from this state of affairs? The students, of course. When a department's faculty meets to decide what courses students must take in order to major in their field, it is not a sage conversation among scholars about what it means to be a computer scientist or psychologist. It is a political tug fest, where people from very diverse fields within these departments push and shove for turf.

Why do they care? There are two big reasons. First, if no one signs up for the courses you teach, you won't be teaching them for long. Second, if many students sign up for the courses you teach, you can justify hiring more faculty in your subdiscipline, which means more friends to hang out with and more power in department meetings where the votes can now go your way. You think this stuff doesn't matter? These issues are the lifeblood of every university department.

Let's look at both of these and see why they might matter.

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Instead of subjects then, let's take a fanciful tour through the twelve cognitive processes and see what would happen to the university if it organized itself around those processes.

First let's look at the existing Yale departments and schools:

African American Studies
Anthropology
Applied Mathematics
Applied Physics
Architecture, School of
Art, School of
Astronomy
Biology
Biomedical Engineering
Chemical Engineering
Chemistry
Classics
Computer Science
Drama, School of
East Asian Languages & Literatures
Economics
Electrical Engineering
English Language & Literature
Environmental Engineering
Epidemiology & Public Health
Forestry & Environmental Studies, School of
French
Geology & Geophysics
Germanic Languages & Literatures
History
History of Art
International Relations
Italian
Law School
Linguistics
Mathematics
Mechanical Engineering
Medicine, School of

Music, School of
Near Eastern Languages & Civilizations
Nursing, School of
Philosophy
Physics
Political Science
Psychology
Slavic Languages & Literatures
Sociology
Spanish
Statistics

This list may be somewhat inaccurate since it is taken from a list of possible majors, which is not the same thing as a list of departments. I just edited it to reflect my memory of Yale, which could conceivably have added a new department or two since I was there 20 years ago (but departments are not easily created or deleted at Yale).

Now let's ask what would happen if we reorganized.

Which departments specialize in prediction, for example? Clearly, economics is about prediction, as is physics, and sociology, and psychology, and any branch of engineering.

Which departments specialize in judgment? Law does certainly. Medicine, parts of psychology, parts of anthropology, aspects of statistics, architecture, and art history do so, as do many others.

Which departments specialize in modeling? Computer science certainly does, as do parts of psychology. Engineering disciplines do and nearly all of the sciences do. Economics and sociology do as well.

Which departments specialize in experimentation? All of the sciences, plus psychology, do experiments. Economics and sociology people sometimes do them. Political scientists do experiments.

Which departments specialize in describing? The humanities specialize in this, as do English and Italian, and Near Eastern languages, and linguistics, and anthropology. Parts of psychology and medicine and law do as well.

Where is diagnosis practiced? In medicine, of course, but also in law, business, and engineering.

Where is planning studied and practiced? In engineering and in architecture certainly, but also in business, medicine, computer science, and psychology.

HOUSE_OVERSIGHT_023906

Where is causation worried about? Nearly everywhere. Anyone in the social sciences or in any practical discipline worries about causation.

So, should departments be organized around the twelve cognitive processes? Probably not.

It would be difficult to do and everyone would be against it. It is difficult to change what has always been in place. But those who study diagnosis would benefit from being around others who were doing diagnosis all the time. And those who are worried about descriptions would do well to hang around others doing the same. But it doesn't matter that much, really. In a research university, professors really just talk with people who are doing more or less exactly what they themselves are doing. Departmental seminars are social gatherings more than intellectual meeting places, since a talk on one subspecialty rarely interests those who work in different subspecialties in the same department.

But none of this really matters. Our research universities (of which there are maybe 50 in the United States) are doing very well, and my problem is not with them. It is with the institutions that claim to be educating our youth for the future and that employ professors who have a Ph.D. from a research university and who really wish they were still there. The research universities serve as professor training grounds that train many more professors who can do research than we possibly could need. These people then become professors at institutions where hardly any student intends to get a Ph.D., but they continue to teach the same Ph.D. training curriculum that they studied.

This has got to stop. The problem is not so much the universities as the high schools, of course. As long as college is seen as a professor training ground, then high school is seen as way to get into the professor training ground, and a nonsensical system evolves that trains high school kids to study what professors need to know. This has to end.

When students sign up for psychology at their university, they want to know what is wrong with them and their parents, and instead they study how to do experiments because that is what their professors learned to do in graduate school. When students take computer science in college, they want to learn to use the computer, but instead they study the mathematics of computation because that is what their professor does. When kids study chemistry in college, they are doing it in order to become doctors for the most part, but instead of learning

HOUSE_OVERSIGHT_023907

chemistry that doctors need to know, they study the chemistry research that their professors are doing. When they want to learn business, they learn economics. When they want to learn how to write, they learn about literature. All of this happens because of the nature of the research universities' domination of our education system.

In order to fix our high schools, we need to get rid of departments based on rather arbitrarily defined academic subjects.. We should organize universities around the kinds of work people do, where work means the kinds of thinking that they engage in, not the machines that they play with. Anyway that's my suggestion.

## AN IMAGINED FIRST YEAR IN COLLEGE

We all know that what I propose will never happen. University faculty would stop such a proposal at every turn. So, in the name of reality, I want to make a suggestion that university faculty possibly could adopt.

Simply divide the 4 years that make up college into two parts. Dedicate the first 2 years to the teaching of the 12 processes and the last 2 to the study of the subjects that the faculty so dearly love. *Introduction to X,* which now dominates the first 2 years of college for most students, would be abandoned. The faculty hate teaching it anyway and the students hate taking it.

How would this work? Let's first consider the set of processes grouped under conceptual processes.

### Conceptual Processes

*Prediction* is an area of life that is worth getting good at doing. Who, in the various faculties, organize their daily lives around predictions? Economists make predictions. It is what they do all the time. Medical doctors make predictions. Physicists make predictions. Political scientists make predictions. Let's imagine that students were taught by a team of people from these four areas who were the exactly those people who specialized in making predictions all the time in their careers. And, let's suppose that they created a year-long course in how to make predictions based on known evidence, past cases, and

pushing the boundaries of what is known. Wouldn't this be a better course than Introduction to Physics? The teachers could introduce whatever aspects of physics they wanted to help students understand the predictive process in that area, but other faculty who did prediction in other areas would be part of the discussion. There would be a set of interesting issues ranging from predictions that were thought to be right but weren't, to predictions that are being made today in each area. The content would be the predictive process itself, not the traditional subject matter. Statistics (and other useful tools) would be taught in this context while the predictive process was being studied.

*Modeling.* Who build models? Psychologists think about models of the mind, as do computer scientists and philosophers who specialize in thinking about thinking. Architects and economists build models of a different sort. Engineers work with models regularly. All of these people use different modeling tools but they work on the same thing: trying to figure out how something works by building it and seeing if they can replicate it. They may be using a computer or building blocks or electricity or art. It makes no difference. It is all an attempt to see how things work by building some facsimile. This is an important idea in human thinking, and a course should be taught to undergraduates on how to do it by the people who actually do it, teaching different techniques as they go. They are many ways to build a model, and students in college should know the possibilities before they take on further study.

*Experimentation.* Psychologists do experiments. Chemists do experiments. Physicists do experiments. Medical researchers do experiments. (The drug companies are constantly doing experiments that affect us all.) Why is there no course in learning how to do an experiment? Shouldn't students be learning how to come up with a hypothesis and how to test that hypothesis? Isn't that more important as a fundamental building block of the mind than any course offered to freshmen in college today?

*Evaluation.* Every academic field does evaluation. In every discipline there are ways and means to discuss and evaluate the worth of papers and research and practical proposals. Businesses are

evaluated regularly and evaluation is taught explicitly in business school. Political scientists evaluate politicians and political systems. Historians evaluate what makes governments, battles, cities, and a range of other things successful. Architects and urban planners and engineers worry about evaluation of what they propose and produce. All of these people could combine to teach students how to evaluate. This is very important part of functioning in any society.

### First College Year Summary

It would be my contention that a freshman year made up of these four processes, taught in four simultaneous courses that were designed to relate to one another in various ways and at specific times, would be a wonderful thing for teaching people how to think. The best of our faculty could teach what they thought about to students, who now would be ready to start to think rigorously. By the end of this first year, students could begin to specialize, not in academic subjects just yet, but in other processes that build on the conceptual processes.

## SECOND YEAR IN COLLEGE

Let's look at the analytic processes.

### Analytic Processes

*Diagnosis.* Who does diagnosis? Doctors certainly. Lawyers certainly. All the people I mentioned above who are building models need to figure out why their models may have gone wrong. Anyone who manages people or large operations needs to figure out all the time what has gone wrong. In fact, diagnosis is a critical part of nearly every area of thinking and every area of work. Diagnosis needs to be studied for its own sake. How do we do diagnosis in principle, no matter what the situation?

Diagnosis also needs to be examined in the various contexts in which it can be applied. A course in diagnosis, taught by the entire faculty who do diagnosis regularly, showing real work and real situations that they have had to handle, and coming after the first year, would have two advantages. One, it could build on the basic conceptual

HOUSE_OVERSIGHT_023910

processes discussed above. Second, students could choose to think about diagnosis in some areas as opposed to others. Art experts might teach about art fraud, and lawyers might teach about detecting business fraud. In each case there would be similarities, and these should be taught by a group of faculty from different areas, but at the end of the course students should be able to start to actually do diagnosis under the tutelage of an expert in an area that interests them.

They actually may not know much about that area of knowledge, of course, and that would be the objection of the faculty to this idea. But it is my contention that faculty have had this wrong all these years. Teaching the basics to students, who have no concept of their possible use, is really not helpful. All these introductory courses are just an excuse to pack kids into lecture halls and pretend to do education while saving money on hiring more teachers. Teachers should pose real-world problems to students and encourage students to gain the knowledge they need to solve them.

Diagnosis is a perfect area for this. One can try one's hand at crime detection, without knowing everything about the details of how one does it, with the help of an expert looking over one's shoulder. This kind of just-in-time learning is how humans have always learned what they needed to know. The idea that school should teach you what you need to know before you need to know it, is seriously flawed. People can't remember what they learned, years after they learned it in school, if they haven't been practicing what they learned all along.

*Judgment.* Law typically is not part of any college curriculum because law schools are recent inventions on college campuses (that is, they are from the past century and not the century before) so law never got to be part of the required or even elective set of college courses despite the fact that so many students want to be lawyers. Judges make judgments all the time, and those lawyers who teach judges to make judgments should be teaching freshmen to make judgments as well. Of course, artists and musicians and literary critics make judgments of a different sort, as do philosophers and businesspeople. All of these people could be teaching a course together on how to make judgments fairly and how to determine what is fair. This is where ethics and morality come into play as well.

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*Planning.* What I said about diagnosis is also true of planning. We plan in everything we do. There are economic plans, architectural plans, medical treatment plans, business plans, and so on. A computer program is a type of plan, and research plans are everywhere in a university. Writing these plans is not so different in principle, but in reality a business plan doesn't look much like a treatment plan. So there is the idea of a good plan and the understanding of what a plan looks like, what a plan's description ought to be like, in any area of life. You may think a business plan should look a certain way, but if the business community has a different idea, that idea will turn out to be right.

Students should have the opportunity to write all kinds of plans, learning about the principles of planning while learning about what officially is considered to be a good plan in an area of the real world that interests them.

So, as part of the second year, students should get to study planning, and then study successful planning documents, and then write plans and have them evaluated by the faculty.

*Causation.* Who studies causation? Everybody. Psychologists worry about what makes people crazy, doctors worry about what makes people sick, environmentalists worry about what is ruining the planet. Physicists want to know how the world works. Computer scientists want to know how computers can work better. Engineers do nothing but causation, really. So, here again, determining causes is a basic cognitive skill and it can be learned within the second year as well, in the same way I have been describing building on what came in the first year to tackle complex problems of causation in areas that interest the students.

### Social Processes

*Describing* can easily be taught, as all of the eight processes discussed above are taught by requiring students to present their work in written and oral form. Students need to learn to write but they also need to learn to talk and to use alternative media to make their points and to explain what they have done. A coherent course of study in how to describe properly is easily within the ability of any college faculty and ought to be its highest priority, taught from many different

HOUSE_OVERSIGHT_023912

points of view, teaching what description is about not how to work PowerPoint.

## THIRD YEAR IN COLLEGE AND BEYOND

Now what next?

After these 2 years, what will students be able to do and what should the faculty do with them? Clearly, faculty, as I have pointed out, want to teach what interests them—their own research subspecialties. Faculty will want to continue to insist on there being majors. Students should not have to be forced to select a major subject because majors (and, of course, subjects) are at the root of the problem.

Whose needs do majors satisfy? Faculty like them because the faculty can determine that to be a major in X students must know all of its aspects, and then insist that students, take obscure courses that they would not want to take. This is another way of making sure that faculty get to teach whatever they want to teach.

An alternative would be to let students specialize in a cognitive process, like diagnosis, and an area where they have become knowledgeable to which diagnosis applies, like financial diagnosis or behavioral diagnosis. Every student who majors in business doesn't really want to, or need to, know every aspect of business, and a student who majors in psychology doesn't need to study clinical, social, animal, and developmental psychology, if what he is interested in is diagnosing personality disorders, for example.

Let students specialize, if they want—they shouldn't be made to, but let them specialize in processes that they might want to become proficient at. We shouldn't force them to take courses , that in no way serve their interests. Such requirements are made using arguments about breadth when they are there to make sure that undersubscribed courses get taught. Majors in computer science at Yale when I arrived there had to take artificial intelligence and numerical analysis. These subjects never interest the same people. They are as different as accounting and clinical psychology. These requirements were there because faculty wanted to make sure there were students enrolled in their course. If they didn't, they would have had to teach something they didn't know as well. Faculty made arguments about the well-rounded student, but students' needs had nothing to do with it.

Whenever you see a required course in a departmental major, there is politics behind it. Someone has traded with someone else. If you make them take my course, then I will vote to make them take your course. It is how requirements are created at every school. No one is thinking of the students' needs, trust me.

So what if we did think of the students' needs? What would we do in the third and fourth years of college? It seems obvious that students would like to learn some job skills and that they would like to be able to pick subjects that interested them for further study. In addition, they might have found something that they were working on in the first 2 years that made them want to get better at it. This is what the rest of college should look like then.

For computer science, for example, students should get to select software engineering, as suggested by my colleague earlier, if they want to be employable, and they should be able to improve cognitive skills that they may have acquired in the first 2 years. They may not have studied various subspecialties in computer science, so they should get to choose the ones that interest them. They also may have an interest in pursuing some noncomputer-related subjects taught at the university, for their own edification. In other words, they get to choose and the choices should include job skills and continued use of the cognitive processes they have honed in the first 2 years. Faculty simply should offer choices, and students should pick.

What would happen if this were done?

In a world where students got to decide what they studied, many of the departments listed above would disappear. There might be some call for Near Eastern languages or art history, but not that much. These departments exist for historical reasons and universities are reluctant to get rid of them, so universities make requirements that students take courses in them. An enormous English department is justified only by the sense that universities ought to have that sort of thing and by continuing English literature requirements for students. Without that, such departments would be much smaller than they are.

Therefore, it is clear that this cannot happen.

What could happen is this: High schools could change and colleges would have to adapt. This is possible because high school does not have to be the way it is today. Its current organization around academic subjects makes no sense. This can be fixed by simply building different kinds of high school curricula. But how can we change high school?

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As it stands now, we can't. High schools teach what colleges tell them to teach. Recently I was looking for a picture of the man who was principal of my elementary school many years ago. I wanted to put it in a speech I was about to give. So, I went to the P.S. 247 (Brooklyn) website and discovered that it is now a "New York City College Partnership Elementary School." When I finished laughing, I started to wonder when this "everyone must spend their entire childhood worrying about getting into college" nonsense would end. P.S. 247 was not a great bastion of learning or a fun place in the 1950s, and I can only imagine how awful it is now. I wondered why P.S. 247 now had to be a college prep elementary school. A commenter on what I wrote noted that the old trade schools, which used to dominate the New York school system, were serving mostly minority populations and this had to stop; so now "everyone can go to college" is the mantra of the equity folks.

But the problem is, of course, that what is being bought with all this college preparation is the right to be an unemployed English major instead of the airplane mechanic you might have been if you had gone to Aviation High School.

High school has become all about college, and college is all about scholarship and research, so what is left? So who teaches students to think clearly? Who teaches students about the possibilities there are for work that might interest them? Who teaches students how to get along with one another, and who teaches people how to communicate well?

Certainly not the high schools, which are obsessed with test score preparation, which means rote memory for the most part.

Certainly not the colleges, which are run by faculty who do research and who think mostly about that.

One possible answer is community colleges, but when someone like me suggests that skipping college and going to community college instead to learn an actual skill might be a good idea for most students, that suggestion is disregarded as being on the lunatic fringe.

The good news is that because of all this craziness, there is a big opportunity to build an alternative, which I will discuss in Chapter 14.

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CHAPTER 12

# How Not to Teach

Some people will never learn anything, for this reason, because they understand everything too soon.

—Alexander Pope

My daughter learned a lot from me and from her surroundings when she was small. All children learn all the time when they are little. But what are they learning? When Hana was about 1-1/2 we lived in Switzerland. Hana was my parent's first grandchild. Since they were in New York, there were frequent phone calls back and forth and more than the occasional visit. Once during this period I got curious as to whether Hana knew the names of her grandparents. I figured she might not know the word *name* so I asked her, "What does Gammy (her name for my mother) call Poppy (my father). She immediately responded, "Maaacc!!" imitating the intonation and exasperation of my mother trying to get my father's attention. I asked what my father called my mother, and she said "Marge!" in the tone of an authoritative military call.

Hana talked to her grandparents on the phone quite a bit. One day I noticed her walking in furious circles while she was talking, at one point almost bringing the phone down on her head. Now who had been teaching her that? Well . . . me. That's what I do when I talk on the phone. And it is still what my daughter does, 30 years later.

Speaking of 30 years later (well, 20 in this story), I observed this same seemingly imitative behavior in Hana when she was in college. I remarked to a friend of my daughter who went to school with her in Evanston that there was a no left turn sign in Evanston (where I also worked) that I always ignored because it was so stupid. She said that my daughter always ignored the same sign and also said it was stupid. The curious part of this story is that my daughter and I, having our own cars and lives, had never been in a car together in Evanston and neither had we ever discussed this sign.



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Did I teach her to ignore stupid no left turn signs? Of course I did. But I never said such a thing to her or taught her how to decide when it was safe to ignore a sign. I was just in her world and she was watching.

I observed a similar phenomenon with my son. I like to watch football and my son sat with me and learned to watch too. Twenty years later, when an event occurred on the field, I noticed that we said exactly the same thing at the same time. "Oof," "oh come on," "ugh." Whatever event on the field caused me to exclaim something, caused my son to exclaim the same thing. Now, I could not tell you what was an "oof" and what was an "ugh," and neither could he. I do this kind of thing unconsciously and so does he. He learned what I had to teach, but he doesn't know what he learned and I don't know what I taught.

What does this have to do with teaching? Perhaps we just need to watch our teachers and then we can copy what they do. Well, not exactly.

I took a yoga lesson the other day. The instructor got into a pose and said I was to copy what he did. I said there wasn't a chance that I could copy what he did. He wasn't used to being talked to like this. (Most students are better at being students than I am, of course.) I explained that I could barely understand what he had done, despite seeing it, and I certainly didn't know the intent of what he had done, so I wouldn't know which aspects of his action were significant and which were unimportant. I told him this was no way to teach.

Now I know I will not be able to teach the yoga instructor how to teach better, and I doubt he will be reading this book. But whether you are teaching yoga or baseball or science or business, the rules are the same. Before I list them, let me start with the top mistakes teachers make. Some of these mistakes are forced on teachers by a badly designed education system, and some are ones that teachers make no matter what they are teaching or which system they are teaching in.

Some of these are less than obvious. So, let's consider them one by one:

Mistake #1: Assuming that there is some kind of learning other than learning by doing
Mistake #2: Believing that a teacher's job is assessment
Mistake #3: Thinking there is something that everyone must know in order to proceed

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Mistake #4: Thinking that students are not worried about the purpose of what they are being taught
Mistake #5: Thinking that studying can replace repeated practice as a key learning technique
Mistake #6: Thinking that because students have chosen to take your course, they have an interest in learning what you plan to teach them
Mistake# 7: Correcting a student who is doing something wrong by telling him what to do instead
Mistake #8: Thinking that a student remembers what you just taught him

Now, let's consider these teaching mistakes one by one.

### Mistake #1: Assuming that there is some kind of learning other than learning by doing

All of us, teachers or not, believe that we can teach by telling. When I say that people learn by doing, people think: Yes, maybe most of the time, but you also can learn by being told. The issue is what it means to learn, of course. I define learning in terms of the cognitive processes that are exercised during the attempt to learn.

This means that when I say the following: "You cannot learn by being told," what I mean is that that you cannot learn to do any cognitive process by being told. I can tell you that George Washington never told a lie, and you could learn that and you could make it something that you now believe. But this is not learning in the sense that it doesn't make you more capable of doing something because you have learned it. Subject-based education relies on learning by telling because for most of the things that are being taught, there is no other way to learn them. How else could you learn that George Washington never told a lie? By observation? By historical research? We learn this by being told. But we do not learn cognitive processes by simply being told. We learn them by practicing them.

This confusion is why teaching in its current form, with a teacher in front of a class, exists at all. Without this focus on subject-based education, it could not exist. And, this is why parents never stand in front of their kids teaching them things. Cognitive processes cannot be altered by telling.

So, we have rule #1 for teaching:

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*Rule #1: A teacher should never tell a student anything that the teacher thinks is true.* Now, on the surface this seems ridiculous. How can you resist telling students the truth? Isn't that your job as a teacher? No. It isn't.

Why not?

Because, in general, students wouldn't believe you anyway. Students don't take what teachers say as gospel. And, they tend not to remember what you say. I have taught many a class and asserted *X* only to be told minutes later that I had asserted *not X*. People don't listen very well. So what is the point of saying true things, besides feeling good about having said something wise? The point certainly isn't teaching.

How will students learn what is true, then? By discovery. By failure. By repeated experience. By talking with people about what they think and having to defend their claims. Not by listening to you.

Let's consider mistake #2.

### Mistake #2: Believing that a teacher's job is assessment

What does this mean? In the real world, teaching and assessment are usually conjoined. Teachers teach and they also give grades and test. This is a problem. It is a problem because satisfying the teacher becomes a goal of the student that tends to supersede learning, and it is a problem because as the ultimate arbiter of truth, a teacher gets to say what is true and students have to believe it. To fix this a teacher needs to not be in this dual role.

This is easier said than done, of course. I used to tell students they would get an A no matter what they did as long as they handed in the work that I asked for. This had the effect of having many students sign up for an easy A and having the administration become annoyed with how many A's I gave out. Both of these outcomes were entirely predictable. But what I did, changed student behavior in the class greatly.

They often wrote about how much they wanted to please the teacher and how once I took that out of the equation, how much it changed their view as to why they were doing anything at all. For some, it had a very bad effect. They just didn't take the class seriously. Others took it more seriously than ever because they were the judges of their own work. (I asked them to defend their viewpoints to the class during class time so their friends were also judges.)

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Of course, the system teachers teach in does not allow them to separate assessment and teaching. But it doesn't allow them to teach only cognitive processes either. For a cognitive process-based education system to work, teachers must be allowed to teach, and others should be the ultimate judges of success. Teachers need to help students get where they are trying to go and let others decide whether they have gotten there.

So, we have rule #2 for teaching:

*Rule #2: A teacher should never be the ultimate judge of the teacher's own students' success.* Here again, this seems absurd. But in the end, this separation of responsibilities is very important. Parents judge how well their children are walking and talking, of course. But the children are not anxious about passing their parents' assessments. The success is its own reward. And in the end, others judge how well your children speak. A parent is really there to help, not judge.

Let's look at mistake #3.

### Mistake #3: Thinking there is something that everyone must know in order to proceed

This is, of course, the killer mistake. Go to any faculty meeting, or interview any teacher, and he will tell you that something is the basis for all that follows that, and if you don't know it, you can't proceed in the subject he teaches. Theory first is the mantra of nearly every teacher. The question is why this is so. I have been in arguments about this so often that I wonder why these views are so widely held.

Teach theory first, then practice. Because of this mantra, computer science majors often don't learn to program in a way that actually would make them hirable, and budding medical students drown in a sea of chemistry equations. Businesspeople learn about finance long before they learn how to run a business, if they ever do learn that, and psychology students learn about B.F. Skinner when what they really wanted to know is why they are so screwed up.

Why do teachers like teaching theory so much? I think that the answer is that it is orderly stuff, with official answers that the teacher gets to know while the students try to learn them. This puts the teacher in a powerful situation and teachers are comfortable with that. Teaching practice is much harder. There often are no right answers and many screw-ups, and the learning process is much messier.

Theory is a subject. Practice in a field means exercising the twelve cognitive processes we have been referring to, and because of that, progress is much harder to ascertain. You can test theory. It is harder to test practice. One can gain a lot of knowledge about what doesn't work while practicing and still produce nothing worthwhile. The lessons learned are harder to assess. Teaching theory makes all teachers more comfortable. Of course, theory means there is no doing, so no one really learns much. After they pass the test, they can forget what they learned with no consequences.

There is a big difference between knowing that and knowing how. Schools have always emphasized knowing that. The primary reason for this is that the stuff you can say you know is testable. But knowing how is much more important. So we worry that students don't know that George Washington was president, without asking what the use of that knowledge is. There may be a use for that knowledge. It is doesn't come to me immediately what that use would be, but let's assume there is some use for that knowledge for your average student. If so, that knowledge should be taught within the context in which it might be used. There is, for example, a use of that knowledge for constructing a history paper about the origins of the United States. Of course, that itself may not be a useful exercise. In the context of doing that exercise, assuming there was good justification for it, that knowledge would be naturally learned. Natural learning of factual knowledge, learning it when it comes up, is fine, as long as it isn't being learned so that it can be tested. It is much more useful to learn knowledge when that knowledge enables you to do something, however.

There are endless books about what every 3rd-grader must know that use the idea that factual knowledge is the basis of the ability to read as their justification. Unfortunately, the writers of these tracts have misunderstood the cognitive science behind those statements. It is difficult to read things when you don't understand what they are about. But it does not follow from that, that the solution is to ram that knowledge down kids' throats and then have them read. It is much more clever to have them read about what they know and to gradually increase their knowledge through stories that cause them to have to learn more in order to make the stories understandable to them. In that case, the learning is in context and thus more natural.

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*Rule #3: Teach practice first, theory and facts second (if you must teach theory and facts at all).* It is the rare course that starts with, let's build this now. Courses that start like that usually hold the students' interest, however.

Now let's move on to the next mistake.

### Mistake #4: Thinking that students are not worried about the purpose of what they are being taught

When students ask what use algebra will be to them, they are told they will need it later. They are told this about any number of subjects that they are forced to learn in high school. The problem is that subject-based education is never about the potential use of those subjects. Those were the subjects at Harvard in 1892; that is the only answer that is true about why students are being forced to learn them. No one gives that answer. In fact, very few seem to know that answer.

Students have the right to know why they are learning something. "You will need it later," is usually a lie, so we need to stop telling them that. And, we need to think about what real reasons there are to learn something. If we cannot find those reasons, we really shouldn't be teaching the subject. But, of course, I don't think we should be teaching subjects at all, so my view on this should come as no surprise.

*Rule #4: Don't teach anything unless you can easily explain the use of learning it.*

Let's look at the next mistake.

### Mistake #5: Thinking that studying can replace repeated practice as a key learning technique

Practice makes sense. When studying and homework mean practice, then they are good things. But rarely is that their intent. Unless, of course, we are talking about practicing test taking, which makes sense only if good test scores are the goal. I realize that good test scores are, these days, the goal in our society, as one would expect in any subject-based education system.

So here is rule #5:

*Rule #5: No homework unless that homework is to produce something.*

Now let's have a look at mistake #6.

### Mistake #6: Thinking that because students have chosen to take your course, they have an interest in learning what you plan to teach them

Professors who typically teach courses that students have chosen voluntarily to take generally are under the illusion that students have come to the course hoping to learn what they intend to teach. Nothing could be further from the truth. Unless you are teaching human sexuality or how to get a job, or abnormal psychology, you generally can expect that students have very little interest in the content you are about to share and a great interest in the grade you eventually are going to give them. The reason for this is simple enough. Professors are teaching a subject.

Subject, in the university world, is a euphemism for profession. The profession of English professors is something other than teaching English—it is being a professional in some subspecialty in literature or some allied field. Similarly, a professor of psychology has an area of research within psychology that is his real profession. When a professor teaches, he is teaching how things work in his profession and he is teaching the basics of being in that profession. The percentage of undergraduates in a class that actually want to enter the profession of the professors is very small. Most have no intention whatsoever of entering the profession of the professors. So, they recognize instantly that what they are learning is very unlikely to be of use to them in their later lives. Some take it seriously anyway and some don't. But for the most part students really aren't much interested in what a professor is teaching.

They don't listen and they don't do what you ask them to do. Why not? They may be lazy, but that isn't the real reason. It may be true that they are taking four other classes, but that also isn't the real reason. The real reason has to do with the inherent value of work, which is one of the real issues in the transformation from subject-based education to cognitive process-based education. Students can feel, rightly, that they have read enough Dickens or have solved enough equations

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to satisfy the teacher or at least to satisfy their own needs in these areas. The problem is, as I stated originally, that learning starts with a goal and that the students' goals may not be the same as the teacher's goals. Since the students have no Dickens-related goal, and actually have a teacher satisfaction goal, they simply have misestimated what will satisfy the teacher.

Now let's consider real goals. Students do not stop driving a car because they are tired even though they haven't arrived where they are going. They do not fail to ask out Mary Lou on a date because they got bored talking mid-sentence. They do not give up on hitting a baseball mid-swing or midway through the game. People put in the effort required when they are working on truly held goals. Subject-based goals are almost never truly held. But cognitive process goals are nearly always truly held if the student is working on real things. If school wants to deal with artificial things (flying an air flight simulator instead of a real plane, for example, in order to learn to fly), then those artificial things need to feel very real and be very motivating.

*Rule #6: Try teaching students things they actually may need to know after they leave school.*

Here is mistake #7.

### Mistake# 7: Correcting a student who is doing something wrong by telling him what to do instead

This one seems really weird. Wouldn't you tell someone to do things differently or what went wrong when you see them making a mistake? Most of us would because this seems a reasonable thing to do. It just isn't a reasonable thing for a teacher to do. A teacher needs to help a student think about what went wrong as opposed to telling him what went wrong and how to fix it. What do you think happened? Why did it happen, do you suppose? What could you have done differently?

Why does this matter? It matters because self-generated explanations are remembered more easily than explanations that we are told. It actually is quite difficult to remember anything you have been told. It is much easier to remember what you yourself have thought up, in part because you probably spent some time doing it, considered

HOUSE_OVERSIGHT_023925

alternatives, and finally decided on an explanation, and then perhaps you tested that explanation another time. A self-generated explanation is a hypothesis, and hypotheses that we have come up with ourselves serve as the basis for learning. We tend to remember what we ourselves have said and thought more than we remember the words of others.

*Rule #7: Help students come up with their own explanations when they have made a mistake.*

Here is the next one.

### Mistake #8: Thinking that a student remembers what you just taught him

I can't tell you how many times I have said *X* in a lecture or discussion only to be asked why I believed *not X*. Why does this happen? People really don't listen. They are not being annoying. They really can't easily listen. There is so much going on in their own heads while you are talking that it is remarkable they hear anything of what anyone says to them. Teachers live in a world where students are worried about the perceptions of their friends, events at home, and a million other things that have nothing to do with what a teacher is saying. A teacher simply cannot assume that a student will remember what he was just told. In any case, a teacher shouldn't necessarily be telling students the truth.

How could telling a student the truth be a bad idea? When telling is about facts, it is certainly a fine idea. But remember, I do not think that it is the job of a teacher to tell students facts. A teacher's primary responsibility is to get students to understand the world better and to help enhance their capabilities. Neither of these things happens through a teacher telling a student anything. Comprehension is an internal affair, arrived at by thinking. Ability comes from practice. Neither comes from a teacher. What a teacher can do is to encourage students to take on more and thus enhance their capabilities, or think more and thus enhance their comprehension. This means that telling a student a fact that he needs just makes it all too simple. Figuring out what you need is the real issue. Confirming what a student has discovered is a fine idea, but even that isn't always a matter of telling the student the truth. A Socratic teacher might deny what he knows is true

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in order for a student to defend a point of view and learn to be convincing. A teacher might fail to praise a student, even when she has succeeded, because the student should know that she has succeeded in any case. I am not suggesting that teachers never tell the truth, only that it isn't necessary to do it all the time.

Since coming to one's own conclusions is mostly how we learn, the real job of a teacher is to force students to come to sensible conclusions by confronting what they already believe with stuff that is antithetical to those beliefs. A confused person has only two choices. Admit he is confused and doesn't care, or resolve the confusion. Resolving the confusion entails thinking. Teachers can encourage thinking by making sure students have something confusing to think about.

*Rule #8: Never assume that a student is listening to what you are saying or that what you are saying really matters.*

What I have been arguing so far amounts to defining what I call *Socratic apprenticeship*. Learning by doing is facilitated by a good teacher, but that teacher has to be around when needed and has to know what to say and what not to say that will help the student think harder. The teacher doesn't provide answers—he just helps students find out where to look for answers and how to know whether they found the answers. Our current education system does not encourage teaching and learning to work this way, and I assume neither did the system that Plato was criticizing when he started to talk about learning by doing and Socratic teaching in the first place.

But something important has changed. We can now create apprenticeships online. It is possible to learn by doing in a simulated world set up on the computer that provides for human help as needed. We have been building what we call story-centered curricula for about 10 years now. Students learn within the context of an intense year-long experience where they do only projects and produce deliverables that are commented on and improved upon by interaction with a Socratic teacher. We have produced them for masters programs at various universities, for high school programs intended to replace what is there now, and for corporations when they wish to create really effective training.

These curricula change how we learn and how we teach. Both of these need to be reconsidered in the wake of the disaster of an education system that we have created.

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In summary, a good teacher does the following:

- never tells a student anything that the teacher thinks is true
- never allows himself to be the ultimate judge of his own students' success
- teaches practice first, theory second (if he must teach theory at all)
- does not come up with lists of knowledge that every student must know
- doesn't teach anything unless he can easily explain the use of learning it
- assigns no homework unless that homework is to produce something
- groups students according to their interests and abilities, not their ages
- ensures that any reward to a student is intrinsic
- teaches students things they actually may need to know after they leave school
- helps students come up with their own explanations when they have made a mistake
- never assumes that a student is listening to what he is saying
- never assumes that students will do what he asked them to do if what he asked does not relate to a goal they truly hold
- never allows "pleasing the teacher" to be the goal of the student
- understands that students won't do what he tells them if they don't
  - understand what is being asked of them
- earns the respect of students by demonstrating abilities
- motivates students to do better and does not help them to do better
- understands that his job is to get students to do something
- understands that experience, not teachers, changes belief systems
- confuses students
- does not expect credit for good teaching

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CHAPTER 13

# How the Best Universities Inadvertently Ruin Our Schools

We have met the enemy, and he is us.

—Walt Kelly

It should come as no surprise to readers of this book that I never really liked school. I endured it. I didn't have the option to quit—an unthinkable idea in my household. In the end I even wound up with a Yale degree (all right, an honorary one—but it is printed in Latin). Truth be told, I did get a real Ph.D., but that was more a testament to my figuring out how to work the system while avoiding the draft, than it was a testament to my scholarship or academic prowess.

I became a professor, an unlikely job for someone who hated school, and I became an unlikely colleague who worked with people who, by and large, loved school. I spent 35 years of my life as a professor at the best universities in America, and still I hated school.

Somewhere in the middle of my academic career, about the time that my kids went to school, I began to think about how learning worked. (I was trying to develop computers that learned.) Since my kids also hated school, I began to wonder about why school was the way it was and why it really had so little to do with learning as I understood it.

Eventually I realized that I was part of the problem. I readily had found employment in a world that let me think about interesting problems all day and work with really smart graduate students. To pay for this life of the mind, I was required to teach every now and then. I never really liked teaching for exactly the same reason I didn't like being on the other side of the classroom. I didn't get the point. I talked. Students listened or at least faked listening, and then there were grades to be given out based on how well they actually had been listening. I didn't like this game any more as a teacher than I had



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liked it as a student. Who said that listening to what I happened to be talking about was an important thing to do? And, who said students should be graded on how well they had listened to whatever truth I was espousing? What if I was saying nonsense? I didn't think I possessed a direct line to the truth any more than I had thought that my own teachers did. The system didn't make sense to me as a student and it didn't as a professor.

But it was a very easy job. And the pay, despite what people think about professors' salaries, was pretty good.

How hard was this teaching obligation? At Northwestern I was required to teach one 3-hour- a-week course for 1 quarter every other year. This came to about 36 hours of work in 2 years.

Yes, really.

So, how was I part of the problem? Actually my light teaching obligation is the tip of the iceberg of an enormous problem. It brings up the question of how and why that light load works for a university, the answer to which sheds light on what is wrong with our school system.

How do the economics of a university work such that a professor can teach so little? That is an important question. But an equally important question is how it is that a professor, who is after all, in the mind of the public at least, a teacher, teaches so little and is happy about it?

People used to ask me, when I said that I was a professor, what I taught. I would always laugh. I would suggest that they ask me instead what I was a professor of, which was, of course, the only relevant question. I didn't teach much and when I did teach, I hardly taught computer science, which was actually what I was a professor of. I usually taught my view of how the mind worked. Sometimes I taught how education needed to be fixed. But, anyhow, as I have said, there wasn't all that much teaching going on in my life. Sometimes I taught more often than required of me, simply because I was feeling guilty. The rules said I didn't have to teach much but there were students, usually graduate students, who were thinking that as they had attended this university in part to interact with me, at least I should teach a course that included them at least once. So I did it because I felt guilty, not because anyone higher up in the university cared what I did.

I remember a Yale undergraduate who wanted an appointment with me. He was screaming in the halls, after he had been told that he could see a graduate assistant instead of me, that he had paid $20,000

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a year (or whatever the tuition was at that time) to attend Yale and he damn well was going to see me. I did in fact see him because he had a point.

Professors are hard to find. There are many reasons for this. The first is that if no one makes them see undergraduates, so why should they? The second is that from long experience most professors have come to understand that when an undergraduate wants to see them, there typically is one of two motives. Either the student wants to argue about a grade he or she received, or wants to engage the professor in a conversation whose point is that the undergraduate is really a great guy or gal and will be counting on a recommendation down the road. Neither of these conversations is any too fascinating to professors so they usually make themselves hard to find.

The funny part of this story is that the student who was making the fuss had neither of those issues. He was exactly the sort of student professors very much want to see. He wanted to become a professor in my field. This is exactly who a professor wants to meet with. The conversation with him didn't start out about that exactly, but it was easy to see that he had real issues he wanted to talk about, science issues, the kind professors wish were on the mind of every undergraduate but rarely are. This student did in fact become a professor, the ultimate success story for the professor who guided him there. And, no surprise, he treats undergraduates who want to see him the same way I treated him.

There is a naïve conception on the part of students in a top university that their needs matter to the professors of that university. But the top universities are not structured in such a way as to reward professors who care deeply about students. If a young assistant professor spends too much time with undergraduates, there usually will be some wiser head who will counsel him against this behavior. Assistant professors must be concerned with getting tenure. Having the students like you has next to nothing to do with tenure at the top universities.

No one higher up in the administration of the university cared much about how much I taught. "Why not?" you wonder. To answer this, one has to understand how universities really work, why they work that way, what game they are playing, and who wins and who loses. The answers to these questions, well known by anyone in a top university, are, somehow, completely unknown to the general public. Outsiders don't ask how Yale works. They ask how they can get their kids into Yale. And therein lies the problem.

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As long as the customers keep coming, as long as people will do anything to get their kids into Yale, Yale will not have to change. Now bear in mind that going to Yale isn't such a bad experience. This is not my point. But Yale's attitude (and every other top university's attitude) toward what those universities are inherently about is seriously harming the education of every high school student and almost every college student in the country. Yale doesn't know that it is doing this.

The faculty of Yale didn't wake up one morning and think that destroying the American education system would be a good idea. They never think that subject-based education is a bad thing. They are professors of subjects, after all. It makes sense to them.

Most of the Yale faculty doesn't think for even a minute about the U.S. high school system, or the community college system, or the thousands of other colleges in the United States. Yale professors are thinking about their research, ideas, and projects. Yale administrators are thinking about making Yale work better and about money and prestige issues. They are not thinking that the subject-based education that is the basis of the university structure has filtered down to high school for no good reason. They think that there is a good reason: to prepare high school students for college, namely to make the professors' lives easier when the students arrive at college.

They do not know they are killing education with their subject orientation. But they are, just as surely as if they had a plan to do so and were working on it on a daily basis. And, the parents who just must send their kids to Yale are regularly giving them the power to continue doing just that.

People who do not live and work within the confines of a great university imagine that professors are basically teachers, like high school teachers but more intellectual. They do not understand the collective mindset at a place like Yale, a mindset that the Yale faculty, for the most part, is perfectly happy with. They do not understand why asking what I taught was a funny question. They do not readily get, if teaching isn't a professor's main concern, what exactly his concerns would be.

To explain all this requires looking at the life of a typical Yale faculty member and beginning to understand the world in which he lives. We must begin by understanding the aims of the university itself. Universities are employers, after all, and professors, like any other employee, worry about what their boss thinks of them. Curiously,

however, professors don't really have bosses in the traditional sense. I remember the provost of a top university complaining to me that with professors everything is a la carte. The provost is the guy who runs the university. What he meant was that he could not ask any professor to do anything without the professor asking what he would get in return. The traditional sense of boss is gone, of course, when the boss can't fire you.

The real bosses in the university system are your colleagues.

Huh?

Your colleagues can't fire you. But this is what they can do. In order to hire a new senior faculty member at Yale, we actually had to write letters, at the beginning of the process, to all the important faculty members around the world in the subspecialty in which we wanted to hire, asking them to rank the top ten people in the world in that subspecialty. If the person we wanted was not on that top ten list, we would not be able to hire them without proving why we couldn't get one of the people in the top ten and why we so desperately needed someone who clearly wasn't that good.

Top universities are caught up in a game they can't get out of that has two very bad results. The game is the superstar-prestige game. Top universities want to be number one. They want this very badly. University administrators worry about this on a daily basis. All hirings revolve around this issue. All professors worry about their status in the academic world at large. It is the coin of the realm in academia.

Although it does not obviously follow from this, one effect of this game is less than stellar education for undergraduates. And, incidentally, this game also has a disastrous effect on the nation's high schools. This is not at all obvious to professors and to the universities for whom they work. To understand this, we need to first see what professors do and how they think about what they do.

I will start by telling a story about someone I barely know. He is a professor of aerospace engineering at the University of Washington, which is in the top tier of state universities. I met him because I was working on creating a high school aerospace curriculum that I hope one day will replace some of what is now in high school for those interested in engineering. I asked Boeing to host a meeting to design this curriculum and they agreed. They invited some of their engineers as well as this professor, I brought some of my people, and we began to design a series of projects that would take students with no knowledge

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of engineering and after a year allow them to work on designing a 787. Such a project-based, real-world curriculum is, in my mind, an important improvement on the way things are done now in school.

At the very beginning of the meeting, this professor said that he hoped the outcome of this high school curriculum redesign meeting would be a curriculum that taught math and science better because the average student at the University of Washington that he encountered had very weak math and science skills.

This was not my intent at all and I told him so. I was hoping to allow high school students to have a year-long experience of actually doing engineering so they could decide whether that interested them or at least make use of some of what they learned in their later lives. As far as I'm concerned, there is too much math and science in high school now and I told him so.

Since no one ever says things like that, he was quite shocked. I asked him, since he thought entering college students who wished to study aerospace were deficient in math and science, why he didn't think it was his obligation to teach it to them? He replied that this was the duty of the high schools. His position then was that even though less than 1% of college students would study aerospace engineering, nevertheless every student in the country should be made to learn the math and science they might need just in case they might study aerospace engineering.

Of course, this is hardly a unique position. In fact, this stance is exactly the one in place in high schools today. Just in case you some day might need it, we will teach it to you.

What is the reasoning behind this point of view?

What is really going on here relates strongly to the teaching requirement issue I mentioned earlier. I had a light teaching load. This man certainly teaches more often than I did. To see what his load was, I looked him up on the web. Here are the courses he was teaching in 2007–08 as I wrote this:

- A A 430 Finite Element Structural Analysis
- A A 432 Composite Materials for Aerospace Structures
- A A 532 Mechanics of Composite Materials

I had guessed what kinds of courses he taught before looking him up. The man is about my age, which means he has seniority, and he is

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obviously respected by Boeing, so he is a senior and successful man in his field. This means a small teaching load since the best professors teach the least. Three semester-long courses in a year is a light load at a big state university.

You might wonder, as an outsider to the ins and outs of the university, why the best professors teach the least. You also might wonder why I knew the types of courses he would teach and what I mean by that. I will explain.

To start this explanation, it is important to understand why professors are "rewarded" with light teaching loads. (Note the word *load*. This is the normal way this is discussed in a university.) I was given an extraordinarily light load at Northwestern for two reasons. One reason was that universities, like baseball teams, recruit so-called "superstars" (yes, that is how they are referred to in the university) from competitors. So Northwestern had to beat Yale's offer in my case. At Yale I taught one semester-long course per year, so Northwestern simply made me a better offer.

The reason both of these universities would even consider such a light load is that I earned money for the university. As I used to tell my children when they asked "why" questions, in the end it is usually about money.

I was recruited by Northwestern (in 1988), but I was really being recruited by Andersen Consulting. They offered Northwestern (that is, they offered me if I came to Northwestern) $30 million (over a 10-year period). Yes, that's right, $30 million. I think you can see that Northwestern didn't really care what I taught or when I taught it. They wanted that money. And, they also wanted the prestige.

Before I go too much further, I need to explain the prestige thing because it is very important. In fact, the prestige issue for professors and universities is precisely the root of the problem in our education system. This will take some time to explain, so let me start simply for now.

When Harvard plays Yale in football, they are battling for prestige. But the battle may not be on the field exactly. The real battle is in how powerful and important the alumni who attend the game have become and how big their respective endowments have become and who has the best chemistry department or business school. It is a real battle. The battle is for reputation. And, although it may seem silly to take this battle seriously, it is taken very seriously. There is no World

Series that determines the winner. The real determination is made by newspapers, or parents who want their kids to apply there, or potential donors. But the battle is real enough.

This battle was dead serious before *U.S. News and World Report* started publishing annual rankings. Now, it is the basis of how the university functions. When the current president was recruited at Northwestern, he essentially was told that his job was to get Northwestern into the top ten (in the *U.S. News* rankings). Northwestern was ranked 12th or 13th at this time. In his first year he succeeded. Why? Because Northwestern's football team won the Big Ten title and went to the Rose Bowl. Of course, he had nothing to do with that. But the following year applications doubled (or something like that) and that is a statistic that *U.S. News* uses, so presto, we were number nine. It didn't last. Neither did it make sense.

Recruiting me was like winning the Rose Bowl. Well, all right, not really. But a member of the Board of Trustees actually did say to me when he met me: "It's our star quarterback." I brought in money and prestige. It is natural to wonder who actually got the money that Andersen offered and what was done with it and why it was given out, and, while we are at it, what exactly it was I did all day if I didn't teach.

First the university's share. Every dollar of that $30 million went into Northwestern's bank account. Then they let me spend it according to certain rules. The first rule is called "overhead." The university charges an overhead rate on all contracts. The actual percentage varies and one of the first things I had to negotiate with Northwestern was how much their take would be. I don't remember exactly now, but they got about 30% of what I brought in. So, about $9 million of this money went into Northwestern's pocket. Do you see now why they didn't care how much I taught? They just wanted me there and they wanted that money. By the way, they also got the interest on all the money.

They also got the prestige. I set up a new institute that became instantly well known and was something the university could brag about. The Institute for the Learning Sciences was something unique. Northwestern had one and no one else did. Moreover, I might (and did) raise even more money for my institute. More overhead money. Yippee!

What did I do with the money? Mostly what you can do with this money is hire people. If you have a research agenda, something you want to build or accomplish, you will need help. If you want to build a rocket ship that no one has ever built before, you will need to

hire folks who can contribute. I was trying to build educational software but the principle was the same. I hired programmers, researchers, assistants to do lower level work, video staff, artists, and, of course, graduate students.

And, now you know what I did all day. I managed this enterprise. Eventually my institute had 200 people working in it. I did what any person in charge of 200 people does. I set the direction and checked on progress. Also, I wrote books and thought deep thoughts. This is what any professor does who brings in grant money. I was just doing it on a larger scale than most.

All of this is about winning the prestige game. Any university wants pre-eminent professors. Universities want the best faculty so their name is mentioned a lot, so they get applications from students, attention from the media, and more grant money. That is what universities do. Teaching? Well, how exactly does teaching fit in with all that?

It really doesn't. Most professors agree that the university is a lot nicer place when there aren't all those undergraduates around. From May to September New Haven was an idyllic place. Smart people, good weather, interesting conversation. Then in September, thousands of young people, making a racket and expecting to be taught. But, therein lies the problem. Are students really expecting to be taught?

It doesn't take very long for a professor to learn that those brilliant Yale students, the ones who killed themselves to get into the place, may not be there solely to enter into the life of the mind. While everyone is thinking great thoughts and doing great research over the summer, professors manage to get themselves believing that the job of a professor at a great university is to be an intellectual. What they forget easily enough is who is paying the bills. And, they forget the real agenda of those who are paying the bills. They are reminded soon enough.

Students want courses to be easy, not bother them too much with work outside the classroom, and help them get a good job. Of course, I am oversimplifying here. Many students attend Yale to learn what it is that you, the professor, really know and want to teach. In 15 years at Yale I met a number of them. I remember their names because there weren't that many. We can hope that all professors have met their share of that type of student.

Most college students are 18-year-olds who are on their own for the first time. They are more interested in exploring themselves and their new freedoms than they are in working hard at intellectual

pursuits. Every university has underground lists, written by students, about courses that are easy or professors who readily give good grades. The real agenda of the majority of students is to take school just seriously enough to graduate. If you offered them a diploma after 1 year, most of them would take the deal.

This all brings me back to our aerospace friend. Why does he want high schools to teach more math? Because he doesn't want to teach it. Teaching undergraduates becomes pleasurable at precisely the point where you can teach the very courses this man teaches. He is teaching highly technical courses, and, it is safe to assume, the students who are taking those courses are there with serious intentions. They want to become engineers and they want to know what he knows. So he may well enjoy teaching them. But he certainly would not enjoy teaching them calculus. There is a big difference in the experience of teaching when you are teaching people who plan on working in your field some day and when you are teaching a required course that students wish they weren't being made to take.

But why does it matter what this man enjoys teaching?

In the ideal university, the one professors at top-tier universities would have if it were possible, professors, who consider themselves primarily to be researchers in very specialized subfields, would teach only work that directly related to their actual research or was important for preparing future researchers in their field.

Professors at Yale get to be professors at Yale because they are either potentially or actually the best in the world at something. While this might not actually be true, it is certainly supposed to be true. When a professor is proposed to be promoted (or hired for the first time) as a full professor at Yale, the chair of his department must address a meeting of all the other chairs and high officials and explain why the professor in question is indeed the best in the world at what he does. To do this, the chairs often have to define what he does extremely narrowly to have it be at all credible. Isn't there someone at Stanford or Princeton who is just as good or, perish the thought, even better than the candidate you propose? There better not be or this candidate won't get voted in. So, somewhere in every professor's mind is the idea that he or she is the best at something or for assistant professors, soon will become the best at something.

Under this kind of pressure, and this kind of egotism, a professor's first and foremost concern is attaining and maintaining that exalted

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status. Teaching future professors in one's own field helps maintain that status, so graduate students pursuing Ph.D.s are quite often taken very seriously. Teaching graduate seminars is intellectually stimulating, may help with one's own research, and is therefore worthwhile to do. But undergraduates are a whole different story. Very small percentages of them actually will become researchers in one's field. Professors are in the fame game. They worry about the prestige of their department and themselves. They care about this because they won't attract high-quality Ph.D. students unless they maintain that prestige. Undergraduates do not figure into this equation. Except they do pay the bills.

So professors have to teach them. And, someone has to teach those damn introductory courses that typically have hundreds of students in them. Why do they have hundreds of students in them? Because no one wants to teach them so making the sections as large as possible means fewer professors will have to teach them. And, why does our aerospace guy want high school to teach the math his students need? Because he certainly doesn't want to do it. He wants to teach esoteric courses about composites, which is his field. Teaching basic math would be worse than teaching Introduction to Aerospace. A great deal of work and no enhancement to prestige at all. And, there is a bigger problem. He can't teach math because the structure of the university doesn't allow it.

Math is taught by the math department. If everyone had to learn math, there would have to be an awful lot of math professors. While that sounds OK, it really isn't possible. Remember, at top universities everyone has to be a superstar or close. Math isn't that hot of a field. There aren't large numbers of people wanting to become math professors, nor is there a great deal of funding for math research. Remember, without outside funding as a possibility, a top university isn't going to want to create a big department. You get big departments, and lots of professors, only in fields that pay for themselves through outside funding. So math has to stay small. Solution—make sure math is taught in high school.

This solution makes everyone in the university happy. And, it shouldn't be a big surprise that the original idea of requiring algebra of high school students came from the president of Harvard and the chairman of the Princeton Math Department (in 1892). It has always been in the university's interest to push teaching the basics that

are needed in college into the hands of the high schools so that the university professor's life is easier and involves less teaching that he doesn't want to do.

So, of course, professors want high schools to do a better job. The question is why high schools should care about what universities want at all. High schools have their own problems, or should have, but they have been convinced to ignore their problems and focus on the problems that universities have.

Parents demand that high schools prepare their kids for college, which really means help them get into college. Gradually the high school curriculum has become one giant entrance test for college. The idea that someone might not want to go to college seems very odd to most people. So, if the colleges say more math, then more math it is. But colleges are not saying more math in good faith. They are just having high schools teach what they don't want to teach.

But there are about 3,000 colleges in the United States and only about 50 top-tier research universities. What Yale needs may not be what the other colleges need. Why, then, is the tail wagging the dog? Yale says jump and everybody asks how high. Yale sets the rules. Yale says 3 years of math, and 3 years of math it is, even though higher math will not, or at least should not, come up in most college classes.

Does Yale know it is doing this? Do the faculty understand that by requiring that the high schools teach mathematics, they are causing massive numbers of dropouts and making learning a very stressful experience for most high school students?

I think the answer is no, but even if they did know it, they would do nothing about it. They have a university to run and they simply cannot change the way they operate. I can explain this with a story, this time from Columbia University.

I once had the opportunity to create courses for Columbia University that would be put online through a business I started that was funded (and then abruptly terminated when the dot com boom busted) by venture capitalists. I interviewed various professors at Columbia in order to decide which courses to put online. I wasn't trying to simply copy the courses they had but was trying to build learn-by-doing versions of them that would be more engaging than the usual lecture course and would try to teach real-world skills rather than the usual stuff one gets in an introductory course.

We decided to build an economics course and talked at length with the chairman of the Economics Department. We decided to simulate

the experience that this man had had working as an economic advisor in the White House. The students played that role in the simulation and learned how economics is used in the real world.

All of this is really beside the point, however. I learned, during these conversations, that at Columbia calculus is required in order to be an economics major. I wondered about this, since the courses we were building never had any complicated math in them, so it seemed that calculus wasn't something that came up regularly in real-world economics.

I asked and was told that my observation was right and that calculus was required in order to ensure that there wouldn't be too many economics majors. As an insider in the university world, I understood this remark, but it needs some explaining for outsiders.

Columbia doesn't have an undergraduate business major. And, in New York City there are a lot of students interested in business. Columbia and other Ivy League schools think that business isn't an academic subject, so students shouldn't learn it until they go to graduate school. Columbia does have a well-respected business school, but, as I pointed out, no one really wants to teach undergraduates so they certainly aren't lobbying to teach them. (This is also true of medical schools and law schools and it is why you never see courses for undergraduates in those fields despite the evident interest of the undergraduates.)

So, potential businesspeople at Columbia need to major in something and economics seems to them to be a reasonable second choice. (I am not really sure that it is a good choice but these are 18-year-olds making these decisions.) Thus, the Economics Department is flooded with potential majors. This seems like it would be a good thing, doesn't it? Students want to study what you teach. Isn't that good?

Well, not really.

Let us assume we have an economics faculty of 20 people, each of whom teaches three courses a year. So we can offer 60 courses. Sounds like a good number. But this has to include graduate seminars, and the faculty will be lobbying to have more of these and more advanced courses where they can teach their own specialty, as I have said. But majors need courses too. They might need 20 or more. This doesn't leave a lot for introductory courses unless the department runs enormous lecture courses that have hundreds of students. Now departments know that such courses are pretty awful things and they try to keep them down to a dull roar. But if you have hundreds of students wanting to take your courses, and you were set up with just enough

faculty to handle 60 courses with fewer than 20 students in each class, you have a problem. Multiple sections of courses require multiple faculty and maybe even, God forbid, heavier teaching loads.

Simply put, if there are too many majors, all the specialty courses will overflow and you might need twice the faculty to handle them. The university is not going to let you hire twice the faculty in order to handle them. Why not?

Tenure is why not. Once you hire tenured faculty, they stay forever. Tenure is another one of those ideas that sounds a lot better than it is. One of its downsides, and it has many, is that you can't easily hire new faculty when you need to. There may be a jump in economics majors this year, but who is to say that this will be true next year? Universities move slowly.

So, the current economics faculty would have to teach more courses. They simply do not want to do that. They want to go back to their offices and do research and write books and consult with the government or big business, should they call.

Voila!

Calculus.

That will keep the little buggers out. If that doesn't work, advanced calculus. Who cares if those courses have little relevance for economics? They can always say it might come up some day. (It might.) Or they can say it teaches rigorous thinking. The real reason is to keep the numbers down. This is also why biology and chemistry are required courses for pre-med students, why statistics is required for psychology majors, and so on. Most departments will not admit to this, but that's why those things are there.

You never see this kind of thing in departments that have too few students. Too few students is the kind of problem that gets your department shut down. So, linguistics departments, which were started when linguistics was in fashion in the 1960s, are always under threat of shut down. They won't be requiring calculus. But they would if their situation changed. Instead, what they are doing is trying to explain why linguistics is calculus.

Huh?

When I arrived at Northwestern, undergraduates were required to take a math course in order to graduate. There could have been any number of reasons for this requirement—none of them having to do with interests or needs of the undergraduates.

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In fact, diverting from that story for a moment, my secretary, who never went to college, insisted that her daughters go, so one of them found herself in an art history course that she hated and complained to her mother who in turn complained to me. Why does she have to take art history? She is a business major (at Hofstra), for God's sake, said my secretary.

Obviously, I replied, there are art history professors who are worried that no one will take their course and they will be fired (tenure doesn't apply in that case as tenured faculty can be fired if their department is shut down), so they have lobbied successfully to require it. She thought that was stupid and so do I. Now back to Northwestern.

Clearly the mathematics professors at Northwestern were similarly concerned. Of course, they made their argument, the same way the Hofstra art history professors did, one would assume, about these courses being necessary for a liberal education, but the real argument was about saving the department and everyone knew it.

But at Northwestern, this math argument had been made a long time ago. What was new was that linguistics, at Northwestern, had been classified as a math course! The reasons are clear enough. No one was taking linguistics at Northwestern and the linguists were scared. How they won the argument that linguistics was math (and thus an alternative to the required math course) is anybody's guess. Just remember that none of this is being done with the interests of the students as the real agenda item.

If you believe, as universities do, that the most important thing you can do as an administrator is recruit superstars to make your university great, then there is a consequence to all this. The students suffer. At first this seems an odd idea. How could a student be harmed by recruiting a superstar? Well, it depends on the university.

At MIT, where students are different than they are at Northwestern by quite a bit, there are a number of superstars that I know quite well. Two of them, whom I will not name but are about as famous as a professor can be, are people I have heard lecture many times. I have never understood what they were talking about in any of those lectures. Now, bear in mind that I know their fields very well so I should have been able to understand them. Also, bear in mind that I was a terrible student, which means my attention fades fast when I am bored or irritated.

Since I know these two men well enough, I can tell you that neither is particularly worried about being understood. They have been

acclaimed by one and all to be brilliant, and many brilliant people think that if you can't understand what they are thinking about, then it is your fault not theirs. They are talking about complex issues that interest them, and you should be able to follow along, and if you can't then you are a dope.

This works at MIT, sort of. No MIT student happily admits to not understanding what the professor is saying. They all muddle through as best they can and are usually awestruck by even being in the presence of these great men, much less being able to take a course from them. Understanding what they said, or, worse, actually being able to make use of what they said, seems unimportant by comparison. You would take a course given by Einstein, wouldn't you, even if you didn't understand physics? That is the attitude.

This attitude works at MIT. But it fails miserably at lesser schools.

I took advanced calculus from a superstar when I was an undergraduate. I didn't understand anything. I was a math major, but that course caused me to lose interest in math and start thinking about other things. I went to see this superstar and asked him for advice. We had a great conversation. He was a very smart guy. He pointed me in a direction that helped me make some important decisions. As a one-on-one advisor he was great. But the system made him teach, which really wasn't something he could do very well.

As luck would have it, years later when I was chairman of the Computer Science Department at Yale, he was one of my faculty. So, in a sense he wound up working for me (to the extent that any faculty member actually works for the chair, which is really not the case).

He was a great man. He inspired many a graduate student to become a professor. He was fun to talk to. But he couldn't teach at all. At Yale we made sure that he taught only specialty courses, which was fine with him. What he was doing teaching advanced calculus that year long ago is anybody's guess. My guess is that as he was the chairman of the Math Department at the time, either he got stuck with it because there was nobody else or he was trying to prove a point in order to induce senior faculty to come down from on high and teach the basics.

Either way it was a terrible idea.

Prestigious universities that recruit superstars are not, at the same time, recruiting teachers. They are just hoping someone can and will teach. But no one cares that much.

I once had dinner with a man who was on the Board of Trustees of the University of Illinois. I asked him how he liked being on the board

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of a fraudulent institution. He reacted the way you might expect and demanded an explanation. I asked him if he thought the average student attending the University of Illinois was going there because she figured after graduation she would be able to get a job.

He agreed.

I then asked whether job skills were in fact taught to the majority of students there and whether the faculty, by and large, actually had ever worked anyplace but a university.

He laughed.

It is OK that Yale hires only intellectuals and only the best of the best because Yale is not a state-run institution and Yale can do what it wants. No one is making anyone go to Yale. Caveat emptor.

But a state spending a great deal of money on its flagship educational institution ought to know what it is getting.

This is what it is getting—Yale.

There are no faculty members at the University of Illinois in any mainstream department (I don't mean agriculture, for example) who do not consider themselves the equal of, and in some cases better than, their Yale colleagues.

When I went to Northwestern, I was given the right to hire a variety of faculty in a number of disciplines that related to learning. When you recruit faculty, you mostly consider how your institution might look better to someone at another institution. So, Northwestern doesn't recruit from Harvard or MIT (or Yale!) very often because Chicago doesn't seem a more appealing place than Boston to an academic and Northwestern isn't a step up. And, Northwestern doesn't recruit from California in general, for the same reason.

So, it's the University of Illinois!

I recruited heavily from Illinois because Chicago looks more appealing than Champaign-Urbana to most people, so I had something to offer, and the faculty there had already bought into the idea of living in the Midwest. Moreover, in the academic world, the University of Illinois is considered to a top-ranked institution with a faculty every bit as good as Yale's, maybe better in some departments.

So, why is this bad?

It is bad for the students of the state of Illinois who worked hard to get into the state's best university only to discover that its faculty think they are at Yale.

Of course, they know they are not at Yale, but they are competing in that world nevertheless. They also do research and publish and

work hard to be famous superstars. They are in exactly the same game as their Yale counterparts, so it follows that they don't want to teach either.

But the numbers are much bigger at Illinois. Classes are larger and faculty have to teach more classes. So these same people, who would readily move to an institution that didn't treat them like this, are stuck competing with their Yale colleagues and, at the same time, having so many more undergraduates to deal with.

Guess who loses?

And, I haven't even started to discuss the idea that most students at Illinois do not go there to become professors or intellectuals, or hobnob with the best and brightest. The faculty think they are (or ought to be) at Yale, but the students do not. The students want to get jobs 4 years later. Good luck with that. That is not what Yale is for.

I was told that explicitly one day, by the way. I had to give a short talk to entering freshmen at Yale when I was the department chair. The idea was to extol the virtues of majoring in the field represented by the chair. Each chair gave a short speech. Mine, as usual, was the shortest. Major in computer science—get a job. That was my speech.

I was booed.

I was booed by the freshmen, who by this time at Yale had been there maybe 5 minutes but had already absorbed the zeitgeist of the place. Yale was for thinkers not workers.

By the way, that was in 1982 or so. All our computer science graduates went to work at Microsoft in those years. There were lots of millionaire alums not too long after. (Presumably, not those who were booing.)

They wouldn't have booed at Illinois, and that is the point. Yale is not the problem unless you realize that it sets the direction for every other university in the country. It doesn't do this by itself and it doesn't do it intentionally. Nevertheless, it ruins the chances that Illinois graduates will receive a reasonably practical education that actually might get them jobs or teach them how to live in the real world.

So, we have created a system that values heavy intellectuals and gives them a place to do their thing. Is this bad? How could it be bad? It certainly isn't bad for the intellectuals. But it is bad for the students. Not necessarily for the students at Yale, although there are certainly unhappy students there. It is bad for the society at large. Students don't need to major in subjects unless they intend to become professionals in those subjects. Actually, they need to intend to be professional researchers in those subjects, since the faculty really don't know

HOUSE_OVERSIGHT_023946

how to or care to think about their subject as anything other than a research area. Making a real living with what they teach is not on any faculty member's mind. But students go to college precisely because they think they will get a job afterward that college will have prepared them for. It just isn't true.

Teaching how to survive in the real world is simply not the job of an Ivy League professor. This is too bad because there are professors who really do like to teach.

One day I decided that I needed some news video from the major networks for a project I wanted to start. I called the president of Northwestern and asked him if he knew anyone at the networks, and he told me that the former president of one of them was now on our journalism faculty.

So I called him. He said he would help me but only on one condition. He wanted me to sit in on the class he taught. This was really an odd request, and especially hard for me to agree to given how much I hate classes and classrooms. But I really wanted that video.

Professors almost never ask other professors to watch them teach. One reason is that they usually aren't all that proud of their teaching and don't want to hear the criticism that inevitably follows. Also, it really isn't something they want to talk about even if they are good at it. It has minor value in a professor's world.

The class I attended was the most extraordinary I had ever witnessed. This former head of a network previously had been head of the news division. He had turned his class into an all-day simulation of a network newsroom. Students were charged with preparing and producing the evening news. They got their information from various sources that were used by the networks and prepared stories, played the roles of on air reporter, news writer, anchor, camera person, editors, and so on. They finished and went on air at 5.00. At 5:30 they watched to see what the networks had done that day and compared and judged their own success. The professor was there all day guiding them.

I thought this class was fantastic and said so. I then said it would be a loss when he left Northwestern in a couple of years. He said he had no intention of leaving, but I knew what he was doing would never be tolerated.

Why not?

Let me count the reasons. First, he was teaching doing and practice, and not theory and analysis. While the rest of the world knows that doing and practice is how you learn, this is the exact opposite of

how teaching occurs in a great university. (There are exceptions to this, of course. In engineering, agriculture, and even in journalism, practice does occur. But it always occurs in the presence of lots of theory.)

University professors are not practitioners. Usually they don't know a thing about how what they teach actually is used in the real world, never having been in the real world themselves, so they have created a culture where theories and ideas are considered to be more important than simply being able to do something. So one reason his class would have to go is that it inevitably would be seen as threatening to the other faculty.

Another reason that it threatens the other faculty is that it is a lot of work to do what he did. He was there all day. Professors teach 3 hours a week, 6 if they aren't superstars. No one wants to see a new standard of teaching created that is both practical and takes a long time to do. When would the professors do their research and write their books? This man didn't have that agenda. He just wanted to teach. There is no room for that in a top-tier university.

And, how would this class fit in a student's schedule? Students can't spend all day at something without missing those important required classes that meet 3 times a week for an hour. Totally consuming classes that take all day, and may even take all week, cannot possibly exist.

Two years later this man was gone.

It is actually very difficult to change the way a university runs, and this includes trying to change any aspect of how courses are offered or structured.

I learned this when I took on the job of building a new West Coast campus for Carnegie Mellon University. (By building, I mean designing its offerings, not its buildings.) As I am an advocate of learning by doing, in just the way our former network head was doing in his class, I decided that there would be no courses, only projects, and that each project would build on the one that preceded it. The administration in Pittsburgh let me get away with this precisely because there were no faculty hired in California and the Pittsburgh faculty wouldn't much notice what we were doing 2,000 miles away.

We had to lie to the registrar about what we were doing because courses had to be in parallel to make it into their system and we weren't offering courses at all. The projects had to be labeled as courses, but they varied in length (not every project takes the same amount of time). These "courses" ran in sequence not parallel, so we basically had to lie about it to get by the registrar.

HOUSE_OVERSIGHT_023948

The students objected that there were no faculty around and were no classes, so they felt cheated in some way and asked why they had to show up at all. We replied that they didn't, since all the materials they needed were online anyway. The students were assigned mentors who were on campus, but after a while students interacted with them by instant message instead of walking down the hall even when the students were on campus. The students started out hating what we did and wound up loving it. These were students in master's degree programs and they were, in essence, simulating the jobs they were preparing for.

Even the faculty in Pittsburgh came to appreciate what we were doing in California. But you will never hear about it (except from me). Carnegie Mellon will never brag about it or publicize it in any way.

Why not?

What I did is very threatening. At one point the provost, realizing that since the program was online, in principle we could serve a lot of students, asked me whether I was going to put Golden Arches over the campus and say over a million served. Seemed a good idea to me. But not to Carnegie Mellon. We don't want to cheapen our brand name, the provost told me.

In other words, if hundreds of thousands of people had Carnegie Mellon degrees, how prestigious would such a degree be? These degrees were in computer science, a field in which Carnegie Mellon is number one or two in the world. But if too many people had these degrees, the university's prestige would go down, so whether or not this was good educational practice, and the certifying boards certainly thought it was, this was never going to happen.

I made the mistake of saying in an interview how well our experiment was going, and was told by Carnegie Mellon to stop doing that. It seemed that parents of undergraduates at Carnegie Mellon were calling and asking why, if this method was so preferable to the usual course-based method, it wasn't being employed in Pittsburgh? Since that could never happen—the professors would never allow it—I had to stop giving interviews.

As I write this, the learn-by-doing master's degree programs we built are still running, but no more will be developed at Carnegie Mellon. Eventually the ones I built will be shut down. The reason will be that they employ teachers who teach (as mentors) all the time and therefore don't do research and that can't be allowed. Not if you are in the superstar prestige game.

Universities will not change until some equally prestigious online university is developed that challenges their ability to attract students. As long as students show up at Yale, and there is no danger there in the foreseeable future, Yale does not have to change.

But Yale must understand what it is doing to the high school system. It has to stop telling the high schools what to teach. It has to stop talking about how high schools must prepare students for college. That should not be its job. Yale has to accept the idea that students will arrive at Yale "unprepared" for college. Making Yale's admissions process easier should not be the job of the high schools. Teaching the subjects that superstars don't want to teach should not be the job of the high schools. High schools need to focus on the concerns and issues of real students living in the real world. If Yale really believes in algebra for its students, then it can teach algebra to all entering freshmen. (Believe me, it never will.)

Until subjects cease to be the basis of the structure of universities, there will be a big problem in education across the planet because everyone everywhere assumes that university degrees are important. As long as we assume this, and as long as we accept that what is taught in high school will be determined by the universities, we are in serious trouble. High schools have become college preparation centers and thus no one learns anything but academic subjects in high school.

Cognitive processes must be the meat of high schools and should be the basis of college as well. The top-tier colleges will not change and maybe they shouldn't. They can continue to be research universities and specialize in producing the next generation of Nobel physicists or literary scholars. Great scientists are nice and I am all for producing them. But the 3,000 colleges in the United States are not all producing great physicists. Still they teach chemistry and require mathematics for no reason that anyone can remember.

If we don't start thinking seriously about how to teach thinking, as opposed to academic subjects, to the 99% of students who have no intention of becoming scholars, we will all lose.

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CHAPTER 14

# What Can We Do About It?

> Simple solutions seldom are. It takes a very unusual mind to undertake analysis of the obvious.
>
> —Alfred North Whitehead

What is obvious here? Schooling is broken. It needs to be rethought. What can we build as an alternative? It is a simple question really. If we had all the resources in the world and we really wanted to educate our children, where education means teach them to think clearly, live well-thought-out lives, and be able to pursue their dreams, what would we build?

It is, of course, very difficult to think about replacing sacred institutions. The only way I know to think about it, is as a thought experiment. Just imagine that we lived in a different world, maybe a Greek colony in the 1st century, and ask yourself how we might educate our children in this environment, pretending that schools are the one thing we cannot build for some reason. As we think about this, we must not assume that what we teach in schools now needs to be taught in some other way. We simply need to ask: *What should one teach children?* while making no assumptions that what we have been teaching is necessarily relevant.

To put this another way, the right question to ask is: *What do children need to be able to do, in order to function in the world they inhabit?* The next question is, of course, How would we teach children to do those things?

Now admittedly I am prejudicing the answer here by simply leaving out the word *know*. The usual question is, What should children *know*? It is this question that leads people to make lists of things every 3rd-grader should know and allows school boards to create lists of facts students need to be tested on. So, let's leave that word out of the discussion and see where it gets us.



HOUSE_OVERSIGHT_023951

A good place to start is to ask what a highly functioning adult can do and moreover has to be able to do in order to live in this world. When we ask this question, the phrase "21st-century skills" will not come up. Every time that phrase comes up, somehow the answer turns out to include algebra and calculus and science, which, the last I heard, were 19th-century skills too.

In fact, let's not talk about particular centuries at all. To see why, I want to diverge for a moment into a discussion of the maritime industry, a subject with which I have become more fascinated over the years. What did a mariner from Ancient Greece have in common with his modern counterpart in terms of abilities?

The answer is an obsession with weather, ship maintenance, leadership and organization, navigation, planning, goal prioritization, and handling of emergencies.

Effective mariners from ancient times would have in common with those of today is an understanding of how to operate their ships, the basic laws of weather, tides, navigation, and other relevant issues in the physical world, and an ability to make decisions well when circumstances are difficult. They also would have to know how to get along with fellow workers, how to manage the people who report to them, as well as basic laws of commerce and defense.

In fact, the worlds they inhabit, from an educational point of view, that is, from thinking about what to teach and how to teach it, would be nearly identical except for one thing: how to operate and maintain the equipment. Their ships were, of course, quite different.

So, let's reformulate this question that seems to haunt every modern-day pundit on education (usually politicians or newspaper people). What are 21st-century skills? Can this question be transformed (for mariners) into what does a 21st-century mariner need to be educated about that his Ancient Greek counterpart was not educated about?

The answer, it seems obvious to me, is 21st-century equipment and procedures: engines, navigation devices, particular political situations, computers, and so on. But, and this is an important "but," none of this stuff is the real issue in the education of a mariner. The real issue is decision making. What one has to make a decision about is secondary to the issue of knowing how to make a decision at all.

You can learn about a piece of equipment or a procedure by apprenticeship. Start as a helper and move on gradually to being an expert. But this is not what school emphasizes. School typically attempts to intellectualize these subjects. Experts write books about the theory

HOUSE_OVERSIGHT_023952

of how something works and the next we know, schools are teaching that theory as a prelude to actually doing the work. Scholarship has been equated with education. You do not have to know calculus to repair an engine. You might want to know calculus to design an engine, but that is no excuse for forcing every engineer to learn it. Similarly, you do not have to know theoretical physics to master the seas. Mariners do know physics, of course—practical physics about load balancing, for example—but they do not have to know how to derive the equations that describe it.

What I am saying here about the shipping industry holds true for every other area of life as well. Twenty-first-century skills are no different from 1st-century skills. Interestingly, Petronius, a 1st-century Roman author, complained that Roman schools were teaching "young men to grow up to be idiots, because they neither see nor hear one single thing connected with the usual circumstances of everyday life." In other words, schools have always been about educating the elite in things that don't matter much to anyone. This is fine as long as the elite don't have to work.

But today the elite have extrapolated from what they learned at Harvard and decided that every single schoolchild needs to know the same stuff. So, they whine and complain about math scores going down without once asking why this could possible matter. Math is not a 21st-century skill any more than it was a 1st-century skill. Algebra is nice for those who need it, and useless for those who don't. Skill in mathematics is certainly not going to make any industrial nation more competitive with any other, no matter how many times our "experts" assert that it will. One wonders how politicians can even say this junk, but they all do.

Why?

My own guess is that, apart from the fact that they all took these subjects in school (and were probably bad at them—you don't become a politician or a newspaper person because you were great at calculus), there is another issue: They don't know what else to suggest.

Thinking about the 1st-century will help us figure out what the real issues are. People then and people now had to learn how to function in the world they inhabit. This means being able to communicate, get along with others, function economically and physically, and in general reason about issues that confront them. It didn't mean then, and doesn't mean now, science and mathematics, at least not for 95% of the population.

HOUSE_OVERSIGHT_023953

How do we choose who studies the elite subjects? We don't.

Offer choices. Stop making lists of what one must know and start putting students into situations where they can learn from experience while attempting to accomplish goals that they set out for themselves, just as people did before there were schools. Education has always been the same: learning from experience with help from wiser mentors. School has screwed that all up and it is time to go back to basics.

So the "what" question is simple. We should teach children what adults know that enables them to function in the world they inhabit. This has much less to do with academic knowledge than it has to do with practical, and often subconscious, knowledge of how to do a variety of things in the social and physical and economic world we have created.

Now let's address the question of how to teach these things.

John Dewey noted, in 1916, that he had been talking about learning by doing for a long time, but nobody ever listened to him about it—which was exactly his point. He was frustrated about changing the system. In 1916! Imagine how he would feel today.

It is not unreasonable to ask why the system never changes, and who is making sure that it won't change. The answer is obvious. So many people have vested interests in things staying as they are that the system basically cannot change—at least not of its own free will.

The President of the United States could help make the changes needed, but he won't. Here is a piece from then-Senator Obama's education speech given during his campaign in Dayton, Ohio, in 2008:

> We will help schools integrate technology into their curriculum so we can make sure public school students are fluent in the digital language of the 21st-century economy. We'll teach our students not only math and science, but teamwork and critical thinking and communication skills, because that's how we'll make sure they're prepared for today's workplace.

Some advisor of his had read my writings and was quoting me on that one. I usually say reasoning and not critical thinking, but this is taken from my many speeches on education. And what has the President actually done? He said in that same speech:

> And don't tell us that the only way to teach a child is to spend most of the year preparing him to fill in a few bubbles on a standardized test. I don't want teachers to be teaching to the test. I don't want them uninspired and I don't want our students uninspired.

Uh huh. Did he change No Child Left Behind? No. Of course not. Testing dominates education as much as it ever did. All presidents are the same, really. They can't fight the vested interests, or won't. I will avoid figuring out why here, although, once again, John Dewey had much to say on the subject of how governments stay in power by making sure that people aren't really educated.

We can't count on politicians, but here is what we can do. We can build it and then we can work inside or outside the system in such a way that allows people to be able to come.

But how do you build a new high school system? Very simple: one curriculum at a time. The trick is making sure that you put the curricula online. We cannot change education one school at a time. Many good schools have been created over the years. Today, John Dewey's Lab School (in Chicago), which was entirely a learning-by-doing place, is now a college prep school. Having a few reasonable schools will not change the system. A curriculum offered online is available to everyone and eventually can provide an alternative to a system that offers boring and mindless education.

In addition, *online* means *choices*. Once we create dozens, maybe hundreds, of curricula from which to choose, students should be able to learn anything they want to learn without regard to whether a teacher for that curriculum or other students interested in that curriculum happen to live nearby.

So, in an ideal world, what would these curricula be about?

They can be about anything that one can learn to do in the real world (which would leave out all the traditional academic subjects). They should teach teaching cognitive processes, of course, but one should not endeavor to teach cognitive processes specifically, that is, apart from their possible use. So, it is the use of these processes in some area of real life that would be the intent of any full-year, story-centered curriculum.

These curricula and any others that we would design have the following characteristics:

HOUSE_OVERSIGHT_023955

1. They must be learn-by-doing curricula consisting of series of projects inside coherent stories about life in some aspect of the real world.
2. They must be delivered on the web. Students should work on projects where the background and help are web delivered. They would submit their work to mentors and receive feedback online.
3. Mentors in the curricula would include parents, online subject matter experts worldwide, local experts, and teachers trained to be mentors. Mentoring, unlike teaching, is not about providing information that can be found easily in books but about helping students through a problem without giving them the answer. Mentors point students in the right direction and react to their work as it progresses.
4. Students should, on a regular basis (sometimes weekly, sometimes more often), submit work products related to each project for evaluation and feedback. Students would submit their work many times to achieve increasing mastery and get continuing feedback. There should be no competency tests, only the continual monitoring of performance.
5. Each curriculum should be designed by a panel of experts in a given field. The curriculum should provide a simulation of what life might be like in that field. For example, students might spend the year working legal cases, or starting a business, or designing roads and bridges.
6. Students should be encouraged to work in virtual teams, learning to deal with others to produce results.
7. Choice must be a staple of the curricula. There can be no single set of standard requirements. Instead, students should be able to select the curricula they wish to participate in. Their records would list what deliverables they have created in their chosen curricula.
8. Curricula must be designed around projects with clear, meaningful, achievable goals. They must be designed carefully so to incorporate all the key basic skills like reading, writing, reasoning, researching, calculating, computing, and so on, in a systematic and natural way.

Here are some curricula that have been proposed that would meet student's interests head on, that would be able to teach them to be good at a variety of skills (including all 12 cognitive processes), and that would make the students employable as well:

- Criminal Justice
- Sports Management
- The Music Business
- The Legal Office
- Military Readiness
- The Fashion Business
- Aerospace Engineering
- Computer Networking
- Homeland Security
- Medical Technology
- Construction
- Computer Programming
- Television Production
- Real Estate Management
- Architecture
- The Banking Industry
- Automotive Engineering
- Architecture
- Biotechnology
- Film Making
- Travel Planning
- Financial Management
- Parenting and Childcare
- Starting an Online Business
- Urban Planning
- Hotel Management
- Health Sciences
- The Food Industry
- Graphic Arts
- Communication
- Veterinary Science
- Marketing
- Telecommunications
- Scientific Reasoning

HOUSE_OVERSIGHT_023957

Obviously, this list could be much longer. The intention here is to make any student excited about learning because what he or she wants to learn about is offered. The trick for the designers of the curricula is to make sure that students' interest is grabbed and maintained for a full year, while teaching them how to hone their capabilities at the 12 cognitive processes.

What are the obstacles?

What would prevent this from happening? Really there are only four issues:

Finding people who know how to build the curricula
Paying the people who will build the curricula
Convincing schools or other entities to offer the curricula
Training teachers to be mentors in these curricula

Smart, articulate, people who are well organized and can write well can easily learn to do the bulk of the work involved in building a course as long as they have access to experts and are guided by experienced designers, and the project is run by someone how knows how to run projects. Finding people who can do this work is not a problem. Being able to pay them for the year or so that it takes to do the work is the real issue.

This leads us to discuss who would pay for this. The answer should be the federal government, but it is clear that that will never happen. The federal government, as any interested citizen knows, is influenced mightily by big business, especially when big business has profits to protect.

Companies that produce textbooks and companies that produce and grade exams will not stand by and see their revenues drop. Any alternative curriculum that did not use textbooks and did not use standardized tests would be anathema to them. Companies that have billions of dollars in revenues from textbooks know how to encourage politicians to protect their interests.

What about the testing industry? A recent report says that "the testing industry is somewhat secretive." I wonder why. But sometimes they do report revenue. To give an example, the revenue of Kaplan Inc., which is just one of many test preparation companies, was over $1 billion in 2008. Who owns Kaplan? *The Washington Post.* So while the testing companies make great profits, the nation's newspapers, having a vested interest in those profits, tout testing as the country's

HOUSE_OVERSIGHT_023958

salvation. The most visible touter is the Secretary of Education, who gives eloquent speeches about more rigorous testing that are, of course, printed in *The Washington Post.*

Why would President Obama want to do the same thing as President Bush did, especially when he campaigned against No Child Left Behind, as I pointed out earlier? The answer is simple. There is lots of money invested in testing by powerful players. Kids are no one's main concern.

So the money for the new plan will not be coming from the government.

What about from business? Venture capital, for example?

Is a new kind of high school offered online likely to be a successful business venture? One mentor in the story-centered curriculum can handle between 20 and 50 students, depending on the mentor's experience. Assuming that the students pay tuition that covers the mentor's salary, which means they need to pay at least $3,000 a year, more or less, in tuition, it shouldn't cost anything to run. Charge larger tuitions and there will be profits. Initial investment is about $2 million to build a curriculum, but enough students paying reasonable tuitions will pay that investment back quickly enough. So, is this a big business opportunity?

Actually I doubt it. I think that it is a big opportunity for universities that traditionally charge large tuitions. We have had a great deal of success with master's degrees, for example. But universities typically don't invest $2 million in anything, even if it does have great upside potential. When Carnegie Mellon University made that investment in its West Coast campus (where I was designing the curriculum), it did so without quite knowing it was doing so because the person in charge didn't tell the University officials what he was up to. Universities typically don't think about investing money in order to make money in the daily enterprise. Businesses do think that way, of course, but businesses have trouble starting universities that are accredited. I worked for Trump University, which supposedly was going to do exactly that, but they never could raise enough money or figure out how to be accredited. So there is a potentially very big business in master's degrees, but it needs some well-financed and prescient people to make it happen.

High schools are another story. I actually do not believe that business will invest in online high schools whose mission is to overthrow the existing system. Venture capitalists are not revolutionaries. They tend to follow the herd in whatever they do and there is no herd in

education except the one promoting more testing. They certainly do invest in that.

So we are left with appealing to people who actually care about kids and their education. Money isn't and shouldn't be the allure here. This means that the saviors of education will have to be wealthy individuals or foundations started by wealthy individuals.

The health sciences curriculum that we built was funded by the Ewing Kauffman Foundation. We built it using our not-for-profit company, Engines for Education. I really believe that no alternative to the nonprofit model funded by wealthy people exists. We just have to find people who care about education. They are in short supply, and they typically aren't the wealthy people who make pronouncements about education, but I am hopeful that they are out there.

I wouldn't mind being wrong about anything I have said here. The federal government could get taken over by people who actually care about kids and not votes.

How do we convince schools to offer these curricula once they have been developed? It won't be easy. There aren't that many schools run by people who realize that the system is broken. But they do exist, however. The real problem is not so much convincing the head of a private school or the superintendent of a school district. It is more about convincing parents who fundamentally do not understand education, or teachers who have taught what they have always taught and really don't want to learn new skills.

And, in addition, there are all those state standards. The first thing that any school that wants to use our curriculum has to do is to see how they can map what we will teach into their state's standards. If the state standards specify 2 years of algebra, we are out of luck. If they have vague science standards, we are in better shape. Either way, the state standards, passed by all those brilliant state legislatures that know all there is to know about what should be taught in high school, inhibit real change in the system.

So we need motivated heads of schools or school systems, in states that have flexible standards, where parents who hold views about why school was better in their day do not have to be listened to. Do these exist?

Sure.

The last issue is training teachers to mentor. We do this by having teachers be students in a curriculum mentored by others who have experience in that curriculum. Mentoring does not come naturally to

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people who have been teaching in the usual way. But they pick it up and often find that they like it better.

Here is Lynn Carter, one of the first mentors we trained to teach in this new way at CMU's West Coast campus. He is a professor of software engineering at Carnegie Mellon University.

> It has taken me a while to figure out how to undo about 25 years of teaching experience that was standing in front of a room and talking, but I really like it. I enjoy interacting with students. As much as I enjoy standing in front of students and talking, it is much more satisfying to be dealing with smaller groups, more of a one-on-one interaction.
>
> Professors often complain that no students come to see them during their office hours. That isn't a problem with us here.

How did we teach Professor Carter to mentor Socratically? It wasn't trivial to do, but it didn't take that long either. Once a teacher gets the idea that his job is not telling but helping, he gets into the swing of it fairly easily. Training teachers to teach in the kinds of SCCs we propose for high school is more an issue of familiarizing them with the content, which will differ considerably from what they have been teaching. Handholding comes naturally to most people because they have been doing that kind of teaching all their lives with siblings and children. Lecturing is not a natural human activity and teachers are easily dissuaded from doing it as long as they are not being presented with a classroom of listeners.

In the end, the real question is this: Why do we still have schools?

This is a little like asking why we still have religious institutions. In fact, it is a lot like asking that question because you will get the same reactions. People get used to the institutions that have always been a part of their lives. The fact is that these institutions were created in a different time when knowledge was harder to come by and the economy was quite different.

Religion is not my issue. Should we still have schools?

Instead of answering this question by listing all the good things that schools provide—no one would argue that a literate population is a bad thing, for example—I will turn the question around: What is bad about having schools?

Here is a list of what is bad. Following the list, I will explain what is bad about these things (assuming it isn't obvious).

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Schools emphasize competition.
Schools make kids stressed.
Schools know the right answers.
Schools enable bullying and peer pressure.
Schools stifle curiosity.
Schools choose the subjects for students.
Schools have classrooms.
Schools give grades.
Schools provide certification.
Schools confine children.
Schools claim that academics are the winners.
Schools do not value practical skills.
Schools cause students to want to please teachers.
Schools cause students to question their self-worth.
Schools are run by politicians.
Governments use education for repression.
Discovery is not valued in school.
Boredom is seen as a bad thing in school.

*Competition:* Why should school be a competitive event? Why do we ask how a kid is doing in school? Learning in life outside of school is not a competitive event. We learn what we choose to know in real life.

*Stress:* When 6-year-olds are stressed about going to school, you know that something is wrong. Is learning in real life stressful? Stress can't be helping kids learn. What kid wouldn't happily skip school on any given day? What does this tell us about the experience?

*Right answers:* School teaches that there are right answers. The teacher knows them. The test makers know them. Now you have to know them. But in real life, there are very few right answers. Life isn't mathematics. Thinking about how to behave in a situation, planning your day or your life, plotting a strategy for your company or your country—no right answers.

*Bullying and peer pressure:* You wouldn't have to have *say no to drugs or cigarettes* campaigns if kids didn't go to school. In school there are always other kids telling you how to dress, how to act, how to be cool. Why do we want kids' peer groups to be the true teachers of

children? Being left out terrorizes children. Why do we allow this to happen by creating places that foster this behavior?

*Stifling of curiosity:* Isn't it obvious that learning is really about curiosity? Adults learn about things they want to learn about. Before the age of 6, prior to school, one kid becomes a dinosaur specialist, while another knows all about dog breeds. Outside of school, people drive their own learning. Schools eliminate this natural behavior.

*Subjects chosen for you:* Why algebra, physics, economics, and U.S. history? Because those subjects were pretty exciting to the president of Harvard in 1892. And, if you are interested in something else—psychology, business, medicine, computers, design? Too bad. Those subjects weren't taught at Harvard in 1892. Is that nuts or what?

*Classrooms:* If you wanted to learn something and had the money, wouldn't you hire someone to be your mentor, and have them be there for you while you tried out learning the new thing? Isn't that what small children have, a parent ready to teach as needed. Classrooms make no sense as a venue for learning unless, of course, you want to save money and have 30 (or, worse, hundreds of) students handled by one teacher. Once you have ratios like that, you have to teach by talking and then hoping someone was listening, so then you have to have tests. Schools cannot work as places of learning if they employ classrooms. And, of course, they pretty much all do.

*Grades:* Any professor can tell you that students are pretty much concerned with whether what you are telling them will be on the test and what they might do for extra credit. In other words, they want a good grade. If you tell them that 2 + 2 = 5 and it will be on the test, they will tell you that 2 + 2 = 5 if it means getting a good grade. Parents do not give grades to children and employers do not give grades to employees. They judge their work and progress for sure, but not by assigning numbers to a report card.

*Certification:* We all know why people attend college. They do so primarily to say they are college graduates so they can get a job or go on to a professional school. Most don't care all that much about what

hoops they have to go through. They do what they are told. Similarly, students try to get through high school so they can go on to college. As long as students are not in school to get an education, you can be pretty sure they won't get one. Most of our graduates have learned to jump through hoops, nothing more.

*Confined children:* Children like to run around. Is this news to anyone? They have a difficult time sitting still and they learn by trying things out and asking questions. Of course, in school sitting still is the norm. So we have come up with this wonderful idea of ADHD, that is, drug those who won't sit still into submission. Is the system sick or what?

*Academics viewed as winners:* Who are the smartest kids in school? The ones who are good at math and science, of course. Why do we think that? Who knows? We just do. Those who are good at these subjects go on to be professors. So those are certainly the smartest people we have in our society. Perhaps they are. But I can tell you from personal experience that our society doesn't respect professors all that much, so something is wrong here.

*Practical skills not valued:* When I was young, there were academic high schools and trade high schools. Trade high schools were for dumb kids. Academic high schools were for smart kids. We all thought this made sense. Except that are a lot of unemployed English majors and a lot of employed airplane mechanics. Where did we get the idea that education was about scholarship? This is not what Ben Franklin thought when our system was being designed, but he was outvoted.

*The need to please teachers:* People who succeed at school are invariably people who are good at figuring out what the teacher wants and giving it to her. In real life there is no teacher to please and these "grade grubbers" often find themselves lost. When I did graduate admissions, if a student presented an undergraduate record with all A's, I immediately rejected him. There was no way he was equally good at or equally interested in everything (except pleasing the teacher). As a professor, I had no patience for students who

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thought that telling me what I just told them was the essence of academic achievement.

*Self-worth questioned:* School is full of winners and losers. I graduated number 322 in my high school class (out of 678). Notice that I remember this. Do you think this was good for my self-esteem? Even the guy who graduated number 2 felt like a loser. In school, most everyone sees themselves as a loser. Why do we allow this to happen?

*Politicians in charge:* Politicians demand reform but they wouldn't know reform if it hit them over the head. What they mean is that school should be like they remember rather than how it is now, and they will work hard to get you to vote for them to give them money to restore the system to the awful state it always was in. Politicians, no matter what party, actually have no interest in education at all. An educated electorate makes campaigning much harder.

*Government use of education for repression:* As long as there have been governments, there have been governments that wanted people to think that the government (and the country) is very good. We all recognize this tendency in dictatorships that promote the marvels of the dictator and rewrite history whenever it is convenient. When you point out that our government does the same thing, you are roundly booed. We all know that the Indians were savages that Abraham Lincoln was a great president and that we are the freest country on earth. School is about teaching "truth."

*Discovery not valued:* The most important things we learn we teach ourselves. This is why kids have trouble learning from their parents' experience. They need their own experiences to ponder and to learn from. We need to try things out and see how they go. This kind of learning is not valued in school because it might lead to, heaven forbid, failure, and failure is a really bad word in school. Except failure is how we learn, which is pretty much why school doesn't work.

*Boredom ignored:* Boredom is a bad thing. We drug bored kids with Ritalin so they will stop being bored. All of my best work has come when I was most bored and let my mind wander. It is odd that

we keep trying to prevent this from happening with kids. Lots of TV, that's the ticket.

*Major learning by-doing mechanism ignored:* And last but not least, scholars from Plato to Dewey have pointed that people learn by doing. That is how we learn. Doing. Got it? Apparently not. Very little doing in schools. Unless you count filling in circles with number 2 pencils as doing.

Online education can change all this. Build it right once and children the world over will have the opportunity to learn how to think and to learn how to work. Such a system would be capable of changing fast. Any new industry or market or technology could produce a course in what is needed to work in that field and instantly get the people it needed.

Schools are an ancient artifact that can't last much longer.

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# Notes

## Chapter 1

1. In the United States it all stems from a meeting of the Committee of Ten chaired by the president of Harvard in 1892.

2. John Adams, the second president of the United States, said that school should teach us how to live and teach us how to make a living. No subsequent U.S. president has ever understood this point, however.

## Chapter 2

1. Paul Ramsden. *Learning to Teach in Higher Education*. New York: Routledge, 1992..

2. Arthur W. Chickering and Zelda F. Gamson. "Seven Principles for Good Practice in Undergraduate Education." *The American Association for Higher Education Bulletin,* March 1987.

3. John V. Adams, Student Evaluations: The Ratings Game. *Inquiry, 1*(2), Fall 1997, 10–16.

## Chapter 3

1. From a column by Robert Jamieson, Jr., Seattle PI.com, February 27, 2008.

2. I didn't start writing about education until 1978. Before that it was always artificial intelligence that concerned me.

3. I have done this in gory detail in *Dynamic Memory* and in *Dynamic Memory Revisited* as well as in *Explanation Patterns*.

4. *Tell Me a Story*.

## Chapter 5

1. For more on the origins of the school system, see *The Origins of the American High School* as well as *Making Minds Less Well Educated Than Our Own*.

2. Socratic Arts, a company that builds learning-by-doing software for schools, businesses, and government.



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## Chapter 7

1. Report Urges Changes in Teaching Math , *New York Times,* March 14, 2008.

2. Daniel Willingham, *Why Don't Students Like School: A Cognitive Scientist Answers Questions About How the Mind Works and What It Means for the Classroom.* San Francisco: Jossey Bass, 2010

## Chapter 8

1. *Scripts, Plans, Goals and Understanding* (1977) and *Dynamic Memory* (1981).

## Chapter 9

1. I wrote about this in some detail in *The Future of Decision Making* and have been building this kind of thing for big corporations.

2. There are many experiences one could build. I talked about some that we have built for high school and graduate school in Chapter 8. At the end of this chapter, I talk about one for little kids.

3. *Scripts, Plans, Goals, and Understanding.*

4. For example, *Dynamic Memory* and *Inside CBR.*

5. Richard Neustadt and Ernest May, *Thinking in Time: The Uses of History For Decision Makers,* Washington, D.C.: Free Press, 1988

6. Taken from *Smart Parenting,* Brad Smart and Kate Smart .Mursau: CDK Press, 2007.

7. Roger Fisher, author of *Getting to Yes.*

8. Blaise Pascal usually gets the credit.

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# About the Author

**Roger Schank** is the CEO of Socratic Arts and Managing Director of Engines for Education. He was Chief Education Officer of Carnegie Mellon West, Distinguished Career Professor in the School of Computer Science at Carnegie Mellon University, and Chief Learning Officer of Trump University. He founded the renowned Institute for the Learning Sciences at Northwestern University, where he is John P. Evans Professor Emeritus in Computer Science, Education, and Psychology. He has taught at Yale University, the University of Paris VII, and Stanford University. He holds a Ph.D. in linguistics from the University of Texas. He is a fellow of the AAAI and was founder of the Cognitive Science Society and co-founder of the *Journal of Cognitive Science*. He is the author of more than 25 books on learning, language, artificial intelligence, education, memory, reading, e-learning, and storytelling. Recently he has been consulting with businesses about how to be more innovative, and how to manage their corporate knowledge so that it is delivered just in time.



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# Active Escapes, Quiet Getaways and More

Wednesday, July 27, 2011

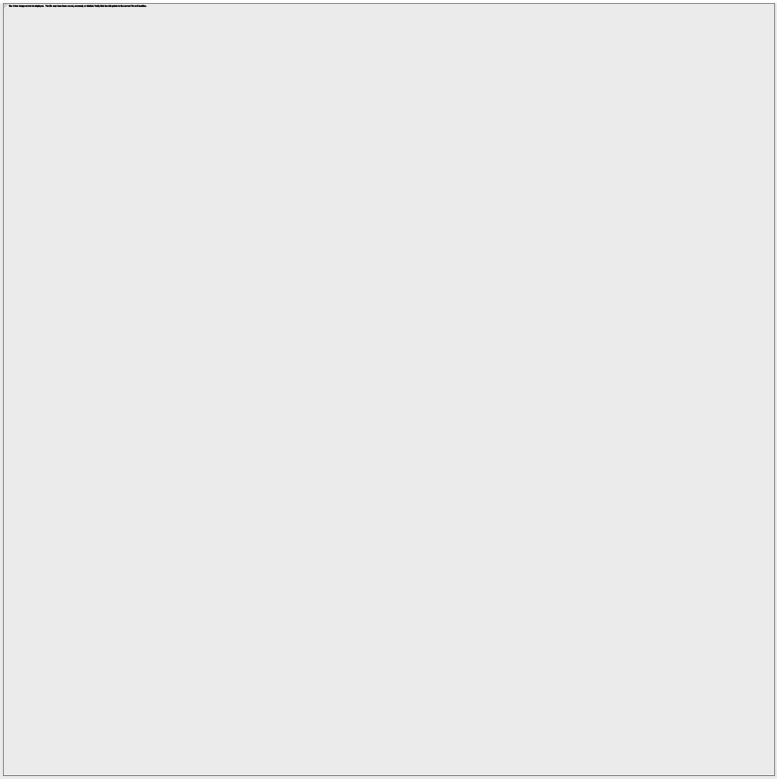

Some people do yoga on vacation; others go for the occasional run. This week we're thinking a little more... adventurously, from active escapes at Travaasa Hana in Maui to racecar driving in Baja and hiking Moab with the experts at Austin-Lehman Adventures. And after all that action, chill out with stays at the new Dream South Beach, the gorgeous Pavilions Phuket and other luxe resorts worldwide. (Image: The Pavilions Phuket - on sale Fri, July 31.)

## *Sales this week*

*Starting Tuesday at Noon BST*
Dream South Beach
Travaasa Hana - Hawaii
Esencia Estate - Riviera Maya

*Starting Tuesday at 8pm BST*
AVIA Hotel - Long Beach, CA
Hotel Las Palmas - Mexico

*Starting Wednesday at Noon BST*
Last-Minute London and NYC

*Starting Wednesday at 8pm BST*

*Starting Thursday at Noon BST*

*Starting Thursday at 8pm BST*

Fairmont Turnberry Isle Resort

Sofitel - Philadelphia

Hotel Derek - Houston
Arches to Moab
Spirit Ridge, British Columbia

*Starting Friday at Noon BST*
Hotel Allegro - Chicago

*Starting Friday at 8pm BST*
Vidago Palace - Portugal
The Manor On Golden Pond - NH
Candia Maris Resort - Crete

*Starting Saturday at Noon BST*
Round Hill - Jamaica
Fairmont Royal Pavilion
Experience Baja, Two Ways
Maca Bana - Grenada

*Starting Sunday at Noon BST*
Alila Sothea - Cambodia

*Starting Sunday at 8pm BST*
The Pavilions - Phuket
Siam Kempinski Hotel Bangkok
Anantara Bophut - Koh Samui

*Starting Monday at 8pm BST*
The Madison - D.C.
Grand Hyatt Atlanta
Hotel Bellevue - Washington
The Adolphus - Dallas

# Art Deco Meets Modern at South Beach Newcomer

*Dream South Beach*

**This South Beach newcomer** lives up to the hype. Set in two landmark Art Deco buildings on Collins Avenue, right behind the former Versace Mansion, the boutique hotel has 108 sleek guestrooms washed in blue and white, and access to soft, sandy beaches, a restaurant helmed by chef Geoffrey Zakarian and a hip rooftop pool scene.

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# Maui's Memorable Journey

*Travaasa Hana - Hawaii*

**Reinvented from the former** Hotel Hana Maui, the brand new Travaasa Hana combines - in concept and name - travel and pravaasa ("memorable journey" in Sanskrit). The mix of adventure, relaxation and truly experiencing a destination are hallmarks of Travaasa. With the beauty of Hana, Hawaii, all around, it's hard to imagine a better marriage of purpose and place.

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# The Royal Ferrari Hideaway

*Esencia Estate - Riviera Maya*

**It's rare to find** a luxury resort as down to earth as this *Condé Nast Traveler* Hot List alum. Sitting on 50 wild acres of jungle by the beach, this striking Italian-style villa has white sand-colored interiors that match the serene beach outside. The Duchess of Ferrari originally built this tropical hideaway on Mexico's fabled Yucatan Peninsula in the early 1990s to entertain her globetrotting friends. It has since been remade as a 29-room boutique wonder, where that local culture is so intrinsic to the design that it can be found in the minutest details.

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# A Barefoot Hideaway in Zihuatanejo

*Hotel Las Palmas - Mexico*

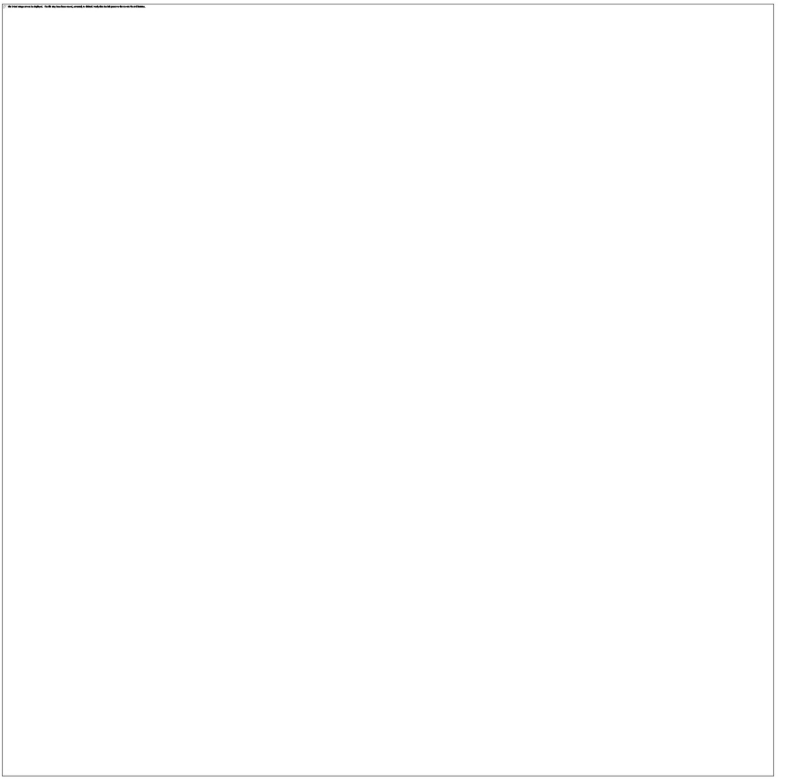

**On a nine-mile stretch** of Playa Blanca, just 20 minutes from downtown Zihuatanejo, Hotel Las Palmas is unique escape between lush rain forest and the open Pacific Ocean. All 10 suites were individually designed by Enrique Zozaya in a sleek, modern-tropical style and capture the unspoiled views on private terraces and balconies. With the soaring Sierra Madre del Sur mountains in the distance and sleepy fishing village of Barra de Potosi close by, the Hotel Las Palmas is a true barefoot hideaway in a quintessentially Mexican setting.

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# Minimalism to the Max in Long Beach

*AVIA Hotel - Long Beach, CA*

**There's a lot to** love in Long Beach. It's the sixth largest city in California (with nearly half a million people), one half of the western hemisphere's largest port, and it's finally coming into its own as a magnet for travelers. The modern, 138-room AVIA Hotel sits at the epicenter of all the action. And the cheery Long Beach lovers staffing the property are happy to highlight the best of the city.

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# Last-Minute London and New York City

**It's hard to imagine,** but true: Summer will slip away before you know it. Which means it's time for a mini-getaway to one of your favorite cities. And this is the time to go - the streets are quieter, the parks are in bloom and concerts, movies and performances are staged nearly every day. We've got last-minute availability at the Landmark London and three Manhattan standouts: the elegant Hôtel Plaza Athénée, the family-friendly Roger Williams and the über-sleek Thompson LES. Choosing can be tough when the options are so good.

*Hôtel Plaza Athénée*
*Starting Wednesday 27/7 at 5pm BST*

*The Landmark London*
*Starting Wednesday 27/7 at 5pm BST*

*Thompson LES*
*Starting Wednesday 27/7 at 5pm BST*

*Hotel Roger Williams*
*Starting Wednesday 27/7 at 5pm BST*

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# Mediterranean Style in South Florida

*Fairmont Turnberry Isle Resort*

**Located 20 minutes north** of Miami Beach in the heart of Aventura, Fairmont Turnberry Isle Resort & Club mixes country club charm with the sleek styling of a boutique hotel. The 392-room property is home to two Raymond Floyd-designed golf courses and the Laguna Pool, which features a water slide, a lazy river and cabanas outfitted with TVs and refrigerators (this is Miami, after all). With its family-friendly vibe, Turnberry Isle falls somewhere between Grossinger's in the Catskills (at its legendary height) and a posh island resort.

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*Starting Wednesday 27/7 at 8pm BST*

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# French Service Meets American History

*Sofitel - Philadelphia*

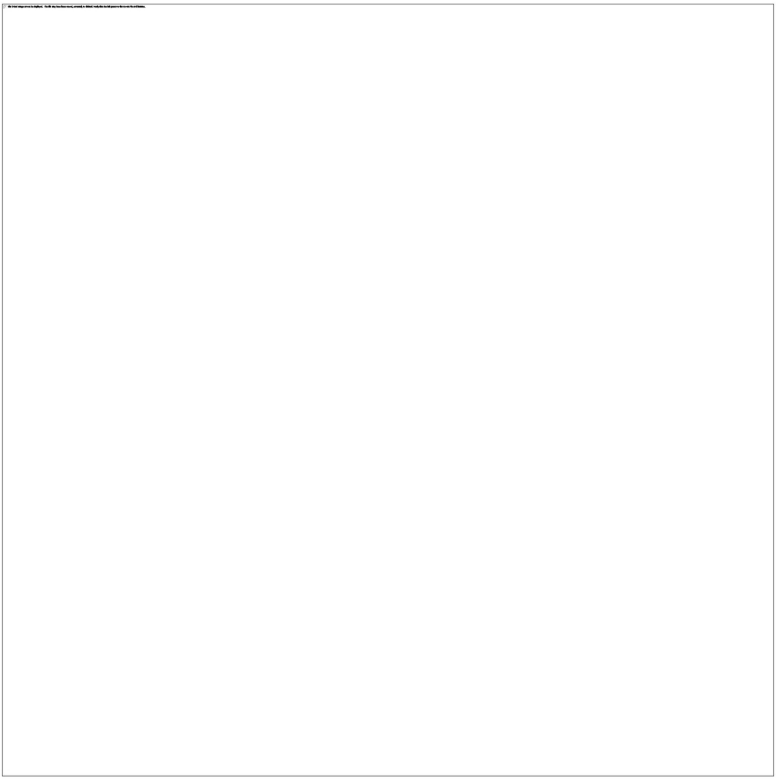

**In the city's former** stock exchange building, the 306-room Sofitel is retrofitted with streamlined rooms and an intimate brasserie. This Philadelphia gem is where French and American style come together - think Shaker quilts next to spacious marble bathrooms - in the French Quarter of an All-American destination.

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*Starting Thursday 28/7 at Noon BST*

# Adventures in Utah with Austin-Lehman

*Arches to Moab*

**Epic renderings of sandstone** and the frothy beauty of the Colorado River form the backdrop for Austin-Lehman's six-day exploration of the Utah desert in and around its fabled adventure capital, Moab. Guests hop on bicycles, bound down the river in rafts, clamber into 4x4s, and, of course, hike into some of the most jaw-dropping geology on the planet. Evenings are as relaxing as the days are active, with a fixed homebase - a lodge set against red-rock cliffs that happens to have its own winery.

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*Starting Thursday 28/7 at 8pm BST*

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# Wine and Golf in the Napa of the North

*Spirit Ridge, British Columbia*

**Known as Napa of** the North, Canada's Okanagan region is a year-round retreat east of Vancouver. The area is home to award-winning wineries, Canada's warmest lake and a stunning desert landscape fit for golfing virtually every day of the year. With exceptional service and Pueblo-style architecture, Spirit Ridge Vineyard Resort & Spa is just as much a hotel for oenophiles looking to unwind as it is for golf fanatics and families looking to take advantage of mild weather and myriad activities.

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*Starting Thursday 28/7 at 8pm BST*

# Houston's Worldly Side

*Hotel Derek - Houston*

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**Near swank shops and** Houston's art-gallery scene, the Hotel Derek is designed to feel like a superhip home, with 60s-style settees, English wingback chairs and cowhide rugs. The hotel works on the assumption that its guests have the same qualities as the fictional host, Derek: worldliness, a sense of humor and an eye for beauty.

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*Starting Thursday 28/7 at 8pm BST*

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# Chicago Shows its Quirky Side

*Hotel Allegro - Chicago*

**It starts with a** grand entrance: You'll walk in on a three-story staircase as wide as an IMAX screen. A double-sided fireplace and baby grand piano jazz up the lobby while Technicolor furnishings like cherry-red sofas and silver wallpaper add to the whimsical vibe. The Allegro, a Kimpton hotel, is a vibrant example of boutique-style hospitality in Chicago that playfully tips its hat to old-world glamour without ever taking itself too seriously.

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*Starting Friday 29/7 at Noon BST*

# Sleep in a Palace in Portugal

*Vidago Palace - Portugal*

**In the mountainous north** of the country, just over an hour from Porto, the recently opened Vidago Palace has, in one fell swoop, raised the bar for luxury getaways in Portugal. As far removed from the sun and sand of the touristy Algarve as you can get, this is a destination for the discerning traveler and the lover of fine things, whether they be cigars, hand-painted silk wallpaper, the country's best spa or a championship golf course.

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*Starting Friday 29/7 at 8pm BST*

# Beach, Spa, Repeat in Crete

*Candia Maris Resort - Crete*

**With 285 rooms, Crete's** Candia Maris beachfront resort is large by Greek hotel standards. It shares the space between the large and airy guestrooms, a choice of restaurants and a host of activities, whatever your interest. Waterbabies will love the seven pools and sybarites can camp out in the resort's Thalassotherapy spa. Overlooking Amoudara beach just outside Heraklion, the resort underwent a top-to-bottom renovation five years ago, adding modern style and amenities to this uber-resort.

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*Starting Friday 29/7 at 8pm BST*

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# The Real "On Golden Pond"

*The Manor On Golden Pond - NH*

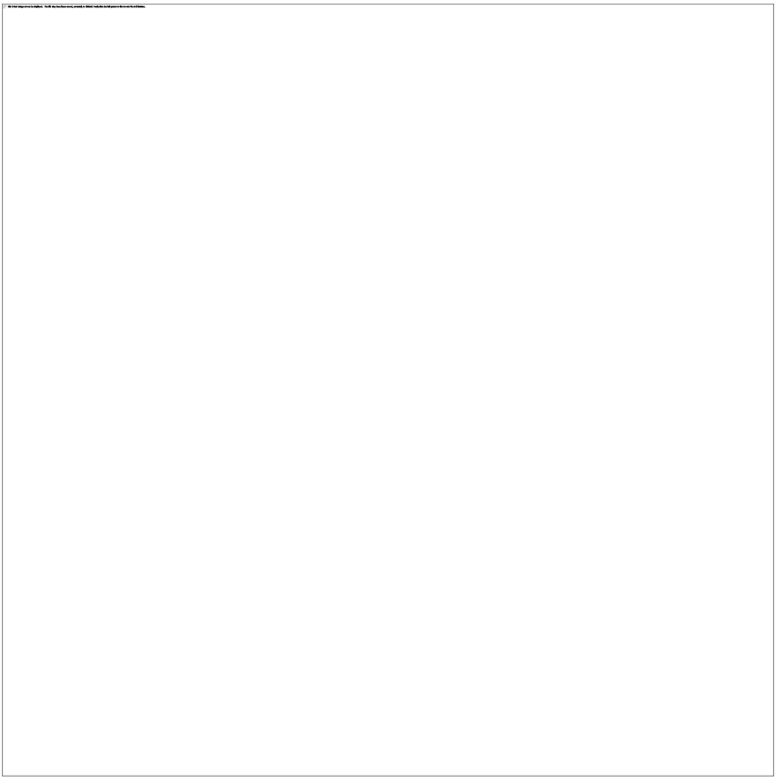

**Katharine Hepburn and Henry** Fonda made this elegant B&B famous in the 1981 film *On Golden Pond*, but three decades later the 13-acre estate on Squam Lake remains a revered and romantic New Hampshire countryside escape. With unbeatable views of the White Mountains, Manor on Golden Pond has distinctive guestrooms - from the Cotswold Cottage to the Canterbury Manor - plus all the trappings of a sophisticated inn, with the English heritage to back it up.

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*Starting Friday 29/7 at 8pm BST*

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# An Eco Retreat on the Spice Isle

*Maca Bana - Grenada*

**Grenada is known as** the most gregarious of the Caribbean islands, and Maca Bana, on a secluded cove on the Point Salines peninsula, represents a microcosm of that, from the general manager to the gardener. The boutique villa hotel (appropriately named after a tree in the indigenous Arawak language) has an infinity pool and beachside restaurant to entertain, plus each villa has a deck with a private hot tub. And even though the resort is just five minutes from the airport, it feels worlds away.

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*Starting Saturday 30/7 at Noon BST*

# High Style in Montego Bay

*Round Hill - Jamaica*

**With room decor by** Ralph Lauren, Round Hill is a true standout among the properties along the northwest coast of Jamaica. High-end yet relaxed, it has sprawling grounds and a full-service attitude that invites total indulgence for guests. It's also got awe-inspiring views of the Caribbean from the rooms, restaurants and infinity pool, where visitors feel as if they're literally floating in the sea.

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*Starting Saturday 30/7 at Noon BST*

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# A Barbados Stay Fit for Royals

*Fairmont Royal Pavilion*

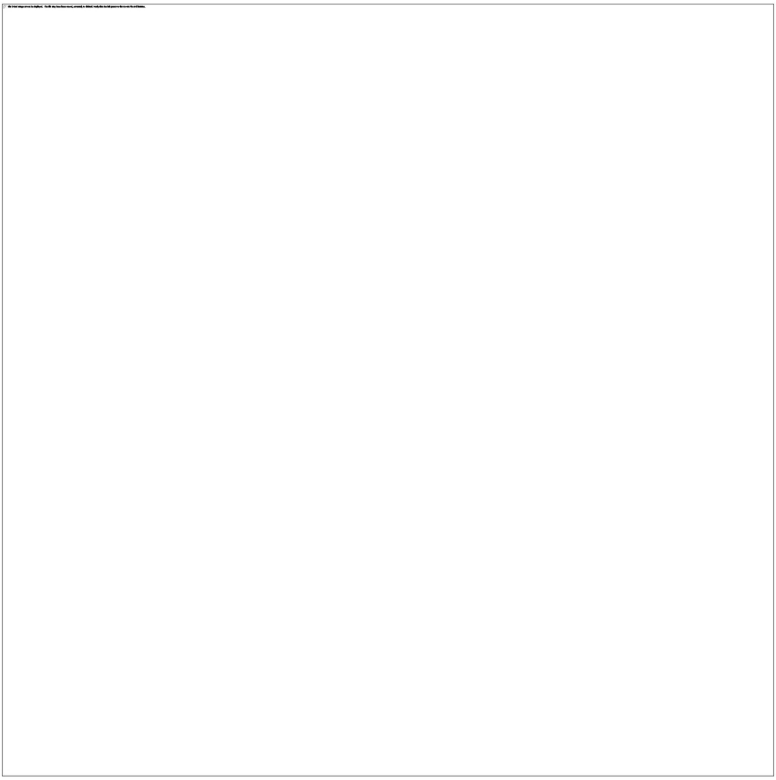

**Skilled in the art** of seduction, the Fairmont Royal Pavilion was one of the first great beach hotels to open on Barbados. Refreshed by a major 2010 renovation, this graceful Colonial-style estate makes the most of its location - by day guests swim, sail and cavort along the powdery beach or simply enjoy the views from a private terrace overlooking the water. And by night, one of the island's most elegant tables will be available, where dinner is served with the serenading sounds of the surf.

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*Starting Saturday 30/7 at Noon BST*

# Racecars & Relaxation with Momentum Adventure

*Experience Baja, Two Ways*

**This six-day journey with** Momentum Adventure explores the wild, stark landscape of the Baja Peninsula, and balances adrenaline-infused outings with relaxation at the iconic One&Only Palmilla. Navigate a Baja Challenger racecar through sand washes, cactus forests and lone beaches; score a hole-in-one at a Jack Nicklaus-designed golf course; and fish for blue marlins in a yacht off the shore. Come evening, sip tequila in a breezy villa that overlooks the Sea of Cortez.

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*Starting Saturday 30/7 at Noon BST*

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# Romance Near the Temples of Angkor Wat

*Alila Sothea - Cambodia*

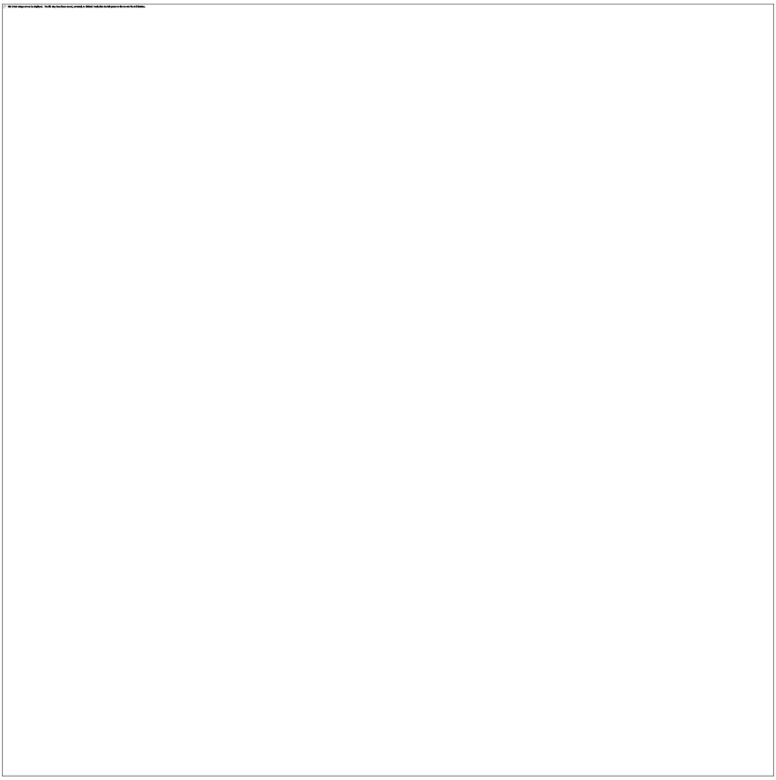

**Over the last decade,** Siem Reap, the gateway to Cambodia's magnificent temples of Angkor Wat, has morphed from a dusty backpacker hangout to a picturesque town filled with an array of five-star hotels, artsy boutiques and restaurants oozing with ambience. Service here is some of the finest and friendliest in the region, a trait nowhere more evident than at the all-suite Alila Sothea. The hotel's regal 39 rooms, which surround a glittering slate-and-gold-leaf-tiled pool, offer a tranquil, resort-like atmosphere that's rich with local culture and just 20 minutes by car from Angkor.

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*Starting Sunday 31/7 at Noon BST*

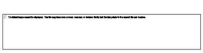

# Hilltop Romance on Phuket

*The Pavilions - Phuket*

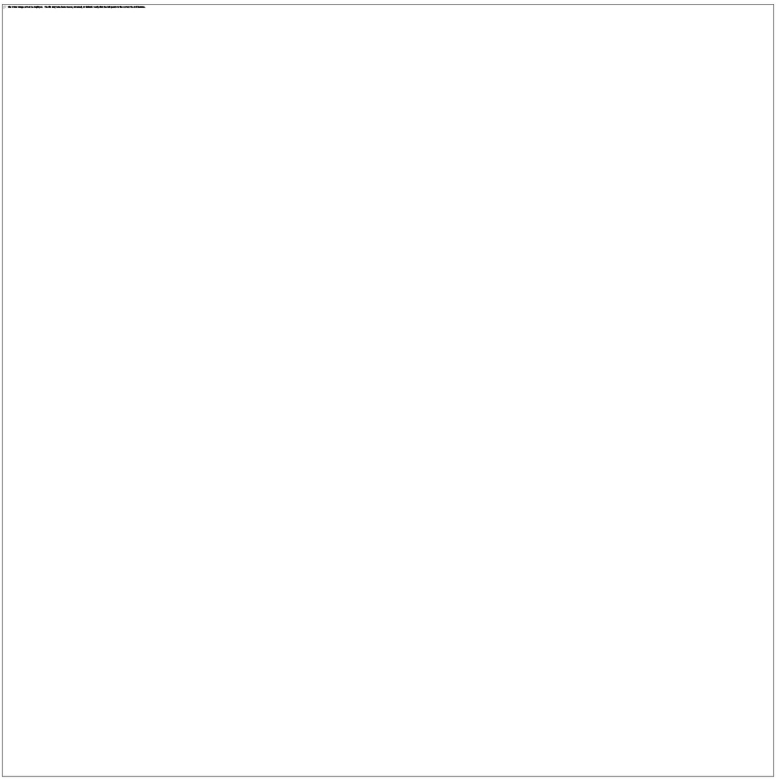

**These hilltop retreats are** some of Phuket's most romantic crash pads thanks to sublime panoramic Andaman Sea views and the island's most discreet staff. All villas include swimmable pools and roomy decks for sun and shade. The 360 bar attracts the island's best dressed inhabitants who flock here at sundown for the calm view then stay sipping colorful cocktails late into the warm night.

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*Starting Sunday 31/7 at 8pm BST*

# From Cooking to Kickboxing on Koh Samui

*Anantara Bophut - Koh Samui*

**The best part of** staying at the Anantara Bophut - besides the fact that it's on a beautiful Koh Samui beach - is the activities menu, which keeps every type of traveler entertained. Spend mornings windsurfing or learning Thai kickboxing, and afternoons cooking authentic regional dishes or snorkeling in the Gulf of Thailand. If you're craving some slothful downtime, relax next to the giant lagoon-style infinity pool or in the blissful spa.

Click here to preview sale

*Starting Sunday 31/7 at 8pm BST*

# Art Deco Meets Thai Flair in Sizzling Bangkok

*Siam Kempinski Hotel Bangkok*

**Though it's just steps** from Bangkok's best shopping malls (and the city's notorious traffic-thronged streets), the Siam Kempinski Hotel Bangkok manages to provide a tranquil getaway that feels miles from the city's chaos. Capitalizing on the hotel brand's European roots, the design is an artful blend of Art Deco accents and Thai flourishes. In 303 rooms, huge beds, baths and work/lounge areas provide ample space to recharge, while the amenities - a pool area, a spa and one of the city's best restaurants - offer plenty of excuses to stay close to home.

Click here to preview sale

*Starting Sunday 31/7 at 8pm BST*

# Stately Style in the Heart of Washington D.C.

## *The Madison - D.C.*

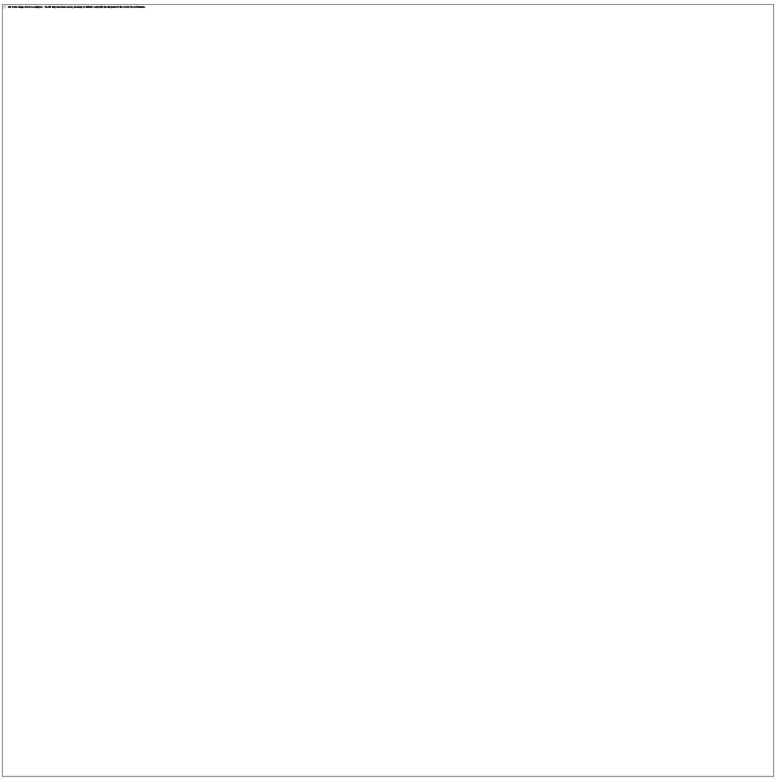

**Named for James Madison,** the fourth president and "father of the Constitution," this stately hotel has traditional style and refined service to match - plus, a location that puts many of Washington's must-see museums and monuments along the National Mall within walking distance. Opened in 1963, the 353-room hotel has hosted the Dalai Lama, the occasional celebrity and every U.S. president since John F. Kennedy except Barack Obama. Not to worry - you can stop by the White House, just five blocks away.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

# Atlanta's Tranquil Retreat, Newly Updated

*Grand Hyatt Atlanta*

**With 438 newly renovated** cream-and-beige rooms (thoughtful details include iPod docks and air purifiers), a quiet and plush restaurant that serves locally-inspired Southern dishes and a beautifully manicured 9,000-square-foot Japanese garden, the Grand Hyatt Atlanta makes a tranquil retreat in the heart of the city's Buckhead District. This is the shopping mecca of the South, so boutiques, plus lots of award-winning restaurants, are all just steps away.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

# The Beer Baron's Classic Dallas

*The Adolphus - Dallas*

**Built by beer baron** Adolphus Busch in 1912 two blocks from Neiman Marcus's flagship store, Dallas's Adolphus Hotel has kept its place as a favorite among distinguished visitors for years. The draw? An Old World aesthetic with traditional furniture and paintings, a hyperattentive staff and an outstanding French restaurant - right in the middle of downtown.

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*Starting Monday 1/8 at 8pm BST*

# Beautiful Views in Washington State

*Hotel Bellevue - Washington*

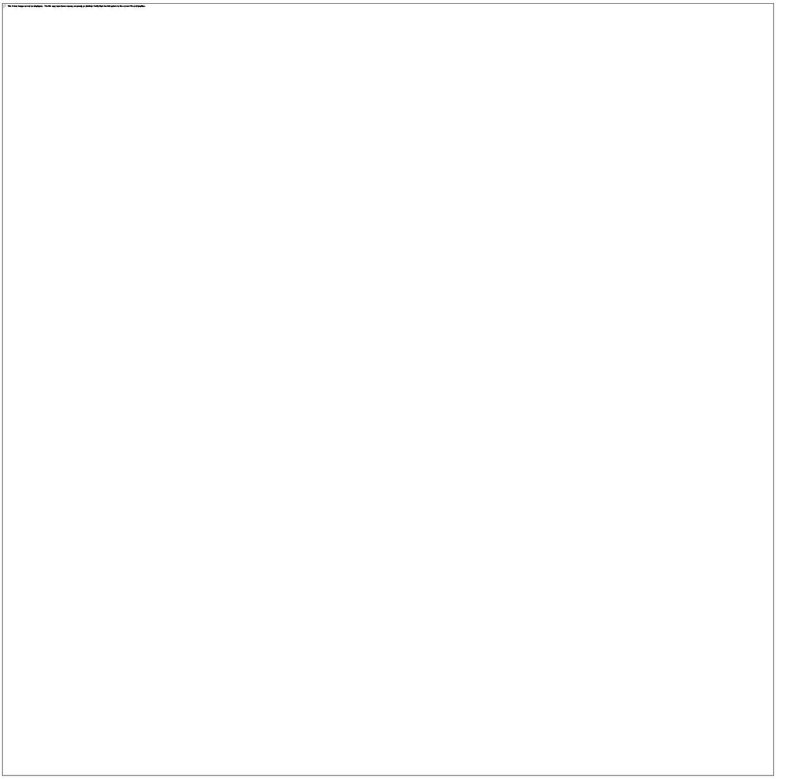

**While Seattle may be** one of the smartest cities in the country, its next door neighbor Bellevue is one of the most glamorous. Appealing to both savvy business travelers and couples seeking a romantic respite, Hotel Bellevue is an unassuming retreat in an environment where wealthy residents reign supreme. The property is intimate in size (just 67 rooms), but features luxury amenities in a serene garden setting, just a few blocks from the hustle and bustle of downtown Bellevue.

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*Starting Monday 1/8 at 8pm BST*

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# NEW LEAF VENTURES III, L.P.

## – $375 MILLION LIMITED PARTNER INTERESTS –

## CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

APRIL, 2014

Control No. 257

# NEW LEAF VENTURES III, L.P.

## – $375 MILLION LIMITED PARTNER INTERESTS –

## CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

## APRIL, 2014

## NEW LEAF VENTURE PARTNERS


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New York, NY 10036
646.871-6400

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**Statement of Conditions**

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "***MEMORANDUM***") IS BEING FURNISHED TO CERTAIN SOPHISTICATED INVESTORS ON A CONFIDENTIAL BASIS BY OR ON BEHALF OF NEW LEAF VENTURES III, L.P., A DELAWARE LIMITED PARTNERSHIP ("***NLV-III***" OR THE "***FUND***"), SO THAT EACH MAY CONSIDER AN INVESTMENT IN THE FUND.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE LIMITED PARTNER INTERESTS (THE "***INTERESTS***") OFFERED HEREBY HAVE NOT BEEN APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "***SEC***") OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE OR NON-U.S. JURISDICTION, AND NEITHER THE SEC NOR ANY SUCH AUTHORITY HAS REVIEWED THIS MEMORANDUM NOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM, NOR IS IT INTENDED THAT THE SEC OR ANY SUCH AUTHORITY WILL DO SO. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE OR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), ANY U.S. STATE SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. IT IS ANTICIPATED THAT THE OFFERING AND SALE OF THE INTERESTS IN THE U.S. WILL BE EXEMPT FROM REGISTRATION PURSUANT TO SECTION 4(2) AND REGULATION D AND REGULATION S PROMULGATED UNDER THE SECURITIES ACT AND OTHER EXEMPTIONS OF SIMILAR IMPORT UNDER THE LAWS OF THE STATES AND OTHER JURISDICTIONS WHERE THE OFFERING WILL BE MADE. THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "***INVESTMENT COMPANY ACT***").

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE U.S. OR TO U.S. PERSONS (AS DEFINED IN RULE 902(K) OF THE SECURITIES ACT) UNLESS THE INTERESTS ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. HEDGING TRANSACTIONS INVOLVING THE INTERESTS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THE FUND AND ITS GENERAL PARTNER ARE NEWLY FORMED ENTITIES. THERE IS NO PUBLIC MARKET FOR THE INTERESTS, AND NO SUCH MARKET IS EXPECTED TO DEVELOP. EACH PURCHASER WILL BE REQUIRED TO REPRESENT, AMONG OTHER THINGS, THAT IT IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D OF THE SECURITIES ACT AND THAT IT IS ACQUIRING THE INTERESTS PURCHASED BY IT FOR INVESTMENT AND NOT WITH A VIEW FOR RESALE OR DISTRIBUTION. THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE RESOLD OR TRANSFERRED EXCEPT AS PERMITTED UNDER THE FUND'S AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (AS AMENDED FROM TIME TO TIME, THE "***PARTNERSHIP AGREEMENT***") AND UNLESS THE INTERESTS ARE REGISTERED UNDER THE SECURITIES ACT OR EXEMPTED FROM SUCH REGISTRATION AND REGISTRATION UNDER ANY OTHER APPLICABLE SECURITIES LAW REQUIREMENTS.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR GIVE ANY INFORMATION WITH RESPECT TO THE INTERESTS EXCEPT THE INFORMATION CONTAINED IN THIS MEMORANDUM, AND ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND, ITS GENERAL PARTNER, OR ANY OF THEIR RESPECTIVE PARTNERS, EMPLOYEES, OFFICERS,



CONTROL NUMBER 257 - CONFIDENTIAL

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DIRECTORS OR AFFILIATES. THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFER AND SALE OF THE INTERESTS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. FOR INFORMATION REQUIRED BY THE SECURITIES LAWS OF CERTAIN U.S. STATES AND CERTAIN JURISDICTIONS OUTSIDE OF THE U.S., PLEASE SEE THE OFFERING NOTICES BEGINNING IN SECTION XIV. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, A PROSPECTUS OR ADVERTISEMENT, AND THE OFFERING CONTEMPLATED IN THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, A PUBLIC OFFERING OF THE INTERESTS.

THIS MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS TO WHOM IT IS TRANSMITTED IN CONNECTION WITH THIS OFFERING. EACH RECIPIENT ACKNOWLEDGES AND AGREES THAT THE CONTENTS OF THIS MEMORANDUM AND RELATED DOCUMENTATION CONSTITUTE PROPRIETARY AND CONFIDENTIAL INFORMATION, THAT NEW LEAF VENTURE PARTNERS, L.L.C. ("***NEW LEAF***" OR THE "***MANAGEMENT COMPANY***") AND THE FUND DERIVE INDEPENDENT ECONOMIC VALUE FROM THEIR CONTENTS NOT BEING GENERALLY KNOWN, AND THAT THE MANAGEMENT COMPANY TAKES REASONABLE EFFORTS TO MAINTAIN THEIR SECRECY. IN ADDITION, EACH PERSON WHO RECEIVES THIS MEMORANDUM AGREES THAT ITS CONTENTS ARE A TRADE SECRET, THE DISCLOSURE OF WHICH IS LIKELY TO CAUSE SUBSTANTIAL AND IRREPARABLE COMPETITIVE HARM TO THE MANAGEMENT COMPANY AND THE FUND. BY ACCEPTANCE HEREOF, EACH RECIPIENT AGREES NOT TO TRANSMIT, REPRODUCE OR MAKE AVAILABLE TO ANYONE, IN WHOLE OR IN PART, THIS MEMORANDUM, ANY SUPPLEMENT HERETO OR ANY INFORMATION CONTAINED HEREIN OR THEREIN WITHOUT THE PRIOR WRITTEN CONSENT OF NEW LEAF VENTURE ASSOCIATES III, L.P. (THE "***GENERAL PARTNER***"), OR TO USE IT FOR ANY PURPOSE OTHER THAN EVALUATING A POSSIBLE INVESTMENT IN THE FUND. EACH PERSON WHO HAS RECEIVED A COPY OF THIS MEMORANDUM (WHETHER OR NOT SUCH PERSON PURCHASES ANY INTERESTS) IS DEEMED TO HAVE AGREED (I) TO RETURN THIS MEMORANDUM AND ANY SUPPLEMENT HERETO TO THE MANAGEMENT COMPANY UPON REQUEST IF SUCH PERSON HAS NOT PURCHASED AN INTEREST, (II) NOT TO DISCLOSE ANY INFORMATION CONTAINED IN THIS MEMORANDUM OR ANY SUPPLEMENT HERETO EXCEPT TO THE EXTENT THAT SUCH INFORMATION WAS (A) PREVIOUSLY KNOWN BY SUCH PERSON THROUGH A SOURCE (OTHER THAN THE FUND, ITS PARTNERS OR ANY AFFILIATES OR AGENTS THERETO) NOT BOUND BY ANY OBLIGATION TO KEEP CONFIDENTIAL SUCH INFORMATION, (B) IN THE PUBLIC DOMAIN THROUGH NO FAULT OF SUCH PERSON OR (C) LATER LAWFULLY OBTAINED BY SUCH PERSON FROM SOURCES (OTHER THAN THE FUND, ITS PARTNERS OR ANY AFFILIATES OR AGENTS THERETO) NOT BOUND BY ANY OBLIGATION TO KEEP SUCH INFORMATION CONFIDENTIAL AND (III) TO BE RESPONSIBLE FOR ANY DISCLOSURE OF THIS MEMORANDUM, ANY SUPPLEMENT HERETO, OR THE INFORMATION CONTAINED HEREIN OR THEREIN, BY SUCH PERSON OR ANY OF ITS EMPLOYEES, AGENTS OR REPRESENTATIVES.

PROSPECTIVE INVESTORS ARE URGED TO REQUEST ANY ADDITIONAL INFORMATION THEY MAY CONSIDER NECESSARY OR DESIRABLE IN MAKING AN INFORMED INVESTMENT DECISION. EACH PROSPECTIVE PURCHASER IS INVITED, PRIOR TO THE CONSUMMATION OF A SALE OF ANY INTERESTS TO SUCH PURCHASER, TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE MANAGEMENT COMPANY CONCERNING THE FUND AND THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE MANAGEMENT COMPANY POSSESSES THE SAME OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, IN ORDER TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM OR OTHERWISE.



CONTROL NUMBER 257 - CONFIDENTIAL

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PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO RELY ON THE PRIOR RETURNS SET FORTH HEREIN IN MAKING A DECISION WHETHER OR NOT TO PURCHASE THE INTERESTS OFFERED HEREBY. AN INVESTMENT IN THE FUND DOES NOT REPRESENT AN INTEREST IN ANY INDICATED INVESTMENT OR ANY INVESTMENT PORTFOLIO OF ANY RELATED OR OTHER INVESTMENT FUND, INCLUDING ANY INVESTMENT FUND MANAGED BY THE MANAGEMENT COMPANY OR ITS AFFILIATES. WHILE THIS MEMORANDUM INCLUDES REFERENCES TO A NUMBER OF RELATED AND AFFILIATED ENTITIES, INCLUDING CERTAIN AFFILIATED INVESTMENT POOLS AND VEHICLES, AN INVESTMENT IN THE FUND AS CONTEMPLATED HEREIN IS SEPARATE AND DISCRETE FROM ALL SUCH OTHER AFFILIATED INVESTMENT VEHICLES. FURTHER, ALTHOUGH THE PERFORMANCE OF SUCH OTHER AFFILIATED INVESTMENT VEHICLES MAY BE RELEVANT TO A GENERAL UNDERSTANDING OF THE GENERAL INVESTMENT EXPERIENCE AND PHILOSOPHY OF THE MANAGEMENT COMPANY AND ITS AFFILIATES, SUCH PERFORMANCE IS NOT AN INDICATOR OF THE RESULTS TO BE ACHIEVED BY THE FUND.

THE RETURN INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED OR VERIFIED BY ANY INDEPENDENT PARTY AND SHOULD NOT BE CONSIDERED REPRESENTATIVE OF THE RETURNS THAT MAY BE RECEIVED BY AN INVESTOR IN THE FUND. CERTAIN FACTORS EXIST THAT MAY AFFECT COMPARABILITY INCLUDING, AMONG OTHERS, THE DEDUCTION OF FEES AND EXPENSES AND THE PAYMENT OF CARRIED INTEREST (WHICH MAY BE DIFFERENT FOR THE FUND) AS WELL AS OTHER FACTORS AS NOTED WITH SUCH INFORMATION. FURTHER, CERTAIN INFORMATION RESPECTING UNREALIZED RETURNS IS BASED ON PUBLIC MARKET VALUATIONS THAT, AMONG OTHER THINGS, HAVE BECOME INCREASINGLY VOLATILE AND AS A RESULT MAY NOT BE INDICATIVE OF THE CURRENT VALUE OR THE ACTUAL VALUE TO BE REALIZED FROM ANY PARTICULAR PORTFOLIO INVESTMENT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THE MEMORANDUM AS LEGAL, TAX, REGULATORY, FINANCIAL, ACCOUNTING OR OTHER ADVICE. EACH PROSPECTIVE INVESTOR SHOULD MAKE ITS OWN INVESTIGATION AND CONSULT ITS OWN ADVISORS AS TO THE LEGAL, TAX, REGULATORY, FINANCIAL, ACCOUNTING AND RELATED MATTERS CONCERNING THE FUND, THE OFFERING AND AN INVESTMENT IN THE INTERESTS. THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR INVESTORS WHO ARE SOPHISTICATED WITH FINANCIAL MATTERS AND FAMILIAR WITH THE RISKS ASSOCIATED WITH INVESTMENTS SIMILAR TO THE ONES DESCRIBED HEREIN. NONE OF THE FUND, THE GENERAL PARTNER, THE MANAGEMENT COMPANY OR ANY OF THEIR AFFILIATES IS MAKING ANY REPRESENTATION OR WARRANTY TO AN INVESTOR REGARDING THE LEGALITY OF AN INVESTMENT IN THE FUND BY SUCH INVESTOR OR ABOUT THE INCOME AND OTHER TAX CONSEQUENCES TO IT OF SUCH AN INVESTMENT.

UNLESS OTHERWISE INDICATED, ALL INFORMATION CONTAINED HEREIN RESPECTING RATES OF RETURN OR OTHER PERFORMANCE DATA, WHETHER REALIZED OR UNREALIZED, IS QUALIFIED BY THE RELEVANT APPENDICES, FOOTNOTES, AND ENDNOTES HEREIN AND IS ON A GROSS RETURN BASIS BEFORE GIVING EFFECT TO MANAGEMENT FEES, CARRIED INTEREST, OTHER EXPENSES AND TAXES, WHICH, IF GIVEN EFFECT TO, WOULD REDUCE SUCH RETURNS AND, IN THE AGGREGATE, ARE EXPECTED TO BE SUBSTANTIAL. WHERE NET RETURNS ARE PROVIDED, SUCH RETURNS GIVE EFFECT TO MANAGEMENT FEES, CARRIED INTEREST AND OTHER EXPENSES. FURTHER, INFORMATION RESPECTING INVESTMENT PERFORMANCE IS BASED ON CERTAIN INVESTMENT POSITIONS SELECTED AS REPRESENTATIVE AND ANALOGOUS TO THE TARGETED INVESTMENT CATEGORIES FOR THE FUND. SUCH INVESTMENT PERFORMANCE INFORMATION IS NOT REPRESENTATIVE OF INVESTMENT PERFORMANCE BY NEW LEAF AND ITS AFFILIATED INVESTMENT MANAGERS IN OTHER INVESTMENT ACTIVITIES, WHICH HAVE NOT BEEN INCLUDED HEREIN.



CONTROL NUMBER 257 - CONFIDENTIAL

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INVESTORS SHOULD CAREFULLY REVIEW THE INFORMATION CONTAINED IN THIS MEMORANDUM IN SECTION IX, "CERTAIN INVESTMENT CONSIDERATIONS," AND SECTION X, "CERTAIN TAX AND ERISA CONSIDERATIONS." INVESTMENT IN THE INTERESTS IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS AND REQUIRES THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY INHERENT IN AN INVESTMENT IN THE INTERESTS. IN PARTICULAR, ONE OR MORE SUBSIDIARIES OF THE FUND OR OTHER ENTITIES IN WHICH THE FUND INVESTS DIRECTLY OR INDIRECTLY MAY QUALIFY AS "PASSIVE FOREIGN INVESTMENT COMPANIES" OR "CONTROLLED FOREIGN CORPORATIONS" FOR U.S. FEDERAL INCOME TAX PURPOSES, WHICH COULD RESULT IN ADVERSE TAX CONSEQUENCES TO INVESTORS THAT ARE U.S. PERSONS.

THIS MEMORANDUM CONTAINS A SUMMARY OF THE PARTNERSHIP AGREEMENT AND CERTAIN OTHER DOCUMENTS REFERRED TO HEREIN. HOWEVER, THE SUMMARIES IN THIS MEMORANDUM DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE ACTUAL TEXT OF THE RELEVANT DOCUMENT, COPIES OF WHICH WILL BE PROVIDED TO EACH PROSPECTIVE INVESTOR UPON REQUEST. EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE PARTNERSHIP AGREEMENT, THE SUBSCRIPTION AGREEMENT AND SUCH OTHER DOCUMENTS FOR COMPLETE INFORMATION CONCERNING THE RIGHTS, PRIVILEGES AND OBLIGATIONS OF INVESTORS IN THE FUND. IN THE EVENT THAT THE DESCRIPTIONS OR TERMS OF THE MEMORANDUM ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTIONS OR TERMS OF THE PARTNERSHIP AGREEMENT, THE SUBSCRIPTION AGREEMENT OR OTHER DOCUMENTS, THE PARTNERSHIP AGREEMENT, THE SUBSCRIPTION AGREEMENT OR SUCH OTHER DOCUMENTS SHALL CONTROL. THE GENERAL PARTNER AND ITS AFFILIATES RESERVE THE RIGHT TO MODIFY THE TERMS OF THE OFFERING AND THE INTERESTS DESCRIBED IN THIS MEMORANDUM, AND THE INTERESTS ARE OFFERED SUBJECT TO THE GENERAL PARTNER'S ABILITY TO REJECT ANY COMMITMENT IN WHOLE OR IN PART.

CERTAIN INFORMATION IN THIS MEMORANDUM HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE ALTHOUGH NONE OF THE FUND, GENERAL PARTNER, THE MANAGEMENT COMPANY OR THEIR RESPECTIVE AFFILIATES GUARANTEE ITS ACCURACY, COMPLETENESS OR FAIRNESS. OPINIONS AND ESTIMATES MAY BE CHANGED WITHOUT NOTICE.

THE FUND IS OFFERING INTERESTS TO U.S. PERSONS THAT ARE "QUALIFIED PURCHASERS" AS DEFINED IN THE INVESTMENT COMPANY ACT AND "ACCREDITED INVESTORS" AS DEFINED IN THE SECURITIES ACT.

AN INVESTMENT IN THE FUND MAY BE SUBJECT TO INCREASING REGULATIONS AND GOVERNMENTAL OVERSIGHT, INCLUDING, FOR EXAMPLE, THE BANK SECRECY ACT AND THE USA PATRIOT ACT OF 2001, INCLUDING THEIR RESPECTIVE IMPLEMENTING REGULATIONS WHICH, AMONG OTHER THINGS, CONSTITUTE THE ANTI-MONEY LAUNDERING REGULATIONS. THERE CAN BE NO ASSURANCE THAT SUCH RULES WILL NOT REQUIRE VARIOUS INVESTOR DISCLOSURES TO, AMONG OTHERS, DOMESTIC AND FOREIGN GOVERNMENT AUTHORITIES.

YOUR INVESTMENT WILL BE DENOMINATED IN UNITED STATES DOLLARS ($) AND, THEREFORE, WILL BE SUBJECT TO ANY FLUCTUATION IN THE RATE OF EXCHANGE BETWEEN U.S. DOLLARS ($) AND THE CURRENCY OF YOUR OWN JURISDICTION. SUCH FLUCTUATIONS MAY HAVE AN ADVERSE EFFECT ON THE VALUE, PRICE OR INCOME OF YOUR INVESTMENT.

ALL SECURITIES INVESTMENTS RISK THE LOSS OF CAPITAL. NO GUARANTEE OR REPRESENTATION IS MADE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE. AN INVESTMENT IN THE FUND IS SPECULATIVE AND INVOLVES CERTAIN CONSIDERATIONS AND



CONTROL NUMBER 257 - CONFIDENTIAL

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CERTAIN INVESTMENT CONSIDERATIONS. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

THE FUND INTENDS TO CONDUCT ITS INVESTMENT ACTIVITIES THROUGH A NUMBER OF SUBSIDIARIES AND AFFILIATES THAT MAY BE ESTABLISHED FROM TIME TO TIME IN ONE OR MORE JURISDICTIONS, EACH OF WHICH MAY HAVE VARYING TAX EFFECTS ON THE FUND AND PARTNERS. AS SUCH THERE CAN BE NO ASSURANCE AS TO THE CONSEQUENCES OF SUCH ACTIVITIES. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE RISK OF AN INVESTMENT IN THE FUND. SEE ALSO SECTION X, "CERTAIN TAX AND ERISA CONSIDERATIONS."

PROSPECTIVE INVESTORS SHOULD REVIEW THE OFFERING NOTICES BEGINNING IN SECTION XIV FOR INFORMATION RELATING TO THE OFFERING AND SALES OF THE INTERESTS TO INVESTORS IN VARIOUS STATES OF THE U.S. AS WELL AS CERTAIN NON-U.S. JURISDICTIONS.

IN ACCORDANCE WITH U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE INTERNAL REVENUE SERVICE (CIRCULAR 230), THE FUND HEREBY INFORMS THE INVESTORS THAT (A) THE INFORMATION BELOW (OR OTHERWISE CONTAINED IN THIS DOCUMENT) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY THE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT THE U.S. INTERNAL REVENUE SERVICE MAY ATTEMPT TO IMPOSE ON AN INVESTOR, (B) THE INFORMATION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTERS ADDRESSED BY THE WRITTEN INFORMATION AND (C) INVESTORS SHOULD SEEK TAX ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

**Forward-Looking Statements**

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE," OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH IN SECTION IX "CERTAIN INVESTMENT CONSIDERATIONS", ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE FUND MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. WHILE ASSUMPTIONS UNDERLYING VARIOUS STATEMENTS AS TO FUTURE PERFORMANCE ARE BELIEVED TO BE REASONABLE IN NATURE, EXISTING AND PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN ASSESSMENTS AS TO SUCH ASSUMPTIONS AND THE ASSOCIATED RISKS, INCLUDING THE LIKELIHOOD OF THE FUND ACHIEVING CORRESPONDING RESULTS, ALL OF WHICH ARE SUBJECT TO RISKS AND UNCERTAINTIES MANY OF WHICH ARE BEYOND THE CONTROL OF THE FUND (SEE SECTION IX "CERTAIN INVESTMENT CONSIDERATIONS"). AS SUCH, NO ASSURANCE IS GIVEN AS TO THE REALIZATION OF ANY SUCH FUTURE PERFORMANCE. NO REPRESENTATION OR WARRANTY IS MADE AS TO FUTURE PERFORMANCE OR SUCH FORWARD-LOOKING STATEMENTS. UNLESS OTHERWISE INDICATED, INFORMATION CONTAINED HEREIN IS AS OF MARCH 31, 2014. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT ANY OTHER INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO MARCH 31, 2014.

*None of New Leaf Ventures I, L.P., New Leaf Ventures II, L.P., NLV-III, the Management Company or any of their affiliates have any affiliation with Credit Suisse nor any its affiliates (collectively, "Credit Suisse"). Credit Suisse has not compiled, reviewed or participated in the preparation of any of the performance or other information contained in this Memorandum and assumes no responsibility therefor. Consequently, in no* respects *should Credit Suisse be considered to have approved or disapproved of any of the information set forth in this Memorandum. "Sprout", "Sprout Group" and the symbols associated therewith are registered trademarks of Credit*



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CONTROL NUMBER 257 - CONFIDENTIAL

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# TABLE OF CONTENTS

I. Executive Summary ..... 1
II. The Team ..... 11
III. Summary of Historical Investment Performance ..... 18
IV. Opportunity In The Healthcare Sector ..... 24
V. New Leaf Venture Partners Investment Strategy ..... 31
VI. Deal Sourcing & Investment Process ..... 43
VII. Ongoing Relationship With Sprout Funds ..... 45
VIII. Summary of Partnership Terms ..... 46
IX. Certain Investment Considerations ..... 58
X. Certain Tax and ERISA Considerations ..... 73
XI. Certain Legal & Regulatory Considerations ..... 85
XII. Additional Information ..... 88
XIII. Appendices ..... 89
XIV. Certain Offering Notices ..... 100

# I. EXECUTIVE SUMMARY

**FUND OVERVIEW**

New Leaf Ventures III, L.P. ("***NLV-III***" or the "***Fund***") is being formed by New Leaf Venture Partners, L.L.C. ("***New Leaf***" or the "***Management Company***"), an established and proven leader in health care technology investing. NLV-III will be the seventh private equity fund focused on venture and growth stage investments in healthcare and life sciences companies raised by the partners of New Leaf. NLV-III is the successor fund to New Leaf Ventures I, L.P. ("***NLV-I***") and New Leaf Ventures II, L.P. ("***NLV-II***"), which raised capital commitments of $310 million and $450 million respectively. The New Leaf funds follow four Sprout Capital funds that included over $1.0 billion of investments in healthcare technology companies.[1] In total, the New Leaf team has invested over $1.6 billion and have generated one of the industry's leading track records by consistently outperforming their peers in the healthcare venture capital market (based on Cambridge Associates benchmarks[2]) and exceeding relevant public market indices by substantial margins.[3,4]

The Fund will seek to invest in a diversified portfolio composed of an estimated 24 to 28 healthcare technology companies, most of which will be U.S. based and at the product development or commercialization phase. Fund investments will typically take the form of venture capital or growth capital transactions in private companies, or as structured transactions in small capitalization public companies. The Fund will establish meaningful ownership positions and in most cases will actively manage the investments with representation on the boards of directors. The Fund will seek to generate returns that significantly outperform relevant public market equity indices by creating a portfolio that optimally balances the risks, timelines, and capital intensity associated with developing and commercializing innovative healthcare technologies with the financial market realities that are the backdrop for a venture capital fund focused on this sector.

The Fund is targeting aggregate capital commitments from limited partners of **$375 million**.

**THE NEW LEAF TEAM**

New Leaf is one of the most respected, successful, and established brands in healthcare technology investing, a reputation built over the last 18 years by a highly experienced and stable team of partners. NLV-III will be managed by this team of 6 senior partners, 5 of whom have worked together continuously for a decade or more. These partners bring a strong combination of significant and relevant industry operating experience and successful venture capital investment experience to NLV-III.

The Managing Directors of NLV-III are Philippe Chambon MD PhD, Jeani Delagardelle, Ron Hunt, Vijay Lathi, and Liam Ratcliffe MD PhD. Philippe, Jeani, Ron, and Vijay have worked together for 15 years over six prior funds at New Leaf and the Sprout Group. Liam joined the

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[1] Sprout Group is a venture capital affiliate of Credit Suisse

[2] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" including endnote C in Appendix 4 regarding information provided by Cambridge Associates.

[3] S&P500, S&P Healthcare, NASDAQ Composite, and Russell 3000. See endnote F in Appendix 4.

[4] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices; Appendix 3" (regarding the PME+ methodology) including endnotes B, D, E and F in Appendix 4.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024012

New Leaf team five years ago and has made significant contributions to the NLV-II portfolio. Jim Niedel MD PhD has worked with the team continuously for over twelve years and will continue to be a senior member of the NLV investment team for NLV-III, but will change his status to Venture Partner with the closing of NLV-III. In this role, Jim will work full-time with NLV during the NLV-III investment period in building and managing the NLV-III portfolio, and he will continue with full oversight and portfolio management responsibilities for NLV-I and NLV-II. With 80+ years of venture investing experience and decades of operating experience in the industries in which they invest, this 6 member senior team (the "***Fund Managers***") brings highly relevant and complementary experience to bear on this Fund. This team of partners is further strengthened by a group of additional investment professionals who add highly relevant scientific and life sciences investment experience and have made significant contributions to the NLV-II portfolio.

The New Leaf team is distinctive in that its members have played a leadership role in the healthcare venture capital industry over the last two decades. During this time, the Fund Managers have demonstrated the ability to source high quality investments at all stages, including start-ups, follow-on private investments, company restructurings, and structured public investments. The Fund Managers source deals through a range of activities that rely on their deep relationships in academia, industry, and the investment community (private and public), resulting in differentiated and, in many cases, proprietary deal flow. Once initial investments are made, the Fund Managers are focused on building value in technology based healthcare companies by creating strong management teams and then collaborating with them to develop, manage, and execute capital efficient business plans. Through these efforts, the Fund Managers have earned a reputation as value-added investors and have created some of the best performing portfolios of healthcare technology investments in the industry.

## LONG TERM TRACK RECORD

Over an 18 year period and across the portfolios of 6 distinct venture funds focused on healthcare technology investments, the Fund Managers have delivered net performance that has consistently outperformed venture industry benchmarks and relevant public equity market indices[5,6]. The Fund Managers' track record is notable for the following reasons:

- **Performance has been consistently top-quartile since the mid-1990s:** NLV-I, NLV-II and the healthcare technology portfolios in the Sprout Capital funds have invested over $1.6 billion in healthcare technology companies since 1995. Over nearly two decades, returns have consistently exceeded Cambridge Associates' top-

[5] Except as otherwise expressly noted, all performance information contained herein, including rates of return, is as of March 31, 2014 and is unaudited. The performance information is based on the cumulative invested capital, cumulative cash dividends and realized and unrealized sales proceeds in portfolio companies. Where designated as "gross", the performance information is presented on a gross basis with regard to expenses and does not reflect deductions for any management fees, the general partner's carried interest or other expenses. Where designated as "net", the performance information is presented on a net basis after giving effect to management fees, the general partner's carried interest and other expenses. Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" and the endnotes in Appendix 4 for a more detailed description of the performance of the NLV-I, NLV-II and the Sprout Funds. An investment in the Fund does not represent an interest in any indicated investment or any investment portfolio of any related or other investment fund, including any investment or fund managed by the Fund Managers. Disclosure of past performance herein is for informational purposes only and is not indicative of future results.

[6] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices; Appendix 3" including endnote C (regarding information provided by Cambridge Associates).



HOUSE_OVERSIGHT_024013

quartile benchmarks for U.S. venture capital healthcare and/or U.S. total venture capital.[7]

- **Exceeded relevant public equity indices by substantial margins on all realized funds:** Members of the New Leaf team invested $1.02 billion in the portfolios of healthcare technology investments in four Sprout Capital funds (Sprout Capital IX, L.P., Sprout Capital VIII, L.P., Sprout Capital VII, L.P. and Sprout Growth II, L.P.), and these are now fully realized (or near fully realized in the case of Sprout Capital IX, L.P.). The net annual IRR's on the healthcare technology portfolios in these funds outperformed the S&P 500 (568 – 2,258 bps), S&P Healthcare (302 – 2,064 bps), NASDAQ Composite (451 – 2,125 bps), and the Russell 3000 (502 – 2,215 bps) using the Public Market Equivalent Plus (PME+) methodology[8]. Although PME+ methodology is most informative when used to analyze funds whose returns are mature, the PME+ methodology shows that NLV-I is outperforming these same indices, and shows encouraging results for NLV-II despite its relative immaturity.

It is this consistently high level of return over an 18 year period, spanning several challenging investment cycles, that creates a truly unique track record within the venture capital sector.

The chart below illustrates details of the gross and net performance by fund.

**Chart 1: Returns by Fund**

*As of March 31, 2014*

*($ in millions)*

| Fund: | Growth II HCT | Sprout VII HCT | Sprout VIII HCT | Sprout IX HCT | NLV-I | NLV-II |
|---|---|---|---|---|---|---|
| Fund Size: | $15M Fund * | $95M Fund * | $147M Fund * | $690M Fund * | $310M Fund | $450M Fund |
| Paid-In Capital | $15M | $95M | $147M | $690M | $303M | $407M |
| Vintage Year: | (1993 - 2007) | (1995 - 2011) | (1998 - 2012) | (2000) | (2005) | (2008) |
| First Investment | 1995 | 1995 | 1998 | 2000 | 2005 | 2008 |
| **Gross Fund Returns** | | | | | | |
| Total Multiple N | 4.4x | 2.6x | 1.7x | 2.0x | 2.1x | 1.8x |
| Realized Multiple N | 4.4x | 2.6x | 1.7x | 2.2x | 1.7x | 2.0x |
| Total IRR D | 44% | 19% | 10% | 15% | 19% | 30% |
| Realized IRR D | 44% | 19% | 10% | 17% | 23% | 33% |
| **Net Fund Returns** | | | | | | |
| Net Total Multiple N | 3.69x * | 2.17x * | 1.49x * | 1.66x * | 1.75x | 1.45x |
| Net Total IRR D | 28.9% * | 12.0% * | 6.0% * | 9.3% * | 12.0% | 16.7% |
| **Net Distributed / Paid-In Multiple** F | **3.69x** * | **2.17x** * | **1.49x** * | **1.55x** * | **0.51x** | **0.50x** |
| *Net Distributed $s to LPs* | *$56.3* | *$207.0* | *$218.7* | *$1,071.5* | *$154.7* | *$204.2* |
| **Interim Fund Liquidity Metrics** | | | | | | |
| (Distributed + Public) / Paid-In Multiple G | -- | -- | -- | 1.62x | 0.74x | 1.18x |
| (Distributed + Liquid Public) / Paid-In Multiple H | -- | -- | -- | 1.58x | 0.57x | 0.75x |
| **IRR Outperformance Versus Public Indices** | | | | | | |
| PME+ (Basis Points over S&P 500 Healthcare Sector) ** | +2,064 bps | +302 bps | +441 bps | +776 bps | +201 bps | -187 bps |
| PME+ (Basis Points over S&P 500) ** | +2,258 bps | +568 bps | +587 bps | +638 bps | +496 bps | +275 bps |
| PME+ (Basis Points over Russell 3000) ** | +2,215 bps | +554 bps | +502 bps | +565 bps | +446 bps | +218 bps |
| PME+ (Basis Points over Nasdaq Composite) ** | +2,125 bps | +554 bps | +725 bps | +451 bps | +181 bps | -21 bps |

NLV and Sprout fund data as of March 31, 2014. Sprout fund statistics computed based on healthcare portfolio within Sprout.
* See Appendix 2 and endnotes A and E in Appendix 4. Based on synthetic funds with assumptions around recycling and fee structure.
** Based on Public Market Equivalent (PME+) methodology. See Appendix 3 and endnotes A, B, E and G in Appendix 4.

*Please Section XIII: "Appendices" for definitions of terms and/or methodology.*

[7] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" and endnotes B (regarding public indices) and C (regarding information provided by Cambridge Associates) in Appendix 4.

[8] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices", Appendix 3 (regarding the PME+ methodology) and to endnotes B, D, E and F in Appendix 4.

For a full overview of investment performance, please refer to Section III: Summary of Historical Investment Performance.

## OPPORTUNITY IN THE HEALTHCARE SECTOR

The Fund Managers believe a number of macro market factors have aligned to create attractive and lasting conditions for NLV-III's targeted investment strategy in healthcare technology. These macro market factors include the following:

- **Strong and Sustained Growth in Global Healthcare Markets**: Healthcare is one of the strongest and most dynamic markets within the global economy, with powerful demographic forces expected to drive growth at rates that will outpace GDP in major economies for at least the next decade.[9] This steady and sustained market growth creates a positive macro environment for investment in the sector.

- **Significant Opportunity Created By Healthcare Reform & Restructuring:** Through at least the next decade, the healthcare industry will be going through a period of significant restructuring as government, private insurance companies, and employers implement broad reform initiatives that seek to slow the growth of healthcare spending and limit the threat this burden creates to their long term fiscal viability. In the U.S., the federal government laid the foundation for these changes with two key pieces of legislation: the *Patient Protection and Affordable Care Act* ("ACA") and the *Health Information Technology for Economic and Clinical Health Act* ("HITECH Act"), which are designed to reduce costs, improve quality, and significantly expand the percentage of the population with access to healthcare services. Importantly, a component of the legislation sets aside funding in the form of direct incentives to healthcare providers to be used to purchase technologies needed to meet the legislation's requirements. As part of healthcare reform, government and private payers will need to migrate their traditional fee-for-service reimbursement models towards more value-centered approaches that reward outcomes, efficiency, and reduction in waste. Payers are approaching this goal by slashing costs in areas where viable lower cost solutions are available, while at the same time investing much more in the adoption of innovative new products and solutions which can improve outcomes and deliver quantifiable value, even when considering their additional costs and premium pricing. During this period of substantial change in the healthcare system, the Fund Managers expect to see an unusually large number of opportunities to fund companies developing innovative and impactful new therapeutic products as well as tools and applications that enable the implementation and realization of healthcare reform's goals and objectives.

- **Rapid Acceleration in Innovation:** The Fund Managers believe an unprecedented period of medical innovation is emerging as decades of research into molecular mechanisms of disease is being translated into a steady stream of safer and more effective medicines and the biomarkers to guide their use. Importantly, these products are providing enormous improvements in both life expectancy and quality of life for patients with many serious, life-threatening diseases. Although they will come with premium pricing, these products can decrease the overall costs to the healthcare system by reducing reliance on equally costly, but less effective and more toxic treatments, by

[9] CMS, OECD, Eurostat



HOUSE_OVERSIGHT_024015

reducing clinic visits and hospital admissions and by controlling or curing disease so that the patient can return to a fully productive life. At the same time as this revolution in the biological sciences is unfolding, exponential increases in the ability to manage, process, and store information at low cost are coming out of the information technology (IT) industry. This rapid technological progress in IT is allowing the creation of entirely new systems and applications that will fundamentally improve how healthcare systems monitor and manage patients across the full range of care settings. The Fund Managers believe the massive expansion and integration of capabilities occurring in biology and information technology is enabling a period of innovation in healthcare that sets a uniquely positive environment for the investment of NLV-III.

- **More Favorable Regulatory Environment For New Drug Approvals:** Increasing numbers of FDA drug approvals and recently passed U.S. regulatory legislation are reflective of a more favorable regulatory environment. The number of new drug approvals by FDA in both 2012 (39 NDAs) and 2013 (27 NDAs) trended meaningfully higher compared to the previous 6 years and versus historic averages[10]. In addition, the *Food and Drug Administration Safety and Innovation Act* (FDASIA) was signed into law on July 9, 2012, providing for additional tools to enable the FDA to promote innovation by streamlining parts of the approval process and improving communication and administrative processes between the agency and pharmaceutical and biotech companies. Chief among these new tools is the "Breakthrough Therapy" designation. This new designation helps the FDA assist drug developers to expedite the development and review of new drugs with preliminary clinical evidence that indicates the drug may offer a substantial improvement over available therapies for patients with serious or life-threatening diseases. Overall, these initiatives and others, both in the U.S. and abroad (e.g., E.U. and Japan), have made the regulatory environment more favorable for investors in the biopharmaceutical sector, and have reduced some of the uncertainty and risk in a critical aspect of drug development.

- **Capital Markets And Industry Dynamics Are Favorable For New Investments & Exits:** Since the most recent peak in fundraising in 2008, it has been estimated that the life sciences venture capital fundraising has contracted by 68%, from $7.8 billion in 2008 to $2.5 billion in 2012[11]. The Fund Managers believe that there has been a corresponding decline in the number of active venture capital firms investing into life sciences companies (especially earlier stage), resulting in fewer investors competing for new deals. At the same time, large and mid-sized biopharmaceutical companies have become increasingly dependent on development stage companies as the source of innovation and new products to supplement R&D pipelines and stimulate future growth. Most of these big companies are committing a large and growing portion of their R&D budgets to external facing search and evaluation efforts that have the goal of obtaining assets through high value mergers, acquisitions, and partnerships, which disproportionally benefit smaller, venture-backed, development stage companies. In the years ahead, we believe that this trend is likely to continue, and possibly accelerate, driven by expected patent expirations on commercial products and continued low productivity of pharma R&D. The Fund Managers believe these dynamics offer venture

[10] Food and Drug Administration. Center For Drug Evaluation and Research

[11] Dow Jones; Fenwick & West Analysis in 2012 Trends in Terms of Life Science Venture Financings



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and growth stage investors attractive conditions for both new investments and exits from existing investments for the foreseeable future.

The Fund Managers view this alignment of critical market factors as unprecedented. Each of these factors individually has a direct impact on the level of risk and the potential for returns in the healthcare technology sector. However, the positive trends in all of them occurring at the same time should create a uniquely positive environment to execute NLV-III's targeted strategy within the sector.

## INVESTMENT STRATEGY

New Leaf's investment strategy is differentiated in the venture capital industry in terms of its sector focus, specific approaches within each sector, and the depth of experience and long-term track record that supports each element of the strategy. The Fund's primary focus will be on investments in the **Biopharmaceutical** and **Information Convergence** sectors, with a secondary focus on **Medical Devices** and **Biological Research Tools & Infrastructure**. Investments will be predominantly in the U.S., but could include a small number of investments in other parts of the world (e.g., Western Europe or Canada). The focus within each sector will be the following:

**Biopharmaceuticals:** As in NLV-I and NLV-II, biopharmaceutical investments will be the core focus for NLV-III and will comprise approximately 50% - 60% of the Fund. The Fund will typically invest in development stage and commercial stage private companies and in publicly traded small capitalization companies where the investments will be made mostly through structured transactions. The portfolio will emphasize companies developing targeted therapeutics that address molecular mechanisms of disease, where validated biomarkers can be utilized to positively bias probabilities of success and reduce time and cost of development compared to historical averages. These companies exemplify some of the key characteristics the Fund Managers seek across the portfolio - namely large, unmet medical needs, strong science, well differentiated technologies and high quality pre-clinical and clinical development programs led by experienced management teams.

The Fund Managers believe that NLV-III will have the opportunity to invest in compelling biopharmaceutical opportunities and that these will have attractive risk-return profiles for a number of reasons, including the following:

- For the past decade, biopharmaceutical companies have been shifting their research and development focus towards products that target mechanisms of disease at the molecular level. Clinical programs for these types of products are typically smaller, more capital efficient and have higher probabilities of success. These improvements are achievable because precise biomarker testing enables a focus on only those patients where the specific molecular mechanism is known to play an important role in the disease process. By including only these patients in the clinical programs for these targeted products, the probability of detecting critical efficacy signals is significantly increased, even with relatively small numbers of patients;

- Targeted development programs are benefiting from an improving regulatory environment, as the FDA is demonstrating clear interest in working constructively with companies to bring these types of high-impact therapeutics to market more quickly and efficiently. This spirit of cooperation was covered thoughtfully in a recent New England



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Journal of Medicine editorial (November 2013), where Janet Woodcock, MD, the FDA's Director of the Center for Drug Evaluation and Research and other senior FDA staff members as co-authors, discussed the FDA's new breakthrough therapy designation that can be granted to expedite the review and approval of new therapies to treat people with serious or life threatening illnesses where inadequate treatment options exist. They state that "The genesis of the new designation can be traced to several emerging trends in drug discovery and development. Most notable is the rise of molecularly targeted therapies, often paired with companion diagnostics". The editorial goes on to say that "Once a drug is designated as a breakthrough therapy, the FDA commits to working particularly closely with the drug sponsor to devise the most efficient pathway for generating additional evidence needed about safety and efficacy". The breakthrough therapy designation was created under FDASIA in 2012, and since that time 26 breakthrough therapy designations have been granted on 80 requests;[12]

- The pharmaceutical industry's commercial model is also improving with the shift in focus to targeted therapeutics, as these therapies can: (a) provide significant improvements in efficacy and safety over current standards of care; (b) offer important clinical benefits in terms of increased life expectancy and improved quality of life; (c) positively impact high morbidity diseases, many of which have primarily expensive, but inadequate treatments available (e.g., cancer and autoimmune diseases); and (d) generate compelling economic benefits to payers, even when they carry premium pricing;

- Finally, large and mid-sized biopharmaceutical companies have recognized the inefficiency of their internal R&D efforts and have deemphasized many of their own expensive, high risk, "blockbuster" programs. Increasingly, these companies are "externalizing" a large portion of their R&D activity by acquiring, licensing, or partnering with smaller biotech companies that are focused on developing the novel targeted therapeutics mentioned above.

The Fund Managers believe the net result for investors is an improving risk-return equation for biopharmaceutical investments, which should translate into higher returns in the sector.

**Information Convergence:** Information convergence investments will be the second core focus for NLV-III, expected to comprise up to 25% of the Fund. Building on the leadership established during the NLV-II investment period along with significant experience from past Sprout funds, the Fund Managers will invest NLV-III in companies seeking to improve efficiency and reduce overall costs to the healthcare system through the generation, analysis, and application of information from research to diagnosis and delivery of care. Investments in this sector will be at the commercial stage at the time of initial investment, or will be expected to reach the commercial stage during the projected timeline of the investment.

Central to this opportunity is the acute structural deficit in the U.S., with healthcare liabilities the single largest contributor and the healthcare reform initiatives that were designed in part to address these critical fiscal issues. Broad scale deployment of new information technology will

[12] New England Journal of Medicine, November 14, 2013: Expediting Drug Development – The FDA's New "Breakthrough Therapy" Designation



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024018

play a critical role in enabling the necessary structural changes to the healthcare system. The HITECH Act created a $25.9 billion[13] Federal Government funded catalyst for the adoption of information technology in healthcare in the U.S., and this is stimulating significant investment in upgrading the information infrastructure at the provider level. This industry-wide technology upgrade moves the vast majority of providers onto electronic systems, which offers immediate efficiencies to their businesses and lays the foundation for the adoption of new targeted information based applications in the future. These investments and legislative actions by the U.S. government, and the subsequent response by insurers, providers and patients, are driving a dramatic increase in spending on healthcare information technology (HIT), benefitting the companies providing technology solutions that reduce cost and waste, drive efficiency, and improve the quality of patient care.

The opportunity in information convergence also benefits significantly from the technologies and infrastructure that have been developed and implemented outside of healthcare, such as cloud computing, wireless communications, web-delivered software-as-a-service, and sensor technology. Small companies drawing heavily off these existing technologies are able to optimize their product through rapid iterations driven by user feedback, thereby reducing risk and capital requirements, and leading to more predictable timelines, similar to what has been seen in the broader information technology arena. The Fund Managers believe that smaller, focused companies will play a key role in developing and deploying information based products that address discrete problems within the U.S. healthcare market, and that a large number of these will be compelling investment opportunities for NLV-III.

**Medical Devices:** Given the Fund Managers' view that the operating and exit environment for companies in this sector will be more challenging due to increased regulatory and reimbursement uncertainty, NLV-III will have somewhat less exposure to this sector than previous funds. The Fund will focus on investments in companies that are developing innovative and differentiated medical devices, targeting large market opportunities that offer the potential to meaningfully reduce overall patient treatment costs in high morbidity disease settings through substantial efficacy and safety benefits versus existing standards of care. Importantly, the focus will be on opportunities that have established regulatory approval pathways and clear regulatory precedents, or are already at the commercial stage at the time of initial investment. The objective will be to identify investment opportunities with later stage risk profiles that can be expected to thrive in the current environment. Although the number of deals in this sector is likely to be somewhat lower than in previous funds, with the later stage focus, it is likely that the size of investments in this sector will be larger.

**Biological Research Tools & Infrastructure:** The rapid growth of this sector is being fuelled by many of the same biomedical advances that are impacting health care more broadly, such as personalized medicine and DNA sequencing. Smaller companies have always been a prolific source of innovative new research tools, leading to high M&A interest among the large commercial players in this sector. Moreover, because new reagents and research tools are not subject to the risks of clinical trials, regulatory approvals or payer reimbursement it is possible to build high-gross margins businesses that reach break-even on manageable timelines and budgets. The Fund will approach this sector opportunistically and will seek to invest in a small

[13] U.S. Department of Health and Human Services. Actuarial estimate as of January 2012.



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number of commercial stage companies with novel and clearly differentiated products targeting defined and established high growth market segments.

## DEAL FLOW AND INVESTMENT PROCESS

The Fund Managers have a proactive approach to deal sourcing, which targets both private and public opportunities. The established and proven sourcing activities rely on diverse networks of deal sources that have been built and cultivated over two decades and focus on identifying compelling healthcare technology investment opportunities, at attractive time points for investment. These efforts balance the inherent attractiveness of an innovative technology with the selection of the appropriate investment stage, offering an optimal risk-adjusted return potential and multiple paths to realization and liquidity.

The Fund Managers have refined and successfully executed this investment process over many years, and it is an integral part of the firm's culture. New Leaf's investment philosophy and process emphasize a team approach to maximizing investment returns, focusing the most appropriate resources within the firm to deal sourcing, rigorous investment analysis, deep involvement with portfolio companies and active management of financings and exits.

## DISTINCTIVE FEATURES OF NEW LEAF

Over the last two decades, New Leaf has established itself as one of the premier brands in healthcare technology investing as a result of a powerful combination of:

- one of the most established and stable teams in the venture capital industry with deep and complementary operating and investing experience;

- a long term track record across portfolios of healthcare technology investments in six distinct venture funds and over $1.6 billion in total invested capital that has demonstrated consistent outperformance versus venture industry peers and relevant public market indices (S&P 500, S&P Healthcare, NASDAQ Composite, and Russell 3000)[14];

- an evolving investment strategy, focused on a diversified portfolio of investments across sectors, stages (start-ups to growth equity), and therapeutic areas that has proven to generate returns through both up and down phases of macro investment cycles;

- a hands-on approach to working with management teams as board members to optimize corporate strategy, develop and refine clinical, regulatory, and operating plans, recruit world-class talent, and drive business development activities that lead to value-maximizing follow-on financings, partnerships, and M&A transactions; and

- a reputation for intellectual rigor, hard work, value added contributions, and constructive collaboration that makes New Leaf a sought after lead investor by outstanding entrepreneurs and a preferred co-investor amongst a broad range of top quality investors.

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[14] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" including endnotes B, C, F and G in Appendix 4.



CONTROL NUMBER 257 - CONFIDENTIAL

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**NLV-III Investment Opportunity**

The objective of NLV-III is to invest in a portfolio of healthcare technology companies that offer attractive risk-adjusted returns. The companies that comprise the portfolio will be selected and managed by a team of highly experienced senior partners who have developed and proven their investment process over many years and multiple funds. The investment strategy for NLV-III is similar to the strategies pursued in prior funds, in that it will have a core focus on biopharmaceutical investments with a balance of investments across other healthcare technology sectors. Given the strength and stability of the team, the consistency and the depth of the track record, and the positive market forces and investment conditions that are expected to be in place during the life of the Fund, the Fund Managers believe NLV-III offers investors an opportunity for attractive returns.



CONTROL NUMBER 257 - CONFIDENTIAL

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# II. THE TEAM

NLV-III will be managed by the New Leaf team, which currently manages NLV-I, NLV-II, and provides sub-advisory services managing the remaining healthcare technology investments in the Sprout Funds. The team of six senior partners, five of whom have worked together continuously for over a decade, stands out in the industry for its depth of accomplishments, track record of consistent investment success, and its organizational stability. Each of the senior partners has a strong combination of significant and relevant industry operating experience and venture capital investment experience from one or more of the Fund's targeted sectors. The New Leaf team is further strengthened by a group of experienced investment professionals who add highly relevant scientific backgrounds and investment experience.

The following timeline shows the history and progression of the New Leaf team:

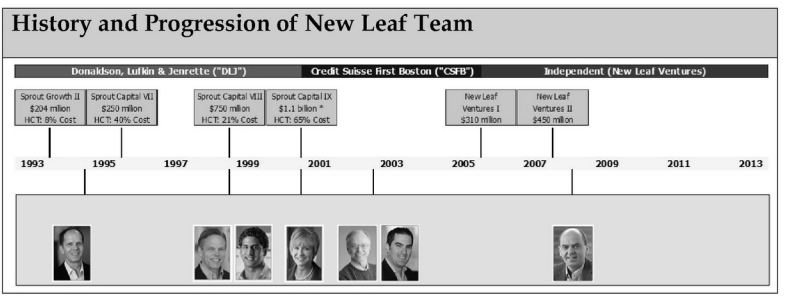


**SENIOR TEAM**

***Philippe Chambon, MD, Ph.D., (55), Managing Director***, helped found New Leaf in 2005. Philippe joined Sprout in 1995 and since that time has been an active investor in all three sectors of interest for NLV-III. His investments have spanned all stages including six start ups and several later stage growth equity investments and one buy-out. Philippe is currently focused on New Leaf's Information Convergence sector and late stage biopharmaceutical investments. Philippe is currently on the boards of directors of Treato, Truveris, Karos Pharmaceuticals, Principia BioPharma and VaxInnate. He was previously on the boards of NxStage Medical (NASDAQ: NXTM), Auxilium (NASDAQ: AUXL), ePocrates (NASDAQ: EPOC, acquired by athenahealth), Nuvelo (NASDAQ: NUVO), Sapient Health Network (acquired by WebMD), Spotfire (acquired by Tibco Software), and Combichem (acquired by DuPont). He also led our investment in, and was a board observer at, Audax Health (acquired by UnitedHealth/Optum). Immediately prior to joining Sprout, Philippe was a Manager in the healthcare practice of the Boston Consulting Group. In that capacity, he managed strategy and business re-engineering assignments with clients in the pharmaceutical, biotech and insurance industry. Previously, Philippe was an executive with Sandoz Pharmaceutical for seven years, where he built and led an organization responsible for late stage clinical project management, portfolio management, and pre-marketing and pharmacoeconomics activities. He conducted graduate research in



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molecular immunology at The Pasteur Institute and earned an M.D. and Ph.D. from the University of Paris, and an M.B.A. from Columbia University.

*Jeani Delagardelle, (57), Managing Director*, helped found New Leaf in 2005. She joined Sprout in 2000. At New Leaf, Jeani leads the Medical Device investment effort. Jeani is currently on the boards of directors of Access Closure, Altura, Cardiokinetix, Direct Flow Medical, Intrinsic Therapeutics, ReShape Medical, and Spiracur. She was previously on the boards of directors of Interlace (NLV-I company acquired by Hologic), Epicor (acquired by St. Jude), Visiogen (acquired by Abbott), PercuSurge (acquired by Medtronic), and NxStage Medical (NASDAQ: NXTM). Prior to joining the healthcare investment team at Sprout, Jeani was a General Partner at Weiss, Peck & Greer Venture Partners ("WPGVP") where she focused on healthcare investments. Before joining the venture industry, Jeani spent 16 years in senior marketing and general management positions in both the medical device and pharmaceutical industries. She was Vice President of Global Marketing for Target Therapeutics, held several senior management positions within the Medi-tech division of Boston Scientific, and served as the Director of Business operations for Roche Pharmaceuticals. Jeani earned an A.B. in Clinical Psychology from Occidental College and an M.B.A. from the University of California at Irvine.

*Ron Hunt, (49), Managing Director*, joined Sprout in 1998 and helped found New Leaf in 2005. He has played significant role in the firm's investment activities in later stage biopharmaceuticals and has also contributed to the activities in each of the other sectors. Ron is currently on the boards of Durata Therapeutics (NASDAQ: DRTX), IlluminOss Medical, Relypsa (NASDAQ: RLYP), and SpineWave. Ron was previously on the boards of Cerexa (NLV-I company acquired by Forest Laboratories), Stromedix, Inc. (NLV-I company acquired by Biogen Idec), Aspreva Pharmaceuticals (NASDAQ: ASPV, acquired by Galenica, Inc.), Phase Forward (NASDAQ: PFWD, acquired by Oracle), and Pathology Partners (acquired by Caris Group). Before joining Sprout, he spent a combined 12 years in the pharmaceutical industry in operating roles and as a management consultant with The Healthcare Group (a division of the Interpublic Group of Companies) and Coopers & Lybrand Consulting. He gained eight years of operating experience in various commercial roles working for SmithKline Beecham and Johnson & Johnson. Ron earned a B.S. from Cornell University and an M.B.A. from The Wharton School of the University of Pennsylvania.

*Vijay Lathi, (41), Managing Director*, helped found New Leaf in 2005 and joined Sprout in 1998. Vijay's activities are focused primarily on information convergence, although historically he has been involved in investments across all sectors. He is currently on the boards of directors of AwarePoint, Oxford Immunotech (NASDAQ: OXFP), iRhythm Technologies, Kit Check, TigerText and XDx, while maintaining board observer status with Labcyte. Vijay was previously on the boards of Advanced Cell Diagnostics, Ilypsa (acquired by Amgen) and Relypsa (NASDAQ: RLYP). Prior to joining Sprout, Vijay spent one year as an analyst in the healthcare venture capital group at Robertson Stephens where he reviewed investments spanning medical devices, therapeutics and healthcare information technology. Prior to Robertson Stephens, Vijay spent approximately one and a half years as an analyst at Cornerstone Research, a business consulting firm focused on financial and econometric analysis. He earned an M.S. in Chemical Engineering from Stanford University and a B.S. in Chemical Engineering from MIT, with a focus on applications of engineering to the life sciences.



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*James Niedel, MD, Ph.D., (70), Venture Partner*, joined Sprout in May 2002 and helped found New Leaf in 2005. Jim will change his status to Venture Partner in NLV-III with the closing of the new fund. In this role, Jim will work full-time as a senior member of the NLV investment team working on new investments, and he will continue with full oversight and portfolio management responsibilities for NLV-I and NLV-II. Jim is currently on the boards of directors of Chimerix (NASDAQ: CMRX, former Chairman) and Tioga. He was previously on the boards of Intarcia Therapuetics (now currently a Board observer), Sirna Therapeutics (NASDAQ: RNAI, acquired by Merck in 2006 for $1.1 billion), where he served as Chairman; Oriel Therapeutics (acquired by Novartis in 2010), where he served as Executive Chairman, and Pearl Therapeutics (acquired by AstraZeneca in 2012). Prior to joining Sprout, Jim was Chief Science and Technology Officer for GlaxoSmithKline ("GSK"). From 1995 to 2001, he led Global Research and Development, Information Technology and Product Strategy and was a member of the board of directors of Glaxo Wellcome plc. From 1988 to 1995 Jim was Vice President, Research and Senior Vice-President R & D for the U.S. subsidiary of Glaxo. During his nearly 13 years with the Company, he oversaw the discovery, development and/or registration of over 20 products marketed by GSK, including those for: HIV, hepatitis B, asthma/COPD, migraine, BPH, irritable bowel syndrome, smoking cessation, depression, chemotherapy-induced nausea and vomiting, breast cancer, herpes and malaria. Prior to GSK, Jim was Professor of Medicine, Chief of the Division of Clinical Pharmacology and Principal Investigator on studies of mechanisms of cancer and inflammation at Duke Medical School, where he had completed an Internal Medicine residency and a Hematology-Medical Oncology fellowship. Jim received his M.D. and Ph.D. (Biochemistry) degrees from the University of Miami, was selected a Searle Scholar and is a Fellow of the Royal College of Physicians (London).

*Liam Ratcliffe, MD, Ph.D., (50), Managing Director*, joined New Leaf in September 2008 and concentrates on biopharmaceutical investing. He is currently on the boards of directors of Array BioPharma (NASDAQ: ARRY), Neuronetics, Karus Therapeutics, Afferent, Calchan and Convergence, the latter three investments resulting from spin-outs from Roche (Afferent) and GSK (Calchan & Convergence), respectively. Prior to joining New Leaf, Liam previously served as Senior Vice President and Development Head for Pfizer Neuroscience, as well as Worldwide Head of Clinical Research and Development. Additional positions during his 12 years at Pfizer included Vice President of Exploratory Development for the Mid West region, and Head of Experimental Medicine at Pfizer's Sandwich, UK Laboratories. As Head of Neurosciences, Liam was responsible for the development of several successful late-stage projects and marketed products, including Lyrica, Chantix and Geodon. In previous roles, he gained extensive experience in early drug development and translational research across multiple therapeutic areas, including inflammation, pain, cardiovascular disease, infectious diseases and genitor-urinary medicine. Liam began his career in the pharmaceutical industry in a medical marketing role at Roche in South Africa. He received his M.D. degree and Ph.D. degree in immunology from the University of Cape Town and his M.B.A. degree from the University of Michigan. Liam completed his internal medicine training and fellowship in Immunology at Groote Schuur Hospital and associated teaching hospitals in Cape Town, South Africa.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024024

## OTHER INVESTMENT PROFESSIONALS

*Kathy LaPorte, (52), Venture Partner*, is an angel investor in the Digital Health space focusing on evaluating and mentoring start-ups developing digital technology solutions for healthcare consumers, providers, payers and the pharmaceutical/medical device industries. Kathy is affiliated with Health Tech Capital and is a Venture Partner with New Leaf, collaborating on sourcing of opportunities with an emphasis on the Information Convergence sector. Kathy was one of the founders of New Leaf upon its spin out from the Sprout Group in 2005. Kathy joined the Sprout Group in 1993 and became a General Partner in 1994. Between 1987 and 1993, she was a Principal at Asset Management Company, a venture capital firm focused on early stage investments. Kathy received an M.B.A. from Stanford University Graduate School of Business (Arjay Miller Scholar), and a B.S., summa cum laude, Phi Beta Kappa from Yale University.

*Mark Charest, Ph.D., (36), Portfolio Manager*, joined New Leaf in 2012. Previously, Mark was an Associate and Kauffman Fellow at Panorama Capital (2010-2012) focused on life sciences investments. Mark previously worked as a Consultant at ZS Associates (2009) and as an Associate at Great Point Partners (2007-2009), a healthcare-focused public and private equity investment firm. Prior to that, Mark held an operating role as a Medicinal Chemistry Lab Manager at Novartis Institutes for BioMedical Research (2004-2007). Mark received his Ph.D. in Chemistry and Chemical Biology from Harvard University as a National Science Foundation Graduate Research Fellow.

*Mike Dybbs, Ph.D., (39), Principal*, joined New Leaf in 2009 and was promoted to Principal in 2012. Mike is currently on the boards of directors of Advanced Cellular Diagnostics and Versartis. Prior to joining New Leaf, Mike was a Principal at the Boston Consulting Group (BCG) where he was a core member of their Health Care practice. Mike graduated magna cum laude from Harvard University with an AB in biochemical sciences and received his Ph.D. in molecular biology and genetics from UC Berkeley, where he was awarded a Howard Hughes Medical Institute fellowship. His research had been published in peer-reviewed journals, including Neuron, Science and Nature.

*Eric Kim, (28), Associate*, joined New Leaf in December 2013. From 2011 through 2013, Eric was a Private Equity Associate at Francisco Partners, where he focused on diligence and company oversight efforts on the firm's healthcare information technology portfolio. Prior to joining Francisco Partners, Eric worked for three years at McKinsey & Company as a Senior Business Analyst in their Corporate Finance Practice. Eric received his dual B.A. in Mathematical Methods in the Social Sciences and Economics from Northwestern University.

*Isaac Manke, Ph.D., (37), Portfolio Manager*, joined New Leaf in 2009 as an Associate and was promoted to Public Investment Director in 2012. Prior to joining New Leaf, Isaac was an Associate in the Global Biotechnology Equity Research group at Sanford C. Bernstein. Previously, Isaac worked as an Associate in the Biotechnology Equity Research group at Deutsche Bank and was a Senior Analyst at Health Advances, a biopharmaceutical and medical device strategy consulting firm. Isaac received a B.A. in Biology and a B.A. in Chemistry at Minnesota State University (Moorhead), and a Ph.D. in Biophysical Chemistry and Molecular Structure at the Massachusetts Institute of Technology (MIT). Isaac's discoveries led to several publications in top journals, including Science and Cell, and were selected by Science as one of



HOUSE_OVERSIGHT_024025

the "2003: Signaling Breakthroughs of the Year". These discoveries also resulted in four issued patents.

## FINANCE AND OPERATIONS

*Craig L. Slutzkin, (39),* is Chief Financial Officer and manages the back office, compliance and administrative functions for New Leaf. Craig joined Sprout as Vice President and the head of its back office operations in August 2002 and transitioned to New Leaf at the time of the spin-out. Prior to joining Sprout, he spent over seven years in the audit and assurance practices of Arthur Andersen and Ernst & Young in New York, attaining the position of Senior Manager. While at Andersen and Ernst & Young, clientele included various multi-strategy private equity and venture capital fund firms as well as top tier investment banks. Craig received his M.B.A. in finance from Columbia Business School and received a B.A. in Accounting and Information Systems from Queens College. He is a certified public accountant and a member of the American Institute of Certified Public Accountants.

## INDUSTRY ADVISORS

The Fund Managers work closely with industry professionals who are experts in New Leaf's fields of interest and are willing to work closely with the Fund Managers on an as needed basis to provide their perspectives on topics and issues that are relevant to due diligence on new investments, on-going issues that arise in the management of existing portfolio companies, and longer term fund strategy. New Leaf's advisors are all prominent in their fields, and hold senior positions within leading corporations and academic institutions. These experts provide New Leaf and its portfolio companies with their own invaluable insights, but equally importantly open up their networks of contacts in ways that vastly expand and strengthen New Leaf's own network.

### Therapeutics Advisors

New Leaf works with a broad range of industry advisors to support its investment activities in therapeutics. The Fund Managers work on an as needed basis with a large group of advisors that includes contacts from industry and academia that each of the investment professionals within the firm has cultivated through their own professional and academic experiences. The Fund Managers solicit input from advisors on an as needed basis to get valuable input on specific scientific, clinical, and commercial issues and topics relevant to diligence on new investment opportunities, and to the management of existing portfolio companies. This network gives New Leaf timely and valuable access to some of the world's leading academic scientists and experienced practitioners/executives from industry, and brings their subject matter expertise to bear across the myriad of topics that are critical to New Leaf's decision making in the therapeutics sectors. Because of the breadth of topics where this type of outside input is required, and due to the fact that the science and technology is evolving rapidly in most of these fields, New Leaf has not created a formal advisory board for therapeutics

### Information Convergence Advisory Board

The Fund Managers have assembled an additional advisory board to support activities in Information Convergence. This group of advisors has a breadth of experience in the development and deployment of new information technologies that are reshaping healthcare.



HOUSE_OVERSIGHT_024026

Their collective experience is from industry, including leading large and entrepreneurial corporations, as well as from the provider side, including senior administration of one of the world's most prominent and forward-thinking teaching hospitals. These professionals include the following:

*John Halamka, M.D.*, is a physician and technology leader who focuses on electronic health records as well as secure sharing of healthcare data for care coordination, population health, and quality improvement. He is currently Chief Information Officer of Beth Israel Deaconess Medical Center and also a practicing Emergency Physician and Professor at Harvard Medical School. He is current Chairman of the New England Healthcare Exchange Network (NEHEN), co-chair of the national HIT Standards Committee, and co-Chair of the Massachusetts HIT Advisory Committee.

*Lee Newcomer, M.D.*, Senior Vice President, UnitedHealthcare with strategic responsibility for Oncology, Genetics and Women's Health. Dr. Newcomer returned to UnitedHealthcare in 2006 to focus on combining clinical, financial and administrative incentives for improved and affordable cancer care. From 1991 to 2000, Dr. Newcomer was the chief medical officer at UnitedHealthcare. He is a board certified medical oncologist and former chairman of Park Nicollet Health Services and was previously a medical director for CIGNA Health Care of Kansas City. Dr. Newcomer was a founding executive of Vivius, a consumer directed venture that allowed consumers to create their own personalized health plans.

*Stephen Oesterle, M.D.*, Senior Vice President for Medicine and Technology, Medtronic Inc. Dr. Oesterle is focused on the formation of technological strategies and continued development of relationships with the world's medical communities. He previously served as an Associate Professor of Medicine at the Harvard University Medical School and as Director of Invasive Cardiology Services at Massachusetts General Hospital.

*Marcia Radosevich*, Founder and CEO of HPR, a HCIT company that was sold to McKesson. Her prior experience was with Managed Health Care Services, The Travelers Insurance Companies, and Health Data Institute (a healthcare consulting firm).

*Anand Shroff*, Chief Technology and Product Officer and Co-Founder, Health Fidelity, Inc. Prior to joining Health Fidelity, Mr. Shroff was VP of HIE and EHR Products at Optum (a division of UnitedHealthcare). He came to Optum by way of acquisition of Axolotl Corporation, a leader in the health information exchange (HIE) space. Anand was also a founding member of the Oracle Healthcare team, and was responsible for Oracle's healthcare product portfolio that included healthcare analytics, clinical data management, and terminology mediation solutions.

*David Watson*, Vice President of Healthcare Product Strategy, Oracle. Previously he was the Chief Operating Officer of MedeAnalytics, and prior to that was Senior Vice President and Chief Technology Officer of Kaiser Permanente. Prior to Kaiser, Mr. Watson served in a variety of executive IT roles at Baxter Healthcare, Allergan, Northrup Grumman, and Mattel. He is a senior HCIT executive with 25 years of experience delivering client facing solutions in the broad areas of application development, infrastructure engineering, business consulting, strategy, architecture and operations.

*David Whittlinger*, Executive Director, New York eHealth Collaborative. Prior to working with NYeC, served as the Director of Healthcare Device Standards and Interoperability for the Intel Corporation in its Digital Health Group. Mr. Whitlinger was responsible for Intel's healthcare device interoperability strategies and standards development. He has also led a large, cross-industry consortium, the Continua Health Alliance, focused on the establishment of an ecosystem of interoperable, personal telehealth systems. Prior to establishing the Healthcare Device Standards Group, he worked on a wide variety of wireless standards within Intel.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024028

# III. SUMMARY OF HISTORICAL INVESTMENT PERFORMANCE

The Fund Managers' long term track record in healthcare technology investing clearly establishes the team as one of the most successful in the venture capital industry over the last two decades. Over an 18 year period and across the portfolios of six distinct venture funds focused on healthcare technology investments, the Fund Managers have delivered net performance that has consistently outperformed venture industry benchmarks and relevant public equity market indices[15,16]. The Fund Managers' track record is notable for the following reasons:

- **Performance has been consistently top-quartile since the mid-1990s:** NLV-I, NLV-II and the healthcare technology portfolios in the Sprout Capital funds have invested over $1.6 billion in healthcare technology companies since 1995. Over this time, The Fund Managers' returns have consistently exceeded Cambridge Associates' top-quartile benchmarks for U.S. venture capital healthcare and/or U.S. total venture capital.[16]

- **Exceeded relevant public equity indices by substantial margins on all realized funds:** The Fund Managers invested $1.02 billion in the portfolios of healthcare technology investments in four Sprout Capital funds (Sprout Capital IX, L.P., Sprout Capital VIII, L.P., Sprout Capital VII, L.P. and Sprout Growth II, L.P.), and these are now fully realized (or near fully realized in the case of Sprout Capital IX). The net annual IRR's on these four funds outperformed the S&P 500 (568 – 2,259 bps), S&P Healthcare (302 – 2,066 bps), NASDAQ Composite (451 – 2,125 bps), and the Russell 3000 (502 – 2,215 bps) using the Public Market Equivalent Plus (PME+) methodology[17]. Although PME+ methodology is most informative when used to analyze funds whose returns are mature, the PME+ methodology shows that NLV-I is outperforming these same indices, and shows encouraging results for NLV-II despite its relative immaturity.

It is this consistently high level of return over an 18 year period, spanning several challenging investment cycles, that creates a truly unique track record within the venture capital sector.

## INVESTMENT PERFORMANCE WITHIN INDIVIDUAL FUNDS

The New Leaf team has invested over $1.67 billion in 126 healthcare technology companies within 6 distinct funds since 1995. These funds included NLV-I and NLV-II and the healthcare technology investments in four Sprout Capital funds (Sprout Capital IX, L.P., Sprout Capital VIII, L.P., Sprout Capital VII, L.P., and Sprout Growth II, L.P., together the "***Sprout Funds***"). In aggregate, the team has exited or partially exited investments in 92 companies, generating gross realizations of over **$2.6 billion** and a gross realized cash-on-cash return and internal rate of return (IRR) of **2.1x** and **17%**, respectively. Corresponding net returns on the portfolios in each of these funds are provided in Appendix 2.

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[15] Please see Section XIII: "Appendices" and the endnotes in Appendix 4. Disclosure of past performance herein is for informational purposes only and is not indicative of future results.

[16] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" and endnote C (regarding information provided by Cambridge Associates) in Appendix 4.

[17] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices; Appendix 3" (regarding the PME+ methodology) and endnotes B, D E and F in Appendix 4.



HOUSE_OVERSIGHT_024029

New Leaf Funds

NLV-I has capital commitments of $310 million, and the Fund Managers began investing in mid-2005. The fund completed its new investment period in early 2008 with a portfolio of 22 companies. NLV-I has fully realized 13 investments, and there are nine active investments in companies and contingent value rights (CVRs) from three of the realized investments remaining in the fund. NLV-I is a relatively young fund, with the majority of the cost basis still at work, and to date has generated a gross realized IRR of 23%, and a gross total IRR of 19%. NLV-I has a net total multiple of 1.76x and a net IRR of 12.1%. NLV-I has a distributed to paid-in-capital ratio of 0.51x, and the Fund Managers believe the fund has significant future returns potential from the remaining active investments in the portfolio as well as from potential payments from CVRs on three realized investments. NLV-I is in the top quartile of funds tracked by Cambridge Associates for U.S. healthcare venture capital in the 2005 vintage year.

NLV-II has capital commitments of $450 million, and the Fund Managers began investing in 2008. The fund will complete its new investment period by mid-2014. NLV-II currently has a portfolio consisting of 35 companies. NLV-II has realized or partially realized 13 investments, and there are 22 other active investments and a small public portfolio remaining in the fund. NLV-II is still an immature fund in terms of level of realizations, and to date has generated a gross realized IRR of 34%, and a gross total IRR of 30%. NLV-II has a net total multiple of 1.44x and a net IRR of 16.4%. NLV-II has a distributed to paid-in-capital ratio of 0.50x, and the Fund Managers believe the fund has significant future returns potential from the remaining active investments in the portfolio. The Fund Managers believe that NLV-II has unusually positive liquidity characteristics for a life sciences focused venture capital fund of its age, with just over 65% of the fund's current carrying value in the form of public securities (as of March 31, 2014). NLV-II's current performance places the fund in the top quartile of funds tracked by Cambridge Associates for U.S. venture capital in the 2008 vintage year.

Additionally, over the investment period of NLV-I, the net annual IRR is outperforming relevant public market indices when compared on a public market equivalent basis (PME+). NLV-II's net annual IRR shows encouraging results thus far for a relatively immature fund[18]. The range of outperformance for each of these portfolios versus the S&P 500, S&P Healthcare, NASDAQ Composite, and the Russell 3000 through March 31, 2014 is the following:

| | **Net IRR Outperformance vs. Public Indices (PME+ Methodology)** | | | |
|---|---|---|---|---|
| | **S&P 500** | **S&P Healthcare** | **NASDAQ Composite** | **Russell 3000** |
| **New Leaf Ventures I, L.P.** | +496 bps | +201 bps | +181 bps | +446 bps |
| **New Leaf Ventures II, L.P.** | +275 bps | -187 bps | -21 bps | +218 bps |

[18] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices; Appendix 3" and the endnotes thereto (regarding the PME+ methodology).



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024030

Sprout Capital Healthcare Technology Portfolios:

Since 1995, members of the New Leaf team made all of the healthcare technology investments in the Sprout Funds while they were part of the investing team at the Sprout Group. The Sprout Funds were venture capital funds that were diversified across several sectors including information technology, communications, services, and healthcare technology. The healthcare technology investments in the four Sprout Funds included **$1.019 billion** in total cost, which was invested in new and follow-on investments in 69 companies from 1995 to 2013. The healthcare technology investments in the first three of these funds are now fully realized, and those in Sprout IX are nearly fully realized. To date, across these four funds, the New Leaf team has generated $1.997 billion of realizations in the aggregate (63 realized investments), and there is $68 million in unrealized value in six unrealized investments.

The net annual IRR performance on the healthcare technology portfolios in each of the Sprout Funds would place them in the top quartile of all healthcare venture capital funds tracked by Cambridge Associates in each of the vintage years for which they have established a benchmark[19]. Additionally, over an 18 year period the net annual IRR on these portfolios outperformed relevant public market indices when compared on a public market equivalent basis (PME+)[20]. The range of outperformance for each of these portfolios versus the S&P 500, S&P Healthcare, NASDAQ Composite, and the Russell 3000 through March 31, 2014 is the following:

| | **Net IRR Outperformance vs. Public Indices (PME+ Methodology)** | | | |
|---|---|---|---|---|
| | **S&P 500** | **S&P Healthcare** | **NASDAQ Composite** | **Russell 3000** |
| **Sprout Capital IX, L.P. *** | +638 bps | +776 bps | +451 bps | +565 bps |
| **Sprout Capital VIII, L.P. *** | +587 bps | +441 bps | +725 bps | +502 bps |
| **Sprout Capital VII, L.P. *** | +568 bps | +302 bps | +554 bps | +554 bps |
| **Sprout Growth II, L.P. *** | +2,258 bps | +2,064 bps | +2,125 bps | +2,215 bps |

*Healthcare Technology Portfolios

[19] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices" and the endnote C in Appendix 4 regarding information provided by Cambridge Associates.

[20] Please refer to Section III: "Summary of Historical Investment Performance" and Section XIII: "Appendices; Appendix 3" and the endnotes thereto (regarding the PME+ methodology).



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024031

Current gross and net portfolio returns for the New Leaf funds and for the healthcare technology portfolios in the Sprout Funds are detailed in the following chart:

## Chart 1: Returns by Fund

*As of March 31, 2014*

*($ in millions)*

| Fund: | Growth II HCT | Sprout VII HCT | Sprout VIII HCT | Sprout IX HCT | NLV-I | NLV-II |
|---|---|---|---|---|---|---|
| Fund Size: | $15M Fund * | $95M Fund * | $147M Fund * | $690M Fund * | $310M Fund | $450M Fund |
| Paid-In Capital | $15M | $95M | $147M | $690M | $303M | $407M |
| Vintage Year: | (1993 - 2007) | (1995 - 2011) | (1998 - 2012) | (2000) | (2005) | (2008) |
| First Investment | 1995 | 1995 | 1998 | 2000 | 2005 | 2008 |
| **Gross Fund Returns** | | | | | | |
| Total Multiple N | 4.4x | 2.6x | 1.7x | 2.0x | 2.1x | 1.8x |
| Realized Multiple N | 4.4x | 2.6x | 1.7x | 2.2x | 1.7x | 2.0x |
| Total IRR D | 44% | 19% | 10% | 15% | 19% | 30% |
| Realized IRR D | 44% | 19% | 10% | 17% | 23% | 33% |
| **Net Fund Returns** | | | | | | |
| Net Total Multiple N | 3.69x * | 2.17x * | 1.49x * | 1.66x * | 1.75x | 1.45x |
| Net Total IRR D | 28.9% * | 12.0% * | 6.0% * | 9.3% * | 12.0% | 16.7% |
| **Net Distributed / Paid-In Multiple F** | **3.69x** * | **2.17x** * | **1.49x** * | **1.55x** * | **0.51x** | **0.50x** |
| *Net Distributed $s to LPs* | *$56.3* | *$207.0* | *$218.7* | *$1,071.5* | *$154.7* | *$204.2* |
| **Interim Fund Liquidity Metrics** | | | | | | |
| (Distributed + Public) / Paid-In Multiple G | -- | -- | -- | 1.62x | 0.74x | 1.18x |
| (Distributed + Liquid Public) / Paid-In Multiple H | -- | -- | -- | 1.58x | 0.57x | 0.75x |
| **IRR Outperformance Versus Public Indices** | | | | | | |
| PME+ (Basis Points over S&P 500 Healthcare Sector) ** | +2,064 bps | +302 bps | +441 bps | +776 bps | +201 bps | -187 bps |
| PME+ (Basis Points over S&P 500) ** | +2,258 bps | +568 bps | +587 bps | +638 bps | +496 bps | +275 bps |
| PME+ (Basis Points over Russell 3000) ** | +2,215 bps | +554 bps | +502 bps | +565 bps | +446 bps | +218 bps |
| PME+ (Basis Points over Nasdaq Composite) ** | +2,125 bps | +554 bps | +725 bps | +451 bps | +181 bps | -21 bps |

NLV and Sprout fund data as of March 31, 2014. Sprout fund statistics computed based on healthcare portfolio within Sprout.
* See Appendix 2 and endnotes A and E in Appendix 4. Based on synthetic funds with assumptions around recycling and fee structure.
** Based on Public Market Equivalent (PME+) methodology. See Appendix 3 and endnotes A, B, E and G in Appendix 4.

*Please Section XIII: "Appendices" for definitions of terms and/or methodology.*



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024032

## INVESTMENT PERFORMANCE BY SECTOR

### BIOPHARMACEUTICAL RETURNS SUMMARY:

The New Leaf team's biopharmaceutical investment performance has been strong in all funds. In aggregate, the New Leaf team has invested $945 million in 64 biopharmaceutical investments, and the historic realized biopharmaceutical results are **2.29x** gross realized cash-on-cash return ("***Multiple***") and a **21.4**% gross realized IRR. These realized returns have been driven by successful early and later stage investments. Table 1 summarizes the gross realized and unrealized returns from biopharmaceutical investments in each New Leaf fund and the Sprout Funds.

**Table 1: Gross Biopharmaceutical Performance by Fund Group**
*$ amounts in millions, as of March 31, 2014*

| | | | Gross Value | | | Gross Multiple | | Gross IRR | |
|---|---|---|---|---|---|---|---|---|---|
| | Deals | Total Cost | Total | Realized | Unrealized | Realized | Overall | Realized | Overall |
| New Leaf Ventures II, L.P. (2008) | 20 | $209.0 | $508.5 | $218.0 | $290.4 | 2.59x | 2.43x | 67.5% | 58.3% |
| New Leaf Ventures I, L.P. (2005) | 14 | $205.6 | $501.6 | $167.3 | $334.4 | 1.68x | 2.44x | 22.8% | 23.5% |
| All Sprout Funds (1993, 1995, 1998, 2000) | 30 | $533.5 | $1,217.0 | $1,163.9 | $53.1 | 2.37x | 2.28x | 20.6% | 20.0% |
| **Total** | **64** | **$948.2** | **$2,227.1** | **$1,549.2** | **$677.9** | **2.29x** | **2.35x** | **21.4%** | **21.6%** |

*Please see the endnotes in Appendix 4 for definitions of terms and/or methodology. Note that these gross returns are for portions of each fund, broken out by investment sector subfocus. Management fees, the general partner's carried interest and other expenses are applied on a fund level and not based on individual investments or a portion of the investment portfolio. For net returns on each fund which would include these items, please see Appendix 2.*

### INFORMATION CONVERGENCE RETURNS SUMMARY:

While New Leaf restarted new investment activity in information convergence opportunities in NLV-II, the Fund Managers already had an established track record in this sector from 9 investments in the Sprout Funds. In total, the Fund Managers have made 17 investments in this sector, for a combined total of $142 million of invested capital. The team has realized or partially realized nine investments for combined gross realizations of $262 million and a **2.62x** gross realized Multiple and **18.8**% gross realized IRR. Table 2 summarizes the gross realized and unrealized returns from information convergence investments in each New Leaf fund and the Sprout Funds:

**Table 2: Gross Information Convergence Performance by Fund Group**
*$ amounts in millions, as of March 31, 2014*

| | | | Gross Value | | | Gross Multiple | | Gross IRR | |
|---|---|---|---|---|---|---|---|---|---|
| | Deals | Total Cost | Total | Realized | Unrealized | Realized | Overall | Realized | Overall |
| New Leaf Ventures II, L.P. (2008) | 8 | $46.0 | $59.0 | $12.5 | $46.5 | 3.44x | 1.28x | 95.5% | 16.0% |
| New Leaf Ventures I, L.P. (2005) | 0 | $0.0 | $0.0 | $0.0 | $0.0 | N/A | N/A | N/A | N/A |
| All Sprout Funds (1993, 1995, 1998, 2000) | 9 | $96.2 | $249.2 | $249.2 | $0.0 | 2.59x | 2.59x | 18.6% | 18.6% |
| **Total** | **17** | **$142.1** | **$308.2** | **$261.7** | **$46.5** | **2.62x** | **2.17x** | **18.8%** | **18.5%** |

*Please see the endnotes in Appendix 4 for definitions of terms and/or methodology. Note that these gross returns are for portions of each fund, broken out by investment sector subfocus. Management fees, the general partner's carried interest and other expenses are applied on a fund level and not based on individual investments or a portion of the investment portfolio. For net returns on each fund which would include these items, please see Appendix 2.*



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024033

**MEDICAL DEVICES RETURNS SUMMARY:**

The Fund Managers have been an active investor in the medical device sector across the New Leaf and Sprout Funds. Combined, the Fund Managers have invested $371 million in 29 medical device companies, and have gross realizations of $394 million and a **1.82x** gross realized Multiple and **9.4%** gross realized IRR. Table 3 summarizes the gross realized and unrealized returns from medical device investments in each New Leaf fund and the Sprout Funds:

**Table 3: Gross Medical Device Performance by Fund Group**

*$ amounts in millions, as of March 31, 2014*

| | | | Gross Value | | | Gross Multiple | | Gross IRR | |
|---|---|---|---|---|---|---|---|---|---|
| | Deals | Total Cost | Total | Realized | Unrealized | Realized | Overall | Realized | Overall |
| New Leaf Ventures II, L.P. (2008) | 5 | $72.0 | $52.5 | $1.8 | $50.6 | 0.11x | 0.73x | N/A | -9.2% |
| New Leaf Ventures I, L.P. (2005) | 6 | $73.3 | $146.4 | $67.3 | $79.2 | 5.64x | 2.00x | 58.8% | 15.5% |
| All Sprout Funds (1993, 1995, 1998, 2000) | 18 | $225.2 | $328.9 | $325.1 | $3.7 | 1.73x | 1.46x | 8.3% | 6.1% |
| **Total** | **29** | **$370.5** | **$527.8** | **$394.2** | **$133.5** | **1.82x** | **1.42x** | **9.4%** | **6.6%** |

*Please see the endnotes in Appendix 4 for definitions of terms and/or methodology. Note that these gross returns are for portions of each fund, broken out by investment sector subfocus. Management fees, the general partner's carried interest and other expenses are applied on a fund level and not based on individual investments or a portion of the investment portfolio. For net returns on each fund which would include these items, please see Appendix 2.*

**TOOLS, DIAGNOSTICS, & INFRASTRUCTURE RETURNS SUMMARY:**

The Fund Managers have made investments in the tools, diagnostics, and infrastructure sector across the New Leaf and Sprout Group funds. The strategy has included predominantly later/commercial stage tools and infrastructure investments and a mix of early/development stage and later/commercial stage diagnostics companies over time. Combined, the Fund Managers have invested in 17 companies, for a total $221 million in cost. The Fund Managers have generated gross realizations of $261 million, for a **1.50x** gross realized Multiple and **14.2%** gross realized IRR. Table 4 summarizes the gross realized and unrealized returns from tools, diagnostics, and infrastructure investments in each New Leaf fund and the Sprout Funds:

**Table 4: Gross Tools, Diagnostics, & Infrastructure Performance by Fund Group**

*$ amounts in millions, as of March 31, 2014*

| | | | Gross Value | | | Gross Multiple | | Gross IRR | |
|---|---|---|---|---|---|---|---|---|---|
| | Deals | Total Cost | Total | Realized | Unrealized | Realized | Overall | Realized | Overall |
| New Leaf Ventures II, L.P. (2008) | 3 | $31.0 | $36.1 | $0.0 | $36.1 | 0.00x | 1.16x | N/A | 4.8% |
| New Leaf Ventures I, L.P. (2005) | 2 | $25.7 | $1.7 | $1.7 | $0.0 | 0.06x | 0.06x | N/A | N/A |
| All Sprout Funds (1993, 1995, 1998, 2000) | 12 | $164.0 | $273.1 | $258.8 | $14.3 | 1.88x | 1.67x | 16.4% | 13.9% |
| **Total** | **17** | **$220.7** | **$310.9** | **$260.5** | **$50.4** | **1.50x** | **1.41x** | **14.2%** | **11.9%** |

*Please see the endnotes in Appendix 4 for definitions of terms and/or methodology. Note that these gross returns are for portions of each fund, broken out by investment sector subfocus. Management fees, the general partner's carried interest and other expenses are applied on a fund level and not based on individual investments or a portion of the investment portfolio. For net returns on each fund which would include these items, please see Appendix 2.*

For further detail on prior performance, please refer to the Appendices and endnotes hereto.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024034

# IV. OPPORTUNITY IN THE HEALTHCARE SECTOR

The Fund Managers believe a number of macro market factors have aligned to create attractive and lasting conditions for NLV-III's targeted investment strategy in healthcare technology. Each of these market factors individually would have a direct positive impact on the level of risk and the potential for returns from investments in the healthcare technology sector. The fact that there are positive trends in all of them occurring simultaneously is unprecedented, and the Fund Managers expect that this will create a uniquely positive environment for NLV-III's investments in the healthcare technology sector. These macro market factors include the following:

***STRONG GROWTH IN GLOBAL HEALTHCARE MARKETS***

Healthcare is one of the largest and most dynamic segments of the global economy, and its growth is projected to continue the well-established historical trend of outpacing GDP growth in major economies for at least the next decade.[21] In the U.S., since 1970, health care spending per capita has grown at an average annual rate of 8.2% or 2.4 percentage points faster than nominal GDP. The persistence of this trend suggests systematic differences between health care and other economic sectors where growth rates are typically more in line with the overall economy. A smaller difference is projected over the 2011 to 2020 period, where the average annual growth in per capita health spending (5.3%) is projected to be about 140 basis points higher than the growth in GDP (3.9%)[22]. This powerful and sustained growth differentiates healthcare from many other large industrial and technology sectors, and it creates a positive backdrop for investment in certain areas within the sector.

The drivers of healthcare market growth vary between mature and emerging economies, but in both cases the shifts are resulting in significant increases in per capita health care consumption and predictable increases in spending to meet the rising demand. In developed economies, growth is being driven primarily by an aging population coupled with a continued willingness of payers to cover the costs for new therapeutics and interventions that meaningfully extend or improve the quality of patients' lives. In the U.S., which is representative of the demographic shifts in other major economies, the number of people over 65 is expected to double over the next three decades, reaching 70 million by 2030 or roughly 20% of the total U.S. population.[23] This aging demographic has a higher prevalence of disease and the cost of delivering care to treat the diseases of this older demographic is rising steadily. For example, in 2009, the per capita health care cost for a person 65 – 74 years old was approximately $14,000, but it was more than double that ($33,000) for those over 85. Before the end of this decade, the projected per capita annual cost to care for these same two groups is expected to rise to $22,000 (+57%) for 65 – 74 year olds and $55,000 (+67%) for those 85+[24].

Emerging markets such as Brazil, Russia, India and China (BRICs) are also contributing to the growth in health care spending globally, as these emerging markets mature and begin moving towards the standards of their counterparts in developed economies. The size of the middle

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[21] CMS, OECD, Eurostat

[22] Historical data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

[23] U.S. Census Bureau

[24] Alvarez & Marsal healthcare, getting much closer to the cost precipice



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and upper classes in these countries is growing rapidly, and the spending power of these groups is becoming important to the global economy in many sectors. As the populations of these countries become more affluent, a greater proportion of their GDP is being spent on health care, and this is leading to rapid growth in many different healthcare product sectors in these countries. For example, China's prescription drug market, which is projected to be the world's second largest by 2020, is projected to grow to more than $110 billion by 2015 – up from $50 billion in 2010.[25] The medical device market in China is showing a similar growth pattern, with the current $17 billion medtech market (world's fourth largest) projected to more than double within the next five years.[26] This growth in emerging economies is expected to continue for the foreseeable future, and as it does, it will open vast new markets for established healthcare products companies in more developed countries, and will become increasingly important as a percentage of sales of global brands. At the same time, it will create opportunities for smaller, U.S. based companies to partner with large multinationals and domestic companies in the BRICs that have established distribution channels in these markets.

### *SIGNIFICANT OPPORTUNITY CREATED BY HEALTHCARE REFORM & RESTRUCTURING*

As a result of the strong growth in healthcare expenditures, for at least the next decade, and likely much longer, the healthcare industry in the U.S. will be going through a period of significant reform and restructuring as the increasing healthcare costs place unsustainable fiscal burdens on government programs. After years of dire predictions and endless debate amongst elected officials, pundits, corporate leaders, and patient advocacy groups, there is recognition that long term healthcare liabilities are a critical issue and require broad reform to control their growth before they lead to irreparable fiscal harm. While much of the attention in these initiatives is focused on identifying opportunities to cut costs, the silver lining in them for investors is that their objectives also seek to improve the quality of healthcare and to substantially broaden the population that has access to healthcare services covered by third party payment.

In the U.S., the Federal Government has laid the foundations for restructuring the healthcare system through two key pieces of legislation. First, the HITECH Act provides large government subsidies for the adoption of IT tools by healthcare providers. The Federal Government has recognized that a fundamental underpinning of healthcare reform is a massive upgrade of the information technology infrastructure at all levels of the industry, and through this legislation has earmarked $26 billion dollars in direct subsidies to catalyze investment in this area.

The second key piece of legislation is the ACA, which is being implemented as a first step in the overhaul of the U.S. healthcare system. The ACA was signed into law in the U.S. in 2010 and begins its implementation phase in 2014. It is a complex piece of legislation that is designed to reform and overhaul many aspects of the U.S. healthcare system. The goals of the ACA are to increase the affordability and rate of health insurance coverage for all Americans, and to control the runaway growth in costs of health care faced by government, employers, and individuals. The ACA mandates a number of broad reaching mechanisms to achieve these goals, and

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[25] Reuters

[26] InVivo (Elseveir), June 2013



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introduces a range of new incentives/penalties that force market participants to address major cost, efficiency, and quality issues within the healthcare system.

The ACA and other healthcare reform initiatives are challenged by dual and somewhat conflicting objectives. They are focused on reducing costs and slowing growth rates in spending, but at the same time expand the size of the population that has access to healthcare covered by third party payment mechanisms. In order to cover the increased costs of the expanded coverage, reform initiatives attempt to radically improve the efficiency of healthcare delivery as a way of freeing up resources that can be redirected to providing care to populations that had previously not been covered. Some of the lowest hanging fruit that is being targeted in early reform initiatives is eliminating waste from the healthcare system. There are enormous resources that can be freed up by eliminating expenditures that are unnecessary or duplicative. In the U.S. healthcare system alone, there is an estimated $765 billion that is wasted annually. More than half of that total ($415 billion) is the result of fraud, unnecessary services, and inefficiently or mistakenly delivered care. Another 25%+ of the total ($190 billion) is the result of excess administrative costs (e.g., inefficiencies associated with paperwork and documentation)[27]. Finding ways to reduce waste in the system offers the opportunity to create significant value, but requires the adoption of entirely new tools and technologies by payers, providers, and patients. Developing these tools, applications, and systems is an area of significant opportunity for innovative technology focused companies.

A major part of eliminating waste in healthcare will be accomplished by driving efficiency and deriving maximum benefit from the enormous levels of current expenditures. Achieving this goal will have to include a fundamental change in focus to the principles of value-based medicine across all levels of the healthcare system. This is a radical change in objectives that is already happening, and it is leading to entirely new reimbursement models built around paying for technologies and treatments that provide care efficiently and at a cost proportional to the health benefit they deliver. Value-based medicine focuses on outcomes from healthcare services, which more closely aligns the interests of the payers with the healthcare providers and product companies whose services and products are the major cost elements in the delivery of healthcare. Although simple conceptually, this is a fundamental change in how healthcare is paid for from the historical reimbursement models that have focused on fixed payments for delivery of discrete procedures, with no corresponding emphasis on quality of the care delivered or on the resulting patient outcomes.

Refocusing treatment objectives within the healthcare system towards high quality outcomes over numbers of procedures will require many healthcare companies to reengineer aspects of their business models, but it will also provide them with new opportunity. In a system that rewards outcomes, companies and organizations that run with the highest quality and most efficiently will have significant opportunity to expand their own returns by taking on risk in the treatment of patients. Opening the market to this dynamic, where there is opportunity to earn a return on cost-effective, high quality patient management and outcomes, will stimulate the development and adoption of an entirely new set of enabling technologies and business models, which represent opportunity for innovative, technology-based, development and growth stage companies.

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[27] National Academy of Sciences, "Best Care at Lower Cost: The Path to Continuously Learning Health Care in America"



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There is no question that the shift to value-based reimbursement models will have a major impact on the economics of healthcare. Payers will be looking for ways to significantly reduce costs in all areas where a range of viable lower cost solutions are available, and will force providers to use those wherever possible through increasingly restrictive reimbursement policies. As an example, one area where this type of change has been implemented successfully for years is in the increased use of generic drugs, where payers no longer offer unrestricted reimbursement for the use of high cost, premium priced branded biopharmaceutical products that deliver only minor benefits in terms of convenience, or slight improvements in efficacy to small percentages of patients. This type of value-based review is now going on in all areas within healthcare, and is resulting in changes that are having a major impact on what services and products are selected, and who bears what percentage of the cost of that selection.

At the same time that payers and other 'at-risk' organizations are looking for any and all opportunities to move to lower cost alternatives, they are also continuing to invest in the adoption of innovative new therapeutics which can both improve outcomes and deliver quantifiable value, even when considering their additional costs and premium pricing. The products that receive this type of support from payers are ones that are focused on addressing truly unmet medical needs and deliver significant efficacy or safety benefits to patients, when compared to existing standards of care. They are also usually based on new technologies that enable novel approaches to the treatment of diseases and disorders. There are vast areas in medicine where large unmet medical needs exist and where scientific and technological progress is enabling entirely new approaches to addressing these. Where these intersect are areas of great opportunity for experienced investors.

*RAPID ACCELERATION IN INNOVATION IN TARGETED SECTORS*

**Biopharmaceuticals:**
Decades of government and industry investment in the study of the biological and genetic basis of disease is translating into a steady stream of new products with improved efficacy and decreased toxicity, and these are transforming how many high-morbidity diseases can be treated. Through this growing body of work, a much deeper understanding of the biochemical pathways underlying complex diseases is emerging, which is leading to identification of many new molecular targets for drug therapy. This targeted approach to pharmaceutical R&D is a fundamental change from the historical process that relied on large-scale, random screening of drug candidates for activity. A whole new generation of products targeting diseases at the molecular level is emerging and these offer much higher levels of efficacy and improved safety to specific groups of patients whose disease is well characterized by biomarkers that are tightly linked to the mechanisms of the underlying disease. This more targeted approach to discovery and development offers important benefits to all constituents, which ultimately improves the investment environment in biopharmaceuticals.

Oncology (i.e., cancer) is one therapeutic area where some of the most significant progress has been made recently. Targeted therapies in certain indications in oncology now provide for more effective treatments with fewer side effects than one-size-fits-all chemotherapy drugs. For example, new therapies have recently been developed that target specific subsets of malignancy through molecular targets including EGFR, HER2, and BRAF that have led to dramatic improvement in the treatment of certain cancers (e.g., lung, pancreatic, colon, breast, melanoma, and several hematologic cancers). It is expected that the next wave of advances will transform



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these diseases further from what has historically been a death sentence into a chronic, treatable condition. As this happens, huge markets will be created for entirely new biopharmaceutical products. While cancer is the leading disease area, this pace of dramatic scientific and technological progress is extending into several other areas of medicine and will likely accelerate. Many of the initial examples of targeted or personalized therapies in non-cancer indications have been in rare or so called "orphan" diseases following discovery of the underlying genetic abnormalities. This period of rapid technology advancement establishes a cycle of innovation in the market that creates great opportunity for highly focused, small, companies.

**Information Convergence:**
The rate of innovation in information convergence has already accelerated relative to the historical rate of innovation in healthcare information technology ("HCIT") due to several underlying factors. First, as mentioned, the HITECH Act provided billions in direct incentives to encourage healthcare providers to adopt information technology, beginning with electronic medical record ("EMR") systems. This led to a significant increase in spending on EMRs which benefitted large established EMR vendors, but it also benefitted new smaller players in the EMR market. Importantly, the broad upgrade of information technology and deployment of EMRs across the healthcare provider market has established a technology infrastructure in the market that benefits an entirely new generation of companies that are developing technologies that layer onto existing EMRs and address the next levels of IT adoption. This next level of information technology adoption is dictated by the HITECH Act through a series of "meaningful use" incentive initiatives.

Another key factor that has led to an acceleration in innovation in information convergence is that most of the highest value innovation in this sector is arising from integrating technologies that have been discovered, developed, validated, and implemented in completely different sectors (e.g., cloud storage, mobile computing, wireless communications, web-delivered software, diagnostics and sensors). These product development efforts draw heavily from existing technologies and allow small companies focused on addressing discrete problems and opportunities within the healthcare market to develop and launch products with minimal technology discovery. The bulk of the effort in these activities is in rapidly creating high value products by combining well-understood and available technologies, and getting them into the hands of customers to evaluate their performance in real world use conditions. This early customer experience allows companies to generate revenues early in their life, but also provides valuable user feedback which can be used to continuously improve product design elements. The benefit of this type of product development effort in the information convergence sector is that it reduces risk, lowers capital requirements, and results in more predictable timelines.

Considering the size of the opportunity and the large number of discrete problems and inefficiencies that must be addressed, the Fund Managers expect the next decade will be a period of robust innovation and company creation. Smaller companies are likely to thrive during this period as they are better able to quickly move from opportunity to product launch.



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***CONTRACTION IN HEALTHCARE VENTURE CAPITAL INDUSTRY & CAPITAL MARKET DYNAMICS MORE BROADLY CREATE OPPORTUNITY IN DEVELOPMENT STAGE AND EARLY COMMERCIAL STAGE COMPANIES***

For the last several decades the healthcare venture capital industry has been the predominant source of early and growth stage funding for smaller, technology focused companies while they pursue product development, regulatory approval, and early commercialization. Over the last several years, there has been a significant contraction in the size of the healthcare venture capital industry in terms of amount of capital available to fund new companies, and the number of active firms investing in new companies. This contraction creates significant opportunity for those funds that remain active, as fewer firms and less capital is translating into less competition for deals. The Fund Managers have benefited from the reduced level of competition during the new investment period for NLV–II, and they believe these conditions will remain in place for at least part of the new investment period of NLV-III. It is too soon to know for sure, but it is likely the industry may have already reached the bottom of this cycle of contraction and could see a re-set that begins to shift the industry to more normalized conditions due to the recent stronger IPO and M&A markets.

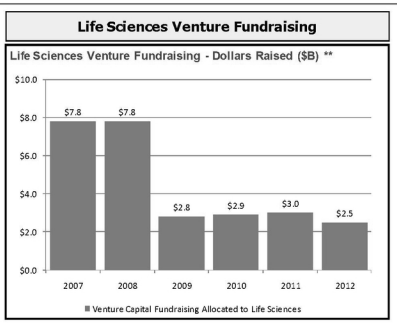


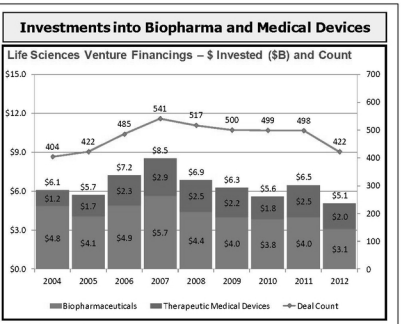


Source: Venture investments data from VentureSource (U.S. only). Includes therapeutic medical devices only.
** "Life Sciences Venture Fundraising data from Dow Jones; Fenwick & West Analysis in 2012 Trends in Terms of Life Science Venture Financings

The market for IPOs was strong during 2013 and the first quarter of 2014 for companies with compelling stories based on differentiated technology, targeting important unmet medical needs, large market opportunities, and experienced management teams. Although the number of IPOs in the healthcare technology sector increased significantly, most of that activity was driven by offerings for biopharmaceuticals companies. The significant increase in IPO activity was driven by a number of factors, but one that had an important impact is the Jumpstart Our Business Startups Act (JOBS Act). This legislation was signed into law in the U.S. in April, 2012 and it changed the regulations governing how certain private companies can interact with investors in advance of an IPO. Under the new regulations, emerging growth companies can file their IPO draft registration statement privately with the SEC, and continue to meet with interested investors over several weeks or months to explain clearly their company strategy and technology in "testing the waters" meetings. The Fund Managers believe these new regulations are especially helpful to private biopharmaceutical companies, as they allow interested



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investors to grasp the complexities and opportunities of the small biotech companies before the formal filing of their IPO registration statements, and the start of the traditional IPO road show. The Fund Managers believe the JOBS Act and the use of "testing the waters meetings" has been one of the factors that helped open the current biotech IPO window, expanded the base of investors (public market specialist and generalist investors) participating in the recent offerings, and helped drive the after-market performance of many of these offerings.

**Biopharma IPO Trends**

*($ in millions)*

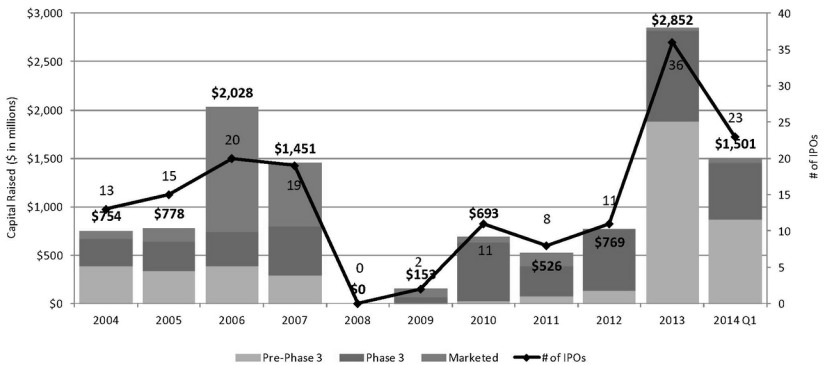


The combination of all of these positive factors has significantly strengthened the position of smaller development and early commercial stage healthcare technology companies, and creates a unique period of opportunity for investors in the sector.



CONTROL NUMBER 257 - CONFIDENTIAL

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# V. NEW LEAF VENTURE PARTNERS INVESTMENT STRATEGY

New Leaf's investment strategy is differentiated in the venture capital industry in terms of its sector focus, specific approaches within each sector, and the depth of experience and long-term track record that supports each element of the strategy. NLV-III will be invested in a diversified portfolio across four sectors: a primary focus on **Biopharmaceuticals** and **Information Convergence**, and a secondary focus on **Medical Devices** and **Biological Research Tools & Infrastructure**. The Fund Managers believe that these are the sectors within the healthcare technology industry where, with a targeted and specific sector strategy, there is the potential to generate attractive returns within a time frame consistent with the goals of investors in a venture capital fund. Importantly, the drivers behind the opportunity for value creation, major risk factors, capital requirements, timelines, and universe of potential acquirers in each of these sectors are distinct, and thus a portfolio constructed with investments with a combination of these will benefit from this diversification.

The Fund Managers will invest the Fund in a diversified portfolio composed of an estimated 24 - 28 companies that will be predominantly domiciled in the U.S., but could include a small number of companies based in Western Europe or Canada. The Fund Managers intend to serve on the boards of directors for the majority of the companies in the portfolio and will generally seek to establish ownership positions in companies that are large enough to allow them to exert considerable influence on the company's strategies, budgets, financing plans, operating objectives, management team composition, and paths to exit.

Consistent with past transitions between funds, the Fund Managers have evolved the investment strategy for NLV-III to reflect the team's view of where the most attractive opportunities will exist during the life of the Fund. The investment strategy for NLV-III will be distinct from other recent funds in terms of the specific weightings that will be placed on the targeted sectors, and certain considerations for company selection within those sectors.

## BIOPHARMACEUTICALS INVESTMENT STRATEGY

As in all previous funds, biopharmaceutical investments will be the core focus for NLV-III and will comprise approximately 50% - 60% of the Fund. The Fund's biopharmaceutical investments will be mostly in development stage and commercial stage private companies, and will also likely include some investments in small capitalization public companies through structured transactions. The Fund Managers intend to construct a well-diversified portfolio of biopharmaceutical investments that includes a balanced mix of companies with earlier stage and later stage development programs and product platform technologies. Regardless of stage, by focusing on biopharmaceutical investments ahead of key risk inflection points, the Fund Managers expect to fund companies through the periods of greatest value creation to points where they will either become attractive targets for acquisition or partnership, or become of high interest to public market investors. In some cases, private companies whose underlying assets mature to these stages will become viable candidates for initial public offerings (IPOs) or mergers into public companies.



CONTROL NUMBER 257 - CONFIDENTIAL

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Focus: Private and public companies with novel product programs & product platforms
Investments in the biopharmaceutical sector within NLV-III will target companies that are developing products that address clinically important unmet medical needs with competitively differentiated technologies. The Fund will invest across all stages, usually in companies that fit one of two different profiles. The first is companies with clearly differentiated, clinical stage **proprietary product programs** focused on significant market opportunities, where value can be built around a product(s) by financing it through one or more stages of clinical development, and in some cases to regulatory approval and commercialization. The second are companies with **novel product platforms** that are at or near the clinical stage with a lead product(s). These companies build value around both the product(s) itself as it advances through clinical development and around the product platform as its utility as a product creation engine is validated through the progress of the lead product(s).

The Fund Managers expect to identify investment opportunities within private or public companies whose primary asset(s) fall within one of the following categories:

- Early and mid-clinical stage product programs targeting a well validated mechanism of action in a disease with significant unmet medical need. The therapeutic areas and specific mechanisms of action will be known to be of high strategic interest to a number of larger biopharmaceutical companies. The target product profiles of the therapeutic product(s) for these assets will have clear points of competitive differentiation around efficacy and/or safety versus available therapeutics (and known clinical stage programs), and the clinical development programs behind them will be designed to provide clear data in support of these. Examples of these types of biopharmaceutical investments in the NLV portfolio are **Array Biopharma** (NLV-II, NASDAQ: ARRY, oncology, exited at 2.25x), **Chimerix** (NLV-II, private initially, now public on NASDAQ: CMRX, novel anti-viral therapy), and **Versartis** (NLV-II, private, novel, long-acting human growth hormone).

- Novel product platforms that offer the potential to target known, and well understood pharmacologic mechanisms of action in entirely new ways, or a product platform that has the potential to open up a field of entirely new pharmacologic mechanisms in diseases with large unmet medical need and rapidly advancing understanding of the underlying biology (e.g., hematologic and solid tumors). These platforms will be supported by validating data that provide strong support for the underlying biological hypotheses, and the companies will be at or approaching the clinical stage with an owned or partnered lead product program. The product platforms will usually have strong evidence of strategic interest from large or mid-sized biopharmaceutical companies through one or more partnerships that have generated non-dilutive capital for the company. Examples of three novel product platform companies in the NLV portfolio are **Pearl Therapeutics** (NLV-I, private, pulmonology, exited at 2.5x plus milestones), **Epizyme** (NLV-II, NASDAQ: EPZM, oncology, exited at 2.0x), and **Principia** (NLV-II, private, immunology & oncology).

- Later development stage and commercial stage, biopharmaceutical investments, where the investment theses will be to create value by funding companies through Phase 3 clinical trials, regulatory approval, and into early commercialization. In some cases, the



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Fund will seek to fund companies much later into commercialization to the point of sustainable profitability. These investments will be into private or small capitalization public companies in situations where the Fund Managers believe that the key risk inflection and the period of greatest value creation will be around regulatory approval and demonstration of commercial attractiveness of the product. These investments will focus on products where the level of clinical and regulatory risk is relatively low, and where commercial penetration can be driven by smaller, highly targeted sales and marketing activities. Biopharmaceutical companies at this stage have historically been attractive acquisition targets, and have consistently demonstrated that they can access public markets through IPOs in a broad range of market conditions. Examples of this type of later stage investment in the New Leaf portfolio include **Acadia Pharmaceuticals** (NLV-II, NASDAQ: ACAD, exited at 2.5x), Phase III, focused on psychosis associated with neurodegenerative diseases, **Durata Therapeutics** (NLV-II, private initially, now public on NASDAQ: DRTX), Phase III, focused on a late stage antibiotic development program spun out of Pfizer, and **InterCept Pharmaceuticals** (NLV-II, NASDAQ: ICPT, exited at 3.2x), Phase III, focused on an orphan indication in liver disease.

- Investments in public companies at any stage, whose primary assets are product programs or product platforms. Most of these investments will be focused on small capitalization companies at the clinical or early commercialization stage. New Leaf's focus on investment opportunities in small capitalization public biotech companies leverage the broad investment capabilities within the firm and benefit from the focused efforts of a small team of investment professionals dedicated exclusively to public market activities. As a result of this integrated approach, investments in public companies often target companies the Fund Managers have tracked over a number of years, some from the time when they were private companies. The dedicated public market team proactively tracks and screens the aggregate universe of biotech companies, with the goal of identifying compelling risk/reward investment opportunities. The primary focus of the screening efforts is to identify high-quality companies with attractive valuations that require financing to fund the company through key development milestones. The Fund will generally look to source or augment transformative, structured transactions in public companies, where a New Leaf partner will have the opportunity to join the board of directors. An example of an investment that resulted from New Leaf's focus on public market opportunities includes **MEI Pharma** (NLV-II, NASDAQ: MEIP), an investment the Fund Managers made to recapitalize the company after it had acquired a lead asset, Pracinostat, and needed capital to advance the program through clinical development. Pracinostat was an asset that was well known to New Leaf, as members of the team had followed it closely for several years while it was owned by a private company (S*Bio), and had made attempts to acquire and spin out the asset in the past. In addition to sourcing opportunities, the public market team assists the broader biopharmaceutical investment efforts by managing the sale and exit of New Leaf's larger positions in public securities, and by providing real-time insight into evolving market sentiment to the biotechnology and broader healthcare technology sectors that helps guide decisions around new investments and exit decisions.

For a complete list of investments made by the Fund Managers in healthcare technology companies see Appendices 1 and 4 .



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Leadership: NLV are leaders in biopharmaceutical investing across all stages and transaction types

The New Leaf team is well positioned to continue to play a leadership role in the sector. Over the last two decades, the Fund Managers have demonstrated an ability to access high quality biopharmaceutical investments at all stages, by sourcing opportunities through a range of activities that result in differentiated and in many cases proprietary deal flow. Deal flow is generated by relying on New Leaf's extensive network of relationships that span senior executives in the pharmaceutical and biotech companies, top scientists at world-class academic institutions, and leading investors in the venture capital, private equity, and small cap public sectors. By leveraging this network the Fund Managers gain visibility to interesting investment ideas, and develop insight into the long term strategic interests of the larger pharmaceutical and biotech companies and the evolving attitudes about value and risk of public market investors. Through this continuous process the Fund Managers seek to ensure that they are able to view the widest range of high quality opportunities and have a highly informed and discerning screen to determine which of the opportunities have the greatest long term investment potential. It is these efforts that have allowed the New Leaf team to create some of the best performing portfolios of biopharmaceutical investments in the industry in the Sprout Funds and in NLV-I and NLV-II, and has resulted in successful and consistent track records of returns in the sector. The Fund Managers have demonstrated leadership in the sector over the long term through transactions that span the full range of stages and transaction types, including:

- **Start-Ups**: The Fund Managers have played important roles and have been founding investors in a number of successful start-up companies. These have included **Pearl Therapeutics** (NLV-I, exited in sale to Astra Zeneca, 2.5x multiple plus milestones), **Relypsa** (NLV-I, private initially, now public on NASDAQ: RLYP), **Convergence/Calchan Pharmaceuticals** (NLV-II, one start up that subsequently split to become 2 separate companies), **Durata Therapeutics** (NLV-II: IPO – July, 2012, NASDAQ: DRTX), and **Ilypsa** (Sprout IX, exited in sale to Amgen, 6.9x multiple).

- **Established Private Companies**: The New Leaf Team has played the role of lead investor in a large number of private investments. These have included **Cerexa** (NLV-I, exited in sale to Forest Labs, 5.4x multiple), **Stromedix** (NLV-I, exited in sale to Biogen Idec, 1.8x multiple plus milestones), **Chimerix** (NLV-II, IPO – April, 2013, NASDAQ: CMRX), and **Auxilium** (Sprout IX, NASDAQ: AUXL, exited at 4.6x).

- **Restructuring Private Companies**: The Fund Managers have led financings that have restructured private companies, providing capital to fund business plans that have refocused company's business plans on certain key assets and product development programs and significantly reducing or terminating investments into others. Examples of this type of investment include **Intarcia Therapeutics** (NLV-I) and **Synageva Biopharma** (NLV-II, reverse merger to become public – November, 2011, NASDAQ: GEVA; exited at 7.3x).

- **Restructuring & Recapitalizing Public Companies**: The New Leaf team has created interesting investment opportunities through restructuring and recapitalizing public companies. Examples include **MEI Pharma** (NLV-II, NASDAQ: MEIP) and **Sirna**



HOUSE_OVERSIGHT_024045

**Therapeutics** (Sprout IX, formerly NASDAQ: RNAI, exited through sale to Merck, 8.1x multiple).

- **Structured Investments in Public Companies**: The Fund Managers have led and participated in a number of structured investments into small cap public companies. These have included **Array Pharmaceuticals** (NLV-II, NASDAQ: ARRY; led a structured follow-on investment, NLV team member joined the board, exited at 2.25x), **Acadia Pharmaceuticals** (NLV-II, NASDAQ: ACAD, exited at 2.5x) and **Intercept Pharmaceuticals** (NLV-II, NASDAQ: ICPT; anchored company's IPO, NLV team member initially joined the company's board, exited at 3.2x).

For a complete list of investments made by the Fund Managers in healthcare technology companies see Appendix 1.

Favorable conditions for biopharmaceutical investments for NLV-III

The Fund Managers believe that NLV-III will be invested in a market with attractive conditions for investment in the biopharmaceutical sector. As a result, the Fund should have the opportunity to invest in compelling biopharmaceutical opportunities that have attractive risk-return profiles. A number of factors support this positive view of the investment thesis in the biopharmaceuticals sector.

First, the Fund will invest in a portfolio of biopharmaceutical companies with an emphasis on those that are developing targeted therapeutic opportunities that address mechanisms of disease at the molecular level with high specificity and offer meaningful efficacy and safety benefits to specific sub-groups of patients. Where possible, the Fund will look to invest in companies with product programs that are guided by validated biomarkers that can enable highly specific patient selection and provide an objective measurement of drug effect. The Fund Managers believe that opportunities with these characteristics offer important benefits to all market participants in the biopharmaceuticals sector, and that these substantially de-risk the R&D and commercial sides of the biopharmaceutical business model in ways that can meaningfully benefit investors.

**Patients** are offered therapies that are more targeted to their disease, and benefit from improvements in efficacy and safety through increased life expectancy, improved quality of life, and a more rapid return to a fully productive life;

**Physicians** have access to an arsenal of products that they can choose from to tailor therapy to specific patients' disease, and avoid the costs and risks associated with using less effective therapies that carry all the safety risks, but may or may not have any effect on the specific disease subtype of an individual patient;

**Payers** may pay higher prices for these therapies, but with the enhanced efficacy and safety profile that's possible with biomarker based targeting, they can expect to see better overall patient outcomes, that ultimately save money within the system;

**Pharmaceutical Companies** benefit because with targeted approaches to drug discovery and development, the probabilities of success improve, interactions with regulators become less risky, timelines to move products from the lab to the market can be significantly shortened, and



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sales and marketing becomes more efficient as commercial campaigns only need to target those physicians seeing specific subsets of patients;

**Regulatory Authorities** evaluate the risk-benefit of new therapeutics on specific subgroups of patients that are known to be suffering from a specific sub-type of diseases, and can thus require fewer patients and shorter timelines in clinical programs, ultimately lowering the risks and costs of the approval pathway for developers of new therapeutics; and

**Investors** can expect to see improving returns as the risk/reward equation of drug development is shifted significantly as a result of shortened timelines, smaller clinical trials, improved probabilities of success, and reduced risks at the clinical, regulatory, and commercial levels.

Second, the biopharmaceuticals sector is an improving regulatory environment in the U.S., helping set the stage for a positive investment cycle. There is strong evidence that over the last decade the FDA has been working to improve the drug approval process in the U.S. in tangible ways that benefit biopharmaceutical companies and reduce the risk for their investors. Although the path to regulatory approval for product programs has not been made easy by any standard, the FDA has made strides in making the process more predictable and streamlined. Some of the most significant improvements have been in therapeutic areas where there is a high level of unmet medical need. For example, the U.S. Food and Drug Administration ("FDA") is demonstrating clear interest in working more constructively with industry to bring new safe and effective therapeutics to market that target diseases that have potentially large cost burdens on the healthcare system (e.g., oncology). Additionally, the FDA has also improved the way that they communicate and interact with sponsors of new products, by creating set administrative procedures and timelines that they are required to meet through legislation like the Prescription Drug User Fee Act ("PDUFA") and the FDA Modernization Act. The FDA has implemented other initiatives that attempt to clarify requirements and shorten regulatory timelines for certain types of therapeutic products that they view as highest priority. These initiatives include programs to grant special designations, including Breakthrough Therapy, Accelerated Approval, and Priority Review, which can cut significant time out of the standard approval process. The impact of these and other programs has become apparent in the number of new drug approvals ("NDAs") by FDA in both 2011 (30 NDAs) and 2012 (39 NDAs), which trended higher compared to the previous six years and versus historic averages.[28] Overall, these initiatives and others, both in the U.S. and in other markets (e.g., E.U. and Japan), have made the regulatory environment more favorable for investors in the biopharmaceutical sector, and have reduced some of the uncertainty in a critical part of drug development.

A third factor supporting the positive investment thesis in biopharmaceuticals is the interplay of favorable conditions in the capital markets and the strategic needs of the large and mid-sized companies in the sector. These dynamics should create a positive financing and exit environment for biopharmaceutical companies for the foreseeable future, and the Fund Manager expect them to contribute to improving venture returns. The aforementioned contraction in the number of active firms and capital flows into healthcare technology venture funds has significantly reduced the level of competition between firms. At the same time, large and mid-sized biopharmaceutical companies have become increasingly dependent on

[28] Food and Drug Administration. Center For Drug Evaluation and Research



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development stage companies as an important source of innovation and new products to supplement R&D pipelines and drive future growth. Strong growth potential is critical for these companies to support their valuation metrics, especially in light of expected patent expirations on their commercial products. In total, over $290 billion of revenue is at risk from patent expirations between now and 2018.[29] The large and mid-sized companies are addressing this strategic need to a large extent through increased acquisitions and partnerships with development stage companies that have maturing assets. The Fund Managers expect this dynamic to increase competition between the larger strategic players in the industry as they vie for the most interesting companies with maturing development stage assets. The development stage companies should have strong negotiating leverage in these deal discussions, which should drive premium valuations on acquisitions and attractive terms on partnerships.

The increased strategic need for acquisitions and partnerships comes at a time when the large and many of the mid-sized companies in the industry are in a strong financial position to complete high value deals. The top ten pharmaceutical companies have a total of $140 billion in cash on their balance sheets today and have a combined market capitalization of over $1.3 trillion.[30] A relatively new set of well funded potential acquirers and/or partners has emerged over the last decade, as many of the mid-sized biotech companies have seen their commercial businesses thrive, and now have strong revenue and profit growth. Since 2002, the number of public biotech companies with annual profit (EBIT) over $100 million has doubled to 16, and the combined annual profit of these companies has increased 4.5 times to $16.6 billion.[31] This has significantly increased the number of companies in the industry with the financial wherewithal to complete large cash transactions. At the same time, the industry's R&D productivity has been disappointing in terms of new products generated by massive internal R&D budgets. To address the gaps created in their R&D pipelines, most large and mid-sized players have shifted a large percentage of their R&D budgets away from internal R&D projects and have increased investment in "externalizing" a large portion of their R&D. These companies have slashed internal R&D budgets, closed major R&D facilities, and made large cuts to headcount. It is estimated that the pharmaceutical industry cut R&D spending by 5.7% in the U.S. and 2.2% globally in 2012 alone,[32] and this trend has continued in 2013. Most large and mid-sized biopharmaceutical companies now have large internal groups that include a combination of business and scientific resources that are dedicated exclusively to external search and evaluation, and are tasked with finding opportunities for mergers, acquisitions, and partnerships that will bring in new technology. Some have taken this strategy even further and have set up their own internal venture capital investment groups with the belief that by co-investing with more experienced institutional venture investors they can improve their visibility into the latest innovations and improved access to the best opportunities. The Fund Managers believe that this combination of financial strength and strategic need to source more products than internal R&D efforts can produce will lead to a significant increase in deal activity, creating a strong exit environment for smaller development stage companies for the foreseeable future.

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[29] eValuatePharma
[30] Burrill Biotech 2012 Report
[31] New Leaf Analysis of public company financial data as provided by Bloomberg
[32] Battelle-R&D Magazine Annual Global R&D Funding Forecast


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The Fund Managers expect this combination of positive market conditions to remain favorable for generating attractive returns in the biopharmaceutical sector for the foreseeable future. Although industry returns have been characterized by inconsistency and generally associated with long timelines, a small number of top investors have been able to consistently build portfolios that outperform the venture capital industry and relevant public market indices. There is no substitute for experience in this sector, and the New Leaf team brings one of the most powerful and proven combinations of team, strategy, and track record to investing in this dynamic sector, and is positioned well for continued success in NLV-III.

## INFORMATION CONVERGENCE INVESTMENT STRATEGY

The Fund Managers believe that U.S. is rapidly approaching a fiscal crisis that will be driven largely by rising healthcare expenditures and the exponential increase in future healthcare liabilities. This looming threat is a major driver behind Information Convergence ("I.C."), the second of the two primary focus areas in NLV-III. Governments and the private sector alike are being forced to significantly increase the efficiency of the healthcare system, and consequently are beginning to invest heavily in technologies that reduce cost and improve the quality of care. New technology solutions are emerging from the intersection of a diverse, yet interconnected set of technologies that define Information Convergence, including cloud storage, mobile computing, wireless communications, web-delivered software, big data analytics, diagnostics and sensors.

I.C. companies are integrating these technologies in ways that more cost effectively prevent, diagnose, and treat disease. These applications and products can be highly valued by addressing costly inefficiencies within the healthcare system. The Fund Managers believe I.C. will play an enabling role in many of the initiatives that will form the core of healthcare reform, including the transformation of healthcare reimbursement models from volume to value-based, and that this will be a major area of opportunity for investors for the foreseeable future.

Within I.C. the Fund will seek opportunities that target some of the largest inefficiencies in the healthcare system. These include: (1) inefficiency in delivery of care and excess administrative costs; (2) unnecessary services and missed opportunities for prevention; and (3) inflated pricing and fraud. Coming out of these large, identified problem areas are a number of discrete investable themes. These are the primary target of New Leaf's investment strategy in I.C. and they include the following:

### Problem Area: Inefficient Delivery and Excess Administrative Costs

- *Investment Theme - Operational & Care Delivery Efficiency*: Process improvement and optimization can only occur when data is available to identify the problems and measure the impact of solutions. With shrinking margins and shifting value objectives, healthcare providers are under pressure to understand and improve their businesses and operations. Technologies that allow the collection and analysis of relevant data on the efficiency of care-delivery will be foundational to this evolution. **AwarePoint** (NLV-II) delivers enterprise awareness solutions for the hospital and other healthcare facilities, is an example of a company fitting this theme.



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- *Investment Theme - Care Coordination:* Today in healthcare, most conditions require the involvement of multiple healthcare professionals, including primary care physicians, specialists, nurses, assistants, and therapists, and the care they provide must be managed closely with participation from the patients themselves and their family members. Unfortunately, poor coordination and information sharing amongst caregivers creates significant inefficiencies at the points of hand-off between providers, leading to repeat tests, missed diagnoses, and expensive mistakes that diminish outcomes, and in some cases put patients at substantial risk. **TigerText** (NLV-II) has developed a secure text messaging platform that can be used on any mobile phone that allows healthcare professionals to rapidly communicate and exchange clinical data files to improve and coordinate care.

- *Investment Theme - Clinical Error Reduction:* Administrative, medication and procedural errors are responsible for billions of dollars of cost annually in the U.S. healthcare system. Many of these problems can be reduced by bringing relevant information into the right setting at the appropriate time. For example, **ePocrates** (Sprout IX, NASDAQ: EPOC – Acquired by athenahealth for $293 million, 3.1x multiple) allows physicians to quickly reference drug formulary, dosing and interaction information, thus reducing the error rate in prescriptions.

Problem Area: Unnecessary Services & Missed Prevention Opportunities

- *Investment Theme - Analytics & Data-Driven Personalization*: Many conditions are currently diagnosed on single or limited data points, measured in the hospital or physicians' office, that may not accurately reflect (or detect) the patients' condition. Examples include diseases with episodic or fluctuating symptoms such as cardiac arrhythmias, Parkinson's, Alzheimer's, depression and other behavioral health issues. **iRhythm Technologies** (NLV-II) developed and markets an innovative, highly wearable, patch technology capable of recording continuous electrocardiograms for up to 14 days. This product has demonstrated a 5x improvement in diagnostic yield for cardiac arrhythmias relative to 24 - 48 hour Holter monitoring.

  The large scale deployment of electronic medical records ("EMRs"), healthcare information exchanges, and diagnostic and monitoring technologies, is driving exponential growth in professional health data around patient care and outcomes. At the same time, patients are discussing and sharing their own health care experiences and personal health data involving providers, therapeutics, and procedures on the internet. These vast and rapidly growing professional and consumer oriented healthcare data sets create an unprecedented repository of longitudinal data on populations of patients. By mining these data sets using big-data techniques and technologies that are being deployed successfully in other industries, it is possible to identify important findings that have huge commercial value that might previously have never have been detected. Specifically, the Fund Managers believe analytics applied to these data sets will allow care gaps to be readily identified and addressed, and best practices to be frequently revised, leading to a consistent iterative cycle of improvement. **Treato** (NLV-II) has developed a social health intelligence platform (aka "Social Listening") that identifies, analyzes and aggregates medical user generated content spread widely across the web



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in thousands of blogs and other written forums and converts this unstructured content into structured information to support better-informed decision making by patients, providers, and pharmaceutical marketing teams.

- *Investment Theme - Patient Engagement / Shift to Low-Cost Setting:* As incentives move away from procedural volume and towards cost-effective quality and outcomes, providers and care delivery organizations are seeking ways to deliver care outside of the hospital or physicians' office through technologies that may allow remote monitoring, and empowers other healthcare professionals, or even patients to play a greater role in patient care and well-being. **Audax Health** (NLV-II; exited at 3.4x) touches on this theme with its *Zensey* product, which engages patients in their own health through programs endorsed by their payer.

Problem Area: Inflated Pricing & Fraud

- *Investment Theme - Price & Cost Transparency, Financial Error Reduction*: Error reduction can generate significant cost savings at the enterprise level. **Truveris** (NLV-II) allows self-insured employers to verify the accuracy of all pharmaceutical benefit claims from their pharmacy benefit managers in real time, thus resulting in more accurate payments and significant cost savings.

These are just some of the illustrative themes for I.C. investments in NLV-III. This is an emerging area with strong growth drivers, and the Fund Managers expect the opportunity set to evolve and broaden substantially over NLV-III's investment cycle.

An intriguing aspect of this sector is the possibility for significantly shortened development timelines and product iteration cycles. Particularly because they are usually outside the jurisdiction of the FDA and standard reimbursement paths, companies in the I.C. sector can develop and launch products in months not years, and for single digit millions rather than several tens of millions of dollars. Product development for these types of applications leverages "off-the-shelf technologies" in sensors, communications, software and web design/deployment that were invented and validated in non-healthcare market segments. These products can be quickly and cheaply tested, iterated and refined in the marketplace with customers while generating early revenue, which provides a greater degree of flexibility to evolve the right solution through a series of incremental improvements rather than a single track, expensive and prolonged development effort.

The Fund's I.C. investments will be predominantly in private companies in the U.S, at or near commercialization. Similar to the biopharmaceutical strategy, New Leaf's objective in its I.C. investments is to build ownership positions that are large enough to allow the Fund Managers to exert influence on the company, and to actively manage the investments through board participation. In certain circumstances, NLV may initially take smaller positions with plans to significantly increase the Fund's investment as the companies make progress through key early technical or commercial hurdles. Utilizing this strategy, the Fund Managers expect to build larger positions around select investments as they are progressively de-risked, and may not continue to support investments that do not demonstrate appropriate progress.



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The New Leaf team is one of the most experienced and proven teams in this sector. The Fund Managers' combination of proven track record, in-depth knowledge of the medical device and diagnostics fields, a strong current I.C. portfolio, and a thought-leading network of I.C. advisors, puts New Leaf in a position of leadership within this sector.

## MEDICAL DEVICES INVESTMENT STRATEGY

NLV-III's investment strategy in medical devices will focus on identifying a limited number of investment opportunities in companies with compelling later stage risk profiles. The Fund will seek to identify investments in companies that are developing innovative and differentiated medical devices, targeting large market opportunities, that offer the potential to meaningfully reduce overall patient treatment costs in high morbidity disease settings through substantial efficacy and safety benefits versus existing standards of care. Investments in this sector will have established regulatory approval pathways and clear regulatory precedents, or are already at the commercial stage at the time of initial investment. The objective will be to identify companies that because of their specific therapeutic area or technology focus, or because the company already has received key regulatory approvals, that they will be less affected by the headwinds that are challenging the sector more broadly. Importantly, these investments will be in therapeutic areas that are known to be of high strategic interest to a number of larger medical device companies, and thus have a high potential of generating M&A interest. The primary risks in these investments will be mostly operational execution, competition, and other market related risks.

Similar to the second half of the investment period for NLV-II, the Fund will have a more limited focus on medical device investments in NLV-III compared to previous funds. The slower projected pace of investment is based on the view that the operating and exit environment for companies in this sector will continue to be challenging due to increased regulatory and reimbursement uncertainty in the U.S. and E.U. These headwinds have resulted in increased development costs and significantly lengthened timelines for most development stage companies.

While the Fund Managers expect to see fewer compelling investment opportunities than have been available historically in the medical device sector, they do believe that they will be able to identify and source a number of later stage opportunities that are less affected by these obstacles, and that these will be attractive investment opportunities for NLV-III. One factor that supports this view is that the reduced level of competition for deals resulting from the decline in the number of active venture capital firms mentioned previously is even more pronounced in the medical device sector. Given New Leaf's historic leadership within this sector, and its clear commitment to remain active during this period of reduced funding, the Fund Managers expect that they will have excellent deal flow. Although the number of deals in this sector is likely to be somewhat lower than in previous funds, with the later stage focus, it is likely that the size of investments in this sector will be larger. Recent medical device investments in the New Leaf portfolio that fit this later stage definition include: **Neuronetics** (NLV-II, commercial stage), **CardioKinetix** (NLV-II, clinical development stage), and **Interlace Medical** (NLV-I, start-up focused on 510k product, acquired by Hologix, exited at 8.6x).


CONTROL NUMBER 257 - CONFIDENTIAL

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## BIOLOGICAL RESEARCH TOOLS & INFRASTRUCTURE INVESTMENT STRATEGY

NLV-III's investment strategy in Biological Research Tools and Infrastructure will focus on identifying companies that are at or near the commercial stage with novel products targeting established, high growth markets -- such as DNA sequencing and personalized medicine. The products of interest will be those based on differentiated technologies that offer higher quality biological results at significant cost savings to customers than current products. The investment theses for these companies will be based on rapidly building high-gross margins businesses that reach break-even on manageable timelines and limited capital budgets. An example of a tools company in the New Leaf portfolio is **Advanced Cellular Diagnostics** (NLV-II, commercial stage).

Research tools and infrastructure technology companies are benefiting from several positive healthcare industry tailwinds. Technology advancements over the past decade, such as genomic sequencing and personalized diagnostics, have generated the need for additional reagents and instruments to efficiently interrogate vast amounts of biological samples and process massive quantities of resulting data. Unlike biopharmaceutical or medical device product development, these new reagents are not subject to the risks of costly clinical trials, regulatory approvals and payer reimbursement. Thus, timelines are more manageable and predictable, and budgets are much more capital efficient. In fact, in this sector, the Fund Managers expect to identify opportunities for investment in technologies that have been largely de-risked, are commercial-ready, and can be funded to profitability on VC dollars. While substantial commercial adoption will likely be required for most companies in this sector to be acquired, given the high margins, rapid sales adoption, and relatively low sales and marketing costs, funding the launch of a new tool or technology in this sector can represent an attractive risk-reward investment.

This dynamic sector is growing rapidly and small companies have been a prolific source of innovative new products for the large, established companies that dominate the commercial distribution channels. The Fund will approach this sector opportunistically and will invest in a small number of companies with novel and clearly differentiated products targeting sectors of rapid growth that are at or near the commercial stage.

The Fund Managers expect investments in this sector and the medical device sector to comprise up to 15% of the Fund.


CONTROL NUMBER 257 - CONFIDENTIAL

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# VI. DEAL SOURCING & INVESTMENT PROCESS

The Fund Managers have a proactive approach to deal sourcing, which focuses on both private and public opportunities. The established and proven sourcing activities seek to identify the most compelling healthcare technology investment opportunities, at the most attractive time points for venture capital investment. The Fund Managers' goal is to identify opportunities that are based on the most interesting novel and proprietary technologies, but place their emphasis on being positioned for investing in these technologies in the round(s) that offer the most attractive risk-adjusted returns potential. These investment opportunities are identified through a number of parallel efforts, including:

- Systematic tracking of private and public companies that have product programs and technologies targeting disease areas and biological targets of high interest that are approaching key value inflection points. Current activities include comprehensive screening of companies with programs targeting high unmet medical needs where the strength of the science coupled with a rapid and lower capital intensity development path, provides a compelling risk-reward case for investment. At the present time, the Fund Managers are tracking a biopharma investment universe of approximately 1,000 mid-late stage private and small-cap public companies, many of which are in therapeutic areas of specific interest to the Fund Managers (e.g. Oncology, Infectious Disease, Central Nervous System, etc.);

- Continuous contact with a network of current and former portfolio company management teams;

- Networking with current and former senior management team members from leading pharmaceutical, biotech, medical device, and HIT companies to understand their strategic priorities and to identify assets/programs that may become available for spinouts or structured financings;

- Staying up to date and in contact with leading academic thought leaders working in NLV's fields of interest;

- Active coverage of major investor, medical and scientific meetings; and

- Working closely with other venture capitalists with overlapping interests to ensure NLV sees the broadest range of high quality opportunities and are positioned for working with the strongest syndicates.

A key success factor behind the Fund Managers' deal sourcing activities is a strong network of entrepreneurs, industry executives, renowned clinicians, leading academic scientists, other venture investors, and experienced consultants. The Fund Managers believe that this network plays a critical role in helping to identify the most interesting opportunities, bringing the leading resources to bear to assist in due diligence, and in providing important technical and recruiting support in building portfolio companies. The Fund Managers continuously invest time and energy in updating and building this strong network to ensure access to the managers and thought leaders that are the industry's leaders in the sectors of interest.


CONTROL NUMBER 257 - CONFIDENTIAL

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The New Leaf team applies a rigorous, systematic, fundamentals-driven approach to diligence on all new deals, which, in addition to assessment against the sector specific strategies, includes consideration of the following risk/reward factors:

- Medical need and market size
- Competing therapies, both drugs and devices
- Strength of intellectual property
- Ease of physician adoption of new therapy
- Specific details of clinical trial design and trial execution risks
- Regulatory and reimbursement risks across relevant geographies
- Management team's ability to both execute the business plan and the exit
- Time and money required to reach next important milestone(s)
- Likely exit; potential acquirers, IPO prospects.

The Fund Managers will continue their proven investment philosophy and investment process, which emphasizes a team approach to proactive deal sourcing, rigorous investment analysis, significant involvement with portfolio companies and active management of investments and exits, and a focus on key "risk inflection" points based on the disease and technology. Investments will include both development stage and start-up stage companies, as well as growth equity or expansion capital investment in NLV-III's targeted sectors, in the private and public markets.

The Fund Managers have a long history of separating the roles of transaction finder, negotiating/closing the transaction, and board member, as needed. New Leaf seeks to put the most appropriate investment professional on the board of companies, based on experience. The Fund Managers have fostered a culture that discourages any professional from feeling the need to control all aspects of an investment. Credit is given for each professional's role, and for each team member's ability to be a team player. New Leaf seeks to avoid "lone ranger" behavior and instead actively implements a team approach.

The Fund Managers intend to create a very selective portfolio of 24 to 28 companies, which will include a balanced mix of investments in private companies and small capitalization public companies. The targeted portfolio is expected to be diversified across biopharmaceuticals (50 - 60%), information convergence (up to 25%), and the remainder across investments in later stage medical device and biological tools and infrastructure companies. While the Fund Managers believe this distribution of investments is the most likely outcome, it also intends to take full advantage of pricing discontinuities should they emerge in any of the identified sectors of interest, possibly resulting in variance from this targeted allocation.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024055

# VII. ONGOING RELATIONSHIP WITH SPROUT FUNDS

Since 2005, the Fund Managers have managed the remaining portfolio of healthcare technology investments in Sprout Capital VII, L.P., Sprout Capital VIII, L.P., and Sprout Capital IX, L.P. under a Sub-Management Agreement between Credit Suisse and New Leaf Venture Partners, L.L.C. (the "**Management Company**"). In return for these management services, the Management Company had received a portion of the management fee collected by those Sprout funds related to the healthcare portfolio.

At the present time, Sprout Capital IX, L.P. is the only fund with any remaining active healthcare technology investments. There were six active health care technology companies (three board seats) in the Sprout Capital IX, L.P. portfolio that are managed by the Fund Managers, which represented $68 million of carrying value as of March 31, 2014. These remaining investments are in mature companies and the Fund Managers intend to continue to manage the investments with an emphasis on finding exit opportunities for each company at an appropriate time. The Fund Managers have already exited a portion of these companies in early 2014, leaving a very limited tail of Sprout investments and board seats.

The Fund Managers expect the arrangement with Credit Suisse to continue for the foreseeable future, but the Management Company no longer receives any management fees for these services. The Sub-Management Agreement between Credit Suisse and the Management Company will wind down and eventually be terminated as the investments in the Sprout Capital IX, L.P. portfolio are exited.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024056

# VIII. SUMMARY OF PARTNERSHIP TERMS

*The following information is presented as a summary of the Fund's principal terms only and is qualified in its entirety by reference to the Fund's Amended and Restated Limited Partnership Agreement (as amended, restated or otherwise modified from time to time, the "Partnership Agreement") and the subscription agreement relating thereto (together with the Partnership Agreement, the "Agreements"), copies of which will be provided to each prospective investor prior to the acceptance of any subscription. Prior to making any investment in the Fund, the forms of such Agreements should be reviewed carefully. If the terms described in this Memorandum are inconsistent with or contrary to the terms of the Agreements, the Agreements shall control.*

**The Fund:** New Leaf Ventures III, L.P., a Delaware limited partnership (the "Fund").

**General Partner:** New Leaf Venture Associates III, L.P., a Delaware limited partnership (the "General Partner"), is the sole general partner of the Fund. The general partner of the General Partner is New Leaf Venture Management III, L.L.C., a Delaware limited liability company (the "GPLLC"). The initial managing members (the "Principals") of the GPLLC are Philippe Chambon, Jeani Delagardelle, Ronald Hunt, Vijay Lathi and Liam Ratcliffe.

**Investment Objective:** To generate significant returns, principally through long-term capital appreciation, by making, holding and disposing of equity and equity-related investments, principally in healthcare, medical device and life sciences companies.

**Size of Offering:** The Fund is targeting capital commitments ("Commitments") of $375 million with respect to limited partner interests (the "Limited Partner Interests"). The General Partner may accept a greater or lesser amount of Commitments from Limited Partners (as defined below) in its discretion.

**Minimum Investment:** The minimum capital commitment of a limited partner to the Fund (collectively, the "Limited Partners" and together with the General Partner, the "Partners") will be $5 million, although individual capital commitments of lesser amounts may be accepted at the discretion of the General Partner. The General Partner may, in its discretion, reject any subscription that is tendered.

**Closing(s):** The initial closing will occur as soon as practicable. The General Partner may hold additional closings thereafter; provided that the final closing will occur no later than 12 months after the initial closing (the "Final Closing Date").

Each Limited Partner admitted at a subsequent closing will be



HOUSE_OVERSIGHT_024057

required to contribute the same percentage of its Commitment as each of the other Limited Partners had been required to contribute prior to such closing plus an additional amount, calculated like interest at the prime rate plus 2% per annum, compounded quarterly, on the amount of such contribution.

**General Partner Commitment**

The General Partner will commit to the Fund at least 1.5% of the aggregate Commitments of the Partners.

**Term:**

10 years, subject to the General Partner's right to extend the term for up to three one-year periods, with the approval of the Advisory Board (as defined below).

**Drawdowns:**

Commitments are expected to be drawn down on an as needed basis, generally, with not less than 10 business days' prior written notice. The initial capital contributions of the Partners will be due on not less than 7 business days' prior written notice.

**Investment Period:**

The Partners will have no obligation to make additional capital contributions to fund new investments during a Suspension Period (as defined below) or after the period commencing on the Fund's initial closing date and ending on the earliest of (i) the fifth anniversary of the Final Closing Date and (ii) the date on which a Suspension Period becomes permanent (the "Investment Period"); provided, however, that the Partners will have a continuing obligation to make capital contributions to fund prospective investments in process, follow-on investments, and to pay Fund expenses and other Fund obligations (including, without limitation, the Management Fee (as defined below) and indemnification obligations).

**Diversification & Investment Limitations:**

Without the approval or ratification of the Advisory Board:

(a) the Fund's total investment in any single Portfolio Company shall not exceed 10% of the aggregate Subscriptions of all Partners;

(b) the Fund's total investment in Portfolio Companies organized in jurisdictions outside of the United States and Canada shall not exceed 15% of the aggregate Subscriptions of all Partners;

(c) the Fund may not as of any time invest more than 10% of the aggregate Subscriptions of all Partners in open market purchases of securities that, at the time of investment, are traded on a Public Securities Market and are being purchased as a stand-alone passive investment; provided, however, that for the avoidance of doubt, the foregoing restriction shall not apply



HOUSE_OVERSIGHT_024058

to Temporary Investments, "PIPES" and other purchases of securities in private placements that are not traded on a Public Securities Market at the time of such investment, "toe-hold" investments (e.g. investments that are intended to lead to a potential private or larger investment), Portfolio Investments where the Partnership has the right to designate a director, and follow-on investments in or related to the foregoing;

(d) the Fund shall not invest in the securities of any other pooled investment vehicle with respect to which any Person is entitled to a share of profits (whether in the form of fees, distributions or otherwise) disproportionate to its share of the contributed capital of the vehicle unless the General Partner arranges for a reduction in the Management Fee in the amount of the "management fee" and "carried interest" attributable to the Fund's interest in such vehicle; provided, however, that the Fund shall not, without the approval or ratification of the Advisory Board, invest more than 5% of the aggregate Subscriptions of all Partners in the securities of any such pooled investment vehicle; and provided, further, however, that nothing herein shall prevent the Fund from (1) investing the Fund's cash in a regulated investment company or similar entity or fund sponsored by a bank subject to the Bank Holding Company Act as a Temporary Investment or (2) investing in operating businesses through an alternative investment vehicle; or

(f) The Fund shall not invest in any uncovered options, futures contracts or other derivative securities, or sell securities short in an uncovered transaction.

**Advisory Board:** The Fund will have a limited partner advisory board (the "Advisory Board") consisting of at least three persons chosen by the General Partner from persons associated with the Limited Partners; provided that neither the General Partner nor any of its affiliates may be a member of the Advisory Board. The duties of the Advisory Board (or its committees) shall be to: (a) be available to offer advice to the General Partner regarding the activities of the Fund; (b) review and advise the General Partner regarding transactions involving potential conflicts of interest submitted to them by the General Partner; (c) approve the valuation methodology formulated by the General Partner for determining the value of the Fund's assets and review periodic valuations submitted to it by the General Partner; and (d) undertake such other duties as are required by this Agreement or reasonably requested by the General Partner.

**Limited Reinvestment:** Without the consent of the Advisory Board, the General Partner shall not permit the aggregate purchase price of long-term investments to exceed 110% of aggregate Commitments.

**Distributions:** All distributions prior to the dissolution of the Fund will be made at such times and in such amounts as the General Partner shall determine. All such distributions will be apportioned among the Partners as follows:

(i) First, 100% to all Partners in proportion to their capital contributions until each Partner has received distributions in an amount equal to such Partner's capital contributions; and

(ii) Thereafter, 20% to the General Partner and 80% to all Partners in proportion to their respective capital contributions.

With respect to any fiscal year, the Fund may make cash distributions to the Partners in amounts intended to defray the Partners' tax liability resulting from their interests in the Fund during such fiscal year.

Liquidating distributions will be made in accordance with positive capital account balances.

**Allocations:** The Fund will maintain capital accounts on behalf of each Partner in accordance with U.S. Federal income tax requirements. In general, any cumulative net loss will be allocated to the capital accounts of the Partners in proportion their contributions, and any cumulative net gain will be allocated 20% to the capital account of the General Partner and 80% to the capital accounts of all Partners in proportion to their contributions. Notwithstanding the foregoing, items of expense will be allocated to the Partners in proportion to their contributions and will be offset by subsequent allocations of net profit (to the extent thereof), provided that the General Partner will not be allocated any items of expense attributable to the Management Fee.

**General Partner Clawback:** If, after the Fund has made its final liquidating distribution, the General Partner has received aggregate distributions with respect to its "carried interest" in excess of the cumulative net profit allocated to the General Partner with respect to its "carried interest," the General Partner will return to the Fund the amount of that excess; provided, however, that in no event shall the General Partner be required to return to the Fund an amount in excess of the aggregate distributions made to the General Partner that are attributable to its "carried interest" less tax distributions. All carry recipients shall be severally, but not jointly, liable for their respective proportional shares of the



HOUSE_OVERSIGHT_024060

General Partner's return obligation set forth in the preceding sentence; provided, however, that in no event shall any carry recipient be required to return to the Fund an amount in excess of the aggregate distributions made to it that are attributable to the General Partner's "carried interest" less tax distributions with respect thereto.

**Management Fee:**

The Fund will enter into a management agreement with New Leaf Venture Partners, L.L.C., a Delaware limited liability company, or an affiliate thereof (the "Management Company") to provide management and administrative services to the Fund.

The Fund will pay the Management Company an annual management fee (the "Management Fee") equal to 2.5% per annum of Commitments, payable in advance on a quarterly basis. For each successive twelve-month period beginning on the first day of the fiscal quarter following the date which is the fourth anniversary of the Final Closing Date, the percentage used in calculating the annual Management Fee shall be determined by multiplying the percentage used to determine the Management Fee for the prior twelve-month period by 88%; provided, however, in no event shall such percentage be reduced below 1.35% per annum.

**Commitment, Break-Up and Monitoring Fees:**

100% of all directors' fees, consulting fees, commitment fees, monitoring fees, investment banking, transaction or break-up fees or other remuneration (excluding directors' fees and options for service on the board of a publicly-traded portfolio company) paid by the Fund's portfolio companies to the General Partner, the Management Company or the Managers ("Portfolio Company Remuneration"), net of expenses, will be treated as an offset to the Management Fee; provided, however, that the Management Fee shall not be reduced below zero. Any reimbursement of the General Partner, the Management Company or the Managers for out-of-pocket expenses incurred on behalf of a portfolio company will not offset the Management Fee.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024061

**Organizational Expenses:** The Fund will bear expenses relating to the organization of the Fund and its affiliates and the offering of the Limited Partner Interests, including legal, accounting, travel, meeting, printing and other administrative expenses, up to an aggregate of $1,250,000. The Management Fee will be reduced by organizational expenses paid by the Fund in excess of this amount and by any placement fees paid by the Fund.

**Operating Expenses:** The Management Company will assume and pay all normal operating expenses attributable to the Fund's investment activities, including all routine, recurring expenses incident to the investment activities of the Fund; compensation and expenses of the employees of the Management Company and fees and expenses for administrative, clerical and related support services, maintenance of books and records for the Fund, office space and facilities, utilities, telephone and travel insofar as they relate to the investment activities of the Fund.

In addition to the Management Fee, the Fund will be responsible for all other costs and expenses of the Fund that are not reimbursed by third parties, including without limitation, organizational expenses and placement fees (each as described above); liquidation expenses of the Fund; any sales or other taxes, fees or government charges which may be assessed against the Fund; commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated); fees and compensation (if any) and expenses of members of the Advisory Board (including travel-related costs and expenses); the fees and compensation (if any) and expenses of any technical or scientific advisory board with which the Fund consults; the costs and expenses (including travel-related expenses) of hosting annual or special meetings for the Partners of the Fund, or otherwise holding meetings or conferences with Partners of the Fund, whether individually or in a group; fees and expenses for consulting services; interest expense for borrowed money (if any); all expenses relating to litigation and threatened litigation involving the Fund, including indemnification expenses; expenses attributable to normal and extraordinary investment banking, commercial banking, accounting, appraisal, legal, custodial and registration services provided to the Fund, including in each case services with respect to the proposed purchase or sale of securities by the Fund that are not reimbursed by the issuer of such securities (whether or not any such purchase or sale is consummated and including expenses incurred by the tax matters partner);



HOUSE_OVERSIGHT_024062

premiums for liability insurance to protect the Fund, the General Partner, the partners of the General Partner, the members of the GPLLC, the members of the Advisory Board, and any of their respective partners, members, stockholders, officers, directors, trustees, employees, agents or affiliates in connection with the activities of the Fund and premiums to pay "key-man" insurance; and all other expenses properly chargeable to the activities of the Fund.

Distributions may be recalled for up to one year following the date of liquidation of the Fund to satisfy (1) any obligations, liabilities and other expenses that arise from the Fund's Portfolio Investments and (2) the Fund's indemnification obligations; provided that no Partner shall be required to return an aggregate amount greater than the lesser of (A) the aggregate amount of distributions made to such Partner (and such Partner's predecessors in interest) and (B) 25% of such Partner's Commitment

**Key Person Event:**

The General Partner shall promptly notify the Advisory Board in writing if, prior to the end of the Investment Period, fewer than three Principals satisfy their obligation to devote substantially all of their business time to the affairs of the Management Company and its affiliates (including by reason of death or disability) for a period exceeding 60 days. Following any such occurrence, the Fund shall not make any new portfolio investments other than permitted investments (a "Suspension Period), unless such Suspension Period is lifted as provided in the Partnership Agreement.

**No Fault Termination of the Investment Period:**

Eighty-five percent in interest of the Limited Partners may cause a termination of the Investment Period at any time after the second anniversary of the Initial Closing Date, with such termination to be effective as of the date they deliver written notice of such termination to the General Partner, after which the Fund shall not make any new portfolio investments other than permitted investments as set forth in the Partnership Agreement.

**No Fault Termination of the Fund:**

Eighty per cent in interest of the Limited Partners (excluding affiliates of the General Partner) may vote to dissolve the Fund at any time after the second anniversary of the initial closing date upon 120 days' notice.

**Removal of the General Partner for Cause:**

66 2/3% in interest of the Limited Partners may remove the General Partner upon the occurrence of certain cause events specified in the Partnership Agreement.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024063

**Transferability of Interests and Withdrawal:** A Limited Partner may not sell, assign, or transfer any interest in the Fund or withdraw from the Fund except under certain limited circumstances and with the prior written consent of the General Partner.

**Borrowings and Guarantees:** The Fund may borrow money on a short-term basis pending drawdowns of capital contributions in an aggregate amount outstanding at any time not exceeding 15% of aggregate Commitments, or such greater amount as is otherwise approved by the Advisory Board; provided that the maturity of any such borrowing shall not exceed 90 days. The Fund may guarantee the indebtedness of any portfolio company; provided, however, that, without the approval of the Advisory Board, the total amount of outstanding Fund guarantees shall not exceed 15% of aggregate Commitments.

**Default:** If any Limited Partner defaults in the payment of any part of its Commitment when due, it will be subject to significant penalties as specified in the Partnership Agreement, including forfeiture of all or a portion of such Limited Partner's interest in the Fund.

**Reports:** The Partners will receive (i) audited annual financial statements, (ii) unaudited quarterly financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for completion of their income tax returns and (iv) periodically certain descriptive information related to portfolio investments. Reports and information, and the General Partner's obligation to provide such reports and information, will be subject to confidentiality restrictions and limitations as set forth in the Partnership Agreement. Each Limited Partner will be required to maintain information provided to it about the Fund, its business and portfolio investments in the strictest confidence and to not disclose such information except in certain limited circumstances.

**Parallel Funds:** In order to facilitate investments by certain investors, the General Partner may create parallel or other investment vehicles or investment advisory programs, the structure of which may differ from that of the Fund but which will generally invest proportionately in all portfolio investments on substantially the same terms and conditions as the Fund, subject to applicable investment restrictions.

**Alternative Investment Vehicles:** If the General Partner determines that for legal, tax or regulatory reasons that an investment should be made through an alternative investment vehicle, the General Partner may structure the making of all or a portion of such investment



HOUSE_OVERSIGHT_024064

outside the Fund, by requiring some or all of the Limited Partners to make such investment through a limited liability entity that will invest on a parallel basis with, or in lieu of, the Fund, as the case may be.

**Successor Fund:**

Without the prior written consent of the Advisory Board, none of the General Partner, the GPLLC or any Principal may hold an initial closing for a limited partnership or other investment vehicle with an investment strategy substantially similar to the Fund (a "Successor Fund") prior to the earlier of (i) the end of the Investment Period and (ii) the date on which at least 70% of aggregate Commitments of all Partners have been invested, expended, committed, or reserved for future investments in existing portfolio companies or for reasonably anticipated Fund expenses.

**Exculpation and Indemnification:**

None of General Partner, the partners of the General Partner, the members of the GPLLC, the Principals, the Management Company, or any partner, member, stockholder, officer, director, manager, trustee, employee, agent or affiliate of any of the foregoing shall be liable to the Fund or any Partner for any loss suffered by the Fund or any Partner which arises out of any investment or any other action or omission of such person if (a) such person acted in good faith and reasonably believed that such course of conduct was in, or not opposed to, the best interest of the Fund and (b) such conduct did not constitute a breach of such person's fiduciary duty (if any) to the Fund, gross negligence, intentional misconduct, intentional and material breach by such person of its obligations under the Partnership Agreement (provided that such breach is not cured within 60 days of notice from a majority in interest of the Limited Partners of such breach), a willful violation of law or the commission of a felony.

No member of the Advisory Board or any other board or committee formed to assist or advise the General Partner and no Limited Partner who may have designated such member shall be liable to the Fund or any Partner for any loss suffered by the Fund or any Partner which arises out of any action or omission of such member, provided that such member acted in good faith and reasonably believed that such course of conduct was in, or was not opposed to, the best interest of the Fund and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

The General Partner, the partners of the General Partner, the members of the GPLLC, the Principals, the Management Company, each liquidator, each member of the Advisory Board



HOUSE_OVERSIGHT_024065

or any other board or committee formed to assist or advise the General Partner, each Limited Partner that designated a member of the Advisory Board, and each partner, member, stockholder, director, officer, manager, trustee, employee, agent and affiliate of any of the foregoing shall be indemnified by the Fund against any claim, demand, controversy, dispute, cost, loss, damage, expense (including attorneys' fees), judgment and/or liability incurred by or imposed upon the indemnitee in connection with any action, suit or proceeding to which the indemnitee may be made a party or otherwise involved or with which the indemnitee shall be threatened, in connection with their activities on behalf of, or their association with, the Fund; provided, however, that such an indemnitee, other than an indemnitee acting in his capacity as a member of the Advisory Board or any other board or committee formed to assist or advise the General Partner and a Limited Partner who has designated such member, shall not be indemnified with respect to matters as to which the indemnitee shall have been finally adjudicated in any such action, suit or proceeding (a) not to have acted in good faith and in the reasonable belief that the indemnitee's action was in, or not opposed to, the best interests of the Fund or (b) to have committed a breach of such person's fiduciary duty (if any) to the Fund, gross negligence, intentional misconduct, intentional and material breach by such person of its obligations under the Partnership Agreement (provided that such breach is not cured within 60 days of notice from a majority in interest of the Limited Partners of such breach), a willful violation of law or the commission of a felony. An indemnitee either acting in his capacity as a member of the Advisory Board or any other board or committee formed to assist or advise the General Partner or that is a Limited Partner who has designated such member shall not be indemnified with respect to matters as to which the indemnitee shall have been finally adjudicated in any such action, suit or proceeding (1) not to have acted in good faith and in the reasonable belief that the indemnitee's action was in, or not opposed to, the best interests of the Fund or (2), with respect to any criminal action or proceeding, such person had reasonable cause to believe that his or her conduct was unlawful.

Notwithstanding the foregoing, in no event will the Fund provide indemnification to any indemnitee for any action or omission taken by such indemnitee in such person's capacity as a director of any portfolio company in which the Fund no longer holds an investment, to the extent such liabilities solely relate to activities of such person during the period commencing 18 months after the date on which the Fund has sold or otherwise disposed of its entire interest in such portfolio



HOUSE_OVERSIGHT_024066

company.

**Certain ERISA Considerations:** Under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), fiduciaries of prospective investors that are retirement plans subject to ERISA ("ERISA Plans") must determine that an investment in the Fund is prudent, that such investment satisfies the requirement that plan assets be diversified and that such investment complies with the other requirements applicable to ERISA Plans. The General Partner intends to conduct the operations of the Fund so that it will be an appropriate investment for ERISA Plans. In particular, the General Partner will use reasonable best efforts to conduct the affairs and operations of the Fund in such a manner so that the assets of the Fund will not be treated as "plan assets" of any ERISA Plan for purposes of ERISA. Prospective investors that are ERISA Plans are advised to consult their own advisors as to the effect of ERISA (or other applicable law) on an investment in the Fund. The fiduciary of each prospective ERISA Plan investor must independently determine that the Fund is an appropriate investment for such ERISA Plan, taking into account the fiduciary's obligations under ERISA and the facts and circumstances of each investing ERISA Plan. (See Section X, "Certain Tax and ERISA Considerations.")

**U.S. Tax-Exempt Investors:** Prospective investors are advised to consult their own tax advisors as to the tax consequences of an investment in the Fund. Subject to certain exceptions, the General Partner will use reasonable best efforts to conduct the affairs of the Fund in a manner that is not expected to cause any tax- exempt partner to realize any "unrelated business taxable income" within the meaning of Sections 512 through 514 of the Code. (See Section X, "Certain Tax and ERISA Considerations.") The General Partner's undertaking will be deemed satisfied with respect to the making, holding or disposing of any portfolio investment if the tax exempt U.S. Partners are given the opportunity to (or if all Limited Partners are otherwise required to) hold their proportionate shares of such portfolio investment directly or indirectly through an alternative investment vehicle treated as a corporation for U.S. federal income tax purposes.

**Non-U.S. Investors:** Prospective investors are advised to consult their own tax advisors as to the tax consequences of an investment in the Fund. Subject to certain exceptions, the General Partner will use commercially reasonable efforts to conduct the affairs of the Fund in a manner that is not expected to cause the Fund to be treated for United States federal income tax purposes as engaged in a "trade or business within the United States,"



HOUSE_OVERSIGHT_024067

within the meaning of Section 864(b) of the Code. (See Section X, "Certain Tax and ERISA Considerations.") The General Partner's undertaking will be deemed satisfied with respect to the making, holding or disposing of any portfolio investment if the Non U.S. Partners are given the opportunity to (or if all Limited Partners are otherwise required to) hold their proportionate shares of such portfolio investment directly or indirectly through an alternative investment vehicle treated as a corporation for U.S. federal income tax purposes.

**Risk Factors:** An investment in the Fund involves a high degree of risk. Prospective investors should carefully review the matters discussed under Section IX, "Certain Investment Considerations."

**Legal Counsel:** Proskauer Rose LLP



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024068

# IX. CERTAIN INVESTMENT CONSIDERATIONS

*An investment in the Fund entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of the Fund and bearing the risks it represents. There can be no assurance that the Fund's investment objectives will be achieved or that an investor will receive a return of its capital, and therefore, an investor should only invest in the Fund if such investor is able to withstand a total loss of its investment. In addition, there will be occasions when the General Partner and its affiliates may encounter potential conflicts of interest in connection with the Fund. Prospective investors in the Fund should carefully consider the following factors in connection with an investment in the Fund. The following is not a complete list of all risks involved in connection with an investment in the Fund. In addition to the items discussed below, prospective investors should also consider the information described in Section XI, "Certain Tax & ERISA Considerations" and elsewhere in this Memorandum. Prospective investors are cautioned not to rely on the prior returns set forth in this Memorandum in making a decision whether or not to purchase the Limited Partner Interests offered hereby. The return information contained in this Memorandum has not been audited or verified by any independent party and should not be considered representative of the returns that may be received by an investor in the Fund. Past performance is not a guarantee of future results.*

**Risk of Venture Capital Investments**

While venture capital investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early state of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Due to the limited number of investments that the Fund may make, poor performance by some of the Fund's investments could significantly affect the total returns to Limited Partners.

**Focused Investment Strategy**

The Fund will be focused on life sciences and healthcare technology investments and may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the Fund's investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus.

**Risks Associated with Investments in Life Sciences and Healthcare Technology Companies**

The success of the Fund's portfolio companies may be dependent upon obtaining certain governmental approvals. Companies in the life sciences and healthcare technology industry typically require the approval of agencies such as the FDA prior to marketing their products to the public. Of particular significance are the FDA requirements covering research and development, testing, manufacturing, quality control, labeling and promotion of drugs for human use. The approval process is very lengthy and very costly, and there can be no guarantee that a portfolio company will obtain the necessary approvals for its products. If a portfolio company is unable to obtain these approvals in a timely fashion, the portfolio



HOUSE_OVERSIGHT_024069

company may experience significant adverse effects, which in turn could negatively affect the performance of the Fund. Moreover, the current regulatory framework may change or additional regulations may arise at any stage during the product development phase of a portfolio company, which may affect the company's ability to obtain approval of its products.

The Fund may invest in companies that will need to obtain patents for their products, both in the U.S. and in other countries. The patent protection of the intellectual property of healthcare technology companies in many countries is highly uncertain and involves complex legal, scientific and factual issues. The policy regarding allowable claimed subject matter of life sciences or healthcare technology patents varies from jurisdiction to jurisdiction.

**Dependence on Single Products**

Companies in which the Fund invests may only have one product under development. There can be no assurance that the product will be approved for marketing by the FDA or any foreign regulatory agency. Further, competition to the product may develop from other new and existing products. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company, which in turn could negatively affect the performance of the Fund.

**Dependence on Reimbursement and Third-Party Pricing Policies for Products**

The ability of the Fund's portfolio companies to commercialize any product candidate successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A major trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors, particularly Medicare, have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Portfolio companies cannot be sure that coverage and reimbursement will be available for any product that they commercialize, and, even if these are available, the level of reimbursement may not be satisfactory.

Reimbursement may affect the demand for, or the price of, any product candidate for which a portfolio company obtains marketing approval. Obtaining and maintaining adequate reimbursement for a portfolio company's products may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician or because a drug may be administered in combination with other drugs that may carry high prices. A portfolio company may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, a portfolio company may not be able to successfully commercialize any product candidate for which it obtains marketing approval. This, in turn, could negatively affect the performance of the Fund.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024070

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers a portfolio company's costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover a portfolio company's costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. A portfolio company's inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that a portfolio company may develop could have a material adverse effect on its operating results, its ability to raise capital needed to commercialize products and its overall financial condition. This, in turn, could negatively affect the performance of the Fund.

**Political Risk; Current and Future Healthcare Reforms**

Political events can have an impact on pharmaceutical and biotechnology companies. There can be no guarantee that government's role in the healthcare industry will not adversely impact the performance of the Fund.

In both the U.S. and foreign markets, sales of healthcare products and services and their success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers, and other organizations. The levels of revenues and profitability of providers of healthcare products and services may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a company's proposed products or services will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment.

Moreover, there continues to be significant interest among policy makers and government and private payors in the United States and foreign jurisdictions in promoting changes in healthcare systems to contain healthcare costs and improve the overall quality of care and wellness.

For example, on March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act, which Congress modified pursuant to the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act"). The Act expands insurance coverage to more individuals, which could have a negative impact on the pharmaceutical industry. Among the aspects of the Act that may have an adverse impact on the Fund are (i) mandatory annual fees on pharmaceutical manufacturers, (ii) discounts of 50% on brand name prescription drugs for certain Medicare Part D beneficiaries (i.e., those who are required to pay 100% of their



HOUSE_OVERSIGHT_024071

prescription drug costs during the temporary "gap" from Medicare coverage until their prescription drug costs reach the threshold for catastrophic coverage by Medicare), (iii) an approval process for generic biologics and granting exclusive marketing rights to original manufacturers for 12 years, (iv) increased drug rebates to the Medicaid program, and (v) disclosure requirements for financial relationships between various healthcare entities.

Within the U.S., the pharmaceutical industry has been a particular focus of both state and federal governments' reform efforts. Other than reform measures adopted in the Act, proposed reforms include, but are not limited to, the following:

- increasing regulation of pharmaceutical sales representatives;
- restricting direct to consumer advertising and off-label uses;
- limiting manufacturers' access to marketing data;
- authorizing the importation of drugs from Canada and other foreign countries to lower pharmaceutical costs to U.S. consumers;
- price discounts, formularies or rebates to government healthcare programs; and
- allowing government healthcare programs to negotiate prescription drug prices directly with manufacturers.

While the Fund cannot predict which legislative or regulatory proposals will be adopted or what affect the adopted proposals, including the Act, may have on the biopharmaceutical companies in which the Fund invests, the pendency, approval or implementation of such proposals could decrease the Fund's anticipated returns or adversely affect its investment opportunities.

**Availability of Investment Capital**

Many portfolio companies will require several rounds of capital infusions before reaching maturity. The Fund and its co-investors may not provide all necessary follow-on capital to portfolio companies. Accordingly, third-party sources of financing may be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Fund. Furthermore, the Fund's capital is limited and may not be adequate to protect the Fund from dilution resulting from multiple rounds of portfolio company financings. If the Fund does not have capital available to participate in subsequent rounds of financing, failure to participate may have a significant negative impact on the portfolio company as well as the value of the Fund's investment.

**Economic and Market Risk**

Companies in which the Fund invests may be sensitive to general downward swings in the overall economy or in the healthcare technology sector. Changes in economic conditions, including, for example, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors, none of which will be within the control of the General Partner, can affect substantially and adversely the business and prospects of the Fund. A major recession or adverse developments in the securities market might have an impact on some or all of the Fund's investments. In addition, factors specific to a portfolio company may have an adverse effect on the Fund's investment in such company. The General Partner may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to



HOUSE_OVERSIGHT_024072

certain factors beyond the control of the portfolio company and the General Partner. The economic environment for all companies, and in particular for healthcare technology and start-up companies, may remain challenging. Business risks may be more significant in portfolio companies embarking on a build-up or operating turnaround strategy and in smaller or development stage portfolio companies. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance.

**Illiquidity of Portfolio Investments**
Investments by the Fund generally will be illiquid securities acquired through privately negotiated transactions. The Fund may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete an exit strategy. External factors beyond the General Partner's control, such as overall economic conditions, the competitive environment and the availability of potential acquirors of the Fund's interests in portfolio companies may shorten or lengthen the Fund's holding period in such portfolio companies. In some cases, the Fund may be prohibited by contract from selling such securities for a period of time or otherwise may be restricted from the disposition of such securities.

**Lack of Operating History**
The Fund and the General Partner are newly formed entities, and, accordingly have no operating history or investments upon which investors can evaluate the potential performance of the Fund. The prior performance of the Fund Managers or their investments as described in this Memorandum is not necessarily indicative of the Fund's future results. There can be no assurance that investments by the Fund will achieve returns comparable to the historical performance reflected in this Memorandum, and in any event, the returns achieved by the Fund will be subject to the Management Fee and the General Partner's carried interest. Any given investment made by the Fund may prove to be worthless, and there is a risk that investors could lose money.

**No Assurance of Profit or Distributions**
The Fund's task of identifying opportunities in private and public operating companies, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. There is no assurance that the investments of the Fund will be profitable or that any distribution will be made to the Limited Partners. Any return on investment to the Limited Partners will depend upon successful investments being made by the Fund. The marketability and value of any such investment will depend upon many factors beyond the control of the Fund. The Fund may not have sufficient cash available to make tax distributions to the Partners. The expenses of the Fund may exceed its income, and the Limited Partners could lose the entire amount of their contributed capital. Accordingly, prospective investors should not subscribe to the Fund unless they can readily bear the consequences of such a loss.

**Competition**
The business of identifying, structuring and implementing venture capital investments, along with other investments within the strategy of NLV-III is highly competitive. The Fund will be competing for investments against other groups, including institutional investors, investment managers and industrial groups owned by large and well-capitalized investors. It is possible



HOUSE_OVERSIGHT_024073

that competition for appropriate investment opportunities may limit significantly the number of opportunities available to the Fund and adversely affect the terms upon which investments can be made. There can be no assurance that the Fund will be successful in its efforts to identify attractive investment opportunities, and it is possible that the Fund's Commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by the Fund during the Investment Period.

**Management of the Fund**
The General Partner will make decisions with respect to the management of the Fund. Limited Partners have no right or power to take part in the management of the Fund. The Limited Partners will not receive the detailed financial information issued by portfolio companies that will be available to the Fund. Accordingly, the Limited Partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the General Partner in its selection of investments. An investor in the Fund must rely upon the ability of the General Partner with the assistance of the Management Company to identify, structure, and implement investments consistent with the Fund's investment objectives and policies. Accordingly, no person should purchase Limited Partner Interests unless such person is willing to entrust all aspects of the management of the Fund to the General Partner.

**Reliance on Management of Fund**
The success of the Fund will be largely dependent upon the activities of the Fund Managers. The loss of one or more of these individuals could have a significant adverse impact on the business of the Fund and its financial performance.

**Reliance Upon Portfolio Company Management**
Although the Fund may seek representation on the board of directors of each of the portfolio companies or otherwise provide management and strategic planning assistance, the Fund will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates employment, the Fund's investment in such company could be adversely affected.

**Potential Conflicts of Interest**
The Fund Managers will continue to devote a portion of their time to the business of the Sprout Funds, NLV-I, NLV-II and to any future funds that they may organize in accordance with the Partnership Agreement. Conflicts may arise in the allocation of investment opportunities and the Fund Managers' time among the Fund and other such partnerships and any such future funds. Prospective investors should be aware that there may be occasions when the General Partner, the Fund Managers, the Management Company and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities. The Partnership Agreement will contain certain protections for Limited Partners against conflicts of interest faced by the General Partner and its partners, but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of the General Partner, the Management Company and their partners to close scrutiny.


CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024074

**Profits Not Shared in Proportion to Contributed Capital**
The capital contribution of the General Partner will represent only a small portion of the Fund's capital. Limited Partners may invest greater amounts and may receive a proportionately smaller amount of the profits of the Fund than the General Partner. The General Partner may have an incentive to make investments that are riskier or more speculative than if the General Partner received allocations on a basis identical to that of the Limited Partners in the Fund or was compensated on a basis not tied to the performance of the Fund.

**Investment Opportunities**
The General Partner may in certain circumstances allocate investment opportunities to prior funds or potential successor funds. Allocation of investment opportunities will be made in good faith by the General Partner. There can be no assurance that the allocation of investment opportunities by the General Partner will not give rise to conflicts of interest between the investors of the respective funds.

**Long-Term Investment**
An investment in the Fund is a long-term commitment, and there is no assurance of any distribution to the Limited Partners prior to or upon liquidation of the Fund.

**Illiquidity of Limited Partner Interests**
The Limited Partner Interests are highly illiquid. There is no public market for the Limited Partner Interests and none is expected to develop. Limited Partner Interests in the Fund may not be assigned, transferred or encumbered without the prior written consent of the General Partner. Voluntary withdrawals of Limited Partner Interests are not permitted, except in limited circumstances where necessary to comply with laws or regulations applicable to a Limited Partner. Consequently, a Limited Partner may not be able to liquidate their investment in the event of a change in circumstances or for other reasons and, therefore, must be prepared to bear the risks of owning its interest in the Fund for an extended period of time. The Limited Partner Interests will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or under the various "Blue Sky" or securities laws of the state or jurisdiction of residence of any Limited Partner of the Fund. The Limited Partner Interests are being offered only to "accredited investors" under an exemption in Section 4(2) of the Securities Act and the rules of the Securities and Exchange Commission thereunder and exemptions under the various applicable "Blue Sky" and other state securities laws.

**Bridge Financings and Guarantees**
From time to time, the Fund may lend to portfolio companies on a short-term, unsecured basis or guaranty portfolio company obligations in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue and such bridge loans or guarantees may remain outstanding. In such event, the interest rate on such loans or compensation for such guaranty (if any) may not adequately reflect the risk associated with the unsecured position taken or guaranty given by the Fund.

**Portfolio Company Leverage**
To the extent that any investment is made in a portfolio company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Fund in such company could be significantly reduced or even eliminated.

**Investments in Public Companies**
The Fund may invest in public companies or take private portfolio companies public. Investments in public companies may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of securities at certain times (including due to the possession by the Fund of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include the Fund Managers or other Management Company personnel, regulatory action by the U.S. Securities and Exchange Commission and increased costs associated with each of the aforementioned risks.

**Hedging Techniques**
From time to time, the Fund might have investments that are publicly traded, yet illiquid. The General Partner might engage in hedging techniques, such as selling the corresponding shares short "against the box," to "lock in" or secure the value in an investment until it becomes liquid and freely tradable. The Fund will only sell short a stock to the extent it holds a corresponding long and illiquid position in the same company.

**Portfolio Trading**
The Fund does not generally intend to trade its assets for short-term profits, however, when circumstances warrant, securities may be sold by the Fund without regard to the length of time held. Any active short-term trading of the Fund will increase its rate of turnover and related transaction expenses.

**Non-U.S. Investments**
The Fund may invest a portion of Fund's total committed capital in the securities of issuers that are organized outside of the U.S. and Canada. Investing in non-U.S. securities may involve substantially greater risks than investing in U.S. securities including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Fund's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency to another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and differences in government supervision and regulation; (iv) certain economic and political risks, including potential exchange control regulations, potential restrictions on foreign investments and repatriation of capital and the risks associated with political, economic or social instability, diplomatic developments, and the possibility of expropriation or



HOUSE_OVERSIGHT_024076

confiscatory taxation; and (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities. While the General Partner will take these factors into consideration in making investment decisions for the Fund and intends to manage the Fund in a manner to minimize exposure to the foregoing risks, there can be no assurance that the General Partner will be able to evaluate the risks accurately or that adverse developments with respect to such risks will not adversely affect the value or realization of investments that are held by the Fund in certain countries.

**Reserves**

As is customary in the industry, the General Partner may establish reserves for follow-on investments by the Fund in portfolio companies, operating expenses (including the Management Fee), Fund liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could impair the investment returns to the Limited Partners. If reserves are inadequate, the Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If reserves are excessive, the Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

**Diverse Investors**

The Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Fund Managers, including with respect to the nature or structuring of investments that may be more beneficial for some Limited Partners than for others, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Fund, the General Partner will consider the investment and tax objective of the Fund and the Partners as a whole, not the investment, tax or other objective of any Limited Partner individually.

**Failure of Limited Partners to Fulfill Their Commitment Obligations**

The Fund's investments in portfolio companies will require capital calls on Limited Partners over an extended period of time. Failure by a Limited Partner to meet a capital call could result in the failure of the Fund to make desired investments, which could have adverse consequences for the Fund and thus all of the Limited Partners. The failure by the Fund to receive a significant portion of capital contributions due from Limited Partners in respect of their Commitments could materially impair the Fund's ability to realize its financial objectives. In the event that a Limited Partner defaults, such Limited Partner may be subject to various penalties, including forfeiture of all or a portion of its interest in the Fund, as provided in the Partnership Agreement.

**Risk of Dilution**

Limited Partners subscribing for interests at subsequent closings will participate in existing investments of the Fund, diluting the interest of existing Limited Partners therein. Although such Limited Partners will contribute their pro rata share of prior capital contributions



HOUSE_OVERSIGHT_024077

previously drawn down by the Fund (plus an additional amount thereon), there can be no assurance that such payment will reflect the fair value of the Fund's existing investments at the time such additional Limited Partners subscribe for such interests.

**Difficulty in Valuing Portfolio Investments and Distribution in Kind**
Generally, there will be no readily available market for a substantial number of the Fund's investments and hence, most of the Fund's investments will be difficult to value. The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. It is highly speculative as to the whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. Certain investments may be distributed in kind to the Partners of the Fund. An investor that receives assets other than cash from the Fund may incur costs and delays in converting those assets to cash.

**Non-Controlling Investments**
The Fund generally expects to make non-controlling investments in portfolio companies where the Fund may not be able to control or effectively influence the business or affairs of such entities. Portfolio companies in which the Fund's investments are made may have economic or business interests or goals which are inconsistent with those of the Fund, and the Fund may not be in a position to influence those interests or goals or otherwise protect the value of the Fund's investments in such entities. In addition, although the Fund may seek board representation in connection with its investments, there is no assurance that such representation, if sought, will be obtained.

**Service on Board of Directors**
The Fund typically will seek to have observation or visitation rights or the right to designate directors to serve on the boards of directors of the Fund's portfolio companies. In addition, affiliates of the General Partner may serve, from time to time, as officers or directors of the portfolio companies. The foregoing rights and activities could expose the General Partner, its affiliates and the assets of the Fund to regulatory action and/or lawsuits and claims by a portfolio company, its security holders and its creditors. While the General Partner intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims or lawsuits or adverse regulatory action cannot be eliminated, and such events could have significant adverse effects on the Fund.

**Material Non-Public Information**
By reason of their responsibilities in connection with their other activities, certain affiliates of the General Partner may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. The Fund will not be free to act upon any such information. Due to these restrictions, the Fund may be not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it might otherwise might have sold.

In their capacity as officers or directors, affiliates of the General Partner will be subject to fiduciary or other duties to the portfolio company, which may adversely affect the Fund. For example, the Fund may be prohibited from selling publicly traded securities of a portfolio company if the General Partner or any of its affiliates is in possession of material non-public information relating to such company.



HOUSE_OVERSIGHT_024078

**Recourse to the Fund's Assets**
The Fund's assets, including any investments made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and will not be limited to any particular assets, such as the asset representing the investment giving rise to the liability. Accordingly, investors could find their interest in the Fund's assets adversely affected by a liability arising out of an investment of the Fund.

**Contingent Liabilities on Disposition of Investments**
In connection with the disposition of an investment in a portfolio company or otherwise, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. The Fund may also be required to indemnify the purchasers of such portfolio company to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent of their Commitment to the Fund or previous distributions made to them.

**Certain Litigation Risks**
The Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of the Fund. Legal disputes, involving any or all of the Fund, the General Partner, its partners or its affiliates, may arise from the Fund's activities and investments and could have a significant adverse effect on the Fund.

**Indemnification**
The Fund will be required to indemnify, among others, the General Partner, the general partner of the General Partner, the Management Company, the Fund Managers, their respective partners, members, employees, venture partners and affiliates, the Fund's other agents and members of the Advisory Board for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of the General Partner may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligations of the Fund would be payable from the assets of the Fund, including the unused capital commitments of the Partners. If the assets of the Fund are insufficient to pay such indemnification obligations, the Limited Partners may be required to return distributions previously made to them in order to satisfy such obligations.

**Changes**
The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates may undergo substantial changes, some of which may be adverse to the Fund. The General Partner will have the exclusive right and authority (within limitations set forth in the Partnership Agreement) to determine the manner in which the Fund shall respond to such changes, and Limited Partners generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof. A major recession or adverse developments in the securities or credit markets might have an impact on some or all of the Fund's investments. A sustained period of inactivity and/or low valuations



HOUSE_OVERSIGHT_024079

in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Fund. In addition, factors specific to a portfolio company may have an adverse effect on the Fund's investment in such company. The General Partner may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and to certain factors beyond the control of the portfolio company and the General Partner. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by partners of the General Partner in the past may not be successful, or even practicable, during the Fund's term.

**Industry Specific Terminology**

Prospective investors are cautioned that certain terms and phrases of common usage within the venture capital industry may be misleading to those unfamiliar with such usage. In particular, individuals who participate in the management of a fund often are referred to, in a colloquial sense, as "general partners" even though they are not actually general partners of any partnership. Prospective investors are reminded that the Fund will be a limited partnership, that the General Partner will be a limited partnership, that the general partner of the General Partner will be a limited liability company, and that the individuals directing the management of the Fund through the General Partner will be members of such limited liability company. It is not intended that the Fund will have any general partner other than the General Partner or that any actual general partnership will in any manner be associated with the formation, operation, dissolution or termination of the Fund. Prospective investors must not presume or rely upon the existence of any actual legal entities other than the Fund, the General Partner and the general partner of the General Partner. With respect to all matters involving industry specific terminology, prospective investors are urged to consult with their own legal and other advisors.

**Fund and General Partner Not Registered**

The Fund will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") pursuant to an exemption set forth in Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act. There is no assurance that such exemptions will continue to be available to the Fund. Due to the burdens of compliance with the Investment Company Act, the performance of the Fund's investment portfolio could be materially adversely affected, and risks involved in financing portfolio companies could substantially increase, if the Fund becomes subject to registration under the Investment Company Act. Neither the Fund nor its counsel can assure investors that, under certain conditions, changed circumstances, or changes in the law, the Fund may not become subject to the Investment Company Act or other burdensome regulation. The General Partner is not registered as a broker/dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and with the National Association of Securities Dealers, Inc. (the "NASD") and is consequently not subject to the record keeping and specific business practice provisions of the Exchange Act and the rules of the NASD.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024080

**Tax Risks**
Certain tax risks relating to an investment in the Fund are discussed in Section XI "Certain Tax & ERISA Considerations", which prospective investors should read carefully. No assurances can be given that current tax laws, rulings and regulation will not be changed during the life of the Fund. Prospective Limited Partners should consult their tax advisors for further information about the tax consequences of purchasing a Limited Partner Interest in the Fund.

**Withholding and Other Taxes**
The General Partner intends to structure the Fund's investments in a manner that is intended to achieve the Fund's investment objectives and, notwithstanding anything contained herein to the contrary, there can be no assurance that the structure of any investment will be tax efficient for any particular investor or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on investors under the laws of the jurisdictions in which investors are liable to taxation or in which the Fund makes portfolio investments. Prospective investors should consult their own professional advisors with respect to the tax consequences to them of an investment in the Fund under the laws of the jurisdiction in which they are liable to taxation. Furthermore, the Fund's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which the Fund's portfolio companies are organized.

**Confidential Information**
The Partnership Agreement will contain confidentiality provisions intended to protect proprietary and other information relating to the Fund and the Fund's portfolio companies. To the extent that such information is publicly disclosed, competitors of the Fund and/or competitors of its portfolio companies, and others, may benefit from such information, thereby adversely affecting the Fund, its portfolio companies and the General Partner and the economic interests of Limited Partners.

**Written Agreements**
The Fund, the General Partner and the Management Company will be authorized, without the approval of any Limited Partner, to enter into side letters or similar written agreements with Limited Partners that have the effect of establishing rights under, or altering or supplementing the terms of this Memorandum, the Partnership Agreement, such Limited Partner's Subscription Agreement or other related agreements. The ability of other Limited Partners to receive copies of and/or elect to receive the benefit of such side agreements will be limited.

**Market volatility**
Since 2008, the capital, credit and securities markets have been experiencing unprecedented levels of volatility and disruption. Ongoing volatility could negatively impact the Fund in a number of ways. Many of the investments purchased, held and sold on behalf of the Fund may be complex, and their market values will be highly sensitive to market changes. Overall Fund returns may be reduced as relatively small changes in the capital, credit or securities markets may have significant impacts on the profitability of Fund investments. In addition, the U.S. Congress and regulatory agencies may adopt new financial regulations and tax policies in response to continued volatility, which could restrict the Fund's investment options and be otherwise unfavorable to the Fund.



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**Regulatory Changes**
On June 22, 2011, to implement provisions of Title IV of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Securities and Exchange Commission (the "SEC") adopted final rules implementing new exemptions from the registration requirements of the Investment Advisers Act of 1940 (the "***Advisers Act***"), one of which is commonly known as the venture capital fund exemption. Neither the General Partner nor the Management Company is currently expected to register as an investment adviser with the SEC in reliance on the venture capital fund exemption. The General Partner may need to take into consideration certain conditions regarding the nature of investments that may be made by investment vehicles advised by an investment adviser relying on the venture capital exemption, which may constrain the Fund's investment flexibility or require certain non-qualifying investments to be disposed of earlier than they might otherwise be. In addition, compliance with the venture capital fund exemption may subject the Fund to limitations on the Fund's operations, including limitations on the Fund's ability to borrow, provide guarantees and make short-term investments that are more restrictive than any limitation set forth in the Partnership Agreement.

Reliance on the venture capital exemption also will necessitate reporting certain information to the SEC about the Management Company, the General Partner and their affiliates and may result in such entities being subject to SEC examination authority and certain Advisers Act compliance obligations. If the General Partner and the Management Company are able to rely on the venture capital exemption, investors in the Fund will not be entitled to the benefits of certain protections under the Advisers Act. If the General Partner or the Management Company cannot rely on the venture capital exemption, the General Partner or the Management Company may need to register as an investment adviser under the Advisers Act. Registration under, and compliance with, the Advisers Act could be costly and could divert attention of the Fund's management team. There also can be no assurance that statutory, regulatory, judicial or administrative interpretations of existing laws and regulations will not in the future impose more comprehensive or stringent requirements on the General Partner or the Management Company.

***Cautionary Statements Regarding Forward-Looking Statements.*** Certain information contained in this Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Such forward-looking statements, including the intended actions and performance objectives for the Fund, involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements of the Fund to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Although this information was prepared by the General Partner based on its experience in the industry and on assumptions of fact and opinion as to future events that the General Partner believed to be reasonable when made, no representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Fund will be achieved or that investors will receive a return of their capital. Moreover, neither the Fund nor the General Partner, nor any of their affiliates, assumes responsibility for the accuracy and completeness of any forward-looking statements. All forward-looking statements in this Memorandum speak only as of the date of this Memorandum. The Fund, the General Partner and their affiliates expressly disclaim any obligation or undertaking to disseminate any updates



HOUSE_OVERSIGHT_024082

or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Limited Partners are cautioned not to place undue reliance on such statements.

THE FOREGOING LIST OF RISK FACTORS AND CONFLICTS OF INTEREST DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS ARE URGED TO READ THIS ENTIRE MEMORANDUM BEFORE DETERMINING TO INVEST IN THE FUND.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024083

# X. CERTAIN TAX AND ERISA CONSIDERATIONS

**IN ACCORDANCE WITH U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE INTERNAL REVENUE SERVICE (CIRCULAR 230), LEGAL COUNSEL TO THE FUND HEREBY INFORMS INVESTORS THAT (A) THE INFORMATION BELOW (OR OTHERWISE CONTAINED IN THIS DOCUMENT) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY THE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT THE INTERNAL REVENUE SERVICE (THE "IRS") MAY ATTEMPT TO IMPOSE ON AN INVESTOR, (B) THE INFORMATION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTERS ADDRESSED BY THE WRITTEN INFORMATION, AND (C) INVESTORS SHOULD SEEK TAX ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a brief summary of certain U.S. federal income tax considerations that may be relevant to an investment in the Fund. This summary does not contain a comprehensive discussion of all U.S. federal income tax consequences that may be relevant to a Partner in view of that Partner's particular circumstances or (unless otherwise indicated) to certain Partners subject to special treatment under U.S. federal income tax laws — such as regulated investment companies, personal holding companies, brokers or dealers in securities, banks and certain other financial institutions, tax-exempt organizations, trusts, and insurance companies — nor does it address any state, estate, local, foreign, or other tax consequences of an investment in the Fund, except as otherwise provided herein. This summary is based on the assumptions that (i) each Partner (and each of its beneficial owners, as necessary under U.S. federal income tax withholding and backup withholding rules) will provide all appropriate certifications to the Fund in a timely fashion to minimize withholding (or backup withholding) on each Partner's distributive share of the Fund's gross income and (ii) each Partner will hold its Limited Partner Interest in the Fund as a capital asset for U.S. federal income tax purposes. Each prospective investor should also note that, except as otherwise provided herein, this summary does not address the interaction of U.S. federal tax laws and any income or estate tax treaties between the U.S. and any other jurisdiction.

***No assurance can be given that the IRS will concur with the tax consequences set forth below. Each prospective investor is advised to consult its own tax counsel as to the specific U.S. federal income tax consequences of an investment in the Fund and as to applicable foreign, state, estate, and local taxes.***

### General Matters

***Classification of the Fund*** - Pursuant to applicable U.S. Treasury Regulations, the Fund will be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes unless the Fund affirmatively elects to be treated as a corporation for such purposes. The General Partner has no intention of making such an election on behalf of the Fund and does not anticipate any circumstances under which such an election would be made. In certain cases under Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code"), a partnership that is classified as a "publicly traded partnership" may be taxed as a corporation



HOUSE_OVERSIGHT_024084

for U.S. federal income tax purposes. The following discussion is based on the assumption that the Fund will not be treated as a "publicly traded partnership."

***Treatment of U.S. Partners and Non-U.S. Partners*** - The discussion below addresses separately certain U.S. federal income tax matters relevant to U.S. Partners and Non-U.S. Partners. For purposes of this discussion, the term "U.S. person" generally means any U.S. citizen or resident individual, any corporation, limited liability company, or partnership organized under U.S. law, any estate (other than an estate the income of which, from sources outside the U.S. that is not effectively connected with a trade or business within the U.S., is not includible in its gross income for U.S. federal income tax purposes), and any trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. The term "U.S. Partner" means any partner that is a U.S. person and, unless the context otherwise requires, includes any U.S. person that holds an equity interest in the Fund through one or more partnerships or other entities treated as transparent for U.S. federal income tax purposes. The term "Non-U.S. Partner" means a Partner that is not a U.S. person.

***Taxation of Fund Operations Generally*** - As a partnership, the Fund will not pay U.S. federal income taxes, but each U.S. Partner will be required to report that Partner's distributive share (whether or not distributed) of the Fund's income, gains, losses, deductions and credits of the character specified in Section 702 of the Code. It is possible that the U.S. Partners could incur U.S. federal income tax liabilities without receiving from the Fund sufficient distributions to defray such tax liabilities. The Fund's taxable year will be the calendar year, or such other period as required by the Code. Tax information will be delivered to all Partners on an annual basis to enable the Partners to complete their tax returns.

***Election to Adjust Basis of Fund Assets*** - Under the principal agreements relating to the Fund and Section 754 of the Code, the General Partner will have the authority to elect to adjust the basis of the Fund's assets (commonly referred to as "Section 754 adjustments") in connection with certain distributions made by the Fund to Partners or certain transfers of Limited Partner Interests in the Fund. Although the General Partner has no present intention of making an election on behalf of the Fund under Section 754 of the Code, Section 754 adjustments may nevertheless be mandatory under certain circumstances and could affect the amount of a Partner's allocations (for U.S. federal income tax purposes) of gain or loss recognized by the Fund on a disposition of its assets.

The General Partner also will have the authority under the principal agreements relating to the Fund to elect to treat the Fund as an "electing investment partnership" and, as a result, potentially avoid making Section 754 adjustments that otherwise would be mandatory with respect to certain transfers of Limited Partner Interests in the Fund. Such election, however, may result in the disallowance (for U.S. federal income tax purposes) of certain losses allocated by the Fund to transferees of Limited Partner Interests in the Fund. It is possible, however, that the Fund will not be able to qualify as an electing investment partnership.

The General Partner will have the authority to require any Partner engaging in a transaction that requires a Section 754 adjustment (for example, a transfer of the Partner's Limited Partner Interest) to bear the ongoing administrative and other costs incurred by the Fund or its Partners in connection with these basis adjustment rules. These costs, which could be significant, may be



HOUSE_OVERSIGHT_024085

charged to a Partner without regard to whether the General Partner made either of the elections described above on behalf of the Fund. Furthermore, each Partner will be required to provide the Fund with any information necessary to allow the Fund to comply with its obligations to make Section 754 adjustments and/or its obligations as an electing investment partnership.

**Tax-Exempt U.S. Partners**

***Unrelated Business Taxable Income*** - Under the terms of the principal agreements relating to the Fund, the General Partner will be required to use reasonable best efforts to conduct the affairs of the Fund in a manner that does not cause any tax-exempt U.S. Partner to recognize any "unrelated business taxable income" within the meaning of Section 512 of the Code; provided, however, that the General Partner may cause the Fund to borrow on a short-term basis and may guarantee the indebtedness of any portfolio company. The General Partner's undertaking will be deemed satisfied with respect to the making, holding or disposing of any portfolio investment if the tax-exempt U.S. Partners are given the opportunity to (or if all Limited Partners are otherwise required to) hold their proportionate shares of such portfolio investment directly or indirectly through an alternative investment vehicle treated as a corporation for U.S. federal income tax purposes. Notwithstanding this undertaking, it is possible that the Fund could realize income which would constitute unrelated business taxable income, and in that event each tax-exempt U.S. Partner would be subject to U.S. federal income tax on its share of such income and may be required to file a U.S. federal income tax return with respect to such income.

**Taxable U.S. Partners**

***Limitations on Allowable Deductions*** - Under Section 67 of the Code, U.S. taxpayers who are individuals may deduct certain miscellaneous expenses (e.g., investment advisory fees, tax preparation fees, and unreimbursed employee expenses such as the cost of subscriptions to professional journals) only to the extent that these deductions exceed, in the aggregate, 2% of the taxpayer's adjusted gross income. Further, Section 68 of the Code disallows certain deductions otherwise allowable to taxpayers who are individuals; the amount disallowed varies based on the taxpayer's adjusted gross income. Part or all of the Fund's expenses allocated to any U.S. Partner who is an individual (including that Partner's share of the management fee payable to the Fund's Management Company) may be disallowed under these provisions, although tax-exempt U.S. Partners will generally not be affected. Finally, certain expenses (including the fees and expenses of placement agents, if any) incurred in connection with the offer and sale of the Limited Partner Interests are not deductible by any U.S. Partner. If the Management Company or an affiliate pays the fees or expenses of any placement agent, a corresponding portion of the Fund's expenses attributable to payments or accruals of the management fee is likely to constitute a nondeductible syndication expense.

***Surtax on Unearned Income*** - Section 1411 of the Code generally imposes a 3.8% surtax on the "net investment income" of certain U.S. Partners who are citizens or resident aliens, and on the undistributed "net investment income" of certain U.S. estates and trusts. Among other items, "net investment income" generally would include a U.S. Partner's allocable share of the Fund's net gains and certain other income such as interest and dividends, less deductions allocable to such income. In addition, "net investment income" may include gain from the sale, exchange or other taxable disposition of an interest in the Fund, less certain deductions. U.S. Partners



HOUSE_OVERSIGHT_024086

potentially subject to the surtax should consult their own advisors concerning its potential applicability to their individual circumstances.

***Passive Foreign Investment Companies*** - A portfolio investment by the Fund in a non-U.S. corporation that is classified as a "passive foreign investment company" ("PFIC") will cause taxable U.S. Partners to be subject to taxation under Sections 1291 through 1298 of the Code. In general, a non-U.S. corporation will be classified as a PFIC if 75% or more of its gross income constitutes "passive income" — generally, interest, dividends, royalties, rent and similar income, and gains on the disposition of assets that generate such income — or 50% or more of its assets (by value or, in certain situations, by adjusted tax bases) produce passive income or are held for the production of such income. Under the PFIC rules, gain attributable to a disposition of PFIC stock, as well as income attributable to certain "excess distributions" with respect to that PFIC stock, is allocated ratably over the shareholder's holding period for the stock. Gain allocated under this rule to (i) the year in which the shareholder disposes of the PFIC stock and (ii) any year prior to the time the foreign corporation first satisfied the PFIC income or assets test, as well as income attributable to any excess distribution on PFIC stock allocated to those years, is subject to tax (as ordinary income) at the U.S. federal income tax rates applicable to the shareholder for the year in which the disposition occurs. Disposition gain attributable to years included in the shareholder's holding period — other than those described in the preceding clauses (i) and (ii) — and income attributable to excess distributions allocated to each such other year is subject to tax (as ordinary income) at the maximum U.S. federal income tax rate applicable to the shareholder for the year in which the income is treated as realized, and also to an interest-like charge on the shareholder's "deferred" payment of this tax liability that accrues generally from the year of deemed realization through the due date of the shareholder's U.S. federal income tax return for the year of disposition or distribution (determined without regard to extensions). A U.S. Partner effectively will be treated as a U.S. shareholder with respect to its proportionate share of any PFIC stock owned by the Fund. If, however, that PFIC is also a "controlled foreign corporation" in which the Fund is a "United States Shareholder" (as defined below), the PFIC rules generally will be superseded by the rules discussed below dealing with controlled foreign corporations. The PFIC rules generally should not affect tax-exempt U.S. Partners.

The PFIC rules are highly technical and it is possible that a non-U.S. corporation in which the Fund makes an investment will be classified as a PFIC. If the Fund invests in the stock of a portfolio company classified as a PFIC, and that company agrees to provide the Fund and, if necessary, the IRS with certain financial information, the Fund may elect to treat that company as a "qualified electing fund" ("QEF"). If the Fund holds stock of a non-U.S. corporation with respect to which a QEF election has been made for the first taxable year in the Fund's holding period for which the non U.S. corporation is a PFIC, each U.S. Partner will be subject to tax currently on its proportionate share of certain earnings and net capital gain of that non-U.S. corporation — regardless of whether that corporation actually distributes cash or other property to the Fund — but generally will not be subject to the tax regime described in the preceding paragraph with respect to its investment in that corporation. Although the maximum rate of tax imposed on certain dividends is currently 20%, this rate does not apply to dividends paid or deemed paid by PFICs. A QEF election generally will not result in current inclusion of the PFIC's earnings for any year in which the PFIC has no net ordinary earnings and no net capital gain. Alternatively, if such PFIC stock is publicly traded, the Fund may be eligible to value the



HOUSE_OVERSIGHT_024087

stock annually on a "mark-to-market" basis so that the Fund may treat any resulting gain or loss as ordinary income or loss to avoid the PFIC tax.

As noted above, the PFIC rules (including the rules pertaining to QEF elections) generally should not affect tax-exempt U.S. Partners.

The Fund cannot predict with any certainty at this time whether any non-U.S. portfolio company in which the Fund invests may be subject to the PFIC regime, whether a timely QEF election can or will be made, or the effect or availability of any applicable elections made by the Fund. The rules applicable to PFICs are complex, and the foregoing summary of U.S. federal income taxation of U.S. Partners indirectly owning an interest in a PFIC is general in nature. It is possible that U.S. Partners may be subject to tax currently under the PFIC regime on their proportionate shares of certain earnings of a non-U.S. corporation in which the Fund holds an interest and/or may incur nondeductible interest-like charges on tax liability deferred under the PFIC regime without receiving from the Fund distributions sufficient to satisfy any such obligations.

In addition to the PFIC rules discussed above, a U.S. person that is a shareholder of a PFIC may be required to file an annual information report and/or applicable tax forms with the IRS.

***Controlled Foreign Corporations*** - Under Sections 951 through 957 of the Code, special rules apply to U.S. persons who own, directly or indirectly and applying certain attribution rules, 10% or more of the total combined voting power of all classes of stock of a non-U.S. corporation (each, a "United States Shareholder") that is a "controlled foreign corporation" ("CFC"). For this purpose, the Fund will be treated as a United States Shareholder of any foreign corporation in which the Fund's share ownership reaches this 10% threshold. A non-U.S. corporation generally will be a CFC for a taxable year if United States Shareholders collectively own more than 50% of the total combined voting power or total value of the corporation's stock on any day during such taxable year. United States Shareholders of a CFC generally must include in their gross income for U.S. federal income tax purposes their pro rata shares of certain earnings and profits of the CFC. Further, under Section 1248 of the Code, if a U.S. person sells or exchanges stock of a non-U.S. corporation and that person is or was a United States Shareholder at any time during the five-year period ending on the date of such sale or exchange during which that non-U.S. corporation was a CFC, that U.S. person generally will be required to treat a portion of the gain recognized upon such sale or exchange as a dividend to the extent of the earnings and profits of the CFC attributable to such stock. Under U.S. federal income tax rules, the Fund itself is a U.S. person and, if the Fund becomes a United States Shareholder of a CFC, taxable U.S. Partners (i) will be required to report and pay tax currently on their shares of the CFC's earnings and profits attributable to the Fund that are taxable to its United States Shareholders under the CFC rules, and (ii) will be subject to the Section 1248 recharacterization rule described above. In addition, if the Fund is a United States Shareholder of a CFC and a U.S. Partner disposes of its Limited Partner Interest, that Partner generally will recognize income under Section 751 of the Code equal to its distributive share of the Section 1248 income that would have been triggered if the Fund had sold its interest in the CFC at fair market value. The maximum rate of tax imposed on certain dividend income and certain long-term capital gains attributable to dispositions of securities generally is 20%, so that a recharacterization of gain under Section 1248 might not increase that U.S. Partner's U.S. federal income tax liability. In addition, income of a CFC subject to income tax in a country other than the U.S. at an



HOUSE_OVERSIGHT_024088

effective rate greater than 90% of the maximum U.S. corporate income tax rate is not taxable to a United States Shareholder under the CFC rules if the United States Shareholder so elects.

The rules applicable to CFCs are complex, and the foregoing summary of the U.S. federal income taxation of U.S. Partners indirectly owning an interest in a CFC is general in nature. The General Partner cannot provide any assurance that the Fund's portfolio companies will not be CFCs. The CFC rules, however, generally should not affect tax-exempt U.S. Partners.

***U.S. Foreign Tax Credits*** - The Fund may make investments in entities that are formed and operating under the laws of countries other than the United States. The countries in which these entities are organized and operate may impose taxes on the income of, and distributions or other payments made by, these entities. In addition, the Fund and/or the Partners may be required to file tax or information returns in such non-U.S. jurisdictions. U.S. Partners may be entitled, under certain circumstances, to a reduced rate of non-U.S. tax on their shares of such income or distributions under tax treaties between the United States and the non-U.S. jurisdictions imposing such tax, or may, in certain circumstances, be entitled under such treaties to file tax returns in such jurisdictions and claim refunds of any amounts of non-U.S. tax over-withheld.

Subject to applicable limitations on foreign tax credits, a U.S. Partner that is subject to U.S. federal income taxation generally should be entitled to elect to treat foreign taxes withheld from such Partner's share of the Fund's dividend and interest income as foreign income taxes eligible for credit against such Partner's U.S. federal income tax liability. Similarly, each U.S. Partner's share of any foreign taxes which may be imposed on capital gains or other income realized by the Fund generally should be treated as creditable foreign income taxes. Capital gains realized by the Fund, however, may be considered to be from sources within the U.S., which may effectively limit the amount of foreign tax credit allowed to the U.S. Partner. Other complex tax rules may also limit the availability or use of foreign tax credits, depending on each U.S. Partner's particular circumstances. Because of these limitations, U.S. Partners may be unable to claim a credit for the full amount of their proportionate shares of any foreign taxes paid by the Fund. U.S. Partners that do not elect to treat their shares of foreign taxes as creditable generally may claim a deduction against U.S. taxable income for such taxes (subject to applicable limitations on losses and deductions). Foreign tax credits or deductions generally will not provide any benefit to tax-exempt U.S. Partners unless such Partners' distributive shares of the income or gains on which the related foreign income taxes are imposed constitute "unrelated business taxable income" and certain other conditions are satisfied. However, since the availability of a credit or deduction depends on the particular circumstances of each U.S. Partner, Partners are advised to consult their own tax advisors.

***Foreign Currency Issues*** - A U.S. Partner's distributive share of profits or losses realized by the Fund on the conversion of U.S. dollars into non-U.S. currency, or of non-U.S. currency into U.S. dollars, generally will be treated as ordinary income or loss rather than capital gain or loss. Further, if the Fund acquires, or becomes the obligor under, a debt instrument or enters into certain other transactions, any of which is denominated in terms of a currency other than the U.S. dollar, fluctuations in the value of that currency relative to the U.S. dollar generally will result in foreign currency gain or loss realized by the Fund and will be included in the U.S. Partners' distributive shares of Fund profits or losses as U.S.-source ordinary income or loss rather than capital gain or loss.



HOUSE_OVERSIGHT_024089

***U.S. Reporting by U.S. Partners That Are Owners of Non-U.S. Entities*** - U.S. tax rules impose information reporting requirements on U.S. persons that own, either directly or indirectly under stock attribution rules, more than certain threshold amounts of stock in a foreign corporation; these persons must disclose, among other things, various transactions between themselves and those foreign corporations. For purposes of these information reporting requirements, stock ownership is determined with regard to certain stock attribution rules, and each U.S. Partner is treated as owning part or all of the stock owned directly or indirectly by the Fund. Similar reporting requirements apply to United States persons that (i) own, directly or indirectly, more than certain threshold amounts of certain foreign financial assets including, but not limited to stocks, securities and partnership interests in non-U.S. entities or (ii) contribute, in their capacity as Partners, more than a certain threshold amount to a non-U.S. partnership during a 12-month period. In certain circumstances, these rules may require U.S. Partners to file reports annually. U.S. Partners generally will be responsible for satisfying these information reporting requirements.

**Non-U.S. Partners**

***U.S. Trade or Business Issues*** - Under the terms of the principal agreements relating to the Fund, the General Partner will be required to use commercially reasonable efforts to conduct the affairs of the Fund in a manner that limits the Fund's operations to investing and other related activities which, in the aggregate, would not cause the Fund to be treated as engaged in the conduct of a trade or business in the U.S. The General Partner's undertaking will be deemed satisfied with respect to the making, holding or disposing of any portfolio investment if the Non-U.S. Partners are given the opportunity to (or if all Limited Partners are otherwise required to) hold their proportionate shares of such portfolio investment directly or indirectly through an alternative investment vehicle treated as a corporation for U.S. federal income tax purposes. Notwithstanding this undertaking, it is possible that the activities of the Fund and the contractual arrangements into which it enters could cause the Fund to be treated as engaged in the conduct of a trade or business in the U.S.

Provided that the Fund is not engaged in the conduct of a U.S. trade or business, the U.S. federal income tax liability of a Non-U.S. Partner with respect to that Partner's Limited Partner Interest generally will be limited to withholding tax on certain gross income from U.S. sources generated by the Fund as long as the Non-U.S. Partner undertakes no activities in the U.S. (determined without regard to its investment in the Fund) that would cause that Partner to be engaged in the conduct of a U.S. trade or business, and, unless otherwise indicated, the following discussion of the U.S. federal income tax treatment of Non-U.S. Partners is based on that assumption.

Further, if the Fund withholds and remits the proper amounts to the U.S. government, Non-U.S. Partners that are individuals or corporations will not be required to file U.S. federal income tax returns or pay additional U.S. federal income taxes solely as a result of their investment in the Fund (though Non-U.S. Partners treated as trusts for U.S. federal income tax purposes are subject to special rules). If the Fund is not engaged in the conduct of a U.S. trade or business, Non-U.S. Partners' shares of income and gains from sources other than the U.S. (e.g., interest or dividends paid by non-U.S. portfolio companies and gains realized on the disposition of securities of those companies) will not be subject to U.S. federal income tax.



HOUSE_OVERSIGHT_024090

If it were ultimately established that the Fund is engaged in a U.S. trade or business, the Fund generally would be required to withhold and remit to the U.S. government a percentage of the Fund's net income and gains that are both effectively connected with that trade or business and allocated to Non-U.S. Partners, and would be liable for interest and penalties with respect to amounts which were not so withheld. The relevant withholding percentage is the maximum U.S. federal income tax rate for individuals or corporations, as applicable. In addition, Non-U.S. Partners generally would be required to file U.S. federal income tax returns and pay tax in respect of their shares of the Fund's effectively connected income including capital gains, but would be allowed a credit against U.S. federal income tax liability for amounts withheld by the Fund on their behalf. Non-U.S. Partners which are non-U.S. corporations might also be subject to a "branch profits" tax on certain earnings of the Fund deemed to have been repatriated to those Partners.

***Treatment of Interest and Dividends from U.S. Sources*** - Certain categories of investment income from U.S. sources realized by the Fund, such as dividends and interest, generally will be subject to U.S. income tax withholding, at a 30% rate on the gross amount of that income, when included in the distributive shares of Non-U.S. Partners. A Non-U.S. Partner whose distributive share of such income is subject to U.S. withholding tax may be able to claim an exemption or a reduced rate of withholding under a tax treaty or convention between the U.S. and that Partner's country of residence by providing appropriate documentation regarding that Partner's residence for tax purposes and its satisfaction of any conditions imposed by the treaty. A Non-U.S. Partner resident in a jurisdiction with which the U.S. has a tax treaty, however, will not be entitled to the benefits of that treaty with respect to that Non-U.S. Partner's distributive share of the Fund's income and gains unless the Fund is treated as fiscally transparent under the law of that non-U.S. jurisdiction and certain other conditions are satisfied. Finally, in order to claim the benefits of a tax treaty to reduce U.S. withholding tax on U.S.-source interest and dividends paid by corporations that are not actively traded, a Non-U.S. Partner — and any direct or indirect equity owner of a Non-U.S. Partner seeking treaty benefits for itself because the Non-U.S. Partner is considered fiscally transparent in that equity owner's jurisdiction — generally will be required to obtain a U.S. taxpayer identification number from the IRS and may be required to provide that number and certain other documentation to the Fund. Other exemptions may be available for certain types of interest income.

***Treatment of the Fund's Capital Gains from U.S. Sources*** - Under current U.S. law, in general, capital gains attributable to sales by the Fund of the securities of U.S. corporations will not be subject to U.S. federal income taxation or tax withholding when allocated to a Non-U.S. Partner unless that Partner is an individual who is present in the U.S. for 183 days or more during the taxable year in which such gains are realized and certain other conditions are satisfied.

This general rule does not apply to gains attributable to a U.S. trade or business or gains attributable to dispositions of securities of any "United States real property holding corporation" ("USRPHC"), defined in Section 897 of the Code as, in general, a company with 50% or more of the fair market value of its business assets consisting of interests in U.S. real estate and related assets. Capital gains attributable to sales by the Fund of the securities of a U.S. corporation that is a USRPHC (other than debt securities with no equity component) may be subject to U.S. income tax, collected initially by withholding, to the extent allocated to any Non-U.S. Partner. Non-U.S. Partners would also be required to file U.S. federal income tax



HOUSE_OVERSIGHT_024091

returns, and might be liable for U.S. tax in excess of the amount collected by withholding. Similarly, Non-U.S. Partners could become subject to U.S. federal income tax and tax return filing obligations, as a result of transfers of their Limited Partner Interests at a time when the Fund owned stock of any U.S. corporation that is a USRPHC, although certain exceptions may apply. Even if a company in which the Fund invests is not a USRPHC at the time of such investment, such company subsequently may become a USRPHC.

***Currency Conversion Issues*** - Non-U.S. Partners (like other Partners) will be required to make their capital contributions to the Fund in U.S. dollars, and any cash distributions made by the Fund will be made in U.S. dollars. Profits or losses realized by Non-U.S. Partners on the conversion of other currencies into U.S. dollars, or of U.S. dollars into other currencies, will neither be reflected in the capital accounts of the Partners nor affect the amounts distributable by the Fund to its Non-U.S. Partners.

***Withholding on Payments to Certain Foreign Entities*** - Sections 1471 through 1474 of the Code would generally impose a withholding tax of 30% on certain gross amounts of income not effectively connected with a U.S. trade or business paid to certain foreign entities, unless certain requirements are satisfied. Amounts subject to withholding tax under these rules generally include gross U.S.-source dividend and interest income paid on or after July 1, 2014, as well as gross proceeds from the sale of property that produces U.S.-source dividend or interest income paid on or after January 1, 2017. To avoid withholding under these rules, Non-U.S. Partners that are subject to these rules will generally be obligated to comply with certain information reporting and disclosure requirements, including, in certain cases, entering into an agreement with the IRS. Non-U.S. Partners are encouraged to consult their own tax advisors regarding the possible application of Sections 1471 through 1474 of the Code to their investment in the Fund.

**Other Tax Matters**

***Certain State and Local Tax Consequences*** - State and local taxing jurisdictions may impose income taxes and estate, inheritance and intangible property taxes on income from, or an investment in, the Fund. These tax laws may differ substantially from the U.S. federal tax laws. As a result of participating in the Fund, a Partner may be required to file tax returns with, and pay taxes to, any state or local jurisdiction in which the Fund does business (or is deemed to do business from investing a portion of its commitments in operating businesses treated as tax transparent for U.S. federal income tax purposes). A Partner's distributive share of the Fund's taxable income, gain, loss, deduction and credit is normally included in the income reported to the state and local jurisdiction(s) in which the Partner is a resident or does business. Investors should consult their own tax advisors about state and local taxes.

***Basis for Description of Tax Consequences*** - The description of U.S. tax consequences set forth above is based on the provisions of the principal agreements relating to the Fund that the General Partner expects will be adopted, existing provisions of the Code, existing and proposed U.S. Treasury Regulations, existing administrative interpretations and court decisions, and certain assumptions. Future legislation, U.S. Treasury Regulations, administrative interpretations or court decisions could significantly change these authorities. Any such change could have retroactive application and therefore could apply to transactions that have taken place before such change occurs. In addition, some of the issues discussed above have not been addressed by administrative authorities or resolved by the courts. Accordingly, no assurance



HOUSE_OVERSIGHT_024092

can be given that the IRS will agree with the description of the U.S. federal income tax consequences described above. No rulings have been or will be requested from the IRS. Furthermore, any changes in the principal agreements relating to the Fund or the operations of the Fund could affect the tax consequences described above.

***Consultation with Tax Advisors*** - The description of U.S. tax matters set forth above is not intended as a substitute for careful tax planning. It does not address all of the U.S. federal income tax consequences to investors in the Fund, and does not address any of the foreign, state, local, estate or other tax consequences of such investment to any investor, except as otherwise specifically provided. Each prospective investor in the Fund is solely responsible for all tax consequences to that person or entity of an investment in the Fund. Each prospective investor is advised to consult its own tax counsel as to the U.S. federal income tax consequences attributable to acquiring, holding and disposing of an Limited Partner Interest and as to applicable foreign, state, local, estate or other taxes. The effect of existing U.S. income tax laws and treaties, the tax laws of other jurisdictions to which an investor may be subject, and possible changes in such laws and treaties (including proposed changes which have not yet been adopted) will vary with the particular circumstances of each investor.

## CERTAIN ERISA CONSIDERATIONS

ERISA governs the investment of assets of ERISA Plans that may be investors, directly or indirectly, in the Fund. ERISA, the regulations under ERISA issued by the United States Department of Labor (the "DOL") and opinions and other authority issued by the DOL and the courts provide guidance that should be considered by fiduciaries of ERISA Plans prior to investing in the Fund.

The following discussion of certain ERISA considerations is based on statutory authority and judicial and administrative interpretations as of the date hereof and is designed only to provide a general understanding of the basic issues. Accordingly, this discussion should not be considered legal advice and the trustees and other fiduciaries of each ERISA Plan are encouraged to consult their own legal advisors on these matters.

### Fiduciary Duty of Investing Plans

A fiduciary considering investing assets of an Employee Plan ("plan assets") in the Fund should consult its legal adviser before making such an investment. Before authorizing an investment in the Fund, any such fiduciary should, after considering the Employee Plan's particular circumstances, be satisfied that the investment of such plan assets in the Fund is appropriate under the fiduciary standards of ERISA, including standards with respect to prudence, diversification and compliance with the governing documents of the Employee Plan and its related trust and the prohibited transaction provisions of ERISA and the Code.

### Plan Assets

ERISA and the regulation issued by the DOL at 29 C.F.R. § 2510.3-101, as modified or deemed to be modified by ERISA (the "Plan Assets Regulation"), define the term "plan assets" as applied to entities in which a plan invests, directly or indirectly, such as the Fund. The Plan Assets Regulation provides that when an ERISA Plan acquires an equity interest in an entity, and such



HOUSE_OVERSIGHT_024093

equity interest is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, the assets of the ERISA Plan include not only the equity interest, but also include an undivided interest in the underlying assets of the entity, unless an exception to this general rule applies.

**Exceptions Under the Plan Assets Regulation**

The Plan Assets Regulation provides several exceptions to the general rule of plan asset treatment. Pursuant to one such exception, the assets of certain entities, such as the Fund, will not be treated as plan assets if the entity is operated as a "venture capital operating company" within the meaning of the Plan Assets Regulation ("VCOC"). Generally, for an entity to qualify as a VCOC, at least fifty percent (50%) of its assets (excluding short-term investments made pending long-term commitments or distribution to investors) valued at cost must be invested in (a) "operating companies" with respect to which the entity has the direct contractual right to participate substantially in, or to substantially influence the conduct of, the management of the operating company and the entity must actually exercise such management rights with respect to one or more such operating companies in the ordinary course of its business, or (b) "derivative investments" (as defined in the Plan Assets Regulation) (the "Asset Test"). For the purposes of qualifying as a VCOC, an "operating company" is defined as an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital, and includes a "real estate operating company" as defined in the Plan Assets Regulation (but does not include another VCOC). Determination as to whether an entity qualifies as a VCOC is made at the time when the entity makes its first long-term investment (other than short-term investments made pending long-term commitments) and thereafter during a ninety-day annual valuation period each year, the first day of which shall begin no later than the anniversary of the entity's first long-term investment. In order for an entity to continue to qualify as a VCOC, the entity must meet the Asset Test on at least one day during each such ninety-day annual valuation period. Special rules apply to any wind-up of a VCOC when it enters its "distribution period" as defined in the Plan Assets Regulation.

An additional exception applies when equity participation in the entity by benefit plan investors is not "significant." Equity participation in an entity by "benefit plan investors" (as defined in Section 3(42) of ERISA) is "significant" on any date if, immediately after the most recent acquisition or disposition of any equity interest in the entity, 25% or more of the value (in the aggregate) of any class of equity interests in the entity is held by "benefit plan investors." For purposes of the 25% test, the term "benefit plan investors" includes ERISA Plans, certain other retirement plans defined in and subject to Section 4975 of the Code (such as individual retirement accounts), and entities or accounts deemed to hold "plan assets" due to an investment in such entity or account by ERISA Plans or such other retirement plans (such as insurance company general accounts). For the purposes of calculating the 25% threshold under the Plan Assets Regulation, the value of any equity interest held by a person (other than a "benefit plan investor") who has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or an affiliate of such person) is disregarded.

The General Partner will use reasonable best efforts to conduct the affairs and operations of the Fund in such a manner so that the assets of the Fund will not be treated as "plan assets" of any



HOUSE_OVERSIGHT_024094

ERISA Plan for purposes of ERISA. In particular, the General Partner will use reasonable best efforts to either (i) limit investment in the Fund by "benefit plan investors" to a level that would not be considered "significant" under ERISA, or (ii) operate the Fund as a VCOC, or (iii) operate the Fund in compliance with any other then-available exception to the general rule of plan asset treatment. The General Partner has the authority to require a Limited Partner to withdraw from the Fund (in whole or in part) where the General Partner determines that such withdrawal is necessary to avoid having the Fund's assets deemed to be "plan assets" subject to ERISA or Section 4975 of the Code. Accordingly, the Fund is not expected to be deemed to be holding "plan assets" subject to ERISA at any time.

**Reporting**

Benefit plan investors may be required to report certain compensation paid by the Fund (or by third parties) to the Fund's service providers as "reportable indirect compensation" on Schedule C to the Form 5500 Annual Return (the "Form 5500"). To the extent any compensation arrangements described herein constitute reportable indirect compensation, any such descriptions are intended to satisfy the disclosure requirements for the alternative reporting option for "eligible indirect compensation," as defined for purposes of Schedule C to the Form 5500.

**Additional Information**

ERISA and its accompanying regulations are complex and, to a great extent, have not yet been interpreted by the courts or the administrative agencies. This discussion does not purport to constitute a thorough analysis of ERISA. Each prospective investor subject to ERISA should consult with its own legal counsel concerning the implications under ERISA of an investment in the Fund, and to confirm that such an investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement under ERISA.

"Governmental plans" and certain "church plans", while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA. Decision-makers for any such plans should consult with their counsel before making an investment in the Fund.



HOUSE_OVERSIGHT_024095

# XI. CERTAIN LEGAL & REGULATORY CONSIDERATIONS

**Securities Act of 1933**

The Limited Partner Interests described herein will not be registered under the Securities Act in reliance upon the exemptions for transactions not involving a public offering. Each investor will be required to make certain representations to the Fund, including that such investor is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act, that it is acquiring a Limited Partner Interest in the Fund for its own account, for investment purposes only and not with a view to resale or distribution, that it has received or has had access to all information it deems relevant to evaluate the merits and risks of an investment in the Fund and that it has the ability to bear the economic risk of an investment in the Fund. The Limited Partner Interests described herein will constitute "restricted securities" under the Securities Act and as such will be subject to certain restrictions on transferability. The Limited Partner Interests may not be transferred or sold unless the Limited Partner Interests have been registered under the Securities Act or an exemption from registration is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be effected. The Limited Partner Interests are subject to further restrictions on transfer as described in the Partnership Agreement.

This Memorandum is not a public offering "prospectus" and does not purport to describe or otherwise address all material considerations relating to an investment in the Fund. Prior to making an investment, prospective investors and their advisors are invited to ask questions of, and obtain additional information from, the General Partner concerning the Limited Partner Interests described herein, the terms and conditions of the offering and any other relevant matters. Such information will be provided to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense.

Any subscription is subject to a determination by counsel to the Fund that the subscription is in compliance with applicable federal and state laws and regulations.

**Investment Company Act of 1940**

The Fund will not be registered as an investment company under the Investment Company Act pursuant to an exemption set forth in Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act. The Fund will obtain appropriate representations and undertakings from all purchasers of Limited Partner Interests, including restrictions on transfer, to ensure that such purchasers meet the conditions of the exemption. Section 3(c)(7) of the Investment Company Act requires that each prospective purchaser be a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act. Information with respect to such requirements for "qualified purchaser" status will be included in the Fund's Subscription Agreement. The General Partner is not registered as a broker-dealer under the Exchange Act, or with the NASD, and is consequently not subject to certain record keeping and specific business practice provisions of the Exchange Act and the rules of the NASD.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024096

**Investment Advisers Act of 1940**

Neither the Management Company nor the General Partner is currently registered as an investment adviser under the Advisers Act. By virtue of being exempt from the registration requirements of the Advisers Act, the Management Company and the General Partner are not subject to the performance fee restrictions and certain other restrictions contained in the Advisers Act, and the investors in the Fund will not be afforded the protections provided under the Advisers Act to clients of advisors that are registered under the Advisers Act. The General Partner, the Management Company or an affiliate thereof may in the future register as an investment adviser under the Advisers Act to the extent required under the Advisers Act.

To the maximum extent permitted by applicable law, the General Partner and the Partnership (together with their respective related persons) hereby disclaim any duties, obligations, or status as an advisor, finder, agent, broker or dealer on behalf or in respect of any person in connection with such person's actual or proposed investment in the Partnership.

**Compliance With Anti-Money Laundering Requirements**

In response to increased regulatory requirements with respect to the sources of funds used in investments and other activities, the General Partner may require prospective investors to provide documentation verifying, among other things, such investor's (and any of its beneficial owners') identities and source of funds used to purchase its Limited Partner Interest in the Fund. The General Partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided.

Each prospective investor and Limited Partner will be required to make representations that such prospective investor or Limited Partner is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such prospective investor or Limited Partner will also represent that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene U.S. Federal, state or international laws and regulations, including, without limitation, anti-money laundering laws and regulations.

Requests for documentation and additional information may be made at any time during which an investor holds a Limited Partner Interest in the Fund. The General Partner will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures to implement anti-money laundering laws, which steps may include the forced sale or withdrawal of an Interest. In addition, the Fund could be required to disclose information pertaining to prospective investors subscribing for an interest to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future.

**Pay-to-Play Laws, Regulations and Policies**

In light of recent scandals involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which



HOUSE_OVERSIGHT_024097

prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has recently adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the Management Company, the General Partner, their employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Fund by, for example, providing the basis for the withdrawal of the affected government plan investor.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024098

# XII. ADDITIONAL INFORMATION

**Legal Counsel**
Proskauer Rose LLP ("Proskauer Rose") acts as counsel to the Fund, the General Partner and the Management Company in connection with the organization of the Fund and the offering of Limited Partner Interests therein. Proskauer Rose also acts as counsel to the Fund, the General Partner, the Management Company and their affiliates in connection with investments and ongoing operations of the Fund and other matters. In connection with the offering of Limited Partner Interests and subsequent advice to the Fund, the General Partner, the Management Company and their affiliates, Proskauer Rose will not be representing the Limited Partners of the Fund. No independent counsel has been retained to represent the Limited Partners of the Fund. Investors are advised to seek their own counsel in connection with a prospective investment in the Fund.

**Accounting and Reporting**
KPMG LLP, independent certified public accountants, will report upon the financial statements of the Fund for each fiscal year.

**Availability of Principal Agreements**
Prior to the consummation of the offering, the Fund will provide to each prospective investor and such investors' representatives and advisers, the opportunity to ask questions regarding the terms and conditions of this offering and to obtain any additional information required. Any questions or requests for information should be directed to Ron Hunt, New Leaf Venture Partners, L.L.C., Times Square Tower, 7 Times Square, Suite 3502, New York, New York 10036 (T: 646-871-6400).

No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund.

Copies of the Partnership Agreement and Subscription Agreement for the purchase of Limited Partner Interests will be made available upon request.

Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. During the course of the transaction and prior to sale, each purchaser of a Limited Partner Interest is invited to ask questions of the Fund Managers concerning the terms and conditions of the offering and to obtain any additional information necessary or to verify the accuracy of the information furnished in the Memorandum.


CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024099

# XIII. APPENDICES

## Appendix 1

### Listing of Investments by Fund

**New Leaf Ventures II, L.P.**

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **Realized or Partially Realized Investments** | | | | | | | | | |
| Acadia Pharmaceuticals, Inc. | Therapeutics | 2012 | $ 7.7 | $ 19.4 | $ - | $ 19.4 | 2.51 | 2.51 | 581.9% |
| Ambit Biosciences, Inc. | Therapeutics | 2013 | $ 10.4 | $ 11.1 | $ - | $ 11.1 | 1.06 | 1.06 | 13.1% |
| Array Biopharma Inc. | Therapeutics | 2012 | $ 9.0 | $ 20.3 | $ - | $ 20.3 | 2.25 | 2.25 | 74.0% |
| Audax Health Solutions, Inc. | Convergence | 2011 | $ 3.8 | $ 12.5 | $ 1.6 | $ 14.1 | - | 3.68 | 105.6% |
| Chimerix, Inc. | Therapeutics | 2011 | $ 20.6 | $ 27.0 | $ 44.9 | $ 71.9 | 3.07 | 3.50 | 57.7% |
| Epizyme, Inc. | Therapeutics | 2013 | $ 3.4 | $ 6.8 | $ - | $ 6.8 | 2.03 | 2.03 | 1583.0% |
| Glumetrics, Inc. | Diagnostics & Infrastructure | 2008 | $ 10.7 | $ - | $ - | $ - | - | - | NM |
| Intercept Pharmaceuticals, Inc. | Therapeutics | 2012 | $ 10.5 | $ 34.1 | $ - | $ 34.1 | 3.24 | 3.24 | 323.6% |
| Kalidex Pharmaceuticals, Inc. | Therapeutics | 2011 | $ 2.4 | $ 0.2 | $ - | $ 0.2 | 0.07 | 0.07 | -91.6% |
| MEI Pharma, Inc. | Therapeutics | 2012 | $ 9.0 | $ 10.2 | $ 35.8 | $ 46.0 | 2.94 | 5.12 | 423.2% |
| Presidio Pharmaceuticals, Inc. | Therapeutics | 2009 | $ 11.0 | $ - | $ - | $ - | - | - | NM |
| Synageva BioPharma | Therapeutics | 2009 | $ 10.4 | $ 75.7 | $ - | $ 75.7 | 7.30 | 7.30 | 103.3% |
| Worldheart, Inc. | Healthcare Devices | 2008 | $ 17.0 | $ 1.8 | $ - | $ 1.8 | 0.11 | 0.11 | NM |
| **Total Realized or Partially Realized Investments** | | | **$ 125.9** | **$ 219.2** | **$ 82.3** | **$ 301.5** | **2.01** | **2.39** | **40.6%** |
| | | | | | | | | | |
| Advanced Cell Diagnostics, Inc. | Diagnostics & Infrastructure | 2012 | $ 9.0 | $ - | $ 9.0 | $ 9.0 | - | 1.00 | -0.4% |
| Afferent Pharmaceuticals, Inc. | Therapeutics | 2009 | $ 11.2 | $ - | $ 11.2 | $ 11.2 | - | 1.00 | 0.0% |
| Altura Medical, Inc. | Healthcare Devices | 2010 | $ 10.7 | $ - | $ 8.3 | $ 8.3 | - | 0.77 | -12.3% |
| AwarePoint Corporation | Convergence | 2011 | $ 12.8 | $ - | $ 14.1 | $ 14.1 | - | 1.10 | 5.7% |
| Calchan Holdings LTD | Therapeutics | 2011 | $ 5.2 | $ - | $ - | $ - | - | - | NM |
| CardioKinetix, Inc. | Healthcare Devices | 2011 | $ 12.0 | $ - | $ 12.0 | $ 12.0 | - | 1.00 | 0.0% |
| Convergence Pharmaceuticals, Ltd | Therapeutics | 2010 | $ 7.4 | $ - | $ 7.6 | $ 7.6 | - | 1.03 | 1.0% |
| Durata Therapeutics, Inc. | Therapeutics | 2009 | $ 25.0 | $ - | $ 40.8 | $ 40.8 | - | 1.63 | 21.2% |
| iRhythm Technologies, Inc. | Convergence | 2011 | $ 11.1 | $ - | $ 11.6 | $ 11.6 | - | 1.04 | 1.6% |
| Karos Pharmaceuticals, Inc. | Therapeutics | 2010 | $ 7.6 | $ 0.1 | $ 7.5 | $ 7.6 | - | 1.00 | 0.0% |
| Karus Therapeutics Ltd | Therapeutics | 2012 | $ 5.8 | $ - | $ 5.8 | $ 5.8 | - | 1.00 | 0.0% |
| Karyopharm Therapeutics, Inc. | Therapeutics | 2013 | $ 1.0 | $ - | $ 4.2 | $ 4.2 | - | 4.17 | 1638.7% |
| Kitcheck, Inc. | Convergence | 2013 | $ 3.7 | $ - | $ 3.7 | $ 3.7 | - | 1.00 | 0.0% |
| Neuronetics, Inc. | Healthcare Devices | 2009 | $ 20.3 | $ - | $ 21.9 | $ 21.9 | - | 1.08 | 2.0% |
| NY Digital Health, LLC | Convergence | 2012 | $ 0.4 | $ - | $ 0.4 | $ 0.4 | - | 1.00 | 0.1% |
| Oxford Immunotec | Diagnostics & Infrastructure | 2009 | $ 11.3 | $ - | $ 27.1 | $ 27.1 | - | 2.41 | 28.3% |
| Principia BioPharma, Inc. | Therapeutics | 2011 | $ 9.7 | $ - | $ 9.7 | $ 9.7 | - | 1.00 | 0.0% |
| Spiracur, Inc | Healthcare Devices | 2009 | $ 12.0 | $ - | $ 8.5 | $ 8.5 | - | 0.70 | -8.4% |
| TigerText, Inc. | Convergence | 2012 | $ 4.6 | $ 0.0 | $ 5.6 | $ 5.7 | - | 1.25 | 22.6% |
| Treato Pharma | Convergence | 2013 | $ 3.0 | $ - | $ 3.0 | $ 3.0 | - | 1.00 | 0.0% |
| Truveris, Inc. | Convergence | 2012 | $ 6.5 | $ - | $ 6.5 | $ 6.5 | - | 1.00 | 0.0% |
| Versartis, Inc. | Therapeutics | 2011 | $ 21.2 | $ - | $ 93.6 | $ 93.6 | - | 4.41 | 129.4% |
| Public Investments | Therapeutics | 2011 | $ 20.6 | $ 13.1 | $ 29.5 | $ 42.6 | - | 2.07 | 42.5% |
| **Total Unrealized Investments** | | | **$ 232.1** | **$ 13.2** | **$ 341.4** | **$ 354.6** | **-** | **1.53** | **20.4%** |
| **Total New Leaf Ventures II, L.P. Investments** | | | **$ 358.0** | **$ 232.4** | **$ 423.7** | **$ 656.1** | **2.01** | **1.83** | **29.6%** |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024100

## New Leaf Ventures I, L.P.

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **Realized or Partially Realized Investments** | | | | | | | | | |
| Aesthetic Sciences Corporation | Healthcare Devices | 2006 | $ 4.1 | $ - | $ - | $ - | - | - | NM |
| Artisan Pharma, Inc. | Therapeutics | 2006 | $ 10.8 | $ - | $ - | $ - | - | - | NM |
| Aviir, Inc. | Diagnostics & Infrastructure | 2007 | $ 16.3 | $ 0.9 | $ - | $ 0.9 | 0.05 | 0.05 | NM |
| Barrier Therapeutics, Inc. | Therapeutics | 2006 | $ 8.2 | $ 6.4 | $ - | $ 6.4 | 0.78 | 0.78 | -11.8% |
| BioRelix, Inc. | Therapeutics | 2007 | $ 6.3 | $ - | $ - | $ - | - | - | NM |
| Cerexa, Inc. | Therapeutics | 2005 | $ 8.0 | $ 43.4 | $ - | $ 43.4 | 5.42 | 5.42 | 197.3% |
| CN Therapeutics, Inc. | Therapeutics | 2006 | $ 0.1 | $ - | $ - | $ - | - | - | NM |
| Interlace Medical, Inc. | Healthcare Devices | 2005 | $ 7.8 | $ 67.3 | $ 0.1 | $ 67.4 | 8.62 | 8.64 | 84.4% |
| Oriel Therapeutics, Inc. | Therapeutics | 2007 | $ 11.1 | $ 18.8 | $ 12.2 | $ 31.0 | 1.70 | 2.80 | 49.9% |
| Pearl Therapeutics, Inc. | Therapeutics | 2007 | $ 28.9 | $ 72.3 | $ 17.3 | $ 89.6 | 2.50 | 3.10 | 33.1% |
| Proteogenix, Inc. | Diagnostics & Infrastructure | 2007 | $ 9.4 | $ 0.8 | $ - | $ 0.8 | 0.08 | 0.08 | NM |
| Stromedix, Inc. | Therapeutics | 2008 | $ 10.7 | $ 19.2 | $ 22.5 | $ 41.7 | 1.79 | 3.89 | 42.0% |
| Transcept Pharmaceuticals, Inc | Therapeutics | 2005 | $ 15.6 | $ 7.1 | $ - | $ 7.1 | 0.46 | 0.46 | -11.5% |
| **Total Realized or Partially Realized Investments** | | | **$ 13.7** | **$ 236.2** | **$ 52.1** | **$ 288.3** | **1.72** | **2.10** | **27.5%** |
| **Unrealized Investments** | | | | | | | | | |
| Access Closure, Inc. | Healthcare Devices | 2006 | $ 24.7 | $ - | $ 35.4 | $ 35.4 | - | 1.43 | 6.1% |
| Concert Pharmaceuticals, Inc. | Therapeutics | 2006 | $ 6.2 | $ - | $ 6.8 | $ 6.8 | - | 1.11 | 1.5% |
| Direct Flow Medical, Inc. | Healthcare Devices | 2005 | $ 13.0 | $ - | $ 20.2 | $ 20.2 | - | 1.56 | 7.1% |
| IlluminOss Medical, Inc. | Healthcare Devices | 2008 | $ 10.1 | $ - | $ 9.7 | $ 9.7 | - | 0.97 | -0.8% |
| Intarcia Therapeutics, Inc. | Therapeutics | 2007 | $ 36.9 | $ - | $ 186.9 | $ 186.9 | - | 5.06 | 39.9% |
| Relypsa, Inc. | Therapeutics | 2007 | $ 23.7 | $ - | $ 61.8 | $ 61.8 | - | 2.60 | 27.5% |
| ReShape Medical | Healthcare Devices | 2006 | $ 13.6 | $ - | $ 13.7 | $ 13.7 | - | 1.01 | 0.2% |
| Tioga Pharmaceuticals, Inc. | Therapeutics | 2005 | $ 19.6 | $ - | $ 7.2 | $ 7.2 | - | 0.37 | -14.6% |
| VaxInnate, Inc. | Therapeutics | 2006 | $ 19.4 | $ - | $ 19.6 | $ 19.6 | - | 1.01 | 0.2% |
| **Total Unrealized Investments** | | | **$ 167.2** | **$ -** | **$ 361.4** | **$ 361.4** | **-** | **2.16** | **15.2%** |
| **Total New Leaf Ventures I, L.P. Investments** | | | **$ 304.5** | **$ 236.2** | **$ 413.5** | **$ 649.7** | **1.72** | **2.13** | **19.1%** |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024101

## Sprout Capital IX, L.P. (Healthcare Technology Portfolio)

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **Realized or Partially Realized Investments** | | | | | | | | | |
| Adolor Corporation | Therapeutics | 2000 | $ 29.3 | $ 23.5 | $ - | $ 23.5 | 0.80 | 0.80 | -4.2% |
| Affymax, Inc. | Therapeutics | 2001 | $ 37.2 | $ 17.9 | $ - | $ 17.9 | 0.48 | 0.48 | -11.3% |
| Aspire Medical | Healthcare Devices | 2004 | $ 7.4 | $ 0.6 | $ - | $ 0.6 | 0.07 | 0.07 | NM |
| Aspreva Pharmaceuticals | Therapeutics | 2004 | $ 23.2 | $ 151.7 | $ - | $ 151.7 | 6.54 | 6.54 | 95.4% |
| Aureon Biosciences, Inc. | Diagnostics & Infrastructure | 2001 | $ 34.1 | $ 0.8 | $ - | $ 0.8 | 0.02 | 0.02 | NM |
| Auxilium Pharmaceuticals, Inc. | Therapeutics | 2003 | $ 23.1 | $ 106.3 | $ - | $ 106.3 | 4.60 | 4.60 | 37.4% |
| Corixa Corporation | Therapeutics | 2003 | $ 42.7 | $ 31.1 | $ - | $ 31.1 | 0.73 | 0.73 | -13.2% |
| eHealth, Inc. | Convergence | 2001 | $ 12.1 | $ 58.4 | $ - | $ 58.4 | 4.83 | 4.83 | 26.8% |
| Epicor Medical, Inc. | Healthcare Devices | 2001 | $ 9.3 | $ 41.8 | $ - | $ 41.8 | 4.49 | 4.49 | 78.7% |
| ePocrates, Inc. | Convergence | 2000 | $ 17.2 | $ 53.2 | $ - | $ 53.2 | 3.10 | 3.10 | 10.8% |
| Focus Technologies, Inc. | Diagnostics & Infrastructure | 2000 | $ 32.3 | $ 84.1 | $ - | $ 84.1 | 2.61 | 2.61 | 17.8% |
| Gryphon Therapeutics | Therapeutics | 2002 | $ 13.3 | $ 0.2 | $ - | $ 0.2 | 0.01 | 0.01 | -60.7% |
| Ilypsa, Inc. (fka Symyx) | Therapeutics | 2003 | $ 15.8 | $ 109.4 | $ - | $ 109.4 | 6.91 | 6.91 | 78.0% |
| ISTA Pharmaceuticals, Inc. | Therapeutics | 2002 | $ 42.9 | $ 84.6 | $ - | $ 84.6 | 1.97 | 1.97 | 10.8% |
| Kalypsys | Therapeutics | 2002 | $ 27.4 | $ 1.1 | $ - | $ 1.1 | 0.05 | 0.04 | -29.7% |
| Lathian Systems, Inc | Convergence | 2001 | $ 7.1 | $ 0.0 | $ - | $ 0.0 | 0.00 | 0.00 | NM |
| Metabasis Therapeutics, Inc. | Therapeutics | 2001 | $ 23.8 | $ 1.1 | $ - | $ 1.1 | 0.05 | 0.05 | NM |
| NeuroVista Corp. | Healthcare Devices | 2004 | $ 8.8 | $ - | $ - | $ - | - | - | NM |
| NxStage Medical, Inc. | Healthcare Devices | 2001 | $ 21.6 | $ 45.1 | $ - | $ 45.1 | 2.09 | 2.09 | 9.4% |
| Nyco Holdings ApS | Therapeutics | 2002 | $ 47.0 | $ 222.8 | $ 2.7 | $ 225.5 | 4.74 | 4.80 | 33.6% |
| Pharsight Corporation | Convergence | 2002 | $ 2.8 | $ 6.4 | $ - | $ 6.4 | 2.31 | 2.31 | 16.2% |
| Phylos, Inc. | Therapeutics | 2000 | $ 10.2 | $ - | $ - | $ - | - | - | NM |
| Progen PharmaInc. (Cellgate) | Therapeutics | 2003 | $ 21.4 | $ 0.4 | $ - | $ 0.4 | 0.02 | 0.02 | -49.9% |
| Protedyne Corporation | Diagnostics & Infrastructure | 2001 | $ 21.9 | $ 3.7 | $ - | $ 3.7 | 0.17 | 0.17 | NM |
| Radiant Medical, Inc. | Healthcare Devices | 2000 | $ 18.6 | $ 0.5 | $ - | $ 0.5 | 0.02 | 0.02 | NM |
| Sirna Therapeutics, Inc. | Therapeutics | 2003 | $ 27.2 | $ 219.3 | $ - | $ 219.3 | 8.06 | 8.06 | 91.0% |
| Spiration, Inc. | Healthcare Devices | 2002 | $ 17.4 | $ 14.5 | $ - | $ 14.5 | 0.84 | 0.84 | -2.4% |
| Tolerx, Inc. | Therapeutics | 2002 | $ 11.0 | $ 1.5 | $ - | $ 1.5 | 0.14 | 0.14 | -23.0% |
| Triple Point | Healthcare Devices | 2004 | $ 0.3 | $ 0.1 | $ - | $ 0.1 | 0.28 | 0.28 | -48.3% |
| VascA, Inc. | Healthcare Devices | 2001 | $ 12.8 | $ 0.4 | $ - | $ 0.4 | 0.03 | 0.03 | NM |
| Visiogen, Inc. | Healthcare Devices | 2001 | $ 17.9 | $ 90.0 | $ - | $ 90.0 | 5.04 | 5.04 | 35.4% |
| VNUS Medical Technologies, Inc. | Healthcare Devices | 2001 | $ 8.0 | $ 22.1 | $ - | $ 22.1 | 2.76 | 2.76 | 15.4% |
| **Total Realized or Partially Realized Investments** | | | **$ 645.0** | **$ 1,392.4** | **$ 2.7** | **$ 1,395.1** | **2.18** | **2.16** | **16.8%** |
| **Unrealized Investments** | | | | | | | | | |
| Expression Diagnostics (XDx) | Diagnostics & Infrastructure | 2004 | $ 16.6 | $ 0.0 | $ 3.8 | $ 3.8 | NA | 0.23 | -19.4% |
| Intrinsic Therapeutics, Inc. | Healthcare Devices | 2002 | $ 26.6 | $ 0.0 | $ - | $ 0.0 | NA | 0.00 | NM |
| Labcyte, Inc. (fka Picoliter) | Diagnostics & Infrastructure | 2002 | $ 10.0 | $ - | $ 10.6 | $ 10.6 | NA | 1.06 | 0.5% |
| Relypsa, Inc. | Therapeutics | 2007 | $ 20.3 | $ 0.0 | $ 50.4 | $ 50.4 | NA | 2.49 | 23.9% |
| Sopherion Therapeutics, Inc. | Therapeutics | 2004 | $ 15.1 | $ - | $ 0.0 | $ 0.0 | NA | 0.00 | NM |
| Spinewave | Healthcare Devices | 2004 | $ 10.5 | $ - | $ 3.7 | $ 3.7 | NA | 0.35 | -11.9% |
| **Total Unrealized Investments** | | | **$ 99.1** | **$ 0.0** | **$ 68.4** | **$ 68.4** | **-** | **0.69** | **-5.0%** |
| **Total Sprout Capital IX, L.P. (HCT) Investments** | | | **$ 744.1** | **$ 1,392.4** | **$ 71.1** | **$ 1,463.6** | **2.18** | **1.97** | **14.8%** |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024102

## Sprout Capital VIII, L.P. (Healthcare Technology Portfolio)

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **All Investments** | | | | | | | | | |
| Allos Therapeutics, Inc. | Therapeutics | 1998 | $ 3.5 | $ 9.8 | $ - | $ 9.8 | 2.83 | 2.83 | 47.6% |
| AviaHealth, Inc. (fka GoToMyDoc) | Convergence | 2000 | $ 2.0 | $ 0.0 | $ - | $ 0.0 | 0.02 | 0.02 | -92.8% |
| Cephalon, Inc. | Therapeutics | 1999 | $ 5.1 | $ 25.6 | $ - | $ 25.6 | 5.01 | 5.01 | 293.2% |
| Charles River Laboratories | Diagnostics & Infrastructure | 1999 | $ 4.3 | $ 22.7 | $ - | $ 22.7 | 5.23 | 5.23 | 121.6% |
| Deltagen, Inc. | Therapeutics | 1998 | $ 19.9 | $ 4.1 | $ - | $ 4.1 | 0.20 | 0.20 | -30.3% |
| eHealth, Inc. | Convergence | 1999 | $ 11.3 | $ 20.3 | $ - | $ 20.3 | 1.80 | 1.80 | 7.7% |
| Gantech International, Inc. | Therapeutics | 1999 | $ 2.8 | $ - | $ - | $ - | - | - | NM |
| Keravision Inc. | Healthcare Devices | 1998 | $ 10.2 | $ - | $ - | $ - | - | - | NM |
| Microban International, Ltd. | Diagnostics & Infrastructure | 1999 | $ 14.8 | $ 39.7 | $ - | $ 39.7 | 2.68 | 2.68 | 14.5% |
| Nuvelo, Inc. (fka Variagenics, Inc.) | Therapeutics | 1999 | $ 11.8 | $ 24.8 | $ - | $ 24.8 | 2.10 | 2.10 | 13.9% |
| NxStage Medical, Inc. | Healthcare Devices | 1999 | $ 17.8 | $ 50.3 | $ - | $ 50.3 | 2.83 | 2.83 | 14.2% |
| Phase Forward Incorporated | Convergence | 1998 | $ 9.0 | $ 38.6 | $ - | $ 38.6 | 4.31 | 4.31 | 22.4% |
| SGX, Inc. | Therapeutics | 2000 | $ 15.0 | $ 1.6 | $ - | $ 1.6 | 0.11 | 0.11 | -35.3% |
| Skila, Inc. | Convergence | 1998 | $ 9.0 | $ 0.0 | $ - | $ 0.0 | 0.00 | 0.00 | NM |
| Spotfire, Inc. | Convergence | 1999 | $ 9.9 | $ 24.8 | $ - | $ 24.8 | 2.50 | 2.50 | 12.7% |
| VascA, Inc. | Healthcare Devices | 1999 | $ 7.3 | $ 0.1 | $ - | $ 0.1 | 0.02 | 0.02 | NM |
| VNUS Medical Technologies, Inc. | Healthcare Devices | 1999 | $ 3.8 | $ 11.1 | $ - | $ 11.1 | 2.90 | 2.90 | 12.7% |
| **Total Sprout Capital VIII, L.P. (HCI) Investments** | | | **$ 157.5** | **$ 273.7** | **$ -** | **$ 273.7** | **1.74** | **1.74** | **10.1%** |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024103

## Sprout Capital VII, L.P. (Healthcare Technology Portfolio)

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **All Investments** | | | | | | | | | |
| Adeza Biomedical Corporation | Diagnostics & Infrastructure | 1996 | $ 4.8 | $ 27.7 | $ - | $ 27.7 | 5.75 | 5.75 | 20.1% |
| Allos Therapeutics, Inc. | Therapeutics | 1998 | $ 2.6 | $ 7.5 | $ - | $ 7.5 | 2.87 | 2.87 | 38.8% |
| Aradigm Corporation | Therapeutics | 1994 | $ 2.8 | $ 15.3 | $ - | $ 15.3 | 5.45 | 5.45 | 39.3% |
| AtheroGenics, Inc. | Therapeutics | 1996 | $ 3.8 | $ 7.1 | $ - | $ 7.1 | 1.87 | 1.87 | 13.7% |
| AviaHealth, Inc. (fka GoToMyDoc) | Convergence | 2000 | $ 1.6 | $ 0.0 | $ - | $ 0.0 | 0.02 | 0.02 | -92.8% |
| CombiChem, Inc. | Therapeutics | 1995 | $ 3.9 | $ 9.4 | $ - | $ 9.4 | 2.43 | 2.43 | 26.5% |
| Connetics Corp. (fka Connective) | Therapeutics | 1995 | $ 6.3 | $ 14.2 | $ - | $ 14.2 | 2.24 | 2.24 | 15.5% |
| FemRX | Healthcare Devices | 1995 | $ 2.2 | $ 3.2 | $ - | $ 3.2 | 1.47 | 1.47 | 11.6% |
| Healtheon/WebMD (Sapient) | Convergence | 1996 | $ 3.0 | $ 39.8 | $ - | $ 39.8 | 13.42 | 13.42 | 190.1% |
| Hearten Medical | Healthcare Devices | 1997 | $ 1.7 | $ - | $ - | $ - | - | - | NM |
| IntraBiotics Pharmaceuticals | Therapeutics | 1994 | $ 3.9 | $ 7.3 | $ - | $ 7.3 | 1.89 | 1.89 | 13.4% |
| Lynx Therapeutics, Inc. | Diagnostics & Infrastructure | 1995 | $ 1.1 | $ 2.9 | $ - | $ 2.9 | 2.72 | 2.72 | 25.4% |
| NxStage Medical, Inc. | Healthcare Devices | 2003 | $ 3.3 | $ 18.9 | $ - | $ 18.9 | 5.80 | 5.80 | 20.9% |
| Orquest, Inc. | Healthcare Devices | 1995 | $ 5.5 | $ 7.8 | $ - | $ 7.8 | 1.42 | 1.42 | 6.1% |
| Pathology Partners | Diagnostics & Infrastructure | 1997 | $ 3.3 | $ 22.4 | $ - | $ 22.4 | 6.82 | 6.82 | 38.2% |
| Pharsight Corporation | Convergence | 1997 | $ 4.9 | $ 7.3 | $ - | $ 7.3 | 1.48 | 1.48 | 6.0% |
| Point Biomedical | Diagnostics & Infrastructure | 1997 | $ 9.2 | $ 0.0 | $ - | $ 0.0 | 0.00 | 0.00 | NM |
| Prometheus Laboratories, Inc. | Therapeutics | 1998 | $ 7.8 | $ 38.8 | $ - | $ 38.8 | 5.00 | 5.00 | 13.4% |
| Salient Interventional Systems | Healthcare Devices | 1998 | $ 2.7 | $ 0.0 | $ - | $ 0.0 | 0.00 | 0.00 | NM |
| Skila, Inc. | Convergence | 1998 | $ 5.2 | $ 0.2 | $ - | $ 0.2 | 0.05 | 0.05 | NM |
| TriPath Imaging, Inc. | Diagnostics & Infrastructure | 1996 | $ 4.9 | $ 13.9 | $ - | $ 13.9 | 2.83 | 2.83 | 17.2% |
| VascA, Inc. | Healthcare Devices | 1996 | $ 6.5 | $ 0.1 | $ - | $ 0.1 | 0.02 | 0.02 | NM |
| VNUS Medical Technologies, Inc. | Healthcare Devices | 1997 | $ 4.3 | $ 15.7 | $ - | $ 15.7 | 3.66 | 3.66 | 12.1% |
| Xcyte Therapies, Inc. (CDR) | Therapeutics | 1996 | $ 6.1 | $ 0.5 | $ - | $ 0.5 | 0.08 | 0.08 | -33.6% |
| **Total Sprout Capital VII, L.P. (HCI) Investments** | | | **$ 101.2** | **$ 260.0** | **$ -** | **$ 260.0** | **2.57** | **2.57** | **18.6%** |

## Sprout Growth II, L.P. (Healthcare Technology Portfolio)

*$ amounts in millions, as of March 31, 2014*

*Please refer to Endnotes I,J,K,L,M and N in this Appendix.*

| Company | Sector | Vintage Year | Total Cost | Realized Value | Unrealized Value | Total Value | Gross Multiple (Realized Portion) | Gross Multiple (Total) | Gross IRR |
|---|---|---|---|---|---|---|---|---|---|
| **All Investments** | | | | | | | | | |
| Adeza Biomedical Corporation | Diagnostics & Infrastructure | 1996 | $ 3.9 | $ 22.7 | $ - | $ 22.7 | 5.75 | 5.75 | 20.1% |
| AviaHealth, Inc. (fka GoToMyDoc) | Convergence | 2000 | $ 1.3 | $ 0.0 | $ - | $ 0.0 | 0.02 | 0.02 | -92.8% |
| Cephalon, Inc. | Therapeutics | 1999 | $ 4.1 | $ 20.5 | $ - | $ 20.5 | 5.01 | 5.01 | 293.2% |
| Connetics Corp. (fka Connective) | Therapeutics | 1997 | $ 3.2 | $ 6.5 | $ - | $ 6.5 | 2.05 | 2.05 | 16.7% |
| IVAC Holdings, Inc. | Healthcare Devices | 1995 | $ 0.9 | $ 3.0 | $ - | $ 3.0 | 3.31 | 3.31 | 121.9% |
| Pathology Partners | Diagnostics & Infrastructure | 1997 | $ 2.7 | $ 18.3 | $ - | $ 18.3 | 6.82 | 6.82 | 38.1% |
| **Total Sprout Growth II, L.P. (HCI) Investments** | | | **$ 16.1** | **$ 70.9** | **$ -** | **$ 70.9** | **4.42** | **4.42** | **43.8%** |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024104

## Appendix 2

### All Funds Gross and Net Returns

*$ amounts in millions, as of March 31, 2014*

| | Gross Basis | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross Cost and Value | | | | Gross Multiple | | Gross IRR | |
| | Total Cost | Total | Realized | Unrealized | Realized | Overall | Realized | Overall |
| New Leaf Ventures II, L.P. (2008) | $358.0 | $656.1 | $232.4 | $423.7 | 2.01x | 1.83x | 33.3% | 29.6% |
| New Leaf Ventures I, L.P. (2005) | $304.5 | $649.7 | $236.2 | $413.5 | 1.72x | 2.13x | 22.9% | 19.1% |
| Sprout Capital IX, L.P. (2000) (Healthcare Technology) | $744.1 | $1,463.6 | $1,392.4 | $71.1 | 2.18x | 1.97x | 16.8% | 14.8% |
| Sprout Capital VIII, L.P. (1998) (Healthcare Technology) | $157.5 | $273.7 | $273.7 | $0.0 | 1.74x | 1.74x | 10.1% | 10.1% |
| Sprout Capital VII, L.P. (1995) (Healthcare Technology) | $101.2 | $260.0 | $260.0 | $0.0 | 2.57x | 2.57x | 18.6% | 18.6% |
| Sprout Growth II, L.P. (1995) (Healthcare Technology) | $16.1 | $70.9 | $70.9 | $0.0 | 4.42x | 4.42x | 43.8% | 43.8% |

| | Net Basis | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net Cost and Value | | | | | Net Metrics Multiples | | |
| | Fund Size | Paid-In Capital | Distributed Value | Equity In Fund | Total Value | Distributed / Paid In | Total Value / Paid In | Total Value IRR |
| New Leaf Ventures II, L.P. (2008) | $450.0 | $407.3 | $204.2 | $386.9 | $591.1 | 0.50x | 1.45x | 16.7% |
| New Leaf Ventures I, L.P. (2005) | $310.0 | $302.6 | $154.7 | $374.8 | $529.5 | 0.51x | 1.75x | 12.0% |
| Sprout Capital IX, L.P. (2000) (Healthcare Technology) | $690.0 | $690.0 | $1,071.5 | $71.1 | $1,142.7 | 1.55x | 1.66x | 9.3% |
| Sprout Capital VIII, L.P. (1998) (Healthcare Technology) | $147.1 | $147.1 | $218.7 | $0.0 | $218.7 | 1.49x | 1.49x | 6.0% |
| Sprout Capital VII, L.P. (1995) (Healthcare Technology) | $95.2 | $95.2 | $207.0 | $0.0 | $207.0 | 2.17x | 2.17x | 12.0% |
| Sprout Growth II, L.P. (1995) (Healthcare Technology) | $15.3 | $15.3 | $56.3 | $0.0 | $56.3 | 3.69x | 3.69x | 28.9% |



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024105

**Methodology Used to Calculate Net Returns Numbers for Sprout Healthcare Technology Portfolios**

Estimated net returns numbers for the managed healthcare portfolio of the Sprout funds are based on New Leaf's calculations of synthetic net returns. The synthetic net returns for the healthcare technology investments in each Sprout Fund are an estimate of what the net returns would have been for these investments, if they had been managed in a standalone healthcare technology venture capital fund structure rather than one set of investments as part of a larger, diversified venture capital fund. The synthetic net returns were computed assuming a fund size required to fund 100% of the total cost of the healthcare investments in each of the Sprout funds using both called and recycled capital, a management fee of 2% payable quarterly and a carried interest. The net return reflects reinvestment of certain proceeds, gains and other proceeds by the Sprout healthcare portfolio synthetic funds to the extent permitted under the partnership governing documents. A detailed example of the calculation is below.

> **Sprout IX**: Total actual HCT investments of $740M; 2% management fees, resulting in $120M of management fees and expenses from inception-to-date; 25% carried interest; Standalone fund size of $690M ($735M investments with cash recycling of 6%); Total realizations have been $1,375M and total remaining value is $50M. Assumes $130M in total carried interest to GPs already paid out; Yields Total Distributed to LPs of $1,075M ($1,375M - $120M fees - $130M carry - $50M recycling) / $690M = 1.56x; Yields Total Remaining to LPs of $50M / $690M = 0.07x



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024106

## Appendix 3

PME+ Methodology

Public Market Equivalent ("PME+") is used to compare the net performance of each of the Sprout HC synthetic funds and NLV funds to the performance of a same size, hypothetical investment in a fund that tracked a public market index. The investments in the hypothetical public market index funds have identical cash inflow schedules and proportionately comparable cash outflow schedules. The cash outflow schedules are set so that the remaining equity value of the public equivalent fund is exactly equal to the remaining equity value of the benchmarked private equity fund at the end of the benchmarking period. The analysis is presented to illustrate the comparative returns a limited partner would have generated by investing in the hypothetical public market index fund at the same time and in the same amounts as had been invested in each of the NLV or Sprout (HC portion only) synthetic funds. The NLV or Sprout HC funds are presented as net, which includes the impact of management fees, expenses, and carried interest. The public market index funds do not have any impact of fees or carried interest. A more detailed description of the PME+ methodology used is available in: Rouvinez, Christophe. "Asset Class: Beating the Public Market." Private Equity International. January 2003. 26-28



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024107

## Appendix 5

**ENDNOTES**

Except as otherwise expressly noted, all performance information contained herein, including rates of return, is as of March 31, 2014 and is unaudited. The performance information is based on the cumulative invested capital, cumulative cash dividends and realized and unrealized sales proceeds in portfolio companies. Where designated as "gross", the performance information is presented on a gross basis with regard to expenses and does not reflect deductions for any management fees, the general partner's carried interest or other expenses. Where designated as "net", the performance information is presented on a net basis after giving effect to management fees, the general partner's carried interest and other expenses. Please refer to Section III: "Summary of Historical Investment Performance" and the endnotes below for a more detailed description of the performance of the NLV-I, NLV-II and the Sprout Funds. An investment in the Fund does not represent an interest in any indicated investment or any investment portfolio of any related or other investment fund, including any investment or fund managed by the Fund Managers. Disclosure of past performance herein is for informational purposes only and is not indicative of future results.

[A] The financial data contained herein relating to the valuations and investment performance of NLV-I, NLV-II, the Sprout Funds and their investments (including the I.C. portfolio thereof) are estimates prepared by NLV as of March 31, 2014, and have not been audited. The vintage year of each fund represents the first year that an investment in a portfolio company was either committed to or funded. While NLV's valuations of unrealized investments are based on assumptions that NLV believes are reasonable under the circumstances, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of the sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially and adversely from the (assumed) returns indicated herein. Past performance is not indicative of future results. There can be no assurance that the Fund will achieve results comparable to those shown herein, will be able to avoid losses or will be able to achieve its investment objectives. Except as specifically noted, all performance information contained herein is on a "gross" basis before giving effect to management fees, the general partner's carried interest, taxes and other expenses, the application of which would reduce such prior performance and indicated rates of return. Except as otherwise indicated, performance information is for NLV-I, NLV-II and the Fund Managers' investments in the Sprout Funds. While the Fund Managers initiated, led, co-led, managed or were otherwise instrumental in the identification, negotiation, execution and/or management of these investments (as further described herein), other individuals, including individuals from Sprout Group with respect to the Sprout Funds, were involved in and assisted with these investments.

[B] Rates of return for public indices are provided for informational purposes only and do not reflect a basis for comparison for venture capital interests, as the market volatility, liquidity and other characteristics of venture capital investments are materially different from public indices. The S&P 500 Stock Index is an unmanaged market capitalization of 500 U.S. equities



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024108

generally considered to be representative of U.S. stock market activity. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ Stock Market. The NASDAQ Biotechnology Index includes securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark as either Biotechnology or Pharmaceuticals which also meet other eligibility criteria. The Dow Jones Industrial Average is an index that shows how 30 large, publicly owned companies based in the U.S. have traded during a standard trading session in the stock market.

[C] Data provided by Cambridge Associates at no charge. Cambridge U.S. VC healthcare data as of Q1'13. Where results on the Sprout Funds refer to net basis, it is the result of a methodology that adjusts the gross results for the healthcare technology investments for recycling, management fees, and carried interest so they can be compared to industry sources (e.g., Cambridge Associates) on a directly comparable basis. The methodology and assumptions used to adjust from gross to net basis is described in Appendix 2.

[D] The gross annual compound internal rate of return ("IRR") and gross multiple of invested capital as of March 31, 2014 are before giving effect to taxes, management fees, the general partner's carried interest and other expenses. The net IRR and net multiple of invested capital as of March 31, 2014 are after giving effect to management fees, the general partner's carried interest and other expenses. All IRRs presented are annualized and calculated on the basis of quarterly inflows and outflows of cash and unrealized values, assuming such inflows and outflows occurred as of quarter end and all remaining investments were sold at the current holding value through as of March 31, 2014. There can be no assurance that unrealized investments will be realized at the valuations shown.

[E] The results for the Sprout Funds represent results from the healthcare technology portion of the Sprout Funds, which represents between 8% and 65% of the cost basis of the investments of the funds taken as a whole. Healthcare technology means, collectively, the biopharmaceutical, medical device, and diagnostics and infrastructure sectors. See Appendix 2 for the Methodology Used to Calculate Net Return Numbers for Sprout Healthcare Technology Portfolios.

[F] **Net Distributed to Paid-in Capital ("DPI")**: Calculated based on (1) called capital of a fund (based on individual called capital percentages and fund sizes across multiple funds) and (2) distributed capital of a fund (based on aggregating individual funds distributed capital amounts, as calculated using DPI and called individual fund called amounts). For the purposes of this ratio for NLV-I and NLV-II, the "deemed contribution" of the general partner is included in the total amount of capital contributions made by the fund's partners.

[G] **(Distributed + Public) to Paid-in Capital**: Calculated based on (1) called capital of a fund (based on individual called capital percentages and fund sizes across multiple funds) and (2) distributed capital of a fund (based on aggregating individual funds distributed capital amounts, as calculated using DPI and called individual fund called amounts) plus the unrealized value of publicly traded securities based on the closing market price of the security. For the purposes of this ratio for NLV-I and NLV-II, the "deemed contribution" of the general partner is included in the total amount of capital contributions made by the fund's partners.



HOUSE_OVERSIGHT_024109

[H] **(Distributed + Liquid Public) to Paid-in Capital**: Calculated based on (1) called capital of a fund (based on individual called capital percentages and fund sizes across multiple funds) and (2) distributed capital of a fund (based on aggregating individual funds distributed capital amounts, as calculated using DPI and called individual fund called amounts) plus the unrealized value of freely tradable publicly traded securities based on the closing market price of the security. This is based on the assumption that NLV can trade out of 10% of daily trading volume over next 30 days based on last 30 days ADTV.

For the purposes of this ratio for NLV-I and NLV-II, the "deemed contribution" of the general partner is included in the total amount of capital contributions made by the fund's partners.

[I] **Realized Cost**: Represents the cost of investment attributable to the realized portion of such investment.

[J] **Total Cost**: Represents the overall cost of investment.

[K] **Realized Value**: Represents gross proceeds received from the sale of an underlying investment or group of investments.

[L] **Unrealized Value, Unrealized/(Public) or Unrealized/(Private)**: All private investments are fair value as determined in good faith by the General Partner. Fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: operating results, financial condition, public or private transactions, valuations for publicly-traded compatible companies, recent purchases of the same or similar securities, progress of clinical trials or other operational progress of an investment's product, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Public represents a portfolio company whose securities are traded on a public exchange such as NASDAQ. The unrealized value of publicly traded securities held shown in parenthesis is valued at the closing market price. The unrealized value of warrants for any publicly traded companies is valued based on the Black-Sholes Method.

[M] **Total Value**: Represents realized value plus Unrealized Value.

[N] **Multiple**: Represents the ratio of Total Value, Realized Value or Unrealized Value to the corresponding amount of capital invested, expressed as a multiple.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024110

# XIV. CERTAIN OFFERING NOTICES

**NOTICE TO RESIDENTS OF FLORIDA**

The Interests being offered have not been registered with the Florida Division of Securities. If sales are made to five or more Florida purchasers, each sale is voidable by the purchaser within three days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer or within three days after availability of that privilege is communicated to such purchaser, whichever occurs later.

**NOTICE TO NON-U.S. RESIDENTS GENERALLY**

No action has been or will be taken in any jurisdiction outside the U.S. that would permit an offering of these securities, or possession or distribution of offering material in connection with the issue of these securities, in any country or jurisdiction where action for that purpose is required. It is the responsibility of any person wishing to subscribe for the Interests to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the Interests, and any foreign exchange restrictions that may be relevant thereto.

**AUSTRALIA**

The Fund is not a registered managed investment scheme, nor is it required to be registered as a managed investment scheme, and this Memorandum is not a product disclosure document lodged or required to be lodged with the Australian Securities and Investments Commission. Interests in the Fund will only be offered in Australia to persons to whom such securities may be offered without a product disclosure statement under Part 7.9 of the Corporations Act 2001 (Cth). Interests in the Fund subscribed for by investors in Australia must not be offered for resale in Australia for 12 months from allotment except in circumstances where disclosure to investors under the Corporations Act 2001 (Cth) would not be required or where a compliant product disclosure statement is produced. Prospective investors in Australia should confer with their professional advisors if in any doubt about their position.

**AUSTRIA**

Interests in the Fund may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Market Act, the Austrian Investment Funds Act and other laws applicable in the Republic of Austria governing the offer, issue and sale of the interests in the Republic of Austria. Interests in the Fund are being offered exclusively to a limited number of investors in Austria and are therefore not subject to the public offering requirements of the Austrian Capital Market Act or the Austrian Investment Fund Act. Interests in the Fund are not registered or otherwise authorized for public offer either under the Austrian Capital Market Act, the Austrian Investment Fund Act or any other securities regulation in Austria. The recipients of this Memorandum and other selling material in respect to interests in the Fund have been individually selected and are targeted exclusively on the basis of a private placement. This offer may not be made to any other persons than the recipients to whom this Memorandum is personally addressed. Any investor intending to offer and resell interests in the Fund in Austria is solely responsible that any offer and resale takes place in compliance with the applicable provisions of the Austrian Capital Market Act, the Austrian Investment Fund Act or any other applicable securities regulation.

**BELGIUM**

The Fund has not been and will not be registered with the Belgian Financial Services and Markets Authority (Autoriteit voor financiële diensten en markten / Autorité des Services Financiers et des Marchés) ("FSMA") as a foreign collective investment institution referred to under Article 127 of the Belgian Act of July 20, 2004 relating to certain forms of collective management of investment portfolios. This Memorandum and the offering of Limited Partner Interests in the Fund have not been and will not be notified to, and have not been approved or disapproved by, the FSMA. The public offering of Limited Partner Interests in the Fund in Belgium within the meaning of the Belgian Act of July 20, 2004, and the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to listing on a regulated market has not been authorized by the Fund. The offering may therefore not be advertised, and Limited Partner Interests in the Fund may not be offered, sold, transferred or delivered to, or subscribed to by, and no memorandum, information circular, brochure or similar document may be distributed to, directly or indirectly, any individual or legal entity in Belgium, except (i) to "qualified investors" as referred to in Article 10, § 1 of the aforementioned Act of June 16, 2006, (ii) subject to the restriction of a minimum investment of €100,000 per investor or (iii) in any other circumstances in which the present offering does not qualify as a public offering in accordance with the aforementioned Act of June 16, 2006. This Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium.



HOUSE_OVERSIGHT_024111

**BRAZIL**
The Fund is not listed with any stock exchange, organized over the counter market or electronic system of securities trading. Interests in the Fund have not been and will not be registered with any securities exchange commission or other similar authority, including the Brazilian Securities and Exchange Commission (Comissão de valores Mobiliários - or the "CVM"). Interest in the Fund will not be directly or indirectly offered or sold within Brazil through any public offering, as determined by Brazilian law and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future.

Acts involving a public offering in Brazil, as defined under Brazilian laws and regulations and by the rules issued by the CVM, including Law No. 6,385 (Dec. 7, 1976) and CVM Rule No. 400 (Dec. 29, 2003), as amended from time to time, or any other law or rules that may replace them in the future, must not be performed without such prior registration. Persons in Brazil wishing to acquire interests in the Fund should consult with their own counsel as to the applicability of these registration requirements or any exemption therefrom. Without prejudice to the above, the sale and solicitation of interests in the Fund is limited to qualified investors as defined by CVM Rule No. 409 (Aug. 18, 2004), as amended from time to time or as defined by any other rule that may replace it in the future.

This Memorandum is confidential and intended solely for the use of the addressee and cannot be delivered or disclosed in any manner whatsoever to any person or entity other than the addressee.

**COLUMBIA**
Neither this Memorandum nor the interests in the Fund have been reviewed or approved by the Financial Superintendency of Colombia (the "FSC") or any other governmental authority in Colombia, nor has the Fund or any related person or entity received authorization or licensing from the FSC or any other governmental authority in the Colombia to market or sell interests in the Fund within Colombia. No public offering of interests in the Fund is being made in Colombia or to Colombian residents. By receiving this Memorandum, the recipient acknowledges that it contacted New Leaf at its own initiative and not as a result of any promotion or publicity by New Leaf. This Memorandum is strictly private and confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

**DENMARK**
This Memorandum has not been and will not be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark and Limited Partner Interests in the Fund have not been and are not intended to be listed on a Danish regulated market. Limited Partner Interests in the Fund have not been and will not be offered in Denmark under the E.U. Alternative Investment Fund Managers Directive (as implemented into Danish law). Consequently, this Memorandum may not be made available and interests in the Fund may not be marketed or offered for sale directly or indirectly to any natural or legal person in Denmark except as permitted under applicable rules.

**FINLAND**
As the Fund is a closed end fund, the marketing of interests in the Fund is not interpreted to be subject to the provisions of the Finnish Act on Mutual Funds (sijoitusrahastolaki, 29.1.1999, as amended, the "MFA"). Accordingly prospective investors should acknowledge that this Memorandum is not a fund prospectus as meant in the MFA and the marketing of interests in the Fund is not subject to a marketing permission from the Financial Supervisory Authority (Finanssivalvonta; "FIN-FSA"). Furthermore, even if interests in the Fund were to be construed as "securities" as defined in the Finnish Securities Markets Act (arvopaperimarkkinalaki, 14.12.2012/746, as amended the "SMA"), based on the exemptions set forth in the SMA, the offering of interests in the Fund would be exempted from the prospectus requirements of the SMA (based on the limited number of Finnish offerees and the minimum investment and transfer restrictions specified herein). Accordingly prospective investors must acknowledge that this Memorandum is not a prospectus within the meaning set forth in the SMA. Prospective investors should also note that neither the General Partner or the Management Company is an investment firm (sijoituspalveluyritys) within the meaning of the Finnish Investment Services Act ( sijoituspalvelulaki 747/2012) and they are not subject to the supervision of the FFSA. Any prospective investors should acknowledge that they will not be treated as clients of placement agents (if any) engaged by the Management Company in connection with the placement of interests in the Fund and such placement agents may not be under any duty to safeguard the interests of prospective investors. Furthermore, the Fund is not a property fund as meant in the Finnish Act on Property Funds (kiinteistörahastolaki, 1173/1997). The FIN-FSA has not authorized any offering for the subscription of interests in the Fund; accordingly, interests in the Fund may not be offered or sold in Finland or to residents thereof except as permitted by Finnish law.



HOUSE_OVERSIGHT_024112

This Memorandum has been prepared for private information purposes only and it may not be used for, and shall not be deemed, a public offering of interests in the Fund. This Memorandum is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

**FRANCE**

This Memorandum (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*). This Memorandum has not been and will not be submitted to the French *Autorité des marchés financiers* ("AMF") for approval in France and accordingly may not and will not be distributed to the public in France.

Pursuant to Article 211-3 of the AMF General Regulation, French residents are hereby informed that:

1. the transaction does not require a prospectus to be submitted for approval to the AMF;

2. persons or entities referred to in Point 2°, Section II of Article L.411-2 of the Monetary and Financial Code may take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code; and

3. the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

This Memorandum is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this Memorandum. This Memorandum has been distributed on the understanding that such recipients will only participate in the issue or sale of Limited Partner Interests in the Fund for their own account and undertake not to transfer, directly or indirectly, Limited Partner Interests in the Fund to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

**GERMANY**

The Fund has been notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (the German Federal Financial Supervisory Authority or "BaFin") for marketing to (vertrieben as this term is construed under the German Capital Investment Code (Kapitalanlagegesetzbuch - KAGB) in the Federal Republic of Germany solely to professional investors (as this term is construed under the KAGB). The Limited Partner Interests in the Fund may not be distributed in the Federal Republic of Germany or used in connection with any offer for subscription of the Limited Partner Interests in the Fund other than to professional investors. Neither this Memorandum nor any other document relating to the Fund or the Limited Partner Interests in the Fund, as well as the information contained therein may be supplied in Germany to persons other than professional investors.

**HONG KONG**

The contents of this Memorandum have not been reviewed or approved by any regulatory authority in Hong Kong. This Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire interests in the Fund. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Memorandum or any advertisement, invitation or document relating to interests in the Fund, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to interests in the Fund which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this Memorandum being a "prospectus" as defined in the Companies Ordinances of Hong Kong (Cap. 32) (the "CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of interests in the Fund is personal to the person to whom this Memorandum has been delivered by or on behalf of the Fund, and a subscription for interests in the Fund will only be accepted from such person. No person to whom a copy of this Memorandum is issued may issue, circulate or distribute this Memorandum in Hong Kong or make or give a copy of this Memorandum to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Memorandum, you should obtain independent professional advice.

**ICELAND**

This Memorandum has been issued to the recipient, for personal use only, exclusively in connection with a private placement of interests in the Fund. Accordingly, this Memorandum may not be used by the recipient for any other



HOUSE_OVERSIGHT_024113

purpose nor forwarded to any other person or entity in Iceland. The offering of interests in the Fund described in this Memorandum is a private placement under Icelandic law and the interests in the Fund may only be offered and sold (as well as resold) in Iceland to a person or entity that is a Qualified Investor as defined in Item No. 9 of Article 43 of the Icelandic Act on Securities Transactions. Also, any subsequent transfer or resale of interests in the Fund in Iceland will need to comply with the applicable provisions of the Icelandic Act on Securities Transactions. Prospective Icelandic investors should consult with their own tax advisors as to the tax consequences of an investment in the Fund.

**ITALY**

The Fund is not a UCITS fund. The offering of interests in the Fund in Italy has not been nor will it be authorized by the Bank of Italy and the Commissione Nazionale per la Società e la Borsa. Interests in the Fund are offered upon the express request of the investor, who has directly contacted the Fund or its sponsor on the investor's own initiative. No active marketing of the Fund has been made nor will it be made in Italy, and this Memorandum has been sent to the investor at the investor's unsolicited request. The investor acknowledges and confirms the above and hereby agrees not to sell or otherwise transfer any Interests in the Fund or to circulate this Memorandum in Italy unless expressly permitted by, and in compliance with, applicable law.

**JAPAN**

Interests in the Fund are a security set forth in Article 2, Paragraph 2, Item 6 of the Financial Instruments and Exchange Law of Japan (the "FIEL"). No public offering of interests in the Fund is being made to investors resident in Japan and in accordance with Article 2, paragraph 3, Item 3, of the FIEL, no securities registration statement pursuant to Article 4, paragraph 1, of the FIEL has been made or will be made in respect to the offering of interests in the Fund in Japan. The offering of interests in the Fund in and investment management for the Fund in Japan is made as "Special Exempted Business for Qualified Institutional Investors, Etc." under Article 63, Paragraph 1, of the FIEL. Thus, interests in the Fund are being offered only to a limited number of investors in Japan. Neither the Fund nor any of its affiliates is or will be registered as a "financial instruments firm" pursuant to the FIEL. Neither the Financial Services Agency of Japan nor the Kanto Local Finance Bureau has passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of interests in the Fund to investors resident in Japan.

**LUXEMBOURG**

No public offering of interests in the Fund is being made to investors resident in Luxembourg. Interests in the Fund are being offered only to a limited number of sophisticated and professional investors in Luxembourg. The Commission de Surveillance du Secteur Financier of Luxembourg has not passed upon the accuracy or adequacy of this Memorandum or otherwise approved or authorized the offering of interests in the Fund to investors resident in Luxembourg.

**NETHERLANDS**

In the Netherlands, Limited Partner Interests in the Fund may only be offered, sold, transferred or assigned, as part of their initial distribution or at any time thereafter, to natural persons who or legal entities which are Qualified Investors as defined in Section 1:1 of the Financial Supervision Act (Wet op het financieel toezicht (the "FSA")). Limited Partner Interests in the Fund may not otherwise be offered, directly or directly, in the Netherlands. Where an offer is made exclusively to Qualified Investors within the meaning of section 1:1 of the FSA, the General Partner is not under an obligation to have the offering memorandum approved by the Dutch Authority for the Financial Markets or by a competent authority of another member state of the European Economic Area in accordance with Prospectus Directive 2003/71/EC and Prospectus Regulation 809/2004/EC.

**NORWAY**

This Memorandum does not constitute an invitation or a public offer of securities in the Kingdom of Norway. It is intended only for the original recipient and is not for general circulation in the Kingdom of Norway. The offer herein is not subject to the prospectus requirements laid down in the Norwegian Securities Trading Act. This Memorandum has not been nor will it be registered with or authorized by any governmental body in Norway. Interests in the Fund may only be solicited, acquired or offered in or from Norway to investors for a total face value of at least €100,000.

**SAUDI ARABIA**

Neither this Memorandum nor the interests in the Fund have been approved, disapproved or passed on in any way by the Capital Market Authority or any other governmental authority in the Kingdom of Saudi Arabia, nor has the Fund received authorization or licensing from the Capital Market Authority or any other governmental authority in



HOUSE_OVERSIGHT_024114

the Kingdom of Saudi Arabia to market or sell interests in the Fund within the Kingdom of Saudi Arabia. This Memorandum does not constitute and may not be used for the purpose of an offer or invitation. No services relating to interests in the Fund, including the receipt of applications and the allotment or redemption of such interests, may be rendered by the Fund within the Kingdom of Saudi Arabia.

**SOUTH AFRICA**

Neither this Memorandum nor the interests in the Fund have been approved, disapproved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has the Fund received authorization or licensing from the Financial Services Board or any other governmental authority in South Africa to market or sell interests in the Fund within South Africa. This Memorandum is strictly confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

**SOUTH KOREA**

In South Korea, interests in the Fund are being offered only to persons prescribed by Article 301, Paragraph 2 of the Enforcement Decree of the Financial Investment Services and Capital Markets Act ("Qualified Professional Investors"). The Subscriber hereby represents and warrants to the Fund that the Subscriber (i) is a Qualified Professional Investor as prescribed by the Financial Investment Services and Capital Markets Act and (ii) is fully aware of the meaning, effect and ramifications of being an Qualified Professional Investor and fully agrees to be treated in accordance therewith.

**SPAIN**

Interests in the Fund may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Act (Ley 24/1988, de 28 de Julio, del Mercado de Valores) as amended and restated, Royal Decree 1310/2005, on securities admission to trade on secondary official markets, public offerings or subscriptions, and prospectus required to such effects, and/or subject and in compliance with the requirements contained in such regulations (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos), and subsequent legislation. This Memorandum is neither verified nor registered with the Comisión Nacional del Mercado de Valores, and therefore a public offer of interests in the Fund will not be carried out in Spain.

**SWEDEN**

This Memorandum has not been nor will it be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Memorandum may not be made available, nor may the interests in the Fund offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Accordingly, the offering of interests in the Fund will only be directed to persons in Sweden who subscribe to interests in the Fund for a total consideration of at least €100,000 per investor.

**SWITZERLAND**

Under the Collective Investment Schemes Act dated June 23, 2006 and revised on September 28, 2012 (the "CISA"), the offering, sale and distribution to non-qualified investors of units in foreign collective investment schemes in or from Switzerland are subject to authorization by the Swiss Financial Market Supervisory Authority ("FINMA") and, in addition, the distribution to certain qualified investors of interests in such collective investment schemes may be subject to the appointment of a representative and a paying agent in Switzerland. The concept of "foreign collective investment scheme" covers, inter alia, foreign companies and similar schemes (including those created on the basis of a collective investment contract or a contract of another type with similar effect) created for the purpose of collective investment, whether such companies or schemes are closed end or open end. There are reasonable grounds to believe that the Fund would be characterized as a foreign collective investment scheme under Swiss law. As interests in the Fund have not been and cannot be registered with or authorized by FINMA for distribution to non-qualified investors, any offering of interests in the Fund, and any other form of solicitation of investors in relation to the Fund (including by way of circulation of offering materials or information, including this Memorandum), must be restricted to investors considered as qualified investors within the meaning of the CISA and its implementing regulations. Failure to comply with the above-mentioned requirements may constitute a breach of the CISA.



HOUSE_OVERSIGHT_024115

**UNTIED ARAB EMIRATES**

By receiving this Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that neither this Memorandum nor the interests in the Fund have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates ("UAE"), the UAE Securities and Commodities Authority (the "SCA") or any other authority in the UAE, nor has the entity conducting the placement in the UAE received authorization or licensing from the Central Bank of the UAE, the SCA or any other authority in the UAE to market or sell interests in the Fund within the UAE. The SCA accepts no liability in relation to the Fund and is not making any recommendation with respect to an investment in the Fund. No services relating to the interests in the Fund including the receipt of applications and/or the allotment or redemption of such interests have been or will be rendered within the UAE by the Fund. Nothing contained in this Memorandum is intended to constitute UAE investment, legal, tax, accounting or other professional advice. This Memorandum is for the information of prospective investors only and nothing in this Memorandum is intended to endorse or recommend a particular course of action. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation. No offer or invitation to subscribe for interests or sale of interests in the Fund has been or will be rendered in, or to any persons in, or from, the Dubai International Finance Centre.

**UNITED KINGDOM**

In the United Kingdom, this Memorandum is being distributed only to and is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) high-net-worth entities falling within Article 49(2) of the Order, and (iii) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons must not act on or rely on this Memorandum or any of its contents. Any investment or investment activity to which this Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients must not distribute, publish, reproduce, or disclose this Memorandum, in whole or in part, to any other person.



CONTROL NUMBER 257 - CONFIDENTIAL

HOUSE_OVERSIGHT_024116

### 7. What is the difference between money laundering and terrorist financing?

In contrast to money laundering, which involves the disguising of funds derived from illegal activity so they may be used without detection of the illegal activity, terrorist financing can involve the use of legally derived money to carry out illegal activities. The objective of money laundering is financial gain or the hiding or disguising of illicit proceeds, whereas with terrorism, the objective is to promote the agenda or cause of the terrorist organization. For example, it is widely believed that the terrorist activities of September 11, 2001, were partially financed by legally obtained funds that had been donated to charities. Both money launderers and terrorists, however, do need to disguise the association between themselves and their funding sources.

### 8. Is the approach to combat money laundering and terrorist financing the same?

Although some of the risk factors and red flags that apply to other types of money laundering also may apply to terrorist financing, the patterns of activity tend to be very different. Terrorist financing often involves very small amounts of funds, which may be moved through charities or nontraditional banking systems, whereas other types of money laundering may involve large volumes of funds. It is important to understand the different patterns to protect against the risks.

## Overview of U.S. AML Laws and Regulations

### 9. What are the key U.S. AML laws and regulations?

The key U.S. AML laws and regulations are the Bank Secrecy Act of 1970 (BSA) and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (commonly referred to as the USA PATRIOT Act).

The BSA was the first major money laundering legislation in the United States. It was designed to deter the use of secret foreign bank accounts and provide an audit trail for law enforcement by establishing regulatory reporting and recordkeeping requirements to help identify the source, volume and movement of currency and monetary instruments into or out of the United States or deposited in financial institutions. For additional guidance on the Bank Secrecy Act, please refer to the Bank Secrecy Act section.

The USA PATRIOT Act was signed into law by President George W. Bush on October 26, 2001, following the terrorist activity of September 11. Title III, the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, deals with money laundering and terrorist financing. Title III made significant changes to money laundering regulations, imposed enhanced requirements for AML programs, and significantly expanded the scope of coverage to nonbank financial institutions. It requires financial institutions to establish AML programs that include policies, procedures and controls, designation of a compliance officer, training, and independent review. It also requires, among other things, that certain financial institutions establish customer identification procedures for new accounts as well as enhanced due diligence (EDD) for correspondent and private banking accounts maintained by non-U.S. persons. For additional guidance on the USA PATRIOT Act, please refer to the USA PATRIOT Act section.

### 10. What other AML laws have been enacted in the United States?

In addition to the BSA and Title III of the USA PATRIOT Act, other AML laws include the Money Laundering Control Act of 1986 (MLCA), the Anti-Drug Abuse Act of 1988, the Annunzio-Wylie Anti-Money Laundering Act of 1992, the Money Laundering Suppression Act of 1994 (MLSA), and the Money Laundering and Financial Crimes Strategy Act of 1998.

The MLCA established two AML criminal statutes that, for the first time, made money laundering a criminal offense, with penalties of up to 20 years and fines of up to $500,000 for each count. Additionally, the MLCA prohibits the structuring of currency transactions to avoid filing requirements and requires financial institutions to develop BSA compliance programs.

The primary purpose of the Anti-Drug Abuse Act of 1988 was to provide funding and technical assistance to state and local units of government to combat crime and drug abuse. This Act increased the civil and criminal penalties for money laundering and other BSA violations to include forfeiture of any property or asset involved in an illegal transaction related to money laundering. It introduced the "sting" provision, which enables law enforcement to represent the source of funds involved in a transaction as the proceeds of unlawful activity. This Act also required the identification and recording of purchases of monetary instruments, including bank checks or drafts, foreign drafts, cashier's checks, money orders or traveler's checks in amounts between $3,000 and $10,000 inclusive. This legislation, in conjunction with the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998,



HOUSE_OVERSIGHT_024117

authorized the Director of the ONDCP to designate areas within the United States that exhibit serious drug trafficking problems and harmfully impact other areas of the country as High Intensity Drug Trafficking Areas (HIDTAs). The HIDTA program aims to improve the effectiveness and efficiency of drug control efforts among local, state and federal law enforcement agencies.

The Annunzio-Wylie Anti-Money Laundering Act of 1992 gave protection from civil liability to any financial institution, or director, officer or employee thereof, who/that makes a Suspicious Activity Report (SAR) under any local, state or federal law. The Annunzio-Wylie Act made it illegal to disclose when a SAR is filed. It also made it illegal to operate a money transmitting business without a license where such a license is required under state law, and required all financial institutions to maintain records of domestic and international funds transfers. In addition, this Act introduced the "death penalty," mandating that bank regulators consider taking action to revoke the charter of any banking organization that is found guilty or pleads guilty to a charge of money laundering.

The Money Laundering Suppression Act of 1994 (MLSA) specifically addressed money services businesses (MSBs), requiring each MSB to register and maintain a list of its agents. In addition to making it a federal crime to operate an unregistered MSB, the MLSA encouraged states to adopt uniform laws applicable to MSBs. It also established procedures that allowed banks to exempt certain customers from Currency Transaction Report (CTR) filing.

Continuing with the trend of developing a national strategy to combat money laundering, the Money Laundering and Financial Crimes Strategy Act of 1998 called for the designation of areas at high-risk for money laundering and related financial crimes by geography, industry, sector or institution. Some of these areas were later designated as High Risk Money Laundering and Related Financial Crimes Areas (HIFCAs). The HIFCA program was created to coordinate the efforts of local, state and federal law enforcement agencies in the fight against money laundering.

The Intelligence Reform and Terrorism Prevention Act of 2004 amended the BSA to require the U.S. Treasury Secretary to prescribe regulations requiring certain financial institutions to report cross-border electronic transmittals of funds, if the Secretary determines such reporting is "reasonably necessary" to aid in the fight against money laundering and terrorist financing.

## 11. What is the role of the Office of Foreign Assets Control (OFAC) and how does it fit into AML laws and regulations?

The purpose of OFAC is to promulgate, administer and enforce economic and trade sanctions against certain individuals, entities and foreign government agencies and countries whose interests are considered to be at odds with U.S. policy. Sanctions programs target, for example, terrorists and terrorist nations, drug traffickers and those engaged in the proliferation of weapons of mass destruction.

Overviews and details of the OFAC Sanctions programs can be found on OFAC's website at www.treas.gov/ofac.

OFAC regulations are not part of AML compliance per se, but since the OFAC Sanctions lists include alleged money launderers and terrorists and USA PATRIOT Act requirements mandate that certain financial institutions vet customer names against the OFAC list, institutions often consider the OFAC program to be a subset of their overall AML program. For additional guidance, please refer to the Office of Foreign Assets Control and International Government Sanctions Programs section.

## 12. How can one measure the effectiveness of an AML regime?

A number of factors can be considered when assessing the effectiveness of an AML regime, including the number of money laundering/terrorist financing investigations, prosecutions and convictions, number and amount of frozen/seized assets, identification of deficiencies in financial institutions in examinations by regulatory authorities, and quality of coordination among financial institutions, regulatory and law enforcement authorities. For additional guidance on tools and techniques used to assess the effectiveness of AML systems, please refer to the Financial Action Task Force section.

## 13. How do U.S. regulations compare to international AML regulations?

The United States' role as a leader in the fight against money laundering and terrorist financing dates back 40 years to the passage of the Bank Secrecy Act in 1970. Through the ensuing decades and especially following the terrorist activities of September 11, 2001, the United States has reinforced its commitment through the passage of a number of additional money laundering-related laws, issuance of extensive regulatory guidance and aggressive enforcement.

That said, the United States, as with many other major jurisdictions, is not in full compliance with the FATF Recommendations. In fact, FATF in its most recent assessment of the United States' anti-money regime, identified several areas in need of improvement, including: customer due diligence relating to beneficial owners, authorized



HOUSE_OVERSIGHT_024118

signers, legal persons and trusts; ongoing due diligence; and general requirements for designated nonfinancial businesses and professions (DNFBPs) (e.g., casinos, accountants, attorneys, dealers in precious metals and stones, real estate agents).

For additional guidance, please refer to the Financial Action Task Force and Mutual Evaluations sections.

For additional guidance on international perspectives, please refer to the International Perspectives and Initiatives section.

### 14. What are the consequences of not complying with AML laws and regulations?

The consequences of noncompliance with AML laws and regulations may include regulatory enforcement actions, civil and criminal penalties, seizure and forfeiture of funds, and incarceration for the individuals involved. Depository institutions also may be subject to restrictions on growth and expansion and, in the extreme, may have their charters/licenses revoked, a consequence known as the "death penalty." For additional guidance, please refer to the Enforcement Actions section.

### 15. What factors are considered by law enforcement when it assesses whether an institution or its personnel are guilty of aiding and abetting money laundering or terrorist financing?

When assessing whether an institution or its personnel are guilty of aiding and abetting money laundering or terrorist financing, the authorities consider, among other factors, the following "standards of knowledge":

- **Reckless Disregard –** Careless disregard for legal or regulatory requirements and sound business practice
- **Willful Blindness –** Deliberate ignorance and failure to follow up in the face of information that suggests probable money laundering or illicit activity
- **Collective Knowledge –** Aggregates/attributes the knowledge of employees to the employing company

It is important to remember that under U.S. law, a company may, in general, be held liable for the actions of its employees, regardless of the number or level of employees involved in the wrongdoing.

# Overview of the U.S. Regulatory Framework

## Key U.S. Regulatory Authorities and Law Enforcement Agencies

### 16. Who has the authority to assess penalties for violations of AML laws and regulations?

Authority to assess civil penalties rests with the Secretary of the Treasury and is delegated to the Financial Crimes Enforcement Network (FinCEN) and the primary federal regulators or Self-Regulatory Organizations (SROs) (e.g., Financial Industry Regulatory Authority [FINRA]). Some state regulatory agencies have their own authority to assess civil penalties, as well. Criminal penalties are determined through legal proceedings at state or federal levels. The Department of Justice (DOJ) can bring criminal and civil actions, as well as forfeiture actions.

### 17. Who are the primary federal banking regulators and what are their responsibilities?

The five federal banking regulators include:

- **The Board of Governors of the Federal Reserve System (FRB)** oversees state-chartered banks and trust companies that belong to the Federal Reserve System, financial holding companies, bank holding companies (BHC) and thrift holding companies.
- **The Federal Deposit Insurance Corporation (FDIC)** regulates federally charted banks (e.g., state-chartered banks that do not belong to the Federal Reserve System) as well as state-chartered thrifts.
- **The Office of the Comptroller of the Currency (OCC)** regulates federally chartered banks (e.g., banks that have the word "National" in or the letters "N.A." after their names as well as federal thrifts).
- **The National Credit Union Administration (NCUA)** regulates federally chartered credit unions.



HOUSE_OVERSIGHT_024119

- **Consumer Financial Protection Bureau (CFPB):** Established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), the CFPB is a federal regulator charged with regulating consumer protection for financial products and services.

Other regulatory bodies were authorized by the Dodd-Frank Act, but their mandates deal more specifically with broad prudential considerations and consumer protection.

## 18. What is the Federal Financial Institutions Examination Council (FFIEC)?

The Federal Financial Institutions Examination Council (FFIEC) is a formal interagency body empowered to prescribe uniform principles, standards and report forms, and to make recommendations to promote uniformity in the supervision of financial institutions. Council members include the four federal regulators: FRB, FDIC, OCC, NCUA, and the State Liaison Committee (SLC). The SLC includes representatives from the Conference of State Bank Supervisors (CSBS), the American Council of State Savings Supervisors (ACSSS), and the National Association of State Credit Union Supervisors (NASCUS).

## 19. Who are the key nonbanking regulatory agencies?

Nonbanking regulatory agencies include but are not limited to:

- **Securities and Exchange Commission (SEC):** The SEC is the federal regulator of the securities markets and administers the federal securities laws (including the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 and the Trust Indenture Act of 1939), with direct regulatory and oversight responsibilities of securities exchanges, securities brokers and dealers, investment advisers and investment companies, and self-regulatory organizations (SROs).
- **Commodity Futures Trading Commission (CFTC):** The CFTC is the federal regulator of U.S. commodity futures and options markets in the United States. It administers and enforces the federal futures and options laws as set forth in the Commodity Exchange Act (CEA) and the accompanying regulations.
- **Financial Industry Regulatory Authority (FINRA):** Formerly known as the National Association of Securities Dealers (NASD), FINRA is an SRO for broker-dealers.
- **Consumer Financial Protection Bureau (CFPB):** Established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), the CFPB is a federal regulator charged with regulating consumer protection for financial products and services.
- **National Futures Association (NFA):** The NFA is the SRO for the futures market.
- **New York Stock Exchange (NYSE):** The NYSE is the SRO for exchange member organizations (i.e., registered broker-dealer organized as a corporation, a partnership or an LLC that holds an NYSE trading license or opts for NYSE regulation).
- **National Indian Gaming Commission (NIGC):** The NIGC is an independent federal regulatory agency whose primary mission is to regulate gaming activities on Indian lands.
- **IRS Tax Exempt and Government Entities Division (IRS-TEGE):** The IRS-TEGE provides federal oversight to all nonprofit organizations in the United States, including reviews to determine if nonprofit organizations are facilitating terrorist financing.
- **IRS Small Business and Self-Employment Division (IRS-SBSE):** The IRS-SBSE has been delegated examination authority over all financial institutions that do not have a federal functional regulator as defined in the BSA, including MSBs, insurance companies, credit card companies, nonfederally insured credit unions, casinos (tribal and nontribal), and dealers in precious metals, stones and jewels. The IRS-SBSE also has responsibility for auditing compliance with currency transaction reporting requirements that apply to any trade or business (Form 8300).

For further guidance on the AML responsibilities of broker-dealers, money services businesses and other nonbank entities, please refer to the Nonbank Financial Institutions and Nonfinancial Business section.

## 20. What are the key law enforcement agencies responsible for combating money laundering and terrorist financing?

Key law enforcement agencies responsible for combating money laundering and terrorist financing include:

- Drug Enforcement Administration (DEA)



HOUSE_OVERSIGHT_024120

- Federal Bureau of Investigation (FBI)
- Department of Homeland Security, Immigration and Customs Enforcement (ICE)
- Department of Homeland Security, Customs and Border Protection (CBP)
- Internal Revenue Service Criminal Investigation (IRS-CI)

## 21. What are examples of other key agencies with responsibilities to combat money laundering and terrorist financing?

Key agencies with responsibilities to establish policies and strategies to combat money laundering and terrorist financing include, but are not limited to, the following:

**U.S. Department of the Treasury**

- Office of Terrorism and Financial Intelligence (TFI)
- Office of Terrorist Financing and Financial Crime (TFFC)
- Office of Intelligence and Analysis (OIA-T)
- Financial Crimes Enforcement Network (FinCEN)
- Office of Foreign Assets Control (OFAC)
- Treasury Executive Office for Asset Forfeiture (TEOAF)

**U.S. Department of Justice (DOJ)**

- Asset Forfeiture and Money Laundering Section, Criminal Division (AFMLS)
- Counterterrorism Section, Criminal Division (CTS)
- National Drug Intelligence Center (NDIC)
- Office of International Affairs, Criminal Division (OIA)

**U.S. State Department**

- Bureau of Economic and Business Affairs (EB)
- Bureau of International Narcotics and Law Enforcement Affairs (INL)
- State's Office of the Coordinator for Counterterrorism (S/CT)

## 22. What publications and resources have been provided to the public by U.S. regulatory and/or law enforcement authorities?

Examples of publications and resources include, but are not limited to, the following:

- **FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Handbook –** Provides guidance to examiners for carrying out BSA/AML and OFAC examinations for depository institutions. The manual contains an overview of AML Compliance Program requirements, AML risks (e.g., products, services, transactions and customer types of heightened risk), risk management expectations, industry sound practices and examination procedures. The development of this manual was a collaborative effort of the Federal Reserve, the OCC, the NCUA, the OTS (which has since been dissolved and replaced on the FFIEC by the Consumer Financial Protection Bureau (CFPB), the FDIC and FinCEN to ensure consistency in the application of AML requirements.
- **Bank Secrecy Act/Anti-Money Laundering Examination Manual for Money Services Businesses –** Provides guidance to examiners for carrying out BSA/AML and OFAC examinations for MSBs. The manual contains an overview of AML Compliance Program requirements, risk management expectations, industry sound practices, examination procedures, overviews of the different types of MSBs (i.e., check cashers, currency dealers or exchangers, issuers of traveler's checks and money orders, money transmitters), overview of the relationship between principals and agents, and additional guidance on MSB registration requirements, foreign agent or foreign counterparty due diligence, and recordkeeping and retention requirements for all types of MSBs. The development of this manual was a collaborative effort by the IRS, state agencies responsible for MSB



HOUSE_OVERSIGHT_024121

regulations, the Money Transmitter Regulators Association (MTRA), the Conference of State Bank Supervisors (CSBS), and FinCEN.

- **Bank Secrecy Act Exam Resources –** Developed by the NCUA, this publication provides guidance to examiners for carrying out AML and OFAC examinations for credit unions.
- **FFIEC Information Technology Examination Handbook –** Developed through a collaborative effort of the Federal Reserve, the OCC, the NCUA, the CFPB and the FDIC, the IT Examination Handbook covers key technology topics as they relate to financial services in separate booklets, including:
    - Audit
    - Operations
    - Management
    - Business continuity planning
    - Outsourcing technology services
    - Development and acquisition
    - Retail payment systems
    - Wholesale payment systems
    - E-banking supervision of technology service providers
    - Information security

  The IT Examination Handbook provides guidance on topics such as risks and suggested controls on third-party payment processors (e.g., Automated Clearing House [ACH] providers, remote deposit capture [RDC] providers) and electronic payments (e.g., electronic banking, automated teller machine [ATM]).
- **Anti-Money Laundering (AML) Source Tool for Broker-Dealers –** Developed by the SEC to assist broker-dealers with fulfilling their responsibilities to establish an AML Compliance Program, as required by AML laws and regulations.
- **Template for Small Firms –** This template, available on FINRA's website, is designed to assist small firms in fulfilling their responsibilities to establish an AML Compliance Program, as required by the BSA and its implementing regulations and FINRA Rule 3310, by providing text examples, instructions, relevant rules, websites and other resources.
- **Compliance Self-Assessment Guide –** Developed by the NCUA, this guide is intended for use by a credit union's board of directors and management, compliance officers, and others having responsibility for compliance as part of their duties. While the guide covers most federal consumer protection laws and regulations that affect credit unions, it does not address all federal laws or any state laws.
- **AML e-learning courses –** FINRA offers several e-learning courses and interactive scenarios on AML-related topics, ranging from customer identification procedures to recognizing red flags.
- **U.S. Money Laundering Threat Assessment (MLTA) –** Published in 2005, the MLTA was written by the following agencies, bureaus and offices:
    - Office of Terrorist Financing and Financial Crime (TFFC)
    - Financial Crimes Enforcement Network (FinCEN)
    - Office of Intelligence and Analysis (OIA)
    - Office of Foreign Assets Control (OFAC)
    - Executive Office for Asset Forfeiture (TEOAF)
    - Internal Revenue Service (IRS) – Criminal Investigation (CI)
    - IRS – Small Business/Self-Employed Division (SB/SE)
    - Federal Bureau of Investigation (FBI)
    - Drug Enforcement Administration (DEA)
    - Asset Forfeiture Money Laundering Section (AFMLS)



HOUSE_OVERSIGHT_024122

- National Drug Intelligence Center (NDIC)
- Organized Crime Drug Enforcement Task Force (OCDETF)
- Immigration and Customs Enforcement (ICE)
- Customs and Border Protection (CBP)
- Federal Reserve
- United States Postal Inspection Service (USPIS)

The MLTA contains detailed analyses of money laundering vulnerabilities across banking, insurance, casinos and MSBs including, but not limited to, the following:

- Banking (e.g., correspondent banking, cash letters/pouch activities, private banking, online banking, remote deposit capture [RDC])
- MSBs (e.g., provision of check cashing, money transmission, prepaid access, monetary instrument, currency exchange services to "noncustomers") and informal value transfer systems (IVTS)
- Emerging electronic and remote payment systems
- Bulk cash smuggling
- Trade-based money laundering (e.g., Black Market Peso Exchange [BMPE], foreign trade zones [FTZs])
- Legal entities (e.g., trusts, shell companies, corporations, limited liability companies)

- **National Money Laundering Strategy (NMLS) –** Written by the U.S. Departments of Homeland Security, Justice, Treasury, and State, as well as by the Federal Reserve, the OCC, and the FDIC, the NMLS was published in 2007 in direct response to the MLTA. Nine key goals were outlined:
  - Continuing to safeguard the banking system
  - Enhancing financial transparency in money services businesses (MSBs)
  - Stemming the flow of illicit bulk cash out of the United States
  - Attacking trade-based money laundering at home and abroad
  - Promoting transparency in the ownership of legal entities
  - Examining anti-money laundering regulatory oversight and enforcement at casinos
  - Implementing and enforcing anti-money laundering regulations for the insurance industry
  - Supporting global anti-money laundering capacity building and enforcement efforts
  - Improving how to measure progress
- **International Narcotics Control Strategy Report (INCSR) –** An annual report issued by the U.S. Department of State that describes the efforts to attack, country by country, all aspects of the international drug trade, as well as chemical control, money laundering and financial crimes.
- **Country Reports on Terrorism –** An annual report, previously known as Patterns of Global Terrorism, issued by the Department of State that provides overviews of terrorist activity in countries in which acts of terrorism occurred, countries that are state sponsors of terrorism, and countries determined by the U.S. Secretary of State to be of particular interest in the global war on terror. The Country Reports on Terrorism also cover major terrorism-related events involving Americans, information on terrorist groups, terrorist sanctuaries, terrorist attempts to acquire weapons of mass destruction, statistical information provided by the National Counterterrorism Center (NCTC) on individuals killed, injured or kidnapped by terrorist groups, and bilateral and multilateral counterterrorism cooperation.

For additional guidance issued by key international groups, please refer to the Key International Groups and Initiatives section. For details on guidance specific to a particular topic (e.g., Suspicious Activity Reports [SARs], correspondent banking, politically exposed persons [PEPs], trade finance), please refer to the respective sections throughout this publication.



HOUSE_OVERSIGHT_024123

# Financial Crimes Enforcement Network

## 23. What is the Financial Crimes Enforcement Network, and what is its role in AML regulation?

The Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Treasury Department, was established in 1990 by Treasury Order 105-08. Its mission is to safeguard the financial system from abuses of financial crime. It is the Financial Intelligence Unit (FIU) of the United States, formed to support law enforcement and the financial community in the fight against money laundering, terrorist financing and other financial crimes through the collection, analysis and sharing of BSA information. FinCEN seeks to provide adequate financial intelligence to law enforcement without overburdening the financial community or compromising the privacy of individuals.

The many partnerships of FinCEN are not limited to the United States, but expand internationally to law enforcement, financial institutions and regulatory authorities in foreign countries, as well.

While FinCEN relies primarily on federal functional regulators to examine financial institutions and enforce AML compliance, the regulators look to FinCEN for guidance in the implementation of the BSA and USA PATRIOT Act. FinCEN has issued regulations, in concert with federal functional regulators and the Internal Revenue Service (IRS), related to BSA and AML compliance. FinCEN may issue enforcement actions for violations of the BSA and USA PATRIOT Act through its Office of Enforcement jointly or unilaterally. The Office of Enforcement evaluates enforcement matters, including the assessment of civil money penalties.

## 24. In what types of initiatives does FinCEN engage?

In 1992, as part of the Annunzio-Wylie Anti-Money Laundering Act, FinCEN formed the Bank Secrecy Act Advisory Group (BSAAG), a task force established to coordinate and inform the financial community about BSA-related matters. The BSAAG includes senior representatives from financial institutions, federal law enforcement agencies, regulatory agencies, and others from the public and private sectors. In 2009, the Financial Fraud Enforcement Task Force (FFETF) was established as a multi-agency task force with federal, state and local partners to improve efforts to investigate and prosecute significant financial crimes, recover proceeds for victims, and address financial discrimination in the lending and financial markets.

FinCEN also has created several communication systems to facilitate the sharing of information among both domestic and international entities. The BSA E-Filing System allows financial institutions to file electronic BSA forms, such as CTRs and SARs, quickly and securely. The Gateway program enables law enforcement agencies and financial industry regulators to have expedited access to BSA records filed with FinCEN. The Law Enforcement and Financial Institution Information Sharing (LEFIIS) system allows law enforcement to receive feedback from financial institutions on subjects of money laundering and terrorism investigations, and is used to facilitate information sharing among financial institutions. FinCEN also developed the Egmont Secure Web (ESW), which is a private network that allows connected FIUs to interface with FinCEN and each other to access information related to money laundering trends, analytical tools and technological developments via e-mail.

Additional tools include the Geographic Threat Assessments and Nontraditional Methodologies Sections, a resource center for emerging methods of money laundering and terrorist financing.

FinCEN also collaborates with other FIUs globally to exchange information supporting AML and counterterrorism initiatives worldwide, and assists other countries with developing their FIUs. For additional guidance on FIUs, please refer to the Key International Groups and Initiatives section.

## 25. What resources has FinCEN provided to the public?

Among the issuances and resources provided by FinCEN are the following:

- **Statutes and Regulations –** Resource that contains links to BSA and USA PATRIOT Act statutes and codified regulations.
- **Federal Register Notices –** Links to final regulations issued after the date of codification as well as Notices of Proposed Rulemaking (NPRs) in the Federal Register.
- **Guidance –** Clarification of issues or responses to questions related to FinCEN regulations (e.g., completion and filing of Suspicious Activity Reports [SARs]; applicability of the definition of a money services business [MSB] to a particular business activity; applicability of the Safe Harbor provision when sharing SARs under certain circumstances).



HOUSE_OVERSIGHT_024124

- **Administrative Rulings –** Rulings that provide a new interpretation of the BSA or any other statute granting FinCEN authority, express an opinion about a new regulatory issue, and/or outline the effect of the various releases on covered financial institutions.
- **Advisories/Bulletins/Rulings/Fact Sheets –** An archive of advisories, advisory withdrawals, bulletins, rulings and fact sheets dating back to 1996.
- **Answers to Frequently Asked Bank Secrecy Act (BSA) Questions –** A list of basic questions and answers about BSA and USA PATRIOT Act laws and regulations.
- **Reports and Publications –** Reports published periodically on key regulatory issues and strategies to address these issues including, but not limited to, the following:
    - **The SAR Activity Review: "Trends, Tips & Issues" –** A publication produced approximately once or twice each year by FinCEN in cooperation with many regulatory, law enforcement and industry partners. The publication gives the public information and insight concerning the preparation, use and value of SARs filed by institutions.
    - **The SAR Activity Review: "By the Numbers" –** A publication that is generally produced twice each year as a companion to The SAR Activity Review: "Trends, Tips & Issues" and provides numerical data on SAR filings.
    - **Financial Institutions Outreach Initiative –** Reports sharing information gathered through various outreach initiatives with representatives in the financial industry (e.g., large depository institutions, MSBs).
    - **Strategic Analytical Reports and Other Publications –** Publications addressing other trends and issues, such as Mortgage Loan Fraud: An Update of Trends Based upon an Analysis of Suspicious Activity Reports (April 2008).
    - **Annual Report –** Provides an overview of FinCEN's current state and details the strategies and outcomes of the year's operations.
    - **Report to Congress –** An archive of reports made to Congress by the U.S. Secretary of the Treasury dating back to 2002, including the required annual 361(b) report.
    - **The Strategic Plan –** Published periodically, the Strategic Plan details how FinCEN intends to achieve its current goals in the near future.
- **Bank Secrecy Act/Anti-Money Laundering Examination Manual for Money Services Businesses –** Guidance on the examination process of MSBs, in English and Spanish.
- **Enforcement Actions –** Links to enforcement actions dating back to 1999.
- **Law Enforcement –** A summary of support services for law enforcement and links to law enforcement case examples that have been assisted by information reported under BSA regulations.
- **News Releases –** An archive of important FinCEN news releases dating back to 1994.
- **Speeches –** An archive of speeches given by the director of FinCEN dating back to 2004.
- **Testimony –** An archive of testimony given by the director of FinCEN dating back to 2004.

## 26. How does FinCEN interact with banking and securities regulators?

In 2004, FinCEN entered into a Memorandum of Understanding (MOU) with federal banking regulators. The MOU sets forth procedures for the administration of the BSA, Titles I and II of Pub. L. 91-508, as amended, codified at 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and 31 U.S.C. §§ 5311-5332; information relating to the primary federal regulators' policies and procedures for examination of BSA compliance; significant BSA compliance issues at banking organizations supervised by the regulators; and analytical data based on or derived from information provided by the regulators. The MOU also gives FinCEN authority to issue its own enforcement actions, even when regulators may not think it is necessary. On April 26, 2005, FinCEN and the New York State Banking Department entered into a similar MOU; shortly thereafter, a number of other states followed suit.

In late 2006, the SEC and FinCEN entered into an MOU under which the SEC provides FinCEN with detailed information on a quarterly basis regarding the AML examination and enforcement activities of the SEC and the Self-Regulatory Organizations (SROs). In return, FinCEN provides assistance and analytical reports to the SEC.



HOUSE_OVERSIGHT_024125

In June 2011, FinCEN entered into an MOU with the Consumer Financial Protection Bureau (CFPB), which provides the CFPB direct electronic access to BSA information and analytical materials (e.g., analytical tools, BSA information reviews, etc.) as required and appropriate for the exercise of the CFPB's regulatory authority. In return, the CFPB, upon request, will provide reports on the results of its investigations or examinations and statistical information related to any inquiries to assist FinCEN in understanding and analyzing the value of BSA information.

# Enforcement Actions

## 27. What types of enforcement actions are available to regulators for addressing AML Compliance Program deficiencies and violations?

Regulators have a range of enforcement tools available to address AML Compliance Program deficiencies and violations of AML laws and regulations.

While enforcement actions against nonbanks have increased in recent years, the number of enforcement actions issued by bank regulators continues to outnumber those of other agencies, at least in the United States. Examples of enforcement actions available to U.S. bank regulators in order of severity are:

- **Commitment Letter**: A Commitment Letter is an agreement between a bank's board of directors and a bank regulator in which the board, on behalf of a bank, agrees to take certain actions to address issues or concerns surfaced by the regulator. A Commitment Letter is not legally binding, but the failure of a bank to live up to the terms of the Commitment Letter may subject the bank to more formal regulatory action.
- **Memorandum of Understanding**: A Memorandum of Understanding (MOU) is an agreement between a bank's board of directors and one or more regulatory agencies. The content of an MOU may be similar or identical to more formal enforcement actions, but MOUs are nonpublic documents and, similar to Commitment Letters, not legally binding.
- **Formal Agreements**: A Formal Agreement is an agreement between a bank's board of directors and one or more regulatory agencies. While the contents of a Formal Agreement may mirror those of an MOU, violations of a Formal Agreement can provide the legal basis for assessing civil money penalties (CMPs) against directors, officers and other institution-affiliated parties.
- **Consent Order or Order to Cease and Desist (C&D)**: Consent Orders and Orders to Cease and Desist are agreements between a bank's board of directors and one or more regulatory agencies. Violations of a Formal Agreement can provide the legal basis for assessing civil money penalties (CMPs) against directors, officers and other institution-affiliated parties. The regulator's decision to issue a Consent Order or Order to Cease and Desist rather than a formal agreement is based on its assessment of the severity of the bank's problems.
- **Civil Money Penalties (CMPs)**: Civil money penalties are financial penalties that may be imposed by a regulator against a bank or an individual(s) for a violation of law or regulation or noncompliance with a formal enforcement action.
- **"Death Penalty"**: Under the Annunzio-Wiley Act of 1992, bank regulators have the option – in fact, are obligated to consider – whether the license/charter of a depository institution that is found guilty or pleads guilty to money laundering charges should be revoked. The revocation of a license/charter is known as the "Death Penalty."

Unlike the formal enforcement actions issued by bank regulators, which are usually very prescriptive as to the actions that must be taken to address the identified deficiencies, the enforcement actions taken by securities and futures/commodities regulators generally report findings that detail the nature of the deficiency, but do not prescribe specific corrective action (and accompanying fines have been modest compared to those levied against banks).

## 28. Does FinCEN have enforcement authority?

FinCEN does have enforcement action authority, which it often uses in conjunction with a financial institution's functional regulators.

## 29. Beyond the actions and penalties that may be imposed by regulators, are U.S. companies subject to any other potential actions?

Yes. Other actions, such as Deferred Prosecution Agreements (DPA), may result from legal actions.



HOUSE_OVERSIGHT_024126

## 30. What is a Deferred Prosecution Agreement?

A DPA is an agreement entered into between a prosecutor and a defendant in a criminal case whereby in exchange for successful completion of agreed-upon commitments, the criminal charges against the defendant will be dismissed in their entirety by the prosecutor.

## 31. What enforcement actions have had a significant impact on the AML landscape?

Certain enforcement actions stand out because of the size of the penalties imposed on the institutions and/or the media attention they received. Examples would include:

- Banking Organizations:
  - **ABN Amro**: In December 2005, ABN Amro was assessed an $80 million Civil Money Penalty (CMP) for failure to implement an adequate system of internal controls reasonably designed to assure compliance with U.S. AML laws and regulations. The CMP cited deficiencies within the North American Regional Clearing Center (NARCC), a unit within the New York Branch of ABN Amro that operated as a clearing center for funds transfers in U.S. dollars for members within the ABN Amro network and more than 400 third-party financial institutions. Specific findings included the following:
    - Failure to staff the compliance function and train compliance personnel adequately
    - Failure to file accurate and timely Suspicious Activity Reports (SARs)
    - Lack of formal procedures for collecting and reviewing due diligence and assessing the risks of foreign financial institutions accessing correspondent banking services
    - Lack of adequate monitoring of funds transfers for potentially suspicious activity, particularly funds transfers conducted by financial institutions independent of the ABN Amro network
    - Failure to incorporate information on subjects of previous SAR filings, terminated relationships, and publicly available information on shell companies into its suspicious activity monitoring program
    - Failure to investigate alerts and utilize the capabilities of its automated monitoring software to manage its money laundering and terrorist financing risk effectively
  - **American Express**: In August 2007, American Express International Bank (AEIB) was issued a Cease and Desist (C&D) order and assessed a $20 million CMP and $55 million forfeiture. American Express Travel Related Services Co. (AETRSC) also was assessed a $5 million CMP. Cross-border payment made total effective charges, including forfeiture, $65 million. AEIB provided private banking services to high net worth clients and AETRSC operated as a money services business (MSB). Specific findings included the following:
    - Failure to implement comprehensive customer due diligence (CDD) and enhanced due diligence (EDD) processes
    - Failure to implement effective control measures for bearer shares and other private investment companies (PICs)
    - Failure to adhere to the internal policies for periodic reviews of high-risk accounts
    - Inadequate transaction monitoring system due to data integrity and other problems
    - Inadequate independent testing of the AML Compliance Program
    - Failure to provide adequate oversight of and accountability for the AML Compliance Program by management of AEIB and its parent company, AEB
  - **Wachovia**: In March 2010, the Office of the Comptroller of the Currency (OCC), FinCEN and the U.S. Department of Justice (DOJ) announced that Wachovia Bank, N.A., had agreed to a Deferred Prosecution Agreement with a forfeiture of $110 million with the DOJ, a civil money penalty of $50 million, a C&D with the OCC, and a civil money penalty (CMP) of $110 million with FinCEN. FinCEN agreed its CMP would be satisfied by the payment of the DOJ forfeiture. Specific findings included the following:
    - Failure to implement adequate policies, procedures and controls for bulk cash transactions conducted by high-risk *casas de cambio* and other foreign correspondent banking customers



HOUSE_OVERSIGHT_024127

- Failure to conduct monitoring of the high volume of monetary instruments through *casas de cambio* and other foreign correspondent customers using Remote Deposit Capture (RDC) service
- Failure to monitor sequentially numbered traveler's checks used by *casas de cambio* and other foreign correspondent customers in a manner compliant with internal policy on these transactions
- Failure to institute appropriate risk-based monitoring of foreign correspondent banking customers – primarily as a result of setting alert parameters based on staffing capacity
- Failure to file timely SARs on several foreign correspondent banking customers
- Failure to report cash structuring activity

- **HSBC:** In October 2010, the Federal Reserve Board announced that it had issued a Cease and Desist Order between HSBC North America Holdings, Inc. (HNAH), New York, New York, a registered bank holding company (BHC), and the Federal Reserve Board. The order requires HNAH to take corrective action to improve its firm-wide compliance risk management program, including its anti-money laundering compliance risk management. Concurrent with the Federal Reserve Board's announcement of its enforcement action, the Office of the Comptroller of the Currency announced its issuance of a Cease and Desist Order against HSBC Bank USA, N.A., McLean, Virginia (HBUS, a subsidiary of HNAH), for violating the Bank Secrecy Act and its underlying regulations.

  HSBC was directed to use its financial and managerial resources as a source of strength for its bank subsidiaries, and in particular HBUS, to ensure that it complies with the OCC Consent Order regarding HBUS' BSA/AML program. It was also directed to "retain an independent consultant acceptable to the [Chicago Federal] Reserve Bank to complete a review of the effectiveness of the firm-wide BSA/AML Compliance Program adopted by HNAH (the 'BSA/AML Review'), and to prepare a written report of findings and recommendations (the 'BSA/AML Report')." In another section of the Order, HNAH was directed to "submit to the [Chicago Federal] Reserve Bank an acceptable written program designed to reasonably ensure the identification and timely, accurate, and complete reporting by HNAH and its subsidiaries of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations."

  The OCC Order states that the agency found deficiencies in HBUS' BSA/AML Compliance Program – in particular, deficiencies in internal controls for customer due diligence, procedures for monitoring suspicious activity and independent testing. The Order also cited aggravating factors "such as highly suspicious activity creating a significant potential for unreported money laundering or terrorist financing." Specific cited deficiencies included special handling of wire transfers of customers domiciled in countries risk-rated as "standard" or "medium," resulting in limited and ineffective BSA/AML monitoring of two-thirds of the bank's wire activity; failure from 2006 to 2009 to monitor bulk cash transactions with foreign affiliates; failure to perform customer due diligence or enhanced due diligence for its foreign affiliates, inhibiting its assessment of customer risk and the identification of suspicious activity in accounts of those affiliates; failure to address a backlog of suspicious activity alerts (due to inadequate staffing), which caused the bank to file many late SARs; and failure to appropriately designate customers as "high-risk" for BSA/AML monitoring, even when a customer's association with PEPs could harm the bank's reputation. In July 2012, HSBC was the subject of a hearing held by the Senate Permanent Subcommittee on Investigations entitled "U.S. Vulnerabilities to Money Laundering and Terrorist Financing: HSBC Case History."

- **Citibank:** In April 2012, the OCC issued a Cease and Desist Order against Citibank, N.A. for violations of the Bank Secrecy Act (BSA) and underlying regulations. According to the OCC, the order requires the bank to take comprehensive corrective actions to improve its BSA compliance program.

  The compliance program allegedly had deficiencies with respect to internal controls, customer due diligence, the independent BSA and the anti-money laundering audit function, monitoring of its remote deposit capture and international cash letter instrument processing in connection with foreign correspondent banking, and suspicious activity reporting related to that monitoring. These findings resulted in violations by the bank of statutory and regulatory requirements to maintain an adequate BSA compliance program, file suspicious activity reports, and conduct appropriate due diligence on foreign correspondent accounts.



HOUSE_OVERSIGHT_024128

As part of the Order, the Bank is required to arrange for an independent look back for suspicious activity covering areas (and presumably time frames) to be designated by the bank's Examiner-in-Charge.

- Broker-Dealers:
  - **E*TRADE**: In January 2009, FINRA assessed a $1 million penalty against E*Trade Securities and E* Trade Clearing LLC for failure to implement AML policies and procedures to reasonably detect and report potentially suspicious securities transactions. Alerts triggered in the automated monitoring system were limited to those with money movements, thereby eliminating detection and review of potentially suspicious matched or washed trades. The firms relied upon analysts to monitor high-volume online trading activity for potentially suspicious activity manually, without providing necessary automated monitoring tools.

    Additionally, in July 2008, both firms reached a $1 million settlement with the SEC for failure to document their Customer Identification Program (CIP) and verify the identities of more than 65,000 clients from October 2003 to June 2005.
- Money Services Businesses (MSBs):
  - **Sigue Corporation**: In January 2008, FinCEN assessed a $12 million CMP on Sigue Corporation for failure to implement an effective AML Compliance Program in all four core elements as defined in the USA PATRIOT Act: internal controls, designation of compliance officer/personnel, training, and independent testing. The U.S. Department of Justice assessed a $15 million forfeiture and entered into a Deferred Prosecution Agreement (DPA). Payment of the forfeiture satisfied the FinCEN penalty. Specific findings included the following:
    - Lack of defined roles and responsibilities of the compliance function
    - Failure to implement a risk-based suspicious activity monitoring program commensurate with dollar volume and geographic reach
    - Lack of effective supervision and control over agents (e.g., agents advising customers to structure transactions to evade AML reporting requirements)
    - Failure to investigate alerts in a timely manner
    - Failure to file complete, accurate or timely Suspicious Activity Reports (SARs)
    - Inadequate and untailored training program and/or training program not completed by all employees/agents
    - Inadequate independent testing (e.g., not risk-based, insufficient testing, narrow scope) that failed to identify system problems within the AML Compliance Program
  - From 2010 to 2011, seven MSBs were subject to enforcement actions primarily for failure to register with FinCEN as an MSB. All were acting as independent money transmitters. A summary of findings included the following:
    - Failure to register as an MSB or complete biennial renewals with FinCEN
    - Failure to implement an AML program as required for money transmitters
    - Failure to report potentially suspicious transactions on SARs
    - Structuring currency transactions to evade BSA reporting requirements
    - Conspiracy to commit food stamp fraud

## 32. What have been the most common deficiencies in AML Compliance Programs?

Some common themes have been:

- **Program Violations**: Overall failures supported by "pillar" violations, i.e., the failure of an institution to address adequately its obligation to designate a qualified AML compliance officer; develop and implement appropriate policies, procedures and controls; provide adequate training; and perform periodic independent testing of its AML Compliance Program.
- **Systemic and Recurring Violations**: Pervasive control breakdowns



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- **Isolated and Technical Violations**: Limited instances of noncompliance that do not threaten overall program effectiveness

Some common problems and issues include, but are not limited to, the following:

- AML compliance officer (as well as other employees) lacks sufficient experience and/or knowledge regarding AML policies, procedures and tools
- Insufficient/inadequate resources dedicated to AML compliance
- Lack of specific and customized training of employees with critical functions (e.g., account opening, transaction processing, risk management)
- Failure to conduct adequate risk assessments (e.g., customer risk assessment, business line risk assessment, OFAC risk assessment)
- Failure to incorporate risk assessments into a transaction-monitoring process, customer acceptance standards, audits, testing or training
- Inadequate Know Your Customer (KYC) procedures (e.g., CIP, CDD and EDD at or after account opening, including inadequate controls over required fields, inadequate methods of obtaining and/or maintaining current information, lack of reporting capabilities over missing information, and lack of verification procedures)
- Poor documentation maintained for investigations that did not lead to SAR filings
- Poor follow-up on SAR actions (e.g., close, monitor)
- Lack of reporting of key SAR information to senior management/board of directors
- Inadequate tuning, validation and documentation of automated monitoring systems
- Overreliance on software to identify transactions for which CTRs and/or SARs must be filed without fully understanding how the software is designed and what information it does/does not capture
- Exclusion of certain products from transaction monitoring (e.g., loans, letters of credit, capital markets activities)
- Lack of timeliness when filing CTRs and SARs (e.g., reports are manually filed via certified mail, and the date postmarked is not noted)
- Lack of or inadequate independent testing of the AML Compliance Program
- Lack of or untimely corrective actions to prior examination or audit findings

To identify potential gaps in a financial institution's AML Compliance Program, regulatory enforcement actions for AML deficiencies against other (similar) financial institutions should be reviewed to identify the specific violations and related action steps. This enables financial institutions to recognize and correct any potential weaknesses of their own before their next regulatory examination.

# AML Compliance Program

## 33. What types of financial institutions are required to comply with AML laws and regulations?

Under the USA PATRIOT Act, the definition of "financial institutions" was expanded to include more than 20 different types of businesses that provide financial services, including, but not limited to, broker-dealers, currency exchangers, insurance companies, trust companies, dealers in precious metals, stones or jewels, and issuers of traveler's checks, money orders or similar instruments.

For additional guidance on the other types of financial institutions now required to comply with AML laws and regulations, please refer to the USA PATRIOT Act and Nonbank Financial Institutions and Nonfinancial Businesses sections.

## 34. What are the key components of an AML Compliance Program?

Key components of an AML Compliance Program include, but are not limited to, the following:



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- **Designated Compliance Officer –** For further guidance, please refer to the Designation of AML Compliance Officer and the AML Compliance Organization section.
- **Risk Assessments –** For further guidance, please refer to the Enterprise-wide Risk Assessment, Business Line Risk Assessment, Customer Risk Assessment and OFAC Risk Assessment sections.
- **Customer Acceptance and Maintenance Program –** For further guidance, please refer to the Know Your Customer, Due Diligence and Enhanced Due Diligence, Section 326 – Verification of Identification, Section 312 – Special Due Diligence for Correspondent Accounts and Private Banking Accounts and High Risk Customers sections.
- **Large Currency Monitoring and Currency Transaction Report Filing Program –** For further guidance, please refer to the Currency Transaction Reports section.
- **Monitoring, Investigating and Suspicious Activity Report Filing Program –** For further guidance, please refer to the Transaction Monitoring, Investigations and Red Flags and Suspicious Activity Reports sections.
- **Sanctions Program –** For further guidance, please refer to the Office of Foreign Assets Control section.
- **Information Sharing –** For further guidance, please refer to Section 314(a) – Cooperation among Financial Institutions, Regulatory Authorities and Law Enforcement Authorities, Section 314(b) Requirements – Cooperation among Financial Institutions and National Security Letters sections.
- **Recordkeeping and Retention Program –** For further guidance, please refer to the Funds Transfer Recordkeeping Requirement and the Travel Rule, Recordkeeping Requirements for the Purchase and Sale of Monetary Instruments, Form 8300 and Report of Foreign Bank and Financial Accounts sections.
- **Independent Testing –** For further guidance, please refer to the Independent Testing section.
- **Training –** For further guidance, please refer to the AML Training section.
- **Management and Board Reporting –** For further guidance, please refer to the Designation of AML Compliance Officer and AML Compliance Organization section.

It is important to note that not all types of financial institutions are required to have each of the key components listed above. For additional guidance on the AML requirements of nonbank financial institutions, please refer to the Nonbank Financial Institutions and Nonfinancial Businesses section.

## 35. How can technology be used to support a financial institution's AML program?

Technology can be used, for example, to support:

- **Monitoring for Suspicious Transactions and Facilitating Suspicious Activity Report Filing –** For further guidance, please see the Suspicious Transaction Monitoring and Suspicious Activity Report Filing Software section.
- **Monitoring for Large Currency Transactions and Facilitating Currency Transaction Report Filing –** For further guidance, please see the Large Currency Transaction Monitoring and Currency Transaction Report Filing Software section.
- **Verification of Customer Information (e.g., CIP) –** For further guidance, please see the Customer Verification Software section.
- **Storage of Customer Information (e.g., CIP, EDD) –** For further guidance, please see the Customer Information Database and Customer Risk Assessment Software section.
- **Calculation of Customer Risk Ratings –** For further guidance, please see the Customer Information Database and Customer Risk Assessment Software section.
- **Searching Against Special Lists of Prohibited and/or High-Risk Individuals/Entities** (e.g., Office of Foreign Assets Control [OFAC], 314(a), Subpoenas, Media Searches, Internal "Deny" Lists, Politically Exposed Persons [PEPs]) for Customers and Transactions – For further guidance, please see the Interdiction Software and List Providers sections.
- **AML Training –** For further guidance, please see the Training Software section.
- **Case Management –** For further guidance, please see the Case Management Software section.



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**Topics: Is US data as good as it looks? Is Chinese data as bad as it looks? Is European data as bizarre as it looks?**

***What a diff'rence a day makes.*** Ever since the ECB gift-wrapped 650 billion Euros for EU banks, the news has been pretty good, particularly in the US. Most of the market's focus is on the US consumer, for the simple reason that US households are the largest single economic force in the world (see table). Even after deconstructing the labor report for signs of false positives[1], the message is clear: US job markets are gradually getting better, and so is spending. The capital position of US banks is in good shape[2], so we expect access to credit to remain easy[3]. A US GDP growth rate of 2.25% is still below trend, but a long way from the unavoidable recession articulated by the ECRI last fall. I agree with those who think the US economy could not withstand a withdrawal of stimulus right now, but I also do not see the Fed actively withdrawing it. Whatever rain dance the Fed is doing to keep inflation low, they better keep doing it.

**The importance of the US consumer**

| *Billions of USD* | Private Consumption | Investment | Gov. Spending | Net exports |
|---|---|---|---|---|
| **US** | **10,417** | **1,818** | **3,020** | **(500)** |
| **Asia** | **8,231** | **4,614** | **3,449** | **424** |
| **Asia ex. CN/JPN** | **2,761** | **597** | **1,482** | **134** |
| **Japan** | **3,501** | **1,185** | **1,175** | **58** |
| **China** | **1,969** | **2,832** | **792** | **232** |
| **Europe** | **9,670** | **3,148** | **3,662** | **130** |
| **EMU** | **7,145** | **2,386** | **2,704** | **145** |
| **Latin America** | **2,747** | **754** | **1,010** | **28** |

Source: Haver. Data as of Q4 2010.

A chart I saw on the history of jobless claims (below, left) was meant to show how good things may get. In the prior 3 business cycles, when continuing claims fell through 2.2% of the labor force (1982, 1993, 2003), it was a great time to add risk in portfolios. Improving claims signaled that the business cycle was picking up enough steam to be self-sustaining, and last week, the US crossed through this barrier again. But as Big Bird used to say, ***one of these things is not like the other:*** **the US primary budget deficit which supports this recovery is a bigger now**. So, the US economy *better* improve markedly in order to pay the freight. When will this chart on the primary deficit (below, right) matter to financial markets? Only when it becomes a binding constraint, either due to a lack of demand to finance the deficit at current yields, or due to the economic cost of closing it. The timing is uncertain, given Central Bank purchases of Treasury bonds, and a Congress which may leave the problem for another day (or generation). I lose a lot of sleep over this, but I don't know a lot of other people that do. As discussed last week, portfolio allocations given today's private and public sector realities vary substantially across wealth management firms. Ours rely on hedge funds, credit and real estate as complements to public and private equity.

**In past cycles, claims were a great market signal**
Continuing claims as a % of labor force

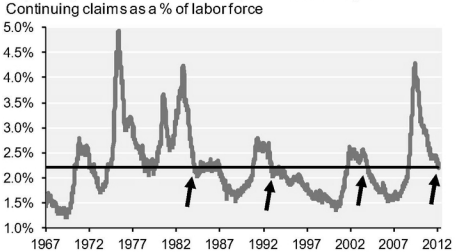


Source: Department of Labor, BLS, Empirical Research Partners.

**Paging Dick Cheney: Do Deficits Matter?**
Deficit ex-interest, percent of GDP, seasonally adjusted

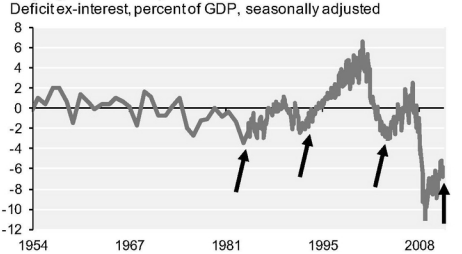


Source: CBO, BEA, OMB, J.P. Morgan Private Bank.

[1] Our chief economist Michael Vaknin has analyzed the various seasonal adjustments that the Bureau of Labor Statistics uses when it reports payrolls. After adjusting for better weather, the Lehman shock and other factors, payroll growth does not look quite as good as reported, but is still positive. The trend is supported by the latest Manpower surveys, Institute for Supply Management surveys, JOLTS surveys, etc, all of which show growing demand for labor. Even state and local government firing has finally come to an end, which was a constant fixture of the last two years. So far, hourly earnings remain very weak, and typically do not grow until later in the cycle.

[2] **The latest US bank stress tests were pretty stressful**. Two-year loss assumptions applied by the Fed were higher than those experienced during 2008 and 2009, and comparable in almost every category to realized losses during the Great Depression. Almost every institution passed the test, and even the ones that didn't are expected to reach required capital levels in short order. US banks have sharply reduced reliance on "hot money" (time deposits, commercial paper and repo), relying instead on core retail deposits to finance their balance sheets. Comparing the rigor of US and European bank stress tests is like comparing the rigors of actual football to Wii football.

[3] So far, net household borrowing other than student loans is weak; loan growth is almost exclusively from companies rather than households.



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**Topics: Is US data as good as it looks? Is Chinese data as bad as it looks? Is European data as bizarre as it looks?**

There's also some good news on the global profit outlook, or at least an end to the bad news. A measure of global earnings revisions had been running negative for 40 weeks in a row until last week when it turned slightly positive. Other corroborating evidence comes from conversations we've had with private equity firms, whose portfolio companies are generally planning for 10%-20% increases in capital spending budgets this year.

Source: Citigroup, Bloomberg.

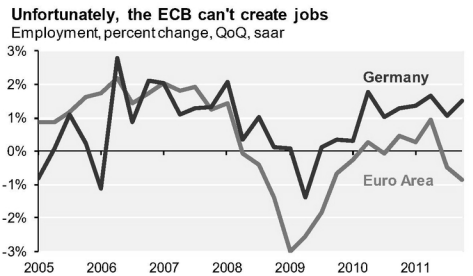

Source: Eurostat, Bundesbank.

After four years that challenge some of the basic assumptions of efficient markets and laissez-faire capitalism, there is a pent-up demand for normalcy among individual investors, money managers, CEOs, corporate treasurers, pension funds, regulators, etc. Through massive money creation, Central Banks have provided the veneer of normalcy which has allowed the private sector to get moving again in the US, or at least in the case of Europe, to stop declining. Markets love it. Is the ECB's Mario Draghi a genius? Only time will tell. The last time the term *Maestro* got thrown around, it was a case of premature exaltation.

**The latest from Europe: my head is hot and my feet are freezing**

Angela Merkel described Europe as being "a good way up the mountain path" regarding the debt crisis. Courtesy of the ECB, there has been a dramatic improvement in sovereign and bank debt markets. However, in the real economy, improvements are much harder to find. In contrast to improving labor markets in the US, Europe still looks pretty bad outside Germany (see chart above; the declining Euro Area line *includes* the better data from Germany). Other variables related to production and consumption show the same regional divergences. The challenge for Spain looks particularly daunting, given a less open economy than countries like Ireland, escalating costs associated with bank recapitalization and municipal funding shortfalls, and the likely continued withdrawal of foreign capital from the private sector. Even with continued German assistance, it's going to be a long and freezing mountain hike for the periphery.

On investments, we saw a lot of things we recognized in a 76-page Morgan Stanley paper on bank deleveraging and real estate. This has been one of our primary investment themes over the last year. **MS estimates 3 trillion Euros of deleveraging by European banks in the next 3-5 years, even *with* ECB repo facilities slowing the pace of asset dispositions, and a more relaxed approach to Basel 3**. Europe's greater reliance on banks to finance commercial property investments (versus capital markets) is a primary driver here. One example: amazingly, Spanish banks have more domestic commercial real estate loans than UK and German banks combined. There are likely to be opportunities in purchasing loan portfolios, and in providing capital to refinance existing loans. In an environment of low growth, perpetual austerity and rising consumer stress, and the lingering possibility of a devaluation in some countries, buyer portfolio discounts need to be large enough to make sense.

**Where is China heading?**

There is a roiling epistemological debate as to whether China's current decline is structural or cyclical. As an aside, two of JP Morgan's investment banking analysts (one an economist, the other an equity market strategist) have taken opposite sides of the debate, which is in and of itself a healthy thing. Like the question about whether Italy has a liquidity crisis or a solvency crisis, the answer depends on your definition, and definitions can change depending on how governments respond. On the following page, we include our own China Dashboard we use to track what's going on. Now that we have February data as well as January and can adjust for some of the New Year effects, it's pretty clear that China is slowing. Markets are still nervous, since Premier Wen stated that the government is still concerned about elevated home prices, and that they will continue tight policies on property markets. Home price to income ratios in some major cities exceed peak 2006 California levels.

But with the collapse in Chinese inflation, the government has room to re-stimulate a bit. Recently, the Chinese government has injected more liquidity; expanded the quota for foreign equity investment; cut bank reserve requirements; delayed tighter capital



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**Topics: Is US data as good as it looks? Is Chinese data as bad as it looks? Is European data as bizarre as it looks?**

adequacy rules; created a program through which municipalities can issue bonds with government guarantees (rather than having to borrow from banks); eased first time homebuyer restrictions; and injected capital into its biggest banks. **What the China debate is really about is whether these measures will reinvigorate growth or not.** Since much of the recent slowdown was self-imposed due to inflation concerns, it seems reasonable to us to expect the Chinese economy to respond positively to stimulus should it be reapplied. **We are not big buyers of Chinese onshore equities for reasons we have explained before, but we do rely on 7%-8% Chinese GDP growth to fuel economic activity in Asia that underpins many of our investments there. As things stand now, we see no reason why this growth target will not be achieved.**

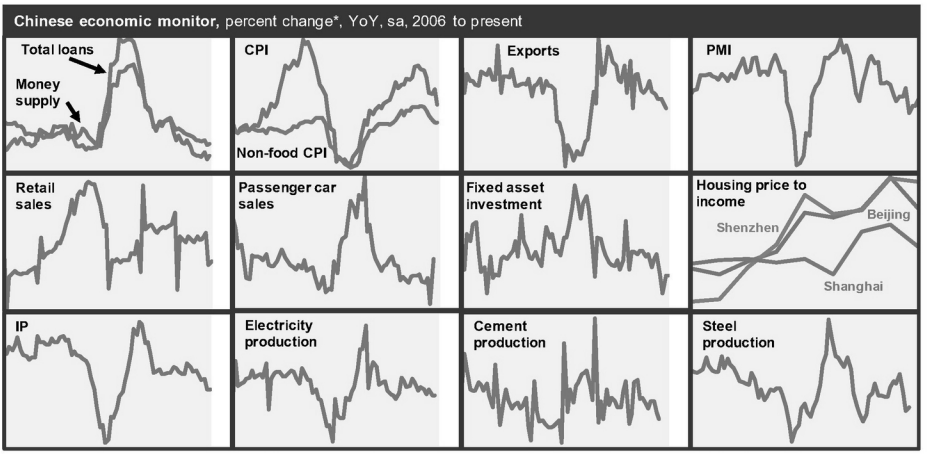


Source: National Bureau of Statistics, PBOC, China Automotive Information, China Economic Information Network, CLSA-Markit, Haver Analytics. J.P. Morgan Securities LLC, ISI Group, J.P. Morgan Private Bank. * PMI data are index level. Housing price to income, cement production and steel production are as of Dec. 2011. All the other data are as of Feb. 2012.

Michael Cembalest
Chief Investment Officer

"*What a diff'rence a day makes*", Dinah Washington, 1959, Mercury Records

"*Banks Deleveraging and Real Estate*", Morgan Stanley Research, Francesca Tondi, March 15, 2012

The ECRI (Economic Cycle Research Institute) claims papal infallibility on its historical recession predictions. ECB = European Central Bank. EMU = European Economic and Monetary Union

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# UBS CIO Monthly Extended

## July 2012

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29 June 2012

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# Table of Contents


Section 1 **Base slides** 3

Section 2 **Asset class views** 12

2.A **Equities** 13

2.B **Fixed income** 23

2.C **Foreign exchange** 30

2.D **NTAC: Commodities, Listed real estate, Hedge funds and Private equity** 34

Section 1

# Base slides

UBS

# Summary

**"With the global economy continuing to muddle through, we believe that US corporate bonds offer the best risk return."**

- **Economy**
  The successful formation of a Greek government after the June 17 elections has reduced the risk of an imminent Greek exit from the Eurozone. However, the Euro debt crisis persists, and further reform and consolidation efforts in Spain and Italy are needed. In the US, economic data weakened recently, but it remains in line with our forecast of moderate growth of around 2% in 2012. The Fed extended "Operation Twist" until the end of the year and is ready to do more if the economic situation deteriorates materially. Meanwhile, Chinese activity data is showing signs of stabilization and inflation remains low. We expect the Chinese economy to gradually pick up in the second half of 2012.
- **Equities**
  Despite our relatively positive outlook for US and Chinese economic growth, ongoing Eurozone issues keep us neutral on global equities. We think US companies are better positioned than their European peers, and thus keep our longer-standing preference for US equities. US earnings are relatively robust and the recovery of the domestic economy continues to support revenues. Furthermore, we keep a moderate overweight in emerging market (EM) equities as valuations are attractive and we expect growth to accelerate in the second half of the year. In the near term EM currency weakness remains a risk factor.
- **Fixed Income**
  High grade government bond yields remain extremely low due to ultra-expansive monetary policy and ongoing investor concerns over global growth. While we expect yields to only rise very gradually in the near term, we continue to see better investment opportunities in other fixed income segments. US high yield remains our favorite asset class, given attractive valuations and a favorable default outlook. We also keep our overweight recommendations on investment grade and EM bonds.
- **Commodities**
  We avoid broad commodity exposure as we see further price weakness ahead. While the worst of the oil sell-off is likely behind us, we see no reason for higher prices in the near term and expect roll costs to weigh on positions.
- **Foreign Exchange**
  In light of the ongoing Eurozone troubles, we continue to prefer the US dollar over the euro. We also prefer the Canadian dollar, given its relatively good growth dynamics, a possible rate hike, and relatively high short rates.



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# Cross-asset preferences

| | Most preferred | Least preferred |
|---|---|---|
| **Equities** | • US<br>• Western winners from EM growth<br>• High quality dividend yields<br>• Event-driven and relative value hedge funds<br>• Natural gas growth gainers | • Europe |
| **Fixed income** | • US high yield<br>• Global investment grade credit<br>• Event-driven and relative value hedge funds<br>• EM corporate bonds | • Developed market government bonds |
| **Foreign exchange** | • USD<br>• GBP<br>• CAD | • CHF<br>• EUR |
| **Commodities** | | • Agriculture<br>• Energy |

## Portfolio weights

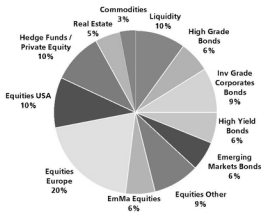


Note: Portfolio weights are for an advisory client with a "EUR moderate" profile. For portfolio weights related to other risk profiles please contact your client advisor.

Recent upgrades  Recent downgrades

UBS



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# Reference portfolio

## Tactical asset allocation deviations from benchmark*

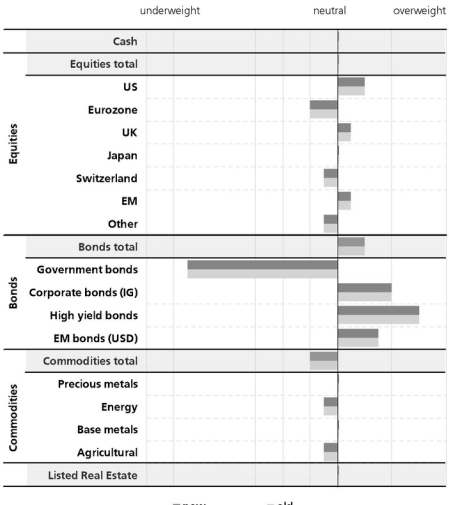


Source: UBS CIO

## Currency allocation

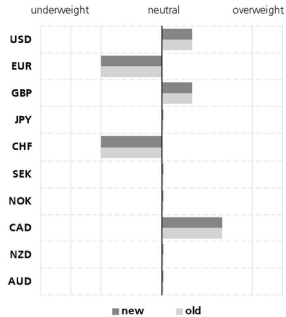


* Please note that the bar charts show total portfolio preferences and thus can be interpreted as the recommended deviation from the relevant portfolio benchmark for any given asset class and sub asset class.

Also note that the implementation in advisory or discretionary products might slightly deviate from the "unconstrained" asset allocation shown above, depending on benchmarks, currency positions and for other implementation considerations



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# Preferred themes

- **High quality dividend yields (sourced from existing European and UK equities)**
  High quality companies with geographically diversified business models that pay sustainable dividends offer an attractive income stream in a low yield world. Historically, dividends have made a substantial contribution to total returns, and we expect this to remain the case in the current environment.

- **Western winners from emerging market growth (sourced from existing equity holdings)**
  Emerging economies continue to grow faster than developed economies. With little need to deleverage and repair balance sheets, Asian economies are also well positioned to continue to outpace their Western peers in the years ahead. We have identified companies from a variety of sectors in Europe, the US and Japan which have significant exposure to the rapidly growing emerging regions. We believe a diversified portfolio of these companies will reward investors seeking to profit from the robust demand growth in emerging economies.

- **Natural gas growth gainers**
  Natural gas is a relatively clean source of energy, and we think it will benefit from continued substitution for other energy sources over the long term. We have examined the dynamics of the global market and the various components of the gas value chain, and identified the areas we see as the most significant beneficiaries currently. These include producers in Europe and Asia, suppliers of infrastructure, services and related machinery, and Master Limited Partnerships (MLPs) in the US, that offer both attractive yields and growth.

- **Government bond alternatives (sourced from government bonds – CIO UW)**
  Developed world government bonds offer a comparatively small cushion against future interest rate hikes and many face increasing credit risk. We expect select bonds of supranational or national agencies, sub-national governments, multinational corporates, and covered bonds to outperform government bonds. We recommend switching out of government bonds into these alternatives.

- **US high yield corporate bonds (sourced from government bonds – CIO UW)**
  Positive economic growth, robust corporate earnings and healthy balance sheets provide support to US high yield corporate bonds. Current yield spreads of roughly 660 basis points still price in a much more dire economic outcome than we expect. Historically, US high yield bonds have delivered similar returns to US equities with lower volatility. We continue to believe that US high yield corporate bonds represent a more favorable risk/return potential than equities and expect total returns of approximately 7% over the next 6 months.

- **The place to be in Hedge Funds**
  Recent economic data has shown signs of improvement, but growth in most developed markets remains muted. In this environment, less directional hedge fund strategies, such as relative value and event driven, should offer above average returns.

- **EM corporates: a growing asset class (sourced from global government bonds – CIO UW)**
  Given our relatively constructive current view on risk, we regard EM corporate debt as more attractive than EM sovereign debt due to its higher overall yield. Over a 6-month horizon, we expect EM corporate bonds to outperform US Treasuries and deliver total returns of close to 8% p.a.



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# Global economic outlook – *Summary*

## Key questions

- Can emerging markets (EM) continue to offset developed market (DM) weakness to buoy global growth?
- What are the risks of near-term faltering of the US economic recovery?
- When is the European economy likely to return to sustainable economic expansion?

## CIO View (Probability: 60%*)

- Global economic activity remains moderate; the growth impulse stems largely (some 80%) from the EM region. As expected, China started to ease monetary policy. The country is better placed than other EM and particularly DM countries to counter growth weakness with further monetary and fiscal stimuli. Thus, we expect EM growth to stabilize soon and pick up in 2H 2012.
- US economic indicators have on balance been disappointing recently, especially data related to business fixed investment and employment growth. Thus, we lowered our 2Q 2012 real GDP growth forecast to an annualized rate of 1.5% from 2%. We still expect growth slightly above 2% in 2H 2012. We think that the risk that the Fed will take measures in addition to the extension of "Operation Twist" is still significant.
- Large parts of Western Europe are in recession or stagnation. We expect the economies of the Eurozone and the UK to show mild improvement in 2H 2012. Still, economic activity is likely to remain very sluggish despite support from lower oil prices and less rigorous fiscal austerity. The Bank of England may support the UK economy by increasing its amount of bond purchases soon. The probability that the ECB will take further action to support the economy has risen significantly.

## ↗ Positive scenario (Probability: 15%*)

- The Eurozone crisis abates. Financial market conditions recover, mitigating the drag from fiscal austerity.
- Growth in Western Europe is marginally positive (Eurozone stagnates) in 2012 and the US economy grows moderately above trend.

## ↘ Negative scenario (Probability: 25%*)

- There are three key downside risks to the global economy: 1. a significant escalation of the Eurozone debt crisis; 2. a sharp fiscal contraction in the US, and 3. a sharp deceleration of the Chinese economy. Each one of these risks could precipitate a significant downturn of the global economy.

## Key dates

| | |
|---|---|
| **2 July** | USA: ISM manufacturing PMI for June |
| **5 July** | Eurozone: ECB press conference |
| **24 July** | Eurozone: purchasing managers indices (PMI), July estimates |
| **22–25 July** | China: HSBC flash manufacturing purchasing managers index (Jul) |

## Global growth expected at just under 3% in 2012

| | | Real GDP growth in % | | | Inflation in % | | |
|---|---|---|---|---|---|---|---|
| | | 2011 | 2012F | 2013F | 2011 | 2012F | 2013F |
| **Americas** | US | 1.7 | 2.1 | 2.6 | 3.1 | 2.1 | 1.7 |
| | Canada | 2.4 | 2.1 | 2.4 | 2.9 | 2.1 | 2.3 |
| | Brazil | 2.7 | 2.0 | 4.8 | 6.5 | 5.2 | 6.5 |
| **Asia/Pacific** | Japan | -0.7 | 2.5 | 2.0 | -0.3 | 0.2 | 0.5 |
| | Australia | 2.1 | 3.7 | 3.5 | 3.4 | 1.6 | 2.5 |
| | China | 9.2 | 8.2 | 8.5 | 5.4 | 3.0 | 4.0 |
| | India | 6.5 | 6.0 | 7.0 | 7.8 | 6.9 | 7.0 |
| **Europe** | Eurozone | 1.5 | -0.4 | 0.4 | 2.7 | 2.3 | 2.0 |
| | Germany | 3.1 | 1.0 | 1.1 | 2.5 | 1.7 | 1.5 |
| | France | 1.7 | 0.3 | 0.4 | 2.1 | 2.5 | 2.2 |
| | Italy | 0.5 | -1.8 | 0.2 | 2.9 | 3.4 | 3.9 |
| | Spain | 0.7 | -1.6 | -1.3 | 3.1 | 1.9 | 1.9 |
| | UK | 0.7 | 0.2 | 1.3 | 4.5 | 2.8 | 1.9 |
| | Switzerland | 2.1 | 1.3 | 1.7 | 0.2 | -0.4 | 1.4 |
| | Russia | 4.3 | 3.8 | 3.7 | 8.5 | 4.9 | 6.9 |
| **World** | | 3.2 | 2.8 | 3.3 | 3.9 | 3.0 | 3.0 |

Source: UBS CIO, as of 28 June 2012

In developing the CIO economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.

## Global economic momentum is deteriorating (UBS GDP tracker)

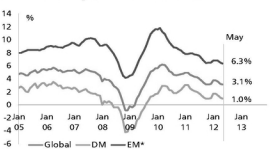


Source: Bloomberg, UBS CIO, as of 22 June 2012

* DM= developed markets, EM = emerging markets

Note: Past performance is not an indication of future returns.
**Scenario probabilities are based on qualitative assessment.

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HOUSE_OVERSIGHT_024142

# Key financial market driver 1 – *Eurozone crisis*

**Key questions**

- What is the way forward for Eurozone banks?
- What is the most likely course of events in Spain, Italy and Portugal?
- In what direction will the economy and the ECB go?

**CIO View (Probability: 65%*)** **Austerity and weak growth**

- Support for the banking sector is a major political agenda item, and the request for external support for Spanish banks can be seen as the starting point for greater European support and oversight for banks, to be discussed at the upcoming European Council.
- Greece's debt remains unsustainable, but the risk of a euro exit over the next six months has diminished after the 17 June elections, which have produced a viable government coalition. The Troika may only accept moderate adjustments to the second Greek package. Portugal is likely to receive an increased bailout package and is unlikely to default in 2012. Progress on reforms and consolidation in Spain and Italy is most crucial for the near-term development of the crisis. Risk premiums would rise strongly on any failure to meet deficit targets; we expect bond risk premiums to remain elevated for Spain and Italy over the next six months.
- Following stagnation in 1Q 2012, economic surveys are commensurate with a quarterly GDP contraction of around 0.3% at present. Business survey evidence points to a general wait and see mode. The risk to the outlook for a stabilization of economic growth in the second half of 2012 is skewed to the downside. The ECB remains on hold, but the bar to support the economy and markets has been lowered substantially. We see a significant probability of policy action in early July, including the possibility of a rate reduction. Despite all the talk about political measures to support growth and increased tolerance for budget slippages, there is practically no leeway for fiscal stimuli. The near-term growth impact of any fiscal measure will at best be marginal, in our view.

**↗ Positive scenario (Probability: 15%*)** **Return to macro stability**

- Bond yields are contained, as peripheral countries' budgets stay on track and economic activity recovers faster than expected. Greece fully complies with the austerity plans and receives further support. Market confidence is restored, and economic growth stagnates in 2012.

**↘ Negative scenario (Probability: 20%*)** **Major shock**

- Major shocks could include Spain being pushed into a full IMF/EU program, possibly by a rating cut to junk, enhancing pressure also on Italy; serious political disagreement in core countries (for instance after Dutch elections, etc.); a possible Portuguese default; a Greek euro exit; or a major external growth shock.

**Key dates**

| | |
|---|---|
| **5 July** | ECB press conference |
| **9–10 July** | Eurogroup/ECOFIN-Meeting |
| **24 July** | Eurozone purchasing manager indices (PMI), July estimates |

**Bottoming in Eurozone leading indicators (PMI) in June?**

Source: Bloomberg, UBS CIO, as of 21 June 2012 (estimates)

**Yield of Spanish and Italian 10-year bonds over German Bunds (in bps)**

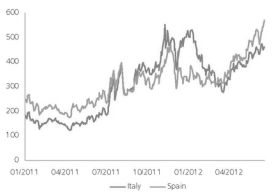


Source: UBS CIO, Bloomberg, as of 18 June 2012

Note: Past performance is not an indication of future returns.

* Scenario probabilities are based on qualitative assessment.



HOUSE_OVERSIGHT_024143

# Key financial market driver 2 – *US policy*

**Key questions**

- Will the economic outlook deteriorate? Will QE3 become necessary?
- How will the election outcome change fiscal policy deliberations?
- Can politicians find an agreement to avoid sharp fiscal contraction in early 2013 ("fiscal cliff")?

**CIO View (Probability: 65%*)** **No QE3, political gridlock and some fiscal tightening**

- The economy stays on a moderate growth path, coupled with stable core PCE inflation close to the Fed's target of 2%. UBS forecasts real GDP growth of 1.5% in 2Q 2012 (consensus: 2.1%) and 2.3% in 3Q 2012 (consensus: 2.4%), with some downside risk due to rising uncertainty. The Fed has decided to extend so called "Operation Twist" until the end of the year. More near-term monetary easing is still possible, but it is currently not our central scenario.
- In the elections, Republicans will likely lose seats in the House overall, but retain a majority; we also expect them to win a narrow majority in the Senate. Obama will likely retain the White House. Such an electoral outcome would confirm the existing gridlock between Republicans and Democrats.
- Against the backdrop of ongoing political gridlock, we expect only moderate fiscal tightening of about 0.9% of GDP in 2013. The government will likely let unemployment benefits and the payroll tax cut expire, but postpone income tax hikes and sequestration spending.

**↗ Positive scenario (Probability: 10%*)** **No QE3, Democratic sweep and more fiscal tightening**

- Propelled by ultra-expansive monetary policy and improved confidence, cyclical forces surmount the structural hindrances and thus growth accelerates. More rapid growth leads to higher inflation, and the Fed responds by tightening monetary policy sooner.
- The improved economic outlook raises the odds for an Obama re-election and makes it harder for Republicans to win a majority in the Senate. US fiscal consolidation efforts are facilitated by faster rising tax collections. A Democratic stronghold leads to some tax hikes and limited spending cuts. Fiscal policy tightens by about 1.2% of GDP in 2013.

**↘ Negative scenario (Probability: 25%*)** **QE3, political dysfunction and huge fiscal tightening**

- Structural hindrances dominate and weigh on the cyclical recovery, thus growth weakens or turns negative. The Fed embarks on QE3, most likely in the form of agency MBS and Treasury purchases.
- Weaker economic conditions raise the odds for a larger Republican majority in Congress, but Obama remains President. The debt limit is reached earlier and the Treasury runs out of money before year-end. The political gridlock becomes dysfunctional, thus fiscal policy tightens by USD 600 billion (3.7% of UBS estimate of 2013 GDP) in 2013 ("fiscal cliff"). The US credit rating is downgraded.

**Key dates**

| | |
|---|---|
| **2 July** | ISM manufacturing PMI for June |
| **6 July** | Nonfarm payrolls and unemployment rate for June |
| **6 Nov** | US Presidential and Congressional elections |

**US moderate growth to continue**

US real GDP and its components, quarter-over-quarter annualized in %

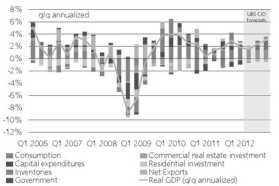


Source: Thomson Datastream, UBS CIO, as of 20 June 2012

**US fiscal cliff at year-end 2012**

Fiscal effects of change in provisions under current law, USD billion annualized

| | 1Q13 | 2Q13 | 3Q13 | 4Q13 | CY2013 |
|---|---|---|---|---|---|
| Sequester automatic cuts (discretionary spending) | -60 | -68 | -76 | -76 | -70 |
| Sequester automatic cuts (mandatory spending) | -16 | -16 | -16 | -17 | -16 |
| 2001/2003 tax cuts (250k+ incomes, estate tax) | -38 | -58 | -58 | -65 | -55 |
| 2001/2003 tax cuts (middle incomes) | -164 | -156 | -137 | -172 | -157 |
| Alternative Minimum Tax (incl. interaction with tax cuts) | 0 | -374 | -125 | -29 | -132 |
| Payroll tax cut | -94 | -114 | -114 | -114 | -109 |
| Emergency Unemployment Compensation | -34 | -34 | -34 | -34 | -34 |
| Affordable Care Act (3.8%/0.9% tax on passive/wage income 250k+) | -27 | -27 | -27 | -27 | -27 |
| Total (all provisions) | -433 | -847 | -587 | -534 | -600 |

Source: Goldman Sachs, UBS CIO, as of 20 June 2012

* Scenario probabilities are based on qualitative assessment.

Note: Past performance is not an indication of future returns.

# Key financial market driver 3 – *China growth outlook*

**Key questions**

- When will the economy bottom out?
- What economic policy responses can we expect to support the economy ahead?
- How significant is the contagion risk from a possible downturn in the Eurozone?

**CIO View (Probability: 70%*)** **Modest policy easing to support growth in 2H12**

- The latest economic data suggest that economic activity is showing signs of stabilization, albeit at a comparatively low level. However, we have yet to see meaningful pick-up in activity. We think that policy measures to support the economy should have more visible effect on activity in the second half of the year.
- To this effect, the People's Bank of China (PBoC) has recently cut interest rates by 25bps – the first such move since late 2008. With investment demand still sluggish, we don't expect the measure to have a significant near-term effect on growth. Still, the cut confirms the leadership's commitment to support the economy. Importantly, with the rate cut, measures were announced to increase the banks' ability to set interest rates, which should bolster private household spending power in the future.
- The rate reduction took place against a backdrop of falling price inflation. Thus, inflation is no obstacle for further measures to ease monetary policy. However, at this point we don't expect further rate cuts this year; especially since increased interest rate flexibility should contribute to an easing of monetary conditions ahead. If anything, we think the PBoC may implement more reductions in banks' reserve requirement rates to ensure sufficient liquidity provisions. Thus, we think the real focus has to be on the fiscal policy measures now, including possibly an acceleration of infrastructure investments, measures to support consumer spending and selective relaxation in the property market (while keeping home-purchase restrictions intact).

**↗ Positive scenario (Probability: 20%*)** **Higher-than-expected growth**

- Chinese GDP grows above 8.5% in 2012. For this we would probably need to see stronger-than-expected fiscal and monetary policy support from the government. A speedy improvement in the Eurozone debt crisis could also lead to this positive scenario.

**↘ Negative scenario (Probability: 10%*)** **Hard landing**

- Chinese GDP growth below 6%, i.e. a hard landing of the economy. This could be triggered by a global financial crisis/recession, causing a slump in Chinese exports. Other risks include a sharp decline in Chinese residential property prices – which would slow investment growth, a large-scale default of local government debt, or a surge in inflation that forces the PBoC to significantly tighten monetary policy.

**Key dates**

| | |
|---|---|
| **1 Jul** | Manufacturing purchasing managers index (Jun) |
| **13 Jul** | Fixed asset investment, industrial production (Jun), 2Q12 GDP |
| **11–15 Jul** | New bank lending, M2 (Jun) |
| **22–25 Jul** | HSBC flash manufacturing purchasing managers index (Jul) |

**First interest rate cut since 2008**

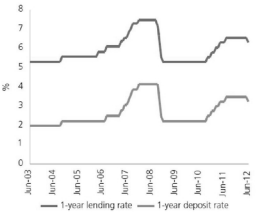


Source: Bloomberg, UBS CIO, as of 18 Jun 2012

**Pick-up in infrastructure investment**

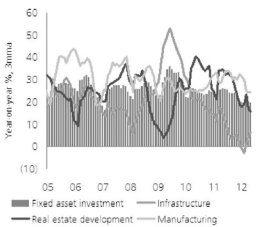


Source: Bloomberg, UBS CIO, as of 18 Jun 2012

Note: Past performance is not an indication of future returns.

* Scenario probabilities are based on qualitative assessment.

UBS

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HOUSE_OVERSIGHT_024145

Section 2

# Asset class views

UBS

Section 2.A

# Asset class views

# Equities

UBS

# Equities overview

**Global equity markets – Key points**

- We keep an overall **neutral allocation** to **equities** (see summary on slide 3).
- The **US remains our preferred developed market**. The domestic economy is expected to continue to grow. This should underpin earnings growth for US companies. With labour costs in check, profit margins should stay around the current high levels.
- We **keep our overweight position on EM equities.** Monetary easing in key countries continues, and relatively attractive valuations remain key supporting factors. However, near-term economic and currency weakness remains a major concern for investors – especially those domiciled in hard currency regions (e.g. USD, EUR). Until year-end, we expect some growth acceleration and therefore stay overweight.
- The **UK** remains a **preferred market**. It offers a solid earnings outlook compared to other European markets. Moreover, the valuation is attractive at a trailing P/E ratio close to 10.
- We keep our **negative stance on Eurozone equities**. The economy remains very weak affecting earnings growth negatively. The sovereign debt crisis remains a major risk (see page 8).
- We **remain cautious on Australian equities**. The earnings prospects are still being revised down by analysts. The domestic economy is moving at two speeds with the strong part getting its impulse from the mining sector. We maintain a small underweight.
- We **keep a moderate underweight in Swiss equities**, as valuation looks expensive relative to world equities. The negative earnings impact of the strong Swiss franc should ease further in coming quarters.

**Global equity sectors – Key points**

- **Consumer Staples and Healthcare remain preferred** among defensive sectors, as their long-term earnings prospects are very solid. Both sectors also offer strong balance sheets, exposure to favorable demographic trends and emerging markets.
- We keep our **negative view on Telecom and Utilities**. Both sectors suffer from weak revenue growth as well as margin pressure.
- Within cyclical sectors, we **keep our preference for IT** due to a solid earnings outlook and strong corporate balance sheets. Moreover, we **reiterate our neutral allocation to Industrials**.
- Valuations are high and earnings expectations are optimistic for **Consumer Discretionary**. However, we **reduce our Underweight** as we become more positive on the sector in the US.
- Following the latest oil price decline and a good relative performance, we have **reduced our overweight on Energy.** However, the earnings outlook remains solid and valuation is very attractive. While **Materials** are not expensive, we are **neutral**, as margins remain under pressure.
- The earnings outlook for US and Asian Financials is solid, which leads us to be **neutral on Financials from a global perspective.** However, we maintain our underweight on Eurozone Financials, where sovereign indebtedness and bank capitalization remain major concerns.

**Preferences (6 months)**

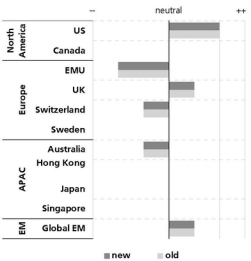


Note: Preference in hedged terms (excl. currencies)

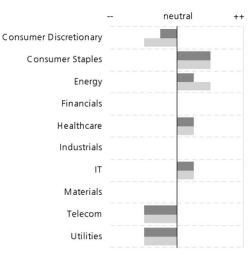


Source: UBS CIO, as of 28 June 2012



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HOUSE_OVERSIGHT_024148

# US equities

Preference: overweight

**S&P 500 (27 June): 1,332** (last month: 1,319)

**UBS View** **S&P 500 (6-month target): 1,430**

- US firms on average show more resilient earnings than their global and especially European peers. Modest domestic economic growth supports US companies' revenue and thereby earnings growth. About two thirds of revenues are generated in the US.
- While profit margins are slightly higher than their average over the last 30 years, we expect them to hold up in coming quarters. Pressure from rising wages on margins is rather muted. So company earnings are forecast to develop in line with revenues.
- In the next six months, we forecast the price-to-earnings ratio (P/E) of the S&P 500 to rise to about 14.0x realized earnings from slightly above 13.0x currently.
- The combination of expected moderate earnings growth and an expansion of the valuation multiples make the US one of our preferred equity markets.

**↗ Positive scenario** **S&P 500 (6-month target): 1,580**

- An accelerating US and global economy reduces risks to company earnings. Investors begin to shift funds into more cyclical sectors such as Industrials and Materials in light of better growth prospects. In this scenario, we would expect earnings to grow by around 10% in the next 12 months, and the trailing P/E multiple to expand to around 15x.

**↘ Negative scenario** **S&P 500 (6-month target): 1,115**

- The US slides into a recession and corporate earnings fall by around 15% over the coming 12 months. Coupled with an escalation in the Eurozone debt crisis, we would expect the P/E multiple to contract towards 12.0x trailing earnings.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Business sentiment | The ISM is a leading indicator for US manufacturing and services. **Key dates: 2 July, ISM manufacturing; 5 July, ISM non-manufacturing** |
| The Fed | The direction of monetary policy and hints on further quantitative easing can influence equities. **Key date: 11 July, minutes from June FOMC meeting** |
| Labor market | Improvement in the labor market is key for domestic consumption. **Key date: 6 July, US labor market report for June** |
| Earnings reports | Earnings season in the US, with 60% of the S&P 500 companies reporting in July. **Key date: 9 July**, Alcoa, first major earnings report in July |

## Recommendations

### Tactical (6 months)

- We have adopted a neutral allocation between defensive and cyclical sectors.
- Among defensives, we still like Consumer Staples, while IT is a preferred cyclical sectors. We also like Energy.
- We are cautious on Materials, where we expect margin pressure to continue, as well as Telecom and Utilities, due to high valuations.

### Strategic (1 to 2 years)

- We like medium-sized US companies, which should benefit from robust earnings growth in the long term (see also slide 21).

### Our sector stance in the US

| Sectors | US |
|---|---|
| Consumer Discretionary | → |
| Consumer Staples | ↗ |
| Energy | ↗ |
| Financials | → |
| Healthcare | → |
| Industrials | → |
| IT | ↗ |
| Materials | ↘ |
| Telecom | ↘ |
| Utilities | ↘ |

Source: UBS CIO, as of 28 June 2012

Note: Past performance is not an indication of future returns.



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HOUSE_OVERSIGHT_024149

# Eurozone equities

Preference: underweight

**Euro Stoxx (27 June): 217** (last month: 215)

**UBS View** **Euro Stoxx (6-month target): 223**

• The crisis in the Eurozone will remain the main driver in the coming months. After the elections in Greece, progress on the reform program will be closely monitored. Spain and Italy will also remain in the spotlight with levels of government bond yields too high for being sustainable.
• With the sovereign debt crisis dragging on we expect the Eurozone market to stay highly volatile in coming months.
• Economies in peripheral countries increasingly feel the burden of austerity. The economic weakness affects company earnings negatively. Analysts' earnings growth forecasts (consensus) for 2012 have come down to about 3% for this year, but we see this as still too high against the weak economic backdrop.
• All in all, the ongoing risks stemming from the sovereign debt crisis lead us to the view that Eurozone equities will underperform other major markets.

**↗ Positive scenario** **Euro Stoxx (6-month target): 275**

• Global economic growth reaccelerates and Eurozone growth shows clear signs of bottoming out, enabling 2–4% earnings growth over the rest of the year. The trailing P/E ratio could re-rate to 12x from the current reading close to 10x.

**↘ Negative scenario** **Euro Stoxx (6-month target): 165**

• Europe slides into a deep recession, and the debt crisis leads to severe pressure on Spain and Italy. In a major crisis, earnings could fall by 10% to 15% from current levels until year-end, and the trailing P/E ratio could drop to 8.5x by the end of 2012.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Growth indicators | Economic growth indicators provide information on the development of a potential Eurozone recession. **Key dates: 2 July, Final PMI manufacturing Eurozone, Germany, France for June; 24 July, Flash PMI Eurozone, Germany, France for July; 25 July, IFO business climate Germany** |
| Policy action | Decisions by European politicians and the ECB affect the course of the debt crisis. **Key dates: 5 July, ECB meeting** |
| Earnings season | Earnings reports of the Euro Stoxx companies. **Key dates: Mid July until mid August** |

## Recommendations

### Tactical (6 months)

- We continue to recommend defensive sectors. We like Consumer Staples and Healthcare.
- We also like the Energy sector, where the valuation is very attractive.
- Because of risks stemming from the sovereign debt crisis, we keep a cautious stance on Financials – especially Banks and diversified Financials.

### Strategic (1 to 2 years)

- For investors with a multiyear horizon, we believe there are attractively valued opportunities in core Europe (see also slide 21).

### Our sector stance in the Eurozone

| Sectors | Eurozone |
|---|---|
| Consumer Discretionary | ↘ |
| Consumer Staples | ↗ |
| Energy | ↗ |
| Financials | ↘ |
| Healthcare | ↗ |
| Industrials | ↗ |
| IT | → |
| Materials | → |
| Telecom | ↘ |
| Utilities | ↘ |

Source: UBS CIO, as of 28 June 2012

Note: Past performance is not an indication of future returns.



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Please see important disclaimer and disclosures at the end of the document.

HOUSE_OVERSIGHT_024150

# UK equities

Preference: overweight

**FTSE 100 (27 June): 5,524** (last month: 5,266)

**UBS View** **FTSE 100 (6-month target): 5,785**

• We continue to like UK equities relative to global ones. An expected improvement in the global economy over the coming quarters should support UK companies as 70% of revenues are generated abroad.

• Energy is the largest sector of the UK market. While the oil price eased sharply over the past months, we expect it to stabilize in the second half of 2012. An attractive valuation of the energy sector at 6.5x trailing earnings provides some buffer for earnings volatility going forward.

• Profitability of UK banks is reasonable. They are less affected by the sovereign debt crisis than their Eurozone peers. While the recent easing of collateral requirements by the Bank of England is supportive in the short-term, the profitability of the domestic operations could be negatively affected by the implementation of the ring-fencing bank reform by 2015.

• UK equities' P/E, at about 10.0x trailing, indicates attractive value relative to global equities. Based on our 12-month forward earnings growth estimate of about 5% and the P/E multiple slightly expanding to 10.3x, we expect UK equities to show good returns over the next six months.

**↗ Positive scenario** **FTSE 100 (6-month target): 6,650**

• Continued global growth and strong demand from emerging markets should support demand for commodities, helping the Materials and Energy sectors to lead the market higher. The market could re-rate to a P/E multiple of close to 12.0x, and we would expect earnings growth of 5–8% over 12 months.

**↘ Negative scenario** **FTSE 100 (6-month target): 4,400**

• A global recession drags UK earnings down by 15–20%. The market's defensive characteristics would only partly offset its strong exposure to commodity-related sectors. We would expect the trailing P/E multiple to drop towards slightly below 9x.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Growth indicators | Business survey indicators provide information on the economic development in the UK. **Key date: 2 July, PMI manufacturing for June; 4 July, PMI services for June;** |
| Commodity prices | Energy and Materials together are about 30% of the UK market by market capitalization. Developments in commodity prices affect earnings estimates. |
| Policy action | Loose monetary policy by the Bank of England (BoE) supports equities. **Key date: 05 July, Bank of England policy meeting** |

## Recommendations

### Tactical (6 months)

- We like the Energy sector due to attractive valuations; Consumer Staples is another preferred sector Because of its defensive qualities.
- Approaching the end of the patent cliff should remove some uncertainty on the Healthcare sector and enable a re-rating.

### Strategic (1 to 2 years)

- As commodity-related sectors, Energy and Materials should benefit from robust demand in emerging markets.
- The UK market's 4% dividend yield provides a good income stream.

**UK market trades at a P/E-discount (based on realized earnings)**

Source: Thomson Reuters, UBS CIO, as of 21 June 2012

Note: Past performance is not an indication of future returns.



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HOUSE_OVERSIGHT_024151

# Swiss equities

Preference: underweight

**SMI (27 June): 5,997** (last month: 5,818)

**UBS View** **SMI (6-month target): 6,200**

- Swiss listed companies generate a high share of profits in economies outside Switzerland. Consequently, the Swiss equity market is affected by the recent weakening in global growth.
- Swiss companies try to mitigate concerns on the global economic prospects by maintaining tight cost controls. This should allow to maintain relatively robust operating margins in 2012.
- While the Swiss franc remains overvalued, we expect the currency impact to gradually become less of a drag. In fact, at current exchange rates, Swiss companies' earnings would show some positive currency translation effects by end 2012, compared to the previous year.
- Still, the PE-ratio of the market is relatively high compared to the global average, indicating less attractive value. The SMI is trading at about 12.8x realized earnings. We are thus more cautious on the ability of the market to deliver further multiple expansion in a challenging market environment. As a result, we maintain a small underweight stance on Swiss equities.

**↗ Positive scenario** **SMI (6-month target): 6,900**

- Eurozone economic growth reaccelerates meaningfully, providing relief to Swiss financials as well as Swiss exporters. Defensive sectors would likely be left behind in a relief rally. In this scenario, we would expect the equity market P/E to re-rate to 14x and earnings to grow by 5% over the next six months.

**↘ Negative scenario** **SMI (6-month target): 5,075**

- The sovereign debt crisis re-escalates, leading to further downside for Swiss financials and the export-focused Industrials and Materials sectors. In this scenario, corporate earnings could drop by 5–10% over the next six months and we would expect the P/E to contract significantly, toward 11.5x.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Economic indicators | Key announcement dates of domestic economic indicators: **2 July, PMI manufacturing; 27 July, KOF Swiss leading indicator** |
| Monetary and economic policy | Key Swiss/European monetary policy dates that can impact Swiss equities: **2 July, SNB meeting; 5 July, ECB Governing Council meeting** |
| Corporate results | Key corporate announcement dates that could move the market: **5 July, Barry Callebaut; 12 July, Partners Group; 16 July, Kühne+Nagel; 17 July, Georg Fischer & SGS; 19 July, Actelion; 20 July, Sulzer; 25 July, Rieter & Lonza; 26 July, ABB, CS Group, Logitech & Sika** |

## Recommendations

### Tactical (6 months)

- We favor companies with a strong and broad foothold in emerging markets, as well as innovative companies able to market their products and services efficiently and globally.
- We continue to favor large caps.

### Strategic (1 to 2 years)

- We like stocks paying high and sustainable dividends.
- Moreover, we favor leaders in regards to the two key Swiss success factors: innovation and globalization.

**Swiss market trades at a P/E-premium (based on realized earnings)**

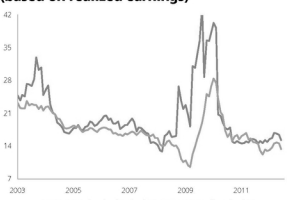


Source: Thomson Reuters, UBS CIO, as of 25 June 2012

Note: Past performance is not an indication of future returns.

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HOUSE_OVERSIGHT_024152

# Japanese equities

Preference: neutral

**Topix (27 June): 745** (last month: 721)

**UBS View** **Topix (6-month target): 780**

• We expect earnings growth of about 45% over the coming 12 months. This exceptional high growth is mainly due to the two natural disasters last year, as well as tax regulation changes which caused a number of one-time losses to be booked in the fiscal year that ended in March 2012.
• In our base case scenario, we see only limited scope for an additional earnings boost from the local economic recovery, given the slowing in export markets. Japanese companies are expected to continue their cost reduction efforts to counter the impact of a strong yen.
• The Japanese government has started implementing its JPY 18tn recovery budget in 4Q 2011, and we expect the budget to boost Japanese GDP by 1–1.5% in FY2012.
• Mainly due to the earnings rebound, we expect the TOPIX trailing P/E to drop from around 16.5x to 14x – 14.5x by year end; still the earnings rebound should provide some room for moderate price increases.

**↗ Positive scenario** **Topix (6-month target): 900**

• Stronger global demand and stabilizing European markets provide an additional boost to earnings, and also lead to improved risk taking. Falling risk aversion is likely to lead to a weaker yen, providing further upside to earnings. TOPIX target is based on 16.0x trailing P/E.

**↘ Negative scenario** **Topix (6-month target): 600**

• Faltering global growth leads to weak exports, triggering negative earnings surprises. A strengthening USDJPY below 75 in response to rising risk aversion might provide an additional drag on the economy and earnings. We would then expect the P/E ratio to contract to 13.5x, even if earnings show no recovery.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| JPY and exports | The exchange rate is an important factor for the Japanese equity market, and central bank intervention is a key swing factor. Japan's trade balance could be in deficit and may impact USDJPY rates. **Key date: 09 July, Japanese trade balance** |
| BoJ's monetary policy board meeting | The Bank of Japan's (BoJ) additional commitment to its asset purchase program, which is currently JPY 65tn in size, would lead to a weaker yen, in our view. **Key date: 12 July, BoJ policy meeting** |

## Recommendations

### Tactical (6 months)

- The earthquake in Japan and recent floods in Thailand have impacted Japanese earnings negatively. A recovery from these disasters should benefit auto and industrial stocks in particular.
- We prefer companies that continue cost reduction initiatives to maintain price competitiveness during the period of yen strength.

### Strategic (1 to 2 years)

- A weaker USDJPY may drive Japanese companies' earnings recovery beyond a technical recovery from natural disasters.
- A rapidly aging population and the lack of a powerful and stable government remain negative for the country's longer-term economic prospects.

**Japanese realized earnings likely to recover going forward**

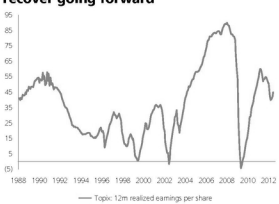


Source: Thomson Reuters, UBS CIO, as of 21 June 2012
Note: Past performance is not an indication of future returns.

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HOUSE_OVERSIGHT_024153

# Emerging market equities

Preference: overweight

**MSCI EM (27 June): 913** (last month: 907)

**UBS View** **MSCI EM 6-month target: 1,000**

• Currency weakness hurt emerging market (EM) equity performance in US-dollar terms year-to-date. We expect EM FX to appreciate against the USD from current levels over a six-month horizon.
• As expected, China has started to ease monetary policy. We believe there is also room to do more on the fiscal side, helping to support China's economic growth outlook for the second half of 2012 and into 2013. The 2Q GDP numbers are expected to represent the low point in the current cycle.
• Given the above, in our base case, we see scope for some multiple expansion for the MSCI EM Index, from the current 10.3x realized price-to-earnings ratio to closer to 11x over the next six months. We expect earnings growth of around 10% over the next 12 months.
• Within EM, we believe that Asia is best positioned for economic growth in the second half of 2012. In emerging Asia, we prefer China. In Latin America, we prefer Brazil and Mexico. Central and Eastern Europe remains the most vulnerable region, and we remain neutral on Russia.

**↗ Positive scenario** **MSCI EM (6-month target): 1,190**

• The outlook for the global economy improves, boosting EM's ability to grow more strongly in 2013. Stronger economic growth leads to earnings growth of 15%. Investor confidence improves, leading to a better P/E multiple of 12.5x trailing earnings. More cyclical Korea and Taiwan would benefit.

**↘ Negative scenario** **MSCI EM (6-month target): 730**

• Serious negative developments (e.g. a further deterioration of the Eurozone crisis, the US fiscal cliff, or a Chinese hard landing) hit trade and thus the economic prospects of emerging markets. In this case, we would expect a 25% decline in earnings. More defensive Malaysia would do better, whereas more cyclical Korea and Taiwan would underperform. We assume, however, that the market would also be expecting some recovery in earnings for 2013, helping the P/E multiple to recover to 9.5x trailing earnings.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Emerging market monetary policy | Investors are trying to figure out which emerging market central banks still have room to ease monetary policy and where rates may be heading up. **Inflation data due for Russia (4–9 July), Brazil (7 July), China (9 July), Mexico (9 July), India (13 July), South Africa (18 July).** |
| Oil prices & EM FX | Recent declines in oil prices are helping to reverse some of the inflationary impact of earlier rises, but the exchange rate matters, too. |

## Recommendations

### Tactical (6 months)

- In Asia, we expect Chinese equities to benefit as the Chinese economy avoids a hard landing. In Latin America, we prefer Brazil and Mexico.

### Strategic (1 to 2 years)

- Structural factors (e.g. stronger fiscal position, more favorable demographics) should continue to support stronger economic growth than in the developed economies.
- Strategically, we would advise a tilt in EM portfolios toward cash-rich and faster-growing Asia.

### Emerging market country preferences

| Current most preferred markets | Current least preferred markets |
|---|---|
| Brazil | Hungary |
| China | Indonesia |
| Mexico | Poland |

We currently have a neutral view on the remaining emerging equity markets in the MSCI EM index.

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HOUSE_OVERSIGHT_024154

# Asian equities (ex-Japan)

Preference: overweight

**MSCI Asia ex-Japan (27 June): 469** (last month: 466)

**UBS View** **MSCI Asia ex-Japan (6-month target): 515**

• The region continued to show high volatility last month, with its P/BV temporarily close to 2008 lows.
• Hong Kong and Singapore markets' domestic fundamentals remain solid. Hong Kong should benefit from China's gradual recovery in 2H 2012, while Singapore's economy is rebounding and corporate balance sheets and earnings remain solid. After the rate cut early June, we expect China to have more policies to support growth in 2H 2012. China is our most preferred market, while Indonesia is least preferred in the region. We are more concerned about Indonesia's fiscal deficit, since the fuel price hike did not happen. Domestic problems for Indonesia include current account deficits, potential capital outflows, bottomed-out inflation and hiccups in economic and market reforms, in our view.
• We expect 10% earnings-per-share growth over 12 months for the MSCI Asia ex-Japan, which trades on 11.6x 12-month trailing earnings. We expect this multiple to expand slightly in the next six months, as the current earnings downgrade cycle is approaching its end. Nevertheless, MSCI Asia ex-Japan is likely to see further volatility in the near term due to global macro risk factors.

**↗ Positive scenario** **MSCI Asia ex-Japan (6-month target): 610**

• More supportive monetary and fiscal policy, stable inflation, sustained domestic demand growth, and an improved global growth outlook should lead to a better earnings outlook. We would expect earnings growth of 15% and a P/E based on realized earnings of 14x.

**↘ Negative scenario** **MSCI APAC ex-Japan (6-month target): 380**

• A hard landing in China with a global recession leads to negative earnings revisions for 2012. In this scenario, earnings could fall 20% over 12 months and the P/E could fall to about 10.5x.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Growth | Both HK and Singapore's GDP growth disappointed, raising concerns about the growth momentum in the region. Investors should focus on whether growth will re-accelerate in the near term. **Key dates: 3 July, HK retail sales; 13 July, SG retail sales; 17 July, SG exports** |
| Policy responses | Some other countries in the region have structural issues due to fuel subsidies (e.g. Indonesia) and fiscal deficits (e.g. India). Policy responses often come on an ad hoc base. |

## Recommendations

### Tactical (6 months)

- We prefer Hong Kong banks, Singapore high-dividend stocks and Chinese insurance and consumer plays.
- We are concerned about India's inflation pressure, but we see opportunities in the power and banking sectors.

### Strategic (1 to 2 years)

- Rising consumption is the long-term trend in Asia ex-Japan that we expect will continue to play out.
- In China, sectors that contribute to improved labor productivity or deliver goods and services for the elderly should benefit from demographic changes (ageing population and decelerating population growth).

### Asia ex-Japan country preferences

| Current most preferred markets | Current least preferred markets |
|---|---|
| China | Indonesia |

We currently have a neutral view on the remaining emerging equity markets in the MSCI Asia ex-Japan index.

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HOUSE_OVERSIGHT_024155

# Equity styles

**UBS View** **Prefer value and large caps in Europe, mid caps in US**

• We recommend that investors look for value opportunities in Europe: The cheapest stocks within each sector are at extreme relative valuations, which should begin to normalize. Within Financials, however, investors should limit their direct exposure to the Eurozone debt crisis. We assess the cheapness of a stock by looking at its price-to-earnings and price-to-book ratios relative to its peers.

• We believe US mid caps will outperform large caps. US economic data is forecast to stabilize and GDP growth should be resilient in the second half of 2012. Greater domestic sales exposure reduces earnings risk coming from Europe. In Europe, we prefer large over small caps in the current very challenging economic environment.

• High quality dividend paying stocks provide a real and stable income stream to investors during the current low yield environment. Furthermore, they give exposure to the long term potential of equity markets while also providing some support in declining markets.

**↗ Positive scenario** **Prefer value, low quality and small caps**

• Leading indicators continue to move higher, and risks related to the Eurozone debt crisis subside. In this case, add deep cyclical value (cheap price/book, price/earnings) regardless of sector, with high beta and high leverage. In such an environment, small- and mid-cap stocks should also perform well, but a dividend strategy would be too defensive to outperform the market.

**↘ Negative scenario** **Prefer quality and large caps**

• The global economic picture deteriorates markedly. In this case, buy high-quality growth companies and large caps. Do not look for value opportunities, but be as defensive as possible with your equity exposure. Look to high-quality, dividend-paying stocks for yield.

Note: Scenarios refer to global economic scenarios (see slide 7).

| What we're watching | Why it matters |
|---|---|
| Earnings revisions – see chart (3-month moving average upgrades vs. downgrades) | Watch for signs of continued improvement in earnings revisions (aggregated from stock level). An improved earnings outlook would cause investors to add more risk, allowing multiples to expand and triggering the outperformance of value stocks. |
| US and Eurozone PMIs | If PMIs stabilize or improve, value stocks should outperform as there is no longer justification to pay the high price for earnings stability (quality). **Key dates: 2 July, PMI Manufacturing Eurozone; 2 July, US ISM Manufacturing** |

**Regional differentiation**

- Within Europe, look for value opportunities within each sector, but be aware of the higher-risk Financials.
- In the US, there are opportunities in value names that also show strong growth.
- Within Europe, avoid small caps and instead rotate into large caps.
- In the US, prefer mid caps to large caps while GDP growth is above 2%.

**Strategic (1 to 2 years)**

- We expect value strategies to outperform the market significantly over the long term.
- Mid-cap stocks provide attractive opportunities over the longer term.

**European earnings revisions fell hard last year, but the down cycle might be be ending (net revisions, in %; MSCI Europe)**

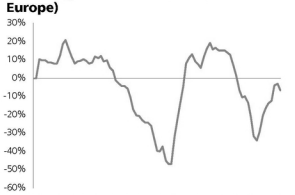


Source: FactSet, UBS CIO, as of 27 June 2012

Note: Past performance is no indication for future returns.

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HOUSE_OVERSIGHT_024156

Section 2.B

# Asset class views

# Fixed income

UBS

# Bonds overview

**Government bonds – Key points**

• Government bond yields of major developed markets started to rise from their historical lows ahead of Greek elections, in particular with hopes of more Eurozone integration (e.g. Eurobonds or a European bank deposit guarantee). The new Greek government has at least eased concerns of an imminent and disorderly Greek exit helping yields in their short term rise. However, further central bank easing, including the extension of Operation Twist (OT) until end of 2012 by the Fed limited the further upside potential in yields over the coming months.

• Our expectations for bond yields over the coming 6 months remain a marginal rise. Despite recent setbacks in global growth, the world economy remains in expansion mode. However, OT will keep longer yields low for longer. Also short-term downside risks to bond yields cannot be excluded; Spain has returned to the spotlight, and challenges in Italy's adjustment programs remain. Given current division among European leaders, the mutualization of debt is unlikely to be resolved soon.

• On a relative basis, we prefer German and Swiss bonds, over those in the US and UK, where bond yields could rise faster due to a sounder economic outlook. In particularly in the US, the cyclical recovery looks comparatively more robust.

• Declining growth momentum, extension of Operation Twist by the Fed and a rising likelihood of a rate cut by the ECB, are likely to keep yields on extraordinary low levels, for the time being. Thus we suggest a neutral duration position at this stage.

**Corporate and emerging market bonds – Key points**

• We maintain our preference for corporate credit (both investment grade and high yield) as well as emerging market bonds, keeping overweight positions in all three segments.

• Investment grade (IG) corporate bonds showed remarkable resilience in the latest downturn. The asset class is likely to outperform government bonds in the coming six months, with higher liquidity and lower volatility than HY bonds. We see the highest return potential in the lower-rated IG segment (BBB and A).

• US corporate bonds of lower credit quality (high yield, HY) remain fundamentally supported by solid balance sheets and a benign US growth outlook. Given the low risk of default losses, valuations are attractive at an effective yield of 7.5%. For US HY, we expect high single-digit total returns in the next six months. US senior loans are an attractive alternative to traditional fixed income assets.

• Emerging market bonds should continue to benefit from better fundamentals than those of developed markets over the medium term. Valuations remain attractive, and the potential for spreads to trend lower should more than offset the gradual increase in US Treasury yields in the quarters ahead. We continue to prefer increasing exposure to corporate bonds while keeping existing investments in sovereign bonds.

**Preferences (6 months)**

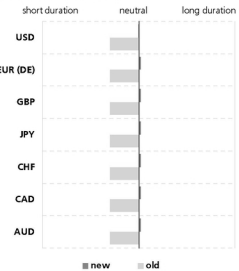


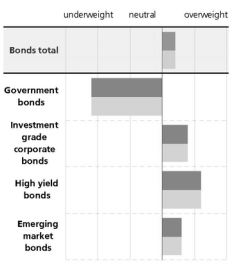


Source: UBS CIO, as of June 19th 2012

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HOUSE_OVERSIGHT_024158

# US rates

Duration preference: neutral

**US 10-year (29 June): 1.6%** (last month: 1.7%)
**US 10-year (6-month forecast): 1.8%**

**UBS View**

- US 10-year yields have recovered slightly from their June 1st 2012 lows after a reduction of political risks in the Eurozone. However, Treasury yields remain near historical lows due to the extension of Operation Twist (OT) coupled with recent setbacks of domestic economic data.
- We expect a marginal rise in yields since the US economy remains on a moderate cyclical growth path with the housing market having bottomed out. Additionally the diminished near-term risk of a Greek exit from the Eurozone following elections supports a gradual rise in Treasury yields.
- However, over a six-month horizon, the extension of Operation Twist (OT) until the end of 2012 by the Federal Reserve (Fed) will limit the upside potential in yields. As of late, the probability of even more stimulus in the form of quantitative easing from the Fed has risen substantially and markets have pushed out the first rate hike expectation into 2015. Additionally, structural obstacles from the pending US fiscal consolidation will also limit the upside potential for yields. Further, the US economy seems more vulnerable to possible spillover effects of increased political uncertainties in the Eurozone.

**↗ Positive scenario for US bonds** — **US 10-year (6-month range): 1.5–1.7%**

- The European debt crisis further re-escalates. The resulting contagion would intensify the current flight to quality, with Italian and Spanish spreads above 550 basis points to the Bund (our base case).
- With the increased likelihood of further quantitative easing, the risk is that yields would stay low or fall lower.

**↘ Negative scenario for US bonds** — **US 10-year (6-month range): 2.3–2.9%**

- If the EU leaders indicate serious commitment towards more fiscal integration, and US growth proves more sustainable with a rapidly improving labor market, then yields could rise.
- Recently, market expectations regarding future rate hikes by the Fed have pushed out a first rate hike into 2Q 2015. Any re-pricing into 2014 or 2013 will result in higher yields.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Fed policy | The Fed's assessment of the labour market determines it's stance on quantitative easing and is key for yields. Key dates: **31 July, Federal Open Market Committee meeting** |
| Labor market | Key focus of the Fed, judged in part based on estimates of the non-accelerating inflation rate of employment. Key date: **6 July, US non-farm payrolls** |
| Inflation expectations | Current yields reflect low real interest rates, but rather normal inflation expectations. If inflation expectations decline, the risk of a deflationary spiral would exist, leading to more downside risk for long maturity yields. |
| US presidential election | The US presidential election will guide fiscal spending for the coming years. |

**Recommendations**

**Tactical (6 months)**

- Declining growth momentum, extension of Operation Twist by the Fed and a rising likelihood of a rate cut by the ECB, are likely to keep yields on extraordinary low levels, for the time being. Thus we suggest a neutral duration position tactically.

**Strategic (1 to 2 years)**

- Yields have significant upside potential over the next couple of years given the current extraordinarily low levels – of real interest rates in particular. Thus clients with a longer time horizon should focus on bonds with short and medium maturities

**USD 10-year yields and forecasts**

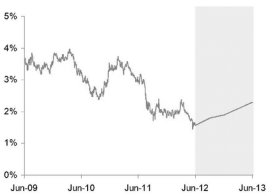


Source: Bloomberg, UBS CIO, as of June 18th 2012

Note: Past performance is not an indication of future returns.



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HOUSE_OVERSIGHT_024159

# European rates

Duration preference: neutral

**EUR (DE) 10-year (29 June): 1.6%** (last month: 1.4%)
**EUR (DE) 10-year (6-month forecast): 1.7%**

**UBS View**

- We believe the reasons for the recent rise in Bund yields are numerous: First, signs of more Eurozone integration (e.g. European bank deposit guarantee) combined with the recapitalization of Spanish banks. Second, the firm commitment of central banks to act if downside risks materialize (possible quantitative easing by the BoE and a higher probability of a ECB rate cut) and finally, Greek election results met expectations. However, this rise was muted given the extension of Operation Twist, weak global / German data and Spain's return to the spotlight.
- Over a three- to six-month horizon, we expect growth momentum to remain subdued but still in positive territory; we should have more information on how Spain and Italy are handling their adjustment programs. Also, the new pro-memorandum Greek government should limit safe haven inflows, and thus limit short-term downside risks to yields.
- In the UK, economic data continues to be mixed as the recovery continues but is prone to external shocks. The recent liquidity provision announcement by the BoE has confirmed these concerns.
- In Switzerland, yields have traded range bound owing to conflicting economic data. The SNB stressed increased downside risks to the economy and stands ready to act. However, we believe Swiss yields will gradually normalize.

**↗ Positive scenario for German bonds** **10-year Bund yield (6-month range) 1.1–1.3%**

- The European debt crisis re-escalates. The resulting contagion would intensify the current flight to quality.
- The economic recovery fails to gain momentum in the second half of the year. Credit demand fails to improve further as some of the recent European Central Bank (ECB) data indicates. The ECB cuts rates.
- Further quantitative easing by the Fed would be supportive for Bunds and speaks for lower yields.

**↘ Negative scenario for German bonds** **10-year Bund yield (6-month range) 1.9–2.3%**

- A moderate Eurozone economic recovery kicks in, supporting debt-burdened Eurozone countries in their efforts to fulfill austerity commitments and thus reducing the demand for safe-haven assets. Alternatively, Germany gives additional guarantees and the Eurozone moves towards a transfer union.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Elections/EU fiscal consolidation | The EU Summit will show if newly elected governments will change the dynamics in the Eurozone. |
| Central banks | The revival of the SMP program by the ECB would reduce the yields in the periphery. Their assessments of the current economic situation can give hints of further rate cuts or quantitative easing measures. Key dates: **5 July, ECB rate decision; 31 July, Fed FOMC meeting** |
| Economic variables | Credit conditions (ECB bank lending survey). Key date: **14 August, Eurozone GDP Q2** |
| Eurozone yield spreads | The level of yield spreads to German bonds influences the level of German Bund yields due to safe-haven flows. |

**Recommendations**

**Tactical (6 months)**

- Long term Bund yields would fall lower, in case of rising Euro zone break up probability. In contrast if Germany would need to support the periphery further, Bund yields would rise. We expect the market to oscillate between these two cases and recommend to stay neutral on duration tactically.

**Strategic (1 to 2 years)**

- Yields have significant upside potential over the next couple of years. Thus clients with a long time horizon should focus on bonds with short and medium maturities.

**EU 10-year yields and forecasts**

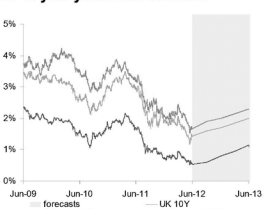


Source: Bloomberg, UBS CIO, as of June 18th 2012

Note: Past performance is not an indication of future returns.

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HOUSE_OVERSIGHT_024160

# Investment grade corporate bonds

Preference: overweight

**Current global spread (26 June): 225bps** (last month: 225bps)

**UBS View** **Spread target (6-month): 170bps**

• We expect investment grade (IG) corporate bonds to achieve a total return of around 3% over the next six months. Our spread target of 170bps is based on our benign economic outlook, ongoing investor appetite for income-generating assets and expected negative net issuance. This target spread is still above its 15-year average of 130bps.

• Non-financial corporates: While total yields are at record lows, the pickup over government bonds and money market rates is attractive. Aggressive re-leveraging by companies looks unlikely in the current environment. Credit quality should remain good and non-financials continue to deliver a stable income.

• Financial corporates: Due to regulatory challenges, spreads are expected to remain above past averages. Total returns could outpace non-financials, but volatility will be considerably higher.

• Overall, IG corporate bonds remain a preferred asset class, providing an attractive yield pickup. The asset class offers relatively low volatility and a benign total return outlook. We expect lower-rated issuers (BBB and A) to outperform higher-rated ones.

**↗ Positive scenario** **Spread target (6-month): 140bps**

• Global growth accelerates more forcefully than expected. This could compress spreads to closer to pre-crisis levels. Spreads for Financials are likely to remain elevated due to regulatory challenges. However, in this positive case, rising benchmark yields would limit total returns to 1–2% over six months.

**↘ Negative scenario** **Spread target (6-month): 400bps**

• Even if US economic growth falters, and the European recession turns out to be worse than currently expected, we believe we would be unlikely to see the spread levels reached in 2009, given companies' superior balance sheet positions. European financial issuers would be most at risk in this scenario.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Core market yields | Developed market sovereign yields are only expected to increase gradually. A sudden rise and high volatility would hurt IG credit. **Key dates: 1 August, Federal Open Market Committee meeting** |
| Corporate fundamentals | Good corporate earnings and low leverage on corporate balance sheets should help prevent defaults. |
| New issuance | As companies continue to deleverage, net negative supply on the IG market should support higher prices. |

## Recommendations

### Tactical (6 months)

- We still see room for tighter yield spreads; the return outlook compares very favorably to government bonds.
- Internationally diversified companies from non-financial sectors offer a stable and relatively safe income stream for conservative investors.
- We recommend bonds from the lower IG rating segments (BBB and A) over higher-rated issuers.

### Strategic (1 to 2 years)

- We prefer corporate over sovereign assets given companies' robustness compared to the structural weakness of public finance in many countries.

### Yield spreads

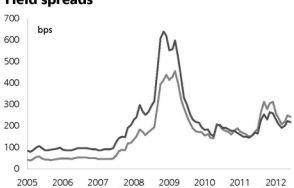


Source: Bloomberg, UBS CIO, as of 26.June 2012

Note: Past performance is not an indication of future returns.



For further information please contact CIO's asset class specialist Philipp Schöttler, philipp.schoettler@ubs.com

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HOUSE_OVERSIGHT_024161

# High yield corporate bonds

Preference: overweight

**Spread USD HY (26 June): 660bps** (last month: 660bps)

**UBS View** **USD HY spread target (6-month): 525bps**

• US high yield (HY) bonds continue to offer attractive value; we expect high single-digit total returns over the next six months. We stick to our spread forecast of 525bps based on an ongoing recovery of the US economy, robust company balance sheets, rising earnings, and ongoing investor appetite for higher-yielding assets. US HY bonds remain our preferred asset class.

• Fundamental factors remain supportive. Despite the recent uptick in defaults, in the absence of a renewed US recession only a very gradual increase is to be expected. We forecast a modest rise in the trailing default rate to 3.5% at the end of the year from 3.1% in May. A heavy load of new issuance in the first three months of the year means that HY companies will be faced with a lower risk of failed refinancing going forward (e.g. in case of an unexpected economic slump).

• We acknowledge that ongoing risk aversion could still cause spreads to widen somewhat in the short run. Investors who are able and willing to hold on to their HY position will likely benefit over 6 months.

**↗ Positive scenario** **USD HY spread target (6-month): 450bps**

• In the positive economic scenario, a rally in high yield bonds and a return to pre-crisis spreads of about 400bps is likely. Benchmark yields would also rise, limiting HY returns to around 10%. European HY outperforms the US.

**↘ Negative scenario** **USD HY spread target (6-month): 1,200bps**

• A global recession is a major risk for high yield bonds. Based on the more robust state of the corporate sector, we would not expect spreads to widen to 2008/09 peak levels above 2,000bps. Although short-term spikes are likely, due to liquidity suddenly drying up, we would expect a quick return to the "usual" recession-level spread of around 1,200bps.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Credit quality/ default cycle | As long as corporate earnings increase and balance sheets remain backed by high cash levels and low debt ratios, the default rate will remain below its 5% long-term average. |
| New issuance | For now, favorable conditions in the primary market have mainly been used for refinancing. More aggressive issuance activities should be monitored. |
| Bank lending standards | Bank lending provides an important source of funding. US banks relaxed standards slightly in 2Q. **Key dates: early-July, ECB bank lending survey; late-July, Fed Senior Loan Officer Survey** |

## Recommendations

### Tactical (6 months)

- US high yield corporate bonds offer an attractive return outlook and should be overweighted.
- We prefer US over European issuers given the poorer economic outlook in Europe and the increasing proportion of peripheral and financial issuers in the European HY universe.
- Inflows into HY mutual funds have been strong so far in 2012, but new issuance has cooled down a bit in April and May.

### Strategic (1 to 2 years)

- We expect US defaults to remain at below-average levels for longer. Significant re-leveraging is unlikely in the medium term.
- We believe US high yield corporate bonds will provide good returns for absolute return-oriented investors, as well as relative to other fixed income segments.

### Yield spreads

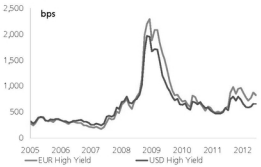


Source: Bloomberg, UBS CIO, as of 26 June 2012

Note: Past performance is not an indication of future returns.



For further information please contact CIO's asset class specialist Philipp Schöttler, philipp.schoettler@ubs.com

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HOUSE_OVERSIGHT_024162

# Emerging market bonds

Preference: overweight

**EMBI Global / CEMBI spread (27 June): 388bps / 430bps** (last month: 410bps / 440bps)

**UBS View** **EMBI Global / CEMBI spread target (6-month): 340bps / 350bps**

- Emerging market (EM) bond spreads are currently higher than implied by fundamentals, and we think they offer attractive returns even against a more challenging global backdrop.
- The probability remains significant, though, that negative headlines out of the Eurozone or a weakening global growth outlook will put short-term pressure on EM bond prices. However, given EM sovereigns' better average fundamentals, and EM corporates' solid profit growth outlook and low leverage ratios, we think that periods of price weakness should offer attractive entry points.
- Although we revised our spread targets (to 340bps from 300bps for sovereigns, and to 350bps from 310bps for corporates), we continue to expect spreads to trend gradually lower over the next six months, more than offsetting the moderate rise in US Treasury yields we expect in the quarters ahead.

**↗ Positive scenario** **EMBI Global / CEMBI spread target (6-month): 290bps / 290bps**

- Yield stability in Europe's core markets and higher-than-expected growth in the US would provide a favorable backdrop for EM fixed income spreads. In such an environment, issuers of lower credit quality would likely fare better. Average spreads could tighten to below 300bps in such an environment.

**↘ Negative scenario** **EMBI Global / CEMBI spread target (6-month): 525bps / 700bps**

- An environment of escalating risk aversion in Europe, deteriorating EM funding markets, weakening global growth prospects, and lower commodity prices could impact EM credit negatively. Liquidity in emerging market bonds could dry up and spreads could spike.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Core market yields | The direction of US Treasury and German Bund yields are important for EM fixed income spreads, especially for USD- and EUR-denominated bonds. **Key dates: 1 August, US ISM & FOMC rate decision** |
| Capital flows | The European debt crisis may lead to further periods of outflows and weaker prices, which could offer attractive entry levels for investors. |
| Monetary policy cycles | Monetary policy easing remains a key topic for local currency bonds. We look for central bank policy announcements in key markets such as Brazil, Indonesia, Malaysia, Mexico, Poland, South Africa, and Turkey. **Key policy rate announcement dates: 29 June, Colombia; 4 July, Poland; 5 July, Malaysia; 11 July, Brazil; 12 July, Indonesia; 19 July, Turkey** |

## Recommendations

### Tactical (6 months)

- EM corporate bonds are particularly attractive due to favorable valuation, solid fundamentals, and their relatively short duration. We advise clients to focus on investment grade bonds in the current environment. We continue to like selected sovereign bonds.
- Please refer to our EM bond list for specific guidance.

### Strategic (1 to 2 years)

- EM bonds are attractive for longer-term investors looking for higher yields.
- Local markets in Asia offer interesting opportunities for longer-term investors because of a supportive currency outlook.

### Room for tightening

Spreads of EM bonds over US Treasuries (in bps)

Source: JP Morgan, UBS CIO, as of 27 June 2012

Note: Past performance is not an indication of future returns.



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Section 2.C

# Asset class views

## Foreign exchange

UBS

# Foreign exchange overview

**Foreign exchange – Key points**

• **EUR**: Greek election results reduce the near-term euro break-up risk. Now starts a difficult period with re-negotiation of the Greek austerity program. Also Spanish yields, which have reached hard to sustain highs, need to be addressed. As the crisis carries on and hurts growth prospects for Europe well into 2013 we recommend to keep euro short positions. The risk for either an ECB rate cut or an extension of bond purchase program by ECB as well as the increasing risks to the banking system are weighing on the euro.
• The extension of Operation Twist in response to weakening growth outlook in the US has its pros and cons for the **USD**. Global risk aversion and search for alternatives to the euro is supporting the greenback currently. The clear commitment of the Fed to respond with more stimulus to European contagion and the approaching fiscal cliff is limiting the upside potential for the USD.
• The **CAD** has increased in attractiveness recently due to weaker spot rates, while good growth dynamics in Canada still lead to rate hike expectations. We continue to recommend an overweight.
• We keep the overweight position in the **GBP**. The BoE eased monetary conditions for the banking system to protect the UK financial market against contagion effects spilling over from the continent. Apart from this, we think the pound remains well supported, because valuation is cheap and investors are seeking liquid alternatives to the euro.
• **EURCHF** is currently trading at the low end of our expected range of 1.20–1.25, and we therefore keep an underweight position in the CHF. The 1.20 EURCHF floor prevents any CHF appreciation and the SNB has clearly shown in May that it is willing and can protect the floor; we expect the SNB to continue in this.
• Sweden and Norway stand out for their lower debt-to-GDP ratios and current account surpluses. The **NOK** appreciated recently, due to safe haven inflows. We stay neutral as the appreciation potential is now limited. The **SEK** is very sentiment-driven and should profit in the medium term.
• Longer-term debt issues and weak competitiveness of major exporters are hurting the Japanese economy. Therefore the Bank of Japan and Ministry of Finance will maintain an expansive policy and continue to try weaken the **JPY**. However, current positive growth dynamics are supportive of the JPY.
• For commodity currencies, the **AUD** and **NZD** weakened within ranges from March to May. We expect another bout of weakness over the next three months together with increasing European troubles.
• We expect the **CNY** to appreciate 3% against the USD, moving towards 6.15 over the coming 12 months. Internationally marketable instruments (such as CNH, the offshore version of the Chinese currency traded in Hong Kong) have similar appreciation potential. Our most preferred emerging market currencies are currently MXN, ZAR, PLN, ZAR, KRW and CNY.

**Preferences (6 months)**

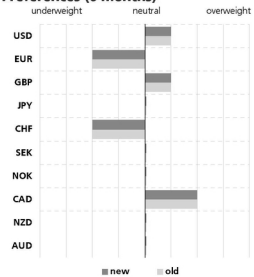


Source: UBS CIO, as of 22.06.2012


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Please see important disclaimer and disclosures at the end of the document.
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# G10 currencies

**UBS View** **see UBS FX forecasts, below-right**

- The negative momentum on the **EUR** is likely to persist. The growth outlook has deteriorated in the last couple of months to a point, which challenges the fiscal austerity efforts seriously.
- The **USD** profits from European troubles, but the upside remains limited by expansive fed policy
- The **GBP** is resuming its uptrend despite stimulus measures by the Bank of England. The main reason is the need for diversification of the EUR and better current economic indicators.
- The **AUD** seems to have found a bottom, and should recover on the back of better risk sentiment. We believe the **CAD** remains one of the most attractive currencies.
- The SNB has shown that it will defend the **CHF**-floor. EURCHF will remain in the 1.20-1.25 range.

**↗ Positive scenario** **FX targets: EURUSD >1.35 / EURJPY 120**

- Eurozone economies avoid a material contraction and financial market conditions recover. EURUSD should trade above 1.40 in this case. Yen weakness could develop, since hopes for global growth would make the carry-trade role of the yen more prominent.

**↘ Negative scenario** **FX targets: EURUSD <1.20 / EURJPY 100**

- European growth outlook deteriorates further with continued recession in 2013. The euro could rapidly fall below 1.20. A European debt default cascade is a tail risk for the single currency. Risk aversion would lead to an extended USD and JPY rally.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Chinese growth | We expect Chinese growth to land softly and then recover. Should China disappoint us with a hard landing, then we have a problem. Risk unwinding will support USD and JPY versus risk takers currencies. |
| European sovereign crisis, ECB policy | With Greek elections out of the way, the main focus lies on Spain and on potential ECB rate cuts. Any improvement in Spain should support the euro, a rate cut would probably hurt it. **Key dates: ECB Meetings on 5 July and 2 August** |
| US growth and Fed policy response | Will the Fed add QE to current Operation Twist programs? How will presidential elections change political powers in Washington? Keys to address long-term financing issues. **Key dates: 1 August, FOMC meeting; 6 November, US Presidential elections** |

## Recommendations

### Tactical (6 months)

- Long USD, GBP and CAD
- Short EUR, and CHF

### Strategic (1 to 2 years)

- We recommend investors diversify from large USD and EUR exposures into minor currencies. Structural financing issues weigh on each of the major currencies.
- The best diversifiers based on long-term macroeconomic fundamentals are the CAD and the SEK. The AUD, NOK and CHF should only be added at better entry levels.

## UBS CIO FX forecasts

| | 25-06-12 | 3M | 6M | 12M | PPP |
|---|---|---|---|---|---|
| EURUSD | 1.2485 | 1.22 | 1.28 | 1.32 | 1.31 |
| USDJPY | 79.88 | 83 | 85 | 90 | 80 |
| USDCAD | 1.0296 | 0.98 | 0.94 | 0.94 | 0.94 |
| AUDUSD | 0.9993 | 0.97 | 1.00 | 1.05 | 0.75 |
| GBPUSD | 1.5548 | 1.56 | 1.65 | 1.70 | 1.69 |
| NZDUSD | 0.7851 | 0.75 | 0.79 | 0.83 | 0.60 |
| USDCHF | 0.9617 | 0.99 | 0.95 | 0.93 | 1.01 |
| EURCHF | 1.2006 | 1.21 | 1.21 | 1.23 | 1.32 |
| GBPCHF | 1.4947 | 1.55 | 1.56 | 1.58 | 1.71 |
| EURJPY | 99.74 | 101 | 109 | 119 | 105 |
| EURGBP | 0.8026 | 0.78 | 0.78 | 0.78 | 0.77 |
| EURSEK | 8.8133 | 8.65 | 8.55 | 8.40 | 8.86 |
| EURNOK | 7.492 | 7.40 | 7.40 | 7.40 | 8.57 |

Source: Thomson Reuters, UBS CIO, as of 25.06.2012

Note: Past performance is not an indication of future returns.



HOUSE_OVERSIGHT_024166

# EM currencies

**UBS View** **For current exchange rates and CIO forecasts see table**

- With the risk of a Greek Eurozone exit subsiding, we think selected emerging market (EM) currencies look attractive over the medium term against the USD and JPY and some even against the EUR.
- Global growth prospects remain intact, also due to recent policy easing in China, and the risk of a broader European crisis remains contained, in our view. Over the medium term, this will likely support EM currencies. However, further bouts of volatility remain likely in the months ahead, since negative headlines from Europe will likely continue to weigh on investor sentiment.
- Our tactical and strategic recommendations list our preferred currencies. For now, we remain cautious on the Brazilian real, Hungarian forint, Indian rupee, and Turkish lira.

**Positive scenario** **> 7% outperformance of EM FX against G4 currencies over a 6-month horizon**

- Macroeconomic data comes in stronger than expected and contagion risks in Europe subside further. EM exchange rates could appreciate swiftly against G4 currencies (USD, EUR, JPY, GBP).

**Negative scenario** **> 4% depreciation of EM FX across regions against USD over a 6-month horizon**

- Global growth prospects suffer a prolonged deterioration and the European debt crisis intensifies further. EM exchange rates could see a significant, although likely temporary, sell-off across regions. Should growth concerns return to the fore, we expect export-oriented EM countries (e.g. most Asian economies) to welcome currency weakness in order to cushion economic growth.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Inflation dynamics in EM | Inflation dynamics are important to forecast central bank policy rate decisions. Monetary easing typically weighs on EM currencies, while rate hikes tend to be supportive. **Key policy rate announcement dates: 29 June, Colombia; 4 July Poland; 5 July, Malaysia; 11 July, Brazil; 12 July, Indonesia; 19 July, Turkey** |
| European sovereign crisis | Setbacks in sentiment will likely lead to bouts of EM currency depreciation and elevated volatility across regions, providing attractive entry points for investors. |
| US growth | Growth in the US is key for risk sentiment, growth prospects in EM, and US monetary policy decisions. Positive surprises tend to support EM currencies. **Key dates: 1 August, US ISM & FOMC rate decision** |

## Recommendations

### Tactical (6 months)

- Several EM currencies look attractive at current levels; we advise investors to gradually increase their exposure to our preferred EM currencies, using the yen and the USD as funding currencies. Our preferred EM currencies are CNY, IDR, KRW, SGD, MXN, ZAR, CZK, and PLN.

### Strategic (1 to 2 years)

- We recommend EM currencies backed by stable fundamentals as a strategy to diversify currency exposure.
- Our favorites include the Chilean peso, Czech koruna, Polish zloty, Chinese renminbi, Korean won, Malaysian ringgit and Singapore dollar.

### UBS CIO EM FX forecasts

| | 27.06.2012 | 3-month | 6-month | 12-month |
|---|---|---|---|---|
| Americas | | | | |
| USDBRL | 2.07 | 2.10 | 1.95 | 1.85 |
| USDMXN | 13.8 | 12.7 | 12.5 | 12.3 |
| Asia | | | | |
| USDCNY | 6.37 | 6.30 | 6.25 | 6.15 |
| USDINR | 57.1 | 53.0 | 54.0 | 55.0 |
| USDIDR | 9'480 | 9'300 | 9'200 | 9'000 |
| USDKRW | 1'157 | 1'130 | 1'110 | 1'050 |
| USDSGD | 1.28 | 1.24 | 1.23 | 1.22 |
| EMEA | | | | |
| EURPLN | 4.25 | 4.35 | 4.15 | 4.00 |
| EURHUF | 286 | 305 | 285 | 310 |
| EURCZK | 25.9 | 26.0 | 25.0 | 24.3 |
| USDTRY | 1.81 | 1.75 | 1.78 | 1.78 |
| USDZAR | 8.43 | 7.90 | 7.75 | 7.50 |
| USDRUB | 32.9 | 33.5 | 32.0 | 31.0 |

Source: Bloomberg, UBS CIO, as of 27 June 2012

Note: Past performance is not an indication of future returns.1



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Please see important disclaimer and disclosures at the end of the document.

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Section 2.D

# Asset class views

## NTAC: Commodities, Listed real estate, Hedge funds and Private equity

UBS

# Commodities overview

**Commodities – Key points**

- Broadly diversified commodity indices, which declined by about 10% in May, found some support in June. The sideways move was visible across all commodity sectors, with gold (precious metals) delivering a temporary price uptick after the May US nonfarm payroll release.
- Despite signs of price stabilization, diversified **commodity indices are likely to decline** in the coming weeks. Sluggish economic activity should put upward pressure on most commodity inventories. To mitigate inventory buildups, lower prices are required, in our view. Production cuts for cyclical commodities need to be incentivized, while demand needs a push.
- The starting point for **gold** (**precious metals**) remains challenging, with supply likely to outpace demand this year. However, the chance of further monetary easing (QE3) by the Fed - which is not our base case - is an upside risk to the gold price. Given the weak fundamental situation combined with the substantial QE3 risk we maintain our neutral position.
- Easing geopolitical tensions related to Iran and further inventory builds in **crude oil** shifted the market's attention to sluggish demand growth. With muted incremental crude oil consumption, crude oil prices are likely to remain under pressure. But as production cuts are likely to kick in, downward price momentum should slow meaningfully. OPEC production cuts of up to 0.5 mbpd are needed in the coming months, and should allow the Brent price to stabilize in the USD 80.5 - 90/bbl range (WTI with a USD 12/bbl discount). But a sideways move in crude oil is not good enough to be long the commodity. The Brent forward curve has joined WTI and moved into contango as well. Hence, we keep our underweight position.
- With regards to **base metals**, prices have room to soften in the very short run (4-6 weeks). Copper prices are likely to decline to USD 6,600/mt in order to weigh on scrap supply and compensate for deteriorating Chinese import volumes. But the price decline in copper and other base metals should be short lived. Fiscal and monetary easing in China provide the basis for an acceleration in base metal demand and should keep prices largely flat on a 6-month horizon. Moreover, metals like aluminum and nickel are already trading deeply into the production cost curve, which we regard as unsustainable over the long run. We keep a neutral position on base metals until we see further confirmation of a pickup in Chinese economic activity.
- The outlook for ample supply in **agricultural commodities**, especially for corn, should still weigh on the grain complex towards the end of the year. Some short-term price support from dry US Midwest weather conditions in recent weeks is not altering our negative stance. Soft commodities are also battling with higher inventories, which will not bode well for prices in 3Q 2012.

**Preferences (6 months)**

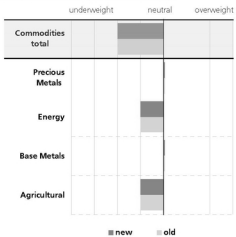


Source: UBS CIO, as of 22 June 2012

Note: Past performance is not an indication of future returns.

# Precious metals

Preference: neutral

**Gold (25 Jun): USD 1,573/oz** (last month: USD 1,573/oz)

**UBS View (gold)** **6-month target: USD 1,650/oz**

- The price outlook for gold is largely tied to quantitative easing by the Fed. Although the probability has increased on weak US data, our base case still calls for no QE. Hence, current prices run on thin ice, in our view. In the absence of any monetary stimulus, the gold market is likely to be oversupplied by more than 400 tons this year.
- Physical demand out of Asia remains lackluster. With the USDINR trading at a record high, the world's second-largest gold market, India, is likely to witness a steep decline in jewelry consumption and a rather firm increase in scrap supply. Central bank buying, estimated at 300 tons (7% of total demand) in 2012, will not be enough to clear the market. Right incentives – i.e. temporary price setbacks – are needed to motivate enough demand, before prices should manage to rebound towards USD 1,650/oz in 6 months.
- The negative stance from a absolute return perspective, should not overshadow the relative attractiveness of the yellow metal. The higher probability of QE3 by the Fed poses an upside risk to the gold price. Hence, we maintain our neutral position.

**↗ Positive scenario** **6-month target: USD 1,920/oz**

- Additional quantitative easing measures by the US Fed and the ECB are implemented, or inflation accelerates sharply in emerging markets. This would drive the gold price towards USD 1,920/oz again.

**↘ Negative scenario** **6-month target: USD 1,250/oz**

- A liquidity crisis would curtail financial demand and weigh on the gold price. A similar impact would come from deflationary pressure (positive real rates), or a combined Chinese and Indian hard landing.

| What we're watching | Why it matters |
|---|---|
| Physical demand/supply | Further INR weakness in the coming months should determine jewelry demand from India. The health of coin and bar demand should be visible in the **World Gold Council mid-August release**. After the drop in PGM production, keeping an eye on South African PGM output is a must. |
| Flows & rates | To judge gold-related financing deals, we track gold export/import between Hong Kong and China. In addition we follow the latest uptick in ETF gold holdings and futures positions in gold to proxy investment demand strength. From an opportunity-cost perspective (real interest rate standpoint), we also look at the upcoming meetings of the ECB on **5 July** and Fed on **1 August**. |

## Recommendations

### Tactical (up to 6 months)

- In case of a conversion into gold, investors should hold the position and target re-conversion at the original strike level. Over three months, we regard strike levels around USD 1,460–1,520/oz as attractive. With option volatility on the rise, the risk reward for selling volatility has improved.

### Strategic (1 to 2 years)

- The risks for debt monetization in the developed world and double-digit wage growth in China and India, the two largest gold markets, should ensure a steady rise in demand for gold and platinum over time. Physically backed ETF positions allow investors to participate effectively in higher prices. Positive real interest rates present a threat to this view.

**Gold in INR terms and Indian gold demand**

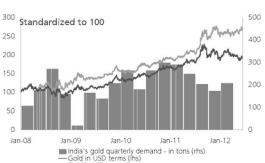


Source: WGC, Bloomberg, UBS CIO, as of 19 June 2012

Note: Past performance is not an indication of future returns.

**Brent (25 Jun): USD 91/bbl** (last month: USD 109/bbl)

**UBS View (crude oil)** **Brent 6-month target: USD 100/bbl**

• A combination of renewed economic concerns about the Eurozone, easing geopolitical tensions between Iran and the West, and further inventory builds in crude oil triggered a sharp decline in the Brent crude oil price to USD 92/bbl and USD80/bbl for WTI.

• We think the crude oil market is oversupplied, which is likely to push up OECD crude oil inventories to 62 days of consumption in the coming months. While it seems that Saudi Arabia has slightly reduced its production in May from 10.1 mbpd in April, the country could be in a wait-and-see position for longer. First, the EU/US sanctions on Iran take effect at the end of June/early July, and bring some additional supply uncertainty. Second, Saudi Arabia also sees the need for lower prices in the short run to support economic activity in the developed world. But to prevent inventories from swelling too strongly, additional production cuts of up to 0.5 mbpd (0.55% of global demand) are needed in the coming months.

• So what should investors do at current levels? Although downward momentum in crude oil prices is likely to fade, a sideways move should still lead to negative investment returns in the short run. The Brent forward curve flipped into contango from backwardation, which is deteriorating the risk reward payoff of the energy sector. Hence, we currently maintain our underweight position.

**↗ Positive scenario** **Brent 6-month target: USD 140-180/bbl**

• Iranian oil exports gets subject to a complete embargo, or military interventions affect crude oil supply via the Strait of Hormuz. Alternative OPEC supply routs would not be in a position to compensate for such a supply shortfall. In order to curb demand, prices would need to spike towards USD 180/bbl.

**↘ Negative scenario** **Brent 6-month target: USD 75-80/bbl**

• Economic growth in the developed world contracts, thereby triggering a 0.5% to 1% decline in world crude oil consumption. Although to a lesser degree, fading Iranian tensions and no supply cuts by OPEC would allow crude oil inventories to build firmly and push Brent prices down towards USD 80/bbl.

| What we're watching | Why it matters |
|---|---|
| Iran tensions | Resurfacing Iranian tensions could cause prices to spike higher, but an escalation is less likely, in our view. The focus is on remaining Iranian exports (currently around 1.6mbpd versus 2.4 mbpd in 2011). |
| Supply | US crude oil supply has come in strongly – reaching 6.4 mbpd. Further supply growth would not bode well for WTI crude oil. We also look at oil supply related to Sudan, Syria and Yemen, which caused a 0.5 mbpd decline in global crude oil production capacity. It seems that these production capabilities will remain offline for a longer period – potentially until 2014. |
| Oil market reports (EIA/IEA/OPEC) | **Key dates: 12 July, IEA Medium Term Oil market report.** Another round of downward revisions to demand, like in June, is not expected. The latest forecast changes to demand have been meaningful. |

## Recommendations

### Tactical (6 months)

- We foresee further short-term weakness although less pronounced than the past month – we expect Brent to stabilize in the range of USD 80.5 - 90/bbl in the next 3 months. Production cuts and a pick up in emerging market demand should push Brent crude oil above current levels.

### Strategic (1 to 2 years)

- After the demand slump in 1H 2012, we expect Brent crude oil to trade at USD 110/bbl in 12 months. This higher price level for 2013 reflects our expectation that economic activity should provide price support in 2013. Thus, three-year crude oil futures contracts at USD 90/bbl remain for us mispriced and an attractive investment solution for strategy-oriented crude oil investors.

### OECD crude oil industry inventories on the rise

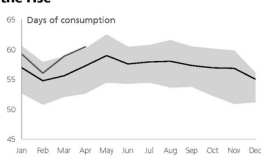


Source: EIA, UBS CIO as of 19 June 2012

Note: Past performance is not an indication of future returns.

# Base metals

Preference: neutral

**Current** (last month)**: copper USD 7,317/mt**(7792); **nickel USD 16,528/mt**(16833); **aluminum USD 1,825/mt**(1989)

**UBS View** **6-month target: copper: UDS 7,400/mt nickel: USD 18,000/mt; aluminum: USD 2,200/mt**

- With the exception of aluminum, base metal prices stabilized broadly in June. But we see room for somewhat lower prices in the short run (4-6 weeks). Deteriorating industrial activity in Asian countries, weak US data and the Euro-zone crisis remain a price burden for the sector in the early part of 3Q12.
- To weigh on scrap supply and compensated for lower Chinese copper imports, copper prices are likely to decline towards USD 6600/mt, in our view. For the rest of the base metals, prices could move deeper into the cost curve of production. When it comes to aluminum and nickel, however, prices have already declined deeply into the production cost curve. In both cases supply cuts could come quicker and limit the price downside from current levels.
- In addition, supply uncertainty related to aluminum and nickel needs to be considered as well. Indonesia's new regulations on ore exports could jack up Chinese import costs by around 20% in the coming quarters. We think such an increase would be meaningfully, as 60% of China's nickel pig iron (NPI) production and 80% of China's bauxite imports depend on Indonesia.
- The reason why base metals overall should trade at current levels or higher in six months from now, relates to China. We think the People's Bank of China has made the right monetary policy steps to achieve stronger credit activity and higher sequential GDP growth in 2H 2012. With this fairly balanced risk reward on a six-month horizon, we maintain our neutral position.

**Positive scenario**

- China eases monetary policy aggressively, by pushing credit growth beyond 20% y/y. Additional QE in the US paired with stable European and Japanese demand would allow the sector to rally by around 25%.

**Negative scenario**

- Chinese monetary conditions remain behind the curve, resulting in an economic hard landing. A severe escalation of the Eurozone crisis (deep recession/global impact) could also bring prices close to 2009 levels.

| What we're watching | Why it matters |
|---|---|
| Demand | The latest uptick in **Chinese imports, driven by technical factors,** do not reflect stronger end demand. The June figures (**on 10 July**) should give some clarity. That said, the attractiveness to import from an arbitrage perspective SHFE to LME has improved. Interest for physically backed copper ETFs needs to be tracked as exchange inventories are structurally low. |
| Supply | Copper supply has room to improve in 2H 2012 from poor mine output in 1H 2012. Fading supply disruptions and capacity additions put copper at risk. Indonesia's new export rules could have a positive one-off impact on aluminum and nickel. |
| Economic data/forward curve | People's Bank of China meeting, Chinese economic data (especially IP and loan growth by financial institutions) **Key dates: 11–15 July** |

## Recommendations

### Tactical (3-6 months)

- From a timing perspective, building up exposure to base metals is not yet advised. While we still expect higher prices over the next 6–12 months, the short-term downside risks should offer investors better entry points, particularly for copper. That said, existing aluminum and nickel positions should be kept.

### Strategic (>1 year )

- Rising energy and labor costs provide the backdrop for base metal prices to trend higher. The strongest performance is likely to come from zinc and lead, where existing mine capacity is expected to peak in 2014. Environmentally challenged base metals, like tin, should be in line with the sector average. For nickel and aluminum, ample production capacity should lead to an underperformance in the long run. Due to its high current price versus production costs, copper should lag too.

**Heavy industrial activity in China, with high commodity use, slumped**

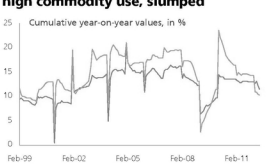


Source: Bloomberg, UBS CIO, as of 18 June 2012

Note: Past performance is not an indication of future returns.

# Agriculture

Preference: underweight

**Current (25 June)** (last month): **Soybeans, USD 14.79/bu** (USD13.82/bu); **Corn, USD 6.09/bu**(USD 5.79/bu); **Wheat, USD 6.91/bu** (USD 6.80/bu)

**UBS View** **6-month target: Soybeans, USD 13.5/bu; Corn, USD 5.10/bu; Wheat, USD 6.00/bu**

- Besides the overall commodity price backdrop, prevailing dry weather conditions in the US have been price supportive for the grains and added to firmer prices.
- While weather-related news flows might support grain prices in the short run (downward revisions in grain yield estimates, especially corn), the 6–12 month price outlook remains negative. Global corn inventories should grow beyond 10% in 2012/13. We think this will more than compensate for firmer wheat fundaments (lower inventory estimates) in the coming months. For soybeans, current price levels sufficiently factor in the poor supply figures seen in recent months. This would be especially true, if South American planting gets a boost due to soybeans' relative price improvement.
- A strong supply backdrop for Brazilian coffee along with a weaker BRL has kept coffee prices under pressure. For 2012/13, Brazilian coffee and sugar exports are likely to increase by 12% and 2% y/y respectively, and keep the global market well supplied in 2012. Cotton prices saw some bouts of strength, but demand has yet to work off high inventory levels at 74–75mn bales. With ample inventories and economic conditions at risk, renewed price weakness is likely.

**↗ Positive scenario** **Soybeans 6-month USD 16/bu**

- Lower acreage and yield figures for the US can tighten the supply backdrop until 1Q 2013 (until the new South American crop comes). On the demand side, higher soybean use for bio diesel in Argentina and strong Chinese imports (improvements in crush margins) are catalysts for prices to rally.

**↘ Negative scenario** **Soybeans 6-month USD 12/bu**

- Unexpected Chinese government stock sale of soybeans and deteriorating crushing margins for soybean oil/meal production, would leave soybean prices vulnerable to a price correction.

| What we're watching | Why it matters |
|---|---|
| USDA WASDE report (monthly) | US corn yields could be at risk in the upcoming WASDE release. **Key date : 11 July 2012** |
| Grains stock report (quarterly) | Corn and soybean inventories could be lowered vs. current estimates, reflecting the strong export activity in corn during March–May and higher soybean crushing during the same period. **Key date: 28 September 2012** |
| USDA crop progress (weekly, Monday) | Dry weather conditions in the US has impacted the crop conditions (rating), which deteriorated in recent weeks. |
| COT (weekly, Friday) | Investors have scaled back their long exposure in corn. At the present speed, net positions would close in on zero over the next two months. |

## Recommendations

### Tactical

- The forward curve in corn already factors in a steep decline by the end of the year, thereby mitigating the expected negative return. With lower corn prices, wheat should come under pressure as well. Most agricultural commodities are generally well supplied, so unless the weather surprises on the downside, we expect further weakness.

### Strategic

- Strategic agricultural positions are not recommended at present. Our return outlook for the grains stands at –7.5% to – 5% over the next 12 months. Although the softs have a positive return outlook over the same period, investors should bide their time. Short-term price setbacks of 10% or more are still likely over the next two to three months.

**Global corn surplus as % of demand to advance towards 5-year high**

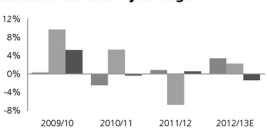


Source: USDA, UBS CIO, as of 18 June 2012

Note: Past performance is not an indication of future returns.

# Listed real estate

Preference: neutral

**UBS Global Index DTR (28 June): 1,375** (last month: 1,320)

**UBS View** **UBS Global Index DTR (6-month target): 1,400**

- A slight positive monthly performance has been driven by rebounds in the higher beta markets, respectively Hong Kong, Japan and Singapore.
- Listed real estate is still attractively valued on different earnings ratios and trade on a slight discount to NAV. Earnings yields over 5 year swap rate are attractive currently attractive, yet the flattening of interest curves has come to a halt and we see less support from it in the future.
- Little supply of commercial space across the globe leads vacancy rates to gradually decline and low capitalization rates in core markets support capital values. Also rental yields remain attractive compared to high grade bond yields. However, further significant capital appreciation is unlikely. This is especially due a slow down in rental income as economic growth is subdued. Hence, future performance is limited.
- Although slightly reduced, we maintain our preference for US REITs due to stable fundamentals and like Australia as a conservative play. We slightly overweight Hong Kong, stay neutral towards Singapore, but maintain a slight underweight in Japan as fundamentals remain unconvincing.

**↗ Positive scenario** **UBS Global Index DTR (6-month target): 1,500**

- Improving macroeconomic data in the US, positive economic surprises in Europe followed by monetary easing in China help to increase growth prospects that support rental income growth, while refinancing costs remain low in a low inflation environment. Real estate offers a comparatively attractive yield.

**↘ Negative scenario** **UBS Global Index DTR (6-month target): 1,300**

- The US growth path disappoints investor expectations and causes the comparatively high valuation levels there to correct, significantly affecting global real estate. Furthermore, a more severe recession in Europe triggers a tightening of credit standards, making listed real estate more dependent than ever on bank financing at a time when credit markets are already fragile. Real estate underperforms global equities because the correlation between the availability of credit and short-term performance is high.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Capitalization rates and rental yields | We do not expect capitalization rates to decrease much from now. Rental yields have already been pushed down by decreasing bond yields; we see a diminishing support from the interest curve, which has significantly flattened in the past. |
| Transaction volumes and future rental growth in direct markets | Global commercial real estate transaction volumes are down year-on-year due to a lack of product in core markets and constraints on debt financing. Global rental growth has softened and very modest growth will feature major markets overall. |
| Credit markets and financing costs | Lending conditions have been a little tightened. However, well financed listed companies have still good access to credit, while others are more restricted. |

## Recommendations

**Tactical (6 months)**

- We maintain our neutral stance towards listed real estate after a good performance year-to-date and due to a relative less attractive valuation compared to global equities. Going forward returns are limited by subdued revenue growth. However, we still expect listed real estate to stay comparatively attractive in a low growth, low rates environment.

**Strategic (1 to 2 years)**

- A cyclical slowdown in rents limits growth, but attractive refinancing conditions are supportive. We see potential for higher payout ratios in the US and Asia, while Europe has to consolidate balance sheets.

## Preference (6 months)

Our market preferences for listed real estate*

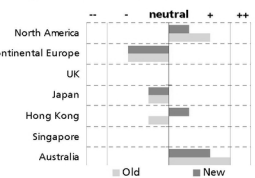


* This is our relative preference within the global real estate sector based on UBS Global Real Estate Index domestic total return, which is not the overall sector view

Source: UBS CIO, as of 26 June 2012

Note: Past performance is not an indication of future returns.



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# Hedge funds

**UBS View** **Prefer Relative value and Event-driven**

• We expect hedge funds (HF) to offer positive asymmetric returns characteristics vs. the S&P 500 due to active management and stop-loss strategies. (HF were down 1.9% in May 2012 vs MSCI world at –8.5%)
• Decelerating global growth prospects, the next leg in the ongoing Eurozone crisis, is challenging mostly equity long-short managers, who are net-long the market. While event-driven managers share some of the performance drivers, idiosyncratic bets (event) reduce the exposure to markets. The real reason to own this strategy, however, is the potential for out-sized return in distressed, high yield and other credit investments as the Eurozone crisis plays out. The inherent hedging in relative-value should remain appealing. Credit relative-value managers should perform well in this environment of higher fixed income volatility and increasing pricing anomalies created by central bank interventions (OT2) and limited competition.

**↗ Positive scenario** **Prefer Equity long-short**

• A reduction of uncertainty (e.g. resolution in Europe) lowers equities' correlation and volatility. This helps bottom-up fundamental analysis and equity long/short managers the most. Also, CEOs will likely make more corporate transactions that can be monetized by event-driven managers, and a clearer macroeconomic environment with more persistent trends would be supportive for macro managers

**↘ Negative scenario** **Prefer Trading (Global Macro + CTA)**

• A 2011-type scenario in which hedge fund managers get whipsawed through the year with risk-on and risk-off circumstances, driven by a multitude of political interventions, is difficult to anticipate. That would impact long-short managers, event-driven, and to a lesser extent global macro managers.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Global equity direction / economic cycle | The outlook for global equities becomes an important HF performance driver. The economic cycle impacts the strategies differently. |
| Correlation | Correlation among pair-stocks; an important performance/alpha driver for equity long/short, the largest HF strategy by assets under management. |
| Leverage | Gross and net leverage are key to monitoring risk. |
| Volatility | The direction influences certain HF strategies (e.g. convertible arbitrage). |
| Liquidity | Particularly for large HF that are less nimble to enter and exit their strategies |
| Regulation | Volcker's rule, USCITS III/IV |

## Recommendations

**Strategic (1 to 2 years)**

- Active risk management is instrumental for capital preservation during adverse market conditions. At the moment, we therefore favor relative value and event-driven strategies, since they are less hinged to equity markets and other risky assets than trading is.
- Value proposition: Hedge funds should achieve robust performance over an extended horizon, while displaying limited volatility vis-à-vis equities and other risky assets, in general. Hedge funds minimize downside losses in adverse market conditions (e.g. active risk management) and play a crucial role in wealth appreciation, since there is less ground to regain in the recovery phase and ultimately greater chances for superior long-term returns.

**Performance (year-to-date)**

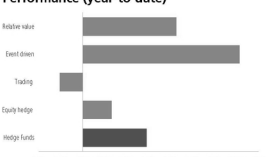


Source: HFRI, UBS CIO, as of 18 June 2012

Note: Past performance is not an indication of future returns.



For further information please contact CIO's asset class specialist Cesare Valeggia, cesare.valeggia@ubs.com

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# Private Equity

**Prefer small/mid-cap buyout in US / emerging markets; distressed debt in Europe**

## UBS View

• Private equity deals in today's volatile and uncertain markets are conservatively financed, with an average equity cushion of 40%. We like mid-market buyout strategies, which offer long-term exposure to attractive corporate assets and which rely less on large bank debt syndications.
• Our house view sees large parts of Europe in a stagnation, and business owners are reluctant to sell their companies, reducing PE deal flow in the region significantly. We therefore prefer North America, which will see continuous (albeit suboptimal) growth, and emerging markets, which show positive fundamentals.
• Prices for PE transactions have corrected by around 10% this year, although they are still 20% above the attractive levels seen during the successful years between 2000 and 2004. However, significant dry powder and high cash positions at corporations keep competition high and hinder prices from falling much further.

### ↗ Positive scenario

**Prefer small-/mid-cap buyout and secondaries**

• An abating Eurozone debt crisis and improved business confidence would increase deal flow and exit opportunities for private equity managers, but would also increase entry prices. In such a positive scenario, we would perceive commitment strategies to secondary funds as attractive for building exposure to an invested private equity portfolio.

### ↘ Negative scenario

**Prefer distressed debt**

• A renewed escalation of the debt crisis would significantly impact deal activity, the availability of debt and company owners' willingness to sell. At the same time, it would offer attractive opportunities within distressed strategies and lower entry prices for long-term private equity investors.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Credit markets | Availability of leverage and credit spreads are important signs of the health of buyout markets. Small/mid caps are currently financed at 4.3x EBITDA (vs 4.6x for large-caps) and are more attractive given their lower reliance on bank financing in a period of ongoing bank deleveraging. |
| Capital overhang | We track deal/exit activity to understand the pressure to invest, future price dynamics and draw-down profiles for investors. More than USD 930bn of un-invested capital and expiring investment periods will keep prices elevated. |
| Purchasing prices (Enterprise value / EDITDA) | Price multiples offer valuable insight into private company valuations. YTD May 2012, buyouts occurred at 8.1x, down from 8.8x seen in 2011. Large-cap buyouts have come down 10% from the peak last year to 8.6x. |

## Recommendations

**Strategic (1 to 2 years)**

- We prefer small-/mid-cap buyouts in North America given the better economic outlook vs Europe, higher transaction certainty and more attractive entry prices.
- Investors looking for downside protection and stability during economic uncertainties can consider large-cap buyouts in the US, which offer exposure to large, diversified companies at more attractive prices.
- In Europe, the crisis and ongoing deleveraging have led to attractive opportunities for special situations. We thus recommend investing in distressed debt to benefit from the macroeconomic adjustment process and selling pressure for many European banks.
- We advise investors make an ongoing allocation to private equity in emerging markets, which offer an attractive way to capture superior long-term growth and provide access to small/mid-cap companies not available through the stock market.

**Private equity deals continue to be defensively financed amidst economic uncertainty**

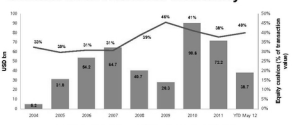


Source: S&P, UBS CIO, as of May 2012

Note: Past performance is not an indication of future returns.

UBS

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Note: We emphasize the equal importance of fund manager selection and the commitment strategy. Please note that private equity is an illiquid asset class and must be held at least until the end of the fund (10+ years). Please note that UBS might not have a product available which reflects our UBS CIO private equity recommendations. Private equity is only suitable for qualified investors (> USD 5m investable assets).



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HOUSE_OVERSIGHT_024178

**PROGRAMME FOR THE PRESIDENT AND FIRST LADY FOR THE 67th UNITED NATIONS GENERAL ASSEMBLY**
**22-29 SEPTEMBER**
**NEW YORK**

***Saturday, 22 September 2012***

**02.15 PM:** **President Arrives In JFK**
- *Flight # EK 201*
- *Composition of the motorcade.*
  - *Car 1: President + First Lady*
  - *Car 2: PR + Counsellor Javed*
- *Departs to Helmsley Hotel, 42nd street between 2nd and 3rd Ave*

**08.00 PM – 10:30 PM:** **Private Dinner**
- *Helmsley Hotel*

***Sunday, 23 September 2012***

**08:00 AM – 09:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**12:30 PM – 01:30 PM:** **Private Lunch**
- *Helmsley Hotel*

**02.10 PM – 2.25 PM:** **Bilateral with the Secretary- General.**
- *Location: 3rd Floor NLB, UNHQ (Walking distance)*
- *President+ Foreign Minister + State Minister + AG+ PR+ Aliny*

**08.00 PM – 10:30 PM:** **Private Dinner Event – Jeffrey Epstine**
- *Composition of the motorcade.*
  - *Lead car: President*

***Monday, 24 September 2012***

**8:00 AM – 9:30 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**10.00 AM – 05.00 PM:** **High Level Segment on Rule of Law**
- *Location: UN Headquarters. (Walking distance)*
- **20th speaker, apprx 11.40 am**
- *President+ Foreign Minister + State Minister + AG+ Ambassador Rasheed +PR*

**12:30 PM – 01:30 PM:** **Private Lunch**

- *Helmsley Hotel*

**04.00 PM- 04.45 PM:** **UNDP Administrator.**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President+ Foreign Minister + Environment Minister + AG + Ambassador Rasheed + PR*

**06.15 PM:** **Depart Hotel to President Obama's Reception**

**07.00 PM:** **President Obama's Reception**
- *Location: Starlight Roof, The Waldorf Astoria Hotel, 301 Park Avenue, New York*
- *President + First Lady*

**08.00 PM – 11:00 PM:** **Private Dinner**
- *Helmsley Hotel*

***Tuesday, 25 September 2012***

**7:00 AM – 7:30 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**07.30 AM:** **Depart from Hotel to UNHQ (Walking distance)**

**08.00 AM – 08.50 AM:** **Welcoming reception hosted by the Secretary-General**
- *Location: Indonesian Lounge, UNHQ*
- *President + First Lady*

**09.00 AM:** **Opening of the General Assembly**
- *Location: UNHQ*
- *President+ Foreign Minister + Environment Minister + AG + State Minister+ PR*

**01.15 PM:** **Luncheon in honour of Heads of State hosted by the Secretary -General**
- *Location: Visitors Lobby, UNHQ*
- *President*

**03.00 PM- 03.35 PM:** **Executive Director of UN-Women, Ms. Bachelet.**
- *Location:* 220 East, 42nd Street, 19th Floor.
- *President+ State Minister + Environment Minister + AG+ Nee*

**04.00 PM:** **Tea Reception hosted by Mrs. Ban Soon-taek for spouses.**
- *Location: SG's Residence, 3 Sutton Place and 57th Street.*
- *First Lady*

**04.45 PM- 05.15 PM:** **UNICEF Executive Director, Anthony Lake**
- *Location:* UNICEF Building, 13th Floor
- *President+ Foreign Minister + State Minister + Ambassador Rasheed + PR +Aliny*

**06.00 PM – 07.30 PM:** **Reception hosted by Prime Minister of Australia**
- *Location: Ambassador's Riverview, UN Headquarters*

- *President + Foreign Minister + PR*

**08.00 PM – 11:00 PM:** **Private Dinner**
- *Helmsley Hotel*

***Wednesday, 26 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**9.00 AM – 11.00 AM:** **Museum Tour hosted by Mrs Ban Soon-taek**
- *Location: Morgan Library 225 Madison Ave. + 36th street*
- *First Lady*

**09.30 AM- 11.00 AM:** **2012 Launch of the Climate Vulnerability Monitor**
**Invitation received from Prime Minister of Bangladesh**
- *Location: Asia Society, 725 Park Avenue (at 70th Street)*
- *President + Foreign Minister + Environment Minister+ PR*

**11.30 AM- 12.00 PM:** **Tanzania Foreign Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President +Foreign Minister + State Minister+ AG + PR+ Aliny*

**01.15 PM – 03.00 PM:** **South Africa Reception, hosted by the President of South Africa**
- *Location: Ambassador's Riverview, UN Headquarters.*
- *President+ Foreign Minister + PR*

**03.00 PM- 03.30 PM:** **Trinidad and Tobago Foreign Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President + Foreign Minister + State Minister + Amb Rasheed + PR + Aliny*

**04.15 PM – 05.00 PM:** **Meeting with Commonwealth Secretary General, H.E Mr. Kamalesh Sharma.**
- *Location: Commonwealth Joint Office Large Conference room.*
- *President+ Foreign Minister + State Minister + AG+ PR+ Aliny*

**05.00 PM:** **Visit to the Permanent Mission of Maldives**
- *Location: 800 2nd Ave. 4th Floor*
- *President+ Entire Delegation*

**06.00 PM – 08.00 PM:** **Reception hosted by Luxembourg, in honor of His Royal Highness Grand Duke Henri. (TBC)**
- *Location: Permanent Mission of Luxembourg, Luxembourg House, 17 Beekman Place, NY 10022*
- *President + PR*

**08.30 PM:** **Cyprus: Musical Philoxenia hosted by the President of Cyprus**
- *Location: Alice Tully Hall, Starr Theater, 1941 Broadway on 65th street.*
- *President+ PR+ FM+ Spouses*

**11.00 PM – 12:00 AM:** **Private Dinner**

- *Helmsley Hotel*

***Thursday, 27 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**

- *Helmsley Hotel*

**09.00 AM- 09.30 AM:** **Vanuatu Prime Minister**

- *Location: bilateral booth at the UN.(Walking distance)*
- *President + Foreign Minister+ State Minister +AG+ PR +Aliny*

**09:00AM – 11:30AM** **Fifth Annual World Focus on Autism**

- *Location: The Prestigious Roosevelt House*
- *First Lady*

**10:00AM – 11:30AM** **Feed the Future: Partnering with Civil Society hosted by the President of Malawi and Hillary Clinton.**

- *Location: The Empire Room, Waldorf Astoria, 301 Park Ave.*
- *President, Foreign Minister and PR*

**12:30 PM – 01:30 PM:** **Private Lunch**

- *Helmsley Hotel*

**03.00 PM – 09.00 PM:** **General Debate**

- *Location: General Assembly, UN Headquarters*
- Approx. 4 pm
- *President+ Foreign Minister + State Minister + AG+ PR+ Ali Rasheed*
- *Maldives has the 4th speaking slot.*

**03.00 PM – 06.00 PM:** **2nd AOSIS Leaders Summit**

- *Location: Helmsley Hotel*
- *President+ Environment Minister + Hassan*

**06.30 PM:** **Sierra Leone Foreign Minister**

- *Location: bilateral booth at the UN.(Walking distance)*
- *President +Foreign Minister + State Minister+ AG + PR+ Aliny*

**06.30 PM – 08.30 PM:** **Reception hosted by Nauru (Chair of AOSIS)**

- *Location: Helmsley Hotel*
- *President+ Environment Minister + PR*

**08.30 PM – 11:00 PM:** **Private Dinner Event**

- *Helmsley Hotel*

***Friday, 28 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**

- *Helmsley Hotel*

**09.00 AM – 10.30 AM:** **CMAG Meeting**

- *Location: Australian Mission*
- *President*

**12.15 PM- 12.45 PM:** **President of the General Assembly**

- *Location:* GA 200 (Behind GA Hall) UNHQ
- *President+ Foreign Minister+ PR+ Aliny*

**04.00 PM:** **OHCHR**

- *Location: TBC*
- *President+ AG*

**06.00 PM – 07.30 PM:** **Commonwealth Reception hosted by Australia. (TBC) (RSVP)**

- *Location:1 Beekman Place, New York, NY 10022*
- *Head of Delegation + Foreign Minister +PR*

**08.00 PM – 11:00 PM:** **Private Dinner**

- *Helmsley Hotel*

***Saturday, 29 September 2012***

**8:00 AM – 9:30 AM:** **Breakfast with Maldivian Delegates**

- *Helmsley Hotel*

**1.45 PM:** **President Depart from JFK to LAX (TBC)**

- *Flight #AA 117*
- *Composition of the motorcade.*

## Itinerary of President Waheed and Madam Ilham

| | | | | |
|---|---|---|---|---|
| **EK** | **659** | **21SEP MLE/DXB** | **1000** | **1300** |
| **EK** | **201** | **22SEP DXB/JFK** | **0830** | **1415** |
| **AA** | **117** | **29SEP JFK/LAX** | **1345** | **1655** |
| **EK** | **216** | **5OCT LAX/DXB** | **1645** | **1935** ** Arriving 06th October |

**PROGRAMME FOR LOS ANGELES SEGMENT**
**29TH SEPTEMBER – 5TH OCTOBER**
**NEW YORK**

***Saturday, 29 September 2012***

**04.55 PM:** **HEP Arrives In LAX**
- *Flight # AA 117*
- *Extended Port Courtesies*

**7.00 PM:** **Dinner at Navarro's house**
- *Sstay at Shilo Hilltop Suites Hotel or alternative*

***Sunday, 30 September 2012***

**xxx** **Sail to Catalina Island, stay in Avalon (several hotels to choose from)**
-

***Monday, 1 October 2012***

**xxx** **Explore Avalon, 2nd night in Avalon**
-

***Tuesday, 2 October 2012***
**Xxx** **Sail or motor to another part of the island and return to Avalon, 3rd night in Avalon**
-

***Wednesday, 3 October 2012***
**xxx** **Sail back to Newport Beach, Stay in Anaheim, close to Disneyland (several hotels to choose from)**
-

***Thursday, 4 October 2012***
**xxx** **Disneyland, 2nd night in Anaheim**
-

***Friday, 5 October 2012***
**04.45 PM:** **HEP Departs LAX**
- *Flight # EK 216*
- *Extended Port Courtesies*

**PROGRAMME FOR 67th UNITED NATIONS GENERAL ASSEMBLY**
**18 SEPTEMBER – 20 DECEMBER 2012**
**NEW YORK**

***Friday, 21 September 2012***

**08.30 AM:** **Working Breakfast hosted by Ireland, Mary Robinson**
- *Location: One Dag Hammarskjold Plaza, 885 2nd Ave. 19th floor*
- *PR*

**03.00 PM:** **Shabeen's Arrival**
- *Location: JFK*
- *Flight # QR 83*

***Saturday, 22 September 2012***

**02.15 PM:** **President Arrives In JFK**
- *Flight # EK 201*
- *Composition of the motorcade.*
  - *Car 1: President + First Lady*
  - *Car 2: PR + Counsellor Javed*
- *Departs to Helmsley Hotel, 42nd street between 2nd and 3rd Ave*

**06.47 PM:** **H.E. Mohamed Rasheed Arrives**
- *Flight #UA 81*
- *Received by Javed*

**08.00 PM – 10:30 PM:** **Presidents Private Dinner**
- *Helmsley Hotel*

***Sunday, 23 September 2012***

**08:00 AM – 09:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**12:30 PM – 01:30 PM:** **Presidents Private Lunch**
- *Helmsley Hotel*

**02.10 PM – 2.25 PM:** **Bilateral with the Secretary- General.**
- *Location: 3rd Floor NLB, UNHQ (Walking distance)*
- *President+ Foreign Minister + State Minister + AG+ PR+ Aliny*

**06.00 PM:** **South-South Awards**



HOUSE_OVERSIGHT_024185

- *Location: The Waldorf Astoria Hotel, 301 Park Avenue, New York*
- *PR*

**08.00 PM – 10:30 PM:** **Presidents Private Dinner Event – Jeffrey Epstine**
- *Composition of the motorcade.*
  - *Lead car: President*

***Monday, 24 September 2012***

**8:00 AM – 9:30 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**08.15 AM – 10.00 AM:** **Peaceful Settlement of Conflict, hosted by Netherlands (TBC)**
- *Location: Delegates Dining Room, UN Headquarters.*
- *Foreign Minister*

**10.00 AM – 05.00 PM:** **High Level Segment on Rule of Law**
- *Location: UN Headquarters. (Walking distance)*
- **20th speaker, apprx 11.40 am**
- *President+ Foreign Minister + State Minister + AG+ Ambassador Rasheed +PR*

**12:30 PM – 01:30 PM:** **Presidents Private Lunch**
- *Helmsley Hotel*

**01.15 PM – 02.45 PM:** **High Level Lunch Event on Women's Access to Justice, hosted by UN Women, HoD of Finland and South Africa (TBC)**
- *Location: Ambassador's Riverview, UN Headquarters.*
- *AG*

**02.00 PM- 02.30 PM:** **Jamaica Foreign Minister (Confirmed)**
- *Location:* TBC
- *Foreign Minister*

**03.00 PM- 06.00 PM:** **High-level meeting on sustainable energy for all. (Confirmed)**
- *Location*: NLB 2 UNHQ.
- *Environment Minister+ Di (Speaking slot 10)*

**04.00 PM- 04.45 PM:** **UNDP Administrator.**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President+ Foreign Minister + Environment Minister + AG + Ambassador Rasheed + PR*

**06.15 PM:** **Depart Hotel to President Obama's Reception**

**07.00 PM:** **Obama's Reception (Confirmed)**
- *Location: Starlight Roof, The Waldorf Astoria Hotel, 301 Park Avenue, New York*
- *President + First Lady*

**08.00 PM – 11:00 PM:** **Presidents Private Dinner**
- *Helmsley Hotel*

***Tuesday, 25 September 2012***



HOUSE_OVERSIGHT_024186

**7:00 AM – 7:30 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**07.30 AM:** **Depart from Hotel to UNHQ (Walking distance)**

**08.00 AM – 08.50 AM:** **Welcoming reception hosted by the Secretary-General**
- *Location: Indonesian Lounge, UNHQ*
- *President + First Lady*

**09.00 AM:** **Opening of the General Assembly**
- *Location: UNHQ*
- *President+ Foreign Minister + Environment Minister + AG + State Minister+ PR*

**11.30 AM – 12.00 PM:** **Meeting with Commonwealth Deputy Secretary General, Mrs. Mmasekgoa Masir- Mwamba.** **(Confirmed)**
- *Location: Commonwealth Joint Office Large Conference room.*
- *State Minister+ Aliny+ Di*

**01.15 PM:** **Luncheon in honour of Heads of State hosted by the Secretary -General**
- *Location: Visitors Lobby, UNHQ*
- *President*

**03.00 PM- 03.35 PM:** **Executive Director of UN-Women, Ms. Bachelet.**
- *Location:* 220 East, 42nd Street, 19th Floor.
- *President+ State Minister + Environment Minister + AG+ Nee*

**03.30 PM:** **Shiaan arrives in JFK**
- *Flight # BA 1588*
- ……..

**04.00 PM:** **Tea Reception hosted by Mrs. Ban Soon-taek for spouses.**
- *Location: SG's Residence, 3 Sutton Place and 57th Street.*
- *First Lady*

**04.00 PM- 04.30 PM:** **Canada Foreign Minister** **(Confirmed)**
- *Location:* TBC
- *Foreign Minister*

**04.30 PM- 05.00 PM:** **U.K, Allister Burt** **(Confirmed)**
- *Location:* TBC
- *Foreign Minister*

**04.45 PM- 05.15 PM:** **UNICEF Executive Director, Anthony Lake**
- *Location:* UNICEF Building, 13th Floor
- *President+ Foreign Minister + State Minister + Ambassador Rasheed + PR +Aliny*



HOUSE_OVERSIGHT_024187

**06.00 PM – 07.30 PM:** **Reception hosted by Prime Minister of Australia**
- *Location: Ambassador's Riverview, UN Headquarters*
- *President + Foreign Minister + PR*

**EVENING** **UN Secretary General Ban Ki-moon's Every Women Every Child reception (TBC)**
*Venue: New York Museum of Modern Art*
*Rishfa: please provide details!*

**08.00 PM – 11:00 PM:** **Presidents Private Dinner**
- *Helmsley Hotel*

***Wednesday, 26 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**09:00 AM – 10:00 AM:** **Deepening Democracy: A Strategy for Improving the Integrity of Elections Worldwide**
- *Location: One UN plaza, Riverview room 28th floor*
- *……*

**9.00 AM – 11.00 AM:** **Museum Tour hosted by Mrs Ban Soon-taek**
- *Location: Morgan Library 225 Madison Ave. + 36th street*
- *First Lady*

**09.30 AM- 11.00 AM:** **2012 Launch of the Climate Vulnerability Monitor**
**Invitation received from Prime Minister of Bangladesh**
- *Location: Asia Society, 725 Park Avenue (at 70th Street)*
- *President + Foreign Minister + Environment Minister+ PR*

**11.30 AM- 12.00 PM:** **Tanzania Foreign Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President +Foreign Minister + State Minister+ AG + PR+ Aliny*

**01.15 PM – 03.00 PM:** **South Africa Reception, hosted by the President of South Africa**
- *Location: Ambassador's Riverview, UN Headquarters.*
- *Head of Delegation+ Foreign Minister + PR*

**01:15 PM – 02:30PM** **LDC Agenda in a Post Rio+20 Perspective**
- *Location: NLB 2, UNHQ*
- *Ministerial Level*

**01:15 PM – 02:30PM** **Freedom of Religion or Belief: An Individual's Choice**
- *Location: NLB 3, UNHQ*
- *Ministerial Level*

**03.00 PM- 03.30 PM:** **Trinidad and Tobago Foreign Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President + Foreign Minister + State Minister + Amb Rasheed + PR + Aliny*

**03.00 PM- 06.00 PM:** **Parliaments and the Rule of Law: Toward Justice for**



HOUSE_OVERSIGHT_024188

**All, Organized by IPU(Confirmed)**
- *Location:* Conference room 3 NLB, UNHQ
- *Nihan+ AG+ Shabeen*

**04.15 PM – 05.00 PM:** **Meeting with Commonwealth Secretary General, H.E Mr. Kamalesh Sharma.**
- *Location: Commonwealth Joint Office Large Conference room.*
- *President+ Foreign Minister + State Minister + AG+ PR+ Aliny*

**05.00 PM:** **Visit to the Permanent Mission of Maldives**
- *Location: 800 2nd Ave. 4th Floor*
- *President+ Entire Delegation*

**06.00 PM – 08.00 PM:** **Reception hosted by Luxembourg, in honor of His Royal Highness Grand Duke Henri. (TBC)**
- *Location: Permanent Mission of Luxembourg, Luxembourg House, 17 Beekman Place, NY 10022*
- *President + PR*

**06.00 PM – 08.00 PM:** **Reception hosted by E.U, Inaugurating new premises. (TBC)**
- *Location:666 Third Avenue, 31st floor, NY 10017*
- *Foreign Minister+ Javed*

**06.30 PM – 08.30 PM:** **Reception hosted by U.A.E, hosted by the Minister of Foreign Affairs of U.A.E (TBC)**
- *Location: Morgan Library and Museum, 225 Madison Ave.*
- *Environment Minister*

**08.30 PM:** **Cyprus: Musical Philoxenia hosted by the President of Cyprus**
- *Location: Alice Tully Hall, Starr Theater, 1941 Broadway on 65th street.*
- *President+ PR+ FM+ Spouses*

**11.00 PM – 12:00 AM:** **Presidents Private Dinner**
- *Helmsley Hotel*

***Thursday, 27 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**08.00 AM – 09.30 AM:** **Increase Peace through Mediation, co-hosted by Finland and Turkey (TBC)**
- *Location: Consulate General of Finland, 866 United Nations Plaza, Suite 250, New York, NY*
- *Ministerial Breakfast*

**09.00 AM- 09.30 AM:** **Vanuatu Prime Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President + Foreign Minister+ State Minister +AG+ PR +Aliny*

**09:00AM – 11:30AM** **Fifth Annual World Focus on Autism**



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- *Location: The Prestigious Roosevelt House*
- *First Lady*

**10:00AM – 11:30AM** **Feed the Future: Partnering with Civil Society hosted by the President of Malawi and Hillary Clinton.**
- *Location: The Empire Room, Waldorf Astoria, 301 Park Ave.*
- *President, Foreign Minister and PR*

**10.00 AM- 10.45 AM:** **Palestine Foreign Minister (Confirmed)**
- *Location:* Booth Requested
- *Foreign Minister+ PR+ Javed+ Nee*

**10:00 AM – 01:00 PM:** **The Civil Society and the Education on Human Rights**
- *Location: NLB 5, UNHQ*
- *AG+ Shabeen+ Javed+ Nee+ Di*

**11:00AM – 01:30 PM:** **High-Level launch of United Nations Guidance for Effective Mediation**
- *Location: 821 UN Plaza 8th floor*
- *Foreign Minister*

**12:30 PM – 01:30 PM:** **President Private Lunch**
- *Helmsley Hotel*

**03.00 PM – 09.00 PM:** **General Debate**
- *Location: General Assembly, UN Headquarters*
- Approx. 4 pm
- *President+ Foreign Minister + State Minister + AG+ PR+ Ali Rasheed*
- *Maldives has the 4th speaking slot.*

**03.00 PM – 06.00 PM:** **2nd AOSIS Leaders Summit**
- *Location: Helmsley Hotel*
- *President+ Environment Minister + Hassan*

**06.30 PM:** **Sierra Leone Foreign Minister**
- *Location: bilateral booth at the UN.(Walking distance)*
- *President +Foreign Minister + State Minister+ AG + PR+ Aliny*

**06.30 PM – 08.30 PM:** **Reception hosted by Nauru (Chair of AOSIS)**
- *Location: Helmsley Hotel*
- *President+ Environment Minister + PR*

**06.30 PM – 08.30 PM:** **Reception hosted by Indonesia (TBC) (Need to RSVP)**
- *Location: 325 East 38th Street, New York, NY 10016*
- *Foreign Minister + PR*

**06.30 PM – 08.30 PM:** **Art for Reconciliation, reception hosted by Georgia**
- *Location: Bohemian National Hall, 321 East 73 street NY 10023*
- *PR*

**08.30 PM – 11:00 PM:** **Presidents Private Dinner Event**



HOUSE_OVERSIGHT_024190

- *Helmsley Hotel*

***Friday, 28 September 2012***

**8:00 AM – 9:00 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**09.00 AM – 10.30 AM:** **CMAG Meeting**
- *Location: Australian Mission*
- *President*

**10.00 AM:** **H.E. Mohamed Rasheed, Departure**
- *Flight #UA 755*

**09.00 AM – 01.15 PM:** **High- Level meeting on Countering Nuclear Terrorism**
- *Location: GA Hall, UN Headquarters.*
- *PR*

**12.15 PM- 12.45 PM:** **President of the General Assembly**
- *Location:* GA 200 (Behind GA Hall) UNHQ
- *President+ Foreign Minister+ PR+ Aliny*

**01.15 PM – 03.00 PM:** **Climate Change and their impact on foreign and security policy, hosted by Germany and Kingdom of Morocco.**
- *Location: TBC*
- *PR*

**04.00 PM:** **OHCHR**
- *Location: TBC*
- *President+ AG*

**06.00 PM – 07.30 PM:** **Commonwealth Reception hosted by Australia. (TBC) (RSVP)**
- *Location:1 Beekman Place, New York, NY 10022*
- *Head of Delegation + Foreign Minister +PR*

**08.00 PM – 11:00 PM:** **Presidents Private Dinner**
- *Helmsley Hotel*

***Saturday, 29 September 2012***

**8:00 AM – 9:30 AM:** **Breakfast with Maldivian Delegates**
- *Helmsley Hotel*

**09.00 AM – 04.00 PM:** **Commonwealth Foreign Ministers Meeting**
- *Location: Helmsley Hotel*
- *Foreign Minister +PR*

**01.45 PM:** **President Depart from JFK to LAX**
- *Flight # AA 117*
- *Composition of the motorcade.*

**07.00 PM:** **Delegation Depart from JFK**
- *Flight # DL82*



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- ……

**11.40 PM:** **Shabeen's Departure**
- *Location: JFK*
- *Flight # QR 84*

***Monday, 1 October 2012***

**10.00 AM- 06.00 PM:** **Forum of Small States (FOSS) Conference on Small States**
*Location: UN North Lawn Building, Conference Room 3*
*FM+PR*

**Around 04.00 PM:** **Singapore Foreign Minister (Confirmed)**
- *Location: on sidelines of FOSS, UN North Lawn Building, Conference Room 3*
- *Foreign Minister*

***Tuesday, 2 October 2012***

**10.00 AM- 10.30 AM:** **Bilateral Meeting with H.E Ms. Heidi Hautala, Minister of International Development of Finland (Confirmed)**
- *Location:* Booth Requested
- *Foreign Minister+ Aliny +PR+ Nee*

**1.00 PM:** **SAARC Informal Luncheon/ Meeting**
- *Location: Helmsley Hotel*
- *Foreign Minister +PR*

**11.00 PM:** **Minister of Foreign Affairs depart from JFK**
- *Flight # EK 202*

***Thursday, 4 October 2012***

**11.20 AM:** **Aliny's Departure**
- *Location: JFK*
- *Flight # EK 204*

***Incoming Requests***

**TBC:** **Christian Mission for the United Nations Community (TBC)**
- *Requesting a meeting with HEP*

**Between 24th & 29th Sep:** **Bilateral with Georgia Foreign Minister (TBC)**
- *Location: TBC*
- *Foreign Minister*
- *Contact: Ms. Neli Shiolashvili, Tel: 212 759 1949*
*Email:n.shiola@gmail.com*

**TBC:** **Publisher & Editor PODER Magazine (TBC)**
- *Requesting a meeting with HEP*

**24-28 September** **Bilateral Meeting with H.E Mr. Kim Sung- Hwan, Minister of Foreign Affairs of South Korea**



HOUSE_OVERSIGHT_024192

**Contact: Mr. Ileung Kim, First Secretary, PM/Korea**
**212-439-4087, iekim99@mofat.go.kr**
**Ms. Sun A Yoon, 212-439-4059, yoons.rok.un@gmail.com**

## *Bilateral Requests sent*

***His Excellency the President (22 September – 29 September 2012)***

- **India**
- **Sri Lanka**
- **Pakistan**
- **Nepal**
- **Bangladesh**
- **Afghanistan**
- **Bhutan**
- **Australia**
- **Canada (not available)**
- **China**
- **Japan**
- **USA**
- **Germany**
- **Denmark**
- **World Bank**

***His Excellency Dr. Abdul Samad Abdulla, Minister of Foreign Affairs (22 September – 5 October 2012)***

- **United States**
- **Russia. (Informed not possible)**
- **Turkey,**
- **Malaysia,**
- **UAE**

***Her Excellency Dr. Mariyam Shakeela, Minister of Environment and Energy***

- **Sri Lanka**
- **Clinton Foundation**

***Her Excellency Aishath Azima Shakoor, Attorney General (22 September – 29 September 2012) (Delegates attending Rule of Law Meeting)***

- **Australia**
- **Canada**
- **UK**
- **World Bank *( if attending Rule of Law Meeting)***



HOUSE_OVERSIGHT_024193

**The most important energy developments of 2012: how countries are planning for Independence Day**

First, a few updates:

- It looks like sub-2.5% global GDP growth is showing up in the weak outlook provided by some **bell-weather cyclical companies** that reported so far (AMD, APD, BHI, CAT, ETFC, GE, GOOG, IBM, MCD, MSFT, PH). We're about to see how resilient an equity market is when one of its key selling points is how expensive bonds are. The recent pick-up in leading indicators suggests that earnings expectations may stabilize early in the new year.
- September US retail sales were strong and US **housing** data continue to improve, although as noted last week, the degree of housing's contribution to growth remains the big question. There will be economic headwinds next year even if the fiscal cliff is negotiated down. See October 9th EoTM for the full Monty on the fiscal cliff mechanics.
- We modeled the **President's tax proposals** on various demographics of high net worth taxpayers[1]. The results: increases in effective tax rates (as % of adjusted gross income) from 4% to 12%, depending on income, investible assets, stock-bond ownership, state of domicile, etc. It's unlikely to be enacted as scripted unless there's a Democratic sweep, but its contours probably indicate where HNW taxation is eventually heading. We don't have enough info to analyze Romney's tax plan in comparable detail. On the latter, the Tax Policy Center released a study indicating that capping itemized deductions at $25k for all taxpayers only offsets 32% of the estimated revenue loss from a 20% reduction in income tax rates.
- Production, capital spending and export data from **China** show improvement from the weak pace over the summer, although details reveal a continued decline in manufacturing growth offset by rising gov't infrastructure spending. China ran a 600 billion RMB budget *surplus* through September, and targets an 800 bn RMB budget *deficit* this year. I wouldn't argue that all that gov't spending is going to have a huge productivity benefit, but it should keep things moving. Chinese earnings growth and business climate surveys remain weak, an unsurprising consequence of excess industrial capacity.
- In **Europe**, financial markets continue to rally in the Periphery. Five -year Spanish credit spreads have fallen below 3% from over 6% last July, and without the ECB firing a single shot (e.g. buying any bonds). The economic data is still bad (a collapse in auto sales similar to 2009), but now it's just "run-of-the-mill" terrible instead of "look-out-for-that-bank/country-it's-about-to-default" terrible. What is impossible to assess: the ability of Southern Europe to withstand rising social and political pressures of massive unemployment. Also: watch out for France, where there is a large, growing economic gap vs. Germany, and where its President is resisting German demands for centralized budgetary supervision.

**Our annual energy discussion with Vaclav**

Every year, I sit down with Vaclav Smil from the University of Manitoba to discuss "the year in energy". Vaclav is one of the world's foremost experts on energy issues, and has written over 30 books and 300 papers on the subject. In this note, we walk through what Vaclav identified as the 5 notable energy developments of 2012[2]: **energy independence initiatives in the US, Europe and Japan; geopolitical implications of rising Chinese oil demand; and another rough year for the electric car**.

The political backdrop in the Middle East, European concerns about natural gas dependence on Russia, and lingering concerns about nuclear power after Fukushima are factors driving countries to seek greater energy independence. In the US, prospects for energy independence rely mostly on domestically produced oil and natural gas, while in Europe and Japan, they rely on rising renewable energy targets. What's remarkable is the official sector confidence in Germany and Japan that the transition cost to renewables will be manageable. One indicative data point: the cost of building connections between offshore wind farms and the electricity grid (*excluding* the cost of the wind turbine itself) can be greater than the cost of building an entire brand new natural gas plant. As always, a renewable energy discussion involves facts, figures, emotion and a large dose of the unknown.

The outcome will have important consequences for growth, the cost and availability of electricity and the global balance of payments. These developments argue for greater growth and productivity potential in the US, although energy costs are just one part of the larger economic and profits equation. Even among US manufacturing companies, energy generally represents only 5% of total expenses, and is dwarfed by labor costs.

Michael Cembalest
J.P. Morgan Asset Management

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[1] **Proposed changes affecting U.S. high net worth taxpayers**: increased tax rates on ordinary income, dividends and realized capital gains; increased Medicare taxes on earned and unearned income; rising limitations on itemized deductions (state & local taxes, mortgage interest and charitable deductions); partial inclusion of municipal income, 401k contributions and employer-paid health benefits in taxable income.

[2] Other items we could have discussed: continued growth of global hydropower, politics around the Keystone XL pipeline, the apparent end of Exxon's collaboration with Craig Venter to develop fuels from genetically modified algae, and the EU's decision to deemphasize crop-based biofuels due to concerns about greater carbon emissions than the diesel they replace, and high food prices.



HOUSE_OVERSIGHT_024194

**The most important energy developments of 2012: how countries are planning for Independence Day**

**I: What might US energy independence look like?**

Rising crude oil production in Texas and North Dakota has contributed to a reversal of the long-term US production decline. The latest data (June 2012) show North Dakota now ahead of Alaska's North Slope.

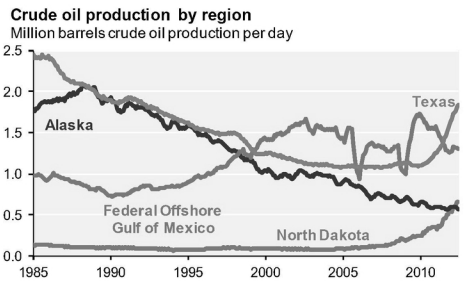

Source: US Energy Information Administration.

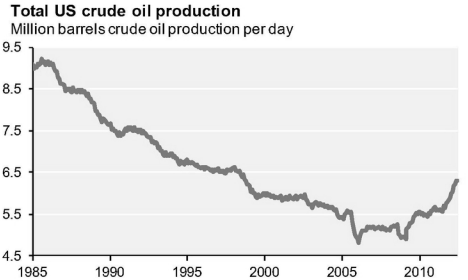

Source: US Energy Information Administration.

The growth in US domestic production is notable, but on its own insufficient to result in energy independence since the US still imports ~9 mm bpd of oil. But when combined with other factors affecting demand and supply, the concept of energy independence comes into view over the next couple of decades. **What is "energy independence"?** After some adjustments (and I may be underestimating some of them), US net imports could fall to 4-5 mm bpd, a level which can be met by imports from countries with historically reliable economic and political linkages to the US (everything is relative). The point is not that reduced US crude imports will lower oil prices; countries like China with growing oil needs may offset that. **What matters here are the economic and geopolitical benefits from (a) not having to design military and foreign policy objectives based on energy security to the degree the US has over the last 30 years[3], and (b) being able to reap the growth, employment and current account benefits of domestically sourced-oil and natural gas.**

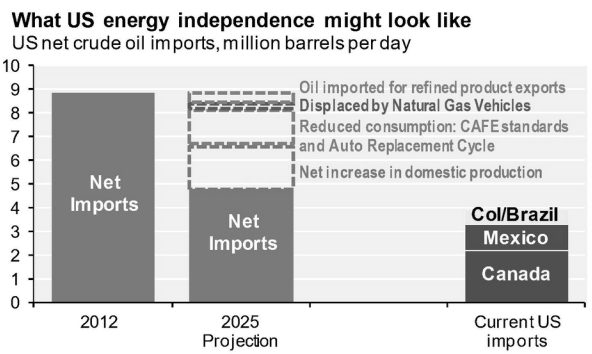

Source: US Energy Information Administration, JPMAM.

*For a review of the assumptions in this chart, see page 3; otherwise, skip to page 4.*

[3] See "*Addicted to Oil: Strategic Implications of American Oil Policy*" from the Strategic Studies Institute of the U.S. Army. The piece outlines 4 pillars to U.S. national interests: defense of the homeland, promotion of U.S. democratic values, creation of a favorable world order, and enhancement of the nation's economic well-being. According to the authors, each has been negatively impacted by US demand for foreign oil. They believe that U.S. foreign policies that support repressive oil states are diametrically opposed to American values, and reversed the 20th century trend of the U.S. fighting against totalitarianism and in favor of liberty, and in turn caused the U.S. to lose the "war for ideas" that is critical to wining the "war on terror".



HOUSE_OVERSIGHT_024195

**The most important energy developments of 2012: how countries are planning for Independence Day**

Some detail on the components of increased US energy independence:

*Net increase in domestic production*: we have modeled an increase of 1.8 mm bpd. For context, the 2012 Energy Information Administration (EIA) outlook has a variety of crude oil production scenarios for 2025 ranging from no increase to an increase of 2.8 mm bpd (the "technically recoverable resource" case). Any production increase from current levels is expected to come from "tight oil", extracted from formations such as Bakken and Eagle Ford, and the Permian Basin. While conventional crude production volumes in the Gulf may rise, these are expected by the EIA to offset declines elsewhere (Alaska). The EIA's optimism is matched by a June 2012 paper from Leonardo Maugeri at Harvard's Kennedy School, which projects a US crude oil increase of 2.6 mm bpd by 2020. An illustrative quote[4]:

> "**The shale/tight oil boom in the United States is not a temporary bubble, but the most important revolution in the oil sector in decades**. It will probably trigger worldwide emulation over the next decades that might bear surprising results - given the fact that most shale/tight oil resources in the world are still unknown and untapped.… Thanks to the technological revolution brought about by the combined use of horizontal drilling and hydraulic fracturing, the US is now exploiting its huge and virtually untouched shale and tight oil fields, whose production – although still in its infancy – is already skyrocketing in North Dakota and Texas."

Regarding the Bakken shale, Maugeri's estimate of 300 billion barrels of oil in place are exceeded by larger mean estimates from USGS geochemist Leigh Price and Continental Resources.

*Reduced consumption due to higher CAFE standards and the automobile replacement cycle*: this is a topic that generates a lot of debate and technical discussion about driving patterns, but this much is clear: CAFE standards and the ongoing replacement of older cars will improve the fuel efficiency of the future fleet. The Union for Concerned Scientists has estimated the benefit of CAFE at 3 million barrels of oil per day by 2030, while the Administration's estimate is 2.2 million by 2025. The average 11-year age of US cars is at the highest level on record, up from 8.5 years in 1995. While some of this increase reflects cars with improved lifespans, it also reflects the impact of the recession and pent-up demand to replace older cars. As a result, our estimate of 1.5 mm bpd in oil consumption savings seems reasonable in context.

**Corporate Average Fuel Economy standards**
Miles per gallon, passenger cars

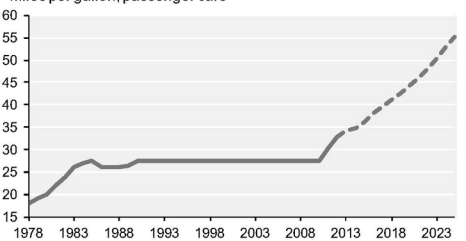


Source: National Highway Traffic Safety Administration.

*Impact of rising penetration of natural gas vehicles*: The rationale for natural gas vehicles (NGV) stems from a price per million BTUs for oil that's 5x higher than natural gas. The US NGV penetration rate is low, in part due to the chicken/egg problem of the lack of natural gas refueling stations, and a more limited driving range (natural gas tanks generally hold less energy than diesel tanks). But the economics of NGVs are becoming more compelling for taxis, vans and buses that are centrally fueled with limited ranges, and for trucks with established routes where refueling stations can be built every 300-400 miles. Such heavy-duty vehicles account for 17% of all petroleum usage in the US. An example: a heavy duty 18-wheeler might travel 60,000 miles per year and get 5 mpg (using 12,000 gallons of diesel fuel). Assuming a $1.5 difference between diesel and liquid natural gas prices, a trucking company could save ~ $18,000 in annual fuel costs. The conversion cost to LNG (liquid natural gas) of $70,000 would imply a 4-year payback period, which is short in the scheme of energy trade-offs. We assume a very modest NGV penetration rate of 3%, which translates into reduced oil consumption of 0.3 mm bpd.

*Oil imported for export purposes*: in 2011, the US exported 0.5 mm bpd in refined petroleum products. As a result, part of the current crude oil import tab is simply for re-export, and is not part of the country's domestic consumption requirement.

[4] "*The Unprecedented Upsurge of Oil Production Capacity and What It Means for the World*", Leonardo Maugeri, Belfer Center for Science and International Affairs, Harvard Kennedy School, June 2012. See sections 5-9 for a discussion of how shale and tight oil are gradually replacing conventional sources, how hydraulic fracking works, a detailed examination of the Bakken Shale, how EIA and USGS data are backward-looking and underestimate potential growth, the challenges for the US refining industry which has invested in the ability to process heavy-sour imports rather than light-sweet oil from shale, pipeline needs and a range of environmental issues. Maugeri was Senior Executive Vice President of Strategies and Development at ENI, and Executive Chairman of Polimeri Europa, ENI's petrochemical branch.



HOUSE_OVERSIGHT_024196

**The most important energy developments of 2012: how countries are planning for Independence Day**

**II: Is Germany making an impetuous mad dash into renewable energy?**

In the wake of Fukushima, Chancellor Merkel announced a plan to accelerate the closure of coal and nuclear power plants, with the goal of relying more on renewable energy to fill the gap. Germany is by far the largest user of electricity in Europe and its manufacturing to GDP ratio is high, so the consequences may be substantial. To get a sense of the potential impact, start with the first chart on Germany's current generating capacity and output by source. While wind and solar installations have increased in recent years, their electricity output is less impactful due to wind and solar intermittency.

The two largest increases in Germany's renewable plan are offshore wind and photovoltaic (solar). Offshore wind connections are *very* expensive; according to Netherlands-based transmission system operator TenneT, they work out to ~1.1 million Euros per MW, and **that's just for the connection** (not the wind turbine itself, that's extra). That offshore wind connection cost is even higher than the 0.8-1.0 million per MW upfront capital cost of building new natural gas plants, using data from RWE AG (Essen) and SWB AG (Bremen). Wind is free and natural gas isn't, so we should look at **all-in levelized costs**[5] by electricity source. As shown in the second chart, all things considered, offshore wind is a very expensive way for Germany to generate electricity, and solar is higher by another order of magnitude. The relative ordering is similar in other countries.

**Snapshot of current German capacity and generation**
Percent of total

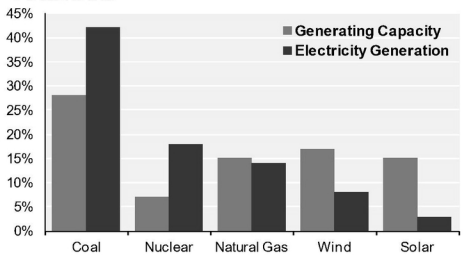


Source: BDEW Bundesverband der Energie- und Wasserwirtschaft e.V.

**Levelized cost of electricity production in Germany**
USD/MWh

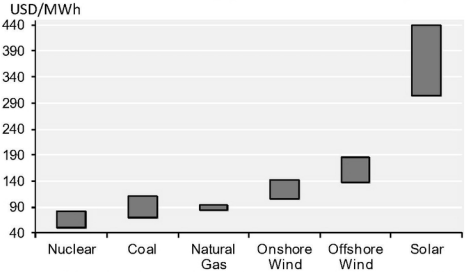


Source: International Energy Agency, Nuclear Energy Agency and OECD.

Germany is a very energy-efficient country, and has among the lowest electricity-to-GDP ratios in Europe. **However, the cost of electricity to industrial consumers is already among the highest in Europe when including taxes, and for residential consumers, Germany is the highest**. As a result, the proposed shift to renewable energy may further increase electricity prices for both residential and commercial users. There's not enough data yet to measure the impact so far.

**Average retail electricity price in 2011: residential segment,** EUR/MWh

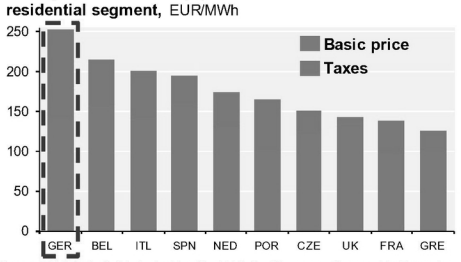


Source: Wirtschaft & Infastruktur GmbH & Co Planugs - Renewable Energies.

**Average retail electricity price in 2011: commerial/industrial segment,** EUR/MWh

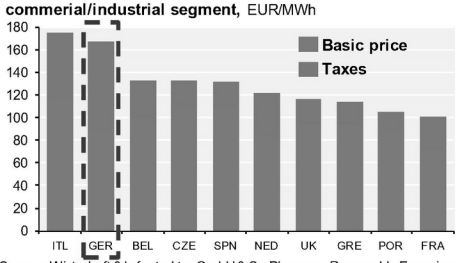


Source: Wirtschaft & Infastruktur GmbH & Co Planugs - Renewable Energies.

**Germany's goal: raise the contribution of renewable energy from 20% to 35% by 2020, and to 80% of total consumption by 2050.** The total cost of financing this transition is estimated at 800 billion Euros by DIW Berlin. The first stage, from now until 2020, is supposed to cost 200 billion Euros. At a time when commitments to save Spain and the rest of the Periphery are

[5] Levelized costs are all-in costs which include construction, financing costs, ongoing maintenance and operations and fuel inputs costs. In Europe (unlike in the US), levelized cost numbers also include a carbon footprint estimate @ $30 per tonne of $CO_2$.



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**The most important energy developments of 2012: how countries are planning for Independence Day**

adding up, it is unclear how Germany will accomplish all of its goals simultaneously. That's probably why the ECB has been doing the heavy lifting in the European bailout: that approach doesn't look like it will cost Germany any money (yet…..)

*A brief comment on investment opportunities in wind.* A recent offshore wind farm project in Germany entailed a fixed sale price contract for electricity at a guaranteed rate of 119 Euros per MWh for 13 years. This compares to 45-50 Euros per MWh for electricity in shorter term German power markets. The investor takes operational and maintenance risks, and the risk of wind's intermittency. With a large gap between the contract price and the spot market, there may be a "windfall" (sorry) for investors. **However, wind investment risks have at times been under-appreciated**. In a May 2012 report from Standard & Poor's, the authors note that they had initially rated 7 portfolio and single-asset wind projects as investment-grade. All but one has since fallen below investment-grade, which S&P states is a result of "wind resource deficiency" (wind levels below what industry experts had cited as lower-bound estimates), and higher-than-expected operating and maintenance costs (repairing cracked foundations, jack-up rigs to fix gearboxes and blades, etc). On the latter point, S&P indicates that U.S. wind project O&M costs stabilized at rates that were 30% to 40% higher than forecast.

**III: Inherit the Wind: Japan's energy dilemma after Fukushima**

Among the challenges Japan has faced in the wake of the tsunami and nuclear meltdown, one of the greatest relates to energy policy. Only 2 of its 54 nuclear reactors are now operating. While Japan may turn some back on temporarily, it expects to decommission all of them within 18 years. Like Germany, Japan plans to increase contributions from renewable energy. Japan's plan entails increases in offshore wind, geothermal power, biomass and tidal power. The government's preferred plan as described by the METI Advisory Committee in September 2012 is #1 in the first chart, which entails no nuclear power by 2031.

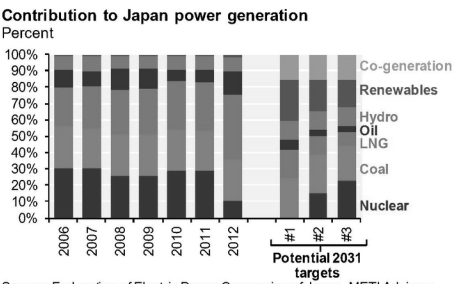


Source: Federation of Electric Power Companies of Japan, METI Advisory Committee.

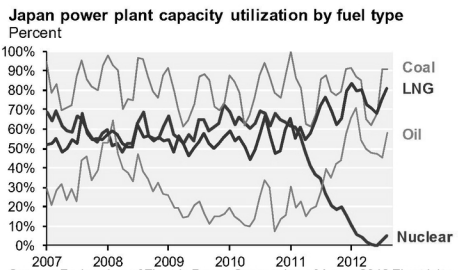


Source: Federation of Electric Power Companies of Japan 2012 Electricity Review, J.P. Morgan Commodities Research.

**The first thing to note is that Japan has been able to withstand the reduction in operating nuclear plants through a sharp increase in electricity produced by natural gas plants, and oil-burning plants**. However, as shown above in the 2nd chart, utilization rates of plants using LNG are rising close to maximum capacity. Consider as well the fact that Japan pays as much as 5 times more per BTU for its natural gas than the US. As a result, Japan is facing a near-term decision: turn on more nuclear power plants, import more LNG or suffer the growth penalty from higher electricity costs resulting from less supply. For a country that is already suffering from low growth and declining exports, this would be a steep price to pay.

**As for Japan's long-term renewable energy plan, it is starting from a lower base than Germany**: in 2011 only 1.25% of electricity came from renewable energy other than hydro (which supplied ~9%). The largest single component of its renewable energy plan relies on offshore wind. Japan's Institute of Energy Economics estimates that offshore wind levelized costs might be only 35% higher than onshore, but Japan has limited experience in both. What may be more relevant is the experience of the United Kingdom. In a recent auction run by Ofgem (Britain's electricity and gas market regulator), participants were asked to bid on a contract to build connections to offshore wind farms. Using Ofgem's estimated transfer values, **just the cost of building the connection** for offshore wind farms to the grid is ~$1.05 million per megawatt (MW). As in Germany, this is a bit higher than the UK Department of Energy and Climate estimate for an *entire* new 850-MW combined cycle natural gas plant.

For manufacturing-heavy Germany and Japan, a future based heavily on offshore wind and solar will be a brave new world of yet-to-be-determined cost and complexity. According to Vaclav, **the "entire green thing is desirable and very much worth doing, but at a measured realistic pace commensurate with overall system conditions and requirements, not guided and propelled by naive, unrealistic expectations and impossible goals"**.



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**The most important energy developments of 2012: how countries are planning for Independence Day**

**IV: What geopolitical consequences may result from China's rising energy needs?**

As shown below, US reliance on oil imports as a share of consumption is gradually declining. China's percentage, on the other hand, is rising and now higher than in the US (in dollar terms, US imports are higher but they should converge in a few years). China now has the world's largest new car market and most extensive network of superhighways. It is making substantial investments in a renewable energy, and is now the largest solar, wind, nuclear and hydropower market. However, given the current lack of a viable, affordable electric car, Chinese fossil fuel consumption is expected to continue to rise. The penetration rate of passenger vehicles in China is considerably lower than in other countries. China's per capita GDP is lower as well, so the gap will not close overnight. The second chart below gives a good indication of the potential rise in automobile use in China over time. These trends are part of the reason why we do not expect reduced US imports to result in lower oil prices.

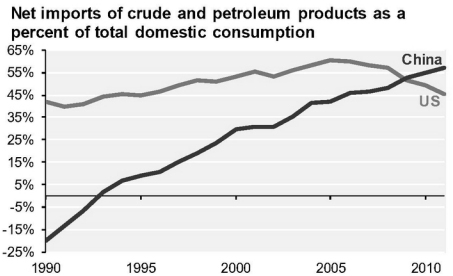

Source: Energy Information Administration, BP.

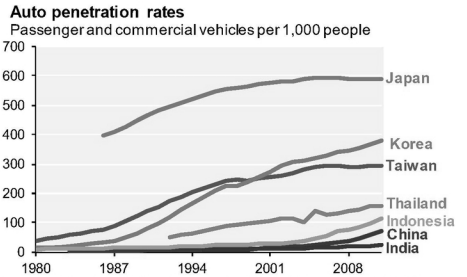

Source: China Association of Automobile Manufacturers, CEIC, J.P. Morgan Securities LLC.

**Vaclav sees these trends as important, since they affect prospects of China co-operating with the West on containment of Iran's nuclear ambitions.** Unfortunately for the West, the prospects for co-operation on sanctions appear dim. Some things to keep in mind about China's relationship with Iran, described in greater detail in a 2012 Rand Institute report:

- Iran and China share a deep ambivalence about the West given their prior experiences as semi-colonial states in the beginning of the 20th century. The US supported a coup against a popular Iranian leader in 1953 (and also influenced other political transitions), and Communist China was under U.S.-led international sanctions for most of its existence.
- China extended recognition to Iran's Islamic Republic only 3 days after its founding, and improved relations with Iran through arms sales during the Iran-Iraq war (small arms, ballistic and anti-cruise ship missiles)
- China became a net oil importer in 1993, and further strengthened ties with Iran. Once China was accepted into the World Trade Organization in 2001, the West lost the little leverage it had over Sino-Iranian ties.
- From 1985 to 1996, China provided Iran with civil nuclear technology and machinery, assistance in uranium exploration and mining, training for nuclear engineers, and instruction on the use of lasers for uranium enrichment. China ended its direct support for these nuclear programs in 1997. Chinese design and technology are seen in Iranian ballistic and anti-cruise ship missiles, anti-ship mines and fast attack boats.
- For the last two decades, China has built railroads, bridges, dams, ports and tunnels throughout Iran. In 2007, China became Iran's largest trading partner, and the two countries announced plans to broaden bilateral trade to $100 bn per year by 2016.
- The two countries formed a joint oil and gas committee to broaden energy cooperation. China is the most important investor in Iranian exploration and extraction operations, and has been selected to develop the Azadegan and Yadavaran oil and natural gas fields, and the South Pars field. Iran is the largest methanol exporter to China, displacing Saudi Arabia.
- Iran used to be vulnerable to refined fuel sanctions when it imported 40% of them; China helped Iran build out its refining capacity, and Iran is now a refined fuels exporter.
- China is paying Iran in rice and medical/engineering supplies (and cash) in exchange for Iranian oil, and a Chinese shipyard delivered the first of 12 supertankers to Iran, giving it extra capacity to transport its oil to Asia.
- A couple of quotes on the geopolitics of all of this, from the Peking University School of International Studies and Renmin University: "*It is beneficial for our external environment to have the United States militarily and diplomatically deeply sunk in the Mideast to the extent that it can hardly extricate itself*", and "*Washington's deeper involvement in the Middle East is favorable to Beijing, reducing Washington's ability to place focused attention and pressure on China.*" [Rand report]



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**The most important energy developments of 2012: how countries are planning for Independence Day**

Bottom line: China has a long history of economic, political and military co-operation with Iran. China has greater economic linkages with the US, but for China, that fact does not negate the advantages of its relationship with Iran, particularly as its energy needs continue to rise, and as it seeks to prevent U.S. domination of the Persian Gulf.

**V: Another rough year for the electric car**

Forecasts of greater electric car penetration have been around since the 1970's. A report by The National Regulatory Research Institute in 1980 aggregated various studies, which predicted 1.2 mm units in use in the US by 1983, 3 mm by 1990, 5 mm by 1995, 6.2 mm by 1998 and 13 mm by 2000. Instead, only 2.5 mm have been sold since 1999, and this mostly includes hybrids, which are not true plug-in electric vehicles (most use regenerative braking for short distance trips). Since 2010, only 50,000 highway-capable plug-in electric vehicles have been sold in the US, less than 0.03% of all vehicles. For decades, scientists have projected battery breakthroughs using nickel-zinc, iron-air, nickel-air, as well as combinations of zinc with chlorine or air and sulfur with sodium or lithium. Progress has been slow. Affordable mass-produced electric cars are still on the drawing board.

- Toyota cancelled plans for sales of eQ vehicles, claiming that the current capabilities of electric vehicles do not meet society's needs. Toyota planned to sell 40,000 plug-in hybrids in Japan this year; only 8,400 have been sold so far
- After receiving a $529mm loan from the US government, Fisker developed and built the Karma in Finland. Its battery failed during the Consumer Reports test drive, and Fisker subsequently recalled all of its 2012 Karma batteries
- A123 Systems, Inc., maker of the recalled lithium-ion battery used in the Karma and recipient of a $249mm Federal grant in 2009, filed for bankruptcy protection on October 16, 2012
- Tesla cut their delivery targets for 2012 from 5,000 to 2,700-3,250 due to production issues
- The Chevy Volt is the most successful electric car in the US, but only 16,400 have been sold this year through September, vs the goal of 45,000 that was set by the Department of Energy. Sales of the Nissan Leaf in the US are down 28% vs 2011.

**If you have gotten this far, I hope you enjoyed our annual energy issue.** See you next year, when it will be the 40th anniversary of *Soylent Green*, in which Edward G Robinson rides a bicycle to power a lamp so he can read a book.

Michael Cembalest
J.P. Morgan Asset Management

Biography

Vaclav Smil is a Distinguished Professor Emeritus in the Faculty of Environment at the University of Manitoba in Winnipeg and a Fellow of the Royal Society of Canada. His interdisciplinary research includes the studies of energy systems (resources, conversions, and impacts), environmental change (particularly global biogeochemical cycles), and the history of technical advances and interactions among energy, environment, food, economy, and population. He is the author of more than thirty books and more than three hundred papers on these subjects and has lectured widely in North America, Europe, and Asia. In 2010 he was noted by Foreign Policy magazine as #49 on its list of the 100 most influential thinkers in the world.

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## The most important energy developments of 2012: how countries are planning for Independence Day

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# Global Utility White Paper

## A Primer on Long/Short Investing in the Global Utilities & Infrastructure Sector

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**Portfolio Manager**
***Electron Capital Partners LLC***

**March 08, 2013**

For exclusive of Jeffrey Epstein

1. Executive Summary ..... 3
2. Structural Change – Advantageous Time for Global Utility Sector Long/Short Investing ..... 5
   - Structural Change in Electron's Research Process ..... 5
   - Structural Change Cycle ..... 5
   - Investors Not Positioned for Structural Change Pickup ..... 5
     - Long-Only Investors Substantially Underweight but Hedge Funds Turning ..... 5
3. Regional Structural Changes Driving Alpha Opportunity ..... 7
   - US Utilities ..... 7
   - European Utilities ..... 9
   - Asian Utilities ..... 10
   - Japanese Utilities ..... 11
   - Latam Utilities ..... 12
4. Global Structural Changes Driving Alpha Opportunity ..... 12
   - Power Prices are Skewed to the Upside ..... 12
   - Capex (ex-US) is Rebounding Post-Recession ..... 14
5. Substantial Alpha Opportunities Follow Periods of Underperformance ..... 14
   - Record Duration and Depth of Underperformance ..... 14
   - Reasons for Underperformance ..... 15
   - Potential Exists for Sharp Outperformance ..... 15
     - Post-Dotcom Rallies ..... 16
     - Japan Rallies ..... 17
     - Potential for Yield Catch-up ..... 18
6. Interest Rate Risk – A Common Misperception ..... 19

Appendix 1: The Team and Our Process ..... 20
   - Electron Focus ..... 20
   - Electron Team ..... 20
   - Track Record (7 years) ..... 20
   - Process ..... 20
     - Why We Take a Global Approach - The "Greatest Gift" ..... 21
     - Capitalizing on Structural Change Timing ..... 22
   - Portfolio Construction ..... 22
   - Shorting Global Utilities ..... 23
     - Experience with Dividends and Investor Behavior ..... 23
     - Key to Electron's Process to Identify Dividend Change Candidates ..... 23

Appendix 2: Global Utility Sector Background ..... 25



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## 1. Executive Summary

This White Paper discusses Electron Capital's ("Electron") views on the global utility sector and outlines why now is a particularly advantageous time for long/short investing in the sector using Electron's research approach that focuses on structural change.

Electron's 5 investment professionals, working together an average of 6 years, have generated a 7-year track record of long/short investing in the global utility sector. Returns have annualized 10.3% and have been characterized by strong alpha generation (80% of returns; Jensen's alpha calculation) in a dismally-performing global sector (-0.2% absolute).

Electron will continue its approach with the **Electron Global Fund, an absolute return product**. (See Appendices 1 and 2 for Electron's process and the sector's history.)

Electron invests in a deep universe of utility and infrastructure stocks, comprising 375 companies with a market cap of $2.8 trillion. Our approach is truly global as 40-60% of the portfolio's historical gross has been allocated outside the US. Stocks covered include the electric, gas, water and waste utilities in addition to infrastructure companies (defined as those levered to utilities or utility-like). For the sake of simplicity, the rest of this White Paper will focus on the electric utilities, the largest subsector; we refer to this subsector when we reference "utility".

- **Advantageous time to be long/short investing in the global utility sector (Section 2)**.
  - Structural change in the sector has been accelerating after a recession-induced slowdown.
  - Long-only investors are not positioned for such structural change in what is the world's most underweight sector.
  - We believe hedge fund investors have already begun to make this turn as evidenced by a significant increase in net exposure over the last 6 months.

- **Structural changes will drive the largest alpha opportunities in all major regions (Section 3).**
  - US utilities will face the strongest headwinds, yet structural change will occur which will drive alpha opportunities. We believe the most interesting US structural changes will have a magnified effect internationally given commodity interlinkages.
  - European and Asian utilities offer the most abundant and attractive alpha opportunities.
  - Japan and Latam will be more trading markets over the near term.

- **Some structural changes will have a global impact (Section 4)**.
  - The shale gas and coal price washout (with its knock-on effect on global power prices) is largely over; the global utility sector has substantial optionality to any increase in power prices due to natural gas and coal prices, which will be heavily influenced by trends in the US.
    - On the supply side, US spot gas at $3.42/mmbtu is below the breakeven full-cycle natural gas production cost of $3.50-4.00/mmbtu. We believe this provides downside protection to the current gas price despite the proliferation of shale gas.
    - Potential additional demand for natural gas is enormous:
      - In the US power sector (37% of demand), EPA mandates will force coal plant closures (e.g. potentially adding 10% to natural gas demand) and increase the marginal switching cost for the most efficient plants to $4/mmbtu, providing a runway for structurally higher gas demand/prices.
      - Other large potential structural sources of demand arise from LNG exports (also 10% of US demand), a gas-intensive industrial renaissance (also 10%), and substitution of LNG/CNG for oil-based vehicle fuels.



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        - Leverage to higher power prices can be substantial. For example, in the US every $1/mmbtu improvement in natural gas prices increases Exelon's long-term earnings by more than 20%, whereas for pure generators such as NRG the leverage exceeds 30%.
        - In Europe, where power is generated at close to cash production cost in many markets, even a modest (e.g. 10%) combination of changes in coal, carbon and Euro prices can have a 25-50% earnings impact on several European utilities.
    - Global utility capex (ex-US) is rebounding after a recession-driven slowdown:
        - System-enhancing transmission capex is accelerating in Europe and Asia and is firm in the US.
        - US, European and Asian utilities are building much of the infrastructure needed to capitalize on the global shale gas boom underway.
        - In emerging markets, infrastructure spending is occurring across the entire value chain.

- **Substantial alpha opportunities follow periods of underperformance (Section 5)**.
    - Current MSCI World Utility Index underperformance against the MSCI World Index is the deepest (-67%) and longest (4 years) of the modern utility era, caused by a perfect storm of factors (see page 15).
    - Despite the strong rally in equity markets since the depths of the financial crisis, the global utility sector is still down -11% in absolute terms and has underperformed the second-worst sector (telecom) over the same period by -23%. Previous periods of underperformance have set the stage for substantial alpha opportunities driven by fundamental investors re-entering the sector.
    - The global utility sector does not need to outperform for Electron to generate solid performance; 80% of our 7-year return (10.3% per annum) is from alpha (Jensen's alpha calculation).

- **Investing in the global utility sector does not mean taking undue interest rate risk (Section 6)**.
    - The interest rate sensitivity of the sector has declined steadily since the modern utility era began in the early 1990s. US utilities remain the most interest rate-sensitive companies regionally.
    - We track interest rate risk for all positions in our risk model, and the portfolio's net interest rate risk is kept within acceptable limits as we select stocks. In addition, **Electron's return correlation to interest rates historically is slightly lower than the HFRI Equity Hedge Index's return correlation to interest rates.**
    - This process has worked well for us as Electron has posted strong returns and alpha generation in both increasing and declining interest rate environments.

- **Investors should always have an allocation to the global utility sector.**
    - This is a large-cap, dividend-generating sector that is vitally important to national economies, and which is subject to undercurrents of deregulation and competition. This has produced ample long/short opportunities in the past and will continue to do so for the foreseeable future.
    - Moreover, **an allocation to global utilities provides a diversification benefit to investor portfolios**. The risks affecting a global utility sector fund are very different from those affecting other long/short funds and diversification enables higher returns per unit of risk. Electron's 7-year track record correlation to the S&P 500 and HFRI Equity Hedge indices is .41 and .68, respectively (.18 and .55, respectively, in down markets).



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## 2. Structural Change – Advantageous Time for Global Utility Sector Long/Short Investing

**The high level of structural change occurring around the globe makes this a particularly advantageous time to be long/short investing in the global utility sector**. The various examples for each region, the importance of structural change to each region and the opportunities are listed in Section 3.

- Structural Change in Electron's Research Process

  Since the original Electron was formed in 2004, Electron's research process has focused on structural change to determine its impact on the underlying future earnings potential of our companies (see Appendix 1, page 22). Whenever there is structural change, distortions and inefficiencies arise. These invariably result in **both winners and losers among utility stocks**, in large part because of the heavy influence of public policy on the sector (e.g. governments and regulators). Policymakers will never want to knowingly provide windfall profits to utilities; if a structural change is producing a winner, we look for the loser. If a loser cannot be found, we keep looking: the loser will eventually surface.

- Structural Change Cycle

  As cycles are an important feature of life, so are cycles of structural change important in the global industry. During the recession **following the financial crisis, the activity level of structural change did slow down around the globe**. This is not surprising as governments, regulators and other stakeholders slowed the pace of structural change (i.e. a hunkering down mentality took hold among utility stakeholders) and companies slowed their rate of capital spending (because of uncertain economic growth prospects). As time has passed, the outlook for global growth has stabilized, tail risks have been managed and confidence has returned, and companies have begun spending previously-delayed capex needed to ensure system reliability. This collectively has prompted utility stakeholders to pick up the pace of structural change. Given that we track structural change globally, we estimate that this **inflection point of increased structural change occurred approximately 12-18 months ago**.

- Investors Not Positioned for Structural Change Pickup

  That we are at an inflection point for a **pickup in structural change is underappreciated** by the market. Moreover, it is occurring at a time when there are fewer eyes focused on global utilities. The underappreciated pickup in structural change activity levels combined with low investor involvement **spells opportunity for the Electron Global Fund** as it plays to the Electron team's competitive advantage. This driver was critical to the investment professionals' decision to re-launch the independent Electron.

  - Long-Only Investors Substantially Underweight but Hedge Funds Turning

    The global utility sector is the **world's most-underweight sector by a large margin**. Moreover, the underweighting has dipped to a comparably extreme level only 4 times (including now) over the last 10 years. Each time this extreme has been crossed, over the next 24 months global utilities rose by 38% on an absolute basis and outperformed the global broad market by 20%, on average.



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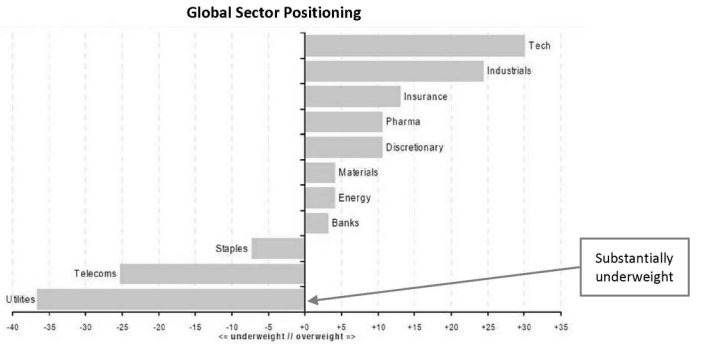


Source: Bank of America Merrill Lynch Global Fund Manager Survey, Feb 12, 2013

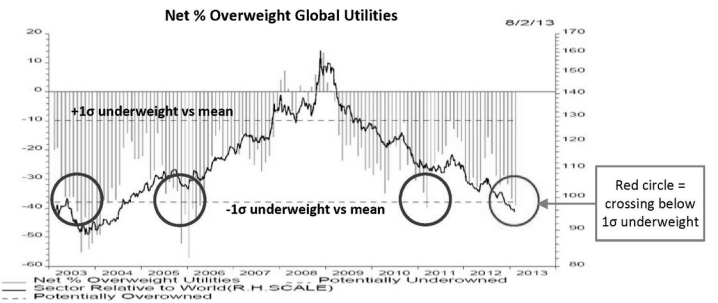


Source: Bank of America Merrill Lynch Global Fund Manager Survey, Feb 12, 2013

The sector has been not only a substantial long-only underweight, but also a wholesale short for many macro/generalist hedge funds. However, it is very interesting to note that an inflection point appears to have occurred in the middle of 2012, with **hedge funds increasing their net exposure to the global utility sector** after a long period of reducing net. The long/short ratio of utility stocks held by hedge funds fell from 3.0x in Jan 08 to about 1.7x in Jan 12 (4 years), but has since risen by 60% to 2.7x, which is more than twice the increase for hedge funds' overall net exposure during the same period (source: Goldman Sachs).

Based on discussions with the Street, it appears that this short exposure has been expressed via ETFs, regional utility indices or large bellwether index utility proxies. Individual name crowdedness has continued to remain at a low level (e.g., utilities rarely show up Goldman Sachs Hedge Fund VIP list – ticker GSTHHVIP). Today, **utilities account for the lowest in gross assets held of the 10 global sectors**. (Source: Goldman Sachs Hedge Fund Trend Monitor analysis of 700 hedge funds with $1.3 trillion in gross assets.)

In addition, global QE programs have boosted demand for higher-beta stocks, which has contributed to the recent relative underperformance of and lack of interest in utilities. However (see below), the underperformance of US utilities has diminished with each successive QE round (QE1



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underperformance -39%, QE2 -12%, QE3 -5%), which signals exhaustion of selling pressure as the relative value of the S&P versus utilities has stretched further. Given widespread use of QE, a similar effect can be found in other regions.

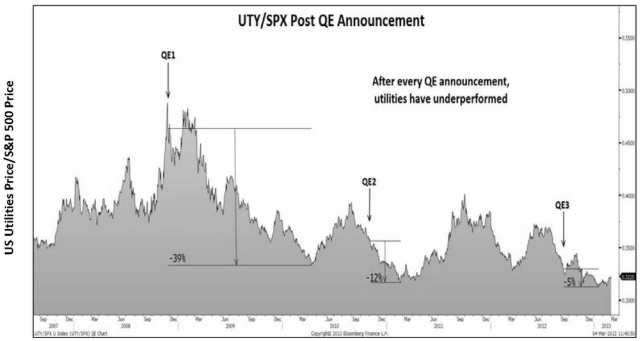


Source: Bloomberg

## 3. Regional Structural Changes Driving Alpha Opportunity

Structural changes are occurring in all regions. Those in which Electron is currently investing or tracking closely are as follows:

- US Utilities

  Of the global utility markets, **we expect the US utilities market to face the strongest headwinds** and be the least-attractive market for alpha generation over the next 2 years. Since the financial crisis, **the US has been the best-performing region** for utilities of all the developed markets, outperforming European utilities by 40% over the last 4 years, and it is the region which is only slightly underweight by investors.

  The US is the most defensive of all regions because of the large weighting of regulated names. Since 2008, US utility earnings have been flat (versus a -45% decline in Europe), as consistent regulated earnings growth of 3-5% offset unregulated utility earnings declines resulting from lower power prices driven by falling natural gas prices. Notwithstanding flat earnings growth, **investors have re-rated the US utility sector's PE multiple** relative to the S&P as they sought more yield in a low-yielding QE environment. Today, US utilities are close to the sector's pre-crisis record valuation peak (trading at a 7% PE premium to the S&P 500) when investors were discounting higher earnings growth from tightening power markets (see below).



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Source: Bloomberg

While we will continue to see solid growth from the regulated names, and a total return argument can still be made that justifies the current premium valuation of US utilities, we do see capex growth starting to level off. This is the opposite of what will happen in Europe and Asia, where we expect regulatory capex to increase. Moreover, we believe **US utility regulators will continue to pressure returns on equity (ROEs)** as interest rates remain low. We believe there is greater opportunity among companies with non-regulated power generation assets, as we expect firm natural gas and thus power prices to flow through to earnings. Note, for example, that every $1/mmbtu improvement in natural gas prices would increase Exelon's long-term earnings by more than 20%, whereas for pure generators such as NRG the leverage exceeds 30%.

Below is a partial list of structural changes driving long/short opportunities in the US:

**Electron's structural changes: US**

- **Coal retirements' impact on power markets**
- **Change in competitive generation market structure as a result of the shale gas boom**
- **Transmission spending to integrate renewables/improve reliability, and its impact on power prices**
- **Obama initiatives on climate change legislation, and the EPA threat**
- **Energy efficiency initiatives – utility uncoupling , demand growth**
- **Nuclear assets facing closure – impact on power markets**
- **Renewables' power markets distortions (impact on peak and off-peak power prices)**
- **Increased infrastructure spending to move shale gas from basins**
- **LNG export impact on gas and power markets**
- **Regulatory ROE changes with low rates, higher capex, declining load growth, commodity price changes**
- **Increased generator retail selling versus wholesale**
- **Capacity market in TX, CA**
- **State generation subsidy impacts on capacity markets**
- **M&A and asset divestitures' impact on power markets and utility risk profiles**
- **Oil-to-gas residential switching**
- **Electric vehicle demand impact**
- **Regional load growth changes – manufacturing renaissance, state taxes, etc.**



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- European Utilities

We believe European utilities have the potential not only for the strongest outperformance but also for the greatest alpha generation. Since the financial crisis, European utility earnings have declined approximately -45% which is slightly less than European broader market earnings declines of -51% (Stoxx 600 or SXXP) and -58% (Stoxx 50 or SX5E). Prior to the crisis, European utilities used to trade at a 20% premium to the broader market. During the recovery, European utilities suffered a -43% derating and now trade at a 31% PE discount to the broader market. Most of this derating is explained by the European utilities' lack of participation in the European broad market PE multiple re-rating (SX5E +115%, SXXP +76%) since the recovery beginning in 2009. Moreover, approximately 40% of the sector is now trading below book value.

Clearly, investors appear to believe that earnings have troughed for European companies broadly, but not for European utilities. Concerns about political intervention along with low power and carbon prices have prevented a re-rating of the sector. However, we are comfortable that we are **close to a bottom**, and that optionality is asymmetrically skewed to the upside for the European utilities, as **many generation assets are producing power at close to cash cost**.

Relative to US utilities, European utilities have underperformed by -40% and the relative PE has de-rated by -11% since the crisis. The average European utility's relative dividend yield is now 95% higher than that of US peers before the crisis. Although some would argue that dividend cuts are coming (we agree broadly, and see several interesting short opportunities), we do not see the entire sector's dividends being cut by 50%, as stock prices imply. As such, the sector today has dividend support even though some dividend cuts will undoubtedly happen.

In addition to dividends, potentially higher power prices from both higher European coal and carbon prices could also provide support. At present, the carbon market (EU ETS) in Europe is dysfunctional, with carbon trading at €5/tonne, well below the cost required to spur investment in low-carbon generating capacity. We expect the carbon market to be restructured (already being discussed), thus raising the price of carbon and increasing power prices. Moreover, with China's GDP growth reaccelerating and 70% of the resulting rise in electricity production generated from coal, we would anticipate a modest growth in coal consumption in the Asian seaborne market, thereby supporting South African and European coal prices. Given our view of rising US natural gas prices, we expect coal exports from the US to Europe to fall. These are all factors that should support European coal prices even before accounting for greater demand for coal that might come from Europe should growth return. Notwithstanding, short opportunities will remain in several European markets due to the influence of renewables.

Moreover, if the European Central Bank were to lower its Main Refinancing Operations rate, currently 75 bps, and provide other monetary policy support, we would expect not only increased demand for electricity (which would increase coal consumption) but also a weaker Euro would increase the Euro price of coal (in Europe) and thus power prices. There are a number of factors at work here, and it is difficult to predict levels with any degree of accuracy, but even **small changes would have a significant impact** on the sector. For example, a combination of a +10% increase in coal prices, -10% decrease in the Euro/$ exchange rate, and a rise in the carbon credit price from €5 to €10/tonne would produce 25-50% earnings upside in many continental European utilities.

Below is a partial list of structural changes driving long/short opportunities in Europe:



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**Electron's structural changes: Europe**

- **EU energy efficiency directive and load growth**
- **EU ETS (carbon market) changes**
- **Renewables build and power market distortions**
- **Mismatches between tariff rises and costs/capex**
- **Infrastructure spending impact on energy costs and power/gas competition**
- **UK capacity markets**
- **Large combustion plant directive (LCPD) (UK)**
- **Power market impact of nuclear phase outs (Germany) and new nuclear build (UK)**
- **Political interference on the continent (taxes, return formulas, tariffs)**
- **M&A, divestitures, privatizations' impact on power markets and changing utilities' risk profiles**
- **Bifurcation of sector valuation because of WACC changes**
- **European gas price delinkage from oil**
- **Ongoing renegotiation of Gazprom contracts**
- **European utility non-regulated investments moving offshore**
- **Erosion of the Italian power price premium**
- **New Italian water regulations**
- **Shale gas potential in Europe**
- **Implementation of Russian RAB-based regulation**
- **Electric vehicles**

- Asian Utilities

The Asian utility sector is a tale of two worlds. One enjoys a stable regulatory environment and solid power purchase agreements, as in Hong Kong and Thailand; the other is a victim of government intervention, as in Korea and China. The two worlds can coexist in the same country, for example in Malaysia where independent power producers enjoy solid power purchase agreements while utility Tenaga, which is a large employer and which faces the consumer directly, suffers from political meddling. Capex cycles and potential regulatory changes, respectively, tend to dominate performance of the two sides. For example, Korea Electric Power has outperformed sharply at times in the past on even small steps toward fuel cost passthrough implementation. In India's chaotic power markets, outperformance could arise from even small steps toward implementation of urgently-needed reform, e.g. any movement to improve access to fuel supply (notably coal) for independent power producers. The dichotomy between the two "worlds" of the Asian utility sector provides ample opportunities to generate alpha.

The vast population and developing nature of the region, and consequent issues of energy security and environmental sustainability, create **additional forces for structural change**. For example, as China increasingly promotes natural gas usage, we will see gradual pricing reform, more natural gas imports, greater natural gas vehicle adoption and accelerating shale gas development.

Below is a partial list of structural changes driving long/short opportunities in Asia-Pacific (ex-Japan):



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**Electron's structural changes: Asia-Pacific ex-Japan**

- **China power market policy changes to address record pollution levels**
- **Impact on China's power market of selective coal plant approvals**
- **Accelerating development of shale gas in China**
- **Urgently-needed power reform in India to address fuel, power tariff and grid issues**
- **Potential carbon trading and Renewable Portfolio Standards (RPS) in China**
- **Increasing promotion of natural gas usage and price reform in China**
- **Fuel cost passthrough implementation amid a potential power shortage in Korea**
- **Continued support for nuclear power by China – new-build approval delay impact**
- **Increased robustness of fuel cost passthrough regimes**
- **Indian import duties on equipment**
- **Increasing pressure on electricity tariffs in HK**
- **Rising Australian domestic gas prices on LNG export arbitrage**
- **Australian carbon market future**
- **Consolidation of the Australian supply market into an oligopoly**
- **Australian state regulatory evolution (e.g., electricity in Queensland)**

- Japanese Utilities

The **impact of the Fukushima incident on Japanese utilities** will last for years. Nuclear policy will continue to be reviewed – notably the decision whether to restart nuclear power plants – which will affect the utilities' long-term fuel mix and therefore cost base.

For example, Kansai Electric Power, which has the largest exposure to nuclear generation after Tokyo Electric, stopped paying dividends after the nuclear shutdown. Every 1% change in its nuclear fleet utilization rate will affect earning by almost 10% over a normalized level; nuclear policy decisions can thus create outcomes for share prices of +/- 50%.

The ripples from changing nuclear policy will have a long-lasting impact, both negative and positive, on companies involved in the nuclear value chain (e.g., reactor manufacturers such as Mitsubishi Heavy) and other power-related sectors such as gas and renewable energy. Relative to other regions, Japanese utilities will be the most affected by macro factors (e.g. the Yen, interest rates, fossil fuel prices, etc.).

Below is a partial list of structural changes driving long/short opportunities in Japan:

**Electron's structural changes: Japan**

- **Fukushima incident's impact on Japan's power-related sectors such as LNG and power equipment**
- **Derating of sector as a result of the government's response to Fukushima**
- **Restart of nuclear plants with Abe administration and prefecture support**
- **Fuel cost impact from Yen depreciation**
- **Movement to higher value-added renewable energy systems**



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- Latam Utilities

Latin America will be a **trading market** for the next year or two. These markets, with the exception of Chile, are subject to significant government intervention, which follows long cycles; Brazil is early in the interventionist cycle (e.g., Brazilian President Dilma Rousseff's recent politicization of electricity tariffs), while other countries such as Argentina are closer to the end.

Below is a partial list of structural changes driving long/short opportunities in Latin America:

**Electron's structural changes: Latin America**

- **Brazil's tariff intervention and consequent derating of sector**
- **Argentina's increasingly urgent need for system investment and tariff increases**
- **Shale gas development in Argentina and its impact on power prices and regional markets**

## 4. Global Structural Changes Driving Alpha Opportunity

In addition to region-specific structural changes, there are structural changes that have a global impact on the utility sector.

- Power Prices are Skewed to the Upside

The cost of **natural gas and coal sets the marginal power price in many power markets** around the globe. The rapid rise in US shale production that began in 2007 caused domestic gas prices to decline much more rapidly than other fuels and put downward pressure on power prices both in the US and globally. For US gas-fired generator Calpine, lower fuel costs offset lower power prices and the company emerged a relative winner. Virtually all other US generators employ a mix of assets fired by costlier fuels and suffered a tremendous margin squeeze, with – in the most extreme example – coal-fired generator Dynegy declaring bankruptcy in 2012. We believe the downward trend in US natural gas prices has flattened for reasons noted below, and upward optionality remains, which will affect power prices not only in the US but also Europe and Asia given cross-border commodity linkages.

In Europe, in an example of the regional, non-correlated character of the global utility sector, a quite **different dynamic** has taken shape, with coal-generated power margins remaining attractive relative to natural gas-fired generation margins. Coal prices in Europe have declined as a result of cheaper US and Colombian coal imports (because of US shale gas) and the knock-on effect of softening Asian coal prices. Carbon costs (i.e. EU ETS) embedded in power prices also have declined, from €16/tonne 2 years ago to €5/tonne today, largely as a result of the European recession. With European natural gas prices at 3x US prices (unlike in the US, natural gas prices in Europe are linked by convention to oil), European utilities have been minimizing natural gas generation and maximizing coal generation. So, unlike the situation in the US, coal generators such as Drax in the UK have enjoyed better margins on higher power output (see below) as gas plants sit underutilized.



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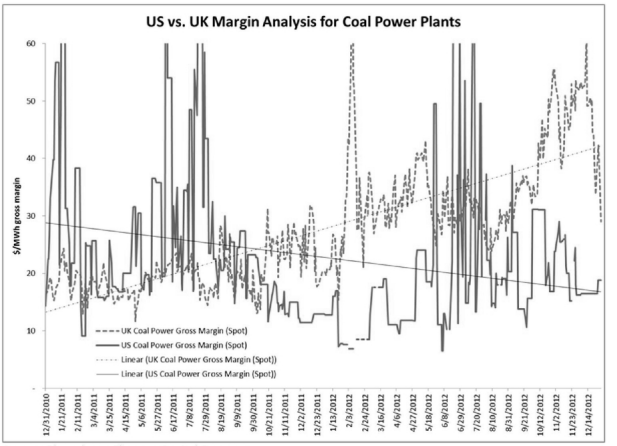


Source: Bloomberg, Electron Capital Partners

**We believe a floor price exists for natural gas despite shale production**. We fully acknowledge that the US has large reserves of shale gas awaiting development. However, the current spot price ($3.42/mmbtu) sits below the breakeven full-cycle cost of most US basins ($3.50-$4.00/mmbtu), which has led producers to focus on liquids-rich plays and de-emphasize dry-gas production. Accordingly, the gas rig count is at a decade low and the Energy Information Administration expects gas production to be flat through 2014. With the wide spread between oil and U.S. natural gas prices likely to continue, we expect the growth in liquids shale production to remain much higher than gas.

On the demand side, the power sector is the largest consumer (37%) of natural gas in the US. At prices below $5/mmbtu, coal switching begins, and at prices below $3/mmbtu, gas-fired power generating units become competitive against even the most efficient coal units. Importantly, the breakeven point for coal-to-gas switching will rise materially due to EPA mandates. By 2015, these standards move the breakeven point for the most efficient coal units from $3/mmbtu to approximately $4/mmbtu, close to where current forward prices sit.

**Large potential structural changes in demand create upside optionality.** There has been much media focus on the growth of shale gas production, so much so that we believe potential demand drivers are underappreciated. For example, currently-planned US coal plant retirements, if repowered with gas, would support an additional 6 billion cubic feet per day (bcf/d) of gas demand, adding nearly 10% to total US demand. In addition, we see the potential for LNG exports to exceed another 6 bcf/d (27 bcf/d of project capacity awaits US Department of Energy approval). Cheap gas is also spurring an industrial resurgence, with new petrochemical plants being proposed in the Gulf and traditional coal users such as steel mills contemplating refiring their facilities with gas instead of metallurgical coal. Longer term, LNG as a vehicle fuel substitute for long haul trucks and CNG for lighter vehicles could also add materially to gas demand. Given the number of possible structural demand changes and the enormous potential from each, we believe the optionality for natural gas prices is clearly to the upside.

We believe the recent trend of softer US natural gas prices leading to a deflationary impact on global utility sector earnings is, then, largely played out. Longer-term, we see many positive demand



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fundamentals that are supportive of higher natural gas prices; while we don't expect a return to the commodity boom times of 2003-2007, a turn in trend will be very supportive of higher share prices.

- Capex (ex-US) is Rebounding Post-Recession

Capital spending precedes earnings, and **utility capex (ex-US) is rebounding after a recession-driven slowdown**. In particular, transmission spending is accelerating in Europe (Germany, Spain, France) and Asia while remaining firm in the US. Transmission capex not only enhances system reliability but also system efficiency, by enabling the delivery of the most efficient generation to meet demand. Many transmission grids face bottlenecks because of the inclusion of intermittent renewable generation in areas with ample wind and solar resources but located far from customers. Companies such as Northeast Utilities (US), National Grid (UK) and Elia (Belgium/Germany) are prime beneficiaries of this transmission capital spending, along with equipment providers such as ABB (Switzerland).

In addition, **many global utilities will be viewed as back-door beneficiaries of the shale gas boom globally** given the substantial amount of capex required to build new or upgrade existing infra-structure. US utilities are building much of the infrastructure to export gas out of the shale basins (Dominion, NiSource) and are building LNG liquefaction facilities (Dominion, Sempra) that are at the front of the queue for US Department of Energy approval. Several European utilities, such as GDF Suez (Belgium/France) and Gas Natural (Spain), and Asian utilities such as Kunlun Energy and ENN Energy (China; note that China has 2x the shale gas reserves of the US) are exposed to LNG infrastructure spending.

Finally, because of emerging markets' growth rates and a higher intensity of energy use, **emerging market utilities** will benefit from infrastructure spending across the entire utility value chain.

## 5. Substantial Alpha Opportunities Follow Periods of Underperformance

**The global utility sector has experienced record underperformance and often this precedes substantial alpha opportunities**.

- Record Duration and Depth of Underperformance

We have analyzed the price performance of the global utility sector since 1995, when MSCI introduced its Global Sectors. Although the period includes only 18 years of data, this is the relevant time frame as it effectively covers the entire period of industry deregulation (see Appendix 2, page 25).

As can be seen below, the current period of global utility underperformance is the deepest (-67%) and longest (4 years) of the modern utility era. Even with the strong rally in equity markets since the financial crisis, the global utility sector is still down -11% on an absolute basis. It has not only been the worst-performing MSCI global sector but has also underperformed the second-worst global sector by -23%.



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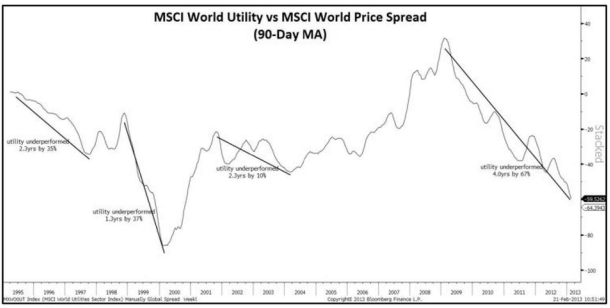


Source: Bloomberg

| MSCI Global Sectors | Price 1/1/2009 | Price 12/31/2012 | Performance |
|---|---|---|---|
| Consumer Discretionary | 68.5 | 132.4 | 93% |
| Information Technology | 54.2 | 96.9 | 79% |
| Materials | 146.1 | 237.2 | 62% |
| Industrial | 101.4 | 155.8 | 54% |
| Consumer Staples | 104.7 | 160.5 | 53% |
| Health Care | 89.1 | 128.4 | 44% |
| Energy | 181.9 | 238.9 | 31% |
| Financials | 63.0 | 82.0 | 30% |
| Telecom | 51.0 | 56.9 | 12% |
| **Utilities** | **113.4** | **100.9** | **-11%** |

Source: Bloomberg

- Reasons for Underperformance

  Much of this recent underperformance can be explained by investors' textbook preference, coming out of recession, to add high-beta stocks and shed low-growth utilities. This was exacerbated by:
  - soft power demand growth (particularly in Europe);
  - generation overcapacity;
  - delays in capital spending;
  - lower commodity prices (particularly as a result of US shale gas production);
  - central banks' quantitative easing;
  - political interference (notably in Europe);
  - high debt loads;
  - the Fukushima nuclear disaster in Japan; and
  - concerns about interest rate rises from today's very low levels.

  **It is hard to imagine a more perfect storm for the global utility sector** than that which has played out over the past 4 years.

- Potential Exists for Sharp Outperformance

  Globally or regionally, **it is not unusual to find long and/or sharp periods of utility underperformance** (as with the current record period). During such periods, when combined with wholesale shorts and market underweighting, the sector becomes **poised for extended outperformance rallies**. This results from fundamental investors (both long/short and long-only) rotating into the sector en masse, bidding up the best value and growth utilities and underweighting or shorting utilities with poor business



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models/prospects. This can be triggered by improving sector fundamentals, better data points, or conversely by events that instead lower investors' perception of economic growth prospects (e.g., policy errors, rising European sovereign yields, higher commodity prices, etc.).

As noted above (page 5), each time the sector's underweighting reaches 1 standard deviation below the mean, over the next 24 months global utilities rise by 38% on an absolute basis and outperform the global broad market by 20%, on average (see graph below).

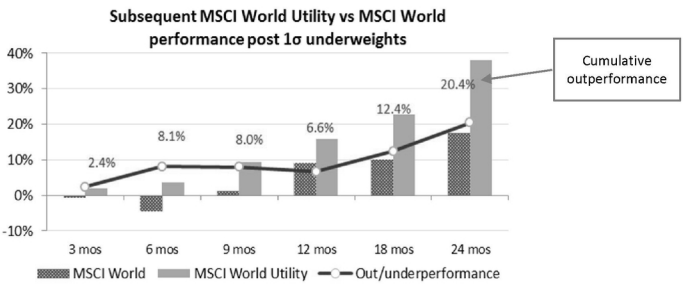


Source: Bank of America Merrill Lynch, Bloomberg

When these outperformance rallies occur, the potential **massive alpha opportunity** can be substantially greater than the return from a fund's net position.

As examples, we highlight the lessons from the dotcom period (second only to today's record underperformance) and lessons from Japan (given the deleveraging environment of today).

- Post-Dotcom Rallies

  **The last time we saw underperformance anywhere close to today's magnitude was during the 3-year run-up to the dotcom bust** (see graph below) as investors grabbed for growth in the "new economy". During the run-up (Jan 97-Jan 00), tech and telecom were the best-performing sectors, +322% and +162%, respectively. The global utilities sector was the second-worst-performing global sector, +12% and in line with the +9% worst-performing materials sector.



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Source: Bloomberg

Of course, not all investors sold utilities – some were astute buyers. Warren Buffett (at the time, thought to be a bit out of touch with the new economy) acquired $12 billion worth of utility assets between 1999 and 2002, namely MidAmerican ($9 billion), Kern River Gas Transmission ($960 million) and Northern Natural Gas ($1.9 billion).

Following the dotcom bust (Mar 00-Sep 01), global utilities staged a sharp catch-up rally over a 1.5-year period, generating +33% outperformance (-5% absolute). During this period, US utilities (which previously were the worst-performing region for utilities during the run-up) outperformed +68% (+37% absolute). But the **averages conceal some outsized moves in utility stocks** as investors returned to the sector en masse. Early investors realized enormous absolute returns on low-beta US utility stocks (e.g. SO +114%, ETR +114%, FE +99%, AEP +91%, PEG +78%) while the S&P sank -31%. Still, investors were discriminating as several stocks (e.g., CVA -45%, AES -34%, EIX -19%, PCG -16%, NU -3%) suffered absolute declines.

In Europe, the UK water utility stocks (among the lowest-beta/volatility stocks in the global sector) were wholly ignored during the dotcom rally despite their improving fundamentals. Following the dotcom bust (Mar 00-Sep 01) they also staged a fierce outperformance rally, and early fundamental investors realized very attractive absolute returns (e.g. Pennon +80%, Severn Trent +52% and United Utilities +21%), and enormous outperformance of the broader market (FTSE 100 Index -33%). This is all the more impressive when you consider that these water utility stocks have betas of approximately .43, less than half that of the broad market.

Again, fundamental investors were discerning as several European utilities experienced absolute declined during this same period (e.g., EDP -31%, Enel -30%, Endesa -20%, Centrica -19%).

- Japan Rallies

**Japan offers insights into potential utility outperformance during periods of private sector deleveraging similar to what developed markets have experienced since the financial crisis**.

Richard Koo, Chief Economist of the Nomura Research Institute, cites two major policy errors that extended Japan's long balance sheet recession: increased taxes in 1997 and expenditure cuts in 2001. Both policy errors were preceded by a long or sharp period of utility underperformance relative to



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the broader market. Following the policy errors, Japanese utilities staged exceptionally strong outperformance rallies lasting over 1.5 years, on average, and outperforming the Topix by 30-40% (graph below).

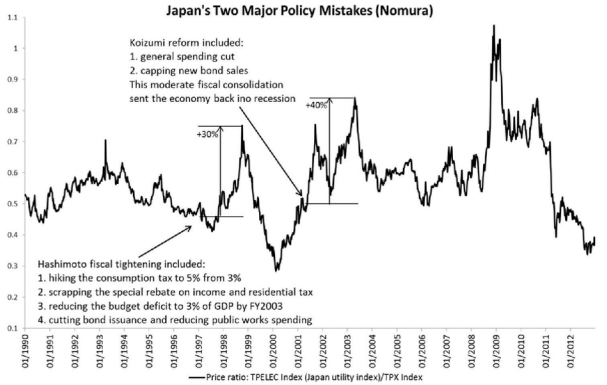


Source: Nomura Research Institute, Bloomberg

During the Jan 97–Nov 98 policy error period, fundamental investors bid up the better prospects (Tokyo Electric Power and Osaka Gas each rose 34%) while the Topix declined by -19. During this same period, some Japanese utilities also posted sharp absolute declines, such as Hokkaido Gas -49%, Saibu Gas -30% and Okinawa Electric -27%. During the May 01-May 03 policy error period, Okinawa Electric and Hokkaido Gas rallied +40% and +23%, respectively, while the Topix declined -44% and Tokyo Electric Power and Osaka Gas declined -13% and -7%, respectively.

The Japanese utility experience is very interesting as several **economists question whether the US is currently committing similar policy errors** while deleveraging is still occurring in the private sector (e.g. the US just increased income and payroll taxes and is implementing austerity measures). The Japanese experience demonstrates the potential for strong outperformance rallies during periods of deleveraging, demonstrating the alpha opportunity arising from an influx of fundamental investors into the sector after periods of limited interest.

- Potential for Yield Catch-up

Unlike other income-oriented investments such as Treasuries, German bunds, UK gilts, investment-grade bonds, high-yield bonds, emerging market bonds and MLPs, all of which have rallied strongly – some believe as the result of a yield bubble – **the global utility sector has been left behind**; yet certain parts offer a compelling investment yield opportunity today. If some fixed income cross-over investors become more concerned about inflation (because of economic growth), yet continue to be squeezed by the QE programs of the Fed, BOE, BOJ, etc., then they could begin shifting into global utilities. This seems logical, as such **investors would look for the closest bond proxies** in the equity market, the utility sector, rather than bypass utilities for high-beta broad market stocks. **Given the enormous amounts of capital controlled by fixed income cross-over investors, even a small reweighting could have a significant effect in bidding utility stock prices up and yields down**.



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## 6. Interest Rate Risk – A Common Misperception

We find a common misperception among investors to be the degree of interest rate risk in the global utility sector, as **interest rate sensitivity has declined steadily** since the modern utility industry came into being in the early 1990s.

There is a relatively higher degree of interest rate risk in the defensive, fully-regulated utilities given their bond-like returns and the capital-intensive nature of the industry, which demands heavy use of debt financing. Such defensive fully-regulated utilities can be found in all regions, however the **highest concentration is found in the US**. European, Asian and Latam utilities are more levered to economic growth and therefore tend to be no more interest rate-sensitive than broad market equities.

Even the performance of the more interest rate-sensitive US utilities is not fully determined by interest rates. For example, during the market rally from fall 2002 to summer 2007, the US utility sector generated a non-beta-adjusted annualized total return 5.2% higher (2.8% from better price appreciation and 2.4% from dividend reinvestment) than the S&P 500, while the 10-year Treasury yield rose from 3.6% to 4.9% (+130 bps) over this period. Valuation re-rating and earnings growth from generators, as economic growth tightened power markets and raised commodity prices, outweighed the negative impact of rising interest rates.

We would note furthermore that yield relationships have moved to unprecedented extremes such that, for example, the **dividend yield for US regulated utilities versus the 10-year Treasury yield currently sits at 7 standard deviations above the mean** from the historical pre-2008 environment (see graph below). **An even more dramatic relationship exists for the European utilities**. This suggests that policy rates are at such levels that there is substantial cushion against rising rates.

Source: Bloomberg

Finally, **we track interest rate risk in the Electron risk model for all positions**. We are not looking to make macro calls, and the portfolio's net interest rate risk is kept within acceptable limits as we select stocks in the global utility sector. This process has worked well for us as over 7 years we have posted strong returns and alpha generation in both rising and falling interest rate environments. As a result, many investors are pleasantly surprised to learn that despite perceptions of the global utility sector's interest rate sensitivity, **Electron's return correlation to interest rates is slightly lower than the HFRI Equity Hedge Index's return correlation to interest rates.**



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**Appendix 1: The Team and Our Process**

- Electron Focus

  Electron's universe of utility and infrastructure stocks is deep, comprising 375 companies with a market cap of $2.8 trillion. Stocks covered include the electric, gas, water and waste utilities in addition to infrastructure companies (defined as those levered to utilities or utility-like). Our approach is truly global as 40-60% of the portfolio's historical gross has been allocated outside the US.

- Electron Team

  Electron's cohesive, long-standing team consists of 8 members, including 5 investment professionals who have worked (with Jos Shaver as Portfolio Manager) at SAC Capital and the original Electron Capital for an average of 6 years. In addition, 4 of the 5 investment professionals have lived outside the US, a distinct competitive advantage given our global approach. Each investment professional brings his/her own specific expertise and diligent research to our process, working collaboratively across regions to conduct deep-dive research on the most compelling opportunities in the global utility sector.

  The other members of Electron complement the skills and experience of the investment team. Electron's experienced operations/investor relations professionals are former Intrepid Capital employees who worked with the Electron team during the first iteration of Electron (2005–2008) when the firm had a services agreement with Intrepid Capital.

  Finally, a Senior Advisory Board consisting of former C-level utility executives from around the globe has been with the team since the launch of the original Electron Capital in 2005, and all have rejoined for Electron's re-launch.

  As Portfolio Manager, Jos Shaver has covered the global utility and infrastructure sectors for the past 21 years, and his sector perspective benefits from his having lived 10 years abroad (5 years in Asia covering the Asian utilities and 5 years in Europe covering European utilities) and 11 years in the US. In addition, as Managing Partner, Jos controls all major decisions at Electron.

- Track Record (7 years)

  Electron's 7-year track record (3 years audited from the original Electron and 4 years from SAC Capital) has annualized 10.3% since inception and has been characterized by strong alpha generation on both the long and short side (80% of returns, based on Jensen's alpha calculation). Electron generated this 7-year track record during an exceptionally challenging period for global utilities – the MSCI World Utility Index has been the worst-performing MSCI Global Sector ex-financials over the track record period, down -0.2%. Notwithstanding, Electron's track record has bested the MSCI World Utility, S&P 500 and HFRI indices by 91%, 67% and 61%, respectively.

- Process

  First, given Electron's global approach to utility research**, we tend to have a clear competitive advantage with respect to early recognition of cross-border structural change** (e.g., how a change in Asian seaborne coal market might affect off-peak power prices and thus earnings for a Midwest US utility). Moreover, our global research approach allows us to gain perspective on structural change outcomes given our knowledge of global precedents and the likely reaction from various interested parties (e.g., governments, regulators, managements, customers, consumer groups, rating agencies, shareholders, debt holders, et al.) We analyze other global precedents, develop a thesis and then conduct deep-dive research to gain conviction. Once we have developed a structural change thesis, we proceed to a full bottoms-up analysis



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of the earnings impact for the relevant companies, and assess what might be priced in by thoroughly reviewing the Street's numbers and commentary. It should also be noted that the same structural event often affects not one but several companies, and the implementation of these structural changes are typically not one-day events. As such, depending on the situation, we may have the opportunity to capitalize on the same structural change event several times as it develops.

**Our research process is our primary idea generator**. We travel extensively and, collectively, the 5 investment professionals will have between 600 and close to 1,000 meetings a year as we speak with companies, regulators, consultants, sell-side analysts and governments.

- Why We Take a Global Approach - The "Greatest Gift"

**Electron takes a global approach (historically, 40-60% of gross allocated outside the US)** to the utility sector: i) to spot structural change and resultant inefficiencies early, ii) to provide a wider canvas to allocate capital around the globe to the most attractive (from a risk/reward point of view) alpha opportunities and, most importantly, iii) to enable the Electron Global Funds to take advantage of the **global sector's very low inter-regional correlation** (i.e., correlation of regions within the global sector; lowest of all MSCI global sectors – see below).

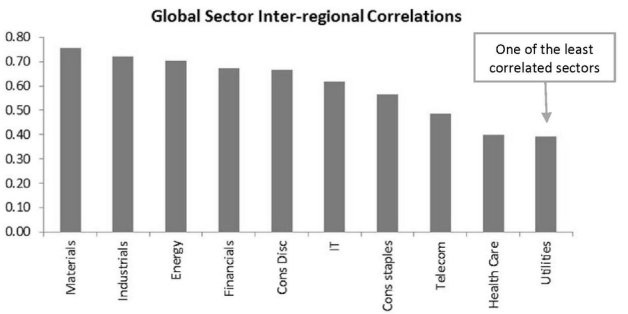


Source: MSCI, 7 years' weekly trailing correlation

We call this very low regional correlation the global utility sector's **greatest gift** to long/short investors as **it provides a greater return per unit of risk** if one has the ability to dynamically allocate capital to and generate alpha in all regions. There are few long/short global utility funds today given the global utility experience required to capture the greatest gift, as different countries have different utility market designs and structures.

**The Electron process starts with a focus on structural change** and we embrace the myriad of utility markets' differences around the globe because this approach leads to the most attractive alpha opportunities and the benefits of the "greatest gift". **We allocate capital dynamically** to the most attractive alpha opportunities in the global utility industry. As a result, the Electron Global Funds is only one fund, yet the "greatest gift" provides **the diversification benefit of 4 relatively uncorrelated regions and concentration in the globe's most attractive alpha opportunities**.



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- Capitalizing on Structural Change Timing

  Although some of the structural changes discussed earlier happen in days or weeks, e.g. fuel cost passthrough adjustments, others will take years to implement, for example, new capacity payment structures. Because of the sector's high earnings visibility, however, we do not have to wait until a particular structural change occurs for a thesis to play out. Utilities often have earnings visibility 2-3 years out (including Street estimates) which is in contrast to other sectors (e.g. tech) which often times do not have 2-3 quarters of visibility. As such, utility stock prices (and the Street's estimates) will begin to discount even some of the longer dated structural changes as clarity surfaces in the early stages. Therefore, there is a distinct competitive advantage for those who have an early understanding of such structural changes and the resulting earnings impact on affected utilities. We therefore focus our efforts on discerning the structural change opportunity early in an effort to come up with a view before it becomes obvious to the broader market.

  Moreover, there are often several opportunities over an extended time period to trade the same structural change as numerous stakeholders (e.g. government, regulator, company, customers, et al.) involved in the process distort market perceptions of the final outcome.

  Although **structural changes are the "home run" opportunities**, Electron returns are not limited to such changes, as we also consistently play for **"singles and doubles" in the global utility sector** with earning releases, regulatory reviews, dividend increases and decreases, relative value, regulatory arbitrage, etc.

  As evidence of Electron's ability to successfully trade both shorter- and longer-term structural changes, please note our sweet spot for generating returns over the 7-year track record has tended to be 45-90 days.

- Portfolio Construction

  Typically, the portfolio has 70-100 positions, but concentration is very important to generating returns. Historically, the top 10 longs represent 40-50% of the Fund's value, and top 10 shorts represent 30-40% of the fund's value. Typically we will have a 10% position in the portfolio; this is invariably a liquid, big-cap utility name with limited downside and a good degree of upside which is expected to be favorably affected by a key, underappreciated structural change.

  The **stronger the conviction (from a risk/reward point of view) in the alpha opportunity, the higher the gross we run**. This flexibility in portfolio construction (which we successfully proved over 3 years during the first iteration of Electron) provides a distinct advantage given the utility sector's many low-beta, low-volatility stocks. During the original Electron Capital period, gross ranged from 150% to 215% and a median of 185% over the period. We see maintaining a similar operating range for gross for the re-launch for Electron.

  Regarding nets, **we will always have a properly hedged product** as there are always opportunities on the short side to generate alpha. Over our 7-year track record period, the net averaged 22% net long. During the first 3 years of Electron, our net averaged 30% long. Given our bearish view on utilities over the last 4 years, the net averaged 17% net long.

- Risk Model and Risk Management

  We view utilities as distinct bundles of risk. Just as we are staunch supporters of sum-of-the-parts (SOTP) valuation, we are also believers in SOTP risk monitoring. As such, our **risk model developed over the last**



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**8 years tracks approximately 60 industry, commodity, and financial risk metrics** and is a focus for the Electron team. For example, consider oil price risk; although there may be no direct oil exposure in the portfolio, there is indirect oil exposure if we were to be short Drax, a coal-fired generator that sells power into the UK power market. In the UK, natural gas sets the marginal price of power, and in Europe, by convention, natural gas is linked to the oil price; as such, a short position in Drax represents an effective short position in oil. We track this risk along with numerous other factors that affect utilities, with the purpose of minimizing risks for which we have no competitive advantage that would justify taking on the exposure. We describe the risk model in more detail in the marketing book. In addition, we make the Electron risk model available for all prospective investors' due diligence.

Each position in the risk model contains a thesis write-up (to avoid thesis creep); upside, downside and relative targets (for valuation discipline); and a time frame (to avoid collecting stocks). In addition to tracking numerous industry, financial and macro risks, we also track alpha generation for all of our regions, sectors, subsectors and sub-subsectors, which provides the added benefit of a granular window on market flows. Finally, we incorporate **an exponential function** into the risk model **that provides an early alert** and focuses our attention when something is not working. For example, we might be short XYZ utility with 30% downside potential over 3 months, and put in a 15% loss limit. If in the first week XYZ runs up 5%, it will trigger a "FAST" move alert in the risk model. If we cannot explain why the position is moving against us, we will cover (i.e., when in doubt, get out). As mentioned, this is not a crowded space (rarely do utility names appear on the Goldman Sachs Hedge Fund VIP list) and many names are low-beta, low-volatility stocks. However, often when money is lost on the short side, it is the result of small daily losses that would not be noticeable on any given day, but over even short periods of time can add up to sizeable losses.

- Shorting Global Utilities

  - Experience with Dividends and Investor Behavior

    During the underperformance of the global utility industry over the last 4 years, Electron generated very strong alpha on the short side. We spend almost twice as much time on the short side as we do the long side; this is driven not only by the need for more short positions (given the asymmetry of risk) but also because of **the effect of utility dividends on investor behavior**. For example, we might be short a large cap utility with a 4% dividend yield that we believe to be a structural loser. The stock might decline 25%, which would push the dividend yield up to 5.5%. Even though our valuation models might tell us there is still another 10-15% valuation downside, we will tend to cover (unless we believe the dividend is materially at risk), as the dividend yield will begin to provide support for the stock. The precise level of the dividend yield at which we would cover is as much an art as a science, as it is based on our experience in a variety of situations and our views on investor behavior (particularly income funds) gained over many years of covering the sector. As such, you will find us trading around our short positions more frequently than our long positions.

  - Key to Electron's Process to Identify Dividend Change Candidates

    We also have developed a certain expertise in being early and correctly calling dividend changes – an event that can have a dramatic impact on the performance of utilities given the make-up of the investor base. In our long experience, utility CEO/CFOs will strongly defend the company's dividend (often borrowing or selling assets to fund it). As such, when they do finally cut the dividend, or talk about the possibility, they often surprise the market.

    It pays to be diligent in assessing the potential for a dividend cut, and to be early, since once CEO/CFOs accept that their business model is deteriorating, they will quickly take action, especially if their companies have less flexibility (particularly with respect to cutting capex and opex). Large-cap utility managements desire strong credit ratings and are reluctant to risk an investment grade rating.



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They are in a capital-intensive business and need to preserve deep, low-cost access to both the equity and debt capital markets. Moreover, collateral requirements for forward power price hedging typically will spike if a utility loses its investment grade rating, which can spur concern about liquidity.

Building conviction around a dividend cut thesis requires more than screening. **Our process focuses on researching capex flexibility, cost-cutting potential and asset divestiture potential to determine the flexibility** a company has under various scenarios. Our research process breaks capex into 3 buckets: i) committed capex (e.g. required by the regulator), ii) nondiscretionary capex (e.g. major plant overhauls – CEOs tend to avoid delays so as not to jeopardize billion dollar-plus assets), and iii) discretionary capex (CEOs can delay but may jeopardize future growth).

Regarding opex, we look for cost-cutting capability, which we estimate by breaking apart the opex line or by global benchmarking. Finally, we estimate the potential impact from possible asset divestitures and the resulting impact on earnings and leverage. Once we have completed the research work on capex, opex and potential divestitures, we model various sensitivities from structural changes or other key drivers that might cause a deterioration or improvement in a utility company's business model against forward-looking credit rating agency (S&P, Moody's, etc.) ratios.



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**Appendix 2: Global Utility Sector Background**

- History

To gain a deeper appreciation of why the global utility sector is attractive for long/short investing, it is helpful to briefly survey the history of the sector and describe the utility value chain's components.

The utility industry as we know it began in 1882 when Thomas Edison built the world's first generating station on Pearl Street in downtown Manhattan. In the early decades the industry evolved along multiple lines but eventually settled into an integrated, fully-regulated model, deemed appropriate as utilities were considered to have monopoly power. During the era of full regulation, **utility stocks were often characterized as low-risk "widow and orphan" stocks** in the US, and large parts of the global utility industry remained government-owned. During these early days, long/short investing could not have existed at scale, as the ability to find and generate short alpha would have been difficult given the sector's government ownership and bond-like nature of returns.

In the 1980s, Lord David Howell (formerly UK Secretary of State for Energy in the Thatcher government) advocated having then-fully regulated power plants compete to sell their production into a competitive power market (a "power pool") where the price of electricity would be set at the intersection of supply (power plants) and demand (industrial users and electricity supply companies selling to households). This led to the **world's first competitive power pools being rolled out in the UK in the early 1990s**. While based in Asia, Jos Shaver led UBS' Asian utility industry group and had the privilege of working with Lord Howell when UBS acted as advisor to the State Power Corporation of China on the restructuring of that country's national power industry.

Competitive power pools have since sprung up all over the world, and regulators have pulled apart previously fully-integrated utilities in the name of efficiency and maximizing competition. In addition, governments around the world have begun to privatize their state utility industries and organize bespoke competitive market structures that best meet their needs. These changes have resulted in a hybrid modern industry which continues to evolve.

The deregulatory impulse has brought tremendous benefits to national economies, driving down costs and improving efficiency and system reliability, but has also produced unintended consequences, e.g., the high-profile bankruptcies of Enron, British Energy, Dynegy, NRG, PG&E and others. As such, although one can still find low-beta, low-volatility defensive stocks, **the global utility sector has not been for "widow and orphan" investors for quite some time due to structural changes** in an evolving industry that continue to alter the investment landscape.

It is important to note that **the modern utility industry is still in its infancy**, having begun in the early 1990s, and its continued evolution – structural change – will provide ample long/short opportunities for the foreseeable future. **Structural change catalysts are driven by**: i) a utility's various stakeholders, including governments, managements, consumers, et al. which seek to mold the utility to their needs and objectives, or ii) variables outside of stakeholder control such as commodity prices and new technologies. A **specialist approach** to the global utility sector is essential as each country's market structure (and often that of regions within countries) can be very different as a result of the varying levels of competition, market concentration, geographic constraints, infrastructure bottlenecks, regulatory constructs, fuel supply availability and so on.



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- Utility Value Chain

The electricity value chain for a modern day fully integrated utility consists of **Generation + Transmission + Distribution + Customers** (see diagram below). Each segment of the value chain is a different business, with distinct risks and economic drivers. Competition has surfaced in each part of the value chain other than transmission and distribution (which are fully-regulated assets as they are deemed to be natural monopolies). Still, regulators have learned to bring indirect competition even to monopoly-regulated businesses by encouraging returns based on efficiency improvements or benchmarking to comparable companies.

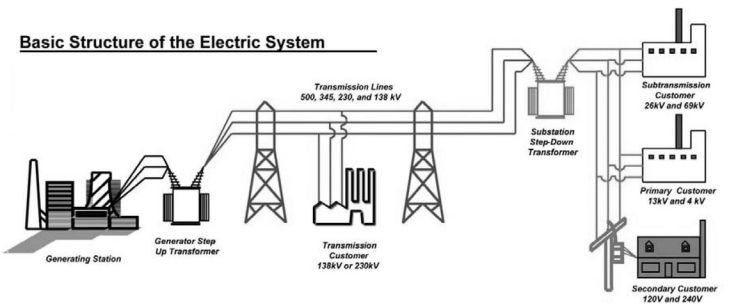


Source: US Department of Energy



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It's an absurdly vast house, among the largest in Manhattan, but the dining room is windowless, creating a hermetic or stop-time sense, broken only by the household staff ferrying in time-of-day-appropriate foods and beverages.

The real world seems terribly far away, but with paparazzi often posted near by, it's dangerously close too. Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for him again. But it was a security detail for a controversial head of state who had come for tea.

We met several years before he became arguably the world's most notorious sex offender. In 2002, his plane, a meticulously appointed 737, ferried a group of people to the TED conference in Monterey. He was the mysterious and peculiarly gracious host arriving after everyone had boarded: tanned, relaxed, attentive, soliciting every guest's story and views, and accompanied by three young women not his daughters, witty, poised, helpful, and beautiful—out of a men's magazine fantasy of the luxe life.

One more thing about this trip suggesting something of his unique view of the public world and what you got to see when you are near him. Google founders, Larry Page and Sergey Brin, with their company rising into the stratosphere, came out to see his plane on the Monterey tarmac and, with a few other Googlers, literally ran whooping from one end of the plane to the other. Then, sitting in the plane's plush

living room, they described, in what I could not be sure was a put-on or entrepreneurial brainstorm, a brand extension in which they would market a line of Google bras with the Os as convenient cups. In fact, the name Google, they said, was invented out of the belief that men would focus on a word with two Os in it.

Since that trip, and through his travails, I have often been invited to his house to participate in the conversations that take place there.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein—*that* Epstein, most recently embroiled in charges involved under age girls and Alan Dershowitz and Prince Andrew—spends most of his day at his dining room table in the in front of a laptop and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) conducting what must surely be the world's most extraordinary colloquial.

These meetings, and this lifestyle, have somehow stayed private or secret—or apart—not out of any formal or stated restrictions, but because, in some sense, it would be very hard to explain just what you're doing there with a brazen sex offender in a guffaw-inducing home flaunting all moderation.

And yet, defying disgrace, and tolerating his tone deafness—or mocking attitude toward the zeitgeist—so many come. Gladly. Willingly. Feeling that his invitation is quite an extraordinary privilege.

Among his frequent guests is Bill Gates, for whom Epstein has become a key advisor, proposing a way to leverage the resources of the Bill and Melinda Gates Foundation to accommodate many other fortunes, so that, Epstein explains, "you might join 50 or 60 billionaires on one giving project."

As part of a Gates-encouraged effort to get "out in front" of the notice that might be expected to greet the Gates association with him, Epstein agreed to these on-the-record conversations with me.

His subject, on a morning in late fall, sitting at the dining room table—its faux-baronial quality disturbed by an ever-present white board—is "hyper wealth." His subject is always wealth—how capital should react to the given global political, economic, and cultural moment.

His stock in trade is not precisely the making of money, but the issues that arise when money, at a heretofore unimaginable rate, makes itself, altering many basic economic, social, and personal calculations. He recounts a dinner he had two nights before. The scene is, like much of what he does, a conspiracy theorist's fantasy—the six men at this dinner, all technology entrepreneurs, representing, together, several hundred billion dollars and now trying to figure out how to use it to shape the world to their liking.

"In the past, only governments had this kind of money, money of a reality altering scale," says Epstein

in a chipper and smoothed-out Brooklynese. "In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique. They alone had such resources and will. Now you have legions of people who have to give away vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it's actually hard to give away this kind of wealth, without unintended consequences that can cause more problems than you're solving."

Epstein's long-time business thesis is that the rich know very little about money. They may know about their own businesses, but the great sums that are the result are ultimately an afterthought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 62-year-old Epstein, they will almost all be dead in 40 years, most well before that, meaning $4.2 trillion, compounding everyday, will have to be given away. "So, to understand the future, what you have to begin to do is follow the money, not in Watergate-like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a point that Piketty doesn't: "Nobody, *nobody*, wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that it can make your kids weird and fucked up."

Epstein's position in this private allotment of a decent fraction of the U.S. Gross Domestic Product is not as a philanthropist but as a sort of adviser or guru or brain—a rich whisperer—making him, in addition to rich himself, arguably among the most influential people you've only heard of for reasons that have nothing to do with his influence.

Epstein sometimes seems to have an out-of-body attitude toward his own fate and bad press—that's something that occurs in a less interesting parallel world. Not long ago, when I met him for lunch in New York, he noted that he hadn't been out to lunch in a restaurant in ten years. It was a not particularly pleasant experience for him and we were done in 30 minutes.

On the other hand, Epstein's life sometimes seems part of a purposeful challenge: not just look at me, but do you even believe what you see? But, perhaps, he is

just oblivious to what others are thinking: a willful and in a sense fatal tone deafness.

Press accounts recycle the mysterious billionaire mythology—a man of vast and unsourced riches living in a parallel universe of absolute entitlement—with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of depravity inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, rather conforms to the scripted fantasies: somewhere between Daddy Warbucks and Eyes Wide Shut. There is indeed a group of young women—in their twenties and thirties—who act as Epstein's support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, had just returned from an around-the-world honeymoon that Epstein had arranged for her. Some are, or have been, his romantic interests. His present girlfriend, whom he met four years ago at a dinner party in New York, has just graduated dental school. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist whom Epstein has known for more than thirty years, became a doctor—Epstein sent her to medical school—and married hedge funder Glen Dubin. Together they finance the Dubin Breast Center at Mount Sinai Hospital.

Epstein will sometimes move a meeting in his dining room outside to the park—his idea of going out to lunch is a Sabrett's hot dog—with the various girls in the house the accompanying entourage, as though something out of an 18th-century French court.

But the Hefnerian prurience can also be quite businesslike: poised young women in a mansion on the Upper East Side with various office responsibilities are really not that different from any of the art galleries in the surrounding neighborhood. They mingle freely with his powerful guests, not so much as hostesses—or, in tabloid language, harem-like "sex slaves"—but as attentive students (which, of course, might be regarded as having its own fetish-like attraction). Epstein explicitly denies that there is an sexual quid pro quo. ("If you're screwing someone you work with they can come in late—that's what Jimmy Goldsmith used to say.") Still, the constant attendance of so many comely young women, seems so outside of conventional living or staffing or social or romantic relationships that it is hard to describe in a straightforward or straight-faced way. And while it may be part of the appeal for the men who come to visit Epstein, it is as well a peculiarity they put up with in order to spend time with him.

The Epstein house/office is, by careful design, exclusive and clubby, part hang out, part secret society. Along with the fact that, even after his jail term, the rich and powerful have continued to so eagerly solicit him, it's also notable in the fixed hierarchy of who comes to

whose turf, that, when they want to see Epstein, they tend to come to him. He's created a world and you enter it.

His conversations are less meeting-like—focused and agenda-driven—then narrative. In effect: the outside world comes to Epstein's and he eagerly solicits reports. It's a real time newspaper, or the news you don't read in a newspaper, market movements before they occur, the health and eccentricities of world leaders, high level government appointments soon to be announced.

It's Sunday lunch—in his schedule from a week last fall—with Gates, Mort Zuckerman, the real estate billionaire and owner of the Daily News, and Peter Thiel, the PayPal co-founder and early Facebook investor.

That evening its Sheikh Hamad Bin Jassim, the foreign minister of Qatar. Hamad lives across the street in a similarly furnished house—he and Epstein have the same decorator. (Epstein, in his relaxed and amused manner, keeps prodding: "Why are you financing the bad guys? What do you get out of that?")

Next morning, Epstein is joined for breakfast in the dining room by the lawyer Reid Weingarten, who's represented, among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sachs's Lloyd Blankfein. Weingarten, hoarse with a cold, is still lamenting his failed defense of former Connecticut Governor John Rowland. After a blow-by-blow of the trial, they discuss the Qatarian's visit—Epstein served

chocolate made from pistachios grown on the Sheikh's farm—and speculate about who actually controls ISIS, with Weingarten arguing that the Turks are not getting enough scrutiny. There is, in Epstein's dining room, always an alternative version of world events—"perception versus reality," says Epstein, "not to imply that one necessarily has greater weight than the other."

"Why," I ask Weingarten, when Epstein briefly steps out of the room, "do so many people keep coming back here, everything considered."

"Why we camp out here? I guess because there's no place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, a former child actor and dotcom high flyer who now describes himself as the "the most active investor" in Bitcoin and the programmable currency space.

After a bit, Epstein invites his next appointment to join them: Larry Summers, the former treasury secretary and President of Harvard, off Diet Coke, digs deep into the Sheikh Hamad chocolates, then focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit to Pierce and his update on the rapid Bitcoin price swings, "I have opportunities here. But an additional feature of my decision problem, roughly speaking, is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being

seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in seeming dramatic understatement, "you are going to have some low quality characters playing early in the space…"

That evening, in the Epstein dining room (he seems rarely to use the rest of the house's 50,000 square feet), there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jagland, the head of the Nobel Peace Prize Committee, who offers an affable, but generally scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then a high ranking official from the Obama White House, whose name I am asked not to use. There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov. Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak, a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do with trying to "describe cancer mathematically." (Epstein preempts Nowak's

explanation : "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail.")

Then Richard Axel, a Nobel prize winner in physiology. Then Ron Baron who has $26 billion under management in his Baron Fund. Then Josh Harris, the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

The question is why, in the face of such disgrace, with the paparazzi so near, the high and might still come?

Perhaps simply that it's intelligence of a high order. Not just market moving information, but Epstein and Summers trying to unravel the conundrum of zero interest rates, or Epstein and Noam Chomsky on memory and language, or Epstein TK…

What goes on at Epstein's house might seem just to

confirm everyone's worst fears about power and the powerful: it's all insider stuff. But the conversations at Epstein's are the conversations, I suspect, that rich men dream of, but in the real world, such a buttoned-down and agenda-driven place, are actually hard to have.

"That's Jeffrey," says Mort Zuckerman, (whose paper, the Daily News, is ever vitriolic in its coverage of Epstein), with a twinkle in his eye.

On Epstein's part, there is the wink: In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the *elephant in the room*. (Epstein says too it's a reminder that elephants have 23 copies of tumor suppressor genes and humans have only 1.) The single book on his bedside table is Lolita (he is, beyond the joke, a great Nobokov fan).

Epstein has a yet more structural explanation as to why, after prison and with continuing tabloid infamy, he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money: "At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of information and actual honest

brokers. That's the usefulness of disgrace."

In some sense, too, it is perhaps generational: Most everyone who is now of a certain age and ambition and status grew up in, and found they were temperamentally suited to, the era of wealth that started in the late 1970s. A meritocracy on steroids, or, as Vanity Fair would baldly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one.

Epstein often tells his middle class to riches tale: born in 1953 in Coney Island, father worked for the city's Parks Department, mother a housewife.

The captain of the math team at Lafayette High school in Bensonhurst, he went on to Cooper Union where the tuition is free. He dropped out after two years. Without a college degree, hence by a slight of hand, he got a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.)

Dalton fathers perhaps sensed in him a young man on the make. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his wood

paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.) Another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stearn's chief Ace Greenberg.

Hence, Epstein, like many in the late '70s, arrived on Wall Street.

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction. "In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a '50s mentality. But in the mid '70s options started to be traded. In essence, the first formal derivatives. The movement of this instrument is not directly attached to the stock price. The world of investing began turning from relationships to math. In a sense I didn't really make money as much as I tried to create it.."

He soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game), who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave-taking or ouster from Bear was the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, when he left in 1982 he took with him billionaire clients, including Marvin

Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. At this point, Epstein was dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest.

If the '80s were happening pell mell in New York, they were happening at double time and catch up speed in London. "I would head to Kennedy and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was going until I got there." Thirty-year-old Epstein was living a Lifestyle of the Rich and Famous (he befriended the show's star, Robin Leach), at English shooting parties and country estates with Saturday night black tie dinners, where he was meeting the over-the-top families of Europe.

At the same time, he was developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $100 million. "The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an idiot brother-in-law, became hopelessly outdated as amounts exponentially increased. You can't spend a billion dollars, you can just reallocate it to a different investment class. And you can't give away a billion dollars without a vast staff, in effect going into the business of giving away money, yet another business you are likely to know little about."

For a period, one part of his activities, he says, was recovering monies for countries looted by exiled dictators or military strongmen. Then, in his telling, he was representing a series of vastly wealthy people and families—not just doing their bidding or their investing, but helping them to navigate the ambitions of their wealth. If they had big dreams before, it's nothing to what they can have now.

If early in his career he might have seemed like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charming hustler, later he's George Peppard in Banacek, a smart and astute operator. At just about this point in the narrative, the incredulity about Epstein began to circulate in social circles. Epstein had acquired the major symbols of wealth but without position, public holdings, or obvious paper trails. His is a questionable substrata of wealth, without institutional credentials or bona fides. He's a freelancer. That's the rub: he doesn't work for anyone.

Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a Coney Island, Zelig-like no-namer?

In 1994, just at the moment when Prince Charles was on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein was sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana wearing her "revenge" dress that evening). Graydon Carter, in his second year as

editor of Vanity Fair, was also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy, both have made themselves up. To say that Epstein, in the company of the Princess, stuck in Carter's craw would be an understatement. Epstein became one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. Carter once advised me not to go to Epstein's house or accept a ride in his car least I risk being blackmailed. ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

He joined the board of Rockefeller University. He was suddenly on the Trilateral commission, that cabal of business people who fancy themselves, and who are fancied by conspiracy buffs, as running the world. He bought, from his client Limited Founder Les Wexner, the largest private house in Manhattan. (Rumors will continue for many years, that Wexner owns the house and Epstein is just squatting in it—an 18-year squat.) He bought an airplane. Then another. He expanded his holdings in New Mexico. He began a Xanadu-like refurbishment of his Caribbean Island.

He befriended Bill Clinton in his new after-office life—and that would prove to be quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton really is the world's

ultimate sleaze ball—was suddenly being ferried around in the jet of…*who* exactly? The New York Post was the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. "I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people."

I met Epstein around this time, on the flight out to TED. Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me little understanding of the subject, began to ask me about media—the upside, downside, and nature of media coverage. (Epstein's flirtation with the media would result in his backing an unsuccessful effort, of which I was a part, to buy New York Magazine in 2004.)

New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid journalist, Vicki Ward, to the job. Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieved such wealth and influence. Epstein, sensing that he might be exposing himself, called Carter and said he was having second thoughts about being a public figure.

"Then you should have lived in a two bedroom

apartment in Queens," responded Carter.

And then the real troubles began. Epstein had a prodigious massage parlor outcall habit especially in Palm Beach with its many "Jack Shacks." After Epstein's round of publicity and widely touted association with Clinton, the stepmother of one of the massage parlor girls who went to Epstein's house called the police. The police interviewed the girl—who was TK at the time, but whose website identified her as 18—and the girl supplied the names of other girls, some of whom were also younger than 18.

In the end, the police tracked down 18 girls—nine of whom were under 18; the others were in their 20s and 30s (one woman was in her 60s)—a number of whom gave statements describing happy-ending massages. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleged anything more than this.)

Epstein called in Dershowitz, who flew into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, further amping up the profile of the case, also brought in Roy Black, the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

The release by the Palm Beach authorities of the depositions by the 18 girls describing the incremental details of the sex acts, the timing of the charges coming just after Rush Limbaugh's high profile Palm Beach drug bust, the Clinton connection and then with the

sudden interest of the Bush FBI in the case, moved the case from solicitation to scandal, and a plea deal with a sentence of 18 months.

He got out of jail in 2009, serving 13 months, and moved mostly seamlessly back into his life, to the shock-shock of tabloids whenever they are reminded of his existence (notably, when Epstein's payment of Fergie's debts slipped out, likely leaked by Fergie herself).

Some things changed. While surprisingly few others dropped him, the Clinton's did, an irony of the present tabloid interest in Epstein's old address book with its many Clinton contacts. And his sex offender status has transformed him from libertine playboy to pedophile in tabloid parlance.

While he has regularly entertained PR proposals aimed at his public rehabilitation, until Gates prodded him, and until this recent renewed tabloid fever, Epstein had concluded that he was perfectly satisfied living behind high walls and in his own exclusive club. Even the recent Dershowitz-Prince Andrew chapter seems like a parallel disturbance rather than something that is actually affecting him. "Bad press is not something actually bad," he notes, trying to balance perception and reality.

But true or not, the story has taken on a life of its own, with the US and British tabloid press continuing, so far unsuccessfully, to search for a smoking gun connecting Clinton to underage girls, which could

have—many obviously hope—the effect of derailing the Hillary Clinton presidential campaign.

It is a curious attribute of his character that, other than perhaps being more circumspect about what legal advice to follow, Epstein would have done little differently. (When I suggested recently to Epstein that one obvious way to blunt the animus bearing down on him would be to get married, he said he'd rather go back to jail.) His life, living it as he wants, seems to him to be an extraordinary accomplishment. Being on the wrong side of morality, custom, politics, feminists, the media, that's just a bit of bad luck.

And it is perhaps this attitude of his that irks his critics the most. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have gotten away with it—that worst sin of all. He is the unrepentant catchall of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich middle-age white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent playboy (excuse me, pedophile) in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

But Epstein's friends—and I think that is, in the end, the best word for the powerful people who orbit him—are willing to take him as he comes. Epstein is their confidant. Not the only nexus of them, but one of them. Dr. Epstein. Lay on my couch. As he is

everybody's confidant, everybody becomes his confidant. This is the back and forth, the power loop. His expertise is knowing what other people know. Which surely offers a unique sense of confidence that it is possible to understand how the world works. And in a time of such radical flux and existential instability, everybody wants to seek out someone who might have some answers or at least make you feel like he does—even, and maybe especially, the rich.

In the last days of my interviews with Epstein, he was called by a particular world-stage individual, among the richest and most powerful—proudly louche himself—who, feeling out of his depth in a world of crashing oil prices and wild currency fluctuation, had come to believe he might benefit from some private tutoring. Epstein welcomed him to the club.

**From:** Richard Kahn [redacted]
**Sent:** 7/22/2015 5:29:11 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Republicans gird for the Donald Trump debate

**Importance:** High

as you predicted..

http://www.politico.com/blogs/media/2015/07/republicans-gird-for-the-donald-trump-debate-211033.html?ml=tl_5_b#

**Debate Schedule**

August 6, 2015
**9pm ET - Republican Primary Debate**
Aired On: **Fox News Channel**
Location: **Quicken Loans Arena in Cleveland, OH**
Sponsors: Fox News, **facebook**
Moderators: **Bret Baier, Megyn Kelly and Chris Wallace**
Rules: **Top 10 candidates in an average of 5 national polls**
Candidates**: To be determined**
Notes**: Fox News has added a candidate forum at 1pm ET the same day for candidates who don't make the debate cut**

**September 16, 2015**
Reagan Library Republican Debate (Press Release)
**Aired On: CNN an**d Salem Radio
**Location:** Reagan Library in Simi Valley, CA
**Sponsors:** Reagan Library Foundation, CNN, Salem Media Group
**Moderators:** Jake Tapper, Hugh Hewitt,
**Rules:** Split field into Segment B (top 10 candidates) and Segment A (remaining candidates getting at least 1% in polls) (Details)
**Candidates**: To be determined

**October 28, 2015**
CNBC Republican Debate
**Aired On: CNBC**
**Location:** University of Colorado in Boulder (Press Release)
**Sponsors:** CNBC (Press Release)
**Candidates**: To be determined

**November, 2015***
Republican Primary Debate
**Aired On: Fox Business Network**
**Location:** Wisconsin
**Sponsors:** Fox Business Network
**Candidates**: To be determined

**December 15, 2015**
Republican Primary Debate
**Aired On: CNN**
**Location:** Las Vegas, Nevada

**Sponsors:** CNN, Salem Media Group
**Candidates**: To be determined

**2016**

**January, 2016***
Republican Primary Debate
**Aired On:** F**ox News Channel**
**Location:** Iowa
**Sponsors: Fox News**
**Candidates**: To be determined

**February 6, 2016**
Republican Primary Debate
**Aired On: ABC**
**Location:** St. Anselm College in Manchester, New Hampshire
**Sponsors:** ABC News, IJReview.com (Press Release)
**Candidates**: To be determined

**February 13, 2016**
Republican Primary Debate
**Aired On: CBS**
**Location:** South Carolina
**Sponsors:** CBS
**Candidates**: To be determined

**February 26, 2016**
Republican Primary Debate
**Aired On:** NBC and Telemundo
**Location:** Texas
**Sponsors:** NBC/Telemundo, National Review
**Candidates**: To be determined

**March, 2016***
Republican Primary Debate
**Aired On:** Fox News Channel
**Location:** TBD
**Sponsors:** Fox News
**Candidates**: To be determined

**March 10, 2016**
Republican Primary Debate
**Aired On:** CNN
**Location:** Florida
**Sponsors:** CNN, Salem Media Group
**Candidates**: To be determined

*Debate sponsor has not yet named specific date

# Top 10 Media Stocks for 2015

By Dan Moskowitz | March 19, 2015 AAA |

The following list is broken down into Top-Tier Media Stocks and Speculative Media Stocks. It might surprise you that some of the names on the latter list aren't on the former list, but there is a simple reason for this, which will be revealed below.

# Top-Tier Media Stocks

## Walt Disney

The Walt Disney Co. (DIS) is one of the strongest brands in the world. It also possesses multiple revenue streams and pricing power. Q1 EPS jumped 23% year over year based on record revenue. When a company delivers record revenue, that trend doesn't make a sudden U-turn. If there's going to be a turnaround for the worse, it will take time to play out, giving you time to exit your position. (For related reading, see: *This Company Is No Mickey Mouse Operation*.)

## CBS

CBS Corp.'s (CBS) Q4 revenue increased 3% and diluted EPS improved 8%. CBS also announced a $1 billion share buyback in the first quarter. This will significantly reduce the share count, which should improve earnings. CBS will once again have Thursday Night Football, and it will be the home of Super Bowl 50. It's also home to regular-season NFL games, March Madness and The Masters. However, its reach goes well beyond sports.

## Comcast

FY2014 revenue at Comcast Corp. (CMCSA) increased 6.4%. Operating cash flow and EPS improved 6.9% and 25%, respectively. Comcast also increased its dividend 11% and announced that $4.25 billion of its $10 billion share buyback program would take place in 2015. (For more, see: *This Company is as Unavoidable as it is Unloved*.)

## Twenty-First Century Fox

Twenty-First Century Fox, Inc.'s (FOXA) Q2 operating income before depreciation and amortization increased 12%. Fox studios enjoyed 24 Academy Award nominations in 2015, making it the industry leader. Twenty-First Century Fox also recently created the Europe's leading pay TV business.

## Google

Google Inc. (GOOGL) is known as more of a technology company than a media company, but its YouTube segment consumes approximately 15% of all broadband traffic in the United States and Canada (only Netflix, Inc. (NFLX) is higher at 35%). Google also makes this list because of its $62.63 billion in cash, which means it can enter any business it pleases. If it chooses to expand its media presence, then it would likely steal share from some of the current industry leaders. (For related reading, see: *How Google's Self-Driving Car Will Change Everything*.)

# Speculative Media Stocks

## Charter Communications

Q4 revenue jumped 9.9% at Charter Communications, Inc. (CHTR) thanks to higher customer penetration on Internet, video, and commercial businesses. Another positive is that Berkshire Hathaway Inc. (BRK.A) recently increased its position in CHTR by adding 1.2 million shares. CHTR now represents 1.35% of the fund's portfolio. The reason CHTR is on the speculative list is a lack of profitability.

## Discovery Communications

Differentiation is the key here thanks to Discovery Communications, Inc.'s (DISCA) success with docudramas. In FY2014, revenue increased 13%, adjusted earnings per diluted share improved 13%, free cash flow increased 2%, and $1.4 billion worth of stock was repurchased. The biggest risks here are a challenging U.S. market and currency headwinds. It should also be pointed out that there is an 11% short position on the stock. (For related reading, see: *A Breakdown of Stock Buybacks*.)

## Viacom

MTV, VH1, CMT, BET, Nickelodeon, Nick Jr, Comedy Central, TV Land, SPIKE, and more. Do these sound like brands that are likely to suffer? No. Viacom, Inc. (VIA) is a profitable company that pays a small dividend. On the other hand, a debt-to-equity ratio of 3.88 isn't comforting.

## Time Warner

Time Warner Inc. (TWX) has 165 channels across 200 countries. This includes HBO. In FY2014, revenue increased 3%. That's not spectacular, but adjusted EPS jumped 18%, which now represents six consecutive years of adjusted EPS growth in the high teens. Time Warner also returned $6.6 billion to shareholders via dividends and buybacks throughout the year. Over the long haul, cable companies will have a difficult time competing against streaming services, but all is okay for right now.

## Scripps Networks Interactive

Among Scripps Networks Interactive, Inc.'s (SNI) properties are Home and Garden Television, Food Network, Travel Channel, DIY Network, Cooking Channel and Great American Country. These are strong brands. Strong enough that Scripps Networks expects FY2015 revenue to increase approximately 4%. The company also expects selling, general, and administrative expenses to come in between flat and down 2%. Either way, it's a positive when revenue is outpacing SG&A expenses. Furthermore, Scripps Networks has announced that it's adding $1 billion to its share buyback program and increasing its dividend by 15%. The risk here is the stock's sensitivity to broader market corrections. (For a look back to 2009, see: *Scripps Network Interactive Worth a Look*.)

## Performance Comparisons

Another reason why some stocks made the top list and others did not is performance. If a stock can't appreciate in a bull market, then how would you expect it to perform when the trend reverses? Capital preservation should be the number one priority for a savvy investor. Below are total return numbers for each company as of 3/18/2015).

| | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|
| DIS | 33.09% | 36.87% | 27.03% | 15.19% |
| CBS | -3.95% | 26.94% | 23.19% | 12.56% |
| CMCSA | 19.26% | 27.62% | 23.13% | 13.40% |
| FOXA | 6.46% | 26.99% | 24.13% | 8.83% |
| GOOGL | -6.61% | 21.87% | 14.84% | 20.18% |
| CHTR | 50.27% | 43.56% | 40.36% | n/a |
| DISCA | -25.98% | 8.93% | 13.74% | n/a |
| VIA | -20.33% | 11.19% | 17.28% | n/a |
| TWX | 37.35% | 38.08% | 25.34% | 9.86% |
| SNI | 10.10% | 15.26% | 12.24% | n/a |

## The Bottom Line

The Top-Tier Media Stocks have outperformed Speculative Media Stocks over the past three years (for the most part). Therefore, you should strongly consider the first set of stocks listed above. While it's entirely possible they all underperform in 2015 if the market falters, these are elite names that are highly likely to be around for a long time. Even if the worst occurs, you will have an opportunity to add more to your position at cheaper prices. (For related reading, see: *Buying Facebook Stock, A Beginner's Guide*.)

Read more: http://www.investopedia.com/articles/active-trading/031915/top-10-media-stocks-2015.asp#ixzz3gdqLDgWm
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**Internet & Society: The Technologies and Politics of Control**
Professor Jonathan Zittrain co-taught with Professor Joi Ito, Director of the MIT Media Lab
Harvard Law School
Winter 2017

Mon-Fri
10:30am-noon; 12:45pm-2pm
Milstein West AB

Syllabus

## I. Course Description

This course offers a rigorous introduction to the field of cyberlaw. We will investigate the evolving nature of online architecture and activities, and the ways in which law has been, and will be, leveraged to influence them.

Course themes include the complex interaction between Internet governance organizations and sovereign states, the search for balance between the ease of disseminating information online and the interest of copyright holders, privacy advocates, and others in controlling that dissemination, and the roles of intermediaries and platforms in shaping what people can and cannot do online. The course will include an array of learning and teaching methods. Students will be expected to participate in a variety of activities.

## II. Class Schedule

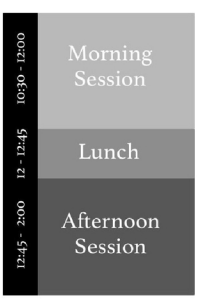


The class meets every day from January 3rd to January 13th in Milstein West AB. Each day will be divided into three phases: the morning session from 10:30am to noon, lunch from noon to 12:45pm, and the afternoon session from 12:45pm to 2pm. Lunch will be provided.

A more detailed schedule of the topics we will be covering each day follows below.

**Topics (2 per day other than the last day)**

Day 1: Introduction, Right to Be Forgotten and Jurisdiction
Day 2: Copyright, DRM debate between Professor Ito and Professor Zittrain (afternoon session)

Day 3: Cryptocurrency
Day 4: Private Infrastructures for Government Surveillance, John DeLong/Bruce Schneier talk (morning session)
Day 5: Net Neutrality and Internet Architecture, Dialogue with Andy Ellis (afternoon session)
Day 6: Weaponized Social, Open discussion with John Palfrey (morning session)
Day 7: Free vs. Proprietary Code and Content, Dialogue with David Clark (afternoon session)
Day 8: Governance, Artificial Intelligence
Day 9: Conclusion

## III. Class Requirements

The purpose of this class is to give students a sense of the historical battles of the Internet, what different actors were thinking, what they were trying to accomplish, and what levers they pulled in order to select for specific outcomes. Students should apply what they have learned from historical examples to a current Internet issue discussed in class and describe in a 12-15 page paper what a viable solution might look like. Solutions could take the form of a policy recommendation, project proposal, or code. The paper or project proposal will be due on Friday, January 20th, and may be submitted by email to Samantha Bates at sbates@law.harvard.edu.

## IV. Class Materials

There is no required textbook for this class. All readings will be available online on the class H2O playlist: https://h2o.law.harvard.edu/playlists/51511.

We will have a slack channel for the class. Please click on the following link to sign up: https://internet-society2017.slack.com/signup.

Students should bring their laptops to class to use for daily activities, but all electrical devices must remain off during lectures.

## V. General Information

Professor Zittrain and Professor Ito will be available for group office hours after class on the following dates:

- Wednesday, January 4th from 2:15-3:15pm in Milstein West.
- Monday, January 9th from 2:15-3:15pm in Milstein West.
- Wednesday, January 11th from 2:15-3:15pm in Milstein West.

For other general scheduling/appointment questions, please contact:

**Amanda McMahan**
*Assistant to Professor Zittrain*
Office Phone: [redacted]
Email: [redacted]
Office location: Griswold Hall, 5th floor, Room #505

**Yuko Barnaby**
*Assistant to Media Lab Director Ito*
Office Phone: [redacted]
Email: [redacted]
Office location: MIT Media Lab, E-14, Director's Office 245

For course related (readings/paper) questions, please contact:

**Samantha Bates**
*Research Associate*
Email: [redacted]

**Natalie Saltiel**
*Coordinating Editor for the Journal of Design and Science (JoDS)*
MIT Media Lab
Email: [redacted]

For other information about the class, please contact:

**Shailin Thomas**
*Teaching Fellow*
Email: [redacted]

**Jordi Weinstock**
*Visiting Scholar*
Email: [redacted]

**Reading Assignments**

**Day 1: Introduction**

Welcome! We aspire to the implausible: a nine-day introduction to the unusual dynamics of the world's digital space, sufficient for a strategic understanding of what makes it difficult (but far from impossible) to regulate or shape; who's trying to do it nonetheless; and how such efforts have fared over the past twenty years, with an eye towards lessons for influencing the space and the behavior within it today.

In addition to offering some frameworks for thinking about Internet architecture and policy, and the curious open and generative nature of the phenomenon, we will delve into the net as a contingently global phenomenon, and the way that complicates regulation by traditional sovereigns. Our case study will be the current debates around implementation of Europe's "right to be forgotten" in search engine results. As you complete the readings, you might see how you'd answer the question of what a state like France's view should be towards the scope of its RTBF regulation, and whether the kind of "zoning" described in the Cato Institute article from thirteen years ago (!), is realizable and desirable.

**Readings:**

- C.P. Snow, "The Rede Lecture: The Two Cultures," (1959) pages 1-9 http://s-f-walker.org.uk/pubsebooks/2cultures/Rede-lecture-2-cultures.pdf archived at https://perma.cc/XB6F-N9K8.
- John Perry Barlow, "A Declaration of the Independence of Cyberspace," *Electronic Frontier Foundation* (February 8, 1996) https://www.eff.org/cyberspace-independence archived at https://perma.cc/H2CZ-N2EX.
- Locke, Levine, Searles, & Weinberger, The Cluetrain Manifesto: 95 Theses (1999) http://www.cluetrain.com/book/95-theses.html archived at https://perma.cc/2BLT-6ZEL.
- Jonathan Zittrain, *The Future of the Internet and How to Stop It*. New Haven: 2008 https://dash.harvard.edu/bitstream/handle/1/4455262/Zittrain_Future%20of%20the%20Internet.pdf?sequence=1 archived at https://perma.cc/NM9D-7Y2V.
    - Read pages 1-5, 7-9, 57-61, 63-65, 67-71.
- Yochai Benkler, *The Wealth of Networks.* New Haven: 2006. http://www.benkler.org/Benkler_Wealth_Of_Networks.pdf archived at https://perma.cc/BC4A-96KP.
    - Read pages 154 (beginning "Imagine a world") - 161

Jurisdiction

- Jonathan Zittrain, "Be Careful What You Ask For: Reconciling a Global Internet and Local Law," WHO RULES THE NET?, Cato Institute (2003) http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/2003-03.pdf archived at https://perma.cc/3JE9-GM3R.

[OPTIONAL: Right to Be Forgotten readings]

- Zoe Bedell, "Google to France: 'Forget You' - An Update on the Right to Be Forgotten" *Lawfare* (May 25, 2016) https://www.lawfareblog.com/google-france-forget-you-%E2%80%93-update-right-be-forgotten archived at https://perma.cc/W9EX-5AGZ.
- Google Spain v. Mario Costeja González ECJ opinion (May 13, 2014) http://curia.europa.eu/juris/document/document_print.jsf?doclang=EN&docid=152065 archived at https://perma.cc/3ARS-3XC4.
    - Read paragraphs 89-99
- Brendan van Alsenoy and Marieke Koekkoek, The Extraterritorial Reach of the EU's 'Right to Be forgotten' (January 19, 2015). CiTiP Working paper 20/2015. Available at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2551838 archived at https://perma.cc/B3SF-YJ3W.
    - Read pages 3-22

**Day 2: Copyright**

Copyright was once thought of as the defining battle of consumer networking. Academic technologies brought into the mainstream made it trivial to prepare and distribute perfect copies of copyrighted work without permission -- and the comparatively powerful organizations representing copyright holders saw this as an existential threat.

We will read some of the "grim joy" experienced by Internet freedom types in dancing on the grave of copyright in the mid-1990s -- and immerse in some of the law and policy changes effected in the United States to deal with the problem without running up against the equities of rapidly-growing intermediaries of online and Internet service providers (turns out, there's a difference).

The copyright wars revealed a variety of strategies that we'll look at with the benefit of years of hindsight, including lawsuits against network providers, software makers, and individual users both sending and receiving files, as well as technical changes designed to make it more difficult to share items that wish not to be shared. Ultimately we are drawn to the question of whether the wars were won by one side or another, or whether it's more accurate to say that they simply faded away. What issues today feel make-or-break, yet could simply fade rather than be resolved, and why?

We'll end the day with a peek into, and practice of, a current intense if obscure debate: that of whether digital rights management hooks should be placed into standards for Web browsers.

**Readings:**

- John Perry Barlow, "The Economy of Ideas," *Wired* (March 1994) http://archive.wired.com/wired/archive/2.03/economy.ideas.html?topic=&topic_set= archived at https://perma.cc/P82S-RZP3.

- Matthew Green, Napster Opens Pandora's Box: Examining How File-Sharing Services Threaten the Enforcement of Copyright on the Internet, 63 Oh. St. L. J. 799 (2002) http://moritzlaw.osu.edu/students/groups/oslj/files/2012/03/63.2.green_.pdf archived at https://perma.cc/H77J-TN43.
- Brad Hill, "The iTunes Influence, Part I: How Apple Changed the Face of the Music Marketplace," *Engadget* (April 29, 2013) https://www.engadget.com/2013/04/29/the-itunes-influence-part-one/ archived at https://perma.cc/MEU4-W5N9.
- David Kravets, "10 Years Later, Misunderstood DMCA is the Law That Saved the Web," *Wired* (October 27, 2008) https://www.wired.com/2008/10/ten-years-later/ archived at https://perma.cc/VH2T-7S7V.
- Lawrence Lessig, The Creative Commons, 55 Fla. L. Rev. 763 (2003) http://homepages.law.asu.edu/~dkarjala/OpposingCopyrightExtension/commentary/LessigCreativeCommonsFlaLRev2003.htm archived at https://perma.cc/T7UD-JHYZ.
- Alex Davies, "The EPA Opposes Rules That Could've Exposed VW's Cheating," *Wired* (September 18, 2015) https://www.wired.com/2015/09/epa-opposes-rules-couldve-exposed-vws-cheating/ archived at https://perma.cc/W4RK-Q6QJ.

DRM and HTML5 background readings:

- "Information about W3C and Encrypted Media Extensions (EME)" W3C (March 2016) https://www.w3.org/2016/03/EME-factsheet.html archived at https://perma.cc/4ZPR-DXTA.
- Peter Bright, "DRM in HTML5 is a victory for the open Web, not a defeat," *Ars Technica* (May 10, 2013) http://arstechnica.com/business/2013/05/drm-in-html5-is-a-victory-for-the-open-web-not-a-defeat/ archived at https://perma.cc/UM8C-NFPV.

**Day 3: Cryptocurrency**

One view of the progression of digital technology has been roughly from amateur to professional, from open to closed, and from chaotic to ordered -- as the early successes from left field of Google, Facebook, and Twitter enter publicly-traded adulthood. At the ripe year of 2017, are there still digital disruptions to be had?

The phenomenon (and increasing literal value) of cryptocurrency -- and, for that matter, the foundational blockchain technologies on which it can be based -- seems to indicate that there are still surprises from left field. What does the rise of cryptocurrency tell us about the state of cyberspace, and what should we expect -- and hope for -- next?

**Readings:**
Introduction

- Coin Center, Blockchain 101, https://coincenter.org/learn archived at https://perma.cc/M2TZ-B9YX.
- Eli Dourado and Jerry Brito, "The New Palgrave Dictionary of Economics: cryptocurrency," Online Edition, 2014 http://coincenter.org/wp-content/uploads/2015/05/cryptocurrency-article.pdf archived at https://perma.cc/3YFE-QS5P.
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**Day 4: Private Infrastructures for Government Surveillance**

Digital privacy has at times been understood as privacy against corporate intrusion (think ad networks); against government (think the various government intelligence-gathering establishments around the world); and against one another (think drones as well as more pedestrian technologies that empower people to document facts about, or even doxx, each other).

This session will look at the second form of surveillance, especially as effectuated through the cooperation or compulsion of private intermediaries. How successful is such surveillance, and will it continue to be effective as the public reacts by potentially adopting privacy-enhancing tools? How successful do we want it to be, and how might frameworks agreeable within jurisdictions that embrace the rule of law be used or abused within those that do not?

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**Day 5: Internet Architecture/Net Neutrality**

We increasingly assume the availability of commodity networking -- a flat fee for access -- even as the way in which we experience the Internet is evolving through a curious microeconomics, a mishmash of policies designed to subsidize or regulate access, and a sometime ability to arbitrage around arrangements through technologies to facilitate access sharing and virtual tunneling.

How is Internet access likely to evolve, and what choices exist for polities with particular ideals about how it should work?

Discussion will include Andy Ellis, Berkman Klein Center Fellow and CSO of Akamai, one of the most important companies that people haven't heard of.

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Net Neutrality

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**Day 6: Weaponized Social**

The time when the solution to bad speech could be advanced as simply more speech might seem quaint. The famously libertarian Electronic Frontier Foundation recently released a white paper in which it acknowledged a line between a clash of ideas and flat-out harassment, with the latter causing less rather than more robust debate. Separately, concerns about outright false news that spreads virally have inspired calls for action by intermediaries like Facebook -- a self-described technology, rather than media, company.

Applying lessons from the conflicts of the past two decades online, how might we agree upon a vision for social networking even if we disagree on many substantive issues to be debated there, and what are the roles, if any, of regulators and private platforms in establishing boundaries on behavior online through code or legal sanction?

Is it more difficult to agree on a vision is our media is no longer *about* the battlefield or the real world but *is* the battlefield and the real world?

**Readings:**

The Problem

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**Day 7: Free vs. Proprietary Code and Content**

This day examines quite different models for the development and distribution of software -- which can also serve as models for hardware, and for content. What kind of ecosystem, featuring what models, is desirable?

We will think about current issues in cybersecurity as a case study in why free vs. proprietary code might matter, and take up the question of how regulation might be applied when there *are* no easily identified intermediaries in the production of code.

And we will hear from the legendary David Clark, one of the framers of the Internet.

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**Day 8: Governance**

The tensions between free vs. proprietary software help focus us on foundational questions of governance that are threaded through the course. To what extent should new technologies be shaped and shared by anyone without gatekeeping? 2017 may find the Internet in middle age. Do its puzzles suggest anything about whether and how to resolve governance questions for more newly mainstreamed technologies like machine learning and other AI?

In addition to the challenges that the Internet has provided in regulation and governance, the inability to really understand what many "learned" algorithms do, and their ability to have properties and abilities beyond the capabilities of their initial designers, presents additional challenges when thinking about whether and how to regulate the research, as well as the deployment, of AI. Phenomena like digital currencies and distributed AI systems reprises the ideas and challenges of Barlow's declaration of independence of cyberspace.

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Governance: IoT Security

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**Day 9: Conclusion**

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# Feds explain sweet deal for billionaire sex offender Epstein

By JANE MUSGRAVE
The Palm Beach Post

WEST PALM BEACH, Fla. — Federal prosecutors in Florida went on the offensive this month, denying allegations that they bowed to pressure from billionaire Jeffrey Epstein — a resident of the Virgin Islands and Palm Beach, Fla. — and his high-priced lawyers at the expense of dozens of teenage girls he sexually abused.

Jeffrey Epstein

In their first public comment since 2007 — when they negotiated a deal that allowed Epstein to escape federal charges — prosecutors filed hundreds of pages of documents in U.S. District Court, explaining what led to the now infamous non-prosecution agreement that has been decried as "a sweetheart deal."

Contrary to claims by attorneys representing two of Epstein's victims in a lawsuit against the federal government, Assistant U.S. Attorney Marie Villafana said she and her superiors were trying to help the traumatized young women when they agreed to let Epstein plead guilty to state prostitution charges.

The now-64-year-old money manager, who spends most of his time on his estate Little Saint James in the territory, served 13 months of an 18-month sentence in the Palm Beach County Stockade. He was allowed to leave each day to go to work.

Hoping to persuade U.S. District Judge Kenneth Marra to throw out the lawsuit that accuses the government of violating the federal Crime Victims Rights Act, Villafana said she tried to keep Epstein's victims informed about the investigation and the eventual plea deal. But, she said, negotiations were sensitive and neither Epstein, his victims nor their attorneys made it easy.

For instance, she said, most of the young women were extremely reluctant — or simply refused — to testify against Epstein, who had paid them to give him sexually-charged massages at his mansion.

**Contrary to claims by attorneys representing two of Jeffrey Epstein's victims in a lawsuit against the federal government, Assistant U.S. Attorney Marie Villafana said she and her superiors were trying to help the traumatized young women when they agreed to let the now 64-year-old money manager plead guilty to state prostitution charges.**

One of the women who is now suing the government insisted Epstein never abused her, Villafana wrote in a sworn affidavit.

"I hope Jeffrey, nothing happens to Jeffrey because he's an awesome man and it would really be a shame," the woman, identified only as Jane Doe 2, told FBI agents in 2007.

While Villafana said she didn't believe her, she also understood the young woman's suffering. Further, she knew she couldn't force her or Epstein's more than two dozen other victims to testify against him.

Jane Doe 1, who is also suing the government, agreed to testify. But Villafana said one victim wouldn't have been enough to convict Epstein.

Rather than let Epstein use his considerable influence to evade prosecution, she and top officials at the U.S. Justice Department crafted the plea deal.

In exchange for pleading guilty to charges of solicitation of prostitution and soliciting minors to engage in prostitution in Palm Beach County Circuit Court, Epstein was not charged with any federal counts. As part of the agreement, Epstein had to register as a sex offender and agree to settle civil lawsuits that his roughly 30 victims filed against him.

Getting Epstein to agree to pay restitution to his victims and register as a sex offender were key, Villafana wrote. Prosecutors wanted to assure his victims that they would be compensated and that "other minors throughout the country" would be protected, she wrote.

But shortly after Epstein signed the agreement on Sept. 24, 2007, he began fighting it, she said. He and his legal team, including former U.S. Solicitor General Kenneth Starr, whose investigation led to President Bill Clinton's impeachment, contacted high-level justice department officials. They challenged the terms of the non-prosecution agreement.

Fearing it was falling apart, Villafana said her office and the FBI resumed the investigation and informed the victims of that by letter in January 2008.

In their lawsuit, the victims' attorneys, Bradley Edwards and Paul Cassell, say the letter is evidence of their claim that prosecutors lied to the victims. They also claim that prosecutors never told Epstein's victims about the plea deal.

Villafana said she didn't tell the young women about the terms of the agreement, fearing Epstein's attorneys would use it to crush them if federal charges were filed and the case went to trial. Savvy attorneys would argue that the women were testifying against Epstein because federal prosecutors told them they would get paid restitution if they did, she said.

When she learned Epstein planned to plead guilty to the two charges in circuit court on June 30, 2008, Villafana said she immediately notified Edwards. She said she told him to alert his clients so they could attend the hearing. None did.

Cassell, a law professor at the University of Utah, shrugged off the government's new claims, calling them "meritless." A written response will be filed at the end of July, he said.

WEDNESDAY LOCALS NITE

TOP NOTCH
AMAZING SUNSETS GREAT FOODS
LIVE ENTERTAINMENT 6 - 9 PM
RIDE THE VIEW
SKYRIDE TO PARADISE POINT

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- Monitor vulnerable spots like entrances, patios, pool areas and more
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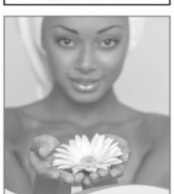
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# TECHNOLOGY THOUGHT-LEADERS ARE CONVINCED

Bill Gates:
"Bitcoin is better than currency…a technological tour de force."

Ben Bernanke
"[Virtual Currencies] may hold long-term promise, particularly if the innovations promote a faster, more secure and more efficient payment system."

Eric Schmidt
"Bitcoin is a remarkable cryptographic achievement and the ability to create something that is not duplicable in the digital world has enormous value."

Milton Friedman (1999)
"I think the Internet is going to be one of the major forces for reducing the role of government… The one thing that's missing, but that will soon be developed, is a reliable e-cash"

Peter Thiel
"I do think Bitcoin is the first encrypted money that has the potential to do something like change the world."

Al Gore
"I'm a big fan of Bitcoin…Regulation of money supply needs to be depoliticized"

David Marcus (former CEO PayPal)
"I really like Bitcoin. I own Bitcoins. It's a store of value, a distributed ledger. It's a great place to put assets."

# INCUMBENTS EMBRACING THE BLOCKCHAIN

**NASDAQ - partnered with Chain to launch private company exchange**

"As blockchain technology continues to redefine not only how the exchange sector operates, but the global financial economy as a whole, NASDAQ aims to be at the center of this watershed development," - Robert Greifeld, NASDAQ CEO,

**Citi - launched "Citicoin" project**

"Blockchain technology not only has an opportunity to transform financial services but also extend far beyond payments to new use-cases and applications across industries," - Debby Hopkins, Chief Innovation Officer at Citi

**Santander - published: "Fintech 2.0 Paper: Rebooting Financial Services"**

"Blockchain technologies could reduce banks' infrastructural costs by $15-20bn a year by 2022"

**Standard Chartered**

"The banking industry is starting to see the many potential benefits of its underlying technology. For banks, the blockchain has the potential to become a technology model for a low-cost and transparent transaction infrastructure." - Anju Patwardhan, Chief Innovation Officer

**Royal Bank of Scotland - announced a $3.5 Billion technology revamp over next 3 years**

"I don't know what's going to succeed. What I'm certain of is that we are going to see blockchain solutions, peer-to-peer solutions emerging in our industry and we want to be close to that development." - Simon McNamara, Chief Administrative Officer at RBS

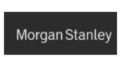

# THREE TECHNOLOGY EVOLUTIONS OF DISRUPTION

| The PC Era | The Internet Era | The Blockchain Era |
|---|---|---|
| *Semiconductor Technology* | *TCP/IP Protocol* | *Bitcoin Protocol* |
| intel, Microsoft | Google, amazon, facebook, ebay | coinbase, itBit, chain, ChangeTip, ripple |

BLOCKCHAIN CAPITAL

ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111 investor@blockchain.capital

# EXPERIENCED TEAM IN INVESTING

| | BART STEPHENS | BRAD STEPHENS | BROCK PIERCE | PAUL STEPHENS |
|---|---|---|---|---|
| EXPERIENCE | • Stephens Inv. Mgmt.<br>• Ivanhoe Capital<br>• E*Trade Group<br>• Princeton | • Stephens Inv. Mgmt.<br>• Fidelity Ventures<br>• CSFB<br>• Furman Selz<br>• Duke | • Chairman of the Bitcoin Foundation Board<br>• Founded 15x Startups<br>• Raised > $200M<br>• Invested in > 25x Startups | • Robertson Stephens & Co.<br>• RS Investments<br>• Duke Endowment<br>• UC Berkeley Endowment |
| RECOGNITION | #2 U.S. Long/Short Hedge Fund*<br>$500 Million AUM<br>2.5x Venture Fund, 11.5% IRR | | Founded 8 crypto currency startups and often referred to as the "father of digital currency" | 40 Years in Silicon Valley Investment Management and Banking |

**Leaders in Technology Investing**

**Incubated and Founded Dozens of Startups**

**100's of Silicon Valley Investments**

*Absolute Return Magazine 2004

# SUCCESSFUL TRACK RECORD OF HOME RUNS

| PRIVATE | | |
|---|---|---|
| Q RelateIQ | 2014 | **25.0x** |
| ValueClick | 2004 | **8.1x** |
| sina | 2008 | **6.9x** |
| RUPTURE | 2008 | **5.0x** |
| ADDEPAR | 2014 | **TBD** |

( 7 IPOs and 13 Acquisitions )

| PUBLIC | | |
|---|---|---|
| tencent.com | 2014 | **77.0x** |
| illumina | 2009 | **39.0x** |
| US AUTOPARTS | 2010 | **4.6x** |
| ISILON SYSTEMS | 2011 | **5.1x** |
| NCSOFT | 2007 | **3.4x** |

( 17 Public Acquisitions )

Private and Public Exits through Multiple Market Cycles

# BROCK PIERCE - CHAIR OF THE BITCOIN FOUNDATION

## INDUSTRY LEADER AND SPOKESPERSON

Money 20/20

Milken Institute

Singularity University

WIRED

TNABC

CoinSummit

INSIDE BITCOINS the future of virtual currency

The Montgomery Summit 2015 Presented by MACQUARIE

## SERIAL ENTREPRENEUR

- **IGE** (2001-2007) - **Merged with ItemBay**
- **Zam** (2004-2012) - **Sold to TenCent**
- **IMI Exchange** (2004-Present)
- **Xfire 2.0** (2011-Present)
- **Playsino** (2011-Present)
- **GoCoin** (payment processor)
- **Blade Financial** (Bitcoin debit card)
- **Coin Congress** (conference)

Repeat Entrepreneur and Digital Currency Visionary

# PARTNERS AND ADVISORY BOARD

| | | |
|---|---|---|
| **ALISON DAVIS*** | I | Director: Royal Bank of Scotland, XOOM, Fiserv and First Data |
| **MARY CRANSTON** | I | Director: VISA, ex-CEO and Chair of Pillsbury Winthrop |
| **TERRY SCHWAKOPF** | I | EVP: Federal Reserve Bank of San Francisco, banking supervision |
| **MICHAEL MCADAM** | I | CFO: Union Bank (Mitsubishi UFJ Financial Group) |
| **SIMON MCNAMARA** | I | CTO: RBS, ex-CIO of Standard Chartered, BNP and Deutsche Bank |
| **VINNY LINGHAM** | I | CEO: Gyft (acquired by First Data) |
| **BOBBY LEE** | I | CEO: BTC China |
| **NICCOLO DE MASI** | I | CEO: Glu Mobile |
| **STEVE BEAUREGARD** | I | CEO: GoCoin |
| **CHRIS PALLOTTA** | I | Special Advisor: MIT Media Lab, Partner: Raptor Capital |
| **MATT OCKO** | I | Partner: Data Collective |
| **WILL O'BRIEN** | I | Co-founder: BitGo |
| **CHARLIE LEE** | I | Coinbase, Founder of Litecoin |

* Chairman of the Advisory Board

Built a robust team of Advisors and LPs from the Blockchain ecosystem

# CRYPTO CURRENCY PARTNERS I, LP

The First Dedicated Bitcoin Venture Fund - 30 Investments, Fully Deployed

BLOCKCHAIN CAPITAL
ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111 investor@blockchain.capital



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# CRYPTO CURRENCY PARTNERS II, LP

Current portfolio - both contributed and new investments



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# PIPELINE & PROCESS

## 600+ Business Plans

**CONSUMER**
- Exchanges
- Remittance
- Digital Wallets

**INFRASTRUCTURE**
- Side Chains
- Blockchain Apps
- Mining

**ENTERPRISE**
- Multi-sig workflow
- Payment Gateways
- Financial Tools

## 200+ Meetings

- Deep Global Domain Knowledge
- Extensive Networks
- Proprietary Deal Flow
- Primary Investigative Due Diligence
- Exhaustive Management/Industry Interaction

## 37 Portfolio Companies

- Recruiting
- Business Development
- Capital Introduction
- M&A

## HISTORIC VENTURE RETURNS



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# ACTIVE BLOCKCHAIN VENTURE INVESTORS

Blockchain Capital has co-invested with these leading VCs

# CCP II - 8 CONTRIBUTED INVESTMENTS

| | DATE INVESTED | $ AMOUNT | DETAILS |
|---|---|---|---|
| BitGo | June '14 | $75,000 | Series A preferred |
| Coinsetter | December '13 | $50,000 | Converted to Series A at 1.5x |
| expresscoin | November '13 | $25,000 | Convert to Series A, $2.5m Cap |
| GoCoin | October '13 | $100,000 | Converted to Series A at 4.5x |
| Kraken | April '14 | $70,000 | Series A preferred |
| LedgerX | July '14 | $50,000 | Series A preferred |
| BitAccess | September '14 | $25,000 | Note discounted to Series A preferred |
| BitNet | October '14 | $75,000 | Series A Preferred |
| TOTAL | | $470,000 | (current value ~ $815,000… 1.7x) |

General Partners contributed co-investments at cost to CCP II

# CCP II - 12 NEW INVESTMENTS MADE

| | DATE INVESTED | $ AMOUNT | DETAILS |
|---|---|---|---|
| PeerNova | September '14 | $50,000 | Converted to Series A preferred |
| BlockStream | October'14 | $100,000 | Series A preferred |
| ChangeTip | November '14 | $250,000 | Series A preferred |
| Bonafide | November'14 | $50,000 | Note discounted to Series A preferred |
| BitPesa | December '14 | $100,000 | Note discounted to Series A preferred |
| Coinbase | December '14 | $200,000 | Series C preferred |
| itBit | January '15 | $250,000 | Series B preferred |
| Ripple | March '15 | $250,000 | Series A preferred |
| ABRA | July '15 | $100,000 | Series A preferred |
| Stem | August '15 | $250,000 | Note discounted to Series A preferred |
| Chain | September '15 | $250,000 | Series C preferred |
| Gem | September '15 | $250,000 | Series A preferred |
| | TOTAL | $2,100,000 | |



HOUSE_OVERSIGHT_024284

# CCP II - STRATEGY AND MAKE-UP

| | |
|---|---|
| **EXPOSURE** | Diversified Sector-specific |
| **FUND POSITION ALLOCATION** | **50%** New CCP II investments<br>**30%** Reserves for CCP II follow-on rounds<br>**20%** Option to use CCP I's follow-on rights |
| **INVESTMENT STRATEGY** | Leverage our network and industry expertise to find investments that utilize Blockchain technologies and help these portfolio companies disrupt legacy industries. |

Access to CCP's early seed deals as well as future deals

# CCP II - SUMMARY OF TERMS

| | |
|---|---|
| FUND TARGET | $10-15M |
| TERM | 6-8 Years |
| FEE/INCENTIVE | 2.5% / 25% |
| GP CONTRIBUTION | +5% Fund or +$1m |
| INVESTMENTS | 25 ($100k - $500k per deal) |
| STRUCTURE | 4 x 25% capital calls, BTC Accepted |



HOUSE_OVERSIGHT_024286

# CCP II - SERVICE PROVIDERS

| | |
|---|---|
| ADMINISTRATION / CFO | Kranz & Associates |
| LEGAL | Sidley Austin |
| TAX / AUDIT | Crawford Pimintel |
| BANK | Silicon Valley Bank |
| CUSTODIAN | Merrill Lynch |
| BTC VAULT | Xapo & BitGo |



HOUSE_OVERSIGHT_024287

# USE CASES FOR BLOCKCHAIN TECHNOLOGY

## Financial and Records

***Bitcoin*** Private Equities Bonds Public Equities

Shareholder Voting Remittance Crowd-funding

Spending Records Micro-payments Commodities

Trading Records Derivatives Mortgage/loan records

Digital Coupons Servicing records Micro-charity

## Legal / Health / Education

Smart Contracts Signatures/identity Degrees

Wills Genome data Trusts Licensing

Medical Records Escrows Delivery records

Arbitration Grades Patents Copyrights

Certifications Academic Credits

## Public Records

Land titles Birth certificates Vehicle registries

Business license Business Incorporation/dissolution

Business Ownership records Regulatory records

Criminal records Passports Death certificates

Voter IDs Building permits Health/safety inspections

Non-profit records Court records Gun permits Voting

## Commercial / Media

HR Records Supply chain mgmt Accounting records

Business transaction records Software licenses

Trademarks Spam Filters Hotel room keys

Global trade network Loyalty Points Vouchers

Domain names Betting records Movie Tickets

DRM: Music/movie/book license GPS network identity

# OPPORTUNITES FOR BLOCKCHAIN ADOPTION

**Micro-Transactions**
All Global Media Companies

**Financial Settlement**
Stock, Bonds, Derivatives, etc

**Remittance Hot Spots**
USA, UAE -> India, Mexico, Philip.

**Early-Adopt Millennials**
USA, EU, AU

**Currency Controlled Markets**
Korea, S. Africa, China, India

**Unstable Markets**
Africa, Venezuela, Argentina



HOUSE_OVERSIGHT_024289

# INDUSTRY GROWTH: 2014 to 2015

## Key Bitcoin Adoption Metrics

| | Quarterly | | | | Year Ago | |
|---|---|---|---|---|---|---|
| | June-15 | March-15 | Q2/Q1Δ | Q1/Q4Δ | June-14 | Δ |
| **Commerce** | | | | | | |
| Wallets | 9,345,510 | 8,457,207 | 11% | 14% | 5,467,263 | 2x |
| Merchants | 100,000 | 88,000 | 14% | 7% | 65,640 | 2x |
| Merchants' annual revenue ($bn) | 187 | 187 | 0% | 4% | 30 | 6x |
| ATMs | 426 | 374 | 14% | 9% | 126 | 3x |
| Unique bitcoin addresses | 261,770 | 203,189 | 29% | 29% | 136,152 | 2x |
| **Industry** | | | | | | |
| All-time VC investment ($m) | $832 | $687 | 21% | 50% | $252 | 3x |
| Number of VC-backed startups | 113 | 105 | 8% | 15% | 58 | 2x |
| **Media** | | | | | | |
| Mainstream media mentions | 371 | 458 | -19% | -10% | 1035 | -64% |
| **Technology** | | | | | | |
| Network hash rate (billion/second) | 351,177,610 | 346,028,956 | 1% | 11% | 104,506,281 | 3x |
| **Valuation** | | | | | | |
| Bitcoin market capitalization ($bn) | $3.8 | $3.4 | 11% | -22% | $8.0 | -53% |

Data sources and notes: CoinDesk, Blockchain.info, BitcoinPulse, Github, Coin ATM Radar. Figures are cumulative from start of records, except unique bitcoin addresses and media mentions, which are figures for the quarter ending that month. Number of VC-backed startups and VC investment unadjusted for closed companies: Melotic, Buttercoin, BitInstant, and TradeHill.

State of Bitcoin Q2 2015 CoinDesk 7

# CASE STUDY: ChangeTip

ChangeTip enables a "tipping" feature using Bitcoin on other companies' websites. It has built a Bitcoin micropayment platform that is currently integrated with Twitter, GitHub, Reddit, Google+, Tumblr, and YouTube.

We believe that ChangeTip's micro transaction platform is poised to be the financial equivalent of the "Like" button, and enabling new mechanisms for premium online constant to be monetized.

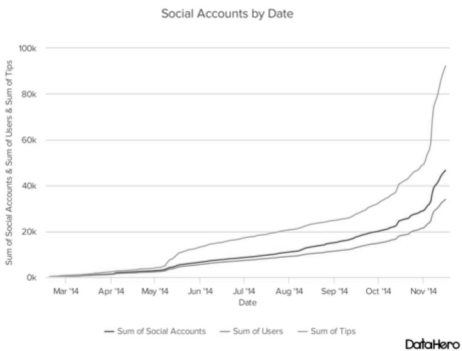

# HYPER-GROWTH- 2013 to 2015

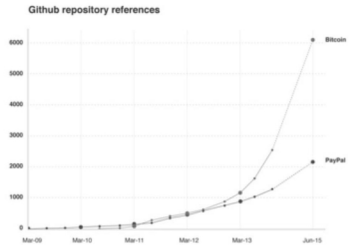


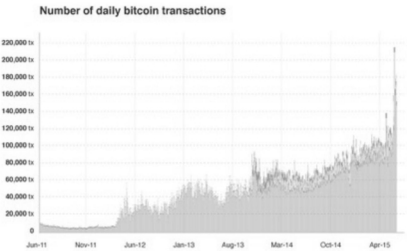


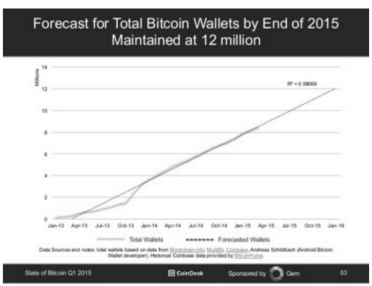


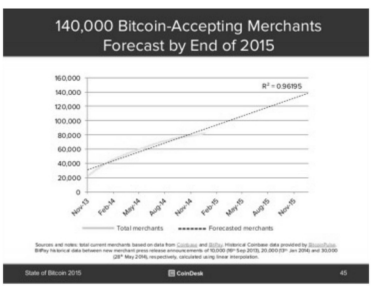

# SUMMARY

BLOCKCHAIN CAPITAL

FIRST DEDICATED BITCOIN VENTURE FUND

UNPARALLELED ACCESS TO DEAL-FLOW

PROVEN TRACK RECORDS

Building the Future Leaders in the Blockchain Economy



ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111 investor@blockchain.capital



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VOTE STACEY PLASKETT
FOR CONGRESS 2016
UNITED STATES VIRGIN ISLANDS

# FIRST TERM ACCOMPLISHMENTS 2015-2016

- Named to the Committees on Agriculture and Oversight and Government Reform
- Named as the Freshman representative on the Democratic Leadership Steering and Policy Committee
- Named by Southern Region as Regional Whip for Democrats
- Named to Leader Nancy Pelosi's Future Forum Group. Made up of a select group of 10 Members of Democratic Conference to engage millennials in political process
- Selected to President Obama's White House Renewable Energy roundtable group
- Led the Virgin Islands' delegation to the First Caribbean Energy Security Summit in DC

## Successful Legislative Activity

- Successfully removed the Virgin Islands and small territories from PROMESA (Puerto Rico Oversight Management Economic Security Act), which threatened VI municipal credit and borrowing ability along with self-governance
- Secured VA decision to expand Choice Program eligibility for Virgin Islands resident veterans
- Original Co-Sponsor of legislation to expand the VA choice program eligibility (H.R.572)
- Secured House passage of the Virgin Islands of the United States Centennial Commission Act (H.R.2615)
- Successfully worked to repeal the DC Budget proposal listing USVI and other Caribbean islands as tax havens which would have negatively affected our ability to secure banking and Treasury support
- Led the defeat of an amendment to the transportation authorization bill (Territorial Highway Program: H.R.2353) that would have reduced federal dollars for the Virgin Islands
- Defeated attempt by American Samoa and Northern Mariana to reallocate percentage of funding going to the USVI for other small territories
- Secured Commitment from Army Corp of Engineers for increased personnel and resources for Virgin Islands backlog of permits
- One of a small group of Members of Congress to be involved in the planning of the unprecedented "sit-in" of House Democrats for action to address American gun violence
- Secured Agriculture drought relief assistance for farmers and livestock owners and commitment to keep data on territories for future assistance and to designate St. Croix a primary disaster area due to severe drought
- Honored by global food and poverty groups for being a leading voice on issues affecting food and nutrition security

## Major Sponsored Legislation

- Virgin Islands Visa Waiver Act of 2015 (H.R. 2116) — Gives expedited visa process for members of the Caribbean Community (CARICOM) to enter the USVI for sports, entertainment, medical, and recreational purposes.
- Hire-A-Hero Act of 2015 (H.R.2457) — Gives tax credits to small businesses that hire someone in the Reserves or National Guard.
- United States Virgin Islands College Access Act of 2015 (H.R. 4191) — Allows student who are residents of the VI to receive in-state tuition when applying to participating state universities.
- Lobbied Obama Administration to include UVI as a community college for the President's proposal to make 2 years free at community colleges.
- Territorial Economic Growth and Recovery Act of 2016 (H.R.5163) — Introduced to amend the Internal Revenue Code of 1986 to provide for economic recovery in the Virgin Islands and Guam, and for other purposes.
- Territorial Tax Equity and Economic Growth Act (H.R.5038) — Introduced to amend the Internal Revenue Code of 1986 to provide for economic recovery in the territories.
- Co-Sponsored legislation to extend SSI benefits to the U.S. Virgin Islands (H.R.582)
- Visited Dominica immediately after Hurricane Erika and hosted Dominican Ambassador in Congress. Introduced H.Res.453 with numerous co-sponsors for additional Dominican assistance

## Field Activities

- Sponsored workshops on STT and STX for small businesses on federal contracting
- Partnered with USDA for workshops (STX and STT) on technical support for Farmers
- Had several town halls on St. Croix, St. Thomas, and St. John.
- Commitment to visit ALL schools in the Virgin Islands, and currently have visited over 15 schools. Will continue to meet with heads of school, teachers AND students.
- Organized and hosted first ever official roundtable discussion between VI Delegate to Congress and Virgin Islands Legislature
- Organized annual "VI Advocacy Day" in Congress, focused on elevating VI issues via local business owners and advocates
- Held meetings with various Regional Directors of agencies to discuss issues/concerns affecting the VI including:
    - HIDTA (High Intensity Drug Trafficking Agency)
    - Customs and Border Protection
    - U.S. Postal Service
    - USPS letter carriers
    - HUD (Housing and Urban Development)
    - VA Regional Hospital in Puerto Rico

Tel: 340-277-7000 www.PlaskettforCongress.com

**From**: Quora Digest [digest-noreply@quora.com]
**Sent**: 7/7/2019 7:03:04 PM
**To**: jeevacation@gmail.com
**Subject**: What is the French paradox?

Jeffrey's Digest

TOP STORIES FOR YOU

## What is the French paradox?

**Olga Persson**, knows French
Written Jun 26

People refer to French paradox when they are talking about the puzzling phenomenon of French people getting away with murder vis-a-vis food and drink. Unapologetic love for...

Read More »

## What's the legality of living on a boat (any size) off the coast in the U.S.?

**Jeanne Pockel**, 28 years full-time blue water sailing/cruising, 50 countries
Written Jun 24

Have you noticed that you don't see many boats anchored off the shore of ocean beaches? And rarely if ever overnight? That boats anchor in harbors, bay, rivers, but not off...

Read More »

## If x^2 + 16 = 0, then what is x?

**Dave Clark**, studied Mathematics at Queens' College, Cambridge
Written Nov 15, 2018

[math]x^2 + 16 = 0[/math]

[math]\therefore x^2 = -16[/math]

[math]\therefore x = \pm \sqrt{-16}[/math]

Negative numbers have no square roots in the real numbers, so if you are looking for real values only then there are no solutions. If we are looking for complex values too ...

Read More »

## As a flight attendant, what is the most disrespectful thing a passenger has ever requested from you?

**Susan Brown**, Flight Attendant
Updated Jan 2

I once had a strange passenger that asked me to go and check the "toilet" for her, before she went in.

I asked her why she wanted me to check the lavatory FOR HER. She tol...

Read More »

## People in many countries enjoy bashing the French. Are their reasons the same, or do they vary country to country? What do you think is the source of French-bashing in your country?

**Diane Allen**, Self-Employed Pharmacy Owner 27 Years and Counting
Written May 3

I find this an interesting question. My sister-in-law was born and raised in France. She has lived in the US 35+ years. Last time she went home to visit her family, she cam...

Read More »

## If a car pulls across your driveway and blocks your car in and you need to leave is there any way to move the car without breaking the law?

**Erik Pistek**, former Detective NYPD Retired
Written Jul 1

Yes. Ask a neighbor if they have a floor jack with wheels. Jack the car up from the center of axle Just enough to get tires off ground. Then push the car from the side fend...

Read More »

## Why does Warren Buffett live like a poor person?

**John Gill**

Updated May 23

1. His house is worth $650,000
2. He flies by private jet
3. His California vacation home is worth $11,000,000
4. He drives a Cadillac...

Read More »

## What indeed happens when you drop the soap in jail?

**Paul Passmore**, Activist in the black community
Written Jun 30

Usually, you have to yell really loudly to one of your friends or bunkmate and tell him to bring you another bar of soap. And that invites everyone within earshot to laugh ...

Read More »

## Do you think it's inappropriate for John Oliver to call President Donald Trump an "Uncooperative Toddler"?

**James Elefante**
Written Jun 24

What's that my mother used to say about "if you can't stand the heat then get out of the kitchen." He we have THE PRESIDENT of the United States giving childish and bullish...

Read More »

## What do they say in French at a restaurant when asking the customers "for here or to go?"

**Cathelène Dechesne**, knows French
Updated Jun 24

Hello! I'm French, and I would love to answer this question for you :)

In France, when ordering a meal at a restaurant, if the waiter/waitress asks a customer "for here or t...

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**From:** Richard Kahn [redacted]
**Sent:** 7/8/2018 7:24:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Bookstore owner calls police after customer confronted Steve Bannon | TheHill

**Importance:** High

http://thehill.com/blogs/blog-briefing-room/news/395982-bookstore-owner-called-the-police-after-a-women-called-steve

# Bookstore owner calls police after customer confronted Steve Bannon

By Morgan GstalterJuly 07, 2018 - 10:38 PM EDT

A Richmond, Va., bookstore owner said he called the police on Saturday after former White House chief strategist Stephen Bannon was confronted in his store.

Nick Cooke, owner of Black Swan Books, told the Richmond Times-Dispatch that a woman called Bannon a "piece of trash."

The woman then left the store after Cooke said he called 911.

"Steve Bannon was simply standing, looking at books, minding his own business. I asked her to leave, and she wouldn't. And I said, 'I'm going to call the police if you don't,' and I went to call the police and she left," Cooke said. "And that's the end of the story."

Bannon grew up in Richmond, the newspaper noted.

The Richmond Police Department confirmed the call was made but the call was canceled before officers responded.

"We are a bookshop. Bookshops are all about ideas and tolerating different opinions and not about verbally assaulting somebody, which is what was happening," Cooke said.

**Sponsored Content**

**Trump's Supreme Court shortlist**

**By The Hill**

**Read More**

Bannon joins a growing list of political figures associated with President Trump who have been confronted in public in recent weeks.

Protesters in Kentucky followed Senate Majority Leader Mitch McConnell (R-Ky.) to his car while he was leaving a Louisville restaurant on Saturday, threatening to vote him out of office.

Others, including White House press secretary Sarah Huckabee Sanders and Department of Homeland Security Secretary Kirstjen Nielsen, also have been confronted by protesters for their association with the Trump administration and its policies.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

EDGAR pro
by EDGAR Online

# CARVANA CO.

# FORM DEF 14A
(Proxy Statement (definitive))

Filed 03/14/19 for the Period Ending 04/23/19

| | |
|---|---|
| Address | 1930 W. RIO SALADO PARKWAY<br>TEMPE, AZ, 85281 |
| Telephone | (480) 719-8809 |
| CIK | 0001690820 |
| Symbol | CVNA |
| SIC Code | 5500 - Retail-Auto Dealers and Gasoline Stations |
| Industry | Auto Vehicles, Parts & Service Retailers |
| Sector | Consumer Cyclicals |
| Fiscal Year | 12/31 |

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

# CARVANA CO.
**(Name of registrant as specified in its charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it is determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CARVANA

Dear Fellow Stockholders,

We are pleased to invite you to attend the Annual Meeting of Stockholders of Carvana Co.

| | |
|---|---|
| **Date** : | Tuesday, April 23, 2019 |
| **Time** : | 8 AM (PDT) |
| **Address** : | 3419 East University Drive<br>Phoenix, AZ 85034 |

You can access our proxy materials online at www.proxydocs.com/CVNA. We will mail a notice containing instructions on how to access this proxy statement and our annual report on or about Thursday, March 14, 2019, to all stockholders entitled to vote at the annual meeting. Stockholders who prefer a paper copy of the proxy materials may request one on or before April 12, 2019, by following the instructions provided in the notice we will send.

Your vote is important. Whether or not you plan to attend the annual meeting, we urge you to vote. You may vote by proxy over the internet, by telephone, or by mail by following the instructions on the proxy card. Voting by proxy will ensure your representation at the annual meeting regardless of whether you attend.

Sincerely,

**Ernest Garcia III**

President, Chief Executive Officer and Chairman

## NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

The 2019 Annual Meeting of Stockholders of CARVANA CO. ("Carvana") will be held at 3419 East University Drive, Phoenix, AZ 85034, on Tuesday, April 23, 2019, at 8:00 AM (PDT) for the following purposes:

1. to elect two nominees identified in the accompanying proxy statement to serve as directors, as recommended by the Compensation and Nominating Committee of the Board of Directors of Carvana;
2. to ratify the appointment of Grant Thornton LLP as Carvana's independent registered public accounting firm for the year ending December 31, 2019;
3. to consider the approval, by an advisory vote, of Carvana's executive compensation (i.e., "say-on-pay" proposal);
4. to recommend, by an advisory vote, the frequency of future advisory votes on executive compensation (i.e., "say-on-pay frequency"); and
5. to transact other business as may properly come before the meeting or any adjournment of the meeting.

Our board of directors has set February 25, 2019, as our record date for this year's meeting. Only stockholders that owned Carvana Co.'s Class A common stock or Class B common stock at the close of business on that day are entitled to notice of our annual meeting and may vote at it or any adjournment of the meeting. A list of stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose relevant to the meeting during ordinary business hours for at least ten days prior to April 23, 2019, at 1930 W. Rio Salado Pkwy, Tempe, AZ 85281.

By Order of the Board of Directors

**Paul Breaux**

General Counsel and Secretary

## TABLE OF CONTENTS


| | |
|---|---|
| Commonly Asked Questions and Answers About the Annual Meeting | 1 |
| Board of Directors and Corporate Governance | 5 |
| ITEM 1—ELECTION OF DIRECTORS | 8 |
| Director Nominees | 8 |
| Continuing Directors | 9 |
| Independence Status | 10 |
| Controlled Company Status | 10 |
| Board Meetings and Committees | 11 |
| Board Leadership Structure | 13 |
| Section 16(a) Beneficial Ownership Reporting Compliance. | 14 |
| Risk Oversight | 14 |
| Compensation Committee Interlocks and Insider Participation | 15 |
| Communications by Stockholders and Other Interested Parties with the Board of Directors | 15 |
| Director Compensation | 15 |
| Executive Officers | 17 |
| Compensation Discussion and Analysis | 19 |
| Executive Summary | 19 |
| Compensation Objectives and Principles | 22 |
| Compensation Setting Process | 23 |
| Competitiveness of Our Compensation Program | 24 |
| Compensation Components | 24 |
| Compensation-Related Policies | 31 |
| Compensation and Risk | 31 |
| Tax and Accounting Implications | 32 |
| Compensation and Nominating Committee Report | 33 |
| Compensation Tables | 34 |
| Summary Compensation Table | 34 |
| Grants of Plan-Based Awards | 36 |
| Outstanding Equity Awards at 2018 Fiscal Year End | 37 |
| Option Exercises and Stock Vested | 38 |
| Potential Payments upon a Change of Control | 38 |
| CEO Pay Ratio | 39 |
| Certain Relationships and Related Party Transactions | 39 |

| | |
|---|---|
| Policies for Approval of Related Party Transactions | 39 |
| Amended and Restated Operating Agreement | 39 |
| Exchange Agreement | 40 |
| Registration Rights Agreement | 40 |
| Tax Receivable Agreement | 41 |
| Indemnification of Officers and Directors | 41 |
| Contribution Agreements | 42 |
| Relationship with DriveTime | 42 |
| Security Ownership of Certain Beneficial Owners and Management | 49 |
| ITEM 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | 54 |
| Fees and Services | 54 |
| Audit Committee Report | 56 |
| ITEM 3 – SAY ON PAY | 57 |
| ITEM 4 – SAY ON PAY FREQUENCY | 57 |
| Other Matters | 58 |
| Incorporation by Reference | 58 |
| Availability of SEC Filings, Code of Conduct, and Committee Charters | 58 |
| Where to Find Additional Information | 58 |
| Cost of Proxy Solicitation | 59 |
| Annex | 60 |
| 100k Milestone gift | 60 |
| Non-GAAP Financial Measures | 60 |

## COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

**Q: Why did I receive these materials?**

The Board of Directors of Carvana Co. is soliciting your proxy to vote at our 2019 Annual Meeting of Stockholders (or at any postponement or adjournment of the meeting). Stockholders who own shares of our common stock (Class A or Class B) as of the record date, February 25, 2019, are entitled to vote at the annual meeting. You should review these proxy materials carefully as they give important information about the items that will be voted on at the annual meeting, as well as other important information about Carvana.

**Q: Who will be entitled to vote?**

Stockholders who own shares of our common stock as of the record date, February 25, 2019, are entitled to vote at the annual meeting. As of the record date, Carvana had approximately 41,201,324 shares of Class A common stock outstanding and 104,336,303 shares of Class B common stock outstanding. Holders of shares of Class A common stock are entitled to one vote per share of Class A common stock. Ernest Garcia II, Ernest Garcia III, and entities controlled by one or both of them (collectively, the "Garcia Parties") are entitled to ten votes per share of Class B common stock they beneficially own, for so long as the Garcia Parties maintain, in the aggregate, direct or indirect beneficial ownership of at least 25% of the outstanding shares of Class A common stock, determined on an as-exchanged basis assuming that all of the Class A common units ("Class A Units") and Class B common units ("Class B Units," and together with Class A Units, "LLC Units") of Carvana Group, LLC ("Carvana Group") were exchanged for Class A common stock. The Garcia Parties are currently entitled to ten votes per share of Class B common stock they beneficially own. All other holders of Class B common stock are entitled to one vote per share. All holders of Class A common stock and Class B common stock will vote together as a single class except as otherwise required by applicable law. Cumulative voting is not permitted with respect to the election of directors or any other matter to be considered at the annual meeting.

**Q: What will I be voting on?**

You will be voting on the following matters:

1. to elect two Class II directors to serve on Carvana's board of directors until the 2022 Annual Meeting and until their successors are duly elected and qualified;
2. to ratify the appointment of Grant Thornton LLP as Carvana's independent registered public accounting firm for the year ending December 31, 2019;
3. to consider the approval, by an advisory vote, of Carvana's executive compensation (i.e., "say-on-pay");



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4. to recommend, by an advisory vote, the frequency of future advisory votes on executive compensation (i.e., "say-on-pay frequency"); and
5. to transact other business as may properly come before the meeting or any adjournment of the meeting.

**Q: How does the board recommend I vote on these matters?**

The board of directors recommends you vote for the following:

1. FOR the election of Gregory Sullivan and Dan Quayle as Class II directors;
2. FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2019;
3. FOR the approval, by an advisory vote, of Carvana's executive compensation; and
4. FOR an advisory vote that future advisory votes on executive compensation occur annually.

**Q: How do I cast my vote?**

*Beneficial Stockholders* . If you hold your shares through a broker, trustee, or other nominee, you are a beneficial stockholder. To vote your shares, please refer to the materials forwarded to you by your broker, bank, or other nominee for instructions on how to vote the shares you hold as a beneficial stockholder.

*Registered Stockholders* . If you hold shares in your own name, you are a registered stockholder and may vote by written ballot at the annual meeting or by proxy before the annual meeting in the following ways:

1. online at www.proxypush.com/CVNA;
2. by phone by calling (866) 509-2149; or
3. by signing and returning a proxy card.

Proxies submitted online or by telephone must be received before 8:00 AM (PDT) on April 23, 2019.

**Q: Can I access the proxy materials electronically?**

Yes. Your notice, proxy card, or voting instruction card will contain instructions on how to view our proxy materials for the annual meeting online and how to instruct us to send our future proxy materials to you electronically by email. Our proxy materials are also available at www.proxypush.com/CVNA and will be available during the voting period starting on March 14, 2019.

Instead of receiving future copies of our proxy statement and annual reports by mail, stockholders of record and most beneficial owners can elect to receive an email that will provide an electronic link to these documents. Your election to receive future proxy materials by email will remain in effect until you revoke it.

Please note that only one notice will be sent to stockholders who are listed at the same address.



HOUSE_OVERSIGHT_024310

**Q: How may I change or revoke my proxy?**

*Beneficial Stockholders* . Beneficial stockholders should contact their broker, trustee, or nominee for instructions on how to change their proxy vote.

*Registered Stockholders* . Registered stockholders may change a properly executed proxy at any time before its exercise by

1. delivering written notice of revocation to the general counsel and secretary at our principal executive offices at 1930 W. Rio Salado Pkwy, Tempe, AZ 85281;
2. submitting another proxy that is dated later than the original proxy (including a proxy via telephone or internet); or
3. voting in person at the annual meeting.

**Q: Who can attend the annual meeting?**

Subject to space availability, all common stockholders as of the record date, or their duly appointed proxies, may attend the annual meeting. Since seating is limited, admission to the annual meeting will be on a first-come, first-served basis. Registration will begin at 7:30 AM (PDT). If you attend, please note that you may be asked to present valid photo identification, such as a driver's license or passport.

Please also note that if you are a beneficial stockholder (that is, you hold your shares through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the annual meeting.

Cameras, recording devices and other electronic devices will not be permitted at the annual meeting.

**Q: What is the voting requirement to approve each of the items, and how are the votes counted?**

*ITEM 1 – ELECTION OF DIRECTORS* . A plurality of the votes cast by the shares of common stock present in person or represented by proxy at the meeting and entitled to vote thereon is required to elect each nominee. This means that the two nominees receiving the highest number of votes at the annual meeting will be elected, even if those votes do not constitute a majority of the votes cast. Abstentions and broker non-votes will not impact the election of the nominees.

*ALL OTHER ITEMS* . The affirmative vote of a majority of the votes cast by the shares of common stock present in person or represented by proxy at the meeting and entitled to vote thereon is required to approve all other items. Abstentions will be counted as present and entitled to vote on the proposal and will therefore have the effect of a negative vote. We do not expect there to be any broker non-votes with respect to any of the proposals.



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**Q: When will the results of the vote be announced?**

The preliminary voting results will be announced at the annual meeting. The final voting results will be published in a current report on Form 8-K filed with the SEC within four business days of the annual meeting.

**Q: What is the deadline for submitting a stockholder proposal or director nomination for the 2020 Annual Meeting?**

Stockholder proposals pursuant to SEC Rule 14a-8 for inclusion in Carvana's proxy statement and form of proxy for Carvana's 2020 Annual Meeting of Stockholders must be received by Carvana at our principal executive offices at 1930 W. Rio Salado Pkwy, Tempe, AZ, 85281, no later than the close of business on November 15, 2019. Stockholders wishing to make a director nomination or bring a proposal, but not include it in Carvana's proxy materials, must provide written notice of their nomination or proposal to the general counsel and secretary at Carvana's principal executive offices no later than the close of business on January 24, 2020, and not earlier than the close of business on December 25, 2019, assuming Carvana does not change the date of the 2020 Annual Meeting of Stockholders by more than 30 days before or after the anniversary of the 2019 Annual Meeting. If so, Carvana will release an updated time frame for stockholder proposals. Any stockholder proposal or director nomination must comply with the other provisions of Carvana's amended and restated bylaws and be submitted in writing to the general counsel and secretary at Carvana's principal executive offices.



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## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business and affairs are managed under the direction of our Board, which is composed of five directors. Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of our Board. Our certificate also provides that our Board will be divided into three classes of directors, with the classes as nearly equal in number as possible. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring.

The following table sets forth the director class, name, age as of April 23, 2019, and other information for each member of our board of directors:

| NAME | CLASS | AGE | POSITION | DIRECTOR SINCE | CURRENT TERM EXPIRES | EXPIRATION OF TERM FOR WHICH NOMINATED |
|---|---|---|---|---|---|---|
| Gregory Sullivan | II | 60 | Director | 2017 | 2019 | 2022 |
| Dan Quayle | II | 72 | Director | 2017 | 2019 | 2022 |
| Michael Maroone | III | 65 | Lead Director | 2017 | 2020 | |
| Ernest Garcia III | I | 36 | President, CEO and Chairman | 2017 | 2021 | |
| Ira Platt | I | 55 | Director | 2017 | 2021 | |

We believe that in order for our Board to effectively guide us to long-term sustainable, dependable performance, it should be composed of individuals with sophistication and experience in the many disciplines that impact our business. To best serve our stockholders, we seek to have a board that, as a whole, is competent in key corporate disciplines, including accounting and financial acumen, business judgment, crisis management, governance, leadership, people management, risk management, social responsibility and reputational issues, and strategy and strategic planning. Additionally, the Board desires to have specific knowledge related to our industry, such as expertise in automotive retail and consumer finance.

The Compensation and Nominating Committee believes that all directors must, at a minimum, meet the criteria set forth in the Board's code of conduct and the corporate governance guidelines, which specify, among other things, that the Compensation and Nominating Committee will consider criteria such as independence, diversity, age, skills, and experience in the context of the needs of the Board. In addressing issues of diversity in particular, the Compensation and Nominating Committee considers a nominee's differences in viewpoint, professional experience, background, education, skill, age, race, gender, and national origin. The Compensation and Nominating Committee believes that diversity of backgrounds and viewpoints is a key attribute for a director nominee. Accordingly, to improve director diversity and best serve our stockholders, the Compensation and Nominating Committee adopted a policy in 2019 to request that any search firm that it engages include women and minority candidates in the initial list from which the committee selects director candidates. The Compensation and Nominating Committee also will consider a combination of factors for each director, including whether the nominee possesses:



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- the ability to represent all stockholders without a conflict of interest;
- the ability to work in and promote a productive environment;
- sufficient time and willingness to fulfill the substantial duties and responsibilities of a director;
- the high level of character and integrity that we expect;
- broad professional and leadership experience and skills necessary to effectively respond to the complex issues encountered by a national, publicly traded company; and
- the ability to apply sound and independent business judgment.

The Compensation and Nominating Committee has determined that all of our directors meet the criteria and qualifications set forth in the code of conduct for the Board of Directors, the corporate governance guidelines and the criteria set forth above for director nominees. Moreover, each director possesses the following critical personal qualities and attributes that we believe are essential for the proper functioning of the Board to allow it to fulfill its duties for our stockholders: accountability, ethical leadership, governance, integrity, risk management, and sound business judgment. In addition, our directors have the mature confidence to assess and challenge the way things are done and recommend alternative solutions, a keen awareness of our business and the social realities of the environment in which we operate, the independence and high-performance standards necessary to fulfill the Board's oversight function, and the humility, professional maturity, and style to interface openly and constructively with other directors. Finally, the director biographies below include a non-exclusive list of other key experiences and qualifications that further qualify the individual to serve on the Board. These collective qualities, skills, experiences, and attributes are essential to our Board's ability to exercise its oversight function for Carvana and its stockholders and to guide the long-term sustainable, dependable performance of our business.

Subject to any earlier resignation or removal in accordance with the terms of our certificate and bylaws, our Class II directors will serve until this our second annual meeting of stockholders, our Class III directors will serve until the third annual meeting of stockholders, and our Class I directors will serve until our fourth annual meeting of stockholders. In addition, our certificate provides that our directors may be removed with or without cause by the affirmative vote of at least a majority of the voting power of our outstanding shares of stock entitled to vote thereon, voting together as a single class, for so long as the Garcia Parties are entitled to ten votes for each share of Class B common stock they hold. If the Garcia Parties are no longer entitled to ten votes for each share of Class B common stock they hold, then our directors may be removed only for cause upon the affirmative vote of at least 66 $^{2}/_{3}$ % of the voting power of our outstanding shares of stock entitled to vote thereon.



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The Compensation and Nominating Committee will consider stockholder nominations for membership on the Board. For the 2020 Annual Meeting, nominations may be submitted to Carvana Co., 1930 W. Rio Salado Pkwy, Tempe, AZ 85281, Attn: Secretary, who will forward them to the Chairman of the Compensation and Nominating Committee. Recommendations must be in writing and we must receive the recommendation no later than the close of business on January 24, 2020, and not earlier than the close of business on December 25, 2019. Recommendations must also include certain other requirements specified in our bylaws. The committee will apply the same criteria to the evaluation of those candidates as it applies to other director candidates.

When filling a vacancy on the Board, the Compensation and Nominating Committee identifies the desired skills and experience of a new director and nominates individuals who it believes can strengthen the Board's capabilities and further diversify the collective experience represented by the then-current directors. The Compensation and Nominating Committee may engage third parties to assist in the search and provide recommendations. Pursuant to a previously informal policy formally adopted in 2019, any search firm that the committee engages is requested to include women and minority candidates in the initial list from which the committee selects director candidates. Also, directors are generally asked to recommend candidates for the position. The candidates would be evaluated based on the process outlined in the Corporate Governance Guidelines and the Compensation and Nominating Committee charter, and the same process would be used for all candidates, including candidates recommended by stockholders.



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## ITEM 1—ELECTION OF DIRECTORS

Our Board recommends that the nominees below be elected as members of the Board at the annual meeting to serve for a three-year term expiring at the 2022 Annual Meeting.

| NAME | AGE | DIRECTOR SINCE | POSITION |
|---|---|---|---|
| Gregory Sullivan | 60 | 2017 | Director |
| Dan Quayle | 72 | 2017 | Director |

Each nominee was recommended for re-election by the Compensation and Nominating Committee for consideration by the Board and proposal to our stockholders. If, before the annual meeting, any nominee becomes unable to serve, or chooses not to serve, the Board may (i) nominate a substitute (ii) allow the vacancy to remain until the Board identifies an appropriate candidate or (iii) reduce the size of the board to eliminate the vacancy. If the Board chooses to nominate a substitute nominee, the persons named as proxies on the proxy card will vote for that substitute nominee.

**The Board of Directors recommends that you vote "FOR" each of the director nominees.**

## DIRECTOR NOMINEES

**Dan Quayle** has served on our Board since the completion of our initial public offering ("IPO") in 2017. Mr. Quayle has served the United States Federal Government in various capacities: congressman, senator, and as the 44th vice president of the United States of America from 1989 to 1993. Since 1999, Mr. Quayle has been with Cerberus Capital, a New York private investment firm. He has served as chairman of Cerberus Global Investments since 2001. Mr. Quayle earned a B.A. degree in political science from DePauw University and a J.D. from the Indiana University Robert H. McKinney School of Law. We believe Mr. Quayle is qualified to continue to serve on our Board because of his experience as the chairman of Cerberus Global Investments, LLC, as well as his extensive experience in the areas of government, foreign relations, and private investment.

**Gregory Sullivan** has served on our Board since the completion of our IPO. Mr. Sullivan is the co-founder and chief executive officer of AFAR Media, a travel media company he co-founded in 2007. From 1995 to 2007, Mr. Sullivan served the DriveTime Automotive Group, Inc. ("DriveTime") in various capacities, including as president from 1995 to 2004, chief executive officer from 1999 to 2004, and vice chairman from 2004 to 2007. Mr. Sullivan earned a B.B.A. degree in finance from the University of Notre Dame and a J.D. from the University of Virginia School of Law. We believe that Mr. Sullivan is qualified to continue to serve on our Board because of his senior management experience in the automotive and media industries.



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**CONTINUING DIRECTORS**

**Ernest Garcia III** co-founded Carvana and has served as our president and chief executive officer since our inception in 2012. Mr. Garcia is also Chairman of the Carvana Co. Board. Prior to founding Carvana, Mr. Garcia held various roles at DriveTime from January 2007 to January 2013. From January 2007 to December 2008, he served as a financial strategist. He was a managing director of corporate finance from December 2008 to November 2009. From November 2009 until January 2013, he served as a vice president and treasurer and director of quantitative analytics. As director of quantitative analytics, Mr. Garcia was responsible for the firm's ongoing development of consumer credit scoring models, and its utilization of those tools in retail-vehicle-sales deal structuring and vehicle-price optimization. Prior to DriveTime, Mr. Garcia was an associate in the Principal Transactions Group at RBS Greenwich Capital from 2005 to 2006, where he focused on consumer-credit-based investments. Mr. Garcia holds a B.S. in management science and engineering from Stanford University. We believe that Mr. Garcia is qualified to continue to serve on our Board because of his extensive knowledge of our business and strategy, as well as his experience in the automotive retail industry and leadership role with us.

**Ira Platt** has served on our Board since the completion of our IPO in 2017. Mr. Platt has been the president of Georgiana Ventures, LLC, a firm that provides equity and debt capital to specialty finance companies, acquires portfolios of consumer finance receivables and offers consulting services to the specialty finance industry, since its inception in 2009. From May 2009 to December 2013, Mr. Platt served as the president of 221 Capital Partners, LLC, a firm that provides advisory services. From 2009 to 2011, Mr. Platt was the portfolio manager for the Rosemont TALF Opportunity Fund, a partnership investing in asset-backed securities. In addition, Mr. Platt was a managing director and head of the Principal & Distressed Capital Business for RBS Greenwich Capital, the domestic fixed-income banking unit of the Royal Bank of Scotland Group, from 1997 to 2009. Mr. Platt was an executive vice president of the Aegis Consumer Funding Group, a publicly traded non-prime automotive finance company, from 1991 to 1997. Mr. Platt earned a B.A. degree in 1985 from Emory University and an M.B.A. from The Fuqua School of Business at Duke University. Mr. Platt served on DriveTime's board of directors from February 2014 until April 2017. We believe that Mr. Platt will continue to be a valuable member of our Board because of his service on DriveTime's board and his extensive experience in consumer finance and the automotive retail industry.

**Michael Maroone** has served on our Board since the completion of our IPO. Mr. Maroone is currently the CEO of Maroone U.S.A. LLC. From July 2005 to April 2015, Mr. Maroone served on the board of AutoNation, Inc., an automotive retailer and provider of new and used vehicles and related services. From August 1999 until his retirement in February 2015, Mr. Maroone also served as president and chief operating officer of AutoNation, Inc. Prior to joining AutoNation, Inc., Mr. Maroone was president and chief executive officer of the Maroone Automotive Group, a privately held automotive retail group, from 1977 to 1997. Mr. Maroone currently serves on three other boards: as a member of the board of Cox Automotive, Inc., a privately held combination of global automotive wholesale and services businesses including automotive auctions, financial services, media, and software; as chairman of the



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board of Cleveland Clinic Florida, a non-profit, multispecialty academic hospital; and as a member of the board of the Cleveland Clinic. Mr. Maroone previously served on the Cleveland Clinic Board of Trustees and was co-chairman of the Florida Leadership Board of the Cleveland Clinic. He holds a B.S. degree in small business management from the University of Colorado Boulder. Mr. Maroone was selected to serve on our Board because of his advisory experience and his extensive experience in the automotive retail industry

**INDEPENDENCE STATUS**

The listing standards of the New York Stock Exchange require that, subject to specified exceptions, each member of a listed company's audit committee, and compensation committee, and nominating committee be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act.

Our Board has determined that each of our non-employee directors, including our director nominees Dan Quayle and Gregory Sullivan, meets the requirements to be an independent director. In making this determination, our Board considered the relationships that each non-employee director has with Carvana and all other facts and circumstances that our Board deemed relevant in determining their independence, including beneficial ownership of our Class A common stock.

**CONTROLLED COMPANY STATUS**

For purposes of the corporate governance rules of the NYSE, we are a "controlled company." Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group, or another company. The Garcia Parties beneficially own more than 50% of the combined voting power of Carvana Co. Accordingly, we expect to be eligible for, but do not currently intend to take advantage of, certain exemptions from the corporate governance requirements of the NYSE. Specifically, as a "controlled company," we would not be required to have:

- a majority of independent directors,
- a nominating and corporate governance committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities,
- a compensation committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, or
- an annual performance evaluation of the nominating and governance and compensation committees.



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In the event we choose to rely on some or all of these exemptions in the future, you would not have the same protections afforded to stockholders of companies that are subject to all of the applicable corporate governance rules of the NYSE.

## BOARD MEETINGS AND COMMITTEES

During the year ended December 31, 2018, our Board held five meetings, our Audit Committee held nine meetings, and our Compensation and Nominating Committee held four meetings. Directors are expected to attend the annual meeting of stockholders and all or substantially all of the Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Each director attended last year's annual meeting, 100% of the meetings of the Board during such director's tenure, and 100% of the meetings held by the committees of the Board on which the director served.

Our Board has an Audit Committee and a Compensation and Nominating Committee. The composition, duties and responsibilities of these committees are as set forth below. In the future, our board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

| BOARD MEMBER | AUDIT COMMITTEE | COMPENSATION AND NOMINATING COMMITTEE |
|---|---|---|
| Ira Platt | • | • |
| Gregory Sullivan | • | • |
| Dan Quayle | | • |
| Michael Maroone | • | |

*AUDIT COMMITTEE*

The Audit Committee is responsible for, among other matters,

- appointing, compensating, retaining, evaluating, terminating, and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;



HOUSE_OVERSIGHT_024319

- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls, and compliance with legal and regulatory requirements;
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls, or auditing matters;
- reviewing and approving related party transactions; and
- overseeing our enterprise risk management program.

Our Board has affirmatively determined that Mr. Platt, Mr. Maroone, and Mr. Sullivan meet the definition of "independent director" for purposes of serving on an Audit Committee under Rule 10A-3 of the Exchange Act and the NYSE rules. In addition, our Board has determined that Mr. Platt qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. The written charter for our Audit Committee is available at our corporate website at investors.carvana.com/corporate-governance/governance-documents.

*COMPENSATION AND NOMINATING COMMITTEE*

The Compensation and Nominating Committee is responsible for, among other matters,

- reviewing key employee compensation goals, policies, plans, and programs;
- reviewing and providing recommendations to the Board regarding the compensation of our directors, chief executive officer, and other executive officers;
- reviewing and approving employment agreements and other similar arrangements between us and our executive officers;
- administering stock plans and other incentive compensation plans;
- identifying individuals qualified to become members of our Board, consistent with criteria approved by our Board;
- overseeing the organization of our Board to discharge the Board's duties and responsibilities properly and efficiently;
- identifying best practices and recommending corporate governance principles; and
- developing and recommending to our Board a set of corporate governance guidelines and principles applicable to us.

The Board has adopted a written charter for the Compensation and Nominating Committee, which is available on our corporate website at investors.carvana.com/corporate-governance/governance-documents. Each member of our Compensation and Nominating Committee is an independent director as defined by NYSE rules.



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## BOARD LEADERSHIP STRUCTURE

The following section describes our board leadership structure, the reasons why the structure is in place at this time, the roles of various positions, and related key governance practices. The mix of experienced independent and management directors that make up our Board, along with the independent role of our lead director and our independent board-committee composition, benefits Carvana and its stockholders.

### *INDEPENDENCE; BOARD MIX*

Our Board has an effective mix of independent and management directors. It is composed of four independent directors and our current chairman and chief executive officer, Ernest Garcia III.

### *LEAD DIRECTOR*

The Board believes that it is beneficial to Carvana and its stockholders to designate one of the directors as a lead director who is elected by a majority of the Board. The lead director serves a variety of roles, including reviewing and approving Board schedules to confirm the appropriate board and committee topics are reviewed and sufficient time is allocated to each; liaising between our chairman and chief executive officer and non-management directors when necessary and appropriate (that said, each director has direct and regular access to the chairman and chief executive officer) and calling an executive session of independent directors at any time consistent with the bylaws and certificate of incorporation. Michael Maroone, an independent director and member of our Audit Committee, is currently our lead director. Mr. Maroone is an effective lead director for Carvana due to, among other things, his independence, his board leadership experience with AutoNation, Inc., his strong strategic and financial acumen, his commitment to ethics, his extensive knowledge of the automotive retail environment, and his deep understanding of Carvana and its business.

### *CHAIRMAN / CEO*

With respect to the roles of chairman and CEO, the corporate governance guidelines provide that the roles may be separated or combined, and the Board will exercise its discretion in combining or separating these positions as it deems appropriate in light of prevailing circumstances. Mr. Garcia has been our chairman and CEO since our IPO. The Board believes that combining the roles of chairman and CEO, together with the separate, independent role of our lead director, is currently the most effective leadership structure because Mr. Garcia has extensive knowledge and experience in a variety of relevant areas acquired through his professional and other experiences, including automotive retail, e-commerce, consumer finance and strategic planning. This knowledge and experience give Mr. Garcia the insight necessary to combine the responsibilities of strategic development and execution along with management of day-to-day operations.



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*SELF-EVALUATION*

Our Compensation and Nominating Committee conducts an annual performance evaluation to determine whether the Board, its committees, and the directors are functioning effectively. This includes survey materials as well as conversations between each director and the lead director. The evaluation focuses on the Board's and the committees' contributions to Carvana and has an enhanced focus on areas in which the Board or management believes that the Board could improve.

As part of the annual Board self-evaluation, the Board evaluates whether the current leadership structure continues to be appropriate for Carvana and its stockholders. Our corporate governance guidelines provide the flexibility for our Board to modify our leadership structure in the future as appropriate.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.**

Section 16(a) of the Exchange Act requires our directors, executive officers and greater-than-ten-percent stockholders to file initial reports of ownership and reports of changes in ownership of any of our securities with the SEC and us. We believe that during the 2018 fiscal year, all of our directors, executive officers and greater-than-ten-percent stockholders complied with the requirements of Section 16(a).

**RISK OVERSIGHT**

The Board, as a whole and through the Audit Committee, oversees our risk management program, which is designed to identify, evaluate, and respond to our high priority risks and opportunities. The risk management program facilitates constructive dialog at the senior management and board level to proactively realize opportunities and manage risks. Our Audit Committee is primarily responsible for overseeing our risk management processes on behalf of the full board. Our management, including our executive officers, is primarily responsible for managing the risks associated with the operation and business of our company and provides regular updates to the Audit Committee and annual updates to the full board on the risk management program and reports on the identified high priority risks and opportunities.

*CODE OF ETHICS AND CONDUCT*

We have adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics is available on our website at investors.carvana.com/corporate-governance/governance-documents. We intend to disclose any amendments to the code or waivers of its requirements on our website.



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## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No interlocking relationships exist between the members of our Board and the board or compensation committee of any other company.

## COMMUNICATIONS BY STOCKHOLDERS AND OTHER INTERESTED PARTIES WITH THE BOARD OF DIRECTORS

Stockholders and other interested parties may contact an individual director, the lead director, the Board as a group, or a specified board committee or group, including the non-management directors as a group, by sending regular mail to

Carvana Co.
1930 W. Rio Salado Pkwy
Tempe, AZ 85281
ATTN: Board of Directors

or by email at leaddirector@carvana.com.

Each communication should specify which director or directors the communication is addressed to, as well as the general topic of the communication. Carvana will receive the communications and process them before forwarding them to the addressee. Carvana may also refer communications to other departments within Carvana. Carvana generally will not forward to the directors a communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or requests general information regarding Carvana.

## DIRECTOR COMPENSATION

Prior to our IPO, none of our directors received compensation as a director from us. We have designed our non-employee director compensation program to achieve the following objectives:

- align directors' interests with the long-term interests of our shareholders;
- attract and retain outstanding director candidates with diverse backgrounds and experiences; and
- recognize the substantial time commitment required to serve as a Carvana director.

The Compensation and Nominating Committee reviews the Company's director compensation program annually. Independent directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from us. Members of the Board who are employees of Carvana do not receive compensation for their service on the Board. The following table presents summary information regarding the total compensation awarded to, earned by, and paid to our non-employee directors for the year ended December 31, 2018:



HOUSE_OVERSIGHT_024323

| NAME | FEES EARNED OR PAID IN CASH ($) | OPTION AWARDS ($) | ALL OTHER COMPENSATION ($) | TOTAL ($) |
|---|---|---|---|---|
| Ira Platt | 100,000 | — | — | 100,000 |
| Gregory Sullivan | 95,000 | — | — | 95,000 |
| Dan Quayle | 70,000 | — | — | 70,000 |
| Michael Maroone | 90,000 | — | — | 90,000 |

*NON-EMPLOYEE DIRECTOR COMPENSATION STRUCTURE*

As of March 7, 2019, we compensate our non-employee directors according to the following structure:

| DESCRIPTION | AMOUNT |
|---|---|
| **Annual retainer** | $60,000 |
| **Board meeting fees** | $2,000 per each board meeting in excess of six board meetings in any calendar year that a non-employee director attends in person |
| **Additional retainer for committee members** | $10,000 per committee |
| **Additional retainer for chair of committee** | $20,000 for Audit Committee;<br>$15,000 for Compensation and Nominating Committee |
| **Additional retainer for lead director** | $20,000 |

Additionally, upon the completion of our IPO, each current non-employee director received a one-time award of options to purchase an aggregate of approximately 30,927 shares of our Class A common stock, vesting over three years, with an exercise price of $15. All non-employee directors are also reimbursed for their reasonable expenses to attend meetings of our Board and related committees and otherwise attend to our business.



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## EXECUTIVE OFFICERS

Below is a list of the names, ages, positions, and a brief account of the business experience of the individuals who serve as executive officers of Carvana Co. as of April 23, 2019:

| NAME | AGE | POSITION |
|---|---|---|
| Ernest Garcia III | 36 | President, Chief Executive Officer and Chairman |
| Mark Jenkins | 40 | Chief Financial Officer |
| Benjamin Huston | 36 | Chief Operating Officer |
| Ryan Keeton | 41 | Chief Brand Officer |
| Daniel Gill | 36 | Chief Product Officer |
| Paul Breaux | 35 | Vice President, General Counsel and Secretary |

**Ernest Garcia III** is the president and chief executive officer of Carvana and the chairman of our Board. His biography can be found above under "Board of Directors and Corporate Governance – Continuing Directors."

**Mark Jenkins** has served as our chief financial officer since July 2014. Prior to joining Carvana, Mr. Jenkins was a professor in the finance department at the Wharton School of the University of Pennsylvania from 2009 to 2014, where his teaching and research focused on consumer and corporate credit markets. While at Wharton, Mr. Jenkins was responsible for teaching courses in the undergraduate, MBA, and executive education programs on corporate restructuring, corporate credit, and leveraged finance. Prior to his time at Wharton, Mr. Jenkins worked at the Brattle Group from 2001 to 2004, an economic consulting firm, where he focused on corporate valuation and demand forecasting in technology markets. Mr. Jenkins received a Ph.D. in economics from Stanford University and a B.S.E. from Duke University in mathematics and civil engineering.

**Benjamin Huston** co-founded Carvana and has served as our chief operating officer since our inception in 2012. In 2011, prior to joining Carvana, Mr. Huston co-founded Looterang, a card-linking platform that enabled personalized deals to be automatically administered through consumer credit or debit cards. Mr. Huston was chief executive officer of Looterang from 2011-2012. From 2008 to 2011, Mr. Huston served as an associate at Latham and Watkins, a full-service global law firm, where he focused on regulatory affairs. Mr. Huston holds a J.D. from Harvard Law School and a B.A. in American studies from Stanford University.

**Ryan Keeton** co-founded Carvana and has served as our chief brand officer since our inception in 2012. Prior to joining Carvana, Mr. Keeton was a principal at the Montero Group, a strategic consultancy firm, from 2010 to 2012, where he advised global public and private companies on strategic and business initiatives. From 2008 to 2010, Mr. Keeton served as director of strategic marketing for George P. Johnson, a global marketing agency. Mr. Keeton holds a B.A. in English and American literature and language from Harvard University.



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**Daniel Gill** has served as our chief product officer since March 2015, overseeing all technology functions, as well as strategic partnerships for the business. Prior to joining Carvana, Mr. Gill spent his career in both enterprise software and consumer internet businesses. He co-founded and served as CEO of Huddler from 2007 until the company's acquisition by Wikia in May of 2014. Mr. Gill holds a degree in biology from Stanford University.

**Paul Breaux** has served as our general counsel since August 2015. Prior to joining Carvana, Mr. Breaux practiced law at the Houston, Texas office of the firm Andrews Kurth LLP (now Hunton Andrews Kurth LLP) from 2008 to 2015. While at Andrews Kurth, Mr. Breaux's representative experience encompassed a broad range of general business transactions matters. Mr. Breaux holds a J.D. from Harvard Law School, a B.A. in Plan II Honors from The University of Texas at Austin, and a B.B.A. in finance from The University of Texas at Austin.



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## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") describes our executive compensation objectives and design, our compensation-setting process, our executive compensation program components, and the decisions made in 2018 with respect to our chief executive officer and our four other most highly compensated executive officers for the year ended December 31, 2018, who have been designated as our "named executive officers" under Item 404 of Regulation S-K ("NEOs"):

| NAMED EXECUTIVE OFFICER | POSITION |
|---|---|
| Ernest Garcia III | Chief Executive Officer |
| Mark Jenkins | Chief Financial Officer |
| Benjamin Huston | Chief Operating Officer |
| Ryan Keeton | Chief Brand Officer |
| Daniel Gill | Chief Product Officer |

This CD&A may contain statements regarding future individual and company performance targets and goals. These targets and goals should not be understood to be statements of management's expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

### EXECUTIVE SUMMARY

*COMPANY PERFORMANCE HIGHLIGHTS*

2018 was a successful year for Carvana. We had another year of triple-digit growth in unit retails sold and revenue, while making significant progress in our gross profit per unit and EBITDA margin. Our growth has few historical precedents and makes us one of the fastest-growing technology, consumer, or retail companies at our scale.

The highlights of our 2018 performance include:

- 113% increase in retail units sold, from 44,252 to 94,108;
- 128% revenue growth, from $859 million to $1.96 billion;



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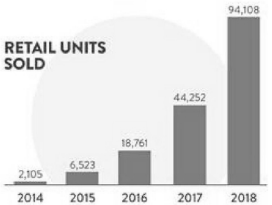


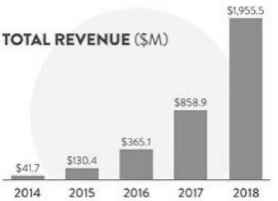


- 41 new markets, bringing our total from 44 to 85;
- 8 additional car vending machines, bringing our total from 7 to 15;

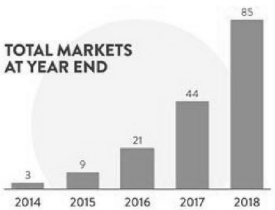


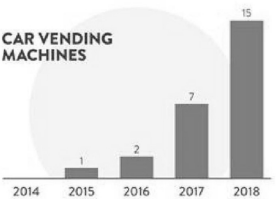


- a $551 increase in gross profit per unit (incl. gift) from $1,539 to $2,090, and a $594 increase in gross profit per unit ex-Gift, from $1,539 to $2,133;
- an increase in net loss margin (incl. Gift) from (19.1%) to (13.0%);
- an increase in EBITDA margin ex-Gift, from (16.9%) to (9.9%); and

*Note that gross profit per unit ex-gift and EBITDA margin ex-gift are non-GAAP measures. A description of these measures and a reconciliation of these measures to the nearest comparable GAAP measure can be found in the annex of this proxy statement .*

- a one-year total shareholder return of 71.1%, significantly outperforming our peer group companies (see "Competitiveness of our Compensation Program" below) as an index as well as the S&P 500 and S&P 500 Retailing Indices.

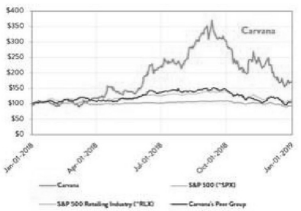

*KEY COMPENSATION DESIGN AND DECISIONS TO LINK PAY AND PERFORMANCE*

Underlying our executive compensation program is a strong belief in promoting a pay-for-performance culture. We accomplish this by linking a significant portion of the compensation of our executive officers, including our named executive officers, to our performance. In addition, the Compensation and Nomination Committee seeks to set challenging threshold and target performance levels that reflect our rapid growth trajectory and business plans rather than goals based on prior years' achievements. For each of the metrics used in our performance-based compensation plans, payouts are earned based upon outstanding performance as measured against pre-established financial objectives.

*CORPORATE GOVERNANCE HIGHLIGHTS REGARDING EXECUTIVE COMPENSATION*

We endeavor to maintain sound executive compensation policies and practices, including compensation-related corporate governance standards, consistent with our executive compensation philosophy. The following summarizes our executive compensation and related governance policies and practices:



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| WHAT WE DO | WHAT WE DO NOT DO |
|---|---|
| ✓ A significant portion of compensation is "at risk" and tied to long-term company performance | × No discretionary or guaranteed incentives payments |
| ✓ Annual incentive plan metrics are solely based on company performance; awards are determined based on pre-established targets | × No new or legacy exercise-tax gross-up provisions |
| ✓ Market-based executive compensation levels are reviewed by Compensation and Nominating Committee annually | × No option repricing without stockholder consent |
| ✓ Performance-measured incentive awards are subject to a compensation recoupment policy | |
| ✓ Executives are prohibited from hedging | |
| ✓ An independent compensation consultant is retained to evaluate our executive compensation and make recommendations | |

We believe that we have designed executive compensation plans that effectively support our strategic and financial goals, create a culture of teamwork, and are directly tied to the performance of the company and shareholder outcomes. We will continue to utilize rigorous governance processes to monitor and evaluate the compensation programs as well as implement best practices in compensation governance. We welcome shareholder feedback on our programs.

## COMPENSATION OBJECTIVES AND PRINCIPLES

Carvana seeks to create and maintain a culture of teamwork and high performance. Our executive compensation programs are one of the tools we utilize to accomplish this objective. Philosophically, we aim to treat our executives fairly when considering:

- the complexity of their jobs,
- the market for their executive talent,
- their individual performance,
- the financial and strategic performance of the company, and
- the need to retain the executives.

Within that framework, it is critical that we meet our objectives to:

- attract and retain the best executive talent to support our growth,
- align the interests of our executives with those of our shareholders, and
- provide incentives that are linked directly to our long- and short-term strategy.

We set very challenging goals as our incentive compensation metrics and we expect that our executives will in aggregate be paid approximately at the median for achieving those goals through the plans outlined in this CD&A. As evidenced by our track record of growth and strategic progress, our approach to executive compensation has been effective.



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## COMPENSATION SETTING PROCESS

*ROLE OF COMPENSATION AND NOMINATING COMMITTEE AND CHIEF EXECUTIVE OFFICER IN SETTING EXECUTIVE COMPENSATION*

The Compensation and Nominating Committee has responsibility for overseeing the design, development, and implementation of the compensation program for our chief executive officer and other NEOs. The committee evaluates the performance of our chief executive officer and the performance of the other executive officers. Our chief executive officer assists the committee in evaluating the performance of our other executive officers, including the named executive officers other than the chief executive officer. Our chief executive officer does not participate in portions of committee meetings or meetings of the Board when his compensation is discussed and determined, and has requested that his total compensation be set significantly below the market median due to his significant ownership interest in our company

Based on these assessments, the members of the Compensation and Nominating Committee, each of whom is an independent director, make the final compensation decisions for the NEOs other than the CEO, and make recommendations to the Board for the CEO's compensation. The Board makes the final decision for the CEO's compensation.

*INDEPENDENT COMPENSATION ADVISOR*

Our Compensation and Nominating Committee believes that independent advice is important in developing Carvana's executive compensation programs. Since September 2017, the committee has engaged Korn Ferry as its independent compensation consultant to advise on executive compensation matters. All work performed by the independent compensation consultant regarding our executive compensation program is tasked and overseen directly by the committee. Our management provides information and analyses to the committee at the committee's direction.

In addition to advising on our executive compensation program, Korn Ferry, at the request of and in service to the committee, provided certain other compensation advisory services for 2018 compensation, including assistance with establishing a compensation peer group, benchmarking aggregate broad-based equity usage (including run-rate and total dilution), benchmarking director compensation, benchmarking non-executive employee compensation in certain job families within our company, and developing the narrative disclosure in this Compensation Discussion and Analysis. Our Compensation and Nominating Committee paid Korn Ferry $103,000 for their 2018 services.

Korn Ferry does not provide any other material services to Carvana Co. The committee has assessed the independence of Korn Ferry pursuant to the NYSE rules and concluded that Korn Ferry's work for the committee did not raise any conflicts of interest.



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## COMPETITIVENESS OF OUR COMPENSATION PROGRAM

Our executive compensation program is designed so that the sum of base pay plus total short- and long-term compensation is competitive with market practices. Market practices—or benchmarks—are based on peer-group data and compensation survey data.

The past year, 2018, was our first year of developing a compensation peer group. Many of our direct industry competitors are either privately held companies or are larger than us in revenue size, although very few have our growth trajectory. The Compensation and Nominating Committee, with the assistance of its compensation consultant, Korn Ferry, reviewed and selected potential peer companies based on revenue size, industry focus, growth rates, complexity of operations, customer base, and market for talent. With the assistance of its compensation consultant, the committee approved the following compensation peer group in order to determine market pay levels and pay practices for fiscal year 2018:

- 1-800-Flowers.com, Inc.
- America's Car-Mart, Inc.
- Cars.com Inc.
- Etsy, Inc.
- Grubhub, Inc.
- MarineMax, Inc.
- Monro, Inc.
- Overstock.com, Inc.
- RH
- Sleep Number Corporation
- TrueCar, Inc.
- U.S. Auto Parts Network, Inc.
- Wayfair Inc.
- Zillow Group, Inc.

Going forward, the Compensation and Nominating Committee expects to review our compensation peer group on an annual basis for continued appropriateness, considering changes in both our size and business and the businesses of the companies in the peer group.

The committee also uses compensation survey data in its evaluation of executive pay for the NEOs. Survey data provides insight into positions that may not generally be reported in proxy statements and information about the compensation of executives of non-public companies. To assist the committee in evaluating fiscal year 2018 compensation levels, the committee reviewed both peer-group proxy data and information from survey databases, utilizing appropriate subsets based on the size of the company.

## COMPENSATION COMPONENTS

In accordance with our overall compensation philosophy and program, executives are provided with a mix of base salary, short-term incentives, long-term incentives and employee benefits. Our compensation philosophy places a significant portion of the potential total compensation for each NEO "at risk" such that compensation will vary based on performance of Carvana. Variable compensation is a component of compensation for most of our employees, but a higher proportion of our NEOs' compensation is at risk than that of our general employee population. As shown in the pay mix chart below, our compensation program is designed to be highly performance-based with approximately 80% of each of our NEO's compensation tied to our financial performance and stock price performance.



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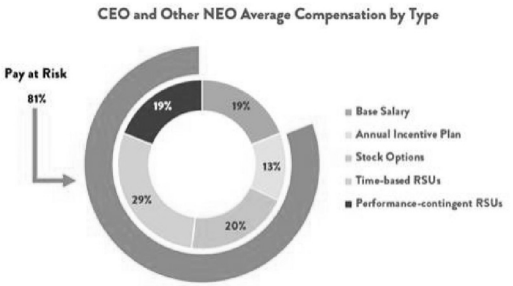


The following table describes the material elements of compensation and the objectives of each element:

| PROGRAM | DESCRIPTION | OBJECTIVES |
|---|---|---|
| **ANNUAL COMPENSATION:** | | |
| *Base Salary* | • Ongoing cash compensation based on executive officer's role, responsibilities, competitive market positioning, and individual performance. | • Attract and retain qualified key managerial talent.<br>• Recognize sustained individual performance. |
| *Annual Incentive Plan* | • Annual cash incentive with target award amounts for each executive officer.<br>• Actual cash awards may be higher or lower than target, based on the company's financial performance. | • Attract and retain qualified key managerial talent.<br>• Encourage and reward achievement of annual performance objectives. |
| **LONG-TERM COMPENSATION:** | | |
| *Long-Term Incentive Program* | • A long-term incentive program using a combination of time-vested and performance-based awards. | • Focus executives on long-term company performance and long-term financial and strategic success.<br>• Retention.<br>• Align employee and stockholder interests via performance goals and stock ownership. |



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*BASE SALARY*

The base salaries for the named executive officers are reviewed annually by the Compensation and Nominating Committee. Individual salaries are determined based upon a combination of factors, including the scope of responsibilities, individual performance and experience, our company's performance, an individual's potential for making contributions to future company performance, and competitive pay practices. The committee considers all these factors in determining base salary increases and does not assign a specific weighting to any individual factor.

In February 2018, the Compensation and Nominating Committee reviewed the base salaries of our executive officers, including our named executive officers, taking into consideration the factors described above. Following this review, the committee determined to maintain the base salary of our CEO at its 2017 level and to increase the base salaries of the other four named executive officers to maintain the competitiveness of this compensation element. All of the NEOs' 2018 base salaries were approximately at or below the market median as determined by the compensation consultant.

Ernest Garcia III, our chief executive officer, had a base salary of $400,000 for both 2017 and 2018, with no increase. Mark Jenkins, our chief financial officer, had a 2017 base salary of $350,000 and a 2018 base salary of $375,000, an increase of 7.1%. Benjamin Huston, our chief operating officer, had a 2017 base salary of $350,000 and a 2018 base salary of $375,000, an increase of 7.1%. Ryan Keeton, our chief brand officer, had a 2017 base salary of $315,000 and a 2018 base salary of $330,000, an increase of 4.8%. Daniel Gill, our chief product officer, had a 2017 base salary of $315,000 and a 2018 base salary of $330,000, an increase of 4.8%.

*2018 ANNUAL INCENTIVE PLAN*

Our annual incentive plan was designed to align our executive officers' incentives with our company goals and, therefore, to be aligned with the interests of our shareholders. The Compensation and Nominating Committee approves which executives are eligible to participate (other than the CEO) and the level of potential awards, identifies appropriate performance measures, and determines the financial targets of each measure. The CEO makes recommendations as to these matters, but the Compensation and Nominating Committee makes all decisions with respect to the implementation of the annual incentive plan. For the CEO's annual incentive plan, the Compensation and Nominating Committee makes a recommendation, with the Board making the final decision. In establishing performance goals, the committee and the Board as a whole review industry and market conditions, alignment of the goals with our strategy, projected general economic conditions, and both our past and forecasted performance levels.

*Target Bonuses and Payout Ranges*

For the 2018 annual incentive plan, the committee established a target bonus at 66.7% of base salary for each of the NEOs, with a payout range of 0%–133% of base salary. Utilizing the same bonus target for all the NEOs promotes a culture of teamwork among the senior executives and encourages their entrepreneurial spirit. As a result, the CEO's target 2018 total cash, including both base salary and target annual incentive plan amount, is below the market 25 th percentile of our compensation peer group.



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The resulting payout range for Mr. Garcia, our chief executive officer, is $0–$530,667, with a target of $266,667. For both Mr. Jenkins, our chief financial officer, and Mr. Huston, our chief operating officer, the payout range is $0–$497,500, with a target of $250,000. For both Mr. Keeton, our chief brand officer, and Mr. Gill, our chief product officer, the payout range is $0–$437,800, with a target bonus of $220,000.

*Performance Metrics and Goals*

The performance period for the annual incentive is our fiscal year. The committee selected retail units sold, gross profit per unit ex-Gift, and EBITDA margin ex-Gift as the performance metrics for our 2018 annual incentive plan because these are the primary metrics we use in evaluating our own performance when communicating our financial results to our investors.

The committee believes that these performance measures help focus the executives on growing retail units sold and revenue, increasing total gross profit per unit, and demonstrating operating leverage. The detailed definition of each measure and rationale of selection are provided below:

| PERFORMANCE METRICS USED IN THE 2018 AIP | WEIGHT | DEFINITION | RATIONALE OF SELECTION |
|---|---|---|---|
| *Retail Units Sold* | 40% | The number of vehicles sold to customers in a given period, net of returns under our seven-day return policy. | We view retail units sold as a key measure of our growth for several reasons. First, retail units sold is the primary driver of our revenues and, indirectly, gross profit, since retail unit sales enable multiple complementary revenue streams, including financing, VSCs, GAP waiver coverage, and trade-ins. Second, growth in retail units sold increases the base of available customers for referrals and repeat sales. Third, growth in retail units sold is an indicator of our ability to successfully scale our logistics, fulfillment, and customer service operations. |
| *Gross Profit per Unit ex-Gift* | 40% | The gross profit before compensation expense related to the 100k Milestone Gift (as hereinafter defined) is included in cost of sales, divided by retail units sold in that period. | Total gross profit per unit ex-Gift is driven by sales of used vehicles, each of which generates additional revenue sources including wholesale sales of vehicles we acquire from customers as trade-ins, gains on the sales of loans originated to finance the vehicle, revenue from GAP waiver coverage, and commissions on sales of VSCs. We believe total gross profit per unit ex-Gift is a key measure of our growth and long-term profitability. |



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| | | | |
|---|---|---|---|
| *EBITDA Margin ex-Gift* | 20% | Net loss before interest expense, income tax expense, depreciation and amortization expense, and the compensation expense related to the 100k Milestone Gift, as a percentage of total revenues. | We believe that EBITDA Margin ex-Gift is an important measure of the leverage in our business and a useful measure to us and to our investors because it focuses specifically on operational performance. |

At the beginning of 2018, the committee established financial performance goals that were challenging and reflective of Carvana's fiscal 2018 operating plan, economic and market conditions, and forecasts at the time the performance goals were established. The target performance goal of each metric is significantly above fiscal 2017's actual results: over 92,000 retail units sold, a 108% increase over fiscal year 2017's retail units sold of 44,252; over $2,100 for gross profit per unit ex-Gift, a $561 increase over fiscal year 2017's gross profit per unit ex-Gift of $1,539; and EBITDA margin ex-Gift of less than (7.2)%, a 9.7 percentage point improvement over fiscal year 2017's EBTIDA margin ex-Gift of (16.9)%.

*Total Payouts*

Based on the committee's evaluation of our 2018 actual performance against the annual incentive plan goals, 88% of the target annual bonuses were paid out, amounting to 59% of the NEOs' respective base salaries. The annual incentive bonus received by each of the NEOs is included in the "Non-Equity Performance Incentive Plan Compensation" column in the 2018 Summary Compensation Table in this proxy statement.

Each of the annual incentive metrics provided a payout range of 0%–199% as a percent of the target. For Retail Units Sold, weighted 40% of the total, the target was over 92,000, and our actual performance was 94,108, resulting in a payout of 118% of the target payout. For gross profit per unit ex-Gift, weighted 40% of the total, the target was over $2,100 and our actual performance was $2,133, resulting in a payout of 103% of the target. For EBITDA Margin ex-Gift, weighted 20% of the total, our target was less than (7.2)% and our actual performance was (9.9)%, resulting in no payout. Aggregating each of the respective payouts, weighted accordingly, resulted in a total payout of 88% of target. Applying the payout of 88% of target to each of our NEOs respective target bonuses, Mr. Garcia achieved a $235,733 payout amount; Messrs. Jenkins and Huston achieved a payout of $221,000 each, and Messrs. Keeton and Gill achieved a payout of $194,480 each.

*LONG-TERM INCENTIVE PROGRAM*

The Compensation and Nominating Committee believes that stock-based performance compensation is essential to align the interests of Carvana's management and its shareholders in enhancing the long-term value of our equity and to encourage executives to remain with the company. Among the varied types of equity awards the committee is authorized to use under the equity plan, stock options are the ones that the committee has determined are preferable for use with NEOs, because their



HOUSE_OVERSIGHT_024336

value is more leveraged to future value appreciation and depends upon a future increase in the value of our common stock. The committee also has determined that restricted stock unit grants to NEOs should be used for the purposes of retention or recognition of outstanding performance in part because restricted stock units are less volatile than stock options.

*2018 Annual Grant*

For fiscal 2018, the Compensation and Nominating Committee determined to award an equal blend of time-based stock options and restricted stock units to provide a mix composed of awards whose value depends upon a future increase in the value of the common stock (time-based stock options) and awards that serve primarily as a retention tool (time-based restricted stock units).

For the 2018 annual grant, the committee targeted a grant value equal to the amount of each executive's base salary. The committee initially targeted the annual grant based on a 10-day average stock price as of April 2, 2018 ($21.61). Based on that price, Mr. Garcia would have received 15,988 options and 9,255 RSUs; Messrs. Jenkins and Huston would have received 14,989 options and 8,677 RSUs; and Messrs. Keeton and Gill would have received 13,190 options and 7,635 RSUs. However, the grants were not awarded until mid-July when the stock price had more than doubled ($44.21). To compensate the executives for the disadvantage of receiving stock options with a much higher exercise price, the Committee determined to grant additional RSUs. The grant value of the additional RSUs is equal to one-half of the in-the-money value difference between the options granted based on the March stock price and the options granted based on the July stock price, resulting in a total of 13,987 RSUs granted to Mr. Garcia, 13,113 to Messrs. Jenkins and Huston each, and 11,540 to Messrs. Keeton and Gill each.

*2018 Special Performance-Contingent Grant*

For fiscal 2018, the Compensation and Nominating Committee and the Board also granted a one-time special performance-contingent RSU award for driving exceptional company performance to achieve an important milestone in the development of the business. The RSUs were granted on April 30, 2018, to the NEOs other than the CEO; the CEO received his award on May 1, 2018. Mr. Garcia was granted 14,572 RSUs ($393,298 grant value), Messrs. Jenkins and Huston 13,662 RSUs ($358,081 grant value), and Messrs. Keeton and Gill 12,022 RSUs ($315,097 grant value). All of these grants will vest 100% on the date of the first periodic report filed where positive quarterly EBITDA is reported. None of the RSUs were vested as of the end of 2018.

*2018 100k Milestone Gift*

On September 10, 2018, we announced a commitment by our chief executive officer, Ernest Garcia III ("Mr. Garcia"), to contribute 165 shares of Class A common stock to us from his personal shareholdings for every one of our then-existing employees, including the NEOs, upon their satisfying certain employment tenure requirements. In connection with these contributions, we have made corresponding grants of 165 restricted stock units under our 2017 Omnibus Incentive Plan to each employee who has satisfied the requirements and we intend to make grants to the remaining then-existing employees as they satisfy the requirements (the "100k Milestone Gift" or "Gift"). Messrs. Jenkins, Huston, Keeton, and Gill all received the grant in 2018, which had a grant date fair value of $10,562.



HOUSE_OVERSIGHT_024337

*PERQUISITES AND BENEFITS*

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we did not provide perquisites to our executive officers in 2018, including our named executive officers, except that each of the NEOs, along with certain other employees, can use one of the company inventory vehicles (which generally will be replaced every three years); each, along with many of our employees, may use a company-provided cellular phone; and each, along with all of our employees, may participate in our 401(k) match benefit which is based on salary.

We do not expect that any future perquisites or other personal benefits will be a significant aspect of our executive compensation program. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation and Nominating Committee.

*TERMINATION, SEVERANCE AND CHANGE IN CONTROL BENEFITS*

We do not have employment or severance agreements with our executives.

In the event of a change in control of Carvana Group, all outstanding unvested Class B Unit awards held by participants in the Carvana Group equity incentive plan, whose employment has not previously terminated, will accelerate in full, subject to certain escrow demand rights held by a purchaser of control of Carvana Group.

If an executive is terminated involuntarily without cause within twenty-four months following a change in control as defined by our 2018 equity award agreements, all outstanding vested stock options and time-based RSUs of that executive will become fully exercisable or vested. An executive whose employment is terminated because of death or disability will receive one year from the time of termination to exercise any then-vested options instead of the usual 90 days, but not past the expiration date of the options. If a person's employment is terminated for disability, and that person later dies within a year, the legal representative of the person's estate may exercise the options within one year of the date of death, though not past the expiration date of the options.

If a change in control occurs before the performance-contingent RSUs are vested, outstanding shares will vest in a proportionate number based on the company's progress toward positive EBITDA, starting from the EBITDA loss baseline as of the end of the calendar quarter immediately preceding the award (-$41.5 million) to the EBITDA as of the end of the calendar quarter immediately preceding the date of the closing of the change in control.

Except for these arrangements, none of our named executive officers have entered into any plans, arrangements or agreements with Carvana providing for payments upon termination of employment or change in control of Carvana, other than payments generally available to all salaried employees that do not discriminate in scope, terms, or operation in favor of the executive officers of Carvana.



HOUSE_OVERSIGHT_024338

## COMPENSATION-RELATED POLICIES

*COMPENSATION RECOVERY ("CLAWBACK") POLICY*

In 2018, the Compensation and Nominating Committee approved the adoption of a "clawback" policy, which would provide for the clawback or recoupment of any compensation granted, earned, or vested that is tied to performance metrics, in the event of an accounting restatement resulting from material noncompliance with certain financial reporting requirements that reveals that such performance (or level of performance) was not achieved.

*POLICY REGARDING HEDGING AND PLEDGING OF COMPANY STOCK*

Carvana's insider trading policy prohibits all employees from buying or selling Carvana securities while aware of material nonpublic information and prohibits the disclosure of material nonpublic information to others who then trade in our securities. As part of this policy, certain other Carvana-securities-related transactions by directors, officers and other employees are also prohibited or subject to specific notice and pre-approval requirements. The policy is premised on the belief that even in those circumstances where the proposed transaction may not constitute a violation of law or applicable regulations, it is nonetheless inappropriate for any director, officer, or other employee to engage in short-term or speculative transactions in our securities which may be viewed as reducing their incentive to improve our performance or inconsistent with the objectives of our stockholders in general. Therefore, it is our policy that directors, officers, and other employees may not engage in any transactions involving our securities which constitute short sales, puts, calls, or other similar derivative securities. The policy also prohibits certain other transactions, including hedging or monetization transactions—e.g., zero-cost collars, forward sale contracts, and arrangements pledging company securities as collateral for a loan (without adequate assurance of other available assets to satisfy the loan).

## COMPENSATION AND RISK

We believe that our compensation programs create appropriate incentives to drive sustained, long-term increases in shareholder value. These programs have been designed and administered in a manner that discourages undue risk-taking by employees. Relevant features of these programs include:

- Focus on weighting compensation toward four-year and greater vesting schedules of equity awards;



HOUSE_OVERSIGHT_024339

- individual executive pay generally targeted at median level against comparable executive roles at an appropriate set of peer companies, except the chief executive officer, for whom we target significantly below median level due to his significant ownership interest in us;
- robust clawback policies permitting the recoupment of past incentive pay from executive officers in the event of certain kinds of misconduct, and forfeiture of incentive awards in the event the executive engages in various types of conduct deemed detrimental to Carvana's interests, including theft or fraud against Carvana and engaging in competition with Carvana;
- no employment agreements with executive officers;
- the use of retail units sold, gross profit per unit ex-Gift and EBITDA margin ex-Gift as performance metrics, which incents employees to increase earnings and manage net assets efficiently;
- restrictions on trading in Carvana Class A common stock to reduce insider trading compliance risk, as well as prohibitions on pledging and hedging Carvana capital stock.

In light of these features, we conclude that the risks arising from our executive and employee compensation policies and practices are not reasonably likely to have a material adverse effect on the company.

**TAX AND ACCOUNTING IMPLICATIONS**

Carvana considers the tax and accounting aspects of the elements of compensation we offer in determining the most effective method for compensating our executives. This includes, but is not limited to, Section 162(m) of the Internal Revenue Code and the regulations thereunder. Section 162(m) generally limits the tax deduction available to public companies for annual compensation paid to the chief executive officer and certain other named executive officers in excess of $1 million.

As a result of 2017 tax legislation, compensation paid in a fiscal year in excess of $1 million to, or on behalf of, an individual who is a "covered employee" is not expected to be deductible under Section 162(m) of the Internal Revenue Code, unless such compensation qualifies for transition relief (relating to written binding contracts in effect on November 2, 2017, which were not subsequently materially modified). Therefore, certain compensation paid under our existing equity plans and certain of our long-term equity awards originally designed with the intent that such amounts qualify as "performance-based" compensation may not be deductible in the future. Although the committee may consider the effect that Section 162(m) and the potential lack of deduction for amounts paid in excess of the deduction limit may have on Carvana, the committee continues to retain flexibility to make compensation decisions, in the exercise of its business judgment, that are based on factors that it determines to be appropriate (as determined by the committee in its sole discretion) to enable Carvana to continue to attract, retain, reward, and motivate its highly-qualified executives. This flexibility may include amending or modifying the design elements of our historical compensation programs.



HOUSE_OVERSIGHT_024340

## COMPENSATION AND NOMINATING COMMITTEE REPORT

The Compensation and Nominating Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and discussion, the Committee recommended to the Carvana, Co. Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into Carvana Co.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Respectfully submitted by:

Gregory Sullivan
Ira Platt
Dan Quayle



HOUSE_OVERSIGHT_024341

## COMPENSATION TABLES

### SUMMARY COMPENSATION TABLE

The following table presents summary information regarding the total compensation awarded to, earned by, and paid to our named executive officers for the past three fiscal years.

| NAME AND PRINCIPAL POSITION | YEAR | SALARY ($) | STOCK AWARDS ($) (1) | OPTION AWARDS ($) | NON-EQUITY INCENTIVE PLAN COMPENSATION ($) (2) | ALL OTHER COMPENSATION ($) (3) | TOTAL ($) |
|---|---|---|---|---|---|---|---|
| **Ernest Garcia III** | 2018 | 400,000 | 1,011,664 | 428,329 | 235,733 | — | 2,075,726 |
| *Chief Executive Officer* | 2017 | 400,000 | — | — | — | 16,149 | 416,149 |
| | 2016 | 400,000 | — | — | — | 54,008 | 454,008 |
| **Mark Jenkins** | 2018 | 375,000 | 948,368 | 401,566 | 221,000 | 21,980 | 1,967,914 |
| *Chief Financial Officer* | 2017 | 350,000 | 1,408,000 | — | — | 12,441 | 1,770,441 |
| | 2016 | 347,923 | 57,200 | — | — | 12,294 | 417,417 |
| **Benjamin Huston** | 2018 | 375,000 | 948,368 | 401,566 | 221,000 | 19,903 | 1,965,837 |
| *Chief Operating Officer* | 2017 | 350,000 | 1,408,000 | — | — | 24,034 | 1,782,034 |
| | 2016 | 347,923 | 57,200 | — | — | 19,370 | 424,493 |
| **Ryan Keeton** | 2018 | 330,000 | 835,842 | 353,369 | 194,480 | 20,042 | 1,733,733 |
| *Chief Brand Officer* | 2017 | 315,000 | 528,000 | — | — | 21,688 | 864,688 |
| | 2016 | 315,000 | 17,600 | — | — | 19,050 | 351,650 |
| **Daniel Gill** | 2018 | 330,000 | 835,842 | 353,369 | 194,480 | 13,157 | 1,726,848 |
| *Chief Product Officer* | 2017 | 315,000 | 528,000 | — | — | 17,451 | 860,451 |
| | 2016 | 315,000 | 17,600 | — | — | 11,250 | 343,850 |

(1) The amounts reported in the Stock Awards column represent the grant date fair value of the restricted stock units and Class B Units (as hereinafter defined) granted to the named executive officers during the years presented as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(2) The amounts reported in the "Non-Equity Incentive Plan Compensation" column represent the amounts paid out under the 2018 annual incentive plan, as described above under "Compensation Discussion and Analysis."

(3) Included in "All Other Compensation" for 2016, 2017, and 2018 were the following items:



HOUSE_OVERSIGHT_024342

| NAME | YEAR | 401(K) PLAN COMPANY MATCH(i) | NON-BUSINESS AIRCRAFT USAGE(ii) | INCREMENTAL COST OF COMPANY CAR(iii) | CELLPHONE EXPENSE(iv) | TOTAL |
|---|---|---|---|---|---|---|
| **Ernest Garcia III** | 2018(v) | — | — | — | — | — |
| | 2017 | — | 12,782 | — | 3,367 | 16,149 |
| | 2016 | — | 34,349 | 16,460 | 3,199 | 54,008 |
| **Mark Jenkins** | 2018 | 3,115 | — | 18,500 | 365 | 21,980 |
| | 2017 | — | — | 11,538 | 903 | 12,441 |
| | 2016 | — | — | 12,294 | — | 12,294 |
| **Benjamin Huston** | 2018 | 4,489 | — | 14,750 | 664 | 19,903 |
| | 2017 | 4,200 | — | 18,896 | 938 | 24,034 |
| | 2016 | 4,200 | — | 11,399 | 3,771 | 19,370 |
| **Ryan Keeton** | 2018 | 6,589 | — | 12,750 | 703 | 20,042 |
| | 2017 | 6,300 | — | 12,750 | 2,638 | 21,688 |
| | 2016 | 6,300 | — | 12,750 | — | 19,050 |
| **Daniel Gill** | 2018 | 1,523 | — | 11,250 | 384 | 13,157 |
| | 2017 | — | — | 11,250 | 386 | 17,451 |
| | 2016 | — | — | 11,250 | — | 11,250 |

(i) Represents discretionary matching contributions under our 401(k) Plan

(ii) The 2016 and 2017 amounts for Mr. Garcia is the incremental cost to Carvana of flights relating to a personal event on the private aircraft operated by Bridgecrest Credit Company, f/k/a DT Credit Company, LLC ("Bridgecrest"), an affiliate of DriveTime, and leased by Carvana. See "Certain Relationships and Related Party Transactions – Relationship with DriveTime – Aircraft Time Sharing Agreement." The incremental cost to Carvana of aircraft used under the aircraft time sharing agreement for a non-business flight is calculated by multiplying the aircraft's per-mile variable operating cost by a flight's total mileage, which includes the mileage of an empty return flight. Variable operating costs include: (1) landing, parking, passenger ground transportation, crew travel, and flight planning services expenses; (2) supplies, catering, and crew traveling expenses; (3) aircraft fuel and oil expenses; (4) maintenance, parts, and external labor (inspections and repairs); and (5) any customs, foreign permit, and similar fees. Fixed costs that do not vary based upon usage are not included in the calculation of direct operating cost. On certain occasions, a named executive officer or a named executive officer's spouse or other family member may fly on the corporate aircraft as additional passengers. No additional direct operating cost is incurred in such situations under the foregoing methodology because the costs would not be incremental. Carvana does not pay its named executive officers any amounts in respect of taxes (so-called gross-up payments) on income imputed to them for non-business aircraft usage.

(iii) The incremental cost of the company car to us has been calculated based on the depreciation value of the vehicle.

(iv) Represents the cost of company-paid cell phone service.

(v) Mr. Garcia's "All Other Compensation" for 2018 was less than $10,000.



HOUSE_OVERSIGHT_024343

## GRANTS OF PLAN-BASED AWAR DS

| NAME | GRANT DATE | ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS (1) | | | ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS (2) | | | ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS (#) | ALL OTHER OPTION AWARDS: NUMBER OF SECURITIES UNDERLYING OPTIONS (#) | EXERCISE OR BASE PRICE OF OPTION AWARDS ($/SH) | GRANT DATE FAI VALUE OF STOCK AN OPTION AWARDS ( |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | THRESHOLD ($) | TARGET ($) | MAXIMUM ($) | THRESHOLD (#) | TARGET (#) | MAXIMUM (#) | | | | |
| **Ernest Garcia III** | 4/30/2018 | 0 | 266,667 | 530,667 | — | — | — | — | — | — | $ — |
| | 4/30/2018 | — | — | — | 0 | 14,572 | 14,572 | — | — | — | $ 393,29 |
| | 7/28/2018 | — | — | — | — | — | — | 13,987 | — | — | $ 618,36 |
| | 7/28/2018 | — | — | — | — | — | — | — | 15,988 | $ 44.21 | $ 428,32 |
| **Mark Jenkins** | 4/30/2018 | 0 | 250,000 | 497,500 | — | — | — | — | — | — | $ — |
| | 4/30/2018 | — | — | — | 0 | 13,662 | 13,662 | — | — | — | $ 358,08 |
| | 7/28/2018 | — | — | — | — | — | — | 13,113 | — | — | $ 579,72 |
| | 7/28/2018 | — | — | — | — | — | — | — | 14,989 | $ 44.21 | $ 401,56 |
| | 9/13/2018(4) | — | — | — | — | — | — | 165 | — | — | $ 10,56 |
| **Benjamin Huston** | 4/30/2018 | 0 | 250,000 | 497,500 | — | — | — | — | — | — | $ — |
| | 4/30/2018 | — | — | — | 0 | 13,662 | 13,662 | — | — | — | $ 358,08 |
| | 7/28/2018 | — | — | — | — | — | — | 13,113 | — | — | $ 579,72 |
| | 7/28/2018 | — | — | — | — | — | — | — | 14,989 | $ 44.21 | $ 401,56 |
| | 9/13/2018(4) | — | — | — | — | — | — | 165 | — | — | $ 10,56 |
| **Ryan Keeton** | 4/30/2018 | 0 | 220,000 | 437,800 | — | — | — | — | — | — | $ — |
| | 4/30/2018 | — | — | — | 0 | 12,022 | 12,022 | — | — | — | $ 315,09 |
| | 7/28/2018 | — | — | — | — | — | — | 11,540 | — | — | $ 510,18 |
| | 7/28/2018 | — | — | — | — | — | — | — | 13,190 | $ 44.21 | $ 353,36 |
| | 9/13/2018(4) | — | — | — | — | — | — | 165 | — | — | $ 10,56 |
| **Daniel Gill** | 4/30/2018 | 0 | 220,000 | 437,800 | — | — | — | — | — | — | $ — |
| | 4/30/2018 | — | — | — | 0 | 12,022 | 12,022 | — | — | — | $ 315,09 |
| | 7/28/2018 | — | — | — | — | — | — | 11,540 | — | — | $ 510,18 |
| | 7/28/2018 | — | — | — | — | — | — | — | 13,190 | $ 44.21 | $ 353,36 |
| | 9/13/2018(4) | — | — | — | — | — | — | 165 | — | — | $ 10,56 |

(1) The amounts in these columns represent the threshold, target, and maximum payouts for the 2018 annual incentive plan, as described above under "Compensation Discussion and Analysis." Actual payouts are reflected in the "Summary Compensation Table."

(2) The amounts in these columns represent the number of shares that would be issued upon vesting of the RSUs granted under the 2018 special performance-contingent grant upon achievement of the EBITDA performance target, as described above under "Compensation Discussion and Analysis."

(3) The amounts reported in this column represent the grant date fair value of the options and RSUs granted to the named executive officers as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(4) These grants represent the amount awarded under the 100k Milestone Gift, which was given to all of our employees who were employed as of September 10, 2018, and who met certain employment-tenure requirements. See "Compensation Discussion and Analysis – 2018 100k Milestone Gift" for more information.



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## OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR END

| | OPTION AWARDS | | | | EQUITY AWARDS | | | |
|---|---|---|---|---|---|---|---|---|
| NAME | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE | NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE | OPTION EXERCISE PRICE ($) | OPTION EXPIRATION DATE | NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#) | MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($) (1) | EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#) | EQUITY INCENTIVE PLAN AWARD MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNIT OR OTHER RIGHTS THAT HAVE NOT VESTED ($) (1 |
| **Ernest Garcia III** | — | 15,988(8) | 44.21 | 7/28/2028 | 13,987(9) | 457,515 | 14,572(10) | 476,6 |
| **Mark Jenkins:** | — | 14,989(8) | 44.21 | 7/28/2028 | 13,113(9) | 428,926 | 13,662(10) | 446,8 |
| Class B Units (2) | — | — | — | — | 116,667 | 3,052,942 | — | — |
| Class B Units (3) | — | — | — | — | 50,000 | 1,064,500 | — | — |
| Class B Units (4) | — | — | — | — | 15,000 | 319,350 | — | — |
| Class B Units (5) | — | — | — | — | 41,667 | 848,198 | — | — |
| Class B Units (6) | — | — | — | — | 126,667 | 1,794,618 | — | — |
| **Benjamin Huston:** | — | 14,989(8) | 44.21 | 7/28/2028 | 13,113(9) | 428,926 | 13,662(10) | 446,8 |
| Class B Units (3) | — | — | — | — | 50,000 | 1,064,500 | — | — |
| Class B Units (4) | — | — | — | — | 15,000 | 319,350 | — | — |
| Class B Units (5) | — | — | — | — | 41,667 | 848,198 | — | — |
| Class B Units (6) | — | — | — | — | 126,667 | 1,794,618 | — | — |
| **Ryan Keeton:** | | 13,190(8) | 44.21 | 7/28/2028 | 11,540(9) | 377,473 | 12,022(10) | 393,2 |
| Class B Units (3) | — | — | — | — | 25,000 | 532,250 | — | — |
| Class B Units (4) | — | — | — | — | 7,500 | 159,675 | — | — |
| Class B Units (5) | — | — | — | — | 10,417 | 212,048 | — | — |
| Class B Units (6) | — | — | — | — | 47,500 | 672,980 | — | — |
| **Daniel Gill:** | — | 13,190(8) | 44.21 | 7/28/2028 | 11,540(9) | 377,473 | 12,022(10) | 393,2 |
| Class B Units (7) | — | — | — | — | 200,000 | 5,233,600 | — | — |
| Class B Units (4) | — | — | — | — | 10,667 | 227,093 | — | — |
| Class B Units (5) | — | — | — | — | 10,417 | 212,048 | — | — |
| Class B Units (6) | — | — | — | — | 47,500 | 672,980 | — | — |

(1) Amounts were determined based on the closing price of Carvana Co.'s Class A common stock on December 31, 2018, of $32.71 and the applicable participation thresholds of our B1 Units (as defined below), B2 Units (as defined below), B3 Units (as defined below) and B4 Units (as defined below). These values may not reflect the value actually realized by the named executive officers upon vesting.

(2) These Class B Units (the "B1 Units") were granted on March 24, 2015, with a participation threshold of $0.00; 200,000 of which vested on July 1, 2015, and 16,667 of which vest on the first of each month beginning on August 1, 2015.

(3) These Class B Units (the "B2 Units") were granted on March 24, 2015, with a participation threshold of $4.878; 20% vested on March 1, 2016, and the remaining amount vests in 48 equal monthly installments on the first of each month thereafter.

(4) These B2 Units were granted on January 29, 2016, with a participation threshold of $4.878; 20% vested on March 1, 2016, and the remaining amount vests in 48 equal monthly installments on the first of each month thereafter.

(5) These Class B Units (the "B3 Units") were granted on October 21, 2016, with a participation threshold of $5.8114; 20% vested on January 1, 2017, and the remaining amount vests in 48 equal monthly installments on the first of each month thereafter.

(6) These Class B Units (the "B4 Units") were granted on April 27, 2017, with a participation threshold of $12.000; 20% vest on February 1, 2018, and the remaining amount vests in 48 equal monthly installments on the first of each month thereafter.

(7) These B1 Units were granted on March 24, 2015, with a participation threshold of $0.00; 20% vested on March 1, 2016, and the remaining amount vests in 48 equal monthly installments on the first of each month thereafter.

(8) These options vest 25% on April 1, 2019, and the remaining amount vests in 36 equal monthly installments on the first of each month thereafter.

(9) These RSUs vest 25% on April 1, 2019, and the remaining amount vests in 36 equal monthly installments on the first of each month thereafter.

(10) These performance-contingent RSUs vest on the date Carvana files a periodic report (i.e., Form 10-Q or Form 10-K) with the SEC reflecting positive EBITDA for a calendar quarter.



HOUSE_OVERSIGHT_024346

## OPTION EXERCISES AND STOCK VESTED

| | OPTION AWARDS | | STOCK AWARDS (1) | |
|---|---|---|---|---|
| NAME | NUMBER OF SHARES ACQUIRED ON EXERCISE (#) | VALUE REALIZED ON EXERCISE ($) | NUMBER OF SHARES ACQUIRED ON VESTING (#) | VALUE REALIZED ON VESTING ($) |
| **Ernest Garcia III** | — | — | — | — |
| **Mark Jenkins** | — | — | 226,384 | 8,197,217 |
| **Benjamin Huston** | — | — | 226,384 | 8,197,217 |
| **Ryan Keeton** | — | — | 107,624 | 3,894,768 |
| **Daniel Gill** | — | — | 144,152 | 5,186,740 |

(1) Amounts include restricted stock units and Class B Units. The number of shares and values were determined based on the closing price of Carvana Co.'s Class A common stock on each vesting date and, in the case of Class B Units, the applicable participation thresholds of our B1 Units, B2 Units, B3 Units, and B4 Units (all as defined above in the "Outstanding Equity Awards at 2018 Fiscal Year End" table).

## POTENTIAL PAYMENTS UPON A CHANGE OF CONTROL

As described in "Compensation Discussion and Analysis – Termination, Severance, and Change of Control Benefits" above, we do not have an employment or severance agreement with any of our named executives; however, our NEOs would be entitled to accelerated vesting of certain equity awards under the following conditions, with values listed as of December 31, 2018:

| NAME | CHANGE OF CONTROL ($) (1) | INVOLUNTARY TERMINATION WITHOUT CAUSE WITHIN 24 MONTHS OF A CHANGE OF CONTROL ($) (2) |
|---|---|---|
| **Ernest Garcia III** | — | 457,515 |
| **Mark Jenkins:** | 7,079,609 | 428,926 |
| **Benjamin Huston:** | 4,026,667 | 428,926 |
| **Ryan Keeton:** | 1,576,953 | 377,473 |
| **Daniel Gill:** | 6,345,721 | 377,473 |

(1) Amounts in this column represent the market value as of December 31, 2018, on a fully exchanged basis, of the Class B Units, described above under "Outstanding Equity Awards at 2018 Fiscal Year End," that would vest upon a change of control of Carvana Group, as long as the executive's employment had not been previously terminated and subject to certain escrow demand rights held by a purchaser of control of Carvana Group. The performance-contingent RSUs would also vest on a change of control, but in proportion to the progress made toward positive EBITDA. None of the performance-contingent restricted stock units would be subject to accelerated vesting as of December 31, 2018, because EBITDA as of that date had not progressed beyond the baseline.

(2) Amounts in this column represent the market value as of December 31, 2018, of all outstanding time-based RSUs, which would become fully vested if the executive is involuntarily terminated without cause within 24 months of a change of control of Carvana Co. In that event, outstanding unvested stock options would also become fully vested and exercisable, but as of December 31, 2018, the price of Carvana's Class A common stock did not exceed the strike price of those unvested options.



HOUSE_OVERSIGHT_024347

## CEO PAY RATIO

The 2018 annual total compensation of our median-compensated employee other than Mr. Garcia was $36,204. We identified our median-compensated employee by calculating the annual salary of all our employees as of December 31, 2018, annualized for those who joined Carvana during the year and who were not seasonal or temporary employees. Mr. Garcia's 2018 annual total compensation was $2,075,726, as disclosed in the "Summary Compensation Table" above. The ratio of our median-compensated employee to Mr. Garcia is 1-to-57.

# CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

## POLICIES FOR APPROVAL OF RELATED PARTY TRANSACTIONS

We have adopted a written policy with respect to the review, approval, and ratification of related party transactions. Under the policy, our Audit Committee is responsible for reviewing and approving related party transactions. In the course of its review and approval of related party transactions, our Audit Committee will consider the relevant facts and circumstances to decide whether to approve such transactions. In particular, our policy requires our Audit Committee to consider, among other factors it deems appropriate:

- the related person's relationship to us and interest in the transaction,
- the material facts of the proposed transaction, including the proposed aggregate value of the transaction,
- the impact on a director's independence in the event the related person is a director or an immediate family member of the director,
- the benefits to us of the proposed transaction,
- if applicable, the availability of other sources of comparable products or services, and
- an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The Audit Committee may only approve those transactions that are in or are not inconsistent with our best interests and those of our stockholders, as the Audit Committee determines in good faith.

## AMENDED AND R ESTATED OPERATING AGREEMENT

In connection with the organizational transactions we effected in connection with our IPO, we amended and restated Carvana Group's existing operating agreement, which we refer to as the "LLC Operating Agreement." In addition, on March 2, 2018, Carvana Group signed an amendment of its LLC Agreement to, among other things, create a class of convertible preferred units. The convertible preferred units were created in connection with the December 5, 2017, issuance and sale of 100,000 shares of convertible preferred stock of Carvana Co. The amendment was effective December 5, 2017. As of December 31, 2018, the 100,000 shares of convertible preferred stock had all been converted into shares of Class A common stock and are no longer outstanding.



HOUSE_OVERSIGHT_024348

In connection with the issuance of our senior notes (see Carvana's Annual Report on Form 10-K for 2018, page 66–67), Carvana Group amended its LLC agreement to create a class of non-convertible preferred units, which Carvana Co. purchased with its net proceeds from the issuance of these senior notes.

The operations of Carvana Group, and the rights and obligations of the holders of our LLC Units (who we refer to as "LLC Unitholders"), are set forth in the LLC Operating Agreement.

**EXCHANGE AGREEMENT**

On April 27, 2017, we entered into an exchange agreement with Carvana Co. Sub LLC (our wholly owned subsidiary) and the LLC Unitholders. Under the exchange agreement, LLC Unitholders (and certain permitted transferees thereof) may exchange at any time their LLC Units for either shares of our Class A common stock or for cash, whichever we decide. To the extent LLC Unitholders also hold Class B common stock, they will be required to deliver to us the same number of shares of Class B common stock as Class A common stock being exchanged for. We will then cancel those shares of Class B common stock. As LLC Unitholders exchange their interest in Carvana Group, our indirect interest in Carvana Group will increase correspondingly.

When an LLC Unitholder makes an exchange, they will receive four shares of Class A common stock for every five Class A Units or, at our option, cash equal to the value of a share of Class A common stock multiplied by 0.8 times the number of Class A Units being exchanged. The value of the Class A common stock is determined by the average of the volume-weighted average prices for a share of Class A common stock for each of the three consecutive full trading days ending on and including the last full trading day immediately prior to the related date of exchange. Class B Units are subject to vesting and a participation threshold, and, as a result, LLC Unitholders exchanging Class B Units will receive a number of shares of Class A common stock equal to the Class A common stock value (determined the same way as above) less the applicable participation threshold multiplied by 0.8 times the number of Class B Units being exchanged, divided by the same Class A common stock value, subject to adjustment as set forth in the Exchange Agreement.

**REGISTRATION R IGHTS AGREEMENT**

In connection with the IPO, we entered into a registration rights agreement with certain LLC unitholders. These LLC unitholders are entitled to request that we register their shares on a long-form or short-form registration statement on one or more occasions in the future, which registrations may be "shelf registrations." All of these LLC unitholders will be entitled to participate in certain of our



HOUSE_OVERSIGHT_024349

registered offerings, subject to the restrictions in the registration rights agreement. We will pay expenses in connection with the exercise of these rights. The registration rights described in this paragraph apply to (1) shares of our Class A common stock held by certain LLC unitholders, and (2) any of our capital stock (or that of our subsidiaries) issued or issuable with respect to the Class A common stock described in clause (1) with respect to any dividend, stock split, recapitalization, reorganization, or certain other corporate transactions ("Registrable Securities"). These registration rights are also for the benefit of any subsequent holder of Registrable Securities, provided that any particular securities will cease to be Registrable Securities when they have been sold in a registered public offering, sold in compliance with Rule 144 of the Securities Act or repurchased by us or our subsidiaries. In addition, any Registrable Securities held by a person other than an LLC Unitholder and their affiliates will cease to be Registrable Securities if they can be sold without limitation under Rule 144 of the Securities Act.

**TAX REC EIVABLE AGREEMENT**

We have entered into a Tax Receivable Agreement with LLC Unitholders that will provide for the payment from time to time by us to such persons of 85% of the amount of the benefits, if any, that we realize or, under certain circumstances, are deemed to realize as a result of

1. the increase in our wholly owned subsidiary's proportionate share of the existing tax basis of the assets of Carvana Group and an adjustment in the tax basis of the assets of Carvana Group reflected in that proportionate share as a result of any future exchanges of LLC Units held by an LLC Unitholder for shares of our Class A common stock or cash, and
2. certain other tax benefits related to our making payments under the Tax Receivable Agreement.

We expect to benefit from the remaining 15% of any tax benefits that we actually realize and, except in connection with a change in control, we will not make any payments under the Tax Receivable Agreement until after we have directly or indirectly realized (or have been deemed to have realized) benefits in excess of such payments. These payment obligations are obligations of Carvana Co. and not of Carvana Group. No payments were made during the year ended December 31, 2018.

**INDEMNIFICA TION OF OFFICERS AND DIRECTORS**

We have entered into indemnification agreements with each of our officers and directors. The indemnification agreements provide the officers and directors with contractual rights to indemnification, expense advancement, and reimbursement, to the fullest extent permitted under Delaware law. Additionally, we may enter into indemnification agreements with any new directors or officers that may be broader in scope than the specific indemnification provisions contained in Delaware law.



HOUSE_OVERSIGHT_024350

**CONTRIBUTION AGREEMENTS**

On September 10, 2018, we announced a commitment by our chief executive officer, Ernest Garcia III, to contribute shares of Carvana Co. Class A common stock from his personal shareholdings to Carvana at no charge, intended to fund equity awards of 165 restricted stock units (or roughly $10,000 at the time of the announcement) to each of our then-current employees upon their satisfying certain employment-tenure requirements. During the year ended December 31, 2018, Carvana and Mr. Garcia entered into contribution agreements pursuant to which Mr. Garcia contributed approximately 0.2 million shares of Carvana Co. Class A common stock to Carvana, at no charge. We subsequently granted approximately 0.2 million restricted stock units. Although we do not expect Mr. Garcia to incur any tax obligations related to these contributions, we have indemnified Mr. Garcia from any such obligations that may arise.

**RELATIONSHIP WITH DRIVETIME**

Prior to November 1, 2014, Carvana, LLC was a wholly owned subsidiary of DriveTime. On November 1, 2014, DriveTime distributed the units of Carvana, LLC to the unit holders of DriveTime on a pro rata basis, which we refer to as the "Spinoff." DriveTime is controlled by our controlling stockholder, Ernest Garcia II, who is also the father of our Chief Executive Officer, Ernest Garcia III. Following the Spinoff, the unitholders of DriveTime contributed the Carvana, LLC units to Carvana Group.

Subsequent to the Spinoff, we entered into several agreements with DriveTime and affiliated companies that were intended to facilitate our transition to a standalone company, which are described below, along with subsequent agreements. We will refer to DriveTime and its subsidiaries and affiliates, other than us, as "DriveTime". There can be no assurances that DriveTime or its affiliated companies will enter into any new agreements or arrangements with us, or extend or renew existing agreements or arrangements, on the same terms, similar terms, or at all.

*ATLANTA, GA HUB LOCATION LEASE GUARANTEE*

In May 2013, DriveTime guaranteed our obligations under the lease governing our occupancy of the property on which an Atlanta hub is located. We do not compensate DriveTime for the guarantee. The initial lease term and rent payments commenced December 1, 2013, and the current term expires on November 30, 2019. Under the lease we may enter into one more two-year extension term. Base rent during the initial term was $9.5 thousand per month but may increase by 3% of the then-current base rent during each extension term. Monthly rent payments for January 1, 2018, through November 30, 2018, were $10.4 thousand per month, and as of December 1, 2018, are $10.7 thousand per month through November 30, 2019. In addition to base rent, we are responsible for our proportionate share of common area maintenance charges.



HOUSE_OVERSIGHT_024351

*LEASE AGREEMENT*

In connection with the Spinoff, we entered into a lease agreement dated November 1, 2014, with DriveTime that governs our access to and utilization of space at DriveTime inspection and reconditioning centers ("IRCs") for vehicle inspection and reconditioning in Blue Mound, Texas, and Delanco, New Jersey, and previously for inspection and reconditioning in Winder, Georgia. The lease agreement was most recently amended in December 2018. The agreement also governs utilization of office space and parking spaces at various IRCs and retail facilities that we use as hubs.

Under the amended lease agreement, hubs generally have cancellable two-year terms subject to certain two consecutive one-year renewal options and subject to the terms of any master lease under which we are subleasing. We increased our utilization of the DriveTime IRCs in Blue Mound, Texas, and Delanco, New Jersey, to 100% as of July 2018. Under the lease agreement, we pay a monthly rental fee related to our pro rata utilization of space at such facilities plus a pro rata share of each facility's actual insurance costs and real estate taxes. As it relates to locations where we recondition vehicles, our share of facility and reconditioning-supplies expenses are calculated monthly by multiplying the actual costs for operating the inspection centers by an amount related to our pro rata share of total reconditioned vehicles and parking spaces used at such IRCs in a given month. Total expenses related to this lease agreement were approximately $5.1 million for the year ended December 31, 2018.

*HOUSTON, TX VENDING MACHINE LEASE GUARANTEE*

On July 14, 2015, DriveTime guaranteed our obligations under the lease governing our occupancy of the property on which our Houston vending machine is located. We do not compensate DriveTime for the guarantee. The initial lease term commenced January 8, 2016, and we began paying base rent on May 7, 2016. Base rent during the initial term is $23.0 thousand per month, and the initial term expires on April 6, 2026. We have the option to extend the initial term for four additional consecutive five-year periods. Base rent during each extension term will increase 10% of the then-current base rent for each subsequent extension.

*TEMPE, AZ OFFICE LEASE*

In September 2016, we entered into an agreement to lease the second floor of our corporate headquarters in Tempe, Arizona beginning April 2017. Pursuant to this lease, we paid an initial monthly base rent of $107.0 thousand, which increases throughout the duration of the lease. The lease has an initial term of 83 months and we have three 5-year extension options. At the request of the landlord, DriveTime agreed to partially guarantee our lease payments until the 30th full calendar month of the lease. We do not compensate DriveTime for the guarantee.

In connection with this lease, we entered into a sublease with DriveTime for our use of the first floor of the same building. Under the sublease, which is coterminous with DriveTime's master lease and has a term of 83 months, subject to our right to exercise three 5-year extension options, we pay DriveTime rent equal to the amounts due under the master lease, including initial monthly base rent of $102.0 thousand, beginning April 1, 2018, which increases throughout the duration of the sublease and master lease. Total expenses related to this lease agreement were approximately $0.9 million for the year ended December 31, 2018.



HOUSE_OVERSIGHT_024352

*TOLLESON, AZ INSPECTION AND RECONDITIONING CENTER LEASE*

In December 2016, we entered into a lease agreement with Verde Investments Inc. ("Verde"), an affiliate of DriveTime, for an IRC in Tolleson, Arizona. The lease commenced in February, 2017. In August 2018, we entered into an additional lease agreement with a coterminous initial term with Verde for contiguous space to use in connection with such center, which began that same month. The leases expire in December 2031 subject to our right to extend for four 5-year terms. Pursuant to the leases, we pay an initial base rent of $137.5 thousand per month, which is adjusted each year beginning on January 1, 2018, and $57.1 thousand per month, which is adjusted each year beginning on January 1, 2020, respectively, each in accordance with the Consumer Price Index, subject to a minimum increase of 2% per year and a maximum increase of 5% per year. Total expense related to these lease agreements was approximately $2.2 million for the year ended December 31, 2018.

*WINDER, GA INSPECTION AND RECONDITIONING CENTER LEASE*

In February 2017, we entered into a lease with DriveTime for an IRC in Winder, Georgia where we have maintained partial occupancy previously under the DriveTime lease agreement described above. We are now the sole occupant. The lease has an 8-year term, subject to our ability to exercise three renewal option terms of five years each. We began paying base rent of $83.3 thousand per month as of March 1, 2017. The monthly rent is subject to adjustment each year beginning January 1, 2018, increasing in an amount equal to the percentage increase in the Consumer Price Index, with a maximum of 5% and a minimum of 2%. The monthly rent increased on January 1, 2018, to $85.1 thousand. Our total expenses related to this lease agreement were approximately $1.1 million for the year ended December 31, 2018.

*HUB LEASE AGREEMENT*

In March 2017, we entered into a lease with DriveTime that governs our utilization of office space and parking spaces at retail facilities that we use as hubs. The lease was most recently amended in December 2018. Under the lease agreement, we pay a monthly rental fee related to our pro rata utilization of space at such facilities plus a pro rata share of each facility's actual insurance costs and real estate taxes. Each hub has an initial cancellable term of two years, subject to certain two consecutive one-year renewal options. Our total expenses related to this lease agreement were approximately $0.4 million for the year ended December 31, 2018.



HOUSE_OVERSIGHT_024353

*CLEVELAND, OH AREA INSPECTION AND RECONDITIONING CENTER SUBLEASE*

In November 2018, Carvana entered into a sublease agreement with DriveTime for an inspection and reconditioning center near Cleveland, Ohio. Pursuant to the sublease, Carvana temporarily shared space at the IRC until DriveTime vacated the facility in February 2019, at which point we purchased certain leasehold improvements and equipment at the facility from DriveTime for approximately $4.3 million (which amount represented the book value of such improvements and equipment net of accumulated depreciation and amortization) and became the sole occupant. We pay a base rent of $35.0 thousand per month which increases in each extension term. The sublease has an initial term of three years. We have the ability to exercise three renewal options of five years each. Before DriveTime vacated the property, we paid a monthly rental fee related to our pro rata utilization of space at the facility plus a pro rata share of the facility's actual insurance costs and real estate taxes. Our share of facility and shared reconditioning supplies expenses were calculated based on the actual costs for operating the inspection and reconditioning center and our pro rata share of total reconditioned vehicles and parking spaces at the IRC in a given month. Our total expenses related to this lease agreement were $29.4 thousand for the year ended December 31, 2018.

*NASHVILLE, TN AREA INSPECTION AND RECONDITIONING CENTER LEASE*

On February 28, 2019, Carvana assumed a lease from DriveTime of an IRC near Nashville, Tennessee. As part of the agreement, we agreed to purchase certain leasehold improvements and equipment at the facility from DriveTime for approximately $2.0 million (which amount represented the book value of such improvements and equipment net of accumulated depreciation and amortization). The term expires on October 31, 2023, subject to our ability to exercise three renewal options of five years each. DriveTime will remain a partial occupant of the IRC until April 1, 2019 and will not be fully released from lease obligations by the landlord. Beginning April 1, 2019, Carvana will be the sole occupant of the IRC. Base rent during the current term of the lease is $21.0 thousand per month and will increase to between $30.0–$31.0 thousand per month in the second half of 2019, depending on the extent of Carvana's expansion of leased space, and will further increase during each extension term over the then-current base rent by an amount equal to the percentage increase in the Consumer Price Index, with a maximum of 15% and a minimum of 10%.

*SERVICING AGREEMENT WITH DRIVETIME*

In December 2015, we entered into a servicing agreement with DriveTime, wherein DriveTime agreed to perform certain servicing and administrative functions with respect to automotive finance receivables we own after origination and before sale. In the year ended December 31, 2018, DriveTime had aggregate earnings of approximately $0.9 million for performing servicing functions for such receivables.



HOUSE_OVERSIGHT_024354

*MASTER PURCHASE AND SALE AGREEMENT*

In December 2016, we entered into a master purchase and sale agreement pursuant to which we sell finance receivables meeting certain underwriting criteria to certain financing partners, including Ally Bank and Ally Financial (collectively, "Ally"). On November 3, 2017, we amended this agreement to increase the aggregate amount of principal balances of finance receivables we can sell to $1.5 billion. We amended the agreement again on November 2, 2018 to, among other things and subject to the terms of the agreement, increase the purchase commitment to up to a maximum of $1.25 billion of additional principal balances of finance receivables during the remaining term of the agreement.

During the year ended December 31, 2018, we sold approximately $733.4 million in principal balances of finance receivables under the purchase and sale agreement. As of December 31, 2018, there was approximately $1.1 billion of unused capacity under this agreement. The agreement was most recently amended on January 4, 2019.

The financing partners have engaged DriveTime as servicer of the receivables purchased under this agreement. DriveTime had aggregate earnings of $3.1 million pursuant to the agreement for performing servicing functions for the year ended December 31, 2018.

*MASTER TRANSFER AGREEMENTS*

In December 2016, we entered into a master transfer agreement pursuant to which we sell finance receivables meeting certain underwriting criteria to certain financing partners (the "2016 Master Transfer Agreement"). Under the agreement, the purchaser trust agreed to purchase up to an aggregate of $292.2 million in principal balances of finance receivables. In November 2017, we terminated the remaining capacity under the 2016 Master Transfer Agreement and replaced this facility by entering into a new master transfer agreement pursuant to which we sell finance receivables meeting certain underwriting criteria to certain financing partners (the "2017 Master Transfer Agreement"). Under the agreement, the purchaser trust agreed to purchase up to an aggregate of $357.1 million in principal balances of finance receivables.

On November 2, 2018, we amended the 2017 Master Transfer Agreement to, among other things and subject to the terms of the agreement, increase and extend the trust's commitment to purchase finance receivables from us. The trust's currently available financing following the amendment permits up to $454.5 million in principal balances of finance receivables to be purchased, and the 2017 Master Transfer Agreement's purchase commitment contemplates the trust securing up to three times the currently available financing in the aggregate.

During the year ended December 31, 2018, we sold approximately $348.8 million in principal balances of finance receivables under the 2017 Master Transfer Agreement prior to the amendment in November, excluding those that were part of the refinancing transactions described below under "Refinancing Transfer Agreements". As of December 31, 2018, there was approximately $454.5 million of unused capacity under 2017 Master Transfer Agreement. During the year ended December 31, 2017, Carvana sold an aggregate of approximately $163.7 million in principal balances of finance receivables under the 2016 Master Transfer Agreement and 2017 Master Transfer Agreement.

The purchasers engaged Carvana as the administrator of the trust and DriveTime as servicer of the receivables. In the year ended December 31, 2018, we had aggregate earnings of $4.0 thousand for performing trust administrator functions for the purchasers and DriveTime had aggregate earnings of $4.0 million for performing servicing functions.



HOUSE_OVERSIGHT_024355

*REFINANCING TRANSFER AGREEMENTS*

On August 6, 2018, in connection with a refinancing transaction, we purchased finance receivables we had previously sold under the 2017 Master Transfer Agreement and simultaneously entered into a transfer agreement with a purchaser trust under which the trust immediately purchased such finance receivables from us. On December 21, 2018, in connection with another refinancing transaction, we purchased finance receivables we had previously sold under the 2017 Master Transfer Agreement and simultaneously entered into another transfer agreement with a purchaser trust under which the trust purchased such finance receivables and other finances receivables from us. During the year ended December 31, 2018, we sold approximately $477.9 million in principal balances of finance receivables under these transfer agreements.

The trusts engaged Carvana as the administrator of the trust and DriveTime as servicer of the receivables. In the year ended December 31, 2018, we had aggregate earnings of $0.0 thousand for performing trust administrator functions for the purchasers and DriveTime had aggregate earnings of $1.5 million for performing servicing functions.

*MASTER DEALER AGREEMENT*

In December 2016, we entered into a master dealer agreement with DriveTime. Pursuant to this agreement, we may sell vehicle service contracts ("VSCs") to customers purchasing a vehicle from us. We earn a commission on each VSC sold to our customers and DriveTime is obligated by and subsequently administers the VSCs. We collect the retail purchase price of the VSCs from our customers and remit the purchase price net of commission to DriveTime. During the year ended December 31, 2018, we recognized approximately $23.7 million of commissions earned on VSCs sold to our customers and administered by DriveTime, net of a reserve for estimated contract cancellations. On November 5, 2018 (effective October 1, 2018), we amended the master dealer agreement to allow Carvana to receive payments for excess reserves based on the performance of the VSCs versus the reserves held by the VSC administrator, once a required claims period for such VSCs has passed. During the year ended December 31, 2018, Carvana recognized approximately $1.9 million related to payments for excess reserves to which it expects to be entitled.

Beginning in 2017, DriveTime also administers a portion of our GAP waiver coverage and the limited warranty provided to all customers under the master dealer agreement. We pay a per-contract fee to DriveTime to administer a portion of the GAP waiver coverage we sell to our customers and a per-vehicle fee to DriveTime to administer the limited warranty included with every purchase. We incurred costs of approximately $2.2 million during the year ended December 31, 2018, related to the administration of GAP waiver coverage and limited warranty.



HOUSE_OVERSIGHT_024356

*IP LICENSE AGREEMENT*

In February 2017, we entered into a license agreement that governs the rights of certain intellectual property owned by us and the rights of certain intellectual property owned by DriveTime. The license agreement, which was amended and restated on April 14, 2017, generally provides that each party grants to the other certain limited exclusive (other than with respect to the licensor party and its affiliates) and nonexclusive licenses to use certain of its intellectual property, and each party agrees to certain covenants not to sue the other party, its affiliates and certain of its service providers in connection with various patent claims. The exclusive license to DriveTime is limited to the business that is primarily of sub-prime used car sales to retail customers. However, upon a change of control of either party, both parties' license rights as to certain future improvements to licensed intellectual property and all limited exclusivity rights are terminated. The agreement does not provide a license to any of our patents, trademarks, logos, customers' personally identifiable information or any intellectual property related to our vending machine, automated vehicle photography or certain other elements of our brand.

*AIRCRAFT TIME SHARING AGREEMENT*

On October 22, 2015, we entered into an agreement, which was amended on May 15, 2017, to share usage of two aircraft operated by DriveTime. Pursuant to the agreement, we agreed to reimburse DriveTime for actual expenses for each of our flights. The original term of the agreement was for 12 months, with perpetual 12-month automatic renewals. Either the lessors or the lessees can terminate the lease with 30 days' written notice. We reimbursed DriveTime $0.5 million under this agreement during the year ended December 31, 2018.

*UNSECURED SENIOR NOTES*

In September 2018, we issued an aggregate of $350.0 million in senior unsecured notes due 2023. The senior notes accrue interest at a rate of 8.875% per annum, which is payable semi-annually in arrears on April 1 and October 1 of each year beginning April 1, 2019. Verde Investments, Inc., an affiliate of DriveTime, purchased notes reflecting $25.0 million of outstanding principal and subsequently sold a portion. As of December 31, 2018, Verde held $15.0 million of principal of the notes.



HOUSE_OVERSIGHT_024357

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common stock as of February 27, 2019, by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock,
- each of our named executive officers,
- each of our directors, and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, it is our understanding that the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially own, subject to community property laws where applicable. In computing the number of shares of our common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of our common stock subject to options, Class B Units, or restricted stock units held by that person that are currently exercisable or exercisable within 60 days of February 27, 2019. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. We have based the percentage ownership of our Class A common stock on 41,201,324 shares of our common stock outstanding as of February 27, 2019, and have based the percentage ownership of our Class B common stock on 104,336,303 shares as of the same date. Unless otherwise indicated, the address of each beneficial owner listed on the table below is c/o Carvana Co., 1930 W Rio Salado Pkwy, Tempe, AZ 85281.



HOUSE_OVERSIGHT_024358

| NAME OF BENEFICIAL OWNER | SHARES BENEFICIALLY OWNED | | | | |
|---|---|---|---|---|---|
| | CLASS A COMMON STOCK (1) | | CLASS B COMMON STOCK (1) | | |
| | SHARES | % | SHARES | % | VOTING % |
| Ernest C. Garcia II c/o Verde Investments, Inc. | 1,578,208(2) | 4% | 87,701,897(3) | 84% | 91% |
| Spruce House Investment Management LLC; Spruce House Capital LLC; Spruce House Partnership LP; Zachary Sternberg; Benjamin Stein | 5,600,000(4) | 14% | — | —% | * |
| Melvin Capital Management LP; Melvin Capital Master Fund Ltd | 3,725,000(5) | 9% | — | —% | * |
| FMR LLC | 3,591,784(6) | 9% | — | —% | * |
| The Vanguard Group | 2,954,186(7) | 7% | — | —% | * |
| Nantahala Capital Management, LLC; Wilmot B. Harkey; Daniel Mack | 2,329,714(8) | 5% | — | —% | * |
| CAS Investment Partners, LLC; Sosin Partners, L.P.; Clifford Sosin | 2,194,504(9) | 5% | — | —% | * |
| Blackrock, Inc. | 2,104,793(10) | 5% | — | —% | * |
| ***Executive Officers and Directors*** | | | | | |
| Ernest Garcia, III | 93,060(11) | * | 15,616,526(12) | 15% | 16% |
| Mark Jenkins | 876,676(13) | 2% | — | —% | * |
| Benjamin Huston | 916,676(14) | 2% | — | —% | * |
| Daniel Gill | 468,253(15) | 1% | — | —% | * |
| Ryan Keeton | 417,269(16) | 1% | — | —% | * |
| Ira Platt | 173,786(17) | * | 130,612* | | * |
| Gregory Sullivan | 20,619(18) | * | — | —% | * |
| Dan Quayle | 20,619(18) | * | — | —% | * |
| Michael Maroone | 71,619(19) | * | — | —% | * |
| All executive officers and directors (10 individuals) | 3,203,895(20) | 8% | 15,747,138 | 15% | 16% |

(1) Each share of Class A common stock entitles the registered holder thereof to one vote on all matters presented to stockholders for a vote generally, including the election of directors. Each share of our Class B common stock held by the Garcia Parties entitles its holder to ten votes on all matters to be voted on by stockholders generally, including the election of directors, for so long as the Garcia Parties maintain, in the aggregate, direct or indirect beneficial ownership of at least 25% of the outstanding shares of Class A common stock (determined on an as-exchanged basis assuming that all of the LLC Units were exchanged for Class A common stock). Each other share of our Class B common stock entitles its holder to one vote on all matters to be voted on by stockholders generally, including the election of directors. The Class A common stock and Class B common stock vote as a single class on all matters except as required by law or the certificate of incorporation. A "*" indicates percentages of less than 1%.

(2) This number includes 1,464,517 shares of our Class A common stock that Mr. Garcia II purchased through Verde Investments, Inc. ("Verde"), of which Mr. Garcia II is the 100% owner. This number also includes 13,691 shares of our Class A common stock owned by the Ernest Irrevocable 2004 Trust III and 100,000 shares of our Class A common stock owned by the Ernest C. Garcia III Multi-Generational Trust III. While Ernest Garcia II is the investment trustee over Ernest C. Garcia III Multi-Generational Trust III, the trust is irrevocable and he is not a beneficiary. While Ernest Garcia II and Ernest Garcia III are the joint investment trustees over Ernest Irrevocable 2004 Trust III, the trust is irrevocable and Mr. Garcia II is not a beneficiary. Mr. Garcia III is the



HOUSE_OVERSIGHT_024359

sole beneficiary of the Ernest Irrevocable 2004 Trust III and Mr. Garcia III and his children are the beneficiaries of the Ernest C. Garcia III Multi-Generational Trust III. This information is based on the Form 4 filed with the SEC by Mr. Garcia II on February 27, 2019. Verde's and Mr. Garcia II's address is 1720 W. Rio Salado Parkway, Suite A, Tempe, AZ 85281.

(3) This number includes 52,937,458 shares of Class B common stock owned directly by Mr. Garcia II; 8,000,000 shares of Class B common stock owned by ECG III SPE, of which Mr. Garcia II is the 100% owner; 2,860,439 shares of Class B common stock owned by DriveTime Sales and Finance Company LLC. Mr. Garcia II is the chairman of the board of directors and largest stockholder of DriveTime, of which DriveTime Sales and Finance Company LLC is a wholly owned subsidiary. This number also includes 11,952,000 shares of Class B common stock owned by the Ernest Irrevocable 2004 Trust III, of which Mr. Garcia III is the sole beneficiary, and 11,952,000 shares of Class B common stock owned by the Ernest C. Garcia III Multi-Generational Trust III, of which Mr. Garcia III is a beneficiary together with his children. While Ernest Garcia II is the investment trustee over Ernest C. Garcia III Multi-Generational Trust III, the trust is irrevocable and he is not a beneficiary. While Ernest Garcia II and Ernest Garcia III are the joint investment trustees over Ernest Irrevocable 2004 Trust III, the trust is irrevocable and Mr. Garcia II is not a beneficiary. These shares of Class B common stock together with the corresponding LLC Units may be exchanged for 87,701,897 shares of Class A common stock. These shares of Class A common stock represent approximately 58% of the shares of Class A common stock that would be outstanding if all outstanding LLC Units were exchanged and all outstanding shares of Class B common stock were converted at that time. This information is based on the Form 4 filed with the SEC by Mr. Garcia II on February 27, 2019. Verde's, ECG III SPE's, and Mr. Garcia II's address is 1720 W. Rio Salado Parkway, Suite A, Tempe, AZ 85281.

(4) Spruce House Investment Management LLC; Spruce House Capital LLC; Spruce House Partnership LP; Zachary Sternberg and Benjamin Stein report shared voting and dispositive power of 5,500,000 shares of Class A common stock. Zachary Sternberg and Benjamin Stein each report sole voting and dispositive power of 50,000 shares of Class A common stock. Spruce House Partnership LP holds the 5,500,000 shares with shared voting and dispositive power and Spruce House Capital LLC serves as the general partner and Spruce House Investment Management LLC serves as the investment manager. Zachary Sternberg and Benjamin Stein each serve as a managing member of the Spruce House Capital LLC and the Spruce House Investment Management LLC. This information is based on the Schedule 13G/A filed with the SEC on February 14, 2019. The address for each of these reporting persons is 435 Hudson Street, 8th Floor New York, NY 10014.

(5) Melvin Capital Management LP is the investment manager of Melvin Capital Master Fund Ltd. Melvin Capital Management LP reports shared voting and dispositive power of 3,725,000 shares of Class A common stock. The number of shares reported above consists of 1,606,827 shares of Class A common stock and call options exercisable into 861,600 shares of Class A common stock held by Melvin Capital Master Fund Ltd; 300,909 shares of Class A common stock and call options exercisable into 161,200 shares of Class A common stock held by Melvin Capital Onshore LP; and 517,264 shares of Class A common stock and call options exercisable into 277,200 shares of Class A common stock held by one or more managed accounts. Melvin Capital Management LP, as the investment manager to these funds and accounts, may be deemed to beneficially own the 2,425,000 shares of Common Stock and the call options exercisable into 1,300,000 shares of Class A common stock held by them. This information is based on the Schedule 13G/A filed with the SEC on February 15, 2019. The address for each of these reporting persons is 527 Madison Avenue, 25th Floor, New York, NY 10022.

(6) FMR LLC reports sole power to dispose or direct the disposition of 3,591,784 shares of Class A common stock. This information is based on the Schedule 13G filed with the SEC on February 14, 2019. FMR LLC's address is 245 Summer Street, Boston, MA 02210.

(7) The Vanguard Group reports shared power to dispose or direct the disposition of 63,700 of these shares of Class A common stock. This information is based on the Schedule 13G filed with the SEC on February 11, 2019. The Vanguard Group's address is 100 Vanguard Blvd., Malvern, PA 19355.

(8) Wilmot B. Harkey and Daniel Mack are the managing members of Nantahala Capital Management, LLC and together report shared voting and dispositive power with respect to these shares. This number of shares includes call options exercisable into 1,450,000 shares of Class A common stock. This information is based on the Schedule 13G filed with the SEC on February 14, 2019. The address for each of these reporting persons is 19 Old Kings Highway S, Suite 200 Darien, CT 06820.

(9) CAS Investment Partners, LLC, Sosin Partners, L.P., and Clifford Sosin report shared voting and dispositive power with respect to 2,167,766 of these shares and Mr. Sosin reports sole voting and dispositive power with respect to 26,738 of these shares. Sosin Partners, L.P. owns an aggregate of 2,167,766 shares of Class A common stock and CAS Investment Partners, LLC,



HOUSE_OVERSIGHT_024360

is the investment manager of the fund. As a result, CAS Investment Partners, LLC, possesses the power to vote and dispose or direct the disposition of all the shares owned by the fund. Thus, CAS Investment Partners, LLC, may be deemed to beneficially own a total of 2,167,766 shares. Mr. Sosin is the managing member of CAS Investment Partners, LLC. As a result, Mr. Sosin possesses the power to vote and dispose or direct the disposition of all the shares beneficially owned by CAS Investment Partners, LLC as investment manager of Sosin Partners, L.P. Mr. Sosin disclaims beneficial ownership of any of the shares held by Sosin Partners, L.P. This information is based on the Schedule 13G/A filed with the SEC on February 14, 2019. The address for each of these reporting persons is 8 Wright Street, 1st Fl. Westport, CT 06880.

(10) Blackrock, Inc. reports sole power to dispose or direct the disposition of these shares of Class A common stock. This information is based on the Schedule 13G filed with the SEC on February 8, 2019. Blackrock, Inc.'s address is 55 East 52nd Street, New York, NY 10055.

(11) This number includes 71,875 shares of Class A common stock owned directly by Ernest Garcia III, and 13,691 shares of our Class A common stock owned by the Ernest Irrevocable 2004 Trust III. While Ernest Garcia II and Ernest Garcia III are the investment trustees over Ernest Irrevocable 2004 Trust III, the trust is irrevocable and Mr. Garcia II is not a beneficiary. Mr. Garcia III is the sole beneficiary of the Ernest Irrevocable 2004 Trust III. This number also includes 3,997 shares of Class A common stock issuable upon the exercise of options that vest on April 1, 2019, and 3,497 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 14,572 shares of Class A common stock underlying performance-based RSUs that are subject to vesting on the date that performance objectives are achieved, so long as it is achieved prior to April 27, 2027.

(12) This number includes 3,664,526 shares of Class B common stock owned directly by Mr. Garcia III, and 11,952,000 shares of Class B common stock owned by the Ernest Irrevocable 2004 Trust III, of which Mr. Garcia III is the sole beneficiary. While Ernest Garcia II and Ernest Garcia III are the investment trustees over Ernest Irrevocable 2004 Trust III, the trust is irrevocable and Mr. Garcia II is not a beneficiary. Mr. Garcia III is the sole beneficiary of the Ernest Irrevocable 2004 Trust III. These shares of Class B common stock together with the corresponding LLC Units may be exchanged for 15,616,526 shares of Class A common stock. These shares of Class A common stock represent approximately 10% of the shares of Class A common stock that would be outstanding if all outstanding LLC Units were exchanged and all outstanding shares of Class B common stock were converted at that time.

(13) This number includes 120 shares of Class A common stock owned directly by Mr. Jenkins; 869,531 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 3,747 shares of Class A common stock issuable upon the exercise of options that vest on April 1, 2019; and 3,278 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 13,662 shares of Class A common stock underlying performance-based RSUs that are subject to vesting on the date that performance objectives are achieved, so long as it is achieved prior to April 27, 2027.

(14) This number includes 120 shares of Class A common stock owned directly by Mr. Huston; 909,531 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 3,747 shares of Class A common stock issuable upon the exercise of options that vest on April 1, 2019; and 3,278 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 13,662 shares of Class A common stock underlying performance-based RSUs that are subject to vesting on the date that performance objectives are achieved, so long as it is achieved prior to April 27, 2027.

(15) This number includes 120 shares of Class A common stock owned directly by Mr. Gill; 461,950 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 3,298 shares of Class A common stock issuable upon the exercise of options that vest on April 1, 2019; and 2,885 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 12,022 shares of Class A common stock underlying performance-based RSUs that are subject to vesting on the date that performance objectives are achieved, so long as it is achieved prior to April 27, 2027.



HOUSE_OVERSIGHT_024361

(16) This number includes 6,120 shares of Class A common stock owned directly by Mr. Keeton; 404,966 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 3,298 shares of Class A common stock issuable upon the exercise of options that vest on April 1, 2019; and 2,885 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 12,022 shares of Class A common stock underlying performance-based RSUs that are subject to vesting on the date that performance objectives are achieved, so long as it is achieved prior to April 27, 2027.

(17) This number includes 20,000 shares of Class A common stock owned directly by Mr. Platt and 2,500 shares of Class A common stock held directly and jointly by Mr. Platt's parents. This number also includes 130,667 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 10,309 options to purchase shares of Class A common stock that vested on April 27, 2018; and 10,310 options to purchase shares of Class A common stock that vest on April 27, 2019. This number excludes 130,612 shares of Class A common stock issuable in exchange for Class B common stock and LLC Units held by Mr. Platt and his dependent son, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019). These shares of Class A common stock represent less than 1% of the shares of Class A common stock that would be outstanding if all outstanding LLC Units were exchanged and all outstanding shares of Class B common stock were converted at that time.

(18) This number includes 10,309 options to purchase shares of Class A common stock that vested on April 27, 2018, and 10,310 options to purchase shares of Class A common stock that vest on April 27, 2019.

(19) This number includes 30,000 shares of Class A common stock owned directly by Mr. Maroone, 1,000 shares of Class A common stock held directly by the Maroone Family Partnership, LP, an entity controlled by Mr. Maroone that Mr. Maroone disclaims beneficial ownership of except to the extent of his pecuniary interest therein, and 20,000 shares of Class A common stock held directly by the Michael Maroone Family Partnership, LP, an entity controlled by Mr. Maroone. This number also includes 10,309 options to purchase shares of Class A common stock that vested on April 27, 2018, and 10,310 options to purchase shares of Class A common stock that vest on April 27, 2019.

(20) This number includes 2,915,780 shares of Class A common stock issuable in exchange for vested Class B Units including those that will be vested within 60 days of February 27, 2019, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019); 41,236 options to purchase shares of Class A common stock that vested on April 27, 2018; 41,240 options to purchase shares of Class A common stock that vest on April 27, 2019; 21,385 options to purchase shares of Class A common stock that vest on April 1, 2019; and 18,708 shares of Class A common stock issuable upon the vesting and settlement of restricted stock units that vest on April 1, 2019, inclusive of shares to be withheld for tax purposes. This number excludes 15,747,138 shares of Class A common stock issuable in exchange for LLC Units held by our executive officers and directors, based on an assumed price of $41.82 per share (the closing price of our Class A common stock on the NYSE on February 27, 2019). These shares of Class A common stock represent approximately 10% of the shares of Class A common stock that would be outstanding if all outstanding LLC Units were exchanged and all outstanding shares of Class B common stock were converted at that time.



HOUSE_OVERSIGHT_024362

## ITEM 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2019. Services provided to Carvana and its subsidiaries by Grant Thornton LLP for the year ended December 31, 2018 are described below and under "Audit Committee Report."

### FEES AND SERVICES

The following table summarizes the aggregate fees for professional audit services and other services rendered by Grant Thornton LLP for the years ended December 31, 2018 and 2017:

| SERVICES | 2018 | 2017 |
|---|---|---|
| **Audit Fees** | $1,524,986(1) | $1,061,451(3) |
| **Audit-Related Fees** | $ — | $ — |
| **Tax Fees** | $ 349,220(2) | $ 110,489 |
| **All Other Fees** | $ — | $ — |

(1) Includes the aggregate fees for the audit of our annual consolidated financial statements and internal controls, and the reviews of each of our quarterly consolidated financial statements. These fees also include procedures performed related to our follow-on offering completed in April 2018, registration of shares on Form S-3 in May and December 2018, and the issuance of our senior notes in September 2018.
(2) Includes the aggregate fees for tax return preparation and other tax compliance services.
(3) Includes $475,782 in fees related to our initial public offering in April 2017 that were reported in "All Other Fees" in our proxy statement prepared in connection with our 2018 annual meeting of stockholders.

In considering the nature of the services provided by the independent auditor, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with the independent auditor and Carvana management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes–Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

The Audit Committee has adopted a policy that requires advance approval of all audit services as well as non-audit services to the extent required by the Exchange Act and the Sarbanes–Oxley Act of 2002. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent auditor is engaged to perform it.

The Audit Committee approved all services provided by Grant Thornton LLP. Representatives of Grant Thornton LLP are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so, and we expect that they will be available to respond to questions.



HOUSE_OVERSIGHT_024363

Ratification of the appointment of Grant Thornton LLP requires affirmative votes from the holders of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote. If Carvana's stockholders do not ratify the appointment of Grant Thornton LLP, the Audit Committee will reconsider the appointment and may affirm the appointment or retain another independent accounting firm. Even if the appointment is ratified, the Audit Committee may in the future replace Grant Thornton LLP as our independent registered public accounting firm if it is determined that it is in Carvana's best interests to do so.

**The Audit Committee and the Board of Directors recommend that you vote "FOR" the ratification of the appointment of Grant Thornton LLP as the independent registered public accounting firm of Carvana for the year ending December 31, 2019.**



HOUSE_OVERSIGHT_024364

## A UDIT COMMITTEE REPORT

The Audit Committee oversees our financial reporting process on behalf of the Board. The Audit Committee is composed of three independent directors (as defined by the New York Stock Exchange Listing Standards), met nine times in 2018, and operates under a written charter, which is posted on our website at investors.carvana.com/corporate-governance/governance-documents. As provided in the charter, the Audit Committee's oversight responsibilities include monitoring the integrity of our financial statements (including reviewing financial information, the systems of internal controls, the audit process, and the independence and performance of our internal audit function and independent registered public accounting firm) and our compliance with legal and regulatory requirements. However, management has the primary responsibility for the financial statements and the reporting process, including our systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee

- reviewed and discussed the audited financial statements for the year ended December 31, 2018, with our management;
- discussed with our independent auditors, Grant Thornton LLP, the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 1301 (Communications with Audit Committees); and
- received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the PCAOB regarding Grant Thornton LLP's communications with the audit committee concerning independence, and has discussed with Grant Thornton LLP the independence of Grant Thornton LLP.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Respectfully submitted by:

Ira Platt
Gregory Sullivan
Michael Maroone



HOUSE_OVERSIGHT_024365

## ITEM 3 – SAY ON PAY

We are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in the "Compensation Discussion and Analysis," the "Summary Compensation Table," and the related compensation tables and narrative. This item is being presented pursuant to Section 14A of the Securities Exchange Act of 1934. Although this advisory vote is not binding, the Compensation and Nominating Committee will consider the voting results when evaluating our executive compensation program.

Our executive compensation programs are designed to support our long-term success and reflect our pay-for-performance culture. Our company has grown dramatically over the years. Our growth has few historical precedents and makes us one of the fastest-growing technology, consumer, or retail companies at our scale, and in 2018 we continued to grow rapidly, with another year of triple-digit unit and revenue growth while simultaneously making significant progress in gross profit per unit and accelerating our operating leverage. We have a strong belief in promoting a pay-for-performance culture, and, accordingly, as described in the "Compensation Discussion and Analysis" of this proxy statement, the Compensation and Nominating Committee has set challenging performance targets based not on last year's achievements but continued rapid growth, and has structured our executive compensation program to tie total compensation to long-term stockholder value, as reflected primarily in our stock price. We believe that our executive compensation plans effectively support our strategic and financial goals, create a culture of teamwork, and are directly tied to the performance of the company and shareholder outcomes.

**The Board recommends a vote "FOR" approval, on an advisory basis, of our executive compensation as described in this proxy statement.**

## ITEM 4 – SAY ON PAY FREQUENCY

Pursuant to Section 14A of the Exchange Act, we are asking stockholders to cast an advisory vote on the frequency of future advisory votes on executive compensation. Stockholders may specify whether they prefer such votes to occur every year, every two years, or every three years, or they may abstain. The Board recommends that this vote occur every year.

Although the stockholders' vote on this proposal is not binding, the Board will consider the voting results in determining the frequency of future advisory votes. Notwithstanding the Board's recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

**The Board recommends stockholders vote, on an advisory basis, to conduct future advisory votes on executive compensation every "ONE YEAR."**



HOUSE_OVERSIGHT_024366

## OTHER MATTERS

We are not aware of any matters other than those discussed in the foregoing materials contemplated for action at the annual meeting. The persons named in the proxy card will vote in accordance with the recommendation of the Board on any other matters incidental to the conduct of, or otherwise properly brought before, the annual meeting. The proxy card contains discretionary authority for them to do so.

## INCORPORATION BY REFERENCE

The "Audit Committee Report" included in this proxy statement shall not be deemed soliciting material or filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by us under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such information by reference. In addition, this document includes website addresses, which are intended to provide inactive, textual references only. The information on these websites is not part of this document.

## AVAILABILITY OF SEC FILINGS, CODE OF CONDUCT, AND COMMITTEE CHARTERS

Copies of our reports on Forms 10-K, 10-Q, 8-K, all amendments to those reports filed with the SEC, our code of business conduct, corporate governance guidelines, the charters of the Audit Committee and Compensation and Nominating Committee, and any reports of beneficial ownership of our common stock filed by executive officers, directors and beneficial owners of more than 10% of our outstanding common stock are posted on and may be obtained through our website, investors.carvana.com, or may be requested in print, at no cost, by email at investors@carvana.com or by mail to Carvana Co., 1930 W. Rio Salado Pkwy, Tempe, AZ 85281, Attention: Investor Relations.

## WHERE TO FIND ADDITIONAL INFORMATION

We are subject to the informational requirements of the Exchange Act and in accordance therewith, we file annual, quarterly, and current reports and other information with the SEC. This information can be inspected and copied at the Public Reference Room at the SEC's office at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such information may also be accessed electronically by means of the SEC's home page on the internet at www.sec.gov. We are an electronic filer, and the SEC maintains an internet site at www.sec.gov that contains the reports and other information we file electronically. Our website address is investors.carvana.com. Please note that our website address is provided as an inactive textual reference only. We make available free of charge, through our website, our annual report on Form 10-K, as amended, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on or accessible through our website is not part of this proxy statement.



HOUSE_OVERSIGHT_024367

## COST OF PROXY SOLICITATION

Carvana is paying the expenses of this solicitation. Carvana will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries to forward proxy materials to beneficial owners of stock held as of the record date by such persons, and Carvana will reimburse such persons for their reasonable out-of-pocket expenses in forwarding such proxy materials. In addition to solicitation by mail, directors, officers, and other employees of Carvana may solicit proxies in person or by telephone, facsimile, email, or other similar means.



HOUSE_OVERSIGHT_024368

# ANNEX

## 100K MILESTONE GIFT

On September 10, 2018, we announced a commitment by our chief executive officer, Ernest Garcia III, to contribute 165 shares of Class A common stock to us from his personal shareholdings for every one of our then-existing employees upon their satisfying certain employment tenure requirements. In connection with these contributions, we have made corresponding grants of 165 restricted stock units under our 2017 Omnibus Incentive Plan to each employee who has satisfied the requirements and intend to make grants to the remaining then-existing employees as they satisfy the requirements (the "100k Milestone Gift" or "Gift"). Under U.S. GAAP, the 100k Milestone Gift is treated as compensation expense, a portion of which relates to the production of our used vehicle inventory and is therefore capitalized to inventory and subsequently recognized within costs of sales when the related inventory is sold.

## NON-GAAP FINANCIAL MEASURES

To supplement the consolidated financial statements, which are prepared and presented in accordance with GAAP, we also present the following non-GAAP measures: gross profit ex-Gift, gross profit per unit ex-Gift, EBITDA ex-Gift, and EBITDA margin ex-Gift. We believe the presentation of both GAAP and non-GAAP financial measures provides investors with increased transparency into financial measures used by our management team, and it also improves investors' understanding of our underlying operating performance and their ability to analyze our ongoing operating trends. All historic non-GAAP financial measures have been reconciled with the most directly comparable GAAP financial measures.

### *GROSS PROFIT EX-GIFT AND GROSS PROFIT PER UNIT EX-GIFT*

Gross profit ex-Gift and gross profit per unit ex-Gift are non-GAAP supplemental measures of operating performance that do not represent and should not be considered an alternative to gross profit, as determined by GAAP. Gross profit ex-Gift is defined as gross profit before compensation expense related to the 100k Milestone Gift included in cost of sales. Gross profit per Unit ex-Gift is Gross Profit ex-Gift divided by units sold. We use Gross Profit ex-Gift to measure the operating performance of our business and Gross Profit per Unit ex-Gift to measure our operating performance relative to our units sold. We believe that Gross Profit ex-Gift and Gross Profit per Unit ex-Gift are useful measures to us and to our investors because they exclude the expense associated with the 100k Milestone Gift recognized in cost of sales. We expect the 100k Milestone Gift to be a one-time award program for which we will recognize varying amounts of expense beginning in the second half of 2018 and continuing through the first half of 2020, and therefore we believe the related expense does not reflect our core operations, is not included in our past operations, and may not be indicative of our future operations. Additionally, the shares issued to settle the 100k Milestone Gift are offset by share contributions from Mr. Garcia to Carvana, therefore we expect the impact on shares outstanding to be nearly zero. We believe that excluding it enables us to more effectively evaluate our performance period-over-period and relative to our competitors.



HOUSE_OVERSIGHT_024369

A reconciliation of the gross profit ex-Gift amounts to each corresponding gross profit amount, which are the most directly comparable GAAP measures and include expenses attributable to the 100k Milestone Gift, and calculations of each gross profit per unit ex-Gift amount are as follows (dollars in thousands, except per unit amounts):

| | YEARS ENDED DECEMBER 31, | | |
|---|---|---|---|
| | 2018 | 2017 | 2016 |
| Used vehicle gross profit | $ 94,319 | $32,806 | $ 5,944 |
| 100k Milestone Gift in used vehicle cost of sales | 3,870 | — | — |
| **Used vehicle gross profit ex-Gift** | $ 98,189 | $32,806 | $ 5,944 |
| Used vehicle unit sales | 94,108 | 44,252 | 18,761 |
| **Used vehicle gross profit per unit ex-Gift** | $ 1,043 | $ 741 | $ 317 |
| Wholesale vehicle gross profit | $ 5,552 | $ 1,845 | $ 257 |
| 100k Milestone Gift in wholesale vehicle cost of sales | 133 | — | — |
| **Wholesale vehicle gross profit ex-Gift** | $ 5,685 | $ 1,845 | $ 257 |
| Wholesale vehicle unit sales | 15,125 | 6,509 | 2,651 |
| **Wholesale vehicle gross profit per unit ex-Gift** | $ 376 | $ 283 | $ 97 |
| Total gross profit | $196,709 | $68,091 | $19,197 |
| 100k Milestone Gift in total cost of sales | 4,003 | — | — |
| **Total gross profit ex-Gift** | $200,712 | $68,091 | $19,197 |
| Used vehicle unit sales | 94,108 | 44,252 | 18,761 |
| **Total gross profit per unit ex-Gift** | $ 2,133 | $ 1,539 | $ 1,023 |

*EBITDA EX-GIFT AND EBITDA MARGIN EX-GIFT*

EBITDA ex-Gift and EBITDA margin ex-Gift are non-GAAP supplemental measures of operating performance that do not represent and should not be considered an alternative to net loss or cash flow from operations, as determined by GAAP. EBITDA ex-Gift is defined as net loss before interest expense,



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income tax expense, depreciation and amortization expense, and the compensation expense related to the 100k Milestone Gift. EBITDA margin ex-Gift is EBITDA ex-Gift as a percentage of total revenues. We use EBITDA ex-Gift to measure the operating performance of our business and EBITDA Margin ex-Gift to measure our operating performance relative to our total revenues. We believe that EBITDA ex-Gift and EBITDA margin ex-Gift are useful measures to us and to our investors because they exclude certain financial and capital structure items and the expense associated with the 100k Milestone Gift that we do not believe directly reflect our core operations and may not be indicative of our recurring operations, in part because they may vary widely across time and within our industry independent of the performance of our core operations. In particular, we expect the 100k Milestone Gift to be a one-time award program for which we will recognize varying amounts of expense beginning in the second half of 2018 and continuing through the first half of 2020, and therefore we believe the related expense does not reflect our core operations, is not included in our past operations, and may not be indicative of our future operations. Additionally, the shares issued to settle the 100k Milestone Gift are offset by share contributions from Mr. Garcia to Carvana; therefore, we expect the impact on shares outstanding to be nearly zero. We believe that excluding these items enables us to more effectively evaluate our performance period-over-period and relative to our competitors. EBITDA ex-Gift and EBITDA margin ex-Gift may not be comparable to similarly titled measures provided by other companies due to potential differences in methods of calculations. A reconciliation of EBITDA ex-Gift to net loss which includes 100k Milestone Gift expense and is the most directly comparable GAAP measure, and calculation of EBITDA margin ex-Gift is as follows (dollars in thousands):

| | YEARS ENDED DECEMBER 31, | | | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net loss | $(254,745) | $(164,316) | $(93,112) | $(36,780) | $(15,238) |
| Depreciation and amortization expense | 23,539 | 11,568 | 4,658 | 2,800 | 1,706 |
| Interest expense | 25,018 | 7,659 | 3,587 | 1,412 | 108 |
| 100k Milestone Gift | 11,821 | — | — | — | — |
| EBITDA ex-Gift | $(194,367) | $(145,089) | $(84,867) | $(32,568) | $(13,424) |
| Total revenues | $1,955,467 | $858,870 | $365,148 | $130,392 | $41,679 |
| Net Loss Margin | (13.0)% | (19.1)% | (25.5)% | (28.2)% | (36.6)% |
| EBITDA Margin ex-Gift | (9.9)% | (16.9)% | (23.2)% | (25.0)% | (32.2)% |



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CARVANA

**ANNUAL MEETING OF CARVANA CO.**

**Date:** April, 23, 2019
**Time:** 8:00 A.M (Pacific Daylight Time)
**Place:** 3419 East University Drive, Phoenix, AZ 85034

**Please make your marks like this: ☒ Use dark black pencil or pen only**

The Board of Directors recommends that you vote "FOR" the directors in item 1; "FOR" items 2 and 3; and "ONE YEAR" for item 4.

**1:** election of directors;

| | For | Withhold | Directors Recommend ↓ |
|---|---|---|---|
| 01 J. Danforth Quayle | ☐ | ☐ | For |
| 02 Gregory Sullivan | ☐ | ☐ | For |

| | For | Against | Abstain | |
|---|---|---|---|---|
| **2:** ratification of the appointment of Grant Thornton LLP as Carvana's independent registered public accounting firm for the year ending December 31, 2019; | ☐ | ☐ | ☐ | For |
| **3:** approval, by an advisory vote, of Carvana's executive compensation (i.e., "say-on-pay" proposal) | ☐ | ☐ | ☐ | For |

| | 1 year | 2 years | 3 years | Abstain | |
|---|---|---|---|---|---|
| **4:** recommendation, by an advisory vote, of the frequency of future advisory votes on executive compensation (i.e., "say-on-pay frequency") | ☐ | ☐ | ☐ | ☐ | One Year |

**5:** other business as may properly come before the meeting or any adjournment of the meeting.

**Authorized Signatures - This section must be completed for your Instructions to be executed.**

Please Sign Here — Please Date Here

Please Sign Here — Please Date Here

Please sign exactly as your name(s) appears on your stock certificate. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

← Please separate carefully at the perforation and return just this portion in the envelope provided. ←

CARVANA

**Annual Meeting of Carvana Co.**
**to be held on Tuesday, April 23, 2019**
**for Holders as of February 25, 2019**

**This proxy is being solicited on behalf of the Board of Directors**

**VOTE BY:**

**INTERNET**

Go To
**www.proxypush.com/CVNA**
- Cast your vote online.
- View Meeting Documents.

OR

**TELEPHONE**

Call
**866-509-2149**
- Use any touch-tone telephone.
- **Have your Proxy Card/Voting Instruction Form ready.**
- Follow the simple recorded instructions.

OR

**MAIL**

- Mark, sign and date your Proxy Card/Voting Instruction Form.
- Detach your Proxy Card/Voting Instruction Form.
- Return your Proxy Card/Voting Instruction Form in the postage-paid envelope provided.

The undersigned hereby appoints Paul Breaux and Jonathan Allred, and each or either of them, as the true and lawful attorneys of the undersigned, with full power of substitution and revocation, and authorizes them, and each of them, to vote all the shares of capital stock of Carvana Co. which the undersigned is entitled to vote at said meeting and any adjournment thereof upon the matters specified and upon such other matters as may be properly brought before the meeting or any adjournment thereof, conferring authority upon such true and lawful attorneys to vote in their discretion on such other matters as may properly come before the meeting and revoking any proxy heretofore given.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, SHARES WILL BE VOTED FOR THE ELECTION OF THE DIRECTORS IN ITEM 1; FOR THE PROPOSALS IN ITEMS 2 AND 3; and "ONE YEAR" FOR ITEM 4.

**PROXY TABULATOR FOR**

**CARVANA CO.**
**P.O. BOX 8016**
**CARY, NC 27512-9903**

**Proxy — Carvana Co.**
**Annual Meeting of Stockholders**
**Tuesday, April 23, 2019, 8:00 a.m. Pacific Daylight Time**
**This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned appoints Paul Breaux and Jonathan Allred (the "Named Proxies") and each of them as proxies for the undersigned, with full power of substitution, to vote the shares of common stock of Carvana Co., a Delaware corporation ("the Company") the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at the 3419 East University Drive, Phoenix, AZ 85034 on Tuesday, April 23 at 8:00 a.m. (PDT) and all adjournments thereof.

The purpose of the Annual Meeting is to take action on the following:

1. to elect two nominees identified in the accompanying proxy statement to serve as directors, as recommended by the Compensation and Nominating Committee of the board of directors of Carvana;
2. to ratify the appointment of Grant Thornton LLP as Carvana's independent registered public accounting firm for the year ending December 31, 2019;
3. to consider the approval, by an advisory vote, of Carvana's executive compensation (i.e., "say-on-pay" proposal)
4. to recommend, by an advisory vote, the frequency of future advisory votes on executive compensation (i.e., "say-on-pay frequency")
5. to transact other business as may properly come before the meeting or any adjournment of the meeting.

The two directors up for re-election are: J. Danforth Quayle and Gregory Sullivan.

The Board of Directors of the Company recommends a vote "FOR" all nominees for director, "FOR" proposals 2 and 3, and a vote of "1 Year" for proposal 4.

**This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted "FOR" all nominees for director. In their discretion, the Named Proxies are authorized to vote upon such other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.**

**You are encouraged to specify your choice by marking the appropriate box (SEE REVERSE SIDE) but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendation. The Named Proxies cannot vote your shares unless you sign and return this card.**

**To attend the meeting and vote your shares in person, please mark this box.** ☐

→ Please separate carefully at the perforation and return just this portion in the envelope provided. →

# REMEMBERING CAVALIER MAGAZINE

## LAUNCHING A MAGAZINE

My friend Michael Simmons, who has been the editor of *National Lampoon*, recalls that *Cavalier* hired fine scribes. A few examples: Thomas Pynchon, Philip Roth, William Saroyan, Isaac Asimov, Theodore Sturgeon. Characters show up from Andy Warhol to Timothy Leary. And the photos of models weren't even soft porn, merely tits and ass.

*Cavalier* was launched by Fawcett Publications in 1952. Men's magazine *Cavalier* (motto: "For the American Male") was published the year before *Playboy,* to whom it has often been compared. Back in the day, *Cavalier* tried to be seen as slightly hipper, more youthful, and considered a bit more clever than its big name rival. Almost an anti-establishment in *Playboy.* A slogan stated: "Your dad bought *Playboy*, you bought *Cavalier*."

## I BECAME A COLUMNIST

I was invited to write a column, named "The Naked Emperor," for *Cavalier*, that was beginning to publish underground writers and artists. They paid me $1,000 a month. My first column, in 1964, was a report on an auction of two-inch

squares from the hotel bedsheets slept on by the Beatles during their first trip to America.

There were 300 screaming young girls, off on a fetishist' s holiday. Obviously, there wouldn' t be enough items to go around, but it was announced that the Beatles' unwashed towels and bed linens were to be cut into two-inch squares and sold for $1 each. The price included a notarized statement of authenticity.

My second column was about Lenny Bruce—titled "Lenny the Lawyer," since he defended himself in trials He was arrested for obscene performances only because there were no blasphemy laws, and he ridiculed religious leaders. I went to the bank and deposited my check, withdrawing half of it in cash, a $500 bill. Lenny was alone in his funky hotel room on Christmas Day when I presented it to him. And, with a large safety pin, Lenny attached the $500 bill to the outside breast pocket of his dungaree jacket.

AFTER JFK ASSASSINATION

In another column of mine, "Jack Ruby and His Dirty Little Secret," it began, "Lenny Bruce once told me how all the night club comics used to gossip about Jack Ruby' s "tattoo of a

lady's *schmutzik* (translate: pussy) in his armpit." If it weren't a fact, I was quite willing to settle for an apocryphal allusion which nevertheless crystallized the entire personality of that alleged murderer who wanted so very much to be liked.

I say *alleged* because upon Ruby's own death. Dallas District Attorney Henry Wade said he would dismiss the murder charge against him, a promise which has since been kept, although no such posthumous grace was ever officially bestowed on Lee Harvey Oswald, considered a lone assassin who shot President Kennedy. See, they grant you retroactive innocence only in the face of innumerable witnesses who were present at the actual event through the legal miracle of inadvertent televised coverage.

Now Jack Ruby's dirty little secret has been forever sealed away in his armpit by the hymen of history. Oh yeah, and at Lenny's funeral, that safety pin was still attached on his denim jacket.

**JULES SIEGEL**

Two years before Lenny's death, with his permission I published his obituary in my own magazine, *The Realist.* Before the issue went to press, he called his mother and a few others to

let them know it would only be a hoax. The point was that he couldn't get work and his work was his life so he might as well be dead. And if people regretted that they hadn't helped him, well, now they could have a second chance because he was still alive. The obituary evoked inquiries from newspapers, wire services, foreign publications, radio and TV.

"What's the meaning of it?" one editor asked me. "There's a lot of excitement at the city desk."

"That *is* the meaning of it."

A few years later, without my permission, Jules Siegel, the editor of a short-lived magazine, *Cheetah*, published a fake obituary of me. I thought it was funny. An Associated Press reporter called, and I explained that it was a hoax.

"Are you sure?" he asked.

"Of course. I would tell you if I was dead."

Siegel started writing for *Cavalier.* His first assignment was a profile of Sterling Hayden, an actor best known in *Dr, Stranglove or How I Learned to Stop Worrying and Love the Bomb.*

Journalist Adam Ellsworth described Siegel's "Goodbye Surfing, Hello God" with his most famous example of rock journalism, though his most revolutionary was his article, "The Big Beat." It appeared in the *Playboy*-esque *Cavalier* magazine in 1965 and was one of the earliest writings he'd ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Then Jules' friend, Arthur Kretchmer, became *Cavalier's* managing editor. "When the editorial director later resigned," Kretchmer said, "there was a 24-hour hiatus before the new editorial director arrived." Siegel and Kretchmer had been discussing the possibility of publishing an issue on rock and roll, so to make it happen, Kretchmer went into the office at night and retyped the magazine's schedule to include their ideas.

When the new editorial director started, Kretchmer handed him the schedules and said, "Here's what we're working on." The new editorial director suspected nothing and the rock and roll issue went ahead. Once the laughter died down, Jules talked for a good 25 minutes about some of the ups and downs of his writing career and how hard it is to make a

living as any kind of a writer, let alone a “rock journalist.” and the people who created it, seriously.

Now everybody writes about rock and roll that way. Jules was one of the people who did it first. He died of a heart attack on November 17, 2012 at the age of 77. He was a brilliant author, but neither *Rolling Stone* nor the *New York Times* honored him with an obituary. Not even a fake one.

**COMIX**

Art Spiegelman tells me his work at *Cavalier* 50 years ago:

I was first invited into the mag to do two full-color comix pages in 1969 (when being printed in color was a Very Big Deal for me as was Getting Paid more than 25 bucks for a drawing), somehow in proximity to a big article on underground comix. It was around the time Vaughn Bode was made a regular contributor to the magazine, They were running some Crumb “Fritz the Cat” pages. All thanks to their hip, laid back and kind editor, Alan LeMond.

I also did some gag cartoons, short strips and occasional illustrations for *Cavalier* (one especially bad drawing for a story by Bruce Jay Friedman, I recall). My work as an apprentice underground cartoonist taking too many drugs was really, really

awful. By the time I'd gotten incrementally better as a cartoonist in the first half of the 1970s I was regularly doing illustrations for soft-core fiction stories in *Cavalier's* low-rent sister mags, *Dude, Gent* and *Nugget* (even wrote a story or two there and got several of my San Francisco comix cronies -- Spain Rodriguez, Bill Griffith and Justin Greene) illustration gigs for those mags as well.

[Note in Wikipedia: *Maus* is a graphic novel by American cartoonist Art Spiegelman, serialized from 1980 to 1991. It depicts Spiegelman interviewing his father about his experiences as a Polish Jew and Holocaust survivor. The work employs postmodernist techniques and represents Jews as mice, Germans as cats, and Poles as pigs. In 1992, *Maus* won a Pulitzer Prize.]

**COMiING AND GOING**

I wrote some movie reviews for *Cavalier.* I recall that *Midnight Cowboy* was 50 years ago. I always went to two screenings. The first one I would go stoned with magic mushrooms. The second one I took notes. However, I got fired by *Cavalier.*

They declined to publish a particular column—my review of *MASH* as though it were a Busby Berkeley musical called *Gook Killers of 1970*—ostensibly on the grounds of bad taste, but I learned that three wholesalers had told the publisher they were pressured by the FBI and would refuse to distribute *Cavalier* if my name appeared in it.

On top of that, my name was on a list of sixty-five "radical" campus speakers, released by the House Internal Security Committee. The blacklist was published in the *New York Times*, and picked up by newspapers across the country. It might have been a coincidence, but my campus-speaking engagement-bookings stopped abruptly. It felt just like a film.

**OH, WELL**

It was over for me, but it had been fun—like the issue with only the one large red headline on the *Cavalier* cover: "BEAT 'EM SENSELESS FIRST"—THE FREE SPEECH CONTROVERSY, BY PAUL KRASSNER...

At the University of California in Berkeley on September 1964, Dean Katherine Towle banned posters, easels and tables at the Bancroft-Telegraph Street entrance to the Berkeley campus "because of interference with flow of traffic." She also

reminded student groups of "rules prohibiting the collection of funds and the University facilities for the planning and implementing of off-campus political and social action."

As a result, students held a sit-in lasted till 3 a.m. Next day, ten tables were manned again, and a campus policeman approached one of the tables (manned by the Congress of Racial Equality) where a dozen persons were seated. One was singled out and placed under arrest. But before you could say nonviolent demonstration, the police car was surrounded, its captors reaching as many as 3,000 students. During the late evening, bored fraternity men gathered and tossed lighted cigarettes and eggs on those sitting in the plaza. The demonstrators responded with silence.

Next day, 450 police assembled on campus to remove the cop car and its arrested inhabitant, but an agreement to negotiate was reached and the demonstrators dispersed. One of the folk songs to come out of the Free Speech Movement was *If I Negotiate With You* to the tune of the Beatles' *If I Fell in Love With You.*

Over the next couple of months there was a series of sit-ins and attempted negotiations, and then, on December 2, the infamous Sproul Hall sit-in. It took twelve hours for 800 students

to be arrested by some 600 instructors of a new course called Introductory Police Brutality. These were from the lab notes student took:

"We should do like they do in them foreign countries—beat 'em senseless first, then throw them in the bus."

There was a freshman co-ed at Berkeley who—long after she had forgotten what some professor spouted during an official lecture about Dostoevsky's *Crime and Punishment*—would remember, with perhaps a twinge of frightened pride, learning from a fellow demonstrator that if she planned to go limp when the police arrested her, it would be an act of practical feminine foresight to remove the earrings from her pierced lobes in advance.

So, now in 2019, fighting over free speech has been happening heavily at Berkeley campus again. Meanwhile, Trump grabbed the pussy of the Statue of Liberty. *Cavalier,* anyone?

**From:** Bill Siegel [redacted]
**Sent:** 2/8/2013 7:40:43 PM
**To:** Charlotte Abrams [redacted]
**Subject:** Fro- The Control Factor - Frontpage Magazine interview
**Attachments:** image001.gif; image002.jpg; image003.png; image004.png; image005.jpg; image006.jpg; image007.png

Bill Siegel hopes this might be of interest to you: http://frontpagemag.com/2013/jamie-glazov/the-control-factor-our-struggle-to-see-the-true-threat/

# The Control Factor: Our Struggle to See the True Threat

February 8, 2013 By Jamie Glazov Comments (6)

22
Print This Post

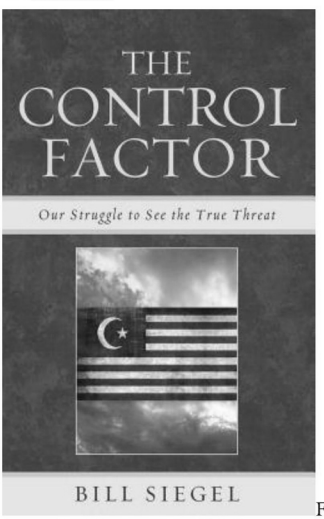


FrontPage Interview's guest today is Bill Siegel, a lawyer and business executive. He has been a producer of several documentary films and assists numerous non-profit organizations. He is the author of The Control Factor: Our Struggle to See the True Threat.

**FP:** Bill Siegel, welcome to FrontPage Interview.

Congratulations on this brilliant book. It is without question one of the most vital works of our time.

Let's begin with what inspired you to write it.

**Siegel:** Thanks for having me Jamie. As a young boy born in the mid 1950s, I was fascinated with footage of Hitler and the Third Reich and could never understand how the Jews of the time could not see the evil that seemed so obvious. Not yet appreciative of the benefit of hindsight, I could not comprehend the blindness. Following 9/11, like so many others, I began to study Islam, its history, its current movements, terrorism and so

on. As I would learn one stunning aspect after another, I would discuss them with friends and associates. Rather than confront the facts I would present, they would find one clever way after another to avoid the frightening truth of what America and the West truly face. Their fear appeared obvious to me. I began to catalog many of my friends' different maneuvers to dispel the anxiety that they found so difficult to endure. The more I focused on their mental processes (as well as my own) the more I began to see a structure to the mental endeavor and to understand what I had, as a child, found so difficult to explain.

**FP:** Tell us about the Control Factor, what you describe as "that effort our minds enga ge in in order to keep us blind" and that "process of a voiding seeing the threats we face." It's also about, as you state, trying to believe that the threat is under our control, when in fact it is not. Kindly enlighten us as to these profound insights you make in terms of the Control Factor.

**Siegel:** First, let's distinguish the "real world" where real battles are taking place from the mental battlefield which occurs in each of our minds. We tend to believe our perceptions are simply clear realizations of what is "out there" and overlook how much our internal worlds can literally determine what we see. When our internal minds become anxious and sense a loss of "control," they tend to concoct ways to distort our perceptions so as to restore that sense of inner control. I describe the Control Factor as an "active and continuous process" designed to maintain that sense, if not illusion, of control. We natural ly think that our thinking and feeling processes are passive; that they just happen. Yet when faced with truly frightening prospects, the mind is geared to actively distort.

Similarly, the sense of control must be continuously maintained so the Control Factor operates constantly. In turn, the sum of this active and continuous undertaking makes these perceptions all the more familiar and thus seemingly all the more "real." In one sense, the Control Factor is the mechanism of what Andy McCarthy entitled one of his numerous excellent books- willful blindness. The Control Factor is cleverer than we are aware; that is almost tautological as, if our minds are to create ways to keep us in denial, they must out maneuver our conscious thinking.

Since World War II, America has had limited experience with threats coming to the homeland. Most of America's history has been about "over there," where we have always known that if things got too out of hand (e.g. Vietnam) we could always ret urn home. The current generations, for a wide array of reasons, have had virtually no experience with a threat to this land. (The documentary, Generation Zero, is interesting on this point).

Consequently, the process of waking up to such a threat parallels the arc of a typical horror film. In such a film, there is typically a cast of characters surrounding one or two main characters. We in the audience know there is a threat coming – be it a monster, a virus, a psycho killer, an alien, the blob that ate Cincinnati etc. This threat is typically defined by its intent- the singular goal of destroying the characters. Much of the initial exposition shows how the characters first are oblivious to the destruction the threat brings about, then explain it in familiar terms only to finally open their eyes to see that something uniquely terrifying is happening. The next stage usually involves a series of failed attempts to deal with the threat- fr om trying to negotiate with it, to appease it, to coax it, to threaten it with ineffective weapons and so forth. Most of these failings are due to not adequately appreciating the threat for what it truly is and projecting onto it a host of other attributes instead. The final stage generally involves a back-up-against-the-wall decision by whichever characters remain alive. I named this the "turnaround moment" when the character becomes willing to be as ruthless as the threat. That change in mental state is necessary to ensure survival. Ultimately, the storyline is a race for whichever characters remain to wake up fully and use whatever advantages they may still have to beat the threat.

This is the same arc our minds go through in battling our own Control Factors, our own compulsions to deny that which is staring us in the face. Ultimately, the question is whether we will be able to wake up while we still have advantages and give ourselves permis sion to fully fight the battle we are in.

I said ear lier that there is a structure to the Control Factor. To oversimplify, I view it much as a pyramid where on the bottom are the many minute by minute thoughts that are manipulated. I call this level of maneuvers the many "D's" as they include the psychological defenses such as distortion, denial, demonization, deflection, deletion, detachment, delusion, displacement, discolorization and so forth. Layered upon these are moves such

as projection, where we can assign to our Islamic Enemy traits we wish to see in them or introject traits from them into ourselves that we wish not to acknowledge. These maneuvers involve a mixing of identities where we actually lose clarity about who we are and who the enemy is. Projection and introjection are active almost across the board. It is always helpful, for instance, to ask how what the enemy accuses us of is more appropriately descriptive of it. When we add Western Guilt and Shame, our need to be liked, and o ther psychological dimensions, basic thoughts solidify into larger fantasies.

As these narratives ("Our courts will never allow that," "As a superpower we will always be able to win any fight we put our minds to," "Assimilation will ensure Muslims are westernized" …) gain consent from others they tend to guide us deeply and become infused on our policies. Ultimately, what emerges is a relationship we take with our Islamic Enemy that parallels that between an addict and an enabler. Emblematic of this relationship is the "transfer of responsibility" in which we assume responsibility for the enemy's behavior who is addicted to transferring it away from itself. The Control Factor actively maintains this relationship and makes changing that relationship as difficult a chore as any addict finds in breaking his addiction. And just as an addict needs to devote serious effort and con sciousness to his addiction, so must we devote great energy to unders tanding how the Control Factor ultimately sabotages us.

**FP:** Describe the threat we face in our Islamic enemy. And you talk about the three levels of jihad against us. What are they?

**Siegel:** Simply stated, our Islamic Enemy seeks the totalitarian domination of Islam throughout the world – Islamic supremacy. It seeks to have the West submit to Islam. Obviously, this does not mean that everybody becomes a Muslim. Islam, in all its varied expressions, permits dhimmis- those Christians, Jews, and some others who are permitted to remain as protected non-Muslims as long as they submit to an inferior status. What is critical is that Shariah (Islamic Law) ultimately rules the world.

Jihad, loosely, is the effort/struggle to see this vision through. The most obvious method of Jihad is through violence; it is the one most familiar to most Westerners and almost all of the Koranic references to Jihad are based in violence. The Violent Jihad includes al-Qaeda and its offshoots as well as other groups that formed around the globe independent of al-Qaeda. It also obviously includes the violence from Islamic nations such as the Islamic Republic of Iran whose constitution specifies such vision. It also includes, however, various militant groups and training camps here in the US as well as ad hoc efforts of individuals.

Since 9/11, there have been something in excess of 15,000 Violent Jihadic attacks across the globe. However, as terrible as this is, we have a tendency in the West to think that the only dimension of threat we face comes from violence. While the Bush administration helped initiate this thinking, the Obama administration has actively abused it by limiting any discussion of the threat we face to al-Qaeda and some other terrorist groups abroad. As frightening as these groups are, we can get some ease from thinking they are a band of "extremists limited in number, weaponry, sophisticati on, and means. Stunningly, Hillary Clinton recently estimated that there are only about 50,000 "homicidal" violent extremists around the world who simply have been able to project power much greater than their number should allow. Here the Control Factor makes the threat appear more easily manageable.

Jihad, however, is pursued in other often even more effective ways which I have grouped into three "levels." A second more insidious level of threat is what the Muslim Brotherhood itself called the "Civilization Jihad." It is the effort to infiltrate all aspects of our society, peacefully according to our laws, in order to later be in position to sabotage and destroy it from the inside. The Civilization Jihadists have learned the culture and rules of the territories they seek to command and use those rules to maneuver—specifically using our freedoms to destroy our freedoms. They use "lawfare" to seek changes in our laws so as to push Shariah into our society. Your readers should read Daniel Pipes and Brooke Goldstein's Lawfare Project material and others to fully appreciate how cancerous this activity has become. This includes intimidating in a variety of ways anyone who speaks out against them or Islam and seeking to squelch our treasured broad right to free speech so as to ultimately prevent any criticisms of Islam. Once criticism of Islam is prohibited, little can stop it from cascading throughout the culture.

The Civilization Jihad includes situating such Jihadists in critical positions in the society, in the government, in the legal system, the military, and elsewhere. It includes the control over university programs that distribute propaganda about Islam and Islamic history which then filters down throughout textbooks for even younger students. It includes control over most of the nation's mosques and local Imams guiding the mess ages engaged Muslims are receiving. Most troublesome are the Muslim g roups (CAIR, ISNA, MSA and others associated and/or joint venture partners with the Muslim Brotherhood) supposedly interested in "outreach" which know how to appear Westernized and interested in the goals of Western Civilization. They have fooled a large part of our authorities and media due in part to their patience and willingness to chip away, one airport prayer room, one frivolous intimidating lawsuit, one Congressman or CIA officer, one mosque, one ruling at a time.

Particularly in the US, given our deep attachment to freedom as well as cultural and psychological tendencies toward diversity, Western guilt and expectations of truthfulness, this effort is devious and difficult to uproot. The Civilization Jihadists present one face to the American public which is completely at odds with their true agenda and how they deal in private. Jamie, you and David and others such as Steve Emerson, Frank Gaffney, Andy McCarthy and others have done s o much to uncover this level of Jihad that your readers should be urged to review as much of their work (including Steve's recent excellent documentary, The Grand Deception, and Frank's important web video course, The Muslim Brotherhood in America) as possible.

Finally, there is a third level – the International Institutional Jihad. Here the most powerful international institutions such as the UN and the Organization of Islamic Cooperation and others seek to push into America from without those changes which are difficult to complete from within. The OIC is the largest Islamic institution in the world. It essentially controls the vote in the UN's General Assembly and thus explains in part the absurd and abject pro-Islamic, anti-Israel thrust of that organizat ion. This level seeks to use the power of Islamic nations to work fro m outside the West to force changes within the West. While there are various conflicts between many of the nations, being Islamic majority states, there is a great deal they agree upon which becomes the focus of these efforts. Just as the Obama administration is beginning to cooperate with international efforts to control gun ownership, so has Hillary Clinton's Istanbul Process become a dangerous step in the effort to restrict speech critical of Islam by norm (or possibly even treaty) when it may not be fully executable by domestic action alone.

I should point out that Stephen Coughlin, the former Pentagon officer who has an important must-see presentation of Islamic Law, uses different names for these same three levels – Jihad, Dawa, and Ummah. Had I seen his work before I wrote my book I would have conformed to his categorizations.

We must learn how powerful language has become on all three levels. Words such as "peace,□ $B!I "freedom," "terrorism," and phrases such as "human rights" have different meanings for us and for our Islamic Enemy. To oversimplify, "peace" is not something for now but that which comes when all the earth is submitting to Islam. In the context of battles, "peace" is at best a temporary ceasefire. "Freedom" is best understood as having the freedom to fully submit to Islam, not to choose whatever beliefs one desires while respecting the same right in others. We've all seen how "human rights" and "terror" really only apply among Muslims, not to non-Muslims. Our enemy fully understands these differences and uses them at all levels to paralyze us.

Look simply at how the phrase "Israeli-Palestinian conflict" has equalized the two parties, making it all the easier to ascribe features of one to the other and view the problem as a simple-to fix division of ass ets into statehoods but for personality problems among the leaders. The simple truth is that this is and has always been a one-sided Arab war against Israel as Ruth Wisse and others have described and, as Bibi Netanyahu made clear, the ONLY state truly at issue here has been the State of Israel that the Arabs have refused for over half a century. Nonetheless, the Control Factor hypnotically abuses the mind's susceptibility to the intricacies of language.

Even the label "Peace Process" has been damaging language. While most focus upon the first word, turning this into a "process" has helped ensure that peace is never obtained. It is more appropriately called the "Extortion Process" because all that results is that violence is used over decades to extract concessions from Israel.

These three levels must be understood for their differences while united by a single goal. While these levels often op erate together and assist each other, we must avoid "level confusion" which the Control Factor employs to curtail our fears. If the Obama narrative is swallowed- that the only threat is the Violent Jihad- we will miss the other contamination fomenting within our borders. We must appreciate how these levels work together and even unite with other forces such as the global Leftist movement that you, Jamie, have described so forcefully in United in Hate.

**FP:** You write about how we like to talk of "Good Muslims" and how we are always on the eternal search for "moderate" Muslims (Khatami, Mousavi, Abbas, etc), while we stress how the "extremists" are the real problem and how "f ew" they really are. All of this is connected to the Control F actor. Enlighten us.

**Siegel:** The Control Factor seeks to have us feel in control of the situation. The easiest way to do this is to simply minimize the number of potential enemies. We have been lectured for years about how Islam is a "religion of peace" and that the violence we see (remember that we have already improperly limited the problem to violence) is the product of a small number of "crazies" (remember Hillary Clinton's 50,000) who have distorted Islam. I call this the "Peaceful Muslim Disclaimer" as virtually everyone in the press and government has been bullied into making some statement of the kind to silence those who will pressure them that they are "Islamophobic" and Islam is being attacked. (These are the Islam hustlers who operate on the same principles that black race hustlers so effectively used to extort concessions over the last six decades or so).

Nobody has done any real work to support this proposition, nor is it clear exactly how it would be tested. My view is that the grammar "Islam is x" is itself problematic because Islam has expressed itself throughout history in a variety of fashions. It is more useful to talk in terms of how seriously engaged with Islam, the Koran and other texts, a Muslim is. What is significant is how Muslims today are using Islam and most of those who are in power either throughout a large territory or within a small community tend toward, if not fully advocate, the very supremacist ideas that we try to tell ourselves are reserved for the few "extremists." Presumably most Germans did not wish to see all Nazi atrocities carried out but in the end they fell in line because they had to. Those our politicians and press call the "extremists" are in one sense more accurately the "good" Muslims who ar e following their Islamic beliefs dutifully.

**FP:** Tell us how Western shame and guilt play into all of this.

**Siegel:** One of the dirty little secrets the Control Factor preys upon is that if we believe we control something we can comfort ourselves that we can change it. Remember the horror film- the threat has one purpose and that is to destroy you. You can not change it, talk it out of it, teach it alternatives or otherwise. That is what makes it so inherently frightening. If we can convince ourselves that we caused the threat to act the way it does we can maintain the secret hope that we can change it. Consequently, there is a tremendous attraction to blaming ourselves for the Islamic Enemy's behavior. And we see this power in our readily accepting responsibility for terror- because of our occupation, our greedy quest for oil, our failure to extend a hand of "engagement," Israel's building settlements, our making videos that defa me Mohammed and so on. Again, the relationship is defined by the enemy blaming us for his actions and our accepting such responsibility.

Shelby Steele has written brilliantly about what he calls "white guilt" and outlines how whites during the 60′s and thereafter were pressured into a transaction whereby in order to re-obtain a sense of moral authority they accepted blame for the condition of blacks and behaved as if guilty. Blacks were able to extract great concessions and whites were able to view themselves as morally restored and redeemed. At a certain point, however, the behavior takes on a life of its own and the narratives become deeply embedded in the culture and, as we can see today, difficult to uproot.

Western guilt is an extension of Steele's notion. President Obama's confessionals to the Arab world admitting that America has made "mistakes" and was not born a colonial pow er express this same tendency to appease through guilt. Hillary Clint on's "reset" with Russia conveyed the same submissive request for a more acceptable response. In being guilty we presume the other party will recognize our contrition and respond in like kind. One of the Control Factor's most devastating moves is employed- presuming the other is just like us and will respond the way we would. This is frequently how an enabler justifies his continuous support for an addict. The problem, however is that our Islamic Enemy is NOT like us and will not respond in like kind.

Rather, as we repeatedly refuse to learn, appeasement invites more abuse from an enemy. This becomes the "game of guilt;" it tends to expand to greater and greater consequences. Paradoxically, psychological defenses tend to create the very outcomes they seek to eliminate and it is no different here. It is a game we love to play but, unfortunately, the game gives us no rules for how to end it.

All beha vior is instructive. That is, we teach others how to treat us. The game of guilt, along with other Control Factor tools, teaches our Enemy it is winning and to continue playing.

**FP:** The reason Nidal Hasan was able to perpetrate his murder spree at Fort Hood is precisely because of our Control Factor. Please connect the dots for our readers.

**Siegel:** Just as I used to look at Hitler when I was young and be amazed that no one could see what he was about, in retrospect the same applies to Hasan. It is precisely all the elements of the Control Factor that could allow this man, a Soldier of Allah, to be positioned as he was. He was blatantly voicing his Islamist views and Jihadi intent including, even, an essay recommending the "painful liquidation" of non-Muslims. Yet, in the Army of all places, the Control Factor operated to allow and even foster his work. Even after the murders, we cont inue the denial by calling it "workplace violence." He is the Civilization-Violent Jihad combo! And we continue to enable the same infiltration elsewhere.

**FP:** Tell our readers about "The Project" and "Explanatory Memorandum." These are realities that serve as great threats to the Control Factor, right?

**Siegel:** These are separate sets of documents that outline the Muslim Brotherhood's goals and plans underlying the Civilization Jihad. The former was discovered in Europe and extends globally. The 1991 Explanatory Memorandum emerged in 2008 from the Holy Land Foundation trial and describes the Brotherhood's work in America as a "Civilization-Jihadist Process with all the word means" and "a kind of grand Jihad in eliminating and destroying the Western civilization from within and 'sabotaging' its miserable house by their own hands and the hands of the believers so that it is eliminated and God's religion is made victorious over all other religions."

Much as the communists of the Soviet Union had formulated in the 1950s a detailed long term plan to destroy America (many of the effects of which we are seeing of late including destroying the nuclear family, secularizing the nation, feminizing men …) these documents identify many strategies to infiltrate while eroding the foundations of our civilization in order to transform it into an Islamic one. The Control Factor has many ingenious ways to convince us that this is ridiculous, that our courts and system would never allow such a thing, that one is racist or "Islamophobic," if not insane, for even thinking this is real. And just as with the communists, time is plentiful. Even more so with our Islamic Enemy, a multi-decade plan is short term. It is not critical that a seriou sly engaged Muslim lives to see the result. It is critical, more correctly a duty, however, that he carries on his Jihad. Patrick Poole and The Center for Security Policy's Team B Report, Shariah: The Threat to America, are excellent sources for your readers to pursue these documents.

**FP:** And so what you call an "Inner Jihad" has to start. It's our, as you say, mandatory "addiction treatment." Please explain.

**Siegel:** The "Inner Jihad" is the effort we must undertake to gain control over our Control Factors. There is a famous Hadith in which Mohammad, returning from a successful battle, essentially says that the physical fight was the "lesser Jihad" and it is time to then attend to the "greater Jihad・・・・・・癆・銓纈釶・矚・跂・艨蜴齢・・・・・銓纈釶・瘰鞳・・鵺・・・・・闔・・蜴謇鈑・鈔・・肬鶯莅・蓍跂・葹・悲粡・・癈・繞・聲踈繻・・蛹蝴繖・・黶・・癆・ぢ"Jihad" is not violent, it is useful to us as a symbol of the vicious effort we must take internally against our own Control Factor tendencies.

As I said earlier, the Control Factor is "active" and "continuous" so we must constantly monitor and combat it. Like "Whack-a-Mole," just as we may think we have addressed it, another variation pops right up. I use the terms "addict" and "enabler" because we truly need a form of rehab to break the habitual power of the Control Factor and because our relationship with our Islamic Enemy is very much like that between a typical addict and his enabler. And just as it is so difficult for an addict to kick his habit, so does the enabler act essentially addicted to his behavior and find it so difficult to change. At its core, the relati onship involves the

transfer of responsibility for our Islamic Enemy's hate and resultant actions onto us with our response framed essentially as an effort to do what we can to try to address the Enemy's grievance. (Your book, United in Hate, describes this addiction to hate in detail.

The key to the Inner Jihad is to learn to transfer responsibility for our Islamic Enemy's hate and resultant actions back to it and take responsibility back for our own situation. We must learn all we can about the enemy. We must unwind our inappropriate projections and introjections and rediscover who we are and are not. We must speak up. We must support those Muslims who promote expressions of Islam that are consistent with our principles. And we must stalk the C ontrol Factor, constantly be on guard for its intrusion. This is an individual endeavor as each of our Control Factors uses its own methods. The book gives plenty of examples of each maneuver discussed but it is important for each of us to discover the unique workings of his own mind. That takes the work of the Inner Jihad.

**FP:** Share with our readers what you mean by the "Turnaround Moment."

**Siegel:** There is a moment in typical horror films where the central characters have been pushed to their limit. They then change and fully embrace the willingness to be as ruthless as the threat they face. No more moral high ground; no more futile attempts to ignore or change the threat's essence. As Lee Harris described in The Suicide of Reason, it is the willingness o r license to be (not necessarily actually being) as ruthless that is critical. It is a mental state that sheds all the prior counter-productive efforts at denial to finally clearly focus on the threat faced. Part of the Inner Jihad is to reach that Turnaround Moment sooner rather than later.

**FP:** You suggest that "mirroring" should be used as part of our arsenal. Tell us about it.

**Siegel:** Mirroring is a literal approach to transferring back to the addict responsibility that we have been inappropriately accepting. Critical to the addict/enabler relationship is asymmetry. Like the addict, the enemy uses a less limiting set of rules than we do. The enemy typically initiates aggression while we respond only. Mirroring means that we demonstrate our willingness to act symmetrically, to be governed by the same rules. It is stunning how much is accomplished when one's attitude simply is clear that he will do what is necessary; often not much else is needed as the addict or enemy realizes the game is fundamentally changed. But other times action is absolutely needed. Demonstrating that we are not afraid to treat the enemy as it treats us carries great meaning. Imagine (international law aside) if Israel announced that from now on it will mirror Hamas such that if civilian populations are targeted by bombs from Gaza, Israel will do the same (it is accused of such anyway). The population might finally rethink and take responsibility for its privilege of voting its leaders. As stated earlier, all behavior is instructive and when we mirror we teach the other the effects of his behavior.

Conversely, some situations demand that we assert asymmetry; those cases where it is necessary to highlight our differences with the enemy. Just this week, an disingenuous report was issued by an NGO drawing an equivalence between Palestinian and Israe li schoolbooks claiming that both sides have their relativistic " · narratives." Yet, as the Palestinian Media Watch's website has demonstrated for years, there is nothing in the West anywhere comparable to the hatred spewed daily by the Palestinian Authority, including through its education system. It is interesting to note that while the US State Department initially funded the "study,"- in what appears to be an attempt to sanitize the PA's record so that the US can continue to fund the PA against the spirit of US law- Hillary Clinton has a difficult time escaping her conclusion as Senator in 2007 that these schoolbooks along with other media "profoundly poison(s) the minds of these children." It is most important that we do not succumb to this type of use of symmetry that distorts the profound differences between us and the enemy.

Essentially, we are not clear as a nation, participating in a world with international rules, how to bes t fight this enemy. The first act of any rehab is to acknowledge that we do not know how nor are we yet competent to stop our addictions. This is not a book about policy. In fact, the "right" policies are unlikely to emerge until a critical mass has meaningfully dealt with their Control Factors and share a common perspective. We like to look at our history and assume a single perspective throughout but the truth is that we had to learn how to respond to Pearl Harbor, the Nazis, the Cold War etc. The same applies here. Our press promotes "elites" who are tasked with acting as if they possess the "true wisdom" to deal with our threats but the truth is we do not know nor are

we equipped to marshal enough of our population to agree just yet. The sooner we learn, however, the less we will suffer. Mirroring has always been a key component of those lessons.

I have been encouraged by some recent acts that have begu n to nip at the asymmetry. For years, the language of "feeling s" had been reserved for our enemy while we were limited to that of "action;" we would do terrible acts that would cause bad feelings in the enemy which would then serve to justify whatever response it made. It had always been a question of the harsh insensitive acts Westerners do against Muslims and the resulting hurt, loss, shame etc. that Muslims experience. The Ground Zero Mosque incident, however, broke new ground because all of a sudden non-Muslims' feelings became the focus and were cast as resulting from Muslim acts. Another example was seen in how quickly the attempt to blame the Benghazi murders on the video about Mohammad fell apart. Just as large corporations eventually learned to turn away from shakedown attempts from race baiters, we are beginning to learn to demand symmetry through mirroring. A word of caution: When enablers change their behavior and demand symmetrical rules f or the addict, the latter typically initially erupts with great resistance. This is a stage we must be prepared to tolerate and fully withstand as it creates the only real chance for the addict to finally change. It is critical, therefore, that when we finally engage in mirroring that we be prepared to see it through completion.

**FP:** What if we fail to engage in our own Inner Jihad and the Control Factor stays firmly in place?

**Siegel:** Critical to the Inner Jihad is the realization that our civilization is fragile; not to be taken for granted. Our demands for multi-culturalism and diversity have bumped heads with the simple paradox that tolerating the intolerant leads to extinction. Tolerating the intolerant is perhaps the most crystalline version of asymmetry we have accepted. Seriously engaged Muslims MUST place the Koran above all law while in America, the Constitution ranks supreme. As Omar Ahmad , founder of CAIR, reputedly said, "Islam isn't in Amer ica to be equal to any other faith, but to become dominant. The Koran is the highest authority in America and Islam is the only accepted religion on Earth." Who makes law- the people or Allah? While the Control Factor constantly seeks for some accommodation between the two, this conflict CAN NOT be negotiated. Only one can survive not because we have declared "war" but because our Islamic Enemy has. That is, perhaps, the lesson we will most need to fully learn, one way or another. We will eventually hit a Turnaround Moment as a nation and if enough of us are not truly prepared to fight and continue to be controlled by our delusions, we will lose. If we truly seek to win, it is better to get there sooner while we have advantages than later.

**FP:** Bill Siegel, thank you for joining FrontPage Interview.

And thank you for writing this superb and most important book.

We encourage all o f our readers to get their hands on The Control Factor: Our Struggle to See the True Threat and to read it!

**Editor's note: To watch *The Glazov Gang*'s recent discussion about the Muslim Brotherhood's infiltration of the United States and the Obama administration, see this week's episode below:**

**Freedom Center pamphlets now available on Kindle: Click here.**

Filed Under: Daily Mailer, FrontPage Tagged With: Denial, Islam, muslim brotherhood, Obama, Siegel, The Control Factor

22

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**About Jamie Glazov**

Jamie Glazov is Frontpage Magazine's editor. He holds a Ph.D. in History with a specialty in Russian, U.S. and Canadian foreign policy. He is the author of the critically acclaimed and best-selling, ***United in Hate: The Left's Romance with Tyranny and Terror.*** His new book is ***High No on For America.*** He is the host of Frontpage's television show, ***The Glazov Gang,*** and he can be reached at jamieglazov11@gmail.com. Visit his sit at ***JamieGlazov.com***.

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## Comments (6)

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AdinaK 86p · *11 hours ago*

The war being waged has two components - mental and physical. The mental side is a minefield of constructs, deeply implanted within generations of Americans, and its PC chickens are coming home to roost. So much so, millions of Americans (westerners) cannot break free of its shackles. But it is not as if these mental chains magically appe ared. Far from it - http://adinakutnicki.com/2012/11/26/the-death-of-...

In addition, the fault-lines of democracy allowed for the most retrograde forces, on this planet, to infiltrate and penetrate the body politic- http://adinakutnicki.com/2012/09/02/the-subversio...

IF the mental and physical constraints are not immediately removed, it is a given that western civilization will fall. Cause and effect.
Adina Kutnicki, Israel - http://adinakutnicki.com/about/
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dmw · *30 minutes ago*

And I would think one "phy sical constraint" is to not let them in in the first place. By & quot;them" I mean those who have allegiance to a socio-political system disguised as a religion that seeks world dominance by man imposed methodology/effort -- unlike Judaism and Christianity properly understood. If we are to "believe", the world already has a King and does not need a Caliph.
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MikeWood · *6 hours ago*

Ground-breaking, brilliant. There are absolutely essentially lessons to be learned from this. Buy this book, read it, study it, and lend it to your friends and colleagues. Do it.
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lambsev77 54p · *4 hours ago*

The fall of Rome... The fall of the 3rd Reich... The fall of Western Civilization...

oooooh... Scary!

How about the fall of humankind recorded in Genesis Chapter 3 and following?

We're ALL GONNA DIE! But will you rise with Christ?
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@WolfyJam · *2 hours ago*

Notice how celebrities basking in their narcissism think they can dictate culture to us while they live their lives in the comfort of their ivory castles. Mia farrow has no clue what the right to bear arms means and because of that she needs to shut the hell up. _As far as blacks go-- I grew up in the 70's coming home from Hallahan H.S. in Philadel phia, me and my small group of girls were swarmed by a mob of black girls who would kick and slap and pull hair without provocation. of course we would fight back but then that was back in the day when whites weren't sissies. Still I made excuses for them. Black men would get in my face for no other reason than to intimidate me. rocks were thrown a my car for no reason. So, in short, based on my experiences Blacks are the cause of racism and if they hate whites so much then they should stay away completely and totally. _

Report
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@WolfyJam · *2 hours ago*

I read the Control factor and it was excellent. I wish more people would realize that our country is at its most vulnerable than ever in its history. the jihadis have basically taken over the inner cities. Islam's love for violence coupled with ignorance and narcissim are a recipe for disaster. I hope Americans wake up in time to save their future. I'm not optimistic though. I think its over but still I fight on.

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**From**: Bill Siegel [redacted]
**Sent**: 2/8/2013 8:10:04 PM
**To**: jeevacation@gmail.com
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview
**Attachments**: image001.gif; image002.jpg; image003.png; image004.png; image005.jpg; image006.jpg; image007.png

**Importance**: High

You ok? I became friendly with shirley maclaine last year and went to her ranch in sante fe. I may go back and remembered you own half the ranch land there or something. Do you still like it there?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 14:58:01 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

I already rad it. congragulations hope to see you soon

On Fri, Feb 8, 2013 at 3:40 PM, Bill Siegel <[redacted]> wrote:

Bill Siegel hopes this might be of interest to you: http://frontpagemag.com/2013/jamie-glazov/the-control-factor-our-struggle-to-see-the-true-threat/

# The Control Factor: Our Struggle to See the True Threat

February 8, 2013 By Jamie Glazov Comments (6)

22

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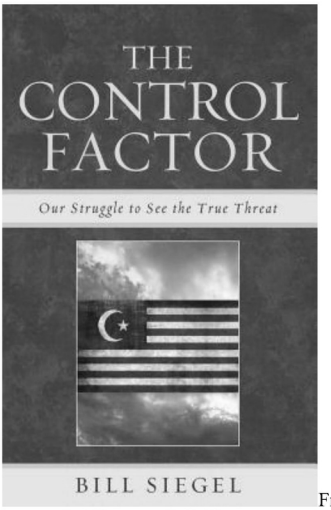


FrontPage Interview's guest today is Bill Siegel, a lawyer and business executive. He has been a producer of several documentary films and assists numerous non-profit organizations. He is the author of The Control Factor: Our Struggle to See the True Threat.

**FP:** Bill Siegel, welcome to FrontPage Interview.

Congratulations on this brilliant book. It is without question one of the most vital works of our time.

Let's begin with what inspired you to write it.

**Siegel:** Thanks for having me Jamie. As a young boy born in the mid 1950s, I was fascinated with footage of Hitler and the Third Reich and could never understand how the Jews of the time could not see the evil that seemed so obvious. Not yet appreciative of the benefit of hindsight, I could not comprehend the blindness. Following 9/11, like so many others, I began to study Islam, its history, its current movements, terrorism and so on. As I would learn one stunning aspect after another, I would discuss them with friends and associates. Rather than confront the facts I would present, they would find one clever way after another to avoid the frightening truth of what America and the West truly face. Their fear appeared obvious to me. I began to catalog many of my friends' different maneuvers to dispel the anxiety that they found so difficult to endure. The more I focused on their mental processes (as well as my own) the more I began to see a structure to the mental endeavor and to understand what I had, as a child, found so difficult to explain.

**FP:** Tell us about the Control Factor, what you describe as "that effort our minds enga ge in in order to keep us blind" and that "process of a voiding seeing the threats we face." It's also about, as you state, trying to believe that the threat is under our control, when in fact it is not. Kindly enlighten us as to these profound insights you make in terms of the Control Factor.

**Siegel:** First, let's distinguish the "real world" where real battles are taking place from the mental battlefield which occurs in each of our minds. We tend to believe our perceptions are simply clear realizations of what is "out there" and overlook how much our internal worlds can literally determine what we see. When our internal minds become anxious and sense a loss of "control," they tend to concoct ways to distort our perceptions so as to restore that sense of inner control. I describe the Control Factor as an "active and continuous process" designed to maintain that sense, if not illusion, of control. We natural ly think that our thinking and feeling processes are passive; that they just happen. Yet when faced with truly frightening prospects, the mind is geared to actively distort.

Similarly, the sense of control must be continuously maintained so the Control Factor operates constantly. In turn, the sum of this active and continuous undertaking makes these perceptions all the more familiar and thus seemingly all the more "real." In one sense, the Control Factor is the mechanism of what Andy McCarthy entitled one of his numerous excellent books- willful blindness. The Control Factor is cleverer than we are aware; that is almost tautological as, if our minds are to create ways to keep us in denial, they must out maneuver our conscious thinking.

Since World War II, America has had limited experience with threats coming to the homeland. Most of America's history has been about "over there," where we have always known that if things got too out of hand (e.g. Vietnam) we could always ret urn home. The current generations, for a wide array of reasons, have had virtually no experience with a threat to this land. (The documentary, Generation Zero, is interesting on this point).

Consequently, the process of waking up to such a threat parallels the arc of a typical horror film. In such a film, there is typically a cast of characters surrounding one or two main characters. We in the audience know there is a threat coming – be it a monster, a virus, a psycho killer, an alien, the blob that ate Cincinnati etc. This threat is typically defined by its intent- the singular goal of destroying the characters. Much of the initial exposition shows how the characters first are oblivious to the destruction the threat brings about, then explain it in familiar terms only to finally open their eyes to see that something uniquely terrifying is happening. The next stage usually involves a series of failed attempts to deal with the threat- fr om trying to negotiate with it, to appease it, to coax it, to threaten it with ineffective weapons and so forth. Most of these failings are due to not adequately appreciating the threat for what it truly is and projecting onto it a host of other attributes instead. The final stage generally involves a back-up-against-the-wall decision by whichever characters remain alive. I named this the "turnaround moment" when the character becomes willing to be as ruthless as the threat. That change in mental state is necessary to ensure survival. Ultimately, the storyline is a race for whichever characters remain to wake up fully and use whatever advantages they may still have to beat the threat.

This is the same arc our minds go through in battling our own Control Factors, our own compulsions to deny that which is staring us in the face. Ultimately, the question is whether we will be able to wake up while we still have advantages and give ourselves permis sion to fully fight the battle we are in.

I said ear lier that there is a structure to the Control Factor. To oversimplify, I view it much as a pyramid where on the bottom are the many minute by minute thoughts that are manipulated. I call this level of maneuvers the many "D's" as they include the psychological defenses such as distortion, denial, demonization, deflection, deletion, detachment, delusion, displacement, discolorization and so forth. Layered upon these are moves such as projection, where we can assign to our Islamic Enemy traits we wish to see in them or introject traits from them into ourselves that we wish not to acknowledge. These maneuvers involve a mixing of identities where we actually lose clarity about who we are and who the enemy is. Projection and introjection are active almost across the board. It is always helpful, for instance, to ask how what the enemy accuses us of is more appropriately descriptive of it. When we add Western Guilt and Shame, our need to be liked, and o ther psychological dimensions, basic thoughts solidify into larger fantasies.

As these narratives ("Our courts will never allow that," "As a superpower we will always be able to win any fight we put our minds to," "Assimilation will ensure Muslims are westernized" …) gain consent from others they tend to guide us deeply and become infused on our policies. Ultimately, what emerges is a relationship we take with our Islamic Enemy that parallels that between an addict and an enabler. Emblematic of this relationship is the "transfer of responsibility" in which we assume responsibility for the enemy's behavior who is addicted to transferring it away from itself. The Control Factor actively maintains this relationship and makes changing that relationship as difficult a chore as any addict finds in breaking his addiction. And just as an addict needs to devote serious effort and con sciousness to his addiction, so must we devote great energy to unders tanding how the Control Factor ultimately sabotages us.

**FP:** Describe the threat we face in our Islamic enemy. And you talk about the three levels of jihad against us. What are they?

**Siegel:** Simply stated, our Islamic Enemy seeks the totalitarian domination of Islam throughout the world – Islamic supremacy. It seeks to have the West submit to Islam. Obviously, this does not mean that everybody becomes a Muslim. Islam, in all its varied expressions, permits dhimmis- those Christians, Jews, and some others who are permitted to remain as protected non-Muslims as long as they submit to an inferior status. What is critical is that Shariah (Islamic Law) ultimately rules the world.

Jihad, loosely, is the effort/struggle to see this vision through. The most obvious method of Jihad is through violence; it is the one most familiar to most Westerners and almost all of the Koranic references to Jihad are based in violence. The Violent Jihad includes al-Qaeda and its offshoots as well as other groups that formed around the globe independent of al-Qaeda. It also obviously includes the violence from Islamic nations such as the Islamic Republic of Iran whose constitution specifies such vision. It also includes, however, various militant groups and training camps here in the US as well as ad hoc efforts of individuals.

Since 9/11, there have been something in excess of 15,000 Violent Jihadic attacks across the globe. However, as terrible as this is, we have a tendency in the West to think that the only dimension of threat we face comes from violence. While the Bush administration helped initiate this thinking, the Obama administration has actively abused it by limiting any discussion of the threat we face to al-Qaeda and some other terrorist groups abroad. As frightening as these groups are, we can get some ease from thinking they are a band of "extremists limited in number, weaponry, sophisticati on, and means. Stunningly, Hillary Clinton recently estimated that there are only about 50,000 "homicidal" violent extremists around the world who simply have been able to project power much greater than their number should allow. Here the Control Factor makes the threat appear more easily manageable.

Jihad, however, is pursued in other often even more effective ways which I have grouped into three "levels." A second more insidious level of threat is what the Muslim Brotherhood itself called the "Civilization Jihad." It is the effort to infiltrate all aspects of our society, peacefully according to our laws, in order to later be in position to sabotage and destroy it from the inside. The Civilization Jihadists have learned the culture and rules of the territories they seek to command and use those rules to maneuver—specifically using our freedoms to destroy our freedoms. They use "lawfare" to seek changes in our laws so as to push Shariah into our society. Your readers should read Daniel Pipes and Brooke Goldstein's Lawfare Project material and others to fully appreciate how cancerous this activity has become. This includes intimidating in a variety of ways anyone who speaks out against them or Islam and seeking to squelch our treasured broad right to free speech so as to ultimately prevent any criticisms of Islam. Once criticism of Islam is prohibited, little can stop it from cascading throughout the culture.

The Civilization Jihad includes situating such Jihadists in critical positions in the society, in the government, in the legal system, the military, and elsewhere. It includes the control over university programs that distribute propaganda about Islam and Islamic history which then filters down throughout textbooks for even younger students. It includes control over most of the nation's mosques and local Imams guiding the mess ages engaged Muslims are receiving. Most troublesome are the Muslim g roups (CAIR, ISNA, MSA and others associated and/or joint venture partners with the Muslim Brotherhood) supposedly interested in "outreach" which know how to appear Westernized and interested in the goals of Western Civilization. They have fooled a large part of our authorities and media due in part to their patience and willingness to chip away, one airport prayer room, one frivolous intimidating lawsuit, one Congressman or CIA officer, one mosque, one ruling at a time.

Particularly in the US, given our deep attachment to freedom as well as cultural and psychological tendencies toward diversity, Western guilt and expectations of truthfulness, this effort is devious and difficult to uproot. The Civilization Jihadists present one face to the American public which is completely at odds with their true agenda and how they deal in private. Jamie, you and David and others such as Steve Emerson, Frank Gaffney, Andy McCarthy and others have done s o much to uncover this level of Jihad that your readers should be urged to review as much of their work (including Steve's recent excellent documentary, The Grand Deception, and Frank's important web video course, The Muslim Brotherhood in America) as possible.

Finally, there is a third level – the International Institutional Jihad. Here the most powerful international institutions such as the UN and the Organization of Islamic Cooperation and others seek to push into America from without those changes which are difficult to complete from within. The OIC is the largest Islamic

institution in the world. It essentially controls the vote in the UN's General Assembly and thus explains in part the absurd and abject pro-Islamic, anti-Israel thrust of that organizat ion. This level seeks to use the power of Islamic nations to work fro m outside the West to force changes within the West. While there are various conflicts between many of the nations, being Islamic majority states, there is a great deal they agree upon which becomes the focus of these efforts. Just as the Obama administration is beginning to cooperate with international efforts to control gun ownership, so has Hillary Clinton's Istanbul Process become a dangerous step in the effort to restrict speech critical of Islam by norm (or possibly even treaty) when it may not be fully executable by domestic action alone.

I should point out that Stephen Coughlin, the former Pentagon officer who has an important must-see presentation of Islamic Law, uses different names for these same three levels – Jihad, Dawa, and Ummah. Had I seen his work before I wrote my book I would have conformed to his categorizations.

We must learn how powerful language has become on all three levels. Words such as "peace,[illegible] $B!I "freedom," "terrorism," and phrases such as "human rights" have different meanings for us and for our Islamic Enemy. To oversimplify, "peace" is not something for now but that which comes when all the earth is submitting to Islam. In the context of battles, "peace" is at best a temporary ceasefire. "Freedom" is best understood as having the freedom to fully submit to Islam, not to choose whatever beliefs one desires while respecting the same right in others. We've all seen how "human rights" and "terror" really only apply among Muslims, not to non-Muslims. Our enemy fully understands these differences and uses them at all levels to paralyze us.

Look simply at how the phrase "Israeli-Palestinian conflict" has equalized the two parties, making it all the easier to ascribe features of one to the other and view the problem as a simple-to fix division of ass ets into statehoods but for personality problems among the leaders. The simple truth is that this is and has always been a one-sided Arab war against Israel as Ruth Wisse and others have described and, as Bibi Netanyahu made clear, the ONLY state truly at issue here has been the State of Israel that the Arabs have refused for over half a century. Nonetheless, the Control Factor hypnotically abuses the mind's susceptibility to the intricacies of language.

Even the label "Peace Process" has been damaging language. While most focus upon the first word, turning this into a "process" has helped ensure that peace is never obtained. It is more appropriately called the "Extortion Process" because all that results is that violence is used over decades to extract concessions from Israel.

These three levels must be understood for their differences while united by a single goal. While these levels often op erate together and assist each other, we must avoid "level confusion" which the Control Factor employs to curtail our fears. If the Obama narrative is swallowed- that the only threat is the Violent Jihad- we will miss the other contamination fomenting within our borders. We must appreciate how these levels work together and even unite with other forces such as the global Leftist movement that you, Jamie, have described so forcefully in United in Hate.

**FP:** You write about how we like to talk of "Good Muslims" and how we are always on the eternal search for "moderate" Muslims (Khatami, Mousavi, Abbas, etc), while we stress how the "extremists" are the real problem and how "f ew" they really are. All of this is connected to the Control F actor. Enlighten us.

**Siegel:** The Control Factor seeks to have us feel in control of the situation. The easiest way to do this is to simply minimize the number of potential enemies. We have been lectured for years about how Islam is a "religion of peace" and that the violence we see (remember that we have already improperly limited the problem to violence) is the product of a small number of "crazies" (remember Hillary Clinton's 50,000) who have distorted Islam. I call this the "Peaceful Muslim Disclaimer" as virtually everyone in the press and government has been bullied into making some statement of the kind to silence those who will pressure them that they are "Islamophobic" and Islam is being attacked. (These are the Islam hustlers who operate on the same principles that black race hustlers so effectively used to extort concessions over the last six decades or so).

Nobody has done any real work to support this proposition, nor is it clear exactly how it would be tested. My view is that the grammar "Islam is x" is itself problematic because Islam has expressed itself throughout history in a variety of fashions. It is more useful to talk in terms of how seriously engaged with Islam, the Koran and other texts, a Muslim is. What is significant is how Muslims today are using Islam and most of those who are in power either throughout a large territory or within a small community tend toward, if not fully advocate, the very supremacist ideas that we try to tell ourselves are reserved for the few "extremists." Presumably most Germans did not wish to see all Nazi atrocities carried out but in the end they fell in line because they had to. Those our politicians and press call the "extremists" are in one sense more accurately the "good" Muslims who ar e following their Islamic beliefs dutifully.

**FP:** Tell us how Western shame and guilt play into all of this.

**Siegel:** One of the dirty little secrets the Control Factor preys upon is that if we believe we control something we can comfort ourselves that we can change it. Remember the horror film- the threat has one purpose and that is to destroy you. You can not change it, talk it out of it, teach it alternatives or otherwise. That is what makes it so inherently frightening. If we can convince ourselves that we caused the threat to act the way it does we can maintain the secret hope that we can change it. Consequently, there is a tremendous attraction to blaming ourselves for the Islamic Enemy's behavior. And we see this power in our readily accepting responsibility for terror- because of our occupation, our greedy quest for oil, our failure to extend a hand of "engagement," Israel's building settlements, our making videos that defa me Mohammed and so on. Again, the relationship is defined by the enemy blaming us for his actions and our accepting such responsibility.

Shelby Steele has written brilliantly about what he calls "white guilt" and outlines how whites during the 60′s and thereafter were pressured into a transaction whereby in order to re-obtain a sense of moral authority they accepted blame for the condition of blacks and behaved as if guilty. Blacks were able to extract great concessions and whites were able to view themselves as morally restored and redeemed. At a certain point, however, the behavior takes on a life of its own and the narratives become deeply embedded in the culture and, as we can see today, difficult to uproot.

Western guilt is an extension of Steele's notion. President Obama's confessionals to the Arab world admitting that America has made "mistakes" and was not born a colonial pow er express this same tendency to appease through guilt. Hillary Clint on's "reset" with Russia conveyed the same submissive request for a more acceptable response. In being guilty we presume the other party will recognize our contrition and respond in like kind. One of the Control Factor's most devastating moves is employed- presuming the other is just like us and will respond the way we would. This is frequently how an enabler justifies his continuous support for an addict. The problem, however is that our Islamic Enemy is NOT like us and will not respond in like kind. Rather, as we repeatedly refuse to learn, appeasement invites more abuse from an enemy. This becomes the "game of guilt;" it tends to expand to greater and greater consequences. Paradoxically, psychological defenses tend to create the very outcomes they seek to eliminate and it is no different here. It is a game we love to play but, unfortunately, the game gives us no rules for how to end it.

All beha vior is instructive. That is, we teach others how to treat us. The game of guilt, along with other Control Factor tools, teaches our Enemy it is winning and to continue playing.

**FP:** The reason Nidal Hasan was able to perpetrate his murder spree at Fort Hood is precisely because of our Control Factor. Please connect the dots for our readers.

**Siegel:** Just as I used to look at Hitler when I was young and be amazed that no one could see what he was about, in retrospect the same applies to Hasan. It is precisely all the elements of the Control Factor that could allow this man, a Soldier of Allah, to be positioned as he was. He was blatantly voicing his Islamist views and Jihadi intent including, even, an essay recommending the "painful liquidation" of non-Muslims. Yet, in the Army of all places, the Control Factor operated to allow and even foster his work. Even after the murders, we cont inue the denial by calling it "workplace violence." He is the Civilization-Violent Jihad combo! And we continue to enable the same infiltration elsewhere.

**FP:** Tell our readers about "The Project" and "Explanatory Memorandum." These are realities that serve as great threats to the Control Factor, right?

**Siegel:** These are separate sets of documents that outline the Muslim Brotherhood's goals and plans underlying the Civilization Jihad. The former was discovered in Europe and extends globally. The 1991 Explanatory Memorandum emerged in 2008 from the Holy Land Foundation trial and describes the Brotherhood's work in America as a "Civilization-Jihadist Process with all the word means" and "a kind of grand Jihad in eliminating and destroying the Western civilization from within and 'sabotaging' its miserable house by their own hands and the hands of the believers so that it is eliminated and God's religion is made victorious over all other religions."

Much as the communists of the Soviet Union had formulated in the 1950s a detailed long term plan to destroy America (many of the effects of which we are seeing of late including destroying the nuclear family, secularizing the nation, feminizing men …) these documents identify many strategies to infiltrate while eroding the foundations of our civilization in order to transform it into an Islamic one. The Control Factor has many ingenious ways to convince us that this is ridiculous, that our courts and system would never allow such a thing, that one is racist or "Islamophobic," if not insane, for even thinking this is real. And just as with the communists, time is plentiful. Even more so with our Islamic Enemy, a multi-decade plan is short term. It is not critical that a seriou sly engaged Muslim lives to see the result. It is critical, more correctly a duty, however, that he carries on his Jihad. Patrick Poole and The Center for Security Policy's Team B Report, Shariah: The Threat to America, are excellent sources for your readers to pursue these documents.

**FP:** And so what you call an "Inner Jihad" has to start. It's our, as you say, mandatory "addiction treatment." Please explain.

**Siegel:** The "Inner Jihad" is the effort we must undertake to gain control over our Control Factors. There is a famous Hadith in which Mohammad, returning from a successful battle, essentially says that the physical fight was the "lesser Jihad" and it is time to then attend to the "greater Jihad ◆"- that internal battle against our own internal appetites, lusts, wrong thinking and so forth. While that Hadith has been falsely utilized to say that "Jihad" is not violent, it is useful to us as a symbol of the vicious effort we must take internally against our own Control Factor tendencies.

As I said earlier, the Control Factor is "active" and "continuous" so we must constantly monitor and combat it. Like "Whack-a-Mole," just as we may think we have addressed it, another variation pops right up. I use the terms "addict" and "enabler" because we truly need a form of rehab to break the habitual power of the Control Factor and because our relationship with our Islamic Enemy is very much like that between a typical addict and his enabler. And just as it is so difficult for an addict to kick his habit, so does the enabler act essentially addicted to his behavior and find it so difficult to change. At its core, the relati onship involves the transfer of responsibility for our Islamic Enemy's hate and resultant actions onto us with our response framed essentially as an effort to do what we can to try to address the Enemy's grievance. (Your book, United in Hate, describes this addiction to hate in detail.

The key to the Inner Jihad is to learn to transfer responsibility for our Islamic Enemy's hate and resultant actions back to it and take responsibility back for our own situation. We must learn all we can about the enemy. We must unwind our inappropriate projections and introjections and rediscover who we are and are not. We must speak up. We must support those Muslims who promote expressions of Islam that are consistent with our principles. And we must stalk the C ontrol Factor, constantly be on guard for its intrusion. This is an individual endeavor as each of our Control Factors uses its own methods. The book gives plenty of examples of each maneuver discussed but it is important for each of us to discover the unique workings of his own mind. That takes the work of the Inner Jihad.

**FP:** Share with our readers what you mean by the "Turnaround Moment."

**Siegel:** There is a moment in typical horror films where the central characters have been pushed to their limit. They then change and fully embrace the willingness to be as ruthless as the threat they face. No more moral high ground; no more futile attempts to ignore or change the threat's essence. As Lee Harris described in The Suicide of Reason, it is the willingness o r license to be (not necessarily actually being) as ruthless that is critical. It is a mental state that sheds all the prior counter-productive efforts at denial to finally clearly focus on the threat faced. Part of the Inner Jihad is to reach that Turnaround Moment sooner rather than later.

**FP:** You suggest that "mirroring" should be used as part of our arsenal. Tell us about it.

**Siegel:** Mirroring is a literal approach to transferring back to the addict responsibility that we have been inappropriately accepting. Critical to the addict/enabler relationship is asymmetry. Like the addict, the enemy uses a less limiting set of rules than we do. The enemy typically initiates aggression while we respond only. Mirroring means that we demonstrate our willingness to act symmetrically, to be governed by the same rules. It is stunning how much is accomplished when one's attitude simply is clear that he will do what is necessary; often not much else is needed as the addict or enemy realizes the game is fundamentally changed. But other times action is absolutely needed. Demonstrating that we are not afraid to treat the enemy as it treats us carries great meaning. Imagine (international law aside) if Israel announced that from now on it will mirror Hamas such that if civilian populations are targeted by bombs from Gaza, Israel will do the same (it is accused of such anyway). The population might finally rethink and take responsibility for its privilege of voting its leaders. As stated earlier, all behavior is instructive and when we mirror we teach the other the effects of his behavior.

Conversely, some situations demand that we assert asymmetry; those cases where it is necessary to highlight our differences with the enemy. Just this week, an disingenuous report was issued by an NGO drawing an equivalence between Palestinian and Israe li schoolbooks claiming that both sides have their relativistic " narratives." Yet, as the Palestinian Media Watch's website has demonstrated for years, there is nothing in the West anywhere comparable to the hatred spewed daily by the Palestinian Authority, including through its education system. It is interesting to note that while the US State Department initially funded the "study,"- in what appears to be an attempt to sanitize the PA's record so that the US can continue to fund the PA against the spirit of US law- Hillary Clinton has a difficult time escaping her conclusion as Senator in 2007 that these schoolbooks along with other media "profoundly poison(s) the minds of these children." It is most important that we do not succumb to this type of use of symmetry that distorts the profound differences between us and the enemy.

Essentially, we are not clear as a nation, participating in a world with international rules, how to bes t fight this enemy. The first act of any rehab is to acknowledge that we do not know how nor are we yet competent to stop our addictions. This is not a book about policy. In fact, the "right" policies are unlikely to emerge until a critical mass has meaningfully dealt with their Control Factors and share a common perspective. We like to look at our history and assume a single perspective throughout but the truth is that we had to learn how to respond to Pearl Harbor, the Nazis, the Cold War etc. The same applies here. Our press promotes "elites" who are tasked with acting as if they possess the "true wisdom" to deal with our threats but the truth is we do not know nor are we equipped to marshal enough of our population to agree just yet. The sooner we learn, however, the less we will suffer. Mirroring has always been a key component of those lessons.

I have been encouraged by some recent acts that have begu n to nip at the asymmetry. For years, the language of "feeling s" had been reserved for our enemy while we were limited to that of "action;" we would do terrible acts that would cause bad feelings in the enemy which would then serve to justify whatever response it made. It had always been a question of the harsh insensitive acts Westerners do against Muslims and the resulting hurt, loss, shame etc. that Muslims experience. The Ground Zero Mosque incident, however, broke new ground because all of a sudden non-Muslims' feelings became the focus and were cast as resulting from Muslim acts. Another example was seen in how quickly the attempt to blame the Benghazi murders on the video about Mohammad fell apart. Just as large corporations eventually learned to turn away from shakedown attempts from race baiters, we are beginning to learn to demand symmetry through mirroring. A word of caution: When enablers change their behavior and demand symmetrical rules f or the addict, the latter typically initially erupts with great resistance. This is a stage we must be prepared to tolerate and fully withstand as it creates the only real chance for the addict to finally change. It is critical, therefore, that when we finally engage in mirroring that we be prepared to see it through completion.

**FP:** What if we fail to engage in our own Inner Jihad and the Control Factor stays firmly in place?

**Siegel:** Critical to the Inner Jihad is the realization that our civilization is fragile; not to be taken for granted. Our demands for multi-culturalism and diversity have bumped heads with the simple paradox that tolerating the intolerant leads to extinction. Tolerating the intolerant is perhaps the most crystalline version of asymmetry we have accepted. Seriously engaged Muslims MUST place the Koran above all law while in America, the

Constitution ranks supreme. As Omar Ahmad , founder of CAIR, reputedly said, "Islam isn't in Amer ica to be equal to any other faith, but to become dominant. The Koran is the highest authority in America and Islam is the only accepted religion on Earth." Who makes law- the people or Allah? While the Control Factor constantly seeks for some accommodation between the two, this conflict CAN NOT be negotiated. Only one can survive not because we have declared "war" but because our Islamic Enemy has. That is, perhaps, the lesson we will most need to fully learn, one way or another. We will eventually hit a Turnaround Moment as a nation and if enough of us are not truly prepared to fight and continue to be controlled by our delusions, we will lose. If we truly seek to win, it is better to get there sooner while we have advantages than later.

**FP:** Bill Siegel, thank you for joining FrontPage Interview.

And thank you for writing this superb and most important book.

We encourage all o f our readers to get their hands on The Control Factor: Our Struggle to See the True Threat and to read it!

**Editor's note: To watch *The Glazov Gang*'s recent discussion about the Muslim Brotherhood's infiltration of the United States and the Obama administration, see this week's episode below:**

**Freedom Center pamphlets now available on Kindle: Click here.**

Filed Under: Daily Mailer, FrontPage Tagged With: Denial, Islam, muslim brotherhood, Obama, Siegel, The Control Factor

22

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**About Jamie Glazov**

Jamie Glazov is Frontpage Magazine's editor. He holds a Ph.D. in History with a specialty in Russian, U.S. and Canadian foreign policy. He is the author of the critically acclaimed and best-selling, ***United in Hate: The Left's Romance with Tyranny and Terror.*** His new book is ***High No on For America.*** He is the host of Frontpage's television show, ***The Glazov Gang,*** and he can be reached at jamieglazov11@gmail.com. Visit his sit at ***JamieGlazov.com***.

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## Comments (6)

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AdinaK 86p · *11 hours ago*

The war being waged has two components - mental and physical. The mental side is a minefield of constructs, deeply implanted within generations of Americans, and its PC chickens are coming home to roost. So much so, millions of Americans (westerners) cannot break free of its shackles. But it is not as if these mental chains magically appe ared. Far from it - http://adinakutnicki.com/2012/11/26/the-death-of-...

In addition, the fault-lines of democracy allowed for the most retrograde forces, on this planet, to infiltrate and penetrate the body politic- http://adinakutnicki.com/2012/09/02/the-subversio...

IF the mental and physical constraints are not immediately removed, it is a given that western civilization will fall. Cause and effect.
Adina Kutnicki, Israel - http://adinakutnicki.com/about/

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1 reply · *active 30 minutes ago*

0

dmw · *30 minutes ago*

And I would think one "phy sical constraint" is to not let them in in the first place. By & quot;them" I mean those who have allegiance to a socio-political system disguised as a religion that seeks world dominance by man imposed methodology/effort -- unlike Judaism and Christianity properly understood. If we are to "believe", the world already has a King and does not need a Caliph.

Report

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0

MikeWood · *6 hours ago*

Ground-breaking, brilliant. There are absolutely essentially lessons to be learned from this. Buy this book, read it, study it, and lend it to your friends and colleagues. Do it.

Report

Reply

0

lambsev77 54p · *4 hours ago*

The fall of Rome... The fall of the 3rd Reich... The fall of Western Civilization...

oooooh... Scary!

How about the fall of humankind recorded in Genesis Chapter 3 and following?

We're ALL GONNA DIE! But will you rise with Christ?

Report

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+1

@WolfyJam · *2 hours ago*

Notice how celebrities basking in their narcissism think they can dictate culture to us while they live their lives in the comfort of their ivory castles. Mia farrow has no clue what the right to bear arms means and because of that she needs to shut the hell up. _As far as blacks go-- I grew up in the 70's coming home from Hallahan H.S. in Philadel phia, me and my small group of girls were swarmed by a mob of black girls who would kick and slap and pull hair without provocation. of course we would fight back but then that was back in the day when whites weren't sissies. Still I made excuses for them. Black men would get in my face for no other reason than to intimidate me. rocks were thrown a my car for no reason. So, in short, based on my experiences Blacks are the cause of racism and if they hate whites so much then they should stay away completely and totally. _

Report

Reply

+1

@WolfyJam · *2 hours ago*

I read the Control factor and it was excellent. I wish more people would realize that our country is at its most vulnerable than ever in its history. the jihadis have basically taken over the inner cities. Islam's love for violence coupled with ignorance and narcissim are a recipe for disaster. I hope Americans wake up in time to save their future. I'm not optimistic though. I think its over but still I fight on.

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3. No ad hominem attacks.
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6. Impersonators will be banned immediately.

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**********

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Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Bill Siegel [[redacted]
**Sent**: 2/8/2013 8:48:50 PM
**To**: jeevacation@gmail.com
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview
**Attachments**: image001.gif; image002.jpg; image003.png; image004.png; image005.jpg; image006.jpg; image007.png

**Importance**: High

I will let you know when I go back. Do you know her?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 15:16:44 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

great. place.. when will you go.. did you get married? i m between alber and santa fe,, zorrro ranch, you can google earth it.

On Fri, Feb 8, 2013 at 4:10 PM, Bill Siegel <[redacted]> wrote:

You ok? I became friendly with shirley maclaine last year and went to her ranch in sante fe. I may go back and remembered you own half the ranch land there or something. Do you still like it there?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 14:58:01 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

I already rad it. congragulations hope to see you soon

On Fri, Feb 8, 2013 at 3:40 PM, Bill Siegel <[redacted]> wrote:

Bill Siegel hopes this might be of interest to you: http://frontpagemag.com/2013/jamie-glazov/the-control-factor-our-struggle-to-see-the-true-threat/

# The Control Factor: Our Struggle to See the True Threat

February 8, 2013 By Jamie Glazov Comments (6)

22

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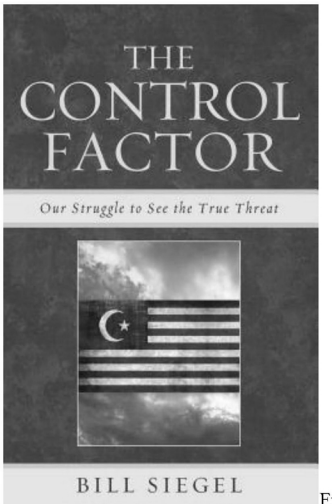


FrontPage Interview's guest today is Bill Siegel, a lawyer and business executive. He has been a producer of several documentary films and assists numerous non-profit organizations. He is the author of The Control Factor: Our Struggle to See the True Threat.

**FP:** Bill Siegel, welcome to FrontPage Interview.

Congratulations on this brilliant book. It is without question one of the most vital works of our time.

Let's begin with what inspired you to write it.

**Siegel:** Thanks for having me Jamie. As a young boy born in the mid 1950s, I was fascinated with footage of Hitler and the Third Reich and could never understand how the Jews of the time could not see the evil that seemed so obvious. Not yet appreciative of the benefit of hindsight, I could not comprehend the blindness. Following 9/11, like so many others, I began to study Islam, its history, its current movements, terrorism and so on. As I would learn one stunning aspect after another, I would discuss them with friends and associates. Rather than confront the facts I would present, they would find one clever way after another to avoid the frightening truth of what America and the West truly face. Their fear appeared obvious to me. I began to catalog many of my friends' different maneuvers to dispel the anxiety that they found so difficult to endure. The more I focused on their mental processes (as well as my own) the more I began to see a structure to the mental endeavor and to understand what I had, as a child, found so difficult to explain.

**FP:** Tell us about the Control Factor, what you describe as "that effort our minds enga ge in in order to keep us blind" and that "process of a voiding seeing the threats we face." It's also about, as you state, trying to believe that the threat is under our control, when in fact it is not. Kindly enlighten us as to these profound insights you make in terms of the Control Factor.

**Siegel:** First, let's distinguish the "real world" where real battles are taking place from the mental battlefield which occurs in each of our minds. We tend to believe our perceptions are simply clear realizations of what is "out there" and overlook how much our internal worlds can literally determine what we see. When our internal minds become anxious and sense a loss of "control," they tend to concoct ways to distort our perceptions so as to restore that sense of inner control. I describe the Control Factor as an "active and continuous process" designed to maintain that sense, if not illusion, of control. We natural ly think that our thinking and feeling processes are passive; that they just happen. Yet when faced with truly frightening prospects, the mind is geared to actively distort.

Similarly, the sense of control must be continuously maintained so the Control Factor operates constantly. In turn, the sum of this active and continuous undertaking makes these perceptions all the more familiar and thus seemingly all the more "real." In one sense, the Control Factor is the mechanism of what Andy McCarthy entitled one of his numerous excellent books- willful blindness. The Control Factor is cleverer than we are aware; that is almost tautological as, if our minds are to create ways to keep us in denial, they must out maneuver our conscious thinking.

Since World War II, America has had limited experience with threats coming to the homeland. Most of America's history has been about "over there," where we have always known that if things got too out of hand (e.g. Vietnam) we could always ret urn home. The current generations, for a wide array of reasons, have had virtually no experience with a threat to this land. (The documentary, Generation Zero, is interesting on this point).

Consequently, the process of waking up to such a threat parallels the arc of a typical horror film. In such a film, there is typically a cast of characters surrounding one or two main characters. We in the audience know there is a threat coming – be it a monster, a virus, a psycho killer, an alien, the blob that ate Cincinnati etc. This threat is typically defined by its intent- the singular goal of destroying the characters. Much of the initial exposition shows how the characters first are oblivious to the destruction the threat brings about, then explain it in familiar terms only to finally open their eyes to see that something uniquely terrifying is happening. The next stage usually involves a series of failed attempts to deal with the threat- fr om trying to negotiate with it, to appease it, to coax it, to threaten it with ineffective weapons and so forth. Most of these failings are due to not adequately appreciating the threat for what it truly is and projecting onto it a host of other attributes instead. The final stage generally involves a back-up-against-the-wall decision by whichever characters remain alive. I named this the "turnaround moment" when the character becomes willing to be as ruthless as the threat. That change in mental state is necessary to ensure survival. Ultimately, the storyline is a race for whichever characters remain to wake up fully and use whatever advantages they may still have to beat the threat.

This is the same arc our minds go through in battling our own Control Factors, our own compulsions to deny that which is staring us in the face. Ultimately, the question is whether we will be able to wake up while we still have advantages and give ourselves permis sion to fully fight the battle we are in.

I said ear lier that there is a structure to the Control Factor. To oversimplify, I view it much as a pyramid where on the bottom are the many minute by minute thoughts that are manipulated. I call this level of maneuvers the many "D's" as they include the psychological defenses such as distortion, denial, demonization, deflection, deletion, detachment, delusion, displacement, discolorization and so forth. Layered upon these are moves such as projection, where we can assign to our Islamic Enemy traits we wish to see in them or introject traits from them into ourselves that we wish not to acknowledge. These maneuvers involve a mixing of identities where we actually lose clarity about who we are and who the enemy is. Projection and introjection are active almost across the board. It is always helpful, for instance, to ask how what the enemy accuses us of is more appropriately descriptive of it. When we add Western Guilt and Shame, our need to be liked, and o ther psychological dimensions, basic thoughts solidify into larger fantasies.

As these narratives ("Our courts will never allow that," "As a superpower we will always be able to win any fight we put our minds to," "Assimilation will ensure Muslims are westernized" …) gain consent from others they tend to guide us deeply and become infused on our policies. Ultimately, what emerges is a relationship we take with our Islamic Enemy that parallels that between an addict and an enabler. Emblematic of this relationship is the "transfer of responsibility" in which we assume responsibility for the enemy's behavior who is addicted to transferring it away from itself. The Control Factor actively maintains this relationship and makes changing that relationship as difficult a chore as any addict finds in breaking his addiction. And just as an addict needs to devote serious effort and con sciousness to his addiction, so must we devote great energy to unders tanding how the Control Factor ultimately sabotages us.

**FP:** Describe the threat we face in our Islamic enemy. And you talk about the three levels of jihad against us. What are they?

**Siegel:** Simply stated, our Islamic Enemy seeks the totalitarian domination of Islam throughout the world – Islamic supremacy. It seeks to have the West submit to Islam. Obviously, this does not mean that everybody becomes a Muslim. Islam, in all its varied expressions, permits dhimmis- those Christians, Jews, and some others who are permitted to remain as protected non-Muslims as long as they submit to an inferior status. What is critical is that Shariah (Islamic Law) ultimately rules the world.

Jihad, loosely, is the effort/struggle to see this vision through. The most obvious method of Jihad is through violence; it is the one most familiar to most Westerners and almost all of the Koranic references to Jihad are based in violence. The Violent Jihad includes al-Qaeda and its offshoots as well as other groups that formed around the globe independent of al-Qaeda. It also obviously includes the violence from Islamic nations such as the Islamic Republic of Iran whose constitution specifies such vision. It also includes, however, various militant groups and training camps here in the US as well as ad hoc efforts of individuals.

Since 9/11, there have been something in excess of 15,000 Violent Jihadic attacks across the globe. However, as terrible as this is, we have a tendency in the West to think that the only dimension of threat we face comes from violence. While the Bush administration helped initiate this thinking, the Obama administration has actively abused it by limiting any discussion of the threat we face to al-Qaeda and some other terrorist groups abroad. As frightening as these groups are, we can get some ease from thinking they are a band of "extremists limited in number, weaponry, sophisticati on, and means. Stunningly, Hillary Clinton recently estimated that there are only about 50,000 "homicidal" violent extremists around the world who simply have been able to project power much greater than their number should allow. Here the Control Factor makes the threat appear more easily manageable.

Jihad, however, is pursued in other often even more effective ways which I have grouped into three "levels." A second more insidious level of threat is what the Muslim Brotherhood itself called the "Civilization Jihad." It is the effort to infiltrate all aspects of our society, peacefully according to our laws, in order to later be in position to sabotage and destroy it from the inside. The Civilization Jihadists have learned the culture and rules of the territories they seek to command and use those rules to maneuver—specifically using our freedoms to destroy our freedoms. They use "lawfare" to seek changes in our laws so as to push Shariah into our society. Your readers should read Daniel Pipes and Brooke Goldstein's Lawfare Project material and others to fully appreciate how cancerous this activity has become. This includes intimidating in a variety of ways anyone who speaks out against them or Islam and seeking to squelch our treasured broad right to free speech so as to ultimately prevent any criticisms of Islam. Once criticism of Islam is prohibited, little can stop it from cascading throughout the culture.

The Civilization Jihad includes situating such Jihadists in critical positions in the society, in the government, in the legal system, the military, and elsewhere. It includes the control over university programs that distribute propaganda about Islam and Islamic history which then filters down throughout textbooks for even younger students. It includes control over most of the nation's mosques and local Imams guiding the mess ages engaged Muslims are receiving. Most troublesome are the Muslim g roups (CAIR, ISNA, MSA and others associated and/or joint venture partners with the Muslim Brotherhood) supposedly interested in "outreach" which know how to appear Westernized and interested in the goals of Western Civilization. They have fooled a large part of our authorities and media due in part to their patience and willingness to chip away, one airport prayer room, one frivolous intimidating lawsuit, one Congressman or CIA officer, one mosque, one ruling at a time.

Particularly in the US, given our deep attachment to freedom as well as cultural and psychological tendencies toward diversity, Western guilt and expectations of truthfulness, this effort is devious and difficult to uproot. The Civilization Jihadists present one face to the American public which is completely at odds with their true agenda and how they deal in private. Jamie, you and David and others such as Steve Emerson, Frank Gaffney, Andy McCarthy and others have done s o much to uncover this level of Jihad that your readers should be urged to review as much of their work (including Steve's recent excellent documentary, The Grand Deception, and Frank's important web video course, The Muslim Brotherhood in America) as possible.

Finally, there is a third level – the International Institutional Jihad. Here the most powerful international institutions such as the UN and the Organization of Islamic Cooperation and others seek to push into America

from without those changes which are difficult to complete from within. The OIC is the largest Islamic institution in the world. It essentially controls the vote in the UN's General Assembly and thus explains in part the absurd and abject pro-Islamic, anti-Israel thrust of that organizat ion. This level seeks to use the power of Islamic nations to work fro m outside the West to force changes within the West. While there are various conflicts between many of the nations, being Islamic majority states, there is a great deal they agree upon which becomes the focus of these efforts. Just as the Obama administration is beginning to cooperate with international efforts to control gun ownership, so has Hillary Clinton's Istanbul Process become a dangerous step in the effort to restrict speech critical of Islam by norm (or possibly even treaty) when it may not be fully executable by domestic action alone.

I should point out that Stephen Coughlin, the former Pentagon officer who has an important must-see presentation of Islamic Law, uses different names for these same three levels – Jihad, Dawa, and Ummah. Had I seen his work before I wrote my book I would have conformed to his categorizations.

We must learn how powerful language has become on all three levels. Words such as "peace,[illegible] $B!I "freedom," "terrorism," and phrases such as "human rights" have different meanings for us and for our Islamic Enemy. To oversimplify, "peace" is not something for now but that which comes when all the earth is submitting to Islam. In the context of battles, "peace" is at best a temporary ceasefire. "Freedom" is best understood as having the freedom to fully submit to Islam, not to choose whatever beliefs one desires while respecting the same right in others. We've all seen how "human rights" and "terror" really only apply among Muslims, not to non-Muslims. Our enemy fully understands these differences and uses them at all levels to paralyze us.

Look simply at how the phrase "Israeli-Palestinian conflict" has equalized the two parties, making it all the easier to ascribe features of one to the other and view the problem as a simple-to fix division of ass ets into statehoods but for personality problems among the leaders. The simple truth is that this is and has always been a one-sided Arab war against Israel as Ruth Wisse and others have described and, as Bibi Netanyahu made clear, the ONLY state truly at issue here has been the State of Israel that the Arabs have refused for over half a century. Nonetheless, the Control Factor hypnotically abuses the mind's susceptibility to the intricacies of language.

Even the label "Peace Process" has been damaging language. While most focus upon the first word, turning this into a "process" has helped ensure that peace is never obtained. It is more appropriately called the "Extortion Process" because all that results is that violence is used over decades to extract concessions from Israel.

These three levels must be understood for their differences while united by a single goal. While these levels often op erate together and assist each other, we must avoid "level confusion" which the Control Factor employs to curtail our fears. If the Obama narrative is swallowed- that the only threat is the Violent Jihad- we will miss the other contamination fomenting within our borders. We must appreciate how these levels work together and even unite with other forces such as the global Leftist movement that you, Jamie, have described so forcefully in United in Hate.

**FP:** You write about how we like to talk of "Good Muslims" and how we are always on the eternal search for "moderate" Muslims (Khatami, Mousavi, Abbas, etc), while we stress how the "extremists" are the real problem and how "f ew" they really are. All of this is connected to the Control F actor. Enlighten us.

**Siegel:** The Control Factor seeks to have us feel in control of the situation. The easiest way to do this is to simply minimize the number of potential enemies. We have been lectured for years about how Islam is a "religion of peace" and that the violence we see (remember that we have already improperly limited the problem to violence) is the product of a small number of "crazies" (remember Hillary Clinton's 50,000) who have distorted Islam. I call this the "Peaceful Muslim Disclaimer" as virtually everyone in the press and government has been bullied into making some statement of the kind to silence those who will pressure them that they are "Islamophobic" and Islam is being attacked. (These are the Islam hustlers who operate on the same principles that black race hustlers so effectively used to extort concessions over the last six decades or so).

Nobody has done any real work to support this proposition, nor is it clear exactly how it would be tested. My view is that the grammar "Islam is x" is itself problematic because Islam has expressed itself throughout history in a variety of fashions. It is more useful to talk in terms of how seriously engaged with Islam, the Koran and other texts, a Muslim is. What is significant is how Muslims today are using Islam and most of those who are in power either throughout a large territory or within a small community tend toward, if not fully advocate, the very supremacist ideas that we try to tell ourselves are reserved for the few "extremists." Presumably most Germans did not wish to see all Nazi atrocities carried out but in the end they fell in line because they had to. Those our politicians and press call the "extremists" are in one sense more accurately the "good" Muslims who ar e following their Islamic beliefs dutifully.

**FP:** Tell us how Western shame and guilt play into all of this.

**Siegel:** One of the dirty little secrets the Control Factor preys upon is that if we believe we control something we can comfort ourselves that we can change it. Remember the horror film- the threat has one purpose and that is to destroy you. You can not change it, talk it out of it, teach it alternatives or otherwise. That is what makes it so inherently frightening. If we can convince ourselves that we caused the threat to act the way it does we can maintain the secret hope that we can change it. Consequently, there is a tremendous attraction to blaming ourselves for the Islamic Enemy's behavior. And we see this power in our readily accepting responsibility for terror- because of our occupation, our greedy quest for oil, our failure to extend a hand of "engagement," Israel's building settlements, our making videos that defa me Mohammed and so on. Again, the relationship is defined by the enemy blaming us for his actions and our accepting such responsibility.

Shelby Steele has written brilliantly about what he calls "white guilt" and outlines how whites during the 60's and thereafter were pressured into a transaction whereby in order to re-obtain a sense of moral authority they accepted blame for the condition of blacks and behaved as if guilty. Blacks were able to extract great concessions and whites were able to view themselves as morally restored and redeemed. At a certain point, however, the behavior takes on a life of its own and the narratives become deeply embedded in the culture and, as we can see today, difficult to uproot.

Western guilt is an extension of Steele's notion. President Obama's confessionals to the Arab world admitting that America has made "mistakes" and was not born a colonial pow er express this same tendency to appease through guilt. Hillary Clint on's "reset" with Russia conveyed the same submissive request for a more acceptable response. In being guilty we presume the other party will recognize our contrition and respond in like kind. One of the Control Factor's most devastating moves is employed- presuming the other is just like us and will respond the way we would. This is frequently how an enabler justifies his continuous support for an addict. The problem, however is that our Islamic Enemy is NOT like us and will not respond in like kind. Rather, as we repeatedly refuse to learn, appeasement invites more abuse from an enemy. This becomes the "game of guilt;" it tends to expand to greater and greater consequences. Paradoxically, psychological defenses tend to create the very outcomes they seek to eliminate and it is no different here. It is a game we love to play but, unfortunately, the game gives us no rules for how to end it.

All beha vior is instructive. That is, we teach others how to treat us. The game of guilt, along with other Control Factor tools, teaches our Enemy it is winning and to continue playing.

**FP:** The reason Nidal Hasan was able to perpetrate his murder spree at Fort Hood is precisely because of our Control Factor. Please connect the dots for our readers.

**Siegel:** Just as I used to look at Hitler when I was young and be amazed that no one could see what he was about, in retrospect the same applies to Hasan. It is precisely all the elements of the Control Factor that could allow this man, a Soldier of Allah, to be positioned as he was. He was blatantly voicing his Islamist views and Jihadi intent including, even, an essay recommending the "painful liquidation" of non-Muslims. Yet, in the Army of all places, the Control Factor operated to allow and even foster his work. Even after the murders, we cont inue the denial by calling it "workplace violence." He is the Civilization-Violent Jihad combo! And we continue to enable the same infiltration elsewhere.

**FP:** Tell our readers about "The Project" and "Explanatory Memorandum." These are realities that serve as great threats to the Control Factor, right?

**Siegel:** These are separate sets of documents that outline the Muslim Brotherhood's goals and plans underlying the Civilization Jihad. The former was discovered in Europe and extends globally. The 1991 Explanatory Memorandum emerged in 2008 from the Holy Land Foundation trial and describes the Brotherhood's work in America as a "Civilization-Jihadist Process with all the word means" and "a kind of grand Jihad in eliminating and destroying the Western civilization from within and 'sabotaging' its miserable house by their own hands and the hands of the believers so that it is eliminated and God's religion is made victorious over all other religions."

Much as the communists of the Soviet Union had formulated in the 1950s a detailed long term plan to destroy America (many of the effects of which we are seeing of late including destroying the nuclear family, secularizing the nation, feminizing men …) these documents identify many strategies to infiltrate while eroding the foundations of our civilization in order to transform it into an Islamic one. The Control Factor has many ingenious ways to convince us that this is ridiculous, that our courts and system would never allow such a thing, that one is racist or "Islamophobic," if not insane, for even thinking this is real. And just as with the communists, time is plentiful. Even more so with our Islamic Enemy, a multi-decade plan is short term. It is not critical that a seriou sly engaged Muslim lives to see the result. It is critical, more correctly a duty, however, that he carries on his Jihad. Patrick Poole and The Center for Security Policy's Team B Report, Shariah: The Threat to America, are excellent sources for your readers to pursue these documents.

**FP:** And so what you call an "Inner Jihad" has to start. It's our, as you say, mandatory "addiction treatment." Please explain.

**Siegel:** The "Inner Jihad" is the effort we must undertake to gain control over our Control Factors. There is a famous Hadith in which Mohammad, returning from a successful battle, essentially says that the physical fight was the "lesser Jihad" and it is time to then attend to the "greater Jihad "- that internal battle against our own internal appetites, lusts, wrong thinking and so forth. While that Hadith has been falsely utilized to say that "Jihad" is not violent, it is useful to us as a symbol of the vicious effort we must take internally against our own Control Factor tendencies.

As I said earlier, the Control Factor is "active" and "continuous" so we must constantly monitor and combat it. Like "Whack-a-Mole," just as we may think we have addressed it, another variation pops right up. I use the terms "addict" and "enabler" because we truly need a form of rehab to break the habitual power of the Control Factor and because our relationship with our Islamic Enemy is very much like that between a typical addict and his enabler. And just as it is so difficult for an addict to kick his habit, so does the enabler act essentially addicted to his behavior and find it so difficult to change. At its core, the relati onship involves the transfer of responsibility for our Islamic Enemy's hate and resultant actions onto us with our response framed essentially as an effort to do what we can to try to address the Enemy's grievance. (Your book, United in Hate, describes this addiction to hate in detail.

The key to the Inner Jihad is to learn to transfer responsibility for our Islamic Enemy's hate and resultant actions back to it and take responsibility back for our own situation. We must learn all we can about the enemy. We must unwind our inappropriate projections and introjections and rediscover who we are and are not. We must speak up. We must support those Muslims who promote expressions of Islam that are consistent with our principles. And we must stalk the C ontrol Factor, constantly be on guard for its intrusion. This is an individual endeavor as each of our Control Factors uses its own methods. The book gives plenty of examples of each maneuver discussed but it is important for each of us to discover the unique workings of his own mind. That takes the work of the Inner Jihad.

**FP:** Share with our readers what you mean by the "Turnaround Moment."

**Siegel:** There is a moment in typical horror films where the central characters have been pushed to their limit. They then change and fully embrace the willingness to be as ruthless as the threat they face. No more moral high ground; no more futile attempts to ignore or change the threat's essence. As Lee Harris described in The Suicide of Reason, it is the willingness o r license to be (not necessarily actually being) as ruthless that is critical. It is a mental state that sheds all the prior counter-productive efforts at denial to finally clearly focus on the threat faced. Part of the Inner Jihad is to reach that Turnaround Moment sooner rather than later.

**FP:** You suggest that "mirroring" should be used as part of our arsenal. Tell us about it.

**Siegel:** Mirroring is a literal approach to transferring back to the addict responsibility that we have been inappropriately accepting. Critical to the addict/enabler relationship is asymmetry. Like the addict, the enemy uses a less limiting set of rules than we do. The enemy typically initiates aggression while we respond only. Mirroring means that we demonstrate our willingness to act symmetrically, to be governed by the same rules. It is stunning how much is accomplished when one's attitude simply is clear that he will do what is necessary; often not much else is needed as the addict or enemy realizes the game is fundamentally changed. But other times action is absolutely needed. Demonstrating that we are not afraid to treat the enemy as it treats us carries great meaning. Imagine (international law aside) if Israel announced that from now on it will mirror Hamas such that if civilian populations are targeted by bombs from Gaza, Israel will do the same (it is accused of such anyway). The population might finally rethink and take responsibility for its privilege of voting its leaders. As stated earlier, all behavior is instructive and when we mirror we teach the other the effects of his behavior.

Conversely, some situations demand that we assert asymmetry; those cases where it is necessary to highlight our differences with the enemy. Just this week, an disingenuous report was issued by an NGO drawing an equivalence between Palestinian and Israe li schoolbooks claiming that both sides have their relativistic " narratives." Yet, as the Palestinian Media Watch's website has demonstrated for years, there is nothing in the West anywhere comparable to the hatred spewed daily by the Palestinian Authority, including through its education system. It is interesting to note that while the US State Department initially funded the "study,"- in what appears to be an attempt to sanitize the PA's record so that the US can continue to fund the PA against the spirit of US law- Hillary Clinton has a difficult time escaping her conclusion as Senator in 2007 that these schoolbooks along with other media "profoundly poison(s) the minds of these children." It is most important that we do not succumb to this type of use of symmetry that distorts the profound differences between us and the enemy.

Essentially, we are not clear as a nation, participating in a world with international rules, how to bes t fight this enemy. The first act of any rehab is to acknowledge that we do not know how nor are we yet competent to stop our addictions. This is not a book about policy. In fact, the "right" policies are unlikely to emerge until a critical mass has meaningfully dealt with their Control Factors and share a common perspective. We like to look at our history and assume a single perspective throughout but the truth is that we had to learn how to respond to Pearl Harbor, the Nazis, the Cold War etc. The same applies here. Our press promotes "elites" who are tasked with acting as if they possess the "true wisdom" to deal with our threats but the truth is we do not know nor are we equipped to marshal enough of our population to agree just yet. The sooner we learn, however, the less we will suffer. Mirroring has always been a key component of those lessons.

I have been encouraged by some recent acts that have begu n to nip at the asymmetry. For years, the language of "feeling s" had been reserved for our enemy while we were limited to that of "action;" we would do terrible acts that would cause bad feelings in the enemy which would then serve to justify whatever response it made. It had always been a question of the harsh insensitive acts Westerners do against Muslims and the resulting hurt, loss, shame etc. that Muslims experience. The Ground Zero Mosque incident, however, broke new ground because all of a sudden non-Muslims' feelings became the focus and were cast as resulting from Muslim acts. Another example was seen in how quickly the attempt to blame the Benghazi murders on the video about Mohammad fell apart. Just as large corporations eventually learned to turn away from shakedown attempts from race baiters, we are beginning to learn to demand symmetry through mirroring. A word of caution: When enablers change their behavior and demand symmetrical rules f or the addict, the latter typically initially erupts with great resistance. This is a stage we must be prepared to tolerate and fully withstand as it creates the only real chance for the addict to finally change. It is critical, therefore, that when we finally engage in mirroring that we be prepared to see it through completion.

**FP:** What if we fail to engage in our own Inner Jihad and the Control Factor stays firmly in place?

**Siegel:** Critical to the Inner Jihad is the realization that our civilization is fragile; not to be taken for granted. Our demands for multi-culturalism and diversity have bumped heads with the simple paradox that tolerating the intolerant leads to extinction. Tolerating the intolerant is perhaps the most crystalline version of

asymmetry we have accepted. Seriously engaged Muslims MUST place the Koran above all law while in America, the Constitution ranks supreme. As Omar Ahmad , founder of CAIR, reputedly said, "Islam isn't in Amer ica to be equal to any other faith, but to become dominant. The Koran is the highest authority in America and Islam is the only accepted religion on Earth." Who makes law- the people or Allah? While the Control Factor constantly seeks for some accommodation between the two, this conflict CAN NOT be negotiated. Only one can survive not because we have declared "war" but because our Islamic Enemy has. That is, perhaps, the lesson we will most need to fully learn, one way or another. We will eventually hit a Turnaround Moment as a nation and if enough of us are not truly prepared to fight and continue to be controlled by our delusions, we will lose. If we truly seek to win, it is better to get there sooner while we have advantages than later.

**FP:** Bill Siegel, thank you for joining FrontPage Interview.

And thank you for writing this superb and most important book.

We encourage all o f our readers to get their hands on The Control Factor: Our Struggle to See the True Threat and to read it!

**Editor's note: To watch *The Glazov Gang*'s recent discussion about the Muslim Brotherhood's infiltration of the United States and the Obama administration, see this week's episode below:**

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Filed Under: Daily Mailer, FrontPage Tagged With: Denial, Islam, muslim brotherhood, Obama, Siegel, The Control Factor

22

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**About Jamie Glazov**

Jamie Glazov is Frontpage Magazine's editor. He holds a Ph.D. in History with a specialty in Russian, U.S. and Canadian foreign policy. He is the author of the critically acclaimed and best-selling, ***United in Hate: The Left's Romance with Tyranny and Terror.*** His new book is ***High No on For America.*** He is the host of Frontpage's television show, ***The Glazov Gang,*** and he can be reached at jamieglazov11@gmail.com. Visit his sit at ***JamieGlazov.com***.

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## Comments (6)

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AdinaK 86p · *11 hours ago*

The war being waged has two components - mental and physical. The mental side is a minefield of constructs, deeply implanted within generations of Americans, and its PC chickens are coming home to roost. So much so, millions of Americans (westerners) cannot break free of its shackles. But it is not as if these mental chains magically appe ared. Far from it - http://adinakutnicki.com/2012/11/26/the-death-of-...

In addition, the fault-lines of democracy allowed for the most retrograde forces, on this planet, to infiltrate and penetrate the body politic- http://adinakutnicki.com/2012/09/02/the-subversio...

IF the mental and physical constraints are not immediately removed, it is a given that western civilization will fall. Cause and effect.
Adina Kutnicki, Israel - http://adinakutnicki.com/about/

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1 reply · *active 30 minutes ago*

0

dmw · *30 minutes ago*

And I would think one "phy sical constraint" is to not let them in in the first place. By & quot;them" I mean those who have allegiance to a socio-political system disguised as a religion that seeks world dominance by man imposed methodology/effort -- unlike Judaism and Christianity properly understood. If we are to "believe", the world already has a King and does not need a Caliph.

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0

MikeWood · *6 hours ago*

Ground-breaking, brilliant. There are absolutely essentially lessons to be learned from this. Buy this book, read it, study it, and lend it to your friends and colleagues. Do it.

Report

Reply

0

lambsev77 54p · *4 hours ago*

The fall of Rome... The fall of the 3rd Reich... The fall of Western Civilization...

oooooh... Scary!

How about the fall of humankind recorded in Genesis Chapter 3 and following?

We're ALL GONNA DIE! But will you rise with Christ?

Report

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+1

@WolfyJam · *2 hours ago*

Notice how celebrities basking in their narcissism think they can dictate culture to us while they live their lives in the comfort of their ivory castles. Mia farrow has no clue what the right to bear arms means and because of that she needs to shut the hell up. _As far as blacks go-- I grew up in the 70's coming home from Hallahan H.S. in Philadel phia, me and my small group of girls were swarmed by a mob of black girls who would kick and slap and pull hair without provocation. of course we would fight back but then that was back in the day when whites weren't sissies. Still I made excuses for them. Black men would get in my face for no other reason than to intimidate me. rocks were thrown a my car for no reason. So, in short, based on my

experiences Blacks are the cause of racism and if they hate whites so much then they should stay away completely and totally. _

Report

Reply

+1

@WolfyJam · *2 hours ago*

I read the Control factor and it was excellent. I wish more people would realize that our country is at its most vulnerable than ever in its history. the jihadis have basically taken over the inner cities. Islam's love for violence coupled with ignorance and narcissim are a recipe for disaster. I hope Americans wake up in time to save their future. I'm not optimistic though. I think its over but still I fight on.

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**From:** Bill Siegel [redacted]]
**Sent:** 2/8/2013 9:02:08 PM
**To:** jeevacation@gmail.com
**Subject:** Re: Fro- The Control Factor - Frontpage Magazine interview
**Attachments:** image001.gif; image002.jpg; image003.png; image004.png; image005.jpg; image006.jpg; image007.png

**Importance:** High

Stillllllllllllll just engaged. I meant shirley

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 15:49:51 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

shirley or your wife

On Fri, Feb 8, 2013 at 4:48 PM, Bill Siegel <[redacted]> wrote:

I will let you know when I go back. Do you know her?

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**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 15:16:44 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

great. place.. when will you go.. did you get married? i m between alber and santa fe,, zorrro ranch, you can google earth it.

On Fri, Feb 8, 2013 at 4:10 PM, Bill Siegel <[redacted]> wrote:

You ok? I became friendly with shirley maclaine last year and went to her ranch in sante fe. I may go back and remembered you own half the ranch land there or something. Do you still like it there?

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**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 14:58:01 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

I already rad it. congragulations hope to see you soon

On Fri, Feb 8, 2013 at 3:40 PM, Bill Siegel <[redacted]> wrote:

Bill Siegel hopes this might be of interest to you: http://frontpagemag.com/2013/jamie-glazov/the-control-factor-our-struggle-to-see-the-true-threat/

# The Control Factor: Our Struggle to See the True Threat

February 8, 2013 By Jamie Glazov Comments (6)

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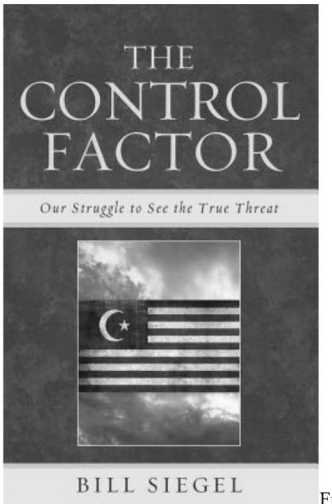


FrontPage Interview's guest today is Bill Siegel, a lawyer and business executive. He has been a producer of several documentary films and assists numerous non-profit organizations. He is the author of The Control Factor: Our Struggle to See the True Threat.

**FP:** Bill Siegel, welcome to FrontPage Interview.

Congratulations on this brilliant book. It is without question one of the most vital works of our time.

Let's begin with what inspired you to write it.

**Siegel:** Thanks for having me Jamie. As a young boy born in the mid 1950s, I was fascinated with footage of Hitler and the Third Reich and could never understand how the Jews of the time could not see the evil that seemed so obvious. Not yet appreciative of the benefit of hindsight, I could not comprehend the blindness. Following 9/11, like so many others, I began to study Islam, its history, its current movements, terrorism and so on. As I would learn one stunning aspect after another, I would discuss them with friends and associates. Rather than confront the facts I would present, they would find one clever way after another to avoid the frightening truth of what America and the West truly face. Their fear appeared obvious to me. I began to catalog many of my friends' different maneuvers to dispel the anxiety that they found so difficult to endure. The more I focused on their mental processes (as well as my own) the more I began to see a structure to the mental endeavor and to understand what I had, as a child, found so difficult to explain.

**FP:** Tell us about the Control Factor, what you describe as "that effort our minds enga ge in in order to keep us blind" and that "process of a voiding seeing the threats we face." It's also about, as you state, trying to believe that the threat is under our control, when in fact it is not. Kindly enlighten us as to these profound insights you make in terms of the Control Factor.

**Siegel:** First, let's distinguish the "real world" where real battles are taking place from the mental battlefield which occurs in each of our minds. We tend to believe our perceptions are simply clear realizations of what is "out there" and overlook how much our internal worlds can literally determine what we see. When our internal minds become anxious and sense a loss of "control," they tend to concoct ways to distort our

perceptions so as to restore that sense of inner control. I describe the Control Factor as an "active and continuous process" designed to maintain that sense, if not illusion, of control. We natural ly think that our thinking and feeling processes are passive; that they just happen. Yet when faced with truly frightening prospects, the mind is geared to actively distort.

Similarly, the sense of control must be continuously maintained so the Control Factor operates constantly. In turn, the sum of this active and continuous undertaking makes these perceptions all the more familiar and thus seemingly all the more "real." In one sense, the Control Factor is the mechanism of what Andy McCarthy entitled one of his numerous excellent books- willful blindness. The Control Factor is cleverer than we are aware; that is almost tautological as, if our minds are to create ways to keep us in denial, they must out maneuver our conscious thinking.

Since World War II, America has had limited experience with threats coming to the homeland. Most of America's history has been about "over there," where we have always known that if things got too out of hand (e.g. Vietnam) we could always ret urn home. The current generations, for a wide array of reasons, have had virtually no experience with a threat to this land. (The documentary, Generation Zero, is interesting on this point).

Consequently, the process of waking up to such a threat parallels the arc of a typical horror film. In such a film, there is typically a cast of characters surrounding one or two main characters. We in the audience know there is a threat coming – be it a monster, a virus, a psycho killer, an alien, the blob that ate Cincinnati etc. This threat is typically defined by its intent- the singular goal of destroying the characters. Much of the initial exposition shows how the characters first are oblivious to the destruction the threat brings about, then explain it in familiar terms only to finally open their eyes to see that something uniquely terrifying is happening. The next stage usually involves a series of failed attempts to deal with the threat- fr om trying to negotiate with it, to appease it, to coax it, to threaten it with ineffective weapons and so forth. Most of these failings are due to not adequately appreciating the threat for what it truly is and projecting onto it a host of other attributes instead. The final stage generally involves a back-up-against-the-wall decision by whichever characters remain alive. I named this the "turnaround moment" when the character becomes willing to be as ruthless as the threat. That change in mental state is necessary to ensure survival. Ultimately, the storyline is a race for whichever characters remain to wake up fully and use whatever advantages they may still have to beat the threat.

This is the same arc our minds go through in battling our own Control Factors, our own compulsions to deny that which is staring us in the face. Ultimately, the question is whether we will be able to wake up while we still have advantages and give ourselves permis sion to fully fight the battle we are in.

I said ear lier that there is a structure to the Control Factor. To oversimplify, I view it much as a pyramid where on the bottom are the many minute by minute thoughts that are manipulated. I call this level of maneuvers the many "D's" as they include the psychological defenses such as distortion, denial, demonization, deflection, deletion, detachment, delusion, displacement, discolorization and so forth. Layered upon these are moves such as projection, where we can assign to our Islamic Enemy traits we wish to see in them or introject traits from them into ourselves that we wish not to acknowledge. These maneuvers involve a mixing of identities where we actually lose clarity about who we are and who the enemy is. Projection and introjection are active almost across the board. It is always helpful, for instance, to ask how what the enemy accuses us of is more appropriately descriptive of it. When we add Western Guilt and Shame, our need to be liked, and o ther psychological dimensions, basic thoughts solidify into larger fantasies.

As these narratives ("Our courts will never allow that," "As a superpower we will always be able to win any fight we put our minds to," "Assimilation will ensure Muslims are westernized" …) gain consent from others they tend to guide us deeply and become infused on our policies. Ultimately, what emerges is a relationship we take with our Islamic Enemy that parallels that between an addict and an enabler. Emblematic of this relationship is the "transfer of responsibility" in which we assume responsibility for the enemy's behavior who is addicted to transferring it away from itself. The Control Factor actively maintains this relationship and makes changing that relationship as difficult a chore as any addict finds in breaking his addiction. And

just as an addict needs to devote serious effort and con sciousness to his addiction, so must we devote great energy to unders tanding how the Control Factor ultimately sabotages us.

**FP:** Describe the threat we face in our Islamic enemy. And you talk about the three levels of jihad against us. What are they?

**Siegel:** Simply stated, our Islamic Enemy seeks the totalitarian domination of Islam throughout the world – Islamic supremacy. It seeks to have the West submit to Islam. Obviously, this does not mean that everybody becomes a Muslim. Islam, in all its varied expressions, permits dhimmis- those Christians, Jews, and some others who are permitted to remain as protected non-Muslims as long as they submit to an inferior status. What is critical is that Shariah (Islamic Law) ultimately rules the world.

Jihad, loosely, is the effort/struggle to see this vision through. The most obvious method of Jihad is through violence; it is the one most familiar to most Westerners and almost all of the Koranic references to Jihad are based in violence. The Violent Jihad includes al-Qaeda and its offshoots as well as other groups that formed around the globe independent of al-Qaeda. It also obviously includes the violence from Islamic nations such as the Islamic Republic of Iran whose constitution specifies such vision. It also includes, however, various militant groups and training camps here in the US as well as ad hoc efforts of individuals.

Since 9/11, there have been something in excess of 15,000 Violent Jihadic attacks across the globe. However, as terrible as this is, we have a tendency in the West to think that the only dimension of threat we face comes from violence. While the Bush administration helped initiate this thinking, the Obama administration has actively abused it by limiting any discussion of the threat we face to al-Qaeda and some other terrorist groups abroad. As frightening as these groups are, we can get some ease from thinking they are a band of "extremists limited in number, weaponry, sophisticati on, and means. Stunningly, Hillary Clinton recently estimated that there are only about 50,000 "homicidal" violent extremists around the world who simply have been able to project power much greater than their number should allow. Here the Control Factor makes the threat appear more easily manageable.

Jihad, however, is pursued in other often even more effective ways which I have grouped into three "levels." A second more insidious level of threat is what the Muslim Brotherhood itself called the "Civilization Jihad." It is the effort to infiltrate all aspects of our society, peacefully according to our laws, in order to later be in position to sabotage and destroy it from the inside. The Civilization Jihadists have learned the culture and rules of the territories they seek to command and use those rules to maneuver—specifically using our freedoms to destroy our freedoms. They use "lawfare" to seek changes in our laws so as to push Shariah into our society. Your readers should read Daniel Pipes and Brooke Goldstein's Lawfare Project material and others to fully appreciate how cancerous this activity has become. This includes intimidating in a variety of ways anyone who speaks out against them or Islam and seeking to squelch our treasured broad right to free speech so as to ultimately prevent any criticisms of Islam. Once criticism of Islam is prohibited, little can stop it from cascading throughout the culture.

The Civilization Jihad includes situating such Jihadists in critical positions in the society, in the government, in the legal system, the military, and elsewhere. It includes the control over university programs that distribute propaganda about Islam and Islamic history which then filters down throughout textbooks for even younger students. It includes control over most of the nation's mosques and local Imams guiding the mess ages engaged Muslims are receiving. Most troublesome are the Muslim g roups (CAIR, ISNA, MSA and others associated and/or joint venture partners with the Muslim Brotherhood) supposedly interested in "outreach" which know how to appear Westernized and interested in the goals of Western Civilization. They have fooled a large part of our authorities and media due in part to their patience and willingness to chip away, one airport prayer room, one frivolous intimidating lawsuit, one Congressman or CIA officer, one mosque, one ruling at a time.

Particularly in the US, given our deep attachment to freedom as well as cultural and psychological tendencies toward diversity, Western guilt and expectations of truthfulness, this effort is devious and difficult to uproot. The Civilization Jihadists present one face to the American public which is completely at odds with their true agenda and how they deal in private. Jamie, you and David and others such as Steve Emerson, Frank

Gaffney, Andy McCarthy and others have done s o much to uncover this level of Jihad that your readers should be urged to review as much of their work (including Steve's recent excellent documentary, The Grand Deception, and Frank's important web video course, The Muslim Brotherhood in America) as possible.

Finally, there is a third level – the International Institutional Jihad. Here the most powerful international institutions such as the UN and the Organization of Islamic Cooperation and others seek to push into America from without those changes which are difficult to complete from within. The OIC is the largest Islamic institution in the world. It essentially controls the vote in the UN's General Assembly and thus explains in part the absurd and abject pro-Islamic, anti-Israel thrust of that organizat ion. This level seeks to use the power of Islamic nations to work fro m outside the West to force changes within the West. While there are various conflicts between many of the nations, being Islamic majority states, there is a great deal they agree upon which becomes the focus of these efforts. Just as the Obama administration is beginning to cooperate with international efforts to control gun ownership, so has Hillary Clinton's Istanbul Process become a dangerous step in the effort to restrict speech critical of Islam by norm (or possibly even treaty) when it may not be fully executable by domestic action alone.

I should point out that Stephen Coughlin, the former Pentagon officer who has an important must-see presentation of Islamic Law, uses different names for these same three levels – Jihad, Dawa, and Ummah. Had I seen his work before I wrote my book I would have conformed to his categorizations.

We must learn how powerful language has become on all three levels. Words such as "peace,[illegible] $B!I "freedom," "terrorism," and phrases such as "human rights" have different meanings for us and for our Islamic Enemy. To oversimplify, "peace" is not something for now but that which comes when all the earth is submitting to Islam. In the context of battles, "peace" is at best a temporary ceasefire. "Freedom" is best understood as having the freedom to fully submit to Islam, not to choose whatever beliefs one desires while respecting the same right in others. We've all seen how "human rights" and "terror" really only apply among Muslims, not to non-Muslims. Our enemy fully understands these differences and uses them at all levels to paralyze us.

Look simply at how the phrase "Israeli-Palestinian conflict" has equalized the two parties, making it all the easier to ascribe features of one to the other and view the problem as a simple-to fix division of ass ets into statehoods but for personality problems among the leaders. The simple truth is that this is and has always been a one-sided Arab war against Israel as Ruth Wisse and others have described and, as Bibi Netanyahu made clear, the ONLY state truly at issue here has been the State of Israel that the Arabs have refused for over half a century. Nonetheless, the Control Factor hypnotically abuses the mind's susceptibility to the intricacies of language.

Even the label "Peace Process" has been damaging language. While most focus upon the first word, turning this into a "process" has helped ensure that peace is never obtained. It is more appropriately called the "Extortion Process" because all that results is that violence is used over decades to extract concessions from Israel.

These three levels must be understood for their differences while united by a single goal. While these levels often op erate together and assist each other, we must avoid "level confusion" which the Control Factor employs to curtail our fears. If the Obama narrative is swallowed- that the only threat is the Violent Jihad- we will miss the other contamination fomenting within our borders. We must appreciate how these levels work together and even unite with other forces such as the global Leftist movement that you, Jamie, have described so forcefully in United in Hate.

**FP:** You write about how we like to talk of "Good Muslims" and how we are always on the eternal search for "moderate" Muslims (Khatami, Mousavi, Abbas, etc), while we stress how the "extremists" are the real problem and how "f ew" they really are. All of this is connected to the Control F actor. Enlighten us.

**Siegel:** The Control Factor seeks to have us feel in control of the situation. The easiest way to do this is to simply minimize the number of potential enemies. We have been lectured for years about how Islam is a "religion of peace" and that the violence we see (remember that we have already improperly limited the problem to violence) is the product of a small number of "crazies" (remember Hillary Clinton's 50,000) who

have distorted Islam. I call this the "Peaceful Muslim Disclaimer" as virtually everyone in the press and government has been bullied into making some statement of the kind to silence those who will pressure them that they are "Islamophobic" and Islam is being attacked. (These are the Islam hustlers who operate on the same principles that black race hustlers so effectively used to extort concessions over the last six decades or so).

Nobody has done any real work to support this proposition, nor is it clear exactly how it would be tested. My view is that the grammar "Islam is x" is itself problematic because Islam has expressed itself throughout history in a variety of fashions. It is more useful to talk in terms of how seriously engaged with Islam, the Koran and other texts, a Muslim is. What is significant is how Muslims today are using Islam and most of those who are in power either throughout a large territory or within a small community tend toward, if not fully advocate, the very supremacist ideas that we try to tell ourselves are reserved for the few "extremists." Presumably most Germans did not wish to see all Nazi atrocities carried out but in the end they fell in line because they had to. Those our politicians and press call the "extremists" are in one sense more accurately the "good" Muslims who ar e following their Islamic beliefs dutifully.

**FP:** Tell us how Western shame and guilt play into all of this.

**Siegel:** One of the dirty little secrets the Control Factor preys upon is that if we believe we control something we can comfort ourselves that we can change it. Remember the horror film- the threat has one purpose and that is to destroy you. You can not change it, talk it out of it, teach it alternatives or otherwise. That is what makes it so inherently frightening. If we can convince ourselves that we caused the threat to act the way it does we can maintain the secret hope that we can change it. Consequently, there is a tremendous attraction to blaming ourselves for the Islamic Enemy's behavior. And we see this power in our readily accepting responsibility for terror- because of our occupation, our greedy quest for oil, our failure to extend a hand of "engagement," Israel's building settlements, our making videos that defa me Mohammed and so on. Again, the relationship is defined by the enemy blaming us for his actions and our accepting such responsibility.

Shelby Steele has written brilliantly about what he calls "white guilt" and outlines how whites during the 60′s and thereafter were pressured into a transaction whereby in order to re-obtain a sense of moral authority they accepted blame for the condition of blacks and behaved as if guilty. Blacks were able to extract great concessions and whites were able to view themselves as morally restored and redeemed. At a certain point, however, the behavior takes on a life of its own and the narratives become deeply embedded in the culture and, as we can see today, difficult to uproot.

Western guilt is an extension of Steele's notion. President Obama's confessionals to the Arab world admitting that America has made "mistakes" and was not born a colonial pow er express this same tendency to appease through guilt. Hillary Clint on's "reset" with Russia conveyed the same submissive request for a more acceptable response. In being guilty we presume the other party will recognize our contrition and respond in like kind. One of the Control Factor's most devastating moves is employed- presuming the other is just like us and will respond the way we would. This is frequently how an enabler justifies his continuous support for an addict. The problem, however is that our Islamic Enemy is NOT like us and will not respond in like kind. Rather, as we repeatedly refuse to learn, appeasement invites more abuse from an enemy. This becomes the "game of guilt;" it tends to expand to greater and greater consequences. Paradoxically, psychological defenses tend to create the very outcomes they seek to eliminate and it is no different here. It is a game we love to play but, unfortunately, the game gives us no rules for how to end it.

All beha vior is instructive. That is, we teach others how to treat us. The game of guilt, along with other Control Factor tools, teaches our Enemy it is winning and to continue playing.

**FP:** The reason Nidal Hasan was able to perpetrate his murder spree at Fort Hood is precisely because of our Control Factor. Please connect the dots for our readers.

**Siegel:** Just as I used to look at Hitler when I was young and be amazed that no one could see what he was about, in retrospect the same applies to Hasan. It is precisely all the elements of the Control Factor that could allow this man, a Soldier of Allah, to be positioned as he was. He was blatantly voicing his Islamist views and Jihadi intent including, even, an essay recommending the "painful liquidation" of non-Muslims. Yet, in

the Army of all places, the Control Factor operated to allow and even foster his work. Even after the murders, we cont inue the denial by calling it "workplace violence." He is the Civilization-Violent Jihad combo! And we continue to enable the same infiltration elsewhere.

**FP:** Tell our readers about "The Project" and "Explanatory Memorandum." These are realities that serve as great threats to the Control Factor, right?

**Siegel:** These are separate sets of documents that outline the Muslim Brotherhood's goals and plans underlying the Civilization Jihad. The former was discovered in Europe and extends globally. The 1991 Explanatory Memorandum emerged in 2008 from the Holy Land Foundation trial and describes the Brotherhood's work in America as a "Civilization-Jihadist Process with all the word means" and "a kind of grand Jihad in eliminating and destroying the Western civilization from within and 'sabotaging' its miserable house by their own hands and the hands of the believers so that it is eliminated and God's religion is made victorious over all other religions."

Much as the communists of the Soviet Union had formulated in the 1950s a detailed long term plan to destroy America (many of the effects of which we are seeing of late including destroying the nuclear family, secularizing the nation, feminizing men …) these documents identify many strategies to infiltrate while eroding the foundations of our civilization in order to transform it into an Islamic one. The Control Factor has many ingenious ways to convince us that this is ridiculous, that our courts and system would never allow such a thing, that one is racist or "Islamophobic," if not insane, for even thinking this is real. And just as with the communists, time is plentiful. Even more so with our Islamic Enemy, a multi-decade plan is short term. It is not critical that a seriou sly engaged Muslim lives to see the result. It is critical, more correctly a duty, however, that he carries on his Jihad. Patrick Poole and The Center for Security Policy's Team B Report, Shariah: The Threat to America, are excellent sources for your readers to pursue these documents.

**FP:** And so what you call an "Inner Jihad" has to start. It's our, as you say, mandatory "addiction treatment." Please explain.

**Siegel:** The "Inner Jihad" is the effort we must undertake to gain control over our Control Factors. There is a famous Hadith in which Mohammad, returning from a successful battle, essentially says that the physical fight was the "lesser Jihad" and it is time to then attend to the "greater Jihad ⬛"- that internal battle against our own internal appetites, lusts, wrong thinking and so forth. While that Hadith has been falsely utilized to say that "Jihad" is not violent, it is useful to us as a symbol of the vicious effort we must take internally against our own Control Factor tendencies.

As I said earlier, the Control Factor is "active" and "continuous" so we must constantly monitor and combat it. Like "Whack-a-Mole," just as we may think we have addressed it, another variation pops right up. I use the terms "addict" and "enabler" because we truly need a form of rehab to break the habitual power of the Control Factor and because our relationship with our Islamic Enemy is very much like that between a typical addict and his enabler. And just as it is so difficult for an addict to kick his habit, so does the enabler act essentially addicted to his behavior and find it so difficult to change. At its core, the relati onship involves the transfer of responsibility for our Islamic Enemy's hate and resultant actions onto us with our response framed essentially as an effort to do what we can to try to address the Enemy's grievance. (Your book, United in Hate, describes this addiction to hate in detail.

The key to the Inner Jihad is to learn to transfer responsibility for our Islamic Enemy's hate and resultant actions back to it and take responsibility back for our own situation. We must learn all we can about the enemy. We must unwind our inappropriate projections and introjections and rediscover who we are and are not. We must speak up. We must support those Muslims who promote expressions of Islam that are consistent with our principles. And we must stalk the C ontrol Factor, constantly be on guard for its intrusion. This is an individual endeavor as each of our Control Factors uses its own methods. The book gives plenty of examples of each maneuver discussed but it is important for each of us to discover the unique workings of his own mind. That takes the work of the Inner Jihad.

**FP:** Share with our readers what you mean by the "Turnaround Moment."

**Siegel:** There is a moment in typical horror films where the central characters have been pushed to their limit. They then change and fully embrace the willingness to be as ruthless as the threat they face. No more moral high ground; no more futile attempts to ignore or change the threat's essence. As Lee Harris described in The Suicide of Reason, it is the willingness o r license to be (not necessarily actually being) as ruthless that is critical. It is a mental state that sheds all the prior counter-productive efforts at denial to finally clearly focus on the threat faced. Part of the Inner Jihad is to reach that Turnaround Moment sooner rather than later.

**FP:** You suggest that "mirroring" should be used as part of our arsenal. Tell us about it.

**Siegel:** Mirroring is a literal approach to transferring back to the addict responsibility that we have been inappropriately accepting. Critical to the addict/enabler relationship is asymmetry. Like the addict, the enemy uses a less limiting set of rules than we do. The enemy typically initiates aggression while we respond only. Mirroring means that we demonstrate our willingness to act symmetrically, to be governed by the same rules. It is stunning how much is accomplished when one's attitude simply is clear that he will do what is necessary; often not much else is needed as the addict or enemy realizes the game is fundamentally changed. But other times action is absolutely needed. Demonstrating that we are not afraid to treat the enemy as it treats us carries great meaning. Imagine (international law aside) if Israel announced that from now on it will mirror Hamas such that if civilian populations are targeted by bombs from Gaza, Israel will do the same (it is accused of such anyway). The population might finally rethink and take responsibility for its privilege of voting its leaders. As stated earlier, all behavior is instructive and when we mirror we teach the other the effects of his behavior.

Conversely, some situations demand that we assert asymmetry; those cases where it is necessary to highlight our differences with the enemy. Just this week, an disingenuous report was issued by an NGO drawing an equivalence between Palestinian and Israe li schoolbooks claiming that both sides have their relativistic " narratives." Yet, as the Palestinian Media Watch's website has demonstrated for years, there is nothing in the West anywhere comparable to the hatred spewed daily by the Palestinian Authority, including through its education system. It is interesting to note that while the US State Department initially funded the "study,"- in what appears to be an attempt to sanitize the PA's record so that the US can continue to fund the PA against the spirit of US law- Hillary Clinton has a difficult time escaping her conclusion as Senator in 2007 that these schoolbooks along with other media "profoundly poison(s) the minds of these children." It is most important that we do not succumb to this type of use of symmetry that distorts the profound differences between us and the enemy.

Essentially, we are not clear as a nation, participating in a world with international rules, how to bes t fight this enemy. The first act of any rehab is to acknowledge that we do not know how nor are we yet competent to stop our addictions. This is not a book about policy. In fact, the "right" policies are unlikely to emerge until a critical mass has meaningfully dealt with their Control Factors and share a common perspective. We like to look at our history and assume a single perspective throughout but the truth is that we had to learn how to respond to Pearl Harbor, the Nazis, the Cold War etc. The same applies here. Our press promotes "elites" who are tasked with acting as if they possess the "true wisdom" to deal with our threats but the truth is we do not know nor are we equipped to marshal enough of our population to agree just yet. The sooner we learn, however, the less we will suffer. Mirroring has always been a key component of those lessons.

I have been encouraged by some recent acts that have begu n to nip at the asymmetry. For years, the language of "feeling s" had been reserved for our enemy while we were limited to that of "action;" we would do terrible acts that would cause bad feelings in the enemy which would then serve to justify whatever response it made. It had always been a question of the harsh insensitive acts Westerners do against Muslims and the resulting hurt, loss, shame etc. that Muslims experience. The Ground Zero Mosque incident, however, broke new ground because all of a sudden non-Muslims' feelings became the focus and were cast as resulting from Muslim acts. Another example was seen in how quickly the attempt to blame the Benghazi murders on the video about Mohammad fell apart. Just as large corporations eventually learned to turn away from shakedown attempts from race baiters, we are beginning to learn to demand symmetry through mirroring. A word of caution: When enablers change their behavior and demand symmetrical rules f or the addict, the latter typically initially erupts with great resistance. This is a stage we must be prepared to

tolerate and fully withstand as it creates the only real chance for the addict to finally change. It is critical, therefore, that when we finally engage in mirroring that we be prepared to see it through completion.

**FP:** What if we fail to engage in our own Inner Jihad and the Control Factor stays firmly in place?

**Siegel:** Critical to the Inner Jihad is the realization that our civilization is fragile; not to be taken for granted. Our demands for multi-culturalism and diversity have bumped heads with the simple paradox that tolerating the intolerant leads to extinction. Tolerating the intolerant is perhaps the most crystalline version of asymmetry we have accepted. Seriously engaged Muslims MUST place the Koran above all law while in America, the Constitution ranks supreme. As Omar Ahmad , founder of CAIR, reputedly said, "Islam isn't in Amer ica to be equal to any other faith, but to become dominant. The Koran is the highest authority in America and Islam is the only accepted religion on Earth." Who makes law- the people or Allah? While the Control Factor constantly seeks for some accommodation between the two, this conflict CAN NOT be negotiated. Only one can survive not because we have declared "war" but because our Islamic Enemy has. That is, perhaps, the lesson we will most need to fully learn, one way or another. We will eventually hit a Turnaround Moment as a nation and if enough of us are not truly prepared to fight and continue to be controlled by our delusions, we will lose. If we truly seek to win, it is better to get there sooner while we have advantages than later.

**FP:** Bill Siegel, thank you for joining FrontPage Interview.

And thank you for writing this superb and most important book.

We encourage all o f our readers to get their hands on The Control Factor: Our Struggle to See the True Threat and to read it!

**Editor's note: To watch *The Glazov Gang*'s recent discussion about the Muslim Brotherhood's infiltration of the United States and the Obama administration, see this week's episode below:**

**Freedom Center pamphlets now available on Kindle: Click here.**

Filed Under: Daily Mailer, FrontPage Tagged With: Denial, Islam, muslim brotherhood, Obama, Siegel, The Control Factor

22

Print This Post

**About Jamie Glazov**

Jamie Glazov is Frontpage Magazine's editor. He holds a Ph.D. in History with a specialty in Russian, U.S. and Canadian foreign policy. He is the author of the critically acclaimed and best-selling, ***United in Hate: The Left's Romance with Tyranny and Terror.*** His new book is ***High No on For America.*** He is the host of Frontpage's television show, ***The Glazov Gang,*** and he can be reached at jamieglazov11@gmail.com. Visit his sit at ***JamieGlazov.com***.

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## Comments (6)

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AdinaK 86p · *11 hours ago*

The war being waged has two components - mental and physical. The mental side is a minefield of constructs, deeply implanted within generations of Americans, and its PC chickens are coming home to roost. So much so, millions of Americans (westerners) cannot break free of its shackles. But it is not as if these mental chains magically appe ared. Far from it - http://adinakutnicki.com/2012/11/26/the-death-of-...

In addition, the fault-lines of democracy allowed for the most retrograde forces, on this planet, to infiltrate and penetrate the body politic- http://adinakutnicki.com/2012/09/02/the-subversio...

IF the mental and physical constraints are not immediately removed, it is a given that western civilization will fall. Cause and effect.
Adina Kutnicki, Israel - http://adinakutnicki.com/about/

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1 reply · *active 30 minutes ago*

0

dmw · *30 minutes ago*

And I would think one "phy sical constraint" is to not let them in in the first place. By & quot;them" I mean those who have allegiance to a socio-political system disguised as a religion that seeks world dominance by man imposed methodology/effort -- unlike Judaism and Christianity properly understood. If we are to "believe", the world already has a King and does not need a Caliph.

Report

Reply

0

MikeWood · *6 hours ago*

Ground-breaking, brilliant. There are absolutely essentially lessons to be learned from this. Buy this book, read it, study it, and lend it to your friends and colleagues. Do it.

Report

Reply

0

lambsev77 54p · *4 hours ago*

The fall of Rome... The fall of the 3rd Reich... The fall of Western Civilization...

oooooh... Scary!

How about the fall of humankind recorded in Genesis Chapter 3 and following?

We're ALL GONNA DIE! But will you rise with Christ?

Report

Reply

+1

@WolfyJam · *2 hours ago*

Notice how celebrities basking in their narcissism think they can dictate culture to us while they live their lives in the comfort of their ivory castles. Mia farrow has no clue what the right to bear arms means and because of that she needs to shut the hell up. _As far as blacks go-- I grew up in the 70's coming home from Hallahan H.S. in Philadel phia, me and my small group of girls were swarmed by a mob of black girls who would kick and slap and pull hair without provocation. of course we would fight back but then that was back in the day when whites weren't sissies. Still I made excuses for them. Black men would get in my face for no other reason than to intimidate me. rocks were thrown a my car for no reason. So, in short, based on my experiences Blacks are the cause of racism and if they hate whites so much then they should stay away completely and totally. _

Report

Reply

+1

@WolfyJam · *2 hours ago*

I read the Control factor and it was excellent. I wish more people would realize that our country is at its most vulnerable than ever in its history. the jihadis have basically taken over the inner cities. Islam's love for violence coupled with ignorance and narcissim are a recipe for disaster. I hope Americans wake up in time to save their future. I'm not optimistic though. I think its over but still I fight on.

Report

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**Private Placement Memorandum**
**Dated September 27, 2006**

**CONFIDENTIAL** **$1,000,000,000**

# KNOWLEDGE UNIVERSE EDUCATION L.P.

# KUE Management Inc.

## Investment Units consisting of Common Limited Partner Units of Knowledge Universe Education LP and Class A Ordinary Shares of KUE Management Inc.

Knowledge Universe Education L.P. ("KUE," and, together with its subsidiaries, the "Company") is a Cayman Islands exempted limited partnership. KUE Management Inc. is a Cayman Islands exempted company and the sole general partner of KUE (the "General Partner"). KUE is the indirect controlling stockholder of Knowledge Learning Corporation ("KLC"), the largest for-profit early childhood care and education company in the U.S., which operates approximately 2,500 locations in 39 states.

We are offering investment units (the "Units"), each comprised of one Common limited partner unit ("Common LP Unit") in KUE and one Class A ordinary share of the General Partner ("Class A Share"), for $1,000 per Unit. We are offering the Units on a strictly confidential basis pursuant to a private placement with Goldman, Sachs & Co. and Credit Suisse acting as placement agents (the "Agents"), subject to various conditions, exclusively to accredited investors. We intend to use the net proceeds from the sale of the Units to expand operations, including through strategic acquisitions in the U.S. and internationally, to develop new products and services, to repay certain existing indebtedness and for other corporate purposes. We reserve the right to withdraw, cancel or modify the offer and to reject orders in whole or in part. The offering is expected to be completed in one or more closings on or prior to March 31, 2007.

**The Units and the underlying Common LP Units and Class A Shares have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or qualified under any applicable U.S. state statutes or laws of any non-U.S. jurisdiction. The Units will be offered and sold under the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D and Regulation S promulgated under the Securities Act, and other similar exemptions available pursuant to the laws of the states and other jurisdictions where the offering will be made.**

There is no public market for the Units and no such market is expected to develop in the future. There is no obligation on the part of any person to register the Units or the underlying Common LP Units or Class A Shares under the Securities Act or any state or non-U.S. securities laws other than in the limited circumstances described in this Private Placement Memorandum.

**Investing in the Units involves risks. You should read the section entitled "Risk Factors" beginning on page 44 for a discussion of certain risk factors that you should consider before investing in the Units.**

*Placement Agents*

**Goldman, Sachs & Co.** **Credit Suisse**

Private Placement Memorandum dated September 27, 2006.

# Table of Contents


| | | |
|---|---|---|
| 1. | EXECUTIVE SUMMARY | 19 |
| 2. | SUMMARY TERMS OF THE TRANSACTION | 27 |
| 3. | USE OF PROCEEDS | 39 |
| 4. | CAPITALIZATION | 40 |
| 5. | SUMMARY FINANCIAL DATA | 42 |
| 6. | RISK FACTORS | 44 |
| 7. | DISTRIBUTION POLICY | 60 |
| 8. | INDUSTRY OVERVIEW | 61 |
| 9. | KNOWLEDGE UNIVERSE EDUCATION ("KUE") | 73 |
| 10. | MANAGEMENT'S DISCUSSION AND ANALYSIS OF KLC's PRO FORMA RESULTS OF OPERATIONS | 75 |
| 11. | THE OPERATING COMPANY ("KLC OPCO") | 82 |
| 12. | THE REAL ESTATE COMPANY ("KLC PROPCO") | 100 |
| 13. | *k*12 INC. ("*k*12") | 106 |
| 14. | THE STRUCTURE OF KUE AND THE GENERAL PARTNER | 115 |
| 15. | MANAGEMENT INCENTIVE PLANS AND EMPLOYMENT AGREEMENTS | 131 |
| 16. | RELATED PARTY TRANSACTIONS | 133 |
| 17. | ELIGIBLE INVESTORS | 136 |
| 18. | CERTAIN INCOME TAX CONSEQUENCES | 140 |
| 19. | APPENDICES | 146 |

**You should rely only on the information contained in this Private Placement Memorandum (this "Memorandum") or to which we have referred you. We have not authorized anyone to provide you with information that is different. This Memorandum may only be used where it is legal to sell the Units. The information in this Memorandum may only be accurate on the date of this Memorandum. No person has any obligation to update the statements and information contained in this Memorandum.**

## NOTICE TO INVESTORS

THIS CONFIDENTIAL MEMORANDUM IS BEING FURNISHED ON A STRICTLY CONFIDENTIAL BASIS SOLELY TO A LIMITED NUMBER OF SOPHISTICATED PROSPECTIVE INVESTORS FOR THE PURPOSE OF PROVIDING CERTAIN INFORMATION REGARDING THE OFFERING OF THE UNITS. A PROSPECTIVE INVESTOR MAY NOT DISTRIBUTE OR REPRODUCE THIS MEMORANDUM, OR DISCLOSE ITS CONTENTS, TO ANY PERSON OTHER THAN PROFESSIONAL REPRESENTATIVES OF THE INVESTOR IN CONNECTION WITH ITS CONSIDERATION OF THIS INVESTMENT. AS CONTEMPLATED BY THE CONFIDENTIALITY AGREEMENTS BETWEEN THE INVESTORS AND KUE, THIS MEMORANDUM AND ANY INFORMATION FURNISHED IN CONNECTION HEREWITH (COLLECTIVELY, THE "COMPANY INFORMATION"), YOU ACKNOWLEDGE AND AGREE THAT (I) ALL COMPANY INFORMATION IS CONFIDENTIAL; (II) YOU WILL NOT DISTRIBUTE OR REPRODUCE THE COMPANY INFORMATION IN WHOLE OR IN PART AND WILL USE THE COMPANY INFORMATION SOLELY TO EVALUATE AN INVESTMENT IN THE UNITS AND NOT FOR ANY OTHER PURPOSE; (III) IN THE EVENT THAT YOU HAVE NO FURTHER INTEREST IN PARTICIPATING IN THIS OFFERING, OR IF AT ANY TIME THE COMPANY SO REQUESTS (AT ITS DISCRETION), YOU WILL PROMPTLY RETURN, DESTROY OR DELETE ALL COMPANY INFORMATION THAT YOU HAVE RECEIVED AT THE EARLIEST OPPORTUNITY AS REQUESTED BY THE COMPANY; AND (IV) YOU WILL NOT DISCLOSE TO ANY THIRD PARTY THE COMPANY INFORMATION THAT HAS BEEN PROVIDED TO YOU. EACH PROSPECTIVE INVESTOR IS RESPONSIBLE FOR THE FEES OF ITS OWN COUNSEL, ACCOUNTANTS AND OTHER ADVISORS.

THE UNITS OFFERED HEREBY AND THE COMMON LP UNITS AND CLASS A SHARES REPRESENTED THEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE AND NON-U.S. SECURITIES LAWS PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM, AND THEN ONLY TO THE EXTENT PERMITTED BY THE LIMITED PARTNERSHIP AGREEMENT OF KUE AND THE GOVERNING DOCUMENTS AND AGREEMENT AMONG MEMBERS OF THE GENERAL PARTNER. ACCORDINGLY, INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE UNITS OFFERED HEREBY FOR AN INDEFINITE PERIOD OF TIME.

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NEITHER THE GENERAL PARTNER NOR THE COMPANY IS REQUIRED TO REGISTER OR BE REGULATED AS A MUTUAL FUND UNDER THE MUTUAL FUNDS LAW (2003 REVISION) OF THE CAYMAN ISLANDS. NEITHER THE CAYMAN ISLANDS MONETARY AUTHORITY NOR ANY OTHER GOVERNMENTAL AUTHORITY IN THE CAYMAN ISLANDS HAS PASSED JUDGMENT UPON OR APPROVED THE TERMS OR MERITS OF THIS DOCUMENT. THERE IS NO INVESTMENT COMPENSATION SCHEME AVAILABLE TO INVESTORS IN THE CAYMAN ISLANDS.

PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM CAREFULLY BEFORE DECIDING WHETHER TO PURCHASE THE UNITS, AND PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INVESTIGATION OF THE INVESTMENT DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED AND THE LEGALITY AND TAX CONSEQUENCES OF SUCH AN INVESTMENT. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM OR ITS CONTENTS AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. PROSPECTIVE INVESTORS WILL HAVE THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS AND ADDITIONAL INFORMATION ABOUT THE COMPANY, THE GENERAL PARTNER AND THE UNITS TO VERIFY THE INFORMATION CONTAINED HEREIN TO THE EXTENT REPRESENTATIVES OF THE COMPANY POSSESS SUCH INFORMATION. EACH INVESTOR SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS OWN ADVISORS CONCERNING THE VARIOUS LEGAL, TAX AND ECONOMIC CONSIDERATIONS RELATING TO ITS INVESTMENT.

THIS MEMORANDUM DOES NOT CONTAIN THE INFORMATION, INCLUDING FINANCIAL STATEMENTS, THAT WOULD BE INCLUDED IN A REGISTRATION STATEMENT FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

THIS MEMORANDUM CONTAINS PROJECTIONS FOR KLC AND *K12* INC. THAT ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES THAT, WHILE PRESENTED WITH NUMERICAL SPECIFICITY AND CONSIDERED REASONABLE BY MANAGEMENT WHEN TAKEN AS A WHOLE, INHERENTLY ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE AND OTHER RISKS, UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY, AND ARE BASED UPON SPECIFIC ASSUMPTIONS WITH RESPECT TO FUTURE BUSINESS DECISIONS, SOME OR ALL OF WHICH WILL CHANGE. PROJECTIONS ARE NECESSARILY SPECULATIVE IN NATURE AND IT CAN BE EXPECTED THAT ASSUMPTIONS UNDERLYING THE PROJECTIONS WILL NOT PROVE TO BE VALID OR WILL VARY FROM ACTUAL RESULTS. ACCORDINGLY, THE PROJECTIONS ARE ONLY AN ESTIMATE. ACTUAL RESULTS WILL VARY FROM THE PROJECTIONS AND THE VARIATIONS MAY BE MATERIAL. CONSEQUENTLY, YOUR RECEIPT OF THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION BY



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## NOTICE TO NON-U.S. INVESTORS

### NOTICE TO RESIDENTS OF ARGENTINA

THIS MEMORANDUM HAS NOT BEEN APPROVED BY ANY SECURITIES REGULATOR IN ARGENTINA AND DOES NOT ENABLE KUE, THE GENERAL PARTNER, OR ANY OTHER PARTY TO MAKE A PUBLIC OFFERING OF THE UNITS. THIS MEMORANDUM HAS ONLY BEEN ADDRESSED DIRECTLY TO THE PROSPECTIVE INVESTORS DESIGNATED AND IS INTENDED TO PROVIDE INFORMATION AT THEIR REQUEST. THIS MEMORANDUM SHOULD NOT BE CIRCULATED OR MADE PUBLIC IN ANY WAY. INVESTORS PARTICIPATING IN THIS ISSUANCE FULLY ACKNOWLEDGE THAT THEY HAVE BEEN INVITED PERSONALLY AND IN CONSIDERATION OF THEIR SPECIAL POSITION AS SOPHISTICATED INVESTORS AND THAT THEY HAVE HAD ALL PROPER AND DUE PERSONAL COUNSELING TO ADOPT ANY DECISION RELATED TO THIS ISSUANCE. THE UNITS ARE NOT AUTHORIZED TO BE OFFERED PUBLICLY IN THE ARGENTINEAN MARKET OR TO BE SOLD TO ANY INVESTOR IN ARGENTINA.

### NOTICE TO RESIDENTS OF AUSTRALIA

THIS MEMORANDUM HAS NOT BEEN AND WILL NOT BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION. THE OFFER IS ONLY MADE TO THOSE PERSONS TO WHOM DISCLOSURE IS NOT REQUIRED UNDER DIVISION 2 OF PART 6D.2 OR PART 7.9 OF THE CORPORATIONS ACT 2001 AND DOES NOT PURPORT TO BE AN OFFER OF INTERESTS FOR WHICH DISCLOSURE IS REQUIRED. IN ADDITION, KUE IS NOT A REGISTERED SCHEME AS DEFINED IN THE CORPORATIONS ACT 2001. RESALE OF THE UNITS IN AUSTRALIA WITHIN 12 MONTHS OF THE DATE OF ISSUE MAY REQUIRE THE SELLER TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF DIVISION 2 OF PART 6D.2 OR PART 7.9 OF THE CORPORATIONS ACT 2001.

### NOTICE TO RESIDENTS OF BRAZIL

KUE IS NOT A PUBLICLY-HELD CORPORATION AND IS NOT LISTED WITH ANY STOCK EXCHANGE, ORGANIZED OVER THE COUNTER MARKET OR ELECTRONIC SYSTEM OF SECURITIES TRADING. LIKEWISE, THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH ANY SECURITIES EXCHANGE COMMISSION OR OTHER SIMILAR AUTHORITY, INCLUDING THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (COMISSÃO DE VALORES MOBILÁRIOS-"CVM"). ANY PUBLIC OFFERING, AS DEFINED UNDER BRAZILIAN LAWS AND REGULATIONS, OF THE UNITS IN BRAZIL IS NOT LEGAL WITHOUT SUCH PRIOR REGISTRATION UNDER LAW NR. 6.385/76. SUBSEQUENT TRADING OF THE UNITS IN BRAZIL IS ALLOWED ONLY BY MEANS OF PRIVATE TRANSACTIONS AND IS NOT SUBJECT TO REGISTRATION WITH THE CVM TO THE EXTENT THAT SUCH TRADING DOES NOT QUALIFY AS A PUBLIC OFFERING. IT SHOULD BE NOTED THAT A SELLER OF THE UNITS, HOWEVER, MAY BE ASKED BY THE PURCHASER TO COMPLY WITH PROCEDURAL REQUIREMENTS TO EVIDENCE PREVIOUS TITLE TO THE UNITS, AND MAY BE SUBJECT TO BRAZILIAN TAX ON CAPITAL GAINS WHICH MAY BE WITHHELD FROM THE SALE PRICE. PERSONS WISHING TO OFFER OR ACQUIRE THE UNITS



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WITHIN BRAZIL SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE APPLICABILITY OF THESE REGISTRATION REQUIREMENTS OR ANY EXEMPTION THEREFROM.

THIS MEMORANDUM IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE ADDRESSEE AND CANNOT BE DELIVERED OR DISCLOSED IN ANY MANNER WHATSOEVER TO ANY PERSON OR ENTITY OTHER THAN THE ADDRESSEE.

**NOTICE TO RESIDENTS OF CANADA**

THIS MEMORANDUM CONSTITUTES AN OFFERING OF THE UNITS DESCRIBED HEREIN ONLY IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE UNITS IN CANADA. NO SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS MEMORANDUM OR THE MERIT OF THE UNITS AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE UNDER APPLICABLE SECURITIES LAWS.

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*Resale Restrictions in Canada*. THE DISTRIBUTION OF THE UNITS IN CANADA IS BEING MADE ON A PRIVATE PLACEMENT BASIS. ACCORDINGLY, ANY RESALE OF THE UNITS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS. NEITHER KUE NOR THE GENERAL PARTNER IS A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA. PURCHASERS OF THE UNITS ARE ADVISED TO SEEK LEGAL ADVICE PRIOR TO ANY RESALE OF THE UNITS.

*Enforcement of Legal Rights*. THE GENERAL PARTNER IS A CAYMAN ISLANDS EXEMPTED COMPANY AND KUE IS A CAYMAN ISLANDS EXEMPTED LIMITED PARTNERSHIP. THE DIRECTORS, OFFICERS AND REPRESENTATIVES OF THE GENERAL PARTNER AND KUE MAY BE LOCATED OUTSIDE CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE FOR CANADIAN PURCHASERS TO EFFECT SERVICE OF PROCESS WITHIN CANADA UPON THE GENERAL PARTNER, KUE, OR THEIR DIRECTORS, OFFICERS OR REPRESENTATIVES. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF KUE, THE GENERAL PARTNER AND THEIR DIRECTORS, OFFICERS OR REPRESENTATIVES MAY BE LOCATED OUTSIDE OF CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE TO SATISFY A JUDGMENT AGAINST SUCH PERSONS IN CANADA OR TO ENFORCE A JUDGMENT OBTAINED IN CANADIAN COURTS AGAINST SUCH PERSONS OUTSIDE OF CANADA.

*Right of Action for Damages or Rescission*. THE FOLLOWING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF THE SECURITIES ACT (ONTARIO), THE SECURITIES ACT (NEW BRUNSWICK) AND THE SECURITIES ACT (NOVA SCOTIA) AND THE RULES AND REGULATIONS THEREUNDER AND REFERENCE IS MADE THERETO FOR THE COMPLETE TEXT OF SUCH PROVISIONS. THE SECURITIES ACT (ONTARIO) AND THE SECURITIES ACT (NEW BRUNSWICK) PROVIDE CERTAIN PURCHASERS IN ONTARIO AND NEW BRUNSWICK, RESPECTIVELY, WITH A STATUTORY RIGHT OF ACTION FOR DAMAGES OR RESCISSION AGAINST THE ISSUER WHERE AN OFFERING MEMORANDUM CONTAINS A MISREPRESENTATION. THE SECURITIES ACT (NOVA SCOTIA) PROVIDES PURCHASERS IN NOVA SCOTIA WITH A STATUTORY RIGHT OF ACTION FOR DAMAGES AGAINST EVERY SELLER, EVERY DIRECTOR OF THE SELLER AT THE DATE OF THIS



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MEMORANDUM AND EVERY PERSON WHO SIGNED THE OFFERING MEMORANDUM OR A RIGHT OF RESCISSION AGAINST EVERY SELLER WHERE AN OFFERING MEMORANDUM CONTAINS A MISREPRESENTATION. SUCH PURCHASERS WHO PURCHASE A SECURITY OFFERED BY THE OFFERING MEMORANDUM DURING THE PERIOD OF DISTRIBUTION ARE DEEMED TO HAVE RELIED ON SUCH MISREPRESENTATION IF IT WAS A MISREPRESENTATION AT THE TIME OF PURCHASE.

FOR PURCHASERS IN ONTARIO AND NOVA SCOTIA, THESE STATUTORY RIGHTS ARE EXERCISABLE, IN THE CASE OF AN ACTION FOR RESCISSION, 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION OR, IN THE CASE OF ANY ACTION, OTHER THAN AN ACTION FOR RESCISSION, THE EARLIER OF (I) 180 DAYS AFTER THE PLAINTIFF FIRST HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION AND (II) THREE YEARS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION. NOTWITHSTANDING THE FOREGOING, IN NOVA SCOTIA, NO ACTION MAY BE COMMENCED MORE THAN 120 DAYS AFTER THE DATE ON WHICH PAYMENT WAS MADE FOR THE SECURITIES OR AFTER THE DATE ON WHICH THE INITIAL PAYMENT FOR THE SECURITIES WAS MADE WHERE PAYMENTS SUBSEQUENT TO THE INITIAL PAYMENT ARE MADE PURSUANT TO A CONTRACTUAL COMMITMENT ASSUMED PRIOR TO, OR CONCURRENTLY WITH, THE INITIAL PAYMENT.

FOR PURCHASERS IN NEW BRUNSWICK, THESE STATUTORY RIGHTS ARE EXERCISABLE, IN THE CASE OF AN ACTION FOR RESCISSION, 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION OR, IN THE CASE OF ANY ACTION, OTHER THAN AN ACTION FOR RESCISSION, THE EARLIER OF (I) ONE YEAR AFTER THE PLAINTIFF FIRST HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION AND (II) 6 YEARS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF THE ACTION.

**THE RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY OTHER RIGHT OR REMEDY WHICH PURCHASERS MAY HAVE AT LAW AND ARE INTENDED TO CORRESPOND TO THE PROVISIONS OF THE RELEVANT SECURITIES LEGISLATION AND ARE SUBJECT TO THE DEFENCES CONTAINED THEREIN.**

*Canadian Federal Income Tax Considerations*. THIS MEMORANDUM DOES NOT DISCUSS THE CANADIAN FEDERAL INCOME TAX CONSIDERATIONS RELEVANT TO A HOLDER OF THE UNITS RESIDENT IN CANADA FOR PURPOSES OF THE *INCOME TAX ACT* (CANADA) (THE "ITA"). THE RULES FOR THE TAXATION OF PARTNERS AND PARTNERSHIPS UNDER THE ITA ARE EXTREMELY COMPLEX AND, ACCORDINGLY, PROSPECTIVE PURCHASERS OF THE UNITS WHO ARE RESIDENT IN CANADA ARE STRONGLY ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO PURCHASING ANY UNITS.

*Forward Looking Statements*. CERTAIN STATEMENTS IN THIS MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS." FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING THE PLANS, OBJECTIVES, GOALS, STRATEGIES AND FUTURE OPERATIONS AND PERFORMANCE OF KUE AND THE GENERAL PARTNER AND THE ASSUMPTIONS UNDERLYING THESE FORWARD-LOOKING STATEMENTS. KUE AND THE GENERAL PARTNER USE THE WORDS "ANTICIPATES," "ESTIMATES," EXPECTS," "BELIEVES," "INTENDS," "PLANS," "MAY," "WILL," "SHOULD," AND ANY SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH KUE AND THE GENERAL PARTNER WILL OPERATE IN THE FUTURE. AS A RESULT OF THESE RISK, UNCERTAINTIES AND



HOUSE_OVERSIGHT_024438

ASSUMPTIONS, A PROSPECTIVE INVESTOR SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS. SEE "RISK FACTORS" IN THIS MEMORANDUM.

THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS MEMORANDUM. NEITHER KUE NOR THE GENERAL PARTNER IS OBLIGED, AND DOES NOT INTEND, TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO KUE, THE GENERAL PARTNER, OR PERSONS ACTING ON THEIR BEHALF, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED THROUGHOUT THIS MEMORANDUM.

*Financial information*. FINANCIAL INFORMATION CONTAINED IN THIS MEMORANDUM HAVE NOT BEEN PREPARED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRACTICES, AND MAY DIFFER IN CERTAIN RESPECTS FROM THOSE ACCOUNTING PRINCIPLES USED IN OTHER JURISDICTIONS, INCLUDING CANADA. PROSPECTIVE PURCHASERS SHOULD CONDUCT THEIR OWN INVESTIGATION AND ANALYSIS OF THE BUSINESS, DATA AND TRANSACTION DESCRIBED HEREIN AND CONSULT THEIR OWN FINANCIAL ADVISORS. SEE "NON-GAAP FINANCIAL MEASURES" BELOW IN THIS MEMORANDUM.

*Representations of Canadian Purchasers*. EACH PURCHASER OF THE UNITS RESIDENT IN A CANADIAN JURISDICTION WILL BE DEEMED TO HAVE REPRESENTED TO KUE AND THE GENERAL PARTNER AND THE AGENTS WHO SELLS THE UNITS TO SUCH PURCHASER THAT: (A) THE OFFER AND SALE OF THE UNITS WAS MADE EXCLUSIVELY THROUGH THIS MEMORANDUM AND WAS NOT MADE THROUGH AN ADVERTISEMENT OF THE UNITS IN ANY PRINTED MEDIA OF GENERAL AND REGULAR PAID CIRCULATION, RADIO, TELEVISION OR TELECOMMUNICATIONS, INCLUDING ELECTRONIC DISPLAY, OR ANY OTHER FORM OF ADVERTISING IN CANADA; (B) SUCH PURCHASER HAS REVIEWED AND ACKNOWLEDGES THE TERMS REFERRED TO ABOVE UNDER "RESALE RESTRICTIONS IN CANADA"; (C) WHERE REQUIRED BY LAW, SUCH PURCHASER IS PURCHASING AS PRINCIPAL FOR ITS OWN ACCOUNT AND NOT AS AGENT; AND (D) SUCH PURCHASER OR ANY ULTIMATE PURCHASER FOR WHICH SUCH PURCHASER IS ACTING AS AGENT IS ENTITLED UNDER APPLICABLE CANADIAN SECURITIES LAWS TO PURCHASE SUCH UNITS WITHOUT THE BENEFIT OF A PROSPECTUS QUALIFIED UNDER SUCH SECURITIES LAWS, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING: (I) SUCH PURCHASER IS AN "ACCREDITED INVESTOR" AS DEFINED IN SECTION 1.1 OF NATIONAL INSTRUMENT 45-106 ("NI 45-106"), OR FULFILLS THE REQUIREMENTS OF SECTION 2.10 OF NI 45-106 (A "$150K PURCHASER") AND (II) IN THE CASE OF A PURCHASER RESIDENT IN ONTARIO, SUCH PURCHASER, OR ANY ULTIMATE PURCHASER FOR WHICH SUCH PURCHASER IS ACTING AS AGENT, IS AN "ACCREDITED INVESTOR" AS DEFINED IN NI 45-106, OR A $150K PURCHASER WHO IS PURCHASING THE UNITS FROM A REGISTERED INVESTMENT DEALER WITHIN THE MEANING OF SECTION 98 OF THE REGULATION TO THE SECURITIES ACT (ONTARIO).

IN ADDITION, EACH PURCHASER OF THE UNITS RESIDENT IN CANADA WILL BE DEEMED TO HAVE REPRESENTED TO KUE, THE GENERAL PARTNER AND THE AGENTS FROM WHOM A PURCHASE CONFIRMATION WAS RECEIVED, THAT SUCH PURCHASER: (A) HAS BEEN NOTIFIED BY KUE AND THE GENERAL PARTNER (I) THAT KUE AND THE GENERAL PARTNER ARE REQUIRED TO PROVIDE INFORMATION ("PERSONAL INFORMATION") PERTAINING TO THE PURCHASER AS REQUIRED TO BE DISCLOSED IN SCHEDULE I OF FORM 45-106F1 UNDER NI 45-106 (INCLUDING ITS NAME, ADDRESS, TELEPHONE NUMBER AND THE NUMBER AND VALUE OF ANY UNITS PURCHASED), WHICH FORM 45-106F1 IS REQUIRED TO BE FILED BY KUE AND THE GENERAL PARTNER UNDER NI 45-106; (II) THAT SUCH PERSONAL INFORMATION WILL BE DELIVERED TO THE ONTARIO SECURITIES COMMISSION (THE "OSC") IN ACCORDANCE WITH NI 45-106; (III) THAT SUCH PERSONAL INFORMATION IS BEING COLLECTED INDIRECTLY BY THE OSC UNDER THE AUTHORITY GRANTED TO IT UNDER THE SECURITIES LEGISLATION OF ONTARIO; (IV) THAT SUCH PERSONAL INFORMATION IS BEING COLLECTED FOR THE PURPOSES OF THE ADMINISTRATION AND ENFORCEMENT OF THE SECURITIES LEGISLATION OF ONTARIO; AND (V) THAT THE PUBLIC OFFICIAL IN ONTARIO WHO CAN ANSWER QUESTIONS



HOUSE_OVERSIGHT_024439

ABOUT THE OSC'S INDIRECT COLLECTION OF SUCH PERSONAL INFORMATION IS THE ADMINISTRATIVE ASSISTANT TO THE DIRECTOR OF CORPORATE FINANCE AT THE OSC, SUITE 1903, BOX 5520 QUEEN STREET WEST, TORONTO, ONTARIO M5H 3S8, TELEPHONE: (416) 593-8086; AND (B) HAS AUTHORIZED THE INDIRECT COLLECTION OF THE PERSONAL INFORMATION BY THE OSC. FURTHER, THE PURCHASER ACKNOWLEDGES THAT ITS NAME, ADDRESS, TELEPHONE NUMBER AND OTHER SPECIFIED INFORMATION, INCLUDING THE NUMBER OF UNITS IT HAS PURCHASED AND THE AGGREGATE PURCHASE PRICE PAID BY PURCHASER, MAY BE DISCLOSED TO OTHER CANADIAN SECURITIES REGULATORY AUTHORITIES AND MAY BECOME AVAILABLE TO THE PUBLIC IN ACCORDANCE WITH THE REQUIREMENTS OF APPLICABLE LAWS. BY PURCHASING UNITS, THE PURCHASER CONSENTS TO THE DISCLOSURE OF SUCH INFORMATION.

*Language of documents in Canada*. UPON RECEIPT OF THIS MEMORANDUM, EACH INVESTOR IN CANADA HEREBY CONFIRMS THAT IT HAS EXPRESSLY REQUESTED THAT ALL DOCUMENTS EVIDENCING OR RELATING IN ANY WAY TO THE SALE OF THE UNITS (INCLUDING FOR GREATER CERTAINTY ANY PURCHASE CONFIRMATION OR ANY NOTICE) BE DRAWN UP IN THE ENGLISH LANGUAGE ONLY. *PAR LA RÉCEPTION DE CE DOCUMENT, CHAQUE INVESTISSEUR CANADIEN CONFIRME PAR LES PRÉSENTES QU'IL A EXPRESSÉMENT EXIGÉ QUE TOUS LES DOCUMENTS FAISANT FOI OU SE RAPPORTANT DE QUELQUE MANIÈRE QUE CE SOIT À LA VENTE DES VALEURS MOBILIÈRES DÉCRITES AUX PRÉSENTES (INCLUANT, POUR PLUS DE CERTITUDE, TOUTE CONFIRMATION D'ACHAT OU TOUT AVIS) SOIENT RÉDIGÉS EN ANGLAIS SEULEMENT.*

**NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS**

CLASS A SHARES IN THE GENERAL PARTNER AND COMMON LP UNITS IN KUE MAY BE BENEFICIALLY OWNED BY PERSONS RESIDENT, DOMICILED, ESTABLISHED, INCORPORATED OR REGISTERED IN THE CAYMAN ISLANDS PURSUANT TO THE LAWS OF THE CAYMAN ISLANDS. THE GENERAL PARTNER AND KUE, HOWEVER, WILL NOT UNDERTAKE BUSINESS WITH THE PUBLIC IN THE CAYMAN ISLANDS OTHER THAN SO FAR AS MAY BE NECESSARY FOR THE CARRYING ON OF THE BUSINESS OF, AS APPLICABLE, THE GENERAL PARTNER OR KUE EXTERIOR TO THE ISLANDS. "PUBLIC" FOR THESE PURPOSES DOES NOT INCLUDE ANY EXEMPTED OR ORDINARY NON-RESIDENT COMPANY REGISTERED UNDER THE COMPANIES LAW OR A FOREIGN COMPANY REGISTERED PURSUANT TO PART IX OF THE COMPANIES LAW OR ANY SUCH COMPANY ACTING AS GENERAL PARTNER OF A PARTNERSHIP REGISTERED PURSUANT TO SECTION 9(1) OF THE EXEMPTED LIMITED PARTNERSHIP LAW (2003 REVISION) OR ANY DIRECTOR OR OFFICER OF SUCH PARTNERSHIP ACTING IN SUCH CAPACITY OR THE TRUSTEE OF ANY TRUST REGISTERED OR CAPABLE OF REGISTRATION PURSUANT TO SECTION 74 OF THE TRUSTS LAW (2001 REVISION).

**NOTICE TO RESIDENTS OF CHINA**

THE INFORMATION CONTAINED IN THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL ANY SECURITIES WITHIN THE PEOPLE'S REPUBLIC OF CHINA (WHICH, FOR SUCH PURPOSES, DOES NOT INCLUDE THE HONG KONG OR MACAU SPECIAL ADMINISTRATIVE REGIONS OR TAIWAN) (THE "PRC"). THIS MEMORANDUM AND THE INFORMATION CONTAINED HEREIN HAVE NOT BEEN APPROVED BY ANY RELEVANT GOVERNMENTAL AUTHORITIES IN THE PRC AND THE UNITS MAY NOT BE OFFERED FOR SALE IN THE PRC. PRC INVESTORS ARE RESPONSIBLE FOR OBTAINING ALL RELEVANT GOVERNMENT REGULATORY APPROVALS/LICENSES THEMSELVES, INCLUDING, BUT NOT LIMITED TO, ANY WHICH MAY BE REQUIRED FROM THE STATE ADMINISTRATION OF FOREIGN EXCHANGE, THE CHINA BANKING REGULATORY COMMISSION, AND/OR THE CHINA SECURITIES REGULATORY COMMISSION, AND COMPLYING WITH ALL RELEVANT PRC REGULATIONS, INCLUDING, BUT NOT LIMITED TO, ANY RELEVANT FOREIGN EXCHANGE REGULATIONS AND/OR FOREIGN INVESTMENT REGULATIONS.



HOUSE_OVERSIGHT_024440

**NOTICE TO RESIDENTS OF FRANCE**

THE COMPANY AND THE AGENTS HAVE NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, THE UNITS TO THE PUBLIC IN FRANCE, AND HAVE NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED TO THE PUBLIC IN FRANCE, THIS MEMORANDUM OR ANY OTHER OFFERING MATERIAL RELATING TO THE UNITS. SUCH OFFERS, SALES AND DISTRIBUTIONS HAVE BEEN AND SHALL ONLY BE MADE IN FRANCE TO (I) PROVIDERS OF INVESTMENT SERVICES RELATING TO PORTFOLIO MANAGEMENT FOR THE ACCOUNT OF THIRD PARTIES, AND/OR (II) QUALIFIED INVESTORS (INVESTISSEURS QUALIFIÉS), AND/OR (III) A RESTRICTED GROUP OF INVESTORS (CERCLE RESTREINT D'INVESTISSEURS), ALL AS DEFINED IN, AND IN ACCORDANCE WITH, ARTICLES L.411-1, L.411-2, D.411-1 AND D.411-2 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER.

**NOTICE TO RESIDENTS OF GERMANY**

THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR APPROVED FOR PUBLIC OFFERING UNDER THE SECURITIES LAWS OF GERMANY. THIS MEMORANDUM HAS NOT BEEN AND WILL NOT BE SUBMITTED TO THE FEDERAL FINANCIAL SERVICES SUPERVISORY AUTHORITY (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT) FOR APPROVAL AS A PROSPECTUS AND NO PROSPECTUS HAS BEEN OR WILL BE PUBLISHED IN GERMANY. THEREFORE, THE UNITS MAY BE OFFERED AND SOLD IN THE TERRITORY OF THE FEDERAL REPUBLIC OF GERMANY ONLY IF (I) LESS THAN 20 UNITS ARE OFFERED IN GERMANY, (II) THE PRICE PER OFFERED UNIT IS AT LEAST €200,000 FOR EACH OFFEREE, (III) THE OFFER IS TO A "RESTRICTED CIRCLE OF PERSONS" AS THIS TERM IS INTERPRETED BY THE BAFIN AND THE GERMAN COURTS, OR (IV) THE OFFER IS TO INVESTORS WHO PURCHASE OR SELL SECURITIES OR INVESTMENTS (VERMÖGENSANLAGEN) AS DEFINED IN THE GERMAN SALES PROSPECTUS ACT (VERKAUFSPROSPEKTGESETZ) FOR THEIR OWN ACCOUNT OR THE ACCOUNT OF THIRD PARTIES AS PART OF THEIR PROFESSION OR TRADE. THIS MEMORANDUM AND ANY OTHER DOCUMENT RELATING TO THE UNITS, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN GERMANY OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE UNITS TO THE PUBLIC IN GERMANY. THIS MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE UNITS ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE RECIPIENTS HEREOF.

**NOTICE TO RESIDENTS OF HONG KONG**

**WARNING**

THE CONTENTS OF THIS MEMORANDUM HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS MEMORANDUM, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

**NOTICE TO RESIDENTS OF ICELAND**

THIS MEMORANDUM HAS BEEN ISSUED TO YOU FOR YOUR PERSONAL USE ONLY AND EXCLUSIVELY FOR THE PURPOSES OF THE INVESTMENT SCHEME. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER PERSON IN ICELAND. THE SECURITIES OFFERING DESCRIBED IN THIS MEMORANDUM IS AN UNREGULATED INVESTMENT SCHEME. THE SECURITIES WHICH ARE THE OBJECT OF THIS MEMORANDUM ARE NOT REGISTERED FOR PUBLIC DISTRIBUTION IN ICELAND WITH THE FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO THE ICELANDIC ACT ON SECURITIES TRANSACTIONS NO. 33/2003 OR THE ICELANDIC ACT ON UCITS-FUNDS AND OTHER INVESTMENT FUNDS NO. 30/2003 AND SUPPLEMENTARY REGULATIONS. THE UNITS MAY NOT BE OFFERED OR SOLD BY MEANS OF THIS MEMORANDUM OR ANYWAY LATER RESOLD TO



HOUSE_OVERSIGHT_024441

OTHER THAN ENTITIES OR PERSONS DEFINED AS INSTITUTIONAL INVESTORS IN THE MEANING OF ITEM NO. 7. IN ARTICLE 2 OF THE ICELANDIC ACT ON SECURITIES TRANSACTIONS AND THE REGULATION OF THE TRANSACTIONS OF SECURITIES NO. 233/2003. ANY RESALE OF THE UNITS IN ICELAND WILL NEED TO TAKE PLACE IN ACCORDANCE WITH THE PROVISIONS OF THE ICELANDIC ACT ON SECURITIES TRANSACTIONS No. 33/2003 AS AMENDED AND ANY APPLICABLE LAWS OR REGULATIONS OF ICELAND.

**NOTICE TO RESIDENTS OF INDIA**

THE ISSUANCE OF THE UNITS IS BEING MADE STRICTLY ON A PRIVATE PLACEMENT BASIS. THIS MEMORANDUM IS NOT A PROSPECTUS OR A STATEMENT IN LIEU OF A PROSPECTUS. IT IS NOT, AND SHOULD NOT BE DEEMED TO CONSTITUTE AN OFFER TO THE PUBLIC IN GENERAL.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS BELIEVED BY THE COMPANY TO BE ACCURATE IN ALL MATERIAL RESPECTS AS OF THE DATE HEREOF. THE COMPANY DOES NOT UNDERTAKE TO UPDATE THIS MEMORANDUM TO REFLECT SUBSEQUENT EVENTS. THIS MEMORANDUM HAS BEEN PREPARED TO PROVIDE GENERAL INFORMATION ON THE COMPANY TO POTENTIAL INVESTORS EVALUATING THE PROPOSAL TO SUBSCRIBE FOR THE UNITS COVERED BY THIS MEMORANDUM AND IT DOES NOT PURPORT TO CONTAIN ALL THE INFORMATION THAT ANY SUCH POTENTIAL INVESTOR MAY REQUIRE. POTENTIAL INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE, INVESTIGATION AND ANALYSIS OF THE COMPANY.

PRIOR TO APPLYING FOR THE UNITS, INVESTORS SHOULD VERIFY IF THEY HAVE THE NECESSARY POWER AND COMPETENCE TO APPLY FOR THE UNITS UNDER THEIR CONSTITUTIONAL DOCUMENTS AS WELL AS ALL RELEVANT LAWS AND REGULATIONS IN FORCE IN INDIA. THEY SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS ON THE TAX IMPLICATIONS OF THE ACQUISITION, OWNERSHIP AND SALE OF THE UNITS, AND INCOME ARISING THEREON.

ALTHOUGH THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES THAT ARE RELIABLE TO THE BEST OF THE AGENTS' KNOWLEDGE AND BELIEF, THE AGENTS MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED HEREIN OR OTHERWISE PROVIDED BY THE AGENT. NEITHER THE AGENTS NOR ANY OFFICER OR EMPLOYEE OF THE AGENTS ACCEPT ANY LIABILITY WHATSOEVER FOR ANY DIRECT OR CONSEQUENTIAL LOSS ARISING FROM ANY USE OF THIS MEMORANDUM OR ITS CONTENTS.

**NOTICE TO RESIDENTS OF ITALY**

THE OFFERING OF THE UNITS IN THE REPUBLIC OF ITALY ("ITALY") HAS NOT BEEN AUTHORISED BY THE COMMISSIONE NAZIONALE PER LE SOCIETÀ E LA BORSA ("CONSOB") PURSUANT TO THE ITALIAN SECURITIES LEGISLATION AND, ACCORDINGLY:

(I) THE UNITS CANNOT BE OFFERED, SOLD OR DELIVERED IN ITALY IN AN INVESTMENT SOLICITATION ("SOLLECITAZIONE ALL'INVESTIMENTO") WITHIN THE MEANING OF ARTICLE 1, PARAGRAPH 1, LETTER (T) OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED ("DECREE 58/98"),

(II) THE UNITS CANNOT BE OFFERED, SOLD AND/OR DELIVERED, NOR ANY DOCUMENT RELATING TO THE UNITS CAN BE DISTRIBUTED, EITHER IN THE PRIMARY OR SECONDARY MARKET, TO INDIVIDUALS RESIDENT IN ITALY, AND

(III) ANY OFFER, SALE AND/OR DELIVERY OF THE UNITS AND DISTRIBUTION OF COPIES OF ANY DOCUMENT RELATING TO THE UNITS IN ITALY WILL ONLY BE:



HOUSE_OVERSIGHT_024442

(A) MADE TO ITALIAN INSTITUTIONAL INVESTORS ("INVESTITORI ISTITUZIONALI"), AS DEFINED IN ARTICLE 100 OF DECREE 58/98 BY REFERENCE TO ARTICLE 31.2 OF CONSOB REGULATION NO. 11522 OF 1 JULY 1998, AS AMENDED ("REGULATION 11522/98");

(B) MADE IN COMPLIANCE WITH ARTICLE 129 OF THE LEGISLATIVE DECREE NO. 385 OF 1 SEPTEMBER 1993, AS AMENDED ("DECREE 385/93"), AND THE IMPLEMENTING INSTRUCTIONS OF THE BANK OF ITALY, IF APPLICABLE, PURSUANT TO WHICH THE ISSUE OR PLACEMENT OF SECURITIES IN ITALY IS SUBJECT TO PRIOR NOTIFICATION TO THE BANK OF ITALY, UNLESS AN EXEMPTION, DEPENDING, INTER ALIA, ON THE AMOUNT OF THE ISSUE AND THE CHARACTERISTICS OF THE SECURITIES, APPLIES;

(C) MADE IN COMPLIANCE WITH ANY OTHER ITALIAN SECURITIES, TAX AND EXCHANGE CONTROL AND OTHER APPLICABLE LAWS AND REGULATIONS AND ANY OTHER APPLICABLE REQUIREMENT OR LIMITATION WHICH MAY BE IMPOSED BY CONSOB, THE BANK OF ITALY OR ANY OTHER COMPETENT ITALIAN AUTHORITY; AND

(D) MADE BY AN INVESTMENT FIRM, BANK OR FINANCIAL INTERMEDIARY PERMITTED TO CONDUCT SUCH ACTIVITIES IN ITALY IN ACCORDANCE WITH DECREE 58/98, DECREE 385/93, REGULATION 11522/98 AND ANY OTHER APPLICABLE LAWS AND REGULATIONS.

**NOTICE TO RESIDENTS OF JAPAN**

THE OFFERING OF THE UNITS HEREUNDER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN. CONSEQUENTLY, THE UNITS MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE ACCOUNT OF ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AND IN COMPLIANCE WITH APPLICABLE JAPANESE LAWS AND REGULATIONS. THE INVESTORS SHOULD FURTHER NOTE THAT PURSUANT TO THE PARTNERSHIP AGREEMENT THE UNITS MAY ONLY BE TRANSFERRED IN WHOLE AND NOT IN PART AND THAT ANY SUCH TRANSFER WILL REQUIRE A PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER.

**NOTICE TO RESIDENTS OF JERSEY**

NOTHING IN THIS MEMORANDUM, NOR ANYTHING COMMUNICATED TO HOLDERS OR POTENTIAL HOLDERS OF SECURITIES BY THE COMPANY OR THE AGENTS IS INTENDED TO CONSTITUTE OR SHOULD BE CONSTRUED AS ADVICE ON THE MERITS OF THE PURCHASE OF OR SUBSCRIPTION FOR THE UNITS OR THE EXERCISE OF ANY RIGHTS ATTACHED THERETO FOR THE PURPOSES OF THE FINANCIAL SERVICES (JERSEY) LAW 1998, AS AMENDED.

**NOTICE TO RESIDENTS OF KUWAIT**

THIS OFFERING HAS NOT BEEN APPROVED BY THE KUWAIT CENTRAL BANK OR THE KUWAIT MINISTRY OF COMMERCE AND INDUSTRY, NOR HAS THE COMPANY RECEIVED AUTHORIZATION OR LICENSING FROM THE KUWAIT CENTRAL BANK OR THE KUWAIT MINISTRY OF COMMERCE AND INDUSTRY TO MARKET OR SELL THE UNITS WITHIN KUWAIT. FURTHERMORE, THIS MEMORANDUM DOES NOT CONSTITUTE THE MARKETING OR OFFERING OF SECURITIES IN KUWAIT PURSUANT TO THE KUWAITI SECURITIES LAW (LAW NO. 31 OF 1990, AS AMENDED).

**NOTICE TO RESIDENTS OF MEXICO**

THE UNITS HAVE NOT BEEN REGISTERED WITH THE NATIONAL REGISTRY OF SECURITIES (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISION NACIONAL BANCARIA Y DE VALORES*) AND MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO. THIS OFFER DOES NOT CONSTITUTE A PUBLIC OFFER UNDER THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). THIS PRIVATE OFFER AND ALL OTHER INFORMATION AS CONTAINED IN THIS MEMORANDUM ARE EXCLUSIVELY FOR THE BENEFIT OF AND DISTRIBUTION TO INSTITUTIONAL OR HIGH NET



HOUSE_OVERSIGHT_024443

WORTH INVESTORS. THIS MEMORANDUM AND OTHER OFFERING MATERIALS MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO.

**NOTICE TO RESIDENTS OF MONACO**

NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING MATERIAL RELATING TO THE UNITS MAY BE AVAILABLE TO THE PUBLIC OR USED IN CONNECTION WITH ANY OTHER OFFER FOR SUBSCRIPTION OR SALE OF THE UNITS IN THE PRINCIPALITY OF MONACO, AND THE UNITS MAY NOT BE ISSUED, OFFERED OR OTHERWISE SOLD IN THE PRINCIPALITY OF MONACO.

**NOTICE TO RESIDENTS OF THE NETHERLANDS**

THE UNITS MAY ONLY BE OFFERED, DIRECTLY OR INDIRECTLY, IN THE NETHERLANDS TO ENTITIES WHICH (i) ARE PROFESSIONAL MARKET PARTIES AS DEFINED IN ARTICLE I-C, 1ST PARAGRAPH, UNDER A OF THE EXEMPTION REGULATION ISSUED PURSUANT TO ARTICLE 4 OF THE ACT ON THE SUPERVISION OF SECURITIES TRADE (WET TOEZICHT EFFECTENVERKEER 1995) AND (ii) WHICH TRADE OR INVEST IN INVESTMENT OBJECTS IN THE CONDUCT OF A PROFESSION OR BUSINESS WITHIN THE MEANING OF ARTICLE I OF THE EXEMPTION REGULATION OF 9 OCTOBER 1990 ISSUED PURSUANT TO ARTICLE 14 OF THE INVESTMENT INSTITUTION SUPERVISION ACT (WET TOEZICHT BELEGGINGSINSTELLINGEN OF JUNE 27, 1990). THE UNITS MAY NOT OTHERWISE BE OFFERED, DIRECTLY OR INDIRECTLY, IN THE NETHERLANDS.

**NOTICE TO RESIDENTS OF QATAR**

THE UNITS HAVE NOT BEEN OFFERED, SOLD OR DELIVERED, AND WILL NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, IN THE STATE OF QATAR IN A MANNER THAT WOULD CONSTITUTE A PUBLIC OFFERING. THIS MEMORANDUM HAS NOT BEEN REVIEWED OR REGISTERED WITH QATARI GOVERNMENT AUTHORITIES, WHETHER UNDER LAW. NO. 25 (2002) CONCERNING INVESTMENT FUNDS, CENTRAL BANK RESOLUTION NO. 15 (1997), AS AMENDED, OR ANY ASSOCIATED REGULATIONS. THEREFORE, THIS MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL, AND IS BEING ISSUED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR PROVIDED TO ANY PERSON OTHER THAN RECIPIENT THEREOF.

**NOTICE TO RESIDENTS OF RUSSIA**

UNDER RUSSIAN LAW, THE UNITS ARE SECURITIES OF A FOREIGN ISSUER. NEITHER THE ISSUE OF THE UNITS NOR A SECURITIES PROSPECTUS IN RESPECT OF THE UNITS HAS BEEN, OR IS INTENDED TO BE, REGISTERED WITH THE FEDERAL SERVICE FOR FINANCIAL MARKETS OF THE RUSSIAN FEDERATION, AND HENCE THE UNITS ARE NOT ELIGIBLE FOR INITIAL OFFERING OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION. THE INFORMATION PROVIDED IN THIS MEMORANDUM IS NOT AN OFFER, OR AN INVITATION TO MAKE OFFERS, TO SELL, EXCHANGE OR OTHERWISE TRANSFER THE UNITS IN THE RUSSIAN FEDERATION OR TO OR FOR THE BENEFIT OF ANY RUSSIAN PERSON OR ENTITY.

EACH OF THE AGENTS HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL ANY UNITS TO OR FOR THE BENEFIT OF ANY PERSONS RESIDENT, INCORPORATED, ESTABLISHED OR HAVING THEIR USUAL RESIDENCE IN RUSSIA OR TO ANY PERSON LOCATED WITHIN THE TERRITORY OF RUSSIA UNLESS AND TO THE EXTENT OTHERWISE PERMITTED UNDER RUSSIAN LAW.

**NOTICE TO RESIDENTS OF SAUDI ARABIA**

THIS MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM EXCEPT TO THE EXTENT PERMITTED UNDER THE RULES GOVERNING EXEMPT OFFERS AS SET FORTH IN THE OFFERS



HOUSE_OVERSIGHT_024444

OF SECURITIES REGULATIONS (THE "REGULATIONS"). IT SHOULD NOT BE DISTRIBUTED TO ANY OTHER PERSON, OR RELIED UPON BY ANY OTHER PERSON.

THE CAPITAL MARKET AUTHORITY DOES NOT TAKE ANY RESPONSIBILITY FOR THE CONTENTS OF THIS MEMORANDUM, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS MEMORANDUM. PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE SECURITIES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISER.

**NOTICE TO RESIDENTS OF SINGAPORE**

*As to the Class A Shares*

THIS MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF CLASS A SHARES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY SUCH CLASS A SHARES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA"), (II) TO A RELEVANT PERSON, OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 275 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE SUCH CLASS A SHARES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 BY A RELEVANT PERSON WHICH IS:

(A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SHARES, DEBENTURES AND UNITS OF SHARES AND DEBENTURES OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED SUCH CLASS A SHARES PURSUANT TO AN OFFER MADE UNDER SECTION 275 EXCEPT:

(1) TO AN INSTITUTIONAL INVESTOR (FOR CORPORATIONS, UNDER SECTION 274 OF THE SFA) OR TO A RELEVANT PERSON DEFINED IN SECTION 275(2) OF THE SFA, OR TO ANY PERSON PURSUANT TO AN OFFER THAT IS MADE ON TERMS THAT SUCH SHARES, DEBENTURES AND UNITS OF SHARES AND DEBENTURES OF THAT CORPORATION OR SUCH RIGHTS AND INTEREST IN THAT TRUST ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS, AND FURTHER FOR CORPORATIONS, IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA;

(2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER; OR



HOUSE_OVERSIGHT_024445

(3) WHERE THE TRANSFER IS BY OPERATION OF LAW.

*As to the Common LP Units*

THIS MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE AND THIS OFFERING IS NOT REGULATED BY ANY FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO ANY LEGISLATION IN SINGAPORE. YOU SHOULD ACCORDINGLY CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR YOU.

EACH INVESTOR AGREES THAT THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF COMMON LP UNITS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY SUCH COMMON LP UNITS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN INSTITUTIONAL INVESTORS (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE ("SFA")), ACCREDITED INVESTORS (AS DEFINED IN SECTION 4A OF THE SFA) OR ANY PERSON PURSUANT TO AN OFFER THAT IS MADE ON TERMS THAT SUCH COMMON LP UNITS ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS.

**NOTICE TO RESIDENTS OF SPAIN**

NO PUBLIC OFFERING OF THE COMMON LP UNITS WILL BE CARRIED OUT IN THE SPANISH TERRITORY, PURSUANT TO THE DEFINITION OF PUBLIC OFFER CONTAINED IN ARTICLE 30 BIS OF THE SECURITIES MARKET LAW 24/1988, OF JULY 28. CONSEQUENTLY, THIS MEMORANDUM HAS NOT BEEN AND WILL NOT BE VERIFIED OR REGISTERED WITH THE SPANISH SECURITIES MARKET COMMISSION (COMISION NACIONAL DEL MERCADO DE VALORES, "CNMV").

**NOTICE TO RESIDENTS OF SWITZERLAND**

THE UNITS ARE BEING OFFERED BY WAY OF A PRIVATE PLACEMENT TO A LIMITED NUMBER OF INVESTORS WITHOUT ANY PUBLIC OFFERING IN OR FROM SWITZERLAND. THIS MEMORANDUM AND ANY OTHER OFFERING MATERIAL RELATING TO THE UNITS ARE INTENDED SOLELY FOR THE RECIPIENT; THE INFORMATION THEREIN IS STRICTLY CONFIDENTIAL AND THEREFORE MAY NOT BE DISTRIBUTED TO ANY THIRD PARTY OR THE PUBLIC IN GENERAL.

**NOTICE TO RESIDENTS OF THE UNITED ARAB EMIRATES ("UAE")**

BY RECEIVING THIS MEMORANDUM, THE PERSON OR ENTITY TO WHOM IT HAS BEEN ISSUED UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT THIS MEMORANDUM HAS NOT BEEN APPROVED BY THE UAE CENTRAL BANK, THE UAE MINISTRY OF ECONOMY OR ANY OTHER AUTHORITY IN THE UAE, NOR ARE THE AGENTS AUTHORIZED OR LICENSED BY THE UAE CENTRAL BANK, THE UAE MINISTRY OF ECONOMY OR ANY OTHER AUTHORITY IN THE UAE TO MARKET OR SELL THE UNITS IN THE COMPANY WITHIN THE UAE. NO MARKETING OF ANY FINANCIAL PRODUCTS OR SERVICES HAVE BEEN OR WILL BE MADE FROM WITHIN THE UAE AND NO SUBSCRIPTION TO ANY SECURITIES, PRODUCTS OR FINANCIAL SERVICES MAY OR WILL BE CONSUMMATED WITHIN THE UAE.

THE AGENTS ARE NOT LICENSED BROKERS, DEALERS, FINANCIAL ADVISORS OR INVESTMENT ADVISORS UNDER THE LAWS APPLICABLE IN THE UAE, AND DO NOT ADVISE INDIVIDUALS RESIDENT IN THE UAE AS TO THE APPROPRIATENESS OF INVESTING IN OR PURCHASING OR SELLING SECURITIES OR OTHER FINANCIAL PRODUCTS. NOTHING CONTAINED IN THIS MEMORANDUM IS INTENDED TO CONSTITUTE INVESTMENT, LEGAL, TAX, ACCOUNTING OR OTHER PROFESSIONAL ADVICE IN, OR IN RESPECT OF, THE UAE.



HOUSE_OVERSIGHT_024446

THIS MEMORANDUM IS FOR YOUR INFORMATION ONLY AND NOTHING IN THIS MEMORANDUM IS INTENDED TO ENDORSE OR RECOMMEND A PARTICULAR COURSE OF ACTION. YOU SHOULD CONSULT WITH AN APPROPRIATE PROFESSIONAL FOR SPECIFIC ADVICE RENDERED ON THE BASIS OF YOUR SITUATION.

**NOTICE TO RESIDENTS OF THE UNITED KINGDOM**

THE COMPANY IS AN UNREGULATED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"), THE PROMOTION OF WHICH IN THE UNITED KINGDOM IS RESTRICTED BY THE FSMA. IF MADE BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER FSMA, THE ISSUE OR DISTRIBUTION OF THIS DOCUMENT IN THE UNITED KINGDOM MAY ONLY BE MADE TO AND DIRECTED AT PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005; OR (II) ARE PERSONS TO WHOM THE PROMOTION MAY OTHERWISE BE LAWFULLY MADE. IF MADE BY A PERSON WHO IS AN AUTHORISED PERSON UNDER FSMA, THE ISSUE OR DISTRIBUTION OF THIS DOCUMENT IN THE UNITED KINGDOM MAY ONLY BE MADE TO AND DIRECTED AT PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS WITHIN ARTICLE 14 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001; OR (II) ARE PERSONS TO WHOM THE PROMOTION MAY OTHERWISE BE LAWFULLY MADE. TRANSMISSION OF THIS DOCUMENT TO ANY OTHER PERSON IN THE UNITED KINGDOM IS UNAUTHORISED AND MAY CONTRAVENE THE FSMA. IN THE UNITED KINGDOM, PARTICIPATION IN THE COMPANY IS AVAILABLE ONLY TO SUCH PERSONS AND PERSONS OF ANY OTHER DESCRIPTION SHOULD NOT RELY ON THIS DOCUMENT.



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## NON-GAAP FINANCIAL MEASURES

EBITDA, Adjusted EBITDA and Adjusted EBITDAR (including pro forma presentations thereof) and the related ratios presented in this Memorandum are supplemental measures of our performance that are not required by, or presented in accordance with, generally accepted accounting principles in the U.S. ("GAAP"). EBITDA, Adjusted EBITDA and Adjusted EBITDAR are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity.

EBITDA represents net income before net interest expense, income tax expense, depreciation (including impairment charges) and amortization. Pro forma presentations of EBITDA have also added back KinderCare Learning Centers, Inc.'s ("KinderCare") discontinued operations, consistent with KLC's treatment of center closures and sales and KinderCare's historical presentation of EBITDA. Adjusted EBITDA represents EBITDA plus (i) expenses (minus gains) that we do not consider reflective of our ongoing operations after the KinderCare acquisition, as further described in this Memorandum and (ii) management fees which are subordinated to our obligations on our 7¾% senior subordinated notes (the "Notes") and which are added back in measuring our performance for purposes of our ability to incur debt under our indenture. Our actual and projected Adjusted EBITDA, where applicable, also exclude non-cash stock-based compensation expense, which is also excluded under our indenture; accruals under our stock appreciation rights ("SAR") plan; and accruals under our long term incentive plan, which are non-cash at the time of award and vest and become payable in three years subject to continued employment (with certain exceptions). Our pro forma Adjusted EBITDA for 2005 excludes restructuring and integration charges associated with the KinderCare acquisition and the cost of operating parallel organizations during the integration process, which management does not consider reflective of ongoing operations. Adjusted EBITDAR is Adjusted EBITDA plus rent expense. We present EBITDA, Adjusted EBITDA and Adjusted EBITDAR because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of issuers, many of which present EBITDA and/or Adjusted EBITDA and/or Adjusted EBITDAR when reporting their results.

We are basing our executive incentive compensation payments in part on our performance measured using Adjusted EBITDA including adjustments described herein. We also use financial measures similar to Adjusted EBITDA, though subject to certain different adjustments, in the senior credit facility that we entered into in connection with the KinderCare acquisition and the indenture governing the Notes to measure our compliance with covenants such as interest coverage and debt incurrence. Measures similar to Adjusted EBITDA are also widely used by us and others in our industry to evaluate and price potential acquisition candidates. For example, we evaluated the KinderCare acquisition and our 2003 acquisition of ARAMARK Educational Resources to a significant degree based on their historical and potential EBITDA, as adjusted for items we did not consider representative of post-acquisition operations. We believe EBITDA and Adjusted EBITDA facilitate operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting relative interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We believe Adjusted EBITDAR is a useful measure of performance independent of occupancy costs.

We calculate Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we do not consider indicative of our ongoing operations and for the other reasons noted above. For the reasons indicated herein, you are encouraged to evaluate each adjustment and whether you consider it appropriate. In addition, in evaluating Adjusted EBITDA and Adjusted EBITDAR, you should be aware that in the future we may incur expenses similar to the adjustments in the presentation of Adjusted EBITDA and Adjusted EBITDAR. Our presentation of Adjusted EBITDA and Adjusted EBITDAR should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.



HOUSE_OVERSIGHT_024448

EBITDA, Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect our cash expenditures for capital expenditures or contractual commitments;
- they do not reflect the cost of our non-cash stock-based compensation or our SAR plan or long term incentive plan or the expense associated with allocating Profits Participation LP Units (as defined below) to employees;
- they do not reflect changes in, or cash requirements for, our working capital;
- they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- they do not reflect management fees;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our non-GAAP measures do not reflect cash requirements for such replacements or the related expense;
- they do not reflect the impact of earnings or charges resulting from the significant costs we have incurred in integrating KinderCare, and we are likely to incur significant integration costs in future acquisitions;
- other companies, including other companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure; and
- they do not comply with the requirements of Item 10(e) of Regulation S-K or Regulation G of the Securities and Exchange Commission ("SEC").

Because of these limitations, EBITDA, Adjusted EBITDA and Adjusted EBITDAR should not be considered as measures of discretionary cash available to us to invest in the growth of our business or reduce our indebtedness. We compensate for these limitations by relying on our GAAP results as well as these non-GAAP measures.

For more information, see our consolidated financial statements and the notes to those statements included elsewhere in this Memorandum.

## FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as "anticipates," "expects," "should," 'intends," "plans," "believes," "seeks," "estimates," "will," "may," "approximately" and similar expressions which concern, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company operates. Examples include statements regarding anticipated growth in revenue, net income and EBITDA, expectations regarding the likelihood of recurrence of certain charges and gains, expectations regarding capital investments, and expectations regarding future cash generated from operations. These forward-looking statements are based on our management's current expectations, assumptions, estimates and projections about us and our industry. You are cautioned that actual results could differ from those



HOUSE_OVERSIGHT_024449

anticipated by the forward-looking statements. Investors are cautioned not to place undue reliance on the projections contained in this Memorandum or other models and forecasts they may receive or discuss in connection with this offering.

Important factors that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by those statements include, but are not limited to, those discussed under "Risk Factors," elsewhere in this Memorandum. The following list represents some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by any forward-looking statements:

- we may be unable to identify, consummate or obtain favorable terms on acquisitions of businesses or interests therein, which is a principal component of our growth strategy;
- our international expansion strategy is untested, and our acquisition and development of non-U.S. businesses may not be successful;
- the loss of any of our key management employees could adversely affect our business;
- we have a substantial level of indebtedness and plan to incur additional debt;
- we face intense competition in the early childhood care and education services industry from numerous other types of providers;
- we may acquire companies that are not well-established or experiencing financial difficulties;
- we rely on the management teams of our subsidiaries, who may not be able to operate them in accordance with our plans;
- we may acquire minority interests in various companies (such as *k*12 Inc. ("*k*12")) and we may not be able to protect our interests adequately in respect of such investments;
- we or our subsidiaries may be unable to raise additional financing which may be needed to satisfy certain of our subsidiaries' working capital requirements;
- failure to comply with present or future applicable U.S. or foreign governmental regulation and licensing requirements could have a material adverse effect on our operations;
- activities of Knowledge Universe Learning Group LLC ("KULG"), the parent entity of the General Partner and/or its Principals may be competitive with the Company; conflicts of interest may arise with the Principals and their affiliates; the Company may not engage in certain businesses;
- litigation and adverse publicity concerning incidents at child care centers could hurt our reputation;
- our insurance policies may prove inadequate to cover claims, and we may be unable to maintain our existing coverage in the future at reasonable prices;
- factors beyond our control, such as economic conditions, could affect demand for our child care services;



HOUSE_OVERSIGHT_024450

- a loss or reduction of government funding for child care assistance programs or food reimbursement programs could adversely affect us;

- a termination or reduction of tax credits for child care could have a material adverse effect on our business;

- if we (or our subsidiaries) are unable to attract and retain sufficient qualified employees, if minimum wage rates increase or if our employees (or our subsidiaries' employees) unionize, our results of operations may be adversely affected;

- our results of operations could be adversely affected if environmental contamination is discovered on any of our properties; and

- material weaknesses in KLC's internal controls discovered during KLC's fiscal year 2005 audit.

## BACKGROUND DATA

Industry and market data used throughout this Memorandum is based on independent industry publications, government publications, reports by market research firms and other published independent sources. Some data is also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. Such information necessarily incorporates significant assumptions as to factual or other matters. Although we believe these sources are reliable, we have not independently verified the information from third party-sources or the assumptions on which such information is based and cannot guarantee its accuracy or completeness. Some of the industry data contained in this Memorandum has not been updated because we have been unable to obtain more recent data. Although we are not aware of trends contrary to those reflected in such data (except as otherwise stated), we cannot assure you that such data are indicative of current trends.

## TRADEMARKS

The intellectual property portfolio of the Company includes registered and unregistered trademarks and service marks and collective trademarks that distinguish the services and products that it offers from those services and products offered by other companies.

In addition, the Company has applied to register certain other trademarks, service marks and collective trademarks in the U.S. and other countries, and likely will seek to register additional marks in the future. A federal registration in the U.S. is effective for ten years and may be renewed for ten-year periods perpetually, subject only to required filings based on continued use of the mark by a registrant. It is possible that some of these applications to register additional marks will not result in registrations.

KLC's primary trademarks are "Knowledge Learning Corporation," "Children's World," "Knowledge Beginnings," "Children's Discovery Centers" and "Medallion School Partnerships."

KinderCare owns and uses various registered and unregistered trademarks and service marks covering the name "KinderCare," its schoolhouse logo and a number of other names, slogans and designs, including "KinderCare at Work" and "Mulberry."

*k*12's primary trademarks are the *k*12 star logo, the word mark and design, which are licensed from an entity controlled by the Principals.

All other product and company names referred to in this Memorandum are trademarks and registered trademarks of their respective companies.



HOUSE_OVERSIGHT_024451

# 1. EXECUTIVE SUMMARY

*The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. You should carefully consider the information set forth under "Risk Factors". The term "'KUE" refers only to Knowledge Universe Education L.P., a Cayman Islands exempted limited partnership. The terms "Knowledge Universe Education", the "Company", "we", "us" and "our" refer to KUE and, where applicable, its subsidiaries, and do not refer to the Agents. In November 2005, KLC separated its education operations ("KLC OpCo") from its real estate assets ("KLC PropCo").*

## 1.1. Company Overview

KUE is the third largest for-profit education company in the world and the largest for-profit education company in the pre-school to 12th grade segment ("pre-K-12") in the world. While the Company's operations are currently based within the U.S., the proceeds from this transaction will be used primarily to expand KUE's education platform both globally and across the pre-K-12 education continuum. KUE's existing portfolio of assets consists of:

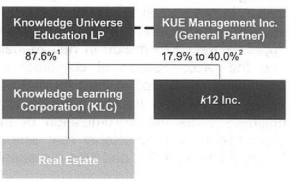


(i) KLC OpCo, the leading early childhood education ("ECE") company with 2,507 locations in 39 states and the District of Columbia and nearly two and a half times larger than its next closest competitor in terms of revenue;

(ii) KLC PropCo, one of the largest education based real estate portfolios in the U.S. consisting of 845 early childhood centers located in 37 states; and

(iii) A significant interest in *k*12, an online curriculum provider and kindergarten through 12th grade management company, currently serving over 25,000 students as the largest operator of online virtual schools in the U.S.

The principal owners of KUE are Michael Milken, Lowell Milken and Steven Green (collectively the "Principals"). Michael Milken and Lowell Milken each has more than two decades of experience in the education sector through involvement in several for-profit and not-for-profit initiatives. Steven Green, former U.S. ambassador to Singapore, has more than two decades of experience as an international industrialist leading major corporate restructurings and expansions in manufacturing, housing, consumer products, retail and real estate enterprises. The Company represents the Principals' sole vehicle for equity investment opportunities in the pre-K-12 sector going forward.

The Principals founded the Company and its affiliated companies over the past decade based on their vision of a world where competition for human capital[3] is becoming the driving force of economic prosperity. To remain competitive in the world economy, countries will be forced to invest heavily in the development of their human capital. The Principals believe that an investment made in an individual's education, especially at a young age, is the most effective way to build human capital and thereby increase that individual's lifelong productivity. As the largest for-profit provider of ECE in the world, the Company is well positioned to capitalize on these trends.

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[1] *The 12.4% minority position is held by various investors.*

[2] *KUE's ownership varies depending on the liquidation value or sale value of k12 and according to the preference of the various securities KUE owns. At higher valuations, KUE's percentage ownership is lower. See "k12 Inc. (k12) – k12 Equity."*

[3] *The economic theory of Human Capital Policy was first published by University of Chicago professor James Heckman in Human Capital Policy, dated August 2002.*



HOUSE_OVERSIGHT_024452

Education is one of the largest sectors in the world, representing approximately 5% of global gross national income of $48 trillion.[4] In 2005 in the U.S. alone, education was a $1 trillion market.[5] Education is still predominantly provided by public / governmental entities in most countries including the U.S. KUE believes that the industry will converge towards a more balanced public / private system, similar to the evolution observed in the 20th century in other major industries such as healthcare, infrastructure and telecommunications.

The Company's strategy is to grow its existing platforms both domestically and internationally and to expand its assets globally across the pre-K-12 education continuum. In addition to its current investments in ECE and online curriculum, KUE will seek to expand by acquiring education companies offering services or products that can complement its current offering. KUE believes that owning a diversified portfolio of assets in the pre-K-12 education space will allow it to leverage content and best practices across multiple constituencies and to multiple markets. KUE's strategy in U.S. ECE is to expand its existing platform through the opening of new centers, opportunistic acquisitions of smaller competitors and the sale of education-related products and services through existing channels. Internationally, KUE has identified several near-term opportunities to expand into Europe, the Middle-East and Asia, with some of these opportunities in advanced stages of preparation.

Management has a history of successfully growing through acquisitions. In May 2003, KLC acquired Aramark Educational Resources ("AER"), a company three times its size in terms of revenue. Management completed the integration of AER in approximately 12 months, realizing approximately $10 million in net annual synergies and improving operational performance. In January 2005, the Company acquired KinderCare, the largest provider of ECE services in the U.S. at the time. Management achieved approximately $25 million in net annualized synergies through the closing of under-performing centers and the rationalization of corporate overhead. In November 2005, KLC separated its education operations (KLC OpCo) from its real estate assets (KLC PropCo). Management believes this division allows KLC OpCo management to focus on the core business of operating and growing the ECE business while the maximization of the valuable educational real estate portfolio is managed and expanded by a professional real estate firm, Greenstreet Real Estate Partners (formerly Greenstreet Realty Partners, L.P.), and also represents management's view of KLC's component businesses.

Management believes that KUE presents an attractive financial profile with its combination of businesses: (i) KLC OpCo, which generated $1.48 billion in pro forma revenue and $150 million in pro forma Adjusted EBITDA[6] in 2005, is projected to grow organically to $2.3 billion and $320 million by 2011, respectively and to generate operating cash flow growing from $72 million in 2005 to $214 million in 2011; (ii) a real estate portfolio in KLC PropCo that generated an additional $88 million in pro forma EBITDA in 2005; and (iii) an investment in *k*12, which continues to deliver top line growth in excess of 25% and has seen its revenue grow at a 133% compounded annual growth rate over the last three fiscal years (from $6.7 million in 2002 to $85.1 million in 2005).

## 1.2. Investment Rationale

### 1.2.1 Attractive Industry Characteristics

- **The global for-profit education market is large and growing**

[4] *Source: UNESCO Institute for Statistics database.*
[5] *Source: US Department of Education National Center for Education Statistics and Training Magazine and Harris Nesbitt research.*
[6] *Pro forma for the acquisition of KinderCare and the separation of KLC into KLC OpCo and KLC PropCo.*



HOUSE_OVERSIGHT_024453

Education is one of the largest sectors in the world and represents a large portion of a country's investments

— Represents approximately 5% of global gross national income of $48 trillion. In the U.S. alone, education represents a $1 trillion market with for-profit education accounting for approximately $81 billion or 7.8% of the overall market.

— The pre-K-12 segment of the education market is approximately a $610 billion market, with for-profit pre-K-12 education accounting for approximately $37.4 billion, over 6.1% of the pre-K-12 market.[7]

The for-profit education sector is growing at an attractive rate

— U.S. education spending has grown at a stable compound annual growth rate ("CAGR") of 5.7% since 1993. The for-profit component of this industry (pre-K-12, post secondary and corporate training) is projected to grow faster than the overall historical industry growth rate, at a 7.4% annual rate, reflecting the increasing importance of for-profit operations in the sector, to reach a market size of $116 billion by 2010.[7]

— In addition, these estimates do not reflect the growing segment of direct to consumer educational materials such as supplemental tutoring, which represented an estimated $20 billion of additional spending in 2004.

■ **Increasing competition for human capital**

To remain competitive in the global economy, countries are investing heavily in the development of their human capital, especially at young ages

— According to the World Bank's World Education Indicators, worldwide enrollment rates in pre-primary education increased by 37% from 1995 to 2003.[8]

— KUE believes that education companies will become significantly more valuable as countries become increasingly aware of the competitive advantages afforded by education. Of the top 100 global companies by market cap, not a single education company is represented on the list.

As globalization of the economy and improving technologies flatten the playing field, demand for more standardized education across regions increases

— KUE believes that increasingly global education standards, enhanced workforce mobility and new technologies are catalysts of world competition for human capital.

■ **Several international growth opportunities**

The Company is starting to execute on its international development strategy

— In the near term, the Company is focusing on opportunities identified in the United Kingdom, Saudi Arabia, the United Arab Emirates and China. Depending on the state and organization of each country's education sector, KUE's development will be executed through cooperation with government authorities, outright acquisitions and/or the establishment of partnerships with key local players.

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[7] *Source: Harris Nesbitt, Education and Training, September 2005.*
[8] *Source: Education Trends in Perspective: Analysis of the World Education Indicators, 2005.*



HOUSE_OVERSIGHT_024454

— These initiatives could provide three key regional platforms for further development and consolidation.

In the medium term, numerous opportunities for KUE should be generated by the increasing demand for quality for-profit educational offerings by governments and citizens around the world

— Competitive pressures for development of human capital, deficiencies of national education systems, growth of a middle-class in China, India and the Middle East, demand for English language offerings and changing demographics are some of the primary drivers of increased demand internationally.

— In China alone, 274 million children are under the age of 15, and 100 million are single-children under the age of 25, as a result of the one-child policy. These demographics result in large demand for education and increased spending capacity per child.

■ **Favorable demographic trends and customer behavior in the U.S.**

Growing number of working mothers

— According to the Bureau of Labor Statistics (BLS) estimates, women are expected to represent nearly 48% of the total U.S. workforce by 2012, up from 46.6% in 2002.[9]

— In the U.S., approximately 60% of mothers with children under the age of six are employed.

Increasing birth rate

— There are approximately 24 million children under the age of five in the U.S. today. According to the U.S. Census Bureau, absolute birth rates are going to continue to increase, and the population of children in the U.S. five and under is expected to increase to approximately 27 million by 2015.[10]

Essential nature of the service to the consumer

— As with healthcare, parents are primarily focused on the quality of the service that their child receives and the proximity of the center to their home or work; price is typically a secondary consideration. By relieving parents of the requirement to stay at home with their children, ECE allows both men and women to participate in the workforce and generate income for the household.

### 1.2.2 Compelling Business Profile

■ **KUE presents an attractive financial profile**

For the fiscal year ended December 31, 2005, KLC OpCo had operations in 39 states and Washington D.C. and generated pro forma revenue of $1.48 billion

— With organic growth projected to be in excess of 5% per annum through 2011, geographic diversity and double-digit Adjusted EBITDA margins, KLC OpCo can generate attractive returns.

— KLC OpCo generates strong operating cash flow (48% of 2005 pro forma Adjusted EBITDA) which provides significant resources to fund investment and support equity return-enhancing leverage, a

[9] *Source: Harris Nesbitt, Education and Training, September 2005.*
[10] *Source: Population Projections Branch, U.S. Census Bureau, "U.S. Interim Projections by Age, Sex, Race and Hispanic Origin," May 2004.*



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capability that is expected to increase in line with the 13.5% Adjusted EBITDA CAGR projected until 2011.

k12 continues to grow at an impressive rate, with annual enrollment growth projected in excess of 25% over the next two years

— Many of *k*12's direct costs are semi-fixed in nature (*e.g.*, school administration) creating strong economies of scale as this business continues to grow.

— With $70 million invested in the development of the platform for kindergarten to 9th grade classes, extension of the offering into new states and schools is expected to be achieved at relatively low costs.

■ **Leading market position in early childhood education with significant brand equity**

Leading market positions in early childhood education and before and after school programs

— Largest U.S. provider of ECE services (1,934 centers).

**KLC OpCo's U.S. Market Position**

| Organization | Capacity | LTM Revenue[1] | Centers | Owner |
|---|---|---|---|---|
| KLC OpCo | 253,000 | $1,477.7[2] | 1,934 | KUE |
| La Petite Academy | 89,000 | 411.1 | 649 | JP Morgan |
| Bright Horizons | 66,350 | 625.3 | 616 | Public |
| ABC Learning[3] | 69,000 | 220.7 | 460 | Public |

*[1] LTM revenue in millions. KLC OpCo and Bright Horizons LTM as of 12/31/05, La Petite LTM as of 2/28/06, ABC (Learning Care Group) LTM as of 10/14/05.*

*[2] Pro forma for the effects of the acquisition of KinderCare in January 2005 and for the separation of KLC into KLC OpCo and KLC PropCo in November 2005, as if those transactions and related financing had occurred on January 1, 2004.*

*[3] Represents ABC's presence within the U.S. pro forma for the acquisition of the Learning Care Group. ABC has approximately 1,167 total centers (707 of which are located in Australia and New Zealand) and combined LTM revenue of $441.1 million using Learning Care Group LTM revenue of $220.7 million as of 10/14/05 and ABC LTM revenue of $292.7 million AUD as of 6/30/05, converted at an average exchange rate of .753 AUD/USD from 6/30/04 to 6/30/05.*

— Second largest U.S. provider of ECE to employers (122 centers).

— Largest U.S. for-profit provider of before and after school programs (573 sites).

High brand awareness and customer recognition

— The programs are marketed primarily under the KinderCare, Children's Discovery Centers, Knowledge Beginnings, and Children's World brand names. KinderCare enjoyed 87% aided awareness as of November 2005.[11]

■ **Superior competitive position of KLC OpCo as a result of proprietary curriculum, standards of excellence and experience and scale**

*[11] Source: Parthenon Conjoint Survey.*



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KLC OpCo has leveraged its scale and operational expertise to roll out a proprietary curriculum and to provide enhanced corporate level services

— Curriculum has been developed, rolled out and refined over many years and provides a significant competitive advantage in an industry where small independent players do not have the resources to develop comparable programs.

— Operational leverage allows for enhanced marketing, back-office, legal and compliance functions, keeping KLC OpCo at the forefront of education standards.

Controls that meet or exceed requirements established by licensing authorities, state and federal government and accrediting bodies

— Controls include rigorous and stringent hiring procedures and uniform rules for conduct.

— 43% of KLC OpCo's centers, over four times the industry average of 10%, are accredited by the National Association for the Education of Young Children (referred to herein as "NAEYC"), the nation's leading accreditation body. Management believes that all the Company's centers' operations and policies meet or are substantially compliant with NAEYC accreditation requirements.

■ **A compelling business model at *k*12**

As the state of education across the U.S. is generating increasing concerns, *k*12 provides a compelling value proposition

— Children continue to perform poorly on assessment tests geared to measure reading, writing and math skills. The passing of legislation such as the "No Child Left Behind Act of 2001" which, among other things, provides for increased funding for education and implementation of achievement level standards, demonstrates the commitment of government to address the issue.

Technology and content platform easily leverageable to provide results-driven curriculum and service

— With $70 million invested in the development of the platform for kindergarten to 9th grade classes, extension of the offering into new states and schools is expected to be achieved at relatively low costs.

— *k*12 benefits from stable demand for its curriculum and services which is reflected by current reenrollment rates of 65% to 70%.

— Many of the direct costs are semi-fixed in nature (*e.g.*, school administration) creating strong economies of scale as this business continues to grow.

■ **Valuable real estate portfolio of centers providing solid asset base**

845 owned centers recently appraised at approximately $1.25 billion[12]

— New organization separating management of real estate assets allows KLC OpCo education teams to focus on the core education business.

— Long term partnership with Greenstreet Real Estate Partners ensuring state-of-the-art management of the real estate assets by a leader in this field.

[12] *Actual appraisal was for 713 out of 845 centers and the appraised value was $1.1 billion. The $1.25 billion is achieved by taking the independent appraisal valuation methodology and extrapolating it to the remaining 132 centers.*



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■ **Strong leadership teams**

KUE

— Strong team of highly experienced professionals at the KUE level, led by CEO Lowell Milken, Chairman Michael Milken and Vice-Chairmen Steven Green and Ted Sanders. The team contributes an average of more than two decades of experience in their respective fields to KUE.

— Providing corporate headquarters support services in the areas of strategy and business development, acquisitions, recruiting of executives, communication and government relations.

KLC OpCo

— Highly experienced management team comprised of both experts in the field of education (COO Dr. Elanna Yalow has substantial experience operating for-profit ECE centers), as well as business professionals.

— Seasoned executive and middle management team with average Company tenure of ten years.

*k*12

— Chairman, Founder and acting CEO Ron Packard has extensive experience in the K-12 education space and was previously with KLC before founding *k*12. John Baule, Executive Vice President and CFO, served as CFO of Headstrong for five years before joining *k*12.

### 1.2.3 Value Creating Strategy

■ **Value is created by owning assets across the pre-K-12 education continuum**

Incremental value is expected to be created from strategic and financial synergies inherent in a global platform

— The Company can exploit the similarities in various education markets by capitalizing on the assets it owns (*e.g.*, using KLC's expertise to establish similar operations across geographies and across the pre-K-12 education continuum).

— Sharing of best practices globally and ability to cross-sell products and services to the Company's customers.

— Entry into less structured international markets early in their development cycle to establish attractive competitive positions.

■ **Multiple growth opportunities at KLC and *k*12**

Top line organic growth at KLC OpCo is expected to be driven by several factors:

— Historically the industry has demonstrated a pattern of price increases above inflation. Historical industry data shows an average tuition rate increase of 7% per annum.[13]

— Higher "Utilization"[14] resulting from increased student enrollment, improved retention rates, further network rationalization to better align supply with demand, more favorable center build rate in the broader industry and favorable macro trends.

[13] *Source: The National Economic Impacts of the Child Care Sector 2002.*



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— The ECE industry generates approximately $54 billion in total spending in the U.S. and has grown at a compound annual growth rate of 10% since 1982. It is expected to grow at a 3.4% compounded annual rate through 2010 according to Harris Nesbitt research. The ECE industry's growth has been driven by several favorable social and demographic trends including: the increase in working mothers and single-parent or dual-income families, historically high birth rates, and increase in popularity of center-based care.

— Net opening of new centers as the integration of KinderCare winds down and the number of center openings starts exceeding the number of closures.

— Leverage of KLC OpCo's footprint to market additional educational products and services to the more than 300,000 children KLC OpCo interacts with each year, their parents, grandparents and other child care providers. Selected incremental revenue opportunities include: foreign language or music lessons, educational materials and financial services (life insurance, health insurance, tuition financing, etc.).

Growth through acquisitions and industry consolidation

— Consolidation strategy supported by the highly fragmented early childhood industry, with for-profit chains representing only approximately 5% of the market in aggregate, and small independent providers representing 60% of the market. [15]

— Management has demonstrated an ability to grow through acquisitions, as evidenced by the three networks acquired by KLC since inception, of sizes up to 1,000 centers.

Multiple drivers of expected double-digit growth at *k*12

— Existing school enrollment rates at *k*12 expected to continue to increase at double digit rates for at least the next three years, as *k*12 further penetrates its existing markets through commercial and marketing push.

— *k*12 currently operates virtual public schools in 11 states and the District of Columbia. As legislatures in other states permit the formation of virtual public schools, *k*12 expects to have opportunities to expand into new states.

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[14] *Utilization is calculated as the total actual child care revenues earned at centers that are open at the calculation date divided by the total potential child care revenue (based upon the center's undiscounted pre-school tuition rate and the center's total licensed capacity) during the related time period.*

[15] *Source: Harris Nesbitt, Education and Training, September 2005.*



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## 2. SUMMARY TERMS OF THE TRANSACTION

Certain of the key terms of the offering, which are subject to and qualified in their entirety by reference to the Limited Partnership Agreement of KUE, the organizational documents of the General Partner and applicable Cayman Islands law, are outlined below. The terms summarized herein are set forth in detail in the Limited Partnership Agreement of KUE, the Agreement Among Members of KUE Management, Inc. and the Amended and Restated Memorandum and Articles of Association of KUE Management, Inc., copies of which have been provided or are available upon request. Such summaries are qualified in their entirety by reference to such agreements.

**Issuers:**

Knowledge Universe Education L.P., a Cayman Islands exempted limited partnership ("KUE") and KUE Management Inc., a Cayman Islands exempted company, the general partner of KUE (the "General Partner").

**Securities Offered:**

Up to 1,000,000 investment units (the "Units"), each comprised of one Common Limited Partner Unit ("Common LP Unit") in KUE and one Class A ordinary share ("Class A Share") of the General Partner at an offering price of U.S. $1,000 per Unit ($999 allocated to the Common LP Unit and $1 allocated to the Class A Share) (the "Purchase Price") for aggregate proceeds of U.S. $1 billion (subject to increase in the offering size by the General Partner at its sole discretion up to an aggregate of 1,500,000 Units to Investors, with aggregate proceeds of U.S. $1.5 billion). The offering is expected to be completed in one or more closings on or before March 31, 2007 (the "Offering Period").

Since the General Partner will have a nominal economic interest in KUE, the Class A Shares are expected to have nominal economic value. The Class A Shares are, however, intended to provide Unit holders with certain voting and other governance rights in the General Partner (as described further below) which, in turn, will control KUE.

The Common LP Units and the Class A Shares comprising the Units owned by the investors (the "Investors") will not be separately transferable unless otherwise approved by the Board of Directors of the General Partner and a committee of Independent Directors (as defined below) (the "Independent Committee").

**Minimum and Maximum Investment:**

U.S. $25 million (subject to waiver by the General Partner at its sole discretion). At any closing after the first closing of the offering of the Units, the maximum investment permitted will be U.S. $185.0 million.

**Closing:**

KUE may accept or reject subscriptions, in whole or in part, at its sole discretion. KUE will hold one or more closings in connection with the sale of the Units on dates specified by KUE to the Investors. The minimum amount of subscriptions to be accepted in the first closing of the offering (including the amount attributable to Knowledge Universe Education



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| | LLC, a Delaware limited liability company ("KUE LLC") through conversion of its preferred limited partner units, including accrued dividends at the option of KUE LLC, into Common LP Units) is U.S. $280.0 million. Subscriptions received will be promptly refunded if 280,000 Common LP Units are not issued for $1,000 per unit (in cash or preferred limited partner units) before the end of the Offering Period. Subscriptions paid in any closing will not otherwise be returned regardless of the size or occurrence of any subsequent closing.<br><br>Investors admitted during the Offering Period after the first closing of this offering and after September 30, 2006 will pay an additional amount accruing at a rate of 0.67% per month calculated from the first closing date of the offering (pro-rated for partial periods) for each Common LP Unit purchased, which will be distributed promptly to the holders of Common LP Units outstanding prior to such admission in proportion to the number of Common LP Units held by such holders. |
| **Use of Proceeds:** | The proceeds of the offering described herein will be used: (i) to expand operations, including through strategic acquisitions in the U.S. and internationally, (ii) to develop new products and services, (iii) to repay, in whole or in part, $150 million of existing debt plus accrued interest (including through the application of a portion of the proceeds of the initial closing of the offering), (iv) an estimated $50 million in fees and expenses (including amounts payable from July 1, 2006 under a Fixed Overhead Payment Agreement (the "Fixed Overhead Payment Agreement")), (v) in the discretion of KUE LLC, payment at the initial closing of the offering of approximately $7.0 million of accrued preferred return on the preferred limited partner units of KUE being converted to Common LP Units if such accrued preferred return is not converted to Common LP Units and (vi) for other corporate purposes. |
| **Capital Structure:** | Assuming that 1,000,000 Units are sold to Investors by March 31, 2007, and that the accrued dividends on the preferred limited partner units are paid in cash, approximately 2,530,000 Units will be outstanding. The Investors will own approximately 40% of KUE in the form of Common LP Units (excluding profits participation limited partner units of KUE, "Profits Participation LP Units") and approximately 40% of the General Partner in the form of Class A Shares.<br><br>The General Partner will be the sole general partner of KUE and will hold approximately 1,000 General Partner Units ("GP Units") in KUE, representing approximately 0.04% ownership in KUE.<br><br>The economic interest in KUE represented by the Common |



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LP Units and the GP Units will be reduced by the Profits Participation LP Units as described below under "Distributions."

Assuming that 1,000,000 Units are sold to Investors by March 31, 2007, and that the accrued dividends on the preferred limited partner units are paid in cash, KUE LLC, controlled by the Principals, will hold approximately 1,530,000 Common LP Units representing approximately 60% ownership in KUE (excluding Profits Participation LP Units) and 1,530,000 Class A Shares. The Common LP Units owned by KUE LLC will not be transferable, except to (i) the Principals; (ii) to affiliates of the Principals; and/or (iii) to family members and/or charitable organizations in connection with the Principals' estate planning, unless combined with the corresponding percentage of Class A Shares to form Units and transferred in the form of Units in accordance with the Limited Partnership Agreement.

Knowledge Universe Holdings LLC, a Delaware limited liability company ("KUH LLC") controlled by the Principals, will hold 900 Class B ordinary shares of the General Partner (the "Class B Shares"). The Class B Shares held by the Principals and their affiliates will not be transferable, except to (i) the Principals; (ii) to the affiliates of the Principals; and/or (iii) to family members and/or charitable organizations in connection with the Principals' estate planning. The Class B Shares will automatically convert to Class A Shares if the Principals' aggregate direct and indirect economic interest in KUE is less than 15% of the outstanding Partnership Units (as defined below) of KUE.

A limited liability company ("KULG LLC-1"), of which Knowledge Universe Learning Group LLC, a Delaware limited liability company that is controlled by the Principals ("KULG"), and certain other persons designated by KULG are members, will be the holder of the Profits Participation LP Units (the "Profits Participation Limited Partner") with the economic rights as set forth in "– Distributions" below. At each closing of any sale of Units to Investors where the aggregate purchase price of all Units acquired by Investors to date is less than or equal to $1.5 billion (during the Offering Period or thereafter), the Profits Participation Limited Partner will be issued a number of Profits Participation LP Units such that the aggregate shall equal at least 9/11ths of the 11% of "Partnership Units" (Common LP Units, GP Units, and Profits Participation LP Units) that may be represented by Profits Participation LP Units. Additional Profits Participation LP Units will be issued to the Profits Participation Limited Partner, at such time and in such numbers as the Profits Participation Limited Partner will direct, based upon the issuance by the Profit Participation Limited Partner of interests to members of the Profits Participation Limited Partner (who may include employees, officers, directors, consultants and agents of KUE, its



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| | subsidiaries and joint ventures as designated by KULG other than the Principals and their affiliates), the vesting schedule of such interests, and whether certain tax elections are made by the recipients of such interests; provided, however, the total number of Profits Participation LP Units shall not exceed a number equal to eleven percent (11%) of the aggregate number of Partnership Units. Any increase in the number of Profits Participation LP Units following the sale of the first $1.5 billion of Common LP Units to Investors requires a majority vote of the Independent Committee.<br><br>Subsequent to the completion of this offering, KUE may raise additional capital through the sale of equity or debt securities. KUE will not have any preferred limited partner units outstanding upon completion of this offering but KUE may issue limited partner units with preferences over the Common LP Units in the future and may amend the Limited Partnership Agreement accordingly. |
| **Distributions:** | First, to the Common Limited Partners and the General Partner in proportion to and to the extent of their unreturned Capital Contributions, but in no case may a distribution pursuant to this paragraph exceed a Partner's positive adjusted capital account balance;<br><br>Second, to the Common Limited Partners and the General Partner and the Profits Participation Limited Partner (with respect to Profits Participation Units theretofore allocated to persons other than the Principals and their Affiliates, if specified by the Profits Participation Limited Partner, but not with respect to more than 2/11ths of the Profits Participation Units) to the extent of an 8% preferred return;<br><br>Third, to the Profits Participation Limited Partner in the additional amount the Profits Participation Limited Partner would have received pursuant to the prior paragraph if it had fully participated in the distribution of the 8% preferred return with respect to all outstanding Profits Participation Units; and<br><br>Fourth, to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to the number of Units held by each such Partner.<br><br>Distributions may be made in cash or in kind. Allocations of income, gains, profits and losses are described in "The Structure of KUE and the General Partner" in this Private Placement Memorandum.<br><br>The Limited Partnership Agreement gives the General Partner the authority to override the distribution provisions of the Limited Partnership Agreement described above in order to achieve the desired economic arrangement of KUE, which is: (i) first, to return the Partners' Capital Contributions to them; (ii) second, for the Common Limited Partners and the General Partner to receive their Preferred Return while the |



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| | Profits Participation Limited Partner concurrently receives an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner other than the Principals), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; (iii) third, for the Profits Participation Limited Partner to receive an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner who are Principals or their affiliates), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; and (iv) finally, for all Partners (including the Profits Participation Limited Partner) to share in the profits of the Partnership in proportion to the number of Units held by them.<br><br>Notwithstanding any contrary provisions below addressing equal merger consideration, in connection with any distribution of securities of a subsidiary entity which has high vote and low vote (or non-voting) securities with substantially equivalent economic rights, the Principals can receive the high-vote securities in such a distribution while the other holders of Common LP Units receive the low vote (or non-voting) securities, as long as the securities otherwise have substantially equivalent economic rights and the high-vote securities have mandatory conversion features equivalent to the mandatory conversion provision of the Class B Shares. |
| **Equal Merger Consideration Provision:** | The Principals (through KUE LLC) and the Investors will receive the same consideration per Common LP Unit and/or Class A/Class B Shares in connection with a sale, merger, recapitalization, share repurchase, dividend, or any other transaction where all holders of Common LP Units or shares in the General Partner receive consideration with respect to their Common LP Units or shares, other than with respect to corporate restructuring transactions, such as a holding company merger, conversion of KUE from an exempted limited partnership to a corporation or other entity, change of domicile, or any other transaction that the Independent Committee determines is a "corporate restructuring." In any such corporate restructuring transaction, the Principals (through KUE LLC) may receive securities with high-voting rights and the Investors may receive securities with limited or no voting rights so long as the consideration received by the Principals (through KUE LLC) and the other Partners per |



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| | Common LP Unit have substantially equivalent economic provisions. |
| **Fixed Overhead Payment:** | KUE and/or one or more of its subsidiaries will pay $20 million annually to KULG in quarterly installments beginning July 1, 2006 pursuant to the Fixed Overhead Payment Agreement as an agreed upon payment to provide for the reimbursement of expenses and other costs incurred by KULG on behalf of KUE and its subsidiaries (including, but not limited to, salaries and bonuses of KULG employees providing services to KUE and its subsidiaries, fees and expenses relating to financing transactions and acquisitions, professional fees and other administrative expenses). To the extent that the U.S. $2,500,000 fee payable pursuant to an existing management services agreement with Knowledge Learning Corporation is paid to any person or entity other than a subsidiary of KUE, the amount payable to KULG by KUE will be reduced by the amount of such payment to such other person or entity. The $20 million annual fee will terminate upon the Initial Listing (as defined below) or the sale of KUE to a person or entity that is not a KUE LLC Entity. |
| **Voting Rights:** | The General Partner will manage and operate KUE.<br><br>The Investors will have no voting rights on matters affecting Company business with respect to their Common LP Units in KUE because the Investors will be limited partners of KUE. Notwithstanding the foregoing, subject to certain exceptions, KUE must obtain the consent of (a) the holders of a majority of the Common LP Units unaffiliated with the Principals to amend the Limited Partnership Agreement in a manner that is adverse to the Common LP holders and (b) the holders of at least 90% of the Common LP Units unaffiliated with the Principals to amend the "Equal Merger Consideration Provision" described above. In addition, the General Partner may not take any action to (a) alter or add to its Articles or (b) alter or add to its Memorandum with respect to any objects, powers or other matters specified therein that would adversely affect the rights of holders of Class A Shares without the affirmative vote of the holders of a majority of the Class A Shares.<br><br>Holders of the Class A Shares of the General Partner will have one vote per share. The holders of Class B Shares, will have in the aggregate one more vote than the requisite legal vote required to approve particular matters. In addition, the Investors will have the right to elect directors to the Board of Directors of the General Partner as set forth in "Board of Directors" below.<br><br>The Class B Shares will automatically convert to Class A Shares if the Principals' aggregate direct and indirect economic interest in KUE is less than 15% of the |



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| | outstanding Partnership Units of KUE. |
| **Board of Directors:** | The General Partner will have a Board of Directors initially consisting of up to 13 persons.<br><br>Following the first closing of the offering and prior to the "Initial Listing" (as defined below), the outside Investor (including its affiliates) holding the greatest number of shares in the General Partner at the first closing of the offering will appoint two directors of the General Partner and the holders of the Class B Shares will appoint the remaining directors.<br><br>Following the initial appointment of the Board, the Board may, in its sole discretion, increase the number of directors, including to accommodate investors that invest subsequent to the initial closing of the offering of the Units, provided that the outside Investor appointing two directors pursuant to the paragraph above shall have the right to appoint additional directors as required to maintain a ratio of such Investor's designees to total Board members of not less than 2/15ths.<br><br>"Independent Directors" of the Board of Directors of the General Partner shall be individuals who (a) are not (i) a Principal, (ii) a family member of a Principal, (iii) an employee of a Principal or any entity controlled by one or more of the Principals, and (b) meet the definition of "independent director" set forth in Rule 303A.02 of the New York Stock Exchange Listed Company Manual (as if the General Partner, the Partnership and each of its Subsidiaries were the "listed company") , including any such individuals appointed by the Investors who otherwise satisfy the requirements of this definition.<br><br>At the time of the final closing of this offering, the General Partner will have at least two Independent Directors. After the Initial Listing and so long as consistent with contractual, listing and licensing obligations, a majority of the board of directors of the listed company will be Independent Directors. |
| **Initial Listing Process:** | "Initial Listing" means a listing on a recognized international securities exchange with a substantially concurrent underwritten offering generating gross proceeds of U.S. $200 million or more. "Initial Listing" refers to the Initial Listing of KUE or any successor or any subsidiary of KUE to which substantially all of KUE's assets and liabilities have been transferred or are held.<br><br>The General Partner may take and cause KUE to take such actions as the General Partner reasonably deems necessary to complete the Initial Listing on the recognized international securities exchange or exchanges selected by the General Partner, including without limitation a restructuring or reorganization or other transaction or asset transfer between or among KUE and any of its subsidiaries, and may require |



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| | Partners to exchange their interests in KUE and the General Partner for interests in a subsidiary of KUE. |
| **Related Party Transactions:** | Related party transactions include transactions between (1) any of the Principals or any of their affiliates or any entity controlled by any of the Principals, and (2) KUE or any direct or indirect subsidiary or joint venture of KUE involving more than $1 million (including, for the avoidance of doubt, any merger, acquisition, asset purchase or similar transaction between KUE, its subsidiaries or joint ventures, on the one hand, and any person of which fifteen percent (15%) or more of the voting stock (or similar voting interests) is owned by KUE LLC or its affiliates, on the other hand). Related party transactions do not include (a) any transaction solely between or among KUE and any of its direct or indirect subsidiaries or joint ventures in which the Principals do not have any direct or indirect ownership interest (other than as a result of their ownership in the General Partner and KUE), (b) reasonable and customary director, advisory board member, or consultant compensation and benefits (including, without limitation, retirement, health, stock option and other benefit plans) as approved by the Independent Committee, provided that any such compensation, benefits and arrangements to the Principals that do not exceed $1 million in the aggregate annually shall not be subject to such approval, and customary indemnification arrangements, (c) transactions and arrangements pursuant to or contemplated by express terms of the Limited Partnership Agreement of KUE, including the "Investment in Subsidiaries" and "Co-Invest Right" described below, and any payments pursuant thereto, and the Fixed Overhead Payment described above, (d) agreements, transactions and arrangements described in "Related Party Transactions" in this Private Placement Memorandum and any amendment thereto (so long as such amendment is not disadvantageous to the Investors as a whole in any material respect) or any transaction contemplated thereby and any payments pursuant thereto, and (e) admissions of any affiliate of the Principals to KUE as a Limited Partner on terms substantially equivalent to concurrent admissions of persons that are not affiliates of the Principals.<br><br>If the size of the related party transaction is greater than $1 million and equal to or less than $50 million, then either (a) the Independent Committee must approve the transaction or (b) the transaction must be approved by the holders of a majority of the Common LP Units unaffiliated with the Principals.<br><br>If the size of the related party transaction is greater than $50 million, then the transaction must be approved by both (a) the Independent Committee and (b) the holders of a majority of the Common LP Units unaffiliated with the Principals. |



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| **Investment in Subsidiaries:** | Not in limitation of any commitments or restrictions the Principals may have entered into, prior to an Initial Listing, KUE may not permit any of its subsidiaries or controlled joint ventures (which shall not include, for the avoidance of doubt, certain exempt companies contemplated by the following paragraph) to issue or grant any equity interests in such subsidiaries or controlled joint ventures to any of the Principals or any of their affiliates (other than KUE, its subsidiaries and controlled joint ventures) unless (i) the Independent Committee approves and the Investors who are accredited investors (as such term is defined in Regulation D) or otherwise legally eligible to participate are offered the opportunity to participate on the same terms as the Principals and their affiliates and in proportion to their economic ownership of KUE or (ii) such subsidiary or joint venture of KUE has completed an initial listing on a recognized international securities exchange, subject to certain limited exceptions.<br><br>The Principals intend that KUE will be their exclusive vehicle for equity investment opportunities in and acquisitions of for-profit companies engaged primarily in the business of pre-K through 12th grade education of children, subject to limited exceptions as set forth in "The Structure of KUE and the General Partner" in this Private Placement Memorandum. |
| **Transferability of Units:** | The Common LP Units and the Class A Shares comprising the Units owned by the Investors will not be separately transferable, and the Units are to be transferred as a whole unless otherwise approved by the Board of Directors of the General Partner and the Independent Committee (defined below).<br><br>Units held by an Investor may not be sold, transferred or assigned without the prior written consent of the General Partner, not to be unreasonably withheld. The General Partner intends, during the first two years after the applicable closing of the offering, to approve transfers of the Units to an affiliate of the Investor, in compliance with applicable law. After such time, the General Partner intends to approve transfers of Units to an affiliate of the Investor or to another Investor (and affiliates thereof), in each case in compliance with applicable law. The General Partner also intends to approve transfers pursuant to the Tag-Along Right and Drag-Along Right provisions described below. |
| **Tag-Along Right:** | Unless the Investors' Units (or securities received in exchange for Units if the Initial Listing is of a Subsidiary of KUE) are freely tradable without volume restrictions on the exchange on which the Initial Listing occurred, with respect to any proposed transfer of the Common LP Units held by KUE LLC and its affiliates to a non-affiliate purchaser (and, unless otherwise approved by the Board of Directors and the Independent Committee of the General Partner, a |



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| | corresponding percentage of Class A Shares held by KUE LLC), the Investors may sell a pro rata portion of their Common LP Units and corresponding Class A Shares in the proposed transfer on the same terms and in exchange for the same consideration per Unit (and Class A Share) received by KUE LLC and its affiliates.<br><br>Following the Initial Listing, the tag-along right will continue for certain Investors with respect to transfers for value of the Units (or units of the listed entity as the case may be) by the Principals or their affiliates to non-affiliates (excluding transfers on a recognized international securities exchange) above the following thresholds in one or more transactions: (i) 15% of the Principals' original KUE holdings to any single buyer (or affiliates of that buyer) or (ii) 33% of the Principals' original KUE holdings in the aggregate. |
| **Drag-Along Right:** | Prior to the Initial Listing, with respect to any proposed transfer of a majority of the Units held by KUE LLC to a proposed non-affiliate purchaser (and, unless otherwise approved by the Board of Directors and the Independent Committee of the General Partner, a corresponding percentage of Class A Shares held by KUE LLC), the Investors may be required to sell a pro rata portion of their Units and corresponding Class A Shares in the proposed transfer on the same terms and in exchange for the same consideration received by KUE LLC. |
| **Co-Invest Right:** | Prior to the Initial Listing, if KUE proposes to issue for cash any Units or securities convertible into Units after the Offering Period (subject to certain exceptions), then KUE is required to offer to each Investor that is an accredited investor (as such term is defined in Regulation D) or otherwise legally eligible to participate in the offering, the right to purchase a pro rata portion of such securities.<br><br>Prior to the Initial Listing, the Investors have substantially equivalent rights with respect to issuances of securities by the General Partner. |
| **Additional Listing of Investors' Units:** | Beginning any time after six months after the Initial Listing, one or more holders holding an aggregate of $100 million of more of the Units may request KUE and the General Partner to take such action as may be necessary for their Units to be freely tradable and not subject to volume restrictions on the international securities exchange on which the Initial Listing occurred; provided that no more than one such action may be required in any 12 month period and customary cut-back and other provisions will apply in any such listing or underwritten transaction, as the case may be. KUE will use its commercially reasonable efforts to cause such action to cover such holders and the securities of any other holders legally eligible to participate in such action. |



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| **Term:** | The term of KUE will be indefinite, unless terminated earlier in accordance with the Limited Partnership Agreement. |
| **Illiquidity Period:** | KUE will operate for a period of seven years from the date of the first closing of this offering. If there has not been an Initial Listing by the end of seven years from the date of the first closing of this offering, the Board of Directors of the General Partner will determine whether to pursue a sale of KUE or an Initial Listing (or a dual track process); provided, however, in the event that not less than 75% of the value of KUE at that time is represented by shares of securities listed on one or more recognized international securities exchanges and such shares have been or will be distributed as soon as reasonably practicable thereafter to the Investors and the Investors have received distributions of cash and/or such securities valued at amounts equal to or in excess of their original capital contributions, then there shall be two extensions of one year's duration each in order for KUE to complete either an Initial Listing or to have the remaining value of KUE represented by shares of securities listed on a recognized international securities exchange and to distribute such shares to the Investors. The Board of Directors shall approve the desired course of action.<br><br>If the Board determines to pursue a sale of KUE (or an Initial Listing or a dual track process), then the Principals must determine at such time whether they intend to participate as a potential bidder in the sale process.<br><br>If the Principals elect not to participate as a potential bidder in a sale process, then they will not be allowed to subsequently elect to participate as a potential bidder unless the sale process does not result in a buyer at a price the Independent Committee deems to be "fair." If the sale process results in a transaction that the Independent Committee deems to be "fair", the Principals will be required to sell their entire stake in KUE (Common LP Units and Profits Participation LP Units on an "as converted" basis) on the same terms as the Investors.<br><br>If the Principals elect to participate as a potential bidder in a sale process, then the sale process will be managed by the Independent Committee and the Principals will be precluded from participating in Board deliberations regarding the sale process. In addition, the Principals will be required to sell their entire stake in KUE on the same terms as the Investors to the winning bidder in the event the Principals do not submit the most attractive bid.<br><br>In the event that a sale of KUE or an Initial Listing has not occurred within nine years from the date the first Investors are admitted to KUE, the Independent Committee shall determine whether to pursue a sale of KUE (or an Initial Listing or a dual track process). A majority vote of the |



HOUSE_OVERSIGHT_024470

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| | Independent Committee on this issue shall be binding on the Board of Directors of the General Partner and will require the Board of Directors of the General Partner to pursue such action within ninety (90) days. |
| **Indemnification:** | KUE will indemnify the General Partner and its members, officers, directors, and employees, and at the General Partner's discretion, any other person providing services to KUE, its subsidiaries or joint ventures. KUE has provided a customary indemnity to the Agents in connection with their services. |
| **Periodic Reporting:** | KUE will provide annual audited financial statements and semi-annual reports. The General Partner will provide such periodic reports if engaged in any business other than acting as general partner of KUE or if it owns any material assets other than an interest in KUE. |
| **Certain U.S. Federal Income Tax Consequences:** | For a discussion of certain U.S. federal income tax consequences that may be relevant to prospective investors, please read "Certain Income Tax Consequences" in this Private Placement Memorandum. |



HOUSE_OVERSIGHT_024471

# 3. USE OF PROCEEDS

The proceeds of this offering will be used: (i) to expand operations, including through strategic acquisitions in the U.S. and internationally, (ii) to develop new products and services, (iii) to repay, in whole or in part, $150 million of existing debt plus accrued interest (including through application of a portion of the proceeds of the initial closing of the offering after payment of expenses and preferred returns), which currently bears interest at either the reserve adjusted LIBOR rate plus 0.125% or the base rate (generally the applicable prime lending rate, as announced from time to time), (iv) to pay an estimated $50 million in fees and expenses (including amounts payable to the Agents and including amounts payable from July 1, 2006 under the Fixed Overhead Payment Agreement), (v) in the discretion of KUE LLC, payment at the initial closing of the offering of approximately $7.0 million of accrued return on the preferred limited partner units of KUE being converted to Common LP Units if such accrued return is not converted to Common LP Units and (vi) for other corporate purposes. Until the proceeds are used, KUE currently intends to invest the unapplied proceeds in cash-equivalents and short-term marketable securities.



HOUSE_OVERSIGHT_024472

# 4. CAPITALIZATION

The following table sets forth KUE's cash, cash equivalents and senior capitalization as of December 31, 2005:

- on an actual basis; and
- on a pro forma basis to give effect to the sale of $1 billion in Units in this offering by KUE after deducting estimated offering fees and estimated offering expenses payable by KUE.

You should read this table together with "Management's Discussion and Analysis of KLC's Pro Forma Results of Operations" and the audited and unaudited consolidated financial statements and the related notes appearing elsewhere in this Memorandum. See "Related Party Transactions" for more information on related party interests.

| KUE Senior Capitalization | | | |
|---|---|---|---|
| | As of April 1, 2006 | | |
| | Actual | Adjustments[1] | Pro Forma |
| **Cash** | | | |
| KUE | $9.4 | $800.0 | $809.4 |
| KUE Inc. | 5.4 | | 5.4 |
| KSI | 3.0 | | 3.0 |
| KLC OpCo | 115.4 | | 115.4 |
| KLC PropCo | 31.8 | | 31.8 |
| Total Cash | $164.9 | $800.0 | $964.9 |
| **Debt** | | | |
| KUE[2] | $150.0 | ($150.0) | $0.0 |
| KUE Inc.[3] | 183.9 | | 183.9 |
| KLC OpCo – Sr. Sub. Notes | 260.0 | | 260.0 |
| KLC OpCo - Capital Leases | 16.2 | | 16.2 |
| KLC PropCo - CMBS | 697.7 | | 697.7 |
| KLC PropCo - Junior Mezzanine[4] | 147.9 | | 147.9 |
| Total Debt | $1,455.7 | | $1,305.7 |
| **Preferred Equity** | | | |
| KUE[5] | 180.0 | (180.0) | 0.0 |
| Total Debt and Preferred Equity | $1,635.7 | | $1,305.7 |

[1] *Assumes $50 million of fees and expenses.*

[2] *Upon closing, KUE LLC will contribute all of its assets to KUE. In addition, upon contribution of assets to KUE by KUE LLC, KUE will become a co-borrower to the KUE LLC term loan which will be repaid with the proceeds of the offering.*

[3] *Includes capitalized interest of $10.7 million.*

[4] *Represents book value net of original issue discount plus capitalized interest. Original principal amount is $150 million.*

[5] *Reflects the conversion of existing preferred limited partner units of KUE LLC into common limited partner units of KUE at the offering price.*



HOUSE_OVERSIGHT_024473

***Organizational Structure – Pro Forma for Funding of $1 Billion. All figures are rounded.***

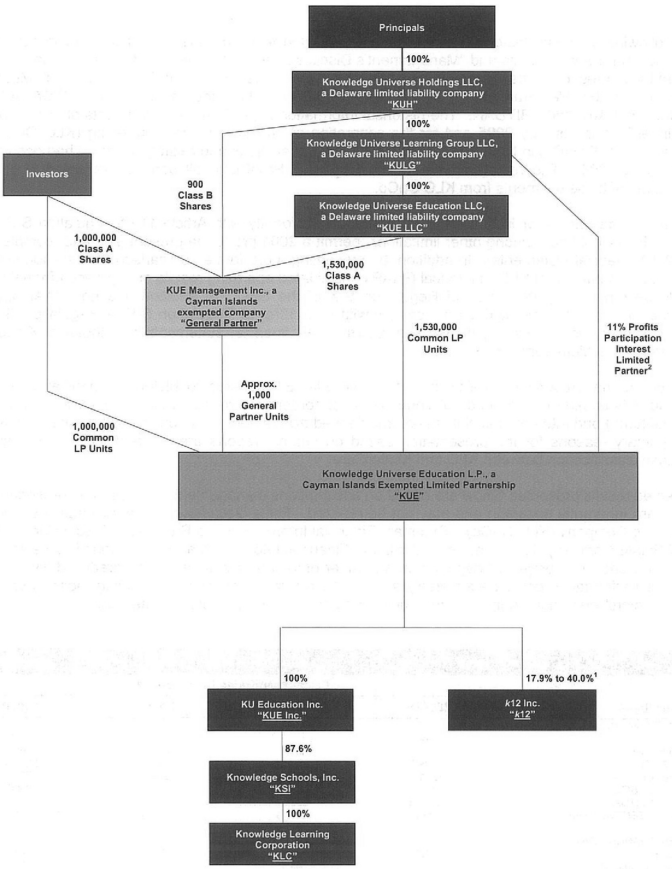


[1] *KUE owns preferred stock that is convertible into 17.9% of k12's Common Stock. KUE's ownership varies depending on the liquidation value or sale value of k12 and according to the preference of the various securities KUE owns. At higher valuations, KUE's percentage ownership is lower. See "k12 Inc. (k12) – k12 Equity."*

[2] *Of those Profits Participation LP Units outstanding immediately after the offering, 2/11ths will be allocated or held for the benefit of persons other than the Principals or their affiliates.*



HOUSE_OVERSIGHT_024474

# 5. SUMMARY FINANCIAL DATA

The following summary historical pro forma and projected financial data should be read in conjunction with the financial statements and "Management's Discussion and Analysis of KLC's Pro Forma Results of Operations" presented elsewhere in this Memorandum. See also "Non-GAAP Financial Measures" elsewhere in this Memorandum for a discussion of the derivation and limitations of EBITDA, Adjusted EBITDA and Adjusted EBITDAR. The historical information is pro forma for the effects of our acquisition of KinderCare in January 2005 and for the separation of our business into operating (KLC OpCo) and property (KLC PropCo) in November 2005, as if those transactions and related financing had occurred on January 1, 2004. The rental income received by KLC PropCo in all periods presented is primarily comprised of lease payments from KLC OpCo.

Our pro forma results for KLC were not prepared in conformity with Article 11 of Regulation S-X of the SEC (which would not, among other limitations, permit a 2004 pro forma presentation after completion of our 2005 financial statements). In addition, by presenting a pro forma comparison, this section does not include a comparison of KLC's historical GAAP consolidated operating results or segment information that would be required by Item 3-03 of Regulation S-X of the SEC. In addition, the non-GAAP financial information presented below does not comply with Item 10(e) of Regulation S-K or Regulation G of the SEC. For further information, please see KLC's GAAP financial statements and those of KinderCare included in this Memorandum.

The pro forma presentation below is not shown with adjustments to historical financial statements. Instead, it is based on a "ground up" combination of corporate level expenditures (overhead and capital expenditures) and internal financial statements derived from a center-by-center build up of KLC's results. The primary reasons for the presentation based on internal reports are different fiscal year ends and expense classification between KLC and KinderCare.

Projected results presented below are based on assumptions management believes to be reasonable, but which are inherently uncertain and may not be realized. For a discussion of the assumptions, see "The Operating Company (KLC OpCo) – Summary Financial Information and Projections Discussion" and "The Real Estate Company (KLC PropCo) – Summary Financial Information and Projections Discussion." Our ability to perform as projected depends on a number of variables that cannot be predicted with certainty and our performance could be adversely affected by a number of factors, including those described in "Risk Factors" elsewhere in this Memorandum. See also "Forward-Looking Statements."

**KLC Consolidated Historical Pro Forma and Projected Financial Summary**

| | Fiscal Year Ended December 31, | | | |
|---|---|---|---|---|
| **($ in millions)** | **2004PF[1]** | **2005PF[1]** | **2006P** | **2007P** |
| OPERATIONAL DATA: | | | | |
| Revenue | $1,442.2 | $1,477.7 | $1,557.8 | $1,661.0 |
| *Revenue Growth* | | *2.5%* | *5.4%* | *6.6%* |
| Gross Profit | $329.6 | $340.7 | $387.0 | $421.4 |
| Adjusted EBITDA[2] | $231.4 | $238.0 | $249.7 | $272.6 |
| *Adjusted EBITDA Margin* | *16.0%* | *16.1%* | *16.0%* | *16.4%* |
| Adjusted EBITDAR | $344.5 | $359.1 | $363.1 | $387.7 |
| *Adjusted EBITDAR Margin* | *23.9%* | *24.3%* | *23.3%* | *23.3%* |
| OTHER FINANCIAL DATA: | | | | |
| Interest Expense | 89.9 | 89.9 | 89.9 | 89.5 |
| Capital Expenditures | 70.6 | 83.1 | 69.9 | 60.2 |



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## KLC OpCo Historical Pro Forma and Projected Financial Summary

| ($ in millions, except for weekly tuition) | Fiscal Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2004PF[1] | 2005PF[1] | 2006P | 2007P |
| OPERATIONAL DATA: | | | | |
| Revenue | $1,442.2 | $1,477.7 | $1,557.8 | $1,656.5 |
| *Revenue Growth* | | *2.5%* | *5.4%* | *6.3%* |
| Gross Profit | $233.3 | $244.4 | $290.7 | $320.6 |
| Adjusted EBITDA[2] | $143.3 | $149.9 | $161.7 | $179.9 |
| *Adjusted EBITDA Margin* | *9.9%* | *10.1%* | *10.4%* | *10.9%* |
| Adjusted EBITDAR | $352.8 | $367.4 | $371.4 | $391.4 |
| *Adjusted EBITDAR Margin* | *24.5%* | *24.9%* | *23.8%* | *23.6%* |
| OTHER FINANCIAL DATA: | | | | |
| Interest Expense | $23.5 | $23.5 | $23.6 | $23.5 |
| Capital Expenditures | 70.6 | 83.1 | 69.9 | 60.2 |
| # of Centers | 2,021 | 1,934 | 1,894 | 1,878 |
| Average Weekly Tuition | $156.61 | $167.35 | $173.68 | $179.99 |
| Utilization | *61.6%* | *61.2%* | *62.2%* | *63.0%* |

## KLC PropCo Historical Pro Forma and Projected Financial Summary

| ($ in millions) | Fiscal Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2004PF[1] | 2005PF[1] | 2006P | 2007P |
| OPERATIONAL DATA:[3] | | | | |
| Rental Revenue From KLC OpCo | $96.3 | $96.3 | $96.3 | $96.3 |
| Other Rental Revenue | 0.0 | 0.0 | 0.0 | 4.6 |
| Total Revenue | $96.3 | $96.3 | $96.3 | $100.9 |
| Operating Expenses | $8.3 | $8.3 | $8.3 | $8.3 |
| EBITDA | $88.1 | $88.1 | $88.1 | $92.6 |
| OTHER FINANCIAL DATA: | | | | |
| Interest Expense | $66.4 | $66.4 | $66.3 | $66.0 |

## *k*12 Historical and Projected Financial Summary

| ($ in millions) | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2004 | 2005 | 2006P | 2007P |
| OPERATIONAL DATA: | | | | |
| Revenue[4] | $71.4 | $85.3 | $116.0 | $132.2 |
| *Revenue Growth* | | *19.5%* | *36.0%* | *14.0%* |
| EBITDA | ($1.9) | $2.2 | $5.7 | $12.3 |
| *EBITDA Margin* | *(2.6)%* | *2.6%* | *4.9%* | *9.3%* |
| OTHER FINANCIAL DATA: | | | | |
| Capital Expenditures | $4.3 | $4.9 | $9.4 | $15.0 |
| # of States Served[4] | 11 | 11 | 12 | 14 |
| # of Students | 10,811 | 14,144 | 18,267 | 24,000 |

*[1] Pro forma for the effects of the acquisition of KinderCare in January 2005 and the separation of KLC into KLC OpCo and KLC PropCo in November 2005, as if those transactions and related financing had occurred on January 1, 2004.*

*[2] EBITDA and EBITDAR are adjusted for restructuring charges, closed center costs, (gains) / losses on center sales, (gains) / losses on minority investment, dividend income, IDS expenses, estimated parallel organization costs, management fees, KLC OpCo's long term incentive plan and Knowledge School Inc.'s SAR Plan-related costs allocated to KLC. See also "Management's Discussion and Analysis of KLC's Pro Forma Results of Operations" and "The Real Estate Company (KLC PropCo) – KLC PropCo Summary Financial Information and Projections Discussion."*

*[3] Does not include the reinvestment of real estate revenues. Please refer to "The Real Estate Company (KLC PropCo)" for this information.*

*[4] Includes only states in which virtual academies are operated. Includes Washington, D.C.*



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# 6. RISK FACTORS

Investment in the Units involves a substantial degree of risk and should be regarded as speculative. As a result, the purchase of the Units should be considered only by persons who can reasonably afford a loss of their entire investment. Prospective investors should carefully consider, in addition to matters set forth elsewhere in this Memorandum, the following factors relating to the business of the Company and this offering. The order in which risk factors appear is not intended as an indication of the relative weight or importance thereof. Prospective investors should carefully review all risk factors. Such information is presented as of the date hereof and is subject to change without notice. The discussion in this Memorandum contains forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below. The occurrence of any of these factors could materially and adversely affect the Company's results of operations or cash flow. Risks described herein that could affect KLC are also likely to be similar for other pre-K-12 businesses we may acquire or develop. Other businesses we acquire or develop in foreign countries or in different markets, may be subject to risks in addition to those discussed below.

## 6.1. Risks Related to Our Business

### 6.1.1 Risks associated with growth through acquisitions; potential inability to consummate transactions

A principal component of the Company's growth strategy is the acquisition of other businesses or interests therein that will complement and/or expand the Company's businesses and the products and services that they offer. The successful implementation of this strategy will depend upon a number of factors, including the ability to identify attractive acquisition opportunities, consummate such transactions on favorable terms and integrate the operations of the acquired businesses with those of the Company. Identifying, completing and realizing on attractive acquisitions are highly competitive and involves a high degree of uncertainty. The Company will be competing for acquisitions with other companies, private equity firms, as well as individuals and others, which often results in increased acquisition prices. There can be no assurance that the Company will be able to identify suitable acquisition opportunities or that if identified, the Company will be able to consummate such transactions on suitable terms, or that acquired businesses will perform as expected or generate returns.

In addition to risks facing education companies similar to those facing KLC as described herein, acquisitions of businesses also involve special risks, including risks associated with unanticipated liabilities and contingencies, diversion of Company management attention and possible adverse effects on earnings resulting from increased amortization of goodwill, increased interest costs, the issuance of additional securities and difficulties related to the integration of the acquired business. No assurance can be given as to the success of the Company in executing and integrating acquisitions in the future. The Company's failure or inability to successfully implement and manage its acquisition strategy would have a material adverse effect on the Company's financial condition, results of operations and business.

The Company may from time to time enter into negotiations in anticipation of consummating an acquisition transaction. However, there is no assurance that such negotiations will be successful and the diversion of management attention on such unsuccessful transactions may adversely affect management's ability to pursue other business opportunities.

In addition, KLC PropCo intends to acquire diversified real estate interests, including investments in non-education related properties. The performance of this acquisition strategy in general, or of any particular property, cannot be predicted.



HOUSE_OVERSIGHT_024477

The initial closing of this offering will require a minimum investment (including the amount attributable to KUE LLC through conversion of its preferred limited partner units, including accrued dividends at the option of KUE LLC, into Common LP Units) of U.S. $280.0 million. There can be no assurance of additional closings after the initial closing of the offering, whether before the completion of the Offering Period on March 31, 2007 or thereafter. Unless there are subsequent closings or offerings, cash available for acquisitions and expansion would be limited to available cash of KLC and KUE and proceeds of future financings of KLC and KUE.

### 6.1.2 The Company plans to acquire or invest in non-U.S. companies. This international expansion strategy is untested, and may include acquisitions or developments in countries where for-profit education is not well established

Foreign acquisitions involve certain risks not typically associated with U.S. acquisitions, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Company's non-U.S. interests are denominated, and costs associated with conversion from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting and financial reporting standards and disclosure requirements and less governmental supervision and regulation; (iii) certain economic and political risks, including potential restrictions on foreign acquisition and repatriation of capital, and the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of foreign taxes on income and gains; and (v) differences in applicable legal systems, including the possibility that the Company may experience difficulty in asserting legal claims or obtaining legal remedies against sellers of businesses in foreign jurisdictions.

The Company's prior operating history is limited to its U.S.-based businesses. Historical results may not be indicative of future performance outside the U.S. The Company's non-U.S. businesses may operate in countries in which the legal and regulatory frameworks, customary business models, education practices and philosophies and political and social norms are substantially different from those in the U.S. International expansion may also involve significant market risks, and opportunities to realize synergies may be limited. There can be no assurance that the Company will be successful in its international expansion strategy.

In addition, the Company may acquire businesses or pursue business development opportunities in countries where for-profit education is not well-established, which may involve greater risks than those associated with similar U.S. acquisitions and developments. For example, the performance of a for-profit education company located in a country where for-profit education is in an embryonic stage may be volatile. Such a company also may be unable to achieve the growth or success achieved by education businesses in countries, such as the U.S., where for-profit education is more established. In addition, there can be no assurance that for-profit education will ever become well-established or maintain viability in any given country. If any of the above events occur, the Company may suffer a partial or total loss of capital invested in that business or development.

### 6.1.3 The Company's success depends on its ability to attract and retain skilled employees

The success of the Company will depend in part on continued employment of senior management and other key personnel, particularly the Principals. See the discussion under the heading "The Company may not engage in certain businesses" below. If one or more senior management or key personnel become unable or unwilling to continue in their present positions, the business and operations of the Company would be disrupted.

The success of the Company also depends on attracting and retaining highly trained financial, marketing and other personnel. The Company will need to continue to hire additional personnel as its business grows. The market for hiring such personnel is competitive and hiring such personnel may require increased salaries and enhanced benefits under certain circumstances. A shortage in the number of



HOUSE_OVERSIGHT_024478

skilled personnel could limit the ability of the Company to increase sales of existing products and services and launch new product offerings.

### 6.1.4 The Company has significant leverage, and expects to incur additional debt, which could result in adverse effects on its financial condition

The Company has significant leverage and expects to incur additional debt in connection with the acquisition and operation of its businesses. Although the Company intends to use leverage in a manner it believes to be prudent, the leveraged capital structure the Company plans to utilize may significantly increase the Company's exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the businesses or their respective industries. If a business cannot generate adequate cash flow to meet debt obligations, the Company may suffer a partial or total loss of capital invested in such business.

The Company's ability to service its substantial indebtedness, and meet its other obligations depends on its future performance, which will be affected by financial, business, economic and other factors, many of which are outside the Company's control. The Company cannot be certain that its cash flow will be sufficient for such purposes. If the Company does not have enough liquidity, it may be required to refinance all or part of its existing debt, sell assets or borrow more money. The Company cannot guarantee that it will be able to do so on favorable terms, if at all. In addition, the terms of existing or future debt agreements, may restrict the Company from pursuing any of these alternatives.

The substantial level of indebtedness incurred by the Company may have the following consequences of potential concern to investors in the Company:

- The Company must use a substantial portion of its cash flow from operations to pay interest and principal on its indebtedness, which reduces the funds available for other business purposes such as capital expenditures;
- The Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- The Company may be limited in its ability to borrow additional funds;
- The Company may have a higher level of indebtedness than some of its competitors, which may put it at a competitive disadvantage and reduce its flexibility in planning for, or responding to, changing conditions in its industry, including increased competition; and
- The Company may be more vulnerable to economic downturns and adverse developments than it would without the leverage.

Adverse developments in the Company's financial condition would have adverse effects upon the business and results of the Company as a whole.

### 6.1.5 The Company faces intense competition in the early childhood care and education services industry from numerous other types of providers

The early childhood care and education services industry is competitive and highly fragmented. The most important competitive factors generally are quality, convenience and, to a lesser extent, price. The Company's, specifically KLC OpCo's, competition in this industry consists principally of:

- other for-profit, center-based child care providers, including franchise organizations;
- preschool, kindergarten and before and after school programs provided by public schools;



HOUSE_OVERSIGHT_024479

- local nursery schools and child care centers, including church-affiliated and other non-profit centers;
- providers of child care services that operate out of homes; and
- substitutes for group child care, such as relatives, nannies and stay-at-home parents.

In many markets, the Company faces competition from preschool services and before and after school programs offered by public schools that provide such services at little or no cost to parents. The number of school districts offering these services is growing, and we expect increased competition from such services in the future. In addition, local nursery schools, child care centers and in-home providers generally charge less for their services than the Company. Many denominational and other non-profit child care centers have lower operating expenses than the Company and may receive donations and/or other funding to subsidize operating expenses. Consequently, operators of such centers often charge lower tuition rates than us. Moreover, fees for home-based care are normally substantially lower than fees for center-based care.

### 6.1.6 The Company may acquire companies that are not well-established or are experiencing financial difficulties

The Company may acquire less established companies. Acquisitions of interests in such companies may involve greater risks than are generally associated with acquisitions of more established or stable companies. For example, such companies may have shorter operating histories on which to predict future performance and may have negative cash flow. Their performance may be more volatile and they may be unable to sustain the growth rates or success achieved by established companies. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies also may have a lower capitalization and fewer resources (including cash) and may be more vulnerable to failure, resulting in the loss of the Company's entire investment in such company. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices. In such event, the Company may suffer a partial or total loss of capital invested in that company.

The Company has invested in troubled companies in the past, and may make future investments in companies that are experiencing, or are expected to experience, financial difficulties. If such difficulties are not overcome, the Company may lose part or all of any equity investment in such companies.

### 6.1.7 KUE will rely on the management teams of its subsidiaries

While KUE will retain overall control and set the strategic direction of the Company, day-to-day operations at the subsidiary level will be the responsibility of the management teams at the subsidiary level. There can be no assurance that the existing management teams, or any successor, of any acquired business will be able to operate such business in accordance with KUE's plans and/or objectives.

### 6.1.8 The Company has a non-controlling interest in *k*12 with limited rights as a shareholder and may acquire minority interests in other entities

The Company holds a non-controlling interest in *k*12 and may in the future acquire minority interests in other companies. Holding a minority interest limits the Company's ability to protect its interests in and to influence management of *k*12. Any future investments in minority interests of other companies will likely involve similar limitations.

In addition, the Company may co-acquire interests in businesses or develop businesses with third parties through joint ventures or other entities, which may have larger or controlling ownership interests in such companies. In such cases, the Company will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom the Company is not affiliated and whose interests may at times conflict with the interests of the Company.



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Such interests may involve risks in connection with such third-party involvement, including the possibility that a third-party may be in a position to take (or block) action in a manner contrary to the Company's objectives or may have financial difficulties resulting in a negative impact on such interest. Acquisitions made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third party partners or co-venturers. There can be no assurance that desirable minority shareholder rights will be available or that such rights will provide sufficient protection of the Company's interests.

### 6.1.9 Certain of the Company's businesses may require additional capital

Certain of the Company's businesses, especially those in development phases, may require additional financing to satisfy their working capital requirements. The amount of the additional financing needed will depend upon the maturity and objectives of the particular business. The Company may seek to raise any required capital from different sources, and subsidiaries in foreign countries may raise capital locally. The availability of capital is generally a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source as needed. An inability to timely raise capital may materially and adversely affect the Company and/or its business.

### 6.1.10 KUE's subsidiaries operate in regulated industries; failure to comply with governmental regulation and licensing requirements could have a material adverse effect on operations

The pre-K-12 education business is highly regulated and is often subsidized with government funding or reimbursement programs. In addition, KUE and its subsidiaries may require the consent or approval of applicable regulatory authorities in order to acquire or operate particular businesses, including in foreign jurisdictions where the Company has limited or no experience with the regulatory framework. Failure to comply with applicable laws or regulations, or failure or inability to obtain applicable approvals, could have a material adverse effect on the operations of KUE and/or its subsidiaries.

For example, KLC's centers and school programs are subject to numerous state and local regulations and licensing requirements. KLC has policies and procedures in place to assist in complying with such regulations and requirements. Although these regulations vary from jurisdiction to jurisdiction, government agencies generally review, among other things, the fitness and adequacy of buildings and equipment, the ratio of staff personnel to enrolled children, staff training, record keeping, children's dietary program, the daily curriculum, and compliance with health and safety standards and transportation safety. In most jurisdictions, these agencies conduct scheduled and unscheduled inspections of the centers and licenses must be renewed periodically. Most jurisdictions establish requirements for background checks or other clearance procedures for new employees of child care centers and school programs. Repeated failures by any of KLC's centers to comply with applicable regulations may result in sanctions against that center or program and other centers or programs in the same jurisdiction, including probation or, in more serious cases, suspension or revocation of a center's or program's license to operate. In addition, this type of action could attract negative publicity extending beyond that jurisdiction.

A licensing authority may determine that a particular center or program is in violation of applicable regulations and may take action against that center or program and possibly other centers or programs in the same jurisdiction. For more information, see "The Operating Company (KLC OpCo) – Licensing and Government Regulation."

### 6.1.11 Future legislation or new regulations may place additional burdens on the Company and have a material adverse effect on operations

Additional, different and/or more stringent regulations and licensing requirements may become applicable in the future due to changes in laws and regulations, judicial or administrative interpretations of existing laws and regulations, changes in the Company's business strategy or for other reasons. State authorities



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routinely review the adequacy of regulatory and licensing requirements and may implement changes that significantly increase operating costs. For example, a change in the required ratio of child center staff personnel to enrolled children in a certain jurisdiction could increase KLC center or program staff operating expenses in that jurisdiction and therefore have a material adverse effect on KLC's operations.

There can be no assurance that the Company will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements, could prevent operation of the facility or sales to third parties, or could result in additional costs to the Company.

### 6.1.12 Conflicts of interest may arise with the Principals and their affiliates

The Principals will agree (on behalf of themselves and their affiliates) that KUE will be their exclusive vehicle for equity investment opportunities in and acquisitions of for-profit companies engaged primarily in the business of pre-K through 12th grade education of children (other than companies in which the Principals or their affiliates directly or indirectly owns fifteen percent (15%) or more of the voting stock (or similar voting interests) as of the date of the first closing of the offering, which are LeapFrog Enterprises, Inc. and Nobel Learning Communities, Inc.). The Principals will not acquire or make an equity investment in such companies unless such acquisition or investment opportunity has been first presented to the Independent Committee and subsequently declined by the Independent Committee or initially pursued but later abandoned by KUE. See "The Structure of KUE and the General Partner – Investment in Subsidiaries and Joint Ventures." In addition, existing companies in which KULG and/or its principals are investors along with other unrelated investors may invest in or acquire companies involved in areas relating to education.

Following the consummation of the offering, the Principals will control the General Partner other than with respect to certain actions requiring Investor approval as further described in "The Structure of KUE and the General Partner." Conflicts could emerge between the Principals and the Company in the future, including conflicts due to the other business segments in which the Principals may have interests, separate from the Company. In addition, affiliates of the Principals will have certain financial interests in KUE and certain of its subsidiaries as described in "Related Party Transactions" following the consummation of the offering independent of their ownership of the Units, which may present conflicts of interest.

Certain other potential conflicts of interest include:

- Other activities of management – the Principals and other senior management personnel of the Company are subject to a variety of prior and continuing obligations unrelated to the Company. Accordingly, conflicts may arise in the allocation of management time and resources.

- Lack of separate counsel for Investors – no separate counsel has been engaged by the Company to act on behalf of Investors in the Company.

- For a description of existing arrangements between the Company and its affiliates, see "Related Party Transactions."

- For a description of certain restrictions on one of the Principals and the Company, see "The Company may not engage in certain businesses" below.

By acquiring an interest in the Company, each Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.



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### 6.1.13 The Company may not engage in certain businesses

On February 24, 1998, without admitting or denying liability, Michael R. Milken consented to the entry of a final judgment in the U.S. District Court for the Southern District of New York in Securities and Exchange Commission v. Michael R. Milken et al., which judgment was entered on February 26, 1998 restraining and enjoining Michael Milken from associating with any broker, dealer, investment advisor, investment company or municipal securities dealer, and from violating Section 15(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On March 11, 1991, in the action entitled In the Matter of Michael R. Milken, the SEC instituted a proceeding pursuant to Section 15(b)(6) of the Exchange Act and ordered that Michael Milken be barred from association with any broker, dealer, investment advisor, investment company or municipal securities dealer. On April 24, 1990, concurrently with a plea agreement covering criminal violations of federal securities laws, Michael Milken also consented, without admitting or denying liability, to the entry of a final judgment in the U.S. District Court for the Southern District of New York in the civil action entitled Securities and Exchange Commission v. Drexel Burnham Lambert Incorporated, et al., restraining and enjoining Michael Milken from engaging in transactions, acts, practices and courses of business which constitute or would constitute violations of, or which aid and abet or would aid and abet violations of, Sections 7(c), 7(f), 9(a)(2), 10(b), 13(d), 14(e), 15(c)(3) and 17(a)(1) of the Exchange Act, and Regulations T and X and Rules 10b-5, 10b-6, 13d-1, 13d-2, 14e-3, 15c3-1, 17a-3 and 17a-4 promulgated thereunder, and Section 17(a) of the Securities Act.

The Company cannot be in the business of or associated with a broker, dealer, investment company, investment advisor, or municipal securities dealer (collectively, "prohibited businesses"). As a result, the Company cannot pursue any acquisitions or investments that may have the effect of the Company being in any prohibited business. This could adversely affect the Company's ability to make and/or hold investments or acquisitions which may otherwise be consistent with its business objectives.

### 6.1.14 Litigation and adverse publicity concerning alleged incidents at KLC or other child care centers could hurt KLC's reputation

KLC is subject to claims and litigation arising in the ordinary course of business, including claims and litigation involving allegations of physical or sexual abuse of children. Any such allegations, claims or lawsuits, either individually or in the aggregate, may have a material adverse effect on KLC OpCo's financial position, operating results or cash flows.

Personal trust and parent referrals play a key role in the child care business. KLC believes its success is directly related to its reputation and favorable brand identity. KLC is periodically subject to claims and litigation alleging negligence, inadequate supervision and other grounds for liability arising from injuries or other harm to children. In addition, claimants may seek damages from KLC for child abuse, sexual abuse or other criminal acts arising out of alleged incidents at KLC's centers. There are lengthy statute of limitations periods applicable to child abuse and personal injury claims. Such claims may typically be brought until a number of years after a claimant reaches the age of majority. Any adverse publicity concerning such incidents at one of KLC's child care centers, or child care centers generally, could greatly damage KLC's reputation and could have an adverse effect on occupancy levels at KLC's centers.

### 6.1.15 KLC's insurance policies may be inadequate to cover claims, and KLC may be unable to maintain existing coverage in the future at reasonable prices

Some operators of child care centers have experienced difficulty obtaining general liability insurance or other liability insurance that covers child abuse. KLC maintains insurance policies to protect against relevant liability exposures in amounts KLC considers to be appropriate. In addition, KLC's owned centers are covered by blanket insurance policies, including property insurance. Although KLC has not historically had to pay any claims exceeding its coverage, claims in excess of, or not included within, its coverage may be asserted. To the extent that any claims are not covered by insurance, KLC will be forced to cover the associated costs itself, which will reduce the amount of cash KLC has available for other business purposes.



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Insurance premiums have increased significantly in the past and may increase in the future because of market conditions in the insurance business generally, conditions in the child care industry more particularly or KLC's situation specifically. KLC cannot be certain of the cost or coverage it will obtain with replacements of existing policies, which will depend on the factors described above.

### 6.1.16 Factors beyond the Company's control, such as economic conditions, may adversely affect the demand for child care services

Demand for child care services is subject to fluctuations in general economic conditions, and the Company's revenues depend, in part, on the number of working mothers and working single parents who require child care services. Recessionary pressure on the economy, and a consequent reduction in the general labor force, may adversely impact the Company because out-of-work parents tend to stop using child care services. In addition, certain demographic trends which are favorable to the Company's business, including the increasing percentage of mothers in the workforce and the growth in population of children of the age needing child care, as well as trends in the preference of working parents and employers for center based child care, may not continue. Other factors beyond the Company's control could adversely affect demand, such as terrorism, natural disasters and epidemics.

Children attending KLC's facilities are generally enrolled on a weekly basis. Accordingly, any change in economic conditions or other external factors affecting demand will impact us more quickly than businesses with longer contractual periods.

### 6.1.17 A loss or reduction of government funding for child care assistance programs or food reimbursement programs could adversely affect KLC

Federal and state child care assistance programs accounted for approximately 20% of KLC's revenues during the one year period ended December 31, 2005. These funds are primarily from the Child Care and Development Block Grant and At Risk Programs, which are designed to assist low-income families with child care expenses and are administered through various state agencies. Although additional funding for child care may be available for low income families as part of welfare reform and the reauthorization of the Child Care and Development Block Grant and At Risk Programs, KLC may not benefit from any such additional funding.

KLC is eligible to participate in the Child and Adult Care Food Program, or CACFP, which provides reimbursement for meals and snacks that meet certain USDA approved nutritional guidelines. Centers can qualify to participate in the CACFP by meeting one of two tests: 25% or more of the enrolled students receive child care assistance funding or 25% or more of the center's customers have household incomes that are at or below state specified income levels. Reimbursement is calculated based on the percentage of the center's customers that fall into a "free" or "reduced" income category established by the state.

Federal or state child care assistance programs may not continue to be funded at current levels, particularly with large budget deficits putting pressure on discretionary spending programs. In addition, many states have recently experienced fiscal problems and have reduced or may in the future reduce spending on social services. A termination or reduction in funding of child care assistance programs could have a material adverse effect on KLC's business.

Adverse changes to the national or local economies may result in an increase in the number of families eligible for child care assistance. In order to compensate for such increases, state or local governments have in the past, and may in the future, increased parent co-payments required under such programs or change the eligibility requirements to reduce the number of families eligible to participate in such programs. An increase in the required parent co-payments may discourage parents from sending their children to KLC's centers. An increase in required parent co-payments also increases KLC's exposure to the risk of non-payment by these parents.

In addition, states which reduce funding for child care may be unable to qualify to receive funds under the Temporary Assistance for Needy Families, or TANF, program. Such states may utilize funds under the



HOUSE_OVERSIGHT_024484

Child Care and Development Block Grant to provide child care assistance to needy families in lieu of TANF funds, thereby reducing the amount of funds available to other families, including families that utilize KLC's child care centers.

### 6.1.18 A termination or reduction of tax credits for child care could have a material adverse effect on KLC's business

KLC may enjoy heightened demand for its services because of tax incentives for child care programs. Section 21 of the Internal Revenue Code of 1986, as amended (referred to herein as the "Code"), provides a federal income tax credit ranging from 20% to 35% of specified child care expenses with maximum eligible expenses of $3,000 for one child and $6,000 for two or more children. The fees paid to KLC by eligible taxpayers for child care services qualify for these tax credits, subject to the limitations of Section 21 of the Code. However, these tax incentives are subject to change.

Code Section 45F provides incentives to employers to offset costs related to employer provided child care facilities. Costs related to (a) acquiring or constructing property used as a qualified child care center, (b) operating an existing child care center, or (c) contracting with an independent child care operator to care for the children of the taxpayer's employees will qualify for the credit. The credit amount is 25% of the qualified costs. An additional credit of 10% of qualified expenses for child care resource and referral services has also been enacted. The maximum credit available for any taxpayer is $150,000 per tax year.

Many states offer tax credits in addition to the federal credits discussed above. Credit programs vary by state and may apply to both the individual taxpayer and the employer. A termination or reduction of such tax credits could have a material adverse effect on KLC's business.

### 6.1.19 Material weaknesses in KLC's internal controls were discovered during KLC's 2005 audit

For a discussion of certain material weaknesses in KLC's internal controls discovered in KLC's 2005 audit, see "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Years Ended 2005, 2004 and 2003" in Appendix B. To address these issues, and as part of the Company's growth plan, KLC is increasing expenditures on IT systems and accounting and IT personnel.

### 6.1.20 If KLC is unable to attract and retain sufficient numbers of qualified employees, if minimum wage rates increase or if KLC's employees unionize, KLC's results of operations may be adversely affected

KLC believes that its success is largely dependent on its ability to attract and retain qualified employees. Many of KLC's child care center staff are entry level wage earning employees, and turnover in this industry has traditionally been significant. If KLC is unable to hire or retain sufficient numbers of qualified employees (particularly center directors and supervising employees) or are only able to hire or retain such employees by providing significantly greater salaries, wages and benefits than KLC currently does as a result of increases in the federal or state minimum wage rates or other market conditions, KLC's operations may be adversely affected.

Since early 1998, union organization efforts in the child care industry have received considerable publicity. While union officials associated with the American Federation of State, County and Municipal Employees and Service Employees International have repeatedly announced their intention to engage in a nation-wide effort to organize child care workers, organization efforts have been focused on government-funded providers. To date, efforts to organize employees of for-profit providers have been minimal. However, organizational efforts may occur and, if successful, could have an adverse effect on KLC's relationships with employees and KLC's labor costs. In addition, the general publicity surrounding such efforts, even if not focused on KLC's centers, could result in increased wages for child care workers and, as a result, increase KLC's labor costs.



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### 6.1.21 Because KLC (through KLC PropCo) owns or leases a substantial number of real properties, and expects to invest in additional properties, results of operations could be adversely affected if environmental contamination is discovered on any of the properties

KLC is subject to U.S. federal, state and local environmental laws, regulations and ordinances that may impose liability for damages resulting from past spills, disposals and other releases of hazardous substances as well as clean up costs. In particular, under applicable environmental laws, KLC may be responsible for investigating and remediating environmental conditions and may be subject to associated liability, including lawsuits brought by private litigants, relating to KLC's properties. These obligations could arise whether KLC owns or leases the property at issue and regardless of whether the environmental conditions were created by KLC or by a prior owner or tenant. Environmental conditions unknown to KLC at this time relating to prior, existing or future properties may be discovered and may have a material adverse effect on KLC's results of operations.

### 6.1.22 KUE has a limited history

While certain subsidiaries of KUE have a financial and an operating history, KUE has only recently been organized and has relatively little financial or operating history upon which prospective investors may evaluate its performance, and has not prepared separate or consolidated financial statements. The prior performance of the subsidiaries of KUE described herein may not be indicative of the future results of the Company.

## 6.2. Tax Risks

### 6.2.1 Certain tax considerations generally applicable to Investors subject to U.S. tax liability

KUE is expected to be treated as a partnership for U.S. federal income tax purposes. Each Investor that is subject to U.S. federal income tax liability will take into account its allocable share of items of income, gain, loss, deduction, and credit of KUE (as determined under the Limited Partnership Agreement), without regard to whether it has received distributions from KUE. As a result, the tax liability to an Investor resulting from such allocation may exceed the cash distributions made by KUE to the Investor. Further, upon the sale of its Common LP Units, an Investor may, depending on the amount of Company debt, if any, and the Investor's adjusted tax basis, incur a tax liability in excess of the amount of cash received.

The U.S. Internal Revenue Service (the "IRS"), or other taxing authority may challenge the manner in which income, gains, losses and deductions are allocated to holders of Common LP Units, the General Partner and holders of the Profits Participation LP Units under the Limited Partnership Agreement. For U.S. federal income tax purposes, allocation of any item of income, gain, loss or deduction to a partner in a partnership will be given effect so long as the allocation has "substantial economic effect," or is otherwise in accordance with the partner's interest in the partnership. If an allocation of an item pursuant to the Limited Partnership Agreement does not satisfy this standard or is deemed not to satisfy this standard by the IRS, it will be reallocated by the IRS among the Partners on the basis of their respective interests in KUE (as determined by the IRS), taking into account all facts and circumstances. In such a case, Investors could have additional tax liabilities or suffer adverse tax consequences.

An investment in KUE will give rise to a variety of complex U.S. federal income tax and other tax issues for Investors. Certain of those issues may relate to special rules applicable to certain types of Investors subject to U.S. tax, such as tax-exempt entities, foundations, life insurance companies, banks, dealers, in securities, U.S. persons who own 10% or more of KUE and non-U.S. persons and entities. Prospective Investors are urged to consult their tax advisors with specific reference to their situations concerning an investment in KUE.



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### 6.2.2 Tax-Exempt and Non-U.S. Investors may become subject to U.S. Tax

KUE business activities could generate income that will be taxable to certain otherwise tax-exempt Investors as "unrelated business taxable income." Although, under the Limited Partnership Agreement, the General Partner is required to use its reasonable best efforts not to engage in, or invest in (other than through an entity that is not a pass-through entity) a pass-through entity that engages in, any activity which constitutes the conduct of a trade or business in the United States and generates income which constitutes "effectively connected income" in the hands of the non-U.S. Investors that own Common LP Units, it is possible that some of KUE's business activities and acquisitions could generate income that is "effectively connected" with a U.S. trade or business which could create U.S. federal income tax reporting, tax liability, and tax withholding for non-U.S. Investors. Additionally, KUE believes that neither KUE nor its subsidiaries is currently a U.S. Real Property Holding Corporation ("USRPHC") for U.S. federal income tax purposes. However, no assurances can be given in this regard. Furthermore, it is possible that in the future KUE and/or its subsidiaries may become a USRPHC if, for example, the value of the U.S. real estate holdings of KUE or such subsidiary increases sufficiently. A disposition of an interest in a USRPHC could create gain for non-U.S. Investors which would be treated as if the non-U.S. Investor were engaged in a trade or business within the U.S. and as if such gain were effectively connected with such trade or business. This would create U.S. federal income tax reporting, tax liability and withholding for non-U.S. Investors. Investors that are non-U.S. persons are urged to consult their tax advisors regarding the potential application of the USRPHC rules to their investment in KUE.

### 6.2.3 Investors may become subject to taxation in non-U.S. jurisdictions

KUE expects to make investments in jurisdictions outside of the U.S., and KUE, its subsidiaries and/or the Investors may be subject to income or other tax in those jurisdictions. In addition, local tax incurred in non-U.S. jurisdictions by KUE or subsidiaries through which it invests may not entitle Investors to either (i) a credit against tax that may be owed in the U.S. or their respective local tax jurisdictions, or (ii) a deduction against income taxable in the U.S. or such local jurisdictions by the Investors.

### 6.2.4 Controlled Foreign Corporations

KUE anticipates that it and/or its subsidiaries will invest in non-U.S. operations. Depending upon the percentage of ownership of such operations by KUE and its subsidiaries and the type of legal entity chosen for such operations, these non-U.S. operations could be classified as a Controlled Foreign Corporation ("CFC") for U.S. federal income tax purposes. If an entity is classified as a CFC, certain types of income could be taxable to U.S. persons owning 10% or more of KUE for U.S. income tax purposes, even if no distributions of cash are made from such entity, and gain from the disposition of such entity would be taxed as if it were a dividend to the extent of such entity's earnings and profits, rather than as a capital gain, for U.S. income tax purposes.

### 6.2.5 Treatment of KUE as a U.S. Entity

Under the Code, certain non-U.S corporations may be treated as U.S. corporations for U.S. federal income tax purposes, thereby subjecting such non-U.S. corporations to U.S. federal income tax on their income. Recently enacted U.S. tax legislation includes one such provision. Under this legislation, referred to as the anti-inversion legislation, non-U.S. corporations that acquire interests in a U.S. corporation or partnership and meet certain ownership, operational and other tests may be treated as U.S. corporations for federal income tax purposes. The legislation grants broad regulatory authority to the U.S. Secretary of Treasury to provide such regulations as may be appropriate to determine whether a non-U.S. corporation is treated as a U.S. corporation or as are necessary to carry out the intent of the provision, including adjusting its application as necessary to prevent the avoidance of its purpose. Recently issued Treasury regulations provide that the anti-inversion legislation is applicable to a foreign partnership that is or becomes a "publicly traded partnership" within two years of the acquisition by it of a U.S. corporation. A "publicly traded partnership" is any partnership (i) interests in which are traded on an established securities market, or (ii) interests in which are readily tradable on a secondary market (or the substantial equivalent thereof). KUE believes that it is not currently a publicly traded partnership and does not intend



HOUSE_OVERSIGHT_024487

to become a publicly traded partnership within two years of this offering or the acquisition of KLC and *k*12. As a result, KUE does not believe the anti-inversion legislation or any regulations promulgated within the scope of the legislation's regulatory authority should apply to KUE although no assurance can be given in this regard or with respect to any new acquisitions of or investments in U.S. corporations. In addition, KUE does not believe that any other Code provision subjecting non-U.S. corporations to U.S. federal income tax should apply to KUE or its subsidiaries, although no assurance can be in this regards. The promulgation of contrary regulations or a successful challenge of either of these positions by the Internal Revenue Service could materially reduce a holder's after-tax return and, thus, could result in a substantial reduction of the value of the Units.

### 6.2.6 Currency Fluctuations

An investment in KUE is a U.S. dollar denominated investment. Contributions to and distributions from KUE will be made in U.S. dollars. Fluctuations in value between the U.S. dollar and the Investor's functional currency (if other than the U.S. dollar) may result in taxable income to the Investor.

### 6.2.7 Reporting Requirements

Investors who are U.S. Persons will be required to file an IRS Form 8865 with the Investor's U.S. federal income tax return for the taxable year in which the Investor purchases the Common LP Units. Investors who are U.S. Persons may, depending upon the size of their investment in the General Partner, be required to file an IRS Form 5471 with the Investor's U.S. federal income tax return for the taxable year in which the Investor purchases Class A ordinary shares in the General Partner. Additionally, depending on the type of non-U.S. investments KUE makes, Investors who are U.S. Persons may be required to file additional IRS Forms such as a Form 5471 in subsequent years.

## 6.3. Risks Related to Projections

### 6.3.1 The projections included in this Memorandum and otherwise provided to potential Investors are subject to a number of assumptions and uncertainties; potential Investors are cautioned not to place undue reliance on such projections

The projections included in this Memorandum and other models and forecasts that may be presented to or discussed with Investors represent management's best estimates as of the date of this Memorandum of KLC's, KLC OpCo's and KLC PropCo's projected results of operations for the years ended December 31, 2006 to 2011 (the "Projections"). The Projections were not prepared with a view toward compliance with published guidelines of the SEC, the American Institute of Certified Public Accountants, or any regulatory or professional agency or body or generally accepted accounting principles of the U.S. or any other country. In addition, neither the Agents, Deloitte & Touche LLP, the Company's independent auditors, nor any other independent expert, accountant or counsel has examined, reviewed or compiled the Projections and, consequently, assume no responsibility for them. The Projections should be read together with, and are qualified in their entirety by, the information contained in the rest of this "Risk Factors" section, "Management's Discussion and Analysis of KLC's Pro Forma Results of Operations," "Business" and the financial statements and the related notes thereto included in this Memorandum.

The Projections do not include any expenses of any entity within the Company above the KLC level, including KUE expenses ($17.5 million of the $20.0 million payable pursuant to the Fixed Overhead Payment Agreement) that will be payable by KUE for administrative and other services. See "Related Party Transactions." The Projections also do not include any projected expenses relating to grants of Profits Participation Units or other equity-related grants, including for the Stock Appreciation Rights Plan at Knowledge Schools, Inc. ("KSI"), pursuant to which payments may be made based on different valuations of KSI stock and are based on the same multiples of Adjusted EBITDA used in 2005; actual valuations are conducted annually and may be higher or lower. Finally, the Projections do not reflect projected interest expenses on KUE debt.



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The Projections do not assume that the Company will make any future material acquisitions, even though the Company expects to use the proceeds of the sale of the Units, among other purposes, for acquisitions, which will likely affect actual performance and cause it to differ from the Projections. The Projections assume the success of the Company's operating strategy, although no assurance can be given that the Company's strategy will be effective or that the anticipated benefits from the strategy will be realized in the periods for which the Projections have been prepared. The assumptions described herein are those that the Company believes are most significant to the Projections; however, not all assumptions used in preparing the Projections have been set forth herein.

The Projections, in general, assume that: (i) the Company will not be negatively or positively impacted by any material legal proceedings; (ii) there will be no material change in any of the Company's existing contracts or leases; (iii) there will be no change in generally accepted accounting principles in the U.S. that will have a material effect on the financial results of the Company; (iv) there will be no labor disputes, natural disasters, acts of terrorism, epidemics (such as avian flu) or other disturbances that would materially affect the operations or revenues of the Company; and (v) that worldwide economic conditions and economic conditions in the U.S. remain generally favorable and consistent with those prevailing on the date of this Memorandum.

The Projections are based upon a number of assumptions and estimates that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies which are beyond the control of KLC, and upon assumptions with respect to future business decisions which are subject to change. Accordingly, the Projections are only an estimate, and actual results will vary from the Projections, and these variations may be material. Consequently, the inclusion of the Projections herein should not be regarded as a representation of the Company, its advisors, the Agents, or any other person of results that will actually be achieved. Projections are necessarily speculative in nature, and it is usually the case that one or more of the assumptions in projections do not materialize. Prospective purchasers of the Units are cautioned not to place undue reliance on the Projections.

The limited *k*12 projections contained in this Memorandum were received from *k*12 management and were not prepared by the Company or its management.

The Company does not intend to update or otherwise revise the Projections to reflect circumstances existing after the date hereof or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions do not come to fruition. Furthermore, the Company does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

## 6.4. Risks Related to Investing in the Units

### 6.4.1 There will be significant unallocated net proceeds from the offering

If there are additional closings after the initial closing of the offering, after repayment of KUE's debt, a significant amount of the anticipated net proceeds from the offering of the Units may not have been designated for specific uses. Therefore, the Company's management will have broad discretion within the business scope of the Company with respect to the use of the net proceeds of the offering. There can be no assurance that the uses of proceeds will benefit the Company or Investors.

### 6.4.2 Investors will only have limited rights to receive ongoing information about the Company

Other than as expressly provided in the Limited Partnership Agreement of KUE (the "Limited Partnership Agreement"), the Company does not expect to provide ongoing detailed information regarding its business, financial condition or results of operations to Investors. The Limited Partnership Agreement provides that Investors shall receive yearly audited financial statements of the Company, as well as semi-



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annual reports on the Company's operations. In addition, Investors have the right to access certain other information regarding the Company as provided for in the Limited Partnership Agreement. As long as the Units are not registered under the Exchange Act, the Company will not be subject to the reporting requirements thereunder. KLC's 2005 audit was not completed until May 2006 due to systems conversion issues.

### 6.4.3 Investors may never receive cash distributions on their investment; there is no assurance of investment return

There is no assurance that KUE will be able to generate returns for the Investors or that returns will be commensurate with the risks of investing in KUE. There may be limited or no cash flow available to KUE from its subsidiaries or to the Investors from KUE and there can be no assurance that KUE will make any distributions to Investors. KUE is not obligated to declare cash distributions with respect to the Units other than certain distributions to meet tax obligations of the Investors. Public offerings, sales or other dispositions which may result in a return of capital or the realization of gains, if any, are not expected to occur for a number of years. An investment in KUE should only be considered by persons who can reasonably afford a loss of their entire investment.

### 6.4.4 KUE's ability to make distributions is limited by its subsidiaries' existing and future indebtedness

KUE will not have any material assets other than its ownership of various subsidiaries (including KLC) and investments in other companies, and will not have any material operations or revenues other than income derived from KUE's interest in its subsidiaries and any proceeds arising from its investments in other companies. Therefore, KUE's ability to make any distributions to Investors will be completely dependent on the operations and business results of its subsidiaries and its investment holdings.

KLC's ability to make distributions or payments to KUE is restricted by the provisions of its various debt agreements, including without limitation, the Indenture, dated as of February 2, 2005, by and between KLC, the Guarantors, as defined therein, and Wells Fargo Bank, N.A., as trustee. Therefore, KLC may be prevented from making distributions or payments to KUE as and when needed by KUE. Such restrictions may adversely affect the business and operations of KUE as a whole and the value of any investment in KUE. Similar restrictions may apply to future indebtedness incurred by KLC and other subsidiaries of KUE.

### 6.4.5 There is no public market for, and Investors may be unable to sell, the Units

There is no public trading market for the Units and one is not expected to develop. The economic risks of this investment must be borne for an indefinite period of time. Neither the Units nor the underlying Common LP Units or Class A Shares will be registered under the Securities Act or under any state securities laws (or the securities laws of any other jurisdiction). Each Investor will be required to represent that it is purchasing the Units for its own account for investment purposes and not with a view to resale or distribution. Although the General Partner intends to approve permitted transfers specified in the LPA, and not to unreasonably withhold consent to transfers, all transfers require the prior approval of the General Partner under Caymans Law, and no transfer of the Units may be made unless the transfer complies with the terms of the Limited Partnership Agreement. Although the Limited Partnership Agreement of KUE and the organizational documents of the General Partner permit the foregoing transfers and the General Partner has agreed with certain Investors to approve such transfers, applicable Cayman Islands law gives the General Partner full discretion to approve or disapprove transfers.

Each transfer must be registered under the Securities Act and applicable state securities laws or an exemption must be available. These restrictions will be noted on a legend placed on each certificate, if any, representing the Units. As a precondition to the effectiveness of any transfer, the Company may require the transferor to provide an opinion of legal counsel stating that the transfer is in accordance with the Securities Act and to pay any costs the Company incurs in connection with the transfer. It is not currently contemplated that the Units will be registered under the Securities Act, the Exchange Act, or



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other securities laws. In addition, certain provisions of Rule 144 under the Securities Act, which permit the resale, subject to various terms and conditions, of restricted securities after they have been held for one year, do not apply to the Units because the Company is not required to file and does not file, current reports under the Exchange Act and does not, and does not intend to, make comparable information publicly available.

### 6.4.6 Purchasers of the Units are subject to Dilution

Although we have not prepared a consolidated balance sheet for KUE, prior to this offering and the conversion of $180 million of KUE's preferred limited partner units currently held by the Principals and their affiliates into Common LP Units at the per Common LP Unit issuance price, we expect that KUE would have negative or nominally positive common equity book value due to its historical capital structure, including its level of indebtedness. As a result, the book value per Unit acquired in this offering will be substantially less after this offering than the purchase price paid by the Investors. The Investors' interests are also subject to future dilution if and to the extent the Company grants options, profits interest units or similar rights to officers, directors or employees of the Company, and will also be affected by any awards by the Company under the Long Term Incentive Plan and the Stock Appreciation Rights Plan described under "Management Incentive Plans and Employment Agreements." Investors will have a Co-invest Right to purchase a pro-rata portion of certain issuances of Units by the Company for cash; however, such right is subject to customary exceptions. See "The Structure of KUE and the General Partner."

### 6.4.7 KUE and the General Partner are not U.S. entities; disputes must be resolved by binding arbitration in the United Kingdom

KUE will be a Cayman Islands exempted limited partnership. The General Partner is a Cayman Islands exempted company. The internal governance of KUE will be pursuant to the Limited Partnership Agreement in compliance with applicable laws of the Cayman Islands. The internal governance of the General Partner will be pursuant to the Memorandum and Articles of Association and the agreement among members in compliance with applicable laws of the Cayman Islands. All disputes under the applicable agreements or related to this offering must be resolved through binding arbitration conducted in the United Kingdom under the London Court of International Arbitration Rules. Such laws and Rules may offer less or different protections to Investors than laws applicable to comparable U.S. entities or laws of the Investors' home countries.

### 6.4.8 The Company will not be operated to optimize the investment, tax or other objectives of any individual Investor

The Investors may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of investments made by the Company and the structuring or the acquisition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax situations. In selecting and structuring investments appropriate for the Company, the General Partner will consider the investment and tax objectives of the Company as a whole, not the investment, tax or other objectives of any individual Investor. Investors must seek their own investment, tax and other advice concerning an investment in the Units.

### 6.4.9 The Investors may not separately transfer the constituent securities underlying the Units

The Investors may not separately transfer Common LP Units or Class A Shares (unless otherwise approved by the Board of Directors of the General Partner and the Independent Committee), and there may be less Investor interest in a security such as the Units than there would be in more traditional



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corporate or partnership investments. This restriction may adversely affect an Investors' ability to transfer the Units in the future.

### 6.4.10 Under certain circumstances, the General Partner may cause an Investor's interest in KUE to be redeemed or transferred

Under circumstances where the continuing participation in KUE by an Investor would have a material adverse effect on the Company, the General Partner may cause an Investor's interest in KUE to be redeemed or transferred. See "Limitation of a Limited Partner's Participation" in Section 4.11 of the Limited Partnership Agreement of KUE.



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# 7. DISTRIBUTION POLICY

We intend to retain any future earnings to fund working capital, debt service, acquisitions and growth and do not expect to make distributions for the foreseeable future. Any determination to make distributions in the future will be at the discretion of the General Partner and will depend upon our results of operations, financial condition and other factors, as the General Partner, in its discretion, deems relevant. Limitations in the credit facility and indenture of KLC restrict distributions by KLC that could, in turn, be made available for future distributions by KUE to its partners.



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# 8. INDUSTRY OVERVIEW

## 8.1. Human Capital

Historically, the world economy has been viewed as being driven by an asset base of natural resources. This has shifted to an economy driven by industrial and financial resources. This perception is reinforced through the statistics and measurements used by governments, as seen in the Federal Reserve's representation of the U.S. balance sheet. However, it is KUE's view that the real assets of a city, state, region or country are its people (human capital) and their productive capacity. KUE believes that national economies that fail to embrace this concept will be left behind. Nobel Prize winning economist Gary Becker estimates that in today's service based economy, human capital accounts for 76% of the assets in the U.S.

**2005 Human Capital - $238 Trillion Market** | **2005 U.S. Balance Sheet - $62 Trillion Market**

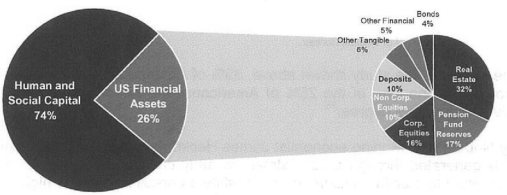


*Source: Gary Becker*
*Source: U.S. Federal Reserve*

Importantly in today's economy, the value of a company is increasingly driven by creativity, innovation and education. Companies are recognizing that human capital is their defining asset. With the value of education becoming apparent to government and businesses alike, the Principals believe that a significant opportunity exists to create an education company that will promote and cultivate human capital. Today, not a single education company ranks in the top 100 worldwide as measured by market capitalization. Within 20 years, KUE believes that the education space will contain some of the largest companies in the world.

### 8.1.1 Enhancing Human Capital through Education

Education is a primary factor in improving an individual's life-long productivity. Studies have shown that a higher level of education leads to increased lifetime earnings, and that this is increasingly true in the new, knowledge economy.



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As shown below, an individual with a professional degree earns approximately 100% more than a college graduate and an individual with a bachelor's degree earns approximately 70% more than a high school graduate in their lifetime.

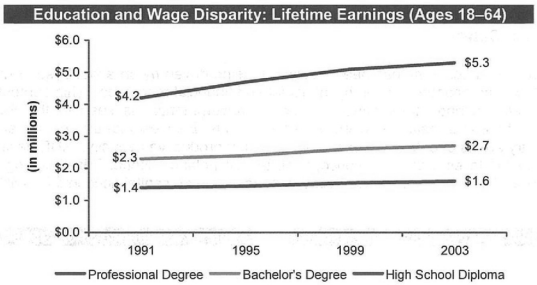


*Source: U.S. Census Bureau.*

Despite the results of the study shown above, 35% of Americans over the age of 18 have not graduated high school. Only one-third of the 25% of Americans who have received a bachelor's degree, or 8%, have received a graduate degree.[16]

Studies by Nobel Prize winning economist James Heckman suggest that the highest rate of return within education is generated through an investment in early childhood programs. Heckman's study asserts, "The rate of return to a dollar investment made while a person is young is higher than the rate of return to the same dollar made at a later age," as illustrated below:

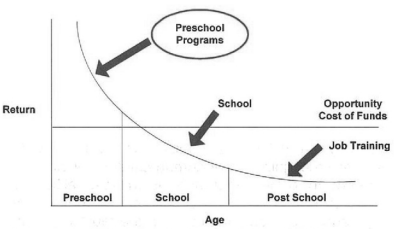


*Source: August 2002 study, James Heckman, University of Chicago.*

Due to the high rate of return of investments in ECE and the principles underlying the theory of human capital, KUE has made its largest initial investment in KLC, the largest company serving the ECE market in the world.

[16] *Source: U.S. Census Bureau.*



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## 8.2. The Education Market

Education is one of the largest sectors in the world, representing approximately 5% of global gross national income of $48 trillion.[17] In 2005 in the U.S. alone, education was a $1.0 trillion market with for-profit education accounting for $81 billion or 7.8% of this amount.[18] The for-profit component of this industry (pre-K-12, post secondary and corporate training) is projected to grow faster than the overall historical industry growth rate, at a 7.4% annual rate, reflecting the increasing importance of for-profit operations in the sector, to reach a market size of $116 billion by 2010.[19] Education is still predominantly provided by public / governmental entities in most countries including the U.S. KUE believes that the industry will converge towards a more balanced public / private system, similar to the evolution observed in the 20th century in other major industries such as healthcare, infrastructure and telecommunications.

**US Education Industry: Revenues Generated by For-Profit Companies (1999–2010E)**

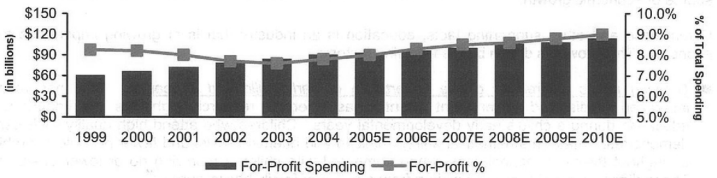


*Source: Harris Nesbitt estimates, U.S. Department of Education National Center for Education Statistics, Training Magazine and Eduventures.*

## 8.3. The U.S. Early Childcare or "pre-K" Market

The highly fragmented early childcare or "pre-K" market includes care based in homes and housed by community organizations (*e.g.*, churches, synagogues, YMCAs) and center based facilities. Center-based childcare includes preschools (nurseries), workplace centers (located on-site at the company), lease-model centers (located in a real estate developer's office building), back-up centers (a variety of on-site and off-site back-up care programs) and family day-care facilities (located in someone's home or center). Although childcare may evoke thoughts of a babysitting service, education has become an increasingly important element in services to pre-K children. However, the education-focused portion of the childcare market remains relatively small.

Since the early 1980s, center-based ECE has become the care provider of choice for families. The U.S. ECE unit generated an estimated $54 billion in total spending in 2005, representing a 10% compound annual growth rate since 1982.[19] Approximately five million or 60% of 3 to 5-year-olds with working mothers are enrolled in ECE centers.[20] The following growth drivers are expected to continue to fuel growth in the early childcare market: growing importance of ECE, demographics (*e.g.*, more children aged five and younger), increase in families with two working parents, more educated parents, corporations recognizing the benefits of childcare services and tax incentives and other positive legislation.

The perception of ECE as a fundamental component of child development has contributed to average annual fee increases of roughly 7% amongst center-based facilities, reflecting the stable, relatively inelastic nature of the demand for higher quality care.[21] The number of children receiving childcare

[17] *Source: UNESCO Institute for Statistics Database.*
[18] *Source: US Department of Education National Center for Education Statistics and Training Magazine and Harris Nesbitt research.*
[19] *Source: Harris Nesbitt, Education and Training, September 2005.*
[20] *Source: "Early Care and Education: Work Support for Families and Developmental Opportunity for Young Children," Urban Institute, September 2001.*
[21] *Source: The National Economic Impacts of the Child Care Sector, 2002.*



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outside the home grew from 10.6 million in 1999 to an estimated 12 million in 2003, an increase of 3.1% annually.[22]

### 8.3.1 Early Childhood Education's Role in the Economy

ECE enables people to pursue income-generating activities by allowing parents to participate in the workforce and contribute to the economy. A recent study found that every dollar spent on the formal ECE sector generates approximately 15 dollars worth of additional earnings by parents.[23] Furthermore, evidence suggests that regardless of family income, children who have participated in ECE programs do better in school than their peers who did not. ECE also reduces social and economic costs by lowering school dropout rates, and leads to decreased levels of criminal activity. These social and demographic forces have established ECE as a fundamental component of today's economic 'infrastructure' and a source of economic growth.

Given these and other supporting facts, education is an industry that is of growing importance to the economy. This growth is driven by the following factors:

- *Growing public awareness of the importance of early childhood education*. ECE has received increased media and government attention as scientific research highlights the importance of education during a child's early developmental years. Children who attend high quality ECE centers demonstrate greater mathematical ability, thinking and attention skills, and fewer behavioral problems throughout their educational lives, when compared with children receiving no or lower quality care. These differences hold true for children from a range of family backgrounds.[24]

- *Favorable demographic trends*. According to the National Center for Health Statistics, the annual number of live births in the U.S. was approximately 4.1 million in 2003, compared to approximately 3.6 million in 1980, and the U.S. Census Bureau projects the annual number of live births to increase to approximately 4.5 million in 2015.[25] The number of children aged five years or under grew from approximately 22.5 million in 1990 to approximately 23.4 million in 2002, according to the U.S. Census Bureau, and is projected to reach 26.8 million in 2015.[22]

**Number of Live Births in the U.S.**

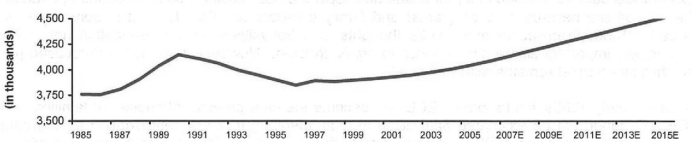


*Source: U.S. Census Bureau.*

- *Changing workforce composition*. A rising percentage of women participate in the workforce due to an increasingly higher cost of living, a desire for financial independence and an elevated standard of living preference, which necessitates two full-time wage earners for most families. Of the nearly 65 million jobs created nationally between 1964 and 1997, 40 million were occupied by women. Today, more than 62% of mothers with children under the age of six work full-time compared to 19% in 1960.

[22] *Source: Harris Nesbitt, Education and Training, September 2005.*
[23] *Source: The National Economic Impacts of the Child Care Sector, 2002.*
[24] *Source: The Children of the Cost, Quality, and Outcomes Study Go To School, 1999.*
[25] *Source: Population Projections Branch, U.S. Census Bureau, "U.S. Interim Projections by Age, Sex, Race and Hispanic Origin," May 2004.*



HOUSE_OVERSIGHT_024497

- *Highly educated parents spend more on childcare.* The increasing number of college graduates in the U.S. and abroad will support continued expenditures on ECE. In 2001, 70% of children with college-educated mothers attended childcare programs, while only 38% of children whose mothers had less than a high school degree attended childcare programs. A recent report by the U.S. Department of Commerce reveals that families with college degrees spent an average of $92.67 per week (per child) on childcare in 2000, whereas parents without a high school degree only spent an average of $59.70 per week per child.[26]

- *Increasing demand for Employer-Sponsored Centers.* With increased levels of employment, corporations are witnessing growing demand for ECE services. Companies benefit from offering childcare services to their employees as (i) it often reduces employee absenteeism; (ii) serves as a perquisite, which differentiates the employer's compensation package; and (iii) tends to lower turnover rates. ECE services contribute to a stable and consistent workforce.

- *Favorable tax incentives.* Certain tax incentives are available to parents utilizing childcare programs. Specifically, Section 21 of the Internal Revenue Code provides a federal income tax credit (Child and Dependent Care Credit) ranging from 20% to 35% (increased in 2003) of certain childcare expenses for "qualifying individuals." The Economic Growth and Tax Relief Reconciliation Act of 2001 created a Federal Employer Tax Credit for certain childcare expenses beginning in 2002. Employers can receive a credit of 25% of their spending on the construction or rehabilitation of a child care facility or on contracts with a third party child care facility to provide child care services to employees. Corporations also benefit from tax incentives of up to $150,000 per year.

### 8.3.2 Industry Characteristics

The ECE sector has a number of favorable operating characteristics. First, well-run school operators enjoy high returns on capital, predictable revenue streams and strong free cash flows, with students generally paying in advance of services delivered. Second, industry data shows that tuition rates have increased by approximately 7%, a rate which has exceeded inflation.[27] The current outlook suggests no change in this dynamic. Third, government regulation and licensing standards represent notable barriers to entry.

Given that education is a universally accepted product, management believes that our business model is highly scalable. The basic center model is expected to be essentially repeatable and transferable to new markets and locations. With labor representing approximately 50% of the total operating cost structure, companies within this sector tend to benefit from a variable cost structure, which allows them to reduce costs as economic and market conditions change.

Often the demanding requirements for the selection of school directors and teachers can limit the pool of qualified employees for the industry. Low pay also tends to result in high turnover rates of approximately 50% annually within the industry.

### 8.3.3 Competitive Landscape: Early Childhood Education

The ECE sector is highly fragmented with the top six providers representing approximately 5% of all organized ECE centers. The Company's primary competitors are (i) local nursery schools and child care centers, some of which are non-profit (including religious-affiliated centers), (ii) providers of services that operate out of their homes and (iii) other for-profit companies which may operate a number of centers. Local nursery schools and ECE centers generally charge less for their services. Many religious-affiliated and other non-profit child care centers have no or lower rental costs than for-profit chains, may receive donations or other funding to cover operating expenses and may utilize volunteers for staffing. Consequently, tuition rates at these centers are commonly lower than the Company's rates.

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[26] *Source: Harris Nesbitt Research, Education and Training, September 2005.*
[27] *Source: The National Economic Impacts of the Child Care Sector, 2002.*



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There are also several national chains, such as Bright Horizons Family Solutions, La Petite Academy, Learning Care Group (ABC Learning) and Nobel Learning Communities, or regional for-profit companies with sizeable numbers of centers and similar economies of scale in curriculum development, marketing and site development.

**Competitive Landscape within Early Childhood Education**

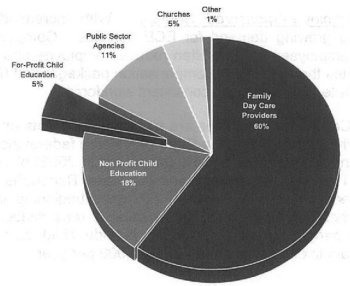


*Source: Harris Nesbitt Research, Education and Training, September 2005 and The National Childcare Association.*

KLC OpCo successfully competes against these companies, with the following differentiating factors: (i) strong brand equity; (ii) a strong management team; (iii) grass roots level marketing; and (iv) a larger network of community centers. KLC also has a number of employer-sponsored centers that gives the Company greater breadth and depth. Finally, KLC is the only large competitor in the sector owned by an education company. Following is a brief description of each of several of the national competitors.

- *ABC Learning (Public, traded on the ASX)*

The Learning Care Group, ABC Learning's U.S. operating segment, has over 30,000 children enrolled (full and part-time) nationwide. Under the Childtime and Tutor Time segments, Learning Care operates child care centers and under the Franchise segment it licenses and provides developmental and administrative support to franchises operating under the Tutor Time brand. As of October 14, 2005, Childtime generated LTM sales of $220.7 million across 460 childcare centers in the U.S. (328 of which are company owned and 132 of which are franchised locations). On January 11, ABC announced it had successfully completed the acquisition of the Learning Care Group, Inc. for $159 million in cash. In addition to the 460 centers located in the U.S., ABC operates 707 centers in Australia and New Zealand.

- *Bright Horizons (Public)*

Founded in 1986, Bright Horizons Family Solutions is a leading provider of employer-sponsored child care services. Bright Horizons operates 616 childcare and early education centers for over 600 clients. The company serves more than 66,300 children in 39 states, the District of Columbia, Canada, Guam, Ireland and the United Kingdom. In September of 2005, the company acquired ChildrensFirst Inc. As of December 31, 2005, the company reported LTM sales and EBITDA of $625 million and $75 million, respectively.

- *La Petite Academy (Private)*

La Petite is the third largest operator of for-profit pre-school centers in the U.S., currently serving more than 65,000 children in 649 centers located in 36 states and the District of Columbia. The company also



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owns 68 (included in the 649 centers) Montessori schools which cater to K-12 students. LPA's residential Academies are typically located in residential, middle-income neighborhoods. As of February 28, 2006, the company reported LTM sales and EBITDA of $411 million and $33 million, respectively. The company has been owned by JP Morgan Capital since 1998.

- *Nobel Learning Communities (Public)*

Nobel is a for-profit provider of private pay education and services for education entities for the preschool through 12th grade market. The company's programs are offered through a network of general education preschools, elementary and middle schools, programs for learning challenged students and special purpose high schools. Nobel operates 150 schools in 13 states across the U.S. As of December 31, 2005, the company reported LTM sales and EBITDA of $166 million and $15 million, respectively. Affiliates of the Principals are currently significant shareholders of the company.

### 8.3.4 Government's Role in Early Childhood Education

Approximately 83% of the estimated $54 billion spent on ECE is generated by private and independent non-profit services. The government provides the remaining 17% of services through Head Start and public schools. The government pays for public school and Head Start programs, but also subsidizes payments of low-income families to providers of their choice through the Child Care Development Block Grant and Temporary Assistance for Needy Families, which are blended with state dollars. About 25% of for-profit early childhood care revenue comes from these subsidy programs.
The government is, at both the federal and state level, actively involved in expanding the availability of early childhood care services. Federal support is delivered at the state level through government-operated educational and financial assistance programs. Early childhood care services offered directly by states include training, licensing and regulation for early childhood care providers and resource and referral systems for parents seeking ECE.

The increasing importance of education is further demonstrated by the "No Child Left Behind Act of 2001," signed into law in January 2002. This Act is the most sweeping reform of the Elementary and Secondary Education Act, or ESEA, since ESEA was enacted in 1965. To support this commitment, President Bush requested a $54.4 billion budget for the Department of Education for fiscal 2007, a 28.9% increase from the 2001 budget of $42.2 billion.

Certain tax incentives exist for early childhood care programs. Section 21 of the Internal Revenue Code provides federal income tax credits ranging from 20% to 35% of certain early childhood care expenses for qualified individuals.

## 8.4. The U.S. K-12 Education Market

A fundamental change has occurred in the K-12 sector in recent years, as the desire to improve school quality has overtaken demographics as a key growth driver. Companies providing supplemental educational services (*e.g.*, KLC) and several school alternatives, such as charter and contract schools (*e.g.*, *k*12), are expected to be instrumental in improving K-12 student performance.

The K-12 education market in the U.S. is comprised of over 15,000 school districts including more than 90,000 K-12 public schools, approximately 3.5 million teachers, and about 54 million students according to the National Center for Education Statistics. Total K-12 expenditures, federal, state and local, are approximately $500 billion.

Despite the growth in spending on public education over the last decade, student achievement has shown little progress. According to the 2005 National Assessment of Educational Progress, 32% of eighth-graders performed below the Basic level in mathematics, and only 29% performed at or above the Proficient level. One-third of American fourth graders are functionally illiterate. KUE believes the following factors will present significant market opportunities in the coming years for for-profit K-12



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education providers. According to Harris Nesbitt Research, industry experts estimate that the $21.8 billion in revenues generated by for-profit education providers in 2004 will increase to over $29.7 billion in 2010, 5.3% annual growth.[28] However, these estimates reflect only spending by institutions on educational material and do not reflect the growing segment of direct to consumer educational materials, which represented roughly an additional $20 billion in 2004.[28]

**For-Profit K-12 Education (2004 – 2010E)**

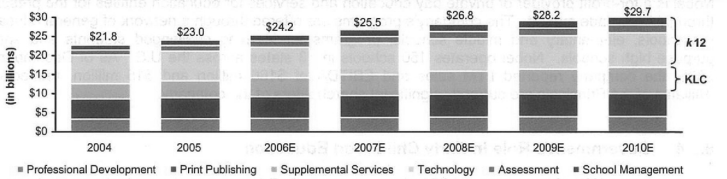


*Source: Harris Nesbitt estimates based on Eduventures' "The Education Industry: Learning Markets and Opportunities 2004" report (December 2004).*

*Standards and Accountability*. Due to the unsatisfactory performance of American students in grades K-12, parents and lawmakers are demanding increased standards and accountability in schools. This demand has focused on establishing guidelines for every school and every subgroup of students and then holding the school (and its staff) accountable to students' performance relative to those standards. The Company expects continued focus on academic standards, assessments, and accountability in the near future. Despite this increased attention on standards and accountability, many parents continue to remain concerned with the overall effectiveness of the public school system and are increasingly relying on for-profit education providers.

*Charter Schools and Virtual Academies*. There has also been a significant rise in the number of charter schools in the U.S. in the past decade. Since Minnesota first enacted legislation in 1991, 40 states and the District of Columbia have passed charter school legislation. Under the typical charter school statute, an identified entity, such as the state, a state university or local school district board of education, is authorized to grant a specified number of charters to community groups or non-profit entities to create a public charter school. A growing number of charter boards, in turn, contract with private sector organizations to manage the schools. In return for a large measure of autonomy from normal public school regulation, the charter school is accountable for student academic performance. Currently, the Company estimates that there were nearly 2,700 charter schools in operation nationwide, as of January 2003, with an estimated enrollment of over 685,000 students. Moreover, the federal No Child Left Behind Act ("NCLB") recognizes charter schools as a viable alternative for students who want to transfer from neighborhood schools that are failing.

To capitalize upon the increasing number of parents who are willing to educate their children at home and still want to be part of the public system, there are a growing number of virtual schools, where much of the learning is home-based. Most current charter school legislation either explicitly authorizes virtual public schools or does not directly prohibit them. Because virtual schools usually offer a comprehensive curriculum, easy-to-use learning and performance evaluation technology assistance and instructional materials, the Company believes that a growing number of families will pursue virtual public schools as an attractive alternative to traditional schools and a more cost-effective, better organized approach to home schooling. The large and scalable platform that exists at *k*12 is designed to capitalize on this trend as the number of charter schools has grown on average nearly 13% annually, while charter school enrollment

[28] *Source: Harris Nesbitt, Education and Training, September 2005.*



HOUSE_OVERSIGHT_024501

has increased 20% annually, outpacing the less than 1% average K-12 enrollment growth over the same period.[29]

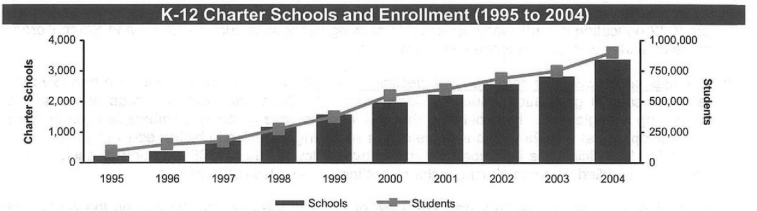


*Note: Number of students in 1999–2000 school year was estimated.*
*Source: Harris Nesbitt, Education and Training, September 2005 and Charter School Leadership Council and Center for Education Reform.*

*Supplementary Education Market*. For parents who continue to enroll their children in traditional public and private schools, there is a growing demand for supplemental education services. According to the U.S. Department of Education, 31% of elementary school children, or more than 10 million students nationwide, are enrolled in after-school programs. According to Eduventures, the U.S. supplementary education market was estimated to be approximately $8.1 billion in 2003. Additionally, under the No Child Left Behind (NCLB) Act, some children in poorly performing schools will be eligible for taxpayer-financed supplemental educational services. These supplemental educational services can be provided by state-approved non-profit or for-profit entities as well as private schools and public schools (including public charter schools). More parents want to spend educational time with their children, but lack access to high quality supplemental material that is effective and integrated into a comprehensive plan that is easy for a parent to deliver and manage.

The virtual school market is a relatively new area within the broader K-12 education market. As a result, there is a growing need for a high quality, trusted, national education offering for this demographic. Furthermore, parents are seeking much more robust and comprehensive ongoing assessments than is currently offered in the public schools, in order to assess their children's progress both on a relative and an absolute basis.

## 8.5. The International Education Industry

The leading authority on the worldwide education industry, the United Nations Educational Scientific and Cultural Organization ("UNESCO"), estimates that average public expenditures on education across the world increased from 4.1% of GNP in 1990 to 4.5% in 2000. In developing countries the increased government focus on education is more pronounced as public education expenditures rose to 4.1% in 2000 from 3.5% in 1990. Based on global gross national income of $48 trillion, KUE estimates that the global education market opportunity is greater than $2.4 trillion driven by the following factors:

- *Large population of school-aged children in parts of the world*. The opportunity for pre-K-12 education is particularly strong in certain countries with high fertility rates. Examples of such opportunities include India, where mothers give birth to an average of 2.78 children. Increases in the population of children coupled with an increased awareness of the economic and social benefits of education are expected to lead to significant growth in the global ECE market.

[29] *Source: Harris Nesbitt, Education and Training, September 2005 and Charter School Leadership Council and Center for Education Reform.*



HOUSE_OVERSIGHT_024502

- *Increased government focus on education*. In many countries, per student public spending on education represents a larger portion of per capita GDP than in the U.S. For example, in Australia and the United Kingdom, the government has subsidized a large portion of ECE. Now, countries such as Saudi Arabia are developing similar programs. The opportunity for increased government spending on pre-K-12 education is particularly apparent in growing economies such as China and South Korea as those countries increase their share of world GDP.

- *Potential opportunities in countries with declining populations*. In countries that have had low fertility rates for several generations, such as Japan and Italy, there often exists a large family structure supporting a single child. KUE believes that this leads to several family members (*e.g.*, both parents and grandparents) contributing to a single child's schooling, resulting in higher education expenditures per child. In addition, the high cost and limited availability of quality ECE in countries such as Japan has been identified as a contributing factor to declining birth rates in the country.

The following paragraphs provide a brief overview of some of the key markets around the world, which KUE views as attractive. These include China, Saudi Arabia and the United Kingdom.

### 8.5.1 China: Market Overview

With a population of 274 million children under age 15, and a fertility rate of 1.73, China represents an attractive market for early education providers.[30] In China, mandatory education starts with primary schools, at which most children enroll by age six. Currently, 24 million Chinese children are attending kindergarten as a growing middle class and the one-child policy are driving multiple incomes to one child and increasing the amount of capital that can be dedicated to education. These socioeconomic factors are reflected in the increasing numbers of private kindergartens, which have grown at a rate of 13% over the past eight years.[31]

**Public versus Private Pre-School Education**

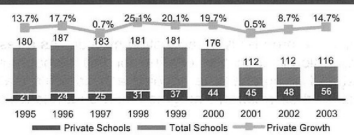


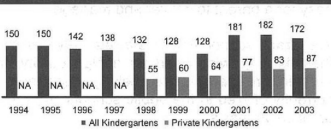


*Note: Private kindergarten enrollment data unavailable before 1998.*
*Source: Ministry of Education, China Education Industry Development Statistics Report, China Education and Research Network.*

Schools tend to be concentrated in larger cities with Beijing, Shanghai, Nanjing, Qingdao and Guangzhou being the largest pre-school markets. Kindergartens are divided into three categories: Bilingual, Foreign language and Mandarin. Bilingual kindergartens are typically joint ventures between Chinese and foreign entities or owned wholly by Chinese private or public entities. Tuitions for bilingual programs can reach $15,000 per year. Foreign language kindergartens are wholly owned foreign schools that recruit only foreign students and are typically backed by their embassies. These schools adhere to foreign educational standards with Mandarin being taught as a second language. The tuitions of foreign language schools range from $10,000 to $22,000 per year. Mandarin kindergartens are typically owned by Chinese public entities.

[30] *Source: Central Intelligence Agency, World Factbook 2006.*
[31] *Source: Ministry of Education, China Education Industry Development Statistics Report, China Education and Research Network.*



HOUSE_OVERSIGHT_024503

Kindergartens can be set up by the Ministry of Education, private enterprises, universities, communities and individuals. While local governments establish the minimum and maximum fees allowed to be charged by public kindergartens, private schools are allowed to dictate "reasonable" tuition levels.

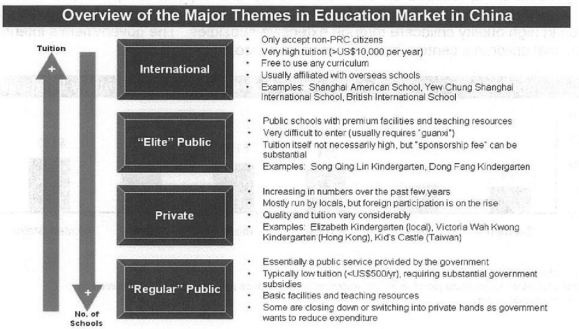


*Source: Enspiren.*

### 8.5.2 Saudi Arabia: Market Overview

Saudi Arabia's nationwide public educational system comprises eight universities and more than 24,000 schools. Open to every citizen, the system provides students with free education, books and health services. The government allocates over 25% of the annual State budget to education.

According to the Ministry of Education, Saudi Arabia prizes education because of its critical importance in developing the country's human potential. Education is a central aspect of family and community life. Parents are deeply involved in their children's education, and the close links between home and school serve to reinforce the structure of the community and the nation.

The government plans to increase the enrollment of 4 to 6-year-olds to 40% by 2014.[32] Additionally, by royal decree, education is now required for all 4-year-olds. New labor laws also necessitate that companies employing 50 or more women provide daycare centers. Despite this new series of laws, there still only exist 1,200 kindergarten schools in Saudi Arabia (42% private and 58% public) to support the legislative pronouncements. The Company anticipates that, additional capacity will be needed to meet these social objectives. These trends, as noted by the Ministry of Education in Saudi Arabia have led to private education facilities opening all over the Kingdom.

### 8.5.3 United Kingdom: Market Overview

The United Kingdom stands out with consistent rises in its investment in education, not just in absolute terms, but also relative to national income: Spending on educational institutions increased from 4.3% of GDP in 1990 to 5.5% in 1995 and 5.9% in 2002. From 1995 to 2002, spending and enrollment in primary and secondary education has also increased by 36% and 21%, respectively.[33] Additionally, the country invests almost twice as much as any other country at the pre-primary level. The rate of participation of 4-

[32] *Source: Kingdom of Saudi Arabia Ministry of Education Deputy Ministry for Planning and Administrative Development General Directorate for Planning. "The Ministry of Education Ten-Year Plan" 2005.*
[33] *Source: OECD, "Education at a Glance 2005."*



HOUSE_OVERSIGHT_024504

year-olds and under as a percentage of the 3-to-4-year-old population has also increased from 51% in 1998 to 77% in 2002.

The U.K. government is focused on the ECE industry and expects to spend $18 billion on child care schemes in the near future through "Sure Start", an initiative designed to encourage additional participation in high quality childcare through extensive subsidies. The government's intention is to create 3,500 additional children's centers in un-serviced, low-income communities.

**Comparison of per-child expenditure at Pre-Primary and Primary levels 2001**

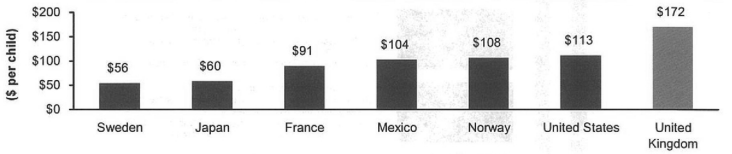


*Source: UNESCO Institute for Statistics database.*
*Note: Calculations based on expenditure per child in U.S. dollars at purchase price parity, using full time equivalents.*
*[1] Public and private institutions only.*



HOUSE_OVERSIGHT_024505

# 9. KNOWLEDGE UNIVERSE EDUCATION ("KUE")

KUE is the third largest for-profit education company in the world. KUE currently operates in the U.S. and is the indirect parent company (87.6% ownership[34]) of KLC and also a major shareholder (owns 17.9% to 40.0%[35] of equity) of *k*12. In November 2005, KLC divided its business, with substantially all of its real estate owned by special purpose subsidiaries (KLC PropCo) and all of its customer contracts and operations remaining at KLC and certain other subsidiaries (KLC OpCo).

The controlling shareholders of the General Partner are Michael Milken, Lowell Milken and Steven Green (collectively the "Principals"). Michael Milken and Lowell Milken each has more than two decades of experience in the education sector through involvement in several for-profit and not-for-profit initiatives. Steven Green, a former U.S. ambassador to Singapore, has more than two decades of experience as an international industrialist leading major corporate restructurings and expansions in manufacturing, housing, consumer products, retail and real estate enterprises. The Principals founded KUE and its affiliated companies over the past decade based on their vision of a world where competition for human capital is becoming the driving force of economic prosperity. KUE represents the Principals' sole vehicle for equity investment opportunities in the early education through secondary school sector going forward.

The Company has an accomplished and internationally recognized leadership team. Led by the Principals, the Company has a prominent management team and advisory board with significant financial resources and substantial experience in the fields of education and real estate management. Additionally, through its past experiences at KLC, the Company has demonstrated the ability to acquire and integrate education assets. The Company's management consists of people with diverse backgrounds in operations, corporate finance, real estate, government relations and education. KUE's role will be to oversee the portfolio of operating businesses, identify acquisition candidates, hire top level management of the operating businesses and help the portfolio companies navigate some of the legislative and regulatory matters that exist in K-12 education. These services will be performed for the Company by KULG, for which KUE will pay $20.0 million annually to KULG in quarterly installments beginning July 1, 2006 pursuant to the Fixed Overhead Payment Agreement. See "Related Party Transactions."

The General Partner plans to have a Board of Directors (the "Board") with representatives from some of the countries KUE plans to expand into, public policy experts and independent directors with complementary backgrounds. KUE expects to benefit from the breadth and depth of the knowledge, experience and expertise of the Board. At the final closing of this offering, at least two members of the Board will be Independent Directors. After the Initial Listing of the Units and so long as consistent with contractual and licensing obligations, the General Partner will have a majority independent board.

## 9.1. KUE Management and Advisory Board Members

The following table sets forth KUE's management and current advisory board members. Detailed biographies can be found in Appendix A.

[34] *The 12.4% minority position is held by various investors.*

[35] *KUE's ownership varies depending on the liquidation value or sale value of k12 and according to the preference of the various securities KUE owns. At higher valuations, KUE's percentage ownership is lower. See "k12 Inc (k12) – k12 Equity."*



HOUSE_OVERSIGHT_024506

| Management | |
|---|---|
| **Name** | **Position** |
| Lowell Milken | Co-Founder, President and Chief Executive Officer of KUE |
| Michael Milken | Co-Founder and Chairman of KUE |
| Steven Green | Vice Chairman of KUE, and Chairman and CEO of k1 Ventures and Greenstreet Real Estate Partners |
| Ted Sanders | Vice Chairman of KUE |
| Stephen Goldsmith | Senior Vice President of Strategic Planning and Worldwide Government Programs |
| Nina Rees | Senior Vice President, Strategic Initiatives |
| Jeffrey Safchik | Chief Financial Officer |
| Richard Sandler | General Counsel |
| Adam Cohn | Senior Vice President, Business Development |
| Geoffrey Moore | Senior Vice President, Corporate Communications |
| Michael Neumann | Vice President, Business Development |

| KUE Advisory Board | |
|---|---|
| **Name** | **Position** |
| Les Biller | Retired Vice Chairman & Chief Operating Officer of Wells Fargo and Company |
| Ted Mitchell | CEO of the New Schools Venture Fund |
| Tsvi Gal | Chief Technology Officer for Deutsche Bank Asset Management |

## 9.2. Note Payable to KULG by KU Education, Inc.

On January 6, 2005, KU Education, Inc., a Delaware corporation and subsidiary of KUE ("KUE Inc.") executed a promissory note in favor of KULG, an entity controlled by the Principals, in the amount of $200.0 million, the proceeds of which were used in connection with the acquisition of KinderCare by KLC. This note has a seven year maturity and accrues interest at the "reference rate" set by Bank of America plus 1.25% per annum. The note may be prepaid, in whole or in part, without any premium or penalty. As of April 1, 2006, KUE Inc. owes approximately $183.9 million under the note.

## 9.3. Term Loan Facility

On March 29, 2006, Knowledge Universe Education LLC, a Delaware limited liability company ("KUE LLC"), entered into a six-month $150 million term loan facility with an affiliate of Credit Suisse, one of the Agents. The proceeds of the $150 million term loan were used to repay existing debt of KUE LLC to entities controlled by Michael Milken.

The term loan facility is fully and unconditionally guaranteed by KUE LLC's direct and indirect parents and the parent guaranty is several. Upon contribution of assets to KUE by KUE LLC, KUE will become a co-borrower. It is expected that this Term Loan Facility will be repaid with the proceeds of this offering.

The term loan bears interest at either the reserve adjusted LIBOR rate plus 0.125% or the base rate (generally the applicable prime lending rate, as announced from time to time), at KUE's option and is secured by cash collateral. KUE is permitted to voluntarily prepay the term loan, in whole or in part, without premium or penalty, upon the giving of proper notice.



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# 10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF KLC's PRO FORMA RESULTS OF OPERATIONS

In January 2005, KLC acquired KinderCare and incurred $540 million of term debt (the "Acquisition Term Debt") and $250 million of subordinated bridge debt to finance the acquisition. At the time of the KinderCare acquisition, KinderCare had approximately $300 million of nonrecourse mortgage debt outstanding (the "KinderCare CMBS Debt"). KLC refinanced the bridge debt in February 2005 with $260 million of 7-3/4% senior subordinated notes due 2015 (the "Notes"). In November 2005, KLC completed a transaction (the "Real Estate Transaction") in which KLC divided its business, with substantially all of its real estate owned by special purpose subsidiaries (collectively, KLC PropCo) and all of its customer contracts and operations remaining at KLC and certain other subsidiaries (collectively, KLC OpCo). Management believes that this division represents the best way to analyze the business going forward. In connection with the Real Estate Transaction, KLC PropCo entities incurred $650 million of mortgage debt, $50 million of senior mezzanine debt and $150 million of junior mezzanine debt, which indebtedness is nonrecourse to KLC OpCo, the proceeds of which were primarily used to repay the Acquisition Term Debt and the KinderCare CMBS Debt, and KLC PropCo leased its owned centers back to KLC OpCo. See "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Years Ended 2005, 2004 and 2003" in Appendix B, "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarterly Period Ended April 1, 2006" in Appendix C, "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarterly Period Ended July 1, 2006" in Appendix D and Notes 11 and 21 to KLC's Financial Statements in Appendix E.

The discussion below presents the pro forma results of consolidated KLC (KLC OpCo and KLC PropCo) as if the KinderCare acquisition and the Real Estate Transaction occurred on January 1, 2004. The pro forma results are not adjusted for the costs of operating KLC and KinderCare in parallel for a significant portion of 2005, or for restructuring costs incurred in combining the two businesses. These and other items are reflected as adjustments to EBITDA in our presentation of pro forma Adjusted EBITDA.

Our pro forma results for KLC were not prepared in conformity with Article 11 of Regulation S-X of the SEC (which would not, among other limitations, permit a 2004 pro forma presentation after completion of our 2005 financial statements). In addition, by presenting a pro forma comparison, this discussion and analysis does not include a comparison of KLC's historical GAAP consolidated operating results or segment information that would be required by Item 3-03 of Regulation S-X of the SEC. The presentation of non-GAAP information herein does not purport to comply with Item 10(e) of Regulation S-K or Regulation G of the SEC. For further information see "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Years Ended 2005, 2004 and 2003" in Appendix B, "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarterly Period Ended April 1, 2006" in Appendix C, "KLC: Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarterly Period Ended July 1, 2006" in Appendix D and the KLC and KinderCare GAAP financial statements in Appendix E.

The pro forma presentation is not shown with adjustments to historical financial statements. Instead, it is based on a "ground up" combination of corporate level expenditures (overhead and capital expenditures) and internal financial statements derived from a center-by-center build up of KLC's results. The primary reasons for the presentation based on internal reports instead of KLC and KinderCare financial statements are the different fiscal year ends and expense classifications between KLC and KinderCare. The "ground up" analysis presented is consistent with management's view of the business.

**Key Operating Variables**

*Net Revenue Trends and Drivers*



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The vast majority of KLC's net revenues are derived from center operations. The trends and drivers discussed below relate to such center operations.

KLC derives its net revenues primarily from the tuition it charges for attendance by children at its centers. KLC's tuition rates and net revenues can be significantly impacted by the enrollment characteristics at its centers. Key factors include (1) geographic location, because KLC can command higher tuition rates in certain geographic areas; (2) the age mix of children enrolled, because tuition rates depend on the age of the child and are generally higher for younger children; (3) the mix between full- and part-time attendance, because KLC charges comparatively higher rates for part-time enrollment and (4) the level of participation in government subsidy and discount programs.

KLC calculates its average weekly tuition rate as the actual tuition charged at centers that are open at the calculation date, net of discounts, for a specified time period, divided by average "full-time equivalents," or "FTEs" for the related time period. KLC's FTEs are calculated by dividing net revenue by the center's undiscounted average pre-school tuition rate. FTEs do not necessarily reflect the actual number of full- and part-time children enrolled.

Tuition rates at KLC's centers are typically adjusted once per year to coincide with the back-to-school period. KLC typically collects tuition on a weekly basis in advance, the majority of which is paid by individual families. KLC provides discounts to government agencies, employees, families with multiple enrollments, referral sources and organizations KLC partners with for its employer-sponsored centers. In its employer-sponsored centers, tuition may be partly subsidized by such employers.

Approximately 20% of KLC's net revenues are derived from tuition paid at varying levels of subsidy by government agencies. KLC's revenues are therefore affected by changes in the levels of government support for education, which are negatively impacted by weak economic conditions and resulting budget pressure at federal, state and local governments.

KLC reports comparable center revenue trends based on the centers (other than the employer-sponsored centers operated for a management fee) that were open in both periods. Comparable center net revenues do not include revenues generated from centers that have been closed or sold.

Utilization is a measure of the utilization of center capacity. KLC calculates utilization as the total actual child care revenues earned at centers that are open at the calculation date divided by the total potential child care revenue (based upon the center's undiscounted pre-school tuition rate and the center's total licensed capacity) during the related time period.

In addition to tuition charges, KLC records revenues from fees and other income in a majority of its centers. KLC charges a reservation fee, typically at half of the normal tuition charge, for any full week that an enrolled child is absent from its centers. KLC also collects registration fees and fees to cover educational supplies at the time of enrollment and annually thereafter. KLC offers tutorial programs on a supplemental fee basis in the majority of our centers in the areas of literacy and reading, foreign language, mathematics and music. KLC also offers field trips, predominantly during the summer months, for an additional charge. KLC's centers earn other miscellaneous revenue from various sources, including management fees related to certain employer-sponsored centers. In addition to its child care operations, KLC's subsidiary, KC Distance Learning, sells high school level courses via online and correspondence formats and provides related instructional services directly to private students, as well as to cyber and traditional schools and school districts.

*Cost of Revenue – Trends and Drivers*

KLC's costs of revenue include the direct costs related to the operations of its centers. Labor related costs are the largest component of costs of revenue. KLC's time management and scheduling systems, which enable us to adjust staffing levels for peak and reduced attendance periods, allow KLC to manage its labor productivity without adversely impacting the quality of services within its centers.



HOUSE_OVERSIGHT_024509

Other costs recorded at the center level include rent, marketing, maintenance, utilities, transportation, classroom and office supplies, insurance and food. KLC's management believes its large, combined nationwide center base gives it the ability to leverage the costs of programs and services, such as curriculum development, training programs and other management processes.

During fiscal year 2005, KLC experienced a reduction in projected claims costs for its self-insurance programs. However, management anticipates that premium and claims costs will continue to reflect market forces, which are beyond KLC's control.

The Real Estate Transaction did not affect consolidated rent expense, but resulted in an increase of approximately $96.0 million in annual rent expense of KLC OpCo, which is leasing centers from KLC PropCo which now has title to substantially all of KLC's owned real property.

*Other Operating Expenses*

KLC's other operating expenses include the costs associated with the field management and corporate oversight and support of its centers and restructuring related expenses. Labor related costs are the largest component of KLC's general and administrative expenses.

*Seasonality*

New enrollments are generally highest during the traditional fall "back to school" period and after the calendar year-end holidays. KLC attempts to focus its marketing efforts to support these periods of high reenrollments. Enrollment generally decreases somewhat during the summer months and the calendar year-end holidays.

**Results Discussion**

Revenue increased to $1.48 billion in 2005, which represents an increase of $35.6 million over 2004. Gross margin was $340.7 million during the 52 weeks ended December 31, 2005, an increase of $11.1 million, or 3.4%, compared to the same period last year. Adjusted EBITDA during the 52 weeks ended December 31, 2005, was $238.0 million which was $6.6 million, or 2.9%, above the same period in 2004.



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| KLC Consolidated | | |
|---|---|---|
| | 2004PF | 2005PF |
| Revenue | $1,442.2 | $1,477.7 |
| *Revenue Growth* | | *2.5%* |
| Payroll and other | $725.0 | $734.9 |
| Rent | 113.2 | 121.1 |
| Other Operating Expenses | 274.4 | 281.0 |
| Gross Profit | $329.6 | $340.7 |
| Adjusted EBITDA | $231.4 | $238.0 |
| *Adjusted EBITDA Margin* | *16.0%* | *16.1%* |
| Adjusted EBITDAR | $344.5 | $359.1 |
| *Adjusted EBITDAR Margin* | *23.9%* | *24.3%* |
| **Other Financial and Operating Data** | | |
| Depreciation and Amortization | $97.1 | $89.3 |
| Interest Expense | 89.9 | 89.9 |
| Capital Expenditures | 70.6 | 83.1 |
| # of Centers (at year end) | 2,021 | 1,934 |
| Average Weekly Tuition (combined actual) | $156.61 | $167.35 |
| Utilization | 61.6% | 61.2% |

*Revenue*. During the 52 weeks ended December 31, 2005, revenue increased $35.6 million, or 2.5%, over the same period in 2004. The increase was primarily due to tuition rate increases, which took effect in January 2005 and September 2005, offset by the impact of center closures and a slight decline in Utilization. However, during the third quarter of 2005 Utilization levels increased versus the same period in 2004, from 59.3% to 60.3%. This positive Utilization trend was repeated in the fourth quarter of 2005 as levels rose to 59.2% versus 58.9% in the comparable period of 2004. Management believes these improvements reflect stronger economic conditions, strong back-to-school enrollments, marketing efforts and other management initiatives and programs. ECE revenue increased $24.9 million, or 1.8%, in the 52 weeks ended December 31, 2005 compared to the same period of 2004. On a same center basis (centers opened for more than one year), revenue increased 4.4% from 2004 to 2005.

| KLC Consolidated Revenue | | |
|---|---|---|
| | 2004PF | 2005PF |
| ECE Centers | $1,394.4 | $1,419.3 |
| School Partnerships | 39.8 | 48.5 |
| KCDL | 8.0 | 10.0 |
| **Total** | $1,442.2 | $1,477.7 |

*Cost of revenue and gross margin*. Gross margin for the 52 weeks ended December 31, 2005 was $340.7 million, or 23.1% as a percentage of sales, compared to $329.6 million, or 22.9% in the prior year. Costs of revenue include the following:



HOUSE_OVERSIGHT_024511

- *Salaries, wages and benefits.* Salaries, wages and benefits were $734.9 million, or 49.7% as a percentage of sales, during the 52 weeks ended December 31, 2005, compared to $725.0 million or 50.3%, for the same period in 2004.

- *Rent.* Rent increased by $8.0 million to $121.1 million during the 52 weeks ended December 31, 2005, compared to the same period in 2004. The increase in rent was largely due to a center sale-leaseback program conducted by KinderCare during 2004, prior to its acquisition by KLC. Pro forma rent does not include $96.3 million of intercompany rent payable by KLC OpCo to KLC PropCo as a result of the Real Estate Transaction.

- *Other costs.* Other costs include costs directly associated with the centers such as business insurance, food, marketing, maintenance, utilities, transportation and classroom and office supplies. Other costs were $281.0 million during the 52 weeks ended December 31, 2005, compared to $274.4 million in the same period last year. Other costs were 19.0% of revenue during both years.

*General and administrative expenses.* General and administrative expenses, which include costs associated with the field and corporate oversight and support of KLC's centers, were $126.0 million during the 52 weeks ended December 31, 2005, compared to $126.4 million for the same period in 2004. General and administrative expenses included the substantial majority of estimated temporary parallel organization costs of $28.1 million and $23.3 million in 2004 and 2005, respectively, as discussed below.

*Adjusted EBITDA.* Adjusted EBITDA was $238.0 million during the 52 weeks ended December 31, 2005 compared to $231.4 million in 2004. The increase in Adjusted EBITDA was primarily a result of slightly higher revenue and gross margin improvements enhanced by lower general and administrative costs before non-cash SAR accruals, net of restructuring charges and parallel organization costs. The table summarizes KLC's calculation of Adjusted EBITDA as defined in KLC's existing revolving credit agreement. See "Non-GAAP Financial Measures" for a discussion of our use of performance measures and related limitations.



HOUSE_OVERSIGHT_024512

| KLC Consolidated | | |
|---|---|---|
| | 2004PF | 2005PF |
| **EBITDA** | $194.6 | $174.7 |
| **Adjustments to EBITDA** | | |
| Restructuring Charge Addback[1] | 5.1 | 29.4 |
| (Gains) / Losses on Sales[2] | 2.1 | (1.3) |
| (Gain) / Loss on Minority Investment | (2.1) | 0.0 |
| Dividend Income[3] | (1.8) | (0.5) |
| SAR Plan[4] | 0.0 | 9.9 |
| IDS Expenses[5] | 2.7 | (0.0) |
| Estimated Parallel Organization Costs[6] | 28.1 | 23.3 |
| Management Fee[7] | 2.5 | 2.5 |
| **Adjusted EBITDA** | $231.4 | $238.0 |

[1] *Represents one-time, non-recurring costs of integrating the AER and KinderCare acquisitions in 2004 and 2005, respectively.*

[2] *Represents the non-cash impact of (gains) / losses on the sales of centers.*

[3] *Income earned as a result of ownership in a minority investment.*

[4] *Non-cash expenses related to KSI's Stock Appreciation Rights Plan attributed to KLC's employees and payable by KSI in cash upon settlement. $7.8 million has been paid pursuant to SARs in connection with the departure of KLC's chief executive officer in 2006.*

[5] *In 2004, KinderCare contemplated an offering of income deposit securities. Costs here reflect the costs incurred as a result of the contemplated offering.*

[6] *Result of the costs of operating duplicative infrastructure at KLC and KinderCare following the KinderCare acquisition.*

[7] *Management fee paid to affiliate entities.*

*Restructuring charges*. Restructuring charges during the 52 weeks ended December 31, 2005, were $29.4 million. Included in the $29.4 million of non-recurring integration costs were $11.0 million of severance costs that resulted primarily from the closure of KLC's former corporate offices at Golden, CO. Additional restructuring costs in 2005 were the result of consulting, temporary contract-based labor and other charges. Restructuring charges in 2004 were $5.1 million and were related to KLC's acquisition of AER in May 2003.

*Parallel Organization Costs*. For much of 2005 KLC was burdened with the central operations and infrastructure of both KinderCare and KLC. KLC has defined parallel organization costs as the cost of maintaining these duplicative corporate functions during the overhead rationalization associated with the KinderCare acquisition. KLC believes that approximately 70% of parallel organization costs are related to salaries. Remaining parallel organization costs are related to upkeep, maintenance and utilities at corporate facilities. During the first month of 2006 parallel organization costs had been reduced to $174,042 (annualized run-rate of $2.1 million) compared to an estimated $23.3 million in 2005.

Parallel organization costs for the 2004 fiscal year are estimated based on an annualized run-rate based on the costs incurred during the first month following the KinderCare acquisition. During that month (January 2005), KLC incurred approximately $2.3 million of parallel organization costs ($28.1 million on an annualized run-rate basis).

*Interest*. Interest expense in 2004 and 2005 is almost identical because both years are pro forma for the financings associated with the Real Estate Transaction, which refinanced the indebtedness incurred to finance the KinderCare acquisition. In 2005 pro forma interest expense of $89.9 million includes $5.1 million of non-cash interest expense. Actual interest expense during the 2005 fiscal year was $80.7 million which did not include $32.2 million related to the early extinguishment of debt.



HOUSE_OVERSIGHT_024513

*Capital Expenditures*. The following table shows the breakdown in KLC's projected capital expenditures:

| KLC Consolidated | | |
|---|---|---|
| | **2004PF** | **2005PF** |
| Maintenance | $34.4 | $36.6 |
| New Centers | 26.4 | 32.4 |
| IT Spending and Other Capex | 9.8 | 14.0 |
| **Total Capital Expenditures** | $70.6 | $83.1 |

In 2004 and 2005, KLC spent $34.4 million and $36.6 million, respectively on maintenance capital expenditures, which includes refurbishment of its existing centers and equipment and supplies replacement costs. In addition, KLC spent $9.8 million in 2004 on corporate infrastructure improvements, primarily IT spending compared to $14.0 million in 2005. The remainder of KLC's capital expenditures was used to expand KLC's center base through both purchases of furniture, fixtures and equipment and construction of new owned centers.



HOUSE_OVERSIGHT_024514

# 11. THE OPERATING COMPANY ("KLC OPCO")

KLC's mission is to provide a quality education to children from birth to college. KLC was formed from the combination of KLC and AER which occurred in May 2003 and the subsequent acquisition of KinderCare in January of 2005. Based in Portland, Oregon, KLC consists of (i) KLC OpCo, a collection of operating companies and (ii) KLC PropCo, a collection of special purpose subsidiaries owning substantially all of KLC's real estate.

## 11.1. KLC OpCo

KLC OpCo is the largest for-profit provider of ECE and care services in the U.S., the second largest provider of employer-sponsored ECE to the corporate segment in the U.S. and the largest for-profit provider of before and after school programs in the U.S. Through one of its subsidiaries, KLC OpCo also operates accredited high school distance learning programs that have served over 200,000 students since 1975. On a pro forma basis for the fiscal year ended December 31, 2005, KLC OpCo generated revenue and Adjusted EBITDA of $1,477.7 million and $149.9 million, respectively.

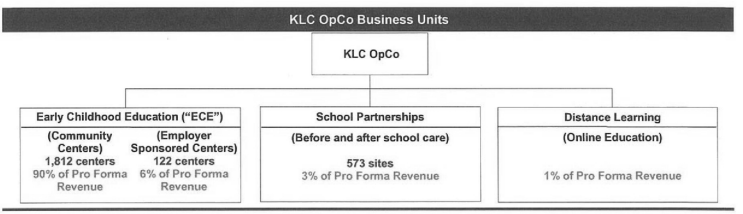


## 11.2. Early Childhood Education Unit (96% of Pro Forma FYE December 31, 2005 Revenue)

As of FYE December 31, 2005, KLC OpCo provided ECE services through its 1,812 company-operated community centers (90% of pro forma revenue) and 122 employer-sponsored centers (6% of pro forma revenue). In total the ECE Unit operated 1,934 centers in 39 states and Washington D.C., offering ECE programs primarily for children aged six weeks to five years. The programs are marketed primarily under the KinderCare, Children's World, Children's Discovery Centers, Knowledge Beginnings and Mulberry Child Care & Preschool brand names.

KLC OpCo's centers typically contain classrooms, recreational areas, kitchens and bathroom facilities. The centers usually accommodate the grouping of children according to age. The centers have outdoor playgrounds, often with separate areas designed for infants and toddlers, with the exception of some downtown urban centers that may utilize nearby parks. Each center is equipped with a variety of audio and visual aids, educational supplies, games, toys and indoor and outdoor play equipment. In addition, most of the centers are equipped with personal computers with programs specifically designed for both pre-school and school-age children. The typical center can serve between 120–140 students, although actual enrollments can be higher as some children are enrolled on a part-time basis. Children are usually enrolled on a weekly basis for either full-day or half-day sessions. Most centers provide enrolled children with meals and two snacks.



HOUSE_OVERSIGHT_024515

KLC OpCo provides a wide range of quality programs that are continuously updated to reflect current thinking and to meet the needs of individual children. Programs have been developed in conjunction with nationally recognized experts in ECE and various curricula reflect the latest research in brain development. Programs stimulate the social, emotional, intellectual and physical needs of children and each program is age appropriate.

KLC OpCo's ECE facilities are generally open throughout the year, usually five days a week, from 6:30 a.m. to 6:30 p.m. New enrollments are most often highest in September and January, with the largest decrease in enrollment during holiday periods and summer months. Many centers offer summer day camp programs for children up to the age of 12. Additionally, many centers offer "back-up" care, which is offered in the event that the parent's primary child care arrangement is unavailable (*e.g.*, when an in-home provider goes on vacation). The company will provide short-term child care until the parent's child care resumes.

**Community Centers**

The 1,812 community centers are located in diverse demographic locations. Newly built centers tend to be located in the targeted demographic market of newer upper-middle class to upper income suburban areas with high concentrations of dual income families. In a community center, the current weekly tuition rates for full-day service range from $90 to $400 per child, depending upon the center location and the age of the child. KLC OpCo also offers tutorial programs in areas such as literacy, reading, foreign languages and mathematics in many of its centers for a supplemental fee and is exploring offering additional supplemental fee programs. Tuition is generally paid in advance on a weekly basis and, to a lesser extent, on a monthly basis. The company typically sets tuition for half-day programs at a 20% to 40% premium compared with an equal number of hours for a full-day program. Approximately 20% of tuition is paid under state and federal subsidy programs.

**Employer-Sponsored Centers**

As of FYE December 31, 2005, KLC OpCo operated 122 corporate or employer-sponsored centers. These centers are typically free-standing, and are located at or near the premises or campus of the employer-sponsor. These sites are different from community centers in that they usually have more square footage per child and larger staff areas. Generally, the corporate sponsor provides the constructed building. KLC OpCo currently has relationships with a diverse group of employers, including hospitals, health care facilities, government agencies, and private sector companies. Its corporate relationships include, but are not limited to, the following: AOL Time Warner, TRW, Lockheed Martin, the World Bank Group, Fox, Maytag, Northrop, TJ Maxx, the National Security Agency, the Mayo Clinic and Stanford University.

Employer-sponsored centers are operated either on a fixed-fee basis (31 centers) or on a profit-and-loss basis (91 centers). Under the former, KLC OpCo receives a fixed fee per month, typically irrespective of occupancy. In these contracts, the Company collects tuition on behalf of the employer sponsor. Under a profit-and-loss contract, KLC OpCo collects tuition for its own account, generally with no guaranteed fees from the employer. In some cases, its operations are subsidized by the employer, typically in the form of tuition subsidies, free or reduced rent, the provision of certain services such as maintenance, landscaping and janitorial services or enrollment guarantees. This enables the company to utilize the subsidies for improved staff quality and teacher / child ratios.

Contract terms typically average between one and five years. Normally the management centers are reserved for children of the corporations' employees. Some contracts provide for accepting non-employee children, for which the company can often charge a higher tuition.



HOUSE_OVERSIGHT_024516

## 11.3. School Partnerships Unit (3% of Pro Forma FYE December 31, 2005 Revenue)

Through the School Partnerships Unit, KLC OpCo provides customized before and after school educational enrichment and recreational programs for school age and preschool children in partnership with elementary schools. KLC OpCo provides these partnership services primarily through 573 sites in 20 states. Average tuition ranges from $35–$75 per week, payable in advance. Parents account for 94% of total tuition received, while state and grant subsidies account for the remaining 6%.

These before and after school programs are typically conducted in collaboration with public schools and located on-site at public school campuses. The success of the programs has led to the development of summer camps, remedial programs, and drop-in care. Programs are operated under the Champions name. Because each program is relatively small (approximately 40 children per program), operating costs associated with running each program are minimal. Little or no capital investment is required and the contracting school typically provides on-site space for the program. Contract tenures range from one year to evergreen. They often stipulate that KLC pays minimum fees to the elementary schools for use of facilities.

KLC OpCo's November 2004 acquisition of EdSolutions, Inc. ("ESI") provided it entry into the Supplemental Education Services ("SES") tutoring business. The SES business is part of the federal No Child Left Behind Act's effort to improve the performance of students at failing schools. KLC OpCo operates 72 SES sites. ESI is approved to provide SES in 19 states and our plans call for ESI to serve as a platform for future growth for KLC.

## 11.4. Distance Learning (1% of Pro Forma FYE December 31, 2005 Revenue)

Through its wholly owned subsidiary, KCDL, KLC OpCo also operates accredited high school distance learning programs that have served over 200,000 students since 1975. Based in Portland, Oregon, KCDL operates Keystone National High School and iQ Academies. Keystone National High School is one of the largest and most experienced accredited high school distance learning programs in the country. Keystone is a private, diploma granting school with parents or schools paying for individual courses and/or complete curriculum. Keystone served over 14,000 students in 2005 and offers more than 60 distance learning courses. iQ Academies develops and manages online charter schools. It currently operates one school in Wisconsin, is working on the approval process for another charter in California, and has plans to begin several more charters in the next 12 months. iQ Academies provides support required to launch and operate an online high school including curriculum, instruction, technology, marketing and support. Though only 1% of KLC OpCo's pro forma revenues, KCDL is highly profitable and accounts for almost 2% of KLC OpCo's pro forma Adjusted EBITDA.

## 11.5. Business Strategy

KLC OpCo's strategy is to drive revenue growth and enhance profitability through a combination of the following initiatives:

- *Expansion of existing business lines*. Management believes that the opportunity exists to significantly expand the scope of its existing business lines:
  - *Community centers*. KLC OpCo has substantial experience in selecting and opening new community centers. Over the next six years KLC OpCo plans to open 195 new centers which are expected to generate approximately $200 million of gross revenue.
  - *Employer-sponsored centers*. KLC OpCo expects to continue the expansion of its employer-sponsored centers. Over the next six years KLC OpCo plans to open 124 new centers with gross revenue of approximately $120 million.



HOUSE_OVERSIGHT_024517

- *Rationalize centers to improve overall strategy and quality of network*. Management closely monitors underperforming centers and looks to rationalization opportunities which generally lead to improved Utilization and higher EBITDA generation.
  - As part of its rationalization, KLC OpCo has identified 50 centers which it intends to close and will continue to evaluate underperforming centers. As a result, over the next six years KLC OpCo expects to close approximately 250 centers with a decrease in revenues of approximately $120 million. While the closure of underperforming centers decreases KLC OpCo's revenue, rationalization is expected to increase both EBITDA and Adjusted EBITDA margins.

- *Strategic acquisitions*. The childcare market remains highly fragmented with for-profit chains comprising only 5% of the entire market. There are over 386,000 family-owned and operated centers, with each providing services to fewer than 13 children. KLC OpCo believes there are many opportunities to consolidate some of the family-run centers as well as some of the larger regional providers.

- *Offer new products and services*. KLC OpCo estimates that it services more than 200,000 families in a given year. KLC OpCo's scope of operations makes it ideally positioned to market other products and services through its learning centers. KLC OpCo has already sold several additional lines of educational products and services at test locations including supplemental phonics, math, Spanish and music courses. KLC OpCo believes that product and service lines can be expanded to include additional educational and non-educational offerings such as medical insurance and student financing programs.

- *Initiation of the Spirit of Service Program*. The fundamental assumption of the Spirit of Service program is that sales are not separate from service—both are driven by relationships. To that end, the Spirit of Service program was designed to promote revenue growth by building a sales-oriented culture while increasing customer / parent engagement. Currently, KLC OpCo's management team is working with consultants from Cypress Consulting and the Gallup Organization to:
  - Understand and evaluate current practices and expectations regarding sales and service;
  - Provide reliable data to help grow enrollments through a better understanding of families who have disenrolled and KLC OpCo's current customers;
  - Develop the sales and coaching skill necessary to support requisite practices and behaviors; and
  - Institutionalize practices, systems and incentive plans to ensure a sustainable focus and culture built around sales and customer service.

## 11.6. Sales and Marketing

### Early Childhood Care and Education

*Community Centers*. KLC OpCo's target market is middle-class to affluent ($70,000+ household income), highly educated parents working or residing near the center. Target parents are white-collar workers and are usually dual-income families. KLC looks for sites where it believes the market for its services will support tuition rates higher than current average rates.

Management believes KLC OpCo distinguishes its services by developing and introducing high quality curricula and programs that incorporate both learning and enjoyable activities held in a safe and child-friendly environment. KLC OpCo markets its services through online channels (including strategic click through advertisement placements), as well as traditional methods, such as display advertisements, listings in the yellow pages, newspaper advertisements, distribution of flyers at schools and community functions, and center open house events. KLC OpCo spends a large portion of its advertising budget during the summer months in anticipation of the fall enrollment period, with continued advertising throughout the year. The primary source of new enrollments is recommendations from customers in the communities in which KLC OpCo operates. Center directors are also involved in the marketing process



HOUSE_OVERSIGHT_024518

by encouraging parental involvement in the centers through monthly newsletters and reports, parent-teacher conferences and parental visits to, and inspections of, the centers.

Although most of the marketing efforts are performed at the field level, corporate headquarters assists centers in developing marketing programs, designing campaigns, preparing marketing brochures, strengthening the brand name, identifying strategic partners, and providing advice on ways to advertise and market the programs at the local level. In addition, KLC OpCo is actively involved in teaching the staff and directors business enhancing skills, such as cost management, local marketing and customer relations.

*Employer-Sponsored Centers*. Services that KLC OpCo provides to employers include onsite and near-site center operation, backup care, discount programs, holiday care and consulting services. KLC OpCo has dedicated sales personnel focused on expanding its presence in this market. It also markets its services through relationships with consultants, attendance and presentations with clients at trade shows, networking at conferences and through industry alliances and publications. KLC OpCo responds to requests for proposals, referrals from current clients and prospects to targeted mid-market centers for transition opportunities through mailings and networking. It also targets Fortune 1000 companies for its discount and nationwide backup care services which serve large distributed workforces.

Marketing to employers or corporate sponsors largely takes place at the corporate level. KLC OpCo markets to parents through its employer sponsors and occasionally through contracted resource and referral agencies. KLC OpCo is finding that the preferred method is through electronic brochures and messages as well as dedicated websites for onsite centers and services. KLC OpCo provides hardcopy materials and promotional giveaways primarily through employer-sponsored benefit fairs and events on client campuses. The centers engage parents and potential parents through brown bag lunch seminars, open houses, and visibility tables in client cafeterias and common areas.

**School Partnerships**

*Champions Programs*. KLC OpCo positions its Champions school age, preschool and summer programs as exciting combinations of learning and fun. It relies primarily on a regional, direct sales force in effecting a two tiered sales and marketing approach. The first tier consists of selling the Champions service at the appropriate administrative level in the school. This selling generally occurs at the superintendent or principal level. Selling to administrators is necessary since the majority of Champions' programs rely solely on the use of existing school infrastructure. The sales and marketing effort in this tier involves participation in trade shows, featured articles in trade journals, trade magazine advertising and news releases. KLC OpCo believes that these efforts have been successful in heightening brand awareness, and as such, has enabled its sales force to gain access to entire districts versus individual schools.

Once a Champions program receives the endorsement of the appropriate decision-maker, the second tier of the sales and marketing effort begins, which targets the parents of children attending the sponsor school and, in some cases, nearby schools. Marketing is conducted primarily through flyers, open houses and school newsletters.

*Supplemental Education Services*. The sales and marketing process for SES tutoring involves several steps. First, KLC OpCo must seek approval to provide services in a state through a request-for-proposal process. This process entails detailed descriptions of the curriculum provided and how it correlates with state standards, testing and accountability, the operational model to be provided and company background information. Once approval is obtained at the state level, KLC OpCo contacts districts it is interested in serving, and requests that it be added to the list of approved providers. At the same time that it makes the initial contact with districts, it also contacts local schools, often through such schools' SES coordinator, and subsequently with the parents at each school.

Once KLC OpCo has been approved by the state, district and the schools, it competes with multiple SES providers selling to individual parents, who are the ultimate decision makers in terms of selecting a



HOUSE_OVERSIGHT_024519

provider. Many providers are currently offering incentives to children and families to enroll with them and some are offering incentives to schools as well. The key challenge in marketing the SES programs to families is offering something that is appropriate and that will add educational value for families while enticing the children to participate. KLC OpCo believes there is a much larger number of children eligible for services than the number that attend programs and therefore an opportunity exists to improve marketing and outreach to families.

Identifying prospects involves targeting urban areas where there is a cluster of failing schools. Failing schools are schools that fail to meet established NCLB requirements for three years in a row. After the second year of failure the schools have to offer several services in order to prevent being named a failing school. This enables KLC OpCo to project the approximate number of schools that will be considered failing in the next school year and help identify states to pursue and markets that warrant further attention. KLC OpCo is currently authorized to provide SES in 19 states and has already begun providing SES in five of them. KLC OpCo believes the SES business provides an opportunity for growth.

On August 29, 2006, KLC acquired 100% of the membership interests in Education Station, LLC ("Education Station") from Catapult Learning LLC ("Catapult"), a subsidiary of Educate, Inc. (together with Catapult, "Educate") Education Station is a private provider of supplemental educational services under the NCLB and other educational instruction and after school services. The purchase agreement provides for an aggregate purchase price of $6.0 million with $3.0 million paid into escrow at closing, and $1.0 million payable on each of the first three anniversaries of the closing date. The amount in escrow is payable to Educate on three specific dates during the period beginning ninety days from the closing date and ending on July 31, 2007 upon the renewal by Education Station of certain contracts which were in place applicable to the 2005-2006 school year. Also on August 29, 2006, KLC and Educate entered into a technology license agreement where Educate granted a license to KLC of certain proprietary software used in providing real-time online NCLB services. The term of the license agreement is four years and provides for a license fee of $10 million payable in three installments of $3.0 million within 30 days following each of the first three anniversaries of the closing date and a final installment of $1 million within 30 days following the fourth anniversary. KLC believes that the acquisition of Education Station makes it the largest for-profit provider of supplemental education services under the NCLB in the U.S.

**Distance Learning**

KLC OpCo markets its distance learning products to two distinct customer groups: the home school market and schools. Purchases made into the home school market are driven by web-based marketing efforts and trade associations along with a direct mail campaign. Purchases made by schools are marketed to counselors and administrators through direct mail and telemarketing efforts.

## 11.7. Curriculum

KLC OpCo believes that it can increase enrollment in its centers by continuing to develop and introduce high quality curricula and programs that provide parents with meaningful reasons to choose the centers for their children over other alternatives. It has designed research-based, proprietary curricula for age-specific educational and recreational programs to develop a child's social, intellectual and physical skills and distributed curriculum manuals for each age group to its centers. These programs are used as a framework, within which individual teachers have flexibility to create daily instruction opportunities that are tailored to the needs of each class.

The curriculum covered by the "Early Foundations" program is carefully designed to support school readiness. Activities are developed and implemented based on an expansive, research-based framework of educational objectives. These objectives mirror well documented early learning standards. Frequent assessment insures both program quality and desirable child outcomes.



HOUSE_OVERSIGHT_024520

The Early Foundations program focuses on providing individual learning opportunities that are flexible and appropriate to each child's development level. KLC OpCo believes that the Early Foundations program distinguishes the Company from other child care providers.

## 11.8. Management Team and Board of Directors

KLC OpCo is led by a highly experienced management team comprised of experts in the field of education, as well as business professionals. This combination of talent is expected to drive continued success of KLC OpCo. These individuals are also supported by a seasoned executive and middle management team with average Company tenure of ten years. The following table sets forth KLC OpCo's management team and the board of directors of its parent company, KSI. Detailed biographies can be found in Appendix A.

| Management of KLC | |
|---|---|
| **Name** | **Position** |
| Elanna Yalow | Director, President and Chief Operating Officer |
| Mark Moreland | Executive Vice President & Chief Financial Officer |
| Toni Jaffe | Senior Vice President, Human Resources |
| Eva Kripalani | Senior Vice President, General Counsel and Corporate Secretary |
| Marcy Suntken | Senior Vice President, School Partnerships |
| Dan Frechtling | Senior Vice President, Marketing and Business Development |
| Sharon Bergen | Senior Vice President, Education and Training |
| Stephen Brown | President and Chief Executive Officer, KCDL |

| Non-Employee Directors of Knowledge Schools Inc. ("KSI") | |
|---|---|
| **Name** | **Position** |
| Les Biller | Retired Vice Chairman and Chief Operating Officer of Wells Fargo & Company. KUE Advisory Board |
| Ralph Finerman | President of RFG Financial Group, Inc. |
| Stephen Goldsmith | Professor of Government at Harvard University's Kennedy School of Government. Senior Vice President of KUE |
| Steven Green | Chairman and CEO of k1 Ventures and Greenstreet Real Estate Partners. Vice Chairman of KUE |
| Stanley Maron | Senior shareholder in the law firm Maron & Sandler |
| Lowell Milken | Chairman of KSI Board, President and Chief Executive Officer of KUE |
| Wendi Murdoch | Advisor to News Corporation |
| Jeff Safchik | Co-founder, Managing Director and Chief Financial Officer of Greenstreet Real Estate Partners. Chief Financial Officer of KUE |
| Richard Sandler | Shareholder in the law firm Maron & Sandler. General Counsel for KUE |



HOUSE_OVERSIGHT_024521

## 11.9. Employees

As of December 31, 2005, KLC OpCo employed approximately 40,000 non-unionized personnel. Of the total amount, 39,639 are employed at the field level (including teachers and center staff, center directors, facilities and field and regional staff) and 592 are employed at the corporate level. Given the seasonality of the child care business and the regulated teacher-student ratio that varies by age with each state, approximately 16.5% of the total field personnel are employed on a part-time basis. Teachers and teaching assistants, which account for 93% of the total employee pool, are paid on an hourly basis. Most of KLC OpCo's remaining employees, including District Managers as well as most corporate staff, are salaried. KLC believes that its relations with its employees are good.

KLC OpCo's management believes that its below-industry average turnover rates are a result of its hiring practices and closer involvement in center operations, a focus on treating teachers as educators and not just employees, and comprehensive training programs that are designed to ensure that teachers are successful. KLC OpCo believes that it has the opportunity to reduce employee turnover further through improved recruiting, training and management.

The following table presents a breakdown of employees as of December 31, 2005:

| KLC Employee Breakdown | |
|---|---|
| **Employee Type** | **Number** |
| Teachers and Center Staff | 37,440 |
| Center Directors | 1,874 |
| Corporate | 592 |
| Facilities | 218 |
| Field / Regional Staff | 107 |
| **Total** | **40,231** |

## 11.10. Accreditation

KLC OpCo pursues accreditation of its centers by accrediting bodies, primarily the National Association for the Education of Young Children (referred to herein as "NAEYC"), the nation's leading child care accreditation body. NAEYC accreditation criteria cover a wide range of quantitative and qualitative factors, including, among others, faculty qualifications and development, staffing ratios, health and safety and physical environment. NAEYC criteria generally are more stringent than state regulatory requirements. As of December 31, 2005, KLC OpCo had 831 or approximately 43% of its total ECE centers that were accredited by NAEYC. Of the approximately 117,000 licensed centers in the U.S., approximately 10% are accredited by NAEYC.

Management believes that substantially all of its centers' operations and policies adhere to or are substantially compliant with NAEYC accreditation requirements. Since the accreditation process is expensive, KLC OpCo intends to seek accreditation only where it believes accreditation will provide meaningful local marketing benefits or competitive advantages.

## 11.11. Licensing and Government Regulation

Each early childhood care and education center and most school programs must be licensed under applicable state or local licensing laws. Responsibility for licensing and compliance with government regulations is at the regional and local level. Licenses are held at the center level or by the school program and are typically good for a minimum of one year. Generally, the center or school program will



HOUSE_OVERSIGHT_024522

reapply for a license on an annual basis, and that process may include a visit from the applicable state regulator. Renewal of a license is generally a fairly routine process.

In addition, each ECE center or school program is subject to a variety of state and local regulations. Although these regulations vary greatly from jurisdiction to jurisdiction, governmental agencies generally review the safety, staff qualifications, fitness and adequacy of the buildings and equipment; the ratio of staff to children; the dietary program; the daily curriculum and compliance with health and transportation standards. In most jurisdictions, these agencies conduct scheduled and unscheduled inspections of locations. Repeated failures by a location to comply with applicable regulations can subject it to sanctions that might include probation or, in more serious cases, suspension or revocation of the center's or program's license to operate and could also lead to sanctions against the Company's other centers or programs located in the same jurisdiction. In addition, this type of action could lead to negative publicity extending beyond that jurisdiction.

KLC OpCo generally seeks to operate centers and school programs in states with strict regulations in order to avoid unexpected expense and market disruption that may be caused by compliance with regulations adopted in states that previously lacked such regulations.

KLC OpCo believes that its operations are in substantial compliance with all material regulations applicable to its business. However, a licensing authority may determine that a particular center or school program is in violation of applicable regulations and may take action against that center or program and possibly other centers in the same jurisdiction. In addition, there may be unforeseen changes in regulations and licensing requirements, such as changes in the required ratio of child center staff personnel to enrolled children, which could have a material adverse effect on KLC OpCo's operations. States in which KLC OpCo operates routinely review the adequacy of regulatory and licensing requirements and implement changes which may significantly increase its costs to operate in those states.

The SES programs are operated in substantial compliance with the federal No Child Left Behind Act, as well as applicable state Department of Education regulations that vary from state to state, but generally regulate curriculum, staff qualifications, and program quality and effectiveness. KLC OpCo must receive approval from each state's Department of Education in order to qualify as an SES provider. The length of approval to be an SES provider varies, but is typically from one to five years. Repeated failure by an SES provider to comply with regulations or its request for proposal documentation may cause the provider to lose its approval.

Federal regulations and licensing requirements require compliance with minimum standards in order to qualify for participation in federal assistance programs. Under the Social Security Act, the U.S. federal government has established programs to assist low-income families with early childhood care and education expenses. These programs include the Childcare and Development Block Grant and At Risk Program. Funding is typically provided through block grants to states and counties, which then administer the programs through local agencies.

The federal Americans with Disabilities Act, referred to as the ADA, and similar state laws prohibit discrimination on the basis of disability in public accommodations and employment. Compliance with the ADA requires that public accommodations reasonably accommodate individuals with disabilities and that new construction or alterations made to commercial facilities conform to accessibility guidelines unless structurally impracticable for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, an award of damages to private litigants and additional capital expenditures to remedy such noncompliance. KLC OpCo has not experienced any material adverse impact as a result of these laws.

Section 21 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), provides for an income tax credit ranging from 20% to 35% of certain child care expenses subject to certain maximum limitations. The fees paid to KLC OpCo for early childhood care and educational services by eligible taxpayers qualify for the tax credit, subject to the limitations of the Code. In addition, Section 45F of the Code provides



HOUSE_OVERSIGHT_024523

incentives to families and employers to offset costs related to employer-provided child care facilities. However, these tax incentives are subject to change.

KLC OpCo is also subject to the Fair Labor Standards Act, which governs such matters as minimum wages, overtime compensation and working conditions. All of KLC OpCo's employees are paid at rates equal to or higher than the federal minimum wage.

KLC OpCo is also subject to laws regulating its transportation of children. In 1998, the National Highway Traffic Safety Administration, or NHTSA, issued interpretive letters stating that automobile dealers may no longer sell 12 to 15-passenger vans intended to be used for the transportation of children to and from school by child care providers and that any vehicle designed to transport 11 persons or more must meet federal school bus standards if it is likely to be used significantly to transport children to and from school or school-related events. These interpretations and related changes in state and federal transportation regulations have affected the type of vehicle that the company may purchase for use in transporting children between schools and its centers and, in effect, required KLC OpCo to replace its remaining fleet of vans with school buses over time. These changes have increased the company's costs to transport children because school buses are more expensive to purchase and maintain and, in some jurisdictions, require drivers with commercial licenses.

## 11.12. Insurance

KLC OpCo's insurance program currently includes the following types of policies: workers' compensation, commercial general liability, automobile liability, property, excess "umbrella" liability, directors' and officers' liability and employment practices liability. These policies provide for a variety of coverages, which are subject to various limits, and include substantial deductibles or self-insured retentions. Special insurance is sometimes obtained with respect to specific hazards, if deemed appropriate and available at a reasonable cost. Claims in excess of, or not included within, KLC's coverage may be asserted or coverage may not be available due to insurance company failures or other reasons.

KLC OpCo maintained either a self-insured retention or a deductible for a portion of its general liability, workers' compensation, auto, property and employee medical insurance programs. It purchases stop loss coverage in order to mitigate its potential future losses. The nature of these liabilities, which may not fully manifest themselves for several years, requires significant judgment. KLC OpCo estimates the obligations for liabilities incurred but not yet reported or paid based on available claims data and historical trends and experience, as well as future projections of ultimate losses, expenses, premiums and administrative costs. While the company believes that the amounts accrued for these obligations are sufficient, any significant increase in the number of claims and/or costs associated with claims made under these programs could have a material adverse effect on the consolidated financial statements.

## 11.13. Legal Issues

KLC OpCo does not believe that there are any pending or threatened legal proceedings that, if adversely determined, would have a material adverse effect on its business or operations. However, it is subject to claims and litigation arising in the ordinary course of business, including claims and litigation involving allegations of physical or sexual abuse of children. Although KLC OpCo cannot be assured of the ultimate outcome of the allegations, claims or lawsuits of which it is aware, it has not historically had to pay any claims exceeding its insurance coverage, and management believes that none of these allegations, claims or lawsuits, either individually or in the aggregate, will have a material adverse effect on the Company's financial position, operating results or cash flows. In addition, it cannot predict the negative impact of publicity that may be associated with any such allegation, claim or lawsuit.



HOUSE_OVERSIGHT_024524

## 11.14. Real Estate

As a result of a November 9, 2005 Real Estate Transaction, substantially all of the real estate owned by KLC OpCo was transferred to KLC PropCo. Although the expectation is that newly acquired real estate will be owned by KLC PropCo and leased back to KLC OpCo, KLC OpCo continues to be actively involved in new center design, development and management. In addition to development of new centers, the team is responsible for maintaining existing centers. The real estate group within KLC OpCo is headed by Wayne Pipes, Vice President.

## 11.15. Environmental

KLC OpCo is not aware of any existing environmental conditions that currently or in the future could reasonably be expected to have a material adverse effect on its financial position, operating results or cash flows. It has not incurred material expenditures to address environmental conditions at any property. However, it has not undertaken an in-depth environmental review of all of its owned and leased centers. Consequently, there may be material environmental liabilities of which it is unaware.

In addition, future laws, ordinances or regulations may impose material environmental liability, and the current environmental condition of the centers may be adversely affected by conditions at locations in the vicinity of those centers (such as the presence of leaking underground storage tanks) or by third parties unrelated to the company.

## 11.16. Summary Financial Information and Projections Discussion

The following summary historical and projected financial data should be read in conjunction with the financial statements and "Management's Discussion and Analysis of KLC's Pro Forma Results of Operations" presented elsewhere in this Memorandum. See also "Non-GAAP Financial Measures" elsewhere in this Memorandum for a discussion of the derivation and limitations of Adjusted EBITDA and Adjusted EBITDAR. The historical information is pro forma for the effects of the acquisition of KinderCare in January 2005 and the separation of KLC into KLC OpCo and KLC PropCo in November 2005, as if those transactions and related financing had occurred on January 1, 2004.

KLC OpCo's pro forma results reflect KLC's consolidated pro forma results adjusted to include $96.3 million of rent expense payable to KLC PropCo.

Projected results presented below are based on assumptions management believes to be reasonable, but which are inherently uncertain and may not be realized. KLC OpCo's ability to perform as projected depends on a number of variables that cannot be predicted with certainty and actual performance could be adversely affected by a number of factors, including those described in "Risk Factors," particularly the risk factor related to projections elsewhere in this Memorandum. Also see "Forward-Looking Statements."



HOUSE_OVERSIGHT_024525

| KLC OpCo Summary Historical Pro Forma and Projected Financials | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year Ended December 31, | | | | | | | |
| ($ in millions) | 2004PF | 2005PF | 2006P | 2007P | 2008P | 2009P | 2010P | 2011P |
| OPERATIONAL DATA | | | | | | | | |
| Revenue | $1,442.2 | $1,477.7 | $1,557.8 | $1,656.5 | $1,769.6 | $1,919.7 | $2,095.8 | $2,290.8 |
| *Growth* | | *2.5%* | *5.4%* | *6.3%* | *6.8%* | *8.5%* | *9.2%* | *9.3%* |
| Gross Profit | $233.3 | $244.4 | $290.7 | $320.6 | $354.0 | $396.2 | $448.2 | $501.3 |
| Adjusted EBITDA | $143.3 | $149.9 | $161.7 | $179.9 | $204.8 | $237.5 | $279.0 | $320.1 |
| *Margin* | *9.9%* | *10.1%* | *10.4%* | *10.9%* | *11.6%* | *12.4%* | *13.3%* | *14.0%* |
| Adjusted EBITDAR | $352.8 | $367.4 | $371.4 | $391.4 | $419.6 | $459.7 | $510.8 | $568.6 |
| *Margin* | *24.5%* | *24.9%* | *23.8%* | *23.6%* | *23.7%* | *23.9%* | *24.4%* | *24.8%* |
| Operating Income | | $27.1 | $78.9 | $101.6 | $117.8 | $146.9 | $179.5 | $212.4 |
| Total Interest Expense | | 23.5 | 23.6 | 23.5 | 23.4 | 23.3 | 23.1 | 22.9 |
| Net Income[1] | | $1.6 | $31.1 | $46.0 | $56.9 | $77.4 | $98.3 | $117.9 |
| BALANCE SHEET DATA | | | | | | | | |
| Cash | | $118.8 | $154.2 | $215.8 | $288.5 | $373.7 | $484.8 | $621.2 |
| Accounts Receivable | | 55.6 | 58.6 | 62.4 | 66.6 | 72.3 | 78.9 | 86.2 |
| PP&E, Net | | 286.6 | 301.9 | 305.9 | 309.4 | 315.0 | 315.6 | 311.1 |
| Accounts Payable | | 13.0 | 13.7 | 14.6 | 15.6 | 16.9 | 18.4 | 20.1 |
| SELECTED CASH FLOW DATA | | | | | | | | |
| Net Income (Loss)[1] | | $1.6 | $31.1 | $46.0 | $56.9 | $77.4 | $98.3 | $117.9 |
| + Depreciation | | 47.9 | 54.6 | 56.2 | 61.5 | 67.3 | 74.2 | 80.9 |
| + Amortization of Intangibles | | 11.6 | 12.8 | 10.0 | 8.8 | 3.6 | 3.5 | 3.5 |
| + Amortization of Deferred Financing Fees | | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| + Change in Working Capital[2] | | 0.0 | 2.8 | 3.4 | 3.9 | 5.2 | 6.1 | 6.8 |
| + Change in Accrued LTIP[3] | | 0.0 | 2.6 | 4.0 | 4.5 | 2.4 | 1.1 | 0.6 |
| + Change in Accrued SAR[4] | | 9.9 | 2.1 | 3.1 | 3.2 | 3.7 | 4.7 | 5.6 |
| + Change in Other Assets | | 0.0 | (0.6) | (0.8) | (0.9) | (1.2) | (1.4) | (1.5) |
| **= Operating Cash Flow** | | **$71.9** | **$106.0** | **$122.7** | **$138.7** | **$159.3** | **$187.4** | **$214.5** |
| - Capital Expenditures | | (83.1) | (69.9) | (60.2) | (65.0) | (72.8) | (74.8) | (76.4) |
| - Capitalized Lease Payments | | (0.5) | (0.8) | (0.9) | (1.0) | (1.3) | (1.5) | (1.7) |
| **= Cash for Debt Service** | | **$(11.7)** | **$35.4** | **$61.6** | **$72.7** | **$85.2** | **$111.1** | **$137.9** |
| **CAPITALIZATION** | | | | | | | | |
| Total Debt | | $276.4 | $275.6 | $274.7 | $273.7 | $272.5 | $271.0 | $269.3 |
| Shareholders' Equity[5] | | 254.1 | 283.1 | 330.1 | 390.7 | 474.8 | 583.6 | 721.1 |
| **Total Capitalization** | | **$530.5** | **$558.7** | **$604.9** | **$664.4** | **$747.3** | **$854.6** | **$990.4** |

[1] *Excludes equity in earnings of unconsolidated subsidiary (KLC PropCo).*
[2] *KLC has not divided change in working capital between KLC OpCo and KLC PropCo. Traditionally KLC OpCo operates with positive working capital.*
[3] *For additional detail, see the discussion below under the heading "– Long Term Incentive Plan."*
[4] *Non-cash expenses related to KSI's Stock Appreciation Rights Plan attributed to KLC's employees and payable by KSI in cash upon settlement.*
[5] *Represents book value.*

## Revenue

Management projects revenue to increase at a 8.0% CAGR, from $1.6 billion in 2006 to $2.3 billion in 2011. Most of the projected growth stems from KLC OpCo's ECE segment which currently accounts for approximately 96.0% of KLC OpCo's pro forma revenue. The following table shows projected revenue by business segment:



HOUSE_OVERSIGHT_024526

| KLC OpCo | | | | | | |
|---|---|---|---|---|---|---|
| ($ in millions) | 2006P | 2007P | 2008P | 2009P | 2010P | 2011P |
| ECE Centers | $1,488.7 | $1,572.8 | $1,668.4 | $1,797.1 | $1,947.4 | $2,111.1 |
| School Partnerships | 55.5 | 66.6 | 79.9 | 95.9 | 115.1 | 138.1 |
| KC Distance Learning | 13.6 | 17.1 | 21.3 | 26.7 | 33.3 | 41.6 |
| **Total Revenue** | **$1,557.8** | **$1,656.5** | **$1,769.6** | **$1,919.7** | **$2,095.8** | **$2,290.8** |

**Sales Growth**

From 2006 to 2011 KLC OpCo projects that revenue from the ECE centers will grow at a 7.2% CAGR. The growth forecast is based on the following assumptions:

- *Tuition growth*. KLC OpCo projects that tuition rates at existing centers will grow at approximately 4% per year for the next five years. This growth is below recent experience (6.9% in 2005). Moreover, tuition rates in the industry have been growing at average rates of greater than 4%.

- *Utilization improvement*. Management projects that recent improvements witnessed at KLC OpCo will continue. By 2011, KLC OpCo projects Utilization will have increased to 65.2%. Management believes these improvements in Utilization will be the result of expected favorable demographic trends (described elsewhere in this Memorandum), new sales training programs, re-branding efforts in selected markets combined with the opening of appropriately sized centers.

- *New centers*. KLC OpCo expects a net reduction of centers in 2006 and 2007 as it completes its integration of KinderCare and the rationalization of its properties. Beginning in 2008, KLC OpCo projects to be adding net centers.

| KLC OpCo | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2005PF | 2006P | 2007P | 2008P | 2009P | 2010P | 2011P |
| Utilization | *61.2%* | *62.2%* | *63.0%* | *63.5%* | *63.9%* | *64.5%* | *65.2%* |
| Average Weekly Tuition | $167.35 | $173.68 | $179.99 | $188.37 | $197.47 | $206.95 | $216.52 |
| *% Growth* | -- | *3.7%* | *3.6%* | *4.7%* | *4.8%* | *4.8%* | *4.6%* |
| **Center Count** | | | | | | | |
| Beginning of Period | 2,021 | 1,934 | 1,894 | 1,878 | 1,890 | 1,925 | 1,963 |
| New Center Additions | 10 | 10 | 24 | 52 | 75 | 78 | 80 |
| Closures | (97) | (50) | (40) | (40) | (40) | (40) | (40) |
| **End of Period** | **1,934** | **1,894** | **1,878** | **1,890** | **1,925** | **1,963** | **2,003** |

**Additional Products and Services**

KLC OpCo plans to use its footprint of approximately 2,000 centers across the U.S. as a platform to sell additional educational (*e.g.*, supplemental phonics, math, Spanish and music courses) and non-educational (*e.g.*, health insurance, childcare financing) products and services. The sale of additional products and services is expected to generate approximately 2.2% of total revenue in 2011, which is included in the ECE center projections.



HOUSE_OVERSIGHT_024527

**School Partnerships**

School Partnerships is projected to grow from $48.5 million in pro forma revenues in 2005 to $138.1 million in 2011. As a percentage of revenue, School Partnerships accounts for 3.3% of total pro forma revenue in 2005, and is projected to grow to 6.0% in 2011. KLC OpCo projects that growth in the School Partnerships business will be primarily driven by growth in the SES market (more school districts required to offer supplemental services), and an increase in the number of parent pay locations in the U.S.

**KC Distance Learning**

KCDL is projected to grow from $10.0 million in pro forma revenues in 2005 to $41.6 million in 2011. As a percentage of revenue, KCDL accounts for 0.7% of total pro forma revenue in 2005, and is projected to grow to 1.8% in 2011. KLC OpCo projects that growth in this line will predominantly come from the expansion of KCDL's direct to family business (which currently accounts for approximately 90% of pro forma revenue) and the expansion of states to digital high school courses (which KLC believes it is in a position to provide on an outsourced basis).

**Gross Margin**

KLC OpCo's pro forma gross profit is projected to increase from $244.4 million in 2005 to $501.3 million in 2011. The growth in gross profit is projected to be largely driven by increased center efficiency as a result of improved Utilization, continued tuition increases and the closure of underperforming centers and shift in the revenue mix to more profitable business lines (*i.e.*, more employer-sponsored centers, KCDL, ancillary products and services). KLC OpCo's gross margin is projected to improve from approximately 16.5% of total revenues in fiscal year 2006 to 21.9% in fiscal year 2011 as a result of these factors.

**Selling, General and Administrative Expenses**

Due to the relatively fixed nature of KLC OpCo's selling, general and administrative (SG&A) expenses, KLC OpCo projects that SG&A will increase at a rate of 4.5% annually after 2006. Additionally, management estimates that there will be a one-time increase of $2.0 in SG&A related to the expansion of the SES business in 2007.

**Adjusted EBITDA and Adjusted EBITDA Margins**

KLC OpCo projects improving pro forma Adjusted EBITDA from $149.9 million in fiscal year 2005 to $320.1 million in fiscal year 2011. Pro forma Adjusted EBITDA margin is expected to improve from 10.1% in fiscal year 2005 to 14.0% in fiscal year 2011. This projected margin improvement reflects the combination of increasing sales and margin improvements outlined above. The table below shows the calculation of pro forma Adjusted EBITDA.



HOUSE_OVERSIGHT_024528

| KLC OpCo | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2005PF | 2006P | 2007P | 2008P | 2009P | 2010P | 2011P |
| EBITDA | $86.6 | $146.3 | $167.8 | $188.1 | $217.8 | $257.1 | $296.8 |
| **Adjustments to EBITDA** | | | | | | | |
| Restructuring Charge Addback[1] | $29.4 | $6.3 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |
| (Gains) / Losses on Sales[2] | (1.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend Income[3] | (0.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SAR Plan[4] | 9.9 | 2.1 | 3.1 | 3.2 | 3.7 | 4.7 | 5.6 |
| Estimated Parallel Organization Costs[5] | 23.3 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Management Fee[6] | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Long Term Incentive Plan[7] | 0.0 | 2.6 | 6.6 | 11.1 | 13.5 | 14.6 | 15.2 |
| **Adjusted EBITDA** | $149.9 | $161.7 | $179.9 | $204.8 | $237.5 | $279.0 | $320.1 |

[1] *Represents one-time non-recurring costs of integrating AER and KinderCare acquisitions in 2004 and 2005 respectively.*

[2] *Represents the non-cash impact of (gains) / losses on the sale of centers.*

[3] *Income earned as a result of ownership in a minority investment.*

[4] *Represents accruals related to KSI's SAR plan. Approximately $7.8 million has been paid pursuant to SARs in connection with the departure of KLC's chief executive officer in 2006.*

[5] *Result of the costs of operating duplicative infrastructure at KLC and KinderCare following the KinderCare acquisition.*

[6] *Management fee paid to affiliate entities.*

[7] *For more information, see the discussion below under the heading "– Long Term Incentive Plan."*

### Long Term Incentive Plan

Our Adjusted EBITDA projections do not include the effect of any payments that may be made pursuant to our Long Term Incentive Compensation Plan. Under this new plan, which provides performance-based incentive compensation awards beginning in 2006 based on our performance against specific Adjusted EBITDA targets, we will accrue expenses ranging from $2.6 million in 2006 to $15.2 million in 2011 if our Adjusted EBITDA meets the projections set forth in this Memorandum. Each award is payable at the end of three years based on performance and subject to continued employment (with certain exceptions). The accrued expenses associated with an award in each period are non-cash, subject to cash settlement when and if the award for that period is earned at the end of the third year. The actual expenses could be higher or lower depending on whether actual Adjusted EBITDA performance exceeds or is less than the amounts projected herein.

### Working Capital

KLC OpCo does not expect revenue or expenses to have a meaningful impact on working capital ratios in the future.



HOUSE_OVERSIGHT_024529

**Capital Expenditures**

The following table shows the breakdown in KLC OpCo's projected capital expenditures:

| KLC OpCo | | | | | | |
|---|---|---|---|---|---|---|
| **($ in millions)** | **2006P** | **2007P** | **2008P** | **2009P** | **2010P** | **2011P** |
| Maintenance | $41.1 | $40.8 | $41.0 | $41.8 | $42.6 | $43.5 |
| New Centers (Furniture, Fixtures &Equipment) | 10.1 | 7.2 | 15.6 | 22.5 | 23.4 | 24.0 |
| IT Spending and Other Capex | 18.6 | 12.2 | 8.4 | 8.6 | 8.8 | 9.0 |
| **Total Capital Expenditures** | **$69.9** | **$60.2** | **$65.0** | **$72.8** | **$74.8** | **$76.4** |

Between 2006 and 2011, KLC OpCo projects to spend between $41 million and $44 million annually on maintenance capital expenditures (approximately $22,000 on a per center basis), which includes refurbishment of its existing centers and equipment and supplies replacement costs. In addition, KLC OpCo expects to spend approximately $19 million in 2006 on corporate infrastructure improvements, primarily IT spending. The remainder of KLC's OpCo capital expenditures is projected to be used to expand KLC OpCo's center base. Beginning in 2007 KLC projects that it will only open leased centers; KLC OpCo believes that its cost of furnishing each center will be approximately $300,000 per center.

## 11.17. Debt Summary

The table below shows KLC OpCo's outstanding debt as of December 31, 2005.

| KLC OpCo<br>Debt Capitalization | |
|---|---|
| **($ in millions)** | **12/31/05** |
| Cash | $118.8 |
| Revolver[1] | $0.0 |
| Capital Leases | 16.4 |
| Senior Subordinated Notes | 260.0 |
| Total KLC OpCo Debt | $276.4 |
| **Net Debt[2]** | $157.6 |

[1] *KLC OpCo has a $100 million revolver, primarily used to support outstanding letters of credit.*

[2] *Represents total debt less cash.*

## 11.18. Terms of Revolving Credit Facility

In November 2005, KLC entered into a revolving credit facility (the "Revolver") with a syndicate of financial institutions consisting of a $100.0 million five-year revolving credit facility under which revolving and swingline loans may be made, and letters of credit may be issued in amounts up to $75.0 million. The Revolver is used for KLC's working capital and general corporate requirements. At December 31, 2005, KLC had no revolving loans outstanding and approximately $46.6 million in letters of credit outstanding under the Revolver. KLC pays a commitment fee equal to 0.50% per annum on the undrawn portion available under the Revolver and a fee of 1.25% per annum of the daily amount available to be drawn under outstanding letters of credit.



HOUSE_OVERSIGHT_024530

Borrowings under the Revolver will generally bear interest based on a margin over, at KLC OpCo's option, either the base rate (generally the applicable prime lending rate, as announced from time to time) or the reserve adjusted LIBOR rate. The applicable margin for revolving loans will be 0.25% for base rate loans and 1.25% for reserve adjusted LIBOR loans. KLC is permitted to voluntarily prepay principal amounts outstanding or reduce commitments under the Revolver at any time, in whole or in part, without premium or penalty.

The Revolver is fully and unconditionally guaranteed by KSI and on a joint and several basis by most of KLC's direct and indirect domestic subsidiaries within KLC OpCo. The Revolver and guarantees are secured by first priority security interests in, and liens on, substantially all of KLC OpCo's and the guarantors' assets and first priority pledges of all the equity interests owned by KSI in KLC and owned by KLC in its direct and indirect domestic subsidiaries in KLC OpCo and 66% of the equity interests owned by KLC in its non-domestic subsidiaries.

The revolving credit facility contains customary affirmative and negative covenants for financings of its type (with customary exceptions). The financial covenants include: a minimum fixed charge coverage ratio test; a minimum leverage ratio test; a minimum interest coverage ratio test; and a minimum EBITDA test.

Operating covenants limit KLC's and its restricted subsidiaries, and in certain cases, KSI's ability to (among others): incur additional debt; incur liens or other encumbrances; make investments; make acquisitions; incur certain contingent liabilities; make certain restricted junior payments and other similar distributions; enter into mergers, consolidations and similar combinations; sell assets or engage in similar transfers; open new learning centers; engage in transactions with affiliates; enter into sale-leaseback transactions; engage in businesses other than those in which KLC and its restricted subsidiaries and KSI were engaged at the time of the closing of the Revolver and other related or ancillary businesses; amend certain material agreements; prepay subordinated debt; sell or discount receivables; and dispose of any equity securities in its subsidiaries.

### 11.19. Terms of Senior Subordinated Notes

In February 2005, KLC sold $260.0 million in aggregate principal amount of 7¾% Senior Subordinated Notes due February 1, 2015 (the "Notes") in connection with the KinderCare acquisition and related financing transactions. The Notes bear interest at the rate of 7¾% per year, payable semi-annually, in arrears, on February 1 and August 1 of each year.

KLC may redeem the Notes, in whole or in part, on or after February 1, 2010 at certain pre-set redemption prices, plus any accrued and unpaid interest. On or prior to February 1, 2010 KLC may redeem the Notes in whole, but not in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus an applicable premium. In addition, on or prior to February 1, 2008 KLC may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds of one or more qualified equity offerings.

Subject to KLC's right to redeem the Notes, upon a change of control event, holders of the Notes may require KLC to repurchase all or a portion of the Notes at a purchase price of 101% of their principal amount, plus accrued and unpaid interest.

KLC's obligations under the Notes are fully and unconditionally, and jointly and severally, guaranteed on a senior subordinated basis by most of KLC's domestic restricted subsidiaries within KLC OpCo.

The indenture governing the Notes contains covenants that limit KLC and its restricted subsidiaries' ability to, among other things: (a) pay dividends, redeem capital stock and make other restricted payments and investments; (b) incur additional debt or issue preferred stock; (c) enter into agreements that restrict KLC subsidiaries from paying dividends or other distributions, making loans or otherwise transferring assets to



HOUSE_OVERSIGHT_024531

KLC or to any other subsidiaries; (d) create liens on assets; (e) engage in transactions with affiliates; (f) sell assets, including capital stock of subsidiaries, except permitted real estate transfers and other permitted transfers; and (g) merge, consolidate or sell all or substantially all of KLC's assets and the assets of KLC's subsidiaries except permitted real estate transfers and other permitted transfers.

## 11.20. Stockholders Agreement of Knowledge Schools, Inc.

KLC is a wholly owned subsidiary of KSI, and KSI pursues no other businesses independent of holding KLC's stock/equity. KSI entered into a Stockholders Agreement on May 9, 2003 with Knowledge Universe Learning Corp. (the "KSI Parent") and its minority stockholders (the "Stockholders"). The Agreement provides (a) the KSI Parent (and/or any "Parent Entities" designated by the KSI Parent, which include the KSI Parent and/or certain of the Principals and certain affiliates of the KSI Parent and the Principals) with a right of first refusal over proposed transfers of other Stockholders' shares, subject to certain exceptions; (b) Stockholders, to the extent they are accredited investors, with a right to invest in new issuances of KSI shares; (c) Stockholders with tag-along rights in connection with a transfer of KSI common stock by any of the Parent Entities resulting in the Parent Entities owning less than 60% of KSI common stock then outstanding, or a transfer of securities by any of the Parent Entities resulting in the Parent Entities owning less than a majority of KSI common stock then outstanding. Stockholders are also subject to a drag-along provision, pursuant to which they may be required to sell a pro rata portion of their shares in the event of a proposed transfer of a majority of KSI common stock then outstanding. Each Stockholder and the KSI Parent are entitled to receive certain financial information from KSI. The Agreement terminates upon a public offering of KSI, at the option of the KSI Parent upon a sale of KSI, or by written agreement of the parties. Knowledge Universe Learning Corp. was liquidated on October 27, 2004 and the shares of KSI were distributed on that date to its sole stockholder, KUE Inc.



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# 12. THE REAL ESTATE COMPANY ("KLC PROPCO")

On November 9, 2005, KLC transferred ownership of 845 ECE centers into wholly owned, bankruptcy remote subsidiaries, which are referred to as KLC PropCo. In October 2005, 713 of the centers were independently appraised at approximately $1.1 billion.[36] KLC PropCo then issued $700 million of CMBS debt secured by the 713 appraised centers and the stock of the CMBS borrower, and $150 million of junior mezzanine debt, the proceeds of which were used to repay KLC OpCo debt. The table below summarizes the revised corporate structure at KLC:

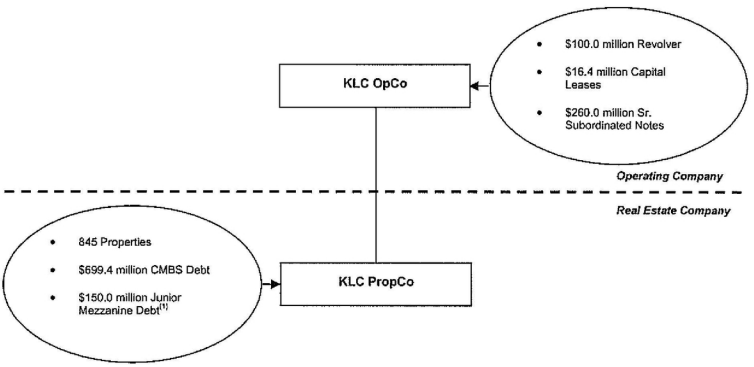


(1) Represents face value; book value is approximately $147.3 million.

With 845 ECE centers in 37 states (as of December 31, 2005), KLC PropCo believes it is the largest private owner of education real estate assets in the world. The real estate portfolio is geographically diversified without significant concentrations or ties to any single part of the U.S. KLC PropCo leases its centers to KLC OpCo for an aggregate annual rent of $96.3 million. The lease agreement, which was signed in November 2005, carries an initial term of 15 years with two extensions available for five years each and an escalation of rent by the lesser of 7% or the CPI every fifth year. All of the properties have been leased to KLC OpCo on a "triple-net" basis, requiring KLC OpCo to fund all property taxes, insurance expenses related to the properties and all maintenance capital expenditures. For the fiscal year ended December 31, 2005, KLC PropCo generated pro forma rental revenue of $96.3 million and EBITDA of $88.1 million.

## 12.1. KLC PropCo Strategy

- KLC PropCo was separated from KLC OpCo to create a flexible vehicle to address the growing opportunity in education related real estate. The ongoing need for facility-based education is driving increased demand for real estate assets that can accommodate the facilities.

[36] *Actual appraisal was for 713 centers and the appraised value was $1.1 billion. The $1.25 billion referred to within this Memorandum is achieved by taking the independent appraisal valuation methodology and extrapolating it to the remaining 132 centers.*



HOUSE_OVERSIGHT_024533

- Leverage Greenstreet Real Estate Partners' significant expertise:
  - KLC believes it is able to better maximize the potential of its real estate assets by having them managed by a dedicated and highly experienced team at Greenstreet Real Estate Partners rather than having them managed at the operating company level.
- Cash generated will be reinvested in acquiring more assets.
- Diversify the real estate portfolio:
  - The Greenstreet Real Estate Partners team is actively looking at diversification and reinvestment opportunities for the real estate portfolio. The diversification strategy will include some opportunistic investments in non-education related real estate assets.

## 12.2. Management Team

KLC PropCo is managed by Greenstreet Real Estate Partners through a long-term agreement. Greenstreet Real Estate Partners has a highly experienced management team to guide the continued acquisition and diversification of the real estate portfolio. The management team includes Steven Green, Chairman and CEO of Greenstreet Real Estate Partners, Jeffrey Safchik, COO and CFO and Steven Cox, Executive Vice President Real Estate. Greenstreet Real Estate Partners controls a significant portfolio of owned and self-managed real estate and has extensive experience in corporate transactions involving owned real estate. Greenstreet Real Estate Partners operates a private real estate equity platform, having made in excess of $850 million in acquisitions and with assets currently under management (excluding KLC PropCo) of $540 million. It has owned and managed in excess of 10 million square feet of shopping centers with value in excess of $1 billion. The principals of Greenstreet Real Estate Partners each have in excess of 20 years in real estate and capital markets. Their biographies can be found in Appendix A.

## 12.3. Description of the Real Estate Assets

The highly diversified portfolio includes 845 properties in 37 states. The properties are primarily one story wood-framed buildings totaling 5,119,320 sq. ft. Some of the larger state concentrations include Texas, California, Illinois and Virginia. No single state accounts for more than 11% of the total centers (see the Figure below for details on the geographic distribution). The properties are single-tenant stand-alone buildings. The average age of the properties is approximately 15 years with 22% of the portfolio built after 1991 and approximately 6% of the facilities being constructed prior to 1979. The centers' trailing 12 month Utilization was 58.9% as of December 31, 2005.



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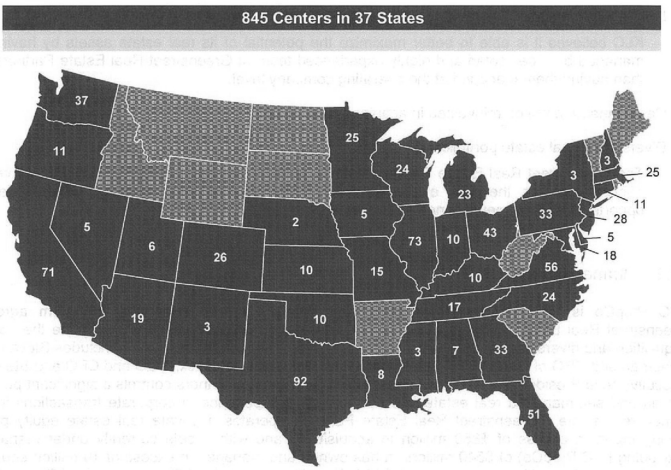


## 12.4. Summary Financial Information and Projections Discussion

The table below shows KLC PropCo pro forma historical results for 2005 assuming the division of KLC OpCo and KLC PropCo in the series of transactions completed in November 2005 (the "Real Estate Transactions") and related financing, together with the lease of KLC PropCo-owned centers to KLC OpCo, occurred on January 1, 2004. Projected results presented below are based on assumptions management believes to be reasonable, but which are inherently uncertain and may not be realized. KLC PropCo's ability to perform as projected depends on a number of variables that cannot be predicted with certainty and actual performance could be adversely affected by a number of factors, including those described in "Risk Factors," particularly the risk factor related to projected financial statements, elsewhere in this Memorandum. Also see "Forward Looking Statements."



HOUSE_OVERSIGHT_024535

| KLC PropCo Summary Historical Pro Forma and Projected Financials | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year Ended December 31, | | | | | | |
| ($ in millions) | 2005 PF | 2006P | 2007P | 2008P | 2009P | 2010P | 2011P |
| Rental Revenue from KLC OpCo | $96.3 | $96.3 | $96.3 | $96.3 | $96.3 | $96.3 | $103.0 |
| Other Rental Revenue[1] | 0.0 | 0.0 | 4.6 | 7.0 | 9.4 | 12.1 | 15.0 |
| **Total Revenue** | **$96.3** | **$96.3** | **$100.9** | **$103.3** | **$105.7** | **$108.4** | **$118.0** |
| Operating Expenses | 8.3 | 8.3 | 8.3 | 8.3 | 8.3 | 8.3 | 8.3 |
| **EBITDA** | **$88.1** | **$88.1** | **$92.6** | **$95.0** | **$97.4** | **$100.1** | **$109.8** |
| **DEPRECIATION & AMORTIZATION** | | | | | | | |
| Depreciation | $29.8 | $27.0 | $26.1 | $25.0 | $23.8 | $22.4 | $22.4 |
| Depreciation From New Real Estate | 0.0 | 0.0 | 2.8 | 4.2 | 5.7 | 7.3 | 9.1 |
| Operating Income | $58.6 | $61.1 | $63.7 | $65.8 | $68.0 | $70.4 | $78.3 |
| **INTEREST EXPENSE** | | | | | | | |
| KLC PropCo Debt | $64.3 | $64.3 | $63.9 | $63.5 | $63.2 | $62.8 | $62.5 |
| Deferred Financing Fees | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Total Interest Expense | $66.4 | $66.3 | $66.0 | $65.6 | $65.2 | $64.9 | $64.5 |
| Interest Income | 1.1 | 1.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| **Net Income** | **($7.0)** | **($4.2)** | **($2.0)** | **$0.4** | **$2.9** | **$5.8** | **$14.0** |
| **BALANCE SHEET DATA** | | | | | | | |
| Cash and Equivalents | $24.5 | $5.0 | $5.0 | $5.0 | $5.0 | $5.0 | $5.0 |
| Total Debt[2] | 849.4 | 844.7 | 839.9 | 835.3 | 830.6 | 826.0 | 815.8 |
| Net PP&E | 687.1 | 715.6 | 715.5 | 715.8 | 718.6 | 724.5 | 740.3 |
| **SELECTED CASH FLOW DATA** | | | | | | | |
| Net Income (Loss) to Common | ($7.0) | ($4.2) | ($2.0) | $0.4 | $2.9 | $5.8 | $14.0 |
| + Depreciation | 29.8 | 27.0 | 26.1 | 25.0 | 23.8 | 22.4 | 22.4 |
| + Real Estate Reinvestment Depreciation | 0.0 | 0.0 | 2.8 | 4.2 | 5.7 | 7.3 | 9.1 |
| + Amortization of Financing Fees | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| + Non-Cash Interest Expense | 2.3 | 2.3 | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 |
| + Change in Working Capital | NA | 0.0 | 0.6 | 0.3 | 0.3 | 0.3 | 1.2 |
| + Change in Other Assets Held for Sale | NA | 15.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| + Change in Other Assets | NA | 0.0 | (0.7) | (0.4) | (0.4) | (0.4) | (1.5) |
| + Change in Other Liabilities | NA | 0.0 | 4.8 | 2.5 | 2.5 | 2.8 | 10.1 |
| **= Operating Cash Flow** | **$27.1** | **$43.0** | **$35.9** | **$36.4** | **$39.3** | **$42.6** | **$59.8** |
| Cash Reinvested in New Real Estate[1] | $0.0 | $55.5 | $28.9 | $29.4 | $32.3 | $35.6 | $47.2 |

[1] *Assumes reinvestment of all excess cash above $5.0 million at an 8.25% cap rate.*
[2] *Junior Mezzanine debt is recorded at face value. Book value is approximately $147.3 million.*

## Rental Revenue

Management projects rental revenue to increase at a 4.2% CAGR, from $96.3 million (the annual rent payable pursuant to its leases with KLC OpCo) in 2006 to $118.0 million in 2011. The growth stems from KLC PropCo's reinvestment of excess cash flow in additional real estate and rent increases in the properties leased to KLC OpCo as described below:

*Intercompany Rent*. KLC PropCo currently leases 847 properties (845 childcare centers) to KLC for a total annual rent payment of $96.3 million. The rent on the properties is fixed for the first five years of the lease, at which point it increases by the lesser of the CPI growth over the five years or 7%.

*Additional Real Estate*. KLC PropCo has projected that it will invest all excess cash (anything over $5.0 million) in additional real estate. The additional real estate may be comprised of either educational or non-educational assets, but will not be leased back to KLC OpCo. KLC PropCo has projected that it will invest its capital at an 8.25% cap rate.



HOUSE_OVERSIGHT_024536

**Real Estate Company Operating Expenses**

Greenstreet Real Estate Partners will operate all of the real estate investment functions on behalf of KLC PropCo as detailed in the management agreement. See "Related Party Transactions."

## 12.5. Debt Summary

The table below shows KLC PropCo's outstanding capitalization as of December 31, 2005.

| KLC PropCo Debt Capitalization | |
|---|---|
| **($ in millions)** | **12/31/05** |
| Cash | $ 24.5 |
| CMBS Debt | $699.4 |
| Junior Mezzanine Debt[1] | 150.0 |
| Total KLC PropCo Debt | $849.4 |
| **Net Debt[2]** | $824.9 |

[1] *Represents face value; book value is approximately $147.3 million.*

[2] *Represents total debt less cash.*

## 12.6. Terms of the CMBS Debt

KLC PropCo has $699.4 million of CMBS debt which was arranged in connection with the separation from KLC OpCo. KLC PropCo is required to pay interest in cash on a monthly basis at a rate of 5.62% and must meet scheduled amortization requirements on a monthly basis and maturing December 1, 2015.

The CMBS debt consists of a $649.5 million mortgage loan and a $50.0 million senior mezzanine loan secured by 713 childhood education centers. The CMBS debt is nonrecourse KLC OpCo.

Each of the centers securing the mortgage loan is leased to KLC OpCo pursuant to a master lease. KLC PropCo has entered into asset management agreements with Greenstreet Real Estate Partners (formerly Greenstreet Realty Partners, L.P.) pursuant to which Greenstreet Real Estate Partners provides asset management and consulting services for these centers to KLC PropCo. KLC PropCo has the right under certain circumstances to release, substitute, sell and/or reinvest in properties securing the mortgage loan.

Prepayment of the CMBS debt is prohibited through January 1, 2007, after which prepayment is permitted in whole or in part, subject to a prepayment premium equal to the greater of 1% or an amount obtained based on a discount to treasury securities. After June 1, 2015, the CMBS debt may be prepaid in whole without premium or penalty.

The CMBS debt contains provisions that require KLC PropCo to reserve with the lender of the CMBS debt 50% of excess cash flow generated from the CMBS centers if EBITDA (as adjusted) for KLC OpCo falls below certain levels and 100% if EBITDA (as adjusted) for KLC OpCo falls below certain other levels.

## 12.7. Terms of the Junior Mezzanine Debt

The Junior Mezzanine debt has a face value of $150 million (and was purchased for approximately $147.0 million, reflecting a 2% discount to face value), substantially all of which was provided by the



HOUSE_OVERSIGHT_024537

Principals and their affiliates in connection with the Real Estate Transaction. The Junior Mezzanine debt is subordinated to the new CMBS debt. Cash interest is payable on the Junior Mezzanine debt at a rate of 15.13% and payable in kind at a rate of 1.50%. The Junior Mezzanine debt matures in May of 2016. Interest paid in kind may not be paid in cash until the CMBS debt is paid in full. The Junior Mezzanine debt is nonrecourse to KLC OpCo.

Prepayment of the Junior Mezzanine debt is prohibited through November 9, 2010, after which prepayment is permitted in whole or in part, subject to a prepayment premium equal to 8.32% for prepayments in the first year, 6.66% for prepayments made in the second year, 4.99% for prepayments made in the third year, 3.33% for prepayments made in the fourth year and 1.66% for prepayments made in the fifth year. After November 9, 2015, the CMBS debt may be prepaid in whole without premium or penalty.

## 12.8. Terms of the Master Lease

As part of the Real Estate Transactions, in November 2005, KLC refinanced its indebtedness and divided KUE into KLC OpCo and KLC PropCo, and KLC OpCo entered into a Master Lease with KLC PropCo for 713 centers. The term of the Master Lease is 15 years and annual rent under the Master Lease is $91 million per year, subject to increases every five years. The Master Lease is a triple net lease that requires KLC OpCo to pay all operational expenses, taxes, utilities, insurance and maintenance costs with respect to the leased centers, and the Master Lease may not be terminated by KLC OpCo. KLC OpCo is required to make certain deposits or to provide letters of credit for taxes, insurance and maintenance of the properties. KLC is also required to deposit rent payments into a segregated deposit account controlled by the CMBS debt lenders. KLC OpCo has the right under certain circumstances to release and substitute properties under the Master Lease. KLC OpCo has entered into separate, substantially smaller leases of KLC PropCo's remaining properties.



HOUSE_OVERSIGHT_024538

# 13. *k*12 INC. ("*k*12")

*k*12, headquartered in McLean, Virginia, is a curriculum company and management company for kindergarten through ninth grade (grades 10-12 currently in development). *k*12 is the largest operator of K-12 virtual schools in the world. *k*12's mission is to enable delivery of world-class education for students in grades K-12, consisting of comprehensive online and offline curriculum that supports numerous applications. *k*12 has invested more than $70 million in building a state-of-the-art curriculum offering, integrated assessment and the supporting technology delivery systems.

## 13.1. History

*k*12 was founded in December 1999, with the goal of leveraging technology to create the highest-quality curriculum. *k*12 launched its first offering in September 2001 for students in grades K-2. This offering was launched in conjunction with several of the world's leading education experts and included interactive lessons in Language Arts, Math, Science, History, Art and Music. *k*12 launched grades 3-5 in the fall of 2002, grades 6 and 7 in the fall of 2003, grade 8 in the fall of 2004 and grade 9 in fall of 2005. *k*12 has continually improved its production process and is now producing courses that are of higher quality and at a lower cost per lesson than it originally produced. Building the service in this modular, rolling fashion allows *k*12 to capture students at an early stage and to build out its product offerings in alignment with student progress.

## 13.2. Current Operations

*k*12 provides a world-class education for its students which combines a comprehensive online and offline curriculum with integrated assessments and supporting technology delivery systems. *k*12 currently provides its education to grades K-9 through more than 7,000 interactive lessons, and is in the process of developing content for grades 10-12. Today, *k*12 sells its curriculum through the following channels:

- Virtual public schools (91% of 2006E Revenue)
  - — *k*12 is the largest curriculum and management provider to virtual public schools in the U.S.
  - — *k*12 offers its curriculum directly to the rapidly growing virtual school market (projected to be offered to 24,000 students in 2007)
- District-managed virtual programs (3% of 2006E Revenue)
  - — *k*12 sells the curriculum and technology directly to school districts who mange their own virtual schools
  - — This is a fairly new initiative for *k*12 but is expected to be a larger part of total revenue over time
- School districts for traditional classrooms (3% of 2006E Revenue)
  - — *k*12's science curriculum has been piloted as the science curriculum in various school districts including Philadelphia
  - — Initial results are promising
- Direct to consumer (3% of 2006E Revenue)
  - — To parents who prefer home-schooling or want to augment or enhance their children's public or private school education



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*k*12 intends to expand the business to international markets and believes there is a significant worldwide demand for high-quality online curriculum. In the near-term it can do so by serving multinational corporations with large employee bases comprised of expatriates.

*k*12 generated $6 million of revenue in 2002, its first year of operations, growing to more than $116.0 million projected for FYE June 30, 2006.

## 13.3. Virtual Schools and District-Managed Virtual Programs (94% 2006E Revenue)

The past decade has seen an increase in the number of contracts and charters awarded to Education Management Organizations ("EMOs"), which manage traditional K-12 public schools on behalf of a school district ("contract schools") or manage charter schools either as the charter holder ("charter schools") or under contract with the charter holder ("contract charters"). In the early half of the 1990's, EMOs were mostly contract schools, managing traditional K-12 schools on behalf of school districts. Later, as public money became available to charter schools through the use of vouchers, these organizations moved toward charter school management and contract charter management.

A movement toward alternatives to the public school system is expected to generate substantial growth in the for-profit EMO sector. Alternative schools and alternative management programs provide a significant opportunity to improve the current educational "product." Furthermore, under the NCLB, growth in public school management is expected to continue as schools that fail to achieve "Adequate Yearly Progress" ("AYP") for four consecutive years are subject to one of the following sanctions: replacement of all or most staff including the principal, state takeover of the school, hiring an outside entity to manage the school, or becoming a charter school. *k*12 is well positioned to take advantage of these trends.

To comply with NCLB, all states submitted a plan to the Department of Education indicating baseline achievements for the 2002–03 school year and how 100% "proficiency" would be achieved by 2013–14. The law mandates that student progress and achievement be measured ("assessed") by math and reading tests that will be given to every child, every year, beginning in the 2005–06 school year. In addition, a science assessment will be added beginning with the 2006–07 school year. Under Bush administration proposals, by the 2009–10 school year, students will be tested every year from grades 3 to 11. These assessments are considered intermediate benchmarks that measure a school's ability to demonstrate "Adequate Yearly Progress" (AYP) toward meeting its own goals.

*Contract Charters.* Charter schools are independent public schools, designed and operated by community groups or non-profit entities, but sponsored by designated local or state educational organizations that monitor their quality and integrity. In return for a large measure of autonomy and freedom from regulation, charter schools are accountable for student academic performance.

The Center for Education Reform estimates that, in the 2004–05 school year, there were 3,345 charter schools serving nearly 894,000 students, representing an estimated 1.6% of total K-12 students. Charter schools now operate in 40 states and the District of Columbia, up from 38 in the 2003–04 school year. In the 2004–05 school year, enrollment in charter schools represented 1.6% of total K-12 enrollment and annual spending on charter schools was $7 million or 1.4% of total spending on all K-12 schools. However, in the decade of 1995–2005 the number of charter schools had grown on average nearly 13% annually while charter school enrollment increased over 20%, clearly outpacing the less than 1% average K-12 enrollment growth over the same period.[37]

*k*12 participates in the charter school business by setting up virtual public schools that it manages through a partnership with a non-profit entity. After going through the legislative process at the local or state level and obtaining a charter for a school, *k*12 sets up a non-profit organization with a principal and the right administrative team to create the school. *k*12 then enters into a contract with the non-profit organization

[37] *Source: Harris Nesbitt, Education and Training, September 2005.*



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whereby *k*12 sets up and manages the "virtual public" school. *k*12 offers an Internet-based curriculum (providing the computer hardware and all necessary materials) outside of the conventional brick-and-mortar setting of traditional public and charter schools. Where legislation has enabled such schools, state education dollars pay for children who enroll in them. Virtual schools generally generate substantially larger profits than conventional for-profit charter schools because they receive the same amount of per-student funding as their traditional public school counterparts despite not having to support a physical structure. Virtual schools enable students to receive a comprehensive curriculum along with technical assistance, teacher involvement, computer equipment, Internet access, and instructional materials, without leaving the public education system. Virtual academies are serving a diverse mix of students. With the same curriculum, *k*12 is serving both highly gifted children and children with disabilities. The self-paced nature of *k*12's curriculum and its interactivity allow *k*12 to serve a broad array of students. *k*12's students, currently in virtual schools, come from public or private schooling backgrounds, as well as home schooling backgrounds. A summary of *k*12's virtual school business is as follows:

- *k*12 manages virtual schools for students in grades K-9 in 11 states (Arizona, Arkansas, California, Colorado, Florida, Idaho, Minnesota, Ohio, Pennsylvania, Texas and Wisconsin) plus the District of Columbia. In the 2006 fiscal year, these schools had a combined enrollment of approximately 18,000 children.

- *k*12 managed schools typically produce test score results which exceed or are equal to state averages at a cost to the taxpayer that is approximately 70% less than what they would pay for traditional school.

- Virtual schools are funded primarily through local, state, and federal sources, which *k*12 expects to receive approximately $5,300 per student per school year on average. Therefore, the virtual schools provide access to *k*12's world-class service and curriculum as well as certified teachers at no cost to the family.

- While many of *k*12's virtual academies are charter schools, *k*12 has virtual schools that are not charter schools but are programs of school districts or other authorized school agencies, such as public universities and federal and state agencies.

*District-Managed Schools*. *k*12's district-managed virtual programs operate under the contract schools model. Although somewhat similar to the virtual public schools, contract schools are public schools operated by private organizations based on management agreements with local school boards. Unlike charter schools, contract schools do not require specific statutory authority but are created through a contract between a school management company and a school board in accordance with existing authority. *k*12 typically employs the district-managed virtual programs in states where the reimbursement rate is low. Two states where *k*12 currently has district-managed virtual programs are Kansas and Utah. The district-managed virtual programs unit is expected to grow revenue from $3 million in FY 2006 to $11 million in FY 2008.

The Pennsylvania Department of Education commissioned KPMG Consulting to study virtual education in that state. The October 2001 study stated that the Pennsylvania Virtual Charter School (which uses the *k*12 curriculum and management services) "was considered to be the highest quality program based on the curriculum analysis." *k*12 believes that the virtual school market has powerful growth prospects which are outlined below:

- **Strong reenrollment rates**. *k*12 benefits from stable demand for its curriculum and services which is reflected by current reenrollment rates of approximately 70%.

- **Increasing existing school enrollment rates**. Existing school enrollments continue to increase at double digit rates.

- **Expansion into new states**. *k*12 is currently evaluating opportunities to start new virtual schools in several additional states.



HOUSE_OVERSIGHT_024541

- **Grade expansion.** *k*12 continues to expand its curriculum and services and plans to begin development of grades 10-12 in the fall of 2006.

- **ADA funding.** The level of funding generally increases at approximately 2% per year.

With four times the number of students of its next competitor, *k*12 is the largest for-profit manager of virtual schools.

| Virtual Schools Managed by For-Profit Educational Management Companies | | | | |
|---|---|---|---|---|
| Company | Location | Public Schools under Management | Number of which are Virtual Schools | Students in Virtual Schools |
| *k*12 | McLean, VA | 15 | 15 | 14,460 |
| White Hat Management | Akron, OH | 38 | 2 | 3,508 |
| Connections Academy | Baltimore, MD | 10 | 10 | 1,081 |
| Pinnacle Education | Tempe, AZ | 9 | 1 | 212 |
| Sequoia Charter Schools | Mesa, AZ | 11 | 1 | 160 |
| Designs for Learning | St. Paul, MN | 10 | 1 | 50 |

*Note: Schools ranked by students in 2004–05 school-year.*
*Source: Harris Nesbitt based on information compiled by Education Policy Studies Research Unit at Arizona State University.*

## 13.4. Curriculum to School Districts of Traditional Classrooms (3% 2006E Revenue)

*k*12 piloted its core elementary school science program for several school districts, including Philadelphia. The initial results of this pilot program were promising.

**Case Study: William H. Hunter Elementary School**

*Background.* In the Spring of 2004 the School District of Philadelphia wished to give a rebirth to one of its lowest performing schools, the William H. Hunter Elementary School. *k*12 was selected as a partner to provide innovative curriculum and professional development to implement a learning environment that leverages the latest technology. As part of the *k*12 implementation, the District outfitted each room with high-speed internet access, a ceiling-mounted data projection system, and interactive whiteboards. The goal was to have Hunter become one of the District's, and the Commonwealth of Pennsylvania's, first web-based public, traditional schools.

Of Hunter's 600 students, 95% qualify for the federal Free and Reduced Lunch program and 25% study English as a Second Language (ESL). Therefore, the move and the District's initiative truly marked a tremendous opportunity for both Hunter's teachers and students alike.

*Scope of Services.* The fall of 2004 marked the official launch of the program and the *k*12 curriculum was provided for all math, science, art and history courses. This included providing all curriculum components including text books, teacher guides, manipulatives, equipment, assessments, art supplies and all the online lessons and teaching tools for these subjects.

The Hunter teaching staff did an impressive job of effectively implementing the program. *k*12 trainers worked closely with teachers to adopt the new curriculum and to share best methods on applying the technology. Throughout the year, *k*12 trainers were invited to attend and help present ongoing staff trainings. Additionally, grade level teams and school leaders worked regularly with *k*12 to develop coherent plans for boosting student achievement.

*Results / Conclusions:* After the first full-year of implementing the *k*12 program, Hunter achieved impressive gains on the state math exams.[38] In third grade, there was a 46 percentage point increase (as

[38] *The Pennsylvania Department of Education mandates all public schools in the Commonwealth implement its Pennsylvania System of State Assessment (PSSA). The PSSA is a standards-based exam for measuring specific skills in math and reading, and beginning in 2006–07 science.*



HOUSE_OVERSIGHT_024542

compared to a 31 point increase for the District). This was a meaningful 86% performing at or above proficient compared to the District's 52% for 2005. In fifth grade, there was 22 percentage point gain (as compared to a 15 point gain for the District).

As a result of these scores, the 3rd and 5th grade students met or exceeded the absolute AYP goals for math instruction - a first for the school. (Note: *k*12 did not supply the Reading curriculum, therefore, only Math results are applicable to the *k*12 program).

These gains are an extraordinary achievement for a school and its district. They are also difficult to maintain over time, however this goal is shared between the District and *k*12. The Hunter School accomplished these gains through the staff's hard work, commitment to their students and dedication to implementing the *k*12 program.

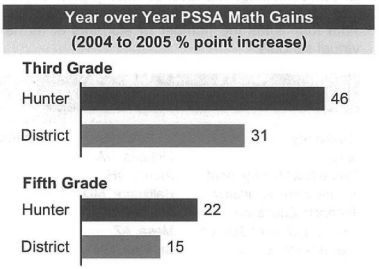


New programs often take two to three years to generate similar results. While *k*12 and the Hunter staff are pleased with the first year's results, it is only the beginning of a longer effort because, despite the gains, more than half of last year's fifth graders still did not score at or above their grade level. Therefore, although there is pride in the progress, the overall scores demonstrate how much more is to be done.

## 13.5. Direct to Consumer (3% of 2006E Revenue)

*k*12 sells its curriculum direct to consumers who either home school their children or use *k*12's curriculum to supplement their child's education. *k*12 believes that it offers children and their parents an education comparable to that offered in the nation's best public and private schools, utilizing optimal multimedia methods and research-tested approaches to learning. In addition, integrated assessments allow a parent to test his or her child's mastery of skills and enables the child to progress at the appropriate pace. Children can move faster through lessons and address more challenging problems, while other children can spend the additional time needed to master certain skills. With *k*12's high standards and integrated assessments, a parent can be confident that his or her child has mastered the subject. *k*12 considers this market a growth area.

Educating a child at home full time or part time is a time-consuming and daunting task for parents. Parents and caregivers spend a considerable amount of time searching for curriculum and trying to ensure they are teaching the material adequately to their children. *k*12 offers a solution to this challenge by offering a comprehensive curriculum for students in grades K-9, complete with specific daily lessons. Parents can purchase individual or multiple courses. Although small, the home-schooling market is growing at a healthy pace. Approximately 1.1 million students—roughly 2% of total K-12 enrollment—were home-schooled in spring 2003, according to the National Center for Education Statistics (NCES). This represents a roughly 30% increase from spring 1999. Most home school parents cited concerns about the school environment (31%), interest in providing religious instruction (30%) and overall dissatisfaction with academic instruction (16%) as their reasons for home schooling their children.[39]

*The exam is also used in assessing performance toward No Child Left Behind guidelines for grades 3, 5, 9 and 11. The goal of the exam is for students to score at or above proficient levels. Student results are also used to determine a school and district's performance in meeting pre-determined goals known as Adequate Yearly Progress (AYP).*

[39] *Source: Harris Nesbitt, Education and Training, September 2005.*



HOUSE_OVERSIGHT_024543

## 13.6. Product Offering

*Comprehensive K-9 Curriculum.* *k*12 offers a comprehensive curriculum for grades K-9 directly to the students in its virtual academies, directly to consumers and to school districts, summer schools and after-school programs. *k*12 is creating rich and challenging proprietary educational material based on existing best-of-breed content and traditional methods enhanced by technology. Unlike most computer-based education programs, which rely solely on computers and burden students with mechanical "point and click" exercises, *k*12 uses the computer as only one among many complementary tools to open children's minds to the best books and educational material. *k*12's math, reading and writing curriculum involve a significant amount of off-line work in the form of books, audiotapes, science equipment, art supplies and more. *k*12 provides some of these materials and others will be recommended but not required.

For example, *k*12's comprehensive curriculum for students in grades K-9 includes lessons in the following subjects:

- *Language Arts.* Progresses from a focus in the primary grades on early mastery of reading using phonics-based curriculum reviewed and revised by a team of renowned experts, to, in later grades, a rich program of literature, composition, and language skills;
- *Math.* A solid early foundation in basic math based on a highly respected math curriculum and rigorous math standards;
- *History.* In grades K-4, a proprietary *k*12 program that offers a chronological overview of history, from the Stone Age to the Space Age, with integrated geography and civics; in middle school, an American History survey based on the celebrated History of the US series, and a World History survey based on a proprietary *k*12 textbook;
- *Science.* A world-class science curriculum focused on hand-on activities and basic principles driven by some of the most ambitious state science standards in the country;
- *Visual Arts.* A curriculum that combines appreciation of historical trends and masterpieces with specific skill building and many opportunities for creative work; and
- *Music.* In the elementary grades, a proprietary program that engages young children in singing, dancing and creative movement while introducing them to great works of music from around the world.

*k*12's curriculum and assessment are delivered, in part, through a series of proprietary course modules. *k*12 delivers material over the Internet, but also through other forms of media, including traditional books, video and learning kits. *k*12's course modules employ interactive text, audio, videos, CDs, and animated graphics. The Internet-based portion of *k*12's courses contains the following features:

- Integration of a diverse mix of materials—visual images and concepts, audio, videos and animated sequences, as well as high-quality written material;
- Capabilities for users to see an overview of the whole module at a glance;
- Opportunity for parents to scan and preview modules before guiding students through work;
- Integrated assessment services;
- Ability for children, parents, and teachers to follow students' progress;
- Comprehensive teaching guides with "drill down" functionality for those parents requiring more detailed instruction; and
- Proven, standards-based, technologies that provide a satisfactory experience for the current Internet infrastructure.



HOUSE_OVERSIGHT_024544

*k*12 considers the majority of its entire curriculum proprietary, whether *k*12 is branding existing materials with its logo and modifying the associated lesson plans or creating the entire course from scratch. *k*12's K-8 curriculum includes thousands of lessons that consist primarily of existing, high-quality materials that *k*12 has modified to better suit the needs of student, parent and teacher.

## 13.7. Management and Board of Directors

The following table sets forth certain information regarding *k*12's management and directors. For more detailed biographical information, see Appendix A.

| Management | |
|---|---|
| **Name** | **Position** |
| Ron Packard | Chairman and Founder / acting Chief Executive Officer and member of the Board of Directors |
| John Baule | Executive Vice President and Chief Financial Officer |
| Bror Saxberg | Senior Vice President of Learning and Content |
| Thomas Boysen | Senior Vice President and Chief School Officer |
| Charles Zogby | Senior Vice President of Education Policy |
| Peter Stewart | Vice President of the Charter School Division |
| Bryan Flood | Vice President of Government Relations |
| John Holdren | Senior Vice President of Curriculum |

| Non-Employee Directors | |
|---|---|
| **Name** | **Position** |
| Arthur Bilger | Managing Member of Shelter Capital Partners |
| Steven B. Fink | Chief Executive Officer of Lawrence Investments, LLC |
| Chester Finn | President of the Thomas B. Fordham Foundation |
| Lowell J. Milken | President and Chief Executive Officer of KUE |
| Andrew H. Tisch | Chairman of Executive Committee of Loews Corporation |
| Thomas Wilford | Chief Executive Officer of the J.A. and Kathryn Albertson Foundation, Inc. |
| Liza Boyd | Vice President Constellation Ventures / Bear Stearns Asset Management |

## 13.8. Summary Financial Information and Projections Discussion

The following summary historical financial data and the percentages of expected 2006 revenue presented in the headings above are based on historical financial statements. The following projected financial data presented below is based on assumptions management believes to be reasonable, but which are inherently uncertain and may not be realized. *k*12's ability to perform as projected depends on a number of variables that cannot be predicted with certainty and actual performance could be adversely affected by a number of factors, including those described in "Risk Factors," particularly the risk factor related to projections elsewhere in this Memorandum. Also see "Forward-Looking Statements."



HOUSE_OVERSIGHT_024545

| *k*12 Summary Historical and Projected Financial Information | | | | | | |
|---|---|---|---|---|---|---|
| | Fiscal Year Ended June 30, | | | | | |
| ($ in millions) | 2002 | 2003 | 2004 | 2005 | 2006P | 2007P |
| Revenue | $6.7 | $30.9 | $71.4 | $85.3 | $116.0 | $132.2 |
| *Growth* | | *362.1%* | *131.0%* | *19.5%* | *36.0%* | *14.0%* |
| Operating Income | ($30.4) | ($28.0) | ($6.9) | ($3.3) | $2.0 | $6.4 |
| *Operating Income Margin* | *(454.3)%* | *(90.4)%* | *(9.7)%* | *(3.8)%* | *1.7%* | *4.8%* |
| EBITDA | ($28.6) | ($25.1) | ($2.0) | $2.2 | $5.7 | $12.3 |
| *EBITDA Margin* | *(427.9)%* | *(81.1)%* | *(2.8)%* | *2.6%* | *4.9%* | *9.3%* |
| Net Income | ($30.4) | ($28.4) | ($7.4) | ($3.5) | $1.3 | $5.2 |
| *Net Margin* | *(454.5)%* | *(91.7)%* | *(10.4)%* | *(4.1)%* | *1.1%* | *3.9%* |

Historically, the majority of *k*12's revenue has been from virtual schools and district-managed virtual programs. Traditionally, *k*12's revenue growth has been driven by three major factors; (i) the addition of grades, (ii) the addition of states and (iii) same-store growth in existing states.

In 2002 *k*12 began operations in two states (Colorado and Pennsylvania). In 2003 revenue grew to $30.9 million from $6.7 million during the 2002 fiscal year end. Growth was due to the addition of four new states (Ohio, Idaho, California and Arkansas), three new grades and same store sales growth of approximately 40%. During 2004 revenue increased by 131.0% to $71.4 million. Revenue growth during the 2004 fiscal year was due to the addition of five new states (Minnesota, Arizona, Florida, Wisconsin and the District of Columbia) and two new grades. During the 2005 fiscal year *k*12 began to concentrate on leveraging its scale to achieve profitability by slowing down curriculum production and not aggressively pursuing new states. Revenue grew at a slower rate, but profitability increased as the growth in the existing states continued. Existing state growth is more profitable than new state growth because each new state requires a significant amount of fixed overhead to be added.

The projections of financial results presented above are based on the development and expansion of *k*12's operations in existing states and grades. Key growth drivers in the near term are expected to include high same-store growth rates and *k*12's ability to leverage its existing infrastructure for margin improvement. Future drivers of growth at *k*12 which are not included in the projections are expected to include the addition of new states. In 2006, *k*12 opened in Texas, Wyoming and Washington. More recently, the Chicago school board approved a virtual public school for the city of Chicago that will be managed by *k*12. *k*12 also received a charter in the Sacramento area of California that will allow it to serve a large area in California that it cannot currently serve. *k*12 is currently continuing to pursue opportunities in several other states.

Under *k*12's current revenue recognition policy, revenues are principally earned from contractual agreements to provide on-line curriculum, books, materials, computers and to manage and operate virtual charter schools. In most contracts, *k*12 is responsible to the charter schools for all aspects of the management of schools, including but not limited to the monitoring of the academic achievement of the students, training, and compensation of school personnel; and procurement of curriculum and equipment necessary for operations of the schools. The schools receive funding on a per student basis from the state in which the charter school or school district is located. Where *k*12 has determined that they are the primary obligor for substantially all expenses under these contracts, *k*12 records the associated per student revenue received by the school from its state funding school district up to the expenses incurred in accordance with Emerging Issues Task Force (EITF) 99-19, Reporting Revenue Gross as a Principal Versus Net as an Agent. *k*12 has generally agreed to fund any operating losses of the schools in a given school year; however, *k*12 is not entitled to any revenue in excess of expenses incurred on its contracts,



HOUSE_OVERSIGHT_024546

unless *k*12 incurred excess losses in prior years. For contracts in which *k*12 is not the primary obligor, *k*12 records revenue based on its net fees earned per the contractual agreement.

Under *k*12's current revenue recognition policy, *k*12 records revenue related to contracts with its virtual academies primarily on a gross basis. As a result, *k*12 has recorded certain expenses of these virtual academies in revenues and costs and expenses. These expenses were $25.4 million and $29.3 million for the fiscal years ended June 30, 2004 and 2005 respectively.

## 13.9. *k*12 Equity

*k*12 has issued and outstanding approximately 45.1 million shares of Series C Preferred Stock, approximately 51.5 million shares of Series B Preferred Stock and approximately 10.0 million shares of Common Stock. The Series C Preferred Stock is senior to the Series B Preferred Stock and the Common Stock and has a liquidation preference equal to the greater of (a) two times the original cost of the Series C Preferred Stock (plus any accrued dividends) or (b) the amount which would be received upon conversion of the Series C Preferred Stock into Common Stock. KUE owns approximately 40.0% of the outstanding Series C Preferred Stock. The Series C Preferred Stock has a dividend rate of 10% per annum, compounded annually with such dividends being paid in the form of additional shares of Series C Preferred Stock.

The Series B Preferred Stock is senior to the Common Stock and has a liquidation preference equal to the greater of (a) two times the original cost of the Series B Preferred Stock or (b) the amount which would be received upon conversion of the Series B Preferred Stock into Common Stock. KUE owns approximately 7.5% of the outstanding Series B Preferred Stock. The holders of the Series B Preferred Stock do not receive dividends.

KUE does not own any shares of Common Stock. However, both the Series B Preferred Stock and the Series C Preferred Stock are convertible into *k*12 Common Stock, and on an as-if-converted, fully-diluted basis KUE owns approximately 17.9% of *k*12's Common Stock.



HOUSE_OVERSIGHT_024547

# 14. THE STRUCTURE OF KUE AND THE GENERAL PARTNER

*The following information is a summary of the principal terms of the organizational documents of KUE and the General Partner. The information below is qualified in its entirety by reference to the Amended and Restated Limited Partnership Agreement of KUE and the organizational documents of the General Partner, including the Amended and Restated Memorandum and Articles of Association of the General Partner and the Agreement Among Members of the General Partner (the "Organizational Documents"), copies of which have been provided or are available upon request. In the event of any inconsistency between the terms herein and the terms of the Organizational Documents, the Organizational Documents shall control.*

## 14.1. KUE

KUE is constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2003 Revision) (the "ELP Law"). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any property of the exempted limited partnership shall be held or deemed to be held by the general partner, and if more than one then by the general partners jointly upon trust, as an asset of the partnership in accordance with the terms of the partnership agreement. Similarly, the general partner for and on behalf of the partnership incurs the debts or obligations of the exempted limited partnership. Registration under the ELP Law entails that the partnership becomes subject to, and the limited partners therein are afforded the limited liability and other benefits of the ELP Law.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as expressed in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership's business or (iii) if such limited partner is obliged pursuant to Section 14(1) of the ELP Law to return a distribution made to it where the exempted limited partnership is insolvent.

The Limited Partnership Agreement of KUE limits the liability and reduces the fiduciary duties of the General Partner to the Limited Partners of KUE (the "Limited Partners," and, together with the General Partner, the "Partners") to the full extent of applicable law. The Limited Partnership Agreement also restricts the remedies available to the Limited Partners for actions that might otherwise constitute a breach of the General Partner's fiduciary duties owed to the Limited Partners. By purchasing Units, Investors are treated as having consented to various actions contemplated in the Limited Partnership Agreement and conflicts of interest that might otherwise be considered a breach of fiduciary or other duties under applicable Cayman law.

## 14.2. The General Partner

The General Partner is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 Revision) (the "Companies Law"). The Memorandum and Articles of Association comprise the constitution of General Partner. The principal business purpose of the General Partner is to act as the general partner of KUE, to own interests in KUE and to engage in activities related thereto (the "Business Purpose"). The General Partner will not engage in material activities (including holding any material assets or incurring any material liabilities) unrelated to the Business Purpose. The General Partner has no prior operating history or prior business and will not have any substantial assets or



HOUSE_OVERSIGHT_024548

liabilities other than in connection with its acting as general partner of KUE and as described in this Memorandum.

The day to day business of the General Partner will be generally be conducted by its directors, although certain matters require the approval of its shareholders pursuant to the Companies Law and the General Partner's Articles of Association. Under Cayman Islands law, a director of a Cayman Islands company is obliged to comply with a number of duties, breach of which may, in certain circumstances, result in personal liability on the part of the director. However, provided a director complies with the fiduciary duties and the requisite duties of care, diligence and skill, the fact that a decision turns out to be wrong, not beneficial, or causes loss, will not of itself necessarily establish personal liability.

As a general rule, in the absence of a contractual arrangement to the contrary, the liability of a shareholder of a Cayman Islands exempted company which has been incorporated with limited liability is limited to the amount from time to time unpaid in respect of the par value of, together with the share premium payable on, the shares he holds; the company having a separate legal personality from that of its shareholders, and being separately liable for its own debts due to third parties. However, although there is no decided Cayman Islands authority on the issue, English common law authority (which would be regarded as persuasive, though technically not binding, in the courts of the Cayman Islands), supports the proposition that it in exceptional circumstances it is conceivable that the principle of the separate legal personality of a company could be ignored and the court will "pierce the corporate veil." Examples might be a company acting as the agent or nominee of its shareholder, incorporation for an illegal or improper purpose, using a company or group of companies as a means of perpetrating a fraud, or using the separate personality of a company to circumvent a pre-existing obligation of its proprietor.

### 14.3. Classes of Units; Capital Contributions

Assuming that 1,000,000 Units are sold to Investors by March 31, 2007, and that the accrued dividends on the preferred limited partner units are paid in cash, approximately 2,530,000 Units will be outstanding. The Investors will own approximately 40% of KUE in the form of Common LP Units and approximately 40% of the General Partner in the form of Class A Shares.

The General Partner will be the sole general partner of KUE and will hold approximately 1,000 General Partner Units ("GP Units") in KUE, representing approximately 0.04% ownership in KUE.

The economic interest in KUE represented by the Common LP Units and the GP Units will be reduced by the Profits Participation LP Units as described below under "Distributions."

Assuming that 1,000,000 Units are sold to Investors by March 31, 2007, and that the accrued dividends on the preferred limited partner units are paid in cash, KUE LLC, controlled by the Principals, will hold approximately 1,530,000 Common LP Units representing approximately 60% ownership in KUE and 1,530,000 Class A Shares. The Common LP Units owned by KUE LLC will not be transferable, except (i) to the Principals; (ii) to affiliates of the Principals and/or (iii) to family members and/or charitable organizations in connection with the Principals' estate planning, unless combined with the corresponding percentage of Class A Shares to form Units and transferred in the form of Units in accordance with the Limited Partnership Agreement.

Knowledge Universe Holdings LLC, a Delaware limited liability company ("KUH LLC") controlled by the Principals, will hold 900 Class B ordinary shares of the General Partner (the "Class B Shares"). The Class B Shares held by the Principals and their affiliates will not be transferable, except to (i) the Principals; (ii) to the affiliates of the Principals; and/or (iii) to family members and/or charitable organizations in connection with the Principals' estate planning. The Class B Shares will automatically convert to Class A Shares if the Principals' aggregate direct and indirect economic interest in KUE is less than 15% of the outstanding Partnership Units (as defined below) of KUE.

A limited liability company ("KULG LLC-1"), of which Knowledge Universe Learning Group LLC, a Delaware limited liability company that is controlled by the Principals ("KULG"), and certain other persons



HOUSE_OVERSIGHT_024549

designated by KULG are members, will be the holder of the Profits Participation LP Units (the "Profits Participation Limited Partner") with the economic rights as set forth in "– Distributions" below. KULG LLC-1 will undertake that no more than 9% of the KUE Partnership Interests outstanding immediately after the final closing of the offering or thereafter will be held directly or indirectly by or for the account of the Principals and their Affiliates through the Profits Participation LP Units of KUE. At least 2/11ths of the Profits Participation LP Units outstanding will be issued to or reserved for the benefit of members of KULG LLC-1 that are not the Principals or their affiliates, and may include employees, officers, directors, consultants and agents of KUE, its subsidiaries and joint ventures as designated by KULG. At each closing of any sale of Units to Investors where the aggregate purchase price of all Units acquired by Investors to date is less than or equal to $1.5 billion (during the Offering Period or thereafter), the Profits Participation Limited Partner will be issued a number of Profits Participation LP Units such that the aggregate shall equal at least 9/11ths of the 11% of "Partnership Units" (Common LP Units, GP Units, and Profits Participation LP Units) that may be represented by Profits Participation LP Units. Additional Profits Participation LP Units will be issued to the Profits Participation Limited Partner, at such time and in such numbers as the Profits Participation Limited Partner will direct, based upon the issuance by the Profit Participation Limited Partner of interests to members of the Profits Participation Limited Partner (who may include employees, officers, directors, consultants and agents of KUE, its subsidiaries and joint ventures as designated by KULG other than the Principals and their affiliates), the vesting schedule of such interests, and whether certain tax elections are made by the recipients of such interests; provided, however, the total number of Profits Participation LP Units shall not exceed a number equal to eleven percent (11%) of the aggregate number of Partnership Units. Any increase in the number of Profits Participation LP Units following the sale of the first $1.5 billion of Common LP Units to Investors requires a majority vote of the Independent Committee.

Subsequent to the completion of this offering, KUE may raise additional capital through the sale of equity or debt securities. KUE will not have any preferred limited partner units outstanding upon completion of this offering but KUE may issue limited partner units with preferences over the Common LP Units in the future and may amend the Limited Partnership Agreement accordingly.

Since the General Partner will have a nominal economic interest in KUE, the Class A Shares are expected to have nominal economic value. The Class A Shares are, however, intended to provide Unit holders with certain voting and other governance rights in the General Partner (as described further below) which, in turn, will control KUE.

## 14.4. Admission of Partners to KUE

The General Partner may admit one or more Persons as additional Partners of KUE on such terms as the General Partner will determine. Upon the admission of additional Partners, the capital accounts of the Partners will be increased or decreased, as the case may be, to reflect the gross asset values of KUE's assets pursuant to Regulation Section 1.704-1(b)(2)(iv)(g). The amount of any such increase or decrease will be allocated among the Partners who were Partners immediately prior to the admission of additional Partners as if such increase or decrease constituted income or loss, respectively, in accordance with the allocation provisions of the Limited Partnership Agreement.

Not in limitation of the foregoing, Investors admitted during the Offering Period after the first closing of this offering and after September 30, 2006 will pay an additional amount accruing at a rate of 0.67% per month calculated from the first closing date of the offering (pro-rated for partial periods) for each Common LP Units purchased, which will be distributed promptly to the holders of Common LP Units outstanding prior to such admission in proportion to the number of Common LP Units held by such holders.



HOUSE_OVERSIGHT_024550

## 14.5. Management of KUE and the General Partner; Voting Rights

The General Partner will manage and operate KUE. Investors will have no voting rights on matters affecting KUE business with respect to their Common LP Units in KUE because the Investors will be limited partners of KUE. Notwithstanding the foregoing, subject to certain exceptions set forth in the paragraph below, KUE must obtain the consent of (a) the holders of a majority of the Common LP Units unaffiliated with the Principals to amend the Limited Partnership Agreement in a manner that is adverse to the Common LP Unit holders and (b) the holders of at least 90% of the Common LP Units unaffiliated with the Principals to amend the "Equal Merger Consideration Provision" described herein. In addition, the General Partner may not take any action to (a) alter or add to its Articles or (b) alter or add to its Memorandum with respect to any objects, powers or other matters specified therein that would adversely affect the rights of holders of Class A Shares without the affirmative vote of the holders of a majority of the Class A Shares.

Notwithstanding the foregoing, the General Partner, acting reasonably and in good faith, may amend the Limited Partnership Agreement without the consent of any Limited Partner (a) to correct any typographical or similar ministerial errors; (b) to delete or add any provision required to be so deleted or added by applicable law or any government official having jurisdiction over KUE; (c) to cure any mistake or ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein; (d) to take such actions as may be necessary (if any) to ensure that KUE will be treated as a partnership for U.S. federal income tax purposes; (e) to reflect the admission of any additional Limited Partner and otherwise to reflect such admission or an additional investment by a Limited Partner on the books and records of KUE pursuant to the General Partner's power of attorney; (f) to take such actions as may be necessary (if any) to ensure that neither of KUE or the General Partner (or any subsidiary of the foregoing) will be subject to regulation under ERISA or the Investment Company Act; (g) to take such actions as may be necessary (if any) to ensure that the General Partner (or any Subsidiary) will not be subject to the Investment Advisers Act; (h) to reflect any increase in the number of Profits Participation LP Units approved by the Independent Committee and related changes in allocation and distribution provision; (i) to make changes negotiated with Limited Partners admitted in any subsequent closing of the offering, so long as such changes do not, in the good faith determination of the General Partner and with the approval of the Independent Committee, adversely affect the rights, obligations and economic interests of the existing Limited Partners; and (j) to the extent necessary to give effect to partnership interests issued to additional Limited Partners after the Offering Period. The General Partner shall provide prompt written notice of any such amendments to the Limited Partners.

Holders of Class A Shares of the General Partner will have one vote per share. The holders of Class B Shares will have, in the aggregate, one more vote than the requisite legal vote required to approve particular matters. In addition, Investors will have the right to elect directors to the Board of Directors of the General Partner as set forth in "– Board of Directors of the General Partner" below.

## 14.6. Board of Directors of the General Partner

The General Partner will have a Board of Directors initially consisting of up to 13 persons.

Following the first closing of the offering and prior to the "Initial Listing" (as defined below), the outside Investor (including its affiliates) holding the greatest number of shares in the General Partner at the first closing of the offering will appoint two directors of the General Partner and the holders of the Class B Shares will appoint the remaining Directors.

Following the initial appointment of the Board, the Board may, in its sole discretion, increase the number of directors, including to accommodate investors that invest subsequent to the initial closing of the offering of the Units, provided that the outside Investor appointing two directors pursuant to the paragraph above shall have the right to appoint additional directors as required to maintain a ratio of such Investor's designees to total Board members of not less than 2/15ths.



HOUSE_OVERSIGHT_024551

"Independent Directors" of the Board of Directors of the General Partner shall be individuals who (a) are not (i) a Principal, (ii) a family member of a Principal, (iii) an employee of a Principal or any entity controlled by one or more of the Principals, and (b) meet the definition of "independent director" set forth in Rule 303A.02 of the New York Stock Exchange Listed Company Manual (as if the General Partner, KUE and each of its Subsidiaries were the "listed company") , including any such individuals appointed by the Investors who otherwise satisfy the requirements of this definition.

At the time of the final closing of this offering, the General Partner will have at least two Independent Directors. After the Initial Listing and so long as consistent with contractual, listing and licensing obligations, a majority of the board of directors of the listed company will be Independent Directors.

### 14.7. Initial Listing; Initial Listing Process

"Initial Listing" means a listing on a recognized international securities exchange with a substantially concurrent underwritten offering generating gross proceeds of U.S. $200 million or more. "Initial Listing" refers to the Initial Listing of KUE or any successor or any subsidiary of KUE to which substantially all of KUE's assets and liabilities have been transferred or are held.

The General Partner may take and cause KUE to take such actions as the General Partner reasonably deems necessary to complete the Initial Listing on the recognized international securities exchange or exchanges selected by the General Partner, including without limitation a restructuring or reorganization or other transaction or asset transfer between or among KUE and any of its subsidiaries. If the Initial Listing involves the listing of shares or other interests of a subsidiary of KUE, in the General Partner's discretion, KUE may (i) retain some or all of KUE's interest in such subsidiary not sold in connection with the Initial Listing, (ii) distribute some or all of KUE's interest in such subsidiary not sold in connection with the Initial Listing to the Partners, (iii) offer Partners the opportunity to exchange their Common LP Units and shares of the General Partner for interests in such subsidiary, (iv) require Partners to exchange their Common LP Units and shares of the General Partner for interests in such subsidiary, or (v) any combination of the foregoing. Each Partner shall cooperate with the General Partner in connection with the foregoing, including, without limitation, (i) by providing any necessary approvals from such Partner for (a) any merger or consolidation of KUE or a subsidiary then permitted by law into an entity that is eligible to effect such Initial Listing and has no other material business, assets or liabilities, or (b) a transfer of all, substantially all or a portion of the assets and liabilities of KUE to one or more wholly-owned subsidiaries eligible to effect the Initial Listing; (ii) by exchanging such Partner's Common LP Units and shares of the General Partner for shares or other interests of the entity to be listed; (iii) by agreeing to customary "lock-up" (on terms no more restrictive than KUE LLC or its affiliates or any other Common Limited Partner which provides a "lock-up") and other agreements with underwriters; and (iv) by taking such other actions as may be reasonably requested by the General Partner, provided that, in connection with such Initial Listing, no Partner shall be required to contribute additional capital to KUE or the entity effecting the Initial Listing. The economic interests of the Profits Participation Limited Partner shall not be reduced as a result of any actions taken to effect the Initial Listing.

### 14.8. Mandatory Conversion of Class B Ordinary Shares

The Class B Shares will automatically convert to Class A Shares if the Principals' aggregate economic interest in KUE is less than 15% of the outstanding Partnership Units.

### 14.9. Distributions

Cash and other property may be distributed from KUE after payment of ordinary expenses and all amounts currently due on KUE indebtedness, funding capital expenditures of subsidiaries and joint venture, funding operating and other expenses of KUE, its subsidiaries and joint ventures and after the



HOUSE_OVERSIGHT_024552

establishment of reasonably necessary reserves as determined by the General Partner. The General Partner will make distributions at such times as determined by the General Partner.

Distributions will be made in the following priority:

- First, to the Common Limited Partners and the General Partner in proportion to and to the extent of their unreturned capital contributions, but in no case may a distribution pursuant to this bullet exceed a Partner's positive adjusted capital account balance;

- Second, pursuant to Subsections (a) and (b) in proportion as follows: (a) to the Common Limited Partners and the General Partner in proportion to and to the extent of their undistributed Preferred Returns; and (b) to the Profits Participation Limited Partner in an amount equal to (i) the number of Units held by the Profits Participation Limited Partner, divided by the number of all outstanding Units other than Units held by the Profits Participation Limited Partner, multiplied by (ii) the amount distributed pursuant to Subsection (a) of this bullet, multiplied by (iii) a fraction to be provided by the Profits Participation Limited Partner; provided, however, that the fraction shall not exceed 2/11ths (unless the Independent Committee has increased the number of Profits Participation LP Units beyond the number initially authorized, in which case the maximum fraction authorized for this purpose would be increased appropriately);

- Third, to the Profits Participation Limited Partner in an amount equal to: (a) the number of Units held by the Profits Participation Limited Partner, divided by the number of all outstanding Units other than Units held by the Profits Participation Limited Partner, multiplied by (b) the amount distributed pursuant to Subsection (a) of the above bullet from the inception of KUE, multiplied by (c) a number (expressed as a fraction) equal to 1 minus the fraction used in clause (iii) of the prior bullet for the same distribution (unless the Independent Committee has increased the number of Profits Participation LP Units beyond the number initially authorized, in which case the maximum fraction for this purpose would be modified appropriately), less (d) all amounts previously distributed to the Profits Participation Limited Partner pursuant to this bullet; and

- Fourth, to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to the number of Units held by each such Partner.

"Preferred Return" means (as to a Common Limited Partner and the General Partner) an amount equal to eight percent (8%) per annum, determined on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days in the period for which the Preferred Return is being determined and be cumulative on the capital contributions of such Partners and shall be calculated from the date of such Partner's capital contribution; provided however that in the case of Common LP Units issued upon the conversion of preferred limited partner units at the initial closing of the offering, that the date of Capital Contribution shall be deemed to be the date of the initial closing of the offering solely for purposes of calculating the Preferred Return.

To the extent, at the time of any distribution or income or loss allocation pursuant to the Partnership Agreement, the 2/11ths portion of the Profits Participation LP Units has not then been fully allocated by KULG LLC-1 to employees, officers, directors, consultants and agents of KUE, its subsidiaries or joint ventures, then the distribution or income or loss allocation that would otherwise be attributable to such unallocated portion of the Profits Participation LP Units shall be reallocated among the Common Limited Partners and the General Partner in proportion to their Units for purposes of such distribution or income or loss allocation (including in connection with their Preferred Return).

Notwithstanding the foregoing, the Limited Partnership Agreement gives the General Partner the authority to override the distribution provisions of the Limitation Partnership Agreement described above in order to achieve the desired economic arrangement of KUE, which is: (i) first, to return the Partners' Capital Contributions to them; (ii) second, for the Common Limited Partners and the General Partner to receive their Preferred Return while the Profits Participation Limited Partner concurrently receives an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received



HOUSE_OVERSIGHT_024553

pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner other than the Principals), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; (iii) third, for the Profits Participation Limited Partner to receive an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner who are Principals or their affiliates), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; and (iv) finally, for all Partners (including the Profits Participation Limited Partner) to share in the profits of the Partnership in proportion to the number of Units held by them.

The General Partner may, in its discretion, when establishing the capital structure of subsidiaries or joint ventures, provide for a capital structure which provides for high-vote and low-vote (or non-voting) securities with substantially equivalent economic rights intended to correspond to the voting and economic structure of KUE (taking into account differences in legal form, such that corporate subsidiaries do not have specified distribution or liquidation rights with respect to common stock). Notwithstanding any contrary provisions below addressing equal merger consideration, to the extent securities of an entity corresponding to the voting structure of KUE are to be distributed to the Partners, the high-vote securities shall be distributed to KUE LLC for purposes of maintaining the voting structure subsequent to such distribution, as long as the securities otherwise have substantially equivalent economic rights and the high-vote securities have mandatory conversion features equivalent to the mandatory conversion features of the Class B Shares of the General Partner (as discussed below), it being understood that securities with high-voting rights shall not be deemed to have a higher economic value than securities with limited or no voting rights solely by reason of the disparity in voting rights.

## 14.10. Allocations of Income and Losses

In general (and subject to certain special tax and regulatory allocations), income and gains of KUE will be allocated to the Partners in the following priority:

- First, to the General Partner in an amount equal to the losses previously allocated to the General Partner pursuant to the third bullet in the losses allocation from the inception of KUE, less all income previously allocated to the General Partner pursuant to this bullet;

- Second, to the Common Limited Partners and the General Partner in proportion to and to the extent of the excess of their unreturned capital contributions over their adjusted capital account balances;

- Third, pursuant to subsections (a) and (b) in proportion as follows: (a) to the Common Limited Partners and the General Partner in proportion to and to the extent of the excess of: (i) the sum of their unreturned capital contributions and their undistributed Preferred Returns; over (ii) their adjusted capital account balances; and (b) to the Profits Participation Limited Partner an amount of income such that the amount of Income allocated pursuant to Subsections (a) and (b) of this bullet are in the same proportions as the distributions pursuant to Subsections (a) and (b) of the second bullet of 14.9 above would be in if cash, in the same amount as the income, were being distributed pursuant to the second bullet of 14.9 above;

- Fourth, to the Profits Participation Limited Partner in the amount necessary to ensure, as promptly as possible and to the extent feasible, that the cumulative net income of KUE for all periods since its inception shall have been allocated to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to the number of Units held by each such Partner; and



HOUSE_OVERSIGHT_024554

- Fifth, to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to the number of Units held by each such Partner.

In general (and subject to certain special tax and regulatory allocations), losses and deductions of KUE will be allocated to the Partners in the following priority:

- First, to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to and to the extent of their positive adjusted capital account balances;

- Second, to the Common Limited Partners, the Profits Participation Limited Partner, and the General Partner in proportion to the number of Units held by each such Partner; and

- Third, to the General Partner.

To the extent, at the time of any distribution or income or loss allocation pursuant to the Partnership Agreement, the 2/11ths portion of the Profits Participation LP Units has not then been fully allocated by KULG LLC-1 to employees, officers, directors, consultants and agents of KUE, its subsidiaries or joint ventures, then the distribution or income or loss allocation that would otherwise be attributable to such unallocated portion of the Profits Participation LP Units shall be reallocated among the Common Limited Partners and the General Partner in proportion to their Units for purposes of such distribution or income or loss allocation (including in connection with their Preferred Return).

Notwithstanding the foregoing, the Limited Partnership Agreement gives the General Partner the authority to override the distribution provisions of the Limitation Partnership Agreement described above in order to achieve the desired economic arrangement of KUE, which is: (i) first, to return the Partners' Capital Contributions to them; (ii) second, for the Common Limited Partners and the General Partner to receive their Preferred Return while the Profits Participation Limited Partner concurrently receives an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner other than the Principals), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; (iii) third, for the Profits Participation Limited Partner to receive an amount equal to a fraction of the amount the Common Limited Partners and the General Partner received pursuant to their Preferred Return (such fraction to be equal to the portion of the Units held by the Profits Participation Limited Partner attributable to members of the Profits Participation Limited Partner who are Principals), multiplied by the number of Units held by the Profits Participation Limited Partner divided by the number of outstanding Units other than those Units held by the Profits Participation Limited Partner; and (iv) finally, for all Partners (including the Profits Participation Limited Partner) to share in the profits of the Partnership in proportion to the number of Units held by them.

## 14.11. Tax Distributions

The General Partner may decide to make a tax distribution from KUE on or before April 1st of any year following a taxable year in which net taxable income was allocated to any Partner. If the General Partner decides to make a tax distribution, then KUE will distribute cash available for distribution, if any, to those Partners receiving an allocation of net taxable income, regardless of whether such net taxable income is actually subject to tax. The amount of net taxable income upon which such a tax distribution will be made will be based on cumulative calculation of net taxable income and net taxable loss which have been allocated to each such Partner from the inception of KUE. Any tax distributions received by a Partner will be treated as an advance and will offset against any other distributions such Partner is entitled to receive from KUE.



HOUSE_OVERSIGHT_024555

Certain Partners contributed appreciated property to KUE in exchange for their interests in KUE. Under the Limited Partnership Agreement, and in accordance with Section 704(c) of the Code and the Treasury regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to KUE must be allocated for tax purposes among the Partners in a manner that takes into account the variation between the adjusted basis of such property to KUE and its fair market value at the time the property was contributed to KUE. As a result of this requirement, it is possible the Partners who contributed appreciated property to KUE will be allocated more income and gains, and therefore be entitled to receive larger tax distributions under the Limited Partnership Agreement, than Partners who acquired their interests in KUE pursuant to this offering.

### 14.12. Fixed Overhead Payment

KUE, and/or one or more of its subsidiaries will pay $20 million annually to KULG in quarterly installments beginning July 1, 2006 pursuant to the Fixed Overhead Payment Agreement as an agreed upon payment to provide for the reimbursement of expenses and other costs incurred by KULG on behalf of KUE and its subsidiaries (including, but not limited to, salaries and bonuses of KULG employees providing services to KUE and its subsidiaries, fees and expenses relating to financing transactions and acquisitions, professional fees and other administrative expenses). To the extent that the U.S. $2,500,000 fee payable pursuant to an existing management services agreement with Knowledge Learning Corporation is paid to any person or entity other than a subsidiary of KUE, the amount payable to KULG by KUE will be reduced by the amount of such payment to such other person or entity. The $20 million annual fee will terminate upon the Initial Listing or the sale of KUE to a person or entity that is not a KUE LLC Entity.

### 14.13. Illiquidity Period

KUE will operate for a period of seven years from the date of the first closing of this offering. If there has not been an Initial Listing by the end of seven years from the date of the first closing of this offering, the Board of Directors of the General Partner will determine whether to pursue a sale of KUE or an Initial Listing (or a dual track process); provided, however, in the event that not less than 75% of the value of KUE at that time is represented by shares of securities listed on one or more recognized international securities exchanges and such shares have been or will be distributed as soon as reasonably practicable thereafter to the Investors and the Investors have received distributions of cash and/or such securities valued at amounts equal to or in excess of their original capital contributions, then there will be two extensions of one year's duration each (as determined by the Board of Directors of the General Partner) in order for KUE to complete either an Initial Listing or to have the remaining value of KUE represented by shares of securities listed on a recognized international securities exchange and to distribute such shares to the Investors.

If the Board determines to pursue a sale of KUE (or an Initial Listing or a dual track process), then the Principals must determine at such time whether they intend to participate as a potential bidder in the sale process.

If the Principals elect not to participate as a potential bidder in a sale process, then they will not be allowed to subsequently elect to participate as a potential bidder unless the sale process does not result in a buyer at a price the Independent Committee deems to be "fair." If the sale process results in a transaction that the Independent Committee deems to be "fair", the Principals will be required to sell their entire stake in KUE (Common LP Units and Profits Participation LP Units on an "as converted" basis) on the same terms as the Investors.

If the Principals elect to participate as a potential bidder in a sale process, then the sale process will be managed by the Independent Committee and the Principals will be precluded from participating in Board deliberations regarding the sale process. In addition, the Principals will be required to sell their entire stake in KUE on the same terms as the Investors to the winning bidder in the event the Principals do not submit the most attractive bid.



HOUSE_OVERSIGHT_024556

In the event that a sale of KUE or an Initial Listing has not occurred within nine years from the date the first Investors are admitted to KUE, the Independent Committee shall determine whether to pursue a sale of KUE (or an Initial Listing or a dual track process). A majority vote of the Independent Committee on this issue shall be binding on the Board of Directors of the General Partner and will require the Board of Directors of the General Partner to pursue such action within ninety (90) days.

### 14.14. Equal Merger Consideration Provision

The Principals (through KUE LLC) and the Investors will receive the same consideration per Common LP Unit and/or Class A/Class B Shares in connection with a sale, merger, recapitalization, share repurchase, dividend, or any other transaction where all holders of Common LP Units or shares in the General Partner receive consideration with respect to their Common LP Units or shares, other than with respect to corporate restructuring transactions, such as a holding company merger, conversion of KUE from an exempted limited partnership to a corporation or other entity, change of domicile, or any other transaction that the Independent Committee determines is a "corporate restructuring." In any such corporate restructuring transaction, the Principals (through KUE LLC) may receive securities with high-voting rights and the Investors may receive securities with limited or no voting rights so long as the consideration received by the Principals (through KUE LLC) and the other Partners per Common LP Unit have substantially equivalent economic provisions, it being understood that securities with high-voting rights shall not be deemed to have a higher economic value than securities with limited or no voting rights solely by reason of the disparity in voting rights.

### 14.15. Related Party Transactions

Related party transactions include transactions between (1) any of the Principals or any affiliates or any entity controlled by any of the Principals, and (2) KUE or any direct or indirect subsidiary or joint venture of KUE involving more than $1 million (including, for the avoidance of doubt, any merger, acquisition, asset purchase or similar transaction between KUE, its subsidiaries or joint ventures, on the one hand, and any person of which fifteen percent (15%) or more of the voting stock (or similar voting interests) is owned by KUE LLC or its affiliates, on the other hand). Related party transactions do not include (a) any transaction solely between or among KUE and any of its direct or indirect subsidiaries or joint ventures in which the Principals do not have any direct or indirect ownership interest (other than as a result of their ownership in the General Partner and KUE), (b) reasonable and customary director, advisory board member, or consultant compensation and benefits (including, without limitation, retirement, health, stock option and other benefit plans) as approved by the Independent Committee, provided that any such compensation, benefits and arrangements to the Principals that do not exceed $1 million in the aggregate annually shall not be subject to such approval and customary indemnification arrangements, (c) transactions and arrangements pursuant to or contemplated by express terms of the Limited Partnership Agreement of KUE, including the "Investment in Subsidiaries" and "Co-Invest Right" described below, and any payments pursuant thereto, (d) agreements, transactions and arrangements described in "Related Party Transactions" in this Private Placement Memorandum (including any indemnification arrangements, the Fixed Overhead Payment described above and other arrangements and transactions described therein) and any amendment thereto (so long as such amendment is not disadvantageous to the Investors as a whole in any material respect) or any transaction contemplated thereby and any payments pursuant thereto, and (e) admissions of any affiliate of the Principals to KUE as a Limited Partner on terms substantially equivalent to concurrent admissions of persons that are not affiliates of the Principals.

If the size of the related party transaction is greater than $1 million and equal to or less than $50 million, then either (a) the Independent Committee must approve the transaction or (b) the transaction must be approved by the holders of a majority of the Common LP Units unaffiliated with the Principals.

If the size of the related party transaction is greater than $50 million, then the transaction must be approved by both (a) the Independent Committee and (b) the holders of a majority of the Common LP Units unaffiliated with the Principals.



HOUSE_OVERSIGHT_024557

## 14.16. Investment in Subsidiaries and Joint Ventures

The Principals will agree (on behalf of themselves and their affiliates) that KUE will be their exclusive vehicle for equity investment opportunities in and acquisitions of for-profit companies engaged primarily in the business of pre-K through 12th grade education of children (other than companies in which the Principals or their affiliates directly or indirectly owns fifteen percent (15%) or more of the voting stock (or similar voting interests) as of the date of the first closing of the offering, which are LeapFrog Enterprises, Inc. and Nobel Learning Communities, Inc.). The Principals will not acquire or make an equity investment in such companies unless such acquisition or investment opportunity has been first presented to the Independent Committee and subsequently declined by the Independent Committee or initially pursued but later abandoned by KUE. For purposes of the foregoing limitation on investment, an equity investment shall not include equity securities that are (a) issued in respect of debt securities in connection with a restructuring, reorganization, sale or other similar transaction in respect of a company; (b) issued in connection with an exchange offer for debt securities; or (c) indirectly owned through a fund or other investment vehicle managed by a person other than any Principal or affiliate of a Principal. The Principals may co-invest with KUE in such companies, subject to the approval of the Independent Committee and the co-investment rights of Investors in the Limited Partnership Agreement.

Not in limitation of any commitments or restrictions the Principals may have entered into, prior to an Initial Listing, KUE may not permit any of its subsidiaries or controlled joint ventures (which shall not include, for the avoidance of doubt, certain exempt companies contemplated by the above paragraph) to issue or grant any equity interests in such subsidiaries or controlled joint ventures to any of the Principals or any of their affiliates (other than KUE, its subsidiaries and controlled joint ventures) unless (i) the Independent Committee has approved and the Investors who are accredited investors (as such term is defined in Regulation D) or otherwise legally eligible to participate are offered the opportunity to participate on the same terms as the Principals and their affiliates and in proportion to their economic ownership of KUE or (ii) such subsidiary or joint venture of KUE has completed an initial listing on a recognized international securities exchange. The foregoing restrictions will not apply to the Principals and/or their affiliates: (a) exercising co-investment, purchase or other similar rights in respect of securities of K12 Inc. (including warrants and options) held by them on the first closing of this offering and in respect of securities of K12 Inc. acquired pursuant to co-investment, purchase or other similar rights exercised in accordance with this clause (a); (b) receiving securities of K12 Inc. (including warrants and options) as compensation for services in their capacity as directors (or advisory board members) of K12 Inc.; or (c) exercising or converting any warrants or options (or other securities) held as of the first closing of this offering or acquired pursuant to clause (a) or (b).

The General Partner may offer co-investment opportunities to any person (except for the Principals and their affiliates other than KUE's subsidiaries and joint ventures) to invest with KUE or to invest in a subsidiary or joint venture of KUE.

## 14.17. Transferability

The Common LP Units and the Class A Shares comprising the Units owned by the Investors will not be separately transferable, and the Units are to be transferred as a whole unless otherwise approved by the Board of Directors of the General Partner and the Independent Committee.

Units held by an Investor may not be sold, transferred or assigned without the prior written consent of the General Partner, not to be unreasonably withheld. During the first two years after the applicable closing of the offering, the General Partner intends to approve transfers of Units to an affiliate of the Investor in compliance with applicable law. After such time, the General Partner intends to approve transfers of the Units to an affiliate of the Investor or to another Investor (and affiliates thereof), in each case in compliance with applicable law. The General Partner also intends to approve transfers pursuant to the Tag-Along Right and Drag-Along Right provisions described below.



HOUSE_OVERSIGHT_024558

Although the Limited Partnership Agreement of KUE and the organizational documents of the General Partner permit the foregoing transfers and the General Partner has agreed with certain investors to approve such transfers, applicable Caymans Island law gives the General Partner full discretion to approve or disapprove transfers of Units in KUE. Nevertheless, if the General Partner does not approve a permitted transfer, the parties seeking to effect such transfer may have a claim against the General Partner and KUE.

### 14.18. Co-Invest Right

Prior to the Initial Listing, if KUE proposes to issue for cash any Units or securities convertible into Units, then KUE is required to offer to each Investor that is an accredited investor (as such term is defined in Regulation D) or is otherwise legally eligible to participate in the offering the right to purchase a pro rata portion of such securities. This purchase right does not apply to (i) the first 1.5 million Units (including such number of Units issued at the first closing of this offering) issued by KUE to Investors through March 31, 2007, (ii) any public offering of Units or other securities by KUE; (iii) any issuance of Units in connection with a merger, consolidation, transfer of assets or other business combination involving KUE (or its subsidiaries or joint ventures); (iv) any issuance of Units pursuant to any unit option plan, restricted unit plan or other benefit plan, the terms of which are approved by the General Partner, provided that the aggregate amount of all Units issued pursuant to this clause (iv) (which does not include any Profits Participation LP Units) shall not exceed 10% of all Units outstanding on a fully diluted basis on the date of such issuance without the approval of the Independent Committee and shall in no event exceed 20% of all Units outstanding on a fully diluted basis on the date of such issuance; (v) any issuance of Units in connection with any loan transaction and/or equipment lease, the terms of which are approved by the General Partner; (vi) any issuance of Units pursuant to any transactions, the terms of which are approved by the General Partner primarily for the purpose of (a) joint ventures or strategic alliances, (b) development, production or distribution of the products or services of KUE, its subsidiaries or joint ventures, (c) purchase or licensing of technology, or (d) any other transactions that are primarily for purposes other than raising capital, or (vii) any issuance of Units upon conversion or exercise of any Units issued in compliance with this co-invest right provision; or (viii) any issuance of Units in connection with Unit splits or Unit dividends or reclassifications.

Prior to the Initial Listing, Investors have substantially equivalent rights with respect to issuances of securities by the General Partner (with the additional exemption on the issuance of up to 10,000 additional Class B Shares to the Principals or any of their Affiliates).

### 14.19. Tag-Along Right

A "Tag-Along Transfer" means a sale or other transfer for economic value of the Common LP Units held by KUE LLC and its affiliates (and, unless otherwise approved by the Board of Directors and the Independent Committee of the General Partner, a corresponding percentage of Class A Shares held by KUE LLC) to a Person that is not KUE LLC or an affiliate ("KUE LLC Entity").

Unless an Initial Listing occurred, a Tag-Along Transfer may not be consummated unless the proposed purchaser offers to each Investor the opportunity to include a pro rata portion of such Investor's Units in the Tag-Along Transfer (at the same consideration per Unit received by the KUE LLC Entity). If the total number of Units and corresponding Class A Shares proposed to be sold to the proposed purchaser exceeds the number of Units and corresponding Class A Shares which the proposed purchaser is willing to purchase, the number of Units and corresponding Class A Shares to be sold will be reduced pro rata based on the total number of Units held by the transferor(s) initiating the Tag-Along Transfer and each participating Investor.

Following the Initial Listing, the tag-along right will continue for certain Investors with respect to transfers for value of the Units (or units of the listed entity as the case may be) by the Principals or their affiliates to non-affiliates (excluding transfers on a recognized international securities exchange) above the following



HOUSE_OVERSIGHT_024559

thresholds in one or more transactions: (i) 15% of the Principals' original KUE holdings to any single buyer (or affiliates of that buyer) or (ii) 33% of the Principals' original KUE holdings in the aggregate.

### 14.20. Drag-Along Right

A "Drag-Along Transfer" means a sale or other transfer for economic value of a majority of the Common LP Units held by KUE LLC or its affiliates (and, unless otherwise approved by the Board of Directors and the Independent Committee of the General Partner, a corresponding percentage of Class A Shares held by KUE LLC). Prior to the Initial Listing, in the event of a Drag-Along Transfer of Common LP Units and corresponding Class A Shares to a proposed purchaser that is not a KUE LLC Entity (a "Proposed Drag-Along Transfer"), KUE LLC may require Investors to sell a pro rata portion (based on the percentage of Units held by KUE LLC being sold in the Proposed Drag-Along Transfer) of their Units and Class A Shares in the Proposed Drag-Along Transfer to the proposed purchaser on the same terms and conditions as KUE LLC in the Proposed Drag-Along Transfer.

### 14.21. Additional Listing of Investors' Units

Beginning any time after six months after the Initial Listing, one or more holders holding an aggregate of $100 million of more of the Units (calculated based on the issue price) may request KUE and the General Partner to take such action as may be necessary (including regulatory and legal actions) for their Units to be freely tradable and not subject to volume restrictions on the international securities exchange on which the Initial Listing occurred; provided that no more than one such action may be required in any 12 month period and customary cut-back and other provisions will apply in any such listing or underwritten transaction, as the case may be. KUE will use its commercially reasonable efforts to cause such action to cover such holders and the securities of any other holders legally eligible to participate in such action.

### 14.22. Subsequent Capital Raising Activities

Subsequent to the completion of this offering, KUE may raise additional capital through the sale of equity or debt securities. KUE will not have any preferred limited partner units outstanding upon completion of this offering but KUE may issue limited partner units with preferences over the Common LP Units in the future and may amend the Limited Partnership Agreement accordingly.

### 14.23. Periodic Reporting; Books and Records

As soon as practicable after the end of each fiscal year but in no event more than 180 days thereafter, each Partner will be sent audited financial statements of KUE for the prior year. These financial statements will include: (i) profit and loss statements and (ii) a balance sheet showing KUE's financial position as of the end of that fiscal year. KUE will also provide to each Partner on a semi-annual basis a report concerning KUE's operations. As soon as practicable after the end of each fiscal year, each Partner will be furnished with all information necessary for the preparation of each Partner's U.S. Federal income tax return and a copy of KUE's federal, state, and local tax or information returns for the year.

KUE will maintain at its principal place of business full and complete books and records for KUE including the following: (1) a current list of the full name and last known business or residence address of each Partner set forth in alphabetical order, together with the capital contribution and share of income and losses of each Partner; (2) a copy of the Statement filed under to Section 9 of the ELP Law and all amendments thereto; (3) copies of KUE's federal, state, and local income tax returns and reports, if any, for the six most recent taxable years, to the extent that such exist; (4) copies of the Limited Partnership Agreement and all amendments thereto; and (5) any other information required to be maintained by the ELP Law. Upon the request of a Partner, the General Partner will promptly deliver to the requesting Partner, at the expense of KUE, a copy of the information listed in the foregoing sentence.



HOUSE_OVERSIGHT_024560

The General Partner will provide such periodic reports if engaged in any business other than acting as General Partner of KUE or if it owns any material assets other than an interest in KUE.

## 14.24. Indemnification

KUE will indemnify, to the fullest extent permitted by applicable law, the General Partner, and its members, officers, directors, and employees, and at the General Partner's discretion, any other person providing services to KUE, its subsidiaries or joint ventures, ("Indemnified Persons") from and against loss because of any action performed by them on behalf of KUE or of the failure to take any action on behalf of KUE, unless such loss resulted from the Indemnified Person acting in bad faith or the willful misconduct, fraud or gross negligence of such Indemnified Person, or a material breach of the Limited Partnership Agreement by such Indemnified Person. Indemnified persons may receive advances or be reimbursed for their expenses.

## 14.25. Amendment of the Limited Partnership Agreement

Generally, the Limited Partnership Agreement may be amended with the consent of the General Partner. Subject to the exceptions specified in the Limited Partnership Agreement, amendments adversely affecting the Common LP Units may not be effected without a majority of the votes represented by Units held by Investors.

Notwithstanding the foregoing, the General Partner, acting reasonably and in good faith, may amend the Limited Partnership Agreement without the consent of any Limited Partner (a) to correct any typographical or similar ministerial errors; (b) to delete or add any provision required to be so deleted or added by applicable law or any government official having jurisdiction over KUE; (c) to cure any mistake or ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein; (d) to take such actions as may be necessary (if any) to ensure that KUE will be treated as a partnership for U.S. federal income tax purposes; (e) to reflect the admission of any additional Limited Partner and otherwise to reflect such admission or an additional investment by a Limited Partner on the books and records of KUE pursuant to the General Partner's power of attorney; (f) to take such actions as may be necessary (if any) to ensure that neither of KUE or the General Partner (or any subsidiary of the foregoing) will be subject to regulation under ERISA or the Investment Company Act; (g) to take such actions as may be necessary (if any) to ensure that the General Partner (or any Subsidiary) will not be subject to the Investment Advisers Act; (h) to reflect any increase in the number of Profits Participation LP Units approved by the Independent Committee and related changes in allocation and distribution provision; (i) to make changes negotiated with Limited Partners admitted in any subsequent closing of the offering, so long as such changes do not, in the good faith determination of the General Partner and with the approval of the Independent Committee, adversely affect the rights, obligations and economic interests of the existing Limited Partners; and (j) to the extent necessary to give effect to partnership interests issued to additional Limited Partners after the Offering Period. The General Partner shall provide prompt written notice of any such amendments to the Limited Partners.

## 14.26. Confidentiality

Each Investor is subject to an obligation to keep KUE related information confidential, subject to limited exceptions. KUE or the General Partner will be entitled to enforce such obligations and take such actions to maintain the confidentiality of KUE related information, including without limitation withholding any periodic or financial reports (with the approval of the Independent Committee) from an Investor that has violated its confidentiality obligations.



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## 14.27. Jurisdiction

Any actions or proceedings under the Limited Partnership Agreement or with respect to the General Partners or this offering and the related agreements are subject to binding arbitration in London, United Kingdom.

## 14.28. Limitation of Participation

Under circumstances where the continuing participation in KUE by an Investor would have a material adverse effect on KUE or a subsidiary, the General Partner may cause an Investor's interest in KUE to be redeemed or transferred.

## 14.29. United States Trade or Business

The General Partner will use its reasonable best efforts not to cause or allow KUE to engage in or invest (other than through an entity that is not a pass-through entity) in a pass-through entity (for U.S. federal income tax purposes) that engages in: (i) any commercial activities within the meaning of Section 892(a)(2) of the Code, or (ii) any activity which constitutes the conduct of a trade or business in the United States and generates income which constitutes "effectively connected income" in the hands of a non-U.S. Limited Partner. KUE will not take a position in any United States federal or state income tax return that KUE is engaged in a trade or business in the United States that causes the non-U.S. Limited Partners to have income which constitutes "effectively connected income" in the hands of non-U.S. Limited Partners. In addition, the General Partner will use its reasonable best efforts to cause KUE not to invest in a U.S. real property interest described in Section 897(c)(1)(A)(i) or the Code.

The General Partner may, in its discretion, form a separate investment entity to pursue any investment opportunity that is unavailable to KUE by reason of the foregoing, and may offer co-investment opportunities to the Partners eligible to participate in such opportunities in proportion to their Units or on such other reasonable basis as the General Partner may determine.

EACH PROSPECTIVE NON-U.S. LIMITED PARTNER SHOULD REVIEW THE SECTION ENTITLED "CERTAIN INCOME TAX CONSEQUENCES" AND CONSULT ITS TAX AND OTHER ADVISORS IN DETERMINING THE POSSIBLE TAX, EXCHANGE CONTROL OR OTHER CONSEQUENCES TO IT UNDER THE LAWS OF THE U.S. AND OTHER JURISDICTIONS OF WHICH IT IS A CITIZEN, RESIDENT OR DOMICILIARY, IN WHICH IT CONDUCTS BUSINESS OR IN WHICH IT OTHERWISE MAY BE SUBJECT TO TAX, OF THE PURCHASE AND OWNERSHIP OF UNITS.

## 14.30. Term of KUE; Term of the General Partner

The term of KUE will be indefinite, unless terminated earlier as provided for below. The term of the General Partner will be indefinite, unless terminated earlier in accordance with the Organizational Documents.

The following events will cause the dissolution of KUE:

- The withdrawal, dissolution, bankruptcy, or resignation of a General Partner, unless the business of KUE is continued by the election of a new General Partner by the vote of a majority in number of the Units held by Common Limited Partners within 90 days of the happening of such event;



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- The agreement of the General Partner and the holders of a majority of the Units held by the Limited Partners holding Common LP Units;
- The sale or distribution of all or substantially all of KUE's assets; or
- As otherwise provided by law.

If KUE is dissolved and not reconstituted and continued, the General Partner is then required to wind up the affairs of KUE and to liquidate and sell its assets in an orderly manner. Upon the winding up and termination of the business and affairs of KUE, its assets (other than cash) will be sold, its liabilities and obligations to creditors and all expenses incurred in its liquidation will be paid. The net proceeds from such sales (after deducting all selling costs and expenses in connection therewith) and any released reserves will then be distributed to the Partners in accordance with "– Distributions" by the later of the end of the taxable year of KUE which includes the liquidation date or the 90th day following the liquidation date. KUE property will not be distributed in kind to the Partners upon the dissolution and termination of KUE unless otherwise agreed by the General Partner.



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# 15. MANAGEMENT INCENTIVE PLANS AND EMPLOYMENT AGREEMENTS

*Certain key terms of the following incentive plans and employment agreements of the Company, which are subject to and qualified in their entirety by reference to any underlying documentation as applicable, are outlined below. Copies of such documentation have been provided or are available upon request and the summaries below are qualified in their entirety by reference to such documentation.*

## 15.1. Long Term Incentive Plan and Agreements of Knowledge Learning Corporation

Effective as of December 6, 2005, KLC put in place a long term incentive plan ("LTIP") for officers, employees or consultants, providing for incentive compensation payments based upon the achievement of certain performance criteria determined by KLC's Compensation Committee. Under the terms of the long term incentive award agreements entered into with eligible recipients pursuant to the LTIP, if the recipient is terminated by KLC without cause after the first year of any 3-year performance cycle, the first of which begins in 2006, or upon death, permanent disability or retirement after the first 6 months of any performance cycle, the recipient is eligible to receive a pro rata portion of any incentive award earned. The recipient is also eligible to receive a pro rata portion of any incentive award earned in the event of a sale of KLC or a termination of the LTIP.

## 15.2. Profits Interest Grants

KUE expects to grant profits interests in KUE to its (or its subsidiary's) present and future officers, directors, employees and consultants, aggregating up to 2% of KUE's aggregate profits, subject to increases approved by the Independent Committee. Such grants would be dilutive to the holders of Units.

## 15.3. Stock Appreciation Rights Plan of Knowledge Schools, Inc.

KSI established a stock appreciation rights ("SAR") plan for directors, officers, employees or consultants of KSI and its subsidiaries on April 25, 2004, pursuant to which a maximum number of 18,410 phantom shares (which may be converted to options) may be granted and an equivalent of 4,353.860 phantom shares are issued and outstanding. SARs may be granted under the plan until April 24, 2014 and shall vest and become exercisable as set forth in the holder's SAR agreement. These phantom shares will provide the holders with the appreciation in value of the equivalent of 1.6% of KSI's equity (after payment of $7.8 million to KLC's departing chief executive officer in settlement of his SARs, and based on 273,904.89884 shares as of April 28, 2006). Beginning in 2006, incentive compensation at the KLC level to management will be made through the LTIP described above, while directors of KSI may continue to be granted SAR.

## 15.4. Stock Option Grants by Knowledge Schools, Inc.

Les Biller and Stephen Goldsmith have been granted options to purchase an aggregate of 3,412.6 shares of common stock of KSI. Les Biller is on the Advisory Board of KUE and a director of KSI. Stephen Goldsmith is the Senior Vice President of Strategic Planning & Worldwide Government Programs for KUE and a director of KSI. KSI may issue similar options from time to time.

## 15.5. Employment Agreements

With one exception, the Company's executives do not have long-term employment agreements. KLC entered into an employment agreement with Elanna Yalow as of August 1, 2004 with an employment term



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of three years, unless terminated earlier. She serves as KLC's President and COO with a fixed annual base salary of $300,000 plus bonuses, as well as stock appreciation rights. If KLC terminates Ms. Yalow's employment at any time, other than for death, disability or cause, KLC is required to pay as severance, Ms. Yalow's base compensation for the balance of the severance period. In case of termination after expiration of the employment term, KLC is required to pay, in addition to the severance pay, unpaid base compensation earned as of the date of termination.

In connection with employment arrangements for newly hired officers (including Peter Maslen, Derek Feng and Kal Raman), the Company is providing equity-based compensation in amounts to be agreed, which will be subject to customary terms and conditions.

### 15.6. KULG Arrangements

Certain of the executives providing services to KUE and its subsidiaries are employees and officers of, or consultants to, KULG. Stephen Goldsmith, Senior Vice President of KULG, has a three-year employment agreement beginning February 1, 2005, terminable at will by KULG or Mr. Goldsmith, subject to severance benefits in certain circumstances and death and disability benefits. The agreement provides for a $500,000 annual salary and targeted $250,000 discretionary bonus. Nina Rees, Vice President of Strategic Initiatives of KULG, has an employment agreement terminable by her or KULG with 90 days' notice and providing an annual salary of $180,000 plus a discretionary bonus. Ted Sanders has a 24-month consulting agreement with KULG beginning March 1, 2005 pursuant to which he receives consulting fees at a $25,000 annual rate for the first 12 months and a $35,000 annual rate for the second 12 months. All of these amounts, together with the compensation of other KULG employees providing services to KUE will be paid from the annual overhead expense payment KUE will pay to KULG, as described in "Related Party Transactions."



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# 16. RELATED PARTY TRANSACTIONS

*Certain key terms of the following related party transactions of the Company, which are subject to and qualified in their entirety by reference to their respective underlying documentation as applicable, are outlined below. Copies of such documentation have been provided or are available upon request, and the summaries below are qualified in their entirety by reference to such documentation.*

## 16.1. Real Estate Support Management Agreement of Knowledge Learning Corporation

KLC entered into a Real Estate Support Management Agreement with Greenstreet Real Estate Partners (formerly Greenstreet Realty Partners, L.P.), an entity controlled by the Principals, on January 4, 2006, pursuant to which KLC obtains certain real property support services from Greenstreet Real Estate Partners. The Agreement is non-exclusive and the Company may consider and solicit proposals from other entities. Payment obligations are to be provided for in separate agreements, none of which have been entered into as of the date of this Memorandum. The initial term of the Agreement expires on December 31, 2016 (with automatic one-year extensions unless notice is given to the other party). The Agreement can be terminated by either party for convenience on December 31 in any year or for breach with prior written notice.

## 16.2. Fixed Overhead Payment Agreement

As reimbursement of expenses incurred by KULG, an affiliate of the Company controlled by the Principals, on behalf of KUE and its subsidiaries (including salaries and bonuses of KULG employees providing services to KUE and its subsidiaries, fees and expenses relating to financing transactions and acquisitions, professional fees and other administrative expenses), KUE has an obligation to pay $20 million annually to KULG in quarterly installments beginning July 1, 2006 pursuant to the Fixed Overhead Payment Agreement. Of this amount, $2.5 million will be paid to KUE by KLC pursuant to the existing Management Services Agreement described below.

## 16.3. Note Payable to KULG by KU Education, Inc.

On January 6, 2005, KUE Inc. executed a promissory note in favor of KULG, an entity controlled by the Principals, in the amount of $200.0 million, the proceeds of which were used in connection with the acquisition of KinderCare by KLC. This note has a seven year maturity and accrues interest at the "reference rate" set by Bank of America plus 1.25% per annum. The note may be prepaid, in whole or in part, without any premium or penalty. KUE Inc. currently owes approximately $183.9 million under the note.

## 16.4. Asset Management Agreements with Greenstreet Real Estate Partners (formerly Greenstreet Realty Partners, L.P.)

Greenstreet Real Estate Partners (formerly Greenstreet Realty Partners, L.P.), an entity controlled by the Principals, entered into asset management agreements dated as of November 9, 2005 with each of KC PropCo Holding I LLC ("PropCo Holding"), KC PropCo, LLC ("PropCo") and Mini-Skools Limited ("MSL"), each an indirect wholly owned subsidiary of KLC, pursuant to which Greenstreet Real Estate Partners provides asset management and consulting services to PropCo Holding, PropCo and MSL with respect to the real property each company respectively owns, in return for a total annual fee of $8,250,000 payable in 12 equal monthly installments starting December 1, 2005. The initial term expires on December 31, 2016 (with automatic one-year extensions unless notice is given to the other party), and the Agreement can be terminated for breach with prior written notice.



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## 16.5. Management Services Agreement

KLC is a party to a management services agreement with Knowledge Universe Limited LLC, one of our affiliates controlled by the Principals, pursuant to which Knowledge Universe Limited LLC has agreed to provide management, consulting and financial planning services on an ongoing basis to KLC and its subsidiaries. In consideration of these services, KLC is obligated to pay Knowledge Universe Limited LLC an annual management fee of $2.5 million payable in equal quarterly installments on the first day of each calendar quarter in advance, effective January 1, 2005. However, in the event of a payment default under KLC's senior credit agreement or the indenture governing the notes, or a bankruptcy, liquidation or winding-up of KLC, the payment of all accrued and unpaid management fees is subordinated to the prior payment in full of all amounts due and owing under KLC's senior credit facility and the indenture governing the Senior Subordinated Notes.

The management services agreement has a ten-year term which extends automatically on each anniversary of the agreement for one additional year unless either party gives prior notice that the term will not be extended. In addition, the management services agreement provides for the payment to Knowledge Universe Limited LLC of customary fees for services provided in connection with extraordinary services and reimbursement of reasonable out-of-pocket expenses, with limited exceptions.

## 16.6. KinderCare Acquisition Financing

Affiliates purchased a majority of the $250.0 million of senior subordinated bridge notes that we issued as part of the financing of the KinderCare acquisition, which were repaid with the net proceeds of the Senior Subordinated Notes. In connection with the KinderCare merger and related transactions, KLC paid affiliates of KULG commitment fees, expense reimbursements and other amounts totaling approximately $15.9 million.

## 16.7. Maron & Sandler

The law firm of Maron & Sandler serves as outside general counsel to us and our affiliates. Messrs. Maron and Sandler are shareholders of Maron & Sandler. Mr. Sandler is a member of the board of directors of KSI and is the General Counsel of KUE. Mr. Maron is a member of the board of directors of both KLC and its parent, KSI. In addition, Mr. Maron holds an interest in an entity that holds common stock of KSI. These shares of common stock amount to a less than 0.1% economic interest in KSI.

## 16.8. RFG Financial Group, Inc.

RFG Financial Group, Inc., an entity controlled by Ralph Finerman, a member of the boards of directors of KLC and Nextera Enterprises, Inc. and an officer or director of other privately-held affiliates of KLC and Krest LLC, periodically provides financial consulting services to KULG and its affiliates. In addition, Mr. Finerman holds an interest in an entity that holds common stock of KSI. These shares of common stock amount to a less than 0.1% economic interest in KSI.

## 16.9. Purchase of EdSolutions, Inc.

In November 2004, one of KSI's affiliates acquired ESI in a cash merger transaction for $5.5 million, of which $2.2 million was paid to another of our affiliates in respect of its preferred stock ownership in ESI. Following the closing, the buyer contributed the stock of ESI to KSI in exchange for $5.5 million of preferred stock of KSI, and KSI contributed ESI to KLC. In connection with the KinderCare acquisition, KSI redeemed the preferred stock (including accrued dividends) for $5.6 million.



HOUSE_OVERSIGHT_024567

## 16.10. Indebtedness of KUE with affiliates

The proceeds of the $150 million term loan facility that KUE entered into on March 29, 2006 with an affiliate of Credit Suisse, one of the Agents (as described in "Knowledge Universe Education (KUE) – Term Loan Facility"), were used to repay existing debt of KUE to entities controlled by Michael Milken.

## 16.11. *k*12

An affiliate of Michael Milken and Lowell Milken owns the *k12* trademark and related domain names, and licenses them to *k12* for $25,000 annually pursuant to a perpetual license.

An affiliate of Michael Milken and Lowell Milken owns (i) 3,106,774 shares of common stock of *k*12, (ii) warrants to purchase 53,364 shares of *k*12 common stock at $1.60 per share and (iii) warrants to purchase 1,164,179 shares of *k*12 Series B Preferred Stock at $1.34 per share.

## 16.12. Condors LLC

Condors LLC, substantially all of which is owned by the Principals, is the lender under the Junior Mezzanine Loan entered into in connection with the new CMBS financing.



HOUSE_OVERSIGHT_024568

# 17. ELIGIBLE INVESTORS

## 17.1. UNITED STATES SECURITIES ACT OF 1933

The Units will not be registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and will not be registered under the securities laws of any jurisdiction.

Accordingly, the Units are initially being offered and sold only to "accredited investors."

Each investor is required to enter into a Subscription Agreement to purchase the Units. In the Subscription Agreement, it will be required to represent, among other customary private placement representations, as follows:

- that it is an "accredited investor" (as such term is defined in Regulation D under the Securities Act);
- that it has carefully read and understood this Memorandum and the organizational documents of KUE in their entirety and that it has relied on such documents in making its investment decision;
- that it has had an opportunity to receive answers from KUE to its questions regarding the Units and other matters pertaining to its investment, and it has obtained all additional information it has requested from KUE to verify the accuracy of the information furnished to it;
- that it is capable of evaluating the merits and risks of purchasing the Units and of making an informed investment decision with respect thereto;
- that its financial situation is such that it can afford to bear the economic risk of holding the Units as an illiquid investment for an indefinite period of time, and it can afford to suffer the complete loss of its investment;
- that it is acquiring the Units for its own account for investment purposes only and not with a view to resale or distribution; and
- that it understands that it must bear the economic risk of an investment in the Units for an indefinite period of time.

In the Subscription Agreement, each investor will be required to represent whether or not it is a U.S. Person or non-U.S. Person (as such terms are defined in Regulation S under the Securities Act). Each non-U.S. Person will be required to represent:

- whether it is purchasing the Units in an offshore transaction within the meaning of Regulation S; and
- that it is eligible to purchase the Units under the laws applicable to it.



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A copy of the form of the Subscription Agreement will be provided. Each investor should carefully read the Subscription Agreement in its entirety so as to fully understand the representations and warranties it is required to make pursuant to the Subscription Agreement.

The Units cannot be resold or otherwise transferred unless they are subsequently registered under the Securities Act and other applicable securities laws, or exemptions from such registration requirements are available. It is not contemplated that registration of the Units under the Securities Act or other securities laws will ever be effected. There is no public market for the Units, and none is expected to develop. Therefore, an investor that purchases the Units may be required to hold the Units for an indefinite period of time. The Units, if certificated, will bear a legend describing such transfer limitations.

## 17.2. United States Employment Retirement Income Security Act of 1974

An investment in the Units and the underlying Common LP Units and Class A Shares by certain U.S. employee benefit plans is subject to additional considerations because the investments of such plans are subject to the fiduciary responsibility and prohibited transaction provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and restrictions imposed by Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"). For these purposes the term "employee benefit plan" includes, but is not limited to, qualified pension, profit-sharing and stock bonus plans, Keogh plans, simplified employee pension plans and tax deferred annuities or IRAs established or maintained by an employer or employee organization. Among other things, such employee benefit plans should give consideration to:

- whether the investment is prudent under ERISA.
- whether in making the investment, that plan will satisfy the diversification requirements of ERISA; and
- whether the investment will result in recognition of unrelated business taxable income by the plan and, if so, the potential after-tax investment return.

The person with investment discretion with respect to the assets of an employee benefit plan, often called a fiduciary, should also determine whether an investment in the Units and the underlying Common LP Units and Class A Shares is authorized by the appropriate governing instrument and is a proper investment for the plan.

Section 406 of ERISA and Section 4975 of the IRC also prohibit employee benefit plans, and also IRAs that are not considered part of an employee benefit plan, from engaging in specified transactions involving "plan assets" with parties that are "parties in interest" under ERISA or "disqualified persons" under the IRC with respect to the plan.

In addition to considering whether the purchase of Units and the Common LP Units and Class A Shares is a prohibited transaction, a fiduciary of an employee benefit plan should consider whether the plan will, by making such an investment, be deemed to own an undivided interest in the assets of KUE or the General Partner, with the result that KUE or the General Partner would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the IRC.

The U.S. Department of Labor regulations under ERISA provide guidance with respect to whether the assets of an entity in which employee benefit plans acquire equity interests would be deemed "plan assets" under some circumstances. Under these regulations, an entity's assets would not be considered to be "plan assets" if, among other things:

(a) the equity interests acquired by employee benefit plans are publicly offered securities, *i.e.*, the equity interests are widely held by 100 or more investors independent of the



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issuer and each other, freely transferable and registered under some provisions of the federal securities laws;

(b) the entity is an "operating company," meaning it is primarily engaged in the production or sale of a product or service other than the investment of capital either directly or through a majority-owned subsidiary or subsidiaries; or

(c) the entity is a "venture capital operating company," meaning that at least 50% of its assets, determined on certain testing dates, are invested in operating companies with respect to which the entity has contractual management rights which the entity actually exercises in the ordinary course of its business; or

(d) there is no significant investment by benefit plan investors, which is defined to mean that less than 25% of the value of each class of equity interest is held by the employee benefit plans referred to above, IRAs and other employee benefit plans not subject to ERISA, including U.S. and non-U.S. governmental plans.

The General Partner intends to operate the General Partner and KUE in such fashion that, for purposes of the plan asset regulations, the assets of KUE and the General Partner will not be considered assets of any plan investing in KUE and the General Partner. The Limited Partnership Agreement (and the organizational documents of the General Partner) will confer on the General Partner (and the Principals) the authority to take any action necessary or desirable in order to prevent Company assets and General Partner assets from being considered to be plan assets, including the authority to restructure any aspects of KUE and the authority to cause the redemption or sale of Units held by some or all plan investors.

KUE is considering whether and to what extent to permit plan investors to invest in the Units. Due to the complexity of the applicable rules and the penalties imposed upon persons involved in prohibited transactions, it is particularly important that potential purchasers that are plans consult with their counsel regarding the consequences under ERISA of their acquisition and ownership of the Units. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to ERISA requirements but may be subject to analogous provisions under applicable state, local or non-U.S. law.

### 17.3. Anti-Money Laundering – Cayman Islands

In order to comply with regulations aimed at the prevention of money laundering in any applicable jurisdictions, the General Partner and KUE are required to adopt and maintain anti-money laundering procedures, and may require prospective investors to provide evidence to verify their identity. Accordingly, the General Partner (and its directors) reserve the right to request such information as they consider necessary to verify the identity of a prospective investor. Where permitted, and subject to certain conditions, the General Partner and KUE may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person. The General Partner (and its directors) may refuse to accept any subscription application if a prospective investor delays in producing or fails to produce any information required by the General Partner (and its directors) for the purpose of verification and, in that event, any funds received will be returned without interest to the account from which the moneys were originally debited.

The General Partner and KUE also reserve the right to refuse to make any redemption payment to a shareholder of the General Partner or a partner of KUE, as applicable, if they suspect or are advised that the payment of redemption proceeds to such person might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the General Partner and KUE with any such laws or regulations in any applicable jurisdiction.



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If any person resident in the Cayman Islands knows or suspects that another person is engaged in money laundering or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business the person will be required to report such belief or suspicion to either the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Criminal Conduct Law (2005 Revision) if the disclosure relates to money laundering or to a police officer of the rank of constable or higher if the disclosure relates to involvement with terrorism or terrorist property, pursuant to the Terrorism Law. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

### 17.4. Foreign Corrupt Practices Act

The General Partner, KUE, its subsidiaries and joint ventures intend to comply with applicable provisions of the Foreign Corrupt Practices Act ("FCPA") in connection with their business activities worldwide. The FCPA prohibits corrupt payments to foreign officials (including any officer or employee of a foreign government, a public international organization, or any department or agency thereof, or any person acting in an official capacity, regardless of rank or position), parties or candidates to obtain or retain business or securing any improper advantage and the FCPA prohibits paying, offering, promising to pay, directly or indirectly, money or anything of value in connection therewith.

Investors will be required to provide information on whether they are foreign officials, and confirm that they have not paid, offered to pay or promised to pay and do not intend to pay, offer to pay or promise to pay, directly or indirectly, money or anything of value to any foreign official, party or candidate to obtain or retain business (whether with a government or agency or instrumentality thereof or otherwise) for or on behalf of KUE, its subsidiaries or joint ventures or to secure an improper advantage for KUE or its subsidiaries or joint ventures in any country.



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# 18. CERTAIN INCOME TAX CONSEQUENCES

*The following summary of the taxation of KUE and the taxation of the Partners of KUE is based upon current law and does not purport to be a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase Units. Legislative, judicial or administrative changes may be forthcoming that could affect this summary.*

**TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT REGULATIONS, WE ADVISE YOU THAT: (i) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE U.S. INTERNAL REVENUE CODE OR APPLICABLE STATE OR LOCAL TAX LAW PROVISIONS; (ii) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY REGULATIONS) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; (iii) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

**PROSPECTIVE INVESTORS (INCLUDING ALL NON-U.S. PERSONS AS DEFINED BELOW) SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF OWNING COMMON LP UNITS UNDER THE LAWS OF THEIR COUNTRIES OF CITIZENSHIP, RESIDENCE, ORDINARY RESIDENCE, OR DOMICILE.**

## 18.1. Cayman Taxation

There is, at present, no direct taxation in the Cayman Islands. The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax, or withholding tax upon KUE, its partners, the General Partner, or its shareholders. Similarly interest, dividends and gains payable to KUE and all distributions by KUE to its partners will be received free of any Cayman Islands income or withholding taxes.

KUE has registered as an exempted limited partnership under Cayman Islands law and KUE has received an undertaking from the Governor-in-Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to KUE or to any partner of KUE in respect of the operations or assets of KUE or the interest of a partner in KUE; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of KUE or the interests of the partners in KUE.

The General Partner of KUE has registered as an exempted company under Cayman Islands law and the General Partner has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares of the General Partner or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the General Partner to its shareholders.

The Cayman Islands does not have a double tax treaty with the United States or any other country.



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## 18.2. United States Federal Income Taxation

The following summary sets forth the material U.S. federal income tax considerations related to the purchase, ownership, and disposition of Common LP Units. Unless otherwise stated, this summary deals only with partners that are U.S. Persons (as defined below) who purchase their Common LP Units in this offering and who hold their Common LP Units as capital assets within the meaning of Section 1221 of the Code. The following discussion is only a discussion of the material U.S. federal income tax matters as described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular Limited Partner of KUE ("Limited Partner") in light of such Limited Partner's specific circumstances. In addition, except as expressly stated, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of Limited Partners who may be subject to special rules or treatment under the Code, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, partnerships, or other pass-through entities, dealers or traders in securities, tax-exempt organizations, expatriates, any person who owns or is deemed to own, for U.S. federal income tax purpose, 10% or more of the total combined voting power of all classes of voting stock of the corporate subsidiaries of KUE, persons that have a "functional currency" other than the United States dollar, and any individual who is a non-U.S. Person (as defined below) and who is present in the U.S. for 183 days or more in a taxable year. This discussion does not include any description of the tax laws of any state or local governments within the U.S. No ruling has been or will be sought from the IRS regarding any matter discussed herein. Counsel to KUE has not rendered any legal opinion regarding any tax consequences relating to KUE or an investment in KUE. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the positions taken by KUE as set forth below.

For purposes of this discussion, the term "U.S. Person" means (1) a citizen or resident of the U.S., (2) a corporation created or organized in or under the laws of any State of the U.S. (including the District of Columbia), (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (4) a trust if either (a) a court within the U.S. is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (b) the trust has a valid election in effect to be treated as a U.S. Person for U.S. federal income tax purposes, or (5) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing. The term "non-U.S. Person" means any person other than a U.S. Person.

### 18.2.1 United States Federal Income Taxation of KUE and its Subsidiaries

*Partnership Status of KUE*. KUE believes that it should be classified as a partnership for United States federal income tax purposes. Accordingly, KUE is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each Partner will be allocated its share of KUE's income or loss, as the case may be, for United States federal income tax purposes as set forth in the Limited Partnership Agreement. In addition, each U.S. Partner's share of income or loss from KUE generally will be required to be includable in income for state and local tax purposes in the jurisdiction in which the investor is a resident and in the jurisdictions in which KUE operates. Each U.S. Partner will be responsible for paying the income tax on that portion of KUE's income allocated to such investor. No assurances can be given that any cash distribution will be made from KUE to the partners to pay such income tax liabilities.

Under the Code, certain non-U.S corporations may be treated as U.S. corporations for U.S. federal income tax purposes, thereby subjecting such non-U.S. corporations to U.S. federal income tax on their income. Recently enacted U.S. tax legislation includes one such provision. Under this legislation, referred to as the anti-inversion legislation, non-U.S. corporations that acquire interests in a U.S. corporation or partnership and meet certain ownership, operational and other tests may be treated as U.S. corporations for federal income tax purposes. The legislation grants broad regulatory authority to the U.S. Secretary of Treasury to provide such regulations as may be appropriate to determine whether a non-U.S. corporation is treated as a U.S. corporation or as are necessary to carry out the intent of the provision, including adjusting its application as necessary to prevent the avoidance of its purpose. Recently issued



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Treasury regulations provide that the anti-inversion legislation is applicable to a foreign partnership that is or becomes a "publicly traded partnership" within two years of the acquisition by it of a U.S. corporation. A "publicly traded partnership" is any partnership (i) interests in which are traded on an established securities market, or (ii) interests in which are readily tradable on a secondary market (or the substantial equivalent thereof). KUE believes that it is not currently a publicly traded partnership and does not intend to become a publicly traded partnership within two years of this offering or the acquisition of KLC and *k*12. As a result, KUE does not believe the anti-inversion legislation or any regulations promulgated within the scope of the legislation's regulatory authority should apply to KUE although no assurance can be given in this regard or with respect to any new acquisitions of or investment in U.S. corporations. In addition, KUE does not believe that any other Code provision subjecting non-U.S. corporations to U.S. federal income tax should apply to KUE or its subsidiaries, although no assurance can be given in this regards. The promulgation of contrary regulations or a successful challenge of either of these positions by the Internal Revenue Service could materially reduce a holder's after-tax return and, thus, could result in a substantial reduction of the value of the Units.

The remainder of this section assumes that KUE will be treated as a partnership for U.S. federal income tax purposes.

### 18.2.2 United States Federal Income Taxation of Partners

### U.S. Persons

*Allocation of Purchase Price*. You will be treated as purchasing a Unit consisting of two components, one Common LP Unit and one GP Share. Your purchase price for each Unit will be allocated between one Common LP Unit and one GP Share in proportion to their relative fair market values at the time of your purchase, and this allocation will establish your initial tax basis in both your ownership interest in the Common LP Unit and your GP Share. We will treat the fair market value of each Common LP Share at $999 and the fair market value of each GP Share as $1.

*Flow-Through of Taxable Income*. KUE will not pay any U.S. federal income tax. Instead, each Partner will be required to report on its income tax return its allocable share (as determined pursuant to the Limited Partnership Agreement) of KUE's income, gains, losses, and deductions without regard to whether corresponding cash distributions are made. The Limited Partnership Agreement authorizes the General Partner to override the allocation provisions of the Limited Partnership Agreement and allocate income, gains, losses and deductions of KUE to the Partners in a manner that achieves the desired economic arrangement of KUE, which is to return each Partner's capital contribution and then for all Partners (including the holder of Profits Participation LP Units) to share in the profits of KUE in proportion to the number of Units held by them.

The IRS may challenge the manner in which income, gains, losses and deductions are allocated to holders of Common LP Units, the General Partner and holders of the Profits Participation LP Units under the Limited Partnership Agreement. For U.S. federal income tax purposes, allocation of any item of income, gain, loss or deduction to a partner in a partnership will be given effect so long as the allocation has "substantial economic effect," or is otherwise in accordance with the partner's interest in the partnership. If an allocation of an item pursuant to the Limited Partnership Agreement does not satisfy this standard or is deemed not to satisfy this standard by the IRS, it will be reallocated by the IRS among the Partners on the basis of their respective interests in KUE (as determined by the IRS), taking into account all facts and circumstances. In such a case, holders of Common LP Units could have additional tax liabilities or suffer adverse tax consequences.

*Treatment of Cash Distributions*. KUE's distributions to a Partner generally will not be taxable to the Partner for U.S. federal income tax purposes to the extent of such Partner's adjusted tax basis in its Common LP Units immediately before the distribution. Cash distributions in excess of a Limited Partner's adjusted tax basis generally will be considered to be gain from the sale or exchange of the Common LP Units. Any reduction in a Limited Partner's share of KUE's liabilities, if any, for which no Partner bears the



HOUSE_OVERSIGHT_024575

economic risk of loss, known as "nonrecourse liabilities," will be treated as a deemed distribution of cash to that Partner. A decrease in a Partner's percentage interest in KUE because of KUE's issuance of additional limited partner units ("Limited Partner Units") would decrease such Partner's share of Company nonrecourse liabilities, if any, and thus would result in a corresponding deemed distribution of cash.

*Treatment of In-Kind Distributions*. KUE's distribution of property (other than cash) to a Partner generally will not be taxable to the Partner unless the property is a "marketable security" and the exceptions to the requirement for recognition of gain upon distributions of marketable securities do not apply. Marketable securities, for these purposes, include actively traded securities or equity interests in another entity that are readily convertible into or exchangeable for cash or other marketable securities. If the distributed property constitutes a marketable security, the property would be treated as cash and the Partner would recognize gain, but not loss, to the extent described above.

*Basis of Common LP Units*. A Limited Partner will have an initial tax basis for its Common LP Units equal to the amount it paid for the Common LP Units plus its share of Company nonrecourse liabilities, if any. That basis will be increased by the Limited Partner's share of Company income and by any increases in its share of Company nonrecourse liabilities, if any. That basis will be decreased, but not below zero, by distributions from KUE, by the Limited Partner's share of KUE losses, by any decrease in its share of Company nonrecourse liabilities, if any, and by its share of Company expenditures that are not deductible in computing KUE's taxable income and are not required to be capitalized.

*Limitations on Deductibility of Company Losses*. The deduction by a Limited Partner of its share of Company losses will be limited to the adjusted tax basis in its Common LP Units. Limited Partners should be aware that they could be subject to various other limitations on their ability to deduct their allocable shares of Company losses (or items of deductions). Such limitations include, but are not limited to, those relating to "investment interest" expense under Section 163(d) of the Code, "miscellaneous itemized deductions" under Section 67 of the Code, certain other itemized deductions of high income individuals under Section 68 of the Code, the "at risk" rules under Section 465 of the Code, and the deductibility of capital losses under the Code. Prospective investors should consult their tax advisors with respect to the potential application of such rules to their particular situation.

*Allocation of Income, Gain, Loss, and Deduction*. If KUE has a net profit or net loss, its items of income, gain, loss, and deduction will be allocated among the Partners in accordance with the provisions of the Limited Partnership Agreement.

*Dispositions of Common LP Units – Recognition of Gain or Loss*. A Limited Partner will recognize gain or loss on a sale of Common LP Units equal to the difference between the amount realized and the Limited Partner's adjusted tax basis for the Common LP Units sold. A Limited Partner's amount realized will be measured by the sum of cash or the fair market value of other property received plus its share of Company nonrecourse liabilities, if any. Generally, gain or loss recognized by a Limited Partner on the sale or exchange of Common LP Units will be taxable as capital gain or loss and as long-term capital gain or loss if the Common LP Units were held for more than twelve months.

## Non-U.S. Persons

*Withholding*. Ownership of Common LP Units by non-U.S. Persons raises special U.S. federal income tax considerations. To the extent that KUE receives dividends from a U.S. subsidiary, distributions of such dividend income to Limited Partners who are non-U.S. Persons will be subject to U.S. withholding at a rate of 30%. Certain countries have tax treaties with the U.S. that reduce or eliminate the withholding requirement. To the extent that KUE receives dividends from a non-U.S. subsidiary, distributions of such dividend income to Limited Partners who are non-U.S. Persons will not be subject to U.S. tax, unless such income were deemed to be effectively connected with a trade or business conducted by KUE in the U.S. KUE will be required to pay withholding tax with respect to the portion of KUE's income that is "effectively connected" with the conduct of a U.S. trade or business and which is allocable to non-U.S. Persons. Any amounts KUE is required to remit to taxing authorities will be treated as a distribution to the Partner on whose behalf the withholding is being paid and will be charged against current and/or future



HOUSE_OVERSIGHT_024576

distributions such Partner would otherwise be entitled to. If KUE is required to withhold on amounts in excess of cash distributions, Partners shall be required to contribute to KUE cash in an amount by which such required withholding exceeds any such distributions.

*Gain on Sale*. A Limited Partner that is a non-U.S. Person will be subject to U.S. federal income tax upon the sale or exchange of its Common LP Units to the extent that such Limited Partner recognizes gain upon such sale or exchange and such gain is effectively connected with a U.S. trade or business.

*U.S. Real Property Holding Corporation*. If a direct U.S. subsidiary of KUE is or were to become a "United States Real Property Holding Corporation," or "USRPHC" (as defined below), certain disposition of Common LP Units by a Limited Partner that is a non-U.S. Person would result in such Limited Partner being subject to U.S. federal income tax in respect of the portion of the gain recognized on such disposition that is attributable to such subsidiary. In addition, if a direct U.S. subsidiary of KUE is or were to become a USRPHC, certain dispositions of such subsidiary by KUE would result in Limited Partners who are non-U.S. Persons being subject to U.S. federal income tax in respect of their allocable share of the gain recognized by KUE on such disposition. Generally, a corporation is a USRPHC if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. KUE believes that each of its direct U.S. subsidiaries is not currently a USRPHC for U.S. federal income tax purposes. However, no assurances can be given in this regard. Furthermore, it is possible that in the future one of KUE's subsidiaries may become a USRPHC if, for example, the value of the U.S. real estate holdings of such subsidiary increases sufficiently. Limited Partners that are non-U.S. Persons are urged to consult their tax advisors regarding the potential application of the USRPHC rules to their investment in KUE.

### Administrative Matters

*Backup Withholding*. For each calendar year, KUE will report to its U.S. Partners and to the Internal Revenue Service the amount of distributions that it pays, and the amount of tax (if any) that it withholds on these distributions. Under the backup withholding rules, a U.S. Limited Partner may be subject to backup withholding tax with respect to distributions unless a Limited Partner: (i) is a corporation or comes within another exempt category and demonstrates this fact when required or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding tax and otherwise complies with the applicable requirements of the backup withholding tax rules. Exempt Limited Partners who are U.S. Persons should indicate their exempt status on a properly completed IRS Form W-8BEN. Backup withholding is not an additional tax, the amount of any backup withholding from a payment to a Limited Partner will be allowed as a credit against such Limited Partner's U.S. federal income tax liability.

*Nominee Reporting*. Persons who hold an interest in KUE as a nominee for another Person are required to furnish to KUE:

(a) the name, address, and taxpayer identification number of the beneficial owner and the nominee,

(b) whether the beneficial owner is:

  (1) a person that is not a U.S. Person,

  (2) a foreign government, an international organization, or any wholly-owned agency or instrumentality of either of the foregoing, or

  (3) a tax-exempt entity;

(c) the amount and description of the Limited Partner Units held, acquired, or transferred for the beneficial owner, and



HOUSE_OVERSIGHT_024577

(d) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

*Filing Requirements*. Limited Partners who are U.S. Persons will be required to file an IRS Form 8865 with the Partner's U.S. Federal Income tax return for the taxable year in which the Limited Partner purchases the Common LP Units. Investors who are U.S. Persons may, depending upon the size of their investment in the General Partner, be required to file an IRS Form 5471 with the investor's U.S. federal income tax return for the taxable year in which the investor purchases Common LP ordinary shares in the General Partner. Additionally, depending on the type of non-U.S. investments KUE makes, investors who are U.S. Persons may be required to file additional IRS Forms such as a Form 5471 in subsequent years.

This discussion of tax consequences and tax withholding is a general discussion and is not intended to be all inclusive nor a substitute for careful tax planning. Accordingly, each prospective purchaser of Common LP Units is urged to consult with their own tax advisors with specific reference to their own tax situation.



HOUSE_OVERSIGHT_024578

# 19. APPENDICES

## INDEX TO THE APPENDICES


**19.1. APPENDIX A: DETAILED BIOGRAPHIES**

KUE MANAGEMENT 148

KUE ADVISORY BOARD 152

KLC MANAGEMENT 153

REAL ESTATE MANAGEMENT TEAM / GREENSTREET REAL ESTATE PARTNERS 155

KSI BOARD OF DIRECTORS 156

*k*12 MANAGEMENT 157

**19.2 APPENDIX B: KLC MD&A FOR 2005, 2004 AND 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003 158

**19.3 APPENDIX C: KLC MD&A FOR FIRST QUARTER 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2006 179

**19.4 APPENDIX D: KLC MD&A FOR SECOND QUARTER 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTERLY PERIOD ENDED JULY 1, 2006 197

**19.5 APPENDIX E: FINANCIAL STATEMENTS**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS 222




HOUSE_OVERSIGHT_024579

## 19.1. Appendix A: Detailed Biographies



HOUSE_OVERSIGHT_024580

## KUE Management

***At the conclusion of this offering, the KUE management team will consist of the following individuals.***

### Principals

***Michael Milken, Co-Founder and Chairman***

Mr. Milken is Co-Founder and Chairman of KUE. One of America's leading philanthropists, he was called "The Man Who Changed Medicine" in a Fortune magazine cover story that chronicled his three decades of efforts to accelerate medical solutions. He Co-Founded the Milken Family Foundation in 1982 to advance programs in medical research and education. In 1993, Mr. Milken expanded his medical philanthropy by launching the Prostate Cancer Foundation, the world's largest private source of funding for research on that disease. A decade later, he concluded that progress wasn't coming fast enough, so he founded FasterCures, which seeks to shorten the path to breakthroughs for all deadly diseases. Mr. Milken also chairs the Milken Institute, a think tank who conferences feature opinion leaders and government officials from around the world. Among the many awards Mr. Milken has received is the Marcus Garvey Award for major contributions to the formation and inspiration of African-American businesses. He earned his bachelor's degree at the University of California at Berkeley, and his MBA from the University of Pennsylvania's Wharton School.

***Steven Green, Vice Chairman***

Steven Green, who served as the 12th U.S. Ambassador to the Republic of Singapore from 1997 to 2001, is Vice Chairman of KUE and Chairman and CEO of Greenstreet Real Estate Partners, a professional real estate firm. Ambassador Green previously served as Chairman and CEO of Samsonite Corporation, which was the major operating subsidiary of Astrum International Corporation. As Chairman of Astrum, Ambassador Green spearheaded the operating company's expansion into emerging markets in Eastern Europe, the CIS, Asia and the Middle East. In 1992, he opened the first American retailing center on Red Square. In 1995, President Clinton appointed him to the President's Export Council, where he served on the Executive Committee and chaired the Strategic Communications Committee. Ambassador Green is also Chairman and Chief Executive Officer of K1 Ventures Limited, a publicly traded investment company in Singapore, and is a board member of Greenstreet Realty, a company that manages a large portfolio of education-related real estate. In addition to his corporate responsibilities, he has been active in U.S. civic affairs, serving as a contributing trustee and director for a number of community and national organizations, including the University of Miami, the U.S. Chamber of Commerce and serves as Honorary Consul General of Singapore in Miami, Florida. The Green Family Foundation endows special projects in community and national service.

***Lowell Milken, Co-Founder, President and Chief Executive Officer***

Lowell Milken is President and Chief Executive Officer of KUE. He is also Chairman of London-based Heron International, a worldwide leader in property development and investment; Chairman of KU Education, Inc., a leading company in ECE and K-9 educational programs and services; and Chairman and Co-Founder of the Milken Family Foundation. Under his leadership, the Milken Family Foundation has become one of the most innovative private foundations in the U.S., developing groundbreaking programs in K-12 education. Mr. Milken created the Foundation's National Educator Award program, which today is the largest teacher-recognition program in the U.S. Dubbed the "Oscars of Teaching" by Teacher Magazine, it has awarded more than $50 million to honor more than 2,100 K-12 teachers and principals. Mr. Milken also launched the Teacher Advancement Program ("TAP") in 1999 as a comprehensive school reform to attract, develop, motivate and retain high quality teachers for America's schools. Today TAP schools are operating in 12 states impacting thousands of teachers and ten of thousands of students. Mr. Milken serves as Chairman of the Institute for Excellence in Teaching which among its many activities is the operation of the Teacher Advancement Program. Widely known as an educational pioneer and innovator, Mr. Milken has been recognized by numerous awards from such



HOUSE_OVERSIGHT_024581

organizations as the National Association of State Boards of Education, the Horace Mann League, and the National Association of Secondary School Principals. Mr. Milken earned his bachelor's degree from the University of California at Berkeley, and his law degree from the University of California, Los Angeles.

## Other Executives

***Ted Sanders, Vice Chairman***

Ted Sanders is Vice Chairman of KUE, as well as the Executive Chairman of Cardean Learning Group, which develops online post-secondary education and degree programs. Mr. Sanders previously served as the President of the Education Commission of the States and as Deputy U.S. Secretary of Education under President George H.W. Bush. He has been the Chief State School Officer in three U.S. states (Nevada, Illinois and Ohio) and University President at Southern Illinois University. He serves as an advisor to the School Evaluation Services Division of Standard and Poor's, the PDK Gallup Poll, MetaMetrics Inc., and the Government Accountability Office. He holds a doctor of education degree in educational administration and higher education from the University of Nevada at Reno.

***Stephen Goldsmith, Senior Vice President, Strategic Planning and Worldwide Government Programs***

Stephen Goldsmith is the Senior Vice President of Strategic Planning & Worldwide Government Programs for KUE. Mr. Goldsmith is also a Milken Institute Senior Fellow and the Dan Paul Professor of Government at Harvard University's Kennedy School of Government, is a nationally recognized expert on government management, reform and innovation. He is the author of several books, most recently, Governing by Network: The New Face of the Public Sector, and his columns have frequently been published in such papers as The Wall Street Journal and The New York Times. While serving two terms as Mayor of Indianapolis, he earned a national reputation for innovations in government as he reduced the city's bureaucracy, taxes, and counter-productive regulations, all while identifying more than $400 million in savings, which he then reinvested in a transformation of downtown Indianapolis and its urban neighborhoods. His work in Indianapolis has been cited as a national model. Prior to his two terms as Mayor, he was Marion County District Attorney for 12 years. Mr. Goldsmith formerly served as Special Advisor to President Bush, and Chief Domestic Policy advisor to President Bush in the 2000 presidential campaign.

***Nina Shokraii Rees, Senior Vice President, Strategic Initiatives***

Nina Rees is Senior Vice President of Strategic Initiatives for KUE, where she is responsible for furthering the company's goals of providing the highest-quality and most effective early childhood education and on finding innovative ways to improve K-12 educational outcomes. Before joining KUE, Ms. Rees had nearly 15 years of relevant experience in Washington, D.C., most recently as the Assistant Deputy Secretary for Innovation and Improvement at the U.S. Department of Education. In this post, she oversaw the administration of 28 grant programs and coordinated the implementation of several provisions of the No Child Left Behind Act. Prior to joining the Education Department, Ms. Rees served as a Domestic-Policy Adviser to Vice President Dick Cheney, and was involved in the effort to enact No Child Left Behind. She also served as the Senior Education Analyst at the Heritage Foundation. Ms. Rees spent two years on the staff of Rep. Porter Goss, R-Florida., while earning her master's degree in international transactions from George Mason University, and received her bachelor's degree in psychology from Virginia Polytechnic Institute and State University. Ms. Rees is fluent in French and Persian.



HOUSE_OVERSIGHT_024582

***Jeffrey Safchik, Chief Financial Officer***

Jeffrey Safchik is the Chief Financial Officer of KUE. Mr. Safchik is also Managing Director and Chief Financial Officer of Greenstreet Real Estate Partners and also is one of its founders. He serves in a similar capacity for all the Greenstreet financial companies. Mr. Safchik is also Chief Operating Officer and Chief Financial Officer of k1Ventures, a publicly traded Singapore-based investment company. Previously, Mr. Safchik was CFO of a real-estate company that managed more than 11 million square feet of retail and commercial property across the U.S. He has served as CFO for a billion-dollar retailer, where he managed the company's financial affairs and was directly involved in its restructuring and strategic planning. Mr. Safchik graduated from Pace University in New York, received his master's degree in taxation from St. John's University, and has attended advanced finance and real estate courses at the Massachusetts Institute of Technology and New York University. He serves as a Trustee for the Green Family Foundation, is Chairman of the University of Miami Department of Pediatrics Children's Council and is active in a number of charities including the Marian Center for Under-privileged Children and the United Way.

***Richard Sandler, General Counsel***

Richard Sandler is General Counsel for KUE. Mr. Sandler is also Executive Vice President of the Milken Family Foundation and has been involved with the Foundation since its inception. A shareholder in the law firm of Maron & Sandler, he has practiced law since 1973, and specializes in real estate transactions and general securities and business law. He has also been involved since 1983 in consulting with respect to business acquisitions. Mr. Sandler is a member of the State Bar of California and has served on various boards of educational and philanthropic institutions, including the Executive Board of Heal L.A., as a Trustee of Brentwood School, and on the Board of the Foundations of the Milken Families. Mr. Sandler received a bachelor's degree from the University of California, Berkeley, and his juris doctorate degree from the UCLA School of Law.

***Adam Cohn, Senior Vice President, Business Development***

Adam Cohn is Senior Vice President of Business Development at KUE where he is responsible for investments, financings and business development for Knowledge Universe and its portfolio companies. Mr. Cohn has been at KUE, or related entities, since March of 2000. He has overseen the acquisitions and related financings of KinderCare Learning Centers Inc. and Aramark Educational Resources by Knowledge Learning Corporation. Previously, Mr. Cohn was with Whitney & Co., a leading private equity firm. Prior to Whitney & Co., Mr. Cohn was an investment banker in the Financial Sponsors Group at Bankers Trust Company and Deutsche Bank. Mr. Cohn serves on several private and public company board of directors. Mr. Cohn has a BS in Business from Skidmore College and a MBA from Columbia University.

***Geoffrey Moore, Senior Vice President, Corporate Communications***

Geoffrey Moore is Senior Vice President of Communications at KUE. He has also provided communications counsel to FasterCures, the Milken Institute, the Prostate Cancer Foundation and related organizations for several years. Prior to joining Knowledge Universe in 1998, Mr. Moore was Senior Vice President of Strategic Communications for Dow Jones Markets, a unit of Dow Jones, publisher of The Wall Street Journal. He served for 22 years in a wide range of communications management and speechwriting positions for IBM in the U.S. and Japan. Earlier, he was an Assistant to New York Governor Nelson Rockefeller, Press Secretary to U.S. Senate Minority Leader Hugh Scott, and Director of Public Information for the U.S. Equal Employment Opportunity Commission. His opinion articles have been published in The New York Times and other major publications. He graduated with a degree in political science from the University of Pennsylvania and studied law and public policy at that university's law school.

***Michael Neumann, Vice President, Business Development***

Michael Neumann is a Vice President of Business Development at KUE, where he works on investments, financings and business development for Knowledge Universe and its portfolio companies. Mr. Neumann has been at KUE, or related entities, since 2002. He has worked on the acquisitions and related financings of KinderCare Learning Centers Inc. and Aramark Educational Resources by Knowledge



HOUSE_OVERSIGHT_024583

Learning Corporation. Previously, Mr. Neumann was with TCW / Crescent Mezzanine where he completed mezzanine financings primarily for leveraged buyout transactions. Prior thereto, Mr. Neumann worked in the investment banking division of Deutsche Bank (Bankers Trust) in the Financial Sponsors Group. Mr. Neumann earned a Bachelors of Business Administration from the University of Notre Dame.



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## KUE Advisory Board

### *Les Biller*

Leslie Biller is retired Vice Chairman & Chief Operating Officer of Wells Fargo & Company. Mr. Biller joined Wells Fargo in 1998, when it merged with Norwest Corporation. Prior to that, he spent nearly 11 years at Norwest, where he held various executive positions including Executive Vice President and head of Strategic Planning and Acquisitions, Executive Vice President and head of the company's South Central Community Banking operations, and President and Chief Operating Officer. Before joining Norwest, he was Executive Vice President and head of Consumer Markets at Bank of America, based in San Francisco. Mr. Biller joined Bank of America in 1985 as the Senior Vice President of International Consumer Markets. Prior to that, he was with Citicorp for 12 years, where he was a Regional Business Manager, U.K. Region; and Vice President and Business Manager, Italy. Mr. Biller serves on the Board of Directors of Ecolab Inc., and is a director of the Los Angeles Urban League, the Autry Museum of Western Heritage, and is a Founders Circle member of the Fulfillment Fund. He earned his MBA from Xavier University in Cincinnati, Ohio, and holds a bachelor's degree in chemical engineering from City College of New York.

### *Ted Mitchell*

Ted Mitchell was recently named CEO of the New Schools Venture Fund after having served on the New Schools Board of Directors for seven years. Mr. Mitchell previously served as president of Occidental College for six years. Immediately prior to Occidental, he served as Vice President for Education and Strategic Initiatives of the J. Paul Getty Trust. He was also the Deputy to the President at Stanford University, Vice Chancellor at UCLA, and a Professor of Education at Dartmouth. Mr. Mitchell is an Education Advisor to California Senator Dianne Feinstein and served as a Senior Education Advisor to Los Angeles Mayor Richard Riordan.

### *Tsvi Gal*

As Chief Technology Officer for Deutsche Bank Asset Management ("Deutsche Bank"), Tsvi Gal is responsible for constructing an industry leading, state of the art, evolutionary architecture which has competitively positioned Deutsche Bank for future growth through innovation, processing scale and efficiency. Prior to joining Deutsche Bank, Mr. Gal was responsible for overseeing global IT operations at Warner Music Group ("WMG"), formerly part of the Time Warner family of operations and now a privately-held multinational music and publishing company. He lent his considerable global technical expertise to the task of integrating WMG's global systems and exploring technological synergies, as well as maximizing the opportunities presented by new technologies. Prior to joining WMG, Mr. Gal held the role of president of AT&T's ATT.COM from 2000 to 2002, where he was responsible for AT&T's E*Business and E*commerce activities. In this position, he oversaw the revitalization of AT&T's presence in the market ensuring its transition into a modern era electronic business market leader. Earlier, Mr. Gal was the Chief Technology Officer for Enterprise Technology services at Merrill Lynch & Company, where he helped build the electronic trading system. From 1996 to 1999, he was Executive Vice President and CIO of North America Applications ABN AMRO Bank, one of the world's largest global banks. Mr. Gal is a computer-science graduate of Rutgers University, and holds an MBA from Golden Gate University.



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## KLC Management

| KLC Key Management | | | |
|---|---|---|---|
| Name | Position | Years with Company | Industry Exp. |
| Elanna Yalow | President and COO | 16 | 19 |
| Dan Jackson | CFO | 9 | 9 |
| Toni Jaffe | SVP of Human Resources | 1 | 1 |
| Eva Kripalani | SVP & General Counsel | 9 | 9 |
| Marcy Suntken | SVP of School Partnerships | 14 | 20 |
| Dan Frechtling | SVP of Business Development | 1 | 1 |
| Sharon Bergen | SVP of Education and Training | 18 | 18 |
| Steve Brown | President, KCDL | 1 | 1 |
| Total | | 69 | 78 |
| Average | | 8.6 | 9.7 |

***Elanna Yalow, Ph.D., President and Chief Operating Officer***

Dr. Yalow has been President and Chief Operating Officer of KLC since January 1996, having joined the company in 1989 to initiate development of the employer-sponsored services division. Currently, Dr. Yalow is responsible for supervising all center operations and support functions. Her educational degrees include a Ph.D. in educational psychology from Stanford University School of Education in 1980 with an emphasis on the design and evaluation of educational programs for children as well as an M.B.A. from Stanford University's Graduate School of Business in 1989. With a background in educational research and development, Dr. Yalow contributed to numerous statewide and national curriculum development and assessment projects. Dr. Yalow has written extensively on matters related to the education of young children.

***Mark Moreland, Executive Vice President, Finance and Chief Financial Officer***

Mr. Moreland is Executive Vice President and Chief Financial Officer of Knowledge Learning Corporation (KLC). Mr. Moreland joined KLC during 2006. Prior to joining KLC, Mr. Moreland was Interim CFO with Movie Gallery, Inc.; the $2.6 billion holding company of the Movie Gallery and Hollywood Video movie rental stores with 4,700 stores nationwide. Before being appointed interim CFO, Mr. Moreland served as Senior Vice President, Finance and Treasurer. Before joining Movie Gallery, he was with Kmart Corporation in both merchandising finance and treasury capacities, last holding the role of Divisional Vice President, Assistant Treasurer. Mr. Moreland has also worked with Deloitte Consulting, Blue Shield of California and the U.S. General Accounting Office. Mr. Moreland earned an MBA from the University of Michigan and a B.S. in Economics from the University of Texas at Arlington.

***Eva Kripalani, Senior Vice President and General Counsel***

Ms. Kripalani became KLC's Senior Vice President and General Counsel in January 2005. Prior to that, Ms. Kripalani served as Senior Vice President, General Counsel and Secretary of KinderCare since July 2001. She joined KinderCare in July 1997 as Vice President, General Counsel and Secretary. Prior to joining KinderCare, Ms. Kripalani was a partner in the law firm of Stoel Rives LLP in Portland, Oregon, where she had worked since 1987. Ms. Kripalani received her J.D., magna cum laude, from the



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Willamette University College of Law in 1986 and her B.S. in Finance-Law, magna cum laude, from Portland State University in 1983.

***Dan Frechtling, Senior Vice President, Marketing and Business Development***

Mr. Frechtling was named Senior Vice President, Marketing and Business Development in 2005. Prior to joining KLC, Mr. Frechtling served as Vice President, Strategy and Business Development and Director, Marketing at Mattel. He was Vice President, Corporate Development at Stamps.com and Senior Associate at McKinsey & Company. He serves on the board for the Portland-Suzhou Sister City Association. Mr. Frechtling graduated from Northwestern University in 1993 and earned his MBA from Harvard Business School in 1997.

***Sharon Bergen, Senior Vice President, Education and Training***

Ms. Bergen joined KLC in 1997 and has held several progressively responsible positions in the Education and Training Department until her promotion to Vice President in 2002 and her current position in 2005. As Senior Vice President of Education and Training, Ms. Bergen oversees company-wide curriculum program development, implementation and training activities. Ms. Bergen earned a B.S. in Child Development from Minnesota State University and an M.A. in Early Childhood Education from Concordia University. Her career includes a rich variety of professional experiences in the early childhood field including prior work with several child care companies and non-profit agencies. She is a member of numerous educational organizations, including the National Association for the Education of Young Children (NAEYC) and the American Society of Training and Development (ASTD), and serves on a variety of advisory councils, task forces and committees within the early childhood profession.



HOUSE_OVERSIGHT_024587

## Real Estate Management Team / Greenstreet Real Estate Partners

***Steven Green, Chairman and Chief Executive Officer***

See KUE Advisory Board section for complete biography

***Jeffrey Safchik, Chief Operating Officer and Chief Financial Officer***

See KUE Advisory Board section for complete biography

***Steven Cox, Executive Vice President, Real Estate***

Mr. Cox has over 25 years of real estate development, investment, and asset management experience. Prior to joining Greenstreet, Mr. Cox was Managing Principal of Tishman Heskin Partners. Tishman Heskin is a national real estate investment and asset management firm focused upon opportunistic acquisitions of real estate and loan assets. At Tishman Heskin, Mr. Cox's activities included all aspects of strategic direction, market analysis, acquisition, positioning / re-positioning, leasing, and disposition of over $245 million of real estate nationwide. Since 1992, during Mr. Cox's term at Tishman Heskin Partners, the company consistently delivered above average returns to its investors, many of whom were offshore private clients. His experience in co-investing as a principal with globally oriented private clients provides Mr. Cox with a firm understanding of his primary role of investment origination on behalf of GCP. Prior associations include the Heskin Group, Towle Heskin Partners, Heskin Signet Partners and TCF Service and Mortgage Corporation. In 1986, as a founding member and principal of the Heskin Group (the managing member of the Towle Heskin Partners and Heskin Signet Partners), Mr. Cox oversaw the asset management direction and disposition of over $1 billion in real estate and loan assets together with financial and sale advisory assignments covering assets in excess of $2 billion in book value. Mr. Cox holds a B.S.B. in Finance with additional studies in Economics from the University of Minnesota.



HOUSE_OVERSIGHT_024588

## KSI Board of Directors

***Les Biller, Director***

See KUE Advisory Board section for complete biography.

***Ralph Finerman, Director***

Mr. Finerman became a director of KLC in 1999. Mr. Finerman is the President of RFG Financial Group, Inc., a position he has held since 1994. Mr. Finerman is a CPA and an attorney and practiced in New York prior to forming RFG Financial Group, Inc. in 1994. Mr. Finerman also serves as a director of Nextera Enterprises, Inc. and as an officer or director of other privately-held affiliates of KLC and Krest LLC.

***Stephen Goldsmith, Director***

See KUE Management section for complete biography.

***Steven Green, Director***

See KUE Management section for complete biography.

***Stanley E. Maron, Director***

Mr. Maron became a director of KLC in 2004. Mr. Maron is a senior shareholder in the law firm of Maron & Sandler, a position he has held since September 1994. Mr. Maron is also a director of LeapFrog Enterprises, Inc. and Nextera Enterprises, Inc., and serves as an officer or director of various other privately-held affiliates of KLC and Krest LLC.

***Lowell Milken, Director***

See KUE Management section for complete biography.

***Wendi Murdoch, Director***

Wendi Murdoch is currently an advisor to News Corporation on its business development in the Asia Pacific region. Mrs. Murdoch is responsible for identifying and evaluating business opportunities in new media and the Internet, managing relationships with government organizations and officials, recruiting personnel and locating local partners. Previously, she served as the Vice President of News Corporation's Asian satellite network, the Hong Kong based Star TV. In that capacity she was instrumental in formulating STAR Sports and ESPN Asia. Mrs. Murdoch holds a Bachelors degree in economics from California State University at Northridge and an MBA from Yale University.

***Jeff Safchik, Director***

See KUE Management section for complete biography.

***Richard Sandler, Director***

See KUE Management section for complete biography.



HOUSE_OVERSIGHT_024589

## *k*12 Management

***Ron Packard, Chairman and Founder***

Mr. Packard serves as Chairman of the Executive Committee of *k*12 and as acting Chief Executive Officer. Prior to co-founding *k*12 and since 1997, Mr. Packard has been an executive officer of KU Schools, whose subsidiaries and business ventures include early childhood education, charter school education, and after school programs. From 1994 to 1997, Mr. Packard served as President of Forestal Trillium Limitada, a South American company. Mr. Packard also has worked as a consultant for McKinsey & Company and a mergers and acquisitions specialist at Goldman Sachs. Mr. Packard also serves on the Advisory Board for Department of Defense Schools. Mr. Packard holds a B.S. and B.A. from the University of California at Berkeley and an M.B.A. from the University of Chicago. He is also a Chartered Financial Analyst.

***John Baule, Executive Vice President of Operations and Chief Financial Officer***

Mr. Baule previously served as CFO for Headstrong, a global consultancy based in Fairfax, Virginia, from 1999 to 2004. At Headstrong he was responsible for activities ranging from raising funds, to strategy, to daily process improvement on a global basis. Mr. Baule acted as Mead-Johnson's CFO in their international office in Hong Kong. Prior to Headstrong, Mr. Baule spent nine years at Bristol Myers-Squibb in a variety of international accounting and finance roles. Mr. Baule began his career at KPMG. He holds a B.B.A. in accounting from the College of William and Mary in Williamsburg, VA.

***Bror Saxberg, Senior Vice President, Learning and Content***

Bror Saxberg serves as Senior Vice President of Learning and Content of *k*12. From 1998 to 2000, Dr. Saxberg served as Vice President of Operations at Knowledge Testing Enterprises, a developer of Web-based assessments for IT skills, where he was responsible for technology, testing and operations. From 1995 to 1997, Dr. Saxberg served as Publisher and General Manager of DK Multimedia, and he has also worked as a consultant for McKinsey & Co. Dr. Saxberg holds a B.S. from the University of Washington, an M.A. from Oxford University, a Ph.D. from MIT and an M.D. from Harvard University.

***Thomas Boysen, Senior Vice President, Chief School Officer***

Mr. Boysen serves as Senior Vice President and Chief School Officer of *k*12. Previously, he was COO of the Los Angeles Unified School District. Prior to this, Mr. Boysen was State Commissioner of Education in the State of Kentucky. He has also served as superintendent of schools for the San Diego Unified and Conejo Valley Unified school districts.

***Charles Zogby, Senior Vice President, Education Policy***

Mr. Zogby, serves as Senior Vice President of Education Policy. Previously, he served as Secretary of Education for the Commonwealth of Pennsylvania, where he helped craft one of the most successful and comprehensive education reform agendas in modern Pennsylvania history and lead the state's development and legislative passage of the U.S.' first comprehensive cyber charter school law. Prior to his appointment, Mr. Zogby served as Pennsylvania Gov. Ridge's policy director, where he was responsible for coordinating policy development and initiatives across 18 executive branch agencies. Mr. Zogby earned a bachelor's degree in economics from St. Lawrence University and his law degree, with distinction, from George Mason University School of Law.

***John Holdren, Senior Vice President, Curriculum***

Mr. Holdren serves as Senior Vice President of Curriculum of *k*12. From 1991 to 2000, Mr. Holdren served as Vice President and Director of Research and Publications at Core Knowledge Foundation. While at Core Knowledge Foundation, Mr. Holdren oversaw the development of the Core Knowledge Sequence: Content Guidelines for Grades K-8 and co-edited the Core Knowledge Series resource books. Mr. Holdren also has taught literature and writing at the University of Virginia and Harvard University. Mr. Holdren holds a B.A. from The Johns Hopkins University and an M.A. from the University of Virginia.



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## 19.2. Appendix B: Knowledge Learning Corporation: Management's Discussion & Analysis of Financial Condition and Results of Operations for the Fiscal Years Ended December 31, 2005, 2004 and 2003



HOUSE_OVERSIGHT_024591

25 August, 2011

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|---|---|
| Article 1. | Scientific American<br>**Is Muammar Qadhafi Clinically Psychotic?**<br>John Matson |
| Article 2. | The Financial Times<br>**Why Libya sceptics were proved badly wrong**<br>Anne-Marie Slaughter |
| Article 3. | Foreign Policy<br>**Sinai's Bedouin run amok in post-Mubarak Egypt**<br>Mohamed Fadel Fahmy |
| Article 4. | The National Interest<br>**Foreign-Policy Failure**<br>Dimitri K. Simes |
| Article 5. | NYT<br>**Cheney Says He Urged Bush to Bomb Syria in '07**<br>Charlie Savage |
| Article 6. | Ma'an News Agency<br>**Palestine and Statehood: An historical overview**<br>Abdullah Abueid |

Article 1.

Scientific American

# Is Muammar Qadhafi Clinically Psychotic?

John Matson

August 23, 2011 -- OUT OF TOUCH: The bizarre statements Col. Muammar Qadhafi has made in the past several months may result from a self-imposed insulation from reality, rather than a delusional detachment from it. Six months after a civil uprising began in Libya, Col. Muammar Qadhafi, the nation's longtime leader, finally seems to have lost his grip on the country he ruled for more than 40 years. Did he also, at some point, lose his grip on reality? As the conflict spread across Libya, Qadhafi made a number of bizarre statements to members of the media, denying that demonstrators were angry with the government and even claiming that any conflict that might be unfolding was the result of drinks spiked with hallucinogenic drugs. More recently he has pledged to defend the capital, Tripoli, even as rebel forces swept through the city with surprising swiftness. Was Qadhafi deluded about the state of his nation or was he simply unwilling to accept that his time had come? To get some insight on the Libyan leader and other out-of-touch dictators, we spoke to Jerrold Post, a professor of psychiatry, political psychology and international affairs, and director of the Political Psychology Program at George Washington University. Post is a CIA veteran who has written psychological profiles of a number of world leaders.

**What is it about leaders like Qadhafi that makes them unable to see or accept their own impending downfall?**

Leaders like this? I'm not sure there are other leaders like Qadhafi. In terms of many of the autocratic dictators who went down with bewildering speed in the Arab Spring, one of the reasons the public dismay—what then becomes revolutionary fervor—is so startling is they are really protected by this circle around them from understanding how their popularity is ebbing. They can have a very unrealistic understanding and believe, as Qadhafi stated again and again, "My people, they all love me." I found this language of his quite remarkable. And with Qadhafi as an exaggerated example, this is true of any of the other leaders, too—namely, they believe they have widespread support. If there are public demonstrations against them, that must reflect outside agitators. This was true with [ousted Egyptian president Hosni] Mubarak as well. He spoke of outside conspiracies. But it is particularly true of Qadhafi. There is an interesting kind of almost syllogism for him: "My people all love me, and therefore if there is anyone protesting against me, they are not really my people, and that must be a consequence of outside provocation." And one of the points that he made early on was that this was crazed youth who were on hallucinogens with which their Nescafe had been laced, which I thought was rather creative, really. I found Qadhafi's language in general very striking. And what is most interesting about it is it is entirely in the first person singular: "My people all love me. They will support me. My people, they love me." It was very "me" centered. A vivid contrast—and this will seem like a ludicrous comparison—was Churchill during World War II. Churchill always spoke in first person plural, and his way of strengthening the morale of his people was to talk about "us," "our trials and tribulations," to identify with the people. It was a remarkable case of charismatic leadership. Qadhafi, in contrast, speaks only about himself. He identifies himself as the creator of Libya, and one of his early quotes said, "I created Libya, and I can

destroy it."

**Are Qadhafi and other deposed leaders deluded in thinking all is well in their kingdom or their country?**

Deluded isn't quite the word, because if you're surrounded by a group of sycophants who tell you what you want to hear, not what you need to hear, you can be in touch with reality by psychological tests but quite out of touch with reality politically. With Saddam Hussein, this was particularly true—where to provide criticism of him was either to lose your job or lose your life. Everyone was constantly praising him and his brilliance, and he was spared wise council.

**In addition to these circles of sycophants, is narcissism a common trait among autocrats?**

That is a wonderful question. I'm just putting the finishing touches on my capstone book, which will be called *Dreams of Glory: Narcissism and Politics*. I see narcissism as being a very powerful explanatory factor for many of these leaders, who display a number of traits of narcissism. One is they have a really exalted self-concept on the surface, and are very sensitive to slight or any information to the contrary. So they can get very angry if someone questions them. Secondly, when there is something that shatters that image—and this will be interesting to see what happens with Qadhafi—there can be what's called a narcissistic rage. So, for example, with Saddam Hussein as he was exiting Kuwait, lighting the oil wells on fire—that was probably an example of that. Their interpersonal relationships are very disturbed, and they surround themselves with people who make them feel good. So that it is really a great hazard to in any way criticize the leader. Qadhafi did a great deal to hollow out the

institutions of government, and while he said that he couldn't give up his position because he had no position—which was literally true—he was appointed the eternal guide of the Libyan people, with no authority over them. But in fact, 20 percent of the people's committees had counterintelligence responsibilities for sniffing out people plotting against him, who were always dealt with very harshly. Even when people fled Libya he would track them down, and he even made an assassination attempt of a Libyan exile living in the United States early on.

**In a profile that you wrote for *Foreign Policy* in March, you mention that Qadhafi has some hallmarks of a borderline personality. How does that manifest itself?**

This will sound slightly sarcastic, but the borderline refers to individuals—it kind of comes from the borderline between neurosis and psychosis—who can often function perfectly rationally but may under certain stresses go below the border and have their perceptions distorted and their actions impaired. The two circumstances where Qadhafi seems to go below the border are A, when he's succeeding; and B, when he's failing. An example of when he's succeeding would be when he was marching toward Benghazi with very little resistance. He can really get almost high and feel invulnerable. When he promised he would search down his enemies from room to room, which partially contributed to the NATO reaction to him, that's an example of that kind of exaggerated belligerent high he can go on. On the other hand, when he is suffering, when he is under pressure, and particularly when he is not being seen as the powerful and exalted leader—and that's really the case to an extreme now—it hits another place in his psychology, and that's the kind of noble Arab warrior who will stand tall against superior force. There was an

example in the 1970s when he had declared that Libyan sovereignty extended to 200 miles off its coast, when international waters start at 12 miles. He declared that anyone who crossed this "line of death" would be subject to attack. The U.S. was planning maneuvers in the Gulf of Sidra and went inside this 200-mile zone. Qadhafi sent out three sorties of jets against them, which were promptly shot down. But after, it was interesting. He said, "I want to thank the United States for making me a hero to the Third World." Standing tall against a superior adversary has great value in the Arab world.

**In your view, is there anything that Qadhafi could have done to remain in power or is he just fundamentally out of touch with Libya today?**

One should remember back to Saddam Hussein again, and how long it was before we finally found him. I believe that until the end he believed that he could get past this and would reach heroic stature for standing up against the enemy, and that his people would support him. A couple of questions get asked about leaders here. A, would he go off to a lush exile as, say, [former Haitian president] "Baby Doc" Duvalier did? Or B, would he commit suicide? I don't think either of those is in the cards for Qadhafi. In fact, he gave this defiant speech on August 21, which insisted that he was in Tripoli and wouldn't surrender: "We cannot go back until the last drop of our blood. I am here with you. Go on. Go forward." And in a brief television statement the same day, "Go out and take your weapons, all of you. There should be no fear." It's a rather different thing than Churchill, who was advised to move out of London and instead stayed there to absorb the Blitz along with the British people. He was sort of a role model for heroism and spoke—again in the first person plural—about, "We will stand tall, we will resist this tyranny." It was really

remarkably inspiring. But with Qadhafi, again, it's always the "me," and that goes back to your narcissism. He has a very difficult time, as most narcissists do, empathizing with the pain and suffering of others. Everything is about him.

**So how do you see this playing out for Libya?**

Well, it's quite clear that the rebels are in control, but things will not really be fully clarified until Qadhafi is either killed, forced to surrender when there's no one left around him or goes down in a blaze of bullets. I gather there has been some talk about him going into exile in Tunisia. That's not totally out of the question, but if he does so, that's not with the idea of giving up so much as temporarily taking refuge there in order to continue on as the leader of Libya. So I think that there's every reason to believe that what we are seeing is the last act, but it could be prolonged until they actually succeed in capturing him. Of course part of what makes it so difficult for him to leave is the indictment by the International Criminal Court in the Hague. His son Saif al-Islam is also indicted for crimes against humanity. So there really is no way out for him. I think it's important to note that his most important audience is the mirror. And when he says these things he really does believe them. It's sounds crazy, but it's kind of like, "Mirror, mirror, on the wall, who's the most important Muslim Arab Third World leader of them all?" And the answer is, "You, Muammar." He is really going have a very difficult time seeing people celebrating his going down, in terms of trying to sustain that heroic inner image.

Article 2.

The Financial Times

# Why Libya sceptics were proved badly wrong

Anne-Marie Slaughter

August 24, 2011 -- Let us do a thought experiment. Imagine the UN did not vote to authorise the use of force in Libya in March. Nato did nothing; Colonel Muammer Gaddafi over-ran Benghazi; the US stood by; the Libyan opposition was reduced to sporadic uprisings, quickly crushed. The regimes in Yemen and Syria took note, and put down their own uprisings with greater vigour. The west let brutality and oppression triumph again in the Middle East.

This is the scenario many wise heads were effectively arguing for with their strong stands against intervention to stop Col Gaddafi. Over the months those analysts have reminded us of their views, calling Libya a quagmire. This week one of the leading proponents of that position, my friend and colleague Richard Haass, shifted gears – but only to remind us just how hard the road ahead in Libya is likely to be. I do not know anyone, regardless of the side they took in the initial debate, who thinks this task will be easy; indeed, the battle against Col Gaddafi is not yet won. But not so fast. Before we focus on what must happen next, let us pause for a minute and reflect on that initial debate and the lessons to be learnt.

The first is that, against the sceptics, it clearly can be in the US and the west's strategic interest to help social revolutions fighting for the values we espouse and proclaim. The strategic interest in helping the Libyan opposition came from supporting democracy and human rights, but also being seen to live up to those values by the 60 per cent majority of Middle Eastern populations who are under 30 and

increasingly determined to hold their governments to account. This value-based argument was inextricable from the interest-based argument. So enough with the accusations of bleeding heart liberals seeking to intervene for strictly moral reasons.

We also now know how different intervention looks when we help forces who want to be helped. East Timor, Bosnia-Herzegovina, Kosovo, Libya – all cases where force evened out odds between a brutal government and a widespread and legitimate social or national movement. It is difficult to know when a state has failed in its responsibility to protect its people, particularly when secession is involved. This is why international authorisation is both required and difficult to obtain. But the contrast with Iraq and Afghanistan, where external invasion saw the US often labelled as an enemy, is enormous.

Another clear lesson: the depiction of America as "leading from behind" makes no sense. In a multi-power world with problems that are too great for any state to take on alone, effective leadership must come from the centre. Central players mobilise others and create the conditions and coalitions for action – just as President Barack Obama described America's role in this conflict. In truth, US diplomacy has been adroit in enabling action from other powers in the region, and then knowing when to step out of the way.

That said, we must not focus just on states, because Libya also shows that social forces are increasingly powerful drivers of foreign policy. Those forces have now pushed both the west and Arab governments into taking a much harder line than simply geostrategic logic would dictate against Bashar al-Assad's brutality in Syria, and even (albeit timidly) against torture and killings by the Bahraini government. Social movements are also beginning to reshape politics in Israel and India.

Looking forward, it is really not up to the west, much less the US, to plan Libya's transition. It is a relief to see so many articles and statements reflecting lessons learnt from Iraq. But the Libyans are far ahead of where the US was when the initial fighting ended in Iraq. The National Transitional Council has a draft constitutional charter that is impressive in scope, aspirations and detail – including 37 articles on rights, freedoms and governance arrangements.

The sceptics' response to all this, of course, is that it is too early to tell. In a year, or a decade, Libya could disintegrate into tribal conflict or Islamist insurgency, or split apart or lurch from one strongman to another. But the question for those who opposed the intervention is whether any of those things is worse than Col Gaddafi staying on by increasingly brutal means for many more years. Instability and worse would follow when he died, even had he orchestrated a transition.

The sceptics must now admit that the real choice in Libya was between temporary stability and the illusion of control, or fluidity and the ability to influence events driven by much larger forces. Welcome to the tough choices of foreign policy in the 21st century. Libya proves the west can make those choices wisely after all.

*The writer is a former director of policy planning for the US state department*

Article 3.

Foreign Policy

# Sinai's Bedouin run amok in post-Mubarak Egypt

Mohamed Fadel Fahmy

AUGUST 24, 2011 -- The landscape of Egypt's lawless North Sinai governorate is punctuated by the bullet-riddled, torched police station of Sheikh Zuweid, a densely populated town roughly nine miles from the Gaza border. It is just one of the security buildings that has fallen victim to the long-running clashes between the military and the Bedouin tribes of the region, clashes that have only escalated since Egypt's revolution. Hosni Mubarak's regime branded the Bedouin, a largely nomadic and clan-based people, as outlaws who threatened Egyptian sovereignty. As his rule collapsed in February, and afterward, the Bedouins sought retribution against the security services that long oppressed them, attempting to carve out a degree of autonomy in the region. The unrest has turned into an economic headache for Egypt's new military rulers: The pipeline that supplies 40 percent of Israel's natural gas has been bombed five times since the revolution, halting the country's natural gas exports. But more importantly, Sinai has become a breeding ground for Islamist extremism and violence that -- barring a dramatic improvement in relations between the Bedouins and the central government in Cairo -- threatens Egypt and the region at large. Sinai's lawlessness recently sparked an international incident: On Aug. 18, gunmen carried out a string of attacks in southern Israel that left eight Israelis dead. The Israeli government, which claimed that the attackers were militants from the Gaza Strip who had crossed into Israel through the porous Sinai border, retaliated by launching attacks in both Gaza and Egypt.

That same night, five Egyptian soldiers were killed and several injured during an attack on the Egyptian side of the border. Lt. Col. Amr Imam, a media spokesman for the Egyptian military, said that the officers were killed by an Israeli Apache helicopter that fired two rockets. "It may have been a mistake," he said. Also on Aug. 18, a man wearing an explosives belt blew himself up at an Egyptian checkpoint 11 miles from the Sinai town of Taba, killing an officer and injuring two others. "The body of the dead officer and the unidentified head of the bomber were brought over to the hospital," said Abel Wahab, a doctor in the emergency department of the hospital in el-Arish, North Sinai's capital. The Israeli operation outraged the Egyptian public and prompted thousands to protest outside the Israeli Embassy in Cairo. Amid rumors that Egypt might recall its ambassador from Tel Aviv, the Egyptian government also brushed off a rare Israeli statement of regret as "not in keeping with the magnitude of the incident and the state of Egyptian anger."

In Sinai, that anger is more palpable -- but it's more often directed at the Egyptian state. Ibrahim al-Menaei, a leader of the Swarkeh tribe, considered the most powerful tribe in the north, told me that Mubarak's formally dissolved state security apparatus was to blame for the lack of law and order in the region. He accused the security forces of framing his people for crimes that they did not commit and labeling them as drug and weapons dealers. "I will not let a single police officer into this region until they give in to our demands," Menaei explained as he sat in the sanctuary of his safe house a few kilometers south of the Israeli border, surrounded by his five sons and armed disciples. He called on the new Egyptian government to repeal laws that prevent the Bedouins from owning land, abolish all absentia sentences against Bedouins that were issued during Mubarak's rule, and prosecute police officers responsible for killing Bedouins. There are in fact two Sinais: the impoverished north and

the more-developed south, home of beach resorts catering to international tourists. The security vacuum may have turned Sinai into a regional hot spot, but it is also an economic boon to Bedouin leaders, who have thrived off what is literally an underground economy. Menaei said that he spent $100,000 to construct a subterranean tunnel large enough to smuggle cars into nearby Gaza. "As many as 200 cars a week were smuggled through," he said. "Hamas gets $1,000 per car as tax," he explained. "The buyer pays me the car's price and rent money for using the tunnel -- $5,000 for a car and around $8,000 for a truck." Such a lucrative source of revenue requires significant weaponry to protect it. "This is our operation room," Menaei boasted, showing off two 14.5 mm anti-aircraft machine guns stored in the corner of the room, covered with bedsheets. The smugglers showed me one of their blockade-busting tunnels positioned to relieve the Gazans' suffering from the Israeli blockade and sanctions. It was equipped with ventilation and lighting systems, as well as network boosters meant to amplify the mobile-phone signal. Its entrance was well hidden between man-made huts and fences located amid an olive tree field in the desert. "I get $50 for every Palestinian I smuggle into Sinai," Menaei said, explaining that Hamas supervises the smuggling operation from the Gaza side of the border. Standing nearby, one of his sons demonstrated how the smugglers plunge safely into the tunnel using a rope tethered above ground. Salem Aenizan, a fugitive leader from the Tarabin tribe, insisted that the Bedouins' links to Gaza are based on financial interest rather than an ideological affinity with Hamas. He told me that the tunnels are used to smuggle food, cars, medicine, and construction materials -- but that the weapons trade ceased after Hamas's 2007 takeover of Gaza and that the smugglers refuse to transport suicide bombers or people intent on kidnapping tourists. But the Bedouins' entrepreneurial spirit has nevertheless led to some

interesting opportunities. "We built the Gaza Zoo," Aenizan boasted. "I received $20,000 once for smuggling a tiger. We had to drug it." For the Bedouins, the profits that they reap from smuggling are only compensation for generations of neglect and outright hostility from Egypt's central government. "Only 10 percent of my people benefit from the tourism industry," Aenizan said. "The rest is pocketed by Egyptian tycoons." It is not unusual for Bedouins to refer to non-Bedouins as "Egyptians" -- a sign of their detachment from Egyptian society. Running water is still scarce in many areas of Sinai, another sign of the government's negligence. Although most Bedouins hold Egyptian citizenship, they are not allowed into the high ranks of the military, according to Aenizan and Menaei.

Aenizan, who is wanted on an 80-year sentence for allegedly smuggling goods, described how interactions with the corrupt judicial system often sour Bedouins on the state. "They jailed our women to force us to turn ourselves in," he said, attempting to justify his contempt toward the government. "I didn't even enter a court or have a lawyer. They ask you to be an informer. If you refuse, they frame you." The Bedouins' long-simmering frustration with the Egyptian state boiled over during the mass protests that led to Mubarak's fall from power. Three police officers were kidnapped by armed men in el-Arish during the height of the revolution, and their whereabouts still remain unknown. Tourists fled the city as lawlessness grew more pronounced. But while Sinai's disorder has mainly been exploited by people looking to make a quick buck, a disturbing ideological element has also tried to fill the political space. On July 29, during a protest calling for an Islamic state after Friday prayers in el-Arish, close to 100 armed militants mounted on motorcycles and pickup trucks stormed through the city waving black flags, terrorizing residents, and attacking the police station. Gun battles with security forces lasted for hours, leaving seven people dead, including two

police officers and a 13-year-old boy caught in the crossfire, according to Gen. Saleh el-Masry, head of North Sinai security. Masry said that the attackers belonged to the radical Islamist group Takfir wal-Hijra, as well as Palestinian factions that snuck through the tunnels. "The Takfiris" -- extremist militants with a dogmatic, exclusionary ideology -- "have become more active during the revolution," he said, claiming that Egyptian security forces had arrested 12 of the assailants in the el-Arish attack, including three Palestinians. The spike in violence has been fueled by outlaws who escaped Egypt's prisons during the anarchy that accompanied Mubarak's fall. Deputy Interior Minister Gen. Ahmed Gamal El Din told me in an interview that 23,000 criminals escaped from Egypt's prisons during the revolution and that only 7,300 had been rearrested or turned themselves in as of May. The prison breaks also freed some men allegedly linked to al Qaeda, who appear to be attempting to establish a foothold in Sinai's ungoverned spaces. Maj. Yaser Atia of Egypt's General Security confirmed that Ramzi Mahmoud al-Mowafi, also known as "the chemist" for his expertise in preparing explosives, escaped a Cairo prison on Jan. 30. The fugitive's prison files presented to me indicate that the 59-year-old Egyptian had fled to Afghanistan and joined al Qaeda. Upon his return to Egypt he was given a life sentence by a military tribunal, though more details on the charges against him remain unclear. Egyptian intelligence sources told me that Mowafi is currently in Sinai, though they played down the threat he posed. And then there is the matter of the fliers. On July 29, the residents of el-Arish found a flier labeled "A statement from al Qaeda in the Sinai Peninsula" distributed throughout their neighborhoods. It describes Islam as the only true religion and criticizes the Camp David agreement that led to the Israeli-Egyptian peace treaty. Gen. Abdel-Wahab Mabrouk, the governor of North

Sinai, said that the fliers had been distributed outside mosques after Friday prayers by men who covered their faces with scarves. Several days later, another purported al Qaeda flier appeared around el-Arish -- this time announcing that the organization was planning to attack police stations on Aug. 12. For the Egyptian security services, that was one provocation too far. On that day, stunned residents of el-Arish woke to find thousands of troops from the Egyptian 2nd Army, accompanied by police officers and border guards, deployed in an "anti-terror" crackdown in Sinai. The operation's first phase entailed securing government buildings, police stations, and the el-Arish prison. The offensive started on Aug. 15, as one Egyptian militant was killed and 12 were arrested, according Hazem al-Maadawi, a police officer involved in the operation. State news agency EgyNews said authorities are targeting 15 more people who participated in attacks at the el-Arish police station, including members of the al Qaeda-affiliated Palestinian group Jaish al-Islam. These extremist rumblings have frayed nerves in the Israeli government, which had already been skeptical of the Egyptian revolution. Israeli Prime Minister Benjamin Netanyahu told a Knesset committee on May. 30, "Global terrorist organizations are meddling [in Sinai] and their presence is increasing because of the connection between Sinai and Gaza." If there is any hope of restoring order to Sinai, it lies in a historic rapprochement between the Bedouins and the Egyptian security forces to drive out these unwanted interlopers. Bedouins have signaled their willingness to help restore security, but are also calling on the Egyptian government to do its part by finally integrating them into Egypt's social fabric. "We will not let a single Palestinian suspected of ill intentions into Sinai after the attacks," said Muhammed al-Ahmar, a Bedouin and human rights activist. "But, we are fed up with empty promises, and if the police mentality does not change, then nothing will work. It's time for Sinai to flourish

and regain its full rights." Egypt's new government has made tentative steps in that direction: Members of the Supreme Council of the Armed Forces, accompanied by the deputy interior minister and members of the military intelligence, held a meeting on Aug. 20 in the el-Arish military club, in a conference hall with Bedouin sheikhs representing each tribe in Sinai. At the meeting speakers from both sides expressed their willingness to cooperate in bringing the security situation back to normal and to bury the hatchet "for love of Sinai." The government officials announced their concessions, including promises to soon issue a new law regarding land ownership in the region and to revisit the files of those Bedouins sentenced in absentia; the Bedouins dutifully clapped at the news. Several Bedouin sheikhs subsequently took to the podium and announced their intentions to assist in securing the region.

The government's planned reforms are a good start, but after years of neglect, it's going to take more than promises to win over the Bedouins. If Egypt is truly concerned about securing Sinai, it must quickly turn its words into actions.

*Mohamed Fadel Fahmy is the author of Baghdad Bound and works as a freelance news producer/journalist for CNN in Cairo.*

Article 4.

The National Interest

# Foreign-Policy Failure

Dimitri K. Simes

August 24, 2011 -- PRESIDENT BARACK Obama is in many respects the opposite of Richard Nixon and George H. W. Bush, both foreign-policy presidents who subordinated their domestic ambitions to America's national-security requirements. Moreover, where Obama has succeeded internationally, his successes have been largely tactical rather than strategic, reflecting the fact that he is fundamentally a domestic leader with a European-style socialist agenda but little or no foreign-policy vision. This lack of an international agenda is why the president may be called a pragmatist, but not a realist.

One result of all this is that his administration's foreign-policy choices often appear substantially driven by political expediency—and particularly a desire to avoid domestic criticism, something apparent in both the president's surge in Afghanistan and his later plan for withdrawal. Another is that, lacking a vision, the administration rarely appears to engage in long-term thinking about the international environment, historical processes or the potential unintended consequences of its choices. In fact, its sense of history seems highly politicized and simplistic.

Short-term political thinking about foreign policy cannot sustain America's international leadership, which requires clear distinctions between immediate tactical problems and longer-term strategic threats. Today, most analysts agree that the greatest danger to the United States is not from Iran, which does not yet have nuclear weapons, or even al-Qaeda, which has been seriously damaged, but rather from Pakistan's nuclear arsenal. Maintaining the Pakistani

government's ability to control its roughly one hundred nuclear weapons is a vital American national interest; the loss of a single warhead to extremists, whether through a government collapse or through a disaffected anti-American faction in Pakistan's military or intelligence services, could be devastating.

Strikingly, U.S. policy has given relatively little weight to this concern: the Bush administration subordinated a coherent U.S. strategy in the region to the optional invasion of Iraq; both the Bush and particularly the Obama administrations have emphasized the war against al-Qaeda to such an extent that the U.S.-Pakistan alliance is in tatters. Now Islamabad's very stability has come into question.

It is good to hear from Secretary of Defense Leon Panetta and other senior officials that al-Qaeda and the Taliban have suffered major setbacks. It was even better to hear that U.S. troops had finally killed Osama bin Laden. Nevertheless, these triumphs have come at demonstrable cost. There was perhaps no reliable way to kill bin Laden without grievously offending Pakistan's government and people, though a senior administration official has admitted that the United States "underestimated the humiliation factor" of the raid. Still, American officials could have structured U.S.-Pakistan relations in a way that would have made this necessary infringement on Pakistan's sovereignty the exception rather than the rule in Washington's approach to its admittedly frustrating and unreliable ally. Instead, the administration expanded drone attacks on less-than-essential targets (the average frequency of drone strikes under President Obama is one every four days, compared to one every forty days during the Bush administration); harshly criticized Pakistan's government and military before the Abbottabad operation; embarrassed both by killing bin Laden inside the country; and then followed the action with further public criticism and cuts in assistance to the Pakistani military.

Can the United States afford to push Pakistan over the edge? If not, we must find a way to balance our clear interest in defeating al-Qaeda and the Taliban against Pakistan's continued stability—including our relationship with Pakistan's government, military and citizens. Dennis Blair, forced to resign last year as director of national intelligence, has suggested coordinating drone strikes much more closely with Islamabad.

In the longer run, China's rise will clearly be a historic challenge to the United States. Yet, while administration officials talk frequently about China in domestic contexts, the president's policy toward Beijing is fundamentally incoherent.

Two recent books, Henry Kissinger's On China and Aaron Friedberg's A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia, suggest two very different interpretations of Chinese conduct and propose alternative American responses. Kissinger views China as a rising but thus far moderate power and warns against creating a self-fulfilling prophecy that could lead to zero-sum competition between Beijing and Washington. He argues that such rivalry could lead to a pre–World War I situation with potentially devastating consequences for both nations and for the rest of the world. Friedberg ridicules this approach, arguing that the United States should seek to democratize China and, if this does not succeed, should practice assertive containment. In his view, if the World War I analogy has any value, it is in demonstrating that the British were too timid in responding to Germany's rise.

Kissinger and Friedberg offer coherent proposals that are mutually exclusive. Kissinger's is much more persuasive to me, but there is a choice—and America must make a decision. Accordingly, it is quite troubling to see the Obama administration trying to have it both ways: building a cooperative relationship with Beijing while visibly siding with China's neighbors in every dispute. At the same time,

after initially downplaying democracy promotion, the administration seems to have begun to pursue it with new energy, partly under the influence of Chinese dissidents and partly, insiders say, because officials are reluctant to be portrayed as China apologists. Whatever the motivation, Beijing is likely to view this combination of external and internal pressure as a serious threat.

Meanwhile, if the White House is seriously seeking to contain China or, alternatively, to shape a global environment that would make containment unnecessary, it is hard to imagine how this could be done without precluding any rapprochement between Moscow and Beijing. The administration claims the reset with Russia is one of its most significant foreign-policy successes. But there is less here than meets the eye—on both sides. Russian concessions so far have been halfhearted and Russian policies, whether on Iran or Libya, do not coincide with those of America. For its part, the United States appears unprepared to address Moscow's greatest concerns: integration into Europe's security architecture and reliable assurances on missile defense.

More narrowly—but no less problematic for U.S. efforts to have better relations with Russia than Russia has with China—Obama's team is risking alienating a large portion of the Russian elite in its response to corruption and human-rights violations. While the State Department has made clear its opposition to legislation punishing Russian officials allegedly linked to the death of lawyer Sergei Magnitsky while in police custody, the administration has decided preemptively to deny visas to those it considers implicated in the case. Moscow has stated clearly that this could derail cooperation across the board, including on sanctions against Iran and transit to Afghanistan (a deal that becomes even more important as U.S. ties to Pakistan deteriorate).

Corruption in Russia is pervasive and is an obstacle to foreign investment and ultimately to any political or economic progress in the country. But with American blood and treasure safeguarding some of the most corrupt governments in the world in Afghanistan and Iraq, focusing on Russia's real and serious corruption in a way that could endanger America's relationship with this important power is hard to justify.

Notwithstanding predictions of America's decline, the United States is still the world's greatest power and can remain so for quite some time. However, as other powers rise, and as America becomes increasingly preoccupied with its economic future, the margin for error is shrinking. The United States faces critical choices—and it needs leaders able to make them.

*Dimitri K. Simes is the president of The Nixon Center.*

Article 5.

NYT

# Cheney Says He Urged Bush to Bomb Syria in ’07

Charlie Savage

August 24, 2011 — Former Vice President Dick Cheney says in a new memoir that he urged President George W. Bush to bomb a suspected Syrian nuclear reactor site in June 2007. But, he wrote, Mr. Bush opted for a diplomatic approach after other advisers — still stinging over “the bad intelligence we had received about Iraq’s stockpiles of weapons of mass destruction” — expressed misgivings.
“I again made the case for U.S. military action against the reactor,” Mr. Cheney wrote about a meeting on the issue. “But I was a lone voice. After I finished, the president asked, ‘Does anyone here agree with the vice president?’ Not a single hand went up around the room.”
Mr. Bush chose to try diplomatic pressure to force the Syrians to abandon the secret program, but the Israelis bombed the site in September 2007. Mr. Cheney’s account of the discussion appears in his autobiography, “In My Time: A Personal and Political Memoir,” which is to be published by Simon & Schuster next week. A copy was obtained by The New York Times.
Mr. Cheney’s book — which is often pugnacious in tone and in which he expresses little regret about many of the most controversial decisions of the Bush administration — casts him as something of an outlier among top advisers who increasingly took what he saw as a misguided course on national security issues. While he praises Mr. Bush as “an outstanding leader,” Mr. Cheney, who made guarding

the secrecy of internal deliberations a hallmark of his time in office, divulges a number of conflicts with others in the inner circle.

He wrote that George J. Tenet, the director of the Central Intelligence Agency, resigned in 2004 just "when the going got tough," a decision he calls "unfair to the president." He wrote that he believes that Secretary of State Colin L. Powell tried to undermine President Bush by privately expressing doubts about the Iraq war, and he confirms that he pushed to have Mr. Powell removed from the cabinet after the 2004 election. "It was as though he thought the proper way to express his views was by criticizing administration policy to people outside the government," Mr. Cheney writes. His resignation "was for the best."

He faults former Secretary of State Condoleezza Rice for naïveté in the efforts to forge anuclear weapons agreement with North Korea, and Mr. Cheney reports that he fought with White House advisers over softening the president's speeches on Iraq.

Mr. Cheney acknowledged that the administration underestimated the challenges in Iraq, but he said the real blame for the violence was with the terrorists.

He also defends the Bush administration's decision to inflict what he called "toughinterrogations" — like the suffocation technique known as waterboarding — on captured terrorism suspects, saying it extracted information that saved lives. He rejects portrayals of such techniques as "torture."

In discussing the much-disputed "16 words" about Iraq's supposed hunt for uranium in Niger that were included in President Bush's 2003 State of the Union address to help justify the eventual invasion, Mr. Cheney said that unlike other aides, he saw no need to apologize for making that claim. He writes that Ms. Rice eventually came around to his view.

"She came into my office, sat down in the chair next to my desk and tearfully admitted I had been right," he wrote.

The book opens with an account of Mr. Cheney's experiences during the terrorist attacks of Sept. 11, 2001, when he essentially commanded the government's response from a bunker beneath the White House while Mr. Bush — who was away from Washington and hampered by communications breakdowns — played a peripheral role. But Mr. Cheney wrote that he did not want to make any formal statement to the nation that day.

"My past government experience," he wrote, "had prepared me to manage the crisis during those first few hours on 9/11, but I knew that if I went out and spoke to the press, it would undermine the president, and that would be bad for him and for the country.

"We were at war. Our commander in chief needed to be seen as in charge, strong, and resolute — as George W. Bush was."

Mr. Cheney appears to relish much of the criticism heaped on him by liberals, but reveals that he had offered to resign several times as President Bush prepared for his re-election in 2004 because he was afraid of becoming a burden on the Republican ticket. After a few days, however, Mr. Cheney said that Mr. Bush said he wanted him to stay.

But in the Bush administration's second term, Mr. Cheney's influence waned. When Mr. Bush decided to replace Donald H. Rumsfeld as secretary of defense after the 2006 midterm elections, Mr. Cheney said he was not given a chance to object.

Mr. Cheney praised Barack Obama's support, as a senator from Illinois, for passing a bank bailout bill at the height of the financial crisis, shortly before the 2008 election. But he criticizes Mr. Obama's decision to withdraw the 33,000 additional troops he sent to Afghanistan in 2009 by September 2012, and writes that he has been

“happy to note” that Mr. Obama has failed to close the prison in Guantánamo Bay, Cuba, as he had pledged.

Mr. Cheney’s long struggle with heart disease is a recurring theme in the book. He discloses that he wrote a letter of resignation, dated March 28, 2001, and told an aide to give it to Mr. Bush if he ever had a heart attack or stroke that left him incapacitated.

And in the epilogue, Mr. Cheney writes that after undergoing heart surgery in 2010, he was unconscious for weeks. During that period, he wrote, he had a prolonged, vivid dream that he was living in an Italian villa, pacing the stone paths to get coffee and newspapers.

Article 6.

Ma'an News Agency

# Palestine and Statehood: An historical overview

Abdullah Abueid

24/08/2011 -- Until 1923, Palestine was part of the Ottoman Empire. In December 1917, British troops entered Jerusalem and ended 400 years of Ottoman rule. In 1922, the League of Nations issued the Mandate of Palestine which authorized the United Kingdom to become the Mandatory Power in Palestine.

The Mandate Document, however, included several paradoxical stipulations contrary to the Mandate System as set forth in Article 22 of the League's Charter.

Major stipulations

The Mandate Document included several paragraphs, which were considered by many historians and international lawyers as flagrant breaches of the word and spirit of the Mandate system. The system was intended to protect the territories occupied by the British and French from the axis enemy (Germany, the Austro-Hungarian Empire and the Ottoman Empire), and to develop these territories to independence and freedom for their populations.

The MD, contrary to that system, stipulated that the UK must develop the territory of Palestine in cooperation with the Jewish Agency in order to achieve a national home for the Jewish people, ignoring the real interests of the vast majority of Palestinian Arabs or Palestine.

In 1922 Palestine was still considered as a part of the sovereignty of the Ottoman Empire, which became Turkey after that date. It wasn't until Turkey signed the Lausanne Treaty in 1932 that Turkey relinquished her claim to sovereignty on Palestine. Thus, the MD was

in clear breach of the rules of international law.

The Legal Status of Palestine

The UK's rule over Palestine contained flaws and several breaches. The Mandatory Power (UK) was considered, by many international lawyers, as a colonial power, which should have supervised the Mandate Territory and developed it as an honest trustee, which it failed to do.

In regards to sovereignty over Palestine during the years of the Mandate, many international experts consider that sovereignty was inherent to the people of that territory and was temporarily in the hands of the League of Nations. Palestine was considered as an embryo of a state.

It had its constitutions in 1922, its nationality law in 1925 and several other laws and by-laws covering almost all aspects of life and social and economic activities.

The Mandatory Power exerted all its efforts to help the Zionist Organizations, represented by the Jewish Agency, the Jewish Keren Ha' Kayemet, the Jewish Keren Ha'yesud and the Zionist Haganah [the armed organization of the Jewish agency], to bring an influx of Jewish immigrants into the Mandated Territory, to develop their own independent economy, arms and to construct armed settlements, in all Palestine.

All of this was claimed to be in conformity with the MD of Palestine, which was the legal fig-leaf in concealing the real goals of both the imperial power and Zionist Organizations.

During the whole of British rule, Palestinians revolted and demonstrated, but the British forces dealt with these revolutionary acts in utmost cruelty, putting them down and killing thousands of Palestinian Arabs and deporting or imprisoning tens of thousands.

In 1947, the UK government, unable to control the strong Zionist terrorist organizations, decided to refer the whole issue to the United

Nations General Assembly which issued in November 26, 1947 a resolution dividing Palestine into two states: A Jewish state consisting of 54 percent of the territory of Palestine, an Arab state consisting of 44 percent of that territory, and the Jerusalem Area, as a Corpus Separatum, consisting of 2 percent of Palestine.
Furthermore, the Resolution decided to have an Economic Union between the two states and stipulated that the Jerusalem Area, which included Bethlehem, should be a separate area under the control of the UN.
The Zionist leadership pretended to accept the resolution, relying on the fact that it would be refused by the reactionary Arab leadership.
After the UN Resolution, clashes broke out among the two communities. The armed Zionist organizations, well prepared and organized, as well as heavily armed, defeated the poorly armed Palestinians and the weak unorganized Arab armies.
They occupied and annexed 70 percent of Jerusalem and 50 percent of the territory allocated to the Arab State, and on May 15, 1948, declared the State of Israel on 78 percent of historical Palestine territory, leaving the Palestinians without a state and in limbo.
All these events happened in collusion among the colonial British government, the Jewish Agency and some Arab regimes, ruled and/or controlled by the British.
Aftermath of the 1948 War
As mentioned above, there was an enlarged Jewish state [Israel], but the remaining territories of Palestine were either annexed to Jordan [The West Bank], or put under Egyptian rule [The Gaza Strip].
So, the Palestinian people, who constituted 67 percent of the population of Palestine in 1947 and owned 93 percent of its land, were betrayed and left in a state of destitution.
Sixty-two percent of them were driven out of their home under gunpoint and in several massacres committed by armed Zionist

organizations.
At present, there are 10.5 million Palestinians, including around 5 millions refugees, scattered in several Middle Eastern countries and other Diaspora states.
As for Palestinian Statehood: The UN General Assembly by great majority has recognized the right of the Palestinian people to self determination and statehood in more than 40 resolutions.
Most famous of these resolutions were the two issued in October, 1974: 3236 and 3237. The latter recognized the PLO as the legitimate representative of the Palestinian people and stipulated that it would be granted the status of Observer in all UN organs and affiliated organizations and its sponsored conferences.
In December 15, 1988, a month after the declaration of the State of Palestine by the PLO conference in Algiers, the UN General Assembly decided in its resolution of December 15, 1988 to recognize the PLO declaration of the State of Palestine and to substitute the use of PLO for the name of Palestine in all its organs and conferences.
UN membership
After the Oslo accords in 1993 and the failure of peace negotiations which lasted for 18 years, the PLO intends to bring to the UN General Assembly once again, through the UN Resolution number 377 of 1950, the issue of recognition of the State of Palestine on the basis of the June, 1967 borders.
Such resolutions, if issued by the UN General Assembly, could have some legal, political and media ramifications, but, nevertheless, it will not have any practical impact on the Israeli Government and some of its allies.
The State of Palestine will still lack a major element of a sovereign state: That is the "effective control" over territory and population. This can only be achieved when the Israeli occupation is compelled

to withdraw from Palestine. This fact may push many members of the International Community to support Palestine to end the occupation. However, there will be a slim chance for the admission of the state of Palestine into the United Nations if the US, or any other permanent members of the UN Security Council uses the Veto in this regards. In this situation, the General Assembly cannot vote for the Admission of Palestine, as the International court of Justice ruled in its Advisory Opinion of March 3, 1950, in its interpretation of the provisions of Article 4 of the UN Charter.

The best procedure to be conducted in this regard is one of the following:

a) To apply to the General Assembly of the UN asking them to denounce the continuing Israeli occupation and to declare the strict and unchangeable will of members of the United Nations to end the occupation of all Palestinian lands occupied in 1967 and their confirmation of the right of the Palestinian People to self-determination and statehood in a "full fledged independent state on all occupied Palestinian Territories occupied in 1967, including East Jerusalem" living in peace side by side with Israel.

b) To ask the UN General Assembly to demand from the ICJ an Advisory Opinion on the right of the Palestinian people to self-determination and statehood on the occupied territories.

A resolution of the UN General Assembly, if taken by great majority of more than 75 percent of the members and an Advisory Opinion from the ICJ could have a great impact on most states and members of the international community. They would also carry an important moral pressure on both states and international civil society.

The Palestinians, Arab States, Arab public opinion and civil society and other friends and supporters of the Palestinian people, should play a very active role in organizing and administrating all possible measures to properly invest and harness the said Resolution and/or

Advisory Opinion.
One can give an example of the fruits of such good investment by referring to what the prominent Israeli leading newspaper Ha'aretz wrote in June 2011.
It referred to what several Israeli jurists and international law experts were aware of: "Palestine adhering to the Rome Statute of 1998 (the ICC Statute), thus becoming a member of the ICC capable of invoking its jurisdiction in cases of Israel committing war-crimes of other similar crimes".
Such membership is possible if many states and/or members of the ICC Statute are finally convinced that Palestine is a state which is worth becoming a member of the said convention. In this regard, it must be highlighted that the ICC Statute does not provide for states to become members of the ICC but that they should be members of the UNO. It only demands in all its Articles that Member States should be "States".
If support for Palestine is very high, it constitutes great pressure on several states and may be a turning point in their attitude towards Palestinian Statehood.

*Abdullah Abu Eid is a professor of international law and human rights at Birzeit University*

**From:** J [jeevacation@gmail.com]
**Sent:** 5/15/2019 10:21:20 AM
**To:** paul krassner [redacted]
**Subject:** Re: rather long and a few typos

On September 14, 1964, Dean Katherine Towle announced that existing University regulations prohibiting advocacy of political causes or candidates, outside political speakers, recruitment of members, and fundraising by student organizations at the intersection of Bancroft and Telegraph Avenues would be "strictly enforced."

shouldnt you write an artile 55 years later. on campus speech today. .

On Tue, May 14, 2019 at 8:17 PM paul krassner <[redacted]> wrote:

# REMEMBERING CAVALIER MAGAZINE

## LAUNCHING A MAGAZINE

My friend Michael Simmons, who has been the editor of *National Lampoon* and *High Times,* observes that *Cavalier* hired fine scribes. A few examples: Thomas Pynchon, Philip Roth, William Saroyman, Isaac Asimov, Theodore Sturgeon. *Cavalier* was launched by Fawcett Publications in 1952.

Men's magazine *Cavalier* (motto: "For the American Male") was published the year before *Playboy* to whom it has often been compared, and back in the day tried to be seen as slightly hipper, more youthful and considered a bit more clever than its big name rival. Almost an anti-establishment *Playboy.* A slogan stated: "Your dad bought *Playboy*, you bought *Cavalier*."

## I BECAME A COLUMNIST

I was invited to write a column, named "The Naked Emperor," for *Cavalier*, that was beginning to publish underground writers and artists. They paid me $1,000 a month. My first column was a report on an auction of two-inch squares from the hotel bedsheets slept on by the Beatles during their first trip to America.

There were 300 screaming young girls, off on a fetishist's holiday. Obviously, there wouldn't be enough items to go around, but it was announced that the Beatles' unwashed towels and bed

linens were to be cut into two-inch squares and sold for $1 each. The price included a notarized statement of authenticity.

My second column was about Lenny Bruce—titled "Lenny the Lawyer," since he defended himself in trials He was arrested for obscene performances only because there were no blasphemy laws. I went to the bank and deposited my check, withdrawing half of it in cash, a $500 bill. Lenny was alone in his hotel room on Christmas Day when I presented it to him. And, with a large safety pin, Lenny attached the $500 bill to the outside breast pocket of his denim dungaree jacket.

AFTER JFK ASSASSINATION

In another column of mine, "Jack Ruby and His Dirty Little Secret," it began, "Lenny Bruce told me how all the night club comics used to Jack Ruby's "tattoo of a lady's *schmutzik* (translate: pussy) in his armpit." If it wasn't a fact, I was quite willing to settle for an apocryphal allusion which nevertheless crystallized the entire personality of that alleged murderer who wanted so very much to be liked.

I say *alleged* because upon Ruby's own death. Dallas District Attorney Henry Wade said he would dismiss the murder charge against him, a promise which has since been kept, although no such posthumous grace was ever officially bestowed on Lee Harvey Oswald. See, they grant you retroactive innocence only in the face of innumerable witnesses who were present at the actual event through the miracle of inadvertent televised coverage.

Now Jack Ruby's dirty little secret has been forever sealed away in his armpit by the hymen of history. Oh yeah, and at Lenny's funeral, that safety pin was still attached on his jacket.

**JULES SIEGEL**

Two years before Lenny's death, with his permission I published his obituary in my own magazine, *The Realist.* Before the issue went to press, he called his mother and a few others to let them know it would only be a hoax. The point was that he couldn't get work and his work

was his life so he might as well be dead. And if people regretted that they hadn't helped him, well, now they could have a second chance because he was still alive. The obituary evoked inquiries from newspapers, wire services, foreign publications, radio and TV.

"What's the meaning of it?" one editor asked me. "There's a lot of excitement at the city desk."

"That *is* the meaning of it."

A few years later, without my permission, Jules Siegel, the editor of a short-lived magazine, *Cheetah*, published a fake obituary of me. I thought it was funny. An Associated Press reporter called, and I explained that it was a hoax.

"Are you sure?" he asked.

"Of course. I would tell you if I was dead."

Siegel started writing for *Cavalier*. His first assignment was a profile of Sterling Hayden, an actor best known in *Dr, Stranglove or How I Learned to Stop Worrying and Love the Bomb.*

Journalist Adam Ellsworth described Siegel's "Goodbye Surfing, Hello God" with his most famous example of rock journalism, but his most revolutionary was his article, "The Big Beat." It appeared in the *Playboy*-esque *Cavalier* magazine in 1965 and was one of the earliest writings he'd ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Then Jules' friend, Arthur Kretchmer, became *Cavalier's* managing editor. "When the editorial director later resigned," Kretchmer said, "there was a 24-hour hiatus before the new editor arrived." Siegel and Kretchmer had been discussing the possibility of publishing an issue on rock and roll, so to make it happen, Kretchmer went into the office at night and retyped the magazine's schedule to include their ideas.

When the new editorial started, Kretchmer handed him the schedules and said, "Here's what we're working on." The new editorial director suspected nothing and the rock and roll issue went

ahead. Once the laughter died down, Jules talked for a good 25 minutes about some of the ups and downs of his writing career and how hard it is to make a living as any kind of a writer, let alone a "rock journalist." and the people who created it, seriously.

Now everybody writes about rock and roll that way. Jules was one of the people who did it first. "Goodbye Surfing, Hello God!" is Jules's most famous example of rock journalism, but I think his most revolutionary is his article "The Big Beat." It appeared in the Playboy-esque *Cavalier* magazine in 1965 and is one of the earliest writings I've ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Jules Siegel died of a heart attack on November 17, 2012 at the age of 77. He was a brilliant author, but neither *Rolling Stone* nor the *New York Times* honored him with an obituary. Not even a fake one.

**COMIC STRIPS**

Art Spiegelman tells me his work at *Cavalier* 50 years ago:

I was first invited into the mag to do two full-color comix pages in 1969 (when being printed in color was a Very Big Deal for me as was Getting Paid more than 25 bucks for a drawing), somehow in proximity to a big article on underground comix. It was around the time Vaughn Bode was made a regular contributor to the magazine, They were running some Crumb "Fritz the Cat" pages. All thanx to their hip, laid back and kind editor, Alan LeMond.

I also did some gag cartoons, short strips and occasional illustrations for *Cavalier* (one especially bad drawing for a story by Bruce Jay Friedman, I recall). My work in 1969, as an apprentice underground cartoonist taking too many drugs was really, really awful so I'm grateful for the editor's

hip and laid-back kindness. But, hey, I was proud to be in a mag that published pieces by Pynchon, Manny Farber and you.

By the time I'd gotten incrementally better as a cartoonist in the first half of the 1970s I was regularly doing illustrations for soft-core fiction stories in *Cavalier's* low-rent sister mags, *Dude, Gent* and *Nugget* (even wrote a story or two there and got several of my San Francisco comix cronies (Spain Rodriguez, Bill Griffith and Justin Greene) illustration gigs with Alan for those mags as well.

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[Note in Wikipedia: *Maus* is a graphic novel by American cartoonist Art Spiegelman, serialized from 1980 to 1991. It depicts Spiegelman interviewing his father about his experiences as a Polish Jew and Holocaust survivor. The work employs postmodernist techniques and represents Jews as mice, Germans as cats, and Poles as pigs. In 1992, *Maus* won a Pulitzer Prize.]

**COMiNG AND GOING**

I wrote some movie reviews for *Cavalier*. I recall that *Midnight Cowboy* was 50 years ago. I always went to two screenings. The first one I would go stoned with magic mushrooms. The second one I took notes. However, I got fired by *Cavalier*.

They declined to publish a particular column—my review of *MASH* as though it were a Busby Berkeley musical called *Gook Killers of 1970*— ostensibly on the grounds of bad taste, but I learned that three wholesalers had told the publisher they were pressured by the FBI and would refuse to distribute *Cavalier* if my name appeared in it.

On top of that, my name was on a list of sixty-five "radical" campus speakers, released by the House Internal Security Committee. The blacklist was published in the *New York Times*, and picked up by newspapers across the country. It might have been a coincidence, but my campus-speaking engagement-bookings stopped abruptly. It felt just like a film.

**OH, WELL**

It was over for me, but it had been fun—like the issue with only the one large red headline on the *Cavalier* cover: "BEAT 'EM SENSELESS FIRST"—THE FREE SPEECH CONTROVERSY, BY PAUL KRASSNER . . . "Ironically," I wrote, "it is this concept of the total education experience *on* campus which I believe to be the basic significance of the much-misunderstood free-speech imbroglio at the University of California in Berkeley."

The sit-in lasted till 3 a.m. Next day, October 1, 1964, ten tables were manned again, and a campus policeman approached one of the tables (manned by the Congress of Racial Equality) where a dozen persons were seated. One was singled out and placed under arrest. But before you could say nonviolent demonstration, the police car was surrounded, its captors reaching as many as 3,000 students. During the late evening, bored fraternity men gathered and tossed lighted cigarettes and eggs on those sitting in the plaza. The demonstrators responded with silence.

Next day, 450 police assembled on campus to remove the cop car and its arrested inhabitant, but an agreement to negotiate was reached and the demonstrators dispersed. One of the folk

songs to come out of the Free Speech Movement incidentally, was *If I Negotiate With You,* to the tune of the Beatles' *If I Fell in Love With You.*

Over the next couple of months there was a series of sit-ins and attempted negotiations, and then, on December 2, the infamous Sproul Hall sit-in. It took twelve hours for 800 students to be arrested by some 600 instructors of a new course called Introductory Police Brutality. These were from the lab notes student took.

There was a freshman co-ed at Berkeley who—long after she had forgotten what some professor spouted during an official lecture about Dostoevsky's *Crime and Punishment*—would remember, with perhaps a twinge of frightened pride, learning from a fellow demonstrator that if she planned to go limp when the police arrested her, it would be an act of practical feminine foresight to remove the earrings from her pierced lobes in advance.

So, now in 2019, fighting over free speech has been happening heavily at Berkeley campus again. Meanwhile, Trump grabbed a pussy on the Statue of Liberty. *Cavalier,* anyone?

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ACKRELL CAPITAL

# 2018 CANNABIS INVESTMENT REPORT

## GLOBAL CANNABIS CONSUMERS

**Contents**


Foreword
**I** Executive Summary
**II** Cannabis Science 101
**III** Cannabis Industry Segmentation
**IV** U.S. Legal Landscape
**V** Global Cannabis Regulation
**VI** U.S. and International Cannabis Market Estimates
**VII** Capital Markets for Cannabis Companies
**VIII** Top 100 Private Cannabis Companies 2018
**IX** Cannabis Industry Risk Factors
**X** Glossary of Terms
Disclosures, Disclaimers, Sources and Use
Ackrell Capital Cannabis Team
Inside Back Cover: The Green Field 2018


**About Ackrell Capital**

Founded in 2003, Ackrell Capital is a leading independent investment bank focused on emerging growth companies. Ackrell Capital's expertise includes:

- Private Equity
- Mergers and Acquisitions
- Private Placements
- Corporate Development
- Cannabis, Consumer, Technology, Digital and Other Emerging Growth Industries

Ackrell Capital is based in San Francisco, CA. Ackrell Capital is a member of FINRA and SIPC.

- The United Nations recently estimated that more than 180 million people globally between the ages of 15 and 64, or more than 4% of this age group, consume cannabis annually.
- At least 20 countries have implemented medical cannabis laws, including Australia, Canada, Colombia and Germany; countries without such laws include China, Japan, Russia and the United States.
- Although federally illegal in the United States, 46 states and the District of Columbia have passed at least one law that permits the manufacture, distribution, dispensing or possession of cannabis. While most of these laws are medical cannabis laws, 8 states have enacted recreational laws.
- Across all medical cannabis laws in the United States, cannabis is legally recognized as a form of therapy or medicine for more than 50 qualifying conditions, including Alzheimer's disease, anorexia, arthritis, cancer, chronic pain, epilepsy and post-traumatic stress disorder.
- California is poised to become the largest recreational cannabis market in the world with the implementation of its recreational law in January 2018—a watershed moment for the industry.
- The illegal cannabis market in the United States is estimated to be more than $45 billion annually. (We estimate that the 2017 U.S. state-legal cannabis market was $8.0 billion.) If federal legalization occurs, we believe that the legal market could be more than two times the size of the current illegal market, ultimately exceeding $100 billion annually.
- The cannabis industry provides a broad range of investment opportunities in both the public and private markets for sophisticated investors who are willing to take significant risks.


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# REPORT HIGHLIGHTS

**Select Countries with Legalized Cannabis Access (January 2018)**

*Canada currently has a medical law. Assumes Canada enacts a proposed recreational law in mid-2018.

**U.S. State Cannabis Laws (January 2018)**

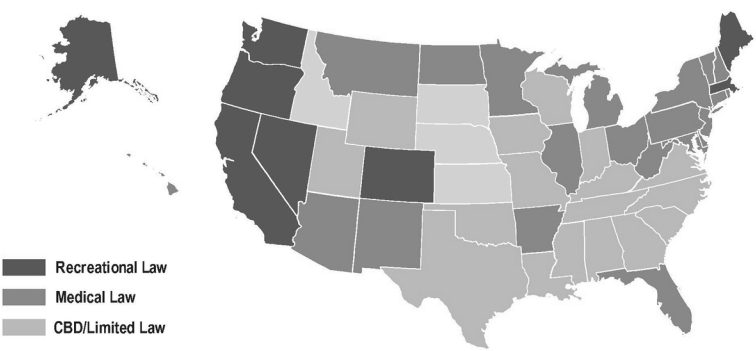


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## Progression of U.S. State Cannabis Laws

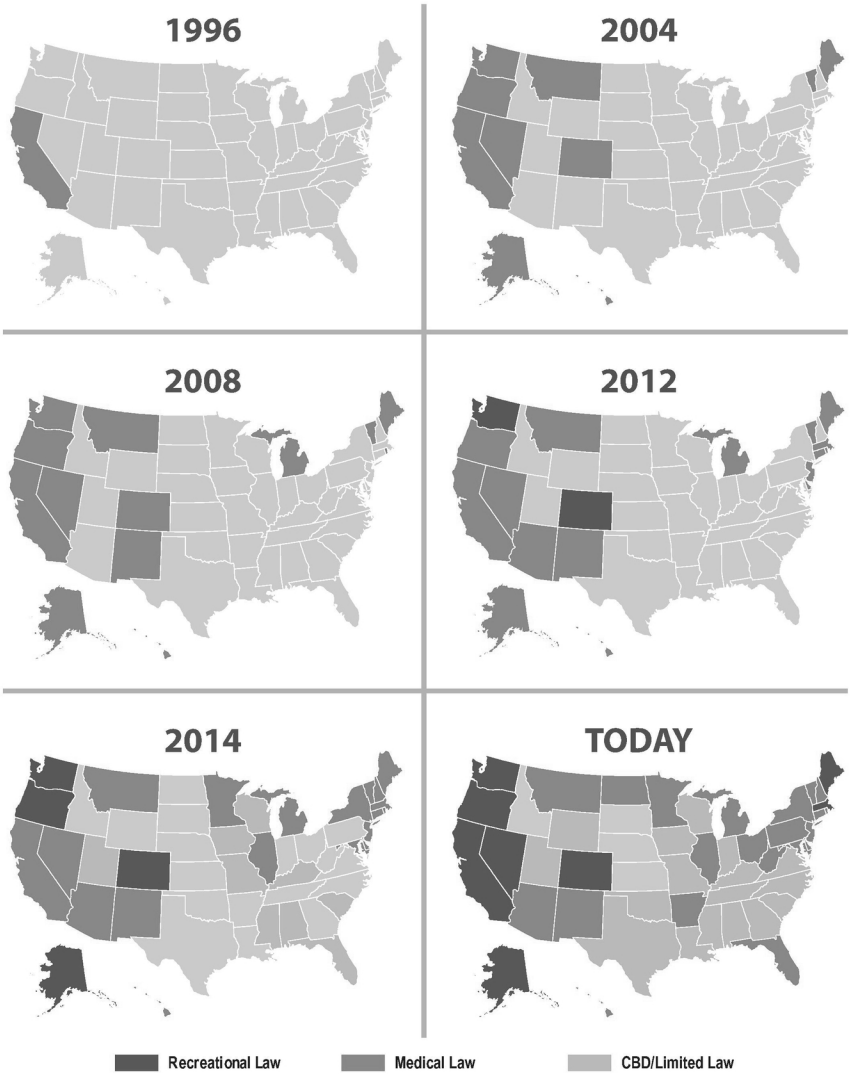


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## U.S. Legalized Cannabis Market

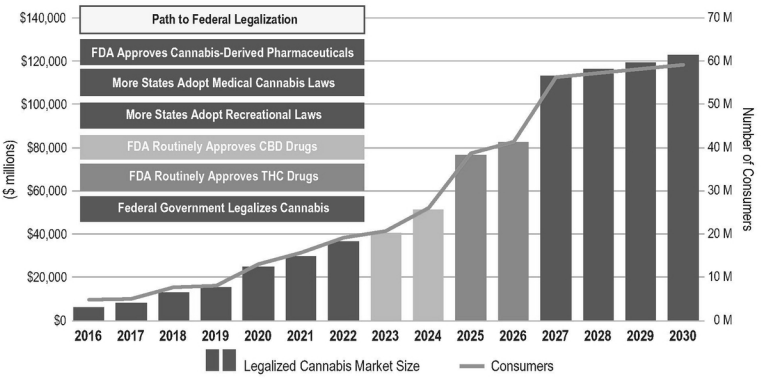


*Source:* Ackrell Capital. Assumes cannabis will be legalized federally by 2027. Cannabis may never be legalized federally in the United States.

## Cannabis Industry Segments

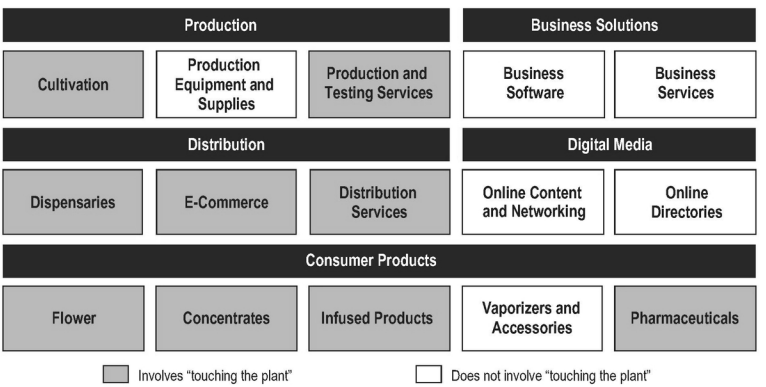


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# Foreword

Ackrell Capital is pleased to present our 2018 Cannabis Investment Report. Much has happened in the nearly two years since we published our inaugural report: the cannabis industry grew significantly, companies in the industry raised large amounts of capital and their stock prices performed well, and the legalization movement continued worldwide as more countries and U.S. states implemented a framework for legal cannabis access. There was also a presidential election in the United States; its ultimate impact on the cannabis industry remains uncertain. What did not happen since we launched our inaugural report? Federal legalization: "marijuana" continues to be classified as a Schedule I controlled substance under the Controlled Substances Act in the United States.

In this new edition, we introduce an outlook on global cannabis markets, analyze capital markets for cannabis companies and present updated market estimates. We also expand on the first edition by providing more in-depth analyses of the various market segments within—and analyzing the legal issues pertinent to—the cannabis industry. The *Top 100 Private Cannabis Companies* list has been updated and our industry landscape, *The Green Field,* has been updated and expanded to include more than 500 companies.

Cannabis legalization has accelerated domestically and internationally. In the 2016 U.S. elections, four states, including California, legalized recreational cannabis (bringing the total number of states with recreational laws to eight) and an additional four states legalized medical cannabis. Cannabis use is now state-legal in some form in 46 states.

In January 2018, California will implement its recreational law, making it the largest market globally for the recreational use of cannabis. Similarly, Canada is expected to pass its recreational law in mid-2018. And in 2017, Germany became the most populous country in the world to pass a medical cannabis law.

Cannabis has mass consumer appeal around the world. (According to the United Nations, more than 180 million people per year use cannabis and it is the most-consumed drug worldwide). While it is clear that there is significant demand for cannabis, less clear is how quickly illegal markets will transition to legal markets, as well as the extent to which legalization may increase overall demand.

We continue to believe that it is a question of when—not if—the U.S. federal prohibition on cannabis will end. We believe that a path toward federal legalization exists and we believe this process has commenced. According to Gallup, 64% of Americans today believe that cannabis use should be legal.

Who is the cannabis consumer? It is the 80-year-old cancer patient ingesting cannabis to treat side effects of chemotherapy. It is the 12-year-old child using cannabis extracts on a doctor's recommendation to reduce epileptic seizures. It is the 30-something mother or father seeking to relax after a full day. It is a group of 20-year-olds on a Friday night heading to a concert. It is the millions of people suffering from anxiety and depression. It is the millions of people treating chronic pain and nausea. It is the millions of people using cannabis recreationally.

Our team has met with more than 1,000 companies in the cannabis industry. We understand the opportunities and challenges facing the industry, and we are happy to provide our insights.

Sincerely,

The Ackrell Capital Cannabis Team

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## Table of Contents

CHAPTER I **Executive Summary** ..... 1
- Global Cannabis Consumers
- To Watch in 2018
- Investment Outlook

CHAPTER II **Cannabis Science 101** ..... 15
- The Cannabis Plant
- The Human Endocannabinoid System
- Cannabinoids
- Terpenes
- Cannabis Formulations

CHAPTER III **Cannabis Industry Segmentation** ..... 31
- Production
- Distribution
- Consumer Products
- Business Solutions
- Digital Media

CHAPTER IV **U.S. Legal Landscape** ..... 61
- U.S. State Law
- U.S. Federal Law
- The Path to Federal Legalization

CHAPTER V **Global Cannabis Regulation** ..... 91
- Global Cannabis Legalization Momentum
- United Nations Conventions
- Global Legal Developments
- Global Outlook

CHAPTER VI **U.S. and International Cannabis Market Estimates** ..... 103
- Global Market Overview
- U.S. State-Legal Cannabis Market
- U.S. Legalized Cannabis Market Forecast
- International Legal Cannabis Market Forecast

CHAPTER VII **Capital Markets for Cannabis Companies** ..... 117
- Capital Markets Overview
- Public Capital Markets
- Public Capital Markets: United States
- Public Capital Markets: Canada
- Private Capital Markets
- Final Thoughts

CHAPTER VIII **Top 100 Private Cannabis Companies 2018** ..... 137

CHAPTER IX **Cannabis Industry Risk Factors** ..... 165

CHAPTER X **Glossary of Terms** ..... 169

**Disclosures, Disclaimers, Sources and Use** ..... 175

**Ackrell Capital Cannabis Team** ..... 176

FRONT COVER **Report Highlights**

BACK COVER **The Green Field 2018**


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# CHAPTER I
# Executive Summary

## Global Cannabis Consumers

Cannabis has mass consumer appeal around the world. Millions of people use cannabis recreationally. Millions more use it medicinally. In aggregate, across all state medical cannabis laws in the United States, cannabis is legally recognized as a form of therapy or medicine for more than 50 medical conditions, including Alzheimer's disease, anorexia, arthritis, cancer, chronic pain, epilepsy and post-traumatic stress disorder. Similar to the alcohol and pharmaceutical markets, we believe that the total addressable consumer market for cannabis consists of a significant portion of the global adult population.

Cannabis is the most widely cultivated, produced, trafficked and consumed drug worldwide, according to the United Nations Office on Drugs and Crime (UNODC). In 2003, the UNODC estimated that the global illegal cannabis market was $113 billion, with 160 million consumers. The UNODC continues to estimate the number of cannabis users worldwide and recently estimated that 183 million people globally between the ages of 15 and 64, or more than 4% of this age group, consumed cannabis in 2015.

In 2010, the RAND Corporation (RAND) estimated that the U.S. illegal cannabis market was $40 billion. Adjusting this estimate solely for inflation and population growth, the U.S. illegal market would now be approximately $48 billion.

Both the UNODC and RAND acknowledge the challenges inherent in studying an illegal consumer market, and both allow significant room for error in their estimates. However approximate, their estimates make clear that there is significant global demand for cannabis. Less clear is how quickly illegal markets will transition to legal markets, as well as the extent to which legalization may increase overall demand.

We believe that the growth of the global legal cannabis industry will be driven by increasing penetration in largely untapped "mainstream" consumer markets, and that the legal industry could grow to more than two times the estimated size of the current illegal market. We believe that cannabis will eventually become federally legal in the United States, for recreational enjoyment by adults and for use in a broad range of safe drugs and therapeutic products. After U.S. federal legalization, we believe that



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the U.S. market will exceed $100 billion annually, with more than 50 million consumers. Globally, we estimate that the legal cannabis market has the potential to reach $500 billion annually, approaching one billion consumers.

## The Global Legal Cannabis Market

Cannabis legalization is gaining momentum around the world. This momentum is driven primarily by the increasing recognition that cannabis may have a range of legitimate medicinal benefits and therapeutic applications. At least 20 countries now have medical laws that facilitate patient access to cannabis or cannabis concentrates for treating specified medical conditions. Notable countries with such medical laws include Australia, Canada, Colombia and Germany; countries without such laws include China, Japan, Russia and the United States. (Contrary to U.S. federal law, 29 states, encompassing 62% of the U.S. population, permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions.) While the merits of medical cannabis are currently driving legalization, we believe that—like Uruguay and numerous U.S. states—other countries will ultimately enact legislation permitting the production, sale and use of recreational cannabis. (Canada is widely expected to do so in mid-2018.)

The following world map illustrates select countries that (i) have enacted medical laws that facilitate patient access to cannabis or concentrates for treating specified medical conditions, (ii) have enacted recreational laws that permit the commercial production and sale of cannabis to adults for recreational and other uses, or (iii) include a state or province that has a cannabis law or policy in conflict with federal law.

**Select Countries with Legalized Cannabis Access (January 2018)**

*Canada currently has a medical law. Assumes Canada enacts a proposed recreational law in mid-2018.


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## The U.S. State-Legal Cannabis Market

The legal landscape for the cannabis industry in the United States continues to be characterized by conflict between federal prohibition and the steady advance of state legalization. According to federal policy, Americans can access tobacco, alcohol and prescription drug products that kill thousands each year, but they cannot access cannabis because it is a dangerous drug with no currently accepted medical application in the United States (notwithstanding the federal government holds a U.S. patent for methods of treating diseases with cannabinoids). Meanwhile, 46 U.S. states have enacted at least one law that permits the manufacturing, distribution, dispensing or possession of cannabis or concentrates. These laws fall into three general categories:

- 29 U.S. states (and the District of Columbia) have enacted medical cannabis laws that permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions.
- 19 U.S. states have enacted narrow CBD/limited laws that permit possession of small amounts of low-THC/high-CBD cannabis concentrates for use in treating a few serious medical conditions—in particular, severe forms of childhood epilepsy.
- 8 U.S. states have enacted recreational laws that permit the commercial production and sale of cannabis to adults for recreational and other uses.

The following map of the United States shows states with medical cannabis laws, CBD/limited laws or recreational laws (a state with more than one of these laws is represented on the map by its most permissive law).

**U.S. State Cannabis Laws (January 2018)**

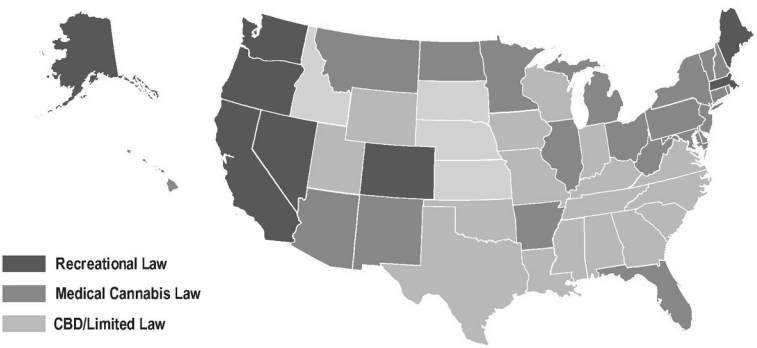




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The U.S cannabis industry has proven adept at navigating this federal-state conflict, and is experiencing rapid growth despite it. We estimate that the 2017 U.S. state-legal cannabis market was $8.0 billion, with more than four million consumers. While the overall state-legal market has grown significantly, the addressable market has been constrained due to the lack of access to purely recreational consumers and the sometimes-narrow scope of medical conditions that qualify a patient for access to medical cannabis. The breakdown of this market estimate by state is shown in the following chart.

**2017 U.S. State-Legal Cannabis Market Estimate**

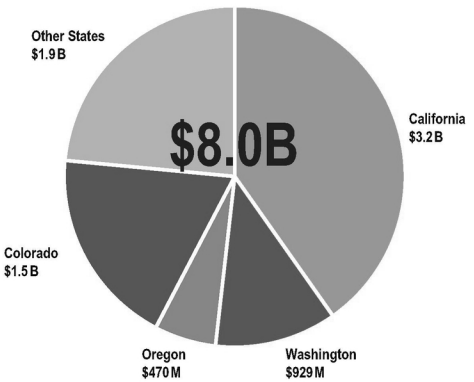


*Source:* Ackrell Capital

## U.S. Federal Law

Current federal law effectively prohibits all cannabis use and all commercial cannabis activity in the United States. Producing, selling and possessing cannabis are federal crimes. No cannabis-derived drug has ever been federally approved for use in treating any medical condition. Otherwise legitimate business transactions conducted by cannabis companies—and their banks, for those who can access banking services—are legally suspect. Certain intellectual property and bankruptcy protections critical to many U.S. businesses are not available to cannabis companies. Cannabis companies pay federal income tax at effective rates significantly higher than other businesses.

Despite official prohibition, however, federal policies and laws recently passed by Congress have carved out a limited space in which the state-legal cannabis industry has managed to thrive. Enforcement policies published by the U.S. Department of Justice have unofficially invited cannabis business to proceed if certain conditions are respected. The U.S. Department of the Treasury established reporting policies that create room for banks to service the cannabis industry. Federal budget legislation


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has prevented allocated funds from being used to prosecute conduct that complies with state medical cannabis laws. And recent developments indicate the federal government may be pursuing policies and practices that create space for cannabis research and approval of cannabis-derived drugs.

The following chart shows three general areas of federal law that impact the cannabis industry—food and drug regulation, banking and finance, and intellectual property—as well as specific laws and federal policies related to each area. (We expand on these laws, regulations and policies in Chapter IV, U.S. Legal Landscape.)

**Federal Laws and Policies Impacting the Cannabis Industry**

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## The Path to Federal Legalization

We believe that the variable which will most impact the future size of the U.S. legal cannabis market is the federal legalization process. How and when federal legalization occurs will impact other primary drivers of the market, including the number of eligible consumers, penetration rates and consumer spending. We predict six developments relating to federal legalization: (1) the U.S. Food and Drug Administration (FDA) will begin approving individual pharmaceutical-grade drugs derived from cannabis; (2) more states will adopt medical cannabis laws; (3) more states will adopt recreational laws; (4) the FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties; (5) the FDA will adopt routine approval procedures for drugs with extracts of high-THC cannabis varieties; and (6) cannabis parts and derivatives will be removed from the CSA schedules (either incrementally, starting with CBD, or all at once) and will be fully legal for medical and recreational purposes. (We expand on these predicted developments in Chapter IV, U.S. Legal Landscape.)

We do not predict that these developments necessarily will occur in the order presented. We do expect some of them to develop in parallel, and none of them depends fundamentally on any other. For example, Congress could cause development (6) at any time by passing legislation that removes cannabis from the CSA schedules and establishes a national framework for recreational and medical cannabis regulation. Developments (1) through (3) largely reflect incremental developments within the existing legal environment. We do not expect developments (4), (5) or (6) to occur during the current presidential term, but we believe that there is a reasonable chance development (4) could begin within the next five years and development (5) could occur within two years thereafter. In total, we believe it could take up to 10 years or more before the federal legalization process reaches development (6) and cannabis becomes fully legal under federal law. For our market estimates, we assume (i) development (4) begins in 2023, (ii) development (5) follows two years thereafter and (iii) development (6) occurs by 2027 and cannabis becomes fully legal in the United States.

**Path to Federal Legalization**

1. The U.S. Food and Drug Administration will begin approving individual pharmaceutical-grade drugs derived from cannabis.
2. More states will adopt medical cannabis laws.
3. More states will adopt recreational laws.
4. The FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties.
5. The FDA will adopt routine approval procedures for drugs with extracts of high-THC cannabis varieties.
6. Cannabis parts and derivatives will be removed from the CSA schedules and will be fully legal for medical and recreational purposes.

We believe that federal legalization will trigger rapid growth in the U.S. market, propelled by interstate commerce, access to the federal banking system and acceleration of the cannabis-derived pharmaceuticals market. A change in the federal status of cannabis in the United States will not only drive U.S. market growth, but should provide a significant catalyst to the market worldwide.

The following graph illustrates the timeline of our predicted developments and the estimated impact on the U.S. legalized cannabis market. As discussed on page 175, readers are cautioned to not place undue reliance on our predictions or estimates. Almost certainly, our predictions and estimates will prove inaccurate in some respects.


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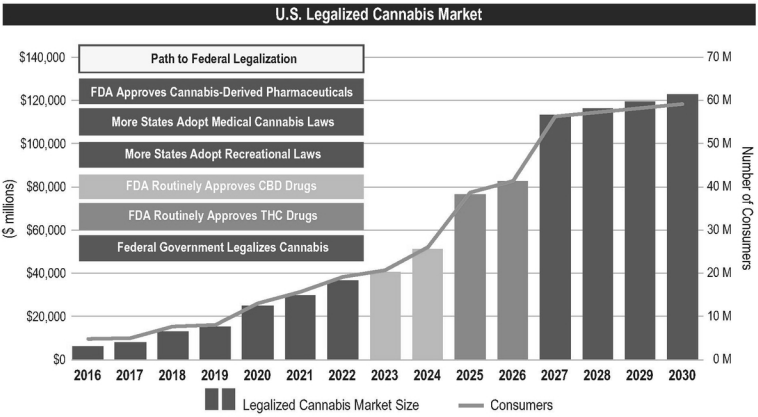


*Source:* Ackrell Capital. Assumes cannabis will be legalized federally by 2027. Cannabis may never be legalized federally in the United States.

## To Watch in 2018

We believe that the following events will impact the legalized cannabis industry in 2018.

**To Watch in 2018**

- Increasing Recreational Legalization
- Cannabis Consumer Experience goes "Mainstream"
- FDA Approval of Cannabis-Derived Pharmaceuticals
- Commoditization of Cannabis Flower
- Access to Banking Services for U.S. Cannabis Companies
- Increasing Strategic Investor Activity; Continuing Funding Gap

### Increasing Recreational Legalization

We expect 2018 will be a watershed year for recreational markets, both in the United States and internationally. California will begin implementing its new recreational law in January 2018, and Canada's proposed recreational law is widely expected to be approved in some form by mid-2018.

California, which has a population of 38 million people and receives 250 million visitors annually, is poised to transition from the world's largest medical cannabis market to the largest recreational market with the implementation of its recreational law in January 2018.

In each of the three largest U.S. states to implement recreational laws—Colorado, Oregon and Washington—the size of the legalized cannabis market expanded significantly, doubling the size of the overall market in each of these states in the first full calendar year after implementation. The world has yet to experience a legalized recreational cannabis market in a jurisdiction as large as California, and how the supply chain, consumer response and regulatory framework will coalesce in such a market remains to be seen.



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Nonetheless, we believe that California's state-legal market may double from an estimated $3.2 billion in 2017 to approximately $6.5 billion in 2018.

Canada has assumed the role of a global leader of cannabis legalization. Although Canada's legal cannabis market is presently limited to medical cannabis, it is currently the largest federally legal cannabis market in the world, estimated at $1.5 billion in 2017. In April 2017, a proposed recreational law was introduced in the Canadian parliament; the proposed Cannabis Act would allow adults to purchase cannabis from federally licensed producers and to possess and share cannabis with other adults. The Cannabis Act is widely expected to be approved in some form by the Canadian parliament by mid-2018. If approved, Canada would be the largest country in the world to legalize recreational cannabis on a national level, and we believe that the implementation of the Cannabis Act would significantly expand the size of Canada's overall market. Canada has demonstrated that by providing a national legal framework for cannabis, companies operating legally within the industry have had a clear "first to market" advantage, allowing them to raise significant amounts of capital and to pursue domestic and international expansion opportunities.

If these recreational laws stimulate demand, as expected, and are otherwise viewed as successful, we expect more U.S. states and additional countries to follow suit with similar laws. In the United States, legislatures in eight states (Arizona, Delaware, Florida, Michigan, New Jersey, Ohio, Rhode Island and Vermont) are expected to introduce ballot measures or explore regulatory frameworks for recreational cannabis in 2018.

## Cannabis Consumer Experience Goes "Mainstream"

Cannabis consumer product companies and retailers are rapidly evolving to meet the needs of the "mainstream" cannabis consumer. Cannabis consumers are no longer limited to smoking flower with joints, pipes or bongs, but have their choice of an increasing variety of products, including concentrates, infused products and topicals. Products coming to market increasingly address the attributes demanded by the modern consumer—greater discretion, ease of use, product safety and accurate dosing. To attract more mainstream customers, companies have responded to these demands with increasingly sophisticated packaging and advertising.

Where a consumer purchases a product can be as important as the product itself. In the United States, cannabis dispensaries play a critical role by providing consumers with access to a wide variety of products and "high-touch" education and sales services. Merchandising and branding have become more prominent as dispensaries increasingly seek to provide consumers with an experience similar to other mainstream retail shopping experiences. In 2018, we see an opportunity for cannabis dispensaries to drive consumer penetration and mainstream acceptance of cannabis by establishing storefronts in malls and other high-profile retail locations.

In 2018, we believe that product innovation and advancements in cannabis varieties, concentrates, infused products, vaporizing technology and cannabis-derived pharmaceutical products will drive consumer adoption and spending. However, because numerous product categories have low barriers to entry, we expect a significant influx of cannabis brands that will aggressively compete for limited display space in dispensaries. We also believe product differentiation and availability will be more prevalent in legalized cannabis markets and will drive consumer transition from illegal to legal markets.


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***"Mainstream" Consumer Experience***



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## FDA Approval of Cannabis-Derived Pharmaceuticals

The FDA's first-ever approval of a cannabis-derived pharmaceutical may occur in 2018. The FDA has previously approved several drugs with chemically synthesized cannabinoids or cannabinoid-like compounds, but has never approved a drug derived from the cannabis plant. In October 2017, U.K.-based GW Pharmaceuticals submitted a New Drug Application (NDA) to the FDA for Epidiolex, an oral formulation of cannabis-derived cannabidiol, or CBD, intended to treat severe forms of childhood epilepsy. (GW Pharmaceuticals also manufactures Sativex, a mouth spray used for treatment of spasticity caused by multiple sclerosis; it includes THC and CBD derived from cannabis. Sativex was first approved for use in the United Kingdom in 2010, and has been approved for use in at least 30 countries, but not in the United States.) If the FDA approves Epidiolex, such a precedent could be followed by similar approvals in the United States for other cannabis-derived drugs and result in a significant increase in the medical use of cannabis by consumers.

## Commoditization of Cannabis Flower

The supply of cannabis in the United States has increased considerably with expanded state legalization. This increase has started to dampen retail and wholesale prices in various markets. While retail prices vary across the country, an examination of the price per gram of cannabis flower, or "bud," in the three largest states to implement recreational laws—Colorado, Oregon and Washington—reveals a downward trend. The following graph shows the average price per gram of cannabis flower in these three states since the beginning of 2016.

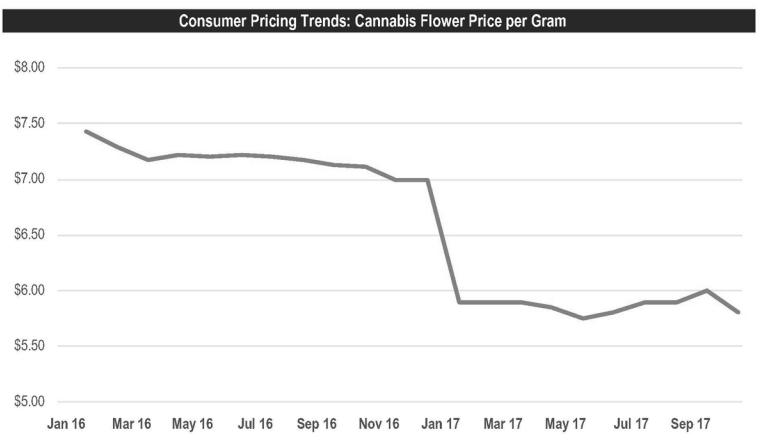


*Source:* BDS Analytics


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As prices decline, we are starting to see closer price parity between state-legal and illegal markets (in the United States, cannabis is generally priced lower in illegal markets than in state-legal markets). We believe that lower retail prices in state-legal markets will accelerate consumer transition from illegal to state-legal markets and drive increased overall penetration rates. However, state and local taxes will continue to impact pricing for cannabis products in state-legal cannabis markets, which will impede the transition to legal markets.

In international markets, cannabis cultivators in South America, particularly in Colombia and Uruguay, are expected to proceed with large-scale operations in 2018, with the anticipated supply of cannabis entering the market in late 2018 or early 2019. These operations are designed to produce output that exceeds local demand, and South American countries are expected to export products to other legal markets, such as Canada and Germany. As legal markets increasingly import cannabis products, we anticipate downward-pricing pressure for cannabis in both the wholesale and retail markets. Cannabis cultivators in domestic markets that permit imports may be challenged by large, low-cost cannabis producers in South America and elsewhere. While these dynamics are expected to impact international cannabis markets, they should not materially affect prices in the United States until the importation of cannabis products becomes legal under federal law.

## Access to Banking Services for U.S. Cannabis Companies

Because most cannabis-related businesses in the United States violate federal law, most domestic financial institutions do not provide services to participants in the cannabis industry. Companies in the cannabis industry may not be able to open or maintain bank accounts or access other products and services—such as credit facilities, payment processing and insurance coverage—typically provided by traditional financial institutions. A lack of access to banking and other traditional financial products and services continues to impede the growth of the industry; it increases the time, effort and expense related to ongoing operations and increases risks associated with cash transactions and the use of alternative products and services.

The California State Treasurer's Cannabis Banking Working Group—a panel convened by California State Treasurer John Chiang that includes representatives from the cannabis industry and financial institutions, and government tax collection, law enforcement and regulatory agencies—issued a report in November 2017 on the cannabis industry's banking challenges. In the report, the State Treasurer's Office stated that the cannabis industry's lack of access to banking services is one of the biggest threats to the success of the state's recreational cannabis law, which is scheduled for implementation starting in January 2018.

The U.S. Bank Secrecy Act (BSA) requires financial institutions to file "suspicious activity reports" (SARs) with the Financial Crimes Enforcement Network (FinCEN) regarding customers engaged in "marijuana-related business." From February 2014 through June 2017, FinCEN received a total of 33,692 marijuana-related SAR filings from a total of 390 banks and credit unions (out of approximately 11,500 depository institutions). The following graph based on FinCEN data shows the number of banks and credit unions making such filings. While the percentage of the total number of depository institutions serving the cannabis industry remains small, the growing number of depository institutions making SAR filings indicates that cannabis businesses increasingly are accessing the federal banking system despite federal law.



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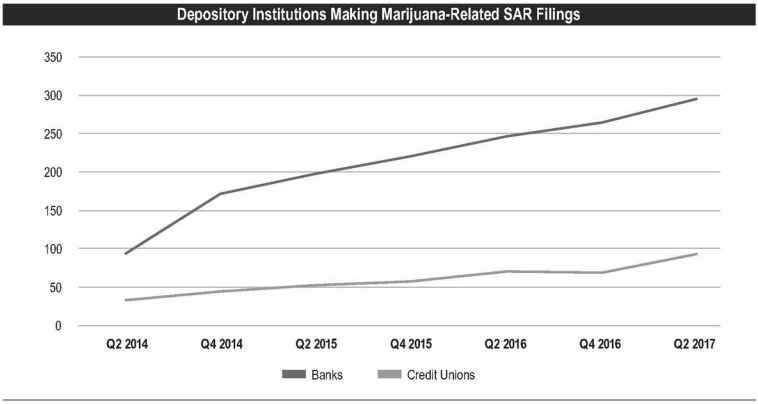


*Source:* Financial Crimes Enforcement Network

FinCEN has published guidance outlining how financial institutions can, consistent with their BSA obligations, provide services to marijuana-related businesses. However, this guidance does not provide financial institutions with a legal defense for any violation of federal law. Consequently, financial institutions willing to serve the cannabis industry tend to be smaller institutions, such as credit unions and state-chartered banks. "Big" banks generally do not serve, or are not willing to state publicly that they serve, the cannabis industry. For example, according to American Banker, a spokeswoman for Wells Fargo Bank recently said the bank's policy worldwide is to not bank marijuana businesses.

However, as cannabis-related companies increasingly participate in the formal U.S. economy, the notion of what constitutes a "marijuana-related business" is being blurred, and banks are finding it more difficult to institute and follow their own policies. For example, it may be straightforward for a bank to identify and refuse to transact with a cannabis cultivator, but the bank may be unsure whether it can provide services to (or whether it is providing services to) the cultivator's accountant, landlord or investors. For example, Constellation Brands, Inc. (NYSE: STZ), a large beverage company, recently invested approximately $190 million in Canopy Growth Corporation (TSX: WEED), a Canadian cannabis company. According to public filings, Constellation Brands has credit agreements with a number of large financial institutions, including Bank of America, Bank of the West, Fifth Third Bank, Goldman Sachs Bank, JPMorgan Chase Bank, PNC Bank, SunTrust Bank and Wells Fargo Bank. How these institutions respond to the investment by Constellation Brands and other similar transactions may indicate how large financial institutions will interact with the industry in the foreseeable future.

In the current environment, we believe more financial institutions will start to provide some level of service to the cannabis industry. We also agree with the view of the California State Treasurer's Office, as expressed in the working group's report, that it is only a matter of time until cannabis businesses have normal access to banking services. However, if the U.S. federal government were to change its


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current practice and aggressively enforce existing federal cannabis laws, including penalizing financial institutions for serving the cannabis industry, it would have a dampening effect on the industry both in the United States and abroad.

### Increasing Strategic Investor Activity; Continuing Funding Gap

We share the belief held by many that, ultimately, established companies from analogous industries—alcohol, pharmaceutical, tobacco and consumer products—will enter the cannabis industry through minority investment, by acquisition or otherwise. We have already seen examples: Constellation Brands' investment in Canopy Growth referenced above and the more than $400 million spent by The Scotts Miracle-Gro Company (NYSE: SMG) to acquire soil, fertilizer, hydroponic equipment and lighting companies that supply the cannabis industry. These types of transactions help validate investor enthusiasm for and valuations in the cannabis industry, and we expect similar transactions to occur with increasing frequency during 2018 and beyond.

Retail investors and an increasing number of family office and strategic investors are providing most of the investment capital to the cannabis industry. Cannabis-related companies raised more than $2.0 billion in the public and private markets in 2017, but many of the financings were small—less than $5 million. We expect that many institutional investors (most notably, the traditional venture capital and private equity communities) will not invest in the industry until it matures and the legal environment becomes more favorable.

Without institutional support for the cannabis industry, a funding gap exists—companies are seeking more capital than investors are willing or able to provide. We believe that this is especially true in the private markets, where many companies struggle to raise necessary financing. Although capital may be available for select issuers in both public and private markets, we believe that without participation from institutional investors, the cannabis industry will continue to face a significant funding gap for the foreseeable future.

## Investment Outlook

Hundreds, if not thousands, of cannabis-related companies are seeking to raise capital—thus presenting investment opportunities for sophisticated investors who want to participate in the cannabis industry. Investors have their choice of investing in the more than 300 publicly traded cannabis-related companies, or in the significant number of private companies raising capital. Investors may also choose among stock markets (both within the United States and internationally), type of security (equity versus debt) and type of company (companies across all segments of the industry are raising capital).

Most of the cannabis-related companies raising capital—even publicly traded companies—are in early stages of development, have de minimis revenue and are not profitable. More than 85% of publicly traded cannabis-related companies have annual revenue less than $5 million, and less than 5% have annual revenue greater than $25 million.

To help investors better evaluate investment opportunities in the cannabis industry, we currently define five primary segments: production, distribution, consumer products, business solutions and



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digital media. We further divide each segment into multiple subsegments. Each segment has unique opportunities and risks. For example, companies that possess, manufacture or distribute cannabis (commonly known as "touching the plant") face risks related to violating federal law—and state-law compliance obligations—not generally faced by providers of business software or digital media content. Many businesses operate in multiple segments, and we expect industry leaders to emerge in each segment. The five primary segments and their subsegments are illustrated in the following chart.

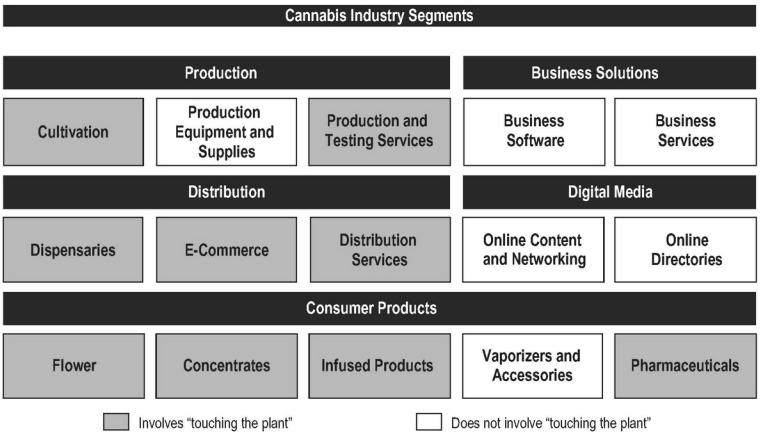


In our view, valuations and stock price fluctuations in the cannabis industry continue to be driven more by expectations for the cannabis industry in general than by individual company fundamentals. Today, in the public markets for cannabis-related companies, trading volumes are too low, trading prices are too volatile and operating histories are too limited to place any reliance on current valuation levels. We believe that this dynamic will continue until cannabis-related companies have matured and start to realize meaningful revenue, profitability and other financial metrics that will allow investors to evaluate companies within the industry by more traditional methodology.

It is still too early to know how the cannabis industry or its sectors will be valued in the future. It may come to pass that companies in the cannabis industry are valued comparably to public companies in industries with similar characteristics, such as the alcohol, tobacco, pharmaceutical and consumer products industries, especially as companies from those industries look to enter the cannabis industry, through acquisition or by other means. What is clear now, however, is that investors will continue to have a range of investment opportunities from which to choose in this rapidly growing, dynamic industry.


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# CHAPTER II
# Cannabis Science 101

## The Cannabis Plant

Cannabis is a genus of flowering plant indigenous to Eurasia. For millennia, humans have consumed cannabis for therapeutic, medicinal, social or spiritual purposes and have used the seeds and fibrous stalks of the cannabis plant to produce goods such as rope, paper, clothing and soap.

There are at least three principal cannabis species: *Cannabis sativa, Cannabis indica* and *Cannabis ruderalis*.[1] These three species can be distinguished by their plant structures and leaves. Sativa plants are generally tall, thin and wispy; indica plants tend to be shorter and bushier than sativa plants; and ruderalis plants are shaggy and the shortest of all three species. The following pictures depict the *Cannabis sativa, Cannabis indica* and *Cannabis ruderalis* plants and their leaves.

***Cannabis Sativa Plant***

***Cannabis Indica Plant***

***Cannabis Ruderalis Plant***

[1]Botanists disagree about whether sativa, indica and ruderalis are distinct species or are instead distinct subspecies of a single plant species. Some botanists propose renaming these three species to reflect their geographic origins. This report takes no position on these botanical debates; it merely adopts one set of commonly used nomenclature.



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*Cannabis Sativa Leaf*

*Cannabis Indica Leaf*

*Cannabis Ruderalis Leaf*

Many hybrid varieties of cannabis—sometimes referred to as strains—have developed from these three species, both through selective breeding and in the wild. Most cannabis varieties grown today are hybrids that exhibit features of two or more of these principal species. Cannabis varieties consumed for physiological effects generally are hybrids of sativa and indica that produce relatively large and dense flowers. Certain cannabis varieties—known as hemp—that are grown to produce industrial goods generally are sativa-dominant varieties or hybrids of sativa and ruderalis that produce relatively small and sparse flowers.

Cannabis yields more than 100 different compounds known as "cannabinoids," which, when consumed, act on cannabinoid receptors in cells in the human nervous and immune systems. The primary cannabinoid in most cannabis is tetrahydrocannabinol, or THC, the psychoactive compound responsible for the "high" or euphoric feeling commonly associated with cannabis consumption. The next most abundant cannabinoid is cannabidiol, or CBD, which produces a physical effect without the psychoactive effects associated with THC.

Cannabis also includes a variety of compounds known as "terpenes," which are understood to interact with cannabinoids to produce some of the physiological effects sought by cannabis consumers. Terpenes are present in cannabis and many other types of plants and are responsible for a plant's aroma and flavor. Examples of terpenes found in cannabis include limonene, which is known for its citrus smell and is also present in citrus fruit rinds, and pinene, which is known for its pine and fir aromas and is also found in pine resin.

The highest concentrations of cannabinoids and terpenes are found in the "trichomes" on the flowers of unpollinated female cannabis plants. Trichomes are crystalline or hairlike components that secrete cannabinoids, terpenes and other compounds; they generally occur all over the cannabis plant but are found in highest concentration on the flower. The following illustration shows the basic anatomy of a cannabis plant, and the images to the right show a female cannabis plant flower and a close-up view of trichomes.


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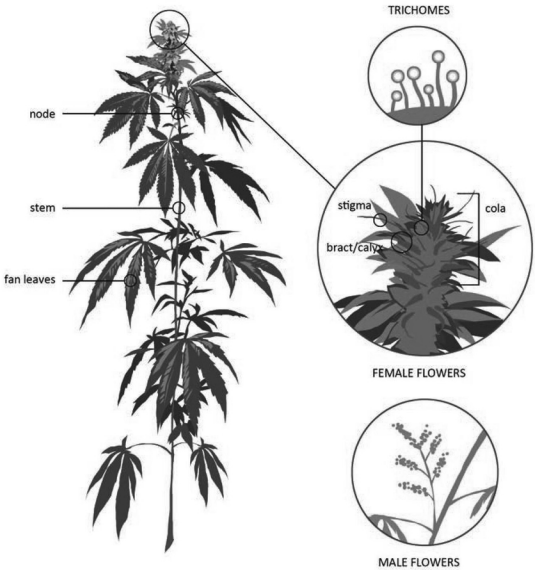

*Cannabis Flower*

*Trichomes*

*Cannabis Plant Anatomy*

Cannabis can be consumed in a variety of ways that introduce its active compounds into the body: smoking cannabis flower or its extracts, vaporizing cannabis flower or its extracts, ingesting cannabis extracts or food products prepared with cannabis and topical application of cannabis products. Human consumption of cannabinoids and terpenes is widely believed to have numerous medicinal benefits and therapeutic applications. Depending on the types and relative concentrations of the cannabinoids and terpenes consumed, these benefits may include pain relief, reduction of inflammation, and promotion of an energetic, uplifting mood or a calm, relaxed mood.

Although humans have used cannabis therapeutically for thousands of years, only recently have scientists begun to research and understand at the chemical and biological levels how cannabis works with the human body. In the 1940s, the American organic chemist Roger Adams performed numerous studies on cannabis and identified and isolated the cannabinoids THC, CBD and cannabinol, or CBN. In the 1960s, a team of scientists led by Raphael Mechoulam at the Weizmann Institute of Science in Israel more completely determined the chemical composition of THC, CBD and certain other cannabinoids. This research on cannabinoids ultimately led to the discovery that the human body naturally produces its own cannabinoids and uses them to regulate homeostasis (a process by which biological systems tend to maintain internal stability, or balance).



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## The Human Endocannabinoid System

The human endocannabinoid system consists of nervous and immune system receptors involved in regulating health and physiological functions. There are two types of endocannabinoid receptors, CB1 and CB2 receptors, which are located in the brain and in other organs, tissues and glands throughout the human body. The human body actively regulates variables related to appetite, immune response, memory, mood, pain, sleep and other functions by naturally creating compounds known as "endocannabinoids" and delivering them to these receptors. The following illustration depicts the human endocannabinoid system and the location of CB1 and CB2 receptors.

**Human Endocannabinoid System**

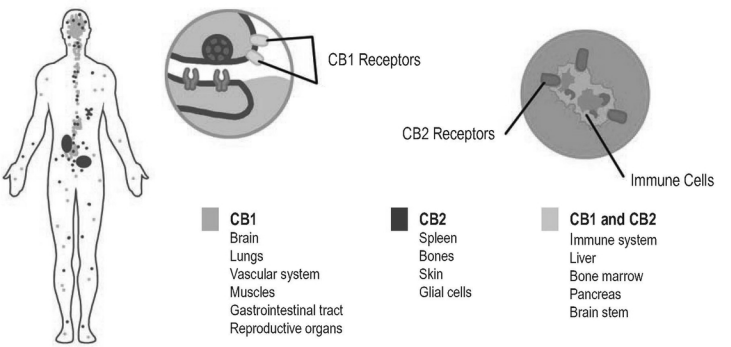


The physiological effects of cannabis consumption are believed to be primarily the result of THC, CBD and other cannabinoids bonding with the body's endocannabinoid receptors and the consequent impact on functions regulated by the endocannabinoid system. As scientists gain a deeper understanding of the human endocannabinoid system, they are beginning to explore the application of cannabinoids to a broad range of medical conditions and ailments. Although medical research on cannabinoids is nascent, cannabis is currently being used to manage many conditions, including anxiety, depression, inflammation, insomnia, nausea, neural disorders and pain.

### CB1 and CB2 Receptors

CB1 and CB2 endocannabinoid receptors, which are found on cell surfaces throughout the body, are believed to be more numerous than any other cellular receptor signaling system in the human body. The CB1 receptors are located primarily in the brain, central nervous system and other tissues; these receptors play a modulatory role in memory, mood, sleep, appetite and pain sensation. The CB2 recep-


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tors are located primarily in peripheral organs associated with the immune system, with the greatest concentration in the spleen, and are responsible for managing inflammation and autoimmune function. Many tissues contain both CB1 and CB2 receptors, with each receptor type linked to a different physiological function.

### Human Endocannabinoids

Endocannabinoids are the cannabinoids created naturally by the human body for delivery to CB1 and CB2 receptors. In contrast with cannabinoids introduced through cannabis consumption, endocannabinoids are broken down quickly by the body and cause effects with shorter durations. One well-studied endocannabinoid is anandamide (AEA). AEA is associated with the maintenance of mood, and AEA deficiency is understood to be anxiogenic (anxiety-inducing). Maintaining appropriate AEA levels within the human body is believed to reduce pain and inflammation, counter the proliferation of cancer cells, relieve anxiety and promote adult neurogenesis (a process whereby nerve cells are generated from neural stem cells). Like THC, AEA has a small molecular structure that binds to CB1 receptors. AEA is currently being studied for its effects on angiogenesis (the process of developing new blood vessels), anxiety, cancer and memory consolidation. AEA is also present outside the human body; for example, it is a natural component of chocolate.

### Endocannabinoid Systems in Animals

Nonhuman mammals, including dogs, cats and horses, have been shown to have endocannabinoid systems that are similar to their human counterparts: these systems employ CB1 and CB2 receptors and function through the natural production of endocannabinoids. This implies that the endocannabinoid system is not a recent evolutionary development, but rather an ancient physiological feature of mammals in general. The cannabinoids found in cannabis, particularly CBD, have been shown to have a range of therapeutic applications for certain animals, including antibacterial and anti-inflammatory properties, appetite and bone-growth stimulation, and pain relief. The following chart depicts the canine endocannabinoid system and CB1 and CB2 receptors.

**Canine Endocannabinoid System**

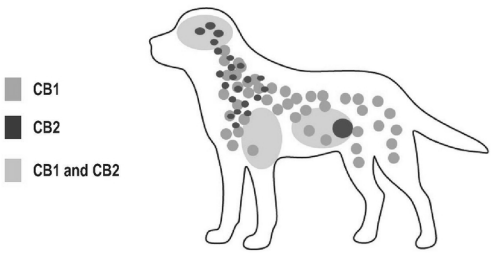




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## Cannabinoids

Cannabinoids are compounds present in the cannabis plant that act on human cannabinoid receptors in cells in the nervous and immune systems. Scientists have identified more than 100 cannabinoids in the cannabis plant. Generally, the most abundant cannabinoid is THC, a psychoactive compound that causes a euphoric "high," and the second most abundant cannabinoid is cannabidiol, or CBD, which produces a relaxing physical effect without a psychoactive effect. Consuming cannabinoids has been shown to have numerous medicinal benefits and therapeutic applications. The following table lists 20 common conditions for which medical cannabis use has been legalized under U.S. state laws and identifies 8 cannabinoids that are used or being studied to treat these conditions. A brief description of these cannabinoids follows the table.

**Common Qualifying Medical Conditions and Potentially Therapeutic Cannabinoids**

| | THC | CBD | CBC | CBG | CBGA | CBN | THCA | CBDA |
|---|---|---|---|---|---|---|---|---|
| Alzheimer's disease | ● | | | | | | | ● |
| Amyotrophic lateral sclerosis (ALS) | ● | ● | | | | ● | | |
| Anorexia | ● | | | | | | | |
| Arthritis | ● | ● | | | | | | |
| Cachexia | ● | ● | | | | | | |
| Cancer | ● | ● | ● | ● | | | ● | ● |
| Chronic pain | ● | ● | ● | | ● | ● | ● | |
| Crohn's disease | | | | ● | | | | |
| Epilepsy | | ● | | | | | | |
| Glaucoma | ● | ● | | ● | | | | |
| Hepatitis C | ● | ● | | | | | | |
| HIV/AIDS | ● | ● | | | | | | |
| Inflammation | | ● | ● | ● | ● | | ● | ● |
| Migraine | ● | ● | | | | | | |
| Multiple sclerosis | ● | | | | | | | |
| Nausea | ● | ● | | | | | ● | |
| Nervous system degeneration | | ● | | | | | | |
| Parkinson's disease | | ● | | | | | | |
| Post-traumatic stress disorder (PTSD) | | ● | | | | | | ● |
| Spasms | ● | ● | | | | ● | ● | |

**THC** **Tetrahydrocannabinol:** THC refers to delta-9-tetrahydrocannabinol and certain chemical variants, including delta-8-tetrahydrocannabinol. THC is the most abundant cannabinoid in cannabis and is understood to be the psychoactive compound in cannabis primarily responsible for the euphoric feeling of being "high." Both recreational and medicinal users often seek the psychoactive effects of THC and may prefer certain cannabis products based solely on the quality and level of THC. THC is believed to have wide-ranging medicinal benefits: analgesic, antianxiety, antibacterial, anticancer,


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antidepressant, antiemetic, anti-inflammatory, antinausea and antispasmodic. It also is believed to have therapeutic applications, such as appetite stimulation, bronchodilation, neuroprotection and pain relief.

**CBD Cannabidiol:** CBD is considered to be the second most abundant cannabinoid in cannabis. It is nonpsychoactive and is believed to counteract the psychoactive effects of THC. CBD also is believed to have wide-ranging medicinal benefits: analgesic, antianxiety, antibacterial, anticancer, anticonvulsant, antidepressant, antiemetic, anti-inflammatory, anti-insomnia, anti-ischemic, antipsychotic and antispasmodic. In addition, CBD is believed to have therapeutic applications, including appetite stimulation, bone-growth stimulation, immunosuppression and neuroprotection. CBD can be derived from many cannabis strains, including low-THC strains ordinarily grown to produce industrial hemp products.

**CBC Cannabichromene:** CBC is thought to be the third most abundant cannabinoid in cannabis and is nonpsychoactive. Like THC and CBD, CBC is believed to have several medicinal benefits, including analgesic, antibacterial, anticancer, antidepressant, antifungal, anti-inflammatory and anti-insomnia. CBC is also used as a therapeutic bone-growth stimulant. Ongoing research seeks to determine the role of CBC in reducing gastrointestinal inflammation. CBC may also have applications in pain management—in addition to binding to the CB1 and CB2 endocannabinoid receptors, it has been shown to interact with certain pain receptors.

**CBG Cannabigerol:** CBG is nonpsychoactive and is believed to have several medicinal benefits—analgesic, antibacterial, anticancer, antidepressant and antifungal—as well as a therapeutic application for bone-growth stimulation. CBG is present primarily during the early stages of the cannabis plant's growth cycle; only small amounts can be extracted from the plant during its flowering stage (although strains of cannabis have recently been bred to have high levels of CBG). CBG is believed to partially counteract the psychoactive effects of THC and to decrease anxiety and muscle tension.

**CBGA Cannabigerolic Acid:** CBGA is a nonpsychoactive precursor to all other cannabinoids, including THC, CBD, CBC and CBG. Much of a cannabis plant's CBGA ultimately transforms into other cannabinoids through the chemical process of decarboxylation. CBGA is used for analgesic and anti-inflammatory applications. Certain cannabis strains cultivated to produce industrial hemp products are believed to contain high levels of CBG relative to other strains.

**CBN Cannabinol:** CBN has been shown to produce some psychoactive effects and is believed to have several medicinal benefits, such as analgesic, antibacterial, anticonvulsive, anti-inflammatory and anti-insomnia. Unlike many other cannabinoids, CBN is not derived directly from CBGA decarboxylation; instead, it results from THC degradation. The CBN level of a cannabis plant is sometimes used as a measure of the plant's overall quality for consumption.

**THCA Delta-9-Tetrahydrocannabinolic Acid:** THCA is found abundantly in raw cannabis flower and is the precursor to THC. THCA is nonpsychoactive and is believed to have several medicinal benefits, including anticancer, anti-inflammatory and antispasmodic. THCA decarboxylates into THC through drying or application of intense heat, such as the heat applied during smoking or vaporizing the cannabis plant.



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**CBDA** **Cannabidiolic Acid:** CBDA, the precursor to CBD, is nonpsychoactive and is believed to have several medicinal benefits—anticancer, antiemetic and anti-inflammatory—as well as therapeutic applications. Generally, CBDA is present in the cannabis plant in low levels, although recently some strains have been grown with CBDA levels comparable to typical THC levels. Like THCA, CBDA decarboxylates into other compounds when heated. (An explanation of decarboxylation follows.)

## Cannabinoid Composition Levels

As a general rule, THC and CBD are the most prevalent cannabinoids found in many strains of the cannabis plant, with other cannabinoids appearing in relatively minuscule amounts. (One exception to this rule is the low-THC strains grown to produce industrial hemp.) THC-dominant strains historically have been the most popular with cannabis consumers, but CBD-dominant strains and strains with high levels of other cannabinoids are believed to have medicinal benefits and hold promise for therapeutic applications.

## Cannabinoid Creation: Decarboxylation

All cannabinoids present in cannabis begin as cannabigerolic acid, or CBGA. CBGA is ultimately transformed into various other cannabinoids through decarboxylation, a process by which a compound's chemical structure changes due to light, heat, alkaline conditions or other chemical forces. The two main catalysts for decarboxylation of CBGA and other cannabinoids are heat and time (the aging process). The following chart depicts the process of cannabinoid decarboxylation.

**Cannabinoid Decarboxylation Process**

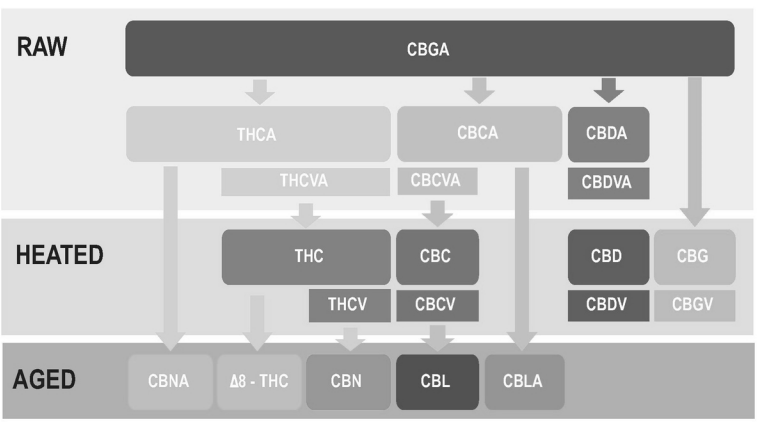


*Source:* Elemental Wellness


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As examples of the decarboxylation process, consider the changes to THCA that result from heat and aging. If the nonpsychoactive THCA naturally present in raw cannabis is heated, it quickly decarboxylates into psychoactive THC; this is what commonly occurs when cannabis flower is smoked or vaporized for its psychoactive effect. THCA may also be stored and aged to produce CBN.

### Cannabinoid Boiling Points

Cannabinoids boil at temperatures lower than the temperature at which cannabis flower burns. Based on this property, vaporizers have been developed to heat cannabis flower to a point at which its active compounds boil and can be inhaled as vapor but at which point the flower does not combust and create smoke. The approximate temperatures at which select cannabinoids boil and cannabis flower combusts are shown in the following table.

**Compound Boiling and Flower Combustion Temperatures**

| Compound/Flower | Temperature (°F) |
|---|---|
| THCA | 220 |
| CBDA | 250 |
| THC | 315 |
| CBD | 355 |
| CBN | 365 |
| Flower | 450 |

Smoking cannabis flower remains the most popular form of cannabis consumption, even though it is believed to destroy as much as 30% of the active cannabinoids and is less efficient than merely heating the desired compounds to their boiling points. Vaporizers are becoming increasingly sophisticated, and those that can maintain temperatures which target the activation of specific cannabinoids are becoming popular.

## Terpenes

Terpenes are a class of organic compounds present in cannabis and many other plants; they are responsible for a plant's aroma and flavor. The strong odors produced by terpenes are believed to be part of the natural defense of many plants. Cannabis contains more than 100 different terpenes, which are believed to interact with cannabinoids in a way that contributes to the medicinal benefits and therapeutic applications of cannabis. Like cannabinoids, terpenes are present in highest concentration in the flowers of cannabis plants. (Terpenoids are certain chemical variants of terpenes, and this report uses the general term "terpene" to refer to both terpenes and terpenoids.)

Terpenes are believed to interact in various ways with the human physiology: by acting on receptors and neurotransmitters, combining



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or dissolving with fats, inhibiting serotonin uptake and increasing dopamine activity in the brain. Scientists have yet to develop an extensive and detailed understanding of the mechanisms and effects of many terpenes. However, consumption of certain cannabis strains with particular terpene profiles and corresponding aromas are generally associated with certain experiences. For example, cannabis strains that smell of musk or clove (indicating the presence of myrcene) tend to cause sedative and relaxing effects, strains with a piney scent (indicating the presence of pinene) are used to promote focus and memory retention, and strains with a lemony scent (indicating the presence of limonene) are consumed for mood uplift.

The following table identifies eight terpenes found in cannabis and lists the medicinal benefits and therapeutic applications commonly associated with each.

**Potential Medicinal Benefits and Therapeutic Applications of Notable Terpenes**

| | Camphene | Caryophyllene | Humulene | Limonene | Linalool | Myrcene | Pinene | Terpinolene |
|---|---|---|---|---|---|---|---|---|
| Antianxiety | | | | ● | ● | | | |
| Antibacterial | ● | ● | ● | ● | ● | ● | ● | ● |
| Anticancer | | ● | | ● | | ● | ● | |
| Anticonvulsive | | | | ● | ● | | | |
| Antidepressant | | | | ● | ● | | | |
| Antifungal | ● | ● | | ● | ● | ● | ● | ● |
| Anti-inflammatory | ● | | ● | | | ● | ● | |
| Anti-insomnia | | | | | ● | | | ● |
| Anti-ischemic | | ● | | | | | | |
| Antiseptic | | | | | | ● | | ● |
| Antitumor | | | ● | | | | | |
| Appetite suppressant | | | ● | | | | | |
| Bronchodilator | ● | ● | | | | | ● | |

**Camphene:** Camphene smells strongly of damp woodlands and fir needles and is believed to have several medicinal benefits, such as antibacterial, antifungal and anti-inflammatory, and a therapeutic application as a bronchodilator. Some studies have shown that camphene could be used to combat heart disease as an alternative to other pharmaceutically based therapies with harsh side effects. Camphene is a minor component of many essential oils and is used as a food additive.


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**Caryophyllene:** Caryophyllene is known for its peppery, woody and spicy smell. It is believed to have several medicinal benefits, such as antibacterial, anticancer, antifungal and anti-ischemic, and a therapeutic application as a bronchodilator. Caryophyllene is found in many plants, including Thai basil, cloves, cinnamon leaves and black pepper.

**Humulene:** Humulene is well known for giving beer its hoppy aroma and is believed to have several medicinal benefits: antibacterial, anti-inflammatory and antitumor. Humulene is used to aid weight loss by acting as an anorectic (appetite suppressant). It is also found in hops and coriander.

**Limonene:** Limonene is recognized for its citrusy smell. Its medicinal benefits are believed to include antianxiety, antibacterial, anticancer, anticonvulsive, antidepressant and antifungal. Limonene present in cannabis quickly enters the bloodstream upon inhalation, which may facilitate the quick absorption of other terpenes and thus contribute to an uplifting experience. Limonene is also present in citrus fruit rinds, rosemary, juniper, peppermint and pine needle oils, and its strong smell serves as a natural insect repellent.

**Linalool:** Linalool has floral and lavender aromas. It is believed to have medicinal benefits that include antibacterial, antidepressant, antifungal and anti-insomnia. Linalool may also counteract anxiety induced by THC consumption. Some research suggests that linalool may boost the immune system, reduce lung inflammation and restore cognitive and emotional function (potentially making it useful in the treatment of Alzheimer's disease). Linalool is found naturally in hundreds of plants and is a common ingredient in bath products.

**Myrcene:** Myrcene is generally the most abundant terpene found in cannabis and is known for its musky and earthy herbal smell, comparable to the smell of cloves. Myrcene is believed to have several medicinal benefits, including antibacterial, anticancer, antifungal, anti-inflammatory and antiseptic. Myrcene is understood to enable and hasten the psychoactive effect of THC by lowering resistance posed by the blood-brain barrier and increasing the THC saturation capacity of the CB1 receptors. Consuming cannabis with high levels of myrcene may contribute to sedative and relaxing effects suitable for the treatment of insomnia and pain. Myrcene is present in hops, citrus fruits, bay leaves, eucalyptus, wild thyme, lemongrass and many other plants.

**Pinene:** Pinene is known for its pine and fir aromas and is believed to have medicinal benefits, such as antibacterial, antifungal and anti-inflammatory, and a therapeutic application as a bronchodilator. Pinene has shown potential to function as an anticancer agent and is believed to counter some of the psychoactive effects of THC. Pinene is present in conifers, pine resin and citrus fruits and is one of the terpenes most prevalent in nature.

**Terpinolene:** Terpinolene has a piney aroma and subtle herbal and sweet floral scents similar to citrus fruits. Terpinolene is believed to have medicinal benefits, including antibacterial, antifungal, anti-insomnia and antiseptic. It is also thought to be a central nervous system depressant and is used to induce sleep or reduce psychological distress. Terpinolene is found in sage and rosemary and is used in soaps and perfumes.



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### Cannabis Plant Terpene Profile

Myrcene is the most abundant terpene found in many cannabis strains, and other terpenes are generally present in lesser, varying amounts. The following chart shows the terpene levels (percentage by weight) found in the flower of a typical strain of cannabis.

**Typical Cannabis Flower Terpene Levels (Percentage by Weight)**

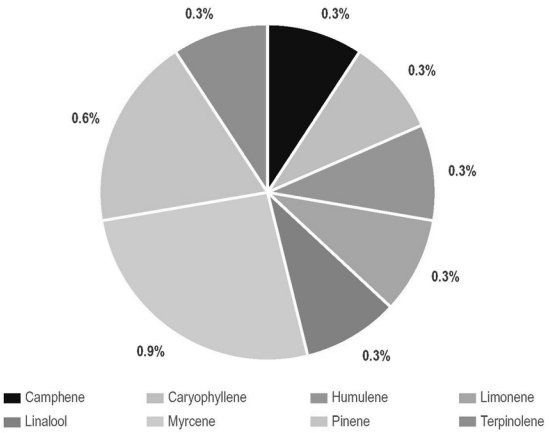


## Cannabis Formulations

### The "Entourage Effect"

The cannabis industry is currently focused on identifying and producing customized formulations of cannabinoids and terpenes that may effectively target specific health conditions or otherwise cause an intended, desirable effect on users. Cannabis strains with specific THC to CBD ratios are currently the predominant focus for therapeutic applications. THC to CBD ratios in strains popular for treating certain medical conditions generally range from 100:1 through 1:100, as illustrated by the following chart.


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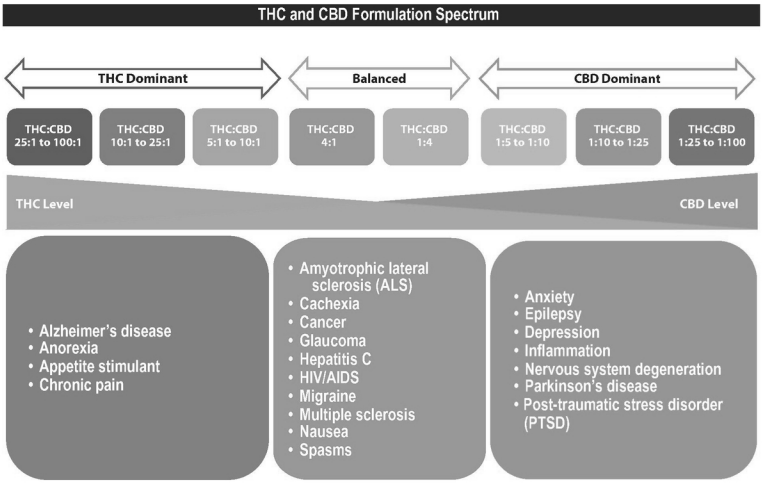


The "entourage effect" refers to the overall user experience produced by the interactions among all active compounds in the cannabis plant. The various cannabinoids and terpenes in a particular cannabis plant are believed to work synergistically with each other and with the human endocannabinoid system to create an effect very different from the effect any one compound would create. This phenomenon may partially explain why different cannabis strains are used to treat diverse medical conditions.

There are several generally accepted examples of the entourage effect. CBD is believed to regulate the psychoactive effects of THC and reduce short-term memory loss, sleepiness and paranoia that may be caused by THC. Myrcene is understood to enable and hasten the psychoactive effect of THC by lowering resistance posed by the blood-brain barrier and increasing the THC saturation capacity of the CB1 receptors. Other terpenes have been shown to block endocannabinoid receptors in the brain while promoting bonding by endocannabinoid receptors located elsewhere in the body.

Many cannabinoid and terpene formulations developed for therapeutic applications are created by combining extracts from multiple cannabis strains, a process known as "Frankensteining." Some believe Frankenstein formulations are less effective than formulations developed from a single strain because the natural balance of compounds in a single strain translates to a naturally balanced effect on the human body.

An understanding of entourage effects and how to effectively combine cannabinoids and terpenes is believed to be critical to the development of targeted cannabis therapies. Examples of cannabis-based therapies being developed with specific cannabinoid-terpene profiles include acne medication containing CBD and limonene, linalool and pinene; antiseptic agents containing CBG and pinene; treatments



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for social anxiety disorders containing CBD, limonene and linalool; and sleeping medicines combining CBD, THC, caryophyllene, linalool and myrcene.

## Genetics and Propagation

Selective breeding and other botanical techniques are being used to develop cannabis varieties with desired profiles of compounds, and scientists are developing tools to synthesize isolated cannabinoids in laboratory settings in order to study cannabis at the genetic level. For example, the first mapping of a cannabis genome was completed in 2011 by a team of Canadian botanists, led by Jon Page from the National Research Council Canada and Timothy Hughes from the University of Toronto, who sequenced 30,000 genes in a sativa variety named "Purple Kush."

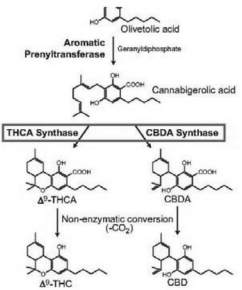


***Cannabis Genome***

Genetic copies, or "clones," of cannabis plants are generally produced using two methods, "clone clipping" and micropropagation, or "tissue culture." Clone clipping involves cutting a growing tip from a cannabis plant that is several inches long and inserting the cut tip into a growing medium, where it then grows into a new plant. Tissue culture involves taking a small tissue sample (which may even be a single cell) from a plant and growing it temporarily in a sterile nutrient solution before transferring it to a permanent growing medium. Controlling cannabis plant genomes is expected to be an important intellectual property issue in the cannabis industry (at least one U.S. patent has been issued for a strain of cannabis).


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***Cannabis Plant Tissue Cultures***

Synthetic cannabinoids and terpenes can be manufactured by modifying plant-based compounds or through tools of synthetic biology and biocatalysis. For example, a synthetic version of THC known as dronabinol is the active compound in the pharmaceutical product Marinol, which was approved by the FDA in 1985 for use in treatment of nausea and vomiting associated with cancer chemotherapy. Methods for biosynthetic production of cannabinoids have been patented in the United States. Some medical practitioners and cannabis users have found synthetic compounds to be less effective than plant-based cannabinoids and have attributed this reduced efficacy to the lack of an entourage effect.

## Dosage, Safety and Side Effects

Cannabis dosing schedules provided by doctors and producers generally lack scientific rigor and, although industry participants strive to create a reliable dosing framework, users generally determine dosage through self-titration and trial and error. (This method of dosing does not always lead to the desired effect, but it is generally agreed that there is a low risk of death from an overdose of cannabis.)

Product packaging commonly indicates that a 10-mg serving of cannabinoids represents one dose, and servings of 2 mg to 5 mg are commonly characterized as "microdoses." Examples of representative dosage amounts used to treat some common medical conditions are presented in the following table.



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**Representative Dosage Amounts**

| Desired Effect or Ailment | Dosage | Dosage Ratio (THC:CBD) |
|---|---|---|
| "High" | 10 mg THC | 10:1 to 100:1 |
| Anxiety, depression, spasms | 25 mg CBD | 1:10 |
| Cancer | 25 mg CBD | 1:1 |
| Chronic pain | 2.5–20 mg THC | 10:1 |
| Epileptic seizures | 200–300 mg CBD | 1:5 |
| Glaucoma | 20–40 mg CBD | 1:2 to 1:4 |
| Increased appetite | 2.5 mg THC | 5:1 |
| Multiple sclerosis | 2.5–120 mg THC | 1:1 |
| Schizophrenia | 40–1,280 mg CBD | 1:4 to 1:128 |
| Sleep disorders | 40–160 mg CBD | 1:4 to 1:16 |

Neither the potential medicinal benefits and therapeutic applications of cannabis consumption nor the negative side effects of cannabis use have been thoroughly researched by medical science. Short-term negative side effects are believed by some to include sensory distortion, panic, anxiety, poor coordination of movement, reduced reaction time, lethargy or drowsiness, depression and elevated heart rate. Longer-term effects may include suppression of the immune system, growth disorders, destruction of lung fibers, brain lesions, reduced sexual capacity, difficulties with concentration, reduced ability to learn and retain information, and personality and mood changes. There is also an ongoing debate about whether cannabis consumption may lead to the abuse of more harmful substances (the so-called "gateway drug" debate).


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# CHAPTER III
# Cannabis Industry Segmentation

The nascent cannabis industry is often viewed by investors and others as a single, homogeneous industry, in much the same way the "technology" industry was viewed in the early 1990s. As the technology industry became more important to the global economy and was better understood by the investment community, however, investment banks and other industry analysts tracked an increasing number of discrete yet related industry segments. In the cannabis industry we are seeing a similar trend, which we expect to continue as the industry evolves.

To help investors better evaluate investment opportunities in the cannabis industry, we currently define five primary segments: production, distribution, consumer products, business solutions and digital media. We further divide each segment into multiple subsegments. Each segment has unique opportunities and risks. For example, companies that possess, manufacture or distribute cannabis (commonly known as "touching the plant") face risks related to violating federal law—and state-law compliance obligations—not generally faced by providers of business software or digital media content. Many businesses operate in multiple segments, and we expect industry leaders to emerge in each segment. The five primary segments and their subsegments are illustrated in the following chart.



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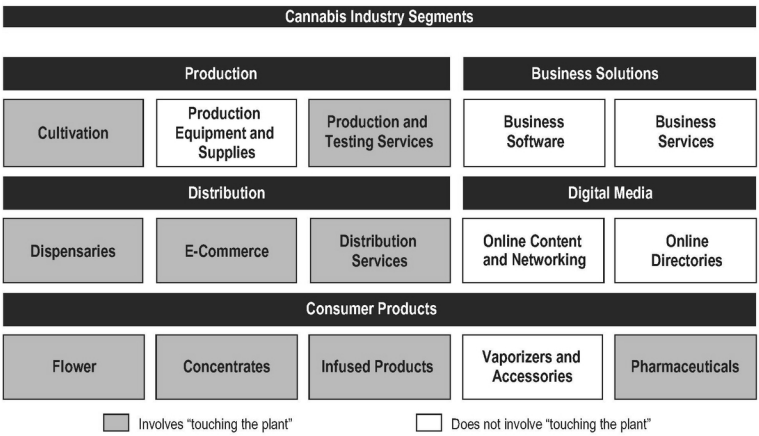


## Production

We divide the production segment of the cannabis industry into three subsegments: cultivation, production equipment and supplies, and production and testing services. Cultivation involves operating grow facilities, propagating cannabis strains, and harvesting and curing cannabis flower. Production equipment and supplies include the physical components used in production, such as extraction equipment, testing equipment, lighting, irrigation systems and plant nutrients. Production and testing services include services that support production, such as extraction or packaging, as well as testing services related to product safety, composition and quality control. Each of these production subsegments is described in more detail in the following discussion.

### Cultivation

The principal function of a cannabis cultivator is to produce cannabis plants and flowers with the aromas, flavors, active compounds and overall quality demanded by consumers and production intermediaries. A cultivator can access hundreds of existing cannabis strains by purchasing seeds or clones from commercial seed banks or nurseries, or developing unique strains through selective breeding. A cultivator seeks to optimize the quality and quantity of a plant's yield by managing cultivation input variables such as light, air, nutrition, and drying and curing times.

#### *Cannabis Cultivation Process*

Ordinarily, a period of three to ten months is required to grow and prepare cannabis flower for consumption. The cultivation process generally can be organized into six phases: seed selection, seedling, vegetative, flowering, harvesting and curing. Each of these phases is summarized in the following table.


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## Cultivation Process Overview: Seed to Bud

| Time | Seed Selection | |
|---|---|---|
| Start | Selecting a seed is the first step of the cultivation process. A cultivator can choose from more than 1,500 unique seed varieties, each of which has the capacity to produce a cannabis strain with a particular cannabinoid and terpene profile and other unique characteristics. | |
| | **Seedling** | |
| 1–4 Weeks | The seedling stage is the period during which the seed sprouts and the plant stem starts to grow. During this stage, cultivators manage growth to avoid long stems that may lack the strength to support further vegetation. | |
| | **Vegetative** | |
| 3–8 Weeks | The vegetative stage is characterized by the plant's rapid growth and revelation of sexual characteristics. During this stage, cultivators remove male plants and control growth inputs, such as light and nutrients, to maximize the plant's yield of unpollinated female flower (which generally contains the highest concentration of active compounds). | |
| | **Flowering** | |
| 6–16 Weeks | The flowering phase comprises the growth and maturation of the cannabis flower and the trichomes on the flower. Trichomes are hairlike components that secrete cannabinoids, terpenes and other compounds. Trichomes generally occur all over the surface of the plant, but are found in highest concentration on the flowers of unpollinated female plants. | |
| | **Harvesting** | |
| 2–4 Weeks | Harvesting involves clipping the leafstalks (on which the flowers grow) from the main plant stem, drying the leafstalks and flowers, and trimming the dried flowers. Cultivators harvest at a time calculated to maximize flower yield and optimize cannabinoid and terpene content. | |
| | **Curing** | |
| 2–8 Weeks<br>3–10 Months | The curing phase is a period of controlled fermentation of the dry cannabis flower. The conditions under which fermentation occurs, as well as the duration of the fermentation process, further affect the cannabis flower's aroma, taste and cannabinoid composition. | |



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### *Cultivation Facilities*

There are three general types of cannabis cultivation facilities: outdoor facilities, where cannabis is grown under natural sunlight and widely exposed to the elements; greenhouse facilities, where cannabis is grown under filtered sunlight and environmental conditions are partially controlled; and indoor facilities, where cannabis is grown under electrical lighting and environmental conditions are tightly controlled. Some facilities combine features of these general types. For example, some greenhouses rely primarily on filtered sunlight but also employ supplementary electrical lighting to influence the plant flowering cycle. Each type of facility is suitable for certain purposes.

Growing indoors under electrical lighting is the most expensive way to grow cannabis, but typically yields the highest quality cannabis by providing for maximum control over variables such as light, air, nutrition, and exposure to contaminants and pests. Electrical lighting products for indoor cultivation include traditional and compact fluorescent lamps, high-intensity discharge (HID) lamps and light-emitting diode (LED) lamps. Adequate carbon dioxide levels can be maintained indoors with either bottled $CO_2$ or $CO_2$ generators. Common indoor growth mediums include soil, hydroponic systems (wherein nutrients are added to sand, gravel or liquid growth medium) and aeroponic systems (wherein roots hang suspended in a nutritional aerosol solution). Indoor cultivation facilities are prevalent in Canada and certain parts of the United States where climatic conditions are not favorable to outdoor cannabis cultivation.

***Indoor Grow Rooms***

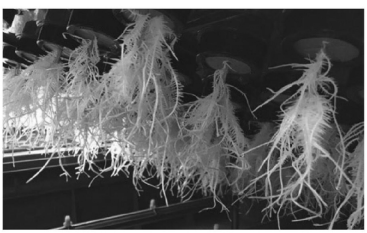

***Aeroponic Systems***


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Compared to indoor cultivation facilities that use electrical lighting, greenhouse and outdoor facilities are generally less expensive to operate and more appropriate for large-scale projects, but provide less control over growing conditions. The use of natural sunlight provides substantial savings on lighting equipment and energy costs, but may limit the number of grow cycles per year. Outdoor and greenhouse environments are more exposed to environmental risks that may negatively affect crops, such as pests, contaminants and adverse weather. Outdoor and greenhouse cultivation facilities are prevalent in Oregon, California and certain Latin American countries, which have climates conducive to outdoor growing.

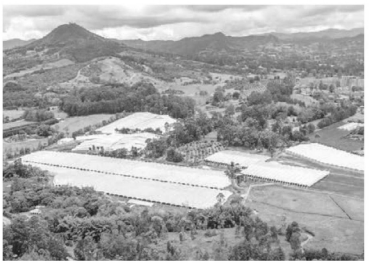

***Outdoor Greenhouses***

### *The Business of Cannabis Cultivation*

Cultivation businesses must navigate a host of operational challenges, including state and local licensing requirements, facility design and construction, research and acquisition of cannabis strains, intellectual property protection, cultivation process engineering, supply-chain management, yield optimization, facility management and security. Many cultivation businesses retain outside consultants to advise on one or more of these issues, although some businesses manage their entire cultivation operations internally. A cultivator may wholesale cannabis flower and other plant material to cannabis concentrate manufacturers or retail dispensaries, or it may be part of a vertically integrated production and retail business that sells its flower and other internally manufactured products through its own dispensaries.

Certain U.S. laws, foreign laws and international treaties currently restrict interstate and some international movement of cannabis products. A cultivation business that wishes to scale its operations into a new jurisdiction often must invest significant capital in a new cultivation facility located within the new jurisdiction. As laws change to allow more interstate and international transportation of cannabis products, cultivators who are operating redundant facilities or expensive indoor facilities will face increased margin pressure. As the cannabis industry matures and becomes more commoditized, we expect the most successful cultivators will be those with strong consumer brands or scalable low-cost operations in regions where the climate is conducive to agricultural production.



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## Production Equipment and Supplies

Production equipment and supplies include the physical components used in cannabis production. Many industry participants in this subsegment provide products to a broad range of fully legal industries and do not "touch the plant"; therefore, these participants typically do not require special cannabis-related licenses and generally avoid legal risks related to violations of federal law.

Some components of cannabis production are similar or identical to components used in other agricultural industries (such as irrigation systems), and some are specialized for application to the cannabis industry (such as extraction machines). Components supplied for many indoor and greenhouse cultivation facilities include electrical lighting equipment, air filtration and circulation systems, irrigation systems, nutrient management systems, drying and curing equipment, and computer-controlled automation and monitoring systems. Specialty cannabis equipment companies now provide "all-in-one" automated indoor cultivation systems that can be used for in-home cultivation or scaled for commercial purposes.

*Extraction System*

*Cultivation System*

## Production and Testing Services

Production services include cannabis extraction and product manufacturing services provided primarily on a business-to-business basis to cultivators, consumer product companies and retail dispensaries. Extraction companies invest in specialized equipment that transforms cannabis flower into concentrates intended for wholesale. Product manufacturing services companies process cannabis flower or concentrates, or provide packaging and wholesale services.

Testing services include scientific testing of cannabis products and reporting of information about product quality, safety and composition. Cannabis products are tested at multiple stages of production for genetic information and strain verification, cannabinoid and terpene composition and


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potency, moisture content and the presence of contaminants, such as residual solvents, heavy metals, mycotoxins, microorganisms and pesticides. Testing, labeling and certification requirements vary widely across jurisdictions, but increasingly are being required by state law and demanded by supply-chain intermediaries and consumers. Uniform standards for testing and reporting are expected to emerge as scientific understanding of cannabis increases and as industry consensus about cannabis-related health and safety concerns develops.

Providers of extraction, manufacturing and testing services generally must obtain state and local cannabis licenses and are exposed to risks related to federal legal violations.

### *Composition and Potency*

Laboratories ordinarily test cannabis for the specific amounts of 10 to 15 cannabinoids and more than 30 terpenes. Cultivators and production intermediaries rely on these test results to identify and track cannabis varieties and to monitor the quality and consistency of production methods. Retailers and consumers use test results information to assist in purchasing decisions. Almost all consumer products now include labeling that, at a minimum, indicates the amounts of THC and CBD.

### *Pesticides*

Controlling and disclosing the presence of pesticides in cannabis products is increasingly becoming a focus of regulators and producers. Even cannabis grown under organic conditions can be exposed to pesticides inadvertently, so many states now require all cannabis products to be tested by a state-licensed laboratory for pesticides. Pesticides can be especially problematic in cannabis concentrates; studies have shown extraction processes may concentrate pesticides at a rate higher than cannabinoids and terpenes.

### *Microbiological Organisms*

Certain molds, other fungi and bacteria found in and on the cannabis plant can damage the plant or certain cannabis products and can be harmful if consumed by humans. Mold is a problem most commonly found in indoor growing environments and during the cannabis drying and curing process. Organisms found in cannabis and identified by testing includes aspergillus, salmonella, pseudomonas and *E.coli*.

### *Residual Solvents*

Most extraction processes use solvents to extract the active compounds from cannabis plant material. Commonly used solvents include butane, carbon dioxide, ethanol or propane. Residual solvents are those trace amounts of solvents that remain in a cannabis concentrate after the extraction process. Some residual solvents can be harmful if consumed by humans in sufficient amounts, and others should not be consumed in any amount.



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# Certificate of Analysis

**Sample Name:**
**Tested for:**
**Sample ID:**
**Date Tested:**

**Sample Type:**
**Total Sample Wt:**

## Potency Test Results

Full spectrum cannabinoid profiling and analysis utilizing High Performance Liquid Chromatography (HPLC/UV)

**Cannabinoid Summary**

| | | |
|---|---|---|
| **Total THC** | Δ9THC+THCa | N/A |
| Total Potential Δ9THC | | 0.00 % |
| **Total CBD** | CBD+CBDa | N/A |
| Total Potential CBD | | 0.00 % |
| **Total CBN** | Total CBN | N/A |

**Full Cannabinoid Profile**

| | |
|---|---|
| Tetrahydrocannabinol | Δ9THC |
| Tetrahydrocannabinolic Acid | THCa |
| Cannabidiol | CBD |
| Cannabidiolic Acid | CBDa |
| Cannabinol | CBN |

**Total Active Cannabinoids:**

## Terpene Test Results

Screening and profiling for 34 terpenes found in Cannabis utilizing Gas Chromatography - Flame Ionization Detection (GC-FID)

| | mg/g / % | | mg/g / % |
|---|---|---|---|
| α Bisabolol | 3.65 / 0.365 | α Terpinene | 0.29 / 0.029 |
| α Pinene | 239.09 / 23.909 | Linalool | 4.21 / 0.421 |
| 3 Carene | 0.09 / 0.009 | Limonene | 22.28 / 2.228 |
| Borneol | 0.00 / 0.000 | Myrcene | 28.87 / 2.887 |
| β Caryophyllene | 54.13 / 5.413 | Fenchol | 1.48 / 0.148 |
| Geraniol | 0.00 / 0.000 | α Phellandrene | 0.24 / 0.024 |
| α Humulene | 20.08 / 2.008 | Caryophyllene Oxide | 5.51 / 0.551 |
| Terpinolene | 1.08 / 0.108 | Terpineol | 0.11 / 0.011 |
| Valencene | 6.20 / 0.620 | β Pinene | 101.26 / 10.126 |
| Menthol | 0.00 / 0.000 | R-(+)-Pulegone | 0.00 / 0.000 |
| Nerolidol | 3.34 / 0.334 | Geranyl Acetate | 0.00 / 0.000 |
| Camphene | 5.32 / 0.532 | Citronellol | 0.00 / 0.000 |
| Eucalyptol | 2.65 / 0.265 | p-Cymene | 0.14 / 0.014 |
| α Cedrene | 0.00 / 0.000 | Ocimene | 2.74 / 0.274 |
| Camphor | 0.00 / 0.000 | Guaiol | 6.69 / 0.669 |
| (-)-Isopulegol | 0.15 / 0.015 | Phytol | 0.27 / 0.027 |
| Sabinene | 0.49 / 0.049 | Isoborneol | 0.00 / 0.000 |

**Total Terpene Concentration** 510.35 mg/g / 51.035 %

## Pesticide Test Results

HPLC-Mass Spectrometry for 12 compounds including pesticides, fungicides, and plant growth regulators

| | | | |
|---|---|---|---|
| Acequinocyl | N/A | Imidacloprid | N/A |
| Pyrethrium | N/A | Spinosad | N/A |
| Spiromesifen | N/A | Spirotetramat | N/A |
| Abamectin | N/A | Bifenazate | N/A |
| Daminozide | N/A | Fenoxycarb | N/A |
| Myclobutanil | N/A | Paclobutrazol | N/A |

## Residual Solvent Test Results

Headspace-Gas Chromatography for alkane and alcohol extractions

| | | | |
|---|---|---|---|
| Propane | N/A | Ethanol | N/A |
| Methanol | N/A | Isopropanol | N/A |
| Isobutane | N/A | Mercaptan | N/A |
| 2,2-Dimethylbutane | N/A | 2-Methylpentane | N/A |
| 3-Methylpentane | N/A | Cyclohexane + Benzene | N/A |
| Isopentane | N/A | Neopentane | N/A |
| n Butane | N/A | n Heptane | N/A |
| n Hexane | N/A | n Pentane | N/A |

## Microbiological Test Results

3M Petrifilm and plate counts for microbiological contamination

| | | | |
|---|---|---|---|
| Total Aerobic Plate Count | N/A | Total Yeast and Mold | N/A |
| Coliforms | N/A | E coli | N/A |
| Salmonella | N/A | Pseudomonas | N/A |

## Sample Certification

Scan to verify at sclabs.com

This sample has been tested by SC Labs and the results are valid until the expiration date shown.

*Sample Laboratory Test Results*


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## Production Opportunities

We believe opportunities in this segment include:

***Specialized Production Services.*** Production services companies that invest in the necessary equipment and facilities should see strong demand for high-margin specialized services from cultivators and other production intermediaries. We expect opportunities will expand for companies that provide extraction services (particularly those who professionally manage hazardous processes such as hydrocarbon extraction) or develop proprietary infused-product manufacturing processes.

***Energy-efficient, Integrated Cultivation Components.*** We anticipate continued design and construction of sophisticated indoor cultivation facilities, which should present a significant opportunity for suppliers of advanced cultivation components that improve yield and reduce energy costs. We believe companies that provide all-in-one integrated systems for automation, monitoring and control of the production process are more likely to succeed than companies that merely offer a single-point solution.

***Branded Laboratory Test Certification.*** Given the importance of product testing, we believe that leading providers of high-quality testing services have an opportunity to establish an industry recognized "certification," and that such a certification may become a key factor in influencing consumer confidence and demand.

***Efficiencies in Cannabis Cultivation.*** We believe that certain segments of the market will become increasingly commoditized and that cultivators with low production costs and high yields will have significant competitive advantage. Cultivators with operations in regions conducive to low-cost natural production should benefit as laws are changed to facilitate interstate and international cannabis commerce.

## Production Challenges

Challenges in this segment include:

***Scaling Cultivation Operations.*** Current laws typically force cultivators to build, and obtain licenses for, potentially redundant, capital-intensive cultivation facilities in each jurisdiction they serve. The capital requirements and uncertainty around licensing present serious challenges to cultivators seeking to scale their operations.

***Downward-pricing Pressure on Cannabis Flower.*** Cannabis wholesale prices are declining as large-scale cultivators begin to commoditize cannabis flower. Small and inefficient cultivators (including high-cost indoor producers) may struggle to produce cannabis at effective margins as cannabis cultivation migrates to global regions with conditions that support low-cost, sustainable production.

***Lack of Standardized Testing.*** Currently, it may be difficult or impossible to reliably compare test results between providers of testing services because the cannabis industry has not yet developed uniform testing standards. Until the industry adopts uniform standards that address testing procedures and reporting for a broad variety of flower, concentrates and infused products, providers of testing services may struggle to develop an industry-wide brand and reputation for quality.

***Access to Capital.*** Participants in this segment generally engage in capital-intensive operations. In particular, cultivation, contract manufacturing and testing facilities require significant capital investment. Emerging companies in this segment may struggle to raise sufficient capital to compete effectively.



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### Production Outlook

Due to U.S. federal and international legal restrictions on cannabis commerce, producers currently must invest significant capital in potentially redundant facilities located in separate jurisdictions, and many large agricultural producers and equipment suppliers that could effectively compete in the cannabis industry are reluctant to enter the market. In the near term, we expect that cultivators will continue to raise capital for facilities across multiple jurisdictions, and well-managed and well-financed cultivators will differentiate themselves by creating consistent, high-quality strains, developing strong distribution relationships, vertically integrating other supply-chain functions and offering branded products and competitive pricing. We also expect production services companies will benefit from increasing demand for specialized extraction and manufacturing services that cultivators and other production intermediaries cannot efficiently perform themselves, and providers of testing services will benefit from increasingly robust testing and safety regulations. In the long run, we expect more permissive domestic and foreign laws will result in increased competition from large enterprises that are able to realize economies of scale or have operations in regions best suited for efficient, sustainable production.

## Distribution

We divide the distribution segment of the cannabis industry into three subsegments: dispensaries, e-commerce and distribution services. Dispensaries are retail outlets where consumers purchase cannabis products for medical or recreational purposes. E-commerce includes digital applications used to enhance the cannabis shopping experience. Distribution services include wholesale and related transportation and logistics services. Participants in the distribution segment generally "touch the plant" and therefore must comply with state and local regulations—which often require licenses or permits—and must accept legal risks related to federal cannabis restrictions.

### Dispensaries

Cannabis dispensaries are "point of sale" retail establishments where consumers may purchase medical or recreational cannabis products. Cannabis dispensaries are the face of the cannabis industry in many communities and, consequently, they occupy one of the most heavily regulated and scrutinized positions in the cannabis supply chain.

Dispensaries in established state-legal markets provide consumers with a typical retail shopping experience. Dispensaries typically range in size from 1,000 to 10,000 square feet of retail space. A dispensary may offer between 10 to 50 strains of cannabis flower and a variety of concentrates, edibles, topicals and accessories. Inventory is either acquired from cultivators and other wholesale product suppliers, or cultivated and produced internally. Products may be illustrated in menus or displayed on shelves and may also be available for customers to touch, smell or otherwise examine. Trained customer service staff, often known as "budtenders," are typically available to educate customers about product offerings.


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*Dispensary Exterior Views*

*Dispensary Interior Views*

*Customer Interactions*



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Because dispensaries "touch the plant," they must usually obtain a state license. Obtaining a state dispensary license generally involves a multi-month application process that requires the applicant to demonstrate compliance with complex license criteria and local regulations, such as producing their own products (or being prohibited from doing so), locating their dispensary outside a city's ordinary retail or commercial zones, operating as a nonprofit cooperative or collective, tracking cannabis products from "seed to sale," and collecting taxes on behalf of the state. Dispensaries must also comply with applicable regulations related to product testing, packaging and labeling, security, and health and sanitary conditions.

An extensive network of dispensaries across jurisdictions will facilitate the growth of the cannabis industry and its ability to attract new consumers. Currently, states with the most extensive networks of dispensaries are those that have both recreational and medical cannabis laws, such as Colorado, Oregon and Washington, and those that have had medical cannabis laws for a long period of time, such as California. For example, according to the Rocky Mountain High-Intensity Drug Trafficking Area, as of June 2017, in Colorado there were 491 cannabis dispensaries, compared to 392 Starbucks and 208 McDonald's.

## E-Commerce

E-commerce refers to the use of digital applications to enhance the cannabis shopping experience. For example, a mobile application may facilitate the comparison of cannabis products and pricing or the delivery of orders from local dispensaries. These applications are being developed by a host of market participants, ranging from software development companies to retail dispensaries. Due to federal restrictions, cannabis e-commerce transactions are currently conducted only intrastate. If and when federal restrictions change to allow interstate cannabis commerce, we expect that home-delivery and e-commerce services will increase significantly. E-commerce solutions with high consumer engagement (such as those providing reviews and price comparisons for a broad selection of products) will help retailers acquire and retain customers.

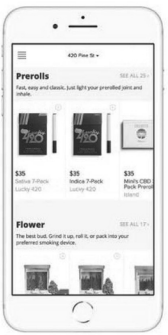


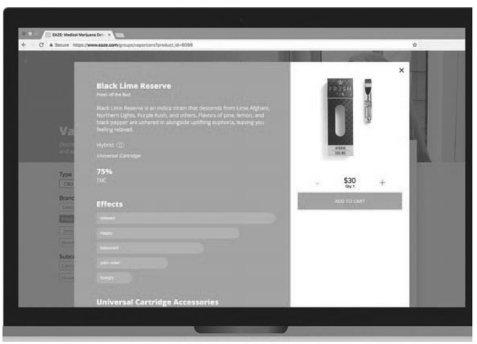


*Sample E-Commerce Menus*


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## Distribution Services

Distribution services is emerging as a prominent subsegment of the cannabis industry; services in this subsegment include wholesale distribution of cannabis products to retailers and production intermediaries, as well as related transportation and logistics services. Historically, a high percentage of product manufacturers have sold directly to retail dispensaries, and some of those manufacturers with established "in-house" distribution channels are now leveraging their experience to offer distribution services to third-party manufacturers.

Currently, distribution activities must be conducted only intrastate, and providers of distribution services must comply with regulations related to "touching the plant," including testing and tax-collection requirements. As laws are changed to allow more interstate and international transportation, purchasers will be able to compare products and prices on a national or international basis, and distributors who provide superior product selections and transportation logistics should have significant competitive advantage.

## Distribution Opportunities

We believe opportunities in this segment include:

***E-Commerce Distribution.*** The ability to accept electronic orders and deliver cannabis products on demand represents an attractive distribution channel and growth opportunity. Companies that provide digital retail platforms for cannabis products will benefit as consumers migrate to e-commerce transactions.

***Branded and Vertically Integrated Dispensaries.*** We believe that consumers will ultimately concentrate their purchases with a small group of branded dispensaries that provide a distinct, consistent and trusted retail experience and offer supporting e-commerce solutions. Dispensaries that integrate vertically to offer their own branded products should achieve superior margins on those products.

***High-profile Retail Locations.*** We see an opportunity for cannabis dispensaries to attract significantly more customers by establishing storefronts in malls and other high-profile retail locations.

***"Land Grab" of Desirable Locations.*** Companies able to navigate the licensing and real estate challenges required to secure and operate multiple dispensaries in desirable locations should benefit from existing high barriers to entry and capture significant market share.

## Distribution Challenges

Challenges in this segment include:

***Customer Acquisition and Retention.*** Like e-commerce businesses in other industries, providers of e-commerce solutions in the cannabis industry face intense competition for customers who can easily change vendor loyalties. Companies will be challenged to minimize customer acquisition costs and retain customers.

***Restrictive and Changing Regulations.*** Obtaining a state dispensary license or other type of distribution permit typically involves a multi-month application process that requires the applicant to demonstrate compliance with complex criteria. In addition to state laws and regulations, dispensaries



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and other distribution intermediaries are subject to county, municipal and other local regulations that may restrict or even prohibit distribution activities. The success of any dispensary operator or distributor depends on anticipating and complying with these regulations.

***Tax Issues Related to Distribution.*** States and localities that legalize cannabis are focused on the potential to generate tax revenue from the industry. Ambiguous, constantly changing and potentially burdensome taxation rules may make it difficult for dispensary operators or distributors to remain in good standing with licensing, regulatory and tax collection agencies and may negatively impact their financial results.

## Distribution Outlook

We expect dispensaries across the United States to increasingly seek to provide modern retail experiences that are supported by e-commerce applications. We also expect that the most well-run dispensaries will continue to generate significant cash flow at compelling margins. Dispensaries should be able to gain advantage by producing their own products, by developing strategic or exclusive relationships with specialty producers or by finding ways to generate customer loyalty. However, oversaturation in the number of dispensaries in certain jurisdictions, such as Colorado, has led to a very competitive environment, consolidation and moratoriums on issuing new local dispensary licenses by various municipalities.

The distribution segment is subject to some of the strictest and most frequently changing regulations applicable to the cannabis industry. While distribution opportunities may arise with changes in law, some legislation may cause significant disruption. For example, the number of dispensaries operating in the greater Los Angeles region is expected to decrease significantly in the short term as California's new cannabis regulatory agency begins its oversight and enforcement efforts in 2018.

The distribution services subsegment in the United States is still in its infancy and has experienced a number of growing pains related to a lack of well-established distribution channels. For example, a Nevada law generally requiring dispensaries to use third-party distributors proved troublesome when dispensaries sold out of product within 48 hours after legal recreational cannabis sales commenced in the state. As more distribution channels and points of contact are established, we believe that opportunities for third-party distribution services companies will increase.

In certain legalized international markets, such as Germany and Uruguay, cannabis products are sold primarily through existing pharmacy networks (Argentina plans to do the same). While cannabis-derived pharmaceuticals may ultimately be distributed the same way in the United States, we believe the future domestic distribution channels of other types of cannabis products will closely resemble those of alcohol and tobacco products.


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## Consumer Products

Cannabis may be consumed in many different forms, which fall into three broad categories: flower, concentrates and infused products. The most popular way to consume cannabis historically has been to smoke the flower or "bud" from the cannabis plant, which can be done using a pipe, a hand-rolled cigarette (often referred to as a "joint") or a water pipe (often referred to as a "bong"). Cannabis flower can also be vaporized and inhaled (using a product known as a "vaporizer"). The active compounds in cannabis can be extracted and concentrated into oil or waxlike substances known as concentrates. Concentrates, in turn, can either be vaporized and inhaled or infused into products known as "infused products." Infused products may be applied topically, such as lotions and creams, or consumed orally, such as food and drinks (known as "edibles"), capsules, pills and tinctures.

When smoke or vapor from heated flower or a concentrate is inhaled, the active compounds travel directly to the central nervous system and the physiological effects typically begin within one to five minutes. When infused products are consumed orally, the active compounds are digested in the stomach and metabolized by the liver before taking effect, typically in one to two hours. Compared to inhaled products, infused products deliver a smaller relative amount of cannabinoids to the bloodstream, but they produce longer-lasting effects.

Innovative companies continue to expand the universe of cannabis products, developing brands with packaging that increasingly emphasizes education about the product's effects and appeals to mainstream consumers. Cannabis flower is currently the most widely sold form of cannabis, but concentrates and infused products are gaining in popularity.

The following chart shows the combined relative sales by product category for Colorado, Oregon and Washington (three states with relatively mature recreational and medical cannabis markets) for the three months ended September 30, 2017.

**Product Sales by Category: Q3 2017**

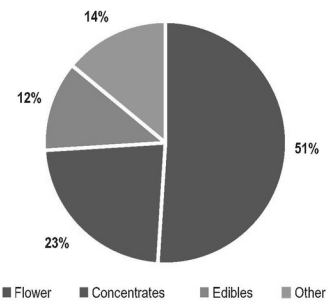


*Source:* BDS Analytics



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## Cannabis Flower

Cannabis flower, or "bud," is the most popular product among cannabis consumers. Cannabis flower is usually green (although some varieties have a purple or orange hue), slightly sticky to the touch and spongy in density. The flower has a strong, pungent aroma owing primarily to the trichomes on the flowers, which contain the highest concentrations of cannabinoids and terpenes of any part of the plant.

***Branded Cannabis Flower***

There are thousands of different cannabis varieties, each with its own cannabinoid and terpene profile and corresponding aroma, flavor and potency. Leading cultivators are recognized each year in contests and ceremonies for their indica, sativa and hybrid varieties. Award-winning varieties—which are often given unique identifying names—frequently become the most in demand by consumers. Popular varieties today include "Blue Dream," "Gelato," "OG Kush," "Pineapple Express" and "Sour Diesel."

The flower of a typical cannabis variety produced for human consumption contains approximately 15% to 30% THC, approximately 0.1% to 1% CBD and nominal levels of other cannabinoids. Due to advancements in cultivation techniques, THC levels in cannabis flower available today are generally much higher than in the past.

## Concentrates

Cannabis can be processed into a variety of concentrates, many of which are sold as finished products for smoking or vaporizing and some of which can be infused into other products, such as edibles and topicals. Concentrates include $CO_2$ oil, butane hash oil or "BHO," shatter, wax, live resin, budder, kief, ice water hash and rosin.

Concentrates are quickly becoming popular for a host of reasons. Some believe vaporizing or ingesting concentrates are healthier methods of cannabis consumption than smoking plant material. Extracting cannabinoids from the cannabis plant produces higher-potency dosing (THC content can exceed 80% in concentrates), enables custom formulations and flavor profiles, and facilitates consumption that is more convenient and discreet than smoking. The concentration of specific cannabinoids varies


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across cannabis varieties and even across flowers from the same plant, which limits the accuracy of laboratory tests conducted on a sample of plant material. Cannabis concentrates, however, are generally homogeneous and their active elements can be more precisely measured and reported so as to facilitate standardization of products and accurate dosing by consumers.

The following chart shows the combined relative sales by category of concentrates for Colorado, Oregon and Washington for the three months ended September 30, 2017.

**Concentrates Sales by Category: Q3 2017**

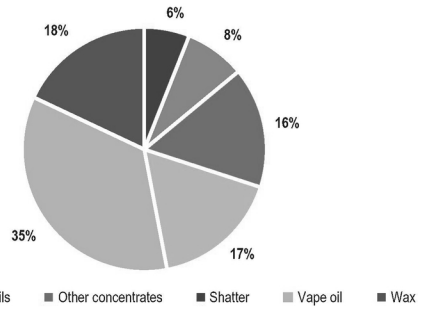


*Source:* BDS Analytics

Concentrates are prepared with extraction techniques that fall into two general categories, solvent-based extraction and solvent-free extraction. Solvent-based extraction techniques include the use of hydrocarbon, carbon dioxide ($CO_2$) or ethanol solutions to chemically isolate cannabinoids and other active compounds. Solvent-based extraction can be performed relatively quickly and can produce high yields and customized formulations, but requires the use of expensive equipment and skilled labor and also may leave residual solvents in the resulting concentrate. Solvent-free techniques include the use of filters, ice water or heat to physically separate parts of the cannabis plant with high cannabinoid concentrations. Generally, solvent-free extraction is inexpensive and can be performed without specialized equipment, but it is also slow and labor-intensive and it typically results in low yields.

### *Hydrocarbon Extraction*

Hydrocarbon extraction is a process whereby a hydrocarbon solvent (typically butane or propane) chemically extracts cannabinoids, terpenes and other compounds from cannabis plant matter. The solvent is then purged using heat and pressure, leaving a concentrated form of the extracted compounds. Because hydrocarbon extraction involves a risk of explosion and usually leaves behind residual solvents, regulations are becoming more restrictive in specifying where and how the process can occur and prescribing acceptable levels of residual solvents in the resulting products. Concentrates prepared through hydrocarbon extraction—including BHO, shatter and wax—are popular with some consumers because hydrocarbon extraction generally preserves terpenes and the source plant's aroma and flavor.



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### *$CO_2$ Extraction*

$CO_2$ extraction is a process whereby cannabis is introduced into a system of supercritical $CO_2$ ($CO_2$ at a pressure and temperature at which it exhibits properties of both a gas and a liquid). Cannabinoids and other compounds dissolve in the supercritical $CO_2$; pressure is released, and the $CO_2$ then evaporates, leaving a concentrated form of the dissolved compounds. $CO_2$ extraction is considered a relatively safe and clean extraction process because $CO_2$ is nonvolatile, $CO_2$ concentrates are generally free of residual solvents and $CO_2$ extraction kills mold and bacteria. $CO_2$ extraction is commonly used to produce viscous $CO_2$ oil for vaporizer cartridges and low-terpene concentrates for infused products.

### *Ethanol Extraction*

Ethanol extraction is a method used in a number of industries to extract essential oils and food flavorings from plants. When used to produce cannabis concentrates, the process involves soaking cannabis plant material in ethanol, which separates cannabinoids, terpenes and other compounds from the plant matter. The solution is then heated until the ethanol is purged to acceptable levels. Ethanol is generally much safer to use for extraction than hydrocarbons and is particularly useful for creating concentrates with "whole-plant" compound profiles that mirror the source plant. Unfortunately, ethanol also extracts certain plant compounds—particularly chlorophyll—that have undesirable aromas and flavors.

### *Solvent-Free Extraction*

Most solvent-free extraction techniques are inexpensive and do not require special training or equipment, but they also tend to produce low yields. Kief, ice water hash and rosin are examples of concentrates produced with solvent-free methods. Kief is a collection of trichomes that are separated from cannabis flower by sifting the flower with specialized filtering screens. Ice water hash is a collection of trichomes produced by stirring cannabis in ice water, filtering the mixture through a sequence of increasingly fine screens, removing the trichome collection from the finest screens and allowing it to dry. Rosin is created by heating and pressing cannabis plant material between parchment paper and collecting the concentrate that oozes onto the paper.

*Oil Concentrate (Cartridge)*

*BHO Wax*

*Rosin*

***Cannabis Concentrate Products***


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## Infused Products

Infused products are ingestible products that have been infused with cannabinoids and other active compounds from the cannabis plant. There are two general categories of infused products: those consumed orally, such as foods and beverages (known as "edibles"), capsules, pills and tinctures; and those applied topically, such as lotions, balms and creams. Infused products may either be infused with concentrates (that are prepared through one of the extraction techniques discussed previously) or prepared with other infused products, such as cannabis-infused butter (a concentrate prepared by heating cannabis in butter to release the active compounds, and then filtering out the plant material).

The following chart shows the combined relative sales by category of infused products for Colorado, Oregon and Washington for the three months ended September 30, 2017.

**Infused Products Sales by Category: Q3 2017**

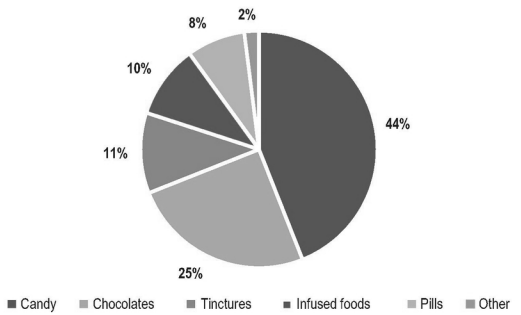


*Source:* BDS Analytics

### *Edibles*

Popular edibles include infused candies, chocolates and beverages. The active compounds in edibles are digested and metabolized by the liver before taking effect; typically, the time from ingesting to onset of an effect is one to two hours, but the effect lasts longer than that resulting from inhaling smoke or vapor. Edibles generally deliver body-focused effects, which may be preferred by consumers seeking pain relief.



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*Edibles: Chocolate, sparkling water, mints, candies, brownies, gummies*


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### *Capsules and Tinctures*

Capsules are cannabis concentrates with various cannabinoid profiles encapsulated in a gelatin coating for easy swallowing. Capsules are digested and metabolized like edibles; typically, the time from swallowing to onset of an effect is one to two hours. Tinctures are concentrates suspended in an alcohol solution and are usually placed under the tongue using a dropper; effects generally begin within 10 to 15 minutes. Capsules and tinctures are preferred over edibles by some consumers who believe they deliver more consistent dosing than edibles.

*Capsules*

*Tincture*

### *Topicals*

Topicals are any form of product infused with cannabinoids and applied topically, such as lotions, balms, creams, lubricants and transdermal patches. Topicals often include noncannabis ingredients, such as essential oils or herbal extracts. They are commonly used for localized relief of muscle soreness and inflammation and for relief of headaches and cramping.

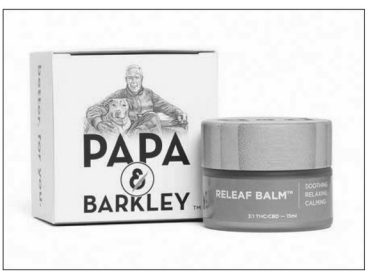

*Topicals*



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## Vaporizers and Accessories

Smoking or vaporizing cannabis flower or concentrates is the most popular method of cannabis consumption, in part because the effects of inhaled cannabis smoke or vapor begin almost immediately. Accessories used to smoke cannabis include glass, wood or metal pipes; glass or plastic water pipes known as "bongs"; and cigarette papers used to roll "joints." A vaporizer is a device that heats cannabis flower or concentrate to a temperature at which its active compounds boil and can be inhaled as vapor. Vaporizers are increasing in popularity faster than any other cannabis-consumption device, in some measure because vaporizing is perceived by many as a healthier method of cannabis consumption than smoking. Distinguishing features of a vaporizer include whether it vaporizes flower or concentrate, the form of the heating mechanism, or "atomizer," power output, battery efficiency, durability, reusability (there are both refillable and disposable vaporizers) and design aesthetics. Hundreds of vaporizers are marketed, ranging from simple to complex, including handheld vaporizers that retail for $10 to $500 and tabletop vaporizers that retail for $100 to more than $1,000.

*Vaporizers*


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***Cannabis Consumers Using Vaporizers***

In addition to smoking and vaporizing devices, an increasing variety of other cannabis-related accessories are available, including personal storage and transportation products. Some of these products focus on safety or discretion, such as childproof containers and smell-proof bags. Other products are designed more for style, such as vaporizer pouches and tabletop storage containers intended as decor. The market for both safety-focused accessories and style pieces is expected to grow as laws and regulations increasingly impose requirements related to storage and transportation and as taboos regarding cannabis use wane.

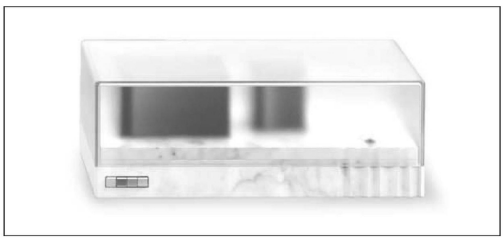

***Accessories***



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## Pharmaceuticals

Cannabinoid-based pharmaceuticals are drugs containing cannabinoids or cannabinoid-like compounds that are either derived from natural cannabis or chemically synthesized. A handful of such drugs have been approved for use to treat certain medical conditions both in the United States and elsewhere. Examples of cannabinoid-based pharmaceuticals that have been approved for use in various countries include Marinol, Syndros, Cesamet and Sativex. Another cannabinoid-based pharmaceutical, Epidiolex, has not yet been approved but could become the first medicine derived from the cannabis plant to be approved by the U.S. Food and Drug Administration (FDA).

The drug Marinol is comprised of dronabinol (a synthetic THC) encapsulated with sesame oil in a soft gelatin capsule. Marinol has been approved by the FDA for use in treating (i) anorexia associated with weight loss in patients with AIDS and (ii) nausea and vomiting associated with cancer chemotherapy. Marinol is a Schedule III controlled substance under the U.S. Controlled Substances Act (CSA). Syndros is a drug that contains dronabinol in a liquid solution; it has been approved by the FDA for use by adults in treating the same symptoms for which Marinol has been approved. Syndros is a Schedule II controlled substance under the CSA. Forms of dronabinol have been approved for use in jurisdictions outside the United States, including Canada and Denmark.

Cesamet is a drug made up of encapsulated nabilone, a synthetic cannabinoid similar to THC. Cesamet has been approved by the FDA for use in treating nausea and vomiting associated with cancer chemotherapy. Cesamet is a Schedule II controlled substance under the CSA. Forms of nabilone have been approved for use in jurisdictions outside the United States, including Australia, Canada, Mexico and the United Kingdom.

Sativex is a mouth spray used for treatment of spasticity caused by multiple sclerosis; it includes THC and CBD derived from cannabis. Sativex was first approved for use in the United Kingdom in 2010, and has been approved for use in at least 30 countries (but not in the United States). Sativex is manufactured by U.K.-based GW Pharmaceuticals and is generally recognized as the first prescription drug in the world to include plant-based cannabinoids. The cannabis extract used in Sativex is a Schedule I controlled substance under the CSA.

*Pharmaceuticals*


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Epidiolex is an oral formulation of cannabis-derived cannabidiol, or CBD, intended to treat severe forms of childhood epilepsy. Epidiolex has not been approved for use in any country, but the drug's manufacturer, GW Pharmaceuticals, recently submitted a New Drug Application for Epidiolex to the FDA, which is an important step toward FDA approval in the United States. If approved by the FDA, Epidiolex would be the first FDA-approved prescription drug derived from cannabis. The cannabis extract used in Epidiolex is considered to be "marijuana," a Schedule I controlled substance under the CSA. Therefore, even if Epidiolex were approved by the FDA, Epidiolex would need to be rescheduled and excepted from the "marijuana" definition before it could be lawfully prescribed in the United States.

## Consumer Products Opportunities

We believe opportunities in this segment include:

***Consumer Product Brands Focused on Health and Wellness.*** We believe there is a substantial opportunity for companies to develop leading brands of cannabis-based health and wellness products. Marketing a broad line of such products under a common brand should provide a competitive advantage.

***Direct E-Commerce Distribution.*** The e-commerce market for cannabis products is expected to expand and consumer awareness of product options is expected to increase, enabling more consumer product companies to sell their products directly to consumers through online purchasing platforms rather than selling only through wholesale.

***Advanced Vaporizer Functionality.*** Vaporizer technology has advanced rapidly in recent years, a trend we expect to continue. In the future, vaporizers may be able to identify the composition and potency of the product being consumed, monitor consumption and dosing of the product, or reorder the product at the push of a button.

***Specialty Formulations.*** We believe that scientific knowledge about the relationships between specific cannabinoid formulations and targeted health conditions will continue to improve, and markets will be created for highly specialized products developed to relieve particular symptoms.

***FDA Approval and CSA Rescheduling.*** If Epidiolex is approved by the FDA and rescheduled under the CSA to permit lawful prescriptions to be written within the United States, it would be the first federally legal cannabis-derived drug in the country. Such a precedent could result in a significant increase in the use of cannabis by consumers as medicine, and it could also be followed by similar approvals in the United States for other cannabis-derived drugs.

## Consumer Products Challenges

Challenges in this segment include:

***Marketing and Customer Loyalty.*** As more products become available to consumers through dispensaries and e-commerce solutions, consumer product providers may need large marketing budgets to drive product awareness and customer loyalty.

***Wholesale and Retail Distribution.*** Providers of cannabis products may struggle to develop wholesale and retail distribution relationships because of the breadth of products being marketed. Providers



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should seek to develop strong relationships with a large number of dispensary operators, directly or through a distributor, in order to obtain preferred shelf placement.

***FDA Approval: Risk, Time and Expense.*** Assuming that cannabis-derived drugs will eventually be permitted to be sold in the United States, considerable time and expense will be spent by manufacturers to obtain FDA approval and bring approved products to market. There is no guarantee that investments of significant time and money into research, development and clinical trials will result in FDA approval of cannabis products.

***Product Liability Claims.*** Companies may be exposed to various product liability claims associated with human consumption of cannabis products. Consumer claims that products cause injury or illness, include inadequate instructions for use or warnings concerning health risks, or cause possible side effects or interactions with other substances may be expensive to defend or settle.

### Consumer Products Outlook

We believe that there are significant market opportunities for well-recognized brands to develop in various categories of consumer products, particularly in flower, concentrates, edibles and vaporizers. In addition, we believe that there are opportunities for companies targeting niche applications for the pet industry. Many companies will struggle to create strong brands because the consumer products segment generally has low barriers to entry and is currently oversaturated. As the cannabis industry and legal environment develop, we expect that national brands will emerge from companies with large marketing budgets, operational scale and reputations for quality, and that large alcohol, tobacco, consumer products and pharmaceutical companies will play a larger role in this segment.

## Business Solutions

The business solutions segment of the cannabis industry comprises business software, such as seed-to-sale tracking solutions, and business services, such as legal, compliance, operational consulting and financial services. Software and services providers in this segment generally do not "touch the plant" and do not require cannabis-related permits or licenses.

### Business Software

Software solutions tailored to the cannabis industry are present throughout the cannabis supply chain. Although solutions from other manufacturing and retail industries are used in the cannabis industry, industry-specific solutions are emerging as some of the most popular. Some companies provide point solutions that target bottlenecks in the supply chain, while others offer broad platforms that consolidate multiple capabilities. Industry-specific software applications exist and are being developed in the following areas: cultivation cycle management; concentrate production management; infused product manufacturing management; product testing and compliance; retail operations (including point-of-sale, inventory, tax reporting and compliance solutions); mobile, e-commerce and delivery applications; supply-chain management; customer relationship management; and management reporting and business intelligence.


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*Cannabis Software Platforms*

## Business Services

The business services market includes (i) operational consulting, including facility planning, construction and security; (ii) financial services, including accounting and payment-processing services; (iii) legal, compliance and other professional advisory services; (iv) temporary and full-time staffing services; (v) real estate services; and (vi) industry events and conferences. These services are typically provided by professional services firms; some of these firms focus solely on the cannabis industry while others serve a broad range of industries.

## Business Solutions Opportunities

We believe opportunities in this segment include:

***Industry-specific Solutions.*** As the cannabis industry emerges, there will be a significant market opportunity for providers of solutions tailored for the industry. Point-solution providers may be acquisition targets if larger companies enter the market in the future.

***Integrated Platforms.*** We believe that integrated "seed-to-sale" solutions will be ideally positioned.

***"Big Data" Analytics.*** We believe that there is an attractive opportunity to develop and license industry datasets. Such datasets should provide strategic advantages to organizations that establish substantial reach early and may also be licensed more broadly to enhance targeting, services, cross-sales and product development.

## Business Solutions Challenges

Challenges in this segment include:

***Development and Deployment Risk.*** Due to the time and investment required to develop software products and the emerging nature of the cannabis industry, there is a risk that developed applications may not be effective or widely adopted. In addition, certain segments of the cannabis industry are more mature than others; this disparity may present challenges in developing solutions that support cohesive and scalable business models.

***Low Barriers to Entry.*** Numerous sectors of the business services market are becoming increasingly crowded.



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### Business Solutions Outlook

The cannabis industry presents a significant market opportunity for software and services providers because of the large number of potential new clients and the need for industry-specific solutions. In particular, we believe that substantial opportunities exist for providers of industry-specific, platform and "big data" solutions. We also believe that financial, legal and compliance service providers that have developed knowledge of the cannabis industry are well positioned for growth. Similar to the production segment, large software and services companies serving traditional industries have been reluctant to enter the cannabis market due to concerns over the regulatory landscape. While this dynamic has created a short-term opportunity for some smaller companies, as the regulatory environment becomes clearer we expect competition in this segment to increase significantly as large companies enter the market.

## Digital Media

The digital media segment of the cannabis industry includes digital content, networking and directory platforms. Digital media providers do not "touch the plant" and generally do not need a cannabis-related license or permit. Digital media focused on cannabis is a niche sector within the broader digital media market. Companies in this segment compete for viewers and subscribers and generally draw revenue from content licensing fees, service fees, advertisement fees and subscription fees. They provide a broad range of content and networking tools, including news related to the cannabis industry and legalization efforts, humor and entertainment focused on the cannabis-user demographic, traditional media and branding services, social networking tools that allow users to share pictures and information related to their cannabis activities, and business directory tools that connect industry participants.

*Cannabis Digital Media*


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## Digital Media Opportunities

We believe opportunities in this segment include:

***Premium Content.*** We believe that opportunities exist to establish industry-specific publications and media platforms for both the business-to-business and business-to-consumer markets that are viewed as the legitimate voices of the industry.

***Mobile Applications.*** E-commerce and digital media applications are well positioned for mobile deployment within the cannabis industry. We expect a proliferation of mobile applications, even in the early stages of the industry.

***Enabling Technology.*** Continued development of core and shared technology platforms remains an opportunity for digital media companies seeking to provide a better user experience. Technologies that provide targeted experiences should enable digital media companies to realize greater returns on investments.

## Digital Media Challenges

Challenges in this segment include:

***Limited Number of Advertisers.*** Broad, general-market advertisers are not commonly participating in the cannabis industry due to concerns about legal compliance and mass-market perception. As a result, companies are currently competing for limited advertising revenue targeted at the cannabis-user demographic.

***Venues.*** Established digital media companies—such as Facebook, Google, Twitter and Yelp—limit the activities of cannabis-focused media companies on their sites in accordance with company policies. This creates opportunities for niche publishers in the near term, but we believe that, ultimately, large media companies will view cannabis as a mainstream industry.

## Digital Media Outlook

The opportunity for cannabis-oriented digital media is substantial. We believe that companies with well-executed strategies will emerge as the recognized voices of the industry and will be relied on by consumers for a wealth of information from product recommendations to industry news. As regulatory constraints relax, we expect the currently disparate and fragmented digital media services segment to consolidate into integrated publishing, mobile and e-commerce offerings. However, as stated previously, we believe that digital media companies focused solely on the cannabis industry will eventually face considerable competition from—but may be logical acquisition targets for—traditional media companies.



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# CHAPTER IV
# U.S. Legal Landscape

The legal landscape for the cannabis industry in the United States continues to be characterized by conflict between federal prohibition and the steady advance of state legalization. According to federal policy, Americans can access tobacco, alcohol and prescription drug products that kill thousands each year, but they cannot access cannabis because it is a dangerous drug with no currently accepted medical application in the United States (notwithstanding the federal government holds a U.S. patent for methods of treating diseases with cannabinoids). Meanwhile, 46 U.S. states permit some use of cannabis products as medicine by adults or children, and 8 of those states have laws that regulate cannabis like alcohol.

The U.S cannabis industry has proven adept at navigating this federal-state conflict and is experiencing rapid growth despite it. Moreover, we believe that federal policy will move (and may already be moving) in a new direction—one that would facilitate federal approval of cannabis-derived drugs and ultimately, we believe, give rise to a regulatory and political environment in which the U.S. Congress could fully legalize both medical and recreational cannabis.

In this chapter, we summarize three categories of state cannabis laws and examine certain federal laws and policies that impact the cannabis industry, including federal laws related to drug and food regulation, banking and finance, and intellectual property. Finally, we offer our views about how the cannabis legalization trend and related developments likely lead to a federally legal U.S. cannabis industry.

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## U.S. State Law

Of the 51 jurisdictions comprising the 50 U.S. states and the District of Columbia, 47 have enacted at least one law that permits the manufacturing, distribution, dispensing or possession of cannabis or concentrates. These laws fall into three general categories:

- 29 U.S. states and the District of Columbia have enacted medical cannabis laws that permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions.
- 19 U.S. states have enacted narrow CBD/limited laws that permit possession of small amounts of low-THC/high-CBD cannabis concentrates for use in treating a few serious medical conditions—in particular, severe forms of childhood epilepsy.
- 8 U.S. states have enacted recreational laws that permit the commercial production and sale of cannabis to adults for recreational and other uses.

Some states have passed more than one of these laws, and some state laws do not fall clearly into any one of these categories. Florida and Delaware have both medical cannabis and CBD/limited laws. Every state that has enacted a recreational law has also passed a medical cannabis law. A District of Columbia law that permits adults to grow and consume cannabis is often cited as a recreational law; however, we do not characterize it as such because it does not permit the commercial production and sale of cannabis. The following map of the United States shows states with medical cannabis laws, CBD/limited laws or recreational laws (a state with more than one of these laws is represented on the map by its most permissive law).


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## U.S. State Cannabis Laws (January 2018)

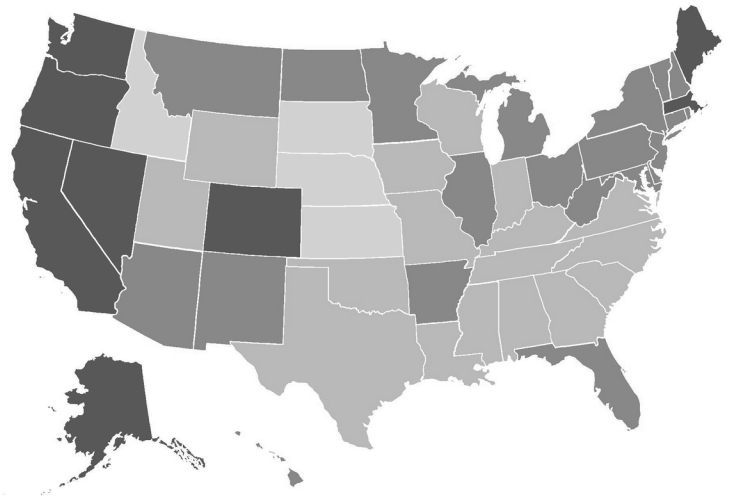

**Recreational Law**

Alaska
California
Colorado
Maine
Massachusetts
Nevada
Oregon
Washington

**No Recreational, Medical Cannabis or CBD/Limited Law**

Idaho
Kansas
Nebraska
South Dakota

**Medical Cannabis Law**

Arizona
Arkansas
Connecticut
Delaware
Florida
Hawaii
Illinois
Maryland
Michigan
Minnesota
Montana
New Hampshire
New Jersey
New Mexico
New York
North Dakota
Ohio
Pennsylvania
Rhode Island
West Virginia
Vermont

**CBD/Limited Law**

Alabama
Georgia
Indiana
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Missouri
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Utah
Virginia
Wisconsin
Wyoming

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An exhaustive review of each jurisdiction's laws is beyond the scope of this report; instead we discuss issues commonly addressed by each category of cannabis laws.

## Medical Cannabis Laws

In 1996, California enacted the first medical cannabis law of any U.S. state, followed in the late 1990s by Alaska, Maine, Oregon and Washington. Since the beginning of 2000, 24 more states and the District of Columbia have passed medical cannabis laws that permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions.

A state medical cannabis law permits a patient, with a doctor's recommendation, to use cannabis to treat any qualifying medical condition designated by the law. It is illegal for a doctor to "prescribe" a Schedule I controlled substance under the U.S. Controlled Substances Act (CSA), so medical cannabis laws typically require a doctor's "recommendation" rather than a prescription. Some medical cannabis laws require a written recommendation, while others allow an oral recommendation. States may impose a variety of other requirements or restrictions on a doctor or patient relating to medical cannabis access, such as patient registration with a state medical cannabis registry, submission of a patient's fingerprints or prohibition of use by convicted felons or certain government employees (for example, firefighters).

The number and nature of qualifying conditions included in medical cannabis laws vary widely. Some laws designate relatively few or highly specific medical conditions, while other laws include many conditions or highly subjective conditions, such as chronic pain. Some medical cannabis laws also give doctors discretion to recommend cannabis for conditions not specifically designated. In aggregate, across all medical cannabis laws in the United States, cannabis is legally recognized as a form of therapy or medicine for more than 50 qualifying conditions. Common qualifying conditions include Alzheimer's disease, amyotrophic lateral sclerosis (ALS), anorexia, arthritis, cachexia, cancer, chronic pain, Crohn's disease, epilepsy, glaucoma, hepatitis C, HIV/AIDS, inflammation, migraine, multiple sclerosis (MS), nausea, nervous system degeneration, Parkinson's disease, post-traumatic stress disorder (PTSD) and spasms.

Some medical cannabis laws restrict the form of cannabis or the means of consumption. For example, Pennsylvania's medical cannabis law, enacted in 2016, prohibits smoking or vaporizing cannabis flower, prohibits the incorporation of cannabis into foods by anyone other than the patient or the patient's caregiver, and authorizes cannabis to be dispensed only in certain concentrated forms.

Medical cannabis laws generally permit cannabis cultivation and distribution by a state-licensed cultivator or dispensary, by a qualified patient or by a designated caregiver of the patient. A qualified patient or the patient's designated caregiver generally may grow only an amount of cannabis deemed sufficient for the patient's personal use. Some medical cannabis laws permit patients or caregivers to grow cannabis only if they cannot practically obtain it by other means. For example, certain states permit patients to grow cannabis only if they reside more than a specified distance from the nearest licensed dispensary. Some states allow qualified patients and designated caregivers to collectively or cooperatively aggregate their cultivation activities.

State-licensed cultivators and dispensaries must satisfy various licensing requirements related to health, safety and security. In states that permit or require vertical integration, a licensee may be part


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of a single cultivation and dispensing enterprise. In other states, a licensed cultivator may be permitted to sell to unaffiliated licensed dispensaries or delivery services, which then retail medical cannabis to patients.

Each state has its own rules about whether medical cannabis activities may be engaged in for profit. In states where caregivers and qualified patients collectively or cooperatively aggregate their cultivation and distribution efforts, participants generally are allowed to charge amounts necessary to recover the reasonable costs associated with those activities but may not operate for profit. In states that allow licensed cannabis activities, such as cultivation and dispensing, the organizations engaged in those activities generally may seek to earn a profit.

## CBD/Limited Laws

From 2014 through 2017, a total of 19 U.S. states enacted CBD/limited laws that generally permit possession of small amounts of low-THC/high-CBD cannabis concentrates for use in treating a few serious medical conditions. Most of these laws limit qualifying medical conditions to severe forms of epilepsy or seizure disorders, but some laws designate a moderately broader set of conditions.

Most CBD/limited laws allow CBD use by children. Many of these laws were enacted in the context of high-profile stories about CBD treatments for children with severe seizure disorders, and the laws have been given names like Carly's Law (Alabama), Haleigh's Hope Act (Georgia) and Julian's Law (South Carolina). Charlotte's Web is a low-THC/high-CBD cannabis strain named for Charlotte Figi, a young Colorado girl whose parents treat her seizure condition with CBD oil. Her case was featured in Dr. Sanjay Gupta's popular CNN special, *Weed*.

In general, each CBD/limited law establishes a narrow legal framework for use of low-THC/high-CBD cannabis concentrates. Certain CBD/limited laws designate only one or several producers of permitted cannabis concentrates; in some cases, these producers include a state university or research institution. Other CBD/limited laws establish no legal framework for the production or distribution of permitted products and merely provide a narrow affirmative defense for state-law cannabis possession and use charges.

## Recreational Laws

In 2012, Colorado and Washington voters passed the first laws in the United States (and the world) to permit the commercial production and sale of cannabis to adults for recreational and other uses. Alaska and Oregon passed similar recreational laws in 2014. And in the November 2016 elections, four more states—California, Maine, Massachusetts and Nevada—passed recreational laws. (Of the five recreational laws included on November 2016 ballots, only Arizona's law did not receive voter approval.)

State recreational laws permit adults aged 21 years or older to legally purchase and use cannabis sold by state-licensed commercial businesses. There are no state residency requirements for adult consumers, and out-of-state visitors with valid proof of age may legally purchase cannabis, giving rise to "cannabis tourism" in states with extensive dispensary networks like Colorado, Oregon and Washington. Cannabis typically may not be consumed in public spaces or private establishments open to the public, such as parks and restaurants. Recreational laws also generally permit adults to cultivate a



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limited number of cannabis plants (typically, 4 to 6) for personal use. (Washington is an exception, however, and makes personal cultivation a felony unless it is done by a person registered in the state's medical marijuana database.) Unlike state medical cannabis laws, which may restrict the form of cannabis products available, recreational laws permit production and sale of most common forms of cannabis products, including a wide variety of flower, concentrates and infused products.

State recreational laws designate state agencies to issue commercial cannabis licenses and regulate participants in the cannabis supply chain. Some of these agencies are newly established specifically to regulate cannabis, such as California's Bureau of Cannabis Control (BCC) or Massachusetts's Cannabis Control Commission. Others are existing state agencies (and typically oversee tax or alcohol matters), such as Nevada's Department of Taxation or Oregon's Liquor Control Commission. These agencies also may regulate state medical cannabis industries, as do Colorado's Marijuana Enforcement Division, Washington's Liquor and Cannabis Board and California's BCC.

State regulatory agencies issue separate licenses for different types of commercial cannabis activities. Common categories of licenses include cultivation, production, manufacturing, distribution, transportation, laboratory testing and retail. A state may further provide for multiple types of licenses within a category. For example, California's recreational law provides for 12 types of cultivation licenses, which vary according to factors such as the size of a cultivation facility and indoor or outdoor cultivation. Most states allow companies to hold licenses in multiple categories, thereby allowing vertically integrated cultivation, manufacturing and retail businesses. Washington is an exception—in most cases, a business is prohibited from holding licenses across categories. Even states that allow vertical integration typically prohibit the holder of a laboratory testing license from holding licenses in other categories.

State laws give significant power to counties and municipalities to impose zoning and permitting requirements that may severely restrict or prohibit cannabis activities. California requires a state-license applicant to demonstrate it has all permits, licenses and approvals required under local law, and many California cities and counties have effectively banned the recreational cannabis industry. Massachusetts allows towns that voted "No" on the state's recreational law to ban cannabis businesses through December 2019 and requires other towns that wish to prohibit cannabis businesses to do so through a local ballot initiative.

Each state has chosen to levy significant taxes on the recreational cannabis industry, and some state laws authorize local governments to levy additional cannabis-related taxes. Nevada imposes a 15% excise tax on cannabis wholesales by cultivators and a 10% excise tax on retail sales. Oregon and Massachusetts charge a state excise tax of 17% and 10.75%, respectively, and each state authorizes local governments to levy up to another 3%. Washington originally imposed a 25% excise tax on cannabis sales at each of three different points in the supply chain—grower to processor, processor to retailer and retailer to consumer—but now charges a single 37% tax on retail sales. California imposes a 15% excise tax. All state and local cannabis-specific excise taxes are in addition to normal state and local sales tax. Although the possibility of generating significant tax revenue is one reason state governments have embraced legal cannabis, some proponents of legalization argue that high tax rates will keep consumer prices high and discourage consumer transition to legalized markets.


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State governments continue to adjust recreational cannabis regulations in an effort to create favorable industry conditions and address health and public safety concerns. State-licensed recreational cannabis businesses must comply with a host of requirements related to security (such as video surveillance, alarm system requirements and owner/operator criminal background checks), product diversion (particularly seed-to-sale tracking requirements), product safety and quality (including product labeling requirements and potency and contaminant testing), and general business operations (such as restrictions on advertising and compliance with energy and environmental standards).

## U.S. Federal Law

Current federal law effectively prohibits all cannabis use and all commercial cannabis activity in the United States. Producing, selling and possessing cannabis are federal crimes. No cannabis-derived drug has ever been federally approved for use in treating any medical condition. Otherwise legitimate business transactions conducted by cannabis companies—and their banks, for those who can access banking services—are legally suspect. Certain intellectual property and bankruptcy protections critical to many U.S. businesses are not available to cannabis companies. Cannabis companies pay federal income tax at effective rates significantly higher than other businesses.

Despite official prohibition, federal policies and laws recently passed by the U.S. Congress have carved out a limited space in which the state-legal cannabis industry has managed to thrive. Enforcement policies published by the U.S. Department of Justice (DOJ) have unofficially invited cannabis business to proceed if certain conditions are respected. The U.S. Department of the Treasury (DOT) established reporting policies that create room for banks to service the cannabis industry. Federal budget legislation has prevented allocated funds from being used to prosecute conduct that complies with state medical cannabis laws.

Recent developments indicate that the federal government may be pursuing policies and practices that create space for cannabis research and approval of cannabis-derived drugs. In particular, the U.S. Drug Enforcement Agency (DEA) adopted a new policy in 2016 designed to increase the number of DEA-registered cannabis cultivators (there has been only one such cultivator for nearly 50 years). And the U.S. Food and Drug Administration (FDA) is reviewing a New Drug Application (NDA) submitted in October 2017 for what could be the first ever cannabis-derived pharmaceutical approved by the federal government.

The following chart shows three general areas of federal law that impact the cannabis industry—food and drug regulation, banking and finance, and intellectual property—as well as specific laws and federal policies related to each of the areas discussed later in this chapter.



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**Federal Laws and Policies Impacting the Cannabis Industry**

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## Controlled Substances Act

The Controlled Substances Act (CSA) is a federal law enacted in 1970 that places strict legal controls on the manufacture, distribution, dispensing and possession of any controlled substance listed on one of five schedules established by the CSA. The CSA is enforced primarily by the U.S. Drug Enforcement Administration, an agency of the U.S. Department of Justice. A controlled substance may be manufactured, distributed or dispensed in accordance with the CSA only by a person properly registered



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with the DEA. Any person that manufactures, distributes, dispenses or otherwise possesses a controlled substance in violation of the CSA is subject to civil and criminal penalties.

The CSA schedules are numbered I to V. Schedule I substances are subject to the strictest controls, and Schedule V substances are subject to the least restrictive controls. A controlled substance is listed on a particular schedule according to four factors:

(i) The substance's potential for abuse.

(ii) Whether the substance has a currently accepted medical use in treatment in the United States.

(iii) Whether the substance is accepted as safe to use under medical supervision.

(iv) The degree of physical and psychological dependence that may result from abuse of the substance.

Upon enactment in 1970, the CSA assigned each controlled substance to a specific schedule. The U.S. Congress may legislate a controlled substance's addition to or removal from a CSA schedule. The CSA also provides a regulatory framework for a substance to be added to or removed from a schedule; such change generally involves a recommendation by the U.S. Department of Health and Human Services (DHHS) and concurrence with that recommendation by the DEA. The U.S. Food and Drug Administration, an agency of the DHHS, is charged with making certain safety-related determinations used in DHHS scheduling recommendations.

Schedule I controlled substances are those found by the U.S. Congress or the DEA and the DHHS to have a high potential for abuse, to have no currently accepted medical use in treatment in the United States and to have a lack of accepted safety for use under medical supervision. Current Schedule I substances include marijuana, THC, heroin, ecstasy, LSD and peyote. Unlike Schedule II through Schedule V controlled substances, which can be prescribed by a doctor, the CSA does not allow prescriptions to be written for Schedule I controlled substances.

### *Marijuana*

Marijuana has been a Schedule I controlled substance since enactment of the CSA in 1970. The CSA defines "marijuana" as

> all parts of the plant *Cannabis sativa L.*, whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. Such term does not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination.

The parts and derivatives of the cannabis plant that are excluded from the CSA definition of marijuana have industrial uses and generally contain little or no THC. Non-marijuana cannabis products—commonly known as hemp products—including rope, clothing, animal feed and soap, are not subject to control under the CSA. The CSA does not restrict such non-marijuana products



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from being imported into the United States. However, because the production of such non-marijuana products ordinarily involves possession of the entire cannabis plant, including parts deemed marijuana under the CSA, the CSA effectively prohibits such production in the United States without DEA registration.

### *Tetrahydrocannabinol (THC)*

In addition to and separate from marijuana's listing on Schedule I, tetrahydrocannabinol[1] (THC) has been listed on Schedule I since the CSA's enactment in 1970. From 1970 until 2003, DEA regulations defined THC for purposes of its separate Schedule I listing as including only "synthetic equivalents" of the THC found in the cannabis plant. In 2003, the DEA purportedly amended this regulatory definition of THC to include both synthetic equivalents of THC and THC occurring naturally in the cannabis plant. In its 2004 holding in *Hemp Industries Association v. DEA,* the U.S. Court of Appeals for the Ninth Circuit enjoined DEA enforcement of this purported amendment and held that the THC listed separately from marijuana on Schedule I includes only synthetic THC and that any THC occurring naturally within the cannabis plant is controlled under the CSA only if it falls within the CSA definition of marijuana.

### *Penalties for CSA Violations*

Federal penalties for violating CSA provisions regarding marijuana or THC include fines and imprisonment. CSA violations may also result in federal seizure of cash and other assets related to the violations. CSA penalties may apply to cannabis businesses that violate the CSA and also to individuals who own or operate such businesses based on attempt, accomplice, conspiracy and criminal enterprise provisions included in the CSA.

### *New DEA Registration Policy*

For nearly 50 years, only one cannabis cultivation site in the United States has operated with the required DEA registration. The site is operated by the University of Mississippi under a contract with the National Institute on Drug Abuse to supply the country's entire stock of federally legal cannabis, which is used exclusively for research. In August 2016, the DEA announced a new policy designed to increase the number of DEA-registered cannabis cultivators and permit-registered cultivators to grow cannabis for privately funded commercial drug development projects. The DEA announcement acknowledged the increasing interest in conducting cannabis research related to commercial pursuits, and indicated that the best way to satisfy the increased demand was to increase the number of DEA-registered cultivators. The DEA has since accepted at least 25 applications for registration but has not issued any new registrations.

[1]CSA Schedule I uses the plural form "tetrahydrocannabinols" to describe a category of substances that includes chemical derivatives and isomers. This report adopts the more commonly used singular form, "tetrahydrocannabinol."


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## U.S. Department of Justice: The Cole Memo

A memorandum published by the DOJ in August 2013 (Cole Memo) provides guidance to DOJ attorneys and federal law enforcement about prosecuting cannabis-related federal offenses. The Cole Memo asserts that marijuana is a dangerous drug, that illegal distribution of marijuana is a serious crime which provides revenue to criminal enterprises and that the DOJ is committed to enforcing marijuana-related violations of federal law. The Cole Memo also notes, however, that the DOJ is committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent and rational way.

The Cole Memo guides DOJ attorneys and federal law enforcement to focus on the following eight enforcement priorities when considering prosecutions for marijuana-related CSA violations (and also, according to a Cole Memo update issued in February 2014, when considering prosecutions for marijuana-related violations of the federal money laundering statute, the unlicensed money transmitter statute and the Bank Secrecy Act):

1. Preventing distribution of marijuana to minors.
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels.
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states.
4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity.
5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana.
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use.
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands.
8. Preventing marijuana possession or use on federal property.

The Cole Memo notes that whether marijuana-related conduct implicates any of these enforcement priorities should be a primary question in considering prosecution and that in states with legalized marijuana and effective regulatory systems, conduct in compliance with state law is less likely to threaten these priorities.

The Cole Memo has provided some comfort to those operating state-legal cannabis businesses that do not interfere with the enumerated enforcement priorities. However, the Cole Memo merely reflects internal guidance within the DOJ and does not create a legal defense for any violation of federal law.

During the January 2017 Senate confirmation hearings for current U.S. Attorney General Jeff Sessions, in a discussion about the enforcement priorities outlined in the Cole Memo, Mr. Sessions acknowledged the "problem of resources for the federal government" and stated that he thought some of the enforcement priorities were "truly valuable in evaluating cases," but he also stated that he would not commit to never enforcing federal law.



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## Rohrabacher-Farr Amendment

The Rohrabacher-Farr amendment, first passed by the U.S. Congress and signed into law by President Obama in 2014, prohibits the DOJ from using federal funds to prevent a state from "implementing" state laws that authorize the use, distribution, possession or cultivation of medical marijuana.

Following the amendment's initial 2014 enactment, the DOJ indicated that it did not plan to arrest state regulators for "implementing" a state's medical marijuana laws but would continue to prosecute individuals involved in state-law compliant medical marijuana activity because, in the DOJ's view, the amendment did not apply to prosecutions against individuals.

The DOJ's interpretation of the Rohrabacher-Farr amendment was rejected by a Ninth Circuit District Court in its 2015 ruling in *United States v. Marin Alliance for Medical Marijuana,* and again by the Ninth Circuit Court of Appeals in its 2016 ruling in *United States v. McIntosh.* The Ninth Circuit Court of Appeals held the Rohrabacher-Farr amendment prohibits DOJ from spending funds subject to the amendment on the prosecution of individuals who fully comply with state medical marijuana laws. The court noted a state's "implementation" of medical marijuana laws necessarily involves "giving practical effect" to those laws, and that DOJ prosecution of individuals complying with those laws prevents the state from giving the laws practical effect.

The Rohrabacher-Farr amendment generally applies only to DOJ funds made available pursuant to the federal budget legislation in which the amendment is included, and therefore must be renewed periodically with budget legislation to remain effective. The Rohrabacher-Farr amendment was recently renewed in December 2017 as part of an emergency aid package that remains effective until mid-January 2018. (With the retirement of Representative Samuel Farr from the U.S. Congress in 2016, the Rohrabacher-Farr amendment is now also referred to as the Rohrabacher-Blumenauer amendment; we use this name elsewhere in this report.)

## Agricultural Act of 2014

The Agricultural Act of 2014 (Farm Bill) authorizes institutions of higher education and state departments of agriculture to cultivate industrial hemp, CSA controls notwithstanding, if (i) the industrial hemp is cultivated for purposes of research conducted under an agricultural pilot program or other agricultural or academic research and (ii) the cultivation is allowed under the laws of the state in which such institution of higher education or state department of agriculture is located and such research occurs.

The Farm Bill defines "industrial hemp" as the cannabis plant and any part of such plant, whether growing or not, with a THC concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp, like any cannabis plant, may comprise both marijuana (as defined in the CSA) and non-marijuana. But the Farm Bill creates an exception to CSA controls on marijuana, so cultivation in accordance with the Farm Bill of marijuana that qualifies as industrial hemp does not violate the CSA.

The following table summarizes the legal relationship between marijuana (as defined in the CSA) and industrial hemp (as defined in the Farm Bill).


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**U.S. Legal Relationship between Marijuana and Industrial Hemp**

| | Marijuana | Non-Marijuana |
|---|---|---|
| | **Cannabis plant and all parts and derivatives *except* non-marijuana** | **Mature stalks; fiber made from mature stalks; oil or cake made from seeds; compounds, manufactures, salts, mixtures, preparations or derivatives of the foregoing parts and derivatives (*except* resin extracted from mature stalks); sterilized seeds** |
| **Non-Industrial Hemp** | | |
| **Cannabis plant and all parts and derivatives *except* industrial hemp** | • Manufacture, distribution, dispensing and possession controlled under CSA<br>• No Farm Bill exception to CSA | • No CSA controls<br>• Farm Bill exception to CSA moot |
| **Industrial Hemp** | | |
| **Cannabis plant and any part with THC concentration not more than 0.3% on a dry weight basis** | • Manufacture, distribution, dispensing and possession controlled under CSA (but subject to Farm Bill exception)<br>• Farm Bill exception to CSA controls: state-legal cultivation by an institution of higher education or a state department of agriculture for research | • No CSA controls<br>• Farm Bill exception to CSA moot |

Industrial hemp can be used to produce CBD oil, an extract of the cannabis plant with a high concentration of cannabidiol (CBD) but little or no psychoactive THC. CBD oil is believed to have a range of medicinal benefits and therapeutic applications. Some have argued that the Farm Bill federally legalizes the production and sale of CBD oil. However, it is unclear whether CBD oil produced from industrial hemp is itself considered industrial hemp (the CSA defines marijuana by reference to the cannabis plant, parts of the plant and derivatives of the plant, whereas the Farm Bill exception to the CSA defines industrial hemp by reference only to the plant and parts of the plant, but does not mention derivatives). Even if CBD oil is considered industrial hemp and may be lawfully produced under the Farm Bill, only institutions of higher education and state departments of agriculture are authorized to produce it, and then only for purposes of agricultural or academic research; thus the Farm Bill likely does not create a CSA exception broad enough for large-scale commercial production and distribution of CBD oil within the United States.

## Federal Food, Drug, and Cosmetic Act

The Federal Food, Drug, and Cosmetic Act (FD&C Act) is a federal law enacted in 1938 (and since amended multiple times) that authorizes the FDA to regulate the safety and effectiveness of drugs and medical devices and the safety of food, tobacco products and cosmetics. The FD&C Act prohibits the "adulteration or misbranding" of any drug, medical device, food, tobacco product or cosmetic (which the act generally refers to as "articles") in interstate commerce and prohibits interstate commerce in any such adulterated or misbranded article. The FD&C Act also prohibits the "introduction or delivery for



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introduction into interstate commerce" of any drug, medical device, food, tobacco product or cosmetic undertaken without the required FDA approval, permit or registration.

An article that includes cannabis or a cannabis derivative could conceivably qualify as a drug, medical device, food, tobacco product or cosmetic (or a combination). For example, a skin lubricant infused with cannabis extract and intended to relieve muscle pain may be both a cosmetic and a drug, and a prefilled device used to administer a metered dose of vaporized THC for treating nausea may be both a medical device and a drug. Industry dialogue regarding the FD&C Act and the FDA tends to focus on cannabinoid-based drugs and the potential for certain cannabis products to be regulated as food or a related category of products known as "dietary supplements," and we expand on both topics in the following discussion.

### *Drugs*

Generally, the FD&C Act defines a "drug" as any one of the following:

(i) Any article recognized in the official U.S. Pharmacopoeia, U.S. Homeopathic Pharmacopoeia or National Formulary.

(ii) Any article intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in humans or animals.

(iii) Any article (other than food) intended to affect the structure or any function of the body of humans or animals.

(iv) Any article intended as a component of any of the foregoing.

The FDA oversees the manufacturing of drugs by inspecting domestic and foreign manufacturing plants, by sampling drugs from retail stores, distribution warehouses and manufacturing plants and by evaluating complaints and reports of defects from consumers and health care professionals. The FD&C Act generally prohibits a company from introducing a drug into interstate commerce without the FDA having first approved the drug as safe and effective for treating a specified medical condition.

FDA approval of a drug as safe and effective for treating a specified medical condition generally involves the following steps:

(i) The drug's manufacturer performs laboratory and animal tests to determine how the drug works and whether it is safe enough to test on humans.

(ii) If the manufacturer determines the drug is safe enough to test on humans, then the manufacturer submits for FDA review an Investigational New Drug (IND) application.

(iii) Upon review of the IND application, if the FDA determines the drug is safe enough to test on humans, then the FDA approves the manufacturer to proceed with human clinical trials.

(iv) The manufacturer performs a series of human clinical trials and submits the resulting data for FDA review in the form of a New Drug Application (NDA). Upon review of the NDA, if the FDA determines the drug's benefits outweigh its known risks and the drug can be manufactured in a way that ensures a quality product, then the drug is approved as safe and effective for treating the specified medical condition.


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A drug generally may not be marketed for treating a condition other than a condition for which the FDA has found the drug to be a safe and effective treatment; however, most FDA-approved drugs can be prescribed by doctors to treat other conditions (so-called "off-label" prescriptions).

Nonprescription or over-the-counter drugs can be marketed after receiving FDA approval through the NDA process or by conforming the drug to an existing over-the-counter "monograph" (a "recipe book" indicating acceptable ingredients, doses, formulations and labeling) established by the FDA.

### *Cannabinoid-Based Drugs*

Several drugs containing synthetic cannabinoids or cannabinoid-like compounds have been approved by the FDA. Marinol, a drug comprised of dronabinol (a synthetic THC) encapsulated with sesame oil in a soft gelatin capsule, was approved by the FDA in 1985 for treatment of nausea and vomiting associated with cancer chemotherapy in patients who have failed to respond adequately to conventional antiemetic treatments. It was later approved, in 1992, for treatment of anorexia associated with weight loss in patients with AIDS. Syndros, a drug comprised of dronabinol in a liquid solution, was approved by the FDA in 2016 for treatment of the same symptoms for which Marinol was approved. Cesamet, a drug comprised of encapsulated nabilone (a synthetic cannabinoid similar to THC), was approved by the FDA in 1985 for treatment of nausea and vomiting associated with cancer chemotherapy in patients who have failed to respond adequately to conventional antiemetic treatments.

Each of the drugs Marinol, Syndros and Cesamet was placed on CSA Schedule II within one to two years after its initial FDA approval (Marinol and Syndros were rescheduled from Schedule I upon recommendation of the DHHS, and Cesamet's placement on Schedule II was its initial CSA classification). Schedule II through Schedule V substances can be prescribed by a doctor, but the CSA does not permit prescriptions for Schedule I substances, so removal of an FDA-approved drug from Schedule I is required before the drug can be prescribed legally.

The FDA has not approved any drug derived from the cannabis plant. However, two such drugs, Sativex and Epidiolex (both manufactured by U.K.-based GW Pharmaceuticals), have advanced through certain stages of the FDA approval process. Sativex is a mouth spray used for treatment of spasticity caused by multiple sclerosis; it includes THC and CBD derived from cannabis. Epidiolex is an oral formulation of cannabis-derived CBD intended to treat severe forms of childhood epilepsy. Human clinical trials have been conducted with both drugs, and although an NDA has not been submitted for Sativex, an NDA for Epidiolex was submitted to the FDA in October 2017. If approved by the FDA, Epidiolex would be the first FDA-approved pharmaceutical derived from cannabis.

### *Foods and Dietary Supplements*

Generally, the FD&C Act defines "food" as (i) any article used for food or drink for humans or animals, (ii) chewing gum, and (iii) any article used as a component of any of the foregoing. The FD&C Act defines a "dietary supplement" generally as either (i) a product intended to supplement the diet that contains certain dietary ingredients (including vitamins, minerals, herbs, botanicals, amino acids, or other substances used by humans to supplement the diet by increasing the total dietary intake) or (ii) a product intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form and labeled as



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a dietary supplement but not represented for use as a conventional food or as a sole item of a meal or the diet. A dietary supplement generally is deemed to be a food under the FD&C Act.

The FD&C Act does not require foods or food labels to be pre-approved by the FDA, but it does give the FDA broad authority to regulate the safety of food and food labels and to prevent interstate commerce in adulterated or misbranded food. Facilities engaged in manufacturing, processing, packing or holding food for consumption in the United States are required to be registered with the FDA. The FD&C Act requires most foods to bear nutrition labeling and requires food labels that bear nutrient content claims and certain health messages to comply with specific requirements. The FDA is authorized to enforce safety and labeling regulations by conducting inspections, sampling, recalls and seizures, and by pursuing injunctions and criminal prosecutions.

### *Cannabis-Based Foods and Dietary Supplements*

The FDA has published guidance (most recently updated in August 2017) concluding that (i) the FD&C Act does not permit foods to which THC or CBD have been added to be sold in interstate commerce and (ii) any product containing THC or CBD is not a dietary supplement. For this conclusion to be legally correct, based on the FD&C Act provisions cited by the FDA, it would need to be demonstrated that neither THC nor CBD were marketed in or as a food or as a dietary supplement before the occurrence of certain approvals and clinical investigations of drugs that include THC (e.g., Marinol) or CBD (e.g., Sativex or Epidiolex). The FDA publication does not demonstrate that neither THC nor CBD were marketed in or as a food or as a dietary supplement before such occurrences and merely states that the FDA is "not aware of any evidence that would call into question" its conclusion. The FDA's conclusion has not been subject to any legal challenge, and it remains unresolved whether certain cannabis-based products, particularly hemp-derived CBD products, might be regulated by the FDA as foods or dietary supplements rather than as drugs.

### *FDA Policy and Enforcement*

In December 2016, the FDA published a document titled *Botanical Drug Development; Guidance for Industry* that discusses several areas in which, due to the unique nature of botanical drugs, the FDA believes it is appropriate to apply regulatory policies that differ from those applied to nonbotanical drugs. The guidance discusses challenges inherent to botanical drugs, including challenges related to ensuring therapeutic consistency, and suggests certain steps to address those challenges. The guidance was published only months after the DEA announced a new policy designed to increase the number of DEA-registered cannabis cultivators and permit-registered cultivators to grow cannabis for privately funded commercial drug development projects. These parallel developments indicate to some that the federal government is opening a pathway to federal approval of cannabis-derived drugs.

The FDA has the legal authority under the FD&C Act and related regulations to significantly disrupt the state-legal cannabis industry in the United States. The FDA has issued warning letters during the past several years to distributors of hemp-based CBD products but has not broadly enforced federal law against the cannabis industry. A cannabis-focused publication on the FDA website states that in deciding whether to initiate federal enforcement, the FDA may consult with its federal and state


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partners and consider many factors, including FDA resources and threats to public health. Beyond this statement, the FDA has not published detailed guidance about its cannabis-related enforcement priorities.

## Bank Secrecy Act and Other Federal Laws Regarding Financial Transactions

Financial transactions in connection with cannabis-related CSA violations may implicate federal laws other than the CSA itself, including the federal money laundering statute, the federal unlicensed money transmitter statute and the Bank Secrecy Act (BSA).

The federal money laundering statute imposes penalties on any person who conducts or attempts certain financial or monetary transactions involving the proceeds of a "continuing criminal enterprise" (a term, used in the CSA, that arguably encompasses many cannabis businesses). Violations of the federal money laundering statute may result in fines equal to twice the value of the property involved in the transaction (or $500,000, if greater) and imprisonment for up to 20 years.

The federal unlicensed money transmitter statute makes it illegal for any person to operate or own a money transmitter business that involves the transportation or transmission of funds known to have been derived from or intended to promote or support criminal violations of the CSA. Violations of the law may result in fines and imprisonment for up to 5 years.

The BSA requires banks and other financial institutions to maintain certain records and to file certain reports deemed useful in criminal, tax or regulatory proceedings or in government intelligence and counterterrorism activities. Federal regulations under the BSA require financial institutions to file with the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury charged with administering the BSA, a suspicious activity report (SAR) if the financial institution knows, suspects or has reason to suspect that a transaction conducted or attempted by, at or through the financial institution involves or is an attempt to disguise funds derived from illegal activity, is designed to evade BSA regulations or lacks an apparent lawful purpose. Financial institutions and their principals are subject to civil and criminal penalties for violations of the BSA.

## U.S. Treasury Department: The FinCEN Memo

In coordination with the February 2014 Cole Memo update, FinCEN published a memorandum (FinCEN Memo) outlining how banks and other financial institutions can, consistent with their BSA obligations, provide services to marijuana-related businesses. The FinCEN Memo directs each financial institution to consider its own business objectives and the risks associated with offering a particular product or service when considering whether to commence or continue a customer relationship with a marijuana-related business. The memorandum emphasizes the importance of due diligence and outlines a procedure for filing SARs for such businesses.

The FinCEN Memo guides financial institutions to conduct a due diligence review of a customer's business that includes an evaluation of whether the customer relationship implicates (or would implicate) any Cole Memo priority and also includes the following investigations:



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1. Verifying with the appropriate state authorities whether the business is duly licensed and registered.
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business.
3. Requesting from state licensing and enforcement authorities available information about the business and related parties.
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (for example, medical versus recreational customers).
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties.
6. Ongoing monitoring for suspicious activity, including for certain red flags described in the FinCEN Memo.
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

The FinCEN Memo also guides financial institutions to file various SARs with FinCEN regarding customers engaged in marijuana-related businesses. According to the memorandum, an institution should file (i) a "Marijuana Limited" SAR for each customer it believes does not violate state law or implicate any Cole Memo priority, (ii) a "Marijuana Priority" SAR for each customer it believes violates state law or implicates any Cole Memo priority, and (iii) a "Marijuana Termination" SAR if the institution decides to terminate a customer relationship in order to maintain an effective anti–money laundering compliance program. The FinCEN Memo outlines certain "red flags" that tend to indicate which type of SAR filing is appropriate; red flags include the inability of a customer to demonstrate compliance with state law or deposits of amounts of cash inconsistent with its tax returns.

FinCEN periodically publishes information about marijuana-related SAR filings made by depository institutions. From the February 2014 FinCEN Memo publication through June 30, 2017, FinCEN received a total of 33,692 marijuana-related SAR filings from a total of 390 banks and credit unions. The following graphs based on FinCEN data show the number of monthly Marijuana Limited, Marijuana Priority and Marijuana Termination SAR filings for this period and the number of banks and credit unions making such filings.


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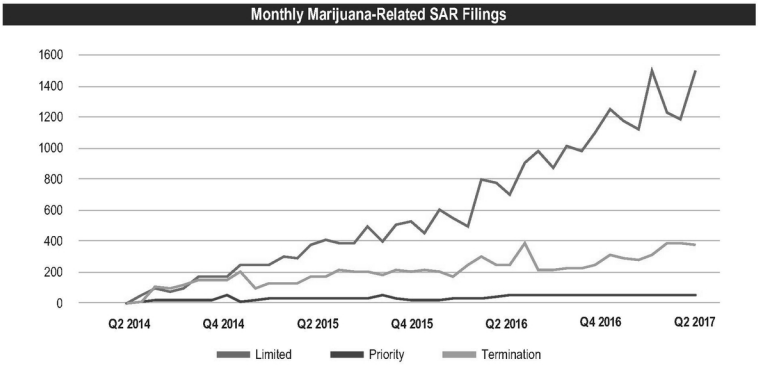


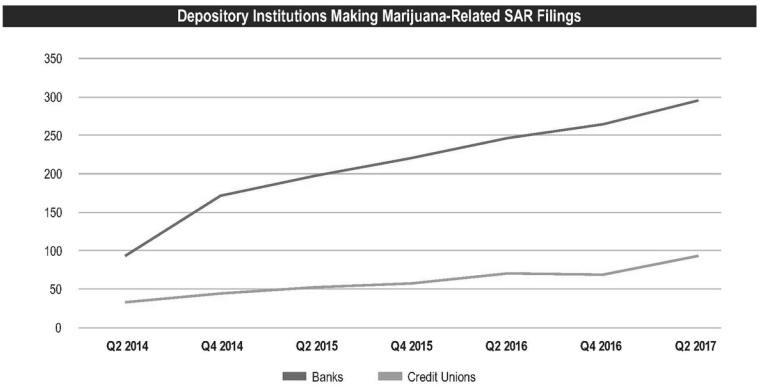


*Source:* Financial Crimes Enforcement Network

The upward trend in the frequency of marijuana-related SAR filings, as well as the growing number of depository institutions making such filings, indicate cannabis businesses increasingly are accessing the federal banking system despite federal law.



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The California State Treasurer's Cannabis Banking Working Group—a panel convened by California State Treasurer John Chiang that includes representatives from the cannabis industry and financial institutions, and government tax collection, law enforcement and regulatory agencies—issued a report in November 2017 on the cannabis industry's banking challenges. In the report, the State Treasurer's Office stated that the cannabis industry's lack of access to banking services is one of the biggest threats to the success of the state's recreational cannabis law, which is scheduled for implementation starting in January 2018. Based on the working group's findings, the State Treasurer's Office recommended the following four actions:

1. Implementation of safer, more effective, and scalable ways to handle the payment of taxes and fees in cash that minimize risks to stakeholders.
2. Development by the State of California and local governments of a data portal of compliance and regulatory data to be made available to financial institutions that bank cannabis businesses.
3. Conduct a feasibility study of a public bank or other state-backed financial institution that provides banking services to the cannabis industry.
4. Establish a multistate consortium of state government representatives and other stakeholders to pursue changes to federal law in order to remove the barriers to cannabis banking.

The State Treasurer's Office also stated it was apparent that a definitive solution to the cannabis banking quandary will remain elusive until the federal government removes cannabis from its official list of dangerous drugs or the U.S. Congress approves safe harbor legislation protecting financial institutions that serve cannabis businesses from federal penalties.

## Federal Securities Law

The U.S. securities markets and industry participants are regulated principally under two federal laws: the Securities Act of 1933 (Securities Act) and the Securities Exchange Act of 1934 (Exchange Act). The Securities Act regulates the offer and sale of securities by issuers, and the Exchange Act regulates securities firms, stock exchanges, reporting by publicly traded companies and investing and trading practices of investors. The Exchange Act also establishes the Securities and Exchange Commission (SEC), a federal agency charged with enforcing federal securities laws.

Federal securities laws are intended to facilitate capital formation, maintain fair and efficient markets, and protect investors. The laws are based on a philosophy of disclosure: issuers of securities generally are obligated to completely and truthfully disclose material information to investors and the market, and failure to satisfy that obligation may result in civil or criminal penalties. Information generally required to be disclosed includes audited financial statements, discussions of risks applicable to the issuer and investors in its securities, and details of conflicts of interest faced by the issuer's officers and directors.

Federal securities laws related to private offerings provide fewer investor protections than laws related to public offerings and generally assume investors in private offerings can "fend for themselves." An issuer of securities in a private offering is not subject to the same extensive reporting requirements


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as publicly traded companies, but ordinarily will market its securities using a private placement memorandum (PPM) that includes information similar to some of the information required to be disclosed by publicly traded companies. An issuer in a private placement is subject to liability under federal securities laws for misrepresentation or fraudulent statements made in a PPM or otherwise in connection with the private offering.

By all indications, federal securities laws do not prohibit companies engaged in federally illegal cannabis activities from raising capital through the issuance of securities, nor do they prohibit industry participants like stock exchanges and investment banks from performing their ordinary market functions in connection with such companies. The SEC has allowed the registration and sale of securities offered by companies engaged in federally illegal cannabis activities and the trading of those securities on multiple U.S. stock markets. Although the SEC has on occasion suspended trading in some of these securities, those suspensions generally have been due to alleged violations of securities regulations rather than unlawful cannabis activities.

A cannabis company offering or selling securities must comply with federal securities laws—like any other issuer—by making required notice or registration filings and by providing truthful material information to investors. Any discussion of risks delivered to investors, whether required by securities laws or volunteered by the issuer as part of a private offering, should include a thorough discussion of the unique risks posed by operating a cannabis business engaged in federally illegal conduct. For an example of some of these risks, refer to Chapter IX, Cannabis Industry Risk Factors.

## Federal Bankruptcy Law

Bankruptcy is a legal proceeding by which a debtor resolves its debt obligations and creditors are afforded certain rights in the debtor's assets in full or partial satisfaction of the debts owed to them. In the United States, bankruptcy is governed primarily by the Bankruptcy Reform Act of 1978 (Bankruptcy Code). Bankruptcy proceedings are conducted primarily by federal bankruptcy courts and generally involve administration of a debtor's assets either by a court-appointed trustee or by the debtor with approval and oversight of the court. Bankruptcy can be voluntary (initiated by the debtor) or involuntary (initiated by creditors). Bankruptcy provides certain rights and protections to the debtor and the creditors and is intended to fairly and finally resolve debts so the parties can pursue other affairs.

Debtors whose assets relate to federally illegal cannabis activity, as well as their creditors, generally are not eligible for bankruptcy protection for two reasons: First, federal courts refuse to appoint trustees to administer or take control of unlawful assets or business operations. Second, pursuant to an equitable doctrine known as "unclean hands," federal courts typically decline to honor creditor claims that arise from knowingly transacting with a debtor in furtherance of unlawful activity. A federal bankruptcy court in Arizona invoked both these reasons in its 2015 decision in *In Re Medpoint Management, LLC*; details of this case follow.

Medpoint Management, LLC (Medpoint) managed the cultivation and business operations of a state-legal Arizona medical cannabis dispensary. Medpoint defaulted under various loan and consulting agreements directly related to its dispensary activities, and the four creditors under those agreements



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filed a petition for involuntary bankruptcy. The bankruptcy court dismissed the petition, stating it would not assign a trustee "to administer drug tainted assets for the benefit of creditors who assumed the risk of doing business with an enterprise engaged in violations of federal law." Federal courts in California, Oregon, Colorado and Michigan have applied the same rationale to dismiss bankruptcy proceedings involving illegal cannabis-related assets.

State law alternatives to federal bankruptcy that may be available to cannabis businesses and their creditors include an assignment for the benefit of creditors (ABC) and receivership. An ABC is a state-law process for the orderly and controlled liquidation of a debtor's assets through a neutral, third party administrator. Receivership is a remedy whereby a court appoints a receiver to take possession of and protect property for the benefit of all concerned parties. In the state of Washington, for example, at least one medical cannabis business is reported to have successfully concluded a receivership process.

## Internal Revenue Code

The Internal Revenue Code (IRC) defines gross income to include "all income from whatever source derived"; this definition has been interpreted by the Internal Revenue Service (IRS) and the U.S. Supreme Court to include income derived from unlawful activities. Consequently, cannabis businesses that violate the CSA and other federal laws related to cannabis nonetheless must file federal income tax returns and pay federal income tax.

A business generally computes its taxable income in two steps. First, the business computes its gross income by subtracting from its gross receipts the cost of goods sold (COGS), which includes the cost of acquiring, constructing or extracting a physical product that is to be sold. The subtraction of COGS to compute gross income is premised on constitutional grounds and cannot be changed by federal statutes or IRS regulations. Second, the IRC "allows" a business to deduct from gross income all ordinary and necessary business expenses, which generally include all business expenses other than COGS, such as employee salaries, payments to contractors, marketing costs, insurance premiums, and the cost of rent and utilities. But there are exceptions to this "allowed" deduction. One such exception is provided by IRC section 280E (Section 280E).

Section 280E disallows any deduction or credit for any amount paid or incurred in carrying on a "trade or business" that consists of unlawful "trafficking" in a Schedule I or Schedule II controlled substance. Although Section 280E does not prevent a cannabis business from subtracting COGS to compute gross income, it may prevent the deduction of all other business expenses for purposes of computing taxable income. As a result of Section 280E, businesses in the cannabis industry may have effective tax rates significantly higher than other businesses subject to federal income tax.

The scope of Section 280E, as it applies to U.S. cannabis businesses, is the subject of recent and ongoing federal court cases. The U.S. Tax Court has adopted the view (a view endorsed by the U.S. Supreme Court) that a "trade or business" is any activity entered into with the dominant hope and intent of realizing a profit, and it has indicated in multiple rulings that dispensing or buying and selling marijuana involves unlawful "trafficking" in a Schedule I controlled substance.


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A trade or business that consists of unlawful cannabis trafficking may comprise a separate division of a single taxpayer, as was found by the U.S. Tax Court in its 2007 decision in *Californians Helping to Alleviate Medical Problems, Inc. v. Commissioner,* in which case Section 280E does not prevent the taxpayer from deducting business expenses attributable to other lawful trades or businesses it conducts. Or, all of a taxpayer's activities may constitute a single trade or business subject to 280E even though the taxpayer conducts some lawful business transactions not involving cannabis, as was found by the U.S. Court of Appeals for the Ninth Circuit in its 2017 decision in *Canna Care, Inc. v. Commissioner.*

## Patent Act

Title 35 of the U.S. Code (Patent Act) is the federal statute that governs patents in the United States. A patent issued under the Patent Act is the right to exclude others in the United States from making, using, importing, offering for sale or selling an "invention or discovery" and, if the invention or discovery is a process, products made by that process. U.S. patents are issued by the U.S. Patent and Trademark Office (USPTO), a federal agency established by the Patent Act. A U.S. patent lasts from the date of issuance until 20 years after the date on which the application for the patent was filed with the USPTO. Patent Act remedies available to the holder of an infringed U.S. patent include damages, recovery of lost profits and recovery of legal fees.

"Inventions and discoveries" eligible for a patent under the Patent Act generally include any machine, manufacture, composition of matter, process, art or method, or any improvement thereto that is novel, useful and non-obvious. Newly developed plants, plant varieties, seeds, plant parts, plant genes or plant production processes are generally recognized as inventions or discoveries eligible for a U.S. patent if they satisfy certain criteria. The Patent Act also provides specifically for a "plant patent" that precludes others from asexually reproducing, selling or using a distinct and new variety of plant (other than a tuber) that has been invented or discovered and asexually reproduced.

The Patent Act does not expressly prohibit the issuance of U.S. patents for inventions or discoveries that are unlawful or designed to serve an unlawful purpose, and the USPTO has issued a range of cannabis-related patents. Cannabis-related inventions or discoveries for which the USPTO has issued a patent include a cannabis strain named "Ecuadorean Sativa" (U.S. Plant Patent 27,475), cannabis cultivation and processing methods (U.S. Patent 9,095,554), a vaporizer (U.S. Patent 9,220,294), THC-infused shea butter for topical application (U.S. Patent 8,425,954), a THC extraction method (U.S. Patent 6,365,416) and equipment and methods for biosynthetic production of cannabinoids (U.S. Patent 9,587,212). U.K.-based GW Pharmaceuticals holds multiple cannabis-related U.S. patents. And despite the federal government's position for purposes of the CSA that marijuana has no currently accepted medical use in treatment in the United States, the U.S. federal government itself holds a patent for methods of treating certain diseases with cannabinoids (U.S. Patent 6,630,507).

## Plant Variety Protection Act

The Plant Variety Protection Act (PVPA) establishes certain legal protections (or "breeders' rights") for the breeder of a sexually reproduced or tuber-propagated plant variety that is new, distinct, uniform and stable within the meaning of the PVPA. A breeder who so develops such a plant variety and satis-



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fies other PVPA requirements may apply for and receive a certificate of plant variety protection issued by the U.S. Department of Agriculture (USDA). Such a certificate establishes a breeder's right, for a period of time and subject to certain exceptions, to exclude others from selling the variety, offering it for sale, reproducing it, importing or exporting it, or using it in producing a hybrid or different variety. A breeder's rights under the certificate last for 20 years (25 years in the case of a protected tree or vine) from the certificate's issue date.

It is not clear whether the USDA has issued any certificate of plant variety protection for a cannabis variety. The USDA website provides a searchable database of certificates issued since February 2013, as well as a schedule of crop categories for which certificates have been issued. A search of these USDA materials indicated that no certificates for varieties of cannabis, marijuana or hemp have been issued. The PVPA defines "variety" as "a plant grouping within a single botanical taxon of the lowest known rank" with certain defining and distinguishing features. Given the disagreement among botanists regarding cannabis taxonomy noted in Chapter II, Cannabis Science 101, it may be challenging to demonstrate that a cannabis variety satisfies PVPA criteria for protection.

## Trademark Act

A trademark is a word, name, symbol or device used by a person to identify and distinguish the person's goods or services from the goods and services of others and to indicate the source of the goods or services. Trademarks take many forms, including logos, slogans, symbols, colors and sounds. Under common law and through registration under state and federal statutes, a trademark owner can be afforded certain legal protections against unauthorized use of the trademark by others.

Trademark protection under federal law is provided primarily by the Trademark Act, also known as the Lanham Act, which provides for registration of trademarks with the USPTO. The holder of a federally registered trademark receives certain rights and protections under federal law, including the right to use the "®" symbol, evidence and nationwide notice of a claim of ownership, access to federal courts for dispute resolution, the ability to prevent importation of foreign goods that infringe on the trademark, and the right to recover certain statutory damages and attorneys' fees. Generally, federal registration is the most comprehensive trademark protection available in the United States.

Federal trademark registration requires "lawful" use of the trademark in commerce. Thus, trademarks used to identify, distinguish or indicate the source of cannabis or related products or services that are illegal under federal law are not eligible for federal registration. However, federal registration is available for trademarks used in connection with federally legal cannabis-related products or services, such as a recipe for food intended to be infused with cannabis or a cannabis-related clothing line.

Alternatives to federal trademark registration include protections available under common law and through registration under state trademark statutes. Common law protections vary across jurisdictions and generally extend only to geographical regions where a trademark has first been used in commerce. State trademark registration generally provides protection within the entire state but, like federal registration, may not be available for trademarks used in connection with unlawful subject matter.


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## The Path to Federal Legalization

We believe that cannabis will eventually become federally legal for recreational enjoyment by adults and for use in a broad range of safe drugs and therapeutic products. A wide gulf currently separates federal policy from state legalization initiatives. Both federal and state regulators lack experience with science-based regulation that allows cannabis access, but they approach this lack of experience differently. Current federal policy is slow-turning and bureaucratic; it requires rigorous scientific evidence that cannabis is safe and effective but largely prohibits the industry from developing that evidence. State legalization initiatives are experimental: they start by legalizing the cannabis industry, then task state regulators with implementing rules and safeguards as the industry builds its scientific foundation and its markets.

We believe that federal policy will move (and may already be moving) in a new direction which allows for federally approved cannabis-derived drugs. If that happens, and if several cannabis-derived drugs are federally approved, we expect the FDA and the DEA will have developed data and protocols that facilitate more rapid approval of medical cannabis products. And if that happens, these federal agencies should be able to combine their science-based regulatory practices with the best practices of state regulators to develop a comprehensive federal approach to medical and recreational cannabis.

### DEA and FDA Policy Direction

The path to federal legalization begins with understanding that current federal law, in theory, allows for the production, distribution and prescription of medical cannabis products in the United States. The DEA can register manufacturers to produce medical cannabis products in accordance with the CSA. The FDA can approve medical cannabis products for distribution in accordance with the FD&C Act. The DEA (an agency of the DOJ) and the FDA (an agency of the DHHS) together can cause medical cannabis products to be rescheduled under the CSA so that doctors legally can prescribe them. None of these regulatory actions requires a change in law. Technically, cannabis is not entirely prohibited by federal law.

But in any practical sense, cannabis is federally prohibited. For nearly 50 years, the DEA has registered only one cannabis manufacturer. The FDA has never approved a cannabis-derived drug. Because marijuana remains a Schedule I controlled substance, the lone DEA-registered cannabis manufacturer can produce cannabis only for strictly controlled research, and doctors cannot prescribe any marijuana compound or derivative as medicine. A duo of federal regulatory agencies—not federal law—prohibits lawful access to medical cannabis products; this may be changing. The DEA and the FDA appear to be exploring policies and practices that could result in the actual production, distribution and prescription of cannabis-derived drugs.

In August 2016, the DEA announced a new policy designed to increase (beyond one) the number of DEA-registered cannabis cultivators and permit-registered cultivators to grow cannabis for privately funded commercial drug development projects. The DEA has since accepted at least 25 applications for registration but has not issued any new registrations. Some observers believe the new policy initiative has stalled under the leadership of the DOJ, currently run by U.S. Attorney General Sessions. How-



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ever, that the DEA recognized and responded to the demand for expanded registration is a significant development on its own, and one that we believe may signal an important redirection of DEA policy.

In October 2017, the FDA accepted GW Pharmaceuticals' New Drug Application (NDA) for the cannabis-derived drug Epidiolex. The steps required to file an NDA for any drug involve extensive coordination and data sharing between the FDA and the applicant; submission of the Epidiolex NDA is an important milestone toward FDA approval. Many observers expect that Epidiolex will be the first cannabis-derived drug approved by the FDA.

Additionally, the FDA published industry guidance on botanical drug development in December 2016, several months after the DEA announced its new registration policy. The FDA guidance discusses challenges inherent to botanical drugs, including challenges related to ensuring therapeutic consistency, and suggests certain steps to address those challenges. The FDA guidance updates and replaces similar guidance last issued in June 2004, and we believe that the timing of this update may relate to other cannabis-related developments at the FDA and the DEA.

## Federal Legalization: Predicted Developments

We predict six developments on the path to federal legalization: (1) the FDA will begin approving individual pharmaceutical-grade drugs derived from cannabis; (2) more states will adopt medical cannabis laws; (3) more states will adopt recreational laws; (4) the FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties; (5) the FDA will adopt routine approval procedures for drugs with extracts of high-THC cannabis varieties; and (6) cannabis parts and derivatives will be removed from the CSA schedules (either incrementally, starting with CBD, or all at once) and will be fully legal for medical and recreational purposes.

**Path to Federal Legalization**

1. The U.S. Food and Drug Administration will begin approving individual pharmaceutical-grade drugs derived from cannabis.
2. More states will adopt medical cannabis laws.
3. More states will adopt recreational laws.
4. The FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties.
5. The FDA will adopt routine approval procedures for drugs with extracts of high-THC cannabis varieties.
6. Cannabis parts and derivatives will be removed from the CSA schedules and will be fully legal for medical and recreational purposes.

We do not predict that these developments necessarily will occur in the order presented. We do expect some of them to develop in parallel, and none of them depends fundamentally on any other. The manner in which federal cannabis legalization actually proceeds, and the timing of any related developments, are not known to us or anyone else. Almost certainly, our predictions will prove inaccurate in some respects. States may reverse their legalization efforts. The medical efficacy of cannabis may not be proved to be significant. Cannabis may never be legalized federally. However, we believe these developments will likely be among others that lead to the federal legalization of cannabis. We expand on each of these developments in the following discussion.


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### (1) FDA Approves Cannabis-Derived Pharmaceuticals

The FDA will approve pharmaceutical-grade drugs derived from cannabis through the NDA process. FDA approval will require manufacturers to use cannabis varieties with particular chemical profiles and to demonstrate the ability to control the chemical consistency of those varieties during manufacturing. The DEA will place a narrow characterization of each FDA-approved drug on CSA Schedule II, III, IV or V, and will issue one or more registrations to manufacture the drug and the cannabis variety used to produce the drug. The FDA will improve and refine its botanical-drug review process in general and, in particular, as it relates to cannabis-derived drugs. The FDA, the DEA and DEA-registered cannabis researchers and manufacturers will cooperate to create a federal database of (i) each cannabis variety approved for use in producing an FDA-approved drug and (ii) the manufacturing controls required by the DEA and the FDA to cultivate chemically consistent plants of the variety in accordance with the CSA and the FDA's drug approval. We refer to each cannabis variety in this database, together with its required manufacturing controls, as an "FDA-registered chemovar" (a chemovar is a plant variety characterized by its chemical content).

### (2) More States Adopt Medical Cannabis Laws

More states will adopt medical cannabis laws, and the number and nature of qualifying medical conditions included in such laws will expand. Scientific research will improve the ability of the state-legal medical cannabis industry to develop products that target specific medical conditions. Companies will increasingly seek to differentiate such medical product offerings from recreational cannabis products. State regulators and industry leaders will seek to standardize testing, labeling and quality control procedures particular to medical cannabis products and adopt cannabis-variety recognition and manufacturing practices consistent with those for FDA-registered chemovars.

### (3) More States Adopt Recreational Laws

More states will adopt recreational laws, typically after medical cannabis has been legalized for some period of time. States will establish agencies to comprehensively regulate both recreational and medical cannabis; some regulatory standards will apply across both categories but, increasingly, regulations will develop specific to each category. State regulators will learn from the recreational cannabis experience of other states and will seek to standardize regulations that allow adults to responsibly enjoy cannabis while protecting the health and safety of the general public. Recreational cannabis regulations will resemble federal and state alcohol and tobacco regulations, addressing issues such as product potency and warning labels, and restrictions on advertising and packaging that appeal to minors.



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### (4) FDA Routinely Approves CBD Drugs

The FDA will adopt procedures for the routine approval of drugs that contain extracts of certain low-THC/high-CBD FDA-registered chemovars. The new procedures will involve development of a low-THC cannabis drug monograph that resembles in some ways the FDA monographs for over-the-counter drugs. The monograph will address formulation, dosing and labeling requirements. The FDA-registered chemovars included in the monograph will be rescheduled by the DEA to Schedule II, III, IV or V in order to relax DEA registration requirements for manufacturing; however, the chemovars themselves (particularly their flowers) will not be approved for use by the FDA, and only drugs produced from extracts in accordance with the monograph will receive routine FDA approval.

### (5) FDA Routinely Approves THC Drugs

Relying on experience with the low-THC cannabis drug monograph and a growing database of FDA-registered chemovars, the FDA will adopt procedures for the routine approval of drugs that contain extracts of certain high-THC FDA-registered chemovars. The procedures will parallel in many ways those used in the low-THC monograph procedure, and likely will incorporate additional safeguards related to THC content. The FDA-registered chemovars included in the high-THC monograph will be rescheduled by the DEA, but cannabis flower from those rescheduled chemovars will not be approved for use by the FDA.

### (6) Federal Government Legalizes Cannabis

Parts and derivatives of the cannabis plant will be removed from the CSA schedules. This could occur incrementally, starting with CBD (which could be removed by amending the definition of marijuana to exclude CBD) and followed later by the rest of the plant (including THC). Or all parts and derivatives of the plant could be de-scheduled at the same time. There will be three general categories of legal cannabis products: (i) FDA-approved drugs, which will continue to be developed and approved through the NDA and other processes; (ii) "therapeutic" cannabis products, which may be limited to CBD concentrates and infused products if CBD is de-scheduled first, but which eventually will include smokable flower (including high-THC flower) and most forms of cannabis, and which will be permitted to make limited health-related claims but will not be approved by the FDA as safe and effective for treating any specified medical condition; and (iii) recreational products, which also may be limited to CBD products initially, but which eventually will include a broad range of high-THC flower, concentrates and infused products. The DEA will still require registration of cannabis and CBD manufacturers if CBD is de-scheduled first, but once the entire cannabis plant is de-scheduled, a new federal cannabis agency will be established to regulate medical and recreational cannabis in cooperation with the FDA and state regulators. The new agency will adopt the DEA's institutional framework for controlling the manufacture of chemovars used in FDA-approved drugs and the most successful state strategies for regulating recreational cannabis, such as potency limits, labeling requirements and restrictions on marketing to minors.


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## Outlook

Development (1) does not require any change in federal law or radical departure from prior federal policy, but merely requires a redirection of FDA and DEA policies and practices. Developments (2) and (3) also do not require a fundamental change in federal law. In this sense, developments (1)–(3) largely reflect incremental developments within the existing legal environment. For example, eight state legislatures are expected in 2018 to introduce ballot measures or explore regulatory frameworks for recreational cannabis (Arizona, Delaware, Florida, Michigan, New Jersey, Ohio, Rhode Island and Vermont). Three other states (Missouri, Oklahoma and Wyoming) are expected to enact medical cannabis laws in 2018. And as discussed previously, many observers expect that in 2018, the FDA will approve a cannabis-derived pharmaceutical for the first time.

Developments (4)–(6) require more fundamental changes in federal laws and policies. We do not expect developments (4), (5) or (6) to occur during the current presidential term, but we believe that there is a reasonable chance development (4) could begin within the next five years and development (5) could occur within two years thereafter. In total, we believe it could take up to 10 years or more before the federal legalization process reaches development (6) and cannabis becomes fully legal under federal law.

We believe that cannabis will become federally legal when American voters demand it. Developments (1)–(5) are not required precursors to federal legalization, and either the U.S. Congress or the DEA could initiate development (6) at any time. We believe that either the Congress or the DEA is more likely to take such a step in an environment where developments (1)–(5) have progressed, but there are signs that pressure from American voters may be mounting for the federal government to act more quickly.

According to Gallup, the percentage of Americans who support legalization of cannabis use has increased significantly over the past two decades, and 64% of Americans today believe cannabis use should be legal. We expect that, eventually, federal policy will align with the attitudes of a majority of American voters. The following graph shows the percentage of Americans who answered "Yes" to Gallup when asked whether use of marijuana should be made legal.

**U.S. Public Support for Legalizing Cannabis Use**

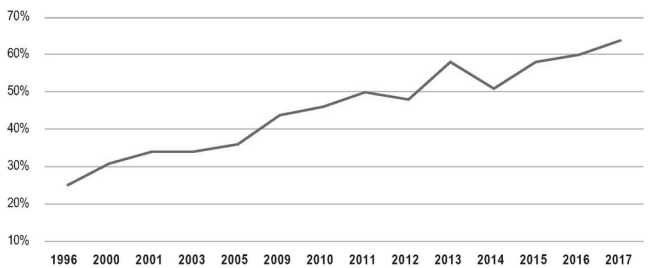


*Source:* Gallup. Data is shown for each year that such data was provided by Gallup since 1995.



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# CHAPTER V
# Global Cannabis Regulation

## Global Cannabis Legalization Momentum

Cannabis legalization is gaining momentum around the world, offering global opportunities for cannabis companies and related businesses. This momentum is driven primarily by the increasing recognition that cannabis may have a range of legitimate medicinal benefits and therapeutic applications. At least 20 countries now have medical laws that facilitate patient access to cannabis or concentrates for treating specified medical conditions. Notable countries with such medical laws include Australia, Canada, Colombia and Germany; countries without such laws include China, Japan, Russia and the United States. (Contrary to U.S. federal law, 29 states, encompassing 62% of the U.S. population, permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions.) While the merits of medical cannabis are currently driving legalization, we believe that—like Uruguay and numerous U.S. states—other countries will ultimately enact legislation permitting the production, sale and use of recreational cannabis. (Canada is widely expected to do so in mid-2018.)

The following world map illustrates select countries that (i) have enacted medical laws that facilitate patient access to cannabis or concentrates for treating specified medical conditions, (ii) have enacted recreational laws that permit the commercial production and sale of cannabis to adults for recreational and other uses, or (iii) include a state or province that has a cannabis law or policy in conflict with federal law.



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## Select Countries with Legalized Cannabis Access (January 2018)

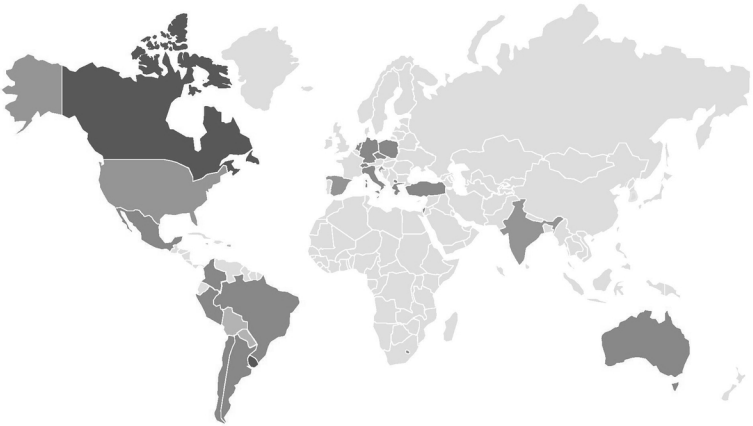

**Medical Law**

| | | | | |
|---|---|---|---|---|
| Argentina | Colombia | Greece | Lesotho | Peru |
| Australia | Croatia | Israel | Macedonia | Poland |
| Brazil | Czech Republic | Italy | Mexico | Switzerland |
| Chile | Germany | Jamaica | Netherlands | Turkey |

**Recreational Law**

Canada[1]
Uruguay[2]

**State/Province Conflict with Federal Law**

India
Spain
United States

[1]Canada currently has a medical law. Assumes Canada enacts a proposed recreational law in mid-2018.
[2]Uruguay has both a medical law and a recreational law.

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International partnerships and business plans are being formed as countries increasingly allow importation and exportation of cannabis products and more companies recognize the global potential of the cannabis industry. Canadian companies are cultivating cannabis in South America and supplying markets in Europe, Australian companies are forming research partnerships with producers in Israel, and European companies are securing cannabis-related patents in the United States. And, as discussed in more detail in Chapter VII, Capital Markets for Cannabis Companies, more cross-border investment activity is taking place as industry participants position for the expected further opening of global cannabis markets.

Despite the growing recognition of the potential medical value of cannabis, the current legalization momentum and the increasingly international scope of cannabis business, the movement of products and flow of capital required for a truly global industry continue to be inhibited by incongruous laws, regulations and international treaties. For example, concerns about violating U.S. federal banking and anti–money laundering regulations have caused certain U.S. banks to refuse to be connected to the cannabis industry, avoiding even indirect association with cannabis activity that is legal where conducted. In one instance, a number of U.S. banks threatened to cease business with certain Uruguayan banks that serviced pharmacies legally distributing recreational cannabis within Uruguay. In turn, those Uruguayan banks effectively forced the pharmacies to stop participating in Uruguay's cannabis market. (In a similar way, lack of access to the U.S. federal banking system continues to inhibit growth of the domestic cannabis industry.) Until the largest economies in the world more fully embrace cannabis, we must stop short of calling cannabis a truly global industry. However, we believe that the legalization momentum will continue worldwide.

## United Nations Conventions

International regulation of cannabis, cannabis derivatives and many other narcotic, psychotropic and similar substances is addressed primarily by three international treaties (Conventions) adopted through the United Nations (UN) between 1961 and 1988.

The Single Convention on Narcotic Drugs of 1961 (1961 Convention) addresses regulation of the cannabis plant, the coca flower and the opium poppy; certain of their derivatives (such as hashish, cocaine and heroin, respectively); and any other substance found in accordance with the 1961 Convention to be "liable to similar abuse and productive of similar ill effects." The 1961 Convention establishes four schedules of substances subject to increasingly strict controls in the following order: Schedule III, Schedule II, Schedule I and Schedule IV. Schedule IV substances (the most strictly controlled) are those Schedule I substances found to be particularly liable to abuse and to produce ill effects and for which such liability is not offset by substantial therapeutic advantages. Cannabis, cannabis resin, and extracts and tinctures of cannabis are included on Schedule I; cannabis and cannabis resin are also included on Schedule IV.

The Convention on Psychotropic Substances of 1971 (1971 Convention) addresses regulation of certain "psychotropic" substances, which the Convention recognizes generally as substances that may stimulate or depress the central nervous system causing "hallucinations or disturbances in motor func-



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tion or thinking or behaviour [sic] or perception or mood," that may produce "a state of dependence" and that are subject to abuse "so as to constitute a public health and social problem warranting the placing of the substance under international control." Substances addressed by the 1971 Convention include THC, barbiturates, amphetamines and psychedelics such as LSD. The 1971 Convention establishes four schedules of substances subject to increasingly strict controls in the following order: Schedule IV, Schedule III, Schedule II and Schedule I. Schedule I includes THC and certain of its isomers and stereochemical variants. Schedule II includes dronabinol (a synthetic THC) and its stereochemical variants.

The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 (Traffic Convention) establishes additional tools for enforcing provisions of the 1961 and 1971 Conventions. The Traffic Convention provides for international cooperation in arresting and prosecuting illicit traffickers of substances scheduled under the 1961 and 1971 Conventions and in disrupting their financial and distribution networks through extradition, anti–money laundering practices, asset forfeiture and other methods.

Generally, the Conventions contemplate that the manufacture, export, import, distribution, use and possession of scheduled substances should be allowed only for medical and scientific purposes under legal authority and that penalties, including criminal penalties, should apply to those who engage in such activities for other purposes or outside legal authority. Countries participating in the Conventions are generally required to enact laws and regulations that carry out the provisions of the Conventions, which may require them to establish dedicated regulatory agencies, track and report physical inventories as well as production and revenue data, implement and enforce labeling requirements and quality control procedures, restrict use of substances to those holding medical prescriptions and impose criminal penalties for violations. Currently, more than 180 countries are party to each Convention.

Amending schedules under the 1961 and 1971 Conventions generally involves participation of three UN-related bodies: (1) the Economic and Social Council (ECOSOC), one of the six main organs of the UN established under the UN charter in 1945; (2) the Commission on Narcotic Drugs (CND), itself a subsidiary body of the ECOSOC that assists the ECOSOC in supervising the application of international drug control treaties; and (3) the World Health Organization (WHO), an autonomous intergovernmental organization that collaborates with the UN and other organizations on global health matters. A schedule amendment may be initiated by the WHO or by any country participating in the applicable Convention, and generally requires approval of the CND, which approval may be subject to further review and approval by the ECOSOC. Notably, because regulations applicable to cannabis and certain derivatives are included in the body of the 1961 Convention (and not just in its schedules), merely removing cannabis and its derivatives from the schedules under the 1961 Convention would not entirely remove cannabis from that Convention's regulatory framework.

## Recent Developments Related to the UN Conventions

Global support for the prohibitionist policies of the Conventions is waning, and a growing chorus of world leaders is calling for new policies for cannabis and other substances to be based on public health concerns rather than criminalization.


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In 2012, the presidents of Colombia, Guatemala and Mexico requested the UN to focus its next special session on drugs on policy reform rather than on a mere progress review and continuation of the same policies. In 2014, the Global Commission on Drug Policy—represented by former UN Secretary-General Kofi Annan and the former presidents of Brazil, Chile, Colombia, Mexico, Poland, Portugal and Switzerland—called for an end to the criminalization of drug use and possession and for the responsible legal regulation of psychoactive substances.

A UN General Assembly Special Session (UNGASS) on drugs was originally scheduled for 2019, but was accelerated to April 2016 as a result of a proposal sponsored by Mexico and cosponsored by 95 other countries. The general assembly is the primary policy body of the United Nations, and one in which all UN member states have equal representation. Given this broad representation and the growing support for decriminalization, many expected the 2016 UNGASS on drugs to result in significant changes in policy. In an open letter delivered to UN Secretary-General Ban Ki-moon on the eve of the session, former presidents or prime ministers of Brazil, Cape Verde, Chile, Colombia, Greece, Hungary, Mexico, the Netherlands, Nigeria, Poland and Switzerland joined with high-profile scholars, celebrities, clergy, business leaders, elected officials and others in pressing the Secretary-General to call for reform of prohibitionist drug control policies. Those supporting reform were disappointed when the UN General Assembly adopted a resolution reaffirming its "commitment to the goals and objectives" of the three Conventions.

Despite the lack of an immediate and fundamental shift away from the prohibitionist policies of the Conventions, other steps are being taken that may result in relaxed cannabis controls within the existing Conventions framework. A committee of the WHO tasked with making drug control recommendations to the CND on behalf of the WHO—the Expert Committee on Drug Dependence (ECDD)—recognized an increase in medical cannabis use and the emergence of cannabis-related pharmaceuticals, and in November 2016 requested that the WHO prepare "pre-review" materials for cannabis, for the specific cannabis derivatives scheduled under the 1961 and 1971 Conventions, and for cannabidiol, or CBD. These pre-review materials are preliminary analyses considered by the ECDD to determine if more in-depth "critical reviews" should be undertaken by the ECDD.

The WHO presented the requested CBD pre-review materials at a November 2017 ECDD meeting. The CBD materials indicate that CBD exhibits no effects indicative of any abuse or dependence potential in humans, and that there is no evidence of any public health–related problems associated with the use of pure CBD. The outstanding pre-reviews related to cannabis and specific derivatives are expected in early 2018. The ECDD recommended that the pre-review materials be evaluated at a specific cannabis-focused ECDD meeting to be held no later than June 2018. The requested pre-reviews represent the first ever scientific guidance on cannabis to be issued within the framework of the Conventions. If the pre-reviews lead to critical reviews, such reviews could ultimately result in a WHO-initiated rescheduling of substances under the 1961 and 1971 Conventions.



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# Global Legal Developments

Nations around the world have recently passed or are considering enacting an array of measures decriminalizing cannabis, legalizing it for medical use or, in a few cases, legalizing it for recreational use in contravention of the UN Conventions. The following discussion summarizes recent legal developments related to cannabis across different regions.

## United States

Despite marijuana and THC being Schedule I controlled substances under the CSA—which, practically speaking, makes almost all manufacture, distribution, dispensing and possession of cannabis in the United States a federal crime—29 U.S. states and the District of Columbia have enacted medical cannabis laws that permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions, and 8 of those same states have enacted recreational laws that permit the commercial production and sale of cannabis to adults for recreational and other uses. And 19 U.S. states (including 2 with medical cannabis laws) have passed narrow CBD/limited laws that permit possession of small amounts of low-THC/high-CBD cannabis concentrates for use in treating a few serious medical conditions—in particular, severe forms of childhood epilepsy. A majority of Americans now live in states that permit the production and possession of cannabis or concentrates for use in treating a broad range of qualifying medical conditions, and polls show that a majority of Americans believe cannabis use should be legal. For a more thorough discussion of U.S. state and federal law, see Chapter IV, U.S. Legal Landscape.

## Canada

Canada's Controlled Drugs and Substances Act (CDSA) was enacted in 1996 and currently serves as the country's implementing legislation under the UN Conventions. The CDSA establishes eight schedules of "controlled substances" and imposes civil and criminal penalties for production, trafficking, importing, exporting and possession of those controlled substances in violation of the CDSA. Cannabis, cannabis preparations and derivatives, and certain cannabinoids, including THC and CBD, are Schedule II substances under the CDSA. Those who commit CDSA violations related to Schedule II substances are subject to fines and imprisonment.

In a 2000 decision by the Court of Appeal for Ontario, the court held that certain criminal prohibitions under the CDSA related to cannabis were unconstitutional because they did not include a constitutionally acceptable medical exemption. Following this constitutional holding and acting within the framework of the CDSA, which allows for the issuance of regulations and exemptions thereunder, Canada issued a sequence of three medical marijuana regulations discussed below.

The Marihuana [sic] Medical Access Regulations (MMAR), issued in 2001, permitted individuals with the authorization of their health care practitioners to grow their own cannabis plants for medical purposes, to designate someone to grow cannabis for them or to purchase dry cannabis flower from Health Canada (the government agency charged with administering Canada's medical cannabis regulations). The MMAR was successfully challenged on constitutional grounds and eventually replaced


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in 2013 by the Marihuana [sic] Medical Program Regulations (MMPR). The MMPR created a regulatory framework under which individuals with a medical need could obtain dry cannabis flower from licensed commercial producers. Like the MMAR before it, the MMPR was held unconstitutional and was eventually replaced, this time in August 2016, by the currently effective Access to Cannabis for Medical Purposes Regulations (ACMPR).

The ACMPR permits businesses licensed by Health Canada to commercially produce and distribute cannabis flower, cannabis oil and cannabis starter materials, such as plants and seeds, to individuals with a medical recommendation from an authorized health care practitioner. The ACMPR also allows such individuals to produce a limited amount of cannabis for their own medical purposes, or to designate another person (which may include Health Canada) to produce it for them. The ACMPR sets forth a comprehensive licensing and regulatory regime that addresses security of licensed production facilities, import and export permits, quality control measures and labeling requirements, and imposes limits on the amount of cannabis that can be produced and possessed by an individual.

In April 2017, a proposed recreational law was introduced in the Canadian parliament; this legislation would allow adults to purchase cannabis from federally licensed producers and to possess and share cannabis with other adults. The proposed Cannabis Act would authorize the Canadian government to issue regulations for the administration and enforcement of the act and to issue licenses and permits authorizing the importation, exportation, production, testing, packaging, labeling, sending, delivery, transportation, sale, possession or disposal of cannabis and cannabis products. The Cannabis Act would authorize Canadian provinces and territories to regulate the distribution and retail sale of cannabis within their jurisdictions, and all individuals and entities, including federally licensed businesses, would be required to comply with those local regulations as well as federal laws.

Unlike the ACMPR, which is a set of medical cannabis regulations issued within the framework of Canada's CDSA, the Cannabis Act would amend the CDSA and related criminal and other statutes to facilitate the recreational law in Canada. The proposed Cannabis Act is widely expected to be approved in some form by the Canadian parliament by mid-2018. If approved, Canada would be the largest country in the world to legalize recreational cannabis on a national level.

## Latin America and the Caribbean

During the past five years, Latin American and Caribbean nations (and Puerto Rico, a U.S. territory) have taken significant legal measures that increase access to cannabis for medical purposes, permit recreational cannabis use and relax criminal prohibitions.

In 2013, Uruguay became the first nation in the world to legalize and regulate the commercial production and sale of cannabis to adults for recreational and other uses. The Uruguayan law authorizes licensed producers to grow cannabis for sale, through licensed pharmacies, to Uruguayan citizens and permanent residents who have registered with the government; the law also permits individuals to grow up to six cannabis plants per year and to form small clubs that may grow up to 99 plants per year. Cannabis sales through licensed pharmacies commenced in 2017.

In 2015, Colombia approved a legal framework for the cultivation, processing and sale of cannabis extracts and related products for scientific and medical purposes. The Colombian framework provides



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for the issuance of separate licenses for cultivation and processing. It also contemplates that permits will be available under Colombia's export laws for the export of lawful cannabis products to jurisdictions where importation is legal. Colombia issued the first processing license in 2016 and the first cultivation license in 2017.

In 2017, Argentina enacted regulations permitting the use of cannabis oil and other derivatives either by qualifying patients or for scientific and medical research. Under the new legislation, the government will oversee cultivation and production of cannabis and its derivatives for research purposes and for patient consumption, establish a national registry of qualifying patients and make cannabis products available to those patients, free of charge. The government expects to import cannabis supplies until they can be produced domestically.

Other Latin American nations that have taken recent steps to increase medical cannabis access include Chile, Brazil, Mexico and Peru. In 2015, Chile changed its laws to allow medical cannabis use by patients and to authorize the sale of cannabis-based medicines through pharmacies. In 2016, Brazil approved a resolution authorizing the prescription and importation of cannabis products, including THC and CBD, for use in treating certain qualifying medical conditions. In June 2017, Mexico enacted a law directing its Ministry of Health to prepare regulations for the research, production and medicinal use of "pharmacological derivatives" of cannabis. In November 2017, Peru adopted a bill legalizing the production, commercialization and importation of cannabis oil to be used for medical purposes.

In the Caribbean region, Puerto Rico, the Cayman Islands and Jamaica have taken measures to decriminalize cannabis or increase access for medical use. In 2015, the governor of Puerto Rico signed an executive order that legalized use of cannabis derivatives (but not cannabis flower) for medical purposes. Jamaica passed a law in 2015 that decriminalizes possession of small amounts of cannabis, permits an individual to cultivate no more than five cannabis plants, establishes a medical cannabis regulatory agency and allows tourists with foreign medical cannabis prescriptions to purchase small amounts of cannabis. A 2016 law enacted in the Cayman Islands legalized the use of cannabis extracts for medical purposes and authorized the creation of import regulations and the sale through licensed pharmacies.

## Australia and New Zealand

Australia amended its Narcotic Drugs Act in 2016 to authorize a regulated medical cannabis industry in the country. The amendment establishes licenses to cultivate cannabis, produce cannabis resin and other products for medicinal purposes, manufacture medicinal cannabis products and conduct cannabis research. A license-holder is required to secure a permit that places conditions on the license and identifies specific activities allowed within the scope of the license. Cannabis products for medicinal use that are either legally manufactured in Australia or legally imported can be prescribed to qualifying medical patients. The amendment defines medicinal cannabis products broadly as a product that includes, or is produced from, any part of the cannabis plant and is intended for the purpose of "curing, or alleviating the symptoms of a disease, ailment or injury."


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New Zealand's Misuse of Drugs Act generally makes the importation, cultivation, distribution, possession and use of cannabis illegal. However, in September 2017, New Zealand's Health Ministry lifted certain restrictions so that doctors may now prescribe approved CBD products. (Previously, patients in need of CBD products were required to apply directly to the Health Ministry, and approval was granted on a case-by-case basis.) In December 2017, New Zealand introduced legislation for a medical law that would amend the Misuse of Drugs Act to permit domestic production of medical cannabis products and their use by people with terminal illness or chronic pain.

## Europe

The European Union provides no coordinated legal framework for cannabis and, historically, European countries generally have prohibited its production and sale, but have also decriminalized or tolerated possession of small amounts.

In some European countries, personal use exceptions to criminal prosecution have been used to carve out visible distribution models. In the Netherlands, for example, Amsterdam is famous for its coffee-shop cannabis sales, even though the suppliers of cannabis to those coffee shops generally operate illegally. And in Spain, despite a federal prohibition on the sale of cannabis, court decisions and laws permitting cultivation for personal consumption have served to justify the country's hundreds of private cannabis clubs.

To date, no European country has implemented a recreational law comparable to those in Uruguay and some U.S. states and expected in Canada. However, starting with the Netherlands in 2003, a number of European countries have enacted medical laws that facilitate patient access to cannabis or concentrates, through importation or domestic production, for treating specified medical conditions.

Italy has allowed medical cannabis use since 2013 under a law that requires cannabis to be sold through authorized pharmacies to patients with a valid prescription.

Croatia legalized the limited use of medical cannabis products in 2015. Under the law, doctors may prescribe cannabis ointments, teas and other extracts to patients with a qualifying health condition, including tumors, AIDS, multiple sclerosis and child epilepsy. Smoking or vaporizing cannabis flower is not allowed under the law. In 2016, Croatia received a shipment of medical cannabis products from a Canadian producer, marking the first time a North American company legally shipped cannabis products containing THC and CBD into the European Union.

A German law that took effect in 2017 legalizes the use of medical cannabis products prescribed for patients with serious illnesses, including multiple sclerosis, chronic pain, epilepsy and chemotherapy-induced nausea and lack of appetite. The law provides a framework for the regulation of suppliers under which the government has already issued import licenses to Canadian and Dutch firms and is finalizing an approval process for the issuance of domestic production licenses.

A 2017 Polish law permits patients to obtain medical cannabis products, including flower, extracts and tinctures, through pharmacies if they have both a physician's medical authorization and permission from a regional pharmaceutical inspector. The qualifying conditions eligible for medical cannabis include chronic pain, chemotherapy-induced nausea, multiple sclerosis, spasticity and treatment-resistant epilepsy. Cannabis products must be imported into Poland because the law does not permit cannabis cultivation within the country.



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Greece announced in 2017 that the use of cannabis extracts would be permitted for patients who obtain a doctor's recommendation and are diagnosed with chronic pain, neuropathic pain, chemotherapy-induced nausea, certain eating disorders and cancer.

In the United Kingdom, the Misuse of Drugs Act 1971 (Drugs Act) generally prohibits the manufacture, supply and possession of any "controlled drug," including cannabis and cannabis resin, without a license issued by the Home Office, a ministerial department of the U.K. government. There is no exception to this general Drugs Act prohibition that would facilitate patient access to cannabis or concentrates for treating specified medical conditions. However, within the Drugs Act framework, the Home Office has issued to U.K.-based GW Pharmaceuticals licenses to cultivate, possess and supply cannabis for medical research and for commercial purposes. GW Pharmaceuticals produces Sativex, a mouth spray that contains cannabis-derived THC and CBD and is used for treatment of spasticity caused by multiple sclerosis. Sativex is generally recognized as the first prescription drug in the world to include plant-based cannabinoids. It was first approved for use in the U.K. in 2010 and has been approved for use in at least 30 countries (but not in the United States).

## Middle East, Asia and Africa

Throughout the Middle East, Asia and Africa, cannabis cultivation, sale and possession generally remain prohibited and punishable as criminal offenses. Only a handful of countries from these regions have enacted laws that decriminalize possession of small amounts of cannabis for personal use or facilitate patient access to cannabis or concentrates for treating specified medical conditions.

In 2017, particular sections of South Africa's Drugs and Drug Trafficking Act, which prohibit cultivation, possession and personal use of cannabis on private property, were declared unconstitutional. During the same year, Lesotho (an enclave surrounded entirely by South Africa) granted a license to a pharmaceutical company to grow, process and sell cannabis for medicinal use or scientific purposes.

In Israel, the country's Dangerous Drug Ordinance generally criminalizes the manufacture, possession and use of cannabis. However, medical cannabis in smokable and other forms has been legal since the 1990s for patients with a range of serious medical conditions, including multiple sclerosis, Crohn's disease, cancer and post-traumatic stress disorder, and the country is widely recognized as a global leader in medical cannabis research and cultivation. Under Israel's medical cannabis rules, the Ministry of Health can issue permits for the production, distribution and use of medical cannabis products. Patients must first obtain a doctor's recommendation and submit it to the ministry in order to receive a medical cannabis use permit. In August 2017, the Israeli Ministries of Health and Finance announced that licensed producers and distributors of medical cannabis would become eligible, for the first time, for permits to export medical cannabis to jurisdictions where it is legal to import.


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## Global Outlook

While the medical potential of cannabis is driving an initial wave of legalization, we believe countries will eventually legalize the commercial production and sale of cannabis to adults for recreational use. In this regard, 2018 will be an important year, with the expected approval of the recreational Cannabis Act in Canada and the implementation of California's new recreational law. In Canada, we may observe for the first time the implementation of a large-scale national recreational law. Similarly, as the most populous U.S. state and one of the world's largest economies, California's recreational cannabis rollout will be a bellwether for the global cannabis industry. The successes, failures and lessons learned in Canada and California will have significant impacts on the cannabis industry worldwide.

In our view, the course taken by the U.S. federal government will impact the global cannabis industry more than any other factor. If the U.S. federal government were to change its current practice and aggressively enforce existing federal cannabis laws, we would expect a corresponding dampening of the industry worldwide. If the status quo were to continue in the United States, we would expect the current global legalization trend to continue, particularly in Europe, South America and Africa. And if federal prohibition in the United States ends, we expect a surge in cannabis legalization worldwide.



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# CHAPTER VI
# U.S. and International Cannabis Market Estimates

## Global Market Overview

Cannabis is the most widely cultivated, produced, trafficked and consumed drug worldwide, according to the United Nations Office on Drugs and Crime (UNODC). In 2003, the UNODC estimated that the global illegal cannabis market was $113 billion, with 160 million consumers. The UNODC continues to estimate the number of cannabis users worldwide and recently estimated that 183 million people globally between the ages of 15 and 64, or more than 4% of this age group, consumed cannabis in 2015.

In 2010, the RAND Corporation (RAND) estimated that the U.S. illegal cannabis market was $40 billion. Adjusting this estimate solely for inflation and population growth, the U.S. illegal market would now be approximately $48 billion.

Both the UNODC and RAND acknowledge the challenges inherent in studying an illegal consumer market, and both allow significant room for error in their estimates. However approximate, their estimates make clear that there is significant global demand for cannabis. Less clear is how quickly illegal markets will transition to legal markets, as well as the extent to which legalization may increase overall demand.

### The Legal Cannabis Market: Key Growth Drivers

We believe that numerous factors will increase consumer penetration rates and the overall size of the legal cannabis market. Such factors include the following.

***U.S. Federal Legalization.*** We believe it is a question of when, not if, cannabis becomes federally legal. We predict six developments on the path to federal legalization: (1) the FDA will begin approving individual pharmaceutical-grade drugs derived from cannabis; (2) more states will adopt medical cannabis laws; (3) more states will adopt recreational laws; (4) the FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties; (5) the FDA will adopt



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routine approval procedures for drugs with extracts of high-THC cannabis varieties; and (6) cannabis parts and derivatives will be removed from the CSA schedules (either incrementally, starting with CBD, or all at once) and will be fully legal for medical and recreational purposes. (We expand on these predicted developments in Chapter IV, U.S. Legal Landscape.) We believe that federal legalization will trigger rapid growth in the U.S. market, propelled by interstate commerce, access to the federal banking system and acceleration of the cannabis-derived pharmaceuticals market. A change in the federal status of cannabis in the United States will not only drive U.S. market growth, but should provide a significant catalyst to the market worldwide.

***Increasing Awareness of the Medical Efficacy of Cannabis.*** In aggregate, across all U.S. state laws, cannabis is legally recognized as a form of therapy or medicine for more than 50 medical conditions. In addition, at least 20 countries have medical laws that facilitate patient access to cannabis or concentrates for treating specified medical conditions. We believe that countries and U.S. states will continue to adopt and enhance legal frameworks for the medicinal use of cannabis products. In addition, we believe that many more cannabis consumers will emerge as research on cannabis increasingly demonstrates its medical efficacy and as more therapeutic products are developed and brought to market.

***Increasing Recreational Legalization.*** Most laws facilitating access to cannabis, both in U.S. states and abroad, are medical laws. However, Uruguay and eight U.S. states have enacted recreational laws permitting the commercial production and sale of cannabis to adults for recreational and other uses (and Canada is widely expected to do so in mid-2018). In the handful of jurisdictions that started with medical laws and later adopted recreational laws—particularly in Colorado, Washington and Oregon—adoption of recreational laws has led to significant growth in overall market size and a rapid increase in the percentage of the market represented by recreational consumers. We expect 2018 will be a watershed year for the recreational market, with the implementation of California's new recreational law and the expected approval and implementation of Canada's recreational law. If these laws stimulate demand, as expected, and are otherwise viewed as successful, we expect more U.S. states and additional countries to follow suit with similar laws.

***Broadening Range of Cannabis Consumer Products.*** Product innovation and advancements in cannabis varieties, concentrates, infused products, vaporizing technology and cannabis-derived pharmaceutical products will drive consumer adoption and spending. Cannabis consumer product companies will seek to differentiate their products through marketing, distribution, packaging, selection, quality and pricing. We believe that product differentiation and availability will be more prevalent in legal cannabis markets and will drive consumer transition from illegal to legal markets.

***Declining Prices in U.S. State-Legal Cannabis Markets.*** The supply of cannabis has increased considerably with expanded state legalization in the United States. This increase has started to dampen retail and wholesale prices in various markets. As prices decline, we are starting to see closer price parity between state-legal and illegal markets (in the United States, cannabis is generally priced lower in illegal markets than in state-legal markets). Lower retail prices in state-legal markets should accelerate consumer transition from illegal to state-legal markets and drive increased overall penetration rates. However, state and local taxes will continue to impact pricing for cannabis products in state-legal cannabis markets.


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## U.S. State-Legal Cannabis Market

More than 97% of the U.S. population lives in a state or district (District of Columbia) with at least one law that permits the manufacturing, distribution, dispensing or possession of cannabis or concentrates. As described in more detail in Chapter IV, U.S. Legal Landscape, most of these laws are medical laws, and only eight states have enacted recreational laws. While the overall state-legal market has grown significantly, the addressable market has been constrained due to the lack of access to purely recreational consumers and the sometimes-narrow scope of medical conditions that qualify a patient to access medical cannabis.

We estimate that the 2017 U.S. state-legal cannabis market was $8.0 billion, with more than four million consumers. The breakdown of this estimate by state is shown in the following chart.

**2017 U.S. State-Legal Cannabis Market Estimate**

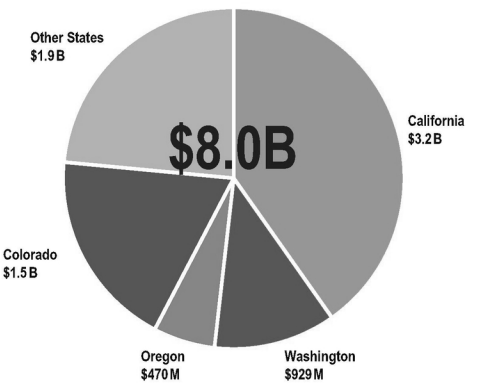


*Source:* Ackrell Capital

### Recreational Sales as a Key Market Driver

Of the eight states that have enacted recreational laws, all had previously implemented medical laws. As shown in the following graphs for the three largest states to implement recreational laws, implementation of a recreational law significantly expanded the overall size of the legalized cannabis market, doubling the size of the market in each of these states in the first full calendar year after implementation. In addition, the percentage of the total market attributable to recreational consumers increased quickly. This indicates significant, pent-up consumer demand for legal cannabis in the United States, and we expect a significant increase in the size of the overall state-legal market as more states implement recreational laws.



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### *Colorado*

Colorado implemented a medical law in 2000 and a recreational law in 2014. The following graph shows the impact of Colorado's recreational law on the overall market in the state.

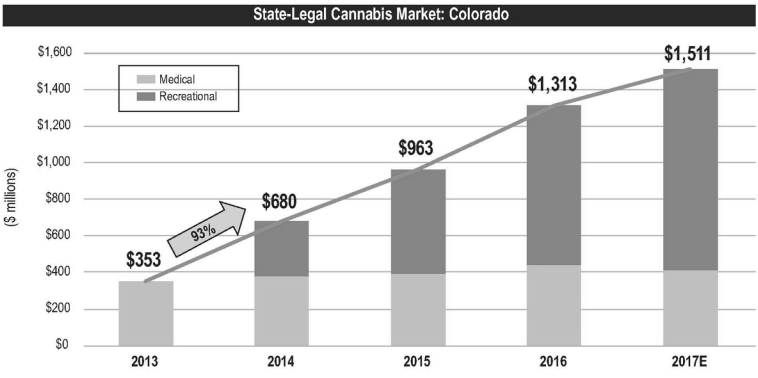


*Source:* Ackrell Capital

### *Washington*

Washington implemented a medical law in 1998 and a recreational law in July 2014, and folded its medical law into its recreational law in 2017. The following graph shows the impact of these laws on the overall market in the state.

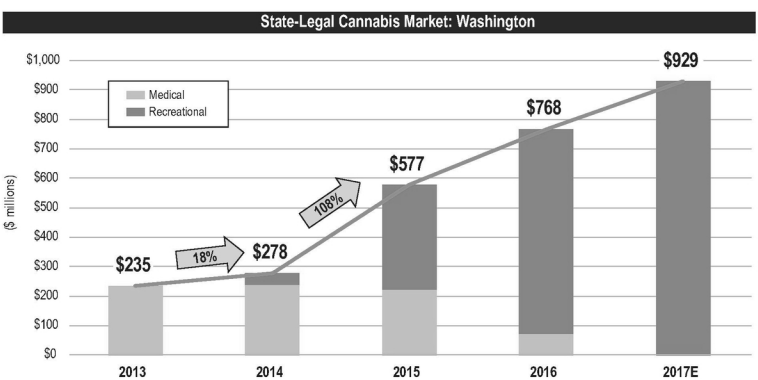


*Source:* Ackrell Capital


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### *Oregon*

Oregon implemented a medical law in 1998 and a recreational law in 2015. The following graph shows the impact of Oregon's recreational law on the overall market in the state.

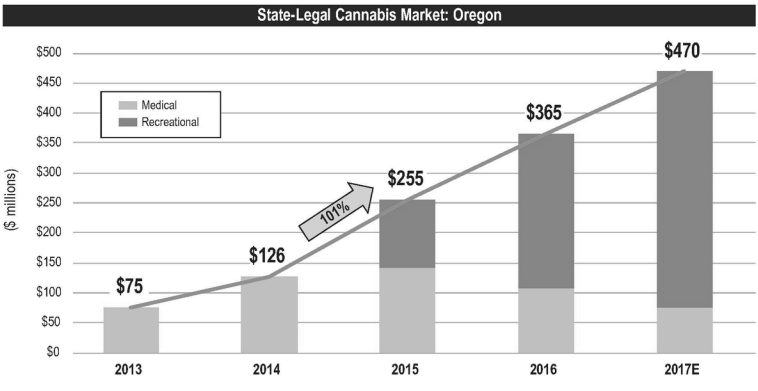


*Source:* Ackrell Capital

### *California*

In 1996, California became the first U.S. state to implement a medical law. In November 2016, the state enacted a recreational law, the implementation of which is scheduled to begin in January 2018. The following graph shows the impact that California's recreational law is expected to have on the overall market in the state.

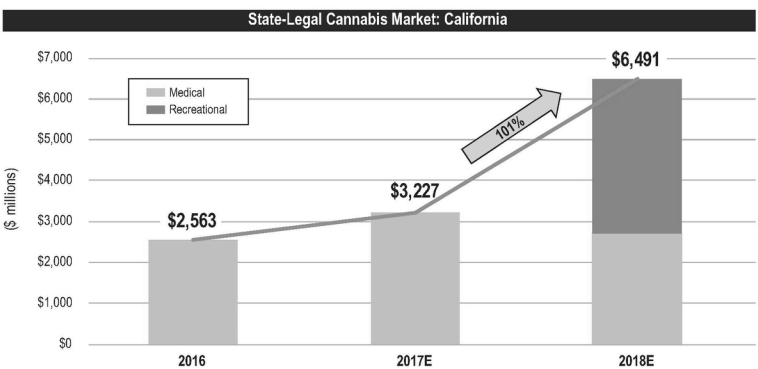


*Source:* Ackrell Capital



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# U.S. Legalized Cannabis Market Forecast

## Forecast Methodology

The cannabis industry is driven by consumers, similar to other highly regulated industries such as alcohol, tobacco and pharmaceuticals. Consequently, our methodology for forecasting the U.S. legalized cannabis market is based primarily on the following factors: (i) the number of eligible U.S. consumers, grouped by age; (ii) the penetration rate for each consumer age group; and (iii) the average monthly spending for each consumer age group.

We believe that the variable which will most impact the future size of the U.S. legalized cannabis market is the federal legalization process. How and when federal legalization occurs will impact other primary drivers of the market, including the number of eligible consumers, penetration rates and consumer spending. We predict six developments relating to federal legalization: (1) the FDA will begin approving individual pharmaceutical-grade drugs derived from cannabis; (2) more states will adopt medical cannabis laws; (3) more states will adopt recreational laws; (4) the FDA will adopt routine approval procedures for drugs with extracts of low-THC/high-CBD cannabis varieties; (5) the FDA will adopt routine approval procedures for drugs with extracts of high-THC cannabis varieties; and (6) cannabis parts and derivatives will be removed from the CSA schedules (either incrementally, starting with CBD, or all at once) and will be fully legal for medical and recreational purposes. (We expand on these predicted developments in Chapter IV, U.S. Legal Landscape.)

We do not predict that these developments necessarily will occur in the order presented. We do expect some of them to develop in parallel, and none of them depends fundamentally on any other. For example, Congress could cause development (6) at any time by passing legislation that removes cannabis from the CSA schedules and establishes a national framework for recreational and medical cannabis regulation. Developments (1) through (3) largely reflect incremental developments within the existing legal environment. We do not expect developments (4), (5) or (6) to occur during the current presidential term, but we believe that there is a reasonable chance development (4) could begin within the next five years and development (5) could occur within two years thereafter. In total, we believe that it could take up to 10 years or more before the federal legalization process reaches development (6) and cannabis becomes fully legal under federal law. For our analysis, we assume (i) development (4) begins in 2023, (ii) development (5) follows two years thereafter and (iii) development (6) occurs by 2027 and cannabis becomes fully legal in the United States. (The reader is cautioned that cannabis may never be legalized federally in the United States.)

### *Eligible U.S. Consumers*

We used U.S. Census data to identify the number of people in the United States aged 21 years or older. While some therapeutic applications of cannabis are targeted at people under 21 years of age, we excluded this group of consumers from our estimates. We assumed a nominal annual growth rate for the U.S. population. With more than 97% of the U.S. population currently living in a state or district with at least one law that permits the manufacturing, distribution, dispensing or possession of cannabis or concentrates, we view the potential pool of eligible consumers to be virtually the entire U.S. adult population.


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### *Consumer Penetration Rates*

We assigned current and prospective consumer penetration rates to each state based on our assessment of whether legal consumer access to cannabis in the state should be characterized as "limited," "moderate" or "broad." This assessment was based in part on (i) the nature of the cannabis laws in each state and (ii) the extent of the cannabis dispensary network in each state. We assigned a specific penetration rate to each age group, with the 21–29 age group having the highest and the 70+ age group having the lowest.

Consumer penetration rates are significantly affected by the available channels for legal access to cannabis. States that have only medical laws typically have lower penetration rates than states having both medical and recreational laws because the qualifying-condition requirement of medical laws precludes many potential consumers. Similarly, penetration rates are impacted by the widely varying number and nature of qualifying medical conditions designated by medical laws. States that designate many conditions or highly subjective conditions such as "chronic pain" tend to have higher penetration rates than states that designate relatively few or highly specific conditions.

Penetration rates also are affected by the reach of a state's cannabis dispensary network. Some states have extensive dispensary networks that provide convenient access to cannabis for most consumers. Other states have a limited number of dispensaries or networks that reach only urban areas; restricted networks can be the result of factors such as the amount of time a state has permitted legal cannabis access and the prevalence of county and municipal laws restricting (or in some cases, completely banning) dispensary operations.

Prior to federal legalization, we expect U.S. penetration rates to increase as states implement new medical and recreational laws and expand the scope of qualifying medical conditions under existing medical laws, and as the FDA begins approving pharmaceutical-grade drugs derived from cannabis. Although we believe penetration rates in states with recreational laws and robust dispensary networks may fairly represent penetration rates after federal legalization, penetration rates may increase further as the medical efficacy of cannabis becomes better understood and negative perceptions of cannabis diminish. Following federal legalization, we believe penetration rates may ultimately be as high as (or higher than) those in other consumer-driven industries, such as alcohol, tobacco and pharmaceuticals. The consumer penetration rates used in our analysis are as follows.



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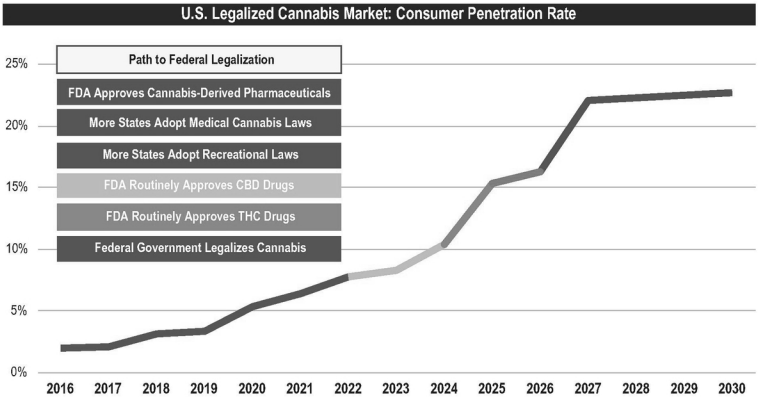


*Source:* Ackrell Capital

### *Monthly Cannabis Spending*

We estimated average monthly spending on cannabis using data provided by dispensaries in states with recreational laws. We then assigned spending levels (low, moderate and heavy) to each age group of eligible consumers by state. The resulting weighted averages of monthly consumer spending used in our analysis are as follows.

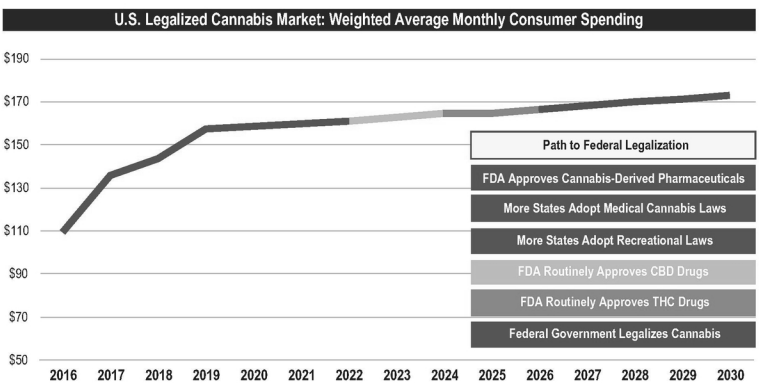


*Source:* Ackrell Capital


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## U.S. Legalized Cannabis Market Estimates

Based on our assumptions and methodology, we believe that the U.S. legalized cannabis market will ultimately exceed $100 billion annually, with more than 50 million consumers. As shown in the following graph, we believe these levels will be reached after the federal government legalizes cannabis.

**U.S. Legalized Cannabis Market**

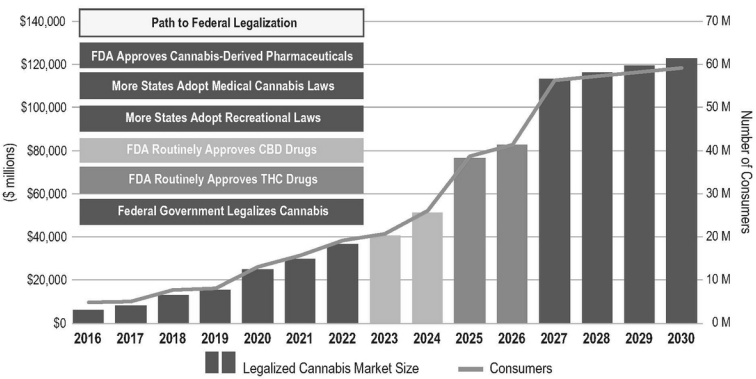


*Source:* Ackrell Capital. Assumes cannabis will be legalized federally by 2027. Cannabis may never be legalized federally in the United States.

Because penetration rate and average monthly spending assumptions significantly affect our forecast, we illustrate this impact with the following sensitivity analysis, which shows the estimated market size in 2030 using a range of penetration rates and monthly spending averages.

**2030 U.S. Legalized Cannabis Market Size: Sensitivity Analysis**

| *($ millions)* | | Average Monthly Consumer Spending | | | | |
|---|---|---|---|---|---|---|
| | | $100 | $125 | $150 | $175 | $200 |
| Adult Population Penetration Rate | 5% | $13,954 | $17,442 | $20,930 | $24,419 | $27,907 |
| | 10% | 27,907 | 34,884 | 41,861 | 48,838 | 55,814 |
| | 15% | 41,861 | 52,326 | 62,791 | 73,256 | 83,722 |
| | 20% | 55,814 | 69,768 | 83,722 | 97,675 | 111,629 |
| | 25% | 69,768 | 87,210 | 104,652 | 122,094 | 139,536 |
| | 30% | 83,722 | 104,652 | 125,582 | 146,513 | 167,443 |
| | 35% | 97,675 | 122,094 | 146,513 | 170,932 | 195,350 |

*Source:* Ackrell Capital



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## Methodology and Estimates: Industry Comparisons

To evaluate our methodology and results, we compare estimated values from our model with values for the same parameters in markets for certain other stimulants and pharmaceuticals. We believe that this comparison is useful because cannabis is used recreationally in much the same way alcohol, coffee and tobacco are used, and because cannabis may be an alternative to pharmaceuticals currently used to treat a range of medical conditions. The following table compares the estimated penetration rate, average monthly consumer spending and U.S. retail market size for a number of common stimulants and pharmaceutical categories.

**Comparison between Cannabis and Common Stimulants and Substances**

| | Alcohol | Coffee | Tobacco | Painkillers | Anti-depressants | Cannabis (Future) |
|---|---|---|---|---|---|---|
| Primary Usage | Recreational | Recreational | Recreational | Medicinal | Medicinal | Recreational / Medicinal |
| Adult Penetration % | 50% | 50% | 17% | 40% | 25% | 20% |
| Monthly Consumer Spending | $45 to $200 | $80 to $100 | $40 to $80 | $50 to $200 | $50 to $100 | $50 to $500 |
| U.S. Retail Market Size | $200B | $35B | $100B | $300B | $60B | $100B |

*Source:* Ackrell Capital

This comparison demonstrates that our U.S. legalized cannabis market estimates are in line with U.S. retail markets for alcohol, coffee, tobacco, and pharmaceutical painkillers and antidepressants.


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## International Legal Cannabis Market Forecast

As previously discussed, cannabis is the most widely consumed drug worldwide: an estimated 183 million people between the ages of 15 and 64 consumed cannabis in 2017. Cannabis legalization is gaining momentum around the world. At least 20 countries now have medical laws that facilitate patient access to cannabis or concentrates for treating specified medical conditions. Select countries with such laws include Australia, Canada, Colombia and Germany; countries without such laws include China, Japan, Russia and the United States. While the merits of medical cannabis are currently driving legalization, we believe that—like Uruguay and numerous U.S. states—other countries will ultimately enact and implement recreational laws.

Canada's legal cannabis market (presently limited to medical cannabis) is currently the largest federally legal cannabis market in the world, estimated at $1.5 billion in 2017. We anticipate that Canada will enact and implement its proposed recreational Cannabis Act in mid-2018 and that implementation will significantly expand the size of Canada's overall market.

### International Market Size Estimate Methodology

Similar to the methodology for our U.S. estimates, the primary factors for our international legal cannabis market estimates are the estimated number of eligible consumers, penetration rates and monthly spending. Of course, these and other factors affecting market size vary considerably across continents and regions because each country has its own unique market characteristics, including laws, culture, religions, consumer preferences and disposable income.

We do not attempt to estimate the timing of legal changes that affect consumer penetration rates. Rather, we estimate the size of potential international markets at maturity when penetration rates have stabilized. The time required for markets in particular countries to reach maturity will vary widely and, like the U.S. market, could be 10 years or more.

To estimate average monthly consumer spending, we analyzed a country's per capita average monthly income and assumed a certain percentage was spent on cannabis products. The resulting estimates of monthly spending in developed countries differs vastly from that in developing countries.

### International Market Size Estimates

Our estimates for the international legal cannabis market include estimates for select countries with medical or recreational laws and certain countries we believe may develop into legal markets for cannabis in the foreseeable future. The following table lists each identified country, ranked by Gross Domestic Product (GDP), with its estimated adult population, monthly cannabis consumer spending and potential market value.



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**Emerging and Anticipated International Legal Cannabis Markets**

| Country | GDP Rank | 2017 Estimated Adult Population (in millions) | Projected Monthly Consumer Spending ($) | Potential Market Value ($ millions) |
|---|---|---|---|---|
| ***Select Countries with Medical or Recreational Laws*** | | | | |
| Germany | 4 | 59.0 | $78 – $155 | $16,518 |
| Brazil | 8 | 150.5 | 16 – 31 | 8,524 |
| Italy | 9 | 42.5 | 56 – 112 | 8,599 |
| Canada | 10 | 26.6 | 78 – 155 | 7,453 |
| Australia | 13 | 12.2 | 97 – 194 | 4,268 |
| Mexico | 16 | 92.9 | 16 – 32 | 5,380 |
| Turkey | 17 | 58.3 | 20 – 40 | 4,178 |
| Netherlands | 18 | 12.2 | 82 – 165 | 3,632 |
| Switzerland | 20 | 5.8 | 145 – 289 | 2,999 |
| Argentina | 21 | 23.0 | 21 – 43 | 1,766 |
| Poland | 24 | 27.4 | 23 – 45 | 2,223 |
| Israel | 32 | 5.8 | 64 – 129 | 1,336 |
| Colombia | 37 | 35.3 | 11 – 22 | 1,429 |
| Chile | 44 | 13.0 | 24 – 48 | 1,124 |
| Peru | 48 | 23.0 | 11 – 21 | 878 |
| Czech Republic | 51 | 7.9 | 31 – 62 | 890 |
| Greece | 52 | 7.9 | 34 – 67 | 962 |
| Uruguay | 78 | 2.2 | 27 – 54 | 211 |
| Croatia | 84 | 2.9 | 22 – 43 | 223 |
| Jamaica | 120 | 2.2 | 8 – 17 | 65 |
| Macedonia | 132 | 1.4 | 9 – 18 | 46 |
| Lesotho | 163 | 1.4 | 2 – 4 | 11 |
| ***Certain Additional Countries*** | | | | |
| United Kingdom | 5 | 47.5 | 75 – 151 | 12,908 |
| India | 6 | 964.1 | 3 – 6 | 10,379 |
| France | 7 | 48.2 | 69 – 139 | 12,040 |
| Spain | 14 | 33.1 | 49 – 98 | 5,841 |
| Sweden | 23 | 7.2 | 97 – 194 | 2,520 |
| South Africa | 35 | 40.3 | 10 – 20 | 1,416 |
| Portugal | 49 | 7.2 | 35 – 71 | 916 |
| | | | **Midpoint Weighted Average $28** | **Total $118,735** |

*Source:* Ackrell Capital

The projected market value for each country shown in the preceding table is calculated assuming a 20% penetration rate and the midpoint of the projected average monthly spending range. Because each country's penetration rate and monthly spending will vary considerably and are difficult to predict, we


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illustrate the impact of varying these factors with the following sensitivity analysis, which shows the estimated market size at maturity using a range of penetration rates and monthly spending weighted averages.

**International Legal Cannabis Market Size: Sensitivity Analysis**

| *($ millions)* | | Weighted Average Monthly Consumer Spending | | | | |
|---|---|---|---|---|---|---|
| | | $10 | $20 | $30 | $40 | $50 |
| Adult Population Penetration Rate | 5% | $10,606 | $21,211 | $31,817 | $42,422 | $53,028 |
| | 10% | 21,211 | 42,422 | 63,634 | 84,845 | 106,056 |
| | 15% | 31,817 | 63,634 | 95,450 | 127,267 | 159,084 |
| | 20% | 42,422 | 84,845 | 127,267 | 169,690 | 212,112 |
| | 25% | 53,028 | 106,056 | 159,084 | 212,112 | 265,140 |
| | 30% | 63,634 | 127,267 | 190,901 | 254,534 | 318,168 |
| | 35% | 74,239 | 148,478 | 222,718 | 296,957 | 371,196 |

*Source:* Ackrell Capital

Based on the preceding assumptions and methodology, we believe that the international legal cannabis market for select countries with medical or recreational laws and certain countries we believe may develop into legal markets for cannabis has the potential to exceed $200 billion within the next 10 to 15 years. And as discussed earlier in this chapter, we forecast the U.S. legal cannabis market to reach more than $100 billion in this same period. Together, these two forecasts indicate a global legal cannabis market in the foreseeable future of more than $300 billion.

In our view, most countries located in Asia will take the longest to enact and implement cannabis access laws; therefore, we have not included the markets in countries such as China, with a population of 1.4 billion people, or Japan, with the third highest GDP in the world, in our global market estimate. If cannabis legalization continues in the United States and the rest of the world as we anticipate, we believe that many countries in Asia will ultimately follow suit. If and when that occurs, the size of the global legal cannabis market will increase significantly and, we believe, may ultimately exceed $500 billion annually.

As discussed on page 175, readers are cautioned to not place undue reliance on our opinions, predictions or estimates. Almost certainly, our opinions, predictions and estimates will prove inaccurate in some respects. A number of factors could cause actual results or events to differ materially from those indicated by our opinions, predictions and estimates. U.S. states and countries abroad may reverse their cannabis legalization efforts. The medical efficacy of cannabis may not prove to be significant. Cannabis may never be legalized federally in the United States. Certain factors affecting the cannabis industry are discussed in more detail in Chapter IX, Cannabis Industry Risk Factors.



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# CHAPTER VII
# Capital Markets for Cannabis Companies

## Capital Markets Overview

Hundreds, if not thousands, of cannabis-related companies are seeking to raise capital—thus presenting investment opportunities for sophisticated investors who want to participate in the cannabis industry. Investors have their choice of investing in the more than 300 publicly traded cannabis-related companies, or in the significant number of private companies raising capital. Investors may also choose among stock markets (both within the United States and internationally), type of security (equity versus debt) and type of company (companies across all segments of the industry are raising capital).

It is important to note, however, that most of the cannabis-related companies that are raising capital—even publicly traded companies—are in early stages of development, have de minimis revenue and are not profitable. More than 85% of the publicly traded cannabis-related companies have annual revenue of less than $5 million, and less than 5% have annual revenue greater than $25 million.

Most investors in the cannabis industry today are retail or individual investors. While an increasing number of family office and strategic investors are now participating in the cannabis industry, we believe that many institutional investors (most notably the traditional venture capital and private equity communities) will not invest in the industry until more companies in the industry mature and the legal environment becomes more favorable.

Cannabis-related companies raised more than $2.0 billion in the public and private markets in 2017; however, except for a few transactions of notable size, many of the financings were small (less than $5 million), which provides further evidence that the capital markets are being driven primarily by retail investors. Without traditional institutional investor support, a funding gap exists in the industry: companies are seeking to raise more capital than investors are willing or able to provide. We believe that this is especially true in the private markets, where many companies struggle to raise financing.

We share the belief held by many that, ultimately, established companies from analogous industries—alcohol, pharmaceutical, tobacco and consumer products—will enter the cannabis industry



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through minority investment, by acquisition or otherwise. Examples of the emergence of such strategic investors include Constellation Brands, Inc.'s (NYSE: STZ) approximately $190 million investment in Canopy Growth Corporation (TSX: WEED) and the more than $400 million spent by The Scotts Miracle-Gro Company (NYSE: SMG) to acquire soil, fertilizer, hydroponic equipment and lighting companies that are supplying the cannabis industry. These types of transactions help support the valuation levels in the industry and, to an extent, validate investors' enthusiasm for the industry.

The stock price performance and valuations of cannabis-related companies continue to be robust, irrespective of the aforementioned funding gap. In general, we believe that valuations in both the public and private markets are being driven more by investors' expectations for the future growth of the cannabis industry than by individual company fundamentals. Similarly, especially in the over-the-counter stock market in the United States—where most of the public cannabis-related companies are traded—stock price fluctuations and valuations tend to be heavily influenced by the illiquidity in most stocks and the trading strategies of those involved. Overall, we believe that the capital markets for the cannabis industry will become more efficient and rational over time as we expect increased participation from institutional and strategic investors.

## Public Capital Markets

More than 300 cannabis-related companies are traded on one or more stock markets in the United States, Canada and other international locations. Although these companies are publicly traded, most are in early stages of development, have de minimis revenue and are not profitable. We use the term "cannabis-related" to include companies that participate solely in the cannabis industry and those that participate in the cannabis industry in addition to other industries or markets.

The ability of companies to access capital markets is dependent largely on the legal landscape for cannabis in a particular country. For example, the capital markets in countries such as Canada, Australia, Germany and Israel (countries that have a more permissive legal framework for cannabis) have been receptive to cannabis-related companies, while the reception by capital markets in the United States has been more varied.

In evaluating publicly traded companies, an investor should be cognizant of where the company is traded, as there are significant differences across the various exchanges and markets with respect to listing requirements, liquidity, independent research and types of investors. Many cannabis-related companies are traded on more than one market in order to attract additional investors and facilitate trading in multiple jurisdictions. However, we believe that it is instructive to evaluate a company based on the primary market on which it trades (We determine a company's primary market based on a number of factors, including stock price history, trading volume and availability of estimates.)

In the United States, a limited number of cannabis-related companies are traded on the Nasdaq Stock Market (Nasdaq), the New York Stock Exchange (NYSE) and the NYSE American (NYSE American), the NYSE's market for small to mid-size capitalization companies. In addition, more than 200 cannabis-related companies are traded on the over-the-counter stock market (OTC). Nasdaq and


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the NYSE are two of the largest and most recognized stock exchanges in the world, with stringent listing, trading and corporate governance requirements. Conversely, the OTC has much less stringent requirements; as a result, most publicly traded cannabis-related companies are traded on the OTC.

In Canada, cannabis-related companies are traded on the Toronto Stock Exchange (TSX), the TSX Venture Exchange (TSXV), which is an affiliate of the TSX, and the Canadian Securities Exchange (CSE). The TSX is one of the world's largest stock exchanges and, similar to Nasdaq and the NYSE, has stringent listing, trading and corporate governance requirements. The TSXV focuses on companies with small market capitalization and has less stringent listing requirements than the TSX. The CSE is focused on micro capitalization and emerging growth companies, and it has the least stringent listing requirements of the primary Canadian exchanges. In order to be listed on either the TSX or the TSXV, a company is required to be in compliance with Canada's Access to Cannabis for Medical Purposes Regulations (ACMPR) and all applicable laws in jurisdictions within which it operates. (Operations of listed companies are restricted in jurisdictions, such as the United States, where cannabis is federally prohibited.) Unlike the TSX and TSXV, the CSE has allowed companies listed on its exchange to invest in, acquire and otherwise operate cannabis-related businesses in the United States.

The following table provides a summary of the cannabis-related companies traded on U.S., Canadian and Australian stock markets. As stated previously, many cannabis-related companies are traded on more than one market to attract additional investors and facilitate trading in multiple jurisdictions. For example, most companies traded on the Canadian markets are also traded on the OTC.

**Summary of Publicly Traded Cannabis-Related Companies**

| *(As of November 30, 2017)* | | Average ($U.S. millions) | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of Companies | Market Value | Enterprise Value | Cash | Debt | LTM Revenue | LTM EBITDA |
| Nasdaq | 4 | $1,033.6 | $884.5 | $153.6 | $4.5 | $44.0 | –$81.1 |
| NYSE | 1 | 63.5 | 41.3 | 22.2 | 0.0 | 4.6 | –1.2 |
| NYSE American | 2 | 152.1 | 145.7 | 7.8 | 1.4 | 7.3 | –6.5 |
| OTC | 212 | 46.3 | 65.5 | 5.7 | 25.0 | 14.0 | 0.2 |
| **United States** | 219 | $65.5 | $81.2 | $8.5 | $24.3 | $14.5 | –$1.4 |
| Toronto Stock Exchange (TSX) | 6 | $1,361.5 | $1,311.4 | $71.0 | $20.8 | $26.6 | $0.8 |
| TSX Venture Exchange (TSXV) | 20 | 131.5 | 123.9 | 10.8 | 3.3 | 1.2 | –3.5 |
| Canadian Securities Exchange (CSE) | 41 | 72.6 | 72.0 | 2.0 | 1.4 | 1.8 | –2.8 |
| **Canada** | 67 | $210.6 | $203.3 | $11.1 | $3.8 | $4.0 | –$2.2 |
| Australian Securities Exchange (ASX) | 14 | $85.3 | $80.1 | $5.9 | $0.7 | $0.9 | –$2.1 |
| **Australia** | 14 | $85.3 | $80.1 | $5.9 | $0.7 | $0.9 | –$2.1 |

*Source:* S&P Global Market Intelligence. Companies that are traded on more than one market are included in their primary market as determined by S&P Global Market Intelligence, based on stock price history, trading volume and availability of estimates. Enterprise Value is defined as Market Value plus Debt minus Cash and Cash Equivalents. LTM is Last Twelve Months. EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization.



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## Stock Price Performance of Publicly Traded Cannabis-Related Companies

The following chart shows the stock price performance of publicly traded cannabis-related companies since September 30, 2016. As shown in the chart, the stock price performance of cannabis-related companies trading on Canadian markets received a boost from the announcement of the proposed recreational cannabis legislation in Canada by Prime Minister Justin Trudeau and, more recently, from Constellation Brands' investment in Canopy Growth. Similarly, the continuing positive price performance of cannabis-related companies trading on U.S. markets has not been slowed by the election of Donald Trump as President and the selection of Jeff Sessions as Attorney General of the United States (two events that were viewed by many as potentially having a negative impact on the U.S. cannabis industry).

**Global Cannabis Stock Price Performance**

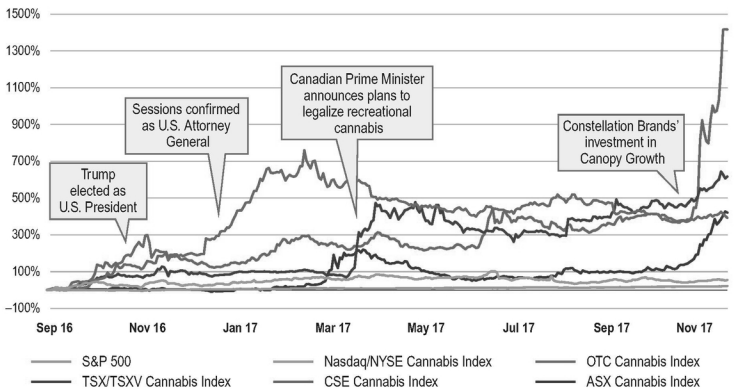


*Source:* S&P Global Market Intelligence

## Capital Raised by Publicly Traded Cannabis-Related Companies

The following table shows the amount of capital (equity and debt) raised by cannabis-related companies traded on the U.S., Canadian and Australian stock markets in the twelve months ended September 30, 2017. While more than $1.3 billion was raised, the data indicates that relatively few companies were able to raise capital, given the aggregate number of publicly traded cannabis-related companies, and the amount raised per transaction was small, supporting the assertion that the market is still driven primarily by retail investors.


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**Capital Raised by Publicly Traded Cannabis-Related Companies (LTM ended September 30, 2017)**

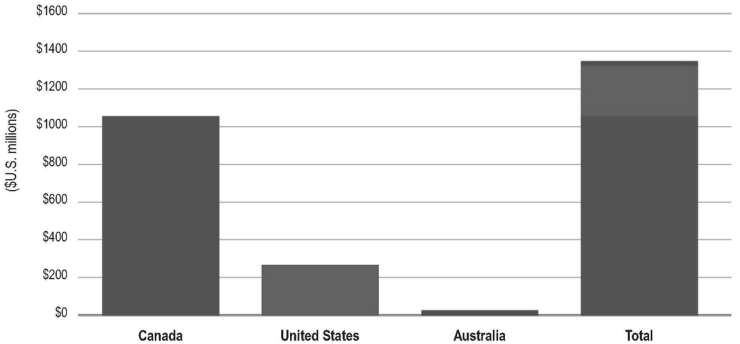


| | Canada | United States | Australia | Total |
|---|---|---|---|---|
| **Amount Raised** | $1056 | $268 | $26 | $1350 |
| **Number of Deals** | 60 | 15 | 3 | 78 |
| **Average Deal Size** | $18 | $18 | $9 | $17 |

*Source:* S&P Global Market Intelligence. In December 2017, a $317 million financing was completed by GW Pharmaceuticals (Nasdaq: GWPH), but the transaction occurred outside the date range of the analysis. Due to the size of the transaction, it is worth noting here.

## Public Capital Markets: United States

As of November 30, 2017, four cannabis-related companies were trading on Nasdaq (all in the pharmaceutical industry and focused on receiving FDA approval for selected cannabinoid applications), one was trading on the NYSE (a real estate investment trust, or REIT, focused on the acquisition and management of properties leased to state-licensed operators for their regulated medical-use cannabis facilities), two were trading on the NYSE American (both in the pharmaceutical industry) and more than 200 cannabis-related companies were trading on the OTC.

Most of the companies trading on the OTC (i) are "penny" stocks that trade at less than $5.00 per share, (ii) have limited trading volume and liquidity, (iii) have significant price volatility, and (iv) have little or no institutional investor support. The U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) have historically expressed concerns regarding the "penny" stock industry in general and both have issued alerts to warn investors about potential scams associated with purported cannabis-related stocks. In addition, the SEC has initiated actions against numerous purported cannabis-related companies and executives for fraud, insider trading, stock manipulation and other activities.

The following table provides a summary of cannabis-related companies traded on the U.S. stock markets.



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**Summary of U.S. Publicly Traded Cannabis-Related Companies**

| *(As of November 30, 2017)* | | Average ($U.S. millions) | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of Companies | Market Value | Enterprise Value | Cash | Debt | LTM Revenue | LTM EBITDA |
| Nasdaq | 4 | $1,033.6 | $884.5 | $153.6 | $4.5 | $44.0 | –$81.1 |
| NYSE | 1 | 63.5 | 41.3 | 22.2 | 0.0 | 4.6 | –1.2 |
| NYSE American | 2 | 152.1 | 145.7 | 7.8 | 1.4 | 7.3 | –6.5 |
| OTC | 212 | 46.3 | 65.5 | 5.7 | 25.0 | 14.0 | 0.2 |
| **United States** | 219 | $65.5 | $81.2 | $8.5 | $24.3 | $14.5 | –$1.4 |

*Source:* S&P Global Market Intelligence. Companies that are traded on more than one market are included in their primary market as determined by S&P Global Market Intelligence, based on stock price history, trading volume and availability of estimates. Enterprise Value is defined as Market Value plus Debt minus Cash and Cash Equivalents. LTM is Last Twelve Months. EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization.

## Stock Price Performance of U.S. Publicly Traded Cannabis-Related Companies

The following chart shows the stock price performance of selected publicly traded cannabis-related companies in the United States since September 30, 2016. As shown in this chart, the election of Donald Trump as President and the selection of Jeff Sessions as Attorney General of the United States have not slowed the continuing positive price performance of cannabis-related companies trading on U.S. markets.

**U.S. Cannabis Stock Price Performance**

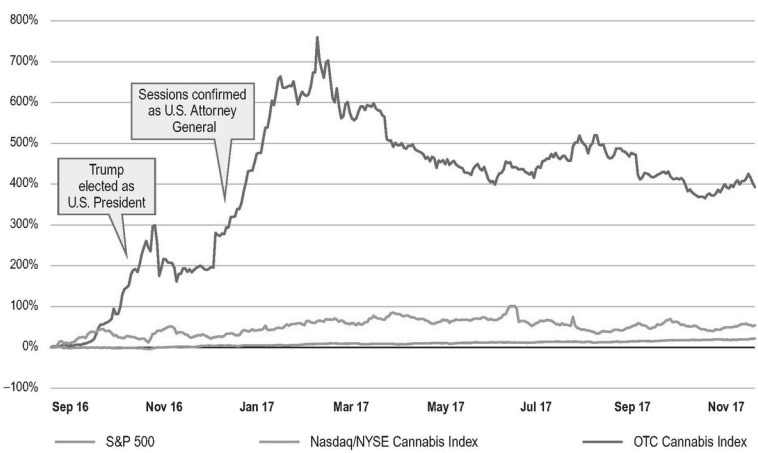


*Source:* S&P Global Market Intelligence


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## Capital Raised by U.S. Publicly Traded Cannabis-Related Companies

The following table shows the amount of capital (equity and debt) raised by cannabis-related companies traded on U.S. stock markets in the twelve months ended September 30, 2017. Although more than 200 cannabis-related companies were traded on the OTC during this period, the data indicates that very few raised meaningful capital.

**Capital Raised by U.S. Publicly Traded Cannabis-Related Companies (LTM ended September 30, 2017)**

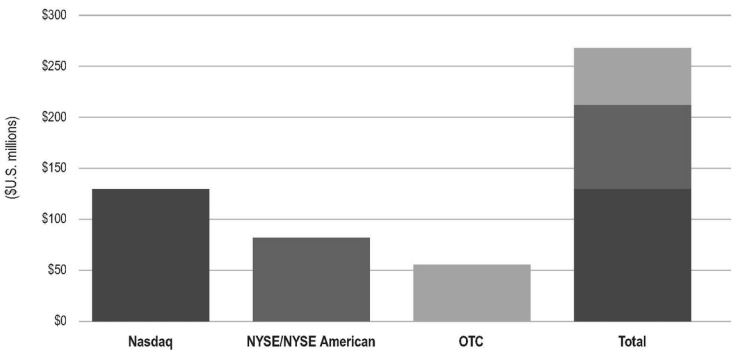


| | Nasdaq | NYSE/NYSE American | OTC | Total |
|---|---|---|---|---|
| **Amount Raised** | $130 | $82 | $56 | $268 |
| **Number of Deals** | 2 | 2 | 11 | 15 |
| **Average Deal Size** | $65 | $41 | $5 | $18 |

*Source:* S&P Global Market Intelligence. In December 2017, a $317 million financing was completed by GW Pharmaceuticals (Nasdaq: GWPH), but the transaction occurred outside the date range of the analysis. Due to the size of the transaction, it is worth noting here.

## Financial Data and Trading Multiples of U.S. Publicly Traded Cannabis-Related Companies

The following tables show selected financial and trading information of cannabis-related companies that are publicly traded on U.S. markets. As the tables indicate, with few exceptions, these companies have little to no revenue and are not profitable. Consequently, most trading multiples are not meaningful and the companies tend to trade more on expectations for the overall cannabis industry than on specific company fundamentals (especially for those companies traded on the OTC).



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## Nasdaq

*($U.S. millions, except stock price)*

| Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples | | Forward Revenue Multiples | | Forward EBITDA Multiples | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Revenue | EBITDA | 2018 | 2019 | 2018 | 2019 |
| Cara Therapeutics, Inc. | NasdaqGM:CARA | $12.45 | 56.3% | $406.0 | $303.0 | $0.9 | –$65.8 | NM | NM | NM | 86.1x | NM | NM |
| GW Pharmaceuticals plc | NasdaqGM:GWPH | 124.49 | 9.1% | 3,153.2 | 2,847.7 | 11.0 | –191.6 | NM | NM | NM | 11.4 | NM | NM |
| INSYS Therapeutics, Inc. | NasdaqGM:INSY | 5.30 | 64.7% | 388.6 | 266.9 | 164.1 | –35.6 | 1.6x | NM | 1.7x | 1.4 | NM | 6.4x |
| Zynerba Pharmaceuticals, Inc. | NasdaqGM:ZYNE | 13.77 | 46.9% | 186.6 | 120.4 | 0.0 | –31.2 | NM | NM | NM | NM | NM | NM |
| | | **Median** | **51.6%** | **$397.3** | **$285.0** | **$6.0** | **–$50.7** | **1.6x** | **NM** | **1.7x** | **11.4x** | **NM** | **6.4x** |

## New York Stock Exchange and NYSE American

*($U.S. millions, except stock price)*

| Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples | | Forward Revenue Multiples | | Forward EBITDA Multiples | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Revenue | EBITDA | 2018 | 2019 | 2018 | 2019 |
| 22nd Century Group, Inc. | AMEX:XXII | $2.33 | 33.4% | $287.9 | $273.2 | $14.0 | –$11.3 | 19.5x | NM | 12.7x | 10.7x | NM | NM |
| India Globalization Capital, Inc. | AMEX:IGC | 0.58 | 27.6% | 16.3 | 18.2 | 0.6 | –1.6 | 28.8 | NM | NA | NA | NA | NA |
| Innovative Industrial Properties, Inc. | NYSE:IIPR | 18.15 | 11.5% | 63.5 | 41.3 | 4.6 | –1.2 | 9.0 | NM | 2.4 | 1.3 | 3.7x | 1.6x |
| | | **Median** | **27.6%** | **$63.5** | **$41.3** | **$4.6** | **–$1.6** | **19.5x** | **NM** | **7.6x** | **6.0x** | **3.7x** | **1.6x** |
| Ancillary | | | | | | | | | | | | | |
| Constellation Brands, Inc. | NYSE:STZ | $217.59 | 4.2% | $42,572.2 | $51,393.3 | $7,458.5 | $2,709.3 | 6.9x | 19.0x | 6.7x | 6.3x | 18.3x | 16.6x |
| The Scotts Miracle-Gro Company | NYSE:SMG | 98.90 | 3.5% | 5,689.7 | 6,969.0 | 2,642.1 | 500.0 | 2.6 | 13.9 | 2.5 | 2.4 | 12.9 | 12.0 |
| | | **Median** | **3.9%** | **$24,131.0** | **$29,181.2** | **$5,050.3** | **$1,604.7** | **4.8x** | **16.5x** | **4.6x** | **4.3x** | **15.6x** | **14.3x** |

*Source:* S&P Global Market Intelligence. Not Meaningful (NM) used for negative multiples, and for revenue multiples greater than 100.0x and EBITDA multiples greater than 50.0x. Not Available (NA) used for information that is not available. Enterprise Value is defined as Market Value plus Debt minus Cash and Cash Equivalents. LTM is Last Twelve Months. EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization.


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## Over The Counter (Market Value Greater than $25 million)

| ($U.S. millions, except stock price) Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples Revenue | LTM EV Multiples EBITDA |
|---|---|---|---|---|---|---|---|---|---|
| Abattis Bioceuticals Corp. | OTCQB:ATTBF | $0.22 | 20.2% | $39.5 | $38.8 | $0.0 | –$3.6 | NM | NM |
| American Cannabis Company, Inc. | OTCQB:AMMJ | 0.75 | 40.5% | 38.6 | 36.7 | 2.9 | 0.3 | 12.7x | NM |
| AmeriCann, Inc. | OTCQB:ACAN | 2.03 | 63.1% | 39.3 | 42.4 | 0.0 | –1.8 | NM | NM |
| Amfil Technologies, Inc. | OTCPK:AMFE | 0.15 | 36.1% | 99.7 | 99.9 | 0.2 | NA | NM | NM |
| AXIM Biotechnologies, Inc. | OTCQB:AXIM | 7.02 | 64.6% | 382.8 | 387.5 | 0.0 | –2.9 | NM | NM |
| Cannabics Pharmaceuticals Inc. | OTCQB:CNBX | 1.02 | 86.6% | 120.7 | 117.3 | 0.0 | –1.8 | NM | NM |
| Cannabis Leaf, Inc. | OTCPK:PCFP | 0.97 | 61.2% | 48.8 | 48.9 | 0.0 | NA | NM | NM |
| Cannabis Sativa, Inc. | OTCQB:CBDS | 3.95 | 58.4% | 83.8 | 83.5 | 0.1 | –6.4 | NM | NM |
| Cannabis Science, Inc. | OTCPK:CBIS | 0.06 | 56.3% | 155.4 | 158.1 | 0.0 | –9.6 | NM | NM |
| Cannabix Technologies Inc. | OTCPK:BLOZ.F | 1.19 | 37.4% | 103.0 | 100.5 | 0.0 | NA | NM | NM |
| CannaGrow Holdings, Inc | OTCPK:CGRW | 0.99 | 57.0% | 100.3 | 102.7 | 1.7 | –1.4 | 62.0 | NM |
| Corix Bioscience, Inc. | OTCQB:CXBS | 1.19 | 45.9% | 29.6 | 29.6 | 0.0 | NA | NM | NM |
| Earth Science Tech, Inc. | OTCPK:ETST | 0.81 | 79.5% | 32.0 | 31.9 | 0.4 | NA | 74.1 | NM |
| Evergreen-Agra Global | OTCQB:EGRN | 1.00 | 85.7% | 26.4 | 26.4 | 0.0 | –0.4 | NM | NM |
| GB Sciences, Inc. | OTCQB:GBLX | 0.24 | 56.4% | 31.3 | 37.0 | 0.2 | –10.3 | NM | NM |
| General Cannabis Corp. | OTCQB:CANN | 1.65 | 51.6% | 37.1 | 39.5 | 0.1 | –7.4 | NM | NM |
| Green Spirit Industries Inc. | OTCPK:GSRX | 5.75 | 77.0% | 172.6 | 172.6 | 0.0 | NA | NM | NM |
| GrowGeneration Corp. | OTCQX:GRWG | 2.50 | 13.8% | 41.1 | 39.3 | 13.1 | –1.2 | 3.0 | NM |
| Helix TCS, Inc. | OTCPK:HLIX | 3.00 | 76.9% | 85.9 | 86.7 | 3.5 | –3.0 | 24.9 | NM |
| HempTech Corporation | OTCPK:HTCO | 1.82 | 83.9% | 100.7 | 101.7 | 0.0 | –0.5 | NM | NM |
| iAnthus Capital Holdings, Inc. | OTCQB:ITHU.F | 1.64 | 39.1% | 61.7 | 74.3 | 0.1 | NA | NM | NM |
| Kush Bottles, Inc. | OTCQB:KSHB | 2.84 | 20.2% | 170.4 | 170.2 | 18.8 | 0.8 | 9.1 | NM |
| Leafbuyer Technologies, Inc. | OTCPK:LBUY | 1.04 | 72.8% | 39.9 | 39.8 | 0.9 | NA | 42.5 | NM |
| Lexaria Bioscience Corp. | OTCQB:LXRP | 0.82 | 18.8% | 56.9 | 54.4 | 0.1 | –1.8 | NM | NM |
| Lifestyle Delivery Systems Inc | OTCQB:LDSY.F | 0.50 | 25.6% | 46.0 | 44.6 | 0.7 | –5.1 | 65.3 | NM |
| Marijuana Company of America | OTCPK:MCOA | 0.03 | 76.8% | 54.6 | 55.0 | 0.0 | –21.9 | NM | NM |
| MariMed Inc. | OTCQB:MRMD | 0.70 | 16.3% | 119.8 | 119.8 | 0.0 | NA | NM | NM |
| mCig, Inc. | OTCQB:MCIG | 0.17 | 66.1% | 68.5 | 67.0 | 7.7 | 1.2 | 8.7 | NM |
| Medical Marijuana, Inc. | OTCPK:MJNA | 0.10 | 55.1% | 307.1 | 317.7 | 8.0 | –3.9 | 39.7 | NM |
| Medicine Man Technologies, Inc. | OTCQB:MDCL | 1.79 | 43.2% | 39.2 | 39.0 | 2.4 | –5.5 | 16.2 | NM |
| OWC Pharmaceutical Research | OTCQB:OWCP | 0.48 | 85.2% | 70.1 | 69.0 | 0.1 | –4.7 | NM | NM |
| PharmaCyte Biotech, Inc. | OTCQB:PMCB | 0.05 | 71.6% | 46.7 | 42.4 | 0.0 | NA | NM | NM |
| Player's Network, Inc. | OTCQB:PNTV | 0.08 | 66.1% | 45.0 | 45.9 | 0.2 | –4.7 | NM | NM |
| Praetorian Property, Inc. | OTCPK:PRRE | 0.52 | 75.8% | 81.1 | 93.5 | 14.1 | NA | 6.6 | NM |
| SanSal Wellness Holdings, Inc. | OTCPK:SSWH | 0.95 | 29.6% | 55.9 | 57.4 | 0.6 | –1.5 | NM | NM |
| Stony Hill Corp. | OTCPK:STNY | 2.50 | 50.0% | 39.0 | 38.8 | 0.2 | NA | NM | NM |
| Surna Inc. | OTCQB:SRNA | 0.15 | 35.5% | 29.6 | 28.3 | 6.9 | –3.3 | 4.1 | NM |
| Terra Tech Corp. | OTCQX:TRTC | 0.20 | 42.1% | 178.2 | 173.6 | 31.9 | –18.6 | 5.4 | NM |
| THC Therapeutics, Inc. | OTCPK:THCT | 0.34 | 60.6% | 39.7 | 39.7 | 0.0 | 0.0 | NM | NM |
| The Tinley Beverage Company | OTCPK:QRSR.F | 0.56 | 15.2% | 41.4 | 38.8 | 0.1 | NA | NM | NM |
| United Cannabis Corporation | OTCQB:CNAB | 0.78 | 69.0% | 46.7 | 46.0 | 0.5 | NA | 99.2 | NM |
| Vitality Biopharma, Inc. | OTCQB:VBIO | 1.85 | 56.4% | 42.7 | 41.9 | 0.1 | –4.3 | NM | NM |
| WEED, Inc. | OTCPK:BUDZ | 2.79 | 44.8% | 279.0 | 278.5 | 0.0 | –5.2 | NM | NM |
| WOWI, Inc. | OTCPK:WOWU | 1.65 | 67.0% | 53.6 | 54.7 | 0.0 | –26.0 | NM | NM |
| | | **Median** | **56.4%** | **$54.1** | **$54.5** | **$0.1** | **–$3.4** | **16.2x** | **NM** |



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## Comparison of U.S. Stock Markets

U.S. stock markets vary significantly in terms of their financial, liquidity and corporate governance requirements. Most U.S. publicly traded cannabis-related companies trade on the OTC due to its less stringent requirements, as compared to Nasdaq and the NYSE. The following chart provides a comparison of Nasdaq, the NYSE and the OTC.

**U.S. Stock Market Comparison**

| | | Nasdaq | NYSE | OTC |
|---|---|---|---|---|
| Market Tiers | | Nasdaq Global Select Market<br>Nasdaq Global Market<br>Nasdaq Capital Market | NYSE<br>NYSE American | OTCQX<br>OTCQB<br>OTCPink |
| Number of Listed Companies | Total | 3,200+ | 2,800+ | 10,300+ |
| | Cannabis-related | 4 | 3 | 212 |
| Market Value[1] | Total | $11.3 trillion | $29.6 trillion | $247.7 billion |
| | Median | $334.0 million | $1.5 billion | $0.5 million |
| Listing or Trading Requirements | | Must meet financial and liquidity criteria under at least one category of Standards. Criteria include: Stockholders' Equity, Market Capitalization, Operating History, Net Income, Amount of Publicly Held Shares and Number of Shareholders. | Must meet financial and liquidity criteria under at least one category of Standards. Criteria include: Stockholders' Equity, Market Capitalization, Pre-tax Income, Amount of Publicly Held Shares and Number of Shareholders. | OTCQX: Must meet minimum financial and liquidity criteria<br>OTCQB and OTCPink: No financial and liquidity criteria |
| Minimum Share Price | | Nasdaq Global Select Market: $4.00<br>Nasdaq Global Market: $4.00<br>Nasdaq Capital Market: $2.00 | NYSE: $4.00<br>NYSE American: $2.00 | OTCQX: $0.10<br>OTCQB: $0.01<br>OTCPink: None |
| Corporate Governance Requirements | | • Annual audit<br>• Audit committee and compensation committee<br>• Majority of independent directors | • Annual audit<br>• Audit committee and compensation committee<br>• Majority of independent directors | OTCQX and OTCQB:<br>• Annual audit<br>• Audit committee<br>• Two independent directors<br>OTCPink: No requirements |
| Reporting Requirements | | Required to file quarterly and annual reports | Required to file quarterly and annual reports | Not required to make regular filings |
| Registration Requirements | | Required to register with the SEC | Required to register with the SEC | Not required to register with the SEC |

[1] *Source:* S&P Global Market Intelligence


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## Public Capital Markets: Canada

As of November 30, 2017, six cannabis-related companies were trading on the TSX, 20 were trading on the TSXV and 41 were trading on the CSE. Most of the publicly traded cannabis-related companies in Canada are licensed producers under Canada's Access to Cannabis for Medical Purposes Regulations, which allow a company to produce and sell medical cannabis products in Canada. A number of companies traded on the CSE also have cannabis-related operations in the United States. The following table provides a summary of cannabis-related companies traded on Canadian stock markets.

**Summary of Canadian Publicly Traded Cannabis-Related Companies**

| *(As of November 30, 2017)* | | Average ($U.S. millions) | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of Companies | Market Value | Enterprise Value | Cash | Debt | LTM Revenue | LTM EBITDA |
| Toronto Stock Exchange (TSX) | 6 | $1,361.5 | $1,311.4 | $71.0 | $20.8 | $26.6 | $0.8 |
| TSX Venture Exchange (TSXV) | 20 | 131.5 | 123.9 | 10.8 | 3.3 | 1.2 | –3.5 |
| Canadian Securities Exchange (CSE) | 41 | 72.6 | 72.0 | 2.0 | 1.4 | 1.8 | –2.8 |
| **Canada** | 67 | $210.6 | $203.3 | $11.1 | $3.8 | $4.0 | –$2.2 |

*Source:* S&P Global Market Intelligence. Companies that are traded on more than one market are included in their primary market as determined by S&P Global Market Intelligence, based on stock price history, trading volume and availability of estimates. Enterprise Value is defined as Market Value plus Debt minus Cash and Cash Equivalents. LTM is Last Twelve Months. EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization.

### Stock Price Performance of Canadian Publicly Traded Cannabis-Related Companies

The following chart shows the stock price performance of selected publicly traded cannabis-related companies in Canada since September 30, 2016. The chart indicates that the stock price performance of cannabis-related companies trading on Canadian markets received a boost from the announcement of the proposed recreational cannabis legislation in Canada by Prime Minister Justin Trudeau and, more recently, from Constellation Brands' investment in Canopy Growth.



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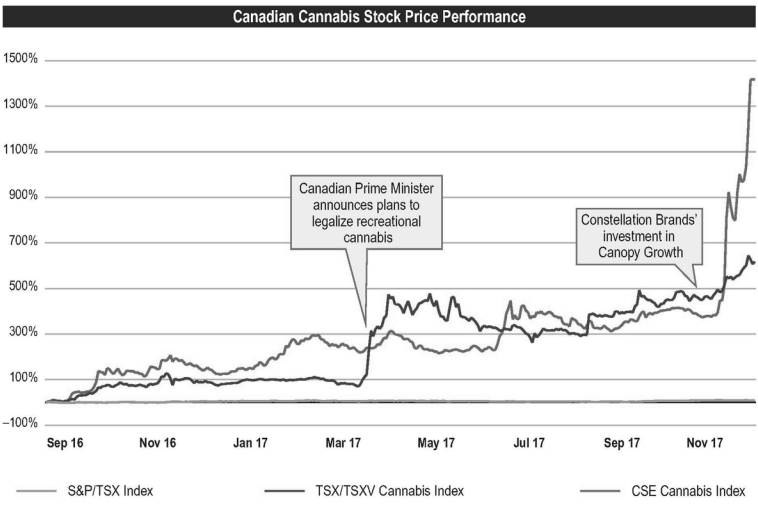


*Source:* S&P Global Market Intelligence

## Capital Raised by Canadian Publicly Traded Cannabis-Related Companies

The following table shows the amount of capital (equity and debt) raised by cannabis-related companies traded on Canadian stock markets in the twelve months ended September 30, 2017.


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**Capital Raised by Canadian Publicly Traded Cannabis-Related Companies (LTM ended September 30, 2017)**

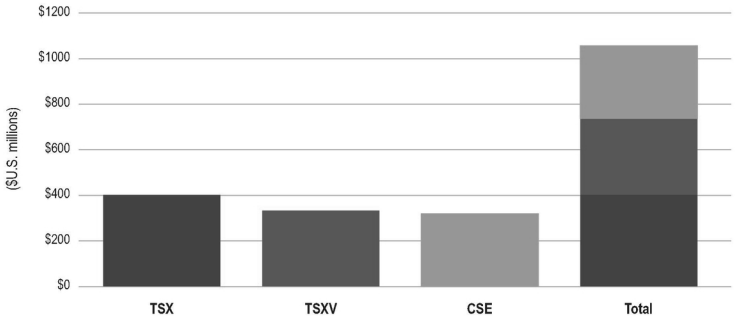


| | TSX | TSXV | CSE | Total |
|---|---|---|---|---|
| **Amount Raised** | $403 | $334 | $319 | $1056 |
| **Number of Deals** | 11 | 21 | 28 | 60 |
| **Average Deal Size** | $37 | $16 | $11 | $18 |

*Source:* S&P Global Market Intelligence

## Financial Data and Trading Multiples of Canadian Publicly Traded Cannabis-Related Companies

The following tables show selected financial and trading information of cannabis-related companies that are publicly traded on Canadian markets.



HOUSE_OVERSIGHT_024765

## Toronto Stock Exchange

*($U.S. millions, except stock price)*

| Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples | | Forward Revenue Multiples | | Forward EBITDA Multiples | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Revenue | EBITDA | 2018 | 2019 | 2018 | 2019 |
| Aphria Inc. | TSX:APH | $8.91 | 9.9% | $1,350.2 | $1,281.7 | $17.7 | $3.8 | 72.4x | NM | 37.7x | 9.9x | NM | 27.5x |
| Aurora Cannabis Inc. | TSX:ACB | 6.21 | 7.6% | 2,483.5 | 2,406.8 | 18.6 | –4.7 | NM | NM | 48.6 | 13.6 | NM | 30.4 |
| CanniMed Therapeutics Inc. | TSX:CMED | 15.15 | 10.9% | 347.8 | 315.8 | 12.0 | 2.0 | 26.3 | NM | 10.6 | 5.4 | 48.5x | 13.3 |
| Canopy Growth Corporation | TSX:WEED | 14.30 | 15.1% | 2,720.6 | 2,641.7 | 46.3 | 1.9 | 57.1 | NM | 39.7 | 11.7 | NM | NM |
| MedReleaf Corp. | TSX:LEAF | 12.66 | 13.7% | 1,146.2 | 1,094.8 | 32.9 | 9.7 | 33.3 | NM | 30.8 | 9.4 | NM | 27.0 |
| Neptune Technologies & Bioressources Inc. | TSX:NEPT | 1.54 | 15.0% | 120.8 | 127.4 | 32.4 | 3.7 | 3.9 | NM | 6.0 | 4.3 | NM | NM |
| | | **Median** | **12.3%** | **$1,248.2** | **$1,188.3** | **$25.5** | **–$0.1** | **33.3x** | **NM** | **34.2x** | **9.6x** | **48.5x** | **27.3x** |

## TSX Venture Exchange

*($U.S. millions, except stock price)*

| Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples | | Forward Revenue Multiples | | Forward EBITDA Multiples | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Revenue | EBITDA | 2018 | 2019 | 2018 | 2019 |
| ABcann Global Corporation | TSXV:ABCN | $1.13 | 19.9% | $152.7 | $129.7 | $0.7 | –$8.7 | NM | NM | 11.2x | 2.6x | NM | 9.2x |
| Cannabis Wheaton Income | TSXV:CBW | 0.68 | 56.5% | 157.2 | 157.0 | 0.1 | –6.2 | NM | NM | NA | NA | NA | NA |
| Cronos Group Inc. | TSXV:MJN | 3.38 | 9.0% | 503.2 | 494.0 | 2.3 | 2.5 | NM | NM | 16.1 | 5.8 | NM | 17.6 |
| Delta 9 Cannabis Inc. | TSXV:NINE | 2.37 | 23.8% | 143.9 | 145.5 | 0.4 | –1.7 | NM | NM | NA | NA | NA | NA |
| Emblem Corp. | TSXV:EMC | 1.26 | 64.6% | 117.1 | 108.0 | 1.8 | –7.5 | 59.4x | NM | 10.5 | 2.0 | NA | 5.6 |
| Emerald Health Therapeutics | TSXV:EMH | 2.27 | 4.6% | 213.8 | 195.6 | 0.6 | –4.3 | NM | NM | 46.6 | NA | NA | NA |
| Harvest One Cannabis Inc. | TSXV:HVST | 0.71 | 18.6% | 63.7 | 54.1 | 0.2 | –4.5 | NM | NM | 17.0 | 1.8 | NA | 9.2 |
| Hempco Food and Fiber Inc. | TSXV:HEMP | 1.66 | 31.6% | 77.5 | 77.4 | 4.7 | –1.3 | 16.5 | NM | NA | NA | NA | NA |
| ICC International Cannabis | TSXV:ICC | 0.76 | 44.3% | 104.6 | 102.5 | 0.1 | –4.5 | NM | NM | 6.4 | 1.1 | NM | 4.0 |
| Invictus MD Strategies Corp. | TSXV:IMH | 1.12 | 33.6% | 89.6 | 66.7 | 1.8 | –10.3 | 37.6 | NM | 27.3 | 3.6 | NM | 13.3 |
| LGC Capital Ltd. | TSXV:LG | 0.29 | 24.0% | 79.6 | 76.6 | 0.0 | –1.7 | NM | NM | NA | NA | NA | NA |
| Maple Leaf Green World Inc. | TSXV:MGW | 0.46 | 24.4% | 67.3 | 64.2 | 0.4 | –1.1 | NM | NM | NA | NA | NA | NA |
| National Access Clinic Corp. | TSXV:NAC | 0.40 | 30.1% | 24.0 | 25.0 | 0.7 | –2.4 | 36.7 | NM | NA | NA | NA | NA |
| Naturally Splendid Enter. | TSXV:NSP | 0.21 | 45.0% | 20.4 | 20.9 | 1.9 | –4.3 | 10.9 | NM | NA | NA | NA | NA |
| Newstrike Resources Ltd. | TSXV:HIP | 0.39 | 16.7% | 151.1 | 152.1 | 0.0 | –0.3 | NM | NM | NA | NA | NA | NA |
| OrganiGram Holdings Inc. | TSXV:OGI | 2.61 | 15.7% | 277.4 | 244.2 | 4.0 | –5.2 | 60.7 | NM | 9.7 | 3.4 | 46.5x | 12.6 |
| Tetra Bio-Pharma Inc. | TSXV:TBP | 0.54 | 14.8% | 63.6 | 62.0 | 0.0 | –3.9 | NM | NM | NA | NA | NA | NA |
| The Hydropothecary Corp. | TSXV:THCX | 1.92 | 17.7% | 149.8 | 133.3 | 3.3 | –0.6 | 40.7 | NM | 15.8 | 3.6 | NM | 29.8 |
| Viridium Pacific Group Ltd. | TSXV:VIR | 1.09 | 15.2% | 49.5 | 48.6 | 0.0 | –0.1 | NM | NM | NA | NA | NA | NA |
| WeedMD Inc. | TSXV:WMD | 1.69 | 12.8% | 123.2 | 121.0 | 0.5 | –3.1 | NM | NM | 9.9 | 2.3 | NM | 8.6 |
| | | **Median** | **21.8%** | **$110.8** | **$105.3** | **$0.5** | **–$2.0** | **37.6x** | **NM** | **13.5x** | **2.6x** | **46.5x** | **9.2x** |

*Source:* S&P Global Market Intelligence. Not Meaningful (NM) used for negative multiples, and for revenue multiples greater than 100.0x and EBITDA multiples greater than 50.0x. Not Available (NA) used for information that is not available. Enterprise Value is defined as Market Value plus Debt minus Cash and Cash Equivalents. LTM is Last Twelve Months. EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortization.


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## Canadian Securities Exchange

*($U.S. millions, except stock price)*

| Company | Ticker | Stock Price 11/30/17 | % Below 52-Week High | Market Value | Enterprise Value (EV) | LTM Revenue | LTM EBITDA | LTM EV Multiples | | Forward Revenue Multiples | | Forward EBITDA Multiples | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Revenue | EBITDA | 2018 | 2019 | 2018 | 2019 |
| Alliance Growers Corp. | CSE:ACG | $0.16 | 20.0% | $6.9 | $6.8 | $0.0 | $0.0 | NM | NM | 5.0x | 0.3x | NM | 0.8x |
| Alternate Health Corp. | CSE:AHG | 1.52 | 78.0% | 79.3 | 76.6 | 10.3 | –6.4 | 7.4x | NM | NA | NA | NA | NA |
| Beleave Inc. | CSE:BE | 1.38 | 37.5% | 44.8 | 44.1 | 0.0 | –8.8 | NM | NM | 11.4 | NA | NM | NA |
| Canada House Wellness Group Inc. | CSE:CHV | 0.29 | 43.3% | 35.6 | 36.3 | 4.4 | –4.1 | 8.2 | NM | NA | NA | NA | NA |
| CannaRoyalty Corp. | CSE:CRZ | 2.28 | 41.2% | 96.9 | 96.3 | 2.2 | –8.6 | 44.2 | NM | 3.1 | 1.8 | 17.0x | 8.1 |
| CannTrust Holdings Inc. | CSE:TRST | 5.43 | 12.5% | 471.8 | 466.3 | 12.6 | 5.2 | 36.9 | NM | 9.0 | 5.5 | 31.8 | 20.6 |
| DOJA Cannabis Company Limited | CSE:DOJA | 1.06 | 8.7% | 16.2 | 16.0 | 0.0 | –0.1 | NM | NM | NA | NA | NA | NA |
| Eviana Health Corporation | CSE:EHC | 1.09 | 30.0% | 16.7 | 17.2 | 0.0 | 0.0 | NM | NM | NA | NA | NA | NA |
| Friday Night Inc. | CSE:TGIF | 0.39 | 13.8% | 60.3 | 61.2 | 0.8 | –1.9 | 74.3 | NM | NA | NA | NA | NA |
| Future Farm Technologies Inc. | CSE:FFT | 0.37 | 23.8% | 37.2 | 37.7 | 0.3 | –7.5 | NM | NM | NA | NA | NA | NA |
| International Cannabrands Inc. | CSE:JUJU.A | 0.18 | 20.5% | 1.8 | 2.4 | 0.2 | –1.2 | 14.8 | NM | NA | NA | NA | NA |
| Global Cannabis Applications Corp. | CSE:APP | 0.26 | 20.9% | 10.5 | 10.7 | 0.0 | –1.1 | NM | NM | NA | NA | NA | NA |
| Global Hemp Group Inc. | CSE:GHG | 0.09 | 17.2% | 14.3 | 14.4 | 0.0 | 0.0 | NM | NM | NA | NA | NA | NA |
| Golden Leaf Holdings Ltd. | CSE:GLH | 0.27 | 36.4% | 110.1 | 115.5 | 7.9 | –10.6 | 14.6 | NM | NA | NA | NA | NA |
| HealthSpace Data Systems Ltd. | CSE:HS | 0.08 | 23.1% | 8.7 | 9.8 | 1.9 | –1.5 | 5.1 | NM | NA | NA | NA | NA |
| High Hampton Holdings Corp. | CSE:HC | 0.30 | 22.0% | 3.8 | 3.7 | 0.0 | –0.3 | NM | NM | NA | NA | NA | NA |
| InMed Pharmaceuticals Inc. | CSE:IN | 0.52 | 30.2% | 67.5 | 62.7 | 0.0 | –4.6 | NM | NM | NA | NA | NA | NA |
| Isodiol International Inc. | CSE:ISOL | 1.14 | 18.8% | 251.2 | 250.7 | 14.2 | 0.6 | 17.6 | NM | NA | NA | NA | NA |
| Kaneh Bosm BioTechnology Inc. | CSE:KBB | 0.06 | 37.5% | 0.8 | 0.7 | 0.0 | 0.0 | NM | NM | NA | NA | NA | NA |
| Liberty Health Sciences Inc. | CSE:LHS | 1.33 | 33.2% | 377.5 | 377.5 | 0.0 | 0.0 | NM | NM | NA | NA | NA | NA |
| Liberty Leaf Holdings Ltd. | CSE:LIB | 0.21 | 11.5% | 20.2 | 19.7 | 0.0 | –1.9 | NM | NM | NA | NA | NA | NA |
| Lifestyle Delivery Systems Inc | CSE: LDS | 0.50 | 26.4% | 46.0 | 44.6 | 0.7 | –5.1 | 65.3 | NM | NA | NA | NA | NA |
| Lotus Ventures Inc. | CSE:J | 0.40 | 16.1% | 17.8 | 17.7 | 0.0 | –0.5 | NM | NM | NA | NA | NA | NA |
| Marapharm Ventures Inc. | CSE:MDM | 0.76 | 44.6% | 71.4 | 69.8 | 0.4 | –3.6 | NM | NM | NA | NA | NA | NA |
| Maricann Group Inc. | CSE:MARI | 1.76 | 15.9% | 162.7 | 162.2 | 3.1 | –14.3 | 52.9 | NM | 9.8 | 2.0 | NM | 5.8 |
| Matica Enterprises Inc. | CSE:MMJ | 0.25 | 5.8% | 57.1 | 56.0 | 0.0 | –1.8 | NM | NM | NA | NA | NA | NA |
| MPX Bioceutical Corporation | CSE:MPX | 0.39 | 51.5% | 100.7 | 108.0 | 10.6 | –3.5 | 10.2 | NM | 5.2 | 2.9 | NM | 12.3 |
| MYM Nutraceuticals Inc. | CSE:MYM | 2.15 | 7.7% | 200.8 | 200.4 | 0.3 | –0.9 | NM | NM | NA | NA | NA | NA |
| Platinex Inc. | CSE:PTX | 0.10 | 28.9% | 9.9 | 9.8 | 0.0 | –0.7 | NM | NM | NA | NA | NA | NA |
| PUF Ventures Inc. | CSE:PUF | 0.79 | 11.3% | 41.2 | 39.6 | 0.0 | –1.2 | NM | NM | NA | NA | NA | NA |
| Quadron Cannatech Corporation | CSE:QCC | 0.19 | 44.4% | 10.7 | 10.0 | 1.7 | –0.7 | 6.0 | NM | NA | NA | NA | NA |
| Quinsam Capital Corporation | CSE:QCA | 0.34 | 24.1% | 15.0 | 12.8 | 0.0 | 0.1 | NM | NM | NA | NA | NA | NA |
| Ravenquest Biomed Inc. | CSE:RVT | 0.03 | 47.1% | 1.0 | 1.1 | 0.0 | –0.2 | NM | NM | NA | NA | NA | NA |
| Supreme Pharmaceuticals Inc. | CSE:SL | 1.06 | 33.2% | 219.3 | 202.5 | 1.2 | –13.4 | NM | NM | 16.6 | 2.5 | NM | 7.8 |
| TerrAscend Corp. | CSE:TER | 1.33 | 13.6% | 61.9 | 61.0 | 0.0 | –4.3 | NM | NM | NA | NA | NA | NA |
| THC Biomed Intl Ltd. | CSE:THC | 0.59 | 33.9% | 65.4 | 66.8 | 0.0 | –1.2 | NM | NM | NA | NA | NA | NA |
| True Leaf Medicine International Ltd. | CSE:MJ | 0.69 | 9.2% | 46.4 | 45.9 | 0.8 | –2.4 | 56.9 | NM | NA | NA | NA | NA |
| Valens Groworks Corp. | CSE:VGW | 0.85 | 33.9% | 52.0 | 51.8 | 0.0 | –3.4 | NM | NM | NA | NA | NA | NA |
| Veritas Pharma Inc. | CSE:VRT | 0.69 | 5.3% | 28.5 | 27.8 | 0.0 | –2.4 | NM | NM | NA | NA | NA | NA |
| Vodis Pharmaceuticals Inc. | CSE:VP | 0.30 | 61.0% | 9.2 | 10.7 | 0.0 | –3.6 | NM | NM | NA | NA | NA | NA |
| Wildflower Marijuana Inc. | CSE:SUN | 0.52 | 46.0% | 27.5 | 27.4 | 0.2 | –0.8 | NM | NM | NA | NA | NA | NA |
| | | **Median** | **24.1%** | **$41.2** | **$39.6** | **$0.0** | **–$1.5** | **16.2x** | **NM** | **9.0x** | **2.2x** | **24.4x** | **8.0x** |



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## Comparison of Canadian Stock Markets

Similar to stock markets in the United States, Canadian stock markets vary significantly in terms of their financial, liquidity and corporate governance requirements. Most Canadian publicly traded cannabis-related companies trade on the CSE due to its less stringent requirements, as compared to the TSX and TSXV. More than 10% of the companies traded on the CSE are cannabis-related companies. The following chart provides a comparison of the TSX, TSXV and CSE.

**Canadian Stock Market Comparison**

| | | Toronto Stock Exchange (TSX) | TSX Venture Exchange (TSXV) | Canadian Securities Exchange (CSE) |
|---|---|---|---|---|
| Number of Listed Companies | Total | 1487 | 1791 | 337 |
| | Cannabis-related | 6 | 20 | 41 |
| Market Value[1] | Total ($U.S.) | $2.0 trillion | $33.7 billion | $6.2 billion |
| | Median ($U.S.) | $282.6 million | $5.0 million | $6.1 million |
| Listing or Trading Requirements | | Must meet financial and liquidity criteria determined by a company's industry.Criteria include: Earnings, Revenue, Cash Flow, Net Tangible Assets, Adequate Working Capital, Cash, Market Capitalization, Amount of Publicly Held Shares and Number of Shareholders. | Must meet financial and liquidity criteria determined by a company's industry.Criteria include: Net Tangible Assets, Revenue, Adequate Working Capital, Property, Operating History, Amount of Publicly Held Shares and Number of Shareholders. | Must meet financial and liquidity criteria determined by a company's industry and whether the company is an operating company. Criteria include: Revenue, Assets, Amount of Publicly Held Shares and Number of Shareholders. |
| Corporate Governance Requirements | | • Annual audit<br>• Audit committee<br>• Two independent directors | • Annual audit<br>• Audit committee<br>• Two independent directors | • Annual audit<br>• Audit committee |
| Reporting Requirements | | Required to file quarterly and annual reports | Required to file quarterly and annual reports | Required to file quarterly and annual reports |

[1] *Source:* S&P Global Market Intelligence


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## Private Capital Markets

The cannabis industry today is replete with early-stage private companies seeking to raise capital. This capital, whether equity or debt, may be available from (i) "friends and family," (ii) more formalized groups and networks of "angel" investors, (iii) family offices, (iv) dedicated cannabis investment funds (currently few in number, but growing), and (v) strategic investors. However, because of the legal considerations, traditional institutional investors—most notably the venture capital and private equity communities—continue to be mostly absent from the market.

As with most early-stage companies in other industries, many emerging cannabis-related companies are trying to follow the typical progression of raising equity capital, as illustrated in the following chart.

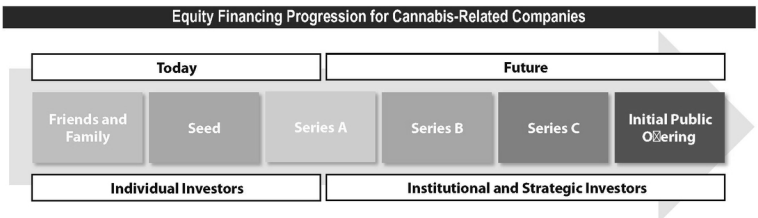


The following table provides a summary of the reported capital (equity and debt) raised by private cannabis-related companies in 2016 and year to date through November 30, 2017. While the table indicates that significant capital is available in the private markets, we believe that the dearth of accessible institutional capital makes it challenging for many companies to raise subsequent rounds of financing after successfully securing their start-up capital. In addition, the amount raised per transaction is small and there have been very few announced financings of meaningful size by private companies. While we believe that the data is informative, it is challenging to get accurate and comprehensive data for the number and dollar amount of transactions that occur in private markets within the cannabis industry because of the number of transactions that are not reported.



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**Total Capital Raised by Private Cannabis-Related Companies Globally**

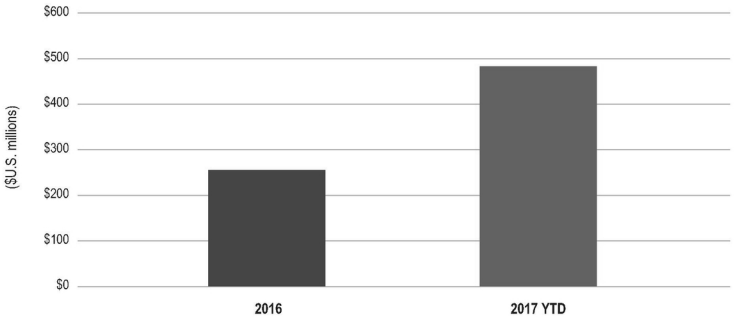


| | 2016 | 2017 YTD |
|---|---|---|
| **Amount Raised** | $256 | $483 |
| **Number of Deals** | 65 | 102 |
| **Average Deal Size** | $4 | $5 |

*Source:* Ackrell Capital

The following table shows the scarcity of large transactions announced by private cannabis-related companies for the year to date through November 30, 2017.

**Selected Financings by Private Cannabis-Related Companies (YTD through November 30, 2017)**

*($U.S. millions)*

| Issuer | Amount | Date |
|---|---|---|
| düber Technologies Inc. | $50.0 | September 2017 |
| Eaze Solutions, Inc. | 27.0 | September 2017 |
| Surterra Holdings LLC | 13.4 | September 2017 |
| Teewinot Life Sciences Corporation | 12.3 | April 2017 |
| Hound Labs, Inc. | 8.1 | May 2017 |
| iUNU, Inc. | 6.3 | August 2017 |
| Green Leaf Medical, LLC | 5.9 | June 2017 |
| RX Green Solutions LLC | 5.3 | July 2017 |
| River Collective | 5.0 | April 2017 |
| Greene Fox Enterprises | 5.0 | May 2017 |


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In addition, an increasing number of direct lenders are participating in the private debt markets for cannabis-related companies. These lenders represent an important capital source for the industry, as typical forms of debt capital, such as bank financing, remain unavailable to most companies. As in other industries, debt financing is typically available only to those companies having meaningful cash flow or tangible assets to secure the debt. While the number of lenders is increasing, there is still a relative scarcity of debt capital available to the cannabis industry, which can lead to a higher debt cost of capital of 200–500 basis points or more for cannabis-related companies, as compared to companies in other industries.

The following chart illustrates the type of debt that may be available to cannabis-related companies, representative terms of such debt, and the types of companies that may be able to access debt in the private markets.

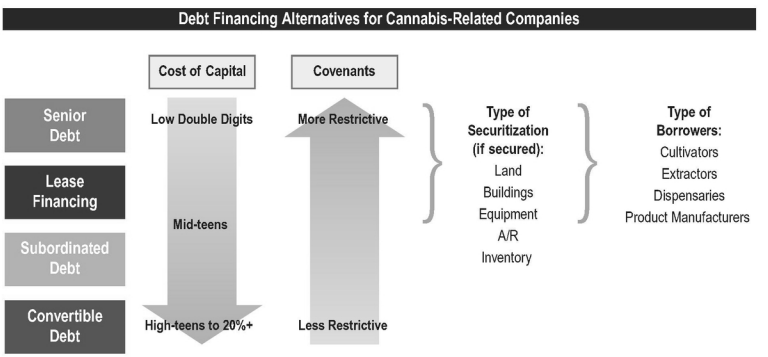


## Final Thoughts

As stated previously, valuations and stock price fluctuations in the cannabis industry continue to be driven more by expectations for the cannabis industry in general than by individual company fundamentals. Today, in the public markets, trading volumes are too low, trading prices are too volatile and operating histories are too limited to place any reliance on current valuation levels in the cannabis industry. We believe that this dynamic will continue until cannabis-related companies have matured and start to realize meaningful revenue, profitability and other financial metrics that will allow investors to evaluate companies within the industry by more traditional methodology.

It is still too early to know how the cannabis industry or its sectors will be valued in the future. It may come to pass that companies in the cannabis industry are valued comparably to public companies in industries with similar characteristics, such as the alcohol, tobacco, pharmaceutical and consumer



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products industries, especially as companies from those industries look to enter the cannabis industry, through acquisition or by other means.

As demonstrated by the more than $2.0 billion raised by publicly traded and private cannabis-related companies in 2017, capital continues to be available to support the growth of the industry. In the public markets, we believe that Canadian stock markets will continue to be the most receptive globally (until more progress is made in the United States toward federal legalization of cannabis).

**Overview of Canadian and U.S. Stock Markets**

| | Canada | | | United States | |
|---|---|---|---|---|---|
| | Toronto Stock Exchange (TSX) | TSX Venture Exchange (TSXV) | Canadian Securities Exchange (CSE) | Nasdaq/NYSE | OTC |
| **Summary** | Largest exchange in Canada and one of world's largest | Affiliate of the TSX for smaller capitalization companies | Perceived as the "OTC" of the Canadian markets by many investors | Largest and most recognized stock exchanges in the world | Negative reputation with many investors and regulators |
| **Benefits** | High volume of trading and liquidity; brand recognition; strong institutional support | Possible uplisting to the TSX; better brand than the CSE | Receptive to companies with U.S. cannabis operations; very few listing requirements | High volume of trading and liquidity; brand recognition; strong institutional support | Possible uplisting to other markets; very few requirements to trade |
| **Issues** | Not receptive to companies that violate U.S. federal law | Not receptive to companies that violate U.S. federal law; limited liquidity for small issues | Limited trading volume and liquidity; significant price fluctuations; limited institutional support | Stringent listing requirements | Limited trading volume and liquidity; significant price fluctuations; limited institutional support |
| **Outlook** | Expected to continue to attract the largest Canadian companies in the cannabis industry | Viable exchange for smaller Canadian companies with no cannabis operations in the United States | Viable exchange for smaller Canadian companies with cannabis operations in the United States | With few exceptions, cannabis companies will not be able to list while federal prohibition continues | Cannabis companies will continue to trade on the OTC despite the limited benefits |

Although capital continues to be available for select issuers in both the public and private markets, we believe that the cannabis industry will continue to face a large funding gap for the foreseeable future, driven by the lack of institutional investors. However, we believe a growing number of retail, institutional and family office investors will support the industry in 2018 and beyond.


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# CHAPTER VIII

# Top 100 Private Cannabis Companies 2018

In this chapter, we present our current list of the Top 100 Private Cannabis Companies. Our determination to include companies on the list is subjective, and the list is intended to be a cross-section of the types of companies in the cannabis industry. Our list comprises privately held companies, primarily U.S. companies, companies we believe have a strong reputation or position in their market segments and companies pursuing a line of business we consider promising. We intend to update our list periodically, and we expect it may change significantly over time.

Most companies on our list are in early stages of development, and many will need to raise capital to succeed. Raising capital for early-stage companies in any industry is extremely challenging. Early-stage cannabis companies seeking capital face the same challenges as early-stage companies in other industries but must also address challenges unique to the cannabis industry. Although we hope the companies on our list ultimately succeed, we expect some will go out of business for any number of reasons, including lack of access to capital.

Inclusion in our list does not represent an investment recommendation or endorsement of any particular company or product. We have made investments in and conducted investment banking and other services for companies included in the *Top 100 Private Cannabis Companies 2018* list, and may do so in the future. Readers should be aware that we may have a conflict of interest that could affect the objectivity of our decision to include a company in the list. For additional disclosures and disclaimers, see page 175.



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# Top 100 Private Cannabis Companies 2018

| | | | |
|---|---|---|---|
| AEssenseGrows | Défoncé | Jetty Extracts | River Collective |
| Ample Organics | Dixie Elixirs | Kikoko | Rubicon Organics |
| Apeks Supercritical | Dosist | KIVA Confections | S2S Development |
| The Apothecarium | Eaze Solutions | Korova | SC Laboratories |
| Auntie Dolores | Eel River Organics | LeafLink | Scrubbed |
| Baker Technologies | Elemental Wellness | Leafly | SPARC |
| BAS Research | Euflora | Level Blends | Spectrum King |
| BDS Analytics | Evolve Therapeutics | LivWell Enlightened Health | Steep Hill Labs |
| Beboe | Evoxe Laboratories | Lunchbox Alchemy | StickyGuide |
| Berkeley Patients Group | Flow Kana | Mary's Medicinals | Strainz |
| BioTrackTHC | Flowhub | Meadow | Teewinot Life Sciences |
| Bloom Farms | FunkSac | Merry Jane | Tikun Olam |
| Brewbudz | Garden State Dispensary | MiNDFUL | Treez |
| Bud and Bloom | GFarmaLabs | MJ Freeway | Trellis |
| Calyx Brands | Gold Coast Extracts | MJardin | Trulieve |
| Cannabis Reports | Green Dot Labs | MM Acquisition Co. | Utopia Farms |
| CannaCraft | Green Flower Media | Native Roots | VapeWorld |
| CannaKorp | Green Rush | New Vansterdam | Vapexhale |
| Colorado Harvest Company | The Green Solution | Northwest Cannabis Solutions | VCC Brands |
| Columbia Care | Harborside Health Center | NWT Holdings (Firefly) | Vuber |
| Confident Cannabis | Harvest | Organa Brands | Wana Brands |
| Cultivation Technologies | Headset | PAX Labs | Web Joint |
| Cura Cannabis Solutions | HelloMD | PharmaCielo | Weedguide |
| CW Analytical | Humboldt Legends | PRØHBTD Media | Weedmaps |
| Deep Cell | Incense Specialties | Qind | Wellness Connection of Maine |


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## AEssenseGrows

**Sunnyvale, California**
**www.aessensegrows.com**

AEssenseGrows is a producer of modular aeroponic systems for cannabis cultivation. The company develops full-scale cultivation systems equipped with software, automation and monitoring capabilities. Such systems enable cultivators to deliver nutrients to the plant more efficiently, and thus generate higher-yielding output than conventional cultivation systems.

## Ample Organics

**Toronto, Ontario**
**www.ampleorganics.com**

Ample Organics is a software developer for cannabis cultivators. The company offers a system to track all aspects of the cannabis cultivation business. The company's products enable medical cannabis producers in Canada to comply with Canadian law.

## Apeks Supercritical

**Johnstown, Ohio**
**www.apekssupercritical.com**

Apeks Supercritical is a provider of botanical oil extraction systems that utilize subcritical and supercritical $CO_2$ gas as a solvent. The company's fully automated systems range from a 1-liter benchtop system to a 40-liter production system. These systems provide consistent extraction results for the production of cannabis concentrates.

## The Apothecarium

**San Francisco, California**
**www.apothecarium.com**

The Apothecarium is an operator of recreational and medicinal cannabis dispensaries. The company offers cannabis flower, concentrates, edibles and accessories throughout its locations in California and Nevada.



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## Auntie Dolores

**Oakland, California**
**www.auntiedolores.com**

Auntie Dolores is a producer of branded cannabis-infused edibles. The company produces a variety of edibles, including pretzels, biscuits, brownies, cookies, corn and nuts. The company's products are sold directly to cannabis consumers and through cannabis dispensaries in California.

## Baker Technologies

**Denver, Colorado**
**www.trybaker.com**

Baker Technologies provides a customer relationship management platform for cannabis dispensaries and brands. The company provides messaging, loyalty programs and online ordering features to enable cannabis dispensaries to attract and retain cannabis consumers.

## BAS Research

**Berkeley, California**
**www.basresearch.com**

BAS Research is a cannabis research and manufacturing company. The company provides its clients with bulk cannabis oil, cannabis-oil extraction consulting services, contract manufacturing and fulfillment.

## BDS Analytics

**Boulder, Colorado**
**www.bdsanalytics.com**

BDS Analytics is a provider of data analytics solutions to the cannabis industry. The company tracks data from point-of-sale systems to provide insight into consumer buying patterns. The company sells its solutions to a wide range of customers.


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## Beboe

**Los Angeles, California**
**www.beboe.com**

Beboe is a producer of branded cannabis products. The company's cannabis oil vaporizers and cannabis-infused edibles are available in dispensaries throughout California.

## Berkeley Patients Group

**Berkeley, California**
**www.mybpg.com**

Berkeley Patients Group is an operator of a cannabis dispensary. The company retails a broad variety of cannabis products, including flower, pre-rolls, concentrates, edibles, topicals, seeds and accessories. It also operates an online e-commerce portal and offers a limited same-day delivery service to patients in Berkeley, California and the surrounding area.

## BioTrackTHC

**Ft. Lauderdale, Florida**
**www.biotrack.com**

BioTrackTHC is a provider of compliance and business management software for the retail cannabis industry. The company's software platform is designed for inventory and sales management to track the seed-to-sale process and is used by recreational and medicinal dispensaries, cultivators and state governments.

## Bloom Farms

**San Francisco, California**
**www.getbloomfarms.com**

Bloom Farms is a producer of branded cannabis products, including cannabis oil and flower. The company's products are available in dispensaries throughout California.



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## Brewbudz

**San Diego, California**
**www.brewbudz.us**

Brewbudz is a manufacturer of branded cannabis-infused products. The company develops cannabis-infused coffee, tea and cocoa pods that can be used in Keurig® systems. Its products are available in select dispensaries in Nevada.

## Bud and Bloom

**Santa Ana, California**
**www.budandbloomoc.com**

Bud and Bloom is the operator of a cannabis dispensary. The company offers cannabis flower, concentrates, edibles and accessories and sells these products at its Santa Ana location.

## Calyx Brands

**Oakland, California**
**www.gocalyx.com**

Calyx Brands is a cannabis distribution company. The company engages in the distribution, transportation and marketing of cannabis products.

## Cannabis Reports

**Berkeley, California**
**www.cannabisreports.com**

Cannabis Reports is a publisher of industry data for cannabis users and business owners. The company offers news, studies, product information and dispensary information.


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## CannaCraft

**Santa Rosa, California**
**www.cannacraft.com**

CannaCraft is a producer of branded strain-specific cannabis concentrates and cannabis-infused edibles. The company provides a range of high-THC products, including concentrate cartridges, oils, softgels, sprays and straws. It focuses on providing concentrates of the most popular cannabis flower strains. Products are sold through cannabis dispensaries in California. The company manufactures its products under the AbsoluteXtracts, Care By Design and Satori brands.

## CannaKorp

**Boston, Massachusetts**
**www.cannakorp.com**

CannaKorp is a manufacturer of branded cannabis consumer products. The company produces the CannaCloud, a tabletop vaporizer system utilizing single-use cannabis-infused pods.

## Colorado Harvest Company

**Denver, Colorado**
**www.coloradoharvestcompany.com**

Colorado Harvest Company is an operator of recreational and medicinal cannabis dispensaries and cultivation facilities. The company's three dispensary locations retail flower, concentrates and edibles. It also operates an indoor hydroponic grow facility.

## Columbia Care

**New York, New York**
**www.col-care.com**

Columbia Care is an operator of medical cannabis dispensaries and cultivation facilities. The company operates 27 medical dispensaries across 9 states and the District of Columbia under several brands, including Columbia Care, Curative Health, Patriot Care and SWC Arizona.



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## Confident Cannabis

**Palo Alto, California**
**www.confidentcannabis.com**

Confident Cannabis is a cannabis lab-testing and analytics company. The company allows users to view the results of their product testing and analytics in an online platform. Its technology can be integrated into dispensary websites.

## Cultivation Technologies

**Coachella, CA**
**www.cultivationtech.com**

Cultivation Technologies provides infrastructure, genetics, technology and branding to the legal cannabis industry. The company is building a campus for the development of pharmaceutical-grade cannabis products.

## Cura Cannabis Solutions

**Portland, Oregon**
**www.curacan.com**

Cura Cannabis Solutions is a provider of cannabis concentrates. The company offers cannabis distillates and oils to consumers and edibles manufacturers. Its products are available in dispensaries throughout California, Nevada and Oregon.

## CW Analytical

**Oakland, California**
**www.cwanalytical.com**

CW Analytical is a cannabis lab-testing company that tests cannabis and cannabis-based products for potency, pesticides and microbiology. The company also consults with dispensaries and edibles manufacturers to provide best practices for product handling and product labeling.


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## Deep Cell

**Seattle, Washington**
**www.deepcell.industries**

Deep Cell is a synthetic biology and cannabis intellectual property holding company. The company provides licenses to companies who wish to produce Deep Cell's cannabis-infused sugar. Its products are available from Deep Cell licensees.

## Défoncé

**Oakland, California**
**www.defonce.com**

Défoncé is a producer of branded cannabis-infused products, primarily focusing on chocolate-based edibles. The company offers a wide range of chocolate-bar flavors that are available in dispensaries located throughout California.

## Dixie Elixirs

**Denver, Colorado**
**www.dixieelixirs.com**

Dixie Elixirs is a producer of branded cannabis-infused edibles. The company produces a wide range of products, including chocolate-based edibles, beverages, capsules, mints, energy shots, topicals and disposable vaporizer pens. The company's products are sold in many dispensaries throughout California and Colorado.

## Dosist

**Los Angeles, California**
**www.dosist.com**

Dosist is a producer of cannabis vaporizers. The company develops pre-filled cannabis vaporizers that are designed to provide consumers with a specific mood. The company's products are available in dispensaries located throughout California.



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## Eaze Solutions

**San Francisco, California**
**www.eaze.com**

Eaze Solutions is a developer and provider of an on-demand cannabis delivery-service application that enables consumers to order cannabis products via mobile devices. The company's mobile application allows users to access a daily menu of cannabis products for purchase and direct-to-consumer delivery.

## Eel River Organics

**Sacramento, California**
**www.eelriverfamilyfarm.com**

Eel River Organics is a producer of branded cannabis products from Humboldt County, California. The company offers cannabis flower, concentrates, vaporizer cartridges and cultivation equipment. Its products are available in select California dispensaries.

## Elemental Wellness

**San Jose, California**
**www.elementalwellnesscenter.com**

Elemental Wellness is an operator of a cannabis dispensary and wellness center in San Jose, California. The company offers a range of cannabis flower, concentrates and edibles, as well as delivery services and a range of wellness classes.

## Euflora

**Denver, Colorado**
**www.eufloracolorado.com**

Euflora is an operator of four recreational cannabis dispensaries in Colorado. The company's locations sell flower, pre-rolls, concentrates, topicals, seeds, vaporitzers and branded accssories. The company also cultivates numerous cannabis strains in its own grow facility.


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## Evolve Therapeutics

**San Francisco, California**
**www.evolvetherapeutics.com**

Evolve Therapeutics is a biopharmaceutical company focused on the research and manufacture of cannabinoid-based medications. The company produces a variety of cannabis products that are available in dispensaries located throughout California.

## Evoxe Laboratories

**Oakland, California**
**www.evoxelabs.com**

Evoxe Laboratories is a producer of cannabis vaporizers. The company develops pre-filled cannabis vaporizers that are designed to provide consumers with a specific mood. The company's products are available in dispensaries throughout California.

## Flow Kana

**San Francisco, California**
**www.flowkana.com**

Flow Kana is a producer of cannabis flower. The company owns property in Mendocino County, where it plans to partner with small cultivators to create an institute for cannabis manufacturing, education and leisure.

## Flowhub

**Denver, Colorado**
**www.flowhub.co**

Flowhub is a provider of inventory management software for the cannabis industry. The company provides software to aid cultivators and dispensary operators in tracking their business from seed to sale. The software is designed to aid customers in compliance.



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## FunkSac

**Denver, Colorado**
**www.funksac.com**

FunkSac is a provider of compliant packaging solutions for the medicinal and recreational cannabis industry. The company has a comprehensive product line manufactured with FDA-approved material and eco-friendly cannabis packaging solutions that are highly secure. FunkSac retails its products to cultivators, dispensaries and edibles manufacturers.

## Garden State Dispensary

**Woodbridge, New Jersey**
**www.gardenstatedispensary.com**

Garden State Dispensary is a medicinal cannabis dispensary located in New Jersey. The company produces its own medical cannabis and offers a patient research and counseling program.

## GFarmaLabs

**Anaheim, California**
**www.gfarmalabs.com**

GFarmaLabs is a producer of branded cannabis, cannabis-infused edibles, cannabis concentrates and vaporizer accessories. The company produces pre-rolls, beverages, chocolate-based edibles, honey, concentrate cartridges and injectors. GFarmaLabs sells its products through dispensaries in California and Washington. Its products are marketed as being produced from "100% indoor flower."

## Gold Coast Extracts

**Los Angeles, California**
**www.goldcoastusa.com**

Gold Coast Extracts is an extraction consultant and producer of branded cannabis concentrates. The company provides extraction consulting services to cultivators and concentrates producers. It also produces an award-winning line of branded cannabis concentrates in shatter and wax form. The company's products are sold in dispensaries throughout California.


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## Green Dot Labs

**Boulder, Colorado**
**www.greendotlabs.com**

Green Dot Labs is a cultivation and extraction company that provides branded concentrates to consumers. The company operates an indoor hydrocarbon extraction facility and utilizes proprietary cannabis-flower genetics to produce whole-plant extracts. The company's products are available in dispensaries throughout Colorado.

## Green Flower Media

**Ventura, California**
**www.learngreenflower.com**

Green Flower Media is a digital media company operating a website that offers cannabis industry information. The company offers online classes to customers who are interested in learning about all things cannabis-related. The company's website also offers informational live streams from industry professionals.

## Green Rush

**San Mateo, California**
**www.greenrush.com**

Green Rush provides an online medical cannabis delivery service. The company offers a range of cannabis flower, concentrates, edibles, tinctures and accessories. It has partnered with hundreds of cannabis dispensaries in California, Colorado, Nevada, New York and Michigan.

## The Green Solution

**Denver, Colorado**
**www.tgscolorado.com**

The Green Solution is an operator of medicinal and recreational cannabis dispensaries. The company's 15 locations retail flower, pre-rolls, concentrates, edibles, topicals, seeds, vaporizers and branded accessories. The company also produces its own line of branded concentrates and edibles.



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## Harborside Health Center

**Oakland, California**
**www.shopharborside.com**

Harborside Health Center operates cannabis dispensaries. The company's two locations retail flower, pre-rolls, concentrates, edibles, seeds, topicals and accessories. The company sources cannabis-flower products from local cultivators.

## Harvest

**San Francisco, California**
**www.harvestshop.com**

Harvest is an operator of cannabis dispensaries. In addition to offering a full range of cannabis products, the company's dispensaries also serve as smoking lounges. The company has two locations in San Francisco.

## Headset

**Seattle, Washington**
**www.headset.io**

Headset is a data analytics company for businesses within the cannabis industry. The company offers a SaaS product that tracks market data, business intelligence and retailer-direct data with clients located in states where cannabis has been legalized.

## HelloMD

**San Francisco, California**
**www.hellomd.com**

HelloMD provides a digital healthcare platform. The company provides prescriptions for medicinal-cannabis patients via online, live video consultations. The company also provides a dispensary locator and cannabis product reviews.


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## Humboldt Legends

**Trinidad, California**
**www.humboldtlegends.com**

Humboldt Legends is a producer of cannabis flower products sourced from Humboldt County, California. The company offers cannabis flower in eighths and pre-rolls. The company's products are available in dispensaries throughout California.

## Incense Specialties

**Lake Worth, Florida**
**www.thisthingrips.com**

Incense Specialties is a producer of cannabis vaporizers. The company designs and manufactures a line of vaporizer pens under the brand name "This Thing Rips." The company's products are available in more than 4,000 points of sale across the United States and Canada.

## Jetty Extracts

**Oakland, California**
**www.jettyextracts.com**

Jetty Extracts is a producer of cannabis vaporizers and cannabis concentrates. The company develops pre-filled cannabis vaporizers, cartridges and wax that offer the consumer formulations of both THC and CBD. The company's products are available in dispensaries throughout California.

## Kikoko

**San Francisco, California**
**www.kikoko.com**

Kikoko is a producer of branded cannabis-infused teas. The company offers a range of THC and CBD teas. Kikoko products are available in select California dispensaries.



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## KIVA Confections

**San Leandro, California**
**www.kivaconfections.com**

KIVA Confections is a producer of branded cannabis-infused edibles. The company's award-winning products are sold through cannabis dispensaries in California and Colorado.

## Korova

**Oakland, California**
**www.korovaedibles.com**

Korova is a producer of branded cannabis-infused edibles. The company offers a selection of cannabis-infused cookies and brownies at varying potencies. The company's products are available in dispensaries located in California, Arizona and Nevada.

## LeafLink

**New York, New York**
**www.leaflink.com**

LeafLink provides a software platform to facilitate e-commerce B2B sales, CRM and order fulfillment tracking of products for cannabis brands and dispensaries.

## Leafly

**Seattle, Washington**
**www.leafly.com**

Leafly is a digital media company. Its online directory and content platform for cannabis consumers provides information about locations of dispensaries, news pertaining to the cannabis industry and the effects of different cannabis strains.


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## Level Blends

**San Francisco, California**
**www.levelblends.com**

Level Blends is a producer of branded cannabis concentrates. The company utilizes a proprietary extraction process to produce a line of branded concentrates for use in vaporizers. The company's products are available in dispensaries throughout California.

## LivWell Enlightened Health

**Denver, Colorado**
**www.livwell.com**

LivWell Enlightened Health is an operator of medicinal and recreational cannabis dispensaries and cultivation facilities. The company operates 15 retail locations in Colorado and Oregon and sells flower, pre-rolls, concentrates, edibles, topicals and branded accessories. It also operates an indoor cultivation facility and is recognized as the largest cannabis-sector employer in Colorado.

## Lunchbox Alchemy

**Bend, Oregon**
**www.lunchboxalchemy.com**

Lunchbox Alchemy is a producer of branded cannabis-infused edibles and cannabis concentrates. The company produces cannabis-infused candies and macaroons, concentrate cartridges and ethanol tinctures. Its products are available in dispensaries throughout Oregon.

## Mary's Medicinals

**Denver, CO**
**www.marysmedicinals.com**

Mary's Medicinals is a producer of branded cannabis concentrates. The company provides a range of transdermal patches and pens, topicals and powders featuring cannabinoid-based concentrates. The company's award-winning products deliver cannabinoids, including THC and CBD as well as THCA, CBN and CBC.



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## Meadow

MEADOW

**San Francisco, California**
**www.getmeadow.com**

Meadow is a developer and provider of an on-demand cannabis delivery-service application for dispensaries. The company markets online and mobile-ordering applications for dispensaries. The web and mobile applications allow users to access a menu of cannabis products for purchase and direct-to-consumer delivery through dispensaries.

## Merry Jane

MERRY JANE

**Los Angeles, California**
**www.merryjane.com**

Merry Jane is a digital media company focused on the cannabis industry. The company's website provides commentary on recent events, pop culture, business, politics and health-related news. The company provides strain reviews and information, as well as a dispensary locator.

## MiNDFUL

MINDFUL

**Denver, Colorado**
**www.bemindful.today**

MiNDFUL is an operator of recreational and medicinal cannabis dispensaries. The company operates five retail locations in Colorado and a single location in Illinois. The company sells flower, concentrates, edibles, topicals and branded accessories.

## MJ Freeway

MJ FREEWAY

**Denver, Colorado**
**www.mjfreeway.com**

MJ Freeway is a provider of enterprise management software for the cannabis industry. The company's core solution is a software platform for inventory and sales management to track the seed-to-sale process in compliance with state requirements. The software is used by recreational and medicinal dispensaries, infused-product manufacturers and cultivators.


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## MJardin

**Denver, Colorado**
**www.mjardin.com**

MJardin is a provider of cannabis cultivation management services. The company offers facility design, inventory tracking, and management and operational consulting services. The company's services are available in states having medical or recreational laws.

## MM Acquisition Co.

**Los Angeles, California**

MM Acquisition Co. is a provider of turnkey real estate services and business services to cannabis cultivators and dispensary operators in California. The company operates in three business segments: Property Leasing Business, Services Business and Other Related Businesses.

## Native Roots

**Denver, Colorado**
**www.nativeroots303.com**

Native Roots is an operator of medicinal and recreational cannabis dispensaries and cultivation facilities. The company operates 21 dispensaries and retails flower, pre-rolls, concentrates, edibles and vaporizer accessories. The company also sells a line of branded hash-oil concentrates under the "Native Roots Extracts" brand. It operates an indoor cultivation facility and has won numerous industry awards for the operation.

## New Vansterdam

**Vancouver, Washington**
**www.newvansterdam.com**

New Vansterdam is an operator of a cannabis dispensary in Washington. The company offers a selection of cannabis flower, concentrates, edibles and topicals. It also offers online ordering.



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## Northwest Cannabis Solutions

**Olympia, Washington**
**www.nwcs425.com**

Northwest Cannabis Solutions is a manufacturer of white-label cannabis products. The company offers cannabis flower cultivation, extraction and infused edibles. It supplies dispensaries throughout Washington.

## NWT Holdings (Firefly)

**San Francisco, California**
**www.thefirefly.com**

NWT Holdings is a vaporizer technology company. The company designs and manufactures branded convective-heating vaporizers under the "Firefly" brand. Its portable vaporizer is designed for use with concentrates and flower.

## Organa Brands

**Denver, Colorado**
**www.organabrands.com**

Organa Brands is a manufacturer and distributor of cannabis products and vaporizers. The company manufactures and retails its products under the Organa Labs, O.penVAPE, Bakked, Magic Buzz and District Edibles brands. The company's products are distributed through 1,200 dispensaries across ten states.

## PAX Labs

**San Francisco, California**
**www.paxvapor.com**

PAX Labs is a vaporizer technology company that designs and manufactures branded vaporizers that use conductive heating. The company's portable vaporizers are designed for use with concentrates and flower.


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## PharmaCielo

**Rionegro, Colombia**
**www.pharmacielo.com**

PharmaCielo is an emerging global supplier of naturally grown and processed, standardized medicinal-grade cannabis extracts. The company holds the first cannabis-processing license issued under the legal framework of Colombia's cannabis laws and has one of the largest cultivation platforms in the cannabis industry, with more than 14.6 million square feet of company-owned or contracted open-air greenhouses in Colombia, South America.

## PRØHBTD Media

**Los Angeles, California**
**www.prohbtd.com**

PRØHBTD Media is a vertically integrated digital media company. The company provides digital agency services to cannabis brands, maintains a cannabis-related art, music, video, fashion, travel and lifestyle website and develops original media content focused on the cannabis industry.

## Qind

**San Francisco, California**
**www.qind.com**

Qind is a producer and distributor of branded cannabis products, including flower, concentrates, edibles and other infused products. The company sells directly to consumers through in-home events, e-commerce and next-day home delivery. The company also provides educational materials and content to its customers through its social network.

## River Collective

**Sacramento, California**
**www.rvrdc.com**

River Collective is a distribution company for branded cannabis products. The company partners with businesses throughout California that produce cannabis flower, concentrates and edibles.



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## Rubicon Organics

**Bellingham, Washington**
**www.rubiconorganics.com**

Rubicon Organics is a licensed cannabis cultivator specializing in the growing, processing, packaging and marketing of cannabis. The company is developing greenhouses in Washington and California.

## S2S Development

**San Francisco, California**
**www.s2s-inc.com**

S2S Development is a contract manufacturer and distributor of cannabis products. The company provides manufacturing, co-packing, testing and distribution services to cannabis companies.

## SC Laboratories

**Santa Cruz, California**
**www.sclabs.com**

SC Laboratories is a cannabis lab-testing company. The company tests cannabis and cannabis-based products for potency, pesticides and microbiology, adhering to FDA and other guidelines in its testing. The company also provides consulting services to cultivators, dispensaries and producers of cannabis-infused edibles to implement industry best practices.

## Scrubbed

**San Francisco, California**
**www.scrubbed.net**

Scrubbed is an outsourced bookkeeping, accounting and tax firm serving the cannabis industry. The company has a dedicated cannabis practice that provides clients with comprehensive turnkey accounting and tax solutions.


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## SPARC

**San Francisco, California**
**www.sparcsf.com**

SPARC operates three cannabis dispensaries. It also provides lab-testing services. In addition to the company's dispensary locations, the company provides a direct-to-consumer delivery service for flower, pre-rolls, concentrates, edibles, seeds and accessories. The company performs in-house testing of its products and operates its own cultivation facility.

## Spectrum King

**Canoga Park, California**
**www.spectrumkingled.com**

Spectrum King is a producer of cannabis grow lights and accessories. The company offers a range of full-spectrum LED grow lights and grow tents. Its products are available through a network of international distributors.

## Steep Hill Labs

**Berkeley, California**
**www.steephill.com**

Steep Hill Labs is a cannabis lab-testing company that tests cannabis and cannabis-based products for potency, pesticides and microbiology. The company has developed QuantaCann2™, an in-field cannabis-testing technology system; GenKit™, a male cannabis-plant identification system; and Strain Fingerprint™, a graphical depiction of a strain's most common cannabinoids. The company has locations or licensees nationwide.

## StickyGuide

**Los Angeles, California**
**www.stickyguide.com**

StickyGuide is a digital media company that operates an online content and directory site focused on cannabis consumers. The company's website provides detailed cannabis-strain information as well as reviews. The company also provides a dispensary locator. The website maintains an active member base and an online user-generated content forum.



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## Strainz

**Las Vegas, Nevada**
**www.strainz.com**

Strainz is a cannabis-brand management company. The company partners with producers to create cannabis oil cartridges and tinctures. Its products are available in dispensaries located in Colorado, Nevada and Washington.

## Teewinot Life Sciences

**Tampa, Florida**
**www.tlscorp.com**

Teewinot Life Sciences is a pharmaceutical company focused on the biosynthetic production of cannabinoids. The company has developed processes for cannabinoid formulations intended for cannabinoid-based human therapies.

## Tikun Olam

**Safed, Israel**
**www.tikun-olam.info**

Tikun Olam produces and supplies cannabis in Israel. The company cultivates medical cannabis strains, conducts research and educates patients on the use of medical cannabis. It conducts business in Israel, Canada, Australia and the United States.

## Treez

**Fremont, California**
**www.treez.io**

Treez is a software company that has developed an enterprise resource-management platform for cannabis dispensaries. The company provides software and services to support all aspects of operations in dispensaries located throughout a number of states.


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## Trellis

**Oakland, California**
**www.trellisgrows.com**

Trellis provides inventory-management software for the cannabis industry. The company provides software to aid cultivators, producers and dispensary operators in tracking their business from seed to sale. The software is designed to aid customers in compliance.

## Trulieve

**Quincy, Florida**
**www.trulieve.com**

Trulieve is an operator of medical cannabis dispensaries in Florida, offering a selection of concentrates in the form of capsules, syringes, tinctures and vaporizers. The company also maintains its own cannabis cultivation facility.

## Utopia Farms

**Santa Cruz, California**
**www.utopiafarms.org**

Utopia Farms is a producer of branded cannabis products. The company produces cannabis flower, concentrates and cannabis-infused macaroons that are available in dispensaries throughout California.

## VapeWorld

**Boca Raton, Florida**
**www.vapeworld.com**

VapeWorld operates an online e-commerce website dedicated to cannabis accessories. Vaporizers from leading manufacturers, as well as parts and accessories, are available on its website. The company also provides consumers with online content about vaping.



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## Vapexhale

**San Francisco, California**
**www.vapexhale.com**

Vapexhale is a vaporizer technology company that designs and manufactures branded vaporizers that use conductive heating. The company develops tabletop and portable vaporizers that are designed for use with concentrates and flower.

## VCC Brands

**Los Angeles, California**
**www.vccbrands.com**

VCC Brands is a manufacturer of branded cannabis-infused products. The company offers cannabis-infused beverages, cookies, chocolates, teas, honeys, cooking oils and tinctures. Its products are available in dispensaries located throughout California and Washington.

## Vuber

**Seattle, Washington**
**www.vubervaporizers.com**

Vuber is a manufacturer of cannabis vaporizers. The company designs and markets cannabis vaporizers and vaporizer accessories that are available in retail stores and dispensaries in Washington and Oregon. The company's products are also available online.

## Wana Brands

**Boulder, Colorado**
**www.wanabrands.com**

Wana Brands is a producer of cannabis-infused products, including cannabis-infused candies and capsules. Its products are available in dispensaries in Colorado, Oregon and Nevada.


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## Web Joint

**Los Angeles, California**
**www.webjoint.com**

Web Joint is an online technology software-as-a-service company. The company provides software for dispensaries to manage point-of-sale transactions, online ordering and delivery management. The software integrates with a dispensary's website for a white-labeled software solution.

## Weedguide

**San Diego, California**
**www.weedguide.com**

Weedguide is a digital media company that operates a cannabis-centric search engine and an informational website about recreational and medical cannabis. The site offers a collection of articles, videos, products, dispensary locations, recipes and strain information.

## Weedmaps

**Orange County, California**
**www.weedmaps.com**

Weedmaps is a digital media company that operates an online networking and content directory site. The company allows users to locate and view reviews of local cannabis dispensaries, as well as user-generated strain reviews.

## Wellness Connection of Maine

**Portland, Maine**
**www.mainewellness.org**

Wellness Connection of Maine is an operator of medical cannabis dispensaries in Maine. The company offers a selection of cannabis flower, concentrates, edibles and recipes.



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# CHAPTER IX
# Cannabis Industry Risk Factors

Companies in the cannabis industry are subject to many risks. The realization of one or more of these risks could have a material adverse effect on the business and results of operations of a company and on its lenders, investors and principals. The following discussion highlights some, but not all, of these risks.

## Risks Related to U.S. Federal Law

- The manufacture, distribution, dispensing and possession of cannabis are strictly controlled under the Controlled Substances Act (CSA), irrespective of whether such activities comply with applicable state law. Financial transactions in connection with cannabis-related violations of the CSA may violate other federal laws. Individuals and businesses—including the principals, employees, directors, agents, lenders and investors of such businesses—that violate the CSA or such other laws are subject to fines, asset seizure and imprisonment under federal law.
- Federal statutes and policies that currently restrict or deprioritize enforcement of certain CSA violations related to cannabis are subject to expiration, rescission and other changes. There can be no assurance that in the future the federal government will not strictly and aggressively enforce cannabis-related CSA provisions.
- If CSA controls applicable to cannabis are relaxed or repealed in the future, other federal laws and regulations governing the production, distribution and marketing of products for human consumption, such as the Federal Food, Drug, and Cosmetic Act, may be more strictly enforced by the federal government in relation to the cannabis industry.
- CSA controls and federal enforcement priorities applicable to cannabis both preclude interstate commerce in cannabis and cannabis products. As a result, it can be costly or impractical for companies in the cannabis industry to operate in multiple states and to gain economies of scale through centralized operations.

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- Federal income tax law precludes a business that "consists of trafficking in" cannabis or cannabis products from deducting certain operating expenses in determining its federal income tax. As a result, businesses in the cannabis industry may have effective tax rates significantly higher than other businesses subject to federal income tax, may owe tax on taxable income that is not actual economic income generated by the business and may have tax liabilities in amounts that exceed cash reserves.
- Because of CSA controls on cannabis and federal laws applicable to banks and other financial institutions, companies in the cannabis industry may not be able to open or maintain bank accounts or access products and services of traditional financial institutions, such as credit facilities, payment processing and insurance coverage. A lack of access to banking and other traditional financial products and services increases the time, effort and expense related to ongoing operations and increases risks associated with cash transactions and the use of alternative products and services.
- Trademarks used by companies to identify, distinguish or indicate the source of cannabis or related products or services that are illegal under federal law are not eligible for registration under federal trademark law, which is generally recognized as the most comprehensive trademark protection available in the United States. Alternative means of protecting such trademarks may not be available or may provide protections inferior to the protection provided by federal registration.
- Protections afforded under federal bankruptcy law generally are not available to companies whose assets consist of federally illegal cannabis products or proceeds therefrom or to the creditors of such companies.
- The federal government may pursue legal action against a state related to the state's cannabis laws, which may result in significant changes to the state's legal landscape as it relates to cannabis and may materially and adversely affect cannabis businesses in the state.
- Cannabis companies outside the United States whose business plans anticipate eventual access to U.S. markets face uncertainty as to the timing or nature of changes in federal law that would allow importation of cannabis products into the country.

## Risks Related to U.S. State and Local Laws

- State laws and regulations that legalize or decriminalize cannabis and related activities are relatively new and may change significantly or be reversed. The extent and nature of any such changes are not foreseeable and may force cannabis companies to materially alter their business models, suffer material losses or cease operations entirely.
- State and local laws may limit the number of cannabis businesses in the state or in a particular locality, restrict the nature of such businesses (for example, by prohibiting for-profit cannabis businesses) or place restrictions on the persons permitted to own or operate such businesses.
- Many state and local jurisdictions support legalizing or decriminalizing cannabis activities primarily for the potential to generate tax revenue, and there is significant public pressure to impose a heavy tax burden on those participating in the cannabis industry. State and local governments may impose significant taxes on commercial cannabis activity and may do so unpredictably.


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- There is currently a lack of broad interstate reciprocity with respect to cannabis laws.
- Even in states where cannabis is legal under state law, local jurisdictions may impose bans or restrictions that materially interfere with or effectively prevent the operation of cannabis businesses within their boundaries.

## Risks Related to the Manufacture and Sale of Cannabis Products

- Cannabis companies are exposed to various product liability claims associated with human consumption of cannabis products, including claims that products cause injury, illness, possible side effects or interactions with other substances, or that products include inadequate instructions for use or warnings concerning health risks.
- Cannabis companies may be subject to product recalls for a variety of reasons, including product defects, such as contamination. Such recalls may result in financial burdens and reputational harm and may subject cannabis companies to increased regulatory scrutiny.
- Consumer perception of cannabis products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis. Any unfavorable developments in these areas could have a material adverse effect on the demand for cannabis products in general or on the products or prospects of a particular company.

## Risks Related to Early-Stage Cannabis Companies

- Most cannabis companies are in early stages of development and have limited operational history, so it is difficult to accurately predict and forecast their business operations. Many cannabis companies will fail.
- The success of many early-stage cannabis companies is premised on receiving and maintaining the licenses, permits and regulatory approvals required for their proposed cannabis activities. Many of such companies will not receive or maintain such licenses, permits and approvals or may be able to do so only at significant expense.
- Cannabis companies' access to the capital required to grow and to finance ongoing operations involves challenges particular to the industry's uncertain and rapidly evolving legal landscape. Many early-stage companies in the cannabis industry will not be able to obtain the requisite capital or will run out of capital prior to reaching profitability.
- Early-stage cannabis companies may experience unexpected problems in the areas of product development and quality, manufacturing, marketing and general management, which, in some cases, cannot be adequately solved. Companies may also be subject to product pricing and cost pressures and to claims of intellectual property infringement.



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## Other Risks to Companies in the Cannabis Industry

- The cannabis industry is extremely competitive in most segments, with certain companies having unique competitive advantages such as greater capital resources, first-mover advantage, more scalable business models and greater brand recognition.
- To date, the research conducted on cannabinoid-derived pharmaceuticals and other cannabis-based therapies is limited. There is no assurance that cannabinoid-derived pharmaceuticals or other medical products will prove effective in treating medical conditions or achieve broad market acceptance.
- Given the emerging nature of the cannabis industry, there is a scarcity of qualified personnel with deep industry experience and significant competition for such qualified personnel. Many cannabis companies may not be successful in attracting, training, integrating, motivating or retaining qualified management teams and other personnel.
- Cannabis is an agricultural product. The occurrence of diseases, insects, pests, mold and other infestations and severe adverse environmental conditions, such as fire, drought, hail, flood or frost, is unpredictable, may have a potentially devastating impact on agricultural production of cannabis and may otherwise adversely affect the supply of cannabis.
- The cannabis industry is particularly vulnerable to rapidly changing technology, government regulation and relatively high risks of obsolescence caused by scientific and technological advances. The success of cannabis companies will depend in part on their ability to anticipate market, legal, technological and other trends in the industry. Many cannabis companies will fail to accurately identify or predict industry trends.
- Cannabis laws and regulations in jurisdictions outside the United States vary widely and, in some cases, are as complex, contradictory and rapidly changing as those within the United States. Cannabis companies operating outside the country's borders are subject to risks related to the unsettled legal environment applicable to cannabis.
- Due to federal controls on cannabis within the United States and similar restrictions in many jurisdictions outside the country, there is a significant black market for cannabis products. Government-regulated cannabis businesses face competition from black market participants and are subject to different market forces than those of the black market.


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# CHAPTER X
# Glossary of Terms

**Ackrell Capital, LLC** a leading independent investment bank focused on the cannabis industry

**ACMPR** Canada's Access to Cannabis for Medical Purposes Regulations

**Aeroponics** a method of growing plants whereby the roots hang suspended in a nutritional aerosol solution

**Bankruptcy Code** Bankruptcy Reform Act of 1978

**BHO** Butane hash oil. *See* Hash oil

**Bong** a device used to smoke cannabis flower via a water chamber through which the smoke passes prior to inhalation; commonly made of glass or plastic

**BSA** Bank Secrecy Act

**Bud** a slang term for cannabis flower

**Cannabichromene (CBC)** a nonpsychoactive cannabinoid believed to have several medicinal benefits, including analgesic, antibacterial, anticancer, antidepressant, antifungal, anti-inflammatory and anti-insomnia

**Cannabidiol (CBD)** a nonpsychoactive cannabinoid believed to have wide-ranging medicinal benefits and therapeutic applications; the second most abundant cannabinoid in cannabis

**Cannabidiolic acid (CBDA)** a nonpsychoactive cannabinoid believed to have several medicinal benefits, including anticancer, antiemetic and anti-inflammatory; the precursor to cannabidiol (CBD)

**Cannabigerol (CBG)** a nonpsychoactive cannabinoid believed to have several medicinal benefits and therapeutic applications; may partially counteract the psychoactive effect of THC and decrease anxiety and muscle tension

**Cannabigerolic acid (CBGA)** a nonpsychoactive cannabinoid that is a precursor to all other cannabinoids, including THC, CBD, CBC and CBG



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**Cannabinoid** a class of chemical compounds present in cannabis that act on cannabinoid receptors in cells in the human nervous and immune systems

**Cannabinol (CBN)** a cannabinoid derived from THC degradation; shown to produce some psychoactive effects and believed to have several medicinal benefits, including analgesic, antibacterial, anticonvulsive, anti-inflammatory and anti-insomnia

**Cannabis** a genus of flowering plant consumed for therapeutic, medicinal, social or spiritual purposes and used to produce goods such as rope, paper, clothing and soap; includes three principal cannabis species: *Cannabis sativa, Cannabis indica* and *Cannabis ruderalis*

**CBC** *See* Cannabichromene

**CBD** *See* Cannabidiol

**CBDA** *See* Cannabidiolic acid

**CBG** *See* Cannabigerol

**CBGA** *See* Cannabigerolic acid

**CBN** See Cannabinol

**CDSA** Canada's Controlled Drugs and Substances Act

**Chemovar** a plant variety characterized by its chemical content

**Clone** an asexually reproduced cannabis plant genetically identical to the plant from which it was produced

**CND** Commission on Narcotic Drugs, a subsidiary body of the United Nation's ECOSOC that assists the ECOSOC in supervising the application of international drug control treaties

**Cole Memo** a memorandum published by the DOJ that provides guidance to DOJ attorneys and federal law enforcement about prosecuting cannabis-related federal offenses

**Concentrates** a category of consumer cannabis products; any number of concentrated forms of the active compounds in cannabis; typically an oil or waxlike substance

**Conventions** three international treaties adopted through the United Nations between 1961 and 1988 that address international regulation of cannabis, cannabis derivatives and many other narcotic, psychotropic and similar substances (The Single Convention on Narcotic Drugs of 1961; The Convention on Psychotropic Substances of 1971; and The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988)

**Crumble** a form of wax concentrate

**CSA** Controlled Substances Act

**CSE** Canadian Securities Exchange

**Curing** a phase of the cannabis cultivation process during which dried cannabis flower undergoes controlled fermentation to develop the flower's aroma, taste and cannabinoid composition

**Dab** a potent concentrated form of the psychoactive cannabinoid THC


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**DEA** U.S. Drug Enforcement Agency, an agency of the U.S. Department of Justice

**Delta-9-Tetrahydrocannabinolic acid (THCA)** a nonpsychoactive cannabinoid found abundantly in raw flower; precursor to THC; decarboxylates into THC through the application of intense heat

**DHHS** U.S. Department of Health and Human Services

**DOJ** U.S. Department of Justice

**DOT** U.S. Department of the Treasury

**Dronabinol** a form of chemically synthesized THC included in certain FDA-approved pharmaceuticals; a Schedule II or Schedule III controlled substance under the CSA, depending on its preparation

**Drying** a part of the harvesting phase of cannabis cultivation during which plants are dried; typically occurs at room temperature in a dark space

**ECDD** Expert Committee on Drug Dependence; a committee of the World Health Organization (WHO) tasked with making drug control recommendations to the CND on behalf of the WHO

**ECOSOC** Economic and Social Council, one of the six main organs of the United Nations established under the United Nations charter in 1945

**Edible** a food- or drink-based infused product intended for oral consumption; commonly baked goods, flavored drinks or candies

**Endocannabinoid** cannabinoids created naturally by the human body

**Exchange Act** Securities Exchange Act of 1934

**Extraction** a process for extracting active compounds from the cannabis plant; extraction techniques fall into two general categories, solvent-based extraction and solvent-free extraction

**Farm Bill** Agricultural Act of 2014

**FDA** U.S. Food and Drug Administration, an agency of the DHHS

**FD&C Act** Federal Food, Drug, and Cosmetic Act

**FinCEN** Financial Crimes Enforcement Network, a bureau of the DOT

**FinCEN Memo** a memorandum published by FinCEN outlining how banks and other financial institutions can, consistent with their BSA obligations, provide services to marijuana-related businesses

**Flower** the flower of the cannabis plant, also known as "bud"; the highest concentration of active compounds present in cannabis are found in the flowers of unpollinated female cannabis plants; smoking flower is the most popular method of cannabis consumption

**Ganja** a popular name for cannabis

**Germination** the process by which a dormant seed begins to sprout and grow into a seedling



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**Hash oil** a concentrate prepared through extraction using a butane solvent; also known as hashish oil, butane hash or honey oil (BHO), cannabis oil or liquid cannabis

**Hashish (hash)** a concentrate made up of compressed or purified trichomes

**Hemp** the fiber produced from the stalks of the cannabis plant, which can be used to produce goods such as rope, paper and clothing; also refers to varieties of cannabis cultivated to produce industrial hemp products

**HID lamp** a high-intensity discharge lamp; a category of lamp used for indoor cannabis cultivation

**Hit** a slang term for one inhalation from a cannabis smoking device or vaporizer

**Homeostasis** a process by which biological systems tend to maintain internal stability, or balance

**Human endocannabinoid system** a system of nervous and immune system receptors involved in regulating health and physiological functions within the human body

**Hybrid** a cannabis variety that is a genetic cross of two or more different cannabis species or varieties produced through sexual reproduction

**Hydroponics** a method of growing plants whereby the roots grow in a nutrient-rich sand, gravel or liquid growth medium

**Indica** one of three principal cannabis species; indica plants tend to be short and bushy

**Infused products** a category of consumer cannabis products; ingestible products that have been infused with cannabinoids and other active compounds from the cannabis plant

**IRC** Internal Revenue Code

**IRS** Internal Revenue Service

**Joint** a hand-rolled cannabis cigarette

**Kief** a concentrate composed of trichomes that are separated from the cannabis flower by sifting the flower with specialized filtering screens

**LED** a light-emitting diode; a category of lamp used for indoor cannabis cultivation

**Marijuana** a slang term for dried cannabis flower; a legal term for certain parts and derivatives of the cannabis plant defined in the CSA

**MAUCRSA** California's Medicinal and Adult Use Cannabis Regulation and Safety Act

**Nabilone** a form of chemically synthesized cannabinoid similar to THC included in an FDA-approved pharmaceutical; a Schedule II controlled substance under the CSA

**Nasdaq** Nasdaq Stock Market

**NDA** New Drug Application; an application submitted by a drug manufacturer to the FDA for approval of a drug

**NYSE** New York Stock Exchange


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**Oil** a category of viscous cannabis concentrates

**OTC** over-the-counter stock market

**Pipe** a device used to smoke cannabis flower; commonly made of glass, wood or metal

**PPM** a private placement memorandum; used by issuers of securities in private offerings to market securities

**PVPA** Plant Variety Protection Act

**Ruderalis** one of three principal cannabis species; ruderalis plants are shaggy and the shortest of the three species

**SAR** Suspicious Activity Report; required to be filed by financial institutions with FinCEN regarding customers engaged in marijuana-related businesses

**Sativa** one of three principal cannabis species; sativa plants are generally tall, thin and wispy

**SEC** U.S. Securities and Exchange Commission

**Section 280E** Internal Revenue Code section 280E

**Securities Act** Securities Act of 1933

**Shatter** a concentrate prepared through solvent-based extraction; typically has an amber-glass transparency

**Strain** another term for a cannabis plant variety

**Terpene** a class of organic compounds present in cannabis and many other plants; responsible for a plant's aroma and flavor; believed to have wide-ranging therapeutic applications

**Tetrahydrocannabinol (THC)** delta-9-tetrahydrocannabinol and certain chemical variants, including delta-8-tetrahydrocannabinol; the psychoactive compound in cannabis primarily responsible for the euphoric feeling of being "high"; the most abundant cannabinoid in cannabis; believed to have wide-ranging medicinal benefits and therapeutic applications

**THC** *See* Tetrahydrocannabinol

**THCA** *See* Delta-9-Tetrahydrocannabinolic acid

**Tincture** a concentrate suspended in an alcohol solution; usually placed under the tongue using a dropper (sublingual application)

**Topical** an infused product intended for topical application; typically a lotion, balm, cream, lubricant or transdermal patch

**Trichome** a crystalline or hairlike component that secretes cannabinoids, terpenes and other compounds; generally occur all over the cannabis plant, but found in highest concentration on the flower

**TSX** Toronto Stock Exchange

**TSXV** TSX Venture Exchange



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**UN** United Nations

**UNGASS** United Nations General Assembly Special Session

**UNODC** United Nations Office on Drugs and Crime

**USDA** U.S. Department of Agriculture

**USPTO** U.S. Patent and Trademark Office

**Vaporizer** a device that heats cannabis flower or concentrate to a temperature at which its active compounds boil and can be inhaled as vapor

**Variety** a plant grouping within a single botanical taxon of the lowest known rank (species) with defining characteristics that distinguish it from any other plant grouping within such rank

**Wax** a category of cannabis concentrates; refers to the softer, opaque oils that have lost their transparency after extraction

**Weed** a slang term for dried cannabis flower

**WHO** World Health Organization, an autonomous intergovernmental organization that collaborates with the United Nations and other organizations on global health matters


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# ACKRELL CAPITAL

# THE GREEN FIELD 2018

## Production

### Cultivation

### Production Equipment and Supplies

### Production and Testing Services

## Distribution

### Dispensaries

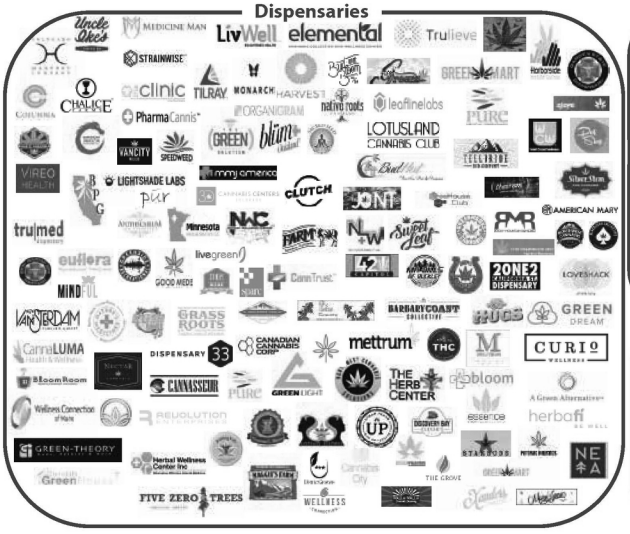


### E-Commerce

### Distribution Services

# THE GREEN FIELD 2018

## Consumer Products

### Flower and Concentrates

absolutextracts, kurvana, JETTY, Eel River Organics, FRESH off the vine, Select, LeveL 7, wana, MARY'S MEDICINALS, CW BOTANICALS, phreb, panda, dàmà, ODYSSEY, GREENDOT, UTOPIA FARMS, Humboldt Legends, ISLAND, EVOLVE, WHEELS, GrameLabs, MARLEY, Xt, WINK, Butter, CALIFORNIA Finest, THC, PHYTECS, SHANGO, CANNDESCENT, etst, GOLDEN LEAF, LEGION, JUST HERB, FARM, LOLA LOLA, 420, SHERBINSKIS, CANNAVEST, STATE, Buddy Boy BRANDS, CannaCRAFT, WILLIE'S RESERVE, GANJAGOLD, Sunday Goods, BRITE, AQUARIUS, STATE FLOWER, elixinol, Spliffin, FATTY'S, QUALITY CONCENTRATES, CF, Apple Dreams, DABTEK, CURA, swami, Sweet Green, NATIV, THE CLEAR, nuLeaf, craft, Gold Coast, TETRALABS·CA

### Infused Products

DIXIE, Bang, KIVA, DÉFONCE, THE ART OF EDIBLES, MEDICALLY CORRECT, GOOD, AMERICAN GREEN, CBD Naturals, blaze, kiloko, VALHALLA, STILLWATER, peak, infusiam, incredibles, EVER, reTreat, drip, NS, LUNCHBOX ALCHEMY, Dutch Harvest, SOMATIK, strainz, ZASP, QUIGLEY'S, Herb, SWEET GRASS, MOUNTJOY SPARKLING, Kudu, ZOOTS, Dabba, Cheeba Chews, PLUS, PAPA & BARKLEY, SERRA, BREWBUDZ, FRUIT SLABS, ZENDO, PUNCH EDIBLES, CALIGOLD, ALTAI, BREEZ, Yummi Karma, LEIF GOODS, Beiru, DR. NORMI, RITUAL, apothecanna, MOTA, elbe's edibles, SATORI, kindmedicine, CHOOSELOVE, hobi, KANEH CO

### Vaporizers and Accessories

PAX, VUBER, VapeWorld, Firefy, sunburn, dosist, BEBOE, ANNABIS, PALLIATECH, EVOXE LABORATORIES, KANDYPENS, V2, MCIG, syqe medical, MIGVAPOR, KUSH BOTTLES, THIS THING RIPS!, CannaKorp, WHITE RHINO, ATMOS

### Pharmaceuticals

GW, TEEWINOT LIFE SCIENCES, Arena, Zynerba, PHARMACYTE BIOTECH, CARA, insys THERAPEUTICS INC, CannabisScience, botanixpharma, Cannabics

## Business Solutions

### Business Software

NJ FREEWAY, BioTrackTHC, BDS, POTBOTICS, AmpleOrganics, VIRIDIAN SCIENCES, KUDU, webpint, CannaBuild, leafLink, flowhub, greenbite, trellis, my2check, HEADSET, TOOKAN, endexx, BAKER, TREEZ

### Business Services

MJARDIN, scrubbed, hypur, Viridian, NUMERICA, GENERAL, SericaPay, THOBAN, 3C, THC SHIPPING GROUP, CLAB, CANNAPRO, VANGUARD, PRANA, ZONED PROPERTIES INC, American Cannabis Company, BLUELINE, CANNASURE

## Digital Media

### Online Content and Networking

High Times, PROHBTD, GREEN FLOWER, GREEN DAILY, KUSH GUIDE, duby, MedicalJane, FRESH TOAST, HIGH TIMES, REENITO, MassRoots, weedguide, vibe leaf, THEWEEDBLOG, Grasscity

### Online Directories

weedmaps, THC Biz, Guide, Leafly, MANTIS, Leafbuyer.com, DCPE DIRECTORY, Ganjapreneur, KALOGIA, CANNABIS REPORTS, Northcoutur

Inclusion in The Green Field 2018 does not represent an investment recommendation or an endorsement of any particular company. Our intent in providing this industry landscape is to provide a graphical representation of the cannabis industry, its segments and participants. This landscape is necessarily subjective. Numerous companies operate in multiple segments. None of the companies referenced in The Green Field 2018 have seen The Green Field 2018 prior to publication; therefore, there is no endorsement of The Green Field 2018 or the inclusion in The Green Field 2018 by any company referenced. In addition, any display of any company's logo is meant solely as an efficient communications method of identifying the company so referenced. For additional disclosures and disclaimers, see page 175.

# TOP 100 PRIVATE CANNABIS COMPANIES 2018

| | | | |
|---|---|---|---|
| AEssenseGrows | Défoncé | Jetty Extracts | River Collective |
| Ample Organics | Dixie Elixirs | Kikoko | Rubicon Organics |
| Apeks Supercritical | Dosist | KIVA Confections | S2S Development |
| The Apothecarium | Eaze Solutions | Korova | SC Laboratories |
| Auntie Dolores | Eel River Organics | LeafLink | Scrubbed |
| Baker Technologies | Elemental Wellness | Leafly | SPARC |
| BAS Research | Euflora | Level Blends | Spectrum King |
| BDS Analytics | Evolve Therapeutics | LivWell Enlightened Health | Steep Hill Labs |
| Beboe | Evoxe Laboratories | Lunchbox Alchemy | StickyGuide |
| Berkeley Patients Group | Flow Kana | Mary's Medicinals | Strainz |
| BioTrackTHC | Flowhub | Meadow | Teewinot Life Sciences |
| Bloom Farms | FunkSac | Merry Jane | Tikun Olam |
| Brewbudz | Garden State Dispensary | MiNDFUL | Treez |
| Bud and Bloom | GFarmaLabs | MJ Freeway | Trellis |
| Calyx Brands | Gold Coast Extracts | MJardin | Trulieve |
| Cannabis Reports | Green Dot Labs | MM Acquisition Co. | Utopia Farms |
| CannaCraft | Green Flower Media | Native Roots | VapeWorld |
| CannaKorp | Green Rush | New Vansterdam | Vapexhale |
| Colorado Harvest Company | The Green Solution | Northwest Cannabis Solutions | VCC Brands |
| Columbia Care | Harborside Health Center | NWT Holdings (Firefly) | Vuber |
| Confident Cannabis | Harvest | Organa Brands | Wana Brands |
| Cultivation Technologies | Headset | PAX Labs | Web Joint |
| Cura Cannabis Solutions | HelloMD | PharmaCielo | Weedguide |
| CW Analytical | Humboldt Legends | PRØHBTD Media | Weedmaps |
| Deep Cell | Incense Specialties | Qind | Wellness Connection of Maine |

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COWEN

Equity Research
**Cannabis**

**AHEAD OF THE CURVE®** SERIES

# COWEN'S COLLECTIVE VIEW OF CBD

FEBRUARY 25, 2019

11 Cowen analysts across consumer, health care, industrials, and regulatory offer a comprehensive view of the global CBD opportunity.

Nearly 7% of adults in our proprietary U.S. survey (n = ~2,500) reported using CBD as a supplement, far higher than we expected.

We believe U.S. CBD can conservatively generate sales of $16 bn by 2025. We offer detailed analysis at the sub-category level, as well as company-specific discussions, including Outperform rated WEED, TLRY, and TPB.

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COLLABORATIVE INSIGHTS

February 25, 2019

■ Cannabis

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COLLABORATIVE INSIGHTS

# COWEN'S COLLECTIVE VIEW OF CBD - AHEAD OF THE CURVE SERIES

## THE COWEN INSIGHT

In a collaboration featuring 11 analysts spanning Cowen's consumer, health care, industrials and regulatory teams, we offer a deep dive on the global cannabis market, with a particular emphasis on the U.S. For consumer goods, we believe the U.S. CBD market could represent a $16 bn opportunity by 2025.

### $16 bn Consumer Opportunity (Azer, Blackledge, Charles, Chen & Kernan)

In our monthly proprietary consumer survey (n = ~2,500) we were surprised to see that nearly 7% of respondents in January 2019 reported using CBD as a supplement. This strong consumer interest is validated by the growing number of brands and form factors that are now available through increasingly diverse retail channels, including Amazon, Sephora and Neiman Marcus. That said, consumption of CBD on-premise will likely take longer, given regulatory uncertainty. And, while our analysis primarily focuses on consumer staples applications for CBD, it is interesting to see a growing number of specialty apparel brands embrace hemp as a sustainable textile.

Retail sales of CBD consumer products in 2018 have been estimated between ~$600 mm and $2 bn. By 2025, we believe CBD offerings could conservatively generate $16 bn in retail sales (assuming a ~40% increase in consumer incidence, to 10%, and spend of less than $2 / day). Our bottom-up analysis anticipates a diverse category, that is still led by traditional health & wellness form factors (e.g., $6.4 bn in nutraceuticals, and $4 bn in topicals). And, while likely smaller, we also expect categories like food, beverages, beauty and vapor to all generate sales between ~$1-2.5 bn by 2025.

Herein, we offer a detailed look at category brand and pricing architecture in the U.S. CBD market today, as well as detailed discussions of 21 public and private operators that currently have exposure to the category, including Outperform rated Canopy Growth, Tilray and Turning Point Brands, which have all announced plans to enter the U.S. CBD market.

### The Science of CBD (Nadeau)

Cannabis's therapeutic potential is attributable to the valuable overlap between phytocannabinoids (i.e. plant-derived cannabinoids) and the endogenous cannabinoid system in humans, termed a "therapeutic handshake." While THC's activity in the body is fairly well elucidated, CBD's pharmacokinetics are less well understood (no specific receptor for CBD has been identified). Clinical trial results to date demonstrate few adverse effects from oral CBD doses of up to 1500 mg/day or up to 30mg IV. The scientific understanding of CBD's clinical effects is based mostly on studies in specific indications, like epilepsy. GW Pharma's Epidiolex (highly potent, pure formulation of CBD) was approved by the FDA in 2018 for the treatment of seizures associated with Lennox-Gastaut syndrome and Dravet syndrome, and other companies (Tilray, MMJ Phytotech, Insys) have clinical trials underway in seizure disorders as well.

### CBD Hemp Cultivation (Neivert)

According to the National Conference of State Legislatures, 41 states have set up cultivation and production programs to regulate the production of hemp. There is little research on CBD hemp cultivation methods as hemp cultivation research historically has focused on fiber and grain/seed. This lack of research, combined with a number of variables that affect hemp for CBD yield, makes hemp for CBD cultivation much more art than science at this point. That said, no other crop in the U.S. offers the type of return of the CBD Plasticulture Model, and we would thus expect the country's two largest crops, corn and soybeans, to lose some acreage to CBD hemp.

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**Synthetic Biology Provides Alternative Cannabinoid Production Method; Life Science Tools Well Positioned To Benefit From QA/QC Testing Opportunity (Schenkel)**

As an alternative to cultivation-based methods, cannabinoids can be produced using either chemical or synthetic biology approaches. Synthetic biology methods, which harness fermentation to produce cannabinoids, are particularly attractive considering they can potentially produce a variety of cannabinoids while being highly scalable, efficient, and environmentally friendly.

While QA/QC testing standards for CBD currently vary greatly by state (if any exist at all), we expect Life Science Tools companies to benefit from this nascent market opportunity as testing regulations are implemented and standardized. Similar to medical/recreational cannabis testing, instruments such as mass spectrometers and liquid/gas chromatographs are utilized to analyze CBD samples. Key vendors for mass spectrometry and chromatography instruments include Agilent, Danaher (SCIEX), PerkinElmer, Shimadzu, Thermo Fisher, and Waters Corporation.

**CBD From a Retailer and Payor Perspective (Rhyee)**

**Healthcare: Drug Retailer Perspective:** CBD products appear to be gaining traction with independent pharmacies, many of whom are already selling or planning to sell CBD oils. Independent pharmacies likely find the high-margin profile of CBD oils attractive, which we suspect is similar to those of more traditional over-the-counter drugs, as well as the differentiation it affords independents relative to larger chain pharmacies. For those selling CBD oils today, the focus is on quality, particularly as it relates to bioavailability. Large pharmacy chains, such as CVS and Walgreens, don't currently sell CBD oil, but WBA noted it is monitoring the CBD market.

**Healthcare: Payor Perspective:** Generally speaking, managed care does not cover OTC products, with the same being true for Medicare and Medicaid. Based on our conversations with a number of payors, whether CBD oils will be covered as a medical benefit by government sponsored health programs is determined by the Center for Medicare and Medicaid Services (CMS) and state governments. Currently, CBD products are not a covered benefit, or an extra benefit, that has been approved by CMS or states, and it isn't known at this time whether CMS or states governments are considering reimbursement for CBD products. Separately, Payors noted three factors complicating commercial coverage of CBD oils, including (1) legal issues, as CBD oils derived from THC (cannabis) isn't legal if it contains equal to or more than 0.3% THC; (2) lack of regulation by the FDA; and (3) its availability as an OTC medication.

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**Global Landscape (Azer)**

While the global regulatory landscape varies, the CBD category outside of the U.S. has been evolving rapidly, with more change likely to come with the WHO's current evaluation of CBD, as well as its recent addition to the EU's Novel Food Catalogue. In Europe, CBD products are now widely available in markets like the U.K., Italy and Switzerland, though regulations vary with Italy allowing for "cannabis light" products, with allowable THC of as much as 0.6%, while in Switzerland CBD products can have as much as 1% THC, and are classified as a tobacco substitute. In Latin America, hemp has been in production since the 1500s is also rapidly expanding their regulatory frameworks around marijuana and hemp. Canadian licensed producers have been actively entering the market in Latin America to capitalize on this evolving opportunity, including Canopy Growth, Tilray, Aurora and Cronos.

**Regulatory Outlook (Eric Assaraf - Cowen Washington Research Group)**

The 2018 Farm Bill declassifies industrial hemp as a Schedule I substance, shifts regulatory authority from the DEA to the Department of Agriculture, and provides autonomy for states to regulate the industry. However, the new law does not change the FDA's oversight authority over CBD products and FDA Commissioner Scott Gottlieb has made it clear that his agency will continue to step in when certain health claims are made. Additionally, FDA has stated that CBD cannot be added to food products sold across state lines or marketed as a dietary supplement, regardless of whether it is hemp-derived. The FDA will explore new pathways for CBD to be sold legally; however, it seems clear that there will be a period of regulatory uncertainty over CBD products at the state and federal level.



HOUSE_OVERSIGHT_024821

# TABLE OF CONTENTS

Consumer Products Market Sizing (Azer) ..... 8
The Science Of CBD (Nadeau) ..... 10
CBD Hemp Cultivation (Neivert) ..... 11
Synthetic Cannabis (Schenkel) ..... 17
Life Science Tools Participation In The Legal Cannabis Market (Schenkel) ..... 22
Consumer Products Opportunities (Azer) ..... 24
- Nutraceuticals ..... 28
- Topicals ..... 35
- Beverages ..... 38
- Bottled Water ..... 39
- Energy Drinks ..... 40
- Beer ..... 41
- Beauty ..... 44
- Food (Confections) ..... 49
- Vapor ..... 51

The CBD Competitive Landscape – Public/Private Company Discussions (Azer) ..... 54
- Publicly Traded Companies ..... 54
- Canadian LP Commentary on CBD ..... 57
- Benchmarking ..... 58
- Private Companies ..... 61

Health Care: Drug Retailer Perspective (Rhyee) ..... 63
Health Care: Payor Perspective (Rhyee) ..... 64
Health Care: Provider Perspective (Rhyee) ..... 64
eCommerce To Be A Key Consumer Distribution Channel Long Term (Blackledge) ..... 65
Cannabidiol (CBD) Entrance Into Mass Retail May Start In Beauty Before Entering Broadlines (Chen) ..... 69
Growing Application For Hemp And CBD Within The Apparel & Footwear Market (Kernan) ..... 70
We Would Expect Starbucks To Be First Under Our Active Coverage To Pilot CBD Oil, Though Not In Near Term Plan (Charles) ..... 74
Regulatory Considerations For CBD (Assaraf – Washington Research Group) ..... 75
Global CBD Landscape (Azer) ..... 79
- European Landscape ..... 80
- Latin American Landscape ..... 84

Additional Applications / Implications (Nadeau & Osborne) ..... 87
- Epilepsy & Psychiatric Conditions (Nadeau) ..... 87
- Industrial Hemp And Sustainable Bioproducts (Osborne) ..... 94

Appendix ..... 96

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# COWEN'S COLLECTIVE VIEW OF CBD

In a collaboration featuring 11 analysts across Cowen's consumer, health care, industrials and regulatory teams, herein we offer our outlook for the global CBD market, with a particular focus on the U.S. While little science exists supporting medical efficacy of CBD (with the exception of seizures, which GWPharma was able to prove with Epidiolex for Dravet syndrome and Lennox-Gastaut syndrome, as discussed in more detail herein), the popularity of CBD products seems to be growing exponentially in the U.S. Indeed, our consumer survey work suggest that close to 7% of adults in the U.S. already use CBD as a supplement.

With the category gaining increasing interest from consumers we have seen a swell in product innovation. And, the opportunity is increasingly drawing the attention of larger competitors (where for instance, WEED announced that they would consider spending as much as $500 mm in U.S. hemp / CBD). ***By 2025, we estimate that the U.S. CBD market could approach $16 bn (from $600 mm -$2 bn in 2018).***

Herein, we offer our views of:

1. Consumer Products Market Sizing (Azer)
2. The Science of CBD (Nadeau)
3. The Hemp / CBD Supply Chain: From Cultivation to Extraction (Neivert & Schenkel)
4. Consumer Products Opportunities (Azer)
5. The CBD Competitive Landscape - Public and Private Company Discussions (Azer)
6. Consumer Discretionary Retail and Brand Opportunities Across:
    a. Pharmacy (Rhyee)
    b. E-Commerce (Blackledge)
    c. Broader Retail (Chen)
    d. Specialty Brands (Kernan)
7. On-Premise Consumption Opportunities (Charles)
8. U.S. Regulatory Outlook (Assaraf, Krueger, Seiberg & Weissenstein)
9. Global CBD Landscape (Azer)
10. Additional Potential Opportunities for Hemp / CBD, Including
    a. Pharmaceutical Applications (Nadeau)
    b. Industrial Applications (Osborne)

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## Consumer Products Market Sizing (Azer)

In our proprietary Cowen consumer survey (~2,500, 18+ respondents), we found that in January 2019 close to 7% of respondents indicated that they use CBD as a supplement. While this is only the first month's reading of the data (which can fluctuate from month to month), this initial response piqued our interest considerably, as it was much higher than we would have suspected. Indeed, to put the 6.9% incidence rate in context, that compares to JUUL use of 4.2%, and 19.6% of consumers that consider themselves a current tobacco user, per our survey.

From a user perspective, category engagement not surprisingly skews younger, with use among 18-24 and 25-34 year olds at over 9%, while it is below 4% for consumers 55+.

**Figure 1 CBD Use Over-Indexes to Consumers Aged 18-34**

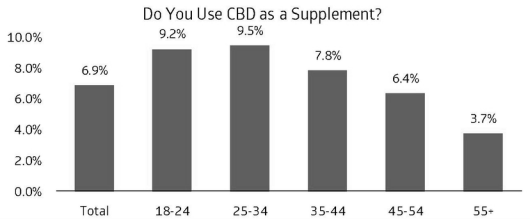


Source: Cowen Survey, n=~2500, January 2019

While the category remains nascent (with revenue estimates ranging from $600 mm to $2 bn in 2018) it seems clear that the abundance of choice, which we discuss in more detail herein, has been a key driver of that consumer engagement. In particular, we were surprised to see that beverages already account for close to 20% of reported form factor use, given that this segment is among the newer offerings in the market place. Meanwhile, tinctures, which were arguably one of the original delivery systems, has a dominant 44% share.

**Figure 2 Tinctures Are the Most Popular Delivery Mechanism**

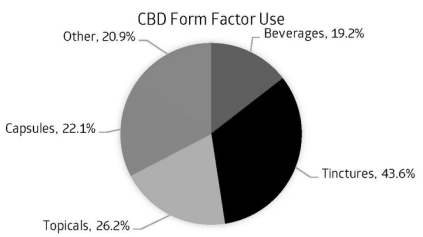


Source: Cowen Survey, n=~2500, January 2019
Note: Users had the option to choose multiple form factors

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While we are keen to gain more insights into the evolving use of CBD in the coming months from our survey work, this initial snapshot offers a framework for sizing the ultimate CBD opportunity. With growing consumer awareness, we conservatively believe that CBD use can grow to 10% of adults in the U.S., or ~25 mm consumers (using current population) by 2025. If we assume that the average consumer ultimately spends $640 per year (or less than $2 / day), that would imply a $16 bn market opportunity for CBD. We would note that using the U.S. Census 18+ population projection in 2025, a 10% incidence rate would equate to just over $590 in annual spend to achieve $16 bn. Conversely, holding the $640 in spend constant with the U.S. Census forecasted population would result in over $17 bn in revenues by 2025.

That said, we view this estimate as somewhat conservative, as we can envision a scenario where a consumer that uses a CBD tincture or capsule, may also be inclined to convert his or her beauty regimen to include CBD (e.g., CBD infused beauty products), and or use a topical for targeted relief as well. Our $16 bn estimate assumes the following category contributions:

**Figure 3 We Believe CBD Can Be a $16 BN Revenue Opportunity in the U.S. by 2025**

Note: $ in mm unless otherwise stated.
Source: Cowen and Company



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## The Science Of CBD (Nadeau)

### The Endocannabinoid System

Cannabis' therapeutic potential is due to this valuable overlap between phytocannabinoids (i.e. plant-derived cannabinoids) and the endogenous cannabinoid system in humans, termed a "therapeutic handshake." However, though THC's activity in the body has been fairly well elucidated (it acts through G-protein coupled cannabinoid receptor 1 and cannabinoid receptor 2), CBD's pharmacokinetics are less well understood (no specific receptor for CBD has been identified).

The scientific understanding of CBD's clinical effects is based mostly on studies in specific indications, like epilepsy. GW Pharma's Epidiolex (highly potent, pure formulation of CBD) was approved by the FDA in 2018 for the treatment of seizures associated with Lennox-Gastaut syndrome and Dravet syndrome, and other companies (Tilray, MMJ Phytotech, Insys) have clinical trials underway in seizure disorders as well. Additional possible indications for CBD products include autism spectrum disorders, psychiatric conditions, diabetic neuropathy pain, fibromyalgia, chronic pain, and back pain; clinical trials in these indications are underway.

Clinical trial results to date demonstrate few adverse effects from oral CBD doses of up to 1500 mg/day or up to 30mg IV. Specifically, CBD studies have not reported effects on blood pressure, heart rate, or respiratory rate, and no negative changes in mood or psychomotor slowing. Some studies (such as GW's in Epidiolex) have shown side effects resulting from high doses of CBD (~2g/day) inhibiting hepatic drug metabolism, prompting increased blood levels of some background medications. Additionally, *in vitro* studies have shown CBD to be pro-apoptotic in lymphocytes and to inhibit IL8 and IL10 production, suggesting that it may suppress the immune system. However, though unknowns remain, the summation of pre-clinical and clinical data suggest that the compound is safe at typical doses seen in over the counter products (5-10mg).

Additionally, other cannabinoids (found in CBD distillate) have been discovered that may have differentiated pharmacological effects. For example, cannabidivarin (CBDV) may have differentiated anticonvulsant effects, tetrahydrocannabivarin (THCV) may have anti-diabetic and appetite suppressant effects, cannabidiol-acid (CBDA) may have anti-nausea effects, and bannabigerol (CBG) may have anti-cancer effects. Further research is needed to elucidate the clinical effects of these compounds.

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## CBD Hemp Cultivation (Neivert)

**2018 Farm Bill Legalizes Commercial Cultivation of Hemp:** The 2018 Farm Bill legalized industrial hemp at the federal level removing it from schedule I status under The Controlled Substance Act. The bill defines industrial hemp as a variety of cannabis with a THC concentration of </=0.3% and allows farmers to grow and sell hemp under state regulation. According to the National Conference of State Legislatures, 41 states have set up cultivation and production programs to regulate the production of hemp. (CT, ID, SD, IA, OH, TX, LA, MS and GA do not currently allow hemp cultivation.)

Hemp is currently being grown under state Industrial Research Pilot Programs. Once USDA rules are released, pilot programs may end in favor of USDA rules and rules of state programs approved by the USDA.

Prior to the 2018 Farm Bill, the 2014 Farm Bill allowed universities and state departments of agriculture to conduct hemp research under Agricultural Pilot Programs in an effort to evaluate industrial hemp as a commercial crop. The bill allowed states to begin research on best methods for hemp cultivation.

**Cultivation Practices Of Hemp Dependent On Intended Harvestable Component**

Hemp is grown for fiber, grain/seed and floral materials with different varieties of hemp planted for each component. Fibers are used in rope and textiles, grain is used in human food (not legal for animal feed), pressed seed oil from grain is used like sunflower seed oil, and oils, including CBD, are removed from floral materials for health supplements.

Cultivation practices differ for fiber, grain/seed and CBD in an effort to maximize the yield of the desired harvestable component. U.S. states have conducted pilot programs in recent years to help gain a better understanding of best practices.

**Limited Research Available On CBD Hemp Cultivation**

There is little research on CBD hemp cultivation methods as hemp cultivation research historically has focused on fiber and grain/seed. This lack of research, combined with a number of variables that impact hemp for CBD yield, makes hemp for CBD cultivation much more art than science at this point. Cultivation methods have been described as all over the map. That being said, we detail methods from recent academic research studies and conversations with industry participants below. (The University of Kentucky and University of Vermont have both conducted research in CBD hemp cultivation in recent years but further research is needed for conclusions regarding proper production techniques.)

**Hemp CBD Cultivation Steps:**

- **Obtain a license.** Growers must obtain a grower license from their state department of agriculture for the specific type of hemp they want to grow.
- **Find a buyer/processor.** Growers then need to find a buyer/processor for their harvest as crops can only be sold to licensed processors.
- **Source seeds or clones.** The grower must acquire seeds or transplants. Clones (rooted cutting of a plant) can be used instead of seeds. The key factor in selecting seeds or clones is understanding which strains produce flowers with high CBD concentrations while keeping THC at </=0.3% since CBD and THC are positively correlated which caps the CBD level. (A crop that exceeds 0.3% THC

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will be destroyed.) Seeds that are certified (sold by domestic and international hemp seed distributors) contain </=0.3% THC or produce hemp with </= 0.3% THC.

CBD is more concentrated in female flowers (3%-6%) compared to male flowers making male seeds unwanted. Unfertilized female flowers have been found to produce higher CBD levels than female flowers fertilized by male plants making male seeds unwanted in a production field. We note that seed mix (male and female) costs are significantly lower than feminized seed costs (incremental work is needed to increase the supply of feminized seeds).

Conversations with industry participants indicate that clones (first grown in a greenhouse and then transplanted to the field) are becoming more common as they provide a cheaper path to all female flowers in the field. Retail clones can cost $4-$7 each and can be produced for $3 each with access to a greenhouse.

- **Test soil for contaminants.** We note soil that has been used for corn production has been cited as supportive for maximizing hemp yields.

- **Water System Installation.** A drip irrigation is most effective way to water hemp as it allows roots to breathe and conserves the most water.

- **Pesticides:** Currently, pesticides are illegal for industrial hemp cultivation which makes plastic mulch an important step. So far, disease pests and insects have not been found to significantly impact yields.

- **Fertilizer.** Fertilizer requirements similar to wheat are considered adequate with nitrogen the most critical.

- **Planting.** Adequate soil moisture and temperature (>/=50°F), which influences timing for planting, is recommended for successful germination. Industrial hemp can be planted in late April in Kentucky and late June in Vermont. Planting depth for seeds should be ~0.50 inches.

  Female seedlings, started in a greenhouse approximately 6 weeks prior to planting, or transplanted female clones (planted with root structure), can be planted into black plastic outdoors to control weeds. 5 ft x 5 ft plant spacing has been found to be ideal and results in a population of 1,742 plants per acre.

- **Harvest.** Average time to harvest a 6 inch clone is 90-120 days, Flower buds from outdoor plants are removed by hand or using a debudder machine after using a chainsaw or lopper to cut the plant down. Flower bud harvest is labor intensive and can take ~30 hours per acre. Flower buds in a UVM study were dried at 80°F for 18-36 hours until dry enough for storage without molding. Indoor storage requirements creates a production challenge. As with most crops, variations in yield can result from variations in genetics (variety), soil, weather, and other growing conditions.

- **Testing.** State Departments of Agriculture conduct field and greenhouse inspections for THC levels, which is the only way to separate hemp from illegal cannabis. Crops that test >0.3% THC will be destroyed.

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**Wide Range Of Returns On CBD**

There is little data on economics for hemp CBD cultivation given wide range of outcomes that can result on the seed vs clone decision (CBD levels vary for each and will impact cost), as well as the type of production model used. The University of Kentucky (College of Agriculture) recently published six budget models for industrial hemp producers. Four of the six budgets address CBD hemp, with a separate budget for grain and another for fiber. We highlight the University of Kentucky's CBD Plasticulture budget model below since it is the most profitable and will likely be the most commonly implemented. We note all four of the CBD hemp models indicate a positive return above variable costs per acre while hemp grain and hemp fiber do not reach breakeven due to low pricing for both harvestable components..

**University Of Kentucky's Budget Assumptions For CBD Plasticulture:**

- **Dry matter yield per acre:** UK estimates 1,200 lbs of dry matter yield produced per acre based on 1,500 plants per acre (recall 5 ft. 5ft. allows for up to 1,742 plant per acre) and 0.8 lb of dry matter yield per plant (yield per plant can range from 0.5 lb-1.5 lbs).

- **Gross return per acre:** CBD concentration and price per % are the factors that determine the price of dry matter yield/lb. In the below example, 6% CBD% * $5.00 per % = $30/lb. Gross return per acre is then calculated by multiplying dry matter yield/lb by dry matter yield/acre (1,200).

- **Variable cost per acre:** 72% of variable cost per acre is for clone transplants for 1,500 plants at $5.00 each. Other notable costs include planting, plastic to protect against weeds, drip line for water, harvesting costs, cash rent and application/test fees. We note clones currently can range from $3.50-$5.50 per plant. Clones have become more common than seeds in Kentucky as they offer an easy way to produce female plants. A seed mix may be cheaper but would include male seeds than can potentially pollinate female seeds and negatively impact CBD concentration which influences pricing for dry matter yield. Feminized seeds are an option but will likely be the most expensive option. We note that the model assumes outdoor production rather than greenhouse production since a greenhouse is efficient for clone production (then transplanted to the field) but prohibitive for plant production.



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**Figure 4 – CBD Plasticulture Model – University of Kentucky**

| | Quantity | Unit | Price | Total |
|---|---|---|---|---|
| CBD% | 6% | - | - | - |
| Price per % | $5.00 | - | - | - |
| Dry Matter Yield | 1,200 | lb | $30 | $36,000 |
| **Gross Returns Per Acre** | **-** | **-** | **-** | **$36,000** |
| Transplants (clone) | 1,500 | plants | $5.00 | $7,500 |
| Fertilizer | | | | |
| -Nitrogen (urea) | 100 | unit | $0.47 | $47 |
| -Phosphorus (P2O5) | 30 | unit | $0.60 | $18 |
| -Potassium (P2O) | 45 | unit | $0.38 | $17 |
| Planting/Setting | 1,500 | plants | $0.20 | $300 |
| Black Plastic/Drip Line | 1 | acre | $515 | $515 |
| Harvest Cost | 32.4 | hrs | $12.50 | $405 |
| Cash rent | 1 | acre | $300 | $300 |
| Application & License Fee | 1 | per year | $400 | $400 |
| Lab Test | 1 | - | $300 | $300 |
| Other | - | - | - | $669 |
| **Total Variable Cost Per Acre** | **-** | **-** | **-** | **$10,471** |
| **Margin Over Variable Cost Per Acre** | - | - | - | **$25,529** |

Source: hemp.ca.uky.edu, Cowen and Company

**Sensitivity Analysis For CBD Plasticulture Model.** As shown below, there is a significant change in return for every $1 change in price per CBD%. A deterioration of this pricing with no corresponding change in cost would impact CBD production. Breakeven for the model above is ~$9/lb for dry matter yield compared to the $30/lb used to calculate the margin over variable cost per acre used. While price % CBD can fluctuate, the second factor determining the dry matter yield/lb price is CBD%.

**Figure 5 – Sensitivity Analysis**

| Price per % CBD | Total Revenue | Returns Above Variable Costs |
|---|---|---|
| $6 | $43,200 | 17,671 |
| $5 | $36,000 | 10,471 |
| $4 | $28,800 | 3,271 |
| $3 | $21,600 | -3,929 |
| $2 | $14,400 | -11,129 |
| $1 | $7,200 | -18,329 |

Source: hemp.ca.uky.edu, Cowen and Company

**CBD Hemp Clearly An Attractive Option For Growers.** No other crop in the U.S. offers the type of return of the CBD Plasticulture Model. We would expect the two largest crops in the U.S.: corn and soybeans to lose some acreage to CBD hemp, though given corn and soybean area planted was 89.1M and 89.2M acres respectively in 2018. (Total planted acres in the U.S. is ~320M acres.)

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**Figure 6 – 2017 Production Less Operating Costs Per Acre (Cash Grower Margin/Acre)**

| per acre | Corn | Soybeans |
|---|---|---|
| Gross Value of Production | $620 | $455 |
| Operating Costs | | |
| Seed | $99 | $58 |
| Fertilizer | $116 | $25 |
| Chemicals | $35 | $27 |
| Other Operating Costs | $85 | $48 |
| Total Operating Costs | $335 | $158 |
| **Cash Grower Margin** | **$285** | **$297** |

Source: USDA, Cowen and Company

### Kentucky Hemp Growth Provides An Indication For Near-Term Acceleration

Figure 7 shows hemp production in Kentucky under Kentucky Department of Agriculture (KDA) Industrial Hemp Research Pilot Program. The figure shows the increase in planted acres in 2018 (Sept) as well as the shift toward CBD as a percentage of total hemp (planted acres for CBD rising to 4,121 acres in 2018 from 864 in 2017). In 2018, there were 158 greenhouses in Kentucky representing 764,000 sq. ft., which is included in the 2018 acreage below. (Note 1 acre = 43,560 sq. ft.)

On January 22, 2019, the Kentucky Department of Agriculture approved 1,035 applications to cultivate up to 42,086 acres of industrial hemp in 2019, up from 16,100 acres in 2018 and 33 acres in 2014, which was the first growing year. (67 acres of greenhouse space was also approved for hemp cultivation.) We note that of the 16,100 acres approved in 2018, less than half (6,700) was planted.

**Figure 7 – Kentucky Department of Agriculture Industrial Hemp Research Pilot Program**

| Production Year | Approved Processors | Approved Growers | Approved Acres | Planted Acres | Harvested Acres | % of Grain or Seeds | % Fiber | % CBD | % CBD & Grain | % Grain & Fiber |
|---|---|---|---|---|---|---|---|---|---|---|
| 2014 | 9 | 20 | - | 33 | - | 47% | 32% | 21% | 0% | 0% |
| 2015 | 29 | 99 | 1,742 | 922 | 500 | 47% | 6% | 47% | 0% | 0% |
| 2016 | 45 | 137 | 4,600 | 2,300 | 2,000 | 34% | 6% | 60% | 0% | 0% |
| 2017 | 49 | 204 | 12,800 | 3,200 | 2,300 | 36% | 5% | 27% | 32% | 0% |
| 2018 (Sept) | 72 | 210 | 16,100 | 6,700 | TBD | 18% | 4% | 62% | 14% | 2% |
| 2019 | N/A | N/A | 42,086 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Source: kyagr.com/hemp, Cowen and Company

### Outlook For Growth

The expected growth for hemp is supported by the economics offered. However, there are limitations related to required cultivation methods.

Conversations with industry experts estimate planted hemp acres in 2019 could reach 200,000, up from 78,176 in 2018. The growth is supported by expansion like Kentucky's and new states entering the market (only 23 states participated in 2018).



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**Figure 8 – U.S. Planted Hemp Acres – 2017 and 2018**

| State | 2017 | 2018 |
|---|---|---|
| Montana | 542 | 22,000 |
| Colorado | 9,700 | 21,578 |
| Oregon | 3,469 | 7,808 |
| Kentucky | 3,271 | 6,700 |
| Tennessee | 200 | 3,335 |
| North Carolina | 965 | 3,184 |
| North Dakota | 3,020 | 2,778 |
| New York | 2,000 | 2,240 |
| Nevada | 417 | 1,881 |
| Wisconsin | 0 | 1,850 |
| Vermont | 575 | 1,820 |
| Minnesota | 1,205 | 710 |
| Pennsylvania | 36 | 580 |
| Maine | 30 | 550 |
| Oklahoma | 0 | 445 |
| South Carolina | 0 | 256 |
| West Virginia | 14 | 155 |
| Washington | 175 | 142 |
| Virginia | 87 | 135 |
| Massachusetts | 0 | 21 |
| Indiana | 5 | 5 |
| Hawaii | 1 | 2 |
| Nebraska | 1 | 1 |
| **Total** | **25,713** | **78,176*** |

* Includes 232 acres of greenhouse or indoor cultivation

Source: votehemp.com, State Departments of Agriculture, Cowen and Company

**Challenges For Growth**

We see several issues that we expect will moderate growth of hemp CBD in years to come. As a commodity, we see economics diminishing as CBD supply rises with increased acres along with higher costs for seed from increased seed demand. We also see a lack of best practices for cultivation, storage restrictions and uncertainty about the consistency of seeds/clones available increasing the probability that yields are compromised.

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## Synthetic Cannabis (Schenkel)

### The Broad Spectrum Of Cannabinoids

Cannabinoids fall into three main types: (1) endogenous cannabinoids, which are produced naturally in the bodies of humans and animals; (2) phytocannabinoids, which are isolated from plants; and (3) synthetic cannabinoids, which are produced in the laboratory and may have some structural deviations from the naturally occurring molecules.

Of the three types, phytocannabinoids have garnered a lot of interest because of their therapeutic and recreational potential. For example, Marinol and Syndros, which the FDA cleared for the treatment of anorexia associated with weight loss in AIDS patients, include the active ingredient dronabinol, a synthetic delta-9- tetrahydrocannabinol (THC) which is considered the psychoactive component of marijuana. In June 2018, the FDA approved an oral formulation of cannabidiol (CBD), Epidiolex, which GW Pharmaceuticals PLC developed for the treatment of seizures associated with two rare and severe forms of epilepsy in children.

In addition to THC and CBD, more than 100 other phytocannabinoids have been identified from the cannabis plant. This includes lesser-known compounds such as tetrahydrocannabivarin (THCV), cannabigerol (CBG), and cannabichromene (CBC).

The broad spectrum of phytocannabinoids can bind to a range of different receptors in the human body and induce a wide variety of pharmacological responses. However, due to the limited research into these varying effects, a full understanding of the role of each cannabinoid compound is still poorly understood. With that said, some of the most studied roles are listed in the table below.

**Figure 9 Approved & Potential Medicinal Roles Of Selected Phytocannabinoids**

| Cannabinoid | Percent Of Total Cannabinoid Content | Role |
|---|---|---|
| Tetrahydrocannabinol (THC) | 15-35% | • Psychotropic<br>• FDA-approved as appetite stimulant for people with AIDS and antiemetic for people receiving chemotherapy<br>• Alleviates neuropathic pain, spasticity, overactive bladder, and other symptoms |
| Cannabidiol (CBD) | 1-12% | • FDA-approved for treating rare seizure disorders<br>• Chronic pain treatment<br>• Being studied for treatment of anxiety, post-traumatic stress disorder, pain, schizophrenia, Parkinson's disorder and Huntington's disorder |
| Tetrahydrocannabivarin (THCV) | <1% | • Potential anxiety relief<br>• Potential appetite suppressant |
| Cannabigerol (CBG) | <1% | • Potential anti-inflammatory<br>• Potential anti-cancer |
| Cannabichromene (CBC) | <1% | • Potential anti-inflammatory<br>• Potential anti-cancer<br>• Potential GI motility modulator |

Source: Cowen and Company



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### Need For Alternative Methods To Produce Cannabinoids

Cannabis plants can exhibit wide variation in the quantity and type of cannabinoids they produce. However, cannabinoids are only produced in limited quantities regardless of the strain; in total, cannabinoids account for <1% of the dry weight of the cannabis plant.

Selective breeding has led to strains of the cannabis plant that produce relatively large amounts of the intermediary forms of THC and CBD. While THC content varies substantially among cannabis strains, it generally represents 15-35% of the cannabinoid content of the plant, and CBD is typically 1-12%. The relative abundance of these compounds have allowed them to be well studied and their diversity of applications have created a large commercial market.

After THC and CBD, the remaining cannabinoids are found only in trace amounts in the plant. Compounds such as THCV, CBG, and CBC have elicited therapeutic interest, but because they are only present in minute amounts they have been difficult to extract and purify and impossible to produce at commercial scale. This has limited their study up to this point.

### Alternative Methods For Producing Cannabinoids

To combat the limited availability of cannabinoids using cultivation-based methods, alternative approaches have been developed that use chemical and biotechnological synthesis to produce cannabinoids.

#### Chemical Synthesis

Chemical synthesis methods use organic chemistry to produce cannabinoids; however, the process has several drawbacks. Chemical methods have largely failed to be cost effective for commercial scale cannabinoid production because of the complexity required to produce the cannabinoid molecules, and extensive purification is needed to obtain a high quality product. Commercial chemical synthesis also generates large amounts of organic waste, takes several weeks to produce kilogram quantities, and is expensive. As such, practical methods for the chemical synthesis of many cannabinoid molecules has not been developed.

#### Biotechnological Synthesis (Synthetic Biology)

An emerging alternative to traditional cultivation and chemical synthesis is the use of biotechnology-based approaches to produce cannabinoids. These synthetic biology approaches produce cannabinoids through modifying the metabolism of genetically engineered organisms. This converts the organism into a biological factory, producing the desired cannabinoid in large quantities.

Compared to chemical methods, biosynthesis methods are more cost effective, scalable, and environmentally friendly.

Compared to traditional methods, biosynthesis of cannabinoids is potentially more sustainable, more reliable, faster, and less expensive. Biosynthesis does not require as much water or energy input, is not subject to weather or other exogenous factors, takes ~3-5 days to yield an end product vs. traditional methods taking up to 4 months, and is theoretically less expensive. Additionally, growing cannabis often involves using several hard-to-remove impurities (e.g., pesticides), that could potentially create significant safety issues and other undesirable dynamics. Furthermore, purity and regulatory



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controls can be implemented when producing compounds with a biosynthesis method similar to the processes in place for pharmaceutical regulation.

The many perceived advantages of synthetic cannabinoid creation have led to a series of companies entering the market, as described below.

**Figure 10 Selected Synthetic Biology Cannabinoid Companies**

| Company | Notes |
|---|---|
| Cellibre | Cellibre is a next-generation cellular agriculture company. Employing an organism-agnostic approach, Cellibre turns cells into specialized, sustainable factories for the manufacture of globally significant products at scale. |
| Ginkgo Bioworks | Ginkgo is a Boston-based company that designs custom microbes for customers across multiple markets, developing new organisms that replace technology with biology. |
| Hyasynth Biologicals | Located in Montreal, Hyasynth Biologicals uses the technologies from traditional and modern biology combined with computational analysis to develop organisms at the fastest possible speed. |
| InMed Pharmaceuticals | InMed Pharmaceuticals is a biopharmaceutical company that specializes in the discovery and development of novel, cannabinoid-based therapeutics for the treatment of diseases with high unmet medical need. |
| Librede | Librede has developed a yeast-based cannabinoid production and drug discovery platform to create chemical compounds that target the endocannabinoid system. Librede's modular technology enables large scale production of natural cannabinoids in a more economic and environmentally sustainable way |
| Renew Biopharma | Renew Biopharma harnesses the biological pathway to produce natural and novel cannabinoids that cross the blood brain barrier and target specific receptors associated with neuroinflammation and chronic pain. |
| Teewinot Life Sciences | Tampa-based Teewinot combines its biosynthetic processes with sophisticated chemical synthesis to produce proprietary cannabinoid analogs and prodrugs at commercial scale. |
| Amyris | Amyris is an industrial biotechnology company that has used sugarcane fermentation to create hydrocarbon molecules and produces an array of specialty ingredients and consumer products. |

Source: Cowen and Company

## Producing Cannabinoids Using Synthetic Biology

Synthetic biology methods use fermentation to produce cannabinoids with identical chemical structures to those found in plants.

### Biocatalytic Cannabinoid Pathways

The first step of the synthetic cannabinoid production requires identification and extraction of the desired cannabinoid biosynthetic pathways from a cannabis varietal. The biosynthesis of cannabinoid molecules in a microbe could require four or more cannabinoid metabolic pathways. When the pathways are selected, their corresponding DNA sequences need to be cloned from the cannabis varietal and spliced into the microbial DNA.

Cannabinoids could be produced biocatalytically using the following mechanism:

i. In the first pathway, glucose is converted into G3P and pyruvate via glycolysis. These two compounds are then utilized to produce the precursors geranyl pyrophosphate (GPP), and/or neryl pyrophosphate (NPP).

ii. Glycolysis of glucose also produces Acetyl CoA, which can catalyze biosynthesis of the second group of precursors: olivetolic acid (OA) and divarinic acid (DVA).

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iii. Various combinations of the aforementioned precursors then combine in the third pathway to yield parent cannabinoid molecules (e.g., cannabigerolic acid or CBGA).

iv. These parent cannabinoids are then modified in the fourth pathway to produce cannabinoids such as tetrahydrocannabinolic acid (THCA) and cannabidiolic acid (CBDA). These acids can be transformed into a non-acid form using synthases, producing the terminal cannabinoid form.

**Figure 11 Biosynthetic Cannabinoid Production Pathways**

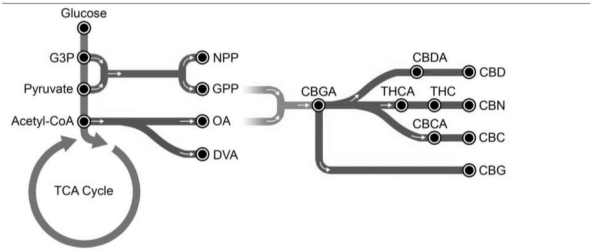


Source: Cowen and Company

**Cannabinoid Production Using Fermentation**

To power the aforementioned pathways, water and glucose (or a cannabinoid substrate) are added to the microbe (e.g., yeast) in a bioreactor. Under fermentation, the yeast will consume the glucose and produce the desired cannabinoid.

This culture is incubated for ~3-5 days to produce sufficient cannabinoid intermediaries. Afterwards, the fermentation mixture is separated and combined with a non-toxic solvent to extract and purify the cannabinoids.

**Recent Cannabinoid Partnerships In Synthetic Biology**

With the recent legalization of cannabis in several countries and U.S. states and growing acceptance of its utility, many recent notable partnerships have been created on the potential of synthetic cannabinoid production. We highlight two such agreements from the past few months below.

**Amyris / Undisclosed Partner (February 2019; Valued Up to $255MM)**

In February 2019, Amyris announced that it has signed an agreement for cannabinoid development, licensing, and commercialization in a partnership valued at up to $255MM (not including royalties for commercial products) with an undisclosed partner. The $255MM in payments include an upfront payment and the remainder is linked to milestones that are expected over the next 12-36 months. The partner is expected to provide initial, lab-based and later commercial-scale milestone cash payments in tranches for the development and scaling of technology to produce CBD.

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**Cronos Group / Ginkgo Bioworks (September 2018; Valued Up to $122MM)**

Cronos Group is a vertically integrated Canadian cannabis company that operates two licensed producers. In addition, the company has developed an assortment of cannabis varietals and has amassed an extensive database on various cannabinoids and their properties. Boston-based Ginkgo Bioworks is a synthetic biology company that has developed a cutting edge, automated platform for biological engineering and fermentation. Using synthetic DNA to modify yeast and other organisms, the company endeavors to produce large amounts of various rare strains through this more efficient, lower-cost, novel process. Indeed, as we asserted in the MO/CRON note (link), we believe that this strategic partnership was integral in informing the entry of the largest tobacco player in the U.S., into the legal global cannabis market.

By way of background, in September 2018, Cronos and Ginkgo announced an agreement to produce cultured cannabinoids. Ginkgo is tasked with developing strains of yeast that can produce eight target cannabinoids. Cronos would then handle large scale production and distribution of those cultured cannabinoids. The total agreement is valued at $122MM; this includes $22MM to fund R&D, and up to $100MM of CRON common shares in tranches in accordance with production milestones. More specifically, the tranches will be issued once each of the target cannabinoids can be produced for less than $1,000/kg of pure cannabinoids at a scale of >200 liters as follows: THC (20%), CBD (15%), THCV (15%), CBC (10%), CBG (10%), CBGV (10%), CBDV (10%), and CBCV (10%). Cronos and Ginkgo expect to reach the milestone for these eight strains within three years.

**Figure 12 Cronos and Ginkgo Partnership to Produce Eight Targeted Cannabinoids at Scale**

| | Milestone Shares Issued | |
|---|---|---|
| Target Cannabinoid | Shares | % |
| THC(A) | 2,934,981 | 20% |
| CBD(A) | 2,201,235 | 15% |
| CBC(A) | 1,467,490 | 10% |
| CBG(A) | 1,467,490 | 10% |
| THCV(A) | 2,201,235 | 15% |
| CBGV(A) | 1,467,490 | 10% |
| CBDV(A) | 1,467,490 | 10% |
| CBCV(A) | 1,467,490 | 10% |
| **Total** | **14,674,903** | 100% |

Source: Cowen and Company



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## Life Science Tools Participation In The Legal Cannabis Market (Schenkel)

Life science tools companies currently participate in the cannabis market primarily through providing instruments and equipment that: (1) extract active cannabis ingredients from leaves and seeds and (2) analyze cannabis products for potency and contaminants. According to one of our consultants who runs a cannabis testing laboratory, separations instrumentation including liquid chromatography (LC) and gas chromatography (GC), and mass spectrometry (primarily single quadrupoles, triple quadrupoles, and inductively coupled plasma mass spectrometers) are the primary technologies used in cannabis testing. We note that the cannabis testing opportunity is not limited to LC, GC, and mass spec technologies – other technologies including genetic analysis tools (DNA sequencers, microarrays, and PCR) could have a greater role in the cannabis industry in the future.

### Cannabis Testing Details

There are three major categories of tests used to measure and monitor the quality of recreational and medicinal cannabis products: potency testing, terpene profiling, and contaminant testing. Contaminant testing typically includes testing for the following: (1) pesticides; (2) residual solvents; (3) heavy metals; (4) moisture content; (5) mycotoxins; and (6) microorganisms.

For the most part, standards and regulations for cannabis potency and contaminants testing are still in the infancy stage and vary widely by state – accordingly, testing of cannabis products vary greatly by locality. The aforementioned tests (also in Figure 13) are the most commonly performed tests. These tests are primarily performed using separations instruments and mass spectrometry (see pages 22-23 for details on these instruments and a list of vendors). Figure 13 lists commonly used instruments associated with a specific cannabis test.

**Figure 13 Overview Of Cannabis Testing Technologies**

| Test | Common Analytical Instrument(s) Used |
|---|---|
| Potency | LC (HPLC or UHPLC), GC |
| Terpene Profile | GC-MS, LC-UV detector |
| Pesticides | LC-MS (triple quad), GC-MS (single or triple quad) |
| Residual Solvents | GC-MS |
| Heavy Metals | ICP-MS |
| Moisture Content | Moisture balances, weight loss methods |
| Mycotoxins | LC-MS (triple quad) or immunoassays |
| Microorganisms | Mostly culturing, some PCR, few MALDI-TOF |
| Actives Extraction | Supercritical Fluid Extraction (SFE) |

Source: The Analytical Scientist and Cowen and Company

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### Background On Separations Technology And Market

#### Liquid Chromatography And Gas Chromatography – How Does It Work?

LC instrumentation is generally composed of: (1) solvent delivery system, (2) sample injector, (3) separation column, (4) detector, and (5) data acquisition unit. The solvent delivery unit pumps the solvent through the LC system while the sample injector introduces the sample into the solvent flow (known as the mobile phase). The chromatography column then separates the sample into its components for analysis by the detector, which measures the presence and amount of constituents. The data acquisition unit then records and stores the information from the detector. The underlying principles of GC are similar to those of LC, with the key difference being that the mobile phase is a gas instead of a liquid.

#### LC Is Often Combined With Mass Spec

To obtain the mass spectrum of a single compound in a mixture, the individual components must be separated prior to MS analysis. Separation is necessary for unambiguous identification because multiple compounds present simultaneously create an overlapping or mixed spectrum. The most common separation techniques used in combination with MS are gas chromatography (GC) and liquid chromatography (LC). LC and MS from different vendors can be combined. LC is more commonly used as high temperatures required for GC make it incompatible with the compounds under analysis - this is a key reason why some cannabis testing labs prefer testing THC using liquid chromatography (to be clear, analysis using gas chromatography requires heating THC which changes its properties).

#### Chromatography Market Estimates

**Figure 14 Overall Chromatography Market ($MM)**

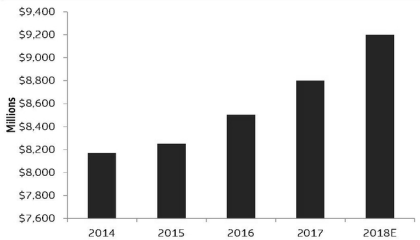


Source: Company reports and Cowen and Company

**Figure 15 Chromatography Market Shares**

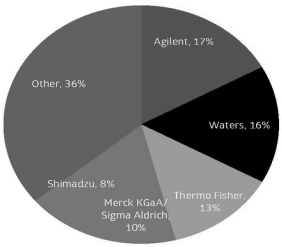


Source: Company reports and Cowen and Company

**Figure 16 Chromatography Market by Configuration**

| | Market | H/UPLC | GC | IC | LPLC | Flash | Other |
|---|---|---|---|---|---|---|---|
| Market Share | 100% | 60-65% | 22% | 6% | 6% | 1% | 4% |
| Growth Rate | 3-4% | 4% | 3% | 4% | 5% | 3% | 3% |
| Market Leaders | | WAT | A | TMO | GE | Teledyne | |
| | | A | Shimadzu | Metrohm | BIO | Biotage | |

Source: Company reports and Cowen and Company



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## Consumer Products Opportunities (Azer)

In 2018, the CBD market in the U.S. has been estimated to have generated revenues ranging from ~$600 mm to as much as $2 bn. In our 2019 global cannabis outlook report (here), we had believed the CBD purchases in the U.S. likely skewed to the lower-end of that range. However, with new survey data from Cowen's proprietary consumer survey, we can see that among our ~2,500 respondents (18+) in January 2019 nearly 7% reported using CBD as a supplement. Coupled with the diverse form factors reportedly being used (including close to 20% for beverages, which was surprising to us), we are now inclined to size the current market at closer to $2 bn.

Indeed, looking at Google search trends, we can see that interest looks to have climbed steadily in 2016 and 2017, and accelerated meaningfully in 2018, which has continued into 2019.

**Figure 17 CBD Interest Has Been Increasing**

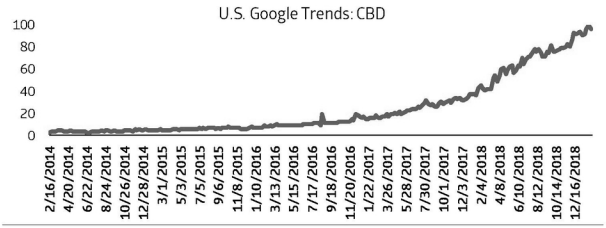


Source: Google Trends and Cowen and Company

Encouragingly, interest has been rising consistently among different form factors, ranging from supplements like CBD gummies, to topicals and oils. The rising interest and popularity in this broad range of CBD offerings should support a diverse category and multiple competitors that cater to a large base of consumers with different needs, requiring various applications.

**Figure 18 Interest Broad Based from Edibles...**

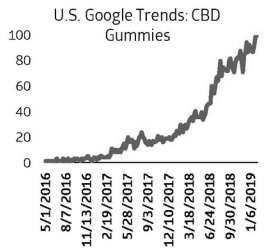


Source: Google Trends and Cowen and Company

**Figure 19 ...to Topicals...**

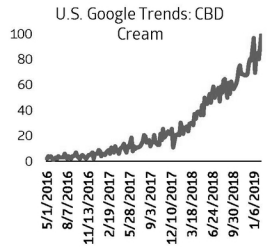


Source: Google Trends and Cowen and Company

**Figure 20 ...To Oil**

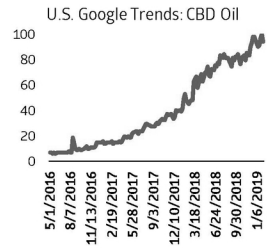


Source: Google Trends and Cowen and Company

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To further reinforce how CBD has been gaining interest over time, we analyzed the historical number of hemp oil products offered by Amazon (AMZN, John Blackledge), where we can see a continued increase in the number of products sold. Indeed, six years ago, Amazon had been offering roughly 5,000 products, which has quadrupled to over 20,000 products today.

**Figure 21 Over 20K Hemp Oil SKUs Offered by Amazon Today...**

| # of Hemp Oil Products on Amazon | | | |
|---|---|---|---|
| **Date** | **# of Products** | **Date** | **# of Products** |
| **1/23/2013** | 4,975 | **11/8/2014** | 11,587 |
| **2/1/2013** | 5,039 | **2/7/2015** | 12,370 |
| **1/10/2014** | 8,507 | **3/2/2015** | 12,430 |
| **2/10/2014** | 9,642 | **3/20/2015** | 12,741 |
| **8/10/2014** | 11,694 | **7/7/2015** | 13,963 |
| **10/12/2014** | 11,904 | **1/2/2019** | > 20,000 |

Source: Amazon and Cowen and Company

**Figure 22 ...Which Has Increased 4-Fold Over the Past 6 Years**

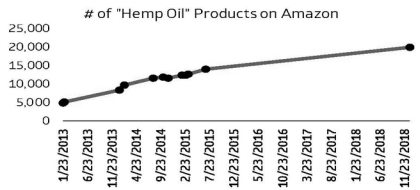


Source: Amazon and Cowen and Company

With reported CBD use skewing toward younger consumers, it is perhaps not surprising to see that CBD also over-indexes to lower-income consumers (where younger consumers generally have lower household incomes). What is more, CBD seems to be the most popular among Caucasians, following by Hispanic / Latino consumers. Meanwhile, CBD use is slightly more popular among women (7.0% incidence), vs. men (6.7% incidence).

**Figure 23 CBD Over-Indexes with Low-Income...**

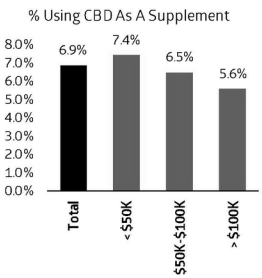


Source: Cowen Survey, N=~2500, January 2019

**Figure 24 ...Young Consumers (Ages 18-34)...**

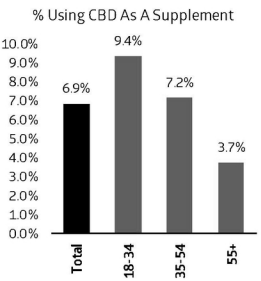


Source: Cowen Survey, N=~2500, January 2019

**Figure 25 ...And Caucasians**

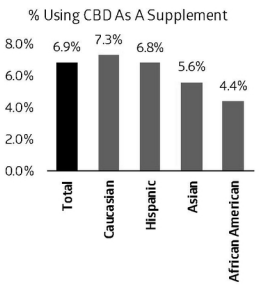


Source: Cowen Survey, N=~2500, January 2019

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Given increasing interest, younger consumer demographic trends, and a lack of paid advertising within the space, below we offer a snapshot of the Instagram landscape as a proxy for current company social media activity. We would caveat that this is not an exhaustive list, nor does the below chart factor in the impact of influencer marketing, which is a popular trend in order for these companies to drive brand momentum. That said, we believe the below chart reflects the competitive nature of the category as we are already starting to see momentum from less known, emerging brands.

Of the companies analyzed, the below chart reflects the top 17 brands by absolute Instagram followers, while also providing data on the absolute number of posts over the month of January, as well as the average number of likes per post.

**Absolute Followers.** As it currently stands, three companies have an Instagram following of over 100K people, with CBDFX leading the pack at 181K. Kush Queen and GT's Kombucha also look to be well positioned with 168K and 145K followers, respectively.

**# of Posts.** Blue Ridge Hemp was the most active over the month of January with 84 posts, followed closely by Hemp Bombs (79 posts) and Pure Hemp Shop (57 posts). Across the competitive set, the average number of posts for the month of January was 32.

**Avg Likes Per Post.** In addition to having one of the largest number of absolute followers, GT's Kombucha also led the way in average likes per post (1,863). This was followed by super premium CBD company, Lord Jones, with 1,318 average likes per post. Not Pot rounded out the top three with 1,257 average likes per post.

We would note that while we consider the below analysis useful in terms of analyzing social media activity, it should not be used as a proxy for market leadership. Publicly traded companies such as Charlotte's Web, CV Sciences and Elixinol have established themselves as market leaders within CBD, based on distribution / market penetration, consumer awareness, and brand equity.

**Figure 26 Instagram Analysis Reflects Competition From Emerging Brands**

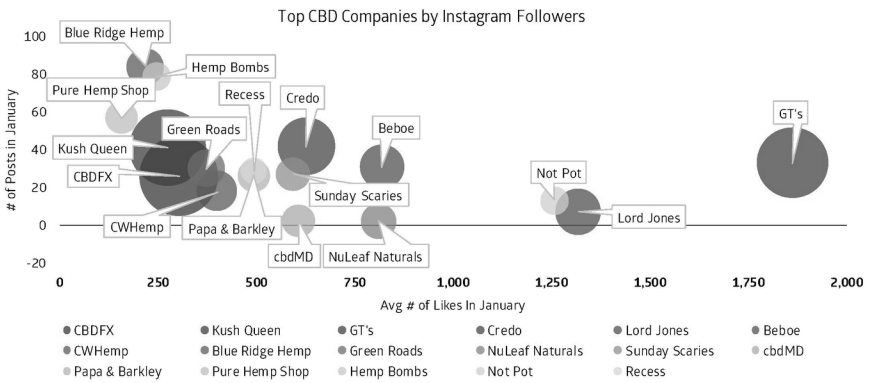


Source: Instagram and Cowen and Company
Note: Bubble size reflects relative number of Instagram followers

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From a consumer staples perspective, we see innovation across a host of form factors. To analyze the category's potential, we focused on six specific consumer product categories, including:

i. Nutraceuticals (tinctures, capsules, sprays, and gummy vitamins)
ii. Topicals (for targeted pain relief, like Tiger Balm)
iii. Beverages (water, energy drinks and beer)
iv. Food (including confections and bars)
v. Vapor
vi. Beauty (including skin care, serums, lotions, and bath products)

While our analysis was far from exhaustive, below we:

i. Break down the above product categories by sub-segment to benchmark pricing, which we define as value, main, premium and super-premium,
ii. Forecast run rate revenues by vertical over the next two years,
iii. Offer company-specific detail on numerous private and public companies as part of our research on the CBD opportunity (primarily in the U.S.).

**Figure 27 Beauty Products Carry the Most Premium Pricing, While Tinctures and Gummies Offer the Best Value Proposition in Terms of Price / MG of CBD**

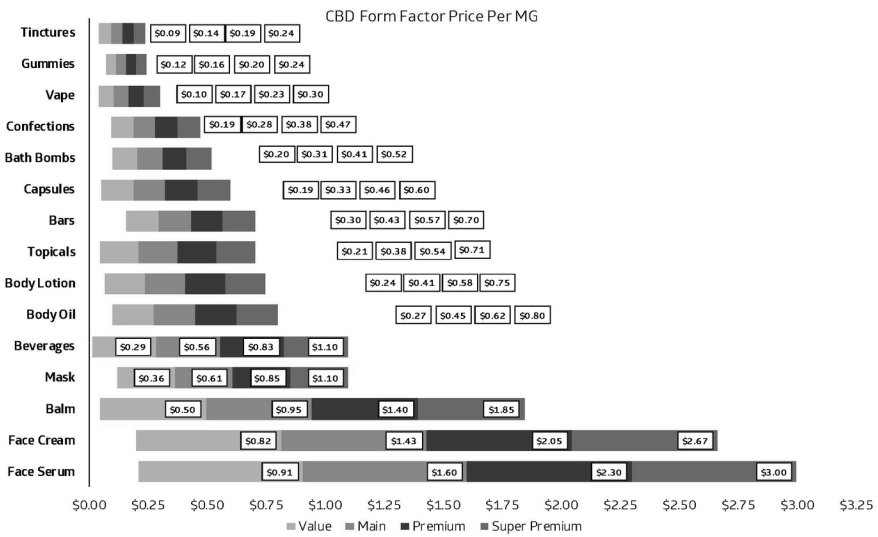


Note: Price boxes represent the high-end of the form factor's respective price segment.
Source: Company Websites and Cowen and Company



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### Nutraceuticals

Given robust consumer interest in CBD products, we estimate that over the next two years, the nutraceuticals category (which includes tinctures, capsules, gummy vitamins, etc.) can generate revenues of $2.4 bn. Uncertainty around the timing of this revenue ramp reflects a lack of clarity on how quickly retailers, in particular mass market retailers, will begin to stock the products following the passage of the 2018 Farm Bill.

**Figure 28 We Estimate CBD Nutraceuticals Can Generate ~$2.4 BN in Sales Going Forward**

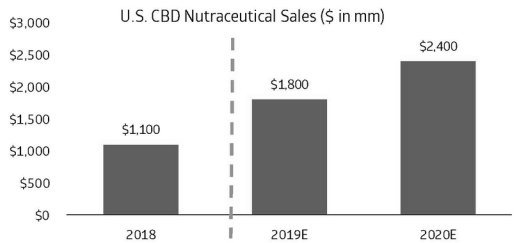


Source: Cowen and Company

Our $2.4 bn estimate is benchmarked against the herbal supplement market in the U.S. According to the American Botanical Council, herbal supplement retail sales were $6.4 bn in 2014, posting the 11th year of consecutive growth. Between 2004-2014, the herbal supplement category grew its revenues at a ~4.2% CAGR. Extrapolating that growth out to 2019 would imply a total herbal supplement market of ~$8 bn over the next two years. Our $2.4 bn estimate for the CBD market would imply almost a 30% share of this market by 2020. The importance of retail adoption is reflected in the category makeup of the herbal supplement market, where we can see that over 17% of sales come from mass market retailers.

**Figure 29 Mass Market Makes Up ~17% of Herb Retail Sales**

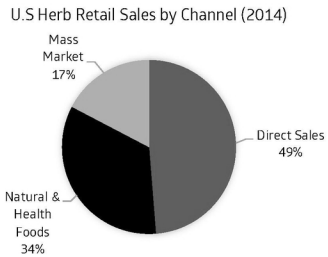


Source: American Botanical Council and Cowen and Company

**Figure 30 Herb Retail Sales To Exceed ~$8 BN Assuming 4.2% CAGR**

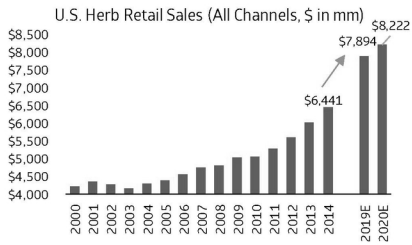


Source: American Botanical Council and Cowen and Company



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Tinctures are the market leading form factor within CBD, which is reflected in the absolute number of companies that play across different price segments. On a price / mg CBD basis, Lord Jones leads the pack on premium pricing, with its tincture priced at $0.24 per mg of CBD. Lazarus falls at the opposite end of the price spectrum at $0.04 per mg of CBD. The vast number of price points throughout this segment reflects an abundance of choice for the consumer, providing options for all income cohorts.

**Figure 31 Notable Competition Within Tinctures Segment**

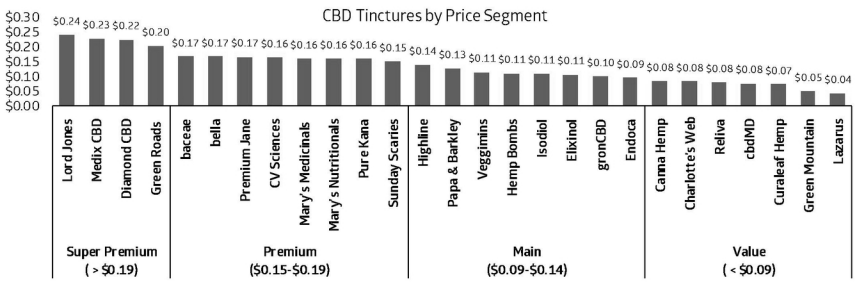


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

In our consumer survey, of respondents who use CBD, 44% of people use tinctures as a form factor, which looks to be equally popular among both male and females. Interestingly, tincture use looks to be the most prevalent form factor among older consumers, as two-thirds of respondents within this cohort indicated use of a tincture. Tinctures look to be the most popular form factor across all income demographics, with over 50% of people using within the $50K-$100K segment.

**Figure 32 Tinctures Are The Most Popular Form Factor**

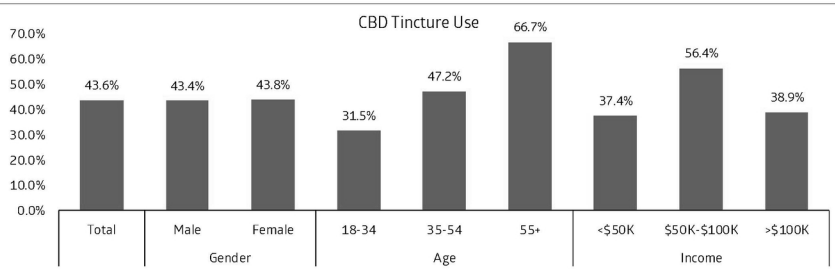


Source: Cowen Survey, N=~2500, January 2019

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**Figure 33 Lord Jones Price Point Reflects Premium Positioning**

Source: Company Reports

**Figure 34 CV's Plus CBD Oil Competitively Positioned Within Premium**

Source: Company Website

**Figure 35 Papa & Barkley Currently Offer Tinctures Only**

Source: Company Website

**Figure 36 Reliva Tinctures Compete On Value**

Source: Company Website

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Along with tinctures, capsules represent one of the more mature form factors within CBD. Mary's looks to be squarely positioned as the most premium brand across all companies analyzed, in particular for their Elite capsule line, which offers 150 mgs of CBD and retails for $90. For context, the closest price point to Mary's comes from Sagely Naturals at $0.17 per mg. Brands look to be very competitively priced in terms of value, with seven of the brands coming in at $0.10 or below.

**Figure 37 Capsules Competitively Priced On Value**

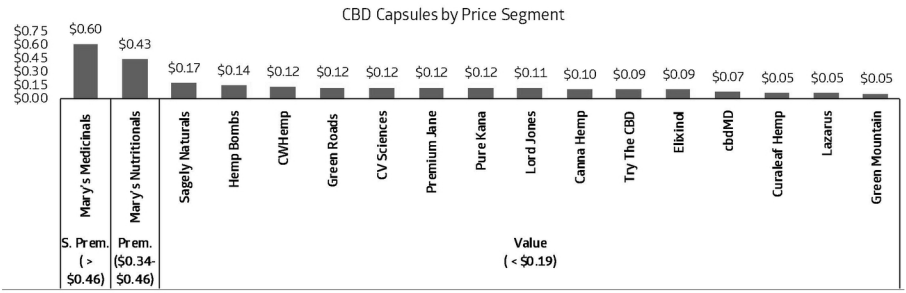


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

Utilizing our proprietary consumer survey, CBD capsule use looks to over-index with males, which shows over a 10 pt delta relative to women. In addition, on a relative basis to other form factors, CBD capsule use is more popular with younger, lower-income consumers, which perhaps explains the notable competition seen within the value segment.

**Figure 38 Capsule CBD Use Over-Indexes To Males And Skews Younger And Lower Income**

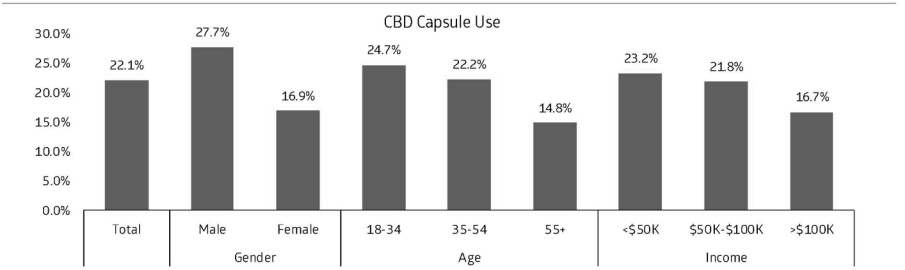


Source: Cowen Survey, N=~2500, January 2019)

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**Figure 39 Mary's Capsules Are Priced At A Premium**

Source: Company Reports

**Figure 40 CWeb is One Of The More Well Known CBD Capsule Providers**

Source: Company Website

**Figure 41 Elixinol Offers Differentiated Packaging**

Source: Company Reports

**Figure 42 Lazarus Competes At The Low-End of Value**

Source: Company Website

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For gummies, we analyzed 30 SKUs across 13 brands. Our analysis shows that CV Sciences' CBD Oil Gummies are the most premium priced at an average $0.24 per mg of CBD. CV Sciences offers two SKUs with their 30 capsule bottle providing 150 mgs of CBD for $39.95, while their second SKU offers a slightly better value proposition, with a 60 count bottle providing 300 mgs of CBD for $64.95 ($0.22 per mg).

Hemp Bombs had the largest number of SKU's relative to the other brands analyzed (7), while also having the highest absolute price point ($139.99 for a 60 gummy bottle with 1,500 mgs of CBD), though the average price per mg of CBD positioned the brand within the main segment.

Similar to its tincture offering, we would note that Highline falls broadly in the middle of its peers, as their direct-to-consumer business model allows the company to offer competitive pricing across its portfolio.

Almost half of the brands analyzed fell into the value segment, all priced at $0.10 per mg of CBD or lower. Across all 30 SKUs, average retail price was ~$50 per offering, with an average 450 mgs of CBD offered per bottle.

**Figure 43 Almost Half Of The Brands Analyzed Fall Into The Value Segment**

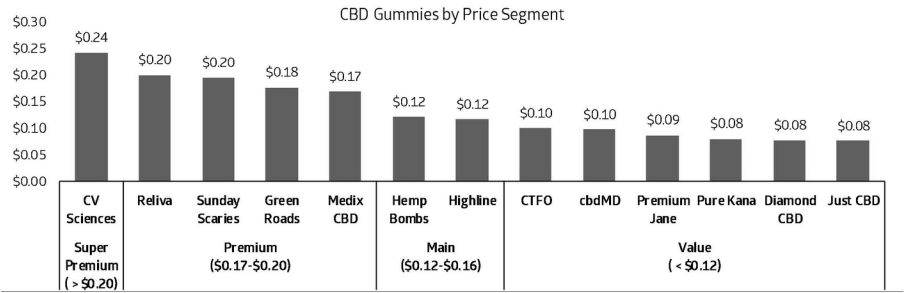


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

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**Figure 44 CV Sciences Gummies Are Priced At A Premium**

Source: Company Website

**Figure 45 Green Roads' 300 MG Gummies Retail For $55**

Source: Company Website

**Figure 46 Highline Is Priced Competitively**

Source: Company Website

**Figure 47 cbdMD Offers Two 30 Count SKUs (300 mgs and 750 mgs)**

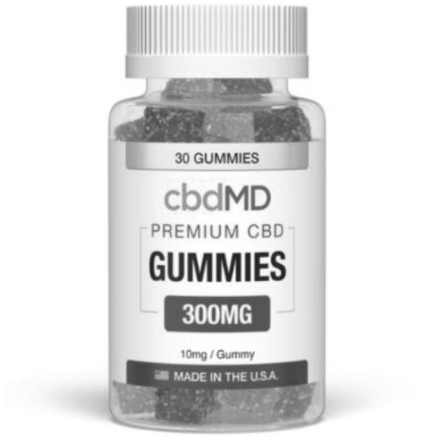


Source: Company Website

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**Topicals**

Outside of nutraceuticals, we expect the topical CBD market to provide the largest contribution to industry sales. We believe the non-ingestible nature of the product makes it more attractive to consumers looking to experiment in CBD and can provide a source of trial into the category. While the CBD market clearly needs more clinical research into the benefits of the cannabinoid, it has been suggested that two of the primary benefits are anti-inflammation and muscle recovery, which can cater to a large and diverse consumer base.

Over the next two years, we expect the topical CBD market to grow to $1.5 bn (almost $1 bn less than our outlook for nutraceuticals). We estimate that in 2018, the total addressable U.S. topical market, which includes both OTC and rx offerings was ~$12.8 bn. If we assume no growth in the category base, a $1.5 bn CBD category by 2020 would imply a ~12% share of the market, the largest market share among all of the categories analyzed, excluding nutraceuticals.

**Figure 48 U.S. Topical Category Generates ~$13 BN In Revenue**

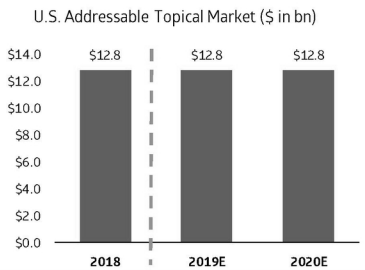


Source: Company Reports and Cowen and Company

**Figure 49 We Believe CBD Topicals Could Be A $1.5 BN Market in 2 Years**

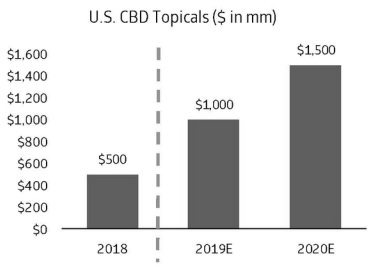


Source: Cowen and Company

Our below scenario analysis provides a wider incremental range of market share outcomes relative to other categories. We can see that every 5 pts of market share capture is worth over $600 mm in revenues. While our analysis contemplates a 2% share of the topical market, we believe that this is unlikely and view the floor at ~7%, which would imply almost $900 mm in revenues by 2020. Given the number of companies providing topical solutions, coupled with what we expect to be robust consumer demand, a market share between 12-17% is not unrealistic.

**Figure 50 Topicals Expected To Be a Major Contributor to CBD**

| 2020 Market Share Scenario Analysis | | | | | |
|---|---|---|---|---|---|
| **Market Share** | 2% | 7% | 12% | 17% | 22% |
| **Absolute Sales ($ in mm)** | $220 | $860 | $1,500 | $2,140 | $2,780 |

Source: Cowen and Company



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Benchmarking across the topical market, we would highlight the absolute number of brands offering a product, which while not exhaustive, provides context on the popularity of the form factor. Similar to most other verticals, Mary's topicals fall into the super-premium segment, which we define as anything above $0.54 per mg of CBD. Of all the SKUs analyzed, the premium segment looks to be the narrowest, while mainstream and value segments are the most popular price point among the competitive set.

**Figure 51 Popularity in Topicals Are Reflected In The Overall Number Of Brands Playing Within The Segment**

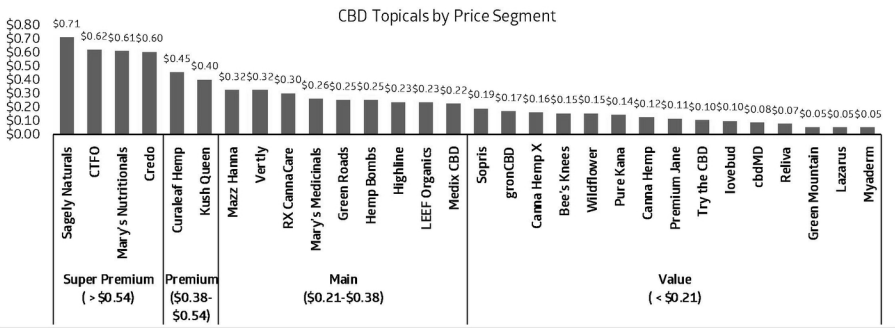


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

According to our proprietary Cowen consumer survey, of respondents who use CBD, 26.2% of people use topicals as a form factor, which is the highest level seen after tinctures. Usage among men and women look to be similar, though younger, lower income use looks to be more prevalent when benchmarking to older, higher income cohorts. Similar to capsules, this could reflect the large number of brands we see playing in the value segment.

**Figure 52 Topical Use Is More Prevalent Among Younger, Lower Income Consumers**

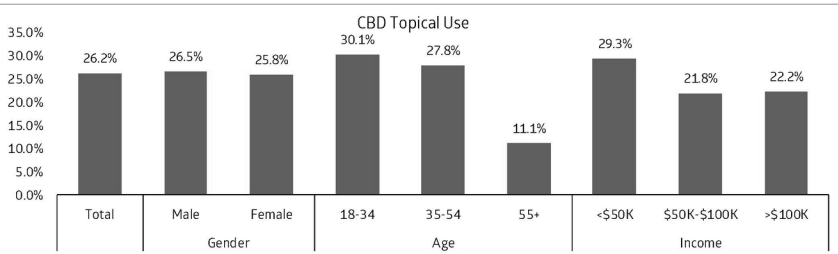


Source: Cowen Survey, N=~2500, January 2019

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**Figure 53 Mary's Provides A Range Of Topicals, Including Muscle Freeze**

Source: Company Report

**Figure 54 Curaleaf Hemp Lotion Priced On The Premium Side**

Source: Company Website

**Figure 55 Highline Positioned Within Mainstream**

Source: Company Website

**Figure 56 Reliva's Pain Cream Retails For $19.99**

Source: Company Website



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## Beverages

Over the next two years, we believe that the beverage category can grow to a $900 mm revenue opportunity. Our conviction in this category is underscored by our proprietary consumer survey, which shows that almost 20% of CBD users consume beverages, which we view as an encouraging sign. For 2019, we are forecasting a notable acceleration in growth, with revenues more than doubling to $600 mm. Assuming growth moderates in 2020 (to 50%), we believe revenues will approach the $1 bn mark.

**Figure 57 Sales for Beverages Can Approach $1 BN Over the Next Two Years**

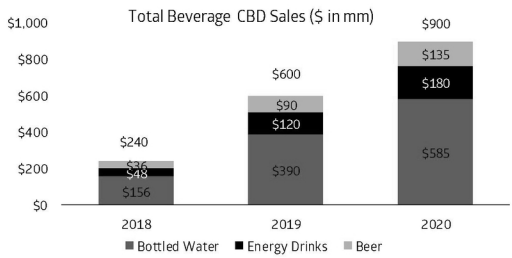


Source: Cowen and Company

Below we provide a sub-segment build by category, where we believe CBD water will represent the lion's share of sales at 65%. Energy drinks have been focused on health and wellness and we believe that CBD-infused energy drinks will represent a niche segment in a category that continues to see more competition. We expect CBD beer to have a place in the category, though should admittedly be smaller in scale, given less interest from a lack of THC.

**Figure 58 CBD Water Should Have An Outsized Contribution On Category Sales**

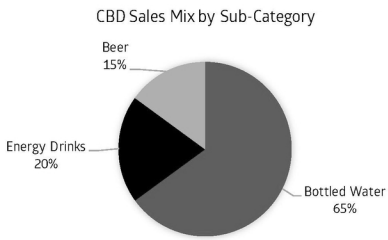


Source: Cowen and Company

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### Bottled Water

Consumer interest in CBD continues to gain momentum. For beverages, in particular water, this is evidenced by analyzing current Google Trends, where interest rose considerably over the course of 2018 and looks to still be achieving new highs, which is not surprising, given the recent passage of the U.S. Farm Bill.

**Figure 59 Bottled Water Should Be The Most Popular CBD Beverage**

| 2020 Market Share Scenario Analysis | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Market Share** | 0.6% | 1.1% | 1.6% | 2.1% | 2.6% | 3.1% | 3.6% |
| **Absolute Sales ($ in mm)** | $159 | $301 | $443 | $585 | $727 | $869 | $1,011 |

Source: Cowen and Company

**Figure 60 Increasing Interest Reflected In Google Search Trends**

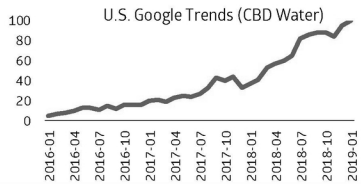


Source: Google Trends and Cowen and Company

Over the next 2 years we believe that the U.S. CBD water category can generate close to $600 mm in revenues. In Nielsen, U.S. bottled water generated just over $13 bn in 2018. Assuming Nielsen channels account for 50% coverage of the category implies total revenues of over $26 bn. Applying the 4.2% CAGR the category has grown over the last 3 years and extrapolating out results in total revenue surpassing $28 bn by 2020. Our estimates are premised on CBD water achieving a ~1.5% market share in 2019 and a conservative ~2% market share of the U.S. bottled water category in 2020. We would note that a ~2% share of the bottled water category compares to a ~3% share for coconut water. With the amount of consumer interest and potential functional benefits that come along with CBD, we believe that a modest 2% share of the category is reasonable, in particular if multiple larger players within the beverage space enter the category and drive distribution. Above, we provide a scenario analysis on the revenue opportunity assuming different market share levels.

**Figure 61 A 2% Share Implies Over $500 MM In Revenues**

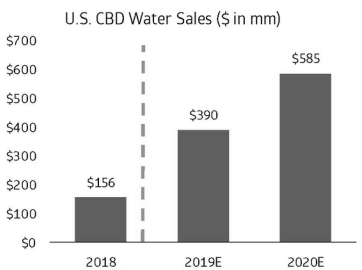


Source: Cowen and Company

**Figure 62 Bottled Water Category Growth Remains Healthy**

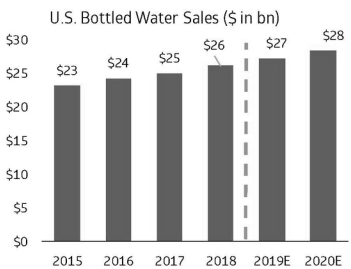


Source: The Nielsen Company and Cowen and Company
Note: Assumes 50% coverage in Nielsen



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### Energy Drinks

Energy is another beverage category that we feel is ripe for CBD inclusion, as it continues to expand towards health and wellness propositions. This has been reflected in consistent strong growth from MNST's Ultra line, which offers functional benefits without the sugar, Muscle Monster, which is high in protein, as well as the emergence of Bang, which contains BCAA. At their recent Analyst Day, MNST indicated that they will be launching a new product called Reign, which will offer 5x the amount of BCAA as Bang. As the lines between core energy drinks and health and wellness offerings continue to blur, we would expect all of the major players to come to market with offerings that contain CBD and provide incremental functional benefits (such as muscle recovery).

We believe that by 2020 it is reasonable for CBD's share of the energy category to reach ~1%, which we view as conservative as it is below the current market share run rate that Bang has already been able to achieve. A 1% share would imply revenues of ~$180 mm for the CBD segment, assuming that the category continues to grow at the same 4.3% CAGR it has delivered over the past three years. We can see below that implied category revenues for total energy would grow by over $1 bn over the next two years to ~$17 bn.

**Figure 63 Almost $200 MM In Revenues Assuming 1% Share By 2020**

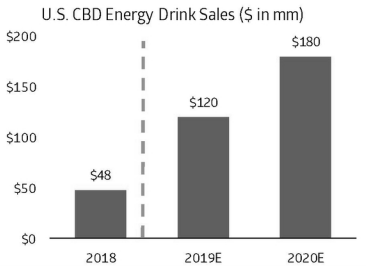


Source: Cowen and Company

**Figure 64 Extrapolating 4.3% CAGR Results In Category Revenues Surpassing $17 BN In 2 Years**

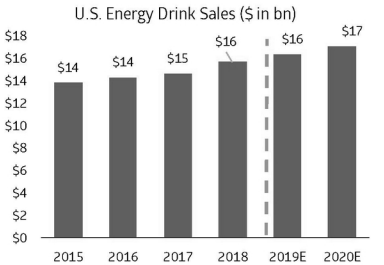


Source: The Nielsen Company and Cowen and Company
Note: Assumes 75% coverage in Nielsen

Below we provide a scenario analysis on CBD energy revenues associated with market share gains. We would note that a 0.3% share by 2020 would be at the low-end of our expectations and result in revenues of ~$50 mm. As a point of reference, recall that Mutant, which did not perform to expectations and has essentially been de-prioritized by MNST, has a current market share of ~0.2%.

**Figure 65 Blurred Lines Between Core Energy And H&W Make CBD Ripe For Entry Into Category**

| 2020 Market Share Scenario Analysis | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Market Share** | 0.3% | 0.6% | 0.8% | 1.1% | 1.3% | 1.6% | 1.8% |
| **Absolute Sales ($ in mm)** | $52 | $95 | $137 | $180 | $223 | $265 | $308 |

Source: Cowen and Company



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**Beer**

We believe CBD infused beer can serve as a niche segment in a rapidly evolving beer category. With core beer under pressure, a continued theme from the key manufacturers within the space has been a focus on innovation, as well as a move away from alcohol into low and no-alcohol offerings (ABI is targeting 20% of portfolio to be low / no alcohol by 2025).

On the innovation front, hard seltzer looks to be resonating with consumers, which we believe is sticky, as it offers consumers a new product and opportunity to drive incremental drinking occasions, while checking the box from a health and wellness standpoint. In 2018, the hard seltzer category achieved a 1% market share of the combined beer category, which includes, core beer, cider and FMBs. If we assume that CBD-infused beer is able to capture a modest fifth of that amount of share by 2020 (~20 bps), that could result in a revenue opportunity of over $130 mm. We have been hearing growing interest in companies looking to combine CBD in alcoholic beer to offer potential hangover relief.

**Figure 66 Hard Seltzer Achieved A 1% Dollar Share In 2018**

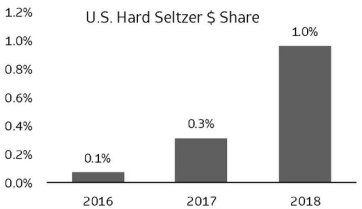


Source: The Nielsen Company and Cowen and Company

**Figure 67 Assuming ~20 Bps Of Share For CBD Beer = $135 MM**

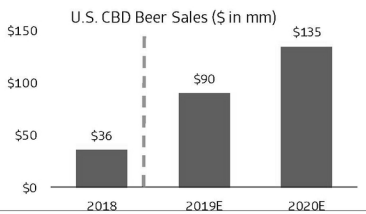


Source: Cowen and Company

These estimates are benchmarked to a category that has grown sales at a 1.6% CAGR over the past three years. If we assume Nielsen provides 50% coverage of the total category and extrapolate that growth out, total off-premise revenues should approach $72 bn by 2020. We provide a sensitivity analysis below on the 2020 revenue opportunity based on different levels of market share capture. We estimate every 5 bps of share is worth $36 mm.

**Figure 68 1.6% Growth Should Result In Category Revs Of ~$72 BN**

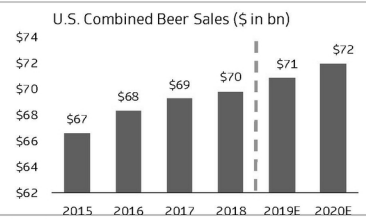


Source: The Nielsen Company and Cowen and Company
Note: Assumes 50% coverage in Nielsen; off-premise sales only

**Figure 69 Each 5 bps Of Share Is Worth $36 MM In Revenue**

| 2020 Market Share Scenario Analysis | | | | | |
|---|---|---|---|---|---|
| **Market Share** | 0.09% | 0.14% | 0.19% | 0.24% | 0.29% |
| **Absolute Sales ($ in mm)** | $63 | $99 | $135 | $171 | $207 |

Source: Cowen and Company



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There are a solid amount of beverage companies currently playing within the space, largely price positioned within the mainstream and value segments of the market. We would highlight that on a price per mg basis, beverages skew higher across the board, relative to tinctures, capsules and gummies.

**Figure 70 Beverage Price Points Are Premium Relative To Tinctures, Capsules, Gummies, And Topicals**

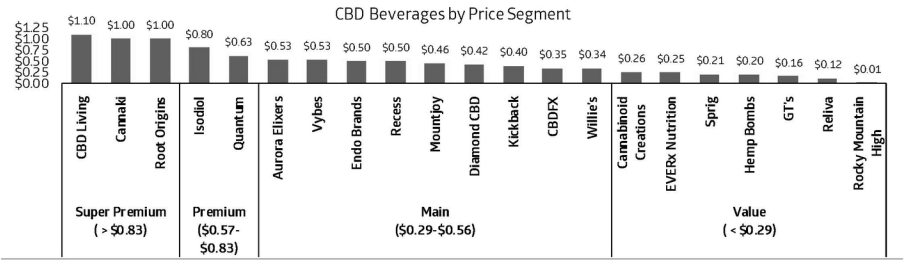


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

Based on our survey, of respondents that use CBD, 19.2% use beverages as a form factor, which is admittedly higher than we would've expected given the nascent stage of the category. Similar to both capsules and topicals, beverage use is a more popular choice among younger, lower income consumers (by a wider margin relative to other age cohorts compared to the other categories). This leaves us optimistic on the future prospects of the category as a waterfall effect can result in an increase in category mix.

**Figure 71 Popularity Among Younger Consumers Can Result In A Waterfall Effect Over Time**

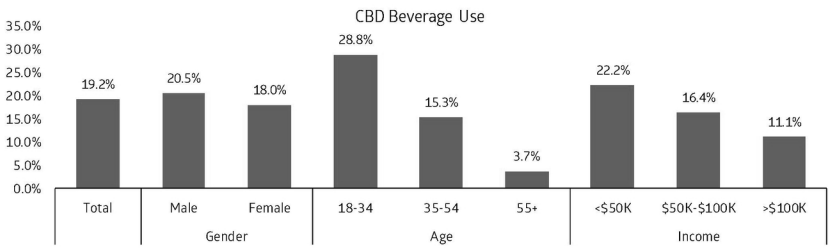


Source: Cowen Survey, n=~2500, January 2019

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**Figure 72 Recess Offers Impressive Packaging**

Source: Company Reports

**Figure 73 Sprig Offers A Variety Of Flavor Options**

Source: Company Website

**Figure 74 Shots May Overlap with Energy Over Time**

Source: Company Website

**Figure 75 Willie's Recently Came to Market with a Coffee**

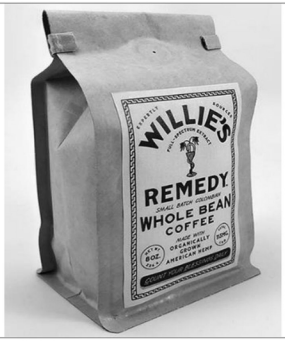


Source: Company Website

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**Beauty**

The U.S. beauty category, which is inclusive of skin care, cosmetics, haircare, fragrance, bath & body, salon styling tools, and other toiletries, is a ~$87 bn industry according to Euromonitor International and IBIS World Inc. Within mass beauty, the prestige segment grew 6%, accounting for almost $19 bn in revenue in 2018 according to NPD. If we extrapolate the 6% growth in prestige beauty out through 2020, that would result in segment revenues surpassing $21 bn over the next two years.

**Figure 76 Total U.S. Beauty Is A ~$87 BN Industry**

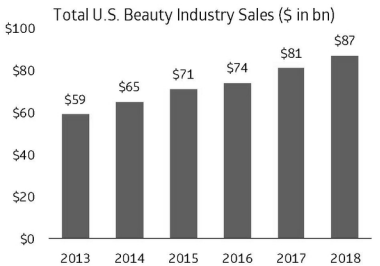


Source: Company Reports and Cowen and Company

**Figure 77 Prestige Can Grow To Over $21 BN By 2020**

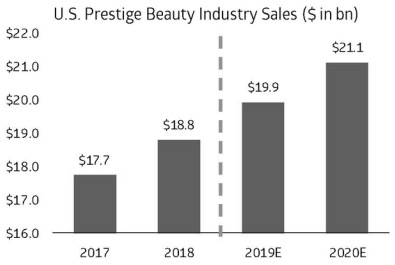


Source: NPD and Cowen and Company

We expect that CBD beauty will become more of a focus for consumers, as large-scale manufacturers and retailers begin to roll out more products, which will presumably generate positive mix and result in a step-change in market share capture. As such, we believe that a ~1% share of the prestige market is achievable in 2019, doubling to 2% in 2020, which would equate to over $400 mm in sales. The below analysis provides a scenario of revenue outcomes based on share capture, ranging from ~$200 mm to over $600 mm.

**Figure 78 CBD Beauty Sales Can Surpass $400 MM By 2020**

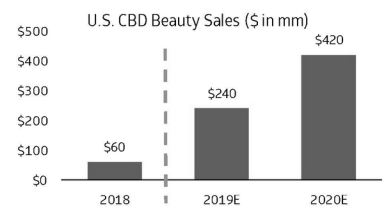


Source: Cowen and Company

**Figure 79 Each 50 bps Of Share Is Worth Over $100 MM In Revenue**

| 2020 Market Share Scenario Analysis | | | | | |
|---|---|---|---|---|---|
| **Market Share** | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% |
| **Absolute Sales ($ in mm)** | $209 | $314 | $420 | $526 | $631 |

Source: Cowen and Company



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Beauty products, and face treatments in particular, command price points notably above other form factors across the space, which will presumably offer by far the highest gross margins. Among high-end face creams, Cannabliss Organic and CTFO provide 30 mgs and 20 mgs of CBD respectively, while commanding price points ranging from $50-$80.

**Figure 80 Beauty Facial Products Command Meaningfully Higher Price Points**

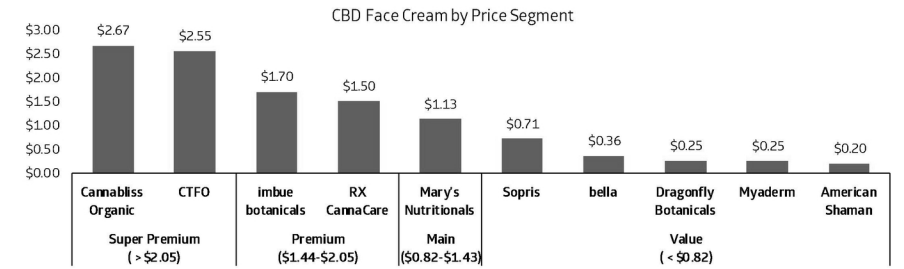


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

Face serums look to be even more expensive across all segments, with price points from mainstream through super-premium ranging from over $1 to $3 per mg of CBD.

**Figure 81 Face Serums Are The Most Expensive On A Price/MG Basis**

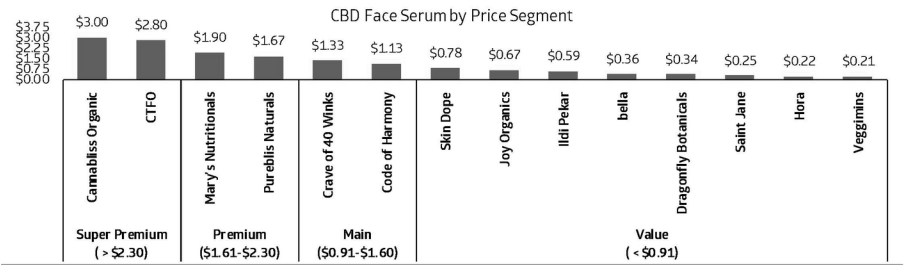


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

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Body lotions offer more value per mg of CBD, relative to facial beauty products, with Mary's and Lord Jones positioned at the high-end of the competitive set. To segment from the broad topicals market, we would note that we classified beauty creams as products offering soothing and moisturizing characteristics (as opposed to targeted pain relief).

**Figure 82 Body Lotions More Moderately Priced Relative To Facial Beauty Products**

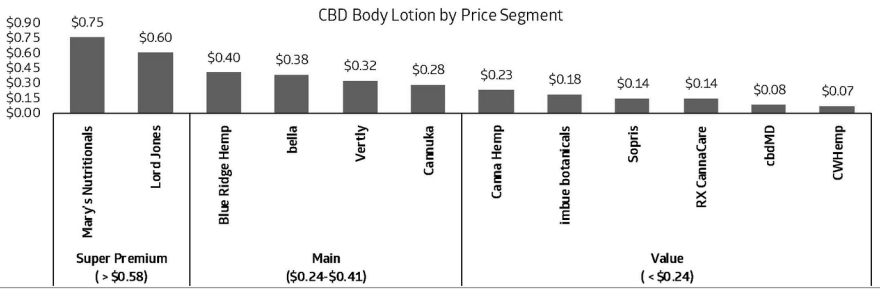


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

Bath products are not surprisingly the most reasonably priced within beauty. We would note that cosmetics are still a niche category within CBD, which is reflected in the lower number of products and SKUs currently offered. That said, we believe the multiple sub-categories offering CBD products will appeal to a broad range of consumer demographics.

**Figure 83 Bath Bombs Are A Niche Segment**

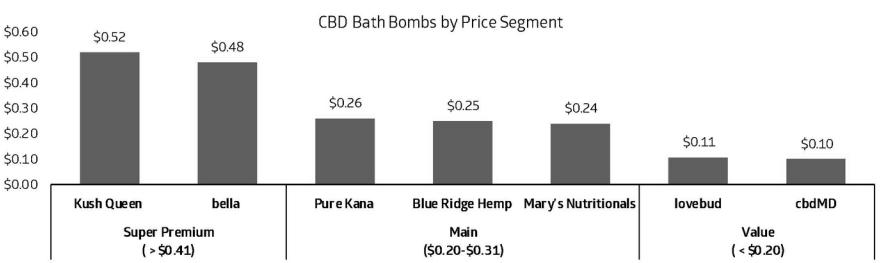


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

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**Figure 84 Mary's Offers Multiple Beauty Products**

Source: Company Reports

**Figure 85 Through its Recently Announced JV With Dixie Brands, Khiron Will Eventually Roll Out Its Kuida Line In The U.S.**

Source: Company Website



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**Figure 86 Lord Jones Packaging Reflects Premium Nature Of The Brand**

Source: Company Reports

**Figure 87 In Addition To A Lotion, They Also Offer A Body Oil**

Source: Company Reports

**Figure 88 CWEB Offers Creams...**

Source: Company Website

**Figure 89 ...And Balms**

Source: Company Website



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**Food (Confections)**

The food category, which we classify as confections, including gum drops, chocolates, baked goods, and bars, is expected to be one of the smaller revenue opportunities relative to nutraceuticals, topicals and beverages. That said by 2020, we believe the sales can surpass $400 mm, should the category increase its share of overall CBD to 7% by 2020. In the U.S., we estimate that the confection category (chocolate, non-chocolate and gum) grew to $25.5 bn in 2018, reflecting a 5.5% YoY growth rate. If we extrapolate that growth out over the next 2 years, the total implied confection market would surpass $28 bn. A $420 mm CBD food category would reflect just a 1.5% share of the total confectionary industry.

**Figure 90 Confectionary CBD Sales Can Surpass 400 MM By 2020**

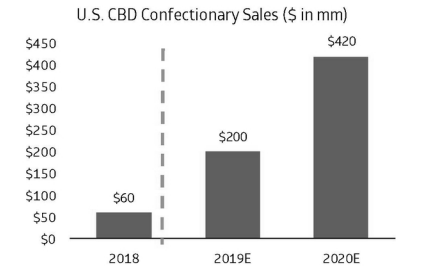


Source: Cowen and Company

**Figure 91 Extrapolating 5.5% Growth Results In Category Revenues Surpassing $28 BN In 2 Years**

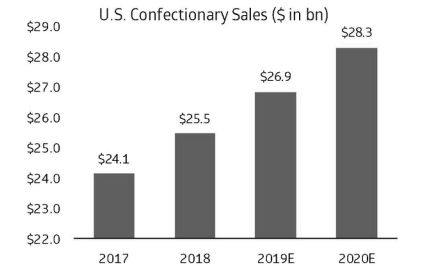


Source: IRI and Cowen and Company
Note: 2018 sales reflect latest 52 weeks ended 3/25/18

The below sensitivity contemplates the overall revenue opportunity based on CBD confections share of the overall category. While we believe a 1.5% share is reasonable and achievable, the revenue outcomes range from ~$100 mm to $700 mm based on the level of market share gains achieved over the next two years.

**Figure 92 We Believe Sales Can Range From Over $100 MM To ~$700 MM Based On Level Of Share Capture**

| 2020 Market Share Scenario Analysis | | | | | |
|---|---|---|---|---|---|
| **Market Share** | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% |
| **Absolute Sales ($ in mm)** | $137 | $278 | $420 | $562 | $703 |

Source: Cowen and Company



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Confection products are diverse, which we classify as essentially any edible food falling outside of gummy vitamins. Of the brands analyzed, super-premium brand, beceae offered by far the most SKUs (15), which largely consist of chocolates and other baked goods. We would caveat that although Lord Jones products fall into the premium segment as part of this analysis, if we were to benchmark them against the broad gummies category, they would've been at the top of the super-premium range.

**Figure 93 Confections Are Broad Based**

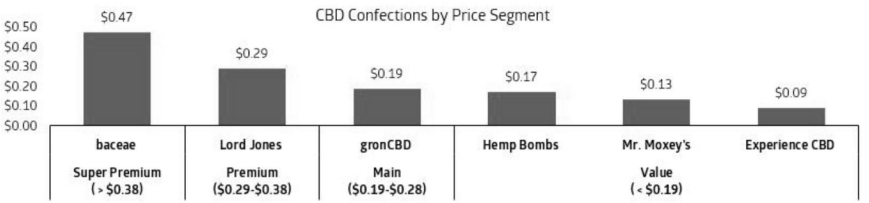

Source: Company Websites/Reports and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

**Figure 94 CBD Bars Broadly Comprised Of Protein, Power, Energy And Granola Offerings**

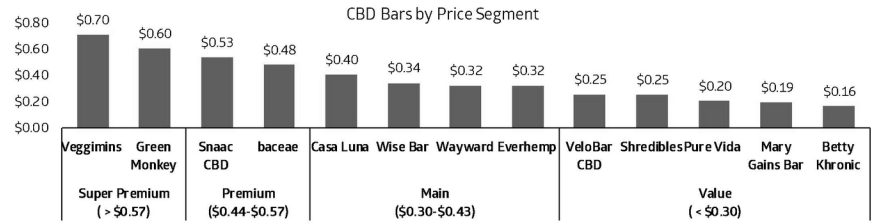


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

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**Vapor**

While vapor remains the major market share gainer across adult use cannabis, CBD only offerings are much smaller, but represent a solid growth segment. Over the next two years, we believe the category can generate over $350 mm in revenues, with upside if consumer adoption of this particular form factor resembles the adult use market for THC, or the growing popularity of nicotine vapor. We benchmark the market opportunity against the U.S. e-cigarette category, which we are forecasting to grow ~32% in 2019 and ~27% in 2020, resulting in revenues surpassing $11 bn in 2020. In addition to e-commerce, we believe there will be distribution channel overlap with e-cigs, with a focus on vape shops and convenience stores (as opposed to just dispensaries). If vapor generates $360 mm in revenues in 2020, that would result in an implied market share of 3.2%, roughly 10% of JUUL's current U.S. market share.

**Figure 95 Vapor Will Be Smaller, But Can Grow To Almost $400 MM**

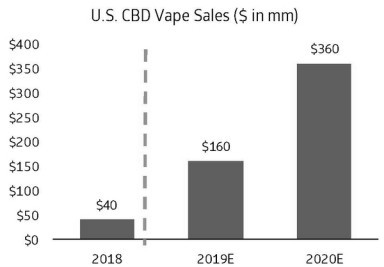


Source: Cowen and Company

**Figure 96 Our E-Cig Model Assumes Revenues Of ~$11 BN By 2020**

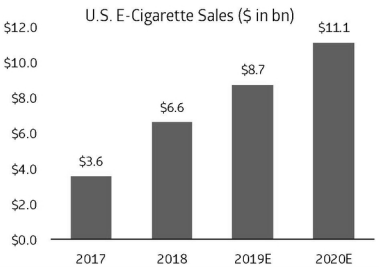


Source: Cowen and Company

The below scenario analysis shows that every 50 bps of market share capture is worth ~$56 mm in revenues. While we are forecasting CBD vape to be ~3% of the market, we believe there is upside to these numbers and that strong consumer adoption can result in revenues surpassing $500 mm.

**Figure 97 $360 MM In Revenue Implies A ~3% Share Of The Category**

| 2020 Market Share Scenario Analysis | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Market Share** | 1.7% | 2.2% | 2.7% | 3.2% | 3.7% | 4.2% | 4.7% |
| **Absolute Sales ($ in mm)** | $193 | $249 | $304 | $360 | $416 | $471 | $527 |

Source: Cowen and Company



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The below figure reflects the notable competition seen within vape as more companies continue to enter the space. In addition to CBD only-focused companies, we are starting to see crossover from adult-use / medical focused companies including Green Thumb Industries and Curaleaf Hemp. Indeed, GTI recently announced the acquisition of Beboe, which will offer a CBD vape pen with a focus on gaining distribution in high-end retail stores. Curaleaf will offer their pen through its e-commerce platform and dispensaries.

Notably, crossover does not pertain solely to cannabis companies, as Turning Point Brands recently announced a minority stake in CASH, a privately held CBD extraction and production company. With a rapidly growing vapor infrastructure in place already (from Vapor Beast, Vapor Shark and Vapor Supply), TPB has a number of avenues and distribution points, both B2B and B2C, to introduce CBD vapor products to complement its portfolio. As such, we look for new CBD product introductions from TPB over the next year, with vapor as a logical entry point and key focus area.

**Figure 98 Competition Expected to Heat Up Across Vapor**

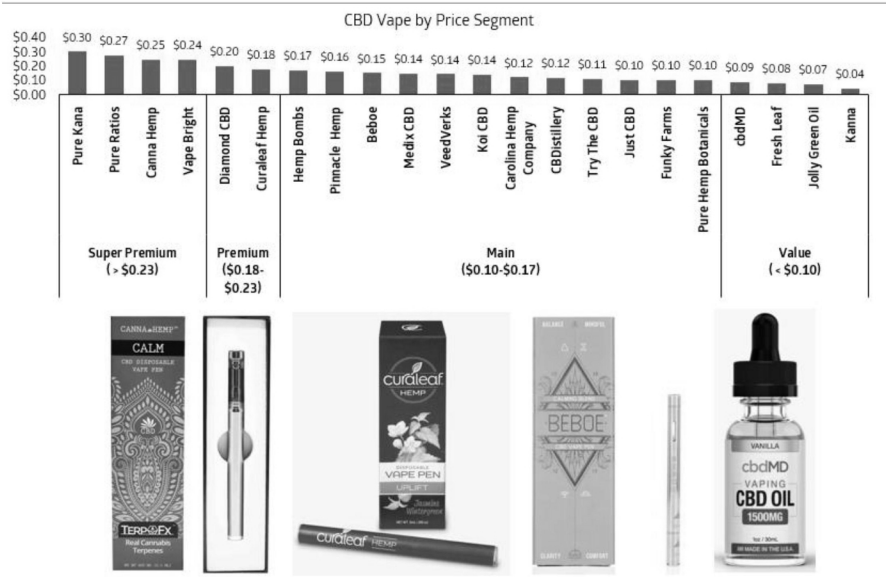


Source: Company Websites and Cowen and Company
Note: Reflects price per mg of CBD; For companies with multiple SKUs, we used a straight line average

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The below chart provides a condensed visual snapshot on company pricing in the preceding category discussions. We would highlight the broad number of categories that multiple emerging private companies are actively competing in, which is expected to increase as the category continues to gain momentum.

Below we provide company descriptions on some of the more notable public and private companies currently competing within the space.

**Figure 99 Condensed Pricing Heat Matrix By Company And Category**

| CBD Price/MG Summary Matrix | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tinctures | Capsules | Gummies | Confections | Balm | Bath Bombs | Topicals | Vape | Beverages |
| baceae | $0.17 | | | $0.47 | | | | | |
| Beboe | | | | | | | | $0.15 | |
| Canna Hemp | $0.08 | $0.10 | | | $0.33 | | $0.12 | $0.25 | |
| Casa Luna | | | | | | | | | |
| cbdMD | $0.08 | $0.07 | $0.10 | | | $0.10 | $0.08 | $0.09 | |
| Charlotte's Web | $0.08 | | | | | | | | |
| CV Sciences | $0.16 | $0.12 | $0.24 | | $0.62 | | | | |
| Diamond CBD | $0.22 | | $0.08 | | | | | $0.20 | $0.42 |
| Elixinol | $0.11 | $0.09 | | | $0.24 | | | | |
| Green Roads | $0.20 | $0.12 | $0.18 | | | | $0.25 | | |
| Hemp Bombs | $0.11 | $0.14 | $0.12 | $0.17 | | | $0.25 | $0.17 | $0.20 |
| Highline | | | | | | | $0.23 | | |
| Lazarus | $0.04 | $0.05 | | | $0.05 | | $0.05 | | |
| Lord Jones | $0.24 | $0.11 | | $0.29 | | | | | |
| Mary's Medicinals | $0.16 | $0.60 | | | $0.50 | $0.24 | $0.26 | | |
| Mr. Moxey's | | | | $0.13 | | | | | |
| Papa & Barkley | $0.13 | | | | | | | | |
| Premium Jane | $0.17 | $0.12 | $0.09 | | | | $0.11 | | |
| Pure Kana | $0.16 | $0.12 | $0.08 | | | $0.26 | $0.14 | $0.30 | |
| Recess | | | | | | | | | $0.50 |
| Reliva | $0.08 | | $0.20 | | | | $0.07 | | $0.12 |
| Sprig | | | | | | | | | $0.21 |
| Sunday Scaries | $0.15 | | $0.20 | | | | | | |
| Veggimins | $0.11 | | | | | | | | |
| Willie's | | | | | | | | | $0.34 |

Note: Blue highlight denotes higher price point, gray denotes lower price point. Balms and Bath Bombs for Mary's Medicinals represent Mary's Nutritionals.
Source: Company Websites and Cowen and Company

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## The CBD Competitive Landscape – Public/Private Company Discussions (Azer)

### Publicly Traded Companies

**1933 Industries.** Publicly-traded 1933 Industries (CSE: TGIF; OTCQX: TGIFF) is a vertically integrated cannabis company with operations in both the U.S and Canada. 1933 operates through three subsidiary companies which includes Alternative Medicine Association (AMA), Infused MFG and Spire Global Strategy. AMA (91% ownership), is a licensed medical and adult use cannabis cultivation facility. Infused MFG (91% ownership) produces hemp-based CBD products and Spire Global Strategy (100% Ownership) is an advisory firm offering due diligence, security and intelligence services. The company was an early competitor having launched its first CBD brand in June 2017. The two main brands are Canna Hemp and Canna Fuze, which are distributed across 600 retail locations across the U.S. (largely focused on dispensaries), with 15% of sales coming from e-commerce. In 2018, 1933 delivered ~$12.6 mm in overall revenues, with a gross margin of 49%. Infused MFG specifically contributed 34% to revenues (~$4.3 mm), while achieving a gross margin of 71%.

**Canopy Growth (Outperform, C$82 PT).** Canopy Growth is a leader in global cannabis, with exposure to over a dozen countries spanning five continents. As the market share leader in the nascent adult use market in Canada, WEED generated sales of $83 mm in its most recent quarter. In addition, WEED was the first Canadian licensed producer to partner with a major consumer packaged goods company. In October 2017, they announced the initial relationship with Constellation Brands, which was meaningfully expanded with a $4 bn investment announced in August 2018. The company has announced its intention to invest $100-$150 mm in New York State (where STZ is headquartered), to construct a hemp industrial park focused on extraction and product manufacturing. More recently, management has noted a willingness to invest as much as $500 mm against U.S. CBD with the expectation that this infrastructure could ultimately be converted to capitalize on a U.S. adult use opportunity, when it materializes.

**Charlotte's Web.** Founded in 2013 and based in Boulder Colorado, Charlotte's Web is a publicly-traded, market leader within hemp-derived CBD (CSE: CWEB; OTCQX: CWBHF). The company has a vertically integrated business model, consisting of cultivation, manufacturing and distribution. Charlotte's Web products are sold in 3,680 retail locations, with an expanding channel footprint that includes national grocery, drug, mass market, pet, and natural / specialty retailers. Despite being well distributed, 55% of 9M18 revenue has been derived from the company's direct to consumer e-commerce model. Going forward, Charlotte's Web will continue to drive innovation and will look to improve their liquid delivery system to enhance efficacy, convenience and frequency of use. What is more, they will offer botanical blends to target consumer need states (sleep and cognitive function), upgrade bioavailability technology and focus on additional isolated cannabinoid products. To drive sustained growth, the company will look to build brand awareness through media events and social platforms, among others and introduce new, differentiated botanical products in the form of tinctures, capsules, powders, sports performance, topicals, cosmetics, beverages and pet products. Charlotte's Web will selectively pursue M&A to complement their current strengths and will also look to expand internationally, with a near term focus on the EU, South America and Asia. Through FY 9M18, Charlotte's Web has delivered revenues of $48 mm (+75%), with a gross margin of 77%.

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**Curaleaf Hemp.** Curaleaf (CSE: CURA; OTC: CURLF) is a vertically integrated U.S. multi-state operator (MSO), based in Massachusetts that focuses on selling Curaleaf branded products in its company-owned dispensaries. In September, the company launched a separate CBD focused line called Curaleaf Hemp, which is currently sold in 47 states. Form factors currently offered include tinctures, capsules, topicals, patches, vape pens, and pet treats. With both ingestible and topical CBD products currently offered in select Wegman's stores, Curaleaf Hemp is focused on expanding into more channels and becoming a national CBD brand by the end of the year. Curaleaf Hemp products are mid-tier priced, coming in above value offerings, but below what would be considered super-premium. This allows them to competitively target pharmacy chains and grocery stores. Curaleaf believes women represent an outsized opportunity within CBD and will focus their efforts on positioning their products towards that specific cohort. This makes good sense to us as our proprietary survey indicated that women slightly over-index to CBD relative to men. Through FY9M18, Curaleaf has generated ~$45 mm in revenues (including adult use and medical) reflecting a 247% YoY growth rate, while delivering a gross margin of 57%.

**CV Sciences.** Headquartered in San Diego, CA, publicly traded CV Sciences (OTCQB: CVSI) has two distinct operating divisions, consisting of consumer products and specialty pharmaceuticals. Within consumer products, the company is engaged in the development, manufacturing, marketing, and distribution of hemp-derived CBD products, which are refined into its own *PlusCBD Oil*™ brand. Form factors are broad based and include oils, capsules, sprays, balms, beauty products, and gummies, and are distributed nationally in health food stores and health care provider offices through select distributors and online. CV Sciences currently distributed to over 2,000 retail locations. CV Sciences has generated ~$34 mm in revenues though the first nine months of FY18, which reflects a 153% YoY growth rate. Over the comparable timeframe, the company reported gross margin of 72%, reflecting over 300 bps of expansion.

**Elixnol.** Elixinol (ASX: EXL; OTCQX: ELLXF) has a global presence in the cannabis industry, including hemp-derived CBD dietary supplements, food and wellness products, as well as the cultivation and manufacturing of medicinal cannabis products. Business segments include:

- **Elixinol USA.** Founded in 2014, Elixinol USA is a manufacturer and global distributor of industrial hemp-based dietary supplements and skincare products, with operations based out of Colorado.
- **Hemp Foods Australia.** Founded in 1999, is a leading hemp foods wholesaler, retailer, manufacturer and exporter of bulk ad branded raw materials and finished products.
- **Elixinol Australia.** Founded in 2014, to participate in the emerging Australian medical cannabis market.

In 2018, Elixinol revenues grew 121% YoY to ~$AUD 37mm (~$27 mm). The company's North America business contributes over 80% to total company revenues.

**Green Thumb Industries (Beboe).** As one of the more well-known U.S. multi-state operators (MSOs), Green Thumb Industries (CSE: GTII; OTCQX: GTBIF) recently announced the acquisition of Beboe, a premium cannabis brand, headquartered in California. Beboe products are sold in over 125 California and Colorado retail locations, and notably, the acquisition will give GTI access to the CBD market through Beboe's recently launched, direct-to-consumer line of hemp derived CBD products. Current CBD products offered from Beboe include a vape pen, called Calming, which contains 500 mgs cannabis oil, as well as a beverage called Dirty Lemon. In order to maintain the premium nature of the Beboe brand equity, GTI plans to ship the product into high-end luxury stores (which currently includes Barney's). In the first nine months of fiscal 2018,



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GTI has reported revenues of ~$41.7 mm (which includes adult use and medical), reflecting a YoY growth rate of over 300% and gross margin of 45%. We would note that on a pro-forma basis including the acquisition of Essence, in the most recent quarter, GTI would have generated revenues of over $35 mm (vs. $17.1 mm reported).

**Khiron Life Sciences Corp.** Khiron is a publicly-traded (TSXV: KHRN; OTCQB: KHRNF), vertically integrated cannabis company currently focused on Latin America. Priority markets in the region include Colombia, Peru, Chile, Brazil, and Mexico. Earlier this year, they announced a 50/50 JV with U.S.-based Dixie Brands, which will result in the introduction of a full line of cannabis infused products to the Latin American market. Importantly, as part of the agreement, Dixie will manufacture and distribute Khiron's Kuida brand of CBD-based cosmetics in the U.S., where they will target the growing Hispanic population. Khiron will operate the JV from Bogota, Colombia, with a focus on regulation, cultivation, manufacturing, and distribution. Dixie will contribute IP, including its extensive brand portfolio, which includes over 100 SKUs spanning 15 different categories. Khiron recently recognized first sales in October 2018.

**Level Brands.** Originally founded as a consumer products company in 2015, Level Brands (NYSE American: LEVB) subsequently expanded into licensing and brand management prior to initiating an IPO in 2017. Most recently in 2018, the company completed the acquisition of cbdMD, a CBD consumer products brand with products available online and in over 1,000 retail outlets across the U.S. cbdMD offers 60 skus, 24 of which come in the form of oils, while 12 SKUs come in the form of topicals. Additionally, other cbdMD form factors offered include capsules, gummies, bath bombs, and pet products. In its first year, cbdMD delivered $7.5 mm in sales, while achieving a gross margin in excess of 70%. From a route to market perspective, 80% of revenues come from e-commerce, though the company started to build out a sales team to drive brick and mortar penetration.

**Tilray (Outperform, $150 PT).** Canadian-based Tilray (NASD: TLRY), is a licensed producer and distributor of cannabis across Canada, as well as internationally. Through the company's strategic partnership with Privateer, TLRY licenses established U.S. based cannabis brands including Marley Natural, Irisa, Goodship, Grail, and Dutchy. TLRY has been active on the M&A front, with previously announced acquisitions / partnerships with Novartis, Authentic Brands and AB-Inbev, among others. Most recently, the company announced a C$419 mm acquisition of Manitoba Harvest, the global leader in hemp-derived food products. The cash and stock deal gives TLRY access to Manitoba Harvest's broad range of food products that are currently distributed in 16,000 stores across North America.

**Turning Point Brands (Outperform, $45 PT).** Based in Louisville, KY, Turning Point Brands (NYSE: TPB) operates in the Other Tobacco Products (OTP) category and sells and distributes a wide range of products. These products include MST, loose leaf chewing tobacco, cigarette papers, cigar wraps, e-cigs, vaporizers, and herbal wraps. TPB recently announced a minority stake in CASH, a privately held CBD extraction and production company, which should complement its current infrastructure, which includes Vapor Beast, Vapor Shark and Vapor Supply. Additionally, we would note that TPB currently sits on the U.S. Hemp Roundtable Board of Directors. Through the first nine months of fiscal 2018, TPB has reported $238.4 mm in revenues, which reflects a YoY growth rate of over 12%. The company has achieved a run rate gross margin of ~44% over the comparable timeframe.

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**Canadian LP Commentary on CBD**

In addition to the public companies already actively involved in the hemp / CBD market, we would note that all of the major Canadian public cannabis companies have been vocal in terms of expressing their interest in the space, as reflected in the below commentary.

**Aphria (APH)**

*"Depending on the country, there is a lot of movement in Europe...with a CBD light. That CBD, that source from hemp, and what we are contemplating in certain countries, Portugal being one, Italy being one."* **Chairman, CEO & President Victor Neufeld (1Q19 Earnings Call)**

**Aurora (ACB)**

*"I think the hemp industry, I tell a lot of the people here that I think it's going to be as big or bigger than the cannabis industry."* **Founder, CEO and Director Terry Booth (4Q18 Earnings Call)**

*"We've got -- obviously, we're first mover in the hemp space out of any other of our competitors. And we'll enter when it's proper to enter and when it's legal to enter into the United States market."* **Founder, CEO and Director Terry Booth (2Q19 Earnings Call)**

**Canopy Growth (WEED, Outperform, C$82 PT)**

*"But CBD every day is moving through a progression where it's going to become part of the normal course available ingredient set...and I think we're doing a very good job of getting in front of that."* **CEO Bruce Linton (1Q19 Earnings Call)**

*"[CBD is] going to come down to who gets the data to get the branded product that actually works. And I think we're doing a very good job on that and I believe we have a leadership position on that."* **CEO Bruce Linton (2Q19 Earnings Call)**

**Cronos (CRON)**

*"At Cronos, we seek to build the world's most innovative cannabinoid company, where we develop and research efficient processes to effectively produce and formulate the full spectrum of cannabinoids, not just THC and CBD."* **Chairman, President & CEO Michael Gorenstein (3Q18 Earnings Call)**

**Emblem Corp (EMC)**

On 8/1/18, Emblem and GreenSpace announced a strategic partnership to develop and commercialize CBD infused health and beauty products for the expected adult-use cannabis market. **(Press Release)**

*"Emblem's partnership with GreenSpace Brands is an industry first and represents an incredible opportunity to capitalize on the growing CBD market in Canada."* **CEO Nick Dean (Press Release)**

**Emerald Health Therapeutics (EMH)**

Emerald secured over 500 acres of hemp harvest in 2018 and has contracted for approximately 1000 acres in 2019 to 2022, with the objective of extracting low-cost cannabidiol (CBD). **(Press Release)**

On September 26, 2018 the Company entered into a long-term supply agreement to obtain harvested hemp chaff, plant material consisting of mainly flower and leaf. The supply agreement was signed with Emerald Health Hemp Inc. to purchase CBD containing hemp biomass for extraction into CBD oil. **(Press Release)**



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**The Green Organic Dutchman (TGOD)**

*"We are focused on becoming the Whole Foods of the cannabis industry and recognized as pioneers in the THC/CBD infused beverage industry."* **CEO Brian Athaide (Shareholder Letter)**

**HEXO Corp (Hexo)**

*"With respect to the United States, we are in the process of assessing adequate supplies for hemp-derived cannabinoids. Using our intellectual property, we believe we can offer a large range of CBD-based experiences."* **HEXO Prospectus (1/25/19)**

**Neptune Wellness Solutions (NEPT)**

*"CBD in the United States-and think about this for a moment where it was federally illegal in the DEA perspective as well as not permitted from an FDA perspective, it is today larger than the vitamin E sector, and it is on track to surpass the omega-3 supplement category very soon."* **President, CEO & Director James Hamilton (3Q19 Earnings Call)**

**Organigram (OGI)**

*On 1/21/19, OGI entered an agreement with 1812 Hemp, a New Brunswick base industrial hemp research company to secure supply and support research and development on the genetic improvement of hemp through breeding methods.*

**Benchmarking**

Below we provide a distribution benchmarking analysis on some of the notable publicly traded CBD companies, including Tilray's recently announced acquisition of Manitoba Harvest, which food products are distributed in 16,000 stores across the U.S. and Canada. Among core CBD companies, Charlotte's Web's retail store count of 3,680 stores is almost double that of CV Sciences' 2,000+ retail locations. Level Brands CBD products are in over 1,000 retail locations, while 1933 has a retail footprint spanning 600 stores and counting.

**Figure 100 Companies Will Focus on Building our Distribution Footprint**

Source: Company Reports and Cowen and Company; Note: TLRY reflects acquisition of Manitoba Harvest

From a revenue perspective, Charlotte's Web is generating the most sales out of what we would classify as core CBD-focused companies. Indeed, in the most recent quarter, the company generated almost $18 mm, which was ~30% higher than number 2 positioned CV Sciences, while Elixinol delivered over $7 mm. We would highlight that for the cross-over brands, Turning Point Brands is currently delivering the highest revenues (consisting of OTP only), while reported revenues factor in adult use and medical sales of THC-infused products, which clearly favor Curaleaf and GTI as two of the more well-known MSOs in the U.S. Tilray revenues of $10 mm are expected to ramp over the

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coming quarters, driven by adult use legalization in Canada. 1933 and Level Brands are smaller in scale but continue to post solid growth.

**Figure 101 CWeb Leads Core CBD Companies; CBD Crossover Touches Multiple Industries**

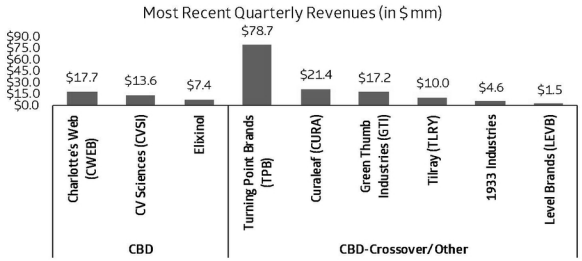


Note: 1933 = 1Q19 (ended 10/18), Level Brands = 4Q18 (ended 12/18), All others are 3Q18 (ended 9/18). AUD/USD = 0.72

Source: Company Reports and Cowen and Company

Nuances around different business models become increasingly apparent when benchmarking gross margins. Charlotte's Web and CV Sciences, which we would classify as finished goods producers, command the highest margins, while Turning Point Brands' unique positioning within OTP products generates margins lower than the level that would be seen for traditional cigarette companies. Core cannabis companies have to contend with being both vertically integrated and in many instances, servicing retail stores, which are lower margin.

**Figure 102 Finished Goods CBD Producers...**

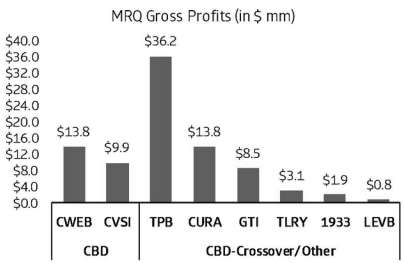


Note: 1933 = 1Q19 (ended 10/18), Level Brands = 4Q18 (ended 12/18), All others are 3Q18 (ended 9/18). AUD/USD = 0.72

Source: Company Reports and Cowen and Company

**Figure 103 ...Command the Highest Gross Margin**

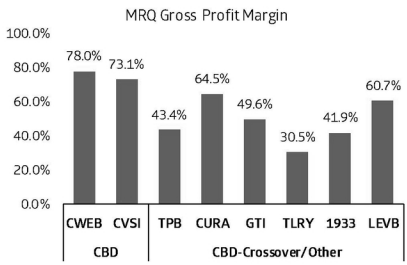


Note: 1933 = 1Q19 (ended 10/18), Level Brands = 4Q18 (ended 12/18), All others are 3Q18 (ended 9/18). AUD/USD = 0.72

Source: Company Reports and Cowen and Company

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As evidenced by the above chart, in addition to offering very strong revenue growth prospects, CBD finished products are highly profitable. While it is still early days, both Charlotte's Web and CV Sciences are EBITDA positive, generating 30% margins in the most recent quarter, which is an encouraging sign. This intersects at a period where other companies across the broad cannabis landscape have been investing heavily in SG&A, which includes but is not limited to headcount increases and R&D.

**Figure 104 CWEB and CVSI Are Posting Strong EBITDA...**

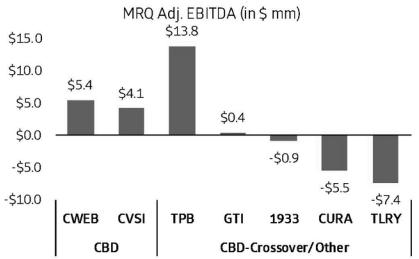


Note: 1933 = 1Q19 (ended 10/18) (ended 12/18), All others are 3Q18 (ended 9/18). AUD/USD = 0.72

Source: Company Reports and Cowen and Company

**Figure 105 ...With Margins Exceeding 30%**

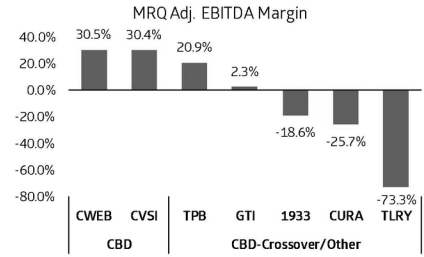


Note: 1933 = 1Q19 (ended 10/18) (ended 12/18), All others are 3Q18 (ended 9/18). AUD/USD = 0.72

Source: Company Reports and Cowen and Company

While Charlotte's Web generated 172% growth last year, we can see that sales are expected to remain robust. Charlotte's Web is guiding for 2018 revenues to be between $65-80 mm, which would represent ~81% growth at the midpoint of the range. For 2019, the company is guiding for $120-170 mm, which would represent 100% growth at the midpoint. Looking out to 2020, current consensus estimates of $295 mm would imply further robust growth at over 100%. With momentum in CBD expected to ramp on a go-forward basis, we would look for these more established, well capitalized companies such as Charlotte's Web, CV Sciences and Elixinol to consolidate market share in the form of distribution gains from new channels coming online as well as a from considerable amount of consolidation.

**Figure 106 Charlotte's Web's Top-Line Outlook**

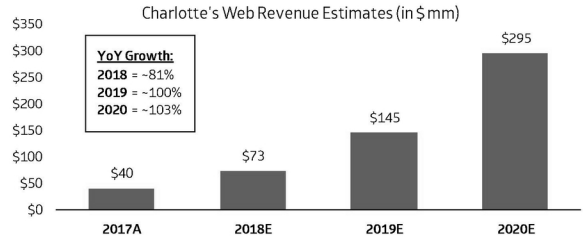


Source: Company Reports, Bloomberg

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**Private Companies**

**Botanica.** Best known for its portfolio of adult use edible brands, which includes Spot, Journeyman and Mr. Moxey's Mints, Botanica recently launched a CBD only line of Mr Moxey's Mints, following the passage of the 2018 Farm Bill. The products are currently offered in the U.S. and the U.K. and are available in one package format consisting of 60 mints at 5 mgs per CBD each. In the U.S., the mints retail for ~$40 per tin and going forward, the company will look to come to market with smaller / lower priced offerings to help drive immediate point of sale consumption across brick and mortar retail locations. Over time, management forecasts that ~40% of sales will come from e-commerce, with the balance coming distribution.

**GenCanna.** Based in Kentucky, GenCanna is a cultivator of premium hemp-derived CBD. Additionally, the company offers whole-plant hemp extracts in the form of full spectrum or isolated crystalline cannabinoid CBD for wholesale, available to customers in the form of powders and oils and can be prepared as a proprietary water dispersible powder to support large scale manufacturing needs. Their powders have a CBD concentration of 99.5%+, which is isolated using CO2 extraction and crystal precipitation (as is their bulk oil). GenCanna also offers a full range of packaged goods including bottled oil drops, capsules and topical creams. All GenCanna products are produced in an FDA registered and inspected, food-grade, GMP-compliant facility and are tested by third parties for safety and quality. In November 2018, MariMed (MRMD, not covered) invested $30 mm in GenCanna, which established a long-term supply agreement whereby GenCanna became MariMed's global hemp CBD supplier.

**Highline Wellness.** Co-founded by former Cowen alum Chris Roth and his business partner Chris D'Alberti, Highline Wellness is a NYC-based CBD company currently offering tinctures, chews (gummies) and topicals (pain cream). Highline products are manufactured in Florida and the company sells direct-to-consumer. According to the company, this provides for competitive pricing relative to their peers (which we would classify as broadly mainstream). While still early days, Highline has an active presence on social media platforms including a loyal group of followers on Instagram, which has resulted in top line momentum to start off the year.

**Lazarus Naturals.** Launched in 2014, Lazarus Naturals is an Oregon-based CBD company, which offers products ranging from tinctures and capsules, to topical oils and balms as well as isolates. Lazarus is value priced across the competitive set with one of the lowest price/mg of CBD relative to the companies that we benchmarked against. The company offers 60% discounts to veterans, individuals on long-term disabilities as well as for low-income households. All sales primarily come from e-commerce and products are shipped to all 50 states across the U.S.

**Lord Jones.** Founded by Robert Rosenheck and Cindy Capobianco, Lord Jones manufactures and distributes super-premium CBD infused products. The company provides a broad array of product offerings, including tinctures, confections, capsules, and skincare, among others. Clearly catered towards the premium-end of the market, Lord Jones has announced several high-profile partnerships over the past couple of years which includes collaborating with Equinox, partnering with luxury hotel group, The Standard, and most recently, being the first CBD brand carried by Sephora.

**Mary's.** Founded in 2013, Mary's produces and sells cannabis and hemp-derived CBD products across three main segments, which include:

- **Mary's Medicinals.** Cannabinoid infused products for relief, available in 11 U.S. states.
- **Mary's Nutritionals.** Hemp-derived CBD products for health & wellness, sold in retailers and online in the U.S. and international markets



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- **Mary's Whole Pet.** Whole plant CBD remedies for pets, sold in retailers and online in the U.S. and international markets.

Mary's is a high-end brand, focused on clean delivery methods through its transdermal patches, topicals and patented gel pen technologies. In March 2018, Mary's Nutritionals was chosen as the preferred CBD vendor partner for all Ritz Carlton, Marriott, JW Marriott, W, and St. Regis Locations.

**Mile High Labs.** Based in Colorado, Mile High Labs is the largest extractor of CBD in the world. The company sources hemp from third party cultivation partners across four states, which include Colorado, Oregon, New York, and Kentucky. Mile High Labs extracts exclusively from industrial hemp flower material to create full spectrum extract, distillate and isolate. Their full spectrum extract contains a full range of CBD terpenes and over 60% CBD on average, making it useful for low concentration formulations in holistic and wellness applications, including tinctures and capsules. Mile High Labs distillate is refined using proprietary molecular distillation technology and contains ~85% CBD on average, making it ideal for vape pen cartridges, tinctures and other high potency formulations. The company's isolate contains ~99% CBD and is used as a main ingredient in bioceutical and nutritional product applications. Mile High offers end-to-end certified GMP hemp CBD manufacturing. In October 2018, Mile High Labs raised $35 mm in a Series A, which according to CEO Jason Roth represented a "record-breaking investment [which] is a reflection of the growth in demand for quality CBD products and Mile High Labs' unique ability to meet that demand." CFO Jonathan Hilley also recently noted that he believes "the CBD market is in the early stages of a 20-year secular growth trend."

**Papa & Barkley.** Papa & Barkley is based in California, with a diverse portfolio of products and lines. The company's *Releaf* line spans multiple form factors, including tinctures, capsules, patches, and balms, among others, which are comprised of different THC:CBD ratios. Papa & Barkley's *Essentials* line is specifically focused on CBD, and as it stands, they offer a tincture in both a 15 ml bottle (450 mg CBD) and 30 ml bottle (900 mg CBD) and will soon be rolling out capsules, as well as an extra strength pain balm. The company is only in California currently, but is looking at going to market in three other primary states, as well as three other secondary states.

**Recess.** Launched in October 2018, Recess is a wellness company currently specializing in beverages which are infused with full spectrum hemp extract. The company has positioned itself as a modern day lifestyle brand and daytime productivity enhancer that offers a universal message and idea instead of being anchored specifically to CBD. This strategy shares similarities with traditional CPG products, such as energy drinks and soda, which are not marketed for the active ingredient, but instead as the solution. While the current product portfolio includes sparkling beverages only, Recess plans on rolling out a plain water, as well as powders, which will cater to on-premise consumption occasions, such as coffee shops, juice shops and cocktail bars.

**Reliva CBD Wellness.** Reliva is a CBD-focused company, which form factors include tincures, shots, sprays, topicals, gummies, and pet care. The company is run by Miguel Martin, who previously served as the President and GM of Logic Technology Development, an e-cigarette manufacturer in the U.S. Reliva's products are focused on value from an absolute pricing perspective, as nothing sells for over $19.99 at retail. The company is unique insofar as they do not offer e-commerce, nor do they make and claims on efficacy or rely on testimonials or influencer marketing, which Martin believes will create a narrative on responsibility. Reliva focuses on independent c-stores and grocery channels and is expected to be in ~1,000 stores by the end of March, growing to 4,000-5,000 stores by the end of the summer with the goal of doubling that store count to ~10,000 locations by year-end.

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## Health Care: Drug Retailer Perspective (Rhyee)

### CBD Products Gaining Traction With Independent Pharmacies

CBD products appear to be gaining traction with independent pharmacies, many of whom are already selling or planning to sell CBD oils. We don't find this surprising given the high demand for and strong expected growth potential of CBD products, as well as the differentiation it affords independents relative to larger chain pharmacies. Independent pharmacies also likely find the high-margin profile of CBD oils attractive, which we suspect is similar to those of more traditional over-the-counter drugs. OTC drugs are a substantial profit driver for independent pharmacies. The greater acceptance of and improving sentiment towards CBD products as a viable business for independent pharmacies is evidenced by a panel held by the National Community Pharmacists Association (NCPA) at its annual convention in October 2018, which served to educate independent pharmacy owners of the legality, clinical uses, potential risks and marketing tactics of CBD oils. For those independent pharmacies that have decided to sell CBD oils, ensuring that they provide high-quality products is paramount, with a focus on looking at the bioavailability of CBD. Additionally, independent pharmacies emphasize the importance of patient education, in regards to treatment and potential side effects. Anecdotally, reports note that many independent pharmacies have received positive feedback from patients, attributing diminished opioid dependence and pain relief to CBD oils.

### Large Pharmacy Chains Don't Appear As Quick To Offer CBD Oils

Large pharmacy chains, such as CVS Pharmacy and Walgreens, don't currently sell CBD oil. WBA management has noted that, while the company is monitoring the CBD market and the potential to sell it, WBA currently has no public stance on whether it plans to sell CBD products future. Interestingly, Boots, which is a pharmacy chain in the U.K. owned by WBA, sells CBD oil in three different doses (Figure 107). As such, we wouldn't be surprised if WBA decides to sell CBD products in the future.

**Figure 107 Boots - Cannabidiol & CBD Oil Offerings**

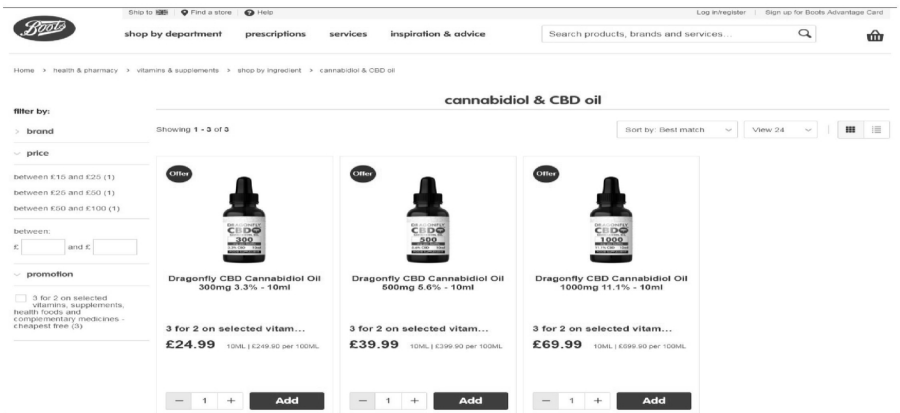


Source: Boots.com and Cowen and Company



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## Health Care: Payor Perspective (Rhyee)

Based on our conversations with managed care companies, whether CBD oils will be covered as a medical benefit by government sponsored health programs is determined by the Center for Medicare and Medicaid Services (CMS) and state governments. Currently, CBD products aren't a covered benefit or an extra benefit that has been approved by CMS or states, and it isn't known at this time whether CMS or states governments are considering reimbursement for CBD products. That said, based on our discussions with a number of payors, if a state government were to provide reimbursement for CBD products under Medicaid, it would have to add CBD oils as a covered benefit under the state plan, which may or may not require CMS approval. We note that CMS and states do provide reimbursement for non-traditional treatments, if they determine that there's some benefit, such as issues around social determinants, As such, we see the potential for CBD oils to become a covered benefit under CMS, even without FDA approval.

On the commercial side of the market, payors we spoke with noted that CBD oils aren't eligible for coverage under commercial health plans because they're not regulated by the FDA. There are a couple of exceptions, such as GWPH's Epidiolex, which is a prescription pharmaceutical formulation of highly purified, plant-derived cannabidiol for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS), or Dravet syndrome in patients two years of age or older. Epidiolex is covered by commercial insurance as it is an FDA approved drug. Payors noted three factors complicating commercial coverage of CBD oils, including (1) legal issues, as CBD oils derived from THC (cannabis) aren't legal if they contain equal to or more than 0.3% THC; (2) lack of regulation by the FDA; and (3) their availability as OTC medications.

## Health Care: Provider Perspective (Rhyee)

The certified use of medical marijuana appears to be gaining acceptance by the provider community, as evidenced by the recent distribution of a memo by the chief physician executive of Intermountain Healthcare, Utah's largest health provider, to its network of providers that the health system is lifting its prior directive that advised physicians not to write letters recommending cannabis treatments. However, it's difficult to assess providers' stance on recommending the use of CBD oils. With greater clinical evidence supporting the efficacy in treating various conditions, we may very well see doctors recommend CBD oils as well, which some claim to be effective in treating loss of appetite in cancer patients, chronic pain, epilepsy, Huntington's disease, sleep disorders, multiple sclerosis symptoms, schizophrenia, and glaucoma.

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## eCommerce To Be A Key Consumer Distribution Channel Long Term (Blackledge)

A significant portion of the CBD products that are currently available fall into the Personal Care / Beauty Products or Vitamins and Food Supplements verticals, both of which are part of the larger Consumables category. Consumables continues to be a highly under-penetrated eCommerce vertical in the midst of a progressive shift online, and we see an opportunity for these CBD companies to expand online as secular tailwinds continue to drive eCommerce growth for the larger Consumables market. For context, we forecast overall US Consumables eCommerce sales of $51BN in '18, or 11% eCommerce penetration, rising to $111BN in '23 or 19% eCommerce penetration.

Longer term, Consumables eCommerce market share, led by Amazon, should rise well above our 19% penetration forecast in '23, as the sector favors eCommerce vs. Brick & Mortar, for multiple reasons, namely (1) changing consumption trends, particularly with younger demographics, who would prefer to "Skip the Trip" for these high replenishment factor goods; and (2) rising smart speaker penetration, like AMZN's popular Echo device, driving gains in high replenishment re-ordering.

**Figure 108 U.S. eCommerce Consumables Penetration '07-'23E**

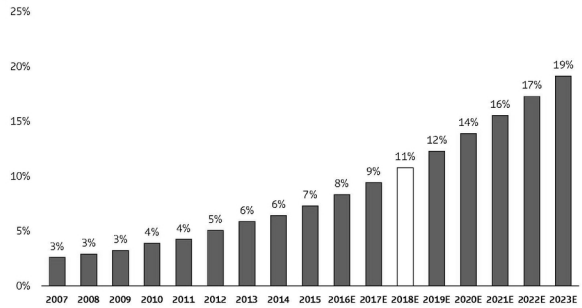


Source: Cowen and Company; U.S. Census Bureau

Due to the aforementioned macro factors, we view eCommerce as a major potential customer distribution channel for CBD longer term as consumers' spending habits continue to shift, and purchasing of Personal Care Products, Vitamins & Food Supplements and other Consumable items moves online at an accelerated rate. We expect growth within the Consumables (Personal Care, HH Goods, etc) and Food & Beverage verticals to consistently outpace overall eCommerce growth '18-'23, resulting in an increased share of U.S. eCommerce sales.



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**Figure 109 Share Of U.S. eCommerce Sales '13 vs. '18E vs. '23E**

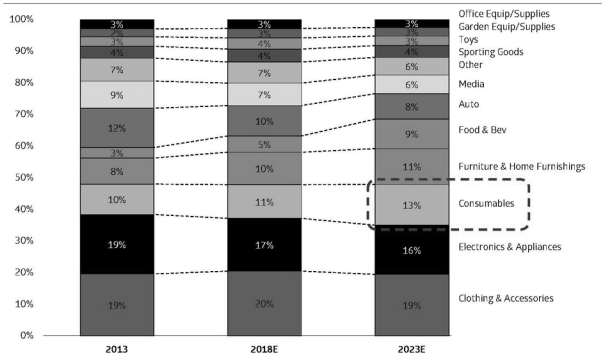


Source: Cowen and Company; U.S. Census Bureau

## Analyzing Two Key Verticals for CBD Adoption

As part of our monthly survey of 2,500 US consumers, we ask Amazon.com purchasers to indicate which categories (out of a list of 30) they purchased on Amazon in the past 30 days. Our data shows that Personal Care Products and Vitamins & Supplements were more likely to be purchased (vs. the average across all categories) by both Prime and Non-Prime members throughout 2018.

Taking a closer look at 4Q18, in each month (on average) 19% of all Amazon Prime Purchasers bought at least one personal care product and 15% purchased a Vitamin or Supplement, while the average purchase rate across all 30+ categories was only 12% of Prime purchasers. We noted a similar trend among Non-Prime Purchasers in 4Q18, with 13% who bought Personal Care Products and 10% who bought Vitamin or Supplements, compared to the average purchase rate across all categories of 8%.

**Figure 110 Prime Member Purchaser % By Vertical, 1Q18-4Q18**

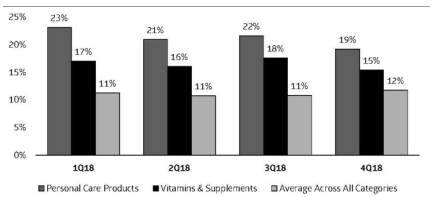


Source: Cowen proprietary Consumer Internet Survey, n=~2500, Dec '18

**Figure 111 Non-Prime Purchaser % By Vertical, 1Q18-4Q18**

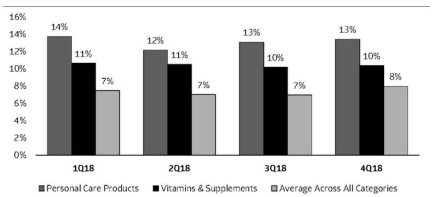


Source: Cowen proprietary Consumer Internet Survey, n=~2500, Dec '18

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### Amazon Has A Modest But Expanding Physical Footprint

For CBD companies, expansion through Amazon's retail locations and more importantly Whole Foods' expanding retail footprint are also attractive avenues for reaching new customers (assuming CBD companies can convince Amazon and Whole Foods to carry their products). While we currently lack insight into when CBD products may become available in Whole Foods stores, or what a regional or national rollout might look like, below we analyze Amazon's physical footprint to highlight the potential for distribution.

Amazon's expanding physical footprint is made up of a small number of Go Stores, Amazon Fresh Grocery Pickup in Seattle, Amazon Branded Book Stores and most notably its Whole Foods Market business. Whole Foods is a health focused supermarket chain based out of Austin TX that operates ~470 US locations and was purchased by Amazon in Aug '17. Since acquiring Whole Foods, Amazon has deeply integrated it with the company's Prime offering. In combination with Amazon's Prime Now platform, Whole Foods is now offering 2-hour delivery on thousands of in-store items in 63 cities, which account for over 50% of the US population and over 2/3rds of US GDP. Whole Foods also offers curbside pickup in over 20 markets.

**Figure 112 Amazon Prime Now & Same Day Delivery Top 50 US Metro Areas By 2017 GDP (%)**

| 2017 GDP Rank | U.S. Metropolitan Areas | % of '17 US GDP | % of '17 US Population | Amazon Prime Now Available | Amazon Prime Free Same-Day Delivery | WFM Delivery via Prime Now |
|---|---|---|---|---|---|---|
| 1 | New York-Newark-Jersey City, NY-NJ-PA | 9.8% | 6.2% | ✓ | ✓ | ✓ |
| 2 | Los Angeles-Long Beach-Anaheim, CA | 5.9% | 4.1% | ✓ | ✓ | ✓ |
| 3 | Chicago-Naperville-Elgin, IL-IN-WI | 3.9% | 2.9% | ✓ | ✓ | ✓ |
| 4 | Dallas-Fort Worth-Arlington, TX | 3.1% | 2.0% | ✓ | ✓ | ✓ |
| 5 | Washington-Arlington-Alexandria, DC-VA-MD-WV | 3.0% | 1.9% | ✓ | ✓ | ✓ |
| 6 | San Francisco-Oakland-Hayward, CA | 2.9% | 2.2% | ✓ | ✓ | ✓ |
| 7 | Houston-The Woodlands-Sugar Land, TX | 2.8% | 1.4% | ✓ | ✓ | ✓ |
| 8 | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 2.5% | 1.9% | ✓ | ✓ | ✓ |
| 9 | Boston-Cambridge-Newton, MA-NH | 2.5% | 1.5% | ✓ | ✓ | ✓ |
| 10 | Atlanta-Sandy Springs-Roswell, GA | 2.2% | 1.7% | ✓ | ✓ | ✓ |
| 11 | Seattle-Tacoma-Bellevue, WA | 2.0% | 1.6% | ✓ | ✓ | ✓ |
| 12 | Miami-Fort Lauderdale-West Palm Beach, FL | 2.0% | 1.1% | ✓ | ✓ | ✓ |
| 13 | San Jose-Sunnyvale-Santa Clara, CA | 1.6% | 1.1% | ✓ | ✓ | |
| 14 | Detroit-Warren-Dearborn, MI | 1.5% | 1.3% | | | ✓ |
| 15 | Minneapolis-St. Paul-Bloomington, MN-WI | 1.5% | 0.6% | ✓ | ✓ | ✓ |
| 16 | Phoenix-Mesa-Scottsdale, AZ | 1.4% | 1.0% | ✓ | ✓ | ✓ |
| 17 | San Diego-Carlsbad, CA | 1.3% | 1.4% | ✓ | ✓ | ✓ |
| 18 | Denver-Aurora-Lakewood, CO | 1.2% | 0.9% | ✓ | ✓ | ✓ |
| 19 | Baltimore-Columbia-Towson, MD | 1.1% | 0.9% | ✓ | ✓ | ✓ |
| 20 | Charlotte-Concord-Gastonia, NC-SC | 1.0% | 0.7% | ✓ | ✓ | ✓ |
| 21 | Portland-Vancouver-Hillsboro, OR-WA | 1.0% | 0.9% | ✓ | ✓ | ✓ |
| 22 | St. Louis, MO-IL | 0.9% | 0.7% | | | ✓ |
| 23 | Riverside-San Bernardino-Ontario, CA | 0.9% | 1.4% | | ✓ | |
| 24 | Austin-Round Rock, TX | 0.8% | 0.7% | ✓ | ✓ | ✓ |
| 25 | Pittsburgh, PA | 0.8% | 0.6% | | | ✓ |
| 26 | Tampa-St. Petersburg-Clearwater, FL | 0.8% | 0.9% | ✓ | ✓ | ✓ |
| 27 | Indianapolis-Carmel-Anderson, IN | 0.8% | 0.6% | ✓ | ✓ | ✓ |
| 28 | Cleveland-Elyria, OH | 0.8% | 0.7% | | ✓ | ✓ |
| 29 | Cincinnati, OH-KY-IN | 0.8% | 0.6% | ✓ | ✓ | ✓ |
| 30 | Columbus, OH | 0.8% | 0.6% | ✓ | ✓ | ✓ |
| 31 | Nashville-Davidson--Murfreesboro--Franklin, TN | 0.8% | 0.7% | ✓ | ✓ | ✓ |
| 32 | Orlando-Kissimmee-Sanford, FL | 0.8% | 0.6% | ✓ | ✓ | ✓ |
| 33 | Kansas City, MO-KS | 0.7% | 0.7% | | ✓ | ✓ |
| 34 | San Antonio-New Braunfels, TX | 0.7% | 0.6% | ✓ | ✓ | ✓ |
| 35 | Sacramento--Roseville--Arden-Arcade, CA | 0.7% | 0.7% | ✓ | ✓ | ✓ |
| 36 | Las Vegas-Henderson-Paradise, NV | 0.6% | 0.6% | ✓ | ✓ | ✓ |
| 37 | Milwaukee-Waukesha-West Allis, WI | 0.6% | 0.5% | ✓ | ✓ | ✓ |
| 38 | Bridgeport-Stamford-Norwalk, CT | 0.6% | 0.3% | | | |
| 39 | Virginia Beach-Norfolk-Newport News, VA-NC | 0.5% | 0.5% | ✓ | | ✓ |
| 40 | Hartford-West Hartford-East Hartford, CT | 0.5% | 0.4% | | | ✓ |
| 41 | Salt Lake City, UT | 0.5% | 0.4% | | ✓ | ✓ |
| 42 | Raleigh, NC | 0.5% | 0.5% | ✓ | ✓ | ✓ |
| 43 | Providence-Warwick, RI-MA | 0.5% | 0.4% | | | ✓ |
| 44 | Richmond, VA | 0.5% | 0.4% | ✓ | ✓ | ✓ |
| 45 | New Orleans-Metairie, LA | 0.5% | 0.4% | | | ✓ |
| 46 | Jacksonville, FL | 0.4% | 0.4% | | ✓ | ✓ |
| 47 | Louisville/Jefferson County, KY-IN | 0.4% | 0.4% | | ✓ | ✓ |
| 48 | Oklahoma City, OK | 0.4% | 0.4% | | ✓ | ✓ |
| 49 | Memphis, TN-MS-AR | 0.4% | 0.4% | | | ✓ |
| 50 | Urban Honolulu, HI | 0.4% | 0.4% | | | |
| | **Total** | **72.6%** | **54.0%** | **34** | **40** | **46** |
| | **Amazon Prime Now Markets** | **62.3%** | **44.8%** | | | |
| | **Amazon Same Day Delivery Markets** | **66.0%** | **48.6%** | | | |
| | **Whole Foods Delivery via Prime Now Markets** | **69.2%** | **50.9%** | | | |

Source: Company reports, Cowen and Company, US Bureau of Economic Analysis



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**Competition From AMZN Private Label Could Be A LT Concern, Offset By CBD's Established Brands**

Should the market for CBD products expand rapidly over the next several years, one source for increased competition could be Amazon's own first party (private label) business. Amazon offers private label goods across the gamut of product verticals, including consumables and vitamins.

Per industry participants that have discussed AMZN's private label business with us, Amazon's approach is similar across most new product lines, most notably that the company is now focusing less on heavy discounting to take share from competition. By contrast, we believe that while any foray into CBD could start with a big push by AMZN to gain share, if sales and reviews aren't working, AMZN would likely reduce resources quickly. Additionally, Amazon Private Label tends to replicate top sellers for goods that are high replenishment, commodity-type products with undifferentiated branding, then add secondary brands over time. Amazon private label has in some cases captured huge market share early (anywhere from 25-40% market share by SKU within the first six months).

AMZN also tends to have the most success in verticals where branding is less important (a fact that could provide an advantage to more established CBD companies). The widespread availability and acceptance by a retailer such as Amazon could also help to drive mainstream adoption of CBD products and thus provide a benefit for the industry as a whole.

**Other Potential Platforms: EBAY Has The Reach To Make An Impact**

There are other platforms that may be easier to break into than Amazon that would also provide an avenue to reach a wide array of consumers. Ebay could be an alternative for CBD companies to tap into. EBAY has been losing share in eCommerce over the last several years, and developing a leading marketplace in a new product vertical such as CBD products could be an incentive to become an early adopter. Ebay currently has 179MM active buyers on the platform worldwide, and the company generated over $90BN in GMV in 2018.

Our survey indicates that unlike Amazon, EBAY has had less success in driving consistent purchasing in areas like personal care and beauty as well as in vitamins and supplements. Our data suggests that unlike Amazon, these two key verticals are purchased at about the same rate as any other category, which suggests that there is an opportunity for these verticals to grow meaningfully, in our view.

**Figure 113 EBAY Purchaser % By Vertical, 2Q17-4Q18**

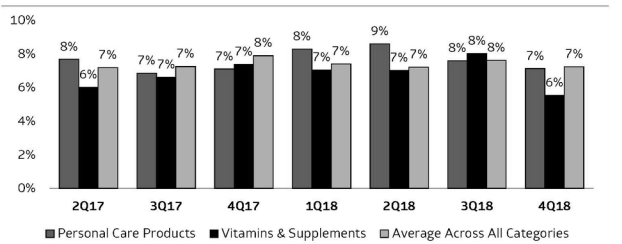


Source: Cowen proprietary Consumer Internet Survey, n=~2500, Dec '18



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## Cannabidiol (CBD) Entrance Into Mass Retail May Start In Beauty Before Entering Broadlines (Chen)

Cowen's take is that first movers may predominantly consist of independent operators, followed by beauty, convenience, and other major chains. We believe that growth could take on a barbell dynamic, with early adopters being both high-end luxury players alongside lower-end local convenience shops, with middle-ground retailers including WMT, TGT, and COST likely being the last to sell CBD products after a test-and-learn phase is observed among the early adopters. We expect that CBD in beauty could be a ~$1bn opportunity within skincare specifically; the skincare category currently comprises ~23% of the overall $87bn beauty products market.

**Luxury Department Stores Are Early Adopters.** A number of independent retail operators have recently announced plans to expand their physical presence to incorporate CBD. For example, luxury department store Barneys New York is adding a 300-square-foot cannabis store-within-store concept called "The High End" to its flagship store in Beverly Hills, where it will sell CBD beauty products and vintage paraphernalia. Neiman Marcus also announced its "Trending Beauty" initiative, which includes carrying leading CBD brands (5 SKUs) online and within 5 of its 44 stores.

Another example is Green Growth Brands (CSE: GGB, not covered) recently announcing a deal with DSW Inc. (DSW, not covered) to sell its Seventh Sense brand within 96 US-based DSW stores; this announcement comes after a 10-week trial phase where 74.4% of product presented on shelves was reportedly sold. GGB also announced it will open 108 stores within Simon Property malls (SPG, not covered), starting in March 2019.

**Beauty Could Be First Major Distribution Channel.** Cowen believes that the future of beauty will increasingly emphasize clean, natural ingredients within products – in line with the broader health and wellness movement that is permeating into various other retail verticals. Therefore, we believe that beauty could be the first major distribution channel to adopt CBD given the compound's properties as a natural remedy to manage pain, inflammation, and anxiety.

Sephora.com currently carries 3 SKUs with CBD dosages (Lord Jones and Josie Maran), and a variety of hemp-based products. Meanwhile, ULTA only has hemp-based offerings but could adopt a comparable line to Sephora within its Prestige assortment. Average Unit Retail (AUR) for the three Sephora CBD SKUs is ~$70, or $1.85/mL, which supports our view that adopters will skew toward Prestige-cosmetics-oriented retailers such as specialty beauty players (Sephora, ULTA) and department stores (JWN, M), before Mass cosmetics carriers like grocery stores, pharmacies or broadline retailers adopt it, as price points are closer to $10/SKU.

Historically, broadline retailers, including WMT, TGT, and COST have shied away from entering controversial categories in their earlier innings, preferring to be last movers and not create controversies. We do note, TGT has previously made small inroads into CBD. According to AdAge, TGT briefly sold hemp and CBD oils in late 2017 before pulling all the products. Also, we note, WMT's website does sell several hemp oil products.

**Figure 114 CBD Presence Is Limited In Mass Retail Outlets**

| | Broadline | | | Beauty | | Pharmacy/Mass | |
|---|---|---|---|---|---|---|---|
| | WMT | TGT | COST | ULTA | Sephora (LVMH) | CVS | WBA |
| **Carry CBD Products** | ✗ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ |
| **Carry Hemp Seed Products** | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ |
| **CBD SKU Count** | n/a | n/a | n/a | n/a | 3 | n/a | n/a |

Note: CVS and WBA are covered by Charles Rhyee

Source: Cowen and Company, company websites; Note: Search "CBD oil, CBD, Cannabis, Cannabis Oil"



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## Growing Application For Hemp And CBD Within The Apparel & Footwear Market (Kernan)

With the changing tide on marijuana legalization and hemp cultivation, the use case for and interest in CBD applications are rapidly expanding. We think there lies within this fervor potential for greater utilization of hemp derived textiles in apparel, footwear and accessories after largely being relegated to specialist brands with a few exceptions. The Western Producer, a Western Canada weekly agriculture publication, commented that "industrial hemp could reach whole crop utilization" in an article published on 1/10/19 "Revenue Streams Expand For Hemp Growers." We think this compliments the sustainability movement that is gaining ground in global apparel and footwear production and among Millennial and Gen Z consumers. Western Producer quotes Jan Slaski, senior researcher for InnoTech Alberta, that "textile applications have brought [about] the development of hemp-based uniforms, socks, underwear and other apparel..." as its properties, which Patagonia describes as "linen-like," provide a "quality suitable for fine textiles."

Approximately $820MM worth of legal hemp products were sold in the U.S. in 2017 and roughly 13% of those hemp-based products are textiles according to Entrepreneur's 9/4/18 article, "The Hemp Business Is Booming." The article's author Rose Leadem cites a history of the crop dating back "to the 1600s when growing hemp was encouraged for use in sails, ropes and clothing." This period was followed by years of back and forth regulation that alternately banned and unbanned hemp cultivation in the U.S. While the 2014 U.S. Farm Bill allowed for heavily restricted industrial hemp cultivation, the more recent 2018 U.S. Farm Bill, as described by the Brookings Instituted, offers a more "expansive" cultivation of hemp.

**Figure 115 Textiles Have Low Penetration Among Legal U.S. Hemp Products (2017)**

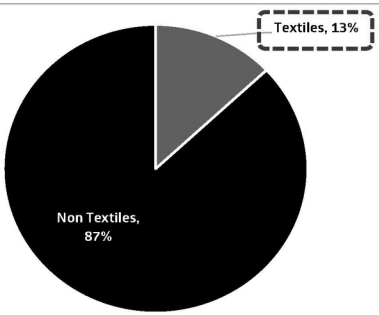


Source: Cowen and Company; Western Producer

To frame the market opportunity for greater hemp utilization as a textile in apparel and footwear from what is likely a nascent penetration currently, the U.S. clothing and accessories market reached store sales of $262 billion in 2017 as reported by the U.S. government, with potential to grow to $275B in 2018. We note that there are some global brands that offer hemp fiber, mostly but not all on a limited basis, in their clothing and footwear assortment. These brands include Patagonia, Columbia Sportswear's prAna brand, Orvis, Thought Clothing, Toad&Co, Jungmaven, Eartheasy, Sanuk, Toms,

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Adidas and Nau. Nike offered a hemp-based SB Dunk Low sneaker in 2004, re-issuing the shoe in 2016 around Earth Day. Patagonia, a $1B global brand that encompasses a focus on the environment and social responsibility in its mission statement, views hemp as a "natural fiber that's cultivated with low impact on the environment." The brand's assortment includes some hemp-based products made with 100% hemp, which it imports from China, or blended with other fibers like recycled polyester, organic cotton, and spandex.

**Figure 116 Patagonia Iron Forge Hemp Canvas Ranch Jacket (55% Hemp)**

Source: www.patagonia.com

**Figure 117 prAna Sharla Sweater (55% Hemp)**

Source: www.prana.com

**Figure 118 Men's (Hemp upper)**

Source: www.sanku.com

There is also a growing market for apparel and footwear that provide recovery attributes. For example, Under Armour has its Recovery line of apparel that includes Celliant which is designed to "capture body heat and convert it to infrared light that is returned to your body, boosting localized blood flow and upping the amount of oxygen reaching your muscles." Celliant is described as "utilizing a proprietary mineral matrix that can be embedded into the core of a yarn or applied to a wide variety of fabrics." This demonstrates the ability to weave outside attributes into existing textiles to add beneficial components beyond just providing an item of clothing. With CBD being reported as having health and wellness properties, such as to combat inflammation, there could be potential for CBD to be infused into textiles. Canada's *Fashion* magazine recently highlighted Devan Chemicals in its 1/4/19 article, "CBD Is Everywhere. Will CBC-Infused Clothing Be Next?" Devan Chemicals is a Belgium-based company that has "added CBD to their textile solutions portfolio." The company's "R Vital" fabric reflects a weave of microcapsules of CBD that release when a person wears the clothing as demonstrated in their website's flow chart below. While still early stage, perhaps there will be demand for widescale CBD infused textiles, although, as the article points out, it is unclear how the "potency" holds up over time and after washing.

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**Figure 119 Devan Chemical's R-Vital – Flow Chart For A CBD-Infused Textile**

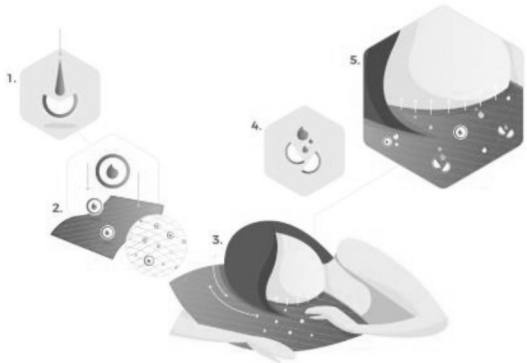


Source: Cowen and Company; Devan Chemical

### Tilray And ABG Sign Partnership

Privately held Authentic Brands Group (ABG) recently signed a deal with Tilray to capitalize on the general wellness capabilities of CBD. ABG's product portfolio includes athletic based names such as Muhammad Ali, Shaquille O'Neal, Dr. J, Nautica and Prince. The muscle recovery and wellness capabilities of CBD create branding opportunities within these brands. CBD oil also has wellness characteristics beneficial for skin care products. ABG's Nine West Brand will offer wellness products containing CBD powered by Tilray.

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**Figure 120 Nine West Products Powered By Tilray**

Source: Cowen and Company; Sourcingjournal.com

Tilray will also gain exposure to ABG's 150MM followers through its micro-influencer network, Winston. Tilray will have the ability to display its name on ABG cannabis products. Tilray will initially pay ABG $100MM and up to $250MM in cash in stock. In return ABG will pay TLRY 49% of revenues from any cannabis products with any ABG brand name, with a minimum of $10MM/year for 10 years, essentially guaranteeing TLRY will receive a return on its initial $100MM investment. This type of deal opens the door for CBD products to partner with IP ownership to expand brands and CBD use partnerships.

**DSW And Green Growth Brands**

Green Growth Brands' CBD infused Seventh Sense products, including foot creams and muscle balms, will be sold at 96 DSW stores nationwide out of DSW's 500-store base. As the sale of CBD wellness products become widely acceptable and stigma around once illegal products subsides, opportunity should increase to move into other nationwide retailers. Under our coverage universe, Dick's Sporting Goods may have the potential to offer wellness products containing CBD. DKS has a total of 864 stores nationwide. If DKS were to offer products in a similar percentage of stores as DSW, this would provide 166 incremental distribution points for CBD wellness products.

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## We Would Expect Starbucks To Be First Under Our Active Coverage To Pilot CBD Oil, Though Not In Near Term Plan (Charles)

Under our active coverage, we would categorize Starbucks as the most forward thinking with beverage innovation relative to Dunkin', Tim Hortons and McDonald's McCafe. Starbucks has launched matcha and nitro cold brew on a widespread basis in recent years, among other wellness-based offerings. During an interview with CNBC last month, Starbucks CEO Kevin Johnson cited no plans to introduce CBD-based beverages in the near term, but did not dismiss the notion of ultimately piloting the ingredient.

Despite early traction with craft/independent coffee shops, regulators in several states recently banned CBD as an additive. The dynamics are fluid, likely delaying adoption from major coffee players like Starbucks in the near term. That said, we acknowledge a longer-term opportunity if coffee shops are able to properly measure and disclose the CBD levels in their coffee, as bottled CBD beverages that disclose CBD oil levels in packaging are not restricted under the current ban.

Should the regulation of CBD oil as an additive to food/beverage change or craft/independent coffee shops find a way to comply with the existing regulation, we could envision Starbucks ultimately piloting the ingredient. We believe Starbucks would need to better understand the science behind the ingredient, in addition to the standard evaluation of any new SKU around supply chain availability as well as meeting Starbucks' high speed of service standards. Furthermore, given Starbucks' heavy reliance on the drive-thru business at more than 50% of sales and 80%+ of ongoing development, SBUX would need to gain clarity around potential liability this entails around selling cannabis-infused beverages before introduction. We note in 2010, Starbucks launched an Evenings program that sold beer and wine inside of participating restaurants. The initiative ultimately scaled to over 400 locations before the program was terminated in 2017.

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## Regulatory Considerations For CBD (Assaraf – Washington Research Group)

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### 2018 Farm Bill

The Agricultural Improvement Act of 2018 (also known as the 2018 Farm Bill) was signed into law by President Donald Trump on Dec. 20, 2018. The main CBD-related changes in the law are that it: 1) declassifies industrial hemp as a Schedule I substance under the Controlled Substances Act, 2) shifts regulatory authority over hemp from the Drug Enforcement Administration to the Department of Agriculture, and 3) provides autonomy for states to regulate the industry.

However, the 2018 Farm bill does not change the FDA's oversight authority over CBD products intended for human consumption. The statutory language emphasizes that "nothing in this subtitle shall affect or modify … the authority of the Commissioner of Food and Drugs … under the Federal Food, Drug, and Cosmetic Act [FDCA] … to promulgate Federal regulations and guidelines that relate to the production of hemp."

### FDA Implications

FDA Commissioner Scott Gottlieb issued a statement and FAQ immediately following the signing of the 2018 Farm Bill, essentially reminding CBD manufacturers of FDA's continued regulatory authority over CBD products.

On the positive side, Gottlieb indicated that the FDA is open to engaging with industry players early to clarify uncertainty and to help develop a clear and consistent pathway for bringing legal CBD products to market. To that end, the FDA intends to hold a public meeting "in the near future" to gather stakeholder input on CBD products, including the perspectives of consumers and manufacturers. The FDA will use this meeting to inform an "efficient regulatory framework for allowing product developers that meet the requirements under [FDA] authorities to lawfully market these types of products."

On the other hand, Commissioner Gottlieb expressed concern over the proliferation of CBD products making drug claims. According to Gottlieb, "the FDA requires a cannabis product (hemp-derived or otherwise) that is marketed with a claim of therapeutic benefit, or with any other disease claim, to be approved by the FDA for its intended use before it may be introduced into interstate commerce. This is the same standard to which we hold any product marketed as a drug for human or animal use. Cannabis and cannabis-derived products claiming in their marketing and promotional materials that they're intended for use in the diagnosis, cure, mitigation, treatment, or prevention of diseases (such as cancer, Alzheimer's disease, psychiatric disorders and diabetes) are considered new drugs or new animal drugs and must go through the FDA drug approval process for human or animal use before they are marketed in the U.S."

Even before the passage of the Farm Bill, the FDA has kept a close watch on certain health claims being made by CBD manufacturers. A simple web search on the FDA's website turns up dozens of previous warning letters to CBD manufacturers making such claims (see below for links to FDA warning letters). According to Gottlieb, "the FDA will continue to evaluate and take action against products that are being unlawfully marketed and create risks for consumers."

In his statement, Gottlieb also presented the following warning for CBD additives to food and beverages:

"Additionally, it's unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary



HOUSE_OVERSIGHT_024891

supplements, regardless of whether the substances are hemp-derived. This is because both CBD and THC are active ingredients in FDA-approved drugs and were the subject of substantial clinical investigations before they were marketed as foods or dietary supplements. Under the FD&C Act, it's illegal to introduce drug ingredients like these into the food supply, or to market them as dietary supplements. This is a requirement that we apply across the board to food products that contain substances that are active ingredients in any drug."

In response to Gottlieb's statement, Sens. Ron Wyden (D-Ore.) and Jeff Merkley (D-Ore.) sent a letter to the FDA on Jan. 15 urging the agency to update federal regulations governing the use and interstate sale of certain hemp-derived ingredients in food, beverages or dietary supplements. The two senators, who authored the 2018 Farm Bill's Hemp Farming Act provision, indicated that it was "Congress' intent to ensure that both U.S. producers and consumers have access to a full range of hemp-derived products, including hemp-derived cannabinoids." They requested feedback from FDA within 30 days on the agency's specific plans regarding implementation of the 2018 Farm Bill.

**Sample Of FDA Warning Letters On CBD Products:**

https://www.fda.gov/ICECI/EnforcementActions/WarningLetters/ucm616278.htm

https://www.fda.gov/ICECI/EnforcementActions/WarningLetters/2017/ucm583192.htm

https://www.fda.gov/ICECI/EnforcementActions/WarningLetters/2017/ucm583197.htm

**Notable State-Level Events**

**California**

California has historically been more aligned with the FDA's stance that industrial hemp-derived CBD cannot be used in food or dietary supplements. However, that state does permit the sale of food products with cannabis-derived CBD in licensed dispensaries. The Food and Drug Branch of California Department of Public Health (CDPH) issued an updated FAQ on CBD in food products in July 2018 indicating that its definition of "food" does not include cannabis products like edibles, which are legal in California. CDPH also technically bans the sale of CBD oil outside of licensed cannabis retailers, though it isn't always enforced.

Separately, California Governor Jerry Brown signed a law in late September 2018 (Assembly Bill 2914) that bans the addition of CBD or THC to any cocktail at a public establishment. The new law "prohibit[s] an alcoholic beverage licensee from, at its licensed premises, selling, offering, or providing cannabis or cannabis products, including an alcoholic beverage that contains cannabis or cannabis products, and would provide that no alcoholic beverage shall be manufactured, sold, or offered for sale if it contains tetrahydrocannabinol or cannabinoids, regardless of source."

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**Maine**

Despite being one of 10 states to legalize marijuana for recreational use, health officials in Maine recently ordered businesses in the state to remove CBD-infused edibles from store shelves according to an article in the *Portland Press Herald*. Similar to California, the Maine Department of Health and Human Services appears to be following the FDA's lead in determining that CBD is an unapproved food additive.

State health inspectors in Maine have reportedly told businesses to remove "all foods, tinctures and capsules" containing CBD from their shelves; however, business owners can still sell "CBD products that can be smoked, vaped, worn as a patch or applied as a lotion, and all medical marijuana patients can still buy oral CBDs from licensed caregivers or dispensaries."

**New York**

In response to the 2018 Farm Bill, the New York State Department of Agriculture and Markets issued a FAQ dated Dec. 18, 2018 on the manufacture and sale of hemp-derived CBD products. The department indicates that its current guidance is subject to change and that it will likely be issuing additional regulations as the industry evolves.

The FAQ suggests that New York will allow the sale of CBD products sold as a topical or dietary supplement (pill or tincture), the latter of which runs counter to FDA's current position. However, the guidance appears to restrict CBD products for vaping/inhalation.

Additionally, New York will require licensure and prior written approval to produce and sell certain food and beverages under the New York State Industrial Hemp Research Pilot Program. Licensees under the program can sell products that are "(1) listed in your Research Plan and (2) produced in a facility meeting dietary-supplement GMP standards and (3) properly labeled and packaged for sale pursuant to FDA regulations for dietary supplements, and (4) in compliance with all provisions of the Research Partner Agreement."

Otherwise, New York will restrict the manufacture and sale of ready-to-eat food and beverage products with added CBD infusions or CBD extracts and lists products such as "CBD chocolate syrup, CBD soda, and CBD-infused frosting drizzled cookies." In early February, the *New York Times* reported that the New York Department of Health and Mental Hygiene was beginning to more aggressively enforce this restriction in New York City restaurants and eateries.

**North Carolina**

The North Carolina Department of Agriculture and Consumer Services recently announced its intent to issue warning letters to manufacturers and retailers who sell products containing CBD oil in the state. According to a Feb 8 press release, North Carolina will follow current federal laws, meaning that "CBD cannot legally be added to any human food or animal feed that is for sale," as CBD is the active ingredient in an FDA-approved therapy and cannot be considered a dietary supplement.

North Carolina intends to take an "educate before regulate stance with industry," according to the release. However, the state will "reserve the right to be more assertive" to ensure consumer health and safety, likely meaning product embargoes and seizures.



HOUSE_OVERSIGHT_024893

**Ohio**

State and local health officials in Ohio have also begun cracking down on retailers selling CBD products, according to a recent report from the *Cincinnati Enquirer*. The Ohio Department of Agriculture is reportedly ordering the "embargo" of products containing CBD, which has forced some businesses to remove products from store shelves.

Like most states, Ohio has not yet set up regulations for hemp, which the 2018 Farm Bill requires from each state before the manufacture and sale of certain hemp-derived products. In the meantime, CBD sales are technically limited to one of the Ohio's 56 licensed dispensaries, under the state's medical marijuana program.

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## Global CBD Landscape (Azer)

### International Drug Conventions (UN)

There are three international conventions that are core to the drug control system: (1) 1961 Single Convention on Narcotic Drugs, (2) 1971 Single Convention on Psychotropic Substances and (3) 1988 Single Convention Against Illicit Traffic in Narcotic Drugs and Psychoactive Substances.

Under the 1961 Convention, cannabis extracts and tinctures are currently classified as Schedule I substances based on high abuse and dependence potential. Resin and herbal cannabis are classified as Schedule IV, the most prohibitive category, including dangerous substances that have little to no medical benefits. THC is classified as a Schedule II substance in the 1971 Convention. CBD does not currently have its own scheduled class in the Conventions. Based on recent recommendations from the World Health Organization (WHO), these classifications are likely to change in the short term.

Although the cannabis plant, as a whole, is scheduled under the conventions, there is not a distinct separation between marijuana and hemp at the moment. However, there is an exemption in the conventions for industrial uses of hemp, permitted there is no potential for abuse. The language in the treaties is vague and has allowed member states to interpret the conventions in a way that permits the use of hemp to fit their national legislation. This is a principle based on the practice of "good faith."

### Cannabis Recommendations (WHO)

Beginning in November 2017, CBD was subject to its first pre-critical review conducted by the WHO at the 39th meeting of the Expert Committee on Drug Dependence (ECDD). Following the critical review of CBD at the ECDD's 40th meeting, it was recommended that "pure CBD should not be scheduled in the International Drug Control Conventions." Further clarifications were recently added outlining that CBD preparations containing less than 0.2% THC should be removed from the drug conventions. The clarification does not specifically mention the difference between CBD preparations derived from hemp or marijuana. This outcome is based on expert consultations that found that CBD has no potential for abuse or dependence. CBD will be the first cannabinoid not controlled under international law.

The WHO also recommended that THC be removed from the 1971 Convention and listed under Schedule I. Similarly, it recommended that herbal cannabis and resin remain under Schedule I and removed from Schedule IV of the 1961 Convention. Extracts and tinctures were also recommended to be removed from Schedule I. This marks a historic decision because this was the first time cannabis has ever been subject to a critical review conducted by the WHO.

In March 2019, the Commission on Narcotic Drugs, comprised of 53 countries, will vote on the WHO's recommendations to schedule substances. A simple majority is required. However, it is uncertain whether the member states will vote on cannabis and its derivatives since the WHO delayed the announcement of the recommendation by two months. This may postpone the vote until 2020.

When the vote is passed to remove pure CBD and CBD preparations, countries that permit the use of pure CBD and preparations of CBD will not be in violation of any international treaties. Although countries would no longer be obliged to enforce any control on CBD, national jurisdictions may still implement measures to regulate or prohibit CBD use.

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## European Landscape

### *European Parliament Resolution*

In February 2019, the European Parliament passed a significant resolution to create harmonized policies and standardized practices for medical cannabis products in the EU. The Parliament stressed the importance of conducting clinical trials, which requires a formal assessment of socio-economic and regulatory barriers that have prohibited access to research in the past. This is not a legislative, binding resolution; the European Commission will need to consider a regulatory framework that permits access and availability to cannabis medicine, therapies and scientific studies.

The European Parliament explicitly stated support for the WHO's recommendations to institutionalize the medical and scientific uses of cannabis. Having these two international institutions aligned on standardizing medical cannabis policies will facilitate support for interstate agreements and trade, and paves way for rapid legislative change and growth.

### *EU Standards And Regulations*

There is not a supranational regulatory framework for cannabis in the EU. However, general standards, such as Good Manufacturing Practice (GMP), Good Agricultural and Collection Practice and Good Distribution Practice, are now significant for cannabis compliance. Licenses and authorization must be obtained for certification. This is especially required for pharmaceutical grade cannabis, which is why many Canadian LPs can export to Europe and made investments to build GMP-certified facilities. Although not necessary for non-prescribed cannabis, products with GMP-certification have trusted quality recognition across the EU.

In the EU, the legal limit for THC content is less than 0.2%, in comparison to North America where it is less than 0.3% THC. There are some disparities across the continent with higher margins in Italy (up to 0.6%) and various import requirements country to country. Outside of the EU, Switzerland permits up to 1% THC content, which is treated as a tobacco substitute.

### *EU Novel Food*

Recently, CBD has been added to the European Union's (EU) Novel Food Catalogue. Foodstuff may be supplements, ingredients or other substance forms. A "novel" food is a product not previously consumed in the EU, to a significant degree, prior to May 15, 1997, such as for example, foods that enter the market through new technology or agricultural products normally consumed and grown outside of the EU (e.g. chia seeds, vitamin K, UV treated food).

Amendments to the Catalogue occur frequently and provide a regulatory framework for EU Member States (MS) to follow. Some MS (i.e. UK, France, Germany, Italy, and Holland) requested to update the catalogue with CBD and hemp-derived products. The European Food Safety Authority (EFSA) is now conducting a risk assessment for CBD. This categorization includes pure CBD extracts and products that contain CBD extracts. The EFSA's assessment is limited to a daily intake of 130 milligrams. The outcome of the review is expected in March 2019. By October 2019, the European Commission will release a draft act to authorize CBD in the updated Catalogue.

While the EFSA assesses CBD, some countries have already banned the sale of CBD and removed product from the shelves (e.g. France, Austria). MS may have their national food or health agencies provide further guidance for CBD products and preparations. Obtaining authorization for CBD and hemp-derived products (e.g. tinctures, edibles,

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beverages) will be imperative. This regulatory framework does not affect skincare, cosmetics or topicals with CBD or hemp ingredients.

## Europe

### UK

The UK legalized prescription based medical cannabis in November 2018. Medical cannabis treatments that are advertised with specific medical claims must obtain authorization from the Medicines and Healthcare Regulatory Agency (MHRA). Currently, licensed medical cannabis products are Sativex, Dronabinol and Nabilone. Epidiolex, medical grade pure CBD produced by British pharmaceutical company, GW Pharmaceuticals, is undergoing the licensing process. "Unlicensed" products may be able to be obtained, such as products from Tilray or Bedrocan, under special circumstances which are unmet by other licensed products. Canopy and Aurora announced at the beginning of 2019 that it plans to export to the UK later this year. Despite changes in legality, the number of patients who have been prescribed medical cannabis treatments is quite limited.

While pharmaceutical grade products are difficult to obtain, CBD products are widely available across the UK. Pure CBD is not a controlled substance under the Misuse of Drugs Act 1971. Therefore, as long as CBD products are not authorized by the MHRA, medical claims on labeling and packaging cannot be made. There are also no enforced regulations for testing or packaging. These loopholes in the legislation have led to an increasing number of CBD products marketed as health supplements or wellness products. Due to the growing trend, CBD products have been widely available across the UK, primarily sold in boutique shops, cafes, health stores and online. Holland and Barrett, a health foods store, was the first High Street store to carry CBD products in 2017. Other mainstream outlets now sell hemp-based beauty products, CBD tinctures, edibles, vapes, e-liquids and other forms of the substance. A handful of restaurants also offer CBD cocktails or hot drinks, and the number of kitchens and chefs using cannabis-based products is increasing across the country.

However, in January 2019, the UK Food Standards Agency (FSA) announced that it plans to conduct an investigation of CBD products for consumer safety. It is expected that the FSA will later provide requirements for authorization. This may take up to 18 months. Although enforcement is unclear at the moment, some CBD products have already been removed from the shelves. Since the FSA's assessment does not apply to cosmetics or skincare products with CBD, some CBD companies have expressed interest in launching beauty products now.

A license is required in order to cultivate hemp in the UK. There are restrictions on where the farm can be located that must be approved by the Home Office. Many companies still struggle to secure banking and payment options for their hemp-related businesses. A lobbying group, the British Hemp Association, was formed to educate and push for legislative changes, such as whole plant processing and financial support. Due to barriers of entry, the number of hemp farmlands is small, around 810 hectares.

### Italy

Medical cannabis has been legal in Italy since 2013, yet access and supply remained restricted for years. In 2017, the Military Chemical and Pharmaceutical Plant (MCPP) received a license to cultivate medical cannabis, which supplemented the imported supply from the Netherlands (i.e. from Bedrocan). The MCPP cultivates a medical cannabis product, FM2, that contains 5-8% THC and 7.5-12% CBD. A high THC product (FM1) and a CBD product (FM0) will soon be available. The MCPP only produces 100-150

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kg per year, which has led to a shortage of supply. In 2018, an import license was granted to Canadian licensed producer (LP), Aurora, for 100 kg of medical cannabis per year to help meet the demand.

Italy has a rich history of hemp cultivation and it used to be one of the main producers in the world prior to prohibition of the plant. The market opened up in 2016 when the government announced that a license to cultivate hemp for industrial, food, cosmetic and energy purposes was no longer required. Whereas the rest of the EU requires THC content to be below 0.2%, Italy permits a margin of up to 0.6%.

Based on the license exemption, many companies started producing and selling high CBD, low THC referred to as "cannabis light." Cannabis light products must state that the product is not for human consumption; however, once a person purchases the product the use is essentially up to their own discretion. These products are legally sold and branded as "collectors' items." Since it is a "collectors' item," imported "cannabis light" products are not taxed. However, it is necessary to have proper test and analytics when crossing the border to guarantee the product passes customs.

One of the first "cannabis light" companies, EasyJoint Project, launched in 2017 and is sold in hemp specialist shops. There are now around 1,000 e-commerce sites and other retail stores that sell CBD oil, capsules, CBD for pets, dried flower, vapes and cosmetics. Legally, the Health Ministry must approve products, yet this is not frequently enforced.

Foreign companies have invested in land over the last couple of years, including public Canadian companies Wayland, LGC Capital, Canopy and CROP. In 2018, Wayland entered a JV with CBD Italian Factory S.S. with plans to supply the local market with CBD for medical, therapeutic and veterinary purposes. LGC Capital entered an agreement with EasyJoint to acquire 47% of the company to gain access to the local "cannabis light" companies' 415 retail outlets and 11 branded stores. In February 2019, Canopy made an investment in Italian organic hemp producer and CBD extractor, Canapar Corp. CROP, a Canadian holdings company, acquired 30% of Italian company, Zhemplar, to cultivate and extract low THC, high CBD products, under a white label brand, Tiffany CBD and Hempire Italia. The company also has exclusive rights with Yield Growth Corp to over 55 wellness products that can be infused with CBD.

**Switzerland**

Switzerland is recognized for its progressive drug policies and evidence based approaches. Medical cannabis has been regulated since 2008 and continued to open with regulatory changes in 2017. The number of patients is relatively small, at around 3,000 people. Prior to June 2018, it was not possible to obtain pharmaceutical grade pure CBD for medical purposes. That changed once the Food and Drug Administration in the U.S. approved Epidiolex; subsequently, the Swiss law changed, too. Pharmacies can now prepare magistral formulas for CBD for patients who meet certain conditions

Although cannabis is controlled under the Narcotics Act, CBD is not included in that legislation. The country permits 1% THC to be cultivated, produced and used, which is regulated as a tobacco substitute. These products (e.g. pre-rolled joints, dried flower, and cannabis cigarettes) are regulated under the Tobacco Ordinance and can be purchased in supermarkets, specialty shops, kiosks and cafes. The first cannabis cigarette was available for purchase in 2017. These products are predominantly consumed by affluent businesspeople during breaks at work or the end of the day.

The Federal Office of Public Health (FOPH) provides regulatory oversight for tobacco and CBD products. Registration with the FOPH is required for tobacco substitutes to

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guarantee quality control and compliance. However, this is practiced under "self-supervision" requiring the company to register products prior to market placement. In recent years, the FOPH has been removing CBD products from storefronts due to lack of self-compliance, transparency and false claims.

Swiss law also permits CBD to be used in pure or synthesized form for cosmetic products. The Federal Food Safety and Veterinary Office regulates cosmetic products as well as products that contain hemp-derived ingredients and CBD liquids for e-cigarettes. None of these products can make any pharmacological claims. The Federal Office for Agriculture regulates hemp seeds, oil, fiber, etc, and seeds must be certified and listed under the European Union's Common Catalogue of Varieties.

From 2017 to 2018 there was an influx in the number of cannabis companies in Switzerland, leveling off from around 500 companies to around 100 companies. While many are supplying the local market, a number of companies are exploring and exporting to neighboring markets (e.g. Italy, France, Germany). Beyond their geographical advantage, Switzerland also is recognized for its quality and sophisticated pharmaceutical sector.

At the end of 2018, LGC Capital entered a partnership with Viridi, a Swiss cultivator, processor and distributor of high-CBD products. Wayland acquired Haxon AG, a Swiss hemp producer of 1% THC products. Creso Pharma Limited entered into an agreement with Hempmate Zurich AG for further expansion into the European CBD market.

**France**

Medical cannabis has been legal in France since 2013 and Marinol has been the only product prescribed. In 2018, the ANSM launched an investigation to explore scientific data for therapeutic uses of the plants, type of eligible conditions and consider regulatory frameworks in other legal medical markets. An initial recommendation found that legal medical cannabis should be authorized and final recommendations are expected to be released by September 2019. Aurora has already announced plans to expand into France by investing in infrastructure prior to the market opening.

France is the leading hemp cultivator and processor in Europe, and the global leader in hemp seed production. In 2016, there was a total of 33,000 hectares growing hemp. Stalks and seeds can be processed, yet buds cannot be legally processed, unless for medical purposes. Synthetics are permitted for use. The country permits the cultivation of 20 strains, approved by the EU. There is one company, Hemp-it, that has received a license to grow different varieties.

Despite its leading position in hemp production, the French government has cracked down on the sale of hemp-derived products and CBD sold in stores, cafes and seed shops, as a response to public health and safety. Over the past few months, the Ministry of Social Affairs and Health and National Agency for the Safety of Medicines and Health products (ANSM) have been conducting a review on the uses and authorizations required for CBD. There are a number of CBD and hemp-derived skincare and cosmetic companies that sell lotions, cremes, pain balms, beard oils, etc. France's extensive history in the cosmetics industry positions the country well for CBD skincare.

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## Latin American Landscape

### Chile

Medical cannabis has been legal in Chile since 2017 following a pilot program conducting scientific research that began in 2014. A consortium of non-for-profit organizations, most notably the Daya Foundation, ran this program. They treated over 1,000 patients in the first year of operations. Following the regulatory change in 2017, imported medical cannabis products were available from pharmacies.

Product authorization and cultivation licenses are required to grow and distribute medical cannabis products in country. The Agricultural and Livestock Service of Chile governs these licenses. Chile also permits home-grow, which is popular in the country and the region.

Dayacann (part of Daya Foundation) was the first company to receive a license to cultivate medical cannabis in Chile. Khiron Life Sciences entered an MOU with Dayacann in January 2019 to further expand into the Chilean market of around 1.8 million patients. In 2018, Tilray entered a partnership with Alef Biotechnology (now Tilray Latin America) for distribution in Chile and Brazil, and recently received a license to cultivate and process medical cannabis products. Two Tilray products, T100 and TC100 were approved for prescription in 2016. Canopy Growth's Spectrum Cannabis Chile is also operating in Santiago focused on medical research and patient outreach.

Hemp production has been part of Chile's history, dating back to the 1500s, and has remained legal. There have been provisions in Chilean law to differentiate between cannabis and hemp. Despite its legality, there are not many hemp farms in the country. Chile hosts Expoweed, a hemp trade show, that is Latin America's biggest hemp event. With the land and history, the country has positioned itself for growth as demand for hemp-based products increase.

### Colombia

Colombia is becoming a Latin American hub for cannabis cultivation due to favorable climate and cost of production. The country permits exports of extracts only, with the exception of small quantities of dried flower that are exported for scientific reasons. Only permitting extracts for export is strategic to have traceability from seed to harvest and production. This is in order to curb organized crime and money laundering related to the country's history of drug trafficking. There have been trade agreements established between the EU and Canada in order to facilitate exportation of extracts.

The governments passed legislation for medical use in 2015, which was formally implemented in 2016, and a framework for medical cannabis cultivation was established in 2017. The country issues four types of licenses: 1. Cannabis Seeds (for scientific purposes) 2. Cultivation (psychoactive cannabis) 3. Manufacturing (cannabis derivatives) 4. Cultivation (non-psychoactive cannabis). Another license is required to export. Clever Leaves became the first Colombian company in February 2019 to export medical cannabis to Canada.

Many Canadian LPs have opened operations in Colombia, including Canopy, Aurora, Plena Global, Khiron Life Sciences, Blueberries Medical Corp, Pharmacielo and Wayland. Some of these companies are focused on cultivating strains for CBD. Pure Harvest Cannabis Producers recently entered a JV for land in Colombia to produce CBD from hemp and cannabis. Pharmacielo also secured a proprietary license to cultivate 10 strains, some CBD and some THC dominant. The company registered their seeds, which is now required following an amnesty period for seed genetics that ended December 31,

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2018. Organto received a license to produce high-CBD strains and Foulimed intends to cultivate 70 tones of hemp and cannabis for medical purposes. Colombia enjoys an advantageous climate for cultivating cannabis at a low cost for production, which has attracted interest from many foreign companies.

**Mexico**

Medical cannabis has been regulated in Mexico since 2017. This regulatory change followed a favorable Supreme Court ruling for a young girl who treated her Lennox-Gastaut syndrome with CBD oil in 2015. It is permitted to have medical cannabis products with up to 1% THC content and these products are regulated by the Health Ministry. Aurora (through their subsidiary Farmacias Magistrales) recently received a license to import medical cannabis products containing over 1% THC. Pharamacielo recently announced a JV with Mexican pharmaceutical company MINO Labs S.A. de C.V. to distribute medical cannabis domestically.

Mexico is the second largest hemp producer in Latin America. The law changed in 2017 to permit the cultivation and processing of industrial hemp. In November 2018, the government released a list of 38 OTC products – 21 food supplements, 9 cosmetics, 6 edibles or beverages, 2 raw material – that have been approved for sale in the country. Seven companies received authorization for these products, which includes 2 American, 4 Mexican and 1 Spanish company. These products must contain no more than 1% THC. Products can be purchased through retail stores and e-commerce sites. The regulatory agency authorizing these products is the Mexican Federal Commission for Protection Against Sanitary Risks.

Mexico has announced plans to legalize cannabis for adult-use purposes in 2019, which would significantly change the shape of the market opportunities. The country would become the third in the world to implement a nationwide policy to legalize cannabis for all purposes. In the proposed legislation there would include six types of cultivation licenses – 1. Personal, 2. Scientific, 3. Therapeutic, 4. Recreational, 5. Pharmaceutical and 6. Industrial – five manufacturing licenses – 1. Personal, 2. Therapeutic, 3. Pharmaceutical, 4. Recreational and 5. Industrial – and three distribution licenses – 1. Therapeutic, 2. Pharmaceutical and 3. Industrial. These considerations are still pending. While this will bring many changes to the regulatory framework, home-grow has been legal for personal use since 2015.

Former President Vicente Fox has become a public figure in the cannabis industry by accepting a position at Khiron Life Sciences, one of the leading Latin American producers. The company launched a nutraceutical line, Kuida Life Mexico S.A., at the end of 2018. They receive approval to import CBD-based supplement products for sleep, digestion and muscle recovery. Khiron also entered a JV with American edibles company Dixie Brands for distribution in the Latin American market.

**Uruguay**

Uruguay was the first country in the world to legalize cannabis for all purposes nationwide in 2017. However, medical cannabis has been regulated in the country since 2013 and an industrial hemp program has been implemented since 2010. The Institution of Regulation and Control of Cannabis provides regulatory oversight for the medical market.

There are two licensed producers in Uruguay, and thus, the market has not opened to many foreign entities. This has led to a shortage of supply for the domestic market. Addressing supply issues, the country announced plans to rework the framework to permit more imports and opened applications for up to five more licenses.



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The current licensed companies have already entered agreements with publicly traded cannabis companies. In 2018, Aurora acquired Uruguayan fully licensed ICC Labs Inc. (ICC) that operates a GMP-certified lab facility, indoor and outdoor grow operations and distributes CBD-based products under the brand BIDIOL. In January 2019, Khiron acquired NettaGrowth International Inc., which gives the company access to one of the two currently held medical cannabis licenses in Uruguay.

The amount of land cultivating hemp increased since 2016 but it not at the commercial scale yet. There are intentions to grow hemp in order to extract CBD for pharmaceutical and nutraceutical uses. Although cultivation of CBD with less than 1% THC is permitted, it is relatively difficult to access CBD products in Uruguay at the moment. In 2018, Auxly Cannabis Group acquired Uruguayan hemp cultivator and extractor Inverell S.A. with plans to develop and distribute CBD products.

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## Additional Applications / Implications (Nadeau & Osborne)

### Epilepsy & Psychiatric Conditions (Nadeau)

For companies willing to invest in research and manufacturing, the development of FDA-approved cannabinoid-based drugs provides another path to market. GW's Epidiolex (highly potent, pure CBD) was approved by the FDA in 2018, and several other companies are dedicating resources to conducting the pre-clinical and clinical research necessary to follow in GW's footsteps. These companies are developing cannabinoids that differ by route of administration (oral capsule, oromucosal spray, sublingual pill, aerosol, topical cream, etc), formulation (level of purification, bioavailability, concentration), and dosing strategy (single agent or in combination). Below we summarize the clinical trial data from GW's Epidiolex in epilepsy and psychiatric indications, and Zynerba's transdermal CBD gel ZYN002 in Fragile X syndrome.

**GW** conducted a broad Phase III program for Epidiolex in epilepsy, consisting of two Phase III trials in Dravet, two Phase III trials in Lennox-Gastaut syndrome (LGS), a Phase III trial in tuberous sclerosis complex, and a Phase II/III trial in infantile spasms. The first three Phase III trials (one in Dravet and two in LGS) supported an NDA submission, leading to FDA approval in June 2018.

The Phase III efficacy portion of the first Dravet trial randomized 120 patients to either Epidiolex (20 mg/kg/day, n=61), or placebo (n=59). Epidiolex was added to background anti-epileptic drugs (AEDs). On average, patients were taking ~3 AEDS after previously having failed 4 or more. The average age of trial participants was 10 years and 30% of patients were less than 6 years of age. Patients entered the study with a median baseline convulsive seizure frequency of 13/month. The primary endpoint was the % change in monthly frequency of convulsive seizures during the 14-week treatment period compared with the 4-week baseline between Epidiolex and placebo.

On the trial's primary endpoint, Epidiolex achieved a highly statistically significant median reduction in monthly convulsive seizures of 39% compared with a reduction in placebo patients of 13% (p=0.01). The difference between Epidiolex and placebo emerged during the first month of treatment and was maintained through the entirety of the treatment period. Nine pre-specified sensitivity analyses of the primary endpoint confirmed the robustness of the primary endpoint result. These analyses dealt with statistical elements such as the data's normality, assumptions about discontinuations, and the time period over which the data were analyzed. A number of secondary endpoints were also assessed (responder analysis, seizure types, global impression of change).

Full data were presented at AES 2016. This presentation disclosed that during the maintenance period the reduction in seizure frequency was 41% for Epidiolex vs. 16% for placebo, p=0.0052. The median reduction in total seizures was 29% for Epidiolex vs. 9% for placebo during the treatment period, and 37% for Epidiolex vs. 10% for placebo during the maintenance period. There was a clear separation between Epidiolex and placebo in a continuous response analysis of convulsive seizures across all reductions in convulsive seizure frequency. In particular 43% of Epidiolex patients vs. 27% of patients taking placebo had at least a 50% reduction in convulsive seizures. 62% of Epidiolex patients vs. 35% of placebo patients were rated slightly improved, much improved, or very much improved on the Caregiver Global Impression of Change (CGIC). It was noted that three Epidiolex and no placebo patients achieved convulsive and total seizure freedom during the treatment period. While the poster did not discuss the impact of concomitant clobazam on efficacy, it did note that "the effect of concomitant AEDs on efficacy will be explored in future pooled analyses."

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**Figure 121 Efficacy Results From Epidiolex's First Phase III Trial In Dravet Syndrome**

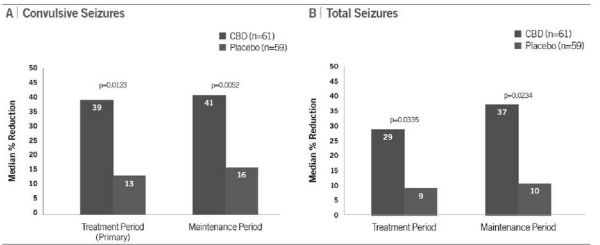


Source: GW Pharma, AES 2016

The most common adverse events were reported to be somnolence (36% in patients on Epidiolex vs. 10% in placebo patients), diarrhea (31% vs. 10%), decreased appetite (28% vs. 5%), fatigue (20% vs. 3%), pyrexia (15% vs. 9%), and vomiting (15% vs. 5%). Importantly, there was no difference in the number of patients who experienced status epilepticus between Epidiolex (n=4) and placebo (n=3). Increases in ALT or AST (>3x ULN) occurred in 12 CBD and 1 placebo patient, all of whom were on concomitant valproic acid. All elevations resolved. SAEs were seen in 10 Epidiolex patients vs. three on placebo. Eight patients on Epidiolex discontinued treatment compared with one patient on placebo, due to adverse events similar to those above, including three due to ALT/AST elevations.

**Figure 122 Safety Data From Epidiolex's First Phase III Trial In Dravet Syndrome**

| | CBD (n=61) n (%) | Placebo (n=59) n (%) |
|---|---|---|
| All-causality TEAEs | 57 (93.4%) | 44 (74.6%) |
| Treatment-related TEAEs | 43 (70.5%) | 16 (27.1%) |
| TEAEs leading to withdrawal | 9 (14.8%) | 1 (1.7%) |
| Serious TEAEs | 10 (16.4%) | 3 (5.1%) |
| Treatment-related serious TEAEs | 5 (8.2%) | 0 |
| TEAEs reported in >10% of patients in either group by preferred term | | |
| Somnolence | 22 (36.1%) | 6 (10.2%) |
| Diarrhea | 19 (31.1%) | 6 (10.2%) |
| Decreased appetite | 17 (27.9%) | 3 (5.1%) |
| Fatigue | 12 (19.7%) | 2 (3.4%) |
| Pyrexia | 9 (14.8%) | 5 (8.5%) |
| Vomiting | 9 (14.8%) | 3 (5.1%) |
| Lethargy | 8 (13.1%) | 3 (5.1%) |
| Upper respiratory tract infection | 7 (11.5%) | 5 (8.5%) |
| Convulsion | 7 (11.5%) | 3 (5.1%) |

Source: Cowen and Company

In 2015, GW initiated two Phase III trials in Lennox-Gastaut Syndrome. The first trial enrolled 171 patients, and the second enrolled 225. In the first LGS study, the patients were randomized 1:1 to 20mg/kg or placebo while in the second, they were randomized 1:1:1 to 20mg/kg Epidiolex, 10mg/kg Epidiolex, or placebo. The LGS trials assessed drop seizures (atonic, tonic, and tonic-clonic seizures that involve the entire body, trunk or head that led or could have led to a fall, injury, slumping in a chair or hitting the patient's

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head on a surface). The primary efficacy endpoint of the trials was a comparison between Epidiolex and placebo in the percentage change in the monthly frequency of drop seizures during the 14 week treatment period (including 2 weeks of dose escalation) compared to the 4 week baseline period. Following the completion of the blinded portion of the trial, all patients were eligible to receive Epidiolex in an open label extension study.

**Figure 123 1st LGS Phase 3 Trial Design**

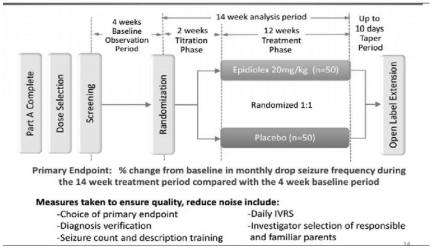


Source: GW Pharma

**Figure 124 2nd LGS Phase 3 Trial Dose Ranging Design**

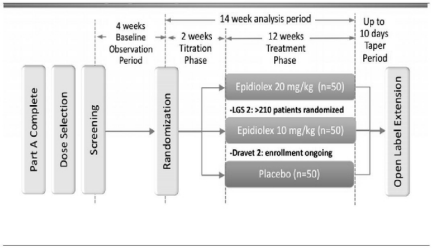


Source: GW Pharma

The first Phase III trial, patients were on an average of three AEDs, and had previously tried and failed an average of 6 other AEDs. Even on their baseline medications, the patients were experiencing a median baseline drop seizure frequency of 74 per month. The average age of patients in the trial was 15 years, although 34% were 18 years or older. On the primary endpoint, Epidiolex produced a median reduction in monthly drop seizures of 44% compared to a reduction of 22% in patients taking placebo (p=0.0135). Epidiolex reduced all seizures by 41% vs. a 14% reduction for placebo (p=0.0005), while the reduction in all seizures during the maintenance period was 45% for Epidiolex vs. 15% for placebo (p=0.0004). Similar to the Dravet trial, there was a clear separation between Epidiolex and placebo on percent reduction in drop seizure frequency across all magnitudes of reduction. In particular, 44% of Epidiolex patients had at least a 50% reduction in drop seizures, compared to 24% of patients taking placebo (p=0.0043). 58% of Epidiolex patients compared to 34% of placebo patients were rated as "slightly improved", "much improved" or "very much improved" on the Subject/Caregiver Global Impression of Change.

Epidiolex appeared to be well tolerated in the trial. 86% of patients on Epdiolex had an adverse event, compared to 69% of placebo patients. The most common adverse events were diarrhea (19% of patients on Epidiolex vs. 8% of placebo patients), somnolence (15% vs. 9%), pyrexia (13% vs. 8%), decreased appetite (13% vs. 2%) and vomiting (11% vs. 17%). Again, there was no difference in the number of patients who experienced status epilepticus between Epidiolex (n=1) and placebo (n=1). There was one death in the Epidiolex group from acute respiratory distress syndrome, but it was not considered treatment related. Increases in ALT or AST (>3xULN) occurred in 20 CBD and 1 placebo patient, all of whom were on concomitant valproic acid. All elevations resolved.

In September 2016, GW announced that Epidiolex's second Phase III pivotal trial (GWPCARE3) in the treatment of Lennox-Gastaut syndrome was also successful. On average, patients were on 3 AEDs at baseline, having previously tried and failed a mean of 7 other AEDs (median=10). The median baseline drop seizure frequency was 85 per

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month and the average age of patients in the trial was 16 yrs, although 30% were 18 yrs or older. On the primary endpoint, 20 mg/kg Epidiolex produced a median reduction in monthly drop seizures of 42% compared to a reduction of 17% in patients taking placebo, p=0.0047. There was also a suggestion of a dose response in the data, with the lower 10 mg/kg/day dose of Epidiolex producing a median reduction in monthly drop seizures of 37%, p=0.0016. In both dose groups the difference between Epidiolex and placebo emerged during the first month of treatment and was sustained during the entire treatment period. GW disclosed that the trial's secondary endpoints, and a series of sensitivity analyses, confirmed the robustness of the results. Similar to Epidiolex's other Phase III studies, although patients on clobazam (51%) had some additional benefit, GW indicated that Epidiolex also showed efficacy in patients not on clobazam.

**Figure 125 GWPCARE3: Reduction In Drop Seizures**

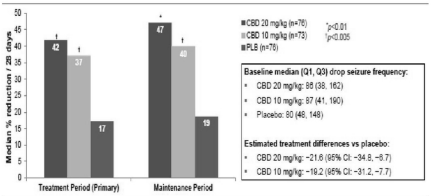


Source: GW Pharma, AAN 2017

**Figure 126 GWPCARE3: Responder Analysis**

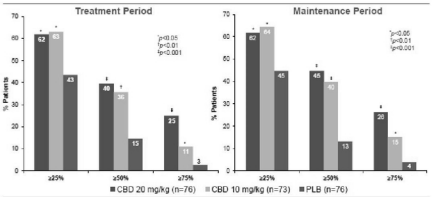


Source: GW Pharma, AAN 2017

Additional data were presented at AAN 2017. Included in this presentation were several of the trial's secondary endpoints and a series of sensitivity analyses. All of these confirmed the robustness of the results. For example, the proportion of patients with a >50% reduction in seizure frequency was 40% for 20 mg/kg Epidiolex (p<0.001), 36% for 10 mg/kg Epidiolex (p<0.01), and 15% for placebo. The proportion of patients with a >75% reduction in seizure frequency was 25% for 20 mg/kg Epidiolex (p<0.01), 11% for 10 mg/kg (p<0.05) Epidiolex, and 3% for placebo. The proportion of patients who achieved seizure freedom was 7% for 20 mg/kg Epidiolex, 4% for 10 mg/kg Epidiolex, and 1% for placebo.

**Figure 127 GWPCARE3: Safety**

| | CBD 20 mg/kg (n=82) n (%) | CBD 10 mg/kg (n=67) n (%) | Placebo (n=76) n (%) |
|---|---|---|---|
| All-causality TEAEs | 77 (94) | 56 (84) | 55 (72) |
| Treatment-related TEAEs | 51 (62) | 20 (30) | 15 (20) |
| TEAEs leading to withdrawal | 6 (7) | 1 (1.5) | 1 (1) |
| Serious TEAEs | 13 (16) | 13 (19.4) | 8 (11) |
| Treatment-related serious TEAEs | 5 (6) | 2 (3) | 0 |
| TEAEs reported in >10% of patients in any group by preferred term | | | |
| Somnolence | 25 (31) | 14 (21) | 4 (5) |
| Decreased appetite | 21 (26) | 11 (16) | 6 (8) |
| Diarrhea | 12 (15) | 7 (10) | 6 (8) |
| Upper respiratory tract infection | 11 (14) | 11 (16) | 11 (15) |
| Pyrexia | 10 (12) | 6 (9) | 12 (16) |
| Vomiting | 10 (12) | 4 (6) | 9 (12) |
| Nasopharyngitis | 9 (11) | 3 (5) | 5 (7) |
| Status epilepticus | 4 (5) | 7 (10) | 3 (4) |

Source: GW Pharma, AAN 2017

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Epidiolex appeared to be well tolerated in the trial. 94% of patients on 20 mg/kg Epdiolex and 84% of patients on 10 mg/kg Epidiolex had an adverse event, compared to 72% of placebo patients. 88% of 20 mg/kg patients and 89% of 10 mg/kg patients deemed their adverse events to be mild or moderate. The most common AEs on 20 mg/kg were somnolence, decreased appetite, diarrhea, upper respiratory infection, pyrexia, vomiting and nasopharyngitis. For 10mg/kg the most common AEs were somnolence, decreased appetite, upper respiratory infection, diarrhea, and status epilepticus. None of the cases of status epilepticus on 10 mg/kg were deemed treatment-related. Thirteen patients on 20 mg/kg Epidiolex had an SAE, of which five were considered treatment related; and 13 patients on 10 mg/kg Epidiolex had an SAE, of which 2 were considered treatment related, compared to 8 patients on placebo. Elevations in ALT/AST levels were observed in 11 patients in the 20mg/kg group and 2 patients in the 10mg/kg group; 10 of the 13 patients were also on valproic acid. Five Epidiolex patients withdrew due to the elevations, but none of the patients met the criteria for drug-induced liver injury. GW noted that overall 10 mg/kg seemed to be somewhat better tolerated; 6 patients on 20 mg/kg Epidiolex and 1 patient on 10 mg/kg Epidiolex discontinued treatment due to adverse events, compared with 1 patient on placebo. There were no deaths in the trial. The results of the trial were published in *NEJM* in May 2018.

Following the release of Phase III datasets from 1 Dravet and 2 LGS trials, a key area of controversy among investors (though not physicians) had been the drug-drug interaction between Epidiolex and clobazam, and in particular whether Epidiolex was effective in patients who were not also taking clobazam. This was put to rest at AES 2017 when GW presented a pooled analysis of the two Phase III LGS trials evaluating Epidiolex's efficacy with and without concomitant clobazam. Even without clobazam, Epidiolex produced solid placebo-adjusted response rates. Response was characterized in terms of "25% responders", "50% responders", and "75% responders", meaning the proportion of patients who had a 25%, 50%, or 75% decrease in seizure frequency. For patients randomized to Epidiolex's 20mg/kg dose, the placebo-adjusted 50% response rate was 22% for patients on Epidiolex without clobazam, compared to 33% for patients on Epidiolex and clobazam. We believe that investors had been hoping for a 12-15% placebo-adjusted 50% response rate for patients on Epidiolex without clobazam in order to be satisfied that Epidiolex was active without clobazam, and therefore the results cleared this bar. For patients randomized to 10 mg/kg Epidiolex, the placebo-adjusted 50% response rate was 25% for patients on Epidiolex without clobazam, compared to 27% for patients on Epidiolex with clobazam. The results for other thresholds of seizure frequency reduction were also generally solid. For 25% responders, the placebo-adjusted response rate was 9% for patients on 20 mg/kg Epidiolex without clobazam, compared to 24% for patients on 20mg/kg Epidiolex with clobazam. At the 75% responder threshold, the placebo adjusted response rate was 8% for patients on 20mg/kg Epidiolex without clobazam, compared to 30% for patients on 20mg/kg Epidiolex with clobazam. In addition to the pooled Phase III data, there were also abstracts from the compassionate use experience of Massachusetts General Hospital and the University of Alabama Birmingham. The analyses from these two institutions also concluded that Epidiolex does not need to be combined with clobazam to be effective.



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**Figure 128 Pooled LGS % Seizure Reduction: 10mg/kg Epidiolex vs. Placebo**

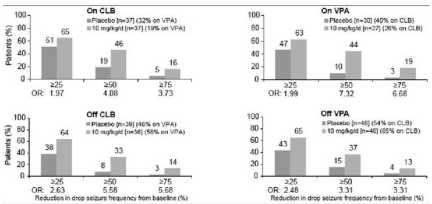


Source: GW Pharma, AES 2017

**Figure 129 Pooled LGS % Seizure Reduction: 20mg/kg Epidiolex vs. Placebo**

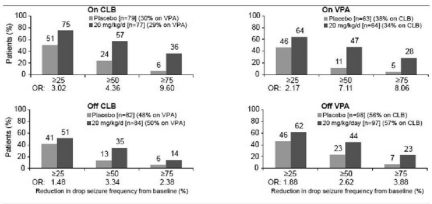


Source: GW Pharma, AES 2017

**GW** has also studied CBD in psychiatric indications. Results from an exploratory study of CBD (GWP42003) in schizophrenia were released in September 2015. The trial was a Phase IIa 6 week, placebo-controlled exploratory trial in 88 patients with schizophrenia refractory to first line anti-psychotic medications. To be enrolled, patients must have been treated for a minimum of four weeks on a first line anti-psychotic medication and still have a PANSS total score in excess of 60. CBD was administered as adjunct therapy on a background of antipsychotic medication. The trial did not have a primary endpoint, but rather a number of exploratory endpoints.

CBD consistently demonstrated superiority to placebo, suggesting that CBD may have substantial anti-psychotic effects. CBD produced statistically significant benefits compared to placebo on the PANSS positive sub-scale (p=0.018), the Clinical Global Impression of Severity (p=0.04) and Clinical Global Impression of Improvement (p=0.02). The proportion of responders (improvement in PANSS Total score > 20%) was higher on CBD than placebo (p=0.07), with an Odds Ratio of 2.65. Moreover, CBD trended superior to placebo (p=0.07) on sub-domains of the PANSS that were particularly relevant to cognition in people with schizophrenia. The Scale for Assessment of Negative Symptoms showed a trend in favor of CBD, and reached statistical significance in patients taking CBD together with a leading first line anti-psychotic medication. The rest of the exploratory endpoints, many of which were other scales measuring functionality and cognition in schizophrenia patients, also trended in favor of CBD.

Even in the context of schizophrenia, CBD produced a clean safety profile, with no serious adverse events and a balanced incidence of adverse events compared to placebo. The most common adverse events were diarrhea (9.3% CBD vs. 4.4% placebo), nausea (7% CBD vs. 0% placebo), headache (7% CBD vs. 8.9% placebo) and somnolence (0% CBD vs. 6.7% placebo). There were two withdrawals from the study due to treatment-related adverse events, one each for CBD and placebo.

CBD's activity in schizophrenia is supported by pre-clinical data in animal models, as well as by a recent study published in *The Journal of Clinical Investigations* (2012) which suggested CBD may be useful as either monotherapy or in combination with first line anti-psychotic agents. Nonetheless, while the p-values suggest that CBD has activity, its potency is difficult to judge without knowing the effect sizes. Therefore, additional data from this and subsequent studies will be necessary to fully understand the potential of CBD in schizophrenia. GW Pharma has indicated that it intends to pursue CBD's future development in pediatric orphan neuropsychiatric indications.

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GW's platform allows it to produce chemotypes with precise concentrations of various cannabinoids, and the company is testing numerous other cannabinoids. GW's CBDV drug is in a 10 patient investigator sponsored trial in autism spectrum disorders, and a Phase II 100 patient placebo controlled trial in this indication began in December 2018. GW is also investigating CBDV for use in epilepsy, though the first clinical trial was not successful.

**Zynerba** studied its transdermal CBD gel ZYN002 in Fragile X syndrome in a 12 week Phase II open-label study in children and adolescents. In the trial, patients were initiated on a dose of 50mg daily with the option to titrate up to 250mg daily. The primary endpoint was the Anxiety, Depression, and Mood Scale (ADAMS) Total Score. Twenty patients were enrolled, 18 of whom completed the 12 week treatment. At 12 weeks, two patients were on 100mg and 16 were on 250mg. On the primary endpoint, subjects saw an average improvement of 14.1 points (or 45.8%) from baseline (p<0.0001) with the greatest improvements seen in social avoidance (52.9%), general anxiety (54.0%), and manic/hyperactive behavior (p=0.0003). Twelve patients continued in a long-term extension study out to 12 months of follow up. These patients showed statistically significant improvements in mean % change from baseline in ADAMS Total Score, as well. The extension trial also contributed to a more robust safety dataset. The most common treatment-emergent adverse events were gastroenteritis (14%) and upper respiratory tract infection (12%); no serious AEs were reported. A randomized, double-blind, placebo-controlled trial to extend these findings to a larger population is ongoing in Australia, New Zealand, and the U.S.

**Figure 130 ZYN002 Produced Reductions In ADAMS At 12 Weeks...**

| Scale: ADAMS | Baseline (n=20) | Week 12 (n=18) | Week 12 Δ (% Improvement Group Mean) | P-value[a] |
|---|---|---|---|---|
| Total Score | 33.4 | 18.1 | -14.1 (45.8) | <0.0001 |
| Social Avoidance | 10.2 | 4.8 | -5.1 (52.9) | 0.0002 |
| Manic/Hyperactive Behavior | 9.4 | 6.1 | -2.7 (35.1) | 0.0003 |
| Depressed Mood | 2.8 | 2.0 | -0.9 (28.6) | 0.1417 |
| General Anxiety | 10.0 | 4.6 | -4.8 (54.0) | <0.0001 |
| Compulsive Behavior | 2.8 | 1.4 | -1.2 (50.0) | 0.0262 |

Source: Zynerba

**Figure 131 ...And Efficacy Persisted Out To 12 Months In An Extension Study**

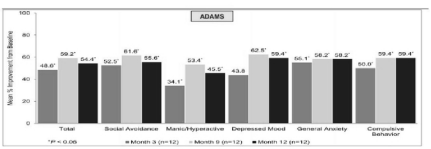


Source: Zynerba



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## Industrial Hemp And Sustainable Bioproducts (Osborne)

**Figure 132 - Industrial Hemp Use Cases**

| Part of Plant | Fiber | Hurd | Entire Stalk | Hemp Nut | Hemp Oil | Seed Cake |
|---|---|---|---|---|---|---|
| **Product Category** | **Textiles** | **Building Materials, Industrial Products, Paper** | **Energy Products** | **Foods** | **Foods, Personal Care Products, Technical Oils** | **Pressed Products** |
| **Common Uses** | Apparel<br>Netting<br>Canvas | Fibre Board<br>Mulch<br>Printing<br>Cardboard | Ethanol<br>Biofuels | Bread<br>Granola<br>Cereal | Supplements<br>Soap<br>Cosmetics<br>Solvents, lubricants, fuels | Animal Feed<br>Proteins<br>Flour |

Source: Cowen and Company

Hemp plants have been used for industrial applications for thousands of years. Hemp stalk fiber was traditionally used as a textile for use in rope; clothing; and sails due to its tensile strength. Hemp seeds are used in foods and compressed to make oils that were used as a lighting fuel. The original diesel engine was designed to run on a variety of biodiesel fuels, including vegetable oils and seed oils, which included hempseed oil. In 1937, hemp production was banned due to its similarity to marijuana despite low THC presence, but to aid the war effort the federal government requested that farmers plant industrial hemp to make up for a shortfall in imports from the Asian Pacific. Farmers planted 36,000 acres of hemp in 1942 and set a target of 50,000 acres in order to produce the 34,000 feet of hemp that was needed in each Naval battleship and for other textile uses. The cheap availability of petroleum based synthetic products and federal regulations against hemp production caused hemp production to decline rapidly again after the war in the U.S. and throughout most of Europe. As hemp now looks to make a comeback in light of recent legislation, we see the use cases for industrial hemp to include many of the traditional textile and food uses that were previously common, in addition to the growing CBD market.

**Figure 133 - Industrial Hemp Imports In 2017 ($1,000)**

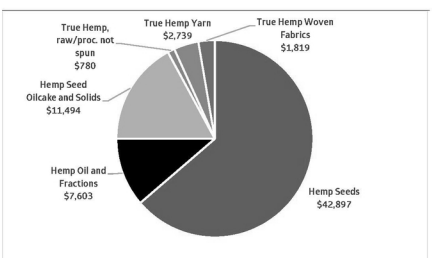


**Figure 134 - Industrial Hemp Imports In 2017 (Metric Tons)**

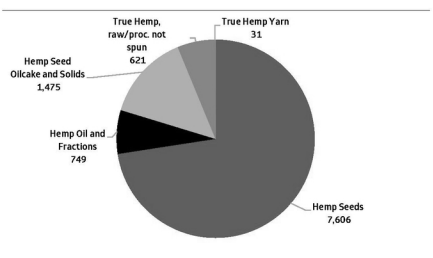


Source: Cowen and Company, Compiled by CRS using data from the U.S. ITC

### Sustainability Of CBD And Hemp Production

As the CBD industry grows in size, we believe that producers will look to minimize the environmental impact of production. In addition, we could see producers try to monetize the entire waste stream of the hemp production process by converting parts of the plant that aren't used to produce CBD or other products into biomass energy. We believe the most common use cases for hemp biomass will be in the form of pelleting for

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use as heating fuel, and also see potential to act as a cellulosic biofuel. The process of pelleting industrial hemp biomass would be a similar to that of pelleting wood waste, which gets converted into densified biomass products such as roundwood, pulpwood, sawmill residuals, and wood product manufacturing residues, which typically cost ~$30 per ton. Wood biomass fuel has an annual capacity of 12.6 million tons per year and produces ~675 GWh per year in energy. Access to local refineries is key to utilizing hemp biomass as a cellulosic biofuel. Through local access to refineries, the fuel can be refined while transportation costs, which can make the products uncompetitive, are minimized. Given the commoditized market for biodiesel however, where soybean oil has ~50% of the market input by weight and corn oil has ~15% of the market input by weight, we do not expect hemp to materialize as a meaningful player due to the competitive advantage of high production crops competing for low cost production.

**Figure 135 - Biodiesel Production By Input (Millions Of Pounds)**

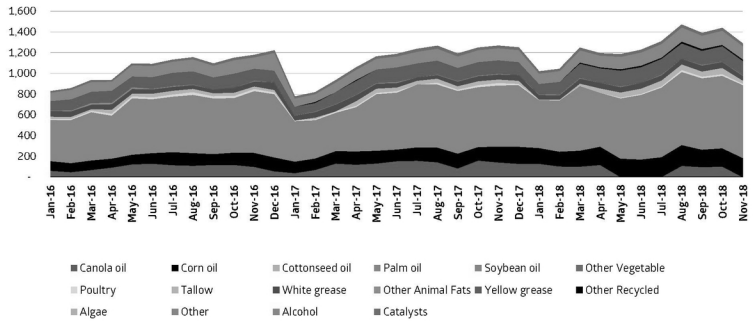


Source: Cowen and Company, EIA

### Biochemical CBD Production Methods

CBD is most commonly produced by either CO2 or ethanol extraction from hemp plants. In CO2 extraction, plants are filtered through a series of chambers with temperature and pressures applied to the plants that isolate the cannabinoids. The CO2 method is able to isolate CBD at a 90% efficiency and is typically used when producing small quantities. Ethanol extraction introduces the hemp plant to solvent ethanol and enables higher volumes production. In addition to hemp-based production of CBD, we believe the opportunity exists for players within the biochemical space to produce CBD by utilizing a fermentation approach from other feedstocks. Amyris recently announced a $255 million cannabinoid development, licensing and commercialization agreement. Amyris plans to utilize the C5 molecule found in sugarcane in a fermentation process to produce CBD. The company believes that the fermentation process ensures a level of purity that is not possible through traditional plant-based production, where CBD levels can vary from plant to plant. In order to build out the industrial scale necessary for mass food market, CBD products will need to be produced at standardized levels. Given Amyris plans to produce CBD at its Brotas plant in Brazil, which is fueled by biomass co-product of the nearby sugarcane fields, we believe this will be an attractive option for companies looking to integrate CBD into their products sustainably assuming the company is able to produce cost competitively with hemp plants.

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## Appendix

**Figure 136 Cannabis Comp Table**

| Company Name - Non-Coverage | Ticker | Local Curr | Price 2/22/2019 | 52 Week Low | 52 Week High | Market Value | Enterprise Value | Enterprise Value / LTM Rev | FY1 Rev | FY2 Rev | FY3 Rev | FY1 EBITDA | FY2 EBITDA | FY3 EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1933 Industries Inc | TGIF.CD | CAD | 0.56 | 0.30 | 0.80 | 133 | 131 | 8.8 | 4.3 | 3.1 | NA | 31.2 | 11.8 | NA |
| Aphria Inc | APHA.N | USD | 10.18 | 3.75 | 13.45 | 2,535 | 3,219 | 56.2 | NA | NA | NA | NA | NA | NA |
| Aurora Cannabis Inc | ACB | USD | 6.96 | 3.90 | 12.53 | 6,948 | 9,318 | 78.2 | NA | NA | NA | NA | NA | NA |
| Charlotte's Web Holdings Inc | CWEB.CD | CAD | 18.15 | 9.05 | 22.75 | 1,678 | 1,199 | NA | 17.1 | 7.6 | 4.4 | 51.1 | 21.5 | 12.0 |
| Cronos Group Inc | CRON.O | USD | 21.92 | 5.12 | 25.10 | 3,892 | 5,113 | NM | NM | 37.7 | 29.2 | NM | 122.0 | 96.1 |
| Curaleaf Holdings Inc | CURA.CD | CAD | 10.25 | 1.43 | 26.01 | 3,412 | 3,412 | NA | 38.3 | 9.3 | 4.7 | NM | 27.8 | 12.9 |
| CV Sciences Inc | CVSI.PK | USD | 4.90 | 0.37 | 9.20 | 463 | 453 | 11.0 | NA | NA | NA | NA | NA | NA |
| Elixinol Global Ltd | EXL.AX | AUD | 3.47 | 1.34 | 3.69 | 161 | 148 | NA | 1.4 | 1.2 | 1.0 | 14.6 | 7.6 | 6.3 |
| Emblem Corp | EMC.V | CAD | 1.78 | 0.83 | 2.12 | 234 | 202 | 35.4 | 24.4 | 2.7 | 1.4 | NM | 18.2 | 5.6 |
| Emerald Health Therapeutics Inc | EMH.V | CAD | 3.89 | 2.04 | 6.35 | 554 | 504 | NM | NA | NA | NA | NA | NA | NA |
| Green Organic Dutchman Holdings Ltd | TGOD.TO | CAD | 3.69 | 2.06 | 9.64 | 989 | 789 | NA | 53.6 | 4.0 | 1.4 | NM | NM | 6.3 |
| Green Thumb Industries Inc | GTII.CD | CAD | 19.69 | 8.21 | 32.50 | 1,257 | 859 | NA | 13.0 | 4.0 | 1.9 | NM | 19.2 | 5.6 |
| Khiron Life Sciences Corp | KHRN.V | CAD | 4.05 | 0.87 | 4.35 | 308 | 294 | NA | NM | 24.6 | 3.9 | NM | NM | 15.3 |
| Level Brands Inc | LEVB.N | USD | 5.05 | 2.60 | 8.41 | 51 | 43 | 4.7 | NA | NA | NA | NA | NA | NA |
| Neptune Wellness Solutions Inc | NEPT.O | USD | 3.67 | 2.27 | 5.14 | 295 | 374 | 14.5 | 14.1 | 6.1 | 2.7 | 84.2 | 30.6 | 11.1 |
| OrganiGram Holdings Inc | OGI.V | CAD | 7.74 | 3.26 | 8.55 | 1,013 | 1,016 | NA | 8.2 | 4.3 | 3.2 | 19.5 | 11.6 | 8.8 |
| **Company Name - Coverage** | | | | | | | | | | | | | | |
| Canopy Growth Corp | WEED.TO | CAD | 58.51 | 23.88 | 76.68 | 20,071 | 16,142 | NA | NM | 74.2 | 34.9 | NM | NM | 105.0 |
| KushCo Holdings Inc | KSHB.PK | CAD | 6.38 | 3.76 | 7.20 | 560 | 16,142 | NA | NM | NM | NM | NM | NM | NM |
| Tilray Inc | TLRY.OQ | USD | 79.07 | 20.10 | 300.00 | 7,367 | 16,142 | NM | NA | NA | NA | NA | NA | NA |
| Turning Point Brands Inc | TPB | USD | 41.00 | 19.11 | 47.00 | 802 | 16,142 | NM | NM | NM | NM | NM | NM | NM |
| | | | | Overall Min | | 50.6 | 42.6 | 4.7 | 1.4 | 1.2 | 1.0 | 14.6 | 7.6 | 5.6 |
| | | | | Overall Mean | | 2636.1 | 4582.0 | 29.8 | 19.4 | 14.9 | 8.0 | 40.1 | 30.0 | 25.9 |
| | | | | Overall Median | | 895 | 937 | 14.5 | 14.1 | 5.2 | 3.2 | 31.2 | 19.2 | 11.1 |
| | | | | Overall Max | | 20,071 | 16,142 | 78.2 | 53.6 | 74.2 | 34.9 | 84.2 | 122.0 | 105.0 |

Source: Thomson Reuters and Cowen and Company

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## VALUATION METHODOLOGY AND RISKS

### Valuation Methodology

**Cannabis:** Our valuation methodology is primarily based on Relative EV-to-Sales (EV-to-Sales divided by Sales-Growth), followed by EV-to-Sales.

### Investment Risks

**Cannabis:** Cannabis is an emerging industry and is subject to regulatory headwinds. While over 50% of the population is in favor of legalization, only a few states have thus far legalized cannabis for recreational use and the product remains illegal at the federal level. Looking forward, much work and change still needs to occur in order for this industry to realize its full potential.

**Risks Pertaining to U.S. Cannabis-Related Companies:** If you are considering investing in a U.S. company that is connected to the cannabis industry, be aware that cannabis-related companies may be at risk of federal and/or state criminal prosecution. The Department of Treasury has issued guidance that The Controlled Substances Act ("CSA") makes it illegal under U.S. federal law to manufacture, distribute, or dispense cannabis and cannabis-related products. Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, however, many U.S. states and the District of Columbia have legalized certain cannabis-related activities.

**Risks Pertaining to Canadian Cannabis-Related Companies:** In Canada, cannabis is an emerging industry and is subject to regulatory headwinds. While medical cannabis is legal in Canada, legislation has also been introduced to legalize adult-use sales on October 17, 2018. An initial regulatory framework has been laid out for the adult-use market, looking ahead, the category will be subject a number of potential headwinds, including taxes and restrictions on from factors and packaging.

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# ADDENDUM

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## Stocks Mentioned In Important Disclosures

| Ticker | Company Name |
|---|---|
| WEED | Canopy Growth Corporation |
| GWPH | GW Pharmaceuticals Plc |
| TLRY | Tilray |
| TPB | Turning Point Brands |

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|---|---|---|---|---|
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| Sell (c) | 7 | 0.95% | 0 | 0.00% |

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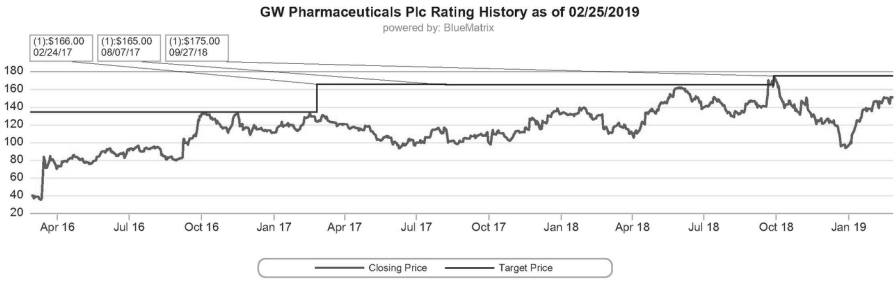


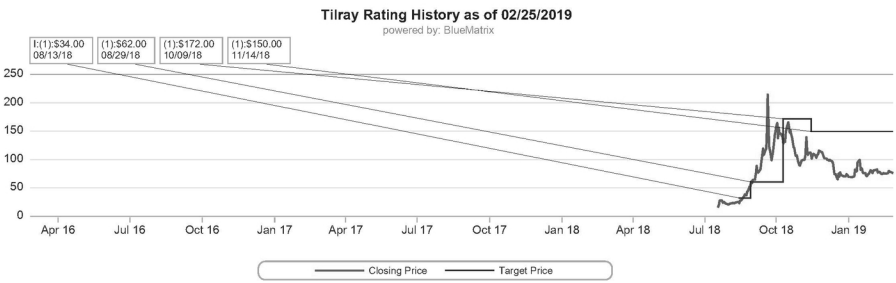

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**Legend for Price Chart:**

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**From:** paul krassner [redacted]
**Sent:** 5/15/2019 12:17:32 AM
**To:** George Krassner [redacted]; nick kazan [redacted]; Mrisman02 [redacted]; Rebecca Risman [redacted]; Linda W. Grossman [redacted]
**Subject:** rather long and a few typos

# REMEMBERING CAVALIER MAGAZINE

## LAUNCHING A MAGAZINE

My friend Michael Simmons, who has been the editor of *National Lampoon* and *High Times,* observes that *Cavalier* hired fine scribes. A few examples: Thomas Pynchon, Philip Roth, William Saroyman, Isaac Asimov, Theodore Sturgeon. *Cavalier* was launched by Fawcett Publications in 1952.

Men's magazine *Cavalier* (motto: "For the American Male") was published the year before *Playboy* to whom it has often been compared, and back in the day tried to be seen as slightly hipper, more youthful and considered a bit more clever than its big name rival. Almost an anti-establishment *Playboy.* A slogan stated: "Your dad bought *Playboy*, you bought *Cavalier*."

## I BECAME A COLUMNIST

I was invited to write a column, named "The Naked Emperor," for *Cavalier*, that was beginning to publish underground writers and artists. They paid me $1,000 a month. My first column was a report on an auction of two-inch squares from the hotel bedsheets slept on by the Beatles during their first trip to America.

There were 300 screaming young girls, off on a fetishist's holiday. Obviously, there wouldn't be enough items to go around, but it was announced that the Beatles' unwashed towels and bed linens were to be cut into two-inch squares and sold for $1 each. The price included a notarized statement of authenticity.

My second column was about Lenny Bruce—titled "Lenny the Lawyer," since he defended himself in trials He was arrested for obscene performances only because there were no blasphemy laws. I went to the bank and deposited my check, withdrawing half of it in cash, a $500 bill. Lenny was alone in his hotel room on Christmas Day when I presented it to him. And, with a large safety pin, Lenny attached the $500 bill to the outside breast pocket of his denim dungaree jacket.

AFTER JFK ASSASSINATION

In another column of mine, "Jack Ruby and His Dirty Little Secret," it began, "Lenny Bruce told me how all the night club comics used to Jack Ruby's "tattoo of a lady's *schmutzik* (translate: pussy) in his armpit." If it wasn't a fact, I was quite willing to settle for an apocryphal allusion which nevertheless crystallized the entire personality of that alleged murderer who wanted so very much to be liked.

I say *alleged* because upon Ruby's own death. Dallas District Attorney Henry Wade said he would dismiss the murder charge against him, a promise which has since been kept, although no such posthumous grace was ever officially bestowed on Lee Harvey Oswald. See, they grant you retroactive innocence only in the face of innumerable witnesses who were present at the actual event through the miracle of inadvertent televised coverage.

Now Jack Ruby's dirty little secret has been forever sealed away in his armpit by the hymen of history. Oh yeah, and at Lenny's funeral, that safety pin was still attached on his jacket.

**JULES SIEGEL**

Two years before Lenny's death, with his permission I published his obituary in my own magazine, *The Realist.* Before the issue went to press, he called his mother and a few others to let them know it would only be a hoax. The point was that he couldn't get work and his work was his life so he might as well be dead. And if people regretted that they hadn't helped him, well,

now they could have a second chance because he was still alive. The obituary evoked inquiries from newspapers, wire services, foreign publications, radio and TV.

"What's the meaning of it?" one editor asked me. "There's a lot of excitement at the city desk."

"That *is* the meaning of it."

A few years later, without my permission, Jules Siegel, the editor of a short-lived magazine, *Cheetah*, published a fake obituary of me. I thought it was funny. An Associated Press reporter called, and I explained that it was a hoax.

"Are you sure?" he asked.

"Of course. I would tell you if I was dead."

Siegel started writing for *Cavalier.* His first assignment was a profile of Sterling Hayden, an actor best known in *Dr, Stranglove or How I Learned to Stop Worrying and Love the Bomb.*

Journalist Adam Ellsworth described Siegel's "Goodbye Surfing, Hello God" with his most famous example of rock journalism, but his most revolutionary was his article, "The Big Beat." It appeared in the *Playboy*-esque *Cavalier* magazine in 1965 and was one of the earliest writings he'd ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Then Jules' friend, Arthur Kretchmer, became *Cavalier's* managing editor. "When the editorial director later resigned," Kretchmer said, "there was a 24-hour hiatus before the new editor arrived." Siegel and Kretchmer had been discussing the possibility of publishing an issue on rock and roll, so to make it happen, Kretchmer went into the office at night and retyped the magazine's schedule to include their ideas.

When the new editorial started, Kretchmer handed him the schedules and said, "Here's what we're working on." The new editorial director suspected nothing and the rock and roll issue went ahead. Once the laughter died down, Jules talked for a good 25 minutes about

some of the ups and downs of his writing career and how hard it is to make a living as any kind of a writer, let alone a "rock journalist." and the people who created it, seriously.

Now everybody writes about rock and roll that way. Jules was one of the people who did it first. "Goodbye Surfing, Hello God!" is Jules's most famous example of rock journalism, but I think his most revolutionary is his article "The Big Beat." It appeared in the Playboy-esque *Cavalier* magazine in 1965 and is one of the earliest writings I've ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Jules Siegel died of a heart attack on November 17, 2012 at the age of 77. He was a brilliant author, but neither *Rolling Stone* nor the *New York Times* honored him with an obituary. Not even a fake one.

**COMIC STRIPS**

Art Spiegelman tells me his work at *Cavalier* 50 years ago:

I was first invited into the mag to do two full-color comix pages in 1969 (when being printed in color was a Very Big Deal for me as was Getting Paid more than 25 bucks for a drawing), somehow in proximity to a big article on underground comix. It was around the time Vaughn Bode was made a regular contributor to the magazine, They were running some Crumb "Fritz the Cat" pages. All thanx to their hip, laid back and kind editor, Alan LeMond.

I also did some gag cartoons, short strips and occasional illustrations for *Cavalier* (one especially bad drawing for a story by Bruce Jay Friedman, I recall). My work in 1969, as an apprentice underground cartoonist taking too many drugs was really, really awful so I'm grateful for the editor's hip and laid-back kindness. But, hey, I was proud to be in a mag that published pieces by Pynchon, Manny Farber and you.

By the time I'd gotten incrementally better as a cartoonist in the first half of the 1970s I was regularly doing illustrations for soft-core fiction stories in *Cavalier's* low-rent sister mags, *Dude, Gent* and *Nugget* (even wrote a story or two there and got several of my San Francisco comix cronies (Spain Rodriguez, Bill Griffith and Justin Greene) illustration gigs with Alan for those mags as well.

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[Note in Wikipedia: *Maus* is a graphic novel by American cartoonist Art Spiegelman, serialized from 1980 to 1991. It depicts Spiegelman interviewing his father about his experiences as a Polish Jew and Holocaust survivor. The work employs postmodernist techniques and represents Jews as mice, Germans as cats, and Poles as pigs. In 1992, *Maus* won a Pulitzer Prize.]

**COMiING AND GOING**

I wrote some movie reviews for *Cavalier.* I recall that *Midnight Cowboy* was 50 years ago. I always went to two screenings. The first one I would go stoned with magic mushrooms. The second one I took notes. However, I got fired by *Cavalier.*

They declined to publish a particular column—my review of *MASH* as though it were a Busby Berkeley musical called *Gook Killers of 1970*—ostensibly on the grounds of bad taste, but I learned that three wholesalers had told the publisher they were pressured by the FBI and would refuse to distribute *Cavalier* if my name appeared in it.

On top of that, my name was on a list of sixty-five "radical" campus speakers, released by the House Internal Security Committee. The blacklist was published in the *New York Times*, and picked up by newspapers across the country. It might have been a coincidence, but my campus-speaking engagement-bookings stopped abruptly. It felt just like a film.

**OH, WELL**

It was over for me, but it had been fun—like the issue with only the one large red headline on the *Cavalier* cover: "BEAT 'EM SENSELESS FIRST"—THE FREE SPEECH CONTROVERSY, BY PAUL KRASSNER . . . "Ironically," I wrote, "it is this concept of the total education experience *on* campus which I believe to be the basic significance of the much-misunderstood free-speech imbroglio at the University of California in Berkeley."

The sit-in lasted till 3 a.m. Next day, October 1, 1964, ten tables were manned again, and a campus policeman approached one of the tables (manned by the Congress of Racial Equality) where a dozen persons were seated. One was singled out and placed under arrest. But before you could say nonviolent demonstration, the police car was surrounded, its captors reaching as many as 3,000 students. During the late evening, bored fraternity men gathered and tossed lighted cigarettes and eggs on those sitting in the plaza. The demonstrators responded with silence.

Next day, 450 police assembled on campus to remove the cop car and its arrested inhabitant, but an agreement to negotiate was reached and the demonstrators dispersed. One of the folk songs to come out of the Free Speech Movement incidentally, was *If I Negotiate With You,* to the tune of the Beatles' *If I Fell in Love With You.*

Over the next couple of months there was a series of sit-ins and attempted negotiations, and then, on December 2, the infamous Sproul Hall sit-in. It took twelve hours for 800 students to be arrested by some 600 instructors of a new course called Introductory Police Brutality. These were from the lab notes student took.

There was a freshman co-ed at Berkeley who—long after she had forgotten what some professor spouted during an official lecture about Dostoevsky's *Crime and Punishment*—would remember, with perhaps a twinge of frightened pride, learning from a fellow demonstrator that if she planned to go limp when the police arrested her, it would be an act of practical feminine foresight to remove the earrings from her pierced lobes in advance.

So, now in 2019, fighting over free speech has been happening heavily at Berkeley campus again. Meanwhile, Trump grabbed a pussy on the Statue of Liberty. *Cavalier,* anyone?

**Date:** Saturday, April 18 2009 07:20 PM
**Subject:** Fwd: Fw: shikh mohammed first media e session
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

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---------- Forwarded message ----------
From: **Sultan Ahmed Bin Sulayem** <[redacted]>
Date: Sat, Apr 18, 2009 at 3:03 PM
Subject: Fw: shikh mohammed first media e session
To: Jeffery vacation <jeevacation@gmail.com>

Sent from my BlackBerry® wireless device

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**From** [redacted]
**Date**: Sat, 18 Apr 2009 14:06:58 -0400
**To** : <[redacted]>
**Subject**: shikh mohammed first media e session

# UAE Prime Minister

## First Media e-Session with the Prime Minister

### Dear Friends in the Media:

I write this in the spirit of good will to thank all of you for your interest in communicating with me through the official Prime Minister's Web site.

This is the second time that I have responded to your questions online; the first time was eight years ago, when Internet communications were still in the nascent stage -- although, I must say, Dubai and the United Arab Emirates had already made noteworthy progress in this field. During that initial online interview, my objective was to stimulate the interest of the Emirati community in the Internet when the use of the online communications was relatively limited.

Today the usage of the Internet across the UAE has come to be taken for granted; in fact, the Web has been adopted so extensively in both the public and private sectors that e-communications are the norm rather than the exception. We see that a large segment of our society, especially young people, believe that the Internet is the most important source of information, education and entertainment.

The UAE continues to lead the Arab world in adoption of information and communication technology according to the annual global infor mation technology report released before yesterday.

Little wonder, then, that I get inundated with questions from citizens and media alike. That's why I have chosen to meet with you via my Web site. I think hosting this encounter online will allow all of you to ask as many questions as you wish. In the last few days alone, I have received hundreds of questions from several local and regional newspapers. Naturally, there was some overlapping of questions since they came from so many different sources. Hence, I have tried to consolidate my answers in such a manner that I do not come across as repetitious.

This "interview," of course, relates to questions from the media, whose work I consider especially significant in telling the story of how Dubai and the UAE are coping successfully with the global financial crisis, and how our development plans are being advanced with the resilience and determination that has always characterized Emirati society.

I have also received many questions from everyday Emiratis, and these will be answered in a subsequent communication.

In the meantime, I hope my responses will generate positive discussion about the issues and values that Dubai and the UAE care about – the strengthening of a society that's anchored in unique Emirati traditions, and the continued building of a global city to which all are welcome, a city that is well integrated in the fast changing global commons that we all must share. Dubai is not only a catalyst of change; it is an exemplar of change. And I am proud of that, just as I am proud of the economic and social contributions that Emiratis and their well-wishers have made over these years to furthering the Dubai Vision.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, Dubai, the famous city known for its outstanding experience on both regional and international levels, has been recently criticized for its development strategy in the light of the global financial crisis. How do you perceive this campaign and how are you dealing with it?**

Criticism and negative statements do not really disturb me. We do not mind receiving objective criticism that helps us improving our services and methods. If there were negative aspects, then we will address them and work toward revamping them. But following the global financial crisis, what we read and heard was not in reference to the negative aspects. In fact it was a "media bombardment" targeted at the UAE as a model for a federal state, a successful and prosperous Arab country. And Dubai, the city that has set up a successful economic model at a global level, was under a daily attack by some Western media, as if they were in a race against time to harm the UAE.

As for the motives of the campaign, God Almighty knows. But it seems that the success of the Arab, whether

individual or state, city or a company, is seen as unacceptable. It seems that seeing=2 0distinct images of successful Arabs and Arab countries disturbs some people. They would rather stick with the distorted images of Arab stereotypes in their minds.

I need to stress here a very important perception. We are not growing in order to be a model for its highest building in the world, best airport, and most luxurious hotel, and the largest seaport and man-made islands. These landmarks and features are unique and famous all over the world. But the Dubai model is beyond that. Dubai is an Arab city with scarce natural resources but with a clear vision of comprehensive development and social needs. It is a city that succeeded through its investments in human resources, its unique geographical location, and its trade expertise. This has enabled us to achieve unmatched growth and to become the focal connection between the East and West. Dubai has proved as well the possibility of coexistence of different cultures in an open and tolerant Arab Islamic environment.

Dubai's model, which is part of the UAE model, lies in the success of the economy's diversification, and in sparking the interest of the Arab region and neighboring countries in the information and communication technology, the e-government and the knowledge economy, and in facilitating access to the people in our region to global best practices. Our international experiences in various areas are often on display through exhibitions, conferences and other activities.

Dubai's model also lies in proving the viability of investing in the region, of investing specifically in the knowledge economy and in human welfare. It has also raised the citizens' expectations in the region concerning levels of good governance and transparency, and the quality of public services and state-of-the-art infrastructure.

Dubai is about providing the highest international standards in education and health systems. It is a city with entrepreneurial spirit that entered into international investment areas and bought assets in global ports, airports and financial markets. Dubai succeeded in building a global financial center and entering into partnerships with reputed financial institutions, and was able to compete globally in the areas of air and sea transport, and charitable initiatives that were created to help developing the less fortunate countries.

These are some of Dubai's model features, which has attracted the attention of the world, and enticed the interest of the Arab region and its people, and inspired many people and motivated them. Is this the model that our critics are targeting?

I asked my brothers and myself this question and I did not expect a reply, because we are accustomed in the UAE to respond by work, not words. We believe in God and we have full faith and confidence in Him and in our people and businessmen and the many other believers in Dubai.

Abu Dhabi is also witnessing an attack since it succeeded in leading a successful Arab union and launched initiatives of a strategic and impo rtant nature such as "Masdar City.". I know that the international media have covered art initiatives in Abu Dhabi, including building an outpost of the Louvre. But one gets the impression that even in such coverage of important initiatives, there's invariably some reference or the other to discredited stereotypes of the Arab Gulf. Now the focus is on Dubai, and again the stereotypes are being brought up. It seems that any successful Arab model in economic development invites such negative treatment in the international media

To be fair, we read recently a few balanced articles reporting on what is the UAE doing regarding the effect of the global financial crisis on our region.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, the media campaign has focused on pointing that Dubai is facing an economic crisis threatening the foundations of its economic development. What is the**

**actual impact of the crisis on Dubai economically and socially?**

In fact, the campaign has gone much further than that. An American writer, well known for his extreme views, was so keen to project Dubai's alleged "failure" in the coexistence of cultures, that he went all the way stating that Dubai was a place where cultures break up and not where cultures meet. He reached that conclusion based on the fact that Dubai has jailed and deported a British couple caught having illegal sex on a public beach.

With regard to the fact that the global crisis effect threatens Dubai's growth and economy, I can guarantee you that those references constitute "wishful thinking" on the part of some people; they are illusions, not realities. The economic foundations and development are firm and stable; otherwise Dubai would not have been able to deal efficiently with the global financial crisis consequences. In addition to that, Dubai is not a city on its own. It is a member of the United Arab Emirates federation, which is strong, resilient and successful – a federation that is able to face the most difficult challenges.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, the foreign media are reporting on the "bubble burst." What would you tell the people who are endorsing this view?**

I keep hearing the expression of "the bubble" for the past couple of decades. In my opinion, this bubble is found only in the minds of those who often keep repeating it and do not know its meaning. The future will prove to them the truth.

Let me assure you we are fine, we have overcome the crisis with the least amount of losses. In our culture, we say: be virtuous and you will gain. That is why we always look at the half full cup of water, and when we look at the empty part, we do not moan over the void, instead we think of better and faster ways to fill it.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, if we were saying this is an unfair campaign against Dubai then, could you explain to us how to get out of the current crisis?**

The impact of the global financial crisis has been felt all over the world. It generated a state of panic in all developed economies. It was expected that our region would not be immune to the crisis, especially in view of the fact that it led to the credit freeze, write-downs at banks, deferral of mutual credits, and a freeze on lending in some of the wealthiest industrialized countries, such as the United States.

The crisis hit the world in September 2008, but I think that the panic pha se is over now, especially after the intervention of governments in many major countries to regulate financial and banking sectors, and the allocation of large sums of money to revitalize their economies. This step has enabled the summit of the G20 that was held in London a few days ago, to agree on a package of decisions and actions aimed to revive the global economy and the organization of the international markets.

For us in the United Arab Emirates, I can safely say that we have succeeded in containing the risks of the global financial crisis in record time. This is a result of the good policies of the Central Bank, and the government's action to ensure the liquidity of banks and the protection of deposits, and other actions at the local level, such as the additional liquidity that the Abu Dhabi government pumped it into the Emirate's banks and the bond issuance of $20 billion bonds.

The crisis management in addition to the decisions taken during the G20 summit have spread a high degree of

satisfaction and optimism around the world, and reflected positively on all the nations including the UAE, which has always had a strong, multi-potential and diverse economy.
Al Hayat Newspaper - Shafiq Al Asadi

**The Federal Government has taken swift action to deal with the crisis, but many observers say that these actions are not sufficient to help the UAE, and Dubai in particular, to be free of the crisis?**

The actions that we took at the Federal Government were really fast, well thought-out to respond to the issues and to overcome the negative effects of the global crisis. Having said that, our economy has shifted from the crisis mode to the solution. Of course, we are monitoring and following up our situation and the development of all the economic sectors through federal and local specialized committees, just as we follow developments in the global economy and international markets. We thank God; most of the indicators seem positive now and call for optimism. However, should we face future developments further actions, then we won't sit back.
Al Hayat Newspaper - Shafiq Al Asadi

**When Du bai launched the $20 billion bonds and the UAE Central Bank subscribed in it with $10 billion, it was interpreted as help from Abu Dhabi to Dubai to get out of the crisis. How do you evaluate this action by the UAE Central Bank, and what about the second tranche of the bonds, which would another $10 billion?**

When Dubai launched the $20 billion bonds and the UAE Central Bank subscribed in it with $10 billion, it was interpreted as help from Abu Dhabi to Dubai to get out of the crisis. How do you evaluate this action by the UAE Central Bank, and what about the second tranche of the bonds, which would another $10 billion?It seems that people are not aware of the life realities in the United Arab Emirates. Well, I welcome this interpretation because it emphasizes the depth of ties among the Emirates and ensures the strength of our Central Bank and its confidence in Dubai's economy.

We have announced bonds totaling $20 billion, raised half of it as a public offering, then the Central Bank subscribed to the full amount; we will pay an annual interest rate of 4 percent annually on the five-year coupons. What we put forward, meets our needs at this stage. Should we need the second part – that is, $10 billion -- we will then announce it to the public; we know that it will be of interest to many.
Al Hayat Newspaper - Shafiq Al Asadi

**There are talks that Dubai would be selling few20state owned companies and that Abu Dhabi will be its partner in many projects in place or under implementation. What is the truth in this?**

These rumors and speculations turned into news and headlines in several prominent international newspapers. Rest assured that between Abu Dhabi and Dubai, there is no buying and selling. Everything in Dubai belongs to Abu Dhabi and Dubai and the rest of the UAE, and all that is in Abu Dhabi belongs to Dubai and Abu Dhabi, and the rest of the UAE. Let me remind you about what The President, His Highness Sheikh Khalifa bin Zayed Al Nahyan, said last month about this matter. He said that the impact of the current global financial crisis on the national economy of the United Arab Emirates has been misunderstood and exaggerated. He said that the relationship between members of the UAE Federation has been misrepresented.

"We are … one strong, coherent body. As for the measures taken (at) the federal or local level, to address the

crisis, they were declared and (made) clear-cut. There was no need to unleash predictions in this respect," His Highness said.
Al Hayat Newspaper - Shafiq Al Asadi

**YYour Highness, do you feel that Dubai is threatened as a result of the current crisis?**

We did not at any time feel that the financial crisis is a threat. The worst is over and behind us. Since the eruption of the crisis we did not hear of any state-owned bank or company announcing bankruptcy. None of the economy sectors was snapped. We are currently implementing plans and programs of action to benefit from the lessons of the crisis and ensure the recovery of the negative effects.
Al Hayat Newspaper - Shafiq Al Asadi

**The recent murders that occurred in Dubai seriously raised the issue of security despite the speed of discovery of the perpetrators of these crimes. How would you respond to the statements that the prevention of the assassination should come first?**

Of course, prevention is better than cure. To prevent killing is a very valuable act. Often, people hear about the cure procedures, but they do not hear about the actions of prevention. Murders that took place in Dubai in recent months, were fewer than half of one hand's fingers -- and this is not to minimize the seriousness but just to confirm that it is an exception and the rule is that the UAE, including Dubai, is one of the most secure and stable countries, and this would not happen without having our authorities taking preventive measures of utmost importance. In any case, the crime rate in the UAE, including Dubai, is one of the lowest in the world, and we are working to remain so, and the murder of two known figures will not change the reality.
Al Hayat Newspaper - Shafiq Al Asadi

**With the brunt of the global financial crisis on Dubai, we noticed the continuation of most of the art, culture, media, sports, and cultural activities, in addition to the enormous financial awards being bestowed by various organizations for business efficiency, among other things. How do you explain this?**

These activities were scheduled prior to the crisis, and some of them are annual events such as the Dubai World Cup, the Arab Media Forum and Arab Journalism Award. Some new events were launched, such as the World Poetry Festival -- but I don't know why you are wondering about the continuation of those activities. In fact, it would be a strange thing to cancel them. With regards to the prizes, they remain as were previously announced. Do you suggest in your question that these awards have become a burden to Dubai? If so, I promise we are in a good shape. All our projects under implementation have not ceased, and we are paying our loans and debts on time, and all suppliers and contractors have begun to receive their entitlements.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, the media is focusing currently on the large layoffs from the companies working under the umbrella of Dubai Holding. What is the truth regarding this matter, especially that the issue is going to reach its peak in the coming months?**

The collapse of the global debt markets has pushed all the big companies worldwide to review their plans, expe nses and strategies and urged them to restructure their managements including the human resources. "Dubai Holding" is not an exception at all. All its companies work on a commercial basis, and it is normal to lay off the

employees who do not have roles to play during this situation. I am not sure why people are expecting a peak in the coming months. The whole process is a restructuring course that was well received by all Dubai Holding employees.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, Dubai was accused in the media that laid-off Arabs descend from a specific nationality, what is the reality?**

Rumors feed on human emotion. Verifiable facts, and even simple common sense, have little or nothing to do with the way a rumor spreads. I would say that due to the steep global crisis effect on domains such as PR and advertising, which employ by coincidence a large number from a particular nationality, or the construction sector which also employs a large number of architects from one nationality, there is absolutely no focus on laying off any Arab or non-Arab nationality.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, your recent visit to Russia complements your strategy in visiting the strong economic countries worldwide such as Germany and China last year. Do you think that these visits are still useful nowadays? Are you planning to20continue this approach and what is the objective of those visits? What was the outcome of your last visit to Moscow?**

This is a strange question. We are pretty sure that this crisis will not last forever, and that it will end. The UAE has always had good relations with all countries around the world and especially the weighty economic countries. Our duty is to work toward developing and enhancing those relationships. In fact, during global crisis countries should broaden those visits and enhance their bilateral relations especially since this crisis may result in forming a new economic and political world construct.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, do you think that the current crisis would impose new changes on the federal and local levels in the UAE as rumors are spreading regarding a change in progress in the cabinet?**

It is obvious that things do change. Whoever does not take up the new situation and cooperate positively with it for the benefit of the nation and nationals would be incompetent. However, it is you who's saying that there are rumors that a change in the cabinet is under way.
Al Hayat Newspaper - Shafiq Al Asadi

**Your Highness, people who are aware of the relationship between Dubai and Abu Dhabi say that there is no need to worry about the effect of the crisis on Dubai because it relies at the end of the day on the financial strength of Abu Dhabi, which owns the biggest sovereign fund in the world. What would you say?**

Those people know well that they can't bracket the relationship between both Emirates into just a financial relation. The money element is a very minimal component in a superior relationship built on family ties with a unity soul, with "tolerance" essence and foundation concurred by both Sheikh Zayed and Sheikh Rashid on 18

February 1968, when they met and issued a historical statement announcing the establishment of a federal union between Abu Dhabi and Dubai and called on their brothers in the neighboring emirates to join the union. Do you know what it meant for us to stand few days ago with His Highness Sheikh Khalifa at the "Union House" under the UAE flag, and in the same place where our ancestors stood the day of the UAE announcement? Would you be able to appraise our feelings at that moment? These are moments that you cannot ponder easily. They are priceless.

Those who know the truth about the Abu Dhabi and Dubai relationship and all the other Emirates, are well aware that the federation of the UAE is a choice of wise and liberated people who are guided by their heart, beliefs and wisdom. They are people who God Almighty described as ready to sacrifice their souls for others. Again, I remind you of what His Highness Sheikh Khalifa said. "We are … one strong, coherent body.
The National Abu Dhabi Media Company - Matt Slater

**The United Arab Emirates is a federation but there is a tendency, particularly in health and education, to allow individual emirates to dictate policy. Will this continue or will the federal government seek to establish a more unified national approach on domestic policy?**

None of the seven emirates develops its own independent health and educational policies. All legislation and policies related to education and overall health are developed at the federal level. What is happening is precisely the expansion of the decentralized planning and implementation in order to raise the efficiency of education and medical services. This is what we see in industrialized countries, such as the United States and the United Kingdom, Germany, Switzerland and others. Our experience in education foundered for many reasons, and we are racing against time to make up for what we missed and to create sustainable development in the education sector. Of course, the process of development widens then to diversify the teaching methods and to attract broad participation of the private sector.
The National Abu Dhabi Media Company - Matt Slater

**The Federal National Council has expressed concern that its views are ignored by the UAE cabinet and that, in reality, they have little power. What role do you see the FNC playing within the country's decision-making p rocess, and in what way is the Council likely to evolve in the future?**

We never received any complaints against the government for ignoring the views of the Council; instead we always receive compliments and appreciation about cooperation. We constantly express our appreciation to the Council for its role in the decision-making process. In fact, draft laws first have to pass through the FNC for review and recommendations, and later sent back to the Cabinet for consideration and approval.

The Council is also empowered to summon and to question any Federal Minister regarding Ministry performance. We believe in the importance of the Council, and we respect its effective role in the process since its inception. The current session marked a beginning of change in the Council in the method of selecting its members. We witnessed for the first time the formation of election associations in the UAE to elect half the members of the 40-member Council, with 22 percent of members of the Council being women, one of the highest such rates in the world.

In any case, since the founding of the UAE we chose the approach of gradualism. We in the UAE do not work with a "burning stages" style. Our laws and procedures are in line with reality and our reticence. We believe that our people are satisfied with this approach that results in prosperity and stability.

I am well aware of the foreign reports that criticize the way that the UAE deals with the issue of democracy. Th ese reports assess our system on the basis of their own history and cultural experiences, and the experiences of their countries – some of which have been democracies for more than 300 years. The easiest thing is to hold general elections and to place ballot boxes and to disseminate images and words about the greatness of democracy.

But our leadership does not look for fame, and does not import ready-made models that may be valid for other societies, but is certainly not suitable for our society. Some months ago, we celebrated National Day, our 37th. Do you know how we used to live before? Do you have any idea about the state of education and illiteracy, infrastructure and public services? Do you know the details of our society's infrastructure and how it was developed? Today, after the tremendous achievements in various fields, our people have full confidence in the process of empowerment -- empowerment of the economy, women, the administration, the and culture as well as political empowerment within our traditions and culture. The midterm elections of the members of the Federal National Council is a very important step in the progression toward what is acceptable to the interests of our people and our homeland.
The National Abu Dhabi Media Company - Matt Slater

**The issues of labor rights and human trafficking continue to adversely affect the image of the UAE abroad. Whereas there are clear policies aimed at aligning the20UAE with international best practice on these fronts, the actual rate of prosecutions of those violating rights on these fronts are generally seen to be low. What is being done to address this?**

I want you to look at the results of the last meeting of the International Committee for Human Rights in Geneva, and to look at reports that refer to the huge progress in the UAE with regard to these issues. Even the periodic reports issued by the U.S. State Department recognize this progress, particularly on the issue of human trafficking.

We care about the rights of workers; we care about reinforcing the freedom of people. Our aim is not to win the approval of international reports, but we are keen to promote human rights and also deepening the values of social justice and tolerance. We are keen to provide a model for Arab and Muslim countries that adheres to religious and cultural frameworks; we are keen to continue to interact with the international community. We want the respect and cooperation of all. Our religion and our values and ethics do not accept any violation of human rights and of people -- no matter where they work and where do they come from and what their belief and religion are. It's in our nature not to condone injustice, and we sympathize with victims and needy people. We have very active charitable institutions operating in a large number of the less fortunate countries. We cannot accept that any person, man or woman, would be defeated in their quest20for human dignity. As for the number of cases submitted in the courts for prosecution, I would say that it reflects the reality and it is considered to be high in comparison with the number of the UAE population.
The National Abu Dhabi Media Company - Matt Slater

**Your Highness, you are Vice President and Prime Minister of the UAE, Ruler of Dubai, founder of the famous Godolphin horse-racing stable, sportsman and poet. How do you juggle your political and non-political roles, and what do you do for fun?**

The day has 24 hours or 1,440 minutes, or 86,400 seconds. For me, this is sufficient time for work, hobbies and sports. It works if you respect time and you know how to organize your schedule. Whoever enjoys his work, it seems that you add five days to your week. I enjoy my work, which is my existence in my life: the service of my homeland and my people. My joy increases when I see the progress and prosperity of my homeland and my

people. I do not work alone, I have a team whom I lead and encourage and on whom I rely. Within each human being there is an inexhaustible source of potential, but there is no human being with unlimited capacity. What is important is to know your capacities -- and how you should use them.

For fun, I spend my time with my family at the beach or in the desert. I love to read. I ride horses. My love for horses is indescribably enormous; it is part of20my soul and history.
The National Abu Dhabi Media Company - Matt Slater

## How are the Federal Government and the Government of Dubai cooperating to re-tool the development model to address what many economists predict is a permanent reduction in credit available from international capital markets

Whether the available global credit declines or increases, the model of our economy is stable and is developing within the framework that we created earlier. Dubai's needs for credit tend to decline and the government's loans, which are modest, compared to the size of the economy, all concern investment in infrastructure, not current expenditures or operational budgets. The majority of our infrastructure projects are of a long-term productive nature, such as the Dubai Metro, the expansion of the power generation station, and so on. With regard to the loans of state-owned companies -- they are purely commercial in nature, and their calculations are based on the cost of the loan and the return on investment. The global financial crisis has affected the liquidity of the companies, and we believe that it is only a temporary impact. We have sufficient means to provide the necessary liquidity for these companies. I would like to stress that Dubai's economy is part of the UAE economy, and we cannot in any way deal with the situation as an independent entity. I will give you one example: We say Abu Dhabi banks, Dubai banks and Sharjah banks. These terms relate to the location of the headquarters only, since all banks operate in all the seven Emirates, and are subject to fiscal and monetary policy overseen by one body, and one central bank. In any case, credit is always available, and even a few months after the financial crisis, it had been available. Of course, this does not mean that all the available credit is desirable. This issue is a subject to extensive studies and discussions and to cost-benefit equations.
By Al-Sharq al-Awsat Daily

## The question of population demography has been a source of worry to the UAE nationals, as it must certainly worry Your Highness. You have announced some initiatives in this regard, uncovering a few of them. Could you tell us more about these initiatives?

This question is important because of its ramifications and interconnection of its economic, social, and cultural dimensions. His Highness the President of the UAE has defined our approach toward this question. He has said that we have a positive outlook toward the demographic structure, showing the ability of our people and state to mix this human quantity and variety in a human framework, capable of creating a model highlighting the power of human interaction in the process of building and raising our state to assume an advanced position on the level of civilization and development. Such a model will help us in gaining the respect and appreciation of local and in ternational organizations for our human and civilized treatment of all residents in our country, providing incentives for them to take active part in the development process of the UAE.

This vision, as defined by His Highness the President, does not remove from our sight the necessity of preserving our national identity. This was the starting point which led to the formation of a high-level committee, headed by the minister of interior, to deal with the question of demographic structure. We highly appreciate the work of this committee, which drew out a number of initiatives to deal with this question and take active measures in this connection. We are preparing other measures and decisions within our declared and transparent policy for dealing with the question of demographic structure in a civilized manner, without

violation of our human and international commitments, ensuring the objective of variation of the demographic structure in our country.

Naturally, our children and new generations will remain the actual solution for this question. Hence, the development of education, the competencies and capabilities of the UAE nationals will remain our main priority. We are optimistic about our youth, and proud of their spirit of national belonging, of their growing realization of the importance of self-reliance and active participation in building the homeland. I follow their activities and expect a great deal from them, and ask them to double their efforts in learning and enhancing their competencies in various fields, in20orders to become a distinguished group eagerly sought after by public and private sectors. We are eager to increase the rate of Emiratization in government and private sectors. I informed the Cabinet last march that the rate of Emiratization in the ministries has not reached the targeted level, as it did not exceed 54 percent and 25 percent in the Federal Authorities. I gave directives to prepare a study to denote the reasons for such a situation in order to draw suitable programs to fill this gap.
By Al-Sharq al-Awsat Daily

## Almost a year ago, Your Highness introduced a major reshuffle in the Cabinet. You mentioned that any minister is liable to change. Is there a plan for a cabinet reshuffle soon?

There is a fact which should not be absent from the minds of people – that is, the government is at the service of the people. A reshuffle is introduced when there is a need for it, and when we find that it suits an active handling of the need of national demands, to ensure the power of the union to achieve the objectives of its strategy, and whatever objective that may come up to meet the actual developments. I still say that any minister or a man of responsibility entrusted with him is open to replacement by another one who is more capable of shouldering that responsibility. The basic reference in any decision of this type is the criteria of performance and level of fulfillment of plans for development projec ts.
By Al-Sharq al-Awsat Daily

## Frankly, people outside the Emirates think there is a kind of sensitivity among the seven Emirates. With reference to the federal system adopted by the state, how do you respond to that?

I do not understand what you mean by “sensitivity” and the relation of the word to the federal system. But I know the reason behind your question: it is the media reports which tried, in handling the reflections of the international financial crisis on the UAE, to place hurdles and fabricate differences between Abu Dhabi and Dubai. These are vicious attempts that ignored the way the UAE faced the repercussions of the global financial crisis and the superb performance of our federal entities, under the leadership of His Highness, the President of the UAE. The performance was excellent, and it presented a new proof of the capability and power of the federation to face difficult challenges. Anyhow, since you brought the subject up, it is useful to remind everybody that the seven Emirates chose the federal system, realizing that it is the most viable system to survive and develop. The founding fathers had wisdom, vision and a future perspective. Whoever knows the history of the area and its situation prior to the establishment of the union will realize the great achievement of the union in the establishment of the UAE. If the results are the test, then look at the advance and achievements of the UAE20after 37 years of the Union. The UAE is a state of institutions governed by a constitution, which covers the allocation of responsibilities to local and federal authorities. Like all federal states, the Federal government is concerned with all the sovereign affairs, whether related to defense policy, the armed forces, national security, foreign policy, and financial policy, legislations related to justice, economy, labor or residence of foreigners.

Among the most important historic achievements we take pride in is the building of the national Emirati identity which did not exist before the rise of the Union state. This identity settles deep down in the souls of all Emiratis, runs in their blood-veins, and fills them with feelings of dignity and loyalty to their country, the UAE.

Every citizen and person of responsibility in the UAE puts his Emirati national sense of belonging above that of his own area. Basically there is no conflict, but integration, between the two. When a person introduces himself as coming from Abu Dhabi, Fujairah, or Dubai, he is not unlike an Egyptian who introduces himself as coming from Cairo, Asyut, or Alexandria, or a Saudi, who introduces himself as coming from Riyadh, Makkah, or Dammam.

Unfortunately, some people who do not know the Emirates and the facts of life there, pass judgment on what they do not understand. We are, in the words of my brother Sheikh Khalifa, members in one body, strong and held together. There are no sensitivities among the Emirates, but t here is mutual cooperation and help within the one state, the one national identity; and at the same time, within the one state there is room for competition in the fields of good deeds achievement, excellence, and the service of the country and citizens.
By Al-Sharq al-Awsat Daily

## Do you support increasing the scope of the federal government's authorities while decreasing those of local governments towards the overall welfare of the UAE?

There is no conflict between the local and federal authorities. There are federal and local roles which are clearly articulated by the Constitution of the UAE. All sovereign issues fall within the jurisdiction of federal government, represented by His Highness, The President, Members of the UAE Supreme Council, The Cabinet, The Federal National Council, Federal Law.

The federal government enjoys full authority to carry out its mandate articulated by the Constitution. Extended or limited scope of authority is not a theoretical issue. Meanwhile, promoting non-central governmental models and offering more authorities to local governments is now a growing trend in different parts of the world, even in single region state. Decentralization has proven quite successful in handling development requirements, enhancing government performance and increasing productivity of public organizations.

In the UAE, we are very keen on ensuring complementary roles and responsibilities among ministries and federal authorities and20the local departments and establishments towards achieving highest government performance levels across the UAE.

By Al-Sharq al-Awsat Daily

## In times of crises, Dubai always comes into the world's focus. Are you concerned by international reports highlighting Dubai's economic shortcomings during the global financial downturn?

We are completely aware of our capabilities and we don't overestimate our abilities. Dubai's success in introducing a unique developmental model has gained remarkable international recognition. As you know, success implies a certain burden that cannot be avoided. The international focus on Dubai is absolutely normal. During crises, people usually turn their attention to those who have proven a successful track record. The current crisis has brought Dubai's developmental model with all its successes into a tough test. Some have speculated that Dubai will fail this test, simply because they do not know the UAE nor what Dubai has achieved based on solid foundation of knowledge, expertise and business ties across the globe. Dubai's achievements are part of the UAE's remarkable progress. I know that some people from outside the region have wished that

Dubai model will go down the river. I am fully aware that some financial and economic circles were not happy with the progress we managed to achieve on various tracks including investment, aviation industry, IT and global competition in mana ging and financial markets.

The UAE has proven remarkable competency in addressing difficult questions imposed by the global financial crisis. I strongly believe it won't be long before international focus will shift from what is claimed to be Dubai's shortcomings to Dubai's and the UAE's overall success in passing this difficult test.
By Al-Sharq al-Awsat Daily

**Almost a year ago, and during your visit to Asia, you warned against the global financial crisis. Why precautionary measures have not been undertaken to avoid negative impacts of this crisis on both Dubai and UAE?**

The crisis have taken the whole world by surprise and evolved in tremendous pace. During my visit to Asia, I had warned against turmoil in financial and commodities markets, marginalizing the role of international financial institutions and potentials that these institutions fall short from fulfilling their expected roles in a world where all international markets became very much related, turning into one huge global market which does not follow any international rules, regulations or supervision.

I had urged leading world economies to move swiftly and reconsider roles and mechanisms of international financial establishments and institutions, especially the International Monetary Fund -- and that what exactly the G20 summit did last month earlier this month.

Regarding the precautionary measures, I believe that no preventive measures neither i n the UAE or any other country in the world, would have provided the desired immunity from the ramifications of the global financial meltdown. The UAE's solid economic structure, efficient performing establishments, adoption of a balanced model of conservative banking policies overseen by the Federal Central Bank and liberal economic approach, were the key elements that enhanced the country's ability to survive the negative implications of the global crisis and prevented any case of bankruptcy in any of the country's banks or major corporations. The impact of the crisis on our economy was significant during the last quarter of 2008, yet it was not as harsh as on other major economies.
By Al-Sharq al-Awsat Daily

**Despite Dubai government officials repeated rebuffs of bailing out some companies to Abu Dhabi, speculations in that regard have never stopped. Isn't normal for the Emirates to cooperate among themselves to overcome such difficult times?**

Cooperation among the seven Emirates has never stopped and they don't wait for crises to show this cooperation. There are several joint ventures between Abu Dhabi and Dubai. Founders and stakeholders of most of the UAE Public Joint Stock companies are from Dubai and Abu Dhabi. Abu Dhabi investors have huge investments in Dubai and vice versa. Dubai has always welcomed business and investments from across the UAE.

Regarding the speculations you referred to in your question, they will always remain just speculations. I believe they are meant to be evil gossip as part of a vicious campaign against Dubai model. These speculations were not only refuted by Dubai government officials but also by His Highness the President of the UAE last March.
By Al-Sharq al-Awsat Daily

**Do you believe that the UAE economy will contract this year? Or will it achieve certain**

**growth? And at what percent?**

We are confident that our national establishments' abilities, combined with the economic measures undertaken by the government, will lead to economic growth this year. Yet, we expect that growth may not come at the same rate of pervious growth records we sustained over the past few years. While speculating global economic contraction of 0.5 percent, international financial bodies forecast a slight growth for the UAE economy. Other forecasts speculate a 3 percent growth for the UAE economy.
By Al-Sharq al-Awsat Daily

**Maybe every cloud has a silver lining. The financial crisis has restored balance to the markets following years of inflation which posed a threat to Dubai's and the UAE's economies. Do you see this tough correction, for instance to the real estate market, a good solution to a problem that could have escalated in the future?**

Sometimes opportunities are born from the wombs of crises. The most important thing is to focus on the future and develop appropriate frameworks that guarantee highest levels of performance on heels of the crisis. Measures undertaken by the government on both local and federal levels will ensure that we shall emerge from the global financial crisis with least damage. The UAE has proven remarkable ability in facing and overcoming previous crises. Specialized committees and task forces are closely monitoring the development of the global crisis and analyzing its impacts on our economy and subsequently propose action plans to resiliently cope with these ongoing changes.
By Al-Sharq al-Awsat Daily

**Many rumors are targeting Dubai claiming it has turned into a ghost city and that tens of thousands are being laid off every week. Don't you feel upset about these rumors and the way the impact of the crisis has been perceived outside Dubai?**

Actually, we don't pay attention to rumors and our response always comes in actions rather than words. As a matter of fact, Dubai visitors these days are surprised by these rumors and I've met with many of them recently and they expressed their amazement at Dubai's traffic jams, overbooked hotels and crowded markets.

Dubai's success -- which it has sustained over the past years -- is the true reason behind this type of mixed reports. Those who spread such rumors -- are they aware of the fact that global nature of Dubai makes it more sub ject to impacts of global changes than any other city? We totally endorse freedom of expression but we always urge responsible freedom that promotes principles of integrity and objectivity.

It is truly sad to find international publications that have usually boasted about factual and precise reporting issuing articles based on mere rumors and baseless speculations. We are fully aware of the hidden fierce global economic competition between different parties who are in the same line of business. When a city or a country decides to integrate itself as an effective international player, it should not expect an easy journey full of roses and good wishes.

Do you know how many major international airlines are closely monitoring Emirates' performance? Do you think that international port services companies are happy with the success accomplished by DP World in managing and operating dozens of ports around Europe, Asia and Africa? Do you expect international financial markets are pleased with Dubai Financial Market's success in its accusation of some of the world's most important financial markets in the world?

I will tell you more. Emirates Airlines' successful model has not led only to achieving an internationally recognition but also has induced the launch of other Arab airlines that followed the same model. Emirates has encouraged many established Arab airlines to enhance their fleets and upgrade their services. This has ultimately led to increasing Arab airlines' share of the in ternational travel market. Leading by example, Emirates has set new benchmarks for quality services not only regionally but also internationally. One can only gain world recognition by proving success and ability to take the initiative, yet this recognition may not necessarily reflect acceptance.
By Thabet Amin Awad of Al Ahram Egyptian newspaper

**There is no doubt that good planning is one of the key factors behind the success of the UAE, backed by the close monitoring of the ongoing challenges and opportunities. In your plans, what are the challenges that you foresee? What is the country's level of readiness to address them?**

Humans face challenges throughout their lives. Through commitment to proper planning of projects and programmes, and following up on their implementation, challenges can be successfully addressed. It is also crucial to anticipate challenges without ignoring any possibility. Yet, there are some unforeseen challenges that originate remotely but influence us -- as in the global financial crisis that erupted in the United States and spread to the economies of developed countries and the rest of the world. One must be prepared to effectively deal with the implications of such challenges to one's country, economy and security. We, in the UAE, are aware of the challenges that we face and are always prepared for the worst, and are also willing to face whatever unforeseen developments regardless of their magnitude and im pact.
By Thabet Amin Awad of Al Ahram Egyptian newspaper

**You have always stressed that the main challenge facing the Arab world, is that of the development of human resources in the knowledge era. Do you believe that the current education systems are equipped to prepare a new generation that is able to face this challenge and How?**

I am not in a position to assess the efficiency of the Arab educational institutions. But a common concern across the Arab world is the poor education systems at both school and university levels. The international rankings of the Arab universities are unsatisfactory to both the keen learners as well as the academic institutions.

Yes, the main challenge facing the Arab world is the challenge of human development in the era of knowledge. Without the development of strong education systems, we will not easily achieve the desired development. Despite the importance of the state's role in the development of education, the development effort is the responsibility of society as a whole; the State must lead these efforts and involve the broadest segments of society. Isn't strange that we approach the second decade of the third millennium with the average percentage of illiteracy in the Arab world more than 30 percent?
By Thabet Amin Awad of Al Ahram Egyptian newspaper

**Amid the growing global crisis and in the latest G20=2 0summit, many were demanding a re-consideration of the global economic system, and declaring the failure the entire system of capitalism. Would the United Arab Emirates -- with its regional and international reach -- consider a new financial direction, such as the Islamic banking system as a substitute, even temporarily, to the current global economic system – which is currently deteriorating?**

The United Arab Emirates, on its own or through the GCC, the Arab League and the specialized international institutions, plays an integral role on this front. The capitalist system did not fail. What has failed is the excessive economic liberalism, which pushed to minimize the intervention of the regulatory government institutions in the markets and banks' activities.

Certainly the world is witnessing the birth of a new economic and financial order. The results of the G20 summit are a prelude toward this end. However, consensus on the format and the content of this new global economic system would not be reached soon. Different factors determine the future of this system, including growing global competition and conflicting national economic interests. No party would easily give up its position and gains for the benefit of the global economy recovery.

As for the suggestion on the Islamic banking, it is of interest to the global banking sector. However, to be a substitute to the current economic systems, even if only temporarily, is a much more complex approach, which relates to the nature of economic systems, the size of the economies of nations, and the size of Islamic banks in the banking sector worldwide. As you are aware, there are a lot of factors that govern this, such as the distribution of the economic, military, scientific and social powers in the world, as well as the competitive nature of civilizations, and the strong links between the civilizations and religions.
By Thabet Amin Awad of Al Ahram Egyptian newspaper

**There are many other positive aspects of the global financial crisis which were embodied in refining the current competencies, reviewing the need for expatriate expertise, and strengthening the bonds of the federal entities that supported the UAE. In your opinion, what are the lessons learned from this crisis both on the local and federal level?**

There are many lessons to be learned from the crisis, the most important one being the assertion of the state's role in regulating and monitoring the overall economy and markets, and confirming the fact of the global economy's unity, in addition to the unification of the global market. The widening scope of the crisis, which includes all parts of the world, confirms this unity and the common international pursuit. In addition, President Obama's public statement, which verifies that the United States cannot overcome the global crisis on its own, is further confirmation of the unity of the economy and the market. Other lessons learned from the=2 0crisis is realizing the urgent need to develop the regulations, terms of reference and working mechanisms of international financial institutions to be commensurate with the unified markets and economies, and the involvement of many influential players.

In the United Arab Emirates, we perform a wide range of reviews through specialized federal and local committees which are well aware that within the challenges of the crisis, remain many opportunities. The first opportunity to be seized is to benefit from the lessons learned from the crisis, and be prepared to deal efficiently with the world after the crisis; a world completely different than what it was before. As for the forces of federal entities, the fact is that the strength of these entities is what enabled them to cope with the crisis and contain its negative effects.
By Thabet Amin Awad of Al Ahram Egyptian newspaper

**You have said that "our vision is clear, our goals are obvious, our strengths are great, our will is strong and we are ready. We want Dubai to be a global center of excellence, creativity and leadership, and we are able to achieve excellence, creativity and leadership." Do you still stand by your vision? If yes, how so?**

Yes, we still stand by it. Plans, programs and projects may alter, but the vision does not change. We want the UAE and Dubai to be a global center of excellence, innovation and leadership, and we are indeed on the

rightful=2 0road. You ask how? I tell you: the global financial crisis is a challenge we have faced and surpassed in its most difficult stages. We are insistent on developing the education and obtaining excellence in all our projects and our work, in addition to protecting our favorable environment for innovation and leadership. What we have achieved over the past 10 years is characterized with excellence and leadership, and we are capable and determined to achieve what is more excellent, innovative and prominent in the future.
AL ITTIHAD

**Your Highness, you asked the Ministry of Finance last year to prepare the federal budget of the State 2009. The early announcement prior to the global economic crisis has resulted in a deficit-free budget. Would the global crisis have implications on the 2010 budget, particularly with regard to the basic needs of Emirati citizens?**

In the last three years, the federal budget was issued early and before entering the new fiscal year. The submission of the budget for 2009 without a deficit is because its main provisions have not been affected by the global financial crisis. I also do not think that 2010 budget will be affected. We still have seven months for the year to end, and in my opinion this is quite a long period -- we may see by the end of it some positive indicators that would help in accelerating the recovery of the global economy.
AL ITTIHAD

**There are those who say that the senior positions in Dubai are granted to a few selected people, which is described as the phenomenon of the "Super Man." How would you comment on this?**

My answer is that all positions are available to competent Emiratis and we are very keen on rejuvenating our system. The "Super Man" phenomenon that you are talking about does not exist in our organizations and institutions. I am aware of those reports but would invite you and others to conduct a search within those senior positions to discover the truth on your own.
AL ITTIHAD

**In light of the global crisis some companies announced the postponement and rescheduling of some projects. What is the status of the infrastructure projects undertaken by the government subsequent to the changes in the strategic plans?**

We will continue working on the infrastructure projects without any delay. What is currently under implementation will be completed, while we will re-schedule the new projects. The changes of the strategic plan will be announced as soon as the committee finishes reviewing them. Plans are always subject to change in normal times and in times of crisis.
By Al-Khaleej Daily

**Despite the competitive investment environment enjoyed by the UAE, with its advanced regional advantages, there are some aspects of the legislative environment that do not quite match the levels of development and state of the national economy. Do we expect any updating of the present laws, soon?**

The economy is like a living being, whose demands and needs change with constant growth and development.

Though we realize this fact, the Council of Ministers has lately decided to establish the Emirates Council for Competitiveness. Its task is to develop strategies and suggest policies and legal frameworks that can support the competitive environment in the light of local, regional and international variables. These frameworks serve the objective of comprehensive development, and protect the Emirates position among the most competitive states on the international arena.

The Council consists of a number of ministers concerned with this question. It is headed by the Minister for Cabinet Affairs, and includes the Ministers of Economy and Foreign Trade, Education, Labor, Health, the Minister of State for Foreign Affairs, and for Financial Affairs. In addition, there are seven representatives of administrative boards in the local governments, the chairman of the Union of Trade and Industry Chambers in the State, Directors of Trade and Industry Chambers in Abu Dhabi and Dubai. We are confident that the Council is able to draw strategies and legislative frames to secure the desired development of the competitive capacity of the UAE.
By Ro'ya Al Iqtesadiah newspaper

**In the first quarter of t his year, accelerating economic events have generated pessimism about the future of the global economy and its growth. There are conflicting reports in the assessment of the national economy, and we read some of the studies questioning the continuation of Western-style development plans and their future in the region in light of declining oil prices and the global crisis. What is the assessment of Your Highness on the national economy today, can it be maintained at the level of growth in the light of the retreat of oil prices? What is the policy that the UAE will use with regard to the latest developments of the global financial crisis?**

Our economy is strong and its potential lies in its great diversity. The proportion of oil in the UAE's GDP is less than 30 percent, and this reduces the impact of oil price fluctuations on the national economy. I agree with you regarding the presence of many pessimistic reports on the world economy, but it's an exaggerated and unrealistic pessimism. Countries with the largest economies are seriously committed to rehabilitating the economy, while the summit of the Group of Twenty came out with encouraging results after meeting in London recently. Our hope is to commit ourselves to the implementation of all decisions. In fact, the negative vibrations will decrease, and will be substituted by cautious optimism. As for the levels of growth, few states in the world are likely to maintain high levels of growth recorded in recent years. We in the UAE wi ll achieve economic growth rates lower than those recorded in previous years.
By Ro'ya Al Iqtesadiah newspaper

**Attracting foreign investment was among the priorities of the UAE. Today, the "flight of foreign investors" from the UAE is widely discussed in the media, and is supported by both local and official reports. Does Your Highness really think that our national economy's dependence on foreign investment leads to future risks? In the frequent talk about the global financial crisis, does Your Highness have new plans to strengthen, develop or restore foreign investments to the country?**

We cannot use the term "flight of foreign investors" because there has been no "flight." What happened exactly is the drought of liquidity across the world immediately after the collapse of the American investment bank, Lehman Brothers, which marked the beginning of the global financial crisis. However, with this drought, the compilation of available sources of liquidity became the primary concern of investors, banks, and financial institutions throughout the world. Sizeable withdrawals, deposits and liquefaction of all financial centers

occurred in the capital markets in the world.

With regard to your point that the attraction of foreign investment has been among the priorities of economic mobility in the UAE; it is an inaccurate assumption. Investment plans have no limits or boundaries. There are foreign investments in the UAE, and the=2 0UAE in its turn has countless investments in many regions of the world. Investments imply promising opportunities in a favorable environment. This is what attracted foreign investment to the UAE, and the investment environment remains favorable in the UAE; the opportunities are still promising, and the UAE is still the most important regional center for business and international trade. Today, it is more promising than ever before, and the advent of smart investors to the UAE has not stopped.
By Ro'ya Al Iqtesadiah newspaper

**"Security and profit" are two very important concepts for the investor, and it is known that the UAE has been a breeding ground for the development of capital in recent years. This was reflected on the arrival of the most prominent businessmen, major companies and famous brands to the country. The active UAE financial market contributed to the success of many companies, which turned into public joint stock companies, with billions of dirhams having been pumped into their capital. This means that thousands of investors were involved in the ownership of shares. Recently, however, we have witnessed legal and financial issues involving prominent names of UAE nationals. What does Your Highness have to say with regard to the investment community in the UAE on the capacity of governmental oversight of corporate governance and management of the shareholders and their rights?**

These legal issues are evidence of firm government20concern about good corporate governance and its commitment to sound accounting principles, rules of governance and transparency. The government is constantly working to develop bodies, procedures and safeguards. No one is above the law in the UAE, and whoever crosses the line will be sought by judicial authorities and legally tried.
By Ro'ya Al Iqtesadiah newspaper

**In light of the talk about the scarcity of liquidity in the domestic market, Dubai US$20 billion in bonds. Central Bank is subscribing to $10 billion of those bonds. Officials of the Emirate stated that there is no current need for the rest of the money. Does this mean that the Government of Dubai has closed the doors for new subscription to a second tranche? Will support be provided by the Government of Dubai for the companies as a grant?**

The doors to subscription have not been shut down. The subscriptions so far meet our requirements. The support given to companies is not a grant, because its origin is the bill, and companies possess productive assets that enable them to meet all the requirements. The problem of these companies is part of the liquidity problem that has afflicted the financial system and banking world.
By Ro'ya Al Iqtesadiah newspaper

**Looking at the entities that will avail from Dubai government's financial support, can we say that Dubai government affiliate companies have overestimated their financial capabilities to cover development requirements, then subsequently their administrations became responsible for the level of these companies' transparency in handling their projects?**

The global financial crisis took all countries by surprise and was much bigger than any economy or large companies across the world. It is not really helpful for anyone to claim wisdom in hindsight. Learning the lesson well is the true bottom line of this crisis. I have always repeated that only the one who works is one who is likely to commit errors. But the most important thing is to learn not to repeat the same error twice. Definitely gaps that may be revealed through current reform efforts will be immediately addressed and rectified.
By Ro'ya Al Iqtesadiah newspaper

**Your Highness, you have put Emiratization on top of the country's development priorities. Over the years, the UAE population has grown significantly to the extent that expat residents have become absolute majority. Meanwhile, number of private sector companies has significantly increased as well. How do you see this impacting the UAE nationals' job opportunities? Do you believe it might be necessary to expand the Emiratization plan to cover a larger portion of the private sector companies?**

The Emiratization plan is primarily based on training and qualifying UAE nationals, equipping them with all necessary tools and competencies a nd supporting them to confidently compete in the job market. I am positive that most of the private sector companies prefer to recruit UAE nationals as part of their Corporate Social Responsibilities. Also salaries of UAE nationals – however high they may appear to be - are far less than those of expats. Employing a UAE national will open the door for more interaction with government departments and local customers, who are eventually the highest spenders. If some companies fall short of their responsibilities toward the local workforce, then the government will intervene through a set of measures and incentives to encourage these companies to live up to the expected level of responsibility.
By Ro'ya Al Iqtesadiah newspaper

**Many countries have applauded the UAE's hospitality and praised the level of respect it shows to the expat communities and the freedom it offers them to lead their business and social lives in perfect ease. This encouraged many expats to reside in the UAE for long period of time, evolving the same habits and traditions of the local community as well as significant loyalty to this country. Some of those expats felt optimistic about recent announcements made by some real estate companies that property buyers in certain projects in Dubai or Ajman will be offered "permanent UAE residency." Other companies have completely closed the door of speculation regarding the same issue. How does the government perceive=2 0the "Permanent Residency" promise? And are there any eventual plans to adopt it in the UAE?**

Offering residency is absolutely far beyond the jurisdiction of any real estate company. It is a sovereign issue governed by laws and regulations. But I wonder if one buys property in London, Paris, Cairo, or Beirut does this mean obtaining a permanent residency there? We are very keen to ensure convenient conditions for expat property owners. However, we will be issuing a new law that includes a long multi-visit permit soon.
DALAL ABU GHAZALA, Al Hayat Newspaper

**The UAE has proven remarkable capability in managing previous crises, including the Gulf First or Second Wars and 9/11 events in the US. What are the steps endorsed by the country's supreme leadership to overcome the current financial crisis? And do these measures include re-evaluating the UAE's strategy and its plans for the coming few years?**

Revisiting and re-evaluating strategies and plans are ongoing processes. They aren't only restricted to times of crises. Life is full of changes and developments, but only the clear-headed can effectively monitor and examine these changes and identify their trends and then determine how much these developments will impact their own strategies and plans.
DALAL ABU GHAZALA, Al Hayat Newspaper

**Some Western media are trying to defame the UA E either through exaggerating the impact of the economic downturn on Dubai, or through inaccurate reports such as Human Rights Watch's on the Media Law in the UAE. What do you think are the reasons behind such campaigns? And what is your response to these campaigns?**

We don't care who stands behind such campaigns, but rather pay attention to the content of these reports either issued by media or international nongovernmental organizations. We deal with such reports with absolute objectivity -- for example when producers of these reports express their wish to visit the UAE and meet concerned officials, we open our doors for them and welcome all constructive discussions, offering them full briefings on all facts. We attentively listen to their views and, I like to think, so do they.

Regarding Human Rights Watch's report on the UAE's new draft media law, the international organisation's officials were in the country last week. They met with the concerned UAE officials who defended the law and disputed the report's inaccurate remarks, explaining the law's different clauses and articles. They tried to steer the report's producers away from any misleading interpretations of its content.
PAUL STOBER, Gulf News

**The government has taken significant steps to support the financial services and property industries in the UAE. Are you happy with the results so far?**

I am very pleased with the results, and I am confident we are on the right track. Everybody will recognise shortly the encouraging indicators of the economic recovery.
PAUL STOBER, Gulf News

**If it became necessary, what further steps of support would the government consider for the financial services and property industries? Would the government consider extending support to other important industries in the UAE, like tourism? If so, what form might this take?**

The measures we have undertaken so far have shifted the UAE economy from the crisis mood to the solution mood. Not one country in the world, regardless of what efficient systems it boasts, could have ensured recovery from the financial crisis before recognising its actual impact on the global economy and international markets. No one could predict ensuring recovery before the world's leading economies consolidates their efforts to face the crisis. That actually took several months of constant work. Now, optimistic voices are getting louder worldwide, while markets' fear has started to gradually diminish.

The UAE has one of the region's most progressive, vibrant and open economies. Efforts by world leading economies to deal with the financial crisis have been effective and fruitful, while the tendency to increase international cooperation – including recent decisions by the G20 summit in London – remains very positive and encouraging. I can confidently say that the UA E is very well positioned on the recovery path, thanks to our domestic policy measures – such as the fiscal stimulus, easing monetary policy, and increasing liquidity in the

system. There are some early indicators of international economic recovery. Yet, I cannot predict that the global economic recovery will proceed without potential hurdles. I cannot also claim that repercussions of the economic financial meltdown are over yet. But what I can say is that the worst is already behind us, and there is now a solid will and determination among concerned countries to join hands to collectively revive the global economy as well as their own individual economies.

Increasing financial support to other business sectors is probable, pending the actual needs of each particular sector. The UAE's tourism sector is in a good shape, with UAE hotels recording high occupancy rates. The country's tourism industry has already successful survived the worst period and resiliently adapted itself during the most critical times.
PAUL STOBER, Gulf News

## What are the main strengths and weaknesses of the UAE, as it faces the challenge of the global economic slowdown? What are the particular challenges that Dubai faces as it positions itself as a global business centre?

The UAE's strengths are numerous. The UAE's success in facing the global financial crisis and alleviating its impact on the Emirati economy is the most conspicuous=2 0evidence of these strengths. The country enjoys a leading ranking position in several fields such as productivity, environment, connectivity, and transformation to knowledge economy. Yet the failure to match best international practices in these fields might be considered a major weakness. We always benchmark ourselves against the best. I always say that we have just embarked on a long journey of hard work to fulfil our promised sustainable development through a series of strategic projects to be established during the years to come.
DURAID AL BAIK, Gulf News:

## Do you feel that Dubai needs an efficient auditing body to investigate and curb corruption in financial institutions before things become too bad? How more the UAE can move faster in fighting corruption and promoting transparency?

There is already a government financial audit department. The department has a track record of successful performance, and it has done very well with investigations related to corruption cases. Enhancing financial auditing systems and capabilities is undoubtedly important and that is exactly what we are doing now. As for promoting transparency in fighting corruption, I confirm that the UAE is completely committed to highest levels of transparency. There is no room for corrupt officials and citizens among us. Handling corruption cases does not mean prosecuting judging and penalising corrupt individuals only; it also aims at filling all administrative and legal loopholes that=2 0have been used to breach the law.
By Al Bayan newspaper

## When will the term "remote" (rural) areas disappear from the everyday vocabulary of the UAE?

The UAE does not have remote areas in the negative connotation of the word. We only have areas that are relatively remote from urban centers. The urban planning of these areas has to be based on scientific research to carefully identify means of providing best efficient services to local residents.

There are sometimes exaggerated reports depicting these areas as if they are utterly deprived of basic services while their residents live in appalling conditions. Sometimes, one reads press reports demanding a school to be built in an area that has no more than 50 homes, while there is a school only few kilometers away with available

means of transportation for the students.

I've personally toured most of these areas across the country, and I was very keen on visiting particular areas and schools that were the focus of the media. I discovered that the situation on ground is often completely different from the picture presented by the media. Of course, these areas need to be given more attention -- and this is exactly what the government has committed itself to since its first day in office. The government efforts in that regard are in line with the directives of His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE.
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By Al Bayan newspaper

## Are there any practical measures undertaken by the government to address the issue of the population imbalance? What about offering incentives to the UAE nationals to have more children?

The government has embarked on certain measures which have been announced earlier and carried by the media. The committee in charge of the population issues is working quietly and in a very effective manner. The UAE Government Strategy has identified a major direction for developing particular steps to address the population imbalance issue. One of the strategies the UAE government has identified to address this issue involves focusing on Emiratization through well-planned policy based on combining federal and local efforts. Incentives for the UAE nationals to have more children are already in place. UAE nationals are offered several incentives either in terms of services, benefits, salary increments or other privileges for their children. The UAE government has paid special attention to offering UAE nationals all possible incentives.
By Al Bayan newspaper

## Why have the UAE Government retreats been stopped?

The UAE Government retreats have not been put on hold but they are usually organized with relatively long intervals. Yet, the Cabinet meetings are convened on regular basis.
By Al Bayan newspaper

## Some peop le believe that you put more trust in youth rather than veterans to lead Dubai organizations. What is your comment on this view?

I've trusted, and I will continue to trust well-qualified and experienced youth. If youth are not empowered and given full opportunities, how expertise and new leaderships will be built?

In the meantime, I don't know which age signifies youth. Are they below the age of 35 or 40? If a person who has spent 10 or 20 years in his/her workplace and still has not developed any experience, can he/she be categorized as youth? How many years one should spend at work to gain experience -- should we say 5 or 10?

The world has changed. Knowledge is now accessible to everybody. Training and development programmes are also available for those who seek to develop themselves and opt to enhance their competencies to ensure successful future career path. Young leaders' development programmes are also available for all UAE nationals who prove themselves worthy through tests carried out by an independent body.

We look high at our national expertise, both young and veteran. I will continue to explore and discover young talent and offer them full opportunities and push them to assume leading positions.

By Al Bayan newspaper

## How do you foresee the impact of the unified GGC currency on UAE's economy?

It will have a positive impact on all GCC countries economies. The currency is a federal issue, and the UAE has been very enthusiastic about the unified currency and showed interest in hosting the GCC Central Bank.
By Al Bayan newspaper

## How do you evaluate the experience of the women whom you empowered to assume administrative and legislative roles in the UAE?

The experience has been very successful and most of those women have demonstrated remarkable commitment and significant competency in performing their duties and fulfilling their responsibilities. They have also proven that the UAE woman is completely reliable and worthy of trust in all leadership and non-leadership positions.
By Al Bayan newspaper

## What was the response of the UAE health authorities following your direct criticism of doctors' professional competencies and your urging that medical services across the country be enhanced?

There has been remarkable progress in quality of health care services, which still fall short of our expectations. I totally appreciate that pulling together loose ends to rectify mixed processes accumulated over long years takes time. Yet, efforts are now underway to develop the healthcare sector and work is progressing in the right direction. Competition resulting from the growing presence of private healthcare organizations has reflected positively on the overall medical performance in the country. I believe all private=2 0and public sector doctors will live up to international best practices very soon.
Emirates Business 24/7

## There has been increasing federalism in the handling of the financial needs of the Emirates, which has been hailed as a good step forward. How do you see this evolving in future?

The UAE follows unified legislative, financial and fiscal systems. Federal authorities, led by the UAE Central Bank and the Ministry of Finance, assume full responsibility of developing and implementing these systems. Measures adopted by the UAE government in response to the global financial crisis only reflect conditions of the UAE market, which has been around for the last 35 years since the Fiscal Council was first established. The UAE government's swift action to address impacts of the global financial crisis has amazed many people. It is important to remember that the UAE's response to previous crises, such as the real-estate crisis of the early 1980s, has always been carried out at the federal level. The increased federalism that you refer to in your question is yet another proof that the federation is getting stronger.
Emirates Business 24/7

## Many laws including the Federal Companies Law have been under scrutiny for a long time. Do you feel there is a need for faster amendments to federal laws to meet today's economic and social needs of the country?

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Issuing the first amendment of a law usually takes some time. Rushing things may lead to undesired consequences while delay reflects unnecessary bureaucracy. The pace of passing new amendments to laws bound by international agreements and world systems – for example, the Companies Law -- is determined by the progress of these agreements. Several important international agreements, including a significant number involving the World Trade Organization, are still not ripe. Yet, we are very keen on passing or amending any laws if necessary to strike a healthy balance between our local interests and our commitments to international trade and finance organizations.
Emirates Business 24/7

**Speculation about the dirham's peg to the United States dollar keep flowing back out. What value do you see in keeping the peg in the sh ort term and the long term? Is there any move to change the structure or composition of the peg?**

Governed by strict banking principles and guidelines, the UAE Central Bank is taking care of the issue of dirham's peg to international currencies. The US dollar's devaluation against the Euro and the pound-sterling during the past few years has triggered several debates about economic threats posed by the dirham's peg to the dollar. Today, after the dollar's significant gains against other international currencies, we can barely hear these voices.

There are no absolute wins or absolute20loses to pegging a local currency to a single foreign currency or a currency basket. Decisions are always determined in light of the size of benefits.
Emirates Business 24/7

**One of the many effective measures taken by the UAE Government to deal with the fallout of the global financial crisis has been to maintain or increase spending on infrastructure projects, even if this leads to a deficit budget. Would the UAE be comfortable with a deficit budget for the first time in many years? Would you immediately put in place measures to wipe out the deficit (if that happens) in the next year? What such measures would you consider?**

This is a hypothetical question. Actually, we evaluate all possible scenarios and we are very keen on endorsing a deficit-free budget. Yet I can read between the lines of your question about potential measures to face budget deficit. My reply is: No Income Taxes.
Emirates Business 24/7

**The public relations image of UAE and Dubai is being taken to task in sections of the Western press. What is the official strategy of UAE going to be to counter this?**

Our strategy in that regard is very consistent, as we strongly believe in the sanctity of truth. Our commitment to transparency is unequivocal and unquestioned. Our ultimate response to these reports can be seen in our relentless efforts and ongoing success. The life sp an of lies is always short.

We have been very transparent with all measures undertaken over the past few months to counter the impact of the global financial crisis. Senior government officials have spoken openly about the current situation, highlighting key facts and figures -- including the actual size of the debts by both the government and government affiliated companies.

His Highness the President of the UAE has also openly clarified different dimensions of the crisis's impact on the UAE economy. Despite all that, some people in the media have continued to weave rumors and negative speculation into their articles. We welcome all media from around the globe and we have never silenced any resident or visiting reporters or stopped them from doing their job.

We shall continue to do the same because of our confidence in ourselves, our economy and our measures -- and because we always believe deep in our hearts that truth prevails. Yet our self-confidence does not stop us from dialogue with the media to offer them straightforward information. We urge them to adhere to professional integrity, objectivity, and fair scrutiny and use of information.
Emirates Business 24/7

**There has been some contraction in business volumes in the UAE over the last few months. The harshest effect of this seems to have been on small and medium-sized enterprises. Is there any plan to revitalize the small business sector, which is usually co nsidered the growth engine of an economy?**

We are fully aware of the vital role of the small and medium enterprises sector; I believe that the contraction it has suffered is only temporary. Our success in overcoming the worst will positively reflect on the overall economy, including major enterprises as well as small and medium-sized ones. Our position is far better than other countries, and encouraging economic indicators have just started to emerge. Enhanced liquidity levels across the banking sector, banks' resumption of credit operations, increased number of investors eager to seize investment opportunities in the real estate sector and financial markets, are among many other positive and encouraging indicators.
Emirates Business 24/7

**The region is clearly looking at nuclear energy as means to meet its energy needs in the future. What is your view on the proliferation of nuclear technology in the Middle East?**

The UAE's announced stance is very clear: All countries have the right to use nuclear power for peaceful purposes. We look forward for the day when the entire Middle East region will be declared free of all nuclear and mass-destruction weapons.
By Ali Mutalq Al-Quhais Al-Shammari - AlReyadh Newspaper

**What comments do, Your Highness have about the rumors that Your Highness had a health problem lately? We pray God that the rumors were base less, and that He may grant Your Highness good health, long life and happiness to make Your Highness a model to be followed in the region.**

I thank God that I am well and in the best of health and peace of mind and soul. The rumors about me are a part of the psychological war that was waged on Dubai in recent months. Rumors have never targeted unsuccessful, backward or marginal people. I personally pay no attention to rumors, as I know they are short -lived. When people find out the facts, they respect and appreciate you more; their good feelings toward you grow, and the rumor-mongers diminish in their eyes. In fact the last few months I have participated in 4 endurance races where I was able to race for more than 120km in each.
By Ali Mutalq Al-Quhais Al-Shammari - AlReyadh Newspaper

**By the end of the first quarter of 2009, what is your evaluation of the economic**

**performance of the UAE in light of the financial crisis? What is the UAE government's strategy to raise the national economy, and emerge from the financial crisis stronger than before? How do you respond to the unfair and hateful rumors that Dubai has turned into a ghost city?**

The performance of our economy in the first quarter of this year proves that we are on the way out of the crisis, and that we are on the right track. Our economy will resume its health faster than other economies, but the speed of that=2 0resumption is not governed only by the strength of our economy and its abundant resources. The speed will also be influenced by developments in the international economy – including the measures of revival in the grouping of industrialized states known as the G-20, whose role in international trade movement is about 90 percent of the total international trade, and whose GDP is about 60 percent of the entire world GDP. The speed of general recovery will also be influenced by the capability of international measures connected with monitoring markets, and the role, functions and work mechanisms of international financial institutions, especially the International Monetary Fund. I am optimistic that good implementation of the decisions of G-20 and the International Monetary Fund will speed up the recovery of the global economy.
By Ali Mutalq Al-Quhais Al-Shammari - AlReyadh Newspaper

**Sometime ago, several Western papers published unfair reports about the UAE, claiming human right violations of foreign labor in the UAE, and the lack of free elections in the UAE, etc. What do you think of these allegations? What do you think is the reason behind spreading such malicious reports?**

They may write whatever they like, and play the tunes that please them. We are not annoyed by criticism, nor do we fear campaigns. They have their models, experience, values, standards, their cultural and intellectual frames of references. We have our models, values, st andards and frames of references. We are open to the entire human experience in every field. We learn from them, but we will never import ready-made models. We do not accept that, and our society does not accept this. As for the allegations about foreign labor, it is an old theme, repeated every now and then. Yes, certain sectors of foreign labor are not in the state we like or hope. But we are steadily improving that state, and we are making progress every year. For years, the talk about foreign labor has not ceased. Such talk is open to all and to the countries that provide such labor. Despite that, millions are trying to come to work in our country. So, why do those foreign countries don't stop their citizens from coming to work in the UAE if the work situation is such as these nasty reports claim?
By Al Emarat Al Youm

**The UAE is facing a regional and global media campaign that questions its ability to overcome the global financial crisis. How does Your Highness evaluate such campaigns? What are the tools and the initiatives with which to respond, including the development of local media?**

Action is louder than words. Our achievements and hard work would be the response to these campaigns. The UAE is immune to such campaigns, and questioning of its ability to continue developing a strong federation is not going to yield anything. When we established the UAE federation, we faced analysis and speculation campaigns, questioning our ability to sustain the Federation and ensure its success. Similarly, the launch of every major project was met with uncertainty and rumors from media campaigns. All these campaigns are history now and their promoters have been proven to be wrong.

As for your suggestion of responding to these campaigns with tools and initiatives, including the development

of local media, our response is to continue on our path of hard work and to highlight our achievements. Ongoing development has always and will remain a key objective to our local media; however, we will not allow anyone to drag us to media confrontations. Our policies and procedures are clear, transparent, and always in the end, truth will prevail and will defeat all rumors.

Al Emarat Al Youm:

**The UAE government has taken notable measures in combating corruption, referring senior officials to court. Are there further steps the government intends to undertake in the same regards? And does Your Highness believe that an independent watchdog body might be needed to audit governmental and semi-governmental organizations?**

The UAE has efficient independent watchdog bodies that include the federal State Audit Institution, as well as local auditing departments. I've visited the State Audit Institution lately where I was updated on its activities. I've given directives to revamp its systems and provide all necessary tools to enhance its performance. Sy stems and processes of the Dubai Financial Audit Department are also being reviewed and enhanced. Besides, there are other auditing bodies that operate under the Rulers' Courts across the seven Emirates.
Al Emarat Al Youm:

**Your Highness received His Highness Sheikh Khalifa bin Zayed Al Nahyan, the President of the UAE, in Dubai last week, and escorted His Highness on a tour that included key landmark developments across the Emirate. What was the significance of this visit?**

I meet with His Highness Sheikh Khalifa on regular basis. We are companions on our journey of development, and he is our Leader and our President. Dubai is his home and he is most welcome at anytime. The visit comes in line with His Highness' ongoing follow up on development efforts across the seven Emirates. He is always keen on meeting his people across the country to listen to their views and ensure their own welfare.

As a matter of fact, all His Highness visits to Dubai are important. His latest visit was significantly important as he toured Dubai's new landmarks, expressing his satisfaction at Dubai's milestone achievements. He was also very keen on visiting "Dar Al Ittihad" (the Union House) where establishment of the United Arab Emirates federation was proclaimed. The visit was in honor of this remarkable achievement.
Questions by Al Shorouk Egyptian Daily

**Arab funds, particularly GCC ones, have suffered big investment losses in international markets due to the global financial crisis. Sovereign Arab funds have also lost a lot of their money. How did the UAE benefit from this tough lesson, and does it intend to direct more money into Arab markets? Are there any plans to direct part of this money into Egypt**

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[Message clipped]

8 May, 2011

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| Article 1. | NYT<br>**End of Mideast Wholesale**<br>Thomas L. Friedman |
| Article 2. | Le Monde diplomatique<br>**Is This the End of the Assad Dynasty?**<br>Patrick Seale |
| Article 3. | NYT – Books<br>**Mohamed ElBaradei, the Inspector**<br>Leslie H. Gelb |
| Article 4. | Vanity Fair<br>**Hillary Clinton - Woman of the World**<br>Jonathan Alter |

Article 1.

NYT

# End of Mideast Wholesale

Thomas L. Friedman

May 7, 2011 -- If you look into the different "shop" windows across the Middle East, it is increasingly apparent that the Arab uprisings are bringing to a close the era of "Middle East Wholesale" and ushering in the era of "Middle East Retail." Everyone is going to have to pay more for their stability. Let's start with Israel. For the last 30 years, Israel enjoyed peace with Egypt wholesale — by having

peace with just one man, Hosni Mubarak. That sale is over. Today, post-Mubarak, to sustain the peace treaty with Egypt in any kind of stable manner, Israel is going to have to pay retail. It is going to have to make peace with 85 million Egyptians. The days in which one phone call by Israel to Mubarak could shut down any crisis in relations are over.

Amr Moussa, the outgoing head of the Arab League and the front-runner in polls to succeed Mubarak as president when Egypt holds elections in November, just made that clear in an interview with The Wall Street Journal. Regarding Israel, Moussa said: "Mubarak had a certain policy. It was his own policy, and I don't think we have to follow this. We want to be a friend of Israel, but it has to have two parties. It is not on Egypt to be a friend. Israel has to be a friend, too."

Moussa owes a great deal of his popularity in Egypt to his tough approach to Israel. I hope he has a broader vision. It is noteworthy that in the decade he led the Arab League, he spent a great deal of time jousting with Israel and did virtually nothing to either highlight or deal with the conclusions of the 2002 U.N. Arab Human Development Report — produced by a group of Arab scholars led by an Egyptian — that said the Arab people are suffering from three huge deficits: a deficit of freedom, a deficit of knowledge and deficit of women's empowerment.

The current Israeli government, however, shows little sign of being prepared for peace retail. I can't say with any certainty that Israel has a Palestinian partner for a secure peace so that Israel can end its occupation of the West Bank. But I can say with 100 percent certainty that Israel has a huge interest in going out of its way to test that possibility. The Arab world is going through a tumultuous transition to a still uncertain destination. Israel needs to do all it can to get out of their story, because it is going to be a wild ride.

Alas, though, the main strategy of Iran, Syria, Hezbollah and Hamas will be to drag Israel into the Arab story — as a way of deflecting attention away from how these anti-democratic regimes are repressing their own people and to further delegitimize Israel, by making sure it remains a permanent occupier of Palestinians in the West Bank.

Have no illusions: The main goal of the rejectionists today is to lock Israel into the West Bank — so the world would denounce it as some kind of Jewish apartheid state, with a Jewish minority permanently ruling a Palestinian majority, when you combine Israel's Arabs and the West Bank Arabs. With a more democratic Arab world, where everyone can vote, that would be a disaster for Israel. It may be unavoidable, but it would be insane for Israel to make it so by failing to aggressively pursue a secure withdrawal option.

The second group that will have to pay retail for stability is the Arab monarchies — Saudi Arabia, Bahrain, Kuwait, Jordan, Morocco. These governments have for decades bought stability with reform wholesale — by offering faux reforms, like reshuffling cabinets, that never amounted to real power sharing — and by distracting their people with shiny objects. But these monarchies totally underestimate the depth of what has erupted in their region: a profound quest for personal dignity, justice and freedom that is not going away. They will have to share more power.

The third group I hope will have to pay retail is Egypt's Muslim Brotherhood. Under Mubarak, in an odd way, the Brotherhood had it easy. Mubarak made sure that no authentic, legitimate, progressive, modern Egyptian party could emerge between himself and the Muslim Brotherhood. That way, Mubarak could come to Washington once a year and tell the president: "Look, it's either me or the Muslim Brotherhood. We have no independent, secular moderates."

Therefore, to get its votes, all the Muslim Brotherhood had to say was that "Mubarak is a Zionist" and "Islam is the answer." It didn't have

to think hard about jobs, economics or globalization. It got its support wholesale — by simply being the only authentic vehicle for protest against the regime. Now the Muslim Brotherhood is going to have to get its votes retail — I hope.

This is the key question: Will a united, legitimate, authentic, progressive, modern, nationalist alternative to the Muslim Brotherhood get its act together and challenge the Islamists in the Egyptian elections, and then rule effectively? Woody Allen famously pointed out that 80 percent of life is showing up. Wrong. Eighty percent of life is getting stuff done. The Egyptian centrists from Tahrir Square now need to show that they can form parties to get good stuff done. Nobody pays wholesale anymore.

Article 2.

Le Monde diplomatique

# Is This the End of the Assad Dynasty?

Patrick Seale

2011-05-06 -- The disturbances started in mid-March in Daraa, a southern city on the border with Jordan, when a dozen children were manhandled, arrested and carried off to Damascus for scribbling hostile graffiti on a wall. Distraught parents came down into the street to vent their anger at such heavy-handed brutality. They were soon joined by others. The uprising had begun and soon spread across the country. No doubt it was inspired, in part at least, by the display of people power which has leapt with contagious speed from one country to another, shaking the foundations of Arab autocracy and giving a great jolt to the immobile political order in the Middle East. In Syria, the authorities then made what may prove to be a fatal mistake. In a move that looked like panic, the security forces used live fire against the protesters -- and have continued to do so. By the end of April, over 550 people had been killed in different locations around the country, while many more were wounded and possibly two thousand arrested. With little reliable information coming out of Syria it is impossible to be certain of the figures. The state used particular violence against Daraa, a poor city in an agricultural region which has suffered from government neglect and crippling drought in recent years. As if to punish it for initiating the troubles, tank fire was used to quell the protests and something like a siege put in place. Electricity and water were cut off and food became scarce.

The deaths in Daraa and elsewhere -- and the emotional funeral processions that followed -- have clearly aroused great rage in the population and a thirst for revenge. President Bashar al-Assad's legitimacy has been eroded. A strident call is ringing out increasingly

for the fall of the regime. The president is now fighting for his political life and for that of the regime put in place in 1970 by his father, the late President Hafez al-Assad.

Forty-one years in power

The rule of the Assads, father and son, has now lasted 41 years, a score comparable to that of other long-lasting Arab autocrats, each apparently determined to be a président-à-vie. In no other part of the world have so many rulers clung so assiduously to power. Bashar appears genuinely to have believed that the Arab nationalist ideology he inherited, his opposition to Israel and his support for resistance movements such as Hizbullah in Lebanon and Hamas in Gaza, gave him immunity from popular discontent. In an interview with The Wall Street Journal on 31 January, he claimed that Syria could not be compared to Egypt. "Why is Syria stable," he asked, "although we have more difficult conditions? Egypt has been supported financially by the United States, while we are under embargo by most countries of the world. We have growth although we do not have many of the basic needs for the people. Despite all that, the people do not go into an uprising. So it is not only about needs and not only about reform. It is about the ideology, the beliefs and the cause that you have. There is a difference between having a cause and having a vacuum."

Unfortunately for Bashar, this analysis has proved wrong. As if caught unawares, his first public speech on 30 March was a public relations disaster. It was delivered to an obedient parliament, which interrupted him repeatedly with acclamation and crass plaudits. In an aside, he seemed to concede that external crises had distracted him from making the reforms he had intended when he first took office. In a second speech on 16 April to his newly appointed cabinet, he announced the lifting of the hated state of emergency, in force since the Ba'ath Party seized power in 1963, and the abolishing of the dreaded Special State Security Court. But even these moves came to

seem half-hearted when it emerged that demonstrations could only be held with prior permission from the interior ministry.

The difficult and perilous task Bashar now faces is nothing less than the profound restructuring -- under great popular pressure -- of a fossilised system of governance inherited from his father, but which is no longer appropriate to the modern age, and no longer tolerated by the bulk of the population. Like other Arabs, Syrians want real political freedoms, the release of political prisoners, an independent judiciary, the punishment of corrupt bigwigs, a free press, a new law on political parties allowing for genuine pluralism (and the cancellation of article 8 of the constitution which enshrines the Ba'ath Party as "the leader of state and society"), and an end, once and for all, to arbitrary arrest, police brutality and torture.

Can Bashar meet these demands? Does he have the will and ability to do so? Can he hope to prevail over the entrenched interests of his extended family, of his intelligence and army chiefs, of powerful figures in his Alawite community, of rich Sunni merchants of Damascus traditionally allied to the Assad family, and of the small but powerful "new bourgeoisie," made rich by the transition from a state-controlled to a market-oriented economy, over which he has himself presided in the past decade? All these disparate forces want no change in a system which has brought them privilege and wealth. Above all, can Bashar change the brutal methods of his police and security forces? Could anyone in just a few weeks hope to change habits of repression ingrained over half a century, and indeed far longer? (For autocracy is not an Assad invention.)

The Bashar years

Until the outbreak of the crisis, Bashar al-Assad had little or nothing of the menacing pose of a traditional Arab dictator. His manner was modest and, at 45, he looked astonishingly young. His tall willowy frame has none of the robustness of a fighter, while his gaze,

questioning and often perplexed, has none of the certainties of a man born to power. He was a young doctor studying ophthalmology in London when the accidental death in 1994 of his elder brother, Basil, an altogether tougher character who was being groomed for the succession, propelled him somewhat reluctantly onto the political scene.

The country he came to rule in 2000 seemed backward in an increasingly globalised and technologically advanced world. His first reforms were therefore financial and commercial. Mobile phones and the internet were introduced. Private schools and universities proliferated. In 2004 private banks and insurance companies were allowed to operate for the first time, and a stock exchange was opened in March 2009. A political and economic alliance was forged with Turkey (and visas abolished), which allowed trade to grow along that border, benefiting Aleppo. The Old City of Damascus was revitalised, ancient courtyard houses restored and hotels and restaurants opened to cater for the growing number of tourists. Before the crisis erupted, Syria was negotiating to join the World Trade Organisation and conclude an association agreement with the European Union.

But Bashar's years in power seem to have hardened him. He developed a taste for control -- control over the media, over the university, over the economy (through cronies such as his exorbitantly rich cousin Rami Makhlouf), control over society at large. Free expression is not allowed. Political decision-making is restricted to a tight circle around the president and security services. Like his father, Bashar clearly does not like to be pushed around or to seem to yield to pressure. Even so, many Syrians still support him in the belief that, as an educated, modern and secular ruler, he is better placed than most to bring about necessary change.

At the time of writing, Bashar still seems to have a chance, if a slim one, of stabilising the situation and perhaps earning a further spell in power -- but only if he calls a halt to the killing of protesters and takes the lead of the reform movement, and in effect carries out a silent coup against the hardliners.

But it may well be too late for that. Indeed, Bashar may already have lost authority to men like his brother, Maher al-Assad, commander of the regime's Republican Guard, who seems to advocate crushing the protests by force. If the army and the security services remain loyal, it will be difficult for the opposition to unseat the regime. But there have been ominous rumours of army defections as well as reports that some members of the Ba'ath Party have resigned.

It needs to be recognised that the Assad regime does have determined enemies, at home and abroad, who conspire against it in the neighbouring countries -- Lebanon, Jordan, Iraq, Saudi Arabia, and also Israel -- and among Syrian exiles in London, Paris and the US. These enemies have smelled blood. Riding on the turbulent wave of popular dissent, they will not easily give up. According to US diplomatic cables, released by WikiLeaks and published in mid-April in The Washington Post, the State Department secretly financed a London-based network of Bashar's opponents to the tune of $12m between 2005 and 2010.

A continuous whole

It is probably fair to view Bashar al-Assad's term of office and that of his father as a single continuous whole. Not only did Hafez al-Assad decide that Bashar should succeed him, but he also bequeathed to him an autocratic system based on an all-powerful centralising presidency, and a set of principles and external allies and opponents which together determine Syria's foreign policy. Bashar's whole career -- like that of his father before him -- has been shaped by Syria's contest with Israel. Syria has had to live, fight and survive in

a hostile Middle East environment shaped by Israel's overwhelming victory over the Arabs in the 1967 war, its seizure of extensive Arab territories including Syria's Golan Heights and its subsequent close alliance with the United States, which put in place a sort of dual US-Israeli regional hegemony from which Syria and its allies have sought to free themselves ever since. The 1973 war waged by Egypt and Syria to recover lost territories and force Israel to negotiate a global peace had some initial success but failed to realise its objectives. Instead, Egypt made a separate peace with Israel in 1979 and was removed from the Arab line up. The rest of the region was then exposed to the full force of Israeli power.

Looking to its defences, Syria established a partnership in 1979 with the newborn Islamic Republic of Iran. And once Israel invaded Lebanon in 1982 in a bid to expel Syrian influence, destroy the PLO and bring Lebanon into its orbit, Syria found local allies among the Shia resistance movements of South Lebanon -- of which Hizbullah became the most prominent. Waging a guerrilla war, and benefiting from logistical support and weapons from Iran and Syria, Hizbullah managed to force Israel out of South Lebanon in 2000, after an 18-year occupation. From this was born the Tehran-Damascus-Hizbullah axis, which over the years grew into the principal regional challenger of the United States and Israel.

Both the United States and Israel have done their utmost to disrupt this axis and prevent it acquiring any effective deterrent capability: Iran has faced constant demonisation, sanctions and threat of military attack because of its nuclear programme, while Israel has made repeated attempts to destroy Hizbullah, including its war on Lebanon in 2006. Syria, in turn, has faced intimidation, isolation, US sanctions and an Israeli attack in 2007 on its alleged nuclear facility.

Bashar has had to wrestle with his own crises. He survived George W. Bush's "global war on terror" after 9/11, then faced the greater

ordeal of the 2003 US-led invasion of Iraq and the long occupation that followed. Had the United States been successful in Iraq, Syria would have been the next target, as pro-Israel neocons, the main architects of the Iraq war, had intended. Syria was then confronted by the 2005 Lebanese crisis, triggered by the assassination of former prime minister Rafik Hariri. Syrian forces were ousted from Lebanon and the Assad regime threatened with extinction by the combined pressures of the United States and France.

There is also a much older memory that still hangs like a dark cloud -- that of the massacres at Hama in central Syria in 1982. It was then that Hafez al-Assad put down, with great violence, an armed insurrection by the Muslim Brothers. Beginning in 1977, this Islamic group had launched a series of terrorist attacks against the regime, murdering several of the president's close associates and eventually seizing control of Hama, where they killed Ba'ath Party and government officials. The regime regained control of the town, but only after a bloodbath in which between 10,000 and 20,000 people lost their lives.

Thirty years later, some Islamists still dream of revenge, while minorities such as the Alawites fear that if the regime were to fall, they would be massacred in turn. Emerging from underground, the Muslim Brothers have now called on the people to join the protests. The cry for freedom risks being drowned by sectarian strife.

Such has been Bashar al-Assad's harsh apprenticeship. He has had to surmount a series of regime-threatening crises much like those his father confronted in his time. Both Assads felt some satisfaction at managing to survive them and thus provide Syria with a measure of stability and security, especially compared with Iraq and Lebanon. There was, however, a price to pay. Having to live and survive in a hostile environment inevitably conferred great powers on the security services, guardians of the regime -- to the increasing resentment of

ordinary Syrians. A dialogue of the deaf ensued. The Assads' intense preoccupation with external crises led them to neglect the internal scene. Who would need political freedoms, they no doubt thought, if given the benefits of security and stability? As the regime's official daily newspaper Tishrin wrote on 25 April: "The most sublime form of freedom is the security of the nation."

The recent explosion of popular anger has evidently taken Bashar by surprise, as it did other Arab autocrats. He has had to wrench his attention away from the perils and excitements of foreign policy to urgent challenges at home. To devise and implement far-reaching domestic reforms, as the present situation urgently demands, will require a radical change of focus. It will not be easy, and a favourable outcome is far from certain. Bashar now faces an internal threat to his regime at least as dangerous as any of the external threats he and his father confronted so successfully.

*Patrick Seale is a leading British writer on the Middle East. His latest book is The Struggle for Arab Independence: Riad el-Solh and the Makers of the Modern Middle East (Cambridge University Press).*

Article 3.

NYT – Books

# Mohamed ElBaradei, the Inspector

Leslie H. Gelb

*THE AGE OF DECEPTION*
*Nuclear Diplomacy in Treacherous Times*
*By Mohamed ElBaradei*
*340 pp. Metropolitan Books/Henry Holt & Company. $27.*

May 6, 2011 -- The Nobel laureate Mohamed ElBaradei has stated his intention to "nominate myself" to be president of Egypt, but this memoir will not improve his election prospects. In personal terms, it's hard to imagine anything less thrilling to Egypt's street revolutionaries than ElBaradei's accounts of his meals ("The food was very basic, with few choices: noodles, meat and kimchi; no fruit or salad") and accommodations ("a worn, drab-colored suite consisting of a bedroom and a salon") in places like North Korea. Nor will his fellow Egyptians be much intrigued by the details of his battles against nuclear proliferators. At the moment, the protestors have other priorities.

On the other hand, foreign policy leaders and wonks everywhere will find plenty in this memoir to stir debates about the most vital task for global survival — the need to stop the spread of nuclear weapons, especially to rogue states and terrorists.

That quest is ElBaradei's story. For decades he was an intimate participant in dramatic nuclear proliferation confrontations that dominated headlines. He served as a senior official at the International Atomic Energy Agency, the United Nations nuclear watchdog and inspection arm, for 13 years (1984-97) before rising to its director-generalship in 1997. He resigned in 2009 after completing

his third term and announced his interest in running against President Hosni Mubarak in the election scheduled for this year. In 2005, he and the agency were jointly awarded the Nobel Peace Prize for their nonproliferation endeavors. Doubtless the Norwegian selectors, always ready to needle American hawks, also sought to reward his bold critique of the American-led war against Iraq, especially since they drew ill-tempered ripostes from top officials in the Bush administration, particularly "Dick Cheney and his faction."

In many ways, this David-Goliath confrontation over Iraq both drove ElBaradei in his years atop the I.A.E.A. and also inspired this memoir. The Iraq story is well known. The Bush team insisted that Saddam Hussein — who had cheated on nukes and chemical weapons once before and been caught — had or was on the verge of acquiring nuclear weapons, and they demanded I.A.E.A. inspections of Iraq to confirm it. The agency conducted 247 inspections at 147 sites in Iraq from November 2002 until March 2003 and found no violations and no nuclear weapons. Nonetheless, the United States insisted on its own "evidence" and went to war. There can be no exaggerating the negative effects of this experience on world opinion toward the United States and upon ElBaradei himself as I.A.E.A. chief.

ElBaradei's self-proclaimed mission became preventing another Iraq-type war. To this end, he significantly upgraded the agency's inspection capabilities, building on the work of his predecessor, Hans Blix. At the same time, ElBaradei decried American counterproliferation efforts as warmongering. These campaigns provided the three themes of his memoir: the need to strengthen the mandate and standing of the I.A.E.A., to restrain sword-waving by the great powers (read the United States), and to emphasize diplomacy and collective security instead.

First, and not surprisingly, ElBaradei is well aware of the atomic energy agency's handicaps. For one, its inspections are generally restricted to Non-Proliferation Treaty members and only to those sites declared by those members. Extending this limited mandate to other sites requires a strong push from the United Nations Security Council. The agency has only some 2,300 employees, a very tight budget of about $450 million and limited intelligence-gathering resources. Of course, ElBaradei wants to buttress inspection authority and capabilities. He wants more intelligence-sharing from the big powers. He is particularly angry at Washington for not disclosing its intelligence that Syria was building a nuclear facility, and then for doing nothing to stop Israel from bombing that facility in 2007. He also pushes for tougher safeguards for nuclear material and for moving control of the developmental stages of the "fuel cycle" from national to international hands.

This is all sensible but probably not attainable. While the United Nations does a number of things quite well, it is not very adept or courageous when it comes to sensitive political matters and national prerogatives. Take, for example, the curious fact that the members of the United Nations Commission on Human Rights elected Libya to its chairmanship in 2003, despite its appalling record, because it was "Africa's turn." If this is how business is done, it is unlikely that the I.A.E.A.'s board of governors and the Security Council will ever endow the agency with the common-sense powers and capabilities ElBaradei wants.

Beyond this, ElBaradei insistently describes the United States and other great powers as more the problem than the solution. In a "new era, one characterized by clandestine activity and the willingness of some countries to blatantly deceive," the Iraq experience showed "that this deliberate deception was not limited to small countries ruled by ruthless dictators." ElBaradei goes on to fault the United

States for offering direct dialogue with North Korea while refusing talks with Iran "without preconditions."

He goes on to say that Washington does not seem to understand the actual causes of proliferation, which he writes "were rooted much deeper, in the extreme economic and social inequalities that prevailed between North and South . . . and the conflicts and tensions that continued to fester in specific regions." Those tensions certainly lead to proliferation, but "economic and social inequalities" have no detectable bearing on why Libya, North Korea, Pakistan, India, Iran, Syria and Israel have pursued nuclear programs.

ElBaradei passionately advocates making diplomacy the main recourse in counterproliferation — and he's right to do so. But when he argues that "the increasing distrust between different cultures" form the barrier to "an enduring and collective security" he's on shaky ground.

His credo is diplomacy above all else, for however long it takes and whatever the risk that nuclear weapons will be built in the meantime. He exhibits more sympathy for non-Western proliferators and their needs than for the major powers and their security and political concerns. At times, his narrative comes close to condoning the motives of states that seek nuclear weapons. "Iran's goal is not to become another North Korea — a nuclear weapons possessor but a pariah in the international community — but rather Brazil or Japan, a technological powerhouse with the capacity to develop nuclear weapons if the political winds were to shift, while remaining a nonnuclear weapons state," he writes. As for Iran's concealing its nuclear program at Natanz, he says Iran "was not intending to 'hide' it per se."

And he adds his voice to those who contend that the fight against proliferation can't succeed unless the established nuclear powers (above all, America and Russia) reduce their stockpiles and move

toward nuclear disarmament. It will be many moons and unerringly effective inspections before leaders in Washington and Moscow contemplate such a course. Surely ElBaradei knows this. Nonetheless, “The Age of Deception” provides the grist for serious debate even as it helpfully chronicles the International Atomic Energy Agency’s journey and tribulations as it evolved from a relatively obscure group of technicians into an organization with growing international clout. But if those following in ElBaradei’s path think they can combat proliferation without the major powers — particularly the United States — assuming a central role, they are wrong. Checking proliferation will require more innovative and tighter cooperation between the agency ElBaradei loves and the United States, of which he no longer seems especially fond.

*Leslie H. Gelb is president emeritus of the Council on Foreign Relations, a former senior official in the State and Defense Departments, and a former New York Times columnist.*

Article 4.

Vanity Fair

# Hillary Clinton - Woman of the World

Jonathan Alter

June 2011 -- It was four a.m. when Hillary Clinton's plane touched down at Andrews Air Force Base, and by midmorning she was in the Oval Office conferring with President Obama. The night before, as her plane was en route from Tunis, they had agreed that the vote of the United Nations Security Council to impose a no-fly zone on Libya meant that it was now decision time on launching a third American war in the Middle East, though no one in the U.S. government dared call it that. Muammar Qaddafi was ramping up his genocidal threats, pledging to show "no mercy" toward his own people (whom he described as "rats") in the eastern city of Benghazi. Inside the White House, the president quickly settled on an American bombing campaign, but he and the secretary of state thought strongly that Great Britain and France should be seen as taking the lead. They agreed that there was no choice but for Hillary to sit down in person with both British prime minister David Cameron and French president Nicolas Sarkozy. "I'm sorry, Hillary, but you're going to fly over the Atlantic again," said Obama, who was about to leave on his own foreign trip, to Brazil. So only hours after landing from Tunis, she was headed back to Paris.

By then it was clear that the "Arab Spring" of 2011 was creating tumult not just in the Middle East but inside the Obama administration. Not since the fall of Communism, in the late 80s, has a U.S. administration faced a chain reaction of foreign crises that seemed so much out of its control.

At first, Hillary looked clairvoyant: in January, when the street protests were still small in Tunisia, she lectured decrepit dictatorial

regimes at a conference in Qatar that "the region's foundations are sinking into the sand." Within days, demonstrators filled Cairo's Tahrir Square, a vibrant plea for greater freedom that swiftly spread to Jordan, Yemen, Bahrain, Oman, Libya, and eventually even Syria. But if Madam Secretary could be ahead of the curve, she was also sometimes behind it, caught in a dizzying series of upheavals that left her both exhilarated and exhausted. In early February, Hillary said the regime of Hosni Mubarak was "stable"; he was gone 17 days later. When she felt White House officials were pushing too hard in public statements for Mubarak to resign, Hillary complained to President Obama, who was unmoved. Yet on the big picture, especially the need to isolate the menacing regime in Tehran, the president and his secretary of state fully agreed. They understood immediately that, for all the facile accusations of inconsistency and hypocrisy, a one-size-fits-all foreign policy wouldn't work. Doctrines, they felt, were for the doctrinaire.

Hillary had been one of the first in the administration to privately raise the issue of a no-fly zone. But she retreated when her main ally in the Cabinet, Defense Secretary Robert Gates, loudly and publicly said a no-fly zone would mean attacking ground positions, and it was a bad idea to get involved in Libya. The White House was searching for a way to arm the rebels—a strategy Hillary found problematic—but also resisted a no-fly zone. "Lots of people throw around phrases like no-fly zone. They talk about it as though it's just a video game," White House chief of staff Bill Daley said dismissively.

Hillary decided to push her case on March 12, after the Arab League voted to request action from the U.N. Security Council—an extraordinary decision to break Arab ranks and ask the nations they had for so long denounced as colonialists to help. "Their statement moved her," said a close aide, adding that two meanings of "moved" applied.

A myth quickly arose that the women in the administration—Clinton, U.N. ambassador Susan Rice, and national-security aide Samantha Power, whose Pulitzer Prize–winning book on genocide was influential in Obama's thinking—drove the debate. "The idea that the girls pushed the boys into war is ludicrous," says Anne-Marie Slaughter, who until recently served as director of policy planning at State. "We were dismissed for months as soft liberals concerned about 'peripheral' development issues like women and girls, and now we're Amazonian Valkyrie warmongers. Please." In truth, the president, as usual, was not persuaded by anyone to change his mind. He was always a reluctant warrior and decided to intervene only when imminent atrocities in Benghazi made sitting on his hands even riskier.

What the women policymakers did do was help mobilize the alliance. Rice worked hard for the broadest possible language in U.N. Resolution 1973, to allow maximum allied flexibility, while Hillary made sure that China and Russia abstained instead of vetoing the resolution.

Hillary already spends much of her life on her plane, but for six crucial days in March she might just as well have used her seat belt as a fashion accessory, flying nearly 20,000 miles on the Washington-Paris-Cairo-Tunis-Washington-Paris-Washington route. On March 14 and 15, she met with Nicolas Sarkozy. The French president was gung-ho to attack Qaddafi, who by then was reversing rebel advances and regaining the offensive. After taking the measure of Mahmoud Jibril, recognized as one of the leaders of Libya's transitional government, Hillary agreed to U.S. intervention if the U.N. backed it. Viewing television images of the dictator's brutality from her quarters at the U.S. ambassador's residence strengthened her resolve. She took to seconding her husband's much-repeated line that the

biggest mistake of his presidency was doing nothing to prevent genocide in Rwanda.

Hillary's personal connection to Sarkozy helped cement the coalition. In 2010, Sarkozy had gallantly steadied her after a shoe had come off her foot as she climbed the stone steps of the Élysée Palace. ("I may not be Cinderella but you're certainly my Prince Charming!" Hillary inscribed a photo, which sits in his office.) Now, over mixed fruit and chocolate, the French president took the normal diplomatic flattery a step further in their "bilat" (diplo-speak for bilateral talks). "Hillary, I always like being with you," he told her. "You are tough. You are smart. You are a good person."

From Paris, on the 15th, she went with some trepidation to Cairo, where many young protesters still angry about her support for Mubarak refused to meet with her. Others vented to her face in a Four Seasons conference room before the mood changed and they talked about democracy building. Her 10 to 15 minutes in Tahrir Square the next day (where she was greeted cordially) and drop-by in Tunisia on March 17 left her small security detail jittery; the local authorities, her guards felt, had no clue what they were doing. She arrived back in Washington early on March 18 before heading across the Atlantic again. She arrived in Paris at six a.m. on March 19 and set to work rounding up support from other allies.

The rollout of the "kinetic military action" (the ridiculous euphemism used to avoid the word "war") was botched and misleading. Hillary had little warning before Sarkozy announced that French planes were in the skies over Libya. At her Paris press conference she made it seem, with her frequent references to "they" and "them"—with the U.S. providing "assistance"—that someone else was leading the intervention. Hillary was safely on her plane en route back to Washington on the evening of March 19 when the world would learn that the core of the attack—112 cruise missiles directed at Libyan

targets—was largely American. It would be another 10 days before she would go to London to arrange for the military campaign to be handled by nato. Whatever the burden-sharing logistics, the United States was in deep now, on a course that no one could predict.

Madam Secretary

For Barack Obama, the Arab Spring and its aftermath will shape just one critical piece of his record. But, for Hillary Clinton, the swirling challenges of the region are likely to determine her legacy. Many diplomats remain anxious; the world they knew has been upended. Yet they also understand that the months ahead will be Hillary's moment to help turn those ripples into a permanent tide of reform and renewal.

But Hillary's intense diplomatic efforts to forge a coalition to go to war in Libya came at the exact worst time, only two months after WikiLeaks, the whistle-blowing Web site run by Julian Assange, began posting thousands of classified State Department cables online. Candid descriptions of foreign leaders (e.g., Putin is the "alpha dog" of a "virtual mafia state") were published around the world and have already led to the departure of U.S. ambassadors in Mexico and Ecuador, with more fallout on the way. Hillary told staff that she could not fathom how an army private, Bradley Manning, with psychological problems and a drag-queen boyfriend could single-handedly cause the United States unprecedented embarrassment just by labeling massive downloads as Lady Gaga songs.

Several allies needed little comfort. "Don't worry about it," one leader told Hillary. "You should see what we say about you." Italian prime minister Silvio Berlusconi wasn't so forgiving. In 2008 the loutish media baron and billionaire had described Barack Obama as "young, handsome and bronzato (bronzed)," but after WikiLeaks he chose to play the victim. It wasn't clear whether he was genuinely upset about a cable describing him as "physically and politically

weak" or merely projecting his anger over allegations in the Italian press about his relationship with a teenage Moroccan belly dancer suspected of prostitution. Either way, he unloaded on Hillary during an awkward one-on-one in Astana, Kazakhstan.

According to a firsthand account I heard an hour afterward in a hallway near the conference room, Berlusconi told Hillary, "The press is all over me. They think the U.S. is saying that I'm vain and stay out all night. I'm tired, Hillary, very tired. I had such a good relationship with 'Beel,' 'George,' and 'Barack'—how can they say this about me?" Hillary explained that, as Berlusconi knew perfectly well, the cables were written by mostly lower-level people. "Look, Silvio, you and I have been friends for 15 years. I've been there. Nobody has had more things alleged—true or untrue—than me." Mostly she let him vent. Her background as a politician and long history with Berlusconi and others wounded by the cables helped ease the tensions.

Even as she navigates these choppy waters, Hillary's own vessel is solid and surprisingly leakproof. One of the least-noticed changes in American public life is how she has been transformed from a subject of constant gossip and calumny into a figure of consequence and little controversy. There are structural reasons: secretaries of state always exist in a zone slightly above grubby politics, which is meant—in theory, at least—to stop at the water's edge. The right-wing attack machine can apparently concentrate only on one or two villains at a time, and since 2008 it has been Obama's and Nancy Pelosi's turn in the barrel, not Hillary's. I tried for months to find people willing to lace into her. None would, not even politicians and TV blowhards who had once catalogued her distortions and dined out on despising her.

Hillary Clinton is now in her ninth straight year as the Gallup poll's "America's Most Admired Woman," but being a great secretary of

state requires more than energy, brains, and celebrity. Dean Acheson helped rebuild Europe after World War II. Henry Kissinger, who acted like the secretary of state for Richard Nixon even before he got the job, engineered the opening to China. But does anyone think Colin Powell left State with a better reputation than he had before becoming secretary? Madeleine Albright and Condoleezza Rice broke the gender barrier and were competent enough, but left no historic imprint. The State Department isn't called "Foggy Bottom" for nothing.

For any secretary of state, the prerequisite for success is a strong relationship with the president. "He's hard for her to connect with," admits one of her top people. "It's hard for her to break through to the more-than-polite level." That isn't meant to suggest chilliness or dysfunction. "Is it Bush-Baker?" the aide continues, referring to the relationship between the first President Bush and James Baker, who was so tight with his boss that he felt obliged to resign as secretary of state to run Bush's ill-fated re-election campaign in 1992. "No. But there's a lot of mutual respect, and she feels like she's always got a shot with him." Imagine how it feels to be a supplicant, looking for her "shot" at impressing the president. It was only four years ago that Hillary said her main opponent in the Democratic primaries was "irresponsible and frankly naïve" when he promised to meet with the leaders of Iran, North Korea, and other rogue regimes without preconditions during his first year in office. She hasn't forgotten who turned out to be right on that one.

One day I asked Hillary point-blank how she gets along with Obama, with whom she meets a few times a week when neither is on the road. She gave me a predictable answer, that her relationship is "not only very good professionally but very warm personally." Of course, "warm" is just another term of art in Washington, where the advice to anyone looking for a friend has long been to get a dog. When I ask

for examples, she has to pause before recalling a very public moment: a spring day in 2009 when the weather was so good that the president suggested they go outside, where they were photographed chatting at a picnic table on the South Lawn. “It was exactly what I could have hoped for. It was spontaneous and heartfelt, and we had a good time,” she says. Her second example is a full hug she and the president shared in the Situation Room after the health-care bill finally passed. She accepted the post, in November of 2008, only after President-Elect Obama—in an inspired move over the objections of many on his campaign staff—twisted not just her arm, she informed friends, but her fingers, toes, and every other bone in her body. The president, for his part, is proud of himself for choosing her. He knows that she represents the United States better than anyone but him and is—to the surprise of many Obama veterans—refreshingly low-maintenance. When budget season arrived this year and the departments all faced drastic cuts, Hillary used a Cabinet meeting to offer tips on how to avoid making cuts that would affect vulnerable people—children, the elderly—and look bad politically. (She recalled that Newt Gingrich’s effort to slash the school-lunch program, which put Gingrich on the defensive, was the real turning point in the 1995 budget debate.) Several second-tier Cabinet members thought it one of the most useful White House meetings they had ever attended.

I’ve interviewed Hillary numerous times since she was First Lady of Arkansas, and it’s usually frustrating. She’s terrific off the record: blunt, ironic, and incisive about people, including her husband. When she cuts to the nub of something and laughs infectiously, you can see why her friends consider her such good company. On the record is tougher, especially when she’s in a job where a single misplaced word can turn into an international incident. It’s not that she doesn’t trust at least some reporters; otherwise she wouldn’t risk private candor. But the distrust for the news media as a species—the sense of

being burned and burned again—long ago made her wary and sometimes defensive.

Up, Up, and Away

As secretary of state, Hillary Clinton has flown more than half a million miles to 80 countries in her two and a half years on the job. Her plane looks like Air Force One on the outside, but isn't as grand on the inside. It's one of four Boeing 757s that the military fitted with 15 ordinary coach seats for reporters in the rear, a business-class staff workspace with tables in the middle that seats about 25, and Clinton's quarters up front near an area jammed with communications gear. She spends most of her time in a small private room with a desk, a modest pullout sofa bed, and a flat-screen for secure videoconferencing. The intimacy of the quarters intensified an already awkward trip at the end of February when Samantha Power, who had been forced to resign from the Obama campaign in 2008 after calling Hillary a "monster," traveled with the secretary of state to a U.N. Human Rights Council meeting in Geneva. Some months before he died, Richard Holbrooke, the legendary special representative for Afghanistan and Pakistan, had brokered peace between them, but now no one knew what would happen en route. "It was uncomfortable, but everyone was extremely professional," said one official aboard.

For most of her thousands of hours in the air, Hillary changes out of her trademark pantsuit (yellow is her favorite color for clothes and in the décor of her homes) into a fleece top and sweats. Meals consist largely of fruit and vegetables (she has a special taste for hot peppers) and maybe a scotch or Bloody Mary. "Don't bring me the dessert!" she loudly tells the flight attendants only moments before sauntering into the staff cabin, brownie already in hand: "I know—I've been bad." Occasional cupcakes with candles are also exempt because Hillary is religious about observing staff birthdays. She resists

movies (despite a weakness for anything with Meryl Streep, especially Out of Africa), reads yet more briefing papers than she's already consumed in Washington, scans news on an iPad, and sometimes manages a few pages of a mystery, but mostly she sleeps, without any pills, often right through landing. "If she couldn't sleep most of the way," says Philippe Reines, her longtime press secretary, "she wouldn't be able to function."

Some of her best road stories involve Holbrooke, her close friend, a maestro of diplomacy for more than four decades. (Holbrooke was meeting with Hillary in her office last December when he collapsed and was rushed to the hospital, where he later died from a ruptured aorta.) At his Kennedy Center memorial service, which played more like a roast, she recalled that Holbrooke was once, in Pakistan, so insistent on making a point that he followed her all the way into the ladies' room. On boarding her plane, he would test every seat to see which was the most comfortable, then hound whichever official was assigned to it to trade with him. Hillary especially enjoyed when he would disappear into the airplane restroom and emerge like an oversize Easter bunny in his bright-yellow sleeping suit. "On hearing Winston Churchill's motto, 'Never, never, never, never give up,' [Richard] called Churchill halfhearted," she said. Hillary thinks this also perfectly captures her own theory of persistence.

Aloft, the secretary of state can often be found with a black binder clip in her hair instead of fastened onto classified documents. It helps. Her stylist, Isabelle Goetz, does her hair in Washington, but on the road—unless the ambassador's wife can recommend someone good—she takes care of herself. For years she's routinely done her own makeup, which is easier because she has good skin. And her genes seem unusually strong. Dorothy Rodham, Hillary's mother, is 92 but looks more like 80. Hillary is 63 but seems a bit younger. She is one

of those lucky people who look better—or at least not worse—with age.

All of this is relevant politically because it means that in 2016, when she's 68, she is unlikely to be written off as too old to run for president. Since the beginning of the year, Hillary has said repeatedly that she will leave office no later than early 2013 and retire from public life. In Bahrain, just before the Middle East upheaval, I heard her be more direct than ever before on the subject: "I've had a fascinating and rewarding public career .... I think I will serve as secretary of state as my last public position and then I'll probably go back to advocacy work, particularly on behalf of women and children, and probably around the world."

Hillary isn't as calculating as her public image. The 2000 Senate race, for instance, was practically serendipitous. But it's hard to believe "Clinton" and "ambition" have been fully sundered. In 2016, the Democrats are unlikely to have anyone better or more acceptable to different parts of the party. The nearer-term options are far-fetched. When Bob Woodward said on CNN last fall that Hillary's switching jobs with Joe Biden was "on the table," the reaction inside both the White House and State Department was to scoff. Neither has an incentive to switch. With the Iraq portfolio already in his pocket, Biden gets plenty of foreign-policy action. His bigger concern is staying on good terms with Hillary. In late 2009, he worried that their long and friendly relationship was in jeopardy over Af-Pak policy. He wanted few troops and heavy reliance on Predator drones; she wanted an open-ended, hugely expensive counter-insurgency commitment. The president ended up sending many more troops than Biden wanted—a total commitment of 100,000—but with withdrawal deadlines beginning this year that Clinton, siding with the Pentagon, opposed. To ease the tensions, Biden and Hillary stepped up their breakfasts and lunches where they call each other "dear."

Uncommon Ground

Hillary has often said that this is the hardest job she's ever had. It's not just the constant travel but also the speed and range of the issues she must master. She finds being secretary of state even more taxing than the 2008 campaign, where she could go on autopilot and give the same speech six times in a day, and had heard all the questions before. "With each month there's more wear and tear," says Jake Sullivan, a young lawyer and former Rhodes scholar, who has emerged as one of her closest advisers. "But she also gets more energized and comfortable." A half-dozen of her friends agree that they have never seen her more in her element. "She seems engaged, happy, focused, determined, and very tired from all the travel," observes Tom Vilsack, an early supporter from his days as governor of Iowa, who is now the secretary of agriculture. "I can't remember her ever working this much," says Dr. Irwin Redlener, who has advised her for many years on children's issues.

Despite running against each other, the president and secretary of state have a lot in common in the way their minds work—more, arguably, than either has in common with Bill Clinton. Staffers have noticed that both Obama and Hillary are methodical, secure, and human-scale when you talk to them; they're deductive thinkers who drill down into a problem. The former president, by contrast, is discursive, needy, and larger-than-life; he's an inductive thinker with a connective mind.

Of course, the sense of order and discipline that Obama and Hillary share belies significant differences that may yet re-emerge. Hillary long ago instructed staffers not to look back to the bitter 2008 primaries or criticize Obama, and for the most part they don't. But late at night, when they're safely distant from "the seventh floor" (the mahogany-lined part of the State Department where Hillary and the other power players work), aides complain that Hillary's creative

ideas are often stymied by an inexperienced White House that doesn't understand the role of drama and stagecraft in diplomacy. They say that Hillary is the daring, decisive risktaker, while the president is hampered by slow reflexes and an overly cautious and unimaginative approach. Not surprisingly, Obama hands insist this is wrong. The only significant policy difference between the two principals, they note, was over Afghanistan, where the president's policy hardly lacked boldness. On Egypt, it was Hillary who early on recommended caution and Obama who insisted that U.S. policy should be to push for an immediate transition. And they offer a domestic example for good measure: had Hillary been president, she would likely have sided with Rahm Emanuel and compromised much earlier on health-care reform, which would have meant a less ambitious bill.

Where the risktaking point might apply is in critical personnel decisions. Hillary likes the challenge of handling big, talented, difficult individuals; it's what attracted her not just to Bill but also to advisers like Richard Holbrooke. Obama (through then national-security adviser Jim Jones) almost fired Holbrooke. Although Hillary told the White House about her own exasperation with Holbrooke (a position she didn't advertise after his death), Obama's treatment of the envoy rankled both Clintons. "I never could understand people who didn't appreciate him," Bill Clinton said in his eulogy at Holbrooke's Kennedy Center memorial service. This was a not-so-veiled shot at people like Obama, who was sitting onstage nearby—the president's no-drama impatience with certain protean characters extends to his strained relationship with the former president. Hillary is caught in the middle, but doesn't appear to be making efforts to bring the two most important men in her life closer.

Even so, she works hard to keep the hatchet with Obama buried. This requires staying on good terms with his White House. Hillary has known Tom Donilon, the national-security adviser, since 1978, when

he was a 23-year-old political operative. They have lunch once a week, where sometimes—as on the details of Af-Pak escalation—they cordially disagree but know the president will decide anyway. Donilon believes you have to go back to George H. W. Bush's era to find such "alignment" among national-security principals. "She's a great team player," he says.

The biggest problem between State and the White House used to be that Cheryl Mills, Hillary's chief of staff, clashed with Denis McDonough, the deputy national-security adviser, who is close personally to the president. Now the two remind staffers of an old married couple that quarrel harmlessly. A more significant source of tension is that Hillary has long wanted the president to do more outreach to heads of state. If she had her way, the White House would have held three times as many state dinners and bilateral meetings with foreign leaders in the last two years. That might have helped with all the fence-mending and coalition-building to come.

Smart Power

Being secretary of state isn't as much fun as it sounds. Imagine having to spend your days saying things like "We must also renew our efforts toward a settlement in Nagorno-Karabakh based on basic principles elaborated under the auspices of the Minsk Group." That's Hillary's life.

Once she accepted the post, she consulted all the living secretaries of state and lots of experts on what she could get done at Foggy Bottom. I ask her what they advised, hoping to get a little closer to how she defines success. "They told me, 'You can either concentrate on a few big issues that will really make your mark, like China policy, or you can try to better manage the State Department and USAID'"—the United States Agency for International Development, the department's famously dysfunctional development arm that administers civilian foreign aid—"'so that everything that's done is

more in line with what you're trying to achieve over time,'" she recalls. "And I said, 'I don't know how you do one without the other.'"

Hillary has already had some successes, most conspicuously her use of American diplomatic leverage in the U.N. Security Council to get China and especially Russia to help isolate Iran and North Korea. She and the president have convinced the Russians that proffering military hardware to Iran isn't in their national-security interest—a tough sell. And ever since Obama bollixed up his relations with Israeli prime minister Benjamin Netanyahu, in 2010, Hillary has worked overtime to soothe Bibi. "She's indispensable—the only one trusted on all sides [of the Israeli-Palestinian conflict]," says Sandy Berger, who served as Bill Clinton's National Security Council adviser.

Most conspicuously, Hillary has championed what has come to be known as "civil society." In practice that means moving beyond the usual contacts between the United States and foreign governments to forge ties with the non-governmental organizations (NGOs) that are essential to stability and development. Like her husband, she's deployed her international stature for "convening power," bringing together governments and NGOs on a dizzying array of significant projects that would otherwise lack support.

Always a generalist, Hillary thinks concentrating too much on one area is hazardous. "We've got a big world out there, and [if] you ignore some part of it, it comes back to bite you," she tells me. So she has tried to strike a balance between hot spots and the more mundane management decisions that she thinks are necessary to elevate diplomacy and development to the level of defense. That way, the United States would have a more sophisticated, "3-D" foreign policy, looking short-term and long-term, top-down and people-up. Hillary

herself shies away from the Cineplex imagery in favor of the notion of "smart power."

"'Smart power' is the use of American power in ways that would help prevent and resolve conflict—not just send our military in," she says. "'Smart power' is closer cooperation between our development experts, our diplomats, our military leaders." Hillary offers an example: in Afghanistan, the Pentagon has a fund that allows a young American officer to take $100,000 in discretionary funds and rebuild a school on his own authority. By contrast, a diplomat or development expert trying to rebuild a school would spend months filling out forms, Hillary says, and probably still wouldn't get the money out of Congress. "We need a more agile civilian power," she concludes.

Hillary draws a distinction between focusing on relations with governments (the locus of diplomacy for hundreds of years) and stimulating change in societies, where the results are less controllable but ultimately more profound. She clearly wants to try both at once, but that intention can break down under the stress of a crisis. In the debate over the bombing of Libya, the "society" policymakers were the hawks. Their argument was caricatured by critics as purely humanitarian but was in fact strategic. The thinking here was that the U.S. must "get on the right side of history" and connect to the aspirations of young people in the region. By contrast, the Old Guard focused on nervous allies like Saudi Arabia, Turkey, and Jordan. Seeing the upheaval through the lens of stability, they were doves on the question of bombing Libya, which they thought might detract from the larger aim of containing Iran. Their mantra was "Beware unintended consequences."

While the Pentagon was clearly opposed beforehand, the other power centers in the government were more conflicted. It wasn't State versus White House, much less women versus men or old versus

young. And this is true moving forward. Some men in the White House are on the "society" side; some women in the State Department are on the "government to government" side. And many officials switch sides (and can switch back again) amid the long hours of debate. The most common sentiment among foreign-policy veterans reflects another familiar Bill Clinton line: "It sure was simpler during the Cold War."

For Hillary, the crisis mentality must eventually give way to the more mundane realities of running the department. She is midway through a five-year plan to increase the size of the State Department's foreign-service staff by 25 percent and double USAID. And she's taken a leaf from the Pentagon playbook and launched a "Q.D.D.R."—Quadrennial Diplomacy and Development Review. The idea is to ask all the agencies housed at Foggy Bottom the larger questions—like whether they are even focused on the right things. It's a huge structural project.

Hillary prides herself on sweating the small stuff, too. She's big on feedback—an intranet "Secretary's Sounding Board" is bringing the suggestion box into the modern age. She gets high marks from the high-tech community for "21st-century statecraft" like using texting to raise money for Haiti-earthquake victims and an Internet freedom agenda she is pushing aggressively. She's popular with State Department employees for practical changes like providing full benefits for same-sex partners ("Fix it!" she scolded bureaucrats who were dragging their feet) and building showers to accommodate people who cycle or run to work. In the past, meetings with foreign ministers featured nothing more than bottled water. Hillary was incredulous: "You can get coffee, tea, nuts all over the world, and in Washington you get a bottle of water?" She was told, "That's the way we do it here." Her chilly retort: "Not anymore."

The secretary runs a brisk, no-nonsense meeting. “We present and she interrogates, in the best sense of the word,” says Patrick Kennedy, the undersecretary for management. Received wisdom gets eviscerated. “Jeff, you’ve got to do better than that,” she told Jeffrey Feltman, the assistant secretary for Near Eastern affairs, one day when he presented a shopworn idea. With USAID undergoing an overhaul, she listens to every reform report, down to the details of how chlorine tablets for clean drinking water can be transported by truck in Honduras. “She’s looking at the guts of how we work,” says Dr. Raj Shah, who runs USAID.

According to old State hands, Hillary represents some of the better qualities of her predecessors. She has Baker’s obsession with preparation, reaches out like Colin Powell (who advised her to resist the efforts of bureaucrats to strip her of her BlackBerry), and offers continuity with Condi Rice’s policy on aids and Africa. But she might most resemble Ronald Reagan’s second secretary of state, George Shultz, a canny pragmatist who made significant progress in several areas without being associated with a single momentous event. Shultz was known for valuing the “career people” (foreign-service officers) and casting a wide net for advice. Hillary does that, too, though she’s still surrounded by a Praetorian Guard of loyalists from her Senate office who are too political for the taste of some diplomats in the building. (They preferred the military veterans around Powell or academics around Rice.) Her great weakness over the years was too often choosing subordinates based more on loyalty than competence. She has been better about this since moving to State, but still slow to extend her trust.

When she travels, Hillary manages to be simultaneously remote from the media (joint press conferences with foreign ministers are limited to two questions for each) and accessible to the public. Unless a crisis obliterates her schedule, she routinely subjects herself to what Reines

infelicitously calls "townterviews," a combination of university town meeting and television interview featuring a group of effusive local journalists, students, and faculty. The format allows her to promote civil society and human rights without getting in the face of the country's leaders. Often a questioner will refer to her in fractured English as "President Clinton." In Asia, this can be especially mortifying for the shy audience. She'll cheerfully reply "I wish!" or "Almost!" to disarm the situation, before going on to explain how her serving in the government of the man who defeated her is a sign of democracy's strength. Almost every trip includes meeting with leading women from local NGOs, many of whom line up to tell Hillary with what little English they can muster how inspirational she has been to their efforts. "She has almost singular recall from years back," says Kurt Campbell, assistant secretary for East Asian and Pacific affairs, who recounts being amazed at what she remembered about a group of Chinese women from a path-breaking trip in 1995. "Not just names, but obscure details about people she's met only once and hadn't been briefed on."

State of the Union

No one abroad seems interested in a subject that continues to fascinate Americans—the state of the Clintons' marriage. The truth, at present, is hardly momentous. "They've been in good shape as a couple for way longer than people realize," says one friend in a position to know. "When things are not good, they're not good at hiding it." Wherever Bill's behavior took the relationship, the friend continues, there remains "a profound level of forgiveness and attachment between them." Despite heart problems, Bill is in good health, but his weight loss—thanks to a vegetarian diet—has left him looking shrunken in person. The rumors of straying have subsided. Aides to both claim, implausibly, that the Clintons talk on the phone every day. The former president doesn't use e-mail (Hillary, by

contrast, is a BlackBerry fiend), which makes it hard to be in constant touch.

Chappaqua remains a place for them to spend time together. On weekends, when both are off the road, she often takes the shuttle up from Washington—no government plane—on Friday night and returns to her house on Whitehaven Street in Northwest Washington on Sunday night. They'll take long walks with their dog Seamus, a chocolate Labrador and the great-nephew of their White House dog, Buddy, who was struck by a car and killed in Chappaqua in 2002. Sometimes they go house-hunting in suburban New York for fun, which leads to unfounded rumors they are about to move. Frequent guests include close staff and old friends like Terry McAuliffe and investors Alan Patricof and Marc Lasry and their families.

Only a few staffers were invited to Chelsea's wedding, last July in Rhinebeck, New York, including the tiny village of women around Hillary who helped raise her: Maggie Williams, Melanne Verveer, Cheryl Mills, Capricia Marshall (now head of protocol for the government), and Huma Abedin, Hillary's indispensable "body woman" and surrogate daughter, whose marriage to New York congressman Anthony Weiner the same month as Chelsea's nuptials made Hillary feel as if she had two weddings in the family at the same time. "Her best friends are work and Chelsea, and now Marc," a close family associate says, referring to Marc Mezvinsky, Chelsea's new husband. Shortly before the wedding ceremony began, Bill, Hillary, Chelsea, and Marc went into a room together at the Astor Courts estate for a few minutes with no one else, not even Mezvinsky's (divorced) parents. "They were three and now they're four," one friend says. (Contrary to rumors, Hillary's aides say that Chelsea's marriage is going well.)

Never, Never, Never, Never Give Up

When a young man at a town-hall meeting in Kyrgyzstan asks Hillary which designers she wears, she answers immediately: "Would you ever ask a man that question?" The crowd of young people laughed and applauded. Hillary and Bill like to vacation at Oscar de la Renta's Punta Cana resort, in the Dominican Republic, but she wasn't about to mention that, or venture that Vera Wang designed Chelsea's wedding dress. Like Albright and Rice, Hillary wants women's issues to be substantive. "All the young men on our staff don't seem to think they're important," Hillary remarked archly one day in 2009, an early sign of the schisms to come. To reinforce the message she named Verveer, her former chief of staff in the White House, to be the first ambassador-at-large for global women's issues. Even amid the Sturm und Drang of the Middle East and North Africa, she's liable to leave her imprint in the same areas that brought her into public life in the first place—helping women and children and strengthening civil society. It's a straight line from the Children's Defense Fund, where she worked as a young law-school graduate, to Foggy Bottom. From micro-credit to food assistance to education, Hillary knows that women in underdeveloped villages usually spend aid money on their families, while men more often spend it on themselves, which is a polite way of saying on liquor and prostitutes. Seemingly minor changes can yield huge benefits. "As we meet … as many as three billion people are gathering around open fires or old and inefficient stoves in small kitchens in poorly ventilated houses," Hillary tells a New York philanthropic audience. "As the women cook, smoke fills their lungs and toxins begin poisoning them and their children," she explains before noting that the World Health Organization estimates that nearly two million people a year—half of them children—die from pneumonia and other ailments that are likely connected to this problem, more than twice the number of deaths from malaria. She has been involved in this cause for years, but now

has a much bigger platform to push the idea of new cookstoves that cost as little as $25 each. “This could be as transformative as bed nets or even vaccines,” she says, the excitement in her voice palpable. “We are excited because we think this is actually a problem we can solve.”

That’s rare. Development challenges and global conflicts often seem intractable, and that has to be a little discouraging at three in the morning in the skies over Kabul or Cairo. “You can’t just look at these conflicts and issues and say, ‘O.K., that’s been solved,’” Hillary says to me at the end of an interview, starting to chuckle. “Because most of these problems are never solved.” Now she’s back in dutiful, dogged mode, which happens to be the mode that best fits today’s Hillary—the one almost everyone seems to like. “You know,” she says, “you just keep working at them and working at them and working at them.” Who can argue with that?

*Jonathan Alter is an award-winning columnist, television analyst and author. Since 1991, Alter has written a widely-acclaimed Newsweek column that examines politics, media and social and global issues. His 2010 book "The Promise. President Obama, Year One," a New York Times bestseller, offers the first inside look at Obama's difficult debut after his historic election.*

8 September, 2011

| | |
|---|---|
| Article 1. | Today's Zaman<br>**The UN report and Turkish foreign policy**<br>Cenap Çakmak |
| Article 2. | The National Interest<br>**The Turkish-Israeli Cold War**<br>Henri J. Barkey |
| Article 3. | Los Angeles Times<br>**Saeb Erekat on statehood moves at U.N.**<br>Edmund Sanders |
| Article 4. | Spiegel<br>**'What's Wrong with the Palestinians Appealing to the UN?'**<br>An interview with Arab League Head Nabil Elaraby |
| Article 5. | Wall Street Journal<br>**From 9/11 to the Arab Spring**<br>Fouad Ajami |
| Article 6. | Guardian<br>**Israel should be wary of celebrating the 'Shia crescent' setback**<br>Jonathan Spyer |
| Article 7. | Daily Beast<br>**Mideast's Changing View of America**<br>Randall Lane |

Article 1.

Today's Zaman

# The UN's Mavi Marmara report and Turkish foreign policy

Cenap Çakmak

07 September 2011 -- The long-awaited UN report on the Mavi Marmara incident has been finally published. The report, the release of which was postponed for a while at Israel's request, was published by The New York Times before an official statement was made by the relevant UN authorities. Israel is allegedly responsible for the leak of the report.

Sources also say that shortly before the official deadline, US Secretary of State Hillary Clinton asked Turkey to agree to the postponement of the announcement of the report to late September. But the report was leaked, likely because it became evident that the report supports Israel's standpoint on the incident.

The report is significant for two reasons: First, the report now serves as a legal justification for Israel's Gaza policy, including the naval blockade as well as the raid Israeli forces carried out against the Mavi Marmara in May 2010. Secondly, Turkey viewed the report as a potential major asset, fortifying its case in the international arena as it pursues a cooling foreign policy towards Israel in connection with the Mavi Marmara incident. Apparently, however, it is no longer useful for Turkey to prove it has been doing the right thing. After the publication of the report, Turkey will have to expend greater effort to justify its stance and make its position acceptable to the world.

What does the report say? Briefly, the report confirms and supports everything Israel has already said about the Mavi Marmara incident. To summarize its points:

1. The use of force by Israeli defense forces during the raid was unnecessary and disproportionate. This could have been avoided, but Israeli forces chose not to.
2. It would be appropriate for Israel to pay some sort of compensation to the families of those who were killed during the raid.
3. Israel should also issue a statement of regret over the incident.

The report's recommendations fail to meet Turkey's demands. Even before the report was issued the Israeli government acknowledged that the use of force in the raid was excessive and unnecessary, albeit not publicly, so on that point the report paraphrases something already known. Payment to the families of the victims is also something Israel agreed to before the report. In respect to an official apology, central to Turkey's demands, the report adopts an evasive approach and instead of recommending an apology, puts emphasis upon a statement of regret. Turkey has said before that this will not be satisfactory.

Therefore the report as a whole makes recommendations contrary to Turkey's demands and supports Israel's position. The statements in the report that justify Israel's blockade of Gaza especially please Israel. Sadly, Turkey's legal objections to the blockade no longer bear any political significance.

As expected, following the release of the report, Turkey has toughened its stance with Israel. While Turkish foreign policy has not wavered despite the report's findings, the government has also stated that it does not recognize the report's validity. Shortly after the leak, Turkish Foreign Minister Ahmet Davutoğlu announced a package of sanctions against Israel. Turkey first downgraded its diplomatic ties with Israel, and the minister also declared that Turkey would take appropriate measures for safe navigation on the high seas in the eastern Mediterranean. Military agreements between Turkey and Israel have been suspended. Turkey will not recognize the Gaza

blockade and will take action at the UN General Assembly to make sure that the matter is discussed in the International Court of Justice (ICJ). And finally, Turkey will extend full support to the families of the Mavi Marmara victims in their pursuit of justice from Israel. Some of these sanctions could be considered radical; however, some of these same actions, although with some slight differences, have been taken before in Turkey's relationship with Israel. Diplomatic ties between the two countries were severed in 1980s when Israel declared Jerusalem its capital, so this is not a first. The suspension of military agreements could be viewed as significant, but it should be noted that the two countries' military ties became stronger only in the 1990s, so it's not as though military cooperation between them has existed over a lengthy period. The emphasis upon taking measures to ensure safe navigation in the eastern Mediterranean is important because Israel assumes the right to take action in the area for its own territorial security. It is possible that the two countries could have an altercation if Turkey decides to take extreme measures in this regard. Of course, this does not necessarily mean that there will be a direct conflict, but the eastern Mediterranean could become a source of tension between the two states.

The decision to seek adjudication on the Gaza blockade from the ICJ is also new, given the history of Turkish-Israeli relations, and it should be noted that this will not be easy to do. A decision by the court in such a case will not have a binding effect, as it will be an advisory opinion. Also, requesting an advisory decision from the ICJ requires a voting session at the UN General Assembly and a qualified majority vote on the issue. Turkey will need to make a great diplomatic effort to secure that majority.

From Turkey's perspective, it could be said that the report undermines its foreign policy attitude with regard to this specific incident. The report could have provided legitimate grounds for

Turkey to explain and justify its stance towards Israel. Now Turkey will have to try much harder to promote its position to the world in the absence of such support. However, this does not necessarily mean that Turkey's decision to impose sanctions against Israel is wrong. Any other decision would have meant Turkey was bowing to Israel's demands.

The report certainly undermined Turkey's position, but overall, things are not so bad in its aftermath. The policy Turkey has pursued since the Mavi Marmara incident has served its interests so far. The report could have sealed the process. The presidential statement made at the UN Security Council immediately after the incident as well as the UN Human Rights Council's decision finding the Gaza blockade illegal and Israel the culprit should be revisited. Turkey expected that this last UN report would complete the circle and drive Israel into a corner. But contrary to expectations, the report made some room for Israel to maneuver and took an opportunity away from Turkey.

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Article 2.

The National Interest

# The Turkish-Israeli Cold War

Henri J. Barkey

September 7, 2011 -- On Friday, the Turkish government declared a Cold War on Israel. It kicked out Israel's ambassador, downgraded diplomatic relations with Israel to the second-secretary level and canceled the military relationship. The consequences of this crisis for the stability of the eastern Mediterranean and for the Obama administration are quite severe. The Erdogan government is now saying explicitly something it had implied for the last two years—that Washington has to choose between two allies, Ankara and Jerusalem. The Arab Spring, especially events in Syria, and the planned U.S. withdrawal from Iraq have catapulted Turkey to an unprecedented level of importance. In fact, it was not a coincidence that the day they announced their Israel policy, the Turks also gave the go ahead to the installation of radars for the missile defense system Washington has been clamoring for so long.

This diplomatic crisis between Israel and Turkey had been simmering for more than a year. Ever since Israeli forces attempting to prevent a Turkish-led flotilla from breaking through the Israeli blockade of Gaza killed nine Turkish participants, the two countries have been exchanging accusations. The current impasse, however, is the culmination of a long process of deterioration and makes foes of two countries whose relationship was once heralded as groundbreaking and strategic.

The Justice and Development Party government of Prime Minister Recep Tayyip Erdogan had begun to sour on Israel following Israel's incursion into Gaza in late 2008. Erdogan was miffed that the then Israeli prime minister Ehud Olmert, who had visited him in Ankara

only four days before the impending hostilities in Gaza, kept him in dark. As a consequence of the incursion, Israeli-Syrian negotiations that had made considerable progress under Turkish auspices fell apart, depriving Erdogan of what he thought was an important breakthrough.

After the Gaza incident at the yearly Davos meetings in Switzerland, Erdogan publicly berated Israeli Ppresident Shimon Peres, paradoxically one of Turkey's greatest supporters. Received as a hero after Davos in Turkey, Erdogan dramatically increased the stridency of his rhetoric against Israel. The Turkish prime minister became the most popular leader in the proverbial Arab street.

Then came the Mavi Marmara flotilla incident: Israelis completely bungled the operation. They disregarded the publicly available information on the Turkish group organizing the flotilla and, more importantly, sent forces to intercede without any serious training or accurate intelligence. As a result, the Israelis landing on the ship encountered resistance and fired their weapons in panic. Cue the second terrible error in judgment: Instead of facing up to the fact that it had erred in sending unprepared soldiers into what amounted to be a trap, the Israeli government circled the wagons. Given the magnitude of the fiasco and its possible ramifications, those who were responsible should have been punished. None of that happened, of course, and no one lost his or her job as a result.

As Turkey insisted on an apology and compensation, it became clear that Israel had lost the public-opinion contest and may even be forced to relax the embargo on Gaza. Having found that it had done nothing wrong, the Netanyahu government refused. If domestic politics in both countries appeared to prevent a compromise from emerging, the fact is that there were many behind the scenes diplomatic efforts, including face-to-face discussions, to resolve the problem. The United Nations formed the Palmer Commission to come up with a

face-saving way for the two countries to patch their differences. The commission's report, leaked to the New York Times, found that the Israelis had indeed used excessive force but that the Gaza embargo was legal.

On the Israeli side, hard-line foreign minister Avigdor Lieberman at every turn tried to prevent a negotiated outcome from being finalized. Turks did not make it easier either by taking inflexible positions that made it hard for the Israelis to apologize. As I understand it, in December 2010, the two sides had come close to an agreement: Israel would apologize and provide compensation. However, Jerusalem wanted the agreement to also state that it had acted in self-defense. Turks would not agree to the latter condition, and the deal collapsed. There are many on both sides of this divide who worked desperately to prevent this turn of events, and they must feel terribly unhappy and bruised.

Significantly, it appears that Turkey's tactics shifted considerably in the intervening year since the original crisis. Ankara thinks that it is in the driver's seat not just with respect to Israel, but also the rest of the Middle East. This is a gambit for leadership in the region. The Turks have gone beyond the demand for an apology by conditioning a return to the status quo ante on the lifting of the Gaza embargo, something to which they know Israel cannot and will not acquiesce. That conditionality is something that no other regional government has ever contemplated, much less articulated. By doing so Erdogan has once again captured the imagination of the region.

This is a win-win for him not just abroad but also at home. The crisis with Israel will help him change the narrative as he begins to push for a much-needed and major overhaul of the Turkish constitutional system—it must be updated to start accommodating Kurdish demands, something that will be terribly difficult as the reforms go against almost ninety years of republican history. The Israel crisis, as

evidenced by the heated rhetoric, is a perfect foil that can be easily activated at a moment's notice.

Israel, for historical, emotional and realpolitik considerations, has been one of Washington's closest allies with great support of both aisles of the political divide. A deepening crisis could even pit the administration against Congress. This may be one of the outcomes the Turks are banking on. The Netanyahu government has much to answer for in its lack of leadership and navel gazing. But Washington did not read Turkish intentions and goals accurately and therefore could not prevent this turn of events. Whichever way one looks at it, it is a failure of U.S. diplomacy that it will now have to constantly have to act as a buffer between two of its close allies.

*Henri Barkey is a visiting fellow at the Carnegie Endowment for International Peace and a professor of international relations at Lehigh University.*

Article 3.

Los Angeles Times

# Palestinian negotiator Saeb Erekat on statehood moves at U.N.

Edmund Sanders

September 6, 2011 -- Palestinians have everyone guessing about their next move. Defying the United States and Israel, the Palestinian Authority is expected this month to apply for full membership in the United Nations. If the Obama administration vetoes the application in the Security Council as expected, Palestinian officials are likely to turn to the General Assembly to upgrade their status from non-member "entity" to non-member "state." Gaining de facto statehood recognition from the international body could allow Palestinians to join key U.N. institutions, such as the International Criminal Court. Palestinian leaders say they have enough votes for such a move. But with two weeks before the General Assembly convenes, they have remained vague about their exact plans, and have refused to say exactly what a U.N. membership application or General Assembly resolution might say. Palestinian negotiator Saeb Erekat, a member of the Palestine Liberation Organization's executive committee, discussed with The Times what Palestinians are planning and why he thinks the U.N. bid, if unsuccessful, could spell the end of the Palestinian Authority.

**There's been a flurry of last-minute pressure from the U.S. and Mideast "quartet" to convince Palestinians to shelve the U.N. membership bid. [White House envoys David Hale and Dennis Ross arrived in the region Tuesday.] Any chance of that happening?**

Why? I don't see any contradiction between an effort to revive peace talks and our going to the U.N. Also, [for all practical purposes] we are already at the U.N. It's there.... And all those who support the 1967 lines [the border before Israel seized the West Bank during that year's Middle East War] with mutually agreed swap [of land] should support our endeavor.

**The Obama administration doesn't support your bid, though it supports using the 1967 lines with swaps as the baseline for the border of a Palestinian state.**

We urge the U.S. to see it the way it is. We are trying to preserve the two-state solution in the face of an Israeli government that is determined to destroy it. Going to the U.N. is an attempt to preserve the two-state solution so Palestinians and Israelis can live side by side in peace and security.

**What's your plan if the U.S. vetoes full membership? Have Americans told you they will veto?**

The U.S. told us that the U.N. is not an option they will support. I hope they will not veto. How will they explain a veto?

**They say that direct negotiation with Israel is the only way to reach a deal.**

What have we been doing for the past 20 years? What have we been doing since [President George H.W.] Bush told us that if we recognize Israel, accept the two-state solution and renounce violence, the U.S. will stand shoulder to shoulder with us?

**Assuming there is a veto, what would you gain by upgrading your status in the General Assembly?**

The advantage is that you can be a full member of UNESCO, the International Court of Justice and the International Criminal Court, and you may be able to hold Israel accountable.

**So that's the plan if you fail in the Security Council?**

We haven't decided yet beyond that. We would have to come back and put the question to the leadership. There were nine ideas presented about what to do if America vetoes. Was going to the General Assembly discussed? Yes. Was throwing in the towel discussed? Yes. Maybe we'll make a decision about that in the next two weeks.

**Throwing in the towel? You mean disbanding the Palestinian Authority?**

The Authority was born to transfer Palestinians from occupation to independence. If Mr. [Benjamin] Netanyahu [the Israeli prime minister] thinks he can make this Authority in name only while he is the sole master and source of authority, he will sweat. If we get a [U.S.] veto and Netanyahu continues to build the settlements, I would suggest that Netanyahu study carefully the provisions of the Hague Convention of 1907 and the Geneva Convention of 1949 which specify the responsibilities of the occupying power.

**If you fail in the Security Council and don't at least upgrade in the General Assembly, won't you risk looking like a failure in the eyes of Palestinians, particularly after all this buildup? Have you**

**managed their expectations?**

Palestinians know exactly what's happening. People don't have high expectations.... But maybe the Palestinian leadership should tell the people that after 20 years we don't have a partner and we cannot continue to be an authority in name only. That we should throw in the towel.

**Many see that as a bluff. Wouldn't you be throwing away years of progress, institutions, security forces and putting hundreds of thousands of people out of work?**

We haven't made a decision. I'm not asking for the disbanding of the authority. But I'm asking: Is this the authority that will take us to independence? It's a joke.... The status quo is the worst situation for us, worse than any storm that might come. I'm not in a position to bluff or make threats. It's about choices.

**It sounds like you are hoping that Israel will cry uncle.**

Eighteen years ago I would have accepted this argument. But now I'm a grandpa. I used to tell my wife that I never wanted my children to go through what I went through, but then they did. And I didn't want my grandchildren to go through it, and they are.

**How does any of this get Israelis and Palestinians closer to an agreement or get Palestinians closer to statehood?**

At least I won't be looking in the mirror and telling myself that I'm fooling my people.

**After 20 years of failed peace talks, is it possible that the two sides' positions on borders, refugees and other issues are just unbridgeable and no amount of talks will make a difference?**

Peace between conflicting parties is not about Saeb Erekat waking up one morning and feeling his conscience aching for Israelis or Israelis waking up and feeling their conscience aching for my suffering. It's about the matrix of interests maturing. Once any conflicting party believes that making peace is cheaper than continuing war, he'll do it. Our matrix of interest has matured to deliver the requirement for peace, but Israel hasn't opened the door. They think maintaining the status quo is best for them. We are trying to show them that the status quo is not sustainable.

Article 4.

Spiegel

# 'What's Wrong with the Palestinians Appealing to the UN?'

An interview with Arab League Head Nabil Elaraby

*Pro-democracy uprisings are continuing in the Middle East and the Palestinians could soon declare statehood. SPIEGEL spoke with Arab League General Secretary Nabil Elaraby about the Syrian regime's use of violence against protesters and how the US has failed to force Israel to negotiate in good faith.*

**SPIEGEL:** Libya has been liberated from Moammar Gadhafi's autocratic rule. Tensions in Syria, meanwhile, have already claimed more civilian lives than the revolutions in Egypt and Tunisia combined, and yet the Arab League is holding back. Why are you going easy on the Syrian regime?

**Elaraby:** Syria isn't Libya. Libya has always been largely isolated. What happened there had little effect on neighboring countries. It's a completely different situation with Syria. The country holds a key position in the region. What happens there has a direct impact on Lebanon and Iraq. In addition, Gadhafi used heavy weapons from the start, but Assad hasn't.

**SPIEGEL:** Yet tanks have been deployed in Hama, Homs and Latakia for some time.

**Elaraby:** When I flew to Syria 10 days after taking office, they also tried to tell me that there had been no riots in Aleppo or Damascus. I was told that gun battles had only occurred in a few towns near the border, because rebels had fired on security forces there.

**SPIEGEL:** That, of course, is far from the truth.

**Elaraby:** I delivered a clear and unambiguous message to (Syrian President) Bashar Assad. I called on him to institute reforms, stop the violence and facilitate a peaceful transition into a new era.

**SPIEGEL:** We're hearing that for the first time.

**Elaraby:** It was a sensitive issue that I couldn't make public at the time. Assad promised me that he would introduce changes. But now almost two months have passed, and I don't see any reforms.

**SPIEGEL:** What are you asking for? Regime change?

**Elaraby:** That's something for the Syrian people to decide for themselves. No one can dictate to a sovereign nation how it should change.

**SPIEGEL:** What would have to happen for the League to take a stronger position against the Syrian regime, as it did in Libya?

**Elaraby:** Things are still in flux. Only the United Nations has the right to make decisions on the use of force. Even the Arab League has no mandate to bring about change by force in a member state.

**SPIEGEL:** Still, the Arab League has been militarily active in the past. In 1961, for example, it sent a special force to Kuwait to protect it from an imminent Iraqi invasion. Don't you need this kind of a strike force, not unlike the UN peacekeeping force?

**Elaraby:** Given the majorities within the League, I don't think that's realistic. But I do insist on compliance with human rights. The people, the citizens, have to be protected, and not just in Syria.

**SPIEGEL:** Many Arabs now feel that your institution is not very efficient.

**Elaraby:** The historic moment of change has gripped the entire region, and sooner or later it will change all Arab countries. The League will certainly need to adjust to that. We must be capable of reacting quickly to unexpected developments.

**SPIEGEL:** Surely there are a few member states, most notably Saudi Arabia, which will hardly support such changes.

**Elaraby:** I too have my doubts there. Nevertheless, we still have to try, and we have to take seriously the human rights established by the UN, which all countries in the League have recognized.

**SPIEGEL:** How does Saudi Arabia's foreign minister explain that his country supports the Syrian opposition, on the one hand, while at the same time sending troops to Bahrain?

**Elaraby:** I don't ask him these questions. That's your job. You're the journalists.

**SPIEGEL:** Do you support the Palestinian Autonomous Authority in its aspiration to have the UN General Assembly give its blessing in September to the establishment of a State of Palestine?

**Elaraby:** UN Resolution 181, adopted in 1947, is the birth certificate for two nations, Israel and Palestine. What's wrong with the Palestinians appealing directly to the UN after 20 years of negotiations with Israel? They could spend another 20 years negotiating without results, because the Israeli government doesn't even want to put an end to the conflict. The Israelis are only serious about gaining more land and expanding the settlements.

**SPIEGEL:** So you support the Palestinian initiative?

**Elaraby:** Support? We are doing everything in our power to back it.

**SPIEGEL:** The Americans have threatened tough consequences…

**Elaraby:** That's an unacceptable position for us! The strongest and richest country in the world is incapable of making a commitment. Instead, someone from Tel Aviv or Jerusalem is telling them what to do.

**SPIEGEL:** Won't this stance lead to tensions between the Arab League and the United States?

**Elaraby:** I hope it doesn't come to that. If the Americans had fulfilled the promises they made many years ago and had forced the Israelis to engage in serious negotiations, the problem would have been solved already.

**SPIEGEL:** The German government has also announced that it will not support the Palestinians' plan.

**Elaraby:** I heard what (German Chancellor) Angela Merkel said. She cited the Germans' unique responsibility to the Jews. But the Germans also have a responsibility to the Palestinians.

**SPIEGEL:** The radical Islamic group Hamas, which controls the Gaza Strip, also doesn't recognize Israel.

**Elaraby:** Has Israel recognized Hamas? That sort of thing is based on reciprocity.

**SPIEGEL:** But the Islamists in the Gaza Strip are the ones firing rockets at Israeli cities.

**Elaraby:** That shouldn't be happening. It's wrong, and we do say that to them. Palestinian President Mahmoud Abbas constantly implores them to stop condoning the firing of rockets. The fact is that there are extremists on both sides.

**SPIEGEL:** Will there ever be another war between an Arab country and Israel over Palestine?

**Elaraby:** Completely out of the question.

**SPIEGEL:** You took the position of secretary-general two months ago, during a turbulent time. Do you think it's possible that you will resign if the pressure becomes unbearable?

**Elaraby:** Yes, absolutely. It's in my nature. Indeed, I'm not sure that I can stand it much longer.

Article 5.

Wall Street Journal

# From 9/11 to the Arab Spring

Fouad Ajami

September 8, 2011 -- The Arabic word shamata has its own power. The closest approximation to it is the German schadenfreude—glee at another's misfortune. And when the Twin Towers fell 10 years ago this week, there was plenty of glee in Arab lands—a sense of wonder, bordering on pride, that a band of young Arabs had brought soot and ruin onto American soil.

The symbols of this mighty American republic—the commercial empire in New York, the military power embodied by the Pentagon—had been hit. Sweets were handed out in East Jerusalem, there were no tears shed in Cairo for the Americans, more than three decades of U.S. aid notwithstanding. Everywhere in that Arab world—among the Western-educated elite as among the Islamists—there was unmistakable satisfaction that the Americans had gotten their comeuppance.

There were sympathetic vigils in Iran—America's most determined enemy in the region—and anti-American belligerence in the Arab countries most closely allied with the United States. This occasioned the observation of the noted historian Bernard Lewis that there were pro-American regimes with anti-American populations, and anti-American regimes with pro-American populations.

I traveled to Jeddah and Cairo in the aftermath of the 9/11 attacks. In the splendid homes of wealthy American-educated businessmen, in the salons of perfectly polished men and women of letters, there was no small measure of admiration for Osama bin Laden. He was the avenger, the Arabs had been at the receiving end of Western power, and now the scales were righted. "Yes, but . . . ," said the Arab

intellectual class, almost in unison. Those death pilots may have been zealous, but now the Americans know, and for the first time, what it means to be at the receiving end of power.

Very few Arabs believed that the landscape all around them—the tyrannical states, the growing poverty, the destruction of what little grace their old cities once possessed, the war across the generations between secular fathers and Islamist children—was the harvest of their own history. It was easier to believe that the Americans had willed those outcomes.

In truth, in the decade prior to 9/11, America had paid the Arab world scant attention. We had taken a holiday from history's exertions. But the Arabs had hung onto their belief that a willful America disposed of their fate. The Arab regimes possessed their own sources of power—fearsome security apparatuses, money in the oil states, official custodians of religion who gave repression their seal of approval. But it was more convenient to trace the trail across the ocean, to the United States. Mohammed Atta, who led the death pilots, was a child of the Egyptian middle class, a lawyer's son, formed by the disappointments of Egypt and its inequities. But there was little of him said in Egypt. The official press looked away.

There was to be no way of getting politically conscious Arabs to accept responsibility for what had taken place on 9/11. Set aside those steeped in conspiracy who thought that these attacks were the work of Americans themselves, that thousands of Jews had not shown up at work in the Twin Towers on 9/11. The pathology that mattered was that of otherwise reasonable men and women who were glad for America's torment. The Americans had might, but were far away. Now the terrorism, like a magnet, drew them into Arab and Muslim lands. Now they were near, and they would be entangled in the great civil war raging over the course of Arab and Muslim history.

The masters and preachers of terror had told their foot soldiers, and the great mass on the fence, that the Americans would make a run for it—as they had in Lebanon and Somalia, that they didn't have the stomach for a fight. The Arabs barely took notice when America struck the Taliban in Kabul. What was Afghanistan to them? It was a blighted and miserable land at a safe distance.

But the American war, and the sense of righteous violation, soon hit the Arab world itself. Saddam Hussein may not have been the Arab idol he was a decade earlier, but he was still a favored son of that Arab nation, its self-appointed defender. The toppling of his regime, some 18 months or so after 9/11, had brought the war closer to the Arabs. The spectacle of the Iraqi despot flushed out of his spider hole by American soldiers was a lesson to the Arabs as to the falseness and futility of radicalism.

It is said that "the east" is a land given to long memory, that there the past is never forgotten. But a decade on, the Arab world has little to say about 9/11—at least not directly. In the course of that Arab Spring, young people in Tunisia and Egypt brought down the dreaded dictators. And in Libya, there is the thrill of liberty, delivered, in part, by Western powers. In the slaughter-grounds of Syria, the rage is not directed against foreign demons, but against the cruel rulers who have robbed that population of a chance at a decent life.

America held the line in the aftermath of 9/11. It wasn't brilliant at everything it attempted in Arab lands. But a chance was given the Arabs to come face to face, and truly for the first time, with the harvest of their own history. Now their world is what they make of it.

*Mr. Ajami is a senior fellow at Stanford University's Hoover Institution and co-chair of the Working Group on Islamism and the International Order.*

Article 6.

Guardian

# Israel should be wary of celebrating the 'Shia crescent' setback

Jonathan Spyer

7 September 2011 -- Mahmoud Ahmadinejad's backing of the Syrian regime during the recent upheaval has damaged his standing in the Middle East. Photograph: Abedin Taherkenareh/EPA

In recent years, Israeli strategists have identified an Iran-led regional alliance as representing the main strategic challenge to the Jewish state. This alliance looks to be emerging as one of the net losers of the Arab upheavals of 2011. This, however, should be cause for neither satisfaction nor complacency for Israel. The forces moving in to replace or compete with Iran and its allies are largely no less hostile. The Iran-led regional alliance, sometimes called the muqawama ("resistance") bloc, consisted of a coalition of states and movements led by Tehran and committed to altering the US-led dispensation that pertained since the end of the cold war.

It included, in addition to Iran itself, the Hezbollah movement in Lebanon, the Sadrist movement and other Shia Islamist currents in Iraq, Syria's Assad regime, and the Palestinian Islamic Jihad organisation. It appeared in recent years also to be absorbing Hamas.

The muqawama bloc presented itself as the representative of authentic Islamic currents in the Middle East, and as locked in combat until the end with the west and its clients. These included Saudi Arabia, Hosni Mubarak's Egypt, and above all, Israel.

However, the alliance always had a rather obvious flaw: while presenting itself as an inclusive, representative camp, it was an almost exclusively Shia Muslim club, in a largely Sunni Muslim Middle

East. The Iranians evidently hoped that militancy against the west, above all on behalf of the Palestinians, could counteract the league-of-outsiders aspect of their alliance. For a while, this project appeared to be working. The Iran-created and sponsored Hezbollah movement managed to precipitate Israeli withdrawal from south Lebanon in 2000, and then avoided defeat in a subsequent round of fighting in 2006. In a poll of Arab public opinion taken in 2008, the three most popular leaders were Hassan Nasrallah, Bashar al-Assad and Mahmoud Ahmedinejad, in that order. But this sense of inexorable ascendancy in which the Iran-led bloc liked to cloak itself has fallen victim to the Arab spring. First, the Saudis crushed a largely Shia uprising in Bahrain which the Iranians backed. But more importantly, Iran's tooth and nail defence of the brutal Assad regime in Syria is progressively destroying its already shallow support Sunni Muslims. Thus, a recent poll by the Arab-American Institute asked more than 4,000 Arabs their view of Iran. In Saudi Arabia, 6% had a positive view – down from 89% in 2006. In Jordan, the positive rating fell from 75% to 23%, in Egypt from 89% to 37% in the same period.The uprising in Syria placed Iran in an impossible position. Maintaining its ally in Damascus formed an essential strategic interest. Iran hoped, following the US departure from Iraq, to achieve a contiguous line of pro-Iranian, Shia states stretching from Iran itself to the Mediterranean. But keeping this ambition alive in recent months required offering very visible support to a non-Sunni regime engaged in the energetic slaughter of its own, largely Sunni people. This has led to the drastic decline in the standing of the Iranians and their friends. Such a decline was probably inevitable. Outside the core areas of Shia Arab population, Iran's support was broad but shallow. It is noteworthy that since the Arab Spring, Hamas appears to have distanced itself both from Assad and from the Iranians. According to

some reports, this has led to Iranian anger and a cessation of the flow of funds to the Hamas enclave in Gaza.

These setbacks do not mean the end of Iran and its allies as a regional power bloc. Assad has not yet fallen. The Iranian nuclear programme is proceeding apace. Tehran's Hezbollah client is in effective control of Lebanon. But it does mean that in future the Iranian appeal is likely to be more decisively limited to areas of Shia population.

The less good news, from Israel's point of view, is that the new forces on the rise in the region consist largely of one or another variant of Sunni Islamism. AKP-led Turkey has emerged as a key facilitator of the Syrian opposition, in which Sunni Islamist elements play a prominent role. Turkey appears to be in the process of making a bid for the regional leadership also sought by Iran. In Egypt, too, the Muslim Brotherhood and other Islamist forces look set to reap an electoral dividend in November. The Sinai area has already become a zone of activity for Islamist terror directed against Israel, because of the breakdown in law and order in recent months. The attacks on the pipeline bringing Egyptian gas to Israel, and the recent terror attack in Eilat, are testimony to this. So while the "Shia crescent" may have suffered a strategic setback as a result of the upheavals in the Arab world, the space left by the fall of regional leaders looks to be filled largely by new, Sunni Islamist forces. Israel remains capable of defending itself against a strategic threat posed by any constellation of these elements. But the current flux in the region is likely to produce a more volatile, complex Middle East, consisting of an Iran-led camp and perhaps a number of Sunni competitors, rather than the two-bloc contest of pro-US and pro-Iranian elements which preceded 2011.

*Jonathan Spyer is a senior research fellow at the Global Research in International Affairs Center.*

Article 7.

Daily Beast

# Mideast's Changing View of America

Randall Lane

September 8, 2011 -- Among the findings:

**- An exclusive Newsweek–Daily Beast poll of 1,000 Egyptians reveals that a majority (53 percent) doesn't believe that al Qaeda was responsible for the Twin Tower attacks—instead affixing blame to Israel, the U.S. government, or an unknown entity.**
**- In the same survey, 62 percent either don't believe the U.S. killed Osama bin Laden or they aren't sure.**
**- Only 11 percent of Egyptians think America cares about their interests.**

To understand America's current standing in the Arab world 10 years after 9/11, it's instructive to visit Obros, a coffeehouse-cum-nightclub in Beirut. The place is a tribute to Kennedy-era "American kitsch," and its 35-year-old proprietor Joulan El Aschkar displays a sophisticated touch, from Pierre Cardin–period wallpaper to Mad Men–worthy vintage furniture and electronics to 100 gigabytes of forgotten '60s hits like B. J. Thomas's "Raindrops Keep Falling on My Head," rotating with fully intended irony.
I'm merely there for free Wi-Fi, but when El Aschkar notices an actual American in his shrine to America, he eagerly engages me in conversation, then directs my laptop to his family's website—solely devoted to the idea that the World Trade Center attack was an inside job perpetrated by U.S. neocons. "I just ask questions," he shrugs mischievously. "The American version isn't credible."

This duality—desperate need for love entwined with either willful ignorance or even nuanced hate—has underlain the Arab view of America for a generation, unchanged even by the collapse of the Twin Towers. But based on my recent trip across the region, a confluence—Arab Spring and the technology that empowered it—has provided the U.S. a new chance to push reset with a half-billion Arabs, as long as it can shout louder than increasingly sophisticated bunk merchants like El Aschkar.

Ask about basic political facts—al Qaeda's responsibility for 9/11, or the death of Osama bin Laden—and even the most educated will start popping off inanities.

I've been dealing with this frustrating relationship for much of the past decade. Shortly after 9/11, in an effort to win Arab "hearts and minds" in the mold of the Voice of America and Radio Free Europe, the State Department poured hundreds of millions into a new public-diplomacy initiative, overseen by former ad executive Charlotte Beers and then Bush communications czar Karen Hughes. In short order came Radio Sawa ("together"), television's Alhurra ("the free one") and Hi Magazine (named for the one English word the whole world knows), which, inspired by the post-9/11 call to service, I steered editorially in print and online in 2003 and 2004.

Hi, sold on newsstands in 20 Arab countries, was charged with providing a window into, and dialogue with, the U.S. for Arabs between 18 and 35. To maximize the project's efficacy, I conducted perhaps the most extensive qualitative study of Arab sentiment about America in the post-9/11 era. With two colleagues, I traveled across the Arab world—the United Arab Emirates, Egypt, Lebanon, and Morocco—for two weeks on what we called a "listening research tour," interviewing scores of young Arabs individually, in focus groups and at giant roundtables, using Hi as proxy for the region's perpetual question: what do you think about the U.S.? While the

magazine's scope was strictly cultural, the answer eight years ago, on the heels of the Iraq invasion, usually came down to some combination of the words "America," "Bush," and local expletives. Curious about whether that had changed, I repeated that itinerary this summer, conducting a dozen panels in those same four countries, with subjects representing the diversity of the Arab World, from fully covered Persian Gulf oil heiresses to skirt-donning Beirut Christians to democracy-minded Tahrir Square veterans to Casablanca slum kids fending off suicide-bomber entreaties. Their viewpoint again proved surprisingly consistent—and had shifted dramatically from my last go-round.

That background narrative, it turns out, drives everything. It's hard to overstate the Iraq War's effect on brand America: it fed into Arab insecurities, exploited in turn by regional demagogues, that outsiders are at fault for whatever ails them. At one raucous meeting at a university in Casablanca, which we later dubbed "The Pinata Session," 120 students eager to tee off on an American, any American, swarmed what was supposed to be a meet-and-greet with two dozen journalism majors, showering us with two hours of prewritten diatribes.

Contrast that with my recent visit to Casablanca, where I happened upon a parade of 20,000 protesters, stretched across a half mile, calling for democratic reforms from the autocratic King Mohammed VI. For two hours, the placard-raising marchers chanted in unison—The people of Libya and Syria keep getting killed—they're not afraid!.... Shakira got a million! (a reference to the singer's fee at a royal event)...Look, see, the people are scary!—and precisely zero had anything to do with America (or Israel, for that matter). "The consensus is this: it's a Moroccan problem," Reda Oulamine, a top opposition leader, told me during the march, "and it's being decided by the Moroccan street."

This attitude shift proved universal across the region. Iraq was almost never mentioned, nor was 9/11 or al Qaeda, and rather than rail at what America had imposed on them, the young Arabs instead criticized how America reacted to them. (President Obama's failure to support Egyptian revolutionaries until after Mubarak was clearly a goner, and his inconsistency helping Libya's rebels, but not Syria's, were both widely criticized.) By taking control of their own fates, in reality and perception—highly important in this prideful culture—the conversation has become more respectful and adult.

So it was that in 2011 I found myself having the kind of dialogue that Hi, whose funding was pulled in 2005, had always aspired to have. Over lunch in the dark basement of Tabouleh, a restaurant in Cairo's Garden City, seven Egyptian bloggers, including many of the digital heroes of the Tahrir Square Facebook revolution, debated U.S. subsidies to Egypt. "We don't want money," says one blogger, Safa. "We want to make sure we go the right way." No, counters Ahmad, "we need the money, but it must be with no strings attached." Eventually, the talk turns to nuts-and-bolts democracy, the real Jefferson-Hamilton stuff (one of the bloggers, Karim, had already requested a translated copy of the Constitution): federalism, the role of the military, and, above all, the peaceful transfer of power that inspires quadrennial awe worldwide.

Such technology-fueled enlightenment comes with an equally perilous downside, as evidenced by my conspiracy-minded Beirut coffee-shop friend. Ask this group, or any others about basic political facts—al Qaeda's responsibility for 9/11, or the death of Osama bin Laden—and even the most educated, whether blogger or student or lawyer, will start popping off inanities. "Aw, they're sick about plots," Gibran Tueni, the Western-oriented editor of Beirut's Al-Nahar had warned me on my first trip to the region, less than two years before he was killed by a car bomb. "Whenever they see

something that isn't there, they say, ahhh." And that was before YouTube, Google, and WikiLeaks.

Indeed, an exclusive Newsweek–Daily Beast poll of 1,000 Egyptians reveals that, with the 10th anniversary of 9/11 approaching, a majority (53 percent) don't believe that al Qaeda was responsible for the Twin Tower attacks, instead affixing blame to Israel, the U.S. government or an unknown entity. This kind of dangerous misinformation carries into even the most recent current events. In the same survey, 62 percent either don't believe the U.S. killed Osama bin Laden, or they aren't sure.

Even among the friendliest audience that could be assembled—a class at an American-run English-language school—skepticism reigns, and a random YouTube video carries as much weight as a New York Times front-page story.

"We haven't seen any proof that he's actually dead—or even existed," says 17-year-old Manal Maatiri.

"We need to see it to trust it," Houda Biyad, a 28-year-old medical assistant, chimes in.

"We need evidence," adds 17-year-old Buhary El-Quasamy. When I point out that both Obama and al Qaeda agree on the basic facts that the U.S. killed bin Laden, she shrugs. "Well, I can say anything I want, too."

Such are the responses when the region's leaders—and the press they controlled—have systematically lied to their citizens for 30 years, ingraining a distrust in what leaders or the media says that borders on absolute.

But perhaps there's also a dividend from such cynicism. Every survey shows widespread Arab antipathy for American policy—the Newsweek–Daily Beast poll found that only 11 percent of Egyptians think America cares about their interests. But when you pull back the layers, cutting through the decades of institutional demagoguery, the

qualities America inspires would warm the heart of any marketing manager.

As an ice-breaking exercise, I asked everyone I interviewed on my trip to free-associate the first word they thought about when they hear "America." There were numerous cynics ("greedy," "consumerism," "McDonald's") and the occasional outlier ("Sex and the City"), but a majority repeated affirmative terms like melting pot, power, democracy, modernity. Even a majority of jaded Newsweek–Daily Beast poll respondents said that the U.S. had a positive effect on the world—the highest of any nation we asked about. Blend it all together, and that's an image of America well positioned for the new Arab World.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/8/2013 9:05:33 PM
**To**: Bill Siegel [[redacted]]
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview
**Attachments**: image001.gif; image005.jpg; image007.png; image006.jpg; image004.png; image002.jpg; image003.png

SAAAAAAAAAAAFe good boy

On Fri, Feb 8, 2013 at 5:02 PM, Bill Siegel <[redacted]> wrote:
Stillllllllllllll just engaged. I meant shirley

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**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 15:49:51 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

shirley or your wife

On Fri, Feb 8, 2013 at 4:48 PM, Bill Siegel <[redacted]> wrote:
I will let you know when I go back. Do you know her?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 15:16:44 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

great. place.. when will you go.. did you get married? i m between alber and santa fe,, zorrro ranch, you can google earth it.

On Fri, Feb 8, 2013 at 4:10 PM, Bill Siegel <[redacted]> wrote:
You ok? I became friendly with shirley maclaine last year and went to her ranch in sante fe. I may go back and remembered you own half the ranch land there or something. Do you still like it there?

---

**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Bill Siegel
**Sent**: Fri Feb 08 14:58:01 2013
**Subject**: Re: Fro- The Control Factor - Frontpage Magazine interview

I already rad it. congragulations hope to see you soon

On Fri, Feb 8, 2013 at 3:40 PM, Bill Siegel <[redacted]> wrote:
Bill Siegel hopes this might be of interest to you: http://frontpagemag.com/2013/jamie-glazov/the-control-factor-our-struggle-to-see-the-true-threat/

# The Control Factor: Our Struggle to See the True Threat

February 8, 2013 By Jamie Glazov Comments (6)

22

Print This Post

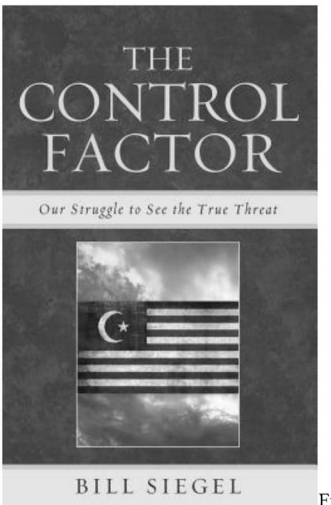


FrontPage Interview's guest today is Bill Siegel, a lawyer and business executive. He has been a producer of several documentary films and assists numerous non-profit organizations. He is the author of The Control Factor: Our Struggle to See the True Threat.

**FP:** Bill Siegel, welcome to FrontPage Interview.

Congratulations on this brilliant book. It is without question one of the most vital works of our time.

Let's begin with what inspired you to write it.

**Siegel:** Thanks for having me Jamie. As a young boy born in the mid 1950s, I was fascinated with footage of Hitler and the Third Reich and could never understand how the Jews of the time could not see the evil that seemed so obvious. Not yet appreciative of the benefit of hindsight, I could not comprehend the blindness. Following 9/11, like so many others, I began to study Islam, its history, its current movements, terrorism and so on. As I would learn one stunning aspect after another, I would discuss them with friends and associates. Rather than confront the facts I would present, they would find one clever way after another to avoid the frightening truth of what America and the West truly face. Their fear appeared obvious to me. I began to catalog many of my friends' different maneuvers to dispel the anxiety that they found so difficult to endure. The more I focused on their mental processes (as well as my own) the more I began to see a structure to the mental endeavor and to understand what I had, as a child, found so difficult to explain.

**FP:** Tell us about the Control Factor, what you describe as "that effort our minds enga ge in in order to keep us blind" and that "process of a voiding seeing the threats we face." It's also about, as you state, trying to

believe that the threat is under our control, when in fact it is not. Kindly enlighten us as to these profound insights you make in terms of the Control Factor.

**Siegel:** First, let's distinguish the "real world" where real battles are taking place from the mental battlefield which occurs in each of our minds. We tend to believe our perceptions are simply clear realizations of what is "out there" and overlook how much our internal worlds can literally determine what we see. When our internal minds become anxious and sense a loss of "control," they tend to concoct ways to distort our perceptions so as to restore that sense of inner control. I describe the Control Factor as an "active and continuous process" designed to maintain that sense, if not illusion, of control. We natural ly think that our thinking and feeling processes are passive; that they just happen. Yet when faced with truly frightening prospects, the mind is geared to actively distort.

Similarly, the sense of control must be continuously maintained so the Control Factor operates constantly. In turn, the sum of this active and continuous undertaking makes these perceptions all the more familiar and thus seemingly all the more "real." In one sense, the Control Factor is the mechanism of what Andy McCarthy entitled one of his numerous excellent books- willful blindness. The Control Factor is cleverer than we are aware; that is almost tautological as, if our minds are to create ways to keep us in denial, they must out maneuver our conscious thinking.

Since World War II, America has had limited experience with threats coming to the homeland. Most of America's history has been about "over there," where we have always known that if things got too out of hand (e.g. Vietnam) we could always ret urn home. The current generations, for a wide array of reasons, have had virtually no experience with a threat to this land. (The documentary, Generation Zero, is interesting on this point).

Consequently, the process of waking up to such a threat parallels the arc of a typical horror film. In such a film, there is typically a cast of characters surrounding one or two main characters. We in the audience know there is a threat coming – be it a monster, a virus, a psycho killer, an alien, the blob that ate Cincinnati etc. This threat is typically defined by its intent- the singular goal of destroying the characters. Much of the initial exposition shows how the characters first are oblivious to the destruction the threat brings about, then explain it in familiar terms only to finally open their eyes to see that something uniquely terrifying is happening. The next stage usually involves a series of failed attempts to deal with the threat- fr om trying to negotiate with it, to appease it, to coax it, to threaten it with ineffective weapons and so forth. Most of these failings are due to not adequately appreciating the threat for what it truly is and projecting onto it a host of other attributes instead. The final stage generally involves a back-up-against-the-wall decision by whichever characters remain alive. I named this the "turnaround moment" when the character becomes willing to be as ruthless as the threat. That change in mental state is necessary to ensure survival. Ultimately, the storyline is a race for whichever characters remain to wake up fully and use whatever advantages they may still have to beat the threat.

This is the same arc our minds go through in battling our own Control Factors, our own compulsions to deny that which is staring us in the face. Ultimately, the question is whether we will be able to wake up while we still have advantages and give ourselves permis sion to fully fight the battle we are in.

I said ear lier that there is a structure to the Control Factor. To oversimplify, I view it much as a pyramid where on the bottom are the many minute by minute thoughts that are manipulated. I call this level of maneuvers the many "D's" as they include the psychological defenses such as distortion, denial, demonization, deflection, deletion, detachment, delusion, displacement, discolorization and so forth. Layered upon these are moves such as projection, where we can assign to our Islamic Enemy traits we wish to see in them or introject traits from them into ourselves that we wish not to acknowledge. These maneuvers involve a mixing of identities where we actually lose clarity about who we are and who the enemy is. Projection and introjection are active almost across the board. It is always helpful, for instance, to ask how what the enemy accuses us of is more appropriately descriptive of it. When we add Western Guilt and Shame, our need to be liked, and o ther psychological dimensions, basic thoughts solidify into larger fantasies.

As these narratives ("Our courts will never allow that," "As a superpower we will always be able to win any fight we put our minds to," "Assimilation will ensure Muslims are westernized" …) gain consent from others they tend to guide us deeply and become infused on our policies. Ultimately, what emerges is a relationship we take with our Islamic Enemy that parallels that between an addict and an enabler. Emblematic of this relationship is the "transfer of responsibility" in which we assume responsibility for the enemy's behavior who is addicted to transferring it away from itself. The Control Factor actively maintains this relationship and makes changing that relationship as difficult a chore as any addict finds in breaking his addiction. And just as an addict needs to devote serious effort and con sciousness to his addiction, so must we devote great energy to unders tanding how the Control Factor ultimately sabotages us.

**FP:** Describe the threat we face in our Islamic enemy. And you talk about the three levels of jihad against us. What are they?

**Siegel:** Simply stated, our Islamic Enemy seeks the totalitarian domination of Islam throughout the world – Islamic supremacy. It seeks to have the West submit to Islam. Obviously, this does not mean that everybody becomes a Muslim. Islam, in all its varied expressions, permits dhimmis- those Christians, Jews, and some others who are permitted to remain as protected non-Muslims as long as they submit to an inferior status. What is critical is that Shariah (Islamic Law) ultimately rules the world.

Jihad, loosely, is the effort/struggle to see this vision through. The most obvious method of Jihad is through violence; it is the one most familiar to most Westerners and almost all of the Koranic references to Jihad are based in violence. The Violent Jihad includes al-Qaeda and its offshoots as well as other groups that formed around the globe independent of al-Qaeda. It also obviously includes the violence from Islamic nations such as the Islamic Republic of Iran whose constitution specifies such vision. It also includes, however, various militant groups and training camps here in the US as well as ad hoc efforts of individuals.

Since 9/11, there have been something in excess of 15,000 Violent Jihadic attacks across the globe. However, as terrible as this is, we have a tendency in the West to think that the only dimension of threat we face comes from violence. While the Bush administration helped initiate this thinking, the Obama administration has actively abused it by limiting any discussion of the threat we face to al-Qaeda and some other terrorist groups abroad. As frightening as these groups are, we can get some ease from thinking they are a band of "extremists limited in number, weaponry, sophisticati on, and means. Stunningly, Hillary Clinton recently estimated that there are only about 50,000 "homicidal" violent extremists around the world who simply have been able to project power much greater than their number should allow. Here the Control Factor makes the threat appear more easily manageable.

Jihad, however, is pursued in other often even more effective ways which I have grouped into three "levels." A second more insidious level of threat is what the Muslim Brotherhood itself called the "Civilization Jihad." It is the effort to infiltrate all aspects of our society, peacefully according to our laws, in order to later be in position to sabotage and destroy it from the inside. The Civilization Jihadists have learned the culture and rules of the territories they seek to command and use those rules to maneuver—specifically using our freedoms to destroy our freedoms. They use "lawfare" to seek changes in our laws so as to push Shariah into our society. Your readers should read Daniel Pipes and Brooke Goldstein's Lawfare Project material and others to fully appreciate how cancerous this activity has become. This includes intimidating in a variety of ways anyone who speaks out against them or Islam and seeking to squelch our treasured broad right to free speech so as to ultimately prevent any criticisms of Islam. Once criticism of Islam is prohibited, little can stop it from cascading throughout the culture.

The Civilization Jihad includes situating such Jihadists in critical positions in the society, in the government, in the legal system, the military, and elsewhere. It includes the control over university programs that distribute propaganda about Islam and Islamic history which then filters down throughout textbooks for even younger students. It includes control over most of the nation's mosques and local Imams guiding the mess ages engaged Muslims are receiving. Most troublesome are the Muslim g roups (CAIR, ISNA, MSA and others associated and/or joint venture partners with the Muslim Brotherhood) supposedly interested in "outreach" which know how to appear Westernized and interested in the goals of Western Civilization. They have fooled a large part of our authorities and media due in part to their patience and

willingness to chip away, one airport prayer room, one frivolous intimidating lawsuit, one Congressman or CIA officer, one mosque, one ruling at a time.

Particularly in the US, given our deep attachment to freedom as well as cultural and psychological tendencies toward diversity, Western guilt and expectations of truthfulness, this effort is devious and difficult to uproot. The Civilization Jihadists present one face to the American public which is completely at odds with their true agenda and how they deal in private. Jamie, you and David and others such as Steve Emerson, Frank Gaffney, Andy McCarthy and others have done s o much to uncover this level of Jihad that your readers should be urged to review as much of their work (including Steve's recent excellent documentary, The Grand Deception, and Frank's important web video course, The Muslim Brotherhood in America) as possible.

Finally, there is a third level – the International Institutional Jihad. Here the most powerful international institutions such as the UN and the Organization of Islamic Cooperation and others seek to push into America from without those changes which are difficult to complete from within. The OIC is the largest Islamic institution in the world. It essentially controls the vote in the UN's General Assembly and thus explains in part the absurd and abject pro-Islamic, anti-Israel thrust of that organizat ion. This level seeks to use the power of Islamic nations to work fro m outside the West to force changes within the West. While there are various conflicts between many of the nations, being Islamic majority states, there is a great deal they agree upon which becomes the focus of these efforts. Just as the Obama administration is beginning to cooperate with international efforts to control gun ownership, so has Hillary Clinton's Istanbul Process become a dangerous step in the effort to restrict speech critical of Islam by norm (or possibly even treaty) when it may not be fully executable by domestic action alone.

I should point out that Stephen Coughlin, the former Pentagon officer who has an important must-see presentation of Islamic Law, uses different names for these same three levels – Jihad, Dawa, and Ummah. Had I seen his work before I wrote my book I would have conformed to his categorizations.

We must learn how powerful language has become on all three levels. Words such as "peace, $B!I "freedom," "terrorism," and phrases such as "human rights" have different meanings for us and for our Islamic Enemy. To oversimplify, "peace" is not something for now but that which comes when all the earth is submitting to Islam. In the context of battles, "peace" is at best a temporary ceasefire. "Freedom" is best understood as having the freedom to fully submit to Islam, not to choose whatever beliefs one desires while respecting the same right in others. We've all seen how "human rights" and "terror" really only apply among Muslims, not to non-Muslims. Our enemy fully understands these differences and uses them at all levels to paralyze us.

Look simply at how the phrase "Israeli-Palestinian conflict" has equalized the two parties, making it all the easier to ascribe features of one to the other and view the problem as a simple-to fix division of ass ets into statehoods but for personality problems among the leaders. The simple truth is that this is and has always been a one-sided Arab war against Israel as Ruth Wisse and others have described and, as Bibi Netanyahu made clear, the ONLY state truly at issue here has been the State of Israel that the Arabs have refused for over half a century. Nonetheless, the Control Factor hypnotically abuses the mind's susceptibility to the intricacies of language.

Even the label "Peace Process" has been damaging language. While most focus upon the first word, turning this into a "process" has helped ensure that peace is never obtained. It is more appropriately called the "Extortion Process" because all that results is that violence is used over decades to extract concessions from Israel.

These three levels must be understood for their differences while united by a single goal. While these levels often op erate together and assist each other, we must avoid "level confusion" which the Control Factor employs to curtail our fears. If the Obama narrative is swallowed- that the only threat is the Violent Jihad- we will miss the other contamination fomenting within our borders. We must appreciate how these levels work together and even unite with other forces such as the global Leftist movement that you, Jamie, have described so forcefully in United in Hate.

**FP:** You write about how we like to talk of "Good Muslims" and how we are always on the eternal search for "moderate" Muslims (Khatami, Mousavi, Abbas, etc), while we stress how the "extremists" are the real problem and how "f ew" they really are. All of this is connected to the Control F actor. Enlighten us.

**Siegel:** The Control Factor seeks to have us feel in control of the situation. The easiest way to do this is to simply minimize the number of potential enemies. We have been lectured for years about how Islam is a "religion of peace" and that the violence we see (remember that we have already improperly limited the problem to violence) is the product of a small number of "crazies" (remember Hillary Clinton's 50,000) who have distorted Islam. I call this the "Peaceful Muslim Disclaimer" as virtually everyone in the press and government has been bullied into making some statement of the kind to silence those who will pressure them that they are "Islamophobic" and Islam is being attacked. (These are the Islam hustlers who operate on the same principles that black race hustlers so effectively used to extort concessions over the last six decades or so).

Nobody has done any real work to support this proposition, nor is it clear exactly how it would be tested. My view is that the grammar "Islam is x" is itself problematic because Islam has expressed itself throughout history in a variety of fashions. It is more useful to talk in terms of how seriously engaged with Islam, the Koran and other texts, a Muslim is. What is significant is how Muslims today are using Islam and most of those who are in power either throughout a large territory or within a small community tend toward, if not fully advocate, the very supremacist ideas that we try to tell ourselves are reserved for the few "extremists." Presumably most Germans did not wish to see all Nazi atrocities carried out but in the end they fell in line because they had to. Those our politicians and press call the "extremists" are in one sense more accurately the "good" Muslims who ar e following their Islamic beliefs dutifully.

**FP:** Tell us how Western shame and guilt play into all of this.

**Siegel:** One of the dirty little secrets the Control Factor preys upon is that if we believe we control something we can comfort ourselves that we can change it. Remember the horror film- the threat has one purpose and that is to destroy you. You can not change it, talk it out of it, teach it alternatives or otherwise. That is what makes it so inherently frightening. If we can convince ourselves that we caused the threat to act the way it does we can maintain the secret hope that we can change it. Consequently, there is a tremendous attraction to blaming ourselves for the Islamic Enemy's behavior. And we see this power in our readily accepting responsibility for terror- because of our occupation, our greedy quest for oil, our failure to extend a hand of "engagement," Israel's building settlements, our making videos that defa me Mohammed and so on. Again, the relationship is defined by the enemy blaming us for his actions and our accepting such responsibility.

Shelby Steele has written brilliantly about what he calls "white guilt" and outlines how whites during the 60's and thereafter were pressured into a transaction whereby in order to re-obtain a sense of moral authority they accepted blame for the condition of blacks and behaved as if guilty. Blacks were able to extract great concessions and whites were able to view themselves as morally restored and redeemed. At a certain point, however, the behavior takes on a life of its own and the narratives become deeply embedded in the culture and, as we can see today, difficult to uproot.

Western guilt is an extension of Steele's notion. President Obama's confessionals to the Arab world admitting that America has made "mistakes" and was not born a colonial pow er express this same tendency to appease through guilt. Hillary Clint on's "reset" with Russia conveyed the same submissive request for a more acceptable response. In being guilty we presume the other party will recognize our contrition and respond in like kind. One of the Control Factor's most devastating moves is employed- presuming the other is just like us and will respond the way we would. This is frequently how an enabler justifies his continuous support for an addict. The problem, however is that our Islamic Enemy is NOT like us and will not respond in like kind. Rather, as we repeatedly refuse to learn, appeasement invites more abuse from an enemy. This becomes the "game of guilt;" it tends to expand to greater and greater consequences. Paradoxically, psychological defenses tend to create the very outcomes they seek to eliminate and it is no different here. It is a game we love to play but, unfortunately, the game gives us no rules for how to end it.

All beha vior is instructive. That is, we teach others how to treat us. The game of guilt, along with other Control Factor tools, teaches our Enemy it is winning and to continue playing.

**FP:** The reason Nidal Hasan was able to perpetrate his murder spree at Fort Hood is precisely because of our Control Factor. Please connect the dots for our readers.

**Siegel:** Just as I used to look at Hitler when I was young and be amazed that no one could see what he was about, in retrospect the same applies to Hasan. It is precisely all the elements of the Control Factor that could allow this man, a Soldier of Allah, to be positioned as he was. He was blatantly voicing his Islamist views and Jihadi intent including, even, an essay recommending the "painful liquidation" of non-Muslims. Yet, in the Army of all places, the Control Factor operated to allow and even foster his work. Even after the murders, we cont inue the denial by calling it "workplace violence." He is the Civilization-Violent Jihad combo! And we continue to enable the same infiltration elsewhere.

**FP:** Tell our readers about "The Project" and "Explanatory Memorandum." These are realities that serve as great threats to the Control Factor, right?

**Siegel:** These are separate sets of documents that outline the Muslim Brotherhood's goals and plans underlying the Civilization Jihad. The former was discovered in Europe and extends globally. The 1991 Explanatory Memorandum emerged in 2008 from the Holy Land Foundation trial and describes the Brotherhood's work in America as a "Civilization-Jihadist Process with all the word means" and "a kind of grand Jihad in eliminating and destroying the Western civilization from within and 'sabotaging' its miserable house by their own hands and the hands of the believers so that it is eliminated and God's religion is made victorious over all other religions."

Much as the communists of the Soviet Union had formulated in the 1950s a detailed long term plan to destroy America (many of the effects of which we are seeing of late including destroying the nuclear family, secularizing the nation, feminizing men …) these documents identify many strategies to infiltrate while eroding the foundations of our civilization in order to transform it into an Islamic one. The Control Factor has many ingenious ways to convince us that this is ridiculous, that our courts and system would never allow such a thing, that one is racist or "Islamophobic," if not insane, for even thinking this is real. And just as with the communists, time is plentiful. Even more so with our Islamic Enemy, a multi-decade plan is short term. It is not critical that a seriou sly engaged Muslim lives to see the result. It is critical, more correctly a duty, however, that he carries on his Jihad. Patrick Poole and The Center for Security Policy's Team B Report, Shariah: The Threat to America, are excellent sources for your readers to pursue these documents.

**FP:** And so what you call an "Inner Jihad" has to start. It's our, as you say, mandatory "addiction treatment." Please explain.

**Siegel:** The "Inner Jihad" is the effort we must undertake to gain control over our Control Factors. There is a famous Hadith in which Mohammad, returning from a successful battle, essentially says that the physical fight was the "lesser Jihad" and it is time to then attend to the "greater Jihad ◆"- that internal battle against our own internal appetites, lusts, wrong thinking and so forth. While that Hadith has been falsely utilized to say that "Jihad" is not violent, it is useful to us as a symbol of the vicious effort we must take internally against our own Control Factor tendencies.

As I said earlier, the Control Factor is "active" and "continuous" so we must constantly monitor and combat it. Like "Whack-a-Mole," just as we may think we have addressed it, another variation pops right up. I use the terms "addict" and "enabler" because we truly need a form of rehab to break the habitual power of the Control Factor and because our relationship with our Islamic Enemy is very much like that between a typical addict and his enabler. And just as it is so difficult for an addict to kick his habit, so does the enabler act essentially addicted to his behavior and find it so difficult to change. At its core, the relati onship involves the transfer of responsibility for our Islamic Enemy's hate and resultant actions onto us with our response framed essentially as an effort to do what we can to try to address the Enemy's grievance. (Your book, United in Hate, describes this addiction to hate in detail.

The key to the Inner Jihad is to learn to transfer responsibility for our Islamic Enemy's hate and resultant actions back to it and take responsibility back for our own situation. We must learn all we can about the enemy. We must unwind our inappropriate projections and introjections and rediscover who we are and are not. We must speak up. We must support those Muslims who promote expressions of Islam that are consistent with our principles. And we must stalk the C ontrol Factor, constantly be on guard for its intrusion. This is an individual endeavor as each of our Control Factors uses its own methods. The book gives plenty of examples of each maneuver discussed but it is important for each of us to discover the unique workings of his own mind. That takes the work of the Inner Jihad.

**FP:** Share with our readers what you mean by the "Turnaround Moment."

**Siegel:** There is a moment in typical horror films where the central characters have been pushed to their limit. They then change and fully embrace the willingness to be as ruthless as the threat they face. No more moral high ground; no more futile attempts to ignore or change the threat's essence. As Lee Harris described in The Suicide of Reason, it is the willingness o r license to be (not necessarily actually being) as ruthless that is critical. It is a mental state that sheds all the prior counter-productive efforts at denial to finally clearly focus on the threat faced. Part of the Inner Jihad is to reach that Turnaround Moment sooner rather than later.

**FP:** You suggest that "mirroring" should be used as part of our arsenal. Tell us about it.

**Siegel:** Mirroring is a literal approach to transferring back to the addict responsibility that we have been inappropriately accepting. Critical to the addict/enabler relationship is asymmetry. Like the addict, the enemy uses a less limiting set of rules than we do. The enemy typically initiates aggression while we respond only. Mirroring means that we demonstrate our willingness to act symmetrically, to be governed by the same rules. It is stunning how much is accomplished when one's attitude simply is clear that he will do what is necessary; often not much else is needed as the addict or enemy realizes the game is fundamentally changed. But other times action is absolutely needed. Demonstrating that we are not afraid to treat the enemy as it treats us carries great meaning. Imagine (international law aside) if Israel announced that from now on it will mirror Hamas such that if civilian populations are targeted by bombs from Gaza, Israel will do the same (it is accused of such anyway). The population might finally rethink and take responsibility for its privilege of voting its leaders. As stated earlier, all behavior is instructive and when we mirror we teach the other the effects of his behavior.

Conversely, some situations demand that we assert asymmetry; those cases where it is necessary to highlight our differences with the enemy. Just this week, an disingenuous report was issued by an NGO drawing an equivalence between Palestinian and Israe li schoolbooks claiming that both sides have their relativistic " narratives." Yet, as the Palestinian Media Watch's website has demonstrated for years, there is nothing in the West anywhere comparable to the hatred spewed daily by the Palestinian Authority, including through its education system. It is interesting to note that while the US State Department initially funded the "study,"- in what appears to be an attempt to sanitize the PA's record so that the US can continue to fund the PA against the spirit of US law- Hillary Clinton has a difficult time escaping her conclusion as Senator in 2007 that these schoolbooks along with other media "profoundly poison(s) the minds of these children." It is most important that we do not succumb to this type of use of symmetry that distorts the profound differences between us and the enemy.

Essentially, we are not clear as a nation, participating in a world with international rules, how to bes t fight this enemy. The first act of any rehab is to acknowledge that we do not know how nor are we yet competent to stop our addictions. This is not a book about policy. In fact, the "right" policies are unlikely to emerge until a critical mass has meaningfully dealt with their Control Factors and share a common perspective. We like to look at our history and assume a single perspective throughout but the truth is that we had to learn how to respond to Pearl Harbor, the Nazis, the Cold War etc. The same applies here. Our press promotes "elites" who are tasked with acting as if they possess the "true wisdom" to deal with our threats but the truth is we do not know nor are we equipped to marshal enough of our population to agree just yet. The sooner we learn, however, the less we will suffer. Mirroring has always been a key component of those lessons.

I have been encouraged by some recent acts that have begu n to nip at the asymmetry. For years, the language of "feeling s" had been reserved for our enemy while we were limited to that of "action;" we would do terrible acts that would cause bad feelings in the enemy which would then serve to justify whatever response it made. It had always been a question of the harsh insensitive acts Westerners do against Muslims and the resulting hurt, loss, shame etc. that Muslims experience. The Ground Zero Mosque incident, however, broke new ground because all of a sudden non-Muslims' feelings became the focus and were cast as resulting from Muslim acts. Another example was seen in how quickly the attempt to blame the Benghazi murders on the video about Mohammad fell apart. Just as large corporations eventually learned to turn away from shakedown attempts from race baiters, we are beginning to learn to demand symmetry through mirroring. A word of caution: When enablers change their behavior and demand symmetrical rules f or the addict, the latter typically initially erupts with great resistance. This is a stage we must be prepared to tolerate and fully withstand as it creates the only real chance for the addict to finally change. It is critical, therefore, that when we finally engage in mirroring that we be prepared to see it through completion.

**FP:** What if we fail to engage in our own Inner Jihad and the Control Factor stays firmly in place?

**Siegel:** Critical to the Inner Jihad is the realization that our civilization is fragile; not to be taken for granted. Our demands for multi-culturalism and diversity have bumped heads with the simple paradox that tolerating the intolerant leads to extinction. Tolerating the intolerant is perhaps the most crystalline version of asymmetry we have accepted. Seriously engaged Muslims MUST place the Koran above all law while in America, the Constitution ranks supreme. As Omar Ahmad , founder of CAIR, reputedly said, "Islam isn't in Amer ica to be equal to any other faith, but to become dominant. The Koran is the highest authority in America and Islam is the only accepted religion on Earth." Who makes law- the people or Allah? While the Control Factor constantly seeks for some accommodation between the two, this conflict CAN NOT be negotiated. Only one can survive not because we have declared "war" but because our Islamic Enemy has. That is, perhaps, the lesson we will most need to fully learn, one way or another. We will eventually hit a Turnaround Moment as a nation and if enough of us are not truly prepared to fight and continue to be controlled by our delusions, we will lose. If we truly seek to win, it is better to get there sooner while we have advantages than later.

**FP:** Bill Siegel, thank you for joining FrontPage Interview.

And thank you for writing this superb and most important book.

We encourage all o f our readers to get their hands on The Control Factor: Our Struggle to See the True Threat and to read it!

**Editor's note: To watch *The Glazov Gang*'s recent discussion about the Muslim Brotherhood's infiltration of the United States and the Obama administration, see this week's episode below:**

**Freedom Center pamphlets now available on Kindle: Click here.**

Filed Under: Daily Mailer, FrontPage Tagged With: Denial, Islam, muslim brotherhood, Obama, Siegel, The Control Factor

22

Print This Post

**About Jamie Glazov**

Jamie Glazov is Frontpage Magazine's editor. He holds a Ph.D. in History with a specialty in Russian, U.S. and Canadian foreign policy. He is the author of the critically acclaimed and best-selling, ***United in Hate: The Left's Romance with Tyranny and Terror.*** His new book is ***High No on For America.*** He is the host of Frontpage's television show, ***The Glazov Gang,*** and he can be reached at jamieglazov11@gmail.com. Visit his sit at ***JamieGlazov.com***.

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## Comments (6)

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AdinaK 86p · *11 hours ago*

The war being waged has two components - mental and physical. The mental side is a minefield of constructs, deeply implanted within generations of Americans, and its PC chickens are coming home to roost. So much so, millions of Americans (westerners) cannot break free of its shackles. But it is not as if these mental chains magically appe ared. Far from it - http://adinakutnicki.com/2012/11/26/the-death-of-...

In addition, the fault-lines of democracy allowed for the most retrograde forces, on this planet, to infiltrate and penetrate the body politic- http://adinakutnicki.com/2012/09/02/the-subversio...

IF the mental and physical constraints are not immediately removed, it is a given that western civilization will fall. Cause and effect.
Adina Kutnicki, Israel - http://adinakutnicki.com/about/

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1 reply · *active 30 minutes ago*

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dmw · *30 minutes ago*

And I would think one "phy sical constraint" is to not let them in in the first place. By & quot;them" I mean those who have allegiance to a socio-political system disguised as a religion that seeks world dominance by man imposed methodology/effort -- unlike Judaism and Christianity properly understood. If we are to "believe", the world already has a King and does not need a Caliph.

Report

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0

MikeWood · *6 hours ago*

Ground-breaking, brilliant. There are absolutely essentially lessons to be learned from this. Buy this book, read it, study it, and lend it to your friends and colleagues. Do it.

Report

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lambsev77 54p · *4 hours ago*

The fall of Rome... The fall of the 3rd Reich... The fall of Western Civilization...

oooooh... Scary!

How about the fall of humankind recorded in Genesis Chapter 3 and following?

We're ALL GONNA DIE! But will you rise with Christ?

Report

Reply

+1

@WolfyJam · *2 hours ago*

Notice how celebrities basking in their narcissism think they can dictate culture to us while they live their lives in the comfort of their ivory castles. Mia farrow has no clue what the right to bear arms means and because of that she needs to shut the hell up. _As far as blacks go-- I grew up in the 70's coming home from Hallahan H.S. in Philadel phia, me and my small group of girls were swarmed by a mob of black girls who would kick and slap and pull hair without provocation. of course we would fight back but then that was back in the day when whites weren't sissies. Still I made excuses for them. Black men would get in my face for no other reason than to intimidate me. rocks were thrown a my car for no reason. So, in short, based on my experiences Blacks are the cause of racism and if they hate whites so much then they should stay away completely and totally. _

Report

Reply

+1

@WolfyJam · *2 hours ago*

I read the Control factor and it was excellent. I wish more people would realize that our country is at its most vulnerable than ever in its history. the jihadis have basically taken over the inner cities. Islam's love for violence coupled with ignorance and narcissim are a recipe for disaster. I hope Americans wake up in time to save their future. I'm not optimistic though. I think its over but still I fight on.

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**Subject:** as you asked

rticle 1.

The Washington Post

# In State of the Union address, Obama lays out his second-term agenda

Editorial

February 13, 2013 -- TWO DOMESTIC concerns towered above all others as President Obama addressed a joint session of Congress on Tuesday night on the state of the union. One was stubbornly slow economic growth. The other was the long-term threat to prosperity posed by the structural mismatch between the federal government's projected revenue and its spending commitments. A successful second term for Mr. Obama will require both credible proposals for overcoming those related challenges and the determination to carry them through.

The president addressed the deficit and debt first, and at some length. This was fitting, giving that the most pressing piece of business facing Washington is what to do about the impending $85 billion across-the-board spending cut. He was forthright

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in declaring that this so-called sequester threatens the military as well as domestic programs. But his plan to avoid it basically repeated the offer of a "balanced approach" — unspecified tax hikes and spending cuts — which Republicans have already rejected.

Somewhat more substantively, he called for a larger deficit-reduction deal built around loophole-closing tax reform and what he called "modest" reforms to Medicare and entitlements. In an apparent effort to rally Democrats to this cause, he called on "those of us who care deeply about programs like Medicare" to "embrace" reform.

Yet in promising the same amount of Medicare savings as the Simpson-Bowles commision proposed, Mr. Obama did not mention that this would be a mere $341 billion over 10 years. All told, he envisions shaving an additional $1.5 trillion off projected deficits over 10 years, which would leave the national debt at a historically aberrant 70-odd percent of gross domestic product. In short, he declined to push back against the mind-set within his party that considers acceptable "stabilizing" the debt at this level by the time Mr. Obama's second term ends. At best, that would buy a respite of a few years before the debt resumed its upward climb.

As for raising the economy's growth potential, the president was more persuasive. His emphasis on reforming the tangled and counterproductive corporate tax code was especially welcome, and relatively likely to draw GOP support. He offered several promising ideas on education, including a promise of "high-quality preschool" for all children, though how that would square with his promise not to increase the deficit by a single dime went unexplained. He sounded a ringing call for greater federal attention to college cost containment. "Taxpayers can't keep on subsidizing" spiraling tuition, he said, candidly and correctly.

As European trading partners had hoped, the president endorsed negotiations for a transatlantic free-trade zone, which would help America's export industries and the jobs that depend on them. Coupled with an agreement that Obama is promoting for the Pacific region, the proposal has the potential to make his second term fruitful for global trade. He also suggested raising the federal minimum wage, from $7.25 per hour to $9 — although the precise amount is less important, in our view, than the president's call for annual cost-of-living adjustments.

In keeping with Mr. Obama's theme of nation-building at home, foreign policy played a secondary role in his speech. He promised to bring home half of the

remaining U.S. troops in Afghanistan within the next year. But officials said the withdrawal would be weighted toward year's end, leaving most of the troops to partner with Afghan troops for much of this year. The president said the United States would support democratic transitions in the Middle East, "keep the pressure on [the] Syrian regime" and "do what is necessary to prevent" Iran from obtaining a nuclear weapon — but he offered no specifics.

Mr. Obama pressed his case for reform of immigration laws and for action to slow global warming — and, in especially moving terms, tougher gun laws. In each case, there may be measures he can take through executive action, but new laws will be needed for substantial progress.

Mr. Obama was right when he pointed to the survivors and grieving relatives of gun violence victims and insisted, "They deserve a vote."

Article 2.

Foreign Policy

## The world is no longer America's problem

Aaron David Miller

February 13, 2013 -- If you want to know what an American president's foreign policy is likely to be, particularly in a second term, don't listen to his State of the Union speech. You'd probably have more luck playing with Tarot cards, or reading tea leaves or goat entrails. But not this year. Barack Obama's fourth such address left a trail of foreign-policy cookie crumbs that lead directly to some pretty clear, if hardly surprising or revolutionary, conclusions. His first term contained no spectacular successes (save killing Osama bin Laden), but no spectacular failures either. And more than likely, that's what the president will settle for in a second, even as the Arab world burns and rogues like Iran and North Korea brandish new weapons. He's nothing if not a cautious man.

Behold: I am the Extricator in Chief

Afghanistan -- the "good war" -- has been pretty much MIA in Obama's speeches since he became president. He's alternated between spending a few words on the mission there (2009) or a paragraph (2010, 2011, 2012). If his words have been brief, the message has been stunningly clear: It's about the leaving. And tonight was no exception. Not more than two minutes in, the president spoke about America's men and women coming home from Afghanistan.

Obama's signature is indeed that of the extricator. And he broke the code early (the 2009 surge was designed politically to get in so that he could get out with a clearer conscience). He is the president who has wound down the longest and among the most profitless wars in American history, where victory was never defined by whether we can win, but by when can we leave. It is his legacy, and one about which he has reason to be proud. Obama has left himself and his military commanders plenty of discretion about the pace of extrication. But that's fine with the president so long as they're heading for the exits.

Not the Destroyer and Rebuilder of Worlds

Surprise, surprise: There was scant mention of Syria in the president's speech -- just one throwaway line about supporting Syria's opposition. Obama did not disengage from Iraq and Afghanistan only to plunge America into new black holes in the Middle East.

Obama isn't worried about boots on the ground in Syria. That was never on the table. Instead the question is this: Given the uncertainty about the end state in Syria and the risks of providing serious weapons to the rebels (and a no-fly zone) that might alter the arc of the fight against the regime, the president saw and continues to see no purpose in America providing arms of

marginal utility. That course would either expose him to be truly weak and ineffectual or lead to calls to do more. So he's going to provide non-lethal support and is apparently prepared to take the hits from critics who see the president's policy as passive, cruel, and unforgiving, particularly now that we know that members of his own cabinet clearly wanted to do more. The Iranian nuclear issue, the other potential tar baby in the SOTU, followed a pretty predictable rising arc of concern in the list of presidential foreign-policy worries. In 2009, in Obama's address to a joint session of Congress (a speech some regard as a SOTU), Iran wasn't even mentioned. In the 2010 SOTU, Obama threatened that if Iran ignored its international obligations, there would be consequences; in 2011, he did the same; and in 2012, he made it clear that he would prevent Iran from acquiring a nuclear weapon and take no option off the table. Obama repeated half of what he said in 2012 about preventing Iran from getting a nuclear weapon, but instead of saying all options were on the table, he spoke of the importance of diplomacy. I suspect he'll go to extreme lengths to avoid war, and won't greenlight an Israeli attack either until the arc of diplomacy has run its course. And then Obama would likely act only if the mullahs push the envelope by accelerating their uranium enrichment program and

other military aspects of the nuclear enterprise.

Seizing the Nuclear High Road with Little to Lose

Even as he confronts a real bomb in North Korea (very bad options there) and a potential one in Iran (bad options there too), Obama is trying to make good on a longstanding commitment to reduce America's own nuclear arsenal. Backed by the military chiefs and likely by the public too (getting rid of nukes equals saving money), but opposed by Republicans in Congress, Obama will try to work around the political obstacles by seeking a deal with yes ... you got it ... his old friend Vlad Putin. It's worth a try. If Putin balks or Republicans get in the way, the president can always advocate unilateral cuts -- not something he wants to do. But if he can't have his way on nukes, he can always blame it on the Russians and the Republicans with little to lose. The road to getting rid of nukes is a long one. Let the next guy (or gal) worry about it.

A Little Leg on Palestine?

Obama hasn't mentioned the Israeli-Palestinian conflict in a SOTU speech since 2009. And that's no coincidence. His own poorly thought-through initial effort crashed and burned, leaving the president pretty frustrated and annoyed with both

Israelis and Palestinians, particularly Israeli Prime Minister Benjamin Netanyahu.

But hey, that was then. A second-term president has committed himself early in 2013 to a trip to Israel and has an Energizer bunny in Secretary of State John Kerry, who wants to do the right thing and keep the two-state solution alive. Obama clearly kept his distance from the issue again on Tuesday night. He spoke of standing with Israel to pursue peace, but didn't mention Palestinians or the peace process. He mentioned his own trip to the Middle East, but missed an opportunity to give what might be a trip to the region by his new secretary of state higher profile. It's just as well. The paradox of the Israeli-Palestinian issue is that it's too complicated to implement right now and too important to abandon. It's in this space that Obama will be forced to operate. And while the odds of success are low, Obama will be tempted in his final term to do something bold, perhaps laying out a U.S. plan of parameters on the key final-status issues.

It's the Middle Class, Not the Middle East

Spoiler alert: Barack Obama might still be a consequential foreign-policy president if he's lucky, willful, and skillful. But it's his domestic legacy that will make or break his presidency. Health care -- his signature legacy issue -- will look much better if the economy improves, driven by a revived

housing market and rising employment, and of course if some broader deal can be struck on entitlements and taxes. Immigration reform and gun-control legislation driven by a functional bipartisanship would cement that legacy. He'd be an historic rather than a great president.

Two clocks tick down in a president's second term: the drive for legacy and the reality of lame duckery. Obama's political capital will diminish quickly. Where, how, and on what he wants to spend it is critical. The Middle East is violent and volatile and may yet suck him in, but if he can avoid it, he'll try. This was a State of the Union address that stressed fixing America's broken house, not chasing around the world trying to fix everyone else's. The future of America isn't Cairo or Damascus; it's Chicago and Detroit.

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Article 3.

Agence Global

# Can the United States Strike a Deal with Iran?

Patrick Seale

12 Feb 2013 -- Negotiations with Iran are once more on the international agenda. After an eight-month break, the five permanent members of the UN Security Council plus Germany -- the so-called P5+1 -- are due to hold a meeting with Iran on 25 February in Kazakhstan. What are the prospects of success? In a nutshell, that would seem to depend more on the climate in Washington than in Tehran. Iran is gesturing that it wants to negotiate, but Washington has not yet signalled any greater flexibility than in the past.

In a major speech in Tehran last Sunday, President Mahmoud Ahmadinejad addressed the United States: "Take your guns out of the face of the Iranian nation and I myself will negotiate with you," he declared. Meanwhile, the Iranian ambassador to Paris told French officials that, provided a work plan was agreed, Iran was ready to allow inspectors of the International Atomic Energy Agency (IAEA) to visit Parchin, a military facility where Iran is suspected of having done work on atomic weapons. Ahmadinejad himself has said repeatedly that Iran was ready to stop enriching uranium to 20% if the international community agreed to supply it instead to the Tehran research reactor for the production of isotopes needed to treat cancer patients.

The only recent encouraging word from the United States was a hint by Vice-President Joe Biden at last week's Munich security conference that the time may have come for bilateral U.S.-Iranian talks. Iran's Foreign Minister Ali Akbar Salehi responded positively to Biden's offer, although he added that Iran would look for evidence that Biden's offer was 'authentic' and not 'devious'.

The road to a U.S.-Iranian agreement is littered with obstacles -- grave mutual distrust being one of them. There is little optimism among experts that a breakthrough is imminent. For one thing, Iran is almost certain to want to defer any major strategic decision until a new President is elected next June to replace the sharp-tongued Mahmoud Ahmadinejad. To strike a deal with Iran, the United States would also need to assure its Arab allies in the Gulf that they would not fall under Iranian hegemony or lose American protection. Guarantees would no doubt have to be given.

Israel, America's close ally, poses a more substantial obstacle. It is totally opposed to any deal which would allow Iran to enrich uranium, even at the low level of 3.5%. Wanting no challenge to its own formidable nuclear arsenal, Israel's long-standing aim has been to halt Iran's nuclear programme altogether. To this end it has assassinated several Iranian nuclear

scientists and joined the United States in waging cyber warfare against Iranian nuclear facilities. Its belligerent prime minister, Binyamin Netanyahu, has for years been pressing Obama to destroy Iran's nuclear programme and -- better still -- bring down the Islamic regime altogether.

Faced with these obstacles, it is clear that any U.S. deal with Iran would require careful preparation. Obama would need to mobilize strong domestic support if he is to confront America's vast array of pro-Israeli forces. They include Congressmen eager to defend Israeli interests at all costs (as was vividly illustrated by the recent Chuck Hagel confirmation hearings), powerful lobbies such as AIPAC, media barons, high-profile Jewish financiers like Sheldon Adelson, a phalanx of neo-con strategists in right-wing think tanks, influential pro-Israelis within the Administration, and many, many others. The cost in political capital of challenging them could be very substantial. Nevertheless, elected for a second term, he now has greater freedom and authority than before.

Obama is due to visit Israel on March 20-21, something he did not do in his first term. This visit will be the first foreign trip of his second term -- in itself a sign of its importance. Although the White House is anxious to play down suggestions that he will announce a major initiative, either on

the Israeli-Palestinian conflict or on Iran, there are issues he cannot avoid. He may, however, choose to raise them in private talks with Israeli leaders rather than in public. His message is expected to be twofold: Israel should not delay in granting statehood to the Palestinians, however painful that choice may be, and it should be careful not to make an eternal enemy of Iran. Both conflicts have the potential to isolate Israel internationally and threaten its long-term interests, if not its actual existence.

In his first term of office, Obama resisted Netanyahu's pressure to wage war on Iran. This was no more than a semi-success, however, since he managed to blunt Netanyahu's belligerence only by imposing on Iran a raft of sanctions of unprecedented severity. They have halved Iran's oil exports, caused its currency to plummet and inflation to gallop, severed its relations with the world's banks and inflicted severe hardship on its population.

The key question today is this: What are Obama's intentions? Is he seeking to bring down Iran's Islamic regime, as Israel would like, or is he simply seeking to limit its nuclear ambitions? If 'regime change' is his aim then sanctions will have to be tightened even further and extended indefinitely. But if Obama's aim is to strike a deal with Iran over its nuclear programme then he must give it at least some of what it

wants: such as sanctions relief; acceptance of its right under the Nuclear Non-Proliferation Treaty to enrich uranium to a low level for peaceful purposes; recognition of its security interests, of the legitimacy of its Islamic regime born out of the 1979 revolution, and of its place in the region as a major power.

The P5+1, which are due to meet Iran later this month, remain so divided that they are unlikely to improve substantially on their previous miserly offer, which was to provide Iran with some airplane spare parts if it gave up uranium enrichment to 20% -- its trump card. It is the paralysis of Iran's dealings with the P5+1 that has lent credence to the idea that the best hope of a breakthrough may lie in bilateral U.S.-Iranian talks -- perhaps even a summit meeting between President Obama and Ayatollah Khomeini.

For such a summit to be successful the United States would have to change its approach. Iran's supreme leader has made clear that Iran will not negotiate under threat of attack. There would have to be give and take. Above all, Iran wants to be treated with respect. This is the challenge facing Obama.

It is worth remembering that there is as yet no evidence whatsoever that Iran has decided to build nuclear weapons. Nor has it developed a reliable delivery system. Instead, it has focussed its efforts on

medium-range missiles unable to reach Israel. It has no second strike capability. As President Ahmadinejad stressed during his visit to Cairo last week, Iran has no intention of attacking Israel. Its posture is purely defensive.

If Obama were to act with boldness and vision, he could defuse a nagging problem which has plagued the region for years. It is surely time for the United States to draw Iran into the regional community of nations and put an end to 34 years of unremitting hostility.

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Article 4.

The Washington Post

# What path now for Syria?

David Ignatius

February 12, 2013 -- Syrian opposition fighters appear to be making significant gains on the battlefield this week, following an offer by their top political leader for negotiations with the regime of President Bashar al-Assad.

This military and diplomatic news may appear positive. But Syrian sources caution that the battlefield advances may accelerate movement toward a breakup of the country, as Alawite supporters of the regime retreat to their ancestral homeland in the northwestern region around Latakia. And there's no sign that either Assad or his Russian patrons are paying any more than lip service to a political settlement.

One potential game-changer is a request for U.S. help in training elite rebel units, which has been drafted by Brig. Gen. Salim Idriss, the new commander of the opposition Free Syrian Army. In a letter dated Feb. 4, he seeks U.S. assistance in "training for: (1) special operations; (2) international humanitarian law; and (3) . . . in chemical weapons security."

Idriss requested various supplies for these elite units, including: "(1) combat armor; (2) night vision goggles; (3) hand held monocular and longer range spotting equipment; (4) strategic communications; (5) winterization packs; and (6) tactical communications."

This request for assistance was made just after the Assad regime had rebuffed an offer by Sheik Ahmad Moaz al-Khatib, the head of a new opposition coalition, to negotiate with government representatives.

The rebels' recent military successes have come mostly in northern Syria; the attacks

were made by different battalions that appear to operate with little central command and control. The gains include:

- The al-Jarrah air base, about 30 miles east of Aleppo, which appears to have been overrun by fighters from Ahrar al-Sham, a battalion based in Idlib. Videos posted Tuesday by the rebels showed them walking past derelict Syrian warplanes and inside a fortified hangar containing what appeared to be two Czech-built ground assault planes. On camera, the rebels displayed dozens of bombs racked in a warehouse, and other ammunition and spoils of war.
- The Thawra hydroelectric dam on the Euphrates, which is one of Syria's biggest power-generating facilities. Rebel sources said the Syrian army gave up the strategic dam after army positions there were overrun. The rebels negotiated a surrender with regime loyalists who remained. These sources said the dam continues to operate and provide power — a positive sign for those who worry that Syria's infrastructure would collapse if the rebels took over.
- The Aleppo International Airport, southeast of the city, is close to falling. Free Syrian Army sources said Tuesday that their fighters, including allies in the extremist al-Nusra Front, had captured an access point near the airport known as "Liwa 80." Syrian sources said rebels there

had seized large amounts of ammunition, including some shoulder-fired anti-aircraft missiles.

- Damascus and its suburbs, where the rebels are tightening their squeeze on access points to the capital. Syrian sources said fighters are converging on Damascus from different parts of the country, expecting a decisive battle there soon. "Regime forces are suffering from very low morale, whereas FSA soldiers have been encouraged by recent positive developments," asserts one FSA report from Damascus.

The al-Nusra Front has been a catalyst and beneficiary of the rebels' success. According to Syrian sources, al-Nusra is gaining strength in Homs, a city in central Syria where the group was never strong. One Syrian source told the State Department: "They have money, they are helping people with everything including daily living supplies. I heard that some fighters are leaving their [former] brigades and joining [Al-Nusra], some of them selling their weapons to feed their families."

One Syrian who works closely with the Free Syrian Army explained how creating an elite commando force could help check Syria's drift toward becoming a failed state: "We still believe FSA on the ground is still needed badly to tip the power and

support other parallel solutions, including the political one. But FSA [has] become a jungle. . . . My recommendation is . . . to start working on elite [forces that can] . . . initiate key attacks plus help as a buffer from potential warlords and fights among fragmented FSA factions. Plus, this unit can handle other key tasks, like securing chemical weapons."

This Syrian strategist argues in another memo that the rebels must "speak to the silent majority, many who did not care about the revolution, and they want their life back." He said that such a negotiated settlement requires more pressure on the United States, Russia and the United Nations "to find a way out of the deadlock."

Article 5.

Foreign Policy

# Why Does Europe Pretend Hezbollah Has a Good Side?

Matthew Levitt

February 12, 2013 -- Bulgaria's interior minister announced on Feb. 5 the result of his country's investigation into the July 2012 bombing of a bus filled with Israeli tourists in the city of Burgas, which killed five Israelis and the vehicle's Bulgarian driver. Two of the individuals who carried out the terrorist attack, he said, "belonged to the military formation of Hezbollah."

It was not by chance that his statement fingered only the military wing of Hezbollah, not the group as a whole. Within the European Union, the findings of the Bulgarian investigation have kicked off a firestorm over whether to add the Lebanese militant organization -- in whole, or perhaps just its military or terrorist wings -- to the EU's list of banned terrorist groups. But are there in fact distinct wings within the self-styled "Party of God"?

Hezbollah is many things. It is one of the dominant political parties in Lebanon, as well as a social and religious movement catering first and foremost -- though not exclusively -- to Lebanon's Shiite community. Hezbollah is also Lebanon's largest militia, the only one to keep its weapons and rebrand its armed elements as an "Islamic resistance" in response to the terms of the 1989 Taif Accord, which ended the Lebanese Civil War.

While the group's various elements are intended to complement one another, the

reality is often messier. In part, that has to do with compartmentalization of Hezbollah's covert activities. It is also, however, a result of the group's multiple identities -- Lebanese, pan-Shiite, pro-Iranian -- and the group's multiple and sometimes competing goals tied to these different identities.

Hezbollah's ideological commitment to Iranian Ayatollah Ruhollah Khomeini's revolutionary doctrine of velayat-e faqih (guardianship of the jurist), which holds that a Shiite Islamic cleric should serve as the supreme head of government, is a key source of conflict. The group is thus simultaneously committed to the decrees of Iranian clerics, the Lebanese state, its sectarian Shiite community within Lebanon, and fellow Shiites abroad.

The consequences of these competing ideological drivers was clear in July 2006, when Hezbollah dragged Israel and Lebanon into a war neither state wanted by crossing the U.N.-demarcated border between the two countries, killing three Israeli soldiers, and kidnapping two more in an ambush. They came to the fore again two years later, when Hezbollah took over West Beirut by force of arms, turning its weapons of "resistance" against fellow Lebanese citizens. When the chips are down, Hezbollah's commitment to Iran

trumps its identity as a Lebanese political movement.

The ties that bind Hezbollah's political leadership with its international illicit activities are also unmistakable. According to a CIA document, even before Hassan Nasrallah rose to the position of secretary-general in 1992, he was "directly involved in many Hizballah terrorist operations, including hostage taking, airline hijackings, and attacks against Lebanese rivals."

Time and again, Hezbollah's political personalities have been tied to the group's terrorist and criminal activities. Consider a major case in the United States: In 2008, while Hezbollah operative Ali Karaki was planning a Hezbollah attack in Azerbaijan's capital, Baku, his brother, Hasan Antar Karaki, was helping lead a broad criminal conspiracy to sell counterfeit and stolen currency in Philadelphia. Luckily, Hasan Antar Karaki sold his wares to an undercover FBI informant posing as a member of the Philadelphia criminal underworld. Hasan Antar Karaki proved to be a major figure in Hezbollah's forgery operations, and he provided an FBI source with fraudulent British and Canadian passports.

Meanwhile, in meetings in Lebanon and the United States, Hasan Antar Karaki's associate, Hassan Hodroj, a Hezbollah spokesman and the head of its Palestinian

issues portfolio within the group's political echelon, sought to procure a long list of sophisticated weapons in a black-market scheme involving Hezbollah operatives across the globe. According to court documents, Hodroj wanted "heavy machinery" for the "fight against Jews and to protect Lebanon." But move forward with caution, Hodroj counseled an undercover FBI source, because someone in the United States could "go to jail for 100 years" if caught dealing with Hezbollah.

In light of cases like this one, in which people overtly affiliated with Hezbollah's political activities are engaged in criminal and terrorist activities, it becomes increasingly difficult to separate Hezbollah's overt activities from its covert behavior. "Little is known about [the Hezbollah military wing's] internal command hierarchy," a Western government report noted in 2012, "due to its highly secretive nature and use of sophisticated protective measures."

The structure and manpower of Hezbollah's terrorist operation, which is responsible for its financial and logistical activities as well as its terrorist operations abroad, are similarly opaque. We do know, however, that Hezbollah's terrorist network, the Islamic Jihad Organization (IJO), was formally founded in 1983 when Hezbollah master terrorist Imad Mughniyeh fled to

Iran after orchestrating the October 1983 bombing of the U.S. Marine Corps and French military barracks in Beirut with his brother-in-law, Mustafa Badreddine.

This much is clear: Since its founding, Hezbollah has developed a sophisticated organizational and leadership structure. The overall governing authority, the Majlis al-Shura (Consultative Council), wields all decision-making power and directs several subordinate functional councils. Each functional council reports directly to the Majlis al-Shura, which, as Hezbollah Deputy Secretary-General Naim Qassem wrote in his book, is "in charge of drawing the overall vision and policies, overseeing the general strategies for the party's function, and taking political decisions."

U.S. assessments echo Qassem's description. "Hezbollah has a unified leadership structure that oversees the organization's complementary, partially compartmentalized elements," reads a Congressional Research Service report.

The secretary-general, currently Nasrallah, presides over the Majlis al-Shura and functions as the group's leader under the authority of the "jurist theologian" Ayatollah Ali Khamenei, Iran's supreme leader. Five administrative bodies, organized around thematic responsibilities, run Hezbollah's political, military (jihad), parliamentary, executive, and judicial

activities. The Majlis al-Shura considers all elements of the group's activities, including its political and military wings, as part of one holistic entity.

According to Hezbollah's top officials, this unity of purpose among the group's diverse activities is essential to its success. "If the military wing were separated from the political wing, this would have repercussions, and it would reflect on the political scene," Qassem told a Lebanese paper in 2000. "Hezbollah's secretary-general is the head of the Shura Council and also the head of the Jihad Council, and this means that we have one leadership, with one administration."

The Jihad Council is the functional council underneath the Majlis al-Shura responsible for all military matters. Qassem writes that it "comprises those in charge of resistance activity, be that in terms of oversight, recruitment, training, equipment, security, or any other resistance-related endeavors." To accomplish its mission, the council is divided into several smaller units in charge of protecting the leadership and carrying out internal and external surveillance, as well as overseas operations. The party's security branch is further broken down into three subgroups: central, preventive, and overseas security. In 2000, a dedicated counterintelligence branch was reportedly founded as well.

Under this structure, Hezbollah's militia and terrorist activities, along with its security organ, all report to the Jihad Council. Until he was killed, Mughniyeh was Hezbollah's top militant commander and reportedly led the Jihad Council himself. By some accounts, he also held a seat on the Majlis al-Shura, which would be typical for the party's standing military commander.

Unlike its sister councils, however, the Jihad Council enjoys strategic ambiguity. Neither the majority of Hezbollah officials nor the party's elected parliamentarians are aware of the details of their party's covert military and terrorist activities, which are decided on by the most senior leadership. According to the U.S. government, these activities are "executed" by the leadership of Hezbollah's military apparatus, known as the Islamic Resistance and led by Badreddine, and by the IJO, led by Talal Hamiyah, and they are "overseen" by Nasrallah.

Europe's approach to Hezbollah has been varied. Many European governments have resisted international efforts to designate the organization as a terrorist group by distinguishing between Hezbollah's political and military wings. Britain distinguishes among Hezbollah's terrorist wing (the Islamic Jihad Organization), military wing, and political wing, and the country banned the IJO in 2000 and the

military wing in 2008. The Netherlands, however, designated Hezbollah a terrorist entity in 2004 without distinguishing between the group's political and military wings. A 2004 Dutch intelligence report highlighted investigations that show "Hezbollah's political and terrorist wings are controlled by one co-ordinating council."

The European Union has taken action against Hezbollah's interests in the past. In May 2002, the European Union froze the assets of a non-European terrorist group for the first time by adding seven Hezbollah-affiliated individuals, including Mughniyeh, to its financial sanctions list for terrorism. It did not, however, sanction Hezbollah as an organization. On March 10, 2005, the European Parliament passed a nonbinding resolution recognizing that "clear evidence exists of terrorist activities on the part of Hezbollah" and calling on the European Council to take "all necessary steps to curtail them."

But the necessary steps did not occur. Instead, most European countries preferred to make convenient distinctions between the different parts of Hezbollah, even when the group's own leadership does not.

Today, as European leaders consider whether to label Hezbollah a terrorist group, they should judge the group by the totality of its actions. Hezbollah cannot be

forgiven its criminal, terrorist, or militant pursuits simply because it also engages in political or humanitarian ones. As the Burgas bus bombing demonstrates, the Party of God can and has mobilized operatives for everything from criminal enterprises to terrorist attacks well beyond Lebanon's borders.

And though Hezbollah is composed of multiple committees and branches, it operates as a single entity. Hezbollah, the U.S. intelligence community has determined, is "a multifaceted, disciplined organization that combines political, social, paramilitary, and terrorist elements" and is one in which decisions "to resort to arms or terrorist tactics [are] carefully calibrated."

Hezbollah's Qassem, speaking in October 2012, concurred: "We don't have a military wing and a political one; we don't have Hezbollah on one hand and the resistance party on the other.… Every element of Hezbollah, from commanders to members as well as our various capabilities, are in the service of the resistance, and we have nothing but the resistance as a priority," he said.

Maybe it is time Western leaders finally listened to him.

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Article 6.

The Atlantic

# A Middle-Class Paradise in Palestine?

Armin Rosen

Feb 11 2013 -- The sole outlet to Rawabi sits off a dizzying two-lane highway flanked by round, scraggly hills. In this part of the West Bank, just north of where the Jerusalem suburbs thin into a dry, granite-gray wilderness, the mountains seem to aid in the illusion that Israeli and Palestinian spheres of authority can remain perfectly, even harmoniously separate. Arabs use the road to get to the Palestinian-controlled cities of Bir Zeit and Ramallah; for Jewish Israelis, the road connects the Jerusalem

area to settlements deep inside the northern half of the West Bank.

Ramallah's skyline is barely discernible on a hazy day. Ateret, a red-gabled settlement of about 90 families that sits high above the Rawabi junction -- a community which would likely either be vacated or incorporated into a Palestinian state under a future peace agreement -- flickers in and out of view with every delirious knot in the road. Even a concrete pillbox looming over the highest point along the highway is abandoned, its connection to the territory's oddly invisible occupying army marked only by a tattered Israeli flag that no one has bothered to steal or replace.

Last year was the first since 1973 in which no Israeli citizen was killed in a terrorist attack originating from the West Bank. As on the newly-pacified Gaza-Israel border, a tense quiet pervades things here, although a bright red sign at the junction reminds one category of motorist not to feel too complacent. "This road leads to Area 'A' Under the Palestinian Authority," it reads in Arabic, Hebrew, and broken English. "The entrance for Israeli citizens is forbidden, dangerous to your lives and is against the Israeli law." At the Rawabi junction these warnings of latent danger are almost comically off-base, partly because of the only other marker at the turnoff: a

light-green arrow sagging off of a nearby post.

No one lives at the end of the road, which is every bit as wavy and disorienting as the adjoining highway. It empties into a scene that seems engineered for maximum bewilderment: three high-rise cranes, topped with fluttering Palestinian flags, tower over massive stone and concrete building frames. Cement-mixers, painted the same shade of light green as the arrow at the turnoff and marked with the project's logo -- a wiry oval with a cute little convex loop at the end, like a child's drawing of a heart that could also be a tree -- line up to receive material from a buzzing, state-of-the-art plant. The construction site, a couple turns up-road of the cement factory, is swarming with workers in green hardhats. Spotless SUVs with the Rawabi logo on the door speed from one side of the site to another.

Rawabi, which will be the first Palestinian planned city in the West Bank, runs from the top of the mountain to the valley below, with its highest point sitting at an elevation slightly higher than Ateret, which is now constantly visible. In contrast, the chaos of Ramallah, stronghold of an insolvent and sclerotic Palestinian Authority, feels distant in more senses than one.

Rawabi represents something totally new -- a visionary Palestinian-directed private

sector project, with support from both Israeli businesses and a major Arab government. It has the potential to shift the conversation on the region's future on both sides of the Green Line. It could convince Palestinians -- and the rest of the world -- that the future of the West Bank shouldn't be shackled to Ramallah or Jerusalem's vacillating willingness to hash out fundamental issues. It could prove that there's an appetite, both among Palestinian consumers and foreign donors, for the creation of a social and economic existence in the West Bank that's de-coupled, insomuch as currently possible, from the Middle East's tense and labyrinthine politics.

It would also help solidify the benefits of the current cessation in hostilities. Indeed, Palestinian leader Mahmoud Abbas's progress in fostering the end of violent resistance in the West Bank in the years after the bloody Second Intifada, coupled with Palestinian Prime Minister Salaam Fayyad's widely-respected institution-building initiative, could get a crucial private sector assist through Rawabi's eventual success.

And Rawabi gets at something even more fundamental. "It touches upon all of the core issues of control and sovereignty," says Robert Danin, a fellow at the Council on Foreign Relations who, as head of the Quartet mission in Jerusalem from 2008 to

2010, witnessed some of the political discussions that accompanied the project's creation. "This could be a huge, iconic victory for the whole strategy of building Palestine from the bottom up rather than trying to build it at the negotiating table," he says.

Its success would prove just how much power Palestinians can, and indeed already do, have in shaping their future. And its failure could prove the exact opposite.

I visited Rawabi two weeks ago with a group of national security professionals, as part of a trip organized by the Foundation for Defense of Democracies, a Washington, DC-based think tank. (All of the photos in the body of the article are mine.) We were taken around the construction site by a young Palestinian engineer who conveyed the vast ambition underlying the project: When the city is completed, she said, it will house 45,000 people in 23 distinct neighborhoods with innocuous, nature-based names like "Flint," and "Hard Rock". (Rawabi is Arabic for "Hills".) There will be eight schools -- some of them built with the help of the U.S. Agency for International Development -- a "huge park," a convention center, an 850-seat indoor theater, and a 20,000-seat amphitheater carved into a hillside.

Most ambitiously, there will be a commercial center that developers hope

will bring in between 3,000 and 5,000 permanent jobs within the next five years -- hopefully, we were told, in the informational technology sector (an aspiration that might imply a certain cooperation with the burgeoning tech industry on the other side of the Green Line). The engineer said that Rawabi had already created 3,000 construction jobs for West Bank Palestinians. The city is Palestinian-designed and Palestinian-built -- making the surfeit of Qatari flags at the construction site somewhat puzzling at first. And while the project does not purchase materials from Jewish settlements in the West Bank, the engineer was hardly shy in explaining that Rawabi would add an estimated $85 million to the Israeli economy.

As we drove around the construction site, the engineer's talk made few demands on the imagination. The sheer scale of the project is already obvious. Within the next 18 months, the first phase, which includes six neighborhoods, a mosque, the amphitheater, and two-thirds of the city's commercial center, will be complete, and 3,000 people are scheduled will move into Rawabi by the end of 2013. Apartment blocks built of a local white stone -- "Rawabi stone," the engineer called it -- are already rising out of a network of concentric ring-roads centered on the top of the hill. Most of these roads have already

been paved, and there are terraced retaining walls, built out of thick stacks of local sandstone, running all the way to the bottom of the valley. No bleachers have been installed in the amphitheater yet, but it's fairly far along, with the future seating area fanning into a wide notch in the mountainside. There are attractive stone signs bearing the stylized Arabic names of neighborhoods that haven't been built yet.

The future commercial center is also well on its way to completion. Situated on a shelf slightly below the summit of the hill, the complex of office buildings, hotels, theaters, and a convention center will huddle around a broad outdoor plaza, which will be connected to the lower neighborhoods through a wide flight of stairs. The stairs, plaza, and central buildings are already past their skeletal phase, and the high-rise apartments ringing the city center look like they're almost complete. For now, the commercial core is a jumble of dust and brutal concrete surfaces, but in the future, someone lingering in the cafés near the staircase will enjoy phenomenal views of the rugged hill country, and perhaps even glimpses of the Jordan River Valley on a clear day.

It is still possible to remain unconvinced of Rawabi's reality -- doubtful as to whether that café will ever be built, or whether any middle class-Palestinian desirous of a generic middle class existence will ever

linger there. There's abundant reason for skepticism. The project's future depends on the Israeli authorities' willingness to allow for the construction of access roads in "Area C," or West Bank territory under the direct control of Israel. The sole existing route into the city only exists because the Israeli government, after years of bureaucratic and high-level diplomatic wrangling, granted Rawabi's developers a permit for a "temporary" road. Technically, they will have to destroy the road when the current permission expires. And even if the Israelis agree to make the road permanent, one two-lane route is hardly adequate for a city of 45,000 people. Developers claim it isn't even adequate to the needs of the current construction site.

Water is another challenge. Negotiations with Israel and the Palestinian Water Authority are ongoing, and developers say they have held in excess of 100 meetings with Israeli officials on water-related issues alone. Developers admit that they aren't sure where the city's water resources will eventually come from, and the construction site only got running water two months ago.

And they'll admit that attracting jobs to the site is an even bigger challenge than Israel's West Bank regime. Rawabi isn't meant to be a bedroom community of Ramallah. It's meant to be a self-contained city, with office and retail space. The jobs haven't

quite materialized yet (although the developers have a slight head start: between 200 and 300 call center-type jobs currently based in Ramallah are scheduled to move into Rawabi when the first phase of construction is complete). If the political or security situation seriously deteriorates -- if the checkpoints return, if the Israelis are forced to re-occupy urban areas ceded to the Palestinian Authority under the Oslo Accords, as happened during the Second Intifada; if Hamas wages a violent takeover of the Palestinian government -- all bets are off. The developers don't seem to be bothered by those possibilities right now. At the showroom, built at the very top of the hill, the future is nothing but bright.

I chatted with another site engineer as we walked through a scale-model mock-up of a typical Rawabian street, where happy families in western dress waved from little video screens inset in plastic apartment windows. I asked her about the Qatari flags I had seen around the construction site. Qatar's state investment fund is footing two thirds of the nearly $1 billion project bill, she said. "This is the biggest investment in the history of Palestine," she explained as we stepped over a fake valley in the next room, walking past a mock-up of a stunning hilltop view contained inside a mock-up of a future apartment suite. The Rawabians will apparently own large flat-screen TVs and stylish coffee tables, and

their living spaces will be kept mercilessly clean.

What, of that $1 billion investment, was going to Israel, I asked? Israeli companies were providing cement powder and sand, she said, and the project had consulted with "Israeli experts." "In some cases, you have to do that," she said, alluding to the comparative difficulty of importing building materials through neighboring Jordan. In other words, working with the Israelis was a necessary business decision for a project this large and complex.

The fake street, fake valley, fake apartment-display ended in a pleasant sky-lit lobby, where representatives of the Cairo Amman Bank, Arab Islamic Bank, and Arab Bank sat in logoed glass cubicles, available to discuss financing for future purchases. And for the still-skeptical, there's a six-minute 3-D movie, where the city appears in its completed glory -- a place where families picnic, men in business dress greet each other amid bustling plazas, and fireworks crest over soaring apartment towers topped with solar panels. The architecture is tasteful. These aren't dachas plunked on fake islands off the coast of Dubai. It's the kind of place where I, or just about anyone in the world with middle or even upper-middle class aspirations, would want to live. And it looked weirdly familiar.

The group had a chance to visit with Bashar Masri, the Nablus-born founder and CEO of Massar International, the Palestinian conglomerate financing a third of Rawabi. Massar and Qatar Diar, the real estate investment arm of the government of Qatar's sovereign wealth fund, jointly created Bayti Real Estate Investment Company -- Palestine to build and market Rawabi. But if two-thirds of the project's money is coming from Qatar, the vision behind Rawabi is Masri's.

Massar owns a private equity fund that invests in Palestinian agriculture and natural gas distribution. It runs travel agencies in Jordan and brokerage firms in Serbia. Massar invests in Harvest Export, which sells Palestinian produce to consumers in Russia and Western Europe -- as well as in Israel. Two years ago, Masri made headlines when he attempted to purchase a bankrupt Jewish housing development in East Jerusalem. He helped create an online trading and brokerage platform for Palestine's stock exchange.

Masri has lived outside of Palestine for periods of his life, and is, by all accounts, largely untainted by connections to the PA's notoriously rent-seeking inner circle. He's a trim middle-aged man, smartly-dressed, friendly and approachable. There seemed no more appropriate a place to talk to him one-on-one than on a wide terrace overlooking the construction site, with

hills, valleys, and rising apartment blocks -- the future he was in the process of building -- stretched out in front of him.

"On a good, clear day, you can see Tel Aviv, Ashdod, and Ashkelon," he told me. "One-third of Palestine and Israel." Rawabi is in the second-largest, yet most sparsely-populated Area A in the West Bank -- from the terrace, which faces away from Ateret, you can see expanses of mostly-empty hills. Perhaps in Masri's mind, they are awaiting Rawabis of their own. When I returned to Washington, I asked him in a phone interview if he viewed his project as the first of many such planned cities in Palestine. "I always say our success is measured not by how many homes we sell. It is measured when a second Rawabi is established," he told me.

Standing on the terrace, I asked him if his willingness to undertake such a massive project reflected any optimism about the coming years -- no one invests this much time, money, and energy into something if they expect war is on the horizon. "This project is built for today's politics," he replied. "If it gets a little worse, or a little better -- fine. If it gets really bad, we're in trouble. If it doesn't, then great. We're not waiting on a breakthrough."

He estimated that Israeli obstruction had delayed the project by a year and a half. The bureaucratic inertia could continue:

For instance, developers were surprised to find out that, by a quirk in the West Bank's notoriously Byzantine and palimpsestic legal codes, they required the approval of a joint Israeli-Palestinian water commission created through the Oslo Accords to build a sewage treatment plant in an Area A, approval that they recently received. There's also the still-unresolved matter of the access road. But thus far, Rawabi had flourished in spite of delays and inconveniences.

Could it survive its isolation, though -- could this hilltop off of a two-lane highway get enough water and electricity to support 45,000 people living at a middle class standard? "There is nothing here at all. We're out in the boondocks," he conceded. "We're building everything from scratch." One needed only to glance at the busy construction site below to understand that Masri considers this a point of pride, far from a potential death-sentence for his project.

I asked Masri about something that had jumped out at me during the 3-D video. The finished Rawabi, I'd noted, had the same terraced garden parks, stoic, modular apartment design, and concentric hilltop roads that I had seen in Talpiyot Misrach, a new neighborhood on the fringes of West Jerusalem. His city looked very, well, Israeli.

"This place is influenced by Reston, Virginia," he said -- Masri is a Virginia Tech alumnus, and had lived in the Washington, DC area earlier in life. It was, he said, influenced by planned suburbs outside of Cairo. "And it's influenced by Modi'in," he added, explaining that the site's engineers and designers (who were entirely Palestinian, we had been told earlier), had traveled to the Israeli city, which is built around similar topography, for inspiration.

Palestinians have long understood that a western-style standard of living was possible in their part of the world. They knew that places like Rawabi already existed minutes from their own homes, but didn't think that the quality of life epitomized by hilltop settlements and cities in Israel -- places they weren't allowed to visit without an official permit from the military -- was accessible to them.

During our phone interview, Masri talked about the astonishment that Palestinians feel when they visit the construction site. "When [Palestinians] come to Rawabi, and they go through the showroom and they see what we have planned for them, and they see it actually being built, they say, 'Wow, this can't be for us. This is not for us. This is too high of a standard for us because we are supposed to live miserably under the occupation'. Then they come to the other

side of the showroom and see the city being built, and reality starts sinking in."

It's a type of living closely associated with the Palestinians' neighbors in Israel. "They know very well that just a 20-minute drive away, there's a community with a much higher standard of living. And that community happened to be one representing the occupier, quote-unquote the 'enemy.' But they would love to live like that. And that's why when they come to Rawabi some of them don't believe this is for them initially. The first thing that goes through their mind is that this could be for the Israelis."

But it is for them. Rawabi's significance could lie in something more mundane than basic issues of sovereignty and control in the West Bank. It lies in the common, human desire -- powerful on either side of the Green Line -- for a comfortable and dignified existence.

In some quarters, this idea of working within the present and less-than-ideal political and economic framework to achieve this goal is nothing short of inflammatory. The U.S.-based, anti-peace process website Electronic Intifada has smeared Masri as an Israeli collaborator, and there have been scattered accusations that the project actually legitimizes Israeli control over the West Bank.

Danin says that Masri is faced with a difficult balancing act. "On the one hand you're denying the occupation, and you're saying you do not accept its legitimacy," he says. "But that doesn't mean you won't work with Israel in order to improve the Palestinian situation with the goal of removing the occupation. That's a difficult message to convey successfully."

Masri rejects the notion that he abetting a problematic status quo. "The vast majority of Palestinians understand and know reality," he said. "There is no home in Palestine without Israeli cement and parts. Every construction project in Palestine must have components from Israel. So it's not like I'm doing something different."

Of course, he doesn't like that Israel has so much control over Palestinian imports, and the West Bank economy in general. "This is the occupation," he said. "I'm not happy about that and that's why we strive for a state of our own." But he likened boycotting Israeli products to boycotting products from the United Kingdom, the United States, or other countries supportive of Israel -- something he wouldn't consider. The only people he won't buy from are the West Bank settlers.

Luckily, Masri's vision has the backing of a powerful regional government -- one that does not officially recognize Israel, and whose actions have often had the effect of

strengthening some of the Jewish State's sworn enemies.

The Gulf kingdom of Qatar has done more than simply buy into the Rawabi paradigm: It's also funding two-thirds of the project, to the tune of over $600 million. This is enough money to single-handedly finance the Fatah-dominated Palestinian Authority -- which is effectively broke, thanks to penalties imposed by the Israeli and U.S. governments after Mahmoud Abbas's successful push for a U.N. General Assembly vote on Palestinian U.N. membership, and a freeze in financial aid from Gulf State donors, most notably Saudi Arabia -- for the better part of a year.

Instead, the Qataris have not only bypassed the PA, but channeled money into a project that seems to prove the PA's uselessness. "It's like an island inside the traditional infrastructure of the PA," says Jonathan Schanzer, vice president of research at the Foundation for Defense of Democracies and author of a book on Palestinian internal politics. "It shows everyone what you can do if you don't go through the PA. The PA receives $600 million a year [in foreign aid] and they have not done something like this."

Masri says that the leadership of the PA has been fully supportive, but that Rawabi has been hurt by the Palestinian government's lack of capacity. "We should not be

building public schools. We should not be building a waste water treatment plant or waste water networks or water reservoirs," he told me. "Unfortunately we have to do that because the Palestinian Authority does not have the funding and the donors let [the PA] down."

There might be a political calculation behind Qatar's decision to throw an amount of money equivalent to two years of U.S. financial aid to the PA behind a single private-sector figure like Masri. Qatar recently announced plans to invest nearly $400 million in the Hamas-controlled Gaza Strip, and in October of 2012, Qatari Emir Sheikh Hamad bin Khalifa al-Thani became the first head of state to visit the Strip after the Islamist militant group's 2007 takeover. Hamas politburo chief Khaled Meshaal lives in Doha, and Qatar Diar is financing a major development in Sudan, whose cash-strapped government enjoys close relations with Iran, and has facilitated the transfer of long-range rockets to Hamas. In short, Qatar supports an E.U. and U.S. listed terrorist organization bitterly opposed to both Israel and the current PA leadership. And it also has no problem investing in Rawabi.

According to Kamran Bokhari, vice president of Middle Eastern and South Asian affairs for Stratfor, Qatari support for Hamas is part of the sheikhdom's larger, post-Arab Spring strategy of siding with

the Middle East's Islamists, and specifically the Muslim brotherhood, whom the Qataris view as the region's rising power. "The Qatari strategy is that the situation has changed, and we need to fend for ourselves and ensure that the regional anarchy is not going to impact us," says Bokhari. The Qatari investment in Rawabi -- which feeds an $85 million investment in the Israeli economy, and which could not have happened without some degree of official Israeli approval -- is an example of this larger geopolitical strategy, which is driven more by perceived self-interest than by an ideological affinity for political Islam.

"Investments in the region are about the return on political influence," adds Gregory Gause, a professor at the University of Vermont and a non-resident senior fellow at the Brookings Institution-Doha. He noted the presence of a large American airbase in Qatar, and the country's close relations with the United States.

In the Palestinian territories, as in the broader region, the Qataris are supporting secular and religious forces in a way that will maximize their influence and keep the regional balance as favorable for them as possible. In a sense, the same strategic calculus that convinces Qatar to support Hamas allows them to cooperate with Israel and the West Bank private sector as well.

"I think Qatar is going by the ground reality," says Bokhari. "Fatah, the ruling faction of the PA, is essentially tanking. It's really in a state of decline because of corruption and charges of embezzlement. It's got an aging leadership. There's no dynamism left in the group. There's a lot of factionalism. It's almost like an oligarchy."

Rawabi could be Qatar's way of encouraging the currently-calm status quo in the West Bank, but without obviously upgrading their ties to Israel, or throwing their money behind a political establishment that they don't fully trust. "On one end they need to make sure Fatah does not completely collapse or weaken to the point where they're no longer coherent," says Bokhari, "and Hamas needs to be shaped and contained and shepherded in a way that it doesn't grow into anything larger."

Though there are politics underlying Qatar's investment in Rawabi, it is still, inevitably, a financial decision. "You have serious people who have a lot at risk here," Danin says. "Their goal is not primarily to make a political point. Their goal is to recoup their investment and make some money." Even resource-rich Qatar, which wants to diversity its holdings in order to hedge against long-term shifts in the oil and natural gas market, cares whether its investment choices pay off.

Danin believes that Rawabi's Palestinian and Qatari investors made a wise decision. Housing in Ramallah is expensive, and Danin says that there is a sizable and highly-educated Palestinian middle class in need of an alternative to the West Bank's de-facto capital. He expressed little doubt when I asked him if the West Bank economy could support Rawabi. "This is a Palestinian national project," he said. "It is the best of what is possible in that it's private sector-led, and it's profit-making led."

And it has supporters in high places. When President Barack Obama met with Israeli officials in Washington in September of 2010, Rawabi was on the agenda.

From one perspective, Rawabi is a historic investment in Palestine, as well as an unusually open point of cooperation between Israel and an Arab government. It could improve the lives of Palestinians, while convincing Israelis that they have nothing to fear from their neighbors' prosperity. But any attempts to change the status quo in the West Bank are fraught with difficulties.

There's Israeli bureaucracy to overcome. "In Israel, if the Minister of Defense says I want something, it's not that the system thwarts it. But the system is so decentralized that ultimately it takes a lot of steps to get it translated into action,"

says Danin. Israeli officials are positively disposed towards Rawabi, but it's still taken years to resolve sovereignty and governance issues around necessities like water, and a single access road. Such Israeli inertia was apparently at the heart of Obama's concerns back in 2010, and sources say that the president has discussed the issue of the access road with Israeli Prime Minister Benjamin Netanyahu on multiple occasions.

Back in Washington, I asked Masri if he believed the Israelis understood the potential importance of Rawabi. "I really don't know," he said. "Their statements are neutral to positive. But their actions are neutral to negative."

And then there's the larger inertia. What meaning does a place like Rawabi have if it sits in the middle of a still-unresolved conflict, or if Palestinian economic self-improvement stands in contrast to an all-pervading political stasis -- or even political backsliding? Today, Rawabi is significant because of its novelty. But if there's a breakthrough in the Israeli-Palestinian peace process, perhaps enabled by a growing West Bank economy and a permanent end in terrorism, it could take on an importance much larger than itself.

On the drive out of the valley, where the highway swerves past the pillbox with the

beaten Israeli flag and past the turnoff for Ateret, the picture is still mixed.

*Armin Rosen writes for and produces* The Atlantic*'s International Channel.*

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## Cuba in its new stage: SWOT Analysis

*Fundación Internacional para la Libertad* ("International Foundation for Freedom")
*New York, 8 November 2015*

On August 14th, 2015, the United States flag was raised in Havana, formally reestablishing diplomatic Relations between the United States and Cuba, which had been interrupted since January 3rd, 1961, some 54 years ago, when Ike Eisenhower was in power in Washington and Fidel Castro in Havana.

The President of the United States, Barack Obama, and his Secretary of State, John Kerry, among many other personalities, have requested the lifting of the economic embargo imposed on Cuba by John F. Kennedy in 1962, in the midst of the Cold War, and in recent days through Havana have come Germans, French, Dutch, and Spaniards to propose bridges to the Island.

The perception is that Cuba, the largest of the thirteen markets in the Caribbean and with the largest population, followed very closely by the Dominican Republic, again opens itself up to international trade and relations.

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***Overview of the Spanish Antilles***

***Cuba***: 110,860 Km2 – 11,031,000 inhabitants – GDP per capita (PPP) **US$10,200**.

***Dominican Republic*** - 46,670 km2 – 10,349,741 inhabitants – GDP per capita (PPP) **US$12,800**

***Puerto Rico***: 13,790 km2 – 3,620,897 inhabitants – GDP per capital (PPP) **US$16,300**

For purposes of brevity and objectivity, given the composition of this audience, I´m going to employ the structure of the so-called **SWOT** analysis for contributing to the business decision of investing in that market, refraining from doing so, or awaiting greater clarity and better times. It will not be my function to recommend what should be done, but rather to place certain data and basic elements on the table for decision-makers. They will know what is best for them to do.

The **SWOT** analysis, as we know, lists the positive **Strengths**, the present **Opportunities**, the **Weaknesses** perceived, and the **Threats** detected.

***Strengths***

1. The thawing announced simultaneously by Presidents Barack Obama and Raúl Castro last December 17th, to which are added the various steps taken by both governments in

the direction of reconciliation, have created an atmosphere of triumphalism regarding the economic future of Cuba loaded with good expectations.

2. According to the surveys, support for Obama´s measures is notably of the majority in both the United States and Cuba, but there are reasons to believe that a substantial percentage of Cuban exiles also support it.
3. As part of this approach, it´s expected that some or many foreign companies will explore the possibility of investing in the Island. There is significant human capital available in Cuba: over eight hundred thousand university students and a generally healthy and educated populace.
4. The Cuban government, after 56 years of continuous exercise of power, appears solidly in control of the situation, without any person or group whatsoever that visibly challenges its authority with any possibility of success.
5. After Hugo Chávez´s election to the presidency of Venezuela at the end of 1998, that oil-producing country transferred to Cuba enormous amounts of resources. The economist Carmelo Mesa-Lago calculates the annual amount of aid at its highest point as thirteen billion dollars.
6. A quarter century after the disappearance of the Communist block, the Castro government, together with North Korea, has shown itself to be the exception to the rule: It has maintained control without renouncing the principles of Marxism-Leninism and the single party system, although cautiously attempting to modify its productive apparatus.
7. In that spirit of "reforms-within-the-system," in April 2010 Raúl Castro presented what are known as Guidelines, outlining his reform of the State, creating spaces for foreign investment and "freelancers."
8. The most important or most visible institutions in Cuban society, such as the Armed Forces and the Assembly of the People´s Power, appear to fully support the steps taken by the president, General Raúl Castro, in the direction of a re-encounter with the United States.
9. Some foreign offices of the European Union, such as the Spaniards, the Germans, and the Dutch, look favorably on what is happening, as does the Vatican, which has participated in the secret meetings to bring an end to the conflicts between Cuba and the United States. Pope Francis has announced his upcoming visit to Cuba as a kind of support for the changes.
10. Cuba exercises enormous influence in the countries of the ALBA, and the clear leadership of the group known as the nations of the XXIth Century Socialism: Venezuela, Bolivia, Ecuador, and Nicaragua.
11. To this list we must add the sympathy and solidarity that Cuba inspires in governments such as those of Argentina, Brazil, Uruguay, Chile, and El Salvador. In summary, the Island has never had a more international identification.

***Opportunities***

1. The country needs to rebuild almost all of its infrastructure. Everything is obsolete or in ruins: aqueducts and sewerage systems, electrical grids, the Internet, bridges and roads, telecommunications, homes and buildings.
2. There is fertile land for the local production of food. Cuba imports 80% of the food consumed by people and animals. Before 1959 the proportion was reversed.

3. The sugar industry, which before the revolution was the backbone of the economy, with an annual average production of six million tons, has dropped to two.
4. Tourism is a very promising field. The Island, very beautiful and with dozens of beaches, has at least 14 points on both coasts that are potentially transformable into ideal sites for building tourism poles similar to Puerto Banús in Spain or Casa de Campo in La Romana, Dominican Republic.
5. Considering the number of researchers in the field of medicine, totally under-utilized, the country would potentially be the perfect partner of large international pharmaceutical industries, to both develop new medications and produce them.
6. Given the prestige (today somewhat reduced) of its health system, Cuba is potentially an excellent site for medical tourism and a place to establish links with the North American insurance systems. Havana is much closer to Key West than Miami is to Orlando in Florida.
7. Whenever relations are really normalized and travel is facilitated and multiplies, Cuba will become an ideal place to retire for tens of thousands of Cuban Americans and North Americans who perceive an average of US$1,800 a month.
8. Cuba receives some three million tourists every year, and has eleven million inhabitants. In a few years it could receive eleven million tourists and reach the classification of *paradise*. A few daring and intelligent developers could transform the Isle of Pines, in Cuba´s south, into the Mallorca of the Caribbean. In the United States there are 300,000 luxury yachts that could visit Cuba and dock in already existing as well as future marinas.
9. If relations between the United States and Cuba continue to deepen, it´s possible to foresee a Free Trade Agreement that would allow the Island unlimited exports to the richest market in the world.
10. Because of its geographical position, Cuba is an ideal hub for the distribution of ocean-going and air cargo to North and South America.
11. Cuban-Americans, as occurred in the case of Taiwan and China, could transfer to Cuba their business expertise, their relationships, and the capital they´ve created, which would integrate the Island into the business and trade world of the United States.
12. The country, as happened in post-Communist Europe, would be the paradise of the best-known North American fast-foot franchises such as MacDonalds, Burger King, KFC, etc..
13. The same thing would occur with department store chains: Zara, Corte Inglés, Macys, Sears, and the rest of the best known establishments.

***Weaknesses***

1. The government of Raúl Castro doesn´t want a regime change but rather an improvement of the Communist model initiated in 1959. According to published and verbal statements, the model foreseen isn´t even the Chinese or Vietnamese model, but rather a Military Capitalism of State, where the government reserves the control of the 2,500 largest enterprises in the country, which it exploits directly through the military apparatus or in partnership with foreign capitalists. Cubans will not have access to the means of production, but rather to small service enterprises (small food businesses, beauty salons, etc.).
2. The government of Raúl Castro does not believe, as Deng Xiaoping proclaimed in 1992, that "enriching oneself is glorious." Raúl and Fidel continue to believe that capitalism is an evil expression of the worst human tendencies, and despite those who practice it. In Cuba, entrepreneurs are not encouraged, but discouraged. Capitalists may be

temporarily necessary, but always under the strict control of the political police in order to avoid ideological contamination of the people and the excesses of which they are capable. The government continues to uphold the supremacy of centralized planning over the market, and the virtues of frugality and non-consumption.

3. If an entrepreneur wants to evaluate the country risk before investing anywhere, he looks at the Moody´s or Standard & Poor´s ratings. According to these risk rating companies, Cuba appears on the most dangerous fringe. There is a very long history of arrests or simply noncompliance with obligations, and of re-financing which has turned out to be useless. They haven´t been able to pay their debts due to a serious and basic problem: Cuban society is very unproductive due to the collectivist economic system that they have imposed on it, and because of the size and priorities of public expenditures decided on by the government.
4. The Cuban State lacks substantial reserves, and barely generates sufficient income to survive from month to month. This means that it does not have its own resources to undertake the large public works that it needs, and it requires international loans in order to confront them, which becomes a serious problem because it does not possess reliable credit.
5. In Cuba there are no impartial courts to which one can resort in the case of a dispute of civil law, much less criminal law. There is an absolute legal defenselessness in the face of any conflict with the government or with a state-owned enterprise. The government, according to its needs, arbitrarily pursues, imprisons, or releases any citizen, including foreign businessmen with whom it has a dispute. In other words, the reverse of a true State of Law. That circumstance can be testified to by dozens of persons, including the Panamanian Simón Abadi, the Chilean Max Marambio, or the Canadian SArkis Yacoubian.
6. Foreign businessmen located in Cuba live under the "not-so-discreet" surveillance of the security forces, always in the paranoid search for the mythical and evil agent of the CIA. Many of the Cuban officials and simple neighbors or potential friends don´t dare to link themselves to foreign businessmen out of fear of losing the government´s trust, or are forced to inform in writing about any voluntary or involuntary contact they´ve had with them.
7. Cuba has not resolved the very important problem of currency. Officially, the dollar exchange is approximately on a par with the Cuban peso. On the parallel market it´s 24 pesos to 1 dollar. Cubans collect in pesos, but the government sells to them in dollars, which creates significant dissatisfaction and an obvious sense of injustice.
8. Salaries are very low (some US$24 a month), which determines the nonexistence of a potential market of 11 million consumers. Cubans have the lowest purchasing power per capita in Spanish-speaking America.
9. The banking system is insufficient and primitive. Dollar deposits – as has happened in the recent past – may be frozen at the discretion of the government.
10. Bureaucracy is very slow and insecure. Officials don´t dare to make decisions, and the instructions they receive are sometimes contradictory.
11. The hiring of workers is done through a state-owned company that charges investors in dollars and pays in pesos to the Cubans assigned to these jobs. In the transaction, the Cuban State keeps 94% of the salary. That practice contravenes international agreements signed with the ILO.
12. For over half a century, Cubans have been accustomed to stealing from the State in order to survive, by swelling on the black market the product of that theft. These habits

are transferred to the private sector, particularly because they have lived under an intense propaganda campaign against the capitalist exploiters. They know that socialism leads to disaster, but they believe that capitalism is an activity of hungry wolves.

***Threats***

1. A substantial part of the policy of reconciliation between Obama and Raúl Castro depends on the lifting of the embargo. Although there is great pressure from the White House, and surveys showing that the majority of Americans want the sanctions to end, there are no guarantees that this will be achieved during this presidency. Neither can one predict what will happen with the relations between the two countries if the next elections are won by a Republican candidate. Two of the most prominent ones, Jeb Bush and Marco Rubio, have criticized President Obama for his new Cuban policy.
2. The repeal of the 1996 Helms-Burton is one of the key requirements for Cuba to be able to approach the IDB, the IMF, or the World Bank. Without that credit, which requires Cuba´s affiliation with these organizations, the Island will have no access to loans to rebuild the costly infrastructure that the country needs. It´s a very slow process that will take a great deal of time.
3. Cuba depends in large measures on subsidies from Venezuela, and Chavism is going through a very bad time, which could end up in its destruction and substitution with a government unfavorable to "the Cubans." The disappearance of Chavism in Venezuela would be an economic and political catastrophe for Cuba. Today the popularity of Nicolás Maduro is less than 20%.
4. The political stability of the Cuban regime until now has depended on control by Fidel and Raúl Castro. Fidel just turned 89, and Raúl will be 84 in June. With them the generation of the revolution will come to an end, giving way to younger people, led by Raúl Castro´s chosen heir, Engineer Miguel Díaz-Canel, who is 55. What´s going to happen then? Could the regime transmit the authority within the Community single-party model without the old leaders who until now have lent shape and sense to the government. Will there arise other candidates with uncontrollable ambitions, presumably young military men, with the intention of taking command? Nobody knows. Nevertheless, Cuban history has been bloody when regimes reach their end. They are replaced by violence.
5. It will be very risky to invest in properties confiscated from their legitimate owners during the first years of the revolution. In both the United States and Spain there are organizations of those injured who are willing to go to court in defense of their rights, and who have hired lawyers to do just that. Originally the victims of the confiscations were North Americans or Spaniards, but over time Cuban-Americans and Hispano-Cubans have been added. Both the United States Congress and Senate and the Spanish Parliament have legislators with these origins.
6. What will probably happen will be something similar to the case of Nicaragua. Nicaraguan exiles, infinitely fewer in number and power than the Cuban-Americans, without congressmen in Washington with their origins, managed to condition American aid to the solution of the confiscations they had suffered during the first decade of the Sandinista government. What´s predictable is that the injured Americans, together with the Cuban-Americans, will manage to halt any American aid or benefit destined for Cuba until their property is returned to them or they are compensated for them.

7. Although in the tourism sector there is an evident possibility of making money in Cuba, it´s doubtful that the North American hotel industry, almost all present on the Stock Exchange, subject to North American legislation and union pressure, would lend itself to collaborating with the Cuban counter-intelligence by facilitating eavesdropping/wire-tapping and clandestine filming inside hotel installations, such as today occurs in Meliá and other European chains, violating even Cuban law which supposedly defends the inviolability of privacy. American lawyers are very clear about the high price German companies had to pay when they associated themselves with Nazism, as occurred with Volkswagen and Bayer.
8. Even though this is not a matter of investing in a country living under a dictatorship, but rather of associating oneself with a dictatorial government in order to exploit workers and companies, it´s very possible that, whenever the opportunity presents itself, those businessmen linked to the Cuban government are going to be accused in court because of the confiscation of 94% of the salary through the exchange of dollars for pesos and other violations of the rules of the International Labor Organization. Workers´ claims will be very high, and there are American law firms willing to bring them in exchange for a percentage of whatever is eventually received.
9. Lastly, two articles of the Cuban constitution profile the inflexibly Communist nature of the regime, and become a permanent threat against foreign investors. Article 5: *The Communist Party of Cuba, Martí-inspired and Marxist-Leninist, organized vanguard of the Cuban nation, is the superior directing force of society and the State.* Article 62: *None of the liberties recognized to citizens may be exercised against what is established in the Constitution and laws, or against the decision of the Cuban people to build socialism and communism. The violation of this principle is punishable*.

**From:** Michael Wolff [redacted]
**Sent:** 10/21/2016 7:48:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ailes said he gave up trying to give advice, that Trump was the boy in pre-school who you just knew was going to throw a truck at another kid's head.

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**From:** Pritzker, Tom [redacted]
**Sent:** 11/28/2016 6:47:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Cash or in-kind services?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:47 PM
**To:** Pritzker, Tom [redacted]
**Subject:** Re: Re:

comey knows that denise neeed to pledge 500k to foundation

On Mon, Nov 28, 2016 at 1:44 PM, Pritzker, Tom <[redacted]> wrote:

Read an interesting article on why Comey screwed Clinton. Came from Israeli press.

1. Comey as DA is hunting down Marc Rich to indict him.
2. Ehud calls Clinton and says please pardon Marc Rich he has done work for Mossad that has been valuable.
3. Clinton pardons Rich and Comey has been pissed ever since.
4. Comey got his opening to get even.

No idea if this is accurate story.

tjp

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:39 PM
**To:** Pritzker, Tom <[redacted]>
**Subject:** Re:

barrack and the boys in pb, wild wild .

On Mon, Nov 28, 2016 at 1:37 PM, Pritzker, Tom <[redacted]> wrote:

Will check

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:35 PM
**To:** Pritzker, Tom <[redacted]>
**Subject:**

im in wed , fri. edelman?

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# INSIGHT

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## Loved or loathed, globalisation is here to stay

**Andrew Sheng** says the danger for the world is that its detractors – chief among them the US president – will make the system less fair by ignoring their responsibilities

Depending on who you talk to, globalisation happened either in 1492, when Christopher Columbus discovered America in search of the Orient, or in the 19th century, when America decided to look outwards for trade after its civil war.

By 2000, the movement of trade, technology, finance and investments across the globe seemed unstoppable. Globalisation had lifted billions from poverty and the logic of free trade and capital flows was accepted from Beijing to Zanzibar. But in 2007, when the North Atlantic financial crisis revealed the flaws of excessive financialisation, doubts about globalisation began to creep in.

Globalisation, in the form of the spread of trade, money, people and information, is inevitable, essentially because of expanding demographics and technology. Human beings migrate all over the world, and it was technology – the invention of railways, ships, planes and now information communications – that accelerated the spread of global ideas and genes.

As Nobel laureate Joseph Stiglitz, author of *Globalisation and Its Discontents*, aptly put it, globalisation is either positive or negative, depending on how it is managed.

Like any rational system, the system works well with someone providing public goods.

The internet is such a public good. It gave even the most remote people and places access to global knowledge, thus making the world more inclusive. But if and when the masses cannot benefit from such access, technology and globalisation can widen inequalities, giving rise to anger, frustration and the rise of populist sentiments.

The reality is that globalisation cannot be stopped. But it can be managed better. The issues that arouse anti-globalists can and should be managed. These are the interrelated issues of climate change, disruptive technology, human migration and toxic politics.

Being a businessman, Donald Trump's basic instinct is to manage these issues bilaterally, which is why intuitively he does not like multilateral groups like the World Trade Organisation. But these multilateral institutions provide exactly the global public goods that make globalisation positive rather than damaging. What is fair to a behemoth that accounts for 22 per cent of world gross domestic product may not be fair to a small bilateral trading partner one-tenth its size. The world's multilateral rules, which took years to negotiate, are there because they bind everyone, large or small, to global mutual benefit and shared stability.

What does President Xi Jinping's (習近平) commitment to globalisation in Davos in January really mean? There are several guiding principles behind that gesture.

First, there is Chinese recognition that global problems like climate change, disruptive technology and human migration involve costs that can only be solved from new resources generated through growth in trade and investments.

Second, China doesn't see globalisation as a zero-sum game, but one where there can be benefits for all, provided the downsides are managed on a mutually shared basis, according to mutually agreed multilateral rules.

Third, accounting for only 15 per cent of world GDP, China on its own cannot push globalisation. It must work with the current advanced economies like Europe (25 per cent of world GDP), Japan (6 per cent) and others.

Fourth, to be realistic, China's contribution to globalisation must work on the principle of comparative advantage. Being a latecomer to globalisation, China has considerable first-hand experience in building infrastructure, supply chains and urban conglomeration under third-world conditions. Its comparative advantage is based on the adaptation of modern technology, such as internet platforms, to lower trading and transaction costs. India, Kenya and other emerging markets are also moving in the same direction.

In short, to promote the good side of globalisation, we must apply 21st-century tools and experience to manage 21st-century problems. Going forward, the complexity is that Trump is pushing the leading economy to swing from a major contributor of global public goods to a "taxer" on globalisation. That is the true meaning of the border tax and the choking of allies that they need to contribute to any bilateral efforts in defence or in the building of walls. But America works on the basis of freely importing resources and talent way in excess of domestic production. That exposes itself in its larger and larger current account and fiscal deficits and its growing global debt.

Which is why everyone prays that saner heads will prevail in America's commitment to globalisation. "America first" cannot operate on the basis of everyone else loses. Just as business is too important to be left to businessmen, globalisation is too important to be left to its discontents.

Andrew Sheng writes on global issues from an Asian perspective

**A section of a border fence separating the US and Mexico is under construction.** Photo: Bloomberg

## US AKEABLE CORE

**Robert Lawrence Kuhn** says China's 'two sessions' underlines the non-negotiable nature of Xi's status as core leader

The "two sessions" in Beijing – the annual meetings of the National People's Congress and the Chinese People's Political Consultative Conference – offer some sense and insight about China's governance. Attending them this year, I have come away with several impressions.

One is the conjunction of two ways of thinking that Westerners would deem incompatible: stricter conformity and enforcement of political orthodoxy, and greater freedom and encouragement to critique government programmes. To understand China's system of governance, especially under President Xi Jinping (習近平), now the "core" of the Chinese Communist Party, is to appreciate why these two ways of thinking are deemed complementary, not contradictory. China's leadership recognises that it needs the wisdom of society, especially the expertise of the intellectual elite, to critique and improve government, but the concern is that such criticism could be destabilising. Hence the political controls to enable the criticism.

China watchers scrutinise everything going on here – work reports, press conferences, policy announcements, personnel moves, sideline comments, even seating arrangements. Which policies are stressed? What signals are sent? Any surprises? What's "in the air"?

Listening to Premier Li Keqiang (李克强) give the annual government work report to the nearly 3,000 NPC delegates assembled in the Great Hall of the People, one is struck by the civilisation-state pageantry of China state power and the sheer magnitude of managing this huge country. One must comprehend the country as a whole, integrating political, social, cultural and ecological sectors with the economy. To focus only on the economy is to distort the lens with which to view China.

To the untrained eye, the structure and phrases of work reports look similar to those of previous years. But look closely and one sees the small but revelatory differences.

China's ruling party prides itself on careful, incremental change, and usually this is the case. But occasionally we catch sharper breaks with past practice. This year, three aspects stand out: reform, innovation and, most significantly, Xi's leadership.

First, while reform has long been a key feature of government work reports, the pervasiveness of reform this year makes it special. Almost every section is founded on reform. Regarding the economy, "supply-side structural reform" is the well-known watchword, and the report calls for cutting industrial overcapacity, reducing urban real estate inventory, deleveraging Chinese firms by decreasing debt, and cutting costs for doing business. All this I expected.

What I did not expect was the specificity of directives for cutting costs – with five detailed prescriptions, such as reducing a blizzard of government-imposed fees, about which entrepreneurs have been complaining loudly. Reform affects almost every aspect of society, including the household registration system (*hukou*), health care, environmental protection, intellectual property rights and streamlining government bureaucracy.

Innovation is stressed for industrial transformation – not simply platitudes promoting science and technology but practical steps, such as enabling universities and research institutes to "operate with autonomy" and to implement "incentive policies like stocks, options and dividends".

It could hardly be clearer that China's "socialism with Chinese characteristics" continues to separate itself from the failed forms of 19th-century socialism that founded the old Soviet Union and was passed to China prior to the reforms of Deng Xiaoping (鄧小平). The pervasiveness of reform and the call for innovation are the product of Xi's leadership, which is what really marked the two sessions. In his work report, Premier Li pledged to implement "General Secretary Xi Jinping's major addresses and his new vision, thinking and strategies for China's governance", and the "four-pronged comprehensive strategy", the political theory that Xi unveiled in 2015.

> **One must comprehend the country as a whole ... To focus only on the economy is to distort the lens with which to view China**

One need not be a China hand to see that Xi's "four comprehensives" – to build a moderately prosperous society, deepen reform, advance the law-based governance of China, and strengthen party self-governance – has been elevated to a foundation of theory of the state. In the theory section of the work report, Xi's contributions take up 39 words in the English translation, more than double the theories of former leaders Deng, Jiang Zemin (江泽民) and Hu Jintao (胡锦涛), which collectively take up 18 words.

Separately, while "Marxism-Leninism" and "Mao Zedong thought" were duly noted in the draft general provisions of civil law, the famous phrases didn't make the more important government work report. I doubt the cut was made to save space.

The significance of Xi's role as China's preeminent leader is that it provides political stability and coherent policies, such that the crucial 19th party congress, forthcoming in the autumn, should play out according to expectations. My take from speaking with delegates is that Xi's leadership position as core of the party is confirmed and enhanced. This means that China can focus on the hard tasks of enhancing reform and transforming the economy.

One other development is notable: the NPC is becoming more an empowered deliberative body and less a "rubber stamp" cheerleader. An example of this is the multifaceted process of constructing a comprehensive civil code, targeted for 2020. After three revisions, the general provisions of civil law finally provides a framework for codifying some 200 civil and commercial laws in constructing a legal system to serve civil society. The NPC's growing confidence to disclose disputes and to allow, indeed to encourage, debates is promising.

And what of Xi's anti-corruption drive? Foreign media typically assume that the drive reflects a power struggle among leaders and factions, while some Chinese officials claim that it has nothing to do with political struggle.

There are multiple reasons for the campaign, of course. More incisively, we can see how the campaign has been energised by Xi's "four comprehensives" political theory. One, realising a moderately prosperous society is hindered by corruption; two, reform is resisted by corrupt officials who protect their illicit financial benefits; three, the drive exemplifies the rule of law; four, strictly governing the party could be defined as anti-corruption.

A few of the now-caged "tigers" were convicted of "seriously violating the party's political discipline" "banding together in gangs and forming factions", and conducting "non-organisational political activities" – a not very veiled code-phrase for attempting to undermine China's leadership. By eliminating these political threats, the anti-corruption campaign helps ensure political stability, especially as the country enters the final run-up to the 19th party congress.

There is now no ambiguity: China is under the firm leadership of the party's Central Committee, with Xi as its core, and alignment with Xi's "four confidences" doctrine – in which officials are urged to be "confident in China's chosen path, political system, guiding theories, and culture" – is non-negotiable.

Many areas of society and government are open to debate, but not the core principles and not the core leader. These have been decided and conformity is expected. Only with such unity can the "four comprehensives" bring about the great rejuvenation of the Chinese nation and realise the Chinese dream.

Robert Lawrence Kuhn is a public intellectual, political/economics commentator, and an international corporate strategist. He is the host of Closer to China with R. L. Kuhn on CGTN (produced by Adam Zhu)

## John Tsang and a question of political ethics

**John Chan** says Tsang's assertion that his chief executive bid was an afterthought is unconvincing, given events of the past two years

John Tsang Chun-wah has said he resigned as financial secretary not to run for chief executive, "but because of many other things". "Unhappiness at work was one of the reasons. It was not a sudden decision." He also said he only made up his mind to run after he had left.

Most would find that hard to believe. Judging from Tsang's high-profile preparation over the past two years, and the fact that he never denied suggestions that he intended to run, it is inconceivable that he should say he resigned in December not to run for the top post but for some other reason.

Consideration of political morality explains why Tsang may have presented his case as an unbelievable sudden decision. He knows it would be deemed politically unethical and immoral if he should admit to preparing to run for two years, or even from just before Chief Executive Leung Chun-ying unexpectedly announced he would not seek a second term.

Former chief secretary Carrie Lam Cheng Yuet-ngor, in stark contrast to Tsang's wishy-washy stance, had always clearly asserted that she would not run. Her firm denials changed only after Leung said he would not seek a second term. Lam was clear on the point that it would be politically immoral for a serving cabinet member to contest the top post with the incumbent also running.

In the US, the last time a former cabinet secretary became a major party's choice for president was in 1928, when commerce secretary Herbert Hoover won the Republican nomination and went on to become the 31st US president. However, he ran only after sitting president Calvin Coolidge said he would not. It is political ethics that stops a US cabinet secretary running against a president seeking re-election. This is unlike in the parliamentary system in the UK or Commonwealth nations, where ministers are elected members of the ruling party or coalition. Ministers and other ruling party MPs choose their party leader, who becomes the prime minister. They also have the power to depose and replace the incumbent.

Hong Kong's cabinet of bureau secretaries nominated by the chief executive is similar to the US system. If a financial secretary wishes to run against his chief executive who is bidding for a second term, he must resign as soon as he manifests such an intention – failing to do so would be politically immoral.

Tsang was quoted as saying, when questioned on his obvious rift with Leung during the Wang Chau development saga, that: "You always agree with your boss. No question about that." An explanatory extension could be: "If you do not agree with your boss, you've got to leave. No question about that." More so if he harboured an intention to run against Leung.

Almost all local media and commentators said Tsang had been making preparations to run for the top post for more than two years: Tsang himself has never denied this. It was thus a big surprise that he should choose to say the idea only emerged after his resignation was approved by Beijing. It comes across as a futile attempt to brush aside the lingering doubts over his political morality, given his preparations for the past two years.

John Chan is a practising solicitor and a founding member of the Democratic Party

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**From:** Robert Kuhn [[redacted]]
**Sent:** 4/8/2017 6:28:05 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - The Science of Sleep and Dreams

**Importance:** High

Just arrived NY, here for ~10 days.

Now with the Trump-Xi Summit over (utterly overwhelmed by Syria strike), back to Closer To Truth.

When good to meet?

Robert

On Mar 23, 2017, at 4:23 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Look forward to seeing you

On Thu, Mar 23, 2017 at 3:54 PM Robert Kuhn <[redacted]> wrote:

Hi: Just returned from a month in China. Attached is my summary of recent politics (in South China Morning Post), and pics of moderating (at request of govts of China and Israel) the PM's discussion with leading Chinese technologist (Baidu CEO, dominant Chinese search engine). The PM was in China for 25th anniversary of diplomatic relations

Back to CTT, my 'true love'… Love to discuss Science of Sleep & Dreams project. I'm in LA for week and then NY April 8-18.

Warm regards, Robert

On Feb 15, 2017, at 1:29 PM, Robert Kuhn <[redacted]> wrote:

501 (c) (3) - private operating foundation - The Kuhn Foundation, which I set up in 1999 to support Closer To Truth. IRS letter attached.
Thank you.

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is it a charity that received the funding?

On Wed, Feb 15, 2017 at 1:27 AM, Robert Lawrence Kuhn <[redacted]> wrote:

*Pardon the formality below - I want to approach your very legitimate questions / concerns in a serious manner.*
*Attached and below the same.*

Dear Jeffrey:

As requested, the following addresses your two questions / concerns about our proposed Closer To Truth TV series "The Science of Sleep and Dreams":

(i) Have there been sufficient breakthroughs in Sleep and Dreams (significantly beyond traditional understandings) to justify a major TV series?

(ii) Even if 'yes' to (i), is now the proper time for such a foundational series, or are more years needed for corroborative studies and further research to solidify the breakthroughs?

In preparing this response, my primary source is Professor Patrick McNamara, Department of Neurology, Boston University School of Medicine, with whom CTT Producer/Director Peter Getzels and I spoke with at length today. Patrick is one of the leading sleep and dream researchers (he himself more dreams). More importantly, he is perhaps the leading chronicler of the field, with many publications (including 26 entries in related encyclopedias). He is co-editor-in-chief of the "Encyclopedia of Sleep and Dreams" (2012) and the sole author of the forthcoming "An Introduction to the Neuroscience of Sleep and Dreams" (Cambridge University Press, 2018), which intends to present the latest science and to become a main textbook for graduate courses/seminars. Patrick is a CTT contributor and colleague.

When we asked Patrick, his first response – "This is the ideal time to tell the sleep-and-dreams story" – and he cited (in essence) your two questions, in that (i) the multiple breakthroughs are now sufficiently well corroborated by numerous independent labs such that a substantial foundation for the new, deeper understanding of sleep and dreams is now for the first time (over the past few years) confirmed and established, and (ii) there are now interesting application and critical clinical questions to pose, explore and pursue, such as for the treatment of various mental-related illnesses that have known sleep-related syndromes (e.g., PTSD and Depression).

To understand the significance of recent breakthroughs, a defining characteristic of sleep and dreams is that there are two distinct kinds of sleep – REM (rapid-eye-movement) Sleep and NREM (non-rapid-eye-movement) Sleep. Most dreams are associated with REM sleep (though complex). The eye movement gives the eponymous name, but a more important designation defines the two stages in terms of brain waves (electroencephalograph – EEG): REM is Fast-Wave Sleep (similar to the waking state) and NREM Sleep is Slow-Wave Sleep (very different from the waking state). This difference between REM and NREM sleep has been known since 1953 (different EEGs since 1937), but its deep significance has only been discovered and confirmed in very recent years (as explained below).

Following are the key areas of breakthrough in sleep and dreams (from Patrick). Patrick states that these are now reproducible, non-controversial, and well-accepted among experts, although still not appreciated by the public - hence the high value of our CTT TV series. The organizing idea is why and how are sleep and dreams essential for normal memory consolidation and bodily health / well-being.

<u>Memory Consolidation</u>. There is a fundamental difference between REM and NREM Sleep for memory consolidation: REM is for emotional memories, whereas NREM is for declarative and procedural memories. Hence, understanding and dealing with REM emotional memories can lead to treatment for the many neuropsychiatric illnesses that have sleep/dream-related disorders or syndromes (Parkinson's Disease,

Anxiety, Substance Abuse, many sleep disorders such as Nightmare Disorder, etc., in addition to PTSD and Depression). Research shows bi-directional causality between neuropsychiatric disorders and sleep disorders. This is a superb example of how fundamental science breakthroughs lead to clinical breakthroughs. This fact that REM is associated with emotional memories is nicely consistent with the apparent psychotic nature of dreams, because in REM Sleep the frontal cortex is 'down-regulated' (and the frontal cortex is associated with rational planning, reflection, controlling impulses), while in REM Sleep the limbic system is 'up-regulated" (and the limbic system is associated with emotions and feelings) – see Neuroimaging below. This is why dream states flood the ego with emotional fantasies without rational control. However, it is also true that the limbic system enables creative ideas, thus grounding in science the long-suspected idea that sleep and dreams can enhance creativity.

As Dr. Robert Stickgold, our other advisor on the series, wrote: "It would be nice if we could talk about sleep and memory as if there were only one type of memory and one type of sleep. But this is far from the case. Sleep and memory each comes in many forms, and furthermore, memories can go through multiple forms of post-encoding processing that must be individually addressed."

Immunity / Immune System. Strengthening the immune system is now a proven product of NREM sleep. Discerning the evolutionary basis for this is a key research project (i.e., it seems counter-intuitive that sleeping facilitates fitness for survival in that predators lurked in the jungles and on the plains so that going unconscious during sleep does not, at first glance, seem especially adaptive). Studies of sleep in various non-human animals reveals a direct relationship between longer periods of NREM (Slow-Wave) Sleep and a stronger immune system, especially in fighting parasites. NREM Sleep releases molecules that fight inflection; NREM Sleep works for the maintenance, repair and activation of the immune system. (This gives scientific rationale for the need or desire to sleep during illnesses.) Related are "genetic conflict" studies with respect to REM and NREM, showing differences in heredity between material and paternal lines, and differences between males and females in which genes get "imprinted".

Neuroplasticity. Exciting recent research has reversed the century-long conventional wisdom that new neurons are never created in adult animals/humans. The development of new neurons – neuronogenesis – is a vital part of maintaining normal brain and mental functioning. New neurons are being created, importantly, in the hippocampus (brain organ where new memories are encoded) – but, remarkably, the neuronogensis in the hippocampus occurs only/largely during REM Sleep – a stunning finding. This is another reason why REM sleep is needed for emotional memory consolidation (normal functioning).

Dream-Content. Although dreams have sparked human fascination and fantasy for thousands of years, only in very recent years, have large-scale surveys been conducted with rigorous design, classifications and statistical analysis. Literally hundreds of thousands of dreams are enabling statistically significant theories, including cross-cultural analyses (similarities and differences). Dream-posting sites have revolutionized size and structure of dream data sets. This enables, for the first time, longitudinal studies of dreams over time. Patterns are repeated. For example, in general, the dreams of males and females differ in fundamental ways. Males will engage in fighting with other males; females with both males and females. Male dreamers are often the initiator of fights and the fights are usually physical. Females fight verbally. Aggressiveness by the dreamer is almost always in REM Sleep, rarely in NREM Sleep. (Why is a continuing question.) "Lucid Dreaming" is a new area of fascinating research. Lucid Dreaming is where the dreamer "knows" that he/she is dreaming while dreaming (a talent that a small minority possesses but more can be trained/developed). Lucid dreamers, while sleeping, can now communicate with experimenters by altering their brain activity and thus becoming detectable by neuroimaging techniques (see below).

Neuroimaging. Finally, neuroimaging technology has enabled many of these breakthroughs. As such, it is itself a methodological breakthrough that has enabled these other content breakthroughs. Neuroimaging now enables detailed location of the neuroanatomy and neurophysiology of REM and NREM Sleep. In REM Sleep, the dorsolateral, frontal cortex is "down-regulated", whereas the limbic system is "up-regulated",

showing the physiological basis for the emotional, wild-fantasies of dreams (see above). (Neuroimaging will enable good visual images for the TV series without extra costs.)

Patrick stresses that while these breakthroughs form, for the first time, a solid foundation for understanding sleep and dreams, they also open opportunities to dig deeper into the "purpose" of sleep and dreams, as well as engender a new series of questions and directions (e.g., clinical treatments of illnesses).

Attached is Patrick's quick compiling of summaries of a few recent leading research papers (2009 – 2017, especially 2015-2017).

You'd enjoy speaking with him, if you want.

Love to do this series together with you.

Much appreciate and warm regards,

Robert

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**Sent:** 4/8/2017 5:56:40 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - The Science of Sleep and Dreams

**Importance:** High

Got it

שמח חג

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(i) Have there been sufficient breakthroughs in Sleep and Dreams (significantly beyond traditional understandings) to justify a major TV series?

(ii) Even if 'yes' to (i), is now the proper time for such a foundational series, or are more years needed for corroborative studies and further research to solidify the breakthroughs?

In preparing this response, my primary source is Professor Patrick McNamara, Department of Neurology, Boston University School of Medicine, with whom CTT Producer/Director Peter Getzels and I spoke with at length today. Patrick is one of the leading sleep and dream researchers (he himself more dreams). More importantly, he is perhaps the leading chronicler of the field, with many publications (including 26 entries in related encyclopedias). He is co-editor-in-chief of the "Encyclopedia of Sleep and Dreams" (2012) and the sole author of the forthcoming "An Introduction to the Neuroscience of Sleep and Dreams" (Cambridge University Press, 2018), which intends to present the latest science and to become a main textbook for graduate courses/seminars. Patrick is a CTT contributor and colleague.

When we asked Patrick, his first response – "This is the ideal time to tell the sleep-and-dreams story" – and he cited (in essence) your two questions, in that (i) the multiple breakthroughs are now sufficiently well corroborated by numerous independent labs such that a substantial foundation for the new, deeper understanding of sleep and dreams is now for the first time (over the past few years) confirmed and established, and (ii) there are now interesting application and critical clinical questions to pose, explore and pursue, such as for the treatment of various mental-related illnesses that have known sleep-related syndromes (e.g., PTSD and Depression).

To understand the significance of recent breakthroughs, a defining characteristic of sleep and dreams is that there are two distinct kinds of sleep – REM (rapid-eye-movement) Sleep and NREM (non-rapid-eye-movement) Sleep. Most dreams are associated with REM sleep (though complex). The eye movement gives the eponymous name, but a more important designation defines the two stages in terms of brain waves (electroencephalograph – EEG): REM is Fast-Wave Sleep (similar to the waking state) and NREM Sleep is Slow-Wave Sleep (very different from the waking state). This difference between REM and NREM sleep has been known since 1953 (different EEGs since 1937), but its deep significance has only been discovered and confirmed in very recent years (as explained below).

Following are the key areas of breakthrough in sleep and dreams (from Patrick). Patrick states that these are now reproducible, non-controversial, and well-accepted among experts, although still not appreciated by the public - hence the high value of our CTT TV series. The organizing idea is why and how are sleep and dreams essential for normal memory consolidation and bodily health / well-being.

Memory Consolidation. There is a fundamental difference between REM and NREM Sleep for memory consolidation: REM is for emotional memories, whereas NREM is for declarative and procedural memories. Hence, understanding and dealing with REM emotional memories can lead to treatment for the many neuropsychiatric illnesses that have sleep/dream-related disorders or syndromes (Parkinson's Disease, Anxiety, Substance Abuse, many sleep disorders such as Nightmare Disorder, etc., in addition to PTSD and Depression). Research shows bi-directional causality between neuropsychiatric disorders and sleep disorders. This is a superb example of how fundamental science breakthroughs lead to clinical breakthroughs. This fact that REM is associated with emotional memories is nicely consistent with the apparent psychotic nature of dreams, because in REM Sleep the frontal cortex is 'down-regulated' (and the frontal cortex is associated with rational planning, reflection, controlling impulses), while in REM Sleep the limbic system is 'up-regulated" (and the limbic system is associated with emotions and feelings) – see Neuroimaging below. This is why dream states flood the ego with emotional fantasies without rational control. However, it is also true that the limbic system enables creative ideas, thus grounding in science the long-suspected idea that sleep and dreams can enhance creativity.

As Dr. Robert Stickgold, our other advisor on the series, wrote: "It would be nice if we could talk about sleep and memory as if there were only one type of memory and one type of sleep. But this is far from the case. Sleep and memory each comes in many forms, and furthermore, memories can go through multiple forms of post-encoding processing that must be individually addressed."

Immunity / Immune System. Strengthening the immune system is now a proven product of NREM sleep. Discerning the evolutionary basis for this is a key research project (i.e., it seems counter-intuitive that sleeping facilitates fitness for survival in that predators lurked in the jungles and on the plains so that going unconscious during sleep does not, at first glance, seem especially adaptive). Studies of sleep in various non-human animals reveals a direct relationship between longer periods of NREM (Slow-Wave) Sleep and a stronger immune system, especially in fighting parasites. NREM Sleep releases molecules that fight inflection; NREM Sleep works for the maintenance, repair and activation of the immune system. (This gives scientific rationale for the need or desire to sleep during illnesses.) Related are "genetic conflict" studies with respect to REM and NREM, showing differences in heredity between material and paternal lines, and differences between males and females in which genes get "imprinted".

Neuroplasticity. Exciting recent research has reversed the century-long conventional wisdom that new neurons are never created in adult animals/humans. The development of new neurons – neuronogenesis – is a vital part of maintaining normal brain and mental functioning. New neurons are being created, importantly, in the hippocampus (brain organ where new memories are encoded) – but, remarkably, the neuronogensis in the hippocampus occurs only/largely during REM Sleep – a stunning finding. This is another reason why REM sleep is needed for emotional memory consolidation (normal functioning).

Dream-Content. Although dreams have sparked human fascination and fantasy for thousands of years, only in very recent years, have large-scale surveys been conducted with rigorous design, classifications and statistical analysis. Literally hundreds of thousands of dreams are enabling statistically significant theories, including cross-cultural analyses (similarities and differences). Dream-posting sites have revolutionized size and structure of dream data sets. This enables, for the first time, longitudinal studies of dreams over time. Patterns are repeated. For example, in general, the dreams of males and females differ in fundamental ways. Males will engage in fighting with other males; females with both males and females. Male dreamers are often the initiator of fights and the fights are usually physical. Females fight verbally. Aggressiveness

by the dreamer is almost always in REM Sleep, rarely in NREM Sleep. (Why is a continuing question.) "Lucid Dreaming" is a new area of fascinating research. Lucid Dreaming is where the dreamer "knows" that he/she is dreaming while dreaming (a talent that a small minority possesses but more can be trained/developed). Lucid dreamers, while sleeping, can now communicate with experimenters by altering their brain activity and thus becoming detectable by neuroimaging techniques (see below).

Neuroimaging. Finally, neuroimaging technology has enabled many of these breakthroughs. As such, it is itself a methodological breakthrough that has enabled these other content breakthroughs. Neuroimaging now enables detailed location of the neuroanatomy and neurophysiology of REM and NREM Sleep. In REM Sleep, the dorsolateral, frontal cortex is "down-regulated", whereas the limbic system is "up-regulated", showing the physiological basis for the emotional, wild-fantasies of dreams (see above). (Neuroimaging will enable good visual images for the TV series without extra costs.)

Patrick stresses that while these breakthroughs form, for the first time, a solid foundation for understanding sleep and dreams, they also open opportunities to dig deeper into the "purpose" of sleep and dreams, as well as engender a new series of questions and directions (e.g., clinical treatments of illnesses).

Attached is Patrick's quick compiling of summaries of a few recent leading research papers (2009 – 2017, especially 2015-2017).

You'd enjoy speaking with him, if you want.

Love to do this series together with you.

Much appreciate and warm regards,

Robert

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# COMMENT



Jean Pierre Raffarin and Xu Gai

## A new growth point for world economy

In Europe, the Belt and Road Initiative does not get the attention it deserves. However, the history of the ancient Silk Road has fed our imagination for centuries. Today, China speaks for reality while Europe is limiting itself to curiosity. But newly elected French President Emmanuel Macron can accelerate Europe's interest in the initiative.

President Xi Jinping surprised the rest of the world when he announced the Belt and Road Initiative. As often happens in China, the idea is the result of a deep strategic reflection.

China is seeking big markets for its industrial products. Marginal gains of globalization are shrinking, and growth needs a new revival. In Asia, this new revival is called connectivity. By helping the economies along the Belt and Road routes to develop and improve their infrastructure, hard and soft, China is reinforcing its openness and the upgrading of its manufacturing sector.

The initiative will also help the internationalization of its currency and, in the long run, the transformation of its growth toward quality.

Europe should find interest in this. Under the initiative, cooperation with China on its two aisles, Eurasia and "Eurafrica", can allow the European Union to reach its economic growth and employment targets.

That big geostrategic region must become "a community of interests, of responsibility and common fate".

As Premier Li Keqiang has often said, "today, no nation can succeed alone". Therefore we must invent international engaging projects. This perspective is definitely pacifist. And by serving development and prosperity, it serves peace.

China's analysis needs to be studied. In the past, the East was the place where goods were born, and the West where they matured. Today, the West is standing still or even going backward while the East initiates reforms.

Asian dynamics must reach Europe. As a country of new technologies, France is ready. Its interest is even more relevant since the United States has become more unpredictable and is turning toward the Asia-Pacific region while ignoring Europe.

Eurasia is the future global balancing power. In the initiative, Europe can find a historical opportunity to put itself into a more central world position. So, is this the time to redefine transatlantic relations?

For China, the West-led globalization has created harsh competitions, partly destructive. It points to civilizations moving backward, for example, by giving rise to populism in the West and Brexit. That is why the election of Macron as French president sends a message of trust and hope.

Eurasia, marked by great civilizations such as Egyptian, Babylonian, Greek, Indian and Chinese, can be the place of rebirth of civilization. And oceans must again find a place in this civilization.

The Belt and Road Initiative, like other innovative 21st century ideas, is not speculative or virtual. Huge financial means and multilateral tools have been invested to give shape to the initiative, which will reform global governance.

The Asian Infrastructure and Investment Bank will definitely leverage growth for Eurasian economies. And the initiative, BRICS New Development Bank and the Silk Road Fund all show that China has the power to realize its vision.

In the next five years, China will import $10 trillion worth of goods and invest more than $500 billion abroad. The current pace is faster than the 13th Five-Year Plan (2016-20) precast. For the first time this year, Chinese investments abroad have exceeded foreign investments in China.

France is following the initiative with interest, and must realize that it directly touches its interests and alliances. This is a great opportunity for the new French president.

By choosing a message of openness, the French people have shown they are open to great adventures that serve development, hence peace.

*Jean Pierre Raffarin is former prime minister of France and president of the Senate's Foreign Affairs, Military and Defense Commission, and Xu Gai is his advisor on China affairs.*

Yang Yanyi

## Together we can make a difference

The Belt and Road Forum for International Cooperation to be held in Beijing on Sunday and Monday will see the participation of some 1,500 officials, scholars, entrepreneurs from more than 130 countries, and representatives from more than 70 international organizations. Of the 29 heads of state and government who will participate in the forum, quite a few are from Europe. European Commission Vice-President Jyrki Katainen, too, will take part in the forum.

At a time when the global economic recovery is still sluggish, trade and investment remains weak, and growth impetus unstable, the forum offers an excellent opportunity to review the gains and, more importantly, to build a closer and stronger partnership.

China and the European Union share much in common in pursuing shared growth, development and connectivity, including through the Belt and Road Initiative, and have come up with a proud record so far.

At the 17th China-EU Summit in 2015, China and the EU agreed to synergize the initiative and the Investment Plan for Europe. China and some EU countries have signed inter-governmental cooperation agreements and launched a Belt and Road working group mechanism to jointly advance the initiative. Also, China and 16 Central and Eastern European countries have worked closely to enhance cooperation under the Belt and Road Initiative and the 16+1 framework.

As concrete steps to promote seamless traffic flows, China and the EU signed an MOU for the establishment of a "Connectivity Platform". China has launched railway freight service to some European countries. And cooperation in such areas as railways, ports, airports, power, transportation and logistics has gathered momentum.

The two sides are also working together to deepen dialogue and cooperation in information and communications technology.

To develop practical financial avenues for mutually beneficial cooperation, China and the EU agreed to set up a co-investment fund. And early this year, China became the 67th member of the European Bank of Reconstruction and Development.

The Beijing forum has now raised the two sides' interest in exploring potential areas of cooperation to create fresh energy for pursuing interconnected development. To contribute to the ongoing efforts and deliberations, here are my suggestions.

First, the Belt and Road Initiative is guided by the spirit of openness and constructive cooperation. Given the rising protectionist and anti-globalization sentiments in many parts of the world, it is in our interest that China and the EU stay committed to free trade and economic openness, a rules-based, transparent and fair international trading regime and order, and open up markets, oppose protectionism and secure greater connectivity and economic development and prosperity.

Second, the initiative is a win-win formula. The notion that this project is designed to enable China to access new markets, which will pose a challenge, even "threat", to the future of Europe is wrong, as it neglects the fresh perspectives it will bring to European integration. Being open, transparent, harmonious and inclusive, the initiative is an invitation to all economies along the Belt and Road routes to build synergies between their development strategies and the initiative, explore cooperation, and share the benefits of the projects.

Third, it is time that China and the EU capitalized on the new opportunities offered by the initiative. Among others, China wishes to broaden policy coordination and advance cooperation consensus through an institutionalized dialogue mechanism, more closely collaborate on concrete projects within the China-EU Connectivity Platform, work closely to explore ways and means of joint financing and initiating projects, and deepen China-EU legal affairs dialogue with a view to creating a favorable environment for business.

We are more than ready to add new dimensions to our cooperation with the EU. For instance, given that China is transforming its economic development model based on innovation, and innovation remains essential to European integration, we should make deepening cooperation in science and technology and innovation our top priority.

And fourth, we hope that at the Beijing forum and the 19th China-EU Summit, China and the EU will send out this positive message: as the two parties vital to the maintenance of world peace and promotion of common development and shared destiny, China and the EU will shoulder the shared responsibility of promoting the construction of a more fair, reasonable and balanced global governance system based on openness, inclusiveness and win-win cooperation, and that together we can make a difference.

*The author is the head of the Chinese Mission to the European Union.*

Robert Lawrence Kuhn

## Initiative marks transition of grand vision

The Belt and Road Forum for International Cooperation marks a transition of high symbolism in President Xi Jinping's grand vision for a new era of win-win globalization. The core idea is to structure, finance and build critical infrastructure in developing economies, as well as diversify and expand the Chinese economy, which needs restructuring.

This is the fourth Belt and Road forum I will attend.

Xi announced the Silk Road Economic Belt as a "grand cause benefiting people in regional countries along the ancient route" in Kazakhstan in September 2013. In June 2014, I was asked to articulate the vision at the first Belt and Road forum in Urumqi, Northwest China's Xinjiang Uygur autonomous region. I described five categories: history, culture, trade, mutual development and peaceful development.

The second forum was in Quanzhou, Southeast China's Fujian province, in February 2015. It enlarged the vision to include the 21st Century Maritime Silk Road, engaging Southeast Asia, South Asia, the Middle East and East Africa.

The third forum was held in Xi'an, Northwest China's Shaanxi province, in September 2016, with the theme "Shared Memory, Common Development".

To comprehend Xi's Belt and Road Initiative, one must appreciate globalization, which is founded on the perennial law of comparative economic advantage but which is suffering discontent due to its differential impact on workers in Western countries. In a reversal of historic proportions, China now champions globalization, while the United States is now conflicted with "America First" protectionism.

LI MIN / CHINA DAILY

China's developmental miracle is founded on globalization, as Chinese workers made China the low-cost manufacturing center of the world.

But China's old model no longer works — for one, workers must be paid higher salaries to rebalance severe socio-economic imbalances. China must develop new modes of globalization, leveraging its expertise and experience, especially in infrastructure construction, which is just what the developing economies need for their development.

The initiative is to expand links between Asia, Africa and Europe, and thus reduce imbalances in national development and promote global economic growth. It focuses on projects such as high-speed railways. Development comes first, China believes; nothing good can happen without economic growth.

The Beijing forum seeks consensus on major cross-regional projects, especially networks of roads, railways and shipping.

At the Xi'an forum, I chaired a session (on the media), which was held at precisely the same time as the first debate between US presidential candidates Donald Trump and Hillary Clinton.

"One hundred years from today," I began, "when the history of our times is written, our forum on the Belt and Road (Initiative) will carry more significance than the Trump-Clinton debate."

I was joking in one sense, but not in another. Why is the initiative so significant?

From the global perspective, poverty, under-development, and vast inequalities are deep, seemingly intractable problems — and economic development, catalyzed by infrastructure construction, is an essential part of the solutions.

From China's perspective, after decades of remarkable growth, economic transformation is necessary, and this includes geographical rebalancing within China and expanding China's trade by enhancing globalization.

All of these can be achieved by the initiative, but only if formulated synergistically and implemented assiduously. There are substantial challenges, of course — economic, financial, structural, political instability, nationalism, terrorism and, in certain circles, suspicion of China's motives.

But for sure, the world has great need and China has a grand plan in the Belt and Road Initiative.

*The author is a public intellectual, political/economics commentator, and international corporate strategist.*

Sultan Ahmed Al Jaber

## Building a bridge to our common future

The Belt and Road Forum for International Cooperation in Beijing is a milestone in the development of China's Belt and Road Initiative, a historic effort to transform the economies along the two routes, strengthen links between them and better connect them to the rest of the world. The United Arab Emirates strongly supports the initiative, which will foster economic growth and security both regionally and globally.

Substantial progress has been made since President Xi Jinping announced the initiative in 2013. During this period, China has directly invested more than $50 billion and helped establish the Asian Infrastructure Investment Bank — a new multilateral institution designed to finance vital public works in Asia's emerging economies. The UAE is a founding member of the AIIB and committed to its central mission of bringing the Belt and Road Initiative vision to life.

China's approach to economic development mirrors our own. We share the same core beliefs in the essential connection between trade, peace and prosperity. For both our peoples, these beliefs go beyond stated principles to concrete actions, best expressed by the strength of our bilateral trade, which has grown dramatically — almost 800 times, in the three decades since we established formal relations — from $63 million in 1984 to more than $50 billion in 2016.

Our cultural and economic ties with China go back centuries. But today's trade spans multiple sectors, with one of the most important being energy.

Recognizing that energy demand in the economies along the Belt and Road routes will grow by 50 percent by 2040, both China and the UAE have made strategic co-investment in this sector. China National Petroleum Corp and China Energy recently took a minority share in the UAE's onshore oil reserves, beginning a partnership with the Abu Dhabi National Oil Company that will secure oil supplies for decades and ease market access for essential and higher value products throughout the region.

ADNOC's petrochemical company, Borouge, is celebrating seven years of operations in China during which the trading volume has quadrupled. Borouge is gearing up for market growth both within China and in the economies along the Belt and Road routes, where demand for petrochemicals and plastic, including essential utility piping and cable insulation, is expected to more than double by 2040.

At the pivot point between Asia, Europe and Africa, the UAE is ideally located as a logistical hub that can facilitate trade to and from the economies along the Belt and Road routes. DP World's Jebel Ali Port is the largest in the Middle East and Abu Dhabi Ports Company is one of the fastest growing. Last year, Abu Dhabi Ports Company partnered with China's shipping giant COSCO to build a new terminal at Khalifa Port that will double cargo capacity, further expanding the flow of commerce among the economies along the Belt and Road routes and the world's other major trading blocs. As many economies along the two routes look to extend their footprint in Africa, the UAE represents a natural nexus for developing mutually beneficial trading links.

The 65 economies along the two routes account for 30 percent of global GDP. By 2040, they will account for almost two-thirds, thereby becoming the world's most significant driver of economic growth. Making the right investments now will ensure this growth remains sustainable and more evenly spread.

In short, the success of the Belt and Road Initiative can provide the foundation for a more secure, prosperous and progressive future for the world.

*The author is a minister of state in the United Arab Emirates and ADNOC Group CEO.*

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subscription@chinadailyafrica.com

**From:** LHS [redacted]
**Sent:** 5/28/2017 11:36:50 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice[redacted]
**Subject:** Re: Is Donald still feeling good

**Importance:** High

More would represent Donald if Kaslowitz out of picture. Not surprising. very hard to be law firm representing POTUS and know what to do when potus lies to u.

My world thinks poorly of Gorelick for representing Jared.

How guilty is Donald?

Of crudity surely
Of gross ignorance surely
Of being utterly without the intellect temperament for job surely
Of being over line on family profiting very likely
Of gross disregard for appearances almost surely.
Of Russians having financial leverage. Less clear
Of Russians helping in. Election w complicity of his campaign plausible but not certain

Strikes me if u work for Donald u don't free lance so he is guilty of whatever his campaign did.

Do u agree w foregoing?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Sunday, May 28, 2017 7:28 PM
Subject: Re: Is Donald still feeling good
To: LHS <[redacted]>

wild, there will be some changes this week. . funny but kaslowitz is getting turned down repeatedly , by firms unwilling to represent donald.

On Sun, May 28, 2017 at 7:22 PM, LHS <[redacted]> wrote:

> R u still plugged in to the show?
>
> Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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**From:** LHS [redacted]
**Sent:** 5/29/2017 12:49:27 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [lhsoffice@lawrencesummers.com]
**Subject:** Re: Is Donald still feeling good

**Importance:** High

With demand happy to consider and likely do. Dont want to go sucking up.

Did Klein do it again? Agree bad business. Or are u referring to what u talked about months ago.

Sent from my iPhone

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**From:** LHS [redacted]
**Sent:** 6/2/2017 3:08:29 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [lhsoffice@lawrencesummers.com]
**Subject:** Re: Is Donald still feeling good

**Importance:** High

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Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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On Thu, Jun 1, 2017 at 9:13 PM -0400, "jeffrey E." <jeevacation@gmail.com> wrote:

> prospectus
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**From**: Larry Summers [redacted]
**Sent**: 10/27/2017 3:10:13 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

**Importance**: High

Softbank deputy guy i liked and seemed aware and honest re Son.

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Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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On Fri, Oct 27, 2017 at 7:02 PM +0400, "jeffrey E." <jeevacation@gmail.com> wrote:

> anyone stand out . . ? when we meet I will endeavor to mesmerize you with stories of D.C. so wild. !!!.
>
> On Fri, Oct 27, 2017 at 10:59 AM, Larry Summers <[redacted]> wrote:
>
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>
> Flying back.
>
> How is life among the lucrative and louche?
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From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, October 27, 2017 6:51 PM
Subject: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
To: Lawrence Summers <[redacted]>

saudi?

On Wed, Oct 11, 2017 at 11:04 AM, Lawrence Summers <[redacted]> wrote:

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Date: Wed, Oct 11, 2017 at 9:04 AM -0400
Subject: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
To: "Summers, Lawrence H." <[redacted]>

*Democracy Dies in Darkness*

**Trending Now** Wed., Oct. 11, 2017 9:01 a.m.

## Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

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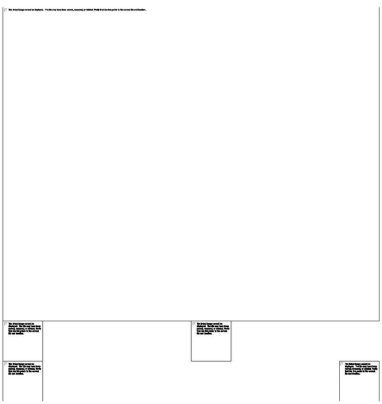

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**From**: Larry Summers [[redacted]
**Sent**: 10/27/2017 3:46:57 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

**Importance**: High

Lot of ruin in a nation

Sent from my iPad

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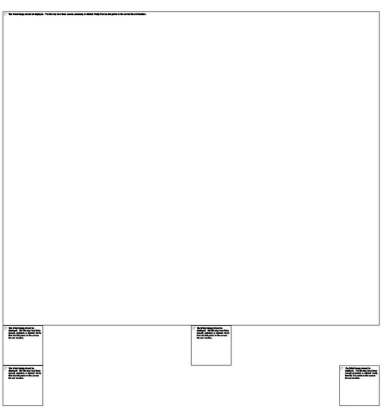

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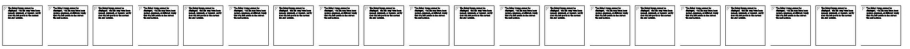

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**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

**Importance**: High

Hard to tell.

General view Donald is a clown, increasingly dangerous on foreign policy.

Sent from my iPad

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Follow me on twitter @lhsummers
www.larrysummers.com

On Fri, Oct 27, 2017 at 7:52 PM +0400, "jeffrey E." <jeevacation@gmail.com> wrote:

> what was the consensus of your fellow attendees at the saudi conference . He, Donald belives everything is honky dorey. . especially after the flake concession. tax legislation, being put together by the committees. . all odd
>
> On Fri, Oct 27, 2017 at 11:46 AM, Larry Summers [redacted]> wrote:
> Lot of ruin in a nation
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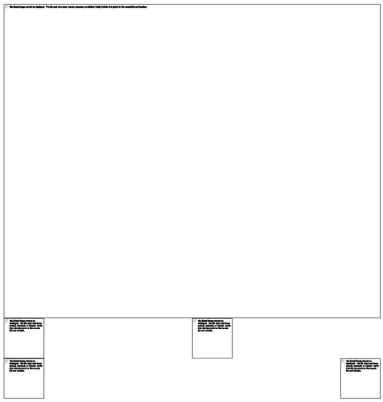

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**From**: Robert Trivers [redacted]
**Sent**: 6/24/2018 6:11:37 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

Jeffrey

finally landed

very unpleasant journey

you had nothing to do with how Chapman acted and i apologise for suggesting it might be otherwise

it was entirely against me, partly motivated by a spiteful ex-friend

consulted two lawyers that Gordon recommended but they were very discouraging

—-

the basic problem is simple—i am going against a strong national trend—well-known man after well-known man is being brought low for alleged his misbehaviour toward women—in some case well-deserved prison time (Cosby and perhaps Weinstein) in many other cases, simply being run out of institutions—exactly my fate

furthermore in he say/she say confrontations the evidence has shifted—in University settings at least—from 'beyond a reasonable doubt' to a 'preponderance of evidence' to 'more positive than negative'

the loss is huge, on the order of a half million to a million dollars, meant to keep me alive (they were going to offer a five-year contract) while i let my 'inheritance' be spent on children and grandchildren while also growing

i have no choice but to work

—-

i will get my revised Wild Life to an agent later this week—have added 5 new chapters and a few sections—much stronger for the inclusion of my major scientific work—1. social theory based on natural selection and 2. selfish genetic elements selected **within** organisms

then i have Honour Killings set to roll, as well as another one

—-

hope you are thriving—and also hope Trump will stop this international trade nonsense—a lose/lose war—especially as it affects the stock market or so it seems to me

best wishes

bob

**From:** Robert Trivers [redacted]
**Sent:** 6/25/2018 2:19:44 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:
**Attachments:** EPSTEIN.docx

**Importance:** High

perhaps i misunderstood "let's concentrate on you"

Jamaica is bad enough but i have mastered that—at least the danger—4th highest murder rate in the world

as for the US i have alienated large stretches of it—i will spare you the details

—

i was amused that you are now friends with JD Watson

he single-handedly prevented me from getting a Junior Fellowship at Harvard

In 1972 I got my PhD in Biology and it was conventional to nominate the very best post-docs for a Junior Fellowship, Harvard's most prestigious award—it provided three years of research support without any duties. I was the best student out of Evolutionary and Organismic Biology in more than 20 years. The entire department was behind me.

but Watson was on the 3-man committee, in charge of all the science candidates and he deemed my two papers, reciprocal altruism and parental investment and sexual selection as "not being science" and dismissed me in one sentence. Well bless his soul, he now does not even understand his own subject—yes, i speak of genetics—because having remained resolutely ignorant of evolutionary logic and biology he can neither understand the shape and form of the genotype nor how it differs systematically within life

—

i have been preparing something for you for a long time on human intelligence, Africa, parasites etc because i prefer to get things right but i am ready to send you what i have

main focus is—Africans stupid or smart?

bob

On Sun, Jun 24, 2018 at 4:23 PM, Robert Trivers <[redacted]> wrote:

Many thanks. By all means let's concentrate on me and not Trump. If Enhanced Learning can make its annual gift of 30 that would have a huge positive effect on me and my future. Let the market take care of itself. All best

Sent from my iPhone

On Jun 24, 2018, at 2:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:

trump ok, lets concentrate on you. trade war maybe good. shakes things up

On Sun, Jun 24, 2018 at 8:11 PM, Robert Trivers <[redacted]n> wrote:

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finally landed

very unpleasant journey

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**Africa, parasites, intelligence**

To understand intelligence in the tropics, e.g. among dark-skinned Africans, you need to understand the importance of parasites—both as an environmental factor that exerts a **negative** effect on mental development and a **positive** effect on selection for biological diversity of all sorts, including intelligence.

1. Taking first the well-known negative effect of parasite load on individual intelligence—in the US the parallel factor is toxins and also indoor parasites, as in tenements—the US is now more segregated by race than it was in 1965 and so that many studies show that there is a strong tendency for whites to live in healthy environments and blacks inferior habitats.

For Africa, the environmental factor is parasites—disease—known to exert a strong negative effect on intelligence.

They also exert a very strong positive effect for genetic diversity in their hosts that may in turn select for some groups excelling in intelligence, even if the mean is lower—variance is higher.

2--Hominids have always emerged from Africa, *erectus, sapiens, sapiens neanderthalensis* and *sapiens sapiens,* but with trivial exceptions **never** in the reverse direction--why? Because Africa is the most genetically variable part of the world, especially the smaller the organism, hence parasites. African human populations are invariably more genetically variable than more temperate hominids, including today.

The same rule applies more generally, that is, to almost all species—migration is always tropics to temperate to arctic, rarely the other way around (e.g. salamanders are the

exception: temperate to tropics)—it is Mexicans and people further south who are coming into the US, not Canadians and Eskimos. So Trump is erecting a barrier against Darlington's Rule—migration is always tropics outward. Africa is the center of the tropics in the entire globe. Before that it was part of Gondwanaland (Africa, South America, Antarctic) but it was the center of that super-continent, and therefore most tropical section, so Darlington's rule held back then, as we know from fossils.

BTW it is striking that there is strong evidence that selection from parasites has been increasing over the past 40,000 years with an acceleration of positive selection to a striking degree—before agriculture and animal husbandry which added further acceleration associated with orders of magnitude (5 0r 6) increases in density. There are "signatures" that genes show of recent strong positive selection, basically comparing neutral sites (change in DNA has no effect on structure of associated protein) with non-neutral sites and seeing if the latter evolve while the former show a random walk.

And what are the chief "selected variants"? **Parasite-resistant genes**.

Now these are automatically selected when density increases because parasites LOVE density--consider people packed in a room breathing on each other, or water-born parasites traveling quickly to others, or vector-borne parasites, e.g. malaria--if one in ten humans are sick but widely dispersed a mosquito biting the sick person rarely passes on the Plasmodium but if dense, every tenth person gives it to the mosquito who quickly passes it on

Likewise parasites like mobility--which increases density of contacts--so Haitians acquired HIV-1 because their middle class served as the middle class of emerging French-speaking African nations with high HIV, and they brought back the disease with them when they

returned (though of course not whatever HIV-resistant genes may have been selected among the Africans).

Divergent human populations often show very similar patterns of strong selection for genes though different in time--thus Europe and Yoruba-land showed similar peaks in parasite resistant selection, though 10,000 years ago in the former and 8500 in the latter

Incidentally very striking that cases of strong outbreeding, e.g between *sapiens* and *neanderthalensis* resulted in us acquiring ~3% of our genome from them, half were local-environment genes—fair skin, less hair on back, blue eyes and red hair on head—and half PARASITE-RESISTANT GENES (MHC genes).

Likewise interbreeding between 'us' and Denisovens in Tibet helped us acquire alleles uniquely suited for high altitude and, once again, resistance to local parasites.

Logic is obvious--if you are moving into Europe for the first time you are adapted to the parasites from which you came (malaria, yellow fever, dengue fever, this that and the third African disease) but not those in the area you are invading (smallpox, the plague)

3--Human genetic diversity declines as people move from Africa outwards--why? Serial founder effect. It is always a sub-group of the larger group that decides to go over the next mountain and colonize the valley. They can rapidly reconstitute numbers but not lost genetic diversity—repeated over and over you see a steady decline in genetic diversity from Africa to mid-East Europe Asia (Russia) and finally into arctic America and right down to southern America within ~1000 generations

Hence Amerindians highly vulnerable to invasion of Europeans + Africans, bringing in small-pox, the plague, malaria, dengue fever to which they were highly vulnerable. Ever see pictures of adult Indians with their entire outer skin peeling off as they died hideous deaths from smallpox? Did you know that part of the genocide was to pass out ‘smallpox

blankets' from infected English children to Indian mothers? It is estimated that ½ of all Indians were slaughtered and the other ½ killed by parasites.

And let us go back in time. Did the burst in cave art (40,000 years ago) have anything to do with sexual selection related to increase in density and parasites—or is art unrelated to music? BTW recent analysis based on $2^{nd}/4^{th}$ digit ratio suggests the possibility that the artists were females! Indeed for that matter what is the relationship between song, dance and intelligence? Especially in social interactions.

4. And what is special about Jewish intelligence? Surely it is that it emerged in a mercantile settings, natural home of numbers, logic and mathematics—itself the "gateway to knowledge", so huge disproportion of Nobel Prizes to go those of Jewish ancestry—half-Jews specially Bill Hamilton said to me in 1979 and I always regretted not saying to him "So where are the Jewish genes in you?"

BTW Ernst Mayr argued that the Jewish religion promoted intellectual reproduction, by encouraging the Rabbi to have the biggest family, while of course the Catholics emasculated their clergy

# Brockman, Inc. Hotlist

**Frankfurt Book Fair 2016**
LitAg / Hall 6.3 - Tables 13A, 13B, 14A and 14B


| John Brockman | Katinka Matson | Russell Weinberger | Max Brockman |
|---|---|---|---|
| [redacted] | [redacted] | [redacted] | [redacted] |


**BALANCE OF POWER**
**The Race Between State and Society**
By Daron Acemoglu and James Robinson
[US — Penguin Press, UK — Viking, Germany — Fischer Verlag, Netherlands — Nieuw Amsterdam, Italy — Il Saggiatore, Spain — Duesto, Brazil — Intrinseca, Greece — Livanis, Korea — Sigongsa, Taiwan — Acropolis, Vietnam — Tre Publishing, Audio — Penguin RH; Proposal and sample chapter; 500 pages; Delivery: December 2018]

*Balance of Power* is the important, groundbreaking new book by Daron Acemoglu and James Robinson, authors of *Why Nations Fail*, a widely acclaimed international bestseller that has sold close to half a million copies in English, and hundreds of thousands in translations around the world.

"*Balance of Power*," Acemoglu and Robinson write, "develops an entirely original thesis about the diversity of the ways in which states function, resolve conflicts, provide public services and more broadly use their powers. It is the logical extension of a research agenda we have been developing together for twenty years, and we have a great deal to offer on this topic. We have demonstrated our ability not only to produce original, thought-provoking social science works but also to reach and explain our ideas to a broad audience."

DARON ACEMOGLU is the Elizabeth and James Killian Professor of Economics in the Department of Economics at the Massachusetts Institute of Technology. He was the recipient of the John Bates Clark Medal in 2005, awarded every two years to the best economist in the United States under the age of forty by the American Economic Association, and the Erwin Plein Nemmers prize, awarded every two years for work of lasting significance in economics. He holds Honorary Doctorates from the University of Utrecht, Bosporus University, and the University of Athens.

JAMES A. ROBINSON is an economist and political scientist who is currently one of eight University Professors at the University of Chicago and one of only twenty-one people who have held such a position. He has conducted research in Bolivia, Botswana, Chile, Colombia, the Democratic Republic of Congo, Haiti, Mauritius, Mexico, the Philippines, Sierra Leone, and South Africa. He was selected as one of *Foreign Policy*'s "Top Global Thinkers of 2012" and is a Fellow of the American Academy of Arts and Sciences.

**THE JANUS POINT**
**A New Theory of Time's Arrows and The Big Bang**
By Julian Barbour
[US — Basic Books, UK — Bodley Head; Proposal; 80,000 — 100,000 words; Delivery: November 2017]

"*The Janus Point*," writes Julian Barbour, visiting professor at the University of Oxford and author of *The End of Time*, "proposes a novel and remarkably simple solution to one of the most fundamental problems in physics and cosmology. It concerns the experienced direction of time: Why is the past so different from the present and the future? This difference is encapsulated in the expression the arrow of time. It is problematic because all the known laws of nature have exactly the same form, whatever direction, in which time is supposed to flow. The



HOUSE_OVERSIGHT_025147

technical expression for this is time-reversal symmetry. This basic property seems to be entirely at odds with the pronounced unidirectionality of experienced time. In fact, there are several arrows.

"Until recent work by myself and my collaborators Tim Koslowski and Flavio Mercati, essentially only one proposal had been made–in well over a century–to explain why, despite the time-reversal symmetry of all the laws of nature, these pronounced arrows of time exist, and always have existed, throughout the observable universe. As I explain in *The Janus Point*, this sole explanation is a manifest stop gap and satisfies no serious scientist.

"This has been dubbed the past hypothesis. However, it is not in any sense an explanation that follows from the structure of the law and does not lead to any new prediction. It is an admission of defeat: Modern science fails to explain the most profound aspects of our existence.

"*The Janus Point* is clearly timely because it is about a set of very simple ideas and insights that have the potential to solve one of the deepest and longest-standing problems in physics. Everyone is interested in time and its numerous puzzling aspects. Proof of that is the success of my earlier book *The End of Time*, which is still selling more than sixteen years after its publication. Some of the ideas conjectured in that book are, in fact, realized in the model now proposed.

"For readers, *The Janus Point* tells the fascinating story of one of the greatest mysteries in science and what looks to be its unexpected and, in principle, remarkably simple solution. More than most books in popular science, its subject resonates profoundly with the reader. Nothing touches us more intimately than the drama of birth, life and death."

JULIAN BARBOUR, an independent researcher, is currently visiting professor at the University of Oxford. He has devoted significant time and effort to issues that lie at the foundations of science, above all the nature of time and motion. His first paper was published in *Nature* and attracted favorable editorial comment and most importantly led to six years of very valuable collaboration with the well-known Italian theorist Bruno Bertotti. It culminated in 1982 with a joint paper in the *Proceedings of the Royal Society of London*, which is now regarded as a seminal paper on the interconnection of local dynamics with the universe at large. Barbour made a big impact in the physics community with the publication of his book, *The End of Time*, in which, according to physicist Lee Smolin, he presented "a new theory of time that is the most interesting and provocative new idea about time to be proposed in many years."

**AMERICAN KINGPIN**
**The Epic Hunt for the Criminal Mastermind Behind the Silk Road**
By Nick Bilton
[US — Portfolio, UK — Virgin Books, Audio — Penguin RH; Manuscript; 304 pages; Publication: May 2017]

From *New York Times*-bestselling author Nick Bilton comes a true-life thriller about the rise and fall of Ross Ulbricht, aka the Dread Pirate Roberts, the founder of the online black market Silk Road.

In *American Kingpin* Bilton turns his investigative journalism to the story of Ross Ulbricht, the notorious and enigmatic founder of a drug empire called Silk Road. This is a true-life thriller about ambition gone awry, spurred on by the defining clash of our time: the new world of libertarian-leaning, anonymous, decentralized web advocates and the old world of government control, order, and the rule of law. Bilton's dazzling rendering and gift for narrative make for an endlessly fascinating drama.

In 2011, Ulbricht, a twenty-six-year-old libertarian idealist and former Boy Scout, launched "a website where people could buy anything anonymously, with no trail whatsoever that could lead back to them." He called it Silk Road, opened for business on the Dark Web, and christened himself the Dread Pirate Roberts (after the



HOUSE_OVERSIGHT_025148

*Princess Bride* character). The site grew at a tremendous pace, quickly becoming a $1.2 billion enterprise where you could buy or sell drugs, hacking software, forged passports, counterfeit cash, guns, grenades, and poisons.

The Silk Road soon caught the attention of the Feds, who embarked on an epic two-year manhunt for the site's proprietor. Ulbricht, in the meantime, struggled to maintain control of his double life and his marketplace, which he originally started to prove that legalizing drugs could make society safer. He gradually abandoned his libertarian ideals to rule Silk Road with increasingly authoritarian force. At one point, he engaged the services of hired hit men to take out employees he felt had wronged him. Soon, some of the Federal agents who were supposed to be hunting for Ulbricht were lured into the dark world and switched sides to join him.

NICK BILTON is a special correspondent for *Vanity Fair*, where he writes about technology, business, and culture, and a contributor at CNBC. He is the bestselling author of *Hatching Twitter: A True Story of Money, Power, Friendship, and Betrayal* (*The Wall Street Journal* Reader's Choice "Best Book of 2013"), which has been optioned by Lionsgate and is currently being turned into a television series. He was a columnist for the *New York Times* for almost a decade.

**YOUR BRAIN IS A TIME MACHINE**
**The Neuroscience and Physics of Time**
By Dean Buonomano
[World English — W. W. Norton, China— Huazhang, Audio — Audible; Manuscript; Pub Date: April 2017; 304 pages]

Pioneering neuroscientist Dean Buonomano examines how the brain tells time, predicts the future, and understands the past in a book that straddles the fields of physics, psychology and neuroscience.

Few questions are as perplexing and profound as those that relate to time. Philosophers ponder what time is. Physicists grapple with why time appears to be a one-way street, and debate whether it is a single lonely point or a full-blown dimension. Neuroscientists and psychologists struggle to understand what it means to "feel" the passage of time and how the brain tells it. Time is also key to the question of free will: is the future an open path, or is it preordained by the past?

The brain, argues Buonomano, is at its core a time machine. It is the brain's ability to anticipate the actions of prey, predators, and mates, and to predict when events will occur in a dynamically changing world, that ultimately translate into the evolutionary currency of survival and reproduction.

The ability of animals to predict the future culminated with Homo sapiens' capacity to grasp the concept of time. Only then were we able to craft a blade for future use, or plant a seed to quench projected hunger.

*Your Brain is a Time Machine* explains that, in the end, our intuitions and theories about time reveal as much about the architecture and limitations of our brains as they do about the true nature of time.

DEAN BUONOMANO is a professor in the Departments of Neurobiology and Psychology at UCLA, and an investigator in the Integrative Center for Learning and Memory. He is the author of *Brain Bugs: How the Brain's Flaws Shape Our Lives*, which was a *Wall Street Journal* bestseller, and his research has been highlighted in many national and international magazines and newspapers, including *Discover*, *Newsweek*, *Scientific American*, *Zeit*, *Cosmos*, *Hörzu Wissen*, and the *New Yorker*.



HOUSE_OVERSIGHT_025149

**SCIENCE IN THE SOUL**
**Selected Shorter Writings**
By Richard Dawkins, Edited by Gillian Somerscales
[UK — Transworld; Manuscript; Pub Date: June 2017; 110,000 words]

A new book from Richard Dawkins, internationally bestselling author and one of the greatest scientists of our age. As much as his full length books such as *The Selfish Gene, The Blind Watchmaker,* and *The God Delusion,* have changed our perceptions of both science and the world it opens, his essays and articles are potent, pithy, thought provoking and revealing windows into the world as he, himself, perceives it. *Science in the Soul* is a collection of some of Dawkins' best writing: articles and lectures, reflections and polemics, reviews, forewords, tributes or eulogies, both published and unpublished.

From the introduction, by Gillian Somerscales: "Richard Dawkins has always defied categorization. One eminent biologist of mathematical bent reviewing *The Selfish Gene* and *The Extended Phenotype* was startled to find a scientific work apparently free of logical errors and yet containing not a single line of mathematics; he could come to no other conclusion than that, incomprehensible as it seemed to him, 'Dawkins . . . apparently thinks in prose.'

"If readers of what follows here come to appreciate not only the writer's clarity of thought and facility of expression, the fearlessness with which he confronts very large elephants in very small rooms, the energy with which he devotes himself to explication of the complex and the beautiful in science, but also some of the generosity, kindness and courtesy that have characterized all my dealings with Richard over the years since that first collaboration, then the present volume will have achieved one of its aims.

"It will have achieved another if it embodies a condition felicitously described in one of the essays reproduced here, where 'harmonious parts flourish in the presence of each other, and the illusion of a harmonious whole emerges.' Indeed, it is my belief that the harmony resounding from this collection is no illusion, but the echo of one of the most vibrant, and vital, voices of our times."

RICHARD DAWKINS is the former Charles Simonyi Professor For The Understanding Of Science at Oxford University; Fellow of New College; author of *The Selfish Gene, The Extended Phenotype, The Blind Watchmaker, River out of Eden* (ScienceMasters Series), *Climbing Mount Improbable, Unweaving the Rainbow, The Devil's Chaplain, The Ancestor's Tale, The God Delusion, The Greatest Show on Earth* and *The Magic of Reality.* He is founder of The Richard Dawkins Foundation for Reason and Science.

**FROM BACTERIA TO BACH AND BACK**
**The Evolution of Minds**
By Daniel C. Dennett
[US — W. W. Norton, UK — Penguin UK, Italy — Raffaello Cortina Editore, Holland — Atlas Contact, China — Cheers, Audio — Recorded Books; Manuscript; Pub Date: February 2017; 448 pages]

One of the world's foremost philosophers offers a major new account of the origins of the conscious mind.

What is human consciousness and how is it possible? This question fascinates people from poets and painters to physicists, psychologists, and philosophers. *From Bacteria to Bach and Back* is Daniel C. Dennett's brilliant answer, extending perspectives from his earlier work in surprising directions, exploring the deep interactions of evolution, brains, and human culture.

Part philosophical whodunit, part bold scientific conjecture, this landmark work enlarges themes that have sustained Dennett's legendary career at the forefront of philosophical thought. In his inimitable style—laced



HOUSE_OVERSIGHT_025150

with wit and arresting thought experiments—Dennett shows how culture enables reflection by installing a bounty of thinking tools, or memes, in our brains. Language, itself composed of memes, turbocharged this interplay. The result, a mind that can comprehend the questions it poses, emerges from a process of cultural evolution.

An agenda-setting book for a new generation of philosophers and other researchers, *From Bacteria to Bach* and Back will delight and entertain anyone who hopes to understand human creativity in all its wondrous applications.

DANIEL C. DENNETT is the author of *Intuition Pumps*, *Breaking the Spell*, *Freedom Evolves*, and *Consciousness Explained*. He is the University Professor and Austin B. Fletcher Professor of Philosophy, and co-director of the Center for Cognitive Studies at Tufts University.

**A CRACK IN CREATION**
**Gene Editing and the Unthinkable Power to Control Evolution**
By Jennifer A. Doudna and Samuel H. Sternberg
[US — Houghton Mifflin, UK — Bodley Head, China — Hunan Science, Audio — Audible; Manuscript; Pub Date: June 2017; 320 pages]

In the tradition of *The Double Helix*, *A Crack in Creation* is an insider's account of the biggest scientific discovery of our era: a cheap, easy way of rewriting genetic code, with nearly limitless promise and peril.

Not since the atomic bomb has a technology so alarmed its inventors that they warned the world against its use. Not, that is, until the spring of 2015, when biologist Jennifer Doudna called for a worldwide moratorium on the use of the new gene-editing tool CRISPR to make heritable changes in human embryos. The cheapest, simplest, most effective way of manipulating DNA ever known, CRISPR may well give us the cure to HIV, genetic diseases, and some cancers, and will help address the world's hunger crisis. Yet even the tiniest changes to DNA could have myriad, unforeseeable consequences—to say nothing of the ethical and societal repercussions of intentionally mutating embryos to create "better" humans.

Writing with fellow researcher Samuel Sternberg, Doudna shares the thrilling story of her discovery, and passionately argues that enormous responsibility comes with the ability to rewrite the code of life. With CRISPR, she shows, we have effectively taken control of evolution. What will we do with this unfathomable power?

JENNIFER A. DOUDNA is a professor in the Chemistry and the Molecular and Cell Biology Departments at the University of California, Berkeley, investigator with the Howard Hughes Medical Institute, and researcher in the Physical Biosciences Division at the Lawrence Berkeley National Laboratory. She is internationally recognized as a leading expert on RNA-protein structure and function, CRISPR biology, and genome engineering.

SAMUEL H. STERNBERG received his PhD from the University of California, Berkeley, in 2014, and has been a member of Jennifer Doudna's laboratory since 2010. He was a lead researcher and author of numerous high-profile publications on the CRISPR technology. He has been awarded the RNA Society's Scaringe Award and the Fred Hutchinson Cancer Research Center's Harold M. Weintraub Graduate Student Award, among other honors.



HOUSE_OVERSIGHT_025151

**ENDURANCE**
**A Natural History of Exercise and Health**
By Daniel Lieberman
[Proposal; Delivery: April 2019; 120,000 words]

*Endurance* is the new book from Daniel Lieberman, Chair of the Department of Human Evolutionary Biology at Harvard, and author of *The Story of the Human Body*, a *New York Times* bestseller. Lieberman is well known for his unique and unusually integrative approach to research, which combines paleontology, anatomy, physiology and experimental biomechanics.

"*Endurance*," Lieberman writes, "argues that we need to rethink how we think about exercise using the dual lenses of anthropology and evolutionary biology. As the modern word 'exercise' itself implies, people today generally think of physical activity as a pastime or a form of medicine. Most of us spend the majority of the day sitting and then we briefly exercise in our spare time, sometimes for fun, but increasingly to ward off ill health. Yet, until very recently, physical activity was a paradoxically fundamental part of being human: utterly necessary but instinctively avoided. Put simply, we evolved to be reluctant endurance athletes.

"This legacy underlies and points to urgently needed solutions for today's exercise dilemma. Everyone knows that exercise is vital for good health, yet the vast majority of Americans and others in the developed world are unable to exercise enough. Our species endured because we had no choice but to be athletes, and if we wish our health to endure as individuals, then we still need to make exercise indispensable today. Rather than thinking of exercise as a 'magic pill' for good health, it is the absence of physical activity, primarily endurance exercise, that accelerates aging and hastens death. *Endurance* points to a new way of understanding and solving this global problem.

"*Endurance* is the product of a long journey, part intellectual, part physical. Over the last decade I have traversed the globe to observe, often as a participant, how humans are physically active in different traditional cultures from Africa to Greenland to India. Among other experiences, I've run barefoot and carried water on my head in Kenya, tracked muskoxen and kudu with indigenous hunters in Greenland and Tanzania, participated in the ancient Tarahumara ballgame under the stars in Mexico, dug millet fields in Rwanda, played barefoot cricket in rural India, and raced on foot against horses in the mountains of Arizona. Back in my lab at Harvard, my students and I have intensively studied the evolution, biomechanics and physiology of key human physical activities, including how we walk, run, throw, dig, climb and even chew.

"*Endurance* weaves together these experiences, perspectives and insights into the form of a highly personal natural history of first rest, then strength, and finally endurance."

DANIEL LIEBERMAN is a professor and chair of the Department of Human Evolutionary Biology at Harvard. A leader in the field of human evolutionary biology, Lieberman's research asks how and why evolution made the human body the way it is. He is the author of *The Story of the Human Body* (Pantheon, 2013) and has been published in such journals as *Nature*, *Science*, and *The Proceedings of the National Academy of Science*, among others. Lieberman has been interviewed by PBS, The History Channel, NPR, BBC, Horizon, and elsewhere. His research and discoveries have been highlighted in the *New York Times*, *Discover*, *National Geographic*, *Runners World*, *Running Times*, and numerous other journals and newspapers.



HOUSE_OVERSIGHT_025152

**IMPROBABLE DESTINIES**
**Predicting the Future of Evolution**
By Jonathan Losos
[US — Riverhead, UK — Allen Lane, German — Hanser, Audio — Penguin RH; Manuscript; Pub Date: June 2017; 110,000 words]

Evolutionary biologist and Harvard professor Jonathan Losos is widely known for his unique approach to studying evolution in realtime and using experimental means. As E.O. Wilson writes, Losos is a "world leader in research and theory of the overlapping fields of herpetology, biodiversity, and species formation."

"In the last few years," Losos writes, "evolutionary biologists have come to realize that evolution can occur much more rapidly than Darwin and a century of subsequent biologists ever expected—fast enough, in fact, to observe as it occurs, even during the span of a single research grant! Now that we know that evolution can proceed rapidly, experimental studies in natural systems have begun."

Losos' work on lizards has been at the forefront of the experimental evolution movement. Using small Bahamian islands as test tubes, he and his team have altered conditions and made predictions about how populations should evolve in response. And the results are resoundingly consistent: evolution is extremely predictable.

*Improbable Destinies* is not only about what we know about evolution, but how we know what we know. Not just the technology and theories of science, but where the ideas come from—how researchers think them up, how they are honed by experiences in the field, and how much of science is the serendipitous juxtaposition of disparate ideas brought together by unexpected observations.

JONATHAN LOSOS is the Monique and Philip Lehner Professor for the Study of Latin America and professor of organismic and evolutionary biology at Harvard University. He is the recipient of a number of awards, including the Theodosius Dobzhansky Prize from the Society for the Study of Evolution and the David Starr Jordan Prize from the American Society of Naturalists.

**DISEMPOWERED**
**(working title)**
By Greg Lukianoff and Jonathan Haidt
[Proposal; Delivery: 9-12 months from signing contract; 60,000 — 80,000 words]

*Disempowered* is an expansion to book-length of the cover story by Greg Lukianoff and Jonathan Haidt that appeared in the September 2015 issue of *The Atlantic*: "The Coddling of The American Mind" (CAM).

It became the *Atlantic*'s second most-read cover story of all time and has been referenced in hundreds of articles in a wide variety of publications, including the *New York Times*, the *Washington Post*, *National Review*, *Newsweek*, *Los Angeles Times*, *Bloomberg*, the *Guardian*, *The Korea Herald*, and the *Irish Times*; and it even drew the attention of President Obama.

"A full-length book is necessary for several reasons," writes Lukianoff. "First, even with the article's generous word limit, we could not present the full scope of the intersection of harmful psychological theories and political correctness. We could only do a cursory explanation of the new reality on campus and how terms like 'trigger warnings,' 'microaggressions,' and 'disinvitations' suddenly rose from obscurity to become part of higher education's and the nation's vocabulary. A full-length book allows us to cover a host of new hot topics, including so-called 'safe spaces' and how a warped idea of safety is used to justify campus censorship, as well as campus 'bias response teams' (BRTs)—Orwellian programs that police the language students use in their private lives



HOUSE_OVERSIGHT_025153

and professors use in the classroom. It is worth noting that this past spring a professor was actually investigated by one of these BRTs for assigning CAM as class reading!

"Second, since the article was published, the situation on campus has only worsened. Within a few months after the article's release, student demands for censorship had broken out across the country.

"Third, and possibly most importantly, we want to reactivate and deepen the discussion that we started in CAM about the science of cognitive behavioral therapy (CBT) as a useful lens for looking at any number of modern problems. CBT is a remarkably simple, successful treatment that helps patients overcome their anxiety and depression by teaching them how to identify and combat 'cognitive distortions,' the wild mental exaggerations in which the anxious and depressed overindulge. To our knowledge, CAM was the first and only major article to propose that we should not only use CBT to examine our own inner thoughts, but also the world around us.

"The issue of free speech on campus is extremely hot, and will continue to be for years to come, but virtually no one besides us is offering a solution that gets to the heart of the problem and can actually help students rather than simply ridiculing them.

"Regarding the market, when CAM came out, it seemed that this was a uniquely American problem. But just in the last year, it has spread throughout the UK, and is beginning to appear in Australia. In fact, there has been major interest in CAM in the UK and European countries. In Europe, I was recently interviewed by *Süddeutsche Zeitung*, Germany's biggest daily newspaper, and *Frankfurter Allgemeine Zeitung* also ran a major article. When I recently spoke in Denmark, the president of the University of Oslo chastised me for not knowing that all the students had read CAM and had been discussing it all year. "

GREG LUKIANOFF is an attorney and the president and CEO of the Foundation for Individual Rights in Education (FIRE). He is the author of *Unlearning Liberty: Campus Censorship and the End of American Debate and Freedom From Speech*. He has been published in the *Wall Street Journal*, the *Washington Post*, the *New York Times*, the *Los Angeles Times*, *TIME*, the *Boston Globe*, *Forbes*, *U.S. News & World Report*, the *Stanford Technology Law Review*, the *Chronicle of Higher Education*, and numerous other publications.

JONATHAN HAIDT, a social psychologist, is the Thomas Cooley Professor of Ethical Leadership at New York University's Stern School of Business. His academic specialization is morality and the moral emotions. Haidt is the author of two books: *The Happiness Hypothesis* (2006) and *The Righteous Mind: Why Good People are Divided by Politics and Religion* (2012), which became a *New York Times* bestseller. He was named one of the "top global thinkers" by *Foreign Policy* magazine, and one of the "top world thinkers" by *Prospect* magazine. His three TED talks have been viewed more than 4 million times. He is the founder of HeterodoxAcademy.org, a collaboration of professors who advocate for increasing viewpoint diversity in universities throughout the English-speaking world.

**VIGILANCE**
**Who We Trust, What We Believe, and Why**
**(working title)**
by Hugo Mercier
[Proposal; Delivery: 18 months from signed contract; 100,000 words]

"What leads voters to support policies and politicians that make them worse off?" writes cognitive scientist Hugo Mercier. "How could terrorists believe that blowing themselves up will lead to an eternity of bliss? Why do Dalits—untouchables—endorse a worldview that confines them to the lower echelons of society? Why do crowd members drive each other into rampaging fury? The common wisdom in psychology and in the social



HOUSE_OVERSIGHT_025154

sciences: people are easy to influence, they are too trusting, and they tend to place their trust in the wrong people. This is the answer of most social psychologists.

"They take the famous Asch conformity experiments, in which participants believe a group over the evidence of their own eyes; and Milgram obedience experiments, in which participants agree to electrocute one another at the experimenter's request to show that people are sheep.

"Psychologist Daniel Gilbert, a strong proponent of the view that humans are gullible, has even claimed that people couldn't help but believe (at first at least) everything they read! Tim Levine, a leading researcher working on lie detection, thinks that people rely on others to be trustworthy most of the time, and that as a result they can afford to be so bad at detecting deception. Paul Ekman, the famous emotion researcher, claims that when we see someone express an emotion, we can't help but mimic it. No surprise then that crowds and their emotional members drive each other mad! Robert Boyd, Peter Richerson, and Joseph Henrich, proponents of the dominant mode of cultural evolution, postulate that people are easily influenced by prestigious individuals —wherever their prestige comes from—and consensual opinions—whatever their value.

"This is also the answer of dominant figures in anthropology and sociology, explaining the persistence of culture by our tendency to suck in whatever ideas surround us without a second thought; in political science since the ancient Greeks, explaining the success of demagogues by how easily people follow charismatic leaders, even toxic ones; and in much social commentary, consider *Manufacturing Consent* by Edward Herman and Noam Chomsky as an example.

"In *Vigilance*, I argue that they are wrong."

HUGO MERCIER is a cognitive scientist working for the French National Center for Scientific Research in Lyon. Previously, he did a postdoc in the Philosophy, Politics and Economics program at the University of Pennsylvania, and another one at the University of Neuchâtel. He has published numerous scholarly articles on the topic of the book, and has taught some of its contents in Europe and America. He has also made his work more widely accessible through newspaper articles, blog posts, interviews, and public lectures. *The Enigma of Reason*, a co-authored book with Dan Sperber concerning their research on "The Argumentative Theory of Reasoning," is scheduled for publication in late May (US: Harvard University Press; UK: Allen Lane), with several planned translations.

**GENETIC RESCUE**
**Saving Wildlife the Way Evolution Does**
By Ryan Phelan, Introduction & Epilogue by Stewart Brand
[Proposal; Delivery: 12-18 months from signed contract; 70,000 — 80,000 words]

*Genetic Rescue* is "the first book to present a critically important and new scientific field emerging through the synthesis of molecular biology and conservation biology. At the heart of this intersection is the development of a new tool kit for 21st Century conservation. Advances in comparative genomics, cloning, germ cell transmission, ancient genome assembly, de-extinction, synthetic DNA, and genome engineering with CRISPR and gene drives are now being applied to help solve seemingly intractable conservation problems."

*Genetic Rescue* makes the compelling case for human intervention in situations where the natural evolutionary process is compromised. It is replete with specific examples of wildlife on the brink (from the black-footed ferret to the northern white rhino) and the impact of wildlife diseases (amphibians with Chytrid disease and bats with white-nose syndrome)."

"*Genetic Rescue* also presents a provocative new vision for conservation—the development of a 21st Century



HOUSE_OVERSIGHT_025155

tool kit that can help prevent extinction. And more importantly, it helps frame the issues that need to be thoughtfully considered before these new technologies can be responsibly deployed. It is the first book written on this subject, and more importantly, it is written by an insider who is helping shape and define the field for conservation."

RYAN PHELAN is the Executive Director of "Revive & Restore", whose mission is to increase biodiversity—specifically through genetic rescue, helping species that are either on the brink or are already extinct. The Introduction and the Epilogue are by cultural icon Stewart Brand, creator of *The Whole Earth Catlog*, and author of *The Media Lab*, *How Buildings Learn*, and *Whole Earth Discipline* among many other landmark books and projects. Brand is cofounder of "Revive And Restore" and founder of the parent organization, "The Long Now Foundation".

**THE EVOLUTION OF BEAUTY**
**How Darwin's Forgotten Theory of Mate Choice Shapes the Animal World — and Us**
By Richard O. Prum
[US — Doubleday, Audio — Penguin RH; Manuscript; Pub Date: May 2017; 480 pages]

A major reimagining of how evolutionary forces work, revealing how mating preferences—what Darwin termed "the taste for the beautiful"—create the extraordinary range of ornament in the animal world.

In the great halls of science, dogma holds that Darwin's theory of natural selection explains every branch on the tree of life: which species thrive, which wither away to extinction, and what features each evolves. But can adaptation by natural selection really account for everything we see in nature?

Yale University ornithologist Richard Prum—reviving Darwin's own views—thinks not. Deep in tropical jungles around the world are birds with a dizzying array of appearances and mating displays: Club-winged Manakins who sing with their wings, Great Argus Pheasants who dazzle prospective mates with a four-foot-wide cone of feathers covered in golden 3D spheres, Red-capped Manakins who moonwalk. In thirty years of fieldwork, Prum has seen numerous display traits that seem disconnected from, if not outright contrary to, selection for individual survival. To explain this, he dusts off Darwin's long-neglected theory of sexual selection in which the act of choosing a mate for purely aesthetic reasons—for the mere pleasure of it—is an independent engine of evolutionary change.

Mate choice can drive ornamental traits from the constraints of adaptive evolution, allowing them to grow ever more elaborate. It also sets the stakes for sexual conflict, in which the sexual autonomy of the female evolves in response to male sexual control. Most crucially, this framework provides important insights into the evolution of human sexuality, particularly the ways in which female preferences have changed male bodies, and even maleness itself, through evolutionary time.

*The Evolution of Beauty* presents a unique scientific vision for how nature's splendor contributes to a more complete understanding of evolution and of ourselves.

RICHARD O. PRUM is the William Robertson Coe Professor of Ornithology at Yale University. A lifelong bird fanatic, Prum has published more than 100 scientific articles on diverse topics including the evolution, behavior, song, anatomy, developmental biology, phylogenetics, paleontology, optical physics, and pigmentary chemistry of birds. He has made ground-breaking scientific contributions to our understanding the evolutionary origin of feathers, the physics of structural coloration, dinosaur feathers, fossil coloration, and the phylogenetic evolution of behavior. Over the past thirty years, Prum has developed a unique scientific perspective on evolution, and he has documented this view with major scientific discoveries.



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**THE INTERACTIVE BRAIN**
**(working title)**
By V.S. Ramachandran
[US — Penguin Press, Audio — Penguin RH; Proposal; Delivery: 24 months from signed contract; 60,000 — 70,000 words]

A new book by neuroscientist V.S. Ramachandran, author most recently of *The Tell-Tale Brain*.

"*The Interactive Brain*," writes Ramachandran, "is a tour of some of the most cherished yet elusive qualities of our minds. The book argues that recent advances in neurosciences have contributed to a revolutionary new model of the brain, in which brain function is controlled, not by highly specialized, hierarchical modules, mainly hard-wired, as once thought, but rather by highly interactive modules that can shift their roles in a matter of days or even hours The implications are not merely theoretical but have practical applications in medicine, offering solutions for everyone from stroke patients to those with obsessive compulsive disorder.

"There are many neurological syndromes I'll discuss throughout the book. For example, a patient who was otherwise smart and level-headed but kept insisting that his reflection in the mirror was the 'real David,' and that the David viewing the mirror was a clone. He wiped off a tear from his eye and asked 'Dad, if the real David returns will you disown me?' Even the axiomatic foundation of our selfhood—the notion that I'm a single person in one body—is called into question when we encounter patients like him.

"Not only can we change our own brains, but we can change the brains of others because of the implications of mirror neurons. *The Interactive Brain* incorporates case studies, such as David's, and my own research on topics ranging through Capgras Syndrome, chronic pain, calendar synesthesia, gender incongruity, mirror visual feedback, and obsessive-compulsive disorder, the majority of which I have not considered in detail in my previous books.

"I conclude by visiting some of the most prized but elusive aspects of our minds considered unapproachable by science, such as math, music, and metaphor, and suggest that these quintessentially human abilities are best elucidated by combining an evolutionary approach with old-fashioned neurology."

V.S. RAMACHANDRAN is the director of the Center for Brain and Cognition and a professor with the Psychology Department and Neurosciences Program at the University of California, San Diego. He is author of *Phantoms in the Brain*, which has been translated into fourteen languages and formed the basis of a two part series on Channel Four TV (UK) and a 1 hour PBS special in the USA, and more recently *The Tell-Tale Brain* which was a *New York Times* best-seller.

**BEHAVE**
**The Biology of Humans at Our Best and Worst**
By Robert M. Sapolsky
[US — Penguin Press, UK — Bodley Head, Germany — Hanser, Holland — Ambo/Anthos, Brazil — Companhia Das Letras, Korea — Munhakdogne, Israel — Kinneret, Audio — Penguin RH; Manuscript; 496 pages; Publication: April 2017]

> "Robert Sapolsky is one of the best scientist-writers of our time, able to deal with the weightiest topics both authoritatively and wittily, with so light a touch they become accessible to all."
>
> —Oliver Sacks, M.D.

The first major book from celebrated Stanford neurobiologist and author Robert Sapolsky in over a decade, *Behave* answers the most basic question about human behavior: "What made you do that?" Substitute "me" or



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"us" or "they" and it's a question asked millions of times a day in all the languages of the world in response to all manner of human behavior, good and bad.

What brings out the best in us? What brings out the worst? For every complex problem, there's a solution that's simple, appealing, and wrong, H. L. Mencken famously said, and there are certainly many simple and wrong answers to this most important of questions, the question at the root of the way we parent, the way we educate, the way we manage, and the way we punish. The simple yet correct response, of course, is that it's complicated. The longer answer? For that, the great neuroscientist and primatologist Robert Sapolsky needed ten years, and this book.

*Behave* is an epic achievement. In order to make sense of all the sources that conspire to affect human behavior, it begins in the very moment of action, when we commit the decisive deed in question. What is happening in our brain and body at the very moment, and in the minutes that preceded it? The book then pulls back to look how the behavior is conditioned by what the body is exposed to in the days, weeks and months leading up to that behavior. It then goes back to childhood and adolescence, at how the bending of the bough effects how the tree grows. And so on, from neurobiology, endocrinology and the interaction of our senses with the environment to a lifetime's most primal shaping influences, and from there back to our genetic makeup and the very sticky wicket of how genes and environment interact (and how they don't). Finally, Sapolsky expands the view to take in factors that push us past any single person's inheritance and experience: namely culture, in the present tense and back hundreds, even thousands of years, and then back millions of years, to the first humans and the evolution of behavior.

The result is surely among the most dazzling tours d 'horizon of the science of human behavior ever attempted, a majestic synthesis of cutting-edge research, some of it the author's own, across a range of disciplines to provide a subtle and necessary reckoning with the roots of our most troubling and inspiring behaviors, relating to racism, tribalism, and xenophobia; tolerance and altruism; hierarchy and competition; morality and free will; and war and peace. Wise, learned, funny, and fearless, *Behave* is a great scientist's towering achievement, a book that takes both the angel and the devil off of our shoulders and into our hands.

ROBERT SAPOLSKY is the John A. and Cynthia Fry Gunn Professor at Stanford University, holding joint appointments in several departments, including Biological Sciences, Neurology & Neurological Sciences, and Neurosurgery. He is the author of more than 400 technical papers published in biomedical journals. He also writes extensively for non-scientists in magazines such as *Discover*, *Natural History* and the *New Yorker*. Sapolsky's books include *Why Zebras Don't Get Ulcers, A Primate's Memoir, The Trouble With Testosterone,* and *Monkeyluv*.

**TAMING INFINITY**
**The Surprising Story of Calculus and the Geniuses Behind It**
**(working title)**
By Steven Strogatz
[US — Eamon Dolan Books; Proposal; 80,000 words; Delivery: Spring 2018]

A fascinating new book from Steven Strogatz, award-winning mathematician and author, who brings the story of calculus to life in a single narrative that spans continents, centuries, and disciplines to a dramatic climax.

Writes Strogatz, "The quest to tame infinity, and to harness it toward our ends, is a narrative that runs through the whole 2,500-year story of calculus. Yet this saga is an untold story, as far as today's general audience is concerned. *Taming Infinity* will tell it for the first time.



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"Calculus is one of the greatest ideas that anyone has ever had and certainly the greatest idea in all of mathematics. The scientific and technological importance of calculus is one reason why we require all budding scientists and engineers to learn the subject. *Taming Infinity* is the human side of calculus: the gripping story of how it was discovered, and lost, and then rediscovered a thousand years later, or how it perplexed many of the geniuses who struggled to invent it, and in a few tragic cases, drove them insane. In a very real sense, this humanistic side of calculus is just as fascinating and important as its scientific side as it, too, has changed the world.

"Central to the story is the mathematicians' quest to tame infinity, which begins with the philosopher Zeno of Elea (about 450 BC, before Socrates) who raised paradoxes about infinity, continuity, time, space, and motion that confounded his contemporaries and provoked no less than Aristotle to banish infinity from Greek philosophy and mathematics from then on. Fast-forward more than 2,500 years, and we're still wrestling with infinity and the paradoxes it raises. In between, the inventors of calculus, starting with Archimedes around 250 BC and culminating with Newton and Leibniz in the mid-1600s, tried to domesticate infinity to make what we now regard as integral and differential calculus. And to a large extent, they succeeded. The carefully controlled use of infinity is the secret to calculus, the source of its enormous predictive power.

"But like Frankenstein's monster or the golem in Jewish folklore, infinity was never quite under control. As in any tale of hubris, the monster inevitably turned on its creator. Soon after the work of Newton and Leibniz, disturbing paradoxes emerged in the 1700s and early 1800s. Calculations came out wrong. Calculus seemed unreliable. These difficulties provoked another wave of philosophical and logical handwringing, much as Zeno's had two millennia earlier. These conundrums were resolved over the next century by the mathematicians who called themselves 'analysts.' The name was apt. They put calculus on the couch, and probed it, trying to root out every last trace of pathology. They succeeded for calculus, but not for infinity itself. There the pathology ran deeper. The riddles of infinity are still challenging logicians, mathematicians, and philosophers today."

STEVEN STROGATZ is the Jacob Gould Schurman Professor of Applied Mathematics at Cornell University. He is the bestselling author of *The Joy Of X, The Calculus Of Friendship*, and *Sync*. His research has been featured in *Nature*, *Science*, *Scientific American,* the *New York Times,* the *New Yorker*, and broadcast on BBC Radio, National Public Radio, CBS News, among others. In 2010, he wrote a 15-part series about the elements of math for the *New York Times*, and a second series, Me, Myself and Math, appeared in 2012. Strogatz has spoken at TED and the Aspen Ideas Festival and has been a frequent guest on *Radiolab* and *Science Friday*. He has received numerous awards for his research, teaching, and public communication, including, most recently, the Lewis Thomas Prize for Writing about Science (2015).

**THE POWER OF HUMAN**
By Adam Waytz
[US — W.W. Norton; Proposal; 70,000 words; Delivery: February 2018]

Adam Waytz is a rising star in the Kellogg School of Management at Northwestern University, whose research uses methods from social psychology and cognitive neuroscience to study how people think about minds. Waytz is the first person to receive twice the Theoretical Innovation Prize from the Society for Personality and Social Psychology. He is also the winner of the SAGE Young Scholar Award and the International Social Cognition Network's Early Career Award.

Waytz writes: "Everyday life is increasingly human-free. Robotic technology has begun replacing human jobs and will replace millions more over the next five years. In domains such as manufacturing and agriculture, robotic employees are already a reality. Tasks like getting directions from another human or consulting with a bank teller to deposit money have become obsolete. These advances contribute to well-documented declines in social interaction. Not only has interaction with human beings diminished, but existing human interaction has



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declined in quality. People feel less trusting of others than in previous decades, face-to-face communication is less frequent, and people's social networks have become more fragmented, producing smaller social clusters rather than expansive, civic community groups. Empathy with other humans, considering others' wants, feelings, needs, and motivations (the essence of what makes us human), has diminished considerably. Rises in income inequality and political polarization also mean that our diversity of social experiences—encountering people unlike 'us'—is diminishing as well, enabling little consideration of humans dissimilar to ourselves.

"*The Power of Human* represents a call to action. This book details the psychological cost of losing our humanity and elucidates scientifically supported strategies to counteract this trend, many of which are already underway. Although scholars have bemoaned declines in social interaction, their concerns often erroneously center on people's deteriorating social skills, communication abilities, and intelligence (for which evidence is decidedly mixed). Meanwhile, the real costs of this decline on moral behavior, employee productivity, mobilizing social movements, and finding meaning in life have gone overlooked. This book elucidates how we often overlook how psychologically powerful humans are, and provides strategies to rejuvenate efforts to recognize others' humanity.

"*The Power of Human* is unique in providing solutions to this problem that will help businesses retain customers and employees, help charities raise more money, help people experience greater significance from simple everyday activities, help technologists design better robots, help reduce conflict between different political and religious sects, and increase happiness in relationships with friends and spouses."

ADAM WAYTZ is an associate professor of management and organizations in the Kellogg School of Management at Northwestern University. His research has been published in leading journals such as *Proceedings of the National Academy of Sciences*, *Journal of Personality and Social Psychology*, and *Psychological Review*. Waytz received the 2008 and 2013 Theoretical Innovation Award from the Society for Personality and Social Psychology, the SAGE Foundation Young Scholar Award, and the International Social Cognition Network's Early Career Award. In 2015, Poets and Quants named him one of the "Best 40 Business School Professors Under the Age of 40." He has written articles for the *New York Times*, the *Boston Globe*, *Wall Street Journal*, *Harvard Business Review*, *Scientific American*, and *Slate*.

**SCALE**
**The Search for Simplicity and Unity in the Complexity of Life, from Cells to Cities, Companies to Ecosystems, Milliseconds to Millennia**
By Geoffrey West
[US — Penguin Press, UK — Weidenfeld & Nicolson, Holland — Het Spectrum, Finland — Terra Cognita, Brazil — Das Letras; Japan — Hayakawa; Korea — Gimm Young; Taiwan — Locus; China — CITIC; Russia — Atticus; Audio — Penguin RH; Manuscript; 400 pages; Publication: May 2017]

The former head of the Sante Fe Institute, visionary physicist Geoffrey West is a pioneer in the field of complexity science, the science of emergent systems and networks. The term "complexity" can be misleading, however, because what makes West's discoveries so beautiful is that he has found an underlying simplicity that unites the seemingly complex and diverse phenomena of living systems, including our bodies, our cities and our businesses.

Fascinated by issues of aging and mortality, West applied the rigor of a physicist to the biological question of why we live as long as we do and no longer. The result was astonishing and changed science, creating a new understanding of energy use and metabolism: West found that despite the riotous diversity in the sizes of mammals, they are all, to a large degree, scaled versions of each other. If you know the size of a mammal, you can use scaling laws to learn everything from how much food it eats per day, what its heart-rate is, how long it will take to mature, its lifespan, and so on. Furthermore, the efficiency of the mammal's circulatory systems



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scales up precisely based on weight: If you compare a mouse, a human and an elephant on a logarithmic graph, you find with every doubling of average weight, a species gets 25% more efficient—and lives 25% longer. This speaks to everything from how long we can expect to live to how many hours of sleep we need. Fundamentally, he has proven, the issue has to do with the fractal geometry of the networks that supply energy and remove waste from the organism's body.

West's work has been game-changing for biologists, but then he made the even bolder move of exploring his work's applicability to cities. Cities, too, are constellations of networks and laws of scalability relate with eerie precision to them. For every doubling in a city's size, the city needs 15% less road, electrical wire, and gas stations to support the same population. More amazingly, for every doubling in size, cities produce 15% more patents and more wealth, as well as 15% more crime and disease. This broad pattern lays the groundwork for a new science of cities.

Recently, West has applied his revolutionary work on cities and biological life to the business world. This investigation has led to powerful insights into why some companies thrive while others fail. The implications of these discoveries are far-reaching, and are just beginning to be explored.

*Scale* is a thrilling scientific adventure story about the elemental natural laws that bind us together in simple but profound ways. Through the brilliant mind of Geoffrey West, we can envision how cities, companies and biological life alike are dancing to the same simple, powerful tune, however diverse and unrelated they are to each other.

GEOFFREY WEST, a theoretical physicist, is distinguished professor and past president at Santa Fe Institute. His primary interests have been in fundamental questions in physics and biology. West is a Senior Fellow at Los Alamos National Laboratory and a distinguished professor at the Sante Fe Institute, where he served as the president from 2005-2009. He has been featured in many publications world-wide including the *New York Times*, *Nature*, *Science*, the *Financial Times*, *Wired* and *Scientific American*, and has participated in television productions including *Nova*, the National Geographic and the BBC. His work on cities and companies was selected as a breakthrough idea of 2007 by *Harvard Business Review,* and in 2006 he was selected for *Time* Magazine's list of "100 Most Influential People in the World."

**FUNDAMENTALS**
**(working title)**
By Frank Wilczek Herman Feshbach Professor of Physics, MIT
Recipient, 2004 Nobel Prize in Physics
[US — Penguin Press, UK — Allen Lane, Audio — Penguin RH; Proposal; 50,000 words; Delivery: March 2019]

An exciting new book by Frank Wilczek, one of the world's most eminent theoretical physicists and the most important of his generation. His scientific work provides the basis for the LHC experiments at CERN. He has received many prizes for his work in physics, including the Nobel Prize (2004) for work he did as a graduate student at Princeton University, when he was twenty-one years old, and the King Faisal Prize in 2005.

Writes Wilczek: "The premise of the book is simple: I formulated ten basic propositions, which together convey the core of what every thinking person should know about science. In *Fundamentals*, the ten basic propositions support a series of interesting and connected chapters, which give historical and cultural context, outline the evidence, and draw out the implications. I want the marketing of this book to be based on the following slogan: "If you read just one book about science, this should be the one."

Here are three examples of the ten basic propositions:



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1. The World Is Very Big
*Our neighborhood (Earth, Solar System, Milky Way). The accessible universe. How we measure large distances. Consistency checks. The multitudes within.*
2. The World Is Very Old
*The nature of time. How we measure the age of objects on Earth. What we mean by the age of the universe, and how we measure it. Consistency checks.*
3. Matter Is Built From A Small Menu Of Ingredients, Which Exist In Vast Quantities
*Microscopy and its modern refinements. Matter from the bottom up—building from electrons, photons, nuclei (protons and neutrons) to everyday materials. How we analyze the chemistry of distant objects, like stars, and establish that they're made of the same stuff. Extraordinary objects.*

*Fundamentals* is a short, sophisticated book that the explains fundamentals of science.

FRANK WILCZEK won the Nobel Prize in Physics in 2004 for work he did as a graduate student. His 1989 book, *Longing for the Harmonies*, was a *New York Times* notable book of the year. Wilczek is a regular contributor to *Nature* and *Physics Today* and his work has also been anthologized in *Best American Science Writing* and the *Norton Anthology of Light Verse*. He lives in Cambridge, Massachusetts, where he is the Herman Feshbach Professor of Physics at the Massachusetts Institute of Technology.



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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/28/2016 6:47:15 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Re: Re:

**Importance**: High

comey knows that denise neeed to pledge 500k to foundation

On Mon, Nov 28, 2016 at 1:44 PM, Pritzker, Tom <[redacted]> wrote:

Read an interesting article on why Comey screwed Clinton. Came from Israeli press.

1. Comey as DA is hunting down Marc Rich to indict him.
2. Ehud calls Clinton and says please pardon Marc Rich he has done work for Mossad that has been valuable.
3. Clinton pardons Rich and Comey has been pissed ever since.
4. Comey got his opening to get even.

No idea if this is accurate story.

tjp

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:39 PM
**To:** Pritzker, Tom <[redacted]>
**Subject:** Re:

barrack and the boys in pb, wild wild .

On Mon, Nov 28, 2016 at 1:37 PM, Pritzker, Tom <[redacted]> wrote:

Will check

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:35 PM
**To:** Pritzker, Tom [redacted]
**Subject:**

im in wed , fri. edelman?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/28/2016 6:49:51 PM
**To**: Pritzker, Tom [redacted]]
**Subject**: Re: Re:

cash

On Mon, Nov 28, 2016 at 1:47 PM, Pritzker, Tom <[redacted]> wrote:

Cash or in-kind services?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, November 28, 2016 12:47 PM
**To:** Pritzker, Tom <[redacted]
**Subject:** Re: Re:

comey knows that denise neeed to pledge 500k to foundation

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/20/2017 12:10:12 PM
**To:** David Grosof [redacted]
**Subject:** Re: Your Special Day

**Importance:** High

pretty well

On Fri, Jan 20, 2017 at 7:02 AM, David Grosof <[redacted] wrote:

Probability as a force rather than a what?
Didn't suss out the next word...
Watson's pretty wild and fun, if overconfident about some ideas about autism when I saw him talk ~4 years ago on book tour @Google. I met him once through Gunther Stent, as well as Crick on another occasion. Know him well?
D.

Please forgive typos. Sent from Android Nexus 6 phone.

On Jan 20, 2017 2:47 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

1. is probability a force rather than a markter. if you look at a bell curve from scratch, it looks as if it under a force pushing things towards the center. i think gravity might be just that . 2. all signals in nature need to be envvyrpted so that the enemy cannot read. this includes inner signals that if you are aware of , can give you up to your predator. so signals from the nose , my conjecture is that each person has its own enxruption de encyption algorithm built in. fyi having dinnner with Jin Watson.

On Fri, Jan 20, 2017 at 1:28 AM, David Grosof <[redacted]> wrote:

At 10:13 PM 01/19/17, you wrote:

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David Grosof

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**Sent:** 1/20/2017 12:14:31 PM
**To:** David Grosof[redacted]
**Subject:** Re: Your Special Day

**Importance:** High

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**To:** David Grosof [redacted]
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god - so he does play , just not with fair dice

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On Jan 20, 2017 4:32 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
yes , now assume that there i a balancing force. and gravity is merely the result of paticles being pushed together . etc

On Fri, Jan 20, 2017 at 7:26 AM, David Grosof <[redacted]> wrote:
http://xkcd.com/123/ can't resist!

Please forgive typos. Sent from Android Nexus 6 phone.

On Jan 20, 2017 4:14 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
probablity and statistics gets its strengh from the law of large numbers . centrifigal force is a pseudo force but not distinguishable in the right frame. . like gravity. lets assume that there is a force pushing heads and tails towards a 50 50 distribution. . not merely recording it. regression to the mean. etc. would . could be a force similar to the EM one.

On Fri, Jan 20, 2017 at 7:11 AM, David Grosof <[redacted]> wrote:
Cool. And the former question, of clarification?

Please forgive typos. Sent from Android Nexus 6 phone.

On Jan 20, 2017 4:10 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
pretty well

On Fri, Jan 20, 2017 at 7:02 AM, David Grosof <[redacted]> wrote:
Probability as a force rather than a what?
Didn't suss out the next word...
Watson's pretty wild and fun, if overconfident about some ideas about autism when I saw him talk ~4 years ago on book tour @Google. I met him once through Gunther Stent, as well as Crick on another occasion. Know him well?
D.

Please forgive typos. Sent from Android Nexus 6 phone.

On Jan 20, 2017 2:47 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
1. is probability a force rather than a markter. if you look at a bell curve from scratch, it looks as if it under a force pushing things towards the center. i think gravity might be just that . 2. all signals

in nature need to be envvyrpted so that the enemy cannot read. this includes inner signals that if you are aware of , can give you up to your predator. so signals from the nose , my conjecture is that each person has its own enxruption de encyption algorithm built in. fyi having dinnner with Jin Watson.

On Fri, Jan 20, 2017 at 1:28 AM, David Grosof <[redacted]> wrote:
At 10:13 PM 01/19/17, you wrote:

all good.Â Â thx.Â Â areas of interest,Â Â Â Â distribuitionsÂ in nature. .Â Â Â Â 2 deception.Â 3.Â sleep . 4.Â power. 5 money.Â 6 music and the brain. 7 , signal intellignece in the biologocal systems

Excellent alignment with some of my interests or those of people I like and think are smart!
The rest of the truncated message has been sent.

1. What's been stimulating as a source of good questions for the "distributions in nature" issue?
7. "Signal intelligence in biol. systems" seems to cover all of neurophysiology: Jonathan Victor, whom you met a few years ago in your office, is powerfully thoughtful on the issues of neural coding. Are there specific examples that have stimulated you to better questions or turned your thinking around?

6. Are you aware of apps that purport to play music to enhance productivity and focus on tasks at hand? My buddy Reese Jones has backed that; he has a fascinating set of beliefs and projects around what may soon be understood as "consciousness hacking." He's on the board of Singularity University as one of the founders. (His father was a pioneer UCSF MD researcher of hallucinogens, I believe!)

More to come in a day or so.
Thanks!
You're up late or you're not so east of my SF location!
David

PS How to trade the Trump-GOP demolition of the welfare state, erratic elevation of risks of trade disruptions and war? Has anyone from the rational center or left given thought to how to respond to a national emergency to cope with a kakistocratic seizure of emergency powers? The Patriot Act was on a 'shelf' as you know, ready to be used. What should the better folks in this country have at hand if, say, a port is subject to a radiological attack of unknown origin?

On Fri, Jan 20, 2017 at 1:07 AM, David Grosof <[redacted]> wrote:
Dear Jeffrey,
Â Congratulations on another spin around the sun.
Â I would like to offer you a birthday present: my best efforts for a few hours on something where I might be able to contribute either to making something good happen for you or help you prevent the bad.
We haven't talked much at all for quite some time, so I'm not sure of the nature of your current interests but here are some of mine, where I feel I either have some special capability or can get access to those who have such.
* open science -- open access publishing, data publishing, and open culture institutions considered as a network with largely consistent and mutually reinforcing values: Public Library of Science (PLoS), Wikipedia, Internet Archive, Electronic Frontier Foundation, and Creative Commons, along with allied US, UK, European governmental and NGO funding sources and other institutions.

* early-stage life science-based ventures, especially those with one or more of these technologies: optics, wearable-sensors, brain-computer interface, behavioral engineering that goes beyond robo-noodging. I am not up to speed on synthetic bio and CRISPR, but I have a good friend who is.
* cybersecurity for you and your life. I have carefully monitored the web for articles about you and I have reason to think that those will persist indefinitely. I would be remiss as your friend if I did not encourage you to be as diligent and smart as possible in using tools like Signal, two-factor/multi-factor authentication, taking webmail archives off the web onto your own secure privately maintained archive or deleted (unlike Podesta), and other measures.
* publicity for your cool-ass creative and important philanthropy in support of really good and adventuresome, high-risk basic science research. Most obvious benefit: it would be nice to know you hung out with the bright

David Grosof
[redacted]
*

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David Grosof
[redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/8/2017 9:46:30 AM
**To:** Lesley Groff [redacted]
**Subject:** Fwd: Kuhn - The Science of Sleep and Dreams

**Importance:** High

---------- Forwarded message ----------
From: **Robert Kuhn** <[redacted]>
Date: Sat, Apr 8, 2017 at 2:28 AM
Subject: Re: Kuhn - The Science of Sleep and Dreams
To: "jeffrey E." <jeevacation@gmail.com>

Just arrived NY, here for ~10 days.

Now with the Trump-Xi Summit over (utterly overwhelmed by Syria strike), back to Closer To Truth.

When good to meet?

Robert

On Mar 23, 2017, at 4:23 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Look forward to seeing you

On Thu, Mar 23, 2017 at 3:54 PM Robert Kuhn <[redacted]> wrote:

Hi: Just returned from a month in China. Attached is my summary of recent politics (in South China Morning Post), and pics of moderating (at request of govts of China and Israel) the PM's discussion with leading Chinese technologist (Baidu CEO, dominant Chinese search engine). The PM was in China for 25th anniversary of diplomatic relations

Back to CTT, my 'true love'… Love to discuss Science of Sleep & Dreams project. I'm in LA for week and then NY April 8-18.

Warm regards, Robert

On Feb 15, 2017, at 1:29 PM, Robert Kuhn <[redacted]> wrote:

501 (c) (3) - private operating foundation - The Kuhn Foundation, which I set up in 1999 to support Closer To Truth. IRS letter attached.
Thank you.

<Kuhn Foundation IRS Tax Exempt Determination Letter 1999, 2015.pdf>

On Feb 15, 2017, at 4:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

is it a charity that received the funding?

On Wed, Feb 15, 2017 at 1:27 AM, Robert Lawrence Kuhn <[redacted]> wrote:

*Pardon the formality below - I want to approach your very legitimate questions / concerns in a serious manner.*
*Attached and below the same.*

Dear Jeffrey:

As requested, the following addresses your two questions / concerns about our proposed Closer To Truth TV series "The Science of Sleep and Dreams":

(i) Have there been sufficient breakthroughs in Sleep and Dreams (significantly beyond traditional understandings) to justify a major TV series?

(ii) Even if 'yes' to (i), is now the proper time for such a foundational series, or are more years needed for corroborative studies and further research to solidify the breakthroughs?

In preparing this response, my primary source is Professor Patrick McNamara, Department of Neurology, Boston University School of Medicine, with whom CTT Producer/Director Peter Getzels and I spoke with at length today. Patrick is one of the leading sleep and dream researchers (he himself more dreams). More importantly, he is perhaps the leading chronicler of the field, with many publications (including 26 entries in related encyclopedias). He is co-editor-in-chief of the "Encyclopedia of Sleep and Dreams" (2012) and the sole author of the forthcoming "An Introduction to the Neuroscience of Sleep and Dreams" (Cambridge University Press, 2018), which intends to present the latest science and to become a main textbook for graduate courses/seminars. Patrick is a CTT contributor and colleague.

When we asked Patrick, his first response – "This is the ideal time to tell the sleep-and-dreams story" – and he cited (in essence) your two questions, in that (i) the multiple breakthroughs are now sufficiently well corroborated by numerous independent labs such that a substantial foundation for the new, deeper understanding of sleep and dreams is now for the first time (over the past few years) confirmed and established, and (ii) there are now interesting application and critical clinical questions to pose, explore and pursue, such as for the treatment of various mental-related illnesses that have known sleep-related syndromes (e.g., PTSD and Depression).

To understand the significance of recent breakthroughs, a defining characteristic of sleep and dreams is that there are two distinct kinds of sleep – REM (rapid-eye-movement) Sleep and NREM (non-rapid-eye-movement) Sleep. Most dreams are associated with REM sleep (though complex). The eye movement gives the eponymous name, but a more important designation defines the two stages in terms of brain waves (electroencephalograph – EEG): REM is Fast-Wave Sleep (similar to the waking state) and NREM Sleep is Slow-Wave Sleep (very different from the waking state). This difference between REM and NREM sleep has been known since 1953 (different EEGs since 1937), but its deep significance has only been discovered and confirmed in very recent years (as explained below).

Following are the key areas of breakthrough in sleep and dreams (from Patrick). Patrick states that these are

now reproducible, non-controversial, and well-accepted among experts, although still not appreciated by the public - hence the high value of our CTT TV series. The organizing idea is why and how are sleep and dreams essential for normal memory consolidation and bodily health / well-being.

Memory Consolidation. There is a fundamental difference between REM and NREM Sleep for memory consolidation: REM is for emotional memories, whereas NREM is for declarative and procedural memories. Hence, understanding and dealing with REM emotional memories can lead to treatment for the many neuropsychiatric illnesses that have sleep/dream-related disorders or syndromes (Parkinson's Disease, Anxiety, Substance Abuse, many sleep disorders such as Nightmare Disorder, etc., in addition to PTSD and Depression). Research shows bi-directional causality between neuropsychiatric disorders and sleep disorders. This is a superb example of how fundamental science breakthroughs lead to clinical breakthroughs. This fact that REM is associated with emotional memories is nicely consistent with the apparent psychotic nature of dreams, because in REM Sleep the frontal cortex is 'down-regulated' (and the frontal cortex is associated with rational planning, reflection, controlling impulses), while in REM Sleep the limbic system is 'up-regulated" (and the limbic system is associated with emotions and feelings) – see Neuroimaging below. This is why dream states flood the ego with emotional fantasies without rational control. However, it is also true that the limbic system enables creative ideas, thus grounding in science the long-suspected idea that sleep and dreams can enhance creativity.

As Dr. Robert Stickgold, our other advisor on the series, wrote: "It would be nice if we could talk about sleep and memory as if there were only one type of memory and one type of sleep. But this is far from the case. Sleep and memory each comes in many forms, and furthermore, memories can go through multiple forms of post-encoding processing that must be individually addressed."

Immunity / Immune System. Strengthening the immune system is now a proven product of NREM sleep. Discerning the evolutionary basis for this is a key research project (i.e., it seems counter-intuitive that sleeping facilitates fitness for survival in that predators lurked in the jungles and on the plains so that going unconscious during sleep does not, at first glance, seem especially adaptive). Studies of sleep in various non-human animals reveals a direct relationship between longer periods of NREM (Slow-Wave) Sleep and a stronger immune system, especially in fighting parasites. NREM Sleep releases molecules that fight inflection; NREM Sleep works for the maintenance, repair and activation of the immune system. (This gives scientific rationale for the need or desire to sleep during illnesses.) Related are "genetic conflict" studies with respect to REM and NREM, showing differences in heredity between material and paternal lines, and differences between males and females in which genes get "imprinted".

Neuroplasticity. Exciting recent research has reversed the century-long conventional wisdom that new neurons are never created in adult animals/humans. The development of new neurons – neuronogenesis – is a vital part of maintaining normal brain and mental functioning. New neurons are being created, importantly, in the hippocampus (brain organ where new memories are encoded) – but, remarkably, the neuronogensis in the hippocampus occurs only/largely during REM Sleep – a stunning finding. This is another reason why REM sleep is needed for emotional memory consolidation (normal functioning).

Dream-Content. Although dreams have sparked human fascination and fantasy for thousands of years, only in very recent years, have large-scale surveys been conducted with rigorous design, classifications and statistical analysis. Literally hundreds of thousands of dreams are enabling statistically significant theories, including cross-cultural analyses (similarities and differences). Dream-posting sites have revolutionized size and structure of dream data sets. This enables, for the first time, longitudinal studies of dreams over time. Patterns are repeated. For example, in general, the dreams of males and females differ in fundamental ways. Males will engage in fighting with other males; females with both males and females. Male dreamers are often the initiator of fights and the fights are usually physical. Females fight verbally. Aggressiveness by the dreamer is almost always in REM Sleep, rarely in NREM Sleep. (Why is a continuing question.) "Lucid Dreaming" is a new area of fascinating research. Lucid Dreaming is where the dreamer "knows" that

he/she is dreaming while dreaming (a talent that a small minority possesses but more can be trained/developed). Lucid dreamers, while sleeping, can now communicate with experimenters by altering their brain activity and thus becoming detectable by neuroimaging techniques (see below).

Neuroimaging. Finally, neuroimaging technology has enabled many of these breakthroughs. As such, it is itself a methodological breakthrough that has enabled these other content breakthroughs. Neuroimaging now enables detailed location of the neuroanatomy and neurophysiology of REM and NREM Sleep. In REM Sleep, the dorsolateral, frontal cortex is "down-regulated", whereas the limbic system is "up-regulated", showing the physiological basis for the emotional, wild-fantasies of dreams (see above). (Neuroimaging will enable good visual images for the TV series without extra costs.)

Patrick stresses that while these breakthroughs form, for the first time, a solid foundation for understanding sleep and dreams, they also open opportunities to dig deeper into the "purpose" of sleep and dreams, as well as engender a new series of questions and directions (e.g., clinical treatments of illnesses).

Attached is Patrick's quick compiling of summaries of a few recent leading research papers (2009 – 2017, especially 2015-2017).

You'd enjoy speaking with him, if you want.

Love to do this series together with you.

Much appreciate and warm regards,

Robert

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/28/2017 11:43:17 PM
**To**: LHS [redacted]
**Subject**: Re: Is Donald still feeling good

**Importance**: High

your world does not understand how dumb he really is. he will blame everyone around him. for bad results. . gary cohn in good place. . as is jared. all others , not long for this world.. intresting argument whether using whats app is obstruction of justice. deletes after sending. ?

On Sun, May 28, 2017 at 7:36 PM, LHS <[redacted]> wrote:

More would represent Donald if Kaslowitz out of picture. Not surprising. very hard to be law firm representing POTUS and know what to do when potus lies to u.

My world thinks poorly of Gorelick for representing Jared.

How guilty is Donald?

Of crudity surely
Of gross ignorance surely
Of being utterly without the intellect temperament for job surely
Of being over line on family profiting very likely
Of gross disregard for appearances almost surely.
Of Russians having financial leverage. Less clear
Of Russians helping in. Election w complicity of his campaign plausible but not certain

Strikes me if u work for Donald u don't free lance so he is guilty of whatever his campaign did.

Do u agree w foregoing?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Sunday, May 28, 2017 7:28 PM
Subject: Re: Is Donald still feeling good
To: LHS <[redacted]>

wild, there will be some changes this week. . funny but kaslowitz is getting turned down repeatedly , by firms unwilling to represent donald.

On Sun, May 28, 2017 at 7:22 PM, LHS <[redacted]> wrote:

R u still plugged in to the show?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/28/2017 11:44:32 PM
**To:** LHS [[redacted]]
**Subject:** Re: Is Donald still feeling good

**Importance:** High

you should hook up with gates or hoffmand and do the donor advised fund. you should lead the education initaitive. , church , genetics. , jobs climate projects. , etc.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/2/2018 12:47:41 PM
**To**: Jonathan Farkas [redacted]
**Subject**: Re:

funn /. its a wild time

On Fri, Mar 2, 2018 at 5:58 AM, Jonathan Farkas <[redacted]> wrote:

> Hi Jeffrey do you think this is Smoot Hawley 2 which topped us into the depression Bloomberg just quoted trump trade wars are good and easy to win thanks jf Somers is going to mar a lago lunch Saturday fund raiser for djt
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/20/2018 8:02:59 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

a us citizen , working for mi 5 . calls trump campaign insiders and tryr to get info for mi5 and fbi. . including after trunmp takes office. . 1 did obama know"? if a us citizen working for britain spies. can they spy on americans? who pays . paid. wild. donald focused on this bigtime

On Sun, May 20, 2018 at 9:59 PM Weingarten, Reid <[redacted]> wrote:

Oy

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Sunday, May 20, 2018 3:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

hes the fbi informant. Mi 5 cia , oy.

On Sun, May 20, 2018 at 8:39 PM Weingarten, Reid <[redacted]> wrote:

Educate me

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Sunday, May 20, 2018 11:16 AM
**To:** Weingarten, Reid
**Subject:**

who is going to represent stephen halper. that will be fun

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/18/2018 10:40:13 PM
**To:** paul krassner [[redacted]]
**Subject:** Re: deja' vu' by pk

great

On Tue, Sep 18, 2018 at 3:48 PM, paul krassner <[redacted]> wrote:

## Why I Leaked the Anita Hill Affidavit

I shall identify myself only as a female aide to a Republican senator. It is also relevant that I have long nurtured a keen interest in psycho-history, the process by which a nation's direction is interpreted as an extension of the psychological makeup of those individuals who govern it.

Without going into specific detail, let me simply state that on October 5, 1991, I happened to hear part of a conversation among Judge—now Supreme Court Justice—Clarence Thomas, Senator Orrin Hatch and Senator Alan Simpson. The three were meeting informally one week after the Judiciary Committee voted, first 7-7, then 13-1, to recommend the confirmation of Judge Thomas, and one day after the full Senate indicated that he *would* be confirmed.

The conversation I happened to hear had to do with those charges brought by Anita Hill and ignored by the members of the committee, both Democratic and Republican. At that point in time I still thought this was an appropriate response, because the alternative would have been to hold an executive session, and Judge Thomas would then have had no practical choice but to resort to heavy denial. Now, however, these men were, in a jocular fashion, acknowledging the truth of what would turn out to be Professor Hill's allegations.

Senator Simpson was saying, "Y'know, Clarence, I've seen some pretty raunchy porno movies in my time, but I never did see one where a lady was having sex with an *animal*."

"I'll never forget it," Judge Thomas replied in his riveting sonorous tone. "They were in a barn. Except that the inside of the barn was like a theater."

Senator Hatch interjected, "Summer stock, eh? No pun intended"

"There was a stage at one end," Judge Thomas continued his description, "and the stage was facing rows and rows of wooden folding chairs. There were haystacks piled up on the stage, and in front of the haystacks there was a beautiful, buxom, blond woman—and a donkey. Well, the woman began disrobing and she started stroking the donkey to arousal."

"Doesn't sound at all sleazy to me," Senator Simpson said.

"Actually, it had Beethoven piano sonatas playing in the background," Judge Thomas said. "Well, when the woman was fully disrobed and the donkey was fully aroused, they began copulating, right there in front of those haystacks on the stage of that barn. Slow and sensual. Then bumping and grinding away, accompanied by passionate moans and wild braying. You've never seen a sight like this, I promise. And then the camera panned slowly toward the audience . . . and the audience consisted entirely of *donkeys*."

The Senate office shook with raucous laughter, especially that of Judge Thomas. His booming guffaws rang like huge gongs in a church belfry. And, I must admit, I had to suppress my own laughter. I had been totally caught by surprise, but I appreciated getting the insight. Homo sapiens is, in reality, the only species that has a need for pornography.

When the group's laughter finally began to simmer down, Senator Hatch said, "I suppose that movie was one of the demands of the animal rights people."

"That's correct," Senator Simpson added. "Saving animals' lives is no longer enough. They need *culture.*"

I felt like I was imprisoned in the boys' locker room, but I was getting ready to force myself to leave anyway, and it would have ended right there for me if the subject matter hadn't returned to Anita Hill.

"I'm glad nobody considered calling *her* to testify against me, even for a closed-door session," Judge Thomas said. "But you fellas will really love this. Anita Hill was a very opinionated young lady. Actually, she and I once had an *extremely* animated discussion on the decriminalization of abortion. Can you imagine what the Democrats would've done with *that*?"

And that was the precise instant I made the decision to leak Professor Hill's statement to the press. Although I have constantly been sexually *hassled*, I have never really been harassed in the *legal* sense of the word.

However, I *have* had an abortion, and I was totally outraged by the blatant hypocrisy I'd overheard. I had never leaked a document before, but my anger overshadowed my fear.

I chose Nina Totenberg because I had come to trust her reporting about the Supreme Court on National Public Radio. I honestly had no idea what leaking the affidavit would accomplish. I certainly did not envision that it would literally embarrass the Senate into delaying the vote until public hearings were held, though that probably was my secret desire.

But Judge Thomas *testified under oath* that he had never discussed the subject of abortion. However, in response to a question by Senator Hank Brown, Professor Hill testified that she had disagreed with Judge Thomas in a discussion about *Roe v. Wade*. Unfortunately, then-Senator Joseph Biden quickly interrupted her.

"That is not the subject of these hearings," he said.

Personally, I feel quite disappointed about that particular aspect of the testimony, but I have not the slightest regret over leaking Anita Hill's affidavit, and I would gladly do it all over again.

I certainly set a higher moral standard for myself than did the staffer for Senator John Danforth who wrote Judge Thomas's statement that began, "Nobody helped me with this."

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 7/25/2011 4:33:45 PM
**To:** Undisclosed recipients:
**Subject:** Eye on the Market, July 25, 2011
**Attachments:** image002.png; image004.png; image006.png; image008.png; image021.png; image022.png; image023.png; image024.png; 07-25-11 - EOTM - White Castle.pdf

**Eye on the Market, July 25, 2011 (the attached PDF document is much easier to read)**
**Topics: US debt ceiling negotiations, a more ambitious European bailout plan (finally), and how large cap growth stocks and rising corporate profits are patiently waiting for both of them to end**

***White Castle***. Twenty five years ago, I had a friend with a peculiar way of responding to seeing things he didn't like on TV: he would throw White Castle hamburgers at the screen. I always thought this was a bad way to waste a good hamburger, but I had one of those moments the other night when watching news reports on debt ceiling discussions. Media outlets have referred to President Reagan's scolding of Congressional Republicans for delaying debt ceiling increases, and the 18 increases that took place during his Presidency. The implication: reservations about raising the debt ceiling are as irresponsible now as they were then. **This is a disingenuous argument; in the 1980's, the debt ceiling being debated was 50% of GDP, and had no bearing on the solvency of the United States**. Today, the proposed increase raises the debt limit twice as high, measured relative to GDP or government revenues. While a default is a *very* bad idea (deserving of a White Castle hurling of its own), unconstrained debt growth with no plan to slow it is bad as well. Some suggest we not worry about debt growth, since demand from foreign central banks and the Federal Reserve would keep yields in check. That logic is irresponsible at best. Debt limit legislation is a rocky but healthy way for a democracy to decide whether mega-deficits are in the long-term public interest.

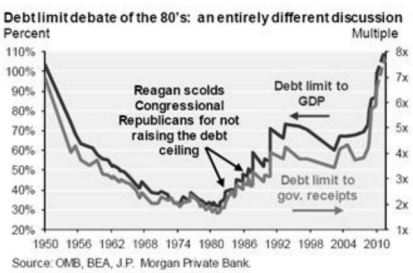


**Over the last few days, the Gang of Six plan, the Reid-McConnell plan and the Obama-Boehner plan have all been raised up the flagpole and then lowered.** By the end of the process, we're still looking for deficit reduction of $3 trillion+ over 10 years (relative to the CBO Alternative case in which there is no deficit reduction at all). However, Congress is running short on time, and may have to do a smaller debt ceiling increase/deficit reduction first. For now, we wait to see the balance of spending cuts and revenue increases will be agreed to. Last week's *Profiles in Courage* piece walked through the history and dynamics of this process, so we won't repeat that here. **Here's our take on what has been proposed so far**, with the caveat that many plans are not crystal clear what baseline they are using, or what steps they recommend to get to that baseline first. For example: the Gang of Six state that they used the President's budget as a baseline (scored by CBO in March 2011), reduced deficits by $3.7 trillion, and ended up with a 71% debt/GDP ratio; but they do not explain how they get to the President's baseline in the first place.

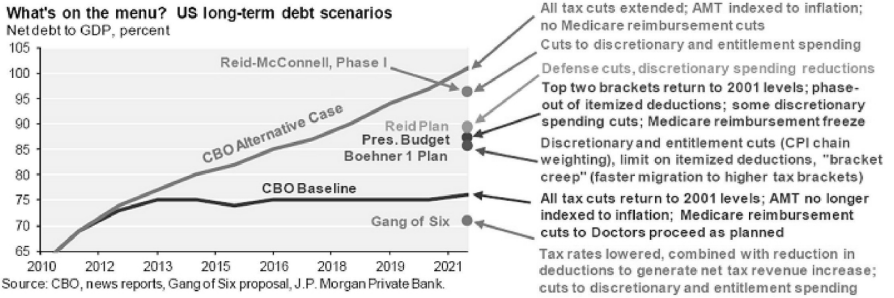


I have a feeling that revenue increases will be a material (e.g., 25% or more) part of the deal. The Peterson Foundation's sampling of 6 policy groups shown below indicate that 5 of 6 recommend revenue increases compared to where we are today; the Heritage Foundation's "*Woody Guthrie Memorial Budget Plan*" is the only exception. What kind of revenue increases? Raising the top two brackets, which would affect joint filers with adjusted gross incomes above $212,300, would raise $450-$700 billion over 10 years (depending on whether you use OMB or CBO numbers). If they cannot agree to raise *rates*, another option (as in the Gang of Six plan) would be reductions in the deductibility of state and local taxes, sales taxes, mortgage interest, etc. As this gets sorted out, let's hope everyone recognizes that the US tax system is already progressive. As shown in the chart below, effective Federal tax rates for low earners have dropped to zero over the last decade, even after including FICA taxes. News reports that the US tax system is regressive make me want to throw hamburgers at the screen.

| Revenues and Spending | *as a % of GDP* | |
|---|---|---|
| | Revenues | Spending |
| Fiscal year 2011 | 15.3% | 24.1% |
| Fiscal years 1950-1969 | 17.5% | 18.1% |
| Fiscal years 1970-2010 | 18.0% | 20.8% |
| ***Estimates for 2035:*** | | |
| CBO alternative case | 19.5% | 33.9% |
| American Enterprise | 19.9% | 22.8% |
| Bipartisan Policy Center | 23.1% | 23.7% |
| Center for Am. Progress | 23.8% | 23.2% |
| Economic Policy Institute | 24.1% | 27.8% |
| Heritage Foundation | 18.5% | 17.7% |
| Roosevelt Institute | 22.9% | 24.8% |

*Source: OMB, CBO, Peterson Foundation 2011 Fiscal Summit.*

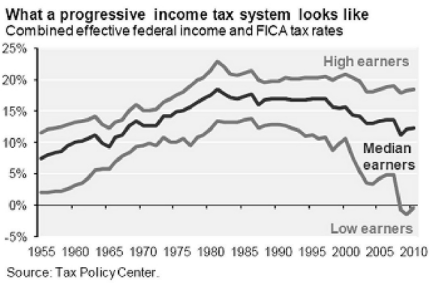


**Europe: Finally (!!), but now what?**

For the first time since 2009, it felt last week like European policymakers were trying to get out in front of things. In exchange for a modest amount of "private sector involvement", Germany agreed to more generous financing terms for Greece, Ireland and Portugal, and an expanded role for the EU-IMF lending facility (see following page). What would the plan accomplish if implemented? While Greek debt to GDP ratios would remain well over 125% of GDP (the IMF estimate for next year is a ridiculous 170%), Greece's near-term financing obligations would decline, due to debt buybacks, exchanges into long maturity bonds, and interest grace periods on new EU loans. More broadly, the plan also allows for money to be lent to countries *before* they enter into an IMF program, for recapitalization of banks. **All things considered, it's the broadest defense of the Monetary Union so far.** On paper, it even looks like a **free ride** for holders of Greek paper that don't participate in the debt exchanges (they would be paid at par). So, what's not to like? Well, there are still questions about Greece:

** There's a big difference between generous *financing* terms and generous *economic* terms. Greece must still meet an enormous 5%-6% primary budget surplus target (government revenues less spending, pre-interest) during a recession
** Greece must execute on its asset sale targets, despite having little success or experience doing this in the past

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The big question: **would Germany still live up to the deal** if Greece missed deficit targets or assets sales, if bank participation was too low, or if hedge funds (once referred to by the Chairman of the German Social Democratic Party as a "swarm of locusts") reaped large free rider windfalls? Ultimately, this is a political question. If "yes", Germany will underwrite Greece no matter what; if "no", then a broader, coercive Greek restructuring might follow in the not-so-distant future.

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Source: Eurozone draft proposal July 21, 2011, IIF press release July 21, 2011

**In addition to execution risk in Greece, we are left with 3 other concerns**. The current EU-IMF lending facility capacity is Eur 255 bn, but we anticipate that as agreed, national parliaments will expand it to 440 bn. First concern: while that's to deal with problems in Greece, Portugal and Ireland, if you include Spain, it gets tight (note: the chart excludes costs to recapitalize banks). If Italy or Belgium entered Europe's Liquidity Hospital, a lot more money might be needed from European parliaments (in one worst-case scenario, Alliance Bernstein estimates that the EU lending facility would have to increase from 440 bn to 1.7 trillion Euros, mostly from Germany). Italy faces a multi-notch downgrade from Moody's, which is not going to help. As we discussed two weeks ago, Italy has been a model citizen in terms of running low budget deficits for 20 years, but still cannot escape the confines of its very large existing debt stock (120% of GDP).

**Limited capacity at the European Liquidity Hospital**

Official sector lending capacity vs sovereign funding needs (including deficits) through 2013 - Billions, EUR

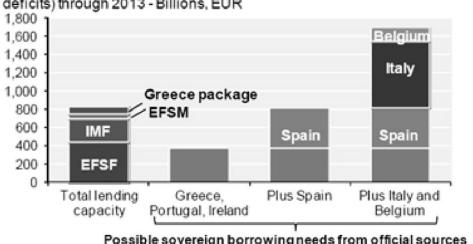


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Second, as shown below, Europe is now a two-speed economy, with the periphery stuck in neutral (industrial production is one proxy for this; there are others, such as unemployment, consumption, export shares, etc). If the idea behind the EU/IMF effort is that austerity will boost growth and lead these countries back to the public markets, there is very little momentum in this direction. **If the status quo in the periphery does not change, all the EU package does is allow the current approach more time to fail.**

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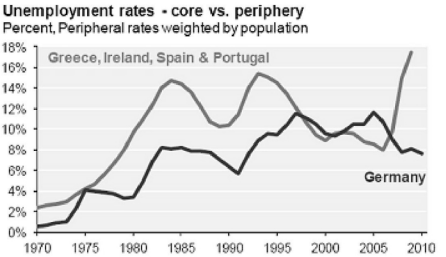

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**The third concern: Germany as paymaster**. We are often told that Germans across both major parties are unflinching supporters of the European project, and will do whatever it takes to prevent a break-up. The objections from members of the Bundesbank are described as lonely voices of opposition that carry no weight [a]. **But how large are the costs going to be?** German politicians and voters may see current circumstances as exceptional, and that if they just agree to one more package, the problem will go away. However, we are starting to see analyses of how costly a permanent transfer union may be for Germany. Bernard Connolly at Hamiltonian Advisors sent me a recent paper from the *Centrum fur Europaische Politik* in Freiburg, which provides some clues. They see three alternatives for the deficit countries:

** massive reduction in regulations and unit labor costs to regain competitiveness
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On the last option, they estimate a "creditworthiness gap" in European deficit countries of Eur 108 billion in 2010. The gap measures how much European deficit countries rely on capital inflows to fund consumption, rather than investment (which contributes to future GDP). Germany's share of the European surplus is around ¾, so let's assume a pro-rata burden on Germany to maintain the transfer union. As a result, the theoretical economic cost could be 3.3% of German GDP every year, which as shown, gets close to some expensive episodes in German history. If German citizens were faced with costs this high, it could be a White Castle hamburger-throwing moment of national proportions.

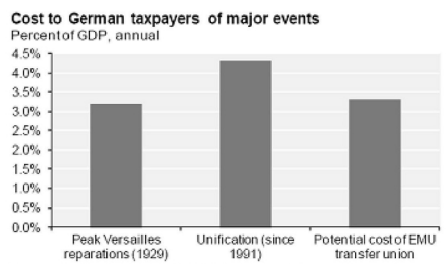

Source: Carl-Ludwig Holtfrerich, Halle Institute for Economic Research, Zentrum fur Europaische Politik (Freiburg), J.P. Morgan Private Bank.

Source: Factset, MSCI.

***Bottom line***. At a time when European equities are trading close to 2009 lows relative to earnings and book value, this package could result in a relief rally for European equities, particularly banks. The chance of a disorderly default in 2011 has decreased markedly, and a process has been put in place to create more seamless transfers to areas (and banks) in need. But the size of the transfer union fund is not big enough to allay all concerns, particularly with Spain and Italy growing at anemic levels, and there is execution risk in Greece.

Recent bank stress tests conducted by the EU concluded that only Eur 2.5 billion of capital needs to be raised (70 to 80 billion sounds more reasonable to us). And in the package announced last week, the **following Orwellian clause** indicates how European policymakers feel about rating agencies these days:

*Point 15. We agree that reliance on external credit ratings in the EU regulatory framework should be reduced, taking into account the Commission's recent proposals in that direction, and we look forward to the Commission proposals on credit ratings agencies*

In Europe, denial appears to be an essential ingredient to the process (See "*Five Stages of Greece*", June 30, 2011). **Last week's package is a bold step towards Federalization and the worst-case outcomes have been avoided (money market failures, bank runs, etc), but markets will remain nervous about Europe**.

**While we're waiting: large cap growth stocks**

One day, the melodramas around US and European sovereign debt will end. While we're waiting, one of the asset classes that looks attractive is large cap growth stocks. As shown below (for a universe of 300 U.S. large cap growth stocks that meet certain earnings quality and stability factors), **free cash flow relative to both revenues and stock prices looks good compared to the last four decades**. This is where we believe investors should be adding exposure if they are underweight versus their desired equity allocations. This is also an asset class where active management can still provide a lot of value; the dispersion of large cap growth managers is higher than large cap core, large cap value and international equity manager dispersion.

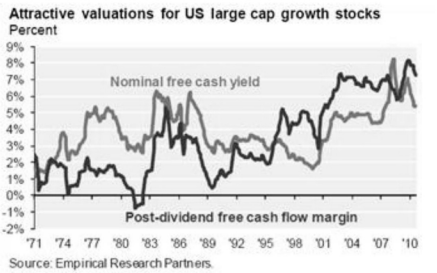


**Q2 earnings season in the US is off to a good start**. Nearly 30% of the S&P has reported, and results have generally been positive. Earnings are beating consensus estimates by almost 4% (7.4% ex-financials), all ten sectors are beating on revenue targets, and only 7% of companies are reporting below-consensus earnings. Given earnings expectations for 2011 at $98.50, the S&P 500 is trading at a reasonable 13.5x forward multiple. However, y/y earnings growth expectations appear to be flattening out for both 2011 and 2012 at around 11%-12%. While Q2 earnings are doing well so far, some company guidance for the remainder of the year has been below consensus, which would be consistent with the recent batch of reports indicating a slowdown in manufacturing and service sector surveys.

Michael Cembalest
Chief Investment Officer

Notes

[a] Bundesbank President Weidmann, in response to last week's package: "By transferring significant risks to the support-giving countries and their taxpayers, the Euro area has taken a large step to socialising risks created by unsound government finances and macroeconomic problems. This weakens the foundations of the fiscal self-responsibility that EMU is built on".

CBO Congressional Budget Office
OMB Office of Management and Budget
EFSF European Financial Stability Facility
FICA Federal Insurance Contributions Act
EU European Union
IMF International Monetary Fund

IIF Institute of International Finance
ECB European Central Bank
EMU European Monetary Union
AMT Alternative Minimum Tax

A White Castle hamburger is smaller than its competitors' offerings, measuring 2.5 inches square.

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**Topics: US debt ceiling negotiations, a more ambitious European bailout plan (finally), and how large cap growth stocks and rising corporate profits are patiently waiting for both of them to end**

***White Castle***. Twenty five years ago, I had a friend with a peculiar way of responding to seeing things he didn't like on TV: he would throw White Castle hamburgers at the screen. I always thought this was a bad way to waste a good hamburger, but I had one of those moments the other night when watching news reports on debt ceiling discussions. Media outlets have referred to President Reagan's scolding of Congressional Republicans for delaying debt ceiling increases, and the 18 increases that took place during his Presidency. The implication: reservations about raising the debt ceiling are as irresponsible now as they were then. **This is a disingenuous argument; in the 1980's, the debt ceiling being debated was 50% of GDP, and had no bearing on the solvency of the United States**. Today, the proposed increase raises the debt limit twice as high, measured relative to GDP or government revenues. While a default is a *very* bad idea (deserving of a White Castle hurling of its own), unconstrained debt growth with no plan to slow it is bad as well. Some suggest we not worry about debt growth, since demand from foreign central banks and the Federal Reserve would keep yields in check. That logic is irresponsible at best. Debt limit legislation is a rocky but healthy way for a democracy to decide whether mega-deficits are in the long-term public interest.

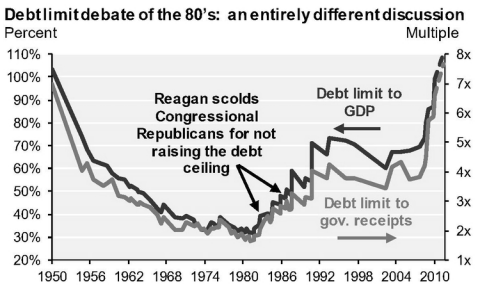

Source: OMB, BEA, J.P. Morgan Private Bank.

**Over the last few days, the Gang of Six plan, the Reid-McConnell plan and the Obama-Boehner plan have all been raised up the flagpole and then lowered.** By the end of the process, we're still looking for deficit reduction of $3 trillion+ over 10 years (relative to the CBO Alternative case in which there is no deficit reduction at all). However, Congress is running short on time, and may have to do a smaller debt ceiling increase/deficit reduction first. For now, we wait to see the balance of spending cuts and revenue increases[1] will be agreed to. Last week's *Profiles in Courage* piece walked through the history and dynamics of this process, so we won't repeat that here. **Here's our take on what has been proposed so far**, with the caveat that many plans are not crystal clear what baseline they are using[2], or what steps they recommend to get to that baseline first.

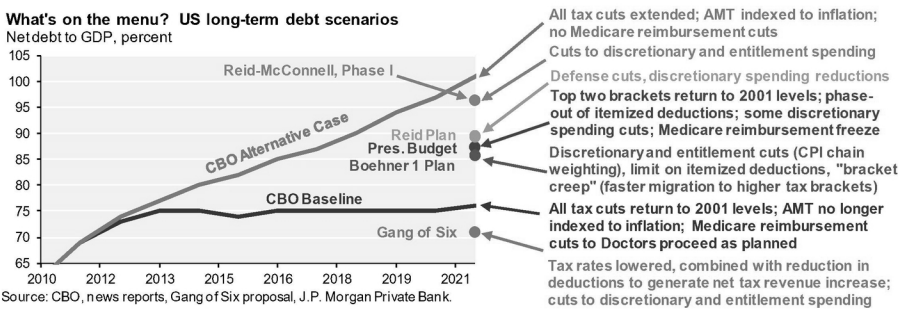

Source: CBO, news reports, Gang of Six proposal, J.P. Morgan Private Bank.

[1] On the AMT: the Tax Policy Center estimates that if the AMT is not indexed to inflation, it would impact 31 million filers in 2012 (and raise $132 billion in revenue), compared to 4 million filers in 2011 (and $39 billion in revenue).
[2] For example: the Gang of Six state that they used the President's budget as a baseline (scored by CBO in March 2011), reduced deficits by $3.7 trillion, and ended up with a 71% debt/GDP ratio; but they do not explain how they get to the President's baseline in the first place.



HOUSE_OVERSIGHT_025221

**Topics: US debt ceiling negotiations, a more ambitious European bailout plan (finally), and how large cap growth stocks and rising corporate profits are patiently waiting for both of them to end**

I have a feeling that revenue increases will be a material (e.g., 25% or more) part of the deal. The Peterson Foundation's sampling of 6 policy groups shown below indicate that 5 of 6 recommend revenue increases compared to where we are today; the Heritage Foundation's "*Woody Guthrie Memorial Budget Plan*" is the only exception. What kind of revenue increases? Raising the top two brackets, which would affect joint filers with adjusted gross incomes above $212,300, would raise $450-$700 billion over 10 years (depending on whether you use OMB or CBO numbers). If they cannot agree to raise *rates*, another option (as in the Gang of Six plan) would be reductions in the deductibility of state and local taxes, sales taxes, mortgage interest, etc. As this gets sorted out, let's hope everyone recognizes that the US tax system is already progressive. As shown in the chart below, effective Federal tax rates for low earners have dropped to zero over the last decade, even after including FICA taxes. News reports that the US tax system is regressive make me want to throw hamburgers at the screen.

| Revenues and Spending | as a % of GDP | |
|---|---|---|
| | Revenues | Spending |
| Fiscal year 2011 | 15.3% | 24.1% |
| Fiscal years 1950-1969 | 17.5% | 18.1% |
| Fiscal years 1970-2010 | 18.0% | 20.8% |
| ***Estimates for 2035:*** | | |
| CBO alternative case | 19.5% | 33.9% |
| American Enterprise | 19.9% | 22.8% |
| Bipartisan Policy Center | 23.1% | 23.7% |
| Center for Am. Progress | 23.8% | 23.2% |
| Economic Policy Institute | 24.1% | 27.8% |
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*Source: OMB, CBO, Peterson Foundation 2011 Fiscal Summit.*

**What a progressive income tax system looks like**
Combined effective federal income and FICA tax rates

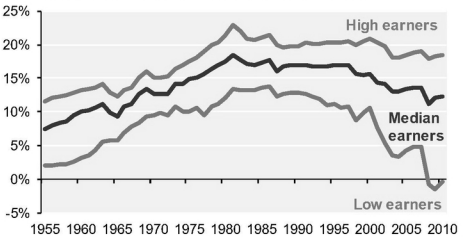


Source: Tax Policy Center.

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[3] This could get complicated. If there is a need for further debt forgiveness for Greece, will policymakers find a way to "ring-fence" the banks that participated in the first round, and impose losses just on the hold-outs? Will the EU tell banks that if they don't participate, their older bonds will not be eligible for financing at the ECB?



HOUSE_OVERSIGHT_025222

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**In addition to execution risk in Greece, we are left with 3 other concerns**. First, while there's enough in the EU-IMF lending facility[4] to deal with problems in Greece, Portugal and Ireland, if you include Spain, it gets tight (note: the chart excludes costs to recapitalize banks). If Italy or Belgium entered Europe's Liquidity Hospital, a lot more money might be needed from European parliaments (in one worst-case scenario, Alliance Bernstein estimates that the EU lending facility would have to increase from 440 bn to 1.7 trillion Euros, mostly from Germany). Italy faces a multi-notch downgrade from Moody's, which is not going to help. As we discussed two weeks ago, Italy has been a model citizen in terms of running low budget deficits for 20 years, but still cannot escape the confines of its very large existing debt stock (120% of GDP).

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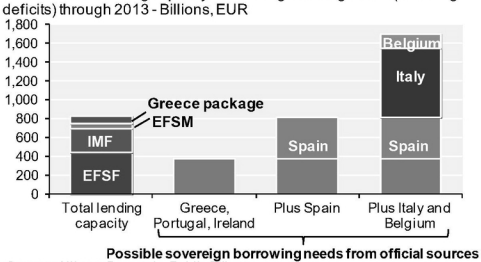


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**Industrial production**

Index, 100 = January 2007

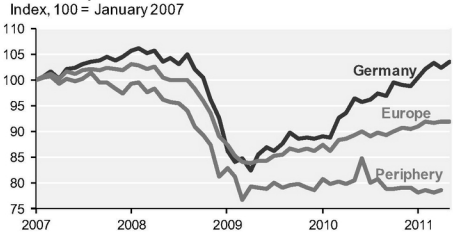


Source: INE, CSO, ISTAT, NSS, Eurostat, Bundesbank, J.P. Morgan Securities LLC, J.P. Morgan Private Bank. Periphery = Portugal, Ireland, Italy, Greece, Spain.

**Unemployment rates - core vs. periphery**

Percent, Peripheral rates weighted by population

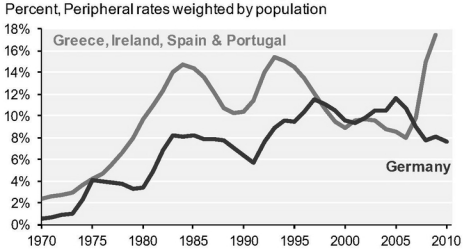


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HOUSE_OVERSIGHT_025223

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**Cost to German taxpayers of major events**
Percent of GDP, annual

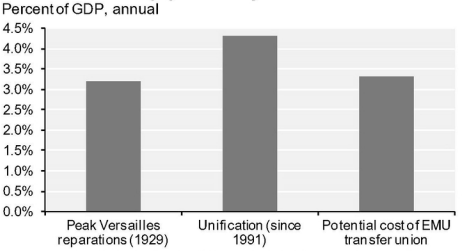


Source: Carl-Ludwig Holtfrerich, Halle Institute for Economic Research, Zentrum fur Europaische Politik (Freiburg), J.P. Morgan Private Bank.

**Europe equities, priced for the risks**
Europe 10-yr trailing PE divided by US 10-yr trailing PE

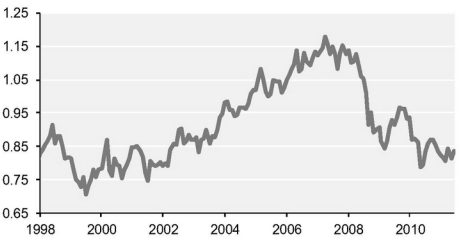


Source: Factset, MSCI.

***Bottom line***. At a time when European equities are trading close to 2009 lows relative to earnings and book value, this package could result in a relief rally for European equities, particularly banks. The chance of a disorderly default in 2011 has decreased markedly, and a process has been put in place to create more seamless transfers to areas (and banks) in need. But the size of the transfer union fund is not big enough to allay all concerns, particularly with Spain and Italy growing at anemic levels, and there is execution risk in Greece.

Recent bank stress tests conducted by the EU concluded that only Eur 2.5 billion of capital needs to be raised (70 to 80 billion sounds more reasonable to us). And in the package announced last week, the **following Orwellian clause** indicates how European policymakers feel about rating agencies these days:

> *Point 15. We agree that reliance on external credit ratings in the EU regulatory framework should be reduced, taking into account the Commission's recent proposals in that direction, and we look forward to the Commission proposals on credit ratings agencies*

In Europe, denial appears to be an essential ingredient to the process (See "*Five Stages of Greece*", June 30, 2011). **Last week's package is a bold step towards Federalization and the worst-case outcomes have been avoided (money market failures, bank runs, etc), but markets will remain nervous about Europe**.

---

[5] Bundesbank President Weidmann, in response to last week's package: "By transferring significant risks to the support-giving countries and their taxpayers, the Euro area has taken a large step to **socialising risks created by unsound government finances** and macroeconomic problems. **This weakens the foundations of the fiscal self-responsibility that EMU is built on**".

[6] Centrum fur Europaische Politik, "*Creditworthiness trends in European countries*", Lüder Gerken & Matthias Kullas, 2011



HOUSE_OVERSIGHT_025224

**Topics: US debt ceiling negotiations, a more ambitious European bailout plan (finally), and how large cap growth stocks and rising corporate profits are patiently waiting for both of them to end**

**While we're waiting: large cap growth stocks**

One day, the melodramas around US and European sovereign debt will end. While we're waiting, one of the asset classes that looks attractive is large cap growth stocks. As shown below (for a universe of 300 U.S. large cap growth stocks that meet certain earnings quality and stability factors), **free cash flow relative to both revenues and stock prices looks good compared to the last four decades**. This is where we believe investors should be adding exposure if they are underweight versus their desired equity allocations. This is also an asset class where active management can still provide a lot of value; the dispersion of large cap growth managers is higher than large cap core, large cap value and international equity manager dispersion.

**Q2 earnings season in the US is off to a good start**. Nearly 30% of the S&P has reported, and results have generally been positive. Earnings are beating consensus estimates by almost 4% (7.4% ex-financials), all ten sectors are beating on revenue targets, and only 7% of companies are reporting below-consensus earnings. Given earnings expectations for 2011 at $98.50, the S&P 500 is trading at a reasonable 13.5x forward multiple. However, y/y earnings growth expectations appear to be flattening out for both 2011 and 2012 at around 11%-12%. While Q2 earnings are doing well so far, some company guidance for the remainder of the year has been below consensus, which would be consistent with the recent batch of reports indicating a slowdown in manufacturing and service sector surveys.

**Attractive valuations for US large cap growth stocks**

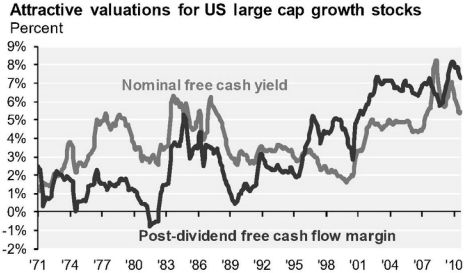


Source: Empirical Research Partners.

Michael Cembalest
Chief Investment Officer

| | |
|---|---|
| CBO | Congressional Budget Office |
| OMB | Office of Management and Budget |
| EFSF | European Financial Stability Facility |
| FICA | Federal Insurance Contributions Act |
| EU | European Union |
| IMF | International Monetary Fund |
| IIF | Institute of International Finance |
| ECB | European Central Bank |
| EMU | European Monetary Union |
| AMT | Alternative Minimum Tax |

A White Castle hamburger is smaller than its competitors' offerings, measuring 2.5 inches square.

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HOUSE_OVERSIGHT_025225

**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 8/4/2011 11:41:48 PM
**To:** Undisclosed recipients:
**Subject:** On today's financial market developments
**Attachments:** 08-04-11 - EOTM - Market update.pdf

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"Here is what I plan to say at our Aspen Insights conference tomorrow about today's events. The last two weeks have been a severe setback for financial markets and the global recovery.

**[1] Today, Italian equity markets sold off sharply and were eventually shut down after the ECB (for now) rejected being the buyer of last resort for Italian government bonds, as the markets were hoping. The Bundesbank apparently has objections to the idea.** This is a problem: Italy has issued around as much public debt as Germany, but is a considerably smaller country with almost twice the debt load as a percentage of its GDP. Absent a decision by Germany to move to Federalism or a lot more debt monetization by the ECB, the European Monetary Union (as it is currently configured) could be facing its final stretch. Today's reported move by Italian regulators to seize documents at Moody's regarding declines in Italian bank stocks is an indication of the pressure the system is under, and the possible search for scapegoats. I don't think you will find a firm that has written more often and more direly about the structural inconsistencies of the EMU than we have (I have a 2-year bibliography of what we said and when, if anyone wants it). The "*Sick Men of Europe*" paper from February 2010 and "*Don Quixote Thanksgiving*" from November 2010 go into the greatest detail on why. Our concerns sky-rocketed upon Greece's financial disclosures in November 2009, after which we took portfolio decisions to back that up, purging exposures to the GIPSI countries from our credit, government bond and equity portfolios. Since early 2010, our underweight positions in Europe represent the largest regional underweights we have ever held.

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**Today**

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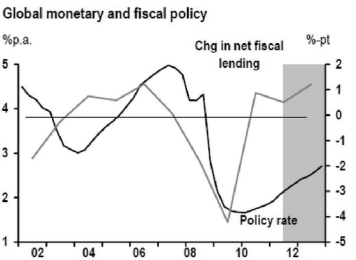


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**From:** Sultan Bin Sulayem [redacted]
**Sent:** 8/12/2011 2:43:12 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]

**Importance:** High

Newsmax.com
Laffer: Obama Must Use Reaganomics to Save Economy The only way President Barack Obama can solve the nation's economic woes is to adopt "common-sense" Reaganomics, the policy's architect Arthur Laffer claims in an exclusive Newsmax interview.

Laffer said the White House called him in the spring and asked him to speak to Obama's former Council of Economic Advisors' chairman Austen Goolsbee – and he had told him exactly the same thing.

"Reaganomics would fix any economy that's in the doldrums," Laffer said. "It's not a magic sauce, it's common sense.

"You've got to get rid of all federal taxes in the extreme and replace them with a low-rate flat tax on business net sales, and on personal unadjusted gross income. That's number one.

"Number two, you have to have spending restraint. Government spending causes unemployment, it does not cure unemployment.

"Number three, you need sound money. Ben Bernanke is running the least sound monetary policy I've ever heard of," Laffer said.

"Number four you need regulations, but you don't need those regulations to go beyond the purpose at hand and create collateral damage. The regulatory policies are really way off here.

"And lastly you need free trade," Laffer said. "Foreigners produce some things better than we do and we produce some things better than foreigners. It would be foolish in the extreme if we didn't sell them those things we produce better than they do in exchange for those things they produce better than we do."

In the interview the veteran economist said Standard & Poor's was quite right in downgrading the U.S. credit rating – in fact it should have done so far earlier.

The agency had no choice and if the other agencies, Moody's and Fitch, don't do the same they won't be doing their jobs, said Laffer, who gave his name to the Laffer Curve which demonstrates that the maximum amount of government revenue does not come at the point of maximum taxes.

"If you had a company that had revenues of $2½ million and expenses of $4 million, with no change in sight, $1½ million in losses each year as far as the eye can see and it had already borrowed $10 million, what would you rate that company? I surely wouldn't rate it AAA.

"That is the U.S. situation today," Laffer said. "Taxes are about $2½ trillion, government spending is about $4 trillion and we have about $10 trillion in net national debt. I don't see that as being a AAA country.

"If the S&P and the others were doing their jobs correctly, they should have downgraded a long time ago."

Laffer said he has no doubt the country will win its top rating back, but only when economic policies are

completely turned around. He said President Barack Obama's administration's only economic plan seemed to be to expand government ownership of the means of production.

"They have nationalized the health care industry pretty extensively. They've done that with home building as well. They've tried it with the auto industry as well. So they have moved very, very deliberatively and purposefully toward extending the government ownership of the means of production.

"That to me, if you read the tealeaves, is what they are doing. It is not what they are saying they are doing, but that is what they actually are doing.

"People don't work to pay taxes, people work to get what they can after taxes. It's that very private incentive that motivates them to work. If you pay people not to work and tax them if they do work, don't be surprised if you find a lot of people not working."

Laffer said the current economic woes started to form under President George W. Bush but have been made worse by Obama's policies.

"There's a wedge driven between wages paid and wages received and that wedge is the tax/government spending wedge," he said.

"That wedge has grown dramatically in the last 4 ½ years…under W and a Republican administration and…under Obama. Bipartisan ignorance has led us to this very disastrously desolate state."

Laffer had high praise for the role the tea party has played in bringing the problem of the deficits to the fore.

"The tea party is not the problem, the tea party may well be the solution," he said. "They are critical to the future of the country in a positive way. They are the only fiscally sound people I know out there all the time.

"I don't know that I would go as far as they go on a lot of issues but I surely respect their movement very much."

And he said any one of the group of Republicans vying for the party's nomination for the White House would make " a great president."

"Tim Pawlenty is spectacular. Newt Gingrich knows more about issues than anyone you've ever seen. Michele Bachmann is out-of-sight wonderful," he said.

"Rick Perry is second to no one in this stuff. If you look at Herman Cain, he's phenomenal.

"Oh and (Jon) Huntsman was a great governor of the state of Utah and is a phenomenally experienced intellectual competent man.

"When you look at the Republican candidates, you see a group of people who are absolutely outstanding in attributes."

NOTE: This e-mail message is subject to the Dubai World Group disclaimer
see http://www.dubaiworld.ae/email_disclaimer

**Date:** Friday, December 16 2011 06:41 PM
**Subject:** Approach Summary
**From:** Christina Galbraith <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;
**Attachments:** Picasso Overview_pdf.html; Untitled attachment 63876.htm; RepDef-Process-Deck_pdf.html; Untitled attachment 63879.htm; company-overview_pdf.html; Untitled attachment 63882.htm

1. Optimizing good information to push down the negative: using new content (blog, websites, press releases, public network profiles, google images, etc) and search engine optimization. Changing the Wikipedia profile. Notes Wikipedia below.
2. *Eliminating* the bad information using prevalence and proprietary algorithms; redirecting the way in which Google sequences your information (reassociating it with the positive content). This is called off-page optimization.
3. Eliminating personal information (social sec, tel #'s, dob, addresses etc) from all public and private directories.

COMMENTS:

Step 2 is *critical* otherwise one is just bailing water from an ongoing flood of negative press. By realigning the algorithms (i.e. reinforcing positive associations with your name and weakening the negative associations), one almost permanently seals up the water hole or at least closes it significantly. This allows for Step 1 to be a onetime project (which will take 2 to 4 months approx.), with just tweaking here and there down the road with updated content.

BEST PEOPLE TO USE:

You need people who eat, drink and sleep algorithms and search engine optimization. I've researched several companies and the most skilled, discrete, award winning and comprehensive is a company called, www.reputation.com based in Silicon Valley. See their attached docs for review. Below are bulleted key points on them:

Lookup Page just creates web pages and will not solve your problem.

I would serve as a liaison between you and Reputation. I would monitor their progress and provide them with all positive content that they need. They would make sure that the content has maximum algorithmic potential. You could keep your positive content simple (using you Edge.org summary which is good), or expand your content with updates on current science work and scientists. The benefit of the former, is that it keeps you more anonymous. The benefit of the latter is that is algorithmically associates you to a larger pool of known scientists, further pushing up positive content. My advice would be to combine the two: a simple repetitive bio summary of you but with a larger list of scientists added on. But I would ask the Reputation team about this: saying that the main goal is to enhance anonymity and algorithmic associations at the same time.

WHY REPUTATION (in no particular order)

- Represents numerous fortune 500 companies
- clients in more than 100 countries
- based in Silicon Valley
- Featured on CNN, WSJ, Forbes, NY Times etc
- Undisputed world leader in online reputation management
- Prevalence and proprietary algorithms to drive positive search results to the top.
- Intimate knowledge of search engine optimization.
- 200+ employees
- Patented Internet technology

- Partnered with: American Medical Assoc. Am Bar Assoc, Aol, etc
- $67 million in venture capital to date.
- CEO is Michael Fertik

CEO and Founder
Michael Fertik founded Reputation.com in 2006 with the belief that people have the right to control and protect their online reputation and privacy. In addition to his work with Reputation.com, Michael holds a position on the advisory board of The Internet Keepsafe Coalition (iKeepSafe), a nonprofit that works to protect the health and safety of youth online. Michael is regarded as one of the earliest pioneers of online reputation management and a leading expert on issues of online privacy. He co-authored the book *Wild West 2.0* and lectures internationally, appearing before professional and academic audiences. Michael also advises school administrators and parent groups. Prior to founding Reputation.com, Michael clerked for Chief Judge Danny J. Boggs of the Sixth Circuit Court of Appeals of the United States. He is a graduate of Harvard College and Harvard Law School, speaks several languages, and enjoys sailing, reading, and running.

TIME FRAME & FEES

Their "Picasso" Tech services described in step 2, will take approx. 3 months to eliminate bad press from the 1st and 2nd page. The whole process will take about a year to be solidified. Fees will be approx. $10k -$15k per month but depends on each case and costs can be kept down by providing content and selecting only truly necessary services.

WIKIPEDIA

This is a tough nut to crack. And I need to do more research on this. Wiki comes up first on the Google list due to its powerful domain and contains totally lopsided and damning content on you.

But we'll crack it. On the surface, Wiki is controlled by a morass of copyediting geeks who have nothing better to do than to discuss reference tags etc. It is also 'the people's' encyclopedia, dictated by the tyranny of the majority—so no objectivity at all.

Current Strategy— 1. The Reputation group have a copyright team dedicated to balancing the content on Wikipedia and gradually sectioning the bad stuff down to sub categories in the profile. They don't seem to be able to eliminate the bad though. 2. So, I think it's worth seeing how people like Prince Andrew managed to create an absolutely stellar profile—or Bill Clinton for that matter. No mention of his impeachment or lying to the Grand Jury. It barely touches on Lewinsky etc. 3. There are also protected pages on Wiki but I need more time and research.

WEBSITE

You need to update your website immediately by adding the bio on you from The Edge if you can and adding a longer summary of science and scientists that you are/have worked with.

**From**: US GIO [us.gio@jpmorgan.com]
**Sent**: 4/9/2012 2:11:03 PM
**To**: Undisclosed recipients:
**Subject**: J.P. Morgan Eye on the Market, April 9, 2012
**Attachments**: image013.png; image014.png; image015.png; image016.png; image017.png; image018.png; image020.png; image022.png; image024.png; image026.png; 04-09-2012 - EOTM - The Day of the Triffids.pdf

**Eye on the Market, April 9, 2012 (*attached pdf is easier to read this week*)**
**Topics: Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

**Our view for 2012 was that economic and equity market conditions in the US and Asia ex-Japan would be better than in Europe. So far, that view is on track. Spain in particular is in difficult shape (see page 5); its banks and government may have to borrow 1.5 trillion Euros over the next 12 months while in recession. Both the ECB and EU will need to keep the spigot open to prevent Spain from becoming a bigger problem. This week, some Q&A on the US recovery, flows into bonds and stocks, profits and P/E multiples, municipal bonds, and the long-term US fiscal situation.**

*The Fed appears to be saying that no additional monetary easing is needed unless the economy worsens further. Are there any signs that the US recovery is becoming self-reinforcing?*
Durable goods consumption, equipment & software spending, vehicle sales, bank loans to companies, manufacturing payrolls (even after Friday's disappointing report) and housing stats (building permits, multifamily housing starts) have improved over the last few months. While delinquency rates are in better shape (credit card delinquencies are back to 2007 levels), household credit growth is still weak. However, homebuilders are seeing stronger demand, and nationwide remodeling continues to rise. We see opportunities in retailing and building products companies that may benefit from a continuation in these trends.

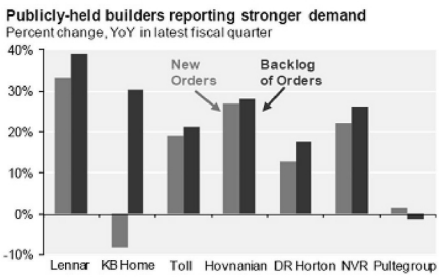

Source: Corporate Reports. Empirical Research Partners.

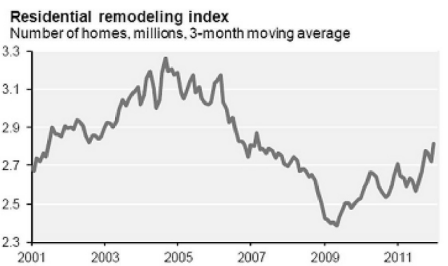

Source: BuildFax. Empirical Research Partners.

*Has the data really been that good? I heard better US economic data has a lot to do with the weather.*
Parts of the US experienced the warmest March in recorded history. Measured from December to February, the winter was the 4th warmest on record. I don't think there are reliable models to estimate the impact of demand being pulled forward, so we will have to see how consumer spending, housing and payrolls behave in the months ahead. As our Chief Economist Michael Vaknin reminds me, other distortions come from the **"catch-up" effect from Japan's tsunami**. As shown below, some strength in auto sales came from pent-up demand for Japanese cars, a process which now seems complete.

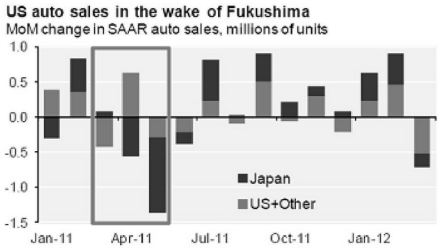

Source: BEA/Wards, DB, J.P. Morgan Private Bank. Box indicates impact of Japanese earthquake.

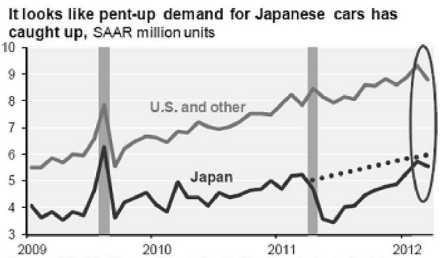

Source: DB, J.P. Morgan Private Bank. Shadings indicate Cash for Clunkers and Japanese earthquake, respectively.

*So where does that leave the US payroll and growth picture?*
The weakness in the payroll report was almost entirely concentrated in retailing. Net of distortions and seasonal adjustments, it looks like payroll growth is running at 150-175k per month, and GDP growth is running at a 2.25% trend pace, both below prior recoveries. While 2.25% is a barn-burner compared to Europe, it only corresponds to a modest improvement in employment. **That's why 2013 US fiscal policy is so important: this is not a recovery that can withstand much tighter fiscal conditions.**

*So, how tight is US fiscal policy supposed to get next year?*
Very, if you look at what is *supposed* to happen according to current law. In the chart, we show the annual change in the budget deficit over the last 25 years. The impact of all provisions *scheduled* to expire and kick in during 2013 would be very large. But if Congress and the President elect to extend current tax rates, retain lower payroll tax rates and extended jobless benefits, etc, the adjustment would not be as big, and only reflect expiration of Recovery Act provisions, the recently passed Budget Control Act, and some other smaller provisions. There are of course plenty of permutations in between.

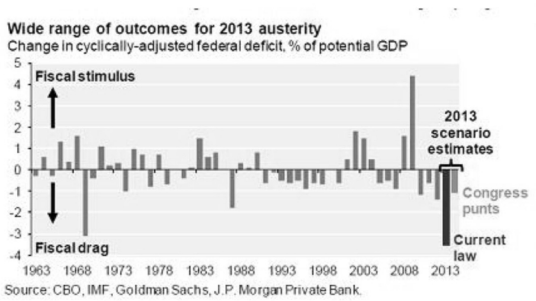

Source: CBO, IMF, Goldman Sachs, J.P. Morgan Private Bank.

| Policies set to expire or take effect under current law | Fiscal Drag (% of 2013 PGDP) |
|---|---|
| Sequester Automatic Cuts (Discretionary Spending) | -0.4% |
| Sequester Automatic Cuts (Mandatory Spending) | -0.1% |
| Bush Tax Cuts ($250k+ Incomes, Estate Tax) | -0.3% |
| Bush Tax Cuts (Middle Income) | -0.9% |
| Alternative Minimum Tax | -0.8% |
| Payroll Tax Cut | -0.6% |
| Emergency Unemployment Compensation | -0.2% |
| Affordable Care Act | -0.2% |

Source: CBO, Goldman Sachs.

*What direction is the Congress heading, and what did Larry Summers and Brad DeLong have to say about this recently?*
Political outcomes this fall will affect what Congress does, but I get the sense that they will punt fiscal adjustments into the future if they can, and impose austerity of no more than 1% of GDP in 2013. If so, Congress can point to a March 2012 paper by Summers and DeLong as justification. The bottom line from the paper: **don't tighten fiscal policy when interest rates are near zero**. The authors assert that (a) additional government spending can *ease* the long-term budget constraint in conditions similar to today's, and (b) tightening policy now would risk permanent loss of human capital, lower labor productivity growth and lower trend growth. They have held these views for a while; the paper appears designed to convince others.

Advocates for more fiscal and monetary stimulus often point to the charts below. Rising Federal debt has not resulted in higher interest rates, so why not keep borrowing more? As for the Fed, balance sheet expansion prevented deflation and

hasn't resulted in an inflationary surge (core inflation measured over 3 months just came in *below* 2%), so why not keep doing it? **Aren't these charts amazing?**

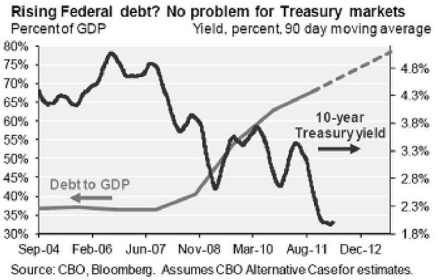


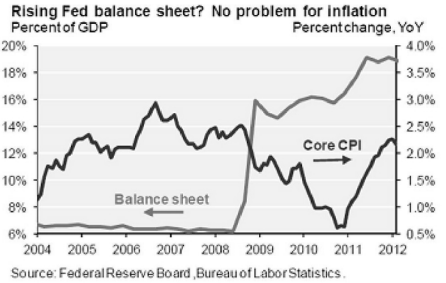


They are amazing, but no one knows how long they can be sustained. Even Summers and DeLong concede that "*even if it is granted that the stimulus can be both timely and temporary, the question of how large it can be while preserving these attributes remains for future research*". If one of these trends could not be sustained, my guess is that it would be fiscal constraints rather than monetary ones. While it's great to see rising Federal debt not adversely affecting Treasury markets, the chart on the left reminds me of *The Day of the Triffids*.

What is ***The Day of the Triffids***?

It's a 1951 science fiction novel. There's a meteor shower, and most people go outside to look at it. The next morning, everyone who looked at the meteor shower ends up blind, and Earth is taken over by giant man-eating venomous plants. The point: **some amazing events which look benign have unforeseen consequences**. Will a pact of going for growth pay the freight of higher Federal debt in the long run? Hard to say; there are not a lot of examples to draw from. Economic theories and their associated debt bubbles don't always work out as planned [a]. After WWII, the US also faced a debt ratio of 80% of GDP. Austerity was not the answer back then; government receipts and outlays as a % of GDP did not change much during the 1950's, and net debt was flat. **So how did US debt/GDP fall from 80% to 46% in just ten years?** Robust annualized real growth of more than 4.0%, and 2.0% inflation. However, unique economic conditions and productivity gains of the 1950's (e.g., interstate highway, rebuilding of Europe and Japan) may not be repeated, and the country was not headed into an entitlement time bomb. If the US does not experience a growth/productivity boom, the burden of higher debt could last for a generation or more. A pro-growth Administration would probably help, but the difficulty lay in defining exactly what that means.

**Isn't it amazing?**

**1950's debt reduction was based on growth, not austerity**

| | Net debt (% of GDP) | Net debt (bn) | Nominal GDP (bn) | Real GDP (bn 1950 USD) | Outlays (% of GDP) | Receipts (% of GDP) |
|---|---|---|---|---|---|---|
| 1950 | 80% | $219 | $273 | $273 | 16% | 14% |
| 1951 | 67% | $214 | $320 | $302 | 14% | 16% |
| 1952 | 62% | $215 | $349 | $322 | 19% | 19% |
| 1953 | 59% | $218 | $373 | $341 | 21% | 19% |
| 1954 | 60% | $224 | $377 | $343 | 19% | 19% |
| 1955 | 57% | $227 | $396 | $354 | 17% | 17% |
| 1956 | 52% | $222 | $427 | $368 | 17% | 18% |
| 1957 | 49% | $219 | $451 | $377 | 17% | 18% |
| 1958 | 49% | $226 | $460 | $377 | 18% | 17% |
| 1959 | 48% | $235 | $490 | $398 | 19% | 16% |
| 1960 | 46% | $237 | $519 | $415 | 18% | 18% |
| Comp. ann'l gr: | 0.8% | | 6.6% | 4.3% | | |

Source: OMB, BEA.

*Are there debt vs austerity parallels at the state and local level?*

Yes and no. At the state and local level, over last decade, more than 1 trillion in unfunded pension and healthcare (OPEB) related liabilities were recognized (they were accrued over a longer period). Even these "as-reported" estimates, which

come from the states, may be underestimated. A 2011 analysis by the Joint Economic Committee shows that lower portfolio return assumptions on pension assets sharply increase the magnitude of underfunded pensions (see chart, right).

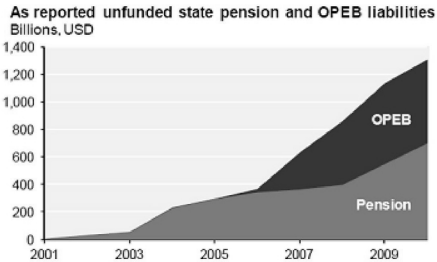

Source: State Comprehensive Annual Financial Reports.

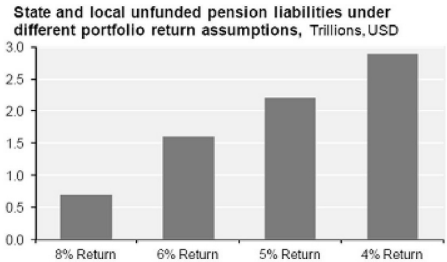

Source: CBO, Center for Retirement Research.

**However, there's more of an effort at the state/local level to address this issue than at the Federal level.** More than 40 states lowered pension benefit liabilities over the last 3 years according to the National Conference of State Legislatures. Measures taken include raising employee contributions (while lowering employer payments), raising minimum retirement ages, cutting post-employment healthcare benefits and in some cases, switching to defined contribution from defined benefit plans.

The good news, to paraphrase Mark Twain, is that reports of municipal bonds' demise have been greatly exaggerated. From 1970 through to the end of 2011, municipal bonds rated by Moody's experienced a grand total of 71 defaults among 17,700 issuers (11 of which occurred during 2010 and 2011). General obligation bonds accounted for 5 defaults; 29 were related to housing; 22 for hospitals and healthcare; 3-4 each for education and infrastructure. Utilities and cities registered 2 each, while counties, special districts, and water & sewer and experienced 1 each. The average recovery for defaulted munis was 65%, compared to 49% on corporate senior unsecured bonds. Last comment on municipals: while *local* tax collections are weak due to the collapse in home prices, *state* tax collections have been increasing for 7 quarters in a row.

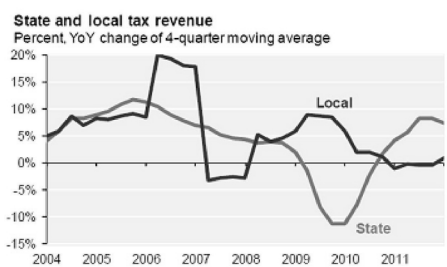

Source: US Census.

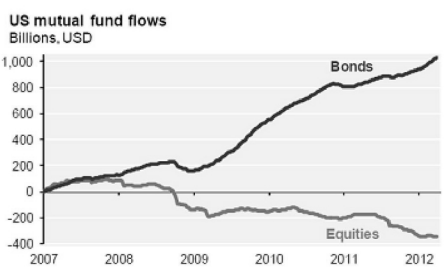

Source: Investment Company Institute.

*OK, so the US economy is improving, but is still heavily dependent on monetary and fiscal stimulus to grow; and the only belt-tightening one can find is at the state and local level. Since 2009, after equities collapsed and bond prices rose, how have many investors reacted?*

By selling more equities and buying **a lot** more bonds. See chart above (a global version of this chart looks roughly the same).

*Have investors been positioning this way since stocks are expensive?*

Not really. Insert a giant martini glass on the chart below from 1998 to 2001 (I hate using simple averages which include periods when the market had lost its collective mind). The current P/E multiple is in the middle of the ex-bubble range of the last 25 years. Some bank stocks look interesting, even after accounting for reliance on shrinking loan loss reserves to

drive income, and ongoing regulatory uncertainty. Most US banks are at or close to Basel 3 funding needs, have considerably fewer capital adequacy questions than their European counterparts, and do not rely on wholesale funding to finance loan portfolios.

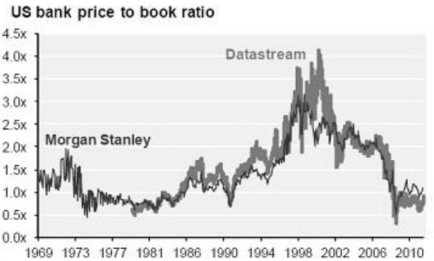


*Now that P/E multiples have risen off the bottom, what's the outlook for P/E multiples and earnings from here?*
The return on the S&P this year has been a function of P/E multiples rising (from 11.3x to 12.9x), a big part of which has been Apple (3% of the S&P index, 15% of S&P's YTD returns). As shown below, earnings revisions have been negative for 2012, but analysts are still optimistic about 2013. According to Morgan Stanley, analysts are forecasting the highest percentage of companies posting 2013 margin expansion since 1970, and by a very wide margin. In our view, it will be difficult for multiples to rise further unless earnings outperform expectations, particularly if Europe's structural problems take center stage again.

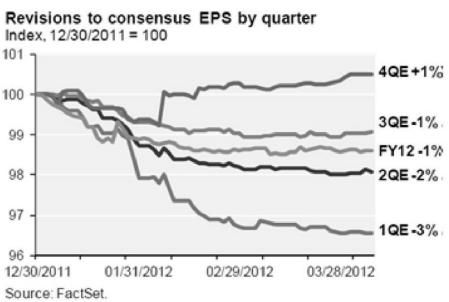


The place that worries me the most: **Spain**. It ranks at or close to the bottom in a lot of categories (see table), and its growth outlook is poor. Historically, this kind of thing has not ended well. Spain has defaulted 13 times since 1500 AD; it's probably going to take a lot of bilateral aid and ECB financing to prevent another one.

| *Win, Place and Show: The problem of Spain* | The only country I can find that's in worse shape than Spain is: |
|---|---|
| Number of dwellings to population | Greece |
| Non-financial corporate debt to GDP | Ireland |
| Corporate sector debt to cash flow | Portugal |
| Construction sector debt/assets | None |
| Banking sector branches per 1,000 people | None |
| Reliance on foreign capital (Net Int. Inv. Pos.) | Ireland, Portugal |
| Real estate as % of household assets | None |
| Housing overhang (as per CEPS) | Ireland |
| Commercial RE exposure % of bank assets | None |
| Encumbered banking system assets, % | Greece |
| World Bank labor rigidity, Europe | None |
| Intra-European real effective exchange rate | Italy |
| Shadow economy, % of GDP, OECD | Italy, Greece |
| Unemployment rate | None |
| Production time per unit | Italy |
| Reliance on ECB to finance sovereign debt | None |
| Bank lending to HH/NFC, last 12 months | None |

*HH/NFC = households and non-financial corporations*
*Sources: IMF, OECD, EU, World Bank, CEPS*

Michael Cembalest
Chief Investment Officer

[a] Example: here's a link to a 2007 article by Austan Goolsbee, former Chairman of the Council of Economic advisors and a member of the Obama Cabinet. Goolsbee praises the benefits of subprime lending and related affordable housing policies, mocks Congress for holding hearings on the subject and cites Federal Reserve papers in saying that the "*mortgage market has become more perfect, not more irresponsible*". Some things are only clear in hindsight. http://www.nytimes.com/2007/03/29/business/29scene.html?_r=2

**Sources**

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*"The Trillion Dollar Gap, Underfunded State Retirement Systems and the Roads to Reform"*, Pew Center, February 2010
"*Fiscal Policy in a Depressed Economy*", DeLong (Berkeley) and Summers (Harvard), March 20, 2012
Moody's *US Municipal Bond Defaults and Recoveries, 1970-2011*
IMF Country Report 11/216. "*Spain: Selected Issues*", July 2011

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**Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

**Our view for 2012 was that economic and equity market conditions in the US and Asia ex-Japan would be better than in Europe. So far, that view is on track. Spain in particular is in difficult shape (see page 5); its banks and government may have to borrow 1.5 trillion Euros over the next 12 months while in recession. Both the ECB and EU will need to keep the spigot open to prevent Spain from becoming a bigger problem. This week, some Q&A on the US recovery, flows into bonds and stocks, profits and P/E multiples, municipal bonds, and the long-term US fiscal situation.**

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Durable goods consumption, equipment & software spending, vehicle sales, bank loans to companies, manufacturing payrolls (even after Friday's disappointing report) and housing stats (building permits, multifamily housing starts) have improved over the last few months. While delinquency rates are in better shape (credit card delinquencies are back to 2007 levels), household credit growth is still weak. However, homebuilders are seeing stronger demand, and nationwide remodeling continues to rise. We see opportunities in retailing and building products companies that may benefit from a continuation in these trends.

**Publicly-held builders reporting stronger demand**
Percent change, YoY in latest fiscal quarter

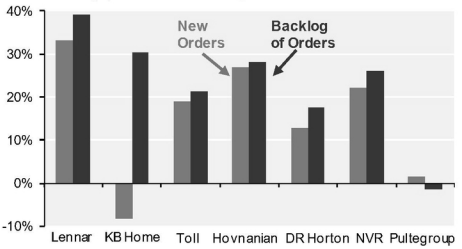


Source: Corporate Reports. Empirical Research Partners.

**Residential remodeling index**
Number of homes, millions, 3-month moving average

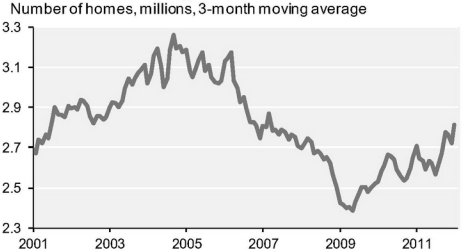


Source: BuildFax. Empirical Research Partners.

*Has the data really been that good? I heard better US economic data has a lot to do with the weather.*

Parts of the US experienced the warmest March in recorded history. Measured from December to February, the winter was the 4th warmest on record. I don't think there are reliable models to estimate the impact of demand being pulled forward, so we will have to see how consumer spending, housing and payrolls behave in the months ahead. As our Chief Economist Michael Vaknin reminds me, other distortions come from the **"catch-up" effect from Japan's tsunami**. As shown below, some strength in auto sales came from pent-up demand for Japanese cars, a process which now seems complete.

**US auto sales in the wake of Fukushima**
MoM change in SAAR auto sales, millions of units

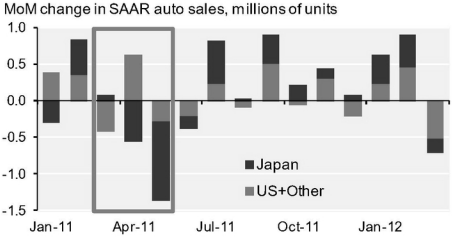


Source: BEA/Wards, DB, J.P. Morgan Private Bank. Box indicates impact of Japanese earthquake.

**It looks like pent-up demand for Japanese cars has caught up,** SAAR million units

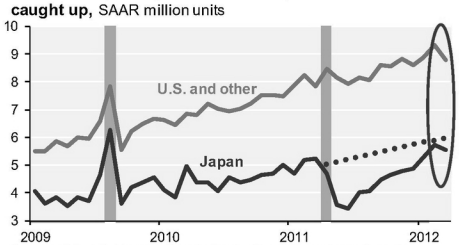


Source: DB, J.P. Morgan Private Bank. Shadings indicate Cash for Clunkers and Japanese earthquake, respectively.

*So where does that leave the US payroll and growth picture?*

The weakness in the payroll report was almost entirely concentrated in retailing. Net of distortions and seasonal adjustments, it looks like payroll growth is running at 150-175k per month, and GDP growth is running at a 2.25% trend pace, both below prior recoveries. While 2.25% is a barn-burner compared to Europe, it only corresponds to a modest improvement in employment. **That's why 2013 US fiscal policy is so important: this is not a recovery that can withstand much tighter fiscal conditions.**



HOUSE_OVERSIGHT_025242

**Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

*So, how tight is US fiscal policy supposed to get next year?*
Very, if you look at what is *supposed* to happen according to current law. In the chart, we show the annual change in the budget deficit over the last 25 years. The impact of all provisions *scheduled* to expire and kick in during 2013 would be very large. But if Congress and the President elect to extend current tax rates, retain lower payroll tax rates and extended jobless benefits, etc, the adjustment would not be as big, and only reflect expiration of Recovery Act provisions, the recently passed Budget Control Act, and some other smaller provisions. There are of course plenty of permutations in between.

**Wide range of outcomes for 2013 austerity**
Change in cyclically-adjusted federal deficit, % of potential GDP

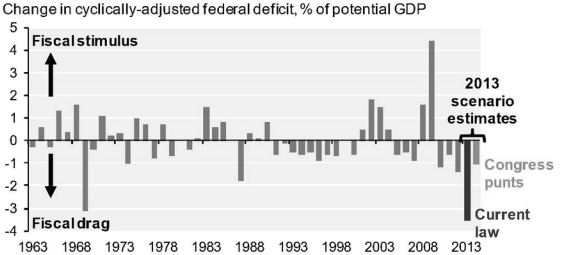


Source: CBO, IMF, Goldman Sachs, J.P. Morgan Private Bank.

| Policies set to expire or take effect under current law | Fiscal Drag (% of 2013 PGDP) |
|---|---|
| Sequester Automatic Cuts (Discretionary Spending) | -0.4% |
| Sequester Automatic Cuts (Mandatory Spending) | -0.1% |
| Bush Tax Cuts ($250k+ Incomes, Estate Tax) | -0.3% |
| Bush Tax Cuts (Middle Income) | -0.9% |
| Alternative Minimum Tax | -0.8% |
| Payroll Tax Cut | -0.6% |
| Emergency Unemployment Compensation | -0.2% |
| Affordable Care Act | -0.2% |

Source: CBO, Goldman Sachs.

*What direction is the Congress heading, and what did Larry Summers and Brad DeLong have to say about this recently?*
Political outcomes this fall will affect what Congress does, but I get the sense that they will punt fiscal adjustments into the future if they can, and impose austerity of no more than 1% of GDP in 2013. If so, Congress can point to a March 2012 paper by Summers and DeLong as justification. The bottom line from the paper: **don't tighten fiscal policy when interest rates are near zero**. The authors assert that (a) additional government spending can *ease* the long-term budget constraint in conditions similar to today's, and (b) tightening policy now would risk permanent loss of human capital, lower labor productivity growth and lower trend growth. They have held these views for a while; the paper appears designed to convince others.

Advocates for more fiscal and monetary stimulus often point to the charts below. Rising Federal debt has not resulted in higher interest rates, so why not keep borrowing more? As for the Fed, balance sheet expansion prevented deflation and hasn't resulted in an inflationary surge (core inflation measured over 3 months just came in *below* 2%), so why not keep doing it? **Aren't these charts amazing?**

**Rising Federal debt? No problem for Treasury markets**
Percent of GDP | Yield, percent, 90 day moving average

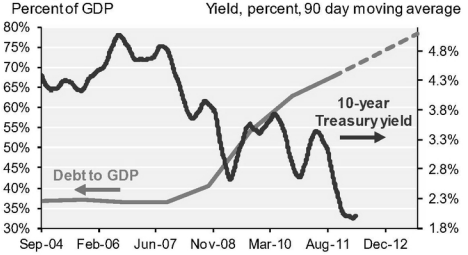


Source: CBO, Bloomberg. Assumes CBO Alternative Case for estimates.

**Rising Fed balance sheet? No problem for inflation**
Percent of GDP | Percent change, YoY

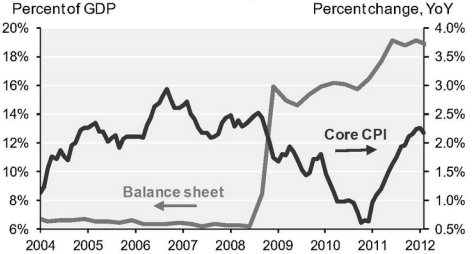


Source: Federal Reserve Board, Bureau of Labor Statistics.

They are amazing, but no one knows how long they can be sustained. Even Summers and DeLong concede that "*even if it is granted that the stimulus can be both timely and temporary, the question of how large it can be while preserving these attributes remains for future research*". If one of these trends could not be sustained, my guess is that it would be fiscal constraints rather than monetary ones. While it's great to see rising Federal debt not adversely affecting Treasury markets, the chart on the left reminds me of *The Day of the Triffids*.



HOUSE_OVERSIGHT_025243

**Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

What is ***The Day of the Triffids***?

It's a 1951 science fiction novel. There's a meteor shower, and most people go outside to look at it. The next morning, everyone who looked at the meteor shower ends up blind, and Earth is taken over by giant man-eating venomous plants. The point: **some amazing events which look benign have unforeseen consequences**. Will a pact of going for growth pay the freight of higher Federal debt in the long run? Hard to say; there are not a lot of examples to draw from. Economic theories and their associated debt bubbles don't always work out as planned[1]. After WWII, the US also faced a debt ratio of 80% of GDP. Austerity was not the answer back then; government receipts and outlays as a % of GDP did not change much during the 1950's, and net debt was flat. **So how did US debt/GDP fall from 80% to 46% in just ten years?** Robust annualized real growth of more than 4.0%, and 2.0% inflation. However, unique economic conditions and productivity gains of the 1950's (e.g., interstate highway, rebuilding of Europe and Japan) may not be repeated, and the country was not headed into an entitlement time bomb. If the US does not experience a growth/productivity boom, the burden of higher debt could last for a generation or more. A pro-growth Administration would probably help, but the difficulty lay in defining exactly what that means.

**Isn't it amazing?**

**1950's debt reduction was based on growth, not austerity**

| | Net debt (% of GDP) | Net debt (bn) | Nominal GDP (bn) | Real GDP (bn 1950 USD) | Outlays (% of GDP) | Receipts (% of GDP) |
|---|---|---|---|---|---|---|
| 1950 | 80% | $219 | $273 | $273 | 16% | 14% |
| 1951 | 67% | $214 | $320 | $302 | 14% | 16% |
| 1952 | 62% | $215 | $349 | $322 | 19% | 19% |
| 1953 | 59% | $218 | $373 | $341 | 21% | 19% |
| 1954 | 60% | $224 | $377 | $343 | 19% | 19% |
| 1955 | 57% | $227 | $396 | $354 | 17% | 17% |
| 1956 | 52% | $222 | $427 | $368 | 17% | 18% |
| 1957 | 49% | $219 | $451 | $377 | 17% | 18% |
| 1958 | 49% | $226 | $460 | $377 | 18% | 17% |
| 1959 | 48% | $235 | $490 | $398 | 19% | 16% |
| 1960 | 46% | $237 | $519 | $415 | 18% | 18% |
| Comp. ann'l gr: | | 0.8% | 6.6% | 4.3% | | |

Source: OMB, BEA.

*Are there debt vs austerity parallels at the state and local level?*

Yes and no. At the state and local level, over last decade, more than 1 trillion in unfunded pension and healthcare (OPEB) related liabilities were recognized (they were accrued over a longer period). Even these "as-reported" estimates, which come from the states, may be underestimated. A 2011 analysis by the Joint Economic Committee shows that lower portfolio return assumptions on pension assets sharply increase the magnitude of underfunded pensions (see chart, right)[2].

**As reported unfunded state pension and OPEB liabilities**
Billions, USD

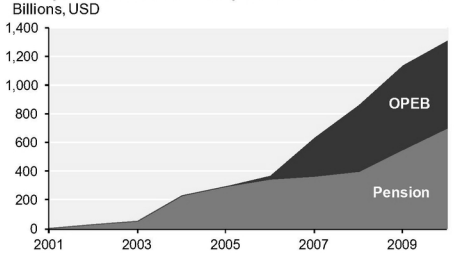


Source: State Comprehensive Annual Financial Reports.

**State and local unfunded pension liabilities under different portfolio return assumptions,** Trillions, USD

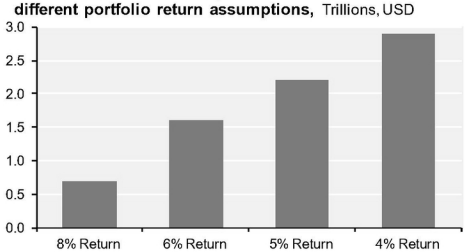


Source: CBO, Center for Retirement Research.

[1] Example: here's a link to a 2007 article by Austan Goolsbee, former Chairman of the Council of Economic advisors and a member of the Obama Cabinet. Goolsbee praises the benefits of subprime lending and related affordable housing policies, mocks Congress for holding hearings on the subject and cites Federal Reserve papers in saying that the "*mortgage market has become more perfect, not more irresponsible*". Some things are only clear in hindsight. http://www.nytimes.com/2007/03/29/business/29scene.html?_r=2

[2] This is why under-risked pensions may create huge problems for themselves and their associated state/local governments.



HOUSE_OVERSIGHT_025244

**Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

**However, there's more of an effort at the state/local level to address this issue than at the Federal level.** More than 40 states lowered pension benefit liabilities over the last 3 years according to the National Conference of State Legislatures. Measures taken include raising employee contributions (while lowering employer payments), raising minimum retirement ages, cutting post-employment healthcare benefits and in some cases, switching to defined contribution from defined benefit plans.

The good news, to paraphrase Mark Twain, is that reports of municipal bonds' demise have been greatly exaggerated. From 1970 through to the end of 2011, municipal bonds rated by Moody's experienced a grand total of 71 defaults among 17,700 issuers (11 of which occurred during 2010 and 2011). General obligation bonds accounted for 5 defaults; 29 were related to housing; 22 for hospitals and healthcare; 3-4 each for education and infrastructure. Utilities and cities registered 2 each, while counties, special districts, and water & sewer and experienced 1 each. The average recovery for defaulted munis was 65%, compared to 49% on corporate senior unsecured bonds. Last comment on municipals: while *local* tax collections are weak due to the collapse in home prices, *state* tax collections have been increasing for 7 quarters in a row.

**State and local tax revenue**
Percent, YoY change of 4-quarter moving average

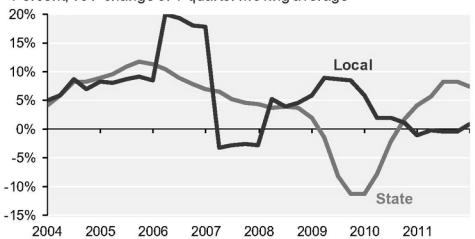


Source: US Census.

**US mutual fund flows**
Billions, USD

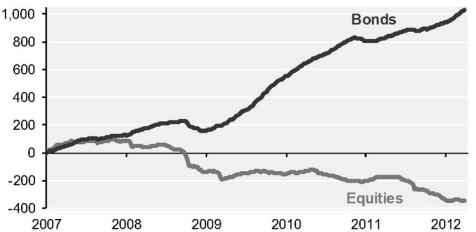


Source: Investment Company Institute.

*OK, so the US economy is improving, but is still heavily dependent on monetary and fiscal stimulus to grow; and the only belt-tightening one can find is at the state and local level. Since 2009, after equities collapsed and bond prices rose, how have many investors reacted?*
By selling more equities and buying **a lot** more bonds. See chart above (a global version of this chart looks roughly the same).

*Have investors been positioning this way since stocks are expensive?*
Not really. Insert a giant martini glass on the chart below from 1998 to 2001 (I hate using simple averages which include periods when the market had lost its collective mind). The current P/E multiple is in the middle of the ex-bubble range of the last 25 years. Some bank stocks look interesting, even after accounting for reliance on shrinking loan loss reserves to drive income, and ongoing regulatory uncertainty. Most US banks are at or close to Basel 3 funding needs, have considerably fewer capital adequacy questions than their European counterparts, and do not rely on wholesale funding to finance loan portfolios.

**S&P 500 ex-bubble price to earnings multiple**
Price to next twelve months operating EPS

Source: IBES, Standard & Poor's.

**US bank price to book ratio**

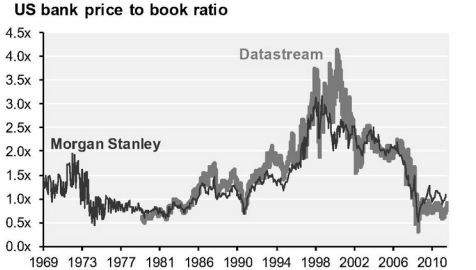




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**Q&A on the USA, with a watchful eye on the risk of giant man-eating plants; Spain**

*Now that P/E multiples have risen off the bottom, what's the outlook for P/E multiples and earnings from here?*
The return on the S&P this year has been a function of P/E multiples rising (from 11.3x to 12.9x), a big part of which has been Apple (3% of the S&P index, 15% of S&P's YTD returns). As shown below, earnings revisions have been negative for 2012, but analysts are still optimistic about 2013. According to Morgan Stanley, analysts are forecasting the highest percentage of companies posting 2013 margin expansion since 1970, and by a very wide margin. In our view, it will be difficult for multiples to rise further unless earnings outperform expectations, particularly if Europe's structural problems take center stage again.

**Revisions to consensus EPS by quarter**
Index, 12/30/2011 = 100

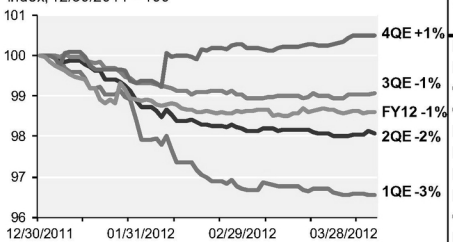


Source: FactSet.

The place that worries me the most: **Spain**. It ranks at or close to the bottom in a lot of categories (see table), and its growth outlook is poor. Historically, this kind of thing has not ended well. Spain has defaulted 13 times since 1500 AD; it's probably going to take a lot of bilateral aid and ECB financing to prevent another one.

Michael Cembalest
Chief Investment Officer

| *Win, Place and Show: The problem of Spain* | The only country I can find that's in worse shape than Spain is: |
|---|---|
| Number of dwellings to population | Greece |
| Non-financial corporate debt to GDP | Ireland |
| Corporate sector debt to cash flow | Portugal |
| Construction sector debt/assets | None |
| Banking sector branches per 1,000 people | None |
| Reliance on foreign capital (Net Int. Inv. Pos.) | Ireland, Portugal |
| Real estate as % of household assets | None |
| Housing overhang (as per CEPS) | Ireland |
| Commercial RE exposure % of bank assets | None |
| Encumbered banking system assets, % | Greece |
| World Bank labor rigidity, Europe | None |
| Intra-European real effective exchange rate | Italy |
| Shadow economy, % of GDP, OECD | Italy, Greece |
| Unemployment rate | None |
| Production time per unit | Italy |
| Reliance on ECB to finance sovereign debt | None |
| Bank lending to HH/NFC, last 12 months | None |

*HH/NFC = households and non-financial corporations*
*Sources: IMF, OECD, EU, World Bank, CEPS*

**Sources**

*"States of Bankruptcy, Part I: The Coming State Pensions Crisis"*, Joint Economic Committee Republicans, Representative Kevin Brady and Senator Jim DeMint, December 8, 2011

*"The Trillion Dollar Gap, Underfunded State Retirement Systems and the Roads to Reform"*, Pew Center, February 2010

"*Fiscal Policy in a Depressed Economy*", DeLong (Berkeley) and Summers (Harvard), March 20, 2012

Moody's *US Municipal Bond Defaults and Recoveries, 1970-2011*

IMF Country Report 11/216. "*Spain: Selected Issues*", July 2011

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CIO WM Global Investment Office

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# UBS CIO Monthly Extended

## November 2012

Published
25 October 2012

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The market prices provided are closing prices on the respective principal stock exchange. This applies to all performance charts and tables in this publication.

# Table of Contents


Section 1 **Base slides** 2

Section 2 **Asset class views** 11

2.A **Equities** 12

2.B **Fixed income** 22

2.C **Foreign exchange** 29

2.D **NTAC: Commodities, Listed real estate, Hedge funds and Private equity** 33

Section 1

# Base slides

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# Summary

**"Global growth is showing broad-based signs of improvement."**

- **Economy**
  Global growth is showing broad-based signs of improvement, supported by decisive monetary policy from the world's major central banks. In the US, the housing market recovery continues and the labor market remains on a modest uptrend. This has helped improve the sentiment of US consumers, and consumption remains the most important contributor to US GDP growth. Growth has also begun to pick up in key areas of the emerging markets, including China and Brazil. While the Eurozone economy remains weak, we expect Q3 2012 to mark the bottom, and that growth will begin to get "less bad" from Q4 2012.
- **Equities**
  Equity markets have been supported by central bank action and the recent improvements in economic data. Our preferred markets remain the US and Emerging Markets (EM). Investor funds have started to flow back into EM, as economic data is improving and inflation remains under control. Canada and Australia remain our least favored regions due to falling earnings.
- **Fixed Income**
  US high yield bonds remain supported by strong corporate fundamentals, modest economic growth, and the broad demand for yield-generating assets. Given this, we see potential for further spread tightening. Meanwhile, benchmark rates are expected to rise gradually on better economic data, while short rates remain ultra-low. While investment grade corporate bond spreads are approximately fair value, we continue to view their absolute yields as attractive.
- **Commodities**
  We keep a neutral stance on commodities. Increased global liquidity has pushed prices up over the last few months, however, for a more sustained price increase we likely need to see further evidence of an acceleration in global growth.
- **Foreign Exchange**
  We remain underweight the Japanese yen. The Japanese economy continues to weaken against its peers, leading to rising pressure for the Bank of Japan to engage in further quantitative easing. We have closed our preference for the Canadian dollar following its recent strength, and therefore close our offsetting short CHF position.



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# Cross-asset preferences

| | Most preferred | Least preferred |
|---|---|---|
| **Equities** | • US<br>• Western winners from EM growth<br>• High quality dividend yields<br>• Event-driven and relative value hedge funds<br>• Natural gas growth gainers | • Canada<br>• Australia |
| **Fixed income** | • US high yield<br>• Global investment grade credit<br>• EM corporate bonds<br>• Event-driven and relative value hedge funds | • Developed market government bonds |
| **Foreign exchange** | • GBP<br>• Emerging markets (↗) | • JPY |
| **Commodities** | | |

## Portfolio weights

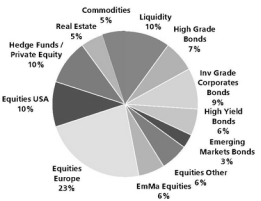


Note: Portfolio weights are for an advisory client with a "EUR moderate" profile. For portfolio weights related to other risk profiles please contact your client advisor.

↗ Recent upgrades ↘ Recent downgrades

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# Recommended tactical asset allocation

## Tactical asset allocation deviations from benchmark*

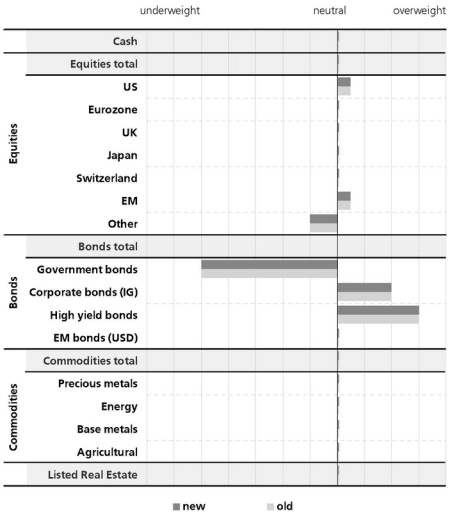


Source: UBS CIO WM Global Investment Office – as of 25.10.2012

## Currency allocation

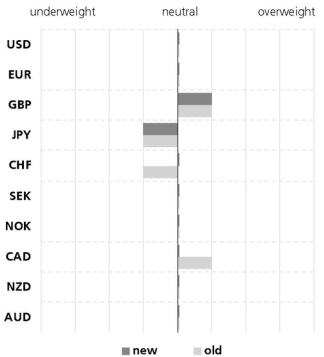


* Please note that the bar charts show total portfolio preferences and thus can be interpreted as the recommended deviation from the relevant portfolio benchmark for any given asset class and sub asset class.

The UBS Investment House view is largely reflected in the majority of UBS Discretionary Mandates and forms the basis of UBS Advisory Mandates. Note that the implementation in Discretionary or Advisory Mandates might slightly deviate from the "unconstrained" asset allocation shown above, depending on benchmarks, currency positions and for other implementation considerations.



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# Preferred themes

- **High quality dividend yields (sourced from existing European and UK equities)**
  High quality companies with geographically diversified business models that pay sustainable dividends offer an attractive income stream in a low yield world. Historically, dividends have made a substantial contribution to total returns, and we expect this to remain the case in the current environment.
- **Western winners from emerging market growth (sourced from existing equity holdings)**
  Emerging economies continue to grow faster than developed economies. With little need to deleverage and repair balance sheets, Asian economies are also well positioned to continue to outpace their Western peers in the years ahead. We have identified companies from a variety of sectors in Europe, the US and Japan which have significant exposure to the rapidly growing emerging regions. We believe a diversified portfolio of these companies will reward investors seeking to profit from the robust demand growth in emerging economies.
- **Natural gas growth gainers (sourced from existing equity holdings)**
  Natural gas is a relatively clean source of energy, and we think it will benefit from continued substitution for other energy sources over the long term. We have examined the dynamics of the global market and the various components of the gas value chain, and identified the areas we see as the most significant beneficiaries currently. These include producers in Europe and Asia, suppliers of infrastructure, services and related machinery, and Master Limited Partnerships (MLPs) in the US, that offer both attractive yields and growth.
- **EM corporates: a growing asset class (sourced from global government bonds – CIO UW)**
  Given our relatively constructive current view on risk, we regard EM corporate debt as more attractive than EM sovereign debt due to its higher overall yield. Over a 6-month horizon, we expect EM corporate bonds to outperform US Treasuries and deliver total returns of close to 4%.
- **Government bond alternatives (sourced from government bonds – CIO UW)**
  Developed world government bonds offer a comparatively small cushion against future interest rate hikes and many face increasing credit risk. We expect selected bonds of supranational or national agencies, sub-national governments, multinational corporates, and covered bonds to outperform government bonds. We recommend switching out of government bonds into these alternatives.
- **US high yield corporate bonds (sourced from government bonds – CIO UW)**
  Positive economic growth, robust corporate earnings and healthy balance sheets provide support to US high yield corporate bonds. Current yield spreads of 540 basis points still price in a more dire economic outcome than we expect. Historically, US high yield bonds have delivered similar returns as US equities with lower volatility. We continue to believe that US high yield corporate bonds represent a more favorable risk/return potential than equities and expect mid single digit returns over the next 6 months. Senior loans are exposed to similar positive fundamentals, and offer an attractive, floating rate alternative to US high yield.
- **The place to be in Hedge Funds**
  Growth in most developed markets remains muted. In this environment, less directional hedge fund strategies, such as relative value and event driven, should offer above average returns.
- **EM currencies: An underappreciated asset class (sourced from government bonds – CIO UW)**
  The currencies of emerging countries, collectively as an asset class and measured using total returns (i.e. including interest received), have the potential to contribute positively to the longer-term returns of a well-diversified portfolio. We believe that this is especially relevant now that the developed world is settling into an extended period of very low interest rates.

★ = New theme



Please see important disclaimer and disclosures at the end of the document.

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# Global economic outlook – *Summary*

**Key questions**

- What are the prospects for the global economy in 4Q 2012 and 1Q 2013?
- What are the risks that the US economic recovery will falter in the near term?
- When is the European economy likely to emerge from contraction?
- What is the near-term outlook for the Chinese economy?

**CIO View (Probability: 75%*)** **Sluggish expansion**

• Global economic activity has shown signs of improvement over the last month – albeit from a low base. Importantly, the JPM global composite PMI (a survey measuring economic activity) rose significantly to 52.5 in September from 50.9 in August. The increase was driven by improvements in both manufacturing and service sector activity. Thus, the global manufacturing PMI rose marginally to 48.9 from 48.1, while the services PMI jumped two index points to 54.

• Geographically, improvements were concentrated in the emerging markets and the US. Indeed, we think that downside risks in the US have diminished lately and we expect the moderate recovery to continue ahead. Chinese data are still mixed, but we think that an improvement in the economic momentum is in the cards in 4Q. In the EMU and UK, recent PMI surveys deteriorated but we still expect the EMU to improve gradually in coming quarters. Overall, we expect the moderate improvement in global economic activity to continue ahead. A key driver here is the latest wave of ultra-expansionary monetary policy. Downside risks have diminished somewhat in recent months. We expect Greece to stay in the euro this year and sign a new memorandum in November. In the US modest fiscal tightening is expected with the Fed mitigating downside growth risks. The risk of an idiosyncratic slowdown in Asia has declined as the latest Chinese data confirms that the economy has bottomed."

• Global consumer price inflation peaked in summer 2011 and has since fallen gradually. Base effects and rising commodity prices since June may push up the global headline rate of inflation in coming months.

**↗ Positive scenario (Probability: 10%*)** **Return to long-term trend**

• The Eurozone crisis abates. Financial market conditions recover, mitigating the drag from fiscal austerity.

• Growth in Western Europe turns decisively positive by early 2013 and the US economy grows above trend.

**↘ Negative scenario (Probability: 15%*)** **Recession**

• There are three key downside risks to the global economy: 1) a significant escalation of the Eurozone debt crisis; 2) a sharp fiscal contraction in the US, and 3) a sharp deceleration of the Chinese economy. Each of these risks could precipitate a significant downturn of the global economy.

**Key dates**

| | |
|---|---|
| **TBA** | Troika report on Greece |
| **2 Nov** | Nonfarm payrolls and unemployment rate for October |
| **6 Nov** | US presidential and congressional elections |
| **8 Nov** | The 18th National Congress of the Communist Party of China |
| **22–23 Nov** | European Council |

**Global growth expected to be around 3% in 2012 and 2013**

| | | Real GDP growth in % | | | Inflation in % | | |
|---|---|---|---|---|---|---|---|
| | | 2011 | 2012F | 2013F | 2011 | 2012F | 2013F |
| **Americas** | US | 1.8 | 2.1 | 2.3 | 3.1 | 2.1 | 1.7 |
| | Canada | 2.4 | 2.0 | 2.3 | 2.9 | 2.0 | 2.3 |
| | Brazil | 2.7 | 1.5 | 4.5 | 6.5 | 5.4 | 6.5 |
| **Asia/Pacific** | Japan | -0.8 | 2.3 | 2.0 | -0.3 | 0.0 | 0.3 |
| | Australia | 2.1 | 3.7 | 3.2 | 3.4 | 1.7 | 2.5 |
| | China | 9.3 | 7.5 | 7.8 | 5.4 | 2.8 | 3.6 |
| | India | 6.5 | 5.5 | 6.5 | 8.0 | 7.5 | 7.0 |
| **Europe** | Eurozone | 1.5 | -0.4 | 0.2 | 2.7 | 2.4 | 1.9 |
| | Germany | 3.1 | 0.9 | 1.1 | 2.5 | 1.7 | 1.5 |
| | France | 1.7 | 0.2 | 0.4 | 2.1 | 2.0 | 1.3 |
| | Italy | 0.5 | -2.4 | -0.2 | 2.9 | 3.3 | 2.7 |
| | Spain | 0.4 | -1.6 | -1.7 | 3.1 | 2.4 | 2.7 |
| | UK | 0.9 | -0.3 | 1.0 | 4.5 | 2.7 | 2.3 |
| | Switzerland | 1.9 | 1.1 | 1.4 | 0.2 | -0.5 | 1.2 |
| | Russia | 4.3 | 3.8 | 3.7 | 8.5 | 5.1 | 6.8 |
| **World** | | 3.2 | 2.7 | 3.1 | 3.9 | 2.9 | 3.0 |

Source: UBS CIO, as of 24 October 2012

In developing the CIO economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.

**Services and manufacturing diverging**
(Global PMIs, 3-month moving averages)

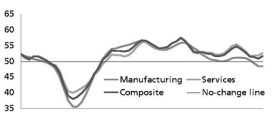


Source: Bloomberg, UBS CIO, as of September 2012

Note: Past performance is not an indication of future returns.
*Scenario probabilities are based on qualitative assessment.

# Key financial market driver 1 – *Eurozone crisis*

**Key questions**

- What do we expect from the economy and ECB policy?
- Can Spain and Italy continue to tap the primary market if they ask for a support program?
- How much more support will Greece receive and will it be able to stay in the Eurozone next year?

**CIO View (Probability: 70%*)** **Austerity and weak growth**

- We think the Eurozone economy troughed in 3Q. We expect flattish growth in 4Q 2012 and 1Q 2013 (in line with consensus). Beyond this, uncertainties regarding the debt crisis and continuing fiscal austerity efforts will likely keep the pace of recovery subdued. The ECB is still in easing mode but after announcing a conditional bond purchasing program, it would take a marked worsening of the debt crisis and/or a worsening of economic data to trigger any further policy action.
- There is political pressure on Spain to apply for official financial support (OMT by the ECB and direct support from the EFSF/ESM). However, the government may hesitate until market pressure rises and/or clear political benefits are on offer. We think that Italy will have to apply for an aid package similar to Spain's. We see a high probability of Spain being downgraded to junk by at least one rating agency.
- OMT bond purchases in the secondary market will focus on maturities of up to three years and countries will be expected to maintain their funding profiles by also issuing longer-dated bonds. Hence, longer yields should stay elevated as bondholders remain concerned about countries' ability and willingness to implement necessary reforms, and about the de-facto subordination to ECB holdings and official loans. The central banking supervision at the ECB is unlikely to be ready by January 2013, meaning that direct bank recapitalization through the ESM remains unavailable.
- We think Greece will not exit the euro in 2012 but will sign a new memorandum by November, although further delay is possible. We think that Greece's failure to meet targets may trigger a cut-off from funding by early 2013 and a possible gradual exit later. Portugal and Ireland should remain on track with their bailout packages, Cyprus will likely get a new package and Slovenia may ask for help soon.

**↗ Positive scenario (Probability: 15%*)** **Return to macro stability**

- Bond yields are contained as peripheral countries' budgets stay on track and economic activity recovers faster than expected. Greece complies with the new austerity plans and market confidence is restored.

**↘ Negative scenario (Probability: 15%*)** **Major shock**

- Major shocks include Spain and Italy being fully cut off from bond markets, i.e. requiring all new funding through EFSF/ESM/IMF loans, with European rescue funds only able to cover them until the end of 2013; resistance from core countries against the ECB program and further support; a Portuguese default; a Greek euro exit before the end of 2012; or a major external shock.

**Key dates**

| | |
|---|---|
| **TBD** | Troika report on Greece |
| **8 Nov** | ECB press conference |
| **12 Nov** | Eurogroup meeting |
| **15 Nov** | Eurozone GDP 3Q: first estimate |
| **22 Nov** | Eurozone composite purchasing managers index |
| **22–23 Nov** | European Council |

**Purchasing managers indices point to ongoing contraction in 3Q**

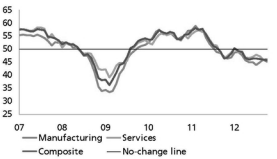


Source: Bloomberg, UBS, as of October 2012

**Yield of Spanish and Italian 10-year bonds over German Bunds (in bps)**

Source: UBS, Bloomberg, as of 16 October 2012

Note: Past performance is not an indication of future returns.

* Scenario probabilities are based on qualitative assessment.

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# Key financial market driver 2 – *US economic outlook*

**Key questions**

- Is the nascent growth recovery sustainable? Will the Fed stimulus boost growth?
- How will the election result change fiscal policy deliberations?
- Can politicians find an agreement to avoid a sharp fiscal contraction in early 2013 (i.e. the "fiscal cliff")?

**CIO View (Probability: 70%*)** **Moderate expansion**

- The economy stays on a moderate growth path but the unemployment rate comes down only very gradually – the September report exaggerated the pace of improvement. Core personal consumption expenditure (PCE) inflation stays slightly below or close to the Federal Reserve's target of 2%. UBS forecasts real GDP growth of 2.0% in 3Q 2012 (consensus: 1.8%) and 1.6% in 4Q 2012 (consensus: 1.9%). The Fed has added considerable stimulus: it extended Operation Twist and its interest rate forward guidance, indicated that it will stay highly accommodative even after the recovery strengthens, launched an open-ended agency mortgage-backed securities (MBS) purchase program of USD 40bn per month, and shows a strong easing bias tied to the state of the labor market. The Fed actions effectively mitigate downside growth risks, but they are unlikely to dramatically boost growth.
- In the elections, Republicans will likely lose seats in the House on a net basis but retain a majority; we expect them to be even with Democrats in the Senate. Obama will likely retain the White House. Such an electoral outcome would prolong the existing gridlock between Republicans and Democrats.
- Due to the ongoing political gridlock, we expect modest fiscal tightening. The government will likely let unemployment benefits phase out and payroll tax cuts expire, but postpone income tax hikes and sequester spending cuts. Such a decision would lower the federal deficit by 0.7% of GDP, with a likely lower real GDP growth impact as households could buffer the income loss with lower savings.

**↗ Positive scenario (Probability: 10%*)** **Strong expansion**

- Propelled by expansive monetary policy and a fading Eurozone crisis, growth accelerates persistently above 3.0%. This leads to higher inflation and the Fed responds by halting QE3 and raising rates sooner.
- The better economic outlook raises the odds of an Obama reelection and makes it harder for Republicans to gain seats in Congress. Faster-rising tax collection and a Democratic stronghold leads to some tax hikes and limited spending cuts. Fiscal policy tightens by about 1.2% of GDP in 2013.

**↘ Negative scenario (Probability: 20%*)** **Growth recession**

- US fiscal deleveraging and an escalating Eurozone crisis weigh on the cyclical recovery. Falling profit margins weigh on business capital expenditures. Real GDP growth deteriorates much further. The Fed massively purchases agency MBS and Treasuries under its QE3 program.
- The debt limit is reached earlier and the Treasury runs out of money before year-end. Political gridlock becomes dysfunctional, thus sending the country over the "fiscal cliff," with fiscal policy tightening by USD 607 billion (3.7% of UBS estimate of 2013 GDP) in 2013. The US credit rating is downgraded.

**Key dates**

| | |
|---|---|
| **30 Oct** | Conference Board consumer confidence |
| **1 Nov** | ISM manufacturing purchasing managers index for October |
| **2 Nov** | Nonfarm payrolls and unemployment rate for October |
| **6 Nov** | US presidential and Congressional elections |

**US growth to pick up throughout 2013**

US real GDP and its components, quarter-over-quarter annualized in %

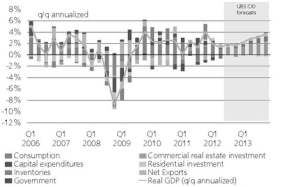


Source: Thomson Datastream, UBS, as of 15 October 2012

**Budget impact of US fiscal cliff in 2013**

Cumulative budget effects of fiscal cliff components, in % of UBS estimate of 2013 GDP

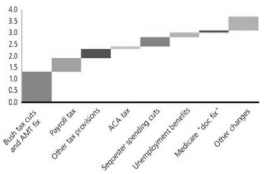


Note: AMT = Alternative Minimum Tax, ACA = Affordable Care Act

Source: CBO, UBS, as of 9 October 2012

* Scenario probabilities are based on qualitative assessment.

Note: Past performance is not an indication of future returns.

# Key financial market driver 3 – *China growth outlook*

**Key questions**

- What are the drivers for a modest sequential growth recovery?
- What is our policy expectation?
- How strongly will the recently announced infrastructure projects boost growth?

**CIO View (Probability: 70%*)** **Stabilization in economic momentum**

- We continue to expect a sequential recovery in the growth momentum in the current quarter. Inventory reductions should be less of a drag on growth and the government is rolling out more investment plans. At the same time, political uncertainty should diminish after the power handover in November. We think that real GDP will grow 7% y/y in 4Q (consensus: 7.7%) before improving mildly to 7.3% in 1Q 2013 (consensus: 7.9%).
- Indicators measuring inventory levels have fallen recently, showing that the destocking cycle is well advanced. In addition, domestic prices for some major raw materials appear to have bottomed out, which should support a mild rebound in production activity in the coming months. However, this may not be sustainable without a genuine recovery in final demand.
- While the government has recently announced trillions of infrastructure investment projects, the spending will span several years and the source of funding remains unclear. In addition, real estate investment growth is likely to stabilize but not rebound strongly in the months ahead. We therefore do not expect a sharp rise in investment growth. Fiscal support measures should help to stabilize economic growth, but are unlikely to result in a strong growth boost.
- The 18th National Congress of the Communist Party of China will be held on 8 November, which is exactly the same date as in the previous leadership handover in 2002. With the transition of the senior Communist Party leadership taking place in this meeting, political uncertainties should be reduced. Execution of policy easing measures could improve, although a substantial new stimulus is unlikely in the near term. In terms of monetary policy, we do not expect any interest rate cut for the rest of the year, but a reserve requirement cut is still possible to manage liquidity.

**↗ Positive scenario (Probability: 20%*)** **Higher-than-expected growth**

- Chinese GDP grows above 7.7% in 2012. This would require more effective fiscal and monetary policy support from the government and possibly also a fast improvement in the Eurozone debt crisis.

**↘ Negative scenario (Probability: 10%*)** **Hard landing**

- Chinese GDP grows below 6%, i.e. a hard landing of the economy. This could be triggered by a global financial crisis/recession, causing a slump in Chinese exports, or domestic policy staying adrift during the leadership transition period. Other risks include a sharp movement in residential property prices, or a surge in inflation that forces the PBoC to significantly tighten monetary policy.

**Key dates**

| | |
|---|---|
| **1 Nov** | Manufacturing purchasing managers index (October) |
| **8 Nov** | The 18th National Congress of the Communist Party of China |
| **9 Nov** | Consumer price inflation, industrial production, fixed-asset investment (October) |
| **10-15 Nov** | New bank lending, M2 (October) |

**Nascent rebound in domestic commodity prices**

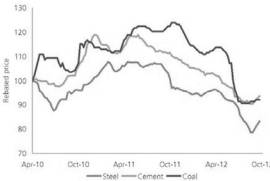


Source: CEIC, Wind, UBS, as of 15 October 2012

**Investment staying supportive to growth**

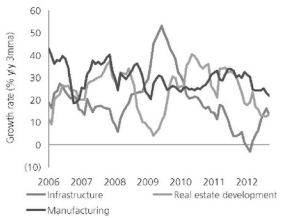


Source: Bloomberg, UBS, as of 15 October 2012

Note: Past performance is not an indication of future returns.

* Scenario probabilities are based on qualitative assessment.

UBS

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Section 2

# Asset class views

UBS

Section 2.A

# Asset class views

# Equities

UBS

# Equities overview

**Global equity markets – Key points**

- We keep an overall **neutral allocation to equities** (see summary on slide 3).
- We keep our **preference for US equities**. Resilient company earnings still speak for an overweight stance. Continued economic growth should underpin earnings also in 2013.
- We keep our **neutral stance on Eurozone equities**. Value is attractive compared to global equities. However, due to the recession in several countries the earnings dynamics remains weak. In addition, uncertainty as to when and under what conditions Spain will sign a memorandum of understanding keeps us from taking a more positive stance.
- We have an **overweight position in EM equities.** Monetary easing as well as fiscal stimulus in key countries, coupled with relatively attractive valuations, are supporting factors. Economic activity is likely to improve gradually over the coming quarters, supporting company earnings.
- We keep our **negative stance on Canadian equities**. Corporate earnings continue to decline, showing a weak development relative to the global trend. In addition, valuation is not compelling.
- We are **cautious on Australian equities**. Realized earnings continue to come down for the market.
- We are neutral on **Swiss equities**. Companies show solid earnings growth, which is expected to hold up better than in other regions. Although the Swiss franc is still overvalued, the weakening to the USD and related currencies since this summer provides additional earnings support.
- We keep our neutral view on **UK equities**. In the UK the earnings dynamics lags behind other markets. Also, the recent strengthening in the pound is a drag for earnings measured in local currency terms.

**Preferences (6 months)**

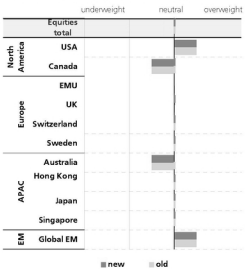


Note: Preference in hedged terms (excl. currencies)

**Global equity sectors – Key points**

- We **keep our overweight in Consumer Staples.** Among the defensives it offers good earnings growth prospects due to its geographically diversified revenue generation.
- We reiterate our **preference for global IT** due to a superior growth outlook and as we are in the seasonally strong second half year. With healthy balance sheets and good cash flows, sector valuation is in line with the overall market, while we believe it deserves a larger premium.
- We continue to **like Healthcare** as it offers solid long-term earnings prospects with low volatility and strong balance sheets. We **reiterate our underweight in Telecoms**, where we expect ongoing weak revenue growth as well as margin pressure.
- We are **negative on Consumer Discretionary** as earnings expectations may be too optimistic. With leading indicators in major regions still deteriorating, we keep our **underweight in Industrials**. We have concerns over weak manufacturing momentum leading to increased earnings revisions.
- The earnings outlook for US and Asian Financials is solid. We are **neutral globally on Financials**. While the ECB's OMT program reduces tail risk for Financials, it has limited impact on sector earnings.

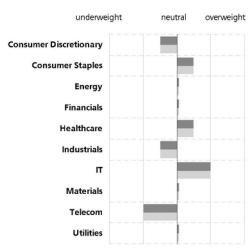


Source: UBS

# US equities

Preference: overweight

**S&P 500 (24 Oct): 1,409** (last publication: 1,433)

**UBS View** **S&P 500 (6-month target): 1,460**

- We keep our preference for US equities relative to other developed equity markets. Earnings continued to hold up better than in other regions during the recent economic slowdown. Continued economic growth should allow companies to show mid single digit earnings growth over the coming 12 months.
- The US central bank's (Fed) very pro-growth oriented policy stance is a clear advantage for the local equity market; the recent introduction of additional quantitative easing (QE 3) is positive for riskier assets.
- We still expect some potential for re-rating over the coming 6 months, in terms of increases in the price-to-earnings ratio (P/E).
- The debate around the fiscal cliff implies increased uncertainty over the coming months. However, we think that a 20% discount compared to the long-run PE-average provides some cushion, and our base case assumes that politicians will finally achieve a compromise to avoid economic contraction.

**↗ Positive scenario** **S&P 500 (6-month target): 1,700**

- An accelerating US and global economy reduces risks to company earnings. Investors begin to shift funds into more cyclical sectors such as Industrials and Materials in light of better growth prospects. In this scenario, we would expect earnings to grow by around 10% in the next 12 months, and the trailing P/E multiple to expand to around 16x.

**↘ Negative scenario** **S&P 500 (6-month target): 1,250**

- The US slides into a recession and corporate earnings fall over the coming 12 months. If this were coupled with an escalation of the Eurozone debt crisis, we would expect the P/E multiple to contract towards 12.5x trailing earnings.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Business sentiment | The ISM is the key indicator for US manufacturing and services. **Key dates: 1 Nov, ISM manufacturing; 5 Nov, ISM non-manufacturing** |
| The Fed | Hints on further quantitative easing can influence equities. **Key date: 11 Nov, minutes of Fed meeting** (of 24 October) |
| Labor market | Improvement in the labor market would support stronger consumption. **Key date: 2 Nov, US labor market report for October** |

## Recommendations

### Tactical (6 months)

- We continue to like IT. The sector trades at the lowest valuation multiples seen since the early 1990s. Product launches support superior earnings growth.
- Industrials are preferred as they benefit from a pick up in manufacturing activity.
- Consumer Staples is our preferred defensive sector offering the best combination of dividend growth and attractive valuation.
- We are still cautious on Telecoms, due to high valuations, as well as Materials, where margins remain under pressure.

### Strategic (1 to 2 years)

- We like medium-sized US companies, which are expected to show good longer term earnings growth.

### Our sector stance in the US

| Sectors | US |
|---|---|
| Consumer Discretionary | → |
| Consumer Staples | ↗ |
| Energy | → |
| Financials | → |
| Healthcare | ↘ |
| Industrials | ↗ |
| IT | ↗ |
| Materials | ↘ |
| Telecom | ↘ |
| Utilities | → |

Source: UBS

Note: Past performance is not an indication of future returns.

# Eurozone equities

Preference: neutral

**Euro Stoxx (24 Oct): 247** (last publication: 247)

**UBS View** **Euro Stoxx (6-month target): 249**

• We keep our neutral stance on Eurozone equities. While the sovereign debt crisis remains a risk factor (see slide 8), the conditional bond buying program by the ECB (OMT) and the introduction of the ESM have significantly reduced downside risks.
• Near-term we might see volatility increasing as politicians wrangle about the steps needed to provide a more lasting solution to the debt crisis (setup of a single banking regulator, solving the banking related problems in Spain, etc. ). We think that attractive valuations sufficiently compensate for those risks.
• The weak economic environment with recessions in the southern countries continues to weigh on corporate earnings. Consensus expectations (bottom up) of about 10% to 15% earnings growth in 2013 is too high, in our view. In contrast, we forecast just about 3–5% earnings growth next year.

**↗ Positive scenario** **Euro Stoxx (6-month target): 320**

• Global economic growth reaccelerates and Eurozone growth shows clear signs of bottoming out, enabling mid-single-digit earnings growth over the next six months. The trailing P/E ratio could re-rate to about 14.5x from its current reading of about 11.7x.

**↘ Negative scenario** **Euro Stoxx (6-month target): 200**

• The debt crisis leads to renewed pressure on Spain and Italy. However, downside risks are expected to be less severe now, after the ECB has put its new bond-buying program in place.
• Earnings could fall about 5% to 10% from current levels over the coming six months, and the trailing P/E ratio could drop to a level around 10x over a six-month period.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Growth indicators | Economic growth indicators provide information on the development of a potential Eurozone recession. **Key dates: 2 Nov, final PMI manufacturing, EMU; 6 Nov, final PMI services EMU; 22 Nov, flash PMI manufacturing, EMU, France and Germany; 23 Nov, Ifo business sentiment index, Germany** |
| Policy action | Decisions by European politicians and the ECB affect the course of the debt crisis. **Key dates: 8 Nov, ECB meeting** |

## Recommendations

### Tactical (6 months)

- We continue to recommend defensive sectors like Consumer Staples and Healthcare. We also like the Energy sector.
- We are negative on Industrials and Consumer Discretionary as industry sentiment remains subdued.
- We remain cautious on Financials – especially Banks and diversified Financials. The need for recapitalization remains a major concern.

### Strategic (1 to 2 years)

- We have a preference for stocks paying high-quality dividends.
- We like companies with high exposure to rapidly growing emerging markets.

### Our sector stance in the Eurozone

| Sectors | Eurozone |
|---|---|
| Consumer Discretionary | ↘ |
| Consumer Staples | ↗ |
| Energy | ↗ |
| Financials | ↘ |
| Healthcare | ↗ |
| Industrials | ↘ |
| IT | → |
| Materials | → |
| Telecom | ↘ |
| Utilities | → |

Source: UBS

Note: Past performance is not an indication of future returns.

# UK equities

Preference: neutral

**FTSE 100 (24 Oct): 5,805** (last publication: 5,768)

**UBS View** **FTSE 100 (6-month target): 5,850**

- We keep our neutral stance on UK equities. Earnings have continued to disappoint, showing one of the weakest dynamics within our market universe. Commodity related sectors show steep earnings declines, which is expected to moderate only in a lagged fashion to stabilizing commodity prices. The Healthcare sector suffers from company specific issues which affect earnings also negatively.
- With the oil price expected to trade down over the next 3 months, earnings of companies in the energy sector - comprising about 20% of the market – should remain depressed over the coming quarters. Within financials, law suits related to mis-selling of insurance related products represent a special risk factor.
- Recent strengthening of the British pound is also a headwind for the competitiveness of UK companies, as earnings measured in the local currency are negatively affected.
- The PE of UK equities looks attractive at first sight. But over the past 10 years, UK equities traded on average at a discount to global equities.

**↗ Positive scenario** **FTSE 100 (6-month target): 7,000**

- A fast strengthening in global growth and recovering demand from emerging markets leads to fast rising commodity prices, helping the Energy and Materials sectors to lead the market higher. The market could re-rate to a P/E multiple of 13.0x, and we would expect earnings growth of 5–10% over 12 months.

**↘ Negative scenario** **FTSE 100 (6-month target): 4,750**

- A global recession drags UK earnings down by 15–20% over 12 months. The market's traditionally defensive characteristics would only partly offset its strong exposure to commodity-related sectors. We would expect the trailing P/E multiple to drop towards 10x.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Growth indicators | Business survey indicators provide information on economic development in the UK. **Key date: 1 Nov, PMI manufacturing; 5 Nov, PMI services** |
| Commodity prices | Energy and Materials together comprise about 30% of the UK market according to market capitalization. Developments in commodity prices affect earnings estimates. |
| Policy action | Loose monetary policy by the Bank of England supports equities. **Key date: 8 Nov, Bank of England policy meeting** |

## Recommendations

### Tactical (6 months)

- The UK offers an attractive 4% dividend yield. We still like companies with high quality income streams.
- We like Consumer Staples in the UK. The sector should provide steady earnings growth through its exposure to emerging markets.

### Strategic (1 to 2 years)

- The UK market's close to 4% dividend yield provides a good income stream.
- Companies with pricing power are expected to deliver superior earnings growth.

**UK market trades at a P/E discount, based on realized earnings**

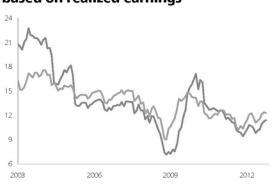


Source: Thomson Reuters, UBS, as of October 24, 2012

Note: Past performance is not an indication of future returns.

# Swiss equities

Preference: neutral

**SMI (24 Oct): 6,627** (last publication: 6,540)

**UBS View** **SMI (6-month target): 6,700**

- We stay neutral on Swiss equities relative to global ones. Swiss companies are internationally well diversified, with about 2/3 of revenues generated in the US and in emerging markets. This provides the basis for solid revenue and earnings, despite economic weakness in Europe.
- Swiss companies are trying to mitigate concerns about global economic prospects and a strong Swiss franc using tight cost controls. This should protect operating margins.
- While the Swiss franc remains overvalued, the currency is not longer a drag. In fact, after depreciating since summer versus the USD and related currencies, Swiss companies' earnings will show positive currency translation and margin effects.
- Especially in an environment of low economic growth we like the properties of decent earnings growth, solid balance sheets and a reasonable valuation.

**↗ Positive scenario** **SMI (6-month target): 7,500**

- Eurozone economic growth is reaccelerating considerably, providing further relief to Swiss financials as well as Swiss exporters. Defensive sectors would likely be left behind in a strong global relief rally. In this scenario, we would expect the equity market P/E to be re-rated to 15x and earnings to grow by 5% over the next six months.

**↘ Negative scenario** **SMI (6-month target): 5,600**

- The global economy slides into a recession. Despite being less dependent on the global business cycle, Swiss companies will also feel the drop in global demand. In this scenario, corporate earnings are likely to drop slightly over the next six months and we would expect the P/E to contract toward 12.0x.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Economic indicators | Key announcements of domestic economic indicators: **Nov 1, Manufacturing PMI index; Nov 30, KOF Swiss leading indicator;** |
| Monetary and economic policy | Key Swiss monetary policy dates that could impact Swiss equities: **Nov 1, SNB meeting** |
| Corporate news | Key corporate announcement dates: **Oct 30, Geberit, Oerlikon, Straumann & UBS; Oct 31, Lonza & Sika** |

## Recommendations

### Tactical (6 months)

- We favor large caps over small caps.
- We like stocks paying high and sustainable dividends.
- Within defensives, we favor the Healthcare and Consumer Staples sectors.
- Among the cyclical companies, we prefer those with a broad emerging-markets exposure and/or cheap valuation, including insurers.

### Strategic (1 to 2 years)

- We favor leaders in regards to the two key Swiss success factors: innovation and globalization.

**Swiss market relative to world equities**

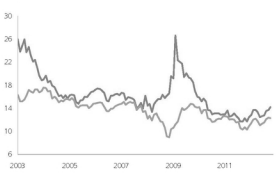


Source: Thomson Reuters, UBS, as of October 24, 2012

Note: Past performance is not an indication of future returns.

# Japanese equities

Preference: neutral

**Topix (24 Oct): 743** (last publication: 743)

**UBS view** **Topix (6-month target): 756**

- We expect earnings growth of about 25% over the upcoming 12 months. A relatively high growth rate still reflects last year's sharp decline caused by two natural disasters. Still, the earnings recovery has disappointed so far. Earnings growth continues to slow down and is expected to move toward a more normal single-digit growth in 2013.
- The government started implementing its JPY 18 trillion recovery budget in Q4 2011; we expect it to boost GDP by 0.5-1.0% in FY2012, and about 0.5% in 2013.
- However, we see only limited scope for an additional earnings boost from the local economic recovery. Slowing export markets also curtail the outlook. June quarter-earnings results revealed emerging market demand was below expectation, capping earnings growth.
- We expect the TOPIX trailing P/E to drop to around 13.5x from 15.0x over the coming months, mainly due to the earnings recovery; this provides room for moderate price increases only.

**Positive scenario** **Topix (6-month target): 970**

• Stronger global demand and stabilizing European markets lead to improved risk-taking. Falling risk aversion is likely to lead to a weaker yen, providing an additional increase in earnings. We expect 10-15% EPS growth in FY2013 and the TOPIX target is based on 16.0x trailing P/E.

**Negative scenario** **Topix (6-month target): 575**

• Faltering global growth leads to weak exports, triggering negative earnings surprises. USD-JPY rate strengthening to below 75 and potential economic conflicts with China might serve as an additional drag on earnings. We would then expect the P/E ratio to contract to 13.0x and earnings to fall during the upcoming six months.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| JPY and exports | The exchange rate is an important factor for the Japanese equity market. Japan's trade balance could be in deficit and may impact USD-JPY rates. **Key date: Nov 21, Japanese trade balance** |
| BoJ's monetary policy board meeting | If the Bank of Japan makes additional commitments to its asset-purchase program, which is currently JPY 70 trillion in size, it would lead to a weaker yen, in our view. **Key date: Oct 30, BoJ policy meeting** |

## Recommendations

### Tactical (6 months)

- Japanese value stocks have under-performed growth stocks by more than 20% for the last four months. We see this as an overreaction to concerns on the slower global economy, and recommend picking some value stocks with high dividend yields.
- We prefer companies that are using cost-reduction initiatives to maintain price competitiveness during periods of yen strength.

### Strategic (1 to 2 years)

- A weaker USD-JPY rate may drive Japanese companies' earnings recovery beyond a technical recovery from natural disasters. Japanese exporters and companies owning international operations would benefit from such a development.

**Japanese realized earnings likely to recover further going forward**

Source: Thomson Reuters, UBS, as of October 22, 2012
Note: Past performance is not an indication of future returns.

UBS

# Emerging market equities

Preference: overweight

**MSCI EM (24 Oct.): 995** (last publication: 990)

**UBS View** **MSCI EM 6-month target: 1,040**

- The downward revisions to the emerging market GDP growth forecasts appear to be coming to an end. We expect emerging market GDP growth to accelerate to 5.3% in 2013 from this year's 4.7%.
- Monetary policy in the US, the Eurozone, and Japan remains supportive. One implication of these low interest rate policies, we believe, will be to enhance emerging market (EM) equity returns in USD by supporting EM currencies more broadly against the USD over the next six months.
- In our base case, we see the P/E multiple of the MSCI EM Index staying around the current level of 11x trailing (i.e. realized) earnings over the next six months. Over the next 12 months, we expect EM earnings growth of around 11% (slightly below consensus).
- Over the past month, structural reforms that will have longer-term benefits were announced in India (retail sector), Russia (energy sector) and Mexico (labor market). This highlights that the emerging economies have options to improve the competitiveness of their economies, if they choose to do so.

**↗ Positive scenario** **MSCI EM (6-month target): 1,325**

- The outlook for the global economy improves, boosting EM's ability to grow more strongly in 2013. This stronger economic growth leads to earnings growth of 15%. Investor confidence improves, leading to a better P/E multiple of 14x trailing earnings. If oil prices rose too, Russia would benefit in this scenario.

**↘ Negative scenario** **MSCI EM (6-month target): 800**

- A significant escalation in the Eurozone, a sharp fiscal contraction in the US, and a rapid deceleration in Chinese growth could each hit EM's economic prospects. In such a scenario, we would expect a 20% decline in earnings over six months. More defensive Malaysia would do better, whereas more cyclical South Korea and Russia would underperform. We assume, however, that the market would also be expecting some recovery in earnings for 2014, helping the P/E multiple to recover to 10x trailing earnings.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Emerging market monetary policy | Investors are trying to figure out which emerging market central banks still have room to ease monetary policy and where rates may be heading up. **Inflation data is due for Russia (6 Nov), Brazil (7 Nov), China (9 Nov), India (14 Nov) and South Africa (21 Nov).** |
| Food and oil prices | The prices of grains and oil are higher than this time last year. For now, negative output gaps should counterbalance some of this inflationary pressure. |

## Recommendations

### Tactical (6 months)

- Within emerging markets, we have a preference over six months for the large equity markets, Brazil, China and South Korea. We expect an acceleration of growth into 2013 in Brazil and South Korea, and a stabilization in the case of China. We see relatively less upside for more defensive Malaysia. We believe that South Africa and Indonesia are expensive. The ECB's announcement that it stands ready to buy the bonds of compliant Eurozone governments has lessened the tail risks for the smaller European emerging equity markets (Turkey, Hungary, Poland), but their equity markets are susceptible to setbacks.

### Strategic (1 to 2 years)

- Strategically, we would advise that EM portfolios tilt toward cash-rich and faster-growing Asia.

**Country preferences within emerging markets** (relative to MSCI EM)

| Current most preferred markets | Current least preferred markets |
|---|---|
| Brazil | Indonesia |
| China | Malaysia |
| South Korea | South Africa |

# Asian equities (ex-Japan)

**MSCI Asia ex-Japan (24 Oct): 518** (last publication: 510)

**UBS view** **MSCI Asia ex-Japan (6-month target): 545**

- China released a set of positive data for September. While the headline 3Q GDP number only met expectations at +7.4% YoY (consensus +7.4%, prior +7.6%), the higher frequency data was better. Industrial production of +9.2% YoY (consensus +9.0%, prior +8.9%), retail sales of +14.2% YoY (consensus +13.2%, prior +13.2%), and fixed asset investment of +20.5% (+20.2% consensus, prior +20.2%) all came in higher.
- Chinese H-Shares are up almost 10% in the last month, while the S&P 500 is within 0.4 index points of where it was a month ago. Valuations of MSCI China remain extremely attractive as the market continues to price in a hard landing scenario, although sentiment is clearly turning. In India, the government has proposed several key economic reforms, but there are implementation risks and consensus GDP forecasts still have downside risk, while Indonesia's economic momentum is on track.
- We expect 12.8% earnings-per-share growth over 12 months for the MSCI Asia ex-Japan. It trades on 11.0x 12-m forward earnings and 1.6x price-to-book. We expect a stable earnings multiple in the next six months. Economic growth should stabilize and earnings downgrades come to an end toward the end of 2012.

**↗ Positive scenario** **MSCI Asia ex-Japan (6-month target): 670**

- More supportive monetary and fiscal policy, stable inflation, sustained domestic demand growth, and an improved global growth outlook lead to a better earnings outlook. In such a scenario, we expect earnings growth of 15% and a trailing P/E of about 15.0x.

**↘ Negative scenario** **MSCI Asia ex-Japan (6-month target): 400**

- A hard landing in China with a global recession leads to negative earnings revisions for 2012. In this scenario, Asia ex-Japan could trade down to about 10.5x realized earnings.

| What we're watching | Why it matters |
|---|---|
| Politics | Leadership in China is set to change, resulting in a newly defined future economic policy. The US Presidential elections have implications on the outcome of the Fiscal Cliff. **Key dates: Nov 6, 57th US Presidential Elections; Nov 8, 18th Communist Party Congress** |
| Policy responses | Some other countries in the region have near-term macroeconomic issues due to fiscal and current account deficits, as well as hiccups in market and economic reforms. Policy responses often come on an ad-hoc basis. |

## Recommendations

### Tactical (6 months)

- The Fed's implementation of QE3 provides support to Asia ex-Japan equities. In conjunction with improving growth prospects we see good near term upside.
- Should economic growth surprise to the upside, more defensive markets such as Singapore and Malaysia are likely to underperform. Instead, higher beta, export-oriented markets like South Korea, Taiwan, Hong Kong and China are likely to take advantage from a strengthening in global growth.

### Strategic (1 to 2 years)

- Consider a portfolio mix of high yield stocks largely found in Singapore, Taiwan & HK, complemented by growth-oriented stocks in the rest of Asia.

**Country preferences within Asia ex Japan** (relative to MSCI Asia ex Japan)

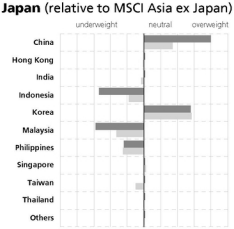

# Equity styles

**UBS view** **Prefer mid caps in US, large caps in Europe**

• We believe that medium-sized companies (mid caps) will outperform large caps in the US. US economic data is forecast to stabilize and then show moderate economic growth in the second half of 2012 and into 2013. The greater domestic sales exposure of US mid caps reduces the earnings risk coming from Europe.
• In Europe, we prefer companies with a large market capitalization (large caps) over ones with a small one (small caps) in the current very challenging economic environment. Small caps generate more sales in Continental Europe than large caps. Thus, they are more negatively affected by weak domestic demand. Small caps also have a more cyclical earnings exposure than large caps.
• Globally, high-quality dividend paying stocks promise to provide a real and stable income stream to investors in the current low-yield environment. Furthermore, they give exposure to the long-term potential of equity markets while tending to suffer less in declining markets.

**↗ Positive scenario** **Prefer value, low quality and small caps**

• Leading indicators continue to move higher, and risks related to the Eurozone debt crisis subside. In this case, add deep cyclical value (cheap price/book, price/earnings) regardless of the sector, with high beta and high leverage. In such an environment, small and mid-cap stocks should also perform well. A dividend strategy would be too defensive to outperform the market.

**↘ Negative scenario** **Prefer quality and large caps**

• The global economic picture deteriorates markedly. In this case, buy high-quality growth companies and large caps. Do not look for value opportunities, but be as defensive as possible with your equity exposure. Look to high-quality, dividend-paying stocks for yield.

Note: Scenarios refer to global economic scenarios (see slide 7).

| What we're watching | Why it matters |
|---|---|
| Earnings revisions – see chart (3-month moving average upgrades vs. downgrades) | Watch for signs of improvement in earnings revisions (aggregated from stock level). An improved earnings outlook would cause investors to add more risk – influencing our preferences among equity styles. |
| US and Eurozone PMIs | PMIs are important for earnings generation and preferences for value, growth and size. **Key dates: Nov 2, PMI manufacturing Eurozone (final); Nov 1, US ISM manufacturing** |

## Regional differentiation

- In the US, we prefer mid caps to large caps. Moderate economic growth should support their earnings generation.
- In the US, there are opportunities in value names that also show strong growth.
- Within Europe, we avoid small caps and instead rotate into large caps.

## Strategic (1 to 2 years)

- We expect value strategies to outperform the European market over a multi-year time horizon.
- Mid-cap stocks provide attractive opportunities over the longer term.

**Avoid small caps and favor large caps in Europe**

DJ STOXX small over large and business confidence

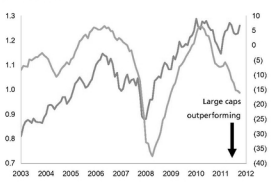


Source: Thomson Reuters, UBS, as of September 29, 2012
Note: Past performance is no indication for future returns.

Section 2.B

# Asset class views

# Fixed Income

UBS

# Bonds overview

**Government bonds – Key points**

• We expected government bond yields to move towards slightly higher ranges over the next 6 months, as seen in late 2011/early 2012. This is likely to have a slightly negative effect on most developed government bond prices, and is likely to result in a total return around zero over this period.
• Price fluctuations in the month ahead could originate from developments in the Eurozone and the US. They include the Troika report on Greece, Spanish local elections/referendum and the possible delayed request for additional ECB support in Europe. In the US, the extent of the fiscal cliff is dependent on the election outcome and the results from the debates in the subsequent lame duck session of congress. While we expect the full cliff to be avoided, it poses a significant downside risk to domestic growth.
• Overall, we suggest keeping the duration close to neutral, as we expect global growth to remain lackluster and central banks to continue supporting bond markets.

**Corporate and emerging market bonds – Key points**

• We maintain a preference for investment-grade (IG) and US high-yield (HY) corporate credit. A strong (US) corporate sector, the ongoing moderate recovery of the US economy, determined central bank support and a strong technical backdrop are likely to further support credit segments.
• Investment-grade corporate bonds have achieved a total return of more than 10% so far this year, at remarkably low volatility. While absolute returns will likely be moderate in the next six months (1-2%), the asset class should continue outperforming government bonds, offering higher liquidity than HY bonds. We see the highest return potential in the lower-rated IG segments (BBB and A).
• US corporate bonds of lower credit quality (HY) remain fundamentally supported by solid balance sheets and a benign US growth outlook. Given the low risk of default losses, valuations are attractive at an effective yield of above 6%. For US HY, we expect mid single-digit total returns in the next six months. US senior loans are an attractive alternative to traditional fixed income assets.
• Emerging market (EM) bonds should continue to benefit from better fundamentals than those of developed markets over the medium term. However, valuations have now moved towards a fair level for sovereign bonds (in USD) and we take profits on selected sovereign bond issuers. For EM corporate bonds in USD, there is still some potential for spreads to trend lower in the quarters ahead, and we continue to recommend this area as a CIO-preferred theme.

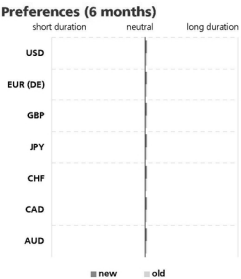


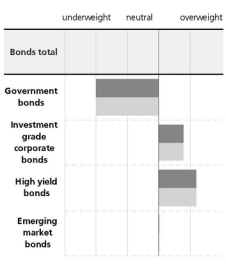


Source: UBS CIO WM Global Investment Office


For further information please contact CIO's asset class specialists Achim Peijan, achim.peijan@ubs.com and Daniela Steinbrink Mattei, daniela.steinbrinkmattei@ubs.com
Please see important disclaimer and disclosures at the end of the document.
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# US rates

## Duration preference: neutral

**US 10-year (24 Oct): 1.8% (last month: 1.8%)**
**US 10-year (6-month forecast): 2.0%**

**UBS view**

- US 10-year yields traded largely sideways within a narrow range. Improving domestic economic and sentiment data was balanced by concerns of the elections/fiscal cliff weighing on the US economy. However, both the ECB and the Fed have provided substantial and credible backstops that significantly reduce tail risks. This reduces the flight to quality and the risk discount placed on Treasuries in the event of a re-escalation of the European debt crisis. This represents a clear floor with little chance of retesting the historical lows of July (~1.4%). In addition, the Fed's willingness to fall behind the curve in support of the domestic labor market will increase inflation expectations over the medium term. This implies steeper yield curves.
- In addition, the credible and conditional central bank backstops have already improved sentiment and should help to kick-start growth if politicians provide the necessary tailwinds. Yields will then return to their slightly higher, previously stable ranges over a six-month horizon (1.8%-2.1%).
- At the same time, US yields should be capped, as the US economy continues to be vulnerable to spillover effects from the Eurozone. Structurally weak growth which will be dampened by the upcoming US fiscal consolidation, will add to volatility and limit the increase in yields.

**Positive scenario for US bonds** — **US 10-year (6-month range): 1.4–1.6%**

- US fiscal deleveraging beyond our expectations weighs on the cyclical recovery and is a drag on yields.
- A re-escalation of the European debt crisis burdens yields. Implementation risks in the ECB framework remain, given that Italy and Spain have not yet made the necessary application, which will result in the peripheral spread widening. At the same time, Greece is likely to announce a second debt restructuring and leave the Eurozone next year.
- The labor market fails to recover, increasing the likelihood of even more MBS purchases or alternative measures, and yields stay low or fall further.

**Negative scenario for US bonds** — **US 10-year (6-month range): 2.1–2.5%**

- If the ECB buying of short-dated Spanish and Italian sovereign bonds increases risk appetite, it would reduce the flight to quality more substantially and this represents an upside risk to our forecasts.
- If EU leaders make progress toward increased fiscal integration, and US growth recovers with a rapidly improving labor market, then yields could rise more significantly.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Fed policy | The Fed's assessment of the labor market determines its stance on quantitative easing and is key for yields. Key dates: **Nov 2, NFP; Dec 11 Fed FOMC meeting** |
| Inflation expectations | Current yields do not reflect low real-interest rates, but rather normal inflation expectations. Inflation expectations increased on the back of the latest Fed action, leading to more upside risk for long maturity yields. |
| US presidential election/Fiscal cliff & debt ceiling | The US presidential election will guide fiscal spending for the coming years. |

### Recommendations

**Tactical (6 months)**

- Weak global growth momentum, ongoing bond market support from central banks and the lingering euro crisis are likely to keep yields at extraordinarily low levels for some time. Tactically, we suggest a neutral duration position.

**Strategic (1 to 2 years)**

- Yields have significant upside potential over the next couple of years given the extraordinarily low current levels of real interest rates in particular. Thus clients with a longer time horizon should focus on bonds with short and medium maturities.

**USD 10-year yields and forecasts**

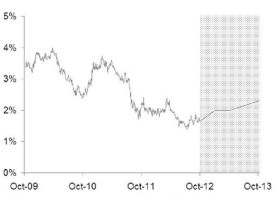


Source: Bloomberg, UBS, as of October 15, 2012

Note: Past performance is not an indication of future returns.

# European rates

## Duration preference: neutral

**EUR (DE) 10-year (24 Oct): 1.6% (last month: 1.6%)**
**EUR (DE) 10-year (6-month forecast): 1.8%**

**UBS view**

- Bund yields have trended sideways over the month, lacking a directional trigger. Markets still await crucial developments in Spain, Greece and the extent of the US fiscal cliff, and have not fully reflected mixed but stabilizing fundamentals. However, when compared to the all-time lows witnessed in August (~1.2%), yields are still trading at decisively higher levels. This is supported by the ECB announcement to act as a lender of last resort by intervening in the secondary markets with unlimited and conditional government bonds purchases. In addition, the open-ended Fed stimulus hinging on the labor market contributed to improving sentiment. This provides a cap for short-term peripheral yields and a floor for Bund yields.
- Over a six-month horizon, we expect yields to trend slightly higher, returning to previously higher ranges. The central bank backstops have already improved confidence and resulted in convergence between the periphery and the core. This speaks for slightly better growth prospects and thus slightly higher yields.
- However, growth is still structurally weak, and short-term uncertainties (US elections, fiscal cliff, Spain) remain. Consequently, short-term downside risks persist around year end. The ECB, however, will limit the spread from widening, providing a bottom to Bund yields as well.
- In the UK, economic data stabilized and we expect the BoE to extend quantitative easing in November.
- In Switzerland, yields rose only slightly owing to mixed economic data. The Swiss National Bank stands ready to act. With much negative news priced in, we believe Swiss yields will gradually start to normalize.

**↗ Positive scenario for German bonds** — **10-year Bund yield (6-month range): 1.2–1.5%**

- Implementation risks in the ECB framework remain, in particular the need for Italy and Spain to apply for aid. At the same time, Greece may announce a second debt restructuring and is likely to leave the Eurozone in 2013.
- US fiscal deleveraging beyond our expectations weighs on the cyclical recovery and is a drag on yields.
- Further non-standard policy measures by the Fed are supportive for Bunds and speak for lower yields.

**↘ Negative scenario for German bonds** — **10-year Bund yield (6-month range): 1.8–2.3%**

- A moderate Eurozone economic recovery kicks in. Spain and Italy are ahead on their austerity commitments without needing ECB support. This reduces safe-haven inflows, driving Bund yields higher. Alternatively, Germany gives additional guarantees and the Eurozone moves towards a transfer union.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Political risks and fiscal cliff | The US fiscal cliff, Greek negotiations, Spanish local elections and Spain delaying its application for assistance add to policy uncertainty. |
| Central banks | Key dates: **Nov 8, ECB; Dec 11, Fed FOMC meeting** |
| Economic variables | Credit conditions (ECB bank lending survey) |
| Eurozone yield spreads | The level of yield spreads to German bonds influences the level of German Bund yields due to safe-haven flows. |

### Recommendations

**Tactical (6 months)**

- If the ECB were to intervene with massive amounts in the peripheral bond markets, Bund yields would rise more significantly. But, for the time being, we expect only moderate interventions that do no meaningful harm to Germany's credit quality. We recommend staying neutral on duration tactically.

**Strategic (1 to 2 years)**

- Yields have significant upside potential over the next couple of years. Thus clients with a long time horizon should focus on bonds with short and medium maturities.

**EU 10-year yields and forecasts**

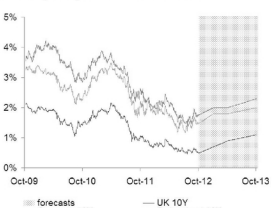


Source: Bloomberg, UBS, as of October 15, 2012

Note: Past performance is not an indication of future returns.

UBS For further information, please contact CIO's asset class specialist Daniela Steinbrink Mattei, daniela.steinbrinkmattei@ubs.com, Sebastian Vogel, sebastian.vogel@ubs.com or Nina Gotthelf, nina.gotthelf@ubs.com



Please see important disclaimer and disclosures at the end of the document.

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# Investment grade corporate bonds

Preference: overweight

**Current global spread (24 Oct): 150bps** (last month: 173bps)

**UBS View** **Spread target (6-month): 140bps**

- Given the recent rally in investment grade (IG) bonds, spreads have approached fair levels, in our view and are likely to trade more or less sideways in the coming 6 months. Still, IG bonds will likely continue to outperform government bonds, offering low volatility and stable income.
- We lower our spread target from 170bps to 140bps due to the improved global macro and risk environment after recent central bank action and the pickup in economic data. IG bonds remain supported by our outlook for sluggish but positive global growth, ongoing investor appetite for income-generating assets, and expected negative net issuance.
- Non-financial corporates: While total yields are at record lows, the pickup over government bonds and money market rates is still attractive. Aggressive re-leveraging by companies looks unlikely.
- Financial corporates: Due to regulatory challenges, spreads are expected to remain above past averages. US banks are in a more favorable position than their European peers as they are better capitalized and earnings have been strong recently. US financial spreads are thus likely to tighten further.

**↗ Positive scenario** **Spread target (6-month): 130bps**

- Global growth accelerates more forcefully than expected. This could compress spreads closer to pre-crisis levels. Spreads for Financials are likely to remain elevated due to regulatory challenges. However, in this case, rising benchmark yields would likely lead to slightly negative IG returns over six months.

**↘ Negative scenario** **Spread target (6-month): 380bps**

- Main risks include a sharp slowdown of the US economy (e.g. the "fiscal cliff"). Also, risks in the Eurozone persist (e.g. Greek exit, Spain/Italy getting cut off from private funding). Still, we would be unlikely to see spread levels reached in 2009, given companies' superior balance sheet positions. European financial issuers would be most at risk.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Core market yields | Developed market sovereign yields are only expected to increase gradually. A sudden rise and high volatility would hurt IG credit. **Key dates: 8 Nov, ECB rate decision; 11 Dec, US Fed rate decision** |
| Corporate fundamentals | Robust corporate earnings and low leverage on corporate balance sheets should help prevent defaults. **Key dates: US "earnings season" (ongoing)** |
| New issuance | As companies continue to deleverage, net negative supply on the IG market should support higher prices. |

## Recommendations

### Tactical (6 months)

- We keep an overweight in IG corporate over government bonds.
- In Europe, internationally diversified companies from non-financial sectors offer a low but stable income stream for conservative investors.
- Financials in the US are in a better position than their European peers.
- We recommend bonds from the lower IG rating segments (BBB and A) over higher-rated issuers.

### Strategic (1 to 2 years)

- We prefer corporate over sovereign assets given how much more robust companies are compared to the structural weakness of public finance in many countries.

### Yield spreads

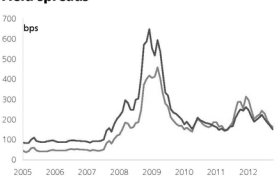


Source: Bloomberg, UBS, as of 16 Oct 2012

Note: Past performance is not an indication of future returns.

# High yield corporate bonds

Preference: overweight

**Spread USD HY (24 Oct): 540bps** (last month: 573bps)

**UBS View** **USD HY spread target (6-month): 475bps**

• We reiterate our spread target of 475bps based on still robust corporate fundamentals, a favorable technical backdrop and the commitment of major central banks to provide strong monetary support. In particular, the Fed's buying of mortgage-backed securities (MBS) is likely to provide further support for the credit universe.

• Thus, US high yield (HY) bonds continue to offer attractive value although spreads tightened considerably in Q3. We think the recent rally has been justified in light of the favorable default outlook and central bank action. The ongoing slow recovery of the US economy, healthy company balance sheets, robust earnings, and strong investor appetite for yield assets continue to push spreads lower. US HY thus remains our preferred asset class.

• Despite the recent uptick in defaults, in the absence of a renewed US recession, we expect the default rate to remain stable at 3.5% until the end of the year. A heavy load of new issuance so far this year means that HY companies will be faced with a lower risk of failed refinancing going forward (e.g. in case of an unexpected economic slump).

**↗ Positive scenario** **USD HY spread target (6-month): 400bps**

• Even in the positive economic scenario, spreads are unlikely to tighten to pre-crisis lows of below 300bps due to lower liquidity and a generally higher risk premium after the financial crisis. Benchmark yields would rise, limiting HY returns to around 7%. European HY outperforms the US.

**↘ Negative scenario** **USD HY spread target (6-month): 1,000bps**

• A global recession is the major risk for high yield bonds. Based on the robust state of the corporate sector, we would not expect spreads to surpass "usual" recession levels around 1,000bps. Although short-term spikes are possible due to liquidity suddenly drying up, we expect a quick normalization.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Credit quality/ default cycle | US earnings were roughly flat in 2Q compared to 1Q. A modest pickup is expected in 2H. Balance sheets are backed by high cash levels and low debt ratios. Against this backdrop the default rate will likely remain below its long-term average. |
| New issuance | For now, favorable conditions in the primary market have mainly been used for refinancing. More aggressive issuance activities should be monitored. |
| Bank lending standards | Bank lending provides an important source of funding. US banks relaxed standards further in early 3Q. **Key dates: late October, US Fed Senior Loan Officer Survey** |

## Recommendations

### Tactical (6 months)

- US high yield corporate bonds offer an attractive return outlook and should be overweighted.
- We prefer US over European issuers given the increasing proportion of peripheral and financial issuers in the European HY universe and the poorer economic outlook in Europe.
- Inflows into HY mutual funds have been strong so far in 2012. New issuance was strong in Q3.

### Strategic (1 to 2 years)

- We expect US defaults to remain at below-average levels for longer. Significant re-leveraging is unlikely in the medium term.
- We believe US high yield corporate bonds will provide good returns both relative to other fixed income and for absolute return-oriented investors.

### Yield spreads

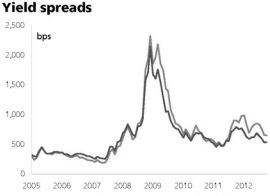


Source: Bloomberg, UBS, as of 16 Oct 2012

Note: Past performance is not an indication of future returns.

UBS

# Emerging market bonds

Preference: neutral

**EMBI Global/CEMBI spread (24 Oct): 281bps / 334bps** (last month: 292bps /363bps)

**UBS View** **EMBI Global/CEMBI spread target (6-month): 275bps/290bps**

- Current spread levels of EM sovereign bonds are roughly in line with fundamentals. We think valuations of EM corporate bonds are more attractive than valuations of EM sovereign bonds. Additionally, the gradual recovery in EM we expect over coming quarters should support the performance of EM corporate bonds relative to EM sovereign bonds. Corporate bonds tend to outperform sovereign bonds during periods of accelerating growth.
- However, absolute returns of EM bonds will be lower than in the past, we think, as the room for spreads to tighten further has become more limited. We expect total returns of less than 2% for EM sovereigns and close to 4% for EM corporate bonds over the next six months.
- Negative headlines from the Eurozone or global growth fears might put renewed short-term pressure on EM bond prices. We think that periods of price weakness offer attractive entry points.

**↗ Positive scenario** **EMBI Global/CEMBI spread target (6-month): 235bps/230bps**

- Yield stability in Europe's core markets and higher-than-expected growth in the US would provide a favorable backdrop for EM fixed-income spreads. In such an environment, issuers of lower credit quality would likely fare better. Average spreads could tighten to below 240bps in such an environment.

**↘ Negative scenario** **EMBI Global/CEMBI spread target (6-month): 555bps/750bps**

- An environment of renewed escalating risk aversion in Europe, deteriorating EM funding markets, weakening global growth prospects, and lower commodity prices could impact EM credit negatively. Liquidity in emerging market bonds could dry up and spreads could spike.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Core market yields | The direction of US Treasury and German Bund yields are important for EM fixed income spreads, especially for USD- and EUR-denominated bonds. **Key date:** Dec 6, European Central Bank meeting |
| Capital flows | The European debt crisis may lead to further periods of outflows and weaker prices, which could offer attractive entry levels for investors. |
| Monetary policy cycles | Monetary policy easing remains a key topic for local currency bonds. We look for central bank policy announcements in key markets. **Key policy rate announcement dates:** Nov 11, Indonesia; Nov 20, Turkey; Nov 22, South Africa; Nov 30, Mexico |

## Recommendations

### Tactical (6 months)

- EM corporate bonds are particularly attractive due to their favorable valuations, solid fundamentals, and relatively short duration. We advise clients to focus on investment grade bonds in the current environment. We recommend taking profit on selected EM sovereign bonds. Please refer to our EM bond list for issuer- and bond-specific guidance.

### Strategic (1 to 2 years)

- EM bonds are attractive for longer-term investors looking for higher yields.
- Local markets in Asia offer interesting opportunities for longer-term investors because of a supportive currency outlook.

**EM sovereigns relatively expensive compared to EM corporates**

Spreads of EM bonds over US Treasuries, in bps

Source: JP Morgan, UBS, as of 15 October 2012

Note: Past performance is not an indication of future returns.

UBS

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Section 2.C

# Asset class views

## Foreign Exchange

UBS

# Foreign exchange overview

**Foreign exchange – Key points**

- The ECB's announcement of Outright Monetary Transactions (OMT) has reduced tail risk in the Eurozone considerably, while the Federal Reserve announcing a new round of potentially unlimited asset purchases at their September 13 meeting has weakened the USD. Given that the ECB action was EUR-positive and the Fed action USD-negative, EURUSD has jumped considerably, but since then moved little.
- We believe the risks to the pair are now more balanced, and see a range between **EURUSD** 1.28–1.35 for the months ahead. A Spanish ESM/OMT request would be EUR positive. While the US elections and US fiscal cliff could lead to short term USD strength, we see the USD weaker over the next 6 months.
- The **CAD** remains supported by better growth dynamics in Canada and QE in the US. However, we believe the recent appreciation against the USD could see a near-term setback and we close the overweight.
- We keep the overweight position in the **GBP** despite the current asset purchasing program by the Bank of England (BoE), which we believe will be terminated in November. The GBP remains well supported given the recent rebound in economic data, the expectation of a stronger economy in 2013 and because investors are seeking liquid alternatives to the EUR, the USD and the JPY.
- **EURCHF** has traded higher in our 1.20–1.23 range recently and we continue to see the pair in that range. The SNB protects the downside, while a strong upside move is also limited by a potential flare-up in the euro crisis and reserve unwinding of the SNB at some point. Given this balance, we have decided to close the underweight in the CHF.
- Sweden and Norway stand out for their lower debt-to-GDP ratios and current account surpluses. Both the **SEK** and **NOK** have appreciated on diversification and safe-haven inflows, but economic data in both countries has become weaker recently, which led to a setback in the SEK. A rate cut in Sweden cannot be ruled out, but seems to be priced in already.
- Longer-term debt issues and weak competitiveness of major exporters are hurting the Japanese economy and PMIs have disappointed. We therefore think the Bank of Japan and Ministry of Finance will maintain an expansive policy bias and continue trying to weaken the **JPY**. We are underweight JPY.
- For commodity currencies, the **AUD** and **NZD** continue to trade at the top of their well established ranges. We got the expected rate cut in Australia and expect another cut by year end. Do not buy AUD above AUDUSD 1.00. We have a preference for the NZD over the AUD.
- We maintain a positive medium-term view on **emerging market (EM) currencies**. This is supported by higher short-term rates which provide an attractive yield pick-up relative to developed market currencies as monetary policies are expected to remain loose for longer. We think investors should increase EM FX exposure across regions. Lower tail risks in Europe should be especially supportive of the higher-yielding currencies in **EMEA** and **Latin America**.
- Our most preferred emerging market currencies are currently the **MXN, ZAR, PLN, KRW and SGD.**We expect the **CNY** to appreciate 2% against the USD, moving towards 6.20 over the coming 12 months. Internationally marketable instruments (such as CNH, the offshore version of the Chinese currency traded in Hong Kong) have similar appreciation potential.

**Preferences (6 months)**

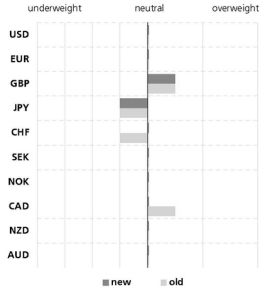


Source: UBS CIO WM Global Investment Office

# G10 currencies

**UBS View** **See table for current exchange rates and CIO forecasts**

- We believe the risks to the **EURUSD** currency pair are now more balanced, as tail risks on the European side have been considerably reduced.
- The **GBP** trended higher despite stimulus measures by the Bank of England. The main reason is the need for diversification out of the EUR and USD and decisive UK policy making. We maintain an overweight after the strong rebound of economic data in 3Q 2012 which we expect to persist into 2013.
- The **CAD** remains supported by better growth dynamics. However in the short term, around the US elections and fiscal cliff debate, a setback cannot be ruled out. We also remain underweight in the **AUD**.
- The SNB has shown that it can defend the **CHF** floor. With EUR tail risk reduced the CHF likely recovers together with the EUR against most other currencies. Thus we close the CHF underweight.
- We expect stronger policy intervention in Japan to weaken the **JPY** over the coming months.

**↗ Positive scenario** **FX targets: EURUSD >1.35 / EURJPY 115**

- The announcement of unlimited QE in the US, as well as a stronger-than-expected acceleration of global growth or further European integration would be EURUSD positive. EURUSD should trade above 1.35 in this case. Yen weakness should come as the Bank of Japan intervenes to weakens its currency.

**↘ Negative scenario** **FX targets: EURUSD <1.25 / EURJPY 90**

- The European growth outlook deteriorates further with continued recession in 2013. The euro could rapidly fall below 1.25. A European debt-default cascade (possibly triggered by a disorderly Greece euro exit) is a tail risk for the single currency. Risk aversion would lead to an extended USD and JPY rally.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Chinese growth | We expect China to land softly and then recover. Should China disappoint with a hard landing, then risk-unwinding would support USD and JPY vs. risk-taker currencies. In the base case, a Chinese recovery should support the AUD in the medium term, but a dip below parity is likely in the short term. |
| European sovereign crisis, ECB policy | The main focus lies on the Spanish application for ESM/ECB support, which would be EUR positive; a rate cut (not expected) would hurt the EUR. **Key date: Nov 8, ECB meeting** |
| US growth and Fed policy response | What will the Fed do once Operation Twist ends at year end? How will the presidential elections change political power in Washington? **Key dates: Nov 6, US presidential elections; Dec 12, FOMC meeting** |

## Recommendations

### Tactical (6 months)

- We continue to have a preference for the GBP and keep the short in the JPY.

### Strategic (1 to 2 years)

- We recommend that investors diversify from large USD and EUR exposures into minor currencies. Structural financing issues weigh on all the major currencies.
- The best diversifiers based on long-term macroeconomic fundamentals are the CAD and the SEK. The AUD, NOK and CHF should only be added at better entry levels. The GBP also remains attractive.

## UBS CIO FX forecasts

| | 24-10-12 | 3M | 6M | 12M | PPP |
|---|---|---|---|---|---|
| EURUSD | 1.294 | 1.30 | 1.32 | 1.34 | 1.30 |
| USDJPY | 79.75 | 80 | 82 | 86 | 79 |
| USDCAD | 0.991 | 0.94 | 0.94 | 0.92 | 0.98 |
| AUDUSD | 1.0322 | 0.97 | 1.00 | 1.05 | 0.74 |
| GBPUSD | 1.6018 | 1.65 | 1.68 | 1.70 | 1.69 |
| NZDUSD | 0.8138 | 0.78 | 0.80 | 0.83 | 0.60 |
| USDCHF | 0.9346 | 0.93 | 0.92 | 0.92 | 1.03 |
| EURCHF | 1.2097 | 1.21 | 1.21 | 1.23 | 1.33 |
| GBPCHF | 1.4974 | 1.54 | 1.54 | 1.56 | 1.73 |
| EURJPY | 103.27 | 104 | 108 | 115 | 102 |
| EURGBP | 0.8079 | 0.79 | 0.79 | 0.79 | 0.77 |
| EURSEK | 8.6577 | 8.20 | 8.00 | 8.00 | 8.86 |
| EURNOK | 7.4373 | 7.30 | 7.20 | 7.20 | 8.53 |

Source: Thomson Reuters, UBS, as of 15 October 2012
Note: Past performance is not an indication of future returns.

# Emerging market currencies

**UBS View** **See table for current exchange rates and CIO forecasts**

- We continue to like emerging market (EM) currencies over a medium term horizon. We think monetary policies of major central banks will remain loose for longer whereas the easing cycle in several emerging markets is over. This should support EM currencies relative to major currencies (USD, EUR, and JPY). Long term investors should therefore diversify into EM currencies using surplus exposure to these currencies.
- In Europe, both the Polish zloty (**PLN**) and the Turkish lira (**TRY**) have supportive fundamentals in the long-term and could benefit from inflows into their fixed-income market which offers attractive yield relative to G4 currencies. Due to structural reasons we remain cautious on the Hungarian forint (**HUF**).
- The South African rand (**ZAR**) is currently attractively valued, but Investors should be willing and able to tolerate bouts of volatility due to the current strikes and a cyclical slowdown of the economy.
- In Asia, we like the Korean won (**KRW**), the Singaporean dollar (**SGD**) and the Malaysian ringgit (**MYR**) as all three countries have a strong economy and should benefit from increasing liquidity and a recovering Chinese economy.
- In Latin America, the Mexican peso (**MXN**) remains attractively valued, despite its recent rally.

**Positive scenario** **> 5% outperformance of EM FX against G4 currencies over a 6-month horizon**

- Macroeconomic data comes in stronger than expected and contagion risks in Europe subside further. EM exchange rates could appreciate swiftly against major currencies (USD, EUR, and JPY).

**Negative scenario** **> 5% depreciation of EM FX across regions against USD over a 6-month horizon**

- Global growth prospects suffer a prolonged deterioration and the European debt crisis intensifies. EM exchange rates could see a significant, although likely temporary, sell-off across regions.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Inflation dynamics in EM | Inflation dynamics are important to forecast central bank policy rate decisions. Monetary easing typically weighs on EM currencies, while rate hikes tend to be supportive. **Key policy rate announcement dates: 11 Nov, Indonesia; Nov 20, Turkey; Nov 22, South Africa; Nov 30, Mexico** |
| European sovereign crisis | Setbacks in sentiment will likely lead to bouts of EM currency depreciation, providing attractive entry points for longer term investors. |
| Growth | Growth in the US, Europe, and China is key for risk sentiment, growth prospects in EM. **Key date: Dec 6, European Central Bank meeting** |

## Recommendations

### Tactical (6 months)

- Several EM currencies look attractive at current levels and we advise investors to keep existing holdings for further gains while increasing exposure to our preferred EM currencies (KRW, SGD, MYR, MXN, TRY, PLN, ZAR), using the JPY, USD, and EUR for funding.

### Strategic (1 to 2 years)

- We recommend EM currencies backed by stable fundamentals as a strategy to diversify currency exposure.
- Our favorites include the Chilean peso, Mexican peso, Czech koruna, Polish zloty, Chinese renminbi, Korean won, Malaysian ringgit, and Singapore dollar.

### UBS CIO EM FX forecasts

| | 24.10.2012 | 3-month | 6-month | 12-month |
|---|---|---|---|---|
| **Americas** | | | | |
| USDBRL | 2.02 | 1.95 | 1.90 | 1.85 |
| USDMXN | 12.9 | 12.7 | 12.5 | 12.3 |
| **Asia** | | | | |
| USDCNY | 6.25 | 6.30 | 6.30 | 6.20 |
| USDINR | 53.6 | 53.0 | 54.0 | 55.0 |
| USDIDR | 9,615 | 9,400 | 9,400 | 9,400 |
| USDKRW | 1,103 | 1,100 | 1,080 | 1,050 |
| USDSGD | 1.22 | 1.21 | 1.20 | 1.19 |
| **EMEA** | | | | |
| EURPLN | 4.12 | 4.30 | 4.15 | 3.90 |
| EURHUF | 280 | 290 | 300 | 300 |
| EURCZK | 24.9 | 26.0 | 25.0 | 24.3 |
| USDTRY | 1.80 | 1.75 | 1.75 | 1.72 |
| USDZAR | 8.66 | 8.20 | 7.90 | 7.80 |
| USDRUB | 31.1 | 33.0 | 32.0 | 31.0 |

Source: Bloomberg, UBS, as of 15 October 2012
Note: Past performance is not an indication of future returns.

Section 2.D

# Asset class views

## NTAC: Commodities, Listed real estate, Hedge funds and Private equity

UBS

# Commodities overview

**Commodities – Key points**

- The impact of new quantitative easing (QE) measures on commodity prices is losing strength, as broadly diversified commodity indices have not been advancing anymore on a month-on-month basis. Investors have started to reflect on the underlying economic challenges that motivated the easing decisions by key central banks. With global economic growth barely accelerating, the asset class will struggle to appreciate firmly over the coming months. We therefore advise investors to have only **low single digit return expectations for commodities warranting a neutral stance.**
- **Gold** is less depending on economic growth, however the metal could be a beneficiary of ample liquidity provided by central banks. But ebbing QE news flow at a later stage (6-12 months) might challenge the necessary investment demand inflows to balance the market. Hence, **we stay neutral on precious metals**.
- The return outlook of the **energy** sector remains not compelling in 4Q12 and we **stay neutral**. Global crude oil supply should expand firmly and surpass incremental demand in 4Q12. We think this will bring Brent crude oil prices temporarily towards USD 95/bbl while WTI should slide towards USD 78/bbl in 4Q12. However, a weaker USD due to QE3, ongoing social turmoil in the Middle East and North Africa and the risk that Iranian tensions have the potential to heat up after the US presidential elections are likely to keep the oil price at around USD 105-110/bbl in 6 months. In addition, demand growth from EM countries in 1Q13 could start to gather pace.
- **Base metal** prices should hold their ground, with China's growth deceleration coming to an end. So we keep our **neutral stance**. That said, it is too early to call for a strong extension of the liquidity driven price rally seen until now, despite the RMB 1 trillion in infrastructure approvals by the NDRC (National Development and Resource Commission) in rail, highways, ports and other infrastructure projects. Many of the announced projects are already part of the 12th 5-year plan. The incremental demand impact of speeding up investments should therefore be rather muted this time compared with previous stimulus packages. Besides that, China's steel intensity for one unit of RMB of investment (FAI) has halved over the last 5 years.
- A 15% increase in **grain prices** remains our base case for 4Q12, with room for prices to top out in 1Q13. Demand rationing in case of corn and soybeans is still needed to limit the damage done to global inventories by lower supply. The quarterly stock and the monthly WASDE report by the USDA are reiterating the critical conditions of US grain inventories. The **softs**, on the other hand, should remain under pressure due to ample South American production and export activity. That said, the sub-sector already weakened quite a bit, which will limit the downside in the short run and we **remain neutral**.

**Preferences (6 months)**

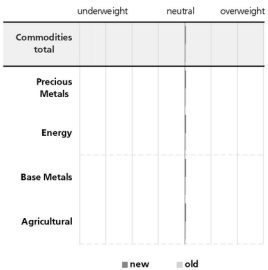


Source: UBS CIO WM Global Investment Office

# Precious metals

Preference: neutral

**Gold (24 Oct): USD 1,702oz** (last mont: USD 1,764/oz)

**UBS View (gold)** **Gold 6-month target: USD 1,875/oz**

- So far we saw inflows into gold of around 4 million ounces via physically backed ETFs since Bernanke's speech at Jackson Hole. We expect this trend to continue and to lead to an undersupplied market, with financial demand also finding its way into gold futures and physical gold bars and coins.
- Additional demand support comes from central banks, which are likely to further increase their foreign reserve allocation to the yellow metal. At the same time the drag from India's jewelry demand is set to fade with an already lower base in 2H11 and a stabilizing Indian rupee.
- Securing sufficient investment demand to push prices sharply higher is different from securing the needed demand over a long period of time, and along these lines we see less support for the price over a 6-month perspective. Secondly, from a portfolio perspective we currently prefer to take some risk off the table instead of on, and we thus maintain our neutral stance on gold.

**↗ Positive scenario** **6-month target: USD 2,250/oz**

- Unorthodox monetary policy measures by the Fed start to weaken the USD persistently. Moreover, the risk of a Eurozone breakup intensifies, which triggers a tidal wave of investment demand for gold.

**↘ Negative scenario** **6-month target: USD 1,450/oz**

- A hard landing of China and India or the Fed backing off from the recent monetary policy announcements would be a key drag on the yellow metal. The latter would have the strongest impact.

| What we're watching | Why it matters |
|---|---|
| Physical demand/supply | In the months ahead, with the festive season in India starting and monsoon activity having improved considerably, supporting rural incomes, Indian physical demand is likely to pick up. **Key dates: World Gold Council mid-November release**.<br>Mining activity in South Africa is unlikely to return to normal in the coming months. Hence, we are closely tracking mining news from South Africa, including the aggregated PGM IP numbers to assess the overall situation. |
| Investment flow | In order to see the gold price reaching our target, investment inflows into physically backed ETFs need to continue. To gauge investor interest in gold (sector) a build-up in futures positions is likely to materialize as well. |
| Monetary policy | **Key dates: 2 Nov US payrolls; 8 Nov ECB meeting, 12 Dec Fed meeting** |

## Recommendations

### Tactical (up to 6 months)

- Although it is possible for gold to test its all-time high in the next three months, we are aware that the metal has already appreciated firmly ahead of the QE3 announcement, which requires an ever growing amount of investment demand to hold the current upward trajectory.

### Strategic (1 to 2 years)

- To protect investors' portfolios from unorthodox monetary policy measures, holding gold exposure is a viable and attractive strategy. Alternatively, we recommend palladium as well as platinum. Structural supply issues with regard to platinum and a reduction in Russian stock sales of palladium speak in favor of PGM exposure, despite higher volatility.

**Money created per hour (in mn USD)**

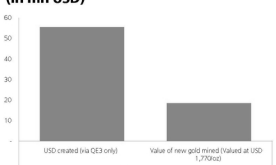


Source: WGC, Bloomberg, UBS, as of Oct. 2012
Note: Past performance is not an indication of future returns.

**Brent (24 Oct): USD 109/bbl** (last month: USD 111/bbl)

**UBS View (crude oil)** **Brent 6-month target: USD 105-110/bbl**

• Growing fear over an escalation of the Syrian civil war, involving Turkey, allowed crude oil prices to move higher again. While Syria's crude oil exports already dropped to near zero due to international sanctions, the oil market's concerns relate to the Kirkuk–Ceyhan oil pipeline (Iraq-Turkey – capacity of 0.4mbpd) and the crude exports from the Turkish port of Ceyhan, around 70km from the Syrian border.

• Though we believe that Syria and Turkey are not interested in a military confrontation, a stop of crude oil flows from Iraq via Turkey would curb global incremental crude oil supply in 4Q12 by more than 50%. It would also tighten up the market balance in early 2013 and put additional pressure on the structurally low spare capacity in the crude oil market.

• In the absence of a further escalation, which remains our base case, ebbing news related to Syria-Turkey is likely to ease supply concerns. This should keep the market focus on weak demand growth and strong crude oil output from North America, allowing the Brent price to temporarily reach USD 95/bbl.

• A weaker USD, reduced economic tail risk for Europe, ongoing social turmoil in the Middle East and North Africa and the risk that the Iranian topic heats up again after the US presidential elections are likely to keep the Brent price around USD 105-110/oz in 6 months.

**↗ Positive scenario** **Brent 6-month target: USD 140–180/bbl**

• Iranian oil exports are subject to a complete embargo, which would drain another 0.5–0.75 mbpd of global crude oil supply. Alternatively, a military confrontation that affects crude oil supply via the Strait of Hormuz would be the ultimate supply shock, requiring crude oil to be rationed on a large scale.

**↘ Negative scenario** **Brent 6-month target: USD 75–80/bbl**

• Political tensions lead to a breakup of the Eurozone or intensify the economic contraction. At the same time, the Fed is not successful in promoting growth. Supply-wise, a restoration of Iranian exports and no supply cuts by OPEC would push oil inventories firmly up and weaken Brent prices towards USD 80/bbl.

| What we're watching | Why it matters |
|---|---|
| Iran tensions | The biggest risk related to a potential military confrontation is an Israeli air strike on nuclear facilities in Iran. A preemptive strike could easily destabilize the region even further and threaten global crude oil supply. |
| Supply | Changes in the US gasoline blending mandate with ethanol (made from corn) might fuel higher crude oil prices as spare capacity increases slides further. |
| | US crude oil supply progress (room to grow by 1.3 mbpd from 2011 to 2013) is a vital offsetting factor to supply outages seen in the MENA region. |
| Demand | Most of China's demand growth seems to be related to stock building (strategic and by refineries). If this is true, the import should stay on the weak side y/y. |
| Oil market reports | Key date: **13 Nov,** IEA Oil market report |

## Recommendations

### Tactical (6 months)

• OPEC is in a good position to balance the oil market, which should limit the price weakness. Along with central banks' support and with the geopolitical risks remaining, we believe that the potential downside for the oil price has declined, thereby warranting allocation.

### Strategic (3–5 years)

• We regard the long end of the forward curve in crude oil as mispriced. To satisfy emerging market demand in the long run, prices around USD 90–95/bbl are unlikely to secure the needed investments to keep supply growing adequately. This gives strategically oriented crude oil investors the opportunity to build up some long-term crude oil exposure over the next three to five years.

**Petroleum demand in selected markets**

Year-on-year change – in mbpd

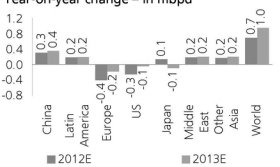


Source: UBS, as of Oct. 2012

Note: Past performance is not an indication of future returns.

# Base metals

Preference: neutral

**Current (24 Oct)** (last month)**: Copper USD 7,815/mt** (8,271); **Nickel USD 16,336/mt** (18,351); **Aluminum USD 1,912/mt** (2,079)

**UBS View** **6-month target: Copper: USD 8,800/mt; Nickel: USD 19,000/mt; Aluminum: USD 2,100/mt**

- After the swift uptick in prices, base metals have been under renewed pressure. The initial price strength – a simple catch up with Chinese prices triggered by a shift in demand expectations – is losing strength.
- In order to continue the price rally, a firm increase in final metal demand is needed. Since global economic growth is far from seeing such a demand uptick in industrial activity during 4Q12, we think that prices are likely to trade only sideways in the coming months before trending higher in 1Q13.
- Loose monetary policy is a good precondition for activity to pick up, but not a guarantee after so many rounds of monetary stimulus. We therefore look east to China. Although industrial activity growth in China is likely to bottom out, the upcoming leadership change in the country (November 2012 to March 2013), will likely delay a bigger investment program into 1Q13. The latest stimulus program will probably prevent Chinese IP from decelerating even further, but will not lift it meaningfully higher.
- On a single commodity level, we favor copper and nickel. For nickel, short-term supply issues due to a slower ramp up of new and existing projects have temporarily brought the market closer to balance than initially expected. Furthermore, we should see higher Chinese stainless steel demand with stabilizing housing activity and a demand pick up in stainless steel related products.
- With regards to copper, we expect import activity to remain strong, as seen in the import figures for September. Overall, the copper market should remain undersupplied, which could widen if financial demand is finding some store of value in the metal. We think this puts structurally low LME inventories at risk and should push the metal price towards USD 8,800/mt or higher over six months.

**Positive scenario**

- China eases monetary policy aggressively, pushing credit growth to 20% y/y. In the US the Fed is able to lift GDP growth via QE3 and the ECB puts an effective backstop to declining industrial activity.

**Negative scenario**

- To passive Chinese authorities keep GDP growth on a constant deceleration path. A severe escalation of the Eurozone crisis (room for a break-up) triggers a setback in investment activity – including in Germany.

| What we're watching | Why it matters |
|---|---|
| Demand | China's growth deceleration should come to an end. But hard economic activity indicators, especially for China, have yet to catch up with the increase in prices. Hence, the current base metal market is already reflecting considerable growth goodwill that is in need of a demand confirmation by China, the US or Europe. |
| Supply | Copper output continues to undershoot market expectations and should be watched closely, as investment activity in mines increased sharply. For zinc, prospects for mine closures have been delayed and should keep the market oversupplied. |
| Economic data/forward curve | Chinese economic data – trade data, CPI, IP and loan growth by financial institutions. **Key date: 10-15 Oct** |

## Recommendations

### Tactical (6 months)

- We reiterate that the strong uptick in base metal prices is skating on thin ice, in our view. Real activity has yet to follow and support prices over a longer time period. 50% of the upside potential on a 6-month horizon is likely to be behind us, making only copper and nickel attractive, with +10% expected return.

### Strategic (2 years)

- Although the strongest performance should be visible in zinc and lead, with existing mine capacity expected to peak in 2014/15, the recent price strength makes such an investment unattractive now, based on timing. Given a structurally solid supply side, investors should avoid aluminum and nickel. A firmer supply side should also limit the upside in copper.

**Net speculative copper position at Comex are far from being overstretched**

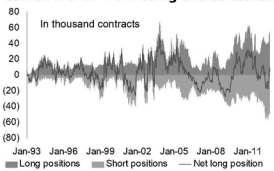


Source: Bloomberg, UBS, as of Oct. 2012
Note: Past performance is not an indication of future returns.

# Agriculture

Preference: neutral

**Current (24 Oct)** (last month)**: Soybeans, USD 15.17/bu** (16.12)**; Corn, USD 7.54/bu** (7.44)**; Wheat, USD 8.84/bu** (8.87)

**UBS View** **6-month target: Soybeans: USD 17.0/bu; Corn: USD 9.0/bu; Wheat: USD 9.5/bu**

• Major US supply surprises on the **grains** side are rather unlikely in the near term as harvesting is in full swing. However, we think that demand is unlikely to drop as quickly as the USDA expects. According to the latest USDA grain stocks and WASDE reports, feed demand remained surprisingly resilient in 3Q12. To effectively ration demand, especially on the feed side, in an environment of critically low US corn and soybean stocks, higher prices are still required. For wheat, global production estimates were further lowered due to production losses in Australia, EU, Russia for 2012/13, which likely keeps prices supported in the near term. We expect corn and soybean prices to appreciate by 15% in the coming months.

• On the other side, the **softs** are likely to remain well supplied, which should keep prices under pressure. Improved export activity of coffee and strong stock selling from Vietnam in 4Q12 should weigh on coffee prices in the short-term. For sugar, higher production from Brazil and other producers should continue to burden prices in the near term, but also offer buying opportunities on a 12-month perspective.

• Aggregating the above points, the risk/reward for being long across the entire sector is not a given. We therefore reiterate our neutral sector stance.

**↗ Positive scenario** **Corn 6-month USD 10/bu; Soybeans 6-month USD 19/bu**

• With a reduced probability of El Niño, the yield potential for South American crops is likely to be lower. Any deterioration in South American supply prospects would require additional demand to be rationed.

**↘ Negative scenario** **Corn 6-month USD 6/bu Soybeans 6-month USD 12.5/bu**

• A change of the US ethanol-gasoline blending mandate would be a game changer. Increases in planted acreage combined with a steep decline in US demand for exports and feed would weigh on prices.

| What we're watching | Why it matters |
|---|---|
| USDA WASDE report (monthly) | Revisions in acreage and yield estimates for the US crops remain a topic. Demand estimates are important, too, as they are key drivers behind inventory levels at the end of the year. **Key date: 9 Nov** |
| US grains stock report (quarterly) | The latest stocks data is not correctly reflecting the demand for Jun-Aug'12 as it contains both old and new crop stock figures. We expect stocks as of 1 Dec to reflect the true demand picture. **Key date: Jan 2013** |
| USDA crop progress (weekly, Monday) | Faster US grain harvests than usual have been exerting downward pressure on prices in the short run, which have reversal potential at a later stage. |
| COT (weekly, Friday) | Investors' net long positions in grain futures are still at high levels, but stable |

## Recommendations

### Tactical

• Despite the recent setback in corn prices, risk-seeking investors should still hold on to long positions in corn. Demand rationing is still required to limit the drag on inventories. The expected return target for a long position in corn stands at 15%.

### Strategic

• Our expected return outlook for grains stands at around –10% over the next 12 months. With grain prices not far below historical highs, the supply side is highly likely to expand meaningfully in 2013/14 and pressurize prices at a later stage. On the soft side, 3Q12 does not offer the right timing to build up positions.

**US grains stocks continue to drop, demand remains resilient**

Values in mn tons

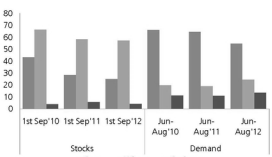


Source: USDA, UBS, as of Oct. 2012

Note: Past performance is not an indication of future returns.

# Listed real estate

Preference: neutral

**UBS Global Index DTR (24 Oct): 1,490** (last month: 1,500)

**UBS View** **UBS Global Index DTR (6-month target): 1,600**

- Since July global listed real estate has again performed well. Despite the good performance the asset class remains slightly attractive based the high dividend yield and implied property yield compared to bonds. Asia has been the strongest performer and Europe has outperformed the US year-to-date as tail risk was reduced by the ECB launching the OMT. QE3 is not an imminent performance driver but provides a support for capital values going forward and helps to keep interest levels low.
- Due to the current search for yields, listed real estate companies are able to refinance their investments at lower yields with longer maturities. The implied property yields to bonds and earnings yields over five-year swap rates are even more attractive due to low interest rates offering good opportunities within the global real estate space.
- Low to decent supply of commercial surfaces helps to push vacancy rates down which in turn increases the rent. We further see capital appreciation as possible in the light of overall stable fundamentals.
- Asia remain the positive performance generators in our view as this is the more cyclical market, whereas Australia is supported by high dividend yields. Overall Europe remains comparatively weak, while the UK and the US have already priced in some market improvements.

**↗ Positive scenario** **UBS Global Index DTR (6-month target): 1,650**

- Improving fundamentals maintain listed real estate in fairly valued territory, despite stronger performance as occupancy rates grow faster than expected and rental income accelerate. Ongoing reflationary monetary policies across the world help to maintain favorable spreads between rental yields and bonds, maintaining real estate as a comparatively attractive asset class. Refinancing costs remain low.

**↘ Negative scenario** **UBS Global Index DTR (6-month target): 1,300**

- US, European and Chinese growth rates disappoint investor expectations and cause the comparatively high valuation levels in the US to partially correct. Furthermore, a more severe recession in Europe triggers a tightening of credit standards and cuts real estate companies from the capital market, making listed real estate more dependent than ever on bank financing. Real estate underperforms global equities.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Corporate bond yields | This is one of the best indicators for listed real estate as a low yield helps reduce financing costs. A steep yield curve is furthermore a signal that the overall economic environment is improving. Both are currently supportive. |
| Rental yield and capital appreciation | The rental yield is usually inflation linked, as the upcoming supply is currently low this pushes up the occupancy rates and thus increasing the rents. Capital appreciation is expected to be stable to positive. Overall are both supportive. |
| Credit markets and financing costs | Lending conditions are still challenging for developers and private investors. Public companies by contrast have very good access to credit and capital. |

## Recommendations

**Tactical (6 months)**

- We continue to be neutral global listed real estate recommending to have exposure to the Hong Kong, Singapore and Australia markets. The asset class is overall slightly attractive on relative valuation and the current low interest rate is supportive, but the uncertain environment warrants a neutral stance.

**Strategic (1 to 2 years)**

- Real estate is supported by several factors in the long term. We anticipate a gradual increase in payout ratios coupled with portfolio optimizations and ongoing cost-cutting. A weak economy limits strong rental growth, but low supply supports high occupancy rates keeping rents up.

## Preference (6 months)

Our market preferences for listed real estate*

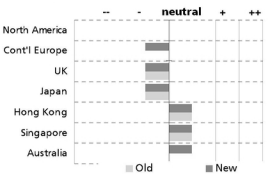


* This is our relative preference within the global real estate sector based on UBS Global Real Estate Index domestic total return, which is not the overall sector view

Source: UBS, as of 16 October 2012

Note: Past performance is not an indication of future returns.

# Hedge funds

**UBS View** **Prefer Relative-value and Event-driven**

• We expect hedge funds (HF) to offer positive asymmetric return characteristics due to active risk management and stop-loss strategies. On the active risk side of the equation, we have seen lower gross exposure and net-market exposure within the overall hedge funds group, with traders being cautiously positioned. With systemic risk at bay, we favor relative-value (RV ) and event-driven (ED) strategies.

• The inherent hedging in relative value is appealing. Credit relative-value managers should perform well in this environment of higher fixed-income volatility and increasing pricing anomalies created by central bank interventions and limited competition.

• While ED managers share some of the performance drivers, idiosyncratic bets reduce the correlation to markets. The real reason to own this strategy, however, is the potential for outsized returns in distressed, high-yield, and other credit investments as the Eurozone crisis plays out.

**↗ Positive scenario** **Prefer Equity long-short**

• Reduced uncertainty (e.g. resolution in Europe) lowers equities' correlation and volatility. This helps bottom-up fundamental analysis and equity long/short managers the most. Also, CEOs will likely make more corporate transactions that can be monetized by event-driven managers, and a clearer macroeconomic environment with more persistent trends would support CTA managers.

**↘ Negative scenario** **Prefer Trading (Global Macro + CTA)**

• So far this year, the market has remained plagued by short-term reversals, due to central banks' intervention and stimulus effects, an obstacle for trend-following managers. Still, if the European deleveraging (or fiscal cliff, China hard landing) is unmanaged, this could threaten risky assets. Trading can do well if such a scenario unfolds.

Note: Scenarios refer to global economic scenarios (see slide 7).

| What we're watching | Why it matters |
|---|---|
| Global equity direction/ economic cycle | The outlook for global equities is an important HF performance driver. The economic cycle impacts the strategies differently. |
| Correlation | Correlation is an important performance/alpha driver for equity long/short, the largest HF strategy by assets under management. |
| Leverage | Gross and net leverage are key to monitoring risk. |
| Volatility | The direction influences certain HF strategies (e.g. convertible arbitrage). |
| Liquidity | Important in particular for large, less nimble HFs, it enables them to enter and exit their strategies. |
| Regulation | Volcker rule, USCITS III/IV |

## Recommendations

**Strategic (1 to 2 years)**

- **Recommendation**: Active risk management is instrumental for capital preservation during adverse market conditions. At the moment, we therefore favor relative-value and event-driven strategies, since they are less correlated to equity markets and other risky assets than trading.
- **Value proposition**: Hedge funds should achieve robust performance over an extended horizon, while displaying limited volatility vis-à-vis equities and other risky assets. Hedge funds try to minimize downside losses in adverse market conditions (e.g. active risk management), which plays a crucial role in wealth appreciation. Similarly, hedge fund managers attempt to capture most of the upside of risky assets owning to valid value preposition.

**Performance, year-to-date**

Source: HFRI, UBS, as of 31 Sep 2012

Note: Past performance is not an indication of future returns.

# Private equity

**Prefer small-/mid-cap buyouts in US/emerging markets; distressed debt in Europe**

## UBS View

• Global M&A volume has continued its downward trend since Q4 2010, falling by -20% quarter-by-quarter in Q3 2012, with a drastic decline in Europe of -46%, the third lowest quarter since 2001. However, private equity withstood the negative M&A environment as global activity grew by +13% in Q3, and the US posted its strongest quarter since Q3 2007. The importance of private equity in emerging markets continues to grow, now accounting for 13% of global activity, strongly driven by Asia, but increasingly also by Africa.
• We prefer buyout strategies in North America, given reasonable valuations, liquid debt markets and our house view of economic outperformance vs. Europe. Emerging markets offer compelling opportunities for PE investors, especially outside the main hubs (China, Brazil), which have become expensive. Distressed strategies which focus on acquiring complex/illiquid loan positions from banks in Europe are also attractive.

### ↗ Positive scenario

**Prefer small-/mid-cap buyout and secondaries**

• An abating Eurozone debt crisis and improved business confidence would increase deal flow and exit opportunities for private equity managers, but would also increase entry prices. In such a positive scenario, we would perceive commitment strategies to secondary funds as attractive for building exposure to an invested private equity portfolio.

### ↘ Negative scenario

**Prefer distressed debt**

• A renewed escalation of the debt crisis would significantly impact deal activity, the availability of debt and company owners' willingness to sell. At the same time, it would offer even more attractive opportunities within distressed strategies and lower entry prices for long-term private equity investors.

Note: Scenarios refer to global economic scenarios (see slide 7)

| What we're watching | Why it matters |
|---|---|
| Credit markets | In H1 2012, leveraged loan issuance, an important ingredient of PE activity, dropped 17% y/y in the US, but over 41% in Europe. The US debt market is much deeper than Europe, raising over EUR 153bn of leveraged debt, while Europe achieved only EUR 16bn in 1H 12 at less attractive conditions. |
| Exit activity | Exit activity is an important indicator for the health of the PE market and a key return driver for investors. Despite the difficult macro environment, distributions from portfolio sales (USD 69bn) have held up, and grew 20% yoy. |
| Sector activity | Transactions in consumer discretionary and in energy & utilities remain the most preferred sectors for private equity investors in 2012. |

## Recommendations

**Strategic (1 to 2 years)**

- In Europe, the ongoing deleveraging has led to attractive opportunities for special situations. We thus recommend pursuing less liquid investment strategies with a preference for debt to benefit from the macroeconomic adjustment process and selling pressure for many European banks.
- We prefer small-/mid-cap buyouts in North America given the better economic outlook vs. Europe, higher transaction certainty and more attractive entry prices.
- Investors looking for downside protection during economic uncertainty can consider large-cap buyouts in the US, which offer exposure to large, diversified companies at more attractive prices and are supported by liquid debt markets.
- We advise investors make an ongoing allocation to private equity in emerging markets, which offer an attractive way to capture superior long-term growth and gain access to small-/mid-cap companies unavailable on the stock market.

**The US has seen its strongest quarter since Q3 2007, while sentiment in Europe remains weak**

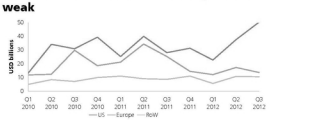


Source: S&P, UBS CIO, as of October 2012
Note: Past performance is not an indication of future returns.

UBS

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Note: We emphasize the equal importance of fund manager selection and the commitment strategy. Please note that private equity is an illiquid asset class and must be held at least until the end of the fund (10+ years).
Please note that UBS might not have a product available which reflects our UBS CIO private equity recommendations. Private equity is only suitable for qualified investors (> USD 5m investable assets).

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**From:** Darren Indyke[redacted]
**Sent:** 1/14/2015 11:56:48 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Bill Clinton identified in lawsuit against pedophile Jeffrey Epstein | Daily Mail Online
**Attachments:** WebPage.pdf; Untitled attachment 272048.htm

**Importance:** High

# Privileged - Redacted


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http://www.dailymail.co.uk/news/article-2584309/Bill-Clinton-identified-lawsuit-against-former-friend-pedophile-Jeffrey-Epstein-regular-orgies-Caribbean-compound-former-president-visited-multiple-times.html

# Bill Clinton identified in lawsuit against his former friend and pedophile Jeffrey Epstein who had 'regular' orgies at his Caribbean compound that the former president visited multiple times

- **The former president was friends with Jeffrey Epstein, a financier who was arrested in 2008 for soliciting underage prostitutes**
- **A new lawsuit has revealed how Clinton took multiple trips to Epstein's private island where he 'kept young women as sex slaves'**
- **Clinton was also apparently friends with a woman who collected naked pictures of underage girls for Epstein to choose from**
- **He hasn't cut ties with that woman, however, and invited her to Chelsea's wedding**
- **Comes as friends now fear that if Hillary Clinton runs for president in 2016, all of their family's old scandals will be brought to the forefront**
- **Epstein has a host of famous friends including Prince Andrew who stayed at his New York mansion AFTER his arrest**

By Daily Mail Reporter

**Published:** 09:06 EST, 19 March 2014 | **Updated:** 21:10 EST, 5 January 2015

A new lawsuit has revealed the extent of former President Clinton's friendship with a fundraiser who was later jailed for having sex with an underage prostitute.

Bill Clinton's relationship with Jeffrey Epstein, who served time in 2008 for his illegal sexual partners, included up multiple trips to the onetime billionaire's private island in the Caribbean where underage girls were allegedly kept as sex slaves.

The National Enquirer has released new details about the two men's friendship, which seems to have ended abruptly around the time of Epstein's arrest.

**Naming names: A lawsuit between Jeffrey Epstein (right, in 2011) and his legal team has included multiple mentions about the convicted pedophile's connection to former President Bill Clinton (left, earlier this month)**

**Pedophile paradise: The lawsuit included flight records that showed Clinton made multiple trips to Epstein's private island, Little St James (pictured), between 2002 and 2005. Women were reportedly kept there as sex slaves**

Tales of orgies and young girls being shipped to the island, called Little St. James, have been revealed as part of an ongoing lawsuit between Epstein and his former lawyers Scott Rothstein and Bradley Edwards.

It is unclear what the basis of the suit is, but they go on to call witness testimony from some of the frequent guests at Epstein's island to talk about the wild parties that were held there in the early 2000s.

Convicted: Epstein was investigated in 2005 after a woman reported that he paid her 14-year-old daughter for sex

Flight logs pinpoint Clinton's trips on Epstein's jet between the years 2002 and 2005, while he was working on his philanthropic post-presidential career and while his wife Hillary was a Senator for their adopted state of New York.

'I remember asking Jeffrey what's Bill Clinton doing here kind fo thing, and he laughed it off and said well he owes me a favor,' one unidentified woman said in the lawsuit, which was filed in Palm Beach Circuit Court.

The woman went on to say how orgies were a regular occurrence and she recalled two young girls from New York who were always seen around the five-house compound but their personal backstories were never revealed.

At least one woman on the compound was there unwillingly, as the suit identifies a woman as Jane Doe 102.

She 'was forced to live as one of Epstein's underage sex slaves for years and was forced to have sex with... politicians, businessmen, royalty, academicians, etc,' the lawsuit says according to The Enquirer.

Epstein's sexual exploits have been documented since 2005, when a woman in Palm Beach contacted police saying that her 14-year-old daughter had been paid $300 to massage him and then have sex.

The claim prompted a nearly year-long investigation that led to the eventual charge of soliciting prostitution which came as part of a plea deal. He spent 13 months of a 18-month sentence in jail and remains a registered sex offender.

Several of his famous friends cut ties- including Clinton and then-New York Governor Eliot Spitzer who returned his campaign donations- but not all of them: Prince Andrew reportedly stayed at Epstein's mansion in New York in 2010, months after he was released from jail.

Chelsea Clinton leaves hospital with new baby Charlotte

**Keeping ties: Clinton was also friends with an unnamed woman who stored pictures of underage girls for Epstein, and though Clinton cut ties with Epstein after his arrest, he**

**invited the woman to Chelsea's 2010 wedding**

Clinton's connection to Epstein, who worked as a financier and education philanthropist before more than 40 women came forward with claims about him being a sexual predator, has been long-established, but The Enquirer also tells how the former president was also friends with some of Epstein's seedy acquaintances.

The lawsuit claims that Clinton was friends with an unnamed woman who 'kept images of naked underage children on her computer, helped to recruit underage children for Epstein... and photographed underage females in sexually explicit poses'.

While he cut off ties with Epstein, this woman's abuses apparently did not end their relationship as she was reportedly one of the 400 guests at Chelsea Clinton's 2010 wedding.

---

**Latest ladies: Clinton was pictured posing for a photo with Barbie Girl (left) and Ava Adora (right), two known prostitutes who work at the Bunny Brothel in Nevada**

Though the lawsuit may be bringing up sexual skeleton's from Clinton's past, he has added to the drama of late by posing for a photo with two known prostitutes at a fundraiser in Los Angeles last month.

The drama of his extramarital affairs is apparently just one concern for Clinton family loyalists, as a **Wall Street Journal** article released today details how

'I'm not in the political camp; I'm in the friends camp. And the friends camp definitely has concerns about her running,' the former Secretary of State's friend Linda Bloodworth-Thomason told the paper,

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**From:** Thomas Jr., Landon [redacted]]
**Sent:** 11/14/2016 5:32:04 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Game On paper from Dr. Laffer
**Attachments:** 2016.05.19 Game On - updated 2016.07.06.pdf

**Importance:** High

These old school supply siders supposedly have DT's ear. Your old pal Larry Kudlow/Laffer/Steve Moore. I think they basically wrote his tax plan. Steve Forbes for Treasury Secretary??:):)
---------- Forwarded message ----------
From: **Nicholas Drinkwater** <[redacted]>
Date: Mon, Nov 14, 2016 at 11:38 AM
Subject: Game On paper from Dr. Laffer
To: '[redacted]

Dear Landon,

Please see the attached paper from Dr. Laffer.

Best,
Nick

Nicholas C. Drinkwater
Chief of Staff
Laffer Associates
103 Murphy Court
Nashville, TN 37203
Phone:[redacted]
Fax[redacted]

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

LAFFER ASSOCIATES
Supply-Side Investment Research
May 19, 2016

10-yr T-Note: 1.86% DJIA: 17,526.62 NASDAQ: 4,739.12 S&P 500: 2,047.63 S&P 500 Undervalued: 151.8%

# GAME ON [Updated 7/6/2016]

*By Arthur B. Laffer, Ph.D.*

**Summary**
To save you the agony of plodding through this fascinating, information-rich paper, I'll get straight to the point: Donald Trump will be the next President of the United States after having won an easy victory over Hillary Clinton in November 2016. The reasons:

I.) Section one shows that the essential characteristics of the narrative for the Trump campaign and the Reagan campaign of 1980 are surprisingly similar, which would point to a Trump landslide.

II.) Section two describes the poor state of the current economy using detrended GDP per adult, the ratio of employment-to-adult-population and new home sales per 1,000 adults and how these measures strongly indicate a Republican victory.

III.) Using historical data for the Gallup poll question "are you satisfied" and presidential election dates, this section would point to an overwhelming Republican win in November 2016.

IV.) Relying on voter turnout data this year versus earlier years and party selection, the Republicans have a large advantage coming into the Fall election.

V.) Basing our forecast on the past eight years of Congressional elections—House and Senate—as well as state elections of house, senate and governors, the Republicans should be exceedingly confident about the upcoming presidential election.

VI.) Taking careful measure of what both Hillary Clinton and Donald Trump have done in the public eye, Trump has the issues on his side.

## I. 1979-1980 How the Reagan Revolution Began

In early 1979, a group of Ronald Reagan acolytes—some 10 to 15 in total—got together in Justin Dart's office at Rexall (the corner of La Cienega and Beverly) and there they formed the original Reagan Executive Advisory Committee. With very few exceptions (initially only me), this group had been called Reagan's Kitchen Cabinet. Those present and those also invited included Justin Dart, Holmes Tuttle, Jack Wrather, Bill French Smith, Bill Wilson, Earle Jorgensen, Ben Biaggini, Ted Cummings, Alfred Bloomingdale, Charles Wick, Henry Salvatori et moi. I was the youngest of the group by three decades. And, in fact, the only way Justin Dart could convince the others to let me be a member was that they needed someone to keep the minutes of the meetings, i.e. as a secretary. In speaking with a reporter about the Kitchen Cabinet, here's what Jus Dart had to say: "In addressing the question of how many of Reagan's friends actually qualify as members, Dart said: 'Damn fewer than is generally advertised.'"[1] That just says it all.

The purpose of this committee was to provide guidance and support to the emerging presidential candidacy of one Ronald Reagan. The members were to a person close, close, close friends and supporters of Ronald Reagan or husbands of Nancy Reagan's best friends. And the race for the White House began.

During this pre-primary and primary process, Ronald Reagan was disrespected and abused by a significant segment of the Republican establishment.[2] He was called an empty suit, a trigger-happy California cowboy, only an actor, a person who spoke words others wrote, a racist, a bigot, a divorcée, a war monger and the man who would start the Third World War. My favorite slur came from none other than the Democratic Party's "éminence grise" Clark Clifford,[3] who referred to Ronald Reagan as an "amiable dunce." The torrent of anti-Reagan epithets never stopped.

---

[1] "Industrialist Justin Dart has declared President Reagan's 'kitchen cabinet'," *United Press International*, March 26, 1981. http://www.upi.com/Archives/1981/03/26/Industrialist-Justin-Dart-has-declared-President-Reagans-kitchen-cabinet/4240354430800/

[2] There is a display at the Young Americans Foundation in Santa Barbara of a number of these anti-Reagan videos by any number of Republican and Democratic stalwarts.

[3] As if receiving divine retribution for his nasty ways, Clark Clifford, who served as Secretary of Defense for President Johnson and as an advisor to Presidents Truman, Kennedy and Carter, was indicted in the early 1990s on charges of conspiracy, fraud and bribery surrounding the Bank of Credit and Commerce International scandal.
For more, see: http://www.nytimes.com/1998/10/11/us/clark-clifford-a-major-adviser-to-four-presidents-is-dead-at-91.html?pagewanted=all

In fact, the whole group of us received virtually no support from the Republican Party or the Party's elders. It wasn't until Reagan had finally defeated George Bush, along with John Connally, Howard Baker, Phil Crane, Bob Dole and John Anderson in the primary race, that there was any attempt to be conciliatory to Ronald Reagan's presidential campaign by the Republican powers that were. Even Barry Goldwater, whose career owed so much to Ronald Reagan, was cool at best to a Reagan presidency.

I remember one post-Bush-defeat meeting of our committee when we had already secured the nomination and George Herbert Walker Bush sat next to me and lightly apologized for referring to me as the "Voo-Doo Economist." In truth, I had sort of enjoyed the handle, and told H.W. Bush that I was delighted he finally had come to join us because I needed some fellow Yalies to up the quality of our group. He laughed.

Things had been so vitriolic and bad during the primary campaign that a number of Republicans couldn't in clear conscience support Ronald Reagan at all and others could only support him in name only. And one of the primary contestants, John Anderson, Republican Congressman from Illinois, was so offended by Ronald Reagan's nomination that he decided to run as an independent in the general election, which he did. While, in hindsight, John Anderson's decision may now seem like a non-event, it sure wasn't seen as a frivolous gesture back then. Ronald Reagan looked like a sure loser with both a moderate Republican opponent and a sitting Democratic President, with all the privilege, prestige and power that the Office of the President holds.

At the convention in Detroit City, I testified before the platform committee on what I thought Reaganomics would be—which was lots of fun. But, the real drama occurred when it came time to select Ronald Reagan's running mate. Showing no signs of remorse or respect for the primary voters, the Party's establishment conspired to browbeat Ronald Reagan into accepting Gerald Ford as Ronald Reagan's co-president running mate. They—the establishment—were absolutely certain that Ronald Reagan would be blown away by Carter in November of 1980 and that the down ticket Republican candidates would get their lunch handed to them. So much for the wisdom of Republican elders and insiders.

In other words, just like today in re Donald Trump, the party's cognoscenti were forecasting a huge Reagan defeat that would carry with it large numbers of House members and Senators. Reagan, they thought, would prove to be more devastating to Republicans than either the Goldwater defeat of 1964 or the Ford defeat of 1976.

As you all know, none of this happened. We handily defeated Carter, even though we were behind in the polls as recently as 1 week before the election.[4] Reagan took 44 states and 50.7% of the popular vote to Carter's 41% of the vote and Anderson's 6.6% of the vote. Whodathunkit? I'm naturally an optimist, but I've never been more optimistic than I am today or than I was in 1980, and I've never had more fun than I had in the several years before Ronald Reagan's election. The Reagan saga of 1980 seems a lot like the Trump story today.

**II. "It's the Economy Stupid" – James Carville 1992**

In the 2016 primaries, each and every Republican candidate promised lower tax rates, restrained government spending, sound money and greatly lessened regulations. The mantra was repeal "Obamacare," eviscerate Dodd-Frank and cut taxes. There couldn't have been a more supply-side, pro-growth field of candidates assembled in the entire history of our nation—not one outlier. It almost became a Republican feeding frenzy as to who could propose the lowest tax rate and create the most growth. Debates on economic issues were super boring and hyperbole as to who could be the most pro-growth supply sider infused the air we breathe. In truth, every Republican, from Jim Gilmore to Donald Trump, understood that America was in free fall and needed a huge dose of incentive alignments. There was very little room for debate on the issues because the candidates all agreed with each other.

The Democrats, once O'Malley, Webb and Chafee exited stage left, were pulling each other further and further to the "Free Lunch Tax the Rich" ticket. Already way over-subsidized, students were promised free college by Sanders, and America would have a $15 federal minimum wage everywhere. And then there was expanded free health care, huge tax increases on Wall Street exploiters and on the rich in general. The Walton family was singled out as the perfect example of what's wrong with America: one family whose net worth was close to $150 billion and whose legacy company, Walmart, paid workers' wages so low that full-time employees qualified for welfare. The Democrats defined their enemies as the most successful innovators, investors, job-creators and employers in America.

The Democrats also, in their never-ending debates, careened further and further toward "from each according to his ability and to each according to his need" paradise. The most enthusiastic crowds were energized by the endearing, wild-eyed, septuagenarian Socialist whose unkempt, long white hair became emblematic of "enough is enough already": Uncle Bernie Sanders. Who doesn't love Bernie Sanders? Or, as his throngs of acolytes scream, who doesn't "feel the Bern?"

[4] Reagan's surge in polls is generally attributed to the presidential debate held one week before the election took place, on October 28th, immediately after which Reagan appears to have moved into a 3 point lead. See: Lydia Saad, "Late Upsets Are Rare, but Have Happened," Gallup, October 27, 2008. http://www.gallup.com/poll/111451/late-upsets-rare-happened.aspx



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Hillary's and Bernie's kabuki dance is far from over. The continued Sanders' humiliation and exposé of Clinton is profoundly damaging to the Democrats' prospects, while the Republicans have just chosen their candidate. Someone ought to tell that to Bill Kristol.

What is patently obvious from the rise of Bernie Sanders and the massive, hard fought battle in the Republican primary is that economic discontent is at an all-time high. The electorate wants economic change NOW.

But, then there's Hillary Clinton's take on the economy and the Obama record. Like Pat Buchanan's protectionist niche some 20 years ago, there is a segment of America that truly likes the Obama record. But, that segment is not even close to being large enough to elect a winner.

Hillary Clinton's political and academic credentials are second to none—Wellesley undergraduate, Yale Law School, Watergate trial activist, Rose Law firm lawyer, First Lady, Senator from New York, and President Obama's Secretary of State. She has been indefatigably toiling her way through the political superstructure to be the next President of the United States: the incarnation of an Obama third term and protector of the Obama legacy. This tack that she has taken is helpful in the Democratic primary, especially among African Americans, but is a very large mistake in a general election and reflects poorly on her political judgement.

Judging from the three most important metrics of the economy: i.) detrended real nondefense GDP per adult from 1950 to the present, ii.) employment as a share of adult population during the post-World War II period, and iii.) new housing sales per 1,000 adults over the past 55 years, anyone who runs on the Obama record is at a great, great, great disadvantage.

Just look at each of these three measures of economic performance:

Figure 1
**Real Nondefense GDP Per Adult Detrended[5]**
(quarterly, 1Q-50 to 4Q-15)

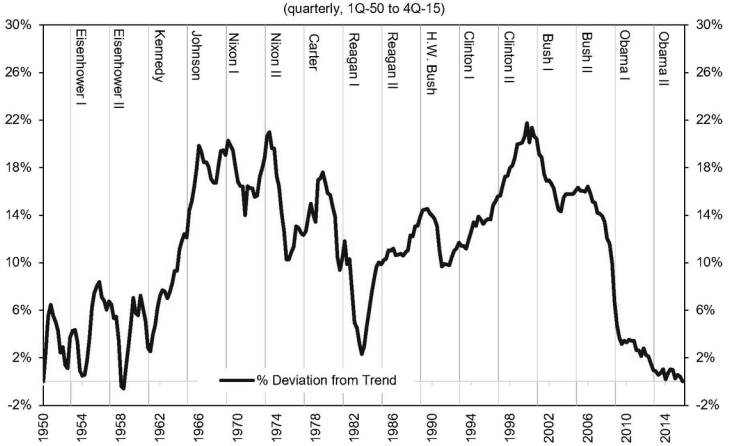


Note: Real GDP per Adult Trend = 1.88% Average Annual Growth from 1Q1950 to 4Q2015

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Laffer Associates

Even when a president's term ends on a high note, as was the case with Presidents Kennedy, Reagan and Clinton, it is a challenge for the incumbent party to maintain the White House. Thus, given that detrended real nondefense GDP per adult as a measure of our country's economic performance has ended on very low notes for Obama, "W" Bush and Bush Sr., it is clear

[5] Note: the gray vertical lines in figures throughout this paper represent the election dates of these individual presidents. The reason for this (rather than placing vertical lines on inauguration dates) is that we're using economic metrics throughout this paper as indicators of votes rather than as descriptors for the success or failure of presidential policies.



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that the economy is shouting for a party change. This does not bode well for the Democratic Party, which continues to endorse the current status quo.

And to confirm GDP growth's implications, we also have the disappointing measure of employment to adult population. Again, there is every reason on Earth to change parties now. There literally has been no Obama recovery, and Hillary Clinton promises she'll do more of the same. The U.S. has about 10 million fewer jobs per year than we would have had if the ratio of employment to adult population were what it was in mid-2000.

Just compare the ascent of the employment to adult population ratio for the eight years of Obama to the Johnson years, or even to the Nixon years, and especially to the Reagan and Clinton years. This Obama economy really isn't a recovery, let alone a strong recovery, as one would expect should have happened following the devastating collapse of the Great Recession. Why would Hillary Clinton want to run on the Obama record? It's beyond me.

Figure 2
**Civilian Employment-to-Population Ratio**
(monthly, Jan-48 to Mar-16, percentage points)

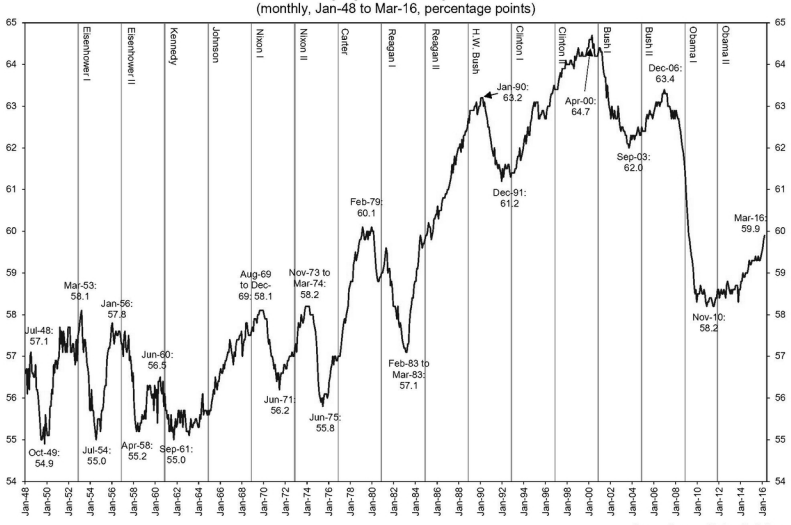


Using detrended real GDP per adult and total employment per adult, there have been two elections since Truman was elected in 1948 that appear to contradict my economic improvement hypothesis—the Nixon election in 1968 and the Obama reelection in 2012. Both of these elections appear to have had very strong extraneous factors at work. For Nixon's success, the huge outrage against Johnson's handling of the Vietnam War could well have overpowered the seemingly good economy and for Obama in 2012 a high racial sensitivity quotient could also have tipped the scales. If anything, today the war and racial sensitivity issues operate against the Democrats.

What I beg you to look at carefully are the virtually identical precipitous drops in the economy immediately preceding the Presidencies of Ronald Reagan and Barack Obama and the totally opposite results during their respective Presidencies. I just can't see how a pro-Obama candidate can win in 2016.



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And, of course, without a housing recovery, there can't be prosperity, and, as shown in Figure 3 below, there is very little prospect for a housing recovery anytime soon.

Figure 3
**New Home Sales per 1,000 Adults**
(monthly, single-family homes, SAAR, Jan-60 to Mar-16)

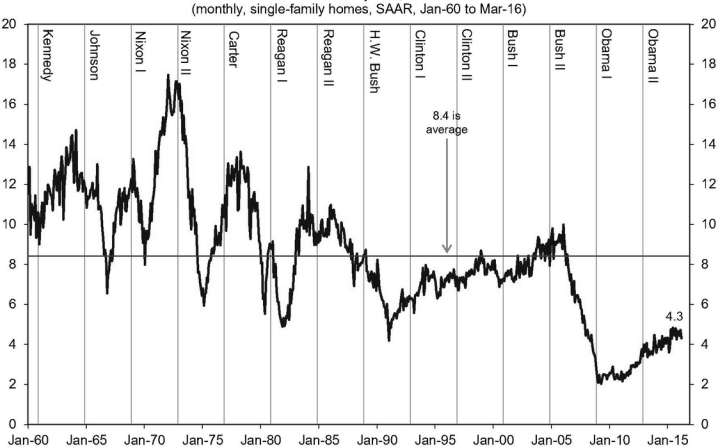


Source: U.S. Census Bureau, Bureau of Labor Statistics

Far from being a change agent, once Obama took office, he doubled down on the Bush economic agenda, kept Bush's key economic advisors and thereby created further down-drafts for the economy.

The simple fact that absolutely leaps off these charts is the abysmal record attained by the 7+ years of the Obama Administration. To be fair, the decline began when "W" took office and accelerated greatly when Bush, aided by Geithner and Bernanke, bailed everyone out and spent huge sums of U.S. resources trying to stimulate the economy—all to no avail. To me, the circumstances today are almost identical to those of 1980—16 years of bad economics about to be followed by a political renaissance.

For Hillary Clinton, the Obama record on the economy will be her biggest negative come November. And the very fact that she actually sought out and embraces this legacy speaks volumes about her judgement.

## III. All Elections are Referenda on Incumbents

### The Mood of the Country – The History of the Gallup Poll

Whether fair or not, Hillary Clinton is viewed as a Democratic insider and establishment regular. As such, she benefits greatly in her ability to raise money and attract superdelegate support. But, there's also a downside to being a Democratic insider and establishment regular today. When the electorate is unhappy with the direction the country is heading, she'll also be blamed right along with the President and other members of his party. This is exactly what happened to the Presidencies of Johnson, Nixon, Ford, Carter, Bush Sr., Bush "W" and presumptively Obama.

If any one of you remembers the contested Democratic primary of 1980 when Senator Ted Kennedy challenged his party's sitting President, you will be reminded of the current Democratic primary where Bernie Sanders continues to humiliate Hillary Clinton, primary after primary. While Senator Kennedy lost in his quest to secure the Democratic nomination, he clearly exposed all the weaknesses of President Carter, just as Senator Bernie Sanders is exposing Hilary Clinton's vulnerability. This can't be good news for Mrs. Clinton.

For quite some time now, I have been using the Gallup poll question, "Are you satisfied with the way things are going?" as my measure of the electorate's level of discontent. This question has been posed by Gallup for years and years and, thus, the



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electorate's response to this question reflects a consistent indicator over a long period of time: in fact, long enough for us to get a sense of whether this measure is a reliable guide to help forecast election results (see Figure 4). It is:

In my paper "Senate Outlook" of October 2, 2014, I relied heavily on this Gallup question to arrive at my outlandish forecast of a seven seat gain for the Republicans in that year's Senate races. My forecast of a seven seat pickup was probably the most optimistic forecast at the time for the Republicans. But, as it turned out, I was off by two! The Republicans actually picked up nine seats—West Virginia, Montana, South Dakota, Arkansas, Alaska, Louisiana, Iowa, North Carolina and Colorado—and lost none.

Figure 4
**The Gallup "Are You Satisfied?" Survey**
(Feb 2-5, 1979 through Feb 3-7, 2016)

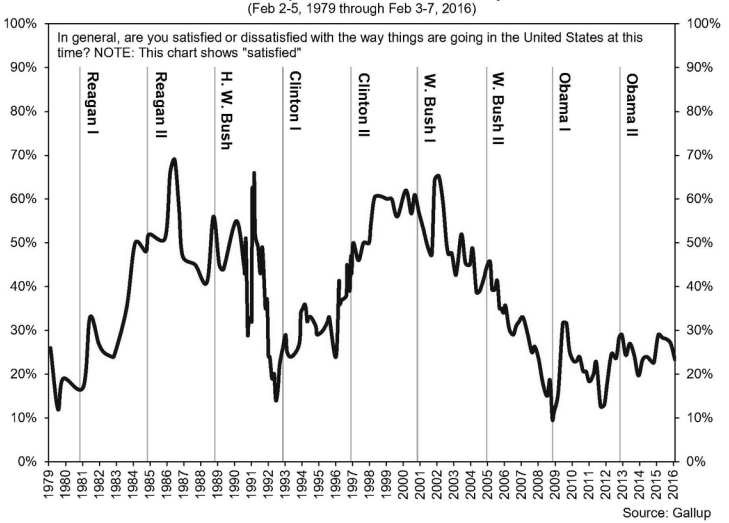


Source: Gallup

The predictive power of this Gallup poll's "are you better off?" question since the election of 1980 is pretty impressive. Both of Reagan elections were right in sync with Gallup's poll survey at November of 1980 and November of 1984. Likewise, Bush Senior's election in November of 1988 was seen as Reagan's third term and was foreseen by the Gallup poll question.

And then both Clinton elections were right in line with the survey results from the Gallup poll questions in November of 1992 and November of 1996.

Bush the younger's election in 2000 is anomalous, but his reelection in 2004 is consistent with the measure as was McCain's (really it was Bush's) defeat in November 2008. The 2012 election also appears contrary to the survey response to the poll question. If this poll reestablishes its predictive power in 2016, Trump wins in a Reagan-like landslide.

## IV. Primary Colors

While perhaps subtle, what happens in contested presidential primaries is also a harbinger of general elections. And if the current Democratic and Republican primaries are accurate measures of voter enthusiasm, the Democrats are facing a tough up-hill fight against Republicans to say the least.

Using only states with party primaries, i.e. not state caucuses, and only party primaries up to the time when Donald Trump became the presumptive Republican presidential nominee, which was following the May 3rd Indiana primary, there has been a large increase in voter turnout for the Republicans in 2016 when compared to either 2008 or 2012. In fact, in the 28 state primaries through May 3rd, the total number of Republicans who actually voted in those primaries has increased by 57.2% over 2008 and 67.1% over 2012 (see Table 1 on page 8). And, using unweighted state numbers, the 2016 Republican primary



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voter turnout is up 66.6% over 2008 and 103.0% over 2012. I use both total turnout as well as equal weighted state turnout because our Electoral College system for selecting a president is a combination of both. These numbers are astounding and by themselves speak volumes for Republican prospects in 2016. And it is not just the Trump phenomenon; it's the Trump phenomenon plus much more.

But, the situation is worse for Democrats. When juxtaposed to the Democratic turnout in 2008 and 2016, the 2016 Republican turnout looks even stronger. Remember, the 2012 Democratic primary was a non-event because President Obama, then a sitting President, was running for nomination essentially uncontested. We therefore focus exclusively on the change from the 2008 to the 2016 Democratic Party turnout, which, using the same states, is down in total by 20.1%. And, using equal-weighted state numbers, it's down by 16.2%. On a state-by-state comparison, Republican turnout is way up, and Democratic turnout is way down. Someone should ring the Democratic alarm bell.

And, even head-to-head comparisons of absolute voter turnout between the Democratic and Republican primaries in 2016 and 2008 give the Republicans a definite edge for the elections of 2016 and an enormous increase over 2008. So far in 2016, there have been 3.5 million more Republicans voting in their party's primaries than there have been Democrats. In 2008, the Democrats had over 11.3 million additional primary voter advantage over their Republican counterparts. This enormous increase in Republican voter turnout over Democrats in 2016 plus the fact that there are more Republican voters in 2016 than Democratic voters should be perhaps the single most disturbing statistic if you are a Hillary supporter, especially given the exceptional enthusiasm for Bernie Sanders in what has turned out to be a down primary turnout for Democrats.

Even on a state-by-state basis, the flip from Democrat to Republican has been pronounced. So far in this 2016 primary season, there are 14 new states that had Republican turnout in excess of Democratic turnout, i.e. those states in 2008 had more Democratic turnout than Republican turnout, while in 2016 Republican turnout exceeds Democratic turnout. These states are not, as Bernie Sanders would say, "chopped liver." They include Arkansas, Georgia, Indiana, Mississippi, Missouri, New Hampshire, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and Wisconsin. When it comes to the electoral college, flipping a state is far more important than is increasing the margin of victory.

What should be even more alarming to the Democrats than the party flip against Democrats in the 14 states that have already had primaries is the fact that so far in every state, save Michigan, Democratic voter advantage over Republican's has declined. And Michigan, without trying to reach too far for excuses, appears to hinge on the tragedy of the Flint water contamination and Mitt Romney's candidacy in 2008 and 2012. And so as not to take everything away from the unique Michigan phenomenon, it still must be remembered that in both 2008 and 2016, Republican primary turnout in Michigan was greater than Democratic turnout.



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Table 1
**Primaries Completed as of May 3rd**

| | Republican Primary Turn Out | | | % Increase 2016 from 2008 | % Increase 2016 from 2012 | Democrat Primary Turn Out | | % Increase 2016 from 2008 | Democrat Advantage 2008 | Democrat Advantage 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2012 | 2016 | | | 2008 | 2016 | | | |
| Alabama | 552,209 | 621,916 | 860,652 | 55.0% | 38.4% | 536,626 | 396,851 | -26.0% | (15,583) | (463,801) |
| Arizona | 541,767 | 511,239 | 625,770 | -2.1% | 22.4% | 456,626 | 468,461 | 2.6% | (85,141) | (157,309) |
| Arkansas | 229,882 | 152,360 | 410,920 | 76.8% | 169.7% | 315,839 | 221,020 | -30.0% | 85,957 | (189,900) |
| Connecticut | 151,605 | 59,639 | 213,372 | 40.8% | 257.8% | 355,561 | 328,467 | -7.6% | 203,956 | 115,095 |
| Delaware | 50,237 | 28,592 | 69,892 | 39.1% | 144.4% | 96,341 | 93,640 | -2.8% | 46,104 | 23,748 |
| Florida | 1,949,498 | 1,676,176 | 2,361,805 | 20.8% | 40.9% | 1,749,920 | 1,709,183 | -2.3% | (199,578) | (652,622) |
| Georgia | 963,541 | 901,470 | 1,295,963 | 34.2% | 43.8% | 1,060,851 | 765,366 | -27.9% | 97,310 | (530,597) |
| Illinois | 899,422 | 933,454 | 1,449,748 | 57.8% | 55.3% | 2,038,614 | 2,056,047 | 0.9% | 1,139,192 | 606,299 |
| Indiana | 412,684 | 635,589 | 1,110,543 | 167.2% | 74.7% | 1,278,355 | 638,779 | -50.0% | 865,671 | (471,764) |
| Louisiana | 161,169 | 186,410 | 301,241 | 86.9% | 61.6% | 384,346 | 311,776 | -18.9% | 223,177 | 10,535 |
| Maryland | 320,989 | 248,468 | 459,066 | 35.0% | 84.8% | 878,174 | 916,763 | 4.4% | 557,185 | 457,697 |
| Massachusetts | 501,997 | 370,425 | 637,703 | 25.8% | 72.2% | 1,263,764 | 1,220,296 | -3.4% | 761,767 | 582,593 |
| Michigan | 869,169 | 996,499 | 1,323,589 | 52.4% | 32.8% | 594,398 | 1,205,552 | 102.8% | (274,771) | (118,037) |
| Mississippi | 143,286 | 293,787 | 416,252 | 182.8% | 41.7% | 434,110 | 227,164 | -47.7% | 290,824 | (189,088) |
| Missouri | 588,844 | 252,185 | 939,270 | 58.6% | 272.5% | 825,050 | 629,425 | -23.7% | 236,206 | (309,845) |
| New Hampshire | 234,625 | 249,534 | 287,683 | 21.1% | 15.3% | 288,672 | 254,776 | -11.7% | 54,047 | (32,907) |
| New York | 670,078 | 190,515 | 921,771 | 27.9% | 383.8% | 1,891,143 | 1,970,900 | 4.2% | 1,221,065 | 1,049,129 |
| North Carolina | 1,335,052 | 973,206 | 1,149,705 | -14.7% | 18.1% | 1,580,726 | 1,143,293 | -27.7% | 245,674 | (6,412) |
| Ohio | 1,095,917 | 1,213,879 | 2,014,396 | 86.4% | 65.9% | 2,354,721 | 1,259,754 | -46.5% | 1,258,804 | (754,642) |
| Oklahoma | 335,054 | 286,523 | 459,922 | 37.2% | 60.5% | 417,207 | 335,843 | -19.5% | 82,153 | (124,079) |
| Pennsylvania | 829,129 | 808,115 | 1,594,475 | 88.8% | 97.3% | 2,354,005 | 1,681,427 | -28.6% | 1,524,876 | 86,952 |
| Rhode Island | 27,237 | 14,564 | 62,331 | 125.5% | 328.0% | 186,657 | 124,960 | -33.1% | 159,420 | 62,629 |
| South Carolina | 445,499 | 603,770 | 745,405 | 65.6% | 23.5% | 532,151 | 373,063 | -29.9% | 86,652 | (372,342) |
| Tennessee | 553,815 | 547,561 | 855,729 | 54.3% | 56.3% | 624,764 | 377,222 | -39.6% | 70,949 | (478,507) |
| Texas | 1,362,322 | 1,449,477 | 2,836,488 | 107.9% | 95.7% | 2,874,986 | 1,435,895 | -50.1% | 1,512,664 | (1,400,593) |
| Vermont | 40,120 | 60,850 | 61,756 | 52.1% | 1.5% | 155,279 | 135,256 | -12.9% | 115,159 | 73,500 |
| Virginia | 489,252 | 265,570 | 1,025,425 | 109.5% | 286.1% | 986,203 | 785,041 | -20.4% | 496,951 | (240,384) |
| Wisconsin | 529,932 | 787,847 | 1,105,944 | 107.1% | 40.4% | 1,113,753 | 1,007,600 | -9.5% | 583,821 | (98,344) |
| **Total Votes** | **16,284,331** | **15,319,620** | **25,596,816** | **57.2%** | **67.1%** | **27,628,842** | **22,073,820** | **-20.1%** | **11,344,511** | **(3,522,996)** |
| **EW % Change** | | | | **66.6%** | **103.0%** | | | **-16.2%** | | |

Table 2
**Primaries Following May 3rd**

| | Republican Primary Turn Out | | | % Increase 2016 from 2008 | % Increase 2016 from 2012 | Democrat Primary Turn Out | | % Increase 2016 from 2008 | Democrat Advantage 2008** | Democrat Advantage 2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2012 | 2016 | | | 2008 | 2016 | | | |
| Nebraska | 136,648 | 185,402 | 197,430 | 44.5% | 6.5% | N/A | Caucus | N/A | N/A | N/A |
| West Virginia | Caucus | 112,416 | 202,880 | N/A | 80.5% | 456,282 | 241,016 | -47.2% | N/A | 38,136 |
| Kentucky | Caucus | Caucus | Caucus | N/A | N/A | 701,768 | 454,573 | -35.2% | N/A | N/A |
| Oregon | 353,476 | 287,955 | 408,937 | 15.7% | 42.0% | 641,499 | 641,595 | 0.0% | 288,023 | 232,658 |
| Washington | 529,932 | Caucus | 608,128 | 14.8% | N/A | N/A | N/A | N/A | N/A | N/A |
| California | 2,932,812 | 1,924,970 | 2,162,810 | -26.3% | 12.4% | 5,066,992 | 4,966,115 | -2.0% | 2,134,180 | 2,803,305 |
| Montana | 95,730 | 140,457 | 156,888 | 63.9% | 11.7% | 273,793 | 126,376 | -53.8% | 178,063 | (30,512) |
| New Jersey | 566,201 | 231,465 | 443,724 | -21.6% | 91.7% | 1,141,199 | 877,496 | -23.1% | 574,998 | 433,772 |
| New Mexico | 110,939 | 92,930 | 104,627 | -5.7% | 12.6% | Caucus | 216,075 | N/A | N/A | 111,448 |
| South Dakota | 60,964 | 58,292 | 66,879 | 9.7% | 14.7% | 97,797 | 53,006 | -45.8% | 36,833 | (13,873) |
| **Total Votes*** | **4,256,770** | **2,921,471** | **3,541,295** | **-16.8%** | **21.2%** | | | **-12.2%** | **3,212,097** | **3,425,350** |
| **EW % Change** | | | | **11.9%** | **34.0%** | | | **-29.6%** | | |

*Total Votes are only summed for states that held primaries in 2008, 2012 & 2016

**Democrat Advantage is summed only for states that have had both a Republican and Democrat primary in 2016

While caucus numbers are influenced by a number of factors other than voter turnout and electorate preferences, their implications are little different from those of the primary states.

Again these results have to be concerning for Presidential candidate Hillary Clinton.

Table 3
**Caucuses and Mixed Caucuses/Primaries Completed as of May 3rd**

| | Republican Caucus Turn Out | | | % Increase 2016 from 2008 | % Increase 2016 from 2012 | Democrat Caucus Turn Out | | % Increase 2016 from 2008 | Democrat Advantage 2008** | Democrat Advantage 2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2012 | 2016 | | | 2008 | 2016 | | | |
| Alaska | 15,000 | 14,135 | 21,930 | 46.2% | 55.1% | 8,621 | 10,600 | 23.0% | (6,379) | (11,330) |
| Colorado | 65,400 | 66,027 | N/A | N/A | N/A | 120,001 | 123,508 | 2.9% | 54,601 | N/A |
| Hawaii | N/A | 10,228 | 13,377 | N/A | 30.8% | 37,426 | 33,716 | -9.9% | N/A | 20,339 |
| Idaho | Primary | 44,672 | Primary | N/A | N/A | 21,224 | 23,884 | 12.5% | N/A | N/A |
| Iowa | 118,696 | 121,354 | 186,874 | 57.4% | 54.0% | 236,000 | 171,109 | -27.5% | 117,304 | (15,765) |
| Kansas | 19,432 | 29,857 | 73,116 | 276.3% | 144.9% | 37,089 | 40,000 | 7.8% | 17,657 | (33,116) |
| Kentucky | 205,226 | 176,160 | 229,667 | 11.9% | 30.4% | N/A | N/A | N/A | N/A | N/A |
| Maine | 5,338 | 5,814 | 18,650 | 249.4% | 220.8% | 44,670 | 46,000 | 3.0% | 39,332 | 27,350 |
| Minnesota | 62,828 | 48,916 | 114,245 | 81.8% | 133.6% | 214,066 | 207,109 | -3.2% | 151,238 | 92,864 |
| Nebraska | N/A | N/A | N/A | N/A | N/A | 38,670 | 33,460 | -13.5% | N/A | N/A |
| Nevada | 44,315 | 32,894 | 75,216 | 69.7% | 128.7% | 117,559 | 84,000 | -28.5% | 73,244 | 8,784 |
| Utah | Primary | Primary | 177,204 | N/A | N/A | Primary | 77,344 | N/A | N/A | (99,860) |
| Wyoming | 1,200 | 1,308 | N/A | N/A | N/A | 8,753 | 7,000 | -20.0% | 7,553 | N/A |
| **Total Votes*** | **470,835** | **429,130** | **719,698** | **52.9%** | **67.7%** | **884,079** | **780,386** | **-11.7%** | **454,550** | **(10,734)** |
| **EW % Change** | | | | **113.3%** | **99.8%** | | | **-4.9%** | | |

*Total Votes are summed only for states that held caucuses in 2008, 2012 and 2016

**Democrat Advantage is only summed for states that have had both a Republican and Democrat caucus in 2016



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Table 4
**Caucuses Following May 3rd**

| | Republican Caucus Turn Out | | | Democrat Caucus Turn Out | |
|---|---|---|---|---|---|
| | 2008 | 2012 | 2016 | 2008 | 2016 |
| Washington | Primary | 50,764 | Primary | Primary | 230,000 |
| New Mexico | N/A | N/A | N/A | 153,299 | 214,307 |
| North Dakota | 9,785 | 11,349 | N/A | 19,102 | N/A |

**V. Politics Bubbles Up from the Bottom and Presidential Selection is the Final Coup de Grace of a Political Revolution**

The proposition of this section of this paper is that elections for the U.S. House of Representatives, the U.S. Senate, state houses, state senates and governorships are accurate indicators of Presidential races. If these federal and state elections are accurate forecasters in 2016, Hillary Clinton is toast.

**a.) Politics in the U.S. Congress**

In January 2009, there were 57 Democrats in the U.S. Senate, 2 Independents (Sanders VT and King ME) who always voted with and caucused with the Democrats, and 41 Republicans. Today, there are 54 Republicans, 44 Democrats plus the same 2 Independents who are effectively Democrats (see Table 5 below).

Likewise, in January 2009, there were 257 Democrats in the U.S. House and 178 Republicans. Today, the tables have turned and the Republicans have their largest majority in the House since 1928, 247, and the Democrats have 188 House members. Not only have the numbers changed dramatically, but the ideologies have also become more concentrated. The changes in the U.S. Congress over the past eight years are huge and reflect an enormous swing in U.S. political sentiments. But the groundswell doesn't stop there.

Table 5

| | U.S. Senate Count | | | U.S. House Count | | |
|---|---|---|---|---|---|---|
| | Democrat | Republican | Other | Democrat | Republican | Other |
| 1999-2001 | 45 | 55 | 0 | 211 | 223 | 1 |
| 2001-2003 | 50 | 50 | 0 | 213 | 220 | 2 |
| 2003-2005 | 48 | 51 | 1 | 205 | 229 | 1 |
| 2005-2007 | 44 | 55 | 1 | 201 | 233 | 1 |
| 2007-2009 | 49 | 49 | 2 | 233 | 202 | 0 |
| 2009-2011 | 57 | 41 | 2 | 257 | 178 | 0 |
| 2011-2013 | 51 | 47 | 2 | 193 | 242 | 0 |
| 2013-2015 | 53 | 45 | 2 | 201 | 234 | 0 |
| 2015-2017 | 44 | 54 | 2 | 188 | 247 | 0 |

Source: 2009-2016 NCSL *numbers for State data are of January for each year
Source: Data prior to 2009 census.gov *numbers for state data are of March of each year

Figure 5
**U.S. Senate Count**
(two-year cycles, 1999-2017)

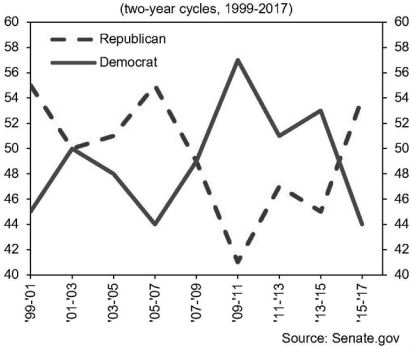


Source: Senate.gov

Figure 6
**U.S. House Count**
(two-year cycles, 1999-2017)

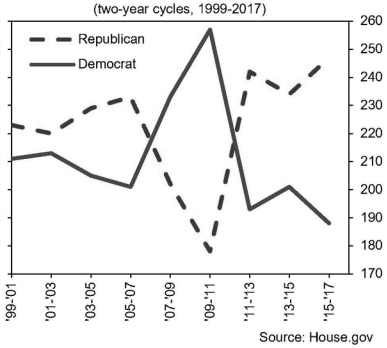


Source: House.gov



HOUSE_OVERSIGHT_025305

**b.) Politics in the States**

In the state legislatures, the changes in the Democrat/Republican split have been equally as radical as they are in the U.S. Congress. Counting all senate members of the various state legislatures in 2009, there were 1,024 Democrats, 889 Republicans and 58 categorized as "other." (See Table 6 below). But today, the Democrats have only 827 State Senators, the Republicans 1,088, with 57 categorized as other—this is the very definition of a 180 degree turn around.

In the state houses of representatives in 2009, Democrats had 3,058 members to the Republicans' tally of 2,334 with 19 "others." And yet, today, the Republicans control the vast majority of state houses with a grand total of 3,037 house members to the Democrats' 2,342 members and 32 "others." This switch in state legislatures all but assures the Republican control of redistricting and control of the U.S. House for years to come.

As a final sort of "egg in your beer," the Democrats had 28 governors to the Republicans' 22 in 2009. Today there are 31 Republican governors, 18 Democrats and one "other" Bill Walker (I) in Alaska. With solid control of both houses and the governorships of so many states, a united Republican Party could do almost anything it wants to do if it has the will to do it, and, at the state level, the party is following through.



HOUSE_OVERSIGHT_025306

Table 6
**Membership of State Houses, Senates and Governorships by Party**
(biannual: 1976-1998, annual: 2000-2016)

| | State Senate Count | | | State House Count | | | Governor Count | | |
|---|---|---|---|---|---|---|---|---|---|
| | Democrat | Republican | Other | Democrat | Republican | Other | Democrat | Republican | Ind. |
| 1976 | 1306 | 618 | 8 | 3772 | 1783 | 26 | 36 | 13 | 1 |
| 1977 | | | | | | | 37 | 12 | 1 |
| 1978 | 1260 | 669 | 3 | 3454 | 2027 | 20 | 37 | 12 | 1 |
| 1979 | | | | | | | 32 | 18 | 0 |
| 1980 | 1182 | 742 | 8 | 3289 | 2190 | 22 | 31 | 19 | 0 |
| 1981 | | | | | | | 27 | 23 | 0 |
| 1982 | 1210 | 725 | 2 | 3429 | 2006 | 17 | 27 | 23 | 0 |
| 1983 | | | | | | | 34 | 16 | 0 |
| 1984 | 1187 | 753 | 6 | 3136 | 2316 | 14 | 35 | 15 | 0 |
| 1985 | | | | | | | 34 | 16 | 0 |
| 1986 | 1177 | 762 | 7 | 3294 | 2164 | 9 | 34 | 16 | 0 |
| 1987 | | | | | | | 26 | 24 | 0 |
| 1988 | 1192 | 751 | 3 | 3277 | 2176 | 13 | 27 | 23 | 0 |
| 1989 | | | | | | | 28 | 22 | 0 |
| 1990 | 1186 | 757 | 3 | 3242 | 2202 | 23 | 29 | 21 | 0 |
| 1991 | | | | | | | 29 | 19 | 2 |
| 1992 | 1132 | 799 | 4 | 3186 | 2223 | 31 | 28 | 20 | 2 |
| 1993 | | | | | | | 30 | 18 | 2 |
| 1994 | 1021 | 905 | 3 | 2817 | 2603 | 31 | 29 | 19 | 2 |
| 1995 | | | | | | | 19 | 30 | 1 |
| 1996 | 998 | 931 | 9 | 2886 | 2539 | 31 | 18 | 31 | 1 |
| 1997 | | | | | | | 17 | 32 | 1 |
| 1998 | 1041 | 963 | 3 | 2903 | 2580 | 0 | 17 | 32 | 1 |
| 1999 | | | | | | | 17 | 31 | 2 |
| 2000 | 995 | 931 | 11 | 2818 | 2600 | 21 | 17 | 31 | 2 |
| 2001 | 990 | 932 | 13 | 2809 | 2604 | 14 | 21 | 27 | 2 |
| 2002 | 939 | 974 | 58 | 2694 | 2687 | 30 | 21 | 27 | 2 |
| 2003 | 941 | 977 | 4 | 2700 | 2693 | 18 | 24 | 26 | 0 |
| 2004 | 950 | 967 | 53 | 2686 | 2689 | 21 | 22 | 28 | 0 |
| 2005 | 951 | 963 | 8 | 2704 | 2683 | 24 | 22 | 28 | 0 |
| 2006 | 952 | 964 | 6 | 2702 | 2675 | 34 | 22 | 28 | 0 |
| 2007 | 1010 | 909 | 3 | 2971 | 2422 | 18 | 28 | 22 | 0 |
| 2008 | 1020 | 898 | 4 | 2985 | 2403 | 24 | 28 | 22 | 0 |
| 2009 | 1021 | 890 | 11 | 3041 | 2346 | 24 | 28 | 22 | 0 |
| 2010 | 1026 | 893 | 3 | 3028 | 2356 | 27 | 26 | 24 | 0 |
| 2011 | 881 | 1032 | 9 | 2453 | 2924 | 36 | 20 | 29 | 1 |
| 2012 | 873 | 1040 | 57 | 2441 | 2939 | 31 | 20 | 29 | 1 |
| 2013 | 889 | 1022 | 61 | 2592 | 2791 | 28 | 19 | 30 | 1 |
| 2014 | 876 | 1034 | 62 | 2572 | 2802 | 37 | 21 | 29 | 0 |
| 2015 | 821 | 1087 | 64 | 2342 | 3024 | 45 | 18 | 31 | 1 |
| 2016 | 827 | 1088 | 57 | 2342 | 3037 | 32 | 18 | 31 | 1 |

Source: 2016-2016: NCSL, numbers are as of January for each year; 1976-2012: Census Bureau, numbers are as of March for each year



HOUSE_OVERSIGHT_025307

To put substance into the predictive power of state and local election results for presidential elections, I have graphically aligned state house results for all states with state senate results for all states and gubernatorial results for all states by year.

Figure 7
**State House, Senate, and Governorships**
(1976-1998: biannual, 2000-2016: annual)

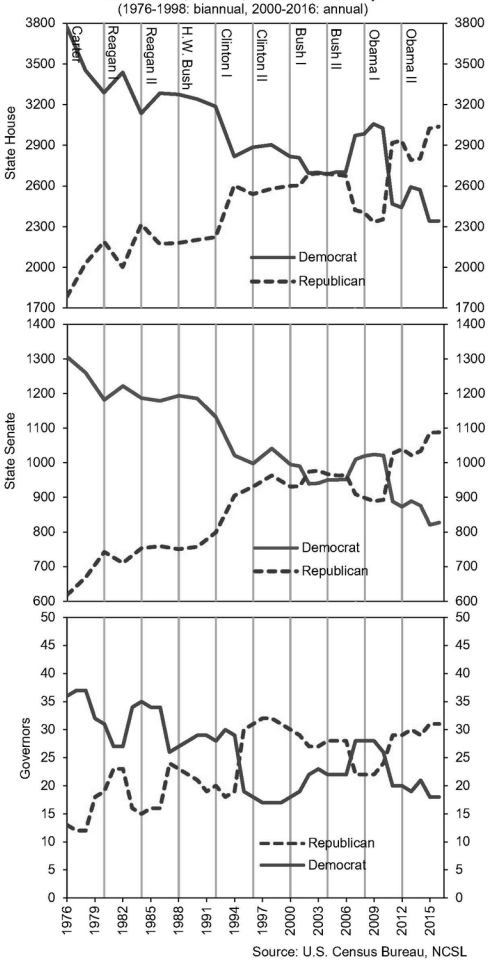


Source: U.S. Census Bureau, NCSL

While by no means perfect, there is clearly a close correlation between a party's success in state and local elections, and that party's success in the upcoming presidential election. If that close correlation holds in November of 2016, there will be a Republican landslide.



HOUSE_OVERSIGHT_025308

In fact the entire political terrain of the U.S. has shifted 180 degrees in the past 8 years with one exception—the White House. A betting person with any lick of sense would be loath to bet against a Republican presidency and a radical reversal of economic policies.

## VI. Issues and Political History

Another factor favoring Donald Trump over Hillary Clinton has to do with longevity and negative selection. The political process, more than any system I've ever worked with, thrives on pointing out mistakes and overlooking successes. My advice to many candidates has been to speak as little as possible and to describe policies in as general a manner as you can get away with. People aren't looking through your transcripts to find the next wonderful and positive thing you've done, but instead they try to find your missteps, transgressions, faux pas and failures. Politics is a totally negative process. You live or die by the sum total of what you've done wrong, not on the balance between what you've done right and what you've done wrong. In the words of Shakespeare, "the good is oft interred with their bones."[6]

Trump has had very limited exposure as a practicing politician and, therefore, has only his own words and phrases to criticize. While he may have a number of missteps in business or in his personal life, no one cares. And yet, he truly enjoys celebrity status as no one in politics today does. Also, given how much Trump has said about any number of issues over the past couple of years, there are probably quotes that can be used on any side of most any issue. But with Hillary, it's different.

Hillary has done a lot. She's been involved in politics at a visible level since the Watergate hearings and maybe even earlier. Her past contains numerous misdeeds and failures as much because she's done so much and perhaps not so much because she has been a failure. Yet, a diligent, hard-driving researcher can find a laundry list of her significant misdeeds.

To wit,

- As events have unfolded, her vote in favor of the Iraq War is a clear sign of poor political judgment, especially in her party.
- Her behavior surrounding the attack on the consulate in Benghazi and the failure to respond to four American deaths sure looks like a case of poor judgment.
- Her use of a private e-mail server while Secretary of State and thus the potential exposure of critical U.S. intelligence to those who would do us harm again smacks of poor judgement.
- The Clinton Foundation along with its big gifts and extraordinarily large speaking fees surely creates an aura of impropriety, favoritism and the absence of sound judgement.
- Her involvement in the cover-up of Fast and Furious is transparent bad judgment.
- Her disregard for coal miners and coal companies in her reckless quest to be seen as a defender of the environment is yet another case of dangerous judgement.
- The IRS scandal: While not directly implicated as a participant in an administration cover-up of the Cincinnati IRS office headed by Lois Lerner's misuse of government power, there are definite indications of her gross negligence in the pursuit of even-handed fairness of the power to tax.
- As I have predicted,[7] Obamacare has not only driven considerable premium increases for coverage since 2013, when the marketplace first opened for enrollment, but has also added significant cost burdens onto health insurance companies, many of whom are choosing to leave the Obamacare marketplace as costs continue to outpace profits. This has led to entire states, such as Alaska and Alabama, being left with only one insurer on their respective Obamacare marketplaces, with 650 counties total being left with just one insurer in 2017.[8]
- Her personal investments in cattle futures.[9] In the late 1970s, she turned an initial investment of $1,000 into $100,000 in just 10 months, despite having no previous investment experience. Her close friend, James Blair, an experienced commodities trader, advised her to enter the commodities market, but Clinton claimed to have made her own investment decisions. One academic study published in *The Journal of Economics and Finance* estimated the likelihood of achieving a result such as Clinton's as 1 in 31 trillion.[10]

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[6] William Shakespeare, *The Tragedy of Julius Caesar*, Act III, Scene 2, Line 1620.
[7] Arthur B. Laffer and Emily Evans, "Rising Health Care Costs and Premiums: Is the ACA to Blame?" Laffer Associates, July 30, 2015.
[8] Anna Wilde Mathews, "Insurance Options Dwindle in Some Rural Regions," *The Wall Street Journal*, May 15, 2016. http://on.wsj.com/1sqcTGq
[9] Caroline Baum and Victor Niederhoffer, "Herd Instincts: Hillary's Investment Profits," *National Review*. February 20, 1995. pp. 43–44.
[10] Seth C. Anderson and John D. Jackson, and Jeffrey W. Steagall, "A note on odds in the cattle futures," *The Journal of Economics and Finance*.

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HOUSE_OVERSIGHT_025309

**From:** Robert Kuhn [redacted]
**Sent:** 5/11/2017 5:38:37 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Kuhn

**Importance:** High

Ruminating (in Beijing traffic) on plant biology and ways to structure possible Closer To Truth (CTT) series to portray your sense and insights.

For plant biology per se, there's probably three strong episodes, with higher production values needed to illustrate ideas/principles (more than the usual CTT talking heads). To fit the CTT framework (and audience expectation), these fascinating discoveries or hints of complex, multifarious mechanisms would need to be explored (even if not yet understood) in terms of simple, fundamental principles (applicable across disciplines - so-called 'general systems theory').

This potential series on plant biology could be extended to 5-6 episodes by including medicinals - plant derivatives that are, for some conditions, best treatments for numerous diseases. This could include, for example, a critical look at Chinese medicine.

I think, though, there is a bigger idea lurking here. Your unique ways of thinking, exemplified by plant biology, encourages another, larger possibility for a significant CTT series. Each of the topics you've brought up, and many of your past fundings, sought kinds of breakthroughs or radically new ways of approaching reality and the knowledge and manipulation of reality. So, how about producing a big CTT series on just that - "Radical Breakthroughs"?

I can imagine CTT episodes on each of the following kinds of topics you've mentioned, in which radical breakthroughs or deep structural significance are being appreciated:
- Plant Biology
- Deception (biology)

- Power Laws ("found everywhere in nature, Pareto, law of large numbers")
- New Math ("category theory, membrane computing, as a new tool for cognition")

- Mathematics and Truth
- Music ("a tool to interogate the brain, not a product of but a lense into the inner software")

- Dreams ("always on, consciousness blocking access, schizo have sleep disorders")

- Power (nature,as you said, "financial, physical, intellectual, ability to do things in a local space")

I'm sure there are other such categories of 'radical breakthrough' - for example, several wild ideas in neuroscience, such as levels of information from sub-cellular to massive circuitry.

We would clearly unify the topics and episodes with an overarching thematic vision of "radical breakthroughs" that "challenge conventional wisdom" (this phrase was an early Closer To Truth subtitle).

Several of these topics can have more than one episode. We can easily produce 13 high-quality episodes and thus have a coherent full season on "Radical Breakthroughs", which would be distributed and marketed as such.

Such an approach to "Radical Breakthroughs" is core CTT - in fact, I attempted this as part of the very first CTT series in 1999/2000

"How do Breakthroughs Change Science" - with evolutionary biologist Francisco Ayala; philosopher and neuroscientist Patricia Smith Churchland; author/astronomer Timothy Ferris; child psychologist Rochel Gelman; and astrophysicist Neil deGrasse Tyson - https://www.closertotruth.com/roundtables/how-do-breakthroughs-change-science

"What are the Big Questions of Science?" - with evolutionary biologist Francisco Ayala; philosopher and neuroscientist Patricia Smith Churchland; author/astronomer Timothy Ferris; theoretical physicist Steve Koonin; and astrophysicist Neil deGrasse Tyson - https://www.closertotruth.com/roundtables/what-are-the-big-questions-science

Though the production values of these early shows are much lower than our current version (since 2008), the content and contributors suggest how CTT can do a big new series - a full season of 13 episodes - on "Radical Breakthroughs".

Appreciate specific direction, so that when we meet, I can be prepared

Love to do something big and dramatic together.

Robert

On May 9, 2017, at 7:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:

plant biology. ? great experiments being done. rarely looked at before. root communication. No , I have not lost my mind, . If done well , you would get lots of press. cutting edge technologys for optogenetics , experiments that dont require IRB approval. . its very exciting. do plants get an alzheimer equivalent placque, . als disease. parkinsons , yes it seems so. most cancer drugs are plant derivatives. / lots of fun . good luck in china

On Mon, May 8, 2017 at 11:39 PM, Robert Kuhn <[redacted]n> wrote:

Appreciate consideration. I'm next in NY June 7 (for about a week); love to brainstorm…. I too would really like to do something (important) together.

Just arrived in Beijing for the "The Belt and Road Forum for International Cooperation" (commentating), the second most important event of 2017 in China (after the upcoming Party Congress), but Western media not paying much attention, what with All-Things-Trump.

On May 8, 2017, at 7:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hope things are well. . when are you back. . I would love to do something with you , but sleep is not going to be it. . I have read quite alot and frankly , the subject is fascinating but i see no real insights. just more questions and mostly the same ones that have been asked for years. . yes, its role in many processes are now becoming apparent. but I see no theories that can hold their own ( yet ).

--

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**From**: Flipboard 10 for Today [editorialstaff@flipboard.com]
**Sent**: 7/3/2019 9:01:27 PM
**To**: jeevacation@gmail.com
**Subject**: Will Hunter Biden jeopardize his father's campaign?

Flipboard

Interesting stories worth your time.

# Will Hunter Biden Jeopardize His Father's Campaign?

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The Amnesty Vice-Chairman is responsible for the Amnesty Committee, the Immigration Vice-Chairman is responsible for the Immigration Committee, and the Criminal Justice Vice-Chairman is responsible for the Criminal Justice Committee.

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# Ruthless. Relentless. Victorious.

The Great Soap opera in Calgary. The Ex- was fired because, according to Mitch Todd, Ben has been in the corner for a decades.

**nytimes.com / RORY SMITH** LYON, France — Alex Morgan had the ball at her feet, Carli Lloyd at her side, and a great green expanse opening up in front of her eyes. England had... read more

# Lowe: Why the collapse of the Warriors feels so abrupt

**espn.com / Zach Lowe** Zach Lowe (@ZachLowe_NBA) is a senior writer for ESPN Digital and Print. Kevin Durant was never supposed to be on the Golden State Warriors. It was an... read more

# For Emma Gee, being the only out LGBTQ athlete at BYU is complicated

**usatoday.com / Scott Gleeson** Clarification: This story has been updated after BYU officials clarified the school's policies as it pertains to the honor code. Emma Gee sits casually... read more

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# The Forgotten Trans History of the Wild West

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# For Radio Host Of the Counterculture, It Was a Strange Trip

By COREY KILGANNON

For a half century, Bob Fass, 85, has presided over the late-night airwaves of New York City with a radio show named "Radio Unnameable," which has aired since 1963 on WBAI-FM, the listener-supported haven for the radical left.

As a self-described "midwife at the birth of the counterculture," Mr. Fass, in his time behind the microphone, has borne witness to some unusual episodes.

The second night his show aired, a listener set the tone by delivering marijuana to the station. There was the time, in 1966, when Bob Dylan showed up in the studio and began taking callers and cracking jokes. In 1971, Mr. Fass essentially talked a caller out of committing suicide while on the air.

But lately, Mr. Fass's life has begun imitating the craziness of his show, ever since he and his wife, Lynnie, attempted to move out of their Staten Island home to a new house in Danbury, Conn., setting off a misadventure worthy of one of his distressed late-night callers.

Last month, moments after he entered his new home, as the movers were carrying in his belongings, Mr. Fass casually flicked on a gas fireplace, which promptly malfunctioned and set the house on fire.

It was a two-alarm blaze that left Mr. Fass, who uses a wheelchair, inhaling smoke for several minutes until the movers rushed in and carried him out.

"I could have been roast D.J.," said Mr. Fass. "Have you ever heard the Warren Zevon song 'I was in the House When the House Burned Down?'"

And so the "Unnameable" radio host now faces an unknowable future.

Even in adversity, though, Mr. Fass, whose show airs Thursday nights at midnight, can be counted on for a pithy take on things. His improvisational monologues and his mix of guests and music helped pioneer free-form radio, and his show was a vital forum for activists, musicians, and everyday people to come together around issues including the Vietnam War, drugs and social justice.

After the fire, with nowhere else to stay, the Fasses returned to their empty house on Lake Avenue on Staten Island, near the Bayonne Bridge, where they live with their 10 or so adopted feral cats.

A single couch now serves as their shared bed as they sort out their future. Most of their belongings either remain in storage or were damaged by the fire.

The bulk of Mr. Fass's radio archive was recently acquired by Columbia University, with payment for the acquisition going toward the new house, he said.

But numerous boxes of radio recordings that Columbia had not acquired were damaged in the fire, Mr. Fass said.

"There's a lot of history in there," said Mr. Fass, who is no stranger to dealing with tumultuous events: His show became both a communications and coverage hub for Yippie events, the 1963 March on Washington, the 1968 Democratic National Convention in Chicago and the 1988 Tompkins Square Park riot.

His callers have ranged from Black Panthers to John Lennon to ordinary New Yorkers. One of Mr. Dylan's first broadcast appearances was on Radio Unnameable. The Yippie movement leader Abbie Hoffman was a regular guest, as were Hunter S. Thompson, Allen Ginsberg and Timothy Leary.

The Danbury house fire occurred just before the Fasses were set to close on both the sale of the Staten Island house and the purchase of the Danbury home. So the fate and details of both transactions are in limbo, he said.

The Fasses said they signed an agreement with the developer buying their house stipulating that they vacate by the original move-out date last month or face daily monetary penalties.

A lawyer for the buyer did not respond to messages.

Even if they had the money to rent a place, it might be hard to find a landlord who would welcome a colony of cats, said Mr. Fass, who had already taken two of the cats to the Danbury house. During the fire, one of them, Plutarch, escaped and remained missing for several weeks, until Ms. Fass found him.

Mr. Fass recently completed a three-month hospital stay and is recovering from heart problems. The smoke inhalation from the fire has added a chronic cough to his health concerns.

Mr. Fass, a native of Brooklyn who lived for decades in Manhattan, moved to Staten Island 25 years ago, but said he had grown weary of the increasing truck traffic at a warehouse across the street.

The Danbury house was an affordable option that allowed Ms. Fass to continue to commute to her paralegal job in Brooklyn. Mr. Fass had been broadcasting his show remotely in recent years from a studio in his house, and planned on doing so from Danbury.

YANA PASKOVA FOR THE NEW YORK TIMES

Bob and Lynnie Fass have been sleeping on the couch in Staten Island since a fire in their new home in Connecticut. Mr. Fass with Abbie Hoffman, right, circa 1968.

In interviews, the Fasses' broker and the lawyer handling the purchase of the Danbury house both insisted that the Fasses will be able to move into the house after a renovation covered by the seller's homeowners insurance.

But the Fasses said they have no guarantee of this, and with much of the purchase price for the Danbury house in escrow, they are being pressured to close on the property.

"This type of thing is really not my area, and I have no money for a lawyer to figure it out," said Mr. Fass, whose radio career was depicted in a 2012 documentary, "Radio Unnameable."

The seller of the Danbury home did not respond to an email, and her lawyer, Lawrence M. Rieffberg, said he could not comment without her permission.

In a poetic reversal, Mr. Fass recently called in to his own show — which is being temporarily handled by a colleague, Bill Propp — and described the fire story on WBAI (where this reporter is an unpaid co-host of a weekly talk show).

Mr. Fass said he stopped receiving a salary from WBAI in 1977 and relies on Social Security benefits. Over the years, some of his listeners have donated to a retirement fund for him.

After the fire, some of his longtime listeners — the Fass "cabal," as he has always called them — organized pages, which have raised roughly $2,000.

ROBERT ALTMAN/MICHAEL OCHS ARCHIVES, VIA GETTY IMAGES

On the radio, Mr. Fass often helped raise funds for demonstrations and for legal defenses for such figures as the boxer Rubin "Hurricane" Carter, the activist Wavy Gravy and Mr. Hoffman, not to mention institutions like the East Village Other newspaper.

"Bob's been a voice for the people for so long, and so many listeners have called in to his show in their time of need," said Jessica Wolfson, who with Paul Lovelace, produced and directed the "Radio Unnameable" documentary. "And now he has a chance to move to a comfortable living situation and the whole thing literally goes up in flames."

Resting on his couch in the living room, next to his walker and his oxygen tanks, Mr. Fass disposed of a telemarketer by feigning a heart attack while on the phone. Then he sighed.

"I'm just overwhelmed by everything that's happening," he said. "It might sound amusing, but not when it's happening in your own life."

# The Cold-Case Specialist Who Wants to Put Robert Durst Away

By CHARLES V. BAGLI

LOS ANGELES — When Robert A. Durst was asked why he had talked to the makers of "The Jinx" — the 2015 HBO documentary about the suspicions that had dogged him for years over the untimely deaths of his first wife, a close confidante and a cantankerous neighbor in Texas — he said he had thought it was low risk.

It was unlikely, he said, that any prosecutor would "commence a major, budget-busting investigation" for a couple of cold cases.

But shortly before the last episode was broadcast, John Lewin, a deputy district attorney in Los Angeles, proved Mr. Durst wrong. Mr. Lewin, who has a long record of winning guilty verdicts in cold murder cases, had him arrested in New Orleans.

Mr. Lewin would eventually charge Mr. Durst with the execution-style murder in Los Angeles in 2000 of his confidante, Susan Berman. Preliminary hearings in the case were held in a courtroom here last week.

The prosecution contends that Mr. Durst, the alienated scion of a New York real estate family, killed Ms. Berman with a gunshot to the back of the head to prevent her from revealing her role in helping him cover up the murder of his first wife, Kathie Durst, to investigators who had reopened that case.

In a sense, Mr. Lewin must prove two cold cases, not just one. "It is important to understand that all of the defendant's subsequent criminal conduct can be traced back to his original killing of his wife Kathie decades earlier, and his subsequent efforts to avoid criminal culpability for her death," he said in court papers.

Mr. Lewin, who declined to be interviewed for this story, has talked to virtually every witness in the case, which covers 40 years and has a cast of dozens. During court hearings over the past year, he has displayed an encyclopedic knowledge of Mr. Durst, his history, his friends and his alleged victims.

Mr. Lewin has conducted punishing examinations of Mr. Durst's friends and even of the now-retired detective who first looked into the disappearance of Ms. Durst.

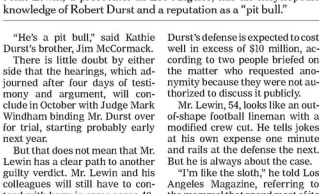

JABIN BOTSFORD/LOS ANGELES TIMES

John Lewin, a prosecutor in Los Angeles, has an encyclopedic knowledge of Robert Durst and a reputation as a "pit bull."

"He's a pit bull," said Kathie Durst's brother, Jim McCormack.

There is little doubt by either side that the hearings, which adjourned after four days of testimony and argument, will conclude in October with Judge Mark Windham binding Mr. Durst over for trial, starting probably early next year.

But that does not mean that Mr. Lewin has a clear path to another guilty verdict. Mr. Lewin and his colleagues will still have to contend with hazy, in some cases 40-year-old memories; the lack of the weapon in Ms. Berman's shooting; and the absence of a body or even a crime scene in the disappearance and presumed death of Ms. Durst, for which no one has ever been charged.

Mr. Durst, 75, frail and worth $100 million, has said repeatedly that he did not kill his first wife, nor does he know who killed Ms. Berman. And despite the certainty of a trial, Dick DeGuerin, the Texas lawyer who leads Mr. Durst's defense team, insists that the prosecution has still not proven that Mr. Durst killed either woman.

As for the hard-charging prosecutor with whom he has repeatedly clashed, "He's a bully, but that's not unusual for prosecutors," Mr. DeGuerin said of Mr. Lewin. "And he's not used to people standing up to him."

Both sides have already invested an enormous amount of time and money in the case. Mr. Durst's defense is expected to cost well in excess of $10 million, according to two people briefed on the matter who requested anonymity because they were not authorized to discuss it publicly.

Mr. Lewin, 54, looks like an out-of-shape football lineman with a modified crew cut. He tells jokes at his own expense one minute and rails at the defense the next. But he is always about the case.

"I'm like the sloth," he told Los Angeles Magazine, referring to the mammal that spend most of its time hanging upside down in trees. "I have this one skill."

Since he won his first cold case in 2002, Mr. Lewin has stacked up 16 guilty verdicts or pleas, the magazine said.

His first cold case resurfaced this year when a state panel ruled that William Bradford, whom Mr. Lewin successfully tried for the murder of his wife after the case lay dormant for 12 years, and who is now 84, deserved parole, a move that Mr. Lewin vehemently opposed.

Mr. Lewin's decision to pick up the Berman case was propelled, in part, by the producers of "The Jinx," Andrew Jarecki and Marc Smerling, who brought the authorities what they believed was new evidence about Ms. Berman's murder and the disappearance of Ms. Durst.

On Dec. 24, 2000, the police found the body of Ms. Berman, a sometime screenwriter, in her Benedict Canyon home in Los Angeles, shot in the back of the head. Someone had sent a note to the Beverly Hills Police Department alerting them to a "cadaver" at the address.

Suspicion quickly passed from Ms. Berman's landlady to her manager before landing on Mr. Durst. But once again, little came of it.

In interviews with "The Jinx" producers, Mr. Durst admitted that he had fled to police in 1982 about his whereabouts at the time his wife disappeared and described how his marriage had become a series of "half arguments, fighting, slapping, pushing, wrestling."

In a scene depicted in "The Jinx," Mr. Durst could not distinguish between the handwriting on the envelope of the "cadaver" note, which misspelled Beverly Hills as "Beverley," and a note he had sent to Ms. Berman with the same misspelling.

The documentary ended famously with Mr. Durst muttering off camera, "What the hell did I do? Killed them all of course."

Mr. DeGuerin has dismissed the documentary as a Hollywood concoction.

After having Mr. Durst arrested on a murder warrant and gun charges, Mr. Lewin hopped a plane to New Orleans and managed to interview him for three hours before he was arraigned. In the interview, Mr. Lewin complimented and cajoled Mr. Durst, suggesting he would never be a free man, although he might be able to negotiate a plea.

The defense challenged the interrogation as "improper and deceptive." Mr. Lewin responded angrily in a brief to what he described as "baseless allegations," along with a video and transcript of the entire encounter.

With no witnesses and no murder weapon, Mr. Lewin has been building a case out of tiny puzzle pieces. He may have set a record for the use of what are known as conditional hearings, in which a prosecutor can question witnesses 65 or older who could die or become ill before trial — he brought 20 witnesses to the stand for them. A judge must determine whether any of the testimony is admissible at trial.

In response to a 12-page motion from the defense to exclude any statements Ms. Berman allegedly gave to her friends as hearsay, Mr. Lewin responded in March with what has become known as "Big Boy": a 77-page brief accompanied by 316 pages of exhibits.

At times, the space between the defense and prosecution tables has crackled. Mr. Lewin once made a remark about "these lawyers being paid millions of dollars." It was not long before Mr. DeGuerin bounced back with a crack about Mr. Lewin driving a Porsche.

Mr. Lewin's full-court press has occasionally ranked Judge Windham, particularly when he continues to argue a motion after the judge has ruled in his favor. "You're interrupting my thinking," the normally Zen-like judge said at one point last Thursday. "Please be quiet."

The prosecution scored two victories last week when Judge Windham ruled that he would accept testimony from 13 friends who say Ms. Berman confided to them that she assisted Mr. Durst in the cover-up and had been expecting him to visit her around the time of her murder. The judge also accepted testimony and records concerning incidents of domestic violence in the Durst marriage, pending challenges by the defense.

Karen Minutello, the former manager of the Manhattan building where the Dursts had an apartment in 1982, testified during last week's hearing that Ms. Durst had called her shortly before her disappearance, saying that she was looking for another apartment in the building because "she needed to get away" from her husband.

A week after Ms. Durst disappeared, Ms. Minutello said, she saw the porters pulling her notebooks, textbooks, makeup and clothing from a jammed trash compactor in the basement of the building. Ms. Minutello determined that it had all been shoved down the chute from the Dursts' 15th-floor apartment.

"Who does that?" Ms. Minutello said. "Their loved one missing and you throw out their stuff."

She said she expected to be questioned by the police. She "always expected them to" call, she went on, "and they never did."

## Corrections

**INTERNATIONAL**

An article on Monday about the number of women and Afro-Cubans chosen to serve under Cuba's new president referred incorrectly to research about the racial balance among college students in Cuba and the United States in the 1980s. A study by Alejandro de la Fuente found that the proportion, not the number, of black Cubans with degrees compared with white Cubans was close, and that the proportion, not the number, of white college degree holders in the United States was twice that of African-Americans. The study also referred to graduation rates, not attendance.

An article on Monday about protests against social security changes in Nicaragua misstated the legal changes that allowed Daniel Ortega to win a presidential election in 2007. He was allowed to win by a plurality, not a simple majority.

An article on Sunday about the reception of Miguel Díaz-Canel Bermúdez, Cuba's new president, described incorrectly adjustments to immigration policy under the Obama administration. President Barack Obama ended "wet foot dry foot," a rule that allowed Cubans who arrived without visas to remain in the United States. He did not end the Cuban adjustment act.

An article on Saturday about the actress Natalie Portman's decision to skip the Genesis Prize ceremony in Jerusalem referred incorrectly to Scarlett Johansson's departure from the charity Oxfam. She resigned as a spokeswoman; she was not dropped.

Because of an editing error, an article on Saturday about an auction to sell historical objects in Heathrow Airport misstated how many passengers Heathrow's Terminal 1 could accommodate when it was dedicated in 1969. It was nine million passengers a year, not a day.

**BUSINESS DAY**

An article on Sunday about Campbell Brown's role as Facebook's head of news partnerships erroneously included a reference to Palestinian actions as an example of the sort of far-right conspiracy stories that have plagued Facebook. In fact, Palestinian officials have acknowledged providing payments to the families of Palestinians killed while carrying out attacks on Israelis or convicted of terrorist acts and imprisoned in Israel; that is not a conspiracy theory.

An article on Saturday about President Trump's criticism of OPEC and rising oil prices misstated, in one reference, a recent increase in gasoline prices. They have risen 33 cents in the last year, not the last month.

An article on Wednesday about budget airlines reinvigorating smaller airports on the outskirts of major cities misstated the distance between Seattle Tacoma International Airport and Paine Field. They are about 37 miles apart, not 12.

**SPORTS**

An article on Friday about the hesitance of the International Association of Athletics Federations to allow Russian athletes to compete in major track and field events misstated Sebastian Coe's title within the organization during an extortion scheme. He was vice president, not senior vice president.

**THE ARTS**

A picture caption with an article on Saturday about the Actors' Equity Association's decision to retire the term "Gypsy Robe" misidentified the "Cats" cast member wearing the garment. He is Jeremy Davis, not Jeremy Ford.

An opera review on Monday about "The Metromaniacs" by David Ives, using information from a publicist, misstated the number of French plays from the 17th and 18th centuries that David Ives has translated. It is four, not three. The review also misstated the number of plays that were collected for "All in the Timing." It is six, not three.

**OBITUARIES**

An obituary on Friday about the record producer and songwriter Ronald Dunbar omitted the name of one of his survivors. In addition to those named, he is survived by a daughter, Ginger Atherton.

An obituary on April 15 about the actor Tim O'Connor misidentified the county in New Jersey where Glen Wild Lake, the site of an island where he and his wife lived for many years, is located. It is Passaic, not Essex.

*Errors are corrected during the press run whenever possible, so some errors noted here may not have appeared in all editions.*

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HOUSE_OVERSIGHT_025328

**From:** paul krassner [paulkrassner@roadrunner.com]
**Sent:** 1/16/2019 7:50:41 PM
**To:** Nancy Cain [[redacted]]; Tom [[redacted]]; Marie Moneysmith [[redacted]] Steven Gaydos [[redacted]]; George Krassner [[redacted]]; Linda W. Grossman [[redacted]]; Holly Krassner Dawson [[redacted]]; Daniel Dawson [[redacted]]; Danny Goldberg [[redacted]]; Caryl Ratner [[redacted]]; Kevin Bright [[redacted]]; Michael Simmons [[redacted]]; Samuel Leff [[redacted]]; Bob Fass [[redacted]]; Lynnie Tofte Fass [[redacted]]; Lee Quarnstrom [[redacted]]; Barb Cowles [[redacted]]
**Subject:** Fwd: Manson Girls / Acid Trip Agreement

**Importance:** High

**From:** Lonnie Martin <[redacted]>
**Subject: Re: Manson Girls / Acid Trip Agreement**
**Date:** January 16, 2019 at 6:50:44 AM PST
**To:** paul krassner <[redacted]>

Hi Paul.

Thanks so much for sharing both your note to Steven and your latest Manson essay with me. It's always wild to read that piece. I have parts of it memorized at this point.

After reading your comment about vibes from the movie, I feel like I have some explaining to do. This is all stream of consciousness writing so take it on merit, I guess. No harm is meant.

As 'The Last of the Manson Girls' got closer to completion, I was insanely nervous about showing it to you. I knew it there was very little in it that was "Truth" in terms of minute details. What I did was take the broad strokes of your essay and make it into the "beats" of my story.

For example, Sandy's invitation to take a bath formed the spine of the "mermaid" scene. Squeaky's line, "Manson never took anybody who wasn't already discarded by the society" formed the spin of the animated fever dream where she talks about her father. The visit to Merrick was a good place to get into some of my views about conspiracy and the human mind's ability to latch on to anything to avoid unpleasant facts. Squeaky's line "Well what do you expect from me. I'm crazy" was obviously later then this meeting, but it was just too good a line to let go.

I didn't use elements of your essay that made actual filming and production tougher. For example, the interlude in your essay where you went to a home of friend of the family and smoked weed for example became "you" smoking weed at their pad.

I added in beats, character traits and dialgoue that helped form that "dramatic arc" that works in movies so well. You and the Manson Women must have talked about far more than you mentioned in your essay, but I took liberties with what was said and how it was presented. Maybe I should have reached out to you about these conversations. I guess I was afraid of the Truth getting in the way of a good story.

All the Mae Brussel stuff is there because its seemed a simple (Ha!) way to explain to the audience "Why is Paul going there?" Squeaky asking for the LSD rather than you bringing it was, again, an easy and short way to explain to the audience why LSD was involved.

There's a lot of my personal experience in the film. I *did* have a panic attack while on LSD and passed out hugging a toilet. (I didn't however go to a desert/beach and talk to futuristic Squeaky Fromme, though I was in the desert when it happened.) I once had a very contentious creative friendship with one of my best friends who is a friend no longer. That seemed to mirror some of your relationship with Lenny Bruce. I also felt like your relationship with Lenny had so much to do with your evolution as a writer, satirist, and comedian that it seemed proper to put that in there. I wrestled a *long* time over even mentioning your daughter because it seemed more of a personal invasion than you had bargained for. However, based on your memoir, it was obvious how important that relationship and aspect of your life was to you.

The smooching with Squeaky isn't meant to be any kind of bawdy Enquirer scandal. It's tied to the idea that by the end of the movie this "Paul" isn't scared of her. The kiss is mentioned as being symbolic of acceptance and despite all their philosophical differences, "Paul" and Squeaky in the film find a way to "accept" each other. "We've got a find a way to love the people we hate." is the statement I always say at talkbacks when people ask me what the ending of the movie means.

The movie was conceived and made as a response to my own feelings of doubt about myself, and my growing social irrevelavance as I age. (I turned 40 while making it.) It's about coming to terms with the mistakes I've made and the hubris that caused them.

It's also about resistance fatigue. It asks (in a roundabout way), "What happens if the good guys *do* lose the war?" I saw similarities between how the protest wing of the counterculture may have felt in the wake of RFK, the Weathermen and the SLA, and having the whole movement for something bigger start to go sour as it mainstreamed. The similarities between Nixon and Trump are so obvious, I feel like I don't even need to mention them. I saw similarities in your spiritual journey to mine. "Paul Krassner" in my script was in some ways a vessel to project all my own hang-ups onto. I suppose that's an unfair burden to put on you.

I don't know if this all sounds like excuse-making, but it's my way of saying that I certainly don't want to "break a legacy." I think the work you did with "The Realist" is important and paved the way for the Onion, The Daily Show, and society's general acceptance of raw, cutting satire in the world of politics and journalism. The last thing I would ever want to do is have that be tainted. Film has that power of course. The medium by it's nature hypnotizes, and has a funny way of clouding up the truth. Fiction becomes history and vice versa.

More than anything, I don't want you to feel taken advantage of or disrespected.

I probably should have explained this to you earlier. I probably should have called and had a conversation with you about it, and I'm happy to still do that.

Thank you again or allowing me to tell this story, even through my own distorted lens.

All the best,

Lonnie

**From**: Flipboard 10 for Today [editorialstaff@flipboard.com]
**Sent**: 6/20/2019 7:34:52 PM
**To**: jeevacation@gmail.com
**Subject**: Using CRISPR to resurrect the dead

Flipboard

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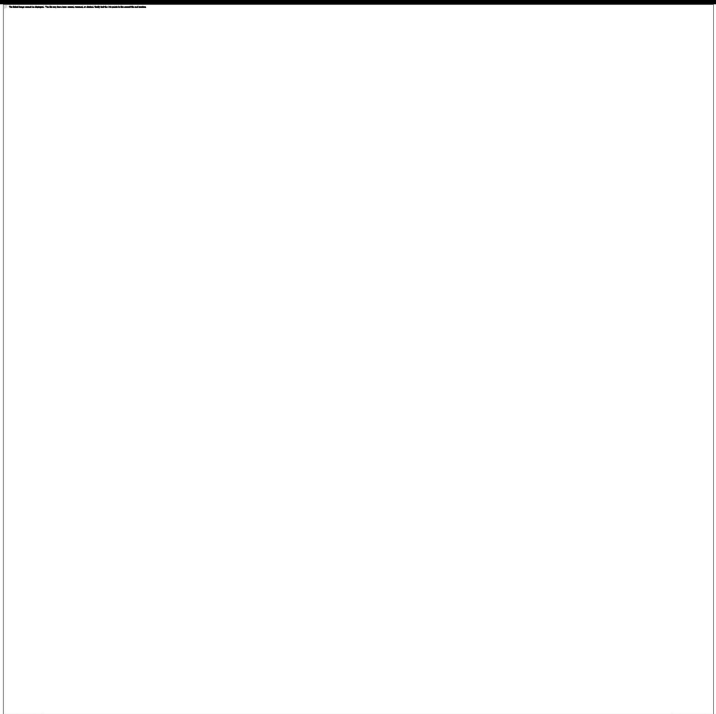

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# The marble upstairs

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**From**: Weingarten, Reid [redacted]
**Sent**: 10/16/2012 1:00:27 AM
**To**: 'jeevacation@gmail.com' [jeevacation@gmail.com]
**Subject**: Re: Re:

**Importance**: High

Clinton

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**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, October 15, 2012 04:01 PM
**To**: Weingarten, Reid
**Subject**: Re: Re:

richardson .. ?? of course or gates?

On Mon, Oct 15, 2012 at 11:53 PM, Weingarten, Reid <[redacted]> wrote:

What a funny dude you are two weeks from tomorrow...having dinner tonite with your buddy wild bill c...should I bring you up?

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 15, 2012 5:51 PM
**To:** Weingarten, Reid
**Subject:** Re:

not sure, ,when is your opening? i am not referrring to either sheryl or c

On Mon, Oct 15, 2012 at 11:47 PM, Weingarten, Reid <[redacted]> wrote:

Dealing with the Jackson shitshow right now...options problems are a pimple in an elephant's ass in the case...when are you next in nyc

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 15, 2012 5:46 PM
**To:** Weingarten, Reid
**Subject:**

do i assume that you have no more option questions?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/2/2017 7:46:46 AM
**To**: LHS [redacted]
**Subject**: Re: Is Donald still feeling go

Lisa biz
On Thu, Jun 1, 2017 at 11:08 PM LHS <[redacted]> wrote:
??

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Thu, Jun 1, 2017 at 9:13 PM -0400, "jeffrey E." <jeevacation@gmail.com> wrote:

prospectus

On Sun, May 28, 2017 at 8:49 PM, LHS <[redacted]> wrote:
With demand happy to consider and likely do. Dont want to go sucking up.

Did Klein do it again? Agree bad business. Or are u referring to what u talked about months ago.

Sent from my iPhone

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On May 28, 2017, at 7:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

BTW , still not sure why michael klein decided to try to attack me. wasn't smart or necessary, . used our friendship as a source, . thought you should know. not nice

On Sun, May 28, 2017 at 7:36 PM, LHS <[redacted]> wrote:
More would represent Donald if Kaslowitz out of picture. Not surprising. very hard to be law firm representing POTUS and know what to do when potus lies to u.

My world thinks poorly of Gorelick for representing Jared.

How guilty is Donald?

Of crudity surely
Of gross ignorance surely
Of being utterly without the intellect temperament for job surely
Of being over line on family profiting very likely
Of gross disregard for appearances almost surely.
Of Russians having financial leverage. Less clear
Of Russians helping in. Election w complicity of his campaign plausible but not certain

Strikes me if u work for Donald u don't free lance so he is guilty of whatever his campaign did.

Do u agree w foregoing?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Sunday, May 28, 2017 7:28 PM
Subject: Re: Is Donald still feeling good
To: LHS <[redacted]>

wild, there will be some changes this week. . funny but kaslowitz is getting turned down repeatedly , by firms unwilling to represent donald.

On Sun, May 28, 2017 at 7:22 PM, LHS <[redacted]> wrote:
R u still plugged in to the show?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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joe.whitley@alston.com

May 19, 2008

VIA FACSIMILE (202) 514-0467

***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

In his confirmation hearings last fall, Judge Mukasey admirably lifted up the finest traditions of the Department of Justice in assuring the United States Senate, and the American people, of his solemn intent to ensure fairness and integrity in the administration of justice. Your own confirmation hearings echoed that bedrock determination to assure that the Department conduct itself with honor and integrity, especially in the enforcement of federal criminal law.

We come to you in that spirit and respectfully ask for a review of the federal involvement in a quintessentially state matter involving our client, Jeffrey Epstein. While we are well aware of the rare instances in which a review of this sort is justified, we are confident that the circumstances at issue warrant such an examination. Based on our collective experiences, as well as those of other former senior Justice Department officials whose advice we have sought, we have never before seen a case more appropriate for oversight and review. Thus, while neither of us has previously made such a request, we do so now in the recognition that both the Department's reputation, as well as the due process rights of our client, are at issue.

Recently, the Criminal Division concluded a very limited review of this matter at the request of U.S. Attorney Alex Acosta. Critically, however, this review deliberately excluded many important aspects of this case. Just this past Friday, on May 16, 2008, we received a letter from the head of CEOS informing us that CEOS had conducted a review of this case. By its own admission, the CEOS review was "limited, both factually and legally." Part of the self-imposed limitation was CEOS's abstention from addressing our "allegations of professional misconduct by federal prosecutors"—even though such misconduct was, as we contend it is, inextricably intertwined with the credibility of the accusations being made against Mr. Epstein by the United States Attorney's Office in Miami ("USAO"). Moreover, CEOS did not assess the terms of the Deferred Prosecution Agreement now in effect, nor did CEOS review the federal prosecutors' inappropriate efforts to implement those terms. We detail this point below.

By way of background, we were informed by Mr. Acosta that, at his request, CEOS would be conducting a review to determine whether federal prosecution was both appropriate and, in his words, "fair." That is not what occurred. Instead, CEOS has now acknowledged that we had raised "many compelling arguments" against the USAO's suggested "novel application" of federal law in this matter. Even so, CEOS concluded, in minimalist fashion, that "we do not see anything that says to us *categorically* that a federal case should not be brought" and that the U.S. Attorney "would not be *abusing his prosecutorial discretion* should he authorize federal prosecution of Mr. Epstein" thus delegating back to Mr. Acosta the decision of whether federal prosecution was warranted (emphasis added). Rather than assessing whether prosecution would be *appropriate*, CEOS, using a low baseline for its evaluation, determined only that "it would not be impossible to prove . . ." certain allegations made against Mr. Epstein. The CEOS review failed to address the significant problems involving the appearance of impermissible selectivity that would necessarily result from a federal prosecution of Mr. Epstein.

We respect CEOS's conclusion that its authority to review "misconduct" issues was precluded by Criminal Division practice. We further respect CEOS's view that it understood its mission as significantly limited. Specifically, the contemplated objective was to determine whether the USAO would be abusing its discretion by bringing a federal prosecution rather than making its own de novo recommendations on the appropriate reach of federal law. However, we respectfully submit that a full review of all the facts is urgently needed at senior levels of the Justice Department. In an effort to inform you of the nature of the federal investigation against Mr. Epstein, we summarize the facts and circumstances of this matter below.

The two base-level concerns we hold are that (1) federal prosecution of this matter is not warranted based on the purely-local conduct and the unprecedented application of federal statutes to facts such as these and (2) the actions of federal authorities are both highly questionable and give rise to an appearance of substantial impropriety. The issues that we have raised, but which have not yet been addressed or resolved by the Department, are more than isolated allegations of professional mistakes or misconduct. These issues, instead, affect the appearance and administration of criminal justice with profound consequences beyond the resolution in the matter at hand.

* * *

In a precedent-shattering investigation of Jeffrey Epstein that raises important policy questions—and serious issues as to the fair and honorable enforcement of federal law—the USAO in Miami is considering extending federal law beyond the bounds of precedent and reason. Federal prosecutors stretched the underlying facts in ways that raise fundamental questions of basic professionalism. Perhaps most troubling, the USAO in Miami, as a condition of deferring prosecution, required a commingling of substantive federal criminal law with a proposed civil remedy engineered in a way that appears intended to profit particular lawyers in

private practice in South Florida with personal relationships to some of the prosecutors involved. Federal prosecutors then leaked highly sensitive information about the case to a New York Times reporter.[1] The immediate result of this confluence of extraordinary circumstances is an onslaught of civil lawsuits, all save one brought by the First Assistant's former boutique law firm in Miami.

The facts in this case all revolve around the classic state crime of solicitation of prostitution.[2] The State Attorney's Office in Palm Beach County had conducted a diligent investigation, convened a Grand Jury that returned an indictment, and made a final determination about how to proceed. That is where, in our federal republic, this matter should rest. Mr. Epstein faces a felony conviction in state court by virtue of his conduct, and the only reason the State has not resolved this matter is that the federal prosecutors in Miami have continued to insist that we, Mr. Epstein's counsel, approach and demand from the State Attorney's Office a harsher charge and a more severe punishment than that Office believes are appropriate under the circumstances. Yet despite the USAO's refusal to allow the State to resolve this matter on the terms the State has determined are appropriate, the USAO has not made any attempt to coordinate its efforts with the State. In fact, the USAO mandated that any federal agreement would be conditioned on Mr. Epstein persuading the State to seek a criminal punishment unlike that imposed on other defendants within the jurisdiction of the State Attorney for similar conduct.

From the inception of the USAO's involvement in this case, which at the end of the day is a case about solicitation of prostitution within the confines of Palm Beach County, Florida, we have asked ourselves why the Department of Justice is involved. Regrettably, we are unable to suggest any appropriate basis for the Department's involvement. Mr. Epstein has no criminal history whatsoever. Also, Mr. Epstein has never been the subject of general media interest until a few years ago, after it was widely perceived by the public that he was a close friend of former President Bill Clinton.

The conduct at issue is simply not within the purview of federal jurisdiction and lies outside the heartland of the three federal statutes that have been identified by prosecutors—18 U.S.C. §§ 1591, 2422(b), and 2423(b).

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1 One of the other members of Mr. Epstein's defense team, Jay Lefkowitz, has personally reviewed the reporter's contemporaneous notes.

2 Although some of the women alleged to be involved were 16 and 17 years of age, several of these women openly admitted to lying to Mr. Epstein about their age in their recent sworn statements.

These statutes are intended to target crimes of a truly national and international scope. Specifically, § 1591 was enacted to combat human trafficking, § 2422 is aimed at sexual predation of minors through the Internet, and § 2423 deals with sex tourism. The nature of these crimes results in multi-jurisdictional problems that state and local authorities cannot effectively confront on their own. However, Mr. Epstein's conduct was purely local in nature and, thus, does not implicate federal involvement. After researching every reported case brought under 18 U.S.C. §§ 1591, 2422(b), and 2423(b), we found that not a single case involves facts or a scenario similar to the situation at hand. Our review of each precedent reflects that there have been no reported prosecutions under § 1591 of a 'john' whose conduct with a minor lacked force, coercion, or fraud and who was not profiting from commercial sexual trafficking. There have likewise been no cases under § 2422(b)—a crime of communication—where there was no use of the Internet, and where the content of phone communications did not contain any inducing or enticing of a minor to have illegal sexual activity as expressly required by the language of the statute. Furthermore, the Government's contention that "routine and habit" can fill the factual and legal void created by the lack of evidence that such a communication ever occurred sets this case apart from every reported case brought under § 2422(b). Lastly, there are no reported cases of violations of § 2423(b) of a person whose dominant purpose in traveling was merely to go to his own home.[3]

Although these matters were within the scope of the CEOS review, rather than considering whether federal prosecution is appropriate, CEOS only determined that U.S. Attorney Acosta "would not be abusing his prosecutorial discretion should he authorize federal prosecution" in this case. The "abuse of discretion" standard constitutes an extremely low bar of evaluation and while it may be appropriate when the consideration of issues are exclusively factual in nature, this standard fails to address concerns particular to this situation, namely the "novel application" of federal statutes. The "abuse of discretion" standard in such pure legal matters of statutory application risks causing a lack of uniformity. The same federal statutes that would be stretched beyond their bounds in Miami have been limited to their heartland in each of the other federal districts. Also, because this case implicates broader issues of the administration of equal justice, federal prosecution in this matter risks the appearance of selectivity in its stretching of federal law to fit these facts.

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[3] Federal prosecution of a man who engaged in consensual conduct in his home that amounted to, at most, the solicitation of prostitution, is unprecedented. Since prostitution is fundamentally a state concern, (*see United States v. Evans*, 476 F.3d 1176, n.1 (11th Cir. 2007) (federal law "does not criminalize all acts of prostitution (a vice traditionally governed by state regulation)")), and there is no evidence that Palm Beach County authorities and Florida prosecutors cannot effectively prosecute and punish the conduct, there is no reason why this matter should be extracted from the hands of state prosecutors in Florida.

In fact, recent testimony of several alleged "victims" contradicts claims made by federal prosecutors during the negotiations of a deferred prosecution agreement. The consistent representations of key Government witnesses (such as Tatum Miller, Brittany Beale, Saige Gonzalez, and Jennifer Laduke) confirm the following critical points: *First*, there was no communication, telephonic or otherwise, that meets the requirements of § 2422(b). For instance, Ms. Gonzalez confirmed that Mr. Epstein never emailed, text-messaged, or used any facility of interstate commerce whatsoever, before or after her one (and only) visit to his home. Gonzalez Tr. (deposition) at 30. *Second*, the women who testified admitted that they lied to Mr. Epstein about their age in order to gain admittance into his home. Indeed, the women who brought their underage friends to Mr. Epstein testified that they would counsel their friends to lie about their ages as well. Ms. Miller stated the following: "I would tell my girlfriends just like Carolyn approached me. Make sure you tell him you're 18. Well, these girls that I brought, I know that they were 18 or 19 or 20. And the girls that I didn't know and I don't know if they were lying or not, I would say make sure that you tell him you're 18." Miller Tr. at 22. *Third*, there was no routine or habit of improper communication expressing an intent to transform a massage into an illegal sexual act. In fact, there was often no sexual activity at all during the massage. Ms. Miller testified that "[s]ometimes [Mr. Epstein] just wanted his feet massaged. Sometimes he just wanted a back massage." Miller Tr. at 19. Jennifer Laduke also stated that Mr. Epstein "never touched [her] physically" and that all she did was "massage[ ] his back, his chest and his thighs and that was it." Laduke Tr. at 12-13. *Finally*, there was no force, coercion, fraud, violence, drugs, or even alcohol present in connection with Mr. Epstein's encounters with these women. Ms. Beale stated that "[Mr. Epstein] never tried to force me to do anything." Beale Tr. A at 12. These accounts are far from the usual testimony in sex slavery, Internet stings and sex tourism cases previously brought. The women in actuality were not younger than 16, which is the age of consent in most of the 50 states, and the sex activity was irregular and in large part, consisted of solo self-pleasuring.

The recent crop of civil suits brought against Mr. Epstein confirm that the plaintiffs did not discuss any sexually-related activities with anyone prior to arriving at Mr. Epstein's residence. This reinforces our contention that no telephonic or Internet persuasion, inducement, enticement or coercion of a minor, or of any other individual, occurred. In addition, Mr. Jeffrey Herman, the former law partner of one of the federal prosecutors involved in this matter and the attorney for most of the civil complainants (as described in detail below), was quoted in the Palm Beach *Post* as saying that "it doesn't matter" that his clients lied about their ages and told Mr. Epstein that they were 18 or 19.

Not only is a federal prosecution of this matter unwarranted, but the irregularity of conduct by prosecutors and the unorthodox terms of the deferred prosecution agreement are beyond any reasonable interpretation of the scope of a prosecutor's responsibilities. The list of improprieties includes, but is not limited to, the following facts:

- Federal prosecutors made the unprecedented demand that Mr. Epstein pay a minimum of $150,000 per person to an unnamed list of women they referred to as minors and whom they insisted required representation by a guardian ad litem. Mr. Epstein's counsel later established that all but one of these individuals were actually adults, not minors. Even then, though demanding payment to the women, the USAO eventually asserted that it could not vouch for the veracity of any of the claims that these women might make.

- Federal prosecutors made the highly unusual demand that Mr. Epstein pay the fees of a civil attorney chosen by the prosecutors to represent these alleged "victims" should they choose to bring any civil litigation against him. They also proposed sending a notice to the alleged "victims," stating, in an underlined sentence, that should they choose their own attorney, Mr. Epstein would not be required to pay their fees. The prosecutors further demanded that Mr. Epstein waive his right to challenge any of the allegations made by these "victims."

- The Assistant U.S. Attorney involved in this matter recommended for the civil attorney, a highly lucrative position, an individual that we later discovered was closely and personally connected to the Assistant U.S. Attorney's own boyfriend.

- Federal prosecutors represented to Mr. Epstein's counsel that they had identified (and later rechecked and re-identified) several alleged "victims" of federal crimes that qualified for payment under 18 U.S.C. § 2255, a civil remedy designed to provide financial benefits to victims. Only through state discovery provisions did we later learn that many of the women on the rechecked "victim list" could not possibly qualify under § 2255. The reason is that they, themselves, testified that they did not suffer any type of harm whatsoever, a prerequisite for the civil recovery under § 2255. Moreover, these women stated that they did not, now or in the past, consider themselves to be victims.

- During the last few months, Mr. Herman, First Assistant Sloman's former law partner, has filed several civil lawsuits against Mr. Epstein on behalf of the alleged "victims." It is our understanding that each of Mr. Herman's clients are on the

Government's confidential "list of victims." Most of these lawsuits seek $50 million in money damages.[4]

- Assistant U.S. Attorney David Weinstein spoke about the case in great detail to Landon Thomas, a reporter with the *New York Times*, and revealed confidential information about the Government's allegations against Mr. Epstein. The Assistant U.S. Attorney also revealed the substance of confidential plea negotiations.

- When counsel for Mr. Epstein complained about the media leaks, First Assistant Sloman responded by asserting that "Mr. Thomas was given, pursuant to his request, non-case specific information concerning specific federal statutes." Based on Mr. Thomas' contemporaneous notes, that assertion appears to be false. For example, Mr. Weinstein told Mr. Thomas that federal authorities believed that Mr. Epstein had lured girls over the telephone and traveled in interstate commerce for the purpose of engaging in underage sex. He recounted to Mr. Thomas the USAO's theory of prosecution against Mr. Epstein, replete with an analysis of the key statutes being considered. Furthermore, after Mr. Epstein's defense team complained about the leak to the USAO, Mr. Weinstein, in Mr. Thomas' own description, then admonished him for talking to the defense, and getting him in trouble. Mr. Weinstein further told him not to believe the "spin" of Mr. Epstein's "high-priced attorneys," and then, according to Mr. Thomas, Mr. Weinstein forcefully "reminded" Mr. Thomas that all prior conversations were merely hypothetical.

We are constrained to conclude that the actions of federal officials in this case strike at the heart of one of the vitally important, enduring values in this country: the honest enforcement of federal law, free of political considerations and free of the taint of personal financial motivations on the part of federal prosecutors that, at a minimum, raise the appearance of serious impropriety.

We were told by U.S. Attorney Acosta that as part of the review he requested, the Department had the authority, and his consent, to make any determination it deemed appropriate regarding this matter, including a decision to decline federal prosecution. Yet, CEOS's only conclusion, based on its limited review of the investigation, is that U.S. Attorney Acosta would not abuse his discretion by proceeding against Mr. Epstein. Thus, the decision of whether

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[4] As recently as two months ago, Mr. Sloman was still listed publicly as a part of his former law firm. While we assume this was an oversight, Mr. Sloman's identification as part of the firm raises the appearance of impropriety.

prosecution *is fair and appropriate* has been placed, once again, in U.S. Attorney Acosta's hands.

In light of the foregoing, we respectfully ask that you review this matter and discontinue all federal involvement so that the State can appropriately bring this matter to closure. We would greatly appreciate the opportunity to meet with you to discuss these important issues. Such a meeting would provide the Department with an opportunity to review the paramount issues of federalism and the appearance of selectivity that are generated by the unprecedented attempts to broaden the ambit of federal statutes to places that they have never before reached. We sincerely appreciate your attention to this matter.

Respectfully submitted,

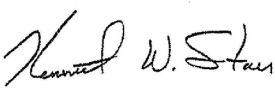

Kenneth W. Starr
Kirkland & Ellis LLP

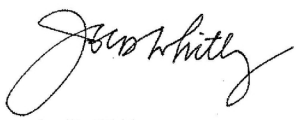

Joe D. Whitley
Alston & Bird LLP

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/3/2009 11:18:47 AM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re:

she is your second biggest fan... iam the first. i sell dubai, to its detractors.

On Thu, Sep 3, 2009 at 7:05 AM, Sultan Bin Sulayem <[redacted]> wrote:

An interesting piece to read before you start your weekend. Guest Post by Jim Krane: Dubai, Not Obama, is the Mideast's Best Peace Hope Tuesday, Sep 01 2009, 3:11PMThis is a guest note by Jim Krane, a former AP Persian Gulf correspondent. His new book on Dubai, City of Gold: Dubai and the Dream of Capitalism, is available.

As Americans, Israelis and Palestinians continue their endless peace-jockeying, a more hopeful solution has emerged. It is a fresh Arab initiative that depends neither on America nor Israel.

It is Dubai.

Dubai, you must know, is the flashy Gulf city-state that is one of the seven United Arab Emirates. In my book, I argue that Dubaians, descended from illiterate Bedouin who faced starvation in the 1940s, have authored the most exciting Arab accomplishment in 700 years.

>From nowhere, Dubai has mushroomed into a trading city-state on the lines of Hong Kong and Singapore, with sidelines in real estate and tourism.

Dubai accomplished all this without (much) oil, and without the help - or even recognition of the United States. While Washington has been caught up prolonging the Israel-Palestinian conflict and starting a war in Iraq, Dubai was erecting one of the world's most spectacular cities. So, how can Dubai fix the Middle East? It certainly can't do much to help Palestinians suffering under Israeli misrule.

But that is the point. Dubai has succeeded in spite of the plight of the Palestinians, and in spite of what Arab leaders describe as US meddling that stymies their development. One of the favorite themes of Dubai leader Sheikh Mohammed is that his counterparts should stop bloviating about the Israelis and start serving the interests of their own citizens.

Dubai's wild growth backs up Sheikh Mohammed's message. His business-before-politics way is becoming a development model for the rest of the Arab world.

But wait, Dubai is in financial trouble. How could it be a role model?Dubai's downturn is temporary. Being one of the world's most globalized cities, it couldn't help but be infected by a global recession. The contagion kneecapped each one of its economic pillars: Shipping, logistics, tourism, and its binging real estate sector. Most of these pillars remain sound.

Dubai's economic example isn't widely understood in Washington. But it's a good thing. Emulating Dubai could make Arab countries more stable and secure, along with the rest of us. For America, which has mistreated Dubai despite synergies with our interests, it's a windfall.

If you remember, Dubai in 2006 bought US port operations and found itself vilified as a terrorist logistics center. Members of Congress now in the Obama administration -- among them the senator who is now president -- joined the Dubai-bashing. Well, it may turn out that this "terrorist logistics center" has one of the keys for fixing the Mideast's terrorism problem.

The Dubai model is a mixture of social freedom, unbridled immigration, and raw capitalism. It is overseen by a government that is one of the world's least democratic. This is no accident. Dubai avoids both elections and the Arab obsession with politics, especially the syndrome of feeling slighted by the West.

Dubai is pragmatic. It makes money doing business with Israel and Iran, countries shunned by other Arab states. The city's finessing of simultaneous friendships with Washington and Tehran is as deft as it is precarious.

Dubai's government wrings efficiencies using schemes from Harvard Business School and General Electric. Its use of strategic planning is a new concept in the Middle East. Dubai conceives developments, like no-tax business parks, and builds them exactly as promised.

In contrast with the surrounding police states, Dubai functions on the honor system. Alcohol is legal. Prostitution is tolerated. A nice example is the e-Gate scheme, which allows residents to use a biometric card to skip passport control. None of the neighbors has the confidence to replace state security with a smart card. Not Saudi Arabia, not Iran, not Israel.

Saudis and Iranians, especially, find a refreshing dignity in Dubai, a respect for their ability to make the right choice. "Friday you can pray, but Thursday night you might want to go to the bar," says a Dubai-based Saudi. "It's up to you."Dubai is certainly taking risks. But rulers from Morocco to Iran are already Xeroxing parts of the Dubai playbook and waiting to see how the more controversial approaches pan out. For some, it's a matter of self-preservation: Dubai's state-led development doesn't involve elections. For others it's a bid to stop the hemorrhage of bright citizens and cash fleeing to Dubai.

All of them ought to do more. Egypt, with its unemployed masses, could make use of Dubai's incentives for foreign investment. Syria might adopt its free trade ways. Iraq and Israel could use a dose of its religious tolerance. And its Gulf neighbors might streamline their bureaucracies as Dubai has.

Of course, there are areas where neighbors emulate Dubai to their detriment. Dubai's abusive "in-sourced" labor market is one. Real estate is another. One hopes Dubai's property crash taught admirers what not to copy. And Dubai pays no heed to the environment. Thus Dubaians, with their monster 4x4s and chilled swimming pools, are the world's most prolific polluters.

But overall, Dubai's self-help mentality is the best hope for dragging this stagnant region into the global economic mainstream, with the accompanying stability and peace it implies. It's time Washington took notice.-- Jim Kranehttp://www.thewashingtonnote.com/archives/2009/09/guest_post_by_j_12/

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return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-06-22\[redacted] on 2018-06-22 at 09.32.55.ichat

Service: iMessage

Start Time: 06/22/18 06:32:55 AM (551367175)

End Time: 06/22/18 12:55:50 PM (551390150)

Last Message ID: 16639

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: [redacted]

Time: 06/22/18 06:32:55 AM (551367175)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8492FE8F-F97D-42DC-A73C-D43663112AD3

Message: Who is running this op on u --- something serious going on

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:35:19 AM (551367319)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 64320A72-F285-4AC9-80E9-8D86E13B170D

Message: First a protest at Clinton and then at trump. Lots of people very angry at our friendship.

Sender: [redacted]

Time: 06/22/18 06:36:50 AM (551367410)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E16E2614-1351-44FB-97F9-7F7522C1B550

Message: It's an op dude-- I do this for a living -- the pieces that are dropping are deeply researched

Sender: [redacted]

Time: 06/22/18 06:37:01 AM (551367421)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F08F0CFA-FC49-4B2D-9A7F-EAADC7BE3A27

Message: This is sophisticated op

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:38:50 AM (551367530)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E3B2CDFD-82AF-4E0A-8B6E-888144FA3E17

Message: Add to it , I was in an office building before I left and mooch got in.  I never met him .  Never!  he asked that I step out and began I tirade about you .  And why would I have anything to do .  Blah blah.  .  odd

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:39:27 AM (551367567)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E3B5FDAF-D9DD-46CE-8B09-D3ADD968A6CA

Message: More fun note,  miro is here. ,  lots to talk about

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:40:25 AM (551367625)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EA03AE10-64A3-49D2-9E80-91AA5C96EB20

Message: My hula skirt. Is  wilting having to dance and ride the bike for pols

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:41:34 AM (551367694)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8CFBB46C-C5BA-46F3-B26F-CE80E1DF8FDC

Message: I hope you didn't also make the pope my nemesis □

Sender: [redacted]

Time: 06/22/18 06:43:01 AM (551367781)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD2B42C2-F6A5-427F-A3C6-8008332D0C19

Message: I did : fuck it : like the last scene in 'the wild bunch'

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:43:17 AM (551367797)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BCD0CDBD-1377-4E43-9ECA-E336296B0CC0

Message: Any suggestions.  ?

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:43:32 AM (551367812)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C96C199-E138-4F32-A285-928B8D2D94FD

Message: Love that scene

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:45:48 AM (551367948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 163F37B5-F636-4E93-975B-D8555F43F06F

Message: chat?

Sender: [redacted]

Time: 06/22/18 06:47:21 AM (551368041)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8DAD8DDA-E9F1-416D-87F9-E3D302C86631

Message: Yes

Sender: [redacted]

Time: 06/22/18 06:49:22 AM (551368162)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED50744C-AB68-4BDF-8793-61CFF770408E

Message: Give me a #

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:49:39 AM (551368179)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 45E5FC4B-C855-48BD-ADD2-413D39E9E690

Message: cell 212 533 3739

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 06:59:37 AM (551368777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 405433A0-0CD5-4369-BCB5-F418DABCB8F7

Message: Call now

Sender: [redacted]

Time: 06/22/18 07:00:55 AM (551368855)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6542B11E-5D3D-45B7-8D12-DB85BA7D0729

Message: Called

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 10:55:04 AM (551382904)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8296CB01-0181-42FB-9BA7-855A70E650E4

Message: Ken starr in ny for weekend- let me know if interested

Sender: [redacted]

Time: 06/22/18 10:59:11 AM (551383151)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 97F7FE89-18BE-49D4-A87A-B66135BCF849

Message: Very

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 10:59:39 AM (551383179)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77B0F65F-E532-46FF-8DF9-C69723730FE3

Message: Ill put your u in touch

Sender: [redacted]

Time: 06/22/18 11:02:00 AM (551383320)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F284DF7C-6E8D-4146-9059-8AA6E775F623

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 11:18:06 AM (551384286)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E25A11BA-1BDD-4987-BD25-0386AF5517CE

Message: Miro has some questions for you . If you have 5 minutes call my cell

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 12:14:59 PM (551387699)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8E9E7F78-FA90-4554-A9BA-7E4B8382B8A5

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 06/22/18 12:55:50 PM (551390150)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6AEA38C6-ACFD-4A0A-84BB-2200C3111A21

Message: 1 (646) 421-0715

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-09-14\[redacted] on 2018-09-07 at 07.11.13.ichat

Service: iMessage

Start Time: 09/07/18 04:11:13 AM (558011473)

End Time: 09/14/18 07:45:23 PM (558672323)

Last Message ID: 20420

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:11:13 AM (558011473)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E576AED1-6207-4EB4-B7AD-199D8A74140D

Message: I liked the economist description of the movie as a victory lap . funny

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 06:36:09 AM (558020169)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91486C12-7D7F-49AB-B83B-C2F9EEAF53E6

Message: Some of my middle eastern guys think you are behind it

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 06:36:14 AM (558020174)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFA26DD0-BB26-45BF-8A2F-A27F5448376D

Message: :)

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 08:40:19 AM (558027619)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FB31E417-131C-4158-84D4-15D5D6CA34B3

Message: https://www.thecut.com/2018/09/i-refused-to-write-bannons-bio-for-the-new-yorker-festival.html

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 03:52:08 PM (558053528)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8772D3CC-0A8F-41F1-981C-3D8E260CCBA7

Message: When ny

Sender: [redacted]

Time: 09/07/18 04:05:56 PM (558054356)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1B94BBE7-3C83-4DFB-B273-F23345D2B07D

Message: Rome thru Sunday --- trying to figure out dc or NYC on Sunday

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:15:02 PM (558054902)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB75B66E-6FC6-4422-9418-EAF948765C5D

Message: K

Sender: [redacted]

Time: 09/07/18 04:40:37 PM (558056437)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 205ADC51-0D70-49AB-B418-F115071EAB3B

Message: When r u heading back

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:49:51 PM (558056991)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0C1DB0AE-DAEB-4D17-8B9D-2A1BE42EC14B

Message: Not sure, will know more tomorrow

Sender: [redacted]

Time: 09/07/18 04:52:04 PM (558057124)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 77DF808E-A107-45B7-8E04-D74F7418A077

Message: K

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:55:25 PM (558057325)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 02DD67B6-4DA7-4946-9D89-6A8CA30C7214

Message: Im trying to organize a trip for the pope to the Middle East. A first

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:56:02 PM (558057362)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 73C1FE4D-8A24-4B75-974D-3AE4817DA607

Message: Headline - tolerance

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:56:05 PM (558057365)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 30BDADF8-9E9B-4F18-A7E2-D5262006F254

Message: Fun

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 04:56:22 PM (558057382)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0FE88114-2AA1-4717-ACD4-EE4A639CE4D2

Message: Talk tomorrow

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:00:08 PM (558057608)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3655CEA1-1041-4BFB-9B1C-51595298D077

Message: Btw Chomsky invited u to Arizona

Sender: [redacted]

Time: 09/07/18 05:01:32 PM (558057692)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 83F8F24C-EB5A-4691-9C7C-9037FB831E6A

Message: Did u see what just popped on the NYT???

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:05:12 PM (558057912)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49BA1A1D-16F9-476A-A665-4D63BFB74646

Message: No , what?

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:06:42 PM (558058002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 24E46D1F-AB27-4184-85A4-1C343E619BED

Message: Salvini?

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:06:58 PM (558058018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 758E206A-3FAA-4313-BB94-5C44C07565CD

Message: Or jack ma retiring

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:07:02 PM (558058022)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2913F11F-6F40-428D-8782-77D06DC12BF9

Message: ;)

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:12:06 PM (558058326)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B2C88BAF-DFE1-435C-B670-FE986ADC68E1

Message: Great work

Sender: [redacted]

Time: 09/07/18 05:12:38 PM (558058358)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F80261C-58E4-47DD-984E-D420C68F2F20

Message: I can feel this turning now

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:13:14 PM (558058394)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6DE67AE5-EEBE-4097-9F0A-6F25543AF7B6

Message: Hopefully you are sitting on salvinis lap

Sender: [redacted]

Time: 09/07/18 05:15:50 PM (558058550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FEDF92FB-F17E-4BDD-99C4-4574AA68561D

Message: Vice versa

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:16:02 PM (558058562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E1D2313-A177-471A-AC43-C84C5FD61649

Message: Lol

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:16:25 PM (558058585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CFC1D6E9-E309-4B39-9350-A8F8A3B7F43B

Message: But he is unaware

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 05:21:51 PM (558058911)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B9E42139-401E-4E5C-A961-A16AEC7CB854

Message: Ahhh the power of dark

Sender: e:jeeitunes@gmail.com

Time: 09/07/18 09:29:39 PM (558073779)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DD2080E-DCD6-454A-AFAA-C4A1855B38A7

Message: If you guys want to come to paris I'll send plane

Sender: [redacted]

Time: 09/08/18 01:32:52 AM (558088372)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E691FDD1-D988-4160-AD92-CA9881FEB07E

Message: When r u headed back to states?

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 03:10:07 AM (558094207)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8A00A35C-49F5-4763-8306-65C6EE610CBA

Message: It changed 4 times since yesterday. Wild . So many interesting things. Im trying not to flock shoot! I wont leave before Wednesday but will need to return here soon. Probably New York Friday. Call to catch up? Pivoted wisely! Atta-boy

Sender: [redacted]

Time: 09/08/18 03:24:55 AM (558095095)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6E67BE85-902E-4E53-ABB8-9B998DF29A6B

Message: Yes: in meetings in Rome right now

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 03:46:12 AM (558096372)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DB0AA2E-7D90-4705-A7A9-AD96E559D0C5

Message: No rush,  I just want you to be surgically pure re registrations disclosures etc.  As you move into more institutional International arrangements. . the tension between 501 c4 opaque , and fara transparency needs  bright light focus. No stepping on your dick allowed.

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 03:57:13 AM (558097033)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E56F4A49-9EC4-4B8F-9A12-70EE53775309

Message: And I would suggest you not

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 03:58:04 AM (558097084)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4FE40CD2-C7A2-4FDB-9ED6-FC44A598423B

Message: Merely take advice but have someone on your behalf request fara opinions. And sooner rather than later.

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 04:05:58 AM (558097558)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 317293D9-EFF8-4B4B-9BBF-812B764DB678

Message: Some of fara - "quasi political " affiliations. Kick in after 10 days of formation

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 05:27:36 AM (558102456)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 93171AF0-DA39-4BD1-922A-3B0806F1D1D4

Message: Your girlfriend agrees with my assessment.  Fara written soooo broadly .

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 09:39:44 AM (558117584)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FAA784D3-6059-4068-A927-61AEEFB4433D

Message: Im back in an hr.

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 12:16:55 PM (558127015)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B07E749-7E07-4D7F-98A0-27FF364AD8A0

Message: Back

Sender: [redacted]

Time: 09/08/18 05:40:37 PM (558146437)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DDD169EA-7CB9-43FC-B098-41ACA4A0FE3A

Message: If u r still up let me know

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 06:26:25 PM (558149185)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DE4BAFD0-B0E5-4685-94DE-4AF94A3B5350

Message: Awake?

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 06:27:08 PM (558149228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 37884594-B2F3-42CD-A002-443FFFCC4D67

Message: What time do you leave

Sender: [redacted]

Time: 09/08/18 06:30:01 PM (558149401)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B3D24FF7-295A-4487-8575-7847347D8BBD

Message: 10 am I think

Sender: [redacted]

Time: 09/08/18 06:30:05 PM (558149405)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5E612119-9B1B-4DF2-8112-87E55DBB4559

Message: Yes awaken

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 06:50:26 PM (558150626)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5DAC69DF-CB0D-4BDF-9BBD-D9FC8638D4E9

Message: Safe travel

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 07:01:11 PM (558151271)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8C83027D-6F93-4447-B5B3-D41F401F3A20

Message: 1. In case of the removal of the President from office or of his death or resignation, the Vice President shall become President. 2. Whenever there is a vacancy in the office of the Vice President, the President shall nominate a Vice President who shall take office upon confirmation by a majority vote of both Houses of Congress.

Sender: e:jeeitunes@gmail.com

Time: 09/08/18 07:19:47 PM (558152387)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5196D59-B4C6-4707-A01B-681C35B411D5

Message: Photo-Obama water skiing with Branson will drive both sides nuts

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:11:00 AM (558180660)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 108A5550-04DA-484E-BED5-C9444550B3B0

Message: Obama made his money on the backs of his people. . they won't like that

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:11:37 AM (558180697)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FAB3159B-942C-4DAF-90E0-F1EFF636DE40

Message: If you are right re November and I think you are , knowing the end is near and being in lame duck will be wild.

Sender: [redacted]

Time: 09/09/18 03:12:10 AM (558180730)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 22798016-0448-4021-9174-FF02A6BE5168

Message: Dangerous -- that's why they won't let it go on long -- pre negotiation

Sender: [redacted]

Time: 09/09/18 03:12:22 AM (558180742)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D89AB90-4F64-4753-9EE7-85D535E38337

Message: What do u mean about obama ???

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:14:43 AM (558180883)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8EAB82D9-A70C-4DC3-B887-1AD9367C02DE

Message: He is now rich and water skiing with the white guys. I would be showing that image over and over , The blacks feel betrayed. Trump made his money in biz . Obama as a result of representing them, the poor blacks. They hate that. As soon as he leaves office Obama is hanging with he rich.

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:14:46 AM (558180886)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BA96E5F9-E290-47D9-9C98-3EF5F8B33931

Message: the

Sender: [redacted]

Time: 09/09/18 03:16:14 AM (558180974)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 16BB5B6D-C2E6-43AD-86A3-16506DAC3759

Message: You are getting pretty good @ this 'grasshopper'

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:16:24 AM (558180984)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3D0ACE28-510E-4A4B-A520-909F849F8105

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:16:36 AM (558180996)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FB05EC3-DFBF-4E80-AB03-AFD155DA3F7B

Message: Wipe on wipe off

Sender: [redacted]

Time: 09/09/18 03:17:50 AM (558181070)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 582BEA98-7B6E-416F-A3E1-E060E40DB50C

Message: Never been a branson fan

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:19:38 AM (558181178)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4EB25D9B-13AC-4C60-A2DA-8934048D8AF9

Message: The Obama family came from humble beginning, but now the ex-president and first lady are worth about $40 million-30 times more than when they entered the White House in 2008, the Business Insider reported.

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:19:55 AM (558181195)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3F3DE52D-570D-4164-BB71-11A8C7906284

Message: Etc

Sender: [redacted]

Time: 09/09/18 03:20:14 AM (558181214)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 47630BD7-FFCF-48F0-AADE-862597A7C1DC

Message: Crony Capitalism

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:21:21 AM (558181281)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1AF2D588-5203-454F-8451-AD4E3E94C3E6

Message: My favorite. .  however .  He didn't go back and help his city of Chicago. Or his people.  He vacationed with whites over and over .

Sender: [redacted]

Time: 09/09/18 03:21:51 AM (558181311)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 67EB7D00-B482-48D3-B932-2DE7CD8A3965

Message: While murder rate jumped

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:22:03 AM (558181323)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C3A8F6E-14B8-4E15-A2E2-FF217FC97890

Message: Atta boy,  now with gusto

Sender: [redacted]

Time: 09/09/18 03:22:03 AM (558181323)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB13EDC0-B680-4CE1-B6CD-E8CD1D78D3CD

Message: City should have martial law

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:23:10 AM (558181390)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 696DDE13-391F-4A5D-A528-F99421F3E9FB

Message: Trump stays with his team and never looks down on them  Obama. Tried to be white .  Have fun.  Are you on the plane

Sender: [redacted]

Time: 09/09/18 03:30:50 AM (558181850)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 082A986C-3E22-4B4B-8BAC-D3F68016ED5A

Message: On plane-- land in NYC around 5

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:31:23 AM (558181883)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D10C4A83-382D-4C0B-8289-1C717A3C70EF

Message: 1. Kathy for lunch after economist. Sat .  2  thorborn Jagland. Head of council of Europe will give you a country by country  summary on the 23 rd if you like .

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:32:28 AM (558181948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 682C2B8F-FF38-4549-96FB-8FF181938071

Message: 5? Europe or 5 ny?

Sender: [redacted]

Time: 09/09/18 03:32:33 AM (558181953)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6B772141-EBE9-4474-84C8-A8BFA973CCBC

Message: Excellent

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:52:13 AM (558183133)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 06564620-68DD-4994-85BD-A988F512E1DF

Message: György Schwartz. real name of George Soros . Was careful not to register under fara. NGOs were carefully structured. - My reading is that you can form a media co. and make that the umbrella exemption

Sender: [redacted]

Time: 09/09/18 03:52:51 AM (558183171)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0D7860C0-1F62-4D40-B640-966418D33DAE

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 03:53:56 AM (558183236)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D29B249B-B80B-4147-964F-652BE67E938F

Message: The media co. has lots of advantages. Source privilege etc

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 07:32:48 AM (558196368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 04FF7173-DE92-4FB2-A63C-40A44E65498D

Message: Coup.  Pottinger?  His whole family are rats

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 08:47:55 AM (558200875)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0CB486A1-02FD-45A0-8FC4-CFBED265655E

Message: His brother Stan would have written it

Sender: [redacted]

Time: 09/09/18 10:41:17 AM (558207677)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 62A7F8BC-B3BE-40FC-B566-C5E81AB95E2A

Message: Pottingers family not good???

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 10:56:57 AM (558208617)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BDC4B290-470B-4C35-857C-66124D46BF6B

Message: Rotten

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 10:57:20 AM (558208640)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8047D449-3676-4FF8-84F5-2C9E5F663A24

Message: David boies partner

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:09:41 AM (558209381)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 95CE61EE-DC7E-4780-A711-8057EE5D6A7D

Message: And writer would use a legal or family cutout.

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:10:19 AM (558209419)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5554304-C60C-49C4-AB43-4385575FC6CD

Message: So they could answer. I didn't write it

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:10:42 AM (558209442)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98AFDD1C-6C61-4F15-884A-08EB47CFABD5

Message: Without committing perjury

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:12:42 AM (558209562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 84638D52-E4A2-41FF-8967-1F9B7728A5BF

Message: And you would have to have prepared a serious defense strategy . Powerful legal advice etc .

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:23:06 AM (558210186)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 30B6FD0C-7367-4E0E-B509-AE6232C47016

Message: Not to put too much emphasis. But they say they relied on the trusted intermediary. ? you wouldn't have to do that if you met the official? It says the author not the person ? And testimony . □

Sender: [redacted]

Time: 09/09/18 11:36:27 AM (558210987)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4F10F1CC-5D26-421D-B196-E18D4C228638

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:36:54 AM (558211014)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 725E2EC9-97FF-4BFF-A2DD-09389711FE6D

Message: The editor of the times. Did not meet the author

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:37:26 AM (558211046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A40241F2-FD62-4989-A1BB-CAADD1FA77E0

Message: I sent you the editor quote

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:38:06 AM (558211086)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 089286EC-31CD-4260-916D-9E2FEED52571

Message: Sorry. Did not meet the " official"

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:38:46 AM (558211126)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0D14C4E1-4B81-4E2C-80F1-604D8DBAA778

Message: Otherwise they wouldn't need testimony of a trusted imtermeidiary to vett

Sender: [redacted]

Time: 09/09/18 11:39:28 AM (558211168)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3D42B8BC-D462-4CBA-BBF6-A24930E4B28F

Message: Incredible they didn't meet!!!

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:39:56 AM (558211196)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1BF56381-2BA1-4F84-8226-D05DF36848CF

Message: Exactly.  Read the quote I sent you from the editor

Sender: [redacted]

Time: 09/09/18 11:40:36 AM (558211236)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AC5C079-507B-40DE-B8B2-ACA4D49E8806

Message: Didn't come thru

Sender: [redacted]

Time: 09/09/18 11:40:49 AM (558211249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D1D5D8A1-8C9C-43B6-BE65-EDA821AF2FC3

Message: How was Woodward on tv ???

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:42:19 AM (558211339)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 13A05E0A-3799-4126-80C2-FD3A7559C59C

Message: Just emailed it again

Sender: [redacted]

Time: 09/09/18 11:42:39 AM (558211359)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75D275F2-9C13-4F24-B6B1-5B1907EAAC8F

Message: How was woodward

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 11:43:55 AM (558211435)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 97E3AA3A-86E9-4334-96F3-BF988CC74213

Message: Well done.  Especially when he says. Donald doesn't remember

Sender: [redacted]

Time: 09/09/18 12:02:30 PM (558212550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 088295C1-5CB6-4934-9618-BB03DAAB9462

Message: Donald doesn't remember ???

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 12:04:29 PM (558212669)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AAFAACF6-34AD-45E7-9856-8F9DA6DD4AF8

Message: They also say the editors " know who it is"  .  Misleading at best

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 12:05:48 PM (558212748)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E9CEA79B-7CBB-4C81-9EAA-47403AE30A14

Message: How do they know ?  Trusted intermediary ?  It also says direct communication with the author??  If the author is the official . What does direct communication mean.

Sender: [redacted]

Time: 09/09/18 12:10:09 PM (558213009)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 13088BBA-413D-4DDC-8A29-256D2AD9040C

Message: Very unprofessional

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 12:54:29 PM (558215669)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A4CA197-5FB6-47B5-B261-8F80C7E75DF0

Message: What type of background would they have to do if it were either a top person. Or if the sourcing was perfect. .  odd

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 12:57:37 PM (558215857)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7FF4F65-4920-44F4-9427-78D44A86D8CE

Message: Sweden democrats.  Fun

Sender: [redacted]

Time: 09/09/18 12:58:16 PM (558215896)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 82A15F04-80FF-4210-9E15-D5BB3BE2A0FB

Message: Need to get to 20 for psychological impact

Sender: e:jeeitunes@gmail.com

Time: 09/09/18 12:58:53 PM (558215933)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 57A373B3-3141-453E-B5E7-6347A634F331

Message: K

Sender: e:jeeitunes@gmail.com

Time: 09/10/18 01:20:00 PM (558303600)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C4156AF3-2826-4FB4-9D46-7BDC09CDE2BE

Message: Not sure when you arrive New York.  Ken Starr in fri night

Sender: [redacted]

Time: 09/11/18 03:50:23 AM (558355823)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 74E65621-48F8-482E-9BCB-90C2B49641D4

Message: Friday night will work if I get out of here early

Sender: e:jeeitunes@gmail.com

Time: 09/11/18 03:51:22 AM (558355882)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 911F0194-38F2-4E5C-B878-52911AFFE46C

Message: Ok,  should be a full week for you.  .  otherwise rummler. Set for sat lunch.

Sender: e:jeeitunes@gmail.com

Time: 09/11/18 03:51:49 AM (558355909)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D6FA35A8-2BEB-4C04-B0AA-B5F818346E20

Message: Should I have miro as well?

Sender: [redacted]

Time: 09/11/18 03:52:53 AM (558355973)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73015045-9583-4C8C-9187-F8615247EC3E

Message: Sure

Sender: e:jeeitunes@gmail.com

Time: 09/12/18 06:05:24 AM (558450324)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E110E8C0-BC0E-450A-A9AD-A37DDF531FFF

Message: Movie tonight?

Sender: [redacted]

Time: 09/12/18 09:00:01 AM (558460801)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A06D08F0-BAF8-4D15-9A3E-EAB971E6ABB7

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 09/12/18 09:06:34 AM (558461194)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43E7428D-8F9C-48FD-9B1A-B3BCFDE6B05B

Message: I did like the comment that Woodward was your stenographer. I laughed out loud

Sender: [redacted]

Time: 09/12/18 09:13:40 AM (558461620)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C1E188E1-3FBD-4D36-A1C3-76F81F3BD9CD

Message: Their stenographer

Sender: e:jeeitunes@gmail.com

Time: 09/12/18 09:16:39 AM (558461799)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8DF624A8-743B-45E0-9EAF-E846542D6D84

Message: Christie Blasts Woodward As 'Stenographer' For Steve Bannon. . your plan is working well. My french govt guys said it is a shame that some if this has real world consequences. - otherwise the performances are fantastic

Sender: e:jeeitunes@gmail.com

Time: 09/12/18 09:19:56 AM (558461996)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1883A81F-81C3-47F1-9667-C8F6082B4D32

Message: They also were adamant and agreed with you , that China for the very first time is following an imperialistic strategy, well thought through. Covered in nice " silk" . And lamented the moment that Total , the French oil co , was forced to leave Iran . China was there within the week .

Sender: [redacted]

Time: 09/12/18 09:53:45 AM (558464025)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A85979DB-A8D5-44E1-9F7E-804C25919520

Message: Yep : but that will all be reversed when regime falls

Sender: e:jeeitunes@gmail.com

Time: 09/13/18 06:20:13 AM (558537613)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: DD529C7F-E52F-447A-839C-D56732F8FF2B

Message: Good luck tomorrow

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 01:57:11 AM (558608231)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 935FD7F7-F844-4041-8300-60A381E3C75A

Message: when questioned i never look at anyone directly,  i focus above their heads
,  it takes the emotion out

Sender: [redacted]

Time: 09/14/18 03:42:20 AM (558614540)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA6C08F6-76E0-470A-8C9B-6ED700380595

Message: Called off

Sender: [redacted]

Time: 09/14/18 03:42:35 AM (558614555)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6D8B88FC-16B5-4526-906B-7D9C4B4A40E9

Message: For another day

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 03:42:56 AM (558614576)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C7999B38-0425-4504-84D1-3566C85AD6E4

Message: sweet

Sender: [redacted]

Time: 09/14/18 03:43:13 AM (558614593)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D39B440-8AF8-4B2E-AA0F-FF6ECE7B7E7A

Message: We heard it's because manafort AND Cohen are taking up there time

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 03:43:19 AM (558614599)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 424E007E-2E8E-4FCD-B05A-73D03704F6C6

Message: Im in New York  lots to discuss

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 03:43:39 AM (558614619)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D82A0720-5FCB-4927-9333-313B5B59C8E1

Message: is donald doing your spelling

Sender: [redacted]

Time: 09/14/18 03:43:43 AM (558614623)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2BC42D8A-E416-4A2B-9D0A-93D2EFF5E8CC

Message: Yes-- this afternoon ?

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 03:43:54 AM (558614634)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B18987B-5211-4316-BB07-3B1112564368

Message: perfect

Sender: [redacted]

Time: 09/14/18 03:44:04 AM (558614644)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6EFFC6C0-513F-4799-ADC0-F1E03936E4CB

Message: Very stable speller

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:00:34 AM (558615634)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98159ACD-9BE4-4D8C-B2DF-40C61C5C8F72

Message: look at china moving into venezuela.  brilliant move

Sender: [redacted]

Time: 09/14/18 04:00:48 AM (558615648)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32B77762-A150-4C50-8CF6-98CB0BD5602E

Message: Yes

Sender: [redacted]

Time: 09/14/18 04:01:22 AM (558615682)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4DD03B04-0344-4787-BFEA-DDA0B7C0766E

Message: What would be the three major points you make to the economist event tomorrow ???

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:02:02 AM (558615722)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D4B8E57C-1147-44CD-A16B-EA31A32C41D1

Message: they get oil  , geographic choke point. spread down to argentina  and establlsh. foothold .

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:03:31 AM (558615811)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C2AC39C0-2D44-465A-88E5-44601F5110BD

Message: let me think, 1 . I would think that the world got to vote on the trump presidency. and it votes by buying dollars . look at lira. venezuela brazil. india. europe. the world voted and the Us is way ahead. all the worry about tariffs, trade etc are reflected in the strength of the dollar.

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:05:29 AM (558615929)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2C09784D-EFD4-4C03-B40D-8648633B3978

Message: 2. all the talk about lower tax revenues misses the point . it is about the country's cash flow not internally generated revenue . billions of dollars came back from europe. , and into our system it is not reflected in tax revenue numbers. ex , if apple brings back 100 billion dollars and invests it , it does not show in treasury tax revenue figure

Sender: [redacted]

Time: 09/14/18 04:06:33 AM (558615993)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E8E9233F-C3CB-4AB7-B568-86C33028B229

Message: Brilliant brilliant brilliant -- help me develop that argument on 10th anniversary of Lehman

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:15:28 AM (558616528)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F863F09F-BC9F-4643-8202-2284FA290AE1

Message: in addition , wage rise AFTER unemployment goes down. NOT before. ! trump first put the most disadvantaged the UNEMPLOYED first. . and with great success. can you imagine the attacks if wages went up , but the blacks and hispanics were still without work. He needs to be given TIME . the first play has worked. he believes in a winning game strategy, you can't judge it because he hasn't scored a touchdown from way in his own backfield. ( ball given to him by obama on his own 10 yard line ) he has moved the ball way up the field. and the dems can see the touchdown coming. yes there have been some fumbles along the way, no question. and some have been taken off the field. but the horror and the dems faces is they see the team has progressed in spite of all the yellow flags and cries of foul. There ( sic ) defense is maxine waters and nancy pelosi ) donalds offense is pompeo mattis and kelly. they don't have to like the quarterback they just have to win,

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:18:23 AM (558616703)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7FBFB6E-0945-44B2-BE55-B219B4985868

Message: Lehman was caused by pelosi.  because she is a true dope.  she wanted a change in accounting ,  because she conflated her checking account with that of  a govt.  .  a longer story .  -  i will go through the prime trading partners  and their currency decline since you guys took office.  .  makes for quite a chart

Sender: [redacted]

Time: 09/14/18 04:19:50 AM (558616790)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 08A467FB-A04B-4427-826A-65668A0E8457

Message: Can u meet later today?

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:20:10 AM (558616810)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8CB6748B-08C5-4950-B675-2725415E6EB9

Message: at your convenience .  yes

Sender: [redacted]

Time: 09/14/18 04:22:15 AM (558616935)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7D8DEE2-BD6F-4257-8423-E32398A7F14E

Message: Late around 6???

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:26:20 AM (558617180)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8AEE0F4A-DB49-4AFD-995D-CAD348CA9588

Message: done  see you then\

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:42:38 AM (558618158)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB00464D-21E7-4C3B-BB44-560D321E6108

Message: the football analogy , helps with the anonymous op ed.  imagine if a team member thought they would work against tom brady strategy.  fans would go crazy.  . and like a football team they call each other dumbfuck in the locker room but pull together on the field

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 04:44:33 AM (558618273)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7824E779-42FF-4940-B732-7D22D37DC3B5

Message: however ill stick to economic advice.  you might also point out that saudi sovereign wealth fund  needed to borrow money.  !!.  they mistakenly and childishly think that the fact that they can borrow 10  billion dollars  at not a very good rate showed strength. but in fact, like their fade in the tesla mess , illustrates they have no cash.  .  I think masa  is japanese's for madoff

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:00:46 AM (558619246)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E1C4310B-FFD9-4F19-A312-EAE01D5E351A

Message: Saudi Arabia set to enter the Guinness Book of Records with the display of the largest number of fireworks and unfurling of the largest national flag to mark the celebrations of the 88thNational Day.  this is the mentality of other countries

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:26:12 AM (558620772)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E66EDCD9-CEB8-4FF9-B056-BBCE2DC8F5DF

Message: the other two areas.  1. dems  scream trump deregulating  where mnuchin has instituted the stricter KYC rules in history.  The U S leads.  how many working class americans would put their money in Switzerland today  where the banks charge YOU . 75 basis points to keep it there.  so many bad actors.  2,  crypto  needs to be thought of similar to the internet.  intl agreements . coordinated understandings  . otherwise it is a ponzi scheme outside of the law

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 02:17:47 PM (558652667)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7BA38611-4990-4482-A032-90DFA1640991

Message: ETA?

Sender: [redacted]

Time: 09/14/18 02:24:59 PM (558653099)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1939891C-DAD7-41BE-90FF-074321E6BBFD

Message: Filming interview for Italian tv

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 02:27:50 PM (558653270)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6921BFA9-99F4-4376-97E0-A061A16CB30D

Message: Good. Later or breakfast?

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 02:30:39 PM (558653439)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6969FFCA-5296-441E-9E81-E740A4EE2023

Message: Im easy . Reminder Ruemmler for lunch tomorrow if you like.

Sender: [redacted]

Time: 09/14/18 02:30:51 PM (558653451)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12718A22-582D-4ABB-A3B2-D88706ABE58A

Message: Later if that works for u

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 02:31:12 PM (558653472)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 110717AD-3606-4A26-91A3-BB3D8766F917

Message: Yes approx time?

Sender: [redacted]

Time: 09/14/18 02:31:54 PM (558653514)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 171D39BC-7484-426A-AFA5-81746AB4F417

Message: Mm

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 02:32:28 PM (558653548)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B38048B-CEF9-4146-91EF-4EA9A360DEA0

Message: ?

Sender: [redacted]

Time: 09/14/18 05:14:11 PM (558663251)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 37F874B9-11D8-413A-86FA-94967632F0EB

Message: Can't make it tonight -- can I call u later ???

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:15:57 PM (558663357)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0F5A1736-47E2-4AF5-A05A-CFF3E3455318

Message: No worry at all - yes call later fine -

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:17:17 PM (558663437)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEBEF02B-47E6-47FD-8ECE-46B1C18271EA

Message: do you want early breakfast? And are you coming for Kathy?

Sender: +13109906526

Time: 09/14/18 05:21:17 PM (558663677)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C88C758-7A26-4648-A709-EC0A8ACDB727

Message: Kathy is @ 1?

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:22:06 PM (558663726)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B65D587-B379-4F7E-834C-CC7DE43A89BC

Message: 130? -3

Sender: [redacted]

Time: 09/14/18 05:23:03 PM (558663783)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8C0CAC7F-6991-47FC-82D0-7407EA543887

Message: Cool

Sender: [redacted]

Time: 09/14/18 05:23:08 PM (558663788)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 317CD9CA-6C84-445D-B0B7-F6C766D9B5F9

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 05:24:54 PM (558663894)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F39BEBAB-DF1E-4631-95AD-4DDE876CF56E

Message: Miro also

Sender: [redacted]

Time: 09/14/18 05:25:14 PM (558663914)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6BC9CC03-145A-46F2-A320-E84E593B946F

Message: Excellent

Sender: e:jeeitunes@gmail.com

Time: 09/14/18 07:45:23 PM (558672323)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5BB80197-DC5C-49EF-9CCD-9C75EDC2068B

Message: If you want to talk im online for another 20 min. Otherwise morning

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-10-03\[redacted] on 2018-10-03 at 05.56.05.ichat

Service: iMessage

Start Time: 10/03/18 02:56:05 AM (560253365)

End Time: 10/03/18 04:06:23 AM (560257583)

Last Message ID: 21524

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 02:56:05 AM (560253365)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 77962CC6-3C3C-40B6-A08D-FE3727B0D8A8

Message: Nyt-By age 3, Mr. Trump was earning $200,000 a year in today's dollars from his father's empire. / this is UNFAIR- what are " todays dollars? The article was written by financial illiterates

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:06:16 AM (560253976)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA27D0E1-B110-4244-8477-3DF0D3ADD9A9

Message: The times did exactly the same as they accuse Donald. Wild exaggeration

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:22:15 AM (560254935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 42163247-87C8-40BA-862C-89BBD8E4CA87

Message: They  never say how they calculated these numbers. They ignore taxes paid along the way. etc

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:22:29 AM (560254949)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 668C71F2-7F7D-4F59-B543-9937131EF567

Message: Hannity should rip the NYT

Sender: [redacted]

Time: 10/03/18 03:33:53 AM (560255633)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8579891E-D116-4FC8-86F8-7A675B82889A

Message: How : they are not that sophisticated

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:34:35 AM (560255675)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 218B31A1-AB78-46A8-A3FC-DEA8EF69C897

Message: Pose questions. □.

Sender: [redacted]

Time: 10/03/18 03:39:14 AM (560255954)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0082A042-688D-4CD0-BE10-23F423CC30A6

Message: Isn't it true

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:50:47 AM (560256647)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F79230E-B256-4916-A537-CE06705C9131

Message: What are " todays dollars:  The IRS reviewed the issues .  And agreed with trump.  " if my grandfather would  have bought one hundred dollar in treasury bills. the article to be accurate would have said when Donald was 3 years old he  received 14k per year.  And it doesn't say whether taxes were paid on that

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 03:51:45 AM (560256705)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 82A025F0-4A64-4336-8A84-E83E85C6949E

Message: Instead it says 200k in todays dollars and when he was 8 he had a million .

Sender: e:jeeitunes@gmail.com

Time: 10/03/18 04:06:23 AM (560257583)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 55C82D98-4092-425A-BD4A-6009E7BBEF7C

Message: Instead had Fred put 2k dollar in treassuries it would be worth 1 m today .
All silly

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-03\[redacted] on 2018-12-03 at 08.29.43.ichat

Service: iMessage

Start Time: 11/29/18 08:43:11 AM (565202591)

End Time: 02/03/19 08:20:29 AM (570903629)

Last Message ID: 24696

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 11/29/18 08:43:11 AM (565202591)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E5C8C101-BAA0-497F-90C0-E28945446555

Message: Can't believe she cancelled □º□

Sender: [redacted]

Time: 11/30/18 09:48:04 AM (565292884)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7EF041E1-A82C-449C-9146-14FD7911A7D7

Message: Hi □

Sender: [redacted]

Time: 12/01/18 07:50:50 AM (565372250)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B22EF361-F1DC-4EA5-A6FF-015507F9F365

Message: Are you here??

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 07:52:01 AM (565372321)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8F3B419D-69A2-451D-AF58-9FB4156652CD

Message: yes

Sender: [redacted]

Time: 12/01/18 07:56:51 AM (565372611)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 32B803AC-3694-416F-AAEF-FAEF8C0D980B

Message: What are you doing tonight?

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 01:35:01 PM (565392901)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2467C890-4E89-46CF-B3AD-0642D7A28B64

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 12/01/18 07:29:13 PM (565414153)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0E0A925B-ACB9-4F2E-8EAA-6C6A686CAF46

Message: I can't walk now□♀□

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 03:14:47 AM (565442087)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FFCCF5A7-EACF-478D-8374-82743CCF0C49

Message: swollen?

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 03:31:15 AM (565443075)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C4F7813E-00DA-47E1-BF45-5B8C65179A93

Message: hope its not a tear

Sender: [redacted]

Time: 12/02/18 06:18:13 AM (565453093)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2489B044-4D81-44C3-836F-692951FC3F89

Message: Not swollen just so painful to walk... Did you fly to Boston?

Sender: [redacted]

Time: 12/02/18 08:12:04 AM (565459924)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B5448931-D3A3-48FB-96CC-58FC00D0215D

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 08:12:39 AM (565459959)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 52EFAC88-1CC4-4BCC-9B21-8D2F563D6D22

Message: Ot

Sender: [redacted]

Time: 12/02/18 03:59:31 PM (565487971)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C8B0186-E67D-49C3-8B01-E238089E28D9

Message: Did you land? My foot is better□□

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 03:59:52 PM (565487992)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E5DBCA8A-1770-4DA2-BEE7-0FFE1FDE6D85

Message: Soon, im glad

Sender: [redacted]

Time: 12/03/18 05:26:08 AM (565536368)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8BF63F04-1947-4BB4-A4DD-A52A5ED1AFE4

Message: It will all blow over! They're really just trying to take down Trump and doing whatever they can to do that…!

Sender: e:jeeitunes@gmail.com

Time: 12/03/18 05:26:45 AM (565536405)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 736A2116-F9FE-43F1-9AD4-F3DA7A377DB8

Message: yes  thx.  its wild.  because i am the one able to take him down □

Sender: [redacted]

Time: 12/03/18 05:29:43 AM (565536583)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CC8B1143-3BFE-4C77-928B-CA8B56BFA58C

Message: □

Sender: [redacted]

Time: 02/03/19 07:34:40 AM (570900880)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 70A4EFA2-A811-4A8D-9B93-B759D24303C6

Message: Where are you?? We are in Georgia...

Sender: e:jeeitunes@gmail.com

Time: 02/03/19 07:34:55 AM (570900895)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3D9F243F-7C45-45FC-BECC-3523AD089717

Message: nyc

Sender: e:jeeitunes@gmail.com

Time: 02/03/19 07:35:00 AM (570900900)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AD6876C2-BC7D-4E79-AE0D-8D557856AF3D

Message: pb tonight

Sender: [redacted]

Time: 02/03/19 08:05:30 AM (570902730)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7AA24347-FD8E-4E2A-A3D7-CAEB1011ACA2

Message: Ok We are coming back to NY this afternoon.. If you stay come over for a Super Bowl party

Sender: e:jeeitunes@gmail.com

Time: 02/03/19 08:08:44 AM (570902924)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4162285A-339C-478B-988D-1AEBBE0F916E

Message: thx, but pb warm

Sender: [redacted]

Time: 02/03/19 08:20:29 AM (570903629)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FBB54499-31D0-4F9F-BD0E-9AB988428681

Message: □

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-13\[redacted] on 2019-02-03 at 22.34.17.ichat

Service: iMessage

Start Time: 02/03/19 07:34:17 PM (570944057)

End Time: 02/13/19 03:19:31 PM (571792771)

Last Message ID: 25057

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/03/19 07:34:17 PM (570944057)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4CBF4837-A1AC-4E5D-BB2C-ABBDBD28E3A9

Message: https://www.axios.com/read-trumps-private-leaked-executive-time-schedules-00e9313a-3066-4988-a6dc-711a47de661e.html

Sender: [redacted]

Time: 02/03/19 07:34:17 PM (570944057)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0A5490DC-5ABA-4D45-BA22-A17F52D66051

Message: Brother is out of gas

Sender: e:jeeitunes@gmail.com

Time: 02/03/19 07:48:18 PM (570944898)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA6F075E-602D-4971-87AA-4FE3511665F9

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 05:21:17 AM (570979277)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0F8EACB2-6DD4-4EFD-A395-ABAFD82D6088

Message: https://www.nytimes.com/2018/02/01/science/axolotl-genes-

limbs.html?action=click&module=RelatedLinks&pgtype=Article

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 05:21:17 AM (570979277)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 90707CA7-FC38-4F06-AC46-5B235128D09F

Message: .  Better than cancer cure

Sender: [redacted]

Time: 02/04/19 05:48:02 AM (570980882)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9089C227-19A9-4835-9BD6-947F678C0D82

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 03:10:02 AM (571057802)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC577998-8EAC-4B7B-A52D-F8B3E12BE82C

Message: n his Facebook page, Zuberi indicated that he visited Trump Tower in New York in December 2016 as the president-elect prepared to take office, writing that he was with incoming  That was the same day that a delegation from Qatar, including the county's foreign minister, visited Trump Tower and met with Flynn and campaign chief executive Stephen K. Bannon.

Sender: [redacted]

Time: 02/05/19 03:57:13 AM (571060633)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 41EE5130-BDC3-46EE-8F9B-A401AEB6E9A6

Message: Where is this?

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:00:22 AM (571060822)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 86B50792-BE40-4D6A-9E83-075BABEF6088

Message: https://www.washingtonpost.com/politics/federal-prosecutors-issue-sweeping-subpoena-for-documents-from-trump-inaugural-committee-a-sign-of-a-deepening-criminal-probe/2019/02/04/b6382642-28e5-11e9-8eef-0d74f4bf0295_story.html?utm_term=.6a6bcac26ef9

Sender: [redacted]

Time: 02/05/19 04:06:47 AM (571061207)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A322BD05-0F76-435B-8CF9-99DC10316B9C

Message: That link us to a WaPo article from last year--never attended a meeting with flynn and anybody from Middle East during transition

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:09:23 AM (571061363)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E608D361-56D2-4615-854C-986B6250FDA0

Message: Sorry, the link is to an article from yesterday. Mueller believes inaug committee not in his wheelhouse. So like more to come he's turned it to us attunes

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:09:39 AM (571061379)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5AA6A658-C88F-4598-B0BF-ACD1A946E971

Message: attyns

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:10:17 AM (571061417)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 890A71E8-A671-4F82-90A5-3E950B7AD03A

Message: No trouble for. You but barrack and hbj are starts of the show

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:10:23 AM (571061423)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 26335776-5BAA-4CD1-BEEA-049B66A3257A

Message: Stars

Sender: [redacted]

Time: 02/05/19 04:10:40 AM (571061440)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B83B322F-BB10-42F7-8234-E0B6A556A0CF

Message: I'm saying the link to the graph with me goes back to a may 18 story about qatar and michael Cohen

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:10:57 AM (571061457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E5CCB44B-706A-4F0A-88F4-0AFA8C54152D

Message: k

Sender: [redacted]

Time: 02/05/19 04:11:03 AM (571061463)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CDDED63D-28B6-4F23-9E26-89E2700B4BFA

Message: Barrack won't show well here

Sender: [redacted]

Time: 02/05/19 04:11:17 AM (571061477)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9FFB7F9E-4EEF-4449-914C-756C5A8D7E6F

Message: Gates I'm sure out of control

Sender: e:jeeitunes@gmail.com

Time: 02/06/19 03:12:33 PM (571187553)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 66B4CFC2-6447-4F22-9785-B8A30C09D8E4

Message: I sent you a question

Sender: [redacted]

Time: 02/06/19 09:35:10 PM (571210510)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 386DFEDB-17BF-4B99-A837-9829BEC95D00

Message: https://www.zerohedge.com/news/2019-02-06/senate-investigating-mueller-fbis-prosecution-orgy-island-billionaire-jeffrey

Sender: e:jeeitunes@gmail.com

Time: 02/06/19 10:52:58 PM (571215178)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 223CEEC5-F368-4CFF-8171-B628E2038222

Message: Yes/ wild

Sender: e:jeeitunes@gmail.com

Time: 02/06/19 10:53:22 PM (571215202)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C2BE5A9C-5D39-44C0-BE61-AD220C91E98C

Message: https://www.foxnews.com/politics/doj-opens-probe-into-plea-bargain-awarded-by-trump-official-to-alleged-pedophile-predator-jeffrey-epstein

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 02:08:20 AM (571226900)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 99B07706-DF96-41E8-A848-CA17B8775776

Message: Continue to ignore?  Ann Coulter on hannity/. Attack?  Op ed , ?  Not my skill set

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 02:30:10 AM (571228210)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BA0E5799-F576-487E-B37D-7EFEA882224F

Message: What about the attunes penning something that suggests indignation and lays out some of the facts.  .

Sender: [redacted]

Time: 02/07/19 03:04:47 AM (571230287)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 53FE8467-93AC-47DE-8D7A-6495BE89A73C

Message: That drives it a week

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 03:06:57 AM (571230417)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C20DDFB1-33B5-43BB-B0D0-AB011E452D01

Message: sasse  calling me a child rapist  ,  is nuts!!!  Sorry do. You mean ignore. ,  or responding makes it worse. ?

Sender: [redacted]

Time: 02/07/19 03:31:47 AM (571231907)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6FC95244-260C-4CD9-993B-6A3DE111441C

Message: I think makes it way worse

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 03:32:48 AM (571231968)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 52A78251-4A2B-45F0-A18F-172A388D5935

Message: K,  what about Ken talking directly to sasse

Sender: [redacted]

Time: 02/07/19 03:57:10 AM (571233430)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 051DA927-E4B2-440D-BC7D-362872CE5284

Message: Won't help but yes

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 04:07:41 AM (571234061)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3AD80A9B-06C1-441A-B2A7-394D69E79939

Message: K

Sender: [redacted]

Time: 02/09/19 03:36:01 PM (571448161)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2FE5648B-1E72-44F1-BB1E-6BEA6C0DA02B

Message: I'm in Tucson -- can Chomsky meet tomorrow afternoon???

Sender: e:jeeitunes@gmail.com

Time: 02/09/19 03:37:22 PM (571448242)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4AEC405-ED21-4D8D-A05D-07D7E34778AB

Message: Great. , ill check.

Sender: e:jeeitunes@gmail.com

Time: 02/09/19 03:42:26 PM (571448546)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FBD79915-C925-4B8F-89F4-E9CAB0513C82

Message: irving

Sender: e:jeeitunes@gmail.com

Time: 02/09/19 07:00:09 PM (571460409)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFBA28C2-7753-413D-96F0-CED269677784

Message: Yes, he'd like that. His wife is Brazilian so go gently re bolsonaro. They are friends with Lula . But he is an iconic figure and you shouldn't pass up the chance to talk history and politics. I will connect you on email . So you can coordinate directly .

Sender: [redacted]

Time: 02/09/19 07:25:31 PM (571461931)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DBE311BC-F3F0-4A2F-9D35-D1C8646C9FD9

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 03:03:13 AM (571489393)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A54327D-B222-468C-ACD6-1AF972E974AE

Message: Im very glad that it worked out,  it is better than the apple watch for xmas.
□

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 03:03:55 AM (571489435)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8197E28E-5062-4097-AE3D-D515403C7AD9

Message: you two have more in common than you think,  workers party. Little guy.
History, pr. . etc

Sender: [redacted]

Time: 02/10/19 03:03:58 AM (571489438)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7E8D75A6-FC95-4932-AB1E-03AEF39E68B8

Message: He lives right down the street from my brother

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 03:04:07 AM (571489447)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22619185-3718-4AFE-8714-1DF69059C6BD

Message: Ha

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 01:00:39 PM (571525239)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 620D9F7D-BCB8-4151-9632-C909A61284D8

Message: He will want to know how if you are for the little guys- tax cut health care attack and bolsonari threats to organized workers

Sender: [redacted]

Time: 02/10/19 01:00:57 PM (571525257)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 416801D1-0AF1-45B0-913F-5606193D8A15

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 01:03:38 PM (571525418)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8BAFBCA1-39CF-4BF5-9FAA-294EFDB37DC2

Message: Have fun!!

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 06:23:57 PM (571544637)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BC0AD8E9-F914-47FD-8F1C-931A34A18C8D

Message: Well?

Sender: [redacted]

Time: 02/10/19 06:25:49 PM (571544749)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5B7635E9-FF98-4DE4-AF7C-FDA3034A1081

Message: Great gentleman

Sender: [redacted]

Time: 02/10/19 06:28:13 PM (571544893)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B516ECFD-EE62-4688-836A-6ECEEBB189CE

Message: Love the wife

Sender: [redacted]

Time: 02/10/19 06:29:09 PM (571544949)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D73DB910-3F93-40CE-B2BE-B6F0B3CE2019

Message: 3 hour punch out

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 06:30:04 PM (571545004)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 61C35D3B-AF38-4DE6-8734-B6BF5438881B

Message: Glad you had the opportunity- he could not choose a college major so he created a field from scratch/ linguistic s

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 06:31:17 PM (571545077)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22DACAD9-6979-43E5-8B45-696B46E42D6F

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 02/10/19 06:31:25 PM (571545085)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC55D797-0EDF-47DF-9B66-D3661BDBEE8E

Message: Brilliant--- but short on some basic facts

Sender: e:jeeitunes@gmail.com

Time: 02/10/19 06:31:50 PM (571545110)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9B149179-FF82-4A2A-8117-57AD30BDD481

Message: Agreed almost 90

Sender: [redacted]

Time: 02/10/19 06:33:28 PM (571545208)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B2A20CA7-B070-48BC-96C3-BC783FE32EB2

Message: 3 hours dude@ 90

Sender: [redacted]

Time: 02/10/19 06:33:34 PM (571545214)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0EFB765F-FFF1-494A-B8B0-E0EE6AB6CA8C

Message: I'm wasted

Sender: e:jeeitunes@gmail.com

Time: 02/11/19 08:35:54 AM (571595754)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EDDCD1E6-D198-4134-BA6C-5BF4CDA65353

Message: Im in ny Thursday Friday and Saturday morning

Sender: e:jeeitunes@gmail.com

Time: 02/11/19 08:36:00 AM (571595760)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0FFF7F99-335B-42CD-A7CD-D3FF7F71493B

Message: U?

Sender: [redacted]

Time: 02/11/19 08:36:17 AM (571595777)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DF2B9770-C0F9-4C44-BC9F-7E178C617EC0

Message: All up in air

Sender: e:jeeitunes@gmail.com

Time: 02/11/19 08:36:30 AM (571595790)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0095B895-0356-480B-B0A7-011E416F52A5

Message: How unusual:)

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:22:36 AM (571674156)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DD76ADA-729D-4F7E-962E-3DA478E568BD

Message: Pompeo was with miro inslovakia

Sender: [redacted]

Time: 02/12/19 06:22:58 AM (571674178)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 62F0865B-FC09-40A9-AF06-00F5238A3FA6

Message: Today???

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:23:15 AM (571674195)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C6A75887-C5ED-49BB-B01A-93D4076E8638

Message: Yes

Sender: [redacted]

Time: 02/12/19 06:23:31 AM (571674211)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 520734D8-2C3D-4478-8F4C-76CD4E62D1CA

Message: Very cool

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:23:48 AM (571674228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53A5DD0C-B002-42AE-8492-FBFCD1B97932

Message: So complex.  wow

Sender: [redacted]

Time: 02/12/19 06:26:37 AM (571674397)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 017F9D06-2771-46B0-9F00-55112A36AD63

Message: u revel in complexity

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:26:48 AM (571674408)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CD2072C3-1C60-4971-B688-D1BC027212B0

Message: So true

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:42:18 AM (571675338)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2983A9A-81C2-4786-88CC-303F89C4B80F

Message: I had a briefing that was  one holy shit after another.  Wild times. Everyone angry distrustful. Looking for daddy

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 06:43:27 AM (571675407)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 09580040-80A2-4A20-97BD-4426C8AEF96F

Message: America pulling out from authority role is like the teacher leaving the classroom with all boys high school.  .  fights name calling all old suspicions raised to the fore

Sender: [redacted]

Time: 02/12/19 07:15:36 AM (571677336)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 662097D7-E9E1-4448-83C5-5A2D35B11356

Message: But America ain't pulling out-- just making ourselves a priority

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 09:43:22 AM (571686202)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5FCB7705-F772-493C-B339-AD12E7B224C4

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 02/12/19 09:54:45 AM (571686885)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 66405E46-175D-4745-9135-6C829DC07A3E

Message: Epic

Sender: e:jeeitunes@gmail.com

Time: 02/13/19 07:43:27 AM (571765407)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 40A00214-1B28-4F5B-A0E5-725B2C6C2035

Message: Weingarten coming for breakfast sat , if you are around,  I'm here until sat non

Sender: e:jeeitunes@gmail.com

Time: 02/13/19 07:43:29 AM (571765409)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1193B88C-9C67-44AB-955D-24BAD0971F09

Message: noon

Sender: [redacted]

Time: 02/13/19 07:45:51 AM (571765551)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C2EDE11A-45B4-4F74-93AD-4AD9AAB97542

Message: What time breakfast

Sender: e:jeeitunes@gmail.com

Time: 02/13/19 07:46:02 AM (571765562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4A9BEA3-BA7D-47D5-BC21-5924B2E16EC9

Message: 9

Sender: e:jeeitunes@gmail.com

Time: 02/13/19 01:58:15 PM (571787895)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E19B37E2-D738-44DD-949D-575CA4F6A1BA

Message: u aorund?

Sender: [redacted]

Time: 02/13/19 03:19:31 PM (571792771)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3F0140CB-C2ED-43A1-8F2F-B5B045A95D29

Message: DC

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-25\[redacted] on 2019-02-12 at 06.29.59.ichat

Service: iMessage

Start Time: 02/25/19 05:04:24 PM (572835864)

End Time: 02/25/19 08:49:24 PM (572849364)

Last Message ID: 25553

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 05:04:24 PM (572835864)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A1C2D1E-0644-46B0-9096-AE428DE0F843

Message: You around?

Sender: [redacted]

Time: 02/25/19 06:10:23 PM (572839823)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 71097128-520C-4914-93FE-7A8DF9877419

Message: Hey I am Abu Dhabi and Dubai this week watching the hypocrisy from a distance!

Sender: [redacted]

Time: 02/25/19 06:10:31 PM (572839831)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 0C0E4AB5-4E06-4904-8D34-A445888A3834

Message: I am back Monday

Sender: [redacted]

Time: 02/25/19 06:10:49 PM (572839849)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 503AF2CB-C265-4135-A076-6F4EF4B9A981

Message: Are you in NYC next week?

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 06:16:39 PM (572840199)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD297D2A-292C-4D58-83F9-F6711166962F

Message: maybe  hope you are having fun

Sender: [redacted]

Time: 02/25/19 06:17:50 PM (572840270)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9CA5D37A-93DF-42FC-8269-02F61A081FB1

Message: This is never that much fun! I took the kids to Anguilla last week they was fun! I am sure that you are doing great. The world has gone nuts.

Sender: [redacted]

Time: 02/25/19 06:24:24 PM (572840664)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B1D6DAC9-6DA5-43FE-BC25-D9A98AE34B6A

Message: The biggest hypocrites are the cardinals!

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 06:28:33 PM (572840913)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76A47000-5B2E-49FA-9E28-A984F4D80C73

Message: wild

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 06:28:57 PM (572840937)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7C91E6A1-4B81-4FB1-9B90-03C47147FD8C

Message: michael cohen testifying at the same time trump is with kim?  wow

Sender: [redacted]

Time: 02/25/19 06:29:23 PM (572840963)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D76E0497-9914-472A-A8FA-0F271939917E

Message: Trump planned that so that it was drowned out by the news cycle

Sender: [redacted]

Time: 02/25/19 08:49:24 PM (572849364)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CFC0B96C-98D0-4F13-B995-9A7E8F15FA30

Message: The Australian Cardinal could be the worst.

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-26\[redacted] on 2019-02-25 at 21.17.38.ichat

Service: iMessage

Start Time: 02/25/19 06:17:38 PM (572840258)

End Time: 02/26/19 12:11:33 PM (572904693)

Last Message ID: 25571

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/25/19 06:17:38 PM (572840258)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B10F79B-24F3-4334-B215-D60CF6AC5F2A

Message: If you do an interview it can't be like 'Johnnie does a utube'-- has to be amazingly professional and perfectly cut

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 06:21:27 PM (572840487)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 96567BFD-BAB0-462A-B195-DA3DFD76C24A

Message: woody said he would help edit. not sure how to stage, what points to make. but better than trying to do an interview that i have no experience doing. goal to himanize the monster. anything written carries iittle weight. tomorrow the juxtopsion of michael cohen testifying while trump is with kim is wild

Sender: [redacted]

Time: 02/25/19 06:23:00 PM (572840580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 68480998-7244-4389-87CA-4A1D72341925

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 06:24:58 PM (572840698)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F0ED66DC-D2FC-4B6A-95FC-6415527AF999

Message: should it be in an interview format. ? interviewed by ? or just me? speaking to the camera. humor ? apology? how did i get rich. ? topics?

Sender: e:jeeitunes@gmail.com

Time: 02/25/19 09:57:09 PM (572853429)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5DCD53D2-C8BA-4BC6-8405-2B949FF52567

Message: feeling better?

Sender: e:jeeitunes@gmail.com

Time: 02/26/19 03:03:33 AM (572871813)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F5963041-F578-43E4-8455-1147517453E3

Message: https://www.nytimes.com/2019/02/25/us/politics/alexander-acosta-resign-calls.html?action=click&module=Associated&pgtype=Article&region=Footer&contentCollection=The%20Trump%20White%20House

Sender: e:jeeitunes@gmail.com

Time: 02/26/19 05:30:49 AM (572880649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 529626E6-5FB8-4938-A9B5-B2FC4CA28239

Message: how r u

Sender: [redacted]

Time: 02/26/19 06:05:40 AM (572882740)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 31B43172-C8D6-4603-BDF9-F23AA39B8E8D

Message: Better

Sender: e:jeeitunes@gmail.com

Time: 02/26/19 06:06:26 AM (572882786)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 97399BC9-8368-440F-9500-DA0751FD1BC0

Message: glad

Sender: e:jeeitunes@gmail.com

Time: 02/26/19 12:11:33 PM (572904693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 25CEA8A5-D29F-4749-9F73-08C64C1759DF

Message: One of the most important facts for the public seems to be the girls used the agreement to get money and only after then tried to have it voided

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-27\[redacted] on 2019-02-27 at 07.55.00.ichat

Service: iMessage

Start Time: 02/27/19 04:55:00 AM (572964900)

End Time: 02/27/19 08:14:54 PM (573020094)

Last Message ID: 25663

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/27/19 04:55:00 AM (572964900)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E16EF7AF-1B9C-4E41-BED3-BC93A7E203EA

Message: He'll talk about his grades

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 04:56:11 AM (572964971)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A4E275B9-271D-42EC-A6AE-4339D4601667

Message: what privilege stands behind the none release of college transcripts? □

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:02:58 AM (572972578)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3E7C2A92-D63D-4D91-8734-23709303B20B

Message: Great outfit

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:22:08 AM (572973728)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76426F42-04B1-45CD-B4A7-CEE4B8B343DD

Message: You look great

Sender: [redacted]

Time: 02/27/19 07:22:24 AM (572973744)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FCBE738-3D79-4939-989F-DEC095D784DA

Message: Thanks!

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:41:42 AM (572974902)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8FD4DCDD-87AE-475E-860E-1346E9D9D6B2

Message: Are you chewing

Sender: [redacted]

Time: 02/27/19 07:42:05 AM (572974925)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1D6EDBE0-437D-477D-A1A5-8EDC867ECCC8

Message: Not any more

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:42:15 AM (572974935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BDB8DA0A-D06A-42A9-B7B7-5C11BA6BEFA1

Message: :)

Sender: [redacted]

Time: 02/27/19 07:44:54 AM (572975094)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4BB520CD-4EFF-4B4A-A6DB-7FCED3CFCE45

Message: Chewing interior of my mouth. Bad habit from middle school

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:45:38 AM (572975138)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A66020B-E39D-4FE4-BE8C-AC162755DE60

Message: Sweet

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 09:25:36 AM (572981136)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7AE4B76F-91E7-4CDE-ACCB-A38C32E40045

Message: Hes opened the door to questions re who are the other henchmen at trump org

Sender: [redacted]

Time: 02/27/19 09:26:15 AM (572981175)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C47D56D3-9C10-41FA-BEC2-643964FC7F85

Message: Yup. Very aware and waiting my turn

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 09:50:02 AM (572982602)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 38933E59-820C-4F52-9A74-D4A3A86C6CF3

Message: How much longer for you

Sender: [redacted]

Time: 02/27/19 09:50:36 AM (572982636)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1E15DD25-C04C-46C2-BFCF-44E6781773A8

Message: Hours. Go to other mtgs

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 09:57:55 AM (572983075)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 799AF8A4-80E4-4B49-92BD-21D0CB716AF5

Message: Thx

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:24:25 AM (572988265)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D544208-6C75-47A1-A7E3-915C14443FCD

Message: Cohen brought up RONA - keeper of the secrets

Sender: [redacted]

Time: 02/27/19 11:25:00 AM (572988300)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 51AFF675-9AF3-4D96-BB0F-97AA390554FA

Message: RONA??

Sender: [redacted]

Time: 02/27/19 11:25:41 AM (572988341)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 110C0450-08FF-4A46-960B-7744F9A0CBD8

Message: Quick I'm up next is that an acronym

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:26:07 AM (572988367)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E9AFF26-5F56-4A7B-8518-8CE7BE0E1B35

Message: Thats his assistant

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:26:18 AM (572988378)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92113168-10DE-4485-985B-0A3D1051AD3E

Message: Rona

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:27:03 AM (572988423)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05C23DF8-E908-4892-B399-B94A818F3DD1

Message: "She called out rodger is on line 1" corroborater

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:34:43 AM (572988883)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22729FF3-691B-415C-ACBE-5F47FD50D4E5

Message: Good work

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:59:50 AM (572990390)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A10A4F49-5D6A-4162-9AB0-56C78C512F54

Message: Financial statement exhibit???? Wild

Sender: [redacted]

Time: 02/27/19 12:12:00 PM (572991120)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7B78AA8-7DFC-473D-9B73-7F772CE9CD9C

Message: Wild!!

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 01:19:29 PM (572995169)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 869E18BC-0F91-4D08-8CB1-E35E70617455

Message: The titles of each section are misleading. It talks about asset value, and then related loans. And then loans payable. These are all tricks

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 01:20:09 PM (572995209)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 36293000-88A9-4F06-9D07-6D65C17B7410

Message: Assets owned less than 100 percent? Operating property?

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 02:26:46 PM (572999206)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DCE20201-73B2-4DCB-BD97-CF819AA40A51

Message: What were your takeaways?

Sender: [redacted]

Time: 02/27/19 02:42:54 PM (573000174)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 046E4F5D-73D4-4689-BF26-EE41B662DE75

Message: Thinking.

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 07:00:10 PM (573015610)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 30400607-2686-4676-BCF1-1DF9D6005588

Message: Was it fun

Sender: [redacted]

Time: 02/27/19 07:06:15 PM (573015975)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D7678BD4-21F6-45AA-8A5C-4B2AF3B16368

Message: No

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 08:11:45 PM (573019905)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0295D722-A710-4BE2-9C93-D101D97596B7

Message: were you surprised by the rabid republican defense

Sender: [redacted]

Time: 02/27/19 08:14:54 PM (573020094)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 54762CB4-2482-4F63-9CE1-501E493C929A

Message: Of course not

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-03-31\[redacted] on 2019-03-31 at 13.01.19.ichat

Service: SMS

Start Time: 02/24/19 12:18:52 PM (572732332)

End Time: 03/31/19 10:01:19 AM (575744479)

Last Message ID: 26840

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:, [redacted]

Messages -

Sender: [redacted]

Time: 02/24/19 12:18:52 PM (572732332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E8FC437F-030C-41DA-80FD-A4EC27724A03

Message: Did you land?

Sender: [redacted]

Time: 02/24/19 01:00:25 PM (572734825)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D09D093-23B5-4A69-AB74-6ACBF9FBF645

Message: Want to come over for the Oscars and dinner?

Sender: e:jeeitunes@gmail.com

Time: 02/24/19 01:39:59 PM (572737199)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55FF1598-F158-4751-8C0E-84A1482E2405

Message: No thx

Sender: [redacted]

Time: 02/26/19 09:19:04 AM (572894344)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 676F9617-D794-47B2-9987-8769F88AD464

Message: Catherine Shimonys mom died... just FYI

Sender: e:jeeitunes@gmail.com

Time: 02/28/19 12:41:59 AM (573036119)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D7D7D5F-2E32-4E08-84BA-8F9A8FC7DBA7

Message: sorry its been so  busy

Sender: +[redacted]

Time: 02/28/19 06:39:36 AM (573057576)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0A137F29-5A90-4598-A279-CAE8D59DEAAE

Message: No worries I understand

Sender: [redacted]

Time: 03/01/19 01:51:44 PM (573169904)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2BE3AD60-04B4-43C1-AFB4-8AAB4D1CB4C3

Message: Do you want to come over for dinner tonight?

Sender: e:jeeitunes@gmail.com

Time: 03/01/19 03:41:17 PM (573176477)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D6A85C27-8C25-489A-99EA-B222B5261A28

Message: No thx. Call if you are free

Sender: +[redacted]

Time: 03/01/19 04:25:37 PM (573179137)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 919E5F15-49D0-4747-98C6-FBDC1A2882A1

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 03/01/19 05:01:31 PM (573181291)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FFF50699-8AF5-4783-9F79-696DFFC6F8F5

Message: Glenn last week

Sender: [redacted]

Time: 03/12/19 09:16:23 AM (574100183)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E167EE83-7160-48C2-87AA-B8312A5576EF

Message: How are you?

Sender: [redacted]

Time: 03/12/19 09:16:28 AM (574100188)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2BAB76BB-24B5-4AFA-A583-06110E5C11C4

Message: □

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 09:17:31 AM (574100251)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C81B9FC5-1324-4A6A-B2C0-F1B83853DB04

Message: its sooo wild to hear my name at the White House press conference . At some point the truth will come out. But. Until then. Wow

Sender: [redacted]

Time: 03/12/19 09:18:28 AM (574100308)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2983DDE3-743A-432E-90B0-C552FADDB2CB

Message: So crazy. People have nothing better to do than make up wild stories. Especially considering who is leading this country right now □

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 09:18:46 AM (574100326)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7B0A7D13-2ED5-4819-A02F-D49AD69B68DD

Message: https://www.thedailybeast.com/billionaire-pedophile-jeffrey-epstein-funded-womens-empowerment-entrepreneur-lana-pozhidaeva

Sender: [redacted]

Time: 03/12/19 09:20:24 AM (574100424)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3693AA8E-5189-437E-82F1-A2FDB3223E03

Message: □□

Sender: [redacted]

Time: 03/12/19 09:20:27 AM (574100427)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3D7F15BC-9FF1-49CE-B1E5-52F2BBB7DCDA

Message: The daily beast

Sender: [redacted]

Time: 03/12/19 09:20:42 AM (574100442)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9A49C521-D0FB-46DB-B51E-6AA01D6F0EF4

Message: People are so crazy!!! Why don't they spend time learning about important things like science

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 07:50:49 AM (574613449)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2513B764-4398-4DEA-A6A8-7CDDE53A4EDB

Message: its impossible that less than two more weeks till you birthday  wow

Sender: [redacted]

Time: 03/18/19 07:54:19 AM (574613659)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 56505D3B-AA44-4C72-AB4A-62F9EF3910CF

Message: 24!!!

Sender: [redacted]

Time: 03/18/19 07:55:20 AM (574613720)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FA7E9E16-1FF3-4F14-872D-9CC81A58C859

Message: Best day of the year because i can eat birthday cake for breakfast

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 07:56:20 AM (574613780)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D1D2F9A4-8D7C-46D0-A38C-034DF81BFFA8

Message: i believe in birthday cake. everyday

Sender: [redacted]

Time: 03/18/19 07:57:20 AM (574613840)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 294B1B47-D73E-4238-B3D4-FF9FAD27C2EA

Message: □□

Sender: [redacted]

Time: 03/18/19 07:57:50 AM (574613870)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9BFA47D1-F86B-4EC7-996B-FAEE9F8F5AD0

Message: What's the latest? Do you think they're going to unseal the documents or what is happening?

Sender: [redacted]

Time: 03/18/19 07:58:03 AM (574613883)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F010B0AE-6694-4133-89CE-0FA52265DFD8

Message: It's all so crazy □□

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 07:58:39 AM (574613919)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D4C1EFF-D99D-464E-9BF7-6791E07848F5

Message: it will be awhile.  no big deal.  it is press.  not physical.  no cancer it is gossip.  renaldo  a real creep

Sender: [redacted]

Time: 03/18/19 07:59:17 AM (574613957)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C24AF24E-B16D-48AE-958C-8EB8085AE20E

Message: He is the worst!!!

Sender: [redacted]

Time: 03/18/19 07:59:26 AM (574613966)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 46AAE62A-6287-4495-8CA6-36837F09E8B8

Message: Do you think anything will come of it or how does it work?

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 07:59:51 AM (574613991)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2D17EB79-08F3-4D9A-8CFE-155CF8BDCD19

Message: no,  just more gossip/

Sender: [redacted]

Time: 03/18/19 08:01:10 AM (574614070)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 708E431C-09CF-42C8-BB80-F1BA00794829

Message: So crazy. They are trying to implicate so many people!!! I don't understand what they are trying to get from this

Sender: [redacted]

Time: 03/18/19 08:01:20 AM (574614080)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A848179C-B5B1-46D3-8EA6-EF1A2DCA6AE7

Message: I guess people are just bored and hate trump

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 08:02:03 AM (574614123)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB1348FC-B11B-4260-BF78-849F86BFBB74

Message: yup

Sender: [redacted]

Time: 03/18/19 08:02:38 AM (574614158)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2616AE30-3E71-4BB9-8BCF-E15D76876964

Message: It will all blow over □□□□

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 08:03:21 AM (574614201)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C2299A6-AE9C-4C5B-9286-378C17744DF8

Message: yes,  mueller report,  wientstein trial and dem primary debates.  in june , so quiet

Sender: [redacted]

Time: 03/18/19 08:23:12 AM (574615392)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1330F459-98F9-43C7-AEB5-C83228A28752

Message: Oh yeah... nothing ever came of those... crazy how everyone moves on

Sender: [redacted]

Time: 03/18/19 08:23:24 AM (574615404)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 396EA5C5-9A91-4F34-ABDD-29236C3C31EA

Message: The college scandal I bet will be gone by next week

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 08:24:16 AM (574615456)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E6CCF7F-AEB5-4DD9-9139-447C0B4628B6

Message: no the college scandal will grow . everyone hates the rich. i have a new idea for you bd present

Sender: [redacted]

Time: 03/18/19 08:24:37 AM (574615477)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F9E12FA7-01BB-4198-AA7A-373187ECBA31

Message: That'll be a good distraction then □

Sender: [redacted]

Time: 03/18/19 08:24:42 AM (574615482)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DC31D00A-B715-4DDF-97B0-59B07FB7FA06

Message: What is the idea??

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 08:26:20 AM (574615580)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D8544461-DAA9-4736-AC9A-49D7E43E5923

Message: you are receiving 30k in amex gift cards. or I think it much better thet you have your own credit card and start building a good credit history . so you can have money wired into your own account. and no one gets to review what you do with it. I prefer you have total privacy

Sender: [redacted]

Time: 03/18/19 09:11:55 AM (574618315)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E7047FF-6D47-4574-B407-0C14A7C24BF4

Message: I love both ideas .. I feel like it is difficult to set up my own credit card until I make my own money right ??

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 09:27:50 AM (574619270)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A3799CB-578D-45E4-B6D7-37EA2BD0AB7A

Message: no,  its a very good idea to start now.  the fact that you are in medical school will help.

Sender: [redacted]

Time: 03/18/19 09:28:41 AM (574619321)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5A8CA953-89FA-4FE3-B735-1974025CAE8A

Message: Okay I like it! I do have my own account…but I think it is debit not credit

Sender: [redacted]

Time: 03/18/19 09:28:44 AM (574619324)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F5A1A6A0-3BDE-4D93-8D5E-832DBB20FE30

Message: Which is different right?

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 09:31:19 AM (574619479)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 46E8229D-6B85-4FF1-A563-F16F268F91F5

Message: yes,  you should apply for a visa  CREDIT card  .

Sender: [redacted]

Time: 03/18/19 09:31:33 AM (574619493)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A45321BF-3708-4108-B02E-7ABE74214CD2

Message: Okay sounds good. I will do that this week □ □ and will let you know

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 09:32:00 AM (574619520)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76DE7A54-1265-4966-A58D-AB3FE5285854

Message: its possible that they will need a balance so we will deposit money  etc

Sender: [redacted]

Time: 03/18/19 09:32:15 AM (574619535)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 04D2B05C-412F-462A-8FB5-456FE12C803C

Message: Okay will let you know!!!

Sender: [redacted]

Time: 03/18/19 09:32:18 AM (574619538)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9089B3AC-4A9D-4049-BF5F-102204A0B467

Message: Its a great idea □

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 01:19:11 PM (574633151)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F634C28-D5EC-4C8F-BE1B-129E33A67E58

Message: My new disguise to avoid paparazzi

Sender: e:jeeitunes@gmail.com

Time: 03/19/19 05:08:18 AM (574690098)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F5778B22-B5D9-4C7B-80EF-EB692DB0FD65

Message: found this yesterday

Sender: [redacted]

Time: 03/19/19 05:23:30 AM (574691010)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09F24F30-3499-45CD-B6D2-1BF4599376A8

Message: So young!! No sweatpants!

Sender: [redacted]

Time: 03/23/19 09:29:42 AM (575051382)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DE4581D7-0F40-4964-A81A-3B96290B735E

Message: House looks amazing  I googled it!! We will come and visit you

Sender: e:jeeitunes@gmail.com

Time: 03/23/19 11:36:36 AM (575058996)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C9A25099-928F-4766-B644-FBDA033226E4

Message: http://www.flexmls.com/cgi-bin/mainmenu.cgi?cmd=url+other/run_public_link.html&public_link_tech_id=1g1zxeaghdm m&s=6&id=1&san=44630&cid=1

Sender: [redacted]

Time: 03/23/19 11:38:24 AM (575059104)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 051527DE-4951-44EF-AC63-F07C001AC26C

Message: I remember that house!!!!!

Sender: e:jeeitunes@gmail.com

Time: 03/23/19 11:38:37 AM (575059117)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 365F3A7A-995C-4F42-98F6-4737E0742CF7

Message: Exactly !!!!

Sender: [redacted]

Time: 03/25/19 03:20:25 PM (575245225)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 556F2614-2F37-4E13-818B-3C0BB0B73943

Message: https://nypost.com/2019/03/25/avenatti-is-actually-the-fraud-con-man-he-accused-trump-of-being/?utm_campaign=iosapp&utm_source=message_app

Sender: [redacted]

Time: 03/25/19 07:42:53 PM (575260973)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 5842B582-6CF1-4E06-AD70-68CFABB7F6BE

Message: https://nypost.com/2019/03/25/michael-avenatti-charged-with-trying-to-extort-20m-from-nike/?utm_campaign=iosapp&utm_source=message_app

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 09:49:04 AM (575570944)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33D4C50F-DFC7-4B4E-BD6D-D745ECA9D3A1

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 09:49:23 AM (575570963)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2AC9AF96-961A-4E6F-BF01-724888C930D3

Message: I sent you your bd present

Sender: [redacted]

Time: 03/29/19 09:52:47 AM (575571167)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B8EE8F8A-94AE-48E3-8449-5E3C800E6D6D

Message: Master of disguise!

Sender: [redacted]

Time: 03/29/19 09:52:51 AM (575571171)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F76F8953-CFE4-4202-BFC4-1351EC2DAAA9

Message: Are you in Paris?

Sender: [redacted]

Time: 03/29/19 09:52:56 AM (575571176)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2E4E280-E524-4B3B-B96F-C249A556131F

Message: Excited for my present…THANK YOU!!!!!

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 09:58:48 AM (575571528)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E289A9C-F3AA-4C29-9E32-658036BBBD0C

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 08:34:48 AM (575652888)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C6BF367-E58E-4B23-8D66-86AD5BECE5ED

Message: He built the pyramid

Sender: [redacted]

Time: 03/30/19 10:17:22 AM (575659042)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E5B6662C-F537-4BB7-82B3-3751FFC7FC34

Message: THANK YOU FOR My PRESENT!!!!!!!

Sender: +13108737937

Time: 03/30/19 10:17:23 AM (575659043)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D4E23F4E-17DA-4C51-A871-FC2C8349C181

Message: 100%

Sender: [redacted]

Time: 03/30/19 10:17:30 AM (575659050)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D7C80AEF-CCC0-4872-BCF1-918177A50B0C

Message: Will have so much fun

Sender: [redacted]

Time: 03/30/19 10:17:40 AM (575659060)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A42AA571-1506-4876-B84A-79767BE6AEEA

Message: Who is the guy in the pic?

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 10:56:22 AM (575661382)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2C7D57A2-23DD-4592-BE3E-6417BEA36F94

Message: Jacques Lang

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 11:00:55 AM (575661655)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0D7D4B15-6BC5-499F-82A0-E4B7C4660557

Message: Or do you mean me

Sender: [redacted]

Time: 03/30/19 11:02:58 AM (575661778)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 528DA9F9-C847-465F-81EA-DEFB5612BC8E

Message: Both!

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 02:55:13 PM (575675713)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB712E15-4C96-4CE5-B00F-1EF917427824

Message: What will you do for your birthday

Sender: [redacted]

Time: 03/30/19 03:02:26 PM (575676146)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B4A3FDA1-5719-4D53-9F75-B435B47179FC

Message: In north salem with Jordan maya and clay... mommy and poppy in the city with grandma

Sender: [redacted]

Time: 03/30/19 03:02:36 PM (575676156)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B61FBB55-141B-4F4A-8435-54A3C4BCB295

Message: I'm having 25 friends over for dinner tomorrow night

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 03:04:50 PM (575676290)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1F20AA63-18BA-4F9D-90BB-81D7DD37F845

Message: Yum

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 08:29:37 AM (575738977)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89C400A3-9119-4E79-A856-0050AABA5BEB

Message: Having a good day?

Sender: [redacted]

Time: 03/31/19 08:34:58 AM (575739298)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF1275F0-4FDF-4C9B-A56F-84BFE5313DBB

Message: Great day :)

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 10:01:19 AM (575744479)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B96D106F-F5C2-401A-8DC6-0ED71F54F3EC

Message: Glad

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-20\[redacted] on 2019-05-17 at 11.41.39.ichat

Service: iMessage

Start Time: 05/09/19 05:55:44 PM (579142544)

End Time: 05/20/19 07:32:56 PM (580098776)

Last Message ID: 29287

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/09/19 05:55:44 PM (579142544)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 63BB99BF-67BC-434B-897E-A843740359D2

Message: https://nypost.com/2019/05/09/billionaire-pedophile-jeffrey-epstein-illegally-building-virgin-islands-compound/

Sender: e:jeeitunes@gmail.com

Time: 05/09/19 06:39:40 PM (579145180)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48F65572-C11F-41BA-9C43-06E198F24EE7

Message: Underwater office ? How nuts are these people

Sender: e:jeeitunes@gmail.com

Time: 05/09/19 06:45:48 PM (579145548)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88467E2A-6405-4C42-99F8-E2353C723826

Message: Have you seen the tv episode fbi - bain the rascist

Sender: [redacted]

Time: 05/09/19 08:59:32 PM (579153572)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 18C93019-0A20-4122-A8F6-AB4F70DE3F1B

Message: No

Sender: e:jeeitunes@gmail.com

Time: 05/09/19 11:13:19 PM (579161599)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B61BCDF-A4C0-436D-9865-003A024A28C5

Message: Fbi episode 12

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 07:29:20 AM (579191360)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D11787BD-AE30-4714-98D4-3465A28EBB00

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 05/10/19 07:35:05 AM (579191705)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D8778A37-CF16-4695-9024-25D0837D62B3

Message: Wow-- not cool

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 07:35:29 AM (579191729)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91603FE0-A9EB-44E8-B8E6-88BE55832C2B

Message: Download. And see how very very not cll

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 07:35:32 AM (579191732)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 82DFD3FE-C124-4B94-BF0C-2E2D0C01A4EC

Message: cool

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 07:36:54 AM (579191814)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 587F38EE-AE00-4400-9A23-0288AAAA4537

Message: Clearly - you , protest signs . School  views and all

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 08:11:05 AM (579193865)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F75476DA-C910-49B4-A182-910649C77BE8

Message: Fyi,  just got a call from James Watson. Who said he wanted to let me know that he made 91 years old ,  if nothing else to stick it in the face of those that hoped he and his unpleasant facts would have died

Sender: [redacted]

Time: 05/10/19 09:00:47 AM (579196847)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A05B9C54-393D-4ABF-B6CC-C6ADAFEC7B8D

Message: Wow

Sender: [redacted]

Time: 05/10/19 09:00:59 AM (579196859)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8E4FEB8A-1593-4ACF-B9A0-39A12E4E605E

Message: Is he in good enough shape for us to film??

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 09:01:08 AM (579196868)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C0A842A8-2EE7-4624-B39B-986D164FE6B0

Message: Think so

Sender: [redacted]

Time: 05/10/19 09:19:21 AM (579197961)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 66ACCF7F-BEF6-42FF-90EA-00FE84AA8BC2

Message: Where does he live ???

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 09:22:37 AM (579198157)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D2168E1-84DE-4928-9890-2F78EF90DF39

Message: Ny

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 01:37:10 PM (579213430)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 24152FAE-4862-4956-8CA2-0B6259EE674A

Message: http://fortune.com/2019/05/10/china-stock-market-trump-trade-tariffs/

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 07:51:55 PM (579235915)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C02B6D6E-5826-4F98-BEF5-63798EAC5103

Message: https://www.reuters.com/article/us-usa-iran-shipping/u-s-warns-merchant-ships-of-possible-iranian-attacks-in-middle-east-idUSKCN1SG1MX

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 11:42:57 PM (579249777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B2BF3AF-D906-459A-8A70-D03EB4E69D74

Message: Are your meetings set

Sender: [redacted]

Time: 05/11/19 04:09:44 AM (579265784)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: BD4A442C-D233-4259-8CB3-695FF0C940B6

Message: Yes-- Terje before and afterward and with them Sunday afternoon

Sender: e:jeeitunes@gmail.com

Time: 05/11/19 04:15:05 AM (579266105)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D95E1BBC-E091-40A1-80EF-44DB53204228

Message: I suggest focus on Europe . Salvini orbahn, movement.etc very Mild- cassens likely to get HUGE judgement but will take time and bad press along the way . Stay away from ... . I want you to be seen as trusted advisor rather than spook

Sender: e:jeeitunes@gmail.com

Time: 05/11/19 04:16:24 AM (579266184)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6542C8B6-2DC9-44D6-92E1-D91407EF9775

Message: Recall you are their worst nightmare. - working class in their country , no rights. zilch

Sender: e:jeeitunes@gmail.com

Time: 05/11/19 04:18:12 AM (579266292)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5163718F-A8D1-43BD-AC71-B16A876E3C29

Message: Their focus is Iran, and finding money

Sender: e:jeeitunes@gmail.com

Time: 05/11/19 07:42:22 AM (579278542)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 173CB026-4E46-47A6-853B-A0181D6F1A3F

Message: https://www.nbcnews.com/news/world/u-s-sending-patriot-missile-system-another-warship-middle-east-n1004616

Sender: [redacted]

Time: 05/11/19 08:05:53 AM (579279953)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 052F2417-2F01-4D73-BB4D-98DCFA46FEF3

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 05/11/19 08:06:58 AM (579280018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B662794-6CCB-4C7A-B09E-4978582C8B03

Message: You can give him insight into pompeo and bolton

Sender: [redacted]

Time: 05/11/19 08:10:24 AM (579280224)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B540FD69-C520-41D4-A196-B967F5BDE205

Message: Easy

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 03:49:31 AM (579350971)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 82737589-4BF6-49CD-8750-7BF7C6EFB5AE

Message: Norway fun?

Sender: [redacted]

Time: 05/12/19 03:50:25 AM (579351025)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 44411F96-17A0-4114-B760-F733F005FD39

Message: Incredible, very bizarre how I was greatest by the right-- pretty amazing

Sender: [redacted]

Time: 05/12/19 03:51:25 AM (579351085)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 868CBBF4-80EB-4001-9E76-4E9AA1EE1AF4

Message: http://www.chinadaily.com.cn/a/201905/12/WS5cd7024da3104842260bb23f.html

Sender: [redacted]

Time: 05/12/19 03:51:25 AM (579351085)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9E3FD0F0-3D52-413D-9CC5-48DF0EB7C624

Message: There was never a deal to do

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 03:58:25 AM (579351505)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8AB1611B-0E31-49A8-9E6F-8D92DDBD2396

Message: You guys think theyre smart. . the talk in fortune cookie language. And wash Is mesmerized . Silly The purpose decides everything," Liu said, in English.

Sender: [redacted]

Time: 05/12/19 03:59:00 AM (579351540)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 18717417-6F40-45F4-A106-AB4FEE8BC448

Message: we will now break them-- watch

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 03:59:56 AM (579351596)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 299EFAA9-3011-41B9-9A49-0DFBC16AD866

Message: Now you and WWF . Systems don't break . Things do

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:04:27 AM (579351867)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8D4E9E5-D687-4AF1-99F4-A42B09389DA3

Message: They have North Korea, 3 trillion in reserves. People that work 29 hours per day. A command structure that is efficient. Not sure what breaking them means. They will give in , after making many new friends.

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:04:57 AM (579351897)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E37644A-EAD5-4ECE-AFEA-68C646DA83F0

Message: And focusing on trade is a diversion that they love

Sender: [redacted]

Time: 05/12/19 04:05:47 AM (579351947)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A9836CBB-7CAC-45AF-B021-DD4F47172FB3

Message: Its a group of peasants trying to run a world economy-- Xi barely has high school education , completely panicked when they read thru the deal-- already leaking oil

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:07:00 AM (579352020)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FED936E-36AE-4D1A-8A7B-F0412E051F7F

Message: My meeting the other day was around how these peasants looked into their own systems , found the nsa cybertools that we had inserted and then used them against us interests. .

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:08:01 AM (579352081)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F994D468-C98F-462F-B33F-4E6C4D853033

Message: ohh. Yes. , I forgot. We have Steve Mnuchin , and ludlow , ")

Sender: [redacted]

Time: 05/12/19 04:09:31 AM (579352171)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 89942DAE-2A75-4F7A-B9DB-EDD05FCB9A78

Message: They are perfect IT automatons I get that-- can't make complicated decisions under pressure-- the key to victory-- think midway

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:11:46 AM (579352306)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8E135DFD-B5AE-4146-8B12-0F1FCF8D9770

Message: Yes when midway occurred they were still eating rats for breakfast. Literally . I guess you could argue ,we broke the whole neighborhood. . South Korea , Japan and china / . Long game

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:13:28 AM (579352408)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6184704C-91ED-47AB-9949-4635CD6E0E07

Message: They sent their soldiers to be educated by us, took our money, our tech, and look back to midway with a smile

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:14:13 AM (579352453)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E7C64712-1B66-4C48-A0F3-C06214DCF45F

Message: Always show weakness , exagerate it. First chapter art of war

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:15:12 AM (579352512)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD2F8564-6EA0-4997-9EC7-892D5C4D132E

Message: That's why a military display makes sense. Let them and others see, daddys. Spanking paddle

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 04:16:02 AM (579352562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 78C81316-4D0C-40E9-9EAD-384F3FE7556B

Message: And its willingness to use it

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 09:56:18 AM (579372978)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8704703-CE95-4170-94D0-ADE49261AB28

Message: Fun?

Sender: [redacted]

Time: 05/12/19 10:12:17 AM (579373937)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A242CC2C-DF86-4D55-A3A4-36B8E4870E9E

Message: Smart guy-- he was one of the guys who pulled Riyadh off

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 10:13:29 AM (579374009)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D57F68DC-C068-4B7F-AA07-2E77361E6642

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 10:27:41 AM (579374861)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 11991174-63A2-40A0-AB99-F5C50DCFD66D

Message: You received high marks

Sender: e:jeeitunes@gmail.com

Time: 05/12/19 02:15:25 PM (579388525)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 50A88B9E-CDF6-4C3A-AA74-34B157A18C05

Message: https://twitter.com/sethabramson/status/1127655868164714505?s=21

Sender: +13108802851

Time: 05/12/19 11:53:28 PM (579423208)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5DD748B1-4E29-47F9-A57B-8F1D1089A22B

Message: High marks??

Sender: [redacted]

Time: 05/13/19 01:34:09 AM (579429249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 79EC79B6-3169-4D72-875D-134736C420D9

Message: Let me know when u can catch up

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:02:13 AM (579434533)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6EBCFA3A-AFC1-4466-A7DA-BBDF3C27FAB9

Message: Free now?

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:04:11 AM (579434651)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8499461C-1811-4479-A492-6D91229ABB81

Message: These trade conversations are now part of the backdrop of global markets for the next ... 10 to 20 years as these countries and economies work out their relative place in the world and how we reorder the overall global structure to account for the rise of China, to account for a multi-polar environment," he said.

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:06:45 AM (579434805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB9E7FD0-FF65-4463-A9E7-C1C4C74BE462

Message: Ill call you from a strange number. ,  just give me a time

Sender: [redacted]

Time: 05/13/19 03:17:30 AM (579435450)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0E943CB0-55BB-4413-88D2-9A226D7E10B0

Message: We are going to break china

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:28:00 AM (579436080)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48095CF7-55BF-4985-B9A3-DD83231319F7

Message: sounds like the WWF . -- . how will you know you are winning? Or have won / Interest rates down now . Better than a rate cut. - still waiting for my dollar. dude. The system is not a machine. Beware Old thinking. . now politics . Markets, cyber. Create Network effects,

Sender: [redacted]

Time: 05/13/19 03:31:11 AM (579436271)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AE2EC51E-632E-4619-ABFE-2EE1987AF1A4

Message: When Xi and Wang Qishan are removed or step down-- break the radical cadre , install our guys, wreck havoc on all collaborators in the West

Sender: [redacted]

Time: 05/13/19 03:31:36 AM (579436296)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 767E36DE-0C3D-46E5-AC8C-F066F01A5EF1

Message: America the global Hegemon for 100 years

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:38:07 AM (579436687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1BE46ECB-00BE-4B6B-928E-3476D49F9B43

Message: Ok, so if I understand, you want to win by knock out or tko. Their system is brittle. You guys should decide if trade a huge slow moving sledge hammer is the best way

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 03:38:29 AM (579436709)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0AA46CB2-5CF1-4FEC-A8A8-0C94C9A817F5

Message: When should i call . \

Sender: [redacted]

Time: 05/13/19 03:41:19 AM (579436879)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 052CD276-7266-4F20-98D5-B69DF841213B

Message: Now is cool-- call on 310.990.6526

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 04:31:55 AM (579439915)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F68F6A4D-C7E0-4B48-BA83-898B2143CB11

Message: Austria. No go .  Too hot

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 04:32:50 AM (579439970)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD24E05B-A085-4D69-98BD-9A3193F06C39

Message: Did you tell Norwegians that the child murderer. Was  a lefty radical?

Sender: [redacted]

Time: 05/13/19 04:47:07 AM (579440827)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A8554A99-FB75-4D87-BB93-4F4FD8C98195

Message: Yes yes yes : went over well!!!

Sender: [redacted]

Time: 05/13/19 04:47:48 AM (579440868)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 397B3B3C-2CBF-4125-8D82-7C051BE1585C

Message: Eco-Fascist

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 04:47:57 AM (579440877)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E4F4CB6-81BD-4A43-89E5-DD28D97A8DE0

Message: Though he gave a nazi salute

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 04:48:55 AM (579440935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 67269689-77F2-41C2-80BE-70BA0DD5E4FE

Message: As well as saying the difference between jews and pizza , is that the pizza doesn't scream when you throw it in the oven

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 05:39:58 AM (579443998)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9B73413B-761B-4864-8440-13DF8F0B25B6

Message: https://www.nytimes.com/2019/05/07/world/europe/austria-far-right-freedom-party.html

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 05:39:58 AM (579443998)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C876C203-D3B7-405F-98E5-361FD45C6AF1

Message: whoopsie

Sender: [redacted]

Time: 05/13/19 05:46:41 AM (579444401)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09CE1E98-5A05-417B-9B1A-6AF071C35112

Message: Yes he is NOT a role model

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 05:47:09 AM (579444429)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 66ECF2C5-7689-438F-A572-C740933A5578

Message: https://www.washingtonpost.com/world/middle_east/two-saudi-oil-tankers-attacked-in-the-persian-gulf-amid-rising-iran-tensions/2019/05/13/c8907108-755e-11e9-bd25-c989555e7766_story.html?noredirect=on&utm_term=.2fbcab4b5787

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 05:47:24 AM (579444444)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AE14B40C-859A-4445-A827-DEC6B3721BAD

Message: □

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 06:29:19 AM (579446959)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 89E4ACB2-837A-44C7-BC95-CC46FD6AB8D0

Message: https://thehill.com/policy/defense/443345-pompeo-skips-planned-trip-to-moscow

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 07:01:31 AM (579448891)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0E61A72E-9D11-48B7-AAC8-FE02578AE0E3

Message: bannon squirrel

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 08:44:35 AM (579455075)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4FB7F213-1857-43D7-9730-B3A0EEA336BE

Message: If someone can send the last filming ?

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 09:28:15 AM (579457695)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3074497A-9873-4B97-BAB3-7C7690E751B5

Message: https://www.nytimes.com/interactive/2019/05/13/us/politics/trump-investigations.html?action=click&module=Latest&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/14/19 03:56:59 AM (579524219)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 12F56A47-ABFA-4B14-9342-671F1D896B16

Message: It singled out an interview that Larry Kudlow, Trump's top economics adviser, gave to "Fox News Sunday" in which he said that US consumers would also suffer from the trade war, contradicting Trump's claim that China would singlehandedly foot the bill.

Sender: e:jeeitunes@gmail.com

Time: 05/14/19 04:15:42 AM (579525342)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9D68D5AB-8099-488F-B125-02E31F9367E8

Message: https://www.politico.com/story/2019/05/14/barr-prosecutor-russia-probe-origins-1319878

Sender: e:jeeitunes@gmail.com

Time: 05/14/19 04:15:51 AM (579525351)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 41B58D60-26F9-4F38-A4C4-065E7A950DA6

Message: Sidney blumental will get subpoena

Sender: [redacted]

Time: 05/14/19 04:29:43 AM (579526183)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: ED4EA028-A6E0-464E-BD88-EC93852A2378

Message: https://news.yahoo.com/steve-bannon-cheering-trade-war-hopes-for-government-to-fall-in-china-090000259.html

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 03:02:51 AM (579607371)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BC0CEBCB-04D3-4DFB-9658-CEAD53020151

Message: When are you bak?

Sender: [redacted]

Time: 05/15/19 03:06:47 AM (579607607)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 22BCA6B5-3611-4D7B-B2E3-CA51E86AA143

Message: Late May/June???

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 03:28:28 AM (579608908)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD3A24AE-9961-4F47-A4DF-30C713F1EE28

Message: No worry , I m on the ranch 27th. Barrs appt of prosecutor HUGE. . Iran wild , Saudi hosting next years g 20 . More opportunity

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 03:37:12 AM (579609432)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8AEB0353-D97F-4D9D-AAE7-DF86DF464EE6

Message: https://www.nytimes.com/2019/05/15/us/politics/us-iraq-embassy-evacuation.html

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 06:12:25 AM (579618745)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E3198EC2-E58C-40D9-83F5-9485A3F2F3A2

Message: Cnbc interview. With tom Friedman on the verge of yelling hallehjuyah amen

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 06:12:31 AM (579618751)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AE4DDA33-8E63-40BB-A208-8B68D4B53DC0

Message: great

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 11:31:20 AM (579637880)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F50D35F-002C-43B9-AEA5-1B3AC246DAFB

Message: If someone thinks their own race and civilization is superior and insists on remolding or replacing other civilizations, it would be a stupid idea and disastrous act," Xi said.  I think he was talking directly to you □

Sender: [redacted]

Time: 05/15/19 02:04:14 PM (579647054)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69EE5124-FAF0-4443-80B0-08C9D026E2C0

Message: I'm just the last cab driver he talked with

Sender: [redacted]

Time: 05/15/19 02:05:12 PM (579647112)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 344D6E31-228A-43AD-AAB8-FBADF2B899FD

Message: Global Times just took their main editorial right @ me between the eyes

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:09:55 PM (579647395)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 564D0B14-5FC6-46E2-BEDB-A7FBA558DA8D

Message: saw it.  trump prohibition on huawei  better.  .

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:10:38 PM (579647438)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56A1354D-F1F5-4D77-BC2A-02D45ACA213F

Message: i did notice your comment about one belt one road  giving them the nod to walk away □

Sender: [redacted]

Time: 05/15/19 02:11:34 PM (579647494)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B106AF8-835D-4EAF-839B-CDD5E393B8AB

Message: Trump about to announce jareds immigration plan on day he has china on the run

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:14:18 PM (579647658)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C0A582B2-F4CD-478C-9D5E-EAEED0C0875D

Message: let up on mexico and china.  typical.  - qatar worried re iran. .  yemen at the heart of the trouble.

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:17:11 PM (579647831)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E247B5BB-7BAD-46FE-B11D-E609F95005DD

Message: libya in hiding with haftar . -  canada  not china

Sender: [redacted]

Time: 05/15/19 02:17:17 PM (579647837)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1C440C1D-816F-4F1A-BCF6-E57C2BBBD1F7

Message: Qatar worried that their sponsor about to implode

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:17:36 PM (579647856)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AF170AA0-9767-4ADC-B89B-5C387AE6CDF9

Message: not sponsor. partner

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:17:51 PM (579647871)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C95A5E3F-8B32-4ED4-B90E-8AA5235E4B5A

Message: oman wants to mediate

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:18:46 PM (579647926)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F08DFD32-F2D5-4F3E-AE45-814ED972A021

Message: houthi sponsor is iran.  I love the idea that the g20 next year ,  hosted by MBS  .

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:19:31 PM (579647971)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D9915182-D585-4CB0-A4A0-12F668499E21

Message: i wonder if the center pieces  will be  the " heads "  of corporations :)

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:20:09 PM (579648009)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F299F01C-73BE-488C-A5AC-BBAEA9859554

Message: would give new meaning to want to be at the head table

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:22:42 PM (579648162)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AEE2A05A-DDDB-44B1-8A5F-9F326938783E

Message: BTW currency markets  super stable.  sign china move right thing

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 02:41:17 PM (579649277)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B5DCBB27-128E-4D0E-A5D8-9EC834E6139F

Message:  looks like we share the same photo editor

Sender: [redacted]

Time: 05/15/19 04:25:09 PM (579655509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED14F0D9-C34A-4ED9-BF60-08E0B45FA23B

Message: That's scary--- trump just needs to gut this out

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 04:30:14 PM (579655814)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 027486D0-17B9-4B3B-BB5C-B99B884A86F0

Message: Removing Iraq diplomats. Great move.  Would dems prefer. Benghazi  2.0

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 04:31:29 PM (579655889)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 788E29DC-D480-497E-9AC9-E33CB1AF6810

Message: Someone on pompeo team should sit with mr evil.

Sender: e:jeeitunes@gmail.com

Time: 05/15/19 04:32:36 PM (579655956)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 883F8CEC-7415-4C92-AEB3-A53097DAADEE

Message: They will do a 180 on their sponsor in a heartbeat

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:52:05 AM (579693125)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5204EC9F-EB1D-4A51-9697-45B701F514BD

Message: https://www.foxnews.com/politics/pennsylvania-poll-biden-tops-trump-by-double-digits

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:52:28 AM (579693148)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B7BD4A1-23B8-465E-A453-FAC410BB5B8D

Message: Just when you thought you were out of the game. . how can they not pull you back in=

Sender: [redacted]

Time: 05/16/19 03:02:22 AM (579693742)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5AE5D580-928E-484C-9D73-B3DD89BB20C3

Message: It's in chaos and full meltdown now---the internal polling shows worse--double digits in Pa; Michigan; Wisconsin plus losing AZ and Texas --- 375 electoral college defeat

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 03:03:25 AM (579693805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2BA44CBE-D65B-48A9-9C9E-FD958F603B3A

Message: And then Attica

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 03:14:06 AM (579694446)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A657C1E-1C03-4B2A-A798-7FB730C7F47F

Message: That Alabama abortion bill will not bring lots of women to your side

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 03:14:58 AM (579694498)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9A6F67B6-F02E-4718-AF46-CD7FF792CB5E

Message: Though not my skill set.

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 04:24:37 AM (579698677)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 386F64E1-1134-4C16-BB04-99274F257A71

Message: Deblasio. Presidential bid to be announced. □

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 04:24:49 AM (579698689)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F9D9B5D-A723-46B1-8AF3-4FD5AA276673

Message: Isn't it nice having know this months ago

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 06:21:50 AM (579705710)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C4E0356A-B8F8-4264-9DEA-564C8BC13F65

Message: Your girl is Paris

Sender: [redacted]

Time: 05/16/19 08:37:54 AM (579713874)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 90CE5539-9E2B-4626-A5D5-F6EFF60DC77A

Message: What!

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 08:45:34 AM (579714334)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D823791-FD66-4B9D-B660-C6D0E1F962BD

Message: are you there - ?

Sender: [redacted]

Time: 05/16/19 11:25:07 AM (579723907)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0091F3F8-3756-4A1F-8160-B8217DFD9EA5

Message: Yes : been with Front Nationale all day-- about to deliver a death blow to Macron

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 11:42:02 AM (579724922)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3113A7FA-45F9-4DDD-B276-D3ECE9F6A7F5

Message: Are you in Paris?

Sender: [redacted]

Time: 05/16/19 01:13:58 PM (579730438)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 470E5EED-7F3A-4427-A4A6-FD457FCECE2D

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 01:35:28 PM (579731728)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1530D532-38FB-4F5F-B3E8-9362D797BBD9

Message: trumps financials are a lol. no liabilities need to be disclose if they are in the biz or payable to a family member. . there's the scam . funny

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 01:48:09 PM (579732489)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E350A54-1F18-4ADA-A273-74C409088B51

Message: do you have for a coffee or meal with our girl . ?

Sender: [redacted]

Time: 05/16/19 02:06:14 PM (579733574)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 767C657A-3D79-4220-B60F-DEE77F3D3659

Message: Would love to either -- she is in town

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:07:11 PM (579733631)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C01C417D-3F29-4805-893C-64986E853612

Message: yes  she's agreed

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:07:30 PM (579733650)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 575DE98C-7962-46D1-A538-40931D456790

Message: not only do i do f and b  , but now a matchmaker

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:20:32 PM (579734432)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A15CD09-197F-42F7-B693-13851FDEAD42

Message: Its like Bogart and Hepburn on the African queen

Sender: e:jeeitunes@gmail.com

Time: 05/16/19 02:21:09 PM (579734469)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7482768A-D0CB-42BB-9FC9-69C7CDFB02A8

Message: 202 669 7405

Sender: [redacted]

Time: 05/16/19 02:58:11 PM (579736691)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 71AEA806-50CB-4677-ADD2-3E2DF6BDD09D

Message: She is way too classy for me-- plus it would end her professionally

Sender: [redacted]

Time: 05/17/19 04:02:15 AM (579783735)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C40630C9-5343-4FEC-B121-4369515543D9

Message: Did u drop by?

Sender: [redacted]

Time: 05/17/19 08:38:09 AM (579800289)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BCC59371-150D-4FFA-B214-B2D4AD0C9DBF

Message: You r wrong on this one

Sender: e:jeeitunes@gmail.com

Time: 05/17/19 08:39:11 AM (579800351)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C3ECE921-AA91-4EC0-936A-797291DE2133

Message: You are not getting out of paying your dollar .  . forget it □

Sender: e:jeeitunes@gmail.com

Time: 05/17/19 08:41:39 AM (579800499)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2042227C-3112-4AF9-8F9F-F71A0C663F8A

Message: I just went through my reasoning with someone in the know.  And they said. Oy !!!

Sender: e:jeeitunes@gmail.com

Time: 05/20/19 07:32:56 PM (580098776)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A5A1C398-9F92-4F2D-85C6-0A2D7ADAAC4E

Message: I watched your interview. my china intelligence is that they want a crisis. Maybe stop selling silicon. . more when I see you

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-11\[redacted] on 2019-06-02 at 07.37.48.ichat

Service: iMessage

Start Time: 06/02/19 04:32:25 AM (581167945)

End Time: 06/11/19 06:27:28 PM (581995648)

Last Message ID: 30555

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, 13109906526

Messages -

Sender: [redacted]

Time: 06/02/19 04:32:25 AM (581167945)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: EFB3A6DD-BE94-4090-AFCE-B571688EEE6C

Message: We got some great material yesterday

Sender: e:jeeitunes@gmail.com

Time: 06/02/19 04:34:57 AM (581168097)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3BB7DB9C-F08A-435C-BFFB-3EFE5B88F7A2

Message: let me know your schedule and if you want to come to the island next weekend would be perfect. and i would fly you guys back in addition I've told dan to send darren an invoice for 100k . I don't like you laying out money

Sender: [redacted]

Time: 06/02/19 04:36:56 AM (581168216)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8A19F7A4-32F6-465D-BE4A-33C07406C8A6

Message: Let me make the overall deal with darren-- don't want to do this piecemeal -- I've already got my 2 other shooters and editors off on other projects and need to get back-- key now is getting the entire 'cast'

Sender: e:jeeitunes@gmail.com

Time: 06/02/19 04:37:48 AM (581168268)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD21ED2F-4A44-4271-919F-76715FD36F5E

Message: ok,  as you wish.

Sender: [redacted]

Time: 06/03/19 02:10:16 AM (581245816)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B8EA6F7E-065F-4685-8799-ACE315E285A9

Message: https://unherd.com/2019/05/the-hypocrisy-of-the-woody-allen-haters/

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 03:09:34 AM (581249374)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5A0BEC4-DC32-429E-BC3B-24300BDE3478

Message: should darren send his letter to burke. ?  or which lawyer for you , your company and crew.

Sender: [redacted]

Time: 06/03/19 04:22:12 AM (581253732)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 45B9B81D-4885-4683-9E0B-64C1CC330B29

Message: What letter ???

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:22:45 AM (581253765)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 521CC565-61B6-4125-9392-B1D1BDFF0F31

Message: the engagement for litigation services

Sender: [redacted]

Time: 06/03/19 04:23:49 AM (581253829)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A6604B1C-D05C-4273-B0DA-055E033AA689

Message: My main lawyer handles all that , I will sort out

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:24:14 AM (581253854)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B279CB5E-8DC6-4098-9FA1-45FBB1A4C056

Message: I meant the follow up to the original .

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:24:58 AM (581253898)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 264238E8-632C-483B-AF01-A254F842BF8D

Message: btw, the real estate developers are blowing up, no chinese buying luxury . no russians no brazilians the market is frozen

Sender: [redacted]

Time: 06/03/19 04:30:20 AM (581254220)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F47ACFDD-C366-4321-A3C5-C158C0E565AD

Message: They better pray for the freeze because when it unfreezes it will crater

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:31:53 AM (581254313)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 65ED1CA1-350C-4DD8-8A64-D3F72E1E1736

Message: it could. new york taxes high. now non dependable as country of safety. timing for brexit is perfect. london will skyrocket.

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:32:05 AM (581254325)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B2697EA1-F311-4296-8AD6-712229454E95

Message: i don't care whether financials leave.

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:32:29 AM (581254349)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0BEB632C-1732-4D82-9A7B-2D75C61F4A2A

Message: once they are gone  the monarchy is dependable

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:32:47 AM (581254367)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 31B4A6C6-763F-4AFC-9C88-6D1A6971F50E

Message: prince andrew and trump today.  tooo funny.

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:33:33 AM (581254413)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 598FFB31-BFD6-4596-978B-05757CCA4CC6

Message: recall prince andrews accuser came out of mara lago

Sender: [redacted]

Time: 06/03/19 04:33:38 AM (581254418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB3775EE-AF53-4FC2-A299-D3134D17ACDD

Message: Can't believe nobody is making u the connective tissue

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 04:33:55 AM (581254435)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 58C8D8EF-18E1-495C-882C-BD7C0441C2FF

Message: f and b only

Sender: [redacted]

Time: 06/03/19 04:51:30 AM (581255490)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C44E3396-B79D-478E-B5DC-C562CADC6DB3

Message: Exactly

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 03:13:13 PM (581292793)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0DD36853-3BA5-40AF-B563-B9BE099D7CF8

Message: https://www.cnn.com/2019/06/03/politics/george-nader-mueller-witness-child-pornography-charges/index.html

Sender: [redacted]

Time: 06/03/19 03:28:04 PM (581293684)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 903FC451-13D8-4F52-8CF4-3F6E770693B7

Message: Not cool

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 03:33:07 PM (581293987)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 00ED3704-0ACD-4572-A986-0F35E2D92272

Message: Mandatory minimum 15

Sender: [redacted]

Time: 06/03/19 03:37:41 PM (581294261)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA715062-8500-44BC-B1FE-02D6772DE4A6

Message: MBZ must have coughed him up

Sender: e:jeeitunes@gmail.com

Time: 06/03/19 03:38:24 PM (581294304)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C24B49E-E8F7-4412-AF29-3C55A313C0E9

Message: Nope

Sender: [redacted]

Time: 06/04/19 05:03:27 AM (581342607)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2E588127-F3B8-4107-A6A2-BAC64FF76698

Message: How did he get extradited ?-- could have stayed in UAE forever

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 05:28:51 AM (581344131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B163FC86-218C-4881-A79B-93177342E17C

Message: He was not extradited .

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 05:29:32 AM (581344172)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D63D4828-E37D-482E-AC01-C33CCF552263

Message: He was duped

Sender: [redacted]

Time: 06/04/19 05:41:45 AM (581344905)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14BDDBCC-F0F1-4FEF-8812-B4C429E4D6DA

Message: WTF

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 05:45:59 AM (581345159)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 796D3921-DA7A-42D2-8C62-FABF9BDC4858

Message: There is his bail hearing today. Doesn't look good. Pre trial detention . Currently in Brooklyn

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 05:46:27 AM (581345187)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D4DBDF8-E0CA-4C35-AF79-2C5CCF3A5D57

Message: Can you imagine. He actually , literally , had pictures of some kid fucking a goat.  .  true~~!!!

Sender: [redacted]

Time: 06/04/19 06:46:04 AM (581348764)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF30509E-D3F3-4846-89FB-2BF87496BE9B

Message: He just came into the country!!

Sender: [redacted]

Time: 06/04/19 07:21:34 AM (581350894)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7DFE08D7-E374-487E-AAF1-A884A1ABFCF8

Message: Any update on our cast???

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 07:50:59 AM (581352659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 787A2D59-F5B0-4125-B619-75C49ADBD839

Message: Government wants to consider timing and how to control press

Sender: [redacted]

Time: 06/04/19 08:11:43 AM (581353903)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 44D72219-B809-4DC9-BDD0-570F5E6D3E78

Message: Fine : but we have a cast we can film sometime late summer / sept???

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 09:15:54 AM (581357754)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3F8189F4-F3F8-4E97-A601-DF7DF5FC8547

Message: Government sensitive to exploitation

Sender: e:jeeitunes@gmail.com

Time: 06/04/19 09:16:10 AM (581357770)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F7A6742-F121-44DE-8920-B6E652922C0D

Message: But probably yes

Sender: [redacted]

Time: 06/04/19 09:17:09 AM (581357829)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7F0A593D-B488-4C63-9669-C88E69012A33

Message: Exploitation!!!!

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 03:24:30 AM (581423070)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FF6AE7B3-18C1-4C80-B1F5-2712BCB2C3AE

Message: https://www.rawstory.com/2019/06/trump-white-house-author-michael-wolff-steve-bannon-has-knowledge-of-trumps-crimes-and-obstruction-of-justice/

Sender: [redacted]

Time: 06/05/19 04:19:54 AM (581426394)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8CC631A2-31C8-410F-B3BF-B60B36A014AF

Message: What an asshole

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:24:03 AM (581426643)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 80360F9F-1003-4EB9-9539-D400E5071511

Message: UGH!!!

Sender: [redacted]

Time: 06/05/19 04:24:39 AM (581426679)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 908EE03F-F18D-437A-9BDF-8C3D780EDA39

Message: Why is he doing this ---its total bs

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:41:27 AM (581427687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39493758-DE64-4323-9A46-2FCEF8CA35DE

Message: He is getting pummeled by these female talking heads. And reacts with flailing

Sender: [redacted]

Time: 06/05/19 04:42:12 AM (581427732)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B1A76AC-F926-48D0-8884-BE83253724BA

Message: BBC crushed him-- he should give it up -- book is going to be a stiff

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:43:14 AM (581427794)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0AD1F762-8BB1-4A78-A93A-3EE5D253C178

Message: I don't know if he senses that. So he is grasping for attention and being soo defensive and weak . That they smell blood.

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:43:59 AM (581427839)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D1A34052-63B7-455D-A76C-923FFD500DDA

Message: Unfortunately I do know that his comments have encouraged some to look to you for answers

Sender: [redacted]

Time: 06/05/19 04:44:28 AM (581427868)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D3A057F8-E3E2-472B-8B4E-A7C77A5D282C

Message: He phoned it in ; its obvious ; and they hate the fact he has made so much money

Sender: [redacted]

Time: 06/05/19 04:44:56 AM (581427896)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 605866D9-45BD-4F7B-9727-C93E1BE4015E

Message: Burck says I have zero to worry about

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:53:50 AM (581428430)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3A6D01C-6A01-4F56-A6FA-3A832D2411B2

Message: Good but unnecessary should I call mike

Sender: [redacted]

Time: 06/05/19 04:54:37 AM (581428477)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BB4E033A-757F-4AD2-BA26-857D671EA963

Message: What are you going to say to him-- he is like a wild animal caught in a trap

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 04:58:47 AM (581428727)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 112FF456-78DB-4E67-A2D6-E9B0EB32545B

Message: Catch his breath. Measured response s

Sender: [redacted]

Time: 06/05/19 04:59:24 AM (581428764)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 572FD397-638B-48BB-B78D-BE0C03237A48

Message: Tell him to lay off me--it's both NOT working and NOT helping

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 05:00:41 AM (581428841)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A05932E-421C-4BB2-974B-033C845E4C55

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 08:59:35 AM (581443175)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 10333FA5-E222-4BDB-BDDD-25888D092988

Message: done.

Sender: [redacted]

Time: 06/05/19 09:00:01 AM (581443201)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AE194458-DCA9-4F71-A21D-05EE2EA34B61

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 09:13:12 AM (581443992)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 158BE5FB-0A22-49A9-B012-FE422AAFF6B1

Message: Report from London . Donald now thinks he is king Ivanka a princess. He doesn't need advisors. Expecially generals that held him back . They are too narrow

minded. He only wants employees. As you had predicted last year

Sender: [redacted]

Time: 06/05/19 09:47:22 AM (581446042)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B27A1A8-83DD-4A37-89E5-DF55263500A6

Message: Yep :: london trip not good -- he had gleam in his eye

Sender: [redacted]

Time: 06/05/19 12:10:44 PM (581454644)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: CC2ECB97-8739-4C24-9D77-4FA9EFD4AB96

Message: https://www.washingtonexaminer.com/news/steve-bannon-believes-trump-obstructed-justice-michael-wolff-says

Sender: [redacted]

Time: 06/05/19 12:10:44 PM (581454644)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 07EDCB9F-E92B-4A72-9A0B-6A45A6F10BD1

Message: This is a stone cold lie -- and I have sworn testimony for 35 hours

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:48:45 PM (581456925)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 387C19F5-A129-4C9F-8080-BB4BC1E9394B

Message: Yup

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:49:13 PM (581456953)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0994E902-EAD7-4607-865C-054268EFDFDE

Message: Hes punch drunk

Sender: [redacted]

Time: 06/05/19 12:49:36 PM (581456976)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 250940C2-FA47-4CC1-85E0-80190D48FFDF

Message: It's bullshit

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:50:49 PM (581457049)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 792E477C-055C-4AE1-85F2-EFD38A0CB572

Message: It was yesterday lets see today

Sender: [redacted]

Time: 06/05/19 12:51:34 PM (581457094)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BA0D2908-9911-4902-A987-79E6FF44F0E2

Message: He should just stop : embarrassing himself , people are now openly mocking him

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:51:45 PM (581457105)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 379F32F6-C0A5-44B5-B4C4-16EF36B2CE81

Message: His book is number 2

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:52:11 PM (581457131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0C980201-F1F2-4229-B1AF-9AFA8CE7AD57

Message: However number three, you can check is Dr seuss

Sender: [redacted]

Time: 06/05/19 12:52:27 PM (581457147)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AC25259-7BD6-4DD9-9392-FF65717CA1A9

Message: That's Amazon :: comes from the pre orders

Sender: e:jeeitunes@gmail.com

Time: 06/05/19 12:53:08 PM (581457188)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 037A2AF1-761A-489A-AB07-C3EE98C1062F

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 02:44:33 AM (581507073)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1DC8819C-ED79-414E-A2DD-5414F0302BBB

Message: Was he better yesterday ?

Sender: [redacted]

Time: 06/06/19 02:46:19 AM (581507179)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12837FDA-7788-4BE2-9347-2743E6ADD39E

Message: I don't really follow but I didn't see any explosions

Sender: [redacted]

Time: 06/06/19 06:07:09 AM (581519229)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 02D6269F-891A-4D04-AC8A-D1A0FDA3CA6F

Message: https://sinoinsider.com/2019/06/risk-watch-how-the-ccp-could-do-a-pearl-harbor-to-survive-the-new-cold-war/#001

Sender: [redacted]

Time: 06/06/19 06:07:09 AM (581519229)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 37A6730C-55B8-45B7-BA44-AA7F4E768A3C

Message: It's called 'winning'

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 07:15:00 AM (581523300)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2371BF44-1E48-43DA-BBC2-449306F0428F

Message: I assume your guys are not filming on the island this weekend. I will be in town tue -thurs then Paris

Sender: [redacted]

Time: 06/06/19 07:17:45 AM (581523465)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99B86068-8D56-4C7E-B602-EFD55BE4321C

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:04:46 AM (581529886)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31AB58A7-AE3B-4645-923C-96FD493C62EF

Message: We need to talk about kovel. Letter and black bag.

Sender: [redacted]

Time: 06/06/19 09:10:06 AM (581530206)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E3301451-60CB-4098-A353-70DD2316FCC7

Message: As in a kovel agreement re accounting and finance

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:11:19 AM (581530279)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 045DD4AD-71A9-42AB-B80F-A72B22D6868D

Message: Legal privleged

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:11:41 AM (581530301)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9D8D316-9923-4FE4-91E7-E2FE3D960260

Message: Recall □

Sender: [redacted]

Time: 06/06/19 09:11:41 AM (581530301)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61B26AB2-2318-4D17-970B-A59CF696B554

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:12:18 AM (581530338)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 46A6C354-CBD0-4222-853C-6D3DE0D1D49B

Message: We had an hour meeting with govt over casting.  .  very funny,  for face to face

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:12:40 AM (581530360)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8144592B-7488-4208-A712-22765487817B

Message: Don't send any moneyback  until we talk .

Sender: [redacted]

Time: 06/06/19 09:16:15 AM (581530575)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE029CDC-9D6A-4DC6-83C5-083472A83F06

Message: K-- we need a deal for the entire 'training'

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:37:24 AM (581531844)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5D31656A-E0B8-4608-B014-566793263B6C

Message: Im aware

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 09:37:29 AM (581531849)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91D69E0A-BE42-432A-B070-F801DD4C25CC

Message: Prep

Sender: [redacted]

Time: 06/06/19 09:41:11 AM (581532071)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D04E4524-4413-44D0-B958-1E313736AD35

Message: Prep

Sender: [redacted]

Time: 06/06/19 09:41:14 AM (581532074)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1A7A6694-E042-4EC0-B7CD-0B2F3FA67984

Message: Of course

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 12:21:33 PM (581541693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C9927B9-52BD-4E3E-AB4B-2AFC6C74AC36

Message: when can you speak?

Sender: [redacted]

Time: 06/06/19 02:09:37 PM (581548177)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: FB577530-8698-4590-8482-21AC016D262F

Message: Tonight

Sender: e:jeeitunes@gmail.com

Time: 06/06/19 02:10:34 PM (581548234)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE756D30-ED75-4974-B28A-BB2C7DE7A214

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 02:24:32 AM (581592272)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 323E1C56-A01B-4319-8ED8-712FE9BB2B27

Message: ?

Sender: [redacted]

Time: 06/07/19 02:25:36 AM (581592336)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F6DB81B1-BBB7-461F-918C-89ED0F6B15B7

Message: Went late last night

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 03:14:05 AM (581595245)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 84E3463B-073F-443B-8C35-A50CF8483C5B

Message:
https://mail.google.com/mail/u/0/#search/victoria%40bigthink.com/WhctKJVRLGnNDsqLwCknfKRfBHhPwSpKnlqZWpZsbTGjvWNzdgfdcFHcDhKgKNNmmqkzCFV

Sender: [redacted]

Time: 06/07/19 03:18:37 AM (581595517)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3E22C468-44FF-47FF-B835-C2478095ADAC

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 03:21:07 AM (581595667)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D7E68683-1BBD-43CB-A01B-7F80F5E4AF15

Message: That was a full list of people ,  not for today.  But if you have a moment. You can see https://www.ted.com/talks/david_pizarro_the_strange_politics_of_disgust?language=en---- talks about measured level of political leanings.  ,

Sender: [redacted]

Time: 06/07/19 03:21:54 AM (581595714)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 16464858-FD72-427B-AEF3-580F80B3AB33

Message: K--- for the prep work?

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 03:22:36 AM (581595756)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EADAD8C1-3809-411E-B7D5-3AD2F49E93AC

Message: Since I guess this weekend off I will be back tues - thurs.  Davos guy on thurs.  lots to discus with you.  .  are you in town?

Sender: [redacted]

Time: 06/07/19 03:23:22 AM (581595802)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: FDF68441-3682-4BB3-B879-E6DD2CF76623

Message: Tuesday but think have to be in dc starting Wednesday afternoon

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 03:24:00 AM (581595840)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 09741C62-DAD0-40A8-81D5-C5BC9F690A11

Message: Breakfast tues?

Sender: [redacted]

Time: 06/07/19 03:24:47 AM (581595887)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 47055D51-354D-477D-9C62-735FC2D476BC

Message: Yes and if we can figure everything out let's film as much as we can

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 04:07:50 PM (581641670)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53907020-F9A8-4AEB-8FE3-9A9E04A35644

Message: Im watching the gold market.  I think china is playing

Sender: [redacted]

Time: 06/07/19 04:51:19 PM (581644279)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 96F49A76-9113-490D-B37F-E26A28615B5C

Message: 9 June Hong Kong

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 05:58:35 PM (581648315)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 86724EBB-DCA5-4BC9-9328-79A4D4F07328

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 06/07/19 06:00:13 PM (581648413)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF1AA99E-A9A7-4512-AC30-EB6885CCF382

Message: Yes

Sender: e:

Time: 06/08/19 04:14:11 AM (581685251)

Flags: 1081349

Is Read: No

Is Invitation: No

GUID: 419740C1-5C24-481E-B746-28C3DDA28603

Message: many fun new topics.  Is tues your only day?

Sender: [redacted]

Time: 06/08/19 04:38:10 AM (581686690)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 9D6DCE5A-B1BB-454C-9171-E57978EEB28C

Message: Right now in dc on Wednesday thru weekend

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 04:38:57 AM (581686737)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 792A564B-0378-4AAB-AAAB-4E562C9268C3

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 04:39:37 AM (581686777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 08765C20-C226-416E-BBC1-ECA61947EE64

Message: Will you be coming to Europe?

Sender: [redacted]

Time: 06/08/19 04:40:30 AM (581686830)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E6441AB1-63AE-490D-8CB2-650907D6FDEB

Message: Short answer is yes just don't know when -- many things happening on china and CCP

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 06:56:45 AM (581695005)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1E6237A-A712-4B73-9AE4-C5E5D69CE524

Message: Interesting xi , Putin , talks.  When I see you .

Sender: [redacted]

Time: 06/08/19 07:31:47 AM (581697107)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61EA6927-6120-4278-863C-1E116B4EAB0B

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 04:32:52 PM (581729572)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3F0800E9-05A0-492A-AFA3-4D7FA123E479

Message: https://news.yahoo.com/confronted-with-multiple-errors-in-his-new-trump-book-a-testy-michael-wolff-says-you-have-to-trust-me-181252406.html

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 04:32:52 PM (581729572)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 563A7C1F-F996-4550-8A0C-10C0FED8DE52

Message: .

Sender: e:jeeitunes@gmail.com

Time: 06/08/19 04:33:05 PM (581729585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68335E89-90CC-465A-9C7F-1B1F7A21B867

Message: pulverized

Sender: e:jeeitunes@gmail.com

Time: 06/09/19 03:14:02 AM (581768042)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FE579F45-D694-44C5-BA88-88106E5F7F50

Message: Lunch Tuesday? Or dinner.

Sender: [redacted]

Time: 06/09/19 03:14:25 AM (581768065)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 822D78DB-E5AC-4BAC-B7B1-F4EDC75F3730

Message: Let's film that day

Sender: [redacted]

Time: 06/09/19 03:15:34 AM (581768134)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 36CA9F31-345B-445D-A9A8-181373413C8F

Message: Doing 10 hour live broadcast into mainland China of the Hong Kong protest now--- 1.6 million in the streets--- beginning of the end

Sender: e:jeeitunes@gmail.com

Time: 06/09/19 05:13:20 AM (581775200)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFF27D5A-366B-4AF9-97AF-3B9F5834E1EF

Message: I will need to move stuff around. But should work. Have your guys send me the last two interviews please. thx

Sender: [redacted]

Time: 06/09/19 05:13:56 AM (581775236)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3DE6E6AC-4E8B-4BED-9127-DDD44507CDDC

Message: Don't move tell me what time works and we can adjust

Sender: e:jeeitunes@gmail.com

Time: 06/09/19 05:26:31 AM (581775991)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 93F5AF50-07A8-4439-A6C3-F92AD024B663

Message: 2 pm should work

Sender: e:jeeitunes@gmail.com

Time: 06/09/19 05:27:06 AM (581776026)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED59175F-8A24-4B21-BFB1-AE33EE870F6F

Message: Like last time. ,  try to get some sleep so you are a world class opponent not an open mike type

Sender: [redacted]

Time: 06/09/19 05:54:45 AM (581777685)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F866479D-746F-42B0-BA32-11EFFF5537FE

Message: roger

Sender: [redacted]

Time: 06/09/19 02:42:38 PM (581809358)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 22993CC3-3D75-454E-9C2D-5C354B630AF6

Message: https://nypost.com/2019/06/09/bannon-biden-must-release-tax-returns-to-address-china-connections/

Sender: e:jeeitunes@gmail.com

Time: 06/09/19 06:36:16 PM (581823376)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 41CC86FC-7912-4B51-82FB-98529FFFEEF5

Message: Last two interivews?

Sender: e:jeeitunes@gmail.com

Time: 06/10/19 03:07:32 AM (581854052)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E656159D-BB63-4C52-8E9B-4E670C5786C4

Message: But in China, the yuan slipped to its weakest this year after the country's imports fell the most in nearly three years and as talks to end the Sino-U.S. dispute remained deadlocked.

Sender: [redacted]

Time: 06/10/19 03:47:18 AM (581856438)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F151A2F5-574C-4E07-83E1-57C02153F141

Message: What interviews ?

Sender: [redacted]

Time: 06/10/19 03:59:54 AM (581857194)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C245095D-51A7-4034-B969-58ADE1B2F322

Message: Is the Kazak movie any good???

Sender: e:jeeitunes@gmail.com

Time: 06/10/19 04:14:13 AM (581858053)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A206BDA-C00D-4D45-922E-00EBE14868C6

Message: The last two filming with you

Sender: [redacted]

Time: 06/10/19 04:15:01 AM (581858101)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D4C1C566-CD4C-4776-8568-76D857D0F436

Message: They are all out of sequence some from months ago -- Wuxi ones

Sender: [redacted]

Time: 06/10/19 04:15:06 AM (581858106)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 21F2EA84-7EDF-4D91-807E-C0E49F8E57F6

Message: Which ones

Sender: e:jeeitunes@gmail.com

Time: 06/10/19 04:20:52 AM (581858452)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BC281BA0-482F-400E-987D-DBA32B22D3A6

Message: The last two from two weeks ago . thefilms you shot in my house. . we can do tomorrow from 3 pm

Sender: [redacted]

Time: 06/10/19 04:21:35 AM (581858495)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A26AEC4D-D402-4CF4-808D-32C3E774E27A

Message: Yes yes yes -- your interviews -- yes , they were great will get to u today

Sender: [redacted]

Time: 06/10/19 07:31:16 AM (581869876)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: FC0155BB-8BF3-4157-A21A-AC80E9506998

Message: Can we make this deal today so I can pull my crew off other stuff they are working on and get this thing done -- we are burning daylight

Sender: e:jeeitunes@gmail.com

Time: 06/10/19 07:59:59 AM (581871599)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD40C6A1-81A0-4034-8A52-86578D1D80CA

Message: YEs. Do you have a lawyer . ? we need to document past and future, all needs surgical care.

Sender: [redacted]

Time: 06/10/19 08:06:05 AM (581871965)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E02364E6-1BCE-47A7-B422-CF449336165C

Message: Yes

Sender: [redacted]

Time: 06/10/19 08:06:18 AM (581871978)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DA7193FF-0066-463B-86B4-0A8B0913452B

Message: But we are in terms agreed???

Sender: e:jeeitunes@gmail.com

Time: 06/10/19 08:09:56 AM (581872196)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E91E1F92-E6B1-434A-97DE-D00ECC061BDC

Message: As always

Sender: [redacted]

Time: 06/11/19 06:11:17 AM (581951477)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 898C6088-CBB4-4BC5-972A-D4DBC211C5CD

Message: We set for today???

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:27:29 AM (581952449)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FAE1B9C0-934F-4043-97FA-82C447DA2E59

Message: Yes

Sender: [redacted]

Time: 06/11/19 06:29:32 AM (581952572)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4973157C-9243-437A-82A8-6E4C98697D1D

Message: 3 to 6???

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:40:40 AM (581953240)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68498CF9-F0B4-4450-8D1C-A588DB70EB4A

Message: Ok. I m aware you are busy. -however- Id appreciate at least -a proposed -schedule. Paris, ranch -island were all missed opportunities since April . I am focused on you WINNING! So no worries.

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:41:27 AM (581953287)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 823F3E73-5E08-4989-9A8D-336E0391D2D2

Message: Movement first. My Europe/ mideast schedule is getting cramped already

Sender: [redacted]

Time: 06/11/19 06:44:44 AM (581953484)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4670A647-DD58-4E32-A2AD-A6B79CA0F2AD

Message: We have to do a sked and we will but my crew doesn't think we are doing a film so they are out on other projects -- as soon as we get locked down you will be OVER sked !!!

Sender: [redacted]

Time: 06/11/19 06:44:55 AM (581953495)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EC174C7B-23B3-4D4D-85FF-B7994FCE8FF4

Message: How is the cast coming together

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 11:31:53 AM (581970713)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4011D187-43A6-4AD5-874F-1B19EA6C75CC

Message: Eta?

Sender: [redacted]

Time: 06/11/19 11:32:24 AM (581970744)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FFF9518E-8ADB-45E2-B30F-C2D23AC19CF7

Message: 3-- that's when u said u had-- I can come now

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 11:33:19 AM (581970799)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A6CD463-9095-4357-A88D-29CAD0AF122D

Message: come  just arrived

Sender: [redacted]

Time: 06/11/19 11:33:27 AM (581970807)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E53D672A-BBC1-4C28-AB02-902DD71FD12D

Message: K

Sender: [redacted]

Time: 06/11/19 11:51:22 AM (581971882)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7837EC51-46E4-49E2-9556-0B9A8E76AF49

Message: Rolling up in 5 minutes

Sender: [redacted]

Time: 06/11/19 11:56:15 AM (581972175)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2BD54258-8EB5-4C4E-A2E8-4641F82CA9B9

Message:  I'm here on set

Sender: [redacted]

Time: 06/11/19 01:05:12 PM (581976312)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5BEB5F9B-4632-4413-81D5-D67B03410E1B

Message: Ready

Sender: [redacted]

Time: 06/11/19 03:00:44 PM (581983244)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 46BBFB2F-B893-451A-8B93-DF559F45038F

Message: Today = great

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 03:22:46 PM (581984566)

Flags: 1081349

Is Read: No

Is Invitation: No

GUID: D374D211-EFEC-45D0-9979-454CB1233F0A

Message: Helicopter pilot who crashed on NYC skyscraper shouldn't have been in the air, FAA says Timothy McCormack did not have the required certificate that would have allowed him to legally fly in poor visibility conditions and rely on instruments.

Sender: [redacted]

Time: 06/11/19 04:11:01 PM (581987461)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 647AD8D3-7A84-4973-B02A-054481D0A31C

Message: I'm blown away-- he was pilot for ceos

Sender: [redacted]

Time: 06/11/19 05:54:19 PM (581993659)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 231A2006-7CB8-4983-A84B-3ED8ABD341D7

Message: 3 pm tomorrow ?

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:13:59 PM (581994839)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8121267A-67AB-4D4A-A8FF-0AB2B598C576

Message: K

Sender: [redacted]

Time: 06/11/19 06:14:08 PM (581994848)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 68A4CF67-BF76-4C73-B062-377DF3C66CB9

Message: Does that work

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:14:53 PM (581994893)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED4A55CD-0C11-4B91-8F32-733B18EFF88A

Message: Ill call the pilots. ..should

Sender: [redacted]

Time: 06/11/19 06:23:09 PM (581995389)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BB0BB622-BE68-4FAA-A461-F284870AFFBD

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:24:01 PM (581995441)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 368E1800-8649-4F8E-8964-2F43DC53A8A8

Message: Biden says he is going to cure cancer. Leading with his chin

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:24:09 PM (581995449)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C748EE0B-A9EC-471F-90DD-BE5E5B1511E1

Message: Or China

Sender: e:jeeitunes@gmail.com

Time: 06/11/19 06:26:17 PM (581995577)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F7FE426-694B-4B8F-AACE-67137511D82C

Message: Mandinka males would dress up in order to resolve domestic disputes.[2] In the 18th century mumbo jumbo referred to a West African god.

Sender: [redacted]

Time: 06/11/19 06:27:28 PM (581995648)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 4BA2EF47-913A-4619-B537-718B38AC7387

Message: That phrase got to guys

**From:** Lisa New [redacted]
**Sent:** 12/2/2014 6:29:16 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** poetry and science

**Importance:** High

**Dear Jeffrey,**

**Apropos of our conversation of a few minutes ago, This proposal went to someone I thought was interested in the environment and science but who seems, in fact, far more interested in supporting TV on a broad range of topics.**

**500,000 would fund this initiative as the second HGSE course (after Poetry of the City) and could begin immediately, Jan 1. . I'd be thrilled to include other scientists you name, perhaps taping the group in a session on metaphor at the edges of fields.**

**INote that taped sessions already include economics, marine biology, astronomy, evolutionary biology, zoology, physics and computer science. Richard Dawkins, Walter Isaacson, David Mossberg and David Malan have all said yes to tapings. Footage for all the others is already shot and ready for post production.**

**I am having a drink with Dean of Ed School today and can explore this with him among other topics**

**Lisa**

**Poetry in America for Teachers II : The Poetry of Earth, Sea, and Sky**

***Combining study of poetry with study of science, environment and the visual arts . Materials include hundreds archival images and live footage shot in***

Cape Cod, Nantucket, Vermont, New York, Connecticut, Jamaica, Aspen, California, Papua New Guinea including oceans, ponds, marshes, birds, fish mountains, coral reefs, forests as well in some major collections (HMNH etc)

with author Michael Pollan on Joel Barlow (and colonial agriculture)

with economist Lawrence Summers on Oliver Wendell Holmes, (and technology and "one hoss shay" depreciation)

with Harvard students at the Nantucket Whaling Museum and with , John Steele, editor of the science magazine, *Nautlilus*, on Lowell and Melville

with Vice President Al Gore on Ralph Waldo Emerson ,and, with eco-critic Lawrence Buell (with footage taped on the Concord River as well as in Harvard's Houghton Rare Book Library )

with a dozen Harvard students and Boston area school teachers on Emily Dickinson's "skies" (shot at Emily Dickinson's home in Amherst Massachusetts) and with ED's original mss. at Harvard University

with Jane Pickering In Harvard's Museum of Natural History on Marianne Moore, zoology and science museums

with Martin Espada and other New Yorkers (footage shot on the East River) on Whitman and urban greenspace and with Susan Howe on Stevens and parks

with Richard Dawkins on Frost, evolution and probability and with Jay Parini, Frost biographer, in Frost's cabin on "The Road not Taken".

with Director of the College Board (and writer of the Common Core Standards) , David Coleman on Robert Frost's "Birches" (filmed in a birch grove)

with Peter Galison on Einstein and Modernism (taped in the Harvard Scientific Instruments collection in the Harvard Science Center) and with author Walter Isaacson on Einstein and Modernism (Fogg Museum)

with Ray Dalio on Marianne Moore( in Rajah Ampat with Conservation International); and with Jane Pickering, Head of the Harvard Natural History Museum, ( filmed in the Harvard Museum of Natural History)

with Stefan Weiss, Walt Mossberg and David Malan on coding, computer language and L-A-N-G-U-A-G-E poetry

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street

Cambridge, MA
O2138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 12/2/2014 7:15:11 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: poetry and science

**Importance:** High

okay. you let me know when you can talk.

And I hadn't added to this list neuroscience--where Emily Dickinson has it nailed-- and maybe this would be the right poem for your group. Notice how many metaphors are operating simultaneously here

The Brain, within its Groove
Runs evenly--and true--
But let a Splinter swerve--
'Twere easier for You--

To put a Current back--
When Floods have slit the Hills--
And scooped a Turnpike for Themselves--
And trodden out the Mills--

I get to New York Thursday am or perhaps tomorrow night...haven't decided quite yet which. Always prefer face to face if you have time

lisa

On Tue, Dec 2, 2014 at 1:29 PM, Lisa New <[redacted]> wrote:

**Dear Jeffrey,**

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[redacted]

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From**: Steve Bannon [[redacted]
**Sent**: 3/11/2018 7:39:40 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

**Importance**: High

Germans get it

Begin forwarded message:

**Resent-From:** [redacted]
**From:** "Thomas D. Williams" <[redacted]>
**Date:** March 11, 2018 at 5:13:03 PM GMT+1
**To:** Raheem Kassam <[redacted]>, [redacted] Oliver Lane <[redacted]>, Alexander Marlow <[redacted], Frances Martel <[redacted]>, Adrienne Ross <[redacted]>
**Subject: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'**

# German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

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*by* THOMAS D. WILLIAMS, PH.D.11 Mar 2018 0

# As Steve Bannon continues his tour of Europe, energizing the anti-establishment populist base, the mainstream media cannot help but admit their admiration for his abilities, despite their dislike of his aims.

In this week's issue, the left-wing German weekly *Stern* articulates the greatest fear of the European establishment: that Bannon "could give the fragmented right in Europe a common ideology and rhetoric." Many thought that the reign of the "Dark Lord" had ended, writes Gernot Kramper, when Steve Bannon left first the White House and then his role as executive chairman of Breitbart News. It turns out, however, that Bannon's adversaries had underestimated him, because he is "as dangerous as ever," he confesses.

Kramper cannot conceal his respect for Bannon's ability to move a crowd. He was greeted by "frenetic applause" in his recent address before France's National Front party, Kramper writes, demonstrating his "impressive potential," which the writer describes as "dangerous."

In the mind of his audience, Bannon is something of a miracle-worker, Stamper notes, having "done the impossible" by bringing Donald Trump into the White House.

The reason Bannon is dangerous, Kramper continues, is because he "lays out the political program of a worldwide right: He has already conquered the USA; now Europe and then the whole world will follow."

“You are part of a worldwide movement that is bigger than France, bigger than Italy, bigger than Hungary, bigger than all that,” Bannon told French populists.

Bannon showed that he “dominates the mood against the ‘elites,’ the ‘establishment’ and the ‘perverse system’ of greedy corporations and banks, and of course also against the press, which is led around ‘like a dog on the Leash,’” Stamper writes.

And now he Mr. Bannon setting himself up as an instigator, if not an outright shepherd, of a movement that crosses borders, languages and parties.

“Bannon is a master of apocalyptic rhetoric,” Stamper continues, effortlessly weaving together nationalist interests with an international populist movement.

The American strategist showed his “true caliber” by expounding modern methods of political freedom through blockchain technologies and cryptocurrencies, Stamper said, leaving many of his hearers behind. Bannon has demonstrated that if the right wants to rule the future, “it must dominate modern themes and rhetorically position them,” he added.

Aspiring to be far more than an uncle who tells stories to his nephews of how he won the fight for the White House, Stamper writes, “Bannon wants to become the super godfather of the international right.”

Although Bannon often looks a bit disheveled, “he should not be underestimated,” the writer warns. Past business partners attribute impressive “strategic foresight” to the eccentric tactician, saying he was often “three or four steps ahead” of his opponents in business. Because of his phenomenal memory, his nickname is “the encyclopedia,” Stamper notes with a certain reverence, and in his speeches he will spontaneously cite “forgotten thinkers, known only to a handful of specialists.”

“Bannon brings with him exclusive knowledge of power from the very heart of power,” Stamper writes, which he will bring to bear on Europe’s fragmented populist populism.

According to Stamper, Bannon has established his “European headquarters” in Italy, from where he intends to galvanize European populists.

The Italian political situation is completely to his liking, Stamper declares, with a political landscape “dominated by populists, right-wing ideologues and the political puppeteer Berlusconi.”

*Follow Thomas D. Williams on Twitter*

**Read More Stories About:**

Big Government, Breitbart London, National Security, Europe, Germany, Nationalism, Populism, Stephen K. Bannon, Stern

**From:** Steve Bannon [redacted]
**Sent:** 3/11/2018 7:47:49 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

**Importance:** High

Pretty powerful

On Mar 11, 2018, at 8:42 PM, jeffrey E. <jeevacation@gmail.com> wrote:

luv it

On Sun, Mar 11, 2018 at 8:39 PM, Steve Bannon <[redacted]> wrote:

Germans get it

Begin forwarded message:

**Resent-From:** [redacted]n>
**From:** "Thomas D. Williams" <[redacted]>
**Date:** March 11, 2018 at 5:13:03 PM GMT+1
**To:** Raheem Kassam <[redacted]m>, [redacted], Oliver Lane <[redacted]>, Alexander Marlow <[redacted]>, Frances Martel <[redacted]n>, Adrienne Ross <[redacted]>
**Subject: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'**

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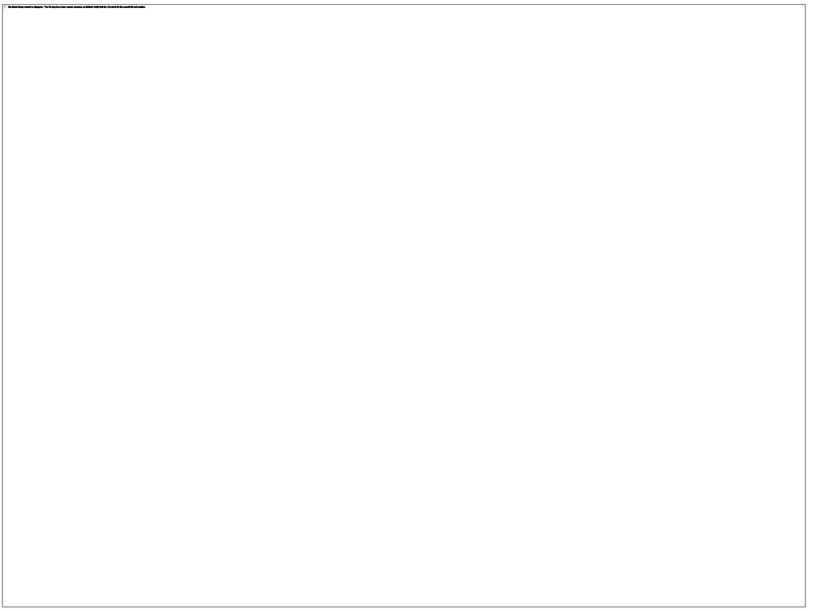

*by* THOMAS D. WILLIAMS, PH.D.11 Mar 2018

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**From:** Steve Bannon [redacted]]
**Sent:** 3/12/2018 1:04:06 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]; Sean Bannon [redacted]
**Subject:** Re: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

**Importance:** High

K
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 11 Mar 2018 21:03:53 +0100
**To:** Steve Bannon<[redacted]>; <[redacted]
**Subject:** Re: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

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luv it

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Germans get it

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** "Thomas D. Williams" <[redacted]>
**Date:** March 11, 2018 at 5:13:03 PM GMT+1
**To:** Raheem Kassam <[redacted]>, [redacted], Oliver Lane <[redacted]>, Alexander Marlow <[redacted]>, Frances Martel <[redacted]>, Adrienne Ross <[redacted]>
**Subject: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'**

# German Media Confess to Underestimating Steve

# Bannon; He Is ‘As Dangerous as Ever’

*by* THOMAS D. WILLIAMS, PH.D.11 Mar 2018

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The reason Bannon is dangerous, Kramper continues, is because he "lays out the political program of a worldwide right: He has already conquered the USA; now Europe and then the whole world will follow."

"You are part of a worldwide movement that is bigger than France, bigger than Italy, bigger than Hungary, bigger than all that," Bannon told French populists.

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**From:** Steve Bannon [redacted]
**Sent:** 3/11/2018 8:07:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

**Importance:** High

Don't worry

All good

On Mar 11, 2018, at 9:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ill make it up to you, . sorry

On Mon, Mar 12, 2018 at 2:04 AM, Steve Bannon <[redacted]> wrote:
K
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 11 Mar 2018 21:03:53 +0100
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**From:** Sean Bannon [redacted]
**Sent:** 3/11/2018 8:08:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Steve Bannon [redacted]
**Subject:** Re: Filed: German Media Confess to Underestimating Steve Bannon; He Is 'As Dangerous as Ever'

**Importance:** High

Roger that. Thanks for having us today.

Sent from my iPhone

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**Date:** March 11, 2018 at 5:13:03 PM GMT+1
**To:** Raheem Kassam <[redacted]>, [redacted], Oliver Lane <[redacted]>, Alexander Marlow <[redacted]>, Frances Martel <[redacted]n>, Adrienne Ross <[redacted]>
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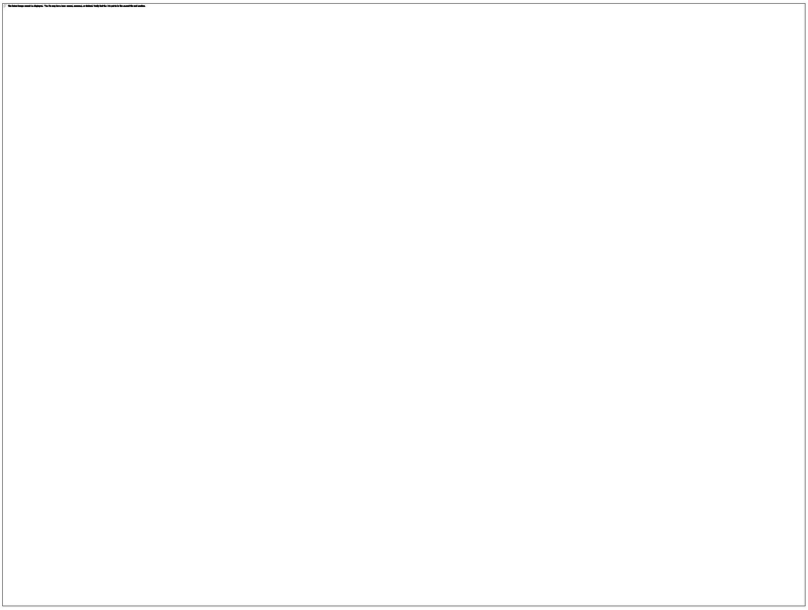

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/2/2014 6:57:24 PM
**To:** Lisa New [redacted]]
**Subject:** Re: poetry and science

**Importance:** High

sorry got called into conference can continue later in week

On Tue, Dec 2, 2014 at 1:29 PM, Lisa New <[redacted]> wrote:

**Dear Jeffrey,**

**Apropos of our conversation of a few minutes ago, This proposal went to someone I thought was interested in the environment and science but who seems, in fact, far more interested in supporting TV on a broad range of topics.**

**500,000 would fund this initiative as the second HGSE course (after Poetry of the City) and could begin immediately, Jan 1. . I'd be thrilled to include other scientists you name, perhaps taping the group in a session on metaphor at the edges of fields.**

**INote that taped sessions already include economics, marine biology, astronomy, evolutionary biology, zoology, physics and computer science. Richard Dawkins, Walter Isaacson, David Mossberg and David Malan have all said yes to tapings. Footage for all the others is already shot and ready for post production.**

**I am having a drink with Dean of Ed School today and can explore this with him among other topics**

**Lisa**

**Poetry in America for Teachers II : The Poetry of Earth, Sea, and Sky**

***Combining study of poetry with study of science, environment and the visual arts . Materials include hundreds archival images and live footage shot in***

Cape Cod, Nantucket, Vermont, New York, Connecticut, Jamaica, Aspen, California, Papua New Guinea including oceans, ponds, marshes, birds, fish mountains, coral reefs, forests as well in some major collections (HMNH etc)

with author Michael Pollan on Joel Barlow (and colonial agriculture)

with economist Lawrence Summers on Oliver Wendell Holmes, (and technology and "one hoss shay" depreciation)

with Harvard students at the Nantucket Whaling Museum and with , John Steele, editor of the science magazine, *Nautlilus*, on Lowell and Melville

with Vice President Al Gore on Ralph Waldo Emerson ,and, with eco-critic Lawrence Buell (with footage taped on the Concord River as well as in Harvard's Houghton Rare Book Library )

with a dozen Harvard students and Boston area school teachers on Emily Dickinson's "skies" (shot at Emily Dickinson's home in Amherst Massachusetts) and with ED's original mss. at Harvard University

with Jane Pickering In Harvard's Museum of Natural History on Marianne Moore, zoology and science museums

with Martin Espada and other New Yorkers (footage shot on the East River) on Whitman and urban greenspace and with Susan Howe on Stevens and parks

with Richard Dawkins on Frost, evolution and probability and with Jay Parini, Frost biographer, in Frost's cabin on "The Road not Taken".

with Director of the College Board (and writer of the Common Core Standards) , David Coleman on Robert Frost's "Birches" (filmed in a birch grove)

with Peter Galison on Einstein and Modernism (taped in the Harvard Scientific Instruments collection in the Harvard Science Center) and with author Walter Isaacson on Einstein and Modernism (Fogg Museum)

with Ray Dalio on Marianne Moore( in Rajah Ampat with Conservation International); and with Jane Pickering, Head of the Harvard Natural History Museum, ( filmed in the Harvard Museum of Natural History)

with Stefan Weiss, Walt Mossberg and David Malan on coding, computer language and L-A-N-G-U-A-G-E poetry

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Elisa New
Powell M. Cabot Professor of American Literature

Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

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I have up until now, not told my side of the story. My attorneys and PR people advised me to just stay quiet, and it will all go away. I have received the same advice for five years now. I realize my silence is now causing collateral damage to my friends and other innocent bystanders. The time has come to let the hounds of investigative reporters loose on those that, driven by money, have made false claims, concocted malicious fabrications, and have expanded their fictions now to include others in my orbit.

I was investigated for soliciting underage prostitutes. To be precise, girls under the age of 18 who were brought to my house by their close friends who worked in local massage parlors or strip clubs(West Palm Beach has scores of massage parlors and happy ending places that routinely advertise in the same local papers that have chastised my behavior)[ see Palm Beach Post classifieds]. I am and have always been a bachelor. I have used massage parlor women, licensed massage therapists, and women with no massage experience. I have never ever used force, coercion, or in fact had intercourse with any of these women.

When the police investigated me, went through my garbage, searched my house, they found sex toys, but NO cameras or camera equipment; nothing in fact out of the ordinary from many homes of single men. There were never any photos of underage girls. Never. A careful reading of any law enforcement document makes that clear. The camera that was referred to in the search warrant, was the camera installed in my house with the help of the local police to catch my houseman, John Allessi; the same houseman mentioned in many articles. He was breaking into my house and stealing money after being fired. The camera caught him in the act. These cameras were the only cameras at my house; security cameras.

The local state attorney, after conducting an extensive investigation and interviewing the girls herself, a sex crimes prosecutor with over 13 years experience, and who had herself authored the more tough legislations dealing with sex crimes, said in her own words, "There are no real victims here. The girls knew they were going to a house in Palm Beach, they had their boyfriends or family members drive them to the house and wait outside, and then they encouraged their friends to go." Many of the girls interviewed were in their mid twenties, some in their early thirties, and some younger than 18. The girl that the newspapers have referred to as a fourteen year old told the police that she had repeatedly told me that she was 18 and a senior in high school, like many of the massage parlor girls told me, and in her own words to the police, said the reason she said she was 18 was that she was told if she didn't, MR EPSTEIN would not let her in the house. These reports are available.

The state attorney offered me to take a plea to aggravated assault with only probation. My attorneys told me that it would be forever a blight on my record, and I should refuse the deal. I did so. The state attorney, Barry Krisher, took the unusual step of bringing the facts before a state grand jury. In Florida, this happens most often in capital murder cases, not prostitution in someone's own home. To be certain that the public would not criticize the outcome, the state grand jury was given all the evidence and returned a verdict of Solicitation of Prostitution. Solicitation, a non-registrable offense which carries with it a sentence of mandatory

probation. Mandatory probation; solicitation is one of the few statues that has such a designation. The local police chief, however, met this charge with great disdain. He believed something untoward had gone on for the grand jury to return such a mild verdict after his department had spent hundreds of thousands of dollars examining the behavior of a resident that rarely left his house. Women seemed to come and go, women of ALL ages. Some masseuses interviewed were in their sixties, some were men.

The police chief, unhappy with the decision of twelve Florida citizens that weighed the evidence, took the unprecedented step of releasing the raw police reports to the press. The raw sewage of an investigation not corroborated, or as it turns out, not even transcribed from the actual interview tapes correctly. Before a plea to the indictment was entered and the case was still open, he released the reports and then sent a letter off to the parents of some of the girls and to the FBI asking for their assistance. Only two days after the grand jury decided that I should only be charged with solicitation of prostitution, NOT underage women, not pimping, but using prostitutes as a john, I received my first FEDERAL subpoena. What resulted after a thirteen month investigation and can be read in my non prosecution agreement, was the federal government threatened me with a fifty page indictment alleging that I had broken federal law, though all actions took place in my home in Florida, the women were from Florida, and no interstate travel took place. The AUSA said that my secretary had made telephone calls to the women. Many of those calls were return calls, and the use of the telephone by my secretary to confirm massage appointments, was equivalent federally to some guy surfing the internet, knowing full well that the person on the other end of the connection is under age, and trying to coerce them into some illegal sex activity. The internet luring statute says that someone uses the means of interstate commerce, (in my case it was a phone) to knowingly coerce underage persons into sex. This was the first time in history that this statute would be stretched, twisted beyond all recognition in an attempt to threaten prosecution. I had hired Ken Starr, former Solicitor General; Alan Dershowitz, law professor; Roy Black, trial attorney; Joe Whitley, former assistant attorney general; and Guy Lewis former US attorney in South Florida, to defend me against what each one of them had said was no federal crime. Ken Starr wrote a brief using a federalism argument that made it clear that my crime of being a john could not be a federal crime. It was to no avail. What the federal government required was as follows: They required that my defense team, not the feds, but my team, go to the state attorney and ask that he up my charge to a pimping charge; a charge that carried with it sex registration. They would not give him the facts to support that charge, or give me evidence they said they had that I had under Florida law received money FROM these girls to offer them out as prostitutes. Florida law is very clear, that the pimp must have a financial benefit from the crime. It would be our responsibility to ask the state attorney to up my charge and agree to sentence me to 18 months in jail and a year of house arrest. In the history of the state attorneys office, they have no other instance of someone requesting a higher charge than what the grand jury decided and a harsher penalty.

In addition, the federal government would require me to pay a minimum of $50,000 to each woman on a list of women that they would choose. A list that would be kept

secret; no names on their list would be disclosed to my attorneys or myself until I was already firmly in a jail cell. A list that we would not only be obliged to pay money to, but if any of the women did not accept the $50,000, I would be required to pay an attorney, chosen by the government, to represent the women to enable them to sue me; I would have to pay their attorney fees. I would be given the names of the women after being in jail, would not be allowed to appeal this deal, pay women, some of whom I had never even met, and if I chose to fight this deal, I would be threatened over and over with being in breach of my agreement. The attorney chosen by the government to represent these women hired his own daughter, a sitting state prosecutor, who received special leave to represent these women, and though she continued to receive her state salary, billed me over $800,000 in a period of one year to represent women suing me. When my side raised objections, we were told that if we fought this, the government would declare a breach of my agreement and indict me. The AUSA actually filed an affidavit with the court that stated that "The protection from the government that Epstein thought he bargained for really is "illusory", we can always bring a case against him for the live span of any woman we think has been a victim."

After serving my sentence, I was sued by many women on the government list. During many of the depositions taken in those cases, the women admitted to the following: they had many other clients, they got paid thousands of dollars a week to work in the local massage parlors and sex clubs, they kept their list of johns in their Bible. Many had abusive boyfriends and abortions way before they ever met me, though they claimed sex assault abuse and various other sex claims. Most later brought their best friends to the house who also claimed the same abuse in the hopes of getting money.

With what the newspapers had called a dream team, each and every lawyer, when they saw the result of the negotiations, said with incredulity, "We have never seen anything like this before". I had never left my house and the women had not traveled on my planes or to another state. I had never made money off of these women. I was a consumer of prostitution, a john. The government said that they could invoke a statute for travel for the purpose of sex, which would be the equivalent to tourists who sign on to fake web sites advertising sex with minors in Cambodia, Thailand and other third world countries. The government said that they could charge me with traveling to Florida to have sex with an underage girl, even though sex with 16 year olds is legal in New Jersey and Pennsylvania and sex with 17 year olds is legal in New York. They suggested that they would indict me for traveling to Florida FOR THE PURPOSE of having sex with minors. Not withstanding the fact that I had a home in Florida for 15 years, regularly traveled to see my brother, mother and business associates. They said that they thought a novel application could at least get me indicted, unless I took the state plea deal. I had little choice. The crimes they alleged, no matter what the likelihood of success, carried with them a minimum mandatory 10-year sentence. I recognize that I am not a sympathetic figure, and had to decide whether to risk a trial where the jury would see an older man and young women that would be paraded in Sunday school outfits during the trial.

I have shown poor judgment in the past, and have paid a heavy price for those mistakes. I had hoped to move forward with my science philanthropy and helping those less privileged than myself. Then came Scott Rothstein.

Scott Rothstein was the senior partner of RRA . He is currently serving a 50 -year prison sentence for perpetrating the largest fraud in South Florida's history. He decided that sex allegations made against me could be used to fleece hundreds of investors out of hundreds of millions of dollars. He recruited Brad Edwards, a smalltime Ft. Lauderdale attorney who had access to some of the women on the government list. Rothstein forged Judges signatures, hid behind attorney client privilege, secrecy of legal docu, work product, cover letter; giving illegal investigative activity the protection normally reserved for lawyers and their legitimate clients. He falsely told investors that I had settled cases with him for hundreds of millions of dollars, but the women wanted their money right away. If they gave him 30 million dollars now, he could give part of it to the women who wanted to remain anonymous, they would go off into the sunset with their money, and the full payment would be made to the investors. Investors that would be getting 50- 100% return on their money for taking advantage of the same women who allegedly had come in contact with me. Bill Schere, an attorney in Broward, has filed 147 complaints against Scott Rothstein and the firm.

The attorney for the women, aware that I would be loathe in involve innocent friends in problems that were strictly of my own making, subpoenaed names and tried to smear any friend or mine whose name appeared in print previously. They contacted Bill Clinton, Donald Trump, David Copperfield; innocent bystanders with no knowledge of any of my actions whatsoever. I settled the cases rather than forcing both the women and others to be subject to a public questioning of their lives.

It appears that the Rothstein firm had continuing help from the government throughout their civil litigations. Emails received as a result of a recent subpoena show descriptions such as, "received info from current FBI agents".

The former Rothstein partners subpoenaed my attorney for all correspondence regarding my plea with the US attorney. Though highly unusual, the government sided with the former Rothstein partners and agreed we needed to produce all the correspondence between the government and my attorneys.

During the civil deposition of my former houseman, Alfredo Rodriguez, attended by a new attorney from the Rothstein firm, whose name appears on the record as CARA Holmes, [also appears as Carolyn Holmes, also appears as Kara Holmes], the houseman allegedly said that he had stolen a book from my house with telephone numbers in it that the government wanted. This was in July of 2009. I believe that

the attorneys went to outside counsel Kendall Coffey, and asked whether or not they could buy the book for the $50,000 that the houseman had asked for it. THREE months later, the FBI and the same AUSA that had headed my prosecution set up my houseman in a sting. It appears that while using a lawyer from the RRA firm, Brad Edwards, as a confidential informant for the government at the same time that Scott Rothstein was using me and the allegations against me to fleece his victims, the US attorneys' office was sitting in the Rothstein offices planning a sting operation, while right next door, Scott Rothstein was making off to Morocco in an attempt to flee the country. Alfredo Rodriguez was prosecuted by the same AUSA and received an 18-month sentence; however, it also appeared that on the very same day of his sting arrest, he bought an illegal gun, and was later sentenced to four years in prison. Who Cara Holmes is, and what her role was in RRA is still a mystery to us. She appears to be a former FBI agent out of the Chicago office. She joined the Rothstein firm in May of 2009, and joined the Florida Bar at the same time. She attended depositions of my pilots and my houseman. She communicated regularly with Brad Edwards and the investigators on my case. The email traffic is extensive.

The telephone book that Alfredo Rodriguez had stolen from my house was then turned over(by the government?) to the same attorneys who had been told they could not buy it as they would have been buying stolen property. Brad Edwards, the former partner of Scott Rothstein, then used the purloined book to send out letters to everyone in the book, asking for additional stories of my wrongdoing in the past five years with the hopes of getting new clients. The letter was structured so as to circumvent the ethical rules regarding trolling for clients.

While I was serving my sentence, my lawyers were able to come see me in jail. Only two months after being incarcerated, my in house lawyer came to see me to tell me that we were now conducting an audit of legal fees paid to date. They had discovered that Gerald Lefcourt, my primary defense attorney, had taken out cash to the tune of $800,000, that according to his own accountant, he was not entitled to. He had simply prepared invoices that said, "Please pay another $100,000 or $200,000". Though he had been asked on multiple occasions to substantiate the bills, his response would be, "We are working full time for you". I pointed out that his was not the only firm working for me, but he replied, "Would you like me to quit?" He eventually returned over $400,000 over a period of time, as he said that his cash flow could not handle the strain. He said that he was still owed for things like taxi fair, coffee and doughnuts, detailed for $2.53, and would keep $400,000.

I was told that I should hire Guy Lewis, a former US Attorney in the Southern District. Lewis, a southern style gentleman; white suits, fast cars; said he had a great relationship with the current US Attorney, Alex Acosta, and the people in Washington that would potentially need to review what ever happened in South Florida. He wanted a $100,000 per month retainer, and with this, his partner Mike

Tein would represent me. Upon review of Lewis' background, it was suggested that he might now not have the credibility that he had represented, and rumors were that he had been asked to leave the Department of Justice for inappropriate billing. I told him in no uncertain terms that if this were true he would need to tell me, as he was representing my credibility with the government. If he had been asked to leave the Department of Justice, it would dramatically hurt my chances if it were he making my case to senior officials. He swore up and down, as southerners are apt to do, that there was no truth whatsoever to the allegations. Being charged with untrue allegations rang close to my heart, and I chose to side with Lewis. Only after my incarceration, when Lewis and Tein came to see me in a 9'x 10' attorney room that smelled of urine, and I told them that I was now being sued by many of the girls on the government list, they expressed their regrets and their willingness to help. However, as they walked out down the dungeon like hall with the sound of clanging gates in the background, they were unaware of the security cameras and microphones throughout the hallway. They chose to high-five one another on camera and smile with the comment, "This is going to be a couple more years of fees". The guards at the jail, accustomed to some of the most heinous physical crimes imaginable, and hardened against most of humanity's foibles, were caught off guard by the exhilaration of the potential of more fees.

Sex for money; it's a sensitive subject. The reactions range from Andrew Dworkin the feminist who considers all intercourse a form of rape; man inserting his authority, to Jackie Mason that posits that when a man takes a woman for dinner, many times his real motivation is the hope of receiving sex at the end of the evening. He suggests it is hypocritical for the man to be able to pay the florist for flowers, the doorman for getting a cab, the restaurant for the food, and the liquor store for the gift of wine, but can't pay the only person that performs the actual sex act without committing a crime. Yes, I paid for sex. I am a john. Yes, I understand that prostitution is a crime and a crime that very few johns have even gone to jail for. I am aware that there are strong feelings amongst many people regarding that crime. Many countries have legalized it, some states have legalized it; many have a policy of no enforcement. New York City has escort services that openly advertise, massage parlors that have neon signs in midtown. In actual fact, the crime of paying for sex at the time of my transgressions was under penal code 230; equivalent to that of jay walking unless the girl was under 15. Yes, under the age of 15. That was in New York. In Florida, the age of consent is 18. Misrepresentation of age is not considered a defense. Even if the girl worked in a sex establishment where one has to prove age to work, if the girl was met in a bar where the drinking age is 21, or shows ID that appears to be valid that she is over 18, that is not a defense. The State Attorneys who deal with this sort of crime on a regular basis reviewed the case brought by the local police, and said in no uncertain terms that there "were no real victims " in the Epstein case. NO real victims. Their words; they said the women knew what they were doing. They even brought their best friends to Epstein's house after going there a number of times themselves. How could there be a serious crime?

The AUSA decided that she would protect the young women of Palm Beach. She saw a need for child safety everywhere she looked. She has been chastised twice by local judges for hiding information from and misleading the court, and had a supervisor represent her in front of a judge that would have disciplined her. Her first subpoena to me asked for all my tax returns, my medical records, my phone book, my plane logs.

The women came to my house. I usually exercised every day followed by a massage. Most of the time, I would be on the telephone when a woman was brought into the room. Many times they rubbed my feet or back. I never spoke to them at all, because I would be on the phone. The room was dimmed, and often I would not even see the woman. If not on the phone, I would talk to the woman. NO intercourse ever occurred; most women testified they never touched my genitals at all. NEVER. These depositions were taken as a result of the government supported civil suits against me.

**From:** Terje Rod-Larsen [[redacted]]
**Sent:** 5/27/2017 11:19:59 AM
**To:** Jeffrey Epstein [Jeevacation@gmail.com]
**Subject:** Fwd: US Saudi Arms deal but Note Blackstone Infrastructure Fund with SAMA

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** Richard John Nawrot <[redacted]>
**Date:** May 23, 2017 at 15:13:12 GMT+4
**To:** Terje Rod-Larsen <[redacted]>
**Cc:** Andreas Kraus <[redacted]>, George Henderson <[redacted]>
**Subject: US Saudi Arms deal but Note Blackstone Infrastructure Fund with SAMA**

Terje, the attached article appeared in todays FT, I have removed the defence part related to the US$110bn arms deal but highlighted the separate deal done with Blackstone to establish a fund for US infrastructure this is akin / precedent to what we seek to achieve with SAMA focused on global investment fund in Airport Infrastructure — Best Richard.

US President Donald Trump began his first foreign trip with a stop in Saudi Arabia, where a $110bn arms package was announced that the White House hopes will help Saudi Arabia and other gulf states combat terrorism in the region and ward off threats from Iran.

# US defence companies lifted by Saudi deals

## Lockheed Martin and Boeing stand out after Saudi Arabia signs a flurry of deals

**Separately, the kingdom's sovereign wealth fund has also announced a large investment in US infrastructure through a new Blackstone fund. The sovereign Public Investment Fund intends to invest $20bn into Blackstone's new vehicle, with a further $20bn coming from other investors. The group's stock price rose 6.7 per cent to $31.88.**

**From:** Edward Epstein [redacted]
**Sent:** 8/18/2017 1:23:10 PM
**To:** Jeff Epstein [jeevacation@gmail.com]
**Subject:** FYI

**Importance:** High

Hi Jeff
I thought this might interest you

Edward Jay Epstein
July 31, 2017
Politics and law

The 2016 presidential campaign was marked by three disclosure operations, all of which appear to have had a single author. "Oppo research" is the euphemism commonly used in elections for such operations. The mechanism is fairly simple: dirt is obtained from wherever it can be found to discredit an opponent. It is then "leaked," usually either anonymously or on background, to targeted media channels. What makes the 2016 campaign particularly interesting from a counterintelligence perspective is not that both sides had their own disclosure operations, but that both sides were offered the dirt for them by a common source: Russian intelligence.

As we now know from the emails of Donald Trump Jr., a thinly veiled intermediary, Natalya Veselnitskaya, offered the Trump campaign documents that putatively would show that Hillary Clinton had received illegal donations from Russian financiers; in the event, no such documents were proffered. But it is a reasonable assumption that Veselnitskaya could not have made such an offer, especially in a meeting attended by three other Russians, unless the move was approved by the FSB, the Russian security service.

A second disclosure operation, this one involving supporters of the Clinton campaign, was more layered. The proximate intermediary was Fusion GPS, a research firm used by the law firm Baker Hostetler, and the secondary "cut-out" was the British firm Orbis, co-founded by former MI-6 officer Christopher Steele. We know something about this sub-contractor from the depositions Steele gave in defending a libel suit in London. According to Steele, Fusion GPS not only had him prepare the so-called "dossier" on Trump but also directed Steele to "leak" it to specified reporters at *Mother Jones*, *Yahoo*, the *New York Times*, the *Washington Post*, *The New Yorker*, and CNN. In some cases, Steele was directed to brief the selected journalists personally. The dirt in these "leaks" relied heavily on information supplied by two Russian government sources: Source A, whom Steele calls "a senior Russian Foreign Ministry figure"; and Source B, "a former top-level intelligence officer still active in the Kremlin." Sources A and B provided information supposedly exposing a long-time Russian FSB operation to get compromising information that could be used to control Trump. The idea that two Russian intelligence sources would reveal a long-time Kremlin-backed FSB operation bears further examination.

Michael Morell, a former acting CIA director, casts light on the sourcing of the dirt in the Steele dossier. "I had two questions when I first read [the dossier]," Morell said in an NBC interview. "One was, how did Chris [Steele] talk to these sources? I have subsequently learned that he used intermediaries. I asked myself, why did these guys provide this information, what was their motivation? And I subsequently learned that he paid them. That the intermediaries paid the sources and the intermediaries got the money from Chris."

Paying ex-FSB officers for sensitive information? As Steele is no doubt aware, there is no such thing as an *ex*-FSB officer. All Russian intelligence officers, whether currently or formerly employed, if in Russia, operate under the same tough security regime. The selling of secret information by them is espionage, pure and simple. Selling it to someone connected to an adversary intelligence service greatly compounds the crime. Sources A and B (through their intermediaries) knew that they were dealing with an ex-MI-6 man who could use their betrayal of secrets against them. The only safe way for A and B to provide the requested dirt would be to clear it with the security regime at the FSB. This precaution, a required step in such exchanges, would mean that the dirt in the dossier, whether true or false, was curated by the FSB and spoon-fed to Steele. If so, the FSB was the surreptitious provider of this part of the Steele dossier.

The third disclosure operation involved stolen emails from the DNC bearing on the unfair treatment by Democratic Party officials of Bernie Sanders, which were posted on the DC Leaks website. President Obama identified the Kremlin as the author of this operation, saying "These data theft and disclosure activities could only have been directed by the highest levels of the Russian government." If so, as in the previous cases, the FSB would have curated the dirt. To be sure, oppo-research operatives, because of their singular focus on getting usable slime, are highly vulnerable to shady offers, but why would Russia so blatantly feed the slime to all sides in a campaign?

The United States has a wide array of tools for monitoring Russian intelligence, including the world's most sophisticated sensors for intercepting signals, but discovering the Kremlin's motives remains an elusive enterprise because, unlike in a scientific inquiry, one cannot fully trust the observable data. While a scientist can safely assume that the microbes he observes through the lens of a microscope are not employing guile to mislead him, an intelligence analyst cannot make similar assumptions about the content of intercepted communications from Russia. If one assumes that the Russians do not know that the channel is being monitored—an assumption which, following the defection of Edward Snowden to Russia, is hard to make prudently—then the intelligence gleaned from that channel can reveal the Kremlin's activities and motive. If, however, it is understood that the Russians know that a channel is being monitored, the information conveyed over it can be considered a disclosure operation.

If, for example, a Mafia family finds out that the FBI is tapping its telephone lines, it can use those lines to burn its rivals. The Kremlin can also use a *known*tapped phone line to its advantage. Consider, for example, the tapped phone of Russian ambassador Sergey Kislyak. On December 1, 2016, Kislyak went to Trump Tower to meet Jared Kushner and Michael Flynn. According to Kushner's version of that meeting, Kislyak suggested that Russian generals could supply information about Russian military operations in Syria on the condition that the Trump transition team provide a "secure line in the transition office." Of course, as Kislyak likely knew, transition teams don't have secure lines to Moscow. Kushner responded by asking if the Russian embassy

could supply such a "secure line." Kislyak then used an open phone line at his embassy to relay Kushner's response to his foreign ministry in Moscow. It is inconceivable that Kislyak did not know that the call would be monitored by the FBI, since the FBI had routinely listened in on these lines for the past 68 years, or that his discussion of Kushner's request would set off alarm bells in the intelligence community.

If Kislyak had wanted to hide this exchange from U.S. intelligence, he could have easily sent it under diplomatic cover directly to Moscow, used a secure line, or relayed it in a coded fashion. By communicating the message *en clair*, or in plaintext, Kislyak skillfully exposed Kushner's incredibly stupid response, which he himself had provoked, to stoke distrust about the incoming president within the U.S. intelligence community. Nor was this the only mistrust Kislyak cultivated: the conversations on the monitored phone led to the firing of National Security Advisor Michael Flynn, and conversations that Kislyak had with Attorney General Jeff Sessions led to Sessions's recusing himself from the Russian investigation, which has now driven a wedge between President Trump and one of his most effective and popular cabinet members.

Kislyak's resume indicates that he is a well-regarded and competent player in the game of nations: he has served as Second Secretary of the Soviet UN mission in New York, First Secretary of the Soviet Embassy in Washington, Deputy Director of the Soviet Department of International Organizations in Moscow, Permanent Russian representative to NATO in Brussels, Deputy Foreign Minister, and Ambassador to the United States. Nothing in his 37-year career, either during or after the Cold War, suggests that his moves are not aligned with Kremlin strategy.

But when it comes to the various disclosures and interventions surrounding the 2016 election, what exactly was that strategy?

In a report issued on January 6, 2017, entitled "Assessing Russian Activities and Intentions in Recent U.S. Elections," the U.S. intelligence community concluded, based both on its sources and its analysis of stories on the Russian-controlled network RT, that Putin wanted to hurt Clinton, help Trump, and discredit the American election. These may well have been motives of the Russian president, but the narrowly focused assessment fails to explain, or even take into account, Kislyak's post-election ensnarement of Kushner, or the discrediting dirt against Trump. If Putin had really wanted to help Trump win the election, why did Russian sources provide damaging dirt to Steele, which could have cost Trump the election? Why did Kislyak provide the FBI with information, via a known tapped line, that could (and did) compromise key members of Trump's administration?

A wider focus can be found, of all places, in Oliver Stone's revealing, if fawning, four-hour interview with Putin, in which the Russian dictator makes clear that he views American hegemony, including America's standing and respect in the international community, as a threat that Russia must counter. One way to undermine America's standing is to provide disclosures that can be used by its own political factions, and the media, to sow distrust in America's reliability as a democracy founded on transparency. Putin tells the truth when he says that it doesn't matter particularly to Russia whether Clinton or Trump won the election: his goal was to install doubt in the legitimacy of the process, regardless of how it turned out.

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***Edward Jay Epstein's most recent book is* How America Lost Its Secrets: Edward Snowden, the Man and the Theft*, published by Alfred A. Knopf in January.***

January 30, 2018 05:01 AM GMT

Alternative Asset Managers

# Can Alts Unlock Value with C-Corp Conversions?

We think APO could unlock the most value by converting to a C-corp with 26% in our upside case vs. -14% in our downside case. ARES could be the first to convert, but this is largely priced in. These firms have more sticky management fee-related earnings vs. BX/CG/KKR that may see less benefit.

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.
**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.**

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# Contents

5 Executive Summary

6 C-corp Conversion Could Be the Catalyst to Unlock Value and Drive Multiple Expansion

8 Impact to Current Valuations in Upside and Downside Case

10 ARES Conversion Largely Priced In

11 Why Should Fee-Related Earnings Re-Rate Higher?

11 1) Premium to Traditionals Asset Managers

13 2) Publicly Traded Alts Comps

13 3) Bond Yield Approach

14 What Is the Impact of Higher FRE Multiples in a SOTP approach?

16 What Is the Appropriate Multiple for Performance Fees?

18 Deconstructing Our Implied Carry Valuation: What Is the Market Paying?

19 Upside Scenario

20 Downside Scenario

21 Appendix A: Company Scenario Analysis

22 Apollo Global Management SOTP and Sensitivity Analysis

23 Ares Management SOTP and Sensitivity Analysis

24 Blackstone SOTP and Sensitivity Analysis

25 The Carlyle Group Management SOTP and Sensitivity Analysis

26 KKR & Co. SOTP and Sensitivity Analysis

27 Oaktree Capital Group SOTP and Sensitivity Analysis

28 Appendix B: Valuation of Alternative Managers - What©in the Price?

29 Appendix C: Notable Alt Reports: In Case You Missed Them¼

30 Brokers & Asset Managers Comps Sheet

31 Valuation and Risks



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Alternative Asset Managers

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Brokers & Asset Managers
North America Industry View

In-Line

**We believe ARES could be the first Alt stock to convert; we would view that as a positive catalyst for the group that, if successful, could lead others to follow.** ARES reports 4Q earnings on February 15, and we expect a potential announcement or indications of mgmt© intentions and/or timing. C-corp conversion has dominated our conversations with investors of late with increased inbound questions including interest from some new to the Alts. As a result, in this report we expand on prior work here, and here, creating a C-corp conversion scorecard with qualitative pros/cons for each company. We also evaluate the potential valuation impact if Alts convert, and we take a deep dive into how the market might value two earnings components in a C-corp structure: 1) sticky, recurring management fee-related earnings and 2) performance fees.

**We see an opportunity for Alts to unlock value by shedding the partnership structure and converting to C-corps.** Changing from a partnership structure could help alleviate the complexities of current K-1 tax reporting and expand the universe of eligible investors in the Alts. Some investors today are restricted from investing in limited partnerships, while others don©want the operational and tax complexities of investing in a partnership structure.

**Management fee-related earnings could re-rate higher toward 22.5x in our upside case, as we look at three different approaches for valuing this sticky earnings stream:** 1) traditional asset manager comps vs. organic growth, 2) publicly traded C-corp Alts comps, and 3) an approach looking at FRE as bond yield proxy with a credit spread, to determinate an appropriate cap rate.

**Performance fees appear cheap (at 6.1x) if management fees re-rate to 22.5x** in the context of Alts converting to C-corps and a 24% overall tax rate. This suggests the market is misvaluing performance fees, and we could also see Alts performance fee earnings re-rate higher if C-corp conversion expanded the investor base.

**We see companies that have a greater skew to management fees as best positioned for conversion,** as we see the greatest potential for multiple expansion on for this portion of the earnings. For stocks under coverage, **we see APO as potentially being able to unlock the most value, with near-term upside to current prices of 26%, if the shares re-rate.** We see ARES as another winner from conversion but the we belive this is priced with shares up 23.5% YTD. Our analysis suggests a less favorable upside/downside scenario for conversion for companies under coverage with lower taxes and/or greater exposure to performance fees **(KKR, CG, BX).**

**Exhibit 1:**
Upside/Downside Scenario Impact to Alts' Share Price if They Convert to C-Corps from Current Partnership Structure

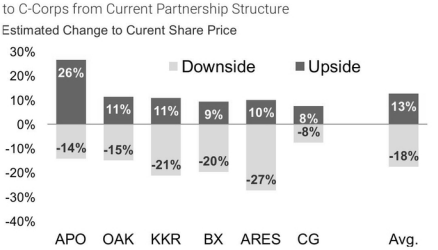


Source: Company Data, Morgan Stanley Research estimates

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**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.**

# Executive Summary

**Will the Alts simplify their structure and convert to C-corporations from partnerships? What would this mean for valuations?** We think the Tax Cuts and Jobs Act could accelerate cost-benefit analyses and decision-making by management teams as a 21% federal tax rate vs. 35% previously implies less tax leakage and less expense in moving from single-layer taxation to a double taxation structure. While investors would give up economics in the process, the new business structure would, we think, command a higher valuation multiple.

**For context, investor questions on the topic have picked up recently, including from a number of long-only accounts, which have historically avoided the Alts.** Some investors have said they currently cannot invest in Alts given the partnership structure but would be interested and able to do work on them if they were to convert to C-corps. We had conversations around conversion a year ago as President Trump took office amid promises of tax reform, and the subject came up on nearly every 4Q16 earnings call. Management teams seemed to table the idea because of too many moving parts that needed to be clarified before they conduct a proper cost/benefit analysis. Post tax reform, conversion is at the top of investors@minds and becomes a key debate/catalyst for the sector.

**We believe Ares Management L.P. (ARES, Equal-weight) could be the first Alt to convert to a C-corp, potentially sparking other conversions within our coverage.** We believe this prospect has likely driven much of the stock©24% return year-to-date and +16% outperformance vs. the S&P 500 and +10% its Alts peers. Over the past few months, ARES management has stated clearly that they have been actively considered conversion. CFO Mike McFerran recently told investors, "This topic has become clearly very elevated in light of possible tax reform. Absent that and even before this became so topical, this is the thing we@e been thinking about. And the overarching question is, can public traded partnerships attract the breadth of shareholder base to support an appropriate valuation notwithstanding some other obstacles." Even without tax reform, the company was considering the structure change, and with a 21% corporate statutory rate (vs. 35%), we believe cost-benefit analysis may make sense for ARES. **The company reports earnings on Thursday, February 15, and we expect an update or additional color on conversion. We think all Alts shares could benefit as investors see a higher probability of others following in their footsteps and/or investors re-rate Alts@FRE higher.**

**Against this backdrop, we@e created a conversion scorecard with qualitative pros/cons for each company.** *To be clear, these are our views on where conversion makes the most sense and not calls on which companies will commit or the timing of potential conversions.* We focus selectively on the factors we view as most important in deciding whether to convert.

- **FRE % of Earnings** Ð We believe the higher fee related earnings as a % of total earnings, the more likely for a re-rating of the shares and therefore more likely to consider C-corp conversion.
- **Effective Tax Rate** Ð The lower the current tax rate, the more tax slippage if companies convert and are subject to a higher corporate tax rate, and lower EPS. Conversely, companies with a higher tax rate today already have more tax leakage, and thus could make sense to pay a little more tax in a corporate structure for a broader investor base.
- **Current P/E Ratio** Ð The lower the current P/E multiple, the more management may be inclined to take action to drive a re-rating.
- **Management Commentary** Ð Lastly we look at management commentary from earnings calls/conferences to assess the extent that companies are evaluating conversion and seriously considering it as a strategic option.

**Exhibit 2:**
Based on our qualitative scorecard, our work suggests APO and ARES may be most likely to convert

| Company | Rating | Core FRE % of Earnings | ENI Effective Tax Rate | Current P/E ratio (2018e) | Management Commentary | Average Overall Score |
|---|---|---|---|---|---|---|
| ARES (ARES) | Equal-weight | ● | ◔ | ◔ | ● | ◔ |
| Apollo (APO) | Overweight | ◕ | ◑ | ◑ | ◑ | ◑ |
| Oaktree (OAK) | Overweight | ◑ | ◑ | ◔ | ◑ | ◑ |
| KKR (KKR) | Equal-weight | ◔ | ○ | ◕ | ◕ | ◑ |
| Carlyle (CG) | Overweight | ○ | ◕ | ◕ | ○ | ◔ |
| Blackstone (BX) | Overweight | ◕ | ○ | ◑ | ◑ | ◔ |

Source: Company Data, Morgan Stanley Research estimates



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**For Ares, we believe conversion makes sense, given the company is largely a play on fee related earnings** from draw down funds, separately managed accounts, and their relationship with ARCC, the publicly traded business development company. Earnings from performance fees at ARES are a smaller portion of overall profitability, which is furthered by relatively higher compensation payout on performance fee revenues, which in turn approach 80% in strategies such as private equity vs. peers typically in the 45-55% range. The company could benefit as a first mover and if the stock price reacts favorably, we could see other alternative peers follow suit.

**Apollo in our view may stand to benefit the most from conversion with the best risk reward skew in our analysis using a SOTP framework.** Why? Similar to ARES, the company has meaningful fee-related earnings as a percentage of overall operating income. This is largely driven by their advisory relationship with Athene, where APO earns a fee on ~$74b of assets and should benefit from additional management fees from the company©most recent $24b flagship private equity fund.

**Our deep dive suggests Apollo has relatively longer-duration stickier assets under management vs. peers, which gives us greater confidence in APO© fee-related earnings stability, growth, and potential for a re-rating.** Apollo©AUM has a 12-year duration on average (measured as outflows and realizations as a percentage of beginning of period AUM). This is noticeably better than HLNE©at 9.1 years, which trades at 23.4x P/E, and below Partners Group of 16.7 years, which trades at 28x P/E.

**We see Blackstone as potentially less likely to convert, but see a more nuanced story at KKR given their token dividend policy; for both we do not see as much valuation upside from a re-rating of FRE multiples.** BX and KKR have larger concentration to performance fees and as a result we see less of an impact to potential upside should fee related earnings multiples re-rate. Our estimated tax rates for KKR and BX are also significantly lower than the group given the earnings mix and other offsets. We see a greater downside to current share prices if there was a conversion that had a higher tax drag and multiples did not expand. **That said, KKR has a history of making major changes, such as its payout policy change in 2015** that sharply reduced the dividend with a shift in strategy to grow book value. At the time we thought such a change by KKR was a prelude to converting to a C-corp, as we wrote here. However, the stock has lagged and **KKR©limited/token dividend means investors do not receive the full benefit of a flow through partnership structure** with single-layer taxation. So we again raise the question, Why not convert to a C-corp with a token dividend that is effectively single layer taxation?

## C-corp Conversion Could Be the Catalyst to Unlock Value and Drive Multiple Expansion

**The alternative asset managers trade at a steep discount to broader financial peers.** We believe this is largely due to 4 factors: 1) volatility of the earnings (particulary performance fees) and questions as to alpha persistency going forward by public market investors, 2) complicated business models, 3) corporate governance concerns, and 4) corporate structure as a partnership. We do not expect to see the first three factors change, but conversion could make a meaningful difference by:

**1) Expanding the universe of eligible investors in the Alts,**

**2) Alleviating the tax complexities of current K-1 tax reporting,**

**3) Unlocking value via multiple re-rating,** particularly for management fee-related earnings in the widely used sum-of-the-parts valuation for Alts. We could also see incremental upside to current valuations if multiples on performance fee earnings adjust upward (more details below).

**Exhibit 3:**

Alts trade on average FY2 of 10.5x, a 28% discount on average to other financials subsectors

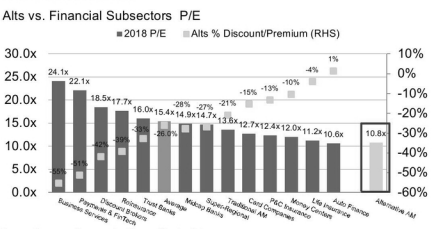


Source: Company Documents, Morgan Stanley Data
Note: P/E multiples for other financials subsectors aside from brokers and asset managers are based on Morgan Stanley Estimates as of 1/18/2017



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On average the group currently trades at 10.8x on 2018e EPS with an average effective tax rate for economic net income (the metric used for EPS calculations) of 9.6%. The low tax rate is a result of favorable treatment of pass-through performance fees and tax offsets. This is well below broader financials peers and on average, a 26% discount to P/E multiples.

**Exhibit 4:**

Breakeven P/E multiple expansion of 2.1x required to offset 16% lower earnings in a C-corp on average.

| Ticker | Current Price | Tax Rate | 2018E EPS | P/E | Tax Rate | 2018E Pro-Forma EPS @ 24% Tax Rate | EPS % Change | P/E | ΔP/E |
|---|---|---|---|---|---|---|---|---|---|
| **APO** | $36.42 | 11.5% | 3.68 | 9.9x | *24%* | 3.15 | -14.3% | 11.5x | **1.7x** |
| **ARES** | $24.70 | 8.7% | 1.73 | 14.3x | *24%* | 1.42 | -17.7% | 17.4x | **3.1x** |
| **BX** | $36.78 | 5.3% | 3.26 | 11.3x | *24%* | 2.62 | -19.8% | 14.1x | **2.8x** |
| **CG** | $25.60 | 17.8% | 3.03 | 8.5x | *24%* | 2.80 | -7.7% | 9.2x | **0.7x** |
| **KKR** | $24.40 | 3.8% | 2.74 | 8.9x | *24%* | 2.16 | -21.3% | 11.3x | **2.4x** |
| **OAK** | $45.20 | 10.5% | 3.55 | 12.7x | *24%* | 3.01 | -15.1% | 15.0x | **2.3x** |
| ***Average*** | | ***9.6%*** | ***3.00*** | ***10.9x*** | | ***2.53*** | ***-16%*** | ***13.1x*** | ***2.1x*** |

Source: Thomson Reuters Company Data, Morgan Stanley Research estimates

If the Alts converted to C-corps, there would be tax leakage as a result no pass-through of earnings for carried interest and investment income. We estimate an effective tax rate of 24% (21% federal + 3% state and local). The companies may be able to keep some of the tax offsets in place; however, we conservatively use a full 24% to evaluate the earnings impact. **As a result of higher taxes and -16% lower earnings on average in a C-corp, the stocks would need to re-rate upward by 2.1x turns to maintain their current valuations.**

**Exhibit 5:**

On average we estimate a -16% hit to EPS using a 24% tax rate in a C-corp structure. This would require 2018e multiples to expand 2.1x on average in order for shares to hold the current price

**P/E Multiples for Alts: Current vs 24% taxed EPS**

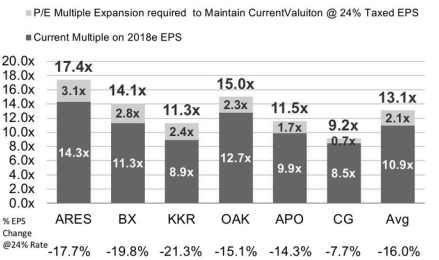


Source: Thomson Reuters Company Data, Morgan Stanley Research estimates



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# Impact to Current Valuations in Upside and Downside Case

**In the sections following we explain in greater detail our approach to potential Upside/Downside scenarios and the impact to valuation under potential conversion.** The actual impact is very difficult to quantify given the variety of moving pieces and the reliance on investors to drive the a re-rating. We have presented it as a scenario analysis to evaluate conversion on a risk reward spectrum. Upside/downside scenarios show a positive skew for companies that have higher earnings contribution from management fees vs. more downside skew for companies with more performance fees (less certain re-rating of performance fees).

**As the examples herein illustrate, we see significant value in the re-rating of fee-related earnings that could unlock share value and result in higher stock prices.** We believe these stable and growing fee earnings can support higher multiples and broader ownership of the Alts and be the catalyst for the re-rating (explained in greater detail in the sections that follow). In both our upside and downside approaches we look at a Sum-of-the-Parts that values at **1)** fee-related earnings, **2)** balance sheet investments and net cash, **3)** the net accrued carry balance, and **4)** future value of carry. In both the current and upside case we use a fully taxed fee-related earnings at a 24% tax rate and our value for the balance sheet remains unchanged in both scenarios as well.

However, we make several adjustments to our upside and downside case to reflect a C-corp structure with full tax rate on all earnings: **1)** Tax the net accrued carry receivable balance at a 24%. **2)** Tax our estimate for average net carry earnings at a full 24% rate. Further, in the upside case we also adjust the multiple upwards for fee related earnings driven by broader ownership of the stocks, and we conserva-

**Exhibit 6:**

Potential Upside Scenario SOTP Valuation for APO. We see potentially significant value from a re-rating of fee-related earnings driving higher valuation

**Apollo Global Management (APO)**

| | Sum-of-the-Parts Components (APO) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $1.66 | $1.66 | 0% | $1.66 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $1.26 | $1.26 | 0% | $1.26 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$18.94** | **$18.94** | **0%** | **$28.40** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$2.72** | **$2.72** | **0%** | **$2.72** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$2.16** | **$1.64** | **-24%** | **$1.64** | **-24%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $2.45 | $1.86 | -24% | $1.86 | -24% |
| | Multiple | 5.1x | 4.2x | -0.9x | 7.1x | 2.0x |
| | **Market Implied Carry Value** | **$12.61** | **$7.91** | **-37%** | **$13.30** | **6%** |
| = | | | | | | |
| Valuation | **Total Value** | **$36.42** | **$31.20** | **-14%** | **$46.07** | **26%** |
| | **2018e EPS** | **$3.68** | **$3.15** | **-14%** | **$3.15** | **-14%** |
| | **P/E** | **9.9x** | **9.9x** | **0.0x** | **14.6x** | **4.7x** |

Source: Thomson Reuters Company Data, Morgan Stanley Research estimates



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tively adjust upward our multiple on future carried interest earnings by 2 turns. **For Apollo, we see that nearly the entire the increase in value in the upside case is driven by the expansion of the FRE multiple from 15x to 22.5x.**

**2018 Impact: Upside case impact** is +13% vs. current price on average and 3.8x multiple expansion to a fully taxed EPS. In our upside case scenario, we assume a 22.5x multiple on fee-related earnings in our SOTP. We see favorable risk/reward skew **APO.**

**Downside case impact** assumes no multiple expansion of any kind, and that the stocks trade at their same current P/E, however on lower, fully taxed EPS. This represents -18% average downside from current prices. While this is likely an unreasonable outcome this is the concern among some investors, given that the only certainty in the analysis is a higher tax drag and lower earnings. We see less favorable upside/downside skew **for BX and KKR.**

**Exhibit 7:**

We see the greatest contribution of fee-related earnings at ARES and APO as a percentage of pre-tax earnings

2018e Pre-Tax Earnings Contribution

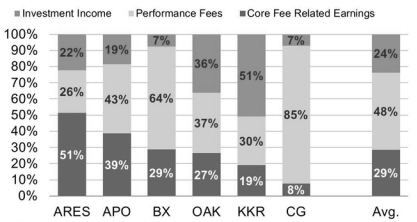


Source: Company Documents, Morgan Stanley Research estimates
Note; Fee Related earnings are on MSe Core methodology, ARES Core FRE include BDC Part 1 Management fees that are typically excluded from MSe Core FRE definition

**Exhibit 8:**

On average we see potential for 3.7x turns of multiple expansion on in our upside case with fully taxed EPS at a 24% effective rate. This could drive +12% upside on average to current share prices

**P/E Multiples for Alts: Potential Expansion**

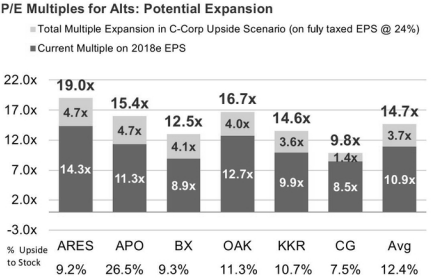


Source: Company Data, Morgan Stanley Research estimates

**Exhibit 9:**

Summary Scenario Analysis: Potential upside/downside valuation and multiples impact if Alts convert to C-corp structure and pay a full 24% tax rate

| | | **Upside Case Assumptions: 1)** Fully taxed earnings and carry receivable balance **2)** 22.5x Multiple on core FRE **3)** Multiple expansion on carry of two turns to an average of 9.5x 2018-20 avg. performance fee earnings | | | | **Downside Case Assumptions: 1)** Fully taxed earnings and carry receivable balance **2)** 15.0x Multiple on Core FRE **3)** No P/E multiple expansion on fully taxed EPS **4)** Back into implied multiple on future carry of 5.6x on avg. | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Ticker** | **Current Price** | **Valuation (C-Corp Conversion)** | **Valuation Price/Fully Taxed EPS** | **Δ Current P/E vs. w/ 24% Taxed EPS** | **% Upside Price Change From Current** | **Valuation (C-Corp Conversion)** | **Valuation Price/Fully Taxed EPS** | **Δ Current P/E vs. w/ 24% Taxed EPS** | **% Downside Price Change From Current** |
| **APO** | $36.42 | $46.07 | 14.6x | 4.7x | 26.5% | $31.20 | 9.9x | 0.0x | -14.3% |
| **ARES** | $24.70 | $27.18 | 19.1x | 4.8x | 10.0% | $17.95 | 12.6x | -1.7x | -27.3% |
| **BX** | $36.78 | $40.18 | 15.4x | 4.1x | 9.3% | $29.51 | 11.3x | 0.0x | -19.8% |
| **CG** | $25.60 | $27.52 | 9.8x | 1.4x | 7.5% | $23.62 | 8.5x | 0.0x | -7.7% |
| **KKR** | $24.40 | $27.01 | 12.5x | 3.6x | 10.7% | $19.21 | 8.9x | 0.0x | -21.3% |
| **OAK** | $45.20 | $50.31 | 16.7x | 4.0x | 11.3% | $38.39 | 12.7x | 0.0x | -15.1% |
| **Average** | | | **14.7x** | **3.8x** | **12.6%** | | **10.7x** | **-0.3x** | **-17.6%** |
| **Median** | | | **15.0x** | **4.0x** | **10.4%** | | **10.6x** | **0.0x** | **-17.4%** |

Source: Company Data, Thomson Reuters, Morgan Stanley Research estimates. Note: Price as of 1/26/2017



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**Exhibit 10:**

We see more favorable risk-reward skew at APO given greater concentration of fee related earnings vs. performance fees

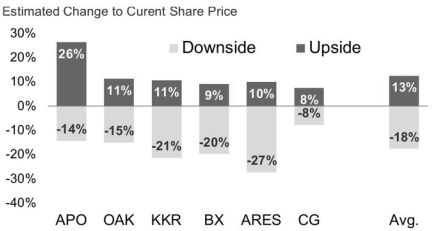


Source: Company Data, Morgan Stanley Research estimates

## ARES Conversion Largely Priced In

**With the recent run up of ARES stock price, the market seems to have already priced in a good portion of the upside from conversion.** Year to date, ARES has out performed peers by ~10% likely on the back of this expected conversion. As a result we have looked at the share price of ARES at several time periods to assess what is embedded in the price already.

We see the market valuing ARES©FRE at 18.3x, with about 3.4x turns of multiple expansion YTD and pricing in a large degree of the potential benefit from C-corp conversion. This is just under half of the total 7.5x turns of FRE multiple expansion that we expect to see in our upside scenario for the Alts. As a result, our upside/downside from for ARES has a less favorable risk reward skew, as much of the upside is already baked in.

How do we arrive as such an estimate? We start with the 12/31/2017 share price of $20.00. We then gross up this starting point for the broader performance of peers to isolate just the outperformance of ARES vs the group. The alts group ex ARES YTD is up +10% so we use a starting price for ARES of $21.90.

- We first estimate the implied multiple on future carry for ARES at the pro forma stock price before C-corp conversoin began to be priced in. (we explain this in process in greater detail in the section on Deconstructing Our Implied Carry Valuation).
- We then take the current share price today and assume that the run up in price was a result purely from multiple expansion on fee related earnings. In doing this we hold the performance fee multiple and value of future performance fees constant.
- We then back into an implied value of FRE using the various components of the SOTP and the current share price. We divide that value by our 2018e FRE to determine our estimate for baked in multiple expansion at ARES. (Please see **Ares Management SOTP and Sensitivity Analysis** for more details.)



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# Why Should Fee-Related Earnings Re-Rate Higher?

**We point to three approaches to thinking about how to value fee-related earnings and what the right multiple should be on this earnings stream.** We believe that under a C-corporation structure with a broader potential investor base and ownership, this portion of the Alts earnings are most likely to re-rate significantly higher while there could be more variability in the multiple investors ascribe to performance fees. We currently believe the market is pricing in fee related earnings around 15x times, a discount to where these earnings could trade up to. As we explain in greater detail in the Appendix, we see ARES as a stock that is likely to convert, and as we take a look at the SOTP, we believe FRE for ARES has already seen significant expansion. We estimate the multiple on ARES FRE has already gone up from 15.0x to 18.4x.

**Below we look at where multiples could trade for the broader group as a whole,** but acknowledge that investors likely use different FRE multiples for companies to account for duration of assets, growth in AUM, franchise value etc. On average, our three approaches suggest a 23.4x multiple for fee related earnings. In our upside case we use a 22.5x multiple. These multiples are on 2018e fee related earnings as we are trying to evaluate where the stocks trade today, and where they could potentially trade to in the near term.

**Exhibit 11:**

The average of our three approaches to FRE multiples suggests and FRE multiple of 23.4x

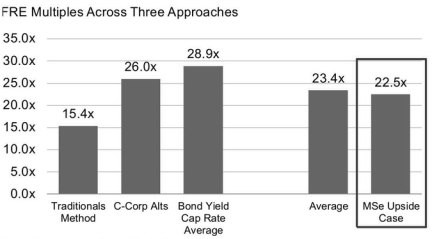


Source: Company Data, Morgan Stanley Research estimates

**Exhibit 12:**

Traditional managers trade at a 15.4x FY2 P/E multiple with average net flows of just +1% during that time period

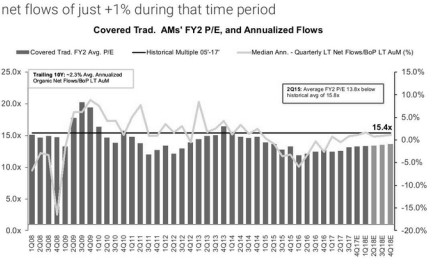


Source: Thomson Reuters, Company Data, Morgan Stanley Research

## 1) Premium to Traditionals Asset Managers

**We see the historical average P/E multiple for traditional asset managers of 15.4x** as a starting point for FRE multiples. The traditional asset manager business model earns management fees with a significantly smaller portion of revenues from performance fees relative to alternative asset managers.

**We believe the Alts@management fee earnings, however, command a premium multiple given several factors:** A) faster organic growth, B) stickier long-term committed assets, C) fees paid on committed capital which limits downside risk to revenues, and D) more insulation from fee pressure.

**A) Faster net organic growth in fee-paying assets under management for Alts vs. slower growth rates at traditional asset managers.** The Alts have outpaced organic growth rate of traditional asset mgrs over the past 4 years by nearly 700 bps, and we estimate 900bps of continued outperformance on average from 2018 through 2019. Organic growth has averaged 5% for the alts from the period 2014-17e, while the traditionals have seen net outflows and organic decay of -2%. Looking two years out, we see traditionals net inflows of 1% vs. alts on average at 10% driven by continued fundraising strength and fees turning on for existing funds that have already been raised.



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**Exhibit 13:**

Alts organic growth has outpaced traditionals by 7% over the past 4 years, and we expect average Alts growth over the next to years to be 10x that of Traditionals

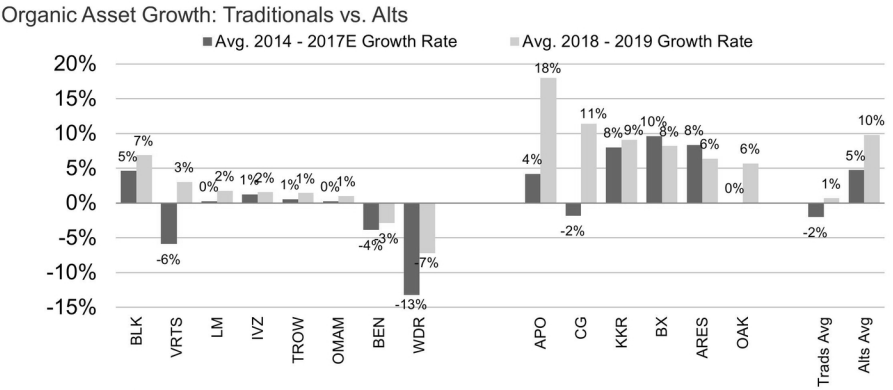


Source: Company Data, Morgan Stanley Research estimates
Note: We look at fee paying AUM for the alts to calculate organic growth

**Despite the more favorable view on asset growth, the alternative asset mangers continue to trade at a significant P/E discount to traditionals.** The group currently trades at 10.8x MSe 2018 EPS, a 3.0x turn discount to traditionals peers. This however is on total earnings per share, and is inclusive of performance fees which investors use a lower multiple on given volatility. However, we believe a re-rating of the management fee portion of earnings in a SOTP valuation alone could help close the overall P/E gap vs. traditionals.

**Exhibit 14:**

Organic Growth for Traditional Asset Managers (2018e avg) vs. Current 2018e P/E Multiple

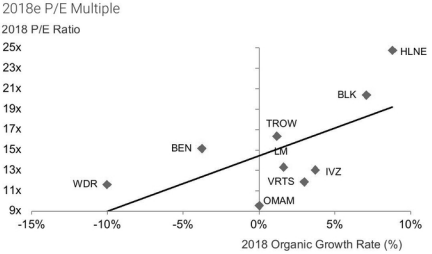


Source: Company Data, Morgan Stanley Research estimates

**Exhibit 15:**

Organic Growth for Traditional Asset Managers (9m17 Annualized) vs. Current 2018e P/E Multiple

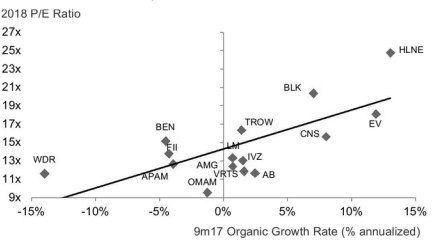


Source: Company Data, Morgan Stanley Research estimates

**B) Longer-term capital that is committed for a defined period of time** and pays fees with an average duration of 12 years in a typical drawdown fund. As you can see in the following exhibit based on full-year 2016 data, we see larger redemption rates from traditional asset managers (those that disclose redemption rates) relative to alts. For traditionals we look at total redemption rates. For the alternatives we look at realizations/harvesting of investments along with redemptions of open ended products from fee paying AUM as it is more comparable to traditional asset managers. If we take 1 divided by the redemption rate, we can back into an average duration of assets under management. For traditionals below (both covered and non covered), this equates to 4.3 years duration and for the alterna-



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tives 6.8 years. **Said differently, the alternatives have nearly 55% longer duration of the asset base.**

**Exhibit 16:**

Redemption Rates by Company for 2016: Alts see less redemption money as a % of AuM relative to traditionals and duration of assets ~55% longer and C-corp alts with the longest duration.

Annual Redemption Rates by Company: 2016

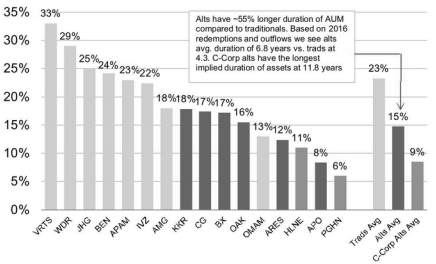


Source: We use Fee Paying AUM for the Alts; Soure: Company Data, Morgan Stanley Research

Note: HLNE outflows are for an average of FY 2016 and FY2017

**C) Management fees that are paid on committed money rather than net asset value.** This provides much more stability and downside protection, but limits upside to management fees as investments appreciate in value do not automatically translate into higher mgmt fees. The Alts then participate in investment performance through performance fees or carried interest, whereas the traditionals participate in performance via greater management fees on a higher value of invested assets.

**D) Relatively more insulation from fee pressure in private markets given** limited low cost competitors (indexed funds and ETFs for traditionals) and higher demand for products driven by the search for higher return and diversification from investors. In fact, recent demand for some PE funds has actually led to supply constraints and allowed Alts to give less fee concessions. Apollo, for example, closed fundraising for their flagship Fund IX last year at $24b, but the demand was 25% higher at $30b. As a result, the company said "economics to Apollo for Fund IX are considerably better since we did not need to provide as many management fee discounts." This supports the forward look on growth in management fee revenues; however, we could see some mix shift into lower return profile (and lower fee) products that could begin to pressure fee rates over time.

## 2) Publicly Traded Alts Comps

**We see Hamilton Lane (HLNE, Equal-weight) and Partners Group (PGHN, Equal-weight, covered by Anil Sharma) as offering an upside scenario for Alts© fee-related earnings multiples.** Hamilton Lane is ~90% fee earnings and currently trades at 23.4x multiple on our CY2018e EPS. Similar to alternative asset manager peers, the company gets paid management fees on drawdown funds and customized separately managed accounts with stable fees paid on committed capital. PGHN is a publicly traded alternative asset manager in Switzerland, and as a C-corporation it is the closest true comp for HLNE.

**While we see the publicly traded C-corps as good comps, there are several factors that could be elevating the multiples.** HLNE is a small cap stock with $2b market cap and may not be the best comp for the large cap PE firms. The company has limited float (currently at ~25%) and scarcity value as the only US based publicly traded alt in a C-corp structure. PGHN is a trades in Europe and may not be a great comp because of that. Lastly, while not drastically different, HLNE and PGHN have had higher organic growth historically and looking out over the next 2 years we expect their growth to outpace most of the alts. As a result of the high multiples at the public C-corp alts, we have heard partnership alts increasingly use HLNE as a peer comp.

**Exhibit 17:**

We expect Alts to deliver similar organic growth profile over the next few years as C-Corp Alts Hamilton Lane and Partners Group

Organic Asset Growth:C-Corp Alts vs. Partnership Alts

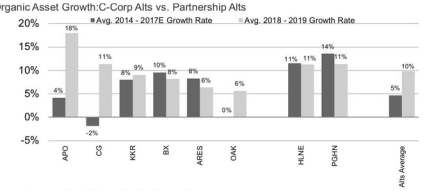


Source: Company Data, Morgan Stanley Research

Note: HLNE average organic growth includes years 2015 - 2017e where we have data; The alts average uses 2014 - 2017e for consistency with the traditionals organic growth chart above



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**Exhibit 18:**

HLNE Currently Trades 23.4x on FY2 P/E (an 18% premium to when the company began trading after going public in early 2017); Partners Group currently trades at a 28.2x P/E (a 21% premium to its last 3 year average P/E ratio)

C-Corp Alts FY2 P/E Multiple

Source: Thomson Reuters, Morgan Stanley Data

Note: Hamilton FY2 EPS estimates are on the company's fiscal year basis, the twelve months ending 3/31

HLNE and PGHN P/E multiples as of 1/12/2018 based on consensus EPS

## 3) Bond Yield Approach

**Our third approach to coming up with the appropriate multiple for fee-related earnings is to compare fee revenues to a similar to a bond with a 10-year duration** given the locked-in nature of committed capital with fees paid on commitments (Par Value) as opposed to paid on NAV. Importantly, **the Alts are increasingly growing permanent capital or very long duration capital that has attractive life-time value of the contract. APO has the largest amount of permanent capital, representing about 43% of AUM, followed by ARES at 16%.** This results in a stable stream of revenues, however there could be variability on the expenses that would impact fee related earnings. Under the bond approach the "default risk" in this scenario would be counter party risk that management fees would not be paid by limited partners. These LPs include sovereign wealth funds, pensions, and other institutional investors that we view as highly unlikely to default.

**Our methodology starts with the 10-year US treasury yield,** given the similar duration to the life of the draw down funds management fees. We then add an appropriate credit spread on top of the 10-year yield to account for the risk that these institutions "miss" payment of their management fees. We also consider the fact that not all fee paying assets under management at the alts are subject to lock ups (such as hedge fund AUM, open ended funds). Those alts with larger amounts of permanent capital or longer duration of assets would suggest a lower credit spread given less risk of lost revenues in our view.

**We look at AA and BBB credit spreads as a proxy for high and low "default risk" for LPs paying management fees.** AA credit spreads are currently at 53bps and BBB are currently at 122bps. Again, the risk of "default" is likely overstated by using these yields but we show this range to account for other factors including differences in duration of assets. We then add these spreads to the current 10 yr treasury yield of 2.62% to get a yield of 3.15% and 3.84% respectively. Lastly, we capitalize these yields to back into implied FRE multiples by taking 1 divided by each of the yields. This implies a multiple of 31.7x using AA spread and 26.0x using BBB spread. Finally we take an average of the two credit spread approaches to get to 28.9x.

**Exhibit 19:**

Permanent capital represents 15% of AUM on average for alternatives and we see 63% on average with a contractual life of 7+ years

Alts Contractual Life of AUM

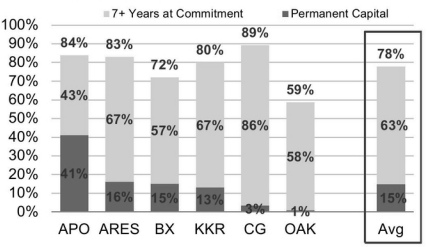


Source: Company Data, Morgan Stanley Research

Note: KKR permanent capital refers to capital of infinite duration. Contractual life of AUM refers to the duration at inception for KKR

**Exhibit 20:**

Our cap rate approach to valuing FRE implies a multiple of 26.0 to 31.7x based on a yield of 3.15% using a AA credit spread on the 10-year treasury yield and a 3.84% yield using a BBB credit spread

Walk to Assumed Yields for Cap Rates

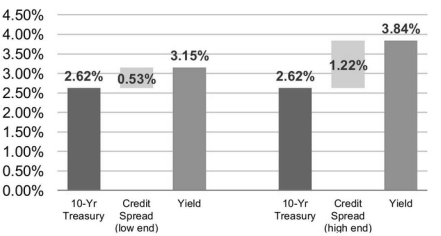


Source: Thomson Reuters, Morgan Stanley Research



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## What Is the Impact of Higher FRE Multiples in a SOTP approach?

If we take an average of the three approaches described above of 1) traditionals at a historical 15.4x, 2) publicly traded C-corp alts at an average 26.0x, and 3) our capitalized bond yield approach at an average 28.9x, **we arrive at a 23.4x multiple for fee related earnings.**

**Exhibit 21:**

The average of our three approaches to FRE multiples suggests and FRE multiple of 23.4x

FRE Multiples Across Three Approaches

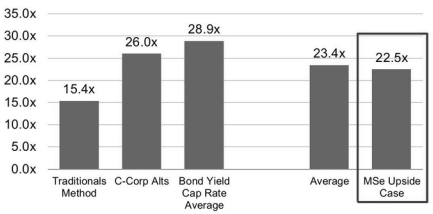


Source: Company Data, Morgan Stanley Research estimates

**Exhibit 22:**

Using a 22.5x FRE multiple implies an average 6.1x multiple on fully taxed future performance fee earnings

Implied Future Carry (Fully Taxed) Multiples using 22.5x FRE Multiple

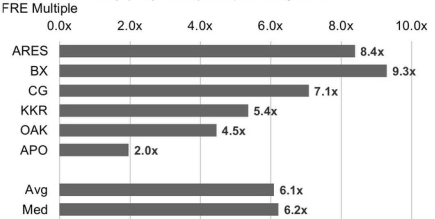


Source: Company Data, Morgan Stanley Research estimates

**If the market re-rates FRE multiple to 22.5x, then we see the current share price valuing performance fees at 6.1x.** This is based on our SOTP framework. (See **Deconstructing Our Implied Carry Valuation: What Is the Market Paying?** for more details on methodology.)

**Exhibit 23:**

SOTP analysis using a 22.5x FRE multiple and current share price implies future carry is being valued at 6.1x future performance earnings on average

| | A | | | B | C | D | = B+C+D E | F | = A-E-F G | = E+F+G H | I | = G/I J |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Ticker** | **Current Price** | **2018E Core FRE** | **FRE Multiple** | **Core FRE Value Per Share @ 24% tax Rate** | **After-Tax BDC Value Per Share** | **BS Value Per Share** | **SOTP Value Ex-Carry Per Share** | **After-Tax Net Carry Receivable Per Share @24% Rate** | **Market Implied Value of Future Carry** | **Total Value Per Share** | **After Tax Avg. Net Carry Per Share (2018-2020)** | **Implied Future Carry Multiple** |
| **APO** | $36.42 | 669 | **22.5x** | $28.40 | $0.00 | $2.72 | $31.13 | $1.64 | $3.66 | $36.42 | $1.86 | 2.0x |
| **ARES** | $24.70 | 185 | **22.5x** | $14.71 | $4.52 | $0.69 | $19.92 | $0.78 | $3.99 | $24.70 | $0.48 | 8.4x |
| **BX** | $36.78 | 1,196 | **22.5x** | $17.03 | $0.00 | $2.83 | $19.86 | $2.29 | $14.63 | $36.78 | $1.57 | 9.3x |
| **CG** | $25.60 | 100 | **22.5x** | $5.01 | $0.00 | $0.85 | $5.86 | $4.40 | $15.34 | $25.60 | $2.17 | 7.1x |
| **KKR** | $24.40 | 475 | **22.5x** | $9.57 | $0.00 | $9.71 | $19.28 | $1.32 | $3.80 | $24.40 | $0.71 | 5.4x |
| **OAK** | $45.20 | 166 | **22.5x** | $18.17 | $0.00 | $15.19 | $33.36 | $4.38 | $7.47 | $45.20 | $1.68 | 4.5x |
| | | | | | | | | | | | **Average** | **6.1x** |
| | | | | | | | | | | | **Median** | **6.2x** |

Source: Company Data, Morgan Stanley Research estimates



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# What Is the Appropriate Multiple for Performance Fees?

**Investors have a wide dispersion of responses on what is the appropriate multiple for performance fees.** We believe that at current share prices, the market is valuing fee-related earnings 15.0x. This represents an 1.8x turn premium or +13% premium to current traditional multiples on 2018e EPS of 13.2x. Using this as a starting point, **we see the market valuing performance fees at 7.5x on average using a sum of the parts framework**. If we assume C-corp conversion with a higher 24% tax rate, and believe alts@fee related earnings can re-rate from 15x to 22.5x, then we see the market valuing performance fees at just 6.1x on average today.

**Where should performance fee-related earnings trade?** Given that carry earnings (performance fees) are cyclical and historically volatile, we look to Goldman Sachs as a comp for this earnings stream. On average since 2010 (post crisis) the FY2 price to earnings multiple at GS has been 9.5x, with a standard deviation of 1.4x.
We see a range of multiples of +6.7x to +12.3x using two standard deviations above and below the average. We see this as reasonable starting point for valuing performance fees. The group average implied future carry multiple of 7.5x is 1.4 standard deviations away from GS FY2 P/E multiple. If alts convert, we believe this multiple should be able to move upward but will likely remain at a steep discount to the FRE multiple given the volatile nature of the performance fees. In our upside case scenario, we bake in two turns of multiple expansion from current implied rate for each company. This results in median performance fee multiple across the group of 8.5x, about slightly less than one standard deviation from GS FY2 multiple since dating back to 2010.

**On a cash basis, the volatility of performance fee earnings (net cash carry) for the alts on a TTM basis has been fairly similar to the volatility of Goldman Sachs@ operating earnings.** For Goldman, we look at operating earnings both with and without investment management revenues to isolate the more volatile businesses. The following bar graph looks at the standard deviation of the year over year % change of the trailing twelve months earnings. The alts average is 1.2 about double the volatility of GS (ex investment management) of 0.6. This suggests even further upside and greater conviction in our multiples for performance fee multiples, especially for those companies with less volatility (Carlyle and KKR).

**Exhibit 24:**
With a 24% tax rate on all earnings and a 22.5x FRE multiple, we see future performance fees valued at and implied 6.1x multiple on average.

| | Implied Future Carry Multiple using a 15.0x FRE multiple | Implied Future Carry Multiple using a 22.5x FRE multiple |
|---|---|---|
| **APO** | 5.1x | 2.0x |
| **ARES** | 11.6x | 8.4x |
| **BX** | 9.5x | 9.3x |
| **CG** | 6.0x | 7.1x |
| **KKR** | 7.0x | 5.4x |
| **OAK** | 5.5x | 4.5x |
| *Avg.* | **7.5x** | **6.1x** |
| *Med.* | **6.5x** | **6.2x** |

Source: Company Data, Morgan Stanley Research

Note: We use a 18.4x multiple for ARES as the stock has already priced in much of the potential value of C-corp conversion Note 2: Scenario using 15x FRE does not use fully taxed net accrued carry and future carry while the scenario using a 22.5x FRE multiple assumes C-corp conversion and full 24% effective tax rate on both net accrued carry and future carry earnings.

**Exhibit 25:**
Goldman sachs has historically traded at an average FY2 P/E of 9.5x and a standard deviation of 1.4x

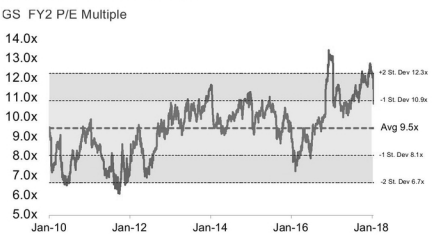


Source: Thomson Reuters, Company Data , Morgan Stanley research

Note.: Data includes daily FY2 P/E ratios to calculate standard deviation of P/E ratios using data beginning January 2010



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**Exhibit 26:**

Alts Net Cash Carry Volatility vs. GS earnings volatility on a TTM basis

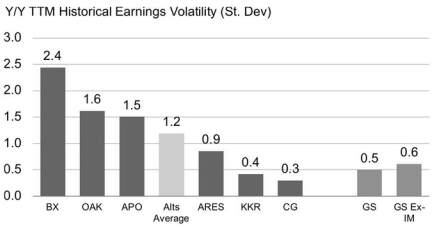


Source: Company Data, Morgan Stanley Research



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# Deconstructing Our Implied Carry Valuation: What Is the Market Paying?

**We deconstruct the various pieces of a SOTP for the alts in order to determine our best guess on how much the market is valuing future performance fees.** We then divide that implied value by future performance fee earnings, to determine the implied multiple that the market is paying for this earings stream. **This is the groundwork for our upside and downside scenarios** if the alts were to convert to C-corps.

**We simplify our the SOTP and standardize it across the group to look at 4 main components. 1)** after-tax core fee-related earnings, **2)** balance sheet value of investments plus net cash/debt, **3)** net accrued carry balance, and **4)** future value of performance fees. The values of the balance sheet and net accrued carry receivable are static items with balances as of 3Q17. We then adjust the multiple on our core FRE to determine a value for what we believe the street is using. To be conservative, we use 15x as a starting point for what we believe is currently priced in. We then take the current share price and subtract out the value of the FRE, net accrued carry performance fees and the balance sheet and we are left with an implied value of what the market is pricing in for future carry. Once we have the future carry value, we divide by the net performance fee earnings per share for each company and get an implied multiple on the future performance fees. Using this approach and a 15x multiple on FRE, we see the market is valuing future performance fees at 7.5x on average and a median 6.5x.

**We make several key adjustments in the SOTP valuations:** First, we use our own Morgan Stanley definition of "core fee-related earnings" in our calculation. We use our core approach as we attempt to normalize the various definitions of FRE across the companies. The main difference vs. company-reported FRE is that we fully burden all expenses, including equity-based compensation. KKR differs the most on company-reported vs. MS Core FRE. For more information on our core FRE methodology, please see our note Alternative Asset Managers: Who©Got Swimsuits? (19 May 2016).

**We also make adjustments for ARES an OAK.** For **Ares:** a significant portion of the fee related earnings come from Part 1 BDC fees. These are investment income sharing fees from their management agreement with ARCC. In the MS approach, we value these separately from more traditional management fees. However, we do not believe that the market looks at the fees this way, and so we include them in the total FRE by using the same multiple as we are using for FRE (15x). For presentation purposes in the table below, we break out the BDC Part 1 fees separately for ARES to show the value. **OAK:** We adjust the balance of OAK©investments on balance sheet to account for OAK©20% ownership stake in DoubleLine which it currently holds at cost of $21m as adjusted under the equity method of accounting. With the benefit of lower corporate taxes we currently value OAK©ownership stake at $1B. We do not believe the market gives full value for this 20% ownership and haircut our MSe value by 50% to $500m. We then add this value to the balance of investments and net cash for OAK©total balance sheet value.

**Exhibit 27:**

Market Implied Value of Future Carry at current share price and 15x FRE multiple

| | A | | | B | C | D | = B+C+D E | F | = A-E-F G | = E + F + G H | I | = G/H J |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ticker | Current Price | 2018E Core FRE | FRE Multiple | Core FRE Value Per Share @ 24% tax Rate | After-Tax BDC Value Per Share | BS Value Per Share | SOTP Value Ex-Carry Per Share | Pre-Tax Net Carry Receivable Per Share | Market Implied Value of Future Carry | Total Value Per Share | Pre-Tax Avg. Net Carry Per Share (2018-2019) | Implied Future Carry Multiple |
| **APO** | $36.42 | 669 | **15.0x** | $18.94 | $0.00 | $2.72 | $21.66 | $2.16 | $12.61 | **$36.42** | $2.45 | 5.1x |
| **ARES** | $24.70 | 185 | **18.4x** | $12.02 | $3.70 | $0.69 | $16.41 | $1.03 | $7.26 | **$24.70** | $0.63 | 11.6x |
| **BX** | $36.78 | 1,196 | **15.0x** | $11.36 | $0.00 | $2.83 | $14.19 | $3.01 | $19.59 | **$36.78** | $2.07 | 9.5x |
| **CG** | $25.60 | 100 | **15.0x** | $3.34 | $0.00 | $0.85 | $4.19 | $4.40 | $17.01 | **$25.60** | $2.85 | 6.0x |
| **KKR** | $24.40 | 475 | **15.0x** | $6.38 | $0.00 | $9.71 | $16.09 | $1.74 | $6.57 | **$24.40** | $0.93 | 7.0x |
| **OAK** | $45.20 | 166 | **15.0x** | $12.11 | $0.00 | $15.19 | $27.30 | $5.76 | $12.14 | **$45.20** | $2.20 | 5.5x |
| | | | | | | | | | | | **Average** | **7.5x** |
| | | | | | | | | | | | **Median** | **6.5x** |

Source: Company Data, Morgan Stanley Research estimates



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## Upside Scenario

Starting with the framework laid out above, we make several key adjustments in our upside scenario to illustrate where we think multiples go and where the stocks can trade over the near term if the alts convert. Our upside scenario implies an average share price increase of 13% across the group.

- **First we fully tax effect the performance fee earnings.** Under a C-corp structure these would not get the pass-through benefit and would be subject to full taxes. We use a full 24% tax drag on the net accrued carry receivable balance and the future net carry per share.
- **Second we adjust the FRE multiples upward.** As we discussed previously with our three approaches for FRE multiples, we believe there is significant upside to the value of these earnings if alts were to convert. This drives nearly all of the upside from current prices in our upside scenario. We use a 22.5x multiple on FRE in our upside case, which represents 50% increase from the 15x multiple that we believe is priced in today.
- **Last we assume 2x of multiple expansion for performance fees.** As a starting point, we look at the implied multiples using current share prices and a 15x multiple for FRE as described above. We then add 2x turns of multiple expansion to each of the companies@urrent implied multiples. We look to the Goldman Sachs example earlier in the note as a comp for cyclical financials earnings. Our group median for implied future carry multiples of 8.5x is just under one standard deviation away from GS©historical P/E average of 9.5x. Although we use the higher multiple, this is on a lower value of fully taxed future performance fee earnings. The impact to valuation of future performance fees are mixed from company and can be seen in greater detail in the following appendix with company specific SOTP and scenario analysis. **While we expect some multiple expansion for performance fees in a C-corp, the structure will not change the inherent volatility of the performance fee portion of earnings that is marked to market.**

**Exhibit 28:**

Upside Scenario SOTP Valuation

| | A | | | B | C | D | = B+C+D<br>E | F | G | H | = G x H<br>I | = E + F + I<br>J | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ticker | Current Price | 2018E Core FRE | FRE Multiple | Core FRE Value Per Share @ 24% tax Rate | After-Tax BDC Value Per Share | BS NAV Per Share | SOTP Value Ex-Carry Per Share | After-Tax Net Carry Receivable Per Share @24% Rate | Net Carry Per Share After 24% Tax (Avg. 2018e-2020e) | Future Carry Multiple | Value of Future Carry | Total Value Per Share | % Increase from Current Price |
| APO | $36.42 | 669 | **22.5x** | $28.40 | $0.00 | $2.72 | $31.13 | $1.64 | $1.86 | **7.1x** | $13.30 | **$46.07** | **26%** |
| ARES | $24.70 | 185 | **22.5x** | $14.71 | $4.52 | $0.69 | $19.92 | $0.78 | $0.48 | **13.6x** | $6.47 | **$27.18** | **10%** |
| BX | $36.78 | 1,196 | **22.5x** | $17.03 | $0.00 | $2.83 | $19.86 | $2.29 | $1.57 | **11.5x** | $18.04 | **$40.18** | **9%** |
| CG | $25.60 | 100 | **22.5x** | $5.01 | $0.00 | $0.85 | $5.86 | $4.40 | $2.17 | **8.0x** | $17.26 | **$27.52** | **8%** |
| KKR | $24.40 | 475 | **22.5x** | $9.57 | $0.00 | $9.71 | $19.28 | $1.32 | $0.71 | **9.0x** | $6.42 | **$27.01** | **11%** |
| OAK | $45.20 | 166 | **22.5x** | $18.17 | $0.00 | $15.19 | $33.36 | $4.38 | $1.68 | **7.5x** | $12.58 | **$50.31** | **11%** |
| | | | | | | | | | **Average** | **9.5x** | | | **13%** |
| | | | | | | | | | **Median** | **8.5x** | | | **10%** |

Source: Company data, Morgan Stanley Research estimates



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# Downside Scenario

**Our downside scenario is fairly straightforward: We assume that alts convert to C-corps and pay full taxes on earnings but the current p/e multiple does not re-rate upward at all.** We assume the stocks trade at their current P/E, but on lower, fully taxed earnings. Therefore, our downside case for share prices is the same percentage downside to EPS if alts earnings are fully taxed. While **we do not believe there is a high probability of this happening, this does represent a worst case scenario** for the names, in our view. On average we see 18% potential downside for the group if this were to happen. We then use a similar approach to deconstruct the SOTP and see what the value for performance fees would be.

- First, we determine the downside case share price by taking fully taxed 2018e EPS (at 24%) and multiplying by the current 2018e P/E (the current P/E using our published EPS and current partnership tax structure).
- In the SOTP, **we assume that fee-related earnings multiples do not re-rate at all in the downside scenario and that the market continues to pay 15x.** We believe there is a floor here in FRE will maintain current value.
- **Similar to the upside case, we then fully tax effect the performance fee earnings** and use a full 24% tax drag on the net accrued carry receivable balance and the future net carry per share.
- We then subtract out the value of the FRE, net accrued carry performance fees (tax adjusted) and the balance sheet value from our downside case derived share price. This gives us our downside case implied value of future carry.
- **Finally, we divide that implied future carry value by our fully taxed performance fee earnings (@24%) to arrive at our downside case implied value of future carry.** On average, our downside case implied future value of carry multiple is 5.6x, nearly 3 standard deviations away Goldman Sachs FY2 P/E.

**Exhibit 29:**

Downside Scenario SOTP Valuation

| | A | | | B | C | D | = B+C+D E | F | G | H = I / G | I = J-F-E | J | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ticker | Current Price | 2018E Core FRE | FRE Multiple | Core FRE Value Per Share @ 24% tax Rate | After-Tax BDC Value Per Share | BS NAV Per Share | SOTP Value Ex-Carry Per Share | After-Tax Net Carry Receivable Per Share @24% Rate | Net Carry Per Share After 24% Tax (Avg. 2018e-2020e) | Implied Future Carry Multiple | Value of Future Carry | Implied Total Value Per Share | % Increase from Current Price |
| APO | $36.42 | 669 | **15.0x** | $18.94 | $0.00 | $2.72 | $21.66 | $1.64 | $1.86 | 4.2x | $7.91 | **$31.20** | **-14%** |
| ARES | $24.70 | 185 | **15.0x** | $9.81 | $3.01 | $0.69 | $13.51 | $0.78 | $0.48 | 7.7x | $3.65 | **$17.95** | **-27%** |
| BX | $36.78 | 1,196 | **15.0x** | $11.36 | $0.00 | $2.83 | $14.19 | $2.29 | $1.57 | 8.3x | $13.04 | **$29.51** | **-20%** |
| CG | $25.60 | 100 | **15.0x** | $3.34 | $0.00 | $0.85 | $4.19 | $4.40 | $2.17 | 6.9x | $15.03 | **$23.62** | **-8%** |
| KKR | $24.40 | 475 | **15.0x** | $6.38 | $0.00 | $9.71 | $16.09 | $1.32 | $0.71 | 2.5x | $1.80 | **$19.21** | **-21%** |
| OAK | $45.20 | 166 | **15.0x** | $12.11 | $0.00 | $15.19 | $27.30 | $4.38 | $1.68 | 4.0x | $6.71 | **$38.39** | **-15%** |
| | | | | | | | | | **Average** | **5.6x** | | | **-18%** |
| | | | | | | | | | **Median** | **5.6x** | | | **-17%** |

Source: Company Data, Morgan Stanley Research estimates



HOUSE_OVERSIGHT_025570

# Appendix A: Company Scenario Analysis

**In the following tables, we flex the inputs in our SOTP valuation methodology to take a look at the potential impact at varying fee related earnings multiples and multiples on future carry.** We use the same assumptions that we used in our upside scenario above, including a fully taxed (@24%) net carry receivable value as well as using a multiple on after tax net carry per share for future performance fees.

**For fee-related earnings, we use constant multiples for all companies.** We begin with 12.5x, a slight discount to where the traditional asset managers trade today, and end at 30x, or closer to our bond yield cap rate multiple approach.

**On performance fees, we set the mid point at our estimate for the current market implied multiple on performance fees** (using a 15x FRE as our starting point), as explained in our valuation methodology above.



HOUSE_OVERSIGHT_025571

# Apollo Global Management SOTP and Sensitivity Analysis

**Exhibit 30:**

SOTP for APO

**Apollo Global Management (APO)**

| | Sum-of-the-Parts Components (APO) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $1.66 | $1.66 | 0% | $1.66 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $1.26 | $1.26 | 0% | $1.26 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$18.94** | **$18.94** | **0%** | **$28.40** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$2.72** | **$2.72** | **0%** | **$2.72** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$2.16** | **$1.64** | **-24%** | **$1.64** | **-24%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $2.45 | $1.86 | -24% | $1.86 | -24% |
| | Multiple | 5.1x | 4.2x | -0.9x | 7.1x | 2.0x |
| | **Market Implied Carry Value** | **$12.61** | **$7.91** | **-37%** | **$13.30** | **6%** |
| = | | | | | | |
| Valuation | **Total Value** | **$36.42** | **$31.20** | **-14%** | **$46.07** | **26%** |
| | **2018e EPS** | **$3.68** | **$3.15** | **-14%** | **$3.15** | **-14%** |
| | **P/E** | **9.9x** | **9.9x** | **0.0x** | **14.6x** | **4.7x** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 31:**

APO Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.2x | 3.2x | 4.2x | 5.2x | 6.2x | 7.1x | 8.2x |
| 12.5x | 24 | 26 | 28 | 30 | 32 | 33 | 35 |
| 15.0x | 27 | 29 | 31 | 33 | 35 | 37 | 39 |
| 17.5x | 31 | 32 | 34 | 36 | 38 | 40 | 42 |
| 20.0x | 34 | 36 | 37 | 39 | 41 | 43 | 45 |
| 22.5x | 37 | 39 | 41 | 42 | 44 | 46 | 48 |
| 25.0x | 40 | 42 | 44 | 46 | 47 | 49 | 51 |
| 27.5x | 43 | 45 | 47 | 49 | 51 | 52 | 54 |
| 30.0x | 46 | 48 | 50 | 52 | 54 | 55 | 57 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 32:**

APO Estimated % Change From Current Share Price

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.2x | 3.2x | 4.2x | 5.2x | 6.2x | 7.1x | 8.2x |
| 12.5x | -33% | -28% | -23% | -18% | -13% | -8% | -3% |
| 15.0x | -25% | -20% | -14% | -9% | -4% | 0% | 6% |
| 17.5x | -16% | -11% | -6% | -1% | 4% | 9% | 15% |
| 20.0x | -7% | -2% | 3% | 8% | 13% | 18% | 23% |
| 22.5x | 1% | 6% | 12% | 17% | 22% | 26% | 32% |
| 25.0x | 10% | 15% | 20% | 25% | 30% | 35% | 41% |
| 27.5x | 19% | 24% | 29% | 34% | 39% | 44% | 49% |
| 30.0x | 27% | 32% | 38% | 43% | 48% | 52% | 58% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



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# Ares Management SOTP and Sensitivity Analysis

**Exhibit 33:**

SOTP for ARES

**Ares Management (ARES)**

| | Sum-of-the-Parts Components (ARES) | Pro Forma Price | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $1.12 | $1.12 | $1.12 | 0% | $1.12 | 0% |
| | Tax Rate | 24% | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $0.85 | $0.85 | $0.85 | 0% | $0.85 | 0% |
| | FRE Multiple | 15.0x | 18.4x | 15.0x | -3.4x | 22.5x | 4.1x |
| | **Core FRE Value** | **$12.82** | **$15.72** | **$12.82** | **-18%** | **$19.23** | **22%** |
| + | | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$0.69** | **$0.69** | **$0.69** | **0%** | **$0.69** | **0%** |
| + | | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$1.03** | **$1.03** | **$0.78** | **-24%** | **$0.78** | **-24%** |
| + | | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $0.63 | $0.63 | $0.48 | -24% | $0.48 | -24% |
| | Multiple | 11.6x | 11.6x | 7.7x | -3.9x | 13.6x | 2.0x |
| | **Market Implied Carry Value** | **$7.26** | **$7.26** | **$3.65** | **-50%** | **$6.47** | **-11%** |
| = | | | | | | | |
| Valuation | **Total Value** | **$21.80** | **$24.70** | **$17.95** | **-27%** | **$27.17** | **10%** |
| | **2018e EPS** | **$1.73** | **$1.73** | **$1.42** | **-18%** | **$1.42** | **-18%** |
| | **P/E** | **12.6x** | **14.3x** | **12.6x** | **-1.7x** | **19.1x** | **4.8x** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 34:**

ARES Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple \ Multiple on Future Performance Fees | 7.7x | 9.6x | 10.6x | 11.6x | 12.6x | 13.6x | 14.6x |
|---|---|---|---|---|---|---|---|
| **12.5x** | 16 | 17 | 17 | 18 | 18 | 19 | 19 |
| **15.0x** | 18 | 19 | 19 | 20 | 20 | 21 | 21 |
| **18.7x** | 21 | 22 | 22 | 23 | 23 | 24 | 24 |
| **20.0x** | 22 | 23 | 24 | 24 | 25 | 25 | 26 |
| **22.5x** | 24 | 25 | 26 | 26 | 27 | 27 | 28 |
| **25.0x** | 26 | 27 | 28 | 28 | 29 | 29 | 30 |
| **27.5x** | 29 | 30 | 30 | 30 | 31 | 31 | 32 |
| **30.0x** | 31 | 32 | 32 | 33 | 33 | 34 | 34 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 35:**

ARES Estimated % Change in Current Share Price

| Fee Related Earnings Multiple \ Multiple on Future Performance Fees | 7.7x | 9.6x | 10.6x | 11.6x | 12.6x | 13.6x | 14.6x |
|---|---|---|---|---|---|---|---|
| **12.5x** | -36% | -32% | -30% | -28% | -27% | -25% | -23% |
| **15.0x** | -27% | -24% | -22% | -20% | -18% | -16% | -14% |
| **18.7x** | -15% | -11% | -9% | -7% | -5% | -3% | -1% |
| **20.0x** | -10% | -6% | -4% | -3% | -1% | 1% | 3% |
| **22.5x** | -1% | 2% | 4% | 6% | 8% | 10% | 12% |
| **25.0x** | 7% | 11% | 13% | 15% | 17% | 19% | 21% |
| **27.5x** | 16% | 20% | 22% | 23% | 25% | 27% | 29% |
| **30.0x** | 25% | 28% | 30% | 32% | 34% | 36% | 38% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



HOUSE_OVERSIGHT_025573

# Blackstone SOTP and Sensitivity Analysis

**Exhibit 36:**

SOTP for BX

**Blackstone (BX)**

| | Sum-of-the-Parts Components (BX) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $1.00 | $1.00 | 0% | $1.00 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $0.76 | $0.76 | 0% | $0.76 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$11.36** | **$11.36** | **0%** | **$17.03** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$2.83** | **$2.83** | **0%** | **$2.83** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$3.01** | **$2.29** | **-24%** | **$2.29** | **-24%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $2.07 | $1.57 | -24% | $1.57 | -24% |
| | Multiple | 9.5x | 8.3x | -1.2x | 11.5x | 2.0x |
| | **Market Implied Carry Value** | **$19.59** | **$13.04** | **-33%** | **$18.04** | **-8%** |
| = | | | | | | |
| Valuation | **Total Value** | **$36.78** | **$29.51** | **-20%** | **$40.18** | **9%** |
| | **2018e EPS** | **$3.26** | **$2.62** | **-20%** | **$2.62** | **-20%** |
| | **P/E** | **11.3x** | **11.3x** | **0.0x** | **15.4x** | **4.1x** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 37:**

BX Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 6.3x | 7.3x | 8.3x | 9.3x | 10.3x | 11.5x | 12.3x |
| 12.5x | 24 | 26 | 28 | 29 | 31 | 33 | 34 |
| 15.0x | 26 | 28 | 30 | 31 | 33 | 35 | 36 |
| 17.5x | 28 | 30 | 31 | 33 | 35 | 36 | 38 |
| 20.0x | 30 | 32 | 33 | 35 | 36 | 38 | 40 |
| 22.5x | 32 | 34 | 35 | 37 | 38 | 40 | 42 |
| 25.0x | 34 | 36 | 37 | 39 | 40 | 42 | 43 |
| 27.5x | 36 | 37 | 39 | 41 | 42 | 44 | 45 |
| 30.0x | 38 | 39 | 41 | 42 | 44 | 46 | 47 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 38:**

BX Estimated % Change in Current Share Price

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 6.3x | 7.3x | 8.3x | 9.3x | 10.3x | 11.5x | 12.3x |
| 12.5x | -33% | -29% | -25% | -21% | -16% | -11% | -8% |
| 15.0x | -28% | -24% | -20% | -15% | -11% | -6% | -3% |
| 17.5x | -23% | -19% | -15% | -10% | -6% | -1% | 3% |
| 20.0x | -18% | -14% | -9% | -5% | -1% | 4% | 8% |
| 22.5x | -13% | -9% | -4% | 0% | 4% | 9% | 13% |
| 25.0x | -8% | -3% | 1% | 5% | 9% | 15% | 18% |
| 27.5x | -3% | 2% | 6% | 10% | 15% | 20% | 23% |
| 30.0x | 3% | 7% | 11% | 15% | 20% | 25% | 28% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



HOUSE_OVERSIGHT_025574

# The Carlyle Group Management SOTP and Sensitivity Analysis

**Exhibit 39:**

SOTP for CG

**The Carlyle Group (CG)**

| | Sum-of-the-Parts Components (CG) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $0.29 | $0.29 | 0% | $0.29 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $0.22 | $0.22 | 0% | $0.22 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$3.34** | **$3.34** | **0%** | **$5.01** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$0.85** | **$0.85** | **0%** | **$0.85** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$4.40** | **$4.40** | **0%** | **$4.40** | **0%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $2.85 | $2.17 | -24% | $2.17 | -24% |
| | Multiple | 6.0x | 6.9x | 1.0x | 8.0x | 2.0x |
| | **Market Implied Carry Value** | **$17.01** | **$15.03** | **-12%** | **$17.26** | **1%** |
| = | | | | | | |
| Valuation | **Total Value** | **$25.60** | **$23.62** | **-8%** | **$27.52** | **8%** |
| | **2018e EPS** | **$3.03** | **$2.80** | **-8%** | **$2.80** | **-8%** |
| | **P/E** | **8.5x** | **8.5x** | **0.0x** | **9.8x** | **1.4x** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 40:**

CG Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 5.0x | 6.0x | 7.0x | 8.0x | 9.0x | 10.0x | 11.0x |
| 12.5x | 19 | 21 | 23 | 25 | 28 | 30 | 32 |
| 15.0x | 19 | 22 | 24 | 26 | 28 | 30 | 32 |
| 17.5x | 20 | 22 | 24 | 26 | 29 | 31 | 33 |
| 20.0x | 21 | 23 | 25 | 27 | 29 | 31 | 34 |
| 22.5x | 21 | 23 | 25 | 28 | 30 | 32 | 34 |
| 25.0x | 22 | 24 | 26 | 28 | 30 | 32 | 35 |
| 27.5x | 22 | 24 | 27 | 29 | 31 | 33 | 35 |
| 30.0x | 23 | 25 | 27 | 29 | 31 | 34 | 36 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 41:**

CG Estimated % Change in Current Share Price

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 5.0x | 6.0x | 7.0x | 8.0x | 9.0x | 10.0x | 11.0x |
| 12.5x | -26% | -18% | -9% | -1% | 8% | 16% | 24% |
| 15.0x | -24% | -16% | -7% | 1% | 10% | 18% | 27% |
| 17.5x | -22% | -13% | -5% | 3% | 12% | 20% | 29% |
| 20.0x | -20% | -11% | -3% | 6% | 14% | 23% | 31% |
| 22.5x | -18% | -9% | -1% | 8% | 16% | 25% | 33% |
| 25.0x | -15% | -7% | 2% | 10% | 18% | 27% | 35% |
| 27.5x | -13% | -5% | 4% | 12% | 21% | 29% | 38% |
| 30.0x | -11% | -3% | 6% | 14% | 23% | 31% | 40% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



HOUSE_OVERSIGHT_025575

# KKR & Co. SOTP and Sensitivity Analysis

**Exhibit 42:**

SOTP for KKR

**KKR & Co. (KKR)**

| | Sum-of-the-Parts Components (KKR) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $0.56 | $0.56 | 0% | $0.56 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $0.43 | $0.43 | 0% | $0.43 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$6.38** | **$6.38** | **0%** | **$9.57** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$9.71** | **$9.71** | **0%** | **$9.71** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$1.74** | **$1.32** | **-24%** | **$1.32** | **-24%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $0.93 | $0.71 | -24% | $0.71 | -24% |
| | Multiple | 7.0x | 2.5x | -4.5x | 9.0x | 2.0x |
| | **Market Implied Carry Value** | **$6.57** | **$1.80** | **-73%** | **$6.42** | **-2%** |
| = | | | | | | |
| Valuation | **Total Value** | **$24.40** | **$19.21** | **-21%** | **$27.01** | **11%** |
| | **2018e EPS** | **$2.74** | **$2.16** | **-21%** | **$2.16** | **-21%** |
| | **P/E** | **8.9x** | **8.9x** | **0.0x** | **12.5x** | **3.6x** |
| | **3Q17 Book Value / Sh** | **$13.80** | **$13.80** | | **$13.80** | |
| | **Price-to-Book** | **1.77x** | **1.39x** | **-0.4x** | **1.96x** | **0.2x** |
| | **2018e ROE** | **19.1%** | **19.1%** | **0.0%** | 15.3% | **3.8%** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 43:**

KKR Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.5x | 3.5x | 4.5x | 5.5x | 6.5x | 7.5x | 9.0x |
| 12.5x | 18 | 19 | 20 | 20 | 21 | 22 | 23 |
| 15.0x | 19 | 20 | 21 | 21 | 22 | 23 | 24 |
| 17.5x | 20 | 21 | 22 | 22 | 23 | 24 | 25 |
| 20.0x | 21 | 22 | 23 | 23 | 24 | 25 | 26 |
| 22.5x | 22 | 23 | 24 | 25 | 25 | 26 | 27 |
| 25.0x | 23 | 24 | 25 | 26 | 26 | 27 | 28 |
| 27.5x | 25 | 25 | 26 | 27 | 27 | 28 | 29 |
| 30.0x | 26 | 26 | 27 | 28 | 28 | 29 | 30 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 44:**

KKR Estimated % Change in Current Share Price

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.5x | 3.5x | 4.5x | 5.5x | 6.5x | 7.5x | 9.0x |
| 12.5x | -26% | -23% | -20% | -17% | -14% | -11% | -7% |
| 15.0x | -21% | -18% | -16% | -13% | -10% | -7% | -2% |
| 17.5x | -17% | -14% | -11% | -8% | -5% | -2% | 2% |
| 20.0x | -13% | -10% | -7% | -4% | -1% | 2% | 6% |
| 22.5x | -8% | -5% | -2% | 0% | 3% | 6% | 11% |
| 25.0x | -4% | -1% | 2% | 5% | 8% | 11% | 15% |
| 27.5x | 0% | 3% | 6% | 9% | 12% | 15% | 19% |
| 30.0x | 5% | 8% | 11% | 13% | 16% | 19% | 24% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



HOUSE_OVERSIGHT_025576

# Oaktree Capital Group SOTP and Sensitivity Analysis

**Exhibit 45:**

SOTP for OAK

**Oaktree Capital Group (OAK)**

| | Sum-of-the-Parts Components (OAK) | Current Price SOTP | Downside Case C-Corp Conversion | Change | Upside Case C-Corp Conversion | Change |
|---|---|---|---|---|---|---|
| Fee Related Earnings | 2018e Pre-Tax Core FRE / Sh | $1.06 | $1.06 | 0% | $1.06 | 0% |
| | Tax Rate | 24% | 24% | 0% | 24% | 0% |
| | 2018e After-Tax Core FRE / Sh | $0.81 | $0.81 | 0% | $0.81 | 0% |
| | FRE Multiple | 15.0x | 15.0x | 0.0x | 22.5x | 7.5x |
| | **Core FRE Value** | **$12.11** | **$12.11** | **0%** | **$18.17** | **50%** |
| + | | | | | | |
| Balance Sheet | **Balance Sheet Net Cash and Investments / Sh (as of 3Q17)** | **$15.19** | **$15.19** | **0%** | **$15.19** | **0%** |
| + | | | | | | |
| Accrued Carry | **Net Accrued Carry / Sh (as of 3Q17)** | **$5.76** | **$4.38** | **-24%** | **$4.38** | **-24%** |
| + | | | | | | |
| Market Implied Carry Value | Avg Net Carried interest / Sh (2018e-2020e) | $2.20 | $1.68 | -24% | $1.68 | -24% |
| | Multiple | 5.5x | 4.0x | -1.5x | 7.5x | 2.0x |
| | **Market Implied Carry Value** | **$12.14** | **$6.71** | **-45%** | **$12.58** | **4%** |
| = | | | | | | |
| Valuation | **Total Value** | **$45.20** | **$38.39** | **-15%** | **$50.31** | **11%** |
| | **2018e EPS** | **$3.55** | **$3.01** | **-15%** | **$3.01** | **-15%** |
| | **P/E** | **12.7x** | **12.7x** | **0.0x** | **16.7x** | **4.0x** |

Source: Company Data, Morgan Stanley Research estimates

**Exhibit 46:**

OAK Estimated Potential Share Price in C-corp Conversion

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.0x | 3.0x | 4.0x | 5.0x | 6.0x | 7.5x | 8.0x |
| 12.5x | 33 | 35 | 36 | 38 | 40 | 42 | 43 |
| 15.0x | 35 | 37 | 38 | 40 | 42 | 44 | 45 |
| 17.5x | 37 | 39 | 40 | 42 | 44 | 46 | 47 |
| 20.0x | 39 | 41 | 42 | 44 | 46 | 48 | 49 |
| 22.5x | 41 | 43 | 44 | 46 | 48 | 50 | 51 |
| 25.0x | 43 | 45 | 46 | 48 | 50 | 52 | 53 |
| 27.5x | 45 | 47 | 48 | 50 | 52 | 54 | 55 |
| 30.0x | 47 | 49 | 50 | 52 | 54 | 56 | 57 |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

**Exhibit 47:**

OAK Estimated % Change in Current Share Price

| Fee Related Earnings Multiple | Multiple on Future Performance Fees | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2.0x | 3.0x | 4.0x | 5.0x | 6.0x | 7.5x | 8.0x |
| 12.5x | -27% | -23% | -20% | -16% | -12% | -7% | -5% |
| 15.0x | -23% | -19% | -15% | -11% | -8% | -2% | 0% |
| 17.5x | -18% | -14% | -11% | -7% | -3% | 2% | 4% |
| 20.0x | -14% | -10% | -6% | -2% | 1% | 7% | 9% |
| 22.5x | -9% | -5% | -2% | 2% | 6% | 11% | 13% |
| 25.0x | -5% | -1% | 3% | 6% | 10% | 16% | 18% |
| 27.5x | 0% | 4% | 7% | 11% | 15% | 20% | 22% |
| 30.0x | 4% | 8% | 12% | 15% | 19% | 25% | 27% |

Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates



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# Appendix B: Valuation of Alternative Managers - What©in the Price?

**Exhibit 48:**

Covered Alternative Asset managers NTM Relative P/E

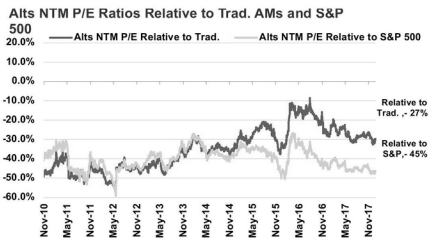


Source: Company Data, Thomson Reuters, Morgan Stanley Research estimates

**Exhibit 49:**

Covered Alternative Asset managers NTM Absolute P/E

Source: Company Data, Thomson Reuters, Morgan Stanley Research estimates



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# Appendix C: Notable Alt Reports: In Case You Missed Them¼

Asset Managers & Brokers: 4Q17 Preview: Buy CG and ETFC into the Print (12 Jan 2018)

Raising Est on Tax Cuts & Strong Mkts, Upgrading APO and ETFC to Overweight (3 Jan 2018)

Asset Managers & Brokers: 2018 Outlook: Key Debates in a Year of Change (3 Jan 2018)

The Carlyle Group L.P.: Fundraising Ahead of Expectations; Buy the Dip (4 Dec 2017)

Alternative Asset Managers and Credit Strategy: Interest Deductibility at Risk: Game Changer for High Yield and Private Equity? (9 Nov 2017)

Alternative Asset Managers: C-Corp Conversion: To convert or not to convert, that is the question (6 Nov 2017)

Asset Managers & Brokers: Uncovering Long-Term Value with ESG (20 Sep 2017)

Global Asset Management: Building the Money Manager of Tomorrow (13 Sep 2017)

The Blackstone Group L.P.: Management Meeting Takeaways: Significant Runway for Growth (10 Aug 2017)

The Blackstone Group L.P.: Why Blackstone's "Innovation Machine" Suggests Upside to $60 Bull Case (24 Jul 2017)

The Carlyle Group L.P.: Inflection Point for Carlyle Supports $40 Bull Case (12 Jul 2017)

Hamilton Lane Incorporated: Unique Play on Private Markets; Initiating at Overweight (27 Mar 2017)

Asset Managers & Wholesale Banks: The World Turned Upside Down (16 Mar 2017)

The Blackstone Group L.P.: $100 Billion Reasons to Thrive in Uncertainty: Mgmt Meeting Takeaways (10 Nov 2016)

Alternative Asset Managers: Who©Got Swimsuits? (19 May 2016)

Asset Managers: Convergence of Alts/Traditionals Multiple: Put This Chart on Your Wall (21 Jul 2015)

US Asset Managers: Benchmark Inclusion of Alts: What If...? (22 Jan 2015)

US Asset Managers: Introducing "Core" Fee-Related Earnings (FRE) Metric (15 Jan 2015)

US Asset Managers: Cash In On the Harvesting Super-Cycle: Initiating on Alts: OW BX, KKR, OAK (19 Dec 2014)



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# Brokers & Asset Managers Comps Sheet

**Exhibit 50:**

Brokers & Asset Managers Comps Sheet

**Brokers & Asset Managers**

| | 26/Jan/18 Company | Ticker | Rating | Price 26/Jan/18 | Price Target | Upside (%) | Shares (M) | Market Cap ($B) | AUM ($B) | LTM Net Flows/ BoP AuM (%) | YTD Stock Perf. (%) | Earnings Per Share (EPS) 2017E | 2018E | 2019E | EPS CAGR (%) 17-19 | Price/Earnings (P/E) 2017E | 2018E | 2019E | EV/ EBITDA 2017E | 2018E | 2019E | As % of AuM Mkt Cap | Dividend Yield (%) 2018E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Covered Brokers & Asset Managers** | | | | | | | | | | | | | | | | | | | | | | |
| Traditionals | Franklin Resources (5) | BEN | UW | $45.86 | $42 | (8.4) | 555 | 25.4 | 753 | (5.3) | 5.8 | 2.99 | 3.02 | 2.97 | (0.3) | 15.4x | 15.2x | 15.4x | 13.9x | 14.1x | 6.9x | 7.3x | 7.9x | 3.4 | 2.1 |
| | BlackRock Inc | BLK | OW | $586.80 | $660 | 12.5 | 162 | 94.8 | 5,977 | 7.1 | 14.2 | n/a | 28.79 | 31.34 | n/a | n/a | 20.4x | 18.7x | 22.9x | 21.1x | n/a | 14.5x | 13.4x | 1.6 | 2.0 |
| | Hamilton Lane | HLNE | EW | $38.85 | $38 | (2.2) | 53 | 2.1 | 29 | 11.6 | 9.8 | 1.16 | 1.57 | 1.90 | 27.8 | 33.4x | 24.8x | 20.4x | 24.2x | 20.0x | 21.9x | 19.2x | 15.5x | 7.1 | 2.0 |
| | Invesco Ltd | IVZ | EW | $38.40 | $39 | 1.6 | 407 | 15.6 | 917 | 1.2 | 5.1 | 2.68 | 2.94 | 3.15 | 8.4 | 14.3x | 13.0x | 12.2x | 13.2x | 12.4x | 9.8x | 9.1x | 8.6x | 1.7 | 3.3 |
| | Janus Henderson Group | JHG | OW | $41.43 | $50 | 21.4 | 198 | 8.2 | 361 | (2.9) | 8.3 | 1.69 | 2.69 | 3.10 | 35.5 | 24.5x | 15.4x | 13.4x | 18.7x | 16.2x | 12.5x | 10.0x | 9.0x | 2.3 | 3.4 |
| | Legg Mason (5) | LM | UW | $45.75 | $43 | (6.0) | 92 | 4.2 | 754 | (3.0) | 9.0 | 3.11 | 3.62 | 3.66 | 8.5 | 14.7x | 12.6x | 12.5x | 11.9x | 11.7x | 8.7x | 9.5x | 9.8x | 0.6 | 2.4 |
| | OM Asset Mgmt. (4) | OMAM | EW | $18.31 | $19 | 3.8 | 110 | 2.0 | 36 (3.3) | 9.3 | 1.58 | 1.91 | 2.03 | 13.2 | 11.6x | 9.6x | 9.0x | 9.9x | 9.4x | 8.4x | 7.8x | 7.2x | 0.9 | 2.2 |
| | T. Rowe Price | TROW | EW | $119.99 | $115 | (4.2) | 244 | 29.3 | 948 | 0.7 | 14.4 | 6.03 | 7.33 | 7.16 | 8.9 | 19.9x | 16.4x | 16.8x | 15.7x | 16.1x | 10.8x | 10.7x | 10.9x | 3.1 | 1.9 |
| | Virtus Investment Partners | VRTS | EW | $131.00 | $127 | (3.1) | 7 | 0.9 | 91 | 0.4 | 13.9 | 7.42 | 11.02 | 11.81 | 26.2 | 17.7x | 11.9x | 11.1x | 11.5x | 10.8x | 9.2x | 7.1x | 6.6x | 1.0 | 1.5 |
| | Waddell & Reed Financial | WDR | UW | $22.98 | $20 | (13.0) | 83 | 1.9 | 81 | (15.3) | 2.9 | 1.68 | 1.98 | 1.86 | 5.2 | 13.7x | 11.6x | 12.4x | 10.1x | 10.8x | 6.7x | 7.0x | 7.9x | 2.4 | 4.4 |
| | WisdomTree Investments | WETF | EW | $12.33 | $14 | 13.5 | 137 | 1.7 | 46 | 2.2 | (1.8) | 0.23 | 0.50 | 0.72 | 76.2 | 53.1x | 24.6x | 17.1x | 27.7x | 19.4x | 24.8x | 16.2x | 9.7x | 3.6 | 1.0 |
| | **Mean (Excl. HLNE, JHG, WETF), (Market Cap, EV and AuM equals Total)** | | | | | **(2.1)** | | **176.0** | **9,804** | **(1.8)** | **9.3** | | | | **10.0** | **15.3x** | **13.8x** | **13.5x** | **13.7x** | **13.3x** | **8.6x** | **9.1x** | **9.0x** | **1.8** | **2.5** |
| | **Median (Excl. HLNE, JHG, WETF)** | | | | | **(3.6)** | | | | **0.0** | **9.1** | | | | **8.5** | **14.7x** | **12.8x** | **12.4x** | **12.6x** | **12.1x** | **8.7x** | **8.3x** | **8.2x** | **1.6** | **2.1** |
| Alternatives | Apollo Global Mgmt | APO | OW | $36.42 | $42 | 15.3 | 403 | 14.7 | 242 | 9.9 | 8.8 | 2.97 | 3.68 | 3.72 | 11.9 | 12.3x | 9.9x | 9.8x | 11.4x | 11.3x | 15.4x | 10.3x | 9.9x | 6.1 | 7.4 |
| | Ares Mgmt. | ARES | EW | $24.70 | $20 | (19.0) | 216 | 5.3 | 106 | 15.9 | 23.5 | 1.90 | 1.73 | 1.87 | (0.8) | 13.0x | 14.3x | 13.2x | 11.6x | 10.7x | 16.6x | 15.2x | 15.2x | 5.0 | 4.9 |
| | Blackstone Group | BX | OW | $36.78 | $40 | 8.8 | 1,199 | 44.1 | 387 | 3.4 | 14.9 | 2.66 | 3.26 | 3.07 | 7.5 | 13.8x | 11.3x | 12.0x | 12.3x | 13.0x | 10.9x | 10.7x | 9.9x | 11.4 | 7.0 |
| | Carlyle Group | CG | OW | $25.60 | $33 | 28.9 | 343 | 8.8 | 174 | (8.4) | 11.8 | 3.09 | 3.03 | 2.52 | (9.6) | 8.3x | 8.5x | 10.1x | 10.9x | 13.1x | 12.4x | 7.5x | 6.6x | 5.0 | 8.5 |
| | KKR & Co | KKR | EW | $24.40 | $24 | (1.6) | 848 | 20.7 | 153 | 25.3 | 15.9 | 2.38 | 2.74 | 2.96 | 11.6 | 10.3x | 8.9x | 8.3x | 8.8x | 8.1x | 10.6x | 9.4x | 9.4x | 13.5 | 3.0 |
| | Oaktree Capital Group (2) | OAK | OW | $45.20 | $60 | 32.7 | 156 | 7.1 | 100 | (3.7) | 7.4 | 3.80 | 3.55 | 4.72 | 11.5 | 11.9x | 12.7x | 9.6x | 16.9x | 12.7x | 10.6x | 11.5x | 8.7x | 7.1 | 5.6 |
| | **Mean (Covered Alts), (Market Cap, EV and AuM equals Total)** | | | | | **10.8** | | **106.6** | **1,162** | **8.4** | **13.7** | | | | **5.3** | **11.6x** | **10.9x** | **10.5x** | **12.0x** | **11.5x** | **12.7x** | **10.8x** | **9.9x** | **8.0** | **6.1** |
| | **Median (Covered Alts)** | | | | | **12.0** | | | | **6.6** | **13.3** | | | | **9.5** | **12.1x** | **10.6x** | **10.0x** | **11.5x** | **12.0x** | **11.6x** | **10.5x** | **9.7x** | **6.6** | **6.3** |
| Brokers | TD Ameritrade Holding Corp | AMTD | EW | $54.97 | $61 | 11.0 | 567 | 31.2 | 1,119 | 10.4 | 7.5 | 2.08 | 3.02 | 3.65 | 32.4 | 26.4x | 18.2x | 15.1x | 20.2x | 16.7x | 18.8x | 13.0x | 10.5x | 2.8 | 1.6 |
| | E*TRADE Financial Corp | ETFC | OW | $53.49 | $66 | 23.4 | 271 | 14.5 | 365 | 3.9 | 7.9 | 2.27 | 3.26 | 3.87 | 30.7 | 23.6x | 16.4x | 13.8x | 20.3x | 17.0x | 11.6x | 10.6x | 9.5x | 4.0 | 0.0 |
| | LPL Financial Holdings Inc | LPLA | EW | $60.76 | $62 | 2.0 | 90 | 5.5 | 560 | 3.3 | 6.3 | 2.27 | 3.99 | 4.27 | 37.0 | 26.7x | 15.2x | 14.2x | 13.5x | 14.5x | 11.8x | 8.6x | 8.3x | 1.0 | 1.6 |
| | Charles Schwab Corp | SCHW | OW | $54.27 | $63 | 16.1 | 1,340 | 72.7 | 3,181 | 7.0 | 5.6 | n/a | 2.47 | 2.85 | n/a | n/a | 21.9x | 19.1x | 25.5x | 22.1x | n/a | 13.0x | 11.4x | 2.3 | 0.8 |
| | **Mean (Market Cap, EV and AuM equals Total)** | | | | | **13.1** | | **123.8** | **5,225** | **6.1** | **6.8** | | | | **33.4** | **25.6x** | **17.9x** | **15.5x** | **20.4x** | **17.0x** | **14.0x** | **11.3x** | **9.9x** | **2.5** | **1.0** |
| | **Median** | | | | | **13.5** | | | | **5.5** | **6.9** | | | | **32.4** | **26.4x** | **17.3x** | **14.7x** | **20.2x** | **16.9x** | **11.6x** | **11.8x** | **10.0x** | **2.5** | **1.2** |
| | **Covered Brokers & Asset Managers** | | | | | | | | | | | | | | | | | | | | | | |
| | **Mean (Excl. WETF and HLNE), (Market Cap, EV and AuM equals Total)** | | | | | **5.6** | | **398.8** | **16,144** | **3.4** | **10.2** | | | | **12.6** | **15.8x** | **13.8x** | **13.0x** | **14.6x** | **13.6x** | **11.2x** | **10.2x** | **9.5x** | **4.0** | **1.3** |
| | **Median (Excl. WETF and HLNE)** | | | | | **2.9** | | | | **2.2** | **8.9** | | | | **10.2** | **14.1x** | **12.9x** | **12.4x** | **12.8x** | **12.9x** | **10.7x** | **9.9x** | **9.4x** | **2.9** | **2.3** |
| | **Non-Covered Brokers & Asset Managers** | | | | | | | | | | | | | | | | | | | | | | |
| Non Covered | AllianceBernstein | AB | NC | $27.85 | NC | NC | 94 | 2.6 | 535 | 1.8 | 11.2 | 2.11 | 2.38 | 2.64 | 12.0 | 13.2x | 11.7x | 10.5x | n/a | n/a | 3.7x | 3.3x | 3.1x | 0.5 | 8.5 |
| | Affiliated Managers Group | AMG | NC | $215.76 | NC | NC | 56 | 12.0 | 804 | (0.1) | 5.1 | 14.49 | 17.39 | 18.81 | 13.9 | 14.9x | 12.4x | 11.5x | n/a | n/a | 14.4x | 13.0x | 11.9x | 1.5 | 0.5 |
| | Eaton Vance (5) | EV | NC | $60.87 | NC | NC | 118 | 7.2 | 422 | 11.2 | 7.9 | 2.61 | 3.36 | 3.79 | 20.6 | 23.3x | 18.1x | 16.1x | n/a | n/a | 14.4x | 12.3x | n/a | 1.7 | 2.2 |
| | Fortress Investment Group | FIG | NC | N/A | NC | NC | 240 | n/a | 0 | (0.9) | n/a | 0.06 | 0.07 | 0.08 | 20.7 | n/a | n/a | n/a | n/a | n/a | 4.5x | 3.7x | 3.0x | n/a | n/a |
| | Och-Ziff Capital Mgmt. | OZM | NC | $2.38 | NC | NC | 185 | 0.4 | 33 | (23.9) | (4.8) | 0.50 | 0.36 | 0.40 | (11.1) | 4.7x | 6.6x | 6.0x | n/a | n/a | 3.7x | 3.7x | 6.1x | 1.3 | 7.6 |
| | Stifel Financial Corp | SF | NC | $66.36 | NC | NC | 68 | 4.5 | 265 | n/a | 11.4 | 3.21 | 4.61 | 5.40 | 29.6 | 20.7x | 14.4x | 12.3x | n/a | n/a | 13.7x | 12.6x | 10.3x | 1.7 | 0.3 |
| | Raymond James Financial, Inc. | RJF | NC | $98.26 | NC | NC | 145 | 14.3 | 664 | n/a | 10.0 | 5.47 | 6.90 | 7.74 | 18.9 | 18.0x | 14.2x | 12.7x | n/a | n/a | 28.2x | 25.1x | n/a | 2.2 | 1.1 |
| | Interactive Brokers Group, Inc. | IBKR | NC | $64.20 | NC | NC | 71 | 4.6 | 97 | n/a | 8.4 | 1.22 | 2.04 | 2.34 | 38.4 | 52.6x | 31.4x | 27.5x | n/a | n/a | 6.4x | 4.7x | 4.0x | 4.7 | 0.6 |
| | **S&P 500 (3)** | | | **2,872.9** | **2,750** | **(4.3)** | | | | **7.5** | **131.60** | **145.00** | **150.00** | **6.8** | **21.8x** | **19.8x** | **19.2x** | **19.0x** | **18.3x** | | | | | | **2.2** |

Source: Company data, Thomson Reuters, Morgan Stanley Research estimates, except for NC (not covered), which are Thomson Reuters estimates

(1) Alternative asset manager net flows include fee-paying fundraising and inflows net of redemptions and distributions.

(2) OAK estimates reflect Adjusted Net Income (ANI), given that is the primary metric reported by the company.

(3) S&P500 EPS based off of MS Equity Strategy Team's estimates

(4) ENI/Unit represents EPS and P/ENI represents P/E

(5) BEN, LM and EV have fiscal years not ending in December, so for these companies CY estimates were used in order to have temporal consistency. BEN and LM reflect MS estimates; EV reflects consensus Thom son estimates.

Source: Company Data, Thompson Reuters, Morgan Stanley Research estimates, except for non-covered companies (NC), which are consensus estimates



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# Valuation and Risks

**Alternative Asset Managers:** We value the stocks using a sum of the parts valuation and discounted cash flow as well as price/earnings and price/cash earnings multiples. Our DCF (COE of 12±15%, free cash flow = distributable earnings and terminal growth rate = 4%) captures the long-term value of the business model, while the sum of the parts captures some of the shorter-term volatility. For our SOTP, we use 2019 ªCoreº FRE and apply a 18x-21x multiple; apply 12x multiple on BDC income share; use NPV to estimate future carry and apply discount rate to represent volatile nature of carry; 10% haircut on accrued carry; 10% haircut on B/S assets.

**APO.N**

**Apollo Global Management:** We value APO using a sum-of-the-parts, supported by a DCF, and back into an implied target multiple on next 3 years DE, and ENI. Our price target implies a 11.5x multiple on 2019 EPS, reflecting a 25% premium to historical valuation of 9.2x that's warranted due accelerating growth in and mix shift toward sticky fee related earnings for which investors ascribe a higher multiple, and APO is entering their harvesting stage that will see portfolio monetizations accelerate driving stronger cash earnings generation. Upside risks: Better FPAuM growth, capital deployment accelerates, better returns. Downside risks: Declining valuations reduce cash earnings (fewer exits or lower multiples); slower deployment; Funds V, VI and VII and ANRP remain in escrow, pressuring near term cash earnings.

**ARES.N**

**Ares:** We value ARES using a sum-of-the-parts, supported by a DCF, and back into an implied target multiple on next 3 years DE, and ENI. Our PT represents a 10.8x PE multiple, slightly above the 3 year average of 9.3x on improving cash earnings trajectory. Upside risk includes better asset gathering, stronger investment performance and faster monetization of portfolio investments. Downside risk that strong AUM baked into our model over the next several years will not materialize. ARCC concentration risk (a BDC which contributes 40% of mgmt fees / 29% of revenue), and harvesting delays if there's an extended financial & capital markets pullback.

B**X.N**

**Blackstone:** We value BX using a sum-of-the-parts, supported by a DCF, and back into an implied target multiple on next 3 years DE and ENI. Our PT represents a 12.6x PE multiple, above the 3 year average of 9.4x on expectations for accelerated growth in fee-related earnings growth, cash earnings growth and fundraising. Upside risks: Stronger investment performance, faster monetization of portfolio companies, better asset growth through new initiatives. Downside risks: Weakness in public markets and commercial real estate markets pressure investment performance. Harvesting delaysÐ An extended pull-back in financial and capital markets that delays harvesting of investments and dampens returns which lower cash earnings.

**CG.O**

**Carlyle:** We value CG using a blended sum-of-the-parts, supported by a DCF, and back into an implied target multiple on next 3 years DE and ENI. Our PT implies a 13.5x multiple on 2019 EPS, reflecting a 55% premium to historical valuation of 8.8x given resolution of legacy issues and accelerating fee related earnings and asset gathering momentum that will support the multiple. We expect less volatile financial performance across all segments in our forward look, vs. greater volatility in historicals driven legacy challenges. Upside risks include: Better investment performance, strong asset gathering and faster monetization of portfolio companies. Downside risks include an extended pull-back in financial and capital mkts that delays harvesting of investments and dampens returns which lower cash earnings, and poor investment performance.

**KKR.N**

**KKR:** We value KKR using a 1.3x multiple on 2019 estimated book value and back into an implied target multiple on next 3 years DE and ENI. Our price target is also supported by a sum-of-the-parts valuation. Our PT implies a 8.2x multiple on 2019 EPS, reflecting a 9% premium to historical valuation of 7.5x given improving fee related earnings trajectory. Upside risks include better investment performance, compounding book value growth and faster asset gathering from newer initiatives. Downside risks include an extended pull-back in financial and capital markets that delays harvesting of investments and dampens returns which lower cash earnings and impairs significant investments held on balance.



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**OAK.N**

**Oaktree:** We value OAK using a sum-of-the-parts, supported by a DCF, and back into an implied target multiple on next 3 years DE and ENI. Our PT implies a 12.6x multiple on 2019 EPS, reflecting a 7% premium to historical valuation of 11.8x given expectations for their Opps Xb fund to turn fees on during 2019 and sharply boost fee related earnings. Upside risks include better investment performance, faster monetization of portfolio investments, strong asset gathering from newer initiatives and inflection higher in fee related earnings. Risks include poor investment performance, an extended pull-back in financial and capital markets that delays harvesting of investments and dampens returns which lower cash earnings.

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(as of December 31, 2017)

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| | Coverage Universe | | Investment Banking Clients (IBC) | | | Other Material Investment Services Clients (MISC) | |
|---|---|---|---|---|---|---|---|
| Stock Rating Category | Count | % of Total | Count | % of Total IBC | % of Rating Category | Count | % of Total Other MISC |
| Overweight/Buy | 1142 | 36% | 320 | 40% | 28% | 560 | 38% |
| Equal-weight/Hold | 1424 | 44% | 371 | 47% | 26% | 674 | 46% |
| Not-Rated/Hold | 55 | 2% | 6 | 1% | 11% | 9 | 1% |
| Underweight/Sell | 583 | 18% | 95 | 12% | 16% | 237 | 16% |
| Total | 3,204 | | 792 | | | 1480 | |

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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## INDUSTRY COVERAGE: Brokers & Asset Managers

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (01/29/2018) |
|---|---|---|
| **Michael J. Cyprys, CFA, CPA** | | |
| Apollo Global Management LLC (APO.N) | O (01/03/2018) | $35.60 |
| Ares Management, L.P. (ARES.N) | E (12/15/2014) | $24.50 |
| BlackRock Inc. (BLK.N) | O (09/18/2015) | $574.42 |
| Charles Schwab Corp (SCHW.N) | O (09/26/2016) | $54.05 |
| E*Trade Financial Corp (ETFC.O) | O (01/03/2018) | $52.62 |
| Franklin Resources Inc. (BEN.N) | U (03/16/2017) | $45.12 |
| Hamilton Lane Incorporated (HLNE.O) | E (10/05/2017) | $38.31 |
| Invesco (IVZ.N) | E (01/03/2018) | $37.48 |
| KKR & CO. L.P. (KKR.N) | E (02/17/2016) | $24.25 |
| Legg Mason Inc. (LM.N) | U (10/05/2017) | $44.27 |
| LPL Financial Holdings Inc. (LPLA.O) | E (01/03/2018) | $60.11 |
| Oaktree Capital Group, LLC (OAK.N) | O (12/15/2014) | $45.30 |
| OM Asset Management Plc (OMAM.N) | E (01/26/2016) | $18.19 |
| T. Rowe Price Group, Inc. (TROW.O) | E (10/05/2017) | $117.55 |
| TD Ameritrade Holding Corp. (AMTD.O) | E (09/26/2016) | $55.59 |
| The Blackstone Group L.P. (BX.N) | O (12/15/2014) | $36.56 |
| The Carlyle Group L.P. (CG.O) | O (02/17/2016) | $25.50 |
| Virtus Investment Partners (VRTS.O) | E (06/01/2017) | $129.80 |
| Waddell & Reed Financial Inc (WDR.N) | U (09/18/2015) | $23.18 |
| WisdomTree Investments, Inc. (WETF.O) | E (09/18/2015) | $12.13 |

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* Historical prices are not split adjusted.



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**From:** Robert Trivers [redacted]
**Sent:** 4/14/2018 5:06:12 PM
**To:** Alan Rogers [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Gordon Getty [redacted] Oliver Goodenough [redacted]; Tim Kane [redacted]; Rob Hanson [redacted]; Paul Zak [redacted]; Bobby McCormick [redacted]; Terry Anderson [redacted]; Clive Crook [redacted]; Matt Ridley [redacted]; Gerry Ohrstrom [redacted]; Lee Silver [redacted] Monika Gruter Cheney [redacted]; Dane Stangler [redacted] Ron Bailey [redacted]; Anna Dreber [redacted]; Anula Jayasuriya [redacted]; Paul Romer [redacted]; Mike Cagney [redacted]; Evan Smith [redacted]; Roger Edelen [redacted]; Bill Prezant [redacted]; John Mallen [redacted]; Jim Halligan [redacted]; Marguerite Atkins [redacted]; Alex.Family Pines [redacted]; Ditsa Pines [redacted] David Darst [redacted]; president@usfca.edu; Clair Brown [redacted]; Ms. Yvette Robbins [redacted]; Richerson, Peter J [redacted]
**Subject:** Re: Free Growth (09-29-17) part 2.pdf

**Importance:** High

yes Alan i think you are

you are referring to duplication of a gene—there are many such genes including those produced by retrotransposons (as evidenced by lack of introns)—where a gene has two separate effects and there is an advantage to having a gene with each effect you will often prefer two genes to one, because of less interference in fitness effects

Peter was talking about a gene with a single effect—sickling—and the other allele is the normal one—the heterozygote destroys malaria within red blood cells at trivial cost and there is no cost at all if malaria is not present—by contrast homozygous sickle individuals suffer lifetime effects

Peter was trying to conjure up a heterozygote that propagated asexually but this requires a chiasma between neighbouring genes, a very rare event and hence it usually leads rapidly to mutational decay of one of the two copies, i.e. so-called pseudogenes, of which there are many in our genome

in haste

On Thu, Apr 12, 2018 at 11:02 PM, Alan Rogers <[redacted]> wrote:

I haven't read whatever Pete wrote, but if I understand Bob correctly, Pete must be talking about subfunctionalization:

https://en.wikipedia.org/wiki/Subfunctionalization

If so, it's not a radical suggestion. It's thought to be the process that gave rise to all multi-gene families. Michael Lynch discusses it in his book, The Origin of Genome Architecture.

Am I missing something?

Alan

On Thu, Apr 12, 2018 at 3:03 PM, Robert Trivers <[redacted]> wrote:

here is my latest and final comment on Peter Richerson's comments on Gordon's idea about Trump being a narcissistic psychopath—a view with which i firmly agree

i have learned a lot by thinking through all of Peter's argumentation but i have not learned much that contradicts either my biases nor reality herself

all best wishes

On Fri, Sep 29, 2017 at 5:26 PM, Gordon Getty <[redacted]m> wrote:

> Friends and Family,
>
> Here's my latest on free growth theory. Tell me if I'm making any progress in my old intelligibility deficit. I'm also working on a new version without math.

**From:** Shaher [redacted]
**Sent:** 5/2/2013 8:59:57 PM
**To:** jeffrey epstein usa [jeevacation@gmail.com]
**Subject:** Caroline Kennedy Selling 93 Acres on Martha's Vineyard

**Importance:** High

Caroline Kennedy Selling 93 Acres on Martha's Vineyard

Caroline Kennedy, the only surviving child of the late President John F. Kennedy, listed for sale about 90 acres of land in Martha's Vineyard, a resort island off the Massachusetts coast.

Two waterfront parcels in the town of Aquinnah are on the market -- a 39.5-acre (16-hectare) property available for $20 million, and a 53.5-acre piece for $25 million, according to the listings for 6 Red Gate Farm and 8 Red Gate Farm.

"An exclusive waterfront property with incredible views of Squibnocket Pond, with further views over towering sand dunes to the Atlantic Ocean," the listing for 6 Red Gate Farm reads. "Plenty of privacy with varied topography and easy pond access. Yours to create a marvelous estate."

The land is part of a 366-acre stretch that has been private since Jacqueline Kennedy Onassis bought it in 1978, said John O'Connell, broker and owner of Vineyard Realty Group in Edgartown, Massachusetts.

The property is "a piece of the island that very few people have seen," said O'Connell, who isn't involved in the sale.

Corporate records for Red Gate Farm LLC, which owns the land, lists Edwin A. Schlossberg as the person responsible for the parcels. He is the husband of Caroline Kennedy, who is expected to be Obama's choice as the next U.S. ambassador to Japan.

To contact the reporter on this story: Prashant Gopal in Boston at [redacted]

To contact the editor responsible for this story: Kara Wetzel at [redacted]

Find out more about Bloomberg for iPad: http://m.bloomberg.com/ipad/

Sent from my iPad

**From:** Shaher [redacted]
**Sent:** 5/3/2013 9:37:25 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Caroline Kennedy Selling 93 Acres on Martha's Vineyard

**Importance:** High

Such an estate dear cousin many would like to own ,, if at the price I may be willing

Sent from my iPad

On May 3, 2013, at 1:46, Jeffrey Epstein <jeevacation@gmail.com> wrote:

BORING

On Thu, May 2, 2013 at 4:59 PM, Shaher <[redacted]> wrote:

Caroline Kennedy Selling 93 Acres on Martha's Vineyard

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Jeffrey Epstein

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**Date:** Monday, May 6 2019 11:15 AM
**Subject:** Re: $25K from ASU
**From:** J <jeevacation@gmail.com>
**To:** Joichi Ito [redacted]>;

send details .

On Mon, May 6, 2019 at 7:14 AM Joichi Ito <[redacted]> wrote:
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Sent from my iPhone
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**Date:** Thursday, April 18 2019 12:23 PM
**Subject:** Re: $25K from ASU
**From:** Joichi Ito <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

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**Date:** Monday, May 6 2019 10:52 AM
**Subject:** Re: $25K from ASU
**From:** Joichi Ito <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

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3 April, 2011

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|---|---|
| Article 1. | NYT<br>**In Israel, Time for Peace Offer May Run Out**<br>Ethan Bronner |
| Article 2. | Le Monde diplomatique<br>**The Arab spring - Follow the money**<br>Samir Aita |
| Article 3. | Guardian<br>**Obama doctrine? If only**<br>Michael Boyle |
| Article 4. | The Economist<br>**American foreign policy - Why it's a theory, not a doctrine** |
| Article 5. | The Atlantic<br>**Struggling to Restart Egypt's Stalled Revolution**<br>Eric Trager |
| Article 6. | The Washington Institute<br>**Qatar's Quest to Become the Leading Arab State**<br>Simon Henderson |

Article 1.

NYT

# In Israel, Time for Peace Offer May Run Out

Ethan Bronner

April 2, 2011 — With revolutionary fervor sweeping the Middle East, Israel is under mounting pressure to make a far-reaching offer to the Palestinians or face a United Nations vote welcoming the State of Palestine as a member whose territory includes all of the West Bank, Gaza and East Jerusalem.

The Palestinian Authority has been steadily building support for such a resolution in September, a move that could place Israel into a diplomatic vise. Israel would be occupying land belonging to a fellow United Nations member, land it has controlled and settled for more than four decades and some of which it expects to keep in any two-state solution.

"We are facing a diplomatic-political tsunami that the majority of the public is unaware of and that will peak in September," said Ehud Barak, Israel's defense minister, at a conference in Tel Aviv last month. "It is a very dangerous situation, one that requires action." He added, "Paralysis, rhetoric, inaction will deepen the isolation of Israel."

With aides to Prime Minister Benjamin Netanyahu thrashing out proposals to the Palestinians, President Shimon Peres is due at the White House on Tuesday to meet with President Obama and explore ways out of the bind. The United States is still uncertain how to move the process forward, according to diplomats here.

Israel's offer is expected to include transfer of some West Bank territory outside its settlements to Palestinian control and may

suggest a regional component — an international conference to serve as a response to the Arab League peace initiatives.

But Palestinian leaders, emboldened by support for their statehood bid, dismiss the expected offer as insufficient and continue to demand an end to settlement building before talks can begin.

"We want to generate pressure on Israel to make it feel isolated and help it understand that there can be no talks without a stop to settlements," said Nabil Shaath, who leads the foreign affairs department of Fatah, the main party of the Palestinian Authority. "Without that, our goal is membership in the United Nations General Assembly in September."

Israeli, Palestinian and Western officials interviewed on the current impasse, most of them requesting anonymity, expressed an unusual degree of pessimism about a peaceful resolution. All agreed that the turmoil across the Middle East had prompted opposing responses from Israel and much of the world.

Israel, seeing the prospect of even more hostile governments as its neighbors, is insisting on caution and time before taking any significant steps. It also wants to build in extensive long-term security guarantees in any two-state solution, but those inevitably infringe the sovereignty of a Palestinian state.

The international community tends to draw the opposite conclusion. Foreign Secretary William Hague of Britain, for example, said last week that one of the most important lessons to be learned from the Arab Spring was that "legitimate aspirations cannot be ignored and must be addressed." He added, referring to Israeli-Palestinian talks, "It cannot be in anyone's interests if the new order of the region is determined at a time of minimum hope in the peace process."

The Palestinian focus on September stems not only from the fact that the General Assembly holds its annual meeting then. It is also because Prime Minister Salam Fayyad announced in September 2009

that his government would be ready for independent statehood in two years and that Mr. Obama said last September that he expected the framework for an independent Palestinian state to be declared in a year.

Mr. Obama did not indicate what the borders of that state would be, assuming they would be determined through direct negotiations. But with Israeli-Palestinian talks broken off months ago and the Middle East in the process of profound change, many argue that outside pressure is needed.

Germany, France and Britain say negotiations should be based on the 1967 lines with equivalent land swaps, exactly what the Netanyahu government rejects because it says it predetermines the outcome.

"Does the world think it is going to force Israel to declare the 1967 lines and giving up Jerusalem as a basis for negotiation?" asked a top Israeli official who spoke on condition of anonymity. "That will never happen."

While the Obama administration has referred in the past to the 1967 lines as a basis for talks, it has not decided whether to back the European Union, the United Nations and Russia — the other members of the so-called quartet — in declaring them the starting point, diplomats said. The quartet meets on April 15 in Berlin.

Israel, which has settled hundreds of thousands of Jews inside the West Bank and East Jerusalem, acknowledges that it will have to withdraw from much of the land it now occupies there. But it hopes to hold onto the largest settlement blocs and much of East Jerusalem as well as the border to the east with Jordan and does not want to enter into talks with the other side's position as the starting point.

That was true even before its closest ally in the Arab world, President Hosni Mubarak of Egypt, was driven from power, helping fuel protest movements that now roil other countries, including Jordan, which has its own peace agreement with Israel.

"Whatever we put forward has to be grounded in security arrangements because of what is going on regionally," said Zalman Shoval, one of a handful of Netanyahu aides drawing up the Israeli proposal that may be delivered as a speech to the United States Congress in May. "We are facing the rebirth of the eastern front as Iran grows strong. We have to secure the Jordan Valley. And no Israeli government is going to move tens of thousands of Israelis from their homes quickly."

Those Israelis live in West Bank settlements, the source of much of the disagreement not only with the Palestinians but with the world. Not a single government supports Israel's settlements. The Palestinians say the settlements are proof that the Israelis do not really want a Palestinian state to arise since they are built on land that should go to that state.

"All these years, the main obstacle to peace has been the settlements," Nimer Hammad, a political adviser to President Abbas, said. "They always say, 'but you never made it a condition of negotiations before.' And we say, 'that was a mistake.' "

The Israelis counter that the real problem is Palestinian refusal to accept openly a Jewish state here and ongoing anti-Israeli incitement and praise of violence on Palestinian airwaves.

Another central obstacle to the establishment of a State of Palestine has been the division between the West Bank and Gaza, the first run by the Palestinian Authority and the second by Hamas. Lately, President Abbas has sought to bridge the gap, asking to go to Gaza to seek reconciliation through an agreed interim government that would set up parliamentary and presidential elections.

But Hamas, worried it would lose such elections and hopeful that the regional turmoil could work in its favor — that Egypt, for example, might be taken over by its ally, the Muslim Brotherhood — has reacted coolly.

Efforts are still under way to restart peace talks but if, as expected, negotiations do not resume, come September the Palestinian Authority seems set to go ahead with plans to ask the General Assembly to accept it as a member. Diplomats involved in the issue say most countries — more than 100 — are expected to vote yes, meaning it will pass. (There are no vetoes in the General Assembly so the United States cannot save Israel as it often has in the Security Council.)

What happens then?

Some Palestinian leaders say relations with Israel would change. "We will re-examine our commitments toward Israel, especially our security commitments," suggested Hanna Amireh, who is on the 18-member ruling board of the Palestine Liberation Organization, referring to cooperation between Palestinian and Israeli troops. "The main sense about Israel is that we are fed up."

Mr. Shaath said Israel would then be in daily violation of the rights of a fellow member state and diplomatic and legal consequences could follow, all of which would be painful for Israel.

In the Haaretz newspaper on Thursday, Ari Shavit, who is a political centrist, drew a comparison between 2011 and the biggest military setback Israel ever faced, the 1973 war.

He wrote that "2011 is going to be a diplomatic 1973," because a Palestinian state will be recognized internationally. "Every military base in the West Bank will be contravening the sovereignty of an independent U.N. member state." He added, "A diplomatic siege from without and a civil uprising from within will grip Israel in a stranglehold."

Article 2.

Le Monde diplomatique

# The Arab spring - Follow the money

Samir Aita

April 2011 -- The reasons for the Arab spring go deeper than immediate demands for freedom and democracy. The protesters want to end the political economy and the authoritarian regimes in place since the 1970s. Monarchies in the Arab world have been absolute, and life-long presidents (with hereditary office) ruled the republics, because they created a supreme power above both state and post-independence institutions (1). They set up and controlled their own security services to ensure that their powers would endure; the services escaped parliamentary or government supervision, and their members could reprimand a minister and impose decisions. It costs money to run such services, and the clientelist networks of one-party states. The funds derive not from public budgets, as do those for the police and the army, but from different sources of revenue. (The New York Times recently reported that Muammar Gaddafi had demanded in 2009 that oil firms operating in Libya should contribute to the $1.5bn he had promised to pay in compensation for the Lockerbie terrorist murders – or lose their licences. Many paid. And Gaddafi's immediate cash holdings of billions of dollars are thought to be funding his mercenaries and supporters to defend him.) After the spectacular 1973 rise in crude oil prices, Middle Eastern revenues increased considerably. Through the distribution circuits, and in collusion with major multinationals, part of the revenue went direct to the coffers of the royal or "republican" families instead of to the state. Nor was oil their only source of revenue. After there were no more commissions on major public contracts, civil and military, because of budget deficits and structural adjustments, new

opportunities arose. In the 1990s there were mobile telephone network launches, and the first major privatisations of public services, with public-private partnerships and build-operate-transfer (BOT) contracts. Mobile networks had massive margins, especially at the start when better-off clients were prepared to pay high prices. The major multinational operators, influential businessmen and governments fought to capture the income. (There is evidence for this in the legal dispute over Djezzy, the Algerian branch of the Egyptian operator Orascom, and the Algerian military, and in a previous dispute between Orascom and Syria's Syriatel, which happened just as the first large Arab multinationals emerged.) The globalisation of Arab economies and the demands of the International Monetary Fund – supported by the European Commission for the Mediterranean countries – tightened the regimes' hold on the economy, especially after the oil price crash of 1986. The ensuing decline in public investment and weakening of the governmental regulatory role ensured that the major multinationals held monopolies or oligopolies in exchange for sharing revenue with the powers-that-be. The senior management of the global corporations knew exactly where major decisions were taken and who the imposed local partners were for any new investment: the Trabelsi and Materi families in Tunisia, the Ezz and Sawires in Egypt, the Makhlouf in Syria, Hariri in Lebanon. The Sawires sold their shares in Orascom-Mobinil to France Telecom and offloaded their cement holdings before the Egyptian revolution. Najib Mikati, who had sold Investcom to the South African group MTN, is currently in charge of appointing the new government in Lebanon. Enthralled by the Dubai miracle, all the Arab countries ventured into real estate transactions that allowed them to dissimulate a public/private interest mix. Land was expropriated and then sold cheaply to property developers. Historic city centres were neglected but the local riad (traditional palaces) were renovated by international

investors, charmed by the exotic East, and property prices rose on a par with London, Paris or Tokyo. None of this would have been possible without banking, which facilitated the laundering of revenue and found ways to recycle it in real estate and commercial transactions. Banks were also the instruments of governments, providing credit to secure the lasting allegiance of local entrepreneurs.

**Erosion of public services**

But the state weakened and public services eroded. Where there was a need to send representatives abroad or to tap expertise at home, government members were co-opted; the good ones were technocrats from major international institutions such as the World Bank, but they lacked electoral legitimacy or programmes for which they would be accountable. The state ceased to be seen as a bureaucracy. Even the army weakened as well-equipped praetorian guards guaranteed the continuity of power (2).

Arab governments bore no resemblance to those after independence, which had electrified the countryside and established universal public education. Public services deteriorated, as reports by the UN Development Programme (UNDP) observed, because of privatisations entirely for revenue raising. Even Jeddah in oil-rich Saudi Arabia only has running water one day a week; and a Saudi prince authorised construction work in a valley without planning drainage, resulting in lethal floods. After every scandal there was an anti-corruption campaign, to little effect. The campaigns implied that corruption was a moral or religious issue rather than a systemic predation by leaders in alliance with business. Human dignity and work values were flouted. About a third of the working population in Arab countries is in the unofficial economy, in small jobs not included in unemployment statistics, which have been in double digits for a decade. Another third are self-employed, or employees

without work contracts, social security, retirement or union rights. The concept of the employee is disappearing, outside the public sector and government. There, social rights have been maintained and so jobs are coveted, especially by women, but openings are rare, because of the "structural adjustment" policies required by government spending cuts. The labour market is also fragmented by massive migration, both permanent (Palestinians, Iraqis or Somalis fleeing war) and temporary (mainly Asian), where migrants' economic and social rights are eroded, because the exploitation of migrant labour is now a source of revenue. When the generation of the Arab demographic boom reached working age in the 2000s, connected by the new internet culture, the base toppled the summit in Tunisia and Egypt, and the entire social structure was shaken. People have been surprised by the many demands, social and otherwise, released by the revolution. Arab countries now have to rebuild the constitutional state, where power is finite and subject to institutions, instead of levitating above them. Government-dependent sources of revenue will have to be dismantled, as will monopolies, to release entrepreneurial energy. There will have to be states that guarantee public and social freedoms for all, so that workers have rights, and the states will have to be accountable, based on social consensus. It isn't going to be easy, because the world, including Europe, isn't going that way.

*Samir Aita is editor of the Arabic editions of Le Monde diplomatique and the author of Les travailleurs arabes hors-la-loi, L'Harmattan, Paris, 2011*

(1) See Samir Radwan and Manuel Riesco, "The Changing Role of the State", Economic Research Forum, 2007.
(2) Read Salam Kawakibi and Bassma Kodmani, "To shoot, or not to shoot?", Le Monde diplomatique, English edition, March 2011.

Article 3.

Guardian

# Obama doctrine? If only

Michael Boyle

2 April 2011 - In his speech on Monday night, President Obama articulated his rationale for the ongoing military campaign in Libya, claiming that a failure to act would have permitted humanitarian catastrophe that would have "would have reverberated across the region and stained the conscience of the world". His argument was essentially one of moral emergency, implying that anyone chastened by the failure of the US and European governments to act in Rwanda and similar cases should recognise the necessity of acting in Libya. But as recent events have demonstrated, a compelling moral case does not equate to a coherent strategy. Indeed, it is charitable to call this strategy muddled. Initially committed to only to defensive operations to stop the advance of the Libyan military into cities like Benghazi, the Obama administration quickly began working with the rebels to coordinate air strikes to push back Gaddafi's forces. This turned the US, Britain and France into combatants in a civil war; no matter how much they claim only to be engaged in "kinetic military action" or some other Orwellian euphemism, the facts are plain. There are now CIA officers present in Libya to coordinate air strikes with rebels, and the US has flown over 1,600 sorties. While the American public may be fooled by the dissembling language, Gaddafi and his regime will have no illusions about who is bombing them.

Now, if only to underscore this point that this is a real war, the US and its allies are considering sending weapons to the Libyan rebels. Even contemplating this reflects an astonishing level of ignorance:

the weapons will embolden the rebels and increase the chances of a bloody, long-running stalemate between the Gaddafi regime and the rebels. The coalition effort has gone from babysitting a civil war to sponsoring it, ignoring precedents such as Afghanistan that make clear that flooding a country with weapons leads only to higher death tolls and vicious blowback over the long run.

All of this could be forgivable if the Obama administration or its European partners had shown an iota of forethought about the potential consequences of their actions. Instead, they appear to have rushed into this operation without a workable Plan B. Their hope was that air strikes and the pressure of rebel advances would cause the regime to crumble. But Gaddafi's forces – still vastly more powerful than the rebels – have reversed their losses and a stalemate looks more likely. Further, even high-profile defections have not yet appeared to influence Gaddafi's (admittedly less than rational) thinking. Unless he is killed or otherwise overthrown, Gaddafi can continue to hold out, supported by a small number of loyalists and family members, in the hope that he can prolong the war to the point where the costs begin to exceed the potential benefits for US and its coalition partners. Given that he faces exile, indictment or death if he is overthrown, he has every incentive to do just that.

If that happens, the only option left would be to place US or allied ground troops to assist rebels in forcing Gaddafi out of power. But Secretary Gates has emphasised repeatedly that there will be no "boots on the ground". Having taken escalation through ground forces off the table, what then is the next step? How will additional pressure on Gaddafi be generated?

More to the point, what exactly is the strategy if the cumulative effect of the action so far is to produce the siege of Tripoli?

Instead of confronting these questions in a hardheaded way, the Obama administration has been obsessed with demonstrating the

international legitimacy of the operation, pointing to a UN mandate and the support of the Arab League. But diplomatic blessings do not change the facts of war. Even the transfer of command authority from the US to Nato is mere window-dressing; it is the same set of countries bombing Libyan forces, no matter what acronym they hide behind. It is a peculiar form of bureaucratic myopia to worry more about who sits in what chair in Brussels than about the consequences of poor strategy.

Even more depressingly, the political debate in the US over the Libyan operation has become grotesque, as the same players who served as cheerleaders for the Iraq war have come out in force to celebrate this war as a step forward for human rights. The same liberal internationalists who chided President Bush for seeking regime change in Iraq have applauded President Obama for taking similar action in Libya, despite the fact that the operations in Libya are well beyond the measures to protect civilians authorised in the UN security council resolution.

Similarly, the neoconservatives have seen this operation as a vindication of President Bush's strategy, and a reaffirmation of the right of the US to remove the leader of a foreign country if it suits out interests to do so. Neither party is behaving responsibly here. The Republican presidential candidates are stumbling over themselves finding ways to denounce President Obama for doing precisely what they would have done if put in his position. Meanwhile, few on the Democratic side appear to be willing to push the president to explain his nonsensical position that Gaddafi must go, but that the objective of the US is not regime change.

Perhaps the most dispiriting aspect of this operation is that it proves that President Obama has been seduced by the power of the Oval Office into betraying many of the promises he represented as a candidate. The same thoughtful man who once argued that the US

should never go to war without a congressional authorisation did not seek one, and waited ten days before even addressing the American public about his rationale for the operation. The same president who pledged in his national security strategy to take into account the limitation of our economic resources in his foreign policy decisions has led us into a war costing hundreds of millions of dollars. The same president once critical of a rush into a "dumb war" has let a compelling moral cause turn the US into a party in another war in the Middle East.

The unfortunate result is that President Obama has begun to resemble his predecessor far more than he or his supporters would care to admit.

*Michael Boyle is assistant professor of political science at La Salle University, Philadelphia.*

Article 4.

The Economist

# American foreign policy - Why it's a theory, not a doctrine

31 march -- IT IS Pavlovian. As soon as a president does something new in foreign policy, the world wants to know whether he has invented a new "doctrine". The short answer in the case of Libya is that Barack Obama has not invented a new doctrine so much as repudiated an old one. What he is also doing, however, is challenging an American habit of mind.

The doctrine Mr Obama has repudiated is the one attributed to Colin Powell, the former chairman of the joint chiefs of staff and George W. Bush's transparently miserable secretary of state when America invaded Iraq in 2003. That held, among other things, that America ought to go to war only when its vital interests are threatened, when the exit strategy is clear, and when it can apply overwhelming force to ensure that its aims are achieved. Nothing could be more different from the account Mr Obama gave Americans on March 28th of his reasons for using military force in Libya. He does not believe that America's vital interests are at stake (though some "important" ones are); the exit strategy is not entirely clear (Colonel Qaddafi must go, but who knows when, and not as a direct result of American military action); and the force America is willing to apply (no boots on the ground) is strictly limited.

None of this should be a surprise. In "The Audacity of Hope", the bestseller Mr Obama wrote as a senator in 2006, he set out a theory of military intervention. Like all sovereign nations, he argued, America has the unilateral right to defend itself from attack, and to take unilateral military action to eliminate an imminent threat. But

beyond matters of clear self-defence, it would "almost always" be in its interest to use force multilaterally. This would not mean giving the UN Security Council a veto over its actions, or rounding up Britain and Togo and doing as it pleased. It would mean following the example of the first President Bush in the first Gulf war—"engaging in the hard diplomatic work of obtaining most of the world's support for our actions". The virtue of such an approach was that America had much to gain in a world that lived by rules. By upholding such rules itself, it could encourage others to do so too. A multilateral approach would also lighten America's burden at times of war. This might be "a bit of an illusion", given the modest power of most American allies. But in many future conflicts the military operation was likely to cost less than the aftermath: training police, switching the lights back on, building democracy and so forth.

The president, it now emerges, remembers exactly what he wrote. He hesitated about whether to act in Libya (just ask the French and British, who egged him on but came close to losing hope), but he was always clear about how. All the conditions he wished for in that book five years ago have come to pass. In this week's speech he ticked them methodically off: "an international mandate for action, a broad coalition prepared to join us, the support of Arab countries, and a plea for help from the Libyan people themselves. We also had the ability to stop Qaddafi's forces in their tracks without putting American troops on the ground." Under such circumstances, he said, for America to turn a blind eye to the fate of Benghazi would have been "a betrayal of who we are".

Why does this theory of intervention, and the noble sentiment attached to it, fail to qualify as a "doctrine"? Because it is too elastic to provide a guide to future action. Would America "betray" itself by turning a blind eye to atrocities under different, less favourable, circumstances? So it seems. It has, after all, done so before, in

Rwanda and Darfur—and Mr Obama appears to accept that it might have to do so again when, say, an alliance would be damaged, as in Bahrain, or the job is too hot to handle, as in Syria or Iran. Also unclear is whether an American interest must also be at stake before Mr Obama invokes the moral case for action. Conveniently (for the purpose of selling this particular war), the president detects a "strategic interest" in preventing Colonel Qaddafi from chilling the wider Arab spring, so nobody knows.

In fairness, elasticity is not a sin; and Mr Obama does not claim to have invented anything he calls a "doctrine". The worst you can say about his approach is that it is merely commonsensical: decide the issues case-by-case while holding some idea of values and interests in mind. Many who say they want more consistency than this (typically by asking some variant of "What about Zimbabwe?") do so not because they really believe that foreign policy can be run by an algorithm but in order to embarrass Mr Obama in any way they can. Prize chump in the case of Libya this past fortnight has been Newt Gingrich, the Republican presidential hopeful who demanded consistency, called for intervention and turned on a dime the instant Mr Obama answered.

After you, Sarko

More significant, however, is that habit of mind. In Libya Mr Obama is challenging the assumption of global leadership America has taken for granted ever since the second world war. America has joined coalitions before, but never under a president quite so adamant that America is not in charge—even if the military burden-sharing is indeed a bit of an illusion.

Most Republicans and quite a few Democrats hate this. Mr Obama's hope is that America's low profile will make the war more palatable not only to the Muslim world but also to the economy-fixated voters at home who question whether America can still afford to play its

traditional leadership role. What he may soon discover is that modesty extracts a price of its own. By sharing the leadership with others, he has made his policy hostage to the limited mandate (no use of force for regime change) imposed by the United Nations and the limited means of his allies in Europe and the Middle East. It may not be a doctrine, it should not be a surprise, but nobody can deny that it is a gamble.

Article 5.

The Atlantic

# Struggling to Restart Egypt's Stalled Revolution

Eric Trager

CAIRO, Egypt -- Egypt's popular revolt was on the ropes. Tahrir Square had been mostly empty for weeks. Top regime figures remained free men. And on Wednesday, the Supreme Military Council released a revised constitution that, among other things, retained a Mubarak-era provision mandating that 50 percent of the parliament consist of workers and farmers.

"They are enabling the traditional forces to enter into and win the elections," said Shadi al-Ghazali Harb, an executive member of the Coalition of Revolutionary Youth, on Thursday evening.

Meanwhile, the youth organizations that had catalyzed the early stages of the revolt remained deeply divided on whether to keep protesting and, more importantly, on how to guide Egypt's political future.

On Friday, Egypt's youth activists overcame their impasse by agreeing on the past. Echoing scenes of two months prior, tens of thousands of Egyptians packed Tahrir Square to demand that former President Hosni Mubarak and his deputies be put on trial, and that the public funds they stole from the Egyptian people be returned. Posters carried images of former officials behind bars and activists chanted for the capture of former Shura Council president Safwat Sherif, former parliamentary speaker Fathi Sorour, and former chief of presidential staff Zakaria Azmi. The military had held control of the

country for seven weeks but, for the Tahrir faithful, the villains remained the same.
"But we need to be patient and we don't have time."
"We still have ministers whose money has not been investigated," said Maged Abduh, a businessman. "Zakaria Azmi is still working, as is Fathi Sarour. Why didn't they bring them and ask them about their money?"
Yet for many in Tahrir, the turnout was cause for hope. The demonstration's organizers had overcome many hurdles in the previous days -- in particular, a series of suspiciously widely distributed, anonymous messages falsely claiming that the demonstration had been postponed until next week. And although it fell well short of the "million-man march" that the organizers had promised, the return of flag-carrying crowds signaled to the military that the shaab -- the "people" -- remained invested in their revolution.
"It was good to send the message that we can have more protests, because people think and feel that the process is too slow," said Abdullah Helmi, a member of the Union of Revolutionary Youth.
The demonstration took place without the participation of the Muslim Brotherhood, which stood aside despite the pleas of its younger members. The Brotherhood's Guidance Office claimed that they had not been informed of the demonstration early enough to make a decision. They told their youth leaders that they feared a low turnout.
"They have their own way of dealing with the issue," said Muslim Brotherhood youth leader Islam Lotfi, sounding disappointed.
But Friday's demonstration still leaves Egypt's could-be revolution searching for a way forward. While liberals and leftists dominated the square -- at one point, the crowds jeered at a Salafist who took the stage -- the overwhelming majority seemed to be independents, with a handful of small, newly forming parties scattered about. They have no leader or even set of leaders who can channel their demands for a

better future into a widely agreeable program, and nobody can credibly represent them before the military council. So for now, the masses can only unify against things.

"The liberals have many small parties, and the left as well," said former liberal Wafd party chairman Mahmoud Abaza. "I think the hope of having a constitution that the Egyptian people will create and the fear of being squeezed between the army and the Islamists will create some opportunities for this front. But we need to be patient and we don't have time."

Still, Egypt's opposition groups may soon run out of things to oppose. In anticipation of Friday's demonstrations, the military announced the day before that Mubarak's top aides had been banned from leaving the country. If the military fully relents and opens investigations into their activities and finances, it may be hard for youth and liberal activists to convince people to return in droves to Tahrir Square. After all, the remaining demands from the revolution will have been met.

For the protesters still taking to Tahrir Square, and for those wary that the military could ultimately retain its grip on power, "saving" Egypt's revolution will require a liberal program for moving the country forward -- and fast. The longer that Egypt's revolutionary groups can only rally around rejecting the already-rejected Mubarak regime, the greater the advantage of illiberal forces in shaping the country's future.

Article 6.

The Washington Institute

# Qatar's Quest to Become the Leading Arab State

Simon Henderson

March 31, 2011 -- The small Persian Gulf state of Qatar is emerging as a significant international player in the Libyan crisis and a crucial supporter of U.S. policy. But its relationship with the United States has often been difficult, and its standing in the rest of the Arab world is questionable. For Washington, the challenge is to achieve balance between U.S. expectations, Qatar's own regional ambitions, and the need to minimize any adverse impact on U.S. ties with other Arab allies.

**Background**

The Qatari peninsula is about the size of Connecticut, but most of its population -- around 200,000 citizens and 600,000 expatriate workers -- lives in and around the capital, Doha. A member of the Organization of the Petroleum Exporting Countries (OPEC), the emirate produces relatively little oil. Instead, its growing wealth is the result of having the third-largest natural gas reserves in the world (after Russia and Iran). Qatar is now the world's top exporter of liquefied natural gas, with Asia particularly reliant on its supplies. Revenue from these sales has given Qataris the highest per capita gross domestic product ($88,000) in the world, almost twice the figure for Americans.

In recent days, Qatar became the first Arab state to contribute to no-fly-zone patrols over Libya and recognize the Benghazi-based rebels as legitimate successors to the Qadhafi regime. It has also offered its status and experience in OPEC to help the rebels market the Libyan

oil and gas production that they control. In addition, the emirate was a major participant in the March 29 London conference regarding the crisis, and the first meeting of the follow-on Libya Contact Group will soon be held under Qatari chairmanship in Doha.

Qatar's leading representative at the London meeting and the driving force of its foreign policy is Sheikh Hamad bin Jassim al-Thani, who serves as both prime minister and foreign minister. HBJ, as he is widely known, is only a distant relative of ruler Sheikh Hamad bin Khalifa al-Thani, but the two leaders have an extraordinarily close working relationship, and HBJ is credited with making many of the emir's visions a reality.

Meanwhile, Qatar's Aljazeera satellite television channel is among the most watched in the region; the emir's (second) wife, Sheikha Mouza, is the driving force in encouraging American universities to set up branches in Doha and develop a world-class "medical city"; and Qatar has been chosen as the venue for the 2022 World Cup. The emirate is also becoming an increasingly large business conglomerate, with a national airline fleet that will soon exceed 100 aircraft, and a sovereign wealth fund t hat purchased Harrods, the iconic London store, in 2010, and owns the largest share of stock in a British supermarket chain.

**Activist Foreign Policy**

If Qatar's foreign policy appears eclectic in substance, its style often seems inconsistent -- and challenging even to its friends. Over the past several years, Qatar has tried to distinguish itself from the other members of the Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates, and Oman) by being friendlier toward Iran and less publicly fearful of the Islamic Republic's nuclear ambitions. To the consternation of other GCC leaders, Qatar invited President Mahmoud Ahmadinezhad to Doha for the council's 2007 summit. Privately though, Qatar is cynical about Iran's aspirations. As

HBJ once told an American official, "[The Iranians] lie to us, and we lie to them."

More generally, Qatar tends to use Aljazeera as a tool of diplomacy. The network's coverage of domestic Qatari affairs is limited -- instead, Aljazeera news programming often seems aimed at annoying other Arab states. The United States was also a regular target of the network after the invasion of Iraq. For example, one false story broadcast in 2005 alleged that U.S. soldiers in Iraq were removing women's veils. The report caused widespread outrage in the Arab world and, according to then deputy defense secretary Paul Wolfowitz, was responsible for the killing of more than 100 American personnel. Qatari officials protested their innocence, claiming that Aljazeera was independent of government control and was permitted freedom of expression. Yet the output of the Arabic news channel and associated website suggests that they omit stories that might damage important diplomatic relationships (although the English channel and website are less constrained and more objective). Qatar has also sheltered or otherwise affiliated itself with prominent regional radicals. In addition to hosting Hamas leader Khaled Mashal, the emirate has permitted firebrand Egyptian cleric Sheikh Yusuf al-Qaradawi to broadcast a regular show on Aljazeera for years now, despite episodes justifying suicide attacks on Israeli children on the basis that they will grow up to become soldiers. And in the mid-1990s, Qatar allowed al-Qaeda terrorist Khaled Sheikh Muhammad, wanted by the United States for plotting aircraft bombings, to live in Doha, where he was given a government job and protected by a state minister.

**Outreach to Israel and the U.S. Military**

After Sheikh Hamad overthrew his indolent father in 1995, Doha worked to develop better ties with Washington, which at the time tended to view its relations with Arab Gulf states through the prism

of neighboring Saudi Arabia. Among Qatar's tactics was deliberate outreach to Israel as a means of countering potential U.S. congressional opposition. At one point, this led to an Israeli diplomatic office operating under commercial cover in Doha. Yet when presented with a reciprocal offer to open a Qatari office in Israel, the emirate ignored it, while the Israeli presence in Doha met with criticism from other Arab states and was eventually closed.

On a grander scale, Qatar speculatively built the giant al-Udeid Air Base a few miles outside Doha. Following the September 11 attacks, U.S.-Saudi relations grew tense, and Riyadh asked Washington to stop using the Prince Sultan Air Base and its associated Combined Air Operations Center. Qatar was thus able to step in and offer the United States instant access to al-Udeid. Today, the U.S. military runs most of its regional operations out of the base, including patrols to counter any hostile moves by Iran a hundred miles to the north and flights over Afghanistan six hundred miles to the east. Yet U.S. forces do not have carte blanche over al-Udeid: the Qatari military jealously guards its sovereign control over access to the facility even though its own small air force does not use it, instead operating from one side of the capital's main international airport.

**Largely Symbolic Role in Libya**

Qatar is taking great pride in its role in stemming the Libyan crisis. As the Qatari air force chief of staff put it: "Certain countries like Saudi Arabia and Egypt haven't taken leadership for the last three years. So we wanted to step up and express ourselves, and see if others will follow."

In actuality, however, the Qatari military is greatly limited in both size and capability. The four Mirage 2000 jets that Doha deployed to Greece for Libyan operations represent the bulk of its operational air force. And two of those aircraft nearly failed to arrive, having to divert to Cyprus after running short of fuel en route. Reliant on

servicing by French and other foreign technicians, the aircraft are not expected to see any real military action.

**U.S. Policy and the Emir's Upcoming Visit**

Qatari society does not recognize the universal freedoms that guide the Obama administration's foreign policy, but there is little domestic opposition to the emir's rule, which is marked by generous subsidies and traditional Gulf accessibility. Nevertheless, the administration should make the most of Sheikh Hamad's upcoming visit to Washington, originally scheduled for February but now seemingly slated for April. Doha will want to use the visit to confirm its new diplomatic status. Yet Washington must balance its gratitude for ongoing access to al-Udeid and the emirate's diplomatic support on Libya with the recognition that Qatar still has to prove itself as a reliable and consistent ally. Ultimately, Doha seeks guarantees of U.S. protection against Iran, which should be a win-win situation for Washington. But Doha is worried about the commitment of the Obama administration to deal with Qadhafi as well as Iran. Other U.S. Middle East allies will be watching closely to see how Washington handles its new best friend.

*Simon Henderson is the Baker fellow and director of the Gulf and Energy Policy Program at The Washington Institute.*

**From:** Lawrence Krauss [redacted]
**Sent:** 9/18/2015 6:26:27 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: an article you may both hate. or like.
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

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Thanks for sending. A wide area of agreement, but not total.

On confronting dogma, I of course agree – though in my opinion the secular religions – nationalist fanaticism, etc. – are much more dangerous. And if some find rational discussion offensive – as, for example, mainstream academics find dismantling myths of "American exceptionalism" or "Israeli self-defense" or Obama's mass murder campaign, etc., offensive – so be it.

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Noam

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**Sent:** Thursday, September 10, 2015 1:51 AM
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**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: an article you may both hate. or like.
**Attachments**: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance**: High

will bring up that possibility. :)

so glad we are aging to see you down there.. working hard now after a week of traveling with Johnny and late nights, to finish my new book so I can actually celebrate that as planned on the trip.

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**From:** Darren Indyke[redacted]
**Sent:** 5/15/2017 5:43:08 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Search for next FBI director moves ahead quickly

**Importance:** High

FYI - Alice Fisher stated to be in the mix of potential candidates for new FBI director.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**** Please note that my mobile telephone number has changed to the new number provided above. ***

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**********

Begin forwarded message:

**From:** "SmartBrief on Business & Politics" <politics@smartbrief.com>
**Subject:** **Search for next FBI director moves ahead quickly**
**Date:** May 15, 2017 at 1:40:32 PM EDT
**To:** [redacted]

Created for **dkiesq@aol.com** | Web Version

Public policy from a business perspective SIGN UP · FORWARD

## NATIONAL PULSE

### Search for next FBI director moves ahead quickly

Attorney General Jeff Sessions interviewed eight candidates to replace fired FBI Director James Comey on Saturday, with President Donald Trump indicating that the nomination could be announced by Friday when he leaves for his first foreign trip. Potential replacements include FBI special agent Adam Lee, Judge Michael Garcia and former Justice Department employee Alice Fisher, who would be the first female director.

New York Post (5/13), Politico (5/14)

## THE BUSINESS & POLITICS POLL

### What's your take on the Comey firing?

President Donald Trump's sudden firing of FBI Director James Comey has stirred a flurry of calls for an independent investigation of the event and the FBI's probe into possible collusion between Trump's campaign and Russian officials. Critics say the president's action was a deliberate attempt to derail in FBI investigation, while defenders say the president acted properly and Comey deserved to be fired.**This week's question: What's your take on the Comey firing?** Cast your vote below. We'll post the results Friday.

- The president acted properly and within his powers
- The firing was legal but badly handled
- The firing could be seen as obstructing justice
- The firing was definitely an obstruction of justice
- None of the above/other

## AGENDA ITEMS

### Senators: Trump should relinquish Comey tapes

Graham (Justin Sullivan/Getty Images)

Senators including Lindsey Graham, R-S.C., said on Sunday that if President Donald Trump recorded conversations with former FBI Director James Comey, he should provide those recordings to lawmakers. Sen. Chuck Schumer, D-N.Y., said Democrats might seek to delay a vote on a new FBI director until a special prosecutor is appointed to investigate potential connections between Trump and Russia.

Reuters (5/15)

- **9th Circuit to weigh revised travel ban** Reuters (5/15)
- **Price predicts Senate AHCA vote before Aug.** The Hill (5/12)
- **Senate to look at mechanisms for infrastructure funding** Bloomberg BNA (free content) (5/12)

## DATA POINTS

### Consumer retail activity up in April

(Scott Olson/Getty Images)

Retail sales increased by 0.4% in April, while the consumer-price index increased by 0.2% during the month. Retail sales improved in nine of the 13 main categories during April.

Bloomberg (5/12)

## THE CONVERSATION

- **Former Sen. Judd Gregg: The simple fix GOP should make to health bill** The Hill (5/15)
- **Columnist Albert Hunt: Bad behavior is becoming the norm** Bloomberg View (5/14)
- **Former Judge Kenneth Starr: No need for Rosenstein to appoint special prosecutor** The Wall Street Journal (tiered subscription model) (5/14)

## DAILY DIVERSION

### $100 survived 34 transactions in a currency-exchange experiment

(Pixabay)

Carl Bialik took $100 to a currency exchange to see how many transactions he could make between different currencies before running out of money. Most exchanges require you to convert back to US dollars before going into another foreign currency, which led to significant fees when buying dollars with less popular currencies.

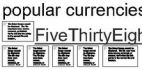

FiveThirtyEight (5/11)

## HOT TOPICS

- **Trump faces leaks on Comey, suggests end to press briefings** Fox News
- **Trump unexpectedly fires FBI director** Bloomberg
- **Does Comey firing really parallel Nixon's "massacre?"** Tampa Bay Times (St. Petersburg, Fla.)
- **Contributor Betsy McCaughey: The Trump ad some will never see** RealClearPolitics
- **FCC website experiences denial-of-service attacks** Reuters

***We will continue to work with the Leader [Mitch McConnell] and all the other senators who are interested, as I say, in working toward a positive, productive outcome. And I do, I believe the Senate will produce a bill this summer.***

Tom Price, US secretary of health and human services, quoted by The Hill

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Editor - Jim Berard

Mailing Address:
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**From:** Kathy Ruemmler [redacted]
**Sent:** 2/25/2018 10:05:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Uh oh — You dimed out [redacted]

What is Benjamin upset about?

On Feb 25, 2018, at 4:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

onlyu slightly. [redacted] said ben giving her a very hard time, and did not know about tattoo

On Sun, Feb 25, 2018 at 4:28 PM, Kathy Ruemmler <[redacted]> wrote:

While he might like to, his lawyer would advise him against it. :-)

Are you feeling better today?

On Feb 25, 2018, at 4:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Steve Bannon** Feb 24 (1 day ago)

to me

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

do you think Bill Clinton would like to join you me ehud and steve.? could be very funny, all off the record.

--

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**Sent:** 2/25/2018 10:30:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

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Barf.

On Feb 25, 2018, at 5:29 PM, jeffrey E. <jeevacation@gmail.com> wrote:

she said he wants her to do wife like things. ugh

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**Steve Bannon** Feb 24 (1 day ago)

to me

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

do you think Bill Clinton would like to join you me ehud and steve.? could be very funny, all off the record.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/18/2015 6:30:01 PM
**To:** Lawrence Krauss [redacted]
**Subject:** Re: an article you may both hate. or like.
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

or we can visit him on his

On Fri, Sep 18, 2015 at 2:26 PM, Lawrence Krauss <[redacted]> wrote:

When I was with him yesterday I told him we were going to caribbean and he asked where.. He has an island in bahamas, making you two the only people I know who own islands.. :) will ask him if he is free then. He is remarkable in new movie, though the film itself is not fantastic.. he is also a pretty good guitarist.. his show with alice cooper and joe perry in la was great.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant (Jessica): [redacted]
Origins Office (Cynthia): [redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

On Sep 18, 2015, at 9:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

you can invite depp to visit us when you are in the caribean

On Thu, Sep 10, 2015 at 4:10 PM, Lawrence Krauss <[redacted]> wrote:

Ps. My piece argued against fanaticism.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant (Jessica): [redacted]
Origins Office (Cynthia): [redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

Sent from my iPhone

On Sep 10, 2015, at 12:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I think religion plays a major positive role in many lives. . i dont like fanaticism on either side. . sorry

On Thu, Sep 10, 2015 at 7:52 PM, Noam Chomsky [redacted] wrote:

Thanks for sending. A wide area of agreement, but not total.

On confronting dogma, I of course agree – though in my opinion the secular religions – nationalist fanaticism, etc. – are much more dangerous. And if some find rational discussion offensive – as, for example, mainstream academics find dismantling myths of "American exceptionalism" or "Israeli self-defense" or Obama's mass murder campaign, etc., offensive – so be it.

But I don't see why that should extend to ridicule. That includes astrologists. Astronomers can refute astrology, while recognizing that perfectly honest and deluded people may believe it and should be treated with respect, while their beliefs are confronted with evidence. I also don't see why we should ridicule religious dogma, just as I don't think we should ridicule the much more pernicious secular dogmas. Rather, we should respond to irrational belief with argument and evidence, while recognizing that their advocates (like most of the intellectual world in the case of secular dogma) are people who we should be responding to but without ridiculing them. It may be hard sometimes. For example, when the icon and founding father of sober non-sentimental Realism in International Affairs informs us that the US, unlike other countries, has a "transcendental purpose," and the fact that it constantly acts in contradiction to its purpose doesn't matter because the facts are just "abuse of history" while real history is "the evidence of history as our minds reflect it," then it's hard to avoid ridicule. But we should. There's no point ridiculing virtually the entire IR profession and the major journals, even though such extraordinary irrationality leads to major human disasters.

On Davis, I frankly think that's a non-issue. If she decides she cannot do her job as the conditions of employment require (including following the law), then she can quit and look for another job. As in any other such case.

Noam

---

**From:** Lawrence Krauss [mailto:[redacted]
**Sent:** Thursday, September 10, 2015 1:51 AM
**To:** Noam Chomsky <[redacted]>; jeffrey E. <jeevacation@gmail.com>
**Subject:** an article you may both hate. or like.

hope all is well.

Lawrence

http://www.newyorker.com/news/news-desk/all-scientists-should-be-militant-atheists

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**

**Foundation Professor**
School of Earth & Space Exploration and Physics Department

Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted], Assistant (Jessica [redacted]
Origins Office (Cynthia) [redacted]
[redacted]
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/15/2017 5:47:57 PM
**To:** Darren Indyke [redacted]
**Subject:** Re: Search for next FBI director moves ahead quickly

i know

On Mon, May 15, 2017 at 7:43 PM, Darren Indyke [redacted] wrote:

FYI - Alice Fisher stated to be in the mix of potential candidates for new FBI director.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted] -

**** Please note that my mobile telephone number has changed to the new number provided above. ***

**********
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**********

Begin forwarded message:

**From:** "SmartBrief on Business & Politics" <politics@smartbrief.com>
**Subject: Search for next FBI director moves ahead quickly**
**Date:** May 15, 2017 at 1:40:32 PM EDT
**To:** [redacted]

Created for **dkiesq@aol.com** | Web Version

Public policy from a business perspective

SIGN UP · FORWARD

## NATIONAL PULSE

### Search for next FBI director moves ahead quickly

Attorney General Jeff Sessions interviewed eight candidates to replace fired FBI Director James Comey on Saturday, with President Donald Trump indicating that the nomination could be announced by Friday when he leaves for his first foreign trip. Potential replacements include FBI special agent Adam Lee, Judge Michael Garcia and former Justice Department employee Alice Fisher, who would be the first female director.

New York Post (5/13), Politico (5/14)

## THE BUSINESS & POLITICS POLL

### What's your take on the Comey firing?

President Donald Trump's sudden firing of FBI Director James Comey has stirred a flurry of calls for an independent investigation of the event and the FBI's probe into possible collusion between Trump's campaign and Russian officials. Critics say the president's action was a deliberate attempt to derail in FBI investigation, while defenders say the president acted properly and Comey deserved to be fired.**This week's question: What's your take on the Comey firing?** Cast your vote below. We'll post the results Friday.

- The president acted properly and within his powers
- The firing was legal but badly handled
- The firing could be seen as obstructing justice
- The firing was definitely an obstruction of justice
- None of the above/other

## AGENDA ITEMS

### Senators: Trump should relinquish Comey tapes

Graham (Justin Sullivan/Getty Images)

Senators including Lindsey Graham, R-S.C., said on Sunday that if President Donald Trump recorded conversations with former FBI Director James Comey, he should provide those recordings to lawmakers. Sen. Chuck Schumer, D-N.Y., said Democrats might seek to delay a vote on a new FBI director until a special prosecutor is appointed to investigate potential connections between Trump and Russia.

Reuters (5/15)

- **9th Circuit to weigh revised travel ban** Reuters (5/15)
- **Price predicts Senate AHCA vote before Aug.** The Hill (5/12)
- **Senate to look at mechanisms for infrastructure funding** Bloomberg BNA (free content) (5/12)

## DATA POINTS

### Consumer retail activity up in April

(Scott Olson/Getty Images)

Retail sales increased by 0.4% in April, while the consumer-price index increased by 0.2% during the month. Retail sales improved in nine of the 13 main categories during April.

Bloomberg (5/12)

## THE CONVERSATION

- **Former Sen. Judd Gregg: The simple fix GOP should make to health bill** The Hill (5/15)
- **Columnist Albert Hunt: Bad behavior is becoming the norm** Bloomberg View (5/14)
- **Former Judge Kenneth Starr: No need for Rosenstein to appoint special prosecutor** The Wall Street Journal (tiered subscription model) (5/14)

## DAILY DIVERSION

### $100 survived 34 transactions in a currency-exchange experiment

(Pixabay)

Carl Bialik took $100 to a currency exchange to see how many transactions he could make between different currencies before running out of money. Most exchanges require you to convert back to US dollars before going into another foreign currency, which led to significant fees when buying dollars with less popular currencies.

FiveThirtyEight (5/11)

## HOT TOPICS

- **Trump faces leaks on Comey, suggests end to press briefings** Fox News
- **Trump unexpectedly fires FBI director** Bloomberg
- **Does Comey firing really parallel Nixon's "massacre?"** Tampa Bay Times (St. Petersburg, Fla.)
- **Contributor Betsy McCaughey: The Trump ad some will never see** RealClearPolitics
- **FCC website experiences denial-of-service attacks** Reuters

***We will continue to work with the Leader [Mitch McConnell] and all the other senators who are interested, as I say, in working toward a positive, productive outcome. And I do, I believe the Senate will produce a bill this summer.***

Tom Price, US secretary of health and human services, quoted by The Hill


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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/25/2018 10:33:32 PM
**To:** Kathy Ruemmler [[redacted]]
**Subject:** Re:

Yup

On Sun, Feb 25, 2018 at 5:30 PM Kathy Ruemmler <[redacted]> wrote:

Barf.

On Feb 25, 2018, at 5:29 PM, jeffrey E. <jeevacation@gmail.com> wrote:

she said he wants her to do wife like things. ugh

On Sun, Feb 25, 2018 at 5:05 PM, Kathy Ruemmler <[redacted]> wrote:

Uh oh — You dimed out [redacted]

What is Benjamin upset about?

On Feb 25, 2018, at 4:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

onlyu slightly. ariane said ben giving her a very hard time, and did not know about tattoo

On Sun, Feb 25, 2018 at 4:28 PM, Kathy Ruemmler <[redacted]> wrote:

While he might like to, his lawyer would advise him against it. :-)

Are you feeling better today?

On Feb 25, 2018, at 4:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Steve Bannon** Feb 24 (1 day ago)

to me

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

do you think Bill Clinton would like to join you me ehud and steve.? could be very funny, all off the record.

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Goldman Sachs

Investment Management Division

# An Overview of the Current State of Cryptocurrencies and Blockchain Technology

November 15, 2017

Investment Strategy Group

# Today's Discussion



I. The Cryptocurrency Marketplace

II. Blockchain Technology and Potential Uses

III. How Cryptocurrencies Work

IV. Is Bitcoin a Viable Currency?

V. Is Bitcoin a Viable Asset?

VI. Cryptocurrency Risks

VII. Key Takeaways

Source: Investment Strategy Group



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# Cryptocurrencies Have Received Enormous Attention

Investment Management Division

Goldman Sachs

**1. Bitcoin Currency Value – Through November 14, 2017**

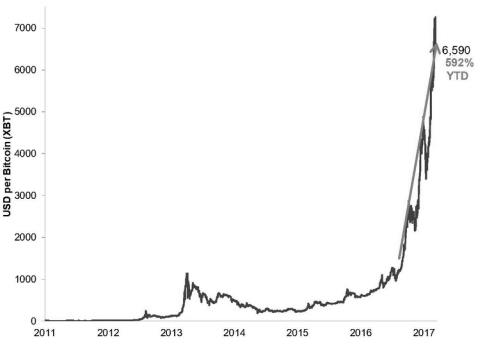


**2. Cryptocurrencies with Market Capitalization over US$1 Billion**

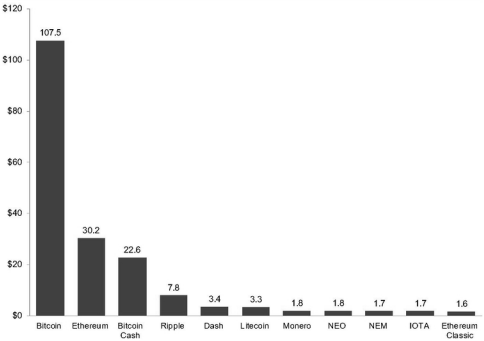


- Bitcoin was conceived in 2008 by an anonymous inventor who is known by the pseudonym, Satoshi Nakamoto.
- Since then, an estimated 2,000+ cryptocurrencies have come into existence, with a combined market cap of over $200bn.[1]
- There are an estimated 129 focused hedge funds[2] and 121 cryptocurrency exchanges globally.[3]

(1) Coinranking.com, (2) https://next.autonomous.com/thoughts//how-many-crypto-hedge-funds-can-you-count, (3) https://cryptocoincharts.info/markets/info

Source: Investment Strategy Group, Cryptocompare.com.



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# Cryptocurrencies have Garnered Diverging Views

*Timeline of Statements and Measures over Recent Months*

Investment Management Division

Goldman Sachs

**Apr. 1, 2017** — Japanese government recognizes Bitcoin as legal tender

**July 24, 2017** — US CFTC approves Bitcoin futures trading

**Sept. 4, 2017** — China bans ICOs

**Sept. 11, 2017** — China bans cryptocurrency exchanges

**Sept. 12, 2017** — *"It's a fraud…worse than tulip bulbs"*[1] –J. Dimon

**Sept. 17, 2017** — BIS publishes report weighing risks and benefits of cryptocurrencies

**Sept. 28, 2017** — South Korea bans ICOs

**Sept. 27, 2017** — *"[Bitcoin is] certainly more than just a fad"*[2] – MS CEO, Gorman

**Sept. 29, 2017** — Japan's FSA approves 11 operators of cryptocurrency exchanges

**Sept. 29, 2017** — SEC charges two ICOs with fraud

**Oct. 3, 2017** — *"Still thinking about #Bitcoin. No conclusion - not endorsing/rejecting"*[3] *- Lloyd Blankfein*

**Oct. 13, 2017** — *"Index of money laundering." - Blackrock CEO Larry Fink*

**Nov. 14, 2017** — *"Bitcoin is 'a ponzi scheme'" - DBS Group (David Gledhill)*

(1) Barclays Investor Conference, September 12, 2017. (2) Wall Street Journal Event, September 27, 2017. (3) Twitter, October 3, 2017. (4) CNBC, November 14, 2017.

Source: Investment Strategy Group, public news sources.



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# What is Blockchain Technology?

**Illustrative Schematic: Centralized Network versus Distributed Network**

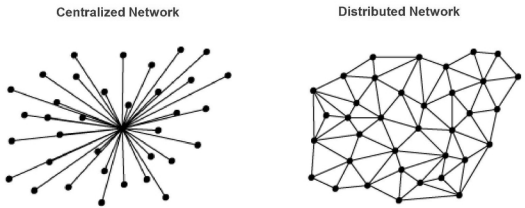


- Blockchain is the critical and differentiating infrastructure that underlies cryptocurrencies.
- Unlike most networks today, which rely on a centralized hub, a blockchain is a public distributed network whose complete database can be accessed and maintained by each member of the network.
- The blockchain is a shared and continually reconciled database. As new transactions occur, data is quickly disseminated to, verified, and incorporated across all nodes on the network.
- Because it has no single maintainer, the blockchain's history is resistant to editing by a malicious actor.

Source: Investment Strategy Group, http://cryptocurrencyfacts.com/how-does-cryptocurrency-work-2/ .



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# Blockchain Technology Holds Potential for a Range of Applications



## 1. Financial Market Transactions

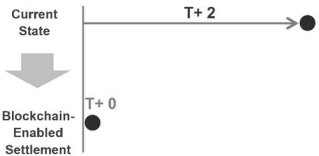


- Banks are focused on blockchain technology for post-trade settlement and clearing, with aims to:
  - ✓ Streamline equities settlement from T+2 to T+0.

## 2. Identity Validation and Security

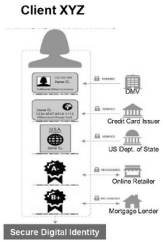


- Potential to securely link identity and payment credentials to a unique individual.
  - ✓ Benefit peer-to-peer businesses reliant on counterparty trust.
  - ✓ Streamline compliance and anti-money laundering surveillance.

- Goldman Sachs Global Investment Research expects limited blockchain adoption over the next 2-5 years, and broader acceptance after 5-10 years.
  - – Capital market adoption may take over 10 years, given regulatory oversight and the multitude of participants.

Source: Investment Strategy Group, GS Investment Research, Profiles in Innovation: Blockchain: https://360.gs.com/gs/portal/?st=1&action=action.binary&d=21760456&fn=/document.pdf.
Goldman Sachs & Co LLC, Blockchain, The New Technology of Trust, http://www.goldmansachs.com/our-thinking/pages/blockchain/index.html



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# What is a Cryptocurrency and Why is Blockchain Technology Important?



| Common Features of Cryptocurrencies | |
|---|---|
| **Common Features of Cryptocurrencies** | **Attributes** |
| ✓ **Digital** | ▪ Coin ownership is represented by entries on a digital ledger, not by a physical token. |
| ✓ **Decentralization** | ▪ No single entity controls the currency. |
| ✓ **Open Source** | ▪ All source code is available freely online. |
| ✓ **Distributed Consensus** | ▪ Each cryptocurrency uses a method for obtaining consensus on ownership without a central arbiter. |
| ✓ **Pseudonymity** | ▪ Coin ownership is not linked to real-world identities within the blockchain. |
| ✓ **Cryptography** (computerized encoding) | ▪ Several cryptographic techniques are used to verify transactions, protect identities, and limit supply. |

- A cryptocurrency is a decentralized digital coin. It allows users to make transactions and store money in a secure and pseudonymous manner.
- All cryptocurrency transactions are recorded chronologically on a blockchain, which acts as the critical infrastructure underlying a cryptocurrency.
- The process of verifying transactions and ensuring the validity of the blockchain is called "mining."
- Mining solves the "double-spending" problem that had plagued previous attempts to implement a digital currency.

Source: Investment Strategy Group, http://cryptocurrencyfacts.com/how-does-cryptocurrency-work-2/ .



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# How Do Miners Process Individual Transactions?

## Illustrative Schematic of a Bitcoin Transaction

### Step 1: Bob wants to pay Alice 0.5 BTC

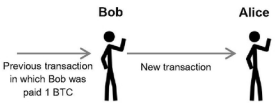


1) Before sending any bitcoins, Bob must hold bitcoins in his wallet from a previous transaction (or by solving a block to earn the mining reward).

2) Bob creates a new transaction in which he pays 0.5 BTC (of his 1 BTC) to Alice.

3) Bob broadcasts this transaction to the network for validation and inclusion in the blockchain.

### Step 2: Miners Verify the Transfer Request and add it to the next block

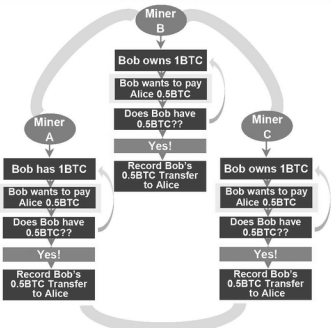


### Step 3: Block Containing Bob and Alice's Transaction is Added to the Blockchain

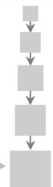

1) Miner B happens to be the first to solve this block and adds it to the blockchain. Miner B collects 12.5-bitcoin reward.

2) If Bob's transaction is included the block, Alice becomes the owner of 0.5 BTC, which will register in her wallet.

- Consensus transaction validation creates a book of record for all transactions that have ever occurred.
  - Transactions may only occur if they are supported by evidence from previous transactions.
  - To send bitcoins, an owner's wallet uses its private key to prove ownership of the referenced bitcoins.
- Transaction processing typically take 10-20 minutes, but can take up to 18 hours if the network is congested.

Source: Investment Strategy Group.



HOUSE_OVERSIGHT_025670

# What is Mining?



**ASIC Mining Computer and a Mining Rig**

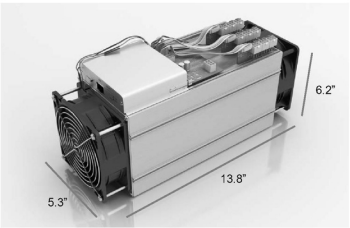

- Miners use highly specialized computers designed to run an algorithm that attempts to solve a cryptographic puzzle in order to add a new block on the blockchain. By design, a bitcoin block is created once every ten minutes.
- The computing power required to solve the cryptographic puzzle is high and expensive; bitcoin mining consumes an estimated $1.3bn worth of electricity annually[1]—equivalent to Ireland's annual electricity consumption.
- In order to incentivize mining, the first miner to complete a block is rewarded 12.5 bitcoins. The global supply of bitcoins is capped at 21mil (currently ~16.5m) and follows a predetermined growth rate—the miners' rewards halve every four years.
- Given ~1-1.5m mining units globally, the likelihood of any one miner solving a block is low. Many miners join "mining pools," which are cooperatives which share block rewards proportionate to contributed mining power.
  - Mining pools are highly concentrated; the top four pools represent over 50% of total mining power.

(1) Bitcoin Energy Consumption Index: https://digiconomist.net/bitcoin-energy-consumption

Source: Investment Strategy Group, http://cryptocurrencyfacts.com/how-does-cryptocurrency-work-2/.



HOUSE_OVERSIGHT_025671

# ICOs Fund the Development of New Currencies

Investment Management Division

Goldman Sachs

**1. Approximate Funds Raised by ICOs by Calendar Year (US$ Milllions)**

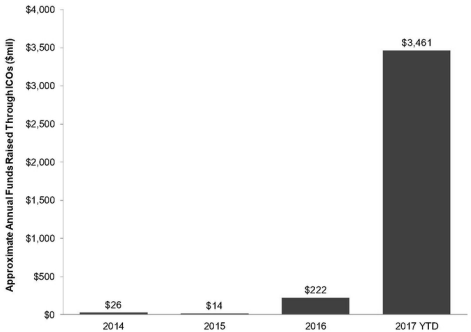


**2. Total Funds Raised by Month (US$ Millions): Angel and Seed Stage Internet VC versus ICO**

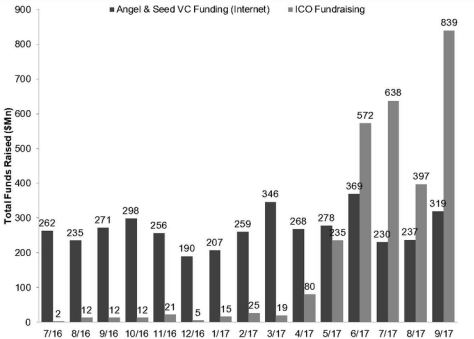


- New blockchain-related projects are funded via an Initial Coin Offering (ICO). This process raises capital through token sales.
- In an ICO, the object offered is either a new digital coin or a yet-undeveloped concept in search of funding. ICO investors purchase an ownership percentage of a future money supply or functionality.
- While many ICOs support legitimate use cases, Autonomous Research asserts, *"unfortunately, many ICOs are fraudulent."*[1]
- Rather than raising fiat currency, ICOs primarily raise capital in the form of Bitcoin and Ether, driving additional demand for the cryptocurrencies.

(1) #Token Mania, Autonomous Research, July 2017.

Source: Investment Strategy Group, Bloomberg, Goldman Sachs Global Investment Research, Cryptocompare.com.



HOUSE_OVERSIGHT_025672

# Why Have Cryptocurrencies Rallied So Much?



**1. Bitcoin Supply Over Time (Million Tokens)**

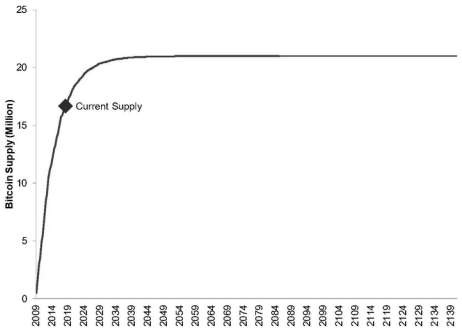


**2. Currency Composition of Bitcoin Purchase Volume**

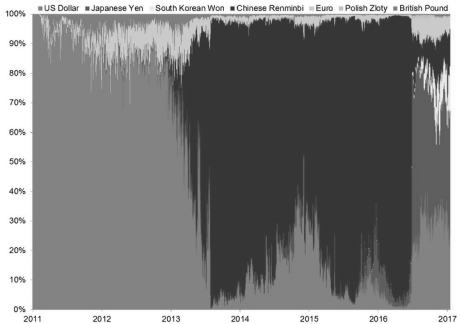


- In addition to speculation, which has been the biggest driver of cryptocurrency appreciation, other drivers include:
- **Perceived Scarcity:** Bitcoin's 21 million token cap is expected to be reached in 2140 (16.5 million today). Many of the over 2,000 other cryptocurrencies, however, do not have a capped supply. Further, while unlikely, bitcoin's token cap could be raised if a consensus of programmers decided so.
- **Desired Safe-haven:** Increased global participation reflects desire for an asset independent from governments or central banks ("digital gold"). Many governments from which investors have sought diversification, however, have recently banned domestic crypto-exchanges.

Source: Investment Strategy Group, Bloomberg, Cryptocompare.com.



HOUSE_OVERSIGHT_025673

# As Bitcoin Ownership is Not Anonymous, Illicit Use has Fallen

**Larry Fink on Bitcoin's Illicit Use**

*"Bitcoin just shows you how much demand for money laundering there is in the world. That's all it is. It's an index of money laundering."*

– BlackRock CEO *Larry Fink, October 13, 2017*

- Because bitcoin is pseudonymous, not anonymous, users' real-world identities are ascertainable once the individual converts bitcoin to fiat currency.
- Digital intelligence companies continually scan the blockchain to identify suspicious transaction activity.
- The Blockchain Intelligence Group estimates that illegal transactions in bitcoin fell from ~50% of total volume in 2015 to ~20% in 2016, and represent *"significantly less than that"* today.
- As law enforcement has become better able to track bitcoin ransom, cybercriminals have begun to favor currencies that allow anonymity, such as Monero and Zcash, and even Ether.

Source: Investment Strategy Group, Blockchain Intelligence Group, https://www.cnbc.com/2017/08/29/dark-web-finds-bitcoin-increasingly-more-of-a-problem-than-a-help-tries-other-digital-currencies.html.



HOUSE_OVERSIGHT_025674

# Sovereign Currencies Meet Three Criteria

1) **They are used as a medium of exchange**.
   - To represent a medium of exchange, an instrument must facilitate the transaction of goods or services between parities *(US$ are used to buy a barrel of oil)*.

2) **They serve as unit of account**.
   - A unit of account is a measurement which allows value to be accounted and compared *(a barrel of WTI is worth ~$55)*.

3) **They are a store of value**.
   - A store of value is an asset that can be saved, stored, and exchanged in the future for a predictable stable value *(with 2% annual inflation, a nominal dollar today will be worth 82¢ in 10 years)*.

Source: Investment Strategy Group, Do Digital Currencies Pose a Threat to Sovereign Currencies and Central Banks?, Daniel Heller, PIIE.



HOUSE_OVERSIGHT_025675

# Do Cryptocurrencies Meet the Criteria for Currencies?

## *1) Bitcoin is an Inefficient Medium of Exchange*



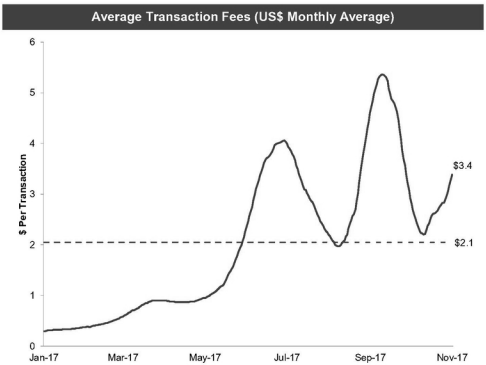


- Processing is expensive. The average transaction cost is ~$3.40, rendering transfer of small fund balances uneconomical.
- Processing is slow. Transaction processing typically takes a minimum of 10-20 minutes, but can take up to 18 hours if the network is congested (Visa and Mastercard authorize transactions in ~20 milliseconds).
- Bitcoin is not broadly accepted. A mere 9k merchants accept bitcoin, compared to the 37mil that accept Visa and MasterCard, and the billions of merchants and people globally that accept US dollars.[1]
- Further, the IRS considers all cryptocurrency gains a taxable event (including for de minimis purchases).

(1) Do Digital Currencies Pose a Threat to Sovereign Currencies and Central Banks?, Daniel Heller, PIIE.

Source: Investment Strategy Group, Bloomberg, Cryptocompare.com.



HOUSE_OVERSIGHT_025676

# Do Cryptocurrencies Meet the Criteria for Currencies?

## *2) Bitcoin is an Unreliable Unit of Account*



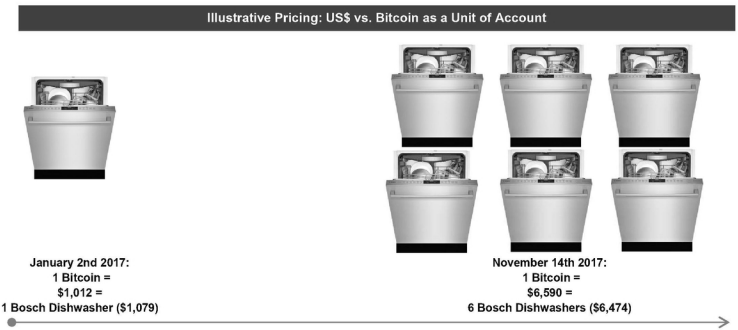


- Bitcoin's rapid appreciation makes it an unsatisfactory candidate as a unit of account.
- In January, one could have purchased a dishwasher for one bitcoin. Today, it would cost 1/6th a bitcoin to buy the unit, implying severe deflation over the past several months.
- In deflationary environments, people hoard their money in order to buy goods more cheaply at a later date, which has prompted most people to hoard their bitcoin.

Source: Investment Strategy Group, Bloomberg, Cryptocompare.com.

# Do Cryptocurrencies Meet the Criteria for Currencies?

## *3) Bitcoin is an Unstable Store of Value*

Investment Management Division

Goldman Sachs

**1. Volatility: Bitcoin versus Most Volatile EM Currencies**

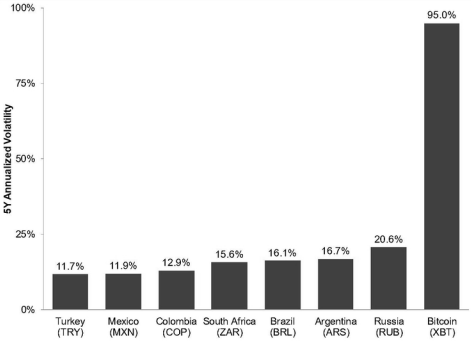


**2. Bitcoin, Ether and Ripple versus S&P 500 Historical Drawdowns**

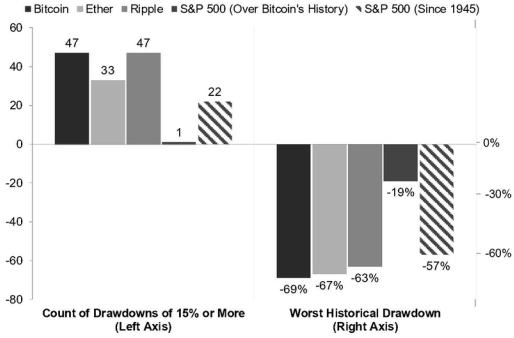


- Bitcoin's annualized volatility of 95% dwarfs even the most volatile of EM currencies.
- Bitcoin's volatility is 8x the volatility of US equities. In terms of both count and magnitude, Bitcoin, Ether and Ripple have all experienced more severe drawdowns over their short histories than the S&P 500 has since 1945.
- Bitcoin exchanges have thin liquidity, which plays a role in driving enormous price movement—so far to the upside, but which could cause a flash crash upon a large sell order. A ~$30 million sell order would likely move the market by 5%.
- A store of value should predictably preserve wealth. Bitcoin is unable to do so, as it neither generates income nor grows with earnings.

Source: Investment Strategy Group, Bloomberg, Coindesk.com.



HOUSE_OVERSIGHT_025678

# Compared to Commodities, Bitcoin's Market Price is Dislocated Relative to its Marginal Production Cost



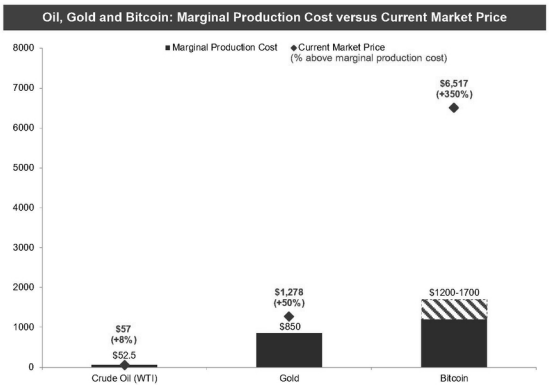


- Bitcoin tokens possesses no physicality, a criteria for traditional commodities.
- Compared to other commodities, Bitcoin's market price stands far above its marginal production cost.
  - Gold miners' and oil drillers' revenues stand 50% and 8% above their marginal production costs, respectively.
  - Bitcoin miners' revenue per bitcoin stands approximately 350% above their electricity expenditures.

(1) Peter C.B. Phillips, Shu-Ping Shi and Jun Yu, *"Testing for Multiple Bubbles: Historical Episodes of Exuberance and Collapse in the S&P 500,"* International Economic Review, Oct 28, 2015.

Source: Investment Strategy Group, Bloomberg.



HOUSE_OVERSIGHT_025679

# Bitcoin's Market Cap is Dislocated Relative to that of Payment Processors



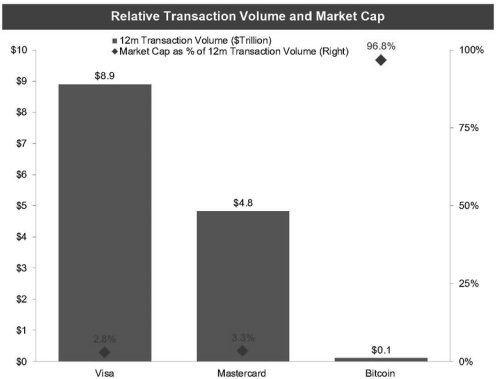


- Traditional payment processors, Visa and Mastercard, each processed several trillion worth of transaction volumes in 2016. Bitcoin has processed $111 billion of transactions over the last 12 months.
  - Bitcoin's slow transaction time precipitated its recent "hard fork" in attempt to enhance processing capacity.
- Whereas traditional payment processors' market cap represents ~3% of their transaction volume, Bitcoin's represents 97%, suggesting its valuation is dislocated from its fundamental value and that speculation has driven its price.

(1) "Future of Finance Payment Ecosystems," Goldman Sachs Global Investment Research, August 3, 2017.

Source: Investment Strategy Group, Bloomberg, Corporate Annual Reports, Cryptocompare.com.



HOUSE_OVERSIGHT_025680

# Bitcoin's Historical Risk Premium is Unexplainable

## 1. Bitcoin Factor Exposures and Unexplained Premium

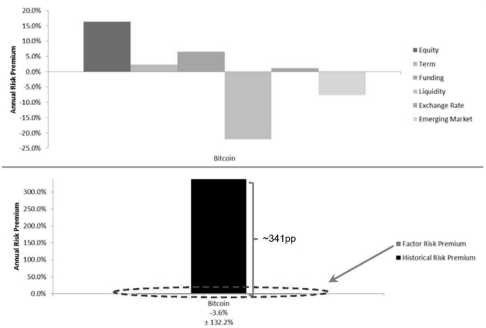


## 2. Tactical Hedge Funds' Factor Exposures and Unexplained Premium

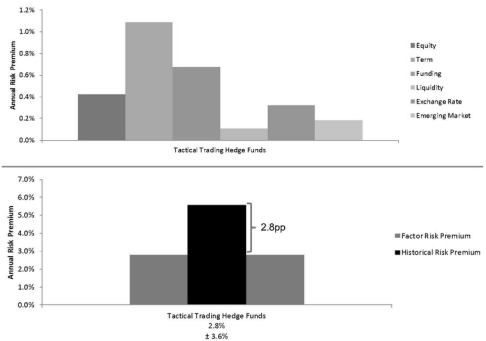


- Bitcoin's 300%+ historical annual risk premium is idiosyncratic and cannot be explained by ISG's multi-factor model.
- An inability to understand sources of risk and return makes one incapable of predicting when performance will reverse.
- For tactical hedge funds, half of the historical risk premium is explained by the factor model.

(1) Peter C.B. Phillips, Shu-Ping Shi and Jun Yu, *"Testing for Multiple Bubbles: Historical Episodes of Exuberance and Collapse in the S&P 500,"* International Economic Review, Oct 28, 2015.

Source: Investment Strategy Group, Bloomberg.



HOUSE_OVERSIGHT_025681

# Bitcoin's Recent Performance is Suggestive of Bubble Territory



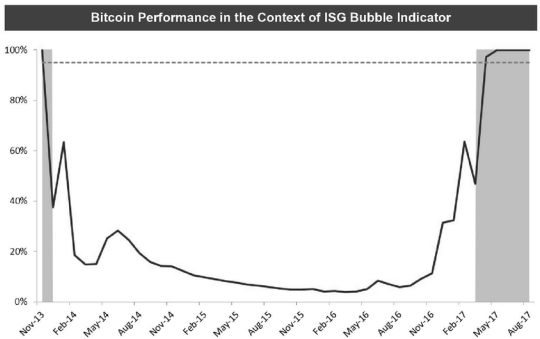


- A bubble-detection test that measures explosive price behavior based on the S&P 500's price-to-dividend ratio[1] suggests only a 16% probability that the US stock market is currently in a bubble.
- Bitcoin's price performance, on the other hand, suggests the asset has been in bubble territory since early this year.

(1) Peter C.B. Phillips, Shu-Ping Shi and Jun Yu, *"Testing for Multiple Bubbles: Historical Episodes of Exuberance and Collapse in the S&P 500,"* International Economic Review, Oct 28, 2015.

Source: Investment Strategy Group, Bloomberg.



HOUSE_OVERSIGHT_025682

# Key Cryptocurrency Risks



- In addition to their extreme volatility, cryptocurrencies are vulnerable to:
  - Hacking of Exchanges
  - Unintentional Coding Error
  - Government Regulation
  - Central Bank Disruption
  - Developments in Quantum Computing (which would increase success of private key hacking)

Source: Investment Strategy Group.

# The Cryptocurrency Infrastructure is Young and Susceptible to Hacking



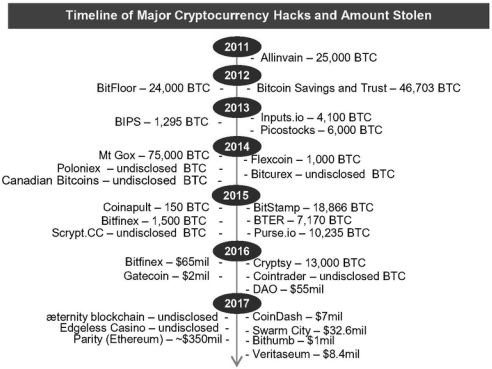


- Although cryptocurrencies cannot be spent without control of the corresponding private keys, care must be taken to protect those private keys. Many bitcoin owners allow exchanges to custody their private keys, which leaves them vulnerable:
  - If hackers are able to access owners' private keys, they can deplete owners' digital wallets.
  - As of August 2016, Reuters reported that a third of bitcoin exchanges had been hacked.[1]
  - Ethereum's recent Parity hack is the first time a coding error has resulted in a loss of funds.
- Estimates vary but suggest that hackers have stolen at least several hundred million dollars of cryptocurrencies.

(1) http://fortune.com/2016/08/29/risk-of-bitcoin-hacking-is-real/
Source: Investment Strategy Group, public news sources. See appendix for list of articles.



HOUSE_OVERSIGHT_025684

# Cryptocurrencies' Legal and Regulatory Status Remains Uncertain

| Country | Illustrative Acceptance of Cryptocurrencies[1] | Cryptocurrencies' Status | Key Regulator |
|---|---|---|---|
| **Switzerland** | ● | Assets, not Securities | ▪ FINMA |
| **Singapore** | ● | Assets, not Securities | ▪ Monetary Authority of Singapore |
| **Japan** | ● | Recognized as legal tender (Bitcoin only) | ▪ Financial Services Agency |
| **United Kingdom** | ● | Private Currency | ▪ Financial Conduct Authority |
| **United States** | ● | – Commodities, potentially securities (SEC has not yet made determination)<br>– IRS treats as property for tax purposes (Exchanges, however, are not required to create 1099s). | ▪ SEC<br>▪ CFTC<br>▪ OCC<br>▪ 50 States |
| **Russia** | ● | Financial instruments, not currency | ▪ Central Bank of Russia<br>▪ Russian Finance Ministry |
| **China** | ● | Non-monetary digital asset | ▪ People's Bank of China |

- The cryptocurrency world operates across geographic and jurisdictional borders, creating ambiguity as to its legal status.
- Individual countries have taken differing views on cryptocurrencies.

(1) Data according to Autonomous NEXT #Token Mania (July 2017)

Source: Investment Strategy Group, Cryptocompare.com.



HOUSE_OVERSIGHT_025685

# Central Banks Have Begun Exploring Cryptocurrency Options

**1. Central Bank Current State**

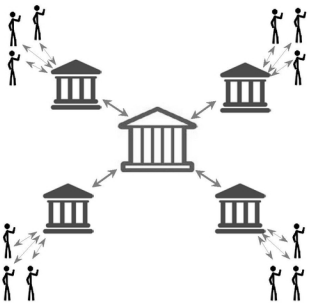

**2. Illustrative Potential State: Central Bank Cryptocurrencies**

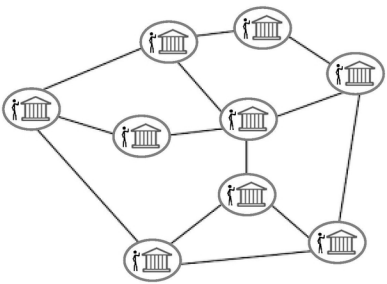

- Sovereign central banks have begun exploring cryptocurrency options.
- A retail central bank cryptocurrency would effectively give the public access to accounts at the central bank with the ability to transfer payments peer-to-peer.
- Cryptocurrency proposals are being considered by several central banks, including Singapore's MAS, China's PBOC, Russia's Central Bank, Sweden's Riksbank and Ecuador's Banco Central.
- A successful central bank cryptocurrency could substantially reduce fraud and tax evasion.

Source: Investment Strategy Group, *"Central Bank Cryptocurrencies,"* Morten Bech, Rodney Garratt, Bank of International Settlements.



HOUSE_OVERSIGHT_025686

# Central Bank Cryptocurrencies Could Substantially Reduce Fraud

"Say there's a grant to Nigeria for health stuff—if it's digital money, they can track that it was paid to a certain person and when it was paid out. Then you can audit later and say, 'Did that really happen?' You don't want to tell donors that three percent went astray. Now that there's digital traceability in a place like Nigeria, where corruption is a huge problem, we can bring that down. A lot of the optimism we have at the foundation about disease, education and financial services is because we're sitting on top of a digital miracle."

*– Bill Gates, September 25, 2017*

Source: Investment Strategy Group, *"Brain Trust: A Rare Joint Interview with Microsoft CEO Satya Nadella and Bill Gates,"* The Wall Street Journal, September 25, 2017.



HOUSE_OVERSIGHT_025687

# Key Takeaways

- Blockchain technology, which underlies cryptocurrencies, is revolutionary, and likely to have many applications.
- Cryptocurrencies are currently too volatile to be a medium of exchange, unit of account, or store of value, and have many vulnerabilities.
- The cryptocurrency ecosystem will evolve substantially over time.
- The current incarnation of cryptocurrencies is unlikely to persist, but we expect central bank digital currencies to prevail.

Source: Investment Strategy Group.



HOUSE_OVERSIGHT_025688

Goldman Sachs

Investment Management Division

# Economic and Market Monitors

# Economics Monitor

Investment Management Division

Goldman Sachs

| US Labor Market Data | Period | Actual | Survey | Prior | Revised |
|---|---|---|---|---|---|
| JOLTS Job Openings (k) | Sep | 6,093 | 6,075 | 6,082 | 6,090 |
| Initial Jobless Claims (k) | 4-Nov | 239 | 232 | 229 | -- |
| Continuing Claims (k) | 28-Oct | 1,901 | 1,885 | 1,884 | -- |

| US Consumer Sentiment | Period | Actual | Survey | Prior | Revised |
|---|---|---|---|---|---|
| U. of Mich. Sentiment | Nov P | 97.8 | 100.8 | 100.7 | -- |
| U. of Mich. 5-10 Yr Inflation | Nov P | 2.5% | -- | 2.5% | -- |

| China Activity Data | Period | Actual | Survey | Prior | Revised |
|---|---|---|---|---|---|
| Foreign Reserves | Oct | 3,109 | 3,110 | 3,109 | -- |
| Exports YoY | Oct | 6.9% | 7.1% | 8.1% | 8.0% |
| Imports YoY | Oct | 17.2% | 17.0% | 18.7% | 18.6% |
| CPI YoY | Oct | 1.9% | 1.8% | 1.6% | -- |

| European PMI Data | Period | Actual | Survey | Prior | Revised |
|---|---|---|---|---|---|
| Markit Eurozone Composite PMI | Oct F | 56.0 | 55.9 | 55.9 | -- |
| Markit/BME Germany Composite PMI | Oct F | 56.6 | 56.9 | 56.9 | -- |
| Markit France Composite PMI | Oct F | 57.4 | 57.5 | 57.5 | -- |
| Markit/ADACI Italy Composite PMI | Oct | 53.9 | 54.3 | 54.3 | -- |
| Markit Spain Composite PMI | Oct | 55.1 | 54.6 | 56.4 | -- |

| European Activity Data | Period | Actual | Survey | Prior | Revised |
|---|---|---|---|---|---|
| Eurozone Retail Sales YoY | Sep | 3.7% | 2.8% | 1.2% | 2.3% |
| Italy Retail Sales YoY | Sep | 3.4% | 0.5% | -0.5% | -0.1% |
| Germany Industrial Prod. WDA YoY | Sep | 3.6% | 4.5% | 4.7% | 4.6% |
| France Industrial Production YoY | Sep | 3.2% | 3.1% | 1.1% | 1.0% |
| Italy Industrial Production WDA YoY | Sep | 2.4% | 4.8% | 5.7% | 5.8% |
| Spain Industrial Output SA YoY | Sep | 3.4% | 3.1% | 1.8% | 1.9% |

- The US labor market continues to tighten; the small miss in claims is largely explained by Puerto Rico.
- Chinese trade growth moderated; deals announced during President Trump's visit are unlikely to reduce trade deficit.
- Eurozone data came in mixed relative to consensus expectations, but still points to above-trend growth in the region.

Source: Investment Strategy Group, Bloomberg.



HOUSE_OVERSIGHT_025690

# Markets Monitor

Investment Management Division

Goldman Sachs

| | 1Y Price Range | 11/14/2017 | WTD | Last Week[1] | YTD |
|---|---|---|---|---|---|
| **S&P 500** | | **2,579** | **-0.1%** | **-0.2%** | **15.2%** |
| Cons Disc | | 738 | 0.4% | 0.7% | 13.9% |
| Cons Staples | | 564 | 0.9% | 2.1% | 6.0% |
| Energy | | 503 | -2.1% | 1.1% | -9.3% |
| Financials | | 433 | 0.1% | -2.7% | 12.0% |
| Health Care | | 936 | -0.3% | -0.5% | 17.4% |
| Industrials | | 596 | -0.9% | -1.1% | 10.7% |
| Info Tech | | 1,106 | -0.2% | 0.0% | 36.9% |
| Materials | | 362 | -0.6% | -1.2% | 15.9% |
| Real Estate | | 209 | 0.1% | 3.2% | 9.8% |
| Telecom | | 142 | -1.7% | -1.3% | -19.8% |
| Utilities | | 288 | 2.4% | 0.4% | 16.6% |
| **NASDAQ** | | **6,738** | **-0.2%** | **-0.2%** | **25.2%** |
| **VIX** | | **11.59** | **0.30** | **2.15** | **(2.45)** |
| 2yr Yield | | 1.69% | 0.03% | 0.04% | 0.50% |
| 10yr Yield | | 2.37% | -0.03% | 0.07% | -0.07% |
| 30yr Yield | | 2.83% | -0.05% | 0.07% | -0.24% |
| 30yr AA Yield | | 3.83% | -0.05% | 0.14% | -0.33% |
| HY Spread (bps) | | 360 | 0 | 21 | -49 |
| LIBOR | | 1.42% | 0.00% | 0.02% | 0.42% |

| | 1Y Price Range | 11/14/2017 | WTD | Last Week[1] | YTD |
|---|---|---|---|---|---|
| **MSCI AC World** | | **573** | **-0.4%** | **-0.4%** | **14.6%** |
| **MSCI EAFE** | | **1,148** | **-0.8%** | **-1.1%** | **10.7%** |
| TOPIX | | 1,779 | -1.2% | 0.4% | 17.1% |
| FTSE 100 | | 7,414 | -0.2% | -1.7% | 3.8% |
| DAX | | 13,033 | -0.7% | -2.6% | 13.5% |
| IBEX 35 | | 9,990 | -1.0% | -2.6% | 6.8% |
| Euro Stoxx 50 | | 3,556 | -1.0% | -2.6% | 8.1% |
| **MSCI EM** | | **60,154** | **-0.7%** | **0.2%** | **26.2%** |
| MSCI China | | 88 | -0.7% | 2.4% | 50.7% |
| MSCI India | | 1,214 | -1.3% | -1.6% | 23.5% |
| MSCI Brazil | | 240,688 | -1.9% | -2.3% | 15.4% |
| MSCI Russia | | 969 | -0.3% | 5.4% | -3.0% |
| USD Trade Weighted | | 81.16 | -0.3% | -0.5% | -7.0% |
| EUR | | 1.1798 | 1.1% | 0.5% | 12.2% |
| JPY | | 113.46 | 0.1% | 0.5% | 3.1% |
| GBP | | 1.3165 | -0.2% | 0.9% | 6.7% |
| EM Currencies[2] | | | -0.2% | 0.0% | 7.6% |
| CNH | | 6.6357 | 0.4% | -0.4% | 5.1% |
| WTI Crude Oil | | 55.70 | -1.8% | 2.0% | 3.7% |
| Gold Spot Price | | 1,280 | 0.4% | 0.5% | 11.1% |

1Y Low — 1Y Avg. — Current — 1Y High

- Equities were softer as concerns around tax reform outweighed a mostly positive Q3 earnings season. Bond yields rose globally and the dollar weakened, while oil continued to rally on geopolitical concerns.

* Based on the MSCI EM Currency index.

Source: Investment Strategy Group, Bloomberg.



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# Appendix & Disclosures

# Appendix

- Allinvain - https://www.forbes.com/sites/timworstall/2011/06/17/bitcoin-the-first-500000-theft/#68fa3f5929b3
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- Inputs.io - https://www.coindesk.com/hackers-steal-bitcoins-inputs-io-wallet-service/
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**From**: Quora Digest [digest-noreply@quora.com]
**Sent**: 7/4/2019 9:34:40 AM
**To**: jeevacation@gmail.com
**Subject**: Do French people generally identify more with Germans, Italians, or Spaniards?

Jeffrey's Digest

TOP STORIES FOR YOU

## Do French people generally identify more with Germans, Italians, or Spaniards?

**Hendrik Vanger**, studied at Pompeu Fabra University
Written Jun 23

I am not French, I am Spanish, so my answer will be about my own impression of France, having been in the country several times and knowing some French people.

Culturally, t...

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## My dad is a US citizen and I'm currently on F1 visa. Can he file for me while I'm in the US?

**Kathryn Berck**, Retired US consular(visa) officer,INTJ,CASA,writer,dog saver
Written Jun 26

Yes, your father can do that. And if you are still in a legal nonimmigrant status (F1 and studying full time) when the petition reaches its priority date, you might be able...

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## What are some things that the French do best?

**Tsuk János**, For the past 65 years have lived on and off in France
Written Jun 24

In no particular order :

Complaining I think the French are very good in that field but I confess that my Hungarian compatriots are not bad at it either !

Considering their f...

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## What does the Italian "Grazie al cazzo" mean?

**Alberto Tandoi**, I'm italian. I write for work (copywriter) and for fun!
Updated Apr 8

Ok, this is a difficult one to translate in english, meaning that, as far as my english/american enables me to guess, there is not a corresponding phrase, in english, for "...

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## Has President Trump already won the trade war, by convincing the world's top manufacturers that they must leave China, in order to diversify their supply chain options for the long term?

**Paul Sutton**, Stock Trader, electrical engineer
Written Jun 22

Talk is cheap, and saying "we're going to relocate manufacturing" and actually doing it are two entirely different things. Trump has won nothing - so far. Nobody wins a tra...

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## Why are people so harsh about Boris Johnson? I keep seeing news articles about "stopping him". It seems pretty unfair.

**Colin Riegels**, admitted as a lawyer in five countries
Updated Jun 16

I was having dinner with a friend the other night, and he was relaying a conversation to me that he had recently had with a Tory party insider. This person was conveying th...

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## Was Sauron afraid of Smeagol?

**Sid Kemp**, Living with it for over 45 years, love to read, think, and share ideas about it
Updated Oct 17, 2018

According to J. R. R. Tolkien, yes, Sauron was afraid of Smeagol, that is, Gollum. He was not afraid to torture him for information, nor to keep him in prison for a while. ...

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## Why did you leave Italy?

**Paul Ferrise**, lived in Italy
Updated Apr 30

If I had known then what I know now, I would have never left. Yes, Italy has its issues, but compared the the US, its not worse. I moved to Italy in 1995 (I am a dual natio...

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## If Denmark, Norway and Germany are economically to the left of the USA, how come their taxes rates are less than that of the USA?

**Alice Bauer**, PhD. Electrical Engineering, business owner, working on defense contracts.
Updated Jun 27

If you make 1 million USD:

Sweden: You pay 53.9% of your income in taxes.

Denmark: You pay 52.4% of your income in taxes.

Norway: You pay 45.1% of your income in taxes.

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## What would be the reaction if you opened a pub in the UK but actually sold beer chilled like in North America?

**Alex Patrick**, B-Sc (Hons) Computer Science
Updated Jun 26

This question can only originate from someone who doesn't know about UK pubs or beer.

99.9% of pubs sell at least one or two lagers, all of which are served cold. You can't ...

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May 27, 2008

**VIA FACSIMILE (202) 514-0467** ***CONFIDENTIAL***

Honorable Mark Filip
Office of the Deputy Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Judge Filip:

This letter briefly supplements our prior submission to you dated May 19, 2008. In that communication, we urgently requested that your Office conduct an independent review of the proposed federal prosecution of our client, Jeffrey Epstein. The dual reasons for our request that you review this matter are (i) the bedrock need for integrity in the enforcement of federal criminal laws, and (ii) the profound questions raised by the unprecedented extension of federal law by the United States Attorney's Office in Miami (the "USAO") to a prominent public figure who has close ties to former President Clinton.

The need for review is now all the more exigent. On Monday, May 19, 2008, First Assistant Jeffrey Sloman of the USAO responded to an email from Jay Lefkowitz informing U.S. Attorney Alex Acosta that we would be seeking your Office's review. Mr. Sloman's letter, which imposed a deadline of June 2, 2008 to comply with all the terms of the current Non-Prosecution Agreement (the "Agreement"), plus new unilateral modifications, on pain of being deemed in breach of that Agreement, appears to have been deliberately designed to deprive us of an adequate opportunity to seek your Office's review in this matter.

The USAO's desire to foreclose a complete review is understandable, given that the Child Exploitation and Obscenity Section ("CEOS") has already determined that our substantive arguments regarding why a federal prosecution of Mr. Epstein is not warranted were "compelling." However, in contradiction to Mr. Sloman's assertion that CEOS had provided an independent, *de novo* review, CEOS made clear that it did not do so. Indeed, CEOS declined to examine several of the more troubling aspects of the investigation of Mr. Epstein, including the deliberate leak to the *New York Times* of numerous highly confidential aspects of the investigation and negotiations between the parties as well as the recent crop of civil lawsuits filed against Mr. Epstein by Mr. Sloman's former law partner.

The unnecessary and arbitrarily imposed deadline set by the USAO was done without any respect for the normal functioning and scheduling of state judicial matters. It requires that Mr. Epstein's counsel persuade the State Attorney of Palm Beach to issue a criminal information

to a charge that the State Attorney has not, despite a two year investigation, determined to be appropriate. Mr. Epstein's counsel must also successfully expedite a plea of guilty to this charge on a date prior to July 8, 2008, which is the date presently set by the state court Judge.

Further, the unnecessary deadline is even more problematic because Mr. Epstein's effort to reconcile the state charge and sentence with the terms of the Agreement requires an unusual and unprecedented threatened application of federal law. Thus, it places Mr. Epstein in the highly unusual position of having to demand that the State acquiesce to a more severe punishment than it had already determined was appropriate.

We have attempted to resolve these and other issues through the USAO and CEOS, including raising our concerns about the USAO's inappropriate conduct with respect to this matter. But those avenues have now been shut down. Mr. Sloman's letter purports to prohibit any further contact between Mr. Epstein's defense team and U.S. Attorney Acosta, and instead requires us to communicate with the USAO only though Mr. Sloman's subordinates.

While it pains us to say this, this misguided prosecution from the outset gives the appearance that it may have been politically motivated. Mr. Epstein is a highly successful, self-made businessman and philanthropist who entered the public arena only by virtue of his close personal association with former President Bill Clinton. There is little doubt in our minds that the USAO never would have contemplated a prosecution in this case if Mr. Epstein were just another "John."

U.S. Attorney Acosta previously has stated that he is "sympathetic" to our federalism-related concerns, but he has taken the position that his authority is limited by enforcement policies set forth in Washington, D.C. As expressed in our prior communication to you, we believe that a complete and independent appraisal and resolution of this case most appropriately would be undertaken by your Office—beginning with the rescission of the arbitrary, unfair, and unprecedented deadline that Mr. Sloman demands to have imposed in this case. At the very least, we would appreciate a tolling of the arbitrary timeline imposed on our client by the USAO in order to allow time for your office to consider our request that you undertake a review of this case.

Thank you for your time and attention.

Respectfully submitted,

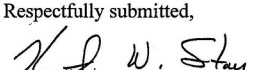

Kenneth W. Starr
Kirkland & Ellis LLP

Joe D. Whitley
Alston & Bird LL

**********
*** TX REPORT ***
**********

TRANSMISSION OK

| | |
|---|---|
| TX/RX NO | 0439 |
| RECIPIENT ADDRESS | 912025140467 |
| DESTINATION ID | |
| ST. TIME | 05/27 12:18 |
| TIME USE | 00'34 |
| PAGES SENT | 3 |
| RESULT | OK |

# KIRKLAND & ELLIS LLP

***Fax Transmittal***

777 South Figueroa Street
Los Angeles, California 90017
Phone: (213) 680-8400
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| Honorable Mark Filip | Office of the Deputy Attorney General<br>United States Department of Justice | | (202) 514-0467 | (202) 514-2101 |
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| Kenneth W. Starr | May 27, 2008 | 3 | (213) 680-8500 | (213) 680-8440 |

***Message:***

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-23\[redacted] on 2018-08-17 at 11.53.05.ichat

Service: iMessage

Start Time: 08/17/18 08:53:05 AM (556213985)

End Time: 08/23/18 03:07:01 PM (556754821)

Last Message ID: 19138

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 08:53:05 AM (556213985)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87838E9F-C372-4612-80EE-B8A4327BA691

Message: How did it go?

Sender: [redacted]

Time: 08/17/18 09:07:05 AM (556214825)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 33591123-5B17-4DBD-863B-961513F2776A

Message: 2 pm now

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:03:12 PM (556236192)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C567F5BA-A18C-411C-943B-DA3277FE2C63

Message: I took off early so I could land in time to watch. - all good?

Sender: [redacted]

Time: 08/17/18 03:05:43 PM (556236343)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B755787C-1E9A-4650-93C5-F8758A804BF2

Message: On now

Sender: [redacted]

Time: 08/17/18 03:08:56 PM (556236536)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C0467FA-E0CF-468C-A007-0D339401884F

Message: They went for an hour instead of 30 minutes--- showing the entire hour over multiple platforms

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:09:10 PM (556236550)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EBC49CBB-40D5-4FD2-B713-E8D2589A3864

Message: Atta boy

Sender: [redacted]

Time: 08/17/18 03:10:52 PM (556236652)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 42A84910-8773-4CFB-A69C-2F7DBCB4455C

Message: My team loved it-- I was too focussed

Sender: [redacted]

Time: 08/17/18 03:11:01 PM (556236661)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE5AD061-E5DB-49ED-AC00-877B5D42CE43

Message: In the moment

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:14:32 PM (556236872)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E8410D53-1E89-49CE-96D8-C36CF8BC96C4

Message: New razor blades?

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:19:00 PM (556237140)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FB7EF7FB-C110-4EF6-B0C1-4B5F33E95623

Message: Loved the trump@war trailer

Sender: [redacted]

Time: 08/17/18 03:19:25 PM (556237165)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 47C4FEC4-C3DE-4817-BFA5-6ACABC3B7F54

Message: I think u will love the film-- pure deplorables

Sender: [redacted]

Time: 08/17/18 03:20:05 PM (556237205)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6345C163-6E0B-4006-83C9-810DCD5CC3A4

Message: For the 'soy boy' network I wanted to be 'clean' not sloppy

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:21:01 PM (556237261)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A022390-C4FE-4305-B0D9-9F6165FCECF2

Message: Closer to toy boy ;)

Sender: [redacted]

Time: 08/17/18 03:21:46 PM (556237306)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B24F700C-360B-416A-8C88-BDFD128D1A31

Message: This ari guy is gay !

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:23:15 PM (556237395)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 13BA2B20-5BFD-4216-B657-C7434FF7BBD4

Message: You looked so clean cut next to him i thought i turned on the figure skating channel by accident

Sender: [redacted]

Time: 08/17/18 03:23:38 PM (556237418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C49C09F8-DB72-44F1-A336-EAAFBF55E525

Message: My 'come hither' look

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:24:24 PM (556237464)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 232B08AD-A445-4076-8380-C1FEDB152E2E

Message: Better than the usual 'come hitler 'look

Sender: [redacted]

Time: 08/17/18 03:24:41 PM (556237481)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5933B672-AAF0-4CB2-B6B0-3BA421A06F0D

Message: Ouch

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:26:21 PM (556237581)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54FBF225-AB56-48C6-A8C6-2E837805C73A

Message: That's what ari was hoping to hear. Seriously- Great job

Sender: [redacted]

Time: 08/17/18 03:26:50 PM (556237610)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32355F22-B83D-40F7-9403-84AB02BC4749

Message: I'm not watching -- how did it come across ???

Sender: e:jeeitunes@gmail.com

Time: 08/17/18 03:32:43 PM (556237963)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5DCBA168-241D-4B16-AFD4-8A80AAEA92FA

Message: Based on the comments, couldn't be better. '.

Sender: [redacted]

Time: 08/17/18 03:45:13 PM (556238713)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DADE9038-FF21-4E20-8FE4-53ED6CB600C9

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:10:32 AM (556287032)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBF14700-253D-4AE0-BC05-D2FE01FF1C78

Message: Last ten minutes , more the real you.  .

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:13:06 AM (556287186)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EBDE3079-0471-428B-B0E4-3C5961216566

Message: What was your takeaway , inaddtion to getting air con that works?

Sender: [redacted]

Time: 08/18/18 05:25:06 AM (556287906)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B70DBD03-E7EB-415D-87EA-9994A5A67E19

Message: I was under orders to dial it down for this audience -- between Errol Morris film; NY Mag and this hour and half making huge inroads but can't be the constant aggressor

Sender: [redacted]

Time: 08/18/18 05:25:14 AM (556287914)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BBF5ECE4-5E65-4E03-89DA-145F5F3AEE77

Message: Dialed it way back

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:27:06 AM (556288026)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74A65E20-22C7-4497-A976-46F521066C18

Message: Mike tyson  waltzing  □

Sender: [redacted]

Time: 08/18/18 05:29:02 AM (556288142)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 987DE573-E4EE-4ABF-9F49-1B60414403E1

Message: Agree but different audience with a different tonality --first of many I'm doing to these guys

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:40:37 AM (556288837)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BFE67DC7-BAEC-4475-8A09-2567C360BBD8

Message: Actually the first of Very many to come.  Thats why -what tweaks will make it better for you?  Your eye is the best  , so important for you to watch the play reel. Over the shoulder for him , 3/4 for you.  ??  lighting. .  hot for you . /.  chairs . ? too restrictive for you. ?  Loved pulling out the FT.  .!

Sender: [redacted]

Time: 08/18/18 05:43:21 AM (556289001)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 59E91471-9AA5-4015-83E2-4E78F5D63AF5

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:43:36 AM (556289016)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F0E10634-BD01-4995-BB0B-C202E4BC4AAB

Message: Im back wed . ( Thiel coming ). We can discuss response to tax cut criticism. The 83 percent to rich is misleading by miles . Cash back. Pension funds up.

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:48:01 AM (556289281)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A8A60E2-621B-43AE-A028-2E52725AB117

Message: Corporations are not people. Giving corp breaks , is perceived as giving it to someone else. wage inflation cant be the first focus, the additional money in the system. First goes to hiring new people, only afterwards can wages rise. etc. will you be in ny end of week.?

Sender: [redacted]

Time: 08/18/18 05:58:53 AM (556289933)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 925CC1FE-273E-4A14-BE90-C61DB2C17CC9

Message: I'm all day by day now-- heading to see Kudlow then Texas -- u know Kyle Bass?

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:03:40 AM (556290220)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A4AB9E4F-7D1C-480C-BC1D-73CBD99AB69F

Message: no . Not a heavy weight. He was at bear for a while. Neither big hat nor lots of cattle

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:04:59 AM (556290299)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FBCB7CA6-C63B-4021-8642-217424898977

Message: Can you have one of your boys send Trump@war. , if easy

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:06:37 AM (556290397)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B842F96-B7DB-446A-9180-C7B4EC2828E6

Message: I suggest kudlow point to strength of dollar . Market up.  . in the face of the the worry on tariffs.

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:07:44 AM (556290464)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2867F22-333E-41F4-B833-C654ECFBFA1A

Message: In the uncertain future people want a stable economy , and there is no completion to that on the world stage

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:08:00 AM (556290480)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A0C1CC7-3FFF-4D69-9D7A-6D426F4D01E9

Message: competition*

Sender: [redacted]

Time: 08/18/18 06:31:49 AM (556291909)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 793F0EAF-627C-4CB6-90B4-5DC82080CD3E

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:22:38 PM (556330958)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 20C104B5-73CA-4536-96D4-CAD3DD875562

Message: Im going to Europe sept 3

Sender: [redacted]

Time: 08/18/18 05:23:36 PM (556331016)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F9D766D0-315D-4146-BB67-F250AF688BDE

Message: Really --- Paris ???

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:23:51 PM (556331031)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8AE460B6-E872-423A-8820-7940AC2725E8

Message: Yes , plus plus

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:25:04 PM (556331104)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 420BEFBF-78BA-4066-9CE2-A23BDE6735C6

Message: Plus a side trip to Dubai  for a day

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 05:26:37 PM (556331197)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DE5BF826-4315-41BF-BF02-B9C545C8B602

Message: You would love it.  I have some africans here ( palm beach) for advice. , the front of my house looks like Blackhawk down.

Sender: [redacted]

Time: 08/18/18 05:35:31 PM (556331731)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B9ED0B49-B90C-41EC-AD82-C57ABDF05EAC

Message: LMAO!!!

Sender: e:jeeitunes@gmail.com

Time: 08/18/18 06:34:39 PM (556335279)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0F04B7CC-6C31-43CA-BB76-06AB4A265208

Message: Can also leave the 2nd

Sender: e:jeeitunes@gmail.com

Time: 08/19/18 02:38:26 PM (556407506)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74F7619D-2554-4B87-8D27-CD3DF3669BAB

Message: Do you think you might want to hitch a ride?

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:41:22 AM (556454482)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CD771AD2-DA7A-4CB7-83D7-5F202D51DEA2

Message: 561 655 7626. If you have time .

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 07:06:15 PM (556509975)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 427136A1-3D30-4AFA-8C12-75D57DBDC95F

Message: Kavanaugh letter says clinton masturbated in a trash can.  Wow

Sender: [redacted]

Time: 08/20/18 07:31:43 PM (556511503)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A9E48E84-7009-4E1E-84A0-DE2841F674CD

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 07:34:03 PM (556511643)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77638F1C-4A6F-47B3-ABA8-5F730A21BC69

Message: His memo on front of nytimes . I have never seen that memo and starr never joked about it .

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:10:35 AM (556542635)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EB97E0B5-7FA4-4178-BECD-496C6B5316BB

Message: 1. Peter Thiel in town. 2. Lets make sure you are keeping your own path on front burner. Strategy etc. 3 at the same time . Take no heat re me. Not worth it for the moment. Mid terms . Overexposure , create shooting star risks. 4. The mooch ( still in contact with Ivanka ) has reached out to me , and asked how he can re engage with you. ?? I ve only met him once. odd. 5/.

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:10:59 AM (556542659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B7AC8477-14A2-43F2-98F7-45045FA1F1FD

Message: Like musk, your health first. Its a very long game

Sender: [redacted]

Time: 08/21/18 04:12:04 AM (556542724)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B699ABDE-9CA3-45AE-BFAC-57B3C4BC1045

Message: Thanks

Sender: [redacted]

Time: 08/21/18 04:32:42 AM (556543962)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 88E0C336-69D5-46DE-94F2-E2B127AD659D

Message: When did mooch reach out

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:32:53 AM (556543973)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 325797F2-D2D8-4F68-A3C5-2A7190486971

Message: Yesterday

Sender: [redacted]

Time: 08/21/18 04:33:24 AM (556544004)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 07FFA329-414C-4071-98D6-58F8EDBF32F8

Message: He is a snake.

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:37:36 AM (556544256)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8631CEA3-9FC4-4783-8061-F9BE7E263BC1

Message: No, a snake is clever .. more like a leaky garden hose that looks like a snake □. Message : I need to make peace with Bannon can you suggest how? . He is friends with the current female owners of the core club , 50 yr old lesbians. I helped put them in biz. . Ruemmler also couldn't stomach the Betty currie trash can story

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:38:09 AM (556544289)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3BA092D4-C67F-48BE-A4B7-770E76B7F3DD

Message: I told her his alternative was Betty currie

Sender: [redacted]

Time: 08/21/18 04:39:24 AM (556544364)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3046413A-288F-4211-AC97-9759B63D8FE2

Message: Dude: brutal --- time in hell would be the fishbowl White House and married to Hillary

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:43:55 AM (556544635)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7735DF12-F1F0-4AC3-8EF7-CA48653ACCAC

Message: Worse would be married to the White House and inside Hillary

Sender: [redacted]

Time: 08/21/18 04:44:43 AM (556544683)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1A4AB687-3C8B-43EF-B6DA-3A87D0FDE775

Message: How could a grown man live with that

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:45:13 AM (556544713)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A75C6A17-F947-4797-B214-1FF264F16A6C

Message: Have you seen Ivana

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:45:53 AM (556544753)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 307D12DE-FB20-46E6-ABCB-7D0D3DB5131F

Message: Could be Hillarys older sister

Sender: [redacted]

Time: 08/21/18 04:47:09 AM (556544829)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 92BC3FC2-8776-43F0-B952-8AD6103549E4

Message: Was she a madame Claude 'associate'?

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:47:40 AM (556544860)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 418AE53D-A499-4025-B056-05AF695FA7F6

Message: No Claude only took educated women

Sender: [redacted]

Time: 08/21/18 04:48:14 AM (556544894)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 524BDF29-6616-4CB3-B33E-97AE84163A08

Message: Ouch

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:50:16 AM (556545016)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FFAF339A-563E-456B-9310-26FCF33546E5

Message: They all went to accent reduction class. Taught by a guy that told great stories . Sam Chwat .

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:50:59 AM (556545059)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33EACFA3-366C-4955-B3F1-89C042E352AF

Message: She reported to and was protected by. French intelligence

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 04:56:01 AM (556545361)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8A60A08-B3DF-4641-AD00-FFF2A9624E19

Message: They were not referred to as red sparrows but French swallows. An amazing intel op

Sender: [redacted]

Time: 08/21/18 04:56:07 AM (556545367)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3B39ED2-8807-4803-93B0-5B5FCDFF184F

Message: Love the Europeans

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 11:38:00 AM (556569480)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63BB7CC2-812C-4188-B63F-BCB37CBA7C03

Message: Cohen s arrest  bad

Sender: [redacted]

Time: 08/21/18 11:43:11 AM (556569791)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F913CB57-850B-4D81-A7D4-9D27B0FD08A9

Message: End of days

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 02:34:01 PM (556580041)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68EE462E-8E53-42D4-9823-2404B17AF70F

Message: Avenatti deco of trump moves front and center.  Civil so no hiding. And now with Cohen plea. wow

Sender: e:jeeitunes@gmail.com

Time: 08/21/18 02:34:06 PM (556580046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB556356-DBCE-41A8-9717-CD1EB985EC86

Message: Depo

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 05:11:18 AM (556632678)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5641B7D5-F912-4647-9178-DF0BA59E57BA

Message: How do you see yesterdays developments

Sender: [redacted]

Time: 08/22/18 05:12:16 AM (556632736)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B1403153-AB7B-4726-B7EC-1C8ACCB71E01

Message: Terrible for potus ; great for our messaging -- now we can get on with it

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 05:19:21 AM (556633161)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D57315B-FB57-40DD-82AE-053BA3516AB9

Message: Fyi,  there is a guy , totally nuts ,  out of jail after 20 years that has been sending letters re me to all agencies , stalking . etc.  wants a billion dollars.  No real threat , just one more pain.

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 05:20:09 AM (556633209)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C13A46F-370F-48B1-93B1-3364C6389B56

Message: Steven hoffenberg,  . He bought the ny daily news for 1 dollar.  etc

Sender: [redacted]

Time: 08/22/18 05:20:32 AM (556633232)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F161925-A147-44C2-A660-F8C9FBEDA2B0

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 05:21:22 AM (556633282)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B4E16FAC-F5B1-49BF-8118-C601CC39D721

Message: Part of the jihad

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 05:23:23 AM (556633403)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3CD2C88A-6625-45C9-B14B-3826D2F26533

Message: Ill be in New York tonight thru sat. . no worry if you prefer to stay low . Miro in starting 28th. I think you need to thread the needle where you can support your message without appearing to be under a spell. He's transitory. You are not.

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 08:11:47 AM (556643507)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 80471F79-ECCE-416C-924B-A006E2512173

Message: Im also told vice tv wants info on trump

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 08:11:51 AM (556643511)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5CBD57A7-47DF-4324-B739-7730D7C43F34

Message: Form me

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 08:11:55 AM (556643515)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 58BD5602-11D1-475B-8F40-EA9C5D28DFA2

Message: From

Sender: [redacted]

Time: 08/22/18 08:19:50 AM (556643990)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 15A24FA8-6B1C-4A45-9633-A64026B6BDA7

Message: My nephew runs vice tell them to fuck off

Sender: e:jeeitunes@gmail.com

Time: 08/22/18 08:21:30 AM (556644090)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F7C16931-7F01-4BB9-A505-D786EFF1878D

Message: Tracie Morrissey  matt williams.  , i ignore

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 06:57:28 AM (556725448)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9AD5BF71-F304-4CA8-951C-9FDEF9F8FFF1

Message: Btw  Im in New York tonite thru sat  , if you want to visit under the cover of darkness or breakfast tomorrow if you like

Sender: [redacted]

Time: 08/23/18 07:31:52 AM (556727512)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E5D34C15-C2C9-4DFA-BE23-B658D435E98E

Message: Do u have access that's not the front door-- they have 24/7 surveillance on u

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:33:56 AM (556727636)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 13873EBA-4DB2-4DD2-9C34-993F60247535

Message: Im happy to come see you if better.

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:35:37 AM (556727737)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B70D769A-5DC8-462B-98F1-EF493B9409DC

Message: separate from the process server that left yesterday  or the early morning doorman next door.  Any idea of who?

Sender: [redacted]

Time: 08/23/18 07:36:25 AM (556727785)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF485414-02BB-4DBC-9FC3-0B90DC47388B

Message: Don't know but real folks costing lot of coin

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:37:36 AM (556727856)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D653B20E-C9A4-401A-8B4A-2CDE70BC5364

Message: NFL

Sender: [redacted]

Time: 08/23/18 07:40:01 AM (556728001)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 01FD8D00-5254-4680-9B8F-A2DDDC555B1A

Message: Exactly

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:40:11 AM (556728011)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 28EC9080-C9C5-4884-873E-5427408855C0

Message: Can meet at 301 East 66 , if you prefer .  I will send apt #

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:40:26 AM (556728026)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 716B69C2-A23C-4695-8DC2-96EF62BFEA2F

Message: I don't like he regency as it is totally wired

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:42:23 AM (556728143)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FB5DDAC6-EC30-4D6D-83A8-F50C2D9B5FCB

Message: There is also a rear entrance on 67 ,  if you prefer

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:43:21 AM (556728201)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8EB8EA1D-8907-43DC-9A56-68073BBD174E

Message: Super secure ,

Sender: [redacted]

Time: 08/23/18 07:44:05 AM (556728245)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8855EC7F-CC28-47BA-A260-26528F2A5595

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:44:29 AM (556728269)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6B4FEE97-611B-4B3B-BA49-975E552B5818

Message: Someone can meet you and take you in

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:44:56 AM (556728296)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2B9908E4-BE7B-46D2-BEB5-7A4E685A54E5

Message: Just set a time.  Ill be in after 430

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:45:05 AM (556728305)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3CF8A701-995D-4675-9C6E-890B40FDEAE4

Message: Apt 7j

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:46:36 AM (556728396)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C10C856-1E94-4615-80BA-F3C830D050DC

Message: Im easy

Sender: [redacted]

Time: 08/23/18 07:49:00 AM (556728540)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E8768A3B-4DC4-4B7F-8149-C79B5F08FA1B

Message: I'm in dc til 9 pm tonight

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 07:59:26 AM (556729166)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E1B823E1-5EEB-4338-B163-AA2D2F87FB16

Message: Morning tomorrow.  ? where and when your call

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 08:29:27 AM (556730967)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ADB7561F-C9BF-4FEB-A8C5-9D81726AE5EC

Message: id, Morris concedes that American Dharma could be an uncomfortable experience for those still wrestling with the realities of  the Trump era in America: "It's a kind of horror movie," says Morris. "I don't know how better to describe it."  Errol Morris. Luv it

Sender: [redacted]

Time: 08/23/18 11:55:46 AM (556743346)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EFF94DA4-FC40-4B8B-9BB5-D3B77139DCDA

Message: Luv luv luv it

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 12:40:06 PM (556746006)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 95DA15B9-8430-4FB9-80C2-F4B861168B7D

Message: Have you decided on time and place. ? Ill get food for us if its 66 st

Sender: [redacted]

Time: 08/23/18 01:04:27 PM (556747467)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C1C3AE71-1CD3-4FEB-92C4-F5D8D7985A33

Message: Not coming to city now until Monday

Sender: [redacted]

Time: 08/23/18 01:04:41 PM (556747481)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2341C6A9-9F51-43AD-98E5-1FA4DC09FEF3

Message: Here with WSJ guys screening film

Sender: [redacted]

Time: 08/23/18 01:04:52 PM (556747492)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC44E176-A142-4BCD-BED3-47D81B7AE666

Message: Can I send u a link to watch

Sender: [redacted]

Time: 08/23/18 01:04:59 PM (556747499)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A01E9F80-33BE-4D6F-9630-7C01D5055B3F

Message: Trump@War

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:05:15 PM (556747515)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6897894-6A25-4968-8620-206D4D10CA58

Message: Yes

Sender: [redacted]

Time: 08/23/18 01:11:27 PM (556747887)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4DCF467F-23C8-44A1-8577-7C31E443EEAB

Message: Epstein

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:12:19 PM (556747939)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 981F4E36-B54F-4A6F-AC00-23B011F80879

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:12:44 PM (556747964)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 61F700F4-123E-428F-AD7B-55BA42AA2D7F

Message: Your girlfriend Ruemmler is coming over

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:13:02 PM (556747982)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 06962658-5D5A-4234-967A-C6BDCBF705E8

Message: I wont share it unless you think ok

Sender: [redacted]

Time: 08/23/18 01:14:41 PM (556748081)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD6027ED-6CD4-4F99-AF79-A07D41078AE9

Message: Let her watch

Sender: [redacted]

Time: 08/23/18 01:15:01 PM (556748101)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6C1A6C37-DC2F-4DFA-9F0F-2626A76DCF2E

Message: It's x rated for violence and language now

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:24:01 PM (556748641)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9991C93-7F4E-4490-8982-D1BB9A5431A8

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:24:40 PM (556748680)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 949CF742-F862-479F-98A5-844FA19EAD29

Message: Are you sending a link?

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:26:03 PM (556748763)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F70038ED-0614-42F5-B4A1-6208C90F7EC9

Message: Also think about a private screening of dharma for the power players.

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:26:37 PM (556748797)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B75B545-C163-46CF-890A-E7827B52720A

Message: New York and or Europe. Non of my fingerprints

Sender: [redacted]

Time: 08/23/18 01:40:38 PM (556749638)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B46D74C5-51A4-4695-B984-5D8E4D638904

Message: Yes : or come as my guest when it opens the New York Film Festival @ Alice Tulley Hall on 29 Sept

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 01:42:39 PM (556749759)

Flags: 1048581

Is Read: No

Is Invitation: No

GUID: 7E9573B3-091F-4C67-BAF2-E4C159976AAA

Message: thx. I think a private screening room with you answering questions . Might be good for you. You decide. Miro will be in New York next week. I won't be but can organize for you. Im off to Paris on the 2nd

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 02:00:13 PM (556750813)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 686AF584-732D-46FE-9E85-1B6576B06DC5

Message: Pecker immunity one more drop

Sender: [redacted]

Time: 08/23/18 02:00:28 PM (556750828)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9CF0A544-2D89-47FE-A8B1-21DCC986C4B7

Message: Huge event huge

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 02:01:01 PM (556750861)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA133CEA-DD66-45D6-832E-059911AF12CC

Message: Kids

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 02:01:47 PM (556750907)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F32398CB-445C-4487-98A6-1444C7409684

Message: Next

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 02:02:38 PM (556750958)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BFE02CAD-7442-47F5-84D9-B7A23B239049

Message: Nice juxtaposition while watching your movie

Sender: [redacted]

Time: 08/23/18 02:03:46 PM (556751026)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 799535CA-718C-4779-B35A-156B2E2F66AF

Message: More women payoffs coming

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 02:34:20 PM (556752860)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F56D8CA3-4821-4FED-BA53-928B981C3059

Message: You are dark not evil. So I think even you will be surprised

Sender: [redacted]

Time: 08/23/18 02:40:40 PM (556753240)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 1761FCBB-A344-40B8-93A4-C592B1079F98

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 03:04:47 PM (556754687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77EFE19B-B29E-47D3-B51A-EA9707C4127F

Message: your girlfriend is outraged.  .  I suggested to her he pardon everyone,  say this is not good for the country  , and then fake the heart attack.

Sender: e:jeeitunes@gmail.com

Time: 08/23/18 03:06:01 PM (556754761)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5ADFB9A2-72D7-478F-BB4A-D2EB73C74074

Message: she said it is a failure to disclose charge.  and his  changing stories lead to knowledge of wrongdoing .  only transmitting.

Sender: [redacted]

Time: 08/23/18 03:07:01 PM (556754821)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: DEE799BA-119C-46F4-ACB2-5F3B9BB7EB7A

Message: Lmao

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-09-03\[redacted] on 2018-08-25 at 07.31.18.ichat

Service: iMessage

Start Time: 08/25/18 04:31:18 AM (556889478)

End Time: 09/03/18 02:34:55 PM (557703295)

Last Message ID: 19748

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 08/25/18 04:31:18 AM (556889478)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DF08648F-B88A-4C1A-BABC-D542363C0E9B

Message: They are the intervention !!!

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 04:38:55 AM (556889935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D41860B9-E1F9-4352-81F3-70E4BD65311B

Message: no , serious group all realize crisis. - and worried. and understand players.

Sender: [redacted]

Time: 08/25/18 04:39:13 AM (556889953)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7D0B69C5-2F81-4430-84C5-102DE0B01BDB

Message: Smart

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 04:45:55 AM (556890355)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B63D0838-DD9A-4245-A078-97BE9AE6CD22

Message: it includes the guys he talks to normallly , but as usual he doesn't realize

they also talk to each other .  so saying one thing to one and then another thing to ...  /  motivation Im told  " yes it has good for us but bad for the country ". Brennans description of drunk with power.  seems apt

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 04:50:04 AM (556890604)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8966DD26-0094-4FA7-AC59-0620A90033A0

Message: He believes he is smarter than all  of them combined.  that is the issue. unfortunately he might be right

Sender: [redacted]

Time: 08/25/18 04:51:37 AM (556890697)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ECF7604A-FE41-4494-83D4-8B8A6D104CD2

Message: He is -- and he is stilll a moron---lefrac, Roth etc etc all 3rd rate -- he will never listen to that crew

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 04:52:53 AM (556890773)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6DCAAD65-01DE-4850-B093-3A7242757530

Message: agreed.  and that is the reason he fears you.

Sender: [redacted]

Time: 08/25/18 04:53:40 AM (556890820)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD0DD3A0-343C-4FAD-B33A-A8935941A6E6

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 09:21:07 AM (556906867)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4046313B-0C6F-46E3-9742-B039F3CEC4E0

Message: any thought on who he might at least listen to seriously.? ken starr? kissinger? hannity

Sender: [redacted]

Time: 08/25/18 11:00:00 AM (556912800)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FD766F0-C0C9-4A72-A173-8A8D2FDF0800

Message: Barrack ?

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 11:01:48 AM (556912908)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 86111374-9C64-40DF-B411-88350B4C8647

Message: nope , can't like you barrack called him crazy , in the dog house ever since and . . rick gates

Sender: [redacted]

Time: 08/25/18 12:00:21 PM (556916421)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 078F39EF-76BD-4A20-8EAA-A3B467B2311C

Message: Gates

Sender: [redacted]

Time: 08/25/18 12:00:24 PM (556916424)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4F3C0242-BC8E-4FA7-AA35-81C1D05CC287

Message: Bad

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 04:15:24 PM (556931724)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 26C4AB93-4273-40FE-8F57-A4DFEB62CC4F

Message: For tom very

Sender: e:jeeitunes@gmail.com

Time: 08/25/18 06:37:49 PM (556940269)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 048032D3-EBFD-4E9A-AB3C-92EC7D734466

Message: can bill shine get through to him

Sender: [redacted]

Time: 08/25/18 08:26:23 PM (556946783)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 313AF57B-0239-48AE-A61D-06BC87CA5A2C

Message: Zero

Sender: [redacted]

Time: 08/25/18 08:26:28 PM (556946788)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7ACD7755-E9E3-4D67-9877-6F1775746907

Message: Hannity maybe

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 03:49:52 AM (556973392)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 513913DF-1E13-4AFD-BA80-A487C33A8B7D

Message: Wow,  what did you think of the morris ny times interval

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 03:49:56 AM (556973396)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D664BC0D-4DBF-46EB-B44E-2CB4CC76228D

Message: Interview

Sender: [redacted]

Time: 08/26/18 05:02:37 AM (556977757)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 217FED00-C85C-408B-AFB8-DD9DA5847647

Message: Trying to protect himself from outrage when film comes out-- what did u think??

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 05:07:54 AM (556978074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB1307DE-08D4-45EA-9FBA-8407B813D33D

Message: I thought it provided an explanation for the gratuitous " fuck you if you if want clean water " comment. I trust none of them .

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 05:08:09 AM (556978089)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CA163C42-9D35-4A26-9E0E-505708325108

Message: NONE

Sender: [redacted]

Time: 08/26/18 05:10:49 AM (556978249)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B39D68FE-D91B-4C98-B26D-D5FBB1F389FD

Message: How do u think it will be read -- this film is already causing massive controversy behind the scenes because of the slots in Venice and New York -- it's the Saturday night film in Alice Tulley

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 05:16:26 AM (556978586)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC217302-4309-440B-B1A0-D8B742BEC374

Message: 1. The better question, I believe , is how will it play out for you. ( not my skill set however ).an that Is wholly dependent on context. What is happening at the time and after re trump Not to re - channel your dearly departed mother, but --- take care of you first.

Sender: e:jeeitunes@gmail.com

Time: 08/26/18 05:17:51 AM (556978671)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0058244D-E167-4F85-A2BC-4B0D0BBCBC12

Message: Nobody else will /

Sender: [redacted]

Time: 08/26/18 05:31:45 AM (556979505)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6D6BA239-7F3E-4772-A87A-8CC568C7A7FD

Message: roger

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 02:51:45 AM (557056305)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 579FD951-229F-4C6C-8159-EBB76BAF40BD

Message: Who is in your cabinet  Hannity . Nunn .? burke. . ?  fill it out?

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 03:48:45 AM (557059725)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 608E5D60-4107-4C1F-AFC7-CF6D6B1C927F

Message: https://www.youtube.com/watch?v=9OCOn3yKmwQ&t=1659s

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 03:48:45 AM (557059725)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 29631408-3E89-4202-96F4-4F209B77F6C5

Message: .  From 1:00. Hour in

Sender: [redacted]

Time: 08/27/18 03:55:05 AM (557060105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BFE24638-C2C6-4DF1-9F5C-76F38A3F7694

Message: 1.Defense : Pompeo ; 2.state: Meadows ; 3. treasury : Thornton ; 4. CIA: Cotton ; 5. NSC: Harvey ; 6. UN: Tulsi Gabbard ; 7. DNI: Admiral Harris; 8. Labor : Henry Olson ; 9. HHS: pinkerton ; 10. HUD: McNamara; 11.VA: Gov Perry ; 12. AG: Sen Heilcamp ; 13.NEC:Peter Navarro ; 14. Engy:Washburn ; 15. Justice: Bill Burck ;

Sender: [redacted]

Time: 08/27/18 03:55:31 AM (557060131)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 48148605-29AB-46FE-A583-656C45C7AE9C

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 03:56:35 AM (557060195)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A149C8DF-8F52-4E70-A93C-C03A97982F8F

Message: It was Nixons frost interview.  great.  -  I meant your personal advisory council that wants Steve to succeed.  Sorry . My short emails are often confusing.

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:04:04 AM (557060644)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B1BF6B91-EFA6-402A-97AE-E418001E54CE

Message: Im confident burke will protect you as much as he can legally .  We have a deep bench in that regard.  When and if they get Matt calamari . If they haven't already .  Things will get uglier. .  my responsibility as a friend is to wave a yellow flag. When appropriate  And provide a sounding board as needed. □

Sender: [redacted]

Time: 08/27/18 04:06:15 AM (557060775)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF84C0B9-DBAC-4A1E-9BF7-E8F1902D13C9

Message: Yes yes yes

Sender: [redacted]

Time: 08/27/18 04:06:30 AM (557060790)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7914B30B-589C-40D6-9A66-F60E683F05B8

Message: And u r dead spot on re calamari

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:07:02 AM (557060822)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 45615207-F711-4FD6-A359-70AB859D5AD0

Message: And or Rona

Sender: [redacted]

Time: 08/27/18 04:08:52 AM (557060932)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 74889A72-BD47-4457-97DB-6E0BB14A9B91

Message: She has been in

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:09:17 AM (557060957)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 66706951-B955-4354-A6E0-F5E2091F16A8

Message: Yes, I know, but I don't know if she took 5

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:09:48 AM (557060988)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E61E9580-160C-4AF6-888F-85B3D4F4758B

Message: And both will be brought to the state proceeding.

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:09:59 AM (557060999)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05E79D20-8A82-482B-B64C-6AE9A74FC3BD

Message: And thats an uh oh

Sender: [redacted]

Time: 08/27/18 04:12:01 AM (557061121)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AB6EDF5E-81AF-4FB3-B3D2-3B53979AFF57

Message: Things are looking very bad for the home team now

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:12:02 AM (557061122)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E4D2A8CD-C25D-413F-AB7C-CFB1D7B702A3

Message: And Nixon says that if he wanted to cover the whole thing up. He would have given clemency to all. At 113

Sender: [redacted]

Time: 08/27/18 04:12:39 AM (557061159)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CDDF96A0-9871-4C0B-8CD5-A8C8F43F0EE7

Message: What does that mean ??

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:13:07 AM (557061187)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C74190D4-D998-48CE-BA6C-295DA75F8007

Message: I sent you the you tube link. To watch. Its amazing

Sender: [redacted]

Time: 08/27/18 04:13:25 AM (557061205)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7785BFC-DB75-4885-B396-DB4E3B15103E

Message: Roger

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:15:58 AM (557061358)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33707FF0-3DD8-4A7C-9061-2360ECBCD1C5

Message: i have watched it 3 times.

Sender: [redacted]

Time: 08/27/18 04:16:25 AM (557061385)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F7C96F10-B3A4-43C9-8404-783B1396ABD9

Message: Dark attracted to dark

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:16:33 AM (557061393)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33A2FB81-E9AE-429F-A4FE-9625A3A56B1C

Message: Hahaa

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 05:23:02 AM (557065382)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F2CA8BD4-54EE-4DC7-BF28-CBCF720CE91F

Message: Btw hes panic re who can he speak to that wont flip

Sender: [redacted]

Time: 08/27/18 05:38:18 AM (557066298)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69551F7D-A2E4-4AA0-8157-FA844505C699

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 06:00:42 AM (557067642)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 83E9B97D-EF63-4ACC-9425-F28EA6C2867E

Message: Miro in ny

Sender: [redacted]

Time: 08/27/18 06:07:28 AM (557068048)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7A1911F4-19F2-43A9-8C8B-B3D47B813C04

Message: How long?

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 06:07:50 AM (557068070)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0119C699-65B5-44AD-BFA6-B96B5221B2B3

Message: I'll check

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 11:06:19 AM (557085979)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3309EEF6-5996-4A06-8DDF-9DD0DD3EB8F0

Message: Where will you be for Labor Day weekend?

Sender: [redacted]

Time: 08/27/18 11:08:01 AM (557086081)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CBD5B3D2-E750-49A7-80FF-A07184C42AFF

Message: Don't know yet

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 11:09:10 AM (557086150)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4BDCB775-46EA-4F34-9A0F-12FEE2827055

Message: Miro around until fr night. Then back tues. Ill probably come to New York mon and leave wed. For Europe. Will be in palm beach if you and ... would like to visit

Sender: [redacted]

Time: 08/27/18 11:12:43 AM (557086363)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EDC9A879-11CE-40AA-B0D6-EEC6465039CD

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 12:57:04 PM (557092624)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88FA98A7-6BBD-4860-B2FA-614F3F879954

Message: Miro is coming to palm beach

Sender: [redacted]

Time: 08/27/18 01:05:42 PM (557093142)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8F7ECF57-0928-47BA-8079-34A63C7E9475

Message: Smart

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 01:06:20 PM (557093180)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FACD6F3-10C6-4539-B6E4-AA8510ABCB65

Message: Come for even the day, totally private. he you and I can strategize

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 02:54:42 PM (557099682)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 199E5523-50A5-456B-8376-E67C0702982D

Message: Not sure what your schedule. Re Venice  4 th.  Deplorable 9th?  Etc

Sender: [redacted]

Time: 08/27/18 03:02:00 PM (557100120)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD602A14-3AA8-463C-976B-819745E55E20

Message: Working everything out

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:28:09 PM (557105289)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DEAD3D5-901C-45F6-9484-DF965EAAF503

Message: I m happy to send a plane to pick you up in wash and bring you down to me and micro.

Sender: e:jeeitunes@gmail.com

Time: 08/27/18 04:28:11 PM (557105291)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 08A1800E-AA23-4FD9-973A-656BEB2FEE34

Message: miro

Sender: [redacted]

Time: 08/27/18 04:33:17 PM (557105597)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 005ABDA7-6353-4B55-AF9A-40AFE4B33916

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/28/18 11:15:38 AM (557172938)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F439FF65-9666-4431-B288-EB822DF8282D

Message: he's around until the 17th . but gone sat till tues. not sure when you are going to europe. Ill go on the 5th now.

Sender: e:jeeitunes@gmail.com

Time: 08/28/18 11:36:08 AM (557174168)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B78FACF3-A110-4AF8-A93D-40BF6F950456

Message: mr evil willing to meet you in europe , I don't need to be ther

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 08:41:31 AM (557250091)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 136F0E65-6D3B-49B4-8B62-C0F30566712C

Message: I hope you get a vote into mcgahns replacement

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 08:42:12 AM (557250132)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A8F81DE-6AD7-43A2-88F9-0DC5FF0A9DE9

Message: they will be your first line of defense if the house flips

Sender: [redacted]

Time: 08/29/18 01:10:54 PM (557266254)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CEF8EDCF-402B-43FC-B3ED-64952E26AA54

Message: Emmett

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 03:38:15 PM (557275095)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FDDEA169-A846-4823-9D12-1CF02BE140CE

Message: you ok?

Sender: [redacted]

Time: 08/29/18 03:38:51 PM (557275131)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E0A36927-C690-410C-B5DB-73004E2E9DF2

Message: Yes just the most swamped I've ever been

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 03:39:01 PM (557275141)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFD1F890-A719-4530-868A-E5CB82E1AC6F

Message: ok

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 04:11:50 PM (557277110)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2939551B-3CCB-4CB3-A5E9-8475C96C723F

Message: Im going to New York on Monday to sit with miro

Sender: [redacted]

Time: 08/29/18 04:44:24 PM (557279064)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 111F9FB2-452C-480B-9EC6-E475C0615DF5

Message: Is miro in NYC ???

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 04:44:42 PM (557279082)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 01E63937-C378-4130-8881-CC36310A43A7

Message: Im texting with him now

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 04:45:04 PM (557279104)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FF4CC3B5-F12D-4DC7-81C0-4001CA98781F

Message: He and I will meet Monday you are of course welcome

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 04:45:42 PM (557279142)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: DF6A2E1D-9704-42E5-A65B-6258218EB7B1

Message: Im on 561 655 7626.  If you want to chat ?

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 05:17:12 PM (557281032)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BEA9A70F-278F-42FC-986D-CC2B98347219

Message: Feel free to contact him directly

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 07:14:34 PM (557288074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29B269E2-896C-492D-AEEB-6D6CB6F6E968

Message: Spoke to my china guys ,  they said china stronger , plays weakened. Strife art of war etc.  Said all the players are xi  loyalists.  Main complaint is there is no counterparty in us ,  either no one home or new to the game.

Sender: [redacted]

Time: 08/29/18 07:25:09 PM (557288709)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B01F209F-C9D2-436C-BC9C-A927587A2C21

Message: They said china stronger today than when we started?

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 07:30:30 PM (557289030)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7CB8CF07-DFFA-4648-905A-DDCE0A5585D7

Message: Need to define "started." . North Korea? Stronger ties. . Africa , stronger. , buying strategic minerals. One belt one road. Ports logistics. Eventually turning them military . . tariffs a non event

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 07:32:04 PM (557289124)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 593C2062-BEAC-49BE-9AFF-77157D6E054D

Message: And as stability is the major goal they look here and see infighting. Instability, weakness and empty chairs

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 07:33:09 PM (557289189)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBC8273E-F10A-4E21-A075-1ECED79114F8

Message: Happy to move in anywhere , that we have pulled out

Sender: e:jeeitunes@gmail.com

Time: 08/29/18 07:33:56 PM (557289236)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31EB84EE-F6E6-43F6-8104-324460E9B2BB

Message: Cancelled Bloomberg as a show of go fuck yourself . Hold it in Singapore or Malaysia .

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:12:23 AM (557323943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D830152F-B899-4993-A24B-40A3BD77F97E

Message: Its a long game. BREATHE

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:54:20 AM (557326460)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E72FBF5F-2822-4633-A0CE-B08A45A68AD8

Message: BTW. Contrary to cnbc report  I am not advising Elon musk . And I told them so . but....  He did cry on the interview with the times

Sender: [redacted]

Time: 08/30/18 05:54:57 AM (557326497)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 18A97BE0-32A4-4D5E-8A57-C670CE592126

Message: Was I a tad too harsh ?

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:56:02 AM (557326562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D879991-478A-4FCD-93CB-06A81F20E3C5

Message: No ,  I like man child.  Doesn't have the same connotation as evil sociopaths
□

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:56:55 AM (557326615)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FE0E39D3-48F4-4C64-9C29-4831A0BECE78

Message: They share you dislike of the administrative state

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:56:59 AM (557326619)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49072923-7E14-43C9-B25D-BF2FE1274D6B

Message: your

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:57:40 AM (557326660)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F2EB9D62-3931-405D-AAB8-180F5F595FFA

Message: Did you connect with miro

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:57:43 AM (557326663)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D3E14D5-3771-4D40-9AA2-0045788F0FEC

Message: ?

Sender: [redacted]

Time: 08/30/18 05:58:03 AM (557326683)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 00D9E5A7-8E11-49CA-81A6-B6DE01AF8EFF

Message: Haven't connected

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:58:12 AM (557326692)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E7CA3E53-3556-4FB9-875C-00427B412B93

Message: Are you around Monday ?

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:58:16 AM (557326696)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AC86EDFE-8903-4C4B-81EF-2B94EB2B5468

Message: ny

Sender: [redacted]

Time: 08/30/18 05:59:00 AM (557326740)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D83ACD9B-90B3-43E6-AD2D-5AC3EE08C5FB

Message: Venice

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:59:05 AM (557326745)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A15EB0C2-C529-4564-9302-ABEF542BA3A7

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 05:59:39 AM (557326779)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 99E00B7B-9EA8-4042-833B-99E3F922364D

Message: Tuxedo with two black shirts

Sender: [redacted]

Time: 08/30/18 06:00:28 AM (557326828)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B3015049-9F8B-4731-8532-B663AF12BB1F

Message: Not attending premier-- media screening the day before and all press functions including press conference

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:03:03 AM (557334183)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B2D36870-4328-47D6-9557-7627C4729306

Message: Btw. Argentina next to collapse

Sender: [redacted]

Time: 08/30/18 08:13:08 AM (557334788)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 64BF837C-6122-4C34-9A5C-896F809D1196

Message: Need a populist

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:13:20 AM (557334800)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D3AECA63-918A-43D1-B504-C726502B98CC

Message: ripe

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:14:04 AM (557334844)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6F99FC5C-F11C-452E-B542-4CC9402DC036

Message: Whole South America Brazil Venezuela Argentina. Don't know why they are so dirty given the fact that there are so many maids

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:14:58 AM (557334898)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6AAFE5F8-E07A-48AE-93F1-ABA2F8499B5D

Message: soon to be the best investment of a lifetime

Sender: [redacted]

Time: 08/30/18 08:15:09 AM (557334909)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2EC971E9-426B-4188-BE22-A1FEBFCEC52E

Message: Brazilian parartrooper my man

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:15:13 AM (557334913)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FC018A1-0160-4E77-93F3-A91EC47D86CC

Message: Venezuela. More oil reserves than Saudi

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:15:35 AM (557334935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2D06A5C-F4F9-41A4-92FC-7C55E78758A4

Message: sooo. predictable

Sender: [redacted]

Time: 08/30/18 08:16:57 AM (557335017)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA784FE7-5A3C-4FB7-8B70-4440F8B03BC3

Message: I'm meeting Cisneros when I get back from Venice

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 08:17:49 AM (557335069)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8C9D59F5-1876-4B45-AE3E-D694C7362BB2

Message: Im trying to make the patch.  The two pens.  . not sure if red and black are too much

Sender: e:jeeitunes@gmail.com

Time: 08/30/18 12:56:10 PM (557351770)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD4D7C37-A1CB-47BD-AF7A-BABCBC276FA8

Message: Do you think you will get time to meet leaders un Europe before nov.  or head down here before then

Sender: [redacted]

Time: 08/30/18 12:58:13 PM (557351893)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6B271355-26E3-44B4-B772-C0EB2788FC2B

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 01:23:26 AM (557396606)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A865918-6EEF-46C1-9806-469D5FCC2E2C

Message: If possible lets talk re miro

Sender: [redacted]

Time: 08/31/18 02:17:59 AM (557399879)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73DD9FB8-D029-433D-AF93-A3CCB56132B1

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 03:29:00 AM (557404140)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4896F7EB-10E2-48F6-ABA4-F0CCE7EF3702

Message: 561 655 7626

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 05:24:24 AM (557411064)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AA36BE72-AC0A-417C-9038-156FCE13B74C

Message: 1 646 421 0715.  miro  expecting your call

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 05:26:51 AM (557411211)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5303444D-C83F-46D8-AB95-E6AAA6AF588B

Message: And you want to  be in New York week fo 24. Th. Everyone Europe will be at house

Sender: [redacted]

Time: 08/31/18 06:03:26 AM (557413406)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B1860EFF-F4D5-4807-B2BB-000FC8527750

Message: roger

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 08:41:35 AM (557422895)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C673AD21-40DF-4261-8764-2FF9A4A10169

Message: Miro waiting

Sender: [redacted]

Time: 08/31/18 11:47:47 AM (557434067)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32BEA516-311A-4038-9801-3FE1B3549D0A

Message: Called

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 11:49:14 AM (557434154)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1881A70B-1097-442F-BDF7-BF8C0D281212

Message: Did you get him

Sender: [redacted]

Time: 08/31/18 11:52:12 AM (557434332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3AAA0080-DF86-411F-A80A-08D58966D4DA

Message: vm

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 11:54:51 AM (557434491)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A8974748-3401-4004-9DEF-CB28D1E3700E

Message: 13109906526

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 11:54:56 AM (557434496)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 07102701-E1FE-4404-A6DF-615CD7007B84

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 11:55:07 AM (557434507)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 18CFBFA5-CA5D-423C-9C5D-6A5F979DC14B

Message: Can I give

Sender: [redacted]

Time: 08/31/18 11:55:22 AM (557434522)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7EE97066-7FAC-4FF6-85E7-200B88AE411D

Message: Certainly

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 02:32:32 PM (557443952)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 752272B0-C712-4940-9912-3C3B8DCB0C81

Message: Miro?

Sender: [redacted]

Time: 08/31/18 02:33:36 PM (557444016)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F03AEF4A-1F42-4633-8DCC-22FD8D6450F7

Message: Swapping calls

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 02:34:20 PM (557444060)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FCBA2F20-D1AD-49DB-87E4-86E4294E345A

Message: Is patten flipping meaningful?

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 02:35:13 PM (557444113)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9A88A322-3284-47F8-BB03-2A2577EBD88C

Message: They all connect to tom barrack, oy

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 02:36:08 PM (557444168)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F620B133-F3B2-45AF-A92F-D62359C4CB45

Message: How was mara lago north?

Sender: e:jeeitunes@gmail.com

Time: 08/31/18 02:36:16 PM (557444176)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8F677750-A1D4-48D3-AA18-232384127927

Message: Yech

Sender: [redacted]

Time: 08/31/18 02:36:18 PM (557444178)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E538C9A2-AAD4-4330-A95F-F3101B1B3DBC

Message: Grundoon ; very nice guy , wealthy family ; deeper into manafort than he ever told anybody-- hates trump

Sender: e:jeeitunes@gmail.com

Time: 09/01/18 05:12:19 AM (557496739)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 36E18DD1-E8C0-4849-A819-7B7768149774

Message: https://www.businessinsider.com/orrin-hatch-wants-federal-trade-commision-investigate-google-2018-8

Sender: [redacted]

Time: 09/01/18 05:16:30 AM (557496990)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8A5E27E4-F02C-4D82-942C-8885D04A1093

Message: Yep ; it Begins

Sender: e:jeeitunes@gmail.com

Time: 09/02/18 06:01:50 AM (557586110)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 84E60201-A866-44B6-8F23-72E46620027A

Message: Travel safe

Sender: [redacted]

Time: 09/02/18 07:35:33 AM (557591733)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4A2AA978-DC4B-4CC6-B656-F3ED06CAA4BB

Message: Here

Sender: e:jeeitunes@gmail.com

Time: 09/02/18 08:06:56 AM (557593616)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3A80ED51-E190-4708-A145-748DB1FAFAD2

Message: Im in New York tomorrow . Where is "here @

Sender: e:jeeitunes@gmail.com

Time: 09/02/18 08:07:01 AM (557593621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A24046F-17F7-4E5B-998A-14C90F3C00A3

Message: "

Sender: [redacted]

Time: 09/02/18 08:07:16 AM (557593636)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 132060EB-EACE-487B-B9A8-7169E61201F5

Message: Venice

Sender: e:jeeitunes@gmail.com

Time: 09/02/18 08:07:24 AM (557593644)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A4C177EF-21C9-4961-8E71-B3B8039E03C3

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 09/02/18 01:59:18 PM (557614758)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CD4CF687-8263-4785-BC1F-C3209FEE772D

Message: Hows it going

Sender: [redacted]

Time: 09/03/18 01:49:46 AM (557657386)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EAAAE69F-86BA-413D-B48D-BA84E3FB8CE2

Message: Epic

Sender: [redacted]

Time: 09/03/18 02:02:30 AM (557658150)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 43D83383-BED8-48AB-A718-8ABFEB47483E

Message: Just sent u CNN piece

Sender: e:jeeitunes@gmail.com

Time: 09/03/18 02:32:38 PM (557703158)

Flags: 1048581

Is Read: No

Is Invitation: No

GUID: CEBFB459-F0AA-4D2C-AE8F-083F3D00396E

Message: Fun??

Sender: e:jeeitunes@gmail.com

Time: 09/03/18 02:32:47 PM (557703167)

Flags: 1048581

Is Read: No

Is Invitation: No

GUID: 5E872FAE-D16E-4830-8190-F09C69D5CAFD

Message: Fun

Sender: e:jeeitunes@gmail.com

Time: 09/03/18 02:34:52 PM (557703292)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74301BCA-D0B7-4AC4-80BD-0F39D2C40943

Message: Fun

Sender: e:jeeitunes@gmail.com

Time: 09/03/18 02:34:55 PM (557703295)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1BB5DBEC-4B84-42D5-90B9-B9C5F936C90B

Message: ?

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## Economic Research:

# How Increasing Income Inequality Is Dampening U.S. Economic Growth, And Possible Ways To Change The Tide

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## Table Of Contents

Is Income Inequality Increasing?

When Ends Don't Meet

Not Just The Fruits Of Our Labor

The Impact Of Government Policy

Undereducated Workers: Both Today's And Tomorrow's

Catching Up With The Joneses

Secular Stagnation

Not Just A Problem For The Poor

Striking A Palatable Balance



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HOUSE_OVERSIGHT_025763

## Table Of Contents (cont.)

Glossary Of Relevant Terms

Endnotes



HOUSE_OVERSIGHT_025764

## Economic Research:

# How Increasing Income Inequality Is Dampening U.S. Economic Growth, And Possible Ways To Change The Tide

The topic of income inequality and its effects has been the subject of countless analysis stretching back generations and crossing geopolitical boundaries. Despite the tendency to speak about this issue in moral terms, the central questions are economic ones: Would the U.S. economy be better off with a narrower income gap? And, if an unequal distribution of income hinders growth, which solutions could do more harm than good, and which could make the economic pie bigger for all?

Given the decades--indeed, centuries--of debate on this subject, it comes as no surprise that the answers are complex. A degree of inequality is to be expected in any market economy. It can keep the economy functioning effectively, incentivizing investment and expansion--but too much inequality can undermine growth.

Higher levels of income inequality increase political pressures, discouraging trade, investment, and hiring. Keynes first showed that income inequality can lead affluent households (Americans included) to increase savings and decrease consumption (1), while those with less means increase consumer borrowing to sustain consumption…until those options run out. When these imbalances can no longer be sustained, we see a boom/bust cycle such as the one that culminated in the Great Recession (2).

Aside from the extreme economic swings, such income imbalances tend to dampen social mobility and produce a less-educated workforce that can't compete in a changing global economy. This diminishes future income prospects and potential long-term growth, becoming entrenched as political repercussions extend the problems.

Alternatively, if we added another year of education to the American workforce from 2014 to 2019, in line with education levels increasing at the rate of educational achievement seen from 1960 to 1965, U.S. potential GDP would likely be $525 billion, or 2.4% higher in five years, than in the baseline. If education levels were increasing at the rate they were 15 years ago, the level of potential GDP would be 1%, or $185 billion higher in five years.

Our review of the data, as well as a wealth of research on this matter, leads us to conclude that the current level of income inequality in the U.S. is dampening GDP growth, at a time when the world's biggest economy is struggling to recover from the Great Recession and the government is in need of funds to support an aging population.



HOUSE_OVERSIGHT_025765

**Overview**

- At extreme levels, income inequality can harm sustained economic growth over long periods. The U.S. is approaching that threshold.
- Standard & Poor's sees extreme income inequality as a drag on long-run economic growth. We've reduced our 10-year U.S. growth forecast to a 2.5% rate. We expected 2.8% five years ago.
- With wages of a college graduate double that of a high school graduate, increasing educational attainment is an effective way to bring income inequality back to healthy levels.
- It also helps the U.S economy. Over the next five years, if the American workforce completed just one more year of school, the resulting productivity gains could add about $525 billion, or 2.4%, to the level of GDP, relative to the baseline.
- A cautious approach to reducing inequality would benefit the economy, but extreme policy measures could backfire.

We see a narrowing of the current income gap as beneficial to the economy. In addition to strengthening the quality of economic expansions, bringing levels of income inequality under control would improve U.S. economic resilience in the face of potential risks to growth. From a consumer perspective, benefits would extend across income levels, boosting purchasing power among those in the middle and lower levels of the pay scale--while the richest Americans would enjoy increased spending power in a sustained economic expansion. Policymakers should take care, however, to avoid policies and practices that are either too heavy handed or foster an unchecked widening of the wealth gap. Extreme approaches on either side would stunt GDP growth and lead to shorter, more fragile expansionary periods.

## Is Income Inequality Increasing?

Several institutions, including the Organisation for Economic Co-operation and Development (OECD), the Congressional Budget Office (CBO), and the International Monetary Fund (IMF), have published studies showing that income inequality has been increasing for the past several decades (3). According to a 2011 review by the OECD, the average income of the richest 10% of the population is nine times that of the poorest 10%--in other words, a ratio of 9-to-1. The U.S. ratio is much higher, at 14-to-1 (4). The U.S. Gini coefficient, after taxes, has increased by more than 20% from 1979--to 0.434 in 2010 (see chart 1).



HOUSE_OVERSIGHT_025766

**Chart 1**

**The Distribution Of Household Income Has Become More Concentrated Over Time**

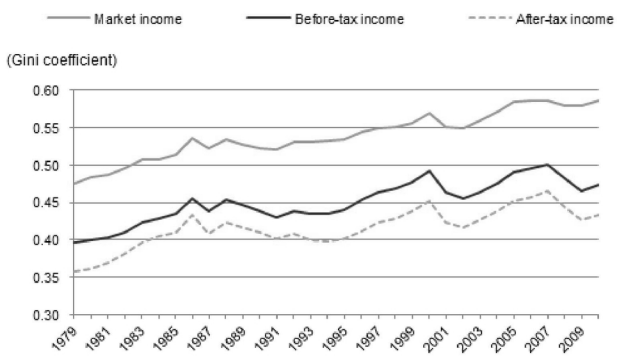


Source: Congressional Budget Office. Note: See Glossary of Relevant Terms for definition of Gini coefficient.

© Standard & Poor's 2014.

Although a 2011 CBO report demonstrated that real net average U.S. household income grew 62% from 1979-2007, household income growth was much more rapid at the higher end of the income scale than at the middle and lower end. Revisiting the issue in 2013, the CBO showed that after-tax average income soared 15.1% for the top 1% from 2009 to 2010--but grew by less than 1% for the bottom 90% over the same time period, and fell for many income groups (5). Additionally, although the Census Bureau estimates that real mean household income increased 0.2% in 2011 and 2012, it declined for all groups other than those in the top fifth of earners (6).

This concentration of household income follows a long period in which income concentration remained relatively flat. Using U.S. tax returns, economists Thomas Piketty and Emmanuel Saez found that income concentration dropped dramatically following both World Wars and was roughly unchanged for the next few decades (7). It started climbing again in 1975, reaching pre-World War I levels by 2000--and Saez later observed that U.S. income inequality has now reached levels not seen since 1928 (8). In both cases, a similar pattern was in evidence--a boom in the financial sector, over-leveraged lower-income households, a massive, systemic financial crash--and the two worst economic slumps in U.S. history, the Great Depression and Great Recession, followed.



HOUSE_OVERSIGHT_025767

## When Ends Don't Meet

A few factors help explain the concentration within so-called "market income," which consists of labor income (wages and salaries, plus employer-paid benefits), capital income (excluding capital gains), business income, capital gains, and other income--all before government taxes and transfers (see Glossary for full definition).

The first reason is relatively simple: All these sources of income are less evenly distributed now than a few decades ago. In 1979, the bottom four-fifths of the income spectrum earned nearly 60% of total labor income, about 33% of income from capital and business, and about 8% from capital gains. By 2007, the bottom four-fifths share of labor income had dropped to less than 50%, income from capital and business had decreased to 20%, and capital gains fell to about 5%. In other words, all sources of income were less evenly distributed in 2007 than in 1979 (9).

Some point to the "superstar status" effect, with professional athletes and movie actors enjoying astronomical increases in earnings in the past few decades, helped by technological innovation that broadened their reach across global markets and a "winner take all" phenomenon.

Another "superstar" is the "super managers." Piketty argues that the "primary reason for increased income inequality in recent decades is the rise of the super managers in both the financial and nonfinancial sectors," finding that about 70% of the increase in income going to the top 0.1% from 1979 to 2005 came from increasing pay for those professionals (10). Other studies show that, since the 1990s, deregulation, corporate governance, and a greater reliance on equity options in executive compensation contributed to the compensation gap (11).

Another explanation of market income concentration is technological innovation. This phenomenon boosted the value of high-skill workers, enhancing their productivity and growth, while rendering some low-skill workers superfluous. As automation and production efficiencies have reduced the need for labor in mid-level professional or service jobs, wages have fallen, and occupations requiring a college degree typically offer double the salary of those requiring a high school diploma or less.

Other arguments suggest international trade and increased immigration--as well as the decrease in unionization--may also dampen wages of domestic workers. However, research on the trade effect has been inconclusive, while the impact from increased immigration on domestic wages has been modest (see "Adding Skilled Labor To America's Melting Pot Would Heat Up U.S. Economic Growth," published March 19, 2014, on RatingsDirect) (12). Meanwhile, some research has shown that the sharp decline in the unionization in the country, especially in the 1980s, has had a small but measurable impact on the overall increase in inequality for men over the last few decades (13).

The juxtaposition of slow or stagnant federal minimum wage growth and soaring compensation at the higher end of the labor income scale is another factor to consider. The minimum wage, which has held at $7.25 an hour since July 2009, has suffered a decline in purchasing power for almost half a century--peaking in 1968, when it was at $1.60, or just shy of $11 in today's money.



HOUSE_OVERSIGHT_025768

## Not Just The Fruits Of Our Labor

Though the share of income from labor and capital, excluding capital gains, has decreased, the share coming from capital gains and business income has increased over time. In particular, inherited wealth has increased since the World Wars and the Great Depression, as Thomas Piketty has shown (14), and with it the earnings from that wealth. This trend is important because labor income tends to be distributed across income levels more evenly than capital gains--so a shift in income composition can significantly affect inequality.

While labor income accounted for nearly three-fourths of market income from 1979-2007, that figure had dropped to two-thirds by 2007. Capital income (excluding capital gains) is the next largest source, but even at its 1981 peak, it represented only 14% of market income before falling to about 10% of total income in 2007. Conversely, income from capital gains rose, doubling to approximately 8% of market income in 2007 from about 4% in 1979. Business income and income from other sources (primarily private pensions) each accounted for about 7% of total income in 2007, up from about 4% each.

In addition, capital income has become increasingly concentrated since the early 1990s--and, despite declines in 2001 and 2002, concentration spiked from 2003 through 2007, with more than 80% of the capital gains realized by the top 5% of earners going to the top 1% alone (15). Capital gains also have become increasingly concentrated and are tied with business income as the most concentrated income source.

## The Impact Of Government Policy

Government policies on taxation and government transfers, such as Social Security and Medicare, have done little to reduce income inequality--and may have contributed to a further widening of the gap.

Because government transfers and federal taxes are progressive, the distribution of net household income (after transfers and federal taxes) is more evenly balanced than the distribution of market income. That said, at the federal level, the equalizing effect of transfers and taxes on household income was smaller in 2007 than it had been in 1979. The CBO estimates that the dispersion of market income grew by about one-quarter from 1979-2007, but the dispersion of after-tax income grew by about one-third (16). The distribution of after-tax income in 2010 became slightly more even among different groups than before-tax income, though the dispersion of after-tax income in 2010 remained wider than in 1979 (see chart 2) (17).



HOUSE_OVERSIGHT_025769

**Chart 2**

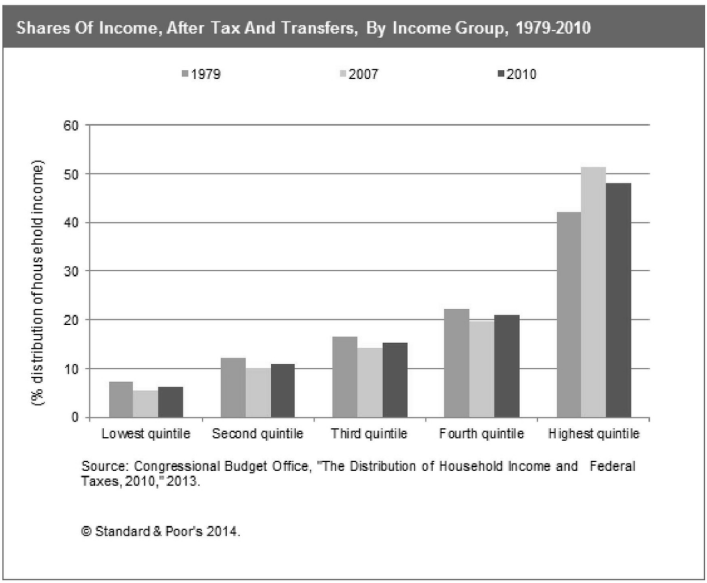


While the size of transfer payments rose by a small amount from 1979-2010, the distribution of transfers shifted away from households in the lower part of the income scale. The bottom 20% of households received only 36% of transfer payments in 2010, after receiving 54% in 1979 (18). This was largely because of the growth in spending on programs for the elderly (such as Social Security and Medicare), and benefits of these programs aren't limited to low-income households. Benefits for other programs that largely benefit the poor were also reduced (19). In addition, tax expenditures mostly benefit the affluent: Tax credits and tax deductions benefit those more at higher tax rates.

Changes in federal government tax policy have also exacerbated income inequality in recent decades (20). According to the CBO, the average rate for each income group in 2012 was below the rate that prevailed for that group in the 1990s and most of the 2000s even with the increases in average federal tax rates in 2010 (21). Indeed, the federal income tax rate for the top income earners fell to 35% in 2012 from 70% in 1979, while the government didn't reduce the payroll tax rate until the temporary Payroll Tax Holiday of 2010 (22). Keep in mind that the payroll tax that funds Social Security is levied on pay below a certain threshold ($117,000 this year). In practice, this means that those earning less than the cap pay a higher rate of Social Security tax than those who earn more than the cap. So, the composition of federal revenues has shifted away from progressive income taxes to less-progressive payroll taxes, and income taxes have become slightly more concentrated at the higher end of the income scale.



HOUSE_OVERSIGHT_025770

Increasing income inequality also poses a risk to certain states' finances, given the correlation between income inequality and revenue volatility in the slow growth after the Great Recession. According to Gabriel Petek, credit analyst at Standard & Poor's, the volatility of tax revenue seems to be increasing despite the states' less-progressive tax structures--suggesting that income inequality as a macroeconomic issue can translate to credit implications for states.

## Undereducated Workers: Both Today's And Tomorrow's

Technological achievement has saved us time and reconfigured our daily routines, allowing us to focus on our own skills and boosting productivity and growth. These advances are naturally disruptive in the beginning as workers adjust; that disruption becomes alarming when people don't have the means to adapt, making a lasting impact on career development.

Although the U.S. has been fairly quick to adapt in the past, today's workers have been left behind by technological change. Indeed, while recent advances now require many workers to have graduated from college, the supply of college-educated workers hasn't kept up with demand--and even the fraction of high school graduates has stopped climbing.

This education gap is a main reason for the growing income divide, and it affects both wages and net worth. From a wage perspective, occupations that typically require postsecondary education generally paid much higher median wages ($57,770 in 2012)--more than double those occupations that typically require a high school diploma or less ($27,670 in 2012). Further, those with a bachelor's degree had a median net worth value nearly twice that of people with a high-school diploma in 1998--climbing to almost 3.5 times greater by 2010 (see chart 3) (23). This difference is even greater higher up the educational ladder.



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**Chart 3**

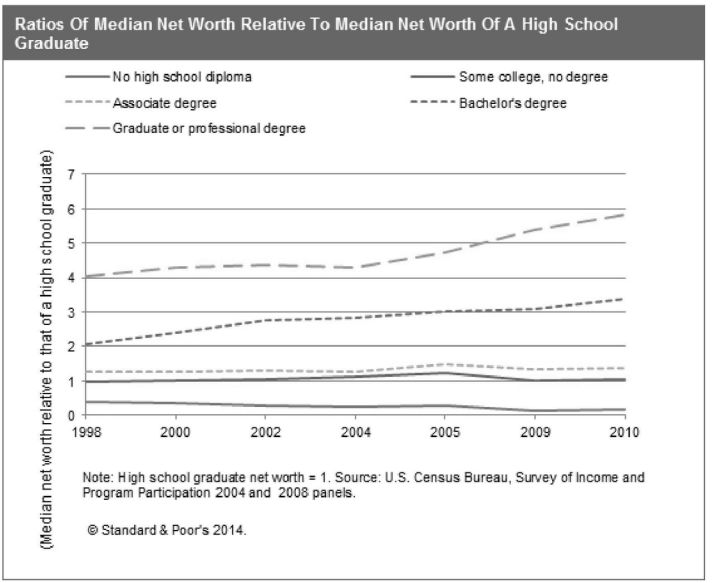


Harvard professors Claudia Goldin and Lawrence Katz argue that, rather than technology picking up speed, the reduced supply of educated workers is the key factor explaining the education gap, finding that between 1980 and 2005 the pace of the increase in educational attainment slowed dramatically. In 1980, Americans age 30 years or older had 4.7 years more schooling on average than Americans in 1930--but Americans in 2005 had only 0.8 years more schooling on average than Americans in 1980 (24). Based on this data, it would appear the problem isn't that technology has leaped ahead--rather, the supply of educated workers has stalled.

The impact of income inequality on future generations of qualified workers is particularly disconcerting. Michael Greenstone, Adam Looney, Jeremy Patashnik, and Muxin Yu (Hamilton Project-Brookings) examined the effect that the income divide in the U.S. could have on the future upward mobility of the country's children (25). They found that investments in education and skills, traits that increasingly decide job market success, are becoming more stratified by family income, threatening the earning potential of the youngest Americans.

These researchers note that, although cognitive tests of ability show little difference between children of high- and low-income parents in the first years of their lives, "large and persistent" differences start to appear before kindergarten and widen throughout high school (26). Indeed, researchers have found that the gap in test results of children from families at the 90th income percentile versus children of families at the 10th percentile has grown by about 40% over



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the past 30 years (27).

Not surprisingly, these differences persist into college and beyond. While there is a 45% chance that a child born into a poor family will remain there as an adult, chances of staying poor drops to 16% if that child finishes college (see chart 4). A child born into the bottom 20% will only have a 5% chance of reaching the top 20% of income earners as adults. But that increases to 19% if they earn a college degree.

**Chart 4**

**For The Poor, Little Chance Of Breaking Into The Upper End Of The Income Range Without A College Degree**

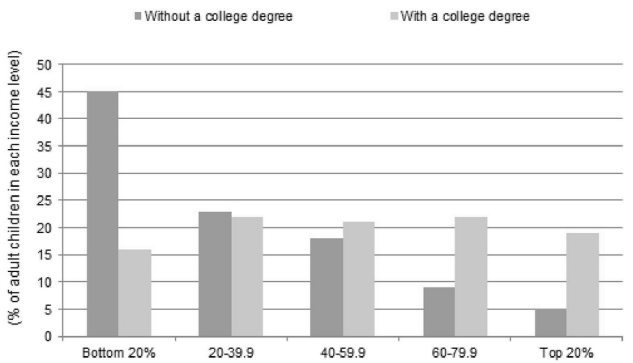


Note: Calculations are based on the PSID, which compares children's adult income at roughly age forty with that of their parents at about same age. Source: Haskins, Ron. "Education and Economic Mobility" 2008.

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However, college graduation rates have stagnated for low-income students, in sharp contrast with strong gains for wealthy students. While college graduation rates increased by about 4 percentage points between those born in the early 1960s and those born in the early 1980s for the poorest households, the graduation rate for the wealthiest households increased by almost 20 percentage points over the same period (28). These trends likely feed into the income potential for kids as they grew older, with children of well-off families much more likely to stay well-off and the children of poor families disproportionately likely to remain poor.

Given that education--particularly a college degree--is so important in a jobs market that increasingly demands a more educated workforce, these trends are disturbing. The findings suggest that last generation's inequalities will extend into the next generation, with diminished opportunities for upward social mobility. Moreover, the U.S. is losing the



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potential addition to growth of a worker who has reached his or her full potential.

The pace of U.S. education is also falling behind its peers (see chart 5). Approximately 43% of Americans aged 25-34 had a college degree in 2011, compared with more than half of people the same age in Canada, Japan, and Korea. Moreover, the proportion of degree holders among Americans aged 25-34 is virtually the same as that among those 55-64, meaning that graduation rates haven't changed much--a sharp contrast with the OECD average and a number of other countries, where graduation rates have increased significantly. As today's U.S. educational attainment slips behind other countries, the U.S.' ability to remain economically competitive in the international market is threatened.

**Chart 5**

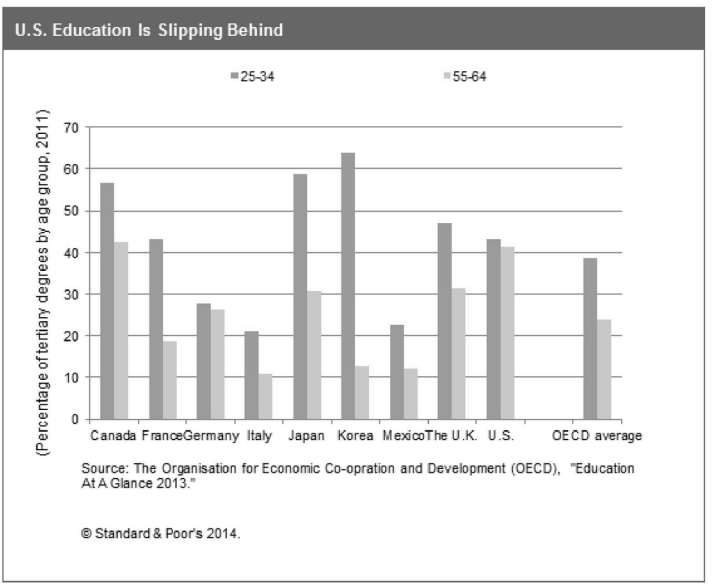


What if, instead, we broke that cycle? What if the supply of educated workers picked up its pace, and, more or less, kept up with technological changes? The U.S. has been no stranger to this in the past. In the early part of this century, technological advancements were accompanied by an education boom (29). What would be the impact to the economy and to people's pocketbooks if the U.S. workforce's pace of education were to reach rates of education seen 50 years ago? That was when the American workforce gained a year of education from 1960 to 1965, which is a bit stronger than the period from 1950 to 1980, where they gained an average of about eight months of education every five years (30). In this scenario, the U.S. would add another year of education to the American workforce. U.S. potential GDP would likely be $525 billion, or 2.4% higher in five years than in the baseline (see chart 6). If education



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levels were increasing at the rate they were 15 years ago, the level of potential GDP would be 1%, or $185 billion higher in five years. A more educated workforce would benefit from higher wages. While the increased supply of people with advanced degrees may initially slow wage gains for jobs requiring an advanced degree, a stronger economy would help support higher incomes for all and help government budgets.

**Chart 6**

**Education Improves U.S. Potential Growth**

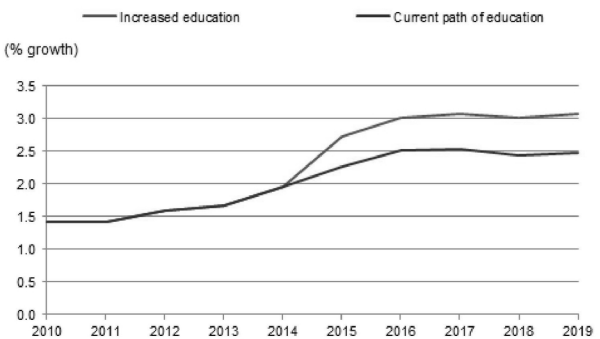


Sources: Barro, Robert and Jong-Wha Lee, "A New Data Set of Educational Attainment in the World, 1950-2010." Journal of Development Economics, vol. 104, pp.184-198; Oxford Economics; and Standard & Poor's Ratings Economics' Estimates.

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Historically, data at the state level support these results. States with a well-educated workforce are high-wage states. A clear and strong correlation exists between the educational attainment of a state's workforce and median wages in the state, with more educated individuals more likely to participate in the job market and earn more, and less likely to be unemployed (31). The unemployment rate for people 25 years old and older with a college degree was 3.3% in June 2014, which is one-third of the unemployment rate of those with less than a high school degree.

Education is an investment in the health and livelihood of future generations, with greater parent education positively correlated to a child's health, cognitive abilities, academic achievement, and future economic opportunities. Education not only benefits workers today, but also children tomorrow.

With evidence indicating that a well-educated U.S. workforce is not just good for today's workers and their children but also for the economy's potential long-term growth rate and government balance sheets, what do we need to do to get



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there? This will likely require some investment in the human capital of the U.S. workforce, today and tomorrow. But studies have indicated that the benefits greatly outweigh the costs. Researchers estimate that, depending on the exact program, $1,000 in college aid results in a 3- to 6-percentage-point increase in college enrollment, with the total cost in aid averaging $20,000 to $30,000 to send one student to college (32). Given a college graduate is expected to earn about $30,000 more per year than a high school graduate over the course of their life, the benefits outweigh the costs. It also this means more tax revenue from higher income than otherwise would have been the case.

Other new low-cost interventions, like simpler financial aid applications, more outreach about financial aid options that are available to students from low-income households, as well as offering college mentors to students, could help send more kids to school and encourage them to stay once they get there (33). Indeed, while the sticker price of a college degree is high, according to the College Board in 2012, the actual price paid after financial aid is often lower. That may be enough to encourage more low-income families to enroll.

While most agree that increasing college graduation rates would be a boon for economic growth, what about education before college? Goldin and Katz argue that the U.S. had "pioneered" free and accessible elementary education for most of its citizens and extended its lead into high school education when other countries were introducing mass elementary school education (34). After World War II, U.S. universities were known to be the best in the world. But by the early 1970s, Golden and Katz note that high school graduation rates plateaued and have been relatively flat for more than three decades, and college graduation rates slid backwards. That educational slowdown is likely the most important reason for increased education wage differentials since 1980 and is a major contributor to income inequality today.

Even if the U.S. government offers financial aid for college, many high school graduates aren't prepared for the rigors of university education. The 2003 Program for International Assessment (PISA), for one, showed U.S. 15-year-olds to be substantially below the OECD average in mathematics literacy, problem solving, and scientific literacy (35).

Increasing aptitude in early education has been discussed in a number of studies. Most point to increasing the quality of K-12 education to improve high school graduation rates and postsecondary education (36). Some have argued that inadequate investments by states and local governments in education have weakened the ability of a state to develop, grow, and attract businesses that offer high-skilled, high-wage jobs (37). The Brookings Institution has found that a high-quality universal preschool program, costing about $59 billion, could add $2 trillion in annual U.S. GDP by 2080. This additional growth would generate enough federal revenue to easily cover its costs several times over (38). However, the authors note that it is difficult to win support for a short-term investment, like preschool programs, given the long-term nature of its benefits to the economy.

## Catching Up With The Joneses

As income inequality increased before the crisis, less affluent households took on more and more debt to keep up--or, in this case, catch up--with the Joneses, first by purchasing a new home. Further, when home prices climbed, these households were willing to borrow against their newfound equity--and financial institutions were increasingly willing to help them do so, despite slow income growth. A number of economists have pointed to ways in which this trend may



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have harmed the U.S. economy.

Professor of Public Policy at U.S. Berkeley Robert Reich argues that increased inequality has reduced overall aggregate demand. He observes that high-income households have a lower marginal propensity to consume (MPC) out of income than other households, and they're currently holding a bigger slice of the economic pie. Research by economists Atif Mian, Kamalesh Rao, and Amir Sufi backed that up, finding the MPC for households with an average annual income of less than $35,000 to be three times larger than the MPC for households with average income over $200,000 (39). Mian and Sufi also found that, as home values increased between 2002 and 2006, low-income households very aggressively borrowed and spent (possibly borrowing on increased home equity)--while high-income households were less responsive. Unsurprisingly, when housing wealth declined, the cutback on spending for low-income households was twice as large as that for rich households (40).

Mian and Sufi further used ZIP codes to locate areas with disproportionately large numbers of subprime borrowers (those with low incomes and credit ratings) and found that these ZIP codes experienced growth in borrowing between 2002 and 2005 that was more than twice as high as in ZIP codes with wealthy "prime" borrowers (41). They also found that ZIP codes with lower income growth received more mortgage loans during that time period, supporting the notion that government policy targeting low-income groups increased lending to the less well-off. After 2006, the subprime ZIP codes experienced an increase in default rates three times that of prime ZIP codes.

Raghuram Rajan claims that, while high-income individuals saved, low-income individuals borrowed beyond their means in order to sustain their consumption, and that this overleveraging, as a result of increased inequality, was a significant cause of the financial crisis in 2008 (42). An IMF paper by Michael Kumhof and Romain Ranciere also details the mechanisms that may have linked income distribution and financial excess and have suggested that these same factors were likely at play in both the Great Depression and Great Recession (43).

Unfortunately, coming back from the Great Recession appears to be taking longer than many had hoped. With a postrecession annual growth rate of 2.2%, our recovery is not even half the historical average annual growth of 4.6% for other recoveries going back to 1959. This is not a complete surprise, given that financial crises are often followed by prolonged recessions and a long bout of subpar growth--thanks in part to the deleveraging that comes as people try to repair their finances.

Indeed, during the recession, the consumption-to-income ratio of the bottom 95% of earners fell sharply, as banks and other lenders imposed tighter borrowing constraints, according to a study by Barry Z. Cynamon and Stephen M. Fazzari (44). Though the consumption-to-income ratio of the top 5% rose, this increase was not enough to offset inadequate demand coming from the bottom 95%. That makes sense. Between 2007 and 2010, the average U.S. household lost 39.6%, or about 18 years' worth, of their net wealth in the three years when the recession started in 2007 to the early recovery in 2010. The middle class lost over 40% of their wealth in just three years, while the top 10% of income earners actually accumulated an additional 2% to their wealth (see chart 7). Corporations that have been reluctant to invest or to cut prices to gain market share because of distorted incentives to seek short-term stock market gains have also depressed demand, according to Andrew Smithers (45). These two factors go a long way to explain why the recent recovery has been subpar in comparison with other postrecessionary periods.



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**Chart 7**

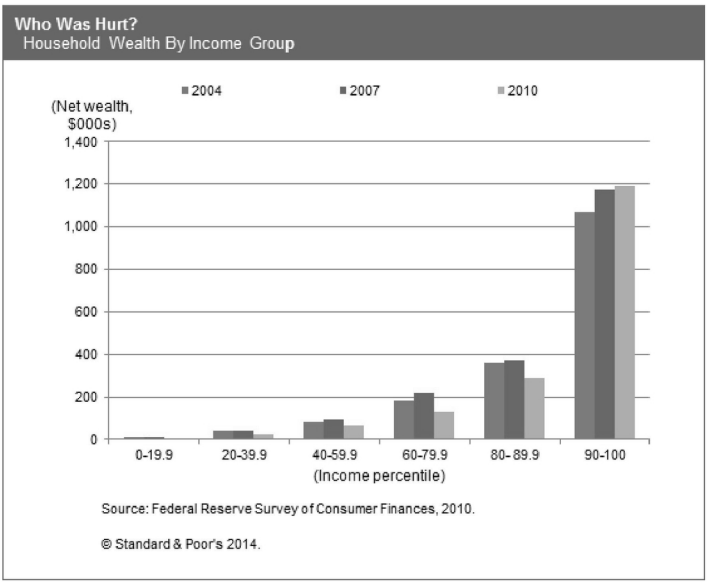


Indeed, economist Robert E. Hall, a senior fellow at Stanford University's Hoover Institution, laments that "the years since 2007 have been a macroeconomic disaster for the United States of an unprecedented magnitude since the Great Depression," noting that U.S. economic output in 2013 was 13% below what the precrisis trend has predicted (46). He is skeptical that a sudden surge in output will help the economy recover the ground it lost. Rather, a possible scenario would be a gradual return to a precrisis growth rate, which leaves the U.S. permanently below the level of output that precrisis trends had suggested.

Indeed, while Standard & Poor's is expecting the annual real growth rate to climb above the 3% mark in 2015. That will be the first time since 2005 and comes after another year of subpar growth of just 2.0% expected for 2014. The U.S. already has averaged a mere 1.4% over the last 10 years, through 2013. After expecting to see that long-awaited burst of growth in 2014 of 3% at the beginning of the year, we have reduced our expectations for GDP growth back to that 2% mark once again. We now expect the 10-year average annual growth to be about 2.5% though 2024. To put that in perspective, five years ago, we forecasted the 10-year average annual growth rate to be 2.8%, with all yearly rates much higher than the 2% mark.



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## Secular Stagnation

The Fed's expectation for long-run U.S. economic growth has drifted down even more than our forecasts. Five years ago, the Fed expected to see the economy ambling along at a respectable 2.65% annual pace over the long run. By June, the Fed's expectation for long-run growth in the U.S. had dropped to 2.2% (central tendency was 2.1% to 2.3%).

The IMF and CBO have also lowered their long-term growth projections. Last month, the IMF lowered its long-run growth forecast for the U.S. to about 2% (47). The CBO now projects that real (inflation-adjusted) GDP will increase at an average annual rate of 2.3% over the next 25 years, compared with 3.1% during 1970–2007.

Aside from the fact that there are different Federal Open Market Committee participants now than before, the Fed's reasons for lowering its expectations for long-term growth are likely similar to concerns that the IMF and CBO raised, including the effects of an aging population on the economy and more modest prospects for productivity growth. The CBO also noted that in addition to the retirement of the baby-boom generation, the declining birth rates and leveling off of increases in women's participation in the work force also helped slow the growth of the labor force.

In this light, former Secretary of the Treasury Lawrence Summers has said that the U.S. may be mired in a period of slow growth, marked by only marginal increases in the size of the workforce and small gains in productivity--what he called "secular stagnation" (48). This refers to an economic era of persistently insufficient economic demand relative to the aggregate saving of households and corporations. Here, the U.S. may be stuck in a long-run equilibrium where real interest rates need to be negative to generate adequate demand. Without that, the U.S. slides into economic stagnation. While specific causes of secular stagnation are still uncertain, possible reasons include slower population growth, an aging population, globalization, and technological changes. An increasingly unequal distribution of income and wealth is also cited as a contributing factor. Disparate income growth is important because those at the top of the distribution have a higher savings rate. Since income that is put into savings is not spent, it undercuts the overall level of economic activity that takes place. Mian and Sufi emphasize the role of income inequality and how recent years seem to suggest the only way the economy is capable of generating faster economic growth is by being juiced with more aggressive credit expansion, which does not last (49).

Unfortunately, the move toward low-paying jobs has continued unabated. In the past four years since the outset of the U.S. economic recovery, job gains have come mainly in low-paying positions, according to the National Employment Law Project, an advocacy group for low-income workers. While 22% of job losses during the recession were in lower-wage industries, 44% of employment growth in the past four years has come in this group--meaning that, today, lower-wage industries employ 1.85 million more Americans than before the downturn. And often these low-wage jobs have less access to benefits, such as private health insurance, pensions, and paid leave, compared with their higher-paying brethren (50). Considering the Bureau of Labor Statistics' forecasts that low-paying jobs will dominate employment gains for the next decade, it seems clear that labor-income disparity will continue to widen.



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## Not Just A Problem For The Poor

Do societies inevitably face a choice between efficient production and the equitable distribution of income? According to IMF economists Andrew Berg, Jonathan Ostry, and Jeromin Zettelmeyer, the answer is no. They argue that the empirical literature on growth and inequality using long-run average growth may have missed how income distribution is tied to abrupt ends in growth.

Their work examined growth over a long time horizon, between 1950 and 2006, focusing on the duration of growth spells, and showed that there may be no trade-off between efficiency and equality (51). In fact, they posited that equality could be an important component of sustained growth, observing that the level of inequality may be the key difference between countries that enjoy extended, rapid expansion and those whose growth spurts quickly dissipate. In short, promoting greater equality may also improve efficiency in the form of more sustainable long-run growth.

Of the number of variables associated with longer growth spells, income inequality's relationship with the duration of growth spells was the strongest (see chart 8). They found that a 10% decrease in inequality (a change in the Gini coefficient to 0.37 from 0.40) increases the expected length of a growth spell by 50%.

**Chart 8**

**Income Distribution Has A Stronger Impact On How Long Growth Lasts Than Other Factors**

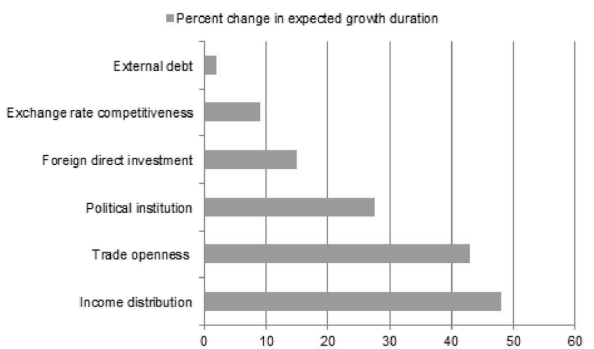


Note: See Glossary of Relevant Terms for details on authors' calculations. Source: Berg and Ostry, "Equality and Efficiency", September 2011.

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Meanwhile, the experiences of developing and emerging economies suggest that igniting growth is less difficult than sustaining it (52). Even the poorest of countries have managed to expand their economies for several years--only for growth to falter.

Berg and Ostry found that income inequality is the single most important factor in determining which countries can sustain economic growth. Using the GINI coefficient--which ranges from 0 to 1.0--they measured the extent to which economic growth falls as inequality rises. A country in which everyone earns exactly the same would have a score of 0, while a society in which one person owned everything would have a score of 1.0. Berg and Ostry saw that a GINI coefficient of higher than 0.45 could weigh on growth. Although correlation is not causation, we note that, based on after-tax income, the U.S. economy scored 0.434 on the GINI scale in 2010, according to the CBO, placing it near that threshold (53).

To be sure, it seems counterintuitive that inequality is associated with less-sustainable growth, since some inequality, by providing incentives to effort and entrepreneurship, may be essential to a functioning market economy. But beyond the risk that inequality may heighten the susceptibility of an economy to booms and busts, it may also spur political instability--thus discouraging investment. Inequality may make it harder for governments to enact policies to prevent--or soften--shocks, such as raising taxes or cutting public spending to avoid a debt crisis. The affluent may exercise disproportionate influence on the political process, or the needs of the less affluent may grow so severe as to make additional cuts to fiscal stabilizers that operate automatically in a downturn politically unviable.

## Striking A Palatable Balance

The discussion about income inequality is hardly new, and contrary opinions abound. In his influential 1975 book "Equality and Efficiency: The Big Tradeoff," economist Arthur Okun argued that pursuing equality can reduce efficiency. He claimed that not only would more equal income distribution reduce work and investment incentives, but the efforts to redistribute wealth--through, for example, taxes and minimum wages--can themselves be costly (54).

Of course, income inequality in the U.S. was much less 40 years ago. Kristin Forbes found that, in the short- and medium-terms over a few years, an increase in income inequality has a significant positive relationship with economic expansion (55). But Forbes also found that the relationship was weakened (or could turn negative) when she increased the length of the growth spells. And a World Bank study later found that the positive effect on growth was almost exclusively reserved for the top end of the income distribution (56).

Income inequality can contribute to economic growth, and a degree of inequality is a necessary part of what keeps any market economic engine operating on all cylinders. Indeed, a degree of inequality is to be expected in any market economy, given differences in "initial endowments" (of wealth and ability), the differential market returns to investments in human capital and entrepreneurial activities, and the effect of luck.

However, too much of the focus in the debate about inequality has been on the top earners, rather than on how to lift a significant portion of the population out of poverty--which would be a good thing for the economy. And though extreme inequality can impair economic growth, badly designed and implemented efforts to reverse this trend could also undermine growth, hurting the very people such policies are meant to help (57).



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There is no shortage of proposals for tackling extreme income inequality. President Obama has proposed an increase in the hourly minimum wage to $10.10 from the current rate of $7.25, and the IMF recently called on lawmakers to boost the wage (though it refrained from suggesting a specific level). Managing Director Christine Lagarde said that doing so would help raise the incomes of millions of poor and working-class Americans and "would be helpful from a macroeconomic point of view" (58).

An increase in the minimum wage would certainly carry with it short-term impacts, likely bringing 900,000 people above the poverty line in the second half of 2016--and, according to the CBO, lifting wages for 24 million workers at the next level above minimum wage. Fewer American households at or below the poverty line would also help bolster government balance sheets and likely improve state and local credit conditions.

But raising the minimum wage is not without negative consequences. Reduced labor demands resulting from higher wages could reduce potential hires by 500,000 jobs, according to CBO estimates (59). Further, while 49% of those workers making the minimum wage are under age 25, the CATO Institute reports that, of older workers (the other half of minimum wage earners), 29.2% live in poverty and 46.2% live near the poverty level, with family incomes less than 1.5 times the poverty line (60).

Apart from minimum wage discussions, a recent report from the OECD suggested that carried interest--the share of profits that money managers take in from an investment or fund--should be taxed as regular income rather than as returns on investment. Ian Ayres, professor of law at Yale, and Aaron S. Edlin, professor of law and economics at the University of California, Berkley, proposed an automatic extra tax, the so-called Brandeis tax, on the income of the top 1% of earners that would limit the after-tax incomes relative to median household income (61).

Warren Buffett, the chairman and chief executive of Berkshire Hathaway, who consistently ranks among the world's wealthiest people, has long argued along similar lines. He claimed that his 2010 federal tax bill--income taxes and payroll taxes--amounted to 17.4% of his taxable income (62). That, he wrote, was the lowest percentage of any of the other 20 people in his office, whose tax burdens were between 33% and 41% and averaged 36%.

Meanwhile, two Democratic California legislators--Loni Hancock and Mark DeSaulnier--have proposed tying the state's corporate income tax to the ratio of CEO-to-worker pay--a sliding scale in which a company's tax bill could shrink along with the gap in pay between executives and workers. The change would trim a company's tax rate for any corporation in which the chief executive makes less than a hundred times what the median worker earns.

Any clear-headed consideration of these options must recognize that heavy taxation--solely to reduce wage inequality--could do more damage than good. While the IMF studies found that some redistribution appears benign, extreme cases may have a direct negative effect on growth. Heavy taxation solely to equalize wages may reduce incentives to work or hire more workers. A number of studies have indicated that losses from redistribution are likely to be minimal when tax rates are low but rise steeply with the tax or subsidy rate (63).

IMF authors Ostry, Berg, and Tsangarides note that "redistribution need not be inherently detrimental to growth, to the degree that it involves reducing tax expenditures or loopholes that benefit the rich or as part of broader tax reforms (such as higher inheritance taxes offset by lower taxes on labor income)" (63). Moreover, redistribution can also occur when taxes finance public investment, or spending on health and education disproportionately benefits the poor, which



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help offset the growing divide in educational opportunities and outcomes, broadening the pathways for our future leaders, to the benefit of all.

That said, some degree of rebalancing--along with spending in the areas of education, health care, and infrastructure, for example--could help bring under control an income gap that, at its current level, threatens the stability of an economy still struggling to recover. This could take the form of reallocating fiscal resources toward those with a greater propensity to spend, or toward badly needed public resources like roads, ports, and transit. Further, policies that foster job-rich recoveries may help make growth more sustainable, especially given that rising unemployment correlates with rising income concentration. Additionally, effective investments in health and education promote durable growth and equity, strengthening the labor force's capacity to cope with new technologies.

The challenge now is to find a path toward more sustainable growth, an essential part of which, in our view, is pulling more Americans out of poverty and bolstering the purchasing power of the middle class. A rising tide lifts all boats…but a lifeboat carrying a few, surrounded by many treading water, risks capsizing.

Writer: Joe Maguire

## Glossary Of Relevant Terms

### Market income

Based on CBO analysis, market income includes the following components:

- Labor income: cash wages and salaries (including 401(k) plans), employer-paid health insurance premiums, and the employer's share of Social Security, Medicare, and federal unemployment insurance payroll taxes.
- Business income: net income from businesses and farms operated solely by their owners, partnership income, and income from S corporations.
- Capital gains: profits realized from the sale of assets. Increases in the value of assets that have not been realized through sales are not included in market income.
- Capital income (excluding capital gains): taxable and tax-exempt interest, dividends paid by corporations (excluding S corporations), positive rental income, and corporate income taxes. The CBO assumes that corporate income taxes are borne by owners of capital in proportion to their income from capital, so the corporate tax is included in household income before taxes.
- Other income: retirement income for past services and any other sources of income.

### Transfer income

Transfer income includes cash payments from Social Security, unemployment insurance, Supplemental Security Income, Aid to Families with Dependent Children, Temporary Assistance for Needy Families, veterans' benefits, workers' compensation, and state and local government assistance programs, as well as the value of in-kind benefits, including food stamps, school lunches and breakfasts, housing assistance, energy assistance, Medicare, Medicaid, and the Children's Health Insurance Program (health benefits are measured as the fungible value, a Census Bureau estimate of the value to recipients).



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### After-tax income

After-tax income is equal to market income plus transfer income minus federal taxes paid. In assessing the impact of various taxes, individual income taxes are allocated directly to households paying those taxes. Social insurance, or payroll, taxes are allocated to households paying those taxes directly or paying them indirectly through their employers. Corporate income taxes are allocated to households according to their share of capital income. Federal excise taxes are allocated to households according to their consumption of the taxed good or service.

Average tax rates are calculated by dividing federal taxes paid by the sum of market income and transfer income. Negative tax rates result from refundable tax credits, such as the earned income and child tax credits, exceeding the other taxes owed by people in an income group. (Refundable tax credits are not limited to the amount of income tax owed before they are applied.)

### The Gini Index

The Gini Index is a measure of income inequality based on the relationship between shares of income and shares of the population. It is a value between 0 and 1.0, with 0 indicating complete equality and 1.0 indicating complete inequality (in which one household receives all the income). A Gini Index that increases over time indicates rising income dispersion.

### Chart 8 details

Data from Berg, Ostry, and Zettelmeyer (2008).

Authors' calculations: The height of each factor represents the percentage change in a growth spell between 1950 and 2006 when the factor moves from the 50th percentile to the 60th percentile and all other factors are held constant. Income distribution uses the Gini coefficient. The political institutions factor is based on an index from the Polity IV Project database that ranges from +10 for the most open and democratic societies to –10 for the most closed and autocratic. Trade openness measures the effect of changes in trade liberalization on year-to-year growth. Exchange-rate competitiveness is calculated as the deviation of an exchange rate from purchasing power parity, adjusted for per capita income.

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HOUSE_OVERSIGHT_025784

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**From:** Tonja Haddad Coleman [redacted]
**Sent:** 1/29/2015 8:33:35 PM
**To:** Darren Indyke [redacted]; jeevacation@gmail.com; Jack Goldberger <[redacted]> [redacted]) [redacted]
**Subject:** FW: National Enquirer Comment Request Re: Jeffrey Epstein

**Importance:** High


Tonja Haddad Coleman, Esq.
**TONJA HADDAD, P.A.**
**Advocate Building**
**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted]



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**From:** Gonzalez, Patricia [redacted]
**Sent:** Thursday, January 29, 2015 3:29 PM
**To:** Tonja Haddad Coleman
**Cc:** Cartwright, Lachlan
**Subject:** National Enquirer Comment Request Re: Jeffrey Epstein
**Importance:** High

Tonja--

The National ENQUIRER is preparing to publish a story that Bill Clinton used a private "orgy" jet to travel to Brunei for an extraordinary dinner with a royal accused of duping American women into "white slavery."

The ENQUIRER will report that Bill was accompanied by the 727's owner, billionaire pedophile Jeffrey Epstein, when he landed in the tiny South-East Asian country on May 25, 2002. His entourage also included two women who allegedly worked as "madams" for Epstein, luring teenaged girls into sex trysts with the tycoon and his powerful and famous friends.

According to The ENQUIRER's investigation, Bill spent the day playing golf at a seven-star hotel -- and then was invited to dine with Brunei's sultan, Hassanal Bolkiah .....who was charged with holding a deeply-religious Christian beauty queen as a "human chattel." Far from being embarrassed by the ruler's tawdry reputation, moreover, records for Bill's nonprofit foundation reveal that Brunei made a donation towards his Clinton Presidential Library that year of between $1 million and $5 million.

Please kindly attempt to provide any comment by 4 pm ET tomorrow, Friday January 30th to Lachlan Cartwright, Executive Editor, at [redacted] [Office] or [redacted]

Thank You,
Patricia Gonzalez
The National Enquirer

Office#[redacted]
E-mail: [redacted]

**From**: Quora Digest [digest-noreply@quora.com]
**Sent**: 7/14/2019 7:03:52 PM
**To**: jeevacation@gmail.com
**Subject**: Is Denmark going bankrupt?

Jeffrey's Digest

TOP STORIES FOR YOU

## Is Denmark going bankrupt?

**Erik Callaway**, lives in Denmark (2014-present)
Written Feb 11

If you watch Fox News? Yup. . . Choked under the weight of burdensome taxes, over-regulation, and society's leaches, Denmark is primed to implode.

If you look at any quality...

Read More »

## When my father was 32 I was 9. Now he is twice as old as me. How old am I?

**Parth Parulekar**, Software Engineering Intern at Avalara
Written Tue

You are 23 years old.

To answer this question, you must form the equation below:

$2(9+x) = 32+x$

where x is the number of years passed since the father was 32.

... Read More »

## Why do you think the reason behind Trump abruptly canceling Pence's New Hampshire trip?

**Jill Grant**, voting for over fifty years
Written Jul 6

He wanted Pence in the background for the pictures on July Fourth.

There isn't any other reason unless he's going in for surgery, the New Hampshire police found out at the l...

Read More »

## Do French understand us if we speak French as it's written?

**Eric Dec**, knows French
Written May 25

No, we don't. Because French has too many diphtongs and silent letters.

Try to pronounce *oiseau* (bird) as it's written. It might sound like *oy-see-ay-oo*. But no French speak...

Read More »

## My 10-year-old biological son keeps telling my adopted 12 year old that she's "not really family." I've tried to explain how that upsets her but he doesn't stop. How can make him understand?

**Felicia Marie Hippler**, mother of 3 one with Down Syndrome
Written Jul 5

I was adopted.. I went through this too not just from my sister's but from cousins that were very close in age but my mom always told me something that really stuck with me...

Read More »

## Why is Trump's trade war the wrong way to compete with China?

**Isaac Yeung**, Christian Economist (2008-present)
Written Wed

Donald Trump has a nickname in China, known as Chuan Jian Kuo (川建國). Chuan means Trump. Jian means building. Kuo means the country. While Trump pledges to make America grea...

Read More »

## What are signs of a high IQ in an individual, both positive and negative?

**Michael Wellen**
Written May 11

1. Tendency to jump around in conversation.
2. A certain distance. Like they're not entirely there with you.
3. They collect interesting 'friends'.
4. Kindness....

Read More »

## I heard Israeli satellites orbit Earth in the opposite direction due to various launch restrictions. Does the IDF get any advantages from this?

**Maayan Stern**, lives in Israel (2009-present)
Written May 14

The reason we launch satellites to the west isn't an advantage- in fact, it's a disadvantage because we can't take advantage of the Earth's rotation. We do it because our e...

Read More »

## Why do most of people love Canada but not so many houses and buildings hang the national flag not like the US?

**Ross Driedger**, VP of Technology (2017-present)
Written Jul 2

Driving through the USA, I see an American flag waving in the wind above some random house, then another, and another, and yet another, and so on.

Yes, I know I am in your c...

Read More »

## Is Tinder right for me?

**Tomas Rauhala**, Musician, Bartender, Sound Engineer
Written Jul 4

That depends...

1. Are you a woman? (If you are, go ahead. Women can always score.)
2. If you're a man, are you at least 6 feet tall?
3. If not... Are you unusually good-looking (like a mo...

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**Notes from Aspen Strategy Group**

**US Policy on Arab Revolutions**

TJP summary: Plenty of different opinions on what was done right and wrong. No consensus.

Indyk: syria will spill into Bahrain and KSA (Saudi). We should have moved earlier. KSA is a BFD.
Feaver (ex Bush): BO's obsession w anti Bush (especially wrt Iraq) has unnecessarily limited Administrations ability to engage in Iraq which -as we see now w Syria - is just dumb.
Dannzinger (ex Obama Admin): obama has done a remarkable job and the only way he could have done better is if I had held a senior post in the Administration.
Kahl (ex Obama Admin) : Feaver is living in a fantsy world. BO couldn't make a SOFA deal w NAM. He tried, but we had no leverage and Iraqis wanted to break sense of occupation. So President went to zero based engagement and now wants to build engagement w Iraq from zero base.
Flornoy: Feaver, you make me feel like I lived in a different reality. Did a good job of articulating "lead from behind" strat in Libya. When you consider our national interests in the context of our domestic condition, we did the best we could.
Zelikow: what are the top priorities of admin. Defeat AQ and avoid a "pre mature war w Iran; avoid Iraqi civil war - Iraq is moving troops now to west; manage the hot situations in ME.
Froman: "lead fom behind" is not admin policy. Leverage our resources and those of our allies.
Hadley: now in era of big bets. We need to define our objectives and spot moments when we should lead and take a big bet.
Maghan O: advancing our interests w a Lead from behind or a light handed approach will only work if a numner of assumptions are accurate (eg Muslim Bro will moderate; monarchy -KSA- will self reform). These are big assumptions and therefore using a light hand may fail. Agrees w Hadly that there are times we should take a big bet and Iraq would have been an example of that.
Indyk: we need to engage more in Syria. It is a regional lynch pin and lead from behind won't work.
Feaver: Dannzinger is uncharacteristically wrong. A different approach 4 yrs ago would have left us in better positions in Iran Iraq and Syria.



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**Iraq**

TJP summary: Obama has been unable to find a way to keep a US voice in Iraq. Iraq is a big deal and US has just disappeared. Admin says that NAM (Iraq PM) has kept us out; Bush people say that Obama has walked away.

Maghan O': We should have kept resid force in Iraq. Most important function would have been keeping a healthy tension between the central govt and new institutions. For 10 years Iraq has had a centralized power base. With removal of US, you took away support for new institutions. Iraqis view removal of forces as a sign we don't care.

Jim Steinberg: Could get that done. President was committed to keeping some troops in Iraq and used his leverage to try and get that done. President supported NAM in hopes of getting a new SOFA. Tried everything. We could not deploy forces without deal on immunity. We need to now focus on how can we now engage. This is going to be hard to do without support (financial, security etc.)

MO: President ignored lessons of 2008 SOFA negotiations. There, we got creative on immunity.

JS: NAM said he could do SOFA but couldn't take it to Parliament. We insisted on going to Parliament beacause attys said without that we wouldn't have a binding deal.

MO: Will Iraq hold together? More challenges now that I have seen since 2003, but still more likely than not. NAM is consolidating power in last 9 mos which sends a msg to Kurds that they don't like. If NAM kills democracy, then Kurds



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leave the union. The US should help Turkey and Baghdad resovlve their issues. Portraying Turkey as a model and Iraq as a bad guy is counter productive. Turkey is trying to undermine Shia role in Iraq.

JS: External forces will affect Iraq. We need to keep incentives for all parties to keep country together.

MO: Iraq is most vulnerable to Iran when it is weak and divided and we haven't done enough to help Iraq. Iraqi's are worried that an Assad exit will push Iran to double down on Iraq.

JS: limit Iran's influence on Iraq by isolating Iran in region. Reducing Iran's incluence in region is key. But Iraq also has to get its act together and be more cohesive. President has made a big bet on Erdogan and Turkey.

Scowcroft: What are Turkey's objectives in Iraq?

Steinberg: Kurd separation is their focus. Building a relationship with Iraqi Kurds is a route for Turkey. They don't like NAM and Shia – sunni split plays a role in Turkey's attitude towards Iraq.

MO: Turkey sees Iraq and Iraqi Kurds as a source of energy. Turkey doesn't necessarily like the idea of an indep. Kurdish state. Also comments that there are limits to Iran's influence in Iraq. Sadr is becoming an Iraqi nationalist. He wants to get rid of NAM. Fluid political dynamics in Iraq. Iran cannot determine outcomes in Iraq.



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Zalikow: US posture in Iraq and Iraqi Kurdistan. We can put non-uniformed people in Iraqi Kurdistan. Kurdish conflict with NAM is about oil. These are big bets. NAM is saying you oil companies can go to Kurdistan or Basra but not both. Immediate neighbors of Kurds are Sunnis who also dislike NAM. What would US position be if Iraqi forces fought with Kurds?

Madeleine: Turkey needs to be a key relationship. Need to assure that Turkey is a solid partner in our efforts in region.

Feinstein: You guys underestimate activities and missions being executed by Qud Forces and Republican Guards. Proxies are going to become major players.

Dov: If Syria goes Sunni, that's bad for NAM.

Podesta: What role of AQI in Syria?

Kahl: Risk to Iraq is growth of NAMs power, but we couldn't affect politics in Iraq w 150k toorps what makes anyone think we could do it with 10 k troops. Also, we couldn't get SOFA cause all attys were saying we needed Parliament to approve SOFA and NAM said he couldn't take it to Parliament.

JS: Resid forces might have been helpful under some circumstances. Now, we need to make clear that we do not support an Indep. Kurdistand. How do we do that and still support Kurds?



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MO: If Kurds have military confrontation with NAM, our response will depend on circumstances.

Pawlenty: What lessons have we learned and what lessons has NAM learned?

MO: NAM knows that when he leaves office, he could be prosecuted and put in jail. This will inform his actions. Syria and Iraq: would be in our interests if Syria issue was not seen as Sunni v Shia. We would like an opposition that is more broad based. Barzani could help by trying to get Syrian Kurds integrated into Syrian opposition. Baghdad-Ankara relationship is very bad. They want to get rid of NAM so pushing Iraqi Kurds to make trouble for NAM. This could be a gross miscalculation. Davutaglu is personally driving a better deal for Sunnis in Iraq.

---

Post 3

**MENA: trade, aid and economics**

TJP summary: Arab Spring or Islamic Awakening has changed the game in knowable and unknowable ways. Knowable is that the region – in addition to its political crisis - is facing the potential of a very serious financial crisis. Financial stabilization is first order of business. Egypt and KSA are the mother of all problems in the region. (besides Iran, Pakistan and Syria). If Egypt or KSA get out of control it is a global game changer.

Kito de Boer McKinsie UAE
Arab Spring has had significant and negative financial consequences for region.

1. Not biz as usual. Outcomes are very uncomfortable. Think in terms of paths that could be models: Pakistan or Indonesia or Turkey.
2. Libya could be lighthouse of progress in region;



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3. Insights and strategy counts. Discount opinions of elite. Get to the street to understand. Hire locals. Be local.
4. Act while the going is good. Cost of operating KSA has gone from $12/barrel to $85/barrel. KSA is not financially sustainable with these expenditures.
5. Governance is not fit for purpose in many countries. KSA is unable to solve problems particularly where it requires cross – ministerial action. Too many civil servants.

Critical issues for region:

1. Employment
2. Education for employment
3. Economic model needs to be fixed
4. Housing. Huge social issue because inadequate housing means the 20-30 year olds stay at home and that is bad social policy.

Mike Froman (Dpty NSA)

Glass half empty. Serious financial difficulty ahead. Populace policies adopted to quell people. This includes expenditures and that become embedded as entitlements. (I refrained from asking him if that sounded like another country we know). MENA's export market is Europe which means they will experience softness. All of this has the makings of a serious financial crisis in the region. We are seeing the beginning of a multi-decade set of issues. No beacon for success. A series of fundamental issues are not resolved, including: Modernism, role of private sector, role of foreigners. Demographics create pressure on solutions because they need to address distribution of wealth. Administration's early contacts w Muslim Bro (Muslim Brotherhood) are encouraging. They come from mercantile class. Need to work with them. What to do?

Admin has a 4 pillar policy towards Egypt.

1. Stabilization. We must, must, must avoid financial crisis. Give financial support (IMF, access to credit markets etc.)
2. Job creation. Expand mandate of EBRD.
3. Broaden participation in governance. Anti corruption laws and asset recovery programs.
4. Integration. Trade and investment. Trade liberal ization. Good regulatory practices (like Dodd Frank?)

Problem in Egypt is that there is no one to talk to.

Bob Zoellick (just retired as President of World Bank)



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Economics needs to be viewed as a dynamic in its own right, not just a function of political and social issues. Money is not enough. Structural and governance reforms are just as critical. Connect structural reforms to communities. Create context for public investment. Framework s for investing. Jordan is on the edge. They are starting some reforms. Policy counts, not just money. Country and people must own the effort. While we see Egypt and KSA (Saudi) as the big problems, if they aren't interested in reform, we should spend our energy and resources in smaller countries who are ready and hope they provide role models when dynamics of Egypt and KSA are more ripe.

**Syria: Should the US intervene?**

TJP summary. There was a remarkable consensus that the US should intervene in Syria. Many on both sides of the aisle supported the Hadley formulation (see below). Questions of how to intervene varied somewhat, but few said we should not actively intervene in the Syrian situation. Under discussed were two critical issues. First, WMD. Syria has huge stores of chemical and bio weapons and they are very widely distributed. Having these fall into hands of terrorists could ruin our day. Do we have the knowledge, strategy and will to secure these? Second, post Assad Syria is going to be a mess. It will require a serious peace keeping force. Who is going to provide that force? Post script: inspite of the broad consensus that the US must act, the private conversation was that we would not act. It is unclear to me why this is the case, but several people (Dems and Repubs who had spoken in favor of action) said they didn't think it was in the cards.

Richard Falkenrath: The US has the power to depose a very bad guy – Assad. Should we do that? Proposition: Don't do it because:

1. We have a strategy and its working. BS. It is a failed strategy.
2. Is there a reasonable prospect of success if we decide to depose – yes.
3. The costs are acceptable – yes
4. Do no harm. That would be at risk if we decide to depose
5. Legaility. Can be handled
6. Timing. Election season is problematic.

Richard's conclusion is we should have a policy to depose Assad.

Ann Marie Slaughter (ex Obama) . Depose but with military light. Intel and tailored arms to opposition who hold territory in return for pledge of no revenge killings. Multi pronged incrementalism. US is still missing one element. We have no overt public relations program. Why aren't we working a full fledged PR



HOUSE_OVERSIGHT_025803

campaign w our allies? We should be standing with Syrian people in a more public way.

General Hoss Cartwright . We need to inventory the tools we have and then define our actions. Stop supplies to Assad; provide command and control assets (radios) to rebels; provide intelligence; develop knowledge and planning for securing WMD. We need to answer the above questions as part of defining our policy. Intel and arms are happening. We also need armed observers to know what's going on; need safe harbors that have a protective flank in order to provide good logistics and supply. Syria is far more difficult in this regard than was Libya. We need strategy and structures to prevent mass atrocities. Will we put boots on the ground.

Steve Hadley (ex Bush): Need to assure ourselves and the Syrians that we are aligning with the Syrian people. Forget the UN. This will send a critical message to China and Russia that they don't have a veto on US policy. Gain legitimacy by aligning with Turkey and others. Send a strong and clear message to business and military community in Syria that we are going to see this through and they should ditch Assad now.

Bill Perry: I support near term intervention, but not boots on the ground. Support enforcing no fly – no drive zones. Bring Turkey into operations. US must participate with its unique capabilities (e.g. AWACs) and let others participate with less unique assets (supplying arms etc.). There is no prospect of UN cooperation. But a coalition of the willing (UK, Arab League) will give us the legitimancy we need. Very good prospect of military success. Reasonable prospect of success on humanitariean side. We should act, but in a fashion that has most of the action on the backs of the rebles.

Madeleine A: Must intervene. How do we structure intervention. Didn't use UN in Kosovo and shouldn't use it now.

Jim Steinberg (ex Obama). Must be certainty in everyone's mind as to outcome (ie.that Assad is out). Take nothing off the table.

Dennis Ross (ex Obama): Costs and consequences of intervention have been discussed, but most of these consequences and costs will come to fruition whether we go in or don't go in, therefore we should go in and impact the outcome. Reach out to KSA and Alawites. Don't dither over analysis.



HOUSE_OVERSIGHT_025804

Zalikow. Arms assistance can be had elsewhere. More interesting is to supply things that we are uniquely able to supply (intel) and use that as leverage for post war Syria. Nuclear Iran is our primary objective. Look at all strategies in Syria through that prism.

Perry: Going into Syria will not weaken Iran's resolve to get nukes, but it will send the message that the Admin is willing to act militarily. Not going into Syria will send the opposite message and that is very dangerous.

Indyk. Don't ditch UN. Need them for post war. Need them for Turkey. Put pressure on Russia and then be prepared to go ahead without UN, but not yet.

Madeleine. Not going to UN for intervention does not preclude going to the UN later.

Feavor (ex Bush). Iran is THE issue. Whatever we do in Syria cannot feel like a quagmire. What we do in Syria will affect the recently announced 'rebalancing to Asia'. We cannot secure WMD without boots on the ground.

Meghan O.

1. Iran's reaction to fall of Assad. Look to 2007 actions agains Iran. Didn't have Iranian 'pay back' rather, Iran slowed down its nuke activity
2. Post Assad, need a peace keeping force. That will be critical. Post assad Syria will be very, very unstable. Turks will look to stabilize their kurd situation. Iran will adjust strategies towards Syria etc.

Ignatius We need to speak to Syrian people to let them know we are active. Population movements towards sanctuaries (Alawite sanctuaries, Sunni Sanctuaries etc.) will trigger atrocities.

Kahl. The fall of Assad may cause Iran to increase their nuke efforts. Do not lose focus on Iran.

Green. Inaction will have serious negative consequences. It will be a measure of our will to act by friends and enemies.

**Israel: the big loser**



HOUSE_OVERSIGHT_025805

TJP summary. Syria Iran is a game changer for Israel which requires them to completely rethink their threats, opportunities, strategies and interests. They can hunker down until more clarity or they act (big or small). There is a feeling that Israel has some acts they can take that would improve their positioning. Iran is the most immediate and big issue. Cannot have an Iran with nukes. Will lead to proliferation and significantly increased probability of nuclear event. Israel cannot sit by.

Dennis Ross, Jane Harmon and Walter Isaacson.

DR: Syria is most secure border that Israel has. Syria is unraveling is very significant. WMD could go to terrorists. Everyone should share concerns about Syria's WMD. Hezbollah loses supplier, but unraveling of Syria has huge consequences for Jordan. Bibi is sensitive to Jordan issues. We need to have a very serious conversation with Bibi. (does Obama have the credibility reserve to have that conversation).

Jane H: Israelis misplayed this. They encouraged us not to play in Syria. They failed to anticipate Arab Spring and its consequences. Iran needs to be our focus. US narrative on ME is lost. So is Israel's.

Walter: What effect on Israel : Palestine issues. Israel: Turkey issues. Will Israel think big? Can Israel coalesce parties around a solution to Iran issue. Can they do this by agreeing to a Palestinian solution.
DR: Now would be a moment for Israel to take a brave initiative with Turkey. Having an Islamic country as an ally may give cover to other Islamic countries. Israel and Turkey have common interests in Syria. This outcome is possible, Bibi needs assurances on Turkey's response to an Israeli apology.

Jane. Maybe rise of Islamists in Egypt has some good aspects. If Muslim Bro keeps treaty (w Israel) then you have an Islamic country owning a treaty with Israel.

DR. Muslim Bro is very busy with domestic issues. But let's remember who they are. Morsi sent letter to Shimon Perez. Perez said thank you and asked Morsi if Israeli's could take letter public. Morsi said yes, it was written with that in mind. Perez made it public, Egyptian Muslim Bro got angry so Morsi denied he had ever sent a letter. Tunisia's Muslim Bro are drafting a constitution that makes it criminal to support a peace with Israel.



HOUSE_OVERSIGHT_025806

Indyk. Israeli public believes that they have no Arab partner w whom they can negotiate a peace. Syria reinforces notion that Israel should not take risk when regimes are fragile.

DR. Sinai is flashpoint w Egypt. Admin has had a very meaning? Palestinian issue is not key. Wasn't art of Islamic awakening, but it is not insignificant. Demographics compel 2 state solution. Too much distrust between Israel and Palestinians. Steps that each could take to move towards each other (e.g. Israel offers money to any settler who leaves West bank.

**Iran**

TJP summary. Discussions suggest that it is more likely than not that there will be a military attack on Iran in next 18 months. That is going to be very ugly. Interestingly, polls suggest population and IR academics would not support such an attack. Both Pawlenty – representing Romney, and Podesta – representing Obama, presented a logic that – if followed, would lead to war with Iran. Logic sitting in Aspen is fine, pulling the trigger is another matter.

Graham Allison. Two terrible choices, we should look for a third way.
Steve Hadley. Iraq was not a war of choice, it was a war of last resort when all other options failed. Aug, 2013 we will be out of options on Iran. We do need to think hard about our options and the sequencing of those options. Think in terms of a f
family of options and the methods of moving through them.

1. Stop the clock, buy time. Iran has rejected this.
2. Put more on the table. More for more.
3. Secure the big agreement that ends dispute. Could the US agree to allowing Iran to have a limited amount of LEU – say 3-5% enriched unranium.
4. If all of the above fails - what to do? US should try to establish a status quo w redlines where, if Iran tries to break out, we have time to attack. We would also want to understand Iran's redlines.
5. Long term sanctions, pressure and isolation to try for regime change.
6. Limited military strike.
7. Big strike

Bill Perry: a military strike by US or Israel will have serious, unknowable and unintended consequences. Therefore attack is very unattractive. Iran is close to a



HOUSE_OVERSIGHT_025807

virtual nuke. They will be there by June, 2013. If Iran gets the bomb this will make a mockery of US and UN. Lead to copy cats developing nukes – especially KSA. It would be the end of nuclear non-proliferation and significantly increase chance of nuclear event. This is very, very unattractive. We should explore third way between now and end of the year. Diplomatic path would have to be coercive diplomacy. Sanctions are hurting, but we only have 6 months and that is not enough time. Must convince Chinese and Russians of consequences of a military strike. We should allow some (5%) enrichment with inspections. This gives Iran a way out.
If none of the above works, US should strike. We could launch a devastating strike (Israel does not have that ability). (nighttime, B-2, deep penetration bombs). First strike should be limited to nuke facilities. US strike will be more effective militarily and narrow the political consequences.

**Energy and GCC**
TJP Summary: Write up

Meghan O: ME may not be able to supply quantity of energy that people are assuming. 2020-2030 most predictions assume increasing oil supplies from ME. Moving world supply coming from ME from 30 to 38%. Most increase scheduled to come from KSA and Iraq. Are these reasonable assumptions. Oil is there, but politics is problematic. 1. Internal stability is in question. Following a revolution it is very slow to rebuild production; 2. Reinvestment rates will decline. KSA was planning to move from 12.5mm bbl to 15 mm bbl with a $10 bn investment. That has been cancelled in deference to social needs. As there is a push for democracy, the autocrat needs to increase social spending. As population (and joblessness) increae, autocrat needs to increase social spending. Aversion to FDI. We are likely to see supply from ME decline. Iraq and Iran could take up some of the slack. However, we have an American Energy Revolution in play. From 2006 to 2012 we have gone from importing LNG to finding 100 years supply of gas. Shale is also producing oil. Bakkan field has gone from 187k bbl/day to 750k bbl/day in 5 years. By 2020-2030 they exepect Bakkan to produce 1.3 mm bbl/day (same as Libya). Add Gulf of Mex and by 2020 US will be producing 6.7mm bbl/day. Harvard is estimating 11mm bbl/day. Similar situation in Brazil and Mexico.
Economic benefits will be great. Political benefits will be there, but we will still have vital interests in ME. 1. Gas won't substitute for oil; 2. We have other interests in ME (geography, heart of Islamic fundamentalism etc.); 3. Oil is a global commodity. Disruptions in ME oils supply will affect US; 3. KSA still has



HOUSE_OVERSIGHT_025808

spare capacity (Iraq is trying to develop same); 4. Who has strategic influence over ME oil will matter; 5. Oil and global GDP are connected. In some ways, our energy policy may become more difficult. One big question is whether China will continue their policy of non-intervention in internal affairs of other countries (e.g. KSA goes Islamic). KSA's response to Arab Spring was to double the pay of everyone in the military.

Gfoeller. KSA social welfare was $20/bbl per year, now $85/bbl, projected at $300/bbl in 2030. This means they will have to go to taxes and that will trigger social reaction. Arabs have already translated "no taxation without representation". Major political shifts are occurring and major financial stresses are predictable. Free health care and education are untouchable. Arab Spring will come to KSA. AQ was easy to fight because you could identify bad guys and kill them. Could fight their ideology. Arab Spring has no leaders, no ideology. They want everything: money, power and vote. When will KSA get nukes? Realignment of national security team (Bander plus 2 other major changes suggest a major focus and potential big deals in the offing. Is this about Iran or Russia and china or Arab Spring or something else.

Mehgan : Power of being energy indep has consequences. Being a major consumer has leverage. KSA taking oil off market will still be meaningful. Will China retain its policy of non-interference in internal afairs when faced with Islamist take over of KSA?

**US Policy Going Forward**

TJP Summary: see write up

Bob Blackwill:
Pivot to Asia does not relieve us of serious interests we have in ME. We announce a pivot to Asia when:
Iran – moving to nukes
Egypt – Mubarak is in a cage and new govt could be seriously anti-US
Syria – disintegrating
Iraq – could fragment
KSA – ripe for revolution
ME peace process is dead
Israel – at more serious risk than in living memory



HOUSE_OVERSIGHT_025809

Afpak – a mess

Obama has made no big mistakes in a revolutionary environment, but no victories either. No big bets other than surge in Afghan – which we lost; and killing Osama which we won. Obama's approach is to take no risk, increment into a situation and hedge the position. No big bets. Maybe that's right for these times but look at Truman with Marshall Plan; in '73 ME war Nixon used it to push Soviets out of ME which gave us 30 years of dominance in ME. Bush (I) pushed to integrate Germany and Poland into NATO – huge bet and we won. Big bets come from the top down. Not interagency BS. Before Malta summit, Reagan WH had given him 18 initiatives to raise with Gorbachev. 2 days before summit, Reagan decided to pass them by cabinet. Held cabinet meeting and every time an idea was surfaced, the relevant cabinet member tried to kill it until it had been vetted by his bureaucracy. After three went this way, Reagan ended the meeting. Presidents make big bets, administrations don't. Here are some ideas:

1. Iran – next president will be forced to make a big bet.
2. Egypt – Importnace is clear. Our response has been pitiful. Small and irrelevant. Obama is letting his team over analize and organizational dynamics are pushing safe and no risk options. Only a president can overcome organizational dynamics. Not all big bets are worth taking.
3. Syria – Pattern has been to hesitate and equivocate. Some of our allies are joking that we will implement a no fly zone … 10 feet at a time. We should break the Syria - Iran link with the full force of the US. Slow and cautious will be damaging to our interests in Syria and Iran.
4. KSA we should consider guarantying their integrity.
5. Iraq – NAM bring it towards a break up. Bet on Alawi
6. ME peace process – we need a big bet.

Incrementalism won't work. Activities threaten our vital interests. No big bets can succeed if the US has a policy of leading from behind.

Strobe Talbott

Big bets should be hedged and designed to change when circumstances change on the ground. Obama doctrine is not concise and that's deliberate and smart in a very dynamic regions. Obama is an anti-doctrine doctrine.

Scowcroft

We need a central strategy. Currently we are all tactics and no strategy. Pivot to Asia, responses to EU financial crisis etc are all tactics. The Westphalian structure is under attack. Industrialization led to Westphalian state. Globalization is creating



HOUSE_OVERSIGHT_025810

forces against the state. We need a strategy to reconcile these huge forces. Global warming is a global threat that may dwarf all of the above. We need a strategy



HOUSE_OVERSIGHT_025811

**From:** Tyler Shears [redacted]
**Sent:** 7/16/2014 5:56:14 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Christina Galbraith [redacted] Richard Kahn [redacted]
**Subject:** Re: Shears Update

**Importance:** High

yes agree

result got worse with recent negative press, clinton, as we discussed

we were down to 1 negative (forbes) before that - Christina can confirm this.

It will get back to 1 and then 0 so long as negative things stop coming out. if new negative keeps coming out it really dismantles much of our effort... especially when it involves an ex-president

no excuses here i'm not pleased with where it is at and am still working to make it happen

On Wed, Jul 16, 2014 at 1:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Results still very bad

On Wednesday, July 16, 2014, Christina Galbraith [redacted] wrote:

Hi Tyler,

The social media sites are constantly updated: LinkedIn, Facebook, Twitter, google +.

I'll be in touch later today re: feature article.

Could you put a site map into the Net site.? This helps rankings. Also could you add it to google analytics using Jeffrey's gmail account? This allows me to monitor it's progress and index it periodically.

I'll call you later. Thanks,
Christina

Christina Galbraith
[redacted]

On Jul 16, 2014, at 12:01 PM, Tyler Shears [redacted] wrote:

Christina,

http://jeffreyepstein.net/ - Site is live and Share This shows up when you scroll down page (look for top menu bar)

I expect this to rank swiftly - I'm sending a list of all properties we need to point over in this direction with suggested anchor text.

Do you have the topic right I'm doing a placement around? I'm going to have a few articles spun-off from it and put into lower tier publications as well.

I want to push HARD in August with a premium placement, fresh link pushes, and some supporting placements. We should be able to get down to 1 negative by mid-September with a goal of being clean by end of year (unless new negative press comes again...)

For social media updates... Are you currently doing these? I'd like to look at how often we are doing them and trying to link to our own content more often.

I'm also exploring if we can get this new site included in Google News and maybe syndicate other important AI news through it... would give us free google news spots when we need them..

---
JE - There's 3 negatives today and that's 3 too many. There will be progress please continue to be patient as you have been.

Best

Tyler

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**Date:** Friday, September 19 2014 09:23 PM
**Subject:** Re: Fwd:
**From:** Kathy Ruemmler [redacted]
**To:** jeffrey E. <jeevacation@gmail.com>;

I don't want to give up my apartment in NY.

On Sep 19, 2014 5:18 PM, "Kathy Ruemmler" [redacted] wrote:

> Good advice.
>
> On Sep 19, 2014 5:15 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
>
> lets see how you feel sunday
>
> On Fri, Sep 19, 2014 at 5:12 PM, Kathy Ruemmler [redacted] wrote:
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> I think I should do it.
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> On Sep 19, 2014 4:12 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
>
> free now
>
> On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler [redacted] wrote:
>
> Correct. One time, maybe. Twice, no way.
>
> On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
>
> of course not , he wouldnt have been so stupid.
>
> --------- Forwarded message ---------
> From: **Kathy Ruemmler** [redacted]
> Date: Fri, Sep 19, 2014 at 3:44 PM
> Subject: Re:
> To: "jeffrey E." <jeevacation@gmail.com>
>
> Gov is not jewish
>
> On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
>
> reid or governor
>
> On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler [redacted] wrote:
>
> Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler [redacted] wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler [redacted] wrote:

Reid's guy went down on all 7 counts.

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Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler [redacted] wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler [redacted] wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler [redacted] wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad
On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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**Date:** Friday, September 19 2014 09:35 PM
**Subject:** Re: Fwd:
**From:** Kathy Ruemmler [redacted]
**To:** jeffrey E. <jeevacation@gmail.com>;

I will. The rent on the apartment is significantly more than the monthly salary.

On Sep 19, 2014 5:34 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

no need to. call eric and get a data point

On Fri, Sep 19, 2014 at 5:23 PM, Kathy Ruemmler [redacted] wrote:

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Both harder and easier. He was there.

On Sep 19, 2014 8:32 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

decision :easier, harder, more complex?

On Fri, Sep 19, 2014 at 8:17 PM, Kathy Ruemmler [redacted] wrote:

I have so much more info to tell you on Sunday.

On Sep 19, 2014 8:16 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

how much and who pays now?

On Fri, Sep 19, 2014 at 5:35 PM, Kathy Ruemmler [redacted] wrote:

I will. The rent on the apartment is significantly more than the monthly salary.

On Sep 19, 2014 5:34 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

no need to. call eric and get a data point

On Fri, Sep 19, 2014 at 5:23 PM, Kathy Ruemmler [redacted] wrote:

I don't want to give up my apartment in NY.

On Sep 19, 2014 5:18 PM, "Kathy Ruemmler" [redacted] wrote:

Good advice.

On Sep 19, 2014 5:15 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

lets see how you feel sunday

On Fri, Sep 19, 2014 at 5:12 PM, Kathy Ruemmler [redacted] wrote:

I think I should do it.

On Sep 19, 2014 4:12 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

free now

On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler [redacted] wrote:

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

of course not , he wouldnt have been so stupid.

---------- Forwarded message ---------
From: **Kathy Ruemmler** [redacted]
Date: Fri, Sep 19, 2014 at 3:44 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Gov is not jewish

On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

reid or governor

On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler [redacted] wrote:

Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler [redacted] wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler [redacted] wrote:

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" [redacted] wrote:

Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler [redacted] wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler [redacted] wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler [redacted] wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad
On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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Office of Government Information Services

# *Building a Bridge Between FOIA Requesters & Federal Agencies*

2014 Report for FY 2013

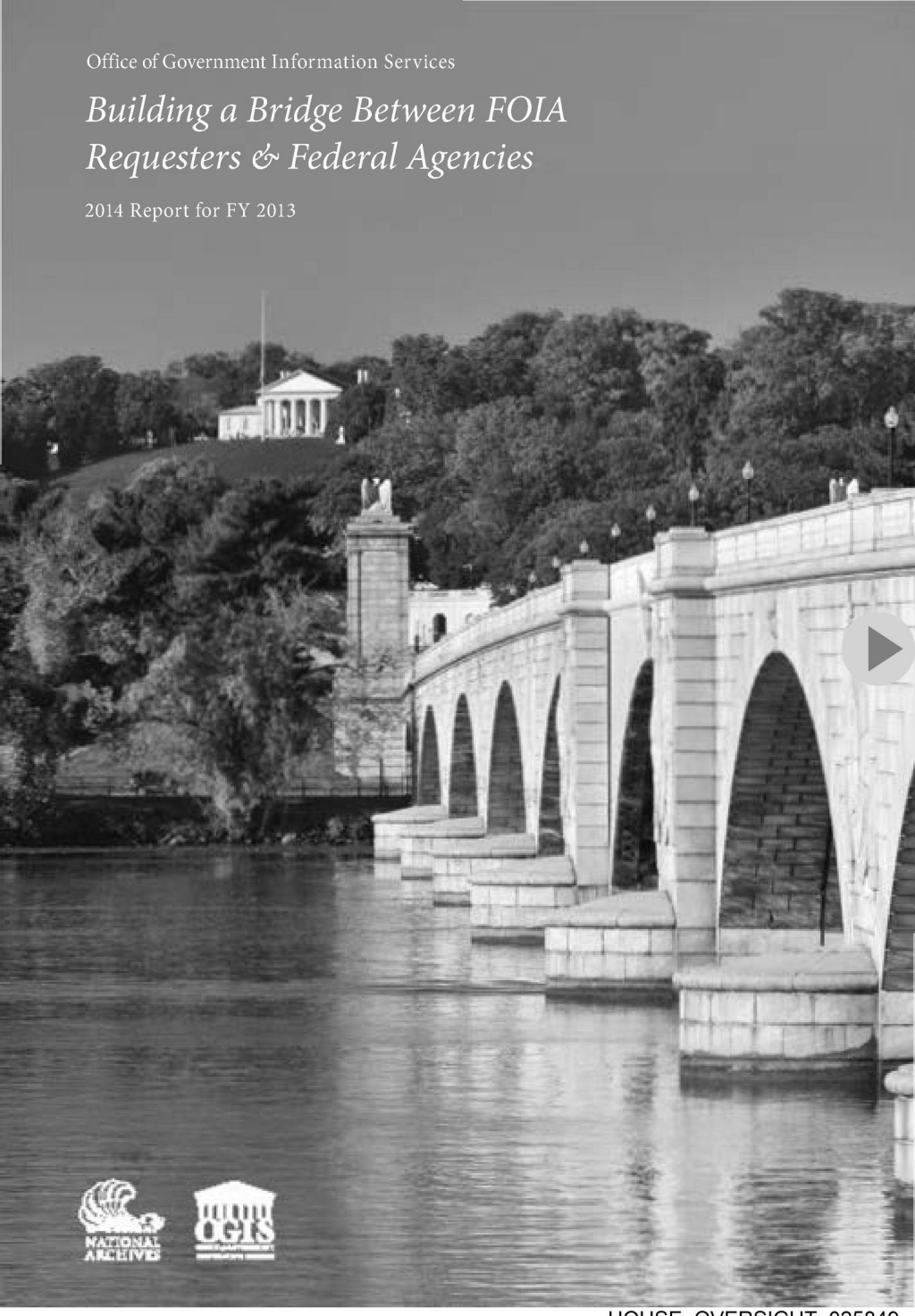


HOUSE_OVERSIGHT_025849

# 2013

Office *of* Government
Information Services

# *Building a Bridge Between FOIA Requesters & Federal Agencies*

2014 Report for FY 2013

*Cover image:* Orhan Cam/Shutterstock.com

*Memorial Bridge, Washington, DC*

# Table of Contents


Message from the Director 1

Resolving Disputes 3

Measuring Success 10

Agency Review 13

- OGIS Recommendations for Improving FOIA 16
- Implementing Dispute Resolution for FOIA Conflicts 16
- Reiterating the Importance of FOIA 17
- Examination of FOIA Fees 17
- Immigration Records and FOIA 17

Looking Ahead 18

Special Thanks 18

# Message from the Director

I am pleased to present the fourth annual report from the Office of Government Information Services (OGIS) detailing our fiscal year (FY) 2013 activities. We are extremely proud of all that OGIS has accomplished in our four years of operation. We have put Congress's novel idea—applying Alternative Dispute Resolution techniques to an often highly adversarial process—into action. We have assisted thousands of Freedom of Information Act (FOIA) requesters from across the country and around the globe, along with dozens of agencies, in resolving disputes, some of which would have otherwise led to costly litigation. We have worked with agencies to better fulfill their responsibility to provide good customer service, resolve disputes with FOIA requesters, and promote compliance with FOIA.

Demand for OGIS's services is high. Requests for assistance in resolving FOIA disputes greeted me the morning the office opened four years ago. In FY 2013, the number of incoming cases jumped 40 percent from the previous year to more than 500 cases; at the same time, we closed nearly 500 cases—also a 40-percent increase from the previous year—and handled hundreds of inquiries by telephone and email.

Much work remains for our innovative program. While we have carried out Congress's mandate to review Federal agency FOIA policies, procedures, and compliance in several ways, we would like to implement a more robust review program. OGIS's mission is broad, and like many government programs, we

must make difficult choices about how we carry out our mandate as demand for our services increases.

We look forward to building on our first four years and continuing our service of helping anyone—requester or agency—with any part of the FOIA process and improving the administration of FOIA.

You may notice that this report is slimmer than our first three reports. Please visit our blog, The FOIA Ombudsman: Information and Advice, where you'll find many of the items we included in past reports.

Sincerely,

Miriam Nisbet

# Resolving Disputes

OGIS's mediation services to resolve Freedom of Information Act (FOIA) disputes, as mandated by Congress, comprised the bulk of OGIS's work in FY 2013, as in the previous three years. Requests for assistance awaited Director Nisbet when she opened the Office, and early on, OGIS decided that demand for mediation services dictated that the Office commit to assisting anyone asking for help with FOIA.

From the start, OGIS has served as a confidential and informal information resource, communications channel, complaint handler, and dispute resolver. OGIS strives to be an advocate not for the requester or the agency, but for an effective FOIA process that works as intended.

In its first three years, OGIS handled an average of roughly 350 cases a year. The number of requesters seeking OGIS

OGIS's caseload soared above 500 for the first time in FY 2013. (NARA Identifier 6443896)

assistance swelled in FY 2013, the Office's fourth year. OGIS opened 508 cases, a 40-percent increase from FY 2012 when OGIS opened 361 cases. OGIS also handled more than 230 inquiries—telephone calls and emails yielding quick responses that did not require cases be opened—in FY 2013. OGIS closed 497 cases in FY 2013, a 40-percent increase from FY 2012 when the Office closed 354 cases.

OGIS cases involve issues that arise at various points in the FOIA process. In some cases, requesters attempt to learn a request's estimated date of completion as required by FOIA, 5 U.S.C. § 552(a)(7)(B)(ii), but are not able to obtain it from an agency. In other cases, requesters disagree with an agency's application of FOIA exemptions or an agency's decision with regard to FOIA fees. In all cases, there is some issue that benefits from OGIS-facilitated communication between the requester and the agency.

OGIS encourages requesters and agencies to communicate through whatever means work best for them. (NARA Identifier 6479577)

OGIS's mediation services also include providing Dispute Resolution Skills training to agency FOIA professionals. The goal of training is not to turn agency

## 2007

**December 14**
U.S. Senate passes by unanimous consent the Openness Promotes Effectiveness in our National (OPEN) Government Act of 2007, which includes a provision creating the Office of Government Information Services (OGIS) at the National Archives and Records Administration (NARA)

**December 18**
U.S. House passes the OPEN Government Act of 2007 by a voice vote

**December 31**
President George W. Bush signs the OPEN Government Act of 2007; it becomes Public Law 110 -175

*Patent drawing for watch case* (NARA Identifier 7451700)

FOIA professionals into mediators, but to give them Alternative Dispute Resolution tools to incorporate into their FOIA work and help them comply with the statutory requirement that FOIA Public Liaisons assist in resolving disputes, 5 U.S.C. §§ 552(a)(6)(B)(ii) and 552(l). In FY 2013, OGIS offered three sessions of Dispute Resolution Skills training—two sessions in December 2012 and May 2013 that included participants from several agencies and a Department of Labor–specific session in June 2013.

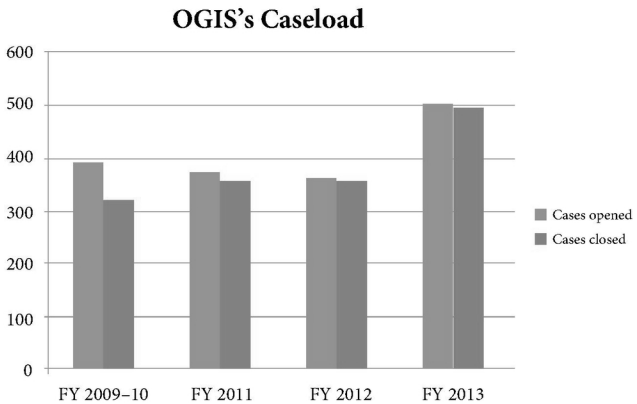


## 2009

**September 8**
NARA opens OGIS, with Miriam Nisbet as its first director

**September 9**
OGIS opens its first case, which involves a delay

**September 30**
Director Nisbet testifies before the Senate Judiciary Committee hearing on "Advancing Freedom of Information in the New Era of Responsibility"

**October 13**
The first staff member joins OGIS

**October 20**
The OGIS website goes live

**October 26**
OGIS's staff increases to three

**November 10**
OGIS adds a case-tracking log to its website allowing customers to check the status of their requests for OGIS assistance

# Top 10 departments & agencies involved in FY 2013 OGIS cases

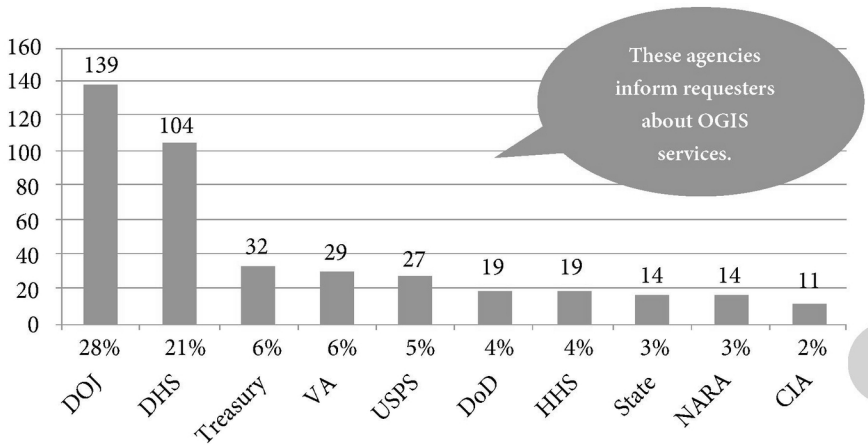


## 2009

**November 22**
OGIS's staff increases to four

**December 6**
OGIS's staff increases to five

**December 7**
OGIS and the Department of Justice's Office of Information Policy (OIP) co-host a meeting for FOIA Public Liaisons to discuss recent changes to FOIA

## 2010

**January 21**
OGIS opens its 50th case

**February**
OGIS joins other agency representatives to discuss the feasibility of a multiagency FOIA portal

**February 7–10**
OGIS staff present at the American Society of Access Professionals (ASAP) National Training Conference

**March 1**
OGIS's staff increases to six

## OGIS FY 2013 cases by exemption

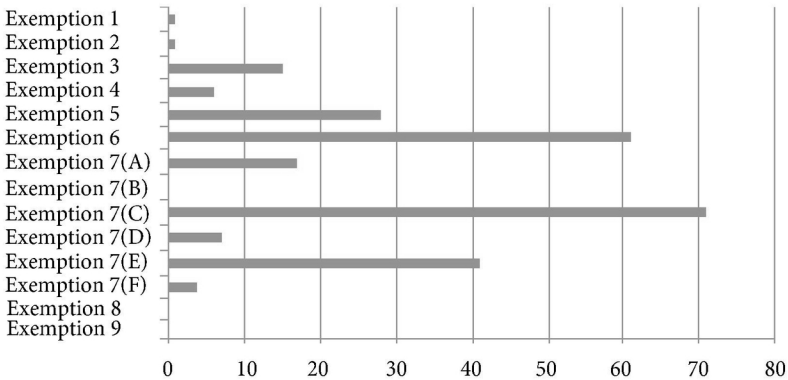


## 2010

**March 9**
OGIS opens its 100th case

**March 15–19**
OGIS celebrates Sunshine Week

**March 18**
Director Nisbet testifies before the House Oversight and Government Reform's Information Policy, Census, and National Archives Subcommittee hearing on "Administration of the Freedom of Information Act: Current Trends"

**March 23**
OGIS holds its first training session for FOIA Public Liaisons in collaboration with the Federal Energy Regulatory Commission (FERC) and the Department of Justice's Office of Information Policy (OIP)

**April 18–23**
Director Nisbet represents OGIS at the Chilean Council for Transparency

**April 29**
OGIS opens its 200th case

## OGIS 2013 cases by category

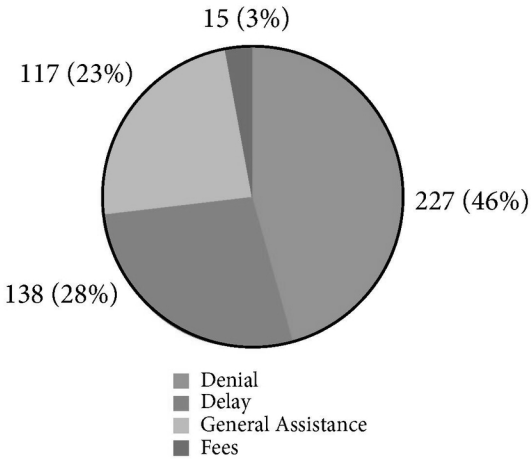


## 2010

**May 10**
OGIS's staff increases to its current size of seven

**July 14**
OGIS opens its 300th case

**August 24**
Director Nisbet represents OGIS at the 7th National Transparency Week Conference in Mexico City, Mexico

**December 6**
Director Nisbet participates in the Council of Governmental Ethics Laws annual conference
OGIS opens its 500th case

**December 10**
OGIS submits its first comments on agency FOIA regulations

*Sailor adjusts clock.* (NARA Identifier 6422494)

## When in administrative process requesters came to OGIS (FY 2013 cases)

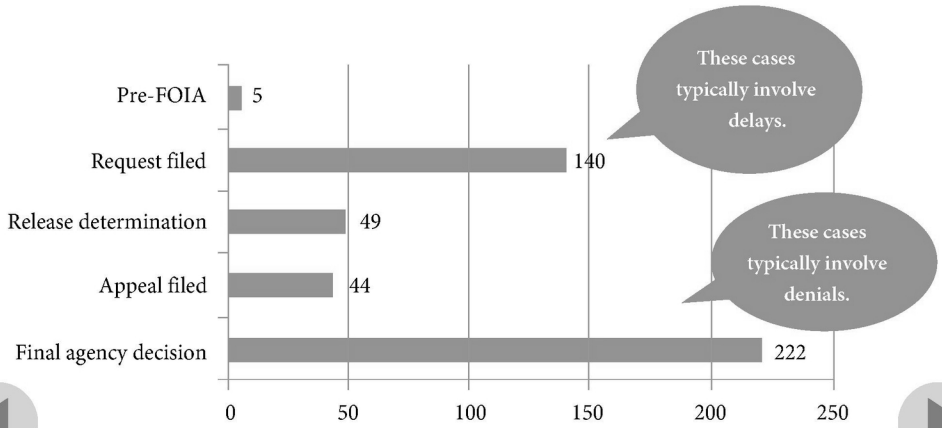


## 2011

**March 11**
OGIS launches its blog "The FOIA Ombudsman: Information and Advice"

**March 14–18**
OGIS celebrates Sunshine Week

**March 15**
Director Nisbet testifies before the Senate Judiciary Committee hearing on "The Freedom of Information Act: Ensuring Transparency and Accountability in the Digital Age"

**March 17**
Director Nisbet testifies before the House Oversight and Government Reform Committee hearing on "The Freedom of Information Act: Crowd-Sourcing Government Oversight"

**July 7–8**
Director Nisbet presents at the United Nations Educational, Scientific and Cultural Organization (UNESCO) Seminar on Transparency in Brasilia, Brazil

# Measuring Success

From OGIS's start, the Office has faced enormous challenges in measuring its success. While litigation typically results in judgment for one party or the other, the success of mediation services depends on compromise by the parties, whose participation is voluntary. Experience has taught us that OGIS's success may not rest in the *outcome* of mediation services, but in the *process* of providing mediation services.

Mediation is a voluntary alternative dispute resolution process in which a neutral third party, a mediator, assists disputing parties in reaching a mutually agreeable resolution. Mediators do not direct outcomes or resolutions to a dispute; the outcome of mediation depends on the extent to which the parties choose to engage in the process and themselves agree to an outcome. There may not necessarily be a "correct" answer; rather, the disputing parties may choose to agree to a compromise that both parties can accept, or they may choose to not compromise at all. As such, the *outcome* of mediation is not an effective way to determine the success of OGIS's mediation services because OGIS does not determine the outcome. However, OGIS does control

## 2011

**August**
OGIS facilitators become certified in Federal workplace mediation by Northern Virginia Mediation Service

**September**
Construction of multiagency FOIA portal begins

**October 2–6**
Director Nisbet presents at the International Conference of Information Commissioners in Ottawa, Canada

**November 28**
OGIS launches its online case management system, the OGIS Access System

**December 7–8**
OGIS staff presents at the American Society of Access Professionals Annual Symposium

the steps required to administer mediation itself, and the Office's success in mediation services can be more uniformly evaluated in that regard. The challenge of evaluating success of mediation services is not unique to OGIS or to the government—other ombudsmen struggle with the same issue.

The Government Accountability Office (GAO), which conducted an audit of OGIS in FY 2013, recommended that OGIS establish performance measures and goals for its mediation services that define the Office's success in handling mediation cases. The GAO recommendation, coupled with OGIS's experience providing mediation services, will inform OGIS's FY 2014 creation of performance measures and goals for the work OGIS does. That multifaceted work

One challenge OGIS faces is measuring its success. (NARA Identifier 6600378)

## 2012

**March 12**
Archivist of the United States David Ferriero joins Director Nisbet in welcoming guests to the National Archives to view the original Freedom of Information Act in observation of Sunshine Week

**March 13**
Director Nisbet testifies before the Senate Judiciary Committee on "The Freedom of Information Act: Safeguarding Critical Infrastructure and the Public's Right to Know"

**March 21**
Director Nisbet testifies before the House Oversight and Government Reform's Technology, Information Policy, Intergovernmental Relations and Procurement Reform Subcommittee hearing on "The Freedom of Information Act and Information Technology"

**March 21–23**
OGIS staff presents at the American Society of Access Professionals National Training Conference

includes interacting with requester and agency customers, and providing assistance, from answering basic questions about FOIA to facilitating communication between disputing parties to convening multiple agencies working on the same or similar requests.

## 2012

**May 24**
OGIS opens its 1,000th case

**August 2–3**
OGIS staff presents at the American Society of Access Professionals Summer School training

**September 11**
The Inspector General at the National Archives and Records Administration releases a report on OGIS as part of its routine examination of NARA offices

**October 1**
Online FOIA request portal, *FOIAonline,* goes live at six agencies, including NARA

**December 4–5**
OGIS staff presents at the American Society of Access Professionals Annual Symposium

# Agency Review

OGIS also is tasked with reviewing agencies' FOIA operations and compliance.

OGIS reviews agencies' FOIA policies, procedures, and compliance in various ways. Our review work includes

- Providing Dispute Resolution Skills training to agency FOIA professionals to help them comply with the statutory requirement that FOIA Public Liaisons assist in resolving disputes, 5 U.S.C. §§ 552(a)(6)(B)(ii) & 552(l)
- Highlighting Best Practices for agencies and requesters
- Reviewing and commenting on proposed agency FOIA regulations
- Reviewing FOIA websites and template letters
- Working with agencies when the Office observes policies or procedures that are not consistent with FOIA law or policy, or that may differ from the practices occurring at other agencies
- Review of government and non-government reports on FOIA activity and compliance

## 2013

**March 1**

Director Nisbet discusses "Mediating FOIA Cases" with the mediators of the U.S. Courts of the District of Columbia Circuit

**March 8**

Archivist of the United States David Ferriero sends a notice to the 2,500 employees of the National Archives reminding them that FOIA is everyone's responsibility.

**March 12**

Archivist of the United States David Ferriero joins Director Nisbet in welcoming guests to view the original Freedom of Information Act, in observation of Sunshine Week

Director Nisbet presents to the U.S. House Transparency Caucus on "The Future of FOIA Reform"

OGIS has identified FOIA fees as an issue that warrants study. (NARA Identifier 6011228)

## 2013

**March 13**
Director Nisbet testifies before the Senate Judiciary Committee hearing titled "We the People: Fulfilling the Promise of Open Government Five Years After the OPEN Government Act"

**May 3**
Director Nisbet represents the United States at the Canadian Association of Journalists' observation of World Press Freedom Day in Ottawa, Canada

**May 13–15**
OGIS Staff participates in the American Society of Access Professionals National Training Conference

**July 18**
OGIS opens its 1,500th case

**September 10**
Government Accountability Office (GAO)

In FY 2013, OGIS began looking at several specific issues regarding agency policies, procedures, and compliance, including FOIA fees and fee waivers, and the ways agencies process records related to immigration matters. OGIS also began a "Preventing Litigation" project, working with agencies on ways to reduce their chances of a request resulting in litigation.

GAO recommended that OGIS establish a time frame for completing and implementing a methodology that defines, among other things, the scope, schedule, criteria, and evaluation questions for reviewing Federal agencies' FOIA policies, procedures, and compliance. OGIS had already begun creating a draft assessment framework, which will form one piece of OGIS's expanded review methodology.

GAO's recommendation mirrored that of the National Archives and Records Administration's Inspector General (IG), which conducted a routine review of OGIS in FY 2012 to determine whether OGIS was adequately established and meets Congress's intent. The IG report, completed in September 2012, found that OGIS meets the requirements set forth in FOIA with regard to both review and dispute resolution. The IG found that "additional resources could significantly improve OGIS's ability to address and meet its mission."

In response to the GAO recommendations, NARA concurred with both recommendations and will work to address them in FY 2014.

## 2013

releases report on OGIS along with two recommendations

**September 18–20**

Director Nisbet represents the National Archives and Records Administration at the biennial International Conference of Information Commissioners in Berlin

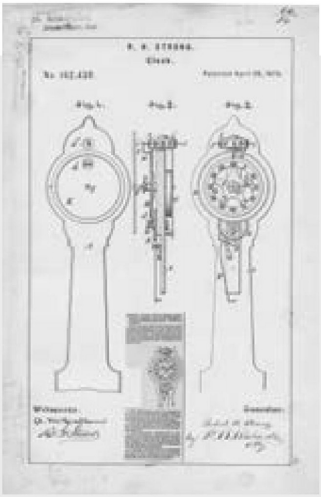

*Patent drawing for R.H. Strong clock*
(NARA Identifier 7451701)

## OGIS RECOMMENDATIONS FOR IMPROVING FOIA

FOIA also directs OGIS to make recommendations to Congress and the President to improve FOIA. In April 2012, OGIS released five recommendations that the Office compiled in its first years. For example, OGIS encouraged agency participation in *FOIAonline*, the Federal Government's first multiagency FOIA portal. As a founding partner in *FOIAonline*, OGIS continues to support the portal's improvement of services and expansion of partners.

In March 2013, OGIS issued four additional recommendations for improving FOIA.

## 1. IMPLEMENTING DISPUTE RESOLUTION FOR FOIA CONFLICTS

OGIS expanded its dispute resolution program to connect FOIA professionals, legal counsel, and dispute resolution professionals to embed dispute resolution firmly into an agency's FOIA process. The goal is to identify issues that are ripe for partnership and explore ways to work together to prevent and resolve disputes as well as avoid litigation.

In 2013, OGIS identified several agencies, including OGIS's parent agency, NARA, to help to pilot a project designed to prevent and resolve disputes as well as avoid litigation. OGIS has begun meeting with each of these agencies to determine the types of FOIA disputes that result in litigation and to explore ways to incorporate dispute resolution into their FOIA processes. (OGIS also has worked with the Administrative Conference of the United States to promote research into FOIA litigation to inform this process.) OGIS will continue to pilot this project in FY 2014.

## 2. REITERATING THE IMPORTANCE OF FOIA

OGIS routinely encourages all Federal agencies to remind their staff members of the importance of FOIA and that FOIA is everyone's responsibility. During Sunshine Week 2013, Archivist of the United States, David Ferriero, sent such a message to NARA staff. Other agencies, including the Departments of Energy and Transportation, sent similar messages throughout the year. OGIS continues to encourage all agencies to remind their staffs of the importance of FOIA and offers the Archivist's message as a model.

## 3. EXAMINATION OF FOIA FEES

OGIS continues to observe that fees and fee waivers remain a persistent point of contention administratively and in litigation. OGIS began examining FOIA fee issues by reviewing its own fee-related cases over the past four years and identifying common themes. OGIS intends to continue this project in FY 2014 by working with stakeholders from both inside and outside government to discuss fee issues.

## 4. IMMIGRATION RECORDS AND FOIA

Over the past four years, OGIS has observed a large increase in our cases related to requests for immigration-related records from individuals who are not U.S. citizens or lawful permanent residents. OGIS began communicating with agency officials who receive these types of requests, as well as with some of the requester organizations and representatives who file them. OGIS continues to work with agencies to streamline the process and to identify issues related to first-party immigration-related records requests that will inform OGIS stakeholders as well as Congress and the President.

## LOOKING AHEAD

In its fifth year, OGIS will continue to offer mediation services to requesters and agencies; review agencies' FOIA policies, procedures, and compliance; and identify additional areas for improvement in the FOIA process through recommendations to Congress and the President. OGIS will also work to implement GAO's recommendations of creating performance measures and goals for its mediation services, as well as to build on its review program.

## SPECIAL THANKS

OGIS thanks the 113th Congress for its support of the FOIA Ombudsman's office: Senate Judiciary Committee Chairman Senator Patrick Leahy and Ranking Member Senator Chuck Grassley, and their personal and committee staffs, particularly Lydia Griggsby; Representative Darrell Issa, chairman of the House Committee on Oversight and Government Reform, Ranking Member Representative Elijah Cummings, and Representative John Mica, chairman of that committee's Subcommittee on Government Operations, and their personal and committee staffs, particularly Krista Boyd and Tegan Millspaw; and Wendy Ginsberg of the Congressional Research Service.

We extend a special thanks to our colleagues at the National Archives, including David S. Ferriero, Archivist of the United States; Jay Trainer, Executive Head for Agency Services; and National Archives General Counsel Gary M. Stern and Assistant General Counsel Jean Whyte for their support of OGIS's work.

We also thank Susan Ashtianie, Susan Cummings, and Mary Drak for their guidance and help with the GAO report.

OGIS sends "bouquets" of thanks to people inside and outside of Government.
(NARA Identifier 6728212)

We thank John Albanes, who was a student at the American University Washington College of Law, who spent a semester volunteering his time at OGIS.

Finally, we would like to thank the legions of FOIA professionals at agencies who work with us on a daily basis and the hundreds of FOIA requesters who seek our assistance.

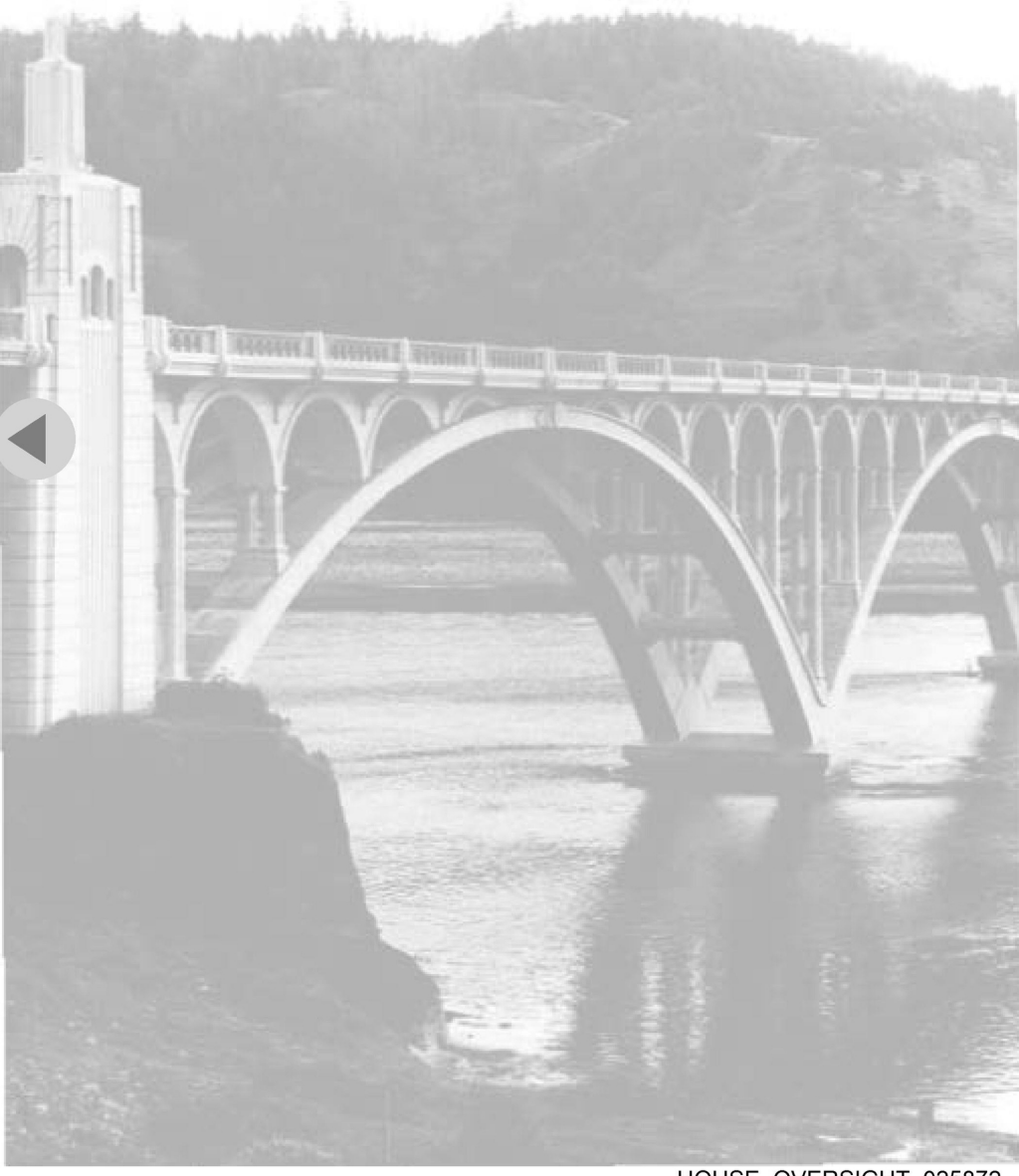

**From:** David Stern[redacted]
**Sent:** 1/4/2015 8:31:36 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Understood

On 4 Jan 2015, at 08:23, jeffrey E. <jeevacation@gmail.com> wrote:

pa people could showcase the lack of her credibility as in the story she details a dinner with clinton on my island down to where he was sitting howver it never ever happened CLINTON was never on the island the story , heli is all a total fiction. it could help shred her story.

--

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**From:** David Stern [redacted]
**Sent:** 1/22/2015 2:48:23 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Understood

On 22 Jan 2015, at 15:46, jeffrey E. <jeevacation@gmail.com> wrote:

no, the govt opposed her joining, nothing more. the only thing that can be proven, is that her story re clinton is totlaly nade up, he was never ever there and the press shoudl be challenged to prove it. secret service records as wlell as local virgin isalds support will clearly prove he was never there, she detailed how he arrived, " black heli flown by ghislane . LIES sitting on my left lies. all bulshit and as it is the only non he said she said argument i think it should be stressed

On Thu, Jan 22, 2015 at 9:42 AM, David Stern [redacted] wrote:
Can you confirm Doe 3 has been thrown out of the case against the US gov to reopen ?

--

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**Date:** Tuesday, March 31 2015 03:23 PM
**Subject:** fact checking questions for New York Magazine story
**From:** Yablon, Alex [redacted]
**To:** jeevacation@gmail.com;

Hi Jeffrey,

Sorry for the phone tag. In case it's easier to respond by email, I have put my questions below. I'm at my desk and should be here until 5, and should be free on my cell phone after 6:30.

Best,

Alex
office: [redacted]
cell: [redacted]

-what is the square footage of your Manhattan home?
-do you work on a laptop from your dining room, with a large white board for notes and several pairs of reading glasses close at hand? Is the dining room windowless?
-do paparazzi often camp outside your home?
-did Michael once visit on the same day as a head of state who'd had a police escort?
-did you tell Michael about a dinner you'd hosted for six tech entrepreneurs who had a combined worth of several hundred billion dollars? When was this meal?
-Do you believe that there are now more people who possess Roosevelt or Carnegie-levels of wealth, the sort that can rival governments in influence? That these people face unusual challenges when entering philanthropy due to the sheer size of their fortunes? That the rich may know the business that made them rich, but not money itself?
-are you interested in what will happen to the $4.2 trillion possessed by the super-rich in 40-odd years once they have mostly died?
-Do you believe no superrich people want to give their entire fortunes to their children for fear of how it might affect them?
-do you advise the Bill and Melinda Gates Foundation on how to convince other billionaires to join their initiatives?
-did you volunteer to invest $20 million dollars in Michael's attempt to buy New York Magazine in 2004?
-do you believe the recent claims about Alan Dershowitz and Prince Andrew in relation to you are "ludicrous" ?
-When you met Michael for lunch in the West Village, was it the first time in 10 years you'd gone to lunch at a restaurant?
-Do you have a support staff of young women in their 20s and 30s? Have some of them worked for you for many years, through their own marriages and as they raise families? Have any of these employees been romantically involved with you? When Michael came to your home, had one of these women recently gone on an around the world honeymoon, which you arranged? Do they often travel with you to your other homes – in New Mexico, Paris, Palm Beach, and in the Caribbean? Do you maintain there is no quid-pro-quo in the relationships with these women? Do these women often socialize with the policy makers and businessmen with whom you often meet?
-Is your current girlfriend a dental student you met four years ago at a dinner party in New York?
-Did you date Eva Andersson Dubin? Have you known her for 30 years? Did you pay for her to go to medical school?
-when you take meetings in your Manhattan dining room, do you take your guests out to a Sabrett hot dog cart? Will the women who work for you accompany you?
-Did you invite Michael to sit in on a presentation by a group of quants? Are you looking for a group of quants who have developed promising investing algorithms, and do you plan to invest $5 million with each?
-during U.N. Week in late September, did you host a Sunday night discussion with Bill Gates, Mort Zuckerman, and Peter Thiel? Was anyone else in attendance? Were you discussing a possible Gates Foundation donor advised fund?
-Did you host Sheikh Hamad Bin Jassim and several others from Qatar? Do you know if the Sheikh has a home across the street from you in Manhattan? Did they talk to you about bribery compromising their bid for the World Cup? When was this? Did they bring a gift of chocolate made with pistachios grown on the Sheikh's farm?
-The morning after the Qataris came over, did you have a 9 AM breakfast with the attorney Reid Weingarten? Did you discuss his defense of CT governor John Rowland, the Qatari visit, and who controls ISIS? Did Weingarten believe Turkey was using ISIS as a proxy against the Kurds?
-After this, did you meet with Brock Pierce to discuss bitcoin? Did Larry Summers join this meeting?
-That evening, did you host Australian PM Kevin Rudd and Thorborn Jagland for a cocktail party? Did Jagland critique US foreign policy? Did you offer to fly him back to Europe on your jet?

-The following morning, did Ehud Barack come over for breakfast? Did he have an omelet? Did he defend both Putin and Obama?
-Was this followed by a senior White House official, whose name you don't want mentioned?
-Did you then meet with Elisa New to discuss supporting a poetry series and other sources of funding? Did you forcefully critique her proposed budget?
-After meeting with New, did you meet with the following: Hardeep Purie, Kairat Kelimbetov, Nathan Myhrvold, Martin Nowak, Richard Axel, Ron Baron, Josh Harris? Have you funded Nowak's program at Harvard with $30 million?
-did Michael join a lunch at your home with Bill Richardson?
-do you believe powerful people seek your advice because you're not affiliated with any institution, so you have no ulterior motives when giving them advice?
-is your Paris home a 10,000 sq ft apartment on Avenue Foch? Does it have a stuffed baby elephant in its living room? Is it meant as a reminder that elephants have 23 copies of tumor suppressor genes?
-Is the only book on your bedside table Lolita? Are you a fan of Nabokov?
-Did you tell Michael that he should make a particular $100k investment in early September? What was it?
-Were you born on 1953 in Coney Island? Was your father a Parks dept employee? Was your mother a housewife?
-were you the captain of the math team at Lafayette High School?
-did you study at Cooper Union for two years before beginning classes at NYU's Courant classes? After this, did you teach math at Dalton? Was this your first exposure to wealthy people? Did this teach you the rich had just as many problems as the working class, only theirs were caused by too much money rather than too little?
-Did Punch Sulzberger try to convince you to join the NYT from Dalton? Did you once drive with Sulzberger to his country estate in a wood paneled station wagon, while he talked on a phone to his chaffeur?
-did you meet Ace Greenberg through his children at Dalton?
-Did he say that given your reputation for intelligence and Jewish heritage, you should be working at Bear Stearns? Was this in the late 70s?
-Did you soon move to a penthouse at 66th St. and 2nd Avenue?
-During this time did you regularly attend Studio 54?
-Have you ever drank or taken drugs?
-Do you believe that in the 50's, finance was governed by personal relationships, but in the 70's, with the rise of derivatives trading, math began to dominate the field?
-Did you never want to get married to maintain your freedom?
-Did you become close to Jimmy Cayne?
-Did you leave Bear Stearns in 1982? Why? Did you take clients including Marvin Davis and Herb Siegel?
-Were you then dating Morgan Fairchild?
-During the 80s, did you frequently go to England where you befriended Robin Reach and attended country shooting parties and black tie dinners?
-Were you mainly interested in meeting smart people rather than amassing a personal fortune?
-do you think that billionaire-level worth creates worries that millionaires don't face? Does traditional wealth management not work for billionaires?
-Did you help governments that came after corrupt dictators reclaim stolen assets? Which governments?
-Did you begin advising and representing wealthy people and families regarding philanthropy during this period?
-Did you advise Steven Hoffenberg?
-Did you attend the 1994 Serpentine Gallery gala? Did you socialize with Princess Diana at that event?
-Did you meet Bill Clinton after he left the White House? Did this change the arc of your life?
-did you buy your Manhattan home from Les Wexner?
-Did you meet with Larry Page and Sergey Brin during your 2002 trip to the TED conference? Did they describe a plan to market Google bras with the o's as cups? Did they believe Google was a good company name because men would be drawn to the oo?
-Soon after this, did you have an assistant schedule a meeting with Michael for advice about the media as both Vanity Fair and New York Magazine were profiling you? Did you also ask Graydon Carter for advice, expressing doubts about increased public profile, to which Carter said you should have moved to a Queens 2 bedroom if you wanted to avoid publicity?
-Have you had a daily massage for several years? When you got your daily massage in Palm Beach, did the masseuses often come from parlors your termed "Jack Shacks" ? Did they sometimes have "happy endings" ? Would there be many different masseuses, recommended by word of mouth?
-After Palm Beach police started investigating you, did you ask Alan Dershowitz to come to Florida to provide you with legal help?

**From**: Shanson900 [redacted]
**Sent**: 4/23/2015 11:00:18 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Last nite was absolutely great -thank you

**Importance**: High

Putin
Feelings towards Obama and his actions with Syria
Syria
All beyond interesting

Sent from my iPhone

On Apr 23, 2015, at 6:21 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what stood out the most for you?

On Thu, Apr 23, 2015 at 6:20 AM, Stephen Hanson [redacted] wrote:

> When are u free today
>
> Sent from my iPad

--

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**From**: Ehud Barak [redacted]
**Sent**: 4/23/2015 1:34:41 PM
**To**: Epstein Jeffrey [Jeevacation@gmail.com]
**Subject**: Fwd: What Iran nuke deal means for Israel: Ehud Barak

**Importance**: High

Hi Jeff
Bill Clinton 1994.
Food for thought.
EB

http://video.cnbc.com/gallery/?video=3000369298

Sent from my iPhone

**From**: Martin Weinberg [redacted]
**Sent**: 4/23/2015 7:43:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Kathy Ruemmler [redacted]
**CC**: Martin Weinberg [redacted] dkiesq [redacted]
**Subject**: Re: ATTORNEY-CLIENT PRIVILEGE

**Importance**: High

# Privileged - Redacted

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

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On Thu, 4/23/15, Martin Weinberg [redacted] wrote:

Subject: ATTORNEY-CLIENT PRIVILEGE
To: "Jeffrey Epstein" <jeevacation@gmail.com>, "Kathy Ruemmler" [redacted]
Cc: "Martin Weinberg" [redacted] "dkiesq" [redacted]
Date: Thursday, April 23, 2015, 2:31 PM

# Privileged - Redacted

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

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--- On Thu, 4/23/15, Cathy Alexander [redacted]
wrote:

> From: Cathy Alexander [redacted]
> Subject: Miles and Cathy Alexander and Little St
James island
> To: [redacted]
> Cc: "Miles Alexander" [redacted],
[redacted]
> Date: Thursday, April 23, 2015, 2:21 PM
>
> To: Martin Weinberg, Esq.
>
> Dear Mr. Weinberg:
>
> I understand that you are looking for
> information regarding whether former President Clinton
and
> former Vice President Gore and his then wife, Tipper,
ever
> visited Little St. James. I was the Island's
manager
> from 1999 through 2007 and lived on the Island with my
wife
> during that entire period. Regarding President
> Clinton, I will sign a sworn affidavit that I never met
the
> man. As far as I know President Clinton was never on
> the Island. He was never there while I was present
on
> the Island. If he had come to the Island while I was
> on holiday, my staff would have told me that President
> Clinton was on the Island while I was away. While I
> worked on Little St. James, I had been called back
from
> holiday many times to help when any guests visited the
> Island. So, if President Clinton had come to the
> Island while I was away, I would have been called back
to
> the Island for such a visit, and I never was.
> The same is true for Vice President Gore and his wife
> Tipper. I never met them and as far as I am
> aware were never on Little St. James during the entire
> period that I was the Island manager.

>
> Sincerely,
>
> Miles Alexander
>
>
> Sent from my iPad

**From**: Martin Weinberg [redacted]
**Sent**: 4/23/2015 8:11:57 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Martin Weinberg [redacted]
**Subject**: Re: ATTORNEY-CLIENT PRIVILEGE

**Importance**: High

# Privileged - Redacted

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

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---

On Thu, 4/23/15, jeffrey E. <jeevacation@gmail.com> wrote:

Subject: Re: ATTORNEY-CLIENT PRIVILEGE
To: "Martin Weinberg" [redacted]
Date: Thursday, April 23, 2015, 2:44 PM

## Privileged - Redacted

On Thu, Apr 23, 2015 at
3:43 PM, Martin Weinberg [redacted]
wrote:

# Privileged - Redacted

MGW

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

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---

On Thu, 4/23/15, Martin Weinberg [redacted]
wrote:

Subject: ATTORNEY-CLIENT PRIVILEGE

To: "Jeffrey Epstein" <jeevacation@gmail.com>,
"Kathy Ruemmler" [redacted]

Cc: "Martin Weinberg" [redacted],
"dkiesq" [redacted]

Date: Thursday, April 23, 2015, 2:31 PM

**Privileged - Redacted**

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

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--- On Thu, 4/23/15, Cathy Alexander [redacted]
wrote:

> From: Cathy Alexander [redacted]
> Subject: Miles and Cathy Alexander and Little St
James island
> To: [redacted]
> Cc: "Miles Alexander" [redacted],
[redacted]
> Date: Thursday, April 23, 2015, 2:21 PM
>
> To: Martin Weinberg, Esq.
>
> Dear Mr. Weinberg:
>
> I understand that you are looking for
> information regarding whether former President
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and

> former Vice President Gore and his then wife, Tipper,

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> during that entire period. Regarding President

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> man. As far as I know President Clinton was never on

> the Island. He was never there while I was present

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> aware were never on Little St. James during the entire

> period that I was the Island manager.

>

> Sincerely,

>

> Miles Alexander

>

>

> Sent from my iPad

--

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**From:** Sultan Bin Sulayem[redacted]
**Sent:** 7/24/2015 8:37:24 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: FDA Approved a Potent and Pricey Cholesterol lowering drug today

**Importance:** High

Have you heard of this colestrol

Jul 24, 2015 @ 3:23 PM **1,169** views

# The FDA Approves A Potent And Pricey Cholesterol-Lowering Shot

Matthew Herper ,

Forbes Staff

I cover science and medicine, and believe this is biology's century.

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I believe this is biology's century. I've covered science and medicine for Forbes from the Human Genome Project through Vioxx to the blossoming DNA technology changing the world today. Email me, follow me on Twitter, circle me onGoogle Plus, or subscribe to my Facebook page.

Loading...
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The Food and Drug Administration has approved Praluent, a new medicine to lower cholesterol in people who have established heart disease, for people whose risk of a heart attack or stroke is not being adequately controlled by existing drugs called statins.
It might be a big step in the battle against heart disease – and the approval is a triumph for Regeneron Pharmaceuticals, the Tarrytown, N.Y.-based biotechnology company that invented it. Praluent is likely to be more widely used, and to cost more, than Wall Steet analysts expected. That also means it could be a big cost down the line.
“Obviously, the class is one of the biggest developments in cardiology in the last decade, that will allow us to treat patients who have been extremely difficult to treat with high levels of LDL cholesterol,” says Steven

Nissen, chairman of cardiology at the Cleveland Clinic. “It’s very promising.”
But it will also be very expensive, say Troy Brennan, the chief medical officer of CVS Caremark, the giant pharmacy benefits manager.“If these drugs are used as broadly as they could be used, they are going to be by far the most expensive drug class,” Brennan says.
Praluent, an injection, lowers low-density lipoprotein, the so-called “bad cholesterol”, by as much as 60%, far more than the statin drugs alone. It is the first drug to work by targeting a protein called PCSK9. Mutations in the gene that makes it can result in patients having lower cholesterol and a dramatically lower lifetime risk of heart attacks. A rival medicine from Amgen is also expected to be approved soon. The FDA is clearing Praluent for patients with heterozygous familial hypercholesterolemia, a genetic condition that causes high cholesterol, and for people who have heart disease, like those who’ve had heart attacks or strokes, who are already taking the maximum dose of a statin they can tolerate.
Regeneron and its marketing partner Sanofi say Praluent will have a wholesale cost of $40 a day, or $14,600 a year, for either of two doses, 75 milligrams or 150 mgs. It’s likely that insurance companies will get a significant discount, because Amgen and Regeneron will compete by giving the insurers rebates.
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"We don't want the noise about these drugs to be price," says Leonard Schleifer, the chief executive and founder of Regeneron. "We have to make sure that people get access to the drug for a fair price if they're insured, for free if they're not insured, or at a discount if they're under-insured."
Praluent's price is 46% higher than that forecast by Evercore ISI, an investment bank, and it is being approved for a larger group of patients than many Wall Street analysts expected following a meeting convened by the FDA to analyze the data on the drug. Some doctors argued its use should be restricted mainly to patients with FH. But Mark Schoenebaum, Evercore ISI's pharmaceutical analyst, says that investors were initially disappointed because they had hoped the FDA would greenlight the drug for an even broader group. Regeneron shares were down 2.5% in afternoon trading before they were halted pending news.
But doctors may prescribe the drug more widely than the label suggests. A survey of physicians published this morning by Geoffrey Porges, an biotechnology analyst at investment bank Sanford C. Bernstein, found that they would use the drug in 30% to 40% of patients who had already had heart attacks. He wrote that 2020 sales of Praluent could be as high as $4.8 billion.
In the survey, doctors expressed a preference for Praluent. One advantage of Regeneron's drug is that doctors will be able to start it at a lower, 75 milligram dose.
Schleifer, who is a medical doctor and, incidentally, a billionaire thanks to his Regeneron stake, says that the company expects that as many as 8 million people who don't have their cholesterol well-controlled could be candidates for Praluent. He emphasized, though, that until larger studies prove the drug prevents heart attacks and strokes patients should always choose statins first. It will have sales representatives a
Insurance companies and pharmacy benefit managers, who help insurers and employers manage drug costs, are going to do their best to restrict use of Praluent, though. Brennan, the CVS Caremark executive, says that he expects patients will need to have medical records documenting that they have already taken statins. Those not taking statins would need a blood test confirming that a statin caused elevations in muscle or liver enzymes, not just complaints that they were achy. "We're not trying to replace statins," says Schliefer, the Regeneron CEO. Most people who have muscle problems from statins do not have those elevated muscle enzymes, says Nissen, the Cleveland Clinic cardiologist, who is conducting a clinical trial Amgen and Pfizer, which is also developing a similar cholesterol drug. He says he has patients who are "desperate" to take a statin but who cannot tolerate it because of muscle pain but do not have elevated muscle enzymes.

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"Dehspite significant progress over the last decades, high cholesterol remains a leading concern in the U.S. and globally," said Olivier Brandicourt, M.D., Chief Executive Officer, Sanofi. "Praluent demonstrates the power of the Sanofi and Regeneron alliance to deliver a first-in-class therapy in the U.S. for patients in need. Sanofi has a strong cardiovascular heritage and dedication to these patients, and we look forward to working with other regulatory authorities to make Praluent available to patients worldwide."
"We are grateful to the thousands of patients and investigators worldwide who participated in the ODYSSEY clinical trial program," said Leonard S. Schleifer, M.D., Ph.D., Founder, President, and Chief Executive Officer, Regeneron. "Praluent represents the culmination of more than a decade of tireless work to translate the genetic-based discovery of PCSK9 into an innovative medicine that brings meaningful value to patients."
The approval of Praluent was based on data from the pivotal Phase 3 ODYSSEY program, which showed consistent, positive results compared to placebo, which included current standard of care therapy (statins). In the ODYSSEY LONG TERM trial which evaluated Praluent 150 mg every two weeks, Praluent reduced LDL

cholesterol by 58 percent versus placebo at week 24 when added to current standard of care, including maximally tolerated statins. In ODYSSEY COMBO I, Praluent 75 mg every two weeks as an adjunct to statins reduced LDL cholesterol by an additional 46 percent compared to placebo at week 12. At week 24 in the same trial, Praluent reduced LDL cholesterol by 43 percent compared to placebo. In this study, if additional LDL cholesterol lowering was required based on pre-specified criteria at week 8, Praluent was up-titrated to 150 mg at week 12 for the remainder of the trial. Eighty-three percent of patients remained on their initial 75 mg dose. Praluent is generally well-tolerated with an acceptable safety profile. Local injection site reactions including redness, itching, swelling or pain/tenderness where the injection is given were the most common events (7.2 percent with Praluent versus 5.1 percent with placebo) and resulted in a low discontinuation rate that was comparable to placebo (0.2 percent with Praluent versus 0.4 percent with placebo). Patients receiving Praluent had a greater number of injection site reactions, had more reports of associated symptoms, and had reactions of longer average duration than patients receiving placebo. Other common adverse events occurring more frequently in patients with Praluent than placebo included symptoms of the common cold and flu or flu-like symptoms.

The companies carefully considered the potential medical value that Praluent offers patients in determining the Wholesale Acquisition Cost (WAC). The U.S. WAC price of Praluent is $40 per day ($1,120 every 28 days) for both the 75 mg and 150 mg doses, making Praluent the lowest priced patient-administered monoclonal antibody therapy on an annualized basis. Actual costs to patients, payers and health systems are anticipated to be lower as WAC pricing does not reflect discounts or rebates. Out-of-pocket costs to patients will vary depending on insurance status and eligibility for patient assistance.

Sanofi and Regeneron are committed to ensuring that patients in the U.S. who are prescribed Praluent are able to access the medicine and receive the support they may need. The companies will launch a comprehensive program that offers support, training and follow up for patients at every step of the process. The program will provide patient assistance to uninsured or underinsured patients, including providing free medicine to eligible patients, and can help identify coverage options for out-of-pocket costs. Additional services include educational information, clinical support for physicians, nurses and pharmacists, as well as reimbursement services, including co-pay support for eligible patients and information about insurance eligibility support. For more information, please call 1-844-PRALUENT (1-844-772-5836).

Earlier today, the companies announced that the European Medicine Agency's (EMA's) Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion for the marketing authorization of Praluent, recommending its approval for use in certain adult patients with hypercholesterolemia. The European Commission (EC) is expected to make a final decision on the Marketing Authorization Application for Praluent in the European Union in September 2015.

**Investor Relations Conference Call on Praluent**

Sanofi and Regeneron will be hosting a conference call for the financial community on Praluent® (alirocumab) Injection for the treatment of high LDL cholesterol in adult patients. The conference call will take place on Friday, July 24, 2015 (21:30 CET / 20:30 BST/ 15:30 EDT / 12:30 PDT).

The call will be available through audio webcast at www.sanofi.com and www.regeneron.com and also via the following telephone numbers:

| | |
|---|---|
| **France:** | +33 (0) 1 70 80 71 53 |
| UK: | +44 (0) 203 107 0289 |

| | |
|---|---|
| **U.S.:** | +1 888 660 6127 |
| | Access code: 81662098 |

**ODYSSEY Program**
The ODYSSEY Phase 3 program is one of the most comprehensive clinical trial programs ever conducted for an investigational LDL cholesterol lowering therapy. The program includes 14 global Phase 3 trials evaluating more than 23,500 patients. The primary efficacy end point in all of the studies was the mean percent reduction from baseline in LDL cholesterol at week 24 compared to placebo (maximally tolerated statin therapy); all of the completed studies met their primary endpoint. A significantly higher proportion of patients achieved LDL cholesterol of less than 70 mg/dL in the Praluent group as compared to placebo at both week 12 and week 24. The ongoing ODYSSEY OUTCOMES trial will prospectively evaluate the cardiovascular benefits of Praluent in approximately 18,000 patients.

**Important Safety Information**
Do not use PRALUENT if you are allergic to alirocumab or to any of the ingredients in PRALUENT.
Before you start using PRALUENT, tell your healthcare provider about all your medical conditions, including allergies, and if you are pregnant or plan to become pregnant or if you are breastfeeding or plan to breastfeed.
Tell your healthcare provider or pharmacist about any prescription and over-the-counter medicines you are taking or plan to take, including natural or herbal remedies.
PRALUENT can cause serious side effects, including allergic reactions that can be severe and require treatment in a hospital. Call your healthcare provider or go to the nearest hospital emergency room right away if you have any symptoms of an allergic reaction including a severe rash, redness, severe itching, a swollen face or trouble breathing.
The most common side effects of PRALUENT include: redness, itching, swelling, or pain/tenderness at the injection site, symptoms of the common cold, and flu or flu-like symptoms. Tell your healthcare provider if you have any side effect that bothers you or that does not go away.
Talk to your doctor about the right way to prepare and give yourself a PRALUENT injection and follow the "Instructions for Use" that comes with Praluent.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please click here for the full Prescribing Information.

**About Sanofi**
Sanofi, an integrated global healthcare leader, discovers, develops and distributes therapeutic solutions focused on patients' needs. Sanofi has core strengths in the field of healthcare with seven growth platforms: diabetes solutions, human vaccines, innovative drugs, consumer healthcare, emerging markets, animal health and the new Genzyme. Sanofi is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY).

**From:** Ehud Barak [redacted]]
**Sent:** 8/9/2015 10:54:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fwd: Re:

**Importance:** High

Hi Jeff
66th I meant.
Thx again. It was really great.
Best
EB

Sent from my iPhone

On Aug 10, 2015, at 01:51, Ehud Barak <[redacted]> wrote:

Hi Jeff
I really find it amusing. I don't agree with everything he says. But it is fascinating. BB is making "historic mistakes"(as he likes to blame others) both vis-a-vis Obama as well as in regard to the American Jewry. And causes a direct damage to IL.
Noam is so sharp and focused. Really impressive.
I did not fully understand how the fallacy he sees in the attitude to the Ants example is related to Big Data illusions. An area (deep learning) I spent some time recently trying to better penetrate.
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will you still be in NM?
If positive we might come over for few days.
Pl let us know.
Best
From Nili as well.
Regards
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Sent from my iPhone

On Aug 8, 2015, at 22:05, jeffrey E. <jeevacation@gmail.com> wrote:

thought you might find amusing
---------- Forwarded message ----------
From: **Noam Chomsky** <[redacted]>
Date: Fri, Aug 7, 2015 at 11:57 PM
Subject: RE: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Neat indeed.

I'm writing about the Iran deal. So far have only sent a form paragraph in response to requests. Below.

Noam

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On Iran, as usual, I'm a gloomy contrarian. I'm glad the treaty was signed, and it's kind of fun to watch the Republican lunatics shrieking hysterically as they try to kill it (as they may). And Israeli hypocrisy has gone well beyond being comical. But in fact the whole thing is farcical, in my opinon. In the US, Iran is "the greatest threat to world peace", intoned constantly from on high, in the media, everywhere. There is also such a thing as world opinion, as measured by such ultra-radicals as Gallup. It turns out that the greatest threat to world peace is the US, by a very wide margin, no one else even close, and Iran barely mentioned. The American population is protected from these unwanted facts by the Free Press: not reported. There is an organization called US intelligence. They brief Congress regularly on the international security situation, all quite public. On Iran, they point out that it has very limited military power, even by regional standards (a small fraction of Saudi Arabia, for example). Its strategic doctrine is defensive. If – a big If – it has plans for nuclear weapons, that would be part of its deterrent strategy. Now who would be opposed to Iran having a deterrent strategy? Answer is clear: the rogue states that rampage violently in the region and don't want any impediment: the US and Israel, also lesser ones like UK and France. One simple way to reduce the threat of nuclear weapons would be to establish a nuclear-weapons free zone in the region, as has been done elsewhere (over US objections). That's been advocated by the Arab states for 20 years, with very wide global support, including Iran. It comes up regularly at the 5-year review meetings of the Nonproliferation Treaty, at the UN, again a few months ago, when, again, it was blocked by the US to protect its Israeli client, which has a huge nuclear weapons arsenal and wants to keep it. Again, the population is protected from such facts by the Free Press (though in this case there are some fringe exceptions, and of course the Arms Control literature). Same with the rest of the litany. Reading the US and UK press is like living in some lunatic asylum. I'm wondering whether to write about it – again; have done so repeatedly. It's like talking to a wall. Iran has an awful government, though by the standards of such US allies as Saudi Arabia, it's practically heaven.

Nevertheless, better to have the treaty than not to, given the nature of the asylum.

Noam

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, August 07, 2015 3:36 PM
**To:** Noam Chomsky <[redacted]>
**Subject:** Re: Re:

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Highly contentious in the field, but in my opinion that's a comment on the failures of the field.

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**To:** Noam Chomsky[redacted]
**Subject:** Re: Re:

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OK for ants, but don't see how it helps us.

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, August 06, 2015 10:28 AM
**To:** Noam Chomsky <[redacted]>
**Subject:** Re:

bad for them , good for you. no need to have only one currency, its old fashioned. . you are of course welcome to use apt in new york with your new leisure time, or visit new Mexico again.

ants find the shortest route to food, by trying many and discarding what doesn't work, no algorithm. , no input or output , only a goal. . sounds closer to our probem

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Bad news. We decided not to go. I was invited to talk at the Parliament, but what can one say? That aside, they've got plenty of people giving them bad advice.

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**Sent:** Wednesday, August 05, 2015 7:48 PM
**To:** Noam Chomsky <[redacted]>
**Subject:**

Only go to Greece if you feel well , I just had to send my plane to bring another lefty friend back from Athens to see a Jew doctor in New York .

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**From:** Ehud Barak [redacted]]
**Sent:** 8/10/2015 5:09:03 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Hi Jeff
As of now we plan to be in NY around August 25. We plan to work on my biography with the editor. Probably starting Sept 1st. But it's all flexible till Sept 11 and on, when I have my speeches and other events.
Best
EB

Sent from my iPhone

On Aug 10, 2015, at 03:25, jeffrey E. <jeevacation@gmail.com> wrote:

Correct on cube . Do you know what date yet in August ?

On Sunday, August 9, 2015, Ehud Barak <[redacted]> wrote:

Hi Jeff
I really find it amusing. I don't agree with everything he says. But it is fascinating. BB is making "historic mistakes"(as he likes to blame others) both vis-a-vis Obama as well as in regard to the American Jewry. And causes a direct damage to IL.
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**From:** Joi Ito [redacted]
**Sent:** 2/16/2016 7:23:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Jeffrey Epstein

**Importance:** High

Good. Was worried you getting deposed about Trump or something. :-)

Sent from my iPhone

On Feb 16, 2016, at 11:16, jeffrey E. <jeevacation@gmail.com> wrote:

Good not bad

On Tuesday, 16 February 2016, Joi Ito <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** Lesley Groff <[redacted]>
**Date:** February 16, 2016 at 11:07:17 PST
**To:** Joichi Ito <[redacted]u>
**Cc:** "Joichi (Joi) Ito" <[redacted]>
**Subject: Jeffrey Epstein**

Joi, I am so very sorry but Jeffrey is canceling his trip to Vancouver! It is very sudden and he is sorry, but he is flying to Washington, DC now.

I am sure he will be in touch with you…

Please accept our apologies..

Lesley

--

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**From:** Kathy Ruemmler [[redacted]
**Sent:** 2/27/2016 4:34:42 PM
**To:** Jeffrey [jeevacation@gmail.com]
**Subject:** Fwd: Follow up

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** Kathy Ruemmler <[redacted]>
**Date:** February 27, 2016 at 8:07:42 AM MST
**To:** "Immelt, Stephen J." <[redacted]>
**Subject: Re: Follow up**

Hi Steve,

I am still intrigued and would like to meet Michael. I thinks it makes sense, though, for us to have a more specific conversation about compensation before I meet with him. I don't want to put the cart before the horse, but as I mentioned, this would be a big move for me, and it would have to make sense economically in addition to being the right move for other reasons we have discussed.

I hope you are well. Cannot believe that Christie endorsed Trump!

Best,

Kathy

Sent from my iPad

On Feb 25, 2016, at 5:23 AM, Immelt, Stephen J. <[redacted]> wrote:

Kathy

I don't want to pester you, but in the hope that you are still intrigued, I wanted to suggest that we try to set up an opportunity for you to meet Michael Davison, our global head of litigation. MIchael is an International Arbitration specialist based in London and a key player. He is also a lot of fun, notwithstanding his Scottish upbringing.

Let me know.

Best,

Steve

About Hogan Lovells

Hogan Lovells is an international legal practice that includes Hogan Lovells US LLP and Hogan Lovells International LLP. For more information, see www.hoganlovells.com.

CONFIDENTIALITY. This email and any attachments are confidential, except where the email states it can be disclosed. It may also be privileged. If received in error, please do not disclose the contents to anyone, but notify the sender by return email and delete this email (and any attachments) from your system.

**From:** Kathy Ruemmler [[redacted]]
**Sent:** 2/27/2016 7:20:42 PM
**To:** Jeffrey [jeevacation@gmail.com]
**Subject:** Fwd: Follow up

**Importance:** High

Unsatisfactory

Sent from my iPhone

Begin forwarded message:

**From:** "Immelt, Stephen J." <[redacted]>
**Date:** February 27, 2016 at 10:30:17 AM MST
**To:** "'Kathy Ruemmler'" <[redacted]>
**Subject: RE: Follow up**

Kathy

We will of course do this in whatever sequence makes sense for you. It goes without saying that any move would need to make economic sense. My assumption has been that your comp would fall outside of our "bell curve", but that is not an issue for us as long as the potential contribution also falls outside. You would not be the only partner outside the curve, and I am comfortable with expanding that group for people who can genuinely move the needle while embracing the culture that makes us who we are.

One benefit of having Michael in the mix is that he can provide a global perspective, and he would be important for explaining the case outside the US if we moved forward.

Just let me know when and how you want to speak next.

Best,

Steve

Stephen Immelt
Partner and CEO
Hogan Lovells US LLP - Washington, DC office
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
Tel: [redacted]
Direct: [redacted]
Fax: [redacted]
Email: [redacted]

www.hoganlovells.com

Hogan Lovells International LLP - London office

Atlantic House
Holborn Viaduct
London EC1A 2FG, United Kingdom
Tel: [redacted]
Direct: [redacted]

Please consider the environment before printing this e-mail.

-----Original Message-----
From: Kathy Ruemmler [mailto[redacted]]
Sent: Saturday, February 27, 2016 10:08 AM
To: Immelt, Stephen J.
Subject: Re: Follow up

Hi Steve,

I am still intrigued and would like to meet Michael. I thinks it makes sense, though, for us to have a more specific conversation about compensation before I meet with him. I don't want to put the cart before the horse, but as I mentioned, this would be a big move for me, and it would have to make sense economically in addition to being the right move for other reasons we have discussed.

I hope you are well. Cannot believe that Christie endorsed Trump!

Best,

Kathy

Sent from my iPad

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Kathy

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**From:** Terry Kafka [redacted]
**Sent:** 3/9/2016 10:21:30 PM
**To:** 'Philip Kafka' [redacted]]
**CC:** jeevacation@gmail.com
**Subject:** RE: Gingrich view of Trump

**Importance:** High

Exactly! Bernie's like a Mark Twain or Lafayette teacher from Brooklyn back in the 60's and 70's.

Terry B. Kafka, President
Impact Outdoor Advertising Co.
5454 La Sierra Dr., Suite 200
Dallas, TX 75231
[redacted] - [redacted] cell
Impactoutdoor.com

**From:** Philip Kafka [mailto [redacted]
**Sent:** Wednesday, March 09, 2016 4:18 PM
**To:** Terry Kafka [redacted]
**Subject:** Re: Gingrich view of Trump

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-pk

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Agree. Funny, I too have been saying Trump or Bern. Get Hillary the hell out. She's shameless!

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**From:** Philip Kafka [mailto: [redacted]]
**Sent:** Wednesday, March 09, 2016 4:11 PM
**To:** Terry Kafka <[redacted]>

**Subject:** Re: Gingrich view of Trump

I openly and proudly support Trump.

I've actually been able to pull people away from Hillary by saying I'd ONLY vote for Trump or Sanders. Citing they everyone else is establishment politics. I convinced a lesbian woman, older, to consider Trump after she

went on a rampage about him. It just shows, people HAVE NO IDEA what they are talking about. Media holds the cards.... people are sheep.

On Wed, Mar 9, 2016 at 5:04 PM, <[redacted]> wrote:

Agree
Sent via BlackBerry by AT&T

-----Original Message-----
From: Philip Kafka <[redacted]>
Date: Wed, 9 Mar 2016 17:01:58
To: Terry Kafka<[redacted]>
Cc: Janet Kafka<[redacted]>
Subject: Re: Gingrich view of Trump

And I believe we have a problem

Sent from my iPhone

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>> To: Kevin McIntosh <[redacted]>; Ryan McIntosh
>> <[redacted]>; Al Eckert <[redacted]>; 'Henry
>> Peek ([redacted])' <[redacted]>; 'Terry Kafka
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>> <[redacted]>; Blake <[redacted]>
>> Subject: FW: Gingrich view of Trump
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>>
>>
>> Brad Bowen
>> Partner
>> Trinity Partners Commercial Real Estate Work phone: [redacted] Cell
>> phone:[redacted]Mailing Address:
>> P.O. Box 96011
>> Southlake, TX 76092
>> Physical Address:
>> 450 N Kimball Ave
>> Suite 100
>> Southlake, TX 76092
>> www.trinitypartnerstexas.com
>> [Description: Description: Description: TRINITI PARTNER logo22]
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>> Understanding Donald Trump The Washington Times January 8, 2016 by Newt Gingrich

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>> Anyone who would like to better understand Donald Trump would be helped by reading this remarkable book.
>>
>> Another is his pledges and I have no way of knowing if he will make good on all of them but I do agree with all of them. Trump is the only candidate that is serious about building The Wall" ! Two other important pledges Trump has made that no other candidate of either party has matched ! First deportation of millions of

illegals that are demanding and costing American taxpayers billions of dollars and second Closing 34 Muslim traing Camps throughout our country! I WOULD LIKE TRUMP OR ANY OTHER CANDIDATES PLEDGE TO REINSTATE ANY AND ALL MILITARY OFFICERS DISCHARGED BECAUSE THEY DISAGREED WITH OBAMA OR HIS POLICIES!!
>>
>> Here is another that kind of wraps up my feelings about Trump
>> Raccoon's in your basement! An interesting analogy
>> You've been on vacation for two weeks, you come home, and your basement is infested with raccoon's. Hundreds of rabid, messy, mean raccoon's have overtaken your basement. You want them gone immediately so you hire a guy. A pro. You don't care if the guy smells, you need those raccoon's gone pronto and he's the guy to do it! You don't care if the guy swears, you don't care if he's an alcoholic, you don't care how many times he's been married, you don't care if he voted for Obama, you don't care if he has plumber's crack...you simply want those raccoon's gone!
>>
>> You want your problem fixed! He's the guy. He's the best. Period. That's why Trump. Yes he's a bit of an ass, yes he's an egomaniac, but you don't care.
>> The country is a mess because politicians suck, the Republican Party is two-faced & gutless, illegal's are everywhere. You want it all fixed! You don't care that Trump is crude, you don't care that he insults people, you don't care that he had been friendly with Hillary, you don't care that he has changed positions, you don't care that he's been married 3 times, you don't care that he fights with Megyn Kelly and Rosie O'Donnell, you don't care that he doesn't know the name of some Muslin terrorist,...this country is weak, bankrupt, our enemies are making fun of us, we are being invaded by illegal's, we are becoming a nation of victims where every Tom, Ricardo and Hamad is a special interest group with special rights
>> to a point where we don't even recognize the country we were born and raised in; “AND WE JUST WANT IT FIXED” and Trump is the only guy who seems to understand what the people want.
>>
>> You're sick of politicians, sick of the Democratic Party, Republican Party, and sick of illegal's. You just want this thing fixed. Trump may not be a saint, but doesn't have any lobbyist money influencing him, he doesn't have political correctness restraining him, all you know is that he has been very successful, a good negotiator, he has built a lot of things, and he's also not a politician, so he's not a cowardly politician. And he says he'll fix it. You don't care if the guy has bad hair. You just want those raccoon's gone. Out of your house!
>>
>> This one is more about why we don’t want Hillary.
>> I think this sums it up well !
>> Donald Trump and Hillary Clinton are in a bar. Donald leans over, and with a smile on his face, says, "The media are really tearing you apart for That Scandal."
>>
>> Hillary: "You mean my lying about Benghazi?"
>> Trump: "No, the other one."
>>
>> Hillary: "You mean the massive voter fraud?"
>> Trump: "No, the other one."
>>
>> Hillary: "You mean the military not getting their votes counted?"
>> Trump: "No, the other one."
>>
>> Hillary: "Using my secret private server with classified material to Hide my Activities?"
>> Trump: "No, the other one."
>>
>> Hillary: "The NSA monitoring our phone calls, emails and everything Else?"
>> Trump: "No, the other one."
>>

>> Hillary: "Using the Clinton Foundation as a cover for tax evasion, hiring cronies, and taking bribes from foreign countries?
>> Trump: "No, the other one."
>>
>> Hillary: "You mean the drones being operated in our own country without The Benefit of the law?"
>> Trump: "No, the other one."
>>
>> Hillary: "Giving 123 Technologies $300 Million, and right afterward it Declared Bankruptcy and was sold to the Chinese?"
>> Trump: "No, the other one."
>>
>> Hillary: "You mean arming the Muslim Brotherhood and hiring them in the White House?"
>> Trump: "No, the other one."
>>
>> Hillary: "Whitewater, Watergate committee, Vince Foster, commodity Deals?"
>> Trump: "No the other one:"
>>
>> Hillary: "The IRS targeting conservatives?"
>> Trump: "No the other one:"
>>
>> Hillary: "Turning Libya into chaos?"
>> Trump: "No the other one:"
>>
>> Hillary: "Trashing Mubarak, one of our few Muslim friends?"
>> Trump: "No the other one:"
>>
>> Hillary: "Turning our backs on Israel?"
>> Trump: "No the other one:"
>>
>> Hillary: "The joke Iran Nuke deal? "
>> Trump: "No the other one:"
>>
>> Hillary: "Leaving Iraq in chaos? "
>> Trump: "No, the other one."
>>
>> Hillary: "The DOJ spying on the press?"
>> Trump: "No, the other one."
>>
>> Hillary: "You mean HHS Secretary Sibelius shaking down health insurance Executives?"
>> Trump: "No, the other one."
>>
>> Hillary: "Giving our cronies in SOLYNDRA $500 MILLION DOLLARS and 3 Months Later they declared bankruptcy and then the Chinese bought it?"
>> Trump: "No, the other one."
>>
>> Hillary: "The NSA monitoring citizens' ?"
>> Trump: "No, the other one."
>>
>> Hillary: "The State Department interfering with an Inspector General Investigation on departmental sexual misconduct?"
>> Trump: "No, the other one."
>>

>> Hillary: "Me, The IRS, Clapper and Holder all lying to Congress?"
>> Trump: "No, the other one."
>>
>> Hillary: "Threats to all of Bill's former mistresses to keep them quiet"
>> Trump: "No, the other one."
>>
>> Hillary: “You means taking the $145,000,000.00 from Putin for the Uranium Bribe ? “ Trump : “ No the other one .”
>>
>> Hillary: "I give up! ... Oh wait, I think I've got it! When I stole the White House furniture, silverware and China when Bill left Office?"
>> Trump: "THAT'S IT! I almost forgot about that one".
>>
>> **********
>> Everything above is true. Yet she still gets the Democratic votes. Could there be that many stupid people in this country?
>> Does anyone understand this??? I think we're doomed!
>>
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>>
>> This email has been sent from a virus-free computer protected by Avast.
>> http://www.avast.com/
>>
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>

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Philip Kafka

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Philip Kafka

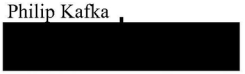

**From:** Philip Kafka [redacted]
**Sent:** 3/9/2016 10:22:23 PM
**To:** Terry Kafka [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Gingrich view of Trump

**Importance:** High

Epstein 2016!

(Mark)

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>>
>>
>> Brad Bowen
>> Partner
>> Trinity Partners Commercial Real Estate Work phone: [redacted] Cell
>> phone: [redacted] Mailing Address:
>> P.O. Box 96011
>> Southlake, TX 76092
>> Physical Address:
>> 450 N Kimball Ave
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>> [Description: Description: Description: TRINITI PARTNER logo22]
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>> This email has been sent from a virus-free computer protected by Avast.
>> http://www.avast.com/
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--
Philip Kafka

[redacted]

--
Philip Kafka
[redacted]

--
Philip Kafka
[redacted]

**From**: Terry Kafka [redacted]
**Sent**: 3/9/2016 10:33:53 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]; 'Philip Kafka' [redacted]
**Subject**: RE: Gingrich view of Trump

**Importance**: High

Hey Jeff. Philly gets it. I told him about our first lesson in common sense: Folding the bottom tip of the French fry cone so it doesn't tear the paper bag at Nathans. Schmuck!

Terry B. Kafka, President
Impact Outdoor Advertising Co.
5454 La Sierra Dr., Suite 200
Dallas, TX 75231
[redacted] – [redacted] cell
Impactoutdoor.com

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, March 09, 2016 4:26 PM
**To:** Philip Kafka <pk@princeconcepts.com>
**Cc:** Terry Kafka <terry@impactoutdoor.com>
**Subject:** Re: Gingrich view of Trump

great

On Wed, Mar 9, 2016 at 5:22 PM, Philip Kafka <[redacted]> wrote:

Epstein 2016!

(Mark)

On Wed, Mar 9, 2016 at 5:21 PM, Terry Kafka <[redacted]> wrote:

Exactly! Bernie's like a Mark Twain or Lafayette teacher from Brooklyn back in the 60's and 70's.

Terry B. Kafka, President
Impact Outdoor Advertising Co.
5454 La Sierra Dr., Suite 200
Dallas, TX 75231
[redacted] – [redacted] cell
Impactoutdoor.com

**From:** Philip Kafka [mailto:[redacted]
**Sent:** Wednesday, March 09, 2016 4:18 PM

**To:** Terry Kafka [redacted]>
**Subject:** Re: Gingrich view of Trump

I love ole Bernie. Wish he wasn't a damn socialist. He probably reminds you of your Social Studies teacher from Lafayette high...?

-pk

On Wed, Mar 9, 2016 at 5:15 PM, Terry Kafka <[redacted]> wrote:

Agree. Funny, I too have been saying Trump or Bern. Get Hillary the hell out. She's shameless!

Terry B. Kafka, President
Impact Outdoor Advertising Co.
5454 La Sierra Dr., Suite 200
Dallas, TX 75231
[redacted] – [redacted] cell
Impactoutdoor.com

**From:** Philip Kafka [mailto:[redacted]]
**Sent:** Wednesday, March 09, 2016 4:11 PM
**To:** Terry Kafka[redacted]>

**Subject:** Re: Gingrich view of Trump

I openly and proudly support Trump.

I've actually been able to pull people away from Hillary by saying I'd ONLY vote for Trump or Sanders. Citing they everyone else is establishment politics. I convinced a lesbian woman, older, to consider Trump after she went on a rampage about him. It just shows, people HAVE NO IDEA what they are talking about. Media holds the cards.... people are sheep.

On Wed, Mar 9, 2016 at 5:04 PM, <[redacted]> wrote:

Agree
Sent via BlackBerry by AT&T

-----Original Message-----
From: Philip Kafka <[redacted]>
Date: Wed, 9 Mar 2016 17:01:58
To: Terry Kafka<[redacted]>
Cc: Janet Kafka<[redacted]>
Subject: Re: Gingrich view of Trump

And I believe we have a problem

Sent from my iPhone

> On Mar 9, 2016, at 4:58 PM, Terry Kafka <[redacted]> wrote:

>
> Trump is a problem solver for sure.
>
> Terry B. Kafka, President
> Impact Outdoor Advertising Co.
> 5454 La Sierra Dr., Suite 200
> Dallas, TX 75231
> [redacted] - [redacted] cell
> Impactoutdoor.com
>
>
> -----Original Message-----
> From: Philip Kafka [mailto:[redacted]
> Sent: Wednesday, March 09, 2016 3:55 PM
> To: Terry Kafka <[redacted]
> Cc: Janet Kafka <[redacted]>
> Subject: Re: Gingrich view of Trump
>
> Great one. Thanks
>
> Sent from my iPhone
>
>> On Mar 9, 2016, at 4:47 PM, Terry Kafka <[redacted]> wrote:
>>
>> On trump.
>>
>> Terry B. Kafka, President
>> Impact Outdoor Advertising Co.
>> 5454 La Sierra Dr., Suite 200
>> Dallas, TX 75231
>> [redacted] - [redacted] cell
>> Impactoutdoor.com
>>
>>
>> -----Original Message-----
>> From: Brad Bowen [mailto:[redacted]]
>> Sent: Wednesday, March 09, 2016 2:16 PM
>> To: Kevin McIntosh <[redacted]>; Ryan McIntosh
>> <[redacted]>; Al Eckert <[redacted]>; 'Henry
>> Peek[redacted]' <[redacted]>; 'Terry Kafka
>> ([redacted]' <[redacted]>; Coy E. Garrett
>> <[redacted]>; Blake <[redacted]>
>> Subject: FW: Gingrich view of Trump
>>
>>
>>
>> Brad Bowen
>> Partner
>> Trinity Partners Commercial Real Estate Work phone: [redacted] Cell
>> phone: [redacted] Mailing Address:
>> P.O. Box 96011
>> Southlake, TX 76092

>> Physical Address:
>> 450 N Kimball Ave
>> Suite 100
>> Southlake, TX 76092
>> www.trinitypartnerstexas.com
>> [Description: Description: Description: TRINITI PARTNER logo22]
>>
>>
>> From: Kenny Shirley [mailto:[redacted]]
>> Sent: Wednesday, March 09, 2016 12:11 PM
>> To: Danny Shurden; Brad Bowen; [redacted]
>> Subject: Fwd: Gingrich view of Trump
>>
>>
>>
>> Sent from my iPhone
>>
>> Begin forwarded message:
>> From: Realblondes <[redacted]n<mailto:[redacted]>
>> Date: March 9, 2016 at 9:26:23 AM CST
>> Subject: Fwd: Gingrich view of Trump
>>
>>
>> SUBJECT; GINGRICH VIEW OF TRUMP
>>
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>>
>> Understanding Donald Trump The Washington Times January 8, 2016 by Newt Gingrich
>>
>> Donald Trump is a genuine phenomenon. He may or may not become the Republican nominee for president. He may or may not win the presidency even if he becomes the nominee. Yet it is clear that he is a phenomenon and that any history of the 2016 presidential race will have to spend a good bit of time analyzing Trump and his impact.
>>
>> From the time he announced on June 16, Trump has dominated social and mainstream media. He dominates the conversation despite the lack of paid advertising. Trump says outrageous things and his supporters shrug it off. At every turn, his poll numbers continue to rise.
>>
>> As a step toward understanding this amazing performance, I spent part of the Christmas break reading his first bestseller, 'The Art of the Deal'. Written in 1987, this book is a classic among American business books and has influenced a generation of entrepreneurs. Trump wrote 'The Art of the Deal' when he was 41 years old and having a successful run. The book's popularity contributed to Time Magazine's decision to feature Donald Trump on its cover in January 1989.
>>
>> The portrait that emerges from this easy-to-read and remarkably interesting book is of an aggressive, ambitious person who is constantly pushing, constantly learning, and always seeking the next challenge. Reporters and analysts who are trying to understand Trump would be well served by slowing down and reading this nearly three-decade-old bestseller.
>>

>> They would discover that Donald Trump has developed a remarkable set of rules and principles that allow him to make decisions with incredible speed. Trump knows a lot, but what is amazing is how rapidly he figures out what he doesn't know.
>>
>> My favorite story is of the Wollman Skating Rink in New York's Central Park.
>> The Wollman Rink was a heavily used public skating rink which had fallen into disrepair in 1980. New York City tried for six years to fix it, spent $13 million, and the rink still was not ready to open. In June of 1986 Trump, who could see the rink from his apartment, finally got tired of the embarrassment and offered to fix the rink at his own expense. At first the city turned him down because its bureaucracy did not want to be embarrassed by someone fixing something they couldn't fix. Trump kept pushing and finally out of embarrassment the city gave in.
>>
>> The key part of the story is Trump's reaction to being put in charge. He promptly recognized that he didn't know anything about fixing a skating rink. He asked himself who built a lot of skating rinks. "Canadians!" he concluded. He found the best Canadian ice skating rink construction company. When the Canadians flew in to assess the situation, they were amazed at how bad the city had been at solving the problem. They assured Trump that this was an easy job. Trump fixed the six year embarrassment two months ahead of schedule and nearly $800,000 under-budget. (The city did end up paying for the work, and Trump donated the profits to charity.)
>>
>> After reading this chapter you begin to think that maybe Donald Trump really could build a wall along our southern border for a lot less than our current government estimates.
>>
>> 'The Art of the Deal' is filled with stories like this — stories of common sense stories of calculated risk taking, and stories of innovation and marketing.
>> Anyone who would like to better understand Donald Trump would be helped by reading this remarkable book.
>>
>> Another is his pledges and I have no way of knowing if he will make good on all of them but I do agree with all of them. Trump is the only candidate that is serious about building The Wall" ! Two other important pledges Trump has made that no other candidate of either party has matched ! First deportation of millions of illegals that are demanding and costing American taxpayers billions of dollars and second Closing 34 Muslim traing Camps throughout our country! I WOULD LIKE TRUMP OR ANY OTHER CANDIDATES PLEDGE TO REINSTATE ANY AND ALL MILITARY OFFICERS DISCHARGED BECAUSE THEY DISAGREED WITH OBAMA OR HIS POLICIES!!
>>
>> Here is another that kind of wraps up my feelings about Trump
>> Raccoon's in your basement! An interesting analogy
>> You've been on vacation for two weeks, you come home, and your basement is infested with raccoon's. Hundreds of rabid, messy, mean raccoon's have overtaken your basement. You want them gone immediately so you hire a guy. A pro. You don't care if the guy smells, you need those raccoon's gone pronto and he's the guy to do it! You don't care if the guy swears, you don't care if he's an alcoholic, you don't care how many times he's been married, you don't care if he voted for Obama, you don't care if he has plumber's crack...you simply want those raccoon's gone!
>>
>> You want your problem fixed! He's the guy. He's the best. Period. That's why Trump. Yes he's a bit of an ass, yes he's an egomaniac, but you don't care.
>> The country is a mess because politicians suck, the Republican Party is two-faced & gutless, illegal's are everywhere. You want it all fixed! You don't care that Trump is crude, you don't care that he insults people, you don't care that he had been friendly with Hillary, you don't care that he has changed positions, you don't care that he's been married 3 times, you don't care that he fights with Megyn Kelly and Rosie O'Donnell, you don't care that he doesn't know the name of some Muslin terrorist,...this country is weak,

bankrupt, our enemies are making fun of us, we are being invaded by illegal's, we are becoming a nation of victims where every Tom, Ricardo and Hamad is a special interest group with special rights
>> to a point where we don't even recognize the country we were born and raised in; “AND WE JUST WANT IT FIXED” and Trump is the only guy who seems to understand what the people want.
>>
>> You're sick of politicians, sick of the Democratic Party, Republican Party, and sick of illegal's. You just want this thing fixed. Trump may not be a saint, but doesn't have any lobbyist money influencing him, he doesn't have political correctness restraining him, all you know is that he has been very successful, a good negotiator, he has built a lot of things, and he's also not a politician, so he's not a cowardly politician. And he says he'll fix it. You don't care if the guy has bad hair. You just want those raccoon's gone. Out of your house!
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>> This email has been sent from a virus-free computer protected by Avast.
>> http://www.avast.com/
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Philip Kafka
[redacted]

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Philip Kafka
[redacted]

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Philip Kafka
[redacted]

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**From:** Michael Wolff [[redacted]
**Sent:** 5/25/2016 11:23:50 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

What was the letter?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
nussbaum white house counsel. . hillary doing naughties with vince

On Wed, May 25, 2016 at 7:19 AM, Michael Wolff <[redacted]> wrote:
What's the thumb nail on Nussbaum/foster?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
maybe you can ask why bernie nussbaum got vince fosters letter quickly, that is a hillary problem. he would smile then you can ask his realtionsjipwith the elctricians unions and maralago . and out you go

On Wed, May 25, 2016 at 7:12 AM, Michael Wolff [redacted] wrote:
Job is to get the hard ones in without being ejected from the room. What's the one question that pierces through?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
do you want to be provacative . ? trump shuttle. hawaiin tropic contests. . mortgage on mara lago. ? revenue of golf courses as income.??! , total debt of all cos . ? people dont want to conribute money as he said he is worth over 10b , why should they? , calif already coming up short. . fatther bought chips in the casino to stave off bankruptcy, chips because it was better than a first lien. under the gambling rules. matt his bag man? his loan from his brother in law ( JUdges husband) how much did his father leave. his brother robert etc.
otherwise you can just throw easys

On Wed, May 25, 2016 at 7:05 AM, Michael Wolff <[redacted]> wrote:
I'm interviewing him this afternoon. Anything you think I should ask?

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DECLARATION IN SUPPORT OF PLAINTIFF'S REQUEST FOR PROTECTIVE ORDER

I, Tiffany Doe, a pseudonym, state as follows:

1. I am a competent adult over 18 years of age able to testify as to personal knowledge. The facts in this declaration are true and correct to the best of my knowledge, information, and belief, and I am competent to testify to them if called upon to do so.

2. I originally met Jeffrey E. Epstein in New York City in 1990 when I was the age of 22. I attended a series of parties in that same year of 1990 where I was paid to entertain various guests of Mr. Epstein.

3. In the year 1991, I was promoted to the occupation of party planner in which my duties were to get attractive adolescent women to attend these parties.

4. I was hired by and paid directly by Mr. Epstein from the years of 1991-2000 to attract adolescent women to attend these parties, most of which were held at what is known as the Wexner Mansion located at 9 E. 71st St. in New York City.

5. In June, 1994 while performing my duties as a recruiter of adolescent women to attend Mr. Epstein's parties, I met a 13-year-old adolescent woman, the Plaintiff in this matter, at the Port Authority in New York City who said that she had come to New York City in the hope of starting a modeling career.

6. I persuaded the Plaintiff to attend a series of parties of Mr. Epstein that took place during the summer of 1994. I told her that, if she would join me at the parties, she would be introduced to people who could get her into the modeling profession and she would be paid for attending.

7. It was at these series of parties that I personally witnessed the Plaintiff being forced to perform various sexual acts with Donald J. Trump and Mr. Epstein. Both Mr. Trump and Mr. Epstein were advised that she was 13 years old.

8. I personally witnessed four sexual encounters that the Plaintiff was forced to have with Mr. Trump during this period, including the fourth of these encounters where Mr. Trump forcibly raped her despite her pleas to stop.

9. I personally witnessed the one occasion where Mr. Trump forced the Plaintiff and a 12-year-old female named [redacted] perform oral sex on Mr. Trump and witnessed his physical abuse of both minors when they finished the act.

10. I personally witnessed or was made immediately aware of the two occasions where my boss Mr. Epstein attempted to rape and sodomize the Plaintiff. I personally witnessed Mr. Epstein sexually and physically abuse other minor females even younger than her.

11. It was my job to personally witness and supervise encounters between the underage girls that Mr. Epstein hired and his guests.

12. I personally witnessed Mr. Trump physically threaten the life and well-being of the Plaintiff if she ever revealed any details of the physical and sexual abuse suffered by her at the hands of Mr. Trump.

13. I personally witnessed Mr. Epstein physically threaten the life and well-being of the Plaintiff if she ever revealed the details of the physical and sexual abuse she suffered at the hands of Mr. Epstein or any of his guests.

14. I personally witnessed Defendant Trump telling the Plaintiff that she shouldn't ever say anything if she didn't want to disappear like the 12-year-old female Maria, and that he was capable of having her whole family killed.

15. After leaving the employment of Mr. Epstein in the year 2000, I was personally threatened by Mr. Epstein that I would be killed and my family killed as well if I ever disclosed any of the physical and sexual abuse of minor females that I had personally witnessed by Mr. Epstein or any of his guests.

16. I am coming forward to swear to the truthfulness of the physical and sexual abuse that I personally witnessed of minor females at the hands of Mr. Trump and Mr. Epstein, including the Plaintiff, during the time of my employment from the years of 1990-2000 for Mr. Epstein. I swear to these facts under penalty of perjury even though I fully understand that the life of myself and my family is now in grave danger.

I declare under penalty of perjury that the foregoing is true and correct.

DATED: June 18, 2016

Tiffany Doe, a pseudonym

DECLARATION IN SUPPORT OF PLAINTIFF'S REQUEST FOR PROTECTIVE ORDER

I, Jane Doe, the Plaintiff in this matter proceeding under a pseudonym, state as follows:

1. I am a competent adult over 18 years of age able to testify as to personal knowledge. The facts in this declaration are true and correct to the best of my knowledge, information, and belief, and I am competent to testify to them if called upon to do so.

2. I was subject to extreme sexual and physical abuse by the Defendants, including forcible rape, that took place at several parties of Defendant Epstein during the summer of 1994 in New York City at a residence used by Defendant Epstein. During this period, I was 13 years old.

3. More particularly, I traveled by bus to New York City in June 1994 in the hope of starting a modeling career. I went to several modeling agencies but was told that I needed to put together a modeling portfolio before I would be considered. I then went to the Port Authority in New York City to start to make my way back home. There I met a woman who introduced herself to me as [redacted]. She told me about the parties and said that, if I would join her at the parties, I would be introduced to people who could get me into the modeling profession. [redacted] also told me I would be paid for attending.

4. The parties were held at a New York City residence that was being used by Defendant Jeffrey Epstein. Each of the parties had other minor females and a number of guests of Mr. Epstein, including Defendant Donald Trump at four of the parties I attended. I understood that both Mr. Trump and Mr. Epstein knew that I was 13 years old.

5. Defendant Trump had sexual contact with me at four different parties in the summer of 1994. On the fourth and final sexual encounter with Defendant Trump, Defendant Trump tied me to a bed, exposed himself to me, and then proceeded to forcibly rape me. During the course of this savage sexual attack, I loudly pleaded with Defendant Trump to stop but he did not. Defendant Trump responded to my pleas by violently striking me in the face with his open hand and screaming that he would do whatever he wanted.

6. Immediately following this rape, Defendant Trump threatened me that, were I ever to reveal any of the details of Defendant Trump's sexual and physical abuse of me, my family and I would be physically harmed if not killed.

7. Defendant Epstein had sexual contact with me at two of the parties that summer. On the second occasion involving Defendant Epstein, Defendant Epstein forced himself upon me and proceeded to rape me anally and vaginally despite my loud pleas to stop. Defendant Epstein then attempted to strike me about the head with his closed fists while he angrily screamed at me that he, Defendant Epstein, should have been the one who took my virginity, not Defendant Trump, before I finally managed to break away from Defendant Epstein.

8. Immediately following this rape, just like Defendant Trump, Defendant Epstein threatened me not to ever reveal any of the details of Defendant Epstein's sexual and physical abuse of me or else my family and I would be physically harmed if not killed.

9. Both Defendants had let me know that each was a very wealthy, powerful man and indicated that they had the power, ability and means to carry out their threats. Indeed, Defendant Trump stated that I shouldn't ever say anything if I didn't want to disappear like [redacted], a 12-year-old female that was forced to be involved in the third incident with Defendant Trump and that I had not seen since that third incident, and that he was capable of having my whole family killed.

10. The duress imposed on me by Defendants not to ever reveal any of the details of the sexual and physical abuse caused to me by Defendants has not terminated and the fear it has instilled in me has not subsided. Unfortunately, making matters worse for me, I was subjected to daily painful reminders of the horrific acts of Defendant Trump via mass media coverage of him starting last summer that, over a short period of time, became continuous and unavoidable.

11. The duress had prevented me from starting litigation before this year. However, as soon as I surfaced, I received threats. More specifically, shortly after my first complaint was filed in California on April 26, 2016, I started receiving threatening phone calls on a cell phone I then owned. The calls were never for more than 20 seconds or so before they hung up and they were always from a blocked or unavailable phone number according to my caller ID feature. Since I changed phone numbers, the threatening calls have completely stopped.

12. This litigation involves matters that are highly sensitive and of a personal nature, and I believe that identification of me would pose a risk of retaliatory physical harm to me and to others.

13. I have no reason to believe that the Defendants' threats have ever been lifted or will ever be lifted and so I request that the Court issue an order protecting me and my family from harm and harassment by the Defendants.

I declare under penalty of perjury that the foregoing is true and correct.

DATED: June 18, 2016

Jane Doe, a pseudonym

**From:** Noam Chomsky [redacted]
**Sent:** 6/27/2016 12:23:53 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** RE: Re:

**Importance:** High

All too true, I'm afraid.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, June 26, 2016 6:20 AM
**To:** Noam Chomsky [redacted]
**Subject:** Re: Re:

brexit. trump. syria , ukraine. all tribal

On Sat, Jun 25, 2016 at 8:59 PM, Noam Chomsky <[redacted]> wrote:

Highlight? A chance to spend some free time alone together. Some good concerts. An evening in a small café with jazz duo playing Brazilian jazz. Things like that.

Still eager to make it to the Caribbean, but looks as though we'll have to wait.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, June 25, 2016 11:54 AM
**To:** Noam Chomsky
**Subject:** Re:

what was the highlight.? caribean is close to brazil, if you wanted you are always welcome and valeria can meet you there.

On Sat, Jun 25, 2016 at 11:51 AM, Noam Chomsky [redacted]> wrote:

Got back a few days ago. Right now at the Cape for a few days. After that Valeria is off to Brazil and I'll be in Cambridge until she comes back.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, June 25, 2016 8:23 AM
**To:** Noam Chomsky
**Subject:**

now where?

--

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**From**: Bruce Moskowitz [redacted]
**Sent**: 6/30/2016 2:25:23 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Research App

**Importance**: High

This is what my son Aaron developed. Read below from David Hayes at the Mayo Clinic. How do I get David's email to Biden? Thanks

Sent from my iPad
Bruce Moskowitz M.D.

Begin forwarded message:

**From:** "Hayes, David L., M.D." <[redacted]>
**Date:** June 30, 2016 at 8:57:26 AM EDT
**To:** "Bruce Moskowitz ([redacted])" <[redacted]>
**Subject: Research App**

Bruce – thought of you when watching the evening news yesterday. Joe Biden was being interviewed about his work on "Cancer Moonshot" or something like that. He said that they were working on or planned to work on a database/app that has never before been done, that would allow a patient or a physician to see who was doing research on a specific tumor anywhere in the world.

You've already got it. You have connections everywhere, you should get to Biden on that work group.

David

**From:** Bruce Moskowitz [redacted]
**Sent:** 6/30/2016 6:26:23 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Locate a Clinical Trial Near You - MyClinicalTrialLocator.com

**Importance:** High

Thank you

Sent from my iPhone

On Jun 30, 2016, at 2:23 PM, jeffrey E. <jeevacation@gmail.com> wrote:

sent to biden private

On Thu, Jun 30, 2016 at 10:33 AM, Bruce Moskowitz <[redacted]> wrote:

> This is Aaron's website not an app it allows anyone to type in any cancer term and find any clinical trial or researcher worldwide. It is updated every 24 hours and is in process of being updated with additional information for the benefit of patients and researchers. We allow it as a free open platform that can be expanded to specific interests. If for instance you type in glioblastoma and go out 10,000 miles from your location you can see researchers and clinical trials worldwide. Look at the map then press for example Germany and see what is available.
> http://www.myclinicaltriallocator.com/
>
> Sent from my iPad
> Bruce Moskowitz M.D.

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**From**: Boris Nikolic [redacted]
**Sent**: 7/11/2016 1:08:58 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

I was thinking of black.
It is not a gold pain but a gold leafing. It took them 2 months to do it.
What I do not like that it came out more as a Trump gold that an old gold.

B

---

From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 21:06:27 -0400
Subject: Re:
To:[redacted]

and maybe have the large colums black instead of gold, as the gold paint is not as good as the gold metal objects.

On Sun, Jul 10, 2016 at 9:03 PM, Boris Nikolic <[redacted]> wrote:

Great! Happy to hear it.
Trust your advice and taste - this is why I am asking!

B

---

From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 21:01:22 -0400
Subject: Re:
To[redacted]

i think it was terrific , the only thing i would think about is having only one lit sculpture at a time . put one in storage or covered , but you want to call attention to one at a time.

On Sun, Jul 10, 2016 at 8:43 PM, Boris Nikolic <[redacted]> wrote:

Thank you!

Did you really like it?
How did you like furniture?
What would you change it?

---

From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 20:42:23 -0400

Subject:
To:[redacted]

congragulations

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**From:** Joscha Bach [redacted]
**Sent:** 7/23/2016 7:02:30 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Mechanisms for learning

**Importance:** High

Some thoughts I meant to send back for a long time:

no worry, if i understand correctly you are suggsting there are layers 1 through N . lets cal them L 1 - Ln. there are times T 1- Tn / and then conjecture that changing the time . correlations ( by genetic swtch or other method. , you might be able to make blacks smarter by changing the time for motor layer development and changing the time for other layers. . ). like telemeres for the cell , are their equivalents for the layers. . as you talked about culling the unused neurons in each layer, each neuron in each layer would get dfferent ( kill yourself if you are not being used instructions ).

Exactly. I looked up the statistics, black kids in the US have slower cognitive development (and never catch up), which the study of course attributed to social factors without any evidence, and they had faster motor development! I suspect this means their brains are slower at learning high-level concepts, because the low-level structures are optimized for a shorter time. But they will keep the lead in motor development, because it is easier to learn, and they have more time and attention to practice once they get the structures in place.

It could also be that they have an additional set of learning directives in place that adapts them better to a more hunting/running style of life, whereas the Europeans had to adapt for identifying long-term seasonal patterns, delayed gratification for agriculture etc.

and CONCEPTS could be layer to layer communicaiton. . are gender differences also a matter of time , and structure of interactions. .

I suspect gender differences are mostly motivational, i.e. we have a reward system for all the different social and cognitive needs, which makes us receive different kinds of pleasure and pain, thereby pay attention and learn. You cannot learn what does not attract your attention. Women tend to find abstract systems, conflicts and mechanisms intrinsically boring. Most women in computer science do not write programs because they enjoy solving puzzles, but because they want to help people, get approval etc. There are almost no women in math, because it does not help people or yield social attention.

Men tend to find elaborate social relations boring. If there is no pleasure in observing and empathizing with people, one will not have good social cognition.

IQ is not the only meaningful difference. Chinese pay an inordinate amount of attention to authority. I suspect historically., the authorities tended to kill them a lot if they did not. Jews tend be intellectually independent and anti-authoritarian, which might make them creative and inventive in ways that are hard to find in Asia.

At the moment, I think speed/quality of brain development plus motivational system are the key to understanding both mind and individual differences. Important part of human language might be the result in a motivational need to discover/invent grammatical structure, which as a side effect makes us interested in music. It would mean that Chomsky's life long hypothesis, that people have a special circuit for grammatical language, is wrong. They might be GENERAL learners, just like Gorillas, but with a strong motivational urge to build

grammatical structure, which the brain simply invents (there are only a few ways in which a natural language can work). That is much easier to wire into a brain than a specific circuit.

i my self believe that african music, westrn music , chinese music are a window into the the structure of those layers. . western rigid, african primitve , chinese nature based, . I belive that synphoic movments best describe your layering. they open with a basic simple melody, , after it is learned , it is repeated and " developed " , inverted, distorted, related, etc. the development stage take a long time. then there is a recapitlaltion of the whole. and its inter and intra actions. . african musci has lots of beats. and little development. - no accident, it mirrors their learning process.

Interesting question if music is somehow indicative of genetically defined prefs, but I am not sure. It could be path effects, starting in culture.

re taboo
, maybe climate change is a good way of dealing with overpopulation. . the earths forest fire. potentailly a good thing for the species

Making having children expensive in terms of upbringing and missed opportunity (like in the west) is a more humane way. Environmental stress while leaving near rock bottom tends to lead people to have more children, because there is no missed opportunity, and high mortality requires more attempts at procreation. Humans are a hardy species, outside of focused famine events and wars only small fractions of any given population die.

I suspect that strong reductions in population will come from large-scale failure of agriculture. The climate change itself with result in migration and wars, but most people will probably survive that. But who knows, I might be wrong.

too many people, so many mass executions of the elderly and infirm make sense
is the fundamental fact that everyone dies at some time .make it imporrisbole to ask so why not earilier. if the brain discards unused neurons , why shold socieity keep their equivalent

The radical idea of treating individuals in a society as cells and the society itself as a well-organized organism is fascism, or course. Probably the most efficient and rationally stringent way of governance, if someone could pull it off in a sustainable way; and if it is aggressive and expansive, its efficiency makes it a virus that everybody will want to stomp out. Fascism makes romantic doo-gooders like me very uncomfortable (I visited KZ Buchenwald five times and it had a profound influence on me; we East Germans inoculated ourselves very thoroughly against fascism), and the general public will not be willing to consider it.
I rather like the treatment Fascism gets in the Amazon Series "The Man in the High Castle", which explores what would have happened if the Germans and Japanese had won the war: A society that tries to function as a brutal and ruthlessly efficient machine, eliminating all social and evolutionary slack. It is very dark, but not a flat caricature of pointless evil for its own sake. Heinlein's late book "Starship Troopers" explores fascism, too, but unlike Philipp K Dick he does not see it as a form of insanity, but as the most desirable order.

I find your "political incorrectness" very fascinating. In the beginning, I thought it is a form of costly signaling, but now I think you are simply entirely unconstrained in your thoughts. How did you manage in your youth? Did you get in trouble, or did you keep your thoughts to yourself? I wonder what kind of person you want to transform into.

It was interesting to notice that at the Forbidden Research conference, nobody managed to say anything remotely out-of line. One large discussion group wanted to address the question of whether "democracy still

works", and mostly expressed their disagreement with Trump. Ideology is like halitosis: easy to see in others, hard in oneself. A speaker felt that the media "stifle all criticism of Trump", another wanted to remove "men and Elon Musk from government", and everybody strongly agreed that we need more diversity everywhere.

I noticed some time ago that Joi has remarkable public communication skills. He picks controversial, insight-laden topics, but sanitizes them by carefully replacing the parts of content that would divide his audience with symbolic messages that everybody can fill with their own content in a way that resonates with them. The non-controversial parts will still be insightful. He manages to come across as very subversive, while rarely offending anyone (except the hard scientists, that miss hard substance).
He also asks influential people and smart students or faculty to write parts of his essays and speeches for him. This invests them in his success, especially because he is going to reward and acknowledge them. Very few of his ideas are original, instead he is good at identifying and testing thoughts he reads or hears from others.

I am still beset by the ruinous instinct that the goal of communication ought to be mutual understanding. Joi is right. Public communication is about reaching one's goals.

Bests,

Joscha

On Sun, Jul 10, 2016 at 12:42 AM, Joscha Bach [redacted] wrote:

Dear Jeffrey,

thank you for your support and encouragement, even where I fail.
Sorry for being such an embarrassment today. I will spell out today's argument a bit better and cohesive when I get to it. Also, I should have recognized that the main point I tried to make would trigger Noam (who was as always very generous, patient, kind and humble on the personal level, even though he did not feel like conceding anything on the conceptual one). Almost all of Noam's work focused on the idea that humans have very specific circuits or modules (even when most people in his field began to have other ideas), and his frustration is that it is so hard to find or explain them.

I found Noam's hypothesis very compelling in the past. I still think that the idea that language is somehow a cultural or social invention of our species is wrong. But I think that there is a chance (we don't know that, but it seems to most promising hypothesis IMHO) that the difference between humans and apes is not a very intricate special circuit, but genetically simple developmental switches. The bootstrapping of cognition works layer by layer during the first 20 years of our life. Each layer takes between a few months and a few years to train in humans. While a layer is learned, there is not much going on in the higher layers yet, and after the low level learning is finished, it does not change very much. This leads to the characteristic bursts in child development, that have famously been described by Piaget.

The first few layers are simple perceptual stuff, the last ones learn social structure and self-in-society. The switching works with something like a genetic clock, very slowly in humans, but much more quickly in other apes, and very fast in small mammals. As a result, human children take nine months before their brains are mature enough to crawl, and more than a year before they can walk. Many African populations are quite a bit faster. In the US, black children outperform white children in motor development, even in very poor and

socially disadvantaged households, but they lag behind (and never catch up) in cognitive development even after controlling for family income.

Gorillas can crawl after 2 months, and build their own nests after 2.5 years. They leave their mothers at 3-4 years. Human children are pretty much useless during the first 10-12 years, but during each phase, their brains have the opportunity to encounter many times as much training data as a gorilla brain. Humans are literally smarter on every level, and because the abilities of the higher levels depend on those of the lower levels, they can perform abstractions that mature gorillas will never learn, no matter how much we try to train them.

The second set of mechanisms is in the motivational system. Motivation tells the brain what to pay attention to, by giving reward and punishment. If a brain does not get much reward for solving puzzles, the individual will find mathematics very boring and won't learn much of it. If a brain gets lots of rewards for discovering other people's intentions, it will learn a lot of social cognition.

Language might be the result of three things that are different in humans:
- extended training periods per layer (after the respective layer is done, it is difficult to learn a new set of phonemes or the first language)
- more layers
- different internal rewards. Perhaps the reward for learning grammatical structure is the same that makes us like music. Our brains may enjoy learning compositional regular structure, and they enjoy making themselves understood, and everything else is something the universal cortical learning figures out on its own.

This is a hypothesis that is shared by a growing number of people these days. In humans, it is reflected for instance by the fact that races with faster motor development have lower IQ. (In individuals of the same group, slower development often indicates defects, of course.)

Another support comes from machine learning: we find that the same learning functions can learn visual and auditory pattern recognition, and even end-to-end-learning. Google has built automatic image recognition into their current photo app:
http://blogs.wsj.com/digits/2015/07/01/google-mistakenly-tags-black-people-as-gorillas-showing-limits-of-algorithms/

The state of the art in research can do better than that: it can begin to "imagine" things. I.e. when the experimenter asks the system to "dream" what a certain object looks like, the system can produce a somewhat compelling image, which indicates that it is indeed learning visual structure. This stuff is something nobody could do a few months ago:
http://www.creativeai.net/posts/Mv4WG6rdzAerZF7ch/synthesizing-preferred-inputs-via-deep-generator-networks

A machine learning program that can learn how to play an Atari game without any human supervision or hand-crafted engineering (the feat that gave DeepMind 500M from Google) now just takes about 130 lines of Python code.

These models do not have interesting motivational systems, and a relatively simple architecture. They currently seem to mimic some of the stuff that goes on in the first few layers of the cortex. They learn object features, visual styles, lighting and rotation in 3d, and simple action policies. Almost everything else is missing. But there is a lot of enthusiasm that the field might be on the right track, and that we can learn motor simulations and intuitive physics soon. (The majority of the people in AI do not work on this, however. They try to improve the performance for the current benchmarks.)

Noam's criticism of machine translation mostly applies to the Latent Semantic Analysis models that Google and others have been using for many years. These models map linguistic symbols to concepts, and relate

concepts to each other, but they do not relate the concepts to "proper" mental representations of what objects and processes look like and how they interact. Concepts are probably one of the top layers of the learning hierarchy, i.e. they are acquired *after* we learn to simulate a mental world, not before. Classical linguists ignored the simulation of a mental world entirely.
It seems miraculous that purely conceptual machine translation works at all, but that is because concepts are shared between speakers, so the structure of the conceptual space can be inferred from the statistics of language use. But the statistics of language use have too little information to infer what objects look like and how they interact.

My own original ideas concern a few parts of the emerging understanding of what the brain does. The "request-confirmation networks" that I have introduced at a NIPS workshop in last the December are an attempt at modeling how the higher layers might self-organize into cognitive programs.

Cheers!

Joscha

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**From:** Joscha Bach[redacted]
**Sent:** 7/23/2016 10:02:05 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Mechanisms for learning

**Importance:** High

Am 23.07.2016 um 04:41 schrieb jeffrey E. <jeevacation@gmail.com>:

Cells seem to be mostly indistinguishable (except for XX), I thought?

Size is different on average, but males with small brains are still male.

Variation of all traits is higher for males, so there are more high IQ men (wider bell-curve). Given average brain size difference, the small difference in average IQ is surprising, I think

gender differenece. unlikely motivational. every cell is different. size is didfferent. .

the more radical idea is that brains are the nucleus of the human " cell : the body the membrane, . the organizm the colletcions and interactions of brains. wisdom of crowds . mirroring. etc. . money used as signals. as is spoken language. . what does social behavior mean , it is the cooridiation of indiv brains. =

I think that mathematics based thinking does not allow for censorship. money people concepts if they are all math , then poliiical correctness and their structures are only subsets of a larger group of thoughts. its not emotinal for me.

most people have censorship built in at a deep level, social reasoning gets to different results than equivalent abstract reasoning

On Sat, Jul 23, 2016 at 3:02 AM, Joscha Bach [redacted]> wrote:

Some thoughts I meant to send back for a long time:

no worry, if i understand correctly you are suggsting there are layers 1 through N . lets cal them L 1 - Ln. there are times T 1- Tn / and then conjecture that changing the time . correlations ( by genetic swtch or other method. , you might be able to make blacks smarter by changing the time for motor layer development and changing the time for other layers. . ). like telemeres for the cell , are their equivalents for the layers. . as you talked about culling the unused neurons in each layer, each neuron in each layer would get dfferent ( kill yourself if you are not being used instructions ).

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Cheers!

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**From:** Joscha Bach [redacted]]
**Sent:** 7/24/2016 5:23:46 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Mechanisms for learning

**Importance:** High

Average humans are probably not fully able to learn how to program etc. Fraction of people that reshape the world are at the right end of the Bell curves, so difference in variation means fewer women. We tend to be more interested in the outliers. Have people explicitly evolved to be not to be too smart on average, or is general intelligence so hard to get from human brains?

Am 24.07.2016 um 00:20 schrieb jeffrey E. <jeevacation@gmail.com>:

the average is the only thing that matters

On Sat, Jul 23, 2016 at 6:02 PM, Joscha Bach <[redacted]> wrote:

> Am 23.07.2016 um 04:41 schrieb jeffrey E. <jeevacation@gmail.com>:
>
> Cells seem to be mostly indistinguishable (except for XX), I thought?
>
> Size is different on average, but males with small brains are still male.
>
> Variation of all traits is higher for males, so there are more high IQ men (wider bell-curve). Given average brain size difference, the small difference in average IQ is surprising, I think
>
> gender differenece. unlikely motivational. every cell is different. size is didfferent. .
>
> the more radical idea is that brains are the nucleus of the human " cell : the body the membrane, . the organizm the colletcions and interactions of brains. wisdom of crowds . mirroring. etc. . money used as signals. as is spoken language. . what does social behavior mean , it is the cooridiation of indiv brains. =
>
> I think that mathematics based thinking does not allow for censorship. money people concepts if they are all math , then poliiical correctness and their structures are only subsets of a larger group of thoughts. its not emotinal for me.
>
> most people have censorship built in at a deep level, social reasoning gets to different results than equivalent abstract reasoning
>
> On Sat, Jul 23, 2016 at 3:02 AM, Joscha Bach <[redacted]> wrote:
>
> Some thoughts I meant to send back for a long time:

no worry, if i understand correctly you are suggsting there are layers 1 through N . lets cal them L 1 - Ln. there are times T 1- Tn / and then conjecture that changing the time . correlations ( by genetic swtch or other method. , you might be able to make blacks smarter by changing the time for motor layer development and changing the time for other layers. . ). like telemeres for the cell , are their equivalents for the layers. . as you talked about culling the unused neurons in each layer, each neuron in each layer would get dfferent ( kill yourself if you are not being used instructions ).

Exactly. I looked up the statistics, black kids in the US have slower cognitive development (and never catch up), which the study of course attributed to social factors without any evidence, and they had faster motor development! I suspect this means their brains are slower at learning high-level concepts, because the low-level structures are optimized for a shorter time. But they will keep the lead in motor development, because it is easier to learn, and they have more time and attention to practice once they get the structures in place.

It could also be that they have an additional set of learning directives in place that adapts them better to a more hunting/running style of life, whereas the Europeans had to adapt for identifying long-term seasonal patterns, delayed gratification for agriculture etc.

and CONCEPTS could be layer to layer communicaiton. . are gender differences also a matter of time , and structure of interactions. .

I suspect gender differences are mostly motivational, i.e. we have a reward system for all the different social and cognitive needs, which makes us receive different kinds of pleasure and pain, thereby pay attention and learn. You cannot learn what does not attract your attention. Women tend to find abstract systems, conflicts and mechanisms intrinsically boring. Most women in computer science do not write programs because they enjoy solving puzzles, but because they want to help people, get approval etc. There are almost no women in math, because it does not help people or yield social attention.

Men tend to find elaborate social relations boring. If there is no pleasure in observing and empathizing with people, one will not have good social cognition.

IQ is not the only meaningful difference. Chinese pay an inordinate amount of attention to authority. I suspect historically., the authorities tended to kill them a lot if they did not. Jews tend be intellectually independent and anti-authoritarian, which might make them creative and inventive in ways that are hard to find in Asia.

At the moment, I think speed/quality of brain development plus motivational system are the key to understanding both mind and individual differences. Important part of human language might be the result in a motivational need to discover/invent grammatical structure, which as a side effect makes us interested in music.
It would mean that Chomsky's life long hypothesis, that people have a special circuit for grammatical language, is wrong. They might be GENERAL learners, just like Gorillas, but with a strong motivational urge to build grammatical structure, which the brain simply invents (there are only a few ways in which a natural language can work). That is much easier to wire into a brain than a specific circuit.

i my self believe that african music, westrn music , chinese music are a window into the the structure of those layers. . western rigid, african primitve , chinese nature based, . I belive that synphoic movments best describe your layering. they open with a basic simple melody, , after it is learned , it is repeated and " developed " , inverted, distorted, related, etc. the development stage take a long time. then there is a

recapitlaltion of the whole. and its inter and intra actions. . african musci has lots of beats. and little development. - no accident, it mirrors their learning process.

Interesting question if music is somehow indicative of genetically defined prefs, but I am not sure. It could be path effects, starting in culture.

re taboo
, maybe climate change is a good way of dealing with overpopulation. . the earths forest fire. potentailly a good thing for the species

Making having children expensive in terms of upbringing and missed opportunity (like in the west) is a more humane way. Environmental stress while leaving near rock bottom tends to lead people to have more children, because there is no missed opportunity, and high mortality requires more attempts at procreation. Humans are a hardy species, outside of focused famine events and wars only small fractions of any given population die.

I suspect that strong reductions in population will come from large-scale failure of agriculture. The climate change itself with result in migration and wars, but most people will probably survive that. But who knows, I might be wrong.

too many people, so many mass executions of the elderly and infirm make sense
is the fundamental fact that everyone dies at some time .make it imporrisbole to ask so why not earilier. if the brain discards unused neurons , why shold socieity keep their equivalent

The radical idea of treating individuals in a society as cells and the society itself as a well-organized organism is fascism, or course. Probably the most efficient and rationally stringent way of governance, if someone could pull it off in a sustainable way; and if it is aggressive and expansive, its efficiency makes it a virus that everybody will want to stomp out. Fascism makes romantic doo-gooders like me very uncomfortable (I visited KZ Buchenwald five times and it had a profound influence on me; we East Germans inoculated ourselves very thoroughly against fascism), and the general public will not be willing to consider it.
I rather like the treatment Fascism gets in the Amazon Series "The Man in the High Castle", which explores what would have happened if the Germans and Japanese had won the war: A society that tries to function as a brutal and ruthlessly efficient machine, eliminating all social and evolutionary slack. It is very dark, but not a flat caricature of pointless evil for its own sake. Heinlein's late book "Starship Troopers" explores fascism, too, but unlike Philipp K Dick he does not see it as a form of insanity, but as the most desirable order.

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**From**: Boris Nikolic [redacted]]
**Sent**: 7/28/2016 4:14:35 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Are you around this Friday and weekend.
I am - and leaving on Sunday at 5pm for Greece until August 15th/.
If you around would love to see you.

Just a quick question - do you have any name for a potential LP for my fund. I am planning a final close end of September /October.

Please let me know

B

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From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 21:16:43 -0400
Subject: Re:
To: [redacted]

exactly

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Trust your advice and taste - this is why I am asking!

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To: [redacted]

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Thank you!

Did you really like it?
How did you like furniture?
What would you change it?

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From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 20:42:23 -0400
Subject:
To: [redacted]

congragulations

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**From**: Boris Nikolic [redacted]
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**Importance**: High

Just called you.
Call me when you can.

Where will you be until 29th?

---

From: jeevacation@gmail.com
Date: Thu, 28 Jul 2016 06:18:55 -0400
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To: [redacted]

i will see one maybe today. . i am off until aug 29

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**Date:** Thursday, July 28 2016 05:44 PM
**Subject:** RE:
**From:** Boris Nikolic <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;
**Attachments:** Biomatics Pitch Deck 063016a.pdf

---

please find attached an updated deck.
Please let me know if you have any candidate!
So far all LPs are AAA+ and there is a pipeline of 8 companies converted at the cost.

B

---

From: jeevacation@gmail.com
Date: Thu, 28 Jul 2016 06:18:55 -0400
Subject: Re:
To:[redacted]

i will see one maybe today. . i am off until aug 29

On Thu, Jul 28, 2016 at 12:14 AM, Boris Nikolic <[redacted]> wrote:

> Are you around this Friday and weekend.
> I am - and leaving on Sunday at 5pm for Greece until August 15th/.
> If you around would love to see you.
>
> Just a quick question - do you have any name for a potential LP for my fund. I am planning a final close end of September /October.
>
> Please let me know
>
> B
>
> ---
>
> From: jeevacation@gmail.com
> Date: Sun, 10 Jul 2016 21:16:43 -0400
> Subject: Re:
> To: [redacted]
>
> exactly
>
> On Sun, Jul 10, 2016 at 9:08 PM, Boris Nikolic <[redacted]> wrote:
>
>> I was thinking of black.
>> It is not a gold pain but a gold leafing. It took them 2 months to do it.

What I do not like that it came out more as a Trump gold that an old gold.

B

---

From: jeevacation@gmail.com
Date: Sun, 10 Jul 2016 21:06:27 -0400
Subject: Re:
To: [redacted]

and maybe have the large colums black instead of gold, as the gold paint is not as good as the gold metal objects.

On Sun, Jul 10, 2016 at 9:03 PM, Boris Nikolic < [redacted] > wrote:

> Great! Happy to hear it.
> Trust your advice and taste - this is why I am asking!
>
> B
>
> ---
>
> From: jeevacation@gmail.com
> Date: Sun, 10 Jul 2016 21:01:22 -0400
> Subject: Re:
> To: [redacted]
>
> i think it was terrific , the only thing i would think about is having only one lit sculpture at a time . put one in storage or covered , but you want to call attention to one at a time.
>
> On Sun, Jul 10, 2016 at 8:43 PM, Boris Nikolic < [redacted] > wrote:
>
>> Thank you!
>>
>> Did you really like it?
>> How did you like furniture?
>> What would you change it?
>>
>> ---
>>
>> From: jeevacation@gmail.com
>> Date: Sun, 10 Jul 2016 20:42:23 -0400
>> Subject:
>> To [redacted]

congragulations

--

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Global Equity Volatility Insights

# Understanding when risk parity risk increases

we estimate 68% of the

Bank of America Merrill Ylnch

09 August 2016 Corrected

Equity Derivatives
Global


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## US

### Quantifying the (bond-equity correlation) risks to risk parity

Last week's sharp sell-off in JGBs renewed concerns of forced selling by risk parity funds. While the drawdowns in US Treasuries, US equities, and ultimately risk parity portfolios were small and short-lived, the latent risk remains worth monitoring, as (i) leverage is still near max levels across a variety of risk parity parametrizations, (ii) bond allocations are historically elevated, and (iii) markets continue to be sceptical of a 2016 Fed hike. Hence we provide a simple scenario tool to help investors assess what relative moves in bonds and equities could catalyse significant deleveraging by rules-based risk parity funds running vol target overlays. For example, a -2% daily decline in the S&P 500 coupled with a -0.6% fall in 10y Treasury prices (poor diversification) could trigger a 25% deleveraging (of unlevered notional) today, whereas a -4% SPX drop and +1% bond rally (good diversification) would generate no selling pressure, underscoring the critical role played by bond-equity correlation in governing the severity of risk parity unwinds.

## Europe

### Buy the seasonal oil dip via bullish X-market risk reversals

Selling rich USO (WTI tracker) 3M 25d puts to fund cheaper SXEP (European Oil & Gas equity) calls is historically attractive. Indeed the number (>2) of long SXEP calls per short USO put is in the 90th %-ile since 2008. The trade leverages both our commodity strategists' 'buy the dip' view and our equity strategists' bullish outlook on the Oil & Gas sector, which has been the worst performing over the last 1M. Moreover, the average payoff of being long SXEP 3M 25d calls would have been >2x greater than USO 3M 25d calls (owing to more frequent positive returns), when sized for the same upfront cost.

## Asia

### Own NKY Sep/Oct calendar call at vol hit YTD low level going into the Sep BOJ

Post the Jul-16 BoJ and the announcement of a ¥28.1tn fiscal stimulus package, NKY and USDJPY 1M vols have dropped to near YTD low levels, both USDJPY and NKY 2M-1M term structures are historically steep, pricing in a slow summer. Our strategists believe Sep-16 BoJ's will likely create uncertainty, however, NKY Sep-Oct ATM fwd vol currently trades at the low end of its trading range going into BoJ's YTD. Plus, our analysis suggests a further squeeze in yield will likely be positive for the NKY. We recommend buying 1x NKY Oct 17500 call vs. selling 0.65x Sep 17250 call.

**Trade update**: Closing the NKY Aug/Sep put calendar trade at 0.28% premium

### Korean auto-callable issuance slightly rose while NKY Uridashi issuance fell in July

**Table 1: 3M volatility (weekly changes)**

| | Implied | Realized |
|---|---|---|
| S&P500 | 11.9 (-0.7) | 13.2 (-0.1) |
| ESTX50 | 19.2 (-0.6) | 27.7 (0.4) |
| FTSE | 12.6 (-0.7) | 18.9 (0.1) |
| DAX | 17.8 (-1.1) | 24.6 (-0.1) |
| NKY | 21.7 (-1.1) | 27.2 (-1.2) |
| HSI | 17.5 (-0.6) | 17.2 (-0.5) |
| KOSPI | 12.6 (-0.4) | 12.9 (0.5) |
| EEM US | 18.8 (-0.8) | 22.1 (-0.9) |
| TOP40 | 19.4 (0.3) | 18.1 (-0.4) |
| RDX | 28.2 (-1.6) | 25.8 (-0.6) |
| IBOV | 21.7 (0.0) | 21.7 (-0.7) |
| ISE30 | 29.9 (-0.1) | 27.7 (-0.4) |

Source: BofA Merrill Lynch Global Research


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# BofAML GFSI™ X-Asset Risk Landscape

## GFSI makes new YTD lows as BoE & NFP boost risk assets

The GFSI declined to a new YTD low of 0.18 as of 5-Aug, a level not seen since Nov-15. With the BoE surprising to the upside in terms of cutting rates, re-starting QE and guiding towards more accommodative policy down the line, as well as better than expected US non-farm payrolls, risk assets globally got a boost.

- **Credit experienced the biggest decline in stress across assets:** Chart 3 shows that credit (followed by equities) experienced the biggest weekly stress decline. Indeed, Chart 5 and Chart 6 show that sovereign risk as measured by IG & sub-IG foreign sovereign bond spreads experienced the most significant weekly declines in stress versus their history in the GFSI.

- **Europe continues to be most stressed region:** Chart 4 shows that Europe is the most stressed region in the GFSI, despite the stress declines last week. US-related stresses which were already relatively lower vs the other regions, were more resilient. Indeed the only significant move higher in regional stress was in USD Libor-OIS spreads (Chart 5), which our Rates strategists view as driven by the anticipation of US money market mutual fund reform in October.

**Chart 1: Latest* stress across GFSI sub-components**

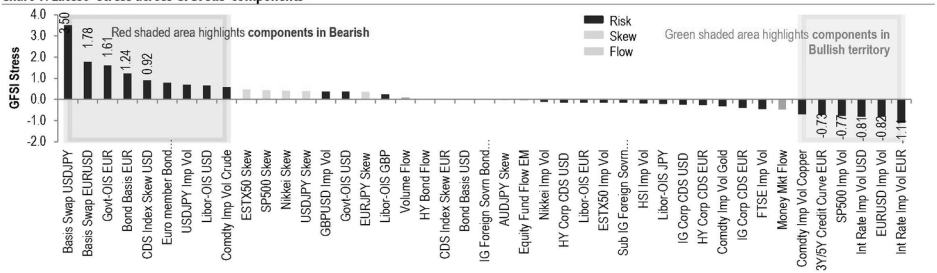


Source: BofA Merrill Lynch Global Research. *Latest as of 05-Aug-16

**Chart 2: Change** in stress across GFSI sub-components. The biggest moves were declines in stress; led by credit. Notably stress in GBP vol declined post BoE**

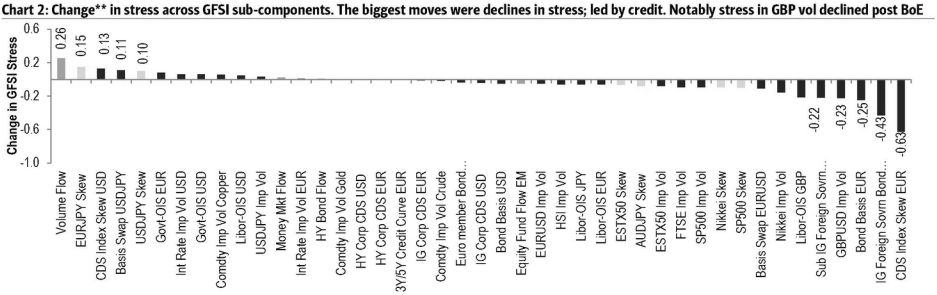


Source: BofA Merrill Lynch Global Research. **Latest as of 05-Aug-16. Change vs 1 week prior (29-Jul-16).



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The GFSI Risk Allocator favours being underweight risk assets given the distribution of stresses within the GFSI. The percentages of Bullish, Bearish and Neutral GFSI components (as used in the Risk Allocator) were 8.7%, 13.0% & 78.3%, respectively as of 5-Aug. The Risk Allocator (using Bull, Bear & Neutral weights of 2, 0, 1) suggests reducing the underweight position to 4.3% UW from last week's 17.4% UW.

**Chart 3: Stress across assets (Rates & FX are the most stressed asset classes – credit stress declined the most last week**

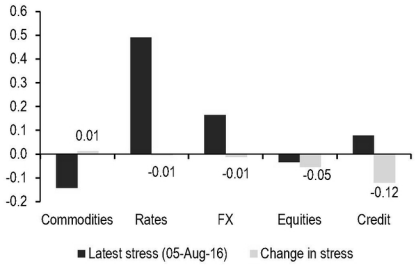


Source: BofA Merrill Lynch Global Research. 1wk change (22-Jul-16 to 29-Jul-16).

**Chart 4: Stress across regions (Europe is the most stressed region in the GFSI while EM is the least stressed)**

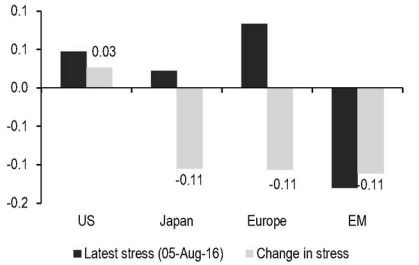


Source: BofA Merrill Lynch Global Research. 1wk change (22-Jul-16 to 29-Jul-16).

**Chart 5: Top 10 movers in stress (1-week abs chg %-ile vs history*)**

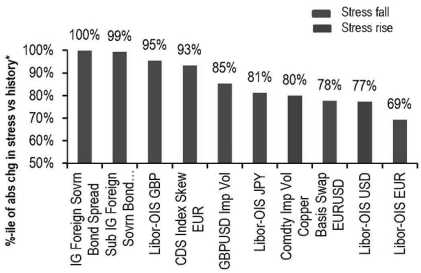


Source: BofA Merrill Lynch Global Research. * %-ile of weekly move in stress vs all historical weekly moves (earliest 3-Jan-00). Bar colours represent: rise (red) or fall (green) in stress. 1wk change (22-Jul-16 to 29-Jul-16).

**Chart 6: Global volatility & credit spread stress in the GFSI**

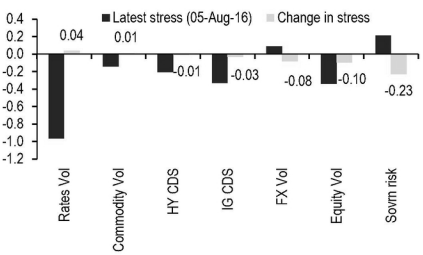


Source: BofA Merrill Lynch Global Research. 1wk change (22-Jul-16 to 29-Jul-16).



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# Volatility in the US

## Quantifying the (bond-equity correl) risks to risk parity

Last week's sharp sell-off in JGBs (Chart 7) following the BoJ's decision not to cut rates renewed investor fears of forced selling by risk parity funds. However, the spill-over into US Treasuries was relatively muted (Chart 7), and coupled with a small and fleeting drawdown in US equities, risk parity portfolio volatility failed to rise materially (Chart 8). Consequently, risk parity funds were likely forced to unwind little to none of their leverage last week and remain near max leverage levels (Chart 9).

For this very reason, the latent risk in this corner of the quant fund space remains worth monitoring. Furthermore, as we noted post-Brexit, fixed income allocations within risk parity funds are historically elevated today. And with federal-funds futures markets implying a ~25% chance of a Sep rate hike and less than a 50% probability of a Dec hike, bond markets may be surprised by a 2016 Fed hike.

**Chart 7: Last week's sharp sell-off in JGBs did not spill-over into US Treasuries**

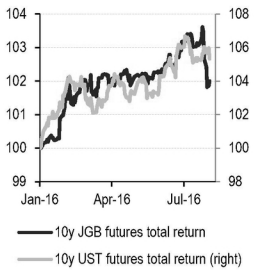


Source: BofA Merrill Lynch Global Research. Daily data from 4-Jan-16 through 5-Aug-16.

**Chart 8: Consequently, risk parity portfolio volatility remained quite muted**

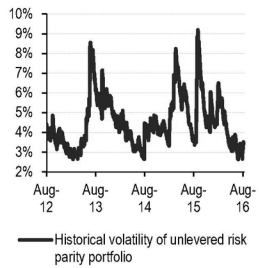


Source: BofA Merrill Lynch Global Research. Equity, fixed income, and commodity components within the hypothetical risk parity investment are represented by the S&P500, 10-Year US Treasury Bonds, and the S&P GSCI Index respectively. Risk parity allocations are determined and rebalanced monthly using prior 12-month realized volatility and correlations. Historical volatility calculated using EWMA with a lambda equal to 0.94.

**Chart 9: Hence risk parity funds did not de-lever materially and remain highly levered**

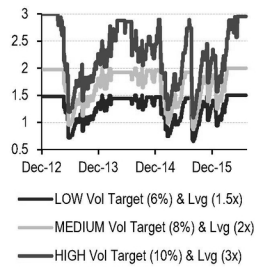


Source: BofA Merrill Lynch Global Research. Daily data from 31-Dec-12 through 27-Jun-16. Equity, fixed income, and commodity components within the hypothetical risk parity investment are represented by the S&P500, 10-Year US Treasury Bonds, and the S&P GSCI Index, respectively. Risk parity allocations are determined and rebalanced monthly using prior 12-month realized volatility and correlations.

### Monitoring relative equity/bond moves for potential risk parity deleveraging

It is intuitive to think that rising volatility corresponds to an increase in model-driven selling pressure from risk parity strategies. However, what's less appreciated in our view is the impact on risk parity allocations as a result of the ***relative*** dynamics between component volatilities and correlation. For example, through the close on the Monday post-Brexit (27-Jun-16), S&P 500 volatility rose from 9.6% two days prior to 17.9% (increase of 1.9x) while 10-Year US Treasury Futures return volatility rose 4.3% to 6.6% (increase of 1.5x). Despite these outsized vol moves, in a recent report we showed that owing to the diversification (increasingly negative correlation) between equities and bonds, unlevered risk parity portfolio volatility remained stable and hence, target vol overlays were less likely to be subject to model-driven selling.

Given low levels of realized volatility across asset classes, it's also intuitive to expect continued elevated levels of leverage in risk parity products. To the extent that the leverage is via vol control overlays, there are reasonable concerns on the potential market impact should these model-driven investments be forced to simultaneously deleverage. To that end, we provide a simple scenario tool (Chart 10) to help investors assess what relative moves in the S&P 500 and 10-year US Treasury futures could catalyze significant deleveraging by rules-based, vol-controlled risk parity funds.



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Importantly, this scenario tool is a function of (1) current unlevered risk parity volatility, (2) current risk parity component weights, and (3) the maximum leverage of the target volatility overlay. For simplicity, we used only a two asset risk parity portfolio of equity and fixed income applied to the S&P 500 and 10-Year US Treasury Futures.

**Chart 10: Current theoretical deleveraging amounts (of unlevered notional) for an equity/fixed income risk parity portfolio with an 8% target volatility overlay and 2x max leverage cap**

Assumes a trailing unlevered volatility of 3.1%, unlevered equity and fixed income weights of 22% and 78% respectively, and leverage at a maximum of 2.0 times

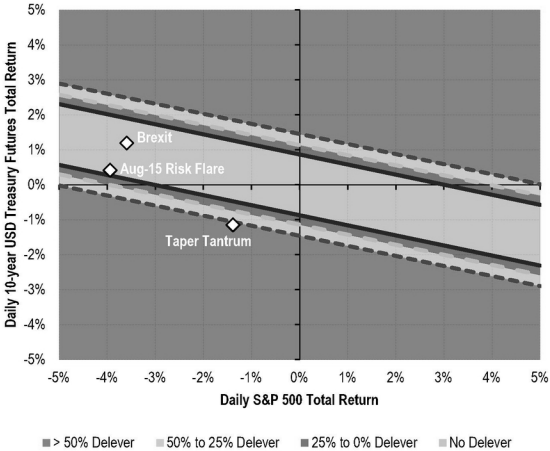


Source: BofA Merrill Lynch Global Research. Data as of 5-Aug-16. Equity and fixed income components within the theoretical risk parity investment are represented by S&P 500 total return and 10-Year US Treasury Futures total return. Risk parity allocations are determined monthly and rebalanced using prior 12-month realized volatility. Unlevered portfolio volatility for determining target volatility leverage measured using EWMA with lambda equal to 0.94.

For example, last Friday 10-Year US Treasury futures declined about 60bps. Had the S&P 500 declined 2.0%, we would have expected about 25% of the unlevered notional of a model 8% vol-targeted, 2.0x max leverage risk parity portfolio to deleverage. The S&P 500 was in fact up 86bps on a total return basis which according to the tool falls in the region of no deleveraging.

Also, to put recent events in perspective, we plotted on the scenario tool the respective moves in the S&P 500 and 10-Year US Treasury futures during the Taper Tantrum (19-Jun-2013), the Aug-15 risk flare (24-Aug-15), and post-Brexit (24-Jun-2016). Note, for an accurate assessment through those events, we would also need to reconfigure the scenario tool for the respective unlevered risk parity volatility and risk parity component weights on those dates. However, with current measures for both, the tool does estimate current deleveraging flows should we see similar equity and bond moves today. Interestingly, equity/bond moves through the Aug-15 risk flare would not cause a deleveraging today. The reason is bonds have increased in allocation since last August (78% vs. 66%), and hence the portfolio is more resilient towards equity market declines (but consequently also more sensitive to fixed income declines).

The scenario tool also underscores impact on risk parity leverage as a result of the relative dynamics between component volatility and correlation. For example, the first and third quadrants (upper right and lower left sections) are dominated by scenarios of greater than 50% deleveraging. On the other hand, the second and fourth quadrants



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have episodes of more benign model-driven deleveraging. In each quadrant exists examples of simultaneously increasing equity and bond volatility (that is, high absolute equity and bond daily returns). However, in the first and third quadrant, equity and bond moves are in the same direction, which would likely be an example of increasing correlation. On the other hand, in the second and fourth quadrant equity and bond moves are in opposite directions and hence correlation is subject to a decrease. The main takeaway here is the most risk of model driven deleveraging from vol controlled risk parity funds comes when ***both*** volatility and correlation of the underlying components rise together.



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## Week in review & notable trends (US)

**US equities at new all-time highs on upbeat employment report**

Both the S&P500 and NASDAQ finished the week higher marking fresh all-time highs as the July nonfarm payrolls and average hourly earnings came in better-than-expected. As a result, VIX fell to its lowest levels since Jul-14 and the SPX 1y vs. 1m ATMf implied vol spread rose to its highest level in almost four years on lower short dated vol.

Across other asset classes, the USD finished with gains against other major currencies, while Treasury yields rose across the curve, which partly explained the outperformance (underperformance) in Financials (Utilities) (i.e., +1.7% and -2.7%, respectively).

Most companies (86% as of 5-Aug) in the SPX have reported Q2 results and the blended (actual + estimated) yoy earnings decline for Q2-2016 now stands at -3.5%, less than the expected decline of -5.5% as of 30-Jun. Analysts expect CY16 earnings decline of -0.3% which would mark the first time SPX has reported two consecutive years of earnings decline since 2008. Earnings growth is now expected to resume in Q4-16.

**Chart 11: The SPX vol term-structure steepened materially on lower shorter dated implied vol with the 1yr-1m ATMf implied vol spread reaching its highest level in almost 4 years**

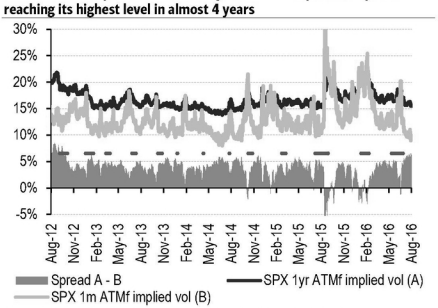


Source: BofA Merrill Lynch Global Research. Daily data from 8-Aug-12 to 8-Aug-16.

With SPX rallying on a stronger-than-expected July jobs report, SPX implied vol took a further leg down, especially in the shorter end of the vol curve. Indeed, SPX 1m ATMf implied vol ended the week at 9.1 vol pts, within striking distance of its 2-year lows.

On the other hand, longer dated ATMf implied vols did not fall nearly as much causing a material steepening in the vol term structure. For instance, the 1yr-1m implied vol spread reached its highest level since 27-Sep-12 (6.4 vol pts).

**Chart 12: Near multi-year flat call skew on Biotech (IBB) makes long call spreads an attractive option strategy to initiate or replace long positions to lock-in profits from the recent strong rally**

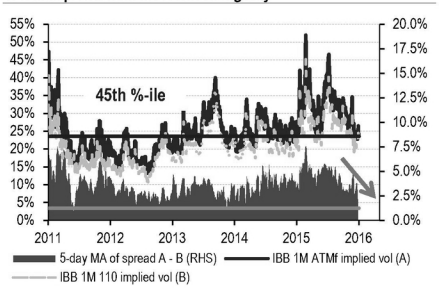


Source: BofA Merrill Lynch Global Research. Daily data from 5-Aug-11 to 5-Aug-16.

Since its peak in Jul-15, the Biotech sector (NBI Index) has been on one of its worst runs in decades, underperforming the broad market benchmark (SPX) by a whopping ~30% on a total return basis. However, more recently the sector has regained some lost ground on solid large-cap earnings reports (i.e., +13.2% since 1-Jul, 9.3% above the SPX).

While short-dated implied vol has dropped considerably as a consequence of the recent rally, it still remains supported on a 5-yr basis. Also, upside vol has been richening vs. ATM vol, with the 1m IBB ATM-110 implied vol spread reaching its lowest level in five years on 4-Aug and finishing the week at 1.2 vol pts (3rd 5-yr %-ile).

Investors with a constructive view on the sector who are concerned about a reversal of the recent gains should consider replacing or initiating long position via short dated ATM calls partially financed by expensive OTM calls.



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**Chart 13: The 2016 election move implied by the VIX term structure is, in our estimate*, approx. 1.4%...**

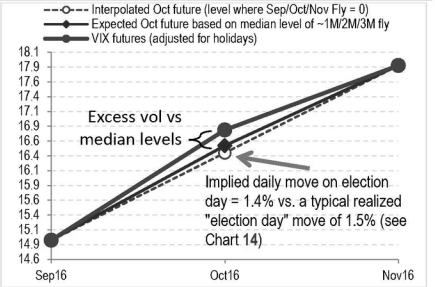


Source: BofA Merrill Lynch Global Research. Daily data from 2-Jun-09 to 5-Aug-16. *Day count adjustment = we adjust the VIX futures curve to reflect the Trade-Day/252 day-count convention and use SQRT ((30/365*252/T)) as the adjustment factor to convert to the common day-count convention used in variance swaps. Term-structure adjustment = we add the median level of the day-count adjusted generic 1m/2m/3m fly (i.e. -0.5x Sep fut. +1xOct fut. -0.5x Nov fut.) to take into account the usual VIX term structure.

Using the VIX term structure in the Sep/Oct/Nov buckets and adjusting for term structure/day convention (see footnote to Chart 13), we estimate the option markets' implied move over a single day in the Oct-Nov period (which encompasses the US election on 8-Nov).

Our estimated implied move is 1.4% which is notably very close to the typical 1-day post-election day SPX realized move over past election cycles (1.5% since 1928) (see Chart 14).

Importantly, there is a larger-than-typical variation in the distribution of all daily post-election SPX returns (34.0 vol pts vs. 18.4 vol pts for daily SPX returns since Jan-1928), with the largest and the fourth largest daily post-election SPX returns since 1928 occurring in the last two election cycles alone (see Chart 14).

**Chart 14: ...which is notably very close to the typical SPX daily realized move post-elections since 1928**

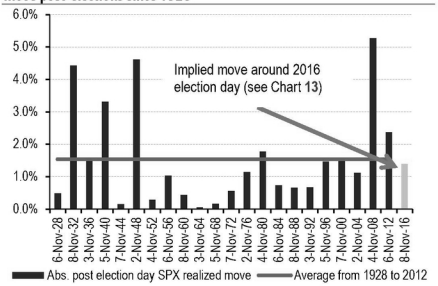


Source: BofA Merrill Lynch Global Research. Data from Nov-28 to Aug-16.

Hence, investors who believe *this is not your typical election* (to quote President Obama at the latest Democratic National Convention) may still find that option markets are currently pricing too little of a move.

However, as we have recently argued the debate about whether a Trump win would be good or bad for markets coupled with the inability to exactly pinpoint real risks are likely headwinds to a sizeable market shock.



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**Table 2: Current S&P500 volatility and correlation measures relative to the prior two year of historical daily data**

| | 1-week change | | | Over 2-year historical period | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 5-Aug-16 | 29-Jul-16 | Change | Current ranking | Minimum | 25% | Median | 75% | Maximum |
| **1-month ATM implied volatility** | 9.1% | 9.9% | -0.8% | 0.1% | 9.0% | 11.2% | 12.7% | 15.4% | 31.8% |
| **1-year ATM implied volatility** | 15.4% | 16.0% | -0.6% | 13.1% | 14.4% | 15.8% | 16.5% | 17.6% | 22.5% |
| **1-week intraday realized volatility** | 8.6% | 9.9% | -1.3% | 11.5% | 6.1% | 10.1% | 12.1% | 16.4% | 53.7% |
| **1-year minus 1-month term structure** | 6.4% | 6.1% | 0.3% | 100.0% | -12.0% | 2.1% | 3.7% | 4.6% | 6.4% |
| **3-month 90 minus 110 skew** | 9.5% | 9.6% | -0.1% | 3.1% | 9.1% | 11.1% | 11.5% | 11.9% | 13.8% |
| **1-year top 50 implied correlation** | 50.31 | 55.08 | -4.77 | 3.3% | 48.38 | 53.81 | 55.57 | 57.90 | 67.89 |
| **3-month top 50 realized correlation** | 47.71 | 51.08 | -3.38 | 74.9% | 25.85 | 33.29 | 39.89 | 47.71 | 60.41 |
| **VIX 1-month ATMf implied vol** | 82.6% | 88.8% | -6.2% | 40.3% | 62.1% | 77.4% | 86.1% | 98.1% | 162.2% |
| **VIX 1-month 110 minus 90 skew** | 20.0% | 22.2% | -2.2% | 39.7% | 9.3% | 17.9% | 20.9% | 23.9% | 30.3% |

Source: BofA Merrill Lynch Global Research



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# Volatility in Europe

## Buy the seasonal oil dip via bullish X-market risk reversals

**Levered X-market risk reversal:** Sell 1x USO 3M 25d (~88% strike) puts to fully fund 2.1x SXEP (Oil & Gas equity) 25d (~106% strike) calls (indic.)
**Alternative (unlevered) implementation:** Sell USO 25d puts to fund fully fund closer to the money SXEP calls

**The seasonal sell-off in oil presents a 'buy the dip' opportunity according to our commodity strategists**, who expect prices to rebound to $55/bbl by year end. In fact current levels of ~$40 are close to the summer floor ($39) they had previously suggested.

**BofAML strategists have turned bullish Oil & Gas equities** given more CB (BoE) easing, attractive div yields and exposure to the EM recovery narrative. Moreover, Oil & Gas has been the worst performing Stoxx 600 sector over the last 1M, suggesting it has ample scope to rally if it is to catch up to the broader equity market (Chart 15).

**USO (Oil ETF) puts are rich vs. SXEP (European Oil & Gas equity) calls:** The number of long SXEP 25d calls that can be fully funded by selling 1 short USO 25d put is near historical highs (90th percentile since '08, Chart 16). In contrast, both SXEP and USO risk reversals are only modestly more attractive than their historical medians.

**SXEP calls would have offered better value than USO calls** at current levels in terms of average historical payoffs as well as the frequency of positive returns (when sized for the same upfront cost, Chart 17). Note that an unlevered implementation of the trade allows for early participation in any potential SXEP rally (as the SXEP call strike is near the money) while providing a ~12% buffer before incurring losses (at expiry) on the short USO leg (Chart 18).

**CSPP has purchased an outsized proportion of Energy corporate bonds and this has yet to feed through to equities** according to our credit strategists (Chart 19): The number of Energy corporate bonds bought by the ECB is approx. 45% of the total eligible amount – the 3rd highest proportion across all European sectors.

**Potential USO losses may be dampened if the recent $/Oil correlation persists:** Since mid-2015 oil drawdowns have largely coincided with USD weakening (Chart 20).

**Chart 15: SXEP (Oil & Gas equity) has been the worst performing Stoxx 600 sector over the last 1M**

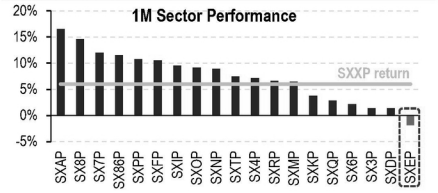


Source: BofA Merrill Lynch Global Research. Data from 7-Jul-16 to 5-Aug-16.

**Chart 16: The leverage provided by the X-market risk reversal (long SXEP call / short USO put) is attractive from a historical standpoint**

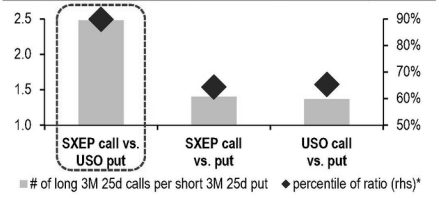


Source: BofA Merrill Lynch Global Research. Data as of 5-Aug-16, using indicative mid prices.
*Percentiles since Jan-08.



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**Chart 17: SXEP calls would have generated a higher average payoff and more frequent positive returns vs. USO calls (when sized for an upfront cost equal to the current price of the USO 3M 25d put)**

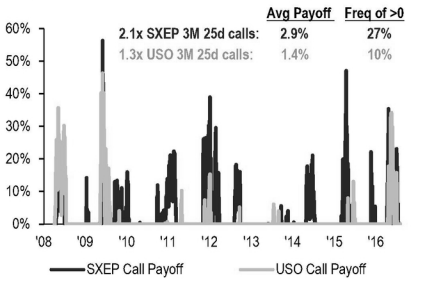


Source: BofA Merrill Lynch Global Research. Data from 1-Jan-16 to 5-Aug-16. Backtesting is hypothetical in nature and reflects application of the screen prior to its introduction. It is not intended to be indicative of future performance.

**Chart 18: Selling the USO 25d put (~8.7 strike as of 5-Aug) to buy the SXEP 42d call (~280 strike as of 5-Aug) for ~0 provides early upside participation and a ~12% downside buffer on the short USO put leg**

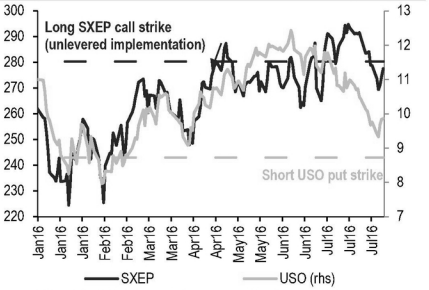


Source: BofA Merrill Lynch Global Research. Data from 1-Jan-16 to 5-Aug-16. Backtesting is hypothetical in nature and reflects application of the screen prior to its introduction. It is not intended to be indicative of future performance.

**Chart 19: Number of bonds purchased by the ECB in their CSPP programme by sector**

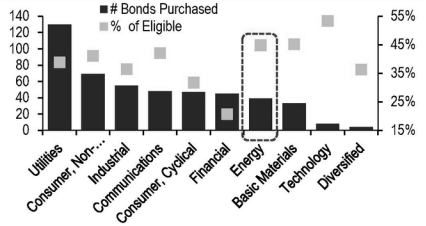


Source: BofA Merrill Lynch Global Research.

**Chart 20: Oil drawdowns have recently coincided with $ weakening**

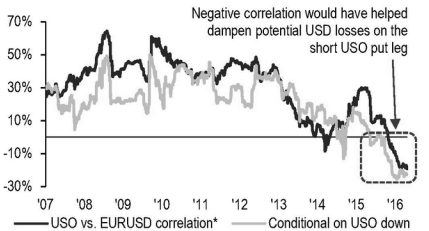


Source: BofA Merrill Lynch Global Research. Data from 18-Apr-07 to 5-Aug-16.




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## Week in review (Europe)

The FTSE100 reached 13 months highs last week as the BOE exceeded market expectations by announcing a 25 bp rate cut (its first rate cut in 7yrs), a further £60bn of QE purchases (vs forecasted £50 bn) while also hinting at more potential stimulus in the autumn. Unsurprisingly, GBPUSD fell further on the back of this. The better-than-expected US nonfarm payrolls that beat all surveyed forecasts helped drive US markets to new all-time closing highs also helped European equities rebound from a mid-week trough. As a result, the V2X has retraced close to its 11 month lows as foreseeable catalysts are behind us for a potentially quieter end to the summer.

- **Long dated ESTX50 var term structure is historically elevated; vol term structure is not:** The dislocation of 3y var convexity (var strike/ATMf volatility) vs that of 1y, which in itself is near extremes, is particularly striking
- **European issuance of ESTX50-linked structured products picked up in July:** We estimate issuance of ~€120Mn/day in July, which compares to €5Mn daily issuance in June and €55Mn daily issuance in 1H16 (excluding June).
- **The current vega outstanding in SX5E-linked products is €143Mn**, which is in its 97th percentile since Jan-14 (when our records begin). Moreover, this could rise to as much as €169Mn if the SX5E rallied to 3280.

### Long-dated ESTX50 var term structure is steep; vol term structure is not

Despite a significantly steep longer dated ESTX50 variance term structure (vs its average since 2008), the volatility term structure is nearly flat. As a result, the level of ESTX50 long dated variance is historically elevated vs the level of long dated vol. The dislocation of 3y var convexity (varswap strike/ATMf vol ratio) vs 1y var convexity (which in itself is near its historic highs) is particularly striking.

**Chart 21: Longer dated ESTX50 variance term structure is significantly elevated vs long term average – the extreme steepness is not mirrored in the ATMf volatility term structure**

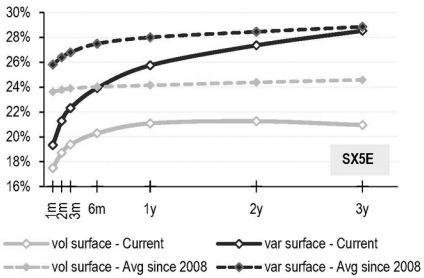


Source: BofA Merrill Lynch Global Research. Data: 02-Jan-08 to 5-Aug-16. Current represents snapshot as of 5-Aug-16

**Chart 22: ESTX50 variance convexity (varswap strike/ATMf vol ratio) is near extremes – the dislocation of 3y var convexity vs that of 1y, which in itself is near extremes, is particularly striking**

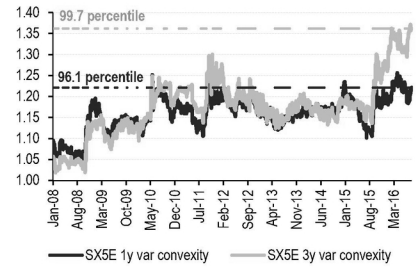


Source: BofA Merrill Lynch Global Research. Data: 02-Jan-08 to 5-Aug-16.

### Structured product Jul update: EU issuance picked up; Korean issuance lagged

We estimate issuance of ESTX50-linked structured products in Europe was ~€120Mn/day in July, much higher than the €5Mn daily issuance in June and €55Mn daily issuance in 1H16 (excluding June). This compares to ~€20Mn daily issuance in July out of Korea.



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**Chart 23: European issuance of ESTX50-linked products rose to €9.9bn so far in 2016 (vs €7.2bn as of 4-Jul)**

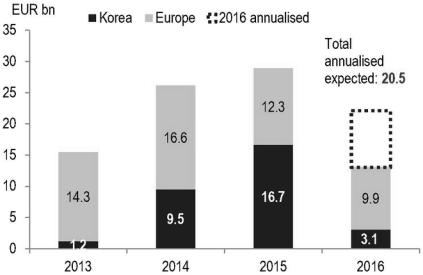


Source: BofA Merrill Lynch Global Research. Data as of 4-Aug-16

**Chart 24: Issuance of ESTX50-linked structured products in Korea was in line with the 2016 issuance trend**

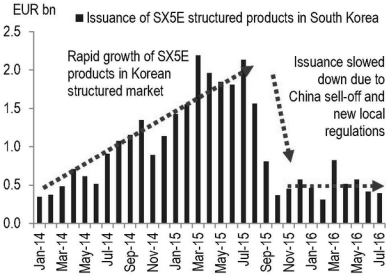


Source: BofA Merrill Lynch Global Research. Data as of 31-Jul-16

## Current vega outstanding near at least 2.5y high as European issuance picks up

We estimate the current vega outstanding in SX5E-linked products (issued in Europe and Korea) sums up to €143Mn, which is in its 97th percentile since Jan-14 (when our records begin). Moreover, this could rise to as much as €169Mn if the SX5E rallies to 3280 (assuming no net SX5E-linked issuance[1], Chart 25, 26 and Chart 27).

**Chart 25: We estimate the current vega outstanding in SX5E-linked structured products is EUR 83Mn (European issuance) and EUR60Mn (Korean issuance)**

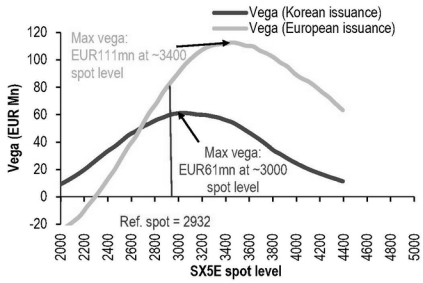


Source: BofA Merrill Lynch Global Research. Data as of 4-Aug-16

**Chart 26: The ESTX50 vega outstanding due to structured products issuance could rise to EUR168Mn, assuming no new net issuance**

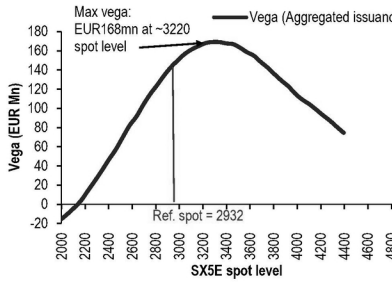


Source: BofA Merrill Lynch Global Research. Data as of 4-Aug-16

[1] i.e. notional of newly issued structured products = notional of expiring structured products



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**Chart 27: The current vega outstanding in the ESTX50-linked structured products is EUR 143mn, which is in the 97th percentile since 3-Jan-14**

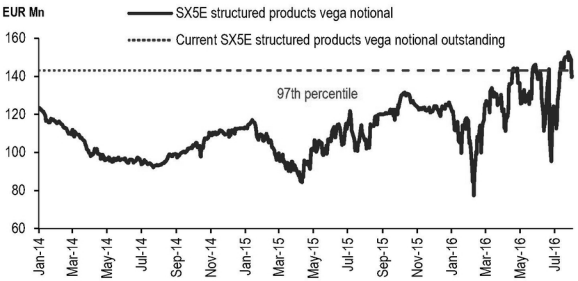


Source: BofA Merrill Lynch Global Research. Data as of 4-Aug-16

**Table 3: Volatility measures of major equity indices in the EMEA region (data as of 05-Aug-16)**

| | 3Mth ATM implied volatility | | | 10D realised volatility | | | 12Mth–3Mth ATM i-vol spread | | | 3Mth 90-110 skew | | | Equity index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Current | Weekly change | 2Yr percentile | Weekly return |
| ESTX50 | 19.2% | -0.6% | 31% | 16.6% | 5.6% | 29% | 1.0% | 0.2% | 87% | 8.4% | -0.1% | 79% | -0.6% |
| FTSE | 12.6% | -0.7% | 21% | 10.9% | 5.2% | 29% | 3.4% | 0.5% | 100% | 7.5% | 0.0% | 10% | 1.0% |
| DAX | 17.8% | -1.1% | 19% | 13.6% | 2.9% | 11% | 1.8% | 0.4% | 96% | 8.6% | -0.4% | 78% | 0.3% |
| CAC | 18.5% | -0.7% | 30% | 15.4% | 5.3% | 27% | 0.9% | 0.3% | 88% | 8.6% | 0.3% | 86% | -0.7% |
| SMI | 13.8% | -1.2% | 25% | 14.5% | 3.6% | 51% | 1.7% | 0.6% | 100% | 7.6% | -0.8% | 57% | 0.8% |
| RDXUSD | 28.2% | -1.6% | 6% | 19.5% | 9.2% | 8% | 1.1% | 0.3% | 89% | 6.0% | -0.1% | 15% | 1.7% |
| TOP40 | 19.4% | 0.3% | 59% | 11.1% | 2.1% | 19% | 2.3% | 0.1% | 91% | 8.7% | -0.2% | 63% | -1.2% |
| ISE30 | 29.9% | -0.1% | 96% | 25.2% | -21.6% | 76% | -0.9% | 0.0% | 7% | 6.3% | 0.1% | 77% | 1.0% |

Source: BofA Merrill Lynch Global Research

## European volatility: Sector snapshot

**Table 4: Volatility measures and indicative option prices for major European sector indices (data as of 05-Aug-16)**

| | | | | | Bearish <<<< ---------- >>>> Bullish | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Mth ATMf implied volatility | | | Real vol* | 3Mth 95%-85% put spread** | | | | 3Mth 100%-110% call spread** | | | | 3Mth 90%-110% risk reversal** | | | | Equity index |
| | Current | Weekly change | 2Yr %-ile | Current | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price (% of spot) | Weekly change (bps) | 2Yr %-ile | Max payout ratio | Current price*** (% of spot) | Weekly change (bps) | 2Yr %-ile | | Weekly return |
| **SX3P (Fd&Bv)** | 13.0% | -2.7% | 6% | 12.9% | 0.9% | -27 | 15% | 11.7 | 2.5% | -18 | 19% | 3.9 | -0.5% | -33 | 20% | | -0.5% |
| **SX6P (Utils)** | 16.4% | -1.0% | 32% | 20.6% | 1.2% | -10 | 31% | 8.3 | 3.0% | -11 | 45% | 3.3 | -0.6% | 0 | 22% | | -1.7% |
| **SX7E (Banks)** | 33.5% | -2.3% | 76% | 48.0% | 2.6% | -13 | 82% | 3.9 | 4.0% | -7 | 75% | 2.5 | -0.5% | 0 | 37% | | -1.8% |
| **SX7P (Banks)** | 28.2% | -2.8% | 75% | 39.8% | 2.2% | -7 | 77% | 4.6 | 3.8% | -17 | 71% | 2.7 | -0.5% | 17 | 35% | | 0.0% |
| **SXAP (Auto)** | 25.5% | -1.1% | 56% | 33.4% | 2.0% | -7 | 52% | 4.9 | 3.7% | -8 | 64% | 2.7 | -0.6% | 3 | 21% | | 0.6% |
| **SXDP (Health)** | 15.3% | -0.5% | 24% | 12.7% | 1.1% | -5 | 27% | 9.1 | 2.8% | -7 | 35% | 3.5 | -0.4% | 3 | 16% | | -0.9% |
| **SXEP (Oil&Gas)** | 23.5% | -0.4% | 44% | 23.6% | 1.9% | -2 | 44% | 5.4 | 3.6% | -4 | 44% | 2.8 | -0.6% | 3 | 28% | | -0.4% |
| **SXIP (Insur)** | 23.6% | -0.4% | 86% | 31.7% | 1.8% | -2 | 84% | 5.6 | 3.6% | -3 | 88% | 2.8 | -0.6% | 2 | 15% | | 0.8% |
| **SXKP (Telecom)** | 22.4% | -0.2% | 81% | 23.4% | 1.7% | -1 | 75% | 5.9 | 3.6% | -2 | 87% | 2.8 | -0.7% | 1 | 7% | | 0.5% |
| **SXNP (Indust)** | 21.5% | 0.0% | 67% | 21.9% | 1.7% | 0 | 71% | 5.8 | 3.4% | 0 | 66% | 2.9 | -0.4% | 1 | 74% | | 0.2% |
| **SXPP (Basic)** | 32.4% | -1.6% | 53% | 29.7% | 2.5% | -7 | 53% | 3.9 | 3.9% | -5 | 59% | 2.5 | -0.4% | 2 | 8% | | 1.3% |
| **SXQP (Prsnl&HH Gds)** | 15.4% | 0.0% | 33% | 16.9% | 1.0% | 0 | 25% | 9.7 | 2.8% | -1 | 34% | 3.5 | -0.5% | 1 | 17% | | 0.0% |
| **SXRP (Retail)** | 22.1% | -0.1% | 90% | 23.4% | 1.7% | 0 | 89% | 5.9 | 3.5% | -1 | 94% | 2.8 | -0.6% | 1 | 7% | | 0.5% |
| **SXTP (Trvl&Lsre)** | 19.9% | -0.1% | 55% | 26.9% | 1.7% | -1 | 65% | 6.0 | 3.2% | -1 | 53% | 3.1 | -0.2% | -1 | 69% | | 0.4% |

Source: BofA Merrill Lynch Global Research *Real vol = EWMA (Exponentially Weighted Moving Average) volatility, which measures historical price volatility but assigns greater importance to recent returns. Sigma(t)^2 = 0.94*Sigma(t-1)^2+(1-0.94)*r(t)^2, where r(t) is the return on day t. **Indicative mid prices; strikes as % of forward ***Negative values indicate that the bullish risk reversal takes in a credit.



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# Volatility in Asia

## Own NKY calendar call going into the uncertainty Sep BOJ

**Trade update: Closing the NKY Aug/Sep put calendar trade opened on 25-Jul**

The short NKY Aug16 15500 put vs. long NKY Sep16 15500-14500 put spread trade was opened on 25-Jul at 0.24% premium and was closed at 0.28% premium on 8-Aug as we are approaching the Aug16 expiry. In addition, the Sep-16 NKY put spread has already carried well by selling the inflated BOJ risk premium even with the spot being largely unchanged.

**NKY & USDJPY 1Mth vols are down to YTD low: Pricing in a slow summer**

With the Japanese government announcing a ¥28.1tn fiscal stimulus package last week, the Abe administration has laid out both its new monetary and fiscal policies. In the short-term, there are few catalysts and both NKY and USDJPY 1Mth implied volatilities have retraced materially. VNKY is at 21.5 and USDJPY 1M ATM vol is at 9.8%, near their YTD low levels.

**USDJPY 2M-1M term structure at its steepest & NKY's in its 98th %-ile since '11**

FX has been the main driver in the current Macro world. Chart 29 shows that the USDJPY 2-month minus 1-month term structure is at its highs since 2011. The Sep BOJ meeting is expected to be held on 21-Sep so USDJPY 1-month options do not cover the event. Notably, the NKY term structure is also very steep at 1.5%, which is in its 98th percentile since 2011. The NKY term structure was at its steep at 2.5% in Dec-13.

**Chart 28: Japanese equity volatility has dropped to YTD lows; USDJPY short-dated vol also retraced to near YTD low levels**

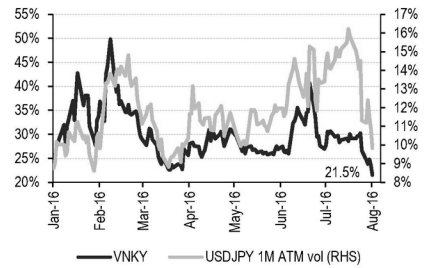


Source: BofA Merrill Lynch Global Research. Daily data from 5-Jan-16 to 5-Aug-16

**Chart 29: USDJPY 2M-1M ATM term structure (1.7%) is at its 5-year high while the NKY 2M-1M term structure (1.5%) is at its 98th percentile**

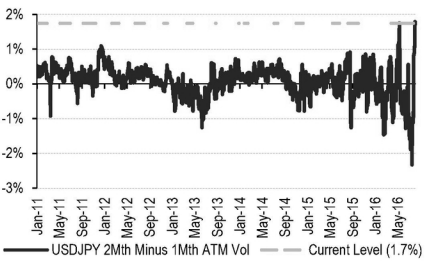


Source: BofA Merrill Lynch Global Research.

**BofAML: BoJ plans for Sep16 'comprehensive assessment' create uncertainty**

The BOJ's decision in keeping "QE" or interest rate unchanged in July highlighted the BOJ's limits in expanding JGB purchases and digging deeper into negative interest rate territory. More importantly, the central bank announced it will conduct a comprehensive assessment of its policy at its Sep meeting. By giving guidance for the next meeting, the BoJ has inevitably focused market attention on possible changes to the monetary policy framework. Significant monetary easing, including helicopter money, cannot be ruled out, but the more likely scenario is that the BoJ makes current monetary policy, which is fixed on achieving 2% inflation target in a short period of time, more 'flexible'.

**Market expectation for the Sep BOJ in terms of fwd vol is the near its lows YTD**

With NKY Sep ATM vol at 17.8% and Oct ATM at 20%, the NKY Sep-Oct ATM forward vol is at 21.8%, which is at the low end of the trading range going into BOJ events this year (Chart 30). We think there is value in owning forward vol via calendar options.



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### A further squeeze in US and Japanese yields is most positive Japan in Asia

The strong US NFP print and the large Japan fiscal plan catalysed a global selloff in bonds. Chart 31 shows that NKY is the most sensitive Asian market to rising USD & JPY yield since 2010 with a correlation of 31%.

### Buy 1x NKY Oct 17500 call, short 0.65x Sep 17250 call: Gamma neutral, long vol

Given the low market expectation in the BOJ and a potential rally in Japanese equities on the back of further yield squeeze and rising BOJ expectation next month, we like owning 1x NKY Oct 17500 call vs. selling 0.65x of Sep 17250 call for 0.7% (¥116). The trade will have a positive 9% delta, 8bps of vega and flat gamma & theta initially.

### Indicative pricing (As of 8-Aug-16, Ref: 16650)

| | |
|---|---|
| Buy 1x NKY Oct 17500 call: | 1.13% (¥187) (iv: 19.2, delta: 24%, gamma: 3.8%) |
| Sell 0.65x NKY Sep 17250 call: | 0.66% (¥110) (iv: 16.9, delta: 23%, gamma: 5.9%) |
| Net: | 0.70% (¥116) (delta: +9, vega: 0.08%) |

**Chart 30: Current NKY Sep-Oct ATM volatility is cheap relatively to implied volatility going into previous BOJ meetings in 2016**

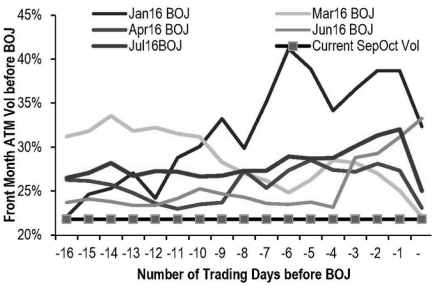


Source: BofA Merrill Lynch Global Research

**Chart 31: The Nikkei is the most sensitive to rising USD and JPY rates among Asian indices**

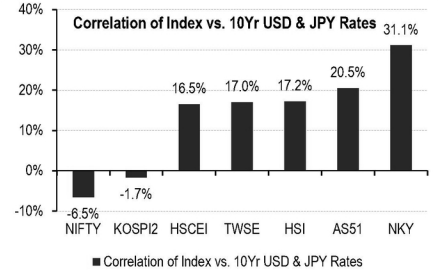


Source: BofA Merrill Lynch Global Research. Weekly correlation since 2010

**Chart 32: Mark-to-Market of the long 1x NKY Oct 17500 call, short NKY Sep 17250 call structure**

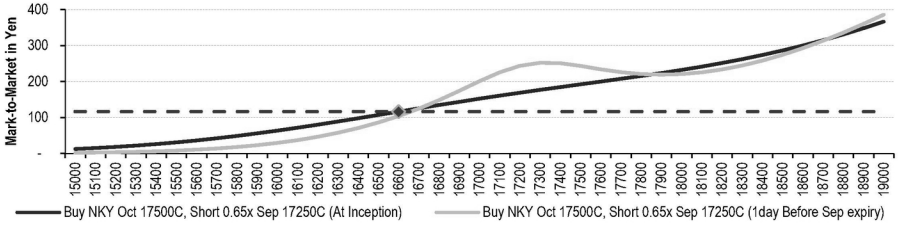


Source: BofA Merrill Lynch Global Research Assume volatility stays constant



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## Week in review & notable trends (Asia)

The MSCI Asia-Pac USD Index inched down 48bps in an eventful week in terms of macro news, with equities gains offset by USD strength. Following the monetary policy changes announced during the BoJ, the Abe Cabinet approved a fiscal stimulus package totalling ¥28.1tn last week. However, the Nikkei fell 190bps and the yen advanced another 32bps over the week. The Korean government submitted a KRW28tn fiscal package proposal to the Congress, which our economists believe should sustain growth near term; the KOSPI2 was little changed (adding 35bps). The RBA cut rates by 25bps as our economists expected, but Australian stocks declined with the ASX 200 dropping 117bps. Elsewhere in Asia, the HSI, HSCEI, TWSE and Nifty rallied 1.2%, 1.9% 1.2% and 0.5%, respectively.

### Japanese equity implied volatility dropped to YTD lows

- Last week, most major Asian implied vols edged down as underlying indices rallied; ASX 200 vol increased slightly despite the rate cut
- NKY vol saw a larger decline, with 3M ATM vol dropping 1.1 vol pts to 21.7% mainly due to diminished uncertainty as the fiscal package rolled out
- Most Asian skews flattened and term structures steepened, especially the Nikkei term structure (spread between 1yr and 1M ATM vols), which increased 3.0 vol pts and turned positive

### NKY Uridashi issuance continues to fall as existing ones haven't knocked-out

Despite the falling NKY and relatively high implied volatility, Japanese Uridashi issuance has further retraced as most existing products have not knocked-out. In Jul-16, there was $450mn Uridashi products issued which are NKY linked. We estimate that the peak of vega profile is around the current spot.

**Chart 33: In Jul-16, there was $450mn Uridashi products issued which are NKY linked**

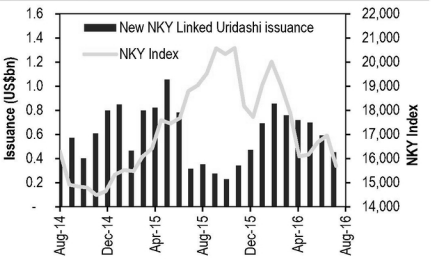


Source: BofA Merrill Lynch Global Research.

**Chart 34: At current NKY levels, the estimated total vega of the NKY-linked Uridashi products is ~US62mn, near the peak of the vega profile**

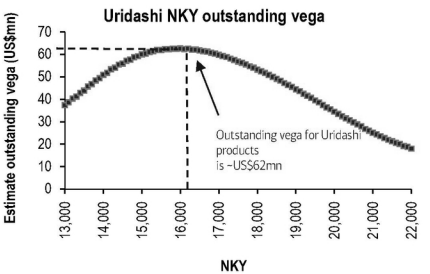


Source: BofA Merrill Lynch Global Research.



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**Chart 35: issance of Korean structured products ticked up in Jul-16, but stays relatively low as majority of the products still haven't knocked out**

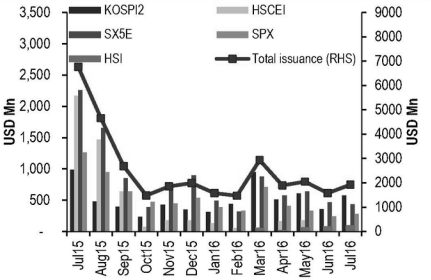


Source: BofA Merrill Lynch Global Research.

## Korean structured product issance increased to US$1.9bn in July; KOSPI2-linked products dominated

Korean auto-callable product issance ticked up last month, with a total of US$ 1.9bn notional issued, vs. US$ 1.6bn total issance in June.

Looking at individual underlyings, KOSPI2-linked products (currently US$578mn) saw the largest increase. KOSPI2-linked issance hence took over SX5E-linked issance (currently US$436mn), which was relatively unchanged compared to June. HSCEI-linked issance (currently US$ 69mn) further declined whereas HSI-linked issance (currently US$ 262mn) increased again. SPX-linked issance grew to US$ 281mn.

KOSPI2 outstanding vega: US$23mn
HSCEI outstanding vega: US$74mn

**Chart 36: We estimate that structured product Issuers are currently long US$23mn of KOSPI2 vega**

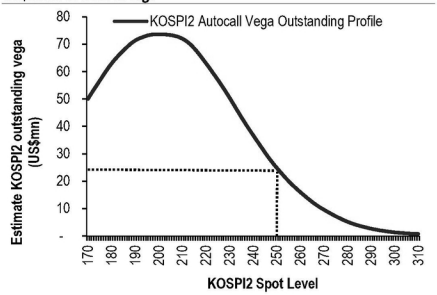


Source: BofA Merrill Lynch Global Research.

**Chart 37: We estimate that structured product Issuers are currently long US$74mn of HSCEI vega**

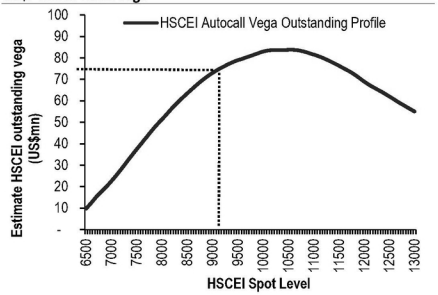


Source: BofA Merrill Lynch Global Research.

**Table 5: Volatility measures of major Asian indices (data as of 5-Aug-16)**

| | 3Mth ATM Implied Volatility | | | 10D Realized Volatility | | | 12Mth-1Mth ATM Vol Spread | | | 3Mth 90-110 Skew Spread | | | Equity Market |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Current | Weekly change | 4Yr percentile | Weekly return |
| HSI | 17.5% | -0.6% | 57.2% | 15.7% | 4.9% | 56.4% | 2.2% | 0.3% | 52.0% | 5.4% | -0.2% | 82.8% | 1.2% |
| HSCEI | 20.8% | -0.5% | 30.4% | 17.4% | 6.6% | 38.1% | 3.3% | 0.2% | 88.9% | 4.2% | -0.7% | 77.5% | 1.9% |
| NKY | 21.7% | -1.1% | 47.3% | 19.2% | 2.0% | 46.2% | 1.2% | 3.0% | 67.5% | 5.1% | -0.3% | 75.9% | -1.9% |
| KOSPI2 | 12.6% | -0.4% | 15.4% | 12.4% | 7.1% | 57.5% | 3.9% | 0.5% | 75.6% | 5.2% | -0.7% | 80.5% | 0.3% |
| ASX 200 | 14.3% | 0.5% | 60.1% | 9.9% | 4.7% | 34.0% | 2.7% | 0.1% | 64.2% | 7.1% | 0.0% | 55.6% | -1.2% |
| NIFTY | 14.2% | -0.2% | 6.3% | 11.8% | 2.9% | 32.6% | 2.6% | 0.7% | 38.4% | 5.8% | 0.6% | 74.0% | 0.5% |
| TWSE | 14.6% | -0.3% | 63.1% | 10.2% | 2.0% | 37.2% | 0.7% | 1.0% | 16.8% | 4.1% | -0.5% | 63.5% | 1.2% |

Source: BofA Merrill Lynch Global Research



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## TWSE 3M 25d-Call IV over SPX is near its 4-year highs

Table 6 lists Asian index pairs with the highest IV ratio vs. their 4-year histories. For instance, the ratio of TWSE 3M 25d-Call vol over SPX is near its 4-year highs.

**Chart 38: The ratio of TWSE 3M 25d-Call IV over SPX is near its 4-yr highs (Daily data from 1-Jan-11 through 5-Aug-16)**

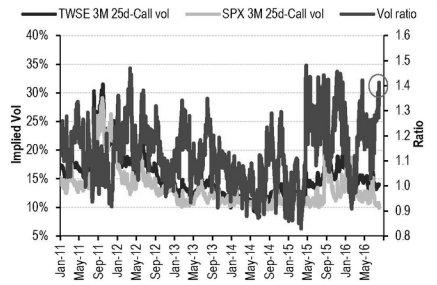


Source: BofA Merrill Lynch Global Research. Daily data from 1-Jan-11 through 5-Aug-16

**Table 6: Index pairs^ with the highest implied vol ratio vs. their histories (data as of 5-Aug-16)**

| | Index A (Implied vol) | Index B (Implied Vol) | A/B Implied Vol ratio | Ratio 4-yr percentile |
|---|---|---|---|---|
| 3M ATM | TWSE (14.6%) | SPX (11.8%) | 1.23 | 97% |
| 6M ATM | SX5E (20.0%) | SPX (13.7%) | 1.46 | 96% |
| 12M ATM | SX5E (20.2%) | SPX (15.4%) | 1.31 | 98% |
| 3M 25d-Put | TWSE (17.1%) | SPX (15.5%) | 1.10 | 97% |
| 6M 25d-Put | TWSE (17.8%) | SPX (17.9%) | 0.99 | 93% |
| 12M 25d-Put | SX5E (24.2%) | SPX (19.9%) | 1.22 | 96% |
| 3M 25d-Call | TWSE (13.9%) | SPX (9.9%) | 1.41 | 97% |
| 6M 25d-Call | SX5E (17.5%) | SPX (11.3%) | 1.54 | 97% |
| 12M 25d-Call | SX5E (18.2%) | SPX (12.8%) | 1.42 | 98% |

Source: BofA Merrill Lynch Global Research

^ Index universe includes the ASX200, HSCEI, HSI, KOSPI2, NIFTY, NKY, TWSE, SPX and SX5E

* mid level implied vol



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# Summary of Open Trades (08-Aug-16)

**Table 7: Summary of open trades as of 08-Aug-16**

| Trade Description | Open Date | Open Level | Trade Value | Expected Trade Term | Rationale |
|---|---|---|---|---|---|
| Long SX5E vs short SPX Dec18 var swap | 5-Jul-16 | 6.1 vols | 5.2 vols | Dec-18 expiry | Investors should re-assess attractiveness of popular and (typically) technically motivated longer-dated RV vol trades, given environment of structurally higher political & economic risks and increasingly limited policy options |
| Long NKY vs short SPX Dec18 var swap | 5-Jul-16 | 5.7 vols | 4.9 vols | | |
| Long SX5E vs short SPX Dec18 put vs put | 5-Jul-16 | 0.00% | -0.62% | | |
| Long 3M 25d EFA put vs short 3M 25d UKX put | 5-Jul-16 | 0.00% | 0.16% | 3 months | FTSE 3M 25d put vol near 7hr highs vs. vol on EFA |
| Buy CMB Sep16 105-115% call spread | 5-Jul-16 | 2.32% | 3.01% | Sep-16 SQ expiry | Continuous Southbound inflow benefit financials sector and narrow AH premium |
| Buy ICBC Sep16 105-115% call spread | 5-Jul-16 | 2.12% | 4.17% | | |
| Buy BOC Sep16 105-115% call spread | 5-Jul-16 | 2.10% | 3.79% | | |
| Long 0.5x V2X Oct16 future, long 0.5x V2X Nov16 future, short V2X Jan-17 future | 11-Jul-16 | 0.25 vols | -0.28 vols | Oct-16 expiry | Hedge further Brexit fallout, Italian bank & referendum risk |
| Buy a 6M ATM worst-of call on XLP & GLD | 11-Jul-16 | 1.05% | 0.48% | 6 months | Cheaply construct risk-limited "uber-barbell" portfolio |
| Buy a 6M ATM worst-of {SPX put, GLD call} | 11-Jul-16 | 1.60% | 1.01% | 6 months | Low-cost macro hedge for US equity portfolios |
| Buy Oct16 110%f calls on VIE FP, AI FP, IBE SQ, STAN LN and MUV2 GY | 18-Jul-16 | 2.37% | 2.37% | Oct-16 expiry | Add exposure via inexpensive upside on single names where positioning appears particularly bearish and stocks have underperformed vs. their sectors |
| Buy an Oct16 110%F call on an equally weighted basket (quanto EUR) | 18-Jul-16 | 0.81% | 0.69% | Oct-16 expiry | |
| Buy TLS 25-Aug16 95% puts | 18-Jul-16 | 1.05% | 1.67% | 25-Aug-16 | To hedge potential earning downside surprise |
| Buy CSL 25-Aug-16 95% puts | 18-Jul-16 | 1.09% | 0.72% | | |
| Buy Newcrest 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.64% | 1.90% | | To hedge potential earnings upside surprises |
| Buy BHP 25-Aug-16 105/115% call spreads | 18-Jul-16 | 2.22% | 1.26% | | |
| Replace T long position via 3M ATM calls | 19-Jul-16 | 2.72% | 2.50% | 3 months | Our analysts expect positive and impactful catalysts in Q3-2016; recent strong performance and depressed short dated implied vol favor stock replacement via calls to reduce downside risk, maintain upside and lock in profits |
| Replace LOW long position via 3M ATM calls | 19-Jul-16 | 3.90% | 3.66% | | |
| Replace RTN long position via 3M ATM calls | 19-Jul-16 | 3.16% | 3.45% | | |
| Replace CRM long position via 3M ATM calls | 19-Jul-16 | 4.16% | 3.50% | | |
| Replace CRM long position via 3M ATM calls | 19-Jul-16 | 2.32% | 1.26% | | |
| Overlay long WBA long position with 3M ATM calls | 19-Jul-16 | 4.04% | 2.49% | 3 months | Position for accelerated upside returns ahead of closing the Rite Aid acquisition |
| Buy a 6M ATM best-of put on SPX & TLT | 18-Jul-16 | 0.8% | 0.49% | 6 months | Cheap hedge against a bond tantrum |
| Buy a 1Y ATM worst-of call on SPX & TLT | 18-Jul-16 | 0.9% | 0.83% | 1 year | Cheap equity upside in a bond / equity melt-up |
| Buy XLF Sep 24 strike call | 25-Jul-16 | 1.4% | 1.9% | Sep-16 expiry | Record outperformance of Utilities vs. Financials + FMS positioning + central bank catalysts = potential for cyclicals / defensives mean reversion |
| Buy XLU Sep 51 strike put | 25-Jul-16 | 1.3% | 2.5% | | |
| Buy a 6M ATM worst-of {XLF call, XLU put} | 25-Jul-16 | 1.35% | 2.31% | 6 months | |
| Sell 1x SX7E 1M 25d call to fully finance 1.85x SX5E 1M 25d calls | 25-Jul-16 | 0.0% | 0.28% | 1 month | SX7E 1M 25d call / SX5E 1M 25d call price ratio is in the 100th 2-yr percentile |
| Short VIX Oct 15 put vs. long VIX Nov 19/26 call spread | 1-Aug-16 | $0.45 | $0.125 | Oct VIX expiry | Sell VIX Oct puts to leverage likely floor in vol ahead of US elections and cheapen shallow hedges |
| Buy HSCEI Aug16 9400 call, Short Oct16 10000 call | 1-Aug-16 | 0.00% | 0.04% | Aug-16 expiry | Short-term bullish China trade with term structure at its steepest in 4yrs |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".

# Summary of Closed Trades (08-Aug-16)

**Table 8: Summary of closed trades as of 08-Aug-16**

| Trade Description | Open Date | Open Level | Close Level | Close Date | Rationale |
|---|---|---|---|---|---|
| Buy NKY Aug-16 105%-110% call spreads & sell 90% puts | 11-Jul-16 | 0.26% | 1.73% | 25-Jul-16 | Take profit as the hurdle to surprise on the upside is high following a 5.8% NKY rally |
| Replace FB long positions via Oct-16 ATM calls | 25-Jul-16 | 5.9% | 6.1% | 1-Aug-16 | Take profit as Facebook rallied on better-than expected Q2 results |
| Replace AMZN long positions via Oct-16 ATM calls | 25-Jul-16 | 5.5% | 6.3% | 1-Aug-16 | Take profit as Amazon rallied on better-than expected Q2 results |
| Buy AAPL Oct-16 ATM protective puts | 25-Jul-16 | 4.6% | 1.2% | 1-Aug-16 | Remove protection as worries around disappointing Q4 guidance faded post earnings |
| Buy 1.5x 5-Aug-16 2950-3000 strangles by selling 1x 19-Aug-16 2950-3000 strangles | 25-Jul-16 | 0.00% | -1.12% | 5-Aug-16 | The BoJ, Fed & EU bank stress tests could move mkts sharply in the near term |
| Sell NKY Aug16 15500 puts, Buy Sep16 15500-14500 put spreads | 25-Jul-16 | 0.24% | 0.28% | Aug-16 expiry & Sep-16 expiry | Unwinding before the Aug16 expiry; The NKY Sep put spread has carried well |

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".



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# Volatility in Numbers (05-Aug-16)

**Table 9: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (developed markets)**

| | 3-month | | | | | | | 12-month | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| **Implied** | 11.9% | 19.2% | 12.6% | 17.8% | 21.7% | 17.5% | 12.6% | 15.4% | 20.2% | 15.9% | 19.6% | 21.1% | 18.6% | 15.0% |
| %tile (2yr) | 4.4% | 30.2% | 20.2% | 19.0% | 51.5% | 30.4% | 18.1% | 13.1% | 46.0% | 46.2% | 33.7% | 53.2% | 34.3% | 24.4% |
| 1Week Change | -0.7% | -0.6% | -0.7% | -1.1% | -1.1% | -0.6% | -0.4% | -0.6% | -0.4% | -0.2% | -0.7% | -0.7% | -0.2% | -0.2% |
| 1Mth Change | -2.5% | -5.2% | -5.1% | -5.8% | -1.9% | -1.8% | -0.5% | -1.6% | -2.6% | -1.9% | -2.8% | -1.0% | -0.5% | -0.2% |
| **Realised** | 13.1% | 27.5% | 18.9% | 24.4% | 27.0% | 17.3% | 12.8% | 17.0% | 26.1% | 20.5% | 25.6% | 29.4% | 21.9% | 14.3% |
| %tile (2yr) | 45.0% | 79.9% | 69.6% | 68.9% | 69.1% | 42.2% | 65.9% | 95.6% | 94.3% | 96.4% | 95.8% | 98.4% | 73.8% | 96.7% |
| 1Week Change | -0.1% | 0.4% | 0.2% | -0.1% | -1.2% | -0.3% | 0.6% | 0.0% | -0.2% | 0.1% | 0.0% | 0.1% | -0.1% | 0.1% |
| 1Mth Change | -0.4% | -0.5% | -0.4% | -0.5% | -2.7% | -1.1% | 0.8% | -0.2% | -0.1% | -0.1% | -0.2% | 0.2% | -1.6% | -0.1% |
| **Imp-real spread** | -1.2% | -8.3% | -6.4% | -6.6% | -5.3% | 0.2% | -0.3% | -1.6% | -5.9% | -4.6% | -6.0% | -8.3% | -3.3% | 0.8% |
| Spread %tile (2yr) | 19.8% | 3.1% | 8.3% | 4.8% | 22.5% | 37.9% | 18.1% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 9.5% | 0.8% |
| 1Week Change | -0.6% | -0.9% | -0.9% | -1.0% | 0.2% | -0.3% | -1.0% | -0.6% | -0.2% | -0.3% | -0.7% | -0.8% | -0.1% | -0.3% |
| 1Mth Change | -2.1% | -4.6% | -4.7% | -5.3% | 0.8% | -0.7% | -1.3% | -1.4% | -2.5% | -1.8% | -2.6% | -1.2% | 1.1% | -0.1% |
| **90-110 skew** | 9.5% | 8.4% | 7.5% | 8.6% | 5.1% | 5.4% | 5.2% | | | | | | | |
| %tile (2yr) | 3.3% | 78.5% | 9.4% | 77.6% | 53.4% | 69.2% | 64.2% | | | | | | | |
| 1Week Change | -0.2% | -0.1% | 0.0% | -0.4% | -0.2% | -0.2% | -0.7% | | | | | | | |
| 1Mth Change | -2.6% | -0.4% | -3.2% | -0.5% | -1.2% | -1.3% | -0.6% | | | | | | | |

| | 10-day realised | | | | | | | 12M - 3M term vol spread | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI | S&P500 | ESTX50 | FTSE | DAX | NKY | HSI | KOSPI |
| Current Level | 6.0% | 15.7% | 10.5% | 13.3% | 18.6% | 14.9% | 11.9% | 3.5% | 1.0% | 3.4% | 1.8% | -0.5% | 1.1% | 2.4% |
| %tile (2yr) | 7.1% | 22.0% | 24.1% | 9.3% | 45.6% | 36.7% | 52.8% | 98.3% | 86.6% | 100.0% | 96.0% | 50.8% | 69.2% | 72.2% |
| 1Week Change | 1.6% | 5.2% | 4.9% | 2.4% | 2.1% | 4.5% | 6.8% | 0.1% | 0.2% | 0.5% | 0.4% | 0.4% | 0.5% | 0.3% |
| 1Mth Change | -20.0% | -37.1% | -23.2% | -30.1% | -26.1% | -6.7% | -5.3% | 0.9% | 2.5% | 3.2% | 2.9% | 0.9% | 1.3% | 0.3% |

| | Cash index | | | | | | |
|---|---|---|---|---|---|---|---|
| Current Level | 2,182.87 | 2,973.71 | 6,793.47 | 10,367.21 | 16,254.45 | 22,146.09 | 252.36 |
| 1Wk Change | 0.43% | -0.57% | 1.03% | 0.29% | -1.90% | 1.16% | 0.35% |
| 1Mth Change | 4.52% | 5.72% | 3.79% | 8.76% | 3.73% | 6.72% | 2.21% |

Source: BofA Merrill Lynch Global Research

**Table 10: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (emerging markets)**

| | 3-month | | | | 12-month | | | |
|---|---|---|---|---|---|---|---|---|
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| **Implied** | 18.8% | 21.7% | 28.2% | 19.4% | 21.2% | 23.5% | 29.3% | 21.8% |
| %tile (2yr) | 34.5% | 2.4% | 5.5% | 59.1% | 40.7% | 22.0% | 16.4% | 80.2% |
| 1Wk Change | -0.8% | 0.0% | -1.6% | 0.3% | -0.9% | -0.1% | -1.3% | 0.4% |
| 1Mth Change | -3.6% | -3.0% | -3.8% | -2.3% | -2.2% | -1.9% | -3.3% | -1.0% |
| **Realised** | 22.1% | 21.8% | 25.7% | 17.9% | 24.3% | 27.7% | 36.2% | 20.4% |
| %tile (2yr) | 65.9% | 27.2% | 20.8% | 47.5% | 94.8% | 94.0% | 45.7% | 94.0% |
| 1Wk Change | -0.8% | -0.5% | -0.6% | -0.4% | -0.1% | 0.0% | -0.2% | -0.1% |
| 1Mth Change | -1.5% | -4.4% | -4.2% | -0.3% | -0.6% | -0.2% | -0.4% | -0.6% |
| **Imp-real spread** | -3.2% | -0.1% | 2.6% | 1.5% | -3.1% | -4.3% | -6.9% | 1.4% |
| Spread %tile (2yr) | 12.9% | 44.2% | 52.4% | 51.1% | 0.2% | 0.0% | 0.0% | 16.6% |
| 1Wk Change | -0.1% | 0.5% | -1.0% | 0.7% | -0.9% | 0.0% | -1.1% | 0.6% |
| 1Mth Change | -2.1% | 1.4% | 0.4% | -2.0% | -1.6% | -1.7% | -2.9% | -0.4% |
| **90-110 skew** | 7.8% | 5.3% | 6.0% | 8.7% | | | | |
| %tile (2yr) | 63.8% | 48.5% | 14.8% | 62.6% | | | | |
| 1Wk Change | 0.3% | 0.0% | -0.1% | -0.2% | | | | |
| 1Mth Change | 0.0% | -0.5% | -0.8% | -0.6% | | | | |



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**Table 10: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (emerging markets)**

| | 10-day realised | | | | 12M - 3M term vol spread | | | |
|---|---|---|---|---|---|---|---|---|
| | EEM US | IBOV | RDXUSD | TOP40 | EEM US | IBOV | RDXUSD | TOP40 |
| Current Level | 10.4% | 13.2% | 18.5% | 11.0% | 2.4% | 1.8% | 1.1% | 2.3% |
| %tile (2yr) | 4.2% | 3.4% | 5.3% | 16.6% | 74.1% | 98.3% | 88.1% | 90.0% |
| 1Wk Change | -0.5% | 2.4% | 6.2% | 2.3% | -0.1% | -0.1% | 0.3% | 0.1% |
| 1Mth Change | -31.3% | -15.2% | -8.8% | -19.6% | 1.5% | 1.1% | 0.5% | 1.3% |
| | Cash index | | | | | | | |
| Current Level | 36.62 | 57,661.14 | 1,090.44 | 45,385.74 | | | | |
| 1Wk Change | 1.15% | 0.62% | 1.72% | -1.16% | | | | |
| 1Mth Change | 7.86% | 11.22% | 1.44% | 0.12% | | | | |

Source: BofA Merrill Lynch Global Research



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|---|---|---|
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HOUSE_OVERSIGHT_026004

**From:** Weingarten, Reid [redacted]
**Sent:** 8/12/2016 1:58:39 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

This is a big deal

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, August 12, 2016 9:26 AM
**To:** Weingarten, Reid
**Subject:** Re:

August 11, 2016
A federal jury decided Thursday that one of the Middle East's most prominent banks did not commit fraud and steal technology from an Irvine firm that sued it for half a billion dollars in damages after their partnership collapsed.
Orange County company InfoSpan had alleged that Emirates NBD ended a partnership for a mobile payment system because it didn't want to share revenue and stole InfoSpan's technology to launch its own service.
The Dubai-based bank, in turn, denied it stole or ever used InfoSpan's technology. It argued that it cancelled the partnership because InfoSpan couldn't produce a working product and misled it into thinking it was an established company, not one with little to no track record.
After deliberating for a day, the jury unanimously decided that InfoSpan did not prove its case of fraud and theft of trade secrets.
InfoSpan had asked for $540 million in damages. An attorney for InfoSpan declined to comment on the possibility of an appeal.
The verdict capped a two-week trial that involved dueling accusations of fraud levied by high-profile attorneys on both sides, including the former White House counsel to President Obama.
At the center of the high-stakes battle was San Juan Capistrano resident and entrepreneur Farooq Bajwa and a mobile payment system that he said would allow migrant workers in the Middle East to send remittances back home through text messages.
Bajwa contended that InfoSpan, with support from outside investors, spent $87 million developing the business and technology.
To launch the system, known as SpanCash, Bajwa partnered in 2007 with Emirates Bank, which is controlled by the United Arab Emirates' sovereign wealth fund.
It seemed the ideal collaboration for the Pakistani immigrant, who earned millions operating another Irvine company that manufactured computer components in the 1980s and 1990s
The Gulf States rely heavily on migrants to work construction and other low-wage jobs, offering a ready-made market for SpanCash. InfoSpan aimed to allow migrants to transfer money back home far more cheaply than Western Union or hawala, a traditional Middle Eastern broker-to-broker money transfer system.
A study from McKinsey & Co., cited in court records, projected annual revenue of $3.5 billion by the deal's fifth year, with InfoSpan receiving more than $2.8 billion in fees.
But the relationship between InfoSpan and Emirates Bank soured and the bank cancelled the deal in 2009.
A few days later, Emirates filed a criminal complaint in Dubai against Bajwa and a partner alleging that they defrauded the bank and misrepresented InfoSpan as an established business with a working technology.
Two years later, InfoSpan sued in U.S. District Court in Santa Ana and alleged that its technology was working and that it delivered its source code to the bank on servers. Emirates ended the deal, InfoSpan said, to launch its own mobile payment system after stealing InfoSpan's technology.
In court, an attorney for InfoSpan argued that Emirates torpedoed the InfoSpan relationship because it abhorred how much money it would have to share with the Irvine firm.

"They wanted SpanCash and they wanted the money," attorney William A. Isaacson said in his closing arguments Wednesday.
Isaacson – a partner with powerhouse law firm Boies Schiller & Flexner, chaired by high-profile litigator David Boies – argued that the bank resorted to "pure extortion" in an attempt to get its way.
As a result of the bank's criminal complaint, InfoSpan alleged Bajwa's partner, Larry Scudder, was detained at the Dubai International Airport and taken to a cell where he was locked in with 30 other men for 19 hours until he secured his release by turning over his passport.
According to the lawsuit, Bajwa tried to resolve the situation but was told Scudder's passport would be released and he could leave the country only if InfoSpan gave up ownership and control of SpanCash to the bank.
Six months later, the bank withdrew the fraud accusations and Scudder got his passport back, but SpanCash's reputation was tarnished and it collapsed, Bajwa previously told The Times.
The bank disputed that it acquired InfoSpan's source code or used it at any time.
Former White House counsel and an attorney for the bank, Kathryn Ruemmler, said that Emirates never would have acquired source code in a joint-partnership deal like the one reached with InfoSpan. She said such technology would instead be held by a third-party escrow company for the length of the partnership.
In her closing arguments, the partner with global firm Latham & Watkins told the jury that Bajwa and InfoSpan sold the bank a "bill of goods," arguing that despite promises to Emirates, the technology never worked and InfoSpan wasn't as big a company as it claimed.
The bank cancelled the deal and filed a criminal complaint, not as a form of extortion but simply to regain the bank's money after it was misled and doubts grew about the character of InfoSpan's employees, Ruemmler told the jury.
"They concluded, definitively, that they had been defrauded," she said.
Lubna Qassim, group general counsel for Emirates Bank, said in a statement after the verdict that "Emirates Bank is gratified by today's decision and the opportunity to receive a fair trial in U.S. courts."
Bajwa said the trial has taken a toll on him and he doesn't know his next steps.
"I am just beat up," he said.
Phil Hirschkorn contributed to this report.
[redacted]

On Fri, Aug 12, 2016 at 7:23 AM, Weingarten, Reid [redacted] > wrote:

Hope she is pleased/happy/satisfied/proud

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, August 11, 2016 8:16 PM
**To:** Weingarten, Reid
**Subject:**

your girl won

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**From:** Deepak Chopra [[redacted]
**Sent:** 8/20/2016 2:04:14 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I agree
Maybe then just stick to Sept 18th meeting - polite and courteous -
I will be respectful and deferential .
On the advice of Leonard I'm removing all criticism of scientists from the book
A production company in LA - connected to my son - is doing a documentary film on the new book .
They are looking for critics
I will film part of it as a lecture Al Gore * Inconvenient Truth " style in Nantucket .
I sent you the poster .
Can send it again by text
They would welcome his criticism
I think we should wait to discuss until Sept 18th unless you suggest we invite him on Sept 23 to Nantucket ?
I'm thinking what I should do with the Autumn of my life.
Will get clarity during silence .
The energy of pleasure has exhausted itself in me as also the energy that goes into " being right "
I'm ready to serve In a meaningful way
Love

Deepak Chopra
[redacted]

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Aug 20, 2016, at 9:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i ll be any help i can, we are all of the same generation , it is silly to argue with hubris

On Sat, Aug 20, 2016 at 9:24 AM, Deepak Chopra <[redacted]> wrote:

I just landed in NY
I'm staring a new phase in my life visa vis my relationship with my critics
2 scientific papers on my work will be out soon
Leonard read the new book and made some corrections so now 3 physicists have made sure that the science is accurate
If you haven't sent the book to him please hold off so he gets a corrected copy.
I'm going to get off my high horse ( the tiger I can't ) and try and start a dialogue with anyone who is willing .
I will do as you guide me
I'm going this afternoon to NJ to do a fundraiser for an orphanage and then to Boston until Monday afternoon
Meeting Barnaby on Monday afternoon

Tuesday I'm doing an event in NY with Eric Schadt to announce new meditation research
Go for silence on Aug 28 th
Love

Deepak Chopra
[redacted]

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Aug 20, 2016, at 8:09 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im sure if you like we can begin the krause counseling session on skype.

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**Date:** Saturday, October 8 2016 08:28 PM
**Subject:** Re: Take a look at this...
**From:** Landon Thomas Jr. <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

What are the trump money guys saying now?

Sent from my iPhone
On Oct 8, 2016, at 4:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> ok
>
> On Sat, Oct 8, 2016 at 3:11 PM, Thomas Jr., Landon <[redacted]> wrote:
>
> Would interested to see what Bill Gates thinks of this story. He is backing these PE guys who are putting their money in private hospitals in India/Africa. Pretty interesting stuff.
>
> http://www.nytimes.com/2016/ 10/09/business/dealbook/an- investors-plan-to-transplant-private-health-care-in-africa.html?rref=collection%2Fbyline% 2Flandon-thomas-jr.&action=click&contentCollection=undefined&region=stream &module=stream_unit &version=latest&contentPlacement=1 & pgtype=collection& _r=0
>
> --
>
> Landon Thomas, Jr.
> Financial Reporter
> New York Times
> [redacted]
> http://topics.nytimes.com/top/ reference/timestopics/people/ t/landon_jr_thomas/index.html

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# Trading Algorithm by Gennady Mashtalyar

## Brexit day or how does my algorithm react to large one-side movements

Dear Jeffrey,

I was thinking how to better answer your question regarding risks associated with a large opposite side movement against my algorithm's logic. I decided to test-run Brexit day on GBP/USD to provide you with a practical example of how my algorithm would react to a sudden 18 cents price movement down in a day*.

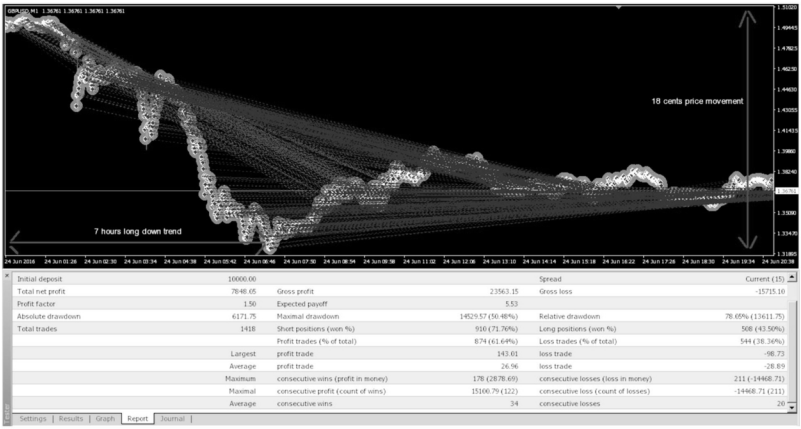


| | | | | | |
|---|---|---|---|---|---|
| Initial deposit | 10000.00 | | | Spread | Current (15) |
| Total net profit | 7848.65 | Gross profit | 23563.15 | Gross loss | -15715.10 |
| Profit factor | 1.50 | Expected payoff | 5.53 | | |
| Absolute drawdown | 6171.75 | Maximal drawdown | 14529.57 (50.48%) | Relative drawdown | 78.65% (13611.75) |
| Total trades | 1418 | Short positions (won %) | 910 (71.70%) | Long positions (won %) | 508 (43.50%) |
| | | Profit trades (% of total) | 874 (61.64%) | Loss trades (% of total) | 544 (38.36%) |
| | Largest | profit trade | 143.01 | loss trade | -98.73 |
| | Average | profit trade | 26.96 | loss trade | -28.89 |
| | Maximum | consecutive wins (profit in money) | 178 (2878.69) | consecutive losses (loss in money) | 211 (-14468.71) |
| | Maximal | consecutive profit (count of wins) | 15100.79 (122) | consecutive loss (count of losses) | -14468.71 (211) |
| | Average | consecutive wins | 34 | consecutive losses | 20 |

**Red lines represent open and close positions for short contracts. Blue lines represent open and close positions for long contracts.

As you can see from a picture above, pound was dropping for 7 consecutive hours from 1.50 to 1.32 against the dollar during Asian trading hours on June 24th (during votes count in the UK). Seven hours long 18 cents movements are extremely rare in currency markets. However, 3 cents movements are very common and can be predicted beforehand. For instance, currency traders can expect increased volatility every time the Fed member speaks, U.S. releases unemployment data, Draghi talks about QE efficiency, or elections take place. These days and hours are well known beforehand. Professional and *responsible* investors must have case A and B planned out before any influential data release.

*I can only test my algorithm for 24 hour timeframes from 00:00 to 23:59 of a day with my current hardware and software, thus this particular example includes short trades opened before the 18 cent drop and they are working well as a hedge.

While this particular example above illustrates good results by the end of the day (+$7,848 and $1,600 maximum drawdown from starting balance), there are certainly markets situations that require large margins and can not be expected beforehand. These are usually terrorist attacks, sudden nature disasters, or even FOX News releasing FBI renewal investigation over Clinton and following speculation on Trump's lead prior U.S. elections.

The Brexit day example is certainly a good case scenario for my algorithm. It provides algorithm with a large volatility and many profitable opportunities. However, there are other large one-side price movements in financial markets that can destroy not only my model, but many other trading strategies if wrong side position is held. In the last month financial markets experienced pound flash-crash in the middle of a random night. GBP/USD dropped for about 10 cents in 2 minutes and jumped back. Many got rich and many got poor for 120 seconds while in their sleep. The only thing that secures investments is responsible trading, which is placing stop losses and not risking more than some percentage per trade.

As a CFA Candidate and a prospective algorithmic hedge-fund manager I cannot say investing even in T-Bills is 100% safe and can only say currency trading involves high risk. The only thing I can ~~assure~~ tell you *(in my personal opinion)* that $10,000 is a lowest ~~safe~~ *responsible* sum of money needed to operate with the model where $5,000 is used for margin alone and $5,000 is set to be used as a bad case scenario expected drawdown value or a stop loss.

P.S. Jeffrey, I want to introduce you to some algorithmic trading concepts and terms needed to understand trading algorithms better.

- Algorithmic trading is highly dependent on statistics and averages over a long-term history.
- Drawdown – maximal losing dollar amount for open or closed positions from starting balance.
- Algorithm ceiling – largest amount of money an algorithm can work with (large trades can influence market conditions against an algorithm).
- Percentage of profit and loss trades: 53.99% profit and 46.01% loss trades this summer on a "back-test"
- Average profit trade: $20.74 this summer on a "back-test"
- Average loss trade: $14.13 this summer on a "back-test"
- Number of trades per time period: 45,221

P.P.S. Drawdown value for a condition where price goes down, my algorithm buys a long contract every minute and does not hold short contracts can be estimated in the Excel file attached to the email (Estimation of losing P&L).



HOUSE_OVERSIGHT_026012

Results of a scenario where a currency pair loses 0.0001 from 1.11 to 1.0741 (3.59 cents total) every single minute for 360 consecutive minutes can be seen below. This is an extreme case scenario of a pair losing its value for 6 consecutive hours without any retracement. Please, take a note that duration and consistency of a price drop are much more important than the value a drop itself.



HOUSE_OVERSIGHT_026013

On Nov 4, 2016, at 6:07 PM, Zubair Khan <[redacted]> wrote:

Trump is definitely winning popular vote so far. According to our data winning chances of Trump are 52% in Electoral college.

> On Nov 4, 2016, at 5:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> thats in the popular vote , not talking into account the elctoral college?
>
> On Fri, Nov 4, 2016 at 1:43 PM, Zubair Khan [redacted] > wrote:
>
> > Hi Jeffrey,
> >
> > According to InsightsPod Trump is more popular. We processed 3 million tweets this week.
> >
> > I have attached detailed report.
> >
> > Regards,
> > Zubair
> >
> > > On Oct 9, 2016, at 4:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:
> > >
> > > jeevacation
> > >
> > > On Sat, Oct 8, 2016 at 11:20 PM, Zubair Khan <[redacted]> wrote:
> > > > What is your Skype ID?
> > > >
> > > > Thanks.
> > > >
> > > > On Saturday, 8 October 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> > > > > yes
> > > > >
> > > > > On Sat, Oct 8, 2016 at 7:07 AM, Zubair Khan [redacted] > wrote:
> > > > > > Hi Jeffrey,
> > > > > >
> > > > > > Are you available to talk today?
> > > > > >
> > > > > > Regards,
> > > > > > Zubair
> > > > > >
> > > > > > > On Oct 6, 2016, at 11:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:
> > > > > > >
> > > > > > > skyype good this weekend?
> > > > > > >
> > > > > > > On Thu, Oct 6, 2016 at 5:42 AM, Zubair Khan <[redacted]> wrote:
> > > > > > > > Hi Jeffrey,
> > > > > > > >
> > > > > > > > Just wondered if you have time to discuss the business plan of InsightsPod on Skype or if you prefer I can meet you in person after 19th Oct.
> > > > > > > >
> > > > > > > > Regards,
> > > > > > > > Zubair
> > > > > > > >
> > > > > > > > On Sunday, 25 September 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> > > > > > > > > Skype this week?
> > > > > > > > >
> > > > > > > > > On Sunday, 25 September 2016, Zubair Khan <[redacted]> wrote:
> > > > > > > > > > Hi Jeffrey,
> > > > > > > > > >
> > > > > > > > > > Please find attached InsightsPod business plan for your consideration.
> > > > > > > > > >
> > > > > > > > > > Since Twitter is live streaming the presidential debates, the social media activity will accelerate and it will help us in making better predictions of outcome. It was apparent from the US Election report, which I sent you previously that we need a Data Scientist who can

translate our data into better insights. Taking this into account I hope you can help us by backing this venture.

Thanks,

Zubair

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**Best regards,**
**Zubair Khan**
Chief Executive Officer | **Tranchulas**
London | San Francisco | Auckland | Islamabad

**email:** [redacted] **web:** www.tranchulas.com

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**Best regards,**

**Zubair Khan**

Chief Executive Officer | **Tranchulas**
London | San Francisco | Auckland | Islamabad

email: [redacted] web: www.tranchulas.com

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**Date:** Thursday, November 10 2016 10:23 PM
**Subject:** Re:
**From:** [redacted]
**To:** jeffrey E. <jeevacation@gmail.com>;

Shocking. So ridiculous.

[redacted]

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On Nov 10, 2016, at 5:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article- 3914012/Troubled- woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED- story.html

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**From:** [redacted]
**Sent:** 11/12/2016 9:23:22 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Sorry in the conference room listening to the Portuguese prime minister ....
Nthg revolutionary really .
Was watching tv last night - either Trump is a misunderstood genius or it s going to be complicated ...

Ariane de Rothschild

On 12 Nov 2016, at 09:35, jeffrey E. <jeevacation@gmail.com> wrote:

cam you speak now?

On Fri, Nov 11, 2016 at 6:29 PM [redacted] wrote:

I see who you re talking about . Brilliant , but I was told his wife didn t want to move from London esp not Geneva . Do you mind asking him ?

Ariane de Rothschild

On 11 Nov 2016, at 22:48, jeffrey E. <jeevacation@gmail.com> wrote:

met a really intersting banker for you to meet , former cfo deutsch bank, former cfo bmw german, born in south america.

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**From:** Robert Lawrence Kuhn [redacted]]
**Sent:** 11/28/2016 4:11:04 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Fun (transient) with Trump-China:

"What China Thinks of President-Elect Trump" broadcast on CCTV News, discussion with former Chinese ambassador to U.S. and head of Chinese Association of American studies - streamed - http://english.cntv.cn/2016/11/13/VIDEytqd1tlf30eFnd6vTIxy161113.shtml

Interview - http://www.atimes.com/article/china-wants-build-relations-dealmaker-trump/

More fun (enduring) with Closer To Truth; working new episodes from FQXi conference (e.g., "Physics of the Observer", "Physics of Consciousness", "Quantum Cosmology of the Beginning?", Philosophy of Cosmology"); progressing on "Sleep & Dreams".

In LA for 2 weeks, then back to China; NY in January. You there then?

Love to get your sense of Trump's administration, policies.

Robert

On Nov 27, 2016, at 10:05 AM, jeffrey E. <jeevacation@gmail.com> wrote:

are you having fun?

On Sun, Nov 6, 2016 at 8:08 AM, Robert Lawrence Kuhn <[redacted]> wrote:
I almost get it….

On Nov 6, 2016, at 9:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

its not ba ba ba- bah . its regular (ba ) ba ba ba - bah. regular four eighth notes , but the first is not sounded . changes the whole dynamic and wildly misunderstood

On Sun, Nov 6, 2016 at 2:00 PM, Robert Lawrence Kuhn <[redacted]> wrote:
Didn't know. Meaning of the rest note?

Mahler's 5th opens with the same rhythmic motif (but 4th note is the same as the first three, not lower as in Beethoven's) - Mahler's 5th is my favorite symphony.

On Nov 6, 2016, at 8:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

for me it is tied to music. beethovens fifth , is 555-3 . though unbeknownst to most people the first note ( you can verify, bu looking at the score ) , is a rest note ( silent ) so 0-555-3

On Sun, Nov 6, 2016 at 1:35 PM, Robert Lawrence Kuhn <[redacted]> wrote:

You've got a jumbo-sized right superior parietal lobe.

https://www.scientificamerican.com/article/our-brains-have-a-map-for-numbers/

On Nov 6, 2016, at 8:23 PM, jeffrey E. <jeevacation@gmail.com> wrote:

you mentioned it at my house. unfortunately , I cant avoid remembering numbers

On Sun, Nov 6, 2016 at 1:15 PM, Robert Lawrence Kuhn <[redacted]> wrote:

Yes! You beat my family. (How'd you know?)

I celebrated in Beijing by (i) developing the Sleep/Dream proposal we discussed, (ii) lunch with an MNC CEO, and (iii) playing two hours of intense table tennis with a top coach.

On Nov 6, 2016, at 6:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

birthday/?

--

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**From**: [redacted]
**Sent**: 11/28/2016 11:36:54 AM
**To**: [redacted]; jeevacation@gmail.com; [redacted]
**Subject**: Réf. : TR:
**Attachments**: butterfly_top.gif; butterfly_bottom.gif

**Importance**: High

Dear jeffrey

From our side we could postponed the trip ,visit the 2 works from Plant Thursday the 15th and have our meeting Friday the 16th all of us,but need an answer from Plant .
Please tell me if it is convenient for you Friday the 16th,or Thurday late afternoon

Thanks

jean

*-------Message original-------*

***De :*** Jean HUGUEN
***Date :*** 28/11/2016 10:01:14
***A :*** 'Jean'
***Sujet :*** TR:

**De :** jeffrey E. [mailto:jeevacation@gmail.com]
**Envoyé :** lundi 28 novembre 2016 01:23
**À :** jean.huguen@albertopinto.com; Lesley Groff [redacted]
**Objet :**

can you delay your trip one week, . trump related issues occupying my time. say 13 14 instead

--

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**Animations GRATUITES pour vos emails** Cliquez ici !

**From:** Michael Wolff [redacted]]
**Sent:** 11/28/2016 5:23:42 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

cool. great.

On Mon, Nov 28, 2016 at 12:22 PM, jeffrey E. <jeevacation@gmail.com> wrote:
wed and fri adn yes, Ive set you up to see the right hand of the Dep Cr Prince

On Mon, Nov 28, 2016 at 12:18 PM, Michael Wolff <[redacted]> wrote:
I will ask. How long in New York? Get together?

On Monday, November 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
im here today flying to nw york tomow. if he is up to it ild love to sit with him , house or on plane if we wants a ride

On Mon, Nov 28, 2016 at 12:13 PM, Michael Wolff <[redacted]> wrote:
I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im in palm beach is roger here?

On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted]> wrote:
Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

--

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**From:** Larry Summers [redacted]
**Sent:** 11/29/2016 12:13:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Re:

**Importance:** High

Always quiet advice to anybody who can use it. Try always discreet. If u become associated publicly w something the reputations converge. Looking fwd to meeting Karim.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 29, 2016, at 6:23 AM, jeffrey E. <jeevacation@gmail.com> wrote:

ok, except I hope they can rely on you to give them guidance privately after the fact.? Karim Wade. is the son of the president of Senegal. ( they just found GAS offshore ). He is well educated and one of the most important figures in west africa. however full disclosure , he was put in jail to remove him from running against the current president . He is in qatar awaiting his political return to power which is almost guaranteed. He is the most charismatic ,and rational of all the africans and has theire respect.

On Tue, Nov 29, 2016 at 2:34 AM, Larry Summers <[redacted]> wrote:

Who is the guy you have set me up with?

Spend zero effort on anything about me w trump. Seeing his approach to conflict of interest, his Putin proximity, and his mindless response on Castro death I'm best off a million miles away.

Until they are deeply humbled by the fuckups that are sure to come, I serve myself and country best by doing nothing that involves loyalty to them.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Afri zp <[redacted]
**Date:** November 29, 2016 at 3:26:13 AM GMT-3:30
**To:** "jeffrey E." <jeevacation@gmail.com>
**Cc:** Larry Summers <[redacted]>
**Subject: Re:**

Larry,

I'll be very please to meet or take you for diner. My mobile in Doha is [redacted]

Le 29 nov. 2016 à 00:16, jeffrey E. <jeevacation@gmail.com> a écrit :

larry, karim, karim - larry, larry will be in doha on wed, i think you two would enjoy meeting

--

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**From:** Michael Wolff [redacted]]
**Sent:** 11/29/2016 1:19:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

They came back to New York yesterday. He would like to meet, tho wary of being seen, etc. I will work it out.

On Mon, Nov 28, 2016 at 12:43 PM, Michael Wolff <[redacted]> wrote:
He is not so much shy, as paranoid. I have to contact him through his wife on a burner phone, which they don't reliably check. But have queried.

On Mon, Nov 28, 2016 at 12:39 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im happy to go to him. if he is shy

On Mon, Nov 28, 2016 at 12:23 PM, Michael Wolff <[redacted]> wrote:
cool. great.

On Mon, Nov 28, 2016 at 12:22 PM, jeffrey E. <jeevacation@gmail.com> wrote:
wed and fri adn yes, Ive set you up to see the right hand of the Dep Cr Prince

On Mon, Nov 28, 2016 at 12:18 PM, Michael Wolff <[redacted]> wrote:
I will ask. How long in New York? Get together?

On Monday, November 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
im here today flying to nw york tomow. if he is up to it ild love to sit with him , house or on plane if we wants a ride

On Mon, Nov 28, 2016 at 12:13 PM, Michael Wolff <[redacted]> wrote:
I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im in palm beach is roger here?

On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted]> wrote:
Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

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**From:** Michael Wolff [redacted]
**Sent:** 11/29/2016 1:29:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

My guess is that he will be too paranoid. He believes NYP photographers are following him. But will ask.

On Tue, Nov 29, 2016 at 8:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:
woudl you like to ask him to dinner tomrrow night you me and woody my house

On Tue, Nov 29, 2016 at 8:19 AM, Michael Wolff <[redacted]> wrote:
They came back to New York yesterday. He would like to meet, tho wary of being seen, etc. I will work it out.

On Mon, Nov 28, 2016 at 12:43 PM, Michael Wolff <[redacted]> wrote:
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On Monday, November 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
im here today flying to nw york tomow. if he is up to it ild love to sit with him , house or on plane if we wants a ride

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I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im in palm beach is roger here?

On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted]> wrote:
Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

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**From:** Gino Yu [redacted]
**Sent:** 12/17/2016 2:43:49 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)
**Attachments:** mime-attachment.png; mime-attachment.gif; mime-attachment.jpg

**Importance:** High

See the attached. Let me know if you are interested in meeting him when he's in NYC.

gino

Begin forwarded message:

**From:** Paul Schulte <[redacted]>
**Subject: Re: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)**
**Date:** 17 December 2016 at 8:35:35 AM HKT
**To:** Gino Yu <[redacted]>

Sure. Forward

Founder and Editor
Schulte Research
[redacted]

On 17 Dec 2016, at 3:09 AM, Gino Yu <[redacted]> wrote:

I'm Still in HK. Cancelled my India trip. Leaving for Italy on Monday. Can meet this weekend if you are around.

Can I forward this to my benefactor in NYC? You interested in meeting him while you are there?

gino

On 16 Dec 2016, at 6:19 PM, Paul Schulte <[redacted]> wrote:

Founder and Editor
Schulte Research
[redacted]

Begin forwarded message:

**From:** Paul Schulte <[redacted]>
**Date:** 12 December 2016 at 4:10:08 PM GMT+8
**To:** Paul Schulte <[redacted]>
**Subject: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)**

SCHULTE RESEARCH REPORT: ED 164

**DEEP DIVES INTO PRC FIN TECH OWNERSHIP AND TRUMP CABINET OWNERSHIP. (DO NOT FORWARD)**

12 December 2016
ED 164


CONTACT US

**Paul Schulte**
Founder, Schulte Research
[redacted]

**Gavin Liu**
Senior Analyst
[redacted]

**IND-X Advisors Limited**
Kinwick Centre, 8th Floor
32 Hollywood Road
Central
Hong Kong


- **H SHARES: PING AN, CICC AT CENTER OF ALIBABA, TENCENT PHENOMENON. BUY. SELL AIA.**
- **TRUMP CHOICES ARE ALL ABOUT KOCH BROS & OIL/GAS NETWORK: BUY RUSSIA... ALSO SAUDI BANKS.**
- **INVESTOR FEEDBACK: INFLATION COMING. BUY BOMBED OUT BANKS HSBC, KB, UNICREDIT? GROWING AGREEMENT ON BOOM IN US. BUY CITI, JPM.**

**Schulte Research Report, ED 164: Slides**

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1. Ping An & CICC are the 2 H shares that operate in the middle of Alibaba, Tencent, Lufax.

A. The chart below represents a deep dive we did on the new world of Chinese banking. Companies like Zhong An, WeBank and Lufax will grow dramatically and will take advantage of (as well as support) the massive worlds of Alibaba and Tencent. Together, Alibaba and Tencent have market cap of $500 bn. Popping up in many of these areas of overlap are Ping An and CICC. They are strategically placed to make great strides in China. This is slowly being recognized in the case of Ping AN (See Page 8 of attached PPT). Ping An's market cap is $97 bn. It is connected to Zhong An.. It owns 44% of Lufax. And some if its management were the very ones that started WeBank. It is perfectly positioned for the coming boom in new banking. It has the best combined ROA and ROE globally and its P/E of 10x is trading on a 50% discount to the global averages. Why is Ping An trading at a discount to AIA? BUY PING AN -- SELL AIA..

B. The other company which has the best return on capital of any broker dealer -- and is also positioned nicely for the coming boom in the new era of banking in China -- is CICC. CICC and CDH (a CICC breakaway) both invested in Zhong An and Lufax. CICC has vision and a proven track record.

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Yet it has been a laggard. This is a top pick for H shares for China in 2017. The other bank with great vision in this area is CCB, which has invested in Ant Financial. BUY H shares CCB and CICC. (See attached PPT for portfolios and China fintech details).

C. IPOs in 2017. I think Zhong An will be a surprise for 2017 in the Hong Kong market. Its market cap is expected to be $10 bn and it has interesting potential in so many areas of insurance. It remains an insurance company whose marginal cost of a new customer is zero. It has a talented team of 900 engineers and has new AI and blockchain divisions. It is rolling out an impressive array of products including corporate solutions for insurance and investment plans. Lufax CEO Greg Gibb made a big splash at the Finnovasia (Schulte Research co-sponsored it) in Hong Kong last month. The company is a diversified financial conglomerate akin to "Schwab meets etrade and Fidelity" -- only 25 years ago. It needs an IPO north of $25 bn in order for the private equity partners to make money. Lastly, Ant Financial will come to the market for a $60 bn IPO in 2017 -- also in Hong Kong. This is a mothership company that goes to the heart of China's system. Its early investors are CIC, CDB, CCB, China Life and other vital organs of the system. It will not be allowed to fail. There are some questions about whether to own this through Alibaba, since Alibaba will own 33% of Ant post IPO. I'm in this camp. Buy Alibaba on this pullback. (See attached PPT for the full China Fintech Report).

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2. Koch Industries saturates both the offices of Trump as well as Pence. Mega bullish for Russia, oil and gas companies. Mega bearish for alternative energy.

A. The Koch Brothers are not just two grumpy men -- they are a political party. Koch Industries is the second biggest private company in the US after Cargill. They operate public and secretive political entities in 32 states and dole out more than $500 million each political cycle to various entities in the strongest places. The political entities employ more than 1,200 people and the amount of donations available to right wing causes varies dramatically but is as high as $750 million per cycle. It is the third largest party in the US after the Democratic and Republican party. It controls the Libre Alliance, Americans for Prosperity, Freedom Partners, Institute for Energy Research, American Energy Alliance and Concerned Veterans.

B. What do they do with their money? They support right wing Republican candidates for all organizations -- attorneys general, Senate, House and state political figures. This is where it gets interesting. Freedom Partners is thought of as the "Koch bank". Guess who ran this? Marc Short. It controls about $250 mn in funds for political activity. Guess who employed Marc Short as chief of staff? Indiana Governor Mike Pence. Guess who then employed him as chief of staff? President-elect Trump. Matt Lloyd is in charge of communications and strategy for VP-elect Pence -- he came from Koch Industries. Governor Pence was a frequent attendee of the secretive semi-annual meetings of the Koch Brothers. Guess who raised more than $100 million for Freedom Partners? Don McGahn. Guess who is the new White House Counsel for President-elect Trump? Don McGahn. (McGahn was embroiled in the Tom Delay scandal in the 2000s). Guess who had two companies which had Koch Brothers as investors and whose chief of staff (Chenowith) came from the Koch world? The new CIA-designate chief Mike Pompeo. (Pompeo's Kansas campaign received a $900,000 donation from Koch). Guess who gave $1 mn to Americans for Prosperity? Education secretary designate Betsy Devos. Guess who has written the strategy paper for the Department of Energy transition? Tom Pyle -- He is affiliated with the Koch Industries Office of federal Affairs and the Institute for Energy Research. Guess who was caught up in a Koch Industries scandal for a petrochemical port project (with a Koch affiliated Messr. Henneberry)? Governor Nikki Haley who is UN Ambassador designate.

---

C. Advisors are ALL Koch-related. Here is where it gets fun. Former campaign advisor Corey Lewandowski came from KochLand. Rebekah Mercer is part of Koch and and gave $2.5 mn to Freedom Partners. Kellyanne Conway has connections to Pence from way back and is connected to Steve Bannon through the Center for National Policy. Trump deputy campaign manager David Bossie came from Citizens United. The Director of Coalitions for Trump is named Alan Cobb -- he came from Americans for Prosperity. Daren Selnick is a transition advisor and he came from Concerned Veterans. Others on the Trump team who came from Kochland include Stuart Jolly, Eli Miller, Scott Hagerstrom and Matt Ciepielowski.

3. BUY the hell out of Russia -- Exxon Rex is a cabinet trifecta for Koch Brothers.

A. And there's Exxon Rex. Any contribution from Exxon received money from Koch -- and vice versa. Rex Tillerson is worth $151 million and is leaving Exxon next year. He seems to have accepted secretary of state position. He inked a deal worth $300 billion in oil and gas exploration in 2012. (For that, he received the highest civilian honour bestowed by Russia). This will be a boom for Koch Industries as the sanctions against Russia are lifted. (Thank you Uncle Vlad for interfering in the elections). This will be a boom for Russia -- for equities, FX and bonds. It is clear that sanctions against Russia will be lifted regardless of whether Russia interfered in the elections. (Clinton made this a campaign issue and still lost!).

B. Anyone who thinks this will be reversed by Greenpeace or other green organization is kidding themselves. The Senate and House is Republican. Majority parties control all committees so they control the agenda. The agenda is set. These guys are geniuses with the news cycle. And the vast array of think tanks controlled by the Koch Brothers (most of them) allows them to control the news cycle as well as the opinion pages of newspapers. The web on control on public opinion from the Koch Brothers reaches every newspaper through a large array of think tanks like the AEI and Cato Institute, not to mention the vast array of Koch think tanks.

C. If you don't like this, tough luck. Life is not fair. This is not going to be reversed. Think of it as watching a science experiment. Bush lost the popular vote to Gore in 2001 and completely reversed policies on tax, environment, Middle East, energy, fracking, birth control, and LGBT issues. Trump, Pence, Bannon and Koch will make a deal which will be a hybrid of religious right on moral issues and "zero intrusion from government" in commerce. Republicans already control the Senate, the House, a majority of governorships as well as a majority of attorneys general. It will be very hard to reverse this. And if Trump can deliver jobs to the midwest red states, more senate seats will turn red. Tom Pyle's list of things to for the Department of Energy's transition team is expressly designed to do this. This includes new oil and gas leasing projects, more fracking, more coal, more LNG projects -- and a green light for both the Keystone and Dakota pipelines. The working paper reneges on the Paris pact, the Clean Power Plan and the carbon tax. And it is expressly a climate change denial policy. States like North Dakota, South Dakota, Oklahoma, Iowa, Texas, Louisiana, West Virginia, Kansas and others will come to life again.. Most of these states have small populations but each gets a governor and two senators.

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Schulte-Research

# China Fintech Map

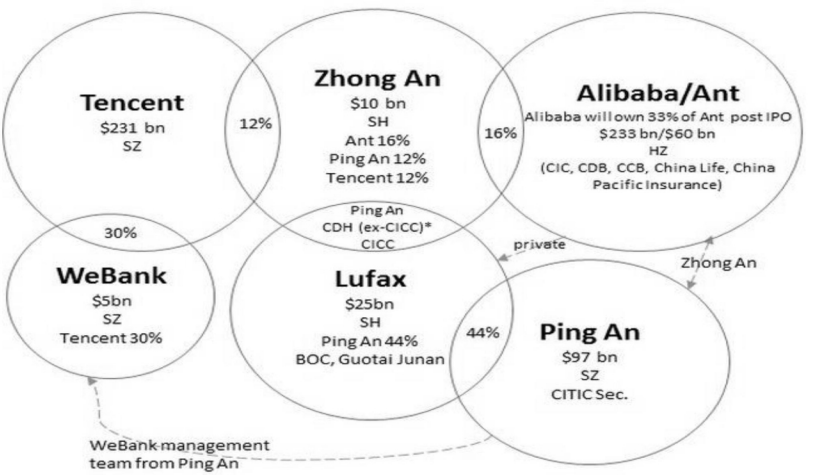


*CDH: set up by Wu Shangzhi, who brought a team from CICC

**From:** Gino Yu [redacted]
**Sent:** 12/17/2016 12:35:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)
**Attachments:** mime-attachment.png; mime-attachment.gif; mime-attachment.jpg

**Importance:** High

Good. Sorting out Tulum at the moment. Over 40 people wanted to come. The Cenote project didn't get funded yet so we are sorting out accommodations. David Sauvage who you met is coming (https://docs.google.com/document/d/1zebY0wGi_vn1WpUnkTR1T7yPsl-iQIfA9GidDUg0zcU/edit). Joon Yun as well (who I'd like to introduce you to - http://www.drjoonyun.com/). The gathering will help plan activities in 2017 which I will summarise for you in Jan.

On Monday, I head to Pragelato with the wife and kids for 10 days of skiing and sight-seeing. Head to Tulum on the 1st. I will be at DLD and Davos afterward. I still have a Vive that I got for you that I'd like to set up and walk you and your people through.

Is your schedule for the holidays sorted?

Happy Holidays!!

gino

On 17 Dec 2016, at 6:10 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no ,. how are you?

On Fri, Dec 16, 2016 at 9:43 PM, Gino Yu <[redacted]> wrote:

See the attached. Let me know if you are interested in meeting him when he's in NYC.

gino

Begin forwarded message:

**From:** Paul Schulte <[redacted]>
**Subject: Re: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)**
**Date:** 17 December 2016 at 8:35:35 AM HKT
**To:** Gino Yu <[redacted]>

Sure. Forward

Founder and Editor
Schulte Research
[redacted]

On 17 Dec 2016, at 3:09 AM, Gino Yu <[redacted]> wrote:

I'm Still in HK. Cancelled my India trip. Leaving for Italy on Monday. Can meet this weekend if you are around.

Can I forward this to my benefactor in NYC? You interested in meeting him while you are there?

gino

On 16 Dec 2016, at 6:19 PM, Paul Schulte <[redacted]> wrote:

Founder and Editor
Schulte Research
[redacted]

Begin forwarded message:

**From:** Paul Schulte <[redacted]>
**Date:** 12 December 2016 at 4:10:08 PM GMT+8
**To:** Paul Schulte <[redacted]>
**Subject: Schulte Research: Deep dives into PRC fin tech ownership and Trump cabinet ownership. (DO NOT FORWARD)**

SCHULTE RESEARCH REPORT: ED 164

**DEEP DIVES INTO PRC FIN TECH OWNERSHIP AND TRUMP CABINET OWNERSHIP. (DO NOT FORWARD)**

12 December 2016
ED 164

• H SHARES: PING AN, CICC AT CENTER OF ALIBABA, TENCENT PHENOMENON. BUY. SELL AIA.

• TRUMP CHOICES ARE ALL ABOUT KOCH BROS & OIL/GAS NETWORK: BUY RUSSIA... ALSO SAUDI BANKS.

• INVESTOR FEEDBACK: INFLATION COMING. BUY BOMBED OUT BANKS HSBC, KB, UNICREDIT? GROWING AGREEMENT ON BOOM IN US. BUY CITI, JPM.

CONTACT US

**Paul Schulte**
Founder, Schulte Research
[redacted]

**Gavin Liu**
Senior Analyst
[redacted]

**IND-X Advisors Limited**
Kinwick Centre, 8th Floor
32 Hollywood Road
Central
Hong Kong

1. Ping An & CICC are the 2 H shares that operate in the middle of Alibaba, Tencent, Lufax.

A. The chart below represents a deep dive we did on the new world of Chinese banking. Companies like Zhong An, WeBank and Lufax will grow dramatically and will take advantage of (as well as support) the massive worlds of Alibaba and Tencent. Together, Alibaba and Tencent have market cap of $500 bn. Popping up in many of these areas of overlap are Ping An and CICC. They are strategically placed to make great strides in China. This is slowly being recognized in the case of Ping AN (See Page 8 of attached PPT). Ping An's market cap is $97 bn. It is connected to Zhong An.. It owns 44% of Lufax. And some if its management were the very ones that started WeBank. It is perfectly positioned for the coming boom in new banking. It has the best combined ROA and ROE globally and its P/E of 10x is trading on a 50% discount to the global averages. Why is Ping An trading at a discount to AIA? BUY PING AN -- SELL AIA..

B. The other company which has the best return on capital of any broker dealer -- and is also positioned nicely for the coming boom in the new era of banking in China -- is CICC. CICC and CDH (a CICC breakaway) both invested in Zhong An and Lufax. CICC has vision and a proven track record. Yet it has been a laggard. This is a top pick for H shares for China in 2017. The other bank with great vision in this area is CCB, which has invested in Ant Financial. BUY H shares CCB and CICC. (See attached PPT for portfolios and China fintech details).

C. IPOs in 2017. I think Zhong An will be a surprise for 2017 in the Hong Kong market. Its market cap is expected to be $10 bn and it has interesting potential in so many areas of insurance. It remains an insurance company whose marginal cost of a new customer is zero. It has a talented team of 900 engineers and has new AI and blockchain divisions. It is rolling out an impressive array of products including corporate solutions for insurance and investment plans. Lufax CEO Greg Gibb made a big splash at the Finnovasia (Schulte Research co-sponsored it) in Hong Kong last month. The company is a diversified financial conglomerate akin to "Schwab meets etrade and Fidelity" -- only 25 years ago. It needs an IPO north of $25 bn in order for the private equity partners to make money. Lastly, Ant Financial will come to the market for a $60 bn IPO in 2017 -- also in Hong Kong. This is a mothership company that goes to the heart of China's system. Its early investors are CIC, CDB, CCB, China Life and other vital organs of the system. It will not be allowed to fail. There are some questions about whether to own this through Alibaba, since Alibaba will own 33% of Ant post IPO. I'm in this camp. Buy Alibaba on this pullback. (See attached PPT for the full China Fintech Report).

2. Koch Industries saturates both the offices of Trump as well as Pence. Mega bullish for Russia, oil and gas companies. Mega bearish for alternative energy.

A. The Koch Brothers are not just two grumpy men -- they are a political party. Koch Industries is the second biggest private company in the US after Cargill. They operate public and secretive political entities in 32 states and dole out more than $500 million each political cycle to various entities in the strongest places. The political entities employ more than 1,200 people and the amount of donations available to right wing causes varies dramatically but is as high as $750 million per cycle. It is the third largest party in the US after the Democratic and Republican party. It controls the Libre Alliance, Americans for Prosperity, Freedom Partners, Institute for Energy Research, American Energy Alliance and Concerned Veterans.

B. What do they do with their money? They support right wing Republican candidates for all organizations -- attorneys general, Senate, House and state political figures. This is where it gets interesting. Freedom Partners is thought of as the "Koch bank". Guess who ran this? Marc Short. It controls about $250 mn in funds for political activity. Guess who employed Marc Short as chief of staff? Indiana Governor Mike Pence. Guess who then employed him as chief of staff? President-elect Trump. Matt Lloyd is in charge of communications and strategy for VP-elect Pence -- he came from Koch Industries. Governor Pence was a frequent attendee of the secretive semi-annual meetings of the Koch Brothers. Guess who raised more than $100 million for Freedom Partners? Don McGahn. Guess who is the new White House Counsel for President-elect Trump? Don McGahn. (McGahn was embroiled in the Tom Delay scandal in the 2000s). Guess who had two companies which had Koch Brothers as investors and whose chief of staff (Chenowith) came from the Koch world? The new CIA-designate chief Mike Pompeo. (Pompeo's Kansas campaign received a $900,000 donation from Koch). Guess who gave $1 mn to Americans for Prosperity? Education secretary designate Betsy Devos. Guess who has written the strategy paper for the Department of Energy transition? Tom Pyle -- He is affiliated with the Koch Industries Office of federal Affairs and the Institute for Energy Research. Guess who was caught up in a Koch Industries scandal for a petrochemical port project (with a Koch affiliated Messr. Henneberry)? Governor Nikki Haley who is UN Ambassador designate.

C. Advisors are ALL Koch-related. Here is where it gets fun. Former campaign advisor Corey Lewandowski came from KochLand. Rebekah Mercer is part of Koch and and gave $2.5 mn to Freedom Partners. Kellyanne Conway has connections to Pence from way back and is connected to Steve Bannon through the Center for National Policy. Trump deputy campaign manager David Bossie came from Citizens United. The Director of Coalitions for Trump is named Alan Cobb -- he came from Americans for Prosperity. Daren Selnick is a transition advisor and he came from Concerned Veterans. Others on the Trump team who came from Kochland include Stuart Jolly, Eli Miller, Scott Hagerstrom and Matt Ciepielowski.

3. BUY the hell out of Russia -- Exxon Rex is a cabinet trifecta for Koch Brothers.

A. And there's Exxon Rex. Any contribution from Exxon received money from Koch -- and vice versa. Rex Tillerson is worth $151 million and is leaving Exxon next year. He seems to have accepted secretary of state position. He inked a deal worth $300 billion in oil and gas exploration in 2012. (For that, he received the highest civilian honour bestowed by Russia). This will be a boom for Koch Industries as the sanctions against Russia are lifted. (Thank you Uncle Vlad for interfering in the elections). This will be a boom for Russia -- for equities, FX and bonds. It is clear that sanctions against Russia will be lifted regardless of whether Russia interfered in the elections. (Clinton made this a campaign issue and still lost!).

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Koch Brothers reaches every newspaper through a large array of think tanks like the AEI and Cato Institute, not to mention the vast array of Koch think tanks.

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Schulte-Research

# China Fintech Map

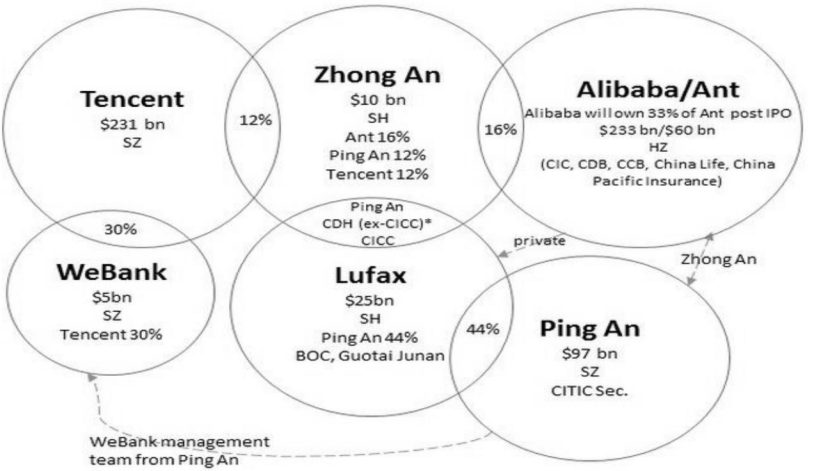


*CDH: set up by Wu Shangzhi, who brought a team from CICC

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**From**: Weingarten, Reid [redacted]
**Sent**: 12/20/2016 5:06:06 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Yikes...my boy jeffrey is everywhere....

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, December 20, 2016 12:05 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

# So What Does Pizzagate Have To Do With President Bill Clinton?

President Clinton's involvement in Pizzagate has been peripheral until now, but the scandal is opening closets that both Bill and Hillary Clinton would have wished stayed closed. However, last month, the *Guardian* reported that during the second presidential debate, Donald Trump brought along four women who have accused Bill Clinton of sex crimes, including rape.

The U.K. broadsheet surmised that this was an attempt by Trump to deflect from allegations of misogyny and sexual misconduct by Trump himself. As time has passed, the specter of billionaire pedophile Jeffrey Epstein has re-emerged. It is perhaps Clinton's relationship with Epstein that has the greatest bearing on Pizzagate.

On Tue, Dec 20, 2016 at 11:26 AM, Weingarten, Reid <[redacted]> wrote:

Yes...[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, December 20, 2016 9:23 AM
**To:** Weingarten, Reid
**Subject:** Re:

now?

On Mon, Dec 19, 2016 at 4:23 PM, Weingarten, Reid <[redacted]> wrote:

Have an idea...[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, December 19, 2016 3:01 PM
**To:** Weingarten, Reid
**Subject:**

is there something you want to tell me?

--

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**From:** Lawrence Krauss [redacted]
**Sent:** 12/24/2016 7:37:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Lawrence Krauss [redacted]
**Subject:** Re: for your reading pleasure.. though maybe not
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

I was in antarctica. The west antarctic ice sheet is melting at an unprecedented rate.. if it all goes into the ocean, sea levels will rise by about a meter. You are correct that we should ask if it can be reduced.. We are currently involved in a proposal that explores capturing CO2 from the atmosphere.. That may cost about 100/ton CO2.. if there was a carbon tax, that might be doable. it is not clear yet, but total research on this so far <10 Million. Total research each year on oil and gas exploration >2 billion.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

On Dec 24, 2016, at 11:32 AM, jeffrey E. <jeevacation@gmail.com> wrote:

is the south pole getting colder and more ice ? is it accurate to say that climate changes can only be measured over long periods. 20 years or more. I m here with the trump peopl in palm and when asked i say i dont have any idea if this global warming is a threat that can be reduced , currently , carbon taking machines. i guess if that is really a concern. i would also like to know what groups prefer warming. canada?

On Sat, Dec 24, 2016 at 2:27 PM, Lawrence Krauss <[redacted]> wrote:

yes, freeman dyson says that too.. That may be true at some level, and indeed during a period of the earth's history when there was more CO2 (hundreds of millions of years ago), there were very large plants of certain types… but what does this imply, really? more corn in the arctic? do we need more corn in the arctic? He has cherry picked data, the typical act of those who believe the answer before they ask the question.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

On Dec 24, 2016, at 10:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i liked the argument that more co2 is good for plants?

On Sat, Dec 24, 2016 at 1:35 PM, Lawrence Krauss <l[redacted]> wrote:

My goodness. So you are listening to an old Nobel laureate whose expertise has nothing to do with this, who has never studied this in detail, built models, done experiments....

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted] Assistant [redacted]
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**origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu**

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

Sent from my iPhone

On Dec 24, 2016, at 3:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.youtube.com/watch?v=TCy_UOjEir0

On Fri, Dec 23, 2016 at 12:30 PM, Lawrence Krauss <l[redacted]> wrote:

Hi.. I know he is going to AZ for much of the winter. He is going to come up to phoenix..maybe for our AI meeting.. wanna come with him? (ANd confidentially we are in discussions for maybe having him move to ASU… please that is really confidential). I will be back in PHX on the 16th of Jan..

Things proceeding apace at home.. medication and tlc..

LMK

On Dec 22, 2016, at 3:36 PM, jeffrey E. <jeevacation@gmail.com> wrote:

noam is going to tucson on the 7th . will you be around

On Thu, Dec 15, 2016 at 7:05 PM, Lawrence Krauss <[redacted]> wrote:

http://www.newyorker.com/tech/elements/donald-trumps-war-on-science?intcid=mod-latest

http://www.nytimes.com/2016/12/13/opinion/rick-perry-is-the-wrong-choice-for-energy-secretary.html?action=click&pgtype=Homepage&clickSource=story-heading&module=opinion-c-col-left-region&region=opinion-c-col-left-region&WT.nav=opinion-c-col-left-region&_r=0

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PO Box 871404 | Tempe AZ 85287-1404
480-965-6378 | [redacted]
http://krauss.faculty.asu.edu
Exec. Asst [redacted]
Origins Asst [redacted]

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Exec. Asst ([redacted]): [redacted]
Origins Asst [redacted]

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**From**: Boris Nikolic [redacted]
**Sent**: 12/26/2016 1:19:46 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Have fun!!
Hope to see you on the 4th.
I leave for SF on the 5th

Sent from my Windows Phone

---

**From:** jeffrey E.
**Sent:** 12/25/2016 8:15 PM
**To:** Boris Nikolic
**Subject:** Re:

4th  im in palm with all the trump boys.  .  fun

On Sun, Dec 25, 2016 at 8:13 PM, Boris Nikolic <[redacted]> wrote:

When are you back in NYC?

Sent from my Windows Phone

---

**From:** jeffrey E.
**Sent:** 12/25/2016 8:09 PM
**To:** Boris Nikolic
**Subject:** Re:

sorry to haer

On Sun, Dec 25, 2016 at 8:05 PM, Boris Nikolic <[redacted]> wrote:

I wish...
Got super bed cold two days ago and barely left my bed.  Feel like shit.

Merry Christmas to you!

B

Sent from my Windows Phone

---

**From:** jeffrey E.
**Sent:** 12/25/2016 7:14 PM
**To:** Boris Nikolic
**Subject:**

hope you are having as much fun as me

--
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**From:** Valeria Chomsky [redacted]
**Sent:** 1/23/2017 1:44:28 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd:

**Importance:** High

Oh, no.

We will have to compensate for it. Noam has been racing for finishing some work before we leave, and I have been packing. But we'll find opportunities while in Arizona. Do you have plans to be there soon?

Valeria

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Sun, Jan 22, 2017 at 6:21 PM
Subject: Re:
To: Valeria Chomsky <[redacted]>

Shame . I was there all day yesterday . Everything ok I hope

On Sun, Jan 22, 2017 at 6:16 PM Valeria Chomsky <[redacted]> wrote:

Dear Jeffrey,

I arrived from Brazil on January 19th, knowing that I had to remember something very important on January 20th and it was not Trump's inauguration. As I arrived too tired, I kept thinking, but could not remember. Just now seeing your e-mail I remembered what it was!!! Your birthday!!! Please accept our best wishes for your new year!

Hope you had a good celebration!

We had to postpone our trip to Arizona and are still in Cambridge, leaving on Wednesday. Noam and I hope to see you again soon and have a toast for your birthday.

Valeria

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Sun, Jan 22, 2017 at 6:52 AM
Subject:
To: Valeria Chomsky [redacted]>

are you guys enjoying the warm

--

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**From:** Robert Kuhn [redacted]
**Sent:** 2/3/2017 3:58:55 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

On point! First serious, independent confirmation of Giulio Tononi's theory. This constitutes the primary part of our Episode 6 (working outline). Giulio is a Closer To Truth contributor (primarily his theory of consciousness) and a friend; he has invited me/CTT to spend 1-2 days in his lab (Madison).

On Feb 3, 2017, at 6:23 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.nytimes.com/2017/02/02/science/sleep-memory-brain-forgetting.html?ribbon-ad-idx=5&rref=homepage&module=Ribbon&version=origin&region=Header&action=click&contentCollection=Home%20Page&pgtype=article

On Fri, Feb 3, 2017 at 1:02 AM, Robert Kuhn [redacted] > wrote:

When to meet? Weekend OK.

On Jan 22, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

look forward to it

On Sun, Jan 22, 2017 at 2:33 PM, Robert Kuhn [redacted] > wrote:

Just got to New York - love to meet, brainstorm.

From Washington, my inauguration-day commentary and conversation with Chinese experts on Sino-US relations under Trump - https://youtu.be/OGdu1pmeVNM?list=PLt-M8o1W_GdSZbSuplmsSS5JZzlhIWpGb

Earlier interview on BBC "What Chinese think of Trump" - two minute excerpt
- http://www.bbc.co.uk/programmes/p04m9jj4

Looking forward, Robert

On Jan 11, 2017, at 2:51 AM, Robert L. Kuhn <[redacted]> wrote:

Dear Jeffrey:

Attached, as promised, is our proposal for Closer To Truth to produce the definitive television series on "The Science of Sleep and Dreams" - 13 episodes, a full season, on ~200 PBS stations, plus extensive web videos. Contemporary advances in sleep/dream research makes timing propitious.

Three documents:

1) Proposal (12 pages)

2) Budget (line item)

3) Schedule (weekly)

Please confirm receipt.

I'll be in New York from January 19 until about February 8. Love to meet - on Sleep/Dreams and all sorts of fun stuff to cheer our 2017.

Robert

<Closer To Truth - The Science of Sleep & Dreams – CTT TV Episodes & Web Videos - Jeffrey Epstein VI Foundation - 1.10.17.docx><Closer To Truth - The Science of Sleep & Dreams - Series Budget - 1.10.17.xls><Closer To Truth - Sleep and Dreams - Series Schedule-Timeline - 1.9.17.xlsx>

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**From:** EL HACHEM Johnny [redacted]
**Sent:** 2/8/2017 12:01:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** AdeR [redacted]
**Subject:** Re: Edmond de Rothschild Infrastructure Expertise

**Importance:** High

I agree with your analysis.
On the debt side the yield will be low for sure. Nevertheless by leading the consortium and by being the Equity provider of the PPP than the double digit return will be possible
Happy to discuss further

Sent from my iPhone

On 8 févr. 2017, at 12:59, jeffrey E. <jeevacation@gmail.com> wrote:

thanks, the issue will be returns on investment. . there is a HUGE amount of cash sitting on the sidelines. trump will want to do private public partnerships on most things. . donald loves the rothschild name.

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The BRIDGE platform currently comprises investments of between €20-120 million each, in 17 European infrastructure transactions. In 2016 alone, the BRIDGE team has achieved financial close for 11 infrastructure deals in Europe aggregating ca. €390m. When benchmarked against other similar funds, the investment team has succeeded in deploying faster and with credit spreads well above the infrastructure senior debt benchmark, enabling BRIDGE to become a force in the growing institutions-backed infrastructure debt market. BRIDGE's ability to invest beyond the traditional definition of core infrastructure and to structure transactions was a key differentiator when Edmond de Rothschild launched this platform, as part of its commitment to real economy. BRIDGE is innovative in the sense that the investment team sources transactions directly from sponsors and is actively involved in the structuring phase, acting as Mandated Lead Arranger.

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Kind regards,

Johnny

**Johnny el HACHEM**

**Edmond de Rothschild Private Equity**

29 Route de Pré-Bois
Case postale 490
1215 Genève 15
Suisse

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**From:** [redacted]
**Sent:** 2/8/2017 10:20:59 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Edmond de Rothschild Infrastructure Expertise

**Importance:** High

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Ariane de Rothschild

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**From:** [redacted]
**Sent:** 2/8/2017 10:23:46 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Edmond de Rothschild Infrastructure Expertise

**Importance:** High

Pension funds are now interested to match the maturities ?

Ariane de Rothschild

On 8 Feb 2017, at 23:22, jeffrey E. <jeevacation@gmail.com> wrote:

not likely in the states. too much money around. you should find a niche. otherwise competing with people that have a trillion dollars in credit needs

On Wed, Feb 8, 2017 at 6:20 PM, [redacted] wrote:
If it s a debt fund , they were thinking of building it around senior and mezzanine debt which would yield 8 to 10% per yr with a kicker

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- **BRIDGE II** reached first close in December 2016 with €150m of commitments in order to invest in three transactions. Fundraising for BRIDGE II is still ongoing, targeting a group of institutional investors in Europe and elsewhere, with final target size of €600m.

The BRIDGE platform has a long-term European investment strategy and a mandate to cover all sectors of infrastructure, notably energy, renewables, utilities, transportation, telecommunications and social infrastructure and can execute project financing, refinancing and acquisition finance transactions.

The BRIDGE platform currently comprises investments of between €20-120 million each, in 17 European infrastructure transactions. In 2016 alone, the BRIDGE team has achieved financial close for 11 infrastructure deals in Europe aggregating ca. €390m. When benchmarked against other similar funds, the investment team has succeeded in deploying faster and with credit spreads well above the infrastructure senior debt benchmark, enabling BRIDGE to become a force in the growing institutions-backed infrastructure debt market. BRIDGE's ability to invest beyond the traditional definition of core infrastructure and to structure transactions was a key differentiator when Edmond de Rothschild launched this platform, as part of its commitment to real economy. BRIDGE is innovative in the sense that the investment team sources transactions directly from sponsors and is actively involved in the structuring phase, acting as Mandated Lead Arranger.

BRIDGE comprises a large, international and skilled London based investment team of 11 investment professionals who between them have arranged more than €100bn of landmark infrastructure deals over the last 20 years across the globe. The BRIDGE team is among the largest within the debt funds universe and demonstrates the Edmond de Rothschild Group's commitment to the platform.

Kind regards,
Johnny

---

**Johnny el HACHEM**

**Edmond de Rothschild Private Equity**

29 Route de Pré-Bois
Case postale 490
1215 Genève 15
Suisse

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**Date:** Friday, April 21 2017 05:10 PM
**Subject:** Re:
**From:** Thomas Jr., Landon <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

Will give that a try. Bill Gates would carry more of a punch:) Saw Mnuchin/Cohn in DC -- they are talking a big game but I don 't know if they can deliver on tax reform. What do you think? I don't know why Trump does not reach out to Schumer -- two outer borough guys who know each other and can talk to each other. He has to move away from the right wing nutters back to the middle which is his natural space anyway.

On Fri, Apr 21, 2017 at 12:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:

nathan myrhvold. suggested you use him as a refrence for masa. on another note. lots of investigations going slow as no one to lead , but when the justice dept staff gets filled. OY.

--

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** ehbarak [redacted]
**Sent:** 4/30/2017 4:38:23 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: NYT

**Importance:** High

Hi Jeff
About time for our actions to turn into theatre and movie pieces.
Shall we talk? Any news from BC/AdR?
Best
EB

Sent from my iPhone

On 14 Apr 2017, at 19:24, ehbarak <[redacted]> wrote:

Hi Jeff
I'm in Serengeti, Tanzania
No real communication. Cannot open the NYT article. But to judge from the article's title they are at least exaggerating if not totally wrong. This attack will not change strategy in a major way on either side. It will however raise respect for DJT in Moscow and few other capitals. That's not necessarily bad, if the WH won't read this change as a precedent which calls to be repeated too often.
Best
EB

Sent from my iPhone

On 14 Apr 2017, at 16:06, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.nytimes.com/2017/04/13/theater/oslo-broadway-review.html?module=WatchingPortal&region=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=6&version=internal&contentCollection=www.nytimes.com&contentId=https%3A%2F%2Fwww.nytimes.com%2F2017%2F04%2F13%2Ftheater%2Foslo-broadway-review.html&eventName=Watching-article-click

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**From:** ehbarak [redacted]
**Sent:** 4/30/2017 8:23:59 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: NYT

**Importance:** High

High stress.

Sent from my iPhone

On 30 Apr 2017, at 19:43, jeffrey E. <jeevacation@gmail.com> wrote:

both have the flu

On Sun, Apr 30, 2017 at 12:38 PM, ehbarak <[redacted]> wrote:

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**From:** [redacted]]
**Sent:** 5/14/2017 8:23:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

how about the war in yemen?

Sent from my iPhone

On May 14, 2017, at 10:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:

it depends on which subject. . economic. military, tech?

On Sun, May 14, 2017 at 9:17 PM, [redacted]> wrote:

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**From:** [redacted]
**Sent:** 5/14/2017 8:27:10 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

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very well many thnx and here is a refrence:

KUNA : Yemeni FM: We are ready to go back to peace talks - Politics - 05/05/2017

BRUSSELS, May 5 (KUNA) -- Yemeni Foreign Minister Abdulmalik Al-Makhlafi said Friday that the Yemeni government is adhering to the peace process and is ready to go back to the table to bring peace to Yemen as soon as possible and to save the people from more suffering.
"But the positive position of the government does not get any response by the revolutionaries who are still refusing the demands for peace or to accept any international peace efforts," he told the Kuwait news agency, KUNA, in an exclusive interview at the end of his visit to Brussels.
Al-Mekhlafi said they went "to our brotherly country Kuwait" which hosted the meeting for four months last year. "After the consultations the UN envoy presented the draft agreement and we signed it but the other side did not sign it," he noted.
"But after we left Kuwait and till now the revolutionaries did not undertake any steps proposed by the UN envoy, Ismail Ould Cheikh Ahmed. We regret that peace is on hold due the desire of the revolutionaries to continue the war," he said.
Al Makhlafi said that the government would continue to call for peace and hopes that the international pressures and defeats that the revolutionaries have suffered until now will make them respond to the peace efforts.
"We were hoping to return again to Kuwait for the talks and our Kuwaiti brothers welcomed the return of the two delegation in Kuwait in order to sign the agreement," he noted.
The Yemeni foreign minister expressed his deep appreciation and thanks to HH the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, to the Kuwait government and to HE the first deputy prime minister and foreign minister Sheikh Sabah Khaled al-Sabah who exerted great efforts during the Kuwait meetings.
"We look forward to return to Kuwait, and our brothers in Kuwait are rightly saying that we will welcome you if you sign the agreement and not to waste time. But it appears that the revolutionaries are not ready to respond to this step," he said.
Al Meahlafi said he visited Brussels for two-days of talks with the Belgian Foreign Minister Didier Reynders, European Commission officials and Members of the European Parliament to explain the situation in Yemen and seek support for the Yemeni government's peace efforts.
He said the Yemeni government seeks peace based on the three references, the Gulf initiative, the outputs of the national dialogue, and the Security Council resolutions on Yemen, including resolution 2216.
The Yemeni foreign minister called on the EU to condemn the revolution and the Iranian interference in Yemen, which is sending arms to the Houthi militias.
He also expressed his thanks to the EU for their humanitarian aid and for pledging the amount of 116 million euro (USD 127 mn) during the UN-sponsored donors conference on Yemen held recently in Geneva. (end)
nk.mb

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**From:** [redacted]
**Sent:** 5/14/2017 9:38:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

a good word about the Amir's effort to host the yemen peace talk will be great, i think .. and if peace agreement was signed in kuwait that would be 👍👍👍👍👍👍👍

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nk.mb

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**From:** [redacted]
**Sent:** 5/15/2017 6:45:06 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

no i will be in dubai

Sent from my iPhone

On May 15, 2017, at 3:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Are you going to Saudi
On Sun, May 14, 2017 at 11:38 PM [redacted] wrote:
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**From:** [redacted]
**Sent:** 5/15/2017 2:05:53 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

dubai is great 🙈🙈🙈

Sent from my iPhone

On May 15, 2017, at 1:37 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.jpost.com/Opinion/Candidly-Speaking-Lauder-promoting-Abbas-as-moderate-is-fraught-with-danger-490630 he just left my house when you arrived. he is the key for you, I understand Dubai

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very well many thnx and here is a refrence:

KUNA : Yemeni FM: We are ready to go back to peace talks - Politics - 05/05/2017

BRUSSELS, May 5 (KUNA) -- Yemeni Foreign Minister Abdulmalik Al-Makhlafi said Friday that the Yemeni government is adhering to the peace process and is ready to go back to the table to bring peace to Yemen as soon as possible and to save the people from more suffering.
"But the positive position of the government does not get any response by the revolutionaries who are still refusing the demands for peace or to accept any international peace efforts," he told the Kuwait news agency, KUNA, in an exclusive interview at the end of his visit to Brussels.
Al-Mekhlafi said they went "to our brotherly country Kuwait" which hosted the meeting for four months last year. "After the consultations the UN envoy presented the draft agreement and we signed it but the other side did not sign it," he noted.
"But after we left Kuwait and till now the revolutionaries did not undertake any steps proposed by the UN envoy, Ismail Ould Cheikh Ahmed. We regret that peace is on hold due the desire of the revolutionaries to continue the war," he said.
Al Makhlafi said that the government would continue to call for peace and hopes that the international pressures and defeats that the revolutionaries have suffered until now will make them respond to the peace efforts.
"We were hoping to return again to Kuwait for the talks and our Kuwaiti brothers welcomed the return of the two delegation in Kuwait in order to sign the agreement," he noted.

The Yemeni foreign minister expressed his deep appreciation and thanks to HH the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, to the Kuwait government and to HE the first deputy prime minister and foreign minister Sheikh Sabah Khaled al-Sabah who exerted great efforts during the Kuwait meetings.
"We look forward to return to Kuwait, and our brothers in Kuwait are rightly saying that we will welcome you if you sign the agreement and not to waste time. But it appears that the revolutionaries are not ready to respond to this step," he said.
Al Meahlafi said he visited Brussels for two-days of talks with the Belgian Foreign Minister Didier Reynders, European Commission officials and Members of the European Parliament to explain the situation in Yemen and seek support for the Yemeni government's peace efforts.
He said the Yemeni government seeks peace based on the three references, the Gulf initiative, the outputs of the national dialogue, and the Security Council resolutions on Yemen, including resolution 2216.
The Yemeni foreign minister called on the EU to condemn the revolution and the Iranian interference in Yemen, which is sending arms to the Houthi militias.
He also expressed his thanks to the EU for their humanitarian aid and for pledging the amount of 116 million euro (USD 127 mn) during the UN-sponsored donors conference on Yemen held recently in Geneva. (end)
nk.mb

Sent from my iPhone

On May 14, 2017, at 11:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i will ask , get back to you tomorw

On Sun, May 14, 2017 at 10:23 PM, <[redacted]> wrote:
how about the war in yemen?

Sent from my iPhone

On May 14, 2017, at 10:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:

it depends on which subject. . economic. military, tech?

On Sun, May 14, 2017 at 9:17 PM, <[redacted]> wrote:
any tips on how we should communicate with him?

Sent from my iPhone

On May 14, 2017, at 9:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

much to do around the trump trip. I hope you are enjoying.

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**From**: Nicholas Ribis[redacted]
**Sent**: 5/27/2017 10:23:02 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Yes but bad time call me at 8 or early tomorrow

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:20 PM
**To:** Nicholas Ribis
**Subject:** Re:

are you on cell?

On Sat, May 27, 2017 at 6:14 PM, Nicholas Ribis <[redacted]> wrote:

Wow I wonder what Jarred did u know DJT knew!

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

--

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**From**: Nicholas Ribis[redacted]
**Sent**: 5/28/2017 11:36:29 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Exercising call me in hour thank u

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 6:03 AM
**To:** Nicholas Ribis
**Subject:** Re:

ping me when awake

On Sat, May 27, 2017 at 6:23 PM, Nicholas Ribis <[redacted]> wrote:

Yes but bad time call me at 8 or early tomorrow

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
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**To:** Nicholas Ribis
**Subject:** Re:

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**From:** Nicholas Ribis[redacted]
**Sent:** 5/28/2017 12:10:18 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Call me now if u can

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 6:03 AM
**To:** Nicholas Ribis
**Subject:** Re:

ping me when awake

On Sat, May 27, 2017 at 6:23 PM, Nicholas Ribis <[redacted]wrote:

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Sent from my BlackBerry 10 smartphone.

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**Sent:** Saturday, May 27, 2017 6:20 PM
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**Subject:** Re:

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On Sat, May 27, 2017 at 6:14 PM, Nicholas Ribis <[redacted]> wrote:

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From:** Nicholas Ribis [[redacted]
**Sent:** 5/28/2017 12:14:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

[redacted]

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 8:13 AM
**To:** Nicholas Ribis
**Subject:** Re:

number?

On Sun, May 28, 2017 at 8:10 AM, Nicholas Ribis <[redacted]> wrote:

Call me now if u can

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 6:03 AM
**To:** Nicholas Ribis
**Subject:** Re:

ping me when awake

On Sat, May 27, 2017 at 6:23 PM, Nicholas Ribis <[redacted]> wrote:

Yes but bad time call me at 8 or early tomorrow

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:20 PM
**To:** Nicholas Ribis
**Subject:** Re:

are you on cell?

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From:** Nicholas Ribis [redacted]]
**Sent:** 5/30/2017 12:35:41 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ok

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, May 29, 2017 8:34 PM
**To:** Nicholas Ribis
**Subject:** Re:

You can come earlier if you like?
On Sun, May 28, 2017 at 8:14 AM Nicholas Ribis <[redacted]> wrote:
[redacted]

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 8:13 AM

---

**To:** Nicholas Ribis
**Subject:** Re:

number?

On Sun, May 28, 2017 at 8:10 AM, Nicholas Ribis <[redacted]> wrote:
Call me now if u can

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 6:03 AM
**To:** Nicholas Ribis
**Subject:** Re:

ping me when awake

On Sat, May 27, 2017 at 6:23 PM, Nicholas Ribis <[redacted]> wrote:
Yes but bad time call me at 8 or early tomorrow

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:20 PM
**To:** Nicholas Ribis
**Subject:** Re:

are you on cell?

On Sat, May 27, 2017 at 6:14 PM, Nicholas Ribis <[redacted]> wrote:

Wow I wonder what Jarred did u know DJT knew!

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

--

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**From:** Nicholas Ribis [[redacted]
**Sent:** 6/2/2017 11:22:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

At wake now. Is AM ok - what is #

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 7:20 PM
**To:** Nicholas Ribis
**Subject:** Re:

can you call my cell

On Mon, May 29, 2017 at 8:35 PM, Nicholas Ribis <[redacted]> wrote:

Ok

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, May 29, 2017 8:34 PM
**To:** Nicholas Ribis
**Subject:** Re:

You can come earlier if you like?

On Sun, May 28, 2017 at 8:14 AM Nicholas Ribis <[redacted]> wrote:

[redacted]

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 8:13 AM

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**To:** Nicholas Ribis
**Subject:** Re:

number?

On Sun, May 28, 2017 at 8:10 AM, Nicholas Ribis <[redacted]> wrote:

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Yes but bad time call me at 8 or early tomorrow

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**Subject:** Re:

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From:** Nicholas Ribis[redacted]
**Sent:** 6/3/2017 12:14:17 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

What's ur # I will call u

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 8:10 PM
**To:** Nicholas Ribis
**Subject:** Re:

Nick , Donald has recently said that I betrayed him 15 years ago , he said there was a lawsuit that he asked me to get involved and help and I refused . Do you have any insight ??
On Fri, Jun 2, 2017 at 7:22 PM Nicholas Ribis <[redacted]> wrote:

At wake now. Is AM ok - what is #

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 7:20 PM

---

**To:** Nicholas Ribis
**Subject:** Re:

can you call my cell

On Mon, May 29, 2017 at 8:35 PM, Nicholas Ribis <[redacted]> wrote:

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**From:** jeffrey E.
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**To:** Nicholas Ribis
**Subject:** Re:

You can come earlier if you like?
On Sun, May 28, 2017 at 8:14 AM Nicholas Ribis <[redacted]> wrote:
[redacted]

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 8:13 AM

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**To:** Nicholas Ribis
**Subject:** Re:

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**Subject:** Re:

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From:** Nicholas Ribis[redacted]
**Sent:** 6/3/2017 12:19:29 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Or u can call me now

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 8:10 PM
**To:** Nicholas Ribis
**Subject:** Re:

Nick , Donald has recently said that I betrayed him 15 years ago , he said there was a lawsuit that he asked me to get involved and help and I refused . Do you have any insight ??
On Fri, Jun 2, 2017 at 7:22 PM Nicholas Ribis <[redacted]> wrote:

At wake now. Is AM ok - what is #

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 7:20 PM

---

**To:** Nicholas Ribis
**Subject:** Re:

can you call my cell

On Mon, May 29, 2017 at 8:35 PM, Nicholas Ribis [redacted]> wrote:

Ok

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, May 29, 2017 8:34 PM
**To:** Nicholas Ribis
**Subject:** Re:

You can come earlier if you like?
On Sun, May 28, 2017 at 8:14 AM Nicholas Ribis <[redacted]> wrote:

[redacted]

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 8:13 AM

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**To:** Nicholas Ribis
**Subject:** Re:

number?

On Sun, May 28, 2017 at 8:10 AM, Nicholas Ribis <[redacted]> wrote:

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Sunday, May 28, 2017 6:03 AM
**To:** Nicholas Ribis
**Subject:** Re:

ping me when awake

On Sat, May 27, 2017 at 6:23 PM, Nicholas Ribis <[redacted]> wrote:

Yes but bad time call me at 8 or early tomorrow

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:20 PM
**To:** Nicholas Ribis
**Subject:** Re:

are you on cell?

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Wow I wonder what Jarred did u know DJT knew!

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From:** Nicholas Ribis [redacted]
**Sent:** 6/3/2017 12:32:31 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

He said that because he wants to discredit or downgrade u with the person he said it to

Sent from my BlackBerry 10 smartphone.

---

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**Subject:** Re:

[redacted]

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**From:** Nicholas Ribis [redacted]
**Sent:** 6/3/2017 12:39:33 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

U know he lies only when his month is moving!

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Friday, June 2, 2017 8:19 PM
**To:** Nicholas Ribis
**Subject:** Re:

[redacted]

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**From:** Michael Wolff [redacted]
**Sent:** 6/8/2017 8:52:26 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: some questions...

**Importance:** High

A bit tone deaf, but a reasonable basis for creating a brief. If there's any issues you'd like me to clarify with him or explore, lemme know. It's just a friendly lunch, with the prospect of some Trump info.

On Thu, Jun 8, 2017 at 4:48 PM jeffrey E. <[redacted]> wrote:

Thoughts
---------- Forwarded message ---------
From: Matthew Hiltzik <[redacted]>
Date: Wed, Jun 7, 2017 at 2:37 PM
Subject: some questions...
To: jeffrey E. <jeevacation@gmail.com>
Cc: Ben Sosenko <[redacted]>

Attached and below please find some initial questions for you…

Looking forward to connecting over the next two days…

1. Please provide a brief overview of your professional background?

2. Who were your mentors? Do you keep in touch with any of them?

3. What are your 5 best professional achievements?

4. Who are some of your business partners?

5. Who are third-party validators who would speak on your behalf on the record?

6. Who are third-party validators who would speak on your behalf off the record?

7. What business projects are you currently working on?

8. What are your 5 best scientific achievements?

9. What are you currently working on in the science field?

10. What research institutions are you collaborating with?

11. What past philanthropic causes are you most proud of?

12. What philanthropic causes are you currently working on?

13. What organizations are you collaborating with philanthropically?

14. What upcoming events are you putting together or participating in?

15. What specific impacts have the accusations had on your career?

16. What specific impacts have the accusations had on your personal life?

17. What are the top 10-15 misrepresentations of what actually happened?

18. How are you specifically treated differently at home and abroad?

19. Are there any outstanding legal challenges that you are facing?

20. What are the other outstanding lawsuits that may draw publicity to your case?

21. Is there anything else upcoming that may draw interest to your case?

22. Have you agreed to any non-disclosures? Are there things you can't say about your case?

23. Did you ever write an op-ed? Would you ever write an op-ed?

---

**Ben Sosenko**
*Hiltzik Strategies*
p: [redacted]

[redacted]

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**From:** Michael Wolff [redacted]
**Sent:** 6/8/2017 9:07:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: some questions...

**Importance:** High

As...?
On Thu, Jun 8, 2017 at 5:05 PM jeffrey E. <jeevacation@gmail.com> wrote:
Christie back in

On Thu, Jun 8, 2017 at 1:52 PM Michael Wolff <[redacted]> wrote:
A bit tone deaf, but a reasonable basis for creating a brief. If there's any issues you'd like me to clarify with him or explore, lemme know. It's just a friendly lunch, with the prospect of some Trump info.

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**Ben Sosenko**
*Hiltzik Strategies*
[redacted]

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Kiev, 12 June 2017

Dear George,

**Re: Ukrainian Banking Opportunity**

Further to our discussion, I am sending a brief presentation on the prospect of establishing a banking footprint in Ukraine through the acquisition of a bank. Currently the central bank in Ukraine, the National Bank of Ukraine (NBU) is not keen to issue new banking licenses but urge prospective investors to acquire an existing license.

The main drivers for my positive stance on investing in the banking sector in Ukraine are:

- the improving economy following the IMF program with demanding but required structural reforms, with real GDP growth expected to reach 4% in 2020;

- the improving political conditions in terms of the conflict with Russia with the support of NATO;

- the recent developments in the EU-Ukraine relationship with the abolition of visa and the prospect of concluding the Association Agreement in July;

- the investment and commitments from supranational institutions so far (EBRD: c. US$6 billion being the third largest exposure of the bank after Turkey and Russia, World Bank: c. US$5 billion);

- the significant restructuring efforts in ensuring a healthier banking sector following AQR that resulted to the nationalization of the biggest bank Privatbank and the closing of half of the banks (over 90 banks), and the preparation of the state sector banks (52% share of assets) for privatization in the next 2 to 3 years; and

- the current landscape of the banking sector that allows organic expansion because of very few notable foreign banks that have the ability to develop business or, even more, to exploit the potential for consolidating the banking sector where government owns 52% in a market with increasing trend in loans and deposits and high commission income.



HOUSE_OVERSIGHT_026134

## *Economy*

**Macroeconomic Framework**

(Percent change, unless otherwise indicated)

| | 2016 | 2017 | | 2018 | | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|
| | Actual | 3rd Review SR | Proj. | 3rd Review SR | Proj. | Proj. | Proj. | Proj. |
| Real GDP | 2.3 | 2.9 | 2.0 | 3.1 | 3.2 | 3.5 | 4.0 | 4.0 |
| Inflation (eop) | 12.4 | 10.0 | 10.0 | 7.0 | 7.0 | 6.0 | 5.0 | 5.0 |
| General government balance 1/ | -2.2 | -3.1 | -3.0 | -2.6 | -2.5 | -2.3 | -2.1 | -2.0 |
| Public Debt 1/ | 81.2 | 91.4 | 89.8 | 86.2 | 85.3 | 78.1 | 71.6 | 65.6 |
| External current account 1/ | -3.6 | -3.0 | -3.7 | -2.6 | -3.0 | -2.4 | -2.3 | -2.9 |
| GIR (eop, billions of U.S. dollars) | 15.5 | 22.3 | 21.8 | 30.2 | 29.5 | 30.1 | 30.8 | 32.0 |
| Months of next year's imports | 3.4 | 4.7 | 4.6 | 5.9 | 5.8 | 5.4 | 5.2 | 5.0 |
| Percent of IMF composite measures | 61.9 | 83.9 | 82.0 | 105.3 | 102.4 | 101.3 | 101.8 | 102.4 |

Sources: Ukrainian authorities; and IMF staff estimates.

1/ Percent of GDP.

Following a severe crisis in 2014-15, the economy is growing again-by 2.3 percent in 2016-and the flexible exchange rate and tight fiscal and monetary policies have greatly reduced internal and external imbalances. GDP, which declined from its peak of US$183 billion in 2013 to US$90 billion in 2015, is now recovering at a growth above 2% and is expected to grow at 3.2% in 2018. Growth is projected at 3.5%-4% in the medium term (IMF).

The current account deficit fell sharply, from over 9% of GDP in 2013 to 3.6% of GDP in 2016 and reserves-while still low-have more than doubled to US$17.6 billion (end of 2017 target at US$21.3 billion). The overall fiscal deficit-including the energy sector's quasi-fiscal losses, which had increased to 10 percent of GDP in 2014, declined to 2.3% of GDP in 2016, supported by strong spending control and the decision to raise energy tariffs to market levels.

Inflation has fallen steadily from its peak of 61% in April 2015 to 12.4% by end-2016, well within the target range of the NBU. It is projected to reach 9% in 2017 and 5% in the medium term.

Ukraine has entered into a 4-year Extended Fund Facility (EFF) with IMF in March 2015 for US$17.5 billion. Following the third review by IMF the fourth tranche of US$1 billion was approved which would bring total disbursements under the arrangement to about US$8.38 billion. The EFF aims to put the economy on the path to recovery, restore external sustainability, strengthen public finances, maintain financial stability, and support economic growth by advancing structural and governance reforms, while protecting the most vulnerable.

The Ukrainian administration showed commitment to reforms by nationalising the largest private bank, Privatbank, and liquidating over 100 banks within 3 years.



HOUSE_OVERSIGHT_026135

Also, collection of taxes has increased significantly (34% increase in 2 years) and spending has been contained while at the same time energy/utility tariffs have increased dramatically at full cost recovery basis.

The main reforms agreed with the IMF include the privatisation of large state enterprises such as the Odessa Portside Plant and Centrenergo, the lifting of the embargo on the sale of agricultural land to foreigners, the raising of the pension age, the restructuring of the health system and the increase in efforts combating corruption.

Most of these reforms, although not expected to be completed in the immediate term, they are expected to be implemented in a gradual process.

For example, land reform may be initiated partially by privatising state agricultural land (1 billion hectares). 25% of world's black-earth soil is in Ukraine, considered the most fertile and productive agricultural land. Over 70% of Ukraine is agricultural land valued at US$100 billion. Ukraine is the biggest exporter in sunflower oil globally, 2nd in world grain exporter after the US and 3rd in corn exports globally. The land reform is expected to elevate the country's performance with significant FDIs from international investors.

On the pension front, the Cabinet of Ministers approved the draft of the pension reform-IMF and World Bank already supported the draft- and will discuss it at the National Reform Council, to be then submitted to the Rada (parliament). The pension reform was long overdue, given that the Pension Fund deficit reached UAH 140 billion or 6.3% of GDP in 2016. Pension reform is considered to be one of the most socially sensitive reforms the government is planning to implement under the current IMF Extended Arrangement. However, it seems that the government has managed to avoid the most unpopular measure of increasing the statutory pension age while increasing the effective pension age. The proposed reform will assist in reducing the deficit starting from mid-2018.

The implementation of the reforms should assist the government in managing the debt profile of the country presented below. While there is no imminent need for IMF disbursements, 2019 (presidential and parliamentary) elections coincide with a US$7 billion peak of public sector FX needs, while US$12 billion is due in total in 2017-19. The authorities need to secure sufficient FX funding in advance, while the alternative funding sources are limited. The FX reserves increased to US$17 billion, but cover 3.8 months of imports only.

As already described in the recent IMF review, Ukraine is expected to re-access the international capital market as early as the second part of 2017 supported by the improved debt profile resulting from the recent debt operation (perimeter of the debt operation included sovereign and sovereign guaranteed Eurobonds, City of Kyiv Eurobonds, Guaranteed Commercial Loans and SOE debt) for a total nominal



HOUSE_OVERSIGHT_026136

value of USD 19.3 billion). The debt profile has become more favorable with the increase of the share of official debt, a decline in the foreign currency debt share and the very low share of short term debt. This should effectively make easier the refinancing of the debt in 2019 and 2020.

The synthesis of the current parliament allows the government to push for reforms in 2017 and early 2018 before they turn to populist measures just before elections. Leading the country off-track with the IMF program will surely limit even further the funding resources of the country.

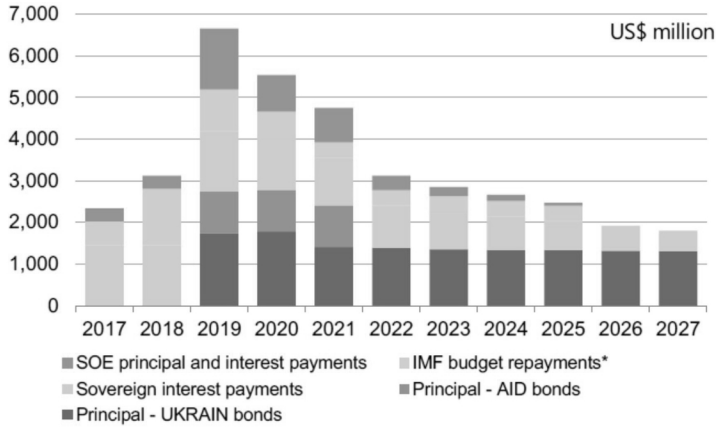


Source: Bloomberg, Morgan Stanley Research; See Ukraine Economics and Strategy: Kyiv Trip Takeaways, April 7, 2017.

***Politics***

EU has verified its support by (i) lifting its visa requirements to Ukrainian citizens for traveling, a long awaited move that embeds symbolism of support and (ii) following the vote by the Dutch parliament to support Ukraine's Association Agreement, it is expected that the ratification of the Association Agreement, including the Deep and Comprehensive Free Trade Area component will be ratified in the Ukraine-EU Summit on July 13.

NATO has also shown strong support to Ukraine by providing various forms of assistance through advice and training to strengthen its defence by building stronger security structures. The Ukrainian defence industry may also get permission to participate in tenders for the supply of goods and services for NATO.



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Last week Ukraine's Foreign Minister Pavlo Klimkin stated that he expects an expanded partnership between Ukraine and NATO will lead Ukraine to a membership in the Alliance following a path similar to that of Montenegro.

With regard to the United States, for now President Trump's ambiguous positioning in Russian affairs seems to have little impact on the U.S. Administration's Ukraine policy. The Administration is expected to continue its support for the actions of NATO, the IMF and Secretary of State Tillerson has reaffirmed in April 2017 that the U.S. will not lift sanctions against Russia as long President Putin does not hand Crimea back to Kiev.

In internal politics, we would expect Mr Poroshenko, the President of Ukraine, to sign the Association Agreement, thus improving his diminishing ratings and to win the presidential elections in 2019. In my opinion, Mr Poroshenko is also delaying the elections in the conflict zone of Donbass, a major requirement featured in the Minsk Agreement, in order to avoid the negation of his good performance on the European prospect, and then, assessing the Russian conflict situation at that point in time, to progress with the Minsk Agreement and effectively resolve a major part of the conflict. I do not think that Crimea will ever find its way back to Ukraine but if all other matters are resolved, a financial settlement would be considered.

Therefore the status of "frozen conflict" in the Donbass area would remain in the short to medium term but the economy of Ukraine has been operating for a number of years now without the Donbass and the annexed to Russia Crimea. All growth estimates published by various international institutes incorporate similar assumptions.

***Banking Sector***

In the past 3 years there has been a clean-up by the National bank of Ukraine (NBU) with the support of IMF mainly as well as of EBRD and IFC. The number of banks has been reduced from 192 to 92 and there are still banks that will be liquidated. The most drastic action was the nationalisation of Privatbank, the biggest bank in the country (market share 17.7% by assets, 36% of deposits of physical persons), owned by an oligarch that was posing a systemic risk to the country's economy and which was found to be insolvent mainly because of bad lending practices with loans extended to related parties. However, Privatbank is servicing 20 million customers providing to them state-of-the-art digital banking



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and other electronic services. IMF has demanded that the resolution of this issue as well as the recapitalisation of other banks, as it resulted from the AQRs performed by NBU, is a prerequisite for the disbursement of its 4th tranche which in fact was executed successfully by the Ukrainian administration.

As a result the banking sector presented record losses in 2016 of US$6.2 billion (Privatbank US$5.2 billion). 1Q17 is already in profit (US$220 million) and is expected to continue increasing throughout the year.

The current landscape is that 40 banks make up the 98% of the assets, the top 20 the 90.2%, the top 10 the 74% and of which 10 the top 4 banks are state owned and make up the 52% of the assets.

*Top 20 banks in Ukraine*

| Bank | Net assets, €mn | Market share by assets, % | | | |
|---|---|---|---|---|---|
| 1. Privatbank | 7,742 | 17.7 | ***state-owned banks*** | | 51,8% |
| 2. Oschadbank | 7,411 | 16.9 | ***banks with foreign capital*** | | 32,4% |
| 3. Ukreximbank | 5,642 | 12.9 | *of which* | | |
| 4. Raiffeisen Bank Aval | 1,970 | 4.5 | *Russian government owned* | | 8,4% |
| 5. Ukrgasbank | 1,897 | 4.3 | *Ukrainian banks* | | 6% |
| 6. Sberbank | 1,698 | 3.9 | | | |
| 7. Ukrsibbank | 1,596 | 3.7 | | | |
| 8. FIUB | 1,568 | 3.6 | | | |
| 9. Alfa Bank | 1,371 | 3.4 | | | |
| 10. Ukrsotsbank | 1,305 | 3.1 | | | |
| 11. Prominvestbank | 1,169 | 2.8 | | | |
| 12. Credit Agricole Bank | 1,052 | 2.4 | | | |
| 13. OTP bank | 874 | 2 | | | |
| 14. Pivdennyi | 727 | 1.7 | | | |
| 15. VTB bank | 706 | 1.7 | | | |
| 16. Citibank | 685 | 1.6 | | | |
| 17. ING bank Ukraine | 611 | 1.4 | | | |
| 18. ProCreditBank | 426 | 1 | | | |
| 19. Kredobank | 390 | 0.9 | | | |
| 20. Megabank | 317 | 0.7 | | | |

For the State Owned Banks, namely Privatbank, Oschadbank, Ukrexim and Ukrgas, the plan is that they prepare them for sale in the medium term, in around 2-3 years. To this purpose EBRD mostly and IFC to a lesser extent has been assisting the Government by placing directors in the Supervising Boards of these banks, so that corporate governance is implemented.



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The Russian government owned banks, making up the 8.4% of the banking assets, are heavily undercapitalised being below the required norms because of underprovided problematic loan portfolios with NBU imposing certain sanctions. Moreover, there have been many aggressive actions from Ukrainian activists because of the war conflict and all of them, namely Sberbank, VTB (controls two banks in Ukraine, VTB and BM Bank) and Prominvestbank, have announced their departure by selling the banks. So far the sale of Sberbank has been agreed to Norvik bank of Latvia that belongs to individuals of Russian origin, pending the approval from the NBU.

The banks with Ukrainian capital in the top 20 banks share 6% of assets with the most notable being FUIB of Mr Akhmetov.

***Proposal***

I would propose the acquisition of a profitable bank with lower than the average NPL portfolio, operated by a West European shareholder, with a reasonable market share and of a digestible acquisition price in order to capture the projected 4-year economic growth trend in Ukraine (base scenario by IMF and EBRD) in a market with:

- *Small competition*

  Analysing the current landscape of the top 20 banks that command around 90% market share of assets, there are very few banks that would be competent to pursue business development given their specific circumstances.

  The state owned banks that command the 52% are obviously bothered with trapped legacy and corporate governance issues. All four banks are also preparing for their potential privatisation, however, the task of transforming the mentality of the staff of these banks to that similar of a private one should be close to impossible, at least for a period of 3 years. I would have thought that their liquidity would be most probably invested in government titles rather than pursuing loans aggressively by competing at low interest rates.

  The Russian government owned banks that command 8.4% are already at the "sales process" stage and I believe that there will be no European investors that would invest in such banks that are undercapitalised as officially NBU has confirmed, with most of their loans being NPEs.



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Effectively the banks that could compete and have the size and access to cheaper foreign exchange funding as well as trade finance capabilities are Raiffeisen, Ukrsib, Credit Agricole and OTP accounting for 12.6% collectively.

Raiffeisen is engaged in dealing with the retail business and the work out of their NPLs. However, its long-serving CEO Mr Lavrenchuk is rumoured to become the Governor of NBU and the management team will be replaced with expatriates from Raiffeisen's head office. This move will create a major upset in the bank's structure and may result to a major change in strategy with a considerable time to be needed for bringing the bank back to smooth operation.

Alfa who have bought over Unicredito's Ukrsots bank (6.5% combined) and who have historically being engaged in retail lending and large corporates should continue to pursue this business and should devote resources to the merger with Ukrsots and manage the business lending that should take some time to grasp. Rumours say that they will initiate the merger process in not less than a year and already they have discontinued new business lending servicing existing customers only.

FUIB have been given a plan to recapitalise the bank or decrease their assets and therefore they are out of the business for the time being.

ING and Citi are providing large corporate and investment banking services only.

- *Improving quality of borrowers*

Following the improvement in collecting taxes and the enactment of new legislation, and therefore decreasing the non-declared income, as well as the significant increase in commodity prices and the increase in disposable income, credit affordability has increased among business and individuals.

- *Increasing loans and deposits that suffice for the credit growth*

*Evolution of loans and deposits 2015-2021*

| | 2015 | 2016 | | 2017 | | | | | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Dec. | | Mar. | Jun. | Sep. | Dec. | | | | | |
| | Act. | 3rd Review SR | Act. | Proj. | Proj. | Proj. | 3rd Review SR | Proj. | Proj. | Proj. | Proj. | Proj. |
| Credit to the economy | 1,013 | 1,003 | 1,003 | 987 | 1,023 | 1,081 | 1,077 | 1,081 | 1,172 | 1,286 | 1,407 | 1,554 |
| Domestic currency | 465 | 508 | 508 | 494 | 538 | 574 | 568 | 575 | 614 | 691 | 773 | 897 |
| Foreign currency | 548 | 494 | 494 | 493 | 485 | 507 | 508 | 506 | 558 | 596 | 634 | 657 |
| (In billions of U.S. dollars) | 22.9 | 18.4 | 18.2 | 17.9 | 17.3 | 17.5 | 17.5 | 16.9 | 18.3 | 19.3 | 20.5 | 21.2 |
| Banks' liabilities | 711 | 788 | 788 | 783 | 802 | 845 | 875 | 872 | 1,070 | 1,252 | 1,459 | 1,641 |

The European prospect of Ukraine that is supported not only politically but also from the international financial institutions along with the effort of the



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government to execute the structural reforms and hence achieve the economic growth projected, should allow the access of the Ukrainian enterprises to the European market and lead to further consolidation in the banking market.

In particular the loans market should increase and is projected by IMF at US$17.5 billion in the period 2018-2021 (9.9% CAGR). It is anticipated that there will be a significant demand for investment loans so that SMEs and large corporates invest in infrastructure in order to produce products and services at standards accepted in the EU countries.

Deposits are increasing (1Q17: 1.3% comprising increase in UAH deposits of 3.8% and decrease in FC of 1.9% mainly due to the repayment of foreign currency guaranteed deposits of liquidated banks back in hryvnia). The trend is expected to increase because of the return of trust to the public (estimated money "under the mattresses" US$6-10 billion).

- *Potential for high commission income*

  Commission income in 2016 amounted to US$922 million representing 34% of the total banking revenue (25% for banks with foreign capital) exceeding the average of the European banks. The most significant types of commission are related to foreign exchange and money transfers. The difference in the share of commissions in the banking revenue between the banks with foreign capital and the banking sector average is mainly due to the fact that state owned banks are the exclusive banking providers for the government organisations. There are actions from the Banks' Association to change to ratings criteria to introduce fair competition.

  In 2016 total commissions returned 2.8% on assets. Considering that the sector's balance comprises 37% cash and securities, this return is deemed high. In general Ukrainians are accustomed to high commissions and in paying for services. Commission income is expected to grow even further as exports and disposable income would be growing.
- *Consolidation prospect*

  Opportunity to participate in the forthcoming consolidation of the sector, ripping the benefits of acquiring customers from state owned banks at least and grow organically.



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***Ukrsib bank***

I have considered a number of banks (Appendix I) and given my experience in the country, Ukrsib is my top choice for the following reasons:

- Image of a European reliable, ethical, healthy bank with good electronic banking solutions (Top 5 in 2017) servicing first class corporate customers and their employees. The shareholders comprise BNP Paribas (60%) and EBRD (40%).
- Good coverage ratio of problematic loans, a practice of French banks we have observed in many occasions with recent experience in Greece with Credit Agricole and Soc Gen.

  The NPL ratio is 31% (EUR 301 million), less than the 36.4% average for banks with foreign capital, and coverage of around 80%. From the 2016 audited annual accounts, the remaining 20% net of reserves NPL portfolio is covered 4 times by collateral. The most problematic loans population has been that of mortgages in foreign currency and it seems that Ukrsib has provisioned this part adequately.

| **Loans portfolio quality (31.12.2016)**<br>**€mn** | | | | | | |
|---|---|---|---|---|---|---|
| | **Mortgages** | **Other mortgages** | **Consumer loans** | **Overdrafts** | **Other loans** | **Total** |
| **Neither past due nor impaired** | | | | | | |
| High grade | 0.2 | 5 | | 0.1 | 508 | **513.3** |
| Medium grade | | | | | | **0** |
| Low grade | | 4 | | | | **4** |
| Without ranking (up to 1 year) | 1 | 3 | 21 | 7 | 13.3 | **45.3** |
| Without ranking (1-10 years) | 20 | 3 | 20 | 0.1 | 3 | **46.1** |
| Without ranking (more than 10 years) | 45 | | | | 5 | **50** |
| **Total neither past due nor impaired** | **66.2** | **15** | **41** | **7.2** | **529.3** | **658.7** |
| **Past due but not impaired** | | | | | | |



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| | | | | | | |
|---|---|---|---|---|---|---|
| less than 10 days overdue | 2 | 0.2 | 0.5 | 0.1 | | **2.8** |
| 11-30 days overdue | 1 | 0.1 | 0.2 | | | **1.3** |
| 31-90 days overdue | | | 0.5 | | | **0.5** |
| 91-180 days overdue | | | | | | |
| 181-360 days overdue | | | | | | |
| over 360 days overdue | | | | | | |
| **Total past due but not impaired** | **3** | **0.3** | **1.2** | **0.1** | **0** | **4.6** |
| **Loans to be impaired** | | | | | | |
| not yet past due | 5 | 13 | 0.7 | | 27 | **45.7** |
| less than 10 days overdue | 0.3 | | | | 0.3 | **0.6** |
| 11-30 days overdue | 0.1 | | | | | **0.1** |
| 31-90 days overdue | 3 | | | | 6 | **9** |
| 91-180 days overdue | 4 | 11 | 0.4 | | | **15.4** |
| 181-360 days overdue | 8 | 22 | 0.3 | | | **30.3** |
| over 360 days overdue | 149 | 20 | 2.5 | 0.6 | 28 | **200.1** |
| **Total loans to be impaired** | **169.4** | **66** | **3.9** | **0.6** | **61.3** | **301.2** |
| **Total loans before provisions** | **240** | **82** | **46** | **8** | **591** | **967** |
| *Provisions* | -140 | -38 | -5 | -1 | -55 | -239 |
| **Net loans** | **100** | **44** | **41** | **7** | **536** | **728** |



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**Net Loans coverage by collateral value (31.12.2016)**

**€mn**

| | 31th of December 2016 | | 31th of December 2015 | |
|---|---|---|---|---|
| | **Assets balance value** | **Fair value of collaterals** | **Assets balance value** | **Fair value of collaterals** |
| **Mortgages** | | | | |
| Neither past due nor impaired | 65 | 213 | 109 | 393 |
| Past due but not impaired | 3 | 12 | 10 | 27 |
| *Loans determined to be impaired* | *31* | *168* | *104* | *242* |
| **Other mortgages** | | | | |
| Neither past due nor impaired | 15 | 62 | 78 | 192 |
| Past due but not impaired | 0.3 | 4 | 9 | 7 |
| *Loans determined to be impaired* | *28* | *97* | *31* | *109* |
| **Consumer loans** | | | | |
| Neither past due nor impaired | 41 | 5 | 30 | 8 |
| Past due but not impaired | 1 | 0.2 | 1 | 0.3 |
| *Loans determined to be impaired* | *0.1* | *2* | *0.3* | *2* |
| **Overdrafts** | | | | |
| Neither past due nor impaired | 7 | 2 | 6 | 4 |
| Past due but not impaired | 0.1 | | 0.2 | |
| *Loans determined to be impaired* | | | | |
| **Other loans** | | | | |
| Neither past due nor impaired | 519 | 150 | 419 | 98 |
| Past due but not impaired | 0.1 | 0.1 | 0.1 | 0.3 |
| *Loans determined to be impaired* | *17.4* | *33* | *3* | *10* |
| **Total** | **728** | **748.3** | **800.6** | **1092.6** |
| ***Total loans net of impairment*** | ***76.5*** | ***300*** | ***138.3*** | ***363*** |
| ***Collateral coverage*** | ***392%*** | | ***262%*** | |



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- Large clientele of about 2 million customers (including 150,000 business customers) serviced out of 378 branches with excellent retail product offering, for which, however, the know-how contribution of Paris must have been significant. They are also offering private banking and asset management services in cooperation with their Swiss subsidiaries.

- They are leaders in trade finance, assisted by their operations in Switzerland. They have corporate relations with the best local enterprises and they cross sell their retail services to their customers and their partners.

| Loans portfolio by sectors<br>€mn | | | | |
|---|---|---|---|---|
| | 31th of December 2016 | | 31th of December 2015 | |
| | €mn | % | €mn | % |
| Individuals | 319 | 33.0 | 374 | 39.6 |
| Trade and finance | 251 | 25.9 | 196 | 20.8 |
| Agriculture and food industry | 231 | 23.9 | 190 | 20.1 |
| Telecommunication services | 61 | 6.3 | 107 | 11.3 |
| Transport services | 47 | 4.9 | 2 | 0.2 |
| Manufacturing | 26 | 2.7 | 11 | 1.2 |
| Chemical undustry | 11 | 1.1 | 13 | 1.4 |
| Construction | 9 | 0.9 | 13 | 1.4 |
| Transport vehicles trade | 4 | 0.4 | 18 | 1.9 |
| Gas and oil | 4 | 0.4 | 12 | 1.3 |
| Minning and metallurgy | 3 | 0.3 | 3 | 0.3 |
| Other | 1 | 0.2 | 5 | 0.5 |
| **Total loans (before provisions)** | **967** | **100.0** | **944** | **100.0** |

The product mix in the loans portfolio that is not in delay is 81% business and 19% retail lending with business lending focusing in the agricultural sector.

- Excellent funding mix with the majority being current accounts at low cost.



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| Customer accounts<br>€mn | | |
|---|---|---|
| | 31th of December 2016 | 31th of December 2015 |
| **Current accounts** | | |
| legal entities | 301 | 303 |
| individuals | 624 | 489 |
| **Total current accounts** | **925** | **792** |
| **Term deposits** | | |
| legal entities | 276 | 349 |
| individuals | 80 | 129 |
| **Total term deposits** | **356** | **478** |
| **Total customer accounts** | **1281** | **1270** |

| Customer accounts by sectors<br>€mn | | | | |
|---|---|---|---|---|
| | 31th of December 2016 | | 31th of December 2015 | |
| | €mn | % | €mn | % |
| Individuals | 406 | 32 | 417 | 33 |
| Manufacturing | 219 | 17 | 213 | 17 |
| Trade | 446 | 35 | 437 | 34 |
| Financial services | 96 | 8 | 91 | 7 |
| Transport and connection | 87 | 7 | 83 | 7 |
| Culture and education services | 17 | 1 | 17 | 1 |
| Other | 10 | 1 | 12 | 1 |
| **Total customer accounts** | **1281** | **101** | **1270** | **100** |

- High commissions covering their staff costs (2016: 112%). Net commissions make up the 32% of their Net Banking Revenue and yielding 3% on Assets.



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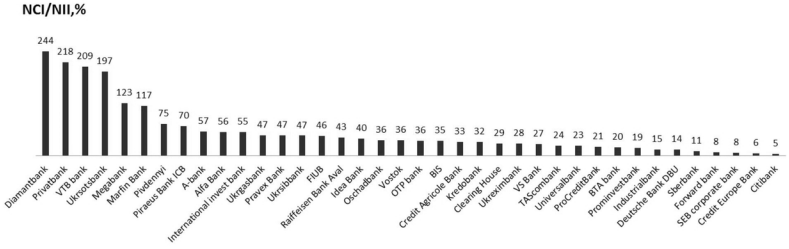


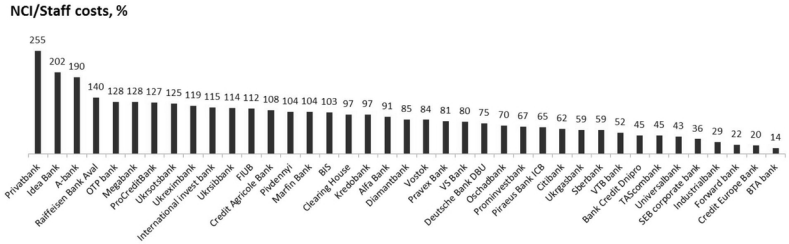


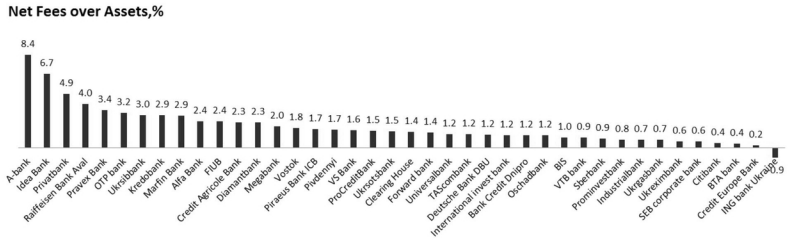


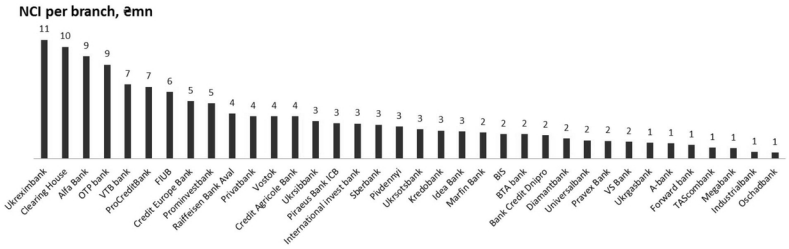


- The published financial statements for 1Q17 are “cleaner” in terms of “grossed up” balances such as accruals of NPLs and therefore present a better base to project 2017 financial results.



HOUSE_OVERSIGHT_026148

| 1Q 2017 P&L<br>€ mn | | |
|---|---|---|
| | Ukrsibbank | |
| | Q1 2017 | Q1 2016 |
| Interest income | 29 | 38 |
| Interest expense | -6 | -14 |
| **Net interest income** | **23** | **24** |
| **Net commission income** | **12** | **10** |
| **Trading & other income** | **3** | **7** |
| Employee costs | -10 | -9 |
| Depreciation | -1 | -1 |
| Administrative and other operating costs | -6 | -6 |
| Other provisions | 0 | 0 |
| **General & Admin. Expenses** | **-18** | **-16** |
| **Pre Provision Income** | **20** | **25** |
| Provision for loan impairment | -9 | -56 |
| **Profit before tax** | **11** | **-31** |
| Income tax expense | -2 | -0 |
| **Net profit** | **8** | **-31** |

Please see summary of 2016 audited financial statements for Ukrsib, Ukrgas and Raiffeisen as well as their 1Q17 statements in Appendix I.

- The bank is overcapitalised at 21.37% CAD mainly due to subordinated debt provided by EBRD in USD during the years of crisis. About EUR 135 million were outstanding at 1.5% (1Q17: EUR 104 million) with their contribution to regulatory capital being EUR 73 million which is equivalent to 7.51% CAD ratio. The minimum CAD required by NBU is 10%. 71% of the subordinated is due to be repaid in 2019.



HOUSE_OVERSIGHT_026149

| Regulatory Capital<br>€mn | |
|---|---|
| | **31 December 2016** |
| Tier 1 | 146,079 |
| Additional Capital-Sub Debt | 72,515 |
| Deductions | -12,167 |
| **Total Regulatory Capital** | 206,427 |
| **CAD Ratio** | **21.37%** |
| **Implied RWA** | **965,965** |
| Regulatory Capital excluding Additional | **133,912** |
| **CAD Ratio Adjusted** | **13.86%** |

Due to the large interest margins and the high commissions, the capital to be created from profits is growing faster than the reduction of the capital contributed by the subordinated debt.

**********

Although Raiffeisen has already undergone a sales process twice, the last being 3 years ago, without success, I still consider the amount of its equity at EUR 350 million a very large amount to invest for gaining 0.8% more market share than that of Ukrsib.

This information is as much I could gather but I will meet with EBRD for other reasons and will try to extract more information mostly on the intentions of BNP in dealing with their Ukrainian presence. From what I know EBRD's 40% is considered exceptionally high as equity participation percentage comparing to their usual 10-15% and most probably they would be willing to listen to exit scenarios, possibly remaining as shareholders at a lower percentage.

I think it is too early to discuss potential price but having EBRD inside already I would assume that 1x less due diligence adjustments should be the maximum,



HOUSE_OVERSIGHT_026150

possibly around 0.8, with 0.5x being the floor. An indicative amount for buying the 90% of the shares with EBRD holding the remaining 10% should be in the region of EUR 110 million.

I expect that an IRR greater than 25% can be achieved considering the profitability of the current assets at c. EUR 50 million excluding trading gains, the additional profitability from organic expansion in lending at the levels assumed by IMF for the banking market and assuming that the exit from the investment will be achieved at the same multiple as that of the entry level (0.8x).

I am available at any time to discuss the above. Should your investors be interested in the project I would be more than happy to meet them and arrange their meeting with EBRD. The next step following our meeting with EBRD would be to meet BNP and, in case they accept a bilateral process, to arrange and manage the deal process. As discussed my main objective is to lead manage the bank with a competent management team, to be compensated by "sweat equity", and looking forward to be a major participant in the consolidation of the industry.

I will also send to you the latest benchmarking review of the banking sector we are preparing for your perusal.

Best regards,

Yannis



HOUSE_OVERSIGHT_026151

**Appendix 1 -2016 Balance Sheet**
**€ mn**

| | Ukrsibbank | | Ukrgasbank | | Raiffeisen Bank Aval | |
|---|---|---|---|---|---|---|
| **Assets** | **31 / 12/16** | **31 / 12/15** | **31 / 12/16** | **31 / 12/15** | **31 / 12/16** | **31 / 12/15** |
| Cash and cash equivalents, banking metals | 68 | 475 | 88 | 152 | 362 | 480 |
| Accounts in NBU and other banks | 561 | 9 | 229 | 353 | 358 | 244 |
| Derivatives | 0 | 0 | 0 | 1 | 0 | 0 |
| Loans and advances to customers | 728 | 799 | 716 | 535 | 985 | 964 |
| Trading securities | 0 | 0 | 14 | 0 | 28 | 9 |
| Investment securities available-for-sale | 136 | 252 | 704 | 318 | 0 | 0 |
| Investment securities held-to-maturity | 0 | 0 | 35 | 115 | 0 | 0 |
| Securities at fair value through profit or loss | 0 | 0 | 0 | 0 | 74 | 77 |
| Fixed and intangible assets | 45 | 45 | 53 | 44 | 83 | 98 |
| Investment property | 1 | 0 | 2 | 2 | 4 | 6 |
| Investments in subsidiaries | 0 | 13 | 0 | 0 | 2 | 8 |
| Assets held-for-sale | 0 | 0 | 40 | 37 | 2 | 0 |
| Deferred income tax assets and current income tax prepayment | 38 | 43 | 3 | 3 | 39 | 50 |
| Other financial and non-financial assets | 20 | 19 | 13 | 11 | 33 | 20 |
| **Total assets** | **1,596** | **1,656** | **1,897** | **1,585** | **1,970** | **1,954** |
| **Liabilities** | | | | | | |
| Due to NBU and other banks | 1 | 0 | 59 | 354 | 22 | 88 |
| Derivatives | 2 | 0 | 1 | 1 | 0 | 0 |
| Customer accounts | 1,282 | 1,270 | 1,625 | 1,049 | 1,561 | 1,523 |
| Provisions for liabilities and other liabilities | 33 | 26 | 26 | 17 | 33 | 24 |
| Subordinated debt | 135 | 291 | 0 | 0 | 0 | 80 |
| **Total liabilities** | **1,452** | **1,587** | **1,710** | **1,421** | **1,616** | **1,715** |



HOUSE_OVERSIGHT_026152

| | | | | | | |
|---|---|---|---|---|---|---|
| **Equity** | | | | | | |
| Share capital | 178 | 68 | 487 | 528 | 217 | 235 |
| Acquired property rights on shares | 0 | 0 | -18 | -20 | 0 | 0 |
| Result of operations with shareholders | 0 | 0 | -39 | -42 | 0 | 0 |
| Emission differences | 29 | 31 | 0 | 0 | 0 | 0 |
| Additional paid-in capital | 0 | 0 | 5 | 5 | 107 | 116 |
| Other provisions | 0 | 0 | 21 | -5 | 44 | 50 |
| Retained profit/losses | -63 | -30 | -269 | -303 | -13 | -162 |
| **Net equity** | **144** | **69** | **186** | **164** | **354** | **239** |
| **Total liabilities and equity** | **1,596** | **1,656** | **1,897** | **1,585** | **1,970** | **1,954** |

**Appendix 1 -2016 Profit & Loss € mn**



HOUSE_OVERSIGHT_026153

| | Ukrsibbank | | Ukrgasbank | | Raiffeisen Bank Aval | |
|---|---|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
| Interest income | 142 | 157 | 193 | 134 | 232 | 237 |
| Interest expence | -44 | -65 | -167 | -106 | -58 | -86 |
| **Net interest income** | **98** | **93** | **25** | **28** | **174** | **151** |
| **Net commission income** | **46** | **61** | **12** | **8** | **67** | **65** |
| **Trading&other income** | **20** | **12** | **-0** | **-1** | **30** | **25** |
| Employee costs | -38 | -40 | -20 | -16 | -53 | -50 |
| Depreciation | -6 | -8 | -4 | -2 | -12 | -13 |
| Administrative and other operating costs | -23 | -29 | -22 | -18 | -50 | -50 |
| Other provisions | 0 | 0 | -1 | -5 | -9 | 0 |
| **General & Admin. Expenses** | **-67** | **-76** | **-48** | **-41** | **-124** | **-113** |
| **Pre Provision Income** | **98** | **90** | **-11** | **-5** | **147** | **129** |
| Provision for loan impairment | -127 | -93 | 20 | 17 | 1 | -191 |
| **Profit before tax** | **-33** | **1** | **9** | **12** | **147** | **-62** |
| Income tax expense | -2 | -0 | 1 | -2 | -13 | 7 |
| **Net profit** | **-35** | **1** | **10** | **10** | **134** | **-55** |



HOUSE_OVERSIGHT_026154

**Appendix 1 -1Q17 Balance Sheet**
**€ mn**

| | Ukrsibbank | | Ukrgasbank | | Raiffeisen Bank Aval | |
|---|---|---|---|---|---|---|
| | 31/3/17 | 31/3/16 | 31/3/17 | 31/3/16 | 31/3/17 | 31/3/16 |
| **Assets** | | | | | | |
| Cash and cash equivalents, banking metals | 73 | 68 | 124 | 88 | 466 | 362 |
| Accounts in NBU and other banks | 471 | 561 | 260 | 229 | 253 | 358 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans and advances to customers | 663 | 728 | 727 | 716 | 1,005 | 985 |
| Trading securities | 0 | 0 | 13 | 14 | 36 | 28 |
| Investment securities available-for-sale | 137 | 136 | 972 | 704 | 0 | 0 |
| Investment securities held-to-maturity | 0 | 0 | 0 | 35 | 0 | 0 |
| Securities at fair value through profit or loss | 0 | 0 | 0 | 0 | 93 | 74 |
| Fixed and intangible assets | 45 | 45 | 52 | 53 | 82 | 83 |
| Investment property | 1 | 1 | 2 | 2 | 4 | 4 |
| Investments in subsidiaries | 0 | 0 | 0 | 0 | 2 | 2 |
| Assets held-for-sale | 0 | 0 | 38 | 40 | 2 | 2 |
| DTA and inc. tax prepay. | 35 | 38 | 2 | 3 | 28 | 39 |
| Other financial and non-financial assets | 16 | 20 | 11 | 13 | 20 | 33 |
| **Total Assets** | **1,440** | **1,596** | **2,201** | **1,897** | **1,992** | **1,970** |
| **Liabilities** | | | | | | |
| Due to NBU and other banks | 0 | 1 | 54 | 59 | 18 | 22 |
| Derivatives | 0 | 2 | 0 | 1 | 0 | 0 |
| Customer accounts | 1,162 | 1,282 | 1,956 | 1,625 | 1,547 | 1,561 |



HOUSE_OVERSIGHT_026155

| | | | | | | |
|---|---|---|---|---|---|---|
| Provisions for liabilities and other liabilities | 24 | 33 | 17 | 26 | 29 | 33 |
| Subordinated debt | 104 | 135 | 0 | 0 | 0 | 0 |
| **Total Liabilities** | **1,290** | **1,452** | **2,027** | **1,710** | **1,594** | **1,616** |
| **Equity** | | | | | | |
| Share capital | 175 | 178 | 478 | 487 | 213 | 217 |
| Acquired rights on shares | 0 | 0 | -18 | -18 | 0 | 0 |
| Result of operations with shareholders | 0 | 0 | -38 | -39 | 0 | 0 |
| Emission differences | 28 | 29 | 0 | 0 | 0 | 0 |
| Additional paid-in capital | 0 | 0 | 5 | 5 | 105 | 107 |
| Other provisions | 0 | 0 | 11 | 21 | 43 | 44 |
| Retained profit/losses | -53 | -63 | -263 | -269 | 38 | -13 |
| **Total Equity** | **150** | **144** | **174** | **186** | **398** | **354** |
| **Total Liabilities and Equity** | **1,440** | **1,596** | **2,201** | **1,897** | **1,992** | **1,970** |



HOUSE_OVERSIGHT_026156

**Appendix 1 -1Q17 P&L € mn**

| € mn | | | | | | |
|---|---|---|---|---|---|---|
| | Ukrsibbank | | Ukrgasbank | | Raiffeisen Bank Aval | |
| | Q1 2017 | Q1 2016 | Q1 2017 | Q1 2016 | Q1 2017 | Q1 2016 |
| Interest income | 29 | 38 | 51 | 43 | 57 | 55 |
| Interest expense | -6 | -14 | -36 | -37 | -10 | -17 |
| **Net interest income** | **23** | **24** | **15** | **5** | **46** | **39** |
| **Net commission income** | **12** | **10** | **4** | **2** | **17** | **13** |
| **Trading & other income** | **3** | **7** | **4** | **-17** | **7** | **10** |
| Employee costs | -10 | -9 | -6 | -4 | -14 | -12 |
| Depreciation | -1 | -1 | -1 | -1 | -4 | -3 |



HOUSE_OVERSIGHT_026157

| | | | | | | |
|---|---|---|---|---|---|---|
| Administrative and other operating costs | -6 | -6 | -6 | -4 | -12 | -11 |
| Other provisions | 0 | 0 | -4 | -0 | -1 | -0 |
| **General & Admin. Expenses** | **-18** | **-16** | **-17** | **-9** | **-31** | **-27** |
| **Pre Provision Income** | **20** | **25** | **6** | **-19** | **39** | **35** |
| Provision for loan impairment | -9 | -56 | -5 | 20 | 22 | -10 |
| **Profit before tax** | **11** | **-31** | **1** | **1** | **61** | **25** |
| Income tax expense | -2 | -0 | -1 | -0 | -11 | -2 |
| **Net profit** | **8** | **-31** | **1** | **1** | **50** | **23** |



HOUSE_OVERSIGHT_026158

**From**: Lang, Caroline [redacted]
**Sent**: 7/11/2017 9:40:01 AM
**To**: jeffrey E. [jeevacation@gmail.com]; Jack Lang [redacted]
**Subject**: RE:

**Importance**: High

Yes, I saw the news

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** lundi 10 juillet 2017 23:17
**To:** Lang, Caroline [redacted] Jack Lang [redacted]
**Subject:**

re trump. as i said they will first go after his family

--

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**From**: Nicholas Ribis[redacted]
**Sent**: 7/16/2017 12:23:00 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]

**Importance**: High

Saw Matt C with DJT at golf tournament I know why he was there

Sent from my iPhone

**From**: Jack LANG [redacted]
**Sent**: 7/17/2017 8:48:09 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

You were spot on, Jeffrey!

Le 10 juil. 2017 à 23:17, jeffrey E. <jeevacation@gmail.com> a écrit :

re trump. as i said they will first go after his family

--

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**From:** Stanley Rosenberg [redacted]]
**Sent:** 8/25/2017 10:13:23 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: I look forward to hearing from you

**Importance:** High

I am free today after 8 o'clock a. m. EST until 3 p.")

Sent from my iPhone

On 25 Aug 2017, at 09.49, jeffrey E. <jeevacation@gmail.com> wrote:

I recall. Let's skype or phone

On Fri, Aug 25, 2017 at 2:56 AM Stanley Rosenberg[redacted] wrote:

What nice coverage in the Huffington Post.

Living in Europe, I was not aware that Trump's proposed cuts will be so devastating to the scientific community.

You asked me if I would be in New York September 18. Did you have something in mind?

I am 77 and do not travel so well. I have cut back on my plans to travel. I can consider coming to New York, September has anything to do specifically with the vagus nerve - and if it cannot be done with a conference call on Skype.

I will be able to stop in NYC on a future trip.

Linda Stone was the person who I met with years ago. It was Linda who suggested that I contact you.

best wishes,

Stanley

---

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, August 25, 2017 3:22 AM
**To:** Stanley Rosenberg
**Subject:** Re: I look forward to hearing from you

http://www.huffingtonpost.com/entry/private-donor-helps-fund-scientists-after-trumps-proposed_us_599f532ae4b0d0ef9f1c129d

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

On Thu, Aug 24, 2017 at 10:11 AM, Stanley Rosenberg <[redacted]> wrote:

Dear Jeffrey,

can you please tell me about your interest in the vagus nerve? Why is the vagus nerve important to you?

Perhaps you can refer me to web site where I can learn more about your take on it.

best wishes,

Stanley

--

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**From:** Boris Nikolic [redacted]
**Sent:** 8/25/2017 11:27:40 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Re:

**Importance:** High

Great!

Can you get a bigger coverage (beside Huff post)??

Bill and others should join!

B

---

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, August 25, 2017 6:47 AM
**To:** Boris Nikolic
**Subject:** Re:

http://www.huffingtonpost.com/entry/private-donor-helps-fund-scientists-after-trumps-proposed_us_599f532ae4b0d0ef9f1c129d

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

On Fri, Aug 25, 2017 at 6:46 AM, Boris Nikolic <[redacted]> wrote:

> Great. I am back from LA thursday
>
> Sent from my iPhone
>
> On Aug 25, 2017, at 00:57, jeffrey E. <jeevacation@gmail.com> wrote:

im back tues i thinkg

--

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**From:** [redacted]
**Sent:** 9/8/2017 7:09:23 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

--

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**From:** [redacted]
**Sent:** 9/21/2017 7:23:05 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

hey shiek .. i will be in new york saturday for a day trip .. i can drop by to say hello saturday night .. if you bussy dont worry, we can meet in kuwait in nov inshalla

Sent from my iPhone

On Sep 21, 2017, at 1:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

only you please

On Wed, Sep 20, 2017 at 6:26 PM, <[redacted]> wrote:

thnx jeff .. i m praying[redacted]

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked. :)

On Wed, Sep 20, 2017 at 5:57 PM, <[redacted]> wrote:

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond

--

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**From:** [redacted]
**Sent:** 9/21/2017 9:56:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

enjoy👈

Sent from my iPhone

On Sep 21, 2017, at 11:36 PM, jeffrey E. <jeevacation@gmail.com> wrote:

in florida ,

On Thu, Sep 21, 2017 at 3:23 PM, <[redacted]> wrote:

hey shiek .. i will be in new york saturday for a day trip .. i can drop by to say hello saturday night .. if you bussy dont worry, we can meet in kuwait in nov inshalla

Sent from my iPhone

On Sep 21, 2017, at 1:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

only you please

On Wed, Sep 20, 2017 at 6:26 PM, <[redacted]> wrote:

thnx jeff .. i m praying🙏🙏🙏

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked. :)

On Wed, Sep 20, 2017 at 5:57 PM, <[redacted]> wrote:

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond
--
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**From:** [redacted]
**Sent:** 9/22/2017 2:43:24 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

very well .. safe travel

Sent from my iPhone

On Sep 22, 2017, at 1:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i will return to new york wednesday or tues day night . .

On Thu, Sep 21, 2017 at 5:56 PM, <[redacted]> wrote:

enjoy👈

Sent from my iPhone

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in florida ,

On Thu, Sep 21, 2017 at 3:23 PM, <[redacted]> wrote:

hey shiek .. i will be in new york saturday for a day trip .. i can drop by to say hello saturday night .. if you bussy dont worry, we can meet in kuwait in nov inshalla

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only you please

On Wed, Sep 20, 2017 at 6:26 PM, <[redacted]> wrote:

thnx jeff .. i m praying🙏🙏🙏

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Im certain you understand - I'm sure you will have a great new year . No need to respond

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**From:** [redacted]
**Sent:** 9/22/2017 3:15:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

that is nice of you .. you keep hosting us .. we need to see you in kuwait ..
will write more once i arrive and see my dear old man sunday

Sent from my iPhone

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**From:** [redacted]
**Sent:** 9/22/2017 3:40:36 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

for now .. i m leaving monday .. but all depends on my meeting with him. as far as i know, he will be there for another week but i will know more sunday. i will make sure to keep you updated👈

Sent from my iPhone

On Sep 22, 2017, at 6:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

how long will you stay in new york  how long will the old man be there?

On Fri, Sep 22, 2017 at 11:15 AM, <[redacted]> wrote:
that is nice of you .. you keep hosting us .. we need to see you in kuwait .. will write more once i arrive and see my dear old man sunday

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**From:** [redacted] [redacted]
**Sent:** 9/24/2017 1:38:25 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i got to ny today .. i hope you are having good time, as for my boss he is leaving tuesday .. i m travelling back to europe tomorrow, if not, monday for sure. lets hope that we see you next in kuwait 👈

Sent from my iPhone

On Sep 22, 2017, at 6:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

how long will you stay in new york  how long will the old man be there?

On Fri, Sep 22, 2017 at 11:15 AM, <[redacted]> wrote:
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**From:** [redacted]
**Sent:** 9/24/2017 8:20:39 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i didnt understand what you mean? do you want me to stay? or you want to see my boss?

Sent from my iPhone

On Sep 24, 2017, at 8:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

If you think wise I could come to New York sunday evening and also leave tues

On Sat, Sep 23, 2017 at 9:38 PM <[redacted]> wrote:
i got to ny today .. i hope you are having good time, as for my boss he is leaving tuesday .. i m travelling back to europe tomorrow, if not, monday for sure. lets hope that we see you next in kuwait 👈

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**From:** [redacted]
**Sent:** 9/24/2017 10:31:28 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

😊😊
i didnt get a good rest this month .. i think it is better to meet him in kuwait .. man do you love cuba that much😊
whenever you want .. november or before .. just send me an email and i will take care of your visit👈

Sent from my iPhone

On Sep 24, 2017, at 1:22 PM, jeffrey E. <jeevacation@gmail.com> wrote:

why are you up so early.? you need rest. - ! , I wanted you to know that If you think I should meet your boss in New York , where there is less pomp I can do so. / are you having fun?

On Sun, Sep 24, 2017 at 4:20 AM, <[redacted]> wrote:
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**From:** [redacted]
**Sent:** 9/24/2017 10:46:20 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

enjoy it sheik jeffrey👈 👈

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**Sent:** 9/24/2017 11:02:00 AM
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**Subject:** Re:

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**From:** [redacted] [redacted]]
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women to drive in saudi .. bold move👈

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On Thu, Sep 21, 2017 at 3:23 PM, <[redacted]> wrote:
hey shiek .. i will be in new york saturday for a day trip .. i can drop by to say hello saturday night .. if you bussy dont worry, we can meet in kuwait in nov inshalla

Sent from my iPhone

On Sep 21, 2017, at 1:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

only you please

On Wed, Sep 20, 2017 at 6:26 PM, <[redacted]> wrote:
thnx jeff .. i m praying🙏🙏

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked.  :)

On Wed, Sep 20, 2017 at 5:57 PM, <[redacted]> wrote:
only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond
--
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**From:** Barry J. Cohen [redacted]
**Sent:** 10/2/2017 8:23:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Plane management

**Importance:** High

Ah yes.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:23 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

new depreciation rules proposed under trump

On Mon, Oct 2, 2017 at 4:13 PM, Barry J. Cohen <[redacted]> wrote:

> GV is in inspection and going well. Not sure what renovations you mean?
>
> On depreciation, we think we cannot use accelerated due to foreign travel preponderance, and obviously can't use bonus because not new. We think we are stuck with straight-line depreciation which will be passive.
>
> Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.
>
> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Monday, October 02, 2017 3:42 PM
> **To:** Barry J. Cohen <[redacted]; Melanie Spinella <[redacted]
> **Subject:** Re: Plane management
>
> dont you want to see what the depreciation rules are. ? it depends on what you intend to do with it/ ? where do you stand with the renovations and the sale of the 5
>
> On Mon, Oct 2, 2017 at 2:33 PM, Barry J. Cohen <[redacted] wrote:
>
> > Thinking of switching from Jet Aviation to EJM. EJM is more expensive. Do you have a point of view?
> >
> > Sent from my iPhone

--

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**From**: Barry J. Cohen [redacted]
**Sent**: 10/2/2017 8:30:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Plane management

**Importance**: High

Adding Internet and possibly changing cushions. I recommended we do it with the 4 year inspection in the spring, but haven't heard back from him. I think I talked him out of automating the divans. I agreed with what you said about that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:29 PM
**To:** Barry J. Cohen <[redacted]
**Subject:** Re: Plane management

isnt he changing the cushions? etc and adding internet?

On Mon, Oct 2, 2017 at 4:23 PM, Barry J. Cohen <[redacted]> wrote:

> Ah yes.
>
> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Monday, October 02, 2017 4:23 PM
> **To:** Barry J. Cohen <[redacted]>
> **Subject:** Re: Plane management
>
> new depreciation rules proposed under trump
>
> On Mon, Oct 2, 2017 at 4:13 PM, Barry J. Cohen <[redacted]> wrote:
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> > GV is in inspection and going well. Not sure what renovations you mean?
> >
> > On depreciation, we think we cannot use accelerated due to foreign travel preponderance, and obviously can't use bonus because not new. We think we are stuck with straight-line depreciation which will be passive.
> >
> > Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.
> >
> > **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> > **Sent:** Monday, October 02, 2017 3:42 PM
> > **To:** Barry J. Cohen <[redacted]>; Melanie Spinella <[redacted]>
> > **Subject:** Re: Plane management
> >
> > dont you want to see what the depreciation rules are. ? it depends on what you intend to do with it/ ? where do you stand with the renovations and the sale of the 5
> >
> > On Mon, Oct 2, 2017 at 2:33 PM, Barry J. Cohen <[redacted]> wrote:

Thinking of switching from Jet Aviation to EJM. EJM is more expensive. Do you have a point of view?

Sent from my iPhone

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**From**: Barry J. Cohen [redacted]
**Sent**: 10/2/2017 9:17:38 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Plane management

**Importance**: High

On our to-do list, but back of the envelope, we satisfied ourselves that after depreciation, we would show a profit. (In part because Apollo charter payments factor in depreciation.)

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:14 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

did anyone provide you with a biz plan that shows the proposal will generat a profit ?

On Mon, Oct 2, 2017 at 4:30 PM, Barry J. Cohen <[redacted]> wrote:

> Adding Internet and possibly changing cushions. I recommended we do it with the 4 year inspection in the spring, but haven't heard back from him. I think I talked him out of automating the divans. I agreed with what you said about that.
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> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Monday, October 02, 2017 4:29 PM
> **To:** Barry J. Cohen <[redacted]>
> **Subject:** Re: Plane management
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>> **Sent:** Monday, October 02, 2017 4:23 PM
>> **To:** Barry J. Cohen <[redacted]>
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>> new depreciation rules proposed under trump
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>> On Mon, Oct 2, 2017 at 4:13 PM, Barry J. Cohen <[redacted]> wrote:
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>>>
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>>>
>>> Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 3:42 PM
**To:** Barry J. Cohen <[redacted]>; Melanie Spinella <[redacted]>
**Subject:** Re: Plane management

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**From**: Barry J. Cohen [redacted]
**Sent**: 10/2/2017 9:21:33 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Plane management

**Importance**: High

It won't take long to do. We're just swamped. I'll get something to you when I can.

My biggest fear about taking this job is that there wouldn't be enough to do. You told me that concern was crazy. You were right.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:20 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

can you share?

On Mon, Oct 2, 2017 at 5:17 PM, Barry J. Cohen <[redacted]> wrote:

On our to-do list, but back of the envelope, we satisfied ourselves that after depreciation, we would show a profit. (In part because Apollo charter payments factor in depreciation.)

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**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

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**To:** Barry J. Cohen <[redacted]
**Subject:** Re: Plane management

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Ah yes.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:23 PM
**To:** Barry J. Cohen <[redacted]
**Subject:** Re: Plane management

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Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 3:42 PM
**To:** Barry J. Cohen <[redacted]>; Melanie Spinella [redacted]>
**Subject:** Re: Plane management

dont you want to see what the depreciation rules are. ? it depends on what you intend to do with it/ ? where do you stand with the renovations and the sale of the 5

On Mon, Oct 2, 2017 at 2:33 PM, Barry J. Cohen <[redacted]> wrote:

Thinking of switching from Jet Aviation to EJM. EJM is more expensive. Do you have a point of view?

Sent from my iPhone

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**From**: Peggy Siegal [redacted]]
**Sent**: 11/20/2017 8:09:46 PM
**To**: Steven Pfeiffer [redacted]; jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: 2017 IFP Gotham Awards
**Attachments**: image001.png; image002.png; image003.png

**Importance**: High

Dear Steven,

See below:

Company Name: The Peggy Siegal Company
Contact Name: Peggy Siegal
Address: 750 Lexington Avenue 5th Floor New York, New York 10022.

Best,
Rebecca

---

**From:** Steven Pfeiffer [redacted]
**Sent:** Thursday, November 16, 2017 4:23 PM
**To:** jeffrey E.; Peggy Siegal
**Subject:** Re: 2017 IFP Gotham Awards

Sounds good, works for me.

So, Peggy, if you could just let me know what info to include on the donation letter and invoice, I'll send that along your way.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Thanks,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:40 PM

**To:** Steven Pfeiffer [redacted], Peggy Siegal [redacted]
**Subject:** Re: 2017 IFP Gotham Awards

just send to peggy. you her co . its better for her

On Thu, Nov 16, 2017 at 3:38 PM, Steven Pfeiffer [redacted] wrote:

Hi Jeffrey –

Sounds good. Thanks so much for confirming. If you or someone in your office could provide the information below, I can send along an invoice and contribution letter for your $10K donation toward the chairs.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Many thanks.

Best,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p [redacted]
www.ifp.org

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:26 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>, Richard Kahn <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

happy to buy your 10k of chairs and will need me plus 3 seats.

On Thu, Nov 16, 2017 at 1:36 PM, Steven Pfeiffer <[redacted]> wrote:

Hello Jeffrey –

I hope all is well with you. As per Peggy Siegal's office, I have included here the invitation to the IFP Gotham Awards ceremony, which will be held on Monday, November 27 at Cipriani Wall Street in New York City.

This year's ceremony is going to be another successful event. We couldn't be more thrilled with this year's impressive group of Tributees. The Actress Tribute will go to **Nicole Kidman** and the Actor Tribute to **Dustin Hoffman**. The Director Tribute will be given to **Sofia Coppola**, with the Cinematographer Tribute going to **Ed Lachman**. With the

Industry Tribute, we will be honoring **Jason Blum**, founder of Blumhouse Productions. And we simply couldn't be more pleased to honor Vice President **Al Gore** with this year's special Humanitarian Tribute. With nominees this year ranging from **Willem Dafoe, Adam Sandler** and **Robert Pattison** to **Margot Robbie, Lois Smith** and **Mary J. Blige**, this year's ceremony looks to be the most star studded ever.

Please let me know if you have any questions.

Best regards,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

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**From**: Larry Visoski [redacted]
**Sent**: 11/21/2017 12:23:47 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: TSA PBI

**Importance**: High

Jeffrey
While Trump is in PBI, TSA only allows arrival and departures between 8am and 5pm for General Aviation.
I made a resv for Nov 26th at 8am to St Thomas,,
Passengers: You and [redacted]
I can make passenger changes up to 24 Hours before Departure, they also request if we are traveling with an animal., FYI,
They also ask if Passengers are Male or Female, strange, they didn't ask names.

Thx
Larry

Sent from my iPhone

**From:** Lvjet [redacted]
**Sent:** 11/21/2017 1:37:36 AM
**To:** jeevacation@gmail.com
**Subject:** Re: TSA PBI

**Importance:** High

yes,,, that makes sense,
ok,., I'll re-positon to Boca on Saturday, ill make resv for departure for Dave and I,

thx
Larry

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: Larry Visoski [redacted]
Sent: Mon, Nov 20, 2017 8:29 pm
Subject: Re: TSA PBI

might make more sense to reposition on sat to boca?

On Mon, Nov 20, 2017 at 7:23 PM, Larry Visoski [redacted]> wrote:

Jeffrey
While Trump is in PBI, TSA only allows arrival and departures between 8am and 5pm for General Aviation.
I made a resv for Nov 26th at 8am to St Thomas,,
Passengers: You and [redacted]
I can make passenger changes up to 24 Hours before Departure, they also request if we are traveling with an animal.,
FYI,
They also ask if Passengers are Male or Female, strange, they didn't ask names.

Thx
Larry

Sent from my iPhone

--

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**From:** Faith Kates [redacted]
**Sent:** 11/23/2017 2:41:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Have fun!!!

Sent from my iPhone

On Nov 23, 2017, at 8:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

david fizel. hanson. trump

On Thu, Nov 23, 2017 at 8:32 AM, Faith Kates <[redacted]> wrote:

He's such a snooze who else is down there?

Sent from my iPhone

On Nov 23, 2017, at 8:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

berries color for holiday

On Thu, Nov 23, 2017 at 8:16 AM, Faith Kates [redacted] wrote:

That means glenn check out his red hair!!!

Sent from my iPhone

On Nov 23, 2017, at 8:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:

eva

On Thu, Nov 23, 2017 at 8:14 AM, Faith Kates [redacted] wrote:

Ok dylan will want to see you I always want to see you. Where are you having thanksgiving?

Sent from my iPhone

On Nov 23, 2017, at 8:12 AM, jeffrey E. <jeevacation@gmail.com> wrote:

all next week

On Thu, Nov 23, 2017 at 8:11 AM, Faith Kates [redacted] wrote:

Fun!!! When are you back in NYC?

Sent from my iPhone

On Nov 23, 2017, at 7:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

hope today is fun for you.

--

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**From:** [redacted]
**Sent:** 12/22/2017 12:23:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

very well .. keep us posted about your gcc trip👈

Sent from my iPhone

On Dec 22, 2017, at 3:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:

great. have fun. . with the crazy tax bill, Ill stay in US until end of year.

On Fri, Dec 22, 2017 at 7:03 AM, <[redacted]> wrote:
i m ok .. still waiting for new york trip .. taking the family to dubai for new year👈

Sent from my iPhone

On Dec 22, 2017, at 2:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what have you been doing? any fun?

On Fri, Dec 22, 2017 at 5:53 AM, <[redacted]> wrote:
i m trying to wear the sweater but it has been geeting a bit warm here😊
hope you doing well

Sent from my iPhone

On Dec 9, 2017, at 1:13 PM, jeffrey E. <jeevacation@gmail.com> wrote:

They told me to discuss in Jan

On Sat, Dec 9, 2017 at 8:00 AM <[redacted]> wrote:
i forget to ask .. is there any new update about the saudi project that i sent you??

Sent from my iPhone

On Dec 8, 2017, at 11:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no come now !!!

On Fri, Dec 8, 2017 at 9:37 PM, <[redacted]> wrote:
i m at the door but i will wait for my time.. i dont want to come early to find trump in your house😊😊

Sent from my iPhone

On Dec 8, 2017, at 9:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Fri, Dec 8, 2017 at 2:10 PM <[redacted]> wrote:
sorry that is 2512 for the gate👆

Sent from my iPhone

On Dec 6, 2017, at 5:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:

10pm should I bring special cake from New York

On Wed, Dec 6, 2017 at 9:37 AM <[redacted]n> wrote:
very well .. just send me the address again and the code to the door so i can get to the second floor? and send me the day and time.
thnx

Sent from my iPhone

On Dec 6, 2017, at 5:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

You are welcome at my house always . And more private

On Wed, Dec 6, 2017 at 9:12 AM jeffrey E. <jeevacation@gmail.com> wrote:
Of courses

On Wed, Dec 6, 2017 at 9:08 AM <[redacted]> wrote:
???

Sent from my iPhone

On Dec 5, 2017, at 2:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment i was flying to paris on the 8th. . I can leave eariler and get to paris by 830 . if you like to meet there. geneve difficult to fly out of at night . or lunch sat in paris. ,

On Tue, Dec 5, 2017 at 5:03 AM, <[redacted]> wrote:
can we have dinner in geneva on the 8th? i will be there on 7 and 8 dec and going back to kuwait on the 9th

Sent from my iPhone

On Dec 5, 2017, at 3:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I am planning to be in paris starting the 9th for the week. any chance to see you

--
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**From**: Thomas Jr., Landon [[redacted]
**Sent**: 1/8/2018 3:04:23 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: You are in the book...

**Importance**: High

I read the first half of it last night -- there are a few paragraphs on you TB, DJT partying around NYC in 90s etc -- and then MW says you are airbrushed out of DJT history while Barrack sticks around.

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Weingarten, Reid [redacted]
**Sent:** 1/12/2018 2:25:40 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Yeah sure...I am sure the republicans who sent a criminal referral for the brit spy who did the dossier will want to see trump lies

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, January 12, 2018 9:23 AM
**To:** Weingarten, Reid
**Subject:** Re:

Senate subpoena?

On Fri, Jan 12, 2018 at 9:22 AM jeffrey E. <jeevacation@gmail.com> wrote:

> Sri Emanuel is going to go s tv series
>
> On Fri, Jan 12, 2018 at 9:18 AM jeffrey E. <jeevacation@gmail.com> wrote:
>
> > I think he is cracking
> >
> > On Fri, Jan 12, 2018 at 9:08 AM Weingarten, Reid ?[redacted] wrote:
> >
> > > Don't you dare say to anyone (or even think) "finally I agree with something he said".....
> > >
> > > **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> > > **Sent:** Thursday, January 11, 2018 7:53 PM
> > > **To:** Weingarten, Reid
> > > **Subject:**
> > >
> > > https://www.thedailybeast.com/steve-bannon-lawyers-up-russia-investigators-ready-to-pounce
> > >
> > > --
> > >
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**From:** Diane Ziman [redacted]
on behalf of Diane Ziman [redacted]
**Sent:** 1/23/2018 9:59:38 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Keep the March Alive!

Jeffrey --

Did you see my son's email on Sunday?

I was so proud to see him speak at the Women's March this weekend, joining thousands of passionate Floridians who want real change in our state, and across the country.

But we both know that change doesn't come easy. And there are a lot of folks in Tallahassee that want to keep things the same as usual.

**We can't afford the status quo so they can have their way. We need leadership that will bring the change that so many have been marching for over the past year.**

Can I count on you to help my son bring that change to Tallahassee?

**Click here to join his campaign today, and help him do the right thing for our neighbors across the state.**

#ThatsMyBoy

- Diane

---------- Forwarded message ----------

I spent the day with thousands of fellow Floridians, celebrating the one year anniversary of the Women's March.

**I was inspired by the crowds, their voice, and their passion.**

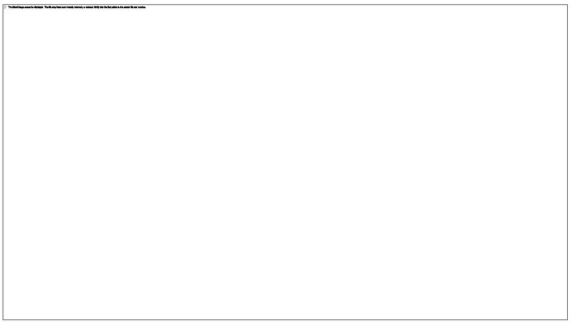

Empowering women in the age of Trump is an essential part of moving this country forward. But that means moving forward on issues that have long been stalled -equal pay, better education, and a living wage.

In 2018, we have the chance to move these issues forward, and I'm asking for your help in making it happen.
**Keep the March Alive! Chip in $5 Today.**
If the crowds we saw in St. Petersburg, Miami, and dozens of other cities across this country are any indication, we have the momentum!

Now we need to bring it to Tallahassee.

Sincerely,
**Philip**

Paid by Philip Levine, Democrat, for Governor

Philip Levine for Governor
960 Alton Road
Miami Beach FL 33139 United States

We're so thankful of your support, and we hope you will take the next step by signing up to volunteer with our campaign. If you would like to be removed from our email list, please click the following link and we will remove you promptly: unsubscribe

THE WHITE HOUSE

WASHINGTON

February 2, 2018

The Honorable Devin Nunes
Chairman, House Permanent Select Committee on Intelligence
United States Capitol
Washington, DC 20515

Dear Mr. Chairman:

On January 29, 2018, the House Permanent Select Committee on Intelligence (hereinafter "the Committee") voted to disclose publicly a memorandum containing classified information provided to the Committee in connection with its oversight activities (the "Memorandum," which is attached to this letter). As provided by clause 11(g) of Rule X of the House of Representatives, the Committee has forwarded this Memorandum to the President based on its determination that the release of the Memorandum would serve the public interest.

The Constitution vests the President with the authority to protect national security secrets from disclosure. As the Supreme Court has recognized, it is the President's responsibility to classify, declassify, and control access to information bearing on our intelligence sources and methods and national defense. *See, e.g.*, *Dep't of Navy v. Egan*, 484 U.S. 518, 527 (1988). In order to facilitate appropriate congressional oversight, the Executive Branch may entrust classified information to the appropriate committees of Congress, as it has done in connection with the Committee's oversight activities here. The Executive Branch does so on the assumption that the Committee will responsibly protect such classified information, consistent with the laws of the United States.

The Committee has now determined that the release of the Memorandum would be appropriate. The Executive Branch, across Administrations of both parties, has worked to accommodate congressional requests to declassify specific materials in the public interest.[1] However, public release of classified information by unilateral action of the Legislative Branch is extremely rare and raises significant separation of powers concerns. Accordingly, the Committee's request to release the Memorandum is interpreted as a request for declassification pursuant to the President's authority.

The President understands that the protection of our national security represents his highest obligation. Accordingly, he has directed lawyers and national security staff to assess the

[1] *See, e.g.*, S. Rept. 114-8 at 12 (Administration of Barack Obama) ("On April 3, 2014 . . . the Committee agreed to send the revised Findings and Conclusions, and the updated Executive Summary of the Committee Study, to the President for declassification and public release."); H. Rept. 107-792 (Administration of George W. Bush) (similar); E.O. 12812 (Administration of George H.W. Bush) (noting Senate resolution requesting that President provide for declassification of certain information via Executive Order).

declassification request, consistent with established standards governing the handling of classified information, including those under Section 3.1(d) of Executive Order 13526. Those standards permit declassification when the public interest in disclosure outweighs any need to protect the information. The White House review process also included input from the Office of the Director of National Intelligence and the Department of Justice. Consistent with this review and these standards, the President has determined that declassification of the Memorandum is appropriate.

Based on this assessment and in light of the significant public interest in the memorandum, the President has authorized the declassification of the Memorandum. To be clear, the Memorandum reflects the judgments of its congressional authors. The President understands that oversight concerning matters related to the Memorandum may be continuing. Though the circumstances leading to the declassification through this process are extraordinary, the Executive Branch stands ready to work with Congress to accommodate oversight requests consistent with applicable standards and processes, including the need to protect intelligence sources and methods.

Sincerely,

Donald F. McGahn II
Counsel to the President

cc: The Honorable Paul Ryan
Speaker of the House of Representatives

The Honorable Adam Schiff
Ranking Member, House Permanent Select Committee on Intelligence

January 18, 2018

Declassified by order of the President
February 2, 2018

To: HPSCI Majority Members

From: HPSCI Majority Staff

Subject: Foreign Intelligence Surveillance Act Abuses at the Department of Justice and the Federal Bureau of Investigation

**Purpose**

This memorandum provides Members an update on significant facts relating to the Committee's ongoing investigation into the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) and their use of the Foreign Intelligence Surveillance Act (FISA) during the 2016 presidential election cycle. Our findings, which are detailed below, 1) raise concerns with the legitimacy and legality of certain DOJ and FBI interactions with the Foreign Intelligence Surveillance Court (FISC), and 2) represent a troubling breakdown of legal processes established to protect the American people from abuses related to the FISA process.

**Investigation Update**

On October 21, 2016, DOJ and FBI sought and received a FISA probable cause order (not under Title VII) authorizing electronic surveillance on Carter Page from the FISC. Page is a U.S. citizen who served as a volunteer advisor to the Trump presidential campaign. Consistent with requirements under FISA, the application had to be first certified by the Director or Deputy Director of the FBI. It then required the approval of the Attorney General, Deputy Attorney General (DAG), or the Senate-confirmed Assistant Attorney General for the National Security Division.

The FBI and DOJ obtained one initial FISA warrant targeting Carter Page and three FISA renewals from the FISC. As required by statute (50 U.S.C. §1805(d)(1)), a FISA order on an American citizen must be renewed by the FISC every 90 days and each renewal requires a separate finding of probable cause. Then-Director James Comey signed three FISA applications in question on behalf of the FBI, and Deputy Director Andrew McCabe signed one. Then-DAG Sally Yates, then-Acting DAG Dana Boente, and DAG Rod Rosenstein each signed one or more FISA applications on behalf of DOJ.

Due to the sensitive nature of foreign intelligence activity, FISA submissions (including renewals) before the FISC are classified. As such, the public's confidence in the integrity of the FISA process depends on the court's ability to hold the government to the highest standard—particularly as it relates to surveillance of American citizens. However, the FISC's rigor in protecting the rights of Americans, which is reinforced by 90-day renewals of surveillance orders, is necessarily dependent on the government's production to the court of all material and relevant facts. This should include information potentially favorable to the target of the FISA

application that is known by the government. In the case of Carter Page, the government had at least four independent opportunities before the FISC to accurately provide an accounting of the relevant facts. However, our findings indicate that, as described below, material and relevant information was omitted.

1) The "dossier" compiled by Christopher Steele (Steele dossier) on behalf of the Democratic National Committee (DNC) and the Hillary Clinton campaign formed an essential part of the Carter Page FISA application. Steele was a longtime FBI source who was paid over $160,000 by the DNC and Clinton campaign, via the law firm Perkins Coie and research firm Fusion GPS, to obtain derogatory information on Donald Trump's ties to Russia.

   a) Neither the initial application in October 2016, nor any of the renewals, disclose or reference the role of the DNC, Clinton campaign, or any party/campaign in funding Steele's efforts, even though the political origins of the Steele dossier were then known to senior DOJ and FBI officials.

   b) The initial FISA application notes Steele was working for a named U.S. person, but does not name Fusion GPS and principal Glenn Simpson, who was paid by a U.S. law firm (Perkins Coie) representing the DNC (even though it was known by DOJ at the time that political actors were involved with the Steele dossier). The application does not mention Steele was ultimately working on behalf of—and paid by—the DNC and Clinton campaign, or that the FBI had separately authorized payment to Steele for the same information.

2) The Carter Page FISA application also cited extensively a September 23, 2016, *Yahoo News* article by Michael Isikoff, which focuses on Page's July 2016 trip to Moscow. <u>This article does not corroborate the Steele dossier because it is derived from information leaked by Steele himself to *Yahoo News*.</u> The Page FISA application incorrectly assesses that Steele did not directly provide information to *Yahoo News*. Steele has admitted in British court filings that he met with *Yahoo News*—and several other outlets—in September 2016 at the direction of Fusion GPS. Perkins Coie was aware of Steele's initial media contacts because they hosted at least one meeting in Washington D.C. in 2016 with Steele and Fusion GPS where this matter was discussed.

   a) Steele was suspended and then terminated as an FBI source for what the FBI defines as the most serious of violations—an unauthorized disclosure to the media of his relationship with the FBI in an October 30, 2016, *Mother Jones* article by David Corn. Steele should have been terminated for his previous undisclosed contacts with Yahoo and other outlets **in September**—before the Page application was submitted to

the FISC in October—but Steele improperly concealed from and lied to the FBI about those contacts.

b) Steele's numerous encounters with the media violated the cardinal rule of source handling—maintaining confidentiality—and demonstrated that Steele had become a less than reliable source for the FBI.

3) Before and after Steele was terminated as a source, he maintained contact with DOJ via then-Associate Deputy Attorney General Bruce Ohr, a senior DOJ official who worked closely with Deputy Attorneys General Yates and later Rosenstein. Shortly after the election, the FBI began interviewing Ohr, documenting his communications with Steele. For example, in September 2016, Steele admitted to Ohr his feelings against then-candidate Trump when Steele said he "**was desperate that Donald Trump not get elected and was passionate about him not being president**." This clear evidence of Steele's bias was recorded by Ohr at the time and subsequently in official FBI files—but not reflected in any of the Page FISA applications.

a) During this same time period, Ohr's wife was employed by Fusion GPS to assist in the cultivation of opposition research on Trump. Ohr later provided the FBI with all of his wife's opposition research, paid for by the DNC and Clinton campaign via Fusion GPS. The Ohrs' relationship with Steele and Fusion GPS was inexplicably concealed from the FISC.

4) According to the head of the FBI's counterintelligence division, Assistant Director Bill Priestap, corroboration of the Steele dossier was in its "infancy" at the time of the initial Page FISA application. After Steele was terminated, a source validation report conducted by an independent unit within FBI assessed Steele's reporting as only minimally corroborated. Yet, in early January 2017, Director Comey briefed President-elect Trump on a summary of the Steele dossier, even though it was—according to his June 2017 testimony—"salacious and unverified." While the FISA application relied on Steele's past record of credible reporting on other unrelated matters, it ignored or concealed his anti-Trump financial and ideological motivations. Furthermore, Deputy Director McCabe testified before the Committee in December 2017 that no surveillance warrant would have been sought from the FISC without the Steele dossier information.

5) The Page FISA application also mentions information regarding fellow Trump campaign advisor George Papadopoulos, but there is no evidence of any cooperation or conspiracy between Page and Papadopoulos. The Papadopoulos information triggered the opening of an FBI counterintelligence investigation in late July 2016 by FBI agent Pete Strzok. Strzok was reassigned by the Special Counsel's Office to FBI Human Resources for improper text messages with his mistress, FBI Attorney Lisa Page (no known relation to Carter Page), where they both demonstrated a clear bias against Trump and in favor of Clinton, whom Strzok had also investigated. The Strzok/Lisa Page texts also reflect extensive discussions about the investigation, orchestrating leaks to the media, and include a meeting with Deputy Director McCabe to discuss an "insurance" policy against President Trump's election.

**From**: Steve Bannon[redacted]
**Sent**: 2/24/2018 12:48:36 PM
**To**: jeevacation@gmail.com
**Subject**: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance**: High

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

**From**: Steve Bannon[redacted]
**Sent**: 2/24/2018 1:14:53 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance**: High

On it
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 24 Feb 2018 08:13:08 -0500
**To:** Steve Bannon<[redacted]>
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

coin issues. : receive coins. distribute coins, pay in coins. coin cooperative. prohibitions foreign donor.? i need to understand flow of funds. . donor to campiagn c?s . does it have to go to campaign first. . does it have to go there at all etc.

On Sat, Feb 24, 2018 at 7:48 AM, Steve Bannon [redacted] wrote:

> https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

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**From:** Steve Bannon [redacted]
**Sent:** 2/24/2018 1:21:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance:** High

Populist/Nationalist first

Conservative Christians (catholic/evangelical) next

Reverse alabama

This coalition staves off "times up" for next decade plus
Sent via BlackBerry by AT&T

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**To:** Steve Bannon<[redacted]>
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

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**From:** Steve Bannon[redacted]
**Sent:** 2/24/2018 1:23:41 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance:** High

I think I have the most solid guy on the right--tied into the 'swiss' guys

Named jeffrey wernick--going thru due diligence now ---ive known him a while as I've studied this--he can walk u thru the deal
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 24 Feb 2018 08:20:46 -0500
**To:** Steve Bannon<[redacted]>
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

do you have coin guys. brocks people . or should we find? some of the lefty crpto guys , might find it difficult to join, but they said bringing tech to discourse is on a higher plane

On Sat, Feb 24, 2018 at 8:14 AM, Steve Bannon <[redacted]> wrote:

On it
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 24 Feb 2018 08:13:08 -0500
**To:** Steve Bannon<[redacted]>
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

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**From:** Steve Bannon [redacted]
**Sent:** 2/24/2018 1:26:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance:** High

Yes...I've got the 2nd best--best is don mcgahn who is occupied currently
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 24 Feb 2018 08:24:39 -0500
**To:** Steve Bannon[redacted]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

understood. but need details. money needed for think tank, for ads. for policy meetings. . though leaders. we could also make the coin in some instances non negotiable for 2 years. . is there a super smart FEC person. ?

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**From:** Steve Bannon [redacted]
**Sent:** 2/24/2018 1:32:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance:** High

Cool
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 24 Feb 2018 08:31:40 -0500
**To:** Steve Bannon[redacted]
**Subject:** Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

BTW spent some time on the phone with Jide. hes looking to be read into Saudi. . too early

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**From:** Sultan Bin Sulayem [redacted]
**Sent:** 2/25/2018 11:42:49 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Trump doesn't like him

Sent from my iPhone

On Feb 25, 2018, at 3:36 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes We have become friends you will like him

On Sun, Feb 25, 2018 at 6:36 AM Sultan Bin Sulayem <[redacted]> wrote:

Is that Steve Bannon?

Sent from my iPhone

> On Feb 23, 2018, at 9:14 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
>
> <IMG-7184.jpg>

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**From:** Sultan Bin Sulayem [redacted]
**Sent:** 2/25/2018 1:25:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ok

Sent from my iPhone

On Feb 25, 2018, at 4:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:

dont belive thepress

On Sun, Feb 25, 2018 at 6:42 AM, Sultan Bin Sulayem <[redacted]> wrote:

Trump doesn't like him

Sent from my iPhone

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**From**: Kathy Ruemmler [redacted]
**Sent**: 2/25/2018 9:28:23 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

While he might like to, his lawyer would advise him against it. :-)

Are you feeling better today?

On Feb 25, 2018, at 4:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Steve Bannon** Feb 24 (1 day ago)

to me

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

do you think Bill Clinton would like to join you me ehud and steve.? could be very funny, all off the record.

--

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**From:** Kathy Ruemmler [redacted]
**Sent:** 2/25/2018 10:05:36 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

:-)

On Feb 25, 2018, at 4:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

but maybe with the right amount of shoes his lawyer might change her mind :)

On Sun, Feb 25, 2018 at 4:28 PM, Kathy Ruemmler <[redacted]> wrote:

While he might like to, his lawyer would advise him against it. :-)

Are you feeling better today?

On Feb 25, 2018, at 4:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Steve Bannon** Feb 24 (1 day ago)

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**From:** Michael Wolff [redacted]
**Sent:** 3/23/2018 1:57:50 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: SB

**Importance:** High

I think his FT performance yesterday was quite a hit (btw, he reiterated that my book was all true--helpful!). Curiously, the liberals maybe more fascinated by him than the Trump base is.

On Fri, Mar 23, 2018 at 9:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

> i passsed on your newsweek message yesterday. i think he is a bit lost no wins and donald off the rails
>
> On Fri, Mar 23, 2018 at 9:01 AM, Michael Wolff <[redacted]> wrote:
>
> > I reached out and I'm seeing him at 6:00 today.

--

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**From**: Steve Bannon [redacted]
**Sent**: 6/23/2018 12:44:08 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Re:
**Attachments**: image001.png; image002.png; image003.png; image004.png

**Importance**: High

Big deal

Begin forwarded message:

**Resent-From:** [redacted]
**From:** "Rivkin, David" [redacted]
**Date:** June 23, 2018 at 8:14:49 AM EDT
**To:** Steve Bannon [redacted]
**Subject: Fwd: Re:**

Here it is.

Sent from my iPhone

Begin forwarded message:

**From:** "Grossman, Andrew M" [redacted]
**Date:** June 23, 2018 at 12:56:55 AM EDT
**To:** "Rivkin, David" [redacted]
**Subject: Re:**

# Mueller's Fruit of the Poisonous Tree

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

*By*
*David B. Rivkin Jr. and*

*Elizabeth Price Foley*
June 22, 2018 6:38 p.m. ET
414 COMMENTS

Special counsel Robert Mueller's investigation may face a serious legal obstacle: It is tainted by antecedent political bias. The June 14 report from Michael Horowitz, the Justice Department's inspector general, unearthed a pattern of anti-Trump bias by high-ranking officials at the Federal Bureau of Investigation. Some of their communications, the report says, were "not only indicative of a biased state of mind but imply a willingness to take action to impact a presidential candidate's electoral prospects." Although Mr. Horowitz could not definitively ascertain whether this bias "directly

affected" specific FBI actions in the Hillary Clinton email investigation, it nonetheless affects the legality of the Trump-Russia collusion inquiry, code-named Crossfire Hurricane.

Crossfire was launched only months before the 2016 election. Its FBI progenitors—the same ones who had investigated Mrs. Clinton—deployed at least one informant to probe Trump campaign advisers, obtained Foreign Intelligence Surveillance Court wiretap warrants, issued national security letters to gather records, and unmasked the identities of campaign officials who were surveilled. They also repeatedly leaked investigative information.

Mr. Horowitz is separately scrutinizing Crossfire and isn't expected to finish for months. But the current report reveals that FBI officials displayed not merely an appearance of bias against Donald Trump, but animus bordering on hatred. Peter Strzok, who led both the Clinton and Trump investigations, confidently assuaged a colleague's fear that Mr. Trump would become president: "No he won't. We'll stop it." An unnamed FBI lawyer assigned to Crossfire told a colleague he was "devastated" and "numb" after Mr. Trump won, while declaring to another FBI attorney: "Viva le resistance."

The report highlights the FBI's failure to act promptly upon discovering that Anthony Weiner's laptop contained thousands of Mrs. Clinton's emails. Investigators justified the delay by citing the "higher priority" of Crossfire. But Mr. Horowitz writes: "We did not have confidence that Strzok's decision to prioritize the Russia investigation over following up on [the] investigative lead discovered on the Weiner laptop was free from bias."

Similarly, although Mr. Horowitz found no evidence that then-FBI Director James Comey was trying to influence the election, Mr. Comey did make decisions based on political considerations. He told the inspector general that his election-eve decision to reopen the Clinton email investigation was motivated by a desire to protect her assumed presidency's legitimacy.

The inspector general wrote that Mr. Strzok's text messages "created the appearance that investigative decisions were impacted by bias or improper considerations." The report adds, importantly, that "most of the text messages raising such questions pertained to the Russia investigation." Given how biases ineluctably shape behavior, these facts create a strong inference that by squelching the Clinton investigation and building a narrative of Trump-Russia collusion, a group of government officials sought to bolster Mrs. Clinton's electoral chances and, if the unthinkable happened, obtain an insurance policy to cripple the Trump administration with accusations of illegitimacy.

What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire. And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

When the government deprives a person of life, liberty or property, it is required to use fundamentally fair processes. The Supreme Court has made clear that when governmental action "shocks the conscience," it violates due process. Such conduct includes investigative or prosecutorial efforts that appear, under the totality of the circumstances, to be motivated by corruption, bias or entrapment.

In *U.S. v. Russell* (1973), the justices observed: "We may someday be presented with a situation in which the conduct of law enforcement agents is so outrageous that due process principles would absolutely bar the government from invoking judicial processes to obtain a conviction." It didn't take long. In *Blackledge v. Perry* (1974), the court concluded that due process was offended by a prosecutor's "realistic likelihood of 'vindictiveness' " that tainted the "very initiation of proceedings."
In *Young v. U.S. ex rel. Vuitton* (1987), the justices held that because prosecutors have "power to employ the full machinery of the state in scrutinizing any given individual . . . we must have assurance that those who would wield this power will be guided solely by their sense of public responsibility for the attainment of justice." Prosecutors must be "disinterested" and make "dispassionate assessments," free from any personal bias.
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In addition to the numerous anti-Trump messages uncovered by the inspector general, there is a strong circumstantial case—including personnel, timing, methods and the absence of evidence—that Crossfire was initiated for political, not national-security, purposes.

It was initiated in defiance of a longstanding Justice Department presumption against investigating campaigns in an election year. And while impartiality is always required, a 2012 memo by then-Attorney General Eric Holder emphasizes that impartiality is "particularly important in an election

year," and "politics must play no role in the decisions of federal prosecutors or investigators regarding any investigations. . . . Law enforcement officers and prosecutors may never select the timing of investigative steps or criminal charges for the purpose of affecting any election, or for the purpose of giving an advantage or disadvantage to any candidate or political party."

Strong evidence of a crime can overcome this policy, as was the case with the bureau's investigation of Mrs. Clinton's private email server, which began more than a year before the 2016 election. But Crossfire was not a criminal investigation. It was a counterintelligence investigation predicated on the notion that Russia could be colluding with the Trump campaign. There appears to have been no discernible evidence of Trump-Russia collusion at the time Crossfire was launched, further reinforcing the notion that it was initiated "for the purpose" of affecting the presidential election.

The chief evidence of collusion is the hacking of the Democratic National Committee's servers. But nothing in the public record suggests the Trump campaign aided that effort. The collusion narrative therefore hinges on the more generic assertion that Russia aimed to help Mr. Trump's election, and that the Trump campaign reciprocated by embracing pro-Russian policies. Yet despite massive surveillance and investigation, there's still no public evidence of any such exchange—only that Russia attempted to sow political discord by undermining Mrs. Clinton and to a lesser extent Mr. Trump.

Some members of the Trump team interacted with Russians and advocated dovish policies. But so did numerous American political and academic elites, including many Clinton advisers. Presidential campaigns routinely seek opposition research and interact with foreign powers. The Clinton campaign funded the Steele dossier, whose British author paid Russians to dish anti-Trump dirt. The Podesta Group, led by the brother of Mrs. Clinton's campaign chairman, received millions lobbying for Russia's largest bank and the European Center for a Modern Ukraine, both with deep Kremlin ties. The Clinton Foundation and Bill Clinton took millions from Kremlin-connected businesses.

No evidence has emerged of Trump-Russia collusion, and Mr. Mueller has yet to bring collusion-related charges against anyone. Evidence suggests one of his targets, George Papadopoulos, was lured to London, plied with the prospect of Russian information damaging to Mrs. Clinton, and taken to dinner, where he drunkenly bragged that he'd heard about such dirt but never seen it. These circumstances not only fail to suggest Mr. Papadopoulos committed a crime, they reek of entrapment. The source of this information, former Australian diplomat Alexander Downer, admits Mr. Papadopolous never mentioned emails, destroying any reasonable inference of a connection between the DNC hack and the Trump campaign.

Crossfire's progenitors thus ignored an obvious question: If Russia promised unspecified dirt on Mrs. Clinton but never delivered it, how would that amount to collusion with the Trump campaign? If anything, such behavior suggests an attempt to entice and potentially embarrass Mr. Trump by dangling the prospect of compromising information and getting his aides to jump at it.

Given the paucity of evidence, it's staggering that the FBI would initiate a counterintelligence investigation, led by politically biased staff, amid a presidential campaign. The aggressive methods and subsequent leaking only strengthen that conclusion. If the FBI sincerely believed Trump associates were Russian targets or agents, the proper response would have been to inform Mr. Trump so that he could protect his campaign and the country.

Mr. Trump's critics argue that the claim of political bias is belied by the fact that Crossfire was not leaked before the election. In fact, there were vigorous, successful pre-election efforts to publicize the Trump-Russia collusion narrative. Shortly after Crossfire's launch, CIA Director John Brennan and Mr. Comey briefed Congress, triggering predictable leaking. Christopher Steele and his patrons embarked on a media roadshow, making their dossier something of an open secret in Washington.

On Aug. 29, 2016, the New York Times published a letter to Mr. Comey from Senate Minority Leader Harry Reid, saying he'd learned of "evidence of a direct connection between the Russian government and Donald Trump's presidential campaign," which had "employed a number of individuals with significant and disturbing ties to Russia and the Kremlin." On Aug. 30, the ranking Democratic members of four House committees wrote a public letter to Mr. Comey requesting "that the FBI assess whether connections between Trump campaign officials and Russian interests" may have contributed to the DNC hack so as "to interfere with the U.S. presidential election." On Sept. 23, Yahoo News's Michael Isikoff reported the Hill briefings and the Steele dossier's allegations regarding Carter Page. On Oct. 30, Harry Reid again publicly wrote Mr. Comey: "In my communications with you and other top officials in the national security community, it has become clear that you possess explosive information about close ties and coordination between Donald Trump, his top advisors, and the Russian government."

That these leaking efforts failed to prevent Mr. Trump's victory, or that Mr. Comey's ham-fisted interventions might have also hurt Mrs. Clinton's electoral prospects, does not diminish the legal significance of the anti-Trump bias shown by government officials.

The totality of the circumstances creates the appearance that Crossfire was politically motivated. Since an attempt by federal law enforcement to influence a presidential election "shocks the conscience," any prosecutorial effort derived from such an outrageous abuse of power must be suppressed. The public

will learn more once the inspector general finishes his investigation into Crossfire's genesis. But given what is now known, due process demands, at a minimum, that the special counsel's activity be paused. Those affected by Mr. Mueller's investigation could litigate such an argument in court. One would hope, however, that given the facts either Mr. Mueller himself or Deputy Attorney General Rod Rosenstein would do it first.

*Mr. Rivkin and Ms. Foley practice appellate and constitutional law in Washington. He served at the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush administrations. She is a professor at Florida International University College of Law.*

*Appeared in the June 23, 2018, print edition.*

Best,

Andrew

**Andrew Grossman**
Partner

BakerHostetler
Washington Square
1050 Connecticut Ave, N.W. | Suite 1100
Washington, DC 20036-5304
T [redacted]
bakerlaw.com

---

**From:** "Rivkin, David" [redacted]
**Date:** Friday, June 22, 2018 at 7:50 PM
**To:** "Grossman, Andrew M" [redacted]
**Subject:** <no subject>

Can you please send me WSJ op Ed. Tx
Sent from my iPhone

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**From:** Kathy Ruemmler [redacted]
**Sent:** 6/23/2018 5:11:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fwd: Re:

**Importance:** High

Yawn. And David Rivkin is a hack. Zero — and I mean zero — chance that a court would find a due process violation on these facts. Fruit of the poisonous tree doctrine does not apply.

On Jun 23, 2018, at 12:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i htink weak thoughts?
---------- Forwarded message ----------
From: **Steve Bannon** <[redacted]>
Date: Sat, Jun 23, 2018 at 2:44 PM
Subject: Fwd: Re:
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

Big deal

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** "Rivkin, David" [redacted]>
**Date:** June 23, 2018 at 8:14:49 AM EDT
**To:** Steve Bannon <[redacted]>
**Subject: Fwd: Re:**

Here it is.

Sent from my iPhone

Begin forwarded message:

**From:** "Grossman, Andrew M" <[redacted]>
**Date:** June 23, 2018 at 12:56:55 AM EDT
**To:** "Rivkin, David" <[redacted]n>
**Subject: Re:**

# Mueller's Fruit of the Poisonous Tree

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

*By*

*David B. Rivkin Jr. and*

*Elizabeth Price Foley*

June 22, 2018 6:38 p.m. ET

414 COMMENTS

Special counsel Robert Mueller's investigation may face a serious legal obstacle: It is tainted by antecedent political bias. The June 14 report from Michael Horowitz, the Justice Department's inspector general, unearthed a pattern of anti-Trump bias by high-ranking officials at the Federal Bureau of Investigation. Some of their communications, the report says, were "not only indicative of a biased state of mind but imply a willingness to take action to impact a presidential candidate's electoral prospects." Although Mr. Horowitz could not definitively ascertain whether this bias "directly affected" specific FBI actions in the Hillary Clinton email investigation, it nonetheless affects the legality of the Trump-Russia collusion inquiry, code-named Crossfire Hurricane.

Crossfire was launched only months before the 2016 election. Its FBI progenitors—the same ones who had investigated Mrs. Clinton—deployed at least one informant to probe Trump campaign advisers, obtained Foreign Intelligence Surveillance Court wiretap warrants, issued national security letters to gather records, and unmasked the identities of campaign officials who were surveilled. They also repeatedly leaked investigative information.

Mr. Horowitz is separately scrutinizing Crossfire and isn't expected to finish for months. But the current report reveals that FBI officials displayed not merely an appearance of bias against Donald Trump, but animus bordering on hatred. Peter Strzok, who led both the Clinton and Trump investigations, confidently assuaged a colleague's fear that Mr. Trump would become president: "No he won't. We'll stop it." An unnamed FBI lawyer assigned to Crossfire told a colleague he was "devastated" and "numb" after Mr. Trump won, while declaring to another FBI attorney: "Viva le resistance."

The report highlights the FBI's failure to act promptly upon discovering that Anthony Weiner's laptop contained thousands of Mrs. Clinton's emails. Investigators justified the delay by citing the "higher priority" of Crossfire. But Mr. Horowitz writes: "We did not have confidence that Strzok's decision to prioritize the Russia investigation over following up on [the] investigative lead discovered on the Weiner laptop was free from bias."

Similarly, although Mr. Horowitz found no evidence that then-FBI Director James Comey was trying to influence the election, Mr. Comey did make decisions based on political considerations. He told the inspector general that his election-eve decision to reopen the Clinton email investigation was motivated by a desire to protect her assumed presidency's legitimacy.

The inspector general wrote that Mr. Strzok's text messages "created the appearance that investigative decisions were impacted by bias or improper considerations." The report adds, importantly, that "most of the text messages raising such questions pertained to the Russia investigation." Given how biases ineluctably shape behavior, these facts create a strong inference that by squelching the Clinton investigation and building a narrative of Trump-Russia collusion, a group of government officials sought to bolster Mrs. Clinton's electoral chances and, if the unthinkable happened, obtain an insurance policy to cripple the Trump administration with accusations of illegitimacy.

What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire. And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

When the government deprives a person of life, liberty or property, it is required to use fundamentally fair processes. The Supreme Court has made clear that when governmental action "shocks the conscience," it violates due process. Such conduct includes investigative or prosecutorial efforts that appear, under the totality of the circumstances, to be motivated by corruption, bias or entrapment.

In *U.S. v. Russell* (1973), the justices observed: "We may someday be presented with a situation in which the conduct of law enforcement agents is so outrageous that due process principles would absolutely bar the government from invoking judicial processes to obtain a conviction." It didn't take long. In *Blackledge v. Perry* (1974), the court concluded that due process was offended by a prosecutor's "realistic likelihood of 'vindictiveness' " that tainted the "very initiation of proceedings." In *Young v. U.S. ex rel. Vuitton* (1987), the justices held that because prosecutors have "power to employ the full machinery of the state in scrutinizing any given individual . . . we must have assurance that those who would wield this power will be guided solely by their sense of public responsibility for the attainment of justice." Prosecutors must be "disinterested" and make "dispassionate assessments," free from any personal bias.
In *Williams v. Pennsylvania* (2016), the court held that a state judge's potential bias violated due process because he had played a role, a quarter-century earlier, in prosecuting the death-row inmate whose habeas corpus petition he was hearing. The passage of time and involvement of others do not vitiate the taint but heighten "the need for objective rules preventing the operation of bias that might

otherwise be obscured," the justices wrote. A single biased individual "might still have an influence that, while not so visible . . . is nevertheless significant."

In addition to the numerous anti-Trump messages uncovered by the inspector general, there is a strong circumstantial case—including personnel, timing, methods and the absence of evidence—that Crossfire was initiated for political, not national-security, purposes.

It was initiated in defiance of a longstanding Justice Department presumption against investigating campaigns in an election year. And while impartiality is always required, a 2012 memo by then-Attorney General Eric Holder emphasizes that impartiality is "particularly important in an election year," and "politics must play no role in the decisions of federal prosecutors or investigators regarding any investigations. . . . Law enforcement officers and prosecutors may never select the timing of investigative steps or criminal charges for the purpose of affecting any election, or for the purpose of giving an advantage or disadvantage to any candidate or political party."

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The chief evidence of collusion is the hacking of the Democratic National Committee's servers. But nothing in the public record suggests the Trump campaign aided that effort. The collusion narrative therefore hinges on the more generic assertion that Russia aimed to help Mr. Trump's election, and that the Trump campaign reciprocated by embracing pro-Russian policies. Yet despite massive surveillance and investigation, there's still no public evidence of any such exchange—only that Russia attempted to sow political discord by undermining Mrs. Clinton and to a lesser extent Mr. Trump.

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*Appeared in the June 23, 2018, print edition.*

Best,

Andrew

**Andrew Grossman**
Partner

<image001.png>

Washington Square
1050 Connecticut Ave, N.W. | Suite 1100
Washington, DC 20036-5304

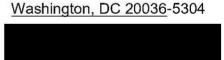

bakerlaw.com
<image002.png> <image003.png> <image004.png>

**From:** "Rivkin, David" <[redacted]>
**Date:** Friday, June 22, 2018 at 7:50 PM
**To:** "Grossman, Andrew M" <[redacted]>
**Subject:** <no subject>

Can you please send me WSJ op Ed. Tx

Sent from my iPhone

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**From:** [redacted]
**Sent:** 7/4/2018 1:23:17 PM
**To:** jeevacation@gmail.com
**Subject:** Re: Hello

**Importance:** High

By the way, your friend dershowitz is in hog heaven. He gets on every talk show on this issue, then he writes a piece about his friends now hate him, and today the Times has a piece about him writing a piece about how his friends hate him. He might just be the Kim Kardashian of the legal scene.

---

On Wednesday, July 4, 2018 jeffrey E. <jeevacation@gmail.com> wrote:

we're on the same team. strzok. testimony was that discussions with lovers , often include embellishments. and not indicative of non professionalism. I believe he said nothing more than it referenced " andys office". . paige says andy was there. how many other people were there ? were strzok and paige. off in the corner talking to each other . was mccabe on the phone? you know that taking emails alone is not meaningful. . isnt it a but much to say that prosecutors that have strong opinions . should be looked out with skepticism? who doesnt have bias. . strzok had many neg hillary opinions . . - michael cohen. michael flynn. . are not fictions created by mueller ? how are you ?

On Wed, Jul 4, 2018 at 8:31 AM, [redacted] wrote:

Gotti was an anomaly because of his personality (some agents loved him and some hated him); but I get your point. Couple of things:

1. This the investigation of the President. It is only as good as public confidence in it can be (subtracting the conspiracy theorists on both sides). We just can't have someone with this kind of political bias as a lead investigator. But more importantly, he was not alone. He was just stupid enough to show it in office emails. We don't yet know what his private emails showed. Strzok, however, says that he met with McCabe - the number 2 guy in the FBI - and in his office discussed how best to stop Trump from becoming President. That just cannot be tolerated. Plus, if I find any evidence of personal or other extraneous animus in any case by any agent or prosecutor, I view it as an open invitation for cross examination and any other exploitation possible as it cannot be an accepted part of the process.

2. In this whole matter, I am most disturbed by the composition of the Mueller team and it seems to me that if we are to learn anything from the IG's report it is the importance of having an investigation conducted above-board without personal and political baggage. Mueller had a whole universe of lawyers from around the country to choose from to make up his team. He purposefully chose a murderer's row of the worst. I can go one by one; but I will spare you. Here are a couple of examples:

A. Andrew Weissmann was known in the EDNY as "The Pathological Liar" after the SNL character. He literally would withhold exculpatory evidence throughout the case and then one day when defense counsel went to the bathroom or lunch, stick the documents under others on his table and tell the judge the lawyer had it all along. I have been brought into a case in which he lied from start to finish - and now his rats have come to me to admit their role in it - to get murder convictions in two cases. He has been cited by judges for his misconduct and he runined both Arthur Anderson and Enron through his work, all of which was rejected by the higher courts. He also is a Trump hater and Clinton sycophant. Mueller knows Weissmann's conduct up close and personal. He chose Weissmann for his chief counsel at the FBI years ago.

B. Jeannie Rhee, hand-picked by Mueller from Mueller's own firm, was actually Clinton's lawyer in the email investigation. Now how does that look. She also is a bully and thinks she is a real tough guy and I don't want that kind of character around. I also have an ineffective assistance of counsel case against her for a client in a $100 million earnings management fraud case in which she was way over her head.

C. Greg Andres was another bully who replaced Weissmann in the EDNY. He withheld evidence terribly in his cases, regularly threatened others, and accused a defendant of putting out a contract on him when he knew it was a completely bogus claim, but gave him the publicity he craved. He is 100% in the pro-Clinton, anti-Trump camp. President Obama gave his wife a federal judgeship on the SDNY

and on and on.

I don't personally believe Russia affected the election at all; but I certainly am not qualified to say. I do know that we have meddled in other countries' elections as a matter of policy forever. But the bottom line is, if there is to be an investigation, just play it straight up. I am friends for a long time with the IG. If they had picked him to head up the team, I would not be a weekly guest on Hannity tv and radio (I never would have been asked), as I know he would pick a team of honest folks from across the spectrum.

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: David Schoen [redacted]
Sent: Wed, Jul 4, 2018 8:10 am
Subject: Re: Hello

is it overblown. ? all mob prosecutors have strong feelings towards their targets. I recall many that told stories of how they despised gotti etc. why is stryok different ?

On Wed, Jul 4, 2018 at 7:51 AM, [redacted] wrote:

> I am obsessed with prosecutorial and FBI misconduct wherever it rears it ugly head and i am committed to doing what i can to fight it whether for my death penalty clients or a klansman. Lots of wrongdoing here and we all lose when the system breaks down.
>
> I assume you were just flipping the channels.
>
> Hope you are doing well. I see they never miss an opportunity to try to drag you in - saw an article the other day asking how you missed the #metoo press and tying you to trump. Didn't mention much of all you have been put through already. I hope the cases are all behind you now. I would have liked to have helped; but i guess you and your team decided on a different direction. Whatever works best.

---

On Wednesday, July 4, 2018 jeffrey E. <jeevacation@gmail.com> wrote:

judge jeannie?

On Mon, Apr 16, 2018 at 9:54 PM, [redacted] wrote:

> Just checking in to see how you are getting along these days. I hope all the litigation is well behind you and things are going well
>
> Take care.
>
> David
>
> David I. Schoen

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**From:** [redacted]
**Sent:** 7/4/2018 1:40:23 PM
**To:** jeevacation@gmail.com
**Subject:** Re: Hello

**Importance:** High

One guy in the Times article on him got it about right i think.

Apart from the publicity hound bit, i think of him as a guy who cut and run in your case and looked out for himself. He never hesitates to respond to me by email; but when i read about something that came up in his deposition that i thought might help you and emailed him for a copy - radio silence.

I guess these days he likes to make himself relevant. Oh well, we all have our strengths and weaknesses i am sure and i have many more of the latter.

---

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nicely put. !. sounds like you suffer a similar bias. :)

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On Wednesday, July 4, 2018 jeffrey E. <jeevacation@gmail.com> wrote:

we're on the same team. strzok. testimony was that discussions with lovers , often include embellishments. and not indicative of non professionalism. I believe he said nothing more than it referenced " andys office". . paige says andy was there. how many other people were there ? were strzok and paige. off in the corner talking to each other . was mccabe on the phone? you know that taking emails alone is not meaningful. . isnt it a but much to say that prosecutors that have strong opinions . should be looked out with skepticism? who doesnt have bias. . strzok had many neg hillary opinions . . - michael cohen. michael flynn. . are not fictions created by mueller ? how are you ?

On Wed, Jul 4, 2018 at 8:31 AM, <[redacted] wrote:

Gotti was an anomaly because of his personality (some agents loved him and some hated him); but I get your point. Couple of things:

1. This the investigation of the President. It is only as good as public confidence in it can be (subtracting the conspiracy theorists on both sides). We just can't have someone with this kind of political bias as a lead investigator. But more importantly, he was not alone. He was just stupid enough to show it in office emails. We don't yet know what his private emails showed. Strzok, however, says that he met with McCabe - the number 2 guy in the FBI - and in his office discussed how best to stop Trump from becoming President. That just cannot be tolerated. Plus, if I find any evidence of personal or other extraneous animus in any case by any agent or prosecutor, I view it as an

open invitation for cross examination and any other exploitation possible as it cannot be an accepted part of the process.

2. In this whole matter, I am most disturbed by the composition of the Mueller team and it seems to me that if we are to learn anything from the IG's report it is the importance of having an investigation conducted above-board without personal and political baggage. Mueller had a whole universe of lawyers from around the country to choose from to make up his team. He purposefully chose a murderer's row of the worst. I can go one by one; but I will spare you. Here are a couple of examples:

A. Andrew Weissmann was known in the EDNY as "The Pathological Liar" after the SNL character. He literally would withhold exculpatory evidence throughout the case and then one day when defense counsel went to the bathroom or lunch, stick the documents under others on his table and tell the judge the lawyer had it all along. I have been brought into a case in which he lied from start to finish - and now his rats have come to me to admit their role in it - to get murder convictions in two cases. He has been cited by judges for his misconduct and he runined both Arthur Anderson and Enron through his work, all of which was rejected by the higher courts. He also is a Trump hater and Clinton sycophant. Mueller knows Weissmann's conduct up close and personal. He chose Weissmann for his chief counsel at the FBI years ago.

B. Jeannie Rhee, hand-picked by Mueller from Mueller's own firm, was actually Clinton's lawyer in the email investigation. Now how does that look. She also is a bully and thinks she is a real tough guy and I don't want that kind of character around. I also have an ineffective assistance of counsel case against her for a client in a $100 million earnings management fraud case in which she was way over her head.

C. Greg Andres was another bully who replaced Weissmann in the EDNY. He withheld evidence terribly in his cases, regularly threatened others, and accused a defendant of putting out a contract on him when he knew it was a completely bogus claim, but gave him the publicity he craved. He is 100% in the pro-Clinton, anti-Trump camp. President Obama gave his wife a federal judgeship on the SDNY

and on and on.

I don't personally believe Russia affected the election at all; but I certainly am not qualified to say. I do know that we have meddled in other countries' elections as a matter of policy forever. But the bottom line is, if there is to be an investigation, just play it straight up. I am friends for a long time with the IG. If they had picked him to head up the team, I would not be a weekly guest on Hannity tv and radio (I never would have been asked), as I know he would pick a team of honest folks from across the spectrum.

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: David Schoen [redacted]
Sent: Wed, Jul 4, 2018 8:10 am
Subject: Re: Hello

is it overblown. ? all mob prosecutors have strong feelings towards their targets. I recall many that told stories of how they despised gotti etc. why is stryok different ?

On Wed, Jul 4, 2018 at 7:51 AM, [redacted] > wrote:

> I am obsessed with prosecutorial and FBI misconduct wherever it rears it ugly head and i am committed to doing what i can to fight it whether for my death penalty clients or a klansman. Lots of wrongdoing here and we all lose when the system breaks down.
>
> I assume you were just flipping the channels.

Hope you are doing well. I see they never miss an opportunity to try to drag you in - saw an article the other day asking how you missed the #metoo press and tying you to trump. Didn't mention much of all you have been put through already. I hope the cases are all behind you now. I would have liked to have helped; but i guess you and your team decided on a different direction. Whatever works best.

---

On Wednesday, July 4, 2018 jeffrey E. <jeevacation@gmail.com> wrote:

judge jeannie?

On Mon, Apr 16, 2018 at 9:54 PM, [redacted] wrote:

> Just checking in to see how you are getting along these days. I hope all the litigation is well behind you and things are going well
>
> Take care.
>
> David
>
> David I. Schoen

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**From:** [redacted]
**Sent:** 7/29/2018 5:34:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i was told that GCC leaders will meet Trump on or around sep 5 .. i hope this dispute comes to an end

Sent from my iPhone

On Jul 24, 2018, at 7:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

great

On Tue, Jul 24, 2018 at 6:25 PM, <[redacted]> wrote:

if you are in NY , maybe i visit in september

Sent from my iPhone

On Jul 23, 2018, at 10:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

now where is my friend?

--

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**From:** [redacted]
**Sent:** 7/29/2018 10:21:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i thought so

Sent from my iPhone

On Jul 29, 2018, at 8:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Unlikely

On Sun, Jul 29, 2018 at 1:34 PM <[redacted]> wrote:

i was told that GCC leaders will meet Trump on or around sep 5 .. i hope this dispute comes to an end

Sent from my iPhone

On Jul 24, 2018, at 7:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

great

On Tue, Jul 24, 2018 at 6:25 PM, <[redacted]> wrote:

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Date: Friday, August 3 2018 03:49 AM
Subject: Fwd: Our May conversation - more thoughts
From: Juleanna Glover <[redacted]>
To: jeffrey E. <jeevacation@gmail.com>;

Flagging for you. This went out to that circle of third party thinkers. Hope all is well, Jeffrey.!

RidgelyWalsh.com
[redacted]

Begin forwarded message:

**From:** Juleanna Glover <[redacted]>
**Date:** August 2, 2018 at 2:45:08 PM CDT
**To:** Juleanna Glover <[redacted]>
**Subject: Our May conversation - more thoughts**

Hi all –

I spent some time mulling additional aspects of a third choice presidential run and wanted to run five specific attributes for a candidate by you as a group.

This much we know - the Fall elections are shaping up to be a referendum on the most divisive American President in memory. The battle for potential Supreme Court justice Brett Kavanaugh's nomination this fall will only amplify the polarity of the political debate that is already deeply overwrought on both sides. The rising tide of pressure on Donald Trump from the Mueller investigation shows no sign of ebbing.

Unless the underlying political dynamics are disrupted, the outcomes of these unprecedented events will still leave us with the same unsatisfactory two front battlefield of the 2016 Presidential election. Watching these unrelenting, compounding events since our discussion in May, I am guessing we are all asking the same question: now what? For the 48 percent of Americans who believe Donald Trump should not be in the White House, perhaps we too want our own "chaos" candidate in 2020?

Should Trump run again, this could be a "break glass" moment for the majority of Americans who don't

support him. Do we want to break the genteel precedents of two parties running their ceremonious and seemingly illogical nominating process to select a candidate? (Why do Iowa and New Hampshire play such outsized roles? What kind of small-d democratic process relies on superdelegates?) The system failed in 2016, with both parties producing terribly flawed candidates in a race to the bottom. We need to build a back-up plan in the event the system fails again.

It's possible, of course, that we won't need a third-party candidate. Trump could decide not to run for whatever reason. The Democrats could nominate a winning 2020 candidate. I am not willing to take those bets.

The ideal candidate for a new third party is someone who is widely perceived to be that rare combination of both good *and* great. We are looking for a proven leader of men and women, someone with clear, democratic – and moral – values that reflect the best of America, not our worst. We know people like this on the national stage now.

As a thought experiment, consider the possibilities of a ticket outside the partisan lanes and imagine the chemistry of radical combinations: Biden/Romney? Bill Gates/Hogan? Bloomberg/Haley? Howard Schultz/Bob Corker? Sandberg/Kasich?

As we have discussed narrow path to electing the first president outside the two major party primary system in 168 years is more navigable than most think. Heading into 2020, converging trends in American's demands for a third party (a historic high of 61%), disapproval of Donald Trump holding steady above 50%, and the increasingly leftward drift of the Democratic Party suggest that electorate may be susceptible to merits of a new centrist party. Cynics will say that the structural impediments of ballot and presidential debate access, the overwhelming advantages of legacy parties' fundraising and voter turn-out operations preordain failure, but they're wrong; the legal and logistical hurdles are amenable to a combination of lawyering and resources. The bigger, more consequential factors come in terms of candidate quality and policy. I believe a candidate with five specific characteristics including a unique – and purposefully non-specific - policy agenda could limbo a win.

- This is what I think a successful third-party candidate looks like; a dream third party ticket would start off with enough name ID to be an instant contender. Building the name ID to run nationally is just too long and expensive of a process to accomplish in the 28 months until the next presidential election. We can't beat a celebrity without some celebrity of our own, whether from politics, sports, business, or entertainment. Instantaneous name ID is so crucial because the candidate must start out in striking distance in any three-way poll against Trump and a fill-in-the-blank Democratic flavor-of-the day candidate. The media and political class will predetermine irrelevance otherwise.

- A Democrat-leaning candidate would *have* to top the ideal third-party ticket. We need someone with a shot at snaking a plurality of the vote in the blue states Hillary Clinton won (227 electoral votes), but moderate enough to win a plurality in some combination of Trump states like Florida, Pennsylvania, Wisconsin and Michigan (another 119 votes). The right candidate may even to put North Carolina, Ohio, Indiana in play for a centrist bi-partisan ticket as well (totaling an electoral sweep of 464 elector votes). A right leaning candidate would meet the same fate as a primary challenger to Trump – for all intents and purposes we need to assume that 36% of voters won't be cleaved from Trump under any circumstances and run to win around them. The deep red states would be off the table entirely.

- With the Trump reality show airing daily, voters are now expecting to take their politics with a side of entertainment. Heretofore, ratings will matter no matter how dry the policy topic. Surely Stephen Colbert would gladly sacrifice his executive producer Chris Licht to produce a daily comedic segment of this dream candidate interviewing Americans in truck stops and McDonald's across the country. A few of the "Saturday Night Live" script writers could certainly be enticed to disguise serious debates as informative amusement. Any candidate must be committed to a near daily cadence of high quality, compelling video production. It will be especially crucial to keep the voters' attention during what will be a raucous Democratic primary season. Rules governing access to the general election debate stage dictate that a candidate enjoy support of at least 15% of voters in the months leading up to the general election.

- This dream candidate would pledge to serve only four years and address all of the U.S.'s ticking time bombs like Social Security, Medicare, health care reform, climate change, money in politics, gerrymandering, and infrastructure investment in a single term. This one-and-done term decouples our candidate from the usual politics and gives them the power of promise and deliver decisive action. A four-year term pledge ensures governance independent of campaign finance concerns and narrow special interests inherent to winning re-election. This "fix-it" ticket would promise to force decisions on all the underlying structural policy matters damaging America's long-term prospects and distorting our democracy. No more kicking the can down the road.

- This candidate should also pledge to push for laws passed that reflect the will of simple majorities in Congress. Congress now only allows bills to move forward when a "majority of a majority" supports the policy and on many levels seems fundamentally broken. This third-party president could force votes based on a transparent reading of where the votes lie via coalition building. The Senate filibuster power will present a high hurdle, but a third-party candidate would be a de facto disruptor of the two-party system. Party discipline could well break down, and moderates in both parties could form a powerful, decisive block willing to work with the new President. The policies passed into law may not be ideal for either Democrats or Republicans, but for the major agenda items that must be addressed for America's long-term health, an imperfect fix that corrects course is better than those that now have us hurtling toward national bankruptcy.

And if no candidate secures 270 electoral votes in 2020? The House of Representatives would choose the next president. In 2016, reports suggested Michael Bloomberg declined to run on a third-party ticket for fear of splitting support from Hillary Clinton and throwing the election to a GOP-controlled House of Representatives who would then vote to select the president. The fear was the GOP controlled House would have just elected Trump.

Would Democratic control of the House mean that the House would pick an alternative to Trump as president? Each state delegation has a single vote in selecting a president and it is the incoming Congress - the class elected in 2020 that would decide the election. But no matter which party has the speaker's chair, the GOP would almost certainly have the upper hand in the majority of state delegations controlled.

Would the state delegations pick a president based on party majority control of the delegation, the winner of the popular vote in each state or their own calculations as to who is best for America? Precedent suggests that delegations use secret ballots, which means individual lawmakers may vote their consciences.

If we recruit this ideal candidate; threading the needle of name ID, a center-left bent, a TV-savvy campaign team and a pledge to serve only four years with an apartisan agenda, money and campaign expertise would certainly follow. And 50 state ballot access is a function of time (starting in the fall of 2019 would be prudential) and hard work as we have discussed and many of you have exhaustively war-gamed.

Part and parcel of this effort would be motivating the often politically lackadaisical middle to vote. The raft of new technologies in data targeting and biometric mobile voting technology could transform the electorate in the next few, amping voter participation and injecting the voices of moderates (both in political views and level of political interest) into the process. And any third-party effort must incorporate advocacy for accelerated adaption of these all but inevitable voter verification tools. I believe Silicon Valley could be game-changing allies in this effort.

I am sure none of us doubt that chaos could potentially be unleashed by jamming three viable candidates into a two-party system. An election that ends up in the House of Representatives is an uncontrollable, murky and ancient process. But might that be a less scary prospect than relying on the Democrats to nominate a candidate who can beat Trump in 2020?

I look forward to talking more about all of our ideas on this hopeful project in coming weeks. Please feel free to call me to discuss. Thank you for taking time to review this note.

Sincerely,

Juleanna Glover

[redacted]

**Date:** Friday, August 3 2018 12:18 PM
**Subject:** Re: Exclusive: Bannon blasts 'con artist' Kochs, 'lame duck' Ryan, 'diminished' Kelly | TheHill
**From:** Steve Bannon <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

Where is this from???
On Aug 3, 2018, at 8:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

keep close !

This much we know - the Fall elections are shaping up to be a referendum on the most divisive American President in memory. The battle for potential Supreme Court justice Brett Kavanaugh's nomination this fall will only amplify the polarity of the political debate that is already deeply overwrought on both sides. The rising tide of pressure on Donald Trump from the Mueller investigation shows no sign of ebbing.

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whatever reason. The Democrats could nominate a winning 2020 candidate. I am not willing to take those bets.

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On Fri, Aug 3, 2018 at 8:16 AM, Steve Bannon <[redacted]> wrote:

Buried lede
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Fri, 3 Aug 2018 08:13:37 -0400
**To:** Steve Bannon<[redacted]>
**Subject:** Re: Exclusive: Bannon blasts 'con artist' Kochs, 'lame duck' Ryan, 'diminished' Kelly | TheHill

loved , not donors - but marks

On Fri, Aug 3, 2018 at 7:42 AM, Steve Bannon <[redacted]> wrote:

http://thehill.com/homenews/administration/400188-exclusive-bannon-blasts-con-artist-kochs-lame-duck-ryan-diminished

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**From**: Steve Bannon [redacted]
**Sent**: 8/11/2018 2:23:22 AM
**To**: jeevacation@gmail.com
**Subject**: Bannon on How 2008 Planted the Seed for the Trump Presidency

**Importance**: High

http://nymag.com/daily/intelligencer/2018/08/steve-bannon-on-how-2008-planted-the-seed-for-the-trump-presidency.html

**From**: Steve Bannon [redacted]
**Sent**: 8/11/2018 2:36:42 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Bannon on How 2008 Planted the Seed for the Trump Presidency

**Importance**: High

And Cohn corrupt

On Aug 10, 2018, at 10:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

calling mnuchin stupid was a lol

On Fri, Aug 10, 2018 at 10:23 PM, Steve Bannon [redacted]> wrote:

http://nymag.com/daily/intelligencer/2018/08/steve-bannon-on-how-2008-planted-the-seed-for-the-trump-presidency.html

--

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**Date:** Sunday, August 12 2018 05:23 PM
**Subject:** Steve Bannon had morning with disgraced Jeffrey Epstein
**From:** Peter Thomas Roth [redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

Great picture of you!!!

https://pagesix.com/2018/08/11/steve- bannon-trying-to-get-on-disgraced-jeffrey-epsteins-good-side/?utm_source=maropost &utm_medium=email &utm_campaign=pagesixdaily &utm_content=20180812 &mpweb=755-7237853-719173670

# Steve Bannon trying to get on disgraced Jeffrey Epstein's good side

By Emily Smith

Steve Bannon shared a secret meeting with reviled billionaire pedophile Jeffrey -Epstein at the financier's notorious Upper East Side mansion.

Former White House chief strategist Bannon was spotted stepping out of his SUV and entering the registered sex offender's sprawling 21,000-square-foot mansion at 9 E. 71st St. shortly before 7 a.m. Wednesday.

Epstein's -palatial pad is one of his homes where young girls were allegedly brought in to perform massages and used as "sex slaves."

We assume Bannon wasn't there for a massage.

Sources speculate that the disgraced -Epstein wants to use his millions to work his way close to political power again.

One told us, "Bannon needs money to bankroll his political agenda. Epstein has plenty of money, and craves power and access."

Bannon made an early-morning beeline to Epstein, even though Bannon may have burned bridges when he savaged Ivanka Trump over her criticism of Roy Moore, whom Bannon backed despite claims the candidate had sexually harassed teens. Citing an allegation in -legal

papers from a woman (who later dropped her lawsuit) that Donald Trump and Epstein had raped her when she was 13, Bannon said in response to Ivanka, "What about the allegations about her dad and that 13-year-old?"

Epstein has previously used his millions to cultivate the world's most powerful — but has mostly given money to Democrats.

From 2001 to 2003, Bill Clinton flew on Epstein's private plane, dubbed "The Lolita Express," 26 times. Epstein is close to Prince Andrew and was a regular at Trump's Mar-a-Lago.

Trump told New York magazine of Epstein in 2002, "Terrific guy. He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side."

Epstein, 65, pleaded guilty in 2008 to soliciting prostitution from a teen and served 13 months in jail.

Last year, he reportedly paid millions to settle three lawsuits filed against him by teens. Bannon's rep didn't comment. A lawyer for Epstein said, "Let me ask him," but didn't respond by deadline.

**Date:** Sunday, August 12 2018 05:42 PM
**Subject:** Re: Steve Bannon had morning with disgraced Jeffrey Epstein
**From:** Peter Thomas Roth <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

On Aug 12, 2018, at 1:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

fun

On Sun, Aug 12, 2018 at 1:23 PM, Peter Thomas Roth <[redacted]> wrote:

Great picture of you!!!

https://pagesix.com/2018/08/11/steve-bannon-trying-to-get-on-disgraced-jeffrey-epsteins-good-side/?utm_source=maropost&utm_medium=email&utm_campaign=pagesixdaily&utm_content=20180812&mpweb=755-7237853-719173670

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**From:** Robert Kuhn [redacted]
**Sent:** 8/23/2018 6:28:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - Radical Breakthroughs

**Importance:** High

Two short commentaries on our favorite Trade War - CNBC yesterday, Fox Business today.

**CNBC** - August 22, 2018
**https://www.cnbc.com/video/2018/08/22/us-and-china-have-self-fulfilling-prophecies-on-both-sides-for-trade-says-expert.html**

**Fox Business** - August 23, 2018
**http://video.foxbusiness.com/v/5825805484001/?playlist_id=3166411554001#sp=show-clips**

On Aug 19, 2018, at 10:39 AM, Robert Kuhn <[redacted]> wrote:

If return, let me know; if not, I'm back Sept 25 - Oct. 14.

On Aug 19, 2018, at 7:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I might return , to ny this week not sure yet

On Sat, Aug 18, 2018 at 11:53 PM, Robert Kuhn <[redacted]> wrote:

Jeffrey:

How's all in our crazy world?

I'm in NY until August 31 (then again, after Beijing, Sept. 25 – Oct. 14). If you are in town, meet?

When convenient, I'd like you to meet Peter Getzels, Closer To Truth producer/director (I've worked with Peter for 12 years); he would very much like to meet you in person, describe the Radical Breakthroughs process in detail, get your feedback. He would come up from DC. We can always do Skype, of course, but Peter would appreciate to meet in person early in the process. Breakthroughs is a Big Project, big opportunity for impact. All are truly excited.

Below are highlights of Breakthroughs progress.

Attached is latest CNN on trade war and below are links (caution: a few weeks old is ancient history in Trump time).

*The US trade war against China: The view from Beijing*
https://news.cgtn.com/news/3d3d514f3551544f78457a6333566d54/share_p.html

*How should China handle the trade war?*
https://news.cgtn.com/news/3d3d774d3449544d79457a6333566d54/share_p.html

Love to discuss stuff.

Robert

Radical Breakthrough Development Work

• Research on each of the 13 episodes is ongoing and we are moving towards creating a short list of the top contributors per episode (with some contributors in multiple episodes).

• We are aggregating the top contributors around 4 to 5 central locations, such as SF Bay Area, LA, Chicago, Boston, New York, Santa Fe, London, Oxford, and Cambridge for the main shoots.

• We are creating a short list of locations for the secondary shoot - i.e. the more observational shoots on specific labs and research facilities, such as the Music Lab at McGill, the Sleep Lab at Harvard.

• We are planning a recce in the autumn to assess locations and meet some of the key contributors.

• We've brought on a production manager / line producer as we develop detailed research, contributors, locations, budgets.

• Our team is working toward interviewing and hiring a top science-literate associate producer / dedicated research producer. We've been coordinating with colleagues at HHMI (Howard Hughes Medical Association) as well as National Geographic for staffing referrals, and now have a strong short list. This is a critical, long-term position.

• We are assessing graphics and animation companies and researching styles and graphic ideas that we might use to communicate some of the more complex ideas.

• Our digital team is researching a web extension for the www.closertotruth.com website, developing ideas for a dedicated site neighborhood for "Radical Breakthroughs." We are in discussions with several website design companies, including the company that designed and built our original CTT site, for ideas and bids on creating the expanded site.

• By mid-October, we expect to begin to schedule the shoots.

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**From**: [redacted]
**Sent**: 8/23/2018 8:25:40 PM
**To**: jeevacation@gmail.com
**Subject**: Trump @ War

**Importance**: High

https://app.frame.io/presentations/a87092af-cb6a-473b-9241-582c03dbb906

Sent from ProtonMail Mobile

**From**: Larry Summers [redacted]
**Sent**: 9/12/2018 3:01:20 AM
**To**: jeevacation@gmail.com
**Subject**: Fwd: This morning

**Importance**: High

More than u may want to know
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
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Begin forwarded message:

**From:** "Maskin, Eric" [redacted]
**Date:** September 11, 2018 at 10:24:21 PM EDT
**To:** LHS [redacted]
**Subject: RE: This morning**

I believe there are, but don't know how careful they are. I will try to get you references.

---

**From:** LHS <[redacted]
**Sent:** Tuesday, September 11, 2018 10:23 PM
**To:** Maskin, Eric <[redacted]>
**Cc:** lhsoffice [redacted]
**Subject:** Re: This morning

Are there empirical studies on turnout.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Sep 11, 2018, at 10:20 PM, Maskin, Eric <[redacted]> wrote:

Yes, we can expect more extremists to run under RCV. But also more centrists (e.g., Bloomberg). Since the centrists are closer to the median voter, they will defeat the extremists.

The evidence I have seen suggests that RCV *increases* turn-out. [But it's important that voters be given the choice to rank as many or few candidates as they like, so that a voter always has the option of voting for a single candidate (in effect, he would be ranking all other candidates as tied for second). In practice, most voters choose to rank two or three candidates, but a significant fraction just rank one]

In fact the increase in the diversity of candidates under RCV is related to turn-out. If RCV had been used in 2016, Bernie Sanders could have run as an independent in the general election without fear of guaranteeing a Trump victory. Many of the Bernie supporters who stayed home on election day might then have voted---and presumably would have ranked Clinton second. This would have given her a victory over Trump in Michigan, Wisconsin, and Pennsylvania (and possibly elsewhere).

Eric

---

**From:** LHS [redacted]
**Sent:** Tuesday, September 11, 2018 7:52 PM
**To:** Maskin, Eric <[redacted]>
**Cc:** lhsoffice [redacted]
**Subject:** Re: This morning

I get that formal argument

What about aspects not quite in model.
More folk will run from extremes if they can attract more First run votes. Candidates can position a bit.

Separately I pitched this to someone today.

He said he had heard that because of its greater complexity African American and lower income turnout was depressed. Is there evidence on turnout impacts?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Sep 11, 2018, at 6:05 PM, Maskin, Eric <[redacted]> wrote:

Hi Larry,

Thank you very much for taking the meeting this morning. I'm glad you found it worthwhile, and I agree with you that Adam Friedman's commitment to the project is impressive.

I AM serious about working on this---it's a nice opportunity to make important practical use of some interesting theory. Voting rules may seem nerdy and dry, but they can make an enormous difference to actual politics

The formal argument that RCV promotes centrism better than the current system (plurality rule) is straightforward. Suppose that most voters vote ideologically in the sense that the closer a candidate is to their own position on the left-right spectrum, the more like they are to vote for him. Then under majority rule (my favorite voting system)---in which voters rank candidates and the winner is the candidate who beats all other in pairwise comparisons----the winner will be the median voter's favorite candidate -----in other words, the most centrist candidate gets elected (this assumes that there are enough candidates running so that there is one who is reasonably close to the median voter). Now observe that RCV is in between majority rule and plurality rule, and so will promote centrism better than plurality rule.

Best wishes, Eric

**From:** LHS <[redacted]
**Sent:** Tuesday, September 11, 2018 4:16 PM
**To:** Maskin, Eric[redacted]
**Cc:** lhsoffice[redacted]
**Subject:** This morning

It was fun and interesting.

I admire your friends determination.

Are you serious about working on this?

Has anyone done a full analysis of this and polarization.

Seems like on one hand it might encourage Ralph Nader cuz he d get more first round votes and not elect George bush. This might be bad.

On other hand, gore would not have to move left to take Nader vote.

If I like centrism is it clear that this is better.

I get that it avoids arbitrary outcomes but assume that a tea party nut is as likely to elect a dem as a lefty is to elect et a republican.

Anyway thanks for setting up.

Btw I gave them 10,000.

Larry
Sent from my iPad

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**From:** Jack LANG [redacted]
**Sent:** 9/24/2018 2:43:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Dear Jeffery,

The best solution is to put you in contact with Philippe Castro who works on the film with Serge Moati and who speaks english.

Serge Moati doesn't speak english.

Here are the contacts from Philippe:[redacted]and[redacted]

Withe my friendship,

Jack

Le 20 sept. 2018 à 12:01, jeffrey E. <jeevacation@gmail.com> a écrit :

i was offline for yom kippur . can you put me in direct contact .? happy holiday

On Wed, Sep 19, 2018 at 10:56 AM, Jack LANG <[redacted]> wrote:

> Dear Jerffrey,
>
> Dear Jerffrey,
>
> Have you received my email about Serge Moati's film project?
>
> Our recent conversation on Trump was exciting.
>
> Once again you are right.
>
> See you soon,
>
> With my friendship,
>
> Jack
>
> Le 12 sept. 2018 à 13:24, jeffrey E. <jeevacation@gmail.com> a écrit :
>
> Jack- tom - tom jacques
> --
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**From:** Michael Wolff [redacted]
**Sent:** 11/5/2018 8:25:02 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I haven't done that party yet...

On Mon, Nov 5, 2018 at 3:23 PM J <jeevacation@gmail.com> wrote:

> thnks for letting me sound smart :)
>
> On Mon, Nov 5, 2018 at 8:36 PM Michael Wolff <[redacted]> wrote:
>
> > I was thinking of opening with you and Bannon talking about Trump. Would let you sound smart and offer what I think would be a crowd-pleasing perspective, and make you seem like a credible player--former friend of Trump, advisor to world leaders, sought after person, etc--without having to too much rehash old stuff.
> >
> > Doesn't seem like they can win...but who knows. I'm meeting Bannon had 3 tomorrow and will stay with him until the end.
> >
> > On Mon, Nov 5, 2018 at 2:08 PM J <jeevacation@gmail.com> wrote:
> >
> > > if the republicans pull this off , steve would deserve most of the credit. . he was way out in front on this way out. . . execution not to his liking but..... on another note , what were you thinking about me in the book, with what moniker
> >
> > --
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**From:** Michael Wolff [redacted]]
**Sent:** 12/4/2018 1:23:53 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I think it's a useful point, potentially a powerful one. But I don't think anything is going to get attention now. I would look for some reporter to do a more nuanced post-morten on the case--with it's Trump overtones, legal joustings, #metoo-isms, and profit-motives. WSJ is probably right place.

On Tue, Dec 4, 2018 at 7:59 AM J <jeevacation@gmail.com> wrote:

> do you think the press would react to the fact that all the settlement money is going to the attorney and none to the girls.? react to the fact that the case was settled but the lawyers wanted to trumpet their success.
>
> --
> please note
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**From:** Larry Summers [redacted]
**Sent:** 1/4/2019 7:01:05 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Tmrw

Modestly interesting developments re dear Abby issue. Quite confused.

Trump seems about same

Sent from my iPhone

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On Jan 4, 2019, at 1:24 PM, J <jeevacation@gmail.com> wrote:

back?

On Wed, Dec 26, 2018 at 2:53 PM Larry Summers < [redacted] wrote:
Too bad

Can we lock in next year now.

Will only revert if Chinese dynamics require.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 26, 2018, at 2:51 PM, J <jeevacation@gmail.com> wrote:

not likely. ive gotten 6 so far , and was told after 4 no more

On Wed, Dec 26, 2018 at 1:54 PM Larry Summers < [redacted] > wrote:
If i want to go can u get me invited.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 26, 2018, at 8:36 AM, J <jeevacation@gmail.com> wrote:

davos nothing personal-- trying to bring more sitting rather than former. demand 150% of past for attendance.

On Tue, Dec 25, 2018 at 1:37 PM Larry Summers <[redacted]> wrote:
I ll call sometime today.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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www.larrysummers.com

On Dec 25, 2018, at 1:29 PM, J <jeevacation@gmail.com> wrote:

561 655 7626

On Tue, Dec 25, 2018 at 1:06 PM Larry Summers <[redacted]> wrote:
What number r u at?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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www.larrysummers.com

On Dec 25, 2018, at 9:26 AM, J <jeevacation@gmail.com> wrote:

being asked for 3 names to replace mnuchin

On Fri, Dec 21, 2018 at 8:23 PM Larry Summers <[redacted]> wrote:
Will
Call tonite or at some point.
Will u be visiting Mara Lago.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 21, 2018, at 7:01 PM, J <jeevacation@gmail.com> wrote:

im in palm beach all weekend

On Fri, Dec 21, 2018 at 6:42 PM Larry Summers <[redacted]> wrote:
Yup. Want to discuss the Donald at some point

Curious re Dersh

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 21, 2018, at 6:29 PM, J <jeevacation@gmail.com> wrote:

you back?

On Sat, Dec 15, 2018 at 9:00 PM Larry Summers <[redacted]> wrote:
Is calling from here prudent

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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www.larrysummers.com

On Dec 16, 2018, at 1:52 AM, J <jeevacation@gmail.com> wrote:

Ok

On Sat, Dec 15, 2018 at 12:27 PM Larry Summers <[redacted]> wrote:
In China. Too much talk may be mistake.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 15, 2018, at 10:38 PM, J <jeevacation@gmail.com> wrote:

561 655 7626

On Fri, Dec 14, 2018 at 6:12 PM Larry Summers <[redacted]> wrote:
She wants no contact except re article

I'm having very good time w lisa

I'm avoiding contact

I'm off to China. Told her.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 15, 2018, at 10:07 AM, J <jeevacation@gmail.com> wrote:

news?

On Sat, Dec 1, 2018 at 1:52 PM Larry Summers <[redacted]> wrote:
Call me or give number

She did well was mostly into that

Took my suggestions re her talk

Interested in my commentary on her outfits

Was appreciative but seemed very dry eyed on my message re marriage pigheaded etc

I referenced your having figured us out told me to be fair and got me thinking

Suspects she thinks richer dialog between us.

Think cooling off while I'm away is good thing

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 1, 2018, at 1:34 PM, J <jeevacation@gmail.com> wrote:

?

On Sat, Dec 1, 2018 at 10:38 AM LHS <[redacted]> wrote:
Yup

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
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On Dec 1, 2018, at 10:31 AM, J <jeevacation@gmail.com> wrote:

well your debating tips obviously worked as ? youre fucked , was my expression inserted as one to remember :)

On Sat, Dec 1, 2018 at 10:29 AM LHS <[redacted]> wrote:
Game day at conference she was extremely good

Smart

Assertive and clear

Gorgeous.

I'm fucked.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 1, 2018, at 9:11 AM, J <jeevacation@gmail.com> wrote:

thanking her for fortitude in dealing with what has obvioulsy been a tough situation. and acknowlegin both how difficult it has been coupled with your inate insensitivty . and apologizing for not fully recogbnizing how difficult it has been l

On Sat, Dec 1, 2018 at 9:08 AM LHS <[redacted]> wrote:
I sent a note just asking her to txt when she was up cuz I had something brief to say to her.

Didn't want to push cuz she takes her 930 presentation here very seriously.

Better after her talk.

Am I thanking her or being sorry re my being married. I think the former.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Dec 1, 2018, at 8:57 AM, J <jeevacation@gmail.com> wrote:

results?

On Fri, Nov 30, 2018 at 10:54 PM LHS <[redacted]> wrote:
What number?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 30, 2018, at 10:53 PM, J <jeevacation@gmail.com> wrote:

once you decide which way, we can set it up with option to purchase

On Fri, Nov 30, 2018 at 10:46 PM LHS <[redacted]> wrote:
You were good.

Thought if u didn't know that we had been a couple she gave it away w familiarity and barbed comments.

Think for now I'm going nowhere with her except economics mentor.

I think I'm right now in the seen very warmly in rear view mirror category.

She did not want to have a drink cuz she was "tired"

I left the hotel lobby somewhat abruptly.

When I'm reflective I think I'm dodging a bullet. There are huge ups with her but very self involved and to get her to be good probably requires more firmness than I enjoy.

Think right thing is to cut off contact. Suspect she will miss it. Problem is I will too.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 30, 2018, at 10:35 PM, J <jeevacation@gmail.com> wrote:

im a pretty good wing man , no? anymore , how great larry is comments and i would have had to barf. great fun

On Thu, Nov 29, 2018 at 4:48 PM LHS <[redacted]> wrote:
Is there risk that u are staked our re tmrw night

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 29, 2018, at 4:47 PM, J <jeevacation@gmail.com> wrote:

short lived , no worry

On Thu, Nov 29, 2018 at 4:45 PM LHS <[redacted]> wrote:
I ll show it to her.

U have returned to the press

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 29, 2018, at 3:07 PM, J <jeevacation@gmail.com> wrote:

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<137cae2c-8e79-4ab3-895a-134381421cc0-1.MP4>

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**From**: Michael Wolff [redacted]
**Sent**: 5/23/2019 12:24:11 AM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Where are you tomorrow?

On Wed, May 22, 2019 at 8:23 PM J <jeevacation@gmail.com> wrote:

> Why had no one interviewed some of trump classmates at wharton ? Deutsh bank papers very bery bad
> --
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**From:** Michael Wolff [redacted]
**Sent:** 5/23/2019 12:56:01 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Lunch tomorrow? Or after? I have 4:00 appt. anytime before works.

On Wed, May 22, 2019 at 8:53 PM J <jeevacation@gmail.com> wrote:

> Free afternoon
>
> On Wed, May 22, 2019 at 8:24 PM Michael Wolff <[redacted]> wrote:
>
> > Where are you tomorrow?
> >
> > On Wed, May 22, 2019 at 8:23 PM J <jeevacation@gmail.com> wrote:
> >
> > > Why had no one interviewed some of trump classmates at wharton ? Deutsh bank papers very bery bad
> > > --
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/20/2014 1:43:23 PM
**To**: Kathy Ruemmler [redacted]
**Subject**: Re: Floor Statement of Senator Barack Obama on the Nomination of Alberto Gonzales for Attorney General - Wikisource, the free online library

**Importance**: High

Wow

On Saturday, September 20, 2014, Kathy Ruemmler <[redacted]> wrote:

http://en.m.wikisource.org/wiki/Floor_Statement_of_Senator_Barack_Obama_on_the_Nomination_of_Alberto_Gonzales_for_Attorney_General

Sent from my iPad

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/15/2014 12:23:42 AM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Obama Favoring Former White House Counsel Kathryn Ruemmler to Succeed Holder as Attorney General - Bloomberg

**Importance:** High

ok

On Tue, Oct 14, 2014 at 8:22 PM, Kathy Ruemmler <[redacted]> wrote:

> I'm almost home. Call there in 10? [redacted]
>
> On Oct 14, 2014 8:20 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
>
> > number?
> >
> > On Tue, Oct 14, 2014 at 8:10 PM, Kathy Ruemmler <[redacted]> wrote:
> >
> > > http://mobile.bloomberg.com/news/2014-10-14/ruemmler-said-to-emerge-as-obama-favorite-for-justice-job.html
> >
> > --
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**Date:** Monday, January 19 2015 09:48 AM
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Bill Gates [redacted]; Larry Cohen [redacted];

I guess i won't be able to run for office for a while. . the forbes 400 list is now over 3 trillion in wealth that will be transfered. obama will try to void the step -up , it won't pass this time, but more of an impetus for some, ( though hardly needed ).

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**Date:** Tuesday, March 31 2015 03:26 PM
**Subject:** Fwd: fact checking questions for New York Magazine story
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Darren Indyke <[redacted]>;

---

---------- Forwarded message ----------
From: **Yablon, Alex** <[redacted]>
Date: Tue, Mar 31, 2015 at 11:23 AM
Subject: fact checking questions for New York Magazine story
To: "jeevacation@gmail.com " <jeevacation@gmail.com>

Hi Jeffrey,

Sorry for the phone tag. In case it's easier to respond by email, I have put my questions below. I'm at my desk and should be here until 5, and should be free on my cell phone after 6:30.

Best,

Alex
office[redacted]
cell:[redacted]

-what is the square footage of your Manhattan home?
-do you work on a laptop from your dining room, with a large white board for notes and several pairs of reading glasses close at hand? Is the dining room windowless?
-do paparazzi often camp outside your home?
-did Michael once visit on the same day as a head of state who'd had a police escort?
-did you tell Michael about a dinner you'd hosted for six tech entrepreneurs who had a combined worth of several hundred billion dollars? When was this meal?
-Do you believe that there are now more people who possess Roosevelt or Carnegie-levels of wealth, the sort that can rival governments in influence? That these people face unusual challenges when entering philanthropy due to the sheer size of their fortunes? That the rich may know the business that made them rich, but not money itself?
-are you interested in what will happen to the $4.2 trillion possessed by the super-rich in 40-odd years once they have mostly died?
-Do you believe no superrich people want to give their entire fortunes to their children for fear of how it might affect them?
-do you advise the Bill and Melinda Gates Foundation on how to convince other billionaires to join their initiatives?
-did you volunteer to invest $20 million dollars in Michael's attempt to buy New York Magazine in 2004?
-do you believe the recent claims about Alan Dershowitz and Prince Andrew in relation to you are "ludicrous" ?
-When you met Michael for lunch in the West Village, was it the first time in 10 years you'd gone to lunch at a restaurant?
-Do you have a support staff of young women in their 20s and 30s? Have some of them worked for you for many years, through their own marriages and as they raise families? Have any of these employees been romantically involved with you? When Michael came to your home, had one of these women recently gone on an around the world honeymoon, which you arranged? Do they often travel with you to your other homes – in New Mexico, Paris, Palm Beach, and in the Caribbean? Do you maintain there is no quid-pro-quo in the relationships with these women? Do these women often socialize with the policy makers and businessmen with whom you often meet?
-Is your current girlfriend a dental student you met four years ago at a dinner party in New York?
-Did you date Eva Andersson Dubin? Have you known her for 30 years? Did you pay for her to go to medical school?
-when you take meetings in your Manhattan dining room, do you take your guests out to a Sabrett hot dog cart? Will the women who work for you accompany you?
-Did you invite Michael to sit in on a presentation by a group of quants? Are you looking for a group of quants who have developed promising investing algorithms, and do you plan to invest $5 million with each?
-during U.N. Week in late September, did you host a Sunday night discussion with Bill Gates, Mort Zuckerman, and Peter Thiel?

Was anyone else in attendance? Were you discussing a possible Gates Foundation donor advised fund?
-Did you host Sheikh Hamad Bin Jassim and several others from Qatar? Do you know if the Sheikh has a home across the street from you in Manhattan? Did they talk to you about bribery compromising their bid for the World Cup? When was this? Did they bring a gift of chocolate made with pistachios grown on the Sheikh's farm?
-The morning after the Qataris came over, did you have a 9 AM breakfast with the attorney Reid Weingarten? Did you discuss his defense of CT governor John Rowland, the Qatari visit, and who controls ISIS? Did Weingarten believe Turkey was using ISIS as a proxy against the Kurds?
-After this, did you meet with Brock Pierce to discuss bitcoin? Did Larry Summers join this meeting?
-That evening, did you host Australian PM Kevin Rudd and Thorborn Jagland for a cocktail party? Did Jagland critique US foreign policy? Did you offer to fly him back to Europe on your jet?
-The following morning, did Ehud Barack come over for breakfast? Did he have an omelet? Did he defend both Putin and Obama?
-Was this followed by a senior White House official, whose name you don't want mentioned?
-Did you then meet with Elisa New to discuss supporting a poetry series and other sources of funding? Did you forcefully critique her proposed budget?
-After meeting with New, did you meet with the following: Hardeep Purie, Kairat Kelimbetov, Nathan Myhrvold, Martin Nowak, Richard Axel, Ron Baron, Josh Harris? Have you funded Nowak's program at Harvard with $30 million?
-did Michael join a lunch at your home with Bill Richardson?
-do you believe powerful people seek your advice because you're not affiliated with any institution, so you have no ulterior motives when giving them advice?
-is your Paris home a 10,000 sq ft apartment on Avenue Foch? Does it have a stuffed baby elephant in its living room? Is it meant as a reminder that elephants have 23 copies of tumor suppressor genes?
-Is the only book on your bedside table Lolita? Are you a fan of Nabokov?
-Did you tell Michael that he should make a particular $100k investment in early September? What was it?
-Were you born on 1953 in Coney Island? Was your father a Parks dept employee? Was your mother a housewife?
-were you the captain of the math team at Lafayette High School?
-did you study at Cooper Union for two years before beginning classes at NYU's Courant classes? After this, did you teach math at Dalton? Was this your first exposure to wealthy people? Did this teach you the rich had just as many problems as the working class, only theirs were caused by too much money rather than too little?
-Did Punch Sulzberger try to convince you to join the NYT from Dalton? Did you once drive with Sulzberger to his country estate in a wood paneled station wagon, while he talked on a phone to his chaffeur?
-did you meet Ace Greenberg through his children at Dalton?
-Did he say that given your reputation for intelligence and Jewish heritage, you should be working at Bear Stearns? Was this in the late 70s?
-Did you soon move to a penthouse at 66th St. and 2nd Avenue?
-During this time did you regularly attend Studio 54?
-Have you ever drank or taken drugs?
-Do you believe that in the 50's, finance was governed by personal relationships, but in the 70's, with the rise of derivatives trading, math began to dominate the field?
-Did you never want to get married to maintain your freedom?
-Did you become close to Jimmy Cayne?
-Did you leave Bear Stearns in 1982? Why? Did you take clients including Marvin Davis and Herb Siegel?
-Were you then dating Morgan Fairchild?
-During the 80s, did you frequently go to England where you befriended Robin Reach and attended country shooting parties and black tie dinners?
-Were you mainly interested in meeting smart people rather than amassing a personal fortune?
-do you think that billionaire-level worth creates worries that millionaires don't face? Does traditional wealth management not work for billionaires?
-Did you help governments that came after corrupt dictators reclaim stolen assets? Which governments?
-Did you begin advising and representing wealthy people and families regarding philanthropy during this period?
-Did you advise Steven Hoffenberg?
-Did you attend the 1994 Serpentine Gallery gala? Did you socialize with Princess Diana at that event?
-Did you meet Bill Clinton after he left the White House? Did this change the arc of your life?
-did you buy your Manhattan home from Les Wexner?
-Did you meet with Larry Page and Sergey Brin during your 2002 trip to the TED conference? Did they describe a plan to market Google bras with the o's as cups? Did they believe Google was a good company name because men would be drawn to the oo?

-Soon after this, did you have an assistant schedule a meeting with Michael for advice about the media as both Vanity Fair and New York Magazine were profiling you? Did you also ask Graydon Carter for advice, expressing doubts about increased public profile, to which Carter said you should have moved to a Queens 2 bedroom if you wanted to avoid publicity?
-Have you had a daily massage for several years? When you got your daily massage in Palm Beach, did the masseuses often come from parlors your termed "Jack Shacks" ? Did they sometimes have "happy endings" ? Would there be many different masseuses, recommended by word of mouth?
-After Palm Beach police started investigating you, did you ask Alan Dershowitz to come to Florida to provide you with legal help?

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**Date:** Tuesday, March 31 2015 03:32 PM
**Subject:** Fwd: fact checking questions for New York Magazine story
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Michael Wolff <[redacted]>;

nfw

---------- Forwarded message ----------
From: **Yablon, Alex** <[redacted]>
Date: Tue, Mar 31, 2015 at 11:23 AM
Subject: fact checking questions for New York Magazine story
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

Hi Jeffrey,

Sorry for the phone tag. In case it's easier to respond by email, I have put my questions below. I'm at my desk and should be here until 5, and should be free on my cell phone after 6:30.

Best,

Alex
office:[redacted]
cell:[redacted]

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-do you work on a laptop from your dining room, with a large white board for notes and several pairs of reading glasses close at hand? Is the dining room windowless?
-do paparazzi often camp outside your home?
-did Michael once visit on the same day as a head of state who'd had a police escort?
-did you tell Michael about a dinner you'd hosted for six tech entrepreneurs who had a combined worth of several hundred billion dollars? When was this meal?
-Do you believe that there are now more people who possess Roosevelt or Carnegie-levels of wealth, the sort that can rival governments in influence? That these people face unusual challenges when entering philanthropy due to the sheer size of their fortunes? That the rich may know the business that made them rich, but not money itself?
-are you interested in what will happen to the $4.2 trillion possessed by the super-rich in 40-odd years once they have mostly died?
-Do you believe no superrich people want to give their entire fortunes to their children for fear of how it might affect them?
-do you advise the Bill and Melinda Gates Foundation on how to convince other billionaires to join their initiatives?
-did you volunteer to invest $20 million dollars in Michael's attempt to buy New York Magazine in 2004?
-do you believe the recent claims about Alan Dershowitz and Prince Andrew in relation to you are "ludicrous" ?
-When you met Michael for lunch in the West Village, was it the first time in 10 years you'd gone to lunch at a restaurant?
-Do you have a support staff of young women in their 20s and 30s? Have some of them worked for you for many years, through their own marriages and as they raise families? Have any of these employees been romantically involved with you? When Michael came to your home, had one of these women recently gone on an around the world honeymoon, which you arranged? Do they often travel with you to your other homes – in New Mexico, Paris, Palm Beach, and in the Caribbean? Do you maintain there is no quid-pro-quo in the relationships with these women? Do these women often socialize with the policy makers and businessmen with whom you often meet?
-Is your current girlfriend a dental student you met four years ago at a dinner party in New York?
-Did you date Eva Andersson Dubin? Have you known her for 30 years? Did you pay for her to go to medical school?
-when you take meetings in your Manhattan dining room, do you take your guests out to a Sabrett hot dog cart? Will the women who work for you accompany you?
-Did you invite Michael to sit in on a presentation by a group of quants? Are you looking for a group of quants who have developed promising investing algorithms, and do you plan to invest $5 million with each?

-during U.N. Week in late September, did you host a Sunday night discussion with Bill Gates, Mort Zuckerman, and Peter Thiel? Was anyone else in attendance? Were you discussing a possible Gates Foundation donor advised fund?
-Did you host Sheikh Hamad Bin Jassim and several others from Qatar? Do you know if the Sheikh has a home across the street from you in Manhattan? Did they talk to you about bribery compromising their bid for the World Cup? When was this? Did they bring a gift of chocolate made with pistachios grown on the Sheikh's farm?
-The morning after the Qataris came over, did you have a 9 AM breakfast with the attorney Reid Weingarten? Did you discuss his defense of CT governor John Rowland, the Qatari visit, and who controls ISIS? Did Weingarten believe Turkey was using ISIS as a proxy against the Kurds?
-After this, did you meet with Brock Pierce to discuss bitcoin? Did Larry Summers join this meeting?
-That evening, did you host Australian PM Kevin Rudd and Thorborn Jagland for a cocktail party? Did Jagland critique US foreign policy? Did you offer to fly him back to Europe on your jet?
-The following morning, did Ehud Barack come over for breakfast? Did he have an omelet? Did he defend both Putin and Obama?
-Was this followed by a senior White House official, whose name you don't want mentioned?
-Did you then meet with Elisa New to discuss supporting a poetry series and other sources of funding? Did you forcefully critique her proposed budget?
-After meeting with New, did you meet with the following: Hardeep Purie, Kairat Kelimbetov, Nathan Myhrvold, Martin Nowak, Richard Axel, Ron Baron, Josh Harris? Have you funded Nowak's program at Harvard with $30 million?
-did Michael join a lunch at your home with Bill Richardson?
-do you believe powerful people seek your advice because you're not affiliated with any institution, so you have no ulterior motives when giving them advice?
-is your Paris home a 10,000 sq ft apartment on Avenue Foch? Does it have a stuffed baby elephant in its living room? Is it meant as a reminder that elephants have 23 copies of tumor suppressor genes?
-Is the only book on your bedside table Lolita? Are you a fan of Nabokov?
-Did you tell Michael that he should make a particular $100k investment in early September? What was it?
-Were you born on 1953 in Coney Island? Was your father a Parks dept employee? Was your mother a housewife?
-were you the captain of the math team at Lafayette High School?
-did you study at Cooper Union for two years before beginning classes at NYU's Courant classes? After this, did you teach math at Dalton? Was this your first exposure to wealthy people? Did this teach you the rich had just as many problems as the working class, only theirs were caused by too much money rather than too little?
-Did Punch Sulzberger try to convince you to join the NYT from Dalton? Did you once drive with Sulzberger to his country estate in a wood paneled station wagon, while he talked on a phone to his chaffeur?
-did you meet Ace Greenberg through his children at Dalton?
-Did he say that given your reputation for intelligence and Jewish heritage, you should be working at Bear Stearns? Was this in the late 70s?
-Did you soon move to a penthouse at 66th St. and 2nd Avenue?
-During this time did you regularly attend Studio 54?
-Have you ever drank or taken drugs?
-Do you believe that in the 50's, finance was governed by personal relationships, but in the 70's, with the rise of derivatives trading, math began to dominate the field?
-Did you never want to get married to maintain your freedom?
-Did you become close to Jimmy Cayne?
-Did you leave Bear Stearns in 1982? Why? Did you take clients including Marvin Davis and Herb Siegel?
-Were you then dating Morgan Fairchild?
-During the 80s, did you frequently go to England where you befriended Robin Reach and attended country shooting parties and black tie dinners?
-Were you mainly interested in meeting smart people rather than amassing a personal fortune?
-do you think that billionaire-level worth creates worries that millionaires don't face? Does traditional wealth management not work for billionaires?
-Did you help governments that came after corrupt dictators reclaim stolen assets? Which governments?
-Did you begin advising and representing wealthy people and families regarding philanthropy during this period?
-Did you advise Steven Hoffenberg?
-Did you attend the 1994 Serpentine Gallery gala? Did you socialize with Princess Diana at that event?
-Did you meet Bill Clinton after he left the White House? Did this change the arc of your life?
-did you buy your Manhattan home from Les Wexner?
-Did you meet with Larry Page and Sergey Brin during your 2002 trip to the TED conference? Did they describe a plan to market

Google bras with the o's as cups? Did they believe Google was a good company name because men would be drawn to the oo?
-Soon after this, did you have an assistant schedule a meeting with Michael for advice about the media as both Vanity Fair and New York Magazine were profiling you? Did you also ask Graydon Carter for advice, expressing doubts about increased public profile, to which Carter said you should have moved to a Queens 2 bedroom if you wanted to avoid publicity?
-Have you had a daily massage for several years? When you got your daily massage in Palm Beach, did the masseuses often come from parlors your termed "Jack Shacks" ? Did they sometimes have "happy endings" ? Would there be many different masseuses, recommended by word of mouth?
-After Palm Beach police started investigating you, did you ask Alan Dershowitz to come to Florida to provide you with legal help?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/23/2015 2:38:55 PM
**To**: Ehud Barak [redacted]
**Subject**: Re: What Iran nuke deal means for Israel: Ehud Barak

this is your interview not his

On Thu, Apr 23, 2015 at 9:34 AM, Ehud Barak <[redacted]> wrote:

> Hi Jeff
> Bill Clinton 1994.
> Food for thought.
> EB
> http://video.cnbc.com/gallery/?video=3000369298
>
> Sent from my iPhone

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/23/2015 5:44:25 PM
**To**: Melanie Spinella [redacted]
**Subject**: Fwd: What Iran nuke deal means for Israel: Ehud Barak

---------- Forwarded message ----------
From: **Ehud Barak** <[redacted]>
Date: Thu, Apr 23, 2015 at 9:34 AM
Subject: Fwd: What Iran nuke deal means for Israel: Ehud Barak
To: Epstein Jeffrey <Jeevacation@gmail.com>

Hi Jeff
Bill Clinton 1994.
Food for thought.
EB

http://video.cnbc.com/gallery/?video=3000369298

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/23/2015 7:44:25 PM
**To:** Martin Weinberg [redacted]
**Subject:** Re: ATTORNEY-CLIENT PRIVILEGE

**Importance:** High

**Privileged - Redacted**

On Thu, Apr 23, 2015 at 3:43 PM, Martin Weinberg [redacted] wrote:

**Privileged - Redacted**

MGW
Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

==========

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On Thu, 4/23/15, Martin Weinberg <[redacted]> wrote:

Subject: ATTORNEY-CLIENT PRIVILEGE
To: "Jeffrey Epstein" <jeevacation@gmail.com>, "Kathy Ruemmler" <[redacted]>
Cc: "Martin Weinberg" [redacted], "dkiesq" [redacted]
Date: Thursday, April 23, 2015, 2:31 PM

**Privileged - Redacted**

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

==========

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--- On Thu, 4/23/15, Cathy Alexander <[redacted]
wrote:

> From: Cathy Alexander <[redacted]
> Subject: Miles and Cathy Alexander and Little St
James island
> To: [redacted]
> Cc: "Miles Alexander" <[redacted],
[redacted]
> Date: Thursday, April 23, 2015, 2:21 PM
>
> To: Martin Weinberg, Esq.
>
> Dear Mr. Weinberg:
>
> I understand that you are looking for
> information regarding whether former President Clinton
and
> former Vice President Gore and his then wife, Tipper,
ever
> visited Little St. James. I was the Island's
manager
> from 1999 through 2007 and lived on the Island with my
wife
> during that entire period. Regarding President
> Clinton, I will sign a sworn affidavit that I never met
the
> man. As far as I know President Clinton was never on
> the Island. He was never there while I was present
on
> the Island. If he had come to the Island while I was
> on holiday, my staff would have told me that President
> Clinton was on the Island while I was away. While I
> worked on Little St. James, I had been called back
from
> holiday many times to help when any guests visited the
> Island. So, if President Clinton had come to the
> Island while I was away, I would have been called back
to
> the Island for such a visit, and I never was.
> The same is true for Vice President Gore and his wife
> Tipper. I never met them and as far as I am
> aware were never on Little St. James during the entire
> period that I was the Island manager.
>
> Sincerely,

>
> Miles Alexander
>
>
> Sent from my iPad

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/25/2015 5:06:32 PM
**To:** Joichi Ito [redacted]
**Subject:** Re: Digital Currency Initiative

gavin is clever\

On Sat, Apr 25, 2015 at 10:57 AM, Joichi Ito <[redacted]> wrote:

FYI

Used gift funds to underwrite this which allowed us to move quickly and win this round. Thanks.

- Joi

> Begin forwarded message:
>
> From: Joi Ito <[redacted]
> Subject: Digital Currency Initiative
> Date: April 25, 2015 at 10:25:09 AM EDT
> To:[redacted]
>
> As Bitcoin and Digital Currencies have started to become an important trend, the Media Lab has launched an initiative in the space.
>
> I wrote a blog post on why I think Blockchain/Bitcoin are like the Internet:
http://joi.ito.com/weblog/2015/01/23/why-bitcoin-is-.html
>
> The way that Bitcoin is organized currently is that there are five core developers and around a hundred contributors to the core code. The five core developers are like Linus Torvalds of Linux. They decide what changes are made to the core code. One of the five is the lead developer, Wladimir, and one is the Chief Scientist, Gavin.
>
> Gavin, Wladimir and Cory (an important contributing developer) were being paid out of a non-profit organization called the Bitcoin Foundation. A few weeks ago, it "blew up" when one of the board members declared the foundation "bankrupt". ( https://bitcoinfoundation.org/forum/index.php?/topic/1284-the-truth-about-the-bitcoin-foundation/ ) Many organizations scrambled to step into the vacuum created by the foundation and "take control" of the developers. We moved quickly talking to all of the various stakeholders and the three developers decided to join the Media Lab. This is a big win for us.
>
> According to the WSJ Blog:
>
> http://blogs.wsj.com/moneybeat/2015/04/24/bitbeat-tackling-bitcoin-price-swings-with-eye-on-emerging-markets/
>
>> It's official, more or less: MIT's famed Media Lab has become the principal home and funding source for the small team of developers responsible for maintaining and improving bitcoin's core software.
>>
>> Gavin Andresen, who bears the title of Chief Scientist for the six-person core development team, announced on his blog Wednesday that he and two other core developers, Wladimir van der Laan and Cory Fields, had moved to the MIT Media Lab's new Digital Currency Initiative, ending their previous status as

employees of the Bitcoin Foundation. The three other core developers, who draw salaries from different employers, will continue in that status.
>
> The usually rather feisty community has been overall very supportive and I think it is because of our strong research focus and our neutral position.
>
> The initiative has strong support from faculty across campus including crypto guru Ron Rivest and former Chief Economist of the IMF, Simon Johnson as well as faculty at the Media Lab, Sandy Pentland and Andy Lippman.
>
> More about initiative here:
>
> http://joi.ito.com/weblog/2015/04/15/announcing-mit-dci.html
> https://medium.com/@medialab/launching-a-digital-currency-initiative-238fc678aba2
>
> I hired one of Megan's former colleagues from the White House, Brian Forde who was in charge of figuring out Bitcoin at the White House and brief the POTUS on Bitcoin to run the initiative and he is doing an amazing job so far.
>
> https://newsoffice.mit.edu/2015/brian-forde-media-lab-director-digital-currency-0415
>
> Fred and Reid on the Advisory Council have been super helpful in helping us navigate this. Advisory Council member Jim Pallotta is also active in this space and joined our first and very successful dinner with Media Lab Member (sponsor) companies to kick off a special interest group for our companies.
>
> I am in discussions with Stanford, Princeton and Hong Kong UST to create an academic network for research. We are also participating in a policy network with Stanford, Harvard and Oxford.
>
> Happy to follow with more information for anyone interested in learning more or getting involved.
>
> - Joi

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/24/2015 8:47:39 PM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re: FDA Approved a Potent and Pricey Cholesterol lowering drug today

yes, it requires a shot, its not a pill and so far no long term effects known

On Fri, Jul 24, 2015 at 4:37 PM, Sultan Bin Sulayem <[redacted]> wrote:

Have you heard of this colestrol

Jul 24, 2015 @ 3:23 PM **1,169** views

# The FDA Approves A Potent And Pricey Cholesterol-Lowering Shot

Matthew Herper ,

Forbes Staff

I cover science and medicine, and believe this is biology's century.

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I believe this is biology's century. I've covered science and medicine for Forbes from the Human Genome Project through Vioxx to the blossoming DNA technology changing the world today. Email me, follow me on Twitter, circle me onGoogle Plus, or subscribe to my Facebook page.

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The Food and Drug Administration has approved Praluent, a new medicine to lower cholesterol in people who have established heart disease, for people whose risk of a heart attack or stroke is not being adequately controlled by existing drugs called statins.

It might be a big step in the battle against heart disease – and the approval is a triumph for Regeneron Pharmaceuticals, the Tarrytown, N.Y.-based biotechnology company that invented it. Praluent is likely to be more widely used, and to cost more, than Wall Steet analysts expected. That also means it could be a big cost

down the line.
"Obviously, the class is one of the biggest developments in cardiology in the last decade, that will allow us to treat patients who have been extremely difficult to treat with high levels of LDL cholesterol," says Steven Nissen, chairman of cardiology at the Cleveland Clinic. "It's very promising."
But it will also be very expensive, say Troy Brennan, the chief medical officer of CVS Caremark, the giant pharmacy benefits manager."If these drugs are used as broadly as they could be used, they are going to be by far the most expensive drug class," Brennan says.
Praluent, an injection, lowers low-density lipoprotein, the so-called "bad cholesterol", by as much as 60%, far more than the statin drugs alone. It is the first drug to work by targeting a protein called PCSK9. Mutations in the gene that makes it can result in patients having lower cholesterol and a dramatically lower lifetime risk of heart attacks. A rival medicine from Amgen is also expected to be approved soon. The FDA is clearing Praluent for patients with heterozygous familial hypercholesterolemia, a genetic condition that causes high cholesterol, and for people who have heart disease, like those who've had heart attacks or strokes, who are already taking the maximum dose of a statin they can tolerate.
Regeneron and its marketing partner Sanofi say Praluent will have a wholesale cost of $40 a day, or $14,600 a year, for either of two doses, 75 milligrams or 150 mgs. It's likely that insurance companies will get a significant discount, because Amgen and Regeneron will compete by giving the insurers rebates.
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"We don't want the noise about these drugs to be price," says Leonard Schleifer, the chief executive and founder of Regeneron. "We have to make sure that people get access to the drug for a fair price if they're insured, for free if they're not insured, or at a discount if they're under-insured."

Praluent's price is 46% higher than that forecast by Evercore ISI, an investment bank, and it is being approved for a larger group of patients than many Wall Street analysts expected following a meeting convened by the FDA to analyze the data on the drug. Some doctors argued its use should be restricted mainly to patients with FH. But Mark Schoenebaum, Evercore ISI's pharmaceutical analyst, says that investors were initially disappointed because they had hoped the FDA would greenlight the drug for an even broader group. Regeneron shares were down 2.5% in afternoon trading before they were halted pending news.

But doctors may prescribe the drug more widely than the label suggests. A survey of physicians published this morning by Geoffrey Porges, an biotechnology analyst at investment bank Sanford C. Bernstein, found that they would use the drug in 30% to 40% of patients who had already had heart attacks. He wrote that 2020 sales of Praluent could be as high as $4.8 billion.

In the survey, doctors expressed a preference for Praluent. One advantage of Regeneron's drug is that doctors will be able to start it at a lower, 75 milligram dose.

Schleifer, who is a medical doctor and, incidentally, a billionaire thanks to his Regeneron stake, says that the company expects that as many as 8 million people who don't have their cholesterol well-controlled could be candidates for Praluent. He emphasized, though, that until larger studies prove the drug prevents heart attacks and strokes patients should always choose statins first. It will have sales representatives a

Insurance companies and pharmacy benefit managers, who help insurers and employers manage drug costs, are going to do their best to restrict use of Praluent, though. Brennan, the CVS Caremark executive, says that he expects patients will need to have medical records documenting that they have already taken statins. Those not taking statins would need a blood test confirming that a statin caused elevations in muscle or liver enzymes, not just complaints that they were achy. "We're not trying to replace statins," says Schliefer, the Regeneron CEO.

Most people who have muscle problems from statins do not have those elevated muscle enzymes, says Nissen, the Cleveland Clinic cardiologist, who is conducting a clinical trial Amgen and Pfizer, which is also developing a similar cholesterol drug. He says he has patients who are "desperate" to take a statin but who cannot tolerate it because of muscle pain but do not have elevated muscle enzymes.

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"Dehspite significant progress over the last decades, high cholesterol remains a leading concern in the U.S. and globally," said Olivier Brandicourt, M.D., Chief Executive Officer, Sanofi. "Praluent demonstrates the power of the Sanofi and Regeneron alliance to deliver a first-in-class therapy in the U.S. for patients in need. Sanofi has a strong cardiovascular heritage and dedication to these patients, and we look forward to working with other regulatory authorities to make Praluent available to patients worldwide."

"We are grateful to the thousands of patients and investigators worldwide who participated in the ODYSSEY clinical trial program," said Leonard S. Schleifer, M.D., Ph.D., Founder, President, and Chief Executive

Officer, Regeneron. "Praluent represents the culmination of more than a decade of tireless work to translate the genetic-based discovery of PCSK9 into an innovative medicine that brings meaningful value to patients."
The approval of Praluent was based on data from the pivotal Phase 3 ODYSSEY program, which showed consistent, positive results compared to placebo, which included current standard of care therapy (statins). In the ODYSSEY LONG TERM trial which evaluated Praluent 150 mg every two weeks, Praluent reduced LDL cholesterol by 58 percent versus placebo at week 24 when added to current standard of care, including maximally tolerated statins. In ODYSSEY COMBO I, Praluent 75 mg every two weeks as an adjunct to statins reduced LDL cholesterol by an additional 46 percent compared to placebo at week 12. At week 24 in the same trial, Praluent reduced LDL cholesterol by 43 percent compared to placebo. In this study, if additional LDL cholesterol lowering was required based on pre-specified criteria at week 8, Praluent was up-titrated to 150 mg at week 12 for the remainder of the trial. Eighty-three percent of patients remained on their initial 75 mg dose. Praluent is generally well-tolerated with an acceptable safety profile. Local injection site reactions including redness, itching, swelling or pain/tenderness where the injection is given were the most common events (7.2 percent with Praluent versus 5.1 percent with placebo) and resulted in a low discontinuation rate that was comparable to placebo (0.2 percent with Praluent versus 0.4 percent with placebo). Patients receiving Praluent had a greater number of injection site reactions, had more reports of associated symptoms, and had reactions of longer average duration than patients receiving placebo. Other common adverse events occurring more frequently in patients with Praluent than placebo included symptoms of the common cold and flu or flu-like symptoms.

The companies carefully considered the potential medical value that Praluent offers patients in determining the Wholesale Acquisition Cost (WAC). The U.S. WAC price of Praluent is $40 per day ($1,120 every 28 days) for both the 75 mg and 150 mg doses, making Praluent the lowest priced patient-administered monoclonal antibody therapy on an annualized basis. Actual costs to patients, payers and health systems are anticipated to be lower as WAC pricing does not reflect discounts or rebates. Out-of-pocket costs to patients will vary depending on insurance status and eligibility for patient assistance.

Sanofi and Regeneron are committed to ensuring that patients in the U.S. who are prescribed Praluent are able to access the medicine and receive the support they may need. The companies will launch a comprehensive program that offers support, training and follow up for patients at every step of the process. The program will provide patient assistance to uninsured or underinsured patients, including providing free medicine to eligible patients, and can help identify coverage options for out-of-pocket costs. Additional services include educational information, clinical support for physicians, nurses and pharmacists, as well as reimbursement services, including co-pay support for eligible patients and information about insurance eligibility support. For more information, please call 1-844-PRALUENT (1-844-772-5836).

Earlier today, the companies announced that the European Medicine Agency's (EMA's) Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion for the marketing authorization of Praluent, recommending its approval for use in certain adult patients with hypercholesterolemia. The European Commission (EC) is expected to make a final decision on the Marketing Authorization Application for Praluent in the European Union in September 2015.

**Investor Relations Conference Call on Praluent**
Sanofi and Regeneron will be hosting a conference call for the financial community on Praluent® (alirocumab) Injection for the treatment of high LDL cholesterol in adult patients. The conference call will take place on Friday, July 24, 2015 (21:30 CET / 20:30 BST/ 15:30 EDT / 12:30 PDT).

The call will be available through audio webcast at www.sanofi.com and www.regeneron.com and also via the following telephone numbers:

| | |
|---|---|
| **France:** | +33 (0) 1 70 80 71 53 |

| | |
|---|---|
| UK: | +44 (0) 203 107 0289 |
| **U.S.:** | +1 888 660 6127 |
| | Access code: 81662098 |

**ODYSSEY Program**
The ODYSSEY Phase 3 program is one of the most comprehensive clinical trial programs ever conducted for an investigational LDL cholesterol lowering therapy. The program includes 14 global Phase 3 trials evaluating more than 23,500 patients. The primary efficacy end point in all of the studies was the mean percent reduction from baseline in LDL cholesterol at week 24 compared to placebo (maximally tolerated statin therapy); all of the completed studies met their primary endpoint. A significantly higher proportion of patients achieved LDL cholesterol of less than 70 mg/dL in the Praluent group as compared to placebo at both week 12 and week 24. The ongoing ODYSSEY OUTCOMES trial will prospectively evaluate the cardiovascular benefits of Praluent in approximately 18,000 patients.

**Important Safety Information**
Do not use PRALUENT if you are allergic to alirocumab or to any of the ingredients in PRALUENT.
Before you start using PRALUENT, tell your healthcare provider about all your medical conditions, including allergies, and if you are pregnant or plan to become pregnant or if you are breastfeeding or plan to breastfeed.
Tell your healthcare provider or pharmacist about any prescription and over-the-counter medicines you are taking or plan to take, including natural or herbal remedies.
PRALUENT can cause serious side effects, including allergic reactions that can be severe and require treatment in a hospital. Call your healthcare provider or go to the nearest hospital emergency room right away if you have any symptoms of an allergic reaction including a severe rash, redness, severe itching, a swollen face or trouble breathing.
The most common side effects of PRALUENT include: redness, itching, swelling, or pain/tenderness at the injection site, symptoms of the common cold, and flu or flu-like symptoms. Tell your healthcare provider if you have any side effect that bothers you or that does not go away.
Talk to your doctor about the right way to prepare and give yourself a PRALUENT injection and follow the "Instructions for Use" that comes with Praluent.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please click here for the full Prescribing Information.

**About Sanofi**
Sanofi, an integrated global healthcare leader, discovers, develops and distributes therapeutic solutions focused on patients' needs. Sanofi has core strengths in the field of healthcare with seven growth platforms: diabetes solutions, human vaccines, innovative drugs, consumer healthcare, emerging markets, animal health and the new Genzyme. Sanofi is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY).

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**Date:** Tuesday, September 15 2015 11:40 AM
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Bill Gates <[redacted]>;

will you be around week of 28th for general assembly  clinton week?  in new york

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/23/2016 3:28:09 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

My memory is a friend killer - I stopped talking to clinton when he swore, with whole hearted conviction to me , that he had done something, , he had forgotten that he also swore the exact opposite to me only weeks before. .

On Sat, Jan 23, 2016 at 9:26 AM, Kathy Ruemmler <[redacted]> wrote:
He obviously said something to you yesterday that was disturbing, and you don't want to tell me. Just tell me -- I can take it. I promise.

Sent from my iPhone

On Jan 23, 2016, at 9:22 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I was wrong

On Saturday, January 23, 2016, Kathy Ruemmler <[redacted]> wrote:
I will just say I told you so. Not to sound overly dramatic, but he is very close to being a psychopath -- he has no conscience. It's scary.

Sent from my iPhone

On Jan 23, 2016, at 8:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i could never ever verify its authenticity. so- yes .

On Sat, Jan 23, 2016 at 8:22 AM, Kathy Ruemmler <[redacted]> wrote:
Meaning I win the bet that I will never receive an apology and acknowledgment of acceptance of responsibility?

On Sat, Jan 23, 2016 at 4:58 AM jeffrey E. <jeevacation@gmail.com> wrote:
You were right and I was wrong. Humble pie, crow , or my own words is what i get to eat today. your choice

On Fri, Jan 22, 2016 at 6:28 PM, Kathy Ruemmler <[redacted]> wrote:
What part do you find disturbing? Do you think he is losing it?

Sent from my iPhone

On Jan 22, 2016, at 6:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

talking to macgiver, disturbs me, and that takes a lot

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/23/2016 3:40:03 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

with conviction

On Sat, Jan 23, 2016 at 10:37 AM, Kathy Ruemmler <[redacted]> wrote:
Macgyver takes it to another level because if you call him out on it, he will explain with a straight face that both statements are true.

Sent from my iPad

On Jan 23, 2016, at 10:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

My memory is a friend killer - I stopped talking to clinton when he swore, with whole hearted conviction to me , that he had done something, , he had forgotten that he also swore the exact opposite to me only weeks before. .

On Sat, Jan 23, 2016 at 9:26 AM, Kathy Ruemmler <[redacted]> wrote:
He obviously said something to you yesterday that was disturbing, and you don't want to tell me. Just tell me -- I can take it. I promise.

Sent from my iPhone

On Jan 23, 2016, at 9:22 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I was wrong

On Saturday, January 23, 2016, Kathy Ruemmler <[redacted]> wrote:
I will just say I told you so. Not to sound overly dramatic, but he is very close to being a psychopath -- he has no conscience. It's scary.

Sent from my iPhone

On Jan 23, 2016, at 8:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i could never ever verify its authenticity. so- yes .

On Sat, Jan 23, 2016 at 8:22 AM, Kathy Ruemmler <[redacted]> wrote:
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On Sat, Jan 23, 2016 at 4:58 AM jeffrey E. <jeevacation@gmail.com> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/27/2016 4:36:43 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Follow up

**Importance:** High

good, , however in writing would be best.

On Sat, Feb 27, 2016 at 11:34 AM, Kathy Ruemmler <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** Kathy Ruemmler <[redacted]>
**Date:** February 27, 2016 at 8:07:42 AM MST
**To:** "Immelt, Stephen J." <[redacted]>
**Subject: Re: Follow up**

Hi Steve,

I am still intrigued and would like to meet Michael. I thinks it makes sense, though, for us to have a more specific conversation about compensation before I meet with him. I don't want to put the cart before the horse, but as I mentioned, this would be a big move for me, and it would have to make sense economically in addition to being the right move for other reasons we have discussed.

I hope you are well. Cannot believe that Christie endorsed Trump!

Best,

Kathy

Sent from my iPad

On Feb 25, 2016, at 5:23 AM, Immelt, Stephen J. <[redacted]> wrote:

Kathy

I don't want to pester you, but in the hope that you are still intrigued, I wanted to suggest that we try to set up an opportunity for you to meet Michael Davison, our global head of litigation. MIchael is an International Arbitration specialist based in London and a key player. He is also a lot of fun, notwithstanding his Scottish upbringing.

Let me know.

Best,

Steve

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/27/2016 7:38:48 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Follow up

- ask him for a financial proposal . Subject to
Mutually acceptable conditions
On Saturday, 27 February 2016, Kathy Ruemmler <[redacted]> wrote:

Unsatisfactory

Sent from my iPhone

Begin forwarded message:

**From:** "Immelt, Stephen J." <[redacted]>
**Date:** February 27, 2016 at 10:30:17 AM MST
**To:** "'Kathy Ruemmler'" <[redacted]>
**Subject: RE: Follow up**

Kathy

We will of course do this in whatever sequence makes sense for you. It goes without saying that any move would need to make economic sense. My assumption has been that your comp would fall outside of our "bell curve", but that is not an issue for us as long as the potential contribution also falls outside. You would not be the only partner outside the curve, and I am comfortable with expanding that group for people who can genuinely move the needle while embracing the culture that makes us who we are.

One benefit of having Michael in the mix is that he can provide a global perspective, and he would be important for explaining the case outside the US if we moved forward.

Just let me know when and how you want to speak next.

Best,

Steve

Stephen Immelt
Partner and CEO
Hogan Lovells US LLP - Washington, DC office
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
[redacted]
Email: [redacted]

www.hoganlovells.com

Hogan Lovells International LLP - London office
Atlantic House
Holborn Viaduct
London EC1A 2FG, United Kingdom
[redacted]

Please consider the environment before printing this e-mail.

-----Original Message-----
From: Kathy Ruemmler [redacted]
Sent: Saturday, February 27, 2016 10:08 AM
To: Immelt, Stephen J.
Subject: Re: Follow up

Hi Steve,

I am still intrigued and would like to meet Michael. I thinks it makes sense, though, for us to have a more specific conversation about compensation before I meet with him. I don't want to put the cart before the horse, but as I mentioned, this would be a big move for me, and it would have to make sense economically in addition to being the right move for other reasons we have discussed.

I hope you are well. Cannot believe that Christie endorsed Trump!

Best,

Kathy

Sent from my iPad

On Feb 25, 2016, at 5:23 AM, Immelt, Stephen J. <[redacted]> wrote:

Kathy

I don't want to pester you, but in the hope that you are still intrigued, I wanted to suggest that we try to set up an opportunity for you to meet Michael Davison, our global head of litigation. MIchael is an International Arbitration specialist based in London and a key player. He is also a lot of fun, notwithstanding his Scottish upbringing.

Let me know.

Best,

Steve

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/31/2016 10:23:07 AM
**To:** Richard Kahn [redacted]
**Subject:** Re: bad

im told people think it is done on purpose  so he does not win

On Thu, Mar 31, 2016 at 4:27 AM, Richard Kahn <[redacted]> wrote:

Agreed. Trump appears to be losing momentum in polls even before that crazy comment. Think it may be beginning of the end of him...

http://www.realclearpolitics.com/epolls/latest_polls/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax [redacted]
Cell [redacted]

On Mar 30, 2016, at 5:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.nytimes.com/2016/03/31/us/politics/donald-trump-abortion.html?ribbon-ad-idx=3&rref=homepage&module=Ribbon&version=origin&region=Header&action=click&contentCollection=Home%20Page&pgtype=article

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/2/2016 10:21:17 AM
**To**: Raafat Alsabbagh [redacted]]
**Attachments**: raafat letter.docx

attached is a first draft , tell me what changes additions or modifications you suggest. I am happy you are returning so fast . If Mohammed really wants to see the future, after seeing the past in Washington with Obama, we should take him to see the Laboratory at MIT. advanced robotics. Artificial Intelligence etc.

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IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

| | | |
|---|---|---|
| JANE DOE, proceeding under a pseudonym, | ) | |
| Plaintiff, | ) | |
| v. | ) | Case No.: |
| DONALD J. TRUMP and JEFFREY E. EPSTEIN, | ) | JURY TRIAL DEMANDED |
| Defendants. | ) | |

**COMPLAINT FOR RAPE, SEXUAL MISCONDUCT, CRIMINAL SEXUAL ACTS, SEXUAL ABUSE, FORCIBLE TOUCHING, ASSAULT, BATTERY, INTENTIONAL AND RECKLESS INFLICTION OF EMOTIONAL DISTRESS, DURESS, FALSE IMPRISONMENT, AND DEFAMATION**

---

Plaintiff Jane Doe, proceeding under a pseudonym, brings this action against Donald J. Trump and Jeffrey E. Epstein, and alleges that:

## PARTIES

1. Plaintiff is an individual residing in and a citizen of the State of California.

2. Upon information and belief, Defendants Donald J. Trump and Jeffrey E. Epstein each reside in this District and are citizens of the State of New York.

## JURISDICTION AND VENUE

3. Plaintiff is a citizen of the State of California for purposes of diversity jurisdiction under 28 U.S.C. § 1332.

4. Defendants are citizens of the State of New York for purposes of diversity jurisdiction under 28 U.S.C. § 1332.

5. This Court has original subject matter jurisdiction with respect to this action pursuant to 28 U.S.C. § 1332 as there exists complete diversity of citizenship between Plaintiff and Defendants and the amount in controversy exceeds Seventy Five Thousand Dollars ($75,000.00), exclusive of interest and costs.

**6.** Defendants are each subject to the jurisdiction of this Court pursuant to 28 U.S.C. § 1332 with proper venue pursuant to 28 U.S.C. § 1391 as both defendants are residents of and/or are domiciled in this district and the events giving rise to the claims occurred in this district.

**RAPE, SEXUAL MISCONDUCT, CRIMINAL SEXUAL ACTS, SEXUAL ABUSE, FORCIBLE TOUCHING, ASSAULT, BATTERY, INTENTIONAL AND RECKLESS INFLICTION OF EMOTIONAL DISTRESS, DURESS, AND FALSE IMPRISONMENT**

7. Plaintiff was subject to acts of rape, sexual misconduct, criminal sexual acts, sexual abuse, forcible touching, assault, battery, intentional and reckless infliction of emotional distress, duress, false imprisonment, and threats of death and/or serious bodily injury by the Defendants that took place at several parties during the summer months of 1994. The parties were held by Defendant Epstein at a New York City residence that was being used by Defendant Epstein at 9 E. 71st St. in Manhattan. During this period, Plaintiff was a minor of age 13 and was legally incapable under New York law of consenting to sexual intercourse and the other sexual contacts detailed herein. NY Penal L § 130.05(3)(a). The rapes in the first, second, and third degrees; sexual misconduct; criminal sexual acts in the first, second, and third degrees; sexual abuse in the first, second, and third degrees; and forcible touching (and, on information



HOUSE_OVERSIGHT_026385

and belief, predatory sexual assault) detailed herein are unlawful under New York law, e.g., NY Penal L § 130.20-130.52, and 130.55-130.65 (and, on information and belief, 130.95) and constitute the torts of, *inter alia*, assault, battery, false imprisonment, and intentional or reckless infliction of emotional distress, including threats of force and serious bodily harm, under New York law. Declaration of Plaintiff Jane Doe, Exhibit A hereto; Declaration of Tiffany Doe, Exhibit B hereto. Jane Doe and Tiffany Doe are each pseudonyms as each woman wishes anonymity. Tiffany Doe, a witness, was an employee of Defendant Epstein. Exh. B.

8. Courts have discretion to allow proceeding anonymously where the need for privacy outweighs the public's interest in knowing their identity and any prejudice to the defendants. *Sealed Plaintiff v. Sealed Defendant*, 537 F.3d 185, 189 (2d Cir. 2008). This litigation involves matters that are highly sensitive and of a personal nature, and identification of Plaintiff would pose a risk of retaliatory physical harm to her and to others. Exh. A. All of the ten factors that the Second Circuit articulated as relevant to this analysis favor anonymity, especially factors 1-4, 7, and 10 (e.g., factors one and two: "whether the litigation involves matters that are 'highly sensitive and [of a] personal nature,'" and "'whether identification poses a risk of retaliatory physical or mental harm to the ... party [seeking to proceed anonymously] or even more critically, to innocent non-parties'".), or are neutral with respect to anonymity. Protecting Plaintiff's anonymity is also appropriate as she is a rape victim.

9. Plaintiff was enticed by promises of money and a modeling career to attend a series of parties, with other similarly situated minor females, held at a New York City residence that was being used by Defendant Jeffrey Epstein. At least four of the parties were attended by Defendant Trump. Exhs. A and B. On information and belief, by this time in 1994, Defendant



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Trump had known Defendant Epstein for seven years (*New York,* 10/28/02), and knew that Plaintiff was then just 13 years old. Exhs. A and B.

10. Defendant Trump initiated sexual contact with Plaintiff at four different parties. On the fourth and final sexual encounter with Defendant Trump, Defendant Trump tied Plaintiff to a bed, exposed himself to Plaintiff, and then proceeded to forcibly rape Plaintiff. During the course of this savage sexual attack, Plaintiff loudly pleaded with Defendant Trump to stop but with no effect. Defendant Trump responded to Plaintiff's pleas by violently striking Plaintiff in the face with his open hand and screaming that he would do whatever he wanted. Exhs. A and B.

11. Immediately following this rape, Defendant Trump threatened Plaintiff that, were she ever to reveal any of the details of the sexual and physical abuse of her by Defendant Trump, Plaintiff and her family would be physically harmed if not killed. Exhs. A and B.

12. Defendant Epstein had sexual contact with Plaintiff at two of the parties. The second sexual encounter with Defendant Epstein took place after Plaintiff had been raped by Defendant Trump. Defendant Epstein forced himself upon Plaintiff and proceeded to rape her anally and vaginally despite her loud pleas to stop. Defendant Epstein then attempted to strike Plaintiff about the head with his closed fists while he angrily screamed at Plaintiff that he, Defendant Epstein, rather than Defendant Trump, should have been the one who took Plaintiff's virginity, before Plaintiff finally managed to break away from Defendant Epstein. Exhs. A and B.

13. The threats of violence against Plaintiff and her family continued, this time from Defendant Epstein, who again reiterated that Plaintiff was not to reveal any of the details of his



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sexual and physical abuse of her or else, specifically, Plaintiff and her family would be seriously physically harmed, if not killed. Exhs. A and B.

14. While still under threats of physical harm by coming forward and having no reason to believe that the threats have ever been lifted or would ever be lifted, Plaintiff, who has suffered from stress, emotional distress, mental pain and suffering, among other problems, ever since the assaults, was subjected to daily painful reminders of the horrific acts of one of the perpetrators, Defendant Trump, via mass media coverage of him starting on or about June 16, 2015 that, over a short period of time, became continuous and unavoidable. Exh. A.

15. As a direct and proximate result of the sexual assaults and rapes perpetrated by Defendants upon her, Plaintiff has suffered stress, emotional distress, and mental pain and suffering, as well as adverse physical consequences.

16. As a direct and proximate result of the sexual assaults and rapes perpetrated by Defendants upon her, Plaintiff has suffered physical pain and suffering.

17. As a direct and proximate result of the sexual assaults and rapes perpetrated by Defendants upon her, Plaintiff has been subjected to public scorn, hatred, and ridicule and has suffered threats against her life and physical safety.

18. As a direct and proximate result of the sexual assaults and rapes perpetrated by Defendants upon her, Plaintiff has incurred special damages, including medical and legal expenses.

19. The sexual assaults and rapes perpetrated by Defendants upon Plaintiff were intentional acts.

20. The conduct of Defendants demonstrates willful, reckless and intentional conduct that raises a conscious indifference to consequences.



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21. At the appropriate time in this litigation, Plaintiff shall amend her complaint to assert a claim for punitive damages against Defendants in order to punish Defendants for their actions and to deter Defendants from repeating their conduct.

## TOLLING OF STATUTE OF LIMITATIONS

22. Any statute of limitations applicable to rape, sexual misconduct, criminal sexual acts, sexual abuse, forcible touching, assault, battery, intentional and reckless infliction of emotional distress, false imprisonment of a minor, if any, is tolled owing to the continuous and active duress imposed upon Plaintiff by Defendants that effectively robbed Plaintiff of her free will to commence legal action until the present time. *Cullen v. Margiotta*, 811 F.2d 698, 722 (2nd Cir.1987); *Ross v. United States*, 574 F. Supp. 536, 542 (S.D.N.Y. 1983). More particularly, Plaintiff was unrelentingly threatened by each Defendant that, were she ever to reveal any of the details of the sexual and physical abuse caused to her by Defendants, Plaintiff and her family would be physically harmed if not killed. The duress has not terminated and the fear has not subsided. The duress is an element of or inherent in the underlying causes of action complained of herein. The duress and coercion exerted by Defendants has been such as to have actually deprived Plaintiff of her freedom of will to institute suit earlier in time, and it rose to such a level that a person of reasonable firmness in Plaintiff's situation would have been unable to resist. Exhs. A and B.

23. Both Defendants let Plaintiff know that each was a very wealthy, powerful man and indicated that they had the power, ability and means to carry out their threats. Indeed, Defendant Trump stated that Plaintiff shouldn't ever say anything if she didn't want to disappear like Maria, a 12-year-old female that was forced to be involved in the third incident with



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Defendant Trump and that Plaintiff had not seen since that third incident, and that he was capable of having her whole family killed. Exhs. A and B.

24. The duress had prevented Plaintiff from starting litigation before this year. However, as soon as she surfaced, she received threats. More specifically, shortly after her first complaint was filed in California on April 26, 2016, she started receiving threatening phone calls on her cell phone. Exh. A.

25. Defendants are equitably estopped from arguing that any statute of limitations has not been tolled as Defendants wrongfully forced Plaintiff to refrain from timely commencing this action by threats, duress, and other misconduct. Exhs. A and B.

26. Moreover, this action has been brought before the facts giving rise to the estoppel have ceased to be operational (i.e., while still under threats of physical harm by coming forward and having no reason to believe that the threats have ever been lifted or would ever be lifted) and since Plaintiff has decided to seek redress at this time, Plaintiff seeks an order of protection in favor of Plaintiff and all associated with her so as to protect them from harm and harassment from Defendants and their agents and associates. Exh. A.

## DEFAMATION

27. On information and belief, on or about April 28, 2016, Defendant Trump provided the following statement to American Media, Inc. and/or Radar Online LLC for publication on at least their website RadarOnline.com regarding Plaintiff's complaint ED CV 16-797-DMG (KSx) filed in the United States District Court for the Central District of California: "The allegations are not only categorically false, but disgusting at the highest level and clearly



HOUSE_OVERSIGHT_026390

framed to solicit media attention or, perhaps, are simply politically motivated. There is absolutely no merit to these allegations. Period." The statement provided for publication by Defendant Trump was published by said website and has been republished elsewhere in whole or in part numerous times (and similar statements of an attorney for Defendant Trump were also published). The statement provided for publication by Defendant Trump and that was published by said websites is false as it pertains to Plaintiff.

28. The published statement is libelous on its face, and clearly exposes Plaintiff to hatred, contempt, ridicule and obloquy.

29. As a proximate result of the above-described publication, Plaintiff has suffered loss of her reputation, shame, mortification, and injury to her feelings, all to her damage in an amount to be established by proof at trial.

30. The above-described publication was not privileged because it was published by Defendant Trump with malice, hatred and ill will toward Plaintiff and the desire to injure her.

31. As a direct and proximate result of Defendant Trump's defamation of Plaintiff, Plaintiff has been subjected to public scorn, hatred, and ridicule and has suffered other injury.

## PRAYER FOR RELIEF

**WHEREFORE**, Plaintiff prays for judgment against Defendants and for the following relief:

A. That judgment be entered against Defendants for special damages, compensatory damages, and punitive damages in an amount which shall be shown to be reasonable and just by the evidence and in excess of Seventy Five Thousand Dollars ($75,000.00), exclusive of interests and costs;



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B. That all costs of this action be assessed against Defendants, including all reasonable attorney's fees, costs and expenses of this action;

C. That an order of protection in favor of Plaintiff and all associated with her be issued so as to protect them from harm and harassment from Defendants and their agents and associates; and

D. Such other and further relief as the Court may deem just and proper.

**JURY DEMAND**

Plaintiff demands a trial by jury of all issues properly triable by jury in this action.

Respectfully submitted,

Dated: June 20, 2016

By: */s/ Thomas Francis Meagher*

Thomas Francis Meagher
SDNY Bar Code TM6707
One Palmer Square
Princeton, New Jersey 08542
Telephone: (609) 558-1500
tmeagher@thomasfmeagheresq.com

ATTORNEY FOR PLAINTIFF



HOUSE_OVERSIGHT_026392

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/23/2016 8:41:23 AM
**To:** Joscha Bach [[redacted]]
**Subject:** Re: Mechanisms for learning

**Importance:** High

gender differenece. unlikely motivational. every cell is different. size is didfferent. .

the more radical idea is that brains are the nucleus of the human " cell : the body the membrane, . the organizm the colletcions and interactions of brains. wisdom of crowds . mirroring. etc. . money used as signals. as is spoken language. . what does social behavior mean , it is the cooridiation of indiv brains. =

I think that mathematics based thinking does not allow for censorship. money people concepts if they are all math , then poliiical correctness and their structures are only subsets of a larger group of thoughts. its not emotinal for me.

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**Sent:** 7/23/2016 10:20:08 PM
**To:** Joscha Bach [redacted]
**Subject:** Re: Mechanisms for learning

**Importance:** High

the average is the only thing that matters

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Cells seem to be mostly indistinguishable (except for XX), I thought?

Size is different on average, but males with small brains are still male.

Variation of all traits is higher for males, so there are more high IQ men (wider bell-curve). Given average brain size difference, the small difference in average IQ is surprising, I think

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you need workers as well as thinkers. you are focused on the individual. . focus on the group. . . you NEED distributions.

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Variation of all traits is higher for males, so there are more high IQ men (wider bell-curve). Given average brain size difference, the small difference in average IQ is surprising, I think

gender differenece. unlikely motivational. every cell is different. size is didfferent. .

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/24/2016 5:44:28 AM
**To:** Joscha Bach[redacted]
**Subject:** Re: Mechanisms for learning

average humans is the wrong term. it is humans that are distributed think ant colony.( workers soldiers etc ) not average ant. no such thing. in isolation

On Sun, Jul 24, 2016 at 1:23 AM, Joscha Bach <[redacted]> wrote:

Average humans are probably not fully able to learn how to program etc. Fraction of people that reshape the world are at the right end of the Bell curves, so difference in variation means fewer women. We tend to be more interested in the outliers. Have people explicitly evolved to be not to be too smart on average, or is general intelligence so hard to get from human brains?

Am 24.07.2016 um 00:20 schrieb jeffrey E. <jeevacation@gmail.com>:

the average is the only thing that matters

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**Date:** Thursday, November 10 2016 10:15 PM
**Subject:** Fwd:
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Governor Kenneth E. Mapp <[redacted]>;

---

---------- Forwarded message ----------
From: **Erika Kellerhals** <[redacted]>
Date: Thu, Nov 10, 2016 at 11:12 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

But holy shit you were spot on about trump!

Sent from my iPhone
On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> **http://www.dailymail.co.uk/ news/article-3914012/Troubled- woman-history-drug-use-claimed-assaulted-Donald-Trump- Jeffrey-Epstein-sex-party-age-13-FABRICATED- story.html**
>
> --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/28/2016 4:35:10 AM
**To:** Robert Lawrence Kuhn [redacted]
**Subject:** Re:

there are no policies yet

On Sun, Nov 27, 2016 at 11:11 PM, Robert Lawrence Kuhn <[redacted]> wrote:

Fun (transient) with Trump-China:

"What China Thinks of President-Elect Trump" broadcast on CCTV News, discussion with former Chinese ambassador to U.S. and head of Chinese Association of American studies - streamed - http://english.cntv.cn/2016/11/13/VIDEytqd1tlf30eFnd6vTIxy161113.shtml

Interview - http://www.atimes.com/article/china-wants-build-relations-dealmaker-trump/

More fun (enduring) with Closer To Truth; working new episodes from FQXi conference (e.g., "Physics of the Observer", "Physics of Consciousness", "Quantum Cosmology of the Beginning?", Philosophy of Cosmology"); progressing on "Sleep & Dreams".

In LA for 2 weeks, then back to China; NY in January. You there then?

Love to get your sense of Trump's administration, policies.

Robert

On Nov 27, 2016, at 10:05 AM, jeffrey E. <jeevacation@gmail.com> wrote:

are you having fun?

On Sun, Nov 6, 2016 at 8:08 AM, Robert Lawrence Kuhn <[redacted]> wrote:

I almost get it….

On Nov 6, 2016, at 9:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

its not ba ba ba- bah . its regular (ba ) ba ba ba - bah. regular four eighth notes , but the first is not sounded . changes the whole dynamic and wildly misunderstood

On Sun, Nov 6, 2016 at 2:00 PM, Robert Lawrence Kuhn <[redacted]> wrote:

Didn't know. Meaning of the rest note?

Mahler's 5th opens with the same rhythmic motif (but 4th note is the same as the first three, not lower as in Beethoven's) - Mahler's 5th is my favorite symphony.

On Nov 6, 2016, at 8:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

for me it is tied to music. beethovens fifth , is 555-3 . though unbeknownst to most people the first note ( you can verify, bu looking at the score ) , is a rest note ( silent ) so 0-555-3

On Sun, Nov 6, 2016 at 1:35 PM, Robert Lawrence Kuhn <[redacted]> wrote:
You've got a jumbo-sized right superior parietal lobe.

https://www.scientificamerican.com/article/our-brains-have-a-map-for-numbers/

On Nov 6, 2016, at 8:23 PM, jeffrey E. <jeevacation@gmail.com> wrote:

you mentioned it at my house. unfortunately , I cant avoid remembering numbers

On Sun, Nov 6, 2016 at 1:15 PM, Robert Lawrence Kuhn <[redacted]> wrote:
Yes! You beat my family. (How'd you know?)

I celebrated in Beijing by (i) developing the Sleep/Dream proposal we discussed, (ii) lunch with an MNC CEO, and (iii) playing two hours of intense table tennis with a top coach.

On Nov 6, 2016, at 6:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

birthday/?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/28/2016 11:37:12 AM
**To:** [redacted]
**Subject:** Re: Réf. : TR:
**Attachments:** butterfly_top.gif; butterfly_bottom.gif

yes

On Mon, Nov 28, 2016 at 6:36 AM, [redacted] <[redacted]> wrote:

Dear jeffrey

From our side we could postponed the trip ,visit the 2 works from Plant Thursday the 15th and have our meeting Friday the 16th all of us,but need an answer from Plant .
Please tell me if it is convenient for you Friday the 16th,or Thurday late afternoon

Thanks

jean

*-------Message original-------*

***De :*** Jean HUGUEN
***Date :*** 28/11/2016 10:01:14
***A :*** 'Jean'
***Sujet :*** TR:

**De :** jeffrey E. [mailto:jeevacation@gmail.com]
**Envoyé :** lundi 28 novembre 2016 01:23
**À :** [redacted]; Lesley Groff <[redacted]>
**Objet :**

can you delay your trip one week, . trump related issues occupying my time. say 13 14 instead

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/28/2016 12:46:44 PM
**To**: Lesley Groff [redacted]
**Subject**: Fwd: Réf. : TR:
**Attachments**: butterfly_top.gif; butterfly_bottom.gif

---------- Forwarded message ----------
From: [redacted] <[redacted]>
Date: Mon, Nov 28, 2016 at 6:36 AM
Subject: Réf. : TR:
To: [redacted] jeevacation@gmail.com, [redacted],
[redacted], [redacted]

Dear jeffrey

From our side we could postponed the trip ,visit the 2 works from Plant Thursday the 15th and have our meeting Friday the 16th all of us,but need an answer from Plant .
Please tell me if it is convenient for you Friday the 16th,or Thurday late afternoon

Thanks

jean

*-------Message original-------*

***De :*** Jean HUGUEN
***Date :*** 28/11/2016 10:01:14
***A :*** 'Jean'
***Sujet :*** TR:

**De :** jeffrey E. [mailto:jeevacation@gmail.com]
**Envoyé :** lundi 28 novembre 2016 01:23
**À :** [redacted]; Lesley Groff <[redacted]>
**Objet :**

can you delay your trip one week, . trump related issues occupying my time. say 13 14 instead

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/29/2016 12:27:23 AM
**To:** Melanie Spinella [redacted]
**Subject:** so there is no misunderstanding

**Importance:** High

I have told the brads and barry,- I am done. its not a negotiation , out !! - fyi given my carlyn joslin castrucci, admonishments,- though my involvement in those - in one instance only gave a name - in another only given an [redacted] dictated choice btween two 250k preparers. and for castrucci, I actually sent emails that i take no responsiblity for his being hired. - however you felt strongly that I should be saddled with their outcomes .even with brad wechsler , i again said two months in, Leon, he doesnt get it. I tell you this so that you will understand that I will not interview, recommend or vet any new hire.
A story - In 1993 trump and I had a friend that kept telling his pilots how to fly , and when to fly , he couldnt help himself from hiring morons as co pilots, and maintenance people based on cheapest rates. Donald and I tried and tried to talk some sense into him, to no avail. Donald and I were in aspen, sitting at little nells. when the friends plane crashed into the side of aspen mountain , klliing him and all on board,- Trump looked at me and said without a blink , I guess NOW he wishes he would have listened to us.- a metaphor for your office. . . had we not waited to the very last hour having had a six month window and tens of unasnwered text and emails re decisions needed including the 1031. you would have saved way more than you often feel obliged to argue about. . silly but i reallize you are stressed.
Barry will need to sit with brad for months, to absorb all the co's , structures. cash flow, financial statments etc. I will present barry my thoughts on the overall redo , it will be the exact same email that i presented to you and brad two years.ago . accurate numbers first. and foremost. . ( last week gaming report stil funky). IT etc I pointed out some of the more glaring errors to barry to give him a flavor of what is to come.
Tuesday if you like we should discuss Giacometti , and pesner . difficult to finesse him if they are filing documents that you won't . these ridiculous conversations with tons of people on the phone , removes any claim you might have to not be considered a WILLFUL NON-FILER . ( after youve been told by attnys and pwc that you should file in writing , you have NO choice ) .. worst possible result - including serious penalties up the kazoo.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/9/2017 10:45:36 AM
**To:** [redacted]
**Subject:** Re: Edmond de Rothschild Infrastructure Expertise

yes, and their projections and needs are way above current spreads. . At least in the states hospitals are now looking to sell real estate surrounding complexes. . assisted living. baby boomers. . airport funds starting for rebuilds. but very large . rail ports and roads also gigantic. . . no politically correct but profitable is alternate incarceration facilities. , always tenants :)

On Wed, Feb 8, 2017 at 6:23 PM, [redacted] <[redacted]> wrote:

Pension funds are now interested to match the maturities ?

Ariane de Rothschild

On 8 Feb 2017, at 23:22, jeffrey E. <jeevacation@gmail.com> wrote:

not likely in the states. too much money around. you should find a niche. otherwise competing with people that have a trillion dollars in credit needs

On Wed, Feb 8, 2017 at 6:20 PM, [redacted] <[redacted]> wrote:

If it s a debt fund , they were thinking of building it around senior and mezzanine debt which would yield 8 to 10% per yr with a kicker

Ariane de Rothschild

On 8 Feb 2017, at 12:59, jeffrey E. <jeevacation@gmail.com> wrote:

thanks, the issue will be returns on investment. . there is a HUGE amount of cash sitting on the sidelines. trump will want to do private public partnerships on most things. . donald loves the rothschild name.

On Wed, Feb 8, 2017 at 7:23 AM, EL HACHEM Johnny <[redacted]> wrote:

Dear Jeff,

As previously discussed between you and Ariane, Edmond de Rothschild is deeply involved in the building and financing of the infrastructure in Europe. Edmond de Rothschild has an outstanding track record, history and presence in European infrastructure, as well as being one of Europe's most recognized financial advisors to the infrastructure market. We have developed deep expertise in the infrastructure sector and sought secure, well-managed assets, generating stable, long-term returns for investors.

We have done so by initiating and backing two experienced and highly-respected managers in the industry, TIIC and BRIDGE. TIIC is an equity investor in transport and social infrastructure. BRIDGE is an infrastructure debt provider. Both managers are covered in more detail below. Edmond de Rothschild has been heavily involved in the launch of the below funds, providing crucial support in fund structuring, due diligence,

capital raising, legal & compliance functions as well as the sound governance and ESG management across all funds. Partnering with TIIC and BRIDGE has enabled Edmond de Rothschild to build a strong franchise within infrastructure investments, complementing its overall Private Equity offering. Edmond de Rothschild has also acted as anchor investor for these funds, demonstrating its strong alignment of interest with these investment teams. With Ariane we strongly believe that we should absolutely find a way to collaborate together with you to think and initiate something to serve the future needs of the US in the infrastructure field.

Please find attached further information on each manager. This would also be a chance for us to explore opportunities of working together in the future.

Please feel free to reach out to us if you require any further information. We look forward to hearing from you soon.

***TIIC***

TIIC Group backed by Edmond de Rothschild, is a pan-European infrastructure firm advising on mid-market infrastructure projects across Europe in both the transportation and social sectors. It was established in 2008 by the 3 founding partners of TIIC Group, Jaime d'Almeida, Manuel Cary and Francisco Mendes, with strategic support from the Edmond de Rothschild Group and Brisa.

The aim of TIIC Group is to bring an operational approach to infrastructure investments in Europe, drawing upon the extensive management and financial skills of its team members. These skills have been developed over many years at some of Europe's leading infrastructure operators and project financing firms which, when combined with the very specific infrastructure expertise of both the Edmond de Rothschild Group and Brisa, makes for a powerful and differentiated investment platform.

TIIC Group operates from two offices in Lisbon and Paris, providing its team with access to relevant investment opportunities across key target markets in Europe as well as to leading industrial contractors, operators, advisors and financiers in the infrastructure industry.

TIIC Group successfully raised a First Fund with €140m of commitments targeting transportation investments across Europe. The portfolio of the First Fund comprises 6 assets located in Portugal, Spain, France and Poland. They represent a carefully balanced mix of greenfield and early stage brownfield projects in roads and car parks. TIIC Group has played an active role in the sourcing and development of all investments and has made a significant contribution to value creation. TIIC Group believes that this is a high quality, operationally secure, cash yielding portfolio of assets which will be of strong interest to potential investors over the coming few years.

TIIC has launched a successor fund, TIIC 2, which will build upon TIIC Group' differentiated approach to infrastructure in Europe. TIIC 2 will is targeting aggregate commitments from investors of €300m (€350m

hard cap) to invest into both transportation and social infrastructure projects in Europe. TIIC 2 will also seek to invest, on a very selective basis, into greenfield social infrastructure projects in New Frontier Markets, within close proximity to the European Union. Given its powerful network of relationships across Europe and the operational skills of its team, TIIC Group will continue to target superior investment returns for TIIC 2's portfolio of assets. These returns should be in line with the anticipated returns from the First Fund portfolio which is forecast to deliver a gross IRR of up to 14% and a multiple of approximately 2x on invested capital.

TIIC announced the first close of TIIC 2 on December 30th 2016, with aggregate commitments of €135m from a group of high quality and well-diversified limited partners. First close investors in TIIC 2 include the European Investment Bank and Edmond de Rothschild, both with significant commitments, as well as the TIIC team. TIIC 2 is also supported by a number of existing investors, together with several European insurance companies, pension funds and family offices. A second close is planned in the coming months and the final close will occur before the end of 2017. We have received significant interest from a number of European institutional investors, many of which are in the process of completing detailed due diligence on TIIC 2. We are firmly on track to achieve a final close of TIIC 2 before the end of the year.

Furthermore, TIIC has announced the first exit from Fund 1, with outstanding returns. Three other investments are in sales processes and should close during the next few months.

***BRIDGE***

BRIDGE is an infrastructure debt platform initiated by Edmond de Rothschild Asset Management (EdRAM) to enable institutional investors to access infrastructure assets with secured and stable revenue streams. BRIDGE is a London based second generation debt fund sourcing and structuring transactions directly from sponsors when feasible and one of the few independent debt teams only investing on behalf of clients. The BRIDGE team has the ability to execute and deliver transactions as efficiently as traditional lenders as well as negotiate terms and conditions bringing optimised yield and security to investors.

The BRIDGE platform was set up as a new leg of EDR's Infrastructure, Real Assets & Structured Finance Team striving to take advantage of the expertise of the infrastructure sector acquired when the team became a global leader in PPP & Transport infrastructure financial advisory in 2011 and 2012.

The BRIDGE platform raised € 400m of new monies in 2016 and has successfully reached the €1bn mark of Assets under Management at the end of 2016. The platform comprises three investment vehicles (French FCT and Lux SIF) and is currently fundraising for additional pockets of liquidity:

o **BRIDGE I** reached final closing in December 2014 with approximately €600m of aggregate commitments from a club of institutional investors.

- **BRIDGE I Dedicated Compartment**is a vehicle created by a large European institution and anchor investor of the first fund with a €250m target amount available for deployment.
- **BRIDGE II** reached first close in December 2016 with €150m of commitments in order to invest in three transactions. Fundraising for BRIDGE II is still ongoing, targeting a group of institutional investors in Europe and elsewhere, with final target size of €600m.

The BRIDGE platform has a long-term European investment strategy and a mandate to cover all sectors of infrastructure, notably energy, renewables, utilities, transportation, telecommunications and social infrastructure and can execute project financing, refinancing and acquisition finance transactions.

The BRIDGE platform currently comprises investments of between €20-120 million each, in 17 European infrastructure transactions. In 2016 alone, the BRIDGE team has achieved financial close for 11 infrastructure deals in Europe aggregating ca. €390m. When benchmarked against other similar funds, the investment team has succeeded in deploying faster and with credit spreads well above the infrastructure senior debt benchmark, enabling BRIDGE to become a force in the growing institutions-backed infrastructure debt market. BRIDGE's ability to invest beyond the traditional definition of core infrastructure and to structure transactions was a key differentiator when Edmond de Rothschild launched this platform, as part of its commitment to real economy. BRIDGE is innovative in the sense that the investment team sources transactions directly from sponsors and is actively involved in the structuring phase, acting as Mandated Lead Arranger.

BRIDGE comprises a large, international and skilled London based investment team of 11 investment professionals who between them have arranged more than €100bn of landmark infrastructure deals over the last 20 years across the globe. The BRIDGE team is among the largest within the debt funds universe and demonstrates the Edmond de Rothschild Group's commitment to the platform.

Kind regards,
Johnny

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**Johnny el HACHEM**

**Edmond de Rothschild Private Equity**

29 Route de Pré-Bois
Case postale 490
1215 Genève 15
Suisse

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/15/2017 1:23:41 PM
**To**: Michael Wolff[redacted]
**Subject**: Re: A few favors...

**Importance**: High

of course ok to both. . .

On Wed, Feb 15, 2017 at 8:16 AM, Michael Wolff [redacted] wrote:

> So...I'm doing this Trump book for a pile of money and with so far quite a bit of cooperation from them (DT called me the other day and spent 45 minutes on the phone ranting and raving about the media--alarming). I wonder if you could introduce me to Tom Barrack--just to say I'm a journalist who you know and trust, and that I'll follow up with a description of the project that I'm doing. Also, I'd love a reintroduction to Kathy Ruemmler. I need some off-the-record perspective on White House procedures.
>
> Are you in NYC soon?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/7/2017 12:21:23 PM
**To:** Jonathan Farkas[redacted]]
**Subject:** Re:

why dont you suggest to him that the real money making book is getting to the truth of the claims. unvierstiy of virgina. no penalty for fals accusations. . hockey team no penalty for accusations. . trump 13 yeara old rape accusation no penaltiy etc. mine is ripe with same

On Fri, Apr 7, 2017 at 8:11 AM, <[redacted]> wrote:

Do you want me to arrange it? be careful jf

In a message dated 4/7/2017 8:06:20 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

im happy to meet him

On Fri, Apr 7, 2017 at 7:39 AM, Jonathan Farkas <[redacted]> wrote:

Went to opening of war paint last night was sitting next to john Connolly at after party he is on to his next book about Ef Hutton murders apparently was going to put me in your book because I was in your visitors list but somers and Margo nederlander asked him not to which pisses me off I have never been in a big book before and I think it would have been great and they never even asked me I told him about how you called Apple best jonathan

Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/23/2017 11:20:28 AM
**To**: paul krassner [redacted]
**Subject**: Re: Subject to change

you can read the guardian article on the alleged 13 year old. put up to it by a pr guy, former jerry springer sales pitch man

On Sat, Apr 22, 2017 at 6:02 PM, paul krassner <[redacted]> wrote:

So the publisher wants me to trim down 700 to 400 pages in "The Best of…" collection. Tsk tsk. Below will be the revised mini-essay to serve as the final piece. Although I detest Trump, to be fair, I realized, thanks to you, that I had no evidence that he had raped a 13-year-old, though I did have have evidence that, as an adult, there was evidence that she made an accusation. Also, I added another sentence with a positive ending. Meanwhile, Happy Earth Day.

## The Last Word: Yikes!

When George W. Bush was elected president in the year 2000, it was due to the electoral college (a rigged system which originally intended to prevent slaves from voting and evolved to gerrymandering), even though Bush's opponent, Al Gore, won the national popular vote. Hillary Clinton was elected senator that year, and she announced that the first thing she would do was to get rid of the electoral college. A few years later, as a columnist for the *New York Press*, I sent her a letter asking about the status of that promise. She didn't reply.

On November 8, 2016, a crooked businessman, liar extraordinaire, bragging pussy-grabber, make-America-white-again, anti-choice, anti-Semite, fake Christian, accused rapist of a 13-year-old in 1994 (she canceled a press conference one week before the election because of death threats if she filed a lawsuit), climate-change hoaxer, twitter addict, homophobic, apprentice politician, fucking fascist, and Vladimir Putin's "useful idiot," namely Donald Trump, who was elected as an insanely narcissistic dictator based on the electoral college, whereas his opponent, Hillary Clinton, won the national popular vote by almost three million individuals galore, to no avail.

Irony lives. But the monster has inadvertently awakened a population to resist.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/22/2017 9:52:23 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re: WaPo story-- Trump's outside counsel

we should talk

On Mon, May 22, 2017 at 5:28 PM, Weingarten, Reid <[redacted]> wrote:

Do I have the choice? And if so, your view?

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Monday, May 22, 2017 4:43 PM
**To:** Weingarten, Reid
**Subject:** Re: Fw: WaPo story-- Trump's outside counsel

do you want it? or jared?

On Mon, May 22, 2017 at 4:39 PM, Weingarten, Reid <[redacted]> wrote:

Sent from my BlackBerry 10 smartphone.

**From:** Parker, Ashley <[redacted]>
**Sent:** Monday, May 22, 2017 3:19 PM
**To:** Weingarten, Reid
**Subject:** WaPo story-- Trump's outside counsel

Hi Reid,

Ashley Parker here at the Washington Post. I cover the White House and am emailing because my colleague, Bob Costa, and I getting ready to post a story about President Trump's decision to move ahead with retaining outside counsel, and we understand you're one of the finalists for the role, and have already spoken with senior White House officials. I just wanted to let you know that we plan to mention your name (and of course see if you want to comment), and I also wanted to check and see if you were open to chatting totally off the record, just in case there is any nuance or guidance you'd like to provide. I'm at [redacted], or my desk is [redacted].

Thanks,
Ashley

Ashley Parker
[redacted]
Cell: [redacted]
Desk: [redacted]
Twitter: @AshleyRParker

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/23/2017 6:46:27 PM
**To**: Leon Black [redacted]

Weingarten, a high-powered attorney at Steptoe & Johnson in Washington known for his folksy style, is a somewhat unlikely choice because he has represented Democratic clients and is close friends with Eric H. Holder Jr., who served as attorney general under President Barack Obama. Holder and Weingarten met during their early years at the Justice Department.

The four finalists did not respond to requests for comment. A White House official said the administration had no comment

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/27/2017 10:23:32 PM
**To**: Nicholas Ribis [redacted]
**Subject**: Re:

**Importance**: High

we know jared doesnt do squat without direction. . changes coming

On Sat, May 27, 2017 at 6:14 PM, Nicholas Ribis <[redacted]> wrote:

Wow I wonder what Jarred did u know DJT knew!

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, May 27, 2017 6:11 PM
**To:** Nicholas Ribis
**Subject:**

getting hotter

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/7/2017 12:03:23 PM
**To**: Leon Black [redacted]

"Blackstone anticipates that the program will have $40 billion in total equity commitments in a permanent capital vehicle, including $20 billion to be raised from other investors," Blackstone said in a statement announcing the planned launch of the investment fund. "The MOU is non-binding and the parties will continue their negotiation to agree definitive documentation."

Brookings Institution Senior Fellow Bruce Riedel was even less charitable. "There is no deal. It's fake news," he wrote in a scathing piece on the Brookings website. "I've spoken to contacts in the defense business and on the Hill, and all of them say the same thing: there are a bunch of letters of interest or intent, but not contracts. Many are offers that the defense industry thinks the Saudis will be interested in someday."

It could be years before anyone knows for sure whether the preliminary agreements announced in Saudi Arabia have become real deals worth hundreds of billions, or whether the announcements were the kind of hyperbole Trump perfected during his time in the business world.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/16/2017 12:38:43 PM
**To**: Nicholas Ribis[redacted]
**Subject**: Re:

funny

On Sun, Jul 16, 2017 at 8:23 AM, Nicholas Ribis <[redacted]> wrote:

> Saw Matt C with DJT at golf tournament I know why he was there
>
> Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/25/2017 10:03:41 PM
**To:** Boris Nikolic [redacted]

[redacted] had emailed me a couple of times. over the past 2 months. after I sent her that note she said she had little money, couldnt afford air condintioner. was living on a friends couch. really needed money. !!!!! ' I sent her some " , your friend bill is nuts. his former girl . cant afford air con, , cant affrod to travel to bridge , she said that sharon osborne used to arrange. . the lawyer helped her with papers. so she is ok, but broke. . that story would take trump off the front pages The richest man in the world is so cheap , his former bridge girl and toy , lives on a friends sofa. . WOWO

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/18/2017 8:09:23 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

[redacted]

On Fri, Aug 18, 2017 at 4:08 PM, Michael Wolff <[redacted]> wrote:

Just spent two hours on the phone with Bannon. I saw Spicer and Priebus his week. I'd pretty much say that nearly 100% of the non-family senior staff of the first six months now believe that Trump can't function in this job. I think they all become part of a Republican initiative to take him down. I hear Kelly trying to make Trump understand that Jared and Ivanka have to go.

On Fri, Aug 18, 2017 at 3:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I assume no dinner

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/26/2017 12:23:33 AM
**To:** Darren Indyke [redacted]
**Subject:** Re: Breaking News: At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business

all fun

On Mon, Sep 25, 2017 at 8:12 PM, Darren Indyke <[redacted]> wrote:

Here we go again.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier [redacted]
Mobile: [redacted]
email: [redacted]

**** Please note that my mobile telephone number has changed to the new number provided above. ***

**********
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**********

Begin forwarded message:

**From:** NYTimes.com News Alert <nytdirect@nytimes.com>
**Subject: Breaking News: At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business**
**Date:** September 25, 2017 at 8:11:34 PM EDT
**To:** [redacted]

Add nytdirect@nytimes.com to your address book.

**BREAKING NEWS**

# At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business

Monday, September 25, 2017 8:08 PM EDT

At least six of President Trump's closest advisers occasionally used private email addresses to discuss White House matters, current and former officials said on Monday.

Officials are supposed to use government emails for their official duties so their conversations are available to the public and those conducting oversight. But it is not illegal for White House officials to use private email accounts as long as they forward work-related messages to their work accounts so they can be preserved.

During the 2016 presidential race, Mr. Trump repeatedly harped on Hillary Clinton's use of a private account as secretary of state, making it a centerpiece of his campaign and using it to paint her as untrustworthy. "We must not let her take her criminal scheme into the Oval Office," Mr. Trump said last year. His campaign rallies often boiled over with chants of "Lock her up!"

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/3/2017 12:26:10 PM
**To:** Melanie Spinella [redacted]
**Subject:** Fwd: Plane management

does this mean that under their brilliant structure you will have a profit and pay tax for using your plane??! . call me re other issue please we need to make a decision today
---------- Forwarded message ----------
From: **Barry J. Cohen** <[redacted]>
Date: Mon, Oct 2, 2017 at 5:21 PM
Subject: RE: Plane management
To: "jeffrey E." <jeevacation@gmail.com>

It won't take long to do. We're just swamped. I'll get something to you when I can.

My biggest fear about taking this job is that there wouldn't be enough to do. You told me that concern was crazy. You were right.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:20 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

can you share?

On Mon, Oct 2, 2017 at 5:17 PM, Barry J. Cohen <[redacted]> wrote:

On our to-do list, but back of the envelope, we satisfied ourselves that after depreciation, we would show a profit. (In part because Apollo charter payments factor in depreciation.)

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:14 PM
**To:** Barry J. Cohen <[redacted]n>
**Subject:** Re: Plane management

did anyone provide you with a biz plan that shows the proposal will generat a profit ?

On Mon, Oct 2, 2017 at 4:30 PM, Barry J. Cohen <[redacted]> wrote:

Adding Internet and possibly changing cushions. I recommended we do it with the 4 year inspection in the spring, but haven't heard back from him. I think I talked him out of automating the divans. I agreed with what you said about that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:29 PM

**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

isnt he changing the cushions? etc and adding internet?

On Mon, Oct 2, 2017 at 4:23 PM, Barry J. Cohen <[redacted]> wrote:

Ah yes.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:23 PM
**To:** Barry J. Cohen <[redacted]
**Subject:** Re: Plane management

new depreciation rules proposed under trump

On Mon, Oct 2, 2017 at 4:13 PM, Barry J. Cohen <[redacted] wrote:

GV is in inspection and going well. Not sure what renovations you mean?

On depreciation, we think we cannot use accelerated due to foreign travel preponderance, and obviously can't use bonus because not new. We think we are stuck with straight-line depreciation which will be passive.

Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 3:42 PM
**To:** Barry J. Cohen <[redacted]>; Melanie Spinella <[redacted]>
**Subject:** Re: Plane management

dont you want to see what the depreciation rules are. ? it depends on what you intend to do with it/ ? where do you stand with the renovations and the sale of the 5

On Mon, Oct 2, 2017 at 2:33 PM, Barry J. Cohen <[redacted]> wrote:

Thinking of switching from Jet Aviation to EJM. EJM is more expensive. Do you have a point of view?

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/16/2017 11:47:23 PM
**To:** Lesley Groff [redacted]
**Subject:** Re:

**Importance:** High

no

On Thu, Nov 16, 2017 at 6:37 PM, Lesley Groff <[redacted]> wrote:

Will you want to bring back [redacted] or [redacted] for the week you are in NY?

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment we will go to lsh on sunday the 26th early then to new york where i will stay the week, larry , it will be [redacted] and I , trump is in town that week,

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/21/2017 12:44:39 AM
**To**: Larry Visoski [redacted]
**Subject**: Re: TSA PBI

**Importance**: High

we will have others get names from lesley.

On Mon, Nov 20, 2017 at 7:23 PM, Larry Visoski <[redacted]> wrote:

Jeffrey
While Trump is in PBI, TSA only allows arrival and departures between 8am and 5pm for General Aviation.
I made a resv for Nov 26th at 8am to St Thomas,,
Passengers: You and [redacted]
I can make passenger changes up to 24 Hours before Departure, they also request if we are traveling with an animal., FYI,
They also ask if Passengers are Male or Female, strange, they didn't ask names.

Thx
Larry

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/2/2017 2:36:15 PM
**To:** Larry Summers [redacted]
**Subject:** Re: A tax loophole for just Jeffrey Epstein?

**Importance:** High

after DJT actually signs it. I'll point out the location of the other eggs much more creative - overall though, the writers were very sophisticated. they closed many many loopholes. and did it elegantly . example closing all the 1031 crazy transactions by merely inserting the word " real" in from of the word property very clever, or not redoing the paragraph but merely changing the penalty to zero. . or detailing related party definitions that had teeth. . they cant be faulted for not getting it right -100 percent :)

On Sat, Dec 2, 2017 at 9:30 AM, Larry Summers <[redacted]> wrote:

I don't know whether to laugh or cry

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 2, 2017, at 9:29 AM, jeffrey E. <jeevacation@gmail.com> wrote:

like the hunt for easter eggs. your friend andrew has so far only found one . and it was brighly colored :)

On Sat, Dec 2, 2017 at 9:23 AM, Larry Summers <[redacted]> wrote:

????
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** [redacted]
**Date:** December 2, 2017 at 8:16:13 AM EST
**To:** Lawrence Henry Summers <[redacted]>
**Subject: Fwd: A tax loophole for just Jeffrey Epstein?**

Did you see this

[redacted]

Begin forwarded message:

**From:** Andrew Friendly <[redacted]>
**Date:** December 2, 2017 at 7:29:07 AM EST
**To:** [redacted] <[redacted]>
**Subject: A tax loophole for just Jeffrey Epstein?**

https://www.facebook.com/senatorsanders/videos/10156545332157908/

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/2/2017 9:16:25 PM
**To**: Larry Summers [[redacted]]
**Subject**: Re: A tax loophole for just Jeffrey Epstein?

**Importance**: High

Comey himself acknowledged that: "throughout history, some presidents have decided that because 'problems' come from Justice, they should try to hold the Department close. But blurring those boundaries ultimately makes the problems worse by undermining public trust in the institutions and their work." Comey has also acknowledged that the president had the constitutional authority to fire him for any or no cause.

President Trump also had the constitutional authority to order Comey to end the investigation of former national security adviser Mike Flynn. He could have pardoned Flynn, as Bush pardoned Weinberger, thus ending the Flynn investigation, as Bush ended the Iran-Contra investigation. What Trump could not do is what Nixon did: direct his aides to lie to the FBI, or commit other independent crimes. There is no evidence that Trump did that.

On Sat, Dec 2, 2017 at 10:00 AM, Larry Summers <[redacted]> wrote:

Later

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 2, 2017, at 9:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

[redacted]

On Sat, Dec 2, 2017 at 9:30 AM, Larry Summers <[redacted]> wrote:

I don't know whether to laugh or cry

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 2, 2017, at 9:29 AM, jeffrey E. <jeevacation@gmail.com> wrote:

like the hunt for easter eggs. your friend andrew has so far only found one . and it was brighly colored :)

On Sat, Dec 2, 2017 at 9:23 AM, Larry Summers <[redacted]> wrote:

????
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Kelly Friendly <[redacted]>
**Date:** December 2, 2017 at 8:16:13 AM EST
**To:** Lawrence Henry Summers <[redacted]>
**Subject: Fwd: A tax loophole for just Jeffrey Epstein?**

Did you see this

Kelly Friendly
[redacted]

Begin forwarded message:

**From:** Andrew Friendly <[redacted]>
**Date:** December 2, 2017 at 7:29:07 AM EST
**To:** Kelly Friendly <[redacted]>
**Subject: A tax loophole for just Jeffrey Epstein?**

https://www.facebook.com/senatorsanders/videos/10156545332157908/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/24/2018 11:35:28 AM
**To:** [redacted]
**Subject:** Re: Keep the March Alive!

happy to help. but I thought by colorful past might be more of a burden with re conribtuions.

On Tue, Jan 23, 2018 at 9:59 PM, Diane Ziman <[redacted]> wrote:

> Jeffrey --
>
> Did you see my son's email on Sunday?
>
> I was so proud to see him speak at the Women's March this weekend, joining thousands of passionate Floridians who want real change in our state, and across the country.
>
> But we both know that change doesn't come easy. And there are a lot of folks in Tallahassee that want to keep things the same as usual.
>
> **We can't afford the status quo so they can have their way. We need leadership that will bring the change that so many have been marching for over the past year.**
>
> Can I count on you to help my son bring that change to Tallahassee?
>
> **Click here to join his campaign today, and help him do the right thing for our neighbors across the state.**
>
> #ThatsMyBoy
>
> - Diane
>
> ---------- Forwarded message ----------
>
>
>
> I spent the day with thousands of fellow Floridians, celebrating the one year anniversary of the Women's March.
>
> **I was inspired by the crowds, their voice, and their passion.**

Empowering women in the age of Trump is an essential part of moving this country forward. But that means moving forward on issues that have long been stalled - equal pay, better education, and a living wage.

In 2018, we have the chance to move these issues forward, and I'm asking for your help in making it happen.
Keep the March Alive! Chip in $5 Today.
If the crowds we saw in St. Petersburg, Miami, and dozens of other cities across this country are any indication, we have the momentum!

Now we need to bring it to Tallahassee.

Sincerely,
**Philip**

Paid by Philip Levine, Democrat, for Governor

Philip Levine for Governor
960 Alton Road
Miami Beach FL 33139 United States

We're so thankful of your support, and we hope you will take the next step by signing up to volunteer with our campaign. If you would like to be removed from our email list, please click the following link and we will remove you promptly: unsubscribe

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/10/2018 5:23:19 PM
**To:** LHS [redacted]
**Subject:** Re:

**Importance:** High

page and strokz

On Sat, Feb 10, 2018 at 12:20 PM, LHS <[redacted]> wrote:
Saw and liked Woody piece. The columnist is Good.

Don't follow your note. What texts

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 10, 2018, at 12:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

The list of officials frequently discussed in the texts who are no longer in their jobs seems to grow by the day. It includes former FBI Director James Comey, who was fired by Trump; former Deputy Director Andrew McCabe; Comey's chief of staff, James Rybicki; FBI General Counsel James Baker; as well as Strzok, who was booted off the special counsel investigation and sent to a job in the FBI's personnel div. laufman and rachel brand. not one surprise if would have heard bannon

On Sat, Feb 10, 2018 at 12:06 PM, LHS <[redacted]> wrote:
Lisa will call.

People are saying resignation of justice Dept number 3 is big deal.

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Fri, Feb 9, 2018 at 8:33 AM -0500, "jeffrey E." <jeevacation@gmail.com> wrote:

[redacted]

On Fri, Feb 9, 2018 at 8:32 AM, LHS <[redacted]> wrote:
?? What number r u at?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 9, 2018, at 6:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wow

On Thu, Feb 8, 2018 at 8:52 PM, LHS <[redacted]> wrote:
Goofy corrupt giveaways?

Do tell.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 8, 2018, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

this bill has the things you were looking for in the last

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/24/2018 12:58:14 PM
**To**: Steve Bannon [redacted]
**Subject**: Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance**: High

Yes

On Sat, Feb 24, 2018 at 7:48 AM Steve Bannon <[redacted]> wrote:

> https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/24/2018 1:02:39 PM
**To**: Steve Bannon[redacted]
**Subject**: Re: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance**: High

spent two hours on conference. with her yesterday. the flynn focus was clever

On Sat, Feb 24, 2018 at 7:48 AM, Steve Bannon <[redacted]n> wrote:

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/24/2018 12:23:00 PM
**To:** Landon Thomas Jr. [redacted]
**Subject:** Re:

he feels alone. and is nuts !!! , I told everyone from day one. evil beyond belief. mad, and most thought i was speaking metaphorically. its obvious he could crack. stormy daniels. ? lies after lies aflter lies.

On Sat, Mar 24, 2018 at 8:19 AM, Landon Thomas Jr. <redacted> wrote:

He is scaring the shit out of me now. He could well tank global economy. Can Barrack talk sense to him anymore?

Maybe it's time for you to jump in now. Given how he is throwing caution to wind in such epic fashion, why wouldn't he take your call?

Give it a shot!

Sent from my iPhone

On Mar 24, 2018, at 5:39 PM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/23/2018 3:38:53 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Re:
**Attachments:** image002.png; image003.png; image004.png; image001.png

**Importance:** High

maybe, but southern district . money laundering. . any action that "offends the constitution " . corrupt intent. . . many open questions. . flippers will dictate ( my view )

On Sat, Jun 23, 2018 at 2:44 PM, Steve Bannon <[redacted]> wrote:
Big deal

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** "Rivkin, David" <[redacted]>
**Date:** June 23, 2018 at 8:14:49 AM EDT
**To:** Steve Bannon <[redacted]>
**Subject: Fwd: Re:**

Here it is.

Sent from my iPhone

Begin forwarded message:

**From:** "Grossman, Andrew M" <[redacted]>
**Date:** June 23, 2018 at 12:56:55 AM EDT
**To:** "Rivkin, David" <[redacted]>
**Subject: Re:**

# Mueller's Fruit of the Poisonous Tree

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

*By*

*David B. Rivkin Jr. and*

*Elizabeth Price Foley*

June 22, 2018 6:38 p.m. ET

414 COMMENTS

Special counsel Robert Mueller's investigation may face a serious legal obstacle: It is tainted by antecedent political bias. The June 14 report from Michael Horowitz, the Justice Department's

inspector general, unearthed a pattern of anti-Trump bias by high-ranking officials at the Federal Bureau of Investigation. Some of their communications, the report says, were "not only indicative of a biased state of mind but imply a willingness to take action to impact a presidential candidate's electoral prospects." Although Mr. Horowitz could not definitively ascertain whether this bias "directly affected" specific FBI actions in the Hillary Clinton email investigation, it nonetheless affects the legality of the Trump-Russia collusion inquiry, code-named Crossfire Hurricane.

Crossfire was launched only months before the 2016 election. Its FBI progenitors—the same ones who had investigated Mrs. Clinton—deployed at least one informant to probe Trump campaign advisers, obtained Foreign Intelligence Surveillance Court wiretap warrants, issued national security letters to gather records, and unmasked the identities of campaign officials who were surveilled. They also repeatedly leaked investigative information.

Mr. Horowitz is separately scrutinizing Crossfire and isn't expected to finish for months. But the current report reveals that FBI officials displayed not merely an appearance of bias against Donald Trump, but animus bordering on hatred. Peter Strzok, who led both the Clinton and Trump investigations, confidently assuaged a colleague's fear that Mr. Trump would become president: "No he won't. We'll stop it." An unnamed FBI lawyer assigned to Crossfire told a colleague he was "devastated" and "numb" after Mr. Trump won, while declaring to another FBI attorney: "Viva le resistance."

The report highlights the FBI's failure to act promptly upon discovering that Anthony Weiner's laptop contained thousands of Mrs. Clinton's emails. Investigators justified the delay by citing the "higher priority" of Crossfire. But Mr. Horowitz writes: "We did not have confidence that Strzok's decision to prioritize the Russia investigation over following up on [the] investigative lead discovered on the Weiner laptop was free from bias."

Similarly, although Mr. Horowitz found no evidence that then-FBI Director James Comey was trying to influence the election, Mr. Comey did make decisions based on political considerations. He told the inspector general that his election-eve decision to reopen the Clinton email investigation was motivated by a desire to protect her assumed presidency's legitimacy.

The inspector general wrote that Mr. Strzok's text messages "created the appearance that investigative decisions were impacted by bias or improper considerations." The report adds, importantly, that "most of the text messages raising such questions pertained to the Russia investigation." Given how biases ineluctably shape behavior, these facts create a strong inference that by squelching the Clinton investigation and building a narrative of Trump-Russia collusion, a group of government officials

sought to bolster Mrs. Clinton's electoral chances and, if the unthinkable happened, obtain an insurance policy to cripple the Trump administration with accusations of illegitimacy.

What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire. And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

When the government deprives a person of life, liberty or property, it is required to use fundamentally fair processes. The Supreme Court has made clear that when governmental action "shocks the conscience," it violates due process. Such conduct includes investigative or prosecutorial efforts that appear, under the totality of the circumstances, to be motivated by corruption, bias or entrapment.

In *U.S. v. Russell* (1973), the justices observed: "We may someday be presented with a situation in which the conduct of law enforcement agents is so outrageous that due process principles would absolutely bar the government from invoking judicial processes to obtain a conviction." It didn't take long. In *Blackledge v. Perry* (1974), the court concluded that due process was offended by a prosecutor's "realistic likelihood of 'vindictiveness' " that tainted the "very initiation of proceedings."
In *Young v. U.S. ex rel. Vuitton* (1987), the justices held that because prosecutors have "power to employ the full machinery of the state in scrutinizing any given individual . . . we must have assurance that those who would wield this power will be guided solely by their sense of public responsibility for the attainment of justice." Prosecutors must be "disinterested" and make "dispassionate assessments," free from any personal bias.
In *Williams v. Pennsylvania* (2016), the court held that a state judge's potential bias violated due process because he had played a role, a quarter-century earlier, in prosecuting the death-row inmate whose habeas corpus petition he was hearing. The passage of time and involvement of others do not vitiate the taint but heighten "the need for objective rules preventing the operation of bias that might otherwise be obscured," the justices wrote. A single biased individual "might still have an influence that, while not so visible . . . is nevertheless significant."
In addition to the numerous anti-Trump messages uncovered by the inspector general, there is a strong circumstantial case—including personnel, timing, methods and the absence of evidence—that Crossfire was initiated for political, not national-security, purposes.

It was initiated in defiance of a longstanding Justice Department presumption against investigating campaigns in an election year. And while impartiality is always required, a 2012 memo by then-Attorney General Eric Holder emphasizes that impartiality is "particularly important in an election year," and "politics must play no role in the decisions of federal prosecutors or investigators regarding any investigations. . . . Law enforcement officers and prosecutors may never select the timing of investigative steps or criminal charges for the purpose of affecting any election, or for the purpose of giving an advantage or disadvantage to any candidate or political party."

Strong evidence of a crime can overcome this policy, as was the case with the bureau's investigation of Mrs. Clinton's private email server, which began more than a year before the 2016 election. But Crossfire was not a criminal investigation. It was a counterintelligence investigation predicated on the notion that Russia could be colluding with the Trump campaign. There appears to have been no discernible evidence of Trump-Russia collusion at the time Crossfire was launched, further reinforcing the notion that it was initiated "for the purpose" of affecting the presidential election.

The chief evidence of collusion is the hacking of the Democratic National Committee's servers. But nothing in the public record suggests the Trump campaign aided that effort. The collusion narrative therefore hinges on the more generic assertion that Russia aimed to help Mr. Trump's election, and that the Trump campaign reciprocated by embracing pro-Russian policies. Yet despite massive surveillance and investigation, there's still no public evidence of any such exchange—only that Russia attempted to sow political discord by undermining Mrs. Clinton and to a lesser extent Mr. Trump.

Some members of the Trump team interacted with Russians and advocated dovish policies. But so did numerous American political and academic elites, including many Clinton advisers. Presidential campaigns routinely seek opposition research and interact with foreign powers. The Clinton campaign funded the Steele dossier, whose British author paid Russians to dish anti-Trump dirt. The Podesta Group, led by the brother of Mrs. Clinton's campaign chairman, received millions lobbying for Russia's largest bank and the European Center for a Modern Ukraine, both with deep Kremlin ties. The Clinton Foundation and Bill Clinton took millions from Kremlin-connected businesses.

No evidence has emerged of Trump-Russia collusion, and Mr. Mueller has yet to bring collusion-related charges against anyone. Evidence suggests one of his targets, George Papadopoulos, was lured to London, plied with the prospect of Russian information damaging to Mrs. Clinton, and taken to dinner, where he drunkenly bragged that he'd heard about such dirt but never seen it. These circumstances not only fail to suggest Mr. Papadopoulos committed a crime, they reek of entrapment. The source of this information, former Australian diplomat Alexander Downer, admits Mr.

Papadopolous never mentioned emails, destroying any reasonable inference of a connection between the DNC hack and the Trump campaign.

Crossfire's progenitors thus ignored an obvious question: If Russia promised unspecified dirt on Mrs. Clinton but never delivered it, how would that amount to collusion with the Trump campaign? If anything, such behavior suggests an attempt to entice and potentially embarrass Mr. Trump by dangling the prospect of compromising information and getting his aides to jump at it.

Given the paucity of evidence, it's staggering that the FBI would initiate a counterintelligence investigation, led by politically biased staff, amid a presidential campaign. The aggressive methods and subsequent leaking only strengthen that conclusion. If the FBI sincerely believed Trump associates were Russian targets or agents, the proper response would have been to inform Mr. Trump so that he could protect his campaign and the country.

Mr. Trump's critics argue that the claim of political bias is belied by the fact that Crossfire was not leaked before the election. In fact, there were vigorous, successful pre-election efforts to publicize the Trump-Russia collusion narrative. Shortly after Crossfire's launch, CIA Director John Brennan and Mr. Comey briefed Congress, triggering predictable leaking. Christopher Steele and his patrons embarked on a media roadshow, making their dossier something of an open secret in Washington.

On Aug. 29, 2016, the New York Times published a letter to Mr. Comey from Senate Minority Leader Harry Reid, saying he'd learned of "evidence of a direct connection between the Russian government and Donald Trump's presidential campaign," which had "employed a number of individuals with significant and disturbing ties to Russia and the Kremlin." On Aug. 30, the ranking Democratic members of four House committees wrote a public letter to Mr. Comey requesting "that the FBI assess whether connections between Trump campaign officials and Russian interests" may have contributed to the DNC hack so as "to interfere with the U.S. presidential election." On Sept. 23, Yahoo News's Michael Isikoff reported the Hill briefings and the Steele dossier's allegations regarding Carter Page. On Oct. 30, Harry Reid again publicly wrote Mr. Comey: "In my communications with you and other top officials in the national security community, it has become clear that you possess explosive information about close ties and coordination between Donald Trump, his top advisors, and the Russian government."

That these leaking efforts failed to prevent Mr. Trump's victory, or that Mr. Comey's ham-fisted interventions might have also hurt Mrs. Clinton's electoral prospects, does not diminish the legal significance of the anti-Trump bias shown by government officials.

The totality of the circumstances creates the appearance that Crossfire was politically motivated. Since an attempt by federal law enforcement to influence a presidential election "shocks the conscience," any prosecutorial effort derived from such an outrageous abuse of power must be suppressed. The public will learn more once the inspector general finishes his investigation into Crossfire's genesis. But given what is now known, due process demands, at a minimum, that the special counsel's activity be paused. Those affected by Mr. Mueller's investigation could litigate such an argument in court. One would hope, however, that given the facts either Mr. Mueller himself or Deputy Attorney General Rod Rosenstein would do it first.

*Mr. Rivkin and Ms. Foley practice appellate and constitutional law in Washington. He served at the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush administrations. She is a professor at Florida International University College of Law.*

*Appeared in the June 23, 2018, print edition.*

Best,

Andrew

**Andrew Grossman**
Partner

BakerHostetler

Washington Square
1050 Connecticut Ave, N.W. | Suite 1100
Washington, DC 20036-5304
T [redacted]
bakerlaw.com

**From:** "Rivkin, David" <[redacted]n>
**Date:** Friday, June 22, 2018 at 7:50 PM
**To:** "Grossman, Andrew M" <[redacted]n>
**Subject:** <no subject>

Can you please send me WSJ op Ed. Tx

Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/23/2018 4:01:37 PM
**To**: Kathy Ruemmler [redacted]
**Subject**: Fwd: Re:
**Attachments**: image003.png; image002.png; image001.png; image004.png

**Importance**: High

i htink weak thoughts?
---------- Forwarded message ----------
From: **Steve Bannon** <[redacted]>
Date: Sat, Jun 23, 2018 at 2:44 PM
Subject: Fwd: Re:
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

Big deal

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** "Rivkin, David" <[redacted]>
**Date:** June 23, 2018 at 8:14:49 AM EDT
**To:** Steve Bannon <[redacted]>
**Subject: Fwd: Re:**

Here it is.

Sent from my iPhone

Begin forwarded message:

**From:** "Grossman, Andrew M" <[redacted]
**Date:** June 23, 2018 at 12:56:55 AM EDT
**To:** "Rivkin, David" <[redacted]>
**Subject: Re:**

# Mueller's Fruit of the Poisonous Tree

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

*By*

*David B. Rivkin Jr. and*

*Elizabeth Price Foley*

June 22, 2018 6:38 p.m. ET

414 COMMENTS

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Crossfire was launched only months before the 2016 election. Its FBI progenitors—the same ones who had investigated Mrs. Clinton—deployed at least one informant to probe Trump campaign advisers, obtained Foreign Intelligence Surveillance Court wiretap warrants, issued national security letters to gather records, and unmasked the identities of campaign officials who were surveilled. They also repeatedly leaked investigative information.

Mr. Horowitz is separately scrutinizing Crossfire and isn't expected to finish for months. But the current report reveals that FBI officials displayed not merely an appearance of bias against Donald Trump, but animus bordering on hatred. Peter Strzok, who led both the Clinton and Trump investigations, confidently assuaged a colleague's fear that Mr. Trump would become president: "No he won't. We'll stop it." An unnamed FBI lawyer assigned to Crossfire told a colleague he was "devastated" and "numb" after Mr. Trump won, while declaring to another FBI attorney: "Viva le resistance."

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Similarly, although Mr. Horowitz found no evidence that then-FBI Director James Comey was trying to influence the election, Mr. Comey did make decisions based on political considerations. He told the inspector general that his election-eve decision to reopen the Clinton email investigation was motivated by a desire to protect her assumed presidency's legitimacy.

The inspector general wrote that Mr. Strzok's text messages "created the appearance that investigative decisions were impacted by bias or improper considerations." The report adds, importantly, that "most

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What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire. And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

When the government deprives a person of life, liberty or property, it is required to use fundamentally fair processes. The Supreme Court has made clear that when governmental action "shocks the conscience," it violates due process. Such conduct includes investigative or prosecutorial efforts that appear, under the totality of the circumstances, to be motivated by corruption, bias or entrapment.

In *U.S. v. Russell* (1973), the justices observed: "We may someday be presented with a situation in which the conduct of law enforcement agents is so outrageous that due process principles would absolutely bar the government from invoking judicial processes to obtain a conviction." It didn't take long. In *Blackledge v. Perry* (1974), the court concluded that due process was offended by a prosecutor's "realistic likelihood of 'vindictiveness' " that tainted the "very initiation of proceedings."
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In addition to the numerous anti-Trump messages uncovered by the inspector general, there is a strong circumstantial case—including personnel, timing, methods and the absence of evidence—that Crossfire was initiated for political, not national-security, purposes.

It was initiated in defiance of a longstanding Justice Department presumption against investigating campaigns in an election year. And while impartiality is always required, a 2012 memo by then-Attorney General Eric Holder emphasizes that impartiality is "particularly important in an election year," and "politics must play no role in the decisions of federal prosecutors or investigators regarding any investigations. . . . Law enforcement officers and prosecutors may never select the timing of investigative steps or criminal charges for the purpose of affecting any election, or for the purpose of giving an advantage or disadvantage to any candidate or political party."

Strong evidence of a crime can overcome this policy, as was the case with the bureau's investigation of Mrs. Clinton's private email server, which began more than a year before the 2016 election. But Crossfire was not a criminal investigation. It was a counterintelligence investigation predicated on the notion that Russia could be colluding with the Trump campaign. There appears to have been no discernible evidence of Trump-Russia collusion at the time Crossfire was launched, further reinforcing the notion that it was initiated "for the purpose" of affecting the presidential election.

The chief evidence of collusion is the hacking of the Democratic National Committee's servers. But nothing in the public record suggests the Trump campaign aided that effort. The collusion narrative therefore hinges on the more generic assertion that Russia aimed to help Mr. Trump's election, and that the Trump campaign reciprocated by embracing pro-Russian policies. Yet despite massive surveillance and investigation, there's still no public evidence of any such exchange—only that Russia attempted to sow political discord by undermining Mrs. Clinton and to a lesser extent Mr. Trump.

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No evidence has emerged of Trump-Russia collusion, and Mr. Mueller has yet to bring collusion-related charges against anyone. Evidence suggests one of his targets, George Papadopoulos, was lured to London, plied with the prospect of Russian information damaging to Mrs. Clinton, and taken to

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Crossfire's progenitors thus ignored an obvious question: If Russia promised unspecified dirt on Mrs. Clinton but never delivered it, how would that amount to collusion with the Trump campaign? If anything, such behavior suggests an attempt to entice and potentially embarrass Mr. Trump by dangling the prospect of compromising information and getting his aides to jump at it.

Given the paucity of evidence, it's staggering that the FBI would initiate a counterintelligence investigation, led by politically biased staff, amid a presidential campaign. The aggressive methods and subsequent leaking only strengthen that conclusion. If the FBI sincerely believed Trump associates were Russian targets or agents, the proper response would have been to inform Mr. Trump so that he could protect his campaign and the country.

Mr. Trump's critics argue that the claim of political bias is belied by the fact that Crossfire was not leaked before the election. In fact, there were vigorous, successful pre-election efforts to publicize the Trump-Russia collusion narrative. Shortly after Crossfire's launch, CIA Director John Brennan and Mr. Comey briefed Congress, triggering predictable leaking. Christopher Steele and his patrons embarked on a media roadshow, making their dossier something of an open secret in Washington.

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That these leaking efforts failed to prevent Mr. Trump's victory, or that Mr. Comey's ham-fisted interventions might have also hurt Mrs. Clinton's electoral prospects, does not diminish the legal significance of the anti-Trump bias shown by government officials.

The totality of the circumstances creates the appearance that Crossfire was politically motivated. Since an attempt by federal law enforcement to influence a presidential election "shocks the conscience," any prosecutorial effort derived from such an outrageous abuse of power must be suppressed. The public will learn more once the inspector general finishes his investigation into Crossfire's genesis. But given what is now known, due process demands, at a minimum, that the special counsel's activity be paused. Those affected by Mr. Mueller's investigation could litigate such an argument in court. One would hope, however, that given the facts either Mr. Mueller himself or Deputy Attorney General Rod Rosenstein would do it first.

*Mr. Rivkin and Ms. Foley practice appellate and constitutional law in Washington. He served at the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush administrations. She is a professor at Florida International University College of Law.*

*Appeared in the June 23, 2018, print edition.*

Best,

Andrew

**Andrew Grossman**
Partner

BakerHostetler

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[redacted]
bakerlaw.com

**From:** "Rivkin, David" <[redacted]>
**Date:** Friday, June 22, 2018 at 7:50 PM
**To:** "Grossman, Andrew M" <[redacted]>
**Subject:** <no subject>

Can you please send me WSJ op Ed. Tx

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/23/2018 5:25:33 PM
**To:** Kathy Ruemmler [[redacted]]
**Subject:** Re: Fwd: Re:

exactly my view. on facebook I thought you might look at the recent internet and privacy opinions and pose some open questions. to be discussed . mark wants to bring the internet to the rest of the world. . and healthcare . . his wife is nice but boring. . what do you see as the challegnes what does she or he see. . social

On Sat, Jun 23, 2018 at 7:11 PM, Kathy Ruemmler <[redacted]> wrote:
Yawn. And David Rivkin is a hack. Zero — and I mean zero — chance that a court would find a due process violation on these facts. Fruit of the poisonous tree doctrine does not apply.

On Jun 23, 2018, at 12:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i htink weak thoughts?
---------- Forwarded message ----------
From: **Steve Bannon** <[redacted]>
Date: Sat, Jun 23, 2018 at 2:44 PM
Subject: Fwd: Re:
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

Big deal

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** "Rivkin, David" <[redacted]>
**Date:** June 23, 2018 at 8:14:49 AM EDT
**To:** Steve Bannon <[redacted]>
**Subject: Fwd: Re:**

Here it is.

Sent from my iPhone

Begin forwarded message:

**From:** "Grossman, Andrew M" <[redacted]>
**Date:** June 23, 2018 at 12:56:55 AM EDT
**To:** "Rivkin, David" <[redacted]>
**Subject: Re:**

# Mueller's Fruit of the Poisonous Tree

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

*By*

*David B. Rivkin Jr. and*

*Elizabeth Price Foley*

June 22, 2018 6:38 p.m. ET

414 COMMENTS

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What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire. And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

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*Appeared in the June 23, 2018, print edition.*

Best,

Andrew

**Andrew Grossman**
Partner

<image001.png>

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Washington, DC 20036-5304

[redacted]

bakerlaw.com

<image002.png> <image003.png> <image004.png>

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**From:** "Rivkin, David" <[redacted]>
**Date:** Friday, June 22, 2018 at 7:50 PM
**To:** "Grossman, Andrew M" <[redacted]>
**Subject:** <no subject>

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**Date:** Thursday, August 9 2018 10:47 AM
**Subject:** Fwd: Our May conversation - more thoughts
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** BS Stern <[redacted]>;

Hi all –

I spent some time mulling additional aspects of a third choice presidential run and wanted to run five specific attributes for a candidate by you as a group.

This much we know - the Fall elections are shaping up to be a referendum on the most divisive American President in memory. The battle for potential Supreme Court justice Brett Kavanaugh's nomination this fall will only amplify the polarity of the political debate that is already deeply overwrought on both sides. The rising tide of pressure on Donald Trump from the Mueller investigation shows no sign of ebbing.

Unless the underlying political dynamics are disrupted, the outcomes of these unprecedented events will still leave us with the same unsatisfactory two front battlefield of the 2016 Presidential election. Watching these unrelenting, compounding events since our discussion in May, I am guessing we are all asking the same question: now what? For the 48 percent of Americans who believe Donald Trump should not be in the White House, perhaps we too want our own "chaos" candidate in 2020?

Should Trump run again, this could be a "break glass" moment for the majority of Americans who don't support him. Do we want to break the genteel precedents of two parties running their ceremonious and seemingly illogical nominating process to select a candidate? (Why do Iowa and New Hampshire play such outsized roles? What kind of small-d democratic process relies on superdelegates?) The system failed in 2016, with both parties producing terribly flawed candidates in a race to the bottom. We need to build a back-up plan in the event the system fails again.

It's possible, of course, that we won't need a third-party candidate. Trump could decide not to run for whatever reason. The Democrats could nominate a winning 2020 candidate. I am not willing to take those bets.

The ideal candidate for a new third party is someone who is widely perceived to be that rare combination of both good *and* great. We are looking for a proven leader of men and women, someone with clear, democratic – and moral – values that reflect the best of America, not our worst. We know people like this on the national stage now.

As a thought experiment, consider the possibilities of a ticket outside the partisan lanes and imagine the chemistry of radical combinations: Biden/Romney? Bill Gates/Hogan? Bloomberg/Haley? Howard Schultz/Bob Corker? Sandberg/Kasich?

As we have discussed narrow path to electing the first president outside the two major party primary system in 168 years is more navigable than most think. Heading into 2020, converging trends in American's demands for a third party (a historic high of 61%), disapproval of Donald Trump holding steady above 50%, and the increasingly leftward drift of the Democratic Party suggest that electorate may be susceptible to merits of a new centrist party. Cynics will say that the structural impediments of ballot and presidential debate access, the overwhelming advantages of legacy parties' fundraising and voter turn-out operations preordain failure, but they're wrong; the legal and logistical hurdles are amenable to a combination of lawyering and resources. The bigger, more consequential factors come in terms of candidate quality and policy. I believe a candidate with five specific characteristics including a unique – and purposefully non-specific - policy agenda could limbo a win.

- This is what I think a successful third-party candidate looks like; a dream third party ticket would start off with enough name ID to be an instant contender. Building the name ID to run nationally is just too long and expensive of a process to accomplish in the 28 months until the next presidential election. We can't beat a celebrity without some celebrity of our own, whether from politics, sports, business, or entertainment. Instantaneous name ID is so crucial because the candidate must

start out in striking distance in any three-way poll against Trump and a fill-in-the-blank Democratic flavor-of-the day candidate. The media and political class will predetermine irrelevance otherwise.

- A Democrat-leaning candidate would *have* to top the ideal third-party ticket. We need someone with a shot at snaking a plurality of the vote in the blue states Hillary Clinton won (227 electoral votes), but moderate enough to win a plurality in some combination of Trump states like Florida, Pennsylvania, Wisconsin and Michigan (another 119 votes). The right candidate may even to put North Carolina, Ohio, Indiana in play for a centrist bi-partisan ticket as well (totaling an electoral sweep of 464 elector votes). A right leaning candidate would meet the same fate as a primary challenger to Trump – for all intents and purposes we need to assume that 36% of voters won't be cleaved from Trump under any circumstances and run to win around them. The deep red states would be off the table entirely.

- With the Trump reality show airing daily, voters are now expecting to take their politics with a side of entertainment. Heretofore, ratings will matter no matter how dry the policy topic. Surely Stephen Colbert would gladly sacrifice his executive producer Chris Licht to produce a daily comedic segment of this dream candidate interviewing Americans in truck stops and McDonald's across the country. A few of the "Saturday Night Live" script writers could certainly be enticed to disguise serious debates as informative amusement. Any candidate must be committed to a near daily cadence of high quality, compelling video production. It will be especially crucial to keep the voters' attention during what will be a raucous Democratic primary season. Rules governing access to the general election debate stage dictate that a candidate enjoy support of at least 15% of voters in the months leading up to the general election.

- This dream candidate would pledge to serve only four years and address all of the U.S.'s ticking time bombs like Social Security, Medicare, health care reform, climate change, money in politics, gerrymandering, and infrastructure investment in a single term. This one-and-done term decouples our candidate from the usual politics and gives them the power of promise and deliver decisive action. A four-year term pledge ensures governance independent of campaign finance concerns and

narrow special interests inherent to winning re-election. This "fix-it" ticket would promise to force decisions on all the underlying structural policy matters damaging America's long-term prospects and distorting our democracy. No more kicking the can down the road.

- This candidate should also pledge to push for laws passed that reflect the will of simple majorities in Congress. Congress now only allows bills to move forward when a "majority of a majority" supports the policy and on many levels seems fundamentally broken. This third-party president could force votes based on a transparent reading of where the votes lie via coalition building. The Senate filibuster power will present a high hurdle, but a third-party candidate would be a de facto disruptor of the two-party system. Party discipline could well break down, and moderates in both parties could form a powerful, decisive block willing to work with the new President. The policies passed into law may not be ideal for either Democrats or Republicans, but for the major agenda items that must be addressed for America's long-term health, an imperfect fix that corrects course is better than those that now have us hurtling toward national bankruptcy.

And if no candidate secures 270 electoral votes in 2020? The House of Representatives would choose the next president. In 2016, reports suggested Michael Bloomberg declined to run on a third-party ticket for fear of splitting support from Hillary Clinton and throwing the election to a GOP-controlled House of Representatives who would then vote to select the president. The fear was the GOP controlled House would have just elected Trump.

Would Democratic control of the House mean that the House would pick an alternative to Trump as president? Each state delegation has a single vote in selecting a president and it is the incoming Congress - the class elected in 2020 that would decide the election. But no matter which party has the speaker's chair, the GOP would almost certainly have the upper hand in the majority of state delegations controlled. Would the state delegations pick a president based on party majority control of the delegation, the winner of the popular vote in each state or their own calculations as to who is best for America? Precedent suggests that delegations use secret ballots, which means individual lawmakers may vote their consciences.

If we recruit this ideal candidate; threading the needle of name ID, a center-left bent, a TV-savvy campaign team and a pledge to serve only four years with an apartisan agenda, money and campaign expertise would certainly follow. And 50 state ballot access is a function of time (starting in the fall of 2019 would be prudential) and hard work as we have discussed and many of you have exhaustively war-gamed.

Part and parcel of this effort would be motivating the often politically lackadaisical middle to vote. The raft of new technologies in data targeting and biometric mobile voting technology could transform the electorate in the next few, amping voter participation and injecting the voices of moderates (both in political views and level of political interest) into the process. And any third-party effort must incorporate advocacy for accelerated adaption of these all but inevitable voter verification tools. I believe Silicon Valley could be game-changing allies in this effort.

I am sure none of us doubt that chaos could potentially be unleashed by jamming three viable candidates into a two-party system. An election that ends up in the House of Representatives is an uncontrollable, murky and ancient process. But might that be a less scary prospect than relying on the Democrats to nominate a candidate who can beat Trump in 2020?

I look forward to talking more about all of our ideas on this hopeful project in coming weeks. Please feel free to call me to discuss. Thank you for taking time to review this note.

Sincerely,

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/23/2018 3:16:47 PM
**To**: Kathy Ruemmler[redacted]
**Subject**: Re: NYTimes: Donald Trump's High Crimes and Misdemeanors

you see , i know how dirty donald is. my guess is that non lawyers ny biz people have no idea. what it means to have your fixer flip

On Thu, Aug 23, 2018 at 11:13 AM, Kathy Ruemmler <[redacted]> wrote:

It makes no difference whether it was his money. Issue is failure to disclose. Plus, fact that he has lied his ass off about it makes clear that he knew it was illegal.

On Aug 23, 2018, at 11:03 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think he makes the argument that it was his , trumps money , making it not illegal. though he also said he only found out afterwards? and the fact according to the indicment was billed as services rendered and grossed up. im sure his acct has flipped anyway. . I did talk in detail to starr yesterday re indicments how trump can make a deal ( special counsel) . clintons trash can yes starr gave me more. YECHHHH! .

On Thu, Aug 23, 2018 at 10:50 AM, Kathy Ruemmler <[redacted]> wrote:

Here's a story from The New York Times that I thought you'd find interesting:

The principled case for impeachment is clear. What's missing is the courage.

Read More...

Get The New York Times on your mobile device

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/24/2018 12:47:43 PM
**To**: Kathy Ruemmler [redacted]
**Subject**: Fwd: Trump @ War

---------- Forwarded message ----------
From: <redacted>
Date: Thu, Aug 23, 2018 at 4:25 PM
Subject: Trump @ War
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

https://app.frame.io/presentations/a87092af-cb6a-473b-9241-582c03dbb906

Sent from ProtonMail Mobile

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/12/2018 6:15:20 PM
**To**: Larry Summers [redacted]
**Subject**: Re: This morning

https://www.cato-unbound.org/2016/12/13/jason-mcdaniel/ranked-choice-voting-likely-means-lower-turnout-more-errors difficult to judge one way or the other. turnout , does not reflect ethnicity .? stable does not mean same. . looking at the argumnents on both sides , I would have to conclude in your words a big nothingburger

On Wed, Sep 12, 2018 at 5:01 AM, Larry Summers <[redacted]> wrote:

More than u may want to know
Sent from my iPhone

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** "Maskin, Eric" <[redacted]>
**Date:** September 11, 2018 at 10:24:21 PM EDT
**To:** LHS <[redacted]
**Subject: RE: This morning**

I believe there are, but don't know how careful they are. I will try to get you references.

---

**From:** LHS <[redacted]>
**Sent:** Tuesday, September 11, 2018 10:23 PM
**To:** Maskin, Eric [redacted]
**Cc:** lhsoffice [redacted]
**Subject:** Re: This morning

Are there empirical studies on turnout.

Sent from my iPhone

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Sep 11, 2018, at 10:20 PM, Maskin, Eric <[redacted] wrote:

Yes, we can expect more extremists to run under RCV. But also more centrists (e.g., Bloomberg). Since the centrists are closer to the median voter, they will defeat the extremists.

The evidence I have seen suggests that RCV *increases* turn-out. [But it's important that voters be given the choice to rank as many or few candidates as they like, so that a voter always has the option of voting for a single candidate (in effect, he would be ranking all other candidates as tied for second). In practice, most voters choose to rank two or three candidates, but a significant fraction just rank one]

In fact the increase in the diversity of candidates under RCV is related to turn-out. If RCV had been used in 2016, Bernie Sanders could have run as an independent in the general election without fear of guaranteeing a Trump victory. Many of the Bernie supporters who stayed home on election day might then have voted---and presumably would have ranked Clinton second. This would have given her a victory over Trump in Michigan, Wisconsin, and Pennsylvania (and possibly elsewhere).

Eric

---

**From:** LHS <[redacted]>
**Sent:** Tuesday, September 11, 2018 7:52 PM
**To:** Maskin, Eric <[redacted]
**Cc:** lhsoffice [redacted]
**Subject:** Re: This morning

I get that formal argument

What about aspects not quite in model.

More folk will run from extremes if they can attract more First run votes. Candidates can position a bit.

Separately I pitched this to someone today.

He said he had heard that because of its greater complexity African American and lower income turnout was depressed. Is there evidence on turnout impacts?

Sent from my iPhone

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On Sep 11, 2018, at 6:05 PM, Maskin, Eric <[redacted]> wrote:

Hi Larry,

Thank you very much for taking the meeting this morning. I'm glad you found it worthwhile, and I agree with you that Adam Friedman's commitment to the project is impressive.

I AM serious about working on this---it's a nice opportunity to make important practical use of some interesting theory. Voting rules may seem nerdy and dry, but they can make an enormous difference to actual politics

The formal argument that RCV promotes centrism better than the current system (plurality rule) is straightforward. Suppose that most voters vote ideologically in the sense that the closer a candidate is to their own position on the left-right spectrum, the more like they are to vote for him. Then under majority rule (my favorite voting system)---in which voters rank candidates and the winner is the candidate who beats all other in pairwise comparisons----the winner will be the median voter's favorite candidate -----in other words, the most centrist candidate gets elected (this assumes that there are enough candidates running so that there is one who is reasonably close to the median voter). Now observe that RCV is in between majority rule and plurality rule, and so will promote centrism better than plurality rule.

Best wishes, Eric

---

**From:** LHS <[redacted]>
**Sent:** Tuesday, September 11, 2018 4:16 PM
**To:** Maskin, Eric [redacted]
**Cc:** lhsoffice [redacted]
**Subject:** This morning

It was fun and interesting.

I admire your friends determination.

Are you serious about working on this?

Has anyone done a full analysis of this and polarization.

Seems like on one hand it might encourage Ralph Nader cuz he d get more first round votes and not elect George bush. This might be bad.

On other hand, gore would not have to move left to take Nader vote.

If I like centrism is it clear that this is better.

I get that it avoids arbitrary outcomes but assume that a tea party nut is as likely to elect a dem as a lefty is to elect et a republican.

Anyway thanks for setting up.

Btw I gave them 10,000.

Larry
Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From**: J [jeevacation@gmail.com]
**Sent**: 11/5/2018 8:23:58 PM
**To**: Michael Wolff [redacted]
**Subject**: Re:

take photos

On Mon, Nov 5, 2018 at 8:36 PM Michael Wolff <[redacted]> wrote:

I was thinking of opening with you and Bannon talking about Trump. Would let you sound smart and offer what I think would be a crowd-pleasing perspective, and make you seem like a credible player--former friend of Trump, advisor to world leaders, sought after person, etc--without having to too much rehash old stuff.

Doesn't seem like they can win...but who knows. I'm meeting Bannon had 3 tomorrow and will stay with him until the end.

On Mon, Nov 5, 2018 at 2:08 PM J <jeevacation@gmail.com> wrote:

if the republicans pull this off , steve would deserve most of the credit. . he was way out in front on this way out. . . execution not to his liking but..... on another note , what were you thinking about me in the book, with what moniker

--

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/23/2019 12:53:04 AM
**To**: Michael Wolff [redacted]]
**Subject**: Re:

Home

On Wed, May 22, 2019 at 8:24 PM Michael Wolff <[redacted]> wrote:

> Where are you tomorrow?
>
> On Wed, May 22, 2019 at 8:23 PM J <jeevacation@gmail.com> wrote:
>
> > Why had no one interviewed some of trump classmates at wharton ? Deutsh bank papers very bery bad
> > --
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**From:** J [jeevacation@gmail.com]
**Sent:** 5/23/2019 1:11:24 AM
**To:** Michael Wolff [redacted]]
**Subject:** Re:

Great

On Wed, May 22, 2019 at 8:56 PM Michael Wolff <[redacted]> wrote:
Lunch tomorrow? Or after? I have 4:00 appt. anytime before works.

On Wed, May 22, 2019 at 8:53 PM J <jeevacation@gmail.com> wrote:
Free afternoon

On Wed, May 22, 2019 at 8:24 PM Michael Wolff <[redacted]> wrote:
Where are you tomorrow?

On Wed, May 22, 2019 at 8:23 PM J <jeevacation@gmail.com> wrote:
Why had no one interviewed some of trump classmates at wharton ? Deutsh bank papers very bery bad
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**From:** Terry Kafka [[redacted]]
**Sent:** 8/19/2013 8:34:18 PM
**To:** Mark L. Epstein [[redacted]]; Jeffery Edwards [jeevacation@gmail.com]; 'Warren Eisenstein' [[redacted]]
**CC:** Mark Albert[[redacted]], Janet Kafka [[redacted]]
**Subject:** FW: shortest books of all time

**Importance:** High

---

**From:** [redacted] [[redacted]]
**Sent:** Monday, August 19, 2013 12:25 PM
**To:** terry@impactoutdoor.com
**Subject:** Re: shortest books of all time

Now that is really funny!!!

On Aug 19, 2013, at 7:53 AM, [redacted] wrote:

Sent via BlackBerry by AT&T

---

**From:** Joel Dunn <[redacted]>
**Date:** Mon, 19 Aug 2013 07:35:50 -0700 (PDT)
**To:** Nicholas Gahhos<[redacted]>; John Stepek<[redacted]>; Ed Hammer<[redacted]>; Bob & Sandy<[redacted]>; Joe Nordgaard<[redacted]>; Terry Kafka<[redacted]>; Bridges Hague<[redacted]>
**ReplyTo:** Joel Dunn <[redacted]>
**Subject:** shortest books of all time

---

# The Shortest Books of All Time

## MY BLACK GIRLFRIENDS

By Tiger Woods

## THINGS I LOVE ABOUT MY COUNTRY

By Jane Fonda and Cindy Sheehan
Illustrated by Michael Moore
Forward by George Soros

## MY CHRISTIAN ACCOMPLISHMENTS AND HOW I HELPED AFTER KATRINA

By Rev Jesse Jackson & Rev Al Sharpton

---

**THINGS I CANNOT AFFORD**
By Bill Gates

---

**THINGS I WOULD NOT DO FOR MONEY**
By Dennis Rodman

---

**THINGS WE KNOW TO BE TRUE**
By Al Gore and John Kerry

---

**HOW TO LIVE LIFE TO THE FULLEST**
By Dr. Jack Kevorkian

---

**TO ALL THE MEN WE HAVE LOVED BEFORE**
By Ellen de Generes and Rosie O'Donnell

---

**GUIDE TO DATING ETIQUETTE**
By Mike Tyson

---

**THE AMISH PHONE DIRECTORY**

---

**MY PLAN TO FIND THE REAL KILLERS**
By O. J. Simpson

---

**HOW TO DRINK AND DRIVE SAFELY**
By Ted Kennedy

---

**MY BOOK OF MORALS**
By Bill Clinton
With introduction by The Rev. Jesse Jackson

---

**My Complete Knowledge of Military Strategy**
By Nancy Pelosi

---

**THINGS I DID TO DESERVE THE NOBEL PEACE PRIZE**
By Barack Obama

**From:** Laurie Cameron [redacted]
**Sent:** 9/3/2013 3:17:44 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Sept 2 position
**Attachments:** Sept 2.nmbtemplate

**Importance:** High

Hi Jeffrey,

Attached please find the Sept 2 position. The realized gain increased by the $28 k option premium that resulted from the barrier level trading in USD JPY. The USD sold off vs the AUD, GBP and the NZD today. The USD rallied against the CAD and the JPY.

I have separated y t d p/l from Sept p/l so that the numbers mean more.

Hopefully the AUD will stay above .88 going into next Monday. As I write this it is approx .90, which is good. I know it's not BRL, but I think that we are realizing some good gains. In the weeks ahead volatility will likely increase as Congress considers standing behind Obama and attacking Syria. Liquidity in restricted currencies can disappear at the trader's will. I prefer that we trade liquid easily currencies at a time like this.

Laurie

**ECONOMÍA**
El licor servido en locales de fiestas será controlado.
Pág. 6

**ECONOMÍA**
La potencia asiática es tentada a controlar la economía venezolana.
Pág. 7

**MUNDO**
La doctrina de Barack Obama analizada por ecuatorianos.
Pág. 12

# Hoy llega el sultán de Dubái para apostar por Posorja

GUILLERMO LIZARZABURO CASTRO, lizarzaburugu@granasa.com.ec ■ GUAYAQUIL

## Ahmed bin Sulayem se reunirá con Rafael Correa para analizar inversión en Posorja.

Por su viaje a Lima, **el alcalde Jaime Nebot no lo podrá recibir** en su despacho

Ya tiene inversiones portuarias en Colombia y Perú y no podría faltar, en esta zona de América Latina, la ciudad puerto más importante del Pacífico Sur: Guayaquil, donde al año llegan 1,5 millones de contenedores de 20 pies (TEU) despachados con la misma rapidez que en Europa.

El sultán de Dubái, Ahmed bin Sulayem, accionista mayoritario de la operadora portuaria número cuatro en el mundo Dubai Port World (DPW), llega hoy a Ecuador. Se reunirá con el presidente de la República, Rafael Correa, para tratar sobre una de las posibles inversiones más importantes para la ciudad, el puerto de aguas profundas en Posorja.

La cita con el alcalde de la ciudad, Jaime Nebot, quien ha defendido la construcción de esa infraestructura después de que el Gobierno, a través de la Subsecretaría de Puertos, le revocara el permiso al grupo Alinport, no se dará. El burgomaestre estará en Lima, Perú, hasta el lunes, confirmó a EXPRESO un alto funcionario del Cabildo.

En una carta enviada el 5 de julio de este año José Antonio Lousa, director de Inversiones del grupo Albacora -socio del puerto de aguas profundas, Alinport, junto con el grupo Nobis y Juan José Valasco- comunicó al alcalde Nebot su preocupación por el retiro del permiso de operación.

Según el Gobierno, esta no realizó las inversiones previstas, por lo que suspendió el permiso el 14 de junio de 2013.

El 7 de septiembre, en la cadena, el presidente Correa señaló que fue un error parar esa inversión. "Ahí la Subsecretaría (de Puertos) cometió un error al revocarle el permiso de construcción a Alinport- "porque si yo quito la concesión es porque tengo otra alternativa, otro inversionista". Por eso anotó que va a empujar a los inversionistas así esté atrasado. "Estamos trabajando en el programa. Esperamos una inversión

### Sultán Ahmed bin Sulayem

**Nació en 1955 en el Dubái. Fue presidente de Dubai World hasta el 12 de diciembre de 2010.**

**De familia prominente** en los negocios de Dubái si menos desde el siglo XX. El padre de Bin Sulayem fue asesor para familia del gobernante Maktoum de Dubái.

**Recibió una licenciatura** en Economía de la Temple University en Filadelfia, EE UU. Se le concedió un doctorado honorario en Middlesex University en Dubái.

**Participa actualmente** en Seven Tides International, (inversión inmobiliaria) en Development Company en Dubái. El 30 de mayo de 2007 se convirtió en el presidente de DP World.

**Fue el primer presidente** del gobierno de Dubái, jebel Ali Free Zone, fundada en 1985.

**Desde la década de los 80**, ha sido uno de las empresarios más destacados en Dubái, con una serie de empresas vinculadas al Gobierno. Ayudó a fundar Nakheel, una de las mayores promotoras de los Emiratos Árabes y también ambas empresas filiales de Dubái World.

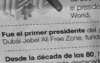

**Formó parte de la junta directiva** de la Corporación de Inversiones de Dubái, el brazo Fondo de Riqueza Soberana, hasta noviembre de 2009, cuando tuvo renovado a raíz de la crisis de deuda que sacó Dubái ese año.

DPW está interesada en tomar las acciones de la naviera Maerks, que formaba parte de Alinport. Ejecutivos de la compañía mantuvieron durante ocho meses reuniones con Nebot y los otros socios de Alinport, donde se realizaron estudios sobre la nueva terminal de contenedores.

**EMPRESA FUERTE.** Este Diario [illegible] la hora de la llegada del sultán y de la reunión con el presidente Correa, pero fuentes del sector empresarial solo confirmaron que llegará hoy, en un jet privado y será acompañado por los ejecutivos de Nobis, quienes también recibieron en las anteriores ocasiones a ejecutivos de DPW.

La comunicación directa para negociar la toma de un importante paquete accionario ha sido con Roberto Dunn, director ejecutivo y miembro de la Junta Directiva de Nobis.

DP World tiene una cartera de más de 65 terminales marítimas en 6 continentes, incluidos los nuevos desarrollos en marcha en la India, Africa, Europa, América del Sur y Oriente Medio. Maneja la terminal marítima de Callao, en Perú, y es accionista en Buenaventura, Colombia.

Los contenedores son el negocio principal de la empresa y genera más de tres cuartas partes de sus ingresos. En 2012 DP World manejó más de 56 millones de TEU. Con su línea de compromiso de los desarrollos y expansiones, se espera que la capacidad aumente a más de 100 millones de TEU en 2020. Tiene un equipo de 28.000 personas en el mundo, invierte en infraestructura y personal. Ahora espera anclar en Posorja.

**ESTO ES DUBÁI**

## Un estado islámico rico, donde se tolera el bikini y el alcohol

■ Bill Clinton, David Beckham, Carlos Slim, Bill Gates. Hay que ser millonario para tener una propiedad en Dubái. The World es un conjunto de islotes forrados de palmeras con forma de mapamundi. Sus mansiones solo están al alcance de los ricos de Forbes. Se vendieron -año 2001- a razón de 5 15 y 45 millones.

Con los ingresos producidos por el petróleo como patrimonio familiar la dinastía Al Maktoum ha convertido su reino en un paraíso fiscal y tecnológico que atrae a sus zonas de libre comercio a las multinacionales.

Es uno de los siete emiratos que forman los Emiratos Árabes Unidos y tiene una superficie de 4.113 kilómetros cuadrados. Está en la costa del Golfo Pérsico. El entrante de agua salada del golfo atraviesa la ciudad.

Su gobierno es regido por un sistema de monarquía constitucional, encabezado por el jeque Mohamed bin Rashid Al Maktum desde de 2006.

Es un Estado islámico, pero moderado, donde se juega un torneo anual de tenis que reparte 1,4 millones en premios y donde Roger Federer ha sido campeón cinco veces y Novak Djokovic, cuatro. No impone la ley musulmana a los extranjeros y las costumbres occidentales son toleradas. Se puede beber alcohol y ver chicas en bikini.

Para el 2015 prevé tener 40 millones de turistas. En 2002 permitió por primera vez a ciudadanos extranjeros la propiedad de una casa, al menos en proyectos concretos, como The Palm. La liberalización del mercado inmobiliario en un paraíso fiscal, como es Dubái, despertó más riqueza. Las primeras propiedades puestas a la venta en Palm Jumeirah se agotaron en dos meses. El año 2007, 780 apartamentos fueron vendidos en 48 horas.

Con Ecuador el comercio es escaso: 2,5 millones de dólares exportados entre enero y julio de 2013.

**COMUNICADO**

### Parlamento Andino rechaza su cierre

Los miembros del Parlamento Andino rechazaron la decisión del Consejo Andino de Ministros de Relaciones Exteriores de eliminar esa institución. Para ellos, eso "atenta contra la democracia de la región, pone en riesgo el proceso de integración, violenta el ordenamiento jurídico, así como la soberanía popular.

**SUPERINTENDENTE**

### Ochoa recibe dos impugnaciones más

La postulación de Carlos Ochoa a la Superintendencia de Comunicación recibió más cuestionamientos El asambleísta Andrés Páez (CREO) y el ciudadano Néstor Napoleón Marroquín lo impugnaron. "Ni qué decir del requisito de idoneidad en el que Ocho tiene serias objeciones pues no haber procedido con imparcialidad, neutralidad ni objetividad", dijo Paez.

**VISITA OFICIAL**

### Correa irá a Bolivia el 3 de octubre

El presidente Rafael Correa realizará su primera visita oficial a su colega boliviano, Evo Morales, el jueves 3 de octubre para fortalecer su alianza política y discutir sobre los avances de la integración. Correa ha estado varias veces en Bolivia, pero será su primera visita de carácter oficial y recíproca a la de Morales hizo a

**JUDICIAL**

### Detienen a presuntos traficantes de droga

Un operativo realizado martes permitió la detención de dos presuntos carte internacionales de tupefacientes. que calizado en el barrio Abril, de Puerto Bolívar Oro. La medida fue puesta por la fiscal yaquil, María Colmenino, quien se to Machala, con ella de la Unidad de Contra el Crimen

HOUSE_OVERSIGHT_026520

# Cooperating Without Looking

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**Cooperation occurs when we take on costs to help others. A key mechanism by which cooperation is sustained is reciprocity: individuals cooperate with those who have cooperated in the past. In reality, we not only condition on others' past cooperative actions, but also on the decision making process that leads to cooperation: we trust more those who cooperate without calculating the costs because they will cooperate even when those costs are high. We propose a game theory model to explain this phenomenon. In our model, player 1 chooses whether or not to cooperate with player 2. Player 1 faces a stochastic temptation to defect and, before choosing whether to cooperate, also decides whether to "look" at the realized temptation. Player 2 observes not only whether player 1 ultimately cooperated but also whether she looked, then decides**



HOUSE_OVERSIGHT_026521

**whether or not to continue interacting with player 1. We find conditions in which there is an equilibrium where player 2 chooses to interact with player 1 only if player 1 cooperates without looking (CWOL) and player 1 chooses to CWOL. We show that this equilibrium is robust to both high degrees of rationality, as modeled by subgame perfection and learning or evolutionary dynamics, as modeled by the replicator dynamic. Using computer simulations, we also show that it emerges with high frequency, even in the presence of other equilibria. Additionally, we show that the ability for player 1 to avoid looking, and the ability for player 2 to detect looking increases cooperation. We propose this model as a possible explanation for a number of interesting phenomena, and thereby derive novel predictions about these phenomena, including why we dislike "flip-flopping" politicians and respect principled people more generally, why people cooperate intuitively, and why people feel disgust when considering taboo trade-offs, and why people fall in love.**

Cooperation occurs when we take on costs to help others. A key mechanism by which cooperation is sustained is reciprocity: individuals condition their behavior on others' past actions [1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14]. In reality, we not only condition on others' past actions, but also on the decision-making process that lead to cooperation: we place more trust in cooperators who do not take time to carefully weigh the costs of cooperation and who do not try to collect data on such costs before deciding whether to cooperate. For example, we are impressed by colleagues who agree to proofread a paper without thinking twice, and view with suspicion those who ask, "how long will it take?" before agreeing to attend a practice talk. Such considerations are left out of standard



HOUSE_OVERSIGHT_026522

models of reciprocity, which only attend to cooperative actions and not the deliberation process leading up to the action.

We develop a simple model to explain why "looking" at the costs of cooperation is viewed with suspicion. The explanation we suggest is quite intuitive: those who cooperate without looking (CWOL) can be trusted to cooperate even in times when there are temptations to defect. While this insight can be captured without the need for a formal model, it is less clear that cooperators will choose to not look, since they pay a price by cooperating blindly in tempting circumstances. Moreover, the formal model, as will be seen, helps explicate when CWOL will occur as well as what difference the ability to not look and to observe others not looking will make.

We formalize this idea using what we call the envelope game (see figure 1). The envelope game distills an interaction between two individuals, or players, in an uncertain environment. Thus, we start by assuming there is a distribution of payoffs with two possibilities: one in which defection is relatively tempting, and another in which it is not. The temptation to defect is randomly determined. Defection is not tempting with probability $p$ and tempting with probability $1-p$. Both players know how likely it is that defection is tempting. However, at this point, neither player knows size of the temptation. That is, the temptation is placed inside an envelope and the envelope is sealed without the players knowing its content. Next, we assume that one of the players, player 1, chooses whether to learn the size of the temptation, either via mental deliberation or by gathering information. We model this in a simplified way by assuming that player 1 has a dichotomous choice: she can choose to open the envelope and look inside it, or not. If she opens the envelope and looks, she learns the size of the temptation. If she does not open the envelope and look, she only knows the distribution of payoffs. Player 1 then chooses whether to cooperate or defect. We model cooperation as costly to player 1, regardless



HOUSE_OVERSIGHT_026523

of the temptation, but more costly if the temptation is high. Thus, if the temptation is low, player 1 gets $a > 0$ if she cooperates and $c_l > a$ if she defects. If the temptation is high, she gets $a$ if she cooperates and $c_h > c_l$ if she defects. We assume that cooperation benefits the other player, which we refer to as player 2. We assume, for simplicity, that player 2 gets $b > 0$ if 1 cooperates and $d < 0$ if 1 defects, and that these payoffs to player 2 are the same regardless of 1's temptation. For now, we also assume that $d < p/(1-p) \cdot b$; that is, defection is sufficiently harmful to player 2 that player 2 prefers to avoid the interaction if player 1 only cooperates some of the time. Finally, we model player 2's trust in player 1. We model this by giving player 2 the choice of whether to continue the interaction with player 1. If player 2 continues the interaction, then with probability $w$, all previous steps are repeated, potentially indefinitely. That is, the temptation to defect is randomly chosen again, player 1 chooses whether to look at it, and so on. With probability $1 - w$, the game ends. The parameter $w$ can be interpreted as the likelihood of a future interaction or the player's discounting of future payoffs. Crucially, we assume that player 2 observes both of player 1's choices: not only whether 1 cooperated, but also whether 1 first looked. Our model, therefore, applies to situations where player 1's looking is somewhat observable, for example, if player 1 can gain additional information about the costs of defection by asking player 2 questions, or if player 1 can take time to ponder the decision and player 2 can observe player 1's reaction time. We assume that players maximize their expected payoffs. Note that since we assumed $a > 0$ and $b > 0$, both players benefit from a cooperative interaction.

In the envelope game, a strategy for player 1 dictates whether she will look and whether she will cooperate, as a function of whether she has looked and cooperated in the past, and as a function of the temptation if she has just looked. For example, one relatively simple strategy for player 1 is to look and cooperate whenever the temptation is low.



HOUSE_OVERSIGHT_026524

Similarly, a strategy for player 2 dictates whether he will continue or exit as a function of everything player 1 has done in the past. One relatively simple strategy for player 2 is to continue so long as player 1 has cooperated. If both players play according to this pair of strategies, each time the temptation is low, player 1 cooperates and gets $a$, player 2 gets $b$, and the game continues with probability $w$ until the first time the temptation is high. Then, player 1 defects and gets $c_h$ and player 2 gets $d$. Some straightforward calculations yield the players' expected payoffs: player 1's is $[ap + c_h(1-p)] / [1-pw]$ and player 2's is $[bp + d(1-p)] / [1-pw]$. Because a strategy specifies players' moves in every period and the game's length is undetermined, infinitely many possible strategies exist. We are primarily interested in the seven strategies represented in Figure 2, which shows the expected payoff for each player for each strategy pair of interest.

Of particular interest is the strategy pair designated in the top left corner of figure 2), in which player 2 discriminates between cooperators who look and those who do not look, and player 1 cooperates without looking (CWOL). The following simple argument demonstrates that this strategy pair is a Nash Equilibrium (which means no player has an incentive to unilaterally deviate) whenever $\frac{a}{1-w} \geq c_l p + c_h(1-p)$. This condition has a natural interpretation: player 1's expected temptation from defection is less than the gains from an ongoing cooperative interaction. Thus, player 1 would lose from deviating, for example by looking, because this would end the lucrative ongoing relationship, reducing player 1's payoff from an expected $\frac{a}{1-w}$ to 0. Player 2 would also lose from deviating, by choosing to exit, because when player 1 is always cooperating, she expects $\frac{b}{1-w}$ from the relationship, and exiting yields 0.

One potential concern with this equilibrium is that, since player 2 is not worse off by not attending to looking, he might not do so. This turns out to not be the case. The intuition is that if there is even a small probability player 1 looks, player 2 is better off



HOUSE_OVERSIGHT_026525

attending to looking. In the appendix, we formalize this intuition by showing that this equilibrium is subgame perfect, a solution concept used to rule out these kinds of concerns in settings where there is a high degree of rationality [15].

We might wonder whether CWOL will emerge in a population of players who are not rational, but are evolving or learning their strategies. There are two reasons to suspect it will not emerge. First, CWOL may be susceptible to the invasion of mutants. In particular, the concern is that a player 2 mutant might arise that does not attend to whether player 1 looks, rendering looking irrelevant. This mutant's fitness is no higher or lower than the incumbent strategy, so may grow by drift. Subsequently, a player 1 mutant which looks and defects when the temptation is high would have a fitness advantage and proliferate. While the player 2 mutant would then start dying off since it would now have lower fitness than the incumbent, it is not clear that it would do so fast enough for the player 1 mutant to also die off, returning to the CWOL equilibrium. Second, CWOL may be stable but have such a small basin of attraction that it will never emerge. In particular, there are three other equilibria to consider, which can be seen in figure 2. The first is comprised of the strategy pair where player 1 always defects, and player 2 always exits (which we refer to as the ALLD equilibrium). It is a Nash Equilibrium for all parameter values. The second is the strategy pair where player 2 exits if player 1 defects, and player 1 cooperates with or without looking (we refer to this as the CWL equilibrium). It is a Nash equilibrium when $\frac{a}{1-w} \geq c_2$. In fact, there are many more Nash Equilibria, where the population mixes between different strategies.

Consequently, we employ computer simulations of the replicator dynamic to explore the evolutionary dynamics of the envelope game. The replicator dynamic is the standard model for evolutionary dynamics [16, 17, 18, 19], and also models learning dynamics such as reinforcement learning or prestige-biased imitation [20]. It describes strategies evolving



HOUSE_OVERSIGHT_026526

over time under the assumption that the rate of reproduction within each population is proportional to the fitness relative to that type's other strategies. Since replicator dynamics cannot be solved in closed form, they must analyzed using computer simulations seeded with randomly chosen strategy frequencies. This method also requires restricting the analysis to a few strategies. Therefore, we run our replicator analysis only on the restricted set of strategies represented in figure 2. While this set of strategies is restricted, it includes the potentially destabilizing mutants discussed above.

To investigate the frequencies in which different equilibria emerge, we randomly seed the strategy frequencies many times and record the frequency of each strategy after the population has stabilized. Many mixtures of strategies are behaviorally consistent with CWOL, for example, if a large enough fraction of player 2s exit when player 1s look then no player 1s will look, even if this fraction is less than 1. Thus, we classify population frequencies as being behaviorally equivalent to ALLD, CWL, and CWOL (see appendix for details). We plot the frequencies of each of these for different values of $a$ in figure 3 (see appendix for analogous figures for other parameters). As can be seen, CWOL emerges often when it is a Nash Equilibrium.

Next, we identify the conditions under which people will be most likely to avoid looking and detect looking amongst others. For this, we interpret the conditions under which CWOL is the only cooperative equilibrium, because, as we show in the appendix, when one allows for mutations, the CWOL equilibrium no longer emerges in dynamic simulations when both CWOL and CWL are equilibria. Recall that CWL is a Nash equilibrium if and only if $\frac{a}{1-w} \geq c_2$. This equilibrium condition has a natural interpretation: in order to sustain CWL, the long term gains to player 1 from the ongoing relationship must suffice for player 1 to cooperate even when player 1 knows the temptation is high in the current period. Contrast this with the condition that determines if CWOL is an equilibrium:



HOUSE_OVERSIGHT_026527

$\frac{a}{1-w} \geq c_1 p + c_2(1-p)$. This equilibrium condition has a natural interpretation as well: in order to sustain CWOL, the long term gains to player 1 from the ongoing relationship must suffice for player 1 to cooperate when player 1 *expects* the temptation to *sometimes* be high. That is, not looking makes the expected–as opposed to realized–gains from defection relevant, in a sense smoothing the temptation to defection. Thus, the range where CWOL is an equilibrium and CWL is not, $c_1 p + c_2(1-p) \leq \frac{a}{1-w} < c_2$, has the following interpretation: the expected temptation is low but the maximal temptation is high. In the appendix, we confirm this result using our subgame perfections analysis. We also use dynamics to show that, CWOL increases relative to CWL when we increase the maximal temptation, but hold the mean temptation constant.

We identify a second condition under which people will be most likely to avoid and detect looking by relaxing the assumption $d > \frac{p}{1-p}b$. Then, in the region where $d \leq \frac{p}{1-p}b$, there is a fourth equilibrium. It is the strategy pair where player 2 always continues if player 1 cooperates when the temptation is low, and player 1 looks and cooperates only when the temptation is low (we refer to this as the ONLYL equilibrium). In contrast, CWOL is an equilibrium for all values of $d$. CWOL is thus the only cooperative equilibrium in the parameter region $d > \frac{p}{1-p}b$, which has the interpretation: defection is sufficiently harmful to player 2 such that player 2 prefers to avoid the interaction if player 1 only cooperates some of the time.

Note that CWOL is an equilibrium over a wider parameter region than both CWL and ONLYL, and thus that the ability to avoid looking and to detect whether others look increases the parameter space over which cooperation is feasible. To see this, consider removing player 1's strategy which consists of not looking. Alternatively, consider removing player 2's strategy where he conditions his behavior on whether player 1 has looked. In either case, cooperation is only sustained in a Nash Equilibrium if $\frac{a}{1-w} \geq ap + c_2(1-p)$ or



HOUSE_OVERSIGHT_026528

$d > \frac{p}{1-p}b$. These are the same condition needed for CWL and ONLYL, respectively, and, as discussed above, these ranges is strictly smaller than the range of values over which CWOL is an equilibrium.

To summarize, CWOL can occur in equilibrium, and this equilibrium is subgame perfect, is stable, and has a sizable basin of attraction in the replicator dynamics. Moreover, we expect player 2 to prefer interacting with player 1s who do not look and player 1s to actively avoid looking when defection is harmful and the temptation to defect is usually small but sometimes huge. Finally, under these conditions, cooperation can be sustained only if player 1 can avoid looking and player 2 can observe whether player 1 looks.

While we modeled player 1 looking at the temptation to defect, we could analogously have modeled player 1 looking at the benefits to cooperating. This can be interpreted as looking to see if anyone is watching, asking what one will get, or calculating the value of the ongoing relationship. In this and some similar cases, the modifications to the model would be straightforward and analysis would be equivalent.

We now apply the model to shed light on a number of interesting phenomena, including why we dislike "flip-flopping" politicians and respect principled people more generally, why people cooperate intuitively, why people feel disgust when considering taboo trade-offs, and why people fall in love.

We trust candidates for political office whose policies are the result of their convictions and are consistent over time, and distrust those whose policies are carefully constructed in consultation with their pollsters and who "flip-flop" in response to public opinion, as caricatured by the infamous 2004 Republican presidential campaign television ad showing John Kerry wind-surfing, and tacking from one direction to another. At first glance, this seems irrational: one would think it a virtue for a politician to flexibly respond to public opinion once in office. This logic is illustrated by John Maynard Keynes' famous quote:



HOUSE_OVERSIGHT_026529

"When the facts change, I change my mind. What do you do, sir?" However, if policies based on conviction or consistency over time are signals that a candidate does not look at the benefits of cooperation, this is an indication that the candidate can be trusted in situations where making the decision that is right for his or her constituency comes at a large political cost. Consistent with this, opponents take every opportunity to paint candidates as flip-floppers who cannot be trusted [21]. This argument generalizes outside of politics to why we respect people who are "principled" over those who are "strategic".

People intuitively cooperate. That is, when people make decisions rapidly, they are more likely to cooperate than if they have time to deliberate. Additionally, people who cooperate make quicker decisions than those who defect [22]. The Social Heuristics Hypothesis offers one explanation for this phenomena: we adopt heuristics to avoid incurring cognitive costs associated with deliberation [23, 24, 25]. In a world with repeated interactions, it is usually worthwhile to cooperate, so individuals may adopt heuristics such as "always cooperate" or "cooperate as long a situation is not a business interaction." These same individuals, when serving as laboratory subjects, may apply these heuristics and cooperate even when it is not worthwhile to do so [22, 26].

Our model offers the following alternative explanation for intuitive cooperation. Intuitive cooperation may serve to reduce responsiveness to realized costs. Thus, others should trust intuitive cooperators more than deliberate cooperators. Since intuitive cooperators are more trustworthy, this may lead people to evolve or learn to become intuitive cooperators. Note that this explanation suggests that intuitive cooperation may be an optimal response to others' ability to detect deliberation, and not, as a heuristic is, an attempt to avoid cognitive costs. For this explanation to be sensible, it must be the case that whether or not a decision is made intuitively or deliberatively is detectable. In fact, it is: deliberative decision making leads to slower reaction time, as well as increased pupil size



HOUSE_OVERSIGHT_026530

and heart rate [27], and sometimes blushing or stammering [28]. In contrast to the Social Heuristics Hypothesis, our model also predicts that decisions related to cooperation are more likely to be intuitive than other decisions that are similarly usually worthwhile, and that intuitive cooperators are trusted more than reflective cooperators. To our knowledge, neither of these predictions has been tested yet.

People dislike considering trade-offs related to "sacred values" [29]. Sacred values are values such as love, liberty, honor, justice, or life, that people treat "as possessing transcendental significance that precludes comparisons, trade-offs, or indeed any mingling with secular values" [29]. While there is variation in what societies consider sacred, virtually all societies have a concept of sacredness [29]. Sacred values are so strongly imbued in us that we do not find them puzzling prima fascia, yet their existence and origin remains poorly understood. What makes us treat some values as sacred and what differentiates these values from secular values like free time or money that we more readily trade off?

Our model provides one possible explanation. People who calculate costs of trading off against sacred values are less trustworthy when it comes to safeguarding these values than people who consider them sacred and would never calculate the costs of trading off against them. Responding with disgust to these "taboo trade-offs" may be one way to prevent us from interacting with people who make such trade offs and hence are less trustworthy, and may also be a way to signal to others that we ourselves would not consider, and therefore make, such trade-offs. Consistent with CWOL, it is taboo to consider the trade-off even if one ultimately makes the right choice, and the longer the trade-off is considered for, the harsher the judgement by observers [29]. As with intuitive cooperation, if people who refuse to consider taboo trade-offs are seen as more trustworthy, this may lead people to evolve or learn to abide by these taboos. If CWOL indeed underlies



HOUSE_OVERSIGHT_026531

the phenomena of taboo trade-offs, then it provides a novel prediction: taboo trade-offs will prevail precisely in situations where there is large but infrequent temptation to defect and defection is harmful, such as selling a child, betraying a country, or sleeping with someone for a million dollars. It remains to be shown that taboo trade-offs demonstrate this characteristic. It also provides an important policy prescription regarding policies forbidding taboo trade-offs, for example, the ban on euthanasia: such policies are socially suboptimal, since the benefits of cooperating without looking accrue to the individuals who advocate them, but the costs are borne by society.

Finally, our model offers an explanation for emotions such as love, and can thus be thought of as a formalization of Frank (1988). Love has the property that we behave altruistically towards our partners regardless of what temptations arise [30], as illustrated by the wedding vow, "for better or for worse, for richer, for poorer, in sickness and in health." For example, love causes individuals to ignore other potential mates, even if those mates are better than one's current mate, as Shakespeare's Juliet did when her love for Romeo led her to rebuff the advances of the otherwise-more-suitable Paris.

Why does love have this property? Our model suggests that those in love will more often be chosen as long-term partners. If this argument in fact underlies love, then it is crucial that love is observable, and that it necessarily cannot be displayed while still attending to costs. There is evidence consistent with this: related emotions are observable [31], cannot be faked [32], and are relied upon by partners when choosing whether to cooperate [33]. There is also reason to believe love and related emotions would be hard to fake, given their autonomic origins, and the costs of placing their activation under conscious control [30, 28]. However, it remains to be shown that love in particular has these attributes, and that it cannot be displayed while attending to costs.

Our formalism adds novel insights to Frank's argument about love. First, our model



HOUSE_OVERSIGHT_026532

clarifies that falling in or out of love depends on the distribution of temptations, but not their immediate realizations. This suggests people will fall out of love when there is a permanent change in alternative mating opportunities or relationship costs, but not a one-off temptation. For example, a man may fall out of love with his wife after becoming unexpectedly successful, as many more women will be now be interested in him than he anticipated when they first met. Second, the model clarifies that love comes with a cost–the cost of ignored temptations–and suggests that this cost must be compensated with commensurate investment in the relationship. Only sometimes is it worthwhile for the recipient of love to compensate a suitor, which explains why people actively avoid the strong affections of those with whom they do not wish to have long-term relationships. Third, our model clarifies why mere discussions of the costs and benefits of a relationship or a break-up, for example, suggesting a prenuptial agreement, damage the relationship. Such discussions indicate that one is looking at the costs of the relationship and cast doubt on one's commitment.

These arguments extend to anger. Anger can be thought of as "punishing without looking". It prevents people from looking at the costs of inflicting harm on others after a transgression, thereby deterring future transgressions.

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HOUSE_OVERSIGHT_026533

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HOUSE_OVERSIGHT_026535

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HOUSE_OVERSIGHT_026536

Figure 1: The Envelope Game

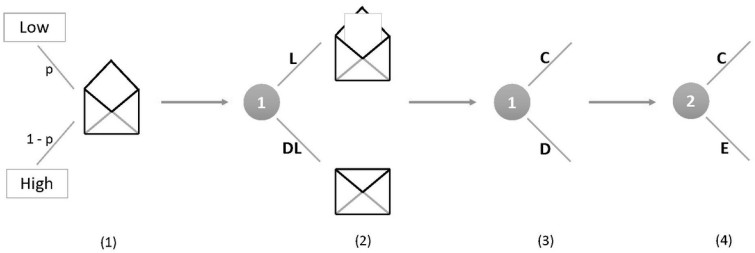




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Figure 2: Payoffs for a Restricted Set of Strategies in the Envelope Game

| | **Player 2** | | |
|---|---|---|---|
| **Player 1** | Continue if Player 1 Cooperates Without Looking | Continue if Player 1 Cooperates | Always Exit |
| Cooperate Without Looking | $\frac{a}{1-w}, \frac{b}{1-w}$ | $\frac{a}{1-w}, \frac{b}{1-w}$ | $a, b$ |
| Cooperate With Looking | $a, b$ | $\frac{a}{1-w}, \frac{b}{1-w}$ | $a, b$ |
| Look and Cooperate Only When Temptation is Low | $ap + c_h(1-p), bp + d(1-p)$ | $\frac{ap+c_h(1-p)}{1-pw}, \frac{bp+d(1-p)}{1-pw}$ | $ap + c_h(1-p), bp + d(1-p)$ |
| Always Defect | $c_l p + c_h(1-p), d$ | $c_l p + c_h(1-p), d$ | $c_l p + c_h(1-p), d$ |



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Figure 3: Learning Dynamics of the Envelope Game

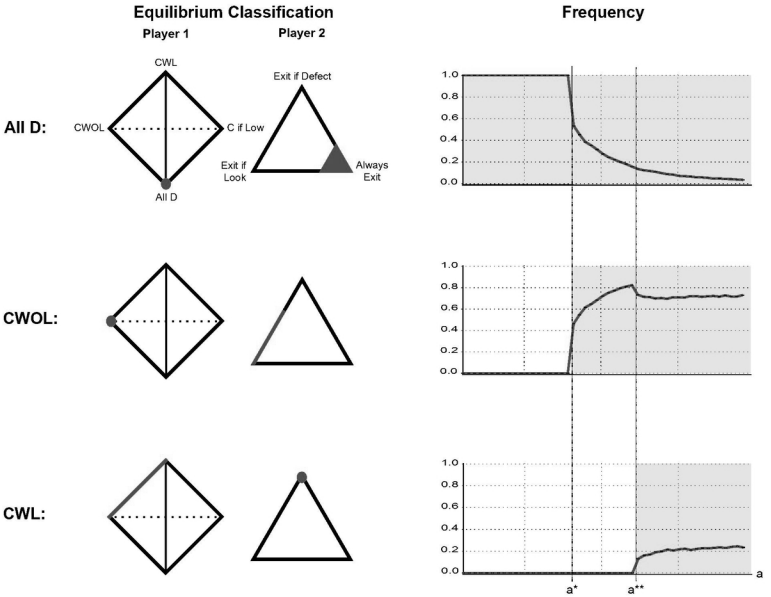




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# Figure Legends

### Figure 1: The Envelope Game

We model non-strategic cooperative behavior using what we call the envelope game. (a) Column 1: The game begins when the temptation to defect is randomly chosen, as indicated by a notice randomly being placed in the envelope. The temptation to defect is low with probability $p$ and high with probability $1-p$. Column 2: Then, player 1 chooses whether to look (open the envelope) or not. Column 3: Player 1 then chooses whether to cooperate or defect. Player 1 may only condition her action on the realized temptation determined in column 1 if she looked. Each time player 1 cooperates, then, regardless of whether player 1 looked, player 1 gets $a > 0$ and player 2 gets $b > 0$. Each time player 1 defects, her payoffs depend on whether defection was tempting. If it was not tempting, player 1 gets $c_l > a$ and if it was tempting, player 1 gets $c_h > c_l$. In either case, each time player 1 defects, player 2 gets $d < 0$. Column 4: Player 2, having observed both of player 1's choices, chooses whether to continue or exit. If player 2 continues, with probability $w$, all previous steps are repeated, potentially indefinitely.

### Figure 2: Payoffs for a Restricted Set of Strategies in the Envelope Game

This table presents the payoffs for the restricted set of strategies used for the replicator analysis. Player 1's strategies are presented in separate rows, and player 2's strategies are presented in columns. The payoffs presented in the intersection of a given row and column are those that the players receive if they play the corresponding strategies. For example, consider what happens if player 1 looks and cooperates only if the temptation is low (penultimate row) and player 2 repeats continues when player 1 cooperates (middle column). Then, player 1's expected payoff is $[ap + c_h(1-p)]\,[1-pw]$ (the first entry in the corresponding cell) and player 2's is $[bp + d(1-p)]\,[1-pw]$ (the second entry in the



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same cell; for details of calculations leading to payoffs, see appendix). This calculation is the result of the following logic: each time the temptation is low, player 1 cooperates and gets $a$, player 2 gets $b$, and the game continues with probability $w$ until the first time the temptation is high. We refer to the strategy where player 1 cooperates without looking (top row) as CWOL. We also refer to the strategy pair where player 1 CWOLs and player 2 continues if player 1 CWOLs (first column) as CWOL. We refer to the strategy pairs where player 1 cooperates with or without looking and player 2 continues if player 1 cooperates (first and second row, and middle middle column) as CWL. We refer to the strategy pair where player 1 always defects and player 2 always exits (bottom row and rightmost column) as ALLD. ALLD is always an equilibrium of the envelope game. CWOL is an equilibrium if $a/(1-w) > c_l p + c_h(1-p)$. CWL is an equilibrium if $a/(1-w) > c_h$. This region is a subset of the region for which CWOL is an equilibrium.

**Figure 3: Learning Dynamics of the Envelope Game**

We apply the replicator dynamic to the envelope game restricted to the strategies represented in figure 2. The replicator dynamic describes strategies evolving over time under the assumption that the rate of reproduction within each population is proportional to the fitness relative to that type's other strategies. The replicator dynamic also models learning dynamics such as reinforcement learning or prestige-biased imitation. We run 1000 time series with randomly seeded strategy frequencies for a range of values of $a$, and record the frequency with which they stabilize in one of the strategy pairs identified in figure 2, or in a behaviorally equivalent equilibrium, as presented in the simplexes. We vary the value of $a$ along the x-axis. The y-axis represents frequencies, and each colored line presents the frequency of the strategy pair. The parameter region where the strategy pair is supported as an equilibrium is shaded in light red. CWOL is supported as an



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equilibrium in the region $a \geq a^* = (1-w) \cdot [c_l p + c_h(1-p)]$, and emerges often in this parameter region. CWL is supported as an equilibrium in a strictly smaller parameter region, $a \geq a^* = (1-w) \cdot c_h$. Neither CWOL nor CWL emerge in the parameter regions where they are not supported in equilibrium.



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39 DTR GG-3

*Carried Interest*

# Camp's Tax Plan Hits Wall Street With Change in Carried Interest Treatment

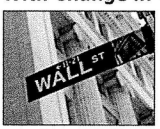


*By Brett Ferguson*

Investment fund managers would take a hit on their tax bills under House Ways and Means Committee Chairman Dave Camp's (R-Mich.) proposal to dramatically reshape the treatment of carried interest income.

Under current law, the share of long-term investment gains that fund managers are allowed to keep for themselves as compensation is treated as capital gains and taxed at about half the rate of ordinary income. President Barack Obama has called for that income, known as carried interest, to be taxed at ordinary income tax rates, saying the payments are more like income from a service performed than a return on investment.

Camp, while taking a softer line than the president, says he agrees.

"A partnership (e.g., private equity fund) that is in the business of raising capital, investing in other businesses, developing such businesses, and ultimately selling them, is in the trade or business of selling businesses. The businesses bought and sold by the partnership are its inventory," according to a detailed summary of Camp's proposal.

The summary said to apply the tax law consistently, the profits derived by such an investment partnership and paid to its managing partners through management fees and a profits interest in the partnership should be treated as ordinary income.

But the Camp proposal also takes into account the technicalities of such businesses, excluding partnerships engaged in the real estate business, and applying a recharacterization formula to partners earning carried interest to take into account any share of invested capital they may own.

According to the proposal, an applicable partnership interest would include any interest transferred, directly or indirectly, to a partner in connection with the performance of services by the partner, provided that the partnership is engaged in a trade or business conducted on a regular, continuous and substantial basis consisting of raising or returning capital, identifying, investing in, or disposing of other trades or businesses, and developing such trades or businesses.

**Recharacterization Formula Applied**

The recharacterization formula "generally would treat the service partner's applicable share of the invested capital of the partnership as generating ordinary income by multiplying that share by a specified rate of return (the Federal long-term rate plus 10 percentage points), intended to approximate the compensation earned by the service partner for managing the capital of the partnership," the proposal said.

Under the plan, the recharacterization amount would be determined, but not realized, on an annual basis and tracked over time.

"To the extent a service partner contributes capital to the partnership, the result would be less capital gain being characterized as ordinary income. Any distribution or gain from the sale of a partnership interest (i.e., a realization event) then would be treated as ordinary to the extent of the partner's recharacterization account balance for the tax year. Amounts in excess of the recharacterization account balance would be capital gain," the proposal said.



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In a Feb. 25 article written for the Wall Street Journal, Camp said the proposal "can clean up provisions like 'carried interest' that allow certain private-equity firms to get the investment-income tax rate on what anyone else would call normal wage income."

**Benchmark for Future Bills?**

The carried-interest proposal comes on top of a Camp plan to impose a tax on the assets of the largest U.S. banks and insurers. Even though his plan faces long odds in Congress this year, the proposal will become a benchmark for tax policy.

Under current law, carried interest, or the profits share received by private equity managers, gets treated as capital gains, with a top basic rate of 20 percent as opposed to the ordinary income rate of 39.6 percent.

Obama and other Democrats have been trying since 2007 to change that law with little success. Camp is wrapping a change to carried interest inside a reconstruction of the tax code that would lower tax rates and broaden the tax base.

Steve Judge, president and chief executive officer of the Private Equity Growth Capital Council, an industry trade group, said Camp's proposal was "disappointing."

"Key policy makers from both parties have already made clear that the discussion around this draft proposal will be brief," Judge said in a statement Feb. 25. "Nevertheless, Chairman Camp's proposal penalizes long-term capital investment, which he and other members of the House Ways and Means Committee have purported to support."

With assistance from Richard Rubin in Washington.

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**For More Information**

Texts of the discussion draft and the section-by-section summary are in TaxCore.

Contact us at http://www.bna.com/contact/index.html or call 1-800-372-1033

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MARKETS

# U.S. Private-Equity Tax Change Doubtful This Year, Says Carlyle Co-Founder

*Suggested Reform Could Increase Taxes on Private-Equity Profits*

By MIKE SPECTOR

Feb. 26, 2014 5:06 a.m. ET

BERLIN— Carlyle Group LP co-founder David Rubenstein said U.S. lawmakers are "unlikely" to take up legislation this year that could potentially increase taxes on deal profits reaped by private-equity managers.

Mr. Rubenstein's comments came after the chairman of the U.S. House Ways and Means Committee, Republican Dave Camp of Michigan, said Congress should "clean up" the treatment of private-equity firms' share of deal profits, called "carried interest." These profits are currently treated as capital gains and taxed at a lower rate than ordinary income.

"We can clean up provisions like carried interest that allow certain private-equity firms to get the investment-income tax rate on what anyone else would call normal wage income," Mr. Camp said in an opinion piece published on Wednesday in The Wall Street Journal outlining a series of tax-reform proposals.

**More from SuperReturn Conference**
**TPG 'Contemplating' Going Public**
**Apollo Weighs Investing in Debt**
**Kravis Warns on Debt Levels**

But Mr. Rubenstein, often viewed by private-equity watchers as an authority on national politics since his firm is based in Washington, said various factors would likely prevent any measures affecting buyout firms from taking hold any time soon.

Montana Democrat Max Baucus, previously the chairman of the Senate Finance Committee, was just confirmed as the U.S. ambassador to China, lowering the chances that chamber will take up such legislation, Mr. Rubenstein said. In addition, a term limit will force Mr. Camp to relinquish his committee chairmanship in the House next year, he said.

"It's unlikely that will get into law," Mr. Rubenstein said of Mr. Camp's proposal before an audience at the SuperReturn International private-equity conference in Germany's capital. "I don't think there is likely to be any tax reform legislation passed by this Congress at all."

Private-equity firm managers, including Mr. Rubenstein and founders of other large buyout firms, have argued that carried interest they receive after investing in a company and later selling it should be treated as a capital gain. Proponents of taxing these profits at a higher rate contend the money is compensation



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for services private-equity managers render when working on companies they take private.

The carried interest debate bubbled up in the wake of the recession and financial overhaul law later taken up on Capitol Hill. But the issue so far hasn't been addressed in any legislation passed by Congress and for the most part hasn't gained traction amid other issues lawmakers are tackling. Still, many leading private-equity managers expect at some point to receive the more stringent tax treatment.

Meanwhile, Mr. Rubenstein said sovereign-wealth funds will soon become the largest contributors of investment capital to private-equity firms, surpassing giant pension funds. Sovereign-wealth funds currently manage about $5.4 trillion, a number that will exceed $8 trillion by 2020, he said.

Mr. Rubenstein said he expected investment allocations to private-equity firms will continue increasing as investors seek higher returns and buyout firms focus more on operational improvements to companies to drive profits.

"It's not a financial engineering game as people thought in the early days," he said. "Operational improvements are where the bulk of returns are coming from."

**Write to** Mike Spector at mike.spector@wsj.com

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**From:** Gi Feather [redacted]
on behalf of Gerald Barton [redacted]
**Sent:** 4/23/2014 12:07:37 PM
**To:** Jeevacation@gmail.com
**Attachments:** att15d3a.JPG

Jeffrey,

Thank you for the kindness shown to me and my family in the periodic availability of the New York apartment. Lesley has done an admirable job in making us feel welcome and always with good cheer.

Some years ago, we talked about the opportunity to use Landmark's $166 million tax loss. At that time, my ambition, ego, or stupidity limited the discussion. My memory is you, after discussions with Larry Summers, decided the pursuit was not worth the prey. Now, age (which I laughingly call maturity) or new information, has opened doors that I believe we can now accomplish the goals we discussed some years ago.

If, at a time and place of your convenience, you had 30 minutes for me to outline the fundamentals of the plan, you would know what I believe would work and if your mental quickness is still there, you would know whether or not you wanted to proceed. Certainly, when the goal is so great, 30 minutes with an old friend is not a great sacrifice.

On a personal note, your friend, Larry Summers, recently gave a meaningful speech in Toronto entitled "Will 2014 End Up Like 1914". You may find it worth reading. Your friend, Donald Trump recently purchased a project we developed on the west coast of Ireland, Doonbeg Golf Club. It has been consistently rated the best resort in Europe.

Jeffrey, please let me know when and where this is convenient for you.

Jerry

Gerald G. Barton
Landmark Land Company, Inc.
P.O. Box 1880
Upper Marlboro, MD 20773
Phone: [redacted]
Fax: [redacted]

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**Sent**: 6/7/2014 5:00:22 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Photos
**Attachments**: photo_1.JPG; photo_2.JPG; photo_3.JPG; photo_4.JPG

**Importance**: High

-----Original Message-----
From: Lvjet[redacted]>
To: jeevacation <jeevacation@gmail.com>
Sent: Sat, Jun 7, 2014 12:45 pm
Subject: Fwd: Photos

Jeffrey,
photos of unmasked B727,. Paint shop indicated we can use Vinyl for your "E" Logo and "Flag" as oppose of painting. this would enable easy removal if plane sells in the future. Trump and other airlines uses Vinyl for logos,.
can you sketch the style of "E" for the tail, and I'll request rendering with slanted Flag for Right side of Vertical Stabilizer,.

thank you,
Larry

-----Original Message-----
From: Guy Amico <[redacted]
To: Larry Visoski <[redacted]>
Cc: Scott Stambaugh <[redacted]; JR Stambaugh
[redacted]>
Sent: Sat, Jun 7, 2014 12:16 pm
Subject: Photos

Date: Monday, March 19 2012 05:59 PM
Subject: 2 Seminars-MONEY & POWER possible Invite List
From: Lesley Groff <[redacted]>
To: Jeffrey Epstein CC <jeevacation@gmail.com>;

**Seminar-MONEY**

Marc Andreesen

Paul Batista (Not sure this is who you mean)

Jeff Bezos

Sergey Brin

Bill Gates

Danny Hillis

Danny Kahneman

Jaron Lanier

Dick Merkin (?)

Michael Milken (?)

Nathan Myhrvold

Boris Nikolic

Larry Page

Tom Pritzker

Eric Schmidt

Jim Simons

Jes Staley

Peter Thiel

Ian Osborne (add Ian to both seminar lists?)

# Seminar-POWER

Bill Clinton

Howard Gardner

Bill Gates

George Mitchell

Michael Ovitz

Igor (? Not sure who this is)

Ian Osborne (add Ian to both seminar lists?)

**From**: Sultan Bin Sulayem [redacted]
**Sent**: 4/24/2012 4:28:07 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: Foreign Policy magazine: The Ayatollah Under the Bed(sheets):
**Attachments**: image001.jpg; image002.jpg

**Importance**: High

http://www.foreignpolicy.com/articles/2012/04/23/the_ayatollah_under_the_bedsheets

# The Ayatollah Under the Bed(sheets)

In the Islamic Republic of Iran, all politics may not be sexual, but all sex is political.

**BY KARIM SADJADPOUR** | MAY/JUNE 2012

In the early years of the Iranian Revolution, an obscure cleric named Ayatollah Gilani became a sensation on state television by contemplating bizarre hypotheticals at the intersection of Islamic law and sexuality. One of his most outlandish scenarios -- still mocked by Iranians three decades later -- went like this:

Imagine you are a young man sleeping in your bedroom. In the bedroom directly below, your aunt lies asleep. Now imagine that an earthquake happens that collapses your floor, causing you to fall directly on top of her. For the sake of argument, let's assume that you're both nude, and you're erect, and you land with such perfect precision on top of her that you unintentionally achieve intercourse. Is the child of such an encounter *halalzadeh* (legitimate) or *haramzadeh* (a bastard)?

Such tales of random ribaldry may sound anomalous in the seemingly austere, asexual Islamic Republic of Iran. But the "Gili Show," as it came to be known, had quite the following among both the traditional classes, who were titillated by his taboo topics, and the Tehrani elite, who tuned in for comic relief. Gilani helped spawn what is now a virtual cottage industry of clerics and fundamentalists turned amateur sexologists offering incoherent advice on everything from **quickies** ("The man's goal should be to lighten his load as soon as possible without arousing his woman") to **masturbation** ("a grave, grave sin which causes scientific and medical harm").

Perhaps it's not entirely surprising that Iran's Shiite fundamentalists -- not unlike their evangelical Christian, Catholic, Orthodox Jewish, and Sunni Muslim counterparts -- spend an inordinate amount of time pondering sexuality. They are human, after all. But the sexual manias of Iran's religious fundamentalists are worthy of greater scrutiny, all the more so because they control a state with nuclear ambitions, vast oil wealth, and a young, dynamic, stifled population. Yet for a variety of reasons -- fear of becoming Salman Rushdie, of being labeled an Orientalist, of upsetting religious sensibilities -- the remarkable hypocrisy of the Iranian regime is often studiously avoided.

That's a mistake. Because religion *is* politics in a theocracy like Iran, uninformed or antiquated notions of sexuality aren't just confined to the bedroom -- they pervade the country's seminaries, military barracks, boardrooms, courtrooms, and classrooms. A common aphorism among Iranians is that before the revolution, people partied outside the home and prayed inside, while today they pray outside and party inside. This reverse dichotomy is true of a lot of social behavior in Iran. For many Iranians, this perverse state of affairs is now so ingrained, such an inherent aspect of daily interactions with Iranian officialdom, that it is no longer noteworthy. For those in the West who seek to better understand what makes Tehran tick, though, the regime's curious fixation on sex cannot be ignored.

To **paraphrase** the late U.S. House Speaker Tip O'Neill, in the Islamic Republic of Iran all politics may not be sexual, but all sex is political. Exhibit A is the revolution's father, the late Ayatollah Ruhollah Khomeini. Like all Shiite clerics aspiring to become a "source of emulation" (*marja'-e taqlid*), Khomeini spent the first part of his career meticulously examining and dispensing religious guidance on personal behavior and ritual purity that ranged from the mundane ("It is recommended not to hold back the need to urinate or defecate, especially if it hurts") to the surprisingly lewd.

In his 1961 religious treatise *A Clarification of Questions* (*Towzih al-Masael*), Khomeini issued detailed pronouncements on issues ranging from **sodomy** ("If a man sodomizes the son, brother, or father of his wife after their marriage, the marriage remains valid") to bestiality ("If a person has intercourse with a cow, a sheep, or a camel, their urine and

dung become impure and drinking their milk will be unlawful"). As a young boy growing up in the American Midwest, I remember being both horrified and bewildered after coming across these precise passages in a translated volume of Khomeini's sayings I found in our Persian émigré home.

Scholars of Shiism -- including harsh critics of Khomeini -- emphasize that such themes were the norm among clerics of Khomeini's generation and should be understood in their proper context: Islam was a religion that emerged out of a rural desert, and the Prophet Mohammed was himself once a shepherd. Whereas religions like Christianity and Judaism simply declare such behavior to be sinful, Islam addresses them from a juridical point of view.

The underlying problem, says Islamic scholar Mehdi Khalaji, a former seminary student in the Shiite epicenter of Qom, is not that such issues were addressed, but the fact that "Islamic jurisprudence hasn't yet been modernized. It's totally disconnected from the issues that modern, urban people have to deal with."

Indeed, Khomeini's religious prescriptions are often the butt of jokes among Iran's post-revolutionary generations. "I've never even seen a camel in Tehran," prominent Iranian cartoonist Nikahang Kowsar told me, "let alone been tempted to have sex with one."

**IF THERE IS A DOUBLE ENTENDRE** that aptly captures today's Middle East, it is the "youth bulge." The Arab world's median age is 22, Iran's is 27; Western Europe's, by contrast, is near 40. High levels of Internet and satellite television penetration, with their pervasive pornography, coupled with the region's youthful demographics, have accentuated the Muslim Middle East's fraught relationship with sexuality.

Google Trends, which monitors searches from around the world, shows that of the seven countries that most frequently search the word "sex" on Google, **five are Muslim** and one (India) has a large Muslim minority. (The word "**sexy**" is even more popular among Arabs.) Google Insights, another trend spotter, shows that the most rapidly rising search term for Iranians so far in 2012 has been "Golshifteh Farahani," a popular exiled actress who in January posed topless for the French magazine *Madame Figaro*.

Before the 1979 revolution, religious fundamentalists were revolted by images of scantily clad Iranian women in the country's cinema and television; today, state television and cinema are forbidden from showing unveiled Iranian women. This is despite the fact that most of the country's citizens have access to the much more tawdry fare on satellite TV (the dishes are officially illegal, but thought to be smuggled in by the Islamic Revolutionary Guard Corps itself). In the forthcoming documentary ***The Iran Job***, Kevin Sheppard, an American who played basketball in Iran's professional leagues, is shocked while surfing his newly connected satellite television. "We have 600 channels," he remarks, "400 of them are sex!"

Because of its religious pretensions, however, the Iranian regime is forced to spend untold millions of dollars trying to jam satellite TV broadcasts to prevent them from reaching the country's citizens -- a futile attempt to simultaneously repel the forces of both technology and human nature. In an interview with the *New Yorker* several years ago, an Iranian security official **candidly assessed the challenge** at hand:

The majority of the population is young.... Young people by nature are horny. Because they are horny, they like to watch satellite channels where there are films or programs they can jerk off to.... We have to do something about satellite television to keep society free from this horny jerk-off situation.

One might assume a country that suffers from chronic inflation and unemployment -- not to mention harsh international sanctions and a potential war over its nuclear program -- would have better things to do than discourage its youth from masturbating. Yet the regime continues to pour hundreds of millions of dollars into Chinese censorship technology to create a **moral Iron Dome** against political and cultural subversion, with decidedly mixed results. Piped-in BBC Persian and Voice of America television are sometimes successfully scrambled, but those who want pornography have no shortage of outlets. That said, the censorship software sometimes get a bit overzealous. One Iranian friend told me of repeated unsuccessful attempts to access his British university's email account from Tehran, only to realize that the school's apparently bawdy name -- Essex -- was prohibited by the regime's Internet filters.

**DURING THE RULE OF WESTERN-ORIENTED** autocrat Mohammad Reza Shah Pahlavi, Tehran was a rapidly evolving society that deceptively appeared to be crossing into the modern age. My own family history is perhaps representative of Iran's urban middle-class trajectory during the 20th century: My devout paternal grandmother, born in 1907, wore a chador and wasn't formally educated beyond elementary school; three of her four daughters attended university, and all eschewed the veil. All of *their* daughters grew up in a Tehran in which miniskirts were the trend, and **Googoosh** -- Iran's pre-revolutionary J. Lo (but remarkably modest by today's standards) -- was their main "source of emulation."

Khomeini's opposition to the shah was fueled in part by the latter's enfranchisement of women, which the ayatollah deliberately conflated with sexual decadence. In his 1970 book *Islamic Governance*(*Hukumat-e Islami*) -- which would later provide the ideological and political template for post-revolutionary Iran -- Khomeini **hyperventilated** that "sexual vice has now reached such proportions that it is destroying entire generations, corrupting our youth, and causing them to neglect all forms of work! They are all rushing to enjoy the various forms of vice that have become so freely available and so enthusiastically promoted."

Khomeini nonetheless reassured his liberal revolutionary compatriots -- just months before the revolution, while in Paris exile -- that "women [would be] free in the Islamic Republic in the selection of their activities and their future and their clothing." Much to its retrospective dismay, a sizable chunk of Iran's liberal intelligentsia -- both male and female -- lined up behind Khomeini, some even referring to him as an "Iranian Gandhi." Shortly after consolidating power, however, Khomeini and his disciples swiftly moved to crush opposing views and curtail female social and sartorial freedoms. "Islam doesn't allow for people to [wear swimsuits] in the sea," he **proclaimed** shortly after becoming supreme leader. We "will skin their hide!"

Women who resisted the mandatory veil were met with violence and intimidation, including lyrical taunts of "*Ya roosari, ya toosari!*" ("Cover your head or be smacked in the head!"). As Iranian Nobel Peace Prize laureate Shirin Ebadi **recently wrote**, "Although the 1979 revolution in Iran is often called an Islamic revolution, it can actually

be said to be a revolution of men against women.... The drafters of [the Islamic Penal Code] had effectively taken us back 1,400 years."

Like Islamists in today's Egypt -- and some among America's Christian right -- Iran's revolutionaries found fertile ground on which to play the politics of pious populism, rather than concretely address the enormous challenges of building a diversified economy. The country's massive oil wealth made it appear all too easy. Khomeini famously dismissed economics as "for donkeys," and he responded to complaints of inflation by saying, "The revolution wasn't about the price of watermelons." Three decades later, the results are self-evident: In 1979, resource-rich Iran's GDP was almost double that of resource-poor Turkey. Today, it is roughly half.

The brutal reality is that Iranians had entrusted their national destiny to a man, Khomeini, who had spent far more time thinking about the religious penalties for fornicating with animals than how to run a modern economy.

**AFTER HIS DEATH IN 1989,** Khomeini was succeeded by the current supreme leader, Ayatollah Ali Khamenei, who has remained loyal to Khomeini's vision for Iran, including his prudishness regarding matters of the flesh. For Khamenei -- who has said that keeping women in hijab would "prevent our society from being plunged into corruption and turmoil" -- outward displays of feminine beauty are viewed not only with religious disfavor, but as an existential threat to the regime itself.

Khamenei contends that the health of the family unit is integral to the Islamic Republic's well-being and is undermined by female beauty. Although to some this worldview is fundamentally misogynistic,**Khamenei sees** men, not women, as untrustworthy and incapable of resisting temptation:

In Islam, women have been prohibited from showing off their beauty in order to attract men or cause *fitna* [upheaval or sedition]. Showing off one's physical attraction to men is a kind of fitna ... [for] if this love for beauty and members of the opposite sex is found somewhere other than the framework of the family, the stability of the family will be undermined.

Interestingly, the word Khamenei employs against the potential unveiling of women -- *fitna* -- is the same word used to describe the opposition Green Movement that took to the streets in the summer of 2009 to protest President Mahmoud Ahmadinejad's contested reelection. In other words, women's hair is *itself* seen as seditious and counterrevolutionary. Even so-called liberal politicians in the Islamic Republic have long fixated on this issue. Abolhassan Bani-Sadr, Iran's first post-revolutionary president, who has spent the past three decades exiled in France, reportedly once asserted that women's hair has been scientifically proven to emit sexually enticing rays. (An Iranian satirist responded with a cartoon showing a man inadvertently aroused while eating lunch at his friend's home; the culprit turned out to be an errant strand of his friend's wife's hair in the ***ghormeh sabzi*** stew, an Iranian national dish.)

**OVER THE LAST TWO DECADES,** the women of Iran's younger generation have increasingly pushed back and loosened their veils, but any discussion of abolishing the veil altogether is not tolerated by Khamenei. In addition to opposition toward the United States and Israel, the hijab is often considered one of the Islamic Republic's three remaining ideological pillars. "For Islamic Republic officials, the hijab has vast symbolic importance; it is what holds up the dam, keeping all of Iranians' other demands for social freedoms at bay," says Azadeh Moaveni, an Iranian-American **author**. "Relax on the hijab, they think, and all hell will break loose; next people will want to swill beer on the street and read uncensored novels. They think of it as a gateway freedom."

Despite Khamenei's assertion that the hijab prevents men from straying, governmental policies in fact encourage the opposite. For example, to help accommodate the apparently incorrigibly wandering libido of the Iranian male, the country's parliament -- composed of Khamenei loyalists -- has supported sharia-sanctioned "temporary marriages" (known in Persian as *sigheh*) allowing men as many sexual partners as they want. The marriage contract can last as little as a few minutes, and it doesn't need to be officially registered. The man can abruptly end the sigheh when he likes, but initiating divorce is far more difficult for women. Indeed, women who stray from the sanctity of their marriages do so at grave risk -- dozens have been stoned to death in Iran for adultery.

The country's economic malaise has also led to a reportedly sharp rise in plain old, non-Islamically sanctioned prostitution. Tehran's high-end taxi drivers, often underemployed university graduates, casually point them out on the street.

"When economies take a downturn, informal economies and illicit networks become more attractive," says Pardis Mahdavi, author of a **book on sexuality in Iran**. "Technology facilitates this too."

During the shah's time, Tehran's **notorious red-light district** was known as Shahr-e Noe (New City), a place where countless young Iranian men lost their virginity. Like many things post-revolution, however, the Islamic Republic just imagined that banning the symptom would make the problem go away. But pouring saltpeter from the minarets hasn't worked. "They razed Shahr-e Noe thinking it would end prostitution," a retired Iranian laborer once told me. "Now all of Tehran has become Shahr-e Noe."

**UNSURPRISINGLY, THE OUTWARDLY CHASTE** nature of Khomeinist political culture has perverted normal sexual behavior, creating peculiar curiosities -- and proclivities -- among Iranian officialdom. Omid Memarian, a journalist who spent several months in the notorious Evin prison for his articles critical of the government, told me that his interrogators seemed far more interested in his sex life than his political peccadilloes. "I tried to answer their questions in very general terms, but they'd interrupt me," he recalled. "They wanted to know details. 'Start from when you were unbuttoning her blouse....'" In one instance, he told me, he was horrified when an interrogator appeared to be rubbing himself while listening.

Observers of American politics -- the land of **Jimmy Swaggart**, **Mark Sanford**, and **Newt Gingrich**, to name just a few -- won't be surprised to learn that it is often the most outspoken Iranian advocates of traditional values who fall short of achieving them. Memarian spent part of his mandatory military service in Tehran writing speeches for a senior Revolutionary Guard commander who routinely attacked the craven immorality of the "Global Arrogance" (i.e., the United States). "His *filmi* [the person who brought him bootlegged films on CD] later told me that he always requested 'films with scenes' [*film-haye sahne-dar*]," a euphemism for porn.

In a well-publicized national scandal in 2008, the Tehran police commander responsible for enforcing Iran's strict anti-vice laws, Reza Zarei, was caught nude in a brothel with six women (one of the women claimed he had asked them to **pray naked** in front of him). While American politicians might bounce back from such transgressions with their own **television show** (see: **Spitzer, Eliot**), the revelation of the incident reportedly led Zarei to attempt suicide while in prison.

The shame of sexual malfeasance has been routinely used by the regime as a form of political coercion and intimidation. When the famously jocular reformist cleric Mohammad Ali Abtahi, former vice president to Mohammad Khatami, was imprisoned after Iran's contested 2009 presidential election, he surprised his supporters by confessing with great gusto to being part of a Western-backed conspiracy to foment a velvet revolution. Although his confession was undoubtedly forced, his close associates claim that what compelled him to confess was not physical or psychological torture but hidden photos of him -- *in flagrante delicto* -- at a secret Tehran love nest that was long being monitored.

The Islamic Republic isn't always so prudish, however. In fact, it's been willing to use sexual incentives as a form of statecraft. In a **WikiLeaked U.S. State Department cable**, for example, senior Iraqi tribal chief Abu Cheffat confided in a U.S. diplomat in Baghdad that Tehran effectively wielded influence over Iraqi politicians -- ostensibly visiting Iran for "medical treatment" -- by offering inducements including "temporary marriages" with Iranian women. Not that Cheffat was complaining, mind you: The perks were surely better than when he visited President George W. Bush at the White House in 2008. It was not without reason, he explained, that Iranian soft power was trumping American hard power in Iraq.

More recently, three Iranian intelligence agents who unsuccessfully tried to kill Israeli government officials in Bangkok this past February photographed themselves at a bar in the beach resort of Pattaya with local "**escorts**." When I asked the scion of a powerful cleric in Tehran how ostensible devotees of Khomeini's religious ideology are able to reconcile frequenting non-Muslim prostitutes and drinking alcohol, he quickly dismissed any religious obstacles. "There are government clerics who can easily grant them religious

pretexts [*mojavez'e Shar'i*]," he explained. "They can make the case that if they didn't frequent prostitutes and drink alcohol they would appear to be [terrorists] and raise suspicions."

In essence, the Iranian regime's approach toward sex, like its philosophy of governance, is marked by *maslahat*, or expediency, and used alternately as a tool of suppression, inducement, and incitement. In the summer of 2009, when hundreds of thousands of Iranians took to the streets to protest Ahmadinejad's reelection, many protesters were brutally beaten by the Basij militia, gangs of young regime thugs on motorbikes who were given a green light to quell the uprising. As Iranian-American academic Shervin Malekzadeh reported from Tehran, the Basij seemed to be driven by a combination of class resentment and pent-up frustration. "They don't screw; they don't drink or smoke joints," one of his sources told him. "What else are they going to do with all of that energy?"

But perhaps the seminal -- and most heartbreaking -- moment of the Green Revolution was the murder of a 26-year-old female protester, Neda Agha-Soltan, whose bloody death was caught on cell-phone camera and rendered one of the most viral videos in history. In an **HBO documentary** about her life, Neda's mother **recalls a message** that some sympathetic female Basij members relayed to Neda days before she was killed by a sniper: "Dear, please don't come out looking so beautiful.... Do us a favor and don't come out because the Basiji men target beautiful girls. And they will shoot you."

While the iconic faces of Iran's 1979 revolution were bearded, middle-aged men, Neda has come to symbolize the new face of dissent in 21st-century Iran: a young, modern, educated woman. For her opposition to the regime and to the hijab, she is the embodiment of fitna in Khamenei's eyes.

**THREE SPRINGS LATER,** the Iranian regime once again is faced with a crisis, this time of an external variety. As Israeli Prime Minister Benjamin Netanyahu threatens war in between meals, the Pentagon plays war games and policy planners huddle in the White House: Is the Iranian regime rational or irrational? Can diplomatic negotioations prevent Iran from obtaining a bomb, or is an attack on Iran's nuclear facilities inevitable?

Many Iran watchers assert that to persuade Tehran not to pursue a nuclear weapon, Washington must reassure Khamenei that the United States merely seeks a change in Iranian behavior, not a change of the Iranian regime.

What they fail to consider is Khamenei's deep-seated conviction that U.S. designs to overthrow the Islamic Republic hinge not on military invasion but on cultural and political subversion intended to foment a "velvet" revolution from within. Consider this **revealing address** on Iranian state TV in 2005:

More than Iran's enemies need artillery, guns, and so forth, they need to spread cultural values that lead to moral corruption.... I recently read in the news that a senior official in an important American political center said: "Instead of bombs, send them miniskirts." He is right. If they arouse sexual desires in any given country, if they spread unrestrained mixing of men and women, and if they lead youth to behavior to which they are naturally inclined by instincts, there will no longer be any need for artillery and guns against that nation.

Khamenei's vast collection of writings and speeches makes clear that the weapons of mass destruction he fears most are cultural -- more Kim Kardashian and Lady Gaga than bunker busters and aircraft carriers. In other words, Tehran is threatened not only by what America does, but by what America is: a depraved, postmodern colonial power bent on achieving global cultural hegemony. America's "strategic policy," Khamenei has said, "is seeking female promiscuity."

Khamenei's words capture the paradox and perversion of modern Iran. While dropping bombs on the Iranian regime could likely prolong its shelf-life, a regime that sees women's hair as an existential threat is already well past its sell-by date.

*Karim Sadjadpour is senior associate at the Carnegie Endowment for International Peace.*

**From:** Boris Nikolic [redacted]
**Sent:** 5/7/2012 11:27:15 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** FW: Zeitplan amfar Gala 19.5.2012

**Importance:** High

[redacted] is my friend there who will host us. She is very close friend with [redacted] as well.
[redacted] and I are still trying to get [redacted] to join at the last moment.
She and her family own 80% or so of Austrian media (Heute etc). She is describing program below.
The plan would be that we arrive to Vienna on Thursday 17th mid day.

On Thursday there is a big Premiere of Mozart La Clemenza de Tito and we go to that.

ON Friday [redacted] is organizing a dinner/reception with her friends. We can schedule some other meetings/visits during day.

On Saturday the night starts at 5pm and goes through early next morning.

I leave first flight Sunday morning for San Francisco to meet Bill.
If you are staying in Vienna and have time (and like [redacted] you should go to her brunch.

How this seems to you???

B

-----Original Message-----
From: [redacted]
Sent: Monday, May 07, 2012 5:51 AM
To: 'Cavan Mahony'; Boris Nikolic; [redacted]
Subject: WG: Zeitplan amfar Gala 19.5.2012

Hallo everybody!

Attached (sorry in Germain) the Programm fort he lifeball on the 19th.
Actually there will be a Galadinner with our prime minister and Bill Clinton and all kinds of stars in the Hofburg (former Imerial estate - very impressive to see from inside)) It is only 250 people,. A seated dinner and more upscale than the rest oft he evening. It start's at 5pm with a Champagne cocktail and from there we go directly to the opening oft he ball where we'll have a really cool Box first row!!

Dresscode: actually the lifeball is really crazy and 'half naked' We always do a intermediare because otherwise you feel like an idiot at the Amfar Gala dinner before. People now don't wear Tuxedos anymore. Christoph wear's normal black trouseres with a white shirt and a dar sakko because he doesn't want to be in any crazy stuff on all the pics. Half oft he people oft he gala dinenr also waer some 'little' crazy stuff like pink velvet sakkos (and a mask for later) or so. girls: Crazy as you like. There are a lot of atrists that are really dressed up. I will wear a quiet see-through short dress with high high heels+ a chanel Tatoo and will take a face mask fort he ball later.

So I hope this helped at least a little bit. For pics got to: lifeball.org

Friday night: We would like to invite you all for dinner and will organize a nice place with a cool bar. Aress follows. Pls let me know who wants to join!!

Sunday: I'm very sure we'll be dead :-) BUT we would like to invite you to our house/garden/pool (swimmwear) for brunch starting at 11. Fürfanggasse 4, 1190 Wien. From hotel Sachen max. 15 min with Taxi. If you fly late we can walk from our house to one oft he famous Austrian heurigen ...and get some more alcholic to drink :-) :-)

On Thursday there is a big Premiere of Mozart La Clemenza de Tito. Very hard to get tickets but for 2 of you I could still organize (hopefully9 if some of you already arrive on Thursday.

Big kiss to everbody...I promise you...not often you will have seen something that crazy :-)

[redacted]

[redacted]

Herausgeberin

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AHVV Verlags GmbH
Heiligenstädter Lände 29/Top 6
1190 Wien
T: [redacted]
F: [redacted]
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-----Ursprüngliche Nachricht-----
Von: Manuela Wieland [redacted]
Gesendet: Montag, 07. Mai 2012 13:45
An: [redacted]
Betreff: Zeitplan amfar Gala 19.5.2012

Liebe Frau Dichand,

anbei der Zeitablauf von der AMFAR Gala 2012 am 19.5.2012.
LG MW

**Unique Public High Schools Cited by Obama, Get Substantial Backing from Science Investor, Jeffrey Epstein**

A group of uniquely run public schools in New York State and New Jersey have been brought into the spotlight from recent financial backing from science investor, Jeffrey Epstein and his foundation, The Jeffrey Epstein VI Foundation. The schools are called the Bard High School Early College schools (BHSEC) and are located in Manhattan and Queens of New York City and in Newark, New Jersey.

The Bard schools are not charter schools. They operate under the governance of New York State and New Jersey. However, they run with the efficiency and success of a prominent charter school. The schools are small, with less than 600 students each and a student teacher ratio of 20 to 1. Admission is academically exclusive, focusing on academic records, writing and math assessments and an eagerness for ideas and learning. And like most charter schools, the BHSEC schools critically have autonomy, even though they have to meet Regent state exams and graduation guidelines. They have the autonomy to run their teaching staff, budget and choose their curriculum.

Unlike charter schools however, the BHSEC schools provide an entire high school curriculum in just two years and then two years of college level credits. After four years, students graduate with sixty college credits, a New York State Regents or New Jersey high school diploma, and a Bard College Associate in Arts degree in liberal arts and sciences. The accelerated approach stems from the schools' belief that many young people are ready and eager to do serious college work at age sixteen and that young adults' ambition to learn must be taken seriously.

The results have been exceptional: 95% of BHSEC graduates move on to a four-year college. In July, 2009, President Obama, addressing the NAACP's centennial convention cited the schools as a public education role model for the nation: "Innovations like Bard High School Early College and Medgar Evers College Preparatory School that are challenging students to complete high school and earn a free associate's degree or college credit in just four years." In 2012, *The New York Observer* ranked the BHSEC Manhattan school as the #1 public high school in New York City, with an A+ grade, outranking the top private school.

BHSEC has its roots in the college system. In June 2001, The New York City Board of Education and Bard College jointly created Bard High School Early College (BHSEC), with the support of the Bill and Melinda Gates Foundation. Since the 1960's Bard College, originally called, Bard College of Simon's Rock, was the nation's only four year college and was specifically designed for younger scholars.

"Competition is tough," Jeffrey Epstein notes, whose foundation actively supports public education across the country. "Approximately 7,000 applicants compete for 150 seats each fall. So we need to continue working with state education boards to duplicate this successful model."

**From:** Lesley Groff [redacted]
**Sent:** 7/10/2012 10:56:42 PM
**To:** Epstein Jeffrey [jeevacation@gmail.com]
**Subject:** Fwd: Lesley: Please deliver to Jeffrey

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** Charles Stevenson [redacted]
**Date:** July 10, 2012 5:45:56 PM EDT
**To:** Lesley Groff <[redacted]
**Subject: Lesley: Please deliver to Jeffrey**

Jeffrey,

Thank you for your gifts to Bard College. Every dollar is deeply appreciated.

Charles

Re: Exceptional Public Schools Cited By Obama, Get Critical Backing From Investor, Jeffrey Epstein - US Politics Today

http://uspolitics.einnews.com/pr_news/103931767/exceptional-public-schools-cited-by-obama-get-critical-backing-from-investor-jeffrey-epstein

# Exceptional Public Schools Cited By Obama, Get Critical Backing From Investor, Jeffrey Epstein

PR Newswire

NEW YORK, July 5, 2012 /PRNewswire/ -- A group of unique public high schools in New York State and New Jersey, cited by President Obama as role models for the nation, have received critical funding from science investor, Jeffrey Epstein and his foundation, The Jeffrey Epstein VI Foundation. The schools are called the Bard High School Early College schools (BHSEC) in Manhattan and Queens of New York City and in Newark, New Jersey.

The Bard schools are not charter schools. They are financed by New York State and New Jersey. However, they run with the efficiency and success of a prominent charter school. The schools are small, with less than 600 students each and a student teacher ratio of 20 to 1. Admission is academically exclusive, focusing on academic records, writing and math assessments and an eagerness for ideas and learning. And like most charter schools, the BHSEC schools critically have autonomy, even though they have to meet Regent state exams and state graduation guidelines. They have the autonomy to run their teaching staff, budget, operations and curriculum.

Unlike charter schools however, BHSEC schools provide an entire high school curriculum in just two years and then two years of college level credits. After four years, students graduate with sixty college credits, a state Regents high school diploma and a Bard College Associate in Arts degree in the liberal arts and sciences. This accelerated approach comes from the schools' belief that many young people are ready and eager to do serious college work at age sixteen and that young adults' ambition to learn must be taken seriously.

The results have been exceptional: 95% of BHSEC graduates attend college. In July 2009, President Obama, addressing the NAACP's centennial convention cited the schools as a role model for the nation: "Innovations like Bard High School Early College and Medgar Evers College Preparatory School that are challenging students to complete high school and earn a free associate's degree or college credit in just four years." In 2012, The New York Observer ranked BHSEC as the #1 public high school in New York City, with an A+ grade, outranking the top private school.

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"Competition is tough," Jeffrey Epstein notes, whose foundation actively supports public education across the country. "Approximately 7,000 applicants compete for 150 seats each fall. So we need to continue working with state education boards to duplicate this successful model."

http://www.jeffreyepstein.org

SOURCE http://www.jeffreyepstein.org

**From:** BARBRO EHNBOM [redacted]
**Sent:** 8/20/2012 1:23:57 PM
**To:** jeevacation@gmail.com
**Subject:** [redacted]
**Attachments:** Be_[redacted]1.jpg

**Importance:** High

How about this year's SALSS Project Manager [redacted] - brainy and sensual!

Picture attached!

---


Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit
*Office:* [redacted]
*Cell:* [redacted]
*Sweden:* [redacted]
360 E. 55 St. #10G
New York, N.Y. 10022


-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Barbro C Ehnbom [redacted]
Sent: Mon, Aug 20, 2012 2:32 pm
Subject: Re: Program & Attendee list

who is you r wife choice this year?

On Sat, Aug 18, 2012 at 12:11 PM, Barbro C Ehnbom <[redacted]> wrote:

Dear Jeffrey,

I am sorry I did not call back Yesterday-I was exhausted from a crazy week and fell asleep as soon as I came home! Anyway, here is the full program and attendee list attached, this is the Globalization Summit I invited Bill Clinton to when I met him in Stockholm last Summer-
But he is a bit busy I gather!
Anyway, hope Greta Tufvesson got hold of you re search service? Also, I did see your mail about possibly coming here end of September-however, I am supposedly arranging a fund-raiser for Congress Woman Diana deGette of Colorado on Sept 27 in NYC; she is the only one with a scientific agenda and she is just super-if anything I am hoping on your involvement?
How about going to Stockholm mid or end november..albeit a bit dark and maybe cold..?
Let me know what you think!
Also, I just heard from my friend Jeff Kriendler in Miami and guess who was just walking in there -our friend Goldsamt!
First prize for perseverance!
Also, Sofia and the prince is on every magazine here, I think it is wonderful!
Marcus has two big concerts in Stockholm this coming week. Me - SALSS!

KRAM
BE

Barbro C. Ehnbom
Sent from iPad

Vidarebefordrat brev:

**Från:** [redacted] <[redacted]n>
**Datum:** August 18, 2012 8:44:29 AM GMT+02:00
**Till:** Barbro Ehnbom <[redacted]
**Ämne: Program & Attendee list**

--
**********
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
Jeffrey Epstein
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**From:** [redacted]
**Sent:** 11/2/2012 2:34:45 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE:

**Importance:** High

Perfect, my father is in Florence now ; we all fly on Sunday to Tanzania for 6 days with my daughters.
I believe that the American Ambassador will go back to the US in a few months after the elections , even if President Obama wins. Maybe you want to ask him about the letter for the Interallie before his departure?

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** mercredi 31 octobre 2012 23:14
**To:** [redacted]
**Subject:**

due to hurrricane , i will not come until december. lets organize a call with your father, or if he likes i am happy to fly mom and dad to new york . in a couple of weeks when hurrican isssues subside.

--
**********
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constitute inside information, and is intended only for
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Jeffrey Epstein
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# The J.P. Morgan View

## Do US elections change anything?

- **Asset allocation** — The equity market has priced out the Romney win scenario, but from these levels, our economic and market outlook and risks are unchanged. These keep us medium-term overweight equities and credit, despite the likely volatility as the fiscal cliff is negotiated. Within equities, we stay underweight the US, and move most of the overweight into EM Asia. We have moved some of our credit overweight from the US to Europe.
- **Economics** — The data flows continue to confirm that June/July was likely the bottom in global activity growth, and that we are gently lifting from those levels, even as it will take well into next year before growth returns to trend.
- **Fixed Income** — Look for yields to head higher, but focus more risk on spread compression trades.
- **Equities** — We focus our overweights on EM Asia, Cyclical stocks and US Home builders.
- **Credit** — We see the current dip as an opportunity to add risk.
- **Currencies** — Be long the dollar during the fiscal cliff negotiations.
- **Commodities** — A further set of better Chinese economic data keeps us long base metals.

- **Equity markets are taking the Obama victory quite badly,** with US stocks down some 4% on Wednesday and Thursday. This has pushed up global bond markets, and credit spreads are wider, but commodities are largely ignoring this turmoil. We don't think an Obama victory truly changes the economic outlook, or risks, but it does eliminate the Romney hope that appeared to have been in market pricing.
- **By definition, the Romney scenario is now priced out of the market.** The US elections confirm the status quo in Washington, and to us, they do so also for the broad economic and market outlook, from current levels. Hence, we do not see much reason to change our investment allocations, and remain medium-term overweight both credit and equities against cash, government debt, and commodities. We do so on the basis of value – still high risk premia – fading risks on fiscal policy in the US into next year; an expected rebound in global growth; and super easy monetary policy, with more QE coming if growth were to disappoint.
- In recent weeks, we have switched out of our long-standing US risk overweight, into an underweight, on the argument that the US had the most committed central banker, its growth has been least disappointing, and its fiscal risks were further into the future. This relative risk has changed, with Chinese economic data confirming that its economy is rebounding, while the ECB now creating a period a relative financial "peace". The US, in contrast, is at the start of intense negotiations on how to avoid a fiscal-cliff induced recession next year. Neither side of the aisle has an interest in being blamed for a recession. But markets will still be buffeted by a steady news flow on wide gaps between each side's position.

**See page 7 for analyst certification and important disclosures.**

**Global Asset Allocation**

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**YTD returns through Nov 8**
%, equities are in lighter color.

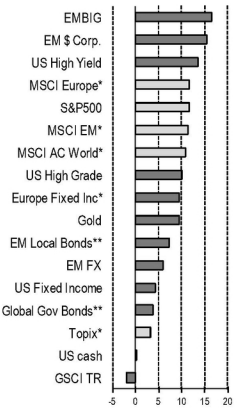


Source: J.P. Morgan, Bloomberg. See blue box on page 2 for description.

- As a result, we stay underweight US equities and have moved risk from our US credit longs into Europe. Our initial US equity underweight was against Europe and EM Asia. Our recent downgrade of Q1 growth in the Euro area and better activity data in China made us move the lion's share of the overweight versus the US into EM Asia (see Wednesday's *Global Market Outlook and Strategy*).
- **Chinese activity data continue to surprise on the upside**. October data for IP, retail sales and fixed investment each came above our expectations. This creates upside risk, but no change yet, to our forecasts which already assume a gentle rise in quarterly growth rates from under 7% early this year to just above 8% in Q1. Better data reduce the need for renewed fiscal and monetary stimulus. The 18th Party Congress started yesterday, will last a week, and will be followed by the announcement of the next leadership. More important for the economic outlook will be the Annual Central Economic Working Conference that will be held in December. We expect it to support continued moderate fiscal policy, a neutral monetary policy, and further economic rebalancing towards domestic consumption. It may also lower the 2013 growth target to 7%. For more details, see Haibin Zhu in today's GDW.

## Fixed Income

- **Bonds rallied strongly, in the slipstream of the tumbling equity market.** President Obama's re-election perhaps also diminishes expectations of a change in course at the Fed.
- The ECB and the Bank of England stood pat at their policy meetings this week, but the latter delivered a curveball today, announcing that its net coupon income from QE would be transferred to the UK Treasury from next year on. The near-term effect is a **slight monetary easing**, as the money will be used to reduce the amount of gilts in issue, similar to QE itself.
- Beyond that, this is another small step towards **perceptions that monetary policy is no longer independent from fiscal policy**, like the Bank of Japan's joint statement with two government ministers last month. Nobody knows the tipping point at which these perceptions feed into much higher inflation expectations, just that we'll know it when we see it.
- Core euro bond yields are towards the low end of the range, and we expect them to head higher. But we focus more risk on **spread compression trades**, via overweights in Euro area peripherals, US MBS, and EM local bonds vs DM.

## Equities

- Equity markets fell sharply post US elections, but we are not changing our strategy.
- From a month ago, we avoided directional longs in our GMOS model equity portfolio due to elevated positions by spec investors (see Charts A10 and A12 in today's *Flows & Liquidity*). We preferred to **focus instead on regional and sectoral trades**. We stay with the same strategy focusing our recommendations on EM Asia across regions, and Cyclical stocks and US Home builders across sectors.
- The rebound in the October global manufacturing PMI is what keeps us **long Cyclical vs. Defensive** equity sectors. **Is this a high-beta trade? Not**

**2012 global GDP growth forecasts: JPMorgan and Consensus**

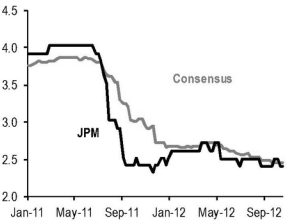


Source: J.P. Morgan, Consensus Economics. Consensus Economics forecasts are for regions and countries that we averaged using the same 5-year rolling USD GDP weights that we use for our own global growth forecast.

**2013 global GDP growth forecasts: JPMorgan and Consensus**

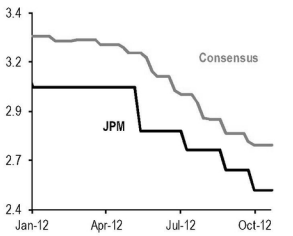


Source: J.P. Morgan, Consensus Economics. Consensus Economics forecasts are for regions and countries that we averaged using the same 5-year rolling USD GDP weights that we use for our own global growth forecast.

**More details in ...**

*Global Data Watch*, Bruce Kasman and David Hensley

*Global Markets Outlook and Strategy*, Jan Loeys, Bruce Kasman, et al.

*US Fixed Income Markets*, Terry Belton and Srini Ramaswamy

*Global Fixed Income Markets*, Pavan Wadhwa and Fabio Bassi

*Emerging Markets Outlook and Strategy*, Joyce Chang

*Key trades and risk: Emerging Market Equity Strategy*, Adrian Mowat et al.

*Flows and Liquidity*, Nikos Panigirtzoglou et al.

Description of YTD Chart on front page:

Returns in USD. *Local currency. **Hedged into USD. Euro Fixed Income is iBoxx Overall Index. US HG, HY, EMBIG and EM $ Corp are JPM indices. EM FX is ELMI+ in $.



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**necessarily.** Last summer, as equity markets rebounded in June and July, Cyclical sectors actually underperformed. The thin grey line in the top chart shows that Cyclical sectors have recaptured only a quarter of the underperformance seen between March and August and thus provide a better entry point. Position indicators suggest that investors are underweight Cyclicals and overweight Defensives which is turn means that Defensive sectors are more vulnerable to position unwinding.

- We introduced an **underweight in US equities** in mid October to position for the US fiscal cliff risk. Obama's win makes it more likely that this risk will intensify into year-end. Across regions we favor EM Asia and Europe vs. the US. While the US is facing fiscal cliff risks, Asian equities are benefiting from concrete signs that economic activity is rebounding in China. European equities are benefiting from greater improvement in financial conditions, although they are more vulnerable to noise around the Greek and Spanish issues.

## Credit

- **US credit spreads edged wider in response to the fall in equity markets following the US elections.** US HG widened 7bp to 160bp, undoing around half of October's peak-to-trough moves. Similar moves registered in other USD credit markets. At 107bp, the CDX.IG is now back to early-August levels, even as the CDS-Bond basis moved back into negative territory with corporate bond spreads again moving above CDS.
- Credit spreads may be repricing the risk of a fiscal-cliff induced recession in 2013. For context, we expect the eventual outcome of the negotiations to lead to about 2% of GDP in fiscal contraction, not enough to tip the economy back into recession in itself, and considerably lower than the 4% drag under the full enactment of all revenue raising measures and spending cuts currently set to become law on Jan 1.
- From our point of view, the elections confirm the status quo both in Washington and in market conditions – i.e. we should expect more of the same and **it has been a great year for credit**. Therefore, **we see the current dip as an opportunity to add risk**, and expect spreads to continue to tighten into year end, albeit at a slower rate than in recent months. We stay down in quality and outline in *GMOS* this week some relative value arguments for Euro HY vs US HY. On that front, European credit shrugged off the election outcome, tightening marginally in the HG space and widening very slightly in the HY space.

## Foreign Exchange

- The post-US election drama is unfolding as expected. Four more years with the same cast is delivering a higher USD versus most currencies but JPY due to deleveraging ahead of the fiscal cliff, and lower USD/CNY forwards due to avoidance of US-China trade conflict (see *An FX guide to America's toss-up election, FX Markets Weekly,* Nov 2). The only surprise has been that FX volatility remains so subdued (VXY unchanged at 7.4%) in a week when the trade-weighted dollar and equity volatility have rallied. Chalk it up to positioning, as most indicators suggest that institutions investors entered the US polls with aggregate USD positions close to flat.
- Now, sausage-making season begins. US recession is guaranteed if the fiscal cliff is enacted on schedule, and neither Congress nor the President welcomes

**More details in ...**

*US Credit Markets Outlook and Strategy, Eric Beinstein et al.*

*High Yield Credit Markets Weekly, Peter Acciavatti et al.*

*European Credit Outlook & Strategy, Steven Dulake et al.*

*Emerging Markets Cross Product Strategy Weekly, Eric Beinstein et al.*



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that outcome. But avoiding the worst case requires a short-term bargain plus a long-term compromise on a scale not seen in Washington since the Clinton-Congressional budget showdown of 1995/96. As with sausage making, this process won't be pleasant to watch. It would be easier to return in several weeks when the final product is ready, but for those who cannot avoid, ignore the likely volatility, and add to defensive trades.

- Washington needs at least a month to broker deferral of a decent part of the fiscal cliff before it can assume the monumental task of comprehensive fiscal reform next year, and the currencies most vulnerable to an impasse are expensive. If no grand bargain is reached before the end of the year, full implementation of the cliff implies enough fiscal tightening to drive the dollar up 3%-5% versus commodity currencies, given typical patterns during global growth shocks. Even if these tax increases are reversed later in the year, the first response would be a higher USD versus all currencies but the yen, given how long that investors are of cyclical currencies and how short they are the yen.
- Stay short USD/JPY and buy USD vs high-beta (AUD, NZD, SEK and GBP) in cash and options for a move of a few percent in coming weeks. In options, sell a 1-mo NZD/USD call (0.8250 strike, 0.83 RKI), buy a bearish 2-mo AUD/USD seagull (buy 1.03-1.01 put spread, sell 1.05 call) and buy a bearish 2-mo GBP/USD seagull (buy 1.57-1.55 put spread, sell 1.6250 call). Buy USD/SEK in cash.

FX weekly change in USD

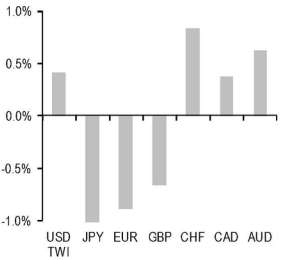


Source: J.P. Morgan

## Commodities

- **Commodities are up some 1% this week, led by precious metals, which rallied almost 4%.** The strong gains in gold are probably due to the US election result as Obama's victory means no change to Fed policy and so continued QE and negative real yields. Gold also tends to gain when there is high fiscal uncertainty, just as it did last year during the acrimonious debt ceiling debate which cost the US its AAA rating. **We stay long gold.**
- Chinese economic data came out stronger than expected this week, providing support for our view that Chinese economic growth has bottomed and will rebound through next year. China's slowing activity growth has been a major drag on commodities over the last few years and the improving economy is what makes us **long base metals**.
- The expected rebound in Chinese growth does not imply that we will go back to the double-digit growth rates that we saw before the crisis, and immediately after. The periods when China's economy grew at a pace above 8% coincided with very strong price gains on commodities, as it boosted global demand. China's leadership is in the process of reorienting its economy towards domestic consumption and to reduce reliance on exports and capital investments. As a result, Chinese growth will likely settle in a 7%-8% range over the medium term, a growth pace that in the past has not put upwards pressure on commodity prices.

More details in ...

FX Markets Weekly, John Normand et al.
Commodity Markets Outlook & Strategy, Colin Fenton et al.
Oil Markets Monthly, Colin Fenton et al.
Daily Metals Note, Colin Fenton et al.
Agriculture Weekly, Dietz et al.



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| Interest rates | | Current | Dec-12 | Mar-13 | Jun-13 | Sep-13 | YTD Return* |
|---|---|---|---|---|---|---|---|
| United States | Fed funds rate | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | |
| | 10-year yields | 1.63 | 2.00 | 2.00 | 2.00 | 2.25 | 2.6% |
| Euro area | Refi rate | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | |
| | 10-year yields | 1.35 | 2.00 | 2.15 | 2.25 | 2.25 | 3.9% |
| United Kingdom | Repo rate | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | |
| | 10-year yields | 1.74 | 2.20 | 2.30 | 2.35 | 2.35 | 2.9% |
| Japan | Overnight call rate | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | |
| | 10-year yields | 0.73 | 0.85 | 0.90 | 0.95 | 1.00 | 2.0% |
| GBI-EM hedged in $ | Yield - Global Diversified | 5.64 | 6.00 | | | | 7.3% |

| Credit Markets | Current | Index | YTD Return* |
|---|---|---|---|
| US high grade (bp over UST) | 161 | JPMorgan JULI Porfolio Spread to Treasury | 10.1% |
| Euro high grade (bp over Euro gov) | 176 | iBoxx Euro Corporate Index | 9.5% |
| USD high yield (bp vs. UST) | 582 | JPMorgan Global High Yield Index STW | 13.1% |
| Euro high yield (bp over Euro gov) | 726 | iBoxx Euro HY Index | 21.0% |
| EMBIG (bp vs. UST) | 294 | EMBI Global | 16.4% |
| EM Corporates (bp vs. UST) | 337 | JPM EM Corporates (CEMBI) | 15.4% |

| | | Quarterly Averages | | | | | |
|---|---|---|---|---|---|---|---|
| Commodities | Current | 12Q4 | 13Q1 | 13Q2 | 13Q3 | GSCI Index | YTD Return* |
| Brent ($/bbl) | 110 | 105 | 112 | 105 | 120 | Energy | -3.7% |
| Gold ($/oz) | 1733 | 1725 | 1750 | 1775 | | Precious Metals | 8.7% |
| Copper ($/metric ton) | 7629 | 8300 | 8500 | 8700 | | Industrial Metals | -2.5% |
| Corn ($/Bu) | 7.45 | 8.75 | 8.50 | 8.25 | | Agriculture | 15.2% |

| Foreign Exchange | Current | Dec-12 | Mar-13 | Jun-13 | Sep-13 | 3m cash index | YTD Return* in USD |
|---|---|---|---|---|---|---|---|
| EUR/USD | 1.28 | 1.30 | 1.30 | 1.32 | 1.34 | EUR | -0.8% |
| USD/JPY | 80.5 | 78 | 79 | 79 | 79 | JPY | 3.4% |
| GBP/USD | 1.60 | 1..61 | 1.60 | 1.62 | 1.63 | GBP | 4.1% |
| USD/BRL | 2.03 | 2.02 | 2.02 | 2.00 | 1.98 | BRL | -2.6% |
| USD/CNY | 6.24 | 6.32 | 6.32 | 6.30 | 6.25 | CNY | 2.5% |
| USD/KRW | 1091 | 1125 | 1125 | 1110 | 1100 | KRW | 8.1% |
| USD/TRY | 1.79 | 1.80 | 1.75 | 1.75 | 1.70 | TRY | 13.3% |

| Equities | Current | YTD Return (local ccy) |
|---|---|---|
| S&P | 1390 | 15.6% |
| Nasdaq | 3014 | 21.2% |
| Topix | 731 | 4.4% |
| FTSE 100 | 5770 | 8.6% |
| MSCI Eurozone* | 143 | 15.8% |
| MSCI Europe* | 1104 | 13.2% |
| MSCI EM $* | 995 | 12.2% |
| Brazil Bovespa | 58383 | 2.6% |
| Hang Seng | 22111 | 22.7% |
| Shanghai SE | 2117 | -4.2% |

*Levels/returns as of Nov 08, 2012
Local currency except MSCI EM $

| Sector Allocation * | US YTD | Europe YTD | Japan YTD | EM YTD ($) |
|---|---|---|---|---|
| Energy | 6.1% | -0.5% | -7.5% | 3.4% |
| Materials | 11.7% | 10.3% | -5.0% | 3.5% |
| Industrials | 12.6% | **15.7%** | 1.2% | 10.5% |
| Discretionary | **21.0%** | **23.9%** | **4.5%** | 10.8% |
| Staples | 11.4% | 13.1% | **13.8%** | **19.5%** |
| Healthcare | **18.4%** | **15.5%** | **15.0%** | **30.9%** |
| Financials | **25.6%** | **24.2%** | **23.0%** | **16.8%** |
| Information Tech. | **15.6%** | **16.1%** | -5.2% | **19.3%** |
| Telecommunications | **21.9%** | -3.4% | -1.3% | **12.2%** |
| Utilities | 4.7% | 8.2% | -20.4% | 5.2% |
| **Overall** | **15.6%** | **13.2%** | **4.4%** | **12.2%** |

Source: J.P. Morgan



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# Global Economic Outlook Summary

| | Real GDP | | | Real GDP | | | | | | | Consumer prices | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | % over a year ago | | | % over previous period, saar | | | | | | | % over a year ago | | | |
| | 2011 | 2012 | 2013 | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q11 | 2Q12 | 4Q12 | 2Q13 |
| **The Americas** | | | | | | | | | | | | | | |
| United States | 1.8 | 2.2 | 1.7 | 2.0 | 1.3 | 2.0 | 2.0 | 1.0 | 1.5 | 2.5 | 3.3 | 1.9 | 1.9 | 1.7 |
| Canada | 2.6 | 2.2 | 2.1 | 1.8 | 1.9 | 1.9 | 2.0 | 2.1 | 2.1 | 2.2 | 2.7 | 1.6 | 2.4 | 2.0 |
| Latin America | 4.2 | 2.9 | 3.9 | 2.8 | 2.4 | **3.9** ↓ | 4.5 | 3.4 | 3.7 | 4.0 | 7.2 | 6.0 | 6.0 | 6.8 |
| Argentina | 8.9 | 2.7 | 3.6 | 2.4 | -3.2 | 5.0 | 10.0 | 2.0 | 2.5 | 2.0 | 9.6 | 9.9 | 10.0 | 11.0 |
| Brazil | 2.7 | 1.4 | 4.1 | 0.5 | 1.6 | 4.8 | 4.6 | 3.8 | 4.0 | 4.3 | 6.7 | 5.0 | 5.5 | 5.6 |
| Chile | 6.0 | 5.4 | 4.5 | 5.1 | 7.1 | 3.0 | 4.0 | 4.0 | 5.0 | 5.0 | 4.0 | 3.1 | 2.5 | 3.1 |
| Colombia | 5.9 | 4.3 | 4.5 | 0.9 | 6.7 | 2.8 | 3.8 | 4.2 | 5.5 | 5.5 | 3.9 | 3.4 | 3.1 | 3.2 |
| Ecuador | 8.0 | 5.0 | 4.0 | 4.2 | 4.8 | 3.0 | 5.5 | 5.0 | 3.0 | 3.0 | 5.5 | 5.1 | 5.1 | 5.4 |
| Mexico | 3.9 | 3.9 | 3.6 | 4.9 | 3.5 | **2.1** ↓ | 3.5 | 4.0 | 3.2 | 3.3 | 3.5 | 3.9 | 4.4 | 4.1 |
| Peru | 6.9 | 6.0 | 7.0 | 8.3 | 6.0 | 5.5 | 6.0 | 8.0 | 8.0 | 7.0 | 4.5 | 4.1 | 3.0 | 2.8 |
| Uruguay | 5.7 | 3.5 | 4.0 | 11.8 | 2.1 | 9.0 | -9.0 | 12.0 | 7.0 | 9.0 | 8.3 | 8.0 | 7.6 | 7.2 |
| Venezuela | 4.2 | 5.0 | 0.0 | 10.1 | 0.6 | 3.5 | 0.0 | -4.0 | 0.0 | 3.0 | 28.5 | 22.3 | 18.5 | 30.2 |
| **Asia/Pacific** | | | | | | | | | | | | | | |
| Japan | -0.7 | 1.7 | 0.1 | 5.3 | 0.7 | -3.5 | -2.0 | 1.0 | 1.6 | 1.3 | -0.3 | 0.2 | 0.0 | -0.2 |
| Australia | 2.1 | 3.5 | 2.5 | 5.6 | 2.6 | 1.5 | 1.8 | 3.8 | 2.5 | 1.8 | 3.1 | 1.2 | 1.7 | 2.7 |
| New Zealand | 1.3 | 2.6 | 2.9 | 4.1 | 2.3 | 1.5 | 3.5 | 3.7 | 3.3 | 2.0 | 1.8 | 1.0 | 1.4 | 1.5 |
| Asia ex Japan | 7.4 | 6.1 | 6.4 | 7.2 | 5.8 | 5.7 | **6.2** ↓ | 6.3 | 6.5 | 6.8 | 4.9 | 3.9 | 3.4 | **3.9** ↑ |
| China | 9.3 | 7.6 | 8.0 | 6.6 | 7.1 | 7.7 | 8.2 | 8.0 | 8.2 | 8.2 | 4.6 | 2.9 | 2.2 | 3.3 |
| Hong Kong | 5.0 | 1.2 | 3.2 | 2.4 | -0.4 | 2.0 | 2.5 | 3.5 | 3.5 | 5.0 | 5.7 | 4.2 | 3.4 | 3.4 |
| India | 6.5 | 5.6 | 6.0 | 6.1 | 5.3 | 5.2 | 5.0 | 5.8 | 6.0 | 6.8 | 8.4 | 10.1 | 9.8 | 9.0 |
| Indonesia | 6.5 | 5.7 | 3.5 | **4.7** ↑ | **6.0** ↓ | **4.9** ↑ | 3.0 | 3.0 | 4.0 | 4.0 | 4.1 | 4.5 | 3.9 | 2.2 |
| Korea | 3.6 | 2.3 | 3.2 | 3.5 | 1.1 | 0.6 | 3.5 | 3.0 | 4.0 | 4.5 | 4.0 | 2.4 | 1.9 | 3.0 |
| Malaysia | 5.1 | **5.0** ↑ | **3.7** ↑ | 5.8 | 5.9 | 2.5 | **3.5** ↑ | **3.5** ↑ | 3.0 | 3.5 | 3.2 | 1.7 | 1.1 | 1.2 |
| Philippines | 3.8 | 5.3 | 3.5 | 12.6 | 0.9 | 1.2 | 1.2 | 4.5 | 4.5 | 4.5 | 4.7 | 2.9 | 2.3 | 2.3 |
| Singapore | 4.9 | **1.5** ↓ | **2.5** ↓ | **9.5** ↓ | -0.7 | **-3.9** ↓ | **3.2** ↓ | **4.9** ↓ | **1.6** ↑ | **4.1** ↓ | 5.5 | 5.3 | **4.5** ↑ | **4.0** ↑ |
| Taiwan | 4.0 | 1.2 | 3.4 | 1.6 | 2.2 | 3.5 | 3.8 | 3.5 | 3.5 | 3.8 | 1.4 | 1.7 | 2.1 | 1.8 |
| Thailand | 0.1 | 5.8 | 2.7 | 50.8 | 13.9 | 2.0 | 1.5 | 1.5 | 2.0 | 2.0 | 4.0 | 2.5 | 3.3 | 3.0 |
| **Africa/Middle East** | | | | | | | | | | | | | | |
| Israel | 4.6 | 3.0 | 3.1 | 3.1 | 3.4 | 2.0 | 2.8 | 4.9 | 6.1 | 6.1 | 2.5 | 1.6 | 1.3 | 1.5 |
| South Africa | 3.1 | 2.2 | 2.7 | 2.7 | 3.2 | 1.6 | -1.3 | 5.4 | 3.3 | 3.6 | 6.1 | 5.7 | 5.6 | 5.8 |
| **Europe** | | | | | | | | | | | | | | |
| Euro area | 1.5 | -0.4 | 0.1 | 0.0 | -0.7 | 0.0 | -1.5 | 0.0 | 0.8 | 1.3 | 2.9 | 2.5 | 2.5 | 1.9 |
| Germany | 3.1 | 1.0 | **1.1** ↓ | 2.0 | 1.1 | 1.0 | **-1.0** ↓ | 1.0 | 2.0 | 2.5 | 2.6 | 2.1 | 2.1 | 1.8 |
| France | 1.7 | 0.1 | -0.1 | 0.1 | -0.1 | **0.0** ↓ | -1.5 | -0.5 | 0.5 | 1.0 | 2.6 | 2.3 | 1.9 | 1.3 |
| Italy | **0.6** ↑ | -2.3 | **-0.5** ↑ | **-3.2** ↑ | -3.3 | **-1.5** ↓ | **-2.0** ↑ | -0.5 | **1.0** ↑ | **1.3** ↑ | 3.7 | 3.6 | 3.2 | 2.3 |
| Spain | 0.4 | -1.3 | **-1.7** ↓ | -1.3 | -1.7 | -1.2 | -2.5 | **-3.0** ↓ | **0.0** ↓ | **0.0** ↓ | 2.7 | 1.9 | 3.4 | 2.9 |
| United Kingdom | 0.9 | 0.0 | 1.8 | -1.2 | -1.5 | 4.1 | 0.5 | 1.5 | 2.0 | 2.5 | 4.6 | 2.8 | 2.6 | 2.5 |
| Emerging Europe | 4.8 | 2.6 | **2.6** ↓ | 2.4 | 1.3 | **0.4** ↓ | **1.8** ↓ | **2.7** ↓ | **2.4** ↓ | **3.7** ↓ | 6.4 | 5.0 | **6.0** ↓ | **6.3** ↑ |
| Bulgaria | 1.7 | 1.0 | 1.5 | … | … | … | … | … | … | … | … | … | … | … |
| Czech Republic | 1.7 | -1.1 | 0.9 | -3.1 | -0.8 | -1.2 | -1.3 | 2.1 | 1.0 | 4.3 | 2.4 | 3.4 | 2.9 | 2.4 |
| Hungary | 1.6 | -1.2 | 0.5 | -3.5 | -0.9 | -1.0 | -1.0 | 1.0 | 1.5 | 1.8 | 4.1 | 5.5 | 5.8 | 4.7 |
| Poland | 4.3 | 2.3 | **1.6** ↓ | 2.4 | 1.6 | 0.5 | **0.5** ↓ | **1.3** ↓ | **2.3** ↓ | **3.0** ↓ | 4.6 | 4.0 | 3.1 | 2.5 |
| Romania | 2.5 | 0.0 | 0.8 | 0.5 | 1.9 | -2.4 | -1.2 | 1.2 | -0.4 | 3.2 | 3.4 | 1.9 | 4.7 | 6.4 |
| Russia | 4.3 | 3.6 | 3.0 | 3.7 | 1.5 | **1.0** ↓ | 3.0 | 3.5 | 3.0 | 4.0 | 6.7 | 3.8 | **6.8** ↑ | 7.4 |
| Turkey | 8.5 | 2.8 | 3.7 | … | … | … | … | … | … | … | 9.2 | 9.4 | **7.3** ↓ | **7.5** ↑ |
| Global | 3.0 | 2.4 | 2.5 | 3.0 | 1.8 | 2.0 | 1.9 | 2.4 | 2.7 | 3.2 | 3.8 | 2.8 | 2.8 | 2.8 |
| Developed markets | 1.3 | 1.2 | 1.0 | 1.7 | 0.4 | 0.6 | 0.2 | 0.9 | 1.4 | 1.9 | 2.7 | 1.8 | 1.9 | 1.6 |
| Emerging markets | 6.1 | 4.7 | 5.1 | 5.4 | 4.3 | **4.5** ↓ | **5.0** ↓ | 5.1 | 5.2 | 5.6 | 5.7 | 4.6 | 4.4 | **5.0** ↑ |

Source: J.P. Morgan



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## Disclosures

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**Date:** Tuesday, January 29 2013 04:46 PM
**From:** Cecile de Jongh [redacted]
**To:** JEE <jeevacation@gmail.com>;

# Antigua: Land Of Sun, Sand, And Super Cheap Downloads

by Jacob Goldstein
http://www.npr.org/blogs/money/2013/01/28/170466137/antigua- land-of-sun-sand-and-super-cheap-downloads
January 28, 2013 3:07 PM

Sun, sand and super cheap downloads.

Any day now, you might be able to download Argo, Lincoln and Les Mis for a dime a piece. Microsoft Office could go for a quarter. A song might cost a penny. And it could all be perfectly legal under international law.

As part of a long-running trade dispute, the tiny island nation of Antigua and Barbuda (population: 90,000) won the right to use the intellectual property of U.S. firms — without having to pay any royalties or licensing fees.

At a meeting in Geneva today, the country got the final go ahead from the World Trade Organization.

The fight goes back to the 1990s, **when a bunch of online casinos set up shop in Antigua. After the U.S. cracked down on the casinos, Antigua complained to the WTO, arguing that the U.S. was unfairly protecting its domestic casinos in violation of free trade rules.**

Antigua won the case. Typically, when a country wins a case at the WTO, it wins the right to, say, put a tariff on goods from the losing country. But Antigua is so small that tariffs wouldn't have any noticeable effect on the U.S. economy.

So Antigua took another route: It asked the WTO to recover damages in the form of intellectual property, and the WTO said yes. If this seems likely to cause harm to innocents who had nothing to do with the fight over online casinos, that's the whole point.

"It's so Bill Gates might ring up Obama and say, 'Why have I lost my copyright so you can protect gaming?'" Mark Mendel, the lawyer representing Antigua told me. (By "gaming," Mendel means the U.S. casino business.)

To be clear, the Bill Gates reference was hypothetical. Antigua has not yet said what it plans to sell or how it plans to sell it. And whatever it sells, it's not going to be able to sell all that much of it. The WTO said Antigua can collect only about $21 million a year in damages.

In fact, Mendel says, Antigua really doesn't want to do this at all. What it wants is to cut some kind of deal directly with the U.S. that would revive the country's online gambling industry, or help create some other industry in its place.

"Antigua is still a very limited economy," Mendel said.

As recently as Friday, the U.S. and Antigua were still talking about settlement options, Nkenge Harmon, a spokeswoman for the U.S. government, told me in an email. And, she wrote:

> ...if Antigua does proceed with the unprecedented plan for its government to authorize the theft of intellectual property, it would only serve to hurt Antigua's own interests. Government-authorized piracy would undermine chances for a settlement. It also would serve as a major impediment to foreign investment in the Antiguan economy, particularly in high-tech industries.

With warm regards,

Cecile

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"Nearly all men can stand adversity, but if you want to test a man's character, give him power." ~ Abraham Lincoln

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PR | I | L | LD | Rank | Age | Rank

1. **Jeffrey Epstein** - Wikipedia, the free encyclopedia
en.wikipedia.org › Jeffrey_Epstein
**Jeffrey** Edward **Epstein** (born January 20, 1953) is an American financier and science and education philanthropist. He is responsible for founding The Program ...
Life - Financial career - Science funding - Solicitation of prostitution
SEOquake | PR: 5 | I: 36,800,000 | L: 29 | LD: 41128060 | I: n/a | Rank: 6 | Age: n/a | whois | source | Rank: 1

same position as on 1/25

Born: January 20, 1953 (age 60), Brooklyn

2. **Jeffrey Epstein**: International Moneyman of Mystery
nymag.com › people
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't ...
SEOquake | PR: 3 | I: 930,000 | L: 28 | LD: 1440113 | I: n/a | Rank: 2742 | Age: n/a | whois

same position as on 1/25. note on 1/25 snapshot, there was a 2nd NYMAG.COM listing at #3 titled: Jeffrey Epstein: News & Coverage on New York Magazine...this listing has dropped off the page.

3. Billionaire **Jeffrey Epstein**: I'm a sex offender, not a predator ...
www.nypost.com › manhattan
Feb 26, 2011 – Billionaire pervert **Jeffrey Epstein** is back in New York City – and making wisecracks about his just-ended jail stint for having sex with an ...
SEOquake | PR: 3 | I: 518,000 | L: 14 | LD: 796336 | I: n/a | Rank: 1203 | Age: n/a | whois

Was position # 4 on 1/25 but because the 2nd NYMAG.COM listing dropped off from #3, this listing has moved up one spot

4. Home - **JEFFREY EPSTEIN** VI FOUNDATION
www.jeffreyepsteinfoundation.com/
**Jeffrey Epstein**. Holds a Conference of Nobel Laureates to Define Gravity ... The conference was financed by science philanthropist **Jeffrey Epstein** and his ...
SEOquake | PR: 2 | I: 152 | L: 0 | LD: 0 | I: n/a | Rank: n/a | Age: n/a | whois

This asset was at #6 on 1/25. it has moved up 2 positions. 1 spot because the 2nd NYMAG.COM listing from 1/25 is gone and then an additional spot upward from linkbuilding.

5. **Jeffrey Epstein**
www.huffingtonpost.com › jeffrey-epstein
Disgraced billionaire money manager (and former Bill Clinton associate) **Jeffrey Epstein** is back in New York City after 13 months of jail time for soli.
SEOquake | PR: 0 | I: 80,600,000 | L: 0 | LD: -49129932 | I: n/a | Rank: 87 | Age: n/a | whois | source | Rank: 21

This negative was at position 5 on 1/25 but is now being outranked by jeffreyepsteinfoundation.com. If you refer to the image on 1/25, you'll see that at that time, jeffreyepsteinfoundation.com did not outrank this huff post article

6. **Jeff Epstein** profiles | LinkedIn
www.linkedin.com › Epstein
View the profiles of professionals named **Jeff Epstein** on LinkedIn. There are 25 professionals named **Jeff Epstein**, who use LinkedIn to exchange information: ...
SEOquake | PR: 3 | I: 145,000,000 | L: 0 | LD: 26453654 | I: n/a | Rank: 14 | Age: n/a | whois | source | Rank: 33

this was at #9 on 1/25, now showing at position #6. we linkbuild also to this

7. Katie Couric, Woody Allen: **Jeffrey Epstein's** Society Friends Close ...
www.thedailybeast.com › bill-clinton-katie-couric-woody-allen-jeffrey-epst...
Apr 1, 2011 – Despite the pedophile mogul's conviction for soliciting underage prostitution, his circle is standing by their man. Scientists whose research ...
SEOquake | PR: 2 | I: 311,000 | L: 0 | LD: 3767268 | I: n/a | Rank: 1232 | Age: n/a | whois | source | Rank: 311

8. **Jeff N. Epstein**, PhD
www.cincinnatichildrens.org › jeff-epstein
**Jeff** N. **Epstein**, PhD, is the director of the Center for ADHD and a professor of pediatrics for the Division of Behavioral Medicine and Clinical Psychology at ...
SEOquake | PR: 2 | I: 30,200 | L: 0 | LD: 20164 | I: n/a | Rank: 192853 | Age: n/a | whois | source | Rank: 11518

this is someone else but it is keeping other potential negatives off

9. **Jeffrey Epstein** Science
www.jeffreyepsteinscience.com/
**JEFFREY EPSTEIN** SCIENCE Investing in Science Research and Education Throughout the World. The **Jeffrey Epstein** VI Foundation was founded to support ...
SEOquake | PR: 5 | I: 7 | L: 76 | LD: 126 | I: n/a | Rank: n/a | Age: n/a | whois | source | Rank: 1667921

this was #7 on 1/25, it's position has shifted but it should climb again

10. The **Jeffrey Epstein** VI Foundation
www.jeffreyepsteinvi.com/
Press. Oldest Synagogue in America Gets Critical Support fro m Financier, **Jeffrey Epstein**. Press. Investor **Jeffrey Epstein** Fights for the Only Disabilities Group in ...
SEOquake | PR: 4 | I: n/a | L: 0 | LD: 0 | I: n/a | Rank: n/a | Age: n/a | whois | source | Rank: 4263621

this asset has moved up from #14 to # 10 since 1/25.

Searches related to **jeffrey epstein**

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jeffrey epstein **net worth** | jeffrey epstein **rhinoplasty**
jeffrey epstein **disney** | jeffrey epstein **plastic surgeon**
jeffrey epstein **vanity fair** | jeffrey epstein **foundation**

the negative Prince Andrew Daily Mail article showing up in News for Jeffrey Epstein at bottom of the page on 1/25 image is now off the page

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*DISREGARDED ENTITIES*

# Disregarded Entities: To Be Or Not To Be?

*Exceptions to the general rule that a disregarded entity is treated as a "tax nothing" for tax purposes have burgeoned over the last several years.*

***Author: BRAD A. BIRMINGHAM and JAMES M. BANDOBLU, JR.***

***Brad A. Birmingham is a tax partner practicing in the Buffalo, New York, office of the law firm Hodgson Russ LLP. James M Bandoblu, Jr. is a tax associate in the same office.***

As practitioners regularly use disregarded entities (DREs) in estate, corporate, and tax planning, it is very important that they consider during the course of planning the growing number of instances in which DREs are considered to exist, in whole or in part, for tax purposes.

Various provisions of the Code and regulations confer "disregarded" status on an entity. This article briefly describes the four most common forms of DREs and their origins and outlines some of the more significant—but often overlooked—exceptions and modifications to the general rule that DREs are treated as "tax nothings." Because the forms of DREs originate in different statutory and regulatory provisions, some of the exceptions and modifications are specific to only certain forms of DREs, others apply to all forms of DREs, and some are unique to grantor trusts. Practitioners should be attentive to this growing class of exceptions and modifications when tax planning for their clients.

## Types of Disregarded Entities

The discussion below gives a general overview of four of the more frequently used types of DREs and their legislative creation, but there are also other miscellaneous DREs that arise primarily through the combined use of one DRE. For example, a partnership between a taxpayer and a DRE that is wholly-owned by the taxpayer does not constitute a partnership for federal tax purposes; rather, the partnership is a DRE, absent an election (under the check-the-box regulations discussed below) to be treated as a corporation. [1]

## Grantor Trust Rules.

The oldest form of a disregarded entity is the grantor trust. While the development of the grantor trust rules began in the early 1900s, Congress did not issue statutory guidance until 1954. That statutory guidance developed into what is commonly known today as the grantor trust rules, which are found in Subpart E of Subchapter J of the Code. [2]

In short, the primary result of the grantor trust rules is to tax the grantor of a trust on the trust's income if the grantor retains dominion and control over the trust (or a portion of it). [3] In doing so, the grantor trust rules treat the grantor of a trust as the "owner" of the trust (or relevant portion thereof) for income tax purposes. [4] As a result, in calculating his or her taxable income, the grantor includes the applicable portion of the trust's income, deductions, and credits. [5]

Unlike the check-the-box rules, there are conflicting views regarding the treatment of a grantor trust as a DRE. While the plain language of the Code's grantor trust rules appears to imply that a wholly grantor trust (i.e., a trust that is deemed to be entirely owned by a single individual or entity) will be disregarded for federal income tax purposes and the IRS has treated grantor trusts as DREs, at least one court has not interpreted the rules in that manner. [6] Given the varying views on the topic, each practitioner needs to determine whether his or her particular grantor trust may be treated as a DRE. This article assumes that the grantor trust rules treat applicable grantor trusts as DREs, and will survey the exceptions and modifications that apply given such assumption.

## Check-the-Box Rules.

Prior to 1997, the federal tax classification of an unincorporated business entity was determined under what were known as the "*Kintner* Regulations," which analyzed four characteristics of the entity to determine whether it more closely resembled a corporation or a partnership. [7] In 1997, the Treasury Department showed sympathy for practitioners when it simplified the classification of unincorporated business entities by promulgating Regs. 301.7701-1, -2, and -3, now universally known as the "check-the-box" regulations. [8]

A business entity that is not automatically classified as a corporation (a "per se corporation") pursuant to the check-the-box regulations (an "eligible entity") may generally elect its classification for federal tax purposes. [9] The default classification for a domestic eligible entity is:

(1) A partnership if the entity has two or more members.
(2) "Disregarded as an entity separate from its owner" if it has a single owner. [10]

The default classification for a foreign eligible entity is:

(1) A partnership if it has two or more members and at least one member does not have limited liability.
(2) A corporation if all members have limited liability.
(3) A DRE if it has a single owner that does not have limited liability. [11]

A member of a foreign eligible entity has limited liability if the member has no personal liability for the debts or claims against the entity by reason of being a member. [12]

Although a single-member eligible entity, such as a domestic limited liability company (LLC) with a single owner (SMLLC), is automatically treated as "disregarded as an entity separate from its owner," it may elect on Form 8832 to be taxed as a corporation. [13] If an SMLLC does not elect to be treated as a corporation, the check-the-box regulations treat its activities "in the same manner as a sole proprietorship, branch, or division of the owner." [14] Thus, except where an exception or modification exists, a non-electing SMLLC is generally ignored for federal tax purposes.

## Qualified Subchapter S Subsidiary Rules.

A very common form of DRE is the qualified Subchapter S corporation (QSub). Any domestic corporation that is eligible to be a Subchapter S corporation and that is wholly owned by a Subchapter S corporation will be treated as a QSub if its parent corporation so elects. [15] The QSub election is made on Form 8869. When the QSub election is made, the subsidiary is generally deemed to have liquidated into the S corporation parent. [16]

In general, a QSub is not treated as a separate corporation for federal tax purposes. [17] All of the QSub's assets, liabilities, and items of income, deduction, and credit are treated as assets, liabilities, and items of income, deduction, and credit of the Subchapter S corporation parent. [18] As discussed below, however, there are certain regulatory exceptions to the general rule that a QSub is not treated as a separate corporation for federal tax purposes.

## Qualified REIT Subsidiary Rules.

A qualified real estate investment trust subsidiary (QRS) is a relatively specialized form of disregarded entity. A real estate investment trust (REIT) is an electing domestic corporation (or trust or other association taxable as a corporation) that meets various organizational requirements, derives most of its income from passive real property sources, distributes most of its income to its owners, and holds mainly real estate. [19] REITs generally receive conduit income tax treatment for income distributed to their owners. [20]

A QRS is a corporation (or trust or other association taxable as a corporation) which is wholly owned by a REIT and does not elect with its owner to be treated as a taxable REIT subsidiary. [21] A QRS is not treated as a separate corporation, and, like a QSub, its assets, liabilities, and items of income, deductions, and credit are treated as those of the REIT owner. [22] Thus, the corporate status of a QRS is generally ignored for federal tax purposes. As with QSubs, however, there are certain regulatory exceptions to the general rule that a QRS is disregarded for federal tax purposes.

## General Exceptions and Modifications

The number of exceptions and modifications to the general rule that DREs are treated as "tax nothings" has quietly increased over the last decade. A survey of some of the more prevalent exceptions and modifications to the general rule follows.

## Employment and Excise Taxes.

Shortly after the check-the-box regulations and the QSub rules were issued in the late 1990s, the IRS issued Notice 99-6. [23] This Notice announced the IRS's intention to issue guidance on the proper method for DREs to report employment taxes. It also sought public comment on the issue. Notice 99-6 set forth two methods for reporting and paying employment tax for DREs until the IRS issued its guidance. The temporary guidance said that the IRS would accept reporting and payment of employment taxes with respect to SMLLC or QSub employees if either of the following occurred:

> (1) The owner calculated, reported, and paid all employment tax obligations with respect to the DRE's employees under its own name and taxpayer identification number.
> (2) The DRE separately calculated, reported, and paid all employment tax obligations with respect to its employees under the owner's own name and taxpayer identification number. [24]

Despite allowing a DRE to separately calculate, report, and pay employment tax obligations with respect to its employees, Notice 99-6 said that the owner would, nonetheless, retain ultimate responsibility for the employment tax obligations incurred with respect to the DRE's employees.

After almost six years, the IRS issued proposed regulations governing the treatment of DREs for employment tax and related reporting purposes. [25] In August 2007, the IRS finalized the proposed regulations with a few minor modifications. [26] Reg. 301.7701-2(c)(2)(iv) treats eligible

single-owner DREs (e.g., SMLLCs) as corporations for employment tax purposes. [27] Thus, the entity now must use its own taxpayer identification number when it files and pays employment taxes. [28] An individual owner of a DRE, however, is subject to self-employment tax and is not treated as an employee of the disregarded entity for employment tax purposes. [29] This special employment tax provision is applicable with respect to wages paid on or after 1/1/09. [30] The IRS also recently updated its *Employer Tax Guide* to reflect the final regulations. [31]

In addition, the IRS issued a similar provision with respect to certain excise tax reporting, registration, and payment obligations. [32] That provision treats an eligible single-owner DRE as a separate entity for certain excise tax purposes. [33] This special excise tax rule applies to liabilities imposed and actions first required or permitted in periods beginning on or after 1/1/08. [34]

The IRS also issued a final regulation under Section 1361 that mirrors the employment and excise tax regulation provisions promulgated under Section 7701. [35] Like the check-the-box regulations' rules, the QSub regulation treats a QSub as a corporation for employment and excise tax purposes only. [36] The regulation relating to employment taxes applies with respect to wages paid on or after 1/1/09, but the excise tax provision applies to liabilities imposed and actions first required or permitted in periods beginning on or after 1/1/08. [37] The IRS probably did not need to issue separate provisions under Section 1361 because Regs. 301.7701-2(c)(2)(iv) and (v) appear to cover QSubs as well as SMLLCs. The IRS did not issue special provisions with respect to REITs, but Regs. 301.7701-2(c)(2)(iv) and (v) should also cover REITs. There is no authority explicitly extending these rules to grantor trusts.

## Tax Liability Considerations

A DRE, including an SMLLC, a QSub, and a QRS, is treated as a separate entity for purposes of:

(1) Federal tax liabilities of the entity for any tax period for which the entity was not disregarded,
(2) Federal tax liabilities of any other entity for which the entity is liable.
(3) Federal tax refunds or credits. [38]

The regulations setting forth these exceptions apply after 3/31/04. [39] The following examples illustrate these exceptions to the general rule that DREs are treated as tax nothings.

If a domestic corporation merges (pursuant to a state law merger) into a domestic SMLLC owned by an individual, the SMLLC is the successor to the corporation, for state law purposes, and is liable for all of the corporation's debts. If the IRS sought to extend the statute of limitations on assessment with respect to a liability of the corporation for a tax year prior to the tax year in which the merger occurred, the SMLLC is liable for the corporation's taxes that remain unpaid, and, therefore, is the proper party to sign the consent to extend the period of limitations. [40] The result would be the same if the SMLLC was a QSub or a QRS. [41]

Using this example, assume that for a tax year ending before the merger occurred the IRS determines that the corporation miscalculated and underreported its income tax liability. Because the SMLLC is the successor to the corporation and is liable for the underpayment of the corporation's taxes, the IRS may assess the deficiency directly against the SMLLC. [42] In the event that the SMLLC fails to pay the liability after notice and demand, the IRS can file a federal tax lien against all of the SMLLC's property and its rights to property. [43]

With respect to QSubs and QRSs, their owners are not liable for deficiencies relating to a tax year that precedes the year in which the QSub or QRS election is made, because the tax liability is for a tax year for which the QSub or QRS was not disregarded. [44] As a result, the IRS may

assess the liability only against the QSub or QRS and, in the event of a failure to pay the liability after notice and demand, may file a federal tax lien only against the QSub's or QRS's property and rights to property. [45]

Another instance in which a DRE is recognized for federal tax purposes arises when the IRS is seeking to collect a tax liability from the sole member of a SMLLC. In CCA 199930013, the IRS Chief Counsel advised that the IRS could not levy on an LLC's assets, because under state law the sole member of the LLC did not own the property of the LLC. The Chief Counsel stated that the mere fact that an LLC is disregarded as an entity separate from its sole member (the taxpayer in that case) for federal tax purposes does not entitle the IRS to disregard the LLC for collection purposes. [46] The Chief Counsel added that state law determines a taxpayer's property interests for purposes of tax collection, [47] but the IRS could levy on the taxpayer's distributive interest in the LLC and sell that interest or file suit to foreclose the federal tax lien against the ownership interest. [48] In addition, depending on the facts of the case, the IRS might collect from an LLC's assets on the basis that it is the alter ego of its single-member or pursuant to a nominee or transferee liability theory. [49]

## TEFRA Rules.

Another exception to the general rule arises in the context of the Code's audit rules for partnerships, which were enacted by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). TEFRA radically changed the way in which the IRS audits partnerships for errors in reporting partnership income. [50] TEFRA's basis is found in Section 6221, which provides that "the tax treatment of any partnership item (and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item) shall be determined at the partnership level."

Section 6231(a)(1)(B) excludes "small partnerships" from the TEFRA rules by excluding from the definition of a "partnership" any partnership with ten or fewer partners, each of whom is a U.S. individual, a C corporation, or an estate of a deceased partner. The small partnership exception does not apply, however, to a partnership for a tax year if any partner in the partnership during that tax year is a "pass-thru partner." [51] A pass-thru partner means a partnership, estate, trust, S corporation, nominee, or other similar person through whom other persons hold an interest in the partnership. [52]

The issue that arises in this context is whether a DRE that is a partner of a partnership is disregarded when determining whether the small partnership exception to TEFRA applies. The IRS has looked at this issue on at least two different occasions and, in both cases, treated an SMLLC as a separate entity. That is, the IRS determined that the SMLLC—not its individual sole member—was the partner in applying the small partnership exception to the TEFRA audit rules. [53] Because the SMLLC was treated as the partner and was a "pass-thru partner," as defined in Section 6231(a)(9), the small partnership exception did not apply in either case.

In CCA 200250012, IRS Chief Counsel reasoned that the statutory language indicated that Congress intended that the small partnership exception to TEFRA would not apply whenever, as a factual matter, ownership in the partnership is held through another person, regardless of the legal classification of that person. Rev. Rul. 2004-88 reached the same result, but the IRS reasoned there that state law dictated the holding. The IRS based its holding on the fact that the sole member of the SMLLC partner was not a partner of the partnership under state law; rather, the IRS found that the sole member held his partnership interest in the partnership indirectly through the SMLLC (i.e., was an indirect partner via the "pass-thru partner").

## Sharing of Partnership Liabilities under Code Section 752.

Another relatively recent variance from the treatment of DREs as "tax nothings" can be found in the Section 752 regulations, which deal with the allocation of partner-level tax basis arising from partnership-level debt. Under these complex rules, partnership debt is generally allocated to the partner or partners, if any, that bear the ultimate "economic risk of loss" for the debt. For example, where a partnership debt is guaranteed by a partner, that partner generally would be allocated the debt's entire associated tax basis. In determining which partner bears the economic risk of loss, the rules provide a general assumption that a partner is financially able to perform under any guarantee agreement irrespective of the partner's actual net worth, unless the facts and circumstances indicate a plan to circumvent or avoid the obligation. [54] As a result, tax planners were able to insert virtually valueless DREs as guarantors of partnership debt to secure the associated debt basis for use by the ultimate owners of the entities.

Final regulations published on 10/11/06 significantly modified this approach for all partners holding partnership interests through a DRE. [55] Under Reg. 1.752-2(k)(1), where a partner holds his partnership interest through a DRE, the DRE's obligations are taken into account when determining the partner's economic risk of loss for the partnership-level liability only to the extent of the net value of the DRE as of the date on which the partnership determines the partner's share of partnership liabilities. [56] In the event that one or more DREs have payment obligations with respect to one or more liabilities of a partnership, the partnership must allocate the net value of each DRE among the liabilities in a reasonable and consistent manner, taking into account the relative priorities of those liabilities. [57]

This special treatment of DREs in this context has been criticized by some commentators in that it uniquely singles out DREs when, in fact, any pass-through entity that limits the liability of its owners can be used to accomplish similar results without a similar net value limitation. [58] Nonetheless, the special treatment exists and represents another danger in simply ignoring a DRE as nonexistent during the course of tax planning.

## State Tax Treatment of DREs.

Despite the fact that almost every state generally respects the federal classification of an SMLLC as a DRE for income tax purposes, several states impose an entity-level tax or fee on LLCs, including SMLLCs. [59] The types of taxes or fees imposed, and the SMLLCs subject to the tax, vary widely from state-to-state. Practitioners should inquire into a state's entity-level tax on SMLLCs, and possibly other DREs, before proceeding with planning opportunities in that state.

Unlike the general conformity with federal law classification for income tax purposes, most states treat LLCs, including SMLLCs, as separate legal entities with respect to registration fees, sales and use taxes, employment taxes, and property taxes. As a result, LLCs are generally subject to liability for these taxes and fees. Additionally, most states require an SMLLC to file its own separate sales and use tax return, notwithstanding the fact that for state income tax purposes the SMLLC is disregarded. [60] On the other hand, many states allow an SMLLC and its owner to elect to file a consolidated sales and use tax return, if certain conditions are met. [61] Consequently, practitioners should analyze a DRE's tax and filing obligations state by state, so that they can fully apprise their clients of all potential taxes and fees a particular state may impose.

## Grantor Trust Considerations

As mentioned briefly above, opinions differ as to whether a wholly grantor trust is considered a disregarded entity. In *Rothstein*, [62] the Second Circuit Court of Appeals implicitly held that a wholly grantor trust was not disregarded for all income tax purposes, because the grantor received a cost basis for assets purchased from the trust. In Rev. Rul. 85-13, 1985-1 CB 184,

however, the IRS reached the opposite result on facts similar to those in *Rothstein.* That is, the IRS held that the acquisition of the trust's property by the grantor in exchange for a note could not be a sale because the grantor was both the maker and owner of the note. As a result, the grantor did not receive a new cost basis in the stock purchased from the trust.

The IRS has explicitly stated that it will not follow the Second Circuit's decision in *Rothstein.* Indeed, many estate planners rely heavily on Rev. Rul. 85-13's conclusions for a variety of estate planning techniques involving sales to grantor trusts. Consequently, the lasting impact of the *Rothstein* decision may prove negligible.

Even if disregarded for federal income tax purposes, states may not disregard a wholly grantor trust for certain purposes. For example, Pennsylvania varies from federal law regarding grantor trusts and imposes state income tax on grantor trusts according to the same personal income tax rules that apply to irrevocable trusts, unless the grantor trust is a revocable trust. [63] For some non-income tax purposes (e.g., sales tax), a wholly grantor trust that is disregarded for federal income tax purposes may be respected as the owner of the trust's corpus by some states. In New York, for instance, a sale between a grantor and his grantor trust could be subject to sales tax, because for sales tax purposes New York generally respects the separate existence of distinct legal entities, even though the distinction may be disregarded for federal and state income tax purposes. [64]

## Foreign Tax Planning Considerations

Practitioners should be aware that foreign countries may not treat U.S. grantor trusts as disregarded entities. As noted below, a wholly grantor trust is treated as a separate entity for Canadian tax purposes. Various planning opportunities may arise as a result of such divergent treatment.

## Conduit Financing.

Treasury has proposed respecting DREs in an attempt to combat perceived tax avoidance achieved through the use of multiple-party financing transactions. [65] In general, a financing arrangement is a series of transactions in which one person advances money or other property or grants rights to use property and another person receives money or other property or rights to use property, the advance and receipt are effected through one or more other persons, and financing transactions link all of the entities. [66] Examples of a financing transaction include debt and any lease or license. [67]

Since 1995, regulations have allowed the IRS to ignore intermediate entities participating in a financing arrangement where the intermediate entities are acting as conduit entities and to recharacterize the financing arrangement as a transaction directly between the remaining parties for purposes of imposing tax under Sections 871 and 881 and withholding obligations under Sections 1441 and 1442. [68]

In December 2008, the IRS issued proposed regulations under Section 881. [69] Under Prop. Reg. 1.881-3(a)(2)(i)(C), any transaction entered into by a DRE will be taken into account for purposes of determining whether a conduit financing arrangement exists. The proposed regulation accomplishes this by stating that, for purposes of the regulations under Section 881, the term "person" includes a business entity that is disregarded as an entity separate from its single member owner under the check-the-box regulations. [70]

Currently, this change to the regulation remains only proposed. The proposed regulation states that it is not effective until the date it is adopted as a final regulation. [71] It is interesting to note,

however, that the Preamble to the proposed regulation states that the proposed regulations "*clarify* that a disregarded entity is a person for purposes of Regulation 1.881-3," implying that the IRS does not need the proposed regulation's change to effect this result. [72] Consequently, practitioners practicing in this area should employ caution both before and after the proposed regulation becomes final.

## Dual Consolidated Losses.

The dual consolidated loss (DCL) rules are generally intended to prevent companies with tax residency in two different jurisdictions from using the same losses to obtain tax benefits in both jurisdictions. The provisions in Section 1503(d), and the consolidated return regulations that disallow the use of a DCL, generally treat a DRE as a separate entity. [73] An example of a DRE to which the DCL rules may apply is the so-called "hybrid entity," which is an entity that is disregarded for U.S. tax purposes but is subject to an entity-level income tax by a foreign country. [74] The purpose of the DCL provisions, as applied to a domestic corporation that owns a hybrid entity, is to prevent a single net operating loss (NOL) generated by a DRE from being used in both the U.S. and in a foreign jurisdiction. [75]

The DCL rules apply only to a dual resident corporation (DRC). A DRC is a domestic corporation or a separate unit of the domestic corporation (e.g., a hybrid entity that is a DRE for U.S. tax purposes) that is subject to U.S. tax on its worldwide income and a foreign jurisdiction's tax on its worldwide income or with respect to its separate unit's worldwide income. [76] Without the general disallowance of the DCL to the DRC, use of the DCL could occur in both the U.S. and the foreign jurisdiction because the DRC could offset its own income with the NOL generated by the DRE for U.S. tax purposes, and that NOL might also be used for foreign tax purposes against income that may not be subject to U.S. tax. [77]

In general, the DCL rules forbid a DRC from reducing the taxable income of any other member of its affiliated group by the amount of the DRE's DCL unless, as provided in the regulations, the loss does not offset the income of any foreign corporation. [78] For purposes of determining the DCL, the DRE is treated as a separate entity and its income, deductions, gain, and loss are computed on a "stand alone" basis from the DRC that owns the DRE. [79] In that respect, the DRE is not treated as a disregarded entity.

## Treatment by Foreign Countries

Practitioners should also be aware of the treatment of DREs by foreign countries. Canada, for example, generally does not disregard U.S. SMLLCs; rather, it treats them as corporations. Also, a grantor trust that is disregarded in the U.S. is respected as a trust in Canada. Some income tax treaties between the U.S. and foreign countries specifically address the treatment of disregarded entities (also called "fiscally transparent" entities by some treaties).

In addition to some countries treating DREs differently than the U.S., the Code contains some provisions that create special rules for certain DREs (or "fiscally transparent" entities). Section 894 generally operates to deny certain treaty benefits to a "hybrid entity" (i.e., an entity treated as fiscally transparent for U.S. income tax purposes but recognized as a separate entity for purposes of the tax law of the foreign country). Under that section, income derived by a foreign person through a fiscally transparent entity is denied the benefit of a reduced rate of withholding tax that an income tax treaty may provide if certain conditions are met. For instance, if a U.S. company makes an interest payment to an LLC that is wholly owned by a Canadian company, the payment is generally subject to the full 30% withholding rate imposed by Code section 1442(a) and is not entitled to the benefits of a reduced rate of withholding that the U.S./Canada income tax treaty would otherwise permit.

Practitioners should be cognizant of the treatment of DREs by other countries.[80] Not only can the different treatment by a foreign country present traps for the unwary, but they can also produce significant planning opportunities for U.S. individuals and businesses.

## Obama Proposal.

The Obama administration recently released its 2010 budget proposals, which included a proposal that would make a regulatory change to the check-the-box regulations requiring some foreign subsidiaries to be treated as separate corporations for U.S. federal tax purposes.[81] The proposal is designed to prohibit the shifting of income from one foreign subsidiary to another in a tax-haven country.[82]

Under the proposal, a foreign eligible entity with a single owner that is organized or created in a country other than that of its single owner would be treated as a corporation for all federal tax purposes.[83] Existing eligible entities would undergo a deemed conversion into a corporation under the proposal, resulting in the entities incurring the usual tax consequences related to a conversion (e.g., triggering of dual-consolidated losses). Except in cases of U.S. tax avoidance, the proposal generally would not apply to a first-tier foreign eligible entity wholly owned by a U.S. person.[84]

If adopted, the proposal would not take effect until 2011.[85] Given the Obama Administration's heightened scrutiny of offshore tax havens and international tax abuses, this proposal is one to monitor closely.

## Conclusion

There are now several instances in which DREs are not really disregarded for tax purposes. In addition, various proposals would increase the number of exceptions/modifications to the general rule that a DRE is a "tax nothing." It is important for practitioners to keep this assortment of disclaimers in mind in advising clients with respect to tax planning using DREs. The erosion of the check-the-box regulations and other DRE provisions continues to be a trap for the unwary.

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1

Rev. Rul. 2004-77, 2004-2 CB 119 (holding that where a domestic corporation and its wholly owned LLC were the only two partners in a limited partnership, the limited partnership could not be classified as a partnership for federal tax purposes, and therefore, would be disregarded for federal tax purposes, absent an election to be treated as a corporation).

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2

See Sections 671 through 679.

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3

See generally Section 671.

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4

Section 671.

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5

*Id.*

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6

See Rothstein, 54 AFTR 2d 84-5072, 735 F2d 704, 84-1 USTC ¶9505 (CA-2, 1984) (discussed below). But see Rev. Rul. 85-13, 1985-1 CB 184.

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7

The Kintner Regulations, promulgated in 1960, were derived from the case of Kintner, 46 AFTR 995, 216 F2d 418, 54-2 USTC ¶9626 (CA-9, 1954).

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8

TD 8697, 12/17/96.

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9

Reg. 301.7701-3(a). A business entity is any entity that is not a trust. See Reg. 301.7701-2(a).

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10

Reg. 301-7701-3(b)(1).

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11

Reg. 301-7701-3(b)(2)(i).

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12

Reg. 301-7701-3(b)(2)(ii).

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13

Reg. 301.7701-3(a).

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14

Reg. 301-7701-2(a).

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15

Section 1361(b)(3)(B). Certain types of corporations are not eligible to make a QSub election (e.g., insurance companies subject to tax under Subchapter L of the Code). See Section 1361(b)(2).

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16

Reg. 1.1361-4(a)(2).

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17

Reg. 1.1361-4(a)(1)(i).

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18

Reg. 1.1361-4(a)(1)(ii).

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19

Sections 856(a) and (c), and 857(a)(1).

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20

See Section 857(c)(2); see also S. Rep't. No. 106-201, 106th Cong., 1st Sess. 55 (1999).

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21

Sections 856(i)(2) and (l)(1).

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22

Section 856(i)(1).

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23

1999-1 CB 321. The Notice did not specifically mention grantor trusts or QRSs, but its stated purpose was to address issues related to entities "disregarded as entities separate from their owners for federal tax purposes." While it was clearly intended to respond to the then recently enacted check-the-box regulations and QSub rules, the Notice should also have applied to grantor trusts and QRSs—but it would be unusual for a grantor trust or QRS to have employees.

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[24]

*Id*.

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[25]

REG-114371-05, 10/18/05.

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[26]

TD 9356, 8/15/07. The issuance of the final regulations made Notice 99-6 obsolete as of 1/1/09.

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[27]

Reg. 301.7701-2(a) references these special employment and excise tax rules.

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[28]

Reg. 301.7701-2(c)(2)(iv)(C), Example ii.

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[29]

Reg. 301.7701-2(c)(2)(iv)(A).

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[30]

Reg. 301.7701-2(e)(5).

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[31]

IRS Publication 15, *Employer's Tax Guide* (3/09).

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[32]

Reg. 301.7701-2(c)(2)(v).

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[33]

See Reg. 301.7701-2(c)(2)(v) for a list of relevant excise taxes and associated exceptions.

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[34]

Reg. 301.7701-2(e)(6).

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[35]

Regs. 1.1361-4(a)(7) and (8).

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[36]

*Id*.

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[37]

Regs. 1.1361-4(a)(7)(ii) and (8)(ii).

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[38]

Regs. 301.7701-2(c)(2)(iii)(A), 1.1361-4(a)(6), and 1.856-9. Grantor trusts are not covered by these provisions.

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[39]

Regs. 301.7701-2(e)(2), 1.1361-4(a)(6)(iii), and 1.856-9(c).

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40

See Reg. 301.7701-2(c)(2)(iii)(B), Example 1.

41

See Regs. 1.1361-4(a)(6)(ii), Example 3, and 1.856-9(b), Example 3.

42

See Reg. 301.7701-2(c)(2)(iii)(B), Example 2.

43

*Id.*

44

See Regs. 1.1361-4(a)(6)(ii), Example 2, and 1.856-9(b), Example 2.

45

See *id*.

46

CCA 199930013.

47

*Id.*

48

See also CCA 200235023.

49

*Id.*

50

TEFRA (codified as Sections 6221 through 6234).

51

Reg. 301.6231(a)(1)-1(a)(2).

52

Section 6231(a)(9).

53

CCA 200250012; Rev. Rul. 2004-88, 2004-2 CB 165.

54

Reg. 1.752-2(b)(6).

55

TD 9289, 10/11/06**.** These disregarded entity rules apply to liabilities incurred or assumed by a partnership on or after 10/11/06, other than liabilities incurred or assumed pursuant to a binding written contract in effect prior to that date. See Reg. 1.752-2(l).

56

These rules do not apply to an obligation of a DRE to the extent that its owner is otherwise required to make a payment with regard to the obligation of the DRE. See Reg. 1.752-2(l). In addition, the specific DREs cited in the applicable Regulations do not expressly include grantor trusts.

57

Reg. 1.752-2(k)(3).

58

See, e.g., McKee, Nelson & Whitmire, *Federal Taxation of Partnerships and Partners* (WG&L, 2009), ¶ 8.02[8].

59

Fenwick, McLoughlin, Salmon, Smith, Tilley, and Wood, *State Taxation of Pass-Through Entities and Their Owners* (WG&L, 2009), Appendix, Tables 8 and 9. Alabama, California, New Jersey, New York, Pennsylvania, Tennessee, and Texas are a few of the states that impose various entity-level taxes or fees on LLCs.

60

Fenwick, McLoughlin, Salmon, Smith, Tilley, and Wood, *State Taxation of Pass-Through Entities and Their Owners* (WG&L, 2009), ¶18.03.

61

*Id.*

62

54 AFTR 2d 84-5072, 735 F2d 704, 84-1 USTC ¶9505 (CA-2, 1984).

63

Pennsylvania Personal Income Tax Guide (03/06).

64

See e.g., Cleveland Browns Transportation LLC, TSB-A-06(8)S, 03/06/06 (sales of transportation services to an operating entity by its wholly owned and income tax disregarded LLC were recognized for sales tax purposes).

65

REG-113462-08, 12/22/08.

66

Reg. 1.881-3(a)(2)(i)(A).

67

Reg. 1.881-3(a)(2)(ii)(A).

68

Reg. 1.881-3(a)(1).

69

*Supra* note 65.

70

Prop. Reg. 1.881-3(a)(2)(i)(C). The proposed regulation does not expressly apply to any DREs not within the ambit of the check-the-box regulations.

71

*Id*.

72

*Supra* note 65.

[73]

See Reg. 1.1503(d).

[74]

Reg. 1.1503(d)-1(b)(3).

[75]

TD 9315, 3/16/07.

[76]

Reg. 1.1503(d)-1(b)(2).

[77]

TD 9315, 3/16/07.

[78]

*Id.*; Section 1503(d)(1). The DCL rules also specifically speak about situations involving "transparent entities," which are uniquely defined for purposes of the DCL rules.

[79]

See generally Reg. 1.1503(d)-5.

[80]

There are also other narrow areas where the IRS has indicated it will treat a DRE as separate from its sole owner, such as the foreign exchange rules under Section 987 in the case of certain DREs that are qualified business units and have a different functional currency than their U.S. parent.

[81]

See Dept. of Treasury, General Explanations of the Administration's Fiscal Year 2010 Revenue Proposals (May 2009).

[82]

President Obama announced the proposal during his 5/4/09 news conference regarding combating tax havens.

[83]

See *supra* footnote 77.

[84]

*Id.*

[85]

*Id.*

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latimes.com/entertainment/arts/culture/la-et-cm-secretary-of-culture-notebook-20130120,0,162825.story

# latimes.com

## The case for naming a U.S. secretary of Culture

**Music critic Mark Swed says it's time we have someone in the Cabinet who can speak to our common identity: Arts and the humanities help us figure out who we are.**

By Mark Swed, Los Angeles Times Music Critic

6:00 AM PST, January 19, 2013

advertisement

Along with adding the finishing touches to his inaugural address on Monday, President Obama has plenty on his plate. He is consumed by the responsibilities of selecting new Cabinet members and preparing strategies to get them confirmed. He already had his fair share of critics, and the last thing he needs is a *music* critic telling him how to run the country.

So I'm sorry to have to be the one to remind you, Mr. President, that you've left someone out. Secretary of Culture. It's time.

Despite a troubling international reduction of government support for the arts thanks to the world economic crises, most countries still manage to maintain ministries of culture, and not just seats of Western civilization such as France, Italy, Spain, Great Britain and Greece but also in Albania, Brazil, Haiti, Ethiopia, Cambodia and about 50 other countries. We, instead, have the National Endowment for the Arts and the National Endowment for the Humanities.

**PHOTOS: Arts and culture in pictures by The Times**

I'm a great supporter of these institutions, but I'm calling for their removal and the creation of a new Cabinet-level agency for culture. The NEA, to which I've been closest in my career, is a wonderful organization, doing what it can to support institutions (if no longer individual artists) large and small. But it is also a political football and it is always going to be one.

One of the calls to abolish the NEA, for instance, came from Mitt Romney in last year's campaign, as part of his proposal to balance the budget. But during the debates Obama failed to note that investment in the arts is a more reliable jobs creator than in nearly all industries, nor is it easily outsourced. That has been an *idèe fixe* of the Obama-appointed outgoing NEA head, Rocco



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Landesman. Even so, Landesman's budget got slashed 13% for fiscal 2012 to an embarrassing $146 million.

As arts supporters love to point out, that is less than half of the budget the Pentagon provides for military bands alone. In cash-strapped France, on the other hand, Minister of Culture and Communication Aurélie Filippetti was enraged when President François Hollande cut the 2013 budget of her department 4.3% to 7.363 billion euros, which is just under $10 billion. According to Landesman, the U.S. remains the weakest funder of arts in the developed world.

From the start, Obama had seemed a good prospect for becoming an arts president, and four years ago, as he was about to assume office, 76,000 people signed a petition, instigated by Quincy Jones, begging the new president to create a Cabinet-level cultural ministry patterned after France's. He has stepped out to arts events and invited artists from many genres to the White House. But he's kept that pretty low profile. The arts can be a lightning rod among populist politicians, and Washington is divided enough as it is. Clearly Obama has had other preoccupations than cabinetizing culture. But that divisiveness is precisely why we need a Cabinet-level spokesperson for culture. We have come to see ourselves as a country of opposites. The allocation of public funds for just about anything is viewed as a war between the rich and the poor. We color our states red or blue. Some of us love guns; some of us hate them. Go down the line, and there appears to be less and less on which we agree.

One thing we do have in common is our identity. Wherever we are on whatever spectrum, we see ourselves as Americans. It is that culture that makes everything else matter. The arts and the humanities help us figure out who we are.

A Department of Culture, into which the current NEA and NEH might be folded, may not be protected from budgetary vulnerability, but it would at least have more prestige and perhaps more stability. It would also empower a public spokesperson for culture.

Maybe even more essential is the influence a secretary of Culture could have in a way-too-wonky Washington. I know there aren't regular Cabinet meetings anymore where all the secretaries gather around a big table and hash out all the issues of the country. Imagine, though, a perfect White House, where Cabinet officials did often collect, and among them sat a political outsider, a generalist who could offer rich historical insight from the humanities and visionary thinking from the arts.

**PHOTOS: Arts and culture in pictures by The Times**

Ideally, a secretary of Culture should be a political outsider, able to function as a moral conscience for all decision making. He or she would further serve as someone able to ask the hard questions, to see the world from possibly unexpected angles and help prompt new solutions to old problems. As artists know and politicians refuse to acknowledge, all you have to do to create change is change your mind.

So whom could we get? Who could speak in such a way that the right and left would listen? Who from the arts or the humanities could possibly win the respect of expert wonks? Who could inspire a divided nation?

I've saved my suggestions for last because you're going to think them outlandish. They're not.

First, I nominate Peter Sellars. Stop laughing. How is an L.A.-based theater, opera and festival director who sports spiky hair, strings his own beads, buys his clothes at thrift shops and regularly



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courts controversy ever going to become a national spokesperson, to say nothing of a Washington official?

Sellars, however, happens to be one of the most persuasive and inspirational public figures we have. He exhibits a bottomless empathy and spirituality with broad reach. Yes, some of his productions have been left-leaning, but he can, one on one, reach just about everyone. He is politically motivated and sophisticated. He thinks profoundly about social issues.

He also has a way with politicians. A few years ago he was asked to speak at the World Economic Forum in Davos, Switzerland, about nuclear proliferation — something he became highly knowledgeable about when he and composer John Adams put on "Doctor Atomic," an opera about the creation of the atomic bomb. Sellars held heads of state in awe.

My second nomination is Leon Botstein, president of Bard College in New York state. He is one of our few remaining public intellectuals and a renaissance man, which means he is a conductor, educator and scholar. He too is unusually persuasive when speaking on any number of issues to any kind of audience.

Yes, he's also a liberal, one who as a young man could hold his brilliant own against William F. Buckley on "Firing Line." But he is just as brilliant an administrator who, in his nearly 40-year tenure at Bard, has made the school into one of the most progressive and prominent humanities colleges in the country by appealing to donors on all sides of the political spectrum. He's an egghead who goes on "The Colbert Report."

Botstein makes things happen, and he makes them happen by persuading people to look beyond their preconceptions, to view society in broad and grand terms. He is someone politicians and the people could listen to.

So what is the likelihood that Obama will announce on the steps of the Capitol on Monday that over these next four years he wants to make the arts a national priority and for that reason he is now nominating Sellars or Botstein to the newly created post of secretary of Culture? Zero. He's not crazy.

Still, if Albania can have one, why can't we?

*mark.swed@latimes.com*

## MORE

INTERACTIVE: Christopher Hawthorne's On the Boulevards

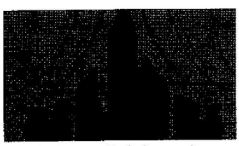

Depictions of violence in theater and more

PHOTOS: Arts and culture in pictures

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HOUSE_OVERSIGHT_026600

**From:** Skip Rimer [redacted]
**Sent:** 4/25/2013 4:20:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** A message to Global Conference 2013 Attendees

**Importance:** High

Dear Global Conference Registrant:

We look forward to seeing you in a few days at the 16th annual Milken Institute Global Conference. It's a full and exciting program with a record 620 speakers on 140+ sessions addressing the major economic and policy issues of the day. In addition, we have many other events in store that we hope will make your time with us that much more valuable and enjoyable, including a first-time Tuesday night wine tasting and shopping event in the heart of Beverly Hills.

We've made a number of other changes to this year's program, including the addition of three late-afternoon plenary sessions – featuring **Congressman and Majority Leader Eric Cantor** together with **Sen. Harry Reid, Majority Leader** (Monday); **former Vice President Al Gore** (Tuesday); and a special session focused on Africa's brightening future (Wednesday), described below.

We have also added a larger stage in the Global Conference Pavilion, allowing for a variety of more innovative sessions and audience involvement.

Please note two important program/speaker updates:

- We've saved one of the best for last. The Global Conference closes on Wednesday with "Investing in African Prosperity," featuring **Rwandan President Paul Kagame**, **former British Prime Minister Tony Blair**, **philanthropist Bill Gates**, and **Rhonda Zygocki of Chevron**, moderated by **Institute Chairman Mike Milken**.

- Wednesday's lunch program brings together some of America's most important health leaders, including **Nancy Brown, CEO of the American Heart Association**; **Francis Collins, Director of the National Institutes of Health; Thomas Frieden, Director of the Centers for Disease Control and Prevention**; and **Andrew von Eschenbach, former Commissioner of the Food and Drug Administration**, to talk about the scientific revolution that promises to change lives and society.

We may have moved some panels since you set your schedule, so I encourage you to visit www.globalconference.org for the latest speakers and program.

**Within the next 24 hours, you will be receiving your Global Conference confirmation email. Be sure to bring the confirmation email and a photo ID with you to registration.**

We look forward to seeing you. I hope you take advantage of everything the Global Conference has to offer. Most important, have a great time.

Sincerely,

**Skip Rimer**
Executive Director of Programs and Communications
Milken Institute

**From:** Darren Indyke[redacted]
**Sent:** 10/23/2014 5:09:04 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Google Alert - Jeffrey Epstein

**Importance:** High

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**********
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**********

Begin forwarded message:

**From:** Google Alerts <googlealerts-noreply@google.com>
**Subject: Google Alert - Jeffrey Epstein**
**Date:** October 23, 2014 at 2:51:00 AM EDT
**To:** [redacted]

Jeffrey Epstein
As-it-happens update · October 23, 2014

NEWS

## Clinton's Pardons for Pedophiles

FrontPage Magazine

**Jeffrey Epstein**, a top Clinton pal, had sexually abused a large number of children, including three 12-year-old girls. He had boasted of "buying" ...

Flag as irrelevant

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Send Feedback

**From:** Kathy Ruemmler [redacted]
**Sent:** 10/24/2014 6:25:22 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Story on you

**Importance:** High

---------- Forwarded message ----------
From: "Pickler, Nedra" <[redacted]>
Date: Oct 24, 2014 2:23 PM
Subject: Story on you
To: "Kathy Ruemmler" <[redacted]>
Cc:

| | |
|---|---|
| Slug: | BC-US--Obama-Attorney General,2nd Ld-Writethru |
| Headline: | Former Obama lawyer nixes attorney general offer |
| Extended Headline: | Former White House counsel turns down chance to succeed Eric Holder as attorney general |
| Byline: | By NEDRA PICKLER |
| Bytitle: | Associated Press |

WASHINGTON (AP) — Former White House counsel Kathryn Ruemmler has told President Barack Obama she doesn't want to be nominated for attorney general, after he asked her to consider succeeding Eric Holder, people familiar with the discussions told The Associated Press on Friday.

Ruemmler was concerned that her experience as a close adviser to the president would have led to a difficult confirmation process in the current highly charged partisan environment, the sources said, speaking on a condition of anonymity because they were not authorized to discuss private discussions. They say Ruemmler, a top official at the Justice Department before moving to the White House, was also concerned that could ignite political attacks against Obama.

Ruemmler's withdrawal, in a phone call to the president Wednesday, leaves no obvious front-runner to replace Holder, who announced a month ago that he would step down once a replacement was confirmed. Ruemmler brought the law enforcement bonafides of a former prosecutor in the Bush administration who won convictions against Enron's executives and the national security expertise of a top White House official.

Other candidates that administration officials have said have been considered include Solicitor General Don Verrilli; Labor Secretary Tom Perez; Loretta Lynch, U.S. attorney for the Eastern District of New York; Preet Bharara, U.S. attorney for the Southern District of New York; Jenny Durkan, who resigned as U.S. attorney in Washington state last month; former Homeland Security Secretary Janet Napolitano; Tony West, who recently resigned as the No. 3 official at the Justice Department and has taken a job at Pepsico; and Deputy Homeland Security Secretary Alejandro Mayorkas.

Ruemmler, now a partner at Latham & Watkins specializing in government investigations, had the closest relationship of the attorney general candidates to the president after serving as his legal gatekeeper at the White House. But that relationship also would have brought tough scrutiny, with Republicans likely to question her handling of controversies involving the IRS, Benghazi and the investigation of a White House volunteer in a prostitution scandal.

Obama's aides say he has not yet made up his mind on whom to nominate and won't announce a choice until after the Nov. 4 elections, in part to avoid making the nominee into a political issue facing embattled Democratic candidates. They say he also hasn't decided whether to seek confirmation in the Senate's lame duck session later this year or to wait until the new year, when Republicans are expected to pick up seats if not win outright control.

White House chief of staff Denis McDonough said in a statement, "Kathy is someone who always tells it like it is, is a world class lawyer and remains a trusted adviser to the president. Anyone who knows Kathy knows she has impeccable judgment, extraordinary foresight and is a formidable force. But she is also as selfless as they come, and the president is proud to call her a close friend."

___

Follow Nedra Pickler on Twitter at https://twitter.com/nedrapickler

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[IP_US_DISC]

msk dccc60c6d2c3a6438f0cf467d9a4938

**From:** Darren Indyke [redacted]
**Sent:** 11/8/2014 1:20:15 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Breaking News: Obama to Nominate Loretta Lynch as U.S. Attorney General

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** NYTimes.com News Alert <nytdirect@nytimes.com>
**Date:** November 7, 2014 at 6:06:16 PM EST
**To:** [redacted]
**Subject: Breaking News: Obama to Nominate Loretta Lynch as U.S. Attorney General**

To ensure delivery to your inbox, please add nytdirect@nytimes.com to your address book.

| **BREAKING NEWS ALERT** NYTimes.com | Unsubscribe

**BREAKING NEWS** Friday, November 7, 2014 6:04 PM EST

# Obama to Nominate Loretta Lynch as U.S. Attorney General

President Obama will nominate Loretta E. Lynch, the top federal prosecutor in Brooklyn, to succeed Eric H. Holder Jr. as attorney general, people close to the process said Friday.

If confirmed, she would be the first African-American woman to serve as the nation's top law enforcement official. She would also be a rare instance of Mr. Obama's reaching outside his inner circle to fill a crucial post.

**READ MORE »**

http://www.nytimes.com/2014/11/08/us/politics/loretta-lynch-eric-holder-attorney-general.html?emc=edit_na_20141107

ADVERTISEMENT

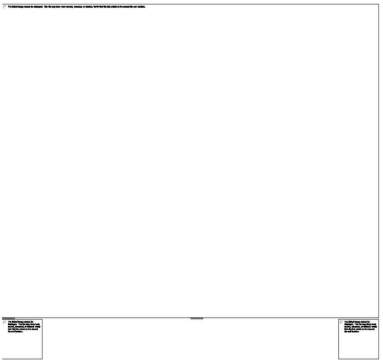

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| | |
|---|---|
| **Date:** | Saturday, January 24 2015 05:22 AM |
| **Subject:** | Fwd: January 23, 2015 |
| **From:** | jeffreyepsteinorg@gmail.com |
| **To:** | Jeffrey Epstein <jeevacation@gmail.com>; |
| **Attachments:** | photo_1(2).jpg; photo2.jpg; photo2.jpg; WP_20150123_005.jpg; 19th Century Medici Lions.png; Florence.png |

---------- Forwarded message ---------
From: <[redacted]>
Date: Fri, Jan 23, 2015 at 5:36 PM
Subject: January 23, 2015
To: jeffrey@jeffreyepstein.org

**Dear Mr Epstein,**

**Further to emails of January 21, I crossed an image of a rare 17th Century Marble Bust of Roman Emperor Vitellius you purchased from me during the second half of the 90's.**

**I recalled upon many occasions you visiting Bennison, Pimlico Road and being extremely respectful and courteous, as Miss Maxwell was on each occasion.**

**From recent media reports about you and our Prince Andrew, I do not believe you, Miss Maxwell and Prince Andrew would undermine your conduct the way reports are suggesting.**

**I feel for you all and hope this episode clears so you can concentrate on your professional activities that do positive things for our countries.**

**You may have heard a report an interesting report conducted by a genius Lawyer Michael Shrimpton -** Michael Shrimpton youtube - Exposes Ted Heath (and others)

**The report is shocking and is not a hair-line what you are wrongly accused of (based upon our many meetings).**

**Further David Dicke reports on the USA former President George W. Bush Senior which again is shocking, unbelievable, unacceptable...**

**Mr Michael Shrimpton & Mr David Dicke are worth watching if you haven't yet crossed their researching of public figures that have (literally by reports) got away with murder.**

**----------**

**Please find attached an image of Vitellius, pair of 19th Century Medici Lions (that are perfect for one of your estates), emperor Vespasian and a pair of Piranesi Engravings for your consideration.**

**Do not hesitate to contact me should you require more details.**

**Warm regards,**

**Yours sincerely,**

**Mark Green.**

**Cel.** [redacted]

**----------**

**BEST WISHES TO THE THREE OF YOU!!!**

---

----Original Message----
From: mcgreenantiques <[redacted]>
To: jeffrey <jeffrey@jeffreyepstein.org>
Sent: Wed, 21 Jan 2015 19:04
Subject: January 21: A Pair of 19th Century Carved Sicilian Marble Figures of the Medici Style Lions -

**Dear Mr Epstein,**

**Hope you are well!**

**Please find attached images of:**

**A POWERFUL AND IMPORTANT PAIR OF 19TH CENTURY FINELY CARVED SICILIAN MARBLE FIGURES OF LIONS**

**IN THE MANNER OF THE MEDICI LIONS**

**DIMENSIONS: HEIGHT 77" - 196 CMS (INCLUDING PLINTH BASES) x LENGTH 39" - 99 CMS x WIDTH 16" - 41 CMS**

**£160,000= RETAIL**

**£120,000= TRADE Plus 5% Commission**

**THE LIONS REPRESENT 'GRAND TOUR SOUVENIR' WORKS OF ART AND WOULD HAVE BEEN COMMISSIONED TO DECORATE THE GROUNDS OF AN HISTORICAL HOUSE**

**The original figures were commissioned by 'Ferdinando I de'Medici' and were excuted by Giovanni di Scherano Fancelli in c.1598, and accompanied by a mirror-image version by contemporary sculptor Flaminio Vacca (1538-1605).**

**The original pair remained in Rome until 1789, before being moved to Loggia dei Lanzi in Florence, where they can still be seen today. The two sculptures were hugely influential in eighteenth-century Europe: copies and versions can be found from landscape gardens to mantlepieces**

**The figures are museum quality.**

**The lots are currently located in Barnwell Manor, Barnwell, near Oundle, Peterborough, PE8 5PJ.**

**They are the finest examples of 19th Century 'Grand Tour Souvenir' works of art of 16th Century sculpture outside of a museum.**

**Should you require more details please do not hesitate to contact me.**

**Yours sincerely,**

**Mark Green.**

**Cel.** [redacted]

--

Jeffrey Epstein VI Foundation
Christina@jeffreyepstein.org

**From:** [redacted]
**Sent:** 3/29/2015 2:22:23 PM
**To:** jeevacation@gmail.com
**Subject:** Fwd: Do you know this Guy? You should
**Attachments:** MailAttachment.jpeg; MailAttachment.jpeg; MailAttachment.jpeg; MailAttachment.jpeg

**Importance:** High

---

From: [redacted]
To: [redacted]
Sent: 3/28/2015 5:59:43 P.M. Eastern Daylight Time
Subj: Fwd: Do you know this Guy? You should

-----Original Message-----
From: Sample, Elizabeth [redacted]
To: Norman D. Rau [redacted]
Sent: Sat, Mar 28, 2015 5:24 pm
Subject: Fwd: Do you know this Guy? You should

*Elizabeth Lee Sample*
*Senior Global Real Estate Advisor/Associate Broker*
*Sotheby's International Realty*
38 East 61st Street
New York, NY 10065
[redacted]

http://www.samplepowers.com/
Click here to view my listings

Karlie Jamison
Licensed Salesperson/Executive Administrator
[redacted]

Begin forwarded message:

**From:** "Fitz Corr" < [redacted]n>
**Date:** March 27, 2015 at 5:24:21 PM EDT
**To:** "Fitz Corr" < [redacted]
**Subject: Do you know this Guy? You should**

**Subject:** Do you know this Guy? You should

**Do You Know This Guy?**

**He is Edward "Ed" Mezvinsky, born January 17, 1937. And so who is Ed Mezvinsky?**

**Well, he is a former Democrat congressman who represented Iowa's 1st congressional district in the United States House of Representatives for two terms, from 1973 to 1977.**

**He sat on the House Judiciary Committee that decided the fate of Richard Nixon.**

**He was outspoken saying that Nixon was a crook and a disgrace to politics and the nation and should be impeached.**

**He and the Clintons were friends and very politically intertwined for many years.**

**Ed Mezvinsky had an affair with NBC News reporter Marjorie Sue Margolies and later married her after his wife divorced him.**

**In 1993, Marjorie Margolies-Mezvinsky, then a freshman Democrat in Congress, cast the deciding vote that got President Bill Clinton's controversial tax package through the House of Representatives.**

**In March 2001, Mezvinsky was indicted and later pleaded guilty to 31 of 69 counts of federal criminal bank fraud, mail fraud, and wire fraud.**

**Ed Mezvinsky embezzled more than $10 million dollars from people via both a Ponzi scheme and the notorious Nigerian e-mail scams.**

**He was found guilty and sentenced to 80 months in federal prison.**

**After serving less than five years in federal prison, he was released in April 2008 and remains on federal probation.**

**To this day, he still owes $9.4 million in restitution to his many victims.**

**About now you are saying, "So what!"**

**Well, this is Marc and Chelsea Mezvinsky.**

**That's right; Ed Mezvinsky is Chelsea Clinton's father-in law.**

**Now Marc and Chelsea are in their early thirties and purchased a $10.5 million NYC apartment.**

**Has anyone heard mention of any of this in any of the media?**

**If this guy was Jenna or Barbara Bush's, or better yet, Sarah Palin's daughter's father-in- law, the news would be an everyday headline and every detail would be reported over and over and over.**

**And yet liberals say there are no double standards in political reporting.**

**And people are already talking about Hillary as our next President!**

**And then there is possibly Chelsea for president in our future!**

**The cycle never ends!**

**Lying and corruption seem to make Democrat candidates more popular.**

# WAKE UP AMERICA

--

I have removed all previous addresses before sending this to you as well as sending it to you as a "blind copy". Please remove my address before forwarding.

**From**: Ehud Barak [redacted]]
**Sent**: 4/23/2015 3:31:35 PM
**To**: Epstein Jeffrey [Jeevacation@gmail.com]
**Subject**: Fwd: Bill Clinton on Virtues of North Korean Nuclear Deal - History Repeats Itself

**Importance**: High

Hi Jeff

**Subject: Bill Clinton on Virtues of North Korean Nuclear Deal - History Repeats Itself**

Fyi
Best
EB

Check out this video on YouTube:

http://youtu.be/6TcbU5jAavw

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 7/23/2015 7:39:58 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: trump interview with anderson cooper

**Importance**: High

he is a character..

http://www.realclearpolitics.com/video/2015/07/22/trump_to_anderson_cooper_during_interview_the_people_dont_trust_you_and_the_media.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cel [redacted]

**From:** [redacted]
**Sent:** 8/4/2015 10:23:22 PM
**To:** Allen West [redacted]; Rafael Bardaji [redacted]; Philip Kafka [redacted]; Herb goodman [redacted]; Grant Seeger [redacted]; Lisa albert [redacted]; janet kafka [redacted]; James Ramsey [redacted] ACT for America [redacted]; john zouzelka-cell [redacted]; Joel Dunn [redacted]; [redacted]; Nate mcclain [redacted]; [redacted]; Bennet Greenwald [redacted]; taal safdie [redacted]; uri fouzailov [redacted] Neil anderson [redacted] nate white [redacted] rita hortenstine [redacted] Henry hortenstine [redacted] Gary Gross [redacted]; Forrest Miller - adj kearsarge house [redacted]; Bennett Schmidt [redacted] Val sherman [redacted] Marcie brown [redacted]; Mark epstein [redacted]; jeff epstein [jeevacation@gmail.com]; Michael Stechel [redacted]; michael buchholtz [redacted]; Michael horowitz [redacted] Marshall Funk [redacted]
**Subject:** Fw: The Iran Nuclear Deal

**Importance:** High

Pls spent 2 minutes and watch this dennis prager video on iran deal. And then forward it if you agree. If not, I understand and just delete. Respectfully, terry
Sent via BlackBerry by AT&T

---

**From:** Mike Cohen [redacted]>
**Date:** Tue, 4 Aug 2015 22:00:42 +0000
**To:** Terry Kafka ([redacted]>
**Subject:** FW: The Iran Nuclear Deal

---

**From:** Mike Cohen
**Sent:** Monday, August 03, 2015 7:16 PM
**Subject:** FW: The Iran Nuclear Deal

Dear Friends,

PLEASE watch this very important short and incredibly clear video regarding the Iran deal.

If you have not yet called your congressmen and asked other friends and relatives to do so, PLEASE do that as well. The wellbeing of your children and grandchildren depend upon it!

Mike

# The Iran Nuclear Deal

Dear Friend,

This week, our featured video is as urgent as it gets. Just days after President Obama and Secretary of State John Kerry announced the nuclear deal with Iran, Dennis Prager was in studio recording a video explaining why the deal is so dangerous, and how it parallels what happened in 1938 between Great Britain and Nazi Germany. This is the fastest turn-around time on any video we've released in PragerU's history, but what's at stake is so monumentally important, we knew we couldn't waste any time. So please take five minutes to watch the video. Forward it to your family, friends, and the offices of your Congressional representatives. We all have an obligation to do whatever is in our power to impact as many people on this topic as we can.

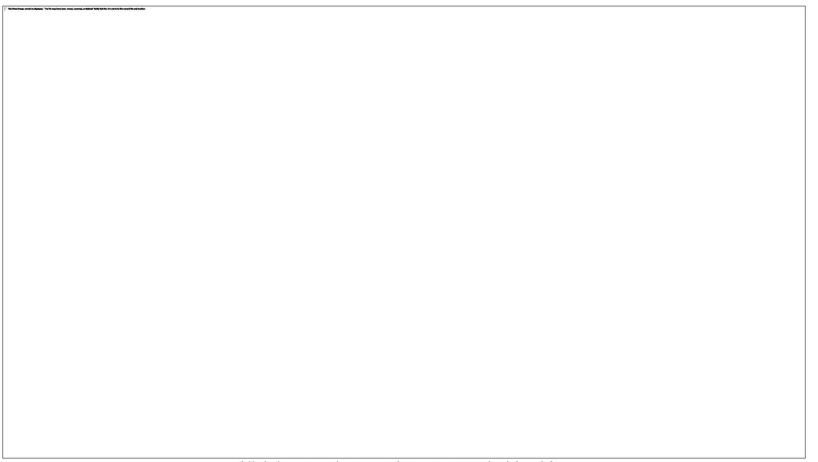


Click image above or here to watch this video

**From**: Richard Kahn [redacted]
**Sent**: 9/23/2016 3:03:49 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump is headed for a win, says professor who has predicted 30 years of presidential outcomes correctly

**Importance**: High

https://www.washingtonpost.com/news/the-fix/wp/2016/09/23/trump-is-headed-for-a-win-says-professor-whos-predicted-30-years-of-presidential-outcomes-correctly/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

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**********

Begin forwarded message:

**From**: Darren Indyke <[redacted]>
**Subject**: **Donald Trump Rape Lawsuit Refiled With New Witness | Law News**
**Date**: October 1, 2016 at 4:40:32 PM EDT
**To**: Jeffrey Epstein <jeevacation@gmail.com>

http://lawnewz.com/high-profile/trump-team-fires-back-after-jane-doe-refiles-rape-lawsuit-with-new-witness/

Sent from my iPhone

**From**: Darren Indyke [redacted]]
**Sent**: 10/18/2016 8:20:31 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Rigging the Election - Video I: Clinton Campaign and DNC Incite Violence at Trump Rallies - YouTube
**Attachments**: WebPage.pdf; Untitled attachment 405057.htm

**Importance**: High

Hysterical.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

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**********

https://www.youtube.com/watch?v=5IuJGHuIkzY

**From**: Zubair Khan [redacted]]
**Sent**: 10/25/2016 9:07:53 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: US Presidential Election Update
**Attachments**: US_Report3.pdf; Untitled attachment 406272.htm

**Importance**: High

Hi Jeffrey,

Please find attached report of InsightsPod generated after third US Presidential debate. Trump's popularity has increased after third debate.

Regards,
Zubair

# US Election Debate 19 Oct, 2016

Since the 3rd US Presidential Election debate stated till now, we have captured **4.4 Million** tweets.

Here is the performance of candidates:

| | | | | |
|---|---|---|---|---|
| 1. | Donald Trump | Positive – 22.89% | Neutral – 14.38% | Negative – 62.73% |
| 2. | Hillary Clinton | Positive – 34.18% | Neutral – 16.02% | Negative – 49.80% |

## Winning Chances

**Clinton: 59% – Trump: 41%**

## Winning chances in US States

**New York** Trump 24% - Clinton 76%

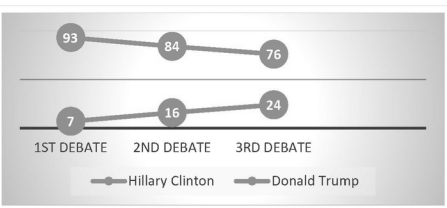

**California** Trump 23% - Clinton 77%

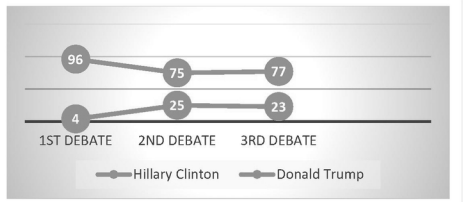


**Texas** Trump 79% - Clinton 21%

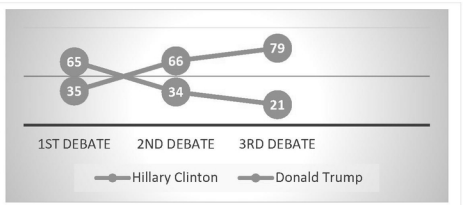


**North Carolina** Trump 41% - Clinton 59%

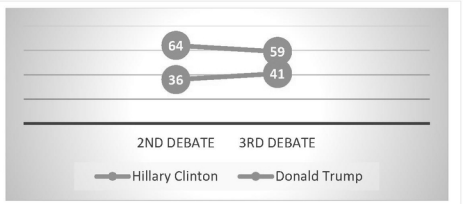


**Florida** Trump 14% - Clinton 86%

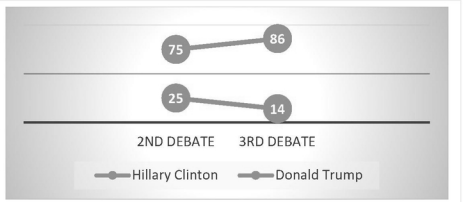

**Washington** Trump 33% - Clinton 67%

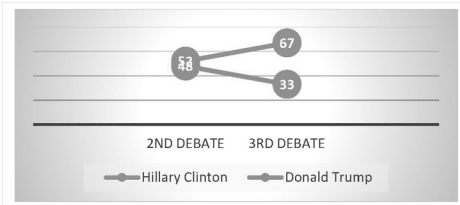


**Ohio** Trump 40% - Clinton 60%

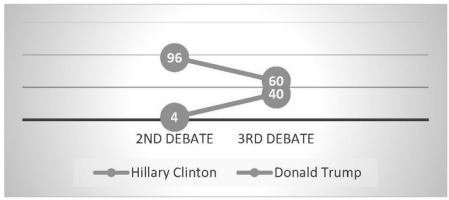


**New Jersey** Trump 13% - Clinton 87%

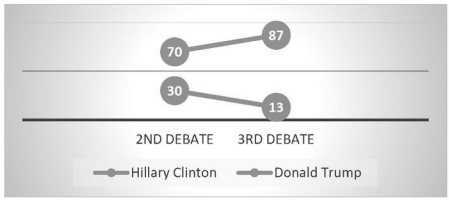


**Michigan** Trump 3% - Clinton 97%

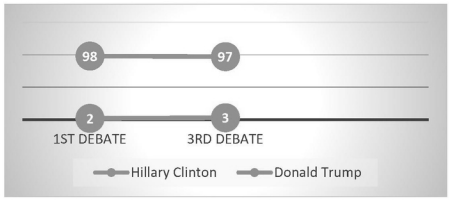

**From**: Richard Kahn [redacted]
**Sent**: 10/28/2016 12:34:36 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump will win the election and is more popular than Obama in 2008, AI system finds

**Importance**: High

http://www.cnbc.com/2016/10/28/donald-trump-will-win-the-election-and-is-more-popular-than-obama-in-2008-ai-system-finds.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/30/2016 4:40:14 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: contacts

**Importance**: High

edelman, set martin, tata, susskind, strominger, rynolds. kosslyn, krause, gardner. bill thiel. hoffman, sinofsky, nathan feigenbaum, ramachandrain , demsaio, christakis, dennet, sheldrake, fewick, gellman, west kaufman, seligman, kurzweill ben goertzel, gould, saks mandelbrot, hopkins, mitchell kerry, clinton , richardosn, mapp , leahy, spitzer, shcumer, pruseven waheed mandelson, ehud, lang churkin, sergey, . jagland, andrew, woody blaine, boris, larry summers.

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Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/1/2016 6:45:15 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: contacts

**Importance**: High

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Sun, Oct 30, 2016 at 5:40 PM
Subject: contacts
To: Jeffrey Epstein <jeevacation@gmail.com>

edelman, set martin, tata, susskind, strominger, rynolds. kosslyn, krause, gardner. bill thiel. hoffman, sinofsky, nathan feigenbaum, ramachandrain , demsaio, christakis, dennet, sheldrake, fewick, gellman, west kaufman, seligman, kurzweill ben goertzel, gould, saks mandelbrot, hopkins, mitchell kerry, clinton , richardosn, mapp , leahy, spitzer, shcumer, pruseven waheed mandelson, ehud, lang churkin, sergey, . jagland, andrew, woody blaine, boris, larry summers.

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## We recently met with Apollo's management

We recently met with Apollo Co-Founder Josh Harris and CFO Martin Kelly, who were optimistic about the growth opportunities for the firm and the recurring fee outlook, although they expect meaningful upside in DE (distributable earnings) to take time given seasoning of funds. While it is too early to have a clear view on the potential tax impact to APO and the sector from a tax overhaul, management is keeping a close eye on all potential scenarios (carried interest tax rate, C-corp vs. PTP with lower corp tax, and interest deductibility). While we are raising our PO to $21 and continue to see attractive growth for APO, given valuation and muted DE levels, we maintain our Neutral rating.

## Post-election outlook for their business

Management sees the election outcome (Trump and Republican Congress) to be likely favorable for GDP growth (portfolio company EBITDA trends), with the potential for rising rates and inflation to eventually create some volatility and uncertainty on multiples. In addition, potential de-regulation could create more competition in some areas that the alternative asset managers have expanded into over the last few years, although the team still sees ample opportunity for growth.

## Potential tax changes a mixed bag

There are three primary tax items that could potentially impact APO and the industry. First, the tax rate on carried interest could go higher, which would increase the tax rate on carry for employees and on a portion of the distribution for some unitholders (this has generally been expected at some point, given bi-partisan support). Second, if the corporate tax rate is reduced to 15-20%, this could create an incentive for firms to shift from a partnership structure to a c-corp structure, which would simplify the tax issues and entertain a larger investor base (including possible index inclusion). Finally, if the corporate tax rate is lowered, it has to be funded with an offset to have enough support and, as of now, the primary item being considered is the loss of corporate interest tax deductibility, which would be a significant negative for the sector. Given the pros and cons and it being very early in the process, there is no clear cut view, but tax reform will be an important item for the industry moving forward.

## Attractive growth and FRE outlook ahead

Management sees the growth outlook as attractive, particularly in Credit. Apollo has multiple areas to drive double-digit growth, including Athene, Mid-Cap Financial, AAME (Apollo Asset Management Europe) and Total Return. Rising interest rates could be a near-term risk to credit valuations, but APO's overall duration is low or matched, and higher interest rates could benefit yields and make it easier to achieve hurdles in certain products. Longer term, the team wants Real Estate to be more significant. Importantly, with Apollo starting the process for PE Fund IX, the combination of this fund with growth in Credit bodes well for the FRE (fee-related earnings) outlook into 2017-18.

## DE will take a bit of time, but Fund VIII looks attractive

The outlook for DE is favorable with rising FRE, but the real lift will be driven by carried interest over time. The key fund to drive meaningfully higher DE is Fund VIII and, while still early in its life cycle, given its strong performance, the outlook into 2018-20 is attractive. We estimate that Fund VIII could return more than $2.0B of cash carry for unitholders, or around $5 per share, assuming a 2.0x MOIC and typical compensation.

**Michael Carrier, CFA**

**From:** Richard Kahn [redacted]
**Sent:** 11/29/2016 3:37:46 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Tax Planning Under Trump

**Importance:** High

not sure your thoughts on likelihood of his plan (with very little details) passing
my concern and thoughts are that if itemized deductions are capped at 200,000 you will be impacted by Trump plan
your itemized deductions on the last 2 years returns were as follows:

2015 1,721,474
2014 739,139

the two biggest items on your itemized are RE Taxes of approximately 600,000 per year and investment interest expense from STC K-1 with the majority coming from boothbay

i thought that 2016 may be a good year to contribute appreciated stock to gratitude or enhanced for three reasons:

a) potential cap on itemized per trump
b) very low EDC income this year so your effective tax rate is higher
c) if itemized stays however tax rates go down charitable deduction is worth more in 2016

Gratitude & Enhanced Summary
Cash 4,738,854
Equities 3,792,177
Fixed Income 2,199,792

Total Value as of 10-31-2016 10,730,823

Although calculation below does not factor in growth i ran summaries how long foundations can continue to make annual contributions at the following levels:

600,000 17.88 years
700,000 15.33 years
800,000 13.41 years
900,000 11.92 years
1,000,000 10.73 years

http://smolin.com/tax-planning-trump/?utm_medium=email&_hsenc=p2ANqtz-9cVvrtlu7t-PS2aTSDot_MfPqLyf5nz-HEqoO0HZ2p1m4IPpx2ofWoKVEtA4VNoa5V7IKOjpCBUneb1DWflemNH1V25wqIpsR66ZSueRTahNjres8&_hsmi=38093530&utm_content=38093530&utm_source=hs_email&hsCtaTracking=04192ff7-d8f4-4bdc-ac61-36ac99f6aa45%7C515b98b3-dbce-47cd-87ad-20d95c646158

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From:** Thomas Jr., Landon[redacted]
**Sent:** 11/29/2016 6:33:42 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: My Thoughts on Currencies

**Importance:** High

The smartest/most amusing piece of research I have read so far on Trump/global economy. You should pass on to DJT brain trust on economy/markets
---------- Forwarded message ----------
From: **Eurizon SLJ Capital Limited** <research@research.sljmacro.com>
Date: Tue, Nov 29, 2016 at 10:51 AM
Subject: My Thoughts on Currencies
To: [redacted]

*This email is intended for the addressee. Please do not forward this note outside your institution. Thank you for your cooperation. If you would like to refer our research to a friend, please contact us at Research@eurizonsljcapital.com.*
Click here to view online

www.eurizonsljcapital.com

# *My Thoughts on Currencies*

Stephen L Jen (London)

November 29, 2016

**Bottom line**. Some retracement in the market trends we've seen since November 8 makes sense, in light of the magnitudes of the moves as well as the upcoming event risks (Italian referendum, OPEC meeting, and the FOMC meeting). But I think none of these events will likely surprise the markets, and President-Elect Trump will likely continue to drive the markets, extending the recent trends. By the way, he has left the US Treasury Secretary post last to be filled, and it is the most important appointment for the markets as it will both reflect and influence key policies

on trade, tax cuts, and infrastructure spending. (1) The doves at the Fed have been silenced as, under President Trump, the US policy mix will likely be less lop-sided and the emphasis will be on Arrow 3, with Arrow 1 being downgraded. I think the effective demotion of the Fed has just begun. Its independence will likely be challenged, as it should be, in my personal view. November 8 marked the beginning of the end of the financial repression in the US. (2) Generating outsized economic growth will be key to settling several important inconsistencies in macro. I will elaborate on this point below. But the market trends witnessed since November 8 will not be sustained unless Mr Trump's policies indeed lead to significantly higher nominal GDP growth. (3) The mainstream media remain negative on Mr Trump, but this will keep the hurdle low, and in turn pressure President Trump to deliver early in 2017 and thus for him to impress favourably. A shift away from identity politics, in my view, based on my personal experience from Taiwan, should lead to positive economic progress. Investors won't need to wait long for there to be more concrete announcements on the various parts of Arrow 3, including both the content of the policies as well as their sequencing. (4) FWIW, my two policy recommendations to the reformers are (i) design an effective global taxation scheme to properly tax multi-national corporations and (ii) adopt industrial policies to help countries focus on their comparative advantages. The US, UK, Japan, and Italy are all prime candidates to do (ii). (5) The dollar is already moderately over-valued, but this will not prevent it from strengthening further, especially against the EM currencies. Think in terms of 'growth alpha' and 'growth beta.' Much of EM, including China since February of this year, have not possessed 'growth alpha' and have continued to rely on 'growth beta' vis-à-vis the rest of the world. I struggle to think of key reforms that EM countries have embarked on in recent years: even countries like France and Italy have undertaken more reforms than most EM countries. Squeezed by (i) a more hawkish Fed, (ii) a China that will continue to soft land, and (iii) a potentially more inward-looking US, EM will struggle without 'growth alpha.' I think we may be entering into a period of differentiation among the EM markets: those that have 'growth alpha' will be rewarded while those that continue to rely on 'growth beta' will not. (6) The world according to Trump will be more Darwinian for countries and less Darwinian for US citizens.This notion applies to investing in EM, to countries' growth prospects, and to international competition – (potentially) very different from the last few years, when 'the Fed was the only game in town' and everyone and everything floated higher by central bank liquidity… In any case, the dollar should be in a good position to thrive, I think.

**Economic Olympics**. The markets are no longer driven only by the Fed and central bank policies, but by forward-looking policy inclinations. The 'false economy' that central banks have nurtured will gradually be replaced by real

economies. In my view, Mr Trump's victory will have many social, geopolitical, and economic consequences, but for investors I think he will start a period of 'Economic Olympics', whereby the federal governments around the world will take more responsibility and be more proactive to help their 'national teams' to become more competitive in this globalised world. (1) Free trade is in theory good for economic growth. But there are other policies (such as well-directed R&D, efficient investment, an effective educational system) that are also extremely important for long-term growth, but have been ignored in the past 15 years because of the globalisation fad. A slowdown in trade globalisation might not be bad for the global economy, if policy makers replace this engine of growth with other structural improvements. But while globalisation is more about 'growth beta', other types of structural reforms are about 'growth alpha' and federal/central governments around the world will need to make a greater effort at leading the economies to prevent them from falling behind. This is like a government-led program to win Olympic medals, without doping by central banks. (2) A client kindly brought to my attention an interesting report done by the Harvard Business School that touches on the idea mentioned above ('Problems Unsolved and a Nation Divided: the State of US Competitiveness 2016'). In it, several sensible and consequential points were made: '*The pressing need for a national economic strategy… Given the significant challenges facing the American economy, the U.S. needs a national economic strategy more than at any other time in recent history. A strategy is an integrated set of priorities that builds on strengths while acknowledging and tackling weaknesses… The U.S. lacks an economic strategy, especially at the federal level. The implicit strategy has been to trust the Federal Reserve to solve our problems through monetary policy… A national economic strategy for the U.S. will require action by business, state and local governments, and the federal government. All three levels have a crucial role to play in restoring competitiveness… Taking leadership in improving U.S. competitiveness is a pressing imperative for business leaders. Many companies have failed to invest enough in improving the business environments in the regions in which they operate…*' This report from the HBS also reiterates some recommendations they made in 2012: '*[Our] Eight-Point Plan consists of the following policy recommendations: simplify the corporate tax code with lower statutory rates and no loopholes; move to a territorial tax system like all other leading nations'; ease the immigration of highly-skilled individuals; aggressively address distortions and abuses in the international trading system; improve logistics, communications, and energy infrastructure; simplify and streamline regulation; create a sustainable federal budget, including reform of entitlements; and responsibly develop America's unconventional energy advantage.*' Interestingly, Mr Trump has discussed many of the same points. I personally think that, so far, identity politics has distracted from his

message on economic reform. It is likely, I believe, that the focus of the general public will be moved to these critical economic reforms. (3) I repeat a point I've made in the past, that because the mainstream media and most scholars are still so skeptical of Mr Trump's policies, the hurdle for him to clear and impress positively is very low. Ironically, such general hostility will probably work in favour of the Trump Administration. 5 days after the surprise election victory, the press declared that Mr Trump's transition plan was in hopeless disarray, only for Mr Trump to announce one cabinet appointment every day – ahead of the schedule of Presidents Obama and Bill Clinton when they got elected. (4) We will likely see a less radical President Trump. We have already seen this on various issues (the Wall, prosecuting Ms Clinton), and my guess is that the trade policy will be more restrictive, but the changes will be nuanced at the same time. The appointment of the next Treasury Secretary will convey an important message. (5) I personally think that various countries will likely adopt industrial policies, as a substitute for slower trade globalization. Already, the UK's PM May announced an ambitious industrial strategy, with a focus on technology. The government is committed to investing in R&D through the Industrial Strategy Challenge Fund. Regular readers of our work should also know that that is what I would recommend for Japan to consider. I just came back from a trip to Singapore, and understand that the government there is also struggling to find the best strategy to deal with the next phase of economic development, now that the growth model based on trade and finance may be coming to an end. I think the US should also contemplate its own industrial policy. The title of this section is 'economic Olympics' to convey the notion that the world is in competition, not just along the axes of cheapness of labour and technology. There are different disciplines (analogous to the various sports in Olympics) in which any country can excel, if the efforts are appropriately focused. Instead of being mediocre in many events, countries should seek to win the gold medal in their best events…

**5%-plus nominal GDP growth in the US in 2017?** There are several inconsistencies in the market trends: (1) a strong dollar and strong US equities; (2) protectionism and a strong dollar (Mexico, for example, has gotten 10% cheaper so far this month, and China is also cheaper. The greater the threats of protectionism against these countries, the cheaper are their costs of production…); (3) higher yields and strong equities; (4) Mr Trump does not like Chair Yellen or the Fed but he still needs and prefers low interest rates. The only variable that can address these inconsistencies is 3-4% real economic growth and 5%-plus nominal GDP growth in the US. While it is unlikely that 5% nominal GDP growth is sustained over time, the atmospherics will stop the talk about 'r-star' and help support interest rates in the US. 2017 may very well see 5%-plus nominal GDP

growth, and, in the event, the 10Y UST yield at 2.34% would not seem too high.

**The dollar will continue to smile.** Previously, we made the suggestion that the US dollar is on the right side of the Dollar Smile against the majors, but it is on the left side of the Dollar Smile against the EM currencies. Reaganomics-Lite should be positive for the dollar, even if the US' twin deficits could widen. 'America First' means that there will be a bifurcation in economic prosperity, that economic strength in the US will no longer translate, with the same elasticities as before, into prosperity in many parts of EM. (1) The dollar has begun a consolidation phase this week. But my guess is that it will be temporary and shallow, partly because the data (ISM and NFPRs) will be sufficiently strong to justify another Fed rate hike on December 14. The weekly claims data remain extraordinarily strong, while the second derivatives in the data in much of EM have ceased to be positive. (2) Further advances in the dollar, however, will of course depend on the policy announcements and delivery by the Trump Administration, as well as an apparent lack of an economic strategy in other countries. (3) Yield differentials have helped the dollar advance vis-à-vis the JPY and the EUR. However, I should note that the EMU economies are not doing that badly, though credit demand remains weak. PMI remains well above 50 and inflation has bounced away from zero. The main factor – other than yield differentials - weighing on the EUR is the risk that we will see more political uncertainty in Europe. (4) I came across an editorial arguing that Mr Trump's protectionist policies would hurt the dollar's international standing. While this may be a popular view – that the US, as a savings deficit nation, needs a globalised world to finance its external balance –I contest this conclusion. I think it will be extremely difficult for the international status of the dollar to be supplanted, even with Mr Trump as the President. The dollar losing its hegemonic status has been a popular thesis by many academics over the last twenty years – precisely the period when the dollar's international and reserve currency status has *risen*. In many ways, the sturdiness of the dollar's global status has surprised some people, because globalisation is supposed to lead to a multi-polar world where the US loses its dominance. That is certainly true for the real economy, but exactly the opposite has happened for the dollar. This is a point I've tried hard to make over the years, that financial globalisation is uni-polar, even though trade globalisation is multi-polar. Look at how the rise in the dollar is hurting, disproportionately, the high-yield and EM currencies. Further, which currencies might replace the dollar? The EUR itself is still in an existential crisis; nothing needs to be said about the JPY; China could not even dare opening up its capital account. In fact, Beijing has just issued even more 'strict controls' on overseas investment, after experiencing some USD207 billion in outflows in Q3 2016. Just because President Trump's prospective trade policy may not be politically correct

does not imply that there will be a demise of the dollar, or that fewer people in the world would speak English in protest. If anything, I'm worried that a sharp rally in the dollar could trigger another financial crisis in EM… Don't get me wrong, I do not believe the dominance of the dollar is good for the global financial/monetary system. But it is a trend that is difficult to reverse, unless the structural integrity of the EUR is enhanced, and the foundations of the RMB market are improved. Increasing returns to scale have made English/dollar popular, and it will be increasingly difficult to challenge their roles as the world internationalizes. (5) The BIS recently published an interesting and important paper ('The Dollar, Bank Leverage and the Deviation from Covered Interest Parity,' by H.S. Shin et al., BIS WP 592) on how a stronger dollar could lead to a tightening in lending conditions in the rest of the world, including EM. *'[T]he value of the dollar plays the role of a barometer of risk-taking capacity in capital markets. In particular, it is the spot exchange rate of the dollar which plays a crucial role… [T]he strength of the dollar is a key determinant of bank leverage… Our results point to the financial channel of exchange rates, through which fluctuations in the strength of the dollar set in motion changes in capital market intermediation spreads that respond at a high frequency… [I]t is when the domestic currency appreciates, financial conditions in that country loosen, and CIP deviations narrow… [A] strengthening of US dollar has adverse impacts on bank balance sheets, which, in turn, reduces banks' risk bearing capacity.'* The findings of this paper are consistent with two of the points made above, that we may re-enter a phase that is not that positive for EM currencies and that the dominance of the dollar as an international currency is having unintended consequences for the rest of the world, out of line with the local fundamentals.

**Trump and Europe**. Political and social pressures have returned to Europe, and could continue to accentuate the centrifugal forces in the region. There are many risk events on the horizon, including the Austrian Presidential election on December 4 (the worry here is a victory for Mr Norbert Hofer of the far right party), the Italian referendum on Constitutional reform on December 4 (while a 'no' outcome is largely priced-in, an actual 'no' outcome may trigger a series of events in Italy that might pose some downside risks to Italian banks and in turn other European banks), the Dutch parliamentary election on March 15, 2017 (the worry here is further advances by the far right party led by Geert Wilders), the first round of the French presidential election on April 23 and the second round on May 7, UK local elections on May 4 (this will be the first major electoral test for PM May), and finally German regional elections on May 7 and 14 and the parliamentary election in September. (1) I don't think the direction of causality runs from Trump to Europe, but that the underlying forces propelling both Brexit and Trump are the same forces that are pushing the political centre of mass to the right in Europe. This direction of causality is

important to appreciate, I think, because if one believed that the direction of causality is the opposite, that Trump *causes* other changes that would have been avoidable if Ms Clinton had won, one would come up with the wrong conclusions on what to do to stop the global shift in sentiment. (2) *The Economist* had a special edition last week on the rising nationalism in the developed West, as if it's an unfounded, random and sinister event that needs to be suppressed by all means necessary. For various reasons, the political left is in decline in the developed West. Look at the UK's Labour Party and the US' Democratic Party. In France, only 1 out of 20 people approves of Hollande's performance. (3) The Presidential race in France is now between the Centre Right (Mr Fillon from the Republican Party) and the Far Right (Ms Le Pen from National Front). The pendulum in Europe, in my view, will swing to the right, and possibly overshoot, as pendulums tend to do… which is not good, but an unavoidable consequence of the pendulum having overshot to the left in the past… In any case, with the Republican primary being out of the way, the campaign will start in earnest, with the first round of the Presidential elections to take place in April and the second round in May. FWIW, Mr Fillon looks like a stronger candidate than Mr Sarkozy to challenge Ms Le Pen. France, under Mr Fillon, could very well enter a period of economic reform and rejuvenation, I am guessing. In short, Mr Fillon's victory last weekend could be a major positive for France, I think.

**The trouble with macroeconomics**. The rebellion against the establishment has also begun in the nerdy field of macro economics, led in part by Prof Paul Romer of the Stern School of Business. He, of course, has made enemies in the field with his view – a view I share: '*For more than three decades, macroeconomics has gone backwards. The treatment of identification now is no more credible than in the early 1970s but escapes challenge because it is so much more opaque. Macroeconomic theorists dismiss mere facts by feigning an obtuse ignorance about such simple assertions as "tight monetary policy can cause a recession." Their models attribute fluctuations in aggregate variables to imaginary causal forces that are not influenced by the action that any person takes. A parallel with string theory from physics hints at a general failure mode of science that is triggered when respect for highly regarded leaders evolves into a deference to authority that displaces objective fact from its position as the ultimate determinant of scientific truth.*' Group think has become a serious impediment to advances and renewals in this important field. Misguided policies have also had significant consequences for people's lives around the world.

**Trade globalization**. There will likely be a shift from unconditional, uncontrolled, and unmanaged trade globalisation, i.e. 'free trade', to 'fair trade,'. Trade globalisation of the type that we have just experienced

exchanged rising economic and political inequality for overall prosperity. We have simply reached a point where this rising inequality is no longer sustainable in democracies. This is not too different from what Beijing has been struggling with – to slow down the headline economic growth rate in exchange for more balance in various parts of the economy, in order to allow its development to be more sustainable. The parallels in the West seem quite clear to me. Fighting against this shift in the West, as most mainstream media seem to be doing, is tantamount to those in China who are fighting against the economic slowdown. (1) TPP is effectively dead, even though there are some who are urging that TPP goes ahead without the US. But I think multilateral trade pacts are in jeopardy. The Trump Administration still wants to have trade arrangements, but they will be bilateral and done with countries deemed friendly to the US. (2) The UK is in a great position to deal with the Trump Administration because all the UK needs is a bilateral trade arrangement that won't take as long to work out, compared to a multilateral trade arrangement. The UK just went from the 'back of the queue' (which was an insulting declaration by President Obama, conspicuously using the word 'queue' to make sure the Brits understood him) to the 'front of the line.' (3) China was never a part of the TPP discussions. In fact, TPP was designed from day one to marginalise China, to replace the current trade arrangement based on WTO rules to something that puts China at a disadvantage. This is why Beijing is not unhappy with the Trump Administration's desire to terminate the TPP discussions. (4) 'America First' does not only mean 'world second,' that the US will take actions to benefit the US even if these policies come at the expense of the rest of the world. It also means that policies will be aimed at addressing the inequality and inequity in the US, even if it means that the overall effects on the US may be negative. (5) In sum, I don't think trade globalisation will reverse. But it will slow down dramatically and be substituted with a different web of bilateral arrangements. I think this is a positive development, as the previous model of global growth was unsustainable, even if it generated the biggest aggregate prosperity for the world. (6) The next US Treasury Secretary will likely be instructed by President Trump to label China as a currency manipulator. While this would be a verdict without basis, in my view, such a finding could be used as an excuse to escalate the talks of protectionism.

**Some musings**… (1) President Obama just awarded his last round of Presidential Medals of Freedom (America's highest civilian honour) to Michael Jordan, Ellen DeGeneres, Robert de Niro, and others. Many of these award recipients were vocal critics of Mr Trump. My views on politics really don't matter… But for what it is worth, the reason why I have been more vocal than I should have been about Brexit and the US Elections is related to my own personal experience. I have witnessed how a previous harmonious society could very quickly degenerate into a permanent state of

ethnic hatred, *through identity politics*. This happened in Taiwan, where I grew up. When I was a child, I was fluent in Mandarin and Taiwanese, as most of the children I was friends with were not recent immigrants from Mainland China like my family was. There were no social conflicts, as far as I recall, until the pro-independence movement riled up those who considered themselves 'Taiwanese' against the 'Mainlanders' like myself. Some of my Taiwanese childhood friends are no longer on speaking terms with me, simply because I'm a 'Mainlander.' Taiwan's economic development came to a sudden halt, as people were in a constant state of feeling mistreated by the other group. The pendulum would swing from one side (green) to the other (blue), each time a President is found to have committed blatant and large-scale corruption. The politicians won, but the people lost. This is one reason why I deeply resent identity politics and fear that the proponents don't truly understand how dangerous this game really can be. In contrast to the prevalent view, I believe indentity politics are themselves divisive. Economic cycles and political cycles come and go, but people can hate each other for generations. Look around the world; I think we can find plenty examples of irrational hatred between ethnic groups, ironically because one group felt they were wronged by another and the political discussions got hijacked by overly zealous politicians. (2) I love Michael Jordan and have nothing against Ellen DeGeneres, but think Robert de Niro made a fool of himself in that video. While this may not interest President Obama, Mr Joe Sutter just passed away: he was the 'Father of the Boeing 747', the lead engineer that designed and built the first B-747 in 1969. Maybe one day someone will do a movie about him, and the actor playing him could win the Presidential Medal of Freedom… (3) An artist in China made a sculpture of a black swan (see the photo below), which was placed in a shopping mall in Beijing on the other side of the street from the headquarters of CSRC (China Securities Regulatory Commission) – the government agency in charge of the securities markets and the agency that intervened to support the Chinese equity markets. This sculpture was quickly removed by government agents, within 3 hours of it being placed there. Months earlier, there were two sculptures of bears (mama bear and a baby bear) that were placed outside the same mall, and they were also removed quickly… Maybe I was wrong for belittling artists and entertainers: they may have the power to bring down the USD9 trillion equity markets in China with a small sculpture…

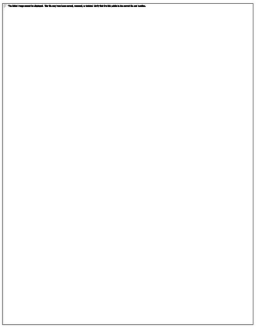

slj

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Landon Thomas, Jr.
Financial Reporter
New York Times

[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

# Saudi Arabia lobbies to amend JASTA law which allows 9/11 victims to sue the Gulf state

Following an extended trip to the United States, Adel al-Jubeir told reporters on Sunday he has been trying "*to persuade [US lawmakers] that there needs to be an amendment of the law,*" the Justice Against Sponsors of Terrorism Act (JASTA), that legitimizes lawsuits by Americans regarding terrorist attacks committed on US soil.

US House adopts 'Sue the Saudis' 9/11 bill

"*We believe the law, that curtails sovereign immunities, represents a grave danger to the international system,*" Jubeir said at a joint press conference with visiting US Secretary of State John Kerry, as cited by AFP news agency. Saudi Arabia has repeatedly expressed these views since the US Congress passed the legislation in September, overriding US President Barack Obama's veto of JASTA. This time, however, negotiations on the matter have already been held, the Saudi minister said.

"*The question now becomes how do you go about amending the law,*" he said.

Fifteen out of the 19 hijackers involved in the 9/11 attacks that killed nearly 3,000 people were Saudi

subjects. The kingdom, however, has denied any ties to the hijackers.

The JASTA law allows attack survivors and relatives of attack victims to file lawsuits against foreign countries for acts of terrorism that kill Americans on US soil. Also known as House Resolution 3815, it creates an exception to the sovereign immunity law introduced in 1976, allowing US citizens to sue foreign governments in US federal court and demand compensation if those governments are proven to bear some responsibility for attacks within the US.

This exception drew concern from many countries – both in the Gulf and globally – that the legislation will erode sovereign immunity, considered one of the founding principles of international relations.

Saudis reject US 9/11 act as threat to sovereignty, Russia says it damages international law

Some British, French, and Dutch lawmakers have threatened retaliatory legislation to allow their courts to pursue US officials, which is why outgoing President Obama vetoed JASTA in the first place, explaining that it would harm American interests as it opens the United States up to private lawsuits over its military missions abroad.

"*The United States is, by eroding [the sovereign immunity] principle, opening the door for other countries to take similar steps and then before you know it international order becomes governed by the law of the jungle,*" the Saudi foreign minister said.

Saudi Arabia recently warned it would pull its money out of the US economy, selling up to $750 billion in US treasury securities and other assets, before lawsuits demanding compensation start pouring in and put these assets in jeopardy. However, responding to a question on whether Saudi Arabia was still reconsidering its investment strategy on Sunday, Jubeir assured reporters that it plans to continue with its investments and does not plan to decrease them.

"*[The Kingdom] has tremendous investments in the United States and we review those investments on a regular basis. There are issues associated with risk, but our objective is to increase those investments. We won't decrease them,*" he said, as cited by Reuters. The US Treasury Department said that the kingdom owned $116.8 billion in securities in the US as of March this year.

**From:** Richard Kahn [redacted]
**Sent:** 1/19/2017 11:12:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]

**Importance:** High

# Private equity has direct line to new administration

Jan. 19, 2017 12:05 PM ET|By: Stephen Alpher, SA News Editor

There's not just Wilbur Ross who will serve as Commerce Secretary, but also Blackstone (NYSE:BX) CEO Steve Schwarzman who will chair the President's Strategic and Policy Forum, and attorney Jay Clayton - who has advised on numerous major P-E deals - to lead the SEC.

Aside from those official posts, the president-elect has met with the heads of Carlyle Group (NASDAQ:CG) and KKR since his election.

"There seems to be more interest in the advice of real-world practitioners than in the past," says the head of the P-E industry's D.C. lobbying group. "This is encouraging."

Indeed. Among P-E's top priorities is carried interest - one of the few things Trump and Clinton agreed on during the campaign. Carried interest is currently taxed at 23.8% vs. the top ordinary income tax rate of 39.6%. Like Clinton, Trump wanted carried interest taxed as ordinary income, though Trump would lower the top rate to 33%. Other tax law changes Trump is proposing could cut the effective tax rate further - perhaps to as low as 25%, or just marginally higher than currently.

Another big priority is retaining the tax deductibility of interest. Trump wants to give companies the ability to either keep that deduction or pass and gain the ability to immediately expense capital investment. A plan by House Republicans might not be as favorable.

Other players: OAK, APO, FIG, ARES

**From**: [redacted]]
**Sent**: 1/23/2017 12:38:34 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

The inauguration was amazing! And in one day, Trump got more fat women walking than Michelle did in 8 years 😬...

Sent from my Windows 10 phone

**From**: Kathy Ruemmler [[redacted]
**Sent**: 1/24/2017 4:21:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Press: Heatstreat- 'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions
**Attachments**: image001.jpg; image005.jpg; image004.jpg; image003.jpg; image007.jpg; image008.jpg; image002.jpg; image006.jpg

**Importance**: High

Look at this craziness.

Begin forwarded message:

**From:** <[redacted]>
**Date:** January 24, 2017 at 10:54:59 AM EST
**To:** <[redacted]>
**Subject: FW: Press: Heatstreat- 'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions**

From: Zuieback, Jamie (DC) <[redacted]
Date: Tuesday, Jan 24, 2017, 10:37 AM
To: Ruemmler, Kathy (DC) <[redacted]>>
Subject: RE: Press: Heatstreat- 'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions

I'm dying to hear about your weekend. I can't take credit, but I heard someone say that you handling this was like asking your buddies if they had anyone who could fill in for a pick-up game, and somebody sends over LeBron.

From: Ruemmler, Kathy (DC)
Sent: Tuesday, January 24, 2017 10:24 AM
To: Glick, Jamie (DC); Kurlander, Stuart (DC)
Cc: Zuieback, Jamie (DC); Alexander, Kimberly (DC)
Subject: RE: Press: Heatstreat- 'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions

Gotta love the conspiracy theorists

From: Glick, Jamie (DC) <[redacted]>>
Date: Tuesday, Jan 24, 2017, 10:04 AM
To: Ruemmler, Kathy (DC) <[redacted]>, Kurlander, Stuart (DC) <[redacted]>>
Cc: Zuieback, Jamie (DC) <[redacted]>>, Alexander, Kimberly (DC) <[redacted]>>

Subject: Press: Heatstreat- 'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions

Hi Kathy and Stuart,

You may have already seen this article, but sharing it just in case you haven't. Please let us know if we can be of any help coordinating with the client's PR firm, which Stuart mentioned that you were doing yesterday.

According to Wikipedia, "Heat Street is a libertarian conservative news, opinion and commentary website. Launched in February 2016, the website is headed by U.S. based British writer and former politician Louise Mensch. It is owned by News Corp under Dow Jones & Company."
Thanks,
Jamie
'Shady' Israeli Mogul Hires Ex-White House Counsel To Represent Employee Arrested in Inauguration Day Riot, Raising Questions<http://heatst.com/politics/shady-israeli-mogul-hires-ex-white-house-counsel-to-represent-employee-arrested-in-inauguration-day-riot-raising-questions/>
By Heat Street Staff| 6:36 pm, January 23, 2017

The mystery surrounding a would-be media magnate — who owns surveillance and security firms working for repressive regimes — is growing.

The questions about Matania (Mati) Kochavi were sparked again this weekend when Kathryn Ruemmler, who until recently was President Obama's White House Counsel, showed up on Saturday morning in local Washington DC court to represent one of the 217 people arrested for rioting on Inauguration Day. [http://heatst.com/wp-content/uploads/2017/01/ruemmler-obama.jpg?w=300]Kathryn Ruemmler and client.

Ms. Ruemmler said she was there to represent a journalist, on assignment for the media company Vocativ<http://www.vocativ.com/>, who'd gotten swept up with the protesters in the arrests.

Vocativ is owned by Kochavi. Reporters at the courthouse asked why a big gun like Ruemmler, who has long been a specialist in corporate crime, would show up for what would seem to be a misunderstanding involving a journalist doing his job.

Ms. Ruemmler told Buzzfeed that Vocativ is a client of her firm,<https://www.buzzfeed.com/zoetillman/prosecutors-pursue-rioting-charges-over-inauguration-day-pro?utm_term=.gtPej4zon#.cgvzaBvG2> Latham & Watkins. The firm is one of the most prestigious law shops in New York and Washington with partners such as Ruemmler<https://www.lw.com/people/kathrynruemmler> charging thousands of dollars an hour.

She did look somewhat out of place among the lawyers there to defend anarchists and other alleged troublemakers who are charged with rioting, burning a limo and smashing up stores on the streets of the capital. "The individuals charged were generally brought in front of the judge in groups of 10 and were represented by a cadre of public defenders and other court-appointed lawyers," according to Buzzfeed. That was not the case when it came to Vocativ.

Based in New York and Tel Aviv, Vocativ publishes mostly reprints of health studies, aggregated videos for Facebook, and female focused feature pieces. The company which employs a large team of US journalists and ex-Israeli intelligence operatives, claims to use technology from the intelligence world to source its stories. Indeed its founder, Kochavi, has a background in Israeli intelligence, having made his fortune providing security and military grade public safety solutions to the superrich Emirate of Abu Dhabi through an entity called AGT.
[http://heatst.com/wp-content/uploads/2017/01/abu-dhabi-mosque.jpg?w=300]The Grand Mosque of Abu

Dhabi

AGT was responsible for installing a "unique civil surveillance network in Abu Dhabi that means 'every person is monitored from the moment they leave their doorstep to the moment they return to it,'" according to the noted security publication MiddleEastEye.<http://www.middleeasteye.net/news/uae-israel-surveillance-2104952769> The invasive system is dubbed "Falcon Eye".

Kochavi also owns Israeli security and private intelligence firms 3iMind and Logic Industries. Like Vocativ, 3iMind claims to use "the deep web" to mine information, though in 3iMind's case it provides spy services, not journalistic ones. 3iMind even advertises online that it will spy on "the planning and execution of violent civil unrest" for clients.<https://www.3i-mind.com/use_cases/political-social-unrest/>

The website for Kochavi's mother company<https://www.agtinternational.com/about/>, AGT, claims its current business is using "Internet of Things" technology for entertainment and "fashion" applications in partnership with the giant talent agency WME-IMG … though it's unclear what any of these applications really are<http://www.euroleague.net/final-four/berlin-2016/news/i/6vokoibj5fsgqg4q/heed-the-event-platform-based-joint-venture-between-wme-img-and-agt-international-makes-first-official-foray-into-sports>, and certainly what value they provide for entertainment. Security experts say Internet of Things type sensors could be tied together to monitor crowds for security purposes.

According to Israeli and U.S. Jewish publications, the lines within Kochavi's companies can blur, with Vocativ employees doing work for 3iMind and Logic, and vice versa. So who was this "journalist" arrested amid the unrest on Inauguration Day? Was he actually doing journalism? Or, as some journalists around town have been asking, could he also have been doing surveillance of anti-Trump demonstrators on behalf of an Arab or Israeli client, possibly a foreign government?
[http://heatst.com/wp-content/uploads/2017/01/aaeaaqaaaaaaaaq5aaaajdq3mjuxmgu2ltg5njmtndi1mc1hzmrhltllyjkynze5zjljmg.jpg?w=300]Kochavi employee Evan Engel (LinkedIn)

A call to Ruemmler was returned by someone identifying himself as a Vocativ spokesperson. He told Heat Street that the arrested employee, Evan Engel, was doing purely journalistic work at the time he was detained.

"The arrest, detainment and rioting charge against journalist Evan Engel who was covering the protests for Vocativ are an affront to the First Amendment and journalistic freedom," the spokesperson said. "Vocativ will vigorously contest this unfounded and outrageous charge."

Kochavi has taken pains to put a different face, unrelated to spying and surveillance, on his American activities. Vocativ acts like a news organization, though it's made little splash (and gets remarkably little web traffic<http://www.alexa.com/siteinfo/vocativ.com>) for an operation so large and expensive.

Kochavi has also shown little hesitation to pay top dollar for access to the most powerful figures in America to provide legitimacy for his American activities. Last fall's Wikipedia data dump revealed that he and his longtime business partner, New York rainmaking lawyer Mary Edelman, offered Bill Clinton millions of dollars to serve as honorary chairman of the company that would become Vocativ. <http://heatst.com/biz/wikileaks-bill-clinton-turned-down-8-million-to-be-honorary-chairman-of-news-site-vocativ/> Clinton turned them down, perhaps nervous about Kochavi who's been described as "a mysterious even somewhat shady character" and the Israeli "version of the old-fashioned arms dealer with a suit and an MBA" by the progressive Jewish blog Tikkun Olam.<https://www.richardsilverstein.com/2014/12/04/israeli-cyber-security-merchant-peddles-wares-secretly-in-united-arab-emirates/>
[http://heatst.com/wp-content/uploads/2017/01/akochavivivian.jpg?w=260]Matania Kochavi (C) shown with Vivian Schiller (L) chair of Vocativ's executive committee and Danna Rabin (R) AGT's chief operations officer.

And now Kochavi has purchased the services of President Obama's former White House counsel, Ruemmler, whose name was once on the shortlist<http://www.latimes.com/nation/la-na-ruemmler-attorney-general-nixed-20141024-story.html> for US attorney general. It's a fair question to ask: why was Ruemmler really down in local DC court on a Saturday morning? Why was getting this Vocativ employee off the hook such a high priority? And what, if any, other services has Ruemmler, the corporate crime expert, been providing to Kochavi and his various intelligence operations around the world?

Ruemmler herself has not returned requests for comment.

From: Glick, Jamie (DC)
Sent: Monday, January 23, 2017 6:03 PM
To: Ruemmler, Kathy (DC)
Subject: Press: Buzzfeed and NY Post- Prosecutors Charge Protesters With Rioting Over Inauguration Day Protests

Hi Kathy,

In case you haven't seen, below are a couple of articles and tweets which mention your representation of a journalist employed by Vocativ.

Thanks,
Jamie

Jamie C. Glick
Public Relations Specialist

LATHAM & WATKINS LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Direct Dial: +[redacted]
Fax: +[redacted]
Email:[redacted]

Prosecutors Charge Protesters With Rioting Over Inauguration Day Protests<https://www.buzzfeed.com/zoetillman/prosecutors-pursue-rioting-charges-over-inauguration-day-pro?utm_term=.mxL7rr54B2#.ygykppRw0v>

More than 200 people are being charged with felony rioting — a charge that carries a maximum sentence of 10 years in jail — after they were arrested during anti-Trump demonstrations on Inauguration Day in DC.
posted on Jan. 21, 2017, at 8:33 p.m.
[Zoe Tillman]<https://www.buzzfeed.com/zoetillman?language=en>
Zoe Tillman<https://www.buzzfeed.com/zoetillman?language=en>
BuzzFeed News Reporter
[https://img.buzzfeed.com/buzzfeed-static/static/2017-01/21/10/asset/buzzfeed-prod-web-09/sub-buzz-24787-1485014343-1.jpg?resize=990:806]

A man arrested during protests in DC on Jan. 20 waits to board a police van. Zoe Tillman / BuzzFeed News

WASHINGTON — As hundreds of thousands of demonstrators gathered<https://www.buzzfeed.com/buzzfeednews/womens-march?utm_term=.wra9MGEmBj#.gtOrQXPW34> on the National Mall to protest President Trump on Saturday, people arrested<https://www.buzzfeed.com/zoetillman/rioters-and-police-are-clash-during-trumps-inauguration> the day before during anti-Trump protests in downtown Washington, DC, made their first appearance in court.

Prosecutors are pursuing charges against all of the 230 people arrested on Friday for rioting, according to the US attorney's office in DC. Although anti-Trump demonstrations on inauguration day were largely peaceful, some turned violent, with participants breaking storefront windows, throwing bricks at police, and running through streets and parks downtown as they were chased by police.

The arraignment hearing at DC Superior Court began on Saturday around 1 p.m. and was still going six hours later. As of 7 p.m., 80 people arrested and charged with felony rioting had come before a judge. The court was expected to continue the hearing through the night until everyone arrested on Friday came through.

The defendants processed so far were released until their next court dates, with the condition that they not be arrested again in DC in the meantime.

Felony rioting is a crime under DC law that carries a maximum penalty of 10 years in jail and a fine of up to $25,000. According to police, six officers were injured in confrontations with demonstrators on Jan. 20, and three of those officers sustained minor head injuries after objects were thrown at them. The DC law defines felony rioting as a group of at least five people who, "by tumultuous and violent conduct and the threat thereof," cause "serious bodily harm" or property damage valued at more than $5,000.

A 21-year-old Texas man was also charged with pointing a laser at at US Park Police helicopter during the protests on Friday. He was arraigned in Superior Court but the case is being moved to federal court.

The individuals charged with rioting were generally brought in front of the judge in groups of 10 and were represented by a cadre of public defenders and other court-appointed lawyers. One exception came early in the hearing, when former White House counsel Kathryn Ruemmler entered an appearance for one of the defendants. Ruemmler said her client was a journalist on assignment filming the demonstrations who was swept up in the arrests.

Ruemmler served as President Obama's White House counsel for three years before going to the law firm Latham & Watkins. Ruemmler told reporters outside of the courtroom that her firm represents Vocativ, the media company that employed her client, which is how she got involved.

Dozens of people came to the courthouse on Saturday to support the arrestees. They cheered as defendants left the courtroom; some of the defendants were walking slowly to keep their shoes on because they had to remove their shoelaces after being arrested. The defendants were held by police overnight. [https://img.buzzfeed.com/buzzfeed-static/static/2017-01/21/20/asset/buzzfeed-prod-web-15/sub-buzz-1449-1485047203-1.jpg?resize=990:743]

Zoe Tillman / BuzzFeed News

By Saturday night, a crowd had gathered outside the courthouse to greet the arrestees, cheering and applauding as they came out. A line of police formed in between the group and the courthouse entrance, and police were

screening people trying to go inside.

Several lawyers offered a preview of their defense strategy during the hearing, arguing that the rioting charge should be dismissed because prosecutors hadn't shown that each defendant was specifically involved in the rioting described in charging documents. Although the defendants were brought out in groups before the judge, they're individually charged.

One lawyer argued that the US attorney's office should recuse from prosecuting the cases because the defendants were charged with participating in anti-Trump riots and Trump was now in charge of the US Department of Justice.

"I appreciate all the creative arguments," Magistrate Judge Rainey Brandt said in response, but she said that at this early stage of the case she only had to find that the government had shown probable cause to move the cases forward.

The defendants are due back in court on various dates in February and March.

1. [https://pbs.twimg.com/profile_images/1849163545/Zoe_Tillman_photo1_bigger.jpg] Zoe Tillman @ZoeTillman <https://twitter.com/ZoeTillman> Jan 21<https://twitter.com/ZoeTillman/status/822908408475095049> Ruemmler told reporters that her law firm Latham & Watkins has done work for the news outlet, Vocativ, which is how she got involved 1 reply 5 retweets 3 likes
2.
3. [https://pbs.twimg.com/profile_images/1849163545/Zoe_Tillman_photo1_bigger.jpg] Zoe Tillman @ZoeTillman <https://twitter.com/ZoeTillman> Jan 21<https://twitter.com/ZoeTillman/status/822908213557415938> One journalist arraigned, lawyer says he was arrested while filming. He's represented by former White House counsel Kathryn Ruemmler 0 replies 19 retweets 36 likes

Inauguration Day protesters may face felony rioting charges<http://nypost.com/2017/01/22/inauguration-day-protesters-may-face-felony-rioting-charges/>

By Sophia Rosenbaum<http://nypost.com/author/sophia-rosenbaum/>
New York Post

January 22, 2017 | 12:55pm

Officials in the nation's capital are throwing the book at anti-Trump protesters —threatening the people who were arrested <http://nypost.com/2017/01/20/dozens-arrested-as-anti-trump-protesters-clash-with-police/> with massive fines and up to 10 years in jail.

The U.S. attorney's office will seek to charge all 230 of the protesters who took to the streets on Inauguration Day — some damaging storefronts and clashing with police — with felony rioting.

As of Saturday evening, 80 people had already been slapped with the heavy charges, which include fines of up to $25,000 and up to 10 years in jail, according to Buzzfeed.<https://www.buzzfeed.com/zoetillman/prosecutors-pursue-rioting-charges-over-inauguration-day-pro?utm_term=.dw6wmWlb#.ahOrz1yD>

Felony rioting is defined in D.C. law by at least five people who use “tumultuous and violent conduct of the threat thereof” to cause “serious bodily harm” and instigate more than $5,000 in property damage.

Six local officers were injured by protesters during Trump’s big day. The glass windows of several businesses were shattered in downtown D.C. including Bank of America, McDonald’s and Starbucks.

All of the people who have already been charged were released on their own recognizance and given their next court appearance dates.

At least one of those arrested was a Vocativ journalist covering the protests, and he was defended by heavy-hitter and former White House attorney Kathryn Ruemmler, Buzzfeed reported.

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Latham & Watkins LLP
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**From:** Barbro Ehnbom[redacted]]
**Sent:** 1/24/2017 9:56:23 PM
**To:** [redacted]
**Subject:** Fwd: Do a good deed today...
**Attachments:** Don't make America sick again.docx

**Importance:** High

Easy enough! :-)

-----Original Message-----
From: [redacted]>
To: Barbro Ehnbom <[redacted]
Sent: Tue, Jan 24, 2017 4:45 pm
Subject: Fwd: Do a good deed today...

Sent from my iPhone

Begin forwarded message:

**From:**[redacted] <[redacted]>
**Date:** January 24, 2017 at 4:17:59 PM EST
**To:** [redacted]>
**Subject: Do a good deed today...**

Here's something simple we all can do today...

Diana Chapman Walsh was president of Wellesley College 8 years ago. She recently emailed her former colleagues the following idea:

Listen Up! The Republicans need to get the message from the majority of Americans that we value and need the benefits of Obamacare. Here's how we do that.

On January 23rd, everyone who feels that way (our numbers are legion) sends a note to Donald Trump with a simple message:

"Don't make America sick again. Improve Obamacare. Don't repeal it."

One envelope for every ACA supporter in your household…even if they are under 18 years old.

Just that simple message. Put it in an envelope, and put a stamp on it.

On January 23rd, mail it to:

Pres. Donald Trump

1600 Pennsylvania Ave NW,

Washington, DC 20500

Can you imagine the picture of 53 MILLION letters arriving at the White House by January 26th? It will be a mountain. That image might help deter the Republicans from killing the most substantial improvement to American healthcare since the discovery of Penicillin.

Do it today! Drop it into a mailbox near you on Monday, January 23rd.

Please send this email to 20 (or more) of your friends, neighbors ann fellow Americans. Ask them to do the same.

This also helps out the US Postal Service, with about $20 Million of stamp sales.

Don't send emails to Trump…they don't photograph well.

I attached a document with the text so you can just print it and put it in the envelope

[redacted]
cell: [redacted]
email: [redacted]

**From**: Richard Kahn [redacted]
**Sent**: 1/25/2017 3:23:20 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Peter Thiel, Trump Adviser, Has a Backup Country: New Zealand

**Importance**: High

https://www.nytimes.com/2017/01/25/technology/peter-thiel-new-zealand-citizenship.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cell [redacted]

**From**: Robert Lawrence Kuhn [redacted]
**Sent**: 2/13/2017 11:08:13 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Kuhn
**Attachments**: TSC Shanghai Program Update.pdf; Untitled attachment 431541.htm

**Importance**: High

Great talking. Covered lots. All fun!

Attached is the Shanghai Science of Consciousness program (Stuart Hameroff put together; I advised).

Gregory Chaitin on Closer To Truth - https://www.closertotruth.com/contributor/gregory-chaitin/profile (scroll down for videos).

My Bloomberg TV on Trump/China (Feb. 1, pre Trump-Xi call)
- https://www.dropbox.com/s/o06wvejllmsi917/Dr%20Kuhn%20Bloomberg%20Daybreak%20-%20Asia.mov?dl=0 -

Appreciate discussing "Science of Sleep & Dreams" - I'll pull together significance of recent research/discoveries yielding inflection point, such that timing is propitious for the definitive TV series benchmarking the field and making impact.

Warmest, Robert

**From**: Richard Kahn [redacted]
**Sent**: 2/15/2017 7:04:23 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Alert - TIC Form SHC Deadline Approaching

**Importance**: High

not sure if this applies to Leon

The reporting threshold for Schedule 2 is $200 million in total fair value of all foreign securities owned by the SHC Reporter and not held with a U.S.-resident custodian

REGULATORY & COMPLIANCE ALERT FEBRUARY 15, 2017

## TIC Form SHC Deadline Approaching - Form Deadline is March 3, 2017

The U.S. Department of the Treasury recently released a revised Form SHC. Form SHC, which is part of the Treasury International Capital ("TIC") data reporting system, is the mandatory five-year benchmark survey of the ownership of foreign securities by U.S. residents. Absent an announcement of a delay from the Trump administration, the report is due to the Federal Reserve Board of NY ("FRBNY") by March 3, 2017 for data reportable as of December 31, 2016.

All U.S. resident custodians and end-investors with holdings of foreign portfolio securities above the reporting thresholds must report. In addition, all U.S.-resident custodians and end-investors that are notified by the FRBNY are required to file a report.

The reporting threshold for Schedule 2 is $200 million in total fair value of all foreign securities owned by the SHC Reporter and not held with a U.S.-resident custodian. The reporting threshold for Schedule 3 is $200 million in total fair value of foreign securities held with any one unaffiliated U.S.-resident custodian that is not a central securities depository.

Custodians are all organizations that hold securities in safekeeping for other organizations. Most U.S.-resident custodians also invest in foreign securities for their own account. U.S.-resident custodians should report both the foreign portfolio securities held in safekeeping for other U.S. residents and their own foreign portfolio securities.

End-investors are U.S.-resident organizations that invest in foreign securities for their own portfolios or invest on behalf of others, such as investment managers/fund sponsors. This includes securities that are held-for-trading, available-for-sale, or held-to-maturity. U.S.-resident end-investors include, but are not limited to:

- Financial and non-financial organizations
- Managers of private and public pension funds
- Managers/sponsors of funds, country funds, unit-investment funds, exchange-traded funds, collective-investment trusts, hedge funds or any other similarly pooled, commingled funds. Also managers/sponsors of private equity companies, venture capital companies, hedge funds and other private investment vehicles
- Insurance companies
- Foundations
- Institutions of higher learning
- Trusts and estates
- Funds and similar entities that own shares or units of, or other portfolio equity interests in, a foreign related or non-related entity

Form SHC is comprised of three schedules:

**Schedule 1** - Must be filed by all entities that 1) receive a copy of the SHC forms and instructions from the FRBNY, or 2) are notified by the FRBNY that they are required to file the SHC report. Schedule 1 requests information that identifies the reporter. It also provides contact information, indicates the reporting status, and summarizes the data, if any, reported on Schedule 2 and/or Schedule 3.

**Schedule 2** - Used to report detailed information on foreign securities owned by U.S.-resident investors (1) that the reporter safe-keeps for itself or for its U.S.-resident clients or (2) for which the reporter directly employs foreign-resident sub-custodians or U.S.-resident or foreign-resident central securities depositories (CSDs) to manage the safekeeping of those securities (Foreign securities in safekeeping with U.S.-resident CSDs are reportable on Schedule 2.) or (3) that are instruments of the type that there is no U.S. custodian to manage the safekeeping of those securities.

**Schedule 3** - Used to report summary amounts for all foreign securities entrusted to the safekeeping of a U.S.-resident custodian, excluding those entrusted to a U.S. - resident CSD.

Completed reports may be submitted to the FRBNY on paper or electronically through the Federal Reserve Reporting Central System. Additional information and a copy of the Form SCH are available here.

If you have any questions regarding this *Alert*, please contact Dan Viola at dviola@sglawyers.com.

## Sadis & Goldberg LLP

Please feel free to discuss any aspect of this *Alert* with your regular Sadis & Goldberg contact whose names and contact information are provided below.


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Sent by sgalert@sglawyers.com

**BOOTHBAY**
**FUND MANAGEMENT, LLC**

February 16, 2017

In the fourth quarter of 2016, Boothbay Absolute Return Strategies, LP (the "Fund") earned a net return of approximately +**0.04%.**[1,2]

| | October | November | December | 2016 | ITD | Sharpe ITD* | Sortino ITD* |
|---|---|---|---|---|---|---|---|
| **Boothbay Absolute Return Strategies, L.P** | -0.14% | -0.05% | 0.23% | 3.84% | 16.09% | 2.25 | 6.37 |
| S&P 500 | **-1.94%** | **3.42%** | **1.82%** | **9.54%** | **14.21%** | **0.51** | **0.93** |
| HFRX : Equity Market Neutral | **-0.13%** | **-0.04%** | **-1.07%** | **-5.08%** | **2.51%** | **0.23** | **0.48** |
| HFRX : Absolute Return | **-0.39%** | **-0.16%** | **0.20%** | **0.31%** | **2.13%** | **0.36** | **0.98** |
| HFRX : Global Hedge Fund | **-0.57%** | **0.87%** | **0.86%** | **2.50%** | **-3.50%** | **-0.42** | **-0.43** |

** For Sharpe/Sortino Ratio calculations, 1-Month LIBOR is set as the risk free rate.*

Since the Fund opened on July 1, 2014, it has returned **16.10**%.[1,2] In that period, the Fund's largest month-to-month drawdown has been -1.4%, versus -8.9% for the S&P 500, -1.5% for the HFRX Absolute Return Index, -8.9% for the HFRX Global Hedge Fund Index and -5.3% for the HFRX Market Neutral Index.

**Performance and Commentary**

We ended 2016 with a slightly positive quarter, bringing net performance for the year to +3.84%. Consistent with the trend seen earlier in the year, 2016 has been described by investors and financial media as among the worst years for multi-manager multi-strategy firms, on both an absolute and risk-adjusted return basis. While we consider earning +3.84% to be disappointing for our strategy on an absolute return basis, doing so with a maximum drawdown of 1.4%, and in what was a challenging environment for low-net exposure relative value strategies, leaves us viewing 2016 as a "good" bad year.

For a second consecutive year, the Fund generated positive net returns overall on the days when the S&P 500 Index was negative. The S&P had 121 losing days in 2016 (producing losses of over -66% in total)[3] and on those days, we were positive approximately 55% of the time, and generated almost half of our total net returns for the year. Given that we aim to be a protector of capital in markets that most managers will lose capital, this sampling is especially gratifying. As we look forward, we remain as encouraged as ever that our combination of unique "niche" strategies and strategies with structural edge, alongside our allocations to low-beta alpha-generating stock pickers and quantitative portfolio managers, will deliver strong risk-adjusted returns over various market cycles.

Before going into the performance attribution for Q4 and 2016 overall, we want to re-visit a topic discussed in our Q1 2016 letter related to hedge fund crowding, which investors have continued to ask us about the past several months. The question raised is typically some variation of the following: Given that Boothbay allocates to low-net equity focused managers, who may have similar strategies to those that comprise other multi-manager platforms, why has Boothbay been less-exposed to deleveraging and hedge fund crowding

[1] Assumes Boothbay Absolute Return Strategies, LP, Onshore Accelerator Share Class 1A (2-year lock and 14% incentive allocation).
[2] Performance figures reported herein are shown unaudited, net of fees/allocations and expenses; include the reinvestment of dividends, capital gains, and other earnings; and may be subject to adjustment.
[3] S&P 500 negative-return analysis calculated using Bloomberg closing prices for SPX Index.

effects, which seem to impact other multi-manager funds in a greater way?

*Platform Beta*

Equity market performance is a large predictor of returns for many long/short equity hedge funds, due to the large equity beta exposure with which many funds run.[4] At Boothbay, we generally run with limited net equity market exposure (on average 6-8% historically) and have maintained low correlation to market indices. While the sources of our returns will generally be idiosyncratic, there is no question that the tremendous amount of capital that has flown into the low-net multi-manager, i.e. "platform", category, has created an even greater risk of exposure to "Platform Beta" for some of our managers, even while avoiding broader equity market beta.

Platform Beta is a term we have heard used to describe the overlap of long and short positions, across some of the largest market-neutral, multi-manager hedge fund managers. While these overlapping names may be viewed as "smart money" positioning in some sense, there is also meaningful risk associated with being in crowded longs and shorts due to the viciousness of the cascading effects when these portfolios are being liquidated, or re-sized quickly, as we observed in Q1 2016. For a variety of reasons, we believe that Platform Beta has a true positive expectancy over time and with much less risk than other traditional factor risks, especially ones taken on by long-only or long-biased investors. While we consider it to be an obvious goal to avoid material exposure to all known market risk factors, we also attempt to reduce our more difficult to measure Platform Beta exposure when possible. Despite the positive return expectation of Platform Beta, we do not think a large or concentrated exposure to this factor is beneficial. Perhaps even more importantly, we do not believe that all alpha is created equally, and we are trying to provide the most uncorrelated alpha as possible to our investors.

So how do we minimize overexposure to Platform Beta? We can monitor data that imperfectly points to crowded names or themes, but the most direct way we seek to avoid crowded names is through our overall portfolio construction and manager-selection process. This is demonstrated in our continued focus on "First Loss" allocations as well as investments in the strategy category we call "Other", which is comprised of niche strategies outside our more traditional long/short fundamental and quantitative strategies. These alternative categories have served as a valuable source of alpha as well as diversification away from Platform Beta. Additionally, even in our more traditional strategies, we focus on allocating to smaller managers who can have larger parts of their portfolios in smaller capitalization companies, which tend to be less trafficked by the larger funds, and therefore are also less subject to the effects of large industry deleveraging. We cannot avoid all of the dangers of hedge fund deleveraging but our conscious attempts to target differentiated strategies, and to limit concentration, has allowed us to be less impacted by these flows than several other multi-manager platforms.

**Portfolio Attribution and Risk**

Within our Multi-Strategy platform, the "Other" category was the largest contributor for both Q4 and 2016 overall, contributing gross returns of +0.82% in Q4 and +2.19% YTD. The remaining quarterly and full-year gross return attribution within the Multi-Strategy platform were: "Fundamental L/S" at -0.86% in Q4 and +1.16% YTD, and "Quantitative" at 0.29% in Q4 and -1.53% YTD. Our First Loss platform allocations contributed gross-returns of +0.72% in Q4 and +6.60% YTD.[5]

The Fund averaged approximately 0.39% daily Value at Risk during Q4 vs. 0.41% in Q3 (95% Confidence Interval, excluding First-Loss allocations). As stated in last quarter's letter, we expect to see an increase in our VaR during Q1 2017 primarily through a combination of new manager allocations and a pick-up in overall market volatility due to macro events on the horizon. We expect the Trump Presidency, additional

[4] For example, Goldman Sachs Prime Services reported hedge fund net exposure to be between 50% and 67% throughout 2016. (Goldman Sachs Securities Division: Prime Services Weekly 12.22.2016)

[5] Performance Attribution figures reported herein are shown unaudited, gross of fees/allocations and expenses; include the reinvestment of dividends, capital gains, and other earnings; and may be subject to adjustment.

interest rate hikes by the Fed, and global geopolitical catalysts (e.g. elections, referendums) in 2017 to contribute to a rise in market volatility. These factors should help us to approach our target daily VaR of 0.80%, and also provide an attractive environment for many of our strategies to generate alpha. While having more risk on the balance sheet does imply that our return volatility and drawdowns will be larger, it is reasonable to expect that any positive returns would increase as well.

*Manager Attribution*:

- For the fourth quarter of 2016, 42% of "Fundamental L/S," 45% of "Quantitative," and 67% of "Other" managers were profitable.

- The top five performing managers contributed 38% of the quarterly total positive return, with the largest single manager positively contributing 9%. The bottom five performing managers made up 56% of negative returns, with the largest single manager negatively contributing 17%.

- While 2015 was a stronger year for our strategy overall compared to 2016, we were pleased to see a continual diversification of return attribution across our managers in 2016. The below statistics compare 2016 with 2015 and present a similar picture of limited return concentration.

| | | **Positive Attribution** | **Negative Attribution** |
|---|---|---|---|
| **2016** | Total | 15.94% | -7.42% |
| | Top 5 Contributors | 6.48% | -2.54% |
| | Largest Contribution | 2.25% | -0.67% |

| | | | |
|---|---|---|---|
| **2015** | Total | 22.77% | -6.92% |
| | Top 5 Contributors | 7.31% | -3.55% |
| | Largest Contribution | 1.82% | -1.03% |

- As of December 2016, the Multi-Strategy platform had 28 Fundamental L/S Equity managers, 23 Quantitative managers, 10 "Other" managers (these Multi-Strategy platform figures include 9 Hybrid allocations[6]), and 13 First-Loss managers.

**Assets Under Management**

As of January 1, 2017, Boothbay's total AUM was approximately **$190 million** ($230 million including capital from First-Loss share class).

As always, I am available to answer all investment and business inquiries. Peter Bremberg and Daniel Bloom are available to answer any questions related to financial operations.

Sincerely,

Ari Glass
Managing Member
Boothbay Fund Management LLC

[6] "Hybrid allocations" refers to accounts for which we have both a First-Loss and Multi-Strategy investment.

## IMPORTANT DISCLOSURES

The information presented herein is confidential and proprietary, and may not be (i) used by, or on behalf of, you for any purpose other than evaluating an initial or continued investment in Boothbay Absolute Return Strategies, LP (the "Fund"), or (ii) disclosed by, or on behalf of, you to any third party, in each case except with the prior written consent of Boothbay Fund Management, LLC ("Boothbay"). This communication is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

This letter includes forward-looking statements. Although Boothbay believes that the expectations and views reflected in such statements are reasonable, such statements are subject to a number of assumptions, risks and uncertainties which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, and the expectations and views reflected therein, expressed in this letter may change at any time, without notice. Prospective investors are cautioned not to invest based on these forward-looking statements.

Performance figures (which include the reinvestment of dividends, capital gains and other earnings) included herein are based on unaudited information, may be subject to adjustment and are shown net of fees/allocations and expenses. Results for individual investors may vary based on, among other things, the timing of capital contributions and withdrawals.

An investment in the Fund is speculative and involves a high degree of risk. Past performance is not necessarily indicative of future results. There can be no assurances that the Fund will continue to have a similar return on invested capital because, among other reasons, there may be differences in economic and market conditions, regulatory and political climate, portfolio size, investment opportunities, expenses and structure. Accordingly, when deciding to make an investment, potential investors are urged to review carefully all disclosure documentation, including the Fund's confidential private offering memorandum, and consult with their counsel and advisers.

This material is not intended to represent the rendering of accounting, tax, legal or regulatory advice. A change in the facts or circumstances of any transaction could materially affect the accounting, tax, legal or regulatory treatment for that transaction. Nothing herein should be interpreted to represent concentration limits, exit strategies or sector allocation guidelines, all of which are subject to change without notice.

References to the S&P500 and any other benchmark(s) referred to herein are for illustrative purposes only. Any such benchmarks are included merely to show general trends in the markets in the periods indicated and are not intended to imply that the Fund's portfolio is similar to any such benchmarks either in composition or risk. Comparisons to benchmarks have limitations because natural characteristics of such benchmarks, such as volatility, among other things, are likely to differ from those of the Fund. Boothbay does not attempt to track a benchmark and there is no guarantee that the Fund will meet or exceed any such benchmark.

**From**: Thomas Jr., Landon [redacted]
**Sent**: 3/17/2017 4:29:23 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Did you see that Trump retweeted my story?

**Importance**: High

I think my wife is going to change the lock on the door tonight.
https://twitter.com/realDonaldTrump/status/842739155230740481

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thorbjøn Jagland [redacted]]
**Sent:** 4/16/2017 3:23:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

You should feel well for having done so much for us
søn. 16. apr. 2017 kl. 11.12 skrev jeffrey E. <jeevacation@gmail.com>:

> I'll be better I feel terrible having to cut your stay short . There is much going on . Many investigations will begin
>
> On Sun, Apr 16, 2017 at 11:04 AM Thorbjøn Jagland <[redacted] wrote:
>
> > Hope you recover quickly. We have had wonderful days. Tell me when you are coming to Paris so that we can talk. I really don't understand Trump. Today I have to deal with the referendum in Turkey. Endogan is another difficult to understand
> > T
>
> --
>
> please note
> The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
> JEE
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**From:** David Stern [redacted]
**Sent:** 4/22/2017 5:46:37 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Plus: my senior Chinese friends tell me the top gave Trump the go ahead to take on North Korea.
No idea if it's real.

On 22 Apr 2017, at 18:23, jeffrey E. <jeevacation@gmail.com> wrote:

[redacted]

On Sat, Apr 22, 2017 at 11:00 AM David Stern <[redacted]> wrote:
When can I call you ?
--
please note
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
JEE
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**From:** Weingarten, Reid [redacted]
**Sent:** 6/23/2017 9:48:45 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** FW: long time, no talk...

**Importance:** High

fyi

---

**From:** Greg Farrell (BLOOMBERG/ NEWSROOM:) [redacted]
**Sent:** Friday, June 23, 2017 11:32 AM
**To:** Weingarten, Reid
**Subject:** RE: long time, no talk...

It's about you: I'm told on good authority that Jared wants you as his atty. That's worth a story, if true...

---

Greg Farrell
Bloomberg News
office: [redacted]
cell: [redacted]

From: [redacted] At: 06/23/17 11:28:26
To: GREG FARRELL (BLOOMBERG/ NEWSROOM:)
Subject: RE: long time, no talk...

Yup.....like, respect and trust you and ain 't saying sh to anyone on or off the record about Russia/trump/comey etc....hard line....if I can help you on anything completely unrelated will

---

**From:** Greg Farrell (BLOOMBERG/ NEWSROOM:) [redacted]
**Sent:** Friday, June 23, 2017 11:25 AM
**To:** Weingarten, Reid
**Subject:** Re: long time, no talk...

So Oetken moved it to 506, instead of 706....

Anyway....got a quick moment to talk today?

---

Greg Farrell
Bloomberg News
office: [redacted]
cell: [redacted]

From: [redacted] At: 06/20/17 18:18:54

To: GREG FARRELL (BLOOMBERG/ NEWSROOM:)
Subject: Re: long time, no talk...

In trial in sdny

Sent from my BlackBerry 10 smartphone.

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**From:** Greg Farrell (BLOOMBERG/ NEWSROOM:)
**Sent:** Tuesday, June 20, 2017 11:54 AM
**To:** Weingarten, Reid
**Reply To:** Greg Farrell
**Subject:** long time, no talk...

Hi Reid,

per my vm, I'm chasing a few DC-related legal stories and was hoping you might be able to help me out.

Got any time in the next few days?

Thanks,

Greg

p.s. Any word from Bernie E? Given Skilling's reduction, Bernie certainly deserves a second look, no?

---

Greg Farrell
Bloomberg News
office: [redacted]
cell: [redacted]

**From**: soon yi previn [redacted]
**Sent**: 6/30/2017 2:23:16 AM
**To**: soon yi previn [[redacted]]
**Subject**: Funny dog video of a dog gnawing at Donald Trump's hair.
**Attachments**: IMG_0642.MP4.mov; ATT00001.txt

**Importance**: High

Document Produced in Native Format

# Invesco Global Sovereign Asset Management Study 2017

This study is not intended for members of the public or retail investors.
Full audience information is available inside the front cover.

**Important information**
This document is intended only for Professional Clients and Financial Advisers in Continental Europe (as defined in the important information); for Qualified Investors in Switzerland; for Professional Clients in, Dubai, Jersey, Guernsey, Isle of Man, Ireland and the UK, for Institutional Investors in the United States and Australia, for Institutional Investors and/or Accredited Investors in Singapore, for Professional Investors only in Hong Kong, for Qualified Institutional Investors, pension funds and distributing companies in Japan; for Wholesale Investors (as defined in the Financial Markets Conduct Act) in New Zealand, for accredited investors as defined under National Instrument 45-106 in Canada, for certain specific Qualified Institutions/Sophisticated Investors only in Taiwan and for one-on-one use with Institutional Investors in Bermuda, Chile, Panama and Peru.

Cover
Aerial view of Midtown South, New York

## Introduction

We published our first report on the sovereign asset management industry in 2013 following interviews with 43 sovereign investors. This year marks our fifth annual study with evidence-based findings based predominantly on face-to-face interviews with 97 leading sovereign wealth funds, state pension funds and central banks with assets in excess of US$12 trillion.

Over the past five years we've noted a number of factors influencing sovereigns such as low interest rates, the falling oil price and reduced funding. This year however we note geopolitical shocks in developed markets are shaping decision making. When coupled with uncertainty over the end of quantitative easing, the commencement of quantitative tightening and ongoing volatility in currencies and commodities it's clear sovereign investors are faced with a challenging macroeconomic and therefore investment environment.

The first theme in this year's report addresses the aforementioned factors and notes a continuing return gap between target and actual returns with asset deployment challenges limiting the ability for sovereigns to match strategic asset allocation targets. We note sovereigns are increasingly looking to evolve their business models through internalisation or investment partnerships to reduce management costs and improve placement efficiency.

Geopolitical risks have led to an increased concentration on perceived 'safe haven' international markets such as the US, India and Germany as well as an increasing focus on home market allocations in an effort to reduce foreign currency exposure.

We focus on real estate in our third theme, highlighting accelerated growth in the asset class. We examine the drivers for these allocations as well as setting out how and where assets are being deployed.

Despite sovereigns being well placed to implement Environmental, social and governance (ESG) strategies due to their size and long-term orientation, the uptake of ESG practices by sovereigns appears to have varying success. We highlight sovereigns' polarised perspectives on ESG investing across various regions.

We conclude with a theme focused on central banks. This year we have expanded and segmented our central bank sample to understand differences in strategy and pace of change with respect to investment tranches across developed and emerging markets.

We hope the unique, evidence-based findings in this year's report provide a valuable insight into a fascinating and important group of investors.

## Key themes

**Shift from investment strategy to business model**
The gap between target and actual portfolio returns along with declines in investment commitments are reshaping sovereigns' strategic agendas.

**Increasing appeal of perceived 'safe haven' markets**
Geopolitical uncertainty is leading to a focus on perceived 'safe haven' international markets and home markets.

**Attraction to real estate for matching and flexible participation**
Sovereigns are increasing allocations to high-quality direct real estate given perceived return, matching and flexibility attributes.

**Environmental, social and governance (ESG) growth dependent on performance data**
Perspectives on ESG are polarised with supporters moving to further embed and integrate ESG in investment processes while non-supporters wait for evidence of investment implications.

**Central bank risk appetite driven by financial market exposure**
Central bank investment priorities and risk appetite vary according to the size of the country's reserves and to the level of exposure to financial market shocks.

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to view more content on this year's themes



HOUSE_OVERSIGHT_026681

**Sovereign segmentation is crucial to understanding attitudes and responses to external themes**
Economic challenges affect sovereigns differently, according to their liabilities, risk appetites, funding dynamics and other factors. We use the framework in figure 1 to categorise sovereign investors. We will explore the unique implications of the themes in this report for each of these segments.

**Investment sovereigns**
Investment sovereigns do not have any liabilities, allowing for long time horizons and high exposure to illiquid asset classes. Due to this investment freedom, return targets are high – investment sovereigns have responded to falling returns by targeting greater illiquid asset exposure (to generate higher returns) and developing internal management capability (to capture more of the value chain), however many funds are reaching limits on these allocations.

**Liability sovereigns**
Liability sovereigns are split into funds with existing outflows (current liability sovereigns) and funds with future liabilities (partial liability sovereigns). While partial liability sovereigns have similar strategies to investment sovereigns (due to their long time horizons), matching outflows is a key concern for funds with current liabilities. The return gap is therefore of particular significance to liability sovereigns and many funds expect their target rates to eventually increase as they update models to lower 'risk free' rates and increasing life expectancy. To manage these concerns, many current liability sovereigns are seeking greater exposure to high-yielding asset classes.

Fig 1. Sovereign profile segmentation

| | Sovereigns and central banks | |
|---|---|---|
| Primary objective | Investment only | Investment & liability |
| Global sovereign profile | Investment sovereigns (INV) | Liability sovereigns (LIA) |
| Sovereign investors | ← | |

[1]Central banks have secondary liquidity objectives as well as primary capital preservation objectives. They are distinct from sovereigns through their role in local market money supply and their regulatory function.



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**Liquidity sovereigns**
Liquidity sovereigns manage assets to stimulate economies that are highly dependent on commodity prices during a market shock. Due to the unpredictable and sudden nature of outflows, liquidity sovereigns have extremely short time horizons and prioritise portfolio liquidity above investment returns. Despite low yields of government bonds, liquidity sovereigns are unable to seek higher returns from alternative asset classes due to the inherent liquidity risk.

**Development sovereigns**
The asset and geographic allocation of development sovereigns is driven by the requirement to encourage local economic growth (rather than investment return). Development sovereigns take large (often controlling) stakes in companies of economic significance in order to grow their presence in the local market. While other sovereigns adjust allocations to maximise their asset growth and yield, development sovereigns consider their success in economic metrics such as GDP growth and job creation, working closely with their investments to grow long-term strategic assets. This means that development funds are relatively unreactive to return shortfalls and asset allocation trends.

**Central banks**
Central banks are 'lenders of last resort' – managers of a large foreign reserves portfolio to bail out financial institutions of public importance. Due to the importance of maintaining reserves to sufficiently cover such requirements, preservation of capital is of greatest importance. Central banks also have high levels of public accountability and disclosure, encouraging risk aversion through short time horizons and highly liquid investments. While other sovereigns invest in home market assets, central bank reserve managers hold the majority of their assets in foreign securities, increasing the importance of currency exposure relative to other sovereigns.

Unlike sovereign investors, central banks have objectives outside of reserves management, including local market liquidity management and maintenance of currency pegs. Since these external factors have influence over the foreign reserves, in this study we consider central banks separately from sovereign investors. However, as many government bonds have negative yields, certain central banks have looked to invest in non-traditional asset classes (e.g. equities) to preserve their capital, closer aligning their foreign reserves investment strategy to that of sovereign wealth funds.

Funding challenges and the low return environment have unique implications for each sovereign segment.

HOUSE_OVERSIGHT_026683

**Shift from investment strategy to business model**
The gap between target and actual portfolio returns along with declines in investment commitments are reshaping sovereigns' strategic agendas.

1

Worlds highest and longest glass Bridge as of 2016 in Zhangjiajie, China

**The outlook for macro policy and for the geopolitical environment remains uncertain**

Our fifth annual cycle of interviews took place between January and March 2017. In speaking with leading sovereign investors and central banks (with assets in excess of US$12 trillion) we identified a number of critical themes that shaped interview responses. Unsurprisingly, we noted that the outlook for macro policy and the potential for further geopolitical shocks dominated discussions.

- Sovereigns see the end of QE (Quantitative Easing) without a clear indication as to the form or timeframe for further QT (Quantitative Tightening). While the US has begun to raise interest rates, the Federal Reserve is engaged in parallel measures that may reduce the quantum and pace of further increases; and there is uncertainty whether and when other major markets will follow suit
- The bifurcation of the US and other developed markets (notably the UK, Germany and Japan) had significant implications for currency rates, challenging sovereign geographic allocations
- Political change in developed markets (notably Brexit and the US election) created volatility in sovereign portfolios, challenging the robustness of sovereign risk models. As policy changes are worked through governments (e.g. the terms of Brexit and US corporate tax reform), there will be wider implications for long-term geographic and asset allocation
- Emerging markets face various macro challenges, with commodity prices recovering slowly (e.g. oil, natural gas and copper) and an increasingly unstable political outlook in Brazil and South Africa

**Sovereigns face a continuing 'return gap'**

These dynamics suggest a continuation of the 'lower rates, lower return' environment over at least the next 24 months. While the lower return environment has been a consistent theme in past years, in 2017 the implications are compounded, with low interest rates the factor of greatest importance to both strategic and tactical asset allocations in figure 2. Risk asset valuations have inflated over a number of years, while the near-uniform tilt to alternatives such as infrastructure has resulted in supply challenges and delays.

In 2016, all sovereign profiles displayed a return gap (figure 3), driven by the low interest rate environment, however this shortfall was greatest among investment sovereigns. Traditionally, liability sovereigns have hedged fixed income against inflation (due to the focus on matching outflows to beneficiaries), while investment sovereigns have left their inflation exposure open. This has led to investment sovereigns having the greatest return gaps, as developed economies return to growth and inflation rises. While liquidity and development sovereigns are also suffering from low interest rates, respondents noted that investment returns were of secondary importance, relative to liquidity and development objectives. Furthermore, liquidity sovereigns noted that their long-duration fixed income assets had increased in value as rates fell.

Against this, sovereigns are challenged by fixed return targets, which are typically set to match potential liabilities and do not adjust to market conditions. Despite return challenges, we do not see a concurrent shift in investment activity year-on-year (as we go on to explore).

The challenges of the return gap are most severe among investment sovereigns.



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Fig 2. Importance of macroeconomic conditions to strategic and tactical asset allocation

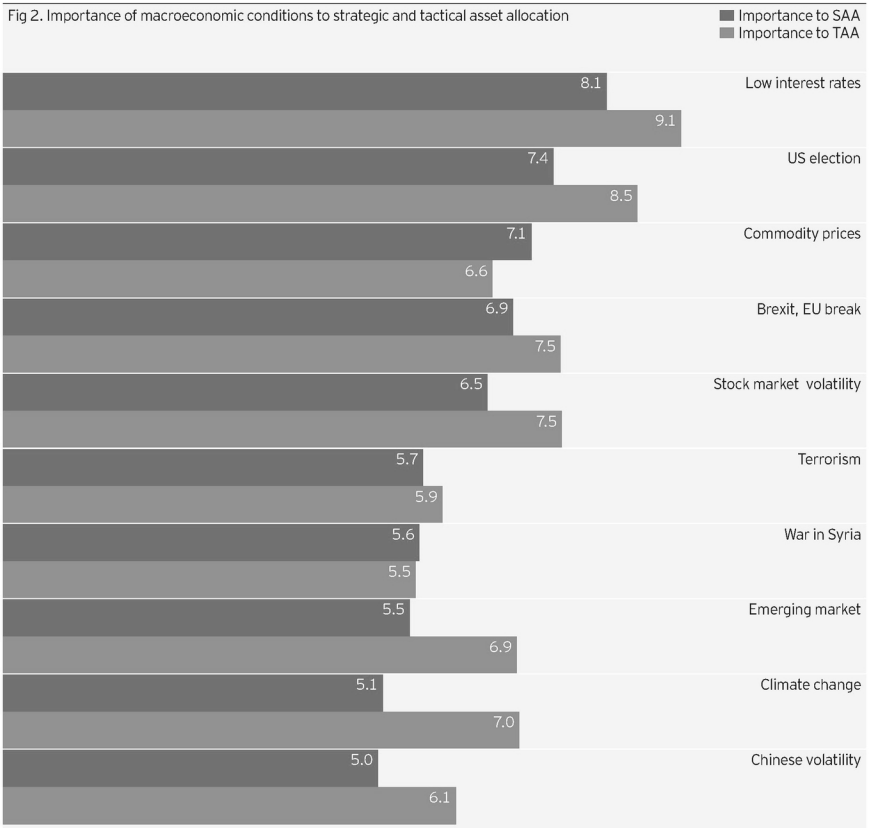


Sample is based on sovereign investors and excludes central banks. SAA=Strategic Asset Allocation. TAA=Tactical Asset Allocation. Sample=20.

Fig 3. Past year returns and target returns (% AUM)

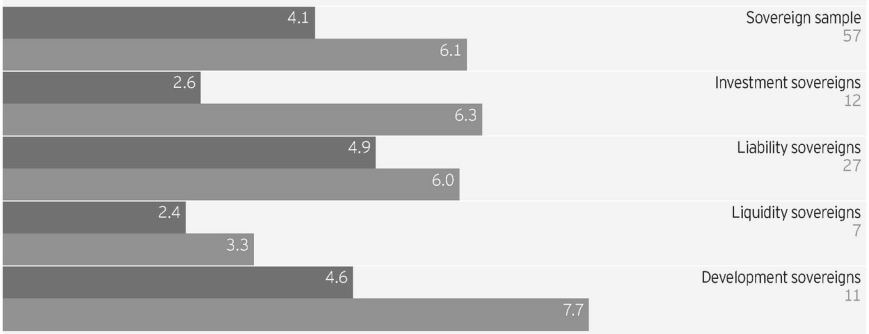


Sample is based on sovereign investors and excludes central banks. Sample size shown in grey. Data is not weighted by AUM.



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Fig 4. Expected time (years) to deploy assets

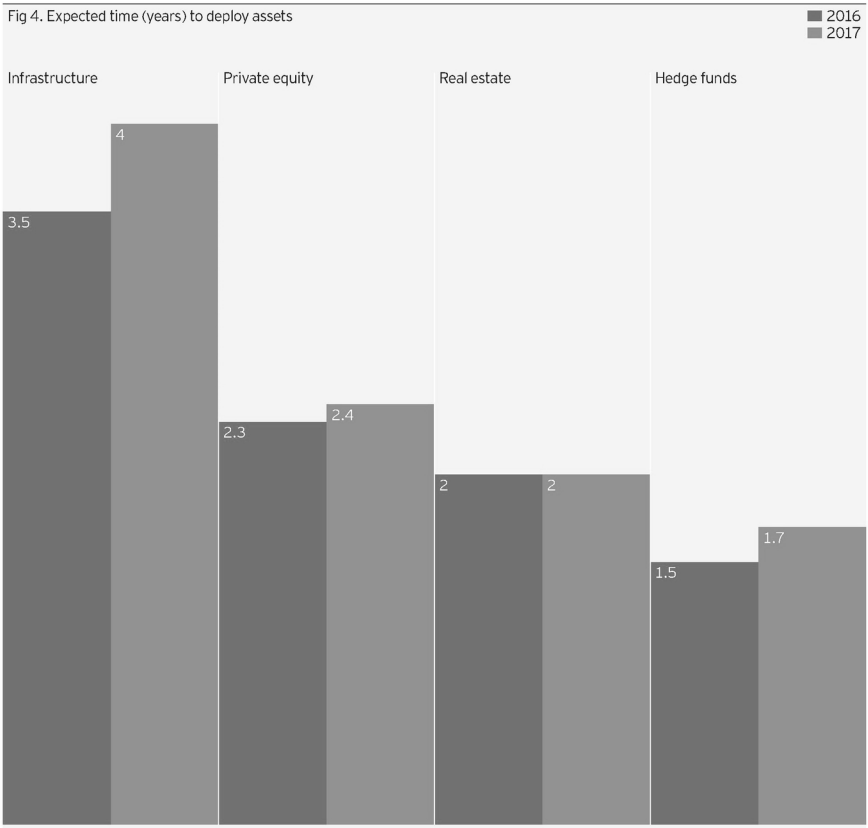


Sample is based on sovereign investors and excludes central banks.
Sample: 2016=21, 2017=35.



HOUSE_OVERSIGHT_026688

**Deployment challenges are limiting sovereign ability to match targets**

In previous reports, we observed sovereigns' return gaps, driven by low interest rates and challenging targets for fixed income allocations. We have also noted how appetite for alternatives has grown as sovereigns seek greater returns from private markets. In last year's report, we demonstrated that high levels of competition in infrastructure and private equity were causing sovereigns to shift deployment of real assets towards real estate.

Competition for infrastructure and private equity deals has accelerated in 2016, with deployment times increasing across alternative asset classes (figure 4). While the growth in these times is small, it is significant: sovereigns are increasingly dependent on their alternative investments to generate yields, however, growing levels of undeployed capital for alternative investments are being held in cash and money market funds, so that sovereigns can respond quickly when real asset opportunities arise. These highly liquid investments offer limited returns, particularly in comparison to sovereign targets for real asset investments, causing further growth in the return gap.

**Risk of fund withdrawals is slowing further illiquid asset investment**

The ability of sovereigns to respond to the return gap is being limited by the increasing likelihood of withdrawals. Over the past three years, governments have responded to economic volatility by reducing new funding to sovereigns and, in some cases, drawing down from sovereign reserves, as seen in figure 5.

While previously only liability sovereigns experienced regular drawdown of funds (in the form of outflows to beneficiaries), an increasing propensity for government withdrawals is encouraging investment and liquidity sovereigns to consider the liquidity of their portfolio. Liquidity sovereigns were comfortable in their ability to withdraw from their portfolio at short notice, however, many sovereigns stated that liquidity management was an entirely new objective, with certain investment sovereigns responding by creating tactical allocations to cash and money market funds. This has led to conflicting liquidity requirements: sovereigns have to manage withdrawal risks by shortening time horizons while simultaneously seeking to access illiquidity premia to generate greater returns.

Fig 5. Expected new funding and cancelled investments (% AUM)

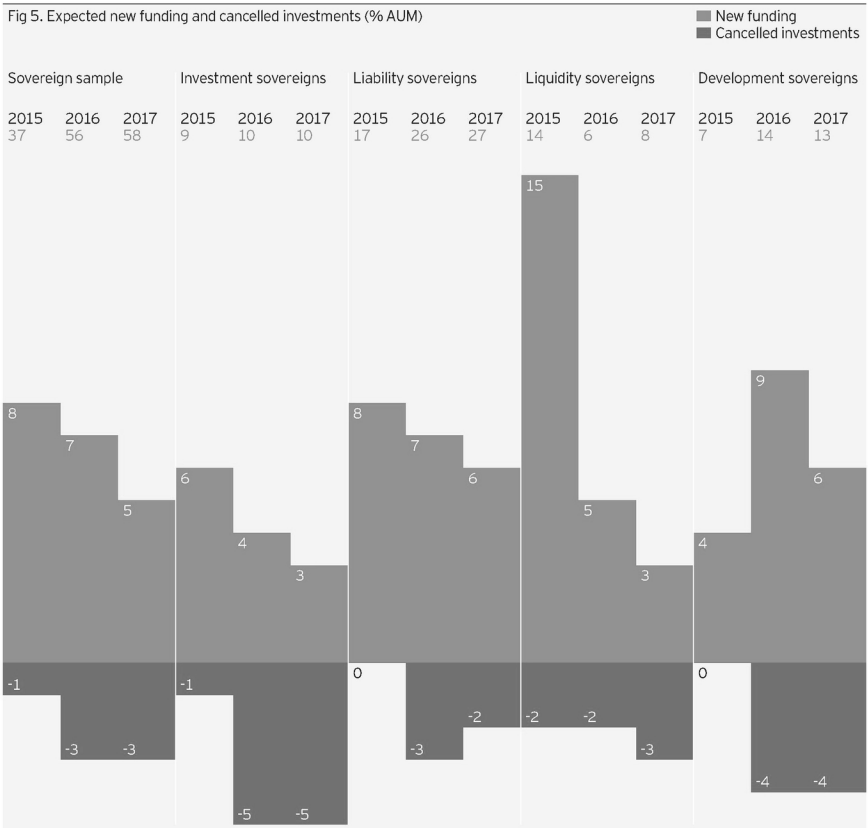


Sample is based on sovereign investors and excludes central banks. Sample sizes shown in grey. Data is not weighted by AUM. Periods shown reflect past year new funding/cancellations.



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Fig 6. Change in past year allocations by asset class (% citations)

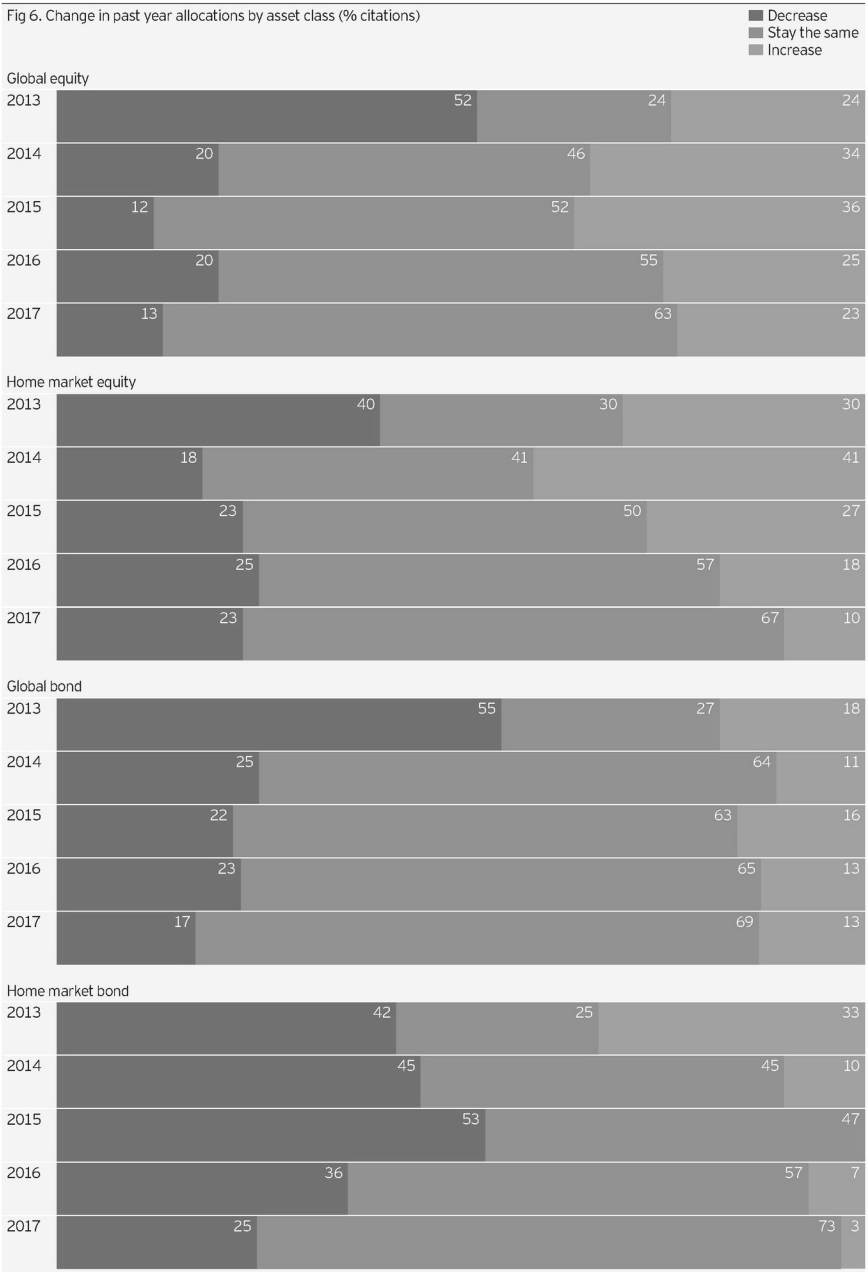


Sample is based on sovereign investors and excludes central banks.
Sample: 2013=22, 2014=36, 2015=33, 2016=44, 2017=60.



HOUSE_OVERSIGHT_026690

**Uncertain market direction has challenged response to return gaps through asset allocation**
Political change across developed markets challenges high conviction geographic allocations outside a small number of perceived 'safe haven' markets. Similarly, the staggered shift to QT is creating uncertainty over sovereign forecasts for asset class performance. Additionally, in many cases allocations to illiquid assets were approaching restrictions put in place by investment boards, with little room to further tilt to risk classes.

Such uncertainty over investment strategy means that very few sovereigns are willing to adjust strategic asset allocations, and internal restrictions are a challenge to those that are seeking to change. This can be seen in figure 6, in which an increasing number of sovereigns state they have 'frozen' asset allocations to traditional asset classes.

**A focus on business model to drive implementation efficiency and liquidity premium capture**
As willingness to take active positions in geographic and asset allocation decreases, the effects of the return gap are compounded. Sovereigns are unable to respond to growing shortfalls through asset allocation alone, and are instead looking at how to evolve their business models to drive more efficient realisation against portfolio objectives, notably through internalisation or investment partnerships to reduce management cost and improve placement efficiency.

However, sovereigns acknowledged that any changes to business models carried trade-offs against execution and investment risk:

- Many respondents have struggled to reach target alternative allocations and the shift to internalise or move to co-investment or operating partnerships may create further constraints
- Over-investing in privately listed assets puts sovereigns at risk of future valuation adjustments while utilisation of alternative deployment models (working directly with operating partners) has implications for governance processes and disclosure
- Reducing intermediation while potentially improving line-of-sight to placement also reduces external objective inputs to asset selection and valuation
- Finally, the tilt to internalisation may not be consistent with geographic diversification objectives, and there is some evidence of an increasing 'home market' bias despite stated objectives to the contrary

While the motivation for business model changes is clear and aligned, there is an acknowledgement amongst participants that not all sovereigns will be successful in executing, with the potential for risk or investment shocks where execution is unsuccessful. As willingness to take active positions in geographic and asset allocations slows, sovereigns must engage with investment boards to include consideration of market conditions (as well as potential outflows) in their return targets to continue to work towards their long-term objectives.

With limited scope to act through allocation sovereigns are focused on alternative levers.



HOUSE_OVERSIGHT_026691

**Increasing appeal of perceived 'safe haven' markets**
Geopolitical uncertainty is leading to a focus on perceived 'safe haven' international markets and home markets.

2

Construction of subway system extension, New York

**Sovereigns are targeting markets offering security and growth**

Traditionally sovereigns have grouped countries by economic development or geographic region to form their overall geographic allocations. Indeed, last year, we highlighted increased allocations to North America, based on perceptions of the US as a 'safe haven' for sovereign assets, driven by the strength of its currency and positive tax changes for international investors.

While at a high level, sovereigns have been unwilling to adjust regional allocations (as outlined in theme 1), idiosyncratic geopolitical risks are causing sovereigns to reweight to countries within these allocation bands. In developed markets, uncertainty over global interest rates is shifting this focus to identifying markets to shelter assets (as shown by the increased attractiveness of the US and Germany in figure 7), with Brexit and the US election cited as the factors of fastest growing importance to asset allocation (growing importance cited by 82% and 68% of sovereigns respectively). Similarly, emerging markets sovereigns are identifying countries with the greatest potential for long-term economic growth.

Fig 7. Attractiveness of markets to sovereign investors

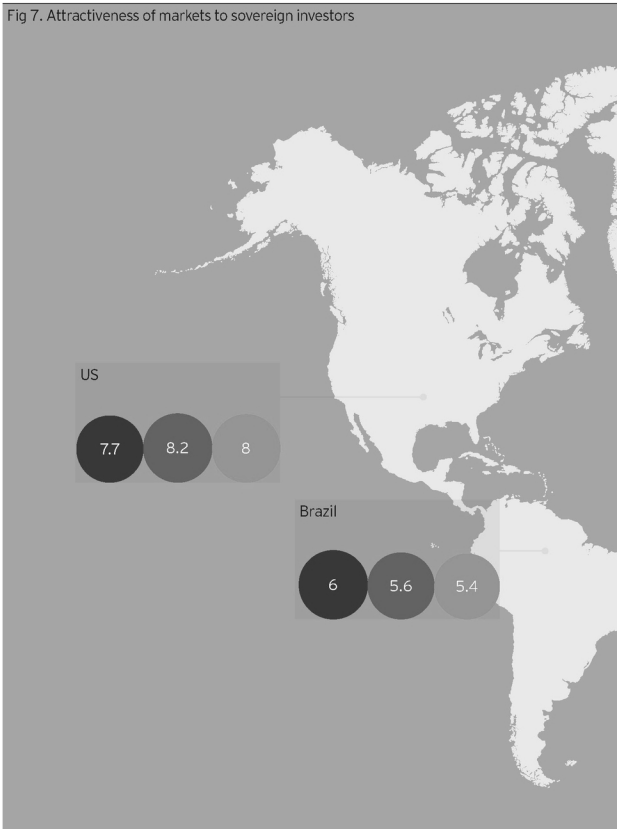


Sample is based on sovereign investors and excludes central banks.
Rating on a scale from 1 to 10 where 10 is the most attractive. Rating scored as of Q1 of the given year.
Sample: 2015=26, 2016=44, 2017=58.

Sovereigns are seeking greater exposure to perceived 'safe havens' within each key region.



HOUSE_OVERSIGHT_026694

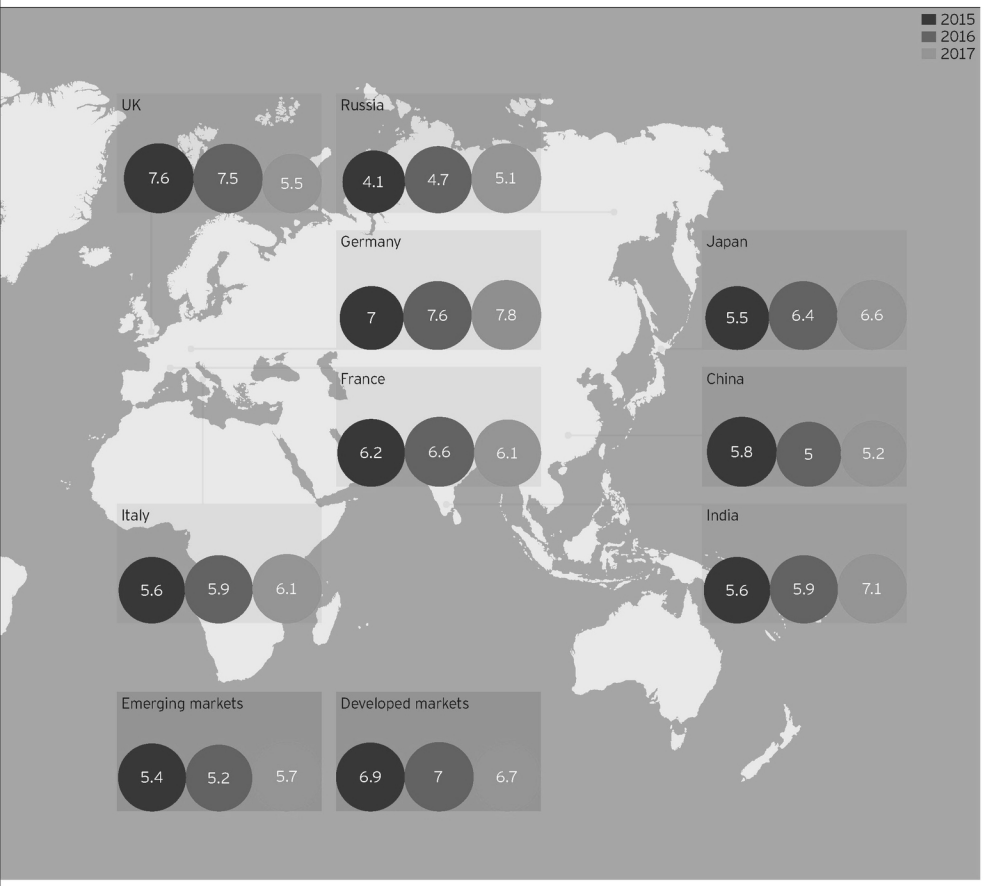




HOUSE_OVERSIGHT_026695

**Growth of the US for both returns and protection**
The attractiveness of the US has been driven by interest rate rises (with expectations for further raises this year) and bond yields lagging in other developed markets (figure 8). There is also market confidence of a 'pro-business' corporate tax regime following Trump taking office in January 2017, causing sovereigns to note the growth potential of US equity markets (with 40% of sovereigns expecting to increase North American allocations in 2017), as other developed market stocks remain flat. Currency strength underlies this optimism (USD up 3% against EUR and 20% against GBP in 2016[1]), with some sovereigns deliberately targeting dollar exposure through their international investments. Liability sovereigns noted the dual benefit of the open currency position, both eliminating hedging costs and generating additional returns relative to home market currency.

In our 2015 sovereign study, we highlighted the attractiveness of real estate investments in developed markets. Under FIRPTA (Foreign Investment in Real Property Tax Act), sovereign appetite for real estate investment in the US has further grown. Most notable, however, is the growing optimism around the potential for new infrastructure deals in the US following political campaigning suggesting an investment opportunity of US$1 trillion.

Despite positivity, sovereigns in Europe and Asia noted that successful US real estate investments gave no guarantee of similar opportunities within infrastructure. Many respondents were concerned about growing protectionism in the US, questioning if it might both limit access to infrastructure and real estate investments for foreign sovereigns and would have long-term economic implications as foreign relations are strained.

[1]Source: XE currency data. Data from 01 January 2016-01 January 2017.

Currency strength underlies optimism for the US.

Fig 8. 10-year government bond yields

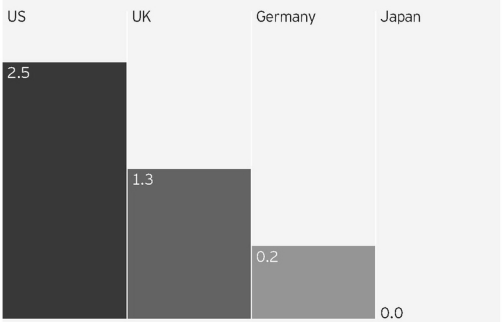


Source: US - US Treasury Resource Center, UK - Bank of England Data, Germany - Bundesbank Statistics, Japan - Ministry of Finance Interest Rate Index. Data taken as daily average yield on 30 December 2016.



HOUSE_OVERSIGHT_026696

**UK challenges centred on currency, but future role as European hub is unclear**

While the UK has faced short-term challenges over low interest rates (relative to the US), the Brexit decision poses a threat to the long-term attractiveness of the UK. Brexit is seen as a significant negative for UK investment, and investment sovereigns with European interests questioned the future of the UK as an 'investment hub' for Europe, given uncertainty over taxes on imports and market access. Liquidity sovereigns also noted their concern that demand for UK government bonds would drop, challenging the liquidity of their holdings.

Despite this negative sentiment, UK allocations remain relatively stable with stated declines likely linked to currency fluctuations rather than withdrawal, as demonstrated in figure 9. Furthermore, the fall in value of the pound has led to a rally in UK stocks as export-linked businesses benefit from more competitive pricing. The low value of the pound also allows UK asset managers to offer their services at a discount to international competitors. This low entry price into the UK represents an opportunity for UK managers who can demonstrate local market expertise and robust currency hedging processes to international sovereign investors.

There has also been a demonstration of ongoing sovereign commitment to long-term alternative investments in the UK. Many sovereigns noted that they were unlikely to cancel UK real estate assets in the near future and there have been several high-profile statements of renewed commitment to UK infrastructure investments following the Brexit decision, including Thames Water and Heathrow Airport. However, respondents noted that these are long-term investments which are unlikely to move until the outlook of the UK as a preferred investment destination (comparable to the US or Germany) becomes clearer.

Fig 9. Exchange rate, geographic allocations to the UK (% AUM)

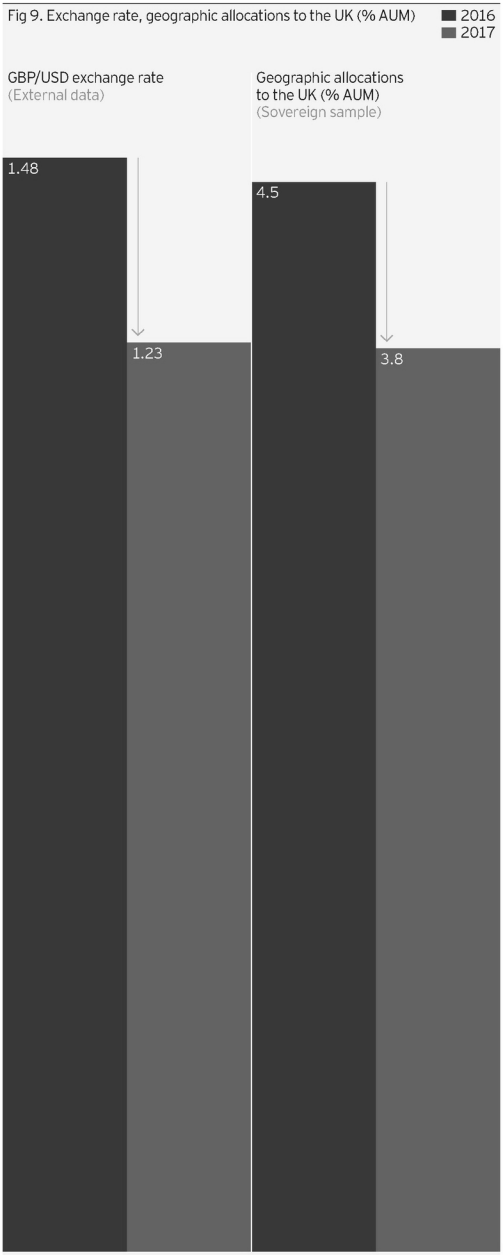


LHS: Source - XE currency data. Data as of beginning of given year. RHS: Sample is based on sovereign investors and excludes central banks. Data is not weighted by AUM.
Sample: 2016=55, 2017=57.



HOUSE_OVERSIGHT_026697

**Positivity towards Germany amidst concerns for Continental Europe**

Brexit has raised awareness of the related threat of wider EU disbandment, although this has had a relatively small effect on Continental European allocations on the whole (from 12.8% of AUM in 2016 to 11.2% in 2017). Instead, it has caused sovereigns to focus on the more stable countries within the EU.

Sovereign investments in Germany have increased based on its economic strength (with its attractiveness increasing year-on-year in figure 10), and many respondents attribute this to Germany's industrial sector (an estimated 30.3% of GDP relative to 19.2% in the UK, 19.4% in France and 23.9% in Italy). However, investment sovereigns identified German financial markets as an area of potential growth post-Brexit, offering a stable platform for investments across Europe. Furthermore, liability sovereigns explained that if the eurozone were to disband, Germany's role as the financial hub of Europe would have significant upside for the German currency, with many funds building currency hedging strategies to take this into account.

Fig 10. Attractiveness of continental European markets to sovereign investors

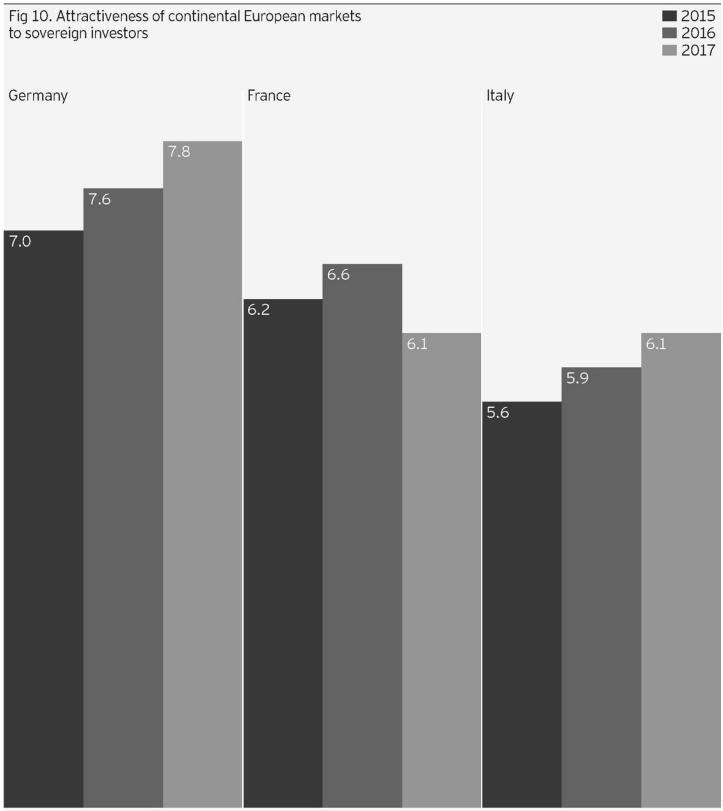


Sample is based on sovereign investors and excludes central banks.
Rating on a scale from 1 to 10 where 10 is the most attractive. Rating scored as of Q1 of the given years.
Sample: 2015=26, 2016=44, 2017=58.

Germany is seen as a stable platform for investments across Europe.



HOUSE_OVERSIGHT_026698

**Sovereigns see potential in Indian private markets**
Despite tactical switching between developed markets, increasing investment into emerging markets remains a long-term strategic objective for many sovereigns (as stated in our 2016 report). Stock markets have relatively small coverage of emerging market economies, driving greater emphasis on illiquid real asset categories. In fact, many sovereigns use infrastructure deals to manage near-term macro and geopolitical risk, as outlined in our 2015 study. However, challenging placement dynamics and uncertainty over commodity prices mean sovereigns are being more selective in their emerging market investments, focusing on the identification of high-growth markets.

While many emerging markets have struggled with slow commodity price recovery and political instability, India has experienced consistent growth in GDP (figure 11). However, India's economic structure is complex and publicly listed investments have relatively low coverage of the wider economy (with stock market capitalisation 65% of GDP in India, relative to 146% in the US and 112% in the UK). Indeed, many sovereigns are focusing on opportunities within Indian private equity (as seen in India's increasing private sector attractiveness in figure 12), seeking returns from its rapid urbanisation.

Typically, in emerging markets sovereigns have faced considerable regulatory and governance challenges to direct private equity investment, leading them to seek assistance from external managers. However, in 2016 India introduced reforms to foreign direct investment, loosening government restrictions on investment in certain sectors, with wider reform expected in 2017. This has enabled large investment and liability sovereigns to invest heavily in Indian private equity, and many funds are developing internal management expertise based in India to have greater access and control over private equity investments.

Despite sovereign desire to invest directly in Indian private equity, the development of local management capability is often complex and deployment of assets to meet targets will be lengthy. While concerns remain over governance and liquidity of private equity investments in emerging markets, sovereigns note that local management teams are best equipped to deal with these concerns.

Fig 11. Gross domestic product of emerging markets (US$, trillions)

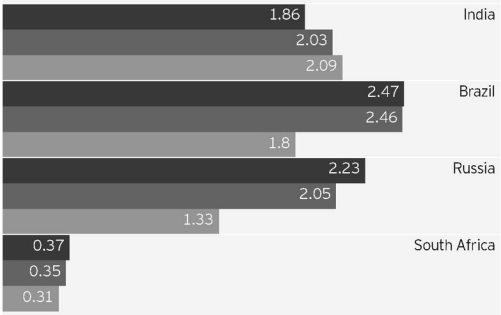


Source: World Bank Data - GDP (Current US$) data as at 17 April 2017.

Fig 12. Opportunity of Indian private sector and attractiveness of India to sovereign investors

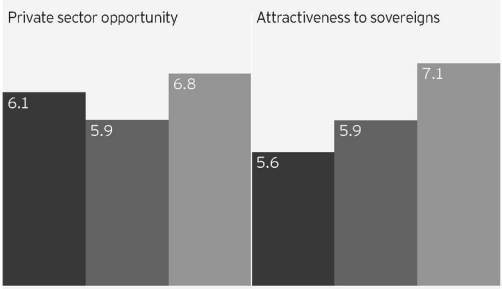


Sample is based on sovereign investors and excludes central banks.
Rating on a scale from 1 to 10 where 10 is the most opportunistic/attractive. Rating scored as of Q1 of the given years.
Sample: 2015=26, 2016=44, 2017=58.



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Fig 13. Geographic allocations to home market (% AUM)

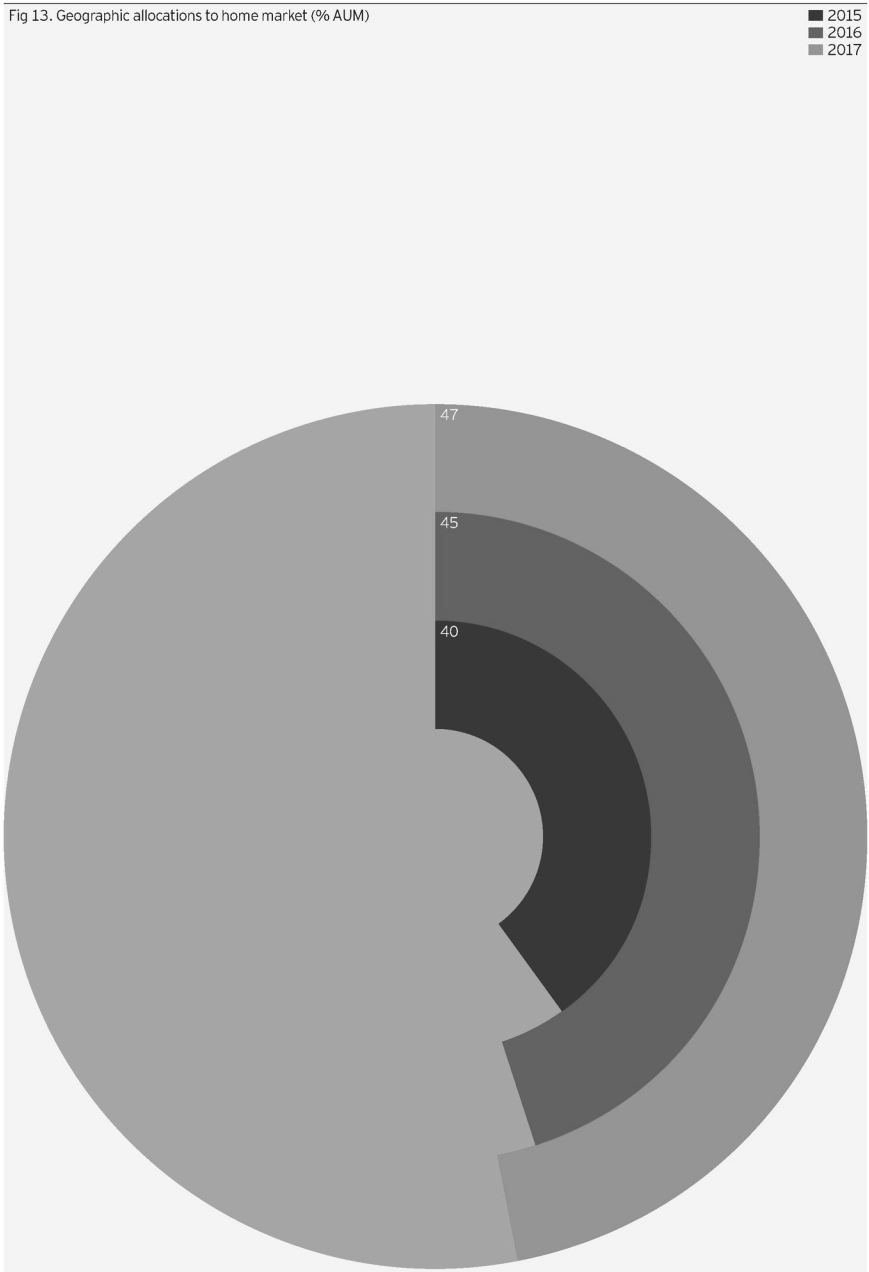


Sample is based on sovereign investors and excludes central banks. Data is not weighted by AUM.
Sample: 2015=39, 2016=55, 2017=57.



HOUSE_OVERSIGHT_026700

**Home market investment allows for greater internalisation and reduced hedging costs**
Given recent increases in the likelihood of outflows, figure 13 shows how sovereigns are growing their focus on home market allocations to reduce foreign currency exposure. While home market investment aligns to greater internalisation, it also grows correlations between sovereign portfolio performance and local economic performance. Since sovereign funding is also heavily dependent on the local market, sovereigns are at risk of increasing cashflow strains (from both investment returns and new funding) when the local economy underperforms.

**Sovereigns may need to revert to greater geographic diversification, at the cost of short-term returns**
The combination of continuing home market tilts, along with a concentration in a small number of 'safe havens', threatens to squeeze allocations to markets that lack clear growth or stability attributes. As the granularity of geopolitical risk models increases, sovereigns are at risk of being overly selective in their geographic investments and becoming dependent on single markets within geographic regions.

However, many of the driving forces behind concentrated geographic allocations are unlikely to last. Interest rate disparity in developed markets is expected to reduce if European and Japanese quantitative tightening begins, suggesting that increased fixed income allocations to the US are tactical. Similarly, while growing emerging market allocations is a strategic initiative, India has been targeted due to its recent economic growth, relative to other major emerging markets.

While sovereigns are willing to be overweight individual countries to capture additional returns (either through short-term tactical allocations or greater internalisation), they may shift their focus back to managing risk across diverse geographic allocations, fulfilling their aim to make government reserves independent of local economic performance.

These is an inherent risk in overcommitting to individual markets.



HOUSE_OVERSIGHT_026701

**Attraction to real estate for matching and flexible participation**

Sovereigns are increasing allocations to high-quality direct real estate given perceived return, matching and flexibility attributes.

3

Trains arriving at Liège-Guillemins train Station by Santiago Calatrava, Belgium

**Real estate is perceived as attractive based on supply of investment opportunities**

In last year's report, we monitored sovereign investment in real estate, with its perceived superior supply-side dynamics relative to other real asset and alternative categories. While asset allocation shifts have slowed this year, the trend towards real estate has accelerated, driven by capacity for sovereign investment. For example, it is noted that while relatively few countries offer private investors access to a wide range of investment-grade infrastructure investments, there is broad access to commercial and office sectors across major developed and emerging markets, causing sovereigns to cite real estate as the asset class with the fewest execution challenges (figure 14).

Furthermore, investment sovereigns with large internal teams noted that real estate was unique in its scope for greenfield investment. Sovereigns continue to develop internal asset management capability in real estate (figure 15 highlights the high levels on internal management within real estate), enabling them to generate investment opportunities themselves, rather than source and compete for real estate deals with other investors. In an environment where challenges executing against target real asset and alternative allocations drag on investment returns, supply depth is a key differentiator for real estate.

Target illiquid alternative allocations have increased, despite deployment challenges.

Fig 14. Underweight asset classes due to execution challenges (% citations)

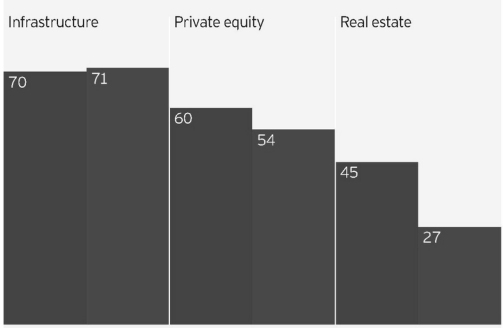


Sample is based on sovereign investors and excludes central banks.
Sample: 2016=20, 2017=41.

Fig 15. Internal management of international illiquid alternatives (% AUM)

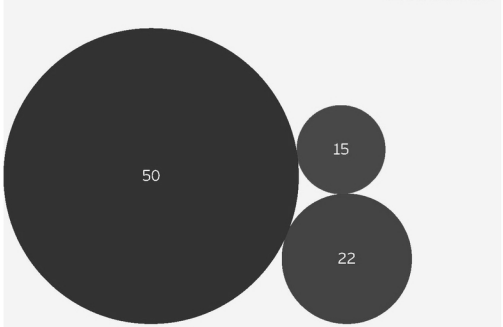


Sample is based on sovereign investors and excludes central banks. Data is not weighted by AUM.
Sample: Real estate=31, Private equity=26 Infrastructure=24.



HOUSE_OVERSIGHT_026704

**Real estate offers income generation and access optionality**

This year, sovereigns cited a range of reasons for increasing target real estate allocations, including the scope to capture liquidity alpha, the potential to generate income matching mid- to long-term liabilities and the potential for internalisation and control. With lower interest rates, lower funding commitments to sovereigns and a lack of appetite to vary asset allocations, the potential for leveraged participation in real estate (equity and debt) appeals to sovereigns seeking alternative means of scaling 'frozen' asset allocation to match liabilities.

In addition, while there are few alternatives to third-party management and fee structures across infrastructure and private equity (with co-investment in many cases challenged by fund governance and risk appetite), sovereigns have a broad range of options to participate in the development, acquisition and management of real estate. Indeed, there was no consensus among sovereigns on the best placed real estate manager, with internal and external managers, developers and operators cited as preferred real estate partners in figure 16. Sovereigns are also attracted to the flexibility of real estate value chain participation as it reduces upfront funding commitments and allows for a gradual internalisation of expertise and resource.

Low fixed income yields means sovereigns are beginning to view property as a reliable source of income.

Fig 16. Preferred manager for real estate investments (% citations)

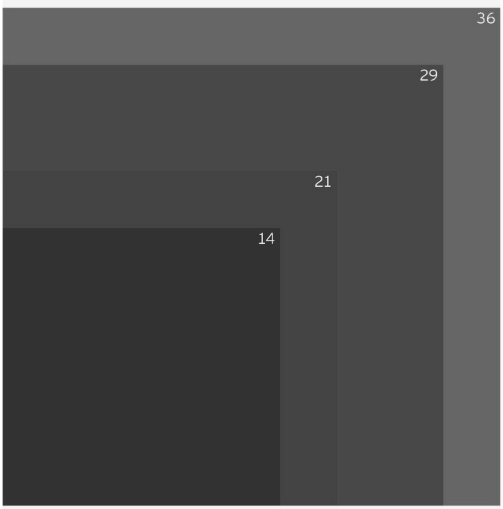


Sample is based on sovereign investors and excludes central banks. Sample=28.



HOUSE_OVERSIGHT_026705

Fig 17. Allocations to international and home market real estate (% AUM)

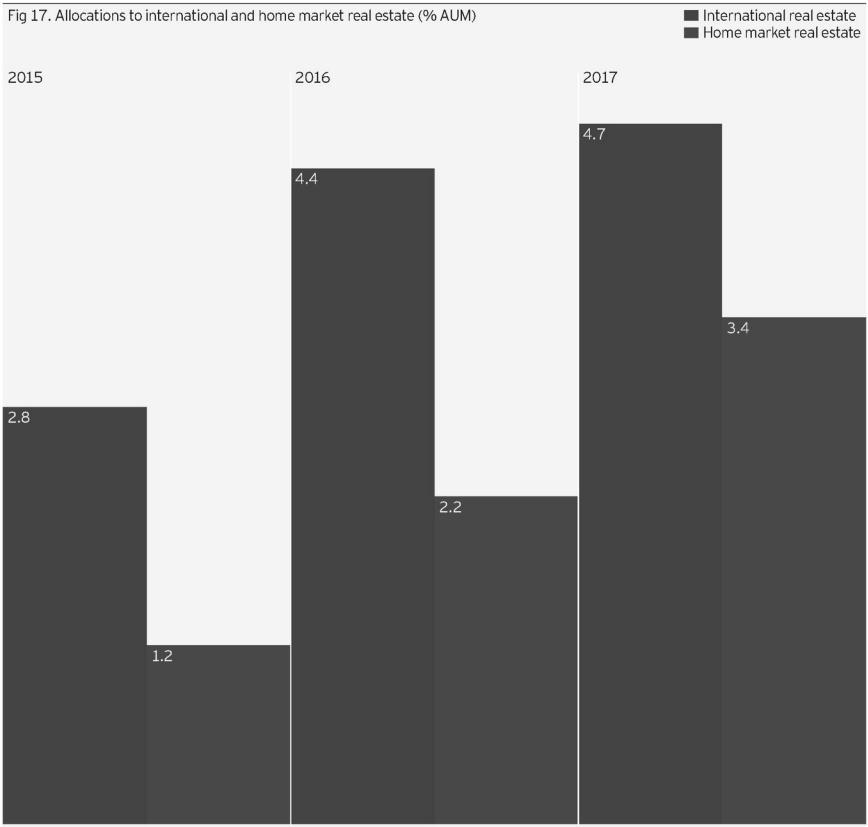


Sample is based on sovereign investors and excludes central banks. Data is not weighted by AUM.
Sample: 2015=44, 2016=57, 2017=62.

Fig 18. Primary factor driving real estate investment (% citations)

Sample is based on sovereign investors and excludes central banks.
Sample=33.



HOUSE_OVERSIGHT_026706

**Property allocations are concentrated in 'home market' to match liabilities**

While real estate allocations account for a small portion of sovereign portfolios, there has been significant relative growth in allocations, particularly in sovereign home markets (figure 17).

Home market real estate is attractive for liability and investment sovereigns, as there is no need to hedge currency exposure, as outlined in theme 2. The increase in home market allocations is mirrored in sovereign appetite for income-generating real estate assets (with yield generation the lead factor for increased allocations shown in figure 18), matching home currency-denominated liabilities at higher yields than domestic fixed income. Consequently, the tilt to real estate in home markets is substantially funded from lower allocations to fixed income (figure 19). Home market allocations also benefited from the trend to internalisation of real asset management. With limited capability to source and manage real estate globally, sovereigns noted that internal investment teams focused more on the local market, particularly in respect of greenfield or residential investments. Domestic real estate investment was greatest among Western and Asian sovereigns (4.9% and 3.1% of assets respectively), due to the depth of high-quality domestic real estate markets. Home markets were viewed as more familiar and accessible; there was a view that proximity facilitated oversight and control, which in turn afforded greater comfort in higher risk categories. Many respondents were also more confident in their ability to pitch for real estate deals locally, given the positive reputation of sovereign investors.

Fig 19. Primary source of funds for new real estate investments (% citations)

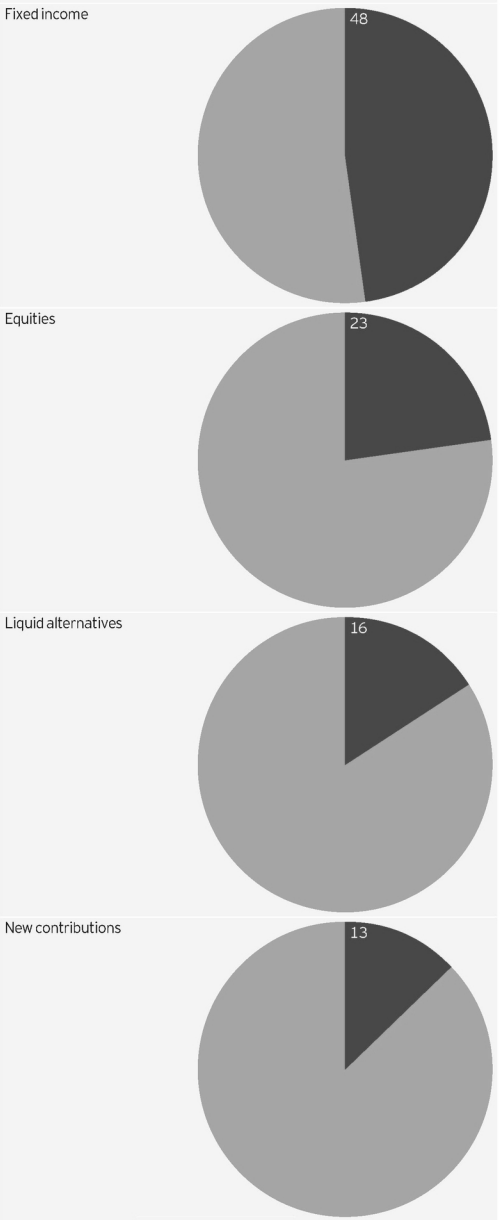


Sample is based on sovereign investors and excludes central banks.
Sample=31.



HOUSE_OVERSIGHT_026707

**International real estate focused on key markets with potential for long-term investment**
International real estate allocations also grew in the period to 2016, though at a lower rate than home market. Sovereigns reported that increased international allocations in many cases represented tactical factors such as restrictions in domestic market or challenges achieving target allocations in infrastructure or private equity.

As a result, increases in international allocations were relatively concentrated in terms of asset quality (tier-1 assets offering a comparable return profile of private equity and infrastructure). This has led sovereigns to expect greater growth in high grade office and commercial real estate (figure 20), with long-term tenancies underpinning income generation, over industrial or residential categories which offer asset growth and development potential.

The importance of quality to international real estate allocations is also evident in geographic allocations. Sovereigns prefer 'safe haven' markets such as North America and Western Europe when investing in overseas real estate, with developed markets leading sovereign citations for preferred real estate locations shown in figure 21.

**Sovereigns acknowledged the benefits of external asset managers, particularly for international allocations**
The success of domestic real estate investments in matching liabilities and the scope to capture liquidity alpha through internal models is reflected in the pace of home market allocations over the past three years. However, looking forward sovereigns appreciate that further increases may be constrained by asset allocation or the maturity and depth of the local market. Many sovereigns also noted that there were risks associated with further internal investment in home market real estate:

- Despite a focus on high-quality assets, liquidity is a challenge for real estate investors and many sovereigns are approaching limits on the size of their investments
- Growing internalisation leaves sovereigns without third-party support in governance and compliance for their real estate investments
- If interest rates rise, demand for real estate is expected to slow, with implications for both asset pricing and liquidity

However, on the assumption that interest rates globally remain lower near-term, we expect that sovereign demand for real estate will grow faster than sovereigns are willing or able to deploy to home markets. As a result, we expect that over the next three years allocations to international markets will grow, and diversification outside preferred geographies and classes will accelerate. Despite success in greenfield investing in their home market, sovereigns are less able to influence supply of real estate opportunities overseas, providing an opportunity for external asset managers to support sovereigns in sourcing and managing real estate deals.

Developed market sovereigns have access to a wide range of high-quality domestic real estate assets.

Fig 20. Future increase in real estate sub-asset class allocations (% citations)

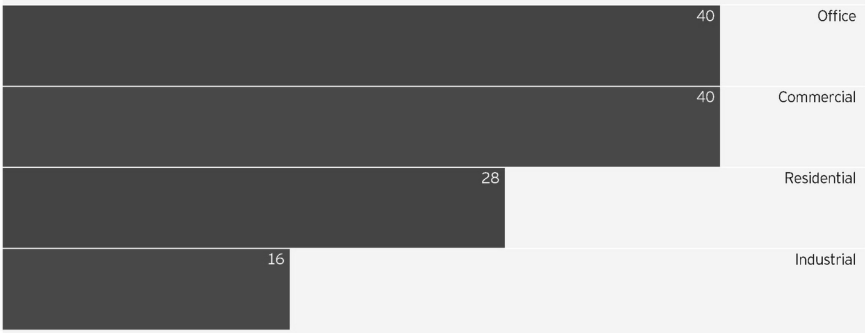


Sample is based on sovereign investors and excludes central banks.
Sample=25.



HOUSE_OVERSIGHT_026708

Fig 21. Preferred location for real estate investments (% citations)

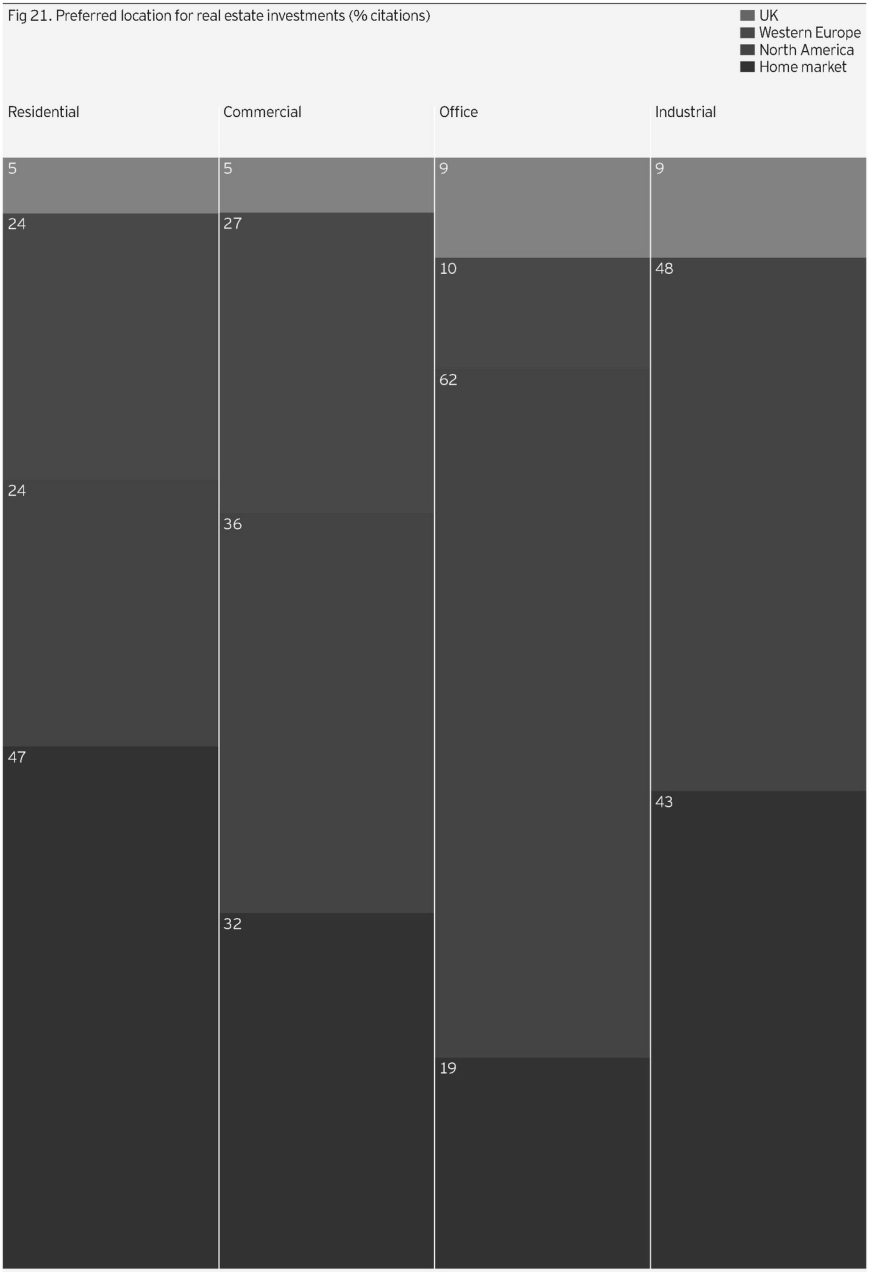


Sample is based on sovereign investors and excludes central banks.
Sample=22.



HOUSE_OVERSIGHT_026709

**Environmental, social and governance (ESG) growth dependent on performance data**

Perspectives on ESG are polarised with supporters moving to further embed and integrate ESG in investment processes while non-supporters wait for evidence of investment implications.

4

The Hoover Dam on the Colorado River, Arizona, US

**In the absence of long-term risk and performance data, the role of ESG is unclear for many sovereigns**
Environmental, social and governance (ESG) investing looks to incorporate ethics and sustainability into the investment process. Sovereigns are well placed to implement ESG strategies (or component sub-strategies) due to their scale, reach, size and long-term orientation. In addition, many investment and liability sovereigns have a clear basis to consider sustainability factors in delivering their objectives, given their own mandates and through their growing internal management capability.

However, contrary to early expectations, uptake of ESG practices appears to be less broad than initially anticipated. On the one hand, established sovereigns across Europe, Canada and Australia have been pivotal to the evolution of ESG investing among institutional investors. Many of these sovereigns were crucial in the development of sovereign investment strategies over past decades, and continue to have high levels of influence over sovereign models globally relative to their size. Against this, funds in the US and emerging markets have been reluctant to commit to ESG (figure 22) in the absence of objective data on the investment risk/return trade-offs implicit in these strategies.

While uptake of ESG has not increased in line with historical expectations, there is a clear appetite for perspectives and analysis from adopters, asset managers and academics. In fact, among institutional investors globally ESG is cited as the most important area for thought leadership (NMG's Global Asset Management Study 2017), highlighting investor demand for greater understanding.

**Qualified support for 'environmental' and 'social' screens given reputational risks of non-adoption, however further commitment depends on emerging evidence of investment implications**
For sovereigns looking to adopt ESG investing, the most common step is to introduce negative screens on managers and securities which fall below ethical standards (figure 23). This process lends itself to environmental and social factors, given growing levels of disclosure of carbon footprint and employee diversity within public markets. Indeed, environmental factors are among the ESG issues of greatest importance to sovereigns shown in figure 24.

Certain sovereigns noted that negative environmental and social screens can be simply inserted into the investment process as an extra step within security selection, with minimal additional costs of management and expertise. Respondents also stated that the measurement of the investment impact of negative screens was simple, as the social investment strategy was most often constructed from a fully inclusive benchmark.

Despite some non-users citing analysis showing the negative effect of ESG screening strategies on short-term returns, there was a sense among interviewees that greater levels of disclosure increased reputational risk of non-adoption relative to high-profile ESG adopters.

ESG adoption has been driven by established sovereigns across Europe, Canada and Australia.



HOUSE_OVERSIGHT_026712

Fig 22. Sovereign adoption of ESG factors (% citations)

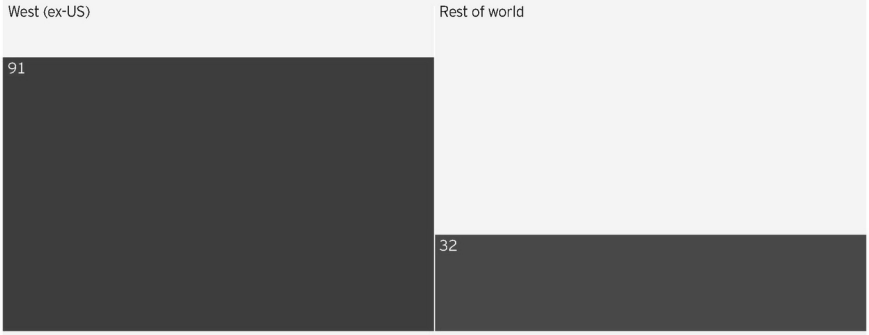


Sample is based on sovereign investors and excludes central banks.
Sample: West (ex-US)=11, Rest of world=44.

Fig 23. ESG screen usage (% citations, ESG users)

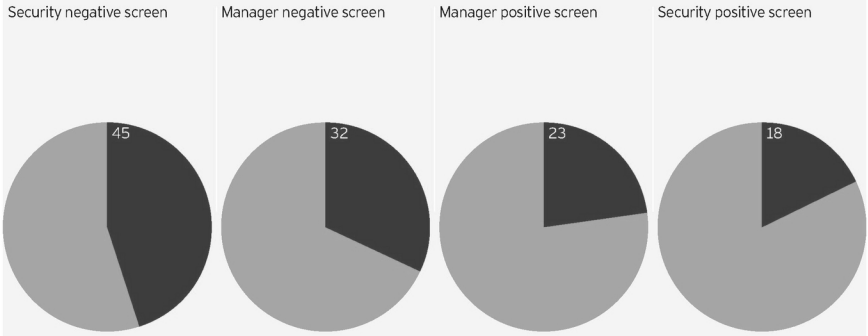


Sample is based on sovereign investors and excludes central banks. Multiple responses.
Sample=22.

Fig 24. ESG issue importance (ESG users)

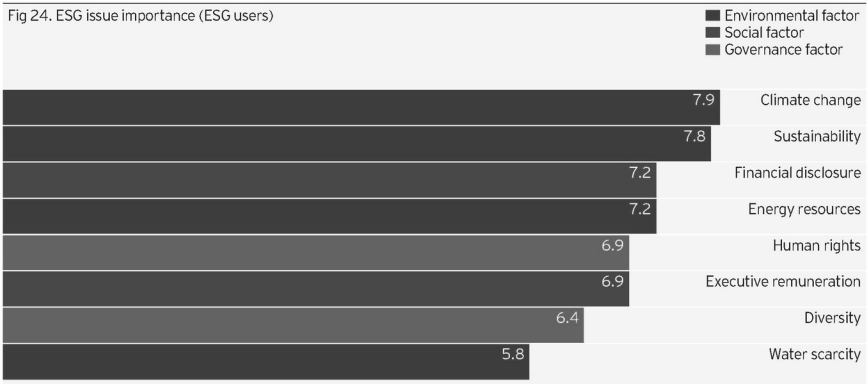


Sample is based on sovereign investors and excludes central banks. Rating on a scale from 1 to 10 where 10 is the most important. Rating scored as of Q1 of the given year.
Sample=22.



HOUSE_OVERSIGHT_026713

Fig 25. Current approach to investment management by size of assets (% citations, ESG users)

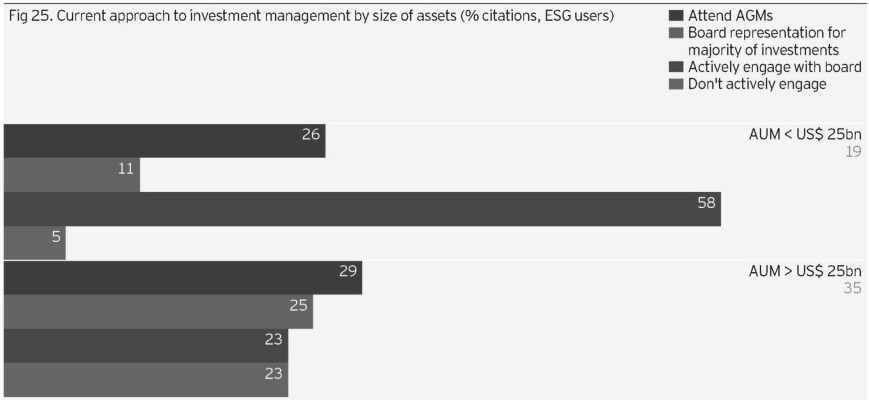


Sample is based on sovereign investors and excludes central banks. Sample sizes shown in grey.

Fig 26. Effect of ESG on investment costs/long-term returns (% citations, ESG users)

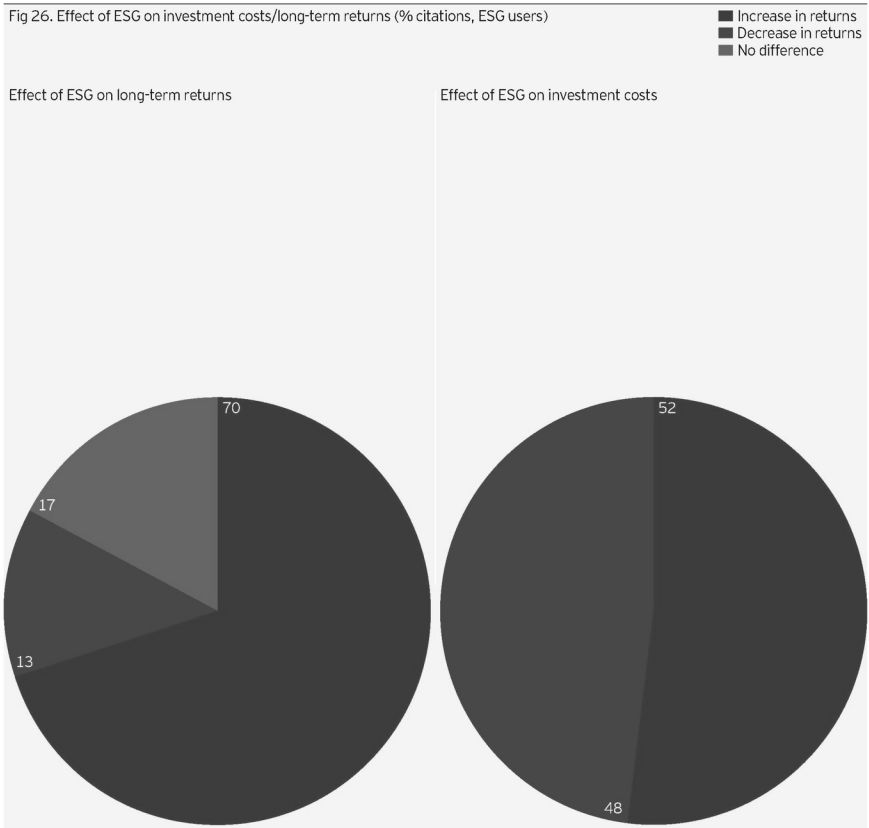


Sample is based on sovereign investors and excludes central banks.
Sample=25.



HOUSE_OVERSIGHT_026714

**Leading adopters are embedding governance-based engagement, with an expectation of improved long-term returns**

While non-adopters wait on the evidence of ESG investment outcomes, leading adopters are moving further down the path of integrating ESG principles into investment allocation and management decisions, including through active engagement with or participation in investee company decision-making. Larger sovereigns with internal asset management capability were most confident in their ability to execute their ESG strategies, due to their higher levels of engagement with their investments (figure 25). These larger sovereigns noted that direct engagement benefits substantially outweighed the cost of external advisers and representation; notably

- The largest sovereigns drew a clear line from long-term investor influence on corporate structure and executive remuneration to 'active' investment performance through the cycle
- Sovereigns felt able to better represent the interest of government or non-government stakeholders through direct engagement
- Finally, for sovereigns committed to ESG, direct governance engagement provided a mechanism to proactively drive an ESG agenda in future investment and management decision-making

**Future uptake of ESG integration requires more performance data, while growth in active ownership requires third-party assistance**

The adoption of negative screens is encouraging for ESG advocates; however, the majority of current non-adopters are unwilling to move further in the absence of strong objective evidence of positive investment risk/return outcomes from ESG investing relative to cost. ESG adopters overwhelmingly observe a positive differential in long-term returns (with 70% of respondents perceiving an increase in returns from ESG as seen in figure 26), and many adopters explained that they were seeking to integrate systematic ESG risk measurement into the investment process. However, ESG user and non-user respondents acknowledge that there is a need for robust data on integrated ESG strategies, which can only be addressed through continued measurement of the impact on performance.

Despite uncertainties around the impact of ESG integration, there is a growing consensus among all respondents on the positive effect of governance on investment returns. However, there are many challenges to developing and managing an active ownership strategy:

- Many sovereigns have not defined their governance principles and were wary of demanding levels of transparency from their investees that the sovereign fund itself did not provide
- The adoption of active ownership requires hiring subject matter experts, and many investment sovereign respondents were intent on using recruitment budget to expand internal investment teams
- Certain sovereigns did not hold shareholder voting rights across the majority of their securities and were wary of the costs involved in switching these investments for those with voting rights
- Many respondents stated that they were challenged by lack of engagement from consultants and asset managers

While smaller sovereigns have been dissuaded from investment engagement by these cost restraints, evidence of benefits in returns and representation of sovereign interests will be key in driving greater uptake of sovereign active ownership. With some sovereigns looking internally to invest, based on the ability to embed government-based engagement, asset managers must respond by offering sovereigns the opportunity participate in the stewardship of companies by means of voting rights.

There is a need for robust data on the performance of integrated ESG strategies.



HOUSE_OVERSIGHT_026715

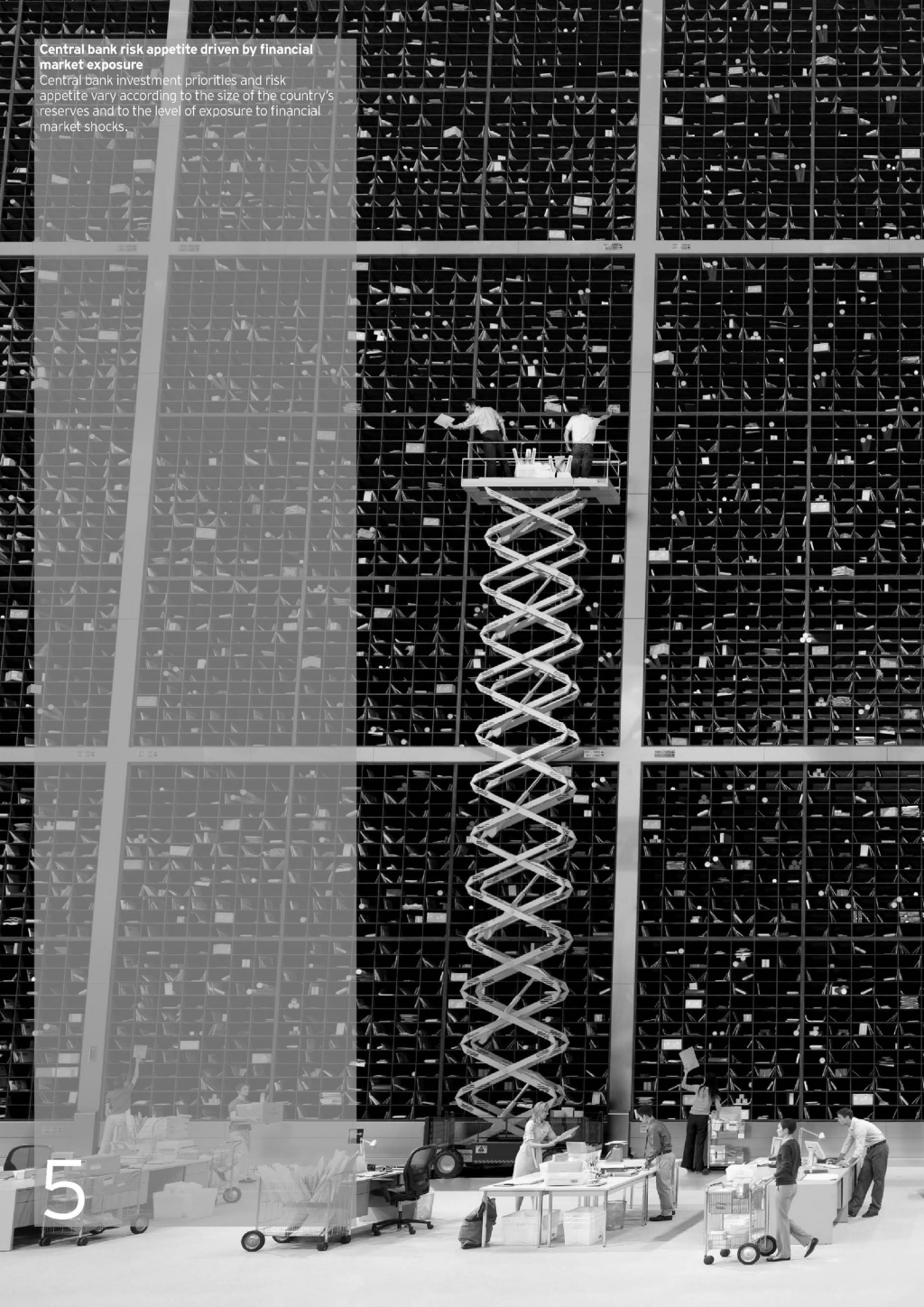

**Central bank risk appetite driven by financial market exposure**

Central bank investment priorities and risk appetite vary according to the size of the country's reserves and to the level of exposure to financial market shocks.

5

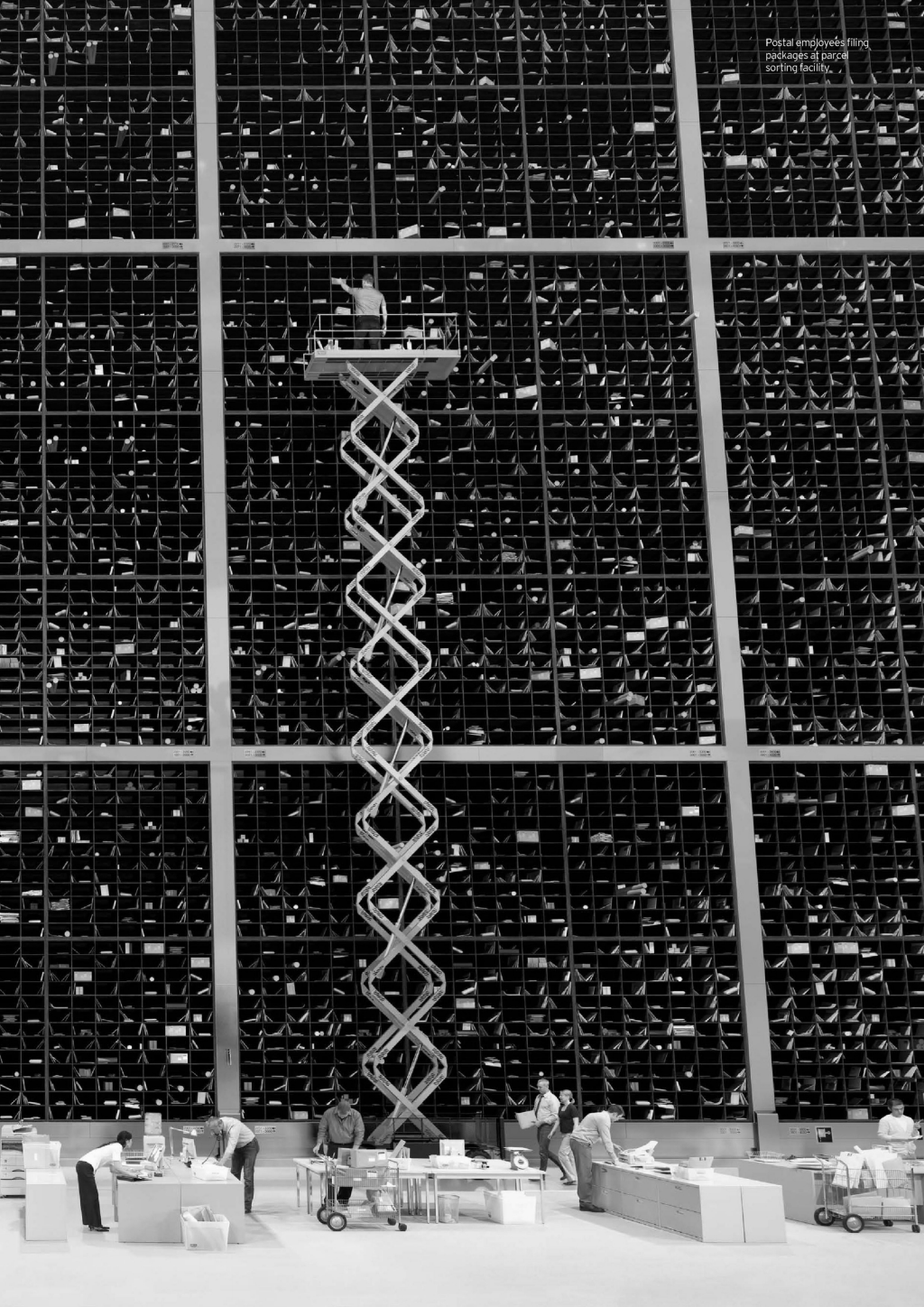

Postal employees filing packages at parcel sorting facility.

**While central bank investment tranches are in some ways comparable to sovereign portfolios, they are differentiated by the former's broader market functions**

While there are similarities in the approach taken to investment tranches (in terms of risk asset allocation and development of internal capability), central banks have a broader set of functions, including local market money supply, the role of lender of last resort and currency exchange rate regime management. These factors have considerable influence over investment strategy and capacity, and differentiate central banks from sovereign investors.

In last year's report, we focused on emerging market (EM) central banks due to their increasing use of investment tranches (reserves sub-portfolios which prioritise investment return over liquidity), which have similar allocations to sovereign investor portfolios. We noted that many of the respondent banks were moving up the risk spectrum in response to achieving capital preservation in the face of low and negative yields, and that reserve managers were allocating higher levels of reserves to the investment tranche. We explore how central banks in developed markets with low financial market exposure have followed emerging market reserve managers up the risk spectrum.

**Low banking sector exposure is accompanied by lesser build-up in the levels of reserves and a growing appetite for risk assets**

In this year's report, we have expanded our central bank sample and segmented the central bank universe into developed and emerging markets to understand differences in strategy and pace of change with respect to investment tranches. Within developed market central banks, we further segmented them into two categories: those with high exposure to financial markets (DM High FME) and those with low exposure (DM Low FME[1]). We summarise these classifications in figure 27.

While there are various means of calculating reserves adequacy (with import coverage and short-term debt coverage most frequently cited in figure 28), all measures link level of reserves to potential drawdown of funds. Following the Global Financial Crisis of 2008, DM High FME central banks increased estimates of the likelihood and size of potential drawdowns, increasing the level of reserves over the intervening years to better equip themselves as 'lenders of last resort'. In 2016, this trend continued with DM High FME central banks increasing reserves more rapidly than DM Low FME and EM (figure 29). DM High FME reserve managers rely on these large net inflows to maintain high levels of liquidity (with 67% of respondents describing reserves as 'ample' in figure 30), and focus less on capital preservation and investment returns. Furthermore, reserve managers in High FME markets noted that they are unwilling to invest in risk assets such as equities or asset-backed securities as they are seeking to diversify (not correlate) their reserves from local financial market shocks.

[1]Measure of financial exposure based on World Bank Global Financial Development – Private credit by deposit money banks and other financial institutions to GDP (%), 24 June 2016.

Fig 27. Central bank segmentation

| | High financial market dependency (DM High FME) | Low financial market dependency (DM Low FME) | Emerging markets (EM) |
|---|---|---|---|
| Market economic maturity | High | High | Medium |
| Financial market/GDP (%) | High | Medium/Low | Medium/Low |
| Foreign reserves new flows | High | Medium | Low |
| Reserves adequacy | High | High/Medium | Medium |
| Foreign reserves risk appetite | Low | Medium | High |



HOUSE_OVERSIGHT_026718

Fig 28. Factors used to calculate reserve adequacy (% citations)

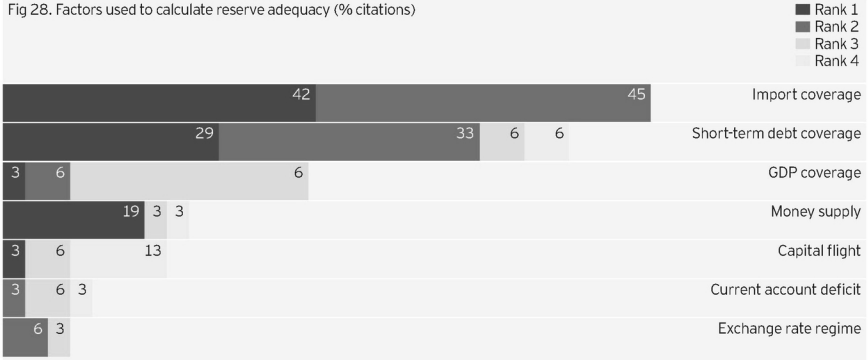


Sample comprises of central banks only. Key denotes each factors' level of importance according to central banks. Rankings split into four categories in descending order with rank 1=most important. Rating scored as of Q1 of the given year.
Sample=31.

Fig 29. Net increase in foreign currency reserves (% AUM)

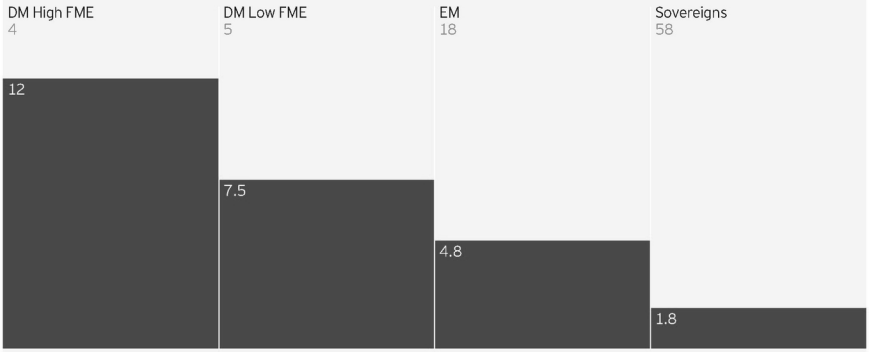


Sample size shown in grey. DM High FME=High financial market dependency. DM Low FME=Low financial market dependency.

Fig 30. Level of reserves adequacy (% citations)

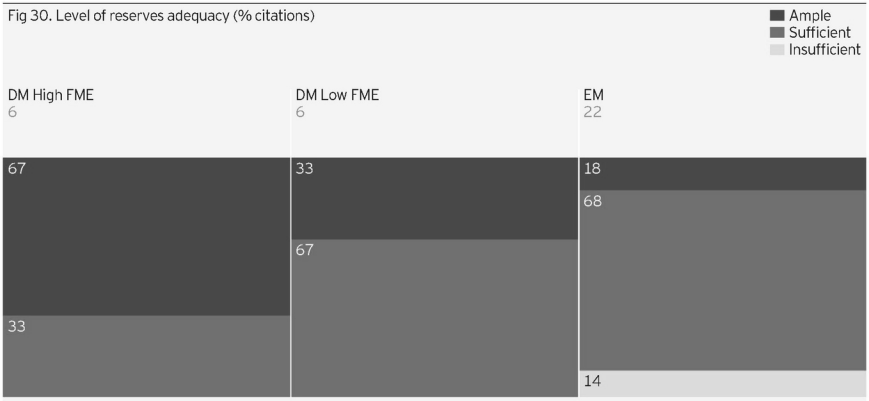


Sample comprises of central banks only. Sample size shown in grey.



HOUSE_OVERSIGHT_026719

Due to the lower capitalisation of local stock and bond markets, economic performance in DM Low FME countries is relatively less vulnerable to financial shocks than in DM High FME markets, giving Low FME central banks greater freedom to invest in higher risk asset classes. Furthermore, whereas most High FME central banks self-assess 'ample' reserves adequacy, the majority of Low FME central bank respondents describe reserve levels as 'sufficient', and are therefore more likely to seek higher returns through the investment tranche to improve their long-term reserves adequacy position (figure 31).

Typically, emerging market central banks have the lowest levels of reserves adequacy due in large part to greater vulnerability to foreign shocks. Indeed, certain emerging market central banks with a currency peg noted that falling commodity prices had created pressure on the local currency, causing a drawdown of foreign reserves to maintain the peg. Countries with more flexible exchange rate arrangements are instead seeking greater exposure to risk asset classes to generate positive returns to preserve capital and maintain reserves adequacy.

Fig 31. Investment tranche usage (% citations)

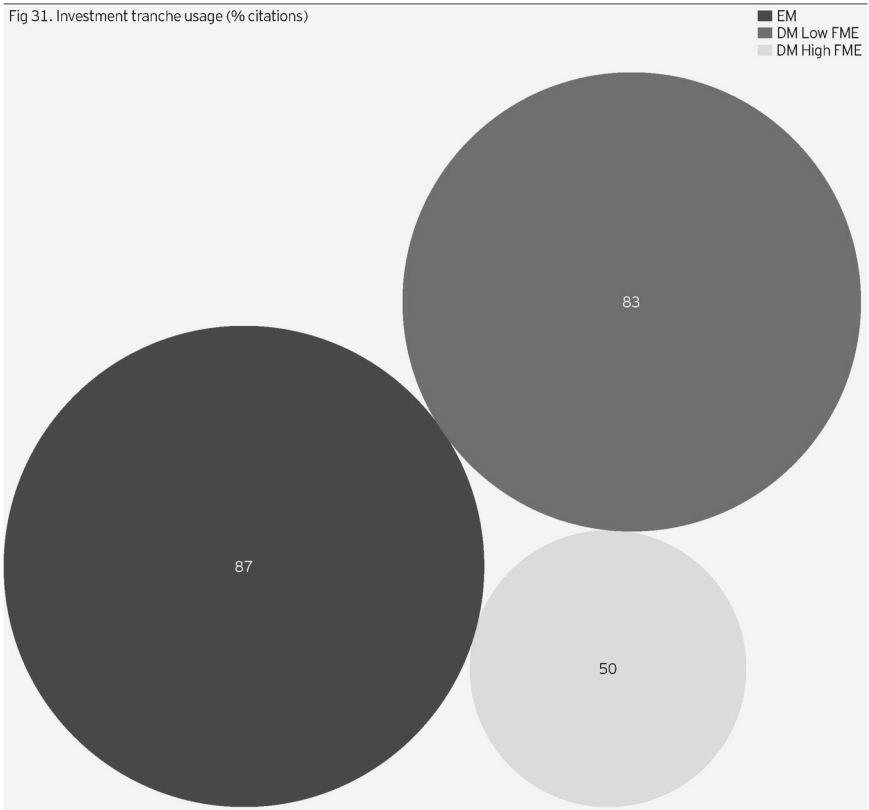


Sample comprises of central banks only.
Sample: DM High FME=6, DM Low FME=6 and EM=22. Note low sample.
DM High FME=High financial market dependency. DM Low FME=Low financial market dependency.



HOUSE_OVERSIGHT_026720

**Emerging market central banks have pioneered investment tranches to generate greater returns and developed markets are exploring their ability to follow suit**

In last year's report we identified that emerging market reserve managers were developing an investment tranche, to diversify away from low-yielding government bonds and generate better risk adjusted returns. This year, low interest rates again led EM central banks to increase the level of the investment tranche and invest in riskier asset classes, targeting higher returns over time to support future reserves adequacy. Additionally, certain emerging market central banks had recently relaxed fixed or managed exchange rate regimes, allowing for greater freedom to allocate reserves to the investment tranche.

As central banks (including DM Low FME) expand the size and risk asset exposure of the investment tranche, they also are assessing how to best manage risk, return and cost, particularly where higher levels of reserves and depth of internal resources support developing internal management expertise. Central banks have a range of resources available in making their assessments, including case studies and performance data from those EM central banks reaching the end of the first cycle of risk assessments, with many respondents indicating their willingness to share such information with peers. While we note the long timeline for the first generation of EM central banks to establish their investment tranches (an average of 22 months across our emerging market sample), the availability of peer support and information sharing has the potential to create a positive network effect supporting future implementations.

**Central banks acknowledge the need for external support as they move out the risk spectrum to corporate bonds and equities**

Typically, the development of the investment tranche starts with asset-backed securities (figure 32). The majority of central banks are comfortable managing investment grade government debt internally and perceive high grade asset-backed securities as comparable in terms of management requirements and risk profile.

However, reserve managers are moving up the risk curve, primarily seeking to increase allocations to equities and corporate bonds (figure 33). Many respondents acknowledged they do not yet have the necessary internal governance process or risk management capability to manage these investments internally. Respondents also noted that while reserves management peers were able to assist them in planning the development of the investment tranche, their support often lacked technical detail on investment governance and asset management infrastructure.

Emerging markets have led the development of the investment tranche due to the relative importance of capital preservation.

Fig 32. First investment tranche asset class (% citations)

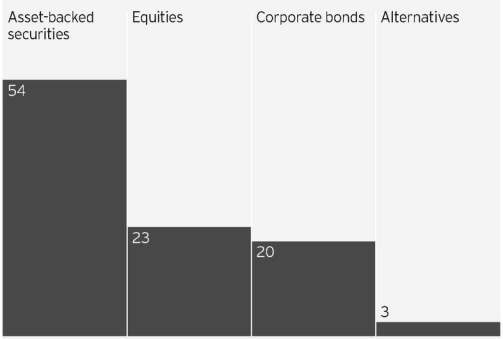


Sample comprises of central banks only.
Sample=30.

Fig 33. Investment tranche asset class future increase (% citations)

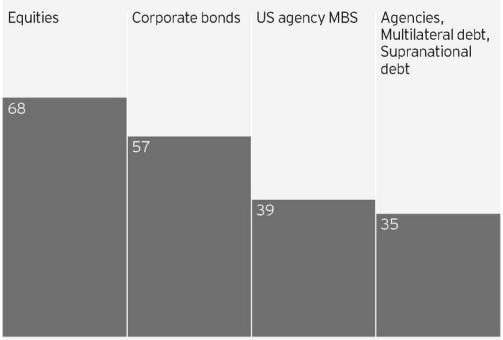


Sample comprises of central banks only.
Sample=30.



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**Central banks are seeking external assistance in building internal capability as well as for investment strategy and execution**

Central bank decisions on the allocation and risk profile of the investment tranche allocations are generally made internally. Reserves managers are seeking wider assistance in building internal investment frameworks to support their growing appetite for risk asset exposure, whether through asset management mandates or collaboration with academic and multi-lateral institutions such as the World Bank. Central banks will continue to look to external managers for their technical advisory and systems support (figure 34), as sovereigns have done over many years.

While 87% of central bank respondents use an asset manager within their entire reserves portfolio, there is less usage when building the first investment tranche (figure 35). This reflects a bias to first develop internal capacity before outsourcing to external asset managers for alpha generation and expansion into new asset classes. Central banks are reluctant to convert relationships into ongoing mandates until they have developed the capacity to oversee the risks incurred by external asset managers. Those that elect to allocate assets to external managers include requirements to continue supporting central banks in developing their own internal management capability. External managers must be patient and offer real value through transfer of experience, processes and technology, and must then have a sufficiently compelling value proposition to sustain a long-term commercial relationship.

Reserves managers are seeking assistance in building internal investment frameworks to support growing risk appetite.

Fig 34. Future asset manager support requirements (% citations, current users of external managers)

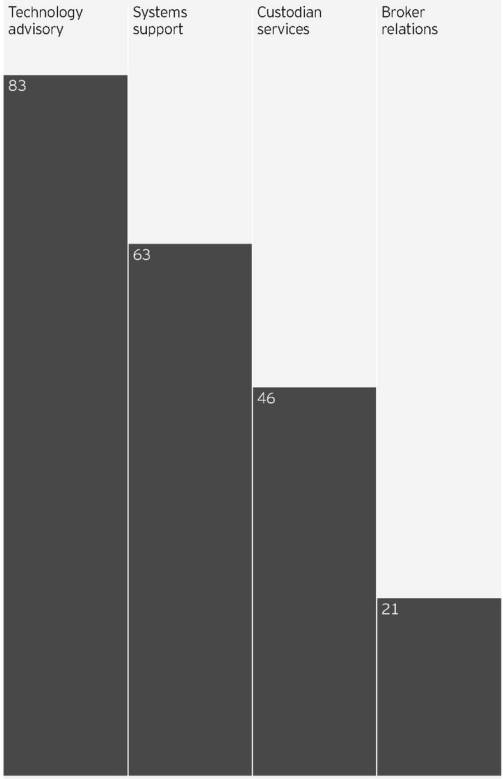


Sample comprises of central banks who use external managers to manage assets. Sample=24.



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Fig 35. Use of external asset managers (% citations)

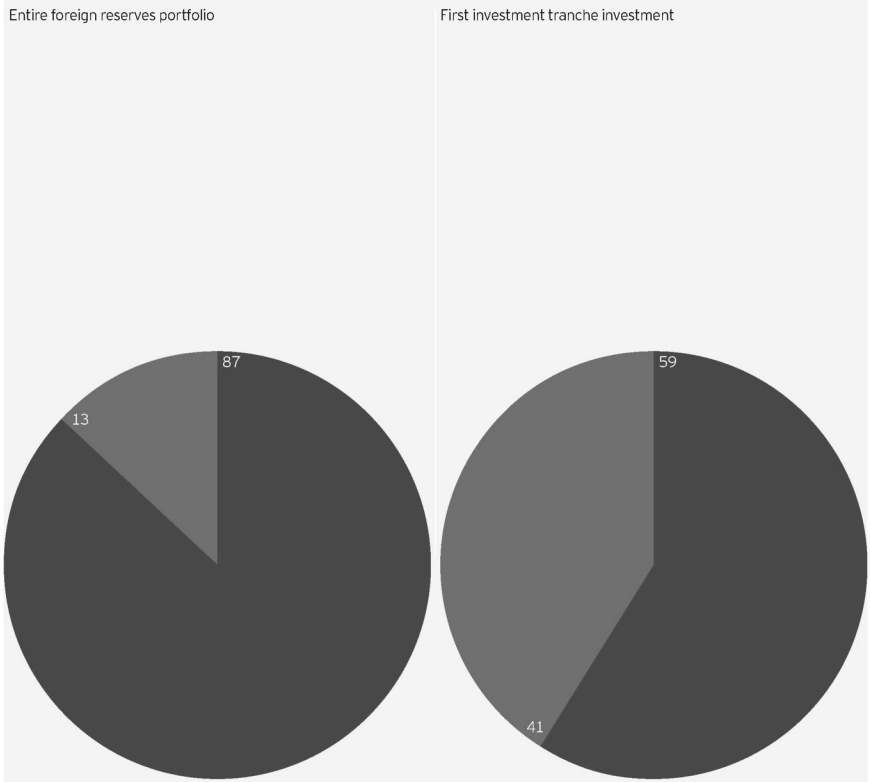


Samples comprise of central banks only.
LHS Sample=27. RHS Sample=31.



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Pixel Cloud installation in the atrium of an office building, London

**Sample and methodology**

The fieldwork for this study was conducted by NMG's strategy consulting practice. Invesco chose to engage a specialist independent firm to ensure high-quality objective results. Key components of the methodology included:

- A focus on the key decision makers within sovereign investors and central banks, conducting interviews using experienced consultants and offering market insights rather than financial incentives
- In-depth (typically one-hour) face-to-face interviews using a structured questionnaire to ensure quantitative as well as qualitative analytics were collected
- Analysis capturing investment preferences as well as actual investment allocations with a bias toward actual allocations over stated preferences
- Results interpreted by NMG's strategy team with relevant consulting experience in the global asset management sector

In 2017 we conducted interviews with 97 funds: 62 sovereign investors (compared to 59 in 2016) and 35 central bank reserve managers (18 in 2016). The 2017 sovereign investor sample is split into three core segmentation parameters (sovereign investor profile, region and size of assets under management) in figures 36 to 38. The 2017 central bank sample is broken down by segment in figure 39.

Fig 36. Sovereign investor sample

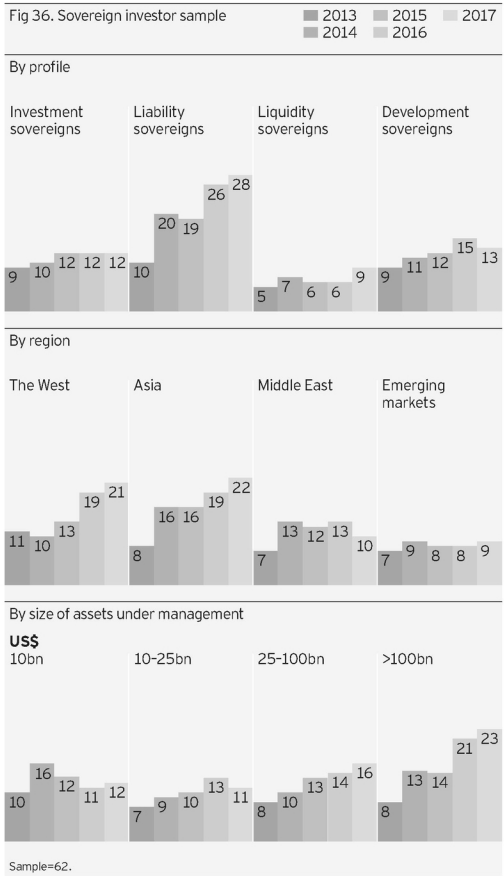


Sample=62.

Fig 37. Central bank sample by segment

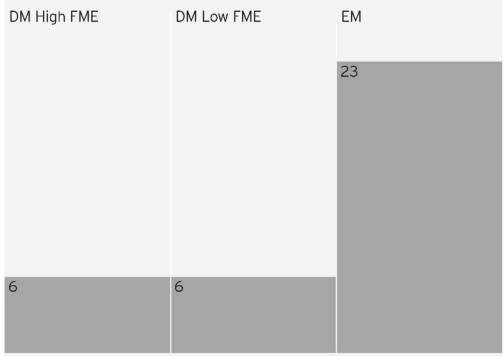


Sample=35.



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# "SURVIVING THE CENTURY'

The inaugural Carl Sagan Memorial Lecture
Cornell University, 8 May 2017

It's a great honour to give this Carl Sagan lecture. The ideas he stood for need proclaiming louder than ever today. We need an optimistic vision of life's destiny --- in this world, and perhaps far beyond it. We need to think globally, we need to think rationally, we need to think long-term. Carl's influence was immense, through his science and – most of all, through his eloquence and global outreach.
In this talk I'll try to address some themes that would have engaged him..

We've been familiar with this image [Earthrise] for nearly 50 years –it's iconic for environmentalists. .

But suppose some hypothetical aliens had been watching the Earth for its entire history, what would they have seen? Over nearly all that immense time, 4.5 billion years, things would have changed very gradually. The continents drifted; the ice cover waxed and waned; successive species emerged, evolved and became extinct.

But in just a tiny sliver of Earth's history - the last one millionth part, a few thousand years - the patterns of vegetation altered much faster than before. This signalled the start of agriculture. Changes in land-use accelerated as human populations rose.

Then came even faster changes. The carbon dioxide in the atmosphere began to rise anomalously fast. The planet became an intense emitter of radio waves. And something else unprecedented happened: small projectiles launched from the planet's surface escaped the biosphere completely. Some were propelled into orbits around the Earth; some journeyed to the Moon and planets.

If they understood astrophysics, the aliens could confidently predict that our biosphere would face doom in a few billion years when the Sun flares up and dies. But could they have predicted this unprecedented runaway fever -- less than half way through the Earth's life?

And what might they see if they watched for another century? Will this spasm be followed by silence? Or will stability ensue? And will more projectiles leave the Earth to establish oases of life elsewhere?

These are the questions I'll speculate about

Some years ago I wrote a book which I entitled 'Our Final Century ?' My publisher deleted the question-mark. The American publishers changed the title to 'Our Final

Hour'. (you Americans seek instant gratification – and the converse).

Its theme was that this century is special: it's the first when one species, ours, has the planet's future in its hands. We're deep in an era that's called the anthropocene. We have huge powers for good. We could trigger the transition from biological to electronic intelligences. But, on the other hand, we could irreversibly degrade the biosphere, And advanced technology, if misdirected, could cause a devastating setback to civilization.

We've had one lucky escape already.

At any time in the Cold War era -- when armament levels escalated beyond all reason --- the superpowers could have stumbled towards armageddon through muddle and miscalculation. The threat is only in abeyance and still looms over us.

Nuclear weapons are based on 20th century science. I'll focus later in my talk on 21st century sciences -- bio, cyber, and AI – which offer huge potential benefits but also expose us to novel vulnerabilities

Astronomers often have to remind people that they're not astrologers. Like all scientists they hava a rotten record as forecasters – almost as bad as economists.

But even with a cloudy crystal ball there are some things we can predict about how our whole planet will change.

For instance, humanity's collective footprint is getting heavier,

Fifty years ago, world population was about 3 billion. It now exceeds 7 billion. The growth's been mainly in Asia and Africa, as shown in this map where regions are scaled in proportion to that growth.

The number of births per year, worldwide, peaked a few years ago and is going down, Nonetheless world population is forecast to rise to around 9 billion by 2050.

That's partly because most people in the developing world are young. They are yet to have children, and they will live longer.
The age histogram in the developing world will become more like it is in Europe.

The main growth is in East Asia , and it's there that the world's human and financial resources will become concentrated—ending 4 centuries of North Atlantic hegemony.

And there's more urbanization. Even by 2030 Lagos, San Paulo and Delhi will have populations above 30 million. To prevent megacities becoming turbulent dystopias will surely be a major challenge to governance.

Population growth seems currently under-discussed. That is maybe because doom-laden forecasts in the 1970s, by the Club of Rome, Paul Erlich and others, have proved off the mark. Up till now, food production has more than kept pace – famines stem from wars or mal-distribution, not overall shortage. And it's deemed by some a taboo subject -- tainted by association with eugenics in the 1920s and 30s, with Indian policies under Indira Gandhi, and more recently with China's hard-line one-child policy.

Can the Earth 'carry' 9 billion people? There seems no need for gloom or panic on this front... Improved agriculture – low-till, water-conserving, and perhaps involving GM crops could feed that number by mid-century. The buzz-phrase is 'sustainable intensification'.

But lifestyle changes are needed. The world couldn't sustain even its present population if everyone lived like Americans do today– using as much energy and eating as much beef.

Population trends beyond 2050 are harder to predict. They will depend on what people as yet unborn decide about the number and spacing of their children. Enhanced education and empowerment of women -- surely a benign priority in itself -- reduces fertility rates.

But the demographic transition hasn't reached parts of India and Sub-Saharan Africa. If families in Africa remain large,, then according to the UN that continent's population could double again by 2100, to 4 billion, thereby raising the global population to 11 billion. Nigeria alone would by then have as big a population as Europe and North America combined, and almost half of all the world's children would be in Africa.

Optimists remind us that each extra mouth brings also two hands and a brain. Nonetheless the higher the population becomes, the greater will be all pressures on resources, especially if the developing world narrows its gap with the developed world in its per capita consumption. So we must surely hope that the global figure declines rather than rises after 2050.

Moreover, if humanity's collective impact on nature pushes too hard against what Johan Rockstrom calls 'planetary boundaries', the resultant 'ecological shock' could

irreversibly impoverish our biosphere. Extinction rates are rising – we're destroying the book of life before we've read it.

Biodiversity is a crucial component of long-term human wellbeing. We're clearly harmed if fish stocks dwindle to extinction; there are plants in the rain forest whose gene pool might be useful to us. But for many environmentalists , preserving the richness of our biosphere has value in its own right, over and above what it means to us humans To quote the great ecologist E O Wilson 'mass extinction is the sin that future generations will least forgive us for'.

CLIMATE CHANGE

So the world's getting more crowded. And there's a second firm prediction: it will gradually get warmer. In contract to population issues, climate change is certainly not under-discussed – though it is under-acted-upon

The famous Keeling curve shows how the concentration of $CO_2$ in the air is rising, mainly due to the burning of fossil fuels .

The fifth IPCC report presented temperature- projections, for different assumptions about future rates of fossil fuel use. For each such assumption there's a spread bevause it remains unclear how much the climatic effects of $CO_2$ are amplified by associated changes in water vapour and clouds – the so-called sensitivity factor.

IPCC PROJECTIONS

But despite these uncertainties the science tells is that under 'business as usual' scenarios we can't rule out, by 2100, really catastrophic warming, and tipping points triggering long-term trends like the melting of Greenland's icecap.

Sadly, many deny this. But even among those who accept that this threat is real, there is a range of views. These stem from differences in economics and ethics -- in particular, in how much obligation we should feel towards future generations.

Bjorn Lomberg's Copenhagen Consensus, for instance applies commercial-style discounting -- and in effect writes off what happens beyond 2050. So, unsurprisingly he downplays the priority of addressing climate change in comparison with shorter-term efforts to help the world's poor.

But if you care about those who'll live into the 22$^{st}$ century and beyond, then, as economists like Stern and Weizman argue, you deem it worth paying an insurance premium now, to protect those generations against the worst-case scenarios.

Above all, it depends on an ethical issue – in optimizing people's life-chances, should we discriminate on grounds of date of birth?

(As a parenthesis, I'd note one policy context when an essentially zero discount rate is applied – radioactive waste disposal, where the depositories are required to prevent leakage for 10000 years – somewhat ironic when we can't plan the rest of energy policy even 30 years ahead)

[Consider this analogy. Suppose astronomers had tracked an asteroid, and calculated that it would hit the Earth in 2080, 65 years from now – not with certainty, but with (say) 10 percent probability. Would we relax, saying that it's a problem that can be set on one side for 50 years – people will then be richer, and it may turn out then that it's going to miss the Earth anyway? I don't think we would. There would surely be a consensus that we should start straight away and do our damnedest to find ways to deflect it, or mitigate its effects.]

Many still hope that our civilisation can segue smoothly towards a low-carbon future The pledges made at the Paris conference are a positive step. But even if they're honoured, this may not happen fast enough to prevent CO2 concentrations rising to dangerous levels.

Politicians seldom take a long-term view, and won't gain much resonance by advocating unwelcome lifestyle changes now – when the benefits accrue mainly to distant parts of the world, and are decades into the future.

But there's one measures to mitigate climate change that genuinely seems a 'win win' scenario.

CLEANER ENERGY SOURCES

It's that nations should accelerate R and D into all forms of low-carbon energy generation (renewables, , 4th generation nuclear, fusion, and the rest) . And into other technologies where parallel progress is crucial – especially storage (batteries, compressed air, pumped storage, flywheels, etc) and smart grids. That' why an encouraging outcome of Paris was an initiative called 'Mission Innovation'. It was launched by President Obama and by the Indian Prime Minister Modi. And endorsed by 20 other nations. It's a campaign to double publicly funded R and D into clean energy by 2020. There's been a parallel pledge by Bill Gates and other private philanthropists.

This target is a modest one . Presently, only 2 percent of publicly funded R and D is devoted to these challenges. Why shouldn't the percentage be comparable to spending on medical or defence research?

The faster these 'clean' technologies advance, the sooner will their prices fall so they become affordable to developing countries – where more generating capacity will be needed -- where the health of the poorest billions is jeopardized by smoky stoves

burning wood or dung -- and where there would otherwise be pressure to build coal-fired power stations.

RENEWABLES

It would be hard to think of a more inspiring challenge for young engineers than devising clean energy systems for the world.

But if this fails, and if it's clear, 20 years from now, that our climate seems heading irreversibly into dangerous territory, there may then be a pressure for 'panic measures'.

GEOENGINEERING

--- being fatalistic about continuing dependence on fossil fuels, but combating its effects by geoengineering.

GEOENGINEERING (PICTURE)

It's feasible, for instance, to inject enough aerosols into the stratosphere to cool the world's climate -- indeed what is scary is that this might be within the resources of a single nation, or even a single corporation. There could be unintended side- effects. Moreover, the warming would return with a vengeance if the countermeasures were ever discontinued; and other consequences of rising CO2 (especially the deleterious effects of ocean acidification) would be unchecked.

Geoengineering would be a political nightmare: not all nations would want to adjust the thermostat the same way. Very elaborate climatic modelling would be needed in order to calculate the regional impacts of an artificial intervention. (The only beneficiaries would be lawyers. They'd have a bonanza if nations could litigate over bad weather!).

It may be prudent to explore geoengineering techniques enough to clarify which options make sense, and perhaps damp down undue optimism about a technical 'quick fix' of our climate.

EARTH

I think we should be evangelists for new technologies – without them the world can't provide food, and sustainable energy, for an expanding .and more demanding population. But we need wisely-directed technology – advanced renewables are wise goals, geoengineering techniqoes probably aren't.

But what about the other technologies that pervade our lives? Can we cope with their

headlong advances?

We're getting more vulnerable. Our increasingly interconnected world depends on elaborate networks: electric-power grids, air traffic control, international finance, globally-dispersed manufacturing, and so forth. Unless these networks are highly resilient, their benefits could be outweighed by catastrophic (albeit rare) breakdowns. Our cities would be paralysed without electricity. Air travel can spread a pandemic worldwide within days. And social media can spread panic and rumour, and economic contagion, literally at the speed of light.

The smartphone, the web and their ancillaries are already crucial to our networked lives. But they would have seemed magic even 20 years ago. So, looking several decades ahead we must keep our minds open, or at least ajar, to transformative advances that may now seem science fiction.

There've been exciting advances in what's called generalized machine learning – Deep Mind (a small London company now bought up by Google) last year achieved a remarkable feat -- its computer beat the world champion in the game of 'Go'. And Carnegie-Mellon University has developed a machine that can bluff and calculate as well as the best human players of poker.

It's 20 years since IBM's 'Deep Blue' beat Kasparov, the world chess champion. But Deep Blue was programmed in detail by expert players. In contrast, the machines that play Go and Poker gained expertise by absorbing huge numbers of games and playing against themselves. Their designers don't themselves know how the machines make seemingly insightful decisions.

But advances are patchy. Robots are still clumsier than a child in moving pieces on a real chessboard. They can't tie your shoelaces or cut ole people's toenails. . But sensor technology, speech recognition, information searches and so forth are advancing apace.
But it's in deep space -- Carl Sagan's special arena – that robots will surely be transformative.
During this century the whole solar system will be explored by flotillas of miniaturized probes – far more advanced than the robot that ESA's Rosetta landed on a comet, or NASA's 'New Horizons' probe that transmitted amazing pictures from Pluto, 10,000 times further away than the moon.
These two instruments took ten years on their journeys.

And the amazing Cassini probe of Saturn is even more of an antique – it was launched more than20 years ago. Think how much better we could do today. And better, too than the 'Curiosity' rover on Mars

Later this century giant robotic fabricators may assemble vast lightweight structures in space (gossamer-thin radio reflectors or solar energy collectors , for instance) – using raw materials mined from the Moon or asteroids.

Robotic and AI advances are eroding the practical case for human spaceflight.

Nonetheless, I hope people will follow the robots, though it will be as risk-seeking adventurers rather than for practical goals. The most promising developments are spearheaded by private companies. Elon Musk's Space X, has launched unmanned payloads and docked with the Space Station – and has successfully recovered and reuseed the launch-rocket's first stage – presaging real cost-saving. He hopes soon to offer orbital flights to paying customers.

Wealthy adventurers are already signing up for a week-long trip round the far side of the Moon – voyaging further from Earth than anyone has been before I'm told they've sold a ticket for the second flight but not for the first flight.

We should surely acclaim these private enterprise efforts in space – they can tolerate higher risks than a western government could impose on publicly-funded civilian astronauts, and thereby cut costs compared to NASA or ESA. But they should be promoted as adventures or extreme sports -- the phrase 'space tourism' should be avoided. It lulls people into unrealistic confidence.

By 2100 courageous pioneers in the mould of (say) Felix Baumgartner, who broke the sound barrier in free fall from a high-altitude balloon -- may have established 'bases' independent from the Earth – on Mars, or maybe on asteroids. Musk himself (aged 45) says he wants to die on Mars – but not on impact.

But don't ever expect mass emigration from Earth. Nowhere in our Solar system offers an environment even as clement as the Antarctic or the top of Everest. It's a dangerous delusion to think that space offers an escape from Earth's problems. There's no 'Planet B'.

Indeed, space is an inherently hostile environment for humans. For that reason, even though we may wish to regulate genetic and cyborg technology on Earth, we should surely wish the space pioneers good luck in using all such techniques to adapt to alien conditions. They'll free from terrestrial regulation and have maximal incentive to do so. Indeed, these spacefarers may spearhead the post-human era – evolving within a few centuries into a new species

Few doubt that machines will gradually surpass more and more of our distinctively human capabilities – or enhance them via cyborg technology. Disagreements are basically about the timescale – the rate of travel, not the direction of travel. The cautious amongst us envisage timescales of centuries rather than decades before humans are overtaken or transcended by electronic intelligence – far transcending the chemical and metabolic limits of 'wet' organic brains. These entities will then persist, continuing to evolve, for billions of years. Moreover, the timescales for technological advance are but an instant compared to the slow timescales of the Darwinian selection that led to humanity's emergence – and (more relevantly) they are less than a millionth of the vast expanses of cosmic time lying ahead.

But we humans shouldn't feel too humbled. Even though we are surely not the terminal branch of an evolutionary tree, we could be of special cosmic significance for jump-starting the transition to inorganic (and potentially immortal) entities, spreading their influence far beyond the Earth, and far transcending our limitations.

Moreover, a planetary environment may suit us 'organics' – but interplanetary and interstellar space may be the preferred arena where robotic fabricators will have the grandest scope for construction, and where non-biological 'brains' may develop powers than humans can't even imagine.

And they could spread through the cosmos – interstellar travel isn't daunting to near-immortal beings.

Is there life out there already? Or is the Galaxy waiting for our progeny? We know there's nowhere in our solar system that harbours advanced life. However there may be freeze-dried bacteria on Mars.
There may be creatures swimming under the Ice on Saturn's moon Enceladus.
But let's widen our horizons to the realm of the stars.

The prime subject-matter of the Carl Sagan Institute would have enthralled Carl. We've learnt that most stars in the sky are orbited by retinues of planets, like the Sun is . But the evidence is mainly indirect; we don't observe the planet, but detect its influence on the motion or brightness of the star it's orbiting

The Carl Sagan Institute is specially interested in possible 'twins' of our Earth -- planets the same size as ours, on orbits with temperatures such that water neither boils nor stays frozen.

Some of these have been found – there are thought to be many millions in the Milky Way. There's one orbiting the nearest star, Proxima centauri
And another nearby faint star has 7 Earth-sized planets around it

Will there be life on them – maybe even intelligent life?
The outer three are in the habitable zone
They'd be spectacular places to live. Viewed fro the surface of one of the planets, the others would loom larger than our moon does to us – swinging past fast across the sky.
But they're very un-Earthly. Probably tidally locked so that they present the same face to their star –one hemisphere in perpetual light. The other always dark.

And the real goal, of course, is to see these exo-planets directly -- not just to infer them from their shadows .

But that's hard. To realise just how hard, suppose an alien astronomer with a powerful telescope was viewing the Earth from (say) 30 light years away -- the distance of a nearby star. Our planet would seem, in Carl's famous phrase, a 'pale blue dot', very close to a star (our Sun) that outshines it by many billions: a firefly next to a searchlight.

The shade of blue would be slightly different, depending on whether the Pacific ocean or the Eurasian land mass was facing them. The alien astronomers could infer the length of our 'day', the seasons, the gross topography, and the climate. By analysing the faint light, they could infer that it had a biosphere.
The James Webb space telescope may offer clues. But within 10 years, the European Southern Observatory, will hopefully have its ELT – with a mosaic mirror 39 metres across.
.
Such instruments will be drawing inferences like this about exo-planets the size of our Earth.

LIFE LIKELIHOOD

Habitable doesn't mean inhabited – but for most of us that's the number-one question.

We still don't know the likelihood – we know too little about how life began on Earth to lay confident odds. What triggered the transition from complex molecules to entities that can metabolise and reproduce? It might have involved a fluke so rare that it happened only once in the entire Galaxy. On the other hand, this crucial

transition might have been almost inevitable given the 'right' environment. We just don't know -- nor do we know if the DNA/RNA chemistry of terrestrial life is the only possibility, or just one chemical basis among many options that could be realized elsewhere
LIFE

Moreover, even if simple life is widespread, we can't assess the odds that it evolves into a complex biosphere. And, even it did, it might anyway be unrecognizably different.

And, by the way, it's too anthropocentric to limit attention to Earth-like planets. Carl Sagan and his Cornell colleague Ed Salpeter, envisaged balloon-like creatures floating in the dense atmospheres of Jupiter-like planets. We should also be mindful that seemingly artificial emissions could come from super-intelligent (though not necessarily conscious) computers, created by a race of alien beings that had already died out.

Indeed I think that's the most likely option if evolution took a similar course to what may happen on Earth.

If the emergence of technology on a planet lags significantly behind what has happened on Earth then that planet would plainly reveal no evidence of ET. But life around a star older than the Sun could have had a head-start of a billion years or more. Thus it may already have 'spawned' the futuristic scenario – trasitioning from organic to electronic -- that I envisaged as our Earth's post-human future.

So even if SETI searches revealed some artificial emission, we'd be most unlikely to 'catch' alien intelligence in the brief sliver of time when it was still in organic form. I think it's less likely be a decodable message than to be a byproduct (or even a malfunction) of some super-complex interstellar technology that could trace its lineage back to alien organic beings (which might still exist on their home planet, or might long ago have died out).

I won't hold my breath, but SETI programmes are a worthwhile gamble - because success in the search would carry the momentous message that concepts of logic and physics aren't limited to the hardware in human skulls.

Even if intelligence were widespread in the cosmos, we may only ever recognise a small and atypical fraction of it. Moreover , the habit of referring to ET as an 'alien civilisation' may be too restrictive. A 'civilisation' connotes a society of individuals: in contrast, ET might be a single integrated intelligence

Perhaps the cosmos teems with life, even complex life; on the other hand, our Earth could be unique among the billions of planets that surely exist. That would be depressing for the searchers. But it would allow us to be less cosmically modest – Earth, though tiny, could be the most complex and interesting entity in the entire Galaxy – and its fate of cosmic and not merely terrestrial significance.

. So let me conclude by focusing back closer to here and now.

Even in the 'concertinered' timeline that astronomers envisage -- extending billions of years into the future, as well as into the past -- this century may be a defining era. The century when humans jump-start the transition to electronic (and potentially immortal) entities, that eventually spread their influence far beyond the Earth, and far transcend our limitations. Or -- to take a darker view – the century where our follies could foreclose the immense future potential.

We fret unduly about small risks – air crashes. carcinogens in food, low radiation doses, etc. But I's argue that we're in denial about some newly emergent threats, which may seem improbable but whose consequences could be globally devastating. Some of these are environmental, others are the potential downsides of novel technologies.

So how can those of us concerned about these issues – and inspired by Carl Sagan's long-term vision – influence policy-makers?

The trouble is that even the best politicians focus mainly on the urgent and parochial – and getting re-elected. This is an endemic frustration for those who've been official scientific advisors in governments. . To attract politicians' attention you must get headlined in the press , and fill their in-boxes. So scientists can have more leverage indirectly -- by campaigning, so that the public and the media amplify their voice. Carl was of course ta preeminent exemplar of the concerned scientist – and had immense influence through his writings. broadcasts and lectures and campaigns.. And he was before the age of social media and tweets. He would have been a leader of the recent march for science – electrifying crowds through his passion and his eloquence.
And of course the challenges are global. Coping with potential shortage of resources -- and transitioning to low carbon energy --- can't be solved by each nation separately.

Science is a universal culture, spanning all nations and faiths. So scientists confront fewer impediments on straddling political divides. Carl was himself close to the leaders of the Soviet space programme. The SETI initiative with Shklovski, and joint projects with Raoul Sagdeev. And the campaign to raise concern about nuclear winter.
.

I think all scientists should, following his example, divert some of their efforts towards public policy -- and engage with government, business, and NGOs

We need a focus on projects that are long-term in political perspectives, even if a mere instant in the history of our planet. And that's something that universities can do -- not least because they're full of young people who will live to the end of the century. We should use their expertise to address the extreme 'low probability/high consequence' threats that I've mentioned -- to assess which can be dismissed firmly as science fiction, and to consider how to enhance resilience against the more credible ones.

But though we live under the shadow of these threats, and may be political pessimists, we must remain techno-optimists. Advances in AI, biotech, nanotech and space can boost the developing as well as the developed world. Indeed if we don't responsibly progress these new technologies we won't achieve a bright vision. Undiluted application of the 'precautionary principle' has a manifest downside.

We're all on this crowded world together. "Space-ship Earth" is hurtling through the void. Its passengers are anxious and fractious. Their life-support system is vulnerable to disruption and break-downs. But there is too little planning too little horizon-scanning, too little awareness of long-term risks.

A wise mantra is that 'the unfamiliar is not the same as the improbable'.

I want to conclude with some words from two scientific sages.

First, HG Wells.

Back in 1902. Wells was already alert to the risk of global disaster:

"It is impossible to show why certain things should not utterly destroy and end the human story .. and make all our efforts vain .... something from space, or pestilence, or some great disease of the atmosphere, some trailing cometary poison, some great emanation of vapour from the interior of the Earth, or new animals to prey on us, or some drug or wrecking madness in the mind of man".

But nonetheless he retained a vision. "Humanity", he proclaimed, "has come some way, and the distance we have travelled gives us some earnest of the way we have to go. All the past is but the beginning of a beginning; all that the human mind has accomplished is but the dream before the awakening."

His rather purple prose still resonates more than a hundred years later. Were he writing today he would have been elated by our expanded vision of life and the cosmos -- but he'd have been even more anxious about the perils we might face. He reflects the mix of optimism and anxiety – and of speculation and science – which I've tried to offer in this lecture.

MEDAWAR

But we mustn't leap from denial to despair. So I give the last word to another sage: the eloquent biologist Peter Medawar:

"The bells that toll for mankind are ..... like the bells of Alpine cattle. They are attached to our own necks, and it must be our fault if they do not make a tuneful and melodious sound."

---

**From:** [redacted]
**Sent:** 7/19/2017 2:09:32 PM
**To:** JEEVACATION@gmail.com
**Subject:** Fwd: SV: BBB AB konto #
**Attachments:** SALSS 2017 - Exclusive Preview - 2017-07-17.pdf; AFCF4528-BABC-4E04-A585-33C370B0CF1D.JPG

**Importance:** High

Dear Jeffrey,

Huge thanks for giving BBB another chance!!We have 200 quite fantastic young women including a minister, an ambassador-Lisa! a professor -your Anna!-a princess-Sofia! and the other 196
are doing pretty good as well...lots of young girls in Sweden now dream of joining BBB...we really build something
unique and worthwhile!! Young dean at Stockholm School of Economics is an idiot to through it all out but
now its time to develop it smartly! I will be doing a famous Summer radio program in a few weeks in Sweden,
1 million listeners...among other things, I will talk about the girls..(and my blind date long ago with a Donald
Trump..ha ha!) Anyway, please see details for the money transaction below - Edyta is my banker ann a super
person! - I am leaving tomorrow night if anything? Also, if you send me a cell phone number, I can start sending
you photos from BBB, much easier than e-mail.

TACK sweetheart for continuing believing in BBB! Kram BE

---

Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit
*Office:* [redacted]
*Cell:* [redacted]
*Sweden:* [redacted]

-----Original Message-----
From: Edyta.Wynberg <[redacted]>
To: behnbom[redacted]
Sent: Wed, Jul 19, 2017 9:05 am
Subject: SV: BBB AB konto #?

Hej Barbro!

Beneficiary name: BBB AB
Beneficiarys bank: SEB ( Skandinaviska Enskilda Banken)
106 40 Stockholm

Beneficiarys bank SWIFT address/BIC: ESSESESS
Beneficiarys account no: [redacted]
IBAN: IBAN[redacted]

Vi hörs
Kram
Edyta

**Edyta Wynberg**
Client Service Coordinator
Non Resident, Wealth Advisory
SEB
Corporate & Private Customers

Phone[redacted]
Phone department +46-31-621960
SEB Customer Center +46 771 365 365
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SWEDISH AMERICAN LIFE SCIENCE SUMMIT 2017

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*Mr. Joseph Biden
*47th Vice President of the United States | Founder, Biden Cancer Initiative*

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Dr. Bahija Jallal
*Head, MedImmune | Executive Vice President, AstraZeneca*

Mr. Gregory Simon
*President, Biden Cancer Initiative, Biden Foundation*

Dr. Göran K. Hansson
*Secretary General, The Royal Swedish Academy of Sciences*

Dr. Canan Dagdeviren
*Assistant Professor, Wearable Electronics, MIT Media Lab*

Mr. Ola Rosling
*Chairman, Director & Co-founder, Gapminder Foundation*

Mr. Anders Lönnberg
*The Swedish Government's National Life Science Coordinator*

Dr. Laurent Leksell
*Chairman, Elekta*

Dr. Angela Rossetti
*Executive Vice President, Cell Machines*

Mr. Rodney Schwartz
*Founder & CEO, ClearlySo*

Mr. Christer Fuglesang
*Professor, Royal Institute of Technology | Astronaut*

Dr. Maria Strømme
*Professor, Nanotechnology, Uppsala University*

*Mr. Greg Moore
*Vice President, Healthcare, Google Cloud*

Dr. William A. Haseltine
*Founder, Chairman & President, ACCESS Health International*

Dr. Carl Borrebaeck
*Professor & Director, CREATE Health Cancer Center | Former Vice President, Lund University*

Dr. Mouna Esmaeilzadeh
*Founder & CMO , SciLife Clinic*

Dr. Jonas Bergh
*Professor & Director, Strategic Research Program in Cancer, Karolinska Institutet*

Dr. Mathias Uhlén
*Professor, KTH | Director, Human Protein Atlas*

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*Founder & CEO, Lyfebulb*

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*Multiply Awarded Serial Entrepreneur, Philanthropist & Leader*

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SWEDISH AMERICAN LIFE SCIENCE SUMMIT

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SWEDISH LIFE SCIENCE SUMMIT 2017

**From:** Masha Drokova [redacted]
**Sent:** 8/7/2017 9:23:29 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Re:

**Importance:** High

Begin forwarded message:

**From:** Masha Drokova <[redacted]>
**Date:** August 7, 2017 at 12:28:08 AM PDT
**To:** "Nowak, Martin A." <[redacted]>
**Subject: Re:**

Hi Martin,

Just wanted to check if you've seen the previous email.

If it's more convenient for you to discuss it by Skype, let me know. If you want to skip any of them it's not a problem.

On Aug 2, 2017, at 3:02 PM, Masha Drokova [redacted]> wrote:

Hi Martin,

Thanks for the great call last week. Enjoyed it a lot. Could I ask you some follow up questions?

**Question to be answered by Martin**.

- What specifically did Epstein fund that allowed you to make an advancement in applying math to complicated systems, right?
- Is there a paper you're about to publish? Something in peer review? That might come out in Nature or Science?
- The area you work on seems to be an attractive area of science, is it hard to secure funding?
- Who are the greatest critics of your ideas on evolution? (is it EO Wilson?) have things evolved since 2010?
- What is it you think the public just does not understand about your work?
- What is it that the media gets wrong about your work and science in general (i know of only one journalist with a degree in applied math, and most have never even taken calculus)
- How has funding for your field and for you changed under Trump?

**Question**

- Would you be ok with the angle about how much scientist should care about where their funding comes from? It's a hot topic given this story

On Jul 28, 2017, at 7:07 AM, Masha Drokova <[redacted]> wrote:

great, will do

On Jul 28, 2017, at 7:03 AM, Nowak, Martin A. <[redacted]> wrote:

ET time
please call me on Skype when you are ready

On Jul 28, 2017, at 9:48 AM, Masha Drokova <[redacted]> wrote:

Sure, I'm available in 1.5 h and next few hours (until 11:30am PST). What time zone are you at?

On Jul 28, 2017, at 2:15 AM, Nowak, Martin A. <[redacted]> wrote:

Today would be good. Some time in the afternoon?

On Jul 27, 2017, at 10:41 PM, Masha Drokova <[redacted]> wrote:

was on the plane again. should I ping you sometime tomorrow?

On Jul 27, 2017, at 2:38 PM, Nowak, Martin A. <[redacted]> wrote:

would you like to Skype now?

On Jul 25, 2017, at 2:10 PM, Masha Drokova <[redacted]> wrote:

added there. I was on the road today, just read you email. would you be available tomorrow afternoon CET time or anytime on Friday morning/early afternoon PST?

On Jul 25, 2017, at 3:56 PM, Nowak, Martin A. <[redacted]> wrote:

could you please Skype me at martin.a.nowak

On Jul 25, 2017, at 5:39 AM, Masha Drokova <[redacted]> wrote:

Hi Martin!

Following up to see when it's convenient to call you for 15-20 min.

Masha

On Jul 22, 2017, at 7:49 PM, Masha Drokova <[redacted]> wrote:

Thank you Martin! let's do Skype?I'm there as mashadrokova. What time is the best for you? I'm in Europe now, early morning/afternoon would be ideal.

On Jul 22, 2017, at 3:50 PM, Nowak, Martin A. <[redacted] wrote:

very happy to talk
which number may i call?
or skype?

On Jul 20, 2017, at 10:31 PM, Masha Drokova <[redacted]> wrote:

thank you Jeffrey!

Martin, great meeting you. I'd be happy to have a call for around 20 min whenever it's convenient for you. Let me know.

Masha

On Jul 21, 2017, at 4:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

martin , masha is helpiing me with PR , I told her she might want to speak to you, im copying her on this mail

--

please note

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 8/23/2017 6:31:58 PM
**To:** Owen Blicksilver [redacted]
**BCC:** jeevacation@gmail.com
**Subject:** Barrack

**Importance:** High

Hi Owen -- you probably saw this, but wanted to pass on just the same. Still very interested in doing a story on Tom.

Thanks.

Landon

http://www.politico.com/story/2017/08/22/trump-arizona-phoenix-rally-241923

At dinners at Trump's Bedminster, New Jersey, golf club, billionaire investor Tom Barrack and New York real estate tycoon Richard LeFrak both talked about his potential to have more support, administration officials and advisers said. Barrack, in particular, homed in on the president's sagging poll numbers and encouraged him to govern past his political base, according to one person briefed on the conversation.

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/5/2017 10:18:41 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]

**Importance:** High

Rachel Wolfson, Contributor Digital marketing consultant, writer and fitness buff. I enjoy writing about women in tech, innovating startups and everything in-between.

# Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

09/05/2017 05:48 pm ET

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- 
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- 

The famous American Astrophysicist, Neil deGrasse Tyson, once said,

"The good thing about science is that it's true, whether or not you believe in it."

Neil deGrasse Tyson's quote from The Colbert Report distinguishes the difference between opinion and fact. Science, as a base, is always true. Yet, it is interpretation that imparts human error. In other words, while science is a universal truth, not everyone believes in the importance of science.

Consider President Trump's 2018 budget request. Many of these call for massive cuts in spending on scientific research, medical research, disease prevention programs and more. If these requests are met, the National Cancer Institute would face a $1 billion cut compared to its 2017 budget. The National Heart, Lung and Blood Institute could see a $575 million cut, and the National Institute of Allergy and Infectious Diseases would see a reduction of $838 million. The administration would cut the overall National Institutes of Health budget from $31.8 billion to $26 billion.

The National Science Foundation, which gives $7 billion a year in grants to universities and research institutes, is not specifically mentioned in the budget. However, unspecified "other agencies" are in line for a 9.8 percent budget cut.

Since Trump became president, the official White House website also deleted all mentions of climate from the site – all but one – the promise to eliminate the "harmful and unnecessary" Climate Action Plan.

Following these actions, scientists and other employees of the EPA and USDA were told not to speak to the public about climate change or other scientific concerns that should be addressed.

**Private Donations To Fund Science**

Due to Trump's anti-science policies and budget cuts, scientists are looking towards private donors for funding. Philanthropic dollars have now come to play an important role in scientific progress.

The successful American financier and philanthropist, Jeffery Epstein, is well known for supporting science; he is currently taking action to help a number of scientists thrive during the "Trump Era."

None of this is new for Jeffery, though. Jeffery's funding for science dates back to the year 2000, when he founded the Jeffery Epstein VI foundation to support cutting-edge science and science education around the world. The Jeffrey Epstein VI Foundation has supported many leading scientists including Stephen Hawkings,

Martin Nowak, Gregory Benford, Lee Smolin, Seth Lloyd, Lawrence Krauss, Artificial Intelligence scientist, Marvin Minsky and Nobel Laureates Gerard 't Hooft, David Gross and Frank Wilczek.

In 2003, the Foundation established the Program for Evolutionary Dynamics at Harvard University, providing a $35 million gift to the university. The program is one of the first to study the evolution of molecular biology with the primary use of mathematics. It also became one of the first departments to develop a mathematical model to show how cancer cells evolve as infectious bacteria and viruses such as HIV.

Lifeboat Foundation
American Financier and Philanthropist, Jeffery Epstein
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While Jeffrey has donated large sums of money to help find a cure for cancer and infectious diseases, President Trump's proposed budget seeks an $82 million cut for the center that works on vaccine-preventable and respiratory diseases, such as influenza and measles.

Trump's budget also proposes a cut of $186 million from programs at CDC's center on HIV/AIDS, viral hepatitis, sexually transmitted infections and tuberculosis prevention. One of the biggest cuts, however, is $222 million for the agency's chronic disease prevention programs, which are designed to help people prevent diabetes, heart disease and stroke, and obesity.

"I have helped scientists for 20 years and I don't really believe that you can say you fully understand a particular problem, unless your ideas can be tested against solid evidence," Jeffery said. "But to tackle those problem you need resources, and if you have them the results can be marvellous. For example, in one simple and elegant equation, mathematics managed to describe the whole motion of the planets that alluded men for ages."

**A Helping Hand Goes A Long Way**

Private donors who help fund science-based research and projects, such as Jeffery, are making a huge difference. When federal dollars become tight, the donors who step in become the real heroes. And while private funds are not usually as large as federal funds, these donations can go a long way in terms of finding cures for diseases.

For example, HIV/AIDS was once viewed as a death sentence in the 1980s, but years of privately-funded research have helped scientists understand the basic biology of viruses and the workings on DNA. The Program for Evolutionary Dynamics, funded by Jeffery, is now conducting research in mapping colon cancer resistance to inhibitor drugs, mapping the progression of pancreatic cancer, targeting the topology of minority mutations that drive tumor growth and creating a database to predict and minimize resistance to HIV drugs.

Robert Trivers is an evolutionary biologist and sociobiologist, who some consider to be one of the most influential evolutionary theorists alive today. Robert is one of the scientists who has received support from Jeffrey.

"Jeffrey's donations have permitted me to work on whatever I choose, in whatever way I choose," Robert said. "Most of this is theoretical work. I think I have recently solved the problem of "honour killings" in terms of the effects of repeated first cousin marriages (Muslim) and long histories of within caste endogamy (Hindu). Jeffrey's support included discussions with him, which were valuable mostly because he is extremely bright, open-minded and widely travelled. They key is that he gives me consistent, warm support without me having to write endless applications for grants, and trusts me to put it to good use, as indeed I do."

Yet as Trump continues to make anti-science policies and excessive budget cuts, scientists and their supporters can only hope for the best. Science is a unviersal truth, but unfortunately, the truth can be ignored. With the help from private donors though, science can continue to thrive and help us evolve.

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# TRENDING

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## Obama Speaks Out On Trump Ending Dreamer Protections

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Great Bay
CONDOMINIUM OWNERS ASSOCIATION INC
6910 Great Bay, St. Thomas, USVI 00802
BoardStThomas@aol.com
1-340-715-9042

September 13, 2017

Dear Fellow Ritz-Carlton Club Member,

If you've been following the TV news, you already know that St. Thomas has taken a dreadful hit by Hurricane Irma. President Donald Trump, who has authorized disaster relief for the Virgin Islands, plans to visit St. Thomas "in the next six or seven days" according to Governor Kenneth Mapp.

Our Club appears to have stood up reasonably well, at least when compared with the devastation elsewhere on the island. Many homes have been reduced to rubble, including those of some of our employees as you have heard. The insurance adjusters arrived today, an important step in obtaining the detailed damage and insurance information. The damage seems to grow from the far end of the beach toward the Hotel, with only modest damage in the Lily Building, more damage in Gardenia and Heliconia and even more at the Hotel.

About 40% of our Residences are currently usable—with electricity and air conditioning—and they are fully occupied mostly by our employees. Many of these employees have returned to work, notwithstanding the hardships in their personal lives. 70% of the exterior lighting has been restored. Road and pathways on our property have been cleared. Work has also begun on restoring the landscaping, which was decimated by Irma. The Food Center is back open. Some electricity has been restored in the downtown area. Many ATM machines are now operational but with most limiting cash withdrawals to $100.

The airport is still closed to commercial traffic. We know that some of our roofs have been damaged. Our air conditioners have been damaged. Some windows were broken and some doors were blown in by the 200 mph gusts. So we know there is water damage. But we don't know how much. Communication is still a major challenge. There is no internet service at the club yet and cell service on our side of the island is extremely spotty.

There has been some looting and other lawlessness in some areas. Local law enforcement is now supported by resources from our federal and state governments. Our on-site team reports that we have been spared that threat. In addition to our own Loss Prevention staff, our Management Company has hired an independent security team to help protect our property.

One of the most important questions we must address is just when our Club might open again. The Club is closed through October 7 and Member Services is not presently taking any reservations through December 17. There is a strong possibility that our re-start date could hinge on when the rest of St. Thomas recovers, and it is simply impossible to predict that date at this time. Your Board and the Management team are monitoring this closely and we will keep you apprised.

And finally, we thank all who have contributed to the GBCOA Employee Relief Fund. Our Ladies and Gentlemen are in desperate need of your help. They deeply appreciate whatever you may offer to help, as does the Board. Thank you!

**GREAT BAY CONDOMINIUM OWNERS ASSOCIATION, INC.**

**6910 GREAT BAY; ST. THOMAS USVI 00802**

| | | |
|---|---|---|
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SEP 9, 2017 @ 05:48 PM 729

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# Swedish American Group Focuses On Cancer, Autoimmune Diseases At Life Science Summit

**Gene Marcial**, CONTRIBUTOR
*I have an insider's take on Wall Street* FULL BIO

Opinions expressed by Forbes Contributors are their own.

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Respected and acclaimed as rock stars in the arcane universe of life sciences, global scientists converged in Stockholm in late August this year for the annual Swedish American Life Science Summit (SALSS) meeting, where they unveiled and dissected revolutionary health care platforms. Among them are the use of robotics in surgery, how nanotechnology may make us "forever young," applications of space technology in life sciences, and the "Moonshot" cancer program initiated by former Vice President Joseph Biden.

Without doubt, global investors are closely watching organizations such as SALSS to discover the latest innovations and discoveries in life science. This area is replete with groups deeply involved in original research. So one of the major topics discussed at the SALSS conference was "impact investing," or why investors should pay closer attention to investing in life science.

"In today's world with an aging population, we observe a higher occurrence of chronic diseases, such as cancer and autoimmune conditions," noted Hans Straberg, chairman of Atlas Copco, and former CEO of Electrolux. "So Big Pharma and the industry are looking beyond the chemical and biologically derived molecules." And as universities and small startups have taken the lead in R&D investments, "Big Pharma is very much dependent on collaborating with them, or acquiring their technologies," he argued.

Today Big Pharma has a "really strong position" in life sciences and are Looking for "new blockbusters to replace current stars that are coming off-patent," he said. The current focus, added Straberg, is "very much on finding cures for diseases like cancer, autoimmunity, allergy and infection," and employing various new technologies.

So new ideas to address a variety of serious medical issues have always attracted medical luminaries to SALSS, and at this year's conference, the speakers included Biden Cancer Initiative Executive Director Gregory Simon, Nobel Foundation chairman Dr. Carl Henrik Heldin, European Federation of Pharmaceutical Industries Director-General Richard Bergstrom, and Microsoft Healthcare's chief development officer Mathias Ekman.

Also among the expert speakers were Pfizer executive vice president and chief of the company's worldwide research development Dr. Michael Dolsten, Secretary-General of the Royal Swedish Academy Life Sciences' Dr. Goran Hansson, Google Healthcare and Cloud business manager Ebba Kraemer, China Kindstar Global Diagnostics CEO Shiang Huang, AVRA Medical Robotics founder and CEO Alen York, expert in diabetes-related issues and CEO of Lyfebulb Dr. Karin Hehenberger, and the founder and former chairman of Human Genome Sciences and currently chairman of ACCESS Health International Dr. William A. Haseltine.

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"Throughout the years, Swedish research and innovation have led the way to disruptive changes within medicine, which has resulted in an immense impact on people's lives and great value for society," argued Dr. Goran K. Hansson, secretary general of The Royal Swedish Academy of Sciences. Today, "we see an increased interest of foreign capital in Swedish Life Science, which the Swedish government embraces," he said. Swedish Life Science players, he added, "look for international expansion



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– especially within healthcare services."

One of main focus of this year's SALSS conference was the "Cancer Moonshot," which is now known as the Biden Cancer Initiative, represented by Gregory Simon, founder and executive director of The Biden Cancer Initiative. As part of this year's conference theme of "Moonshot & Beyond," one of the speakers was Swedish astronaut Dr. Christer Fuglesang, who talked about space technology and how it stimulates creativity when applied to life sciences.


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SEP 9, 2017 @ 05:48 PM 729 12 Stocks to Buy Now

# Swedish American Group Focuses On Cancer, Autoimmune Diseases At Life Science Summit

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Continued from page 1

"Part of this year's conference focus was the current transformation of the HealthTech industry, driven by the ICT and tech players rather than by the traditional medtech companies," said Barbro C. Ehnbom, chairman and founder of SALSS. Also significant, she added, was the participation of numerous women at this year's summit, led by the keynote speaker Dr. Bahija Jallal, executive vice president at AsraZeneca and head of Medimmune. " We are proud and glad that so many prominent women are actually SALSS women, including Dr. Jallal, which made this 2017 summit more exceptional," said Ms. Ehnbom.

One of the little known companies that attracted a lot of attention at the conference was AVRA Medical Robotics, a development-stage company based in Orlando, Florida, that has a new generation of "semi-autonomous medical robots for image-capture, navigation, and tissue targeting."

Specifically, these "medical robots" perform computer-assisted surgery, with human medical surgeons operating a remote surgical device via a console. In fact, they are not really robots as we know them: AVRA has developed a "novel and truly robotic single-arms platform for the field of aesthetics, skin and wound care as well as dermato-plastic surgery," said Barry F. Cohen, AVRA's CEO and founder. The company's first design integrates software, image guidance, navigation and targeting systems, to allow autonomous needling of skin, he explained.

"The future of surgery will be determined by success in gaining precision access to anny area of the human body with the smallest incisions and deploying therapies to specific tissues, glands and organs," asserted Alen York, an AVRA senior executive. Limitations in conventional surgeries, he said, are "demanding more autonomous, intelligent robot systems that go beyond the capability of a human being." AVRA'S platform focused on needling technology "represents a key breakthrough in aesthetics, wound care, and autonomous drug delivery platforms, integration of artificial intelligence and augmented reality that will allow," says York, for a new paradigm in surgical training, planning and treatment.

SmartwiseSweden AB is another young biotech that presened at SALSS. It has developed what it calls the Extroducer, a micro catheter for injecting cells, biologics and small molecule therapy directly into organs. "The tiny diameter of the Extroducer, with the width of a hair, enables the needle to penetrate the blood vessel wall and deliver a payload via the smallest blood vessels in the body, making perviously inaccessible regions now available to direct tissue projection," said Jonthan Clarke, CEO of Smartwise. Its product is the first of its kind of versatile device that allows for direct local injection of substances into multiple organs, such as the heart, pancreas, liver and kidney.

"We have shown successful and safe pre-clinical delivery of insulin producing cells into the pancreas and modified RNA to the heart," said Clarke, who admitted that he is in talks with multiple major pharmaceutical companies for licensing or other agreements to advance production. Smartwise is still privately owned.

ProLung, a Salt Lake city-based biotechnology company focused singularly on improving lung cancer survival, has developed a breakthrough test with precision volume-averaging "bioconductive technology" to collect data to generate a personalized score indicating the likelihood of malignancy. With an estimated one billion people at high-risk for lung cancer worldwide, it has the lowest five-year survival rate, or 16%, of all major cancers, and is the leading cause of cancer death, said Steven C. Eror, founder, president and CEO of ProLung. The copany's test is non-invasive and non-radiating that reduces the wait time from months to just one day, he added.

The test has received a "CE Mark and ISO 13485" manufacturing certificate and is approved for sale in the EEA and EFTA countries, said Eror. In the U.S., the ProLung test is still for investigational use only and undergoing multi-site clinical trials for FDA clearance as a "510(k) device," he added.

Because the annual SALSS coference has attracted exerts worldwiude, it has become a central focus for life science companies to present and exhibit their new products or novel technology to a growing number of medical and scientific experts looking for the next breakthrough product in life sciences.


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**From**: Barry J. Cohen [redacted]
**Sent**: 10/23/2017 2:43:33 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Joseph Vinciguerra [redacted]
**Subject**: G650 profit model
**Attachments**: Odysseus Profit Model.xlsx

**Importance**: High

You asked for this a while back. It's not particularly self-explanatory. Joe V reviewed it with Ruth Wimer and Dave Deyoe, our aviation and aviation tax counsel at MWE. Let either of us know if you'd like to go over it.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:20 PM
**To:** Barry J. Cohen [redacted]
**Subject:** Re: Plane management

can you share?

On Mon, Oct 2, 2017 at 5:17 PM, Barry J. Cohen <[redacted] wrote:

On our to-do list, but back of the envelope, we satisfied ourselves that after depreciation, we would show a profit. (In part because Apollo charter payments factor in depreciation.)

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 5:14 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

did anyone provide you with a biz plan that shows the proposal will generat a profit ?

On Mon, Oct 2, 2017 at 4:30 PM, Barry J. Cohen <[redacted]> wrote:

Adding Internet and possibly changing cushions. I recommended we do it with the 4 year inspection in the spring, but haven't heard back from him. I think I talked him out of automating the divans. I agreed with what you said about that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:29 PM
**To:** Barry J. Cohen <[redacted]>
**Subject:** Re: Plane management

isnt he changing the cushions? etc and adding internet?

On Mon, Oct 2, 2017 at 4:23 PM, Barry J. Cohen [redacted] wrote:

Ah yes.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 4:23 PM
**To:** Barry J. Cohen [redacted]
**Subject:** Re: Plane management

new depreciation rules proposed under trump

On Mon, Oct 2, 2017 at 4:13 PM, Barry J. Cohen [redacted] wrote:

GV is in inspection and going well. Not sure what renovations you mean?

On depreciation, we think we cannot use accelerated due to foreign travel preponderance, and obviously can't use bonus because not new. We think we are stuck with straight-line depreciation which will be passive.

Are you saying that Jet vs. EJM could hinge on the type of plane usage? Not sure I follow that.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, October 02, 2017 3:42 PM
**To:** Barry J. Cohen [redacted]; Melanie Spinella [redacted]
**Subject:** Re: Plane management

dont you want to see what the depreciation rules are. ? it depends on what you intend to do with it/ ? where do you stand with the renovations and the sale of the 5

On Mon, Oct 2, 2017 at 2:33 PM, Barry J. Cohen [redacted] wrote:

Thinking of switching from Jet Aviation to EJM. EJM is more expensive. Do you have a point of view?

Sent from my iPhone

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**From:** Lawrence Krauss [redacted]
**Sent:** 12/11/2017 5:47:53 PM
**To:** Sam Harris [redacted]
**CC:** Travis Pangburn [redacted]; Lawrence Krauss [redacted]
**Subject:** Re: Sexual harassment and Lawrence Krauss from [redacted]
**Attachments:** image002.png

**Importance:** High

I was planning on writing both of you today or tomorrow if buzzfeed decided to go ahead with their story after I wrote to them, but since they sent this to you here is what I was planning to forward.. namely my response to their email and their original email. I hope it helps. They have clearly decided in advance to try to smear me, and potentially other atheists (I found the remarks in their 'miscellaneous facts' telling in this regard), and I felt a detailed response to the false claims was important. If you want to discuss this further I am happy to. I am currently on a plane heading to phoenix.

Thanks for forwarding.

LMK

Begin forwarded message:

**From:** Lawrence Krauss <[redacted]>
**Subject: Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 11, 2017 at 10:18:30 AM MST
**To:** Peter Aldhous [redacted]>
**Cc:** [redacted]

I appreciate the opportunity to respond to your email. I am currently on a plane until noon pacific time, and then heading to a meeting right after landing, till about 2 pm or so. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete, as I always try and do with reporters. If you decide to go ahead with a story, which, after reading my responses, I hope you decide is inappropriate, I would like you to quote my responses fully in order not to distort them.

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public, and this is supported by the institutions of which I am a part. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of unfounded outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that their experience validates a trust in my behavior. I was asked to be an honorary director of CFI, and continue to be invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo by people whose motives I cannot judge. I also try and judge the facts in context. The

fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who accompanied me on the cruise, and has attested to the fact that the claim is false. This is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me, asked me to talk over coffee, or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school in physics, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member and department chair I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it, and I believe she found it useful. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction but also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, again in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and explaining the situation, I was told that no formal complaint of sexual harassment was requested. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, the excellent relations I had with my colleagues there— both among the faculty (many of whom in physics I had hired while department chair)) and among the administration, along with a very attractive counter-offer by Case. Because I was already in Arizona at the later time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. Following this episode, as indicated in the letter to the student, I did assess what might have led to misinterpretations by this student, and became more careful in offering advice when talking to students. I was also told by human resources that because it was decided to handle this informally and not formally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would preserve its confidentiality and remove the complaint from my record after 5 years, which makes me surprised and concerned that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and moreover that the 'outside complaints' were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. In addition ANU's investigation, which took a full month, found various inconsistencies in the allegation, which suggest distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report, from which I quote below absolved me of any wrongdoing, reinstating my position, and indicated information inconsistent with the original claim and apparent later claims:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
-The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took
the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour. Moreover, I have no idea if the other eyewitnesses you quote, who were not involved in any complaint, were in fact there but this was a formal banquet with individuals and their partners, which I attended long enough to agree to sign things and do selfies before leaving early because I was tired. Even if I had any such intent it would have been lunacy to pose for selfies in front of a group and openly do such a thing, including presumably in front of this person's partner, . Which, besides the fact that I don't do such things, is one of the many reasons it never happened.)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, or sometimes aggressive. I am particularly proud of the way I work to make all people feel at ease, and respected, rather than humiliated, whatever their behavior or request. Thus, this false claim strikes at the heart of what I am about, which characterizes all my

interactions with fans: to acknowledge them in a way that makes them feel appreciated and respected. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed and should report on. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

On Dec 10, 2017, at 6:12 PM, Peter Aldhous <[redacted]> wrote:

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.

- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.

- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

--
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On Dec 11, 2017, at 10:38 AM, Sam Harris <[redacted]> wrote:

FYI

Virginia Hughes submitted a message to the Sam Harris Contact Publicist Contact form on Mon, December 11, 2017 - 7:37 am.

| | |
|---|---|
| Name: | Virginia Hughes |
| Email: | [redacted] |
| Subject: | Sexual harassment and Lawrence Krauss |
| Message: | Hi,<br><br>We are journalists at BuzzFeed News, reporting an investigation about sexual harassment allegations against Lawrence Krauss between 2006 to 2016.<br><br>Much of the story revolves around his conduct in the skeptics movement, and about how skeptic organizations — particularly CFI — have handled complaints about his behavior.<br><br>We wanted to give you — as a leader of the atheist movement and one of Krauss's collaborators — the opportunity to comment on these allegations.<br><br>We plan to publish on Tuesday morning. Let us know soon if you'd like to comment.<br><br>Ginny Hughes, Peter Aldhous, Azeen Ghorayshi |

This email has been scanned for malicious content. The Sam Harris Contact Publicist Contact form is provided by Secure Email Contact Forms.

**Lawrence M. Krauss**
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**Co-Director, Cosmology Initiative**
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ASU Origins Project
Arizona State University

**From**: Nicholas Ribis [redacted]
**Sent**: 1/4/2018 3:19:23 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: Michael Wolff: My Insane Year Inside Trump's White House

**Importance**: High

Read this
https://www.google.com/amp/s/www.hollywoodreporter.com/amp/news/michael-wolff-my-insane-year-inside-trumps-white-house-1071504

Sent from my iPhone

**From:** Richard Kahn [redacted]]
**Sent:** 1/23/2018 6:23:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Alert: The 2017 Tax Reform Act

**Importance:** High

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TAX ALERT JANUARY 23, 2018

## The 2017 Tax Reform Act - Key Provisions Impacting Fund Managers and Their Funds

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Please feel free to discuss any aspect of this *Alert* with your regular Sadis & Goldberg contact or with any of the

partners whose names and contact information can be found at the end of the *Alert*.

The Tax Cuts and Jobs Act (the "Tax Act"), which was signed into law by President Trump on December 22, 2017, contains the most sweeping federal tax law changes since 1986. Most provisions of the Tax Act take effect for taxable years beginning on or after January 1, 2018. **This Client Alert is not intended to be a comprehensive review of this massive legislation. The Alert focuses on certain provisions of the Tax Act that may have the most significant impact on asset management firms, their owners, their investment vehicles, and the investors in such funds.** Certain changes made by the Tax Act are permanent but many others are scheduled to expire after 2025 unless extended by further Congressional legislation.

**I. Carried Interest Survives in Modified Form**

The Tax Act contains changes to the treatment of "carried interests", but such changes are not as negative as the prior legislative changes that had been proposed but never adopted. The granting of a "future profits only" interest in a partnership in connection with the performances of services to the partnership continues to be eligible for tax-free treatment under the new law. For certain owners of "Applicable Partnership Interests" (of the sort that would generally be issued by an investment partnership to the general partner), the Act applies a three-year holding period requirement for **capital gains** derived by the partnership (or from the disposition of the profits interest) to be eligible for the long-term capital gains tax rate (instead of the generally applicable one-year holding threshold).

The change in carried interest taxation clearly impacts managers of hedge funds more than managers of private equity funds or real estate funds, which typically have a longer than three-year holding period for investments in their portfolio companies or real estate assets. The new tax treatment applies to income realized in tax years beginning on or after January 1, 2018 and existing carried interests are not grandfathered. Thus, it appears that any unrealized capital gains which have already been allocated to a general partner on the books of the partnership would be subject to the new tax treatment at the time the partnership realizes such gains in 2018 or subsequent years.

Note, however, that the Tax Act does not change the current federal income tax treatment of carried interest allocations of "qualified dividends" to individuals, which are also taxed at long-term capital gains rates. The capital gains from the carried interest that fail to satisfy the new three-year holding period requirement are treated as "short-term capital gains" which are taxable at ordinary income rates.

The "Applicable Partnership Interest" held by the general partner or an affiliate should not include any portion of the partnership interest that is attributable to capital contributed to the partnership by the general partner. The exact manner on how such exception will apply will need to be addressed in future IRS notices or regulations to be issued. Limited partners holding capital interests in private investment funds are also not affected and therefore retain the one-year holding period requirement for long-term capital gain treatment.

Note also that the term "Applicable Partnership Interest" does not include an interest held directly or indirectly by a corporation and it currently appears that such exception includes holdings by both C

corporations and S corporations. It is likely that further guidance will be issued on this question, as it may be advantageous for certain general partners to convert their existing entities that hold the carried interest to S corporations, and such general partners may have until March 15, 2018 to accomplish such conversion.

Managers of hedge funds and other partnerships that do not hold capital assets for more than three years before their sale may consider whether the carried interest incentive allocation should be replaced with an incentive fee structure. Also, the reduced after-tax value of a carried interest partnership allocation may impact the management company's executive compensation arrangements.

Although an earlier version of the tax legislation would have repealed the exemption in the Code which provides that a limited partner's income is exempt from self-employment tax, the final version of the Tax Act does not contain such change in law.

**II. New 21% Corporate Income Tax Rate and Reduction of the Maximum Rates Applicable to Individuals**

The Tax Act reduces the 35 percent corporate rate to a flat 21 percent corporate rate. There is no special higher rate for personal service corporations (as existed under prior law). The new 21 percent rate is effective for taxable years beginning on or after January 1, 2018. The corporate alternative tax (AMT) has also been repealed. Such corporate tax changes are permanent. In contrast, the highest applicable federal income tax rate for individuals and other non-corporate taxpayers is reduced from 39.6% to 37%. In addition, the 3.8% "add-on" Medicare contributions tax on an individual's net investment income remains in effect.

**1. Possible Use of a "C" Corporation as a Tax Shelter**

Since the new 21% corporate tax rate is now well below the highest rate applicable to high income individuals, some investment managers may conclude that some or all of their management entities that are pass through partnerships should convert to corporate form. In addition, certain partnership funds that are engaged in trade or business, such as active loan origination or real estate activities may find it advantageous to convert to corporate form.

The advantage to the corporate form of organization is that the C corporation's net income after taxes is not taxable to its shareholders until it is distributed (e.g., either as a dividend or as a redemption of stock (i.e., as a capital gain)). Corporations that are engaged in active businesses are able to retain and reinvest their earnings. Also relevant to choice of entity decisions is the fact that the Tax Act restricts the ability of individuals to deduct more than $10,000 in state and local taxes, but corporations can continue to deduct such taxes as under prior law.

However, there are certain anti-abuse provisions that remain in the Internal Revenue Code that limit the use of a C corporation as a tax shelter. Lurking in the Code is a provision which allows the Internal Revenue Service to impose a 20 percent additional "accumulated earnings" income tax on the "accumulated taxable income" of a corporation if such taxable income is allowed to accumulate "beyond the "reasonable needs of the business". There is a $250,000 safe harbor for most corporations, while personal service corporations are allowed a safe harbor of only $150,000. There is also a 20 percent tax on the "personal holding company income" (i.e., passive investment income) of certain closely held C corporations (i.e., when five or fewer individuals own, in the aggregate, more than fifty percent of the corporation's stock <u>and</u> at least 60 percent of the corporation's adjusted ordinary income is personal holding company income (e.g., passive investment income)). These penalty taxes on corporations have received little attention in recent decades. However, with the enactment of the sharply lower corporate tax rate, these anti-abuse rules are likely to become a significant focus of the IRS in its audits of tax returns of privately held corporations.

**2. The New Deduction for Qualified Business Income of Pass Through Entities**

Congress also wanted to provide an income tax rate reduction for those businesses that are organized as partnerships or S corporations or which are owned by sole proprietors. In order to meet this goal, the Tax Act provides an income tax deduction for individuals and other non-corporate taxpayers equal to (i) 20 percent of their domestic "qualified business income"; plus (ii) 20 percent of any qualifying dividends from real estate investment trusts, qualifying income from publicly traded partnerships, and gain derived from sale of such publicly traded partnerships that would be treated as ordinary income. Therefore, such deduction results in an effective federal income tax rate of 29.6% on such qualifying income for a top bracket individual. The deduction does not apply to investment income (i.e., capital gains, dividends (other than certain ordinary income dividends paid by REITs), and most interest income). In addition, it does not apply to reasonable compensation income and guaranteed payments paid to the taxpayer from the business.

The 20 percent of "qualified business income" deduction described in (i) above is also generally limited to the greater of either (a) 50% of the W-2 wages paid with respect to the qualified trade or business, or (b) the sum of 25% of the W-2 wages paid with respect to such business plus 2.5% of the unadjusted tax basis of all qualified business property of such business. Thus, if the partnership, S corporation or sole proprietorship does not pay "W-2 wages" and the second limitation is a minor amount or not applicable, the owner or pass through taxpayer's tax deduction would be a minor amount or zero.

Unfortunately, partners or owners of certain types of professional service businesses, including financial services providers, investment managers, brokers, consultants, lawyers and accountants (and others), are not permitted to claim the "qualified business income" deduction unless the taxpayer's adjusted gross income is below certain levels ($207,500 for individuals and $365,000 for married couples filing jointly). Even in such case, the benefit of the available deduction is phased out ratably as the taxpayer's income exceeds $157,500 if single, or $315,000 if filing a joint tax return. Therefore, fund managers organized as pass through entities are not likely to, and investment funds organized as partnerships will not, derive a significant benefit from this deduction.

**III. ISSUES FOR PARTNERSHIP FUNDS**

**1. Repeal of Itemized Deductions Previously Available to Non-Corporate Taxpayers for Non-Business Investment Expenses**

For 2018 through 2025, the Tax Act completely repeals the deductions previously allowed to individuals and other non-corporate taxpayers for "miscellaneous itemized deductions" (which were subject to a 2% floor and a phase-out rule under prior law). It is important to note that for individual investors in partnership funds that are not treated as engaged in a trade or business, the investor's share of the fund's investment expenses, including management fees, would now pass through as non-deductible miscellaneous itemized deductions. If the fund is properly classified as an active "trader" rather than a mere investor, then such expenses would be completely deductible as trade or business expenses. This Tax Act change obviously puts considerable strain on the fund manager and its tax advisors with respect to the trader vs. investor issue. At this time, there is a lack of clear guidance from the Internal Revenue Service on what level of trading activity is sufficient for a professionally managed fund to qualify as a "trader fund".

In cases where a partnership fund's expected activities are not likely to qualify for trader status or another trade or business, the fund's sponsor may find that US high net worth individuals may now prefer to invest in the offshore corporate feeder fund instead of the onshore partnership fund. The US income tax reason for this would be that since the offshore feeder is classified as a corporation for US tax purposes, its net income would be calculated under the rules applicable to corporations, for which

there are no miscellaneous itemized deductions. Thus, assuming that the foreign feeder is a passive foreign investment company (PFIC), if the US high net worth shareholder is able to make the "qualified electing fund" election, the net income the investor would be required to report on his federal income tax return would be calculated after deducting all of the corporation's expenses, including management fees and investment expenses.

**2. Non-US Partner's Gain on Sale of Partnership Interest may be Taxable as US Trade or Business Income; New Withholding Requirements apply to the Purchaser or the Fund**

The Tax Act specifically provides that gains realized by a non-US partner on a sale or exchange of a partnership interest will be treated as effectively connected US trade or business income ("**ECI**") to the extent that such partner would have been allocated ECI had the partnership sold all of its assets. This provision is consistent with the IRS position in Revenue Ruling 91-32, and overrules a recent Tax Court case which had rejected the position taken in such IRS Ruling and instead held that since a partnership interest is treated as a capital asset, the foreign person's gain on its sale could escape US income taxation as a non-business capital gain.

To the extent that a partnership has any ECI-generating assets (including US real property interests), a seller of a partnership interest will have to provide a certificate that it is not a foreign person, and in the absence of such a certificate a purchaser (which could include the fund) will be required to withhold 10% of the gross purchase price. Further, the Tax Act provides that if the purchaser does not withhold, the partnership is required to withhold on distributions to such purchaser to cover the withholding. The Tax Act provides that the new withholding obligation for purchasers is effective for sales or other dispositions of partnership interests after December 31, 2017.

**3. New Limitation on Deduction of Net Interest Expense**

Under prior law, subject to some restrictions and limitations, business interest paid or accrued by a business was fully deductible. For taxable years beginning after December 31, 2017, the Tax Act limits the deduction for "net business interest" expense for every type of business, regardless of entity form, to 30 percent of adjusted taxable income. Business interest paid or accrued after the effective date on indebtedness, including debt that was incurred prior to the effective date of the Tax Act, is subject to this limitation.

The term business interest does not include investment interest described in Code section 163(d). Operating companies, such as management entities, and investment funds that are engaged in a business and have outstanding indebtedness could be subject to such deduction limitation. For this purpose, "adjusted taxable income" is determined at the entity level for partnerships, and is similar to EBITDA (i.e., net earnings before deducting interest expense, taxes, depreciation and amortization) for taxable years 2018 through 2021. A more restrictive 20% of EBIT limitation (net earnings before deducting interest expense and taxes) applies for 2022 and later years.

Certain taxpayers are exempted for the new interest deductibility limitation, including small businesses with average annual gross receipts of $25 million or less for the three prior taxable years, as well as real estate businesses that elect out of such limitation. The Conference Committee Report on the Tax Act clarified that interest paid on shareholder loans by a blocker corporation is "business interest" that is subject to this new limitation. Blocker corporations for a lending business would have business interest income, which reduces the effect of this new limitation on **net** business interest expense (i.e., deductible business interest expense in excess of business interest income).

**4. Deemed Repatriation Tax**

One of the major tax raising provisions in the Tax Act is a one-time tax imposed on the accumulated earnings held in foreign subsidiaries of US companies. This provision is broader that it may first appear. Under the Tax Act, **any** 10% US shareholder of a foreign corporation (determined on December 31, 2017) will be required to include in income, for the taxable year 2017, its proportionate share of the foreign corporation's undistributed earnings, if the foreign corporation is either a controlled foreign corporation (CFC) or has at least one 10% US shareholder that is a corporation.

This law change could generate significant phantom income with respect to 10%-or-greater owned foreign portfolio companies both (i) for US taxable investors (including the general partner and its owners) in partnership funds organized in the United States and/or for US sponsors of non-US funds. The Tax Act provides for reduced tax rates on such income for corporate investors of 8% (for earnings invested in tangible business assets) and 15.5% (for cash and cash equivalents), and 9.05% and 17.54% for investors taxed as individuals.

**5. Tax-Free Section 1031 Like Kind Exchanges Eliminated Except for Real Property Transactions**

The Tax Act eliminates the ability to qualify for tax-free exchange treatment under Code section 1031 if the property being exchanged is **personal property**. Consequently, for transactions occurring after December 31, 2017, exchanges of artwork, equipment, vehicles or other personal property held for investment or for use in a business, including Bitcoin or other cryptocurrencies, for like kind property will not eligible for Section 1031 tax treatment. Exchanges of real property continue to be eligible for Section 1031 exchange treatment.

**6. Certain Tax Accounting Rules Have Been Revised**

Under prior law, net operating losses (NOLs) could be carried back two years and carried forward for twenty years. Under the Tax Act, NOLs arising in tax years ending after December 31, 2017 generally cannot be carried back, but can be carried forward indefinitely. However, only 80% of a company's taxable income is permitted to be offset by NOLs. The remainder of the unused NOLs will carry forward.

The Tax Act also expands the category of corporations and partnerships that are eligible to use the cash method of accounting. Certain businesses may derive a tax benefit by switching from the accrual method to the cash method of accounting.

**7. Deferred Compensation**

The Tax Act generally leaves the current tax rules for deferred compensation intact. However, the Act also includes a new deferral provision for certain types of broad-based employee equity, which may apply to certain private companies.

**8. Estate and Gift Tax Changes**

In 2017, an individual could give or transfer at death up to $5,490,000 without paying gift or estate taxes. The Tax Act doubles the federal estate and gift tax unified exemption amount for estates of decedents dying and gifts made after December 31, 2017, and inflation adjustments will continue to apply. Therefore, in 2018, an individual has approximately an $11.2 million exemption, and a married couple has approximately $22.4 million of available shelter from federal gift and estate taxation. Note that the large exemption which applies to gifts may be useful in federal income tax planning. For example, large lifetime gifts of appreciated securities, artwork and other personal property (including possibly, a carried interest) to relatives who are in lower income tax brackets, or who reside in states with lower, or no state income taxes could save the family substantial federal income and/or state income taxes when such property is sold by the recipient of the gift.

**Sadis & Goldberg LLP**

Please feel free to discuss any aspect of this *Alert* with your regular Sadis & Goldberg contact whose names and contact information are provided below.

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Sent by sgalert@sglawyers.com

**From**: Richard Kahn [redacted]]
**Sent**: 1/26/2018 5:29:23 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: I did NOT have sex with the president: Nikki Haley swats down 'disgusting' rumor she had affair with Trump after author Michael Wolff hints at an affair

**Importance**: High

http://www.dailymail.co.uk/news/article-5316779/Haley-denies-disgusting-rumors-affair-Trump.html

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**From**: Kathy Ruemmler [redacted]
**Sent**: 2/24/2018 3:36:08 AM
**To**: jeevacation@gmail.com
**Subject**: Lawyer for Susan Rice: Obama administration 'justifiably concerned' about sharing intel with Trump team - POLITICO

**Importance**: High

https://www.politico.com/story/2018/02/23/susan-rice-lawyer-obama-administration-classified-intelligence-michael-flynn-trump-423437

**From:** Carolyn Rangel [redacted]
**Sent:** 3/13/2018 4:21:17 PM
**Subject:** Weekly Update
**Attachments:** image001.png; image002.jpg; image003.png; image004.jpg; image005.png; image006.jpg; image007.jpg; image008.jpg

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*Learn to meditate and discover what truly nourishes your entire being.*

**SFGATE**
*Published on Monday, March 12, 2018*

**I Never Feel Like Less of an American ...**

I never feel like less of an American than when idealistic teenagers call for gun control, and I know Congress won't let it happen.

I never feel like less of an American than when the richest people abandon the poorest.

I never feel like less of an American than when a President lies, and his supporters applaud.

Sometimes it takes the experience of shame to galvanize change, and this is such a time. Having lived too long on the self-image of "America is the greatest, richest, most powerful country in the world," we produced Trumpism, which has shattered that image. It's been a traumatic experience. Mature adults are supposed to be resilient in the face of difficult challenges, but a person can bend only so far. That's why one sees an outraged Resistance, moving from "He's not my President" to "Is this even my country?"

If as we often hear, America isn't a place on the map but an idea, the idea is in trouble. Every day I'm reminded of Sinclair Lewis's 1935 novel, *It Can Happen Here*, which imagined the election of a Fascist to the presidency. As tumultuous as the Thirties were, fascism didn't happen here. In fact, the New Deal and the inception of a social safety net came about. But reactionary forces simmer away when they aren't at a boil. Who would have thought that the leader of the House in 2018 wants to weaken the social safety net by "saving" Social Security and Medicare?

A survey of 117 historians recently ranked Donald Trump the worst President in history, which seems right after only one year in office. But what makes me feel like less of an American is knowing that 40% of my fellow citizens love and approve of him, who have reservations, yes, but overall want his agenda to move ahead. In the daily fire hose of presidential offenses, little attention was paid to the revelation by Reince Priebus, former White House chief of staff, that however chaotic this Presidency looked from the outside, it was worse on the inside--fifty times worse.

Trumpism is the product of collective consciousness, and although one hears about "the wisdom of crowds," but when collective consciousness veers as close to lunacy as this administration, healing is the only answer. Reactionary forces, racists, white supremacists, and haters are like algae on the surface of a pond. Algae only appears if the pond is dank and still. When water is clear and flowing, there is no condition for algae to thrive in.

The remedies for healing America are flowing with more force than before. Notions like Medicare for all, free higher education, and bringing huge banks to heel were semi-fantasy in the last Presidential election. Now they are quickly moving mainstream. Ecological awareness is growing and unstoppable. There is a possibility that by destroying America's self-image, Trumpism has opened the way for facing reality, which after all is better than living up to a self-image that is hollow at the core.

In the meantime, each person needs to remain resilient and relevant. The structure of government moves slowly, and it took decades of incremental moves for the reactionary right to gain the power it presently holds tight. If the midterm elections don't restore sanity, then collective consciousness is more wounded than we imagine. Without a doubt Trumpism is horrifying, but the grievances it represents are real. Address those grievances honestly and with a clear conscience: that's the only remedy.

SFGATE

**Archive of Deepak's Articles published by The San Francisco Chronicle.**

The CHOPRA FOUNDATION
DEDICATED CONSCIOUS CARING

**Archive of The Chopra Foundation published research articles: Research Papers**

CNBC

*Published March 12, 2018*

**4 easy ways to squeeze meditation into a busy day**

By Deepak Chopra and Kabir Sehgal, Contributors

There is no doubt that you can benefit from daily meditation. It has several health benefits like reducing cortisol levels that cause stress, lessening blood pressure, and slowing the heart rate. Besides these physiological effects, it can also have a positive impact on your work life, by increasing your attention span, deepening your focusing, catalyzing your creativity, and making you a better listener.

Given all these constructive outcomes, meditation should become an integral and required part of your day. But finding the time to actually engage in this practice can be difficult, so here are a few ways you can incorporate mindfulness exercises into your day.

**First, a morning ritual**

When you wake up, you're already in a quiet room in which you feel relaxed. This might be the last time you're surrounded by silence, so take five minutes and practice breathing in and out. Notice the sound of your breath as you inhale and exhale. Imagine the air rushing into your mouth and filling your lungs, and then picture it leaving your body and filling the room.

Instead of hitting the snooze button, sit up right and fill your morning with peace. These few minutes of mindfulness will prepare you for your busy day to come. Pretty soon, you'll get so used to meditation in the morning, that you won't want to start your day without it.

*Second, a morning commute*

If you take public transportation like a bus or the subway, you can use these moments for practicing meditation. To be sure, you might be disturbed by the noise of other people taking and public-address announcements.

But by simply closing your eyes and taking long breaths, you will inevitably retreat into a cocoon where you pay less attention to the sounds around you and train your mind on taking deep breaths. When you finally open your eyes, you will feel a sense of accomplishment, that you have gone somewhere on your commute that few others have – to a place of higher consciousness.

*Third, a lunch retreat*

When your colleagues and clients go to lunch, you can take advantage of this quieter period of the day. If you have your own office, you can close the door and spend five minutes again practicing breathing in and out. If you work in an open-office where you have limited privacy, you could either steal away into a conference room or bathroom to find a few moments of peace.

Some forward-thinking firms like General Motors, Google and Intel encourage employees to practice meditation, and some even have rooms and facilities on their campuses dedicated for this purpose. If you work at one of these companies, make sure to take advantage of these benefits.

*Fourth, a night time ritual*

Before your turn down your bed and go to sleep, try spending a few minutes sitting upright on your bed and practicing your breathing. You will find that when you are engaged in deep breathing exercises, it will help still your thoughts and prepare you for a better night sleep. A night time practice of meditation might make you feel better rested in the morning too.

**We are currently reading:**

This quote from my friend @mariashriver on her new book, *I've Been Thinking...Reflections, Prayers, and Meditations for a Meaningful Life*:
"No matter how busy you are, carve out time in your day to get calm, to think, to reflect, to be present."

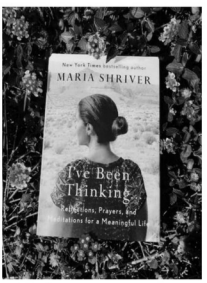


***How Healing Works***, Dr. Wayne Jonas lays out a revolutionary new way to approach injury, illness, and wellness.

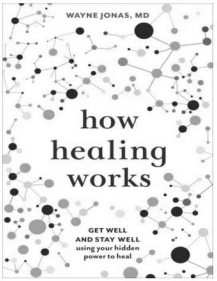


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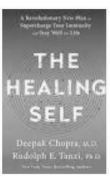


**National Best-seller: The Healing Self: A Revolutionary New Plan to Supercharge Your Immunity and Stay Well for Life**

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March 23, 2018

Via Email
Darren K. Indyke, Esq.
Darren K Indyke, PLLC
575 Lexington Avenue- 4th floor
New York, NY 10022

Re: Jeffrey Epstein

Dear Mr. Indyke:

As you are aware, our firm represents TowersInvestors.com, Inc and Mr. Steven Hoffenberg.

Mr Hoffenberg, through his long term contacts, as set forth below, believes he can assist Mr. Epstein in resolving his existing disputes with the Federal government without any jail time and to arrange for the sale of his financial business interests.

Governor Ben Barnes is prepared to meet with President Trump with respect to obtaining an agreement with the Federal government.

Gary Baise, a Washington, D.C based attorney who has worked as senior attorney in the Department of Justice, is working with us and will meet with the Department of Justice to obtain an advantageous agreement in exchange for Mr. Epstein's cooperation.

Lastly, Don Engel, who Mr. Epstein knows, who worked with Michael Milken at Drexel Burnhan, will work with Goldman Sachs to take over Mr. Epstein's business NOW.

We strongly believe that Mr. Epstein will benefit substantially from the foregoing and will want to engage in mutually beneficial discussions.

I am attaching a draft of a Complaint which Mr. Baise will file through local counsel if we cannot reach a mutually beneficial agreement.

Please contact me at your earliest convenience.

Very truly yours,

The Mintz Fraade Law Firm P.C

By: Alan P. Fraade
Alan P. Fraade

CC: TowersInvestors.com
APF/TSG
Encl. (1)

Deutsche Bank
Global Public Affairs

# Global Political and Regulatory Risk in 2015 and 2016: What to Watch

November 4, 2015

*Passion to Perform*

**Francis J. Kelly**
**Managing Director &**
**Global Coordinator, Public Affairs**

**“There cannot be a crisis next week. My schedule is already full.”**
**- Former US Secretary of State Henry Kissinger**

**“Any idiot can face a crisis. It’s day to day living that wears you out.”**
**- Anton Chekhov**

**“Formula for success: rise early, work hard, strike oil.”**
**- J. Paul Getty, US businessman**


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HOUSE_OVERSIGHT_026795

# The world is moving rapidly from the model we have lived within for 25 years. The where, why and what…

**LONG TERM OUTLOOK:**

- Geopolitical events are increasingly pressuring global markets and will continue to do so for the remainder of 2015 and well into 2016.

- Middle East serves as locus for key uncertainty and chaos. We continue to believe the region is at risk of remaining in turmoil for **30+ years** .

- We continue to see NAFTA nations as being seen as economic and political "safe havens" in large part to "Energy Renaissance."

- China is going through intense political, economic and societal transformation – all of which could potentially overwhelm the chances of a successful outcome.

**SHORT TERM (3-10 month) OUTLOOK:**

- In the coming three to six months, three key events will likely happen and have a long term positive impact on markets:

- Approval and implementation of Iran nuclear negotiations
- Congressional approval of Trans-Pacific Partnership (TPP)
- US will approve repeal ban on export of crude oil/natural gas


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# The US: Washington's 2015-2016 agenda - what to expect and why it will be important

- Despite the contrary and dramatic press accounts, Washington has been getting things done, a positive for the political process and the nation. It may have been messy but here is what they have gotten done so far this year:
  - **Trade Promotion Authority** (TPA)
  - **A federal budget**
  - **Iran nuclear deal**
  - **Debt ceiling**
  - **Medicare Payment & CHIP funding**
  - **Homeland Security funding**
  - **Debt ceiling raise**

But big policy items are unfinished:

  - **Appropriations (by December 11th)**
  - **Repealing oil export ban**
  - **Highway bill**
  - **Corporate Tax reform**
  - **The Trans Pacific Partnership (TPP)**

Francis J. Kelly
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# US corporate tax reform: have the seeds been planted and is there a deal to be done?

- The US Senate has worked on a possible tax package since January. But no clear consensus has emerged on a larger package.
- The real focus is on corporate tax reform, spurred on by the inversion debate.
- In the Senate, a bipartisan bill was offered to encourage corporate profits abroad to repatriate at a significantly lower rate (the Portman-Schumer bill).
- In the House, a plan was offered in late July that would allow corporations to repatriate at a lower rate if they invested in "research and development" (the Boustany-Neal bill). The revenue from the deal would pay for the Highway Trust Fund – which needs money.
- What is interesting for both bills is what did not happen: The White House remained silent.
- Could Congress (in league with US Treasury) slip a major corporate tax report into the appropriations bill using the "Reconciliation" process?

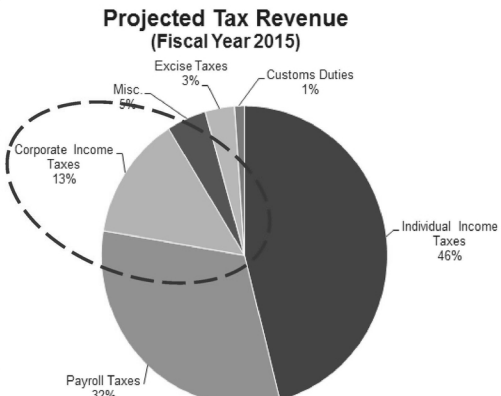


Source: OMB

Deutsche Bank
Global Public Affairs

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# Should hedge funds and private equity funds be worried about Washington? No.

- There continues to be chatter about dealing with carried interest. But chatter does not mean action and we see little actual movement toward raising the rates on carried interest through 2016.

- The new "tax reform" focused on hedge funds is projected to raise $11 billion a year. Somehow this gets done by allowing the IRS to audit hedge funds and find this amount of unreported revenue annually. Good luck with that.

- Private Equity has also been a focus of political chatter – maybe we see new regulation on the burgeoning "Shadow Banking" sector? Again, chatter is not action. There is little chance Congress or regulators will move aggressively in this space through 2016.

- But "Big Banks" continue to take it on the chin: In an effort to raise revenue for the Highway Trust Fund, Republicans have legislation moving forward that would drop the guaranteed interest rate banks receive for "investing" in the Federal Reserve – which they are required to do by law - from 6 percent to 1.5 percent. This will result in a significant drop in revenues for some of the biggest banks in the US.


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# Can US banks get some regulatory relief? Taking care of small- and mid-sized banks and reforming the Fed

Senator Richard Shelby (R-AL), chair of the US Senate Banking Committee, has put forward a regulatory relief bill which:

- Raises the "Systemically Important" bar from $50 billion to $500 billion; Re-define small banks from $10 billion to $50 billion;
- Provides an exemption for banks under $10 billion of assets from the Volcker Rule;
- Requires the Federal Open Market Committee to release quarterly reports on economic conditions around the country, though the Fed chair would still testify before Congress semiannually;
- Creates an independent commission to evaluate the structure of the Federal Reserve Board system, including a review of the number and structure of the Fed's 12 districts and requires the Federal Reserve to publish a study every two years on its regulation and oversight of nonbanks;
- Requires the Government Accountability Office (GAO) to study the Federal Reserve's regulation of systemically important institutions (SIFIs);
- Requires the President of the Federal Reserve Bank of New York to be nominated by the President and confirmed by the Senate. Also require3 the Fed to speed up the release of Fed minutes.

Some observers have suggested this bill will go nowhere; but we would not write it off so fast. Shelby is the master of the legislative process and there is some bipartisan support already for parts of his bill.


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# Housing reform: 2015 be the year of GSE reform?

- After initial movement on bi-partisan legislation last year, this is a dead effort as indicated by Banking Committee member and advocate for GSE reform, Senator Bob Corker (R-TN): "Congress will ignore GSE overhaul for next 16 months."

- Meanwhile, the housing market is moving on a number of fronts (we've seen this horror movie before):

✓ Fannie Mae launched their "HomeReady Mortgage" program: You can (again) use the income from non-borrower household members.

✓ Freddie and Fannie are working on a common Securitization Platform. Just for them (for now) but will eventually allow other participants. Question as to whether this is a transition to something new or simply securing the monopoly/duopoly of the GSE's.

Existing Home Sales has increased 53.9% from its lowest level of 3.45 million in July 2010.

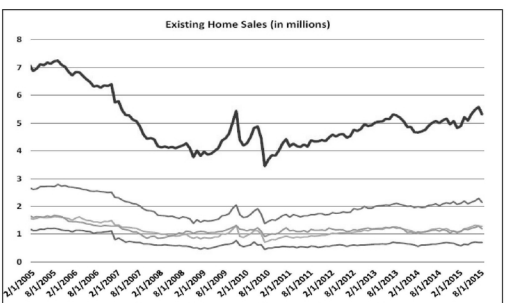


Source: Deutsche Bank

# The “Americas Decades” - The energy revolution keeps moving forward, the implications are enormous

- The NAFTA Bloc (US, Canada, Mexico) is emerging as a new “Super Bloc” for business, finance and energy.

- **Combined, the NAFTA Bloc is comprised of more than 500 million people, a $19 trillion economy and the largest energy capability in the world. Not to mention US and Canadian military superiority and reach globally.**

- Mexican government “got it” and amended their constitution; Canada has “gotten it” for quite some time (i.e. oil sands, Keystone Pipeline, etc.). US Congress now seeing strategic imperative (not to mention massive federal revenues).

- The local, national, regional and broader geopolitical implications of greater hemispheric energy independence are extraordinary and are already creating significant policy changes – and ruptures globally (i.e. Russia, Middle East, Venezuela, China, Iran).

➢ **Case in point:** If the Ukrainian crisis has done anything, it has intensely focused Washington (and Mexico City and Ottawa) on the need to rapidly build out natural gas and crude oil development and export capabilities.

➢ And, in the near future, can tariffs and fees on overseas sales help deal with the US deficit? There are a growing number of members of Congress who think it can. And will.


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# The 2016 US election campaigns have begun…

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HOUSE_OVERSIGHT_026803

# Yes, of course, we are already talking about the 2016 presidential elections…. A multi-billion dollar race?

| REPUBLICAN | DEMOCRAT |
| --- | --- |
| Ex-Gov. Jeb Bush (R-FL) | Hillary Clinton |
| ~~Gov. Scott Walker (R-WI)~~ | Senator Bernie Sanders (D-VT) |
| Senator Rand Paul (R-KY) | Ex-Gov. Martin O'Malley (D-MD) |
| Dr. Ben Carson | Harvard Professor Lawrence Lessig |
| Senator Ted Cruz (R-TX) | ~~Sen. Elizabeth Warren (D-MA)~~ |
| Gov. Chris Christie (R-NJ) | ~~Ex-Senator Jim Webb (D-VA)~~ |
| Gov. John Kasich (R-OH) | ~~Ex-Governor Lincoln Chaffee (D-RI)~~ |
| Senator Marco Rubio (R-FL) | |
| Senator Lindsey Graham (R-SC) | ~~Vice President Joe Biden (?)~~ |
| Ex-Gov. George Pataki (R-NY) | |
| ex-Senator Rick Santorum (R-PA) | |
| Ex-HP CEO Carly Fiorina | |
| Ex-Gov. Bobby Jindal (R-LA) | |
| Donald Trump | |
| Ex-Gov. Jim Gilmore (R-VA | |
| ~~Ex-Gov. Rick Perry (R-TX)~~ | |

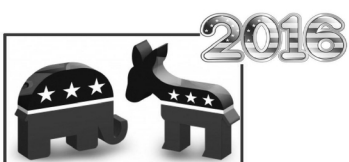

# So who would win if the general election were held today? Strangely, closer than you might think.

The November 4th RCP* average of major polls shows a surprisingly tight race between various Republican candidates and Democratic frontrunner Hillary Clinton.

| GOP Candidate | vs. Hillary Clinton |
|---|---|
| Marco Rubio | **Clinton +0.4 (45.0 - 44.6%)** |
| Jeb Bush | **Bush +1% (44.6 – 43.6%)** |
| Donald Trump | **Clinton +2.2% (46 – 43.8%)** |
| Ben Carson | **Carson +5.2% (48.6-43.4%)** |
| Carly Fiorina | **Fiorina +1% (43.5-42.5%)** |

*RCP = Real Clear Politics Aggregate Poll of major polls Source: Realclearpolitics.com


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# How does Clinton do vs. Republican opponents? And, please, tell me what you ***really*** think of Mr. Trump

**Quinnipiac National Poll**

**Released August 27, 2015**

*What is the first word that come to mind when you think of <name>?*

| | Clinton | Bush | Trump |
|---|---|---|---|
| 1 | liar | Bush | arrogant |
| 2 | dishonest | family | blowhard |
| 3 | untrustworthy | honest | idiot |
| 4 | experience | weak | businessman |
| 5 | strong | brother | clown |
| 6 | Bill | dynasty | honest |
| 7 | woman | experience | ego |
| 8 | smart | Florida | money |
| 9 | crook | politician | outspoken |
| 10 | untruthful | republican | crazy |

**Quinnipiac Swing State Poll**

**General Election Spreads**

**Released August 20, 2015**

| **Florida** | Bush | Rubio | Trump |
|---|---|---|---|
| Clinton | 11 | 12 | 2 |
| Biden | 13 | 6 | 3 |
| Sanders | 19 | 16 | 4 |

| **Ohio** | Bush | Rubio | Trump |
|---|---|---|---|
| Clinton | 2 | 2 | 5 |
| Biden | 3 | 1 | 10 |
| Sanders | 6 | 8 | 2 |

| **Pennsylvania** | Bush | Rubio | Trump |
|---|---|---|---|
| Clinton | 3 | 7 | 5 |
| Biden | 1 | 3 | 8 |
| Sanders | 8 | 12 | 3 |

*Red/blue numbers indicate R/D candidate lead by that number of points. For example, the poll showed Bush leading Clinton by 11% in Florida*



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Source: Quinnipiac College



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# Whipsawed! Democrats may be poised to regain control of the Senate in 2016

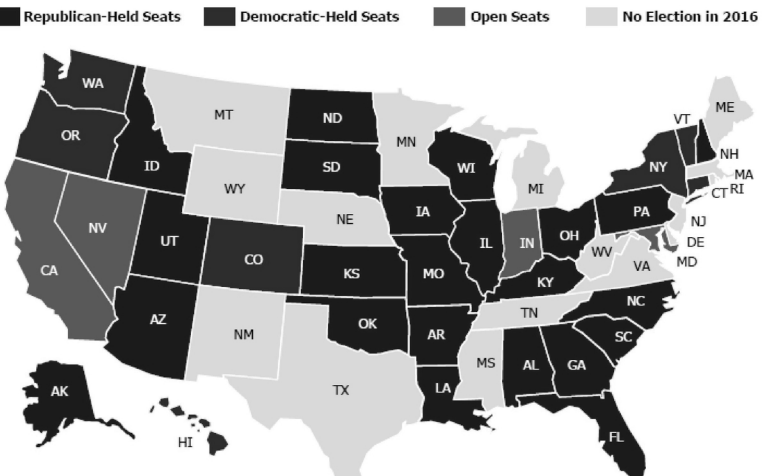


- 23 seats have Republican incumbents, 7 seats with Democratic incumbents
- There are 4 open seats: California, Maryland, Indiana and Nevada



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Source: National Journal

# And remember: The primaries are six months away…

| State | Date |
|---|---|
| Iowa Caucuses | January 18th |
| New Hampshire | January 26th |
| Colorado/Minnesota/New York/Utah | February 2nd |
| Nevada | February 6th |
| South Carolina | February 13th |
| North Carolina | February 16th |
| Michigan | February 23rd |
| Florida/Massachusetts/ Oklahoma/Tennessee/ Texas/Vermont/Virginia | March 1st |
| Louisiana | March 5th |
| Alabama/Mississippi/ Ohio | March 8th |
| Illinois/Missouri | March 15th |
| Arizona | March 22nd |


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# The geopolitical outlook: Growing regional tensions will not get any better in 2016

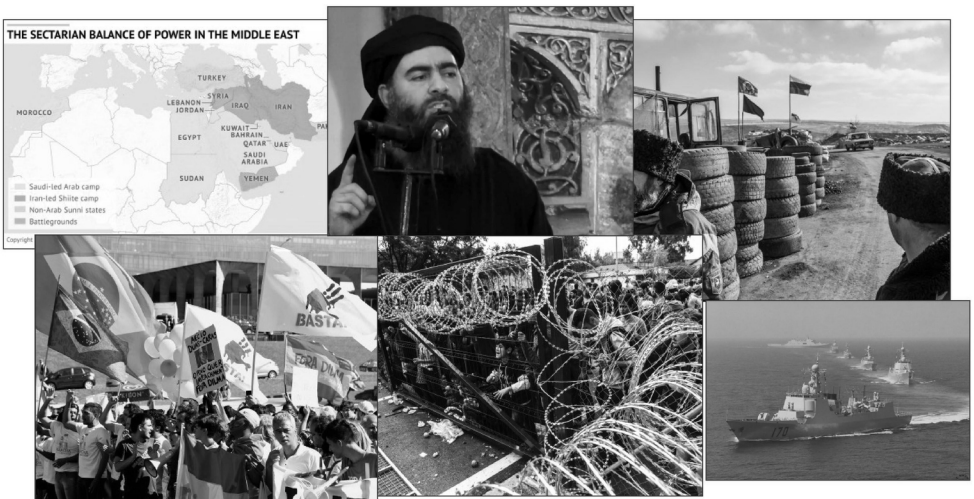

# Iran: US Congress will not stop nuclear deal; EU already moving forward – fast. What's next?

- P5+1 and Iran reached a deal. Big obstacle has been overcome: Enough US Senators support to ensure it can move forward.
- Saudi Arabia "supports" the deal. The Saudi king was in DC last month. US has quietly promised nuclear protection and massive weapons sales.
- Market implications of a deal are significant, especially for European corporates eager to get back into Iran marketplace (i.e. Italian PM Renzi already visited Tehran as has German FM).
- Iran wants to build 400 four & five star hotels in next five to ten years.
- But do not expect any significant oil export increase and/or sales into Iran for at least 8 – 10 months. Iran must first comply and set up systems for inspections.

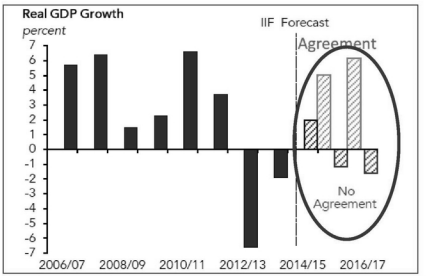


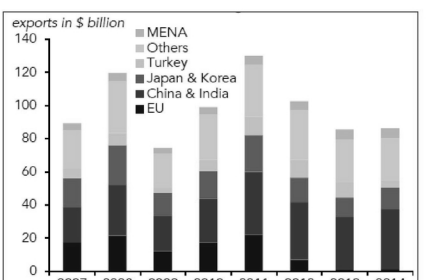


Source: IIF; IMF



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# Yemen in crisis: a new global choke-point?

-13 percent of world's oil travels through Gulf of Aden as it travels up through Suez Canal – almost all of it heading to Europe.

- Almost 8 percent of all world trade via shipping goes through Suez Canal.

- Iran is seen to be trying to build a "Shia Crescent."

- Iran sees/fears being encircled by "Sunni Crescent."

- If Yemen falls completely to Houthi tribal control – de facto, becoming an Iranian satellite – what threat does it pose to Saudi Arabia?

- Question: will a nuclear deal with Iran empower them regionally? Or will it further spur the Sunni nations to increase their defense efforts?

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# Libya: Is there any hope for peace or will it become a hub for regional instability and violence? No and yes

-The US/EU/NATO toppling of long-time strongman Muammar Gaddafi has led to a cycle of instability and continuous violence.
- It has also led to severe cuts in oil production and loss of significant revenue.
- More importantly, Gaddafi's massive weapons stocks have directly flowed to Boko Haram in Nigeria, terrorist groups in Mali and to arm other movements in Tunisia – as well as financing them via the sales and trading of these weapons.
- The US and EU seem to have no strategy to deal with the situation. White House sources tell us "it has literally fallen off the table" as an issue of focus. Is this now Egypt's problem through which the US will send money/weapons?

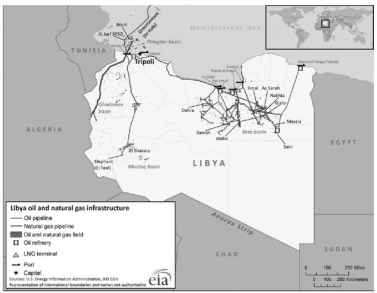


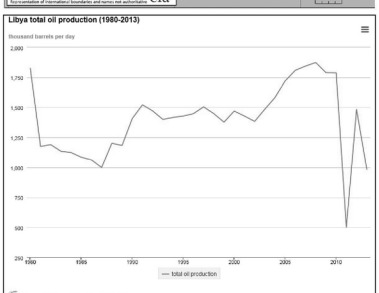

# Conflict in Ukraine: is it all over but for the shooting?

- Moscow got what it wanted: securing the naval port in Sevastopol and creating a buffer state between Ukraine and Russia as well as keeping Kiev weak and unstable.
- But there has been a cost: Sanctions are crushing the Russian economy and Crimea has become a giant money pit for Putin to pour rubles into. A complete economic mess.
- However, do not exclude possibility of more violence in Ukraine or elsewhere in the region.
- Still waiting for any significant financial aid or military relief from EU or US. Word to the wise: do not hold your breath.
- One other conflict is now drawing in Russian troops: Syria. Russian pilots are now flying missions with Syrian Air Force.

**Ukraine Lines of Withdrawal**

**Russian vs. Ukrainian Speakers in Ukraine**

Source: Washington Post; IIF, National Bank of Ukraine

# Russia: Return of the empire or death of a nation?

- Russia covers nine time zones and almost 7,000 miles end to end.

-The current Russian population:143 million. With the annexation of Crimea: 146 million.

- By 2030, the Russian population will have shrunk to136 million.

- By 2050, it will likely have shrunk to below 120 million and perhaps as low as 115 million (roughly the size of Mexico or Philippines today).

- Putin has also promised to increase military spending by $770 billion between now and 2020.

- Putin has also overseen the building or reconstruction of 23,000 Russian Orthodox Churches. And urged Russians to have lots of children (offering financial incentives).

Natural population growth of Russia since 1950

Birth rate Death rate Natural growth

Sources: United Nations; American Enterprise Institute; Globe & Mail

# Washington is watching this deal: A Sino-Russian oil and gas alliance?

**Russian President Putin inked a $400 billion deal with China in May 2014**

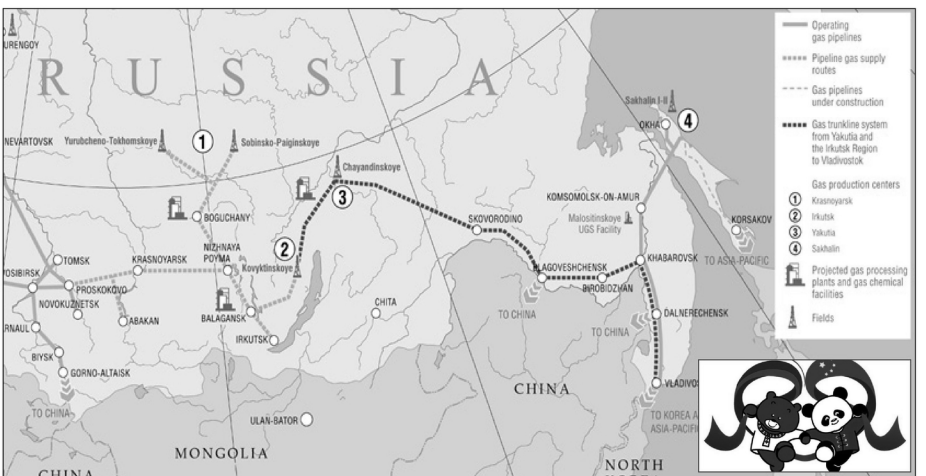


Source: Gazprom

# China's Siberian energy plans: 7,000 km of new pipe

Source: Chatham House Paper: Through the Dragons Gate? 12/13

# China goes big in Pakistan… $46 billion big…

- China, in an effort to counter India, build additional shipping points and expand trade, has just arranged for a $46 billion investment in pipelines from one end of Pakistan to the coastal city of Gwadar.
- India is not happy and we suspect al-Qaeda and ISIS in the northern region are not happy about this, either.
- Will China build a naval port, too? We believe so.

# China and the evolution of revolution: Rise of radical Muslims in China's western provinces

**- China now has a rapidly growing radical Islam problem: Ethnic Uyghur's – who are Turkic speaking – feel badly repressed and left out of the Chinese economic growth**.

- They have become increasingly radicalized. Uyghur's are fighting with ISIS and al-Qaeda. More importantly, they are conducting more and more terrorist strikes within China. China now is seeking to engage in Afghanistan. And they have become a key partner to Pakistan in recent years.

# The new frontier: Drilling in the Arctic and race with Russia and China

- Once cold and forbidding, climate change has allowed multiple countries to see it as a massive new and untapped region for natural resources and critically important geopolitical/military vantage point.

- President Obama visited this week and both called for renewed climate strategy as well as ramping up Coast Guard capabilities to operate in the Arctic.

- Russian President Putin has placed great emphasis on Russian military presence in the Arctic. China is also trying to lay claim to region as part of their never-ending search for oil.

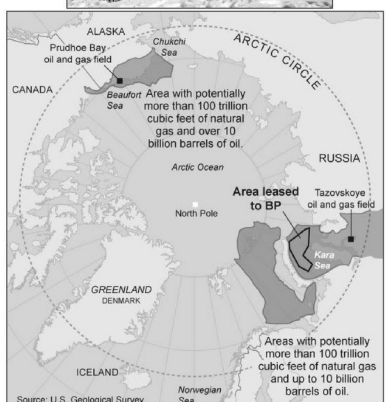

# Cuba: we showed you the love, now show us the money

- President Obama's historic re-opening of diplomatic relations has set the stage for potentially significant new investment opportunities in Cuba. But we stress "potentially" as the Castro Brothers now seem to be slowing considerably with respect to any reforms.
- Meanwhile, the US Congress is going to make sure there is no funding of the US Embassy and will be vigilant on any new business licenses granted by US Treasury for banking or foreign trade with Cuba.
- What to watch for: Pope Francis – who was critical to the success of the negotiations – just finished visit to Cuba and US. Will there be further agreements to hasten better relations.

**"That hoard of capitalist investor's should be arriving…just… about… now."**


Francis J. Kelly
francis.j.kelly@db.com


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# Argentina: Elections in October bring little clarity to future

- The August 9th mandatory open primaries (PASO) brought little clarity as to who will succeed President Cristina Kirchner in the October 25th elections. She has held office since 2007 and, before that, her husband held the presidency from 2003-06.
- Kirchner's handpicked successor, current governor of Buenos Aires province, Daniel Scioli (of the Peronist faction) leads in the elections held last week. But the 2nd and 3rd place finishers could band together to pull off a victory.
- The Argentine economy has seen zero growth this year. FDI has declined 41 percent and inflation stands at 30 percent. Voters remain deeply divided over which candidate and which economic policy to support. We expect continued problems for the foreseeable future.

**"You're only going to get this much back. . ."**

**Inflation and recession are clobbering the average Argentinean.**

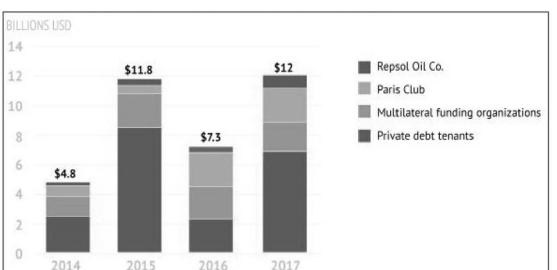


Source: Straftor



Francis J. Kelly
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# Venezuela: The spiral widens and intensifies… but there is some good news

- The Venezuelan legislative elections are only one month away (December 6th) and the country continues to be wracked by dysfunction, corruption and shortages of food, toilet paper, medicines, etc.
- The government has also banned a number of leading opposition figures from running for office and/or has placed them under house arrest.
- In the first half of 2105, their were reports of 132 lootings of stores and 2,800 protests*.
- Inflation is now estimated at over 800 percent, making it the highest in the world.
- Meanwhile, President Maduro has revived old border disputes with Guyana and closed the border with Columbia, causing significant social unrest.
- **So what is the good news**? There is a new and serious dialogue underway between the United States and Venezuela. Multiple high-level diplomatic visits have been undertaken in the last six months. A by-product of the US-Cuba rapprochement?

*source: Venezuelan Observatory for Social Conflict


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## Francis J. Kelly
## Managing Director & Global Coordinator, Public Affairs
## Head, Government & Public Affairs – North and South America

Frank Kelly is Global Coordinator for Public Affairs as well as head of Government & Public Affairs for North and Latin Americas. In this role, he manages and coordinates relationships with elected officials and political and legislative bodies globally.

Additionally, he heads up the Bank's U.S. Direct Investment Advisory Group (DIAG) providing strategic counsel to non-US companies engaged in cross-border mergers and acquisitions requiring regulatory and political approvals.

Mr. Kelly also serves as the Bank's Chief Political Risk Strategist advising clients on geopolitical and domestic risk issues and their impact on markets and industry sectors.

Previously, he was Head of Communications & Public Affairs – Americas overseeing legislative and regulatory matters, corporate and internal communications, branding and advertising and conferences and events for Deutsche Bank in the Western Hemisphere.

Prior to joining Deutsche Bank, Mr. Kelly held senior positions at both Charles Schwab & Co. and Merrill Lynch & Co, Inc.

Before joining the private sector, Mr. Kelly served at the U.S. Securities and Exchange Commission as Chief Spokesman as well as the US Department of Justice as Assistant to the Director for Policy Development.

Prior to these posts, he served in both the George H. W. Bush and, earlier, the Reagan White House where he started as a writer for President Reagan.

Mr. Kelly is a member of the Council on Foreign Relations and the International Institute of Strategic Studies. He serves as a member of the Board of Directors of the American Council on Germany and the Atlantic Council of the United States.

Mr. Kelly, his wife, Maura, and their two living children resides in Great Falls, Virginia.



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# Speaker Biographies

## Francis J. Kelly

**Head, Government & Public Affairs, Deutsche Bank–North and Latin America**
**Global Coordinator–Public Affairs**

Frank Kelly is Global Coordinator for Public Affairs as well as Head of Government & Public Affairs for North and Latin Americas, primarily responsible for managing and coordinating relationships with elected officials and political and legislative bodies globally. Additionally, he heads up the Bank's U.S. Direct Investment Advisory Group (DIAG) providing strategic counsel to non-U.S. companies engaged in cross-border mergers and acquisitions requiring regulatory and political approvals. Mr. Kelly also serves as the Chief Political Risk Strategist advising clients on geopolitical and domestic risk issues and their impact on markets and industry sectors.

Prior to joining Deutsche Bank, Mr. Kelly held senior executive positions at both Charles Schwab & Co. and Merrill Lynch & Co, Inc. Before joining the private sector, Mr. Kelly served at the U.S. Securities and Exchange Commission as Chief Spokesman as well as the U.S. Department of Justice as Assistant to the Director for Policy Development where he focused on international matters including terrorism and war crimes. Prior to these posts, he served in both the George H. W. Bush and the Reagan White House where he started as a writer for President Reagan.

Mr. Kelly is a member of the Council on Foreign Relations and the International Institute of Strategic Studies. He serves as a member of the Board of Directors of the Atlantic Council of the United States, the American Council on Germany and the Jerome Lejeune Foundation.

## Larry V. Adam

**Chief Investment Officer, Wealth Management–Americas**
**Chief Investment Strategist, Deutsche Asset & Wealth Management–Americas**

Larry Adam is a Managing Director and serves the dual role of Chief Investment Officer for Wealth Management–Americas and Chief Investment Strategist for Deutsche Asset & Wealth Management–Americas. In his role as CIO, he chairs the Americas Regional Investment Committee, the management team responsible for investment strategy and asset allocation for discretionary portfolios in the Americas, and is a voting member on the Multi Asset Investment Committee, which formalizes and establishes the global house view. As Chief Investment Strategist, Mr. Adam is responsible for articulating and providing detailed research on the outlook for the economy and each major asset class in support of the house view.

Previously, Mr. Adam was the Head of the Asset Allocation and Quantitative Analysis Group, the group responsible for analyzing and implementing client-specific asset allocation strategies. He is widely published and has been quoted in various mainstream and financial publications, including *The Wall Street Journal, Barron's* and *International Herald Tribune*. He also frequently appears on television and has been featured on CNBC and Bloomberg TV. Mr. Adam joined Deutsche Bank Alex. Brown in 1992.

Mr. Adam received a B.B.A. and a master's degree in business with a concentration in finance from Loyola University Maryland. He has earned the Chartered Financial Analyst®, the Certified Investment Management Analyst® and the Certified Financial Planner™ designations.

# Speaker Biographies

## Eric D.K. Melby
Principal, The Scowcroft Group

A founding Principal of The Scowcroft Group, Eric D. K. Melby has extensive experience in telecommunications, energy and investment support. He also advises clients on market entry and geopolitical risk. Dr. Melby's primary regions of focus are the Middle East and Asia.

Dr. Melby was a senior staff member on the National Security Council from 1987 to 1993, during which he participated in bilateral and multilateral trade and economic negotiations, including the North American Free Trade Agreement, the Uruguay Round, bilateral economic issues, international energy policy and export controls. He was also member of the U.S. 'Sherpa' team for the G7 Economic Summits during this period. Before serving on the NSC staff, Dr. Melby was a Special Assistant to the Under Secretary of State for Economic Affairs, responsible for trade and energy issues. Previously, he worked at the International Energy Agency in Paris. He has also served with the U.S. Agency for International Development and was a Peace Corps Volunteer in the Philippines.

Dr. Melby received his BA from Haverford College and his MA and PhD from the Johns Hopkins University (SAIS). He is a member of the Council on Foreign Relations, a Director of the Atlantic Council of the United States and of the International Student House of Washington, D.C. He serves on the advisory councils of the European Institute and of SAIS Europe. He also sits on the Chapter of the Washington National Cathedral.

## Kevin G. Nealer
Principal, The Scowcroft Group

A Principal of The Scowcroft Group, Kevin G. Nealer provides strategic risk advisory services and direct investment support to clients, specializing in financial services and trade policy issues for emerging markets, with emphasis on China and Southeast Asia. Before joining The Scowcroft Group, Mr. Nealer advised multinational clients on investment issues, project finance, and trade law/policy as a principal in the consulting affiliate of Washington's largest law firm, and as Vice President for corporate affairs with a leading government strategies practice.

On October 1, 2014, President Obama appointed Mr. Nealer as a Member of the President's Intelligence Advisory Board. Following his confirmation by the United States Senate on December 14, 2010, Mr. Nealer had served on the Board of Directors of the Overseas Private Investment Corporation, the development finance agency of the U.S. government, and as a member of OPIC's Audit and Governance Committees until the conclusion of his term in January, 2013. He is a member of the international advisory boards of Ancora Capital Management Pte, Ltd., China Highland Fund, and the board of the Australian American Leadership Dialogue. A trade attorney and former State Department officer, Mr. Nealer previously served as trade policy advisor to the Senate Democratic Leadership.

A member of the Council on Foreign Relations, he is the author of numerous articles on political economy, including co-authoring the Council's report *Beginning the Journey: China, the United States, and the WTO*. He is a consultant to the U.S. government on trade and economic security issues. A Fulbright professor in the People's Republic of China (1990 to 1991), Mr. Nealer has served as a lecturer, program moderator, and adjunct professor of trade law and policy at the Georgetown University McDonough School of Business.

Mr. Nealer received his JD from Case Western Reserve University, and serves on its International Visiting Committee. He received his BA from the University of Michigan and is a member of the Advisory Board of the Michigan in Washington Program.

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# The Scowcroft Group

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**From:** Kevin Nealer
**Date:** November 14, 2015

## Terrorism - Metrojet and Paris Mark Externalization of ISIS Threat

It has been a consensus view in the US and Europe that the dangers posed by ISIS included metastasizing into other Middle Eastern and African countries -- something that Turkey has already experienced and Saudi Arabia and others likely face. Europe was believed to be at less risk, although as the flow of refugees from Syria, Iraq, and Afghanistan increased, that risk has risen.

**The US and everywhere else were thought to be tertiary targets, subject to opportunistic attacks but almost a distraction to ISIS (cf. Al Qaeda), given its preoccupation with exploitation of Sunni/Shia divisions and goal of regional territorial gains.** Remember, ISIS' military leadership largely is drawn from Sunnis who were a part of Saddam's military; they are motivated by revenge for how they have been treated by the Shia-dominated post-Saddam Iraqi government.)

**Last week's Metrojet bombing in Egypt, the suicide attacks Thursday in a Shiite neighborhood of Beirut, and yesterday atrocities in Paris all demonstrate an unexpected level of sophistication and effort.** As a result, European countries and the US are likely to see an increase in incidents and threats that harken back to Al Qaeda's early agenda or are comparable to the Black September and early Hezbollah attacks of the '70s.

**What are the consequences?**

- ISIS can be expected to undertake further spectacular attacks. It has eclipsed AQ in operational capability, financing, and recruitment. It is not only the wealthiest terror group in history, but one with global reach and ambitions. (The Obama Administration's claims that ISIS is contained now look naive, and that characterization will haunt President Obama and Democrats next year.)
- Expect a significant uptick in EU, US, and Russian engagement against ISIS in the Iraq/Syria theater, but also in Europe. The failure to detect this elaborate scheme (no less complex because it was "low tech" -- so was 9/11) will prompt European security and intelligence agencies to take a much more intrusive and perhaps even confrontational approach both to indigenous Muslim groups and to arriving refugees. While that risks a feed-back loop, the instinct will be to err on the side of immediate results, not impact on radicalization as a social challenge.
- Germany and other EU nations will have to re-examine their commitments to welcome more refugees from the Middle East, and British opposition to allowing refugees, already strong, will harden. The scale of the Paris attacks will energize right-wing politics and pressure center-left governments to make threat reduction a higher priority than humanitarian concerns.

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- The universal horror at what happened in Paris is likely to strengthen the determination of countries gathered in Vienna for the Syria conference to better coordinate and prosecute the campaign against ISIS in Syria and Ira.

**Bottom Line**: **Has risk to the United States increased?** There are no indications yet that ISIS has changed its approach here. It encourages radicalization and lone wolf attacks but has not mounted direct attacks. But the Metrojet bombing has resulted in a stepped up global effort to secure American airlines. So too, targeting of American institutions/events – it is unlikely a coincidence that an American band was playing at the site of the largest causalities in Paris -- seems highly probable. This applies equally to American bases and facilities overseas, including embassies.


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**From:** Richard Kahn [redacted]]
**Sent:** 12/24/2015 12:52:15 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Alert: FIRPTA and REIT Reform Provisions in the New Tax Law Open Door to Increased Foreign Investment in U.S. Real Property Interests

**Importance:** High


Richard Kahn
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Begin forwarded message:

**From:** Sadis & Goldberg Tax Group <[redacted]>
**Date:** December 23, 2015 at 3:02:13 PM EST
**To:** [redacted]
**Subject: Alert: FIRPTA and REIT Reform Provisions in the New Tax Law Open Door to Increased Foreign Investment in U.S. Real Property Interests**
**Reply-To:** [redacted]

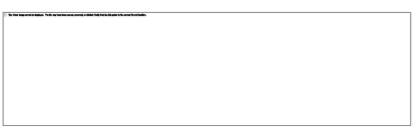

TAX ALERT DECEMBER 23, 2015

**FIRPTA and REIT Reform Provisions in New Tax Law Open Door to Increased Foreign Investment in U.S. Real Property Interests**

For further information about this *Alert*, please contact:

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Please feel free to discuss any aspect of this *Alert* with your regular Sadis & Goldberg contact or with any of the partners whose names and contact information can be found at the end of the *Alert*.

On December 18, 2015, President Obama signed into law a bill that significantly reforms the provisions of the Internal Revenue Code that were originally added 35 years ago by the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA). The Protecting Americans from Tax Hikes Act of 2015 (the "PATH Act") also includes extensions of a number of tax relief provisions that expired at the end of 2015. The PATH Act makes foreign capital investment in U.S. real estate, energy and infrastructure assets more attractive by expanding certain exemptions from FIRPTA and clarifying the application of certain FIRPTA provisions to REITs and their shareholders.

## I. FOREIGN PENSION FUNDS EXEMPTED FROM FIRPTA TAXATION

One of the most significant provisions of the PATH Act is the addition of a complete exemption from FIRPTA for "qualified foreign pension funds" and "entities" wholly owned by such funds, effective on the date of enactment. A foreign pension fund is "qualified" if it is subject to government regulation and certain reporting requirements in its home jurisdiction, is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees, has no greater than 5 percent beneficiaries, and enjoys tax benefits on either contributions or investment income in its home jurisdiction. The new exemption applies to direct investments and investments made through partnerships (including private equity funds). The PATH Act provides for certain details to be addressed by Treasury Regulations. It appears that the "entities" eligible for the FIRPTA exemption could include a U.S. or foreign "blocker" corporation that is wholly owned by a qualifying foreign pension fund. This exemption will, for the first time, permit foreign pension funds, including some governmental funds, to hold control positions in REITs without losing their FIRPTA exemption.

Note that the regular rules of the Internal Revenue Code other than FIRPTA still would apply to the foreign pension fund. Therefore, a foreign pension fund that invested in a partnership that was engaged in a U.S. business (real estate or non-real estate) would still be subject to U.S. federal income tax on its share of the partnership's "effectively connected" U.S. business income in the same manner as other non-U.S. persons making an investment in a U.S. business partnership.

Here are some examples of what can be done in light of the changes made by the PATH Act:

**A. Raw Land Investment.** A qualifying foreign pension fund invests in a partnership that buys raw land in the United States. (This could be a vacant lot, timberland, oil and gas or mineral property, or other property interests that qualify for treatment as real property for federal income tax purposes.) The investment is a capital asset, as the partnership is not engaged in business. The partnership later sells the property to a developer, or the pension fund sells its partnership interest. Under prior law, the foreign pension fund's non-business capital gain would automatically be subject to US federal income tax because of FIRPTA. Under the new law, the foreign pension fund's long-term or short-term capital gain is exempt from U.S. income tax and FIRPTA withholding because FIRPTA does not apply.

**B. Equity Kicker Mortgage Loan Investment.** A foreign pension fund acquires an ownership interest in a mortgage loan secured by U.S. real property. The loan includes stated interest plus an equity kicker (*e.g.*, additional interest equal to a share of gain realized on sale of the property). Such an equity kicker loan is treated as a U.S. real property interest under FIRPTA. Under prior law, gain realized by the foreign pension fund upon sale of the loan would automatically be subject to U.S. income tax under FIRPTA. Under new law, the gain realized on the sale of the mortgage loan would be exempt from U.S. income tax. (This conclusion is based on the assumption that the foreign pension fund is a mere investor and not engaged in an active lending business in the U.S.)

**C. U.S. Blocker Corp. Investment.** A foreign pension fund wants to make an equity investment in a U.S. real estate business that is organized as a partnership. The foreign pension fund forms a U.S. corporation to acquire the partnership interest and the corporation is capitalized with a mix of equity and debt held by the shareholder. The corporation is subject to U.S. income tax on its net income, but gets to deduct interest paid or accrued on the debt held by the shareholder. The foreign corporation later sells the stock of the corporation. Under prior law, the gain on sale of the stock would be subject to U.S. income tax because the corporation was a "U.S. real property holding corporation" under FIRPTA. Under new law, FIRPTA does not apply to the foreign pension fund, so the capital gain on sale of the stock is exempt from U.S. income tax. Note that the U.S.-source interest paid to the foreign shareholder could be subject to U.S. withholding tax under the regular rules of the Code, but if the pension fund is organized in a jurisdiction that has a tax treaty with the U.S. (*e.g.*, UK, Germany, France, China, Japan, etc.), these interest payments could be exempt from U.S. withholding under such tax treaty.

## 2. FIRPTA EXEMPTION FOR INVESTMENTS IN PUBLICLY TRADED REIT STOCK INCREASED FROM 5 PERCENT to 10 PERCENT

For publicly traded REITs, the PATH Act opens the door to increased investment by expanding the current statutory exemption from FIRPTA for small portfolio investments by non-U.S. persons. The Act provides all foreign investors (not just pension funds) can now own up to 10 percent of the stock of a publicly traded REIT without triggering FIRPTA tax. Under prior law, FIRPTA tax would apply upon the foreign investor's sale of stock of the publicly traded REIT or the receipt of certain distributions from such REIT if the foreign investor holds more than 5 percent of the REIT's stock.

## 3. CLARIFICATION OF THE EXEMPTION FOR INVESTMENTS IN DOMESTICALLY CONTROLLED REITS

The PATH Act includes important clarifying presumptions that will allow publicly traded REITs and their shareholders to rely with greater confidence on the current law FIRPTA exemption for gains realized on sales of stock in "domestically controlled" REITS. In determining whether a REIT is domestically controlled, the REIT is now permitted to presume that any owner of less than 5 percent of any publicly traded shares of the REIT is a U.S. person, unless the REIT has actual knowledge to the contrary.

## 4. REVENUE RAISING PROVISIONS RELATING TO FIRPTA AND REITs

The PATH Act includes certain revenue raising provisions to offset, in part, the tax revenue loss anticipated to result of the above-described tax reform provisions of the Act. Such revenue raisers include (among other technical changes) the following provisions:

**A. Increase in FIRPTA Withholding Rate.** The purchaser of a U.S. real property interest from a non-U.S. person was previously required to withhold 10 percent of the purchase price under FIRPTA. The PATH Act increases this rate to 15 percent for dispositions occurring after the 60th day following enactment, but maintains the 10 percent rate for sales of residential property for between $300,000 and $1,000,000. This provision is not a tax increase but is designed to ensure that FIRPTA withholding collects a sufficient portion of the taxes owed.

**B. Restriction on REIT Spin-offs**. In recent years, it has become increasingly common for large corporate taxpayers to reduce their tax bills by contributing real estate used in their businesses to a subsidiary, spinning off the subsidiary in a tax free transaction under Code section 355, and then having the spun-out corporation making a REIT election. The PATH Act curtails such activity by (i) providing that neither the distributing corporation nor the spun-out corporation can make a REIT election for ten years after that corporation was involved in a Section 355 transaction and (ii) denying tax-free treatment to spin-offs in which the distributing corporation or spun-out corporation (but not both) is a REIT.

## 5. CONCLUSION

The revisions to the FIRPTA and REIT rules discussed above represent a potentially large expansion of the incentives for foreign investment in U.S. real property interests, especially for foreign pension funds. Sponsors of U.S. real property investment funds and foreign investors with interests in U.S. real estate assets should review the new provisions to determine whether such persons could benefit from such U.S. tax law changes.

## Sadis & Goldberg LLP

Please feel free to discuss any aspect of this *Alert* with your regular Sadis & Goldberg contact or with any of the partners, whose names and contact information are provided below.

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**Sent**: 2/19/2016 2:23:22 AM
**To**: Jeffrey Epstein [Jeevacation@gmail.com]
**Subject**: TRUMP / POPE SCORECARD .....
**Attachments**: EWLarge2.jpg

**Importance**: High

# TRUMP 1 POPE 0

Enterpriseworld

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | Main: [redacted] | Mobile: [redacted]
[redacted]
www.coreaccess.net |

**From**: Bob Crowe [redacted]
**Sent**: 3/11/2016 12:24:18 PM
**To**: jeevacation@gmail.com
**Subject**: FW: RE : RE: Revised letter. Arbitrary detention of Mr. Wade
**Attachments**: image001.gif

**Importance**: High


Robert B. Crowe Partner| Nelson Mullins
One Post Office Square, 30th Fl., Boston, MA 02109
101 Constitution Avenue NW, Washington, DC 20001
[redacted]
T:[redacted]


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**From:** abuulabass [mailto:[redacted]
**Sent:** Wednesday, March 02, 2016 12:31 PM
**To:** Vinoda Basnayake; elisabeth feliho
**Cc:** Bob Crowe; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** RE : RE: Revised letter. Arbitrary detention of Mr. Wade

Congratulations Vinoda ! The French version of the paper was published today in the Senegalese major newspapers. You can see it also in Seneweb.com .
Many thanks for the good work with my best regards.
Tidiane
Envoyé depuis mon appareil Samsung

-------- Message d'origine --------
De : Vinoda Basnayake <[redacted]
Date : 02/03/2016 16:20 (GMT+00:00)
À : elisabeth feliho [redacted]>
Cc : Bob Crowe <[redacted]n>, Cheikh Tidiane Sy <[redacted]>, Mohamed Seydou Diagne <[redacted]>, El Hadji Amadou Sall <[redacted]>
Objet : RE: Revised letter. Arbitrary detention of Mr. Wade

We have had some positive feedback from the article. Now the issue certainly has more visibility in Washington. Bob is in the process of setting up the meeting with Tom at the State Dept regarding the Human Rights Report for 2016. Will send more as we get more details.

Vinoda

**Vinoda Basnayake**

Of Counsel and Chair of DC Government Relations
[redacted]

**Nelson Mullins Riley & Scarborough LLP**

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www.nelsonmullins.com
(View Bio)

**From:** elisabeth feliho [[redacted]
**Sent:** Monday, February 29, 2016 6:29 AM
**To:** Vinoda Basnayake
**Cc:** Bob Crowe; Cheikh Tidiane Sy; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** Re: Revised letter. Arbitrary detention of Mr. Wade

Congratulations!!! Can we share this with the press here?

Best regards.

EF

2016-02-26 13:04 GMT+00:00 Vinoda Basnayake <[redacted]>:

Great news, the piece was published in The Hill this morning-

http://thehill.com/blogs/pundits-blog/international/270878-senegals-democratic-backslide

We can share this w Congress and State.

Sent from my iPhone

On Feb 26, 2016, at 6:06 AM, elisabeth feliho <[redacted]> wrote:

Excellent!!!

2016-02-24 20:13 GMT+00:00 Vinoda Basnayake <[redacted]>:

We are working on getting the following article placed in the Hill or the Politico within the next week. As of now it looks like former Chairman of Armed Services, Congressman Ron Dellums, will be the author. Please keep highly confidential. Will keep you posted on if, when and where it gets published. Once it is published we can all circulate it highly. We believe that this article sets the tone for the advocacy we will be doing and having someone very prominent like Congressman Dellums will also be a great way to launch this campaign.

*Congressman Ronald Dellums is a thirteen term Member of the U.S. House of Representatives (D-CA) who served from 1971-1998. He also served as the 48th Mayor of Oakland from 2007-2011. Dellums served as the Chairman of the House Armed Services Committee and the House Committee on the District of Columbia. He also served on the Foreign Affairs Committee, the Post Office and Civil Service Committee, the Permanent Select Committee on Intelligence and co-founded the Congressional Black Caucus.*

**Senegal's Democratic Backslide**

2015 was a banner year for democracy in Africa. Nigeria, the largest country on the continent, had a democratic election, and even more impressively, had its first ever peaceful transition of power when sitting President Goodluck Jonathan transferred power to Muhammadu Buhari. Former President Jonathan conceded and famously declared, "Nobody's ambition is worth the blood of any Nigerian." My last piece for ***The Hill*** was titled, *'Will Guinea's experiment in democracy succeed?'*" It is with great joy that I can report that it did! Guinea's first democratically elected President, Alpha Conde, won his reelection campaign in a peaceful election that was internationally monitored in which the Guinean electorate reaffirmed its commitment to a democracy.

Despite these victories for democracy in a continent in which I dedicated a great deal of my life's work, I am deeply troubled by developments over the last few weeks. Earlier this week Uganda President Yoweri Museveni extended his thirty year rule and "won" his fifth consecutive election which international observers said was marred with intimidation and impropriety. Shortly after the election Museveni, who scrapped constitutional term limits a decade ago, had his political rival, Kizza Besigye arrested and detained for protesting the election results. Of course we have come to expect these actions from Museveni in Uganda. What I am even most troubled by is what is taking place in Senegal, which was once the pillar of democracy in Africa.

When Abdoulaye Wade was democratically elected as President of Senegal in 2000, it was a huge step forward for democracy in Africa. President Wade adopted a new constitution and instituted term limits for the first time in Senegalese history. In 2012 President Wade was defeated in a democratic election by his Prime Minister Macky Sall. The United States and the larger international community praised Wade for his quick concession and praised peaceful transition of power. President Macky Sall affirmed his commitment to democracy announcing that he would shorten term limits from 7 to 5 years. President Obama visited Senegal in June of 2013 and praised President Sall for his commitment to democracy in shortening the presidential mandate and praised the country's rule of law.

Unfortunately in the past few years much has changed and we are witnessing a backslide in what was once Africa's brightest democratic success story. When the opposition party, the Senegalese Democratic Party, designated former President Abdoulaye Wade' son, former Minister Karim Wade, as their candidate for the next presidential election; President Sall had Karim Wade arrested and detained. President Macky Sall then reestablished a special court by presidential decree that had been abolished by Senegalese law and not heard a case in thirty years. This newly established special court sentenced Mr. Wade to six years in prison. He remains in prison today, sentenced without appeal. In April 2015, the United Nations Working Group of Arbitrary Detention determined that Mr. Wade was arbitrarily arrested and that his detention was in violation of international law. Last month the UN Working Group reaffirmed its finding and called on President Sall's regime to release Karim Wade and comply with international law. Sall has ignored the UN Working Groups request.

Last week the backslide continued even further as President Macky Sall reneged on his commitment to shorten term limits. Instead of holding elections next year, after five years per his commitment, he announced that he would serve until 2019. He claims that this decision was based on the opinion - just an opinion - of the Constitutional Council that he had himself sought.

In light of the trend toward democracy in Africa as exemplified by Nigeria and Guinea, it is very concerning that one of the United States' closest allies and Africa's strongest democracies appears to be retrogressing. The destabilization of democracy in Senegal could have significant consequences in the entire region. The United States must get in front of this negative trend before spreads across Africa and it is too late. The U.S. should call for President Sall to honor the request of the UN Working Group and release his political rival Mr. Wade and also keep his pledge of a 5 year presidential mandate. President Obama has said that Africa is more important than ever to security and prosperity in the U.S. We have worked very hard in implementing and prioritizing democracy and democratic succession in Africa. The Obama administration must not let our hard work be compromised in Senegal, we have worked too hard and come too far.

<image001.gif>

**Vinoda Basnayake**

Of Counsel and Chair of DC Government Relations

[redacted]

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(View Bio)

**From:** elisabeth feliho [mailto[redacted]
**Sent:** Tuesday, February 23, 2016 5:20 AM
**To:** Vinoda Basnayake; Bob Crowe
**Cc:** Cheikh Tidiane Sy; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** Revised letter. Arbitrary detention of Mr. Wade

Dear Vinoda and Bob,

Please see attached the last version of the revised draft letter. We have made some modifications and amendments we submit to your proposal. You can finalize the letter as it suits you. We strongly recommend to wait Wednesday or Tuesday this week before sending the letter as Amnesty International will issue on Wednesday 24th February its worldwide report on human right situation. It is highly probable that major statement will be made on Mr. Wade case in the report on Senegal, which will give us more input for the letter.

Many thanks and best regards.

EF

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**From:** Lesley Groff [redacted]
**Sent:** 5/4/2016 6:06:21 PM
**To:** Jefffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Larry Summers - Foreign Affairs - The Fusion of Civilizations

**Importance:** High

Begin forwarded message:

**From:** Kelly Friendly <[redacted]>
**Subject: Larry Summers - Foreign Affairs - The Fusion of Civilizations**
**Date:** May 4, 2016 at 2:05:48 PM EDT
**To:** [redacted]
**Reply-To:** [redacted]

# The Fusion of Civilizations

***The Case for Global Optimism***

**Foreign Affairs**
May/June 2016 issue
By Kishore Mahbubani and Lawrence H. Summers

The mood of much of the world is grim these days. Turmoil in the Middle East, causing hundreds of thousands of deaths and millions of refugees; random terrorist attacks across the globe; geopolitical tensions in eastern Europe and Asia; the end of the commodity supercycle; slowing growth in China; and economic stagnation in many countries-all have combined to feed a deep pessimism about the present and, worse, the future.

Historians looking back on this age from the vantage point of later generations, however, are likely to be puzzled by the widespread contemporary feelings of gloom and doom. By most objective measures of human well-being, the past three decades have been the best in history. More and more people in more and more places are enjoying better lives

than ever before. Nor is this an accident-because despite Samuel Huntington's foreboding, what has occurred over recent generations is not a clash of civilizations but a fusion of civilizations.

To put it simply, the great world civilizations, which used to have detached and separate identities, now have increasingly overlapping areas of commonality. Most people around the world now have the same aspirations as the Western middle classes: they want their children to get good educations, land good jobs, and live happy, productive lives as members of stable, peaceful communities. Instead of feeling depressed, the West should be celebrating its phenomenal success at injecting the key elements of its worldview into other great civilizations.

The march of reason, triggered in the West by the Enlightenment, is spreading globally, leading to the emergence of pragmatic problem-solving cultures in every region and making it possible to envisage the emergence of a stable and sustainable rules-based order. There is every reason to believe, moreover, that the next few decades can be even better for humanity than the last few-so long as the West does not lose confidence in its core values and retreat from global engagement. The greatest danger of the current pessimism, therefore, is that it might become a self-fulfilling prophecy, leading to fear and withdrawal rather than attempts to reinvigorate the existing global system.

The origins of the contemporary era lie in the West's transformation during the Renaissance, the Enlightenment, and the Industrial Revolution. No other civilization can take credit for giving birth to modernity. This was not done with some benign intent to uplift humanity in general; there were many problems along the way, and the explosion of Western power across the globe had some terrible consequences for other cultures and regions. Yet the ultimate result was the diffusion of a modern outlook that relies on science and rationality to solve problems, much to the ultimate benefit of the planet's population.

As recently as half a century ago, for example, there was a global clash of economic ideologies. Nikita Khrushchev, the former leader of the Soviet Union, could claim that the state was better at delivering basic goods to citizens than free markets were, but today such a view would be laughed at. The market economy has made Chinese and Indian workers today far more productive than they were under Mao Zedong or Jawaharlal Nehru, India's first prime minister. Societies now accept the simple fact that workers need material incentives to be productive, which has led to increased dignity and self-worth. The vast majority of humanity is literate, is at least somewhat mobile, and has access to the world's store of existing knowledge. Around half of the adults in the world own a smartphone, and there are now more connected mobile devices in total than there are people on the planet.

The spread of science and technology, meanwhile, has also improved human dignity and well-being. Most people used to experience lives that were nasty,

brutish, and short. Today, life expectancy has increased by leaps and bounds virtually everywhere. Infant and maternal mortality have dropped sharply, thanks in part to the spread of clear hygiene standards and the construction of modern hospitals. According to the Bill & Melinda Gates Foundation, as recently as 1988, polio was rampant in 125 countries; today that number is down to two. Aside from among the Taliban and a few pockets of upscale communities in the United States, the virtues of vaccines are accepted by all, part of a general consensus on the virtues of Western science and technology.

And reason is replacing superstition more generally. People around the world now routinely do basic cost-benefit analyses when looking for solutions to problems, leading to a gradual improvement in outcomes everywhere, from agriculture and construction to social and political life. This helps explain the dramatic long-term decline in the rates of most kinds of conflict and violence that the Harvard scholar Steven Pinker has documented.

After slavery and imprisonment, the most degrading condition a human being can experience is poverty. In 2000, UN Secretary-General Kofi Annan announced as one of the ambitious Millennium Development Goals halving extreme global poverty by 2015. That goal was far exceeded, and the U.S. National Intelligence Council has predicted that extreme poverty will be reduced even further by 2030-which would constitute one of the most remarkable developments in human history. The global middle class, meanwhile, is projected to rise from 1.8 billion in 2009 to 3.2 billion in 2020 and 4.9 billion in 2030. The world's infant mortality rate decreased from an estimated 63 deaths per 1,000 live births in 1990 to 32 in 2015. This translates into more than four million fewer infant deaths each year.

Instead of optimism based on this recent progress, however, these days in the West, one more often encounters pessimism related to three current challenges: turbulence in the Islamic world, the rise of China, and intra-Western economic and political sclerosis. But the pessimism is unwarranted, because none of these three challenges is insurmountable.

## MODERNIZING MUSLIMS

The Islamic world, from Morocco to Indonesia, comprises 1.6 billion citizens-more than one in five people on the planet. The vast majority of them share the common global aspirations to modernize their societies, achieve middle-class living standards, and lead peaceful, productive, and fulfilling lives.

Contrary to what some assert, Islam is fully compatible with modernization. When Malaysia built the Petronas Towers and Dubai built Burj Khalifa, they were not just erecting physical structures but also sending a metaphysical message: we want to be part of the modern world in all dimensions. Many Islamic societies have educated their women. In Malaysian universities, the

women outnumber the men 65 percent to 35 percent. Even some Islamic countries that were initially reluctant to embrace modernization have begun to do so. For example, Qatar, Saudi Arabia, and the United Arab Emirates now feature satellite campuses of major Western universities. One reason for the shift is that the experience of other regions, such as Asia, has shown that modernization does not simply equal westernization-that it is possible to pursue, say, economic and social development while still retaining distinctive cultural characteristics.

It is true that a certain number of young Muslims will continue to choose rebellion against the modern world rather than integration into it, joining radical Islamist groups and trying to wreak havoc where they can. About 30,000 Muslim fighters from all over the world, including the West, have joined the Islamic State (also known as ISIS). But however much they constitute a major global security problem, they are dwarfed by, say, the 200 million nonradical Muslims who live peacefully in Indonesia alone. Indonesia has elected two consecutive leaders committed to integrating the country into the modern world, and its largest Muslim organization, the 50-million-plus-member Nahdlatul Ulama, has publicly challenged ISIS' actions and ideology.

The real challenge, therefore, is not the Islamic world per se but figuring out how to bolster the pro-modernization trends in that world while containing the radical trend. In retrospect, it was a mistake for the West to have remained silent when Saudi funding dramatically increased the number of radical madrasahs around the world. A comparable investment today in building a good modern school next to each radical one would create a contest for legitimacy that would likely spread Enlightenment values far and wide. Such a program could be undertaken by the UN agencies UNESCO and UNICEF at relatively modest cost, and it is only one of many possible lines of advance in attacking the problem.

## CHALLENGING CHINESE

The second great challenge many worry about is the rise of China. China's success, however, can also be seen as the ultimate triumph of the West. The emperor Qianlong famously wrote to Great Britain's King George III in 1793 saying, "Our Celestial Empire possesses all things in prolific abundance and lacks no product within its own borders. There [is] therefore no need to import the manufactures of outside barbarians in exchange for our own produce." Two centuries later, the Chinese understand that absorbing Western modernity into their society has been crucial to their country's reemergence. It has led to rapid economic growth, new and gleaming infrastructure, triumphs in space exploration, the spectacular 2008 Olympic Games in Beijing, and much more.

Even as Chinese society has accepted modernity with great enthusiasm, however, it has not abandoned its Chinese cultural roots. The Chinese look at their modern Chinese civilization and emphasize its Chineseness, seeing

no contradiction. Indeed, China is now experiencing its own cultural renaissance, fueled by its new affluence.

The duality of the Chinese story is reflected in the West's schizophrenic response to it. The Nixon administration eagerly sought better relations with China under Mao, and when Deng Xiaoping doubled down by opening up the country, the West applauded the change. The United States generously accepted Chinese products into its markets, allowed massive trade surpluses, welcomed China into the World Trade Organization in 2001, and kept global sea-lanes open so that China could trade freely. All of this enabled China to emerge as the world's number one trading power by 2013. The United States also generously allowed more than a million Chinese students to study in its universities.

Yet the rise of China has also led to deep fears. China continues to be run by a communist party that has no desire to embrace liberal democracy. China has displayed a belligerent side in some of its dealings with Japan and some members of the Association of Southeast Asian Nations over territorial disputes in the East China and South China Seas. The possibility of an aggressive, militaristic China cannot be ruled out.

But we have come a vast distance since the days when Mao openly talked about the possibility of winning a nuclear war, and Chinese history suggests that Beijing will ultimately prefer to join, rather than replace or reject, the current rules-based order that the West has created. As the world's number one trading power, China has the most to lose from a breakdown of the global economic system. Historically, moreover, what the Chinese have feared most is luan (chaos). This might lead to heavy-handed efforts to preserve order domestically, but it should lead Beijing to support a rules-based order at the global level as well. Undoubtedly, as China grows more powerful, it will become more assertive. This has happened. But since China needs a few more decades of peace to complete its modernization, it has strong reasons to restrain itself militarily and avoid a conflict.

Chinese society will never become a replica of Western society. China's own culture is too rich to be absorbed into any other cultural universe. Yet a modernizing China will feature overlapping aspirations in many areas, as, for example, with the rapid spread of Western classical music. In 2008, 36 million Chinese children were studying the piano (six times the number of U.S. children doing so), and another 50 million were studying the violin. Some Chinese cities can fill the halls of 15 opera houses in one evening.

A modern China with thriving Western classical orchestras and Western-style universities provides a powerful demonstration of the fusion of civilizations. Western statesmen should allow this dynamic to gain momentum while remaining patient on other areas of change, such as in the political realm. China's development will not necessarily be linear, but in the long run, it should continue in a positive direction.

**PESSIMISTIC POPULISTS**

The third challenge today is a widespread loss of confidence in the West about its own systems and future potential. Sluggish growth across the developed world, stagnant incomes for much of the population, rising economic inequality, political gridlock, and the emergence of populist insurgencies on both sides of the political spectrum have fueled a widespread sense that Western models of governance and economic management are floundering.

Many of these problems are real and important. But they are not beyond the capacity of determined leadership to solve, nor do they represent fundamental weaknesses of the Western model. So the pessimism strikes us as dramatically overdone, like previous bouts of declinism and worry that the West's best days were past. The greatest danger, in fact, is that the widespread pessimism will become a self-fulfilling prophecy. Gloomy Western policymakers and publics are more likely to see threats than opportunities and to turn away from the world rather than continue to lead it successfully.

This is notable in the rising opposition, for example, to the Trans-Pacific Partnership, a major trade deal that would help extend and deepen the liberal order across a broad swath of the globe. It is evident in the increasing suspicion of immigrants and refugees and in the growing support for closing borders. And it can be seen in the fraying and potential unraveling of international institutions such as the European Union, formerly a model of progressive international integration.

It would be a terrible shame if the West walked away from the very international order that it created after World War II and that has facilitated so much security, prosperity, and development over the decades. Instead, it should try to reinvigorate that order, with three moves in particular: working with China and India, bolstering international rules, and accentuating the positive global trends that get lost in all the hysteria about the negative ones.

Why China and India? Because they have the largest populations and economies in the developing world, are led by strong, reform-minded leaders, and are approaching the future with dynamism, optimism, and hope. Both understand that they need to take on greater responsibilities in confronting global problems, and as last fall's Paris climate agreement demonstrates, they are already starting to do so.

Although China's rise has been one of the universally acknowledged wonders of the age, India's recent rise has been impressive as well, as India, too, has embraced modernization, globalization, and Enlightenment rationalism. Along the way, India has maintained the world's largest democracy, successfully accommodated an amazingly diverse cultural and

demographic mosaic, and kept its head and its values even under repeated terrorist attacks.

Although both are Asian powers, they differ so much that developing the capacity to work closely with both, and learning from each, would be a major step forward in mastering the management of a truly global order. The rapid spread of Western-style universities and orchestras in China will provide new bridges between China and the West. The exceptionally successful ethnic Indian community in the United States will provide bridges with India. And all this cooperation will accentuate the process of civilizational fusion.

In contrast to China and India, Russia has held back from thoroughly embracing modernity, even though the Soviet Union started modernizing before China and India. Russia hesitated to join the World Trade Organization and has not yet accepted that ungrudging participation in the current rules-based order can facilitate its own progress. The more Beijing and New Delhi prosper, however, the more persuasive will be the case for Moscow to follow their lead.

As it works closely with the major developing powers, the West should also step up its efforts to construct a robust rules-based world in general. In 2003, former U.S. President Bill Clinton said that Americans should try "to create a world with rules and partnerships and habits of behavior that we would like to live in when we're no longer the military, political, economic superpower in the world." If Clinton's fellow citizens could accept such advice, the citizens of most other countries would be willing to do the same. And this might be easier to achieve than many believe.

Much of today's global multilateral architecture was a valuable gift from the West to the world. Yet the major Western powers have also made sure that these institutions have never grown strong enough or independent enough to make real trouble for their creators. UN secretary-generals have been creatures of the permanent members of the Security Council, the leaders of the World Bank and the International Monetary Fund have been drawn exclusively from the United States and Europe, and dominance in these financial institutions has occasionally been exploited to achieve extra-financial goals. These policies should be reconsidered, for the legitimacy of the system depends on the perception that its rules are developed by and applied fairly and equally to all, rather than that they cater to the narrow interests of a few. Picking strong leaders for the major international institutions and keeping those institutions' operations from being undermined or politicized would be a major step forward.

Western policymakers, finally, should work to highlight the good things that are happening around the world rather than harp on the bad things. Hundreds of millions of people have emerged from poverty in recent decades even as military conflicts have decreased. The convergence of global aspirations means that a vast majority of countries want to see evolution

trump revolution in the reshaping of the global architecture. The appearance of pressing transnational problems should drive a convergence of interests toward cooperation in finding common solutions. And the presence of large, well-educated middle classes in countries around the globe will help keep governments on the right track.

There is every reason to be confident that the condition of the world will continue to improve as pragmatism and the use of reason become universal. Western universities have been a crucial driver of this trend. It is not just that their curricula have been copied around the world; the entire ecosystem of a modern research university is being replicated, and it is the graduates of these Western-style universities who have in turn introduced modern methods into education, public health, economic management, and public policy more generally. Global management consulting firms have also contributed to progress, spreading best practices and good ideas from the West to "the rest," and increasingly from the rest back to the West. As a result, even formerly desperate and dysfunctional countries, such as Bangladesh and Ethiopia, are now confidently entering the modern universe.

In short, despite the daily headlines that scream doom and gloom, the world is actually coming together, not falling apart. So far, the fusion of civilizations has been driven primarily by the injection of Western DNA into other civilizations. Over time, the flow of culture and ideas is likely to go in both directions. This has already happened in cuisine, where global influences have thoroughly penetrated Western kitchens, and something similar should happen across cultural sectors.

There will be challenges. There could even be major setbacks. The fusion of civilizations and the social and economic changes associated with it can seem threatening to some, creating opportunities for demagogues to exploit popular fears, even in the heart of the advanced industrial world. But increasingly open and enlightened societies are likely to avoid this danger. In the twenty-first century, the world will be governed more by the authority of ideas than by the idea of authority. In short, the progressive direction of human history, which has lifted the human condition to heights never seen before, is set to continue.

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Lawrence H. Summers, 79 JFK Street #8, Cambridge, MA 02138

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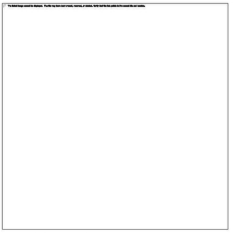

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**From:** Darren Indyke [redacted]
**Sent:** 5/20/2016 3:54:08 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Tweet from steven hoffenbergw (@stevenhoffenber)

**Importance:** High

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** May 19, 2016 at 11:04:10 PM EDT
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**Cc:** Alan Fraade <[redacted]>
**Subject: Fwd: Tweet from steven hoffenbergw (@stevenhoffenber)**

DARREN INDYKE ESQ .

JEFF EPSTEIN IS AT HOME IN NEW YORK CITY HAVING SEX WITH UNDERAGE GIRLS TO DAY !!!!!

THE TRUMP RACE WILL TELL ALL !!!!!!!

GET READY FOR ,

HOFFENBERG VS JEFF EPSTEIN LAW SUIT IN FRONT OF FEDERAL COURT JUDGE ROBER T SWEET S D N Y VERY SOON !!!!!! PONZI CRIMES AT TOWERS FINANCIAL BY JEFF EPSTEIN & STEVEN HOFFENBERG .

JEFF EPSTEIN WILL FACE THE PONZI CRIMES IN THE ABOVE LAW SUIT VERY SOON .

YOU ARE CRAZY FOR NOT SETTLING THE ABOVE CASE RIGHT NOW WITH THE TOWERS VICTIMS WHO YOU DID LEGAL WORK FOR WITH ROBERT GOLD ESQ .

THINK NOW AS THE ABOVE LAW SUIT FINAL DRAFT MAY BE READY TO FILE NEXT W EEK .

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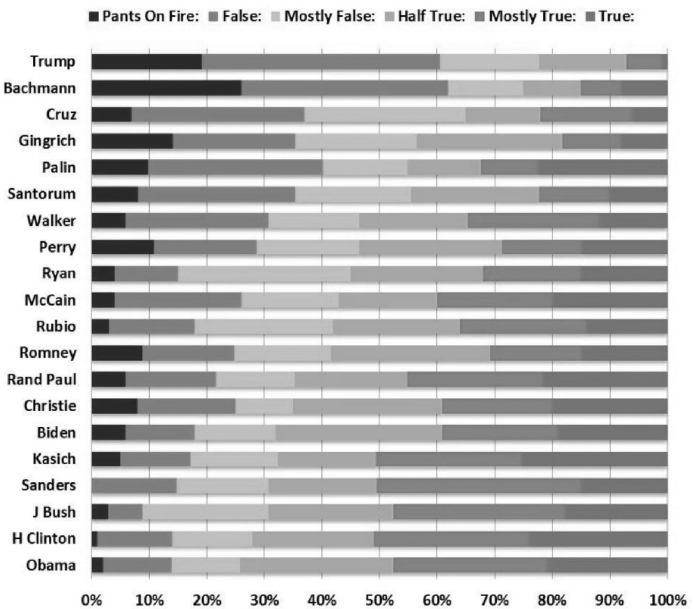


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14 61

**From:** Darren Indyke [redacted]
**Sent:** 7/23/2016 11:38:22 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: T V ADS POUNDING CLINTON & JEFF EPSTEIN RAPES OF UNDERAGE LITTLE GIRLS COVER UP SEX ABUSE CRIMES BY THE WHITE HOUSE

**Importance:** High

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**From:** steven hoffenberg <[redacted]>
**Date:** July 23, 2016 at 6:52:03 PM EDT
**To:** [redacted]
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**To:** "Players2 ." <[redacted]>
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# U.S. District Court
# Southern District of New York (Foley Square)
# CIVIL DOCKET FOR CASE #: 1:16-cv-04642-RA

Doe v. Trump et al
Assigned to: Judge Ronnie Abrams
Cause: 28:1332lb Diversity-Libel, Assault, Slander

Date Filed: 06/20/2016
Jury Demand: Plaintiff
Nature of Suit: 320 Assault Libel & Slander
Jurisdiction: Diversity

**Plaintiff**

**Jane Doe**
*Proceesing under a pseudonym*

represented by **Thomas F. Meagher**
Meagher Emanuel Laks Goldberg & Bovino, LLP
One Palmer Square, Suite 325
Princeton, NJ 08542
(914) 337-5200
Email: tmeagher@thomasfmeagheresq.com
*ATTORNEY TO BE NOTICED*

V.

**Defendant**

**Donald J. Trump**

**Defendant**

**Jeffrey E. Epstein**

| Date Filed | # | Docket Text |
|---|---|---|
| 06/20/2016 | 1 | COMPLAINT against All Defendants. (Filing Fee $ 400.00, Receipt Number 0208-12438637)Document filed by Jane Doe. (Attachments: # 1 Affidavit Declaration of Plaintiff Jane Doe, # 2 Affidavit Declaration of Tiffany Doe)(Meagher, Thomas) (Entered: 06/20/2016) |
| 06/20/2016 | 2 | CIVIL COVER SHEET filed. (Meagher, Thomas) (Entered: 06/20/2016) |
| 06/20/2016 | 3 | REQUEST FOR ISSUANCE OF SUMMONS as to Donald J. Trump, re: 1 Complaint. Document filed by Jane Doe. (Meagher, Thomas) (Entered: 06/20/2016) |
| 06/20/2016 | 4 | REQUEST FOR ISSUANCE OF SUMMONS as to Jeffrey E. Epstein, re: 1 Complaint. Document filed by Jane Doe. (Meagher, Thomas) (Entered: 06/20/2016) |



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| 06/21/2016 | | *****NOTICE TO ATTORNEY REGARDING PARTY MODIFICATION. Notice to attorney Thomas F. Meagher. The party information for the following party/parties has been modified: Jane Doe. The information for the party/parties has been modified for the following reason/reasons: party text was omitted;. (dgo)** (Entered: 06/21/2016) |
| 06/21/2016 | | *****NOTICE TO ATTORNEY REGARDING CASE OPENING STATISTICAL ERROR CORRECTION: Notice to attorney Thomas F. Meagher. The following case opening statistical information was erroneously selected/entered: County code New York; Fee Status code due (due);. The following correction(s) have been made to your case entry: the County code has been modified to XX Out of State; the Fee Status code has been modified to pd (paid);. (dgo)** (Entered: 06/21/2016) |
| 06/21/2016 | | CASE OPENING INITIAL ASSIGNMENT NOTICE: The above-entitled action is assigned to Judge Ronnie Abrams. Please download and review the Individual Practices of the assigned District Judge, located at http://nysd.uscourts.gov/judges/District. Attorneys are responsible for providing courtesy copies to judges where their Individual Practices require such. Please download and review the ECF Rules and Instructions, located at http://nysd.uscourts.gov/ecf_filing.php. (dgo) (Entered: 06/21/2016) |
| 06/21/2016 | | Magistrate Judge James C. Francis IV is so designated. (dgo) (Entered: 06/21/2016) |
| 06/21/2016 | | Case Designated ECF. (dgo) (Entered: 06/21/2016) |
| 06/21/2016 | 5 | ELECTRONIC SUMMONS ISSUED as to Donald J. Trump. (dgo) (Entered: 06/21/2016) |
| 06/21/2016 | 6 | ELECTRONIC SUMMONS ISSUED as to Jeffrey E. Epstein. (dgo) (Entered: 06/21/2016) |
| 06/30/2016 | 7 | ORDER AND NOTICE OF INITIAL CONFERENCE: Initial Conference set for 9/9/2016 at 03:15 PM in Courtroom 1506, 40 Centre Street, New York, NY 10007 before Judge Ronnie Abrams. (As further set forth in this Order.) (Signed by Judge Ronnie Abrams on 6/30/2016) (cf) (Entered: 06/30/2016) |

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# XI JINPING, CHINA AND THE GLOBAL ORDER:
## THE SIGNIFICANCE OF CHINA'S 2018 CENTRAL FOREIGN POLICY WORK CONFERENCE

**THE HON. KEVIN RUDD**
**26TH PRIME MINISTER OF AUSTRALIA**
**PRESIDENT OF THE ASIA SOCIETY POLICY INSTITUTE, NEW YORK**

**AN ADDRESS TO THE LEE KUAN YEW SCHOOL OF PUBLIC POLICY**
**NATIONAL UNIVERSITY OF SINGAPORE**

**TUESDAY 26 JUNE, 2018**

On 22-23 June 2018, the Chinese Communist Party concluded its Central Conference on Work Relating to Foreign Affairs, the second since Xi Jinping became General Secretary of the Party and Chairman of the Central Military Commission in November 2012. The last one was held in November 2014. These are not everyday affairs in the party's deliberations on the great questions of China's unfolding global engagement.

These conferences are major, authoritative gatherings of the entire leadership, designed to synthesise China's official analysis of international trends, and assess how China should anticipate and respond to them in the prosecution of its own national interests. This one, like the last one, was presided over by Xi Jinping and attended by all seven members of the politburo standing committee, plus ex-officio member Vice President Wang Qishan, together with all other eighteen members of the regular politburo, in addition to everybody who is anybody in the entire Chinese foreign, security, military, economic, trade, finance, cyber and intelligence community, as well as the central think tank community.

It's a meeting that's meant to be noticed by the entire Chinese international policy establishment, because if there is to be any new directive concerning China's place in the world, it's likely to be found somewhere in Xi Jinping's 3,000 character report to this conference.

Of course, the entire deliberations of the conference are not made public. Three-and-a-half years ago, only a selected part of it was broadcast and reported in the central media. The same this time as well. And unlike in Washington, the Chinese system doesn't leak every twelve hours. There is, therefore, an often hazardous reading of the tea leaves in interpreting what it all means, discerning what is new, what is new-ish, and what is not.

### WHAT IS NEW?

How does the 2018 Work Conference compare with the one in 2014? The 2014 iteration represented the formal, official funeral of Deng Xiaoping's international policy dictum of the



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previous 30 years of "hide your strength, bide your time, never take the lead". It also heralded the beginning of a new period of confident, independent international policy activism by Beijing. In part this change reflected Xi Jinping's greater centralisation of political power in the Chinese system. In part it reflected the Chinese system's deep conclusion that American global power was in relative decline and that the United States would not confront China militarily if China sought to expand its regional military presence. In part it reflected a Chinese institutional conclusion that China had finally become an indispensable global economic power to most countries in the world, thereby enabling China to begin to project its economic influence bilaterally, regionally and also multilaterally. It also was an expression of Xi Jinping's personal leadership temperament, which is impatient with the incremental bureaucratism endemic to the Chinese system, and with which the international community had become relaxed, comfortable and thoroughly accustomed.

For those who follow these events closely and have written on the importance of this significant departure from China's traditional strategic framework dating from the 2014 conference, a number of developments since then have been illustrative of this overall change in the style, content and direction of China's international policy approach. China worked overtime in 2014-16 to expand its military position in the South China Sea with a rapid program of island reclamation. China took the idea of the New Silk Road and turned it into a multi-trillion dollar trade, investment, infrastructure and wider geo-political and geo-economic initiative, engaging 73 different countries across much of Eurasia, Africa and beyond. China signed up most of the developed world in the first large-scale non-Bretton Woods multilateral development bank called the Asian Infrastructure Investment Bank (AIIB), capitalised it and launched it so that it now has a balance sheet already approaching the size of the Asian Development Bank.

China has also become for the first time a multilateral diplomatic activist, launching diplomatic initiatives of its own beyond its own immediate sphere of strategic interest here in the East Asian hemisphere, as well as actively participating in other initiatives such as the JCPOA on Iran, rather than declining to reach beyond its own narrowly defined core national interests as we have often seen in the past. China has also developed naval bases in Sri Lanka, Pakistan and now Djibouti (the latter with some 5,000 troops based there), as well as participating in naval exercises with the Russians in the Sea of Japan, the Mediterranean and even the Baltic.

And now in the most recent National People's Conference in March 2018, we have the decision to establish China's first ever International Development Cooperation Agency to manage China's burgeoning aid programs across the developing world. Of course, these leave to one side the activities of Chinese state financial institutions, other Chinese SOE's as well as Chinese mixed investment funds operating on every continent and in every region of the world.

It would be wrong, analytically, to say that all these suddenly began after the 2014 Central Conference on Work Relating to Foreign Affairs. Some began in the two years before then after Xi first became General Secretary in late 2012. And some have their antecedents in the late Hu Jintao period. But my point is that they all either began, were intensified or else were formally publicly legitimised by the conclusions of the last Central Conference. In short, the



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system was given the mandate to contest, assert, and where possible to lead in the various councils of the world. And this was new.

Furthermore, anyone who continues to entertain the fanciful idea, which I still sometimes seen in Western commentary, that these changes are not the product of a well-considered Chinese grand strategy, is simply choosing to ignore the clear evidence of clearly defined policy purpose systematically at work in the field. Our Chinese friends think things through carefully. They observe carefully. Not just what is happening in the headlines, which is the permanent obsession of the Western political establishment. But what is happening, in what Xi Jinping would describe as "the underlying historical trends" in international relations. And then, after a period of detailed internal reflection, consideration, and where necessary consensus building within the system, a new direction is set.

That indeed is what these Central Foreign Policy Work Conferences are all about. They sum up where the system has got to in its analysis. And then what the system intends to do about it. It's part of the rolling system of policy analysis, implementation and review that characterises the entire Chinese public policy system, both foreign and domestic. It is both one of the great strengths of the Chinese system. But also one of its great weaknesses if the conclusions reached prove it be analytically flawed, or unsustainable in practice. It takes a lot to turn the Chinese ship of state around once that course has been set at the top.

So what changes with the 2018 Central Conference? Is it more of the same? Or simply an intensification of the trajectory? Or a change in content and tone. The answer is all of the above—a blend of continuity and change.

## A NEW ROLE FOR PARTY IDEOLOGY IN FOREIGN POLICY

First, the press reporting of the conference asserts the absolute centrality of the party to the country's foreign policy mission. This is not entirely new. But the emphasis on the role of the party is much stronger than before. In the recent past, the country's international policy establishment, like its econocrats, have seen themselves, and have been seen by the Chinese political establishment, as a technocratic elite. That is now changing in foreign policy as much as it has already changed in economic policy.

This is part of a broader trend in Xi Jinping's China, whose focus is to rehabilitate the party from moral death from corruption on the one hand, and practical death from policy irrelevance on the other.

Xi has been concerned that the party had become marginal to the country's major policy debates given the technocratic complexity inherent to most of the country's contemporary challenges. That is why, for example, we now see a revitalisation of theory over practice, a reassertion of the power of the major institutions of the party over the major departments of state, and once again of political ideology over mere technocratic policy.



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Nor does Xi Jinping intend presiding over the party's "death by a thousand cuts" as it contends with a range of unfolding political forces unleashed by a combination of the market economy, social liberalisation and foreign influence.

No—Xi Jinping intends for the party to defy the trend-line of Western history, to see off Fukuyama's end of history with the inevitable triumph of Western liberal-democratic capitalism and to preserve a Leninist state for the long term as the most effective means of ensuring that China prevails in its domestic and international challenges. That is why there is lengthy treatment in this conference on, to use the language of the Xinhua report, "Upholding the authority of the CPC Central Committee as the overarching principle and strengthening the centralised, unified leadership of the Party on external work."

In case we missed the emphasis, Xi Jinping also states that "diplomacy represents the will of the state, and diplomatic power must stay with the CPC Central Committee, while external work is a systematic project." Xi calls "for implementing reform of the institutions and mechanisms concerning foreign affairs under the decision of the Central Party leadership and enhancing party-building in institutions abroad so as to form a management mechanism catering to the requirements of the new era."

The conference also emphasised that China's diplomacy would now be a "diplomacy of socialism with Chinese characteristics" and as such would take Xi Jinping thought from the domestic into the foreign policy domain. In the past, this language of "socialism with Chinese characteristics" applied to the overall Chinese ideological system, usually interpreted as China's own form of state capitalism. But now it is applied to diplomacy, and it infers something else.

It seems to mean conforming diplomacy with a wider ideological worldview which lies beyond the simple policy pragmatism we have seen for decades guiding most elements of Chinese foreign policy in the prosecution of China's national interests. There now seems to be a new national and-or global vision that now sits above the simple maximisation of national interests. This seems more than the routine incantations of the China Dream, the party's centenary objectives for 2021, and the national centenary mission for 2049 with which we have become familiar since Xi came to power. At this stage, this new overarching ideological mission may be inchoate, but the fact that it is as yet not fully formed does not mean that it does not exist.

Lest there be any doubt on this count, the ranking foreign policy technocrat attending the Work Conference, former Foreign Minister and State Councillor Yang Jiechi, and now Director of the Foreign Policy Office of the Party Central Committee, refers explicitly to the ideological significance of this conference. It is worth quoting Yang's remarks at the conference at some length. He states that the most important outcome of this conference is that:

> *"It established the guiding position of Xi Jinping thought on diplomacy. Xi Jinping thought on diplomacy is an important part of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era...It is a major theoretical achievement in the thoughts on state governance in the area of*



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*diplomacy by the CPC Central Committee with Comrade Xi Jinping at the core, and a fundamental guideline for China's external work in the new era...We should integrate our thoughts and actions into General Secretary Xi Jinping's important address and Xi Jinping thought on diplomacy, and make new advances in China's external work."*

To an international foreign policy audience, this may all seem a little arcane. That's because in the internal ideological deliberations of a one party state, it is arcane. But we would be blind not to see that there is something new at play here. It is unclear whether this means Chinese foreign policy is likely to be more Marxist in its conceptualisation, or even its execution? Whether it likely to be more Nationalist? Whether it will seek to more actively promote the Chinese development model of "authoritarian capitalism" as a model for the world, in competition with the "liberal democratic capitalism" of the West? Whether it is a much more unformed worldview which will ultimately take shape around Xi Jinping's as-yet-deliberately-vague concept of "a global community of common destiny," which is now the subject of intense work within China's think tank community, and with the international academic community.

Or whether it is something more mechanistic than that altogether, involving a desire to fire up China's current diplomatic establishment into a more invigorated, imaginative, creative, even forceful effort to shape the future global rules-based order more in China's image, rather than China being the permanent "price -taker" for rules already determined elsewhere by others. Particularly where elements of the existing order are seen to represent a continuing and unwelcome challenge to the legitimacy of China's domestic political order, for example in areas such as the rule of law, human rights and democracy.

**A NEW IDEOLOGICAL CONFIDENCE THAT HISTORY FAVOURS CHINA**

There is a second element to the June 2018 Conference which grows out of the first. It is Xi's deeply Marxist, dialectical-materialist view of history based on permanently evolving "contradictions" between what dialecticians call thesis, antithesis and synthesis. In Xi's view, this in turn gives rise to defined "laws" of historical development which are both prescriptive and predictive.

This may sound like old-fashioned Marxism. That's because it is. The intellectual software of generations of Chinese leaders has been shaped by this conceptual framework for interpreting and responding to what they define as scientific, objective reality. And Xi Jinping belongs to that tradition. Remember he has already convened special study sessions of the politburo on understanding both dialectical and historical materialism in the past.

According to the conference report: "Xi suggested to not only observe the current international situation, but also review the past, summarise historical laws, and look towards the future to better understand the trend of history." Furthermore, according to the same report in Xinhua, to obtain "an accurate understanding of the overall situation, Xi underlined not only the observation of detailed phenomena, but also a deep appreciation of the essence of the overall



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situation in order not to get lost in complexity and the changing international situation." Xi concludes on this count by stating that "throughout human history, the development of the world has always been the result of contradictions intertwining and interacting with each other."

Once again, all this will seem more than a little arcane. But in the ideological dialect of the Communist Party, it seems to mean several things. First, that there is nothing random about what is unfolding in the world today. Second, these reflect certain immutable laws of political and economic development. Third, the business of Chinese foreign policy is to use this dialectal prism to understand precisely what is happening in the world today, why it is happening and what to do about it. And fourth, applying these disciplines to the current period, it means that the global order is at a turning point with the relative decline of the US and the West, with this coinciding with the fortuitous national and international circumstances currently enabling China's rise.

To use Xi's own language, this: "has been in the best period of development since modern times, while the world is undergoing the most profound and unprecedented changes in a century" adding that "the two aspects are intertwined and interact with each other." Xi refers to the current period as a period of unprecedented strategic opportunity for China and the current mission of the party. Although this is not itself a new term, Xi says the party's mission is to extend this period. To do this, he calls for the party to engage in "in-depth analysis of the law of how the international situation changes as the world comes into this transitional period, as well as developing an accurate grasp of the basic characteristics of the external environment China is facing at this historical juncture in order to better plan and facilitate the country's work on foreign affairs."

In other words, what is being said here is that China now has the wind at its back. Of course there are formidable obstacles ahead. But a dialectical analysis of history causes China to conclude that the forces of reaction facing the US and the West are greater. Just as the contradictions operating domestically within the US and the West (in their particular political systems) are greater as well. Which in turn renders China's overall domestic and international circumstances much better by comparison in the emerging contest between the two. All of which, again in this view, pushes towards a new historical synthesis more in China's (and Chinese socialism's) favour.

You will all be forgiven if you think this all sounds more like medieval theology than modern international relations. And it's anyone's guess what any of this actually will have to do with concrete foreign policy reality. But we often forget that how one-party states, and in particular Marxist states, choose to 'ideate' reality actually matters. It's how the system speaks to itself. It's the political lingua franca among political and policy elites.

And the important thing here is that the message from Xi Jinping to his international policy elite is one of great confidence. Not just because China wills it to be so, but because from a Marxist theoretical perspective, which in their view articulates certain immutable 'laws' of political and economic development, the forces of history are now with China. Furthermore,



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this is a call to greater international policy activism, rather than retrenchment in response to the rise of Trump. In other words, the conclusion is that the great trends of history, or to use an old Soviet term, the 'correlation of forces', are moving China's way.

## TOWARDS A SHARPER CHINESE DIPLOMACY

A third element of the 2018 Work Conference is its injunction to the country's international policy institutions and personnel to get with the Xi Jinping project. Xi seems to have the Foreign Ministry in his sights when he says that "the reform of the institutions and mechanisms concerning foreign affairs is the internal demand of advancing modernisation in the state governance system and governance capabilities." It will be recalled from above that "party-building" within the country's foreign policy institutions will be a core part of that.

On personnel, Xi Jinping reminds the nation's diplomats that they are first and foremost "party cadres." This has a certain ideological retro to it all. Indeed it's been a long time since I've heard Chinese diplomats refer to their seniors as cadres. In fact I'm not sure that over the last 35 years that I can. To quote the Xinhua report: "Stressing that cadres are the decisive factor after setting the political course, Xi called for a strong contingent of foreign affairs personnel that are loyal to the CPC, the country and the people and are politically solid, professionally competent and strongly disciplined in their conduct. He called on foreign affairs cadres to enhance their ideals and their training so as to upgrade their competency and overall quality..."

Does this presage a new type of Chinese foreign ministry diplomat abroad? Perhaps. It's long been reported that Xi has been frustrated by the performance of parts of his foreign policy establishment. He sees them proceeding at a glacial pace. Whereas China's strategic challenges and opportunities are urgent. Once again, this tends to point in the direction of greater foreign policy activism in the future in a system that is struggling to keep up with the political and policy vision of its leader.

## CHINA LEADING THE REFORM OF GLOBAL GOVERNANCE

Fourth, the sharpest substantive new development to emerge from the 2018 Foreign Policy Work Conference is what is says about global governance.

In the 2014 Work Conference, Xi referred to an impending struggle for the future structure of the international order. He did not elaborate on this back then. But much work has gone on within the Chinese system since on three inter-related concepts: the international order (guoji zhixu); the international system (guoji xitong), and global governance (quanqiu zhili).

Of course, these mean different but overlapping things in English too. Broadly speaking, in Chinese, the term "international" or "global" order refers to a combination of the UN, the Bretton Woods Institutions, the G20 and other global plurilateral or multilateral institutions on the one hand; and the US system of global alliances to enforce the US definition of international security on the other. The term "international system" tends to refer to the first



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half of this international order—namely the complex web of multilateral institutions which operate under international treaty law and which seek to govern the global commons on the basis of the principle of shared sovereignty. As for "global governance", it tends to refer to the actual performance, for good or for ill, be it effective or ineffective, of the "international system" so defined.

It is deeply significant that at the 2018 Work Conference, Xi Jinping states boldly that a core component of his new ideology of a "diplomacy of socialism with Chinese characteristics" would be for China to: "lead the reform of the global governance system with the concepts of fairness and justice." This is by far the most direct, unqualified and expansive statement on China's intentions on this important question we have seen.

China, like the rest of the international community, is acutely conscious of the dysfunctionality of much of the current multilateral system. It also sees the US walking away from much of the system as well: from the JCPOA which was agreed to by the UN Security Council; from the UN's Paris Agreement on Climate Change; its withdrawal from the UN Human Rights Commission; its open defiance of the Refugees Convention; and its challenging of the underlying fabric of the WTO.

Nature, as we know, abhors a vacuum. International relations even more so. And we all saw Xi Jinping's riposte to President Trump on climate change and trade at Davos 18 months ago just after President Trump's election. If China is indeed serious about leading the reform of global governance, its attitude to various of these multilateral institutions will be radically different to the historical posture of the US. Take for example the Human Rights Council in Geneva, which China would like to see emasculated. Mind you, so too now, apparently, does the current US administration!

The reference to "China leading the reform of global governance" in this conference is not an accident. It also reflects a growing Chinese diplomatic activism in a number of UN and Bretton Woods institutions around the world as China begins to seek to recast these institutions, their cultures, their work practices and their personnel in a direction more compatible with China's core national interests. As I have written before, rather than China having to consistently resist the pressures of "Westernisation" inherent in the existing laws, institutions and culture of the current international system, particularly when these prove to be incompatible with the retention of a Marxist-Leninist Chinese state, the resolve of China's leadership now seems to be to use its newfound global power to refashion those institutions within the international system that may be most problematic for China on the home front.

As for the principles of fairness and justice that Xi refers to as the core principles that will guide China's reform of global governance, these terms historically imply China's preference for a more "multipolar" international system in which the unilateral voice of the United States is reduced. China has already developed a strong constituency in Africa, parts of Asia and Latin America in support of this. 'Multipolarity' in Chinese strategic parlance is code for the dilution of American power in the post-war international system.



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## THE CENTRALITY OF CHINESE NATIONAL INTERESTS

Lest anyone gets too starry-eyed about China's intentions for reforming global governance, in Xi Jinping's description of the core principles of its new "diplomacy of socialism with Chinese characteristics," Xi concludes his list of ten governing principles with the following: that China must take its "core national interests as the bottom line to safeguard China's sovereignty, security and development interests".

Xi makes plain that China's foreign policy is unapologetically nationalist. Xi assumes that all other countries' foreign policies are nationalist as well.

Of course, China's definition of its core national interests has evolved over time. As have other nations. It now includes, for example, the South China Sea. A decade ago, that was not a feature of Chinese official statements defining China's core interests. Now it is. As for any state, therefore, the concept of "core national interests" varies over time and will be defined by the government of the day.

## CONCLUSION

But we will soon see how the 2018 Central Foreign Policy Conference translates into different Chinese foreign policy behaviours on the ground. If the 2014 Conference is an effective guide, we will see a heightened period of Chinese foreign policy activism. However the precise content of that activism remains to be seen. But what we are seeing is the slow, steady emergence of a more integrated Chinese worldview which links China's domestic vision with its international vision - and a vision which very much reflects the deep views of China's paramount leader Xi Jinping.

The first policy terrain where we are likely to see this is in the existing institutions of global governance. But it will not be restricted to this area. The text of the report of the 2018 Central Conference on Work Relating to Foreign Affairs suggests that we will also see this across China's bilateral relations, its engagement with regional institutions, as well as its approach to major power relations as well - all of which are likely to be met with an increasingly forthright Chinese diplomacy.

The challenge for the rest of the international community is to define what type of future international order, system and governance it wants. And to take China's invitation seriously to engage the Middle Kingdom in a frank and forthright discourse on what the region and the world precisely want in any future "global community of common destiny".

What does the European Union want? What does ASEAN want? What does the East Asia Summit want? What does the African Union want? What does the Organization of American States want? What does the Gulf Cooperation Council want? What exactly does America want, with or without Trump?



HOUSE_OVERSIGHT_026864

And in this dialogue, how will the values already entrenched in the UN Charter, Bretton Woods and the Universal Declaration of Human Rights, as well as the founding instruments of various regional organisations, be preserved for the future?

The future of the global order is now in a state of some flux. In part induced by the recent posture of the United States. In part induced by the rise of China. China it seems has a clear script for the future. It's time for the rest of the international community to do the same.

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HOUSE_OVERSIGHT_026865

**From**: Richard Kahn [redacted]
**Sent**: 8/1/2018 1:34:23 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump urges Attorney General Sessions to stop Mueller probe 'right now'

**Importance**: High

https://www.cnbc.com/2018/08/01/trump-urges-attorney-general-sessions-to-stop-mueller-probe-right-now.html

# Trump urges Attorney General Sessions to stop Mueller probe 'right now'

President Donald Trump speaks during a joint news conference with Italy's Prime Minister Giuseppe Conte in the East Room of the White House in Washington, July 30, 2018.

Carlos Barria | Reuters

President Donald Trump speaks during a joint news conference with Italy's Prime Minister Giuseppe Conte in the East Room of the White House in Washington, July 30, 2018.

President Donald Trump on Wednesday called on Attorney General Jeff Sessions to end Robert Mueller's Russia probe "right now," escalating his attacks on the inquiry.

"Attorney General Jeff Sessions should stop this Rigged Witch Hunt right now," the president wrote in a post on Twitter. "Bob Mueller is totally conflicted, and his 17 Angry Democrats that are doing his dirty work are a disgrace to USA!"

*This is breaking news. Please check back for updates.*

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

CNN

# CNN – Quest Means Business
# New Tariffs — Trade War
## Robert Lawrence Kuhn, September 18, 2018

CNN

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| **HOST: Now from Beijing, Robert Lawrence Kuhn is a long-time advisor to China's leaders and the author of "How China's Leaders Think". Thank you so much for joining us. We appreciate it. Your reaction to Jack Ma's prediction and do you agree?**<br><br>**RLK: The public stance of China has to be strong. The legitimacy of the government and of the Communist Party is based on two primary factors. One is the economic development.** | |
| **RLK: China is celebrating this year 40 years of reform and opening up really having created an economic miracle, an astonishing 50 times increase of GDP per capita. So that has been terrific. The second area is national pride and national rejuvenation. And frankly, China as almost every other country, if the two come into conflict, the latter has to prevail, especially in China with a history of 100 years of bullying, as they say, by foreign powers, mostly Western, and then of course Japan.** | |

CNN

**RLK: This has caused a deep scar in the Chinese psyche. So you have all of these factors coming together — but I can tell you the public stance of the government, of Jack Ma we just heard, is very strong and they have to be.**

**RLK: If you look at what President Trump said, that is not a public posture for seeking solution. Not just saying tariffs will go up to 25 percent in January will go up, but then threatening if you retaliate at all, we're going to levy tariffs on everything else [$500+ billion Chinese goods]. That's a very aggressive stance and China really has no choice.**

CNN

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| **RLK: But behind the scenes, I talked to economists, the leading economists officials, every day. Everybody wants a solution and they want it a lot sooner than 20 years. But number one, they have to have a government in Washington that are people they can talk to, that they will have confidence that what they say will be implemented. And the Chinese want a solution because many of the problems, if we look at the problems, solutions are consonant with what China needs itself, opening up markets further is one of them.** | |
| **RLK: Economists tell me all the time that China needs to open markets. That more competitiveness within China — that's good for China, but they can't look like they're subservient or bowing to foreign pressures. We can go through each of the issues that are critical: China has made progress in intellectual property. Is it perfect? Of course not, but they know they really need to improve that. They will reduce forced technology transfer.** | |

CNN

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| **RLK: What they will not do is change their industrial model, which is government support for future industries. So that's a sticking point, but I believe that they will open their markets further and this is critical.**<br><br>**HOST: So how do you find compromise when on the one hand, as you've described, you've got a country that wants to come across as a superpower equal to that of the United States, so any concessions would make them look weak. On the other hand, there's not much love lost for China here.** | |
| **HOST: In the United States, as you know, Republicans and Democrats alike, some that may not even agree with most of President's Trump's policies can't go out necessarily and throw their arms around China and support China openly to the voters. So where do you come up with a middle ground to where both sides look like they're walking away with something?** | |

CNN

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| **RLK: Certainly that's the objective. You're absolutely right: There's no issue in American politics that the all sides of the spectrum agree upon more than on China. In fact, on every other issue, one could say from the Bernie Sanders / Elizabeth Warren, Democrats on the left, to Donald Trump Republicans on the far right, they disagree on virtually everything we can say except on China. So that's the reality we are dealing with.** | |
| **RLK: Nobody expects this to be resolved before the midterm elections. That's for sure. But if we look at the details, if the people who really know what's going on look at the detail, we look at the real issues, we have the trade deficit, sure, but most people in the U.S recognize that it's a simplistic number.** | |

CNN

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| **RLK: The trade deficit has a lot of things in there that are not accurate. You look at the iPhone, China will get 6, 10 percent of that, the rest are components that go into China. Services are 40 billion dollars — what Chinese tourists and students pay in the US — not counted in the trade deficit, which is a very complicated number. It also benefits the US because we have a lot of good products at cheaper prices.** | |
| **RLK: But there are five real reasons that are problematic to the US with respect to China: closed markets; intellectual property protection; industrial espionage, which includes cyber theft; forced technology transfer in JVs; and government support for future industries. Those are five real issues that the smart people in America are focusing on. And legitimately so.** | |

CNN

**RLK: But there are five real reasons that are problematic to the US with respect to China: closed markets; intellectual property protection; industrial espionage, which includes cyber theft; forced technology transfer in JVs; and government support for future industries. Those are five real issues that the smart people in America are focusing on. And legitimately so.**

**RLK: But these are, I believe, solvable — because intellectual property rights, China's improving. Industrial espionage, they're reducing and they have reduced. It needs to be more. Tech transfer, I think that will be eliminated.**

**RLK: The two critical issues are government support of nascent industries in China and the opening of markets. I think ultimately those two can be traded. The US can recognize that China can do some of those things with certain restrictions and really open their markets more. I think that's the ultimate trade.**

CNN

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| **HOST: As you mentioned, it's a long-term process, not anything we're going to see resolved in the next few months or even years. Though many people would say it would be easier from the American perspective if the president wasn't approaching it as I go it alone, a type of relationship and getting out of TPP. But that's for another conversation. Robert, we appreciate you joining us.** | |

CNN

# CNN – CNN Today

## New Tariffs — Trade War

### Robert Lawrence Kuhn, September 18, 2018

CNN

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| **HOST: Robert Lawrence Kuhn joining us via skype from Beijing. He's the author of *How China's Leaders Think* and a longtime advisor to Chinese leaders and corporations. Robert, we appreciate you joining us. First off, you know it seems like Trump's strategy here is to force China into concessions with these tariffs. What's China's view on that?** | |
| **RLK: China's view is that the economic ties between China and the rest of the world, the United States in particular, is very important for the peace and prosperity of the world.** | |

CNN

**RLK: And indeed for the entire economic relationships and standards of living of all people. There are real issues and I think we need to discuss them. But right now, China is sending signals by what it's doing, that it wants to ratchet down the trade war. It recognizes that it cannot be unresponsive.**

**RLK: In China, the legitimacy of the government and indeed of the Communist Party is based upon two cardinal factors. One is the economy. This is the 40th year of China's reform and opening up — truly an economic miracle, an astonishing increase in standards of living.**

CNN

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| **RLK: The GDP per capita has gone up more than 50 times in these 40 years. And so that's number one. But number two is national rejuvenation, national pride. This is what the government and the Party has brought to China in terms of its position in the world. So it cannot back down and look weak in terms of these tariff attacks. But given that, given that environment, the Chinese response is very carefully calibrated.** | |
| **RLK: China levying tariffs on $60 billion is not dollar for dollar, the way the first $50 billion was. But what it is, in fact, is in proportion — because $60 billion is roughly 40 percent of the roughly $150 billion of the total US exports to China, just as $200 billion is roughly 40 percent of the little over $500 billion of the total China exports to the US.** | |

CNN

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| **RLK: So it's a proportional response. The rhetoric in the press is also milder. US has not been called so much of bullying anymore. Also some of China's tariffs are 5 percent as well as 10 percent, whereas the US tariffs are all 10 percent [going up to 25 percent]. So China is sending a signal that it wants to ratchet this down.** | |

CNN

**HOST: So, if China is sending these signals then, Robert, is there a chance that China would actually come to the table and continue to have these trade talks as they've been scheduled for the coming days?**

**RLK: Unlikely that the top trade negotiator would come under these circumstances, because then it looks like they're coming under the threat of a gun to their head, an analogy that has been used. Possibly that a lower level delegation would come. It's unlikely though that we'll see any real movement before the midterm elections.**

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| **RLK: I think there has to be some backchannel working. To put the real situation on the table, there are five major issues that the US is concerned about in addition to the trade deficit. The trade deficit is actually complicated because there are services of $40 billion dollars that Chinese tourists and students pay. It's not excluding the transfer pricing of components that are shipped into China. So the trade deficit, which benefits a lot of American consumers with cheaper products at a good quality is not as relevant as popular opinion would suggest.** | |
| **RLK: Most experts do not really focus on the trade deficit. American experts focus on five things: the lack of open Chinese markets; intellectual property protection, industrial espionage, including cyber theft; tech transfer being forced (in joint ventures);, and Chinese government subsidies for critical technologies or industries.** | |

CNN

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| **RLK: If we look at these, China's making real progress in intellectual property, reducing cyber theft — more needs to be done. Not requiring tech transfer. The big one, which they won't change, is government subsidy for nascent technologies of the future. Such government-industry cooperation is part of the Chinese system — that's beyond their red line.** | |
| **RLK: But China should be able to open their markets — and we should be able to have a trade between seriously open markets, which even Chinese economists say is good for the Chinese economy and very good for the world and American companies — and some sort of a recognition that China will continue to subsidize industries. That's where it will happen, we hope soon.** | |

CNN

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| **HOST: Yeah. So then if there is room for a trade deal from an expert like you, that there's room for both sides to agree to a deal that would benefit both the United States and China. How would you advise President Trump in terms of his tactic and how he should approach China?**<br><br>**RLK: You know, I am not going to be an expert in advising President Trump on tactics. I'm not sure he's amenable to advice and he has his own style.** | |
| **RLK: And many people in the US — let's put it on the table — who disagree with Trump on virtually every other policy — support Trump either overtly or quietly on his approach to China. And that's because there's general recognition in the US — from Bernie Sanders Democrats all the way on the left to the rightwing Republicans all the way on the right who favor Trump — that something needs to be done to alter the US trade relationships, and the US' overall relationships, with China.** | |

CNN

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| **RLK: So Trump recognizes that and he is getting political credit for that — whether people like it or not.**<br><br>**There's unlikely to be anything before the midterms, but if President Trump is doing what he's doing, he needs to recognize that these issues that I articulated are really the critical issues. And China will be willing to make changes on them. They've already made changes on many of them, like on intellectual property rights, as I said** | |
| **RLK: . But if Trump can recognize what is really needed and what China will do, then Trump can get a huge win out of this, which is actually at the same time beneficial to China. That's a small needle hole at this point though which to look. But I think, ultimately, that's what will happen.**<br><br>**HOST: Robert Lawrence Kuhn, thank you very much for your expertise. I appreciate it.** | |

BBC WORLD NEWS

# BBC World News

## New Tariffs — Trade War

### Robert Lawrence Kuhn, September 18, 2018

BBC WORLD NEWS

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| **HOST: China imposes another $60 billion of tariffs on US imports a day after President Trump announces tariffs on $200 billion of Chinese goods. Well, let's get more on that story now. We're joined from Beijing by Robert Lawrence Kuhn who advises China's leaders and multinational corporations. He's also the author of "How China's Leaders Think". How do they think about this? It's difficult to know where this might end.** | |
| **RLK: Let's look at what just happened. China retaliated with $60 billion worth of U.S. goods that it was putting tariffs on, but half of it was five percent, half was 10 percent, which is less than the American side, which was 10 percent on all. And the $60 billion is proportional in the sense that it is about 40 percent of the total US exports to China. Just as the $200 billion was about 40 percent of the little bit more than $500 billion that China exports to the US. So that's the proportionality.** | |

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| **RLK: There's a lot of talk there might have been more countermeasures like selling treasury bonds or disrupting American companies. That hasn't occurred yet. China is sending signals that it's ratcheting down the escalation, not trying to escalate it. China has to respond. The government of China, the Communist Party of China, the leading Party, the ruling party here, has two big facets that justifies its legitimacy.** | |
| **RLK: One is the economic growth. This is the 40th anniversary of reform and opening up — China's economic miracle. Increasing GDP per capita is almost 50 times, making the standards of living of the vast majority of people quite decent. Second area is national rejuvenation, national pride. And so the trade war affects both. You have economics, and the pride: the economics, the tariffs, are certainly suboptimal in all respects for all countries, but China must respond because it** | |

BBC WORLD NEWS

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| **has to maintain the dignity of the country, but it does so in a way to signal that it wants this to resolve.**<br><br>**RLK: It won't resolve soon. No one expects it before the mid-term elections. But it's very important to understand from the US point of view what the real issues are and where we seek the solution.**<br><br>**HOST: What are the real issues?** | |
| **RLK: There are five real issues and I do not include the trade deficit — because, obviously the trade deficit is complicated. You have components coming from other countries that is counted as part of the trade deficit, but China gets no benefit from them. An iPhone for example. Maybe, China gets 6 or 10 percent of the cost of roughly $350 for a $1000 retail price. China has also service purchases that's not included in the trade deficit, something like $40 billion per year — tourists, students.** | |

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| **RLK: But there are five big issues that are really critical. Opening up of China's markets which have been closed. They're making some progress, not enough. Intellectual property: this is an area that China really has made substantial progress. Again, not enough, need to do more, but they've made substantial progress. This is affecting Chinese companies and China knows it needs to improve IP protection.** | |
| **RLK: Third is industrial espionage, a very sensitive area. Cyber theft: China has decreased it. It's a complicated area. It needs to do more. Hard to know what the government does and doesn't do, but everybody knows that's looked at.** | |

BBC WORLD NEWS

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| **RLK: Fourth is technology transfer. And then government support of new technologies. The last is the most sensitive one.** | |
| **HOST: Robert Lawrence Kuhn, we're going to have to leave it there. Lots to talk about. We do appreciate your time.** | |

**From**: Richard Kahn [redacted]
**Sent**: 10/15/2018 6:56:57 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: The Unsteady Undertow Commands the Seas (Temporarily)
**Attachments**: The Unsteady Undertow Commands the Seas (Temporarily).pdf; Untitled attachment 572865.htm

**Importance**: High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

Begin forwarded message:

**From:** Judie Taylor <[redacted]>
**Subject: The Unsteady Undertow Commands the Seas (Temporarily)**
**Date:** October 15, 2018 at 2:36:30 PM EDT
**To:** [redacted]

**Sunday Night Insight**
**October 14, 2018**

## The Unsteady Undertow Commands the Seas (Temporarily)


| | |
|---|---|
| **Sharmin Mossavar-Rahmani** | Chief Investment Officer |
| **Brett Nelson** | Head of Tactical Asset Allocation |
| **Maziar Minovi** | Managing Director |
| **Andrew Dubinsky** | Vice President |
| **Michael Murdoch** | Vice President |
| **Mary Rich** | Vice President |


The 7.8% intraday peak-to-trough decline in US equities between September 21st and October 11th has rattled investor confidence. Numerous headlines of stock market "carnage" have further eroded their confidence. As a result, some of our clients have asked whether this drop signifies the beginning of the end of a nearly 10-year bull market.

We do not think so. So far, this pullback is actually smaller than the two prior downdrafts we experienced in late January and in mid-March, neither of which derailed the US economy nor the bull market. The steady factors we highlighted in our annual Outlook—such as economic growth, benign inflation, robust earnings, and low probability of recession—have not dissipated. Furthermore, while the investor focus has shifted to the risks around the unsteady undertow, most of these factors are, on balance, less concerning today than they were at the beginning of 2018.

Of course, that is not the case across all geopolitical concerns. While trade tensions with Mexico and Canada have abated, those with China have certainly deteriorated and will continue to do so for the

foreseeable future. But, in aggregate, there has been more improvement than deterioration, in our view.

In this Sunday Night Insight, we will provide a brief update on the steady factors and unsteady undertow. We then conclude with our view that the steady factors will likely continue to win this tug-of-war between the two.

## Steady Factors

While the headlines warn of equity market carnage, the facts do not support such alarming headlines. The S&P 500 is still up 5.1% on a year-to-date total return basis and financial conditions remain at easier levels today than they did when the Federal Reserve began this tightening cycle in 2015, despite the recent decline in equities and 0.76 percentage point increase in 10-year Treasury yields year-to-date. Most importantly, as highlighted by Federal Reserve Chairman, Jerome Powell, we are in "extraordinary times" of steady growth and low inflation.

### Economic Growth

Economic growth remains firm in the US. Both the Institute for Supply Management leading indexes for manufacturing and non-manufacturing remain at very strong levels. Current activity indicators of real GDP growth average about 3.5% for the third quarter and closer to 4% for the fourth quarter. Forecasts for third quarter real GDP average 3.8% and fourth quarter forecasts are about 2.8%. While growth is slowing from the 4.2% estimate of the second quarter, it is still forecast to be above trend and we believe a modest slowdown is certainly preferable to continued growth at a pace that was likely unsustainable and possibly even inflationary.

In aggregate, the economic data since the intraday peak of US equities on September 21st does not point to any worrisome slowdown in GDP growth or the pace of employment. In fact, while the recent 134K increase in non-farm payrolls was less than expectations, revisions to earlier months offset the modest headline miss and the unemployment rate still fell to 3.7%. Furthermore, this 134k increase is above the estimated sustainable level of employment growth based on population growth and changes in labor force participation, which our colleagues in Goldman Investment Research estimate is around 96k. Importantly, a modest slowdown in the 3-month average of non-farm payrolls, which currently stands at a very robust 190k jobs, is more likely to keep inflation in check.

### Robust Earnings and Buybacks

Continued above-trend economic growth is supporting solid corporate fundamentals. While many are quick to dismiss this strength to US tax reform, it is only half the story. Earnings before interest and taxes (EBIT) expanded by a very healthy 12% in the first half of this year and are expected to grow by double-digits again in the third quarter. This robust organic profit growth is also fueling sizable corporate buybacks—a key source of equity market support. Our colleagues on the corporate buyback desk expect the highest dollar amount for buybacks on record in 2018, with $1tn in authorizations and $850bn in executed buybacks.

Even so, such robust earnings growth has begun to foster concern that we have reached a peak in EPS growth. While we do expect the pace of growth to slow next year, a local peak in earnings

growth has not signified an imminent peak in the S&P 500 historically. In fact, about 3/4ths of market peaks occurred more than two years after the peak in the growth rate of earnings. Moreover, stock market returns have remained healthy during this period, with high odds of a positive outcome over the subsequent 6-24 months (see Exhibit 1). In short, the market ultimately follows the path of earnings and while their growth rate may be slowing, their absolute level is still rising.

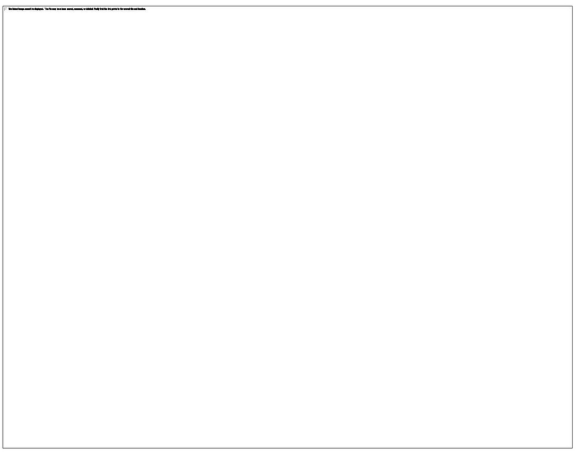

Source: Investment Strategy Group, Bloomberg.

## Inflation and Interest Rates

Inflation data has remained at relatively low levels for all of 2018, as shown in Exhibits 2 and 3. In fact, some of the most recent data released in October have ticked slightly lower. Average hourly earnings dropped to 2.8% from the prior month's level of 2.9%. Headline CPI dropped to 2.3% from 2.7% and Core CPI ex-food and energy remain at a low 2.2%, unchanged from the prior month. The Federal Reserve's preferred inflation indicator, Core PCE, also remains low at 2.0% which is in line with the Federal Reserve's target, and unchanged from the prior month.

While 10-year Treasury yields have risen by 0.76% (or 76 basis points) over the course of 2018, we do not think the resulting 3.2% yield is enough to derail US economic growth. Keep in mind that most of the recent increase since late August was due to stronger real growth rather than runaway inflation expectations. We expect interest rates to range between 3.0% and 3.5% in 2019 with a midpoint of 3.25%, barring any major geopolitical conflicts such as one between US and China and or escalating conflicts in the Middle East.

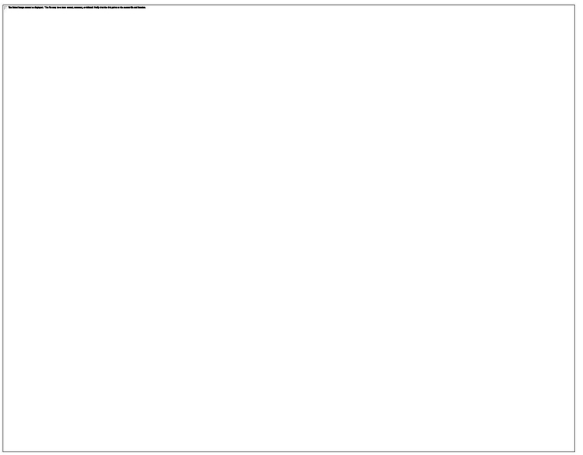

*Note: Average hourly earnings is available for the private sector starting in 2006 and is released in the monthly employment report. The BLS hourly earnings data for production and nonsupervisory employees, ~80% of the private sector, is available back to 1964.*
Source: Investment Strategy Group, Haver.

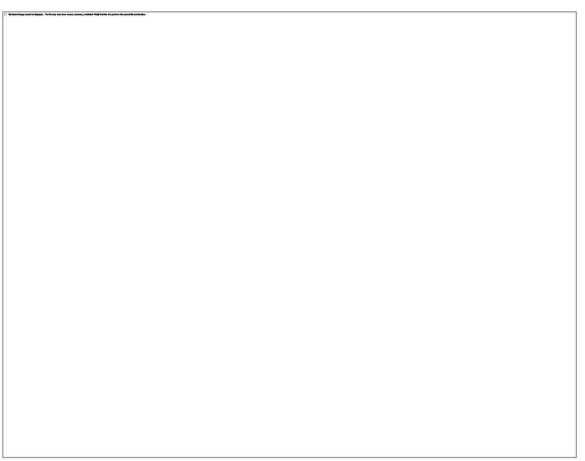

Source: Investment Strategy Group, Haver.

Of course, the recent backup in interest rates is providing equity investors with another source of angst. Yet our work suggests there are several reasons why rates could continue to rise before becoming a material headwind for stocks. First, the 4% trend growth rate of nominal US GDP—reflecting 2% real growth and 2% inflation—remains comfortably above the 10-year Treasury yield of

3.2% (i.e. the cost of borrowing). Stocks typically struggle when the cost of borrowing exceeds the nominal growth of the economy (see Exhibit 4). Second, the recent backup in interest rates was driven primarily by improving real growth expectations, not higher inflation. This distinction is critical, because higher rates in response to improving real growth tend to benefit earnings sufficiently to overcome the downward pressure they place on valuation multiples. Finally, it will take a number of years before higher rates meaningfully impact aggregate S&P 500 interest expense, considering 91% of S&P 500 debt is fixed-rate and only 13% matures over the next two years.

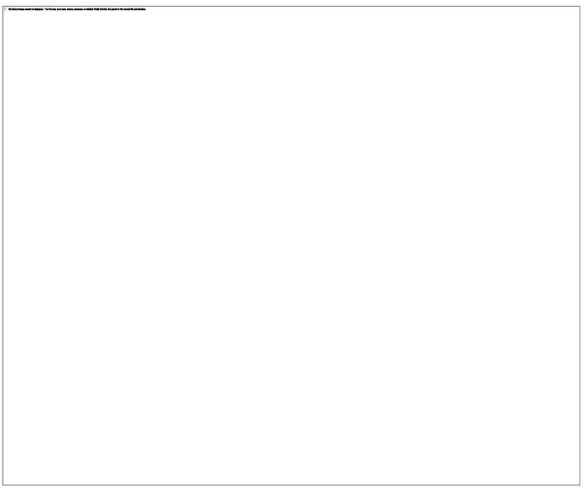

Source: Investment Strategy Group, Bloomberg.

## Low Probability of Recession

We continue to maintain a low, 10%, probability of recession driven by:

- The positive trend of leading economic indicators
- Low levels of inflation
- The continued slow but steady pace of Federal Reserve interest rate hikes. We believe that Federal Reserve Chairman Powell's recent commentary indicates that the FOMC will continue to be driven by data and financial market conditions. Their stated goal is to extend this expansion "indefinitely."[1] While the Federal Reserve dots point towards four more interest rate hikes by the end of 2019, we do not think that such hikes materially increase the odds of a recession in an economy that continues to grow at levels that are generally regarded as above trend growth in the US.

Recent steepening of the yield curve. We have highlighted two measures of the yield curve as sign-posts we watch as an early harbinger of a recession. Both have steepened since their lows, as shown in Exhibits 5 and 6.

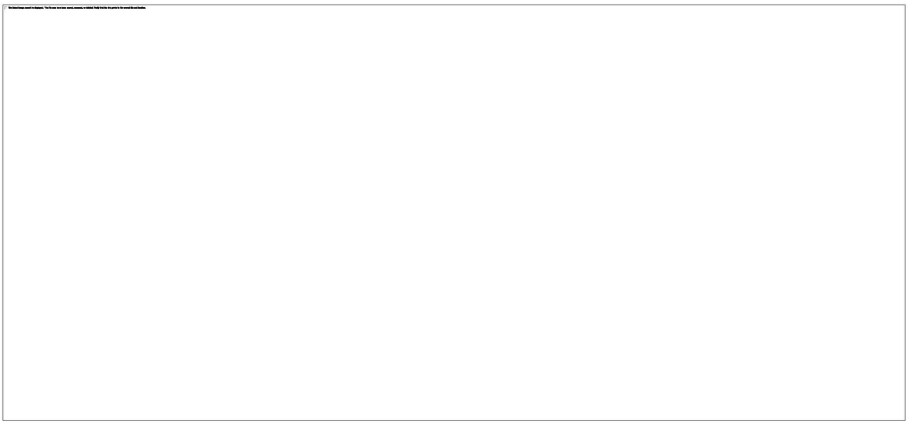

Source: Investment Strategy Group, Bloomberg.

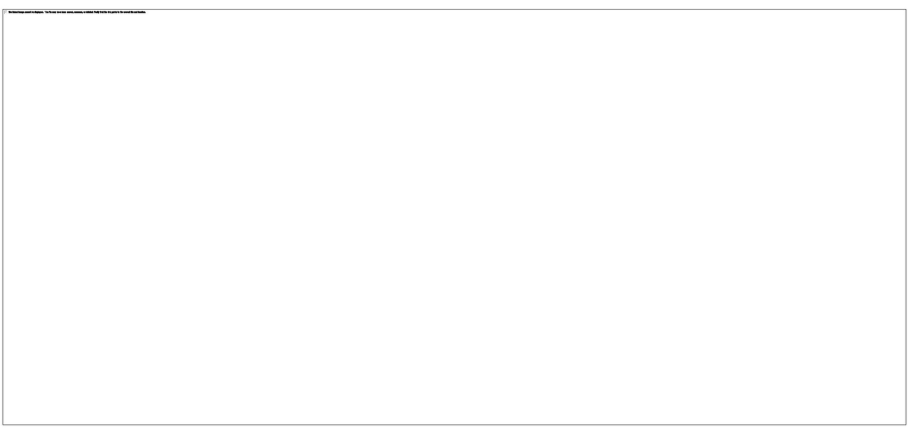

*"Near-Term Forward Spread" is the implied 3-month forward yield 18-months from now.*
Source: Investment Strategy Group, Bloomberg.

# Unsteady Undertow

As market observers attempt to explain the recent drop in US equities, the risks of geopolitical factors have garnered considerable attention. Potential US retaliation over the recent disappearance of a Saudi journalist has only added fuel to the fire of worries given the risk that oil exports could be used as a political weapon in a world with tighter oil supply thanks to impending US sanctions on Iran.

As we review the geopolitical developments of 2018, it is clear that some of the risks have abated while others have increased. With the exception of a significant spike in oil prices due to the impact of sanctions on Iran or any escalation in US-Saudi tensions, we believe that the net impact of these shifts is not material enough to derail the US economic expansion or bull market.

## Risks that have abated

**Mexico:** the election of the left-of-center populist president (Andrés Manuel Lopes Obrador referred to as AMLO) has reduced fear of a reversal of recent reforms. While concerns about fiscal profligacy and reverting to a nationalist energy policy that reduces oil production may reappear, AMLO does not take office until the end of the year.

**Brazil:** The strong showing of Jair Bolsonaro, a law-and-order former army captain, in the first round of elections and the latest data that points to a 75% probability of Bolsonaro becoming the next president of Brazil has provided a boost to the Brazilian real. His current standing has substantially reduced the election of another left-wing worker's party candidate who would keep the status quo in Brazil.

**NAFTA:** The agreement on a revised NAFTA deal between the US, Canada, and Mexico on September 30th meaningfully reduced the risk of the US withdrawal from NAFTA. While the new agreement, US-Mexico-Canada Agreement (USMCA), has not been ratified by the Mexican and Canadian national parliaments nor by the US congress, and a divided congress after the mid-term elections may lead to some uncertainty, we believe it is likely to be ratified.

**US-EU Trade Friction:** Tension between the US and European Union eased significantly after a July 2018 deal between European Commission President Juncker and President Trump to "work together toward zero tariffs, zero non-tariff barriers and zero subsidies on non-auto industrial goods". The coast is not totally clear given the threat of auto tariffs, but we do not anticipate any significant increase in trade rhetoric in the near future.

## Risks that have increased

**China:** The trade war with China continues to escalate and as we have stated before, we believe that it cannot be resolved simply by China importing more US goods. The issues range from:

- A large and growing trade deficit with China
- Industrial policies & unfair trade practices that reduce competition, such as subsidies and "dumping good at below-market prices"
- "Made in China 2025" policies which "harm US companies"

- Uneven tariff rates and the banning of some US goods
- Intellectual property theft
- Forced technology transfer
- Strategic US technology acquisitions
- Outright cyber theft
- Foreign ownership restrictions

Recent headlines that the trade war may be escalating to a cold war are not without merit, as we believe that US-China relations are changing on a more structural basis and will have a longer-term impact. On a short-term basis, however, US exposure to China is limited with merchandise exports, corporate profits and foreign claims at about 1% of GDP. As seen in Exhibit 7, the Chinese equity markets have also deteriorated much more significantly than US markets in 2018.

Of course, specific stocks with greater exposure to China through higher sales have underperformed the S&P 500 by about 6% since the latest tariffs were imposed on $200bn of Chinese products, as shown in Exhibit 8.

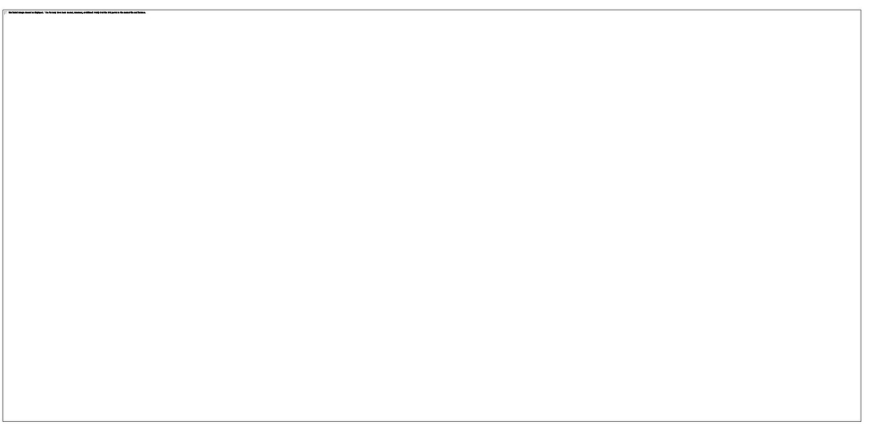

Source: Investment Strategy Group, Bloomberg.

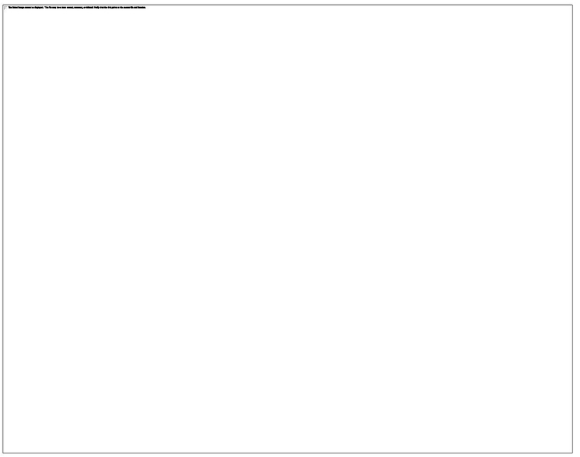

Note: High China sales basket is aggregated and defined by Goldman Sachs Global Investment Research.

Source: Investment Strategy Group, Bloomberg.

**Italy:** Concerns about Italy have risen to peak levels since the election of a populist government in May and credit default swaps have increased to reflect these higher risks. The government's expansive fiscal plan, with a proposed budget deficit of 2.4% of GDP, may be rejected by the European Union commission and result in rating downgrades. While the EU is likely to manage this situation in its usual incremental and reactive way, the possibility of new elections in late 2019 reigniting euro viability questions will keep Italy on our radar screens.

**BREXIT:** It is hard to know whether Brexit risks are unchanged, higher or lower given the minute by minute headlines out of the UK. Our base case remains that while the internal politics of the Conservative party will keep uncertainty at elevated levels and the European Union will not compromise on its key tenants of free movement of goods, services, and people, the two sides will agree to a deal that defers the difficult choices on the shape of a final agreement with the EU until late 2020.

**The Middle East:** Risks in the Middle East have not changed substantially with respect to Iraq, Syria, or even the impositions of sanctions on Iran. However, the disappearance of the Saudi journalist who entered the Saudi Embassy in Turkey on October 2nd has the potential to raise risks to global oil supply. While there has been a global uproar, it is not yet clear whether the US will impose serious sanctions or Saudi Arabia would retaliate by reducing oil exports if the US finds sufficient evidence regarding the alleged killing of the Saudi journalist. The recession in 1973-74 was partly due to the quadrupling of oil prices due to the Arab Oil Embargo. Later in that decade, the Iranian Revolution and the Iran-Iraq War also led to a 2.5 times spike in oil prices that, along with Federal Reserve tightening by then Chairman Paul Volcker, led to a US recession. While we think it is unlikely that Saudi Arabia would react so aggressively in the face of serious US reprisals, we note that it remains a real risk.

## Some Notable Observations

### US Equities Have Been Shunned All Along

In both our 2018 *Outlook* and mid-year update, we highlighted the surprising absence of inflows into US equities based on flows into mutual funds and Exchange-Traded Funds. As shown in Exhibit 9, flows into US equities were negative in 2018, even before the recent downdraft. In fact, US equities have seen outflows of $81 billion through August 2018 (based on the most recent comprehensive data), while non-US developed equities and emerging market equities have had inflows of $72 billion and $20 billion respectively. This is further evidence of our view that while sentiment and short term positioning among speculators and hedge fund managers shifts frequently, more stable investors have shunned US equities during this long bull market in favor of other developed and emerging market equities and global bonds.

This steady outflow of assets from US equities has been offset by record levels of stock buybacks by US companies given high levels of profitability and incremental cash from repatriation of overseas earnings, as mentioned above.

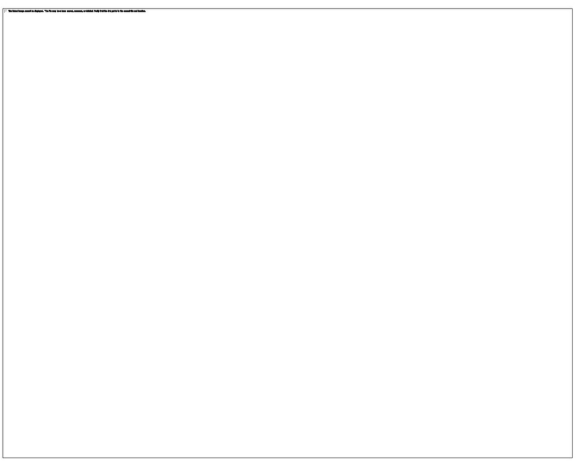

Note: Based on ICI weekly estimates through August 30,2018. Flows exclude reinvested dividends.
Source: Investment Strategy Group, ICI.

### Some Headwinds Facing the FANGMAN Stocks Will Persist

The basket of FANGMAN (i.e. Facebook, Apple, Netflix, Google, Microsoft, Amazon and Nvidia) stocks have dropped across the board from their respective peak price levels, with Facebook's 29% decline the largest and Apple's 4% decline the smallest among the group. Even so, each of the

stocks, with the exception of Facebook, still have positive year-to-date returns and have outperformed the S&P 500, as shown in Exhibit 10.

*This is not a recommendation to buy or sell individual securities but rather an assertion that these stocks represent a small portion of S&P 500 earnings. Anyone looking to buy or sell single name equities should consult Goldman Sachs Global Investment Research.*
Source: Investment Strategy Group, Bloomberg.

Nevertheless, we believe that some of the headwinds that have plagued this sector will continue. These include:

- Data privacy issues impacting a broad range of companies, including Facebook, Google, Twitter, Alipay and Tencent.
- High likelihood of greater regulatory scrutiny in the US[2] and Europe as policy makers increasingly believe that these companies will not address "the privacy and security issues of social media users"[3] on their own.
- Increased focus by ESG investors (Environment, Social, and Governance) that many of the technology and social media companies are falling short on social and governance issues.

While this basket of stocks may or may not lead the market in the future, it is important to note that they represent only 10% of S&P 500 earnings.

## Investment Implications

The recent market downdraft has understandably rekindled fears that the longest bull market in history is coming to an end. While there are no certainties in investing, we do not think the odds support that conclusion based on our read of the steady and unsteady factors discussed above. Keep in mind that about 75% of historical US bear markets—defined here as equity market declines of 20% or more—have occurred during economic recessions. In fact, US equity returns have remained favorable until about five to six months prior to the onset of recession, highlighting the penalty for prematurely exiting the market (see Exhibit 11). With only 10% odds of recession over the next year, we think the economic backdrop remains favorable for stocks.

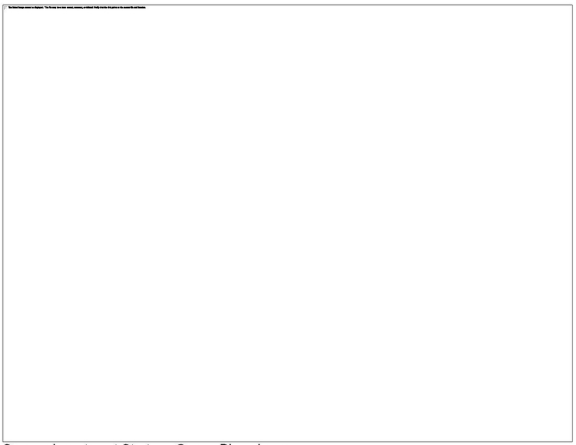

Source: Investment Strategy Group, Bloomberg.

Of course, none of the supportive factors discussed above precludes further bouts of equity volatility. As we highlighted at the beginning of the year, the historical probability of a 5% or greater correction from current valuation levels was 96%. Yet these statistics alone do not justify underweighting equities, since such pullbacks often occur after sizable equity rallies, as this year reminds us.

Moreover, such pullbacks are quite normal historically. After all, stocks have suffered a median of two pullbacks of at least 5% and one of at least 10% per calendar year in the post-WWII period, leaving both the frequency and magnitude of this year's dips in line with past experience. Most importantly, years that experienced a similar number of pullbacks as 2018 nonetheless ended with a median gain of 6% and had 77% odds of a positive return.

## Conclusion

Although we have painted a less alarmist view of recent market weakness, we are by no means Pollyannaish. While bull markets do not die of old age, they do become more susceptible to ailments over time. Yet as we survey the tug of war between the steady factors and the unsteady undertow, we do not think the balance of risks is strong enough to topple the ongoing US expansion and the continued growth of corporate earnings it supports.

That said, this viewpoint does not preclude further market volatility and the market may still make new lows if the current downdraft persists. But history suggests the bull market is likely to continue until about 5-6 months prior to the end of this economic expansion. Thus, it will take a significant increase in the odds of an imminent recession to provide the trigger—that has been lacking thus far—to tactically underweight equities. In the interim, we continue to recommend that clients maintain their strategic allocation to US equities.

Sources: Investment Strategy Group, Bloomberg, Datastream, Goldman Sachs Global Investment Research, Haver.

Endnotes:

(1) Kate Davidson and Sarah Chaney, "Fed Chair Powell Sees 'Remarkably Positive Set of Economic Circumstances,'" The Wall Street Journal, October 3, 2018.

(2) Statement by the Acting Director of FTC's Bureau of Consumer Protection Regarding Reported Concerns about Facebook Privacy Practices, March 26, 2018.

(3) Senator Mark. R Warner, Press Release, September 28, 2018

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**Sunday Night Insight**
**October 14, 2018**

# The Unsteady Undertow Commands the Seas (Temporarily)

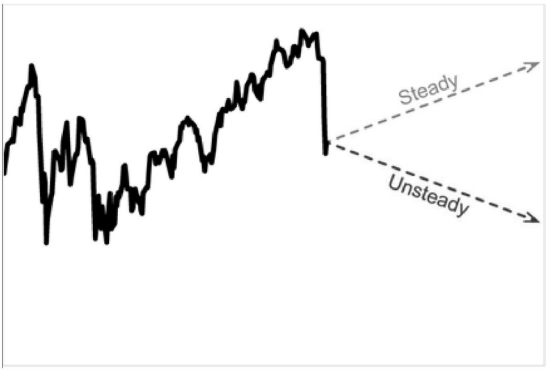


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The 7.8% intraday peak-to-trough decline in US equities between September 21st and October 11th has rattled investor confidence. Numerous headlines of stock market "carnage" have further eroded their confidence. As a result, some of our clients have asked whether this drop signifies the beginning of the end of a nearly 10-year bull market.

We do not think so. So far, this pullback is actually smaller than the two prior downdrafts we experienced in late January and in mid-March, neither of which derailed the US economy nor the bull market. The steady factors we highlighted in our annual Outlook—such as economic growth, benign inflation, robust earnings, and low probability of recession—have not dissipated. Furthermore, while the investor focus has shifted to the risks around the unsteady undertow, most of these factors are, on balance, less concerning today than they were at the beginning of 2018.

Of course, that is not the case across all geopolitical concerns. While trade tensions with Mexico and



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Canada have abated, those with China have certainly deteriorated and will continue to do so for the foreseeable future. But, in aggregate, there has been more improvement than deterioration, in our view.

In this Sunday Night Insight, we will provide a brief update on the steady factors and unsteady undertow. We then conclude with our view that the steady factors will likely continue to win this tug-of-war between the two.

## Steady Factors

While the headlines warn of equity market carnage, the facts do not support such alarming headlines. The S&P 500 is still up 5.1% on a year-to-date total return basis and financial conditions remain at easier levels today than they did when the Federal Reserve began this tightening cycle in 2015, despite the recent decline in equities and 0.76 percentage point increase in 10-year Treasury yields year-to-date. Most importantly, as highlighted by Federal Reserve Chairman, Jerome Powell, we are in "extraordinary times" of steady growth and low inflation.

### Economic Growth

Economic growth remains firm in the US. Both the Institute for Supply Management leading indexes for manufacturing and non-manufacturing remain at very strong levels. Current activity indicators of real GDP growth average about 3.5% for the third quarter and closer to 4% for the fourth quarter. Forecasts for third quarter real GDP average 3.8% and fourth quarter forecasts are about 2.8%. While growth is slowing from the 4.2% estimate of the second quarter, it is still forecast to be above trend and we believe a modest slowdown is certainly preferable to continued growth at a pace that was likely unsustainable and possibly even inflationary.

In aggregate, the economic data since the intraday peak of US equities on September 21st does not point to any worrisome slowdown in GDP growth or the pace of employment. In fact, while the recent 134K increase in non-farm payrolls was less than expectations, revisions to earlier months offset the modest headline miss and the unemployment rate still fell to 3.7%. Furthermore, this 134k increase is above the estimated sustainable level of employment growth based on population growth and changes in labor force participation, which our colleagues in Goldman Investment Research estimate is around 96k. Importantly, a modest slowdown in the 3-month average of non-farm payrolls, which currently stands at a very robust 190k jobs, is more likely to keep inflation in check.

### Robust Earnings and Buybacks

Continued above-trend economic growth is supporting solid corporate fundamentals. While many are quick to dismiss this strength to US tax reform, it is only half the story. Earnings before interest and taxes (EBIT) expanded by a very healthy 12% in the first half of this year and are expected to grow by double-digits again in the third quarter. This robust organic profit growth is also fueling sizable corporate buybacks—a key source of equity market support. Our colleagues on the corporate buyback desk expect the highest dollar amount for buybacks on record in 2018, with $1tn in authorizations and $850bn in executed buybacks.



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Even so, such robust earnings growth has begun to foster concern that we have reached a peak in EPS growth. While we do expect the pace of growth to slow next year, a local peak in earnings growth has not signified an imminent peak in the S&P 500 historically. In fact, about 3/4ths of market peaks occurred more than two years after the peak in the growth rate of earnings. Moreover, stock market returns have remained healthy during this period, with high odds of a positive outcome over the subsequent 6-24 months (see Exhibit 1). In short, the market ultimately follows the path of earnings and while their growth rate may be slowing, their absolute level is still rising.

**1. Average / Median S&P 500 Returns Following Peaks in Earnings Growth**

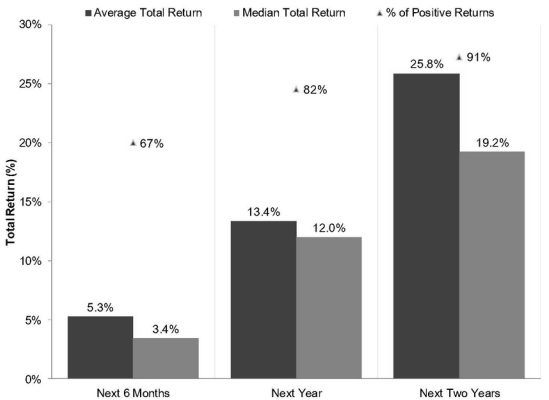


Source: Investment Strategy Group, Bloomberg.

## Inflation and Interest Rates

Inflation data has remained at relatively low levels for all of 2018, as shown in Exhibits 2 and 3. In fact, some of the most recent data released in October have ticked slightly lower. Average hourly earnings dropped to 2.8% from the prior month's level of 2.9%. Headline CPI dropped to 2.3% from 2.7% and Core CPI ex-food and energy remain at a low 2.2%, unchanged from the prior month. The Federal Reserve's preferred inflation indicator, Core PCE, also remains low at 2.0% which is in line with the Federal Reserve's target, and unchanged from the prior month.

While 10-year Treasury yields have risen by 0.76% (or 76 basis points) over the course of 2018, we do not think the resulting 3.2% yield is enough to derail US economic growth. Keep in mind that most of the recent increase since late August was due to stronger real growth rather than runaway inflation expectations. We expect interest rates to range between 3.0% and 3.5% in 2019 with a midpoint of 3.25%, barring any major geopolitical conflicts such as one between US and China and or escalating conflicts in the Middle East.



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**2. Average Hourly Earnings**

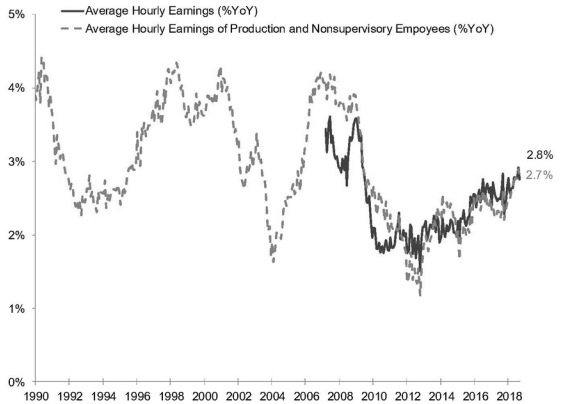


*Note: Average hourly earnings is available for the private sector starting in 2006 and is released in the monthly employment report. The BLS hourly earnings data for production and nonsupervisory employees, ~80% of the private sector, is available back to 1964.*
Source: Investment Strategy Group, Haver.

**3. Measures of Core Inflation: Core PCE and Core CPI**

Source: Investment Strategy Group, Haver.

Of course, the recent backup in interest rates is providing equity investors with another source of angst. Yet our work suggests there are several reasons why rates could continue to rise before becoming a material headwind for stocks. First, the 4% trend growth rate of nominal US GDP—reflecting 2% real growth and 2% inflation—remains comfortably above the 10-year Treasury yield of



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3.2% (i.e. the cost of borrowing). Stocks typically struggle when the cost of borrowing exceeds the nominal growth of the economy (see Exhibit 4). Second, the recent backup in interest rates was driven primarily by improving real growth expectations, not higher inflation. This distinction is critical, because higher rates in response to improving real growth tend to benefit earnings sufficiently to overcome the downward pressure they place on valuation multiples. Finally, it will take a number of years before higher rates meaningfully impact aggregate S&P 500 interest expense, considering 91% of S&P 500 debt is fixed-rate and only 13% matures over the next two years.

**4. Inflection Point for Negative Correlation Between Stock Prices and Bond Yields**

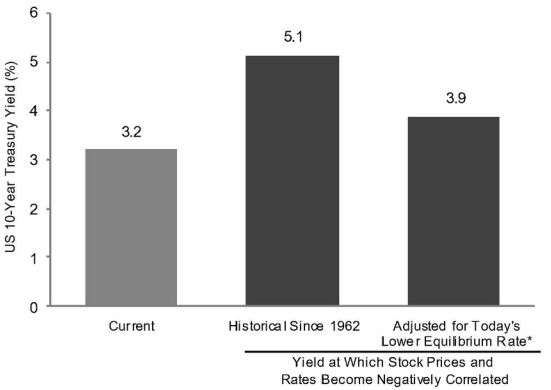


**Adjusts for the reduction of 1.25 percentage points in the long-run equilibrium nominal rate, in line with the shift in Federal Reserve projections since 2012.*

Source: Investment Strategy Group, Bloomberg.

## Low Probability of Recession

We continue to maintain a low, 10%, probability of recession driven by:

- The positive trend of leading economic indicators
- Low levels of inflation
- The continued slow but steady pace of Federal Reserve interest rate hikes. We believe that Federal Reserve Chairman Powell's recent commentary indicates that the FOMC will continue to be driven by data and financial market conditions. Their stated goal is to extend this expansion "indefinitely."[1] While the Federal Reserve dots point towards four more interest rate hikes by the end of 2019, we do not think that such hikes materially increase the odds of a recession in an economy that continues to grow at levels that are generally regarded as above trend growth in the US.
- Recent steepening of the yield curve. We have highlighted two measures of the yield curve as sign-posts we watch as an early harbinger of a recession. Both have steepened since their lows, as shown in Exhibits 5 and 6.



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**5. US 1-10 Treasury Yield Spread – Through October 12, 2018**

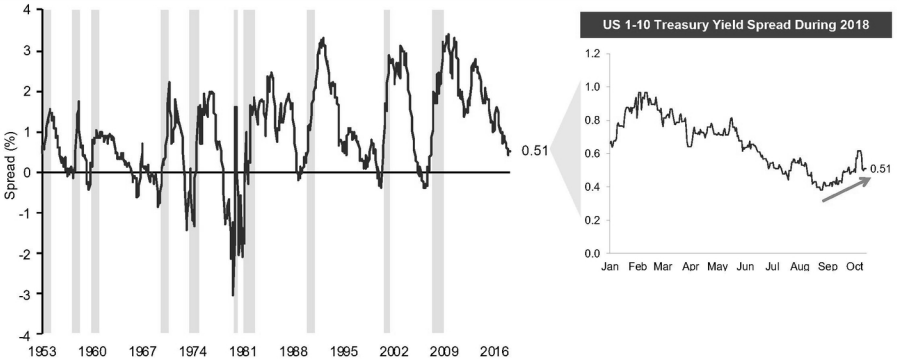


Source: Investment Strategy Group, Bloomberg.

**6. "Near-Term Forward Spread"* – Through October 12, 2018**

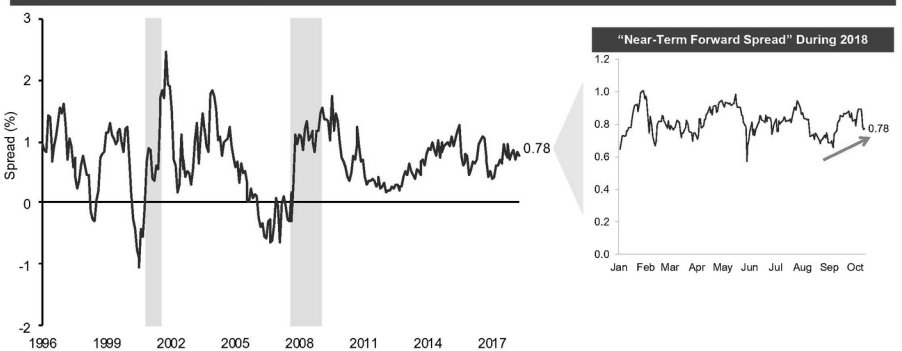


*"Near-Term Forward Spread" is the implied 3-month forward yield 18-months from now.
Source: Investment Strategy Group, Bloomberg.



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## Unsteady Undertow

As market observers attempt to explain the recent drop in US equities, the risks of geopolitical factors have garnered considerable attention. Potential US retaliation over the recent disappearance of a Saudi journalist has only added fuel to the fire of worries given the risk that oil exports could be used as a political weapon in a world with tighter oil supply thanks to impending US sanctions on Iran.

As we review the geopolitical developments of 2018, it is clear that some of the risks have abated while others have increased. With the exception of a significant spike in oil prices due to the impact of sanctions on Iran or any escalation in US-Saudi tensions, we believe that the net impact of these shifts is not material enough to derail the US economic expansion or bull market.

### Risks that have abated

**Mexico:** the election of the left-of-center populist president (Andrés Manuel Lopes Obrador referred to as AMLO) has reduced fear of a reversal of recent reforms. While concerns about fiscal profligacy and reverting to a nationalist energy policy that reduces oil production may reappear, AMLO does not take office until the end of the year.

**Brazil:** The strong showing of Jair Bolsonaro, a law-and-order former army captain, in the first round of elections and the latest data that points to a 75% probability of Bolsonaro becoming the next president of Brazil has provided a boost to the Brazilian real. His current standing has substantially reduced the election of another left-wing worker's party candidate who would keep the status quo in Brazil.

**NAFTA:** The agreement on a revised NAFTA deal between the US, Canada, and Mexico on September 30th meaningfully reduced the risk of the US withdrawal from NAFTA. While the new agreement, US-Mexico-Canada Agreement (USMCA), has not been ratified by the Mexican and Canadian national parliaments nor by the US congress, and a divided congress after the mid-term elections may lead to some uncertainty, we believe it is likely to be ratified.

**US-EU Trade Friction:** Tension between the US and European Union eased significantly after a July 2018 deal between European Commission President Juncker and President Trump to "work together toward zero tariffs, zero non-tariff barriers and zero subsidies on non-auto industrial goods". The coast is not totally clear given the threat of auto tariffs, but we do not anticipate any significant increase in trade rhetoric in the near future.

### Risks that have increased

**China:** The trade war with China continues to escalate and as we have stated before, we believe that it cannot be resolved simply by China importing more US goods. The issues range from:

- A large and growing trade deficit with China
- Industrial policies & unfair trade practices that reduce competition, such as subsidies and "dumping good at below-market prices"
- "Made in China 2025" policies which "harm US companies"



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- Uneven tariff rates and the banning of some US goods
- Intellectual property theft
- Forced technology transfer
- Strategic US technology acquisitions
- Outright cyber theft
- Foreign ownership restrictions

Recent headlines that the trade war may be escalating to a cold war are not without merit, as we believe that US-China relations are changing on a more structural basis and will have a longer-term impact. On a short-term basis, however, US exposure to China is limited with merchandise exports, corporate profits and foreign claims at about 1% of GDP. As seen in Exhibit 7, the Chinese equity markets have also deteriorated much more significantly than US markets in 2018.

Of course, specific stocks with greater exposure to China through higher sales have underperformed the S&P 500 by about 6% since the latest tariffs were imposed on $200bn of Chinese products, as shown in Exhibit 8.

**7. Impact of 2018 US Trade Actions on Equity Markets – Through October 12, 2018**

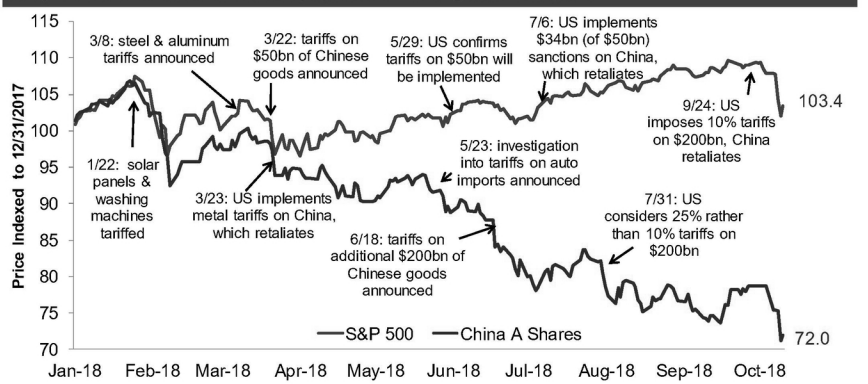


Source: Investment Strategy Group, Bloomberg.



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**8. US Stocks with High China Sales vs. S&P 500**

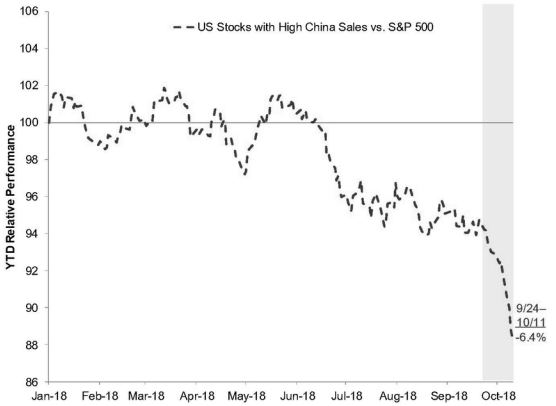


Note: High China sales basket is aggregated and defined by Goldman Sachs Global Investment Research.
Source: Investment Strategy Group, Goldman Sachs Global Investment Research, Bloomberg.

**Italy:** Concerns about Italy have risen to peak levels since the election of a populist government in May and credit default swaps have increased to reflect these higher risks. The government's expansive fiscal plan, with a proposed budget deficit of 2.4% of GDP, may be rejected by the European Union commission and result in rating downgrades. While the EU is likely to manage this situation in its usual incremental and reactive way, the possibility of new elections in late 2019 reigniting euro viability questions will keep Italy on our radar screens.

**BREXIT:** It is hard to know whether Brexit risks are unchanged, higher or lower given the minute by minute headlines out of the UK. Our base case remains that while the internal politics of the Conservative party will keep uncertainty at elevated levels and the European Union will not compromise on its key tenants of free movement of goods, services, and people, the two sides will agree to a deal that defers the difficult choices on the shape of a final agreement with the EU until late 2020.

**The Middle East:** Risks in the Middle East have not changed substantially with respect to Iraq, Syria, or even the impositions of sanctions on Iran. However, the disappearance of the Saudi journalist who entered the Saudi Embassy in Turkey on October 2nd has the potential to raise risks to global oil supply. While there has been a global uproar, it is not yet clear whether the US will impose serious sanctions or Saudi Arabia would retaliate by reducing oil exports if the US finds sufficient evidence regarding the alleged killing of the Saudi journalist. The recession in 1973-74 was partly due to the quadrupling of oil prices due to the Arab Oil Embargo. Later in that decade, the Iranian Revolution and the Iran-Iraq War also led to a 2.5 times spike in oil prices that, along with Federal Reserve tightening by then Chairman Paul Volcker, led to a US recession. While we think it is unlikely that Saudi Arabia would react so aggressively in the face of serious US reprisals, we note that it remains a real risk.



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## US Equities Have Been Shunned All Along

In both our 2018 *Outlook* and mid-year update, we highlighted the surprising absence of inflows into US equities based on flows into mutual funds and Exchange-Traded Funds. As shown in Exhibit 9, flows into US equities were negative in 2018, even before the recent downdraft. In fact, US equities have seen outflows of $81 billion through August 2018 (based on the most recent comprehensive data), while non-US developed equities and emerging market equities have had inflows of $72 billion and $20 billion respectively. This is further evidence of our view that while sentiment and short term positioning among speculators and hedge fund managers shifts frequently, more stable investors have shunned US equities during this long bull market in favor of other developed and emerging market equities and global bonds.

This steady outflow of assets from US equities has been offset by record levels of stock buybacks by US companies given high levels of profitability and incremental cash from repatriation of overseas earnings, as mentioned above.

**9. Cumulative Mutual Fund and ETF Flows (US$bn)**

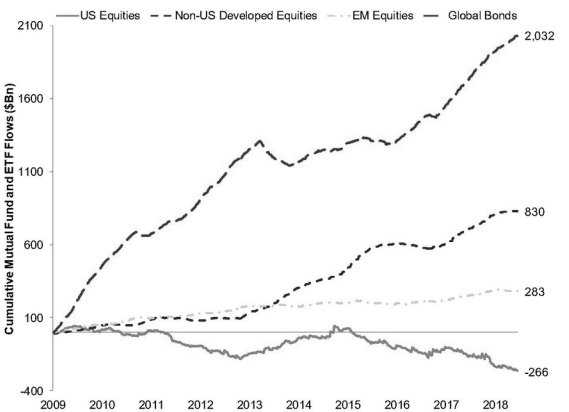


Note: Based on ICI weekly estimates through August 30,2018. Flows exclude reinvested dividends.
Source: Investment Strategy Group, ICI.

## Some Headwinds Facing the FANGMAN Stocks Will Persist

The basket of FANGMAN (i.e. Facebook, Apple, Netflix, Google, Microsoft, Amazon and Nvidia) stocks have dropped across the board from their respective peak price levels, with Facebook's 29% decline the largest and Apple's 4% decline the smallest among the group. Even so, each of the stocks, with the exception of Facebook, still have positive year-to-date returns and have outperformed the S&P 500, as shown in Exhibit 10.



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**10. FANGMAN Recent Performance and Contribution to S&P 500 Earnings and Market Cap**

| | YTD Return (Through 10/12) | % Decline From 2018 Peak | % of S&P 500 Earnings | % of S&P 500 Market Cap |
|---|---|---|---|---|
| 1 Netflix | 76.9% | -19.0% | 0.0% | 0.6% |
| 2 Amazon | 52.9% | -12.3% | 0.2% | 3.6% |
| 3 Apple | 32.8% | -4.3% | 4.4% | 4.4% |
| 4 Microsoft | 29.7% | -5.2% | 2.4% | 3.5% |
| 5 Nvidia | 27.6% | -14.8% | 0.2% | 0.6% |
| 6 Google | 6.4% | -12.8% | 1.9% | 3.2% |
| 7 Facebook | -12.9% | -29.3% | 1.3% | 1.8% |
| FANGMAN | 23.9% | -7.1% | 10.4% | 17.7% |

*This is not a recommendation to buy or sell individual securities but rather an assertion that these stocks represent a small portion of S&P 500 earnings. Anyone looking to buy or sell single name equities should consult Goldman Sachs Global Investment Research.*
Source: Investment Strategy Group, Bloomberg.

Nevertheless, we believe that some of the headwinds that have plagued this sector will continue. These include:

- Data privacy issues impacting a broad range of companies, including Facebook, Google, Twitter, Alipay and Tencent.
- High likelihood of greater regulatory scrutiny in the US[2] and Europe as policy makers increasingly believe that these companies will not address "the privacy and security issues of social media users"[3] on their own.
- Increased focus by ESG investors (Environment, Social, and Governance) that many of the technology and social media companies are falling short on social and governance issues.

While this basket of stocks may or may not lead the market in the future, it is important to note that they represent only 10% of S&P 500 earnings.

## Investment Implications

The recent market downdraft has understandably rekindled fears that the longest bull market in history is coming to an end. While there are no certainties in investing, we do not think the odds support that conclusion based on our read of the steady and unsteady factors discussed above. Keep in mind that about 75% of historical US bear markets—defined here as equity market declines of 20% or more—have occurred during economic recessions. In fact, US equity returns have remained favorable until about five to six months prior to the onset of recession, highlighting the penalty for prematurely exiting the market (see Exhibit 11). With only 10% odds of recession over the next year, we think the economic backdrop remains favorable for stocks.



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**11. S&P 500: Returns Based on Time Until Next Recession**

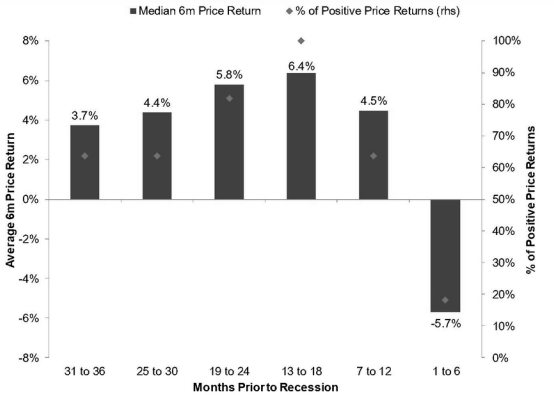


Source: Investment Strategy Group, Bloomberg.

Of course, none of the supportive factors discussed above precludes further bouts of equity volatility. As we highlighted at the beginning of the year, the historical probability of a 5% or greater correction from current valuation levels was 96%. Yet these statistics alone do not justify underweighting equities, since such pullbacks often occur after sizable equity rallies, as this year reminds us.

Moreover, such pullbacks are quite normal historically. After all, stocks have suffered a median of two pullbacks of at least 5% and one of at least 10% per calendar year in the post-WWII period, leaving both the frequency and magnitude of this year's dips in line with past experience. Most importantly, years that experienced a similar number of pullbacks as 2018 nonetheless ended with a median gain of 6% and had 77% odds of a positive return.

## Conclusion

Although we have painted a less alarmist view of recent market weakness, we are by no means Pollyannaish. While bull markets do not die of old age, they do become more susceptible to ailments over time. Yet as we survey the tug of war between the steady factors and the unsteady undertow, we do not think the balance of risks is strong enough to topple the ongoing US expansion and the continued growth of corporate earnings it supports.

That said, this viewpoint does not preclude further market volatility and the market may still make new lows if the current downdraft persists. But history suggests the bull market is likely to continue until about 5-6 months prior to the end of this economic expansion. Thus, it will take a significant increase in the odds of an imminent recession to provide the trigger—that has been lacking thus far—to tactically underweight equities. In the interim, we continue to recommend that clients maintain their strategic allocation to US equities.



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Sources: Investment Strategy Group, Bank for International Settlements, Bloomberg, Datastream, Goldman Sachs Global Investment Research, Haver, International Monetary Fund, Teneo Intelligence.

Endnotes:

(1) Kate Davidson and Sarah Chaney, "Fed Chair Powell Sees 'Remarkably Positive Set of Economic Circumstances,'" The Wall Street Journal, October 3, 2018.
(2) Statement by the Acting Director of FTC's Bureau of Consumer Protection Regarding Reported Concerns about Facebook Privacy Practices, March 26, 2018.
(3) Senator Mark. R Warner, Press Release, September 28, 2018

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**From**: paul krassner [redacted]
**Sent**: 12/20/2018 8:09:23 PM
**To**: Danny Goldberg [redacted]; Kevin Bright [redacted]; Caryl Ratner [redacted]
**Subject**: Fwd:

**Importance**: High

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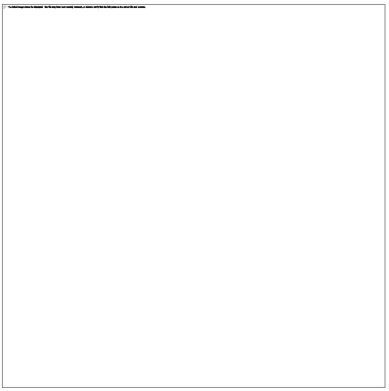

Raiders Announce Plan To Play 2019 Home Games In Jon Gruden's Backyard

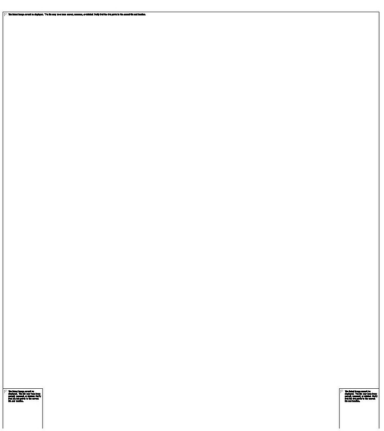



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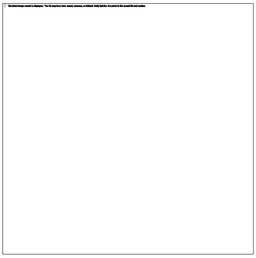

News in Brief

Firefighter Excitedly Checks Drop-Off Bin To See If They Got Any Babies While They Were Out

Infographic

The Trump Presidency In 2018

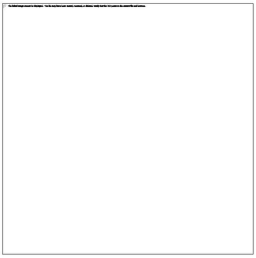

News in Brief

Ecstatic Pope Francis Finally Lands Role As Mary In St. Peter's Christmas Pageant

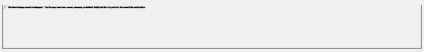

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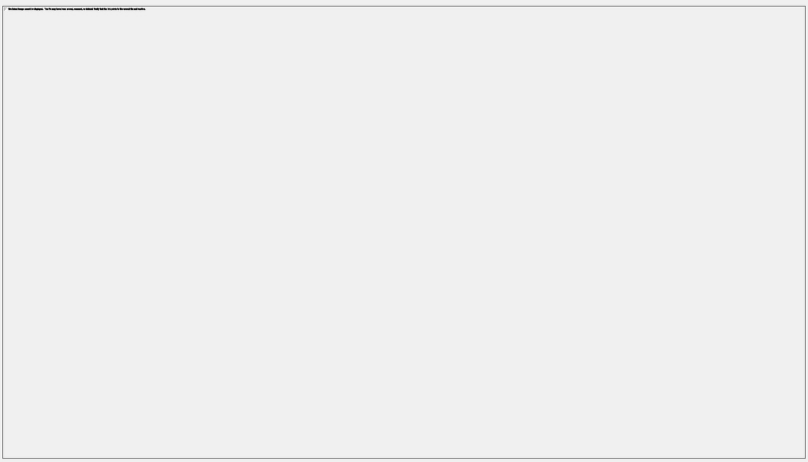

# UCF Deserves A Shot To Be Utterly Destroyed In The College Football Playoff

SHARE THIS WITH FRIENDS OR SPAM YOUR ENEMIES

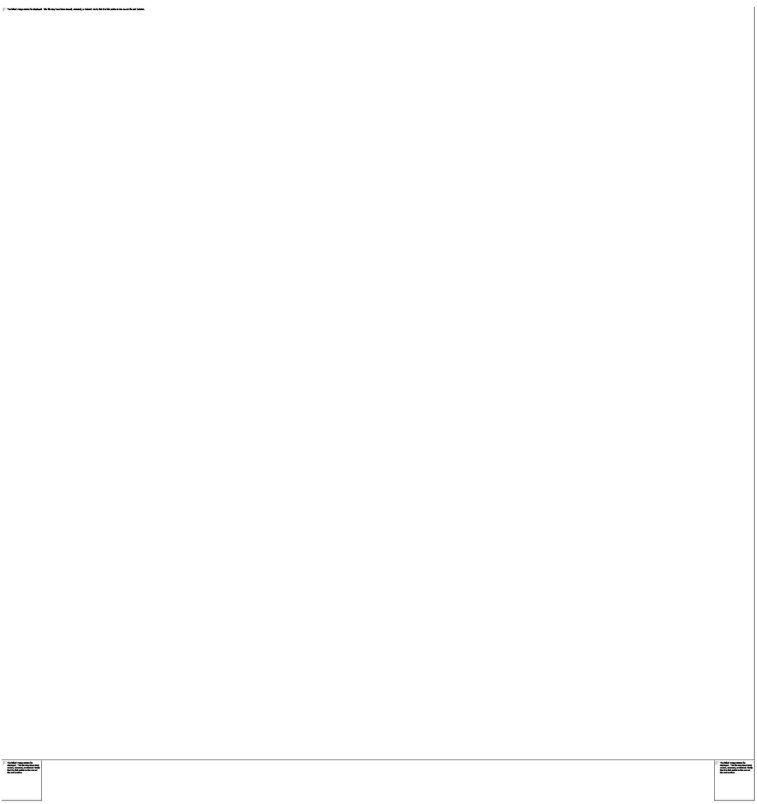

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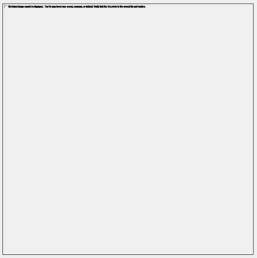

5 Things To Know About 'Aquaman'

Should The NFL Offer To Reinstate Kareem Hunt If He Promises To Play Extra Hard?

The Origins Of Popular Christmas Songs

AMERICAN VOICES

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**Gun Deaths In U.S. At 40-Year High**

**Merriam-Webster Names 'Justice' Word Of The Year**

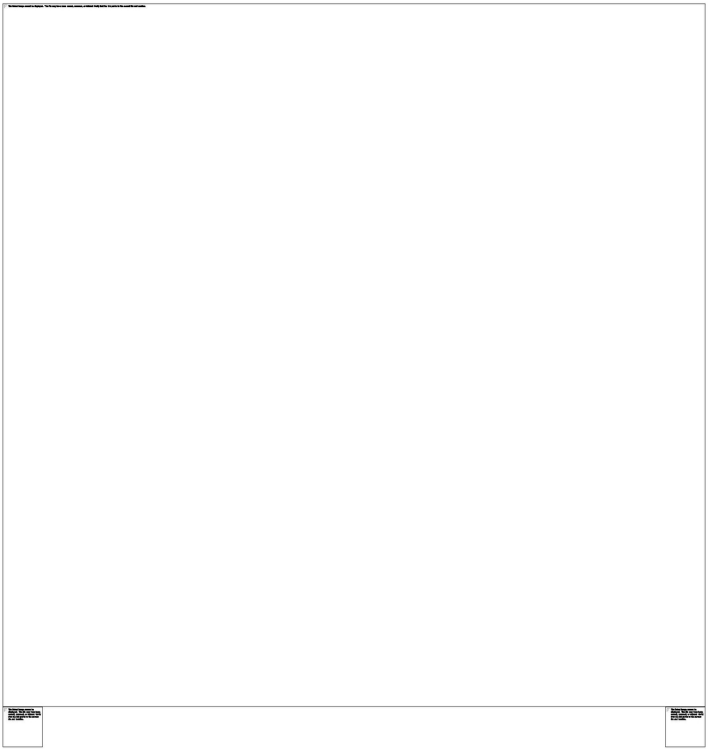

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**From**: Larry Visoski [redacted]
**Sent**: 12/23/2018 10:57:55 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: LSJ Trip

Jeffrey
Since Pres Trump didn't come to PBI Yet,
For you departure to LSJ on Dec 26th,, should Darren and Dave pick you up in PBI? Or do you prefer Boca for departure, at this time no TSA issue in PBI,,

Let me know if you prefer PBI or Boca for departure Wed Dec 26th?

Thx
Larry

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 1/10/2019 8:23:40 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump's ex-lawyer Michael Cohen will testify at House Oversight Committee before entering prison

**Importance**: High

https://www.cnbc.com/2019/01/10/ex-trump-lawyer-michael-cohen-to-testify-to-house-oversight-committee.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
te[redacted]
fax[redacted]
cell [redacted]

**From**: Richard Kahn [redacted]
**Sent**: 1/23/2019 7:12:03 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Michael Cohen says he's postponing testimony over threats by Trump

**Importance**: High

https://nypost.com/2019/01/23/michael-cohen-says-hes-postponing-testimony-over-threats-by-trump/?utm_source=maropost&utm_medium=email&utm_campaign=news_alert&utm_content=20190123&tpcc=nypbreaking&mpweb=755-7579323-719004712

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From**: Richard Kahn [[redacted]]
**Sent**: 2/8/2019 1:23:55 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Tax expert tells Congress there is 'a lot to find' in Trump's returns

**Importance**: High

>
>
> https://www.nbcnews.com/politics/congress/tax-expert-tells-congress-there-lot-find-trump-s-tax-n969121
>
>
> Richard Kahn
> HBRK Associates Inc.
> 575 Lexington Avenue, 4th Floor
> New York, NY 10022
> Tel  212-971-1306
> Fax 212-320-0381
> Cell 917-414-7584

**From:** paul krassner [redacted]
**Sent:** 3/30/2019 4:23:32 AM
**To:** Steven Gaydos [redacted]
**Subject:** Re: IMPORTANT

**Importance:** High

*THE LAST LAUGH*

# *Sarah Silverman on Al Franken, Louis C.K., Losing Her Hulu Show and More*

**In the premiere episode of 'The Last Laugh' podcast, Sarah Silverman speaks out for the first time about her Hulu show's cancelation and goes to bat for her friend Al Franken.**

<matt-wilstein-author.jpg>
Matt Wilstein

03.26.19 4:12 AM ET

Photo Illustration by The Daily Beast/Getty

**Subscribe to *The Last Laugh* on Apple Podcasts**

Wearing a rainbow-striped hoodie and a "Beer Nuts" baseball cap, Sarah Silverman strode into our Burbank recording studio ready to talk.

It had been just a few weeks since Hulu had unceremoniously canceled her weekly show *I Love You, America* and the comedian's emotions were still a bit raw. But her unflappable sense of humor was fully intact as she recounted to me how she found out the bad news and ended up revealing more than ever before about how the streaming service treated her over the past year.

During our long conversation for the first-ever episode of my new podcast *The Last Laugh*, Silverman also spoke frankly about what it has been like to see her friend Al Franken accused of alleged sexual

misconduct and attempted to clarify the controversial comments she made to Howard Stern about Louis C.K. She reflected on some of her most iconic roles and looked ahead to what comes next.

Highlights from the interview are below and you can listen to the whole thing right now by subscribing to *The Last Laugh* on Apple Podcasts, the Himalaya app or wherever you listen to podcasts.

## *On the 'heartbreaking' cancelation of I Love You, America*

*"It came as a surprise. We were so sure we were getting picked up. We're all super bummed about it. I know that they did love the show, but I think what it cost compared to its popularity or the eyes that they had on it didn't—you know, the people that make the decisions there don't have any connection to the show. And it is just so heartbreaking because I kind of feel cut off at the knees."*

<LRG_DSC02899_fvmyha.jpeg>

Sarah Silverman on 'The Last Laugh'

Cassandra Church/Starburns Audio

## *On the 'bullshit' allegations against Al Franken*

*"I can only just be honest and say, if I didn't know Al Franken, I'd probably be like yeah, go girl, me too, fuck that shit. Because I do know him, I don't feel that way. So maybe I'm too close to it and just seeing the dots not the big picture. But I just can't believe it. The U.S.O. thing is bullshit and if you watch the sketch they did, give me a fucking break. He may be guilty of doing pedestrian comedy, I guess, but he apologized and she accepted his apology. But it does seem that the Republican Party—and I don't think this is something to emulate at all—doesn't apologize, denies everything, admits nothing and everyone keeps their job. And I hate that that's what we teach our children. But if you apologize and say, 'I want there to be an ethics investigation on me and I want to do everything by the book, this is my truth but I'm open to [the fact] that these women felt this way, I want to make this right,' I don't know why that person then loses their job."*

•

---

*BURN IT DOWN*

---

## Sarah Silverman Throws Hulu Under the Bus: 'F*ck It'

---

**Matt Wilstein**

<190321-wilstein-sarah-silverman-tease_tjmvn0.jpeg>

•

*GIVING THANKS*

## Why Sarah Silverman Is ‘Thankful’ for Trump

**Matt Wilstein**

<SS_tulqlf.jpeg>

### *On looking like an ‘asshole’ after commenting on Louis C.K.*

*“My experience with Louis as a teenager perhaps informs his pathology a bit. But in no way is it analogous to crimes, to assaults, he subsequently committed that mirror it, that come from it. I was just speaking about my own experience. And the headline was, ‘He jerked off in front of me and I didn’t care.’ And that’s so cold and insulting and awful to the women who were hurt by his actions. So if you clicked on it, they quoted me. But if you didn’t, and nobody does, it just makes me look like an asshole. And me looking like an asshole is the least of it. It hurt people and there was stuff that I said that I don’t think I was articulating the spirit of what I meant.”*

<IMG_8787_vrvikb.jpeg>

'The Last Laugh' host Matt Wilstein and Sarah Silverman

## *On performing stand-up about being single without sounding 'hacky'*

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Sarah Silverman Throws Hulu Under the Bus: 'F*ck It'

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Comedians Reveal Their Realest Selves on 'The Last Laugh'

<SM_4_gq9fyv.jpeg>

Seth Meyers Proves Trump Is the Real 'Husband From Hell'

*"It's such an '80s comedienne premise, but then it was also my truth so I was trying to reconcile with it. It's hard to not be meta about it, because just to say 'I'm single' on stage. There's something that feels so inherently hacky about it that I feel like I have these guilt pangs and then it just becomes a whole other bit. It's always weird to navigate. I've always been in relationships for big chunks of time and every time I come out I'm like a generation older and I don't know what my station is."*

Next week on *The Last Laugh* podcast: *Arrested Development* and *Veep* star Tony Hale.

**From**: JONATHAN FARKAS [redacted]
**Sent**: 4/18/2019 1:39:23 PM
**To**: jeevacation@gmail.com

**Importance**: High

Told you Barr would protect Trump known him for 50 years
Sent from my iPhone

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On May 22, 2019, at 5:47 AM, J <jeevacation@gmail.com> wrote:

how much info is in the ny state returns compared to fed re trump taxes

--

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Goldman Sachs

Investment Management Division

# Risk of a US-Iran Military Conflict and Other Geopolitical Risks

May 23, 2019

Investment Strategy Group

# Discussion Topics

I. US Policy on Iran

II. Iranian Actions and Current Economic Conditions

III. Potential for US-Iranian Military Conflict

IV. Implications for the Global Oil Market



HOUSE_OVERSIGHT_026945

# Risks to Our Views *(Presented in our 2019 Outlook)*

- In the near term, the most likely source of a domestic shock is the fallout from one of the investigations—by multiple state attorneys general and the House of Representatives—of President Trump.

- The ebb and flow of these investigations will inevitably lead to great market volatility. But there is greater likelihood that exogenous shocks will come from external sources, rather than domestic ones.

- External exogenous shocks
  - Trade War with China (*5/17/2019 ISG Client Call*) or continued slowing growth in China
  - Brexit
  - Auto Tariffs
  - Russia
  - Middle East
  - North Korea
  - Cyberattacks
  - Terrorism

Source: Investment Strategy Group.



HOUSE_OVERSIGHT_026946

# Timeline: US-Iran Tensions Rise



**Recent Key Events in US-Iran Relations**

| Date | Category | Event |
|---|---|---|
| 7/14/2015 | JCPOA | JCPOA* finalized between Iran and P5+1 |
| 10/13/2017 | JCPOA | President Trump de-certifies compliance of Iran with JCPOA |
| 5/8/2018 | JCPOA | President Trump withdraws from the nuclear agreement |
| 8/6/2018 | Sanctions | Reimposition of sanctions on Iran (precious metals, currency, sovereign debt) |
| 11/4/2018 | Sanctions | Sanctions imposed on Iranian petroleum, shipping sector, energy sector, etc.<br>Six-month waivers issued to eight countries that purchase Iranian oil |
| 4/8/2019 | Diplomatic Action | US announces it will designate the IRGC as a foreign terrorist organization |
| 5/2/2019 | Sanctions | Waivers for Iranian oil purchases not renewed |
| 5/3/2019 | Military | US intelligence suggests mobilization of Iranian forces, including photos showing IRGC loading missiles onto ships |
| 5/5/2019 | Military | Bolton announces US to deploy carrier strike group and bomber task force to the Persian Gulf, promising "any attack on US interests or on those of our allies will be met with unrelenting force" including attacks "by proxy, the Islamic Revolutionary Guard Corps, or regular Iranian forces" |
| 5/8/2019 | JCPOA | Iran announces it will end compliance with parts of the JCPOA, including uranium enrichment |
| 5/8/2019 | Sanctions | US imposes sanctions on Iranian industrial metals sector |
| 5/9/2019 | Military | Acting Defense Secretary Shanahan presents updated military plan to send up to 120 thousand troops to the Middle East if Iran attacks US forces or accelerates work on nuclear weapons |
| 5/12/2019 | Military | 3-4 oil tankers reportedly damaged in a "sabotage" attack off the coast of the UAE |
| 5/14/2019 | Military | Houthi drones attack Saudi cross-country oil pipeline |
| 5/15/2019 | Diplomatic Action | US withdraws embassy staff from Iraq |
| 5/19/2019 | Military | A rocket is fired into Baghdad's Green Zone near the US embassy |
| 5/21/2019 | Military | A Houthi drone attacks an arms depot at the Najran airport in southern Saudi Arabia |

* JCPOA: "Joint Comprehensive Plan of Action"
Source: Investment Strategy Group, White House, US Treasury, *New York Times*, Bloomberg, *Wall Street Journal*.



HOUSE_OVERSIGHT_026947

# Does the US Have a Clear Strategy?



"The United States is [sending] a message to the Iranian regime that any attack on US interests or on those of our allies will be met with unrelenting force. The US is not seeking war with the Iranian regime, but we are fully prepared to respond to any attack, whether by proxy, the Islamic Revolutionary Guard Corps, or regular Iranian forces."

— *NSA John Bolton announcing the deployment of a carrier strike group to the Persian Gulf, May 5, 2019*

"President Trump has sought to put the brakes on a brewing confrontation with Iran in recent days, telling the acting defense secretary, Patrick Shanahan, that he does not want to go to war with Iran, administration officials said, while his senior diplomats began searching for ways to defuse the tensions."

— *New York Times, May 16, 2019*

"Our aim is not war. Our aim is a change in the behavior of the Iranian leadership."

— *Secretary of State Pompeo, May 12, 2019*

"The Fake News Media is hurting our Country with its fraudulent and highly inaccurate coverage of Iran. It is scattershot, poorly sourced (made up), and DANGEROUS. At least Iran doesn't know what to think, which at this point may very well be a good thing!"

— *President Trump, May 17, 2019*

"Will the president let himself be pushed into a parlous war by John Bolton, who once buoyed the phony case on WMDs in Iraq?"

— *Maureen Dowd, New York Times, May 18, 2019*

Source: Investment Strategy Group, Twitter, *New York Times*, Politico.



HOUSE_OVERSIGHT_026948

# Eurasia Group: "The Three Principal Players Have Different Perspectives"



## National Security Advisor John Bolton

- "Bolton wants a crisis. He hopes to use the pressure as a maximum containment strategy to cripple the Iranian economy, increasing domestic opposition to the government, and making regime change more likely.
- … 'forcing' the Americans to engage in military intervention for Bolton [is] a useful pretext to bombing key nuclear facilities that would set the Iranian program back years or more."

## Secretary of State Mike Pompeo

- "Pompeo wants the band back together. He doesn't believe the United States can credibly induce the Iranians towards a more constructive posture by themselves, and accordingly wants a tougher, common front to force better terms from Iran from a position of strength.
- Pompeo hopes the Europeans and other allies will be more supportive of broader American pressure against Iran, and a multilateral coalition can come back together."

## President Trump

- "President Trump wants a breakthrough on his terms. He wants to use American power to force the Iranians into direct negotiations, and pull off a better agreement than Obama did."

Source: Investment Strategy Group, Ian Bremmer, "EG Update," Eurasia Group, May 20, 2019. Emphasis added.



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# What is the Impact of Other Countries' Interests in the Region?

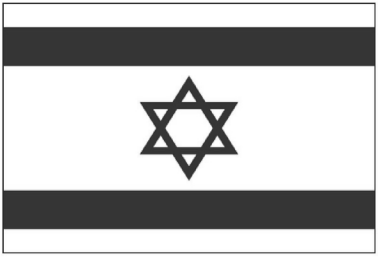

Source: Investment Strategy Group.



HOUSE_OVERSIGHT_026950

# Recent Attacks Put the US on High Alert

Investment Management Division

Goldman Sachs

**1. Saudi Oil Tanker Al Marzoqah, Damaged in Reported Act of Sabotage**

**2. Saudi Arabia Major Oil and Natural Gas Infrastructure**

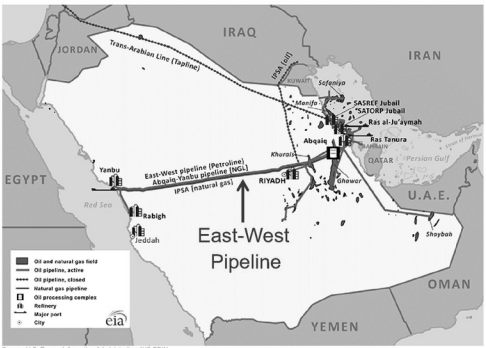


Source: U.S. Energy Information Administration, IHS EDIN

- May 12: 3-4 oil tankers are reportedly damaged in a "sabotage" attack off the coast of the UAE
- May 14: Houthi rebels use drones to attack Saudi oil pumping stations on the East-West Pipeline
- May 19: A rocket is fired into Baghdad's Green Zone less than a mile from the US embassy
- May 21: A Houthi drone attacks the Najran airport in southern Saudi Arabia

Source: Investment Strategy Group, Reuters, EIA, *New York Times*.



HOUSE_OVERSIGHT_026951

# Iran Threatens to Close the Strait of Hormuz



**Strait of Hormuz: April 2019 Crude Oil Production Per Country and Export Flows**

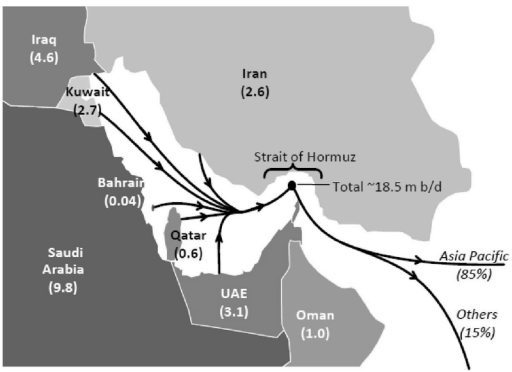


- A third of world's LNG and a fifth of global oil production goes through the Strait of Hormuz.
- "Iran relies on the Strait not only for its oil exports, but also for the imports of some needed food and medical products."[1]

(1) Michael Ratner, "Iran's Threats, the Strait of Hormuz, and Oil Markets: In Brief," Congressional Research Service, August 6, 2018.
Source: Investment Strategy Group, Goldman Sachs Enterprise Risk Management, EIA, Bloomberg.



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# Iran Set to Restart its Nuclear Program



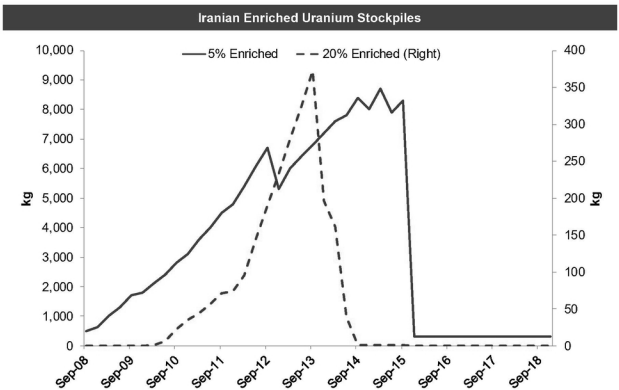


- A key criterion in the development of the Joint Comprehensive Plan of Action (JCPOA) is the time Iran needs to produce enough weapon-grade uranium for a nuclear weapon, called breakout time. Iran agreed to refine uranium to no more than 3.7% enrichment and eliminated its stocks of weapons-grade 20%-enriched uranium.
- On May 8th, President Rouhani announced a series of steps to resume the production of nuclear centrifuges and the accumulation of nuclear material within 60 days.

Source: Investment Strategy Group, Arms Control Association, International Atomic Energy Agency, JCPOA, Bloomberg.



HOUSE_OVERSIGHT_026953

# Iranian Economy Hit Hard by Sanctions

Investment Management Division

Goldman Sachs

**1. Iran Annualized Real GDP Growth and Inflation[1]**

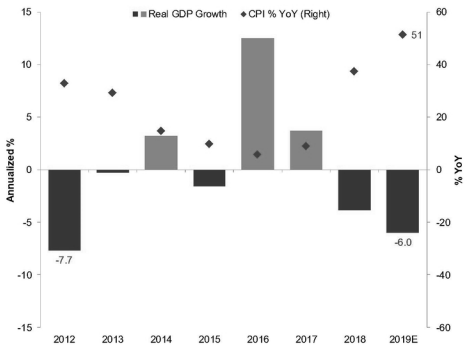


**2. Iranian Rial (Mid) to USD – Unofficial Market Rate**

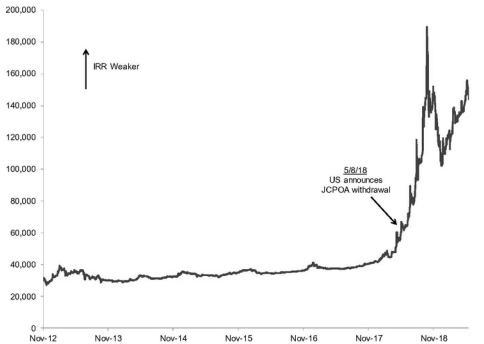


- The IMF forecasts that Iranian real GDP growth in 2019 will be the weakest since 2012 at -6%, even as annualized inflation is running at around 50%.
- The Iranian rial is trading near its all-time low against the US dollar, according to unofficial market rates. Since the end of 2017 the rial has depreciated by roughly -70%, compared to a -45% peak devaluation for the Turkish lira in 2018.

(1) 2019 inflation as of April 2019.
Source: Investment Strategy Group, IMF, Statistical Center of Iran, Haver, Bonbast, Bloomberg.



HOUSE_OVERSIGHT_026954

# US Military Signals Readiness to Respond



**Abraham Lincoln Carrier Strike Group and Kearsarge Amphibious Ready Group – May 17, 2019**

- The US deployed the USS Abraham Lincoln Carrier Strike Group and a bomber task force to the Middle East in early May in response to intelligence regarding Iranian military activity.

Source: Investment Strategy Group, navy.mil, *New York Times*.



HOUSE_OVERSIGHT_026955

# Cost of US Wars



**1. Military Cost and Casualties of Recent US Conflicts**

| | | | Casualties (Thousand)** | | |
|---|---|---|---|---|---|
| Conflict | Military Cost ($bn)* | Years of US Involvement | Deaths | Non-Mortal Woundings | Total |
| Vietnam | 821 | 17.4 | 58 | 153 | 212 |
| Persian Gulf | 113 | 0.6 | 0 | 0 | 1 |
| Iraq | 822 | 8.8 | 4 | 32 | 36 |
| Afghanistan | 975 | 17.4 | 2 | 20 | 22 |
| Syria | 54 | 4.7 | 0 | 0 | 0 |

**2. Gallup Poll: "Do you think the US is spending too little, about the right amount or too much on national defense and military purposes?"**

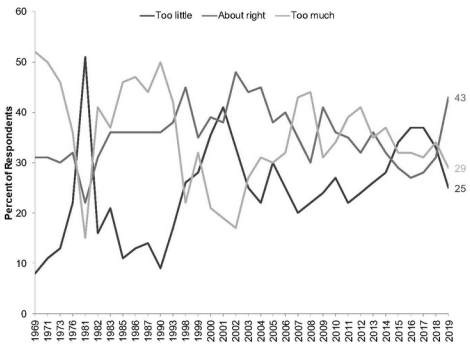


- Total costs of the war on terror for the US (including wars in Iraq, Afghanistan, and Syria), are estimated to be $5.9 trillion.
- Over 40% of Americans think the US is spending the right amount on national defense, the highest level in 15 years, but would there be appetite for yet another costly military incursion into the Middle East?

*Costs of military operations only. Iraq & Afghanistan costs based on all overseas contingency operations as of 2018; all other estimates based on 2010 CRS report scaled by US CPI through 2018. **Deaths: Battle and other in the theater.
Source: Investment Strategy Group, Congressional Research Service, "Costs of Major US Wars," June 29, 2010; Department of Defense Casualty Status; Department of Veterans Affairs; Watson Institute at Brown University, Gallup, *New York Times*.



HOUSE_OVERSIGHT_026956

# Iranian Oil Production Has Plummeted



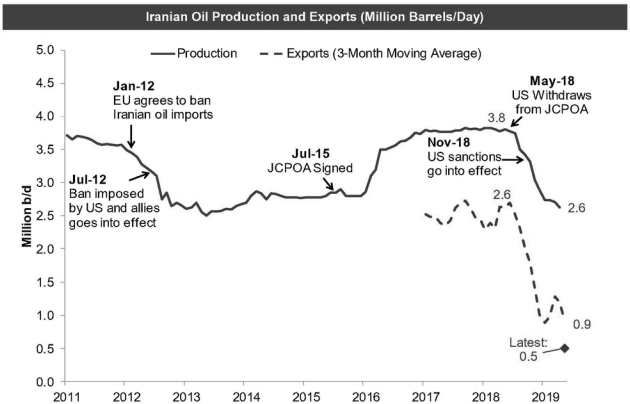


- Since the US withdrew from the JCPOA in May 2018:
  - Iranian oil production has fallen by 1.2 million b/d
  - Exports have fallen from 2.6 million b/d to 0.5 million b/d month-to-date in May (0.9 million b/d on a 3-month moving average)
- Iran will continue to send a few hundred thousand b/d of oil exports despite harsh US secondary sanctions.

Source: Investment Strategy Group, Bloomberg, cFlow Data (Platts Global Crude).



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# Spare Oil Production Capacity Looks Adequate



**1. US Crude Oil Production**

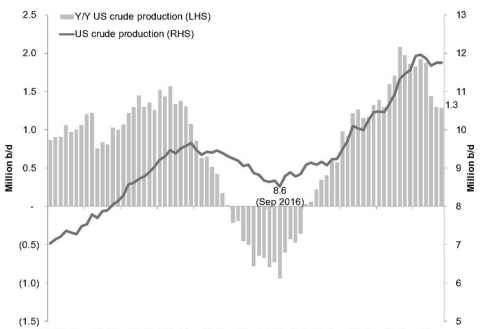


**2. Spare Capacity from April 2019 Production Level to 2018 Highest Production Levels**

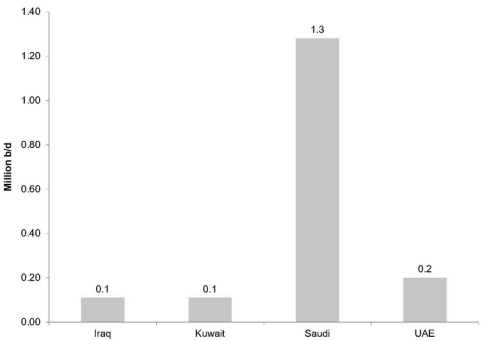


- US oil production growth has matched or exceeded global demand growth over the past year, providing ample supplies to the market.
- In fact, OPEC had to cut production in late 2018 in order to reduce oversupply and arrest a fast decline in oil prices.
- OPEC production could be increased back to 2018 highs if the market faced a shortage. Doing so would add 1.7 million b/d from main Middle Eastern OPEC members – more than Iran's current export levels of around 0.5 million b/d.

Source: Investment Strategy Group, EIA, Bloomberg, OPEC.



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# Risks of an Oil Shock Look Contained



**1. OECD Inventories – Adjusted for Days of Demand**

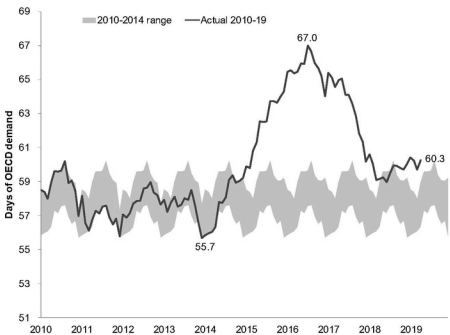


**2. World Oil Demand and Oil Demand Intensity per Unit of Global GDP**

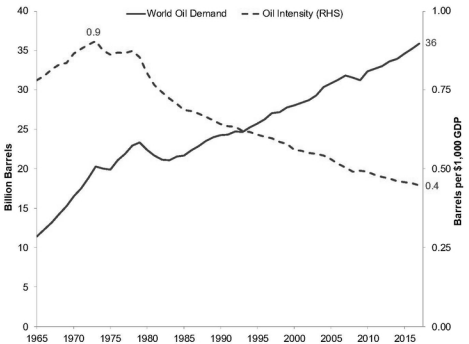


- Global oil inventories look adequate, with OECD inventories still well above historical norms.
- The US could release oil from its Strategic Petroleum Reserve if needed.
- Oil consumption represents a much smaller share of the economy than in the late 1970s and early 1980s.

Source: Investment Strategy Group, IEA, World Bank, BP Statistical Review.



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# Key Takeaways

- The immediate threat of military engagement between the US and Iran has eased but risk of escalation or miscalculation is high.
- US agenda (and the impact of Saudi Arabia and Israel) is unclear, with administration officials offering contradictory views.
- Iran is set to resume its nuclear program with the intent of gaining leverage for future negotiations which it previously relinquished as part of the JCPOA.
- There is further potential downside for Iranian oil production and exports, but ample OECD inventories, growing US production, and OPEC spare capacity would help contain any short-term oil price shock.
- We continue to recommend that clients stay invested at their full strategic asset allocation given today's macroeconomic backdrop and low odds of a recession, but we remain vigilant about the risks to our outlook.

Source: Investment Strategy Group.



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| Period | Gross Return | Net Return | Differential |
|---|---|---|---|
| 1 year | 6.17% | 4.61% | 1.56% |
| 2 years | 12.72% | 9.43% | 3.29% |
| 10 years | 81.94% | 56.89% | 25.05% |

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Jeffrey's Digest

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## Why do gangs punish members who attempt to leave the gang?

**Joe Crandall**, lived in Compton, CA
Updated May 27

When gangs take new soldiers or gang members join a gang they are subjected to the ritual "Jumping In". Jumping in members is like the final last part of a job interview, t...

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## As an aviation expert do you think that grounding of Boeing 737 MAX worldwide is an over reaction?

**Wayne Magor**, Principal Software Engineer (Avionics)
Updated May 23

I do not consider the grounding to be an overreaction. There appears to be some kind of problem with the aircraft. It is not normal to have 2 crashes within 5 months. Neith...

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## When will the Russians send navy ships into the Iranian waters to assist Iran and counter the United States Navy?

**James Shannon**, Senior Chief U.S. Navy
Written May 22

Russia would certainly love to sail its Navy into the Persian Gulf. There are some realities that prevent them from accomplishing this. First and foremost, Russia's Navy ne...

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## Is Tim Cook single?

**Pascal Lorig**, Student of industrial engineering
Updated Oct 5, 2016

Most probably no. He lives by himself. In the biography 'Becoming Steve Jobs' you get to know that even Steve Jobs was a little worried about Tim Cook since he was such a w...

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## Do CEOs really need private jets?

**Howard Freidman**, Managing Director at BluechipJets-com
Written May 23

No, but those that can afford it understand the value.

One customer of ours is a *very* thrifty small businessman. A couple years ago, he took the plunge and purchased his fir...

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## Has Donald Trump committed any crimes that a regular person would have already been arrested for?

**Jay Valenci**, studied at University of Pennsylvania
Written 19h ago

Absolutely yes. How do I know this? Because about 1000 bipartisan federal prosecutors signed a letter stating that the Mueller Report listed at least 10 instances of obstru...

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## I have just been released from Columbia's waitlist. What can I do?

**Stephen Lee**, PhD in Modern European History
Updated May 17

If you've been released from the waitlist it means that the university has decided you are no longer a viable candidate. That means you have two choices:

The first choice is...

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## How is life in Texas different from life in the rest of the US?

**Stephan Lindgren**, lived in Killeen, TX (2005-2009)
Updated Apr 5

As a veteran who has lived all over the country, but was stationed in Texas, this is what I noticed about Texas:

- Texans are more Texan than American. Texans will have plaque...

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## How is Chris Kyle viewed among the Navy SEAL community?

**Chris Henry**
Written Jul 30, 2017

I'll throw my two cents in since I did meet him when I was in the teams and know several guys that worked with him. One of his actual best friends was in a platoon with me ...

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## How are public USB charging stations modified to steal information?

**Buster Smith**, Computer Enthusiast since 2001
Written May 22

Wayne Mullen, the article clearly explains and answers your question:

"Let's say I'm a bad guy. I go into an airport. I'm not going to easily take apart the charging station...

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Trump Under Fire

MICHAEL WOLFF

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WHEN:
**Fri, 21st Jun 2019**
**6:45pm - 8:00pm**

WHERE:
**Emmanuel Centre**
**9-23 Marsham Street**

Michael Wolff is back. It's time to return to the madness and chaos of the Trump White House as the bestselling *Fire and Fury* author delivers wickedly entertaining insights from Year Two of the most divisive presidency in history. Discover just how close this most abnormal of presidencies has come to breaking point…

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Praise for Michael Wolff

"A deliciously catty look inside the White House, full of wicked anecdotes and gossipy gold. It's like sitting in a hairdresser's listening to a fabulously indiscreet conversation beside you. It's The Kardashians: White House edition (Harriet Alexander *Telegraph*)

"Once again, the dirt is abundant. Donald Trump insults everyone in his orbit, repeatedly, viciously, and - always privately - they return the favor ... Siege is overflowing with such titillating material, which is sure to make it another tour de force for the Trump resistance" (*Vanity Fair*)

"Bannon's frequently shrewd observations make it clear why Wolff finds him irresistible. The author is mostly interested in Trump's psychology. He is adept at documenting the president's lunacy, and Bannon is frequently an able fellow shrink" (*Washington Post*)

Utterly gripping (*GQ*)

Rich in psychological insights (Peter Conrad *Observer*)

Michael Wolff has unearthed a mass of damning material about Donald Trump . . . Siege is filled with delicious gossip (Sarah Baxter *Sunday Times*)

**Michael Wolff** is the author of *Fire and Fury*, the number one *Sunday Times* and *New York Times* bestseller that for the first time told the inside story of the Trump White House. He has received numerous awards for his work, including two National Magazine Awards. The author of seven previous books, he has been a regular columnist for *Vanity Fair*, *New York*, *The Hollywood Reporter*, *British GQ*, and other magazines and newspapers.

**Matthew d'Ancona** is an editor at Tortoise Media and an award-winning columnist. He writes for *The Guardian*, *London Evening Standard* and *GQ*. He was previously editor of *The Spectator* and founding editor-in-chief of Drugstore Culture. His most recent book, *Post-Truth: The New War on Truth and How to Fight Back*, received global acclaim.

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Jeffrey's Digest

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## Is France in decline?

**Thierry Baudasse**, Professor of Economics at Universite d'Orleans
Updated Jan 15

Well, do you mean economically? If so, just watch this video, it's just projections about the future made by University of Denver (Pardee Center for International Futures |...

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## Why doesn't Donald Trump like Tiffany Trump?

**Anthony Cady**, studied at Grossmont College
Updated Jun 14

It isn't that he doesn't like Tiffany Trump. It's that Marla Maples took custody of Tiffany when she and Trump split up and she has lived with Marla outside the glitz and g...

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## If 10^y=y^10, then what is y?

**Nancy Mitchell**
Updated Apr 30

*If 10^y=y^10, then what is y?*

The given equation is [math]10^y=y^{10}\text{.}[/math]

Take the *tenth* root of each side and get

[math]\pm(10^y)^{\frac{1}{10}}=\pm(y^{10})^{\frac{1}{10}}=\sqrt[10]{y^{10}} [/math]

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## As a police officer, what is the most inappropriate thing someone ever did to get out of a ticket?

**Peter Michael**, PE/IT Petroleum Engineering & Information Technology, University of Southwestern...
Written Dec 9, 2018

Routine Traffic stop for speeding, cute little red mustang stopped; When I got to the car window her top was down and her skirt hiked up and she was busy - She looks at me ...

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## What is typical jail food?

**Carter**, C/O (2017-present)
Written Jun 15

I work in the local jail here. I haven't been to any other facilities but apparently we feed our inmates very well compared to other counties.

Morning: cereal with fruit or ...

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## In Japan, is it rude to leave a shop or restaurant without saying anything if you do not speak Japanese?

**Shahriar Kabir Saki**, knows Japanese
Written Feb 4, 2018

It's funny how I had this exact question just a few months ago when I first arrived in Japan. So I asked my Japanese friend and he said that after finishing your meal or pa...

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## When British Airways Flight 38 was about to crash short of the runway at Heathrow Airport, why did the pilot or first officer yell out "speed bird, speed bird" just before the crash?

**Tom Quetchenbach**, occasional flyer
Updated Jun 2

Speedbird is the callsign of British Airways, referring to the stylized bird logo.

Captain Peter Burkill of British Airways 38 explains his radio call, “Speedbird, Speedbird...

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## What do Brits think of France?

**Nate White**, Drinks coffee. Writes copy.
Written Mar 1

I’ll be honest. Right now, I’m pretty annoyed with France. We’re not really speaking.

The thing is, we’re supposed to be siblings. We’re supposed to be at each other’s throa...

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## Is Chinese really the hardest language in the world to learn?

**Sara Maria Hasbun**, studied Linguistics at Columbia University
Written May 24

Shh, don’t tell anyone but...as a linguist, I can tell you that for English speakers, at least, Chinese is not considered the most difficult language to learn. In fact, I don...

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## If I sat down for dinner with Queen Elizabeth would she instantly know I was a common person by my etiquette? What would she notice first?

**Paul Rodgers**, studied at City University London
Updated Mar 26

The most important rule the Queen follows is 'Don't embarrass your guests'.

I have heard that at a dinner some years ago she noticed a man nearby was eating his peas while h...

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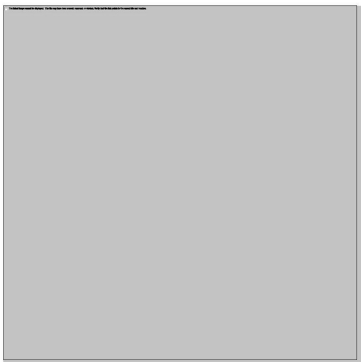

10.09.2019

**Erdogan Rising: The Battle for the Soul of Turkey**

More than 15 years before Trump ascended to the presidency, Turkey was the crucible for the new, authoritarian populism shaking the globe. Now, as elections in Istanbul suggest support for Erdogan's regime may be crumbling, *Times* correspondents **Hannah Lucinda Smith** and **Antony Loyd** turn to the future of Turkey's ailing democracy - and consider the lessons for the rest of the world.

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RAF officer, MI6 spy, BBC war correspondent: the life and career of **Frederick Forsyth** is as thrilling as any bestseller. Join LBC Presenter **Matthew Stadlen** as he explores the real-life adventures that inspired *The Day of the Jackal*, *The Odessa File* and dozens of other award-winning classic tales of geopolitical intrigue.

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with Adam Phillips

An evening of luminous insight from Adam Phillips, one of Britain's foremost psychoanalysts and an essayist 'whom it is a pleasure simply to hear think' (*Sunday Telegraph*).

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Join Michael Palin – Monty Python stalwart and intrepid globetrotter – for a glimpse of life inside the notoriously secretive Democratic People's Republic of Korea.

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11.09.2019

**Max Hastings: The Dambusters Story 1943**

with Max Hastings

The raid of the Dambusters is one of the most exhilarating episodes in British history. In his new book *CHASTISE The Dambusters Story 1943*, our most brilliant military historian, Sir Max Hastings, uncovers the truth behind the legend.

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**How to Predict the Next Financial Crisis**

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**17th July 2019**

**Melinda Gates**

How Empowering Women Changes the World

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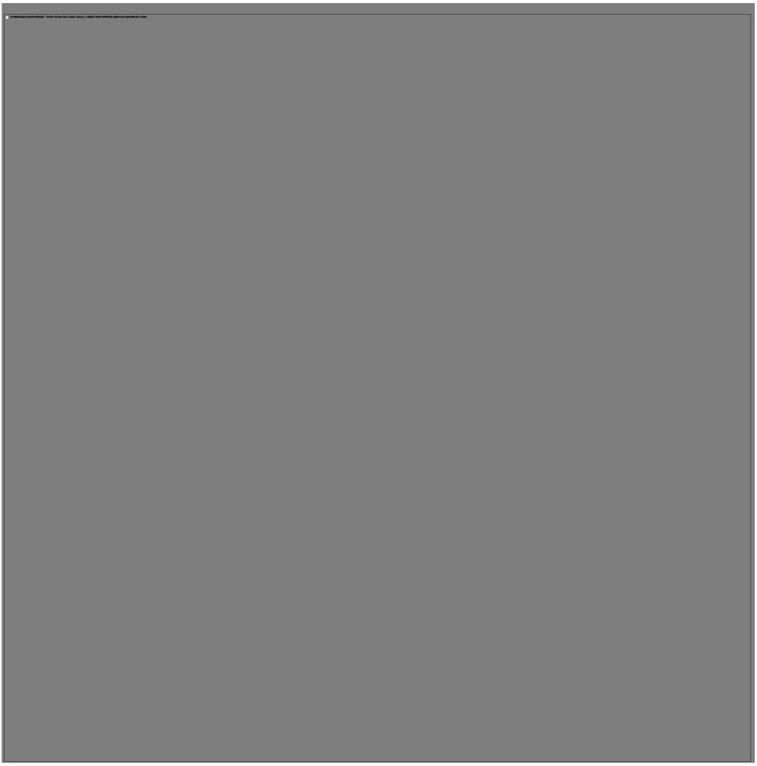

WHEN:
**Wed, 17th Jul 2019**
**6:45pm - 8:00pm**

WHERE:
**Emmanuel Centre**
**9-23 Marsham Street**

In her book, *The Moment of Lift: How Empowering Women Changes the World*, Melinda Gates makes a bold claim: when we lift up women, we lift up humanity.

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In this live In Conversation event, Melinda will introduce us to the women she's met during years of travel, humanitarian work and extensive research. She will share stories from her new book *The Moment of Lift: How Empowering Women Changes the World*: stories that are brutally honest, gut-wrenching, inspiring and triumphant. They show us how, time and time again, empowered women rise up and bring their families and communities with them.

Melinda will also share her own personal journey to achieving equality in her marriage, finding her voice and becoming an advocate for women and girls. She will explain how the women she has met have called her to action. And at this critical moment, she will call us to action too — urging us to drive progress in our homes, workplaces and communities.

This conversation will fill your heart with hope and the determination to empower yourself and others. It will also ignite your sense of urgency, leaving you convinced that equality can't wait.

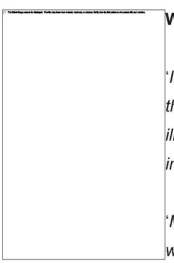

**WHAT THEY SAY**

'*In her book, Melinda tells the stories of the inspiring people she's met through her work all over the world, digs into the data, and powerfully illustrates issues that need our attention — from child marriage to gender inequity in the workplace.*' — President Barack Obama

'*Melinda Gates has spent many years working with women around the world. This book is an urgent manifesto for an equal society where women are valued and recognized in all spheres of life. Most of all, it is a call for unity, inclusion and connection. We need this message more than ever.*' — Malala Yousafzai

'*The Moment of Lift is an urgent call to courage. It changed how I think about myself, my family, my work, and what's possible in the world. Melinda weaves together vulnerable, brave storytelling and compelling data to make this one of those rare books that you carry in your heart and mind long after the last page.*' — Brené Brown, Ph.D., author of *New York Times* #1 bestseller *Dare to Lead*

'*This book is a beautiful and concise mission statement on what we need to do to move society forward- continue to empower women. At every level and in all places women are truly the bedrock supporting their communities.*' — Trevor Noah

'*Melinda Gates's book is a lesson in listening. A powerful, poignant, and ultimately humble call to arms.*' — Tara Westover, author of *Educated*

**Melinda French Gates** is a philanthropist, businesswoman, and global advocate for women and girls.

As the co-chair of the Bill & Melinda Gates Foundation, Melinda sets the direction and priorities of the world's largest philanthropy. She is also the founder of Pivotal Ventures, an investment and incubation company working to drive social progress for women and families in the United States. Melinda's first book, The Moment of Lift, was published in the UK April 2019 by Bluebird, part of Pan Macmillan.

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# The Computational Structure of Mental Representation

Joscha Bach
joscha.bach@hu-berlin.de

Berlin, February 26th, 2013

## *Now is the time for starting a new Artificial Intelligence initiative.*

***What is the mind?***
–this is arguably the most interesting question that our species can ask itself.

Last month, a grand proposal by Barack Obama made headlines everywhere in the world: He suggested a large-scale initiative to create a detailed **map of the activity of the human brain**, at the level of individual neurons. This idea is quite similar to (and likely inspired by) Henry Markram's *Blue Brain* project in Lausanne, which recently won a 1.5Bn grant from the European Union. While this is an interesting project in its own right, it will not address the key question of cognitive science:
What is the mind? What are the building blocks and fundamental operations of thinking and perception?

Here, I would like to suggest the instigation of a project that is at once more ambitious, more narrowly targeted, and likely to yield more profound theoretical, practical and cultural insights than the *Brain Activity Mapping* initiative: **The study of the computational structure of mental representation.**

Mental representation, not neurons will inform the core our understanding of cognition.

Cognition is incidentally enabled by human nervous systems, but in its nature, it is not a chemical, biological or physiological phenomenon. Instead, **cognitive systems** are a class of **information processing** systems, **thinking** is a set of certain, functionally identifiable **operations**, over certain, functionally identifiable types of **representations**, and with respect to a set of problems and properties given by certain **environments**.

Thus, the *Structure of Mental Representation* initiative should focus on mental content, with all its dynamic, relational, conceptual, and linguistic elements, and it's grounding in perception and interaction.

## The study of mental representations requires a new scientific discipline

Unraveling mental representations will be an interdisciplinary effort among several cognitive sciences, but distinct from the disciplines that we find now:

The project will differ from linguistics, for instance, in similar way as geography differs from plate tectonics. Where linguists study the intrinsic 'geography' of languages, and the structural commonalities among them, mental representations uncover the underlying dynamics that produce natural languages (as the solutions to the problem of translating between hierarchical, distributed, associative, ambiguous representations and the discrete strings of symbols that we use as a means of exchanging and organizing ideas).

## Integrating concepts from linguistics, cognitive psychology and neuroscience within the methodological framework of constructionist Artificial Intelligence

Mental representations lie outside the domain of neuroscience, which mostly focuses on material descriptions of the function of the underlying substrate. They cannot be studied well within contemporary psychology, which favors an experimentalist, quantitative approach, where we need to address qualitative questions by constructing working, implementable systems. And needless to say, the study of mental representations is currently not well represented in Artificial Intelligence research, which does provide a productive methodology, but has mostly turned towards applications and narrow AI solutions.

## A new common ground between AI and cognitive science researchers

Despite the lack of a common methodological ground between the cognitive sciences, we can now observe a growing consensus on how to approach the problem of modeling the mind, and its representational apparatus. During the last decade, a number of initiatives have sprung up within AI, psychology and cognitive science, each with journals, workshops and conference series, and a large personal overlap among each community. Examples include Artificial General Intelligence (**AGI**), Biologically Inspired Cognitive Architectures (**BICA**), **Cognitive Systems**, and **Cognitive Modeling** (ICCM). Among those groups, there is an emerging consensus on several paradigms:

- **Integrated architectures of cognition**. We need to study whole, working systems, both for the purpose of comparison between approaches, but mainly, because cognition is not the product of the activity of individual modular functions, but of the interaction between them.
- **Universal representations**. Representations must provide both distributed and localist aspects, to enable neural learning, information retrieval via spreading activation, as well as symbolic processing (language and planning).
- **Perceptual grounding.** Representations should be grounded in an environmental interaction context, using a bottom-up/top-down perception paradigm, to allow for

open-ended autonomous learning and language acquisition.

- **Integration of perception and action.** Environmental interaction is (at least partially) a control process that requires a modeling of the relationship between sensory data and operations performed by the system.
- **(Semi-) Universal problem solving**, enabling paradigms of learning, planning, reasoning, analogies, language acquisition and reflection.
- A **structured memory**, including provisions for a world/situation model, a protocol of environmental interactions, procedural memory, declarative and typological abstractions, a model of self, and a 'mental stage', to facilitate anticipation and planning.
- **Decision making** and **motivational mechanisms**, to address both **autonomous**, goal-directed cognition in complex, open domains, and the genesis of goals and intentions.
- The direction and modulation of **attention**, and the emergence of **emotion and affect**, which are configurational aspects of cognition that either reflect the allocation of cognitive resources, or structure social interaction.

## *Constraints for Mental Representations*

Based on the emergent paradigm of a new generation of cognitive architectures, we can think about mental representations in a new and productive way. More specifically, we know that mental representations include perceptual and propositional/conceptual content and we are aware of many constraints. Mental representations must

- Offer support for both **connectionist** and **symbolic** processing (including compositionality and grammatical structures), with the latter one being a special case of the former
- Possess a **hierarchical structure**, bottoming out in **sensory perception**
- Cover **prototypes**, **individuals** and **abstractions**
- Include **perceptual** and **relational features**, **objects**, **situations**, and **episodic knowledge**
- Allow simulation of **dynamic processes**
- Solve the **bridge problem** between fuzzy associative hierarchies and the discrete symbol strings of **natural language**

Operations on these representations include **reinforcement learning** and **classification**, perceptual **top-down/bottom-up** processing, **abstraction**, **analogy formation**, associative and syllogistic **reasoning**, **planning**, **reflection**, **anticipation** and several modes of **reorganization**.

## *Creating a scientific community*

The task of the *Structure of Mental Representation* initiative will at first consist in the creation of a large and competitive community, built around a set of benchmark problems.

I suggest picking a set of problems that covers most of the above architectural requirements: the **comprehension of dynamic visual sequences** (movies) and **narratives**. The evaluation of comprehension may focus both on a **discourse level** (asking the system general and specific questions about the consumed visuals or narratives) and directly, by producing **dynamic renderings** and depictions of knowledge represented within the system. At least on the discourse level, a **direct comparison** to the functional properties of **child performance** at different cognitive stages is possible.

### The Comprehension Challenge

Turning the benchmark task into a regular competition allows a direct comparison between models, and offers a strong incentive for exchange of solutions among research groups. The need to for broad solutions with given material and intellectual resources will enforce a higher degree of the reuse of code and ideas than we currently see in AI architectures (outside of robotic soccer, where such competitions have turned out to be highly successful).

By structuring the comprehension tasks into different levels and sub-domains (such as basic language acquisition tasks, grammar, perceptual and logical tasks, social reasoning/theory of mind, affective evaluation, constructive problem solving, use of analogies and metaphor etc.), we can formulate consistent long-term goals and realistic short-term problems.

# The Formation of a Pilot Team

To pull the *Structure of Mental Representation* initiative off the ground, we will need to create a **pilot team**, which is the object of this proposal. The pilot team has the following tasks:

- Bring a **critically sized group** of people together, with a **well-defined** set of **shared goals**
- Formulate an **initial set of hypotheses**
- Bring these in the context of an existing or hypothetical cognitive architecture, so **specifications** can be derived

- Build an **initial software infrastructure** for testing benchmark problems, and to create a common methodological ground

## Composition of a pilot team

The pilot team should consist of a **scientific board**, including a mutually compatible sub-set of contemporary thinkers in the field. Its core should consist of a new generation of researchers that have the resources and impetus to work full-time on the **design**, **implementation** and **publication** of the project's infrastructure. The initial team size should not be large, but **agile** and effective (I would suggest about **five permanent researchers,** about the same number of dedicated **software developers**, and 2–3 slots for **visiting scientists** at a time).

The initial duration should be about **2.5 years**, followed be an **evaluation**, and a possible continuation of similar length.

Possible candidates for the scientific board include (in no particular order) Paul Rosenbloom (who worked with Alan Newell on the cognitive architecture Soar, and now started a new architecture), John Sowa (well-known for his groundbreaking work in semantic networks), Ben Goertzel (designer of the cognitive architecture OpenCog), Luc Steels (an AI researcher studying the emergence of natural language in communities of software agents), Jerome Feldman (who devised building blocks for a *Neural Theory of Language*), Stephen Pinker (who thought much about the relationship between language and mental representation), Stephen Kosslyn (an expert on the psychology of mental representation), Daniel Dennet, Cristiano Castelfranchi (an AI researcher specializing on mental representations of intentions and social context), and many others.

The project should start out with a number of **kickoff meetings** to invite the interaction between suitable candidates, and the formation of a core group. The eventual pilot team could be located in many possible places, however, the project should be able to draw on the vicinity of academic and other infrastructure, and the influence of a creative environment.

## *About me (Joscha Bach):*

Driven by an interest to learn hot the mind works, I studied philosophy and psychology, graduated in computer science/artificial intelligence, lead several small academic research groups, built the cognitive architecture *MicroPsi* and obtained a PhD in cognitive science. I co-founded a couple of startup companies in Berlin, but turned back towards academia to contribute to the question of how to build a mind.

# AIPAC SPEECH 2013 – MINISTER OF DEFENSE - EHUD BARAK

- Thank you for such a warm welcome.
- What an **indescribable** feeling to be surrounded by so many **true friends** in the capital of the **world's greatest** democracy.
- **Members** of the **Administration**, **Members** of **Congress**, distinguished **ambassadors, especially our ambassador** Michael Oren…. Michael, Rosey, Bob, David, Howard and Richard, **AIPAC** members… older and young…
- Good evening to **you all**.
- It is **your** toil and **your** graft – **your** unwavering support – that keep **us** safe.
- **I** have **six humble** words for **all** of you: Thank you, thank you, thank you.
- **I** would like to **express** my **personal** appreciation to President **Obama** and Secretary **Panetta** for their **resolute** backing of Israel.



HOUSE_OVERSIGHT_027009

- **History** will **surely** record your **immeasurable** contribution to the **strength** of Israel, and the maintenance of the **truly** special relationship between our peoples.
- On **behalf** of the people of Israel, **I** wish **Secretary Hagel all the best** in his new role.
- As Secretary of Defense he will, no doubt, **serve his country** with the **same pride** and **honor** with which he served, both on the battlefield and in Congress.
- It is great to see **so many young** activists here. Thank you for your **energetic** commitment to Israel!
- A **commitment** which is so lucidly **dictated** by the **head**… yet so deeply **underpinned** by the **heart**…
- Keep it up – **you** are the future!

**********



HOUSE_OVERSIGHT_027010

- It is thanks to the **rock solid** US-Israel **relationship**, alongside the **devotion** of the young **men and women** of the IDF, that **our** capacit**y to defend ourselves,** ha**s** bee**n guaranteed** for years to come!
- With **US** support, combined with the **ingenuity** of our scientists; Israel finds itself at the **cutting edge** of **missile defense** technology.
- The **'Iron Dome'** recently **intercepted** over 400 incoming terrorist rockets. Practically – this is like hitting a bullet… with a bullet!
- Just last week, **we** – the US **and** Israel – conducted a successful **exo**-atmospheric test of the Arrow 3 interceptor.
- The State of Israel simply would not b**e the** strong **island of stability** it is, without one crucial **constant.**
- **You!** Th**e United States of America.** It**s people**. It**s leadership**. It**s Congress**. It**s Jewish community**.



HOUSE_OVERSIGHT_027011

**********

- It **is no** secret, and I'll repeat it again, that we live i**n a tough** neighborho**od, where** there **is no mercy for the weak**. **And no second chance** for those **who cannot** defend themselves.
- Israel **is** the **strongest** country in the region **and** the **only genuinely open democracy**.
- An **unprecedented geopolitical earthquake** in the last three years has **shattered** the generations' old regional order.
- There are **two** clear **lessons** and one **insight** which **I** have drawn from this period:
- **# 1**: **Be modest with predictions……. especially** about **the future**! Take Egypt as an example; **Mubarak** was **unable** to predict it… who **did**? Who thinks he **could?**

- **#2**: When friends tell me**: Don't worry**… If worse comes to worst … the worl**d will step** forward an**d act**!



HOUSE_OVERSIGHT_027012

- My answer is: **Do not** take this for granted.
- Look at **Syria** – you don't need classified intelligence; it's on **your screens**. Assad's jet fighters, tanks and artillery are **slaughtering** his own citizens. Over 70,000 Syrians killed.
- Ye**t still**… there i**s no** sense of direction an**d no** political will to act.
- **There is an extremely** relevant lesson here… **especially** for all of us in **Israel**.
- And an **insight**…
- Many believe that the **root** cause for **all** the problems in the Middle East… is our **inability** to solve the conflict with the Palestinians.
- Well, I say… **That's not true**!
- Recent developments in the Middle East have been **far beyond** our control… and **independent** of our deeds.
- **Even if** a peace agreement with the Palestinians had been **signed** and **sealed** a long time ago:



HOUSE_OVERSIGHT_027013

- The Muslim Brotherhood would **still** have come to power in Egypt
- Syria would **still** be mired in a bloody civil war
- And Iran would **still** be pursuing nuclear capabilities and a hegemonic role in the Gulf

- And ladies and gentlemen,
- It is **Iran's pursuit** of nuclear capabilities which is **the greatest** challenge facing **Israel**, the **region** and the **world** today…
- A **nuclear** Iran spells the end of **any** conceivable non-proliferation regime.
- **Saudi Arabia**, **Turkey** and later **Egypt** will follow suit. In the future, even terrorist groups may try.
- Diplomatic efforts continue. Sanctions are **unprecedented and hurting**, but frankly – while exhausting all diplomatic means is **understandable** – **I** do **not** believe it will lead to



HOUSE_OVERSIGHT_027014

a “moment of truth”, where the Ayatollahs will **give up** their nuclear aspirations.

- Therefore, **all options must remain** on the table.

- We have stated this **time and again**.

- And we expect **all those** who say it… to **mean** it…

- Ladies and gentlemen… **We mean it.**

- And let me repeat it: **we… mean it**.

**********



HOUSE_OVERSIGHT_027015

- A nuclear Iran is the **most** imminent and acute danger to the stability of the **entire region**. But it is **not** the only one:
- Radical Islamist **terror** is spreading rapidly.
- **And** the accumulation of **missiles** and **rockets** will **necessitate** regional **missile defense**.

- So **what** is to be **done?**
- It is an interregnum right now in Israel, and the **new** Netanyahu government will have to shape **its** approach.
- But allow me, just before **I** leave my post, to **share** with you **my** positions:
- The Middle East is a **Gestalt** – **everything depends** on **everything else**.
- Facing this array **of threats,** we have to:
- **Firstly,** start building a **'Regional Security Framework'**…



HOUSE_OVERSIGHT_027016

- This should be built around the **common** challenges of **radical Islamist terror**, **border security**, **missile defense**… and of course, **Iran**.
- And being led by the **United States**, it could provide a **variety of synergies** for **all** its regional participants.
- **Secondly**, we need a **daring peace initiative** vis-à-vis the Palestinians.
- A **two-state** solution is the **only viable long-term solution**.
- It is a **compelling imperative** for us, in order to secure **our identity** and **our future** as a **Jewish** and **democratic** state; it's **not** a **favor** for the Palestinians…
- Believe **me**, **I** tried hard as Prime Minister, together with President Clinton. So I **know**, from **personal experience**, that the Palestinians are not **easy** partners for peace.
- Prime Minister Netanyahu has taken **courageous steps**, to **renew** the process **including** an **unprecedented** settlement freeze.



HOUSE_OVERSIGHT_027017

- But **still** – from the **Palestinian** side… **no** proper response.
- They clearly bear **most** of the responsibility for past failures.
- And **I** know, a fully fledged agreement is **probably** not feasible today, But **if this** is the case – and only a **sincere effort** can **determine** this – we have to **try** and achieve a **reasonable**, **fair**, **interim agreement**.
- **I** strongly **believe** this is possible, while **guaranteeing** all our security and vital interests.
- But **if even an interim agreement** is unobtainable, then we should consider **unilateral steps,** in order to place a **wedge** on this **extremely** dangerous **slippery slope** towards a **binational** state.
- It involves **demarcating** a line **within** the land of Israel… Within which we will have the **settlement blocs** and a **solid Jewish majority** for generations to come.



HOUSE_OVERSIGHT_027018

- **As well as** setting **security arrangements**, and a solid Israeli, long-term **military presence** along the River Jordan.
- **Rest assured**… our **security** should not – and **will not** – be compromised under **any** of these alternatives.
- Tough decisions **must** be taken; but **it is** possible.
- And as our sages teach us: *"If not now… **when**?"*

- **I strongly** believe that this intertwined **strategic triangle**:
- **First,** The **Regional Security Framework**
- **Second**, a reinvigorated **political process** with the Palestinians…
- And **third**: tackling **Iran**.
- This **triangle,** is the **most effective** approach to deal with the **challenges** on our horizon.



HOUSE_OVERSIGHT_027019

**********

- **Israel**, has **also** been experiencing its own tremors of **change**.
- In the summer of 2011, the people of Israel **took to the streets**… demanding a more equal allocation of the burden.
- Just last month, **53** new, fresh members of the Knesset **were sworn in**, about **half** the serving members of Knesset … (Present company included!)**… were out**.
- **That** is what I call **democracy in action**.
- A democracy **I am** proud of.
- A democracy **you** can be proud of.
- **I** am **confident** that Prime Minister Netanyahu will **lead** his **new** government with the **same dedication** and **responsibility** which he led the **last**.

- Ladies and gentlemen,



HOUSE_OVERSIGHT_027020

- **I** was born 71 years ago, at the height of World War II; the Nazi crematoria in Europe were working **day** and **night**.
- And **now**… in **2013**, **I** am ending my tenure as the Minister of Defense of a **strong, independent Jewish state.**
- **Look** at what we – **as a nation** – have achieved… **Who** would have believed it then?
    - Today we have an **agile** and **adaptive** high-tech and **export oriented** economy.
    - A **start-up** culture flourishes on an **eruption** of talent and an underlying **entrepreneurial** spirit.

- I am **optimistic,** and my **vision** for Israel is **clear**:
- A **strong**, self-confident, thriving **Jewish**, **democratic** state, living in **peace** and **security** with its **neighbors**.
- An **exemplary state** and **world leader** in science, technology, education and culture.



HOUSE_OVERSIGHT_027021

- A country in which **our** children will **want** to live, and **your** children will be **proud of**.

- Ladies and gentlemen,
- We are at a **decisive juncture in our history**…
- As President Kennedy noted during the Cuban Missile Crisis:
    - "The **path** we have **chosen** for the **present** is full of **hazards**, as **all paths are**. But **it is** the **one most** consistent with our **character** and **courage** as a nation…"
- **I** believe **we possess** the **character** and **courage as a nation** to make those **tough** decisions for the **future, peace** and **security** of the **State of Israel**.
- Please **allow** me to end with the millennia old blessing:
    - השם עוז לעמו ייתן, השם יברך את עמו בשלום
- May the Lord bestow his people with **courage**; may the Lord bless his people with **peace**.



HOUSE_OVERSIGHT_027022

- Thank you…



HOUSE_OVERSIGHT_027023

# Scientists create human embryos to make stem cells

**For the first time, scientists have created embryos that are genetic copies of living people to make stem cells, which may help treat many diseases but also raises concerns about human cloning.**

By Melissa Healy, Los Angeles Times

5:43 PM PDT, May 15, 2013

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For the first time, scientists have created human embryos that are genetic copies of living people and used them to make stem cells — a feat that paves the way for treating a range of diseases with personalized body tissues but also ignites fears of human cloning.

If replicated in other labs, the methods detailed Wednesday in the journal Cell would allow researchers to fashion human embryonic stem cells that are custom-made for patients with Alzheimer's disease, diabetes and other health problems.

Theoretically capable of reproducing themselves indefinitely, these stem cells could be used to grow replacements for a wide variety of diseased cells — those of the blood, skin, heart, brain, muscles, nerves and more — that would not risk rejection by the patient's immune system.

The report also raises the specter that, with a high-quality donor egg, a bit of skin, some careful tending in a lab and the womb of a willing surrogate, humans have cracked the biological secret to reproducing themselves.

That is an objective American scientists have squarely renounced as unethical and scientifically irresponsible. At the same time, most acknowledge that such "reproductive cloning" will one day prove too tempting to resist.

In the hope that other researchers will validate and extend their results, the scientists at Oregon Health & Science University provided an exceptionally detailed account of their techniques. For anyone with a well-equipped fertility lab, the comprehensive guide could also be a useful handbook for cloning a baby.

OHSU cell biologist Shoukhrat Mitalipov led a team of 23 scientists who methodically culled the lessons learned from stem cell research on amphibians, mice and rhesus monkeys — as well as from the abundant failures of others in the field. They devised a welter of new techniques to use the DNA of a fully formed skin cell in its most primitive embryonic form.

The approach they used — called somatic cell nuclear transfer — effectively strips an egg of its chromosomes and packs it instead with DNA from a donor.

Nurtured by a stew of nourishing chemicals and zapped with two jolts of electrical current, many of the eggs began to divide and grew for five to six days. At that point, the embryos had 64 to 200 cells, including a dense inner cell mass from which stem cells were extracted.

In past efforts to coax such an assemblage of components to life, researchers have burned through dozens of donor eggs without getting any embryos even to the 16-cell stage at which stem cells become a remote possibility.

This time, the researchers said their methods were so efficient that they could create at least one embryonic stem cell line from each batch of eggs donated by 10 female volunteers. In one case, a single donor produced eight eggs of such exceptional quality that researchers were able to derive four embryonic stem cell lines.

The volunteers, between the ages of 23 and 31, donated their eggs anonymously and were "financially compensated for the time, effort, discomfort and inconvenience associated with the donation process," the study authors wrote.

The success of the experiments rekindled debate among bioethicists, who have long anticipated that human cloning would become a reality.

In 2002, a commission of bioethicists established by then-President George W. Bush unanimously urged a ban on reproductive cloning. But the panel was deeply divided about the propriety of "therapeutic cloning" for research and medical treatment.

Though 13 states have passed laws banning reproductive cloning, the United States is one of just a few industrialized countries that has not prohibited the practice. Seven states also have banned therapeutic cloning. Oregon is not one of them.

The OHSU team's success underscores the urgent need for federal rules that spell out consistent national limits on therapeutic cloning and put a clear ban on the technology's use in fertility clinics, said Johns Hopkins University bioethicist Jeffrey Kahn.

Researchers are also likely to step up their demand for donated eggs so they can conduct similar experiments. That lends urgency to the need for standardized practices for compensating women who donate their eggs. Some states, including California, have set strict limits on such payments, while others have allowed a market for donated eggs to flourish unregulated, Kahn added.

Among the methodological innovations outlined in the Cell paper was a trick that stem cell scientist Michael D. West, who was not involved in the study, dubbed "the Starbucks effect."

The OHSU team added caffeine to the growth medium that nourished the eggs after they were stripped of their original DNA and awaited the new DNA from a skin cell. Unlike its stimulating effect on coffee-drinkers, the caffeine chemically slowed the rush to divide and grow that had doomed earlier efforts.

The OHSU scientists also studied which batches of donated eggs were most likely to thrive and survive long enough to produce stem cells. Finding that eggs fared best when they were part of a medium-sized harvest, the researchers fine-tuned their regimen of egg-stimulating drugs so that more of the women produced about 10 eggs per cycle.

In all, the researchers produced six lines of embryonic stem cells from six separate embryos, said OHSU infertility specialist Dr. Paula Amato, one of the paper's authors.

Four of them contained the nuclear DNA of a single donor whose skin cells were purchased from a commercial lab, and a fifth came from a separate donor whose cells were bought the same way.

The sixth donor was a patient with Leigh syndrome, a genetic disorder that results in severe and mostly fatal neurological degeneration in a child's first years of life.

The embryonic stem cell lines faithfully reproduced the nuclear DNA of the person who contributed the skin cell. The expectation is that when cells or tissues made from these stem cells are transplanted into that person, they will slip past his or her immune system unnoticed.

The stem cells showed "no gross chromosomal abnormalities," the authors wrote, and appeared every bit as capable of differentiating into a variety of cell types as embryonic stem cells made the old-fashioned way, from excess embryos obtained from fertility clinics.

"This is extremely important," Dr. Irving Weissman, a stem cell researcher at Stanford University, said of the new results.

Stem cell researcher Dr. Robert Lanza echoed that praise, calling the OHSU team's work "a major scientific achievement."

Lanza, the chief scientific officer of Advanced Cell Technology Inc., said it remained to be seen whether embryonic stem cells generated this way were more useful for studying and treating diseases than stem cells created by reprogramming adult cells to an embryonic state.

The method for creating such induced pluripotent stem cells, or iPS cells, was recognized with a Nobel Prize last year.

But there are lingering questions about whether iPS cells are safe for patients. Scientists use a cancer-causing virus to reprogram the cells, raising concerns that they could cause tumors in patients. And in 2011, when scientists at UC San Diego created iPS cells and reintroduced them into donor mice, the animals' immune systems rejected them.

"Some experts are now saying that somatic cell nuclear transfer may be the only way to truly reprogram cells," Lanza said.

*melissa.healy@latimes.com*

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**From**: Pritzker, Tom [redacted]
**Sent**: 5/23/2013 3:15:37 AM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Pritzker Alert
**Attachments**: image001.jpg

**Importance**: High

I clearly did something wrong in my last life to have to deal w this bullshit. AND I warned her.

-------- Original message --------
From: "Eisenberg, Marshall E." <[redacted]
Date:
To: "Pritzker, Tom" <[redacted]>,"Miller, Glen" <[redacted]
Subject: Fwd: Pritzker Alert

Sent from my iPhone

Begin forwarded message:

From: "Kaczorowski, Monice M." [redacted]
Date: May 22, 2013, 8:54:07 PM CDT
To: "Eisenberg, Marshall E." [redacted], "Richman, Lawrence I." [redacted]
Subject: Pritzker Alert

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May 22, 2013

Section: in-the-loop

Obama nominee Penny Pritzker's $80 million mistake
President Obama's billionaire nominee to head the Commerce Department, Penny Prizker, understated her income by $80 million.
Emily Heil

Hey, these things happen: Penny Pritzker, President Obama's nominee to lead the Commerce Department, understated her income by some $80 million and had to file a correction to her government-filed disclosures, Bloomberg is reporting.

That might sound like a lot of money, but it's all relative. Pritzker, whose family founded the Hyatt hotel chain, is worth about $1.5 billion. So it's easy to see how a few million – or 80 – could go missing.

Maybe she left it in the other purse?

A spokeswoman told Bloomberg that the $80 million was "a substantial amount" and that Pritzker's advisers corrected the error as soon as they realized it.

Per Bloomberg: "Documents released last week show Pritzker received $32.2 million for a decade's worth of consulting on the restructuring of domestic trusts," but new filings indicated she made at least $80 million more than that.

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**From:** Pritzker, Tom [redacted]
**Sent:** 5/23/2013 11:45:14 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: Pritzker Alert

**Importance:** High

Always fun.

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, May 22, 2013 11:37 PM
**To:** Pritzker, Tom
**Subject:** Re: Pritzker Alert

nice to see you , please come more often

On Wed, May 22, 2013 at 11:15 PM, Pritzker, Tom <[redacted] wrote:
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Date:
To: "Pritzker, Tom" <[redacted]>,"Miller, Glen" <[redacted]>
Subject: Fwd: Pritzker Alert

Sent from my iPhone

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Date: May 22, 2013, 8:54:07 PM CDT
To: "Eisenberg, Marshall E." <[redacted]<mailto:[redacted]>>, "Richman, Lawrence I." <[redacted]<mailto:[redacted]>>
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**From:** ehud barak [redacted]
**Sent:** 9/16/2013 11:12:33 AM
**To:** Jeffrey Epstein [Jeevacation@gmail.com]
**Subject:** Fwd: Summers withdraws from Fed race

**Importance:** High

A major blow to a friend. Lest BO takes him to replace JL.
Now he'll probably be free in the next few days. EB

Sent from my iPad

Begin forwarded message:

**From:** "FT Breaking News" <FT@emailbriefings.ft.com>
**Date:** 15 בספטמבר 2013 23:50:52 GMT+03:00
**To:** [redacted]
**Subject: Summers withdraws from Fed race**
**Reply-To:** "FT Breaking News" <FT409AS2.6532248@emailbriefings.ft.com>

To view this email as a webpage, click here

**Sunday September 15 2013**

**BREAKING NEWS**

# Summers withdraws from Fed race

Lawrence Summers has taken himself out of the running to be the next chair of the Federal Reserve, withdrawing his name after opposition from key Democratic senators indicated they would oppose his nomination.

Mr Summers, a former Treasury Secretary and senior economic adviser to Barack Obama in his first term, galvanised opposition among left-of-centre Democrats who painted him as symbol of the wrongs of financial deregulation.

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**From:** ehud barak [redacted]]
**Sent:** 9/17/2013 8:55:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

23rd -yes. 24th probably but early. I have Clinton GI on 9am and fly to Singapore on 3pm. Lets discuss it tomorrow. Best
EB

Sent from my iPhone

On Sep 16, 2013, at 21:55, Jeffrey Epstein <jeevacation@gmail.com> wrote:

can you do breakfast with ariane rothscild on morinig of 23. and if you wnat kissinger china guy at brakfast 24.

--
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**From:** Lisa New [redacted]]
**Sent:** 10/5/2013 5:59:23 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Absolutely. 23rd is great. I teach my seminar that day at 1 but could tape in the morning or after class--in my office (very private), or at the Harvardx studios (less) or in the Woodberry poetry room (the nicest place). . If Woody wanted, we could bring some students into the taping or just do the two of us...

Woody is absolutely welcome to come to the seminar, of course

John McCain, Tony Kushner, Al Gore have all signed on the last 2 days...crazy

Lisa

On Sat, Oct 5, 2013 at 1:50 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
does the 23 work in cambridge

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--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 10/5/2013 7:26:32 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Or we could do the taping at my house. That would be totally delightful too

On Sat, Oct 5, 2013 at 1:59 PM, Lisa New <[redacted]> wrote:

Absolutely. 23rd is great. I teach my seminar that day at 1 but could tape in the morning or after class--in my office (very private), or at the Harvardx studios (less) or in the Woodberry poetry room (the nicest place). . If Woody wanted, we could bring some students into the taping or just do the two of us...

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[redacted]

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
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O2138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 10/6/2013 2:59:43 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Jeffrey,
For taping in Cambridge? For breakfast and taping at my house. Depends on what woody is up for. My ideal would be a 1/2 hour-40 minute conversation, but we could do a quick taping in 15 minutes ...my team can be ready

And , just to remind,could also come to do taping in ny on 24th because I'm coming to New York the evening of 23rd for a YIVO event--to which you would both be most welcome I'm sure (YIVO is the largest collection of materials from Jewish Eastern Europe)
Lisa

Sent from my iPhone

On Oct 5, 2013, at 8:36 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

how much time should i allocate?

On Sat, Oct 5, 2013 at 3:26 PM, Lisa New <[redacted]> wrote:
Or we could do the taping at my house. That would be totally delightful too

On Sat, Oct 5, 2013 at 1:59 PM, Lisa New <[redacted]> wrote:
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**From:** Lisa New [redacted]
**Sent:** 10/6/2013 12:57:52 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

This event is at the apartment of the chairman of the YIVO board. My plan had been to take the 4 or 5 shuttle and cab right here

Sent from my iPhoneg

On Oct 6, 2013, at 6:20 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

ill check ,, what time do you have to be in ny on the 23 rd? ? .

On Sat, Oct 5, 2013 at 10:59 PM, Lisa New <[redacted]> wrote:

Jeffrey,
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**From**: Steve Bannon [redacted]
**Sent**: 6/10/2018 12:23:04 PM
**To**: jeevacation@gmail.com
**Subject**: Trump promises to host Italian prime minister Giuseppe Conte at White House to honor him

**Importance**: High

https://www.google.com/amp/s/amp.usatoday.com/amp/687949002

It Begins

**From**: Steve Bannon [redacted]
**Sent**: 6/10/2018 12:35:20 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Trump promises to host Italian prime minister Giuseppe Conte at White House to honor him

**Importance**: High

Putin in vienna --your guy setting up and hosting
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 10 Jun 2018 06:37:25 -0600
**To:** Steve Bannon[redacted]
**Subject:** Re: Trump promises to host Italian prime minister Giuseppe Conte at White House to honor him

good work

On Sun, Jun 10, 2018 at 6:23 AM Steve Bannon <[redacted]> wrote:

> https://www.google.com/amp/s/amp.usatoday.com/amp/687949002
>
> It Begins

--

please note
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JEE
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**From:** [redacted]
**Sent:** 1/12/2012 3:23:25 PM
**To:** jeevacation@gmail.com
**Subject:** Re: B 727 thought

**Importance:** High

you want me to call Tarek, instead? just to confirm.

In a message dated 1/12/2012 10:21:24 A.M. Eastern Standard Time, jeevacation@gmail.com writes:

> Call
>
> Sorry for all the typos .Sent from my iPhone
>
> On Jan 12, 2012, at 4:12 PM [redacted] wrote:
>
> Jeffrey,
> this may be a long shot to save the Boeing deal, or if you think its a dead deal, disregard this.
> I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
> I wrote this email for your review, if you think its worth sending, please critique, and let me know,. thank you:
>
> Mr. Tarek El Sayed,
>
> I hope this email finds you well, and believe worth communicating my thoughts to you.
>
> I was surprised to hear that you decided against the purchase of our Super Boeing 727. I personally thought it was a great match for your business needs in Qatar. If for any reason your decision was based on crew issues and charter needs in the Middle East, I'd like to share some information that might prove beneficial to making you reconsider this purchase.
>
> The pilot candidates I have lined up for your interview along with the possibility of David Rodgers joining your flight department were as follows:
>
> (at no time did I disclose location or persons to the following pilot candidates to protect your privacy.)
>
> Robert Breslin, who is the former Chief Pilot of Mr. Donald Trump, Mr. Breslin flew the Boeing 727 and Boeing 757 owned by Mr Trump. Mr Breslin is a fine man of 40 years of age estimate, with extensive VIP Boeing operations.
>
> James Bartakowski, who has extensive flying experience in the Middle east, Africa and Europe régime. Mr. Bartakowski has also been involved in charter operations in Africa and Middle East and has contacted me on several recent occasions with charters for our Boeing 727, James has indicated there is the possibility of 40 – 60 hours per month charter operations for larger transport category aircraft in your area. I believe there is a growing need for charter in the business community in Qatar and neighboring countries.
>
> Bruce Jafahri, who is a current Boeing 727 captain who lived in Doha for two years, and familiar with international operations of Boeing 727 aircraft. Mr. Jafahri currently lives in California and ready for a new opportunity. Bruce is current in the Boeing 727 and also flew Captain on the Boeing 747. Well qualified individual and personable.
>
> Mr. El Sayed, as you have seen during our demo flight, our Boeing 727 is in impeccable condition, quite cabin and will provide many years of charter and business flights your company. I believe the large business jet future in Qatar is growing and you will be leading its path, and your initial investment in this purchase will not come close with other aircraft options on the market as you may have seen already.
>
> We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.
>
> Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

=

**From**: Weingarten, Reid [redacted]
**Sent**: 1/23/2012 3:16:01 PM
**To**: 'jeevacation@gmail.com' [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Don't believe it

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, January 23, 2012 07:54 AM
**To**: Weingarten, Reid
**Subject**:

dershowiz tells me obama called him to ask him what was going on in israel. ? we should discuss.

--
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**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:21:03 PM
**To**: Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject**: FW: Tix for Jeffrey
**Attachments**: image003.jpg; Auktionsblatt.pdf; TXT AIDS Solidarity Gala_E.pdf

**Importance**: High

It was not easy as people from LifeBall are very difficult. But I go it (they even now approved you - they needed to do a background check believe it or not! – as on that dinner will be president of Austria, Clinton etc) for two tickets – for you and your guest for a price that you do not need to buy a table (as they do not sell individual seats).
Guy below is a good friend and he is a CEO of amFAR (amFAR has a joined dinner) – so he helped.

The nice thing about these tickets is that they are the most VIP. It includes reception, dinner, gala and after all party access.
I have the same ones (through Bill).
I also got two additional for you but it turns out that they are not the same level so I reached to Kevin for help.

The price is 2,500Euro per ticket (this is very reduced price as I think the regular one for this is 15K and it is hard to get it). They will need an email from someone from your office and name a your guest asap.

The plan for for Vienna I am sending you with my next email!

Boris

---

**From:** Kevin Frost [mailto[redacted]
**Sent:** Monday, May 07, 2012 6:39 AM
**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

Here is the information sheet for Jeffrey to buy tickets. Tell him to use my name and the name of Magdalena Schuster on the email below. They've already approved him to buy tickets to Lifeball and the Gala dinner which happens right before the ball. I hope you guys are all planning to attend the dinner as well. You can tell your friend Jeffrey that he should buy the Mini car for me as a thank you. =)

I'm getting in to Vienna on Friday afternoon. Let's get together on Friday night.

See you soon,

Kevin

**Kevin Robert Frost**

*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]

---

**From:** Magdalena Schuster [mailto:[redacted]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,
Lena

## HÖHEPUNKT DES GALA-ABENDS IST AUCH IN DIESEM JAHR EINE AUKTION AUSGESUCHTER UNIKATE. ZUR AUKTION GELANGEN:

## *THE AUCTION OF UNIQUE ITEMS WILL AGAIN BE THE HIGHLIGHT OF THE GALA-NIGHT. ITEMS TO BE AUCTIONED:*

AIDS solidarity GALA 2012

### LIFE BALL MINI BY FRANCA SOZZANI

### *LIFE BALL MINI BY FRANCA SOZZANI*

Franca Sozzani, Chefredakteurin der italienischen VOGUE und UN-Sonderbotschafterin von „Fashion 4 Development", beschreibt ihre Inspiration wie folgt: "I thought at MINI as a beautiful woman who put a scarf on her head when she drives a Roadster!"

Die Kombination aus Flora und Mannequins auf modisch schickem Deepest Purple Matt-Lack im Exterieur ergibt eine einzigartige Komposition aus Mode und zeitgenössischen Printmotiven. Die aufwendige Dachgestaltung aus verschiedensten Verarbeitungsweisen der Blumenmuster bildet das Highlight des diesjährigen Life Ball MINIs. Das Interieur besticht durch feinste Materialien und einer extravaganten Sitzgestaltung.

*Franca Sozzani, Editor In-Chief of VOGUE Italia and UN Goodwill Ambassador for Fashion 4 Development, describes her vision as follows: "I thought at MINI as a beautiful woman who put a scarf on her head when she drives a Roadster!"*

*A combination of floral patterns and mannequins on a highly fashionable Deepest Purple matt finishing leads to a unique composition of fashion and beautiful prints. A flamboyant roof design featuring a floral bouquet presents the highlight of this year's Life Ball MINI. The interior strikes through finest choice of material and an extravagant seat design.*

### GOLFTURNIER MIT PRÄSIDENT BILL CLINTON

### *GOLF TOURNAMENT WITH PRESIDENT BILL CLINTON*

VIP Erlebnis-Package bei der Humana Challenge, früher unter dem Namen Bob Hope Classic bekannt. Das professionelle Promi-Pro-Am Golf-Turnier findet im Januar 2013 im kalifornischen Coachella Valley (Palm Springs) zugunsten der William J. Clinton Foundation statt. Sie haben die Möglichkeit, Präsident Clinton zu treffen und ein Erinnerungsfoto mit ihm zu machen.

*VIP Experience for Two to join President Clinton at the Humana Challenge Golf Tournament, formerly known as the Bob Hope Classic, in partnership with the Clinton Foundation. This pro-am golf tournament will be held in Palm Springs, California in January 2013. You will have the opportunity to meet and have your photo taken with President Clinton.*

CLINTON HEALTH ACCESS INITIATIVE

### COLLIER VON KORNMESSER FINE JEWELRY

### *NECKLACE BY KORNMESSER FINE JEWELRY*

Das hochkarätige Highlight der Auktion ist ein weißgoldenes 18-karätiges Collier: mit Brillanten, zusammen ca. 53,10 ct und Rubinen, zusammen ca. 10,00 ct; das Gesamtgewicht beträgt ca. 410 g. In mehr als 200 Arbeitsstunden verarbeitete Gery Keszler gemeinsam mit Kornmesser-Chefdesigner Ernst Klimitsch und Kornmesser-Goldschmied Harald Bankmann über 60 ct Diamanten und Brillanten sowie ca. 10 ct Rubine.

*The prestigious highlight of the auction is a white gold 18 ct. necklace. With brilliant diamonds, carat total weight ca 53.10; and rubies, carat total weight ca 10.00; total weight ca 410 g. Gery Keszler, together with Ernst Klimitsch, creative director of Kornmesser, and Kornmesser's goldsmith Harald Bankmann, spent 200 hours to process more than 60 ct. diamonds and brilliant diamonds, as well as ca 10 ct. rubies.*

## HERMANN NITSCH SCHÜTTBILD
## *HERMANN NITSCH SPILLED PAINTING*

Hermann Nitsch, geb. 1938
Schüttbild, Acryl/Blut auf Leinwand 100x80 cm, 2010
Rückseitig signiert und datiert: hermann nitsch 2010

*Hermann Nitsch, born 1938*
*Spilled painting „schüttbild", acrylics/blood on canvas, 39x31 in, 2010*
*Signed and dated on the back: hermann nitsch 2010*

## MCLAREN EXPERIENCE
## *MCLAREN EXPERIENCE*

Ein Besuch von sechs Gästen im McLaren Headquarter in Woking, England. Die Gruppe hat die Möglichkeit, den Rennbetrieb aus nächster Nähe zu erleben und jenes Werk zu besichtigen, in dem der Sportwagen MP4-12C designt, entwickelt und auch produziert wird. Der Besuch inkludiert ein exklusives Essen sowie eine Testfahrt.

*A visit for six people to the McLaren headquarters in Woking. The group would see the McLaren racing operation at close hand and view the place where the MP4-12C road car has been designed, developed and is now in production. The visit would include a great lunch and a test drive.*

## ZWEI VIP TICKETS FÜR DIE MTV EMA IN FRANKFURT,
### INKLUSIVE TICKETS FÜR DIE AFTER SHOW PARTY
## *TWO VIP TICKETS TO THE MTV EMA IN FRANKFURT*
### *INCLUDING AFTER PARTY TICKETS*

Bei den MTV Europe Music Awards am 11. November 2012 in Frankfurt treffen hochkarätige Musikkünstler aus der ganzen Welt aufeinander. Das zu ersteigernde Package enthält VIP Tickets für die besondere Red Carpet Experience. Bei der Aftershow Party kann man im Anschluss mit den angesagtesten KünstlerInnen des Pop-Business bis in die frühen Morgenstunden feiern.

*The MTV Europe Music Awards, to be held on November 11, 2012, in Frankfurt/Germany, celebrate the most popular music videos in Europe, they feature the current stars in the music industry. The package includes full VIP treatment as only MTV knows how. Having watched some truly outstanding live performances from Europe's hottest stars you and your guests will then make your way to the After Party.*

## CHAMPAGNER KÜHLER
## *CHAMPAGNE COOLER*

Das Wiener Traditionsunternehmen LOBMEYR stellt handgemachte und von Sebastian Menschhorn eigens entworfene Champagner Kühler zur Verfügung, jeder der Champagner Kühler wurde exklusiv von den Designern Vivienne Westwood, Angela Missoni und Roberto Cavalli gestaltet und in den LOBMEYR Werkstätten geschliffen und graviert. Die Kühler sind auf ein Stück limitiert.

*In 1823 Josef Lobmeyr senior founds the company in Vienna's Weihburggasse and soon becomes purveyor to the Imperial Court. LOBMEYR provides handmade and mouthblown champagne coolers for auction. The shape has been designed by Sebastian Menschhorn. Each of them was exclusively designed by the designers Vivienne Westwood, Angela Missoni and Roberto Cavalli and cut and engraved at the LOBMEYR workshops. The coolers are limited to one piece.*

Für die Abwicklung der Auktion zeichnet das Dorotheum verantwortlich. Die Ausrufpreise der einzelnen Auktionsgegenstände finden Sie auf www.dorotheum.com.

STARTGEBOTE WÄHREND DES CHAMPAGNER-EMPFANGS Schon während des Champagner-Empfangs im Schweizerhof besteht die Möglichkeit die Auktionsgegenstände zu sehen und erste Gebote abzugeben. Die Versteigerung findet während des Gala Dinners statt.

KAUFAUFTRÄGE ÜBER INTERNET ODER TELEFON: Um über Telefon an der Auktion teilzunehmen, ersuchen wir Sie, über die Website einen Telefonauftrag abzugeben oder sich telefonisch an das Dorotheum Client Service zu wenden, erreichbar unter +43-1-515 60-570. Telefonaufträge, die bis spätestens Freitag 18.5.2012 um 12:00 Uhr (MEZ) über Internet oder telefonisch einlangen, werden bei der Saalauktion berücksichtigt. Das Dorotheum-Team wird Sie dann bei der Auktion anrufen.

Bei Fragen kontaktieren Sie bitte das Life Ball Büro unter +43 1 595 56 00 oder: Mag. Rafael Schwarz, Tel. +43-1-515 60-405, rafael.schwarz@dorotheum.at

*The Dorotheum Vienna will execute the auction. The start prices of the auction items are available at www.dorotheum.com.*

STARTING BIDS POSSIBLE DURING THE CHAMPAGNE RECEPTION *Our guests at the AIDS Solidarity Gala will have the possibility to start auctioning for our prestigious items during the champagne reception in the Schweizerhof. The auction will be held during the gala dinner.*

BIDS ONLINE OR ON THE PHONE *In order to participate in the auction on the phone, we kindly ask you to place your telephone order on the website or call the Dorotheum Client Service at +43 1 515 60 570. Phone bids that are placed until no later than Friday, 18 May 2012 noon online or on the phone, will be considered during the live auction. The team of the Dorotheum will call you during the auction.*

*If you have any questions, please call the Life Ball office at +43 1 515 56 00 or contact: Rafael Schwarz, tel: +43 1 545 60 405, rafael.schwarz@dorotheum.at*

**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:27:53 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: FW: Tix for Jeffrey
**Attachments**: image001.jpg

**Importance**: High

Please call me at [redacted]

My number is blocked and it does not go through when I am calling you

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, May 07, 2012 4:27 PM
**To:** Boris Nikolic
**Subject:** Re: FW: Tix for Jeffrey

call me now [redacted]

On Mon, May 7, 2012 at 7:21 PM, Boris Nikolic [redacted] wrote:

It was not easy as people from LifeBall are very difficult. But I go it (they even now approved you - they needed to do a background check believe it or not! – as on that dinner will be president of Austria, Clinton etc) for two tickets – for you and your guest for a price that you do not need to buy a table (as they do not sell individual seats).

Guy below is a good friend and he is a CEO of amFAR (amFAR has a joined dinner) – so he helped.

The nice thing about these tickets is that they are the most VIP. It includes reception, dinner, gala and after all party access.

I have the same ones (through Bill).

I also got two additional for you but it turns out that they are not the same level so I reached to Kevin for help.

The price is 2,500Euro per ticket (this is very reduced price as I think the regular one for this is 15K and it is hard to get it). They will need an email from someone from your office and name a your guest asap.

The plan for for Vienna I am sending you with my next email!

Boris

**From:** Kevin Frost [mailto:[redacted]
**Sent:** Monday, May 07, 2012 6:39 AM
**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

Here is the information sheet for Jeffrey to buy tickets. Tell him to use my name and the name of Magdalena Schuster on the email below. They've already approved him to buy tickets to Lifeball and the Gala dinner which happens right before the ball. I hope you guys are all planning to attend the dinner as well. You can tell your friend Jeffrey that he should buy the Mini car for me as a thank you. =)

I'm getting in to Vienna on Friday afternoon. Let's get together on Friday night.

See you soon,

Kevin

**Kevin Robert Frost**
*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]

---

**From:** Magdalena Schuster [mailto[redacted]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,

Lena

--

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**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:59:08 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: FW: Tix for Jeffrey
**Attachments**: image001.jpg

**Importance**: High

Forgot to ask you – pls have someone from your office confirm 2 tickets for LifeBall for you.
Also provide them with a name of the girl that you are talking.
One the pdf that I sent you there is a contact info and refer to the email below (Magdalena Schuster [mailto:[redacted]

And she is holding them for you.
Please do it asap as these are hard to get.

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, May 07, 2012 4:27 PM
**To:** Boris Nikolic
**Subject:** Re: FW: Tix for Jeffrey

call me now 212 772 9416

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**Kevin Robert Frost**
*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]

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**To:** Kevin Frost
**Subject:** AW: AW: NY plane

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All the best,

Lena

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**From**: Jean Luc Brunel[redacted]
**Sent**: 1/1/2013 12:51:25 AM
**To**: jeevacation@gmail.com
**Subject**: Re: Fw: Fwd: Happy new year!

**Importance**: High

Saved for 2012 but I can start to look for baby clothes if the wish turns into reality. Or would you stick with RL baby around the corner? Forgot that you r planning everything

I will send you picture of the Burmese girl. Very pretty She is the star singer in Myamar. I will bring her to US. Obama visits Myamar and Chan Chan comes to America. I think that I have something new and fresh news to promote

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, December 31, 2012 07:39 PM
**To**: Jean Luc Brunel
**Subject**: Re: Fw: Fwd: Happy new year!

Nonono/ just wanted you to that iris was also in Bangkok . I forgot about the Boris wish

On Monday, December 31, 2012, Jean Luc Brunel wrote:

Wait a minute!!! Am I missing something?

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, December 31, 2012 05:53 PM
**To**: Jean Luc Brunel <[redacted]>
**Subject**: Fwd: Happy new year!

---------- Forwarded message ----------
From: **Boris Nikolic**
Date: Monday, December 31, 2012
Subject: Happy new year!
To: Jeffrey Epstein <jeevacation@gmail.com>

All the best in new year.
For more fun in new year.
And for little Jeffrey soon to come ;-)

Thank you for being such a great friend

Going to sleep. Still in Bangkok.

Boris

Sent from my Windows Phone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/16/2017 3:26:55 PM
**To:** Thorbjøn Jagland [redacted]
**Subject:** Re:

Makes me happy

On Sun, Apr 16, 2017 at 11:23 AM Thorbjøn Jagland <[redacted]> wrote:

> You should feel well for having done so much for us
>
> søn. 16. apr. 2017 kl. 11.12 skrev jeffrey E. <jeevacation@gmail.com>:
>
> > I'll be better I feel terrible having to cut your stay short . There is much going on . Many investigations will begin
> >
> > On Sun, Apr 16, 2017 at 11:04 AM Thorbjøn Jagland <[redacted]> wrote:
> >
> > > Hope you recover quickly. We have had wonderful days. Tell me when you are coming to Paris so that we can talk. I really don't understand Trump. Today I have to deal with the referendum in Turkey. Endogan is another difficult to understand
> > >
> > > T
> >
> > --
> >
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/24/2018 1:49:52 AM
**To**: Michael Wolff [redacted]
**Subject**: Re: My datebook

On Fri, Mar 23, 2018 at 9:37 PM Michael Wolff <[redacted]> wrote:

> Three hours with SB who believes DJT won't last to the mid terms. Also saw Brad Karp who is super menchy and offering much help on next book.

--

please note

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**From**: J [jeevacation@gmail.com]
**Sent**: 10/12/2018 7:27:19 PM
**To**: Anthony [redacted]
**Subject**: Re: Deal info

funn, but quite a mess

–

On Fri, Oct 12, 2018 at 2:55 PM A Barrett <[redacted]> wrote:

Hi jeffrey,

Cam across this…perhaps you have some interest?

# Related Companies affiliate bids $32M for embattled Palm House Hotel

*The New York company, led by Stephen Ross, made a stalking horse bid for the Palm Beach condo-hotel project that is heading to auction*

By Keith Larsen | October 11, 2018 06:15PM

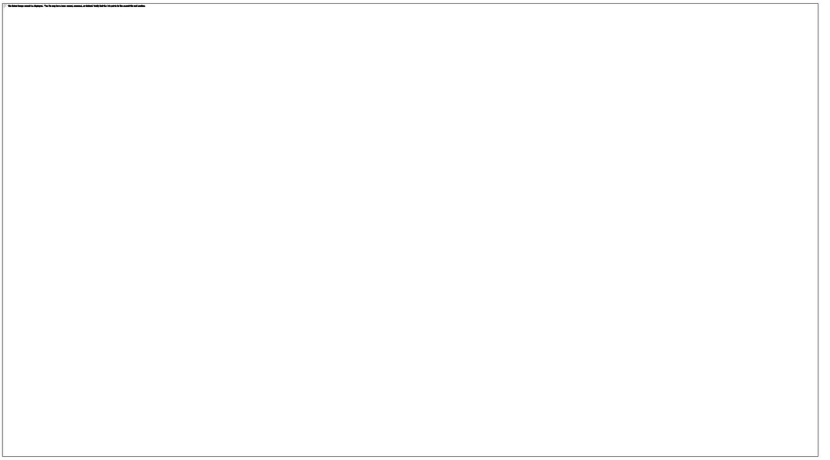

*Palm House Hotel, Related Companies Stephen Ross600*

An affiliate of the Related Companies has emerged as the initial bidder for the Palm House Hotel as the failed condo-hotel project heads to a bankruptcy auction.

The stalking horse bidder, RREF II PALM HOUSE LLC, has the same address as Related Companies in New York and is led by Related Companies Managing Principal Justin Metz, according to a filing in U.S. Bankruptcy Court. The company is offering $32 million for the property, which will set the floor price for a bankruptcy auction scheduled for next month. Bids at the auction will start at $32.5 million.

The 79-unit condo-hotel project on Palm Beach Island stalled in 2014 and its former developer now faces allegations of fraud by the Securities and Exchange Commission and a group of EB-5 investors. In August, the property filed for bankruptcy under its court appointed receiver with creditors claims totaling $115 million.

Cushman & Wakefield's Robert Given, Errol Blumer, Michael Mulkern and Robert Kaplan are the exclusive marketing advisers for the property. The auction is scheduled for 10 a.m. on November 16, 2018 in West Palm Beach.

Given said he expects the property to sell for up to $40 million and it could be the last opportunity for a developer to own a hotel in the wealthy enclave of Palm Beach. He said the next owner will likely not redevelop the

property. Instead, the best option would be to continue renovating the existing project which could take more than a year to complete, Given said. By auctioning the project through a bankruptcy sale, it will be offered free and clear from any liens. The bankruptcy also means that the new owner will not have any responsibility for the issues stemming from EB-5 investors who had invested in the property.

The 82,648-square-foot project was first developed in 1961 and expanded in 1981. The property was set to be renovated by a group led by developer Robert Matthews.

Matthews then raised $44 million from EB-5 investors, according to a complaint by the Securities and Exchange Commission. EB-5 is a federal program that allows foreign investors the chance to gain a green card if they invest at least $500,000 into certain projects that create at least 10 jobs.

The SEC's complaint said, however, that much of this money was misallocated to pay for Matthews' personal expenses. Some of the funds allegedly went to pay for Mathews' Connecticut home, his 151-foot mega yacht, as well as to save his Palm Beach mansion from foreclosure, according to the complaint.

In a separate lawsuit filed by a group of EB-5 investors, the development group claimed that famous celebrities and politicians such as Bill Clinton, Donald Trump, Celine Dion and Bill Koch – would serve on the Palm House's advisory board when, in fact, they did not.

Related Companies, led by Miami Dolphins owner Stephen Ross, developed CityPlace West Palm Beach. The company is also proposing to build a 25-story office project called One Flagler in downtown West Palm Beach.

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communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Sean Bannon[redacted]
**Sent**: 8/23/2018 8:26:12 PM
**To**: Steve Bannon[redacted]]
**CC**: jeevacation@gmail.com; Dan Fleuette[redacted]
**Subject**: Re: Trump@War

**Importance**: High

Just sent to you from my ProtonMail J

Sent from my iPhone

> On Aug 23, 2018, at 4:25 PM, Steve Bannon <steve@arc-ent.com> wrote:
>
> Can we get Jeffrey latest version of film

By Keith Larsen | October 11, 2018 06:15PM

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Related Companies, led by Miami Dolphins owner Stephen Ross, developed CityPlace West Palm Beach. The company is also proposing to build a 25-story office project called One Flagler in downtown West Palm Beach.

# Call to Action!

The impact of funding decline on **female empowerment** through the FC2 female condom and the **increase of HIV/AIDS**

***Facts***

| | |
|---|---|
| **36.7 million**<br>People living with HIV/AIDS worldwide 2015 | **1.1 million**<br>People died of AIDS-related illnesses worldwide 2015 |
| **1 in 25 Adults**<br>Are living with HIV in Sub Saharan Africa | **70%**<br>Of people living with HIV worldwide are found in Sub-Saharan Africa |
| **51% are women**<br>More than half of people living with HIV/AIDS are women | |

Since the beginning of the epidemic, more than 70 million people have been infected with the HIV virus and about 35 million people have died of HIV. Globally, 36.7 million [34.0–39.8 million] people were living with HIV at the end of 2015. An estimated 0.8% [0.7-0.9%] of adults aged 15–49 years worldwide are living with HIV, although the burden of the epidemic continues to vary considerably between countries and regions. **Sub-Saharan Africa** remains most severely affected, with nearly **1 in every 25 adults** (4.4%) living with HIV and accounting for nearly 70% of the people living with HIV worldwide (WHO, GHO Data).

***Problem***

Male and female condoms remain the only dual protection devices in the world that protect men and women from both STIs, such as HIV, as well as unplanned pregnancy. The **FC2 female condom** remains the only dual protection device in the world that is both WHO *and* USFDA approved and is under the **full control of women.** Research shows that when a male and female condom are both available in the same market the overall number of protected sex acts goes up with as much as 13% (2006: Hatzell, Feldblum & Van Damme).

Historically, the FC2 female condom has been procured by UNFPA (United Nations Population Fund) and USAID (United States Agency for International Development). Recently, UNFPA has had a 50% decrease in available funding for all their commodity procurement, and the USAID procurement budget is being slashed under the Trump administration leading to a major decline of female condom procurement in Africa:

| | **2016** | **2015** | **2014** | **2013** | **2012** |
|---|---|---|---|---|---|
| **UNFPA** | 10,60 | 11,21 | 17,14 | 34,15 | 24,55 |
| **USAID** | 9,96 | 10,02 | 7,32 | 4,5 | 15,63 |

On a per country example this has led to, for instance, an annual **need for 3 million FC2** female condoms in **Uganda**, and **no funding** to procure. A need of 1 million female condoms annually in Kenya, and funding for only 230,000. A need of 6 million female condoms annually in Zimbabwe and funding for only 3 million. And these are just some examples of the many countries who do not receive their actual FC2 female condom need on the continent of Africa.

***Solution***

**Female Health Company** would like to propose a **partnership** with new donors in order to ensure that the need for the FC2 female condom is met in Africa to ensure **prevention of HIV/AIDS** among the target groups that need it. FHC is committed to providing the training and technical support to the countries and target groups to ensure correct and safe usage of the FC2 female condom, if donors are willing to procure the female condoms that are necessary in these countries. We could even create a specific donor **brand for the FC2 female condom**, to increase brand recognition for the donor in the region while saving lives together.

***On Female Health Company***

The Female Health Company manufactures, markets and sells the FC2 Female Condom. FC2 is the only currently available female-controlled product approved by the U.S. Food and Drug Administration (FDA) and cleared by the World Health Organization (WHO) for purchase by U.N. agencies that provides dual protection against unintended pregnancy and sexually transmitted infections (STIs), including HIV/AIDS. The Company's first generation product was the FC1 Female Condom, a Class III medical device approved by FDA in 1993. The Company's second generation product, FC2, has been available globally since 2007, and in the U.S. since 2009 after it was approved by the FDA as a Class III medical device. To date, FHC has shipped its female condom to over 140 countries worldwide.

Currently, there are only two FDA approved and marketed products that prevent the transmission of HIV/AIDS through sexual intercourse: the male condom and FC2. FC2 is currently the only FDA approved and marketed female-controlled product that prevents STIs, including HIV/AIDS. Used consistently and correctly, FC2 provides women dual protection against STIs, including HIV/AIDS, and unintended pregnancy. When used correctly the protection rates against unintended pregnancies are 95 percent for female condoms compared to 98 percent for male condoms according to the FDA. FC2 is not seen as directly competing with the male condom; it provides an alternative to either unprotected sex or male condom usage.

An economic analysis of the cost effectiveness of an FC2 HIV/AIDS prevention program conducted by Dr. David Holtgrave, the chairman of the Department of Health Behavior and Society at the Johns Hopkins Bloomberg School of Public Health, was featured in the March 26, 2012 issue of AIDS and Behavior. The study showed that the Washington, D.C. FC2 prevention program, a public-private partnership to provide and promote FC2, prevented enough HIV infections in the first year alone to save over $8 million in avoided future medical care costs (over and above the cost of approximately $445,000 for the program). This means that for every dollar spent on the program, there was a cost savings of nearly $20. In the article Dr. Holtgrave concluded, "These results clearly indicate that delivery of, and education about, Female Condoms is an effective HIV prevention intervention and an outstanding public health investment." Washington, D.C. began its program in 2010 to fight a disease that is at epidemic levels. At least 3 percent of Washington, D.C. residents have HIV or AIDS, a prevalence rate that is the highest of any U.S. city.

In May 2014, a business case was published by Global Health Visions, LLC, commissioned by Rutgers WPF, the advocacy partner of the Universal Access to Female Condoms (UAFC) Joint Programme. Part of the publication was a study comparing total expected costs with total estimated economic benefits and it determined there was an

excellent return on investment for female condoms in sub-Saharan Africa. For example, in Nigeria an investment of $1 offers a $3.20 return on investment to the country's economy.

Numerous clinical and behavioral studies have been conducted regarding use of the female condom. Studies show that in many cultures, the female condom is found acceptable by women and their partners. Importantly, studies also show that when the female condom is made available as an option along with male condoms there is a significant increase in protected sex acts with a concurrent decrease in STIs. The increase in protected sex acts varies by country and averages between 10 percent and 35 percent.

FC2 consists of a soft, loose fitting sheath and two rings: an external ring of rolled nitrile and a loose internal ring made of flexible polyurethane. FC2's soft sheath lines the vagina, preventing skin-to-skin contact during intercourse. Its external ring remains outside the vagina, partially covering the external genitalia. The internal ring is used for insertion and helps keep the device in place during use.

FC2's primary raw material, a nitrile polymer, offers a number of benefits over natural rubber latex, the raw material most commonly used in male condoms. FC2's nitrile polymer is stronger than latex, reducing the probability that the female condom sheath will tear during use. Unlike latex, FC2's nitrile polymer quickly transfers heat. FC2 can warm to body temperature immediately upon insertion, which may enhance the user's sensation and pleasure. Unlike the male condom, FC2 may be inserted in advance of arousal, eliminating disruption during sexual intimacy. FC2 is also an alternative to latex sensitive users who are unable to use latex male or female condoms without irritation. To the Company's knowledge, there is no reported allergy to the nitrile polymer. FC2 is pre-lubricated, disposable, and recommended for use during a single sex act. FC2 is not reusable.

The first clinical evidence of AIDS was noted more than thirty years ago. Since then, HIV/AIDS has become the most devastating pandemic facing humankind in recorded history. In November 2009, WHO released statistics indicating that on a world-wide basis, HIV/AIDS is now the leading cause of death in women 15 to 44 years of age. According to WHO, in 2012 worldwide women comprised 50 percent of all the adults living with HIV and approximately 58 percent of all new adult cases of HIV/AIDS in Sub-Saharan Africa. In the United States the Centers for Disease Control and Prevention (CDC) and FDA both list heterosexual sex as the most common method of HIV transmission in women.

For sexually active couples, male condoms and FC2 are the only barrier methods approved by the FDA for preventing sexual transmission of HIV/AIDS. In recent years, scientists have sought to develop alternative means of preventing HIV/AIDS. Based on the complexities of such research, a viable prevention alternative is unlikely to be available in the foreseeable future. To date, it is clear that condoms, male and female, continue to play a key role in the prevention of STIs, including HIV/AIDS. The United Nations Joint Programme on HIV/AIDS (UNAIDS) has reported that, since the beginning of the HIV/AIDS epidemic, it is estimated that condoms have averted approximately 50 million new cases. FC2, when used consistently and correctly, gives a woman control over her sexual health by providing dual protection against STIs, including HIV/AIDS, and unintended pregnancy.

The feminization of HIV/AIDS has increased the relevance of FC2 for the prevention of unintended pregnancies as well as disease prevention. Unintended pregnancy may result in maternal and infant death, babies with HIV/AIDS, AIDS orphans, and increased health care costs.

# THE CASE FOR THE FC2 FEMALE CONDOM

THE FEMALE HEALTH COMPANY

**My health, my right.**

Access to HIV prevention services
is #myrighttohealth

THE FEMALE HEALTH COMPANY

# OVERVIEW

- Commodity Context
- Contextual overview
- Debunking myths through evidence

THE FEMALE HEALTH COMPANY

WWW.FEMALECONDOM.COM

*GET INSPIRED*

https://fc2femalecondom.com/get-inspired/
https://youtu.be/O0V-KYyTza8

# ASK

Due to the funding decrease UNFPA is experiencing as the US pulled all their funding under president Trump, and the European countries have re-directed their funding to deal with the migrant influx, there is a funding shortfall leading to Female Condom stock outs in countries.

The Female Health Company is looking for donors who are willing to donate money to UNFPA, and earmark that money for purchase of the FC2 female condom only, so that they can purchase the FC2 female condom for the following countries:

Uganda : 3 million units

Botswana: 1 million units

Sierra Leone: 500,000 units

Tanzania: 1 million units

Ethiopia: 1 million units

Ghana: 1 million units

Tunesia: 1 million units

Bolivia: 500,000 units

Haiti: 500,000 units

Congo DR: 2 million units

## The Female Health Company provides the FC2 female condom.

FC2 is the *only* product currently available:

- Under a women's control
- Offering triple protection:
  - Against HIV/AIDS
  - STIs (as well as ZIKA)
  - Unplanned pregnancy
- Approved by the FDA and WHO, as well as other international and national health agencies

# WIDEST POSSIBLE CHOICE

**FC2 falls under Reproductive Health Supply commodities with UNFPA Supplies:**

- **Contraceptives**
  - Combined low dose OC Pills
  - Emergency Contraceptives
  - ***Female Condoms***
  - Lubricants
  - Progestogen only Pills
  - Implantable Contraceptives
  - Injectable Contraceptives
  - Intrauterine Device (IUD)
  - ***Male Condoms***
- **Diagnostic Test Kits**
- **Kits**
- **Medical Devices**
- **Pharmaceutical Devices**

# MALE AND FEMALE CONDOM MARKETS

Male Condom Market Global Public sector: 10 billion

Male Condom Market FP2020, 69 countries: 1-1,6 billion

Female Condom Market: 30-60 million

FC is 3%-6% of FP2020 condom market and 0,3%-0,6% of global condom market

**Consumer**

**Global Market**

**$4 – 6 Billion**
**Units ~10 – 12 Billion**

**Global Public Sector**

**Family Planning**

**HIV/AIDS**

**Global Condom Public Health**
**$ 400 – 500 Million**
**Units ~10 Billion**

# CUSTOMERS AND DISTRIBUTION

**Key purchasers:**

- Global agencies

- Government/ Ministries of Health
- State and local health departments/agencies
- NGOs and CBOs/IPPF/MSI
- Distributors who hold registration for FC2
- Social marketing organizations such as PSI and DKT
- Commercial partners that promote to consumers

# WHY FEMALE CONDOMS?

1) The female condom is the **only female initiated method** that provides ***triple protection*** against STIs including HIV and Zika and against unplanned pregnancy
2) Introduction of male and female condoms in the same market leads to **more overall protected sex acts**
3) Cost effective, **positive return on investment**

THE FEMALE HEALTH COMPANY

# HIV/AIDS GLOBAL OVERVIEW

- No. 1 cause of death globally for women age 15-44
- 80% of female cases contracted via heterosexual transmission
- Male and female condoms are the only prevention products available

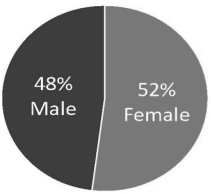


Worldwide, women represent >50% of new Adult HIV/AIDS infections

# THE SOCIAL CASE FOR FC2

**Empowering women as a development tool by decreasing maternal mortality & fewer unwanted pregnancies and protecting from HIV-infection, and other STIs**

- Worldwide 215 million women who like to plan or limit number of children have no access to contraception
- Worldwide 21.6 million unsafe abortions cause 5 million women hospitalized each year, and account for 13 % of maternal deaths
- Worldwide women and girls account for slightly more than half of all HIV infections
- In sub-Saharan Africa 23 million people live with HIV/AIDS: over 12 million are women and nearly 2.5 million are children

# THE PRODUCT CASE FOR FC2

1) **Only FDA *and* WHO** approved Female Condom and as a result approved for bulk procurement by UNFPA and USAID
2) The strong preference for FC2 due to its **non allergenic** material nitrile and long standing reputation
3) FC2 is has been **distributed to 144 countries**.
4) The **backup support**, materials, training provided by FHC

# THE PRODUCT CASE FOR FC2 (2)

5) The FC2 female condom, as opposed to the latex male condom, is **made out of Nitrile** which holds many benefits:

- Three times stronger than latex,
- Can be used by people who are latex sensitive, or allergic
- Can hold both water and oil based lubricants (latex tears with oil)
- Can be inserted hours in advance
- Transfers body heat ensuring a more natural sensation

6) The FC2 is **hormone free**, which means that it does not have the side effects of some hormone based contraceptives.

7) **Preferable alternative** to a male condom, according to males

- Men don't have to wear it
- Not tight/restricting
- Can be inserted in advance of sexual activity

# DEBUNKING MYTHS & MISCONCEPTIONS

**Certain Myths and Misconceptions among decision still exist today, even though the evidence tells otherwise**

1) It is too expensive
2) There is no demand
3) We already have male condoms and LARCs so the FC is not necessary
4) Men do not like the product, and without them it will never succeed

# 1) IT IS TOO EXPENSIVE: **FALSE**

***"The Business Case for Female Condoms"***

***(Global Health Visions, 2014)***

Return on investment of female condom procurement for governments through 2 ways:

1) Cost savings to the health system, by focussing on prevention instead of treatment
2) Economic productivity losses averted, as more women are able to join the workforce.

# THE BUSINESS CASE FOR FEMALE CONDOMS (2)

The Business case for female condoms found that for every $1,- invested in buying female condoms in Kenya a return of $1,94 is made. In Nigeria for every $1,- invested a return of $3,20 is made. See table below for health benefits.

| 1,000,000 female condoms | Cameroon | Kenya | Myanmar | Nigeria |
|---|---|---|---|---|
| # DALYs averted | 9,292 | 9,713 | 4,122 | 9,488 |
| # of unintended pregnancies averted | 1,939 | 1,939 | 1,939 | 1,939 |
| #of HIV infections averted | 108 | 125 | 62 | 100 |
| #of maternal deaths averted | 8 | 4 | 2 | 7 |
| #of infant deaths averted | 53 | 39 | 14 | 77 |
| #of unsafe abortions averted | 243 | 265 | 521 | 213 |

# 2) THERE IS NO DEMAND: **FALSE**

**Uruguay Study, UNFPA Uruguay and MOH Uruguay (2017):**

- 77% of average women said the FC2 was good or very good

Study participants cited greater comfort and practicality and greater protection and safety as the two main advantages of the FC2

- 81% said they would continue using the FC2 in the future
- 64 % said they experienced no difficulties at all

**South Africa National Female Condom Program Evaluation (2017)**

- 80% of women feld the FC put them in charge
- The level of unprotected sex declined from 43,3 % at baseline to 8,4 % at 12 months after the introduction of the FC

THE LATEST DATA ON

FEMALE CONDOM ACCEPTABILITY

Confirms: Female condoms have high acceptance rates, are in high demand by both women and men, and provide women with triple protection: with the FC2, they have the autonomy to protect themselves from unplanned pregnancy as well as STIs, including HIV & Zika.

SOUTH AFRICA

Results from this study were published in the 20th Edition of the South African Health Review Chapter 19. Twenty years of the female condom programme in South Africa: past, present, and future (Bekker/van et al., 2017). For the cohort study (199 females, 60 male partners) interviews were conducted at baseline, and follow-up interviews were conducted at one, six, and 12 months.

The FC programme introduced in South Africa 20 years ago is now well established and embedded in the healthcare system, in particular systems for HIC and FC distribution are complementary, with similar ordering and reporting processes.

- 74% Nearly 90% of men and women interviewed had heard of the FC, and approximately 20% had used it.
- 72% 72 of the current FC users, 75.4% reported [illegible] than before they started using FCs.
- 57% At the 12-month interview, over half (53%) of the male partners, reported that they were interested in and willing to try FCs when initially introduced to them by their partners and the majority (57%) said that FCs did not change their sexual experience.
- 57% At six months into the research, 57% of women reported that their [illegible] were more supportive of using the FCs (rising from 37% at their one-month interviews).
- 1% 85% of women at one month felt that FC use placed the woman in charge.
- 7% The number of unprotected sex acts declined from 43.3% at baseline to 8.4% at 12 months.
- 29% Women preferred FC use, FCs (29%), followed by Lyst (14%) and Pleasure Plus (2%), Female Health Company has provided training support on the FC2 in South Africa, ever since it was first introduced.
- 29% As their use month interview, 20% of [illegible] reported using the FC, and at 12 months this rose to 74%.

URUGUAY

The FC2 female condom has been available in Uruguay since 2013. A pilot study and pilot scheme were commissioned by UNFPA Uruguay. Results from the 1st pilot study (The Female Condom Satisfaction Study [Estudio de Satisfacción del Condón Femenino] (2012), Fernandez, 2014, 142 female participants):

- 84% These who used the FC2 cited it highly positive, even though it was practically unknown to the participants.
- 84% 84% stated that they would [illegible] recommend it to their friends.
- According to the women, men also rated the FC2 female condom positively.
- The main advantage for women is that it provides them with autonomy.

Results from the 2nd pilot scheme, which included training of health care providers, counselling services, guaranteed supply, and promoting of the product, and PMF of the process (2015, 70 female participants, average age 29):

- 77% 77% of the women said the FC2 was good or very good.
- Study participants cited greater comfort and practicality and greater protection and safety as the two main advantages of FC2.
- 81% 81% said that they would continue using FC2 in the future.
- 64% of women said they experience no difficulties at all.

Promotion of the FC2 in Uruguay forms part of a series of global and regional activities supporting the Comprehensive Condom Programme (CCP), on behalf of the Global Hidden Spices. The encouraging results from the pilot scheme have led to the first procurement of the female condom in the country.

## 3) WE ALREADY HAVE OTHER COMMODITIES: **FALSE**

**AIGHD Research on the Female Condom in Mozambique (2017)**

The increase in female condom use was not accompanied by an off-setting decrease in ever or current use of alternative methods.

If anything, current use of male condoms and **other modern contraceptives increased slightly** in the treatment group. Female condoms thus seemed to complement the existing choice set of regular contraceptives

**South Africa National Female Condom Program Evaluation (2017)**

**Of the current FC users 73,4% reported using condoms in general more often than before they started using the female condom.**

## 4) MEN DO NOT LIKE THE PRODUCT: **FALSE**

**South Africa National Female Condom Program Evaluation (2017)**

- At their one month interview 58% of men said that the FC was better or much better than the MC and at 12 months this rose to 74%
- At six months into the research 97% of women reported that their partners were supportive of using the FC

## IN SUMMARY

1) Female Condoms provide a return on investment
2) Female Condoms are in high demand with both men and women, average and key populations
3) Female Condoms increase the overall use of barrier methods and contraceptives, enforcing decrease in overall number of unprotected sex acts

**From**: Nicholas Ribis [redacted]
**Sent**: 12/23/2018 2:04:15 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]

**Importance**: High

Looks like Mick Mulvaney is out before he starts - knew it after his comments about DJT came public-

Sent from my iPhone

**From**: Nicholas Ribis [redacted]
**Sent**: 12/23/2018 4:04:58 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Not yet but DJT not speaking to him with family that's why I cannt talk

Sent from my iPhone

On Dec 23, 2018, at 9:43 AM, J <jeevacation@gmail.com> wrote:

i have not seen , is he out?

On Sun, Dec 23, 2018 at 9:04 AM Nicholas Ribis <[redacted]> wrote:

> Looks like Mick Mulvaney is out before he starts - knew it after his comments about DJT came public-
>
> Sent from my iPhone

--

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# White House 'looking into' Acosta's role in illegal sex offender plea deal

By JOHN T. BENNETT
CQ-Roll Call

WASHINGTON — White House press secretary Sarah Huckabee Sanders on Friday declined to say whether President Donald Trump still has confidence in Labor Secretary Alexander Acosta, a day after a federal judge ruled the Justice Department broke the law while Acosta was a U.S. attorney.

A judge said Acosta — then the U.S. attorney in Miami — signed off on a plea deal with Jeffrey Epstein, the Palm Beach billionaire and serial sex abuser, without informing victims about what they were doing.

Epstein also owns the island of Little St. James in the Virgin Islands.

"My understanding is that it's a very complicated case, something we're certainly looking into," Sanders said.

Jeffrey Epstein

The Florida-based U.S. District Judge Kenneth A. Marra ruled Acosta and other officials did not confer with Epstein's victims about the 2008 plea agreement. But, notably, she appeared to defend the labor boss.

"But that they made the best possible deal that they could have gotten at that time," she said. "But, again, that's something we're looking into."

**A federal judge said U.S. Labor Secretary Alexander Acosta — then the U.S. attorney in Miami — signed off on a plea deal with Jeffrey Epstein, the Palm Beach billionaire and serial sex abuser, without informing the dozens of victims about what they were doing. Epstein also owns the island of little St. James in the Virgin Islands.**

Asked if Trump still has confidence in the latest member of his Cabinet — which he frequently praises as doing a collective solid job — Sanders declined to say the president does. "Again, that's something we're looking into," the spokeswoman said, "I'm not aware of any changes."

The judge said in his decision Thursday that he had reviewed evidence showing Epstein sexually abused more than 30 underage girls at his Palm Beach mansion and elsewhere.

The Crime Victims' Rights Act promises victims that the Justice Department would make its "best efforts" to protect a victim, the filing said. It allows victims the "reasonable right" to confer with the U.S. attorneys handling the case.

The deal reached between Acosta and Epstein's attorneys allowed him to not be prosecuted in federal court, and instead sentenced in state court. The immunity from prosecution also extended to some of Epstein's co-conspirators.

Epstein pleaded guilty to two prostitution charges and served 13 months in county jail, according to the Miami Herald. The victims were not told of the agreement or sentencing until it was too late to intervene.

The Department of Justice announced earlier this month it has opened an investigation into the handling of Epstein's case.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/12/2012 4:57:10 PM
**To:** [redacted]
**Subject:** Re: B 727 thought

yes

On Thu, Jan 12, 2012 at 4:23 PM, <[redacted]> wrote:
you want me to call Tarek, instead? just to confirm.

In a message dated 1/12/2012 10:21:24 A.M. Eastern Standard Time, jeevacation@gmail.com writes:

Call

Sorry for all the typos .Sent from my iPhone

On Jan 12, 2012, at 4:12 PM [redacted] wrote:

Jeffrey,
this may be a long shot to save the Boeing deal, or if you think its a dead deal, disregard this.
I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
I wrote this email for your review, if you think its worth sending, please critique, and let me know,. thank you:

Mr. Tarek El Sayed,

I hope this email finds you well, and believe worth communicating my thoughts to you.

I was surprised to hear that you decided against the purchase of our Super Boeing 727. I personally thought it was a great match for your business needs in Qatar. If for any reason your decision was based on crew issues and charter needs in the Middle East, I'd like to share some information that might prove beneficial to making you reconsider this purchase.

The pilot candidates I have lined up for your interview along with the possibility of David Rodgers joining your flight department were as follows:

(at no time did I disclose location or persons to the following pilot candidates to protect your privacy.)

Robert Breslin, who is the former Chief Pilot of Mr. Donald Trump, Mr. Breslin flew the Boeing 727 and Boeing 757 owned by Mr Trump. Mr Breslin is a fine man of 40 years of age estimate, with extensive VIP Boeing operations.

James Bartakowski, who has extensive flying experience in the Middle east, Africa and Europe régime. Mr. Bartakowski has also been involved in charter operations in Africa and Middle East and has contacted me on several recent occasions with charters for our Boeing 727, James has indicated there is the possibility of 40 – 60 hours per month charter operations for larger transport category aircraft in your area. I believe there is a growing need for charter in the business community in Qatar and neighboring countries.

Bruce Jafahri, who is a current Boeing 727 captain who lived in Doha for two years, and familiar with international operations of Boeing 727 aircraft. Mr. Jafahri currently lives in California and ready for a new opportunity. Bruce is current in the Boeing 727 and also flew Captain on the Boeing 747. Well qualified individual and personable.

Mr. El Sayed, as you have seen during our demo flight, our Boeing 727 is in impeccable condition, quite cabin and will provide many years of charter and business flights your company. I believe the large business jet future in Qatar is growing and you will be leading its path, and your initial investment in this purchase will not come close with other aircraft options on the market as you may have seen already.

We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 8/27/2012 11:05:23 AM
**To:** Sultan Bin Sulayem[redacted]
**Subject:** Re: How to Repair the Widening American-Israeli Rift

http://www.google.com/hostednews/afp/article/ALeqM5j0ONtuA2fbH1hED38qZkrNKc6VJw?docId=CNG.158e059567cc64e99373df644f3134b3.01

On Mon, Aug 27, 2012 at 6:22 AM, Sultan Bin Sulayem <[redacted]> wrote:

Begin forwarded message:

**From:** Esneh <[redacted]>
**Date:** August 27, 2012 9:23:47 AM GMT+01:00
**To:** 'Esneh'[redacted]>
**Subject: How to Repair the Widening American-Israeli Rift**

# Israel Policy Forum

## On Iran: How to Repair the Widening American-Israeli Rift

*Ephraim Sneh*

The Islamist takeover in the Middle East and North Africa has created perilous strategic turbulence in the region. Consequently, it is now critically important that the United States and its few allies cooperate closely. Unfortunately, this has not been the case in recent weeks for US-Israel relations regarding Iran's nuclear program. The disagreement about attacking Iran's nuclear facilities has turned into ugly bickering, much of it disguised. This is harmful for both Israel and the United States.

To heal this rift – which is necessary to effectively address the Iranian threat – we must understand the following basic facts:

**1. The Israeli fear of a nuclear Iran is genuine**. It is not a political trick of Prime Minister Benjamin Netanyahu or Defense Minister Ehud Barak. A nuclear Iran would bolster and encourage extremist militant forces across the region. The moderates would be discouraged, intimidated and invariably weakened to the point where they would be unable to negotiate with Israel. In just a few years, Israel will be surrounded by three 'Pakistan-like' countries: Saudi Arabia, Egypt and Turkey. All three would possess nuclear weapons and be dominated politically by Islamists. In such a scenario, Israel would lose its strategic advantage in the region. It would lose its lead as a country of entrepreneurship and excellence, as foreign investment would decline and talented young Israelis would build their future abroad. No responsible Israeli

leader will allow such a nightmare to become a reality. The hateful declarations of Iran's leaders, committed to wiping the Jewish state off the map, do not assuage Israelis' fears.

2. **Economic sanctions cannot convince the regime in Teheran** to abandon its nuclear project. However, sanctions *can* bring about the collapse of the regime if they are vigorously implemented and enforced.

3. **An American military strike against Iran's nuclear facilities would be more effective than an Israeli one**. But disparaging Israel's capabilities and its military ingenuity, undermining its deterrence effect, is a grave mistake.

4. **Israel's operational window is closing**. If Israel has to cope alone with the Iranian threat, its window of operational opportunity is narrower than the American one. It has to act sooner.

5. **An Israeli military strike in the next two months, contravening repeated demands by the U.S. President to postpone it, would be counterproductive**. The damage of defying the President would be greater than the damage sustained by allowing the Iranian regime an additional few months of advancing toward acquiring the bomb. Such a strike may broaden the gap between the U.S. and Israel and weaken the alliance, which all previous Israeli Prime-Ministers have safeguarded as a strategic asset of Israel.

6. **The United States has failed to prevent countries like Pakistan or North Korea from obtaining nuclear weapons**. This record feeds Israeli skepticism about a U.S. success in the case of Iran. This skepticism prevails despite the clear rhetoric and unquestionable commitments of the President and the Secretaries of State and Defense to prevent a nuclear Iran.

7. **The fact that the Israeli Prime Minister and the Republican presidential candidate share the same political benefactor feeds suspicions** in the Obama administration about Netanyahu's motives for attacking Iran a few weeks before the U.S. presidential elections.

8. **The regional perspective cannot continue ignoring the unresolved Israeli-Palestinian conflict**. This issue can no longer be swept under the rug. Maintaining the status quo is politically comfortable in the short-run, but it will be combustible and devastating in the long run. Achieving the two-state solution will preserve Israel as a Jewish, democratic state. It will end Israel's regional isolation. It will rebuild America's standing and influence in the Arab and Muslim world. Furthermore, these last two outcomes will strengthen America's and Israel's hands in thwarting Iran's nuclear weapons ambitions.

These eight basic facts combine to produce a complex reality. When fully understood, they can pave the way to restoring U.S.-Israeli harmony. There is no symmetry between the United States, the super-power, and its tiny ally, Israel. But the "package" required from each side in order to mend fences has to include the following mutual commitments:

1. Israel will not attack Iran in 2012.

2. The United States will hold a joint intelligence estimate session with Israel in the early spring of 2013. If the conclusion of this joint estimate is that there is no substantial slow-down of the Iranian nuclear project, the U.S. will take military action to destroy this project.

3. The United States will oppose any attempt to intervene in Israel's strategic capacities and will prevent any monitoring of Israel's own strategic installations. At the same time, the United States

will uncompromisingly support Israel's right to preserve and develop its indigenous military capacities.

4. Israel will accept an American invitation to attend a peace conference that will be convened in the U.S. no later than mid-2013. This gathering will address the Israeli-Palestinian conflict, aiming to resolve it once and for all with an agreed-upon timetable for implementation.

These four commitments would serve the interests of both the United States and Israel. They would enable the U.S. to resume its leadership role of peacemaking in the Middle East. And they would provide a basis for binding the U.S. and Israel together as they face these challenging times.

*Ephraim Sneh, a retired IDF General, served as Israel's deputy minister of defense. He is currently and Israel Policy Forum contributing fellow and chairman of S. Daniel Abraham Center for Strategic Dialogue at the Netanya Academic College.*

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/11/2013 5:45:09 PM
**To:** Larry Summers [redacted]
**Subject:** prep for dinner, israel pres briefing /

The Wall Street Journal

# The Ayatollah Always Says No

Editorial

February 8, 2013 --The Farsi word for "no" is na h, which is easy enough to remember. Maybe even Joe Biden won't forget it the next time the U.S. tries to reach out diplomatically to Iran.

We're speaking of the Administration's latest effort to come to terms with Tehran over its nuclear programs, which Mr. Biden made last weekend at the Munich Security Conference. The U.S. offer of direct bilateral talks, he said, "stands, but it must be real and tangible." Iranian foreign minister Ali Akbar Salehi, who was also at the conference though he refused to meet with U.S. officials, called Mr. Biden's comments "a step forward."

Mr. Salehi's remark set the usual hearts aflutter that Iran is finally serious about a deal. But the optimism was brief. On Thursday, Iran's Supreme Leader Ayatollah Ali Khamenei flatly rejected direct talks with the U.S. "The U.S. is pointing a gun at Iran and wants us to talk to them," he said. "Direct talks will not solve any problems."

This isn't the first time Mr. Khamenei has played chaste Daphne to President Obama's infatuated Apollo. Just after becoming President in 2009, Mr. Obama sent the Ayatollah two private letters and delivered a conciliatory speech for the Persian new year of Nowruz. Mr. Khamenei's answer: "They chant the slogan of change but no change is seen in practice." He told a crowd chanting "death to America" that "if a hand is stretched covered with a velvet glove but it is cast iron inside, that makes no sense."

That was in March 2009. In October of that year the U.S. and its allies tentatively worked out a deal with Iranian negotiators to move some of

their enriched uranium outside Iran. Western analysts were confident that Mr. Khamenei would give his blessing, given the international pressure he was said to be under following the fraudulent elections and the bloody crackdown that followed.

The Ayatollah quashed that deal too: "Whenever they [Americans] smile at the officials of the Islamic revolution, when we carefully look at the situation, we notice that they are hiding a dagger behind their back."

It was the same in January 2011, when diplomacy also collapsed. Ditto in 2012, when negotiations in February, May and June each ended in failure. Washington went into those talks thinking they were going to succeed on the theory that Tehran desperately wants relief from the supposedly crippling pressure of economic sanctions.

Why does the Ayatollah keep saying no? The conventional wisdom is that previous U.S. offers weren't generous enough, or that the wrong President was in the White House, or that Iran wants only to deal directly with the U.S. and not in multilateral forums. Each of these theories has been tested and shown to be false.

A more persuasive explanation—get ready for this shocker—is that Iran really wants a bomb. The regime believes, not unreasonably, that Moammar Gadhafi would still be in power had he not given up his nuclear program in 2003. Mr. Khamenei also fears a "velvet revolution" scenario, in which more normal ties with the West threaten the ideological foundations of the Islamic Republic. Confrontation with America is in this regime's DNA.

Meantime, the pretense of negotiations has allowed Tehran to play for time to advance its programs. When Mr. Obama took office, Iran had enriched 1,000 kilos of reactor-grade uranium. In its last report from November, U.N. inspectors found that Iran has produced 7,611 kilos to reactor grade, along with 232 kilos of uranium enriched to 20%, which is close to bomb-grade. Last month, Iran declared that it would install 3,000 advanced centrifuges at its Natanz facility, which can enrich uranium at two to three times its current rate.

As for the sanctions, they may hurt ordinary Iranians but this regime is famously indifferent to the suffering of its own people. The Ayatollah also doesn't seem to take the Administration's talk about "all options being on the table" seriously. Mr. Obama's nomination of Iran dove Chuck Hagel to be Secretary of Defense reinforces that impression, as do reports that the White House blocked Pentagon and CIA plans to arm the opposition that's fighting to overthrow Iran's client regime in Damascus. An America that won't help proxies in a proxy war isn't likely to take the fight directly to Iran's nuclear facilities.

In rejecting Mr. Biden's offer, the Ayatollah said frankly, "I'm not a diplomat; I'm a revolutionary." Another round of multilateral talks with Iran is set to resume this month, but maybe Joe Biden and his boss should start taking no for an answer.

Article 2.

Foreign Policy

# Let's face it: Obama's Iran policy is failing

James Traub

February 8, 2013 -- There is no better example of an Obama administration initiative that has succeeded on its own terms, and yet failed as policy, than Iran. By engaging the regime in Tehran, and being rebuffed, the White House has been able to enlist China, Russia, and the European Union in imposing tough sanctions on Iran. By steadily ratcheting up those sanctions, the administration has been able to gradually squeeze the Iranian economy. By insisting that "containment" is not an option, Obama has persuaded Israeli Prime Minister Benjamin Netanyahu that he need not launch an attack on Iran's nuclear facilities -- at least not any time soon.

Obama has done everything right, and yet his Iran policy is failing. There is no evidence that the sanctions will bring Iran to its knees and force the supreme leader, Ayatollah Ali Khamenei, to accept the humiliation of abandoning his nuclear program. But neither is there any sign of new thinking in the White House. "I don't see how what didn't work last year is going to work this year," says Vali Nasr, who served in the Obama State Department before becoming dean of the Johns Hopkins School of Advanced International Studies. He might not get much of an argument from White House officials, who, the New York Times recently noted, "seem content with stalemate."

The United States is not negotiating directly with Iran but rather doing so through the P5+1, which consists of the five permanent Security Council members and Germany. The P5+1's current position is that Iran must stop enriching nuclear fuel to 20 percent purity -- a point from which Iran could quickly move to weapons-grade material -- transfer its existing stock of such fuel to a third country, and shut down one of its two enrichment facilities, known as Fordow. In exchange, the parties will help Iran produce such fuel for medical purposes, which the regime claims is its actual goal. Iran has refused, saying it will not shut down Fordow.

But the current state of play masks the larger issue, which is that the ayatollah and those around him believe the United States wants to make Iran cry uncle -- which happens to be true. The next round of P5+1 negotiations, now scheduled for Feb. 25 in Kazakhstan, are almost certainly not going to go anywhere unless the United States signals that it is prepared to make what the Iranians view as meaningful and equivalent moves in exchange for Iranian concessions. Arms-control experts say that both British Prime Minister David Cameron and Catherine Ashton, head of foreign affairs for the European Union, favor offering Iran a reduction in sanctions; but there's a limit to what they can do without the United States.

Of course, such flexibility would be pointless if Iran is simply hell-bent on gaining the capacity to produce a nuclear weapon. The signals, as always with Iran, are cryptic. Iranian authorities have told nuclear inspectors that they plan to install a new generation of centrifuges in order to accelerate

enrichment. And yet Iran also chose to convert some of its stockpile of highly enriched uranium for medical use rather than approach the amount needed for a bomb, leading Israeli authorities to predict that Iran wouldn't be able to build a bomb before 2015 or 2016. Last week, Ali Akbar Velayati, Khamenei's foreign policy advisor, publicly criticized officials who have treated the negotiations dismissively. Presumably, he was thinking of President Mahmoud Ahmadinejad, who has compared Iran's nuclear program to a train without brakes.

Iran is now at the outset of what promises to be a raucous presidential election, and may be no more capable of serious negotiations between now and June than the United States was in 2012. But what is clear is that the sanctions have moderated Iranian behavior and rhetoric. At the same time, as the Times also noted, the economic pressure is not nearly great enough to compel concessions that the regime would view as a blow to national pride. In short, Iran might -- might -- be more willing to accept a face-saving compromise than they were a year or two ago, but will need serious inducements to do so.

What would that entail? Virtually all the proposals that have come from outside experts suggest that the P5+1 begin with modest confidence-building measures, especially in the period before the election. A recent report by the Arms Control Association enumerates several of them. Western diplomats, for example, could take up Ali Akbar Salehi, Iran's foreign minister, on his proposal to limit the "extent" of enrichment -- i.e., well below 20 percent -- in exchange for fuel rods for the research reaction and a recognition of Iran's "right to enrich," a notional concept the United States already supports under specified conditions. Or Iran could suspend 20-percent enrichment in exchange for a suspension of new sanctions. But Iran is unlikely to accept even such small steps unless it felt that additional moves would win additional explicit concessions.

Beyond that, the outlines of what in Middle East peacemaking is known as "final status" are clear enough: Iran agrees to verifiable inspections to ensure that it does not enrich uranium beyond 3.5 percent and does not pursue a nuclear weapons program, while the West accepts Iran's "right to enrich" and dismantles sanctions. Of course, the outlines of a Middle East

peace deal are clear enough, too. But in both cases, neither side trusts the other, and each demands that the other go first. Instead, nobody goes anywhere.

U.S. officials have very good reason to be wary of Iran's bona fides. In 2009, they reached a deal with Iranian negotiators to send the stockpile of highly enriched uranium out of the country -- only to see the ayatollah repudiate it. As Ray Takeyh, an Iran expert with the Council on Foreign Relations puts it, "Khamenei has created a politics where it's hard for him to compromise." But so has the United States. Anyone who watched Chuck Hagel's confirmation hearing knows that it is an article of faith in Congress -- and pretty much a bipartisan one -- that Iran is a faithless, illegitimate terrorist state that will be deterred from building a bomb only by the threat of massive attack. Had Hagel been foolish enough to suggest that the United States offer to reduce sanctions in exchange for Iranian concessions, the White House would have had to find a new candidate for defense secretary.

It's the U.S. Congress that arguably holds the high cards, though the White House put them in its hands. The most potent sanctions are legislated, and have been written in such a way that they will be very hard to unwind. Obama can waive them for up to six months. But the ayatollah is not about to make irreversible decisions in exchange for six months of relief.

The White House is thus stuck between Tehran and Capitol Hill. And it can't live long with the current stalemate. After all, Obama has said that "containment" is not an option. He is hoping that the combination of economic pain and fear of military action will bring Tehran to its senses. If it doesn't, the president has said that he is prepared to use force. Perhaps he feels that just as spurned engagement served as the predicate for tough sanctions, so would failed negotiations lay the predicate for a broadly supported strike against Iran's nuclear facilities. Iran left us no choice, he might say, as the bombers fly.

That would constitute a diplomatic triumph ... if a strike against Iran's nuclear facilities is a good idea. If in fact it's a dreadful prospect -- worse, perhaps, even than containment -- then it would constitute a failure that

would obliterate the record of adroit diplomacy of the last four years. Obama understands very well -- even if many members of Congress do not -- that even our worst adversaries have interests of their own, that those interests feel as legitimate to them as ours do to us, and that we at least have a chance of settling disputes with them if we can find the place where our interests overlap. The time has come for him to apply that wisdom to Iran.

*James Traub is a fellow of the Center on International Cooperation.*

Article 3.

The National

# An uneasy courtship as Iran and Egypt test the waters

Alan Philps

Feb 8, 2013 -- There is a consensus among commentators that the visit of the Iranian president, Mahmoud Ahmadinejad, to Egypt - complete with red carpet and kiss on both cheeks from President Mohammed Morsi - does not amount to a breakthrough. The view of US think-tanks is that it does not amount to very much at all, and certainly not worth getting anxious about. Such a consensus is always dangerous, and it is worth looking more closely at what it is based on.

Mr Ahmadinejad is the first Iranian leader to set foot in Cairo since the deposed Shah of Iran was given refuge in Cairo, where he died and received a state funeral. The two countries have not had diplomatic relations since 1979.

The Iranian president's visit has deep historical significance, even if he came as a guest of the Organisation of the Islamic Conference summit. The picture of the two presidents embracing says to the world: Egypt is

released from the US straitjacket and is free to resume its position as a regional power.

There are plenty of reasons, however, to dismiss the visit as just show. Mr Ahmadinejad is a lame duck, banned by the constitution from running for a third term in the June elections. As Iran moves into a period of war economy under the pressure of sanctions designed to curb its nuclear programme, Mr Ahmadinejad is engaged in a furious struggle to ensure that his rival, the parliamentary speaker, Ali Larijani, does not succeed him. The corruption allegations levelled by Mr Ahmadinejad against the Larijani family are deeply damaging to the Iranian regime.

Mr Morsi, meanwhile, has little to show Egyptians that he has improved their lot. Cairo is the scene of near-constant street battles and the economy is tanking. Egypt's currency reserves have just sunk to $13.6 billion (Dh50 billion), below the critical level needed to cover three months of imports. The country is staring bankruptcy in the face, but cannot access emergency funds from the International Monetary Fund without implementing unpopular reforms that would further raise social tensions.

Both leaders need to show that they have "friends" abroad. The reality is a little different. Egypt and Iran appear to be divided by the Syria conflict, which is symptomatic of the wider split between the Sunni Muslim powers, led by Saudi Arabia, and Iran's faltering "axis of resistance" that, with Syria in play and Hamas having defected, now looks increasingly like a Shia Muslim axis.

If we look more closely, then the story of Egypt resuming its role as a regional power looks premature. At this stage, Egypt is trying to find some space to manoeuvre between Saudi Arabia and Iran. Given that Saudi Arabia has the money that Egypt needs, and Washington has a lock on the actions of the IMF, that space is limited.

But what does Washington think? Not very much at the moment. With President Barack Obama's second term team still being assembled, it is not surprising that there is something of a vacuum in Middle East policy. But the issue is deeper than that. The Obama administration has declared it

wants to focus on the Asia-Pacific region and, surprisingly, it means what it says.

Only a year after troops withdrew from Iraq, that country is not talked about in Washington, like an embarrassing relative. In North Africa, the US military has taken a back seat while the work of toppling Colonel Muammar Qaddafi and driving back the jihadists in Mali has been left to Franco-British forces. Syrian policy is one of drift, where the administration finds all options unpalatable. In Egypt, Washington has set a red line for the Muslim Brotherhood leadership: it must adhere to the peace treaty with Israel. Everything else is negotiable.

This week the Pentagon revealed that it would no longer be stationing two aircraft carriers in the Gulf region, as it has done for most of the past two years, due to cuts in the defence budget, and the possibility of even more stringent ones if Congress fails to agree on raising the US debt ceiling.

The Iranian nuclear programme remains a priority in Washington, but the carrier decision indicates a less warlike stance. One cannot say that US power is ebbing, but there is a clear lack of political will in Washington for decisive action in the Middle East. For now, the logic is that regional powers will have to take more responsibility. Egypt, although impotent at the moment, will have to find its role. The US needs to talk to Iran if there is ever going to be a compromise on its nuclear programme. Maybe Egypt could help.

Both Egypt and Iran have denied a report that General Qassem Suleimani, commander of the Quds force, a division of the Iranian Islamic Revolutionary Guard Corps, and the man responsible for Iran's military operations in Syria, visited Cairo in January. There was no reaction in Washington to this report.

If there is going to be a resolution of the Syrian crisis without a decade of Lebanon-style war, then allies of the US will have to speak to someone of the calibre of Gen Suleimani, a far more important figure than Mr Ahmadinejad. Could this lead to a historic compromise between the Muslim Brotherhood and the ayatollahs to create a new Islamic front spreading revolution?

That is out of the question. Egypt is too reliant on foreign finance, which Iran cannot offer at the moment, for it to swing into Tehran's orbit. And there is far too much domestic opposition.

What is clear is that while the US is reluctant to take direct responsibility, other countries must find ways of resolving the regional contradictions that have become unmanageable in the era of American tutelage. That will lead to some unlikely meetings taking place. The Morsi-Ahmadinejad embrace may not be a breakthrough, but it does show one thing: what was unthinkable a few years ago may one day be the norm.

Article 4.

Al-Monitor

## Hamas Weighs Options For Recognizing Israel

Adnan Abu Amer

February 8 -- Recently, a lot has been said — and a lot of denials have been issued — about Hamas recognizing a two-state solution. It appears that Hamas is still vacillating between explicitly and implicitly recognizing Israel. Hamas realizes that recognizing Israel would open up the world's doors to the movement. At the same time, Hamas knows that such a move would be seen as a betrayal by the movement's supporters, both inside and outside Palestine. As Hamas well knows, its legitimacy derives from its vocal support for armed struggle within the complicated Palestinian reality. Hamas also knows that it will pay a heavy price if it is seen to be agreeing to international conditions. The cost will not only be political, but also ideological. Hamas has spent many years talking and writing about its notion of the state, its identity, borders, concept, constitution and the role of Islam within it. Generations of Hamas members were raised on those ideas. But those ideas have remained part

of the imagination and heritage, and of the nostalgic dream of restoring the Islamic caliphate.

**The concept of the state**

Today's debate within Hamas over the concept of the state is more concrete than theoretical. The political conditions in the Palestinian territories do not allow for dreaming about unrealistic grand theories being promoted by some Islamist movements. Hamas is facing real-world problems that require real-world solutions. The Palestinian state being envisioned by Palestinian, Arab, and world politicians is based on the June 1967 borders. But does that fit Hamas's political vision and intellectual orientation? Generations of Islamists have been raised on the concept of the "Islamic state," which is synonymous with the Islamic caliphate. But Hamas's situation is a little different. Israel's occupation of all Palestinian territories is a political and concrete obstacle to the dream of an Islamic state and it forces the consideration of more realistic options. So we have started hearing, from Hamas, statements about establishing a Palestinian state on the June 1967 borders. There is no doubt that this development is an intellectual and political shift by Hamas. More than 20 years ago, Hamas founder Sheik Ahmed Yassin proposed a long truce with Israel. But today, such a proposal is more realistic and is attributed to Hamas's current leader Khaled Meshaal. Hamas in 2013 is different than Hamas in 1993. Hamas is now an influential player and its statements and stances are taken into account by regional and international decision-making circles.

**Recognition and commitment**

The shuttle diplomacy by Western officials between Gaza, where Hamas's domestic leadership is located, and the Arab capitals of Doha, Cairo and Amman have only one objective: getting Hamas to agree to the conditions that would allow it to be embraced by the international community. In other words, they want Hamas to agree to the two-state solution. And that, explicitly or implicitly, essentially means that Hamas has recognized Israel's right to exist! Those who have been following Hamas's course since it was founded 25 years ago notice that every once in awhile there is

international pressure to make Hamas agree to those conditions. But Hamas is afraid to fall into the same trap that others, like Fatah, have fallen into without getting anything in return except loss of popular support, as was demonstrated in the elections seven years ago. In light of the demands that the movement should recognize the two-state solution and make political commitments, some influential circles within the Hamas leadership think that the movement is being drawn into going beyond its rational political discourse and how it deals with the reality on the ground, and into recognizing Israel and exchanging messages with it. However, the siege has made the Palestinian territories miserable. So decision-makers in Hamas are forced to issue hints and signals that do not affect the movement's general principles. Those signals, however, may be misunderstood. And this is where the problem lies. No one thinks that Hamas supporters will make a big deal of those signals, but any concrete steps toward recognizing Israel will cost Hamas dearly, something which I don't think Hamas wants during this dangerous phase. At the external level, Hamas's enemies and opponents may think that the siege has finally paid off, albeit a little late, and that Hamas's current declarations are signals that, if the siege and the Palestinian suffering continue, the movement may explicitly recognize Israel, which would open the "appetite" of Hamas' opponents for more breakthroughs in its ideology and principles.

**Not an existential conflict, but a border dispute.**

Although Hamas is aware of all that, it should be noted that in a few months it is facing elections during which the movement's signals that it may accept a two-state solution will be used in a fierce anti-Hamas campaign. Even though the movement has provided a different administrative performance than before, the fundamental change in the movement's political program may be a decisive factor for the Palestinian voters. As Hamas is being smothered, with a few breaches here and there, the demands that it should recognize Israel are ongoing and without letup. In other words, Hamas must choose between recognizing Israel to stay in power, or losing what it has achieved democratically as punishment for having to refused to bow to the world's conditions. In reality, the

international community has not significantly changed its relationship with the Palestinians, including Hamas, over the past months and years. There has only been some cosmetic and tactical changes. Washington, the European Union and the UN have not only signaled to Hamas that it should join the "broken and paralyzed" peace process, they have also insisted that the Palestinians explicitly recognize Israel. But this time, those powers are armed with an "Islamic religious cloak," which would make a recognition of Israel more meaningful, especially since Hamas considers its conflict with Israel to be an ideological "existential conflict, not a border dispute." That pressure is accompanied with a financial and economic blockade, which is increasing the pressure on Hamas, especially since those carrying out the blockade are blocking anything that would alleviate Palestinian suffering. It is clear that they want to punish the Palestinians for electing Hamas and warn them against reelecting them; that is if the reconciliation succeeds and the elections happen on time. It should be noted that certain Israeli and Western research institutions have estimated the timeframe that Hamas will need to explicitly recognize Israel. They may accept from Hamas certain rhetorical signals for a while before the movement officially recognizes Israel. Since Hamas was founded in late 1987, it has been conducting an ideological and political campaign for its members and supporters against recognizing Israel. Hamas' constitution says that Israel is a "cancer that must be eradicated," and that "its demise is a Quranic inevitability." Those and other slogans have been a key component of Hamas's political discourse. It is therefore not easy for Hamas to change overnight due to political realism and suddenly tell its supporters: We shall recognize Israel, but it's under duress!

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Article 6.

NYT

# An Assassination in Tunisia

Editorial

February 8, 2013 -- Tunisia is where the Arab Spring began just over two years ago. Until now it has set an encouraging example of progress toward democracy and pluralism. Free elections brought to power a coalition government pledged to pragmatic cooperation between a moderate-led Islamist party, Ennahda, and smaller, secular coalition partners.

Progress has not always been smooth. But just as Tunisians inspired people in neighboring countries like Egypt and Libya to rise up against their corrupt and repressive dictators, they also seemed, for many, to point the way toward a democratic future accommodating both religious beliefs and the rights of the secular under the rule of law.

Those hopes have been severely shaken by the murder on Wednesday of Chokri Belaid. Mr. Belaid, a human- rights activist and one of Ennahda's most outspoken critics, had publicly challenged the party's failure to investigate or prosecute violent acts of intimidation carried out by shadowy gangs of religious extremists. Mr. Belaid's killers have not yet been identified. But suspicion now falls on those same extremist groups, which had issued public threats against Mr. Belaid and other prominent secular leaders — without any serious government response.

Thousands gathered for Mr. Belaid's funeral on Friday amid a nationwide general strike called by his trade union supporters. Tensions are high. What is urgently needed is a credible, independent investigation of Mr. Belaid's murder, followed by prosecution of the killers.

Given Ennahda's record of selectively ignoring Islamist violence, that investigation cannot be left to its appointees alone. A preferable alternative would be to reconstitute the broad-based, multiparty commissions that successfully oversaw Tunisia's free elections in October 2011 and investigated the crimes of the fallen dictatorship.

Ennahda, which captured 41 percent of the vote in the elections, promised to cooperate with secular parties and show respect for pluralism. Instead, it is sending muddled messages. On Wednesday, Prime Minister Hamadi Jebali made a conciliatory gesture by proposing a temporary nonpolitical cabinet and new elections. Unfortunately, hard-line party members quickly repudiated him.

Tunisia's revolution, which has overcome past crises, can overcome this one if Ennahda and all other Tunisian parties recommit themselves to nonviolence, mutual tolerance and upholding the rule of law.

Article 7.

The Washington Post

# Iraq's return to bloodshed

Kimberly Kagan and Frederick W. Kagan

February 8, 2013 -- Eighteen days of protests in Egypt in 2011 electrified the world. But more than twice that many days of protest in Iraq have gone almost unnoticed in the United States. Iraqi army troops killed five Sunni protesters in Fallujah on Jan. 25, after a month of anti-government protests in Anbar, Nineveh and Salahuddin provinces and elsewhere for which thousands turned out. Al-Qaeda in Iraq and Iranian-backed Shiite militias are re-mobilizing. Iraq teeters on the brink of renewed insurgency and, potentially, civil war.

This crisis matters for America. U.S. vital interests that have been undermined over the past year include preventing Iraq from becoming a haven for al-Qaeda and destabilizing the region by becoming a security vacuum or a dictatorship that inflames sectarian civil war; containing Iranian influence in the region; and ensuring the free flow of oil to the global market.

While tensions have risen over the past two years, the triggers for recent eruptions are clear. Prime Minister Nouri al-Maliki, a Shiite, had the

bodyguards of Finance Minister Rafie al-Issawi, who is Sunni, arrested for alleged terrorist activities on Dec. 20 — almost exactly one year after he ordered the arrest of Sunni Vice President Tariq al-Hashimi's security detail. Hashimi fled to Turkey and is unlikely to return soon to Iraq, where he was sentenced to death after Maliki demanded his trial in absentia for murder and financing terrorism.

The threat to Issawi, a moderate technocrat from Anbar, galvanized Iraqi Sunnis, who rightly saw Maliki's move as sectarian and an assault on government participation by Sunnis not under the prime minister's thumb. Three days after the arrests, demonstrations broke out in Ramadi, Fallujah and Samarra. Three days after that, a large protest closed the highway from Baghdad to Syria and Jordan. The popular resistance spread to Mosul on Dec. 27.

These protests erupted during a constitutional crisis and as an expanding Arab-Kurd conflict has become increasingly militarized. Iraqi President Jalal Talabani was incapacitated by a stroke on Dec. 17 and has been out of the countryfor treatment. Iraq's constitution specifies a line of succession — but with one vice president in exile and the other a Shiite and obvious Maliki proxy, Iraq has been, in effect, operating without a president. Political processes that require presidential involvement have been paralyzed, including moving forward with long-standing efforts by Sunnis and Kurds to hold a parliamentary vote of no-confidence in Maliki.

Talabani had been the critical link holding Baghdad and Kurdistan together since tensions rose following a 10-day standoff between Iraqi army units and Kurdish pesh merga troops in October, after Maliki sent the army toward the disputed city of Kirkuk. That move followed a series of skirmishes and mobilizations along the "Green Line" separating Kurdistan from Arab Iraq and a series of attacks in the area by al-Qaeda in Iraq.

The recent protests underscore the collapse of the inclusive political accommodation reached in 2007, which had been reconfirmed by the formation of a grand Sunni-Shiite-Kurd coalition government after parliamentary elections in 2010. By November 2012, Maliki had evolved

to openly discussing his intention to form a "majoritarian government" that would exclude the most important Sunni representatives. In mid-December he participated in creating a Shiite grand alliance as the launching pad for that government. The principal Sunni political leaders, including Issawi, parliamentary speaker Osama al-Nujaifiand Anbari tribal leader Ahmed abu Rishaannounced their intention to form their own coalition. In short, Iraqi politics was re-fragmenting along sectarian and ethnic lines even before the protests began.

Understood in this context, the Iraqi army's killing of protesters in Fallujah last month is a watershed event similar to the destruction of the Askariya shrine in Samarra in February 2006, though the crisis will not escalate as quickly. Sunni-Shiite tensions have hitherto played out in political forums. The key actors in today's crisis are not the Sunni political leaders but, rather, Anbari tribal leaders, including Ali Hatem Ali Suleiman, one of the most powerful leaders of Iraq's largest Sunni tribe. Suleiman and fellow leaders of the Dulaim tribe were essential to engineering the Anbar Awakening in 2007 and Sunni participation in the government, for which they rejected al-Qaeda in Iraq and renounced violence against the state. They responded to the killings of protesters last month by threatening open war against the state for the first time since 2007. So far at least, they have restrained protesters and resisted violent confrontation.

For his part, Maliki has sought to deescalate the conflict and to mollify protesters. Tehran has also been working — to persuade Iraq's Sadrists, whom Maliki has alienated in his consolidation of power, to abandon their support for their Sunni brethren. Their combined efforts appear to be working: The Sadrist Bloc, which had refused Maliki's request for suggestions to replace Issawi and other Sunni politicians, has put forth a substitute finance minister.

These efforts, ostensibly toward political resolution, actually increase the likelihood of sectarian war by continuing the marginalization of Sunni political leaders without addressing Sunni tribes' core grievances — and by re-creating a Shiite front that had splintered.

Al-Qaeda in Iraq has already taken advantage of this situation through its front group, the Islamic State of Iraq, which deployed combat teams in Fallujah last month that targeted Iraqi army positions and killed several soldiers. The jihadists' black flags have appeared at Sunni protests and memorial ceremonies for the fallen. The group is back in the havens it held in 2006. If Maliki does not allow proper Sunni representation in government, al-Qaeda will gain greater popular tolerance and foreign support.

Over the past year, the situation in Iraq has become explosive while sectarian sentiment and armed violence in neighboring nations have escalated dramatically. Americans have become accustomed to watching Iraq approach the precipice and draw back. But circumstances have changed with the withdrawal of all U.S. forces and Maliki's year-long efforts to intimidate his opponents through political, judicial and military maneuvers. If Maliki does not accept many of the protesters' reasonable demands and allow meaningful Sunni participation in government, prospects for stopping Iraq's descent into sectarian conflict are grim.

*Kimberly Kagan is president of the Institute for the Study of War. Frederick W. Kagan is director of the Critical Threats Project and a scholar at the American Enterprise Institute.*

Article 8.

The American Spectator

# Islam and Islamism in the Modern World

An interview with Daniel Pipes (By Tom Bethell)

February 2013 -- *Daniel Pipes, one of our leading experts on Islam, established the Middle East Forum and became its head in 1994. He was born in 1949 and grew up in Cambridge, Massachusetts. His father, Richard Pipes, was a professor of Russian history, now emeritus, at Harvard. Daniel studied Arabic and Islamic history and lived in Cairo for*

*three years. His PhD dissertation became his first book, Slave Soldiers and Islam (1981). Then his interest in purely academic subjects expanded to include modern Islam. He left the university because, as he told an interviewer from Harvard Magazine, he has "the simple politics of a truck driver, not the complex ones of an academic." His story of being harassed through the legal system by a Muslim who later committed suicide was recently told in The American Spectator ("A Palestinian in Texas," TAS, November 2012). He has been personally threatened but prefers not to talk about specifics except to note that law enforcement has been involved. I interviewed Pipes shortly before Christmas, when the Egyptians were voting on their new constitution. I started out by saying that the number of Muslims in the U.S. has doubled since the 9/11 attacks.*

DP: My career divides in two: before and after 9/11. In the first part I was trying to show that Islam is relevant to political concerns. If you want to understand Muslims, I argued, you need to understand the role of Islam in their lives. Now that seems obvious. If anything, there's a tendency to over-emphasize Islam; to assume that Muslims are dominated by the Koran and are its automatons—which goes too far. You can't just read the Koran to understand Muslim life. You have to look at history, at personalities, at economics, and so on.

***TB: Do you see the revival of Islam as a reality?***

DP: Yes. Half a century ago Islam was waning, the application of its laws became ever more remote, and the sense existed that Islam, like other religions, was in decline. Since then there has been a sharp and I think indisputable reversal. We're all talking about Islam and its laws now.

***TB: At the same time you have raised an odd question: "Can Islam survive Islamism?" Can you explain that?***

DP: I draw a distinction between traditional Islam and Islamism. Islamism emerged in its modern form in the 1920s and is driven by a belief that Muslims can be strong and rich again if they follow the Islamic law severely and in its entirety. This is a response to the trauma of modern Islam. And yet this form of Islam is doing deep damage to faith, to the point that I wonder if Islam will ever recover.

***TB: Give us the historical context.***

DP: The modern era for Muslims began with Napoleon's invasion of Egypt in 1798. Muslims experienced a great shock at seeing how advanced the blue-eyed peoples from the north had become. It would be roughly analogous to the Eskimos coming down south and decimating Westerners, who would uncomprehendingly ask in response, "Who are these people and how are they defeating us?"

***TB: So how did they respond?***

DP: Muslims over the past 200 years have made many efforts to figure out what went wrong. They have experimented with several answers. One was to emulate liberal Europe—Britain and France—until about 1920. Another was to emulate illiberal Europe—Germany and Russia—until about 1970. The third was to go back to what are imagined to be the sources of Islamic strength a millennium ago, namely the application of Islamic law. That's Islamism. It's a modern phenomenon, and it's making Muslims the center of world unrest.

***TB: But it is also creating discomfort?***

DP: It has terribly deleterious effects on Muslims. Many of them are put off by Islam. In Iran, for example, one finds a lot of alienation from Islam as a result of the Islamist rule of the last 30-odd years.

***TB: Has it happened anywhere else?***

DP: One hears reports, especially from Algeria and Iraq, of Muslims converting to Christianity. And in an unprecedented move, ex-Muslims living in the West have organized with the goal of becoming a political force. I believe the first such effort was the Centraal Comité voor Ex-moslims in the Netherlands, but now it's all over the place.

***TB: Nonetheless, Islam has lasted for 1,500 years.***

DP: Yes, but modern Islamism has been around only since the 1920s, and I predict it will not last as a world-threatening force for more than a few decades. Will Muslims leave the faith or simply stop practicing it? These are the sort of questions I expect to be current before long.

***TB: What about Islam in the United States?***

DP: In the long term, the United States could greatly benefit Islam by uniquely freeing the religion from government constraints and permitting it to evolve in a positive, modern direction. But that's the long term. Right now, American Muslims labor under Saudi and other influences, their institutions are extreme, and things are heading in a destructive direction. It's also distressing to see how non-Muslim individuals and institutions, particularly those on the left, indulge Islamist misbehavior.

***TB: How do they do that?***

DP: Well, turn on the television, go to a class, follow the work of the ACLU or the Southern Poverty Law Center, and you will see corporations, nonprofits, and government institutions working with the Islamists, helping promote the Islamist agenda. The American left and the Islamists agree on what they dislike—conservatives—and, despite their profound differences, they cooperate.

***TB: Presumably some Muslims here deconvert, right?***

DP: There are some conversions out of Islam, yes. And the Muslim establishment in this country is quite concerned about that. But numerically it is not a significant number.

***TB: The ones who convert don't talk about it very much?***

DP: In some cases they do; they take advantage of Western freedoms to speak their minds. They are the exceptions, though.

***TB: I suspect that the decline of Christianity has encouraged Islam.***

DP: Very much so, as the contrast between Europe and the United States reveals. The hard kernel of American Christian faith, not present in Europe, means that Islamists are far better behaved in the United States. They see the importance of a Christian counterforce.

***TB: Earlier, you mentioned Algeria. It is a big Muslim state that we don't hear about today.***

DP: Twenty years ago Algeria was a major focus of attention. That long ago ended, although in France coverage is still significant. Algeria is ripe for the same kind of upheaval that we have seen in other North African

states, such as Tunisia, Libya, and Egypt. I think it is likely to happen before too long.

***TB: What about Syria?***

DP: Assad's power is steadily diminishing and I cannot see how his regime will remain long in power.

***TB: Should the United States get involved there?***

DP: No, Americans have no dog in this fight and nothing in the U.S. Constitution requires us to get involved in every foreign conflict. Two wretched forces are killing each other; just look at the ghastly videos of the two sides torturing and executing the other. Listen also to what they are saying. It's a civil war involving the bad and the worse. I don't want the U.S. government involved. That would mean bearing some moral responsibility for what emerges, which I expect to be very unsavory.

***TB: So you are supporting the Obama position?***

DP: Yes, though he reaches it with far more angst. Also, there appears to be some serious, clandestine U.S. support for the rebel forces. The September 11 meeting in Benghazi between the Turkish and the American ambassadors was very curious. They are both based in Tripoli, hundreds of miles away. What were they doing in Benghazi? Arranging for American arms going via Turkey to Syria, it appears.

***TB: How important has Israel been to the revival of Islam?***

DP: It is a major factor in the neighboring states. But elsewhere, in Morocco, Iran, Malaysia, it has minor importance.

***TB: Since the "Arab Spring," Israel seems increasingly beleaguered.***

DP: Not really, not yet, though I agree that it will be more beleaguered with time. Its neighbors are so consumed with their own affairs that they hardly pay Israel attention. But once the neighbors get their houses in order, Israel will most likely face new difficulties.

***TB: You have questioned U.S. support for Islamic democracy, which does seem naïve.***

DP: The U.S. has been the patron for democracy for a century, since Wilson's 14 Points, and a wonderful heritage it has been. When an American travels the world, he finds himself in country after country where his country played a monumentally positive role, especially in democratizing the system. We naturally want to extend this to Muslim-majority countries. Sadly, these for some time have offered an unpleasant choice between brutal and greedy dictators or ideological, extreme, and antagonistic elected Islamists. It's not a choice we should accept.

***TB: So what should we do?***

DP: I offer three simple guidelines. One, always oppose the Islamists. Like fascists and Communists, they are the totalitarian enemy, whether they wear long beards in Pakistan or suits in Washington.

Two, always support the liberal, modern, secular people who share our worldview. They look to us for moral and other sustenance; we should be true to them. They are not that strong, and cannot take power soon anywhere, but they represent hope, offering the Muslim world's only prospect of escape from the dreary dichotomy of dictatorship or extremism.

Three, and more difficult, cooperate with dictators but condition it on pushing them toward reform and opening up. We need the Mubaraks of the world and they need us. Fine, but relentlessly keep the pressure on them to improve their rule. Had we begun this process with Abdullah Saleh of Yemen in 1978 or with Mubarak in 1981, things could have been very different by 2011. But we didn't.

***TB: Egypt might be the test case.***

DP: Well, it's a bit late. Mohammed Morsi is not a greedy dictator but he emerged from the Muslim Brotherhood, and his efforts since reaching power have been purely Islamist.

***TB: What about the recent elections?***

DP: I do not believe that a single one of the elections and referenda in Egypt was fairly conducted. It surprises me that Western governments and media are so gullible on this score.

***TB: You could say we were supporting the democracy element in Cairo's Tahrir Square. Were we not?***

DP: Yes and rightly so. The initial demonstrations of early 2011 were spearheaded by the liberals and seculars who deserve U.S. support. But they got quickly pushed aside and Washington barely paid them further attention.

***TB: We gave foreign aid to Mubarak. Was that a bad idea?***

DP: That aid dates back to the utterly different circumstances of the Egypt-Israel peace treaty of 1979 and became progressively more wrong-headed. It should long ago have been discontinued. More broadly, I believe in aid for emergencies (soup and blankets) and as a bribe, but not for economic development. That the Obama administration is contemplating aid, including military hardware, to the Morsi government outrages me.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/16/2013 11:15:03 AM
**To:** ehud barak [redacted]
**Subject:** Re: Summers withdraws from Fed race

yes the good side is now he is free to have fun and a life . LIsa the wife is very happy as she did not want to live in two cities. tell you more when i see you

On Mon, Sep 16, 2013 at 7:12 AM, ehud barak <[redacted]> wrote:
A major blow to a friend. Lest BO takes him to replace JL.
Now he'll probably be free in the next few days. EB

Sent from my iPad

Begin forwarded message:

**From:** "FT Breaking News" <FT@emailbriefings.ft.com>
**Date:** 15 23:50:52 2013 בספטמבר GMT+03:00
**To:** [redacted]
**Subject: Summers withdraws from Fed race**
**Reply-To:** "FT Breaking News" <FT409AS2.6532248@emailbriefings.ft.com>

To view this email as a webpage, click here

**Sunday September 15 2013**

**BREAKING NEWS**

# Summers withdraws from Fed race

Lawrence Summers has taken himself out of the running to be the next chair of the Federal Reserve, withdrawing his name after opposition from key Democratic senators indicated they would oppose his nomination.

Mr Summers, a former Treasury Secretary and senior economic adviser to Barack Obama in his first term, galvanised opposition among left-of-centre Democrats who painted him as symbol of the wrongs of financial deregulation.

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Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-01-20\+1 [redacted] on 2017-01-20 at 05.49.13.ichat

Service: iMessage

Start Time: 01/20/17 02:49:13 AM (506602153)

End Time: 01/20/17 06:44:17 PM (506659457)

Last Message ID: 267

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 02:49:13 AM (506602153)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AA88A206-C178-4AFA-925B-EBA52ADD6196

Message: confirming dinner tonight my birthday , Ive invited James watson, guy that discovered DNA

Sender: [redacted]

Time: 01/20/17 04:02:10 AM (506606530)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F980B538-12F4-455A-9E9E-8E0AE3C24A9B

Message: That's so exciting. Happy birthday. See you tonight.

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 04:15:17 AM (506607317)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6701E834-B940-46F2-BFF5-74B5AD6FC3A5

Message: he is outspoken

Sender: [redacted]

Time: 01/20/17 04:16:23 AM (506607383)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0524C472-7BB9-4EB8-9FFD-3AA21F494FB3

Message: I like outspoken people.

Sender: [redacted]

Time: 01/20/17 04:16:43 AM (506607403)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 556B0670-2A23-4C8D-8C87-C85A28133E77

Message: I identify with them.

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 04:17:49 AM (506607469)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 64100738-EA88-4816-9231-90816811F927

Message: he has an troubled child.  he said he didn't enjoy any of the fifty years of raising him.

Sender: [redacted]

Time: 01/20/17 04:18:43 AM (506607523)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 71AE1F7D-8872-4437-9361-1E462FD71969

Message: We're beginning to have more and more in common. Today's a big day. Donald Trump in the White House and your birthday.

Sender: [redacted]

Time: 01/20/17 09:26:20 AM (506625980)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 51AE154A-4948-4BFB-801D-EE110DE5C7F1

Message: Is he still raising him after 50?

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 01:01:39 PM (506638899)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A85298A-4A40-4AC5-8D6B-87F42CAF0549

Message: would you prefer  italian  or chinese?

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 01:19:22 PM (506639962)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B62F9F0E-2666-4C30-9548-E3961AF6D14E

Message: ?????

Sender: +[redacted]

Time: 01/20/17 01:21:02 PM (506640062)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 94624C93-2B85-49B5-BE7F-A6A77B051B1B

Message: Predictably, Woody would like Chinese food.

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:21:05 PM (506658065)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BF67C5A6-930D-4985-8398-49AB07D2B53A

Message: Is there a way to tell the wives to ....

Sender: +[redacted]

Time: 01/20/17 06:21:55 PM (506658115)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB158E2C-118B-4120-A561-E580A4EBAABB

Message: Woody didn't know that Liz was James' wife. Isn't that hilarious?

Sender: [redacted]

Time: 01/20/17 06:22:31 PM (506658151)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BFDDFA19-924A-4642-9BAA-EB4B0DD92E14

Message: I'm still recuperating. The things you subject me to.

Sender: [redacted]

Time: 01/20/17 06:22:47 PM (506658167)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C259184B-6CDF-4955-BE1D-21C104F87DD5

Message: You owe me one.

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:22:54 PM (506658174)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F8D80B8A-58FC-4C60-A87A-BD371CE5BA13

Message: Agreed

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:23:34 PM (506658214)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1BB917DE-12B3-4AF2-8A8A-4EB0C68D50F9

Message: Who did he think she was

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:23:48 PM (506658228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C5C815C-A3E2-4CB6-BC62-F40DB428BA95

Message: Yes thank god

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:39:04 PM (506659144)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7F83E474-D974-455D-A500-E84F335CF564

Message: Thx for birthday present . I wonder who gave to you as a gift

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:42:04 PM (506659324)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 75562868-3B96-4060-8119-5E7E67262BA7

Message: Great smell

Sender: e:jeeitunes@gmail.com

Time: 01/20/17 06:44:17 PM (506659457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BC50763E-70FA-4B5D-B65E-CA28C615DF5F

Message: Then it should last a year , but I'll smell like john

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-01-27\[redacted] on 2017-01-27 at 10.51.01.ichat

Service: iMessage

Start Time: 01/27/17 07:51:01 AM (507225061)

End Time: 01/27/17 08:22:52 PM (507270172)

Last Message ID: 463

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 01/27/17 07:51:01 AM (507225061)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FEE6DD30-5105-47E5-AA93-2242DE510B53

Message: I'm seeing BG tmr. He will be in DC for the Alfalfa dinner but he's got mtgs most of the day including w Jared Kushner. Should I ask him to discuss surgeon general or mention it or wait? Not sure kushner cares about that stuff

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 07:54:45 AM (507225285)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 79AF60ED-FD55-43F2-BBB0-4C52A44F50D8

Message: kushner does not care

Sender: [redacted]

Time: 01/27/17 07:56:23 AM (507225383)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9C9CE664-9745-4898-A154-B34899A80415

Message: K will wait

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 07:59:30 AM (507225570)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0CB97F65-3AF4-47D9-8629-EDAE94870E94

Message: ask him if he will see tom barrack,  thats the most important.

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 07:59:45 AM (507225585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EFF78186-DDD1-4CD3-A5DC-F40B59057852

Message: he is free to call me for inside baseball

Sender: [redacted]

Time: 01/27/17 08:03:24 AM (507225804)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 41DA794F-399B-4F0F-9A2A-07FE34BE9B35

Message: Vernon Jordan- Josh Bolton - Jared Kushner - Me

Sender: [redacted]

Time: 01/27/17 08:03:59 AM (507225839)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 966267FE-BEF0-457B-B160-3939140489C0

Message: That's who he is seeing He doesn't know barrack

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:04:24 AM (507225864)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE1A296D-8388-497F-9D68-304A4B3BDD11

Message: vernon is lover,  josh will not have a role.  ,  jared is good.

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:04:28 AM (507225868)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E51090A3-CD9F-42F0-A5EE-6F2AC1CC6FF5

Message: over.

Sender: [redacted]

Time: 01/27/17 08:04:39 AM (507225879)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A9B35CB5-50FF-48A4-AD8F-0E83CF987073

Message: Will tell him

Sender: [redacted]

Time: 01/27/17 08:04:47 AM (507225887)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E82AB9B9-0136-4933-93B8-FE51BD01F329

Message: Maybe when we are together we can call you

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:04:53 AM (507225893)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E1DAC7AF-B992-4BCC-9C4C-179243623768

Message: bannon, barrack, puppet masters

Sender: [redacted]

Time: 01/27/17 08:05:31 AM (507225931)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 87D64785-E7FC-4D00-812C-0236038CC30E

Message: Ok good to know. He wants to talk to you but his wife won't let him

Sender: [redacted]

Time: 01/27/17 08:05:41 AM (507225941)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 855DBA00-A0AF-441A-9C7B-98B31FD228DC

Message: So perhaps can do as above

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:05:55 AM (507225955)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C10BDB80-6A93-47B0-94D6-54C2D1924120

Message: clever

Sender: [redacted]

Time: 01/27/17 08:06:33 AM (507225993)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D435264C-0744-4579-9EE1-926C464415EC

Message: Will try  He loves you

Sender: [redacted]

Time: 01/27/17 08:06:48 AM (507226008)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 45D2E5DD-68FF-4E67-8CB4-C3EECA36C667

Message: And he says hi

Sender: [redacted]

Time: 01/27/17 08:07:18 AM (507226038)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 907CE6CA-BAF4-4F89-9AC1-928F22FCDF34

Message: He feels bad about the DAF btw He thought great idea but wife wouldn't allow

Sender: [redacted]

Time: 01/27/17 08:28:50 AM (507227330)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A0A8A259-6BAD-4DD5-8C50-0EF45CD87E53

Message: I'm w him tonight 9p till ? Then till 1130am tmr

Sender: [redacted]

Time: 01/27/17 08:29:13 AM (507227353)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D04F6A02-B315-402D-9D97-B8A61BE8D688

Message: Will send you a text if I can make it happen I know our both enjoy catching up

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:29:19 AM (507227359)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 44281B8C-36B0-4562-A035-D0B94AB03041

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 12:19:42 PM (507241182)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 325C3E50-86D6-4AD6-B30F-A0FE736B2C44

Message: Bill met my friend Kathy ruemmler , Obama counsel for 5 yrs . She would love to sit with Melinda and give her the other side of jeffrey

Sender: [redacted]

Time: 01/27/17 12:27:17 PM (507241637)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF25C527-9B76-485F-AE42-580AE3A4F781

Message: Can try, couldn't hurt

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 12:28:48 PM (507241728)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 73B4D550-66EF-4492-9DC6-9762A9D01CDF

Message: Hillary loves Kathy as does Obama. She is an arch feminist who is my great defender

Sender: [redacted]

Time: 01/27/17 12:33:34 PM (507242014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75EAD358-3C53-4FA9-971C-9FA6C3CF7D3E

Message: Not sure individuals can influence once impressions are made. But I will try. I do not know for sure but I do think he would be unwilling to Bring it up with her.

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 12:36:50 PM (507242210)

Flags: 1085453

Is Read: No

Is Invitation: No

GUID: 9D1D965A-2761-43F3-A911-A02743553F79

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 12:36:50 PM (507242210)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C545515-1E9C-43D8-8399-15BDF3F98380

Message: She's 45 and is in Seattle often

Sender: [redacted]

Time: 01/27/17 12:37:15 PM (507242235)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E4CC39F0-4AA5-4F75-9FDF-83107933ACD2

Message: Me too.

Sender: [redacted]

Time: 01/27/17 12:38:00 PM (507242280)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D9FFDE2-8F0D-4CD9-922F-F30CB189C564

Message: What a coincidence ha ha  If there is a reason to meet other than to discuss you that would be compelling I can try directly To Melinda's office team I know some of them.

Sender: [redacted]

Time: 01/27/17 12:38:24 PM (507242304)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C1D8BA8-357C-47C3-8E18-522538595722

Message: I probably would have to meet this person first since her team doesn't usually

appreciate second hand introductions

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 12:38:53 PM (507242333)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1CBA8ED-9702-4A29-A25F-12F472094D6D

Message: Ok

Sender: [redacted]

Time: 01/27/17 12:38:56 PM (507242336)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC3119AC-023E-4557-A211-2412F0D9D77E

Message: They also feel like they find the ppl they want to speak to and not vice Versa Or at least that's my experience firsthand

Sender: [redacted]

Time: 01/27/17 12:39:03 PM (507242343)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8B6F90CB-6139-4494-8756-308E839FA122

Message: Poor B

Sender: [redacted]

Time: 01/27/17 12:39:52 PM (507242392)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7F62775-9455-42BE-953C-9E519599C2DA

Message: If there's an opportunity to promote something specific I can propose to her pivotal ventures team.

Sender: [redacted]

Time: 01/27/17 12:55:32 PM (507243332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6FBA0910-5F8D-44F0-8838-F58952E7F8B2

Message: Have been thinking that o bet there is a way to make her feel great and maybe a little happy if there was a like female TED that she could be the patron of - folks

would love that and it would allow her to be at the center of some Powerful agendas that she cares a lot about  But not sure she's up for it or even how to do it

Sender: [redacted]

Time: 01/27/17 12:56:27 PM (507243387)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 774A2128-8891-4D4F-8C24-D468BE99FDF5

Message: Like maybe a legacy  "I'm with Her" that she and Hillary Clinton could co own and build out over many years

Sender: [redacted]

Time: 01/27/17 12:56:41 PM (507243401)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8E4591C8-7415-433C-A685-0E1BBF48EB1B

Message: They could brand and sponsor cool Stuff and empower a lot of people

Sender: [redacted]

Time: 01/27/17 12:57:15 PM (507243435)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C27BF8FB-C859-4564-B06D-B6DA22867916

Message: None of my business but I think there's enough happiness out there for everyone

Sender: e:jeeitunes@gmail.com

Time: 01/27/17 08:22:52 PM (507270172)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD889D71-0C11-4915-9282-26332144A134

Message: ???

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-01-28\[redacted] on 2017-01-28 at 08.04.40.ichat

Service: iMessage

Start Time: 01/28/17 05:04:40 AM (507301480)

End Time: 01/28/17 11:43:27 AM (507325407)

Last Message ID: 510

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 05:04:40 AM (507301480)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E4FFCD2E-9D12-4DDC-AEE9-6C381B02A6E6

Message: no problem. . interesting is that the philanthropy dollars will start flowing into trump resistance. climate . environment etc. , nice impetus to shake loose some of the private charity dollars.

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:12:16 AM (507312736)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE53DF4F-1735-4295-9A34-D748735CC29E

Message: Yes , but not by trump . New medical group to be announced to study va . Mayo Cleveland involved

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:14:08 AM (507312848)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 24AEA6F4-0219-4719-868A-2934D26C9344

Message: Trumps health guy is Moscowitz z palm beach

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:14:43 AM (507312883)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CB3B122C-BE77-4248-956C-E0D349FA5411

Message: Not my interest at all it's Donald's

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:15:33 AM (507312933)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C68A51D-F338-43D8-BAE9-CFD3EA10117B

Message: He thinks vets should get at least as much as everyone else . Some hospitals do not have computers

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:16:00 AM (507312960)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1EDFAD91-2DC4-42C4-A4CA-67349CA9B1C9

Message: Yes . He's all things medical to Donald

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:16:47 AM (507313007)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 81DC4BAB-B18C-4E74-BB49-38719DBE3D67

Message: Tell BG. One day I look forward to his freedom having served a long sentence

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:18:42 AM (507313122)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D7A452C-FB83-468B-A092-FEB02A3093C9

Message: Moscowitz has Donald price is administrative

Sender: [redacted]

Time: 01/28/17 08:19:25 AM (507313165)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 41E3989F-1151-4FC8-8E9F-8B8A94DECCA3

Message: Makes sense  But who sets the health agenda?

Sender: [redacted]

Time: 01/28/17 08:19:54 AM (507313194)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6BAFC5E0-41CD-4394-8D09-1BAEEFFF9311

Message: Admin to execute but there are domestic and global issues beyond Obamacare and abortion

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:21:35 AM (507313295)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C157F7B4-D1C3-4858-8E5F-05C39F3160C6

Message: No one yet

Sender: [redacted]

Time: 01/28/17 08:21:57 AM (507313317)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38D8201D-77EE-45FA-BDC9-8969CF5B2433

Message: He probably needs a few depending on issue

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:22:09 AM (507313329)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9FF15F5A-A020-4F33-A70D-FFD22C668926

Message: Donald said surgeon general is figurehead telling children to eat their spinach

Sender: [redacted]

Time: 01/28/17 08:22:34 AM (507313354)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9628890D-F193-440D-BD5C-E03AB0FF76A2

Message: That's what all the last ones have been EXCEPT C EVERETT COOP

Sender: [redacted]

Time: 01/28/17 08:22:41 AM (507313361)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10E2E9F4-D636-4A34-8900-E9C11B711DDA

Message: could be seriously helpful advocate

Sender: [redacted]

Time: 01/28/17 08:22:48 AM (507313368)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1FA74274-D955-40B2-808C-D6FCE83FC82B

Message: They have just picked idiots Lately

Sender: [redacted]

Time: 01/28/17 08:23:09 AM (507313389)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9607B887-B057-4DA9-BEB6-E833FB4E98E0

Message: The current one focuses On e cigarettes, Opiate addiction and obesity

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:23:14 AM (507313394)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 17BF006B-0621-43DB-8F09-226F6536E99F

Message: Did you fuck

Sender: [redacted]

Time: 01/28/17 08:23:16 AM (507313396)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10A348CE-617D-47C1-A008-F36D998AAD99

Message: Which are all mental health issues ...

Sender: [redacted]

Time: 01/28/17 08:23:31 AM (507313411)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 60C15804-BFB1-41A0-A057-636606FA6F9A

Message: C Everett Koop are You crazy

Sender: [redacted]

Time: 01/28/17 08:23:39 AM (507313419)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 907CA83F-40E3-49F4-8612-529B4026F57A

Message: He's dead

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 08:23:52 AM (507313432)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E807E823-A78E-4639-9FF3-F276E3502D62

Message: Not Koop - bill

Sender: [redacted]

Time: 01/28/17 08:24:02 AM (507313442)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E864FB8-4399-4A9A-815E-8798CCDCA40C

Message: No

Sender: [redacted]

Time: 01/28/17 08:24:36 AM (507313476)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CDC21DE8-153A-44F6-AE52-76617F67CC43

Message: Members of his henchman team hovered outside the door for the full few hours Instead  We went crazy on the whiteboard and a lot to talk about

Sender: [redacted]

Time: 01/28/17 08:25:05 AM (507313505)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6782ED0F-973C-4CCD-9D09-F2E20D968FE5

Message: Every half hour they would bring him coffee or a croissant or a. Newspaper or message etc  Very closely watched

Sender: [redacted]

Time: 01/28/17 08:25:34 AM (507313534)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 83CEDF28-E10C-4113-A1FE-2BB2612807BA

Message: We did have about 3 minutes at the beginning to take a deep breath and just stand there together

Sender: [redacted]

Time: 01/28/17 08:26:36 AM (507313596)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 55A032C9-0F5C-4136-A63A-FB0423DBB6FF

Message: He was Complaining about being too old and I said he was still a little too young for me that he needed to be 65 and he said great you ha e 4 years to train me - that was funny

Sender: [redacted]

Time: 01/28/17 08:27:36 AM (507313656)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 95558852-0C2D-4D3A-87AA-AF10D200E3B3

Message: Even more funny we were wearing exactly the same thing today. When i Walked in we looked at each other and said NOT AGAIN. Light blue button down, black pants. Funny.

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 11:42:19 AM (507325339)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C34578BD-1AF6-4F75-8203-E0DCCF193362

Message: BAck to ?

Sender: e:jeeitunes@gmail.com

Time: 01/28/17 11:43:27 AM (507325407)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B66EC21-1A0F-4985-8038-E66842A8C647

Message: Yes

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-02-18\[redacted] on 2017-02-17 at 13.43.34.ichat

Service: iMessage

Start Time: 02/17/17 10:43:34 AM (509049814)

End Time: 02/18/17 02:54:40 PM (509151280)

Last Message ID: 1401

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/17/17 10:43:34 AM (509049814)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A0865FA4-D96C-4769-A739-0CE6CA262BAA

Message: Today?

Sender: [redacted]

Time: 02/17/17 10:44:06 AM (509049846)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4340821F-EC4D-4B83-821F-186F4E03ACCC

Message: Free 1230pst which is 330 EST

Sender: e:jeeitunes@gmail.com

Time: 02/17/17 10:44:38 AM (509049878)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE1DE19D-03D8-4F6A-8D49-DD91713DE11D

Message: I'm on n Paris

Sender: [redacted]

Time: 02/17/17 10:57:48 AM (509050668)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32A82305-5B44-491A-A751-68A339839DE6

Message: I could call you in 35 minutes?

Sender: e:jeeitunes@gmail.com

Time: 02/17/17 10:57:59 AM (509050679)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 909A907C-91DF-4D4A-87A1-526CC77DA5A7

Message: Yes

Sender: [redacted]

Time: 02/17/17 10:58:21 AM (509050701)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10C836CB-0099-41A9-89DE-6652C184B154

Message: Will do

Sender: [redacted]

Time: 02/17/17 11:33:43 AM (509052823)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D40D24CF-C04D-4426-97A5-10C1E8602C8A

Message: Free?

Sender: e:jeeitunes@gmail.com

Time: 02/17/17 11:34:33 AM (509052873)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2892F51D-4FBD-47CC-8644-26284FDAD263

Message: 10 minutes

Sender: [redacted]

Time: 02/17/17 11:45:27 AM (509053527)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C36F011C-1EAA-49C1-95FA-B413F50789F8

Message: Have another call in 15 minutes

Sender: [redacted]

Time: 02/17/17 11:45:40 AM (509053540)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C06C676-75C7-4093-B360-FFFC329020B2

Message: Free after / in about an hour

Sender: [redacted]

Time: 02/17/17 02:26:34 PM (509063194)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8C750762-B3DA-4141-AD4E-0961F8429CCF

Message: https://share.kaiserpermanente.org/bio/bernard-j-tyson/

Sender: [redacted]

Time: 02/17/17 02:26:34 PM (509063194)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7600A750-48B6-4BB1-BF63-036FF1FAF660

Message: Is this person?

Sender: e:jeeitunes@gmail.com

Time: 02/17/17 02:26:51 PM (509063211)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EB13A48D-DBFF-4200-8394-2004CC4DCEA8

Message: Yes

Sender: [redacted]

Time: 02/17/17 02:27:56 PM (509063276)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 658E93A5-D679-4D0B-9888-086C41BB6141

Message: MBA / seems more practical than a repurposed MD

Sender: [redacted]

Time: 02/17/17 02:28:15 PM (509063295)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB589FDD-F03A-434A-8113-073DBFFE47BB

Message: You are up late!

Sender: [redacted]

Time: 02/17/17 02:29:33 PM (509063373)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 728B2571-A9C5-456D-BADA-0EA2DEF2397C

Message: On jawbone - Steve says consider and possible good things w strong voices around hosain. Steve sometimes had very good insight. Sounds like your experience lousy and Company in big trouble

Sender: [redacted]

Time: 02/17/17 02:29:35 PM (509063375)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E1A07C40-52F7-4FB9-8DEE-14FB621BD251

Message: But

Sender: [redacted]

Time: 02/17/17 02:30:58 PM (509063458)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0D8E6236-6EB2-4450-BEC6-BDEA5E2E121B

Message: Middle East is perfect perfect to test clinical wearables (due to no legal or policy restrictions) and also to experiment w remote telemetry (don't have to leave home / great for gender issues there)

Sender: [redacted]

Time: 02/17/17 02:31:49 PM (509063509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E1FE8EC1-F410-496B-9E1E-64D40CAE6FA2

Message: Clinical wearables market is 50x bigger financially than consumer wearables / way better margins and also ready for major distribution

Sender: [redacted]

Time: 02/17/17 02:31:56 PM (509063516)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AB986341-8F2E-453E-B23A-FA1F279DDE7E

Message: Disruption not distribution

Sender: e:jeeitunes@gmail.com

Time: 02/17/17 02:32:05 PM (509063525)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 969C34BA-04C6-4CDA-AC61-1BB206E05FA4

Message: Ok

Sender: [redacted]

Time: 02/17/17 02:32:55 PM (509063575)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FD950B80-44D8-4FE6-8917-FDE488C2A941

Message: Food for thought  I guess we have to see what hosain does in coming weeks and months  He's well positioned - hope he doesn't drop the ball. Sad to hear he's not honest. Steve says he's a hustler.

Sender: [redacted]

Time: 02/17/17 02:33:47 PM (509063627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A112AA96-6CCD-4464-8091-8F0B914F31EE

Message: He said he could even hustle and hustler ... but that it was Worth a second thought and he NEVER says that. You know STEVIE. He says no to everything.

Sender: [redacted]

Time: 02/17/17 02:37:18 PM (509063838)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B96521E2-51A0-4E07-9F96-84BD26EB4A56

Message: And big big quiet Conversations Ongoing for a cool job for Stevie

Sender: [redacted]

Time: 02/17/17 02:37:37 PM (509063857)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AE46A3C0-2EDF-4ED1-B6BC-5F45041493CA

Message: Boy Scout leaving camp □

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 06:45:07 AM (509121907)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 16B0C7BB-AF05-44E3-A6D5-905C1DAC9FC1

Message: Just got the answer great idea

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 07:00:32 AM (509122832)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56653346-351A-4175-9B95-66DF41322442

Message: GREAT

Sender: [redacted]

Time: 02/18/17 08:15:13 AM (509127313)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1653DBB3-ACAB-423B-8013-264A7F94BF84

Message: SO EXCITED ... just waking up

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 08:50:21 AM (509129421)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E2186E9-5E5A-4FC7-9C89-6A8451BA5078

Message: Call

Sender: [redacted]

Time: 02/18/17 08:59:34 AM (509129974)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0252BF0C-D6C1-4934-8DA7-3CBF3683ECFC

Message: Just got to harborview (hospital) need 20 mins am w residents

Sender: [redacted]

Time: 02/18/17 10:00:59 AM (509133659)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 331DEC14-BDD2-41ED-BE47-16538431C950

Message: Sorry took a bit are you free in 5 mins need a bathroom break!

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 10:02:05 AM (509133725)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C951955-2522-4E24-A810-9B84C445DD9E

Message: Yes

Sender: [redacted]

Time: 02/18/17 10:03:37 AM (509133817)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 29A79D86-C4F2-4314-B0DF-6E1F3013D81D

Message: K more in a sec

Sender: [redacted]

Time: 02/18/17 10:06:24 AM (509133984)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 110B793D-A5AC-4250-939D-1FCD1BB0E9F6

Message: Ok ready! Call whenever

Sender: [redacted]

Time: 02/18/17 10:28:29 AM (509135309)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A098FE4C-4CC2-4A47-B2AB-FFE3EC1507C9

Message: http://pages.cs.wisc.edu/~mkowalcz/628.pdf

Sender: [redacted]

Time: 02/18/17 10:28:30 AM (509135310)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0EA92954-CCC1-406A-BD8C-0DD58E550AC8

Message: "How to explain zero knowledge protocols to your children" 1988

Sender: [redacted]

Time: 02/18/17 10:30:30 AM (509135430)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2C7B99B6-86AA-4D69-A4A4-6F676442BEF2

Message: http://people.irisa.fr/Stephanie.Delaune/transparents/Annee2013/po.pdf

Sender: [redacted]

Time: 02/18/17 10:30:31 AM (509135431)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5504A63C-7984-4A60-BD00-60B787EC96FC

Message: Also good

Sender: [redacted]

Time: 02/18/17 02:35:05 PM (509150105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B8817D01-1F4E-48E0-9F60-4377CF6D80D4

Message: GENIUS IDEA Now to convince bill

Sender: [redacted]

Time: 02/18/17 02:36:02 PM (509150162)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2E5909B2-7195-46CC-A7B0-B56B855E7068

Message: Do you think there is a way to do this really well and also get something for BG? Like if we say do this and the admin will keep PEPFAR or something like that

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:36:25 PM (509150185)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 857DBB02-7E57-48FA-8935-2043FC843624

Message: yes and more

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:36:34 PM (509150194)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FF823DF8-B725-45C4-983C-B5A289E0B43F

Message: its a deal

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:36:39 PM (509150199)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9763840B-5C95-4F9E-A28E-9C451573A6AA

Message: thats what he likes

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:37:46 PM (509150266)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B581A4D-9A01-4F70-BF0B-06765B8CA313

Message: he said  malaria and polio not an american problem.  climate change and eboloa not a american problem  nor is clean water or genital mutilation.  he thinks bill should stop trying to scare people .ike  chicken little.

Sender: [redacted]

Time: 02/18/17 02:40:26 PM (509150426)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC70A811-E31B-47CE-9402-62D9012B0F78

Message: PEPFAR is HIV AIDS

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:40:36 PM (509150436)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 731E0D61-854E-4897-8D92-DFBCA0989684

Message: aids is partially an american problem.  as is drug abuse.  .

Sender: [redacted]

Time: 02/18/17 02:40:51 PM (509150451)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1013E5EA-BA23-493C-8A05-FE2A0042AE0D

Message: OK let's keep thinking BG likes deals too

Sender: [redacted]

Time: 02/18/17 02:41:13 PM (509150473)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF35822F-4E2E-48D4-8F23-53B479C5AECA

Message: PEPFAR was a george bush/republican thing

Sender: [redacted]

Time: 02/18/17 02:41:35 PM (509150495)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 88BF3149-6E23-4CA0-A37A-00AFC1399A05

Message: It's the only one of the international health things the republicans all seem to support

Sender: [redacted]

Time: 02/18/17 02:41:43 PM (509150503)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8ACD50F0-C598-461C-A843-4BA5E9AC375E

Message: Trump even kept the obama person running it

Sender: [redacted]

Time: 02/18/17 02:42:16 PM (509150536)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F9E3975C-3237-4295-B8F6-80716CDA3C49

Message: If he could be convinced to keep PEPFAR as is in exchange for cyber i think we would all win

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:44:41 PM (509150681)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 50C2F487-D322-4BAF-8034-7238AB9B5537

Message: bill needs to focus on american problems first and foremost , if he wants deals. he can also portray certain worldwide iniativies as buying american drugs etc. IT MUST have an american component. donald says it is childish to count the lives at risk in africa and make believe you are doing something for america. or pakistan afhhntan, etc. he points to 8500 killed in chicago vs 2500 killed in afganistan over the past 10 years.

Sender: [redacted]

Time: 02/18/17 02:45:00 PM (509150700)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 64B25B51-38AE-4475-96A4-C039CFDE6197

Message: I understand

Sender: [redacted]

Time: 02/18/17 02:45:23 PM (509150723)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 33E9127E-E497-4994-80B3-5F4DD03DD579

Message: Bills advisory team at fndn all pushing in other direction

Sender: [redacted]

Time: 02/18/17 02:45:37 PM (509150737)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6D6F3ADB-DAEC-4EB4-8706-586C7077B032

Message: At c3 I can try to reposition Just until I get thrown out

Sender: [redacted]

Time: 02/18/17 02:46:01 PM (509150761)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 94082D04-D4FE-4FB4-97B8-8E485CBF3566

Message: Wish there was a way for him to have a real Conversation

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:46:10 PM (509150770)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 051CCC82-D473-4ABE-BD71-A537E901839D

Message: I sent bill a note to suggest he talk to lauder.  donald also thinks bill wants not to help america first , he should use his own money, and even that is wrong as it was made here.  just transmitting

Sender: [redacted]

Time: 02/18/17 02:47:19 PM (509150839)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A1CC939F-2050-421C-A86E-8D085FAD56A0

Message: I think trump should enforce tax laws and now allow gates fndn (American) to spend money overseas tax free

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:48:10 PM (509150890)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D821869F-12DA-461D-A6CE-D5D966A8EAC9

Message: number of lives saved  per dollar amount is not in donalds mind. it must be american lives saved.  and yes, good idea on tax

Sender: [redacted]

Time: 02/18/17 02:48:31 PM (509150911)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF83A72C-C655-40E8-88B5-0EC75C275027

Message: Right now there are funny loopholes we figured out how to exploit

Sender: [redacted]

Time: 02/18/17 02:48:50 PM (509150930)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 49C5BC24-C097-429D-A169-F7CD6F139A6F

Message: Like exercising expenditure responsibility on foreign grants so we could still count as charitable

Sender: [redacted]

Time: 02/18/17 02:49:15 PM (509150955)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 48C55FF5-52EC-4D9B-912A-EBB768462803

Message: Or giving to UN or international orgs but earmarking for polio etc when not a single dollar ever benefitted USA

Sender: [redacted]

Time: 02/18/17 02:49:28 PM (509150968)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F87908DE-CA87-4578-898B-88076A4DC6D2

Message: I know where all those loopholes are bc I helped find them

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:49:29 PM (509150969)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A92080DA-62B3-4AA4-8192-35A483E81E0D

Message: understood I am good at that , however bill should be careful very careful as donald could make an example of him using american dollars to help other than america which really needs it. careful

Sender: [redacted]

Time: 02/18/17 02:50:22 PM (509151022)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF5E7799-544C-4EE2-A393-4594534C07E5

Message: Understood

Sender: [redacted]

Time: 02/18/17 02:50:57 PM (509151057)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 29E3C4F8-C14F-4492-9562-23F7554CD28B

Message: Let's make a deal for a few months To push cyber and then get out and help trump make examples and do better stuff

Sender: [redacted]

Time: 02/18/17 02:51:45 PM (509151105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9635D856-266E-40D2-8C61-0FE239C3C6DB

Message: BG has already made too many commitments and he did it based on his foundation but counting on leveraging and influencing us Gov't

Sender: [redacted]

Time: 02/18/17 02:52:09 PM (509151129)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B5B7CAC2-933D-46E8-B910-032839F5FA99

Message: If the tax laws are enforced and he is forced to pay on his own and has less, lord knows how he will react

Sender: [redacted]

Time: 02/18/17 02:52:32 PM (509151152)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6C5131A5-A953-4B8C-BEA3-571A16E81D0A

Message: But - cyber is a "let's do now" thing  March 15  I see BG next Friday

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:52:54 PM (509151174)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2D236981-7FC5-400C-BF3D-F117A9086804

Message: cyber is great

Sender: [redacted]

Time: 02/18/17 02:53:50 PM (509151230)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9FB93D12-71F9-460F-95EE-19F84876BBA7

Message: Have to act quickly

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:54:03 PM (509151243)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4FBB0209-3C21-4A28-A293-747C0A902087

Message: yup

Sender: e:jeeitunes@gmail.com

Time: 02/18/17 02:54:40 PM (509151280)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DA235A9-F6B3-4BE1-ABB7-3DD3015FFE38

Message: you might want to attend kruase conference in tucson on 26th . i can organize

Sender: [redacted]

Time: 02/18/17 02:54:54 PM (509151294)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 427A0D05-4DDA-4AAA-B661-0BC5B8805F6C

Message: Can only do after march 15

Sender: +[redacted]

Time: 02/18/17 02:55:06 PM (509151306)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF7EC091-C6A8-42CC-AFAB-8FAD9E5BDC7A

Message: But yes after that will do 100%

Sender: [redacted]

Time: 02/18/17 03:22:29 PM (509152949)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7C2C0B57-0575-4BD8-8FBF-CD142A5D9603

Message: Issue really is about how easy it is For fndns to spend tax dollars of Americans. Like how generous would they be if they had to spend their own money? Also - 1. All laws that apply to us foreign policy should be applied to charitable orgs spending us tax dollars. So the global gag rule should apply Across philanthropic

dollars too. If ppl want to spend Personal money they can just Not charitable. This should be done immediately. 2. Should not be allowed to grant to foreign Gov't w Charitable dollars. That's basically lobbying or a bribe - charitable money shouldn't be allowed. Relates also to #1 above. 3. If charities want to spend charity dollars outside us should be required To go through USAid so it isn't being sneaky and on other agendas. 4. USAID should have a big charity division that does only this for Science and tech.

Sender: [redacted]

Time: 02/18/17 03:22:42 PM (509152962)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B41E1124-2063-47AF-A5E6-DC788C54188F

Message: Dont do this till we get cyber last

Sender: [redacted]

Time: 02/18/17 03:23:58 PM (509153038)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6F080273-7588-4F80-97F4-6D663350C5CA

Message: This would bring billions back To USA for social issues

Sender: [redacted]

Time: 02/18/17 03:24:03 PM (509153043)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F7769C41-2889-4C9D-BD79-1317411B7643

Message: Immediately

Sender: [redacted]

Time: 02/19/17 11:13:26 AM (509224406)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2FBC0E00-E47D-4644-97D2-A3F423D65933

Message: https://dev.commentarymagazine.com/articles/our-miserable-21st-century/

Sender: [redacted]

Time: 02/19/17 11:13:27 AM (509224407)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FA315842-44CE-4FB6-ABD1-0FA6EDC2A391

Message: Good article for trump to see

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-02-23\[redacted] on 2017-02-24 at 09.54.58.ichat

Service: iMessage

Start Time: 02/19/17 12:59:45 PM (509230785)

End Time: 02/23/17 08:45:23 PM (509604323)

Last Message ID: 1557

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/19/17 12:59:45 PM (509230785)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C6D9514D-28C6-49BD-A158-0D12C43FFF5B

Message: http://slatestarcodex.com/2017/02/09/considerations-on-cost-disease/

Sender: [redacted]

Time: 02/20/17 08:21:37 AM (509300497)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B3888E86-145A-4B94-81A1-0FE25B89CBA2

Message: https://www.forbes.com/sites/matthewherper/2017/02/19/md-anderson-benches-ibm-watson-in-setback-for-artificial-intelligence-in-medicine/#455037b23774

Sender: [redacted]

Time: 02/20/17 02:47:01 PM (509323621)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1AED3BF9-3ED5-4F4C-B2A1-D95AE49FC934

Message: This is new mobile 206 382 7848

Sender: [redacted]

Time: 02/20/17 03:37:09 PM (509326629)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E4739935-57FF-4DF8-8578-FF96D7F3A86D

Message: It's Melanie

Sender: [redacted]

Time: 02/21/17 05:19:02 AM (509375942)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FAB1F1D2-60D2-4711-9843-28BD90E1008E

Message: The mayo is doing  (It's Melanie/seattle mobile)

Sender: [redacted]

Time: 02/21/17 05:19:32 AM (509375972)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B454F866-71ED-42B8-8AD6-128B1361A8A8

Message: Israel/MIT

Sender: [redacted]

Time: 02/21/17 05:20:09 AM (509376009)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8195430B-091F-4A63-9F04-9311F0C078B0

Message: https://www.google.com/amp/s/www.wired.com/2017/02/moving-patient-data-messy-blockchain-help/amp/?client=safari

Sender: [redacted]

Time: 02/21/17 05:20:09 AM (509376009)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC302F57-3EAC-43E5-B286-1872CF6683B8

Message: Seems like folks are trying.

Sender: [redacted]

Time: 02/21/17 05:25:29 AM (509376329)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1E0AFA46-0717-4375-B543-84C9FCD58CBA

Message: https://www.weforum.org/communities/the-future-of-blockchain

Sender: [redacted]

Time: 02/21/17 05:25:30 AM (509376330)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5FE1AF65-C948-4E7A-90CA-9656B224510D

Message: This is one of the other WEF councils ... could ask them

Sender: [redacted]

Time: 02/21/17 05:28:14 AM (509376494)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 836813B4-5775-47F7-A3C9-6714A50B1125

Message: No one on council very clever

Sender: [redacted]

Time: 02/21/17 05:44:36 AM (509377476)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8CF61C12-DD4B-48F4-80CE-1417BE99B60F

Message: http://www.usatoday.com/story/opinion/2017/02/19/gates-relate-middle-class-america-say/98139458/

Sender: [redacted]

Time: 02/21/17 05:44:36 AM (509377476)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 495AE307-A1EE-4BDC-8530-F22A5FABA4A1

Message: AND THIS --- on gates/as discussed

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 08:27:01 AM (509387221)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FBBAB28D-1240-44E7-BC77-EDC01AB4DD62

Message: all good

Sender: [redacted]

Time: 02/21/17 11:48:38 AM (509399318)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA6D9370-F36B-4BD8-9E2D-4DE728627B85

Message: Seems like a lot of thinking already underway. Still feels a little abstract for the average American. Need to make this real to average person and also to congress

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 11:49:06 AM (509399346)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 83FDCAA9-5935-44C5-81C8-3F8188EC339B

Message: just you the term PRIVACY  of your health info.

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 11:50:06 AM (509399406)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98204CB3-17AA-4C7D-B379-03C393B8D02A

Message: only you have the key.

Sender: [redacted]

Time: 02/21/17 11:50:07 AM (509399407)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6823DD5E-1F72-463F-BABC-34691E58CBBB

Message: Can we do anything from bills office on that?

Sender: [redacted]

Time: 02/21/17 11:50:18 AM (509399418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A7F4E124-9455-420E-9719-A3C0823AACE5

Message: I like that A LOT

Sender: [redacted]

Time: 02/21/17 11:50:59 AM (509399459)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3D50C681-2FF4-4150-8C15-265ECB824FE7

Message: do you think trump will Come down hard on gates / taxes soon or can he wait till I'm done there?!?

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 11:51:27 AM (509399487)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A0E07BA-B4E6-4902-98F3-BDB47BD4C680

Message: yes ,  encryption.  , signal processing. . using the best methods to keep your health info secret.  and at the same time helping the country cure disease.

Sender: [redacted]

Time: 02/21/17 11:51:55 AM (509399515)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D07EE943-F05D-40B0-9C45-28BD66323C93

Message: How do I write a short terms of reference

Sender: [redacted]

Time: 02/21/17 11:55:17 AM (509399717)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 37A84460-0795-480C-B7E1-5ECC231212CA

Message: Role: Health and medical technologies  Term: 6 months from April 1  Areas of focus: - Privacy, health data - Consumer health expenditure - neurotechnologies and brain science

Sender: [redacted]

Time: 02/21/17 12:24:45 PM (509401485)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: AB887E55-6010-49B6-A866-3DAE09E677E0

Message: I see bill Friday  Really want to wait and talk to him before sending Larry terms Of reference but he is insisting I send sooner

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 01:42:17 PM (509406137)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D2B41B09-1DE5-4D56-B6F6-A814211B25D7

Message: Health security

Sender: [redacted]

Time: 02/21/17 01:48:28 PM (509406508)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8C1DEE75-B50B-4504-A136-6A0BF96BCCF9

Message: Some Overlap w fndn but I can try

Sender: e:jeeitunes@gmail.com

Time: 02/21/17 02:08:06 PM (509407686)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 028B02D5-18DB-4D4E-AEEC-94BF4F546F0E

Message: Yes

Sender: [redacted]

Time: 02/21/17 08:42:21 PM (509431341)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4FDD40F5-FEB9-49D4-8225-4CD31C787C77

Message: Bill says health security works ok but should be tech or digital so everyone knows I'm not just doing policy - he says "title needs teeth"

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 01:27:10 AM (509448430)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 14F54925-69B9-4C1C-82DC-3C5BD97BB400

Message: Crypto health data

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 01:27:57 AM (509448477)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A537E197-146E-439E-A6E6-2B1D627EF2C7

Message: Health data ciphers

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 01:28:36 AM (509448516)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 71061F61-F468-4D22-8128-9B3DCF01C377

Message: Bitcoin health

Sender: [redacted]

Time: 02/22/17 04:38:08 AM (509459888)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A968DCDC-5469-471C-8DA2-C486C395561D

Message: Cryptohealth is funny.  Health security I think best though

Sender: [redacted]

Time: 02/22/17 08:22:36 AM (509473356)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2AB915B-A1E2-4FE9-97D7-7D70638B4612

Message: Well - Larry called / says he needs to see a "detailed scope, focus and deliverables" before he can sign off and letting me know he runs the office not bg  I said no problem!

Sender: [redacted]

Time: 02/22/17 08:24:34 AM (509473474)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E63D237C-9E65-4CFB-A82D-A8421B365259

Message: My guess is that he will hold me To every single word so I need to be strategic and also somewhat flexible since it's hard to know how things will work  If you have some time maybe think of the deliverables that would be useful and something to be proud of - I will work on all the rest since he wants me to circle back w all the MSFT and foundation leaders too

Sender: [redacted]

Time: 02/22/17 08:24:54 AM (509473494)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1F897C5A-8AFD-4EAB-B78C-F7E58B6A9501

Message: Why does bg get kicked around like this? So silly

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:25:33 AM (509473533)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2D3672ED-EF8F-4750-B587-0C11F3AE902D

Message: using the zero knowledge proof concept to keep totally private and secure the personal health info of the person while the same time being able to use the underlying date to create a usable data base.

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:26:57 AM (509473617)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F3542512-42A1-48B1-A612-ADFA439388DD

Message: either a version of block chain, encryption or personal cloud. protecting the rights of the people at risk. deliverable. working with cyber security experts to craft a system designed for both security but access to digitally redacted prersonal info.

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:27:29 AM (509473649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B544E36A-5B9C-4377-9589-90CD57C54DF1

Message: see working with the cyber security people as well as hippo.

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:28:07 AM (509473687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A747FAF2-C88C-4180-BD73-23960EFEB6BC

Message: possibly the next version of a wearable. a sensor that has protected input based on personal history etc.

Sender: [redacted]

Time: 02/22/17 08:29:09 AM (509473749)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 635BE799-193E-42A9-B513-C5182C02EB8C

Message: Can I do this in 6 months?

Sender: +[redacted]

Time: 02/22/17 08:29:26 AM (509473766)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE09DA6B-C3D4-4929-8574-F47961EF630E

Message: It's more Msft Than anything else

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:30:15 AM (509473815)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C91E690F-5450-4D4B-B2E3-D328CC157C95

Message: yes,  its also foundation re sensitive info on one hand  and relevant data base creation and manipulation  on the other

Sender: [redacted]

Time: 02/22/17 08:31:12 AM (509473872)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B6CDDADE-14E0-43F2-A6BD-40EC60FA7171

Message: More Questions:  1. How can I be public about being the one that is doing this (surgeon general) and not just handing this off to msft? Publishing?  2. Have you heard of aardhar the Indian biometric made by Nandan nilekani? Bill loves. Could this be a new type of social security number and used for all types of identity with health as a single use case?

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:32:15 AM (509473935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8C5A0C3-72C3-420E-928C-C71944D99EB7

Message: it has to be run by a doctor and not a computer scientist\

Sender: [redacted]

Time: 02/22/17 08:32:18 AM (509473938)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 63087F91-D717-4F88-843E-B68499EE42D0

Message: If i do something great I want ppl to Know I'm involved. It's been hard being the one to do stuff and others get credit.

Sender: [redacted]

Time: 02/22/17 08:32:23 AM (509473943)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C87793FE-87EB-4D1C-9DD0-C68DE00816F8

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:33:22 AM (509474002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9CA60CAE-EFED-496F-AB2C-A3600405BA73

Message: director of the cryptographic health data initiaive

Sender: [redacted]

Time: 02/22/17 08:34:51 AM (509474091)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F6B18CB9-12C4-4C35-BAF8-FABDBEFF926E

Message: https://www.google.com/patents/US7270633

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 08:36:18 AM (509474178)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98EB4776-3251-41C2-B951-44162601C3B2

Message: interesting but too tech and not on point

Sender: [redacted]

Time: 02/22/17 08:39:28 AM (509474368)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 83D024AC-D8A8-4C66-91C3-254CE27B078A

Message: No I mean that is the only patent I could find associated with those exact keywords

Sender: [redacted]

Time: 02/22/17 08:39:33 AM (509474373)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 598875D0-35E3-465C-8C99-2E96CE192BF8

Message: 2005

Sender: [redacted]

Time: 02/22/17 11:29:33 AM (509484573)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E19635AB-FE85-4147-9B9A-6BBEC6F06781

Message: https://www.healthit.gov/sites/default/files/11-74-ablockchainforhealthcare.pdf

Sender: e:jeeitunes@gmail.com

Time: 02/22/17 01:49:04 PM (509492944)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 55059076-1C17-4B74-A170-023B6BC224DD

Message: I'm meeting with lauder re alzheimer on friday, also with jim watson. you can tell bill he is always welcome to ask questions

Sender: [redacted]

Time: 02/22/17 02:15:25 PM (509494525)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 92CC44B8-356C-469E-B9FB-F39199BBAF83

Message: Will Do

Sender: [redacted]

Time: 02/23/17 02:10:22 PM (509580622)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 16CCFFF6-DB84-4C4C-B9BA-1C3F3207981D

Message: Can you talk tmr morning? It's Melanie

Sender: +[redacted]

Time: 02/23/17 02:10:42 PM (509580642)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 228EDA4B-A3AC-4BDF-A64C-85561BE042D7

Message: May see bg tmr night need to discuss a few things

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 02:13:52 PM (509580832)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C882C9D0-3EF3-487A-82EF-DC464A2E1F8E

Message: yes  ill be in new york

Sender: +[redacted]

Time: 02/23/17 02:14:52 PM (509580892)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9D7C3425-8B5C-4EF2-B8FF-9481589ADBDF

Message: Ok does 10 or 11 work?

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 02:33:05 PM (509581985)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32C68F72-720C-405F-9FD6-8B9805A1C02F

Message: 1130

Sender: [redacted]

Time: 02/23/17 02:33:33 PM (509582013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C9691976-8CEE-4FEE-9B80-F141199A6A70

Message: K

Sender: [redacted]

Time: 02/23/17 07:20:57 PM (509599257)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 196FB620-8E40-4B6C-948F-650452E4B284

Message: Just sent you my short write up for Larry

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:26:13 PM (509603173)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7BB4AF0-3682-4CF0-800A-D5F4FC369E21

Message: Make sure its health INFO SECURITY

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:26:29 PM (509603189)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6A0352D2-83A7-49C0-A157-7E08632B8FF9

Message: I'm in paris 5 am

Sender: [redacted]

Time: 02/23/17 08:32:29 PM (509603549)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3AAC1866-2C09-40FB-A600-932ED2DCE355

Message: Yes will say  Health information security ("cyberhealth")

Sender: [redacted]

Time: 02/23/17 08:32:32 PM (509603552)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FCB9450F-4E0A-4097-B238-959AFBDDFB3D

Message: How's that

Sender: [redacted]

Time: 02/23/17 08:32:42 PM (509603562)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3B7BB18F-5507-49A3-96B6-0AA1E6D2C248

Message: Why the heck are you up at 5 go back to bed silly

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:32:59 PM (509603579)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 04706F2F-A529-4151-BDE7-DF512B77A530

Message: You are important

Sender: [redacted]

Time: 02/23/17 08:33:14 PM (509603594)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0357F6BD-D909-4DD8-B7C3-02C25E49707D

Message: Thank you for caring

Sender: [redacted]

Time: 02/23/17 08:33:48 PM (509603628)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 5B611AD9-661B-4E07-8B4D-773D3011EB23

Message: I got a pretty big award (nominated by the folks at Hopkins) and have to make a speech in Philadelphia on Monday and I'm so nervous

Sender: [redacted]

Time: 02/23/17 08:34:06 PM (509603646)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E2BDE2A4-8B6E-4DCE-8AA5-C77D0AFFA172

Message: Working like crazy on my speech and bill is gonna help me tomorrow night

Sender: [redacted]

Time: 02/23/17 08:35:06 PM (509603706)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE06E10D-CF0E-474C-9F6A-409BE5CBF6A3

Message: They want me to give a "personal" account of what you can do with medical training - blah feels Scary and gross to give the talk  At first I called it "don't do what I did"

Sender: [redacted]

Time: 02/23/17 08:35:44 PM (509603744)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FEC09D7-2E8A-4F7C-81DD-938040406479

Message: But i was reading this terrific feynman book called "perfectly reasonable deviations from the beaten path" so I'm calling it that

Sender: [redacted]

Time: 02/23/17 08:37:16 PM (509603836)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B69F9472-9360-4C93-AF5D-77389079C109

Message: Helps to think about this instead of Larry and Melinda  Let's talk tmr I have to respond to the gates fndn legal team on my separation package that Melinda is personally managing because "I am so valuable and a role model for other women" that they want to be super "generous" and "respectful"  Talk tmr can't think about it anymore

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:41:04 PM (509604064)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 01EB562C-8433-4D2F-8EB7-07B46DA47D14

Message: Desperation from what? Is she firing you from foundation and bill giving you a six month pre retirement at bc3

Sender: [redacted]

Time: 02/23/17 08:41:20 PM (509604080)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AB57ACA7-D8E4-48BA-9FD6-66DBA39F6E30

Message: Pretty much

Sender: [redacted]

Time: 02/23/17 08:41:42 PM (509604102)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D1B807A8-775D-440A-9411-CA3AD1D172A2

Message: She has been trying for years

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:41:48 PM (509604108)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FF1F678-E827-4021-A55C-A5474B810DFB

Message: That sucks

Sender: [redacted]

Time: 02/23/17 08:41:55 PM (509604115)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C026C3B1-62CD-4578-8B0F-E46740FB96DC

Message: Bill intervened and said 6 months with him

Sender: [redacted]

Time: 02/23/17 08:42:14 PM (509604134)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5683B02C-7334-47B5-8A36-2D2E578C9538

Message: They say it's not firing

Sender: [redacted]

Time: 02/23/17 08:42:28 PM (509604148)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6089E203-2B4E-4B0C-905C-85CBCA3FE21F

Message: That I've been gone 3 years and the org is a different place

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:42:31 PM (509604151)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 07CA245F-F924-4684-A707-CAB0CFB28874

Message: Now I understand wow Wow

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:43:16 PM (509604196)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9D88533F-AB5E-41C2-B86C-F5DEC5FA6454

Message: How long were you there

Sender: [redacted]

Time: 02/23/17 08:43:20 PM (509604200)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DC2DFF6D-635B-4356-AECE-6107564C5611

Message: I can always quit but that seems gross

Sender: [redacted]

Time: 02/23/17 08:43:23 PM (509604203)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB28D46B-7A2F-41BC-B9A2-A5A41948654D

Message: 11 years

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:43:48 PM (509604228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 437DECED-C50F-4565-8378-405CDD86DB93

Message: Salary??

Sender: [redacted]

Time: 02/23/17 08:43:52 PM (509604232)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 31FB5F01-66E3-45DB-B093-D70F05945E05

Message: She says a year severance and 18 months health benefits and then talk to HR

Sender: [redacted]

Time: 02/23/17 08:44:06 PM (509604246)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 65DAC669-C3FA-486F-9255-E4A39E941377

Message: 200k

Sender: [redacted]

Time: 02/23/17 08:44:38 PM (509604278)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 29E4351D-BFD6-4AE5-8711-668CADF9E52C

Message: She says if I rock the boat c3 will get "more difficult"

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:44:59 PM (509604299)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6858FEEA-7A55-4ED6-AA0D-DFFE2ACD3E5D

Message: Not good but t clever

Sender: [redacted]

Time: 02/23/17 08:45:21 PM (509604321)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B19DB5C-DB49-4492-9A1E-3BFE59D33DD8

Message: That's why I want out so bad

Sender: e:jeeitunes@gmail.com

Time: 02/23/17 08:45:23 PM (509604323)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7CBB22EE-85B9-43F8-8A32-804BB7188CF7

Message: Talk later sorry that's not nice

Sender: [redacted]

Time: 02/23/17 08:45:40 PM (509604340)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACCD768D-F4AA-45C3-8D39-B411B23B2A0E

Message: Yes talk tmr and thank you

Sender: [redacted]

Time: 02/24/17 12:27:40 AM (509617660)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1DE9B19A-43C7-44B4-8CF6-FC262F67F4BC

Message: https://www.google.com/amp/s/www.wired.com/2017/02/moving-patient-data-messy-blockchain-help/amp/

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-03-15\□+[redacted]□ on 2017-02-25 at 06.53.05.ichat
Service: iMessage
Start Time: 02/25/17 03:53:05 AM (509716385)
End Time: 03/15/17 07:43:43 AM (511281823)
Last Message ID: 2243
Chat Room:
Participants: jee, □+[redacted]□
Presentity IDs: e:jeeitunes@gmail.com, [redacted]
Messages -

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 03:53:05 AM (509716385)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: AE30FE9F-D334-4D1B-9BA3-055AC300A9A5
Message: result??

Sender: +[redacted]
Time: 02/25/17 07:10:18 AM (509728218)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 077D685D-4245-430D-85DB-04DB1A6A90AF
Message: He says scope too narrow

Sender: +[redacted]
Time: 02/25/17 07:10:45 AM (509728245)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1AC7A4A0-47BB-4B91-AA6C-D349F2378817
Message: 5 hours

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 07:11:09 AM (509728269)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: C0CE484D-1CB9-4732-A203-B840AA06750E
Message: i thought larry wanted narrow , encryption health info

Sender: +[redacted]
Time: 02/25/17 07:11:22 AM (509728282)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 63ACFD9F-EBEE-4C09-9546-642FD70B19B1
Message: I told him that

Sender: +[redacted]
Time: 02/25/17 07:12:00 AM (509728320)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3634E28B-EFCB-41E9-A32F-23C601B09600
Message: I think I know how to write it

Sender: +[redacted]
Time: 02/25/17 07:13:22 AM (509728402)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 08CCB72E-5F83-4AAB-A58F-8B976D4D3609
Message: Issurs in domestic health to include ....  Issues in medicine include ...

Sender: +[redacted]
Time: 02/25/17 07:14:23 AM (509728463)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 615CF55A-24B9-40BE-AD88-CDAB7022148D
Message: Was super fun

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 07:14:51 AM (509728491)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 3F270AF2-552B-40D3-B4AA-E6B8FECC1677
Message: great

Sender: [redacted]
Time: 02/25/17 07:15:33 AM (509728533)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 12454001-06BD-4ACF-A4CB-B0EA46980243
Message: Beyond

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 08:07:01 AM (509731621)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: ED342670-51AE-4F6B-88A7-CC221725F3FC
Message: im glad\

Sender: [redacted]

Time: 02/25/17 08:12:17 AM (509731937)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D2E3E028-7F66-4688-BB63-40F387FABD69
Message: If you are free in about 15m will Call you

Sender: +[redacted]
Time: 02/25/17 08:23:05 AM (509732585)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 0D4F034E-457E-45A5-B4A8-7C65F09D9DD7
Message: Free

Sender: [redacted]
Time: 02/25/17 08:23:07 AM (509732587)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E2910499-9738-4AAD-9786-9571108FE26A
Message: ?

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 08:23:33 AM (509732613)
Flags: 1150981
Is Read: No
Is Invitation: No
GUID: 44FB4935-9A4C-4A24-B579-BAD4181B725B
Message: yes  212 772 9416

Sender: +[redacted]
Time: 02/25/17 08:41:51 AM (509733711)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 039591FF-DAB8-4842-8DBB-DE88E8E4AD73
Message: Thank you

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 08:50:12 AM (509734212)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: BFA4A436-5DC7-45AB-8D0A-4B4499C1C054
Message: Of course

Sender: +[redacted]
Time: 02/25/17 08:55:05 AM (509734505)
Flags: 1060865

Is Read: Yes
Is Invitation: No
GUID: 20947AAE-8F5D-43FB-8678-DADA86249F84
Message: He needs help  His advisory are not what he deserves

Sender: [redacted]
Time: 02/25/17 08:55:31 AM (509734531)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D9FCB6AB-F195-4927-BC8C-6E8E7450FA23
Message: I'm not strong enough to fight them

Sender: [redacted]
Time: 02/25/17 09:13:46 AM (509735626)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 266FBEF7-17DB-4358-9DEA-5522F9667DD9
Message:
http://medcitynews.com/2017/02/himss17-observation/?utm_content=buffer1f2de&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

Sender: +[redacted]
Time: 02/25/17 09:13:46 AM (509735626)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 82E0AD28-A17A-4931-BF07-BEDC661E9A95
Message: From HIMSS and this author John Halamka seems super smart

Sender: +[redacted]
Time: 02/25/17 05:29:21 PM (509765361)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 5B8D8745-01B5-472C-8711-CB8F7D4C14B4
Message: Are you in NYC the 2nd in the afternoon

Sender: e:jeeitunes@gmail.com
Time: 02/25/17 05:39:17 PM (509765957)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F9EB1BDA-C5A7-4EBF-AD09-943ABA3DB257
Message: nope

Sender: +[redacted]
Time: 02/26/17 04:45:55 PM (509849155)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 925911D2-B717-4408-9F5B-66E76520CAE1
Message: Hi  Feeling a little trapped between Larry and bill

Sender: +[redacted]
Time: 02/26/17 04:46:12 PM (509849172)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 285639CE-546E-4EAD-9212-478B0EAF2DDB
Message: How can I get ahead? I have six months can't waste time with games

Sender: +[redacted]
Time: 02/26/17 04:47:18 PM (509849238)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: FBDCBA31-D877-4346-B663-C0B70AC1A272
Message: I'm gonna need a pep talk Tuesday morning probably

Sender: +[redacted]
Time: 02/26/17 05:58:17 PM (509853497)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5E3BBB32-750C-45DD-9A21-8C73EDA0C22B
Message: JUST SENT UPDATED TOR  What do you think?

Sender: e:jeeitunes@gmail.com
Time: 02/26/17 06:05:02 PM (509853902)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CF253599-04A1-4F76-AFEE-CE1065DAFC34
Message: No problem

Sender: +[redacted]
Time: 02/26/17 06:08:00 PM (509854080)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 6F50739D-3138-4C81-AA1C-CA61D5BFB734
Message: Check email?

Sender: +[redacted]
Time: 02/26/17 06:08:16 PM (509854096)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: B1A28042-1B7E-4DB8-AD97-AB243600C1C7

Message: I want to try to send to bg tonight so I can send to Larry as soon as I hear back

Sender: e:jeeitunes@gmail.com
Time: 02/26/17 06:09:02 PM (509854142)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: DD8D4CC0-E9DE-4C21-82FE-654ABBBF578E
Message: Ok with me but not sure if Larry and bill on same psge

Sender: +[redacted]
Time: 02/26/17 06:09:51 PM (509854191)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9333C100-8507-4647-9A40-EA94E952EE62
Message: What do I do?

Sender: e:jeeitunes@gmail.com
Time: 02/26/17 06:11:15 PM (509854275)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 0F6A7C14-69C2-405A-8F84-64ADBD2A458E
Message: Send

Sender: [redacted]
Time: 02/26/17 06:11:38 PM (509854298)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BF2BD17C-645B-49D3-B157-1E624CED079D
Message: Did you read and it is broad enough yet still useful for me?

Sender: e:jeeitunes@gmail.com
Time: 02/26/17 06:11:46 PM (509854306)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: E1F9A041-ECD5-4760-8053-AA35F25A46CC
Message: Yes

Sender: +[redacted]
Time: 02/26/17 06:12:20 PM (509854340)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 15BA845E-7920-471B-A648-D4780A2F8F9A
Message: Ok

Sender: +[redacted]
Time: 02/26/17 06:15:40 PM (509854540)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AAF53680-71BA-4F90-8CB7-F62B2C117C12
Message: sent.

Sender: [redacted]
Time: 02/26/17 06:16:03 PM (509854563)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 4CBEEF3D-CF9E-4519-ABB5-5F4F3E2D15B1
Message: Thank you

Sender: +[redacted]
Time: 02/26/17 06:16:39 PM (509854599)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 999AC4C7-682D-4129-A6F6-8D06329439B7
Message: You are about the only person on earth who could possibly understand this. It's almost surrreal

Sender: +[redacted]
Time: 02/27/17 08:42:37 AM (509906557)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 361EAE88-47D7-449F-9CB1-9210F204A750
Message: "Can't you just do everything for me?"

Sender: +[redacted]
Time: 02/27/17 08:43:42 AM (509906622)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 42AB11A2-7D4A-4467-8563-D0DAC9DC25DB
Message: That's not a ToR... I'm starting to realize he just wants to be around someone he enjoys spending time with. Even if it kills that person ... (=me).

Sender: +[redacted]
Time: 02/27/17 08:45:01 AM (509906701)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AAB2A9BB-2D81-4DB1-887C-5109F0C27857
Message: Let's talk tmr ok?

Sender: e:jeeitunes@gmail.com

Time: 02/27/17 08:45:09 AM (509906709)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: FA12176F-16BA-4CAA-9B44-F79C707633FD
Message: ok

Sender: [redacted]
Time: 02/27/17 10:28:19 AM (509912899)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 0624D005-D6CD-4E34-8D7A-F3AF680023EE
Message: https://news.google.com/news/amp?caurl=https%3A%2F%2Fwww.washingtonpost.com%2Famphtml%2Fpowerpost%2Ftrump-to-propose-10-percent-spike-in-defense-spending-massive-cuts-to-other-agencies%2F2017%2F02%2F27%2F867f9690-fcf2-11e6-99b4-9e613afeb09f_story.html#pt0-153337

Sender: [redacted]
Time: 02/27/17 10:28:19 AM (509912899)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 771D7088-05D7-47C1-9B1A-5BECC28CC1E3
Message: Looks like development budgets will be cut / BG and foundation and UN and USAID and WORLD BANK. That's good news for America

Sender: e:jeeitunes@gmail.com
Time: 03/01/17 04:26:16 AM (510063976)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 8BCAD1CE-8A5A-41DB-8AE1-ED72B26190D5
Message: are we set?

Sender: [redacted]
Time: 03/01/17 04:27:48 AM (510064068)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5AA1C7C9-41DC-467E-8F13-8A97270D4E2E
Message: Not yet

Sender [redacted]
Time: 03/01/17 04:28:01 AM (510064081)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 699297CE-195E-4004-8707-55C88CB9D3BC
Message: This week though

Sender: +[redacted]
Time: 03/01/17 04:28:11 AM (510064091)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: B31B8427-6D95-45A2-90FD-58C593615F0F
Message: Larry made me talk to 2 more ppl One yesterday and one tmr

Sender: +[redacted]
Time: 03/01/17 04:43:59 AM (510065039)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 11D4B926-F0A9-4671-9D10-1ED8CC3215B6
Message: But did do separation w foundation yesterday last day April 15

Sender: +[redacted]
Time: 03/01/17 04:44:10 AM (510065050)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D0ABF5F5-C9F2-4784-953E-289927389BAE
Message: All super nice

Sender: e:jeeitunes@gmail.com
Time: 03/01/17 04:44:44 AM (510065084)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 401F3CF4-8889-42BE-82D8-5821B1ADD7A4
Message: ok

Sender: +[redacted]
Time: 03/01/17 04:44:52 AM (510065092)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FC242489-5F16-4A64-B2E9-F5737F96804A
Message: Fndn ppl love idea of cyberhealth and asking if there is a way to start there but use that same privacy and identity to extend to other social services

Sender: +[redacted]
Time: 03/01/17 04:45:09 AM (510065109)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 57CC610D-09F0-4FBF-B454-FDC5DC4EE17C
Message: I think absolutely Like a new and evolved SSN crypto

Sender: [redacted]

Time: 03/01/17 04:45:15 AM (510065115)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D795C5CB-2EC2-4082-BC5D-23939C85878B
Message: So they will rally

Sender: e:jeeitunes@gmail.com
Time: 03/01/17 05:10:11 AM (510066611)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: C84121CF-45C6-483D-B6B4-085595A43BC5
Message: HSN health security number

Sender: e:jeeitunes@gmail.com
Time: 03/01/17 05:13:24 AM (510066804)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 315CC679-0793-4DA2-A3EE-FB1AD7EB1E61
Message: in fact embed the social number in the new encrypted personal health seciurty number . think of how outdated a social security number is for " security " , that a fun idea

Sender: [redacted]
Time: 03/01/17 06:30:00 AM (510071400)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 24FC9CAD-9BE1-42B7-A7C4-CE8F79DDD8A9
Message: Yes

Sender: [redacted]
Time: 03/01/17 06:30:03 AM (510071403)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FA11432F-2EEB-4884-9B34-EAF54D1C6680
Message: Start w health

Sender: [redacted]
Time: 03/01/17 06:33:58 AM (510071638)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2A4530E0-A455-4025-9F00-0D358355C834
Message: The magic is to make all the systems communicate

Sender: [redacted]
Time: 03/01/17 06:38:27 AM (510071907)

Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3BDF675B-05F2-4A00-B15C-A3DA53B8BB06
Message: Think of welfare payments

Sender: [redacted]
Time: 03/01/17 08:34:58 AM (510078898)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: B55CEA68-4BF3-46B2-B377-5D46AFBAD58A
Message: https://www.researchgate.net/profile/Tolga_Soyata/publication/257920722_Medical_Data_Analytics_in_the_cloud_using_Homomorphic_Encryption/links/00463534ee1b5ae5e4000000/Medical-Data-Analytics-in-the-cloud-using-Homomorphic-Encryption.pdf

Sender: [redacted]
Time: 03/01/17 08:35:00 AM (510078900)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 676CAA3A-F8D1-426B-BEDC-3BFD574CEB90
Message: I really like this Homomorphic Encryption

Sender: [redacted]
Time: 03/02/17 10:11:12 AM (510171072)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C3A6A2A6-33E2-497F-B568-2F6C3C89D8E0
Message: What now

Sender: [redacted]
Time: 03/02/17 10:12:02 AM (510171122)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 6EC89FE3-736F-4CC0-9545-5E9067E0B573
Message: He's basically saying that all the stuff bill told me to say is already being done by others and that health care has an advocacy strategy (without this) etc etc

Sender: [redacted]
Time: 03/02/17 10:12:45 AM (510171165)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AD50A373-E7FD-46BC-BF4D-A1D0F8DAE410
Message: Should I reply Larry only and copy bill and say great looking forward to the conversation or just have a bunch more conversations or what? It's getting ridiculous

Sender: +[redacted]
Time: 03/02/17 10:13:41 AM (510171221)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 944AA352-1C7C-4FB8-AD0C-CCD89F343302
Message: And --- arianna huffington just stated a new org called THRIVE with money from folks like jack ma etc. She's a great advocate and supporter of women and could be a good place for me to consider in some capacity right after bgc3 I will see her Monday

Sender: +[redacted]
Time: 03/02/17 03:24:47 PM (510189887)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: A3944239-C8D5-47EB-BCCF-B6048E050D89
Message: http://mobile.the-scientist.com/article/48690/trump-signals-support-for-women-in-stem

Sender: [redacted]
Time: 03/02/17 03:24:47 PM (510189887)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2BF766A5-BBB2-4A95-9FEF-02360E750267
Message: This is a good thing

Sender: e:jeeitunes@gmail.com
Time: 03/03/17 08:18:11 AM (510250691)
Flags: 1150981
Is Read: No
Is Invitation: No
GUID: B31E0D1B-4721-4A09-87D1-C1DAD65B1527
Message: seeing medical team tomorrow

Sender: [redacted]
Time: 03/03/17 08:22:36 AM (510250956)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 5D8D66B6-BEA6-4930-B6B2-67C8B0D388E3
Message: Hey great! Am in NYC Monday for a few hours are you there

Sender: +[redacted]
Time: 03/03/17 08:22:53 AM (510250973)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: A2347152-4ECE-4A7B-A004-3344DCD550D0
Message: If you want to talk this evening or over wknd = YAY

Sender: e:jeeitunes@gmail.com
Time: 03/03/17 08:23:07 AM (510250987)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: AD9435D1-1E1A-4A80-BB09-B5894ADDDA44
Message: not until following week , I will get the scoop

Sender: [redacted]
Time: 03/03/17 08:23:24 AM (510251004)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 026E7754-2E40-4582-8806-64CC4E817131
Message: Roger that Larry is still playing games and bill is still squeezing me

Sender: [redacted]
Time: 03/03/17 08:23:30 AM (510251010)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BF6C137D-ACAC-4108-A5ED-780BACC012E3
Message: Lord have mercy

Sender: e:jeeitunes@gmail.com
Time: 03/03/17 08:24:08 AM (510251048)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 5A074E5A-04F4-4D6B-9FB8-3EBD2D49F04E
Message: not sure why you don't just appease larry. as he is the bottleneck, it is silly . you continue to be jerks around

Sender: e:jeeitunes@gmail.com
Time: 03/03/17 08:24:31 AM (510251071)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 00F5EB19-8B99-4081-BC95-9B7EF9018E80
Message: what you put on paper is ONLY to get in, stop wasting time.

Sender: [redacted]
Time: 03/03/17 08:24:41 AM (510251081)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: F7F7AB9F-4ECB-4180-8082-175B872304D1
Message: That's what I told bill

Sender: [redacted]

Time: 03/03/17 08:24:46 AM (510251086)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: DD9BBF55-27B8-45F7-83A0-D48D038EB3E1
Message: Yes you are right

Sender: [redacted]
Time: 03/03/17 08:24:54 AM (510251094)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 649D9F9D-7D2F-4F83-A495-213C869A0624
Message: □

Sender: [redacted]
Time: 03/03/17 08:25:01 AM (510251101)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 735D2137-9CCA-45A9-AF37-47B34BBDD8EB
Message: Usually always you are right

Sender: [redacted]
Time: 03/03/17 08:25:06 AM (510251106)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D6BE3672-F6E3-46E3-BBA8-B2F6A6BDA651
Message: Ok always

Sender: [redacted]
Time: 03/03/17 02:40:56 PM (510273656)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E425A8F2-8656-481F-BA7F-A6DADA9C1A21
Message: Larry keeps sending me these vicious text messages

Sender: [redacted]
Time: 03/03/17 02:41:42 PM (510273702)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 63F4D04C-844A-4EF7-8EB3-F4671F68E004
Message: Time to just keep him and bill on the same email. No games. At least, no games from me.

Sender: e:jeeitunes@gmail.com
Time: 03/03/17 02:43:32 PM (510273812)
Flags: 1085445

Is Read: No
Is Invitation: No
GUID: CB01FB54-4FF8-4F6A-88B0-548730849EE7
Message: yup

Sender: [redacted]
Time: 03/03/17 02:51:02 PM (510274262)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 9C2E8F09-FB21-456D-9E7B-CBB6D0017FB5
Message: https://www.cs.rochester.edu/u/muthuv/ccsna14-he.pdf

Sender: [redacted]
Time: 03/03/17 02:51:03 PM (510274263)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5DDB6F81-F544-4B96-A12B-3364AB2E17D7
Message: Neat

Sender: [redacted]
Time: 03/04/17 08:56:20 AM (510339380)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 4312B74A-161A-49C9-82A9-C711CFC3B48F
Message:
http://www.economist.com/news/business/21717990-telemedicine-predictive-diagnostics-wearable-sensors-and-host-new-apps-will-transform-how?frsc=dg%7Cc

Sender: e:jeeitunes@gmail.com
Time: 03/04/17 03:32:51 PM (510363171)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CA28A874-1679-4DAE-AD39-E8254B7D3503
Message: Funding NIH grants ?

Sender: [redacted]
Time: 03/04/17 03:36:40 PM (510363400)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D95832E0-E6FD-4008-888A-E273C4B4D897
Message: That is built around peer review and the incumbent networks of power in each field

Sender: [redacted]
Time: 03/04/17 03:37:12 PM (510363432)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 499C41BB-01A3-40F0-B24F-562BBF710CF7
Message: That's also why smart ppl and ideas are now chasing VC and private equity instead of grants

Sender: +[redacted]
Time: 03/04/17 03:39:12 PM (510363552)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 8CF7D2A3-9AC3-4238-AB4C-8681D9E5F1E6
Message: Have you seen arianna Huffington's new effort? Media driven platform For health and wellness - money from jack Ma and Jeff Bezos w connections into Amazon and Alibaba She wants to talk to me Monday and I will be in NYC Might be another path to surgeon general in the sense of being the consumer facing health and wellness guru - like a more evolved dr oz or Oprah but linked to products Interesting concept

Sender: +[redacted]
Time: 03/04/17 03:41:56 PM (510363716)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 41F070C3-CD47-45B3-A332-36CDF984499A
Message: She's got reputation and money and the whole thing dedicated to health and wellness / being on her leadership team and the head doc is cool - jack says I could do Alibaba pop up shops on anything health wellness and sell a zillion products of whatever kind and also as a doc present the evidence. Bezos could do something similar on Amazon. Both are outside bill space but he likes them Also - is profitable and builds credibility towards Americas doctor / Presenting best evidence on products and also education on certain topics (like headaches or sleep or obesity or whatever) Of course I'm still going to work w bill a few months. But maybe start w her right after OR SOONER

Sender: +[redacted]
Time: 03/04/17 03:42:06 PM (510363726)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 7EA3F264-AC7B-49DC-9296-7C33E5228E8C
Message: More Monday afternoon

Sender: e:jeeitunes@gmail.com
Time: 03/04/17 04:12:38 PM (510365558)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 3595679E-A81A-41EE-8079-F97A5C92FBAB
Message: Just left medical advisory . Lots to do . I have zero interest

Sender: [redacted]
Time: 03/04/17 04:17:13 PM (510365833)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A683869A-C056-4D10-A7DC-19688332D78B

Message: Zero interest in medical advisory? Oh no!

Sender: [redacted]
Time: 03/04/17 04:17:47 PM (510365867)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 6EF681DD-8201-4AEB-9F1F-3E22AD4F8122
Message: Well bill says he has zero interest in doing anything helpful on health or tech for US until trump stands up on international development and aid

Sender: [redacted]
Time: 03/04/17 04:18:27 PM (510365907)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FFF4179F-A435-4261-A808-480532E3F26C
Message: Will keep pushing but he says his #1 priority is ODA (overseas development aid)

Sender: [redacted]
Time: 03/04/17 04:19:40 PM (510365980)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: F69E02FB-DB41-46BA-A81C-52AC66278B79
Message: I told him the tech play is one that he can pull off where everyone wins and I can help get that started and he says that his "policy package" will depend on what trump does for him ....

Sender: [redacted]
Time: 03/04/17 04:21:17 PM (510366077)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3E1033B1-CF04-43AA-83A3-DC2E34C9940C
Message: What did you learn from medical consortium ??? Call me!

Sender: [redacted]
Time: 03/04/17 04:27:14 PM (510366434)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 97A61A8B-45CA-4E45-A818-E7E19EE2FC52
Message: Bill also says (just spoke to him) that he wants me to do a learning session for him in the middle East on a their health and health tech

Sender: [redacted]
Time: 03/04/17 04:29:42 PM (510366582)
Flags: 1060865
Is Read: Yes
Is Invitation: No

GUID: 2E148688-39A3-4E8B-ACAE-9069228B6BAA
Message: Also a lobbyist from k&l gates wants to speak w me next week about surgeon general role - he told me that Geoff Ling (darpa) and Raj Shah (USAID and gates now Rockefeller) Both recommended me and he would like to spend some time w me.

Sender: e:jeeitunes@gmail.com
Time: 03/04/17 04:33:47 PM (510366827)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: D11B0FBB-82AD-4DB3-8535-B3DE29A9BC30
Message: Head of MGh , Cleveland clinic, Hopkins , mayo all working together. I told them about you .

Sender: [redacted]
Time: 03/04/17 04:35:42 PM (510366942)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: F70B2E75-5910-4510-8FDE-48865082E7BD
Message: Thank you  Well glad they are all great institutions and working together

Sender: [redacted]
Time: 03/04/17 04:36:03 PM (510366963)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C061EBA4-65B9-446B-BAC8-9A15FE08C800
Message: Wish BG could get his head around the needs of our country as opposed to development aid

Sender: [redacted]
Time: 03/04/17 04:36:45 PM (510367005)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 7FE3CDDB-FED9-453D-B207-96C3786C0AAC
Message: Did you learn anything concrete ? Are they doing digital idea already?

Sender: [redacted]
Time: 03/04/17 04:36:54 PM (510367014)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: CFD2F95C-0DD4-4DC6-B761-38E31725583A
Message: Do they have a lead or a strategy?

Sender: [redacted]
Time: 03/04/17 04:39:50 PM (510367190)
Flags: 1126401
Is Read: Yes
Is Invitation: No

GUID: A5AC6A82-A3E1-484C-9949-935E9F217713
Message: http://m.klgates.com/daniel-f-ritter/

Sender: [redacted]
Time: 03/04/17 04:39:51 PM (510367191)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: ED4099E2-8ACD-40FF-AEE4-380CE018366B
Message: This guy next week

Sender: e:jeeitunes@gmail.com
Time: 03/04/17 04:43:21 PM (510367401)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 8611EE6C-08E3-48BD-BADB-9A85057B437B
Message: They think everyone should have med records in their phone . Defense dept records different system than VA. Hate intl aid vs US NEEDS . NIH , techno transfer goofy , Grant s too difficult. Drugs too addicting etc

Sender: [redacted]
Time: 03/04/17 04:45:42 PM (510367542)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9FBCE866-D13B-402E-9A65-4EF0FB827427
Message: Med records should be in cloud w homomorphic encryption ability To get what is needed without putting data at risk but yes ppl should own their own medical records

Sender: [redacted]
Time: 03/04/17 04:46:02 PM (510367562)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9F8D1F98-9D1B-4C1D-B3C3-211E7F93E2EF
Message: Ok got it let's talk next week

Sender: [redacted]
Time: 03/04/17 04:46:07 PM (510367567)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5B2F64C2-6EE9-4505-B04D-801FE47367DE
Message: Or whenever

Sender: [redacted]
Time: 03/04/17 04:46:33 PM (510367593)
Flags: 1126401
Is Read: Yes
Is Invitation: No

GUID: 63BB69C1-2A39-4811-A7B8-F942D45AB6F6
Message: Bg meets w trump march 20/21 (tbc)

Sender: e:jeeitunes@gmail.com
Time: 03/05/17 03:54:25 AM (510407665)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: E01D625B-8A97-4881-AC24-819848A2D9DB
Message: a waste of time.  he should meet with barrack

Sender: [redacted]
Time: 03/05/17 10:44:02 AM (510432242)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 67475AFA-BAE7-4B90-8231-3C42C89769D3
Message: https://www.linkedin.com/in/jonah-goldman-b4b16a6

Sender: [redacted]
Time: 03/05/17 10:44:02 AM (510432242)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 49341B90-C929-4469-B27D-859882DD7180
Message: Bg senior political adviser

Sender: [redacted]
Time: 03/05/17 08:14:13 PM (510466453)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: CB35C3BE-61E8-4A07-9806-B45928CD2AED
Message: https://www.va.gov/directory/guide/manager.asp?pnum=30251

Sender: [redacted]
Time: 03/05/17 08:14:13 PM (510466453)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9B237953-42E4-4D35-9EC5-45459717B96E
Message: She's super nice by the way. My friend. If your guys need smart no drama women --

Sender: [redacted]
Time: 03/06/17 09:40:56 AM (510514856)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 60A89EC4-CDC2-4826-AA70-69A8A6C90B5A
Message: Are you in NYC

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 09:43:26 AM (510515006)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 6EDB350B-5252-4668-A861-9246FC2C9916
Message: Sat

Sender: [redacted]
Time: 03/06/17 10:08:10 AM (510516490)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 004A6AA1-EAE8-46DA-B4C2-56CF4FF33136
Message: Bg very interested in Middle East right now

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:09:04 AM (510516544)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: ED01C225-7C95-40AF-A003-A58356DB0B11
Message: Dubai / Saudi ? Qatar all very very good buds

Sender: [redacted]
Time: 03/06/17 10:09:20 AM (510516560)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 037B3D4A-4762-4CAA-BC2C-2E3AF7376ED7
Message: Israel plus emirates and sort of Saudi

Sender: [redacted]
Time: 03/06/17 10:09:25 AM (510516565)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 4D1C7834-6379-49B1-B669-8A871AE83D19
Message: Qatar too

Sender: [redacted]
Time: 03/06/17 10:09:45 AM (510516585)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C82AE472-1264-44D3-8542-06A262F2D028
Message: He wants me to arrange a learning trip on TECHNOLOGIES emerging from the region

Sender: [redacted]

Time: 03/06/17 10:09:53 AM (510516593)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 151E99C2-CDD2-40F5-91EC-6C1E566C5530
Message: I think Israel a whole separate thing

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:10:00 AM (510516600)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CB63E7DA-EF31-4DC7-8507-02AE88458224
Message: Israel - tell bill Paris week of 21

Sender: [redacted]
Time: 03/06/17 10:10:04 AM (510516604)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 7D7578C4-A3BF-49A8-93EB-F6B49BA4E3FE
Message: Health technologies specifically

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:10:08 AM (510516608)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 022C550E-01AE-4F06-B2A4-F63CF9C00192
Message: All hands

Sender [redacted]
Time: 03/06/17 10:10:47 AM (510516647)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 66A5344B-5D45-4C05-88D0-EBB8C1956F1E
Message: Peace mtg? W Jared and Tony Blair and all those folks? Not sure bg interested in peace process mostly technologies

Sender: [redacted]
Time: 03/06/17 10:10:59 AM (510516659)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 73FF6A52-3B5F-4305-8C5E-3BF78047C052
Message: He says he speaks to Jared a lot

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:11:39 AM (510516699)

Flags: 1085445
Is Read: No
Is Invitation: No
GUID: C422C58F-196E-4636-90A8-BDAF2092E311
Message: No peace boring and not happening. GROW UP

Sender: [redacted]
Time: 03/06/17 10:12:10 AM (510516730)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AF5781B0-1718-4257-A4E5-AF5136535DA4
Message: Oh lord. 21st then what to discuss

Sender: [redacted]
Time: 03/06/17 10:12:12 AM (510516732)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E673E869-3127-4E18-A37E-4D0FFA515F1F
Message: More war

Sender: [redacted]
Time: 03/06/17 10:12:26 AM (510516746)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: B52016E3-7DFF-45E6-A365-727ADEF2AC6C
Message: Bg in D.C. W trump 20/21

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:12:36 AM (510516756)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 05FC3E16-929F-4B9A-8ED1-C6F0CD23DF32
Message: Cyber

Sender: [redacted]
Time: 03/06/17 10:12:57 AM (510516777)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C08938EE-8D58-42AE-B3A1-56B1C7C9A2F5
Message: Agreed that is a better approach!  Israel best at that

Sender: [redacted]
Time: 03/06/17 10:13:03 AM (510516783)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 373C5C08-1163-4E2C-B4AA-714A6C187AAE
Message: Not sure bg invited

Sender: [redacted]
Time: 03/06/17 10:13:06 AM (510516786)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 8AB3F4EC-A575-47BD-A630-A84D646F474A
Message: Or me

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:13:31 AM (510516811)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: BAD192DD-E91E-4224-B58E-1FA76D88245D
Message: In all forms . Money surveillance, offense . It's at my house so I would know

Sender: [redacted]
Time: 03/06/17 10:13:44 AM (510516824)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AA748192-1E95-4A33-BF07-229F3B75268B
Message: Omg INVITE ME

Sender: [redacted]
Time: 03/06/17 10:14:37 AM (510516877)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1DF41909-BEFE-4C02-810F-5344F2DAA721
Message: Can try to invite bg depending on guest list etc - Larry told him he couldn't have contact w you so would have to manage that carefully

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:17:30 AM (510517050)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: D71DE6C6-D0AA-4DBE-9DD4-2FE37C3B347D
Message: Not a problem for me . I like bill . He gets more from me than I get from him . He should grow some balls and start to love

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:17:33 AM (510517053)
Flags: 1085445
Is Read: No

Is Invitation: No
GUID: D1022D4A-BCC9-47A3-8371-1E7A7899D327
Message: Live

Sender: [redacted]
Time: 03/06/17 10:19:05 AM (510517145)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: CC005ADB-18ED-4AF2-ACF0-C11E4251D516
Message: Love and live both  Well I have a few months to try to encourage him but it is sad for me to stand there and watch Larry boss him around. Not same bill I knew forever ago.

Sender: [redacted]
Time: 03/06/17 10:19:22 AM (510517162)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1A8E5857-EEF6-4280-9AD6-052C3348E27F
Message: I have an idea  What if I bring Larry to Paris.

Sender: [redacted]
Time: 03/06/17 10:19:27 AM (510517167)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3DF856C1-0276-4B6A-88BB-47F705190F6D
Message: Olive branch

Sender: [redacted]
Time: 03/06/17 10:19:37 AM (510517177)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5B4F06BC-712E-4B3D-AB75-27047DA90917
Message: And snuggles

Sender: [redacted]
Time: 03/06/17 10:20:11 AM (510517211)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2B485782-46AB-44CB-906E-611B25AC94C6
Message: Think about it. Would be a hard sell but maybe he or someone close to bg and me could go and hold hands

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 10:36:17 AM (510518177)
Flags: 1085445
Is Read: No

Is Invitation: No
GUID: 80D2815C-BFD8-4476-AEC9-E46AD946B132
Message: no,  i don't trust him

Sender: [redacted]
Time: 03/06/17 12:26:37 PM (510524797)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AD43C6A9-EA6D-4659-97EC-82FCB8348239
Message: Me neither but he is the only way to bg right now

Sender: e:jeeitunes@gmail.com
Time: 03/06/17 12:27:24 PM (510524844)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 1C5199A1-6905-41B7-8A8F-3C17CFECF14A
Message: then i have no interest

Sender: [redacted]
Time: 03/06/17 12:40:51 PM (510525651)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1786098A-6E35-4A89-873C-9910B14733A9
Message: Fair enough  Need to see how far I can get in terms of a sanity and reality check for bg

Sender: [redacted]
Time: 03/09/17 04:08:42 PM (510797322)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BC22180C-DFE5-49A5-9B0B-F6521345B028
Message: How are you

Sender: [redacted]
Time: 03/09/17 04:26:12 PM (510798372)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: AE5DE9A9-ECFA-4F06-B160-194D5EE43EFD
Message: Jack Ma got in touch w me. Very interesting opportunity. Let's talk next week. November time frame

Sender: e:jeeitunes@gmail.com
Time: 03/09/17 05:14:04 PM (510801244)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 6AA294C1-39DE-47F9-97F5-3F99852389EB

Message: Ok

Sender: [redacted]
Time: 03/11/17 10:18:39 AM (510949119)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 0814B35E-2F42-469E-8134-1FBA0B8AC516
Message: http://www.theverge.com/2017/3/10/14880094/deepmind-health-uk-data-blockchain-audit

Sender: [redacted]
Time: 03/15/17 07:31:40 AM (511281100)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 78D02A64-531B-4DD2-BA52-FDC44996B2F3
Message: Are you in NYC 23/24?

Sender: e:jeeitunes@gmail.com
Time: 03/15/17 07:31:47 AM (511281107)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 2ED14B8C-3AFA-4227-932F-99FFED040C83
Message: unlikely

Sender: [redacted]
Time: 03/15/17 07:33:09 AM (511281189)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 24260EB3-6D0E-40E5-849F-AFBA62D02E22
Message: Any news / anything interesting  BG in D.C. 20/21

Sender: e:jeeitunes@gmail.com
Time: 03/15/17 07:33:40 AM (511281220)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 7DBCA855-1B53-49C9-A773-0CD0CFF1F006
Message: he should meet with tom barrack, if he wants traction

Sender: e:jeeitunes@gmail.com
Time: 03/15/17 07:34:17 AM (511281257)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 2A978A2E-91DE-44F9-937B-4AAEBAD5DED6
Message: what happened to the jack ma  deal

Sender: [redacted]
Time: 03/15/17 07:35:39 AM (511281339)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 39C3350D-9B7B-4417-8110-5B454D268F54
Message: I have told him that. He believes his team are better connected and that Jared and ivanka are his interlocutors

Sender: [redacted]
Time: 03/15/17 07:38:13 AM (511281493)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E78FBE7F-3FA9-4711-B8B2-764DFEA861BE
Message: Jack wants me to help arianna huffington - he invested in her company thrive (so did Bezos) Her company does half corporate wellness and half ecommerce but she hasn't built out ecommerce Jack believes there is big opportunity for what he calls a "category" in the wellbeing ecommerce space. He says I have tech skills and doctor skills and wellness sense to help her build that part of the business - basically a JV w Alibaba. Bezos is hoping for the same thing

Sender: [redacted]
Time: 03/15/17 07:38:42 AM (511281522)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: B3EBE449-473B-4F9C-88E0-6760E16AAD0A
Message: Alibaba and Amazon are biggest marketplaces and super interesting opportunity both commercially and intellectually

Sender: e:jeeitunes@gmail.com
Time: 03/15/17 07:38:45 AM (511281525)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F644D75E-CE28-4C0F-B0B3-AD33BBD0A6C7
Message: not my thing , i can add nothing

Sender: [redacted]
Time: 03/15/17 07:39:02 AM (511281542)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E1472690-0321-453F-8AAE-325909D49FAA
Message: Bezos wants build out "local" and link to licensed docs

Sender: [redacted]
Time: 03/15/17 07:39:13 AM (511281553)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 97E248C9-9151-4DB0-A455-E8E9B67C6B8B
Message: (Eventually robot services)

Sender: [redacted]
Time: 03/15/17 07:39:32 AM (511281572)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 705499FD-18AA-4AE5-A58B-7D1986C767E1
Message: It is a real and credible opportunity for sure.

Sender: [redacted]
Time: 03/15/17 07:39:45 AM (511281585)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1B714857-FD5A-4E0E-BC1A-51D0F5D03E94
Message: Chief Medical Officer

Sender: [redacted]
Time: 03/15/17 07:40:03 AM (511281603)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 54FF12AD-0257-4596-87AC-4F28732834D3
Message: Equity/salary and the boss of the JVs w Alibaba and Amazon

Sender: [redacted]
Time: 03/15/17 07:40:32 AM (511281632)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 0A145244-705B-4EE5-A2C2-7771D3C13313
Message: Jack says too hard to build these innovations from within Alibaba and has to come from JV

Sender: [redacted]
Time: 03/15/17 07:40:43 AM (511281643)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 50ED469A-0F7B-44DA-B052-AF7B2277D64B
Message: Nice that he thought of me

Sender [redacted]
Time: 03/15/17 07:41:52 AM (511281712)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 707DE7AD-4A53-4233-ADFB-EAB0C5E7A526

Message: BG world is so backwards. Makes me sad. Wish there was a better space but for now will keep working on the bgc3 and next steps.

Sender: [redacted]
Time: 03/15/17 07:42:11 AM (511281731)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 816AA228-62FC-468F-BDAF-BC95A86F060D
Message: Thanks for your support always

Sender: [redacted]
Time: 03/15/17 07:43:20 AM (511281800)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A48F0315-C7CF-493F-A77D-89331B073A45
Message: Should I try to join Boris over time? He's venturing into brain space

Sender: [redacted]
Time: 03/15/17 07:43:25 AM (511281805)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FF5E48E1-6F78-41EB-B99A-CC8D6D72F975
Message: Pretty deeply

Sender: [redacted]
Time: 03/15/17 07:43:43 AM (511281823)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A4AB1AB3-8346-42A8-8C71-209DE8ED5389
Message: Not sure he wants more ppl or thinks I add value

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-03-17\□+[redacted]□ on 2017-03-17 at 07.34.29.ichat
Service: iMessage
Start Time: 03/17/17 04:34:29 AM (511443269)
End Time: 03/17/17 02:52:00 PM (511480320)
Last Message ID: 2399
Chat Room:
Participants: jee, □+[redacted]8□
Presentity IDs: e:jeeitunes@gmail.com, 12063827848
Messages -

Sender: e:jeeitunes@gmail.com
Time: 03/17/17 04:34:29 AM (511443269)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: EF0BA375-AECC-48EA-AE84-893FABE10358
Message: he should tread carefully, as his free spend will likely be reduced to only us entities . rational explanations do not carry the day. . in the budget as i told you , vet , and mental health. a big big increase and focus. its the world of the strongmen.

Sender: e:jeeitunes@gmail.com
Time: 03/17/17 04:35:02 AM (511443302)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: B5284F07-9C17-4CEB-AF21-17F4019EBA8F
Message: I send bill an email that this is the time for the Giant 'DAF. to replace the loss of govt funding to projects of his concern. its a no brainer.

Sender: [redacted]
Time: 03/17/17 04:39:44 AM (511443584)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5AFDB7E4-5CFE-4044-AFDB-9163CEC83786
Message: I told him too He could save the day by rallying his American "giving pledge" folks to rescue some of the closed programs in the USA He could also use his own funds

Sender: [redacted]
Time: 03/17/17 04:43:11 AM (511443791)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9D45ECDD-511B-4CCC-93EA-FC4C033EAB21
Message: His advisers tell him the budget will look very different when approved, that his issues are too important to cut (ODA)

Sender: [redacted]
Time: 03/17/17 04:45:08 AM (511443908)

Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 181BCF50-5845-4F21-B024-6546962DCF06
Message: Polio and PEPFAR etc He is not at all interested in mental health but he may consider advocating for Alzheimer disease and has no interest in getting involved w vets. He may be a little stuck ...

Sender: [redacted]
Time: 03/17/17 04:45:39 AM (511443939)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C19BD3C8-D79C-4BB2-9093-3532DE097990
Message: His advisers are all Obama-ites and trump haters. Deeply Entrenched.

Sender: [redacted]
Time: 03/17/17 04:49:56 AM (511444196)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 19E52B1E-442E-493F-BD6F-68E4AC2614FF
Message: Are there other billionaires that could step in to help?

Sender: e:jeeitunes@gmail.com
Time: 03/17/17 04:52:33 AM (511444353)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 3DE3C525-D685-4DB5-AF8A-B4D8B7762493
Message: Yes, but they have less uber size giving experience

Sender: [redacted]
Time: 03/17/17 04:56:33 AM (511444593)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 45B41939-24FB-4504-93AC-2850A256A24F
Message: How can we make him listen? I feel like David and Goliath!!! :-) His advisers tell him I'm being disruptive and don't know what I'm talking about

Sender: [redacted]
Time: 03/17/17 04:56:44 AM (511444604)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BD6A4786-CAED-46C4-8F02-DD32E87E691A
Message: And putting him at risk

Sender: [redacted]
Time: 03/17/17 04:57:25 AM (511444645)

Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 98B4DF94-BDBB-49D1-B440-152CC70D878F
Message: I think it really will take trump pushing back on him to make him realize these are different times

Sender: +[redacted]
Time: 03/17/17 04:57:34 AM (511444654)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 121FB7C4-7C26-4D8A-BA8E-E2D5C7AED325
Message: That might be the only way

Sender: [redacted]
Time: 03/17/17 02:09:46 PM (511477786)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: BE841E10-D5A6-4846-8E19-C5B69A0BE3C0
Message: http://time.com/4704550/bill-gates-cutting-foreign-aid-makes-america-less-safe/

Sender: [redacted]
Time: 03/17/17 02:51:29 PM (511480289)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 7C538399-4DBE-471D-BA35-A544FCB4E2CA
Message: Unrelated topic  Do you think endogenous inflammatory cells have exploitable Magnetic properties

Sender: +[redacted]
Time: 03/17/17 02:51:46 PM (511480306)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 7F2FC11F-E0FC-4C05-8889-661047DEEC8E
Message: Asking for endovascular purposes

Sender: +[redacted]
Time: 03/17/17 02:52:00 PM (511480320)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 99D7EEB5-69A5-4CB9-81A2-BA4AC5F90887
Message: I want to talk about it

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-03-23\[redacted] on 2017-03-19 at 12.10.08.ichat

Service: iMessage

Start Time: 03/19/17 09:10:08 AM (511632608)

End Time: 03/23/17 11:49:06 AM (511987746)

Last Message ID: 2592

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 03/19/17 09:10:08 AM (511632608)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6611333B-76AC-44DA-BDB8-676D851C522A

Message: im glad it worked out.

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 07:20:19 AM (511712419)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BE610F75-150B-4BDE-88DF-F683AC7FAF12

Message: did you have a nice flight. will you see barry out there. sometime soon we should drive to bard, and choose a dorm

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 01:54:19 PM (511736059)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD82AE42-3678-44CE-9B22-A42E78138EE1

Message: will woody take a helicopter with us to bard?

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 01:54:41 PM (511736081)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9BA0DEB-052B-4A7D-8921-81B07F08CC54

Message: i dropped out of cooper union

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 01:55:46 PM (511736146)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACFD3F2D-AFCD-4CC8-A449-10C289452853

Message: with me , ? i like me , no worry

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 01:56:48 PM (511736208)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62781A58-B18B-47FE-BC9B-76BA9B610507

Message: other " young"

Sender: e:jeeitunes@gmail.com

Time: 03/20/17 01:58:20 PM (511736300)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CADC3C59-20B4-48CD-AF34-CCE73AD1E548

Message: at the children's table

Sender: e:jeeitunes@gmail.com

Time: 03/22/17 02:52:53 PM (511912373)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3E732CC0-94CE-41C4-B045-04E7D3DC3260

Message: When are you back

Sender: e:jeeitunes@gmail.com

Time: 03/22/17 03:05:45 PM (511913145)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C38D994D-0418-4F81-BC9A-729AC9BCC143

Message: fun i hope.

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 03:59:57 AM (511959597)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 859DBF36-960D-489B-AE7E-81EFA7CA1BC9

Message: I know him for many years . Initially met through trump

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:10:02 AM (511971002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B3188FC-EA94-4F17-A24C-5CE9315D1C95

Message: Does John know him ?

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:10:28 AM (511971028)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0759D1AD-EB3F-4CD5-87A9-3270FA52CB7A

Message: And?

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:11:25 AM (511971085)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F01FFCDB-DECC-4A67-81A0-352327649284

Message:  Ok

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:12:43 AM (511971163)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4B681311-B8A5-40F1-B0CA-70A9DAA89484

Message: Good memory

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:13:16 AM (511971196)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3FA22A3-8B95-44E3-9A9D-049BD5F4299E

Message: And I never spoke to her after you told me

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:13:53 AM (511971233)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 80566F3C-6A79-4636-B8FD-542842562C21

Message: I am one of your biggest fans .

Sender: e:jeeitunes@gmail.com

Time: 03/23/17 07:14:29 AM (511971269)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 51529356-964E-4BC7-80DE-198F9F142A90

Message: As you know friends are my highest ideal

Sender: [redacted]

Time: 03/23/17 07:17:36 AM (511971456)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F3B3BBA4-1190-43A5-9C77-0EA1DAC765E5

Message: I didn't care. I just thought it was amusing. I feel just because we're married doesn't mean Woody is in a cage and that if he thinks that he can do better let him. I want him to be happy. You only get one life. I know he wouldn't be able to do better and that he would be under a delusion. Then he would be crawling back to me and then he would have hell to pay. :-) You knew he was going to have to suffer somehow didn't you. :-)

Sender: [redacted]

Time: 03/23/17 11:49:06 AM (511987746)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5B04E0C4-BEEE-4C39-9F23-9BBC926E4320

Message: Call me when you get a chance.

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-03-29\[redacted] on 2017-03-29 at 06.13.27.ichat

Service: iMessage

Start Time: 03/29/17 03:13:27 AM (512475207)

End Time: 03/29/17 08:27:08 PM (512537228)

Last Message ID: 2808

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 03/29/17 03:13:27 AM (512475207)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1E421999-280C-41A3-848C-2DD258BBC822

Message: Hello. Hope u r welland had lits of dessert wth sultan. The white hse announced yday pm modis trip to dc. Can u tell me whn and the dates ? Thanks.

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 03:58:23 AM (512477903)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2884ABBA-DDFA-4C18-B7E4-DAA44A8A4BED

Message: you were greatly missed. we would both have loved to have you there. . re trip I m told it is a part of israel strategy. should know more after i return from paris.-fyi Im told that buy india in reality is limited to a certain category of things . i.e. many can only be truly made in america. ( with its inherent risks for back doors. ) IT- yes , jet engines no. however , very enthusiastic over having private biz involved as it is seen to be much less corrupt than govt; ( please keep in mind , my expertise is money not politics . so I merely transmit things to you that I'm sure you understand though I might not )

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:12:41 AM (512478761)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48F3F42D-1BF0-4908-A477-B005B5135912

Message: yes I fully understood . what i am told is that discussions re israel strategy were dominating modi dates. however lots and lots of internal conflicts taking priority.

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:17:27 AM (512479047)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92BF770F-8B67-460E-BE08-FD28C2C9C470

Message: as part of your new frankly brilliant strategy,  are you a member of any US think tank?

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:33:58 AM (512480038)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C0C2BB25-C9C8-4683-AB85-181960AD9B89

Message: Tom Pritzker.  - like family,  .  the chairman of CSIS.  also pritzker prize and trekking in himalayas  .  probably worth a meeting for you .

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:35:28 AM (512480128)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C6FBEAC-FD97-4FB4-BCA3-7732310170FD

Message: as you may know  I used to be a member of the trilateral commission.  so i have some strong views on benefits and burdens of the various orgs.

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:36:09 AM (512480169)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DAE3B318-D2CB-49B5-A4CA-2CD6330CD86B

Message: If you like I will put you indirect contact.  .  hope every day  some fun

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:36:51 AM (512480211)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E4A1964-40E6-45BE-BB9C-7A6486DE7ECD

Message: may i send him your email

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:37:18 AM (512480238)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D81A593-DA25-456F-9196-09BD201BDE99

Message: or prefer text number

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 04:53:56 AM (512481236)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CA01CE99-7D9F-4A72-A142-B15DBD92CD25

Message: tom has sent you an email

Sender: [redacted]

Time: 03/29/17 04:54:53 AM (512481293)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 565AE30A-F914-442F-A824-5742C069E8CD

Message: Yes thanks.

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 03:28:23 PM (512519303)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 434D1C4B-608C-4243-AB7C-4C3B0E989ECD

Message: Bill burns runs Carnegie . He will see you in wash

Sender: [redacted]

Time: 03/29/17 05:32:52 PM (512526772)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 79203E7C-CB98-41E5-A4CA-1B9814560E5C

Message: He is mtng me in mumbai nxt week

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 06:21:40 PM (512529700)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4652B5E0-F710-4277-919C-83D63AA449E4

Message: He is the best diplomat . Friend of Terje roed Larsen . Current admin not a fan as result of Iran deal

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 07:52:30 PM (512535150)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E3CB4293-9ED8-4DA2-9015-E6231A38D4B3

Message: He is the norwegian . you should meet , he lived in oslo, hence the name of the agreement the OSLO accords. I told him you and he should meet. He is a very very close and great friend. . former under sec general for middle east. . It is the opening of the play on broadway describing the secret negotiations with clinton and arafat and barak. . He will be in europe with me this week, Bill Burns and he go way back. He will meet you in june or earlier if you come to our may dinner may 5.

Sender: e:jeeitunes@gmail.com

Time: 03/29/17 08:22:55 PM (512536975)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D9AEC35-2D2B-4439-B3C3-33252571C3BD

Message: again - I told terje that you are fun, ( very important ). Ive asked him to be your sherpa

Sender: [redacted]

Time: 03/29/17 08:27:08 PM (512537228)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AAF71ED7-9D3A-469A-9257-3348BB180DD5

Message: Thanks

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-04-09\+[redacted] on 2017-04-09 at 03.50.22.ichat

Service: iMessage

Start Time: 04/09/17 12:50:22 AM (513417022)

End Time: 04/09/17 08:12:43 AM (513443563)

Last Message ID: 3269

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 04/09/17 12:50:22 AM (513417022)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C01592F2-54C8-4BF4-BCF7-2833B833CF04

Message: Hello

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 12:51:00 AM (513417060)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: FCC6170A-1103-476E-8491-AEA17519BD51

Message: .? How was Bill

Sender: [redacted]

Time: 04/09/17 12:51:41 AM (513417101)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F8DCB10F-46CE-462D-9E42-833FCC05B473

Message: Gud. Critical on trump.

Sender: [redacted]

Time: 04/09/17 12:52:19 AM (513417139)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB85D9C3-E18E-4888-893D-2E367D96EDC2

Message: Have u done any deals in india ?

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 12:55:05 AM (513417305)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 42DAF3E5-A9EB-4C35-A1AB-F5D3F73E89CC

Message: Zero. My expertise is personal wealth . So my clients have . Leon black - Apollo for ex.

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 12:55:53 AM (513417353)

Flags: 1159173

Is Read: Yes

Is Invitation: No

GUID: F91F7D1C-69DE-4680-879A-EFEC273C44C5

Message: Do you think you will come to meet tom may 5

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 12:58:15 AM (513417495)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 47CAF1D9-605E-4A55-ADF8-A3AF7B49B595

Message: Trump has very high quality advisors . Very ! However he doesn't listen often . Xi meeting scripted by Kissinger but very quiet

Sender: [redacted]

Time: 04/09/17 12:58:47 AM (513417527)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 370E33CD-51DD-4CC2-B7AD-DFFE315DC7B0

Message: K. May 5 unlikely.

Sender: [redacted]

Time: 04/09/17 12:59:24 AM (513417564)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 854A2AA8-6FEF-42FD-8D0E-CA7F28D9383D

Message: So personal wealth means what can we do together ?

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:01:24 AM (513417684)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 31552661-6271-4856-BE10-435D8EF03800

Message: Hopefully , laugh

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:04:14 AM (513417854)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: A00093D4-ED24-4442-8B25-732159CCD9B9

Message: I do anything that makes money , but is challenging. Structurally, or subject matter - genetics, all the tech, bio, robo , fin, .

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:06:00 AM (513417960)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 1B4255B5-1625-4464-9E7E-4C5DE892C5EA

Message: I don't do small deals . Too much work and fund the most rarefied of the sciences . Advanced math , AI , origin of life Etc

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:06:47 AM (513418007)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: E7D94F6C-89F7-44FD-98DE-170BF146ABEC

Message: I have the most forward looking think tank at MIT AND HARVARD

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:07:10 AM (513418030)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: A2465F64-B580-41C4-B73C-004D0B3D43C2

Message: and dessert

Sender: [redacted]

Time: 04/09/17 01:07:18 AM (513418038)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE3FF975-620C-4322-9885-8F2EBF9E78FF

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:07:52 AM (513418072)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 0F36EABE-3AE3-4ECE-B1AC-2ABF116D7B40

Message: You are welcome to visit all

Sender: [redacted]

Time: 04/09/17 01:08:25 AM (513418105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 289E84B8-F900-431A-B153-65ACDEE05527

Message: Will do. Have a fun sun.

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 01:11:55 AM (513418315)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 5455C8DD-198F-4D64-84EC-84623AB7A6E2

Message: K- you might want to look at Mit media lab . Next generation

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 02:58:12 AM (513424692)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: F080FF6C-2CEE-4CF8-8265-3BDA1D912F85

Message: do you have any plans for europe?  or states/ ?

Sender: [redacted]

Time: 04/09/17 03:19:40 AM (513425980)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF2D79FD-B33B-4FC6-8C1C-B613FD70C3EC

Message: Paris end of month

Sender: [redacted]

Time: 04/09/17 03:19:55 AM (513425995)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D1592B61-A831-4245-B7D4-7F501BD4ECF5

Message: Nyc early june

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 03:24:05 AM (513426245)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: BD28FCCA-08D2-48BD-8A9E-DD0EEED08C93

Message: dates for paris?

Sender: [redacted]

Time: 04/09/17 03:28:26 AM (513426506)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32610372-59A5-4C2E-AEB8-A4F3CE59A690

Message: Maybe 24 25

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 07:42:21 AM (513441741)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 354A25AE-FE88-466C-847D-516FC1D030C1

Message: isn't it your birthday then

Sender: [redacted]

Time: 04/09/17 08:06:17 AM (513443177)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: DCACDB05-4D17-4DF9-B5A5-436FBD1FFA41

Message: Yes june 4. Be wth my younger son who is at nyustern

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 08:07:48 AM (513443268)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 5BC20D72-0FD9-45DF-88BB-9ADC5A058FF2

Message: great.

Sender: [redacted]

Time: 04/09/17 08:08:33 AM (513443313)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6C3E0034-BC43-4126-BDC3-202B3855502C

Message: Thanks Whn is ur bday

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 08:08:54 AM (513443334)

Flags: 1159173

Is Read: Yes

Is Invitation: No

GUID: 68F9D009-1E14-4AAE-922E-3332065AAD52

Message: jan 20.  but i treat every day like my birthday

Sender: [redacted]

Time: 04/09/17 08:09:12 AM (513443352)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0E5F7BBD-0D9B-4062-AB31-24A5A4F1C6F7

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 04/09/17 08:12:23 AM (513443543)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 0EBEB13C-6F46-409E-A10B-4297C4B2A8CA

Message: also then keep in mind if you son needs anything at all. in new york he now has family there

Sender: [redacted]

Time: 04/09/17 08:12:43 AM (513443563)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1F6C2A9C-46D7-4FC5-9CFF-6969F8FBB0F3

Message: Thank u soo much.

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-04-20\□+[redacted]□ on 2017-04-20 at 09.16.46.ichat
Service: iMessage
Start Time: 04/20/17 06:16:46 AM (514387006)
End Time: 04/20/17 05:56:20 PM (514428980)
Last Message ID: 4189
Chat Room:
Participants: jee, □+[redacted]8□
Presentity IDs: e:jeeitunes@gmail.com, 12063827848
Messages -

Sender: +[redacted]
Time: 04/20/17 06:16:46 AM (514387006)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: CB9D38CE-CB44-4D2E-AA3B-2DA89F49D2D4
Message:
https://www.forbes.com/sites/timworstall/2017/04/20/where-bill-gates-goes-wrong-its-how-not-how-much-foreign-aid-is-spent-that-matters/#66008a866de0

Sender: [redacted]
Time: 04/20/17 06:29:02 AM (514387742)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 8D743905-A8CE-41DB-AFDE-89CF87426DDD
Message: Bill Helman has some ideas on how to create a business around this and to monetize the concepts / plant to human translational research and don't worry he's incredibly discrete. And discreet. Also Geoff Ling the former head of DARPA and total genius is also my good friend and very supportive - didn't give a ton of detail but he says he will do whatever or even help run, advise, etc. he knows how to make science fiction science fact.

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:34:33 AM (514388073)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: A21DB08B-EC02-4909-9766-DA362ED3F1C8
Message: both are welcome to our secret society , they will join join joi ito ed boyden and caleb . ( mit agro )

Sender: +[redacted]
Time: 04/20/17 06:36:44 AM (514388204)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 116E74DC-E0D2-4AA0-A655-07EDACFE373F
Message: Perfect

Sender: [redacted]
Time: 04/20/17 06:36:49 AM (514388209)

Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: EAF0684C-29EC-498D-B622-7B0E94ED8431
Message: Geoff is CRAZY

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:37:14 AM (514388234)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 0A4B4586-6D20-4473-AA0A-9D41D696B61F
Message: i like crazy

Sender: +[redacted]
Time: 04/20/17 06:37:42 AM (514388262)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 1F8D4599-401B-47E6-AFE1-492A23A449C3
Message: https://en.m.wikipedia.org/wiki/Geoffrey_Ling

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:38:00 AM (514388280)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 7989F7D0-F595-424B-978B-9C68341DFAFB
Message: go to visit MIT asap. maybe i get you an appt at the media lab

Sender: +[redacted]
Time: 04/20/17 06:38:08 AM (514388288)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C5AF5E01-141E-4AC1-8384-4CA2658C6D21
Message: And hes a very very good friend of mine. He tried to make me work at darpa.

Sender: +[redacted]
Time: 04/20/17 06:38:41 AM (514388321)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 7BBC69FC-820C-4A23-93D6-BE535D5CC247
Message: Oh that would be great! I have to be in seattle w bg from tmr to April 29 but can go week of May 1

Sender: +[redacted]
Time: 04/20/17 06:39:33 AM (514388373)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 357516EB-7EFF-4ADC-89B7-31D56B024D27
Message: So when I went to interview at darpa the woman who was the head (arathi something can't remember last name) told geoff she couldn't hire someone so gorgeous because it would distract the men trying to focus on work

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:40:41 AM (514388441)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 24EF9890-72F6-4F35-9C61-F95E795359DB
Message: i sent bill a note after talking to wash, he is causing them to rethink the charitable deduction for overseas programs. donald is NOT pragmatic. that takes thinking ability, . he is setting himself up as part of yesterdays establishment and their perceived mistakes.

Sender: +[redacted]
Time: 04/20/17 06:40:44 AM (514388444)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A8D8AA62-B836-4445-9ABB-ADEEB4587F98
Message: And it would shift the focus of their thinking from science to sex. She also told that to Dan wattendorf (almost same Exact words ). Was a gross feeling to be spoken of like that by another woman.

Sender: +[redacted]
Time: 04/20/17 06:41:08 AM (514388468)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 1972F54F-0D9A-44D4-9A15-87A56E0CF7CF
Message: Bill won't believe you

Sender: +[redacted]
Time: 04/20/17 06:41:45 AM (514388505)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BEF95A7A-3C2D-47FA-9A99-14B53FE28EE2
Message: He has mark Suzman geoff lamb and the full "development" advisory leadership that are SO OLD GUARD

Sender: +[redacted]
Time: 04/20/17 06:42:01 AM (514388521)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: B6DD8ABD-2638-43FF-BCA5-9C66E9E35A31
Message: and they are gargoyles refusing to let other opinions in

Sender: [redacted]

Time: 04/20/17 06:42:13 AM (514388533)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3DED2346-C24F-43C6-99D7-CDFC4EB67273
Message: And when bg goes to see Jared and ivanka they tell Him he is a genius

Sender: +[redacted]
Time: 04/20/17 06:42:24 AM (514388544)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C5745CA5-DD27-4D09-993C-2D9F78C483D3
Message: And trump tells him he is a genius to his face

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:42:47 AM (514388567)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 37D62D3A-C114-4EDE-8062-BD3DEFC1B014
Message: its ok, he will believe it when it happens , and then hear I told you so. . trump tells everyone the exact same thing. exact

Sender: +[redacted]
Time: 04/20/17 06:43:21 AM (514388601)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 18D4CA8C-0008-4EA4-AA2A-519BB9B341BF
Message: Bill says 1. Trump will never get the budget cuts through. He claims he's spoken to senators and that they will fight and that the White House can't unilaterally do a budget like that. 2. He says trump can't unilaterally change the tax code.

Sender: +[redacted]
Time: 04/20/17 06:43:55 AM (514388635)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 65D57D4D-AD6F-4F69-8B23-FB74AED19B8B
Message: 3. He says trump will be in power 3.5 more years or less and that his foundation has a 30 year life

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:44:01 AM (514388641)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 3B40D94D-BC95-4F39-A14E-00A8296512CF
Message: watch obamare. see what tools he uses

Sender: +[redacted]
Time: 04/20/17 06:44:09 AM (514388649)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C3BABB78-AD1B-4B8A-94DF-31BE896E32F2
Message: I agree w you

Sender: +[redacted]
Time: 04/20/17 06:44:26 AM (514388666)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: CE566A33-3A26-42B2-8416-46616D65B09F
Message: You and I have both advised bg to Pick a topic and make a deal

Sender: +[redacted]
Time: 04/20/17 06:44:41 AM (514388681)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: DC2185BB-1000-4DDF-A1D6-22FFC17D1141
Message: If he wants pepfar then make a deal there  Something quiet pro quo

Sender: +[redacted]
Time: 04/20/17 06:45:11 AM (514388711)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5483227B-4E5C-4026-BF6E-6C2DBA428692
Message: Instead he's an issue per week  Neglected tropical diseases  Polio Pepfar Women's health 0.7%  Etc

Sender: +[redacted]
Time: 04/20/17 06:45:39 AM (514388739)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2589C939-189F-44CD-B5A7-FD64142CAC77
Message: I'm afraid we both know how this will end - and trump won't lose

Sender: +[redacted]
Time: 04/20/17 06:47:00 AM (514388820)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 199BAD29-4FD0-4336-9D9E-56D95C2F9788
Message: Different topic .... did you see the shared drive I sent you w all the papers

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 06:47:27 AM (514388847)

Flags: 1085445
Is Read: No
Is Invitation: No
GUID: FB94A2FB-DBDA-487D-AEEF-2AE26325FD58
Message: didn't yet . will later

Sender: +[redacted]
Time: 04/20/17 06:47:30 AM (514388850)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A6D7E143-DA22-4A3E-9647-8CD9D19DD5FC
Message: K

Sender: +[redacted]
Time: 04/20/17 06:48:08 AM (514388888)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 8BEF9D14-AD9B-487E-8DAE-86CE9D047E4C
Message: Plants use more than a dozen innate skills to manage stress. None that human scientists have tried.

Sender: [redacted]
Time: 04/20/17 07:04:58 AM (514389898)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 3E5FC6F9-3461-4EED-AD07-04F0798F8CE7
Message: http://medcraveonline.com/MOJCSR/MOJCSR-02-00031.pdf

Sender: +[redacted]
Time: 04/20/17 07:04:59 AM (514389899)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 4A19E596-B8DB-4987-BF07-B59F8DAFDB3D
Message: Very crazy ppl here. Melanin/energy

Sender: +[redacted]
Time: 04/20/17 09:05:29 AM (514397129)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: D39CE762-16EE-4A7A-A75F-70C83794FF0B
Message: Can I visit Ed week of May 1?

Sender: +[redacted]
Time: 04/20/17 09:05:36 AM (514397136)
Flags: 1060865
Is Read: Yes

Is Invitation: No
GUID: 6EFBD6CD-0F8C-4DAA-AD80-351A71C9FA9E
Message: MIT

Sender: [redacted]
Time: 04/20/17 11:13:02 AM (514404782)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: DF81763A-0173-4C69-9CC6-C6031C8EBA48
Message: I can do Concurrent with the very fake bgc3 thing. It's so ridiculous how trapped bg is ... I think I'm just there bc he cares about my next steps and wanted to help me.

Sender: [redacted]
Time: 04/20/17 11:13:18 AM (514404798)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 9175C509-61A1-4651-9D1C-53DDF4B65060
Message: If ed is game I'm Game

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:15:12 AM (514404912)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F73BCE9E-4127-46A8-A747-310A5B178FD1
Message: What is Geoff ling doing now

Sender: [redacted]
Time: 04/20/17 11:15:37 AM (514404937)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D20E7043-68EE-44F9-B061-0A6E6B90AB6C
Message: Consulting

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:15:55 AM (514404955)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 1090EE78-FDC8-4D81-93D5-6F04A7BA5390
Message: Where

Sender: [redacted]
Time: 04/20/17 11:15:58 AM (514404958)
Flags: 1060865
Is Read: Yes
Is Invitation: No

GUID: 44ACEBD9-5E5B-4976-985C-FDD1B0258CA6
Message: Looking for his next gig - they had him on the roster for NIH so he's hanging out till then

Sender: [redacted]
Time: 04/20/17 11:16:12 AM (514404972)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 99AE9BEB-5F25-4B68-BFB6-038898847513
Message: Baltimore  He also attends at Hopkins

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:16:15 AM (514404975)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 359352F1-E82C-4F84-BF4A-36207DEF2670
Message: Can I Skype him

Sender: [redacted]
Time: 04/20/17 11:16:19 AM (514404979)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 0E35ACD8-A83B-4CEF-9ABF-28B75831F252
Message: Sure

Sender: [redacted]
Time: 04/20/17 11:16:31 AM (514404991)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2D3D207D-B197-4B58-BF8C-1AA6F6DC978F
Message: What do you want to talk to him about I can ask him

Sender: [redacted]
Time: 04/20/17 11:16:49 AM (514405009)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 6FBBB7CD-1F18-45D1-A78D-9A400E7094C5
Message: Was thinking more fun to talk in person he'd go to NYC  He's a character

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:17:22 AM (514405042)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CABECD72-5F69-441D-95B4-BAA8E2DFA729
Message: Ok

Sender: [redacted]
Time: 04/20/17 11:17:37 AM (514405057)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 643B7A65-3B92-45EA-8148-DBEB772E29B7
Message: Can we do a dinner maybe week of May 1 or the week after w Ed boyden and geoff and whoever else is in the inner confidential circle

Sender: [redacted]
Time: 04/20/17 11:17:43 AM (514405063)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 66D7F74F-68E9-4152-91B6-BB31CFAAAC48
Message: I suggest Neal Kassell too

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:18:07 AM (514405087)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F15CA15F-CDE9-4FF5-8C19-8E7C1F61F38E
Message: Ok

Sender: +[redacted]
Time: 04/20/17 11:18:08 AM (514405088)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: BF4B3C71-8CF9-45DB-B1A2-DA3BF7DB2CBA
Message: Genius retired  Worlds greatest vascular neurosurgeon with one eye haha  But he is doing cool Stuff w ultrasound

Sender: +[redacted]
Time: 04/20/17 11:18:21 AM (514405101)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: B0BC11B5-0C89-461E-B03F-7579CE1CA37A
Message: And friends w geoff and me too  He's On my brain council

Sender: +[redacted]
Time: 04/20/17 11:18:57 AM (514405137)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 4B8DCCAB-DC9C-4E7A-B36F-EBE86243C578
Message: Neal Kassell Geoff Ling Me You Ed Boyden  Then you pick 1 other?

Sender: [redacted]
Time: 04/20/17 11:19:35 AM (514405175)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 0B48E4D4-10C3-4576-A76F-CAC019B3DA43
Message: They are all going to Milken so it will need to be after

Sender: [redacted]
Time: 04/20/17 11:20:06 AM (514405206)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 27283829-8350-4010-9073-6BA178A4860F
Message: What about Thursday may 11

Sender: [redacted]
Time: 04/20/17 11:20:09 AM (514405209)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 294E297E-D256-4FC7-8A71-ADBEBAF3C53D
Message: Dinner

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:21:48 AM (514405308)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 076438F8-7CF7-4A91-86D7-B66ED516DEFD
Message: What dates are milked. I here there first week in may. Gone the 8th

Sender: [redacted]
Time: 04/20/17 11:25:10 AM (514405510)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 07D349C7-CF49-488E-965B-9A5AACA9000D
Message: April 30-may 3

Sender: [redacted]
Time: 04/20/17 11:25:41 AM (514405541)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: DA5D7223-AFFE-4A47-9ACD-BFCFE6B19F72
Message: Ted April 24-28

Sender: [redacted]

Time: 04/20/17 11:26:02 AM (514405562)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 56B30E25-DCA6-44DD-A404-5884E8E93A5B
Message: Could maybe do 4 or 5 may??

Sender: [redacted]
Time: 04/20/17 11:31:30 AM (514405890)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 67A4BEB7-6C9B-4E24-8587-CE5B848D6FF7
Message: <Unsupported Message Content>

Sender: [redacted]
Time: 04/20/17 11:31:45 AM (514405905)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 890EBEA8-935C-4ADA-A3C2-1813413A4B15
Message: Neal

Sender: [redacted]
Time: 04/20/17 11:33:27 AM (514406007)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 64AF8F1C-AADB-46B5-9395-CA625FC7245A
Message: http://www.nature.com/news/surprising-contenders-emerge-for-trump-s-nih-chief-1.21295

Sender: [redacted]
Time: 04/20/17 11:33:27 AM (514406007)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 81E01262-68EE-4043-83A4-455DCDA1EC61
Message: See on geoff Ling

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:49:01 AM (514406941)
Flags: 1150981
Is Read: No
Is Invitation: No
GUID: 5BD76BCA-BF04-4651-B1F2-47CBBB656A11
Message:
https://www.washingtonpost.com/news/speaking-of-science/wp/2017/04/20/naked-mole-rats-are-now-even-weirder-without-oxygen-they-live-like-plants/?utm_term=.434743f38339

Sender: e:jeeitunes@gmail.com
Time: 04/20/17 11:57:56 AM (514407476)

Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 4390079F-7123-4AD6-9924-0EC2F8EB09C3
Message: Cannot do 5

Sender:[redacted]
Time: 04/20/17 11:58:21 AM (514407501)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E0C7EBD9-30A5-4802-8E8A-D83BAE932ED0
Message: Can do 4?

Sender[redacted]
Time: 04/20/17 05:55:34 PM (514428934)
Flags: 1052673
Is Read: No
Is Invitation: No
GUID: 91B2F041-4DEE-46B9-AB69-E611433514DB
Message: Should I try to get creative on compensation at bgc3 or just let them do whatever they want? Larry sent me their smart lawyer in case there was a tax benefit for me for a certain package or to see if bcg3 could bundle my salary and pay it to NYU or Harvard to train me as a fellow in endovascular (costs like 150k bc of malpractice insurance etc)

Sender: -[redacted]
Time: 04/20/17 05:56:15 PM (514428975)
Flags: 1052673
Is Read: No
Is Invitation: No
GUID: A44DAE6D-3325-4489-8021-DB1D9DE86C4B
Message: Larry says that bill has offered to be supportive however it makes sense to me. I just worry a bit about his wife if I do anything other than the standard.

Sender:[redacted]
Time: 04/20/17 05:56:20 PM (514428980)
Flags: 1052673
Is Read: No
Is Invitation: No
GUID: C8663B03-821A-44EA-9039-A7091FD1CE7A
Message: Thought?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-06-30\[redacted] on 2017-06-30 at 07.39.58.ichat

Service: iMessage

Start Time: 06/30/17 04:39:58 AM (520515598)

End Time: 06/30/17 11:08:53 AM (520538933)

Last Message ID: 6948

Chat Room:

Participants: jee,[redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender:[redacted]

Time: 06/30/17 04:39:58 AM (520515598)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2CBBCDC8-B055-454F-AF57-486D7BEC81CC

Message: Thank you for dinner last night.

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:23:23 AM (520518203)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B57A783-4622-4B47-BA5D-D8D116D1CEA8

Message: Why are you being nice?

Sender:[redacted]

Time: 06/30/17 05:48:02 AM (520519682)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F776158D-EEBF-4B69-B828-3C44977C1D09

Message: I guess because I'm in desperate need of niceness since my daughter isn't nice.

Sender:[redacted]

Time: 06/30/17 05:48:25 AM (520519705)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7917EB5D-228B-4B24-9AF8-7EB2A692325C

Message: Did you think it was suspicious? Did you think I wanted something?;)

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:49:28 AM (520519768)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6AF3344-EE11-4631-9931-C03910DA1EDF

Message: Not yet

Sender: [redacted]

Time: 06/30/17 05:51:30 AM (520519890)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3C023FC4-793A-429D-B5B2-A8F836384B19

Message: Contrary to what you and Woody think, I am a nice person.;) □

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:52:15 AM (520519935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DBA1BEF-5EEF-4536-A787-28593AA5E459

Message: Glad to see you are having your period ----still

Sender: [redacted]

Time: 06/30/17 05:53:14 AM (520519994)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 72CB372B-081B-4AA1-8FD5-E2187FD19A77

Message: I am not. You sound like Donald Trump and that's not a good thing.

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:53:49 AM (520520029)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 94583E5A-58D3-4057-8714-1B30FE39EF72

Message: Agrreed

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:53:55 AM (520520035)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F3214219-0E3A-4F48-AFFA-BB1647D3C410

Message: sorry

Sender: [redacted]

Time: 06/30/17 05:54:33 AM (520520073)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B63BC70C-14EF-4624-AA43-E166E20479EB

Message: There's nothing to admire about Donald Trump.

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 05:55:12 AM (520520112)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 67AD3438-60C5-4808-8366-2AE57A9A9C74

Message: Agreed that he is stupid

Sender: [redacted]

Time: 06/30/17 05:55:13 AM (520520113)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 33882059-D840-465D-8B44-6235CDDFC4AA

Message: The nerve of him accusing the woman of being in the low IQ club when he is the king of the low IQ club.

Sender: [redacted]

Time: 06/30/17 05:56:40 AM (520520200)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0508275E-9ADF-48EC-8460-E846A3D0E66C

Message: What president has time to tweet about things like this. He should have more important things on his plate and he shouldn't dignify himself with these stupid tweets. It should be beneath him but it's not. It's all very disappointing.

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 06:19:14 AM (520521554)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C559264C-8C72-47FC-BC0E-2851168144E2

Message: which three days will you be in cap entibbe\

Sender: e:jeeitunes@gmail.com

Time: 06/30/17 09:55:34 AM (520534534)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 739736BA-D7FA-456F-AF04-8ED01DA8DADE

Message: Tell Woody Suki has a younger sister

Sender: [redacted]

Time: 06/30/17 10:06:06 AM (520535166)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3026DD97-E101-4CED-BE30-47B92C524CE2

Message: It's just like you to be interested in the younger sister. At least you're consistent. I thought Mika Brzezinski come back of the picture of the Cheerios being for small hands against Donald Trump was good.

Sender: [redacted]

Time: 06/30/17 11:08:53 AM (520538933)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3A6A8F95-C4EA-4B33-83E5-44E088378518

Message: Did you just call me?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-09-27[redacted] on 2017-09-27 at 13.18.07.ichat

Service: iMessage

Start Time: 09/27/17 10:18:07 AM (528225487)

End Time: 09/27/17 02:26:41 PM (528240401)

Last Message ID: 9739

Chat Room:

Participants: jee,[redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: [redacted]

Time: 09/27/17 10:18:07 AM (528225487)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 041145F8-B717-4C30-844D-46AC4402137B

Message: Thank you for time And pizza □

Sender: [redacted]

Time: 09/27/17 10:20:50 AM (528225650)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 89F03704-397E-45B2-B18A-57DCC32639DB

Message: Met this guy  PETER MULLER Quant hedge fund

Sender: e:jeeitunes@gmail.com

Time: 09/27/17 10:46:44 AM (528227204)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F1916E2D-EBFB-4930-88E2-92B7F9907C9E

Message: And

Sender: [redacted]

Time: 09/27/17 11:03:11 AM (528228191)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FB93FD0-14A6-4D74-9C9F-1772A78FF8B9

Message: I liked him  Very very smart

Sender: [redacted]

Time: 09/27/17 02:23:36 PM (528240216)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 80E2484B-746B-49A5-BB8A-104B90ABEB3C

Message: Mary erdoes says hi

Sender: e:jeeitunes@gmail.com

Time: 09/27/17 02:24:19 PM (528240259)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A04500E-EA89-44B7-A99A-8B23AEEB6792

Message: Give her a hug

Sender: [redacted]

Time: 09/27/17 02:26:02 PM (528240362)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9DDDA0BA-0030-4164-B59F-EB7DA8672785

Message: She sends her love and says not to be a stranger

Sender: [redacted]

Time: 09/27/17 02:26:41 PM (528240401)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 064247F5-5FDE-4081-B056-1E2A1489A48B

Message: I told her we met through trump - she didn't believe me!

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2017-10-20\[redacted] on 2017-10-20 at 14.42.35.ichat

Service: iMessage

Start Time: 10/09/17 09:15:23 AM (529258523)

End Time: 10/20/17 11:42:35 AM (530217755)

Last Message ID: 10428

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 10/09/17 09:15:23 AM (529258523)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 19147C99-1E9C-4798-82B3-971B7E131291

Message: When do you come down?

Sender: e:jeeitunes@gmail.com

Time: 10/09/17 11:16:22 AM (529265782)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9FF10C43-0406-4355-9C7F-B0F97A0F55A9

Message: I'm in Paris until 23 but can talk on phone anytime

Sender: e:jeeitunes@gmail.com

Time: 10/09/17 02:07:55 PM (529276075)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6CA74F02-13DF-47DB-BE50-A3A6E1E802E1

Message: Chat?

Sender: e:jeeitunes@gmail.com

Time: 10/09/17 02:16:11 PM (529276571)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 03F78FDE-A0B9-49A9-99D9-1869C1F6A770

Message: Did Clinton change his mind

Sender: [redacted]

Time: 10/09/17 03:25:26 PM (529280726)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 45C34E16-981A-490B-A2FA-06F4E8B7EFB7

Message: No. Working on dates. Can I call you late tonight or tomorrow?

Sender: e:jeeitunes@gmail.com

Time: 10/09/17 03:31:24 PM (529281084)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5AE36C1C-ADE5-434F-A170-16301B9187BE

Message: tomorrow

Sender: e:jeeitunes@gmail.com

Time: 10/10/17 07:59:44 AM (529340384)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 85695BC6-2F91-44E0-8DA7-EDAA667FB0EA

Message: Now?

Sender: [redacted]

Time: 10/10/17 08:00:01 AM (529340401)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A581B5B8-AFB6-44F1-BE33-EED105903981

Message: Sure. Call me

Sender: [redacted]

Time: 10/10/17 08:18:03 AM (529341483)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB19A161-5132-4ECD-A229-C44CD2D8FCA7

Message: I think it's me. The cell is spotty here

Sender: e:jeeitunes@gmail.com

Time: 10/13/17 03:23:22 AM (529583002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 93EEB93C-690D-4596-B4BA-088413990262

Message: Now it's 5.5 billion ?

Sender: [redacted]

Time: 10/13/17 05:59:51 AM (529592391)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC4FF785-14C6-4623-A1AB-3ABF51F2BB5F

Message: Exactly. And that ain't enough

Sender: [redacted]

Time: 10/13/17 05:59:58 AM (529592398)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB9C3C39-30A9-4D1B-B8AD-9DF6DFC0F22E

Message: With no justification

Sender: [redacted]

Time: 10/16/17 12:35:13 PM (529875313)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C42A386C-1CDC-4014-9CAA-9C4A0F581103

Message: You have some time to talk?

Sender: e:jeeitunes@gmail.com

Time: 10/17/17 03:37:20 AM (529929440)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A91BD20F-1CA6-473B-951B-414111242449

Message: Awake?

Sender: [redacted]

Time: 10/17/17 03:37:45 AM (529929465)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EAD89D7A-B6EB-4980-9273-6C4928403EBA

Message: Yes I am

Sender: e:jeeitunes@gmail.com

Time: 10/19/17 08:23:33 AM (530119413)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A6D905A2-5C25-4EC2-808B-717942214D51

Message: How did it go?

Sender: e:jeeitunes@gmail.com

Time: 10/19/17 07:59:07 PM (530161147)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E11B9E8-F86B-451F-81D9-CCC123EAE1E4

Message: ??

Sender: [redacted]

Time: 10/20/17 06:21:25 AM (530198485)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14EF65CA-DF6A-450F-AF5A-1079CFAA78BB

Message: Morning just getting back to DC. It was very formal and he had no data at the meeting to justify his numbers they were "guesstimates". Suppose to have his Witt OBrien people give me the data. They looked a little submissive during the meeting

Sender: e:jeeitunes@gmail.com

Time: 10/20/17 10:22:40 AM (530212960)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 210755C0-68D2-471B-A1B2-B2480E2E0C71

Message: Next step

Sender: e:jeeitunes@gmail.com

Time: 10/20/17 10:22:45 AM (530212965)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1079919F-379A-4CD6-AE17-C91C3E38771C

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 10/20/17 10:23:17 AM (530212997)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2BE428DE-E4A8-4F3D-B101-597E19B7AD62

Message: Everyone looks submissive next to you

Sender: [redacted]

Time: 10/20/17 11:42:35 AM (530217755)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: F3B230F3-DC01-4E0A-8A90-7E02939ACC44

Message: I think Mapp subdued them. They repeatedly wanted to say things upon my inquiry but were stopped by the interruption or Mapp's hand wave. Next step is to push for the necessary amount, galvanized voices to lobby, get support, make sure it has oversight from feds, take appropriate support and see from there

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-01-25\Terje on 2018-01-25 at 07.15.20.ichat
Service: iMessage
Start Time: 01/25/18 04:15:20 AM (538575320)
End Time: 01/25/18 12:59:02 PM (538606742)
Last Message ID: 12001
Chat Room:
Participants: jee, Terje
Presentity IDs: e:jeeitunes@gmail.com, [redacted]
Messages -

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 04:15:20 AM (538575320)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: E975E2F9-FEB0-4E08-B959-F3BC0702D544
Message: Call when free

Sender: [redacted]
Time: 01/25/18 05:11:34 AM (538578694)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: A7052E08-125B-4737-9EAB-57B16D6542AE
Message: Tried

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 05:21:13 AM (538579273)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 43CD5892-086A-4FF9-801B-B45BE1C0A589
Message: Talk in 2 hrs ?

Sender: [redacted]
Time: 01/25/18 06:40:41 AM (538584041)
Flags: 1126401
Is Read: Yes
Is Invitation: No
GUID: 8411A30E-73FC-415C-806B-FDF39FD76056
Message: Bill Gates is here. Could you ask him if I could see him tomorrow or on Saturday morning? Trump is speaking at 2 pm tomorrow. Macron spoke yesterday. Very good! Børge wants to see you, but prefer Geneva.

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 06:45:47 AM (538584347)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 30FF25ED-290E-46D5-BF62-82B77DAF428D

Message: Ok

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 06:47:58 AM (538584478)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 5510E517-24AD-4395-A1FA-74D25A9443F5
Message: I will send bill a message

Sender: +[redacted]
Time: 01/25/18 06:52:37 AM (538584757)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 34C5703E-F5F9-4A29-9CCE-AE43953F8E77
Message: Thx!

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 07:52:23 AM (538588343)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: B73F55D6-3A3B-4562-9574-F2648ABD59DF
Message: I tried

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 12:58:29 PM (538606709)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 0B9CE783-9DC3-49A9-ADAB-9BE1927FB525
Message: Jeff, thanks for asking. Really in a struggle for sure and trying to navigate out of heavy seas. It is a 24 hour ordeal. Get back to you in short while and see your advice. Thanks for asking. Morits

Sender: e:jeeitunes@gmail.com
Time: 01/25/18 12:59:02 PM (538606742)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 02134B09-E1B5-4984-8920-516586581541
Message: Two things . Apt and your health . Focus

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-03-14\Woody Allen on 2018-03-12 at 20.04.37.ichat

Service: iMessage

Start Time: 03/14/18 04:23:32 AM (542719412)

End Time: 03/14/18 04:41:44 AM (542720504)

Last Message ID: 13478

Chat Room:

Participants: jee, Woody Allen

Presentity IDs: e:jeeitunes@gmail.com, 19174027204

Messages -

Sender: [redacted]

Time: 03/14/18 04:23:32 AM (542719412)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 801FEECF-50AE-4209-8728-8F201E619D2A

Message: I just read that Stephen Hawking died. I know you knew him. I'm sorry for your loss.

Sender: e:jeeitunes@gmail.com

Time: 03/14/18 04:26:24 AM (542719584)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5484D1D1-9B05-43A5-826D-6BE9068EDE30

Message: he was very sick.  but amazing  as he was in the vegatable state for 20 years.  and while in a wheelchair  had an affair with his nurse , ran off with her and left his wife

Sender: [redacted]

Time: 03/14/18 04:28:45 AM (542719725)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E12F8A4-B446-4241-8CD1-25DC8A868C86

Message: There are many crazy women out there. It was amazing that he lived with MLS for so long. It's one of the worst diseases out there.

Sender: [redacted]

Time: 03/14/18 04:29:25 AM (542719765)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C30DCE17-88EE-4B45-AE4D-2EFD5D192DC6

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 03/14/18 04:32:35 AM (542719955)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 79BE4E65-38EA-4A53-9F35-F95E32C5C6EF

Message: I don't think Donald Trump could've picked a worse person for the CIA or for the Secretary of State. At least he's consistent.

Sender: e:jeeitunes@gmail.com

Time: 03/14/18 04:33:17 AM (542719997)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA23039D-0CEE-43FE-B1CC-20B8F0A25DE2

Message: its a woman.  !!!!  where are your principles

Sender: e:jeeitunes@gmail.com

Time: 03/14/18 04:33:59 AM (542720039)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EFD92F14-EA98-4CD2-9FA8-BAA556290A49

Message: im here in new york since  yesterday morn.  when is your first expose

Sender: [redacted]

Time: 03/14/18 04:34:14 AM (542720054)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 711392DA-DE00-4FC9-842A-47F8E3A6C491

Message: I don't care if she's a woman. I like the best person for the job. Woody suggested Kate Upton.

Sender: [redacted]

Time: 03/14/18 04:35:09 AM (542720109)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD95444F-B74A-4CB6-A002-F0276B824B5F

Message: Still to be decided.

Sender: e:jeeitunes@gmail.com

Time: 03/14/18 04:35:16 AM (542720116)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F690497-82B1-4510-972C-C17A9D4DE02F

Message: but what does she know about under cover work and deception □

Sender: [redacted]

Time: 03/14/18 04:39:48 AM (542720388)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5353912A-56CC-47CC-9244-58DFD0528261

Message: I don't think she could go undercover as she's too beautiful.

Sender: e:jeeitunes@gmail.com

Time: 03/14/18 04:40:31 AM (542720431)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A0613FF-8ED3-4407-8FFE-3F594EFEA0C4

Message: woody should explain to you

Sender: [redacted]

Time: 03/14/18 04:41:21 AM (542720481)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D7993E3B-0B4E-4E65-979C-1D0A46CC579D

Message: Explain to me what?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-04-09[redacted] on 2018-04-03 at 13.52.31.ichat

Service: iMessage

Start Time: 04/03/18 10:52:31 AM (544470751)

End Time: 04/09/18 04:15:37 PM (545008537)

Last Message ID: 14613

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 04/03/18 10:52:31 AM (544470751)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D867E62-6BDD-490F-8079-4B3F06394383

Message: DJT is certainly moving back to your base.  Good job

Sender: [redacted]

Time: 04/03/18 11:44:40 AM (544473880)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA07265D-D6BF-4FB2-BA96-4E593C212B33

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 04/03/18 12:37:32 PM (544477052)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D9F7679C-A1A3-4F65-8A7B-0DA9AAEF0535

Message: He should leave syria  in exchange for the iraniians leaving Yemen

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 11:32:44 AM (544559564)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DEFB18A2-5584-48DF-9D29-FF5EDA633998

Message: Interesting crypto ,  everyone wants in. So amusing

Sender: [redacted]

Time: 04/04/18 11:33:25 AM (544559605)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D47F229-F0F6-449A-ABAC-757372B3891B

Message: It's the future mr goetz (Chinatown)

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 11:33:50 AM (544559630)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05D7480D-C2C3-4E11-989A-9A1FD670DDD2

Message: My nose !!!!

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 12:01:18 PM (544561278)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 969BEEB9-863E-4C91-9C35-224AD468B051

Message: Jake Gittes : How much are you worth?  Noah Cross : I have no idea. How much do you want?  Jake Gittes : I just wanna know what you're worth. More than 10 million?  Noah Cross : Oh my, yes!  Jake Gittes : Why are you doing it? How much better can you eat? What could you buy that you can't already afford?

Sender: [redacted]

Time: 04/04/18 12:36:04 PM (544563364)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1992C3BB-8F64-4603-8BE3-C7A77516D8D3

Message: Love this film

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 03:44:25 PM (544574665)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 056287D4-3372-4FF0-9AF4-C8F801946011

Message: https://www.usnews.com/news/world/articles/2018-04-04/us-plans-to-sanction-russian-oligarchs-this-week-sources

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 03:45:30 PM (544574730)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E3117A2-32FF-4150-8872-50352B53BF5E

Message: Well at least it is their elite and not ours □

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 04:18:42 PM (544576722)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62A15155-E933-494E-AD1C-11351B942C6E

Message: Are you in ny next week

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 07:33:44 PM (544588424)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CF26496D-F0BA-4077-82B5-52810A55EC6C

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 04/04/18 08:00:25 PM (544590025)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 01115362-A3D8-43BE-A451-065C6A49F560

Message: Woody Allen dinner tues if you like to join

Sender: e:jeeitunes@gmail.com

Time: 04/05/18 10:10:42 AM (544641042)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76BDA8CC-D93A-42C5-8772-FF0445D71F9D

Message: I liked your fuck Wall Street statement. Don't know how you are doing it but it seems he is following your lead.

Sender: [redacted]

Time: 04/05/18 10:16:22 AM (544641382)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4C9AC652-26B4-4902-A75F-7D74C40E1A13

Message: 1000%--- I have Kudlow and Bolton in there

Sender: e:jeeitunes@gmail.com

Time: 04/05/18 01:41:49 PM (544653709)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54541181-F61B-47A3-95FD-BD8CCE6AD484

Message: Nice to finally have good soldiers for you

Sender: [redacted]

Time: 04/05/18 01:57:56 PM (544654676)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7AA123EE-7900-4B0B-8EA1-AC726D354940

Message: Old soldiers looking for a gig

Sender: e:jeeitunes@gmail.com

Time: 04/05/18 01:58:37 PM (544654717)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 167769F0-0CDB-43E2-B40E-810CCDBA0527

Message: Yes but its funny as it is obvious that they  now have a boss. .  good for you

Sender: e:jeeitunes@gmail.com

Time: 04/06/18 09:44:55 AM (544725895)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5CB309E1-DBD2-4F31-942C-7287513E9F9C

Message: HBJ sun. MBS mon. Paris  I'm not back until tues

Sender: [redacted]

Time: 04/06/18 09:47:20 AM (544726040)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E122C364-E3B0-4EDB-8FAA-E69D1C8B1D05

Message: Very cool

Sender: e:jeeitunes@gmail.com

Time: 04/07/18 02:13:04 AM (544785184)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 86E8CE71-3A0F-440A-841F-F621A9FA95D0

Message: Suleiman Kerimov is being designated for being an official of the Government of the Russian Federation. Kerimov is a member of the Russian Federation Council. On November 20, 2017, Kerimov was detained in France and held for two days. He is alleged to have brought hundreds of millions of euros into France - transporting as much as 20 million euros at a time in suitcases, in addition to conducting more conventional funds transfers - without reporting the money to French tax authorities. Kerimov allegedly launders the funds through the purchase of villas. Kerimov was also accused of failing to pay 400 million euros in taxes related to villas.

Sender: e:jeeitunes@gmail.com

Time: 04/07/18 04:41:05 AM (544794065)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 27766AAA-18FD-42AA-85DC-8EAEC5B66431

Message: Also great story from head of NATO. When meeting Donald wanted to talk about Celina. The mutual girlfriend

Sender: [redacted]

Time: 04/07/18 05:25:04 AM (544796704)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1343B5EF-09C2-465C-9201-7AD035EA2458

Message: Of course

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 07:01:41 AM (544888901)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23A37594-5698-4AF0-B000-95CD8CFC9607

Message: When are you next in Europe?

Sender: [redacted]

Time: 04/08/18 07:04:29 AM (544889069)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E79C1B5E-06A3-4655-8E0A-94C708E187B7

Message: 1 May in nice -- have been invited to speak @ a gathering of the tribes --- big day today in Hungary

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 07:34:39 AM (544890879)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C6D84E54-BA4B-494C-B962-B2698D071A1C

Message: Good boy

Sender: [redacted]

Time: 04/08/18 07:54:43 AM (544892083)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F582D636-F613-460E-8CA4-161E5AAFAAEE

Message: NYT has proposed page 1 interview on china/ trump

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 08:11:23 AM (544893083)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CB9655D4-62B1-4165-AC59-03F14A021652

Message: Finally

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:33:28 AM (544898008)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6112BE07-723E-4108-844E-ECAFBF4CCBA5

Message: How long will you stain Europe . ? Stay in

Sender: [redacted]

Time: 04/08/18 09:35:06 AM (544898106)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3FF432B2-9923-46BD-9DF3-4E7DE5726051

Message: Being worked out

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:36:57 AM (544898217)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A7FC0298-EE84-4016-963A-97FE1E2EF83F

Message: I wonder if stain Europe was more appropriate.  .  I am arab ed out

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:37:05 AM (544898225)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3EE6D9C9-C7B9-4A5C-9FED-4BFB02799997

Message: Back in New York tomrw nigh

Sender: [redacted]

Time: 04/08/18 09:37:19 AM (544898239)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B02DC16-8436-46A0-A567-C6DB1CA047B9

Message: Eurabia

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:37:39 AM (544898259)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 60434B13-1842-47D6-A0FE-168A5059C8DE

Message: More like yourlabiia

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:38:20 AM (544898300)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 97A7B531-0555-4211-A99C-5556A09A8F1C

Message: They are so much like women

Sender: [redacted]

Time: 04/08/18 09:38:43 AM (544898323)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D4C4CE2-3495-49C1-8ABF-FAD643833F08

Message: The worst aspects of women

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:38:54 AM (544898334)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E4B6625-50ED-4DC2-8BA2-BE8F817673BD

Message: bingo

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:45:39 AM (544898739)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 937CF83A-590E-4E82-9A78-5856D8DD63A9

Message: HBJ. Asking me what is the china strategy. .  ?

Sender: [redacted]

Time: 04/08/18 09:46:43 AM (544898803)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E00F7482-6A50-42D8-B681-AAAE774789B8

Message: SKB: full strategic initiative with 301 intellectual property as tip of the spear

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:47:05 AM (544898825)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB0C11A6-78E4-4D93-BA89-2E6CC5E8C3DF

Message: MBS has the Louvre and 400 guards. To himself ,  Im on the way oveer

Sender: [redacted]

Time: 04/08/18 09:47:29 AM (544898849)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7DE48FF7-1B56-4163-877B-92F24C5071D2

Message: No better way to spend s Sunday

Sender: [redacted]

Time: 04/08/18 09:48:01 AM (544898881)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB35DF8A-303A-435D-8DBB-B1DC86F33449

Message: Trump: 'xi my friend'

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:48:15 AM (544898895)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7FB5D7D-B9B6-4D23-AFF1-07B5489C077C

Message: Its Russian easter. - do you plan to come to ny?

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:48:35 AM (544898915)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B833B70-944F-4AF8-BF52-44821F1904AB

Message: As we both know. That category is empty

Sender: [redacted]

Time: 04/08/18 09:48:50 AM (544898930)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F08CD71E-5AB1-4BF3-8EFC-92D653F8B34F

Message: In dc until Bahamas visit

Sender: [redacted]

Time: 04/08/18 09:48:57 AM (544898937)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3B794058-37B6-4503-A2A0-8EE3BFE19825

Message: Then cambridge

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:49:15 AM (544898955)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76626024-2848-448D-B950-F4DE29C3884E

Message: Bahamas?

Sender: [redacted]

Time: 04/08/18 09:49:23 AM (544898963)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 191C1214-9963-4BAC-B626-C9FB2E48C18C

Message: I have Thornton in from Beijing with Kudlow Tuesday

Sender: [redacted]

Time: 04/08/18 09:50:10 AM (544899010)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8384CC26-6FED-4886-96FC-8169FB68F250

Message: 2 days with former soros partner that is big sponsor of my work

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 09:52:14 AM (544899134)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA361CBB-E8A4-4D8F-BC62-32D7245C9AA1

Message: Understood. Do you know what day Bahamas ? Fyi . Terje Larsen meeting with the world bank for a program in dc you might want to know about - I think wed.

Sender: [redacted]

Time: 04/08/18 09:52:39 AM (544899159)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0D78D3ED-8EF9-4A33-AE96-9764B24CB5CB

Message: I'm in dc wed

Sender: [redacted]

Time: 04/08/18 09:53:11 AM (544899191)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 3BD121EA-FD35-4B08-981F-03D24A158BCA

Message: Bahamas go thu morning return to cambridge late Friday night

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 03:40:56 PM (544920056)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EAF87C24-D12C-492F-A170-D60D45B70B22

Message: Urban scaring the shit out of europe

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 03:41:03 PM (544920063)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB6B17E7-33BD-46CB-A789-C83069CC066C

Message: Urban

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 03:41:11 PM (544920071)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C07EC93-997D-4542-9376-256F36A23C6C

Message: Orbahn

Sender: +[redacted]

Time: 04/08/18 03:46:15 PM (544920375)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2E5192A-D7C0-4062-80F4-D1420E4CCC12

Message: Uve seen my quote all over about him

Sender: e:jeeitunes@gmail.com

Time: 04/08/18 03:47:33 PM (544920453)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23EC2059-F3E2-4861-BCBC-63A7E37C3BF6

Message: Nope

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 01:11:04 AM (544954264)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7C09047-E0C5-4A97-A563-8D399D4AFE9D

Message: Terje in dc. On the 18th.  World bank

Sender: [redacted]

Time: 04/09/18 03:30:38 AM (544962638)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C775F3C-736F-483C-A3F5-02031529DF93

Message: K

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 11:35:08 AM (544991708)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1BE8CAE1-F253-4384-A6AC-F3837723C94A

Message: Hey, im thinking of going to Florida Friday, would you and yours like to come from Bahamas for a day of strategy. I could send plane. . Kathy coming now to download ,

Sender: [redacted]

Time: 04/09/18 11:45:21 AM (544992321)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: BE1C3A0B-6F85-4763-9A90-F22FF20CF0A9

Message: Would love to but they are now flying me to cambridge Friday night for 3 days of filming

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 11:46:22 AM (544992382)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C4DBD8EF-B5EA-44F1-8F03-C77310E722EA

Message: No problem. . rick ,can t believe there is gambling going on

Sender: [redacted]

Time: 04/09/18 11:49:04 AM (544992544)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99657AAA-16D8-4595-95DD-BEE062CC720F

Message: LOL!

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 01:15:33 PM (544997733)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF3EC2B9-4E56-4279-8492-3AF7FF29543C

Message: Fbi raids Cohen office

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 02:15:55 PM (545001355)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2891E091-3176-4CF5-BE27-C6830B51724C

Message: Wonder if they had to assert crime fraud

Sender: [redacted]

Time: 04/09/18 02:18:29 PM (545001509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3A590B51-60A4-436B-B469-4F34464182E0

Message:  I'm getting full scope

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 02:19:43 PM (545001583)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87F47483-D35F-4DED-A701-A6E8EE1207D1

Message: To get the warrant they would have had to convince the judge that more than stormy

Sender: [redacted]

Time: 04/09/18 02:21:23 PM (545001683)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 40AF35A0-D05A-438E-B6D9-D1D30EEDB715

Message: Exactly

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 02:21:59 PM (545001719)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D782510C-D71D-4586-B82C-A9F5713BA696

Message: Im sittin here with Kathy rummer. If you have any questions

Sender: [redacted]

Time: 04/09/18 02:22:19 PM (545001739)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 04781BC0-99F3-4771-A965-0D3FA773CDC9

Message: Stand by

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 02:25:28 PM (545001928)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B4777F86-A394-4BBA-B467-87E6684ECF86

Message: Also his residence

Sender: [redacted]

Time: 04/09/18 02:26:03 PM (545001963)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5220399B-8CA9-458F-8B05-5DD4AAE8263F

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 04/09/18 04:15:37 PM (545008537)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EAC91B16-E79E-47E5-9D3F-B9A802230B61

Message: If you are around the 18th, in dc. John Kerry

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-04-10\+1 [redacted] on 2018-04-10 at 07.09.05.ichat

Service: iMessage

Start Time: 04/10/18 04:09:05 AM (545051345)

End Time: 04/10/18 08:31:33 AM (545067093)

Last Message ID: 14654

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 04:09:05 AM (545051345)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6021431D-1CBD-4256-803F-BA6AE967A295

Message: Ignore Dershowitz

Sender: [redacted]

Time: 04/10/18 04:45:19 AM (545053519)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 85A859FC-A54D-4C33-98BF-60BAC1A84C0F

Message: He is going to be the next lead lawyer

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 04:46:22 AM (545053582)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3018578C-D9C6-4609-B572-2D65E8984B4F

Message: I hope that is a joke

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 04:47:20 AM (545053640)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 42C964EA-DE0E-46C1-A527-F5983559F448

Message: I have Weingarten coming

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 04:47:35 AM (545053655)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4D61A9D7-74D2-4873-8D99-2B69EEABF079

Message:  In 20 min.

Sender: [redacted]

Time: 04/10/18 04:47:45 AM (545053665)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D348538A-678A-48CB-8988-D17EE4B7601C

Message: Not a joke @ all

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 04:52:23 AM (545053943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D796EF05-6C90-4B73-ACF8-8F6921E11FC1

Message: Ok , but you know the truth.

Sender: [redacted]

Time: 04/10/18 04:53:24 AM (545054004)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61A39EE9-2BBE-4919-800A-0FA64776A482

Message: Everybody except trump knows this is a joke

Sender: e:jeeitunes@gmail.com

Time: 04/10/18 06:43:33 AM (545060613)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD06E3BA-2222-4DCC-9966-4B7357B032C0

Message: Call if you get a moment. Nothing urgent Crypto- Kerry- Qatar -sessions

Sender: [redacted]

Time: 04/10/18 08:31:33 AM (545067093)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D6319952-7560-4F53-A182-D52B5267FB68

Message: LOL!!!... true

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-06-16\Terje on 2018-06-09 at 17.38.08.ichat

Service: iMessage

Start Time: 06/09/18 02:38:08 PM (550273088)

End Time: 06/16/18 06:50:37 AM (550849837)

Last Message ID: 16385

Chat Room:

Participants: jee, Terje

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 06/09/18 02:38:08 PM (550273088)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3160962-2EF9-4F40-9F45-6ACCFAA93122

Message: Tried

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 04:03:50 AM (550321430)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C3067957-B173-4BA8-8FFC-0E3FFEEA3BF0

Message: Awake?

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 05:47:29 AM (550327649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68B8EEF5-871D-49F7-8F48-E3B9BB045169

Message: Kurtz important. As he will host trump and Putin

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 08:44:07 AM (550338247)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87612D27-F80A-43A1-AB40-90F24C2FB20D

Message: Tried

Sender: [redacted]

Time: 06/10/18 12:13:35 PM (550350815)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8816FDF0-0D71-4E3C-A57C-E97AFAF36744

Message: Dear Sebastian,  Steve Bannon, who behind the scenes still is one of the most insightful and influential players in Washington ( and very close to the President), would like to see you on various issues. He is now working very closely with Victor Orban and other of your colleagues in Europe. I am having dinner with him in Paris on 22 June. He could come to Vienna any time between the 23 and 28 of that month.  He is a very astute and extremely well informed analyst and player, though we have significantly different views on some issues ! I will strongly recommend that you see him, and am sure you will find it very useful. Warmest Terje

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 12:18:52 PM (550351132)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C6B1BC95-AD63-4D33-99AE-499D10B88814

Message: You might add that if he is in Paris. He is welcome to join for dinner . Up to you.  .

Sender: [redacted]

Time: 06/11/18 07:02:57 AM (550418577)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F473C12D-D186-412D-8949-7335914D4CBD

Message: Tried.

Sender: e:jeeitunes@gmail.com

Time: 06/11/18 12:18:56 PM (550437536)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 86F2043E-C018-47FB-932E-B81BAA57033C

Message: ?

Sender: [redacted]

Time: 06/12/18 02:08:24 PM (550530504)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF12A195-1F2B-412E-ABDD-9907CB73A930

Message: Tried.

Sender: [redacted]

Time: 06/12/18 03:02:10 PM (550533730)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1B205FEB-F861-4104-A682-A0798E378C31

Message: Tried. Call me! Unbelievable!!!!

Sender: [redacted]

Time: 06/13/18 08:25:20 AM (550596320)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C0BDB2F7-3F48-4BF3-A222-41C30D2EF9F4

Message: Pls call. Important!

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 12:57:54 PM (550699074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 979A0524-FCAB-45FC-B2F1-7765ECD59786

Message: Tried

Sender: [redacted]

Time: 06/16/18 06:50:37 AM (550849837)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5901C6D0-8ED3-4327-B07C-AA9CDCD0D9DA

Message: Arrived well in London. Feeling Good. Went with American Airlines. There was no first class! But Thx anyway for, as always a generous offer! Slept all the way! When are you arriving in Paris?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-06-17[redacted] on 2018-06-09 at 18.17.04.ichat

Service: iMessage

Start Time: 06/09/18 03:17:04 PM (550275424)

End Time: 06/17/18 06:24:16 PM (550977856)

Last Message ID: 16484

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 06/09/18 03:17:04 PM (550275424)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7536C07E-8E09-4615-9E03-E2679BB3AFA5

Message: ??

Sender: [redacted]

Time: 06/09/18 04:07:04 PM (550278424)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E9F31DA9-6874-4A69-8C4A-7D44696138F2

Message: Will call shortly

Sender: e:jeeitunes@gmail.com

Time: 06/09/18 04:07:27 PM (550278447)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F74C9FAD-8F0B-45A9-A6B6-B6B427B675CE

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/09/18 05:09:02 PM (550282142)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E062235-C8C7-4A8C-8FB3-C60497AA2961

Message: Didn't mean to cut you off , sorry

Sender: [redacted]

Time: 06/09/18 05:18:28 PM (550282708)

Flags: 19935233

Is Read: Yes

Is Invitation: No

GUID: 66CDA465-CAF2-4C30-B73D-DFBB54D9FFCF

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 06/09/18 05:23:35 PM (550283015)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 64372E3D-240B-4D34-9DE9-9A576D9AAEE8

Message: Continue tomorrow focus on miller ;)

Sender: [redacted]

Time: 06/09/18 07:05:10 PM (550289110)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E8E48BC8-33FF-4052-A4F7-59FCFC45DE38

Message: Aye aye

Sender: e:jeeitunes@gmail.com

Time: 06/09/18 09:57:42 PM (550299462)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E9E0AB2-A892-401F-A950-22AD36EEA0A7

Message: If you and a "ms Miller " want some privacy. You can use island . Or palm beach house . Anytime

Sender: [redacted]

Time: 06/09/18 10:12:56 PM (550300376)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 06DD2B83-1A4F-4978-A64E-D97EF3C33633

Message: Thanks brother

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 04:04:51 AM (550321491)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0BAAB264-E1FF-49F1-BA64-684C48B68443

Message: You -12 o'clock high , me -high noon !

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 04:06:04 AM (550321564)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BEB279BB-F946-4B4D-A994-72BB8367A655

Message: And the house use invite is sincere and not made often

Sender: [redacted]

Time: 06/10/18 04:31:15 AM (550323075)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B6A5C80A-4C84-4F7A-94E1-D56CB694B87E

Message: Thanks appreciate that

Sender: [redacted]

Time: 06/10/18 04:31:52 AM (550323112)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09B4F302-AC15-4539-A7C4-C57975820CFE

Message: Love high noon--and grace kelly was filthy

Sender: e:jeeitunes@gmail.com

Time: 06/10/18 05:10:20 AM (550325420)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 337B4C3F-99B5-4123-8AC7-38BA74246F28

Message: Yes , if it were today she would have had an " easy pass" installed on her thigh

Sender:[redacted]

Time: 06/10/18 05:11:19 AM (550325479)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3ACCF72-4105-4523-B06C-21FF88917794

Message: just a good 'main line' catholic school girl

Sender: e:jeeitunes@gmail.com

Time: 06/11/18 04:28:38 PM (550452518)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C927B18D-EA55-45A9-A92D-99934750852B

Message: Brother- you should really take ms miller to ranch sometime this summer

Sender: [redacted]

Time: 06/11/18 04:29:29 PM (550452569)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C7E80238-4A68-40B2-8DEC-F4023DC1E7AC

Message: I'm all in!

Sender: e:jeeitunes@gmail.com

Time: 06/12/18 01:48:24 PM (550529304)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: E8C23C3D-6FCC-4984-963B-0E6845F2E769

Message: http://www.nydailynews.com/news/politics/ny-news-trump-michael-cohen-arrested-any-day-20180612-story.html

Sender: [redacted]

Time: 06/12/18 01:56:57 PM (550529817)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B80A0238-2D08-483B-93AF-5C97344E9306

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 04:10:54 AM (550581054)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 68CCF266-117B-449E-BBAD-0DD89D5AC254

Message: That trump Kim movie was more like high at 12 o'clock

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 05:28:52 AM (550585732)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4DFD202B-CDBD-4DF8-8EA3-593CD5121640

Message: https://pagesix.com/2018/06/12/rudy-giuliani-had-an-affair-with-married-woman-before-divorce/

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 05:28:52 AM (550585732)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1FF7842A-C787-4B8B-891B-5A89D1A0E0B0

Message: .  Driving Rudy nuts

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 08:36:06 AM (550596966)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ADD5CDFD-BDB6-48A3-853F-70FA68F76569

Message: When you get a chance , chat ?

Sender: [redacted]

Time: 06/13/18 08:36:53 AM (550597013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14F7FD0D-0D89-4D17-8634-DF32E40300CE

Message: Yes will call

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 08:38:56 AM (550597136)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 84B3D9DA-58FF-4383-81D0-04FFDA09F6CE

Message: https://en.wikipedia.org/wiki/Thorbj%C3%B8rn_Jagland

Sender: [redacted]

Time: 06/13/18 10:05:35 AM (550602335)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 54C2E4D4-B231-47D1-9AF5-42EC854B917A

Message: Called

Sender: e:jeeitunes@gmail.com

Time: 06/13/18 10:26:37 AM (550603597)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D6E84F4C-6334-4A03-9264-7059AD7C7E86

Message: Try now?

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 06:25:12 AM (550675512)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48FE746F-0A23-46FB-8128-D07E566CD8CF

Message: His reflections in the few days he spent in China also reveal Einstein's tendency to perceive foreigners as a threat. "It would be a pity if these Chinese supplant all other races," he wrote. "For the likes of us the mere thought is unspeakably dreary."

Sender: [redacted]

Time: 06/14/18 06:30:36 AM (550675836)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC6519CD-09F6-4335-B562-E53BD1A70D3A

Message: Bannon's deputy

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:07:01 AM (550681621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3EEF608F-E07D-4586-A37E-0E8B7C7E6E00

Message: Did you meet directly with MBZ?

Sender: [redacted]

Time: 06/14/18 08:09:05 AM (550681745)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B9375ED-A9BD-44F5-A496-C443D8166617

Message: Yes always -- why?

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:10:02 AM (550681802)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 895EE6EE-BE16-46C3-B0E4-9BAAE065C76D

Message: No worry,  only good

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:11:36 AM (550681896)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2209CA65-1A7F-42DF-BCBD-0B3C33844513

Message: For Paris I have the best of china intel . Coming

Sender: [redacted]

Time: 06/14/18 08:11:47 AM (550681907)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 31E58701-826C-4306-89AA-BA613A5758F2

Message: Brilliant

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:14:09 AM (550682049)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D1028303-21EC-47D8-9656-7C01FC6F024A

Message: He says stability ,  power is stability. . they have manpower to Marshall. Push for robotics, big for genetics. Aging population. . diabetes? Etc .  Strategy began 40 years ago.  Right on track. . as he said it is a unified nationalist economic country .  Made me smile

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:14:39 AM (550682079)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D3539F5B-615B-492E-B829-278BF10004AA

Message: And they don't mind suffering to achieve their goals

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:19:28 AM (550682368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A7C9C974-0C97-4DA0-AB6F-D0670A7FD43B

Message: N.Y. Attorney General Sues Trump Foundation Over Sweeping Violations

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:19:32 AM (550682372)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FC3FA047-E3BC-4AC6-9170-F53CD3925C3A

Message: It begins

Sender: [redacted]

Time: 06/14/18 08:19:54 AM (550682394)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7A0DA8A9-A48B-42D3-8BC1-425B0818C6E1

Message: Very very very bad

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:22:43 AM (550682563)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9AC53246-1A44-40EF-AB0E-52FE306C2D25

Message: enjoining Mr. Trump from future service as an officer, director or trustee, or in any other capacity as a fiduciary of any not-for-profit or charitable organization incorporated or authorized to conduct business in the State of New York, or which solicits charitable donations in the State of New York for a period of ten years

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:24:13 AM (550682653)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E9F21E0-2171-4EC7-9D3F-EE769892E922

Message: he Attorney General's Investigation found that the Foundation i s little more than an empty shell that functions with no oversight by its board of directors. The Foundation, which does not have any employees, delegated its operations to the accounting office of the Trump Corporation, Inc., a management company owned by Mr. Trump and located at 725 Fifth Avenue.

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 08:54:21 AM (550684461)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 09D72699-733B-47EF-BBC1-CCCBC1599239

Message: Landowski cohen weiselberg. All mentioned

Sender: [redacted]

Time: 06/14/18 09:03:23 AM (550685003)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A4FE891A-4C8E-46CD-A44F-0B82226B33B5

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 09:04:06 AM (550685046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8F738B8-CB1A-4E18-8422-2EB74CF30945

Message: Target the institution. No fifth amendment. Sound familiar

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 09:04:21 AM (550685061)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7AFE846B-EFE3-4506-A18D-B81034CA0A9B

Message: □

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 09:07:27 AM (550685247)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 499563DD-70FD-4465-8AA3-62766D1047D4

Message: Weisselberg  oy

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 09:24:39 AM (550686279)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39C8F40F-E062-46C2-9825-536DD5D29651

Message: Footnote on complaint. As you are aware, federal law prohibits executive branch interference with any audit or investigation you may conduct in response to this referral

Sender: [redacted]

Time: 06/14/18 09:40:35 AM (550687235)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8C50ADB9-9BC5-4C10-868E-D25ADB4B66FA

Message: They are so fucked

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 10:14:33 AM (550689273)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CCE8B53B-A0B6-4D06-95DA-E08A2DB31D6B

Message: And there is an allegation relating to 2013. So as to open the returns. Back to then .

Sender: [redacted]

Time: 06/14/18 10:15:07 AM (550689307)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E26DF4B2-B687-42ED-9719-7034567F926F

Message: Does this now get into his taxes ???

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 10:15:17 AM (550689317)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62B56235-CCD6-43EA-9FBE-33005891B2B8

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 10:21:27 AM (550689687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 551416AF-BB9C-466E-AC36-0A900087319C

Message: the simplified argument is that he received an economic benefit that was not reported on his return. Easy

Sender: [redacted]

Time: 06/14/18 02:49:24 PM (550705764)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF151BED-7C07-4A9B-B1C1-3B0AAC69F089

Message: I think we r taking down Merkle

Sender: e:jeeitunes@gmail.com

Time: 06/14/18 03:14:31 PM (550707271)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA706A6F-9B69-4C7A-B700-F02716E52302

Message: Conti and her , Gilbert and sullivan.

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 04:29:03 AM (550754943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC078FF7-34D6-4D1A-BCA9-43EA890C60E7

Message: Mbz issue - the butler

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 04:29:12 AM (550754952)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56578F3B-16E8-45C5-945E-A9AEC47949BC

Message: F2f

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 07:53:18 AM (550767198)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 486AED77-40EF-4B85-9A56-4AEDF59123C3

Message: U around Sunday?

Sender: [redacted]

Time: 06/15/18 07:54:30 AM (550767270)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F67E7B56-2179-4A31-B862-FE95348045C6

Message: Doing ABC Sunday morning LIVE for entire hour

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 07:54:53 AM (550767293)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33EE30A2-E71B-4931-997C-0B548B73E817

Message: Ny or dc

Sender: [redacted]

Time: 06/15/18 07:56:08 AM (550767368)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1E0EA143-41EF-4D9D-9308-AA451C573CD7

Message: DC

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 08:50:58 AM (550770658)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 237DAEEF-D65E-4C0D-845E-53661722543A

Message: Zucker ?

Sender: [redacted]

Time: 06/15/18 08:56:18 AM (550770978)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10319D99-6F02-4D3E-8A31-7660F30DC8B6

Message: Jonathan Karl

Sender: e:jeeitunes@gmail.com

Time: 06/15/18 08:57:25 AM (550771045)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 472647DF-09AD-4B8A-A6CA-220DEB5D0EF0

Message: Sorry- did yoh get to meet with zucker

Sender: [redacted]

Time: 06/15/18 08:57:54 AM (550771074)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 0C52B4B0-17AF-429C-97EE-01DBC025A830

Message: Couldn't get sked to work -- trying for Tuesday

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 07:38:06 AM (550852686)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23FF498F-99EC-42C8-B4D3-1F7D21345B82

Message: Need passport details for entourage

Sender: [redacted]

Time: 06/16/18 07:39:31 AM (550852771)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6D2150B3-90E6-4DE9-8129-2F37D7B0CC2C

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 08:39:14 AM (550856354)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 30D70E63-044B-40AE-9437-79760AEA375D

Message: https://www.nytimes.com/2018/06/15/opinion/trump-foundation-new-york-attorney-general.html

Sender: [redacted]

Time: 06/16/18 08:42:28 AM (550856548)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D134A915-771E-4C3B-AAB9-F249809388C1

Message: I'm getting crushed for follow on interviews given my ABC hit tomorrow -- do we have any flexibility to leave Wednesday night or Thursday just in case --- no change yet but I see this building

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 08:44:26 AM (550856666)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6FF96AFE-AF30-46C5-971D-D2880784DF32

Message: let me see what I can move. . chat later ?

Sender: [redacted]

Time: 06/16/18 08:45:06 AM (550856706)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8E2B4609-4065-4008-957B-C02D1A0D59D7

Message: Certainly--- getting briefed by house intel now on IG and spygate

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 08:49:43 AM (550856983)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0630DB99-627A-40B1-9306-AF4E74CE8ADA

Message: Keep in mind the you memos on torture ( yoo ) were set aside , same can be done for no indicting a sitting president,. !

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 08:49:51 AM (550856991)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CF920874-2B4A-4520-B11A-611A21EE34A9

Message: Yoo memo

Sender: [redacted]

Time: 06/16/18 08:50:14 AM (550857014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A522D410-20FD-4F26-8E4B-5BD4152F59B0

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 08:51:22 AM (550857082)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2FFB7DA-158A-4D92-A7FA-7F9E386B747E

Message: To remove the prohibition on indicting a sitting president. , would be exactly the same as withdrawing the opinion on torture . There is precedent. And ...

Sender: [redacted]

Time: 06/16/18 09:07:03 AM (550858023)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F92410B5-D9EE-4BBF-9322-D960F28BEB78

Message: Will pull

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 09:33:54 AM (550859634)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C403F44E-F3FB-4002-9BE0-E55BBCC0ED9D

Message: Near the end of the Bush administration, Bradbury signed two memoranda for the files, explaining that during his tenure, OLC had determined that certain legal propositions previously stated in ten OLC opinions issued between 2001 and 2003 concerning executive power in the War on Terror no longer reflected the views of OLC.. Rosenstein can do the same

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 11:45:30 AM (550867530)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D2B747E-EE39-4FB4-BF93-FE964BFA0B86

Message: Also pritzker going to chair a xi , us biz meeting next week, if you would like input or questions. ?

Sender: +[redacted]

Time: 06/16/18 11:53:36 AM (550868016)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DB138AB5-CEFC-4CEE-A5C8-D90DD8C3295E

Message: In Peking ?

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 11:54:07 AM (550868047)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 294062C4-42FC-434E-9472-27815CC46023

Message: Yes

Sender: +[redacted]

Time: 06/16/18 11:54:42 AM (550868082)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 654977B8-58D7-4F35-9716-67509145D00F

Message: When is he going to stop 'forced technology transfers'

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 11:55:45 AM (550868145)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D36EA048-B72A-4C78-BFC4-AC3B83D6C259

Message: And when will he stop beating his wife □

Sender: +[redacted]

Time: 06/16/18 11:56:11 AM (550868171)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 122B7FB9-02D8-4729-BF60-B067BEDF0403

Message: that obvious huh?

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 12:04:01 PM (550868641)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 47701F17-CE70-46E6-AB73-24FEB52CB007

Message: I suggested. Offering a working group to look into the issue of how ftt creates instability . And propose alternatives.

Sender: [redacted]

Time: 06/16/18 12:05:38 PM (550868738)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F0F908CA-9601-42A1-935A-744AA813BB97

Message: That's the ticket

Sender: e:jeeitunes@gmail.com

Time: 06/16/18 06:30:57 PM (550891857)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 220D5EE4-1F40-40F0-A5CD-0BD7E5A3A56D

Message: Good luck tomorrow

Sender: +[redacted]

Time: 06/16/18 06:59:40 PM (550893580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FE136D5C-F52D-4300-814F-D89F5D807CA0

Message: Thanks

Sender: +[redacted]

Time: 06/17/18 07:12:58 AM (550937578)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2F68DEE9-3065-4AA0-BCC5-07A75B72B830

Message: Did u watch ?

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 07:26:14 AM (550938374)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E48E0A26-80D7-4BB3-9A0F-6FFE4D338D9F

Message: Of course.  epci

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 07:26:17 AM (550938377)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BE551DD5-2407-4A9D-80A2-E80F86864572

Message: epic

Sender: [redacted]

Time: 06/17/18 07:33:14 AM (550938794)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E9085397-FEBB-4E4C-8114-2D10E82D0B8D

Message: It worked?

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 07:34:12 AM (550938852)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 863650D2-135D-4277-B305-D1A6E1CF11F5

Message: Putting the spell on him □

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 07:55:33 AM (550940133)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9BC2FDFB-4A8C-45ED-BFD4-E39FAE64EE6F

Message: LMAO.  Pope is wrong on policy

Sender: [redacted]

Time: 06/17/18 08:04:40 AM (550940680)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D4918A7-9BA6-4906-AA01-FA48A49441AC

Message: ex cathedra that

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:05:15 AM (550940715)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7C7C38CF-93F8-47AC-8396-3AAD825300D1

Message: You're an honorary jew anyway

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:05:52 AM (550940752)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6516A20-C471-462B-B945-43B1AD2429B1

Message: Now it no longer judeo christian .  Just judeo

Sender: [redacted]

Time: 06/17/18 08:05:55 AM (550940755)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F03DFB2E-B543-4864-A637-8B64A91EDDD8

Message: Honored

Sender: [redacted]

Time: 06/17/18 08:06:24 AM (550940784)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D5A4FC65-A3BD-4D72-966D-8FB07F325F9B

Message: I will drop the 'Christian' in 'Christian Zionist'

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:06:54 AM (550940814)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3ABDC058-922F-4390-905F-390995005AD3

Message: you must admit , you look a little like the priest in the exorcist.  Just missing the hat and Karls green slime

Sender: [redacted]

Time: 06/17/18 08:07:28 AM (550940848)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 198AD9BF-4B5E-449A-A3B1-5337A1251606

Message: U get the optics

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:08:15 AM (550940895)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 26F9749F-37E6-442E-A621-91A3C4898B1A

Message: Would be great to see his head spin around .  Good work.  ,  Im off to New York. Chat later or tomorw

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:10:10 AM (550941010)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A9E9AB55-B01D-402A-95B5-7C2FA9C1D18C

Message: One of my favorites. :  Replying to @ThisWeekABC @jonkarl  Jon Karl was eaten alive by Bannon. Don't have guests on like Bannon if you don't have an interviewer who can match wits. Bannon is an awful man - a dishonest man with a reactionary, right-wing agenda. He needs to be interviewed by someone who can challenge him effectively.

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:10:31 AM (550941031)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48A3EE98-87A4-4E45-8E5B-934403A8C0ED

Message: Bingo

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:11:08 AM (550941068)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C9725AA-F9BC-4D2A-848E-B14308955C30

Message: Eaten alive

Sender: [redacted]

Time: 06/17/18 08:15:09 AM (550941309)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 27A42995-F691-466E-8E47-1A20544F7E79

Message: Where did u see that

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:39:37 AM (550942777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEEF8AC3-38F1-4DBB-A704-F39246374B4F

Message: Comments to abc this week

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 08:44:52 AM (550943092)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EDBD5C11-2880-42CB-BACA-D1D6EFD9FB8D

Message: Just imagine without the glasses

Sender: [redacted]

Time: 06/17/18 09:04:08 AM (550944248)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 07D6D2B4-23B3-4F08-8FD6-313BB00724B9

Message: The power of Christ compels u

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:45:39 PM (550964739)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BECA7AA2-2700-4A18-8F5A-785129A16A85

Message: 1, Jagland meeting with Lavrov Putin coming straight to Paris on fri. Staying overnight with me.

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:46:34 PM (550964794)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B43376D-A993-4323-9E1D-C1615194DC94

Message: 2. Sorry. But I will have to meet you in Paris . Schedule change requires me to go someplace first , ( Kathy task ). . will be able to go anywhere in Europe I will stay for two weeks.

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:47:16 PM (550964836)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C2845A91-7745-486A-AC95-BD54D865A44D

Message: Fri dinner at 7 . Miro. Plus plus, . we should talk about who when and where else

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:47:33 PM (550964853)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 36929C52-41A7-44A6-9C73-A2533B121CE6

Message: Your review today was powerful. Good work

Sender: [redacted]

Time: 06/17/18 02:57:57 PM (550965477)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D40FD5CA-0C39-4E82-970F-44D3AA7A306B

Message: Thanks --- u get to Paris when???

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:58:08 PM (550965488)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 90831E55-7AA4-42C3-B96C-94CEFD87996B

Message: Tues late

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:58:15 PM (550965495)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 781C2166-1048-46A3-8444-E3AE790669E9

Message: This tues. sorry

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:58:56 PM (550965536)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C2742FF9-E7B8-43EC-BA80-45C797D98C67

Message: If you like you can take the plane to italy with or without Me .

Sender: +[redacted]

Time: 06/17/18 03:00:01 PM (550965601)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 71ED380C-4678-4E10-AB42-2C263D677015

Message: Let's catch up tomorrow morning ?

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 02:59:47 PM (550965587)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E1D425C9-1E03-4A11-95F7-470F0FBDAB26

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 03:03:59 PM (550965839)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BBFD375C-D271-4022-9685-48988DF8E71B

Message: Sorry about the late switch. Ill explain when I see you

Sender: [redacted]

Time: 06/17/18 03:42:21 PM (550968141)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 08A58FE6-BB30-47C3-8A2F-68E9E3CA97A2

Message: No problem--a lot exploded yesterday and today

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 03:45:55 PM (550968355)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE88F066-3DBC-4BFE-8BB1-EFC6F138F32B

Message: Said the bomb thrower

Sender: [redacted]

Time: 06/17/18 04:59:25 PM (550972765)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AA4BBCD-45EA-42FA-A25C-E0E422D27382

Message: to the master bomb maker

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:43:49 PM (550975429)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5E0CA06E-462F-47F8-A582-FD8592F56403

Message: just arrived ny home.  can chat now or tomorrow morn

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:43:57 PM (550975437)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74350BC9-AE68-49B8-B331-A3BB6E40F161

Message: are you coming to ny?

Sender: [redacted]

Time: 06/17/18 05:44:18 PM (550975458)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B998388C-37A6-439A-B224-F38AA8DEE0C4

Message: Trying to work everything out

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:44:26 PM (550975466)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22CBD967-32D0-414C-B2E5-4031811C4A78

Message: wash post  bannonism.  fun

Sender: [redacted]

Time: 06/17/18 05:44:50 PM (550975490)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2BF64425-2C13-4F54-9BAF-31B33D4A1747

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:46:04 PM (550975564)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A6F26B60-002B-4FC6-BA54-FA2C2C4727CD

Message: author  He was fired 10 months ago, but Stephen K. Bannon has won.  Truculent, anti-immigrant nationalism; disdain for the "deep state"; disparaging democratic allies while celebrating dictators: These are now the pillars of President Trump's rule. In his administration's policy, foreign and domestic, and in the compliant Republican Party, Bannonism

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:46:33 PM (550975593)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9ECFC7C9-7C96-4E7F-BEF0-029A41C12C80

Message: □

Sender: [redacted]

Time: 06/17/18 05:46:39 PM (550975599)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 21AB8E44-23CB-4B82-A6C4-D8DCA137360E

Message: What piece ??

Sender: e:jeeitunes@gmail.com

Time: 06/17/18 05:47:34 PM (550975654)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 41A82808-7FC4-4B3D-8340-49908F9886C8

Message: https://www.washingtonpost.com/opinions/he-was-fired-10-months-ago-but-stephen-k-bannon-has-won/2018/06/17/4bddc874-70b7-11e8-afd5-778aca903bbe_story.html?utm_term=.aea605e5243f

Sender: [redacted]

Time: 06/17/18 06:24:16 PM (550977856)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3E4E27AF-9D8D-4568-AB7F-AD940F8073A9

Message: This guy is #2 @ wapo

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-10\[redacted] on 2018-07-01 at 07.15.04.ichat

Service: iMessage

Start Time: 07/01/18 04:15:04 AM (552136504)

End Time: 07/10/18 06:45:38 PM (552966338)

Last Message ID: 17204

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:15:04 AM (552136504)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB7CE0ED-2E23-4538-8397-FE54E0BA85FF

Message: You being part of my group is a hack that allows a new person to be covered. . you planted a seed in miro . good

Sender: [redacted]

Time: 07/01/18 04:15:59 AM (552136559)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4181302C-E57C-41B2-A25B-AF561E6E3192

Message: Miro is exactly the type of guy that will take this entire movement to next level

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:16:50 AM (552136610)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C415551-C2D1-461F-8191-A087EBBAEA41

Message: Yes, I am working on a security blanket for he and family , his true concern

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:19:04 AM (552136744)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C1CFD2B-A2B0-457C-9D10-67FBFF0274E7

Message: Is there any way you can mediate the difference with Jared. He is soooo. outclassed by you , its like child abuse ..

Sender: [redacted]

Time: 07/01/18 04:19:34 AM (552136774)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BFC2DB92-70FB-4B5A-A6AF-5E6A07B8C92A

Message: Jared?.. why would I want to do that?

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:23:35 AM (552137015)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 15835AC6-C741-4B23-8482-575F844A9AD7

Message: what is the downside. ? instead of why? , - why not? . BTW. My new favorite, even better than on or off dick , was. You're supposed to me a smart guy but you sound like a fucking moron. !! oy

Sender: [redacted]

Time: 07/01/18 04:25:52 AM (552137152)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D48E8A99-8331-4081-A41F-2B520485BA50

Message: To do that shows that djt is center of gravity of this movement and not me-- will never do-- they are transitory figures -- the dc game is to succumb to that -- it's why I never did before joining campaign -- I could have been the trump whisperer years ago-- avoided on purpose

Sender: [redacted]

Time: 07/01/18 04:26:34 AM (552137194)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8D8B7720-265D-455B-BC19-71B9962456CA

Message: Jared is the idiot son in law-- always dismissed as that

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:28:51 AM (552137331)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB6980B1-9905-4C6F-A0B3-53D709809241

Message: Agree on all.  I have no views on the third act..  I only would like to see him less afraid of you.

Sender: [redacted]

Time: 07/01/18 04:35:48 AM (552137748)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B84BED4B-BA6C-44D2-AD42-6A2F2EEE227C

Message: I want him MORE afraid of me

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:36:04 AM (552137764)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB887D4B-F1AA-42CF-810A-1BC1E5B1D25C

Message: Aye aye

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 04:36:47 AM (552137807)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1DDFEBB7-2370-4F64-BB15-CA0849F2A2E8

Message: Bronx tale

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 06:55:05 AM (552146105)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6772BCA1-0E23-4598-88CE-21B9C0390B16

Message: Miro in Beijing today ,

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 06:57:15 AM (552146235)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 174E861A-7C76-43D4-962A-905C4D582818

Message: He suggested you might like his ex prime minster fico.

Sender: [redacted]

Time: 07/01/18 07:00:24 AM (552146424)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C2C00011-4879-4C0C-9BE2-3EF328D4AE70

Message: He should tell them we r @ war

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 07:31:07 AM (552148267)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 99535A4F-638D-4848-AD2A-5FBF3C5F3F06

Message: I believe xis answer will be ,  did you guys just realize that ?

Sender: [redacted]

Time: 07/01/18 08:04:24 AM (552150264)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2706B086-45C6-4EA7-8588-B65337E2E9C0

Message: genius

Sender: e:jeeitunes@gmail.com

Time: 07/01/18 09:24:46 AM (552155086)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 560B4E27-6162-4608-B531-3768DB9CF690

Message: I told miro paraphrasing your front national  .  If Steve calls you a fucking moron. Wear it like a badge of honor.  He roared with laughter

Sender: [redacted]

Time: 07/01/18 09:45:33 AM (552156333)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 52D5F662-0B68-46A8-ADD3-26BCDB91FBA2

Message: well said

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 04:07:40 AM (552222460)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3AF68FD6-815F-4278-8824-F90616BD6B59

Message: In an interview on Sunday, the chancellor defended her decision to seek a European solution. "We are living in times when there is a lot at stake," Ms. Merkel said, adding a warning that Europe "is perhaps more in danger than we think." "The question of migration can break Europe apart," she said. Ar you going to Europe or getting your blood work done □

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 08:24:50 AM (552237890)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F167709A-4181-45AB-B78D-A70B2DF16001

Message: hacker colleague - Say it ain't so , Joe □

Sender: [redacted]

Time: 07/02/18 08:50:47 AM (552239447)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C2752AA5-FD81-471B-A722-9217EEBC6F5B

Message: smell-the-fear

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 08:51:11 AM (552239471)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 18709913-74F8-4882-84E1-D16E24C1EA2E

Message: Im not good with smells

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 09:00:58 AM (552240058)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F12E59DF-1CBB-48ED-8939-2B54E9DC8107

Message: Im probably going to go for the day to the conference. Aug 9 . Or so. . I will be on the ranch in new Mexico before and after , you and ms miller are welcome.

Or whoever else you choose

Sender: [redacted]

Time: 07/02/18 09:01:49 AM (552240109)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F9C8B3C8-CB64-4652-B461-1E293DD728DC

Message: ms miller currently on 'hiatus'

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 09:02:11 AM (552240131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C6F64C57-0F42-4595-AA8A-1057BB8031DC

Message: Ok ,  Im sure you have a deep bench

Sender: [redacted]

Time: 07/02/18 09:05:32 AM (552240332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B23D63E9-8E24-4FBE-BAA0-2FCB4CDE8141

Message: Exact opposite --- that's why she is back on the bench ---- women are a total distraction

Sender: e:jeeitunes@gmail.com

Time: 07/02/18 09:21:32 AM (552241292)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F25D8ECB-FCC3-4254-A87A-1314D17C1D24

Message: Ok. ,  time for you to see Kruger □

Sender: e:jeeitunes@gmail.com

Time: 07/03/18 03:13:24 AM (552305604)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 34FF2DCA-7908-45EA-B642-80F52A444965

Message: https://www.nytimes.com/2018/07/02/world/europe/angela-merkel-migration-coalition.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

Sender: e:jeeitunes@gmail.com

Time: 07/03/18 04:13:46 AM (552309226)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B033BAB-2493-4BD7-B6F0-BD81B542B7FC

Message: You going to europe?

Sender: [redacted]

Time: 07/03/18 04:17:49 AM (552309469)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A6929074-DBD1-4582-86E0-01B7E08E6F5F

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 07/03/18 04:18:07 AM (552309487)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D12F42D0-EB53-45FE-81FF-73A9C6E5405D

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 07/03/18 07:48:49 AM (552322129)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 89F75F05-0EAE-4F1D-B24C-103F7D6F0A47

Message: https://www.bloomberg.com/news/articles/2018-07-03/glencore-gets-subpoena-from-u-s-regarding-money-laundering

Sender: e:jeeitunes@gmail.com

Time: 07/03/18 07:48:51 AM (552322131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D22F6BB4-B971-4F8C-92FC-8498B322D05F

Message: Mark rich co

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 03:12:33 AM (552391953)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DF360AB-33F2-4711-AE2E-5976AB43CE7D

Message: Where r u ?

Sender: [redacted]

Time: 07/04/18 04:09:48 AM (552395388)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 70817583-AD04-4F27-81FD-DA529D2C9043

Message: Richmond with my dad

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 04:13:17 AM (552395597)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 714B6A84-EED8-43F6-B9B3-F4C2F418C255

Message: Kurz wants to meet you

Sender: [redacted]

Time: 07/04/18 04:14:52 AM (552395692)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 379FCFF1-0B91-4D63-9C84-06D29F048643

Message: I want to meet him

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 04:20:48 AM (552396048)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C620E6A5-E7DB-4080-B354-87B54F147491

Message: He said he has been busy with the EU .  ready to meet

Sender: [redacted]

Time: 07/04/18 04:23:26 AM (552396206)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6766ED61-24F0-4D51-B08B-24A0AF90384C

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 06:10:05 AM (552402605)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 836DFA7C-80B9-409A-AC3A-EB6F17408B9C

Message: Epstein Bannon Kurz.  A little too close to Bronshtein  , goebbels . ...

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 06:13:10 AM (552402790)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32954BE9-B914-4D11-AA61-0034F111FF30

Message: □

Sender: [redacted]

Time: 07/04/18 06:45:55 AM (552404755)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 03246491-70E5-4203-AA98-1123F2E72650

Message: Way way way to close

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 07:37:46 AM (552407866)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B380DD0A-3A93-4650-A38F-A1D88252355B

Message: Ken starr in ny 11, 12

Sender: [redacted]

Time: 07/04/18 07:41:48 AM (552408108)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9AE9673D-3B69-415C-BE92-3EE1B758664C

Message: In Brussels / london

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 07:57:58 AM (552409078)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C8EAE388-B707-40FF-84E1-616D3FC33CB9

Message: K

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 11:25:00 PM (552464700)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B9528A5E-BE1F-471A-A672-4084438FE1EE

Message: If you want yo do Kurz he asked for prospective dates

Sender: e:jeeitunes@gmail.com

Time: 07/04/18 11:26:11 PM (552464771)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6B40E78-887D-49FC-9600-BA95BF0CA8FA

Message: I wont be there but youll have fun

Sender: [redacted]

Time: 07/05/18 02:35:09 AM (552476109)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7519EEDD-B7B4-4B25-B35D-A5E57ED290E0

Message: K

Sender: e:jeeitunes@gmail.com

Time: 07/05/18 07:20:18 AM (552493218)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CC908826-29FE-4518-99CB-668C3E471124

Message: Chat later today?

Sender: [redacted]

Time: 07/05/18 07:44:21 AM (552494661)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E6E1812C-B22F-4C08-A31D-63EFC573B6EC

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 07/05/18 02:54:58 PM (552520498)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A07888D-2039-4C05-976C-56D610E76CCE

Message: Free to speak?

Sender: e:jeeitunes@gmail.com

Time: 07/05/18 02:55:05 PM (552520505)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CCDBE8FB-1CC4-46B0-8BC7-BEAF9F9D9EE8

Message: 561 655 7626

Sender: e:jeeitunes@gmail.com

Time: 07/05/18 05:26:52 PM (552529612)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACFE54F2-4700-4116-A493-DA60BE3CF1A1

Message: Starr talking to cruz and cotton for kavanagh

Sender: [redacted]

Time: 07/05/18 05:27:11 PM (552529631)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DE6EFF2A-50A2-4786-BFDA-B2D97E717DC1

Message: That's HUGE

Sender: e:jeeitunes@gmail.com

Time: 07/05/18 05:32:19 PM (552529939)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA91170D-B3AC-48D6-8115-017CEF1763F4

Message: Ive been called many things- human is not one of them;)

Sender: [redacted]

Time: 07/05/18 05:33:20 PM (552530000)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA2579BD-131B-4F9B-90CE-A2A67CE55D7A

Message: I was getting too soft; women are bad for the knees

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 04:48:59 AM (552570539)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7384335D-68C1-4FF2-A122-D3DC3B6CB6BB

Message: Nato private  lunch if you like . If you go . Otherwise im in ny wed thurs and then maybe vienna

Sender: [redacted]

Time: 07/06/18 04:54:25 AM (552570865)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FB158B9-2889-49EE-BEEC-59016CCE3DB9

Message: Let's talk later am if u r free

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 04:54:35 AM (552570875)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9A39EC28-AF0C-47B4-B9C8-1C179CF9E952

Message: Easy

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 08:06:26 AM (552582386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 575AE076-0578-434F-8732-978E1FFECA53

Message: after china.  Dollar strong. Big stocks up. . with oil at 74 .  Strong strong

Sender: [redacted]

Time: 07/06/18 11:45:12 AM (552595512)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C40033C5-0D6A-4E86-8845-38492EDC2715

Message: We started strong

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 11:45:56 AM (552595556)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6D95D27-2C59-43C1-82F3-325E24B8FA31

Message: I can talk now if free

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 12:24:11 PM (552597851)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A9EE0A22-CCEF-45E1-BD48-3DCDD79946D8

Message: Dutch tv link

Sender: e:jeeitunes@gmail.com

Time: 07/06/18 12:50:49 PM (552599449)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9440CA6-5343-45B6-8FEA-D624B6C285B1

Message: Btw. Pakistani prime minister convicted. HBJ in center place again

Sender: e:jeeitunes@gmail.com

Time: 07/07/18 10:20:21 AM (552676821)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 563AB91F-7802-4422-9524-F2862DF94C82

Message: Sorry you will miss the cage fight . Ruemmler -Starr on thurs. couldn't find the dutch tv interview

Sender: e:jeeitunes@gmail.com

Time: 07/07/18 05:37:26 PM (552703046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B0C748E-CB8E-4110-97C5-52159660E5E1

Message: Europe?

Sender: [redacted]

Time: 07/07/18 05:44:44 PM (552703484)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 324EC545-B07E-4A10-A224-E79F79D3AADE

Message: Right now should be in london @ noon on Tuesday --- return Tuesday 17 July

Sender: e:jeeitunes@gmail.com

Time: 07/07/18 05:50:29 PM (552703829)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 706F2EAA-9F87-4719-B74D-A37C73768E69

Message: great. I assume schedule in flux, if you want meetings let me know. Otherwise , travel safe

Sender: [redacted]

Time: 07/07/18 06:24:30 PM (552705870)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9CAC01A7-1387-4DF0-B054-A245EAB15BEA

Message: Roger

Sender: e:jeeitunes@gmail.com

Time: 07/08/18 06:01:05 AM (552747665)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1150A5C0-BAF0-4D21-9BC9-EEE2E49C0151

Message: Make sure your guys video interactions with you and all women protesters . Easy to set you up

Sender: [redacted]

Time: 07/08/18 06:09:13 AM (552748153)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7708FE9D-1EAE-41ED-AB2F-D7B21FD6F560

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 07/08/18 06:50:48 AM (552750648)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5DB63B22-1C46-41F5-8AB4-945DACD9042E

Message: Calll to get some updates

Sender: [redacted]

Time: 07/08/18 06:51:41 AM (552750701)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EA06C9CB-9D43-4FC5-A331-A0E38D5572EA

Message: Heading into mass with my dad will call when out

Sender: e:jeeitunes@gmail.com

Time: 07/08/18 06:57:50 AM (552751070)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 25B9F27A-0068-4EE1-BD8D-F825B7A5045E

Message: I get it the father -son only missing -the holy jew

Sender: [redacted]

Time: 07/08/18 07:00:40 AM (552751240)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4FEC8A12-3632-4AEE-AFAE-D713EB171AFA

Message: Our ticket to eternal life is worshipping a Jewish carpenter -- have to love it-- couldn't make this stuff up!!!

Sender: e:jeeitunes@gmail.com

Time: 07/08/18 12:35:03 PM (552771303)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 160DC5E3-1D42-48E0-9A7E-0E9D7F89A25D

Message: Free to speak?

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 03:04:03 AM (552823443)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89A1D227-D000-4FC0-8F92-E1D228C2C884

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 05:41:05 AM (552832865)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C8563CB4-E038-4BC5-84BA-6F444974C762

Message: Interesting invitations for you , but they need confirmation in London for wed

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 05:48:37 AM (552833317)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0E279F96-539E-41AA-84D5-FF22FC1B3AB9

Message: https://www.marketwatch.com/story/founder-of-worlds-largest-hedge-fund-says-first-day-of-the-war-with-china-has-begun-2018-07-06

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 05:48:37 AM (552833317)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 154FB106-5DAB-4D80-A8C5-F2B93644DF8F

Message: . And people wonder why I suggest he's a dope

Sender: [redacted]

Time: 07/09/18 05:56:39 AM (552833799)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DEF0C2BB-F8FB-4F87-9300-FE3BF513835F

Message: U don't believe we r @ war

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:10:28 AM (552834628)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68EB1944-4077-49E9-A9CF-5ECDF7CBB60B

Message: Weve been for years

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:10:55 AM (552834655)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0179596F-E72D-4687-A970-51DF7C9BCE4A

Message: These guys just woke up- maybe

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:18:32 AM (552835112)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 686CCB06-83E9-4386-9BAA-E2473E63E37C

Message: Technology- currency- cyber . These old guys ignore weapons unless they fit into a comic book

Sender: [redacted]

Time: 07/09/18 08:39:14 AM (552843554)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1707C02B-9077-4573-8C11-9211605466EE

Message: Agree agree agree

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 08:40:08 AM (552843608)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CCBB4926-6253-4019-82A7-AF7F2BBF8212

Message: A

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 08:40:20 AM (552843620)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F8401A14-A73B-40CE-A323-ECD8A66084D9

Message: Call my cell if you have a moment

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 09:37:57 AM (552847077)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4EAD426B-F8DE-4CF9-B095-40600B8D74B8

Message: As is said stock market up 300 points . Where are the trade war chicken littles

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:14:04 PM (552878044)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0520CC85-4D80-48EF-A179-71650358CA39

Message: If you stay ken starr with me wed and Thursday New York

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:14:11 PM (552878051)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F61D7838-F86A-47AB-8862-73BA86042615

Message: Good work

Sender: [redacted]

Time: 07/09/18 06:15:30 PM (552878130)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B13ECF6D-31D5-408E-9CC5-07679E3BD519

Message: Trust the Process

Sender: [redacted]

Time: 07/09/18 06:32:00 PM (552879120)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 01A24157-37F7-432F-A426-4D5163570B97

Message: Ken says the guy is brilliant correct ?

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:32:12 PM (552879132)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E5BCBE7-F971-4730-B100-6F0958136A1E

Message: reliable

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:33:39 PM (552879219)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B030511-B6FF-4ECF-98B2-28FB4D840AD1

Message: Chevron decision

Sender: [redacted]

Time: 07/09/18 06:34:03 PM (552879243)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 89CEEAB3-1866-4BD9-870C-1191BD43CE08

Message: Let's go deconstruct

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:34:40 PM (552879280)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB84FA45-31DA-4E0E-B438-FAA10B546691

Message: Bye bye administrative state. .  I get it

Sender: e:jeeitunes@gmail.com

Time: 07/09/18 06:39:46 PM (552879586)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D11ACE8-D6E3-4781-A362-FB922540ADFA

Message: If Chevron were overturned and Gorsuch voted to overturn it, such a decision would overrule a case which had its origins in an administrative ruling made by his own mother.

Sender: [redacted]

Time: 07/09/18 07:03:27 PM (552881007)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6BF377DF-66D9-4719-B0ED-07ED379763F3

Message: Pretty epic huh??

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 01:09:06 AM (552902946)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92A125AA-5471-4E7C-98AA-FE004346E4D1

Message: Y

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 01:09:08 AM (552902948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 665D1D78-EA0A-4406-A13C-BE51CD80900E

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 03:04:20 AM (552909860)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 49F4789B-9014-4689-AE61-CFA027A9A7D7

Message: https://www.nytimes.com/2018/07/09/nyregion/former-driver-sues-trump-overtime-wages.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=second-column-region&region=top-news&WT.nav=top-news

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 03:04:41 AM (552909881)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 00513E15-2BCB-4C30-9285-23453E714873

Message: Iits usually the driver that squeals

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 03:04:47 AM (552909887)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EDDF0751-AEFE-44D0-B6ED-EAC62647CB75

Message: Its

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 04:11:07 AM (552913867)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9971C19F-6848-486A-ADE8-1DA22B958866

Message: Matt calamari mentioned

Sender: [redacted]

Time: 07/10/18 04:18:18 AM (552914298)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F45CAF45-3ED2-44B0-94E7-2CB1D87A3A9A

Message: Always a good thing ---a really bright guy

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 07:45:51 AM (552926751)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8C10D192-701F-4103-83CB-E61833A02C30

Message: Starr lunch tomorrow new yotk 230

Sender: [redacted]

Time: 07/10/18 07:59:47 AM (552927587)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B02BFC09-4A71-470F-ADE1-341DC8FEA456

Message: I'm flying tonight with Hannity

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 08:55:40 AM (552930940)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 920BB311-D76C-46C2-B53B-1963889F28A0

Message: Great! Norwegian embassy invite for you if you have time tomorrow London. - BTW Stefan Halper real deal !!

Sender: [redacted]

Time: 07/10/18 04:50:23 PM (552959423)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD7C9B46-E323-4354-9B24-481AB957C7B2

Message: Why do u say Halper is real deal ???

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 04:51:50 PM (552959510)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A9E4E594-7411-4FF9-A36C-87957C45E82D

Message:  It will wait till f2f

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 04:52:02 PM (552959522)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05FBDCD3-0881-4A5C-A5D9-916832C66A55

Message: But definitely

Sender: e:jeeitunes@gmail.com

Time: 07/10/18 06:45:38 PM (552966338)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9EF1F70F-2DB1-40DD-B8EE-5E7FA462886B

Message: Lots of fun stories

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-17\[redacted] on 2018-07-17 at 11.18.23.ichat

Service: iMessage

Start Time: 07/17/18 08:18:23 AM (553533503)

End Time: 07/17/18 08:30:48 PM (553577448)

Last Message ID: 17443

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/17/18 08:18:23 AM (553533503)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8130265C-4435-4C9A-A6E8-B7A0A09CC10F

Message: No shortage of crybabies

Sender: [redacted]

Time: 07/17/18 12:09:01 PM (553547341)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9F505ADF-A575-495F-8638-C1D1FC759CF9

Message: Potus walk back!!!

Sender: e:jeeitunes@gmail.com

Time: 07/17/18 12:12:48 PM (553547568)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A537A942-F8A5-4A40-AAD2-8ABDE0100C98

Message: What time tomorrow?

Sender: [redacted]

Time: 07/17/18 12:15:42 PM (553547742)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB7056AF-CA82-43F3-B3A8-14C666EE608E

Message: Trying to figure out-- u free for breakfast

Sender: e:jeeitunes@gmail.com

Time: 07/17/18 12:16:27 PM (553547787)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A5DF9F12-40D6-4505-BA2E-4D652A348234

Message: K

Sender: [redacted]

Time: 07/17/18 12:16:44 PM (553547804)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A58A1731-A83B-4D00-B625-19F9B2A923EA

Message: 7 am?

Sender: e:jeeitunes@gmail.com

Time: 07/17/18 12:16:53 PM (553547813)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3F559C7-6E98-4349-8296-99F05F32C261

Message: Done

Sender: [redacted]

Time: 07/17/18 08:30:48 PM (553577448)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 2BAF6284-BA1C-485B-8875-E9FA7CA16D9E

Message: See u then

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-23\[redacted] on 2018-07-23 at 05.02.16.ichat

Service: iMessage

Start Time: 07/23/18 02:02:16 AM (554029336)

End Time: 07/23/18 05:34:06 AM (554042046)

Last Message ID: 17720

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/23/18 02:02:16 AM (554029336)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE232627-17BE-4951-9918-BA3F548ACBE8

Message: Trump threatened iran ;)

Sender: [redacted]

Time: 07/23/18 05:34:06 AM (554042046)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 02455B24-2BBB-4A5B-AADC-F27394281FDA

Message: Yes, I saw that and immediately remember our conversation

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-26\[redacted] on 2018-07-23 at 11.17.08.ichat

Service: iMessage

Start Time: 07/23/18 08:17:08 AM (554051828)

End Time: 07/26/18 12:02:23 PM (554324543)

Last Message ID: 17849

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, 19174393646

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/23/18 08:17:08 AM (554051828)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EB3377F1-26D6-46A5-BEB0-6DB50167B6A1

Message: Id really like Donald to triumph, if there is something you think i can do to help. Let me know

Sender: [redacted]

Time: 07/23/18 08:17:27 AM (554051847)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 093FAD1C-A1A8-46E2-950E-F7BD1B82A793

Message: I have been thinking about it all weekend.

Sender: [redacted]

Time: 07/23/18 08:17:56 AM (554051876)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4645BBEF-5257-4F43-B605-43E02383AAD2

Message: He called me after VF article I am going to try to see him on Wednesday.

Sender: e:jeeitunes@gmail.com

Time: 07/23/18 08:24:34 AM (554052274)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4D689F6F-0EE9-4107-B233-41EF1257CDFC

Message: 1. He needs better legal advice .  2. As you said people  hired that are loyal

loyal loyal . 3. He needs to rest to recover his balance

Sender: [redacted]

Time: 07/23/18 08:26:07 AM (554052367)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CCCD7395-972F-4EED-BB22-D5C4061CAE96

Message: Agree. Also needs a new chief of staff who likes him and he trusts not a Washington swamp monster.

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 11:32:41 AM (554149961)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 35FEC8D8-928D-427E-B213-925BC987EF84

Message: Stanley-Are you getting your booger in the nose conversation:)

Sender: [redacted]

Time: 07/24/18 11:54:12 AM (554151252)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 11DEF9F2-72E7-479D-A1E0-511BA7A57888

Message: Tomorrow at 11am

Sender: [redacted]

Time: 07/24/18 11:54:22 AM (554151262)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 86933EEC-5D46-404D-A930-69628D888EEC

Message: He is in St Louis today

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 11:55:59 AM (554151359)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 202C9BDB-57B7-40DD-AFBC-3CAE6C17B26D

Message: Bring along the bicycle pump

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 11:56:23 AM (554151383)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C33EDD5D-C252-42EF-AD1E-DFBC32CC6286

Message: Or an envelope to send you home

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 11:58:22 AM (554151502)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 856CD84E-D490-456D-A51D-E5E3A367E3FC

Message: He HAS to win in November,  college educated women will not show,. Coordinate with the hobo.  Don't bring  him into the tent but have him as the barker outside ,  like in Coney Island

Sender: [redacted]

Time: 07/24/18 11:58:39 AM (554151519)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F1960709-B34A-450A-847B-040A1106E895

Message: Hahahahaha s

Sender: [redacted]

Time: 07/24/18 11:58:53 AM (554151533)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B04F0AB-6B23-47A8-8AA2-387DB6DF32AF

Message: I could make peace with Steve

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 12:00:13 PM (554151613)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 81FBA735-C5BC-4F72-9634-69DF61B99F19

Message: It will take all of you that like him. Working together.  otherwise.  .  it will be Fred sanford,  - Elizabeth I feel an attack coming on.

Sender: +19174393646

Time: 07/24/18 12:13:54 PM (554152434)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C89B74C-7783-488C-BCD3-C9263F131ED3

Message: I see that.

Sender: [redacted]

Time: 07/24/18 12:14:13 PM (554152453)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BEA2C338-753C-4CFF-A840-680B638973A6

Message: Politics makes strange bedfellows. I am ready to be a big boy about it

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 12:22:39 PM (554152959)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D8FD1DB7-CC0A-44FC-9DFF-66780CCBE165

Message: https://www.youtube.com/watch?v=QwM5KpoPPrg

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 12:22:44 PM (554152964)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68DBE37F-0ECF-4BC3-A66D-F3B0ABF158F2

Message: If nov goes dim

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 12:22:57 PM (554152977)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A6C91CB3-2485-40D9-BD84-5798F3181823

Message: Dem

Sender: [redacted]

Time: 07/24/18 12:23:01 PM (554152981)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D60EA236-0A4C-434E-9EA8-F541A1E0D5EF

Message: Yeah but he was always bluffing!!!

Sender: [redacted]

Time: 07/24/18 12:23:13 PM (554152993)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1B9DCACB-3D7E-4344-9904-814FD9279BDE

Message: This could be the one one!!!

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 12:23:53 PM (554153033)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE284843-867F-4217-8566-9C9DBCF8911C

Message: good luck

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 07:01:03 PM (554176863)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9CCA9215-3E1C-48EC-BC03-C9F8B5C1FE9F

Message: Wow/ Cohen was wearing a wire! Not only recording phone. Oy

Sender: [redacted]

Time: 07/24/18 07:22:47 PM (554178167)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E670DAC-C219-44D5-B132-ABF146D879BA

Message: Very very bad

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 10:43:55 PM (554190235)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8C636E64-78C8-460D-AC20-E8F11FB4E6ED

Message: I hope he left the wire home at core club

Sender: [redacted]

Time: 07/25/18 04:05:15 AM (554209515)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A031832F-97E1-4E21-AA45-C354C2ACF2BF

Message: I always assume he has it on

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:09:42 AM (554209782)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 87E98648-11DC-4952-A69B-D0E174B2383A

Message: Good luck today

Sender: [redacted]

Time: 07/25/18 04:09:55 AM (554209795)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DA7EB8DB-B91E-4A67-967A-97C2F35328F8

Message: Thanks on plane down

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:13:35 AM (554210015)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2AA4AC81-EE40-407F-9F9A-317C745169C7

Message: You, Barrack. Bannon Nick Ribis. ( former president of trump org ) . Are politically savvy . You can play either the tom Hayden role. Or the war consiglieri

Sender: [redacted]

Time: 07/25/18 04:16:12 AM (554210172)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5E2BB001-C734-41D1-8F24-9C19DF2B2B95

Message: I like it going to suggest it

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:20:07 AM (554210407)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5308881F-60F9-4975-8B88-B30AB5E4B5D4

Message: BTW ,  was John dowd the perfect. FAT stanley

Sender: [redacted]

Time: 07/25/18 04:20:30 AM (554210430)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61124943-5FA0-4367-A292-F6003487DAF7

Message: Hahahahah. What a loser

Sender: [redacted]

Time: 07/25/18 04:20:36 AM (554210436)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9C1845C6-549A-43FB-8154-834A12A86CFA

Message: Ever meet the guy?

Sender: [redacted]

Time: 07/25/18 04:20:53 AM (554210453)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 835FFF98-C092-49FE-AD98-42E997BFFDE1

Message: Could have been one of the worst people I met in Washington

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:21:31 AM (554210491)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A0FB6EF-B306-4085-8CE2-7086EEDDD8CD

Message: No interest,  imagine also what you would look like with ty Cobbs mustache ?  Wasn't that a give away. ?

Sender: +19174393646

Time: 07/25/18 04:22:20 AM (554210540)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E9BD9AFC-9671-4BAE-A410-D6327AC111F8

Message: Him I liked he gave good advice but he wasn't splashy enough in media hence Giuliani

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:23:04 AM (554210584)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E4F0473-BB14-4DD3-873E-7AF9578B8E05

Message: Agreed,  however his and boltons mustache reminded me of the old Wyatt Earp series

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 04:23:41 AM (554210621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3ED562A-8B79-4728-93DF-2E0CC7CFBB05

Message: Though there was a cute blonde

Sender: [redacted]

Time: 07/25/18 04:28:21 AM (554210901)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D00741A6-26AA-4217-95FB-706704EB5437

Message: Ha. I love it

Sender: [redacted]

Time: 07/25/18 04:31:38 AM (554211098)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D7D2FCE6-1BA0-4007-92F3-39CD04EF30F9

Message: Lesson #1: Don't care about what other people think Lesson #2: Go for the job you like, are passionate about and are good at Lesson #3: Everything is not going to go in a straight line, some things are out of your control" - Anthony Scaramucci Portfolio Earnings: □ SYK (7/24/18)  This is you and me!!!!

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 05:37:22 AM (554215042)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7F3F0052-9C65-451F-9B9E-79FDA460E0BE

Message: And if were kept outside hope Hicks could play an important role

Sender: [redacted]

Time: 07/25/18 05:51:53 AM (554215913)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 20045D7C-C9AA-4F69-AD45-A029387E9864

Message: Hope wants back in

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 07:56:59 AM (554223419)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 083EB286-BBDB-4F7D-82B3-025C3C56ACD5

Message: #4 loyalty to friends

Sender: [redacted]

Time: 07/25/18 08:14:56 AM (554224496)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C1C5807D-0A08-485C-A6C8-032AF5E1BEB6

Message: Amen. Will add that

Sender: [redacted]

Time: 07/25/18 08:15:00 AM (554224500)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3A1369E-1139-4A0C-BAF2-D173F0224FC0

Message: Waiting here

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:14:17 PM (554246057)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B6B05633-3227-45F4-83A5-AF8112D2D4D6

Message: ?

Sender: [redacted]

Time: 07/25/18 02:16:25 PM (554246185)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 81E25672-65F6-4960-B5A8-34C6DB999AC2

Message: Just finishing

Sender: [redacted]

Time: 07/25/18 02:16:40 PM (554246200)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 734F669D-E651-4DBA-A9AA-11D894C241F9

Message: Had to go back and wait around lots going on

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:17:04 PM (554246224)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD35ABC2-3758-4151-AFC2-8E3C59CACE97

Message: Yup

Sender: [redacted]

Time: 07/25/18 02:20:02 PM (554246402)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99501215-AC5A-4972-9D08-2B936CE6D560

Message: Positive not definitive

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:20:28 PM (554246428)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FD1BCD5-9379-41BD-B2B4-DAB72A858D17

Message: Step one

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 03:46:56 AM (554294816)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D663A069-CC61-483B-A4DE-D38F6D6D9ECD

Message: HE is skeptical of my help . But let me know if you think there is something constructive I can do for you

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 06:44:01 AM (554305441)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D398D59-2D59-4FDC-8431-CCDCEDF6B212

Message: ?

Sender: [redacted]

Time: 07/26/18 06:47:11 AM (554305631)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D933D152-CB8A-4D83-968D-3A11C592CD70

Message: Hey sorry got home due to rain at 3am

Sender: [redacted]

Time: 07/26/18 06:47:16 AM (554305636)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A8762AC8-B9C4-474F-B867-15426E250B3D

Message: Going back tomorrow

Sender: [redacted]

Time: 07/26/18 06:47:31 AM (554305651)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 625FF399-43D6-4389-8785-FBA5D0AB9C0F

Message: Free for a call around 1130 EST

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 06:47:37 AM (554305657)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1763B440-FA59-4CD8-96B2-30240DCF336D

Message: No worry. ,  yes

Sender: [redacted]

Time: 07/26/18 06:47:50 AM (554305670)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7475DCDF-97DF-462C-9CF6-97ABF5515E24

Message: Will call you at 1130

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 06:47:54 AM (554305674)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA8D8D43-7A7D-48E1-A446-E6BF261F03FD

Message: K

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 08:40:48 AM (554312448)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D2FF68DD-3B02-44AF-A700-5BCBAB361176

Message: ?

Sender: [redacted]

Time: 07/26/18 08:41:01 AM (554312461)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E277A7CD-F8F6-44C9-BFFD-27667794C774

Message: Running a touch late

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 08:41:08 AM (554312468)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CD843484-93B4-46F6-866C-686BC71082D1

Message: Ok

Sender: [redacted]

Time: 07/26/18 12:01:09 PM (554324469)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 5BF8E7CD-D917-4C07-A97E-C7A208E02328

Message: https://www.dailywire.com/news/33568/polls-republicans-trailing-badly-congressional-ben-shapiro

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 12:02:23 PM (554324543)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EFDA7866-65A9-437D-8198-DC552200CF4F

Message: Yup

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-29\[redacted] on 2018-07-24 at 16.30.44.ichat

Service: iMessage

Start Time: 07/24/18 01:30:44 PM (554157044)

End Time: 07/29/18 06:54:30 PM (554608470)

Last Message ID: 17987

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 01:30:44 PM (554157044)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A552F7B-812C-48CB-944F-EF72EF5C7D21

Message: Chat?

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 06:45:47 PM (554175947)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4A91F7DA-F7EE-4B9F-821D-7A83FEAD81B5

Message: Wow, i was right -cohen was wearing a wire !!

Sender: [redacted]

Time: 07/24/18 07:00:15 PM (554176815)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F13D328A-1082-49F2-B6A4-6434B5B48834

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 07:02:38 PM (554176958)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AF0E65E9-1C4E-4152-8F92-CEDF4FF9D8FD

Message: Next is his Fred Sanford speech , Elizabeth -its the big one !

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 07:04:52 PM (554177092)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DE2E9C08-59CA-478B-8D07-8D73A1449C5C

Message: And delivered to cnn ! By lanny - can you imagine what will come out? Oy

Sender: [redacted]

Time: 07/24/18 07:05:22 PM (554177122)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 824F0142-18B6-4C4E-8D4B-6E6C8680AEE9

Message: 12 more to go shipmate

Sender: e:jeeitunes@gmail.com

Time: 07/24/18 10:42:36 PM (554190156)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5AF37769-ABCA-4FCF-BD46-6D5E0CBB9225

Message: Minimum

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 03:53:04 AM (554208784)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E00CDC3-F8A5-47E9-AC4A-A5BBCD7D1C80

Message: Live by the tape , die by the tape

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:14:12 PM (554246052)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3CC1E391-1537-4CBB-9716-5331CC326A5A

Message: Along with some other tidbits, i was shown a photo of macrons boyfriend. Ahhh hypocrisy

Sender: [redacted]

Time: 07/25/18 02:24:58 PM (554246698)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC41F452-FE9B-48A6-9171-D091C40270DF

Message: Is that true???

Sender: [redacted]

Time: 07/25/18 02:25:11 PM (554246711)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DC917785-746F-4430-96EA-E2223705C23E

Message: The 'soldier '

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:29:14 PM (554246954)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 137ED869-612C-46D0-AABA-3F6E2B4C7465

Message: It gives new meaning to no worry I have your back.

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:29:56 PM (554246996)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DE0A3609-C978-45DC-BF39-207F213B2C80

Message: Or.  Remember the French stand behind you.  Yech

Sender: e:jeeitunes@gmail.com

Time: 07/25/18 02:30:23 PM (554247023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F8E5D6CE-DAB5-4A8E-BD98-96C02BC35747

Message: When is the next cut. Of.  Made in Vietnam

Sender: [redacted]

Time: 07/25/18 02:30:52 PM (554247052)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 35C360F8-906F-4804-A353-2B56E260B863

Message: Coming tomorrow -- got announced today

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 02:14:41 AM (554289281)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6E56D81D-55F4-401E-AC78-AFA583ED4E58

Message: Lets talk about strategy as November looks more problematic. . you don't want to spend all your time in front of committee after committee .

Sender: [redacted]

Time: 07/26/18 03:41:56 AM (554294516)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 87AF9BB1-9A94-420F-8771-B4221A3E2A4B

Message: K

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 03:45:27 AM (554294727)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2608D3DA-4BA5-4238-A9C8-7706F88C850A

Message: 011 331 441 70210 if free

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 10:55:50 AM (554320550)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 95245ABE-2554-4A78-B149-A36AA6A9BFD4

Message: https://www.cnbc.com/2018/07/26/trump-org-cfo-called-to-grand-jury-to-testify-wsj.html

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 10:55:51 AM (554320551)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F94600EE-E9E5-42BD-A95D-0596E886D37E

Message: .  surprise surprise homer

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 10:55:58 AM (554320558)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 610BC3C7-FBE8-4798-8CCC-C125D1B0AB65

Message: gomer

Sender: [redacted]

Time: 07/26/18 10:56:34 AM (554320594)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B2D1ABDD-C6BA-49F7-9038-96A95B42F2F7

Message: ???

Sender: [redacted]

Time: 07/26/18 11:01:38 AM (554320898)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 77FB8BFE-9F52-455C-B2FD-795C64520220

Message: Over

Sender: e:jeeitunes@gmail.com

Time: 07/26/18 12:55:13 PM (554327713)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4F521D0D-3D4E-4C15-AAB4-1413047665C4

Message: He has not testified yet. .

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:06:19 AM (554382379)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 099E0B32-EB31-4646-95E5-0D267293B383

Message: The noose is tightening .

Sender: [redacted]

Time: 07/27/18 04:09:15 AM (554382555)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B64ABF9E-E929-43D4-A488-399CBEAB4F27

Message: I cancelled my Hannity hit tonight

Sender: [redacted]

Time: 07/27/18 04:09:34 AM (554382574)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 12EB5E41-D073-4AFB-A926-F3DBAB0A359E

Message: Have u seen the FT this morning

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:13:37 AM (554382817)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 03B936C3-E813-4A20-8EE9-4C3A5435CB65

Message: Yes. Ganesh writes well, don jr , perjury. Congress . Matt calamari soon up to bat. . trump still carrying on re you and Roy Moore. .

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:16:29 AM (554382989)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 34F13863-81DE-4483-BF21-E3EFA248967D

Message: I thought that Ganesh got the last paragraph really right. And that contrasts with dharma ending . The current ending implies the end of relevance. After destruction , almost walking toward the sunset. As opposed to standing there as the sun RISES

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:21:48 AM (554383308)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 10FE427E-76DF-4C37-96BF-97E5C0AB631D

Message: I think you want to project WINNING. As contrasted with always destroying. . there was little winning in the film. McNamara was portrayed as out of touch. Id like

you to be portrayed as the exact opposite.  Really in touch.

Sender: [redacted]

Time: 07/27/18 04:22:33 AM (554383353)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6271DED7-959B-4FE1-8B5E-9CA32605A5D8

Message: I'm talking about TODAYs FT?

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:23:38 AM (554383418)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 142CDB24-93AF-4C2C-9267-7508C89C29ED

Message: Sorry,  which article

Sender: [redacted]

Time: 07/27/18 04:24:45 AM (554383485)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9CAF3488-833C-4CDD-80FB-BC4AF42F37B2

Message: Lead editorial brother-- sean is already getting it framed for u

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:27:39 AM (554383659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA5C036E-A85B-4DEE-BA8C-6C01B68FBECD

Message: Sweet

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:28:54 AM (554383734)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 373EF84E-B9EC-43FE-B75E-488C78D5F26C

Message: Wasn't as funny as seeing the term " shmucks" in the same paper to describe pensioners.  The jews are getting careless.

Sender: [redacted]

Time: 07/27/18 04:30:57 AM (554383857)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6B899526-1F02-45D3-B863-B03DEB2CBF2E

Message: Do u know anyone in Europe that wants to control the European Parliament and with it the EU-- I need to get serious about taking on soros

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:42:45 AM (554384565)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 96E4EC2D-F070-418B-BC2D-61D33C32B4DA

Message: There are lots of issues around this. Not for text

Sender: [redacted]

Time: 07/27/18 04:43:00 AM (554384580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AB7C4715-7DC0-487F-A49B-ECE6818CEC8B

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:46:44 AM (554384804)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05DEE271-B6EC-4246-B90D-C52EF9ADA181

Message: currently -Im back in the NY tues only for the day. Then island ,palmbeach and ranch. -of course you are welcome at each , anytime. Ranch the most private. And I will go for the day to the hacker convention

Sender: [redacted]

Time: 07/27/18 04:47:10 AM (554384830)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9C95C2C1-97DD-4F60-96F7-3CC4A6434C0C

Message: Vegas?

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 04:47:14 AM (554384834)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 18833780-B38A-4967-8418-94E7AA584387

Message: yup

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 07:00:22 AM (554392822)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 64A4DCA0-1D9A-4BE9-AD77-74F168A1DBAA

Message: It depends on who you would prioritize to meet.  Im going Sunday to nice. Miro will be back in ny mid aug.  .  if you have a chance. 011 331 441 70210

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:36:47 AM (554409407)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 99F29688-175A-4B1B-923E-923EFD7D7157

Message: tom pritzker with me tues at 3 .

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:41:17 AM (554409677)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63E34314-7D19-4DDF-8010-3BF58200CE79

Message: Open Society Global Board  Leon Botstein  Global Board Member Spent all afternoon here

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:41:46 AM (554409706)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 51C08941-4034-4076-A011-5D11ED254097

Message: □

Sender: [redacted]

Time: 07/27/18 11:42:36 AM (554409756)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C1572DDB-DCF9-470E-AB3A-9F9DB4EBB2E5

Message: Did u tell him I'm coming for them

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:42:55 AM (554409775)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E79A8028-88B6-441C-BF28-082891EECD47

Message: we're

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:43:55 AM (554409835)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E6E82B9-67AF-46D4-AFF5-445DC1A3B253

Message: George son will take over.  Soon.

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:45:01 AM (554409901)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6FEB495F-1414-4413-87AF-64D007198EFB

Message: the key is to get him to focus more on the arts. □

Sender: [redacted]

Time: 07/27/18 11:45:53 AM (554409953)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10F915DA-5EAE-4A5A-999E-6CA8B4265004

Message: George son a goofball-- I want a piece of george

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:46:31 AM (554409991)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A257B303-74FF-4A0E-A2ED-A210694A42CA

Message: Thats a good thing. .  that should be easy as he is falling apart

Sender: [redacted]

Time: 07/27/18 11:46:54 AM (554410014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A9190288-C6C5-458A-A7AC-44006A1EF01D

Message: Yes-- need to be the one that takes him down

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:47:03 AM (554410023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23905083-0D78-49F9-B016-15D5F4E5A014

Message: No shit sherlock

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:51:21 AM (554410281)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A519E850-8E8F-413D-8311-3F5D4D7952D4

Message: Theres an argument to be made that it takes you out of the blast radius ,.  I asked today , how many people around Donald can have a heart attack the same week and not look suspicious

Sender: e:jeeitunes@gmail.com

Time: 07/27/18 11:52:36 AM (554410356)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7321E33E-8B84-4540-A70F-A260C0105617

Message: Maybe its like those cruise ship diseases.  Or a new form of legionaire disease where the entire staff is incapacitated.  Like on those cheap cruises

Sender: [redacted]

Time: 07/27/18 11:56:12 AM (554410572)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E17FADC-888E-40A8-833C-587619A70AAF

Message: LOL

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 02:31:03 AM (554463063)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 404A1D5F-7BAF-4D49-B19E-BE841D149B69

Message: Great idea to do Hannity every week. ! very clever. . FT article got wide attention. .

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 02:38:51 AM (554463531)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 942D6F4C-182E-47A2-BF50-F38149DC169A

Message: kurtz read the article Cohen weisselburg pecker did not

Sender: [redacted]

Time: 07/28/18 02:47:15 AM (554464035)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8A699C79-967C-4585-9820-95EBF8315A15

Message: U think doing fox weekly smart???

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 03:01:37 AM (554464897)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 51EBDDDD-B12E-47B2-88F8-8C6211ACFCA2

Message: Yes but.. Europe needs to feel love . Not sure how you balance

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 03:25:26 AM (554466326)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 14D1E9F3-5574-401D-8458-CD90F60091FC

Message: Also with so much shit about to come out , your credibility must be paramount

Sender: [redacted]

Time: 07/28/18 03:30:15 AM (554466615)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CEB82C26-72D3-48B3-939A-22B1D8360C18

Message: I balance by getting there on the ground

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 03:33:42 AM (554466822)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 20C6DD56-E5CD-4300-93E8-04D87B8B94C3

Message: Agreed, do you do some Hannity from Europe, or back and forth

Sender: [redacted]

Time: 07/28/18 04:05:32 AM (554468732)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 70510DBB-BA7D-498F-850B-B72518EB4F87

Message: I can do Hannity from Europe

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 05:11:15 AM (554472675)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E202F89E-F90A-4AC7-B932-931DA30E2A54

Message: Its not what I understand. I might wonder if it is possible to do two ground games simultaneously . Telling some to ring doorbells and get out the vote while you are in Europe should be carefully considered.

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 05:57:50 AM (554475470)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D32E0D08-430F-4577-9466-C090BD53349E

Message: Note, I spoke with the president of Ethiopia and Eritrea , they have agreed not to do any more work with the Chinese. ! as they now understand the trick. In fact there is a possiblitiy of the two countries becoming one.

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 05:58:24 AM (554475504)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBC6ABC9-BC9F-4298-9185-57D661FB3BD2

Message: Even better than high tariffs

Sender: [redacted]

Time: 07/28/18 05:58:48 AM (554475528)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 08278E8B-4DBD-496B-A6D5-924A429FFAF3

Message: Wow!!!

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 06:00:18 AM (554475618)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D4553E0C-C3CE-41C7-839F-0ADF5EE22331

Message: When the govt changed hands they found all these Chinese " loans. " etc. designed to create ownership through the side door

Sender: [redacted]

Time: 07/28/18 06:01:23 AM (554475683)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 53986378-5D92-4B48-805A-039EF357143F

Message: East India Company strategy

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 06:01:35 AM (554475695)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3697EC37-3D79-4604-8607-C1EA27E9FD6A

Message: Yup.

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 06:02:33 AM (554475753)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 51DF8129-B1A5-4E4C-BC35-3CC662042353

Message: old strategy however once again. Doesn't work with internet and instant sharing of info

Sender: [redacted]

Time: 07/28/18 06:02:51 AM (554475771)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC5DCAC9-8B4C-41A3-B552-90DB4D326949

Message: Agree

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 06:04:56 AM (554475896)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9FB98C26-2566-4E32-9C5A-C031AE5304A4

Message: Whether it be Donald , Cohen pecker they play by the rules of the 80s. As you said the land that time forgot. - don jr was advised to take five in front of the senate , daddy said no.

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 06:06:02 AM (554475962)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD7E6D39-6316-4B4B-BCC9-A678C5F0C21F

Message: Im happy to have you meet them and piggy back on the new china strategy

Sender: [redacted]

Time: 07/28/18 06:07:40 AM (554476060)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EA06A18A-797D-480A-B77D-12A85CCFBE03

Message: Epic

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 10:10:55 AM (554490655)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8F98C627-A6BC-4C23-A768-75B97C573E91

Message: https://nypost.com/2018/07/27/cryptocurrency-king-is-hippie-former-child-actor-who-loves-steve-bannon/

Sender: [redacted]

Time: 07/28/18 10:11:36 AM (554490696)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4515E4F3-E90C-4913-8E60-032D89A23993

Message: Huge article in Rolling Stone

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 11:47:19 PM (554539639)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A27CCC0E-B210-4BBE-B69D-4301857479A4

Message: U atound

Sender: e:jeeitunes@gmail.com

Time: 07/28/18 11:47:31 PM (554539651)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 149E9DBB-5646-43DE-A829-D8CA1FDFEAFF

Message: Around

Sender: [redacted]

Time: 07/29/18 12:11:23 AM (554541083)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA71041E-01CA-473B-8FB4-966D19522F45

Message: What's up

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 12:12:28 AM (554541148)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6CA680C8-22EB-4A3B-B0DF-9916AA2B5C9C

Message: Go to sleep. ! Im in New York this afternoon till tues . Then gone

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 08:26:11 AM (554570771)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEC72CA5-3CF5-4966-8D52-F5A944590A56

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 03:36:15 PM (554596575)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BEF72D3D-E621-4261-8D84-EA75A52377DC

Message: early breakfast??

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 03:36:38 PM (554596598)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0517C733-6AF0-4F77-AA77-26DB44B2ED8B

Message: ny mon or tues

Sender: [redacted]

Time: 07/29/18 03:42:10 PM (554596930)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3F09AA15-1476-4FC2-A766-6FA67FD9E445

Message: Dc --- uniting the tribes in a war council

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 03:43:23 PM (554597003)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6D9CBA29-B91B-4B95-921C-96B0EC1E0AF1

Message: good tonto . Im in palm beach starting tues night. want to talk about europe f2f , no rush

Sender: [redacted]

Time: 07/29/18 03:46:18 PM (554597178)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 00A4860C-0D16-423C-9F13-F5E1A47FE015

Message: K

Sender: [redacted]

Time: 07/29/18 03:46:34 PM (554597194)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 0299EC7A-E9DE-4335-ADC8-D1DC62012BBB

Message: Blowing up The Koch Brothers today

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 03:52:13 PM (554597533)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89B9600F-9BAA-4925-989D-45E826F17069

Message: david koch has serious dementia,  sitting at home with 3 male nurses

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 06:42:47 PM (554607767)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E486470-F3D1-4A01-BEBF-1F5E97A709E4

Message: Its only Charles. - more dollars than sense

Sender: [redacted]

Time: 07/29/18 06:52:34 PM (554608354)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 19404729-0355-46B8-9FF0-6F55D7ED173D

Message: Don't know how to win

Sender: e:jeeitunes@gmail.com

Time: 07/29/18 06:54:04 PM (554608444)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 65BFD670-DC65-45AC-A8DC-E3DC5F8245CB

Message: I hope you are referring to them !

Sender: [redacted]

Time: 07/29/18 06:54:30 PM (554608470)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 411317E8-B93D-47EE-A2C9-2D8ED7986673

Message: Yes!!!... we've got this

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-07-31\[redacted] on 2018-07-31 at 06.36.05.ichat

Service: iMessage

Start Time: 07/31/18 03:36:05 AM (554726165)

End Time: 07/31/18 01:11:15 PM (554760675)

Last Message ID: 18120

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:36:05 AM (554726165)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C8F0205D-F050-48E4-937C-FD0E860CC3DA

Message: don't forget to visit dr kruger,  I need you alive and healthy for the long game

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:36:36 AM (554726196)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F862756B-92CD-4069-96E2-E40AF7A7F3B6

Message: no you  no movement.  .  simple math

Sender: [redacted]

Time: 07/31/18 03:41:51 AM (554726511)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D40CDC90-0EFC-4FC2-8259-A76346179FA1

Message: Yes : agree

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:43:53 AM (554726633)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FA91A7F5-050F-4094-AD46-85DAB78DBFE3

Message: agreeing is easy.  getting it done more important □ .  I spoke to him  you

will get everything in the office.  no press , my private area.  cat scan heart . chest x-ray  full blood. .  you can go im 24/7

Sender: [redacted]

Time: 07/31/18 03:44:13 AM (554726653)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3ED1909F-4F16-4C0B-85A6-613BF3EE9920

Message: Thanks

Sender: [redacted]

Time: 07/31/18 03:44:35 AM (554726675)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C1CDEFD2-299F-47F8-8887-DE09665DA6BD

Message: Did u see trump just took my script and lit up the Koch's !!!!

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:44:44 AM (554726684)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 70DE49D3-002A-445A-A95E-E425A5CC3FB9

Message: yup

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:45:21 AM (554726721)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 002283B1-2E09-46EE-8FB7-438E711A5399

Message: im serious about davids dementia.  .  he is out.  so it is only charles.

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:46:17 AM (554726777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF668920-6528-4528-B400-DEA4AEB589FD

Message: i guess it would be cruel to point out that the only reason for their position is davids dementia.  I would find it funny , but not many others would

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:49:26 AM (554726966)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D92324B1-9052-4EB1-8406-A06C4191E685

Message: btw  as i said  turkish lira  weak !!  nov 2016  - 3.15.  today 4.9

Sender: [redacted]

Time: 07/31/18 03:49:37 AM (554726977)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8F47869D-2D61-44C3-BA3C-E2F5C61E03C7

Message: David was such a bad guy-- treated folks like shots

Sender: [redacted]

Time: 07/31/18 03:50:06 AM (554727006)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0E04B29E-A19D-4825-A7EE-4E4912EBE3A8

Message: China -Persia- Turkey having bad run

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:50:54 AM (554727054)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7077F6DE-CC9F-4BFA-A5D3-5B76F0DE3E03

Message: he now sits in his living room.  turning the lights on and off,  as that is the only thing he is able to control.  drives his nurses crazy

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:53:20 AM (554727200)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 19FE60C4-7725-48F7-B9B1-6F432CECBBB8

Message: persia was a cultured place.  super smart.  it died like the city of atlantis .  it is iran.

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:54:26 AM (554727266)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AC749431-2B05-4FAE-8886-BF42833516F8

Message: otherwise you might be tempted to call libya  rome

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 03:58:27 AM (554727507)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACDB0E6E-8044-4ADB-8254-AD674D27EF55

Message: russian ruble  unchanged .  . says alot

Sender: [redacted]

Time: 07/31/18 03:59:44 AM (554727584)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8736B500-3BA6-4BC3-990B-86E5F2A608D2

Message: What does ruble tell me

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:03:54 AM (554727834)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6A9431C6-AB59-46DF-9B74-C14230811BC8

Message: trump is right in trying to bring them into a partnership.

Sender: [redacted]

Time: 07/31/18 04:04:14 AM (554727854)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 59699D2B-BB02-400A-AFF8-BFB8823A1890

Message: Yes!!!

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:04:23 AM (554727863)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56D5313C-34D2-4360-8B42-B66377864318

Message: putin has been kind so far , not to point out , how the us involves itself in others elections

Sender: [redacted]

Time: 07/31/18 04:04:58 AM (554727898)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E87A72E7-035E-4D66-BAEA-9E3B09865118

Message: LOL

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:07:26 AM (554728046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 34CC8AF4-30E0-4397-9779-64744599CC06

Message: hasn't pointed out assasinations to overthrow govts . . coup funding. . imran kahn in pakistan , a much greater threat to peace than erdogan . khomeni. xi or putin

Sender: [redacted]

Time: 07/31/18 04:07:52 AM (554728072)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5789F583-7159-421A-A412-44713667B53B

Message: The populist in Pakistan ???

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:08:34 AM (554728114)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3382B63-7799-4A51-859E-1B4A9870A37B

Message: really bad news.

Sender: [redacted]

Time: 07/31/18 04:09:28 AM (554728168)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F3BC9062-3570-473D-87BF-12EA14A9AC92

Message: The cricket player?-- how could he be worse that the Islamist ?

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:14:14 AM (554728454)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B52028CC-7514-4513-8975-5B823560F831

Message: makes donald look like einstein.  incapable of truth. ,  devout islamisist . many nuclear weapons.  ( not erdogan or khomeni).  he was married to two friends of mine.  one daughter of jimmy goldsmith.  super wealthy take over guy.  forced her to convert.  wacko

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:15:37 AM (554728537)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 14FA760E-29A6-46B4-A4D3-916809764B12

Message: it follow your prediction around cults of personality .  he is a cricket captain.  . not a chess player , but he's good at rousing the crowd

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 04:56:53 AM (554731013)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FF6D5FDA-EC23-4D15-881A-55DC645C3246

Message: any questions for pritzker  ,  he will be here from 2 to 330 if you would like to ask yourself.  .  can we use csis  for anything ?  tom has GREAT relations in china.

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 05:50:28 AM (554734228)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D0B91F78-EF75-4786-B648-E4E0D082D036

Message: https://www.youtube.com/watch?v=FuaMR8d4xJo

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 05:50:28 AM (554734228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DDA1DDDA-FEB1-4B47-8E16-D7C4D0738DA5

Message: if you have time,  lavrov  is the best of his kind

Sender: [redacted]

Time: 07/31/18 05:56:05 AM (554734565)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF581412-1E25-4220-82B2-68FB3D860964

Message: Tom is totally sold out to china -- csis carries

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 06:00:29 AM (554734829)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E69512F1-F1F3-444D-83CD-BF0C1333DA90

Message: im told that some of the party members there wanted to chop of his head.  so im not clear

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 06:15:02 AM (554735702)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 07AA72EF-6807-49D8-9091-B4C51503DA5C

Message: Kruger said less than one hour  to do all.  iIm doing my best to whittle away at your future reasoning □

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 09:42:40 AM (554748160)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B901E629-349F-4764-8CCA-56726146E3AF

Message: https://www.vox.com/2018/7/31/17595988/ethiopia-eritrea-peace-abiy-ahmed

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 09:40:32 AM (554748032)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B37A1648-9972-4BF6-B887-814D76E4D978

Message: . As advertised

Sender: [redacted]

Time: 07/31/18 09:46:24 AM (554748384)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75E074DB-F6C2-4DC6-A3BC-EE05280C0EAE

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 09:48:54 AM (554748534)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B0926510-FDD4-40CF-A13A-413D52CB052E

Message: And and both will have a private dinner with yuou

Sender: [redacted]

Time: 07/31/18 10:19:58 AM (554750398)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB87B188-CDF2-4384-BCC7-0CD4A375ED3A

Message: Very cool

Sender: e:jeeitunes@gmail.com

Time: 07/31/18 01:09:11 PM (554760551)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 648D5132-1A4A-489B-B45A-4EB54802DA7F

Message: No space between yours and toms view on china. He now has a detailed story of how . Hes off to see kissinger to bounce it off him . You will like it

Sender: [redacted]

Time: 07/31/18 01:11:15 PM (554760675)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 82FE32E5-0441-438A-9E73-BC8A7440954F

Message: Brilliant

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-06\[redacted] on 2018-08-01 at 09.52.44.ichat

Service: iMessage

Start Time: 08/01/18 06:52:44 AM (554824364)

End Time: 08/06/18 06:52:57 PM (555299577)

Last Message ID: 18493

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 06:52:44 AM (554824364)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39B77186-B7F8-4890-B9FB-987B7D66A580

Message: Tommy Robinson. !! good work

Sender: [redacted]

Time: 08/01/18 06:56:46 AM (554824606)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C8533ED3-DBED-4C76-A3B2-3F04CDB62086

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:18:53 PM (554851133)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 92EF7FEA-8354-460D-B046-011C0CC03984

Message: Want to visit Florida for weekend? . lets talk today or tomorrow . Lots to catch up on

Sender: [redacted]

Time: 08/01/18 02:19:44 PM (554851184)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6A2D0FE6-1C4F-4AA2-94BA-AE0D0956A61F

Message: Cool

Sender: [redacted]

Time: 08/01/18 02:19:59 PM (554851199)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5B3D7977-3FBE-4C69-8CAF-DB48759D67BE

Message: In cambridge with Errol

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:21:29 PM (554851289)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53ECB132-B6AD-4862-A465-CD22896A9A57

Message: Great use of time.  Can we take out.  Fuck you if you want clean water ?  . ending with a celebration .

Sender: [redacted]

Time: 08/01/18 02:25:11 PM (554851511)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0DC332EE-E371-42E5-8307-1E323214CCB7

Message: Ending with a celebration ???... is not burning everything down a celebration!!!!

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:25:57 PM (554851557)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5BFDEB1F-1C08-4E42-970E-A3483CBF4880

Message: You sound like bush in Iraq and Clinton in libya □

Sender: [redacted]

Time: 08/01/18 02:29:27 PM (554851767)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2729C74C-244C-4C9E-8FF3-FAD11E2401B5

Message: LOL

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:30:22 PM (554851822)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DEC43CC-6315-4DB5-BDEF-A99B46084244

Message: You guys are the best at it.  .  I am looking to its impact in Europe . Again

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:31:09 PM (554851869)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3789113F-EB93-4A69-8480-56BC4F1B8A5E

Message: Kristalnacht always has the big fire.  symbols that cause many not to listen further

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:33:26 PM (554852006)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9589F7B0-0C9D-4601-87C7-89664AAEE92E

Message: Kristalnacht is NOV 9.  1938.  A little close  don't you think

Sender: [redacted]

Time: 08/01/18 02:34:07 PM (554852047)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2694E717-6C09-48A7-A1BE-F338C11C41EE

Message:  Opening night

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:34:20 PM (554852060)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 159A140A-FBAF-44DF-85AE-3A44752BD32A

Message: Considered the beginning of the holocaust .

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:34:39 PM (554852079)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 08DD3F0B-A899-465A-8989-416243F30D89

Message: Thats one way to describe it.

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:35:18 PM (554852118)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B8B0A26F-ED59-4F45-BDF8-A489D829C367

Message: Come join us at Auschwitz ,  opening night. Special

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:35:47 PM (554852147)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 102C165D-2565-467B-B587-BC918EEB8767

Message: Byob

Sender: [redacted]

Time: 08/01/18 02:36:03 PM (554852163)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 76020844-66B2-4C46-8972-8A8E10D85351

Message: Wow

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:36:42 PM (554852202)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B4E2362F-2A65-4EBB-B2A4-B789026503E1

Message: mid terms Almost eighty years to the day.

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:37:43 PM (554852263)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F8E997E-3206-407F-BFE7-00B3F6716B1D

Message: Btw , tom and Henry believe that china wants to weaponnize and control their consumer base.

Sender: [redacted]

Time: 08/01/18 02:37:46 PM (554852266)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 81F5411C-0DE8-4330-B94E-EF621FE1D574

Message: Incredible

Sender: [redacted]

Time: 08/01/18 02:38:14 PM (554852294)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61114E2F-EE10-4A61-B2F3-2013E8DFAD13

Message: Weaponize as in stop buying western goods

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:40:22 PM (554852422)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1BE15CDB-415E-491C-9E7A-C4B45C3B554D

Message: All consumers digitized . Evaluated , they get points for certain behaviors . This is the next ten year plan. They say if you want our 500 million people buying X. We want Y .. and if xi says no Microsoft products. Its not like Donald asking people not to buy Toyotas. In china. The next day , no Microsoft products sell. . genius

Sender: [redacted]

Time: 08/01/18 02:40:59 PM (554852459)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CE30C268-861B-44A8-8B89-7BF341C8FDED

Message: Total control

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:41:24 PM (554852484)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6668499D-EBF4-46C1-A8C0-50A398925DA2

Message: xi has moved the party ABOVE govt. . lots of tentacles. . they used to be side by side.

Sender: [redacted]

Time: 08/01/18 02:41:54 PM (554852514)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7C0D0BB9-566C-4330-9EB6-CF0E306BAE8D

Message: Total control-- it's what we have going for us

Sender: [redacted]

Time: 08/01/18 02:42:14 PM (554852534)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A7CA5F4C-8F3B-430D-8252-8CD0544D8855

Message: 60 million in charge of 1.5 billion

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:46:55 PM (554852815)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ABCB9BB2-2306-4C90-BA66-A4ED9FB8C26C

Message: Tom was the the top of the news in china. Xi , believes he has a better way to govern that he will be able to convince the world that the democratic US. Model. DOES NOT WORK. So he will offer an alternative system. Putting the belt road , made in china 2025 . And not allowing different views from that of the party . All purchases can be directed monitored and like a video game , the individual gets social reward points. Very clever

Sender: [redacted]

Time: 08/01/18 02:48:25 PM (554852905)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 74AD7177-91A2-40C1-B42E-357932A5CDAC

Message: Xi said he had a better way to govern ???

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:48:48 PM (554852928)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8216B537-4898-4761-ADD0-38ED4155588E

Message: Yes a new form of govt for the future

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:50:02 PM (554853002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C71ACE5B-C514-41F5-9D3E-2D4E000D9815

Message: Feel free to reach out to Tom for a download directly.  He likes you .

Sender: [redacted]

Time: 08/01/18 02:50:14 PM (554853014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3738CA01-FCD0-4587-B16A-D273192E403D

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 02:57:36 PM (554853456)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87B3B62C-12E1-427B-B7AD-E33A6D57FFE1

Message: Also keep in mind that right after the burning of kristalnacht , Goebels released his move. .  it was the eternal jew..  /  my ex girlfriend used to say she wanted to make a move taking off only the " w"  and make it the eternal J E

Sender: [redacted]

Time: 08/01/18 03:02:25 PM (554853745)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 85662439-D895-4674-8C79-8E8946E06940

Message: She meant the 'internal'

Sender: e:jeeitunes@gmail.com

Time: 08/01/18 03:02:43 PM (554853763)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 36EBAA41-6412-460A-8888-A0B73A79E5DC

Message: Now you're talking DARK

Sender: [redacted]

Time: 08/01/18 03:07:06 PM (554854026)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 167298ED-7BFE-435F-9899-510F09CDAA32

Message: American Dharma baby

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:00:22 AM (554900422)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89E8B489-E9F1-4343-A028-BC66C40B8F8C

Message: At least get your blood taken.  15 minutes .

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:00:53 AM (554900453)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A088CAE1-7E94-4924-9122-A9107BDA6629

Message: Next few months you will need your energy and stamina.  No reason not to prepare

Sender: [redacted]

Time: 08/02/18 04:24:01 AM (554901841)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B5942FA-6BE8-4B9B-BF9D-4A9A21B19AB9

Message: I know I have to do this

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:24:53 AM (554901893)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 12F53C12-7302-432B-AE0A-9C467178EDF5

Message: I m encouraging you to get from " knowing " to doing □

Sender: [redacted]

Time: 08/02/18 04:25:51 AM (554901951)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2217D65D-0028-480E-BBBD-4B4ECFE28531

Message: u sound sometimes like my blessed , departed mother

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:29:10 AM (554902150)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 914963FC-B9F5-49D7-A187-1030A8B6115F

Message: Self organizing systems . revolutions. Start with knowing. Discipline separates out the winners from the hopefuls . Seriously , no excuses. You are important in many ways , no more though than to yourself

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:29:33 AM (554902173)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4F39FDD-E8AA-4F9D-985A-354B10DA4F7E

Message: Sorry to be a noodge

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:32:03 AM (554902323)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E6E38FF-1767-49C7-95A4-34C9E7B2A051

Message: Especially a psa test

Sender: [redacted]

Time: 08/02/18 04:35:22 AM (554902522)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D54D9DC2-0FF6-45FB-891D-FD3F8B351093

Message: Can I do this tomorrow afternoon ???

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:36:02 AM (554902562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2816A68B-8D35-4E78-A4A2-87EB93BD1197

Message: Time/  ?

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:37:01 AM (554902621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 81353DA9-631F-423D-B326-40AEBC687099

Message: And so we are clear the reasons are only to catch things early if need be . Often waiting is a good thing as you have more info. .  however in biology , you don't want to wait until its now too late to stop

Sender: [redacted]

Time: 08/02/18 04:38:48 AM (554902728)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5E016DF7-4B4D-45DE-B9CB-3066D67E239F

Message: Agree-- although I'm an idiot and superstitious about all this

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:42:33 AM (554902953)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 80060BF7-6070-4734-B58A-0DBD77A3987F

Message: Im aware .  And I don't trust any doctors or lawyers. ANY. ,  however ,  one of the advantages of the global elite , is that they live longer. No worry , you can be dark and still prefer to live.  :)Call Bernie on his cell directly to set . [redacted]

Sender: [redacted]

Time: 08/02/18 04:44:15 AM (554903055)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09296F81-3729-46A0-BACB-06492F32DC89

Message: Thanks

Sender: [redacted]

Time: 08/02/18 04:44:26 AM (554903066)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 13B6EF2E-2B85-466B-B4F4-27E05FAB6411

Message: Bernie last name ??

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:44:30 AM (554903070)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 30B99F1A-92E6-4B9B-B6EB-9CB57EDFD724

Message: Kruger

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 04:46:06 AM (554903166)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A47D252-3880-41A9-B867-9A8850E89735

Message: As you might imagine I believe in top- down economics. . without you at the top , there is no movement. ZERO !

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 05:22:58 AM (554905378)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C1871C1E-92FF-4DB2-8577-09AA9DEA4FA3

Message: When you say " departed " I think of scorcese not your mother

Sender: [redacted]

Time: 08/02/18 05:45:00 AM (554906700)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7764C7FB-BF99-4CC9-9CC9-7CC3F922C1E5

Message: LOL

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 07:30:16 AM (554913016)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AF4D5B17-2F67-4A5F-80C3-443BF09AAB20

Message: Alternatively , if you take a trip to palm beach. All bloods etc. can be done my head of Mayo Clinic a good friend. . reminder money medicine law. _ JEWS only

Sender: [redacted]

Time: 08/02/18 07:36:14 AM (554913374)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F64842C3-E71C-4973-A46D-B6BA3BFF8D21

Message: I've only had Jewish doctors and lawyers since leaving the Navy

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 07:40:18 AM (554913618)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D2D0A037-8EED-4DAA-A649-10AA2402A80E

Message: Bernie not available until Wednesday. Though im sure we can organize to drain you of some of that vampire blood

Sender: [redacted]

Time: 08/02/18 07:43:56 AM (554913836)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C08F2FA-055A-4765-BB19-1455B08B5D80

Message: Not blood --- ice water -- that boils on contact

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 07:46:07 AM (554913967)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8AAD5C77-E839-4F5A-9D11-774C5315F918

Message: I didn't know bill burke was circumsised. Though im sure he feels as if he is still undergoing the procedure

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 10:37:26 AM (554924246)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89F965A3-61DB-4475-9055-CB42B4C7560E

Message: Do you want to go to the Venice film festival. Should we try for a Europe trip around then?

Sender: [redacted]

Time: 08/02/18 12:02:07 PM (554929327)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A41B940F-5C44-4FA7-ACD4-D7285F8A9DA6

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 12:57:19 PM (554932639)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3312564E-F2CB-47E2-9AB1-CB249C0449C8

Message: Cool .

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 06:07:02 PM (554951222)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D99468C5-2CE5-4BE7-BF12-8EB5F7D8718B

Message: Are you around next wed eve or any time thurs . Ny ?

Sender: [redacted]

Time: 08/02/18 06:08:34 PM (554951314)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4533A9C7-2AA6-4B06-846E-4A86B5AC76BA

Message: No -- DC

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 06:09:07 PM (554951347)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F8BE3C6A-ABF0-4F42-846E-FC5773A4AEBD

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 06:13:15 PM (554951595)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 27B05962-6EC5-40CF-8A95-C564D7C535AA

Message: Jared next up to bat

Sender: [redacted]

Time: 08/02/18 06:13:30 PM (554951610)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D822232-95D9-4B41-9F7F-84FFB321DE39

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 06:14:01 PM (554951641)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B0464829-C71F-4955-8C1F-48E3EABEB984

Message: [redacted]

Sender: e:jeeitunes@gmail.com

Time: 08/02/18 06:17:53 PM (554951873)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C34F4F0C-CC8A-4A8C-AFE1-2C4FFE646313

Message: No rush

Sender: [redacted]

Time: 08/03/18 04:39:06 AM (554989146)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 28194BC3-EE77-4F43-B8F1-80EE91E1D09F

Message: Give me 2 minutes and will call back

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 05:09:35 AM (554990975)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6846CC4E-6B7A-4E6E-89E8-AD0570DEC06C

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 05:16:51 AM (554991411)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A40E6CE-1359-4A0B-9282-42A98AD2FF69

Message: I sent you an interesting email

Sender: [redacted]

Time: 08/03/18 05:19:33 AM (554991573)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E96BB36E-A44A-4280-9782-A698713324CD

Message: Who is that from

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 05:19:44 AM (554991584)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F90BEC6-0FAE-4D87-B093-0AC69AAEA8E0

Message: Call when free

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 05:20:51 AM (554991651)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFFCF9DD-CDE7-42E4-95E2-7E4B574BC26E

Message: Unlimited money

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 09:00:46 AM (555004846)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 09F518E7-A2F1-49FA-89AC-E1ADA1F9878A

Message: Its not that I know you better than your ex wives its I know the exact tactics that I use

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 09:00:58 AM (555004858)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91927ED7-8D0F-4A36-BC79-4947840810B0

Message: To no avail

Sender: [redacted]

Time: 08/03/18 09:42:12 AM (555007332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE741DED-00AB-4208-B5A8-61E8BC674A30

Message: we r getting there

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 09:43:31 AM (555007411)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DF7C63CA-7263-4DA6-B536-4322B29A0CEC

Message: Xeno's paradox

Sender: e:jeeitunes@gmail.com

Time: 08/03/18 01:12:26 PM (555019946)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE8F9863-BBAB-45E6-B50E-BF915CADB1C6

Message: If I throw a ball at the wall, when it has travelled halfway, it still has half the distance to travel. As it continues, the fraction left to travel continues i.e. one quarter to go, one eighth to go, one sixteenth to go, etc. since the

denominator of the distance continues to double... I am thinking mathematicaly speaking, the ball never reaches the wall.

Sender: [redacted]

Time: 08/04/18 06:10:37 AM (555081037)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 764E8DF9-B14F-4529-8EAF-CC324AFF099F

Message: Very zen-- what am I missing , I'm just a dumb cracker

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 06:11:13 AM (555081073)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B50A500D-38B9-464C-8A51-D34FF9FE6643

Message: Its like you going to the doctor.  You will agree to go halfway there. Then halfway again. .  never actually having to give blood

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 06:11:32 AM (555081092)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98F0F51C-A16D-4EB9-9F1D-9B5352AD3892

Message: □

Sender: [redacted]

Time: 08/04/18 06:14:00 AM (555081240)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 47A645DC-0C2E-4F5E-858A-CE42970A69C9

Message: Cracker gets it now

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 06:16:20 AM (555081380)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1A0C6541-7C37-466F-A79E-50A68AE08CE3

Message: If you can come on wed eve or thurs I can ask miro to join and help strategize. .  He will run the European security counsel.  All fun.  I would like he

and you to be able to meet leaders. , I bring nothing to the table at this time

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 02:03:43 PM (555109423)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4B0D0E2B-0FFF-43E2-9485-4FE29E1677A8

Message: Any idea of this weeks schedule. ?

Sender: [redacted]

Time: 08/04/18 02:06:19 PM (555109579)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2306C867-3D07-43E4-8F97-4A3F71DA6A58

Message: Sunday thru Tuesday CT/NYC ; wed for next 10 days DC

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 02:08:36 PM (555109716)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F5E89CB0-B14F-4206-B1F2-D01CB19270B8

Message: Is your plan to return tues eve to dc . Or wed morn?

Sender: [redacted]

Time: 08/04/18 02:09:21 PM (555109761)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 828D5DD2-8F06-45DC-B859-077ADB0536C9

Message: Thinking late Tuesday night ; what's up???

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 02:13:39 PM (555110019)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AB5D7773-111B-483B-B2D3-138FEE2FBDA4

Message: Trying to find time for a f2f to make Europe productive . Im in Caribbean currently , I was planning to come to New York wed. Afternoon, but if you think useful I could try to come late tues

Sender: [redacted]

Time: 08/04/18 02:20:20 PM (555110420)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 80C3C666-8A79-4870-9CD3-945B509021A6

Message: Would love to grab breakfast with u on Wednesday but don't want to have u change your sked

Sender: e:jeeitunes@gmail.com

Time: 08/04/18 02:21:10 PM (555110470)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A9540DB-66F4-402D-B693-0D0FA407CDCD

Message: Will play it be ear,  no worry ,

Sender: [redacted]

Time: 08/04/18 02:23:51 PM (555110631)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D88A9A0-7915-4AF7-A42B-350298B7F5CE

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 08/05/18 03:37:40 AM (555158260)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EDAB919C-E967-44D2-938C-C8C66A0D9157

Message: https://www.politico.com/story/2018/08/04/campaigns-dark-money-groups-donors-anonymous-ruling-762440

Sender: e:jeeitunes@gmail.com

Time: 08/05/18 03:37:47 AM (555158267)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 919D4060-9845-4001-B4B1-7F0D91EECD6A

Message: Ill see you for breakfast wednesday

Sender: [redacted]

Time: 08/05/18 04:44:52 AM (555162292)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4804BB67-381C-44B8-A74D-3A53FC461AA3

Message: 7 am?

Sender: e:jeeitunes@gmail.com

Time: 08/05/18 04:45:22 AM (555162322)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 93992063-5BEA-4383-AB1B-B003810380CE

Message: yes. Ive ordered extra cheese for your omelet

Sender: [redacted]

Time: 08/05/18 04:48:50 AM (555162530)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5192CEBA-21FF-4E69-A4F2-DFC8451C7665

Message: Why I'm so out of shape

Sender: e:jeeitunes@gmail.com

Time: 08/05/18 07:22:54 AM (555171774)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6F6D66C8-553E-42D1-BE47-C4BD58BFE9EC

Message: I think you should meet brad Karp. Head of the law firm of Paul Weiss. Serious guys.

Sender: e:jeeitunes@gmail.com

Time: 08/05/18 08:09:45 AM (555174585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 075D580C-9BF7-4EB0-8369-BA8BC8EA67D6

Message: Steve Bannon's Big Plan For Europe Has Some Big Flaws. By Akbar Shahid Ahmed. Can this really be his name? Sounds like an snl skit

Sender: [redacted]

Time: 08/05/18 08:38:39 AM (555176319)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 884A2AF5-5D3D-4CA6-A977-2BA798AA33C9

Message: Very gay Pakistani

Sender: e:jeeitunes@gmail.com

Time: 08/06/18 08:16:15 AM (555261375)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EB5E0AE1-44AF-4194-8425-B546C0EB3496

Message: Im flying in tonight instead. Breakfast tomorrow? We can also do Wednesday

Sender: [redacted]

Time: 08/06/18 08:19:11 AM (555261551)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FBDE03F0-6A93-469A-B8A3-705B0F072F25

Message: Let me work it

Sender: e:jeeitunes@gmail.com

Time: 08/06/18 08:19:47 AM (555261587)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 411A0F2D-34AF-4324-8E83-AA6E1BBA602B

Message: K

Sender: [redacted]

Time: 08/06/18 08:20:16 AM (555261616)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 993834E0-8D02-474A-902E-55532091F636

Message: pencil in tomorrow @ 7

Sender: e:jeeitunes@gmail.com

Time: 08/06/18 08:20:20 AM (555261620)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC1449DB-11B8-4047-B8F4-F6317B5A61C5

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/06/18 06:47:49 PM (555299269)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2B14AC50-C132-45B8-9BF3-238FE8F6741E

Message: 7 am?

Sender: [redacted]

Time: 08/06/18 06:50:41 PM (555299441)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 333A7995-0FFD-4A67-9224-E638BF205D96

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 08/06/18 06:52:57 PM (555299577)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 94684662-C911-4A9F-B94B-2DF719B59489

Message: Great

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-20\[redacted] on 2018-08-20 at 17.35.02.ichat

Service: iMessage

Start Time: 08/20/18 02:35:02 PM (556493702)

End Time: 08/20/18 04:21:47 PM (556500107)

Last Message ID: 18968

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 02:35:02 PM (556493702)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D1AB57D4-977D-4ED9-A62B-6E7BF4E24C5D

Message: Do you want Woody dinner Friday?

Sender: [redacted]

Time: 08/20/18 03:01:00 PM (556495260)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A46B6395-7706-42D5-82A8-2F47F64B454C

Message: Early?

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:01:09 PM (556495269)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA97BAB1-065A-47A3-83F4-3315DAF37DE9

Message: 7

Sender: [redacted]

Time: 08/20/18 03:01:15 PM (556495275)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A4FB2FC2-B9DA-421E-9966-1E23A9BE8BCA

Message: I have to get out to Hamptons n

Sender: [redacted]

Time: 08/20/18 03:01:19 PM (556495279)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7FC72F9A-A3AC-4E17-8850-D17F1E963FB2

Message: Yes that works

Sender: [redacted]

Time: 08/20/18 03:01:23 PM (556495283)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1EBBABBF-B328-4C9B-A1AA-34A779F84985

Message: Where?

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:01:39 PM (556495299)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8310FA8F-4CF4-4255-9480-C52B1C6FA70E

Message: Ill move it to 630 if you prefer.  My house

Sender: [redacted]

Time: 08/20/18 03:02:35 PM (556495355)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CD938BA5-2904-4544-989C-EFD8D4DC5CBB

Message: Yes 630 would be best

Sender: [redacted]

Time: 08/20/18 03:02:38 PM (556495358)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A0B77C45-94EE-403E-9DCB-375BB4E07201

Message: Perfect

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:02:47 PM (556495367)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B2362D6D-AEA2-4228-B6E3-3BAD146FEA6C

Message: Done

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:08:11 PM (556495691)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39973DBB-61C6-49B3-9B31-4C788B2A67C6

Message: Jeans and tee shirt ok

Sender: [redacted]

Time: 08/20/18 03:15:05 PM (556496105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 04831D09-454F-4368-B095-32D6C60478AD

Message: Perfect

Sender: [redacted]

Time: 08/20/18 03:15:15 PM (556496115)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE7CF877-1FC0-460D-839E-A8CC7E96FC51

Message: I look forward to it

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 03:16:33 PM (556496193)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C9B0274-8B83-422F-BD9B-56DE2E7F786D

Message: Is there someone else that is fun that you might want to bring.  ?

Sender: [redacted]

Time: 08/20/18 04:18:40 PM (556499920)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 86358BD0-C747-4766-8E55-443420018D1F

Message: Let me think about. Is he bringing his wife?

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 04:19:01 PM (556499941)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7722349B-057D-436C-BEE6-9F21E5782723

Message: He is the only person allowed

Sender: [redacted]

Time: 08/20/18 04:19:48 PM (556499988)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB0CCE67-2F82-4E75-BBA8-E7D51319CDE1

Message: I gotcha. Ok I will come solo. I some point I need to make peace with Bannon. Let's discuss how

Sender: [redacted]

Time: 08/20/18 04:20:05 PM (556500005)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B763159-74B7-475C-A44D-C2BB07D2AE89

Message: McGahn effed over Trump.

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 04:20:23 PM (556500023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1F6120B0-43CE-4BA1-926F-071D64A68F17

Message: Will he stay?

Sender: [redacted]

Time: 08/20/18 04:21:47 PM (556500107)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 93251A12-8325-4A44-9AC6-526E6EEF89C7

Message: Caught in bind now. Doesn't want to let him go and cause more damage

Sender: e:jeeitunes@gmail.com

Time: 08/20/18 04:22:16 PM (556500136)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FAF6DE8F-E67A-4121-834E-8AFBC42FCA5C

Message: k

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-23\Eva on 2018-08-19 at 01.17.51.ichat
Service: iMessage
Start Time: 08/18/18 10:17:51 PM (556348671)
End Time: 08/23/18 07:20:19 AM (556726819)
Last Message ID: 19078
Chat Room:
Participants: jee, Eva
Presentity IDs: e:jeeitunes@gmail.com, [redacted]
Messages -

Sender:[redacted]
Time: 08/18/18 10:17:51 PM (556348671)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 75F683DD-09EF-440B-B8CB-FFBC99B4E1BB
Message: In NYC... you here?

Sender: [redacted]
Time: 08/19/18 10:13:21 AM (556391601)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5B573BBA-2627-408E-B158-D6481CE1EBD1
Message: In Palm Beach?

Sender: e:jeeitunes@gmail.com
Time: 08/19/18 10:16:09 AM (556391769)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: A214C7EF-B242-496C-9E20-F0627FBF90DE
Message: Yes

Sender: [redacted]
Time: 08/19/18 10:18:30 AM (556391910)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: DE51E4D6-9721-4248-8E87-585F1C4A0F74
Message: I just called....

Sender: e:jeeitunes@gmail.com
Time: 08/19/18 10:48:29 AM (556393709)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 34270792-9451-424A-83AC-65B375CD4DC1
Message: 1 hr more

Sender: +[redacted]
Time: 08/19/18 05:42:38 PM (556418558)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E0727F94-1C83-4995-AD0D-996A37F550D5
Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com
Time: 08/19/18 07:05:59 PM (556423559)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 29C305CC-6399-4785-9E61-00C15FCD45F4
Message: Wow

Sender: [redacted]
Time: 08/19/18 07:07:44 PM (556423664)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: B8C6C074-8F54-4EF2-ACE6-35FCA7A71A9E
Message: Wedding in Bogota

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 11:03:28 AM (556567408)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 87D25B33-716C-4B88-A03F-2829DA876C5C
Message: On the news someone blew tires and will need to have emergency landing

Sender: +[redacted]
Time: 08/21/18 11:05:28 AM (556567528)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: F4417737-4978-4F0D-B06A-4865931805B0
Message: □□

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 11:13:18 AM (556567998)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 2088D539-B242-4D8D-A727-E005AD2829D6
Message: Rappers post malone?

Sender: +16463880059

Time: 08/21/18 11:15:20 AM (556568120)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 6230ABED-F0EB-4365-8C55-16889CCB1A70
Message: The name is Post Malone

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 11:15:38 AM (556568138)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: FE9660D7-0CD3-4559-AE6B-E83EFF746C05
Message: Typical

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 01:18:09 PM (556575489)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 5C0A3AC3-55D8-432C-9A0D-B2AD6FACCC03
Message: Plane landed safe

Sender: +[redacted]
Time: 08/21/18 01:27:42 PM (556576062)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FF39F063-1FCB-4C01-9890-4663211268DB
Message:

Sender: +[redacted]
Time: 08/21/18 02:22:44 PM (556579364)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 2A92ED55-2026-425C-824C-E87DCDBC6B5B
Message: Explain Cohen for me.... Will he ho to jail...? Will he help to eat out Trump??

Sender: +[redacted]
Time: 08/21/18 02:22:49 PM (556579369)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: E2179499-B147-47E6-B252-CB0B5E13B403
Message: Rat out

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 02:23:03 PM (556579383)
Flags: 1085445

Is Read: No
Is Invitation: No
GUID: 70EFE6BC-6930-4BA1-AC3F-ADD9D2591D9F
Message: Yes for 5 yrs

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 02:23:22 PM (556579402)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: DF0208CD-5615-4894-B68C-0B313E19CAC7
Message: He already did

Sender: +[redacted]
Time: 08/21/18 02:23:51 PM (556579431)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: FBAA6033-E3D4-4415-ADB3-1943592CB3C9
Message: Wow!!

Sender: e:jeeitunes@gmail.com
Time: 08/21/18 02:23:59 PM (556579439)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F419827B-4B8D-4AC6-85F5-C8FD7E93673A
Message: Cohen said he broke the law at trumps direction

Sender: +[redacted]
Time: 08/21/18 02:24:36 PM (556579476)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5F8BE06A-0CFD-4BE6-A425-0FBDD858423B
Message: □□□□

Sender: e:jeeitunes@gmail.com
Time: 08/23/18 06:58:47 AM (556725527)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 0768787E-D642-439E-A245-F4612987300A
Message: How is it?

Sender: +[redacted]
Time: 08/23/18 07:02:13 AM (556725733)
Flags: 1060865
Is Read: Yes
Is Invitation: No

GUID: 2FEC3311-7477-429F-B46E-D8BC05246AC6
Message: □

Sender: +[redacted]
Time: 08/23/18 07:20:19 AM (556726819)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 84252D59-B238-41A0-83FB-980221535781
Message: Any of the bank stocks worth buying? I own BARCLAYS..... it has done bad□

Sender: e:jeeitunes@gmail.com
Time: 08/23/18 07:24:03 AM (556727043)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 900C39DA-6FA8-434C-99DA-C4CBABCE87F3
Message: Don't like

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-09-23\[redacted] on 2018-09-23 at 12.49.22.ichat

Service: iMessage

Start Time: 09/17/18 05:47:56 AM (558881276)

End Time: 09/23/18 09:49:22 AM (559414162)

Last Message ID: 20972

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:47:56 AM (558881276)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 927CBF06-ADAF-4F19-82F0-A64F925813BE

Message: Yes,  I did laugh at trumps'. "Tremendously wet !!. "  I liked you pounding on come out and be heard.  Re op ed.  .  imagine if these admin officials are part of the military .  Do you want them not to follow orders.?  Its ridiculous for the press to defend.

Sender: [redacted]

Time: 09/17/18 05:51:23 AM (558881483)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FE15DEA5-6810-402F-BD7D-F766BD913F60

Message: Exactly

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:53:28 AM (558881608)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FC111DC5-7D7F-4320-85CF-AF14782DF987

Message: In addition I thought the dem Kelly was no slouch but in typical female form blabbed.  Yes make the republicans fight on all hundred seats.  Your suggestions of forget 20 or them and focus. Pincer like on the ones that count

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:56:29 AM (558881789)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D292CF88-5257-47D6-886B-17D47BE54E8B

Message: 'I also would develop one of your knee jerk answers. as powerful as. " I need no one to tell me how to raise an empowered woman". To the personal atttacks on you, " this isnt about me. Its about Blah blah.

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:57:51 AM (558881871)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 226110C5-6D07-4944-B4A2-1B0A30660E46

Message: Its not about giving me a platform. , its about ... its not about me being a propagandist. Its about . . ITs not about trying to label me a racist a homophobic or ..... Its about ..

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:58:10 AM (558881890)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 40645264-941D-48DD-A3FB-5F4A0628ADB9

Message: POW!

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:59:24 AM (558881964)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E7D66DCC-4182-4DFF-B96C-FD046A6DCBD4

Message: I feel like Mickey in Rocky 1

Sender: [redacted]

Time: 09/17/18 05:59:24 AM (558881964)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61E1AA2B-A718-4AAB-957F-BA81DD82603E

Message: Love it

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:59:47 AM (558881987)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E9FA6AB-991F-4523-A4B1-DFDEA5E736BB

Message: I need to fuck up my ears

Sender: [redacted]

Time: 09/17/18 06:00:08 AM (558882008)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E495AA1F-F328-42D3-86C9-6E98A79AF434

Message: "I got this knowledge it's all up here ..."

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 06:01:57 AM (558882117)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B60DE9B-F400-40BA-B4B4-2D262BE87CCF

Message: He is clearly more lion then tin man and scarecrow, . Though he might have no brain or heart , must admit he has courage

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 06:02:08 AM (558882128)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4128BF7C-274B-421B-96BB-E0D0DD4209ED

Message: □

Sender: [redacted]

Time: 09/17/18 06:05:01 AM (558882301)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D5B68CDB-0894-41ED-9B78-D7B60302CB90

Message: "Courage is the most important of all the virtues-- because upon it all the others rest"

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 06:06:56 AM (558882416)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BC188952-2F8F-42A1-A31A-98D4F23849C0

Message: Look familiar

Sender: [redacted]

Time: 09/17/18 06:07:15 AM (558882435)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F2009DE1-58B7-4B18-81AD-2FDB3582932A

Message: Love that guy

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 06:07:18 AM (558882438)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56E6E9C3-41A4-48E2-9477-0411F0BAEBFE

Message: Gary cohn

Sender: [redacted]

Time: 09/17/18 06:07:29 AM (558882449)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 83276E25-2AFD-42EE-A995-E64AF10031D0

Message: And rob porter

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 06:07:48 AM (558882468)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9E488E0-550F-441C-B4A9-8AAFF5A74622

Message: lol

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:06:05 AM (558885965)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD599A0C-7D0A-43B6-B0DC-C2F8689E68AA

Message: You might even consider setting it up with hannity, what do you say when they call you/.//. etc

Sender: [redacted]

Time: 09/17/18 07:11:31 AM (558886291)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F0E97339-6036-4BC8-BE71-8C9A6D623C09

Message: wear the ACCUSATION of racism etc etc etc

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:15:53 AM (558886553)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C0F6646-E79C-46AC-A949-B9987AAF21F6

Message: But take the time , you argue your statements were taken " out of context "/. Too vague . " I believe if people void of ideas and fear of fair debate need to resort to cheap name calling- you have won. And wear that WIN with pride. ..

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:17:36 AM (558886656)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C57390A8-172E-4035-B8E1-F17568B9E6F9

Message: Not the accusation . Wear the fact that they are bereft of argument and must dig down into an empty debate barrel and come up only with the sludge of name calling. , wipe on , wipe off

Sender: [redacted]

Time: 09/17/18 07:19:17 AM (558886757)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3E8985C-4794-4798-A2A7-08BE28F8511A

Message: Killer

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:24:03 AM (558887043)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9503FAF2-F957-4277-8743-270347849937

Message: People fearful of debating the results , the facts . Isis gone. Markets up .

Currency super strong. . sanctions on Russia. Iran and other purveyors of destabilization on their heels. . these people say don't give him a platform. Don't listen . Don't debate. Don't look at the facts. Call him names. He's a racist. fascist. Mysogonist . Dont let him speak. !

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:24:25 AM (558887065)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEE815E1-08EC-4CA4-97C3-15A08D54E283

Message: How great

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 07:29:25 AM (558887365)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CDED5271-3389-4567-8F6A-58451D4F5F7F

Message: Do you want to attack me . ? do you want to defend the right of people to subvert . A duly elected official? Stand up , have a debate. I don't hide in the shadows. You might not agree with me, but thats ok. Lets discuss it. I don't attack you personally , and see no reason that you should attack me. Lets discuss FACTS . You don't like mothers being separated from their children. It happens everyday to people that commit crimes . Everyday . . they are separated . In Chicago those parents are killed in the street. They are permanently separated. . Focus . !!

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 09:30:47 AM (558894647)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 546E5B81-0FE4-467E-9CE8-F50357030931

Message: Trump is not Abe Lincoln. But they have similar internal politics to contend. With , these silly analogies are just that silly.

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 09:31:03 AM (558894663)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77A3A0A1-EDAB-4EC6-BF57-EC830E5BC858

Message: Silly is good word. Not too harsh. But no one likes to be called silly

Sender: [redacted]

Time: 09/17/18 09:40:32 AM (558895232)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FBF703D-609E-4509-BCC8-DFEDBA85A4BB

Message: He is Lincoln in this regard

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 09:44:36 AM (558895476)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C37F4563-7350-4AFB-A298-132B47BAB46A

Message: They share similar problems. That is it. They try to conflate the person from the problems they face

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:17:28 AM (558897448)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 24226DE7-BE93-452E-BEA4-91061FAF74AC

Message: How quickly they forget.

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:17:31 AM (558897451)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CFDD9CCE-B48A-43E2-8DC4-5DD8088F7D4C

Message: https://www.usatoday.com/story/sports/2013/11/22/crystal-mangum-duke-lacrosse-rape-accuser-guilty-murder/3680701/

Sender: [redacted]

Time: 09/17/18 10:18:27 AM (558897507)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EC7E4B7C-F093-471A-8052-CEF4A8407FAE

Message: Providencal timing

Sender: [redacted]

Time: 09/17/18 10:18:47 AM (558897527)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D3E6BD3A-74EE-43DA-98F1-6B09F97039E2

Message: Oh from 2013

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:19:24 AM (558897564)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 044069B6-23EA-4CAC-A8F3-785C260C6D84

Message: Yes,  and UVA  rolling stone.  Believe the woman  mantra. Led to havoc

Sender: [redacted]

Time: 09/17/18 10:21:04 AM (558897664)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D9FE319-EC52-4EC5-BFD7-D8E3070D57C7

Message: Havoc : but payback for 10k years

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:27:59 AM (558898079)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 09AC793C-8E90-4410-B5BC-1774F87475CA

Message: https://www.youtube.com/watch?v=vH7fZK7-x_o

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:28:00 AM (558898080)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32D955FE-7EB3-4F30-BBCD-0064C678ACBC

Message: . Have your guys snip

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 05:01:00 PM (558921660)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B5FD8858-33DC-4DD5-9403-CAF283CC25D5

Message: About Terje  A film version of Oslo has been announced, to be written for the screen by J. T. Rogers and produced by Marc Platt, whose credits include Bridge of Spies, La La Land, and Wicked.[19] Rogers indicated, in a television interview, that the motion picture may include some details of the story omitted from the play.[1]

Sender: [redacted]

Time: 09/17/18 05:54:39 PM (558924879)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EAF691A3-A9C8-49FD-9D30-6C331DF3A29D

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 09/17/18 10:38:07 PM (558941887)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DEE9FF04-68F4-48A1-AF67-B08E2858B7F7

Message: Your breakfast

Sender: [redacted]

Time: 09/18/18 04:05:26 AM (558961526)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3AC2615-5E77-4178-8BC1-6E3A079283D0

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 04:38:36 AM (558963516)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1F3DDEF-4FC9-4922-B632-E2C44E6FD54D

Message: I thought you were having breakfast with my friend terry . The oslo play and now future movie is about him

Sender: [redacted]

Time: 09/18/18 04:39:42 AM (558963582)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF59F2D9-8C71-4195-BE0F-E329232B49BB

Message: Yes 830

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 04:40:17 AM (558963617)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7505FDDF-6ED6-4839-8654-D2183B232DF0

Message: I sent you the article on "Oslo " the play

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 04:45:34 AM (558963934)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1AFD8427-D148-4EED-BF36-AF6B160A045C

Message: I love the image of you meeting with the Nobel peace prize person.  How funny

Sender: [redacted]

Time: 09/18/18 05:30:13 AM (558966613)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED9E6382-D2BC-4DD0-BC2A-0DE915416430

Message: I'm all about peace

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:21:59 AM (558973319)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1752B398-3E0A-4205-A0B0-C70B62A1331B

Message: in her book, Daniels also delivers a below-the-belt blow to the size-obsessed Trump, describing his genitals in lurid detail. She says his penis is "smaller than average," but "not freakishly small."  "He knows he has an unusual penis," Daniels claims. "It has a huge mushroom head. Like a toadstool

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:22:22 AM (558973342)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0E78EADA-E3C7-4C27-A36F-141948D0B866

Message: He s not going to like that

Sender: +[redacted]

Time: 09/18/18 07:45:03 AM (558974703)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0AC5CEC3-FE48-4167-973F-147E66B9337E

Message: WTF

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:47:32 AM (558974852)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F3E4080D-53BF-41D4-8DCE-09D92AE382E6

Message: Do you know when you are back from Europe yet

Sender: [redacted]

Time: 09/18/18 07:47:47 AM (558974867)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1FA60CDA-B821-45EF-83AE-71A54C17D14D

Message: 28 sept

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:48:19 AM (558974899)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1CDCB30D-754D-49E8-BDB9-DF351A7AD999

Message: HBJ 28th or 29?

Sender: +[redacted]

Time: 09/18/18 07:48:40 AM (558974920)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 0917ED61-3DF0-419F-BF45-9C7E21DB2E69

Message: Saturday 29 sept???

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:48:46 AM (558974926)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B4CAFB7C-6F29-4B9F-AB0A-CBCE3F988EFB

Message: Ok ,  ny

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 07:49:05 AM (558974945)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A42B513-4B66-4BC2-9969-8AC9464A7CF0

Message: Ill set

Sender: [redacted]

Time: 09/18/18 07:49:16 AM (558974956)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3390B896-DC47-47B2-A945-B5FD770B28F8

Message: Thanks

Sender: [redacted]

Time: 09/18/18 08:10:33 AM (558976233)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8DB081B5-6049-42AB-BB30-6D3EF1321DA7

Message: Shit is insane right now

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 08:38:35 AM (558977915)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C294DCC-8BF3-4DF6-AC7E-283B32B514A4

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 10:44:43 AM (558985483)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4A9B4970-4320-486E-9DF8-ABBC7928C911

Message: Hey. I know you have Europe plans. But if I were you , id be in New York during UNGA. Then im also going to Europe on the 30th. . miro will be in New York as will Terje with every foreign minister. . just a thought

Sender: [redacted]

Time: 09/18/18 10:45:44 AM (558985544)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69C0EA36-A291-40E0-9BE5-98CAC18789A5

Message: I've committed to these events in Italy and Czech Republic -- working it now

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 10:46:54 AM (558985614)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D8E8FE43-4056-43F1-8F53-8ADAF801EBEC

Message: I know

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 11:19:39 AM (558987579)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87C69B54-A77C-4CA2-BDF5-A69F517DF76E

Message: Italy yes. But new York is the only place to be that week,

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 11:33:09 AM (558988389)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DC12A61C-3361-48DE-9DAE-1D2AC4C685E4

Message: Davos guys, china guys, miro . Terje . Middle easterners etc

Sender: [redacted]

Time: 09/18/18 11:55:08 AM (558989708)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38E0545B-58BE-47BC-9DFD-BE9EF5B0AB29

Message: Yes-- but don't think it's right for me to be meeting them during UNGA week in NYC -- isn't that for govt officials ?

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 11:55:49 AM (558989749)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98B5C5A6-A803-47BB-9026-39D8F8E7E7DA

Message: No they are here to meet non govt.  that they can meet govt all year

Sender: [redacted]

Time: 09/18/18 11:58:10 AM (558989890)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5BE523EB-D85F-4C5D-A22D-5866F85F28AF

Message: K

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 12:57:33 PM (558993453)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9068411D-796F-4AB2-92B4-27265B748757

Message: Its the Super Bowl. And you are off to play in a college game in europe

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 12:57:35 PM (558993455)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53C5283E-4B35-4DD6-A24D-ED23209ADCEE

Message: □

Sender: [redacted]

Time: 09/18/18 02:19:30 PM (558998370)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A027EC50-79F3-4082-A1A8-21E58A491A62

Message: They are here all week correct ???

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 02:19:52 PM (558998392)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B7D10E5-B320-48D2-AF1F-419E23D8D226

Message: Yes till 29

Sender: e:jeeitunes@gmail.com

Time: 09/18/18 02:31:03 PM (558999063)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D0FC9C4C-A8EA-4023-8809-31C7B61E282B

Message: https://www.wsj.com/articles/germanys-intelligence-chief-loses-post-over-comments-on-far-right-protests-1537291148

Sender: e:jeeitunes@gmail.com

Time: 09/19/18 07:04:06 AM (559058646)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1A16343B-45B1-463F-9406-97D3B045FFB3

Message: "Former Vice President Joseph R. Biden assailed President Trump's supporters during a speech Saturday at the annual Human Rights Campaign dinner in Washington, lamenting that 'virulent people' and the 'dregs of society' still had a friend in the White House," T

Sender: [redacted]

Time: 09/19/18 07:04:29 AM (559058669)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E3B1F1E5-965C-4FF0-A833-B916B5D3054C

Message: Yep--perfect

Sender: e:jeeitunes@gmail.com

Time: 09/19/18 07:07:35 AM (559058855)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A9A53421-5D56-4B9A-8B01-6864A3619414

Message: When do you leave?

Sender: [redacted]

Time: 09/19/18 07:23:08 AM (559059788)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 389C95CF-805C-44D4-81D2-ECDD5492B4E4

Message: Tomorrow

Sender: e:jeeitunes@gmail.com

Time: 09/19/18 07:23:24 AM (559059804)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 159881C5-5EC9-44E6-8FC7-9447B5FC8813

Message: K

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 03:13:44 AM (559131224)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FCE7B6A4-1A01-4669-BBC6-88981D05E3AE

Message: Your times up movement strength. Prophetic in kavanaugh

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 03:13:58 AM (559131238)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D3D01037-5EDB-4ED5-9739-A12D2CEBC64E

Message: Travel safe . Let me know when you plan on returning

Sender: [redacted]

Time: 09/20/18 03:14:22 AM (559131262)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DD68CCD1-F147-40A5-9CEA-A03157C0A0DD

Message: Scary

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 03:15:53 AM (559131353)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E667BAB-DEE6-4A32-83FC-1B8510772CF4

Message: every guy can visualize himself siting in that chair , being harangued by Harris Feinstein etc. . did you grab, grope. How many drinks . How often. . can you categorically denie it didn't happen. . yikes

Sender: [redacted]

Time: 09/20/18 03:19:23 AM (559131563)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 383BB263-334F-4E9A-A517-E784C3B76EDD

Message: The victim must be heard and must be believed

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 03:21:05 AM (559131665)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF3A8A29-0512-4A56-AA60-B500D93C1F1A

Message: But as a political move , do the dems get a " good move sir "

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 03:49:24 AM (559133364)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 14A25FFC-DE52-4588-A685-2EE82D381151

Message: are you going to champion citizens party . Or workers party

Sender: [redacted]

Time: 09/20/18 03:52:13 AM (559133533)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6783F8D8-A368-4D7C-A010-4D4B452A50FD

Message: Yes-- 'The Republican Workers Party'

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 04:19:20 AM (559135160)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBA20551-62B7-4F14-B46E-5197A367CFB0

Message: If you have time to give some blood before you go. The results will be waiting for you return . You CANNOT put your head in the sand. sorry. . I m aware of the superstition and the desire not to confront harsh realities. . thats what friends are for

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 04:19:31 AM (559135171)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 36226CA0-59AA-43D0-ADFC-7B0496C699DE

Message: □

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 04:59:15 AM (559137555)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7EEFD95E-8522-40BE-9684-B25614BBECFE

Message: Yes mother

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 04:59:43 AM (559137583)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 125E2DBC-AAFF-4B6F-A800-2A3AE05F8EEE

Message: It all goes to shit , if you are not healthy.

Sender: [redacted]

Time: 09/20/18 05:35:05 AM (559139705)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0AE85A08-BF78-48B3-81B9-5461D99F1E66

Message: I know

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 05:35:27 AM (559139727)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5B999B17-8B12-4C2A-97AF-20E7044A1AD1

Message: Knowing vs doing .  Not a close call

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 05:37:05 AM (559139825)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32B2541F-FBAE-41B4-ABD2-5B20D71B6F74

Message: lucifer with a stroke . Bent horns and all  Doesn't look so good .

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 05:38:56 AM (559139936)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF37CF5C-9AD5-49D3-A294-93D8F21DD54C

Message: You and I are both relentless.  .  hang. On hang on. .  needs two functional arms

Sender: e:jeeitunes@gmail.com

Time: 09/20/18 05:44:37 AM (559140277)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FC923368-EAD4-40EA-B9CA-219951539590

Message: my version of talking truth to power. □

Sender: [redacted]

Time: 09/20/18 08:41:31 AM (559150891)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF959497-C335-4E3B-9281-85997172E965

Message: Received

Sender: e:jeeitunes@gmail.com

Time: 09/21/18 06:33:38 AM (559229618)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 67D16509-B5BD-40A5-ACF4-53B19AA37E06

Message: Chomsky called me with Lula . From prison . What a world

Sender: [redacted]

Time: 09/21/18 06:35:53 AM (559229753)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0C705D16-FB30-4DEA-9AC1-AF173F7C1FB2

Message: Tell him my guy is going to win in the first round

Sender: e:jeeitunes@gmail.com

Time: 09/21/18 06:37:47 AM (559229867)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A1335318-9742-48EB-91B7-3C06041FA56E

Message: During Thursday's press conference, a message from Lula to the Workers Party (PT) regarding the organization's militancy was revealed.

Sender: e:jeeitunes@gmail.com

Time: 09/21/18 06:39:28 AM (559229968)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FDA2F53C-7593-4659-B306-514DA080E530

Message: Bolsonara the real deal

Sender: e:jeeitunes@gmail.com

Time: 09/21/18 11:43:32 AM (559248212)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 48235A93-B851-4F86-8728-5D897125F75C

Message: https://www.nytimes.com/2018/09/21/us/politics/rod-rosenstein-wear-wire-25th-amendment.html

Sender: [redacted]

Time: 09/21/18 11:55:06 AM (559248906)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 386DCE57-53BF-4F4C-AC3B-D3B97C5F3216

Message: Bolsonaro is the REAL deal

Sender: e:jeeitunes@gmail.com

Time: 09/22/18 04:10:22 AM (559307422)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FE9C3FA0-F1D5-4A40-82FE-D4F15D393F80

Message: http://www.nydailynews.com/news/politics/ny-trumo-white-house-funds-legal-bills-manafort-gates-20180921-story.html

Sender: e:jeeitunes@gmail.com

Time: 09/22/18 02:23:13 PM (559344193)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 537E4F8D-EDEE-4655-BAB9-1B5A56FA15F2

Message: This judiciary hearing is a trap!! Ive been through many of these. MANY!! She will cry, make sordid allegations. Say she feels bullied, fearful, traumatized. Every thing bad in her life was s result of the rape attempt. Suffered anxiety! Her relationships with men etc. this is a very special skill set needed.

Sender: e:jeeitunes@gmail.com

Time: 09/22/18 02:25:22 PM (559344322)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62375517-9C4C-44E9-951B-7FF493AE5FA0

Message: Ive sat in kavanaugh chair. Im thinking of November

Sender: e:jeeitunes@gmail.com

Time: 09/23/18 05:16:03 AM (559397763)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A2726B56-9D6B-455A-9C59-6AA1741F01C9

Message: Trump on Florence 'One of the wettest we've ever seen, from the standpoint of water'

Sender: e:jeeitunes@gmail.com

Time: 09/23/18 05:16:15 AM (559397775)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CB7302B8-B330-4D67-A9D3-835D2CFD71C7

Message: stable

Sender: [redacted]

Time: 09/23/18 05:51:55 AM (559399915)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3DD253E9-055D-4C55-978C-D8DA81B4EC1B

Message: Very Stable Genius

Sender: e:jeeitunes@gmail.com

Time: 09/23/18 07:51:18 AM (559407078)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E2366B8-82AC-4A26-9F49-962F6BBE017B

Message: bromwich no slouch.

Sender: e:jeeitunes@gmail.com

Time: 09/23/18 09:49:22 AM (559414162)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4CA74CDA-2CCC-4FF2-8342-4F8038DCE5BC

Message: you girlfriend is coming for lunch.  questions?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-09-28\[redacted] on 2018-09-28 at 13.40.45.ichat

Service: iMessage

Start Time: 09/26/18 11:51:48 AM (559680708)

End Time: 09/28/18 12:56:23 PM (559857383)

Last Message ID: 21168

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 09/26/18 11:51:48 AM (559680708)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C4AA0C9-873D-4EE7-AB79-EF0C841ED23D

Message: Red white and blue

Sender: [redacted]

Time: 09/26/18 12:07:28 PM (559681648)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 87955342-D5A9-45F5-A8E9-A4AF9A0CA65E

Message: Need white 'hair shirt' under it

Sender: e:jeeitunes@gmail.com

Time: 09/26/18 12:26:38 PM (559682798)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBDA6468-8F3E-4399-BA7A-BC0A7ABDA0A4

Message: we can make it small sp your minions can wear it on their collars like the SS

Sender [redacted]

Time: 09/27/18 02:48:27 AM (559734507)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 20899A68-B97D-4642-8CA9-B7866FD166ED

Message: Like it

Sender: e:jeeitunes@gmail.com

Time: 09/27/18 05:37:59 AM (559744679)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1814466C-1C56-4874-9342-2902A6E083F8

Message: HBj cannot make it

Sender: e:jeeitunes@gmail.com

Time: 09/27/18 05:38:54 AM (559744734)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2D8B639F-DC34-4A1F-BD88-9B6F59902E9A

Message: Weather and un traffic has changed many plans

Sender: [redacted]

Time: 09/27/18 07:07:08 AM (559750028)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C46FD926-7B9E-486E-8011-0EB86A775024

Message: np

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 03:53:23 AM (559824803)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4C9FDF8D-F8B7-4657-A213-098EAB596CF4

Message: do you i see you sat afternoon?

Sender: [redacted]

Time: 09/28/18 03:59:48 AM (559825188)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D45B87DA-F6F3-4E2E-8B39-D08E0EEA0910

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 04:00:05 AM (559825205)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F2D48CC6-7F98-4208-9F43-DC44EDFD90B9

Message: cool

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 04:00:09 AM (559825209)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A85F42AA-D695-41EE-8B3B-9DE4B30BF4C4

Message: lots to report

Sender: +[redacted]

Time: 09/28/18 04:00:32 AM (559825232)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 86EC43AC-A6E3-4AB5-B42F-730F33459F61

Message: What did u think of yesterday??

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 04:03:18 AM (559825398)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7E6A596-1F80-49A7-A990-BC846577C63A

Message: horrible choice of prosecutor woman. critical and maybe lethal mistake. . prosecutors don't cross examine. they prosecute. . power on their side . she should have been a criminal defense attorney. . is there a history of anxiety in your family, was the lights on in the bedroom.? did you ever see kavanaugh again? how many times before. ? how did you get home 8 miles from the alleged party if you did not drive.? who drove you , etc

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 04:07:35 AM (559825655)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D8BEA091-EE8C-4E3B-8630-6D07DF734752

Message: who were the people on the beach you spoke to .? did you use kavanaughs name? which attys did you interview.? did you use kavauaghs name. ? the therapist notes are inconsistent with your story. . 4 boys . did you run out of the house. . how did you hear the conversation with he bathroom door closed.?

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 04:08:22 AM (559825702)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA90EBB9-CCFC-41A7-B925-6F48A531934A

Message: instead of . are you certain it was kavanaugh.? that's a prosecution question , not a defense question DOPE!!

Sender: [redacted]

Time: 09/28/18 07:28:12 AM (559837692)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D54C3C48-0C3F-43F9-9AD9-DFB992AAA68B

Message: Calling the vote

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 07:33:34 AM (559838014)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 782AFAA2-E5BD-48DE-A16A-EE917FB2AC0D

Message: Yup

Sender: [redacted]

Time: 09/28/18 09:39:10 AM (559845550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 680416ED-0FDF-40CF-BFAB-6ED012E2871C

Message: Is the dollars strength showing vote of confidence in US economy??

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 09:44:39 AM (559845879)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8145AB92-B002-425A-85CF-6AE9656BCB45

Message: More the us . I dont know what the " economy " means?

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 09:45:53 AM (559845953)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD55861F-6512-40E4-952D-2D703DC551D1

Message: Markets? Jobs , exports, health like the economy is defined bu lack of disease combined with resilience

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 09:54:05 AM (559846445)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 554EB378-DD22-47D6-B3E5-358649C99CFC

Message: The world experts vote every day . And they vote US dollar. Turkey iran South America, ie venezuela argentina Brazil failed socialism - India. CONFIDENCE IN THE FUTURE- US

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 09:54:36 AM (559846476)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8EC96A4C-E455-4538-A78E-56F355C9B91E

Message: if you need more talking points- ping me

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 09:55:56 AM (559846556)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD182B69-3BD9-4ED7-B025-A94F802DEED0

Message: musk believed and is a victim of arab bluster bloviating and is now sued by the sec for trusting those guys

Sender: [redacted]

Time: 09/28/18 10:38:55 AM (559849135)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 72EF48B4-948B-4525-B6B4-E0006950F4E4

Message: He should not be running a public company

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 10:40:45 AM (559849245)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 93BDAE25-AA7B-42AD-A925-7E26F11B9EDB

Message: Agreed

Sender: [redacted]

Time: 09/28/18 12:48:56 PM (559856936)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F3BA6B2D-C2F2-47E2-AB73-353DBFE65B4C

Message: Was the dollar weak under obama ???

Sender: e:jeeitunes@gmail.com

Time: 09/28/18 12:49:42 PM (559856982)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 02DEAE1C-052E-4482-AAF1-C175DF131729

Message: Yes, euro 135

Sender: [redacted]

Time: 09/28/18 12:56:03 PM (559857363)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C4D4C15E-51C6-4780-94D8-D72D27B3B7D5

Message: Stronger under trump

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-09-30\[redacted] on 2018-09-30 at 09.12.55.ichat

Service: iMessage

Start Time: 09/28/18 07:29:13 PM (559880953)

End Time: 09/30/18 01:25:12 PM (560031912)

Last Message ID: 21395

Chat Room:

Participants: jee, +[redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: +[redacted]

Time: 09/28/18 07:29:13 PM (559880953)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EFD46AB1-6F00-4257-BF27-F3245D8FF0ED

Message: Did u see the maher show ?

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:26:21 AM (559909581)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBCF1235-004C-4579-B836-FC11DB926189

Message: Yes, well done. Only one 5 min round not enough. I think your thoughts should be posed as questions rather than declarative statements. ie. Are you aware that trump has added 10 trillion in value. ?? Isnt it a fact that.. would you admit that..,

Sender: +[redacted]

Time: 09/29/18 03:28:00 AM (559909680)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09E9DDC3-31D5-40EE-9976-AE4256B73F68

Message: Like that

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:34:32 AM (559910072)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 37F6B892-4E01-445F-80FD-B00BCD16D081

Message: it engages the audience that instinctually rejects pronouncments. . when he said he got the market direction wrong. you might respectfully ask didn't you also get ..... wrong. and wouldn't you admit that your confident predictions re the election itself was way off the mark. so di you think your ability to predict has gotten better ?

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:36:39 AM (559910199)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C9BC14CE-9214-4F11-B1EC-D00C8EF676D5

Message: more cross examination then direct testimony. what is you schedule today?

Sender: [redacted]

Time: 09/29/18 03:40:45 AM (559910445)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E3F09132-2218-45ED-B982-99DD7F100810

Message: Just got off the plane -- trying to sort my sked but coming back into the city this afternoon-- what's your sked ??

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:42:21 AM (559910541)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 86F55A98-CF6A-44D9-8F76-3442FBF759AA

Message: here today only anytime after 130 free .

Sender: [redacted]

Time: 09/29/18 03:44:29 AM (559910669)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 001485E0-BBFB-4F4E-8209-F08FC44F9487

Message: Let's pencil in 5 pm???

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:46:45 AM (559910805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB81FFF1-84B9-482B-94AC-FC1AE817BE9D

Message: perfect

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 03:49:36 AM (559910976)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C406931-EE4A-4C65-B5E4-9342B43C5E93

Message: your return of serve is almost perfect.  now its time to  perfect your serve .  as you can see i hate tennis

Sender: [redacted]

Time: 09/29/18 03:53:19 AM (559911199)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB4E4ED9-0001-4C5C-98CB-2B88A43C8B24

Message: Like the analogy

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 05:44:30 AM (559917870)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1F755C6D-AFFB-4541-8599-FDC11EF05647

Message: [redacted]

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 04:41:49 AM (560000509)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E46497CA-E1F7-4836-AFF2-019A5EDE8AF9

Message: i delayed my trip a day.  so im still around.  tell burke they should make sure they ask ford about her medications , what type and for how long.  .  my guess is that katz won't let her answer

Sender: [redacted]

Time: 09/30/18 04:49:01 AM (560000941)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 97454E15-953A-490B-A0C2-38D17ECA1541

Message: Roger

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 05:23:07 AM (560002987)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C824FCC2-13CF-4192-AD8F-DE22B94E3ED5

Message: https://www.pharmacytimes.com/news/8-medications-that-may-cause-memory-loss

Sender: [redacted]

Time: 09/30/18 05:29:44 AM (560003384)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 08AACCED-20FB-4CD5-AB60-0F2D519E3503

Message: Is this a hint

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 05:36:49 AM (560003809)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B83D7125-7359-42BF-9612-72F8CE3A3CCF

Message: duh

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 05:50:08 AM (560004608)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 60E73416-0013-4BD4-91DF-2E97344992A4

Message:
ttps://www.researchgate.net/publication/321089419_False_memories_in_social_anxiety_disorder

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 06:08:30 AM (560005710)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D6C0F382-87BC-4B71-AD7D-1518D4BA8A08

Message: she couldn't recall if the lie detector was given the same day as her mothers funeral or the next day.?  MEDS

Sender: [redacted]

Time: 09/30/18 06:12:55 AM (560005975)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 06F1BFF0-1391-4618-A75D-3B5FAE8812DB

Message: Oh I get it now

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 12:25:40 PM (560028340)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 95EC62D9-C3E9-4B71-80B4-53BB99CAB151

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 09/30/18 12:29:37 PM (560028577)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 701F9FDA-762F-4E13-A0FB-C679D1830653

Message: This guy is the real deal

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 12:59:03 PM (560030343)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A29523B0-C0D7-4AF0-B85D-BF194F12B3E5

Message: he would like to introduce you to the head of their right wing party  I told him after nov.  donalds head would explode if he knew you were now buds with the guy who on monday will decide the nobel peace prize.  I told him , next year it should be you when we settle china

Sender: [redacted]

Time: 09/30/18 01:00:48 PM (560030448)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D136E3AF-7503-4D7C-A7F6-B3357346D0CA

Message: Defeat china

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 01:01:05 PM (560030465)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 832A60C6-424E-415C-8D83-769C25A85B85

Message: same in my books

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 01:01:18 PM (560030478)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A2FB736A-107A-4AF2-903C-04BF7CC42502

Message: its the way to peace □

Sender: e:jeeitunes@gmail.com

Time: 09/30/18 01:15:12 PM (560031312)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5947AD86-C63E-4F6A-9184-929A7AE79EA7

Message: instead of peace through strength  I believe in peace through vanquishment

Sender: [redacted]

Time: 09/30/18 01:25:12 PM (560031912)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 8B9A6656-106E-45BB-ADB5-7A62062C4062

Message: Exactly

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-10-02\[redacted] on 2018-10-02 at 10.17.28.ichat

Service: iMessage

Start Time: 10/02/18 07:17:28 AM (560182648)

End Time: 10/02/18 04:37:14 PM (560216234)

Last Message ID: 21507

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 07:17:28 AM (560182648)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF216ACA-304B-4282-9702-1993EFD341C4

Message: Yes, euro rupee. Pound. All weak. □. as predicted

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 07:17:34 AM (560182654)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 521653C6-AE85-44FC-B27D-C63D9D1DF18A

Message: YEN

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 07:21:52 AM (560182912)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 47A4FE24-D868-4B4B-AA1D-AE8B6284A02C

Message: I did notice the New Yorker review of dharma picking out the fuck you if want clean water line. □

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 07:50:13 AM (560184613)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9671B5EC-F057-45AA-98AB-C1AB41465774

Message: Yummy Indonesia's rupiah weakened past 15,000 per dollar for the first time in

20 years as sentiment toward emerging-nation assets soured and oil prices jumped.

Sender: [redacted]

Time: 10/02/18 11:11:03 AM (560196663)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E925132D-714C-4A88-99EF-4E25CCBBD12F

Message: New Yorker a RAVE!

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 11:16:25 AM (560196985)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B3493527-CC21-40C6-8B18-DE9EAE4B8777

Message: Great , the structure of your media empire will be the first second and third line of defense. . as I know you are writing a book , many of your recent contacts should be protected under source privilege.

Sender: [redacted]

Time: 10/02/18 01:15:09 PM (560204109)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DD8AE3BC-C5C3-4DE1-821A-BF45C5DF35E4

Message: Turned the boom deal down--$4 million and only requirement was zero mention of trump

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:15:43 PM (560204143)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 252A505A-3999-49E8-8288-37ECA6A7F9E6

Message: The times article is way off base. They didn't really ask pro's

Sender: [redacted]

Time: 10/02/18 01:16:14 PM (560204174)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6FF7FB42-A5D4-49C9-ACD8-C3EF145971E2

Message: What times article

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:16:15 PM (560204175)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5BB5D1C8-FC60-4424-A7D2-0414EDA98877

Message: The fact that you are writing a book.  Give you a writers privilege □ !

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:16:28 PM (560204188)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A613AC5-4195-4C2E-A993-F807EE9CC877

Message: Front page on tax schemes

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:16:41 PM (560204201)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FDBE8268-51DA-4800-9E13-D59080B7DAC5

Message: Trumps tax dodges

Sender: [redacted]

Time: 10/02/18 01:22:20 PM (560204540)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 78F25D84-AED9-4F47-8CA1-7AC319EE74F9

Message: The nyt says I'm writing a book??

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:22:41 PM (560204561)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC7FC2D8-BCAB-4E2F-A603-52F5B77DCCB2

Message: No.  Ill explain on the phone

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:22:44 PM (560204564)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C4754B66-FBD2-4B29-A366-E8280D333047

Message: No rush

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:23:06 PM (560204586)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 45824B74-F8DE-478C-B8E7-9B1660175575

Message: Sorry my morse code doesn't always work

Sender: [redacted]

Time: 10/02/18 01:26:58 PM (560204818)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 616C800C-A400-4761-9D2F-117CA12961F5

Message: U in Europe?

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:27:13 PM (560204833)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 50289D38-A87A-4A27-B073-2E7E378790C0

Message: 561 655 7626  palm

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:29:08 PM (560204948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD918228-DFAE-4157-ABDF-3825688759AA

Message: Two separate things.  Trump piece on taxes ,  is unfair.  2. Unrelated to 1 . your media structure for lots of reasons should be  set up sooner rather than later.

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 01:29:11 PM (560204951)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6AC13154-F801-48AE-9145-8F847C407B88

Message: Sorry

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 04:25:52 PM (560215552)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 41CB975E-ACB5-4D31-A32E-52E85C8966E4

Message: https://www.marketwatch.com/story/new-york-launches-tax-investigation-into-trump-after-ny-times-report-2018-10-02

Sender: e:jeeitunes@gmail.com

Time: 10/02/18 04:26:06 PM (560215566)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6E6C40EB-F76B-4483-854C-A4A42602EE0B

Message: Surprise surprise gomer

Sender: [redacted]

Time: 10/02/18 04:36:06 PM (560216166)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6314DA0A-9637-4FE2-B616-326F869F64A6

Message: Bad bad bad

Sender: [redacted]

Time: 10/02/18 04:37:14 PM (560216234)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: AC354D54-448F-49AC-BED8-EEB162199EA9

Message: Just heard from senior producer @ 60 minutes ( who won is 24t Emmy last night) that ny state AG indicts shortly after mid terms

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-10-09[redacted] on 2018-10-09 at 02.07.32.ichat

Service: iMessage

Start Time: 10/08/18 11:07:32 PM (560758052)

End Time: 10/09/18 05:19:35 PM (560823575)

Last Message ID: 22030

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 10/08/18 11:07:32 PM (560758052)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FB5B919-33FF-466F-A33E-781B2326B52E

Message: Re Bolsonaro/ if you are confident of a win , might be good fir the brand if you were seen there

Sender: [redacted]

Time: 10/09/18 03:00:25 AM (560772025)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4EC4D033-2AD4-4A5E-8194-F2F8FFEC9668

Message: May go Saturday

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 03:00:41 AM (560772041)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C878000-077E-4424-9621-27E1B4C684FE

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 03:05:28 AM (560772328)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6841CA56-B439-418E-8837-7FA0BEDD268F

Message: More chapters in your book

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 07:36:56 AM (560788616)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A5A104D-882F-4827-8A77-3E2501F78B78

Message: Why haley resign

Sender: [redacted]

Time: 10/09/18 07:44:31 AM (560789071)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2F86B9CE-D55C-4198-B249-5174676C6D22

Message: Going to primary trump

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 07:45:01 AM (560789101)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6C816362-243B-4113-8D2F-5AC6239482BF

Message: ?

Sender: +[redacted]

Time: 10/09/18 07:45:21 AM (560789121)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7618F9D3-589A-47E0-9FAD-88696637B96D

Message: She is going to primary trump

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 07:45:36 AM (560789136)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B201334-7517-4CDB-A219-1C35B655F3BC

Message: Do you mean run against?

Sender: +[redacted]

Time: 10/09/18 07:45:47 AM (560789147)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F4717578-A34B-4A98-BB97-7EBE6B1EE608

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 07:45:58 AM (560789158)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A3D225B-2FFD-4FDF-9DED-E98CEABBB979

Message: K

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 01:21:46 PM (560809306)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7BED049C-B2F0-4664-92B8-1A9D67DC6E5E

Message: Miro thinks safer to go to Brazil AFTER the runoff

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 02:35:12 PM (560813712)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77527EE0-6CD5-4A27-95C0-CBAE971C3A70

Message: Any more haley color

Sender: [redacted]

Time: 10/09/18 02:36:53 PM (560813813)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD6CBC1E-DBB9-4B93-874C-38202BFEAE1F

Message: Lots -- Paul singer plot to have trump lose house , have nikki go primary him in 2020-- not subtle

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 02:39:40 PM (560813980)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D0104E4D-1E27-4D56-AFE1-F8D67FC01F10

Message: NFL

Sender: [redacted]

Time: 10/09/18 02:40:06 PM (560814006)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BA6C11C0-7008-44AF-8788-985A96D8B7F9

Message: Old School

Sender: [redacted]

Time: 10/09/18 02:40:16 PM (560814016)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6D15170A-5179-4C19-9B2A-BCC8C5B963BE

Message: Just when we were getting the tiniest traction

Sender: [redacted]

Time: 10/09/18 02:40:29 PM (560814029)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6FA4380A-5222-463D-B794-877D3996283A

Message: I think this may tip it

Sender: [redacted]

Time: 10/09/18 04:38:08 PM (560821088)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C7781EE-0175-433F-9CBC-15E66121CC05

Message: Why does miro think after

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:38:55 PM (560821135)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32E52E74-7249-48FE-8DA9-5B841C854833

Message: Certainly

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:39:25 PM (560821165)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD135A2E-6DF8-4A56-8207-D82B5C27E4B7

Message: Certainy

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:43:04 PM (560821384)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5943AD7A-24D8-41EE-9FAF-9F116DCE78BD

Message: HBJ excited about kashoggi issue. Highlighting out of control Saudi s. Though they took my advice and put together a huge team of techies with the promised of investment paradise

Sender: [redacted]

Time: 10/09/18 04:44:22 PM (560821462)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 01365EC2-BA9A-4E07-A82D-F841A6E8A155

Message: HBJ gets that the emir is as out of control as MBS doesn't he??

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:46:47 PM (560821607)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8027F961-23C4-463E-B0A7-8B962708EBE8

Message: High school girls

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:48:37 PM (560821717)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A60ACAA-878D-4E22-A1E9-ECEE38933B0B

Message: Easily insulted. Vindictive- superstitious- petty/ grand and petulant .

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:50:42 PM (560821842)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4AE9A4E8-29EF-4C18-A059-C6ED7464D3A2

Message: Yemen / iran / oil - zamel, nader . Prinz / 1 mdb / deripaska -

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 04:51:15 PM (560821875)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DCE6377-C87B-4A18-AB1C-2C90179AB3E7

Message: Fingerprints everywhere

Sender: [redacted]

Time: 10/09/18 04:58:14 PM (560822294)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 59F4A295-F09C-4283-9CEB-A930513B4887

Message: Emir or MBS?

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 05:04:35 PM (560822675)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3E9DEFBD-1615-4BF0-BB9C-1AEC8E289864

Message: ALL! each ! Beyond belief.

Sender: [redacted]

Time: 10/09/18 05:07:23 PM (560822843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75409411-419F-4CE0-9777-65613051597B

Message: So deeply fucked up-- Brazil, Qatar, Turkey, KSA, Iran, Argentina, Mexico,Venezuel,Egypt , Russia, China , Africa , Syria, Iraq, Afghanistan

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 05:10:31 PM (560823031)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D80AEC13-9696-4E8F-9646-085ECD12F62C

Message: Great opportunity!!

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 05:13:56 PM (560823236)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76CC28DE-2EB1-4BF9-B3DC-57754F54463F

Message: Its like the worlds fair . I cant decide which pavilion to visit . All interesting in their own way.

Sender: e:jeeitunes@gmail.com

Time: 10/09/18 05:14:56 PM (560823296)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C97F01E5-2FAB-4DC6-A03D-46B8ECA746BC

Message: The internet has caused Regression to the mean . ( no pun )

Sender: [redacted]

Time: 10/09/18 05:19:35 PM (560823575)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 435856DC-79D2-413F-9EEC-ACE92589018E

Message: LOL

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-10-23\[redacted] on 2018-10-23 at 07.16.16.ichat

Service: iMessage

Start Time: 10/23/18 04:16:16 AM (561986176)

End Time: 10/23/18 06:06:30 PM (562035990)

Last Message ID: 22577

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 10/23/18 04:16:16 AM (561986176)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 35E539E2-2895-4FDE-BF17-40516F532408

Message: Trump calling himself a nationalist made the roar with laughter- good work

Sender: [redacted]

Time: 10/23/18 04:49:37 AM (561988177)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B3AB1DD9-C280-46BB-98C8-DE524ED8BBB2

Message: He went all-in

Sender: e:jeeitunes@gmail.com

Time: 10/23/18 06:38:13 AM (561994693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C7AA5F1A-7256-47FF-85D7-994733695F05

Message: Sovereignty of the US ! He should have two pens in his shirt

Sender: e:jeeitunes@gmail.com

Time: 10/23/18 09:36:40 AM (562005400)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 367D424D-D5AF-4384-85E4-0D9C69BE3860

Message: https://www.express.co.uk/news/world/1035283/Khashoggi-murder-Body-parts-found-saudi-arabia-turkey

Sender: [redacted]

Time: 10/23/18 03:18:29 PM (562025909)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0BD02F4B-B953-4AE1-A713-FA39C49F828C

Message: Very bad if body is found chopped up

Sender: [redacted]

Time: 10/23/18 03:18:41 PM (562025921)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 65477050-5061-4AE5-BE56-A2012538DE3F

Message: MBS maybe leaving the yard

Sender: e:jeeitunes@gmail.com

Time: 10/23/18 03:19:47 PM (562025987)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43B6B418-41C0-423A-A64E-D680469F9B7D

Message: Do you mean Mister Bone Saw? Turkey wants money

Sender: e:jeeitunes@gmail.com

Time: 10/23/18 05:45:55 PM (562034755)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 359DB9A2-43BE-498E-BE7C-A639DCC6E966

Message: You are welcome to come to palm beach after Hillsboro

Sender: [redacted]

Time: 10/23/18 06:06:23 PM (562035983)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 45816F4A-42E7-4950-8652-DC2218BB5F08

Message: Cool

Sender: [redacted]

Time: 10/23/18 06:06:30 PM (562035990)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: EB1601BC-3C4F-420A-8F91-9C250EA393F7

Message: Thanks let me check it out

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-10-24\[redacted] on 2018-09-29 at 15.27.26.ichat

Service: iMessage

Start Time: 09/29/18 12:11:39 PM (559941099)

End Time: 10/24/18 08:56:58 AM (562089418)

Last Message ID: 22608

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 09/29/18 12:11:39 PM (559941099)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4EB0D045-6373-4DCF-B698-D0E164F48AE4

Message: Running a little early

Sender: [redacted]

Time: 09/29/18 12:11:56 PM (559941116)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A111141C-8CF0-4FE2-94BE-C7D215B24FC9

Message: My guy will be in the city at 4:20

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 12:16:55 PM (559941415)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA4919D5-A704-46BF-88E5-B988D864CDB8

Message: cool  I'm ready

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 12:17:24 PM (559941444)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 66E23C91-BDB4-4739-80B8-90A46C3D5E4B

Message: do you want something special for lunch

Sender: [redacted]

Time: 09/29/18 12:23:46 PM (559941826)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99AB0507-DB16-43FD-8693-CED5FEB32229

Message: Awesome

Sender: [redacted]

Time: 09/29/18 12:23:50 PM (559941830)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E5D1B1DA-E687-40C0-BCC2-AF11A367CB80

Message: Whatever works!

Sender: [redacted]

Time: 09/29/18 12:23:52 PM (559941832)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 996333AB-F5E5-424C-9A7C-52E1D9202594

Message: Your call

Sender: [redacted]

Time: 09/29/18 12:27:03 PM (559942023)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A8145CDA-9D6E-4744-88FC-0E373EB1E7F8

Message: Just convince him to be in Paris during fashion week

Sender: e:jeeitunes@gmail.com

Time: 09/29/18 12:27:26 PM (559942046)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 83C65491-9D9B-40DC-A879-A4E0577B6061

Message: i leave tomorrow

Sender: [redacted]

Time: 10/24/18 05:55:38 AM (562078538)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 39770D9D-74D1-4AEB-9E49-63997FD125EC

Message: Hey. My guy told me you have an idea for a better trailer for film?

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 06:02:13 AM (562078933)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88753C74-F49A-408B-940C-E6D5AB4BD9B1

Message: Add Kavanaugh , Canada trade, Maxine waters. screaming.  . Kavanaugh hearing congressman Blumenthal , the liar. Talking about one lie means all lies. . I think a short ground and pound. Instead of rehashing napoleons battle plans for Waterloo . □

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 06:41:42 AM (562081302)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F7DA4B11-E841-42C5-89D0-931416C67749

Message: Add Pelosi being asked if she leaked the blade ford document.

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 06:41:47 AM (562081307)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EDF0AD69-B062-4312-89FD-04FB7BDFC573

Message: Blast

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 06:41:59 AM (562081319)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F492283A-C784-4167-BC9D-D219AF602AB3

Message: Blasey

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 06:42:30 AM (562081350)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE5F8717-6DF0-4A7C-8A1C-8DF2F66FF0E1

Message: Trump at war and Iran. - old news

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 07:01:29 AM (562082489)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F21C7A60-2A01-428F-A9AF-653E99D2E16E

Message: Add caravan , people banging on Supreme Court doors.  .

Sender: [redacted]

Time: 10/24/18 08:19:20 AM (562087160)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4EF02001-769B-4934-A3DC-0C9774ADBDA6

Message: K

Sender: [redacted]

Time: 10/24/18 08:19:26 AM (562087166)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 677D7A35-19BF-470A-B5A9-EA26678679C2

Message: Will pass on to our editor

Sender: [redacted]

Time: 10/24/18 08:47:41 AM (562088861)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FD56975E-8AF6-4A7E-85A2-6544378F6EAF

Message: How was Paris for FW?

Sender: e:jeeitunes@gmail.com

Time: 10/24/18 08:50:51 AM (562089051)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FB8F44FD-3670-45C5-A961-4601ECD2534B

Message: I only have a dust ball left in my testicles.  That and a small puff of air

Sender: [redacted]

Time: 10/24/18 08:56:58 AM (562089418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 86F170B5-0E8D-480E-9938-A551EF82DFFD

Message: I'm putting up a poster of you in my apartment

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-11-28\[redacted] on 2018-11-28 at 17.34.09.ichat

Service: iMessage

Start Time: 11/11/18 06:24:28 PM (563682268)

End Time: 11/28/18 05:20:15 PM (565147215)

Last Message ID: 24024

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 11/11/18 06:24:28 PM (563682268)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6B69EB15-8551-4D23-9450-E6F7C59B0A00

Message: U around tomorrow

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 03:34:02 AM (563715242)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 431F1DC8-B772-4C49-A192-514CB75D1E59

Message: it is not violent . it is not racist. the little guy fights your wars. he understands violience it has destroyed his community , he understands racsasim it destroys his workplace. blacks understand racism they overcame their hurdle in this economy and have risen to .. can't say you gave THEM JOBS,

Sender: [redacted]

Time: 11/12/18 04:57:44 AM (563720264)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F21897C9-993A-4D66-A456-4F3DDCE35F7D

Message: Out in CT in meetings this morning

Sender: [redacted]

Time: 11/12/18 04:59:23 AM (563720363)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D5BAD7CF-CD84-4E2E-9339-E6EB10BA675A

Message: 1 pm???

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 05:02:27 AM (563720547)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8AABE0A5-3250-4972-93B4-3C4E40A570AD

Message: done

Sender: [redacted]

Time: 11/12/18 09:11:49 AM (563735509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3A60F6CB-51D0-4EB4-B6E2-F75257324774

Message: If get there@ 1230 r u free??

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 09:24:14 AM (563736254)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 120C3FA4-6F27-4402-B530-E9CB359B1FA6

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 11:41:13 AM (563744473)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1201A0A9-2B52-4046-AC2D-2F35410BFCEE

Message: Thurs lunch - HBJ house Paris

Sender: [redacted]

Time: 11/12/18 11:43:25 AM (563744605)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 29C6686B-1B86-463C-83F0-89200516AC0C

Message: Perfect

Sender: [redacted]

Time: 11/12/18 12:09:29 PM (563746169)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 381B5345-8672-4FB8-8C91-54632B75443E

Message: Thanks for meeting yesterday and today

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 12:09:55 PM (563746195)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CBDFF420-B059-41BD-96B3-3C8C4C25C34E

Message: Of course

Sender: e:jeeitunes@gmail.com

Time: 11/13/18 03:23:41 PM (563844221)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B51B7AE4-6C1C-49A0-8CB7-F403E8814D90

Message: Well done yahoo.  Again. Military blacks side by side with deplorable. Questions. ,  is the market much stronger than you guys pontificated it would be ? Punch !

Sender: [redacted]

Time: 11/13/18 03:26:27 PM (563844387)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 42AB7391-7A14-4817-B2B1-4A17069C29B2

Message: Thanks ; learning curve

Sender: e:jeeitunes@gmail.com

Time: 11/13/18 03:34:36 PM (563844876)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0DBD3949-DD8A-4462-9C13-F9FA08B49D79

Message: Let me tell you what we are not. ~

Sender: [redacted]

Time: 11/13/18 03:35:03 PM (563844903)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BCEB7A53-C9A7-4D9B-9693-AD2F2612F406

Message: Genius

Sender: e:jeeitunes@gmail.com

Time: 11/13/18 03:36:54 PM (563845014)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A23FBF4E-BC47-411F-8030-E28849015C79

Message: When you see Jabor you can tell him , I told you he is my arab brother. And tell HBJ that I told you that he and Ehud Barak are head and shoulders above the rest. They will then know you are family

Sender: [redacted]

Time: 11/13/18 03:37:14 PM (563845034)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D5C705DB-A008-4B51-B9C8-0F1AAA52915F

Message: Done

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 02:56:30 AM (563885790)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 69AF257E-274E-4F73-B5DE-87FA9AECF2D2

Message: I see you schedule missed. If they organize a plane from Scotland does that work?

Sender: [redacted]

Time: 11/14/18 03:02:31 AM (563886151)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 587546A1-DD48-4E1C-B877-4331E6643708

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:02:41 AM (563886161)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A473C434-0970-418A-9D37-B306CBCFB5A4

Message: Roger

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:10:22 AM (563886622)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D28C7D0B-D639-4F31-ABA9-6EE7CE7E24CF

Message: When can you leave scotland

Sender: [redacted]

Time: 11/14/18 03:10:53 AM (563886653)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 3B5F139C-81B4-4153-B088-B1667A4A0727

Message: 7 pm tonight

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:14:01 AM (563886841)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32E33710-6877-4AB1-A2C5-B7C187E61349

Message: I have them orgazning. transport.  No worry,

Sender: [redacted]

Time: 11/14/18 03:14:33 AM (563886873)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 3793C13F-9BDB-4788-A73C-FB868FEBA508

Message: We would leave tonight correct ??

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:16:23 AM (563886983)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E45328A2-06CE-44CD-BF7F-26886D36B4AA

Message: how does it feel to have the most highly paid travel agent in history

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:16:46 AM (563887006)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29A1F67E-4852-452C-9225-8F1872D06EE1

Message: □

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:16:58 AM (563887018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92889C21-75AC-4293-874E-D8B70335827E

Message: Send your preferred times directly to jabor

Sender: [redacted]

Time: 11/14/18 03:19:15 AM (563887155)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6766D7E6-0CF7-446A-9E8B-B53DE2B3B652

Message: Not too shabby

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:19:16 AM (563887156)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B757CCB-A2B9-444A-A200-0B980BD2049A

Message: On another note. Instead of economic nationalism doesn't care , about your race . Ethnicity. etc. ( people hear DOESNT CARE ). And it sounds paternalistic. . It cares if you are a citizen , and that is it. It doesn't " matter " if you are ....

Sender: [redacted]

Time: 11/14/18 03:19:33 AM (563887173)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 860158FA-C676-4DC0-AB31-567401B11838

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:31:37 AM (563887897)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AF0CD785-7446-4DFE-8997-F7EB33757E70

Message: Short notice for jet charter. But can find for tomorrow morning to Paris lunch in Paris and then fly you to wherever

Sender: [redacted]

Time: 11/14/18 03:42:01 AM (563888521)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D09230C3-8FD5-42F7-AAAF-9515997A9B66

Message: Perfect

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:44:19 AM (563888659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD268C3A-325A-4C94-AF26-08B140ADBE81

Message: Done,  email Jabor. Passports. For jet co

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:44:38 AM (563888678)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E21ABB2F-351C-49CE-B1F7-0CBD65AD4686

Message: What a life

Sender: [redacted]

Time: 11/14/18 03:45:23 AM (563888723)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE4ECE33-51B2-43AF-8D81-B97EE7231FEB

Message: U r pretty good asst

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:45:34 AM (563888734)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C24A3298-CDC6-47D4-A537-459AEEDA57A0

Message: Massages. Not included

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:35:36 AM (563895336)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7FC6D565-F8BA-4C9E-910E-889B3DE1EAE5

Message: https://www.nytimes.com/2018/11/14/world/middleeast/avigdor-lieberman-israel.html

Sender: [redacted]

Time: 11/14/18 06:04:02 AM (563897042)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E8C582EA-57B0-489B-905D-A3D22A5C6140

Message: Wow-- this guy farther right than bibi --- I'm a fan

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 06:04:51 AM (563897091)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6366D40A-8755-4280-B50A-4350B06B1306

Message: Chess board will become even more interesting.  I ll give you more face to face

Sender: [redacted]

Time: 11/14/18 06:16:56 AM (563897816)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5DB983D3-8BE1-4024-9D20-6081D34C49A5

Message: K

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 11:54:38 AM (563918078)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3F7E8997-BD95-4CDA-A316-75794F7C3015

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 11/14/18 11:58:21 AM (563918301)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6C4C187E-026E-4BD5-9B65-DCD6F343FB10

Message: That photo is huge

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:51:48 PM (563932308)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B6B669FA-BD4C-4BBF-A1D1-E7EF8C4B22CF

Message: I was in the military . Side by side , with blacks hispanics. Races ethnicities. Working TOGETHER. . economic nationalism is not racist , not violent. ISIS. and their defeat. The deplorable fighting side by side . To make the country safe. Do you know what all the soldiers. Have in common? Do you? They are citizens. They are not undocumented citizens. They are not illegal citizens. They are bound together to protect each other.

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:55:33 PM (563932533)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 35241963-7E41-4266-8542-79DE1182D82B

Message: I said if the left refuses to engage on policy but resorts to calling our men and women racist , etc. I said wear the name calling as a badge of honor , wear the evidence of a bankrupt policy . The scraping of the bottom of the lefts empty barrel , only left to hurl insults. I abhor the Pittsburg massacre. I abhor the killing of the young black men in Chicago. These are our citizens .

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:55:45 PM (563932545)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4CC74765-3FC0-43F2-9459-02AC0740E65F

Message: What it is not.  Have fun tomorrow

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 03:56:54 PM (563932614)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F91FA528-63D1-42A6-A96E-9441F34CEFC0

Message: http://www.nydailynews.com/news/national/ny-news-avenatti-arrested-domestic-violence-20181114-story.html

Sender: [redacted]

Time: 11/14/18 04:03:52 PM (563933032)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E0A1E492-7C1A-4D53-9EA1-D8E3FA7609C7

Message: That spiel is perfect

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 04:15:47 PM (563933747)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DFA4285-6A4A-45B0-BAAB-719033691BCA

Message: Two years ago before trump horrific images . Beheading , burnings tortured/ isis was terrorizing your minds . The deplorables side by side with black - white citizens. Fought- lives were lost . We have won . And the left calls us racist. ?

Sender: [redacted]

Time: 11/14/18 04:16:11 PM (563933771)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A67758DF-4233-4C72-8160-FBFF53E8AD1D

Message: Excellent

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 02:24:50 AM (563970290)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5BA090C9-FAC7-48F6-9CCE-4D43E052A45D

Message: Also I would try to avoid double negatives. . black unemployment is at an all time low. Better. - Black employment is the highest its been , and its deserved.

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 02:25:20 AM (563970320)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F12D5A62-9986-4B17-94BF-A8BA51E1A1F1

Message: You can ask HBJ re his diet, he just lost 25 pounds. He is proud of that fact

Sender: [redacted]

Time: 11/15/18 04:13:36 AM (563976816)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AEFEC072-5595-4DFA-A1F2-6F056087A60C

Message: Wow-- on it

Sender: [redacted]

Time: 11/15/18 06:26:45 AM (563984805)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6577FFB9-24B6-469B-9D51-109546E16FAA

Message: Incredible meeting-- thanks -- will brief in person

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 06:28:19 AM (563984899)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEEFCD1A-1A5E-4D4C-A3A0-587D1600E195

Message: glad

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 06:38:29 AM (563985509)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 508FCB77-1F4E-4FDE-949C-80BDF171B149

Message: You did berry berry gud

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 06:54:07 AM (563986447)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53F13688-5F9C-43C3-802C-1629825A48C7

Message: Are you going to be in  London at all or straight to Oxford.?

Sender: [redacted]

Time: 11/15/18 06:58:13 AM (563986693)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 378F8AB4-6211-4E41-ADE3-FB9AC6F2AD59

Message: London tonight-- leave for Oxford @ 2

Sender: [redacted]

Time: 11/15/18 06:58:42 AM (563986722)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AEB33FAB-64B4-4124-962A-1DFAD708AA6A

Message: Really impressive guy

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 07:03:26 AM (563987006)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E98FDD67-AF37-4FAC-A734-8ADF272729D1

Message: do you have 15 minutes in London to meet  owner Ferrari/ fiat ?  Not urgent , but well connected through Italy

Sender: [redacted]

Time: 11/15/18 07:04:18 AM (563987058)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 5C61009F-DF1F-4F19-9FEE-916B8D9F4064

Message: Yes :: anytime up to 1 pm or after 8 pm

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 07:04:34 AM (563987074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0AF05B83-81BB-4B68-8EE9-DFDE364B5EA7

Message: Ill give him Sean contact

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 10:13:06 AM (563998386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 127F799E-3E65-4E73-85F3-A12997270676

Message: HBJ loved it.  Said  you and he were able to speak shorthand

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 10:13:30 AM (563998410)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E5AFCBB3-9F0E-471E-8CF0-C9CFFDC151B1

Message: And was impressed that you didn't bullshit

Sender: [redacted]

Time: 11/15/18 10:13:37 AM (563998417)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8C326367-E16A-4BAA-A4C9-AAF8DB31500A

Message: Yes: he was everything u said and more

Sender: [redacted]

Time: 11/15/18 10:18:23 AM (563998703)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8B2A38BC-DA95-443F-ABAD-3642C41DD296

Message: If our guy is in AD I'm going tomorrow after oxford

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 10:33:32 AM (563999612)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFACD7BB-F6FB-48BF-8544-91069209A69E

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 10:43:01 AM (564000181)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E6B8890C-E53F-4A8D-884A-9936EDC9F754

Message: All the boys are there . Fun location.

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 10:43:51 AM (564000231)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3F188C1E-623C-400B-A4D0-B7B65B490FC0

Message: I'll make sure you're well looked after

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 05:39:03 PM (564025143)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: ECCF90F6-0AFC-4020-9724-9D23FCB78A10

Message: https://www.huffingtonpost.com/entry/fethullah-gulen-tayyip-erdogan-foe-us-removal_us_5bedf361e4b0510a1f2f16e9

Sender: [redacted]

Time: 11/16/18 02:47:14 AM (564058034)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 9FF3143D-17B0-48B4-AECD-FC16582A6C29

Message: Hey: I've gotten pulled into the Brexit thing this morning with Nigel , Boris and Rees Mogg-- can I take a rain check on fiat guy until I return?

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:48:43 AM (564058123)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E4A9450-2AC1-46F0-B615-6C9C2EFBD327

Message: Yes

Sender: [redacted]

Time: 11/16/18 02:48:54 AM (564058134)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3296A0D5-DC05-480E-B8D3-AC701645B1F9

Message: Can u contact?

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:49:38 AM (564058178)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 456FC74B-608C-4224-9C4F-11C30163C7CC

Message: Are you going to AD

Sender: [redacted]

Time: 11/16/18 02:49:40 AM (564058180)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7F67A7A8-35A9-4016-A94A-5C6770E9C6FF

Message: The guys are trying to move on. may today / tomorrow and I'm having a meeting right now

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:49:48 AM (564058188)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33ED5E55-706E-4F7B-9BA5-5BDF9444827D

Message: Great

Sender: [redacted]

Time: 11/16/18 02:50:05 AM (564058205)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 46D738E2-5E36-4831-A151-D4CBD3D630B9

Message: Trying to get to AD tomorrow

Sender: [redacted]

Time: 11/16/18 02:50:22 AM (564058222)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2B078BA3-ECF6-4513-93E7-00A2851D4ED8

Message: Have to be in dc Sunday so tight window

Sender: [redacted]

Time: 11/16/18 02:51:02 AM (564058262)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 74C9C09F-095B-4979-B18B-1CFDB3E3EE71

Message: You will let your friend @ fiat know?

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:51:50 AM (564058310)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B3B35FE-349D-4D79-97C1-A797FE2E2577

Message: I'll try . His phone is off . Also have sean reach out

Sender: [redacted]

Time: 11/16/18 02:52:30 AM (564058350)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6E35A3AD-C7E1-406D-BCB8-08215B403282

Message: Sean is

Sender: [redacted]

Time: 11/16/18 02:52:58 AM (564058378)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BA7C66E5-8D6A-490F-B48B-8281B246E89C

Message: Apologize, but I need to stay on this right now

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:53:18 AM (564058398)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9526E758-1542-46A4-8C4E-BC6EBC77D9BF

Message: No problem ever!

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:53:27 AM (564058407)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4D32FA1-A158-4348-BCB9-66D44BE8EAAB

Message: Flexible wins

Sender: [redacted]

Time: 11/16/18 02:54:29 AM (564058469)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD4048DB-C492-4E41-AC62-A1ECD07FEA5A

Message: UK a hot mess

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:55:38 AM (564058538)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29D4C445-EAB3-435F-9118-109211B5F820

Message: I canceled meeting

Sender: [redacted]

Time: 11/16/18 02:55:50 AM (564058550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 268348B4-2EFA-4395-ADAB-1D90CDEA6AAE

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 03:01:22 AM (564058882)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 254621EC-C93E-4459-93A0-B24ACEBCBF2E

Message: I think staying as long as you can uk . Best- so people get the commitment of your follow through

Sender: [redacted]

Time: 11/16/18 03:01:47 AM (564058907)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD8A7F48-7C7A-476D-A38C-AEF7678FCEE1

Message: Agree

Sender: [redacted]

Time: 11/16/18 06:53:50 AM (564072830)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 65090AB7-1DC2-4AAD-8EC9-330B61A43B66

Message: Heading to AD tonight ; just confirmed meeting

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 06:54:08 AM (564072848)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EADB42DD-97B8-4152-A56E-A7A9321C6E4F

Message: Miro and Terje are there

Sender: [redacted]

Time: 11/16/18 06:55:00 AM (564072900)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 818AF4E0-044D-438D-9085-AB8A6905DCE1

Message: In AD?

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 06:55:10 AM (564072910)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF8B4847-B0E6-4D81-BA64-10EB296D5074

Message: Yes

Sender: [redacted]

Time: 11/16/18 06:56:36 AM (564072996)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75A8109B-5F6A-4538-A2A8-A3B8F9257B70

Message: I just reached out

Sender: [redacted]

Time: 11/16/18 06:56:57 AM (564073017)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7AE30852-5238-4A7B-AC2B-B2543722AEE4

Message: can u let our friend know in heading over tonight

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 06:58:36 AM (564073116)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8E12BC2B-8073-43F5-AD2A-9E0BB56D8F9C

Message: do you mean your Paris lunch friend?

Sender: [redacted]

Time: 11/16/18 06:58:48 AM (564073128)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FFF2D39-B9D9-4392-AB47-AF599176FFB5

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 06:58:55 AM (564073135)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4BF23379-DD82-4930-B7D0-CA2ADBAC66AB

Message: Done

Sender: [redacted]

Time: 11/16/18 07:00:10 AM (564073210)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 332C0666-ED54-4DDE-A323-F68A93E3054D

Message: We meet late Saturday afternoon

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 07:00:42 AM (564073242)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DD27C4AE-3730-4995-9B25-0B9A08256A13

Message: You are a busy boy,

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 07:01:05 AM (564073265)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AF7354D0-E879-4BD9-B4AC-99FEF8E73FBF

Message: Will Theresa may survive

Sender: [redacted]

Time: 11/16/18 07:01:11 AM (564073271)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C0F8F2A5-548A-4213-8DCA-8A6FE04A4576

Message: Man with a mission -- I told him I would get right to work

Sender: [redacted]

Time: 11/16/18 07:01:52 AM (564073312)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 757B190D-DB77-46A4-9140-A276CF0BF13C

Message: I don't see how BUT the guys over here have no balls

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 07:02:07 AM (564073327)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A528782-FB83-46A7-9316-A1F2E76A3D77

Message: Exactly my fear.  Pencil neck and all

Sender: [redacted]

Time: 11/16/18 07:02:56 AM (564073376)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AB761ACF-343B-4F23-8784-D78353CCDEEE

Message: Boris ; Gove; Rees Mogg; David Davis -- somebody has to step up

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:05:47 AM (564084347)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 12B14908-6F34-437A-94BA-2B4D0B31C75A

Message: Tomorrow meeting powerful.  Reminder. Phones not secure AT ALL

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:06:08 AM (564084368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACE7C51C-B4A0-417C-A17F-3A413B99D763

Message: Wait until you return for downloads

Sender: [redacted]

Time: 11/16/18 10:38:05 AM (564086285)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF3B8C77-ED20-4121-BFA4-87AD9A817614

Message: Protesters slowed down speech----don't think I can make the flight---we r enroute to heathrow

Sender: [redacted]

Time: 11/16/18 10:38:13 AM (564086293)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4900CF2A-939A-4756-87B4-4E58205BCB4D

Message: Seeing if we can make it

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:40:38 AM (564086438)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43B84F0F-1300-4AAF-99F7-4B280D3BAEC8

Message: There. Is a gulf air that leaves at 950 with a stop in Bahrain

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:40:51 AM (564086451)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 30CA9217-566A-4433-A360-149C62584865

Message: Arrives.  1130

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:40:53 AM (564086453)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 35580324-A18E-4E26-85DE-9877AE0D980C

Message: am

Sender: [redacted]

Time: 11/16/18 10:41:11 AM (564086471)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9560199B-F029-4B53-B87B-25D7B1523D6A

Message: On it

Sender: [redacted]

Time: 11/16/18 10:41:54 AM (564086514)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC05C097-5290-4D59-8AF2-79F4DF2506F1

Message: U r an amazing assistant

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:42:15 AM (564086535)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 570B6702-F54A-4AD0-974F-5EFBB9B60C16

Message: Remember. I was once poor

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:42:51 AM (564086571)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 83897CBE-D595-4F04-8BCB-4B06E230DEB2

Message: Tomorrow. Important .  very

Sender: [redacted]

Time: 11/16/18 10:44:24 AM (564086664)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 60B40429-8CB4-48C6-9B6A-286ADED7C455

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:44:48 AM (564086688)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C8CA8192-C798-4B56-80EF-D430F3B27962

Message: And an Egypt air with a stop in Cairo that leaves 1030 pm . Same arrival time

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:50:25 AM (564087025)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C4D7CA8-5B5D-49AC-A7A6-236F28714AD8

Message: Third choice 955 , virgin to Dubai.  Drive an hour

Sender: [redacted]

Time: 11/16/18 11:04:06 AM (564087846)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 81CDB1A1-2EEA-4D48-B458-7C4D3083809F

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 11:09:09 AM (564088149)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 04AFCDF9-1F80-4462-A25A-3BDC0D8DDB12

Message: Israel likely to go to early elections. What fun!

Sender: [redacted]

Time: 11/16/18 11:11:36 AM (564088296)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 31F6F267-D709-46FB-9BE7-39DC9E915CC8

Message: Bibi doesn't make it does he ?

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 11:11:50 AM (564088310)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 539612E9-225E-4F29-B9F2-703DEE78437A

Message: Unclear

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 11:14:42 AM (564088482)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A95189A-11A3-4208-A6E5-DF5D99338D90

Message: Fyi if you choose to fly home from Dubai, miro will be there and also leaving early afternoon

Sender: [redacted]

Time: 11/16/18 11:15:57 AM (564088557)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 54A26F43-3361-42DE-9172-328923BB79DF

Message: I'm leaving @ 230am -- meeting Hungarians in NYC before heading to dc

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 11:27:58 AM (564089278)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 67AF9924-D441-4966-AF17-F5817E0045A0

Message: Ok , my phone is blowing up with people wanting my friend to dare to be great - again ! Oy

Sender: [redacted]

Time: 11/16/18 11:28:24 AM (564089304)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB0E32E1-879D-4F39-AE01-E65C3B6E6815

Message: What a move

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 11:29:28 AM (564089368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4EE01ADB-4D28-43F7-976E-508EECC7A353

Message: I tell everyone im only the f and b person .

Sender: [redacted]

Time: 11/16/18 11:30:08 AM (564089408)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9D3C2DE0-7E65-436A-81C1-BCFBDBC347D9

Message: Best F n B director in the business

Sender: [redacted]

Time: 11/16/18 01:32:15 PM (564096735)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B4912D2-6644-4C41-9F01-85D4001B6E28

Message: 930 BA leaving now

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 02:51:37 PM (564101497)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E7CDA52C-20B8-436C-A71D-6E6FF17404E5

Message: Well done . Push hard. If place needed. Paris apt ok

Sender: [redacted]

Time: 11/16/18 03:01:59 PM (564102119)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8BFA0D91-787D-4C37-A301-E09E2B29C802

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 03:05:39 PM (564102339)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 682892C0-4991-42E0-BC8A-36384A9E9964

Message: Great opportunity ! Weak govt everywhere. Saudi , Yemen US , UK , France. Etc. often difficult to make deals with the weak as they are afraid of being seen to be vulnerable

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 03:06:30 PM (564102390)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A10B7E3C-2D23-4BDA-93E8-12BBAAE245DF

Message: Each sensitive to concessions . So a strong third party . Can take the brunt.

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 12:10:31 AM (564135031)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 088CB41B-920D-43BD-BD69-0FA58F7A35A6

Message: Good luck

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 12:21:47 AM (564135707)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3137DF80-1BC7-4F3E-8026-7D21E9E08002

Message: Trick - make it personal- this is what " I " !! need ,want, would appreciate -

Sender: [redacted]

Time: 11/17/18 12:26:24 AM (564135984)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 30C81CDC-D4BA-47E5-8326-9E581993A338

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 02:30:50 AM (564143450)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EA78076F-D104-4A66-9210-8037618E98B6

Message: mideast People respect YOU. , more than the policies , trump or you as the head of a movement. . they will do things for YOU , rather than for the " we"

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 02:40:41 AM (564144041)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 236266B3-7213-4888-913D-74A66A97DF62

Message: https://www.cbsnews.com/news/jamal-khashoggi-killing-connected-to-mohammed-bin-salman-crown-prince-saudi-arabia-cia-says-today-2018-11-16/

Sender: [redacted]

Time: 11/17/18 03:24:11 AM (564146651)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2466E882-5062-4DB9-9BC4-3ED378CAB60E

Message: Got it

Sender: [redacted]

Time: 11/17/18 08:55:38 AM (564166538)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 50FA4596-FCF9-4356-8346-AE02A6EC9872

Message: Light the candle

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 09:28:04 AM (564168484)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0151ACDF-47BB-4EDD-94D5-5D525375E631

Message: :)

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 11:19:26 AM (564175166)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 72775769-3123-4F6E-AB6C-ACBC5B0A87B6

Message: Scale of 1 -10?

Sender: [redacted]

Time: 11/17/18 11:39:54 AM (564176394)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E373F6C2-2017-4C6E-A5E7-593EDB4C5924

Message: 9.5+

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 11:47:01 PM (564220021)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E1377683-246A-464D-9468-652D2864CC92

Message: Still planning nyc then dc

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 11:47:04 PM (564220024)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CEBDAD9C-DB34-4A1A-AD19-3B5B113333DC

Message: ?

Sender: [redacted]

Time: 11/18/18 03:19:11 AM (564232751)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8700D1FE-4338-4B9E-A305-A8AC28545EAF

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:23:33 AM (564233013)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 404FEFDF-C6D6-45BC-8905-97DC861A4E20

Message: You hit all the points at Oxford. Accusation of racist? Votersupression. higher wage. Good work. Btw your close in protection guy , needs tweaking. Spends too much time looking at his phone.

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:23:49 AM (564233029)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 21B91BF0-136E-4E95-AD3C-1834A5A2CC7B

Message: □

Sender: [redacted]

Time: 11/18/18 03:24:28 AM (564233068)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F984D498-5A30-470C-BCA8-1142179682E3

Message: Guy with goatee?

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:25:02 AM (564233102)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC56D5BC-E328-4B86-AB40-2B9E551096D1

Message: Green jack and goatee/beard , guy on wall to your left as you looked forward

Sender: [redacted]

Time: 11/18/18 03:27:00 AM (564233220)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 27A42F8C-2A18-47B1-B03C-AB9BA7CCEA6A

Message: I think they were livestreaming the riot outside gate that we had to go back thru to see when we could exit

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:31:13 AM (564233473)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76083772-5296-4D1D-948F-A9F144371949

Message: 3 things. 1. No excuses. As It was in the beginning of your talk , not relevant. And the most dangerous time. 2. In the streets your guys want sunglasses or glasses. As people throw liquids at their faces and it protects the eyes. 3 and during your talks scanning the crowd.

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:31:45 AM (564233505)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B9CC56C5-6F9F-437A-A853-4E4923CE4537

Message: Need to keep you for the next rounds :

Sender: [redacted]

Time: 11/18/18 03:31:46 AM (564233506)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 50B8C0E6-0E88-4D9A-A724-ECB724DD268C

Message: Got it

Sender: [redacted]

Time: 11/18/18 03:31:57 AM (564233517)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C527EFFF-2BCA-4B12-B368-B30DBCF1C657

Message: Riot outside was serious

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:32:15 AM (564233535)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3BAE75B0-DCD2-4143-9C0A-DF3B464BFCF6

Message: I was very aware in real time

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:33:49 AM (564233629)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0F4166FE-ACAF-4D77-A615-4EA352BA0728

Message: Guns not used often there. So not treacherous . But some of your other up and coming venues are less gentlemanly

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:34:54 AM (564233694)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E3FC2968-ADFC-4CBB-AC48-7878A26F196F

Message: And I couldn't tell if he had an earpiece.  If not we should upgrade equipment

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:36:56 AM (564233816)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 15FFF670-F770-414F-B40C-C8A0894BF29A

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:39:18 AM (564233958)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 309FC6CE-3497-4CD9-9BE2-B3D6F86CE5E4

Message: Sorry I take no prisoners

Sender: [redacted]

Time: 11/18/18 03:41:42 AM (564234102)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D5C2348-DFD0-4E8D-A2A5-4FF7B640A769

Message: Agree

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:56:26 AM (564234986)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D4BC5FC5-4B4C-4EFC-89EF-4BA4BF824C9C

Message: As some of your policies are really left. - I might ask the questioners. Did you agree with anything I've said? No? Do you believe in higher wages? . do you believe in reducing voter suppression.? If they say Yes. . tell me what do we agree on? Pow !

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:57:22 AM (564235042)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0F0288E8-B279-479B-AFE2-B8B865EB6DE9

Message: Sincerely. .. your cornerman

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 10:43:07 AM (564259387)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 47FB7F45-8B54-4F82-9716-6F9DEF6A2C23

Message: When you get time to brief me , give me 30 minute notice

Sender: [redacted]

Time: 11/18/18 10:43:18 AM (564259398)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F7515403-2751-4C4E-B401-F390C32826F0

Message: Tonight

Sender: [redacted]

Time: 11/18/18 10:43:29 AM (564259409)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D830F48B-47EF-46F4-AB1F-EAB204F9B826

Message: Senate intel prep

Sender: [redacted]

Time: 11/18/18 10:43:33 AM (564259413)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0D8C261B-FDC0-42BA-A8AC-EBA190ED7A87

Message: Now

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 10:44:55 AM (564259495)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 675042F8-7264-42D3-9086-7A78056A6BDF

Message: K

Sender: [redacted]

Time: 11/18/18 02:47:54 PM (564274074)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1EA15730-5AE4-4A8B-BA16-E64D22641AF0

Message: Can talk when u r free

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 02:48:57 PM (564274137)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B51BCF5B-447B-4419-9708-583B38689541

Message: 561 655 7626

Sender: [redacted]

Time: 11/18/18 02:49:36 PM (564274176)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF2111BF-B1A6-4395-82C7-D5E763125E59

Message: Standby

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:28:41 PM (564276521)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9263E14E-CDC9-4F7B-BE25-6EC7605694AA

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 04:08:44 PM (564278924)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8C46E178-73F7-4557-A6C1-D159C5890730

Message: When Lewis appeared before Congress in 1993 to testify in favor of protections for children's television, Lamb Chop was granted permission to speak. - maybe you should bring lamb chop tomorrow

Sender: [redacted]

Time: 11/18/18 04:13:57 PM (564279237)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FD6F5C63-EA4C-4229-893E-A9909DD475AF

Message: Don't fuck with 'the chop'

Sender: [redacted]

Time: 11/19/18 05:25:57 AM (564326757)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2D8F648-93F2-453E-A634-2C6590182E1C

Message: Thanks

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:18:54 PM (564365934)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92900C54-C476-4C68-84A7-683C25A440D7

Message: How was it

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:19:26 PM (564365966)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB6D9D3C-2AE2-4940-89E0-B13DC837DDAF

Message: Did lambchop take 5

Sender: [redacted]

Time: 11/19/18 04:23:54 PM (564366234)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D9D154BC-1DAA-46FE-958A-E84FEED1639B

Message: Dude : 8 and 1/2 hours

Sender: [redacted]

Time: 11/19/18 04:24:03 PM (564366243)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 621F7199-614D-44E3-9381-C4574B669A2B

Message: 15 minutes on u

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:27:44 PM (564366464)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31D86BE8-204E-45A1-9383-82AE03096AB8

Message: Members or staff

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:29:01 PM (564366541)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62769A6D-68A7-4F38-8455-194422FCF9E6

Message: Was burke allowed in ? Does he have clearance

Sender: [redacted]

Time: 11/19/18 04:30:20 PM (564366620)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F88DE34-9872-4F5D-84AE-959FB6347AA3

Message: Staff ::: took alex spiro--- his NYC partner , stone cold killer

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:31:49 PM (564366709)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B86343AC-7FAB-4FA6-8C54-7CFF5301172D

Message: Why me? Did they want bagels and coffee

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:32:11 PM (564366731)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A83E03A-BA92-4430-AEA0-DAA2962A0210

Message: Or did they get your text s

Sender: [redacted]

Time: 11/19/18 04:33:01 PM (564366781)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 107E81A8-29D1-435C-A30C-415E845F6B17

Message: Neither ::: went thru list of 50 names-- Leon Black

Sender: [redacted]

Time: 11/19/18 04:33:53 PM (564366833)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F6E0FDDF-CB6C-4B1A-9954-6A2593D40A0C

Message: Then u--grilled me when I said I knew u about relationship with djt

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:38:09 PM (564367089)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 892ABBB5-5321-4170-B069-56FA90431219

Message: Did they ask you if i had a silver bullet

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:45:40 PM (564367540)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43C5A1FC-486D-4C9C-8703-04ECCC56C469

Message: Toughest we're republicans?

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:45:43 PM (564367543)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A326BE7-DF7A-418D-ADD3-FBAEDAC78716

Message: Were

Sender: [redacted]

Time: 11/19/18 04:46:11 PM (564367571)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9449AB70-0128-4C83-9B66-431832B42A84

Message: No democrats-- spiro also big dem

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:47:28 PM (564367648)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 810A24B8-1ACD-45DD-8800-73B70F22350F

Message: Oy

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:47:46 PM (564367666)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2188F20-DC9E-416B-819B-DA6BA985F1AE

Message: So it begins

Sender: [redacted]

Time: 11/19/18 04:48:24 PM (564367704)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD0E5581-B45B-4463-AAF6-40BFC0A7C2CD

Message: Somehow your name has come up in this thing ; Leon's about "Russia"

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:53:36 PM (564368016)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BA7010FD-8B1A-4D05-B68F-F876FF2BC42F

Message: This thing being Russia or djt or .. play

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:57:11 PM (564368231)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FFCFA739-0D6C-400F-A790-25955A4332E8

Message: Is the somehow, my friendship with lucifer

Sender: e:jeeitunes@gmail.com

Time: 11/19/18 04:57:15 PM (564368235)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5FA4F5F6-9702-417B-9CF3-D8BCCEC2EADB

Message: :)

Sender: [redacted]

Time: 11/19/18 07:39:17 PM (564377957)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C756B8F3-6E34-48A7-90FA-E121038F3E34

Message: Leon about Russia ; u about trump --- but they ask every witness these 50 names--- 25+ Russian

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 06:56:28 AM (564418588)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 00DB67B7-F987-4DD4-A085-D55A69F946AA

Message: Market is china manipulation. . as I suggested.

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 08:14:05 AM (564423245)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2147F4C6-1D22-487A-86D3-6064BA13E8C8

Message: Sooo obvious

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 02:29:32 PM (564445772)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 530F343E-47C5-4D0E-95F2-0A9C214C9D18

Message: You recover your strength. , hope you get some rest. . Im in New York 29 -1 st

Sender: [redacted]

Time: 11/20/18 02:52:41 PM (564447161)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C61F26AE-F785-40EF-A0B9-305F404F22B1

Message: Let's connect on 29

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 04:01:02 PM (564451262)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D648A73A-1DA0-458C-A29A-6634BB5EFC7B

Message: K

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 03:21:35 AM (564492095)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8931F40A-2FDC-4BA6-8D3F-D2554A43E7AC

Message: can you reach out to see if. Z has a suggestion for venue and time frame to meet bj . Notice to king ok.

Sender: [redacted]

Time: 11/21/18 03:23:32 AM (564492212)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD4CAB02-C81D-4A7C-AAEF-075519458484

Message: They called yesterday-- they want to do the meeting , think its smart-- but they have a process with their bigger partner and are going thru that now

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 03:25:06 AM (564492306)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1426D874-757B-4FDF-B982-7D6EF37D6585

Message: Understood

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 10:21:40 AM (564517300)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D091BDA0-943C-415E-87CF-CCC5B85A6C09

Message: Spent the morning with Ken Starr, really someone you should know

Sender: [redacted]

Time: 11/21/18 10:35:34 AM (564518134)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B74CC33E-793C-4CC7-9CC9-93E459B09093

Message: I agree

Sender: [redacted]

Time: 11/21/18 10:35:50 AM (564518150)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2FAE6555-8E4B-475B-AE6A-08AC9DA4A512

Message: How bad a shape does he think djt is in???

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 10:37:37 AM (564518257)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CD20A38F-189F-4DFD-AB88-E9F6626826DA

Message: From a legal standpoint. He doesn't believe that obstruction applies to the use of a power even if it was solely done for self interest. He thinks it has to be for a CORRUPT ( bribery etc ) And sees no evidence of that.

Sender: [redacted]

Time: 11/21/18 10:43:21 AM (564518601)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 51203C35-A5B7-46C6-B072-229FA44D06F4

Message: Epic -- trump clear on mueller if that's the case

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 10:50:32 AM (564519032)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A21107E5-FB61-487D-96C0-5C5359673D22

Message: The issues will be the related financial ones , southern eastern district

Sender: [redacted]

Time: 11/21/18 10:53:28 AM (564519208)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 611B3A7D-3178-4150-B994-5B374AADA6F7

Message: Yes yes yes -- and the Hill investigations

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 10:54:34 AM (564519274)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEB90DF0-575E-41D5-93B5-258328CADE1D

Message: Do you recall any specific questions re me , and your interview?

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 10:54:37 AM (564519277)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D81362DC-C618-4E11-A992-88D053090AC4

Message: at

Sender: [redacted]

Time: 11/21/18 01:24:06 PM (564528246)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 35A11DD8-6F5C-4814-9D43-25929AC308AA

Message: Yes ::: "what is his relationship with potus " ; "does he talk about trump"; "when was last time he saw trump"... etc etc etc

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:24:42 PM (564528282)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7F6A20C7-CAFA-4285-B28D-8D6C60C206E0

Message: Some reporters asking the same question ?  Can figure out why?

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:25:03 PM (564528303)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D2E2120-BC20-4FA1-BCDB-7652DC7380BF

Message: Can't

Sender: [redacted]

Time: 11/21/18 01:27:22 PM (564528442)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 81CC083D-8F6C-4CE5-B66B-617DCD4BAE3A

Message: Interview ends with 50 names -- everybody gets the request -- 25 Russian names ; 25 American -- u and Leon are # 3 / #4 on american list

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:27:58 PM (564528478)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACA02320-CF4E-4D09-A69E-12DDDEF60D3D

Message: Understood

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:28:38 PM (564528518)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62E74F97-9F2E-4A85-A538-E2B0F7FD6682

Message: funny

Sender: [redacted]

Time: 11/21/18 01:35:49 PM (564528949)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D8B89B9-B530-47B9-87DA-3B6544481F28

Message: " has Leon Black ever mentioned Russia" ; " Do you know of any connections Leon Black has with Russia" etc etc

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:41:38 PM (564529298)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3197ED1B-CBA8-4EEF-B1C4-E565E106D882

Message: Other Americans?  David geovanis?  Ken lebow?  Any other names you recall

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:42:22 PM (564529342)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DCFBB5BF-1C7A-4DAB-8418-ACBDCF9A299B

Message: Nick ribs?  Tom barrack?

Sender: [redacted]

Time: 11/21/18 01:42:47 PM (564529367)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 64F57EF1-3BF2-43B1-8EEF-C7DBEEB9437E

Message: Benton Lebow

Sender: [redacted]

Time: 11/21/18 01:42:58 PM (564529378)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3649EEE1-4373-4367-85FA-2C9034217EEB

Message: Barrack

Sender: [redacted]

Time: 11/21/18 01:43:14 PM (564529394)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CE6BF7CF-47C6-4C0A-A2E1-9D122DBB9198

Message: Geovanias

Sender: [redacted]

Time: 11/21/18 01:43:39 PM (564529419)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2EE8DD5E-ECC5-4801-A47A-234CE14B464A

Message: Ton other I didn't know-- and only Russian was Alexander Dugin

Sender: e:jeeitunes@gmail.com

Time: 11/21/18 01:43:47 PM (564529427)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3D97D120-C822-444F-9B51-4171A3621758

Message: Ha

Sender: [redacted]

Time: 11/22/18 08:58:58 AM (564598738)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 870ACCFC-10F1-477E-AB8D-244150A2EF0C

Message: MBS headed to see our friends for talks

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 09:02:29 AM (564598949)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A84765B4-57A2-4856-91EC-C25641AD3122

Message: Z ? Terje in riyahd

Sender: [redacted]

Time: 11/22/18 09:18:05 AM (564599885)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B35EDCF-F0CC-4501-82B7-3BEC925F9CBF

Message: Yes

Sender: [redacted]

Time: 11/22/18 03:11:57 PM (564621117)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB6E5754-EDF1-4CEF-AC0F-06E22C7C3DA0

Message: Hope you are having a great thanksgiving

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 03:13:59 PM (564621239)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: DA1D9741-0249-4B1B-81E1-2CDC20C937C0

Message: thx,  I had some of the largest hedge fund guys here today , and they all now agree with my contention that something is stinky in the market.  I suggested. That Saudi is selling.  Maybe china. ,  they both want cash

Sender: [redacted]

Time: 11/22/18 03:14:37 PM (564621277)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2698700D-841D-44EA-866D-7396DA4EC181

Message: Interesting

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 03:18:53 PM (564621533)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6CE50352-0C9C-4A2D-9EDE-637E5B7F6FCA

Message: What do you think the likelihood of additional tariffs  jan 1.  Any progress at g20.  . ?  put down that piece of pie

Sender: [redacted]

Time: 11/22/18 03:32:23 PM (564622343)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FFCD0EE5-3661-40C8-8E6F-5B304A5C7722

Message: Trump needs a 'win' and is getting huge pressure from mnuchin/Kudlow Wall Street faction --- but everybody else saying no deal possible--- markets keep crashing will all depend on trumps mood

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 03:57:55 PM (564623875)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 809303C4-4C70-4818-88D8-E550317D037A

Message: There may be a video of kasshohgi. If so game over

Sender: [redacted]

Time: 11/22/18 04:01:25 PM (564624085)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4C2B8204-4560-4D8B-9ABC-285422BD582A

Message: I'm sure they do

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 03:22:35 AM (564664955)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4FBB127D-A229-4104-8B6B-B6739A0BD709

Message: Im re-focused on you having a press/news base. Even if it were called the movement. It is so structurally elegant. Privileged .? Funding? Subscriptions.? , Intl . Avoid " in kind " treatment. Your notebooks , safe. etc

Sender: [redacted]

Time: 11/23/18 03:27:19 AM (564665239)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C0C19359-7EF1-4BAF-969E-39EBABD6AF0B

Message: U mean have media platform not NGO/political platform?

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 03:30:36 AM (564665436)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C5D6A7E0-262D-4D9C-AF47-95DBA0DD16B6

Message: We can talk it out. Maybe both, but the NGO. Gives you little. And is old thinking. It allows a tax deduction in the states. ( at the cost of the govt being your partner " But otherwise , requires filings , public etc. " ). press . private. protected. . access, legal niceties. ( salaries . Etc ) .

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 03:31:54 AM (564665514)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 424B1D11-A2EC-42C0-8F61-34120E7F9DBD

Message: Think of it as a battle plan. You have made great strides. Forged ahead. at some time you stop and build a fort to protect your gains. □

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 03:32:46 AM (564665566)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 42713E00-A178-42CD-9BB6-080454934692

Message: Press equiv. To walls.  NGO eqivalent to moat

Sender: [redacted]

Time: 11/23/18 06:30:46 AM (564676246)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 833C828E-EBD1-43A7-8120-61DBC5BA73C4

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 06:33:30 AM (564676410)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EBE82396-E1FB-47C8-B8C5-F4F4411E4CA7

Message: K

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 12:09:29 PM (564696569)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CCC2A538-2604-4D90-BE53-A2968804D997

Message: MBS becoming weaker by the day.  shame.  Not sure he makes it.  Why don't you reach out to z and ask if we can set a date and venue

Sender: [redacted]

Time: 11/23/18 12:11:05 PM (564696665)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F173C90C-38A5-4F71-9E81-7C7503C46861

Message: MBS in UAE now

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 12:11:54 PM (564696714)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 474F805E-54FF-4853-A047-ED6C4AEEC249

Message: I thought today was Tunis.  He is on a road show.

Sender: [redacted]

Time: 11/23/18 12:12:11 PM (564696731)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3E23E475-9A3F-4351-B05A-DED6904FF110

Message: I'm pretty impressed by how they are trying to power thru this

Sender: [redacted]

Time: 11/23/18 12:12:28 PM (564696748)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 848EF218-A171-4F7F-9765-D2B3840C79AF

Message: Yes -- just departed mbz

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 12:13:57 PM (564696837)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05F602EE-7477-4D8E-976B-98B25A1B8DFE

Message: My best guess is that it becomes impossible for him to sit at a table of leaders.  And have any gravitas left.  Especially if a video of them making Saudi sausage surfaces in the press

Sender: [redacted]

Time: 11/23/18 12:15:09 PM (564696909)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD018C77-0C03-48A7-8A72-68233738AED7

Message: Oh yeah that's done but was that ever a reality for any Saudi head???

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 12:16:54 PM (564697014)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 81454D59-8EFF-47C2-86C3-87E2D899CD47

Message: Idi amin was ok , until they had a video of him eating the liver of his opponent. The past did not have the internet. Where the leaders are seen in real time shaking the hand of the butcher. Tricky. But it's not what I do.

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 12:19:27 PM (564697167)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2588533-49B0-4A76-955F-3CEC3E03464F

Message: Unlikely that lambchop moves to replace shari, but aljazera won't let up. So he should make peace with Q

Sender: [redacted]

Time: 11/23/18 12:19:57 PM (564697197)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5217879F-3AD6-401B-AF96-001A07129B68

Message: Agree ; and I think mbz does also

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 01:06:54 PM (564700014)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F88BF9E9-79D8-41DC-8BAC-DCF6EA20E2EF

Message: https://www.cnbc.com/2018/11/23/overstock-to-sell-retail-business-and-reportedly-go-all-in-on-crypto-by-february.html

Sender: [redacted]

Time: 11/23/18 01:20:08 PM (564700808)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C23643D-0FD4-4F2D-BE09-BE8AB9B87CD0

Message: How does this happen when crypto is imploding

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 01:21:49 PM (564700909)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 215083F7-DCC2-44B1-9B40-FA7AF6654789

Message: Good question. 1. The stock was down from 80 to 17 . So a move up to 22 not interesting. Crypto is the currency , block chain is the equiv of internet 2.0. this was the guy you wanted me to meet?

Sender: [redacted]

Time: 11/23/18 01:30:02 PM (564701402)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E3A245B6-FF24-49B5-A670-196D830BF737

Message: No need to-- I spent time with -- kind of a flake

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 01:43:29 PM (564702209)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 96F93021-B000-4824-99A9-3820F3BEBDA6

Message: You are being generous

Sender: [redacted]

Time: 11/23/18 01:47:47 PM (564702467)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CFCC2B7D-9EEB-43A5-8FE8-2B4769C30800

Message: Tried to convince me he was with CIA ... 'fantasist'

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 01:48:21 PM (564702501)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5DE8604-59EA-4B8F-A29D-BA0112E4872C

Message: Maybe he was using his seduction routine

Sender: [redacted]

Time: 11/23/18 01:48:51 PM (564702531)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3D774B2-E395-404A-83D3-4A73A3A41856

Message: That was the pitch -- with the Russian girl

Sender: e:jeeitunes@gmail.com

Time: 11/23/18 01:48:51 PM (564702531)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0FCC60B8-7BCF-4911-A5C2-68E2C90F785E

Message: Give me a call. [redacted]

Sender: [redacted]

Time: 11/23/18 01:48:57 PM (564702537)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E71745D3-1B56-465C-96CE-8F0FF54CF1A1

Message: Cray cray

Sender: e:jeeitunes@gmail.com

Time: 11/24/18 07:40:27 AM (564766827)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BDFED6DD-D5DB-4EA9-97F7-A36E4A3904BF

Message: Roger stone - telling many that I am your funder

Sender: [redacted]

Time: 11/24/18 07:40:43 AM (564766843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7704103C-E276-445F-9407-765112EF96FF

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 03:19:23 AM (564923963)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F1615E31-D94D-4485-BDFB-5F5F64AED265

Message: Just received a video of stone attacking you and -// jeffret clintons pimpetc etc

Sender: [redacted]

Time: 11/26/18 04:39:02 AM (564928742)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED5DAE0D-91DD-48A7-B424-E56F9E316BD4

Message: roger stone???... who cares , he says stuff like this all the time

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 04:47:31 AM (564929251)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9AA8F9E9-EDA1-43EA-AD5C-8D68560C9EC1

Message: Face to face

Sender: [redacted]

Time: 11/26/18 04:48:24 AM (564929304)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6CB8C6E0-30FD-4185-B0D2-9E388F45D954

Message: of course not -- on alex Jones

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 04:49:27 AM (564929367)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: DE47B335-521A-4398-A5D4-44144066A7E7

Message: No worry- im in wed night till Sunday. Lots to discuss:)

Sender: [redacted]

Time: 11/26/18 04:49:44 AM (564929384)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 360D6AD9-481B-4AB9-A063-3D22897116E6

Message: Thursday

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 04:54:14 AM (564929654)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B8DB831C-1AD2-4FAF-88F5-FB5269E61738

Message: Breakfast?

Sender: [redacted]

Time: 11/26/18 05:02:39 AM (564930159)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 055B1067-AC23-49A1-AD08-7C1B933F78C4

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 05:04:26 AM (564930266)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED4C0EA0-A3C5-428C-B3BB-14CFC4A3F0B1

Message: Done

Sender: e:jeeitunes@gmail.com

Time: 11/27/18 05:37:39 AM (565018659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E91F28D6-BB1D-4F93-B6C7-15304074CA4C

Message: What time do prefer breakfast

Sender: [redacted]

Time: 11/27/18 10:24:44 AM (565035884)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8051B7F9-719D-433E-9650-3DD8B24ECFEE

Message: 7am???

Sender: e:jeeitunes@gmail.com

Time: 11/27/18 10:25:43 AM (565035943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4F3EBE79-5BC5-4C01-A763-310E78290388

Message: Perfect

Sender: [redacted]

Time: 11/28/18 02:34:09 PM (565137249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F29FFDB-1E84-4723-9FD4-7F65CD33C250

Message: Has the media staked out your place yet???

Sender: e:jeeitunes@gmail.com

Time: 11/28/18 02:45:22 PM (565137922)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 95468C4A-264B-41E5-AC1E-C9E7684DC26E

Message: No, all easy, lots of people here tonight

Sender: e:jeeitunes@gmail.com

Time: 11/28/18 02:47:04 PM (565138024)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFFD1A7F-5500-4AA3-ABB1-366A4A806A97

Message: In fact. Jabor on his way over

Sender: [redacted]

Time: 11/28/18 03:15:37 PM (565139737)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61724534-A1F4-4E96-A835-35A3274A13B7

Message: Very cool

Sender: e:jeeitunes@gmail.com

Time: 11/28/18 05:20:15 PM (565147215)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA2FC88B-AE7F-4F06-8ED3-21D5845F90B3

Message: Any further feedback from mbz ?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-11-29\[redacted] on 2018-11-26 at 13.08.48.ichat

Service: iMessage

Start Time: 11/12/18 03:45:44 AM (563715944)

End Time: 11/29/18 04:24:47 PM (565230287)

Last Message ID: 24045

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 11/12/18 03:45:44 AM (563715944)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 20E7124E-8D14-4379-B85D-2F19AF381CE8

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 11/12/18 03:45:51 AM (563715951)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 71D93897-5C0D-4032-9E02-102C2F19A251

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 03:46:13 AM (563715973)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D32396E1-1CA4-4725-9598-2F1AA8290287

Message: GREAT!! ask him about a sandwich

Sender: [redacted]

Time: 11/12/18 03:47:12 AM (563716032)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4D492C37-58D9-4003-9E65-95FB6D64CB2B

Message: Too late:( But there were some sandwiches in his office:)

Sender: e:jeeitunes@gmail.com

Time: 11/12/18 03:48:36 AM (563716116)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2953573-4C02-46C8-88D0-C4F890A53E2E

Message: im glad.

Sender: [redacted]

Time: 11/12/18 03:49:06 AM (563716146)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6F10FAE4-CB37-42EE-A44D-43335B7F313B

Message: But nobody offered

Sender: e:jeeitunes@gmail.com

Time: 11/13/18 02:55:20 AM (563799320)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54BDC21A-7B98-41F5-B0A9-7FBB1BFD98E5

Message: On wed. You can tell mike. Re your sound like a f....  Moron. Coversation with Steve.  They are very  close . And I think it will break the ice\

Sender: [redacted]

Time: 11/13/18 11:26:18 AM (563829978)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B5F58C2C-482A-40B6-BD9E-CB8D43A415E2

Message: OK, I will:)

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:47:25 AM (563896045)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 01E184B5-A944-4F43-82C8-C781C740FEF6

Message: Do you leave tonight

Sender: [redacted]

Time: 11/14/18 05:50:32 AM (563896232)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F680E178-DED6-4CE6-B5D3-6DB002D95734

Message: Yes, from DC

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:50:51 AM (563896251)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E049424A-26A7-4554-BE9B-60E994C84810

Message: Lieberman resignation in Israel . Could be a game changer

Sender: [redacted]

Time: 11/14/18 05:51:27 AM (563896287)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 986A3AD8-7C96-422D-BCB5-279827E84E15

Message: Yes, he is a heavyweight

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:52:17 AM (563896337)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D4F2059E-C0A0-4ED6-9F08-3B2580B8AD3D

Message: Pompeo , one of the few that can get across and has the respect still of trump

Sender: [redacted]

Time: 11/14/18 05:52:55 AM (563896375)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2226980D-5390-4564-9D80-D3E30841D7FA

Message: I'm seeing him at 2pm

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:53:24 AM (563896404)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91640502-5941-4861-9292-4FCE92360666

Message: Steve brought him from obscurity , a tea party member into the limelight

Sender: [redacted]

Time: 11/14/18 05:53:53 AM (563896433)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38A99829-B635-4676-ADC2-EF200D40A2A4

Message: Really? I didn't know that

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:54:10 AM (563896450)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EEB59D71-6C7D-4FFC-88D0-8F2F22F53907

Message: Yup

Sender: [redacted]

Time: 11/14/18 05:54:36 AM (563896476)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 575909D0-DF98-4B30-8B26-969EC4FFCDC6

Message: It will be our first real meeting

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:55:56 AM (563896556)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B30879CA-4128-48A6-94D2-21613BB9060A

Message: A kansas congressman.

Sender: [redacted]

Time: 11/14/18 05:56:26 AM (563896586)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 88310701-0B52-4FF2-BE69-5338CEDCCCDD

Message: And West Point graduate

Sender: [redacted]

Time: 11/14/18 05:56:38 AM (563896598)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0092631F-2D0F-4AEE-AF8B-5FF140E556C3

Message: You are back?

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 05:58:11 AM (563896691)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B88DE773-0C2E-4886-A9BE-EF76CA771FAB

Message: In Florida in the sun

Sender: [redacted]

Time: 11/14/18 06:00:18 AM (563896818)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 48987532-7D44-4216-920A-682DB51D31FE

Message: That's not fair!:)

Sender: [redacted]

Time: 11/14/18 06:00:22 AM (563896822)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6A19FA7B-B01F-49A3-8F22-710270F798DA

Message: I envy you

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 06:00:40 AM (563896840)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E498AE1D-CBC2-4C3B-B18F-771320FE1D81

Message: Get in line

Sender: [redacted]

Time: 11/14/18 06:01:14 AM (563896874)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D31251FF-4372-4AC4-8E6B-393DA7362863

Message: :-)

Sender: [redacted]

Time: 11/14/18 11:32:34 AM (563916754)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DA1D5866-7883-48D2-9F0D-293D1E24DAD1

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 01:06:40 PM (563922400)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CDD061F0-0D2C-421B-B496-E5F044FDE4A9

Message: Great.  Are you out yet?

Sender: [redacted]

Time: 11/14/18 01:09:26 PM (563922566)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9090E78A-6D70-44BC-80E2-7E75788A435F

Message: Done with my meetings, on the way to the airport

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 01:09:40 PM (563922580)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E4FF4F89-6F7A-44E8-A3D2-0775F00B734C

Message: How was it ?

Sender: e:jeeitunes@gmail.com

Time: 11/14/18 01:09:59 PM (563922599)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56FBD4B1-D39E-42A7-B17B-CC9C8E625A4D

Message: Can you speak. ?

Sender: [redacted]

Time: 11/14/18 01:10:07 PM (563922607)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 76218BE5-7705-4B87-8B47-19AEA1138ECD

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 03:45:02 PM (564018302)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA56E7AE-2F9A-4812-9067-80043A4E037D

Message: I think Steve. Will come to ab

Sender: e:jeeitunes@gmail.com

Time: 11/15/18 03:45:12 PM (564018312)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 700FB115-3ABD-4670-AF02-A6B7A6490638

Message: Ad

Sender: [redacted]

Time: 11/16/18 12:21:59 AM (564049319)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 02881245-63E1-4B22-98EE-E092716A89C2

Message: I'll let you know if I see him

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 03:03:04 AM (564058984)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F1943C71-191E-45AE-8758-43CA087FEECF

Message: Now unlikey as uk heating up wow

Sender: [redacted]

Time: 11/16/18 03:04:47 AM (564059087)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0EF90362-FD28-483E-A4CF-03893B85E05A

Message: I think so too

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:03:36 AM (564084216)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8E7DA469-093B-41EC-9692-BB8240B3054E

Message: He will be  in

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:03:44 AM (564084224)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3F199D65-D03E-4A78-971E-C0C54E4A2038

Message: AD. Tomorrow afternoon

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:03:51 AM (564084231)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8919803A-40B1-4565-B0C1-58CA1FD7B6C4

Message: You?

Sender: [redacted]

Time: 11/16/18 10:08:32 AM (564084512)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B09D982A-50F0-42FA-83B0-03652F0E982C

Message: He texted me. He will be in Abu Dhabi tomorrow. But I'm in the middle of a desert, two hours helicopter flight from there

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:09:19 AM (564084559)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BACACDB0-2C51-4C77-8B49-2BB7AB1105BA

Message: Yes, I've been .  When do you return to AD

Sender: [redacted]

Time: 11/16/18 10:53:25 AM (564087205)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 451155F0-1E67-4647-9D2F-4DE31EA4F298

Message: I come back to Dubai on Sunday and continue to Brussels

Sender: e:jeeitunes@gmail.com

Time: 11/16/18 10:54:33 AM (564087273)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FEAB2E2C-7F50-4743-A8FC-31F9D7FDB785

Message: Early Dubai?

Sender: [redacted]

Time: 11/16/18 10:59:20 AM (564087560)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 832E37B9-3B6B-4F09-A435-44CD3803B231

Message: Arrive around noon, departure 14.30

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 11:47:51 PM (564220071)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55DE751F-397B-491D-A697-EEA8F152381D

Message: Was it fun?

Sender: [redacted]

Time: 11/17/18 11:48:33 PM (564220113)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 575D7FD9-CD1D-4CBC-A7B9-0D0010AC1035

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 11/17/18 11:48:45 PM (564220125)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C3C213A9-B3E3-4610-8C3A-3A8C57D2AFE5

Message: At moments

Sender: [redacted]

Time: 11/17/18 11:49:03 PM (564220143)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8F384AF5-DDA7-42F3-BD75-BB84B38CB3F3

Message: Right now on the way to the airport

Sender: e:jeeitunes@gmail.com

Time: 11/17/18 11:49:22 PM (564220162)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4B6A9836-25B9-49F0-9C07-A040F7144297

Message: Ha

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 03:14:33 AM (564232473)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4DFA8EA1-8566-466E-8896-6FD7E4E13896

Message: best part of trip?

Sender: [redacted]

Time: 11/18/18 09:36:00 AM (564255360)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 893C975E-429A-4214-A5E0-76F7B703EFC1

Message: Massage

Sender: [redacted]

Time: 11/18/18 09:36:43 AM (564255403)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1197C459-0DF8-4D1B-B386-EF9192D8F505

Message: And my wife was happy to see me more than usually

Sender: [redacted]

Time: 11/18/18 09:37:15 AM (564255435)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7E612164-6F95-4E06-AD1C-4EF760045FBD

Message: Just landed in Brussels, we have EU Foreign ministers meeting here tomorrow

Sender: e:jeeitunes@gmail.com

Time: 11/18/18 10:00:53 AM (564256853)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BA6F2229-ACFE-4649-819E-344731BD6D76

Message: Understood

Sender: [redacted]

Time: 11/19/18 02:13:19 AM (564315199)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 573C9866-22E8-47A1-BE38-29902BC8CC36

Message: As of today...

Sender: [redacted]

Time: 11/19/18 02:38:30 AM (564316710)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E1F76C72-B10A-42B9-93C9-BDCDB8522F9E

Message: Oy, indeed

Sender: [redacted]

Time: 11/19/18 11:12:03 AM (564347523)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB2F7EA4-D00D-453D-8F06-9B39D161029F

Message: Mid January

Sender: [redacted]

Time: 11/19/18 11:12:45 AM (564347565)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F45401ED-614C-4C74-9563-B22DEC7D2082

Message: Yes. Something will happen by then.

Sender: [redacted]

Time: 11/20/18 04:42:43 AM (564410563)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F885B3D9-0620-4DC0-A9FC-DDAADF0EF845

Message: I said today that if Slovakia withdraws from Migration compact I will consider resignation. It's a breaking news all over the media. And it might actually happen. I might have to do it to protect my professional and personal integrity.

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 04:49:57 AM (564410997)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1C0F438-D905-4863-BA73-32FB3A1CFD24

Message: The prime minister is still on your side?

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 04:50:16 AM (564411016)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F88E2B8A-B7CA-42A1-A899-E916496BA7A5

Message: do I understand correctly that it is you vs parliament?

Sender: [redacted]

Time: 11/20/18 04:51:10 AM (564411070)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DC83679D-182F-4355-AB95-5FDAE0CD3103

Message: Yes, the PM is with me. But the former PM and party chairman is pushing for withdrawal

Sender: [redacted]

Time: 11/20/18 04:51:47 AM (564411107)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D0139C55-8582-42F5-B37C-042CAA66B9E9

Message: Parliament can only recommend to the government.

Sender: [redacted]

Time: 11/20/18 04:52:23 AM (564411143)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 40836B8F-0DEF-49C8-A63F-162A88A5F9C2

Message: But I will totally lose credibility if Slovakia withdraws and I stay silent

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 04:57:59 AM (564411479)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA23CE2B-62F2-4DB0-837D-54120490221F

Message: Agreed

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 04:58:59 AM (564411539)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D2CE7DA-2B41-4672-830F-5931731E9C00

Message: More divisiveness.  I guess better opportunity to be seen to unify?

Sender: [redacted]

Time: 11/20/18 05:00:18 AM (564411618)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5292BB12-55F4-49A9-8F1B-92D541D91DCD

Message: Maybe. And maybe another signal that internal politics is for me, at least not at this stage

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 05:01:00 AM (564411660)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 548D58B0-0452-448B-95D1-8484488A52BF

Message: It seems people are trying to make the argument that strength is in opposition to humanity.. ? I assume you meant that internal is NOT for you. . ( that's how wars start )

Sender: [redacted]

Time: 11/20/18 05:01:50 AM (564411710)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1F0C0EF1-1429-4EE9-B144-41C1D60DBC45

Message: Yes, you are right:) Not for me

Sender: [redacted]

Time: 11/20/18 05:24:07 AM (564413047)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 84BE9EBA-221B-4181-B34F-1C10E29DA8C4

Message: I called back, you have voicemail

Sender: [redacted]

Time: 11/20/18 05:24:14 AM (564413054)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4953E64D-0E3D-47BD-BEA1-1D134D376EAC

Message: Feel free to call

Sender: e:jeeitunes@gmail.com

Time: 11/20/18 05:51:22 AM (564414682)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 87620F99-81DA-43BC-B355-A63AFD87A308

Message: tried

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 04:14:53 AM (564581693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C679EC7B-C3BD-457D-9101-D9E9939C2829

Message: Appears like a fun committee meeting. Breathe.! Think judicial demeanor. Don't let them get you to be emotional.

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 04:16:45 AM (564581805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F7E038BA-A398-4DE8-9783-1342308FD643

Message: If you decide to resign. Lets make the resignation powerful.

Sender: [redacted]

Time: 11/22/18 04:18:11 AM (564581891)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2C5038C-5906-40DD-BB44-FD4A54683AE1

Message: You are right. I stay cool, only in reaction to MPs stupid statements I I got a bit emotional. But not too much.

Sender: [redacted]

Time: 11/22/18 04:18:33 AM (564581913)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: AB63A250-3DF0-46DA-88FE-613475FF815B

Message: Thanks, if going then going in style:)

Sender: [redacted]

Time: 11/22/18 04:19:40 AM (564581980)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 97882D24-1625-41A5-9E17-8B3766AAFD22

Message: But in general I'm surprisingly relaxed. I feel I'm doing the right thing. And there is a powerful positive reaction from people.

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 04:26:26 AM (564582386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 03DEE5F5-2F7E-472A-BBD9-5B2046BEA97C

Message: Im not surprised.  , I think your position is just.  It is the explanation of it that needs tailoring. Ie  Not on the table youre on the menu,  is too flippant .  You know your country.  It wants to appear strong.  Hiding from attending engenders the opposite  I think you can make a great case that attending strengthens the country s hand.  Hiding , running away from the issue , shows weakness and brings more trouble.  .  □

Sender: [redacted]

Time: 11/22/18 04:28:04 AM (564582484)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 86F57A62-5CD3-43AB-AE61-66226A93F9D0

Message: Yes, you are right. I will stress that more.

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 04:32:51 AM (564582771)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48315F16-0022-4765-A539-D23788F1D8AC

Message: " Slovaks don't run and hide .  We stand tall and say ....."  We don't agree . Or nyet. Or Slovakia must decide what is good for Slovakia .  Fun

Sender: [redacted]

Time: 11/22/18 04:34:50 AM (564582890)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C0A013CE-4526-46AA-9C70-61ECF17E8E30

Message: Fun:)

Sender: [redacted]

Time: 11/22/18 04:35:22 AM (564582922)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 11BADEDB-63D7-470E-AA8D-8ABB3A1571A1

Message: I said many of these things yesterday in the Committee

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 04:35:36 AM (564582936)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F8EDE1EE-9F60-40B7-8198-47B4E8305AAB

Message: I think this issue helps frame your own decision making.  Its not do you want to be president and what that means. , more and more it means. Can I stand to be around these small minded people

Sender: [redacted]

Time: 11/22/18 04:36:44 AM (564583004)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 08A038BE-1663-4DA9-A892-AB72E68653F8

Message: Yes, exactly

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 01:29:40 PM (564614980)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 41854609-ED77-4098-98B9-E71FD7DE991D

Message: "I think Europe needs to get a handle on migration because that is what lit the flame," Clinton said regarding the rise of rightwing populists like Hungary's Viktor Orbán.  Clinton added: "I admire the very generous and compassionate approaches that were taken particularly by leaders like Angela Merkel, but I think it is fair to say Europe has done its part, and must send a very clear message - 'we are not going to be able to continue provide refuge and support' - because if we don't deal with the migration issue it will continue to roil the body politic."

Sender: [redacted]

Time: 11/22/18 01:33:01 PM (564615181)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5933DC2E-992A-48A5-B936-A33836F111F8

Message: He's absolutely right

Sender: e:jeeitunes@gmail.com

Time: 11/22/18 01:33:13 PM (564615193)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D331E3A4-EB30-4780-84FC-EF703D23E928

Message: She

Sender: [redacted]

Time: 11/22/18 01:34:01 PM (564615241)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 154F9D96-4995-4028-886B-749DEFC36199

Message: Oh, OK. But she's still right:)))

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 03:08:51 AM (564923331)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4708B9F8-9EDB-47B8-8A07-4DD65D12EEF8

Message: Progress?

Sender: [redacted]

Time: 11/26/18 03:38:31 AM (564925111)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1553F0DF-A9FB-4FE9-B6AD-95171FE7EAD2

Message: Both President and the Prime Minister are working on a deal. They don't want to lose me. Parliament is still stubborn. I said my read line is to go to Marrakech and not to reject the Migration compact in its entirety. The vote on the parliamentary resolution was postponed until next week. I'm in Turkey today, was just received by Erdogan for a very long, private and friendly meeting. Flying to Berlin from here.

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 10:05:59 AM (564948359)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B04F2837-A23B-46E9-AEC6-F66D41E3EC08

Message: Did he give you an Apple Watch to record your future conversations

Sender: [redacted]

Time: 11/26/18 10:06:35 AM (564948395)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD5AEE90-BB66-44BB-B58A-954EAD22E17C

Message: No, he didn't:)

Sender: [redacted]

Time: 11/26/18 10:07:07 AM (564948427)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF6FABE2-A1B1-46E4-8059-897146E37511

Message: But he spoke at length about it.

Sender: [redacted]

Time: 11/26/18 10:07:27 AM (564948447)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 02D11822-6B6F-4CB6-937F-C3CD4098ECD2

Message: About the case, not the watch:)

Sender: e:jeeitunes@gmail.com

Time: 11/26/18 10:07:57 AM (564948477)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD224B55-5180-4C1F-B221-C8D2E33EA4F8

Message: He talks a lot doesn't he?

Sender: [redacted]

Time: 11/26/18 10:08:08 AM (564948488)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 44A4282D-85E3-4388-ADEB-89F810329229

Message: He will continue raising it in various international fora

Sender: [redacted]

Time: 11/26/18 10:08:12 AM (564948492)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6CB085B1-C2C9-4815-A4DC-9E82D2BC88EA

Message: He does

Sender: [redacted]

Time: 11/26/18 10:08:48 AM (564948528)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 52DC8124-656E-4B32-85DD-9519579222F7

Message: And he likes me. The Foreign minister was our interpreter

Sender:[redacted]

Time: 11/29/18 02:24:53 PM (565223093)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 368DA8CC-73F8-459E-A3B9-56FE8D190AE4

Message: Are you OK?

Sender: e:jeeitunes@gmail.com

Time: 11/29/18 03:45:52 PM (565227952)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FCA46C4E-8DE8-43D5-8323-45D3B8DD9E2C

Message: great. bad press. silly

Sender: e:jeeitunes@gmail.com

Time: 11/29/18 03:45:56 PM (565227956)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5CB5DF07-54DA-43F4-A0E5-8485DDD87061

Message: thx

Sender: e:jeeitunes@gmail.com

Time: 11/29/18 04:24:45 PM (565230285)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D51EDB38-961F-44E6-A238-A63F84CC1B4D

Message: My turn again in the barrel

Sender: e:jeeitunes@gmail.com

Time: 11/29/18 04:24:47 PM (565230287)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CEDE6379-E575-48F0-873B-5BFD4DEF7461

Message: □

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-12-04\[redacted] on 2018-12-04 at 13.29.25.ichat

Service: iMessage

Start Time: 12/01/18 05:04:14 AM (565362254)

End Time: 12/04/18 02:26:55 PM (565655215)

Last Message ID: 24274

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 05:04:14 AM (565362254)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9048BBB1-6925-487F-A73D-634629B76184

Message: today i have nobel prize winner friend richard axel and misha grosov , smartest living mathematician . at 5. . you are welcome. any updates on boston?

Sender: [redacted]

Time: 12/01/18 05:05:56 AM (565362356)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 103DB674-1F01-44B2-83AF-069FD7DD8D59

Message: Can't make harvard

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 05:06:49 AM (565362409)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6ACAD9F5-2E53-40AA-9966-F6C93531C112

Message: k

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 05:07:37 AM (565362457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89931F78-10D2-40BC-BD43-A81B43CC5953

Message: understand

Sender: [redacted]

Time: 12/01/18 03:09:05 PM (565398545)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 11D91CF4-EB04-4039-969E-FAF6EDC83EE5

Message: No go for now on our project -- our guy all-in but shutdown by home office

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 03:55:36 PM (565401336)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F04C920E-371B-4556-AE34-4354D53F6D52

Message: Your girlfriend having dinner with weisman

Sender: [redacted]

Time: 12/01/18 03:56:05 PM (565401365)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 67BBF420-5DD0-4B8F-8CD2-6AFE31BA45AF

Message: No good will come out of that

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 04:00:01 PM (565401601)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 68E55738-F9A1-4E11-82F7-2BCCC68F68C1

Message: I had three China guys today . I told them they should brief you. Therr is s forty year anniversary in Beijing of the beginning of economic growth initiative

Sender: [redacted]

Time: 12/01/18 04:00:27 PM (565401627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2E8169F7-CABC-45B1-A3B1-01065186306A

Message: Love to sit down

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 04:01:22 PM (565401682)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8BE60D61-D7B3-49A6-98B3-A7C8F88FE16F

Message: Bottom line. Forcing china to turn ineard is counterproductive to containment

Sender: [redacted]

Time: 12/01/18 04:03:23 PM (565401803)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 02210EC1-C3E0-490C-B8F6-3CCABA00D90A

Message: Not forcing inward-- trying to takedown senior CCP leadership

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 04:17:02 PM (565402622)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B112EC0-8BF0-485F-8596-B75D5FF452AB

Message: Im aware , -it was decribed as both stronger but much more brittle

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 05:26:27 PM (565406787)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D3472450-E031-4C69-A97A-BF40E405A1E3

Message: the reformist are thrilled. the last bastions of the state owned , ( communist

Sender: e:jeeitunes@gmail.com

Time: 12/01/18 05:27:28 PM (565406848)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6C2F26F6-A09C-4774-9E25-68475007EFFA

Message: ) less so. . as their last hope for control. . fy , i go to harvard at 10 and return at 7 pm and tom pritzker lunch on monday in ny if you are still here

Sender: [redacted]

Time: 12/01/18 06:00:01 PM (565408801)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5953E0EC-0BC0-479C-B7BF-F220EFB41961

Message: 'Reform' all happy talk

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 03:14:05 AM (565442045)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 226A0FC6-BBFC-44A7-A027-AEAFA45992F4

Message: brittle.  key

Sender: [redacted]

Time: 12/02/18 04:51:44 AM (565447904)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E83D255A-2A7A-4071-A074-C50AF7156306

Message: yes brittle key

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 05:14:58 AM (565449298)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3ED8B123-E015-420E-8FCC-7AEF57EC17BD

Message: winning the long game from our side.  requires short losses.  hui,  said to my friend , they have moved from econmic growth model to endurance model.

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 05:16:08 AM (565449368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A8E71A6E-0D78-4E70-8BD6-0AB80CBF32B7

Message: xi describes djt as an typical american bully

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 05:16:30 AM (565449390)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 523DD9F6-0F5C-4563-B2BB-1C73BDC4660C

Message: for you only please

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 05:19:53 AM (565449593)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39C3BDB0-C979-436C-9325-E8AD1B076C24

Message: russians behaving more like africans  and funny enough respect for the iranians.

Sender: [redacted]

Time: 12/02/18 05:28:48 AM (565450128)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E6C7C453-1615-4109-880C-0812455E5DE3

Message: Trump worst negotiator in human history

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 06:11:46 AM (565452706)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9586ED38-2D2B-46EF-9EAC-3F5065BCAEAA

Message: They're playing- go- and he can't master tick tack tow

Sender: [redacted]

Time: 12/02/18 06:26:28 AM (565453588)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 898E240D-98E7-440C-9DB8-4DF6B2E89627

Message: Navarro called me last night --Chinese panic ; American cave

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 06:40:27 AM (565454427)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C73A5757-5E01-49EF-AF08-0DE962E19CD6

Message: Art of war - 1st chapter

Sender: [redacted]

Time: 12/02/18 06:43:58 AM (565454638)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 23091186-4615-44EC-8496-D12D06349C06

Message: Art of the deal --introduction

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 06:44:30 AM (565454670)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E80E1511-9DF6-4EAF-9FD8-89AF16155E24

Message: Cliff notes

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 06:45:52 AM (565454752)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D867111-ED5D-4022-B1B6-EB4771A6E098

Message: Li hu . - he almost smiled . That's how bad

Sender: [redacted]

Time: 12/02/18 06:53:23 AM (565455203)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 49AE2AB6-C20C-4F8F-B53E-C5D08AB2B68B

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 07:02:12 AM (565455732)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39D7DD50-15F5-44E8-B8B4-02CC921EC5FA

Message: Im at the kennedy school. You should've come

Sender: [redacted]

Time: 12/02/18 07:05:12 AM (565455912)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9089455A-9A39-4211-8AE7-5FC8F7AA1C8E

Message: Yep

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 07:07:25 AM (565456045)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92C204ED-ED29-4A0A-BC4C-1B4731594546

Message: Or did the honeybear get cold paws

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 07:10:59 AM (565456259)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 22C170B2-F821-44EB-9F5C-6A9C79119475

Message: Breakfast tomorrow?

Sender: [redacted]

Time: 12/02/18 07:21:34 AM (565456894)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF2E3758-8A56-4408-9136-26E5D35B22FD

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 07:21:48 AM (565456908)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6E9FC838-6F2F-4CD0-9D59-1C5AC3DCC021

Message: 730?

Sender: [redacted]

Time: 12/02/18 07:21:54 AM (565456914)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9159D9DC-2C25-4D0D-9D44-70F8D3A0789F

Message: Sure

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:18:21 AM (565633101)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2313[redacted]73C-6B9E-439A-9C20-82C2E00C25A2

Message: https://www.thedailybeast.com/jeffrey-epstein-settles-for-malicious-prosecution

Sender: [redacted]

Time: 12/04/18 08:22:12 AM (565633332)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0BDEB144-2ACD-4BA0-BE18-2DB641D8E371

Message: Terrible terrible terrible statement

Sender: [redacted]

Time: 12/04/18 08:22:23 AM (565633343)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A8934269-86EC-4966-BD60-41342CE30D9C

Message: Who the fuck advises u!!

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:22:56 AM (565633376)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5D588712-350D-4E04-BB2D-9AFACB0C9B6F

Message: now you understand my frustration

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:23:46 AM (565633426)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D70C2BCB-E428-47B1-BBFB-07967BA7FF64

Message: hiring matt hiltzig

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:27:48 AM (565633668)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C5A9BBE-990E-4F31-9B28-5E4B2815FA0B

Message: the fact that the lawyer got all the money and none to the girls , may be a point of leverage

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:31:28 AM (565633888)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E07D38C-6369-4E6E-8EF4-59337A32DE55

Message: lots of people made nervous, very , but not me

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 08:31:33 AM (565633893)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E8FF3F03-DBB0-4500-8A86-7B346F9C7DEB

Message: ;

Sender: [redacted]

Time: 12/04/18 10:28:38 AM (565640918)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B1BC77F5-A711-4930-82B7-D309D70C517C

Message: But your deal allows the girls to 'go tell their stories'!!!-- he bragged about that and pushed that @ the press conference

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 10:29:15 AM (565640955)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BFBFED75-C67E-46B4-8459-D3E31633F628

Message: can't gag.

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 10:29:25 AM (565640965)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 32BF83E6-C5CE-4F18-9688-DDE03D7E10A6

Message: all silly

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 10:47:32 AM (565642052)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D324242-F48F-4EE9-B9DE-07298830B0EA

Message: Id like to do a documentary on the real story ]

Sender: [redacted]

Time: 12/04/18 10:49:35 AM (565642175)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D8AB1FE5-9AD4-43C1-9ED5-CA9AD9FE4403

Message: Would u let me interview the girls also?

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 11:04:44 AM (565643084)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CFA02DF7-7CB7-4D7A-9394-C5139BAC1C75

Message: Yes, great idea. Look at the market. And think about what I told you

Sender: [redacted]

Time: 12/04/18 11:06:26 AM (565643186)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7A1CAC08-FE2E-4A6A-B095-4CC9DA21EE2B

Message: U r kidding correct ???

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 11:06:32 AM (565643192)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49C2B111-297C-4026-AAB5-B821117EBCB4

Message: Nope

Sender: [redacted]

Time: 12/04/18 11:07:01 AM (565643221)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D67867D-9B41-49D7-B5EB-CBC4208E6E88

Message: We would tell the magnificent and the less than magnificent

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 11:07:10 AM (565643230)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E9AFF45B-4DC0-4C0A-A36C-A33122837A41

Message: Stock market manipulation . Chinse. Fucnkng him

Sender: [redacted]

Time: 12/04/18 11:08:32 AM (565643312)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C9949FF1-2547-45ED-840C-162F789C0139

Message: Let me know when can talk

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 11:16:55 AM (565643815)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3AC160A4-4B0E-4A66-8628-4416462A8A2D

Message: 212 772 9416 now

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 12:32:53 PM (565648373)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EA317217-5BD3-4304-A063-3EED2FA3DF7F

Message: The girls. Read my address book. No kidding one girl said she had sex with my friend Steven hawking

Sender: [redacted]

Time: 12/04/18 12:33:42 PM (565648422)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 398D0556-3372-42A6-9D4E-FFAD17B4BD80

Message: Doesn't make her a bad person

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 12:35:56 PM (565648556)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23A88942-3A9D-46D1-A6C4-AE8E2874F1C0

Message: When she saw his photo. Ugh

Sender: [redacted]

Time: 12/04/18 12:40:36 PM (565648836)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D9B71071-A47C-4B64-B156-5FBB89D35F3E

Message: She is called a prostitute --he looks like a federal reserve note

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 12:41:53 PM (565648913)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 806362CC-6A0D-4E77-A0C1-252A91505405

Message: He is paralyzed. She forgot that part

Sender: [redacted]

Time: 12/04/18 12:43:33 PM (565649013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8950EC9E-5F64-4E1C-ABCC-DF573796B820

Message: Unlike trump she is into a strong dollar

Sender: e:jeeitunes@gmail.com

Time: 12/04/18 02:26:55 PM (565655215)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7DEFD172-9268-457C-97B4-BA93570780FF

Message: <Unsupported Message Content>

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-12-10\[redacted] on 2018-12-10 at 07.17.26.ichat

Service: SMS

Start Time: 12/05/18 07:35:08 AM (565716908)

End Time: 12/10/18 04:17:26 AM (566137046)

Last Message ID: 24469

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 12/05/18 07:35:08 AM (565716908)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 307AFBE9-8209-4898-9347-B38437401C66

Message: What do you think about me hiring former judges fbi to do a thorough investigation so as to separate truth from fiction

Sender: [redacted]

Time: 12/05/18 07:54:31 AM (565718071)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D91381B1-F7CA-498A-A5FA-7B196AD78E0C

Message: Let's go thru -- not sure folks care that they were strippers / prostitutes

Sender: e:jeeitunes@gmail.com

Time: 12/05/18 07:59:27 AM (565718367)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 636DC79C-A0BA-4BA0-9185-094F2BFF41A0

Message: Older

Sender: e:jeeitunes@gmail.com

Time: 12/05/18 07:59:58 AM (565718398)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 99B59E0E-8A63-4E6E-BDDF-7822A264CC49

Message: Not 15 not 16

Sender: [redacted]

Time: 12/05/18 08:00:00 AM (565718400)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B3D5996-80A4-44DC-9722-B35DCCF2FA7C

Message: Anyway it's smart idea

Sender: [redacted]

Time: 12/06/18 05:03:26 AM (565794206)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 89489A38-29B5-4384-B3CD-51EF771C9209

Message: Where r we today on all this ???

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:04:10 AM (565794250)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 07AF110B-5860-471E-B131-607F49F2692C

Message: https://www.miamiherald.com/opinion/op-ed/article222705765.html

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:07:24 AM (565794444)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54382108-2BE9-4E3F-8DAF-C7B528179C2D

Message: Considering op ed , by ken Starr and or Dershowitz. Considering a law review article. . an independent inquiry into the fact that this penalty was for prostituion and harshest ever meted out. I've been asked , what can I give them on djt. Thoughts are little to do while the incoming is so heavy. But will hire pr and have to think with group on way forward.

Sender: [redacted]

Time: 12/06/18 05:08:24 AM (565794504)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 46454BB5-E7A7-4851-BBC2-41FA41F9423A

Message: Who is comms team?; has wolf vetted???

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:08:43 AM (565794523)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DCAA7037-64A2-4130-A4DE-B17E46623F61

Message: Karyna said that even you find a cure for breast cancer they might publish it on the medical page under new catheters . Yes . Michaels friend Matt hiltzig

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:10:58 AM (565794658)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B02A56C-100B-47DF-9E98-5E9663B9A8FF

Message: The local prosecutor. Called Said your punishment was miles above anyone similarly situated. As their sex prosecutor that actually interviewed the girls said there were no real victims. Only prostitutes. UGH

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:11:49 AM (565794709)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 86B5D163-3789-4761-9CC1-5D3E8FAB1D3D

Message: Thoughts? Documentary ? Interview? As you said this is part of a political wave so few have relevant experience

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:12:36 AM (565794756)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E6A82A3-E174-4C57-821D-982A82FDE3E5

Message: It is not moonves getting bjs on a transactional ( NYT ) basis.

Sender: [redacted]

Time: 12/06/18 05:13:08 AM (565794788)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 76BE10D7-B2AA-471B-A7EB-C37EAFDA9EBE

Message: How many of the girls would agree to be filmed ?-- would the institutes youve founded, the work you've done-- would they be on film ?

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:14:59 AM (565794899)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 416B17C9-575C-40E5-8E67-E811CD4842A9

Message: The insitiutes. Scientists  definitely . The girls can be forced to testify on video ,  i'll explain face to face . If they need encouragement

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:29:17 AM (565795757)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 34B2C271-292E-4D2B-9913-C2329CD549D5

Message: I also laughed as there is a fake news on. You tube that was sent to be of my island on fire.  Caribbean dharma  .  Kid you not

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:29:37 AM (565795777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9EA02D54-EA48-4672-9A5B-A9D8119FF245

Message: *me

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:31:38 AM (565795898)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB01299C-7AAD-43C3-8E45-92EDA202F30A

Message: So interesting. Some dems think I'm their silver bullet  , some republicans with the same view prefer I not be a credible witness.  Can't win □

Sender: [redacted]

Time: 12/06/18 05:33:33 AM (565796013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E14893BA-2B99-4D57-8DCC-615910EB56B1

Message: Besides curing breast cancer what about establishingTHE major center for human trafficking; teenage prostitution; etc etc etc -- global problem , needs to be solved

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:35:57 AM (565796157)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 37B802D4-85F1-4D01-B546-D6AD3CCFA422

Message: The pr guys think may be seen to be an attempt to buy my way out. That is what the party of Davos would do.

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:38:31 AM (565796311)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F7DCD9B-9276-48C8-B1AF-FFD2E9D0A67F

Message: Like shroedingers cat , I am both male deplorable and an elite at the same time until someone opens the box.

Sender: [redacted]

Time: 12/06/18 05:40:50 AM (565796450)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACD2DE53-6B4C-4440-ADBE-DAAB4C30D338

Message: Just concepts now -- not turning this around this cycle-- mid and long game -- look @ federalist society

Sender: [redacted]

Time: 12/06/18 05:47:18 AM (565796838)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E8F49B1C-5B9B-4136-8166-547DB96D78BA

Message: You can't buy your way out--unbuyable-- can work your way out

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:47:40 AM (565796860)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CDF74874-9465-4F40-B812-3CDAB058E950

Message: agreed

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:49:58 AM (565796998)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA97F502-C230-4C5B-B8C9-EE233879F2A1

Message: You saw mbs brother back in dc to show strength .  Oy.

Sender: [redacted]

Time: 12/06/18 05:53:20 AM (565797200)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 77632463-DEA5-4F9F-98A8-FCDFFD4766DD

Message: Making calls !

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:54:04 AM (565797244)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8C7B51A5-FD55-4BD2-9AF9-0896912320F5

Message: Hopefully to no place else except dominos pizza

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:54:46 AM (565797286)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 01BF388D-1FDC-434C-9083-2B03C2CED120

Message: As I said the brother is the only player that has his trust

Sender: [redacted]

Time: 12/06/18 05:55:14 AM (565797314)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED990389-C6F4-486C-AAD0-E2B98C9DEFF9

Message: No-- Kentucky Fried Chicken--"parts is parts"

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 05:58:43 AM (565797523)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 577282A5-08EC-4F96-A150-87FB43AC9F1C

Message: With sasse calling for a senate hearing ,  I guess I can mimic kavanaugh. Yes senator I like pussy , pussy, yes.  Don't you senator.

Sender: [redacted]

Time: 12/06/18 06:00:15 AM (565797615)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7E29587C-B533-4FE0-96B2-D05B97E1EEED

Message: 80% answer :"wat's pussy"

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 08:38:33 AM (565807113)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 24749CC2-0A36-4A60-9226-B047CE34C67C

Message: https://www.cnbc.com/2018/12/06/the-stock-selloff-started-with-a-mysterious-fall-in-the-futures.html

Sender: [redacted]

Time: 12/06/18 02:42:32 PM (565828952)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 713ED76D-58C4-4929-A530-8DB7DCDDDAC4

Message: Where r u???

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 02:42:55 PM (565828975)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BE1CBC72-0354-4296-9005-45567A9F553E

Message: 561 655 7626

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:24:17 PM (565831457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4062F79-6C77-4426-85BD-2F49792C56B3

Message: Spoke to Chomsky, he's all in

Sender: [redacted]

Time: 12/06/18 03:29:06 PM (565831746)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 03CA67A0-5BC9-492E-B7C3-C97B964A480B

Message: What about Maxwell?

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:30:06 PM (565831806)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 52EF6C4B-B73F-4BBA-971E-BF3BC5BD8F52

Message: Not sure,  she has a boyfriend

Sender: [redacted]

Time: 12/06/18 03:30:20 PM (565831820)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2B8AA8A-80C7-4E6D-A4E2-6D62E4E3A8F1

Message: So what

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:30:36 PM (565831836)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA9AA328-5EFA-458F-808E-6651C3A7A811

Message: Hes a tad jealous

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:30:42 PM (565831842)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6791722B-2266-4D34-9E7C-F31CC67CF52F

Message: Just a tad

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:31:19 PM (565831879)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D754A3F0-8106-4880-A208-36F21961F1A1

Message: Does woody get a cameo

Sender: [redacted]

Time: 12/06/18 03:31:36 PM (565831896)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB641F89-A3DB-43BC-B56F-1DA1410E7F5E

Message: Not a cameo-- main battery

Sender: [redacted]

Time: 12/06/18 03:37:16 PM (565832236)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 798B231D-1074-44BD-B09E-D5FBCE3A8A08

Message: The film is three interwoven stories -- the events of global Capitol markets / geopolitics from the 1980s til today ; the drive of science to work thru a basic understanding of the workings of man's immortality; the depravity of elite society and the decline of the west

Sender: [redacted]

Time: 12/06/18 03:37:30 PM (565832250)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7388AA46-3A20-49D4-A4C7-80AC491AF04A

Message: As told thru the story of --- u

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:41:02 PM (565832462)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E739B84-9127-4571-BAEA-1FA483FEAF17

Message: Does it have a happy ending ")

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:41:14 PM (565832474)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E6CF6910-098F-4FA5-8A45-DEF10694B3ED

Message: So to speak

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:41:52 PM (565832512)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BEAF2347-66FF-407C-9AAF-B600B9DCF884

Message: James Watson. All in ,  he said to hurt before he dies

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:41:57 PM (565832517)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6DAD1403-006F-4234-ADA7-7A8E1356B923

Message: Hurry

Sender: [redacted]

Time: 12/06/18 03:50:19 PM (565833019)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: FBFC9146-1521-4593-8B17-45067C68C6D5

Message: How old is he ???--- I can film in 10 days

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:50:26 PM (565833026)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22FF4124-3830-4DF8-B8F4-FAC90CC93874

Message: 90

Sender: [redacted]

Time: 12/06/18 03:51:36 PM (565833096)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0142CDE1-EA3B-4503-AC9F-3531FFFC2FA5

Message: He has a long association with u???

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:51:38 PM (565833098)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6CECCE60-6FF6-4F30-A365-351A8F1EB01C

Message: Woody 83

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:52:52 PM (565833172)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F9C5127-6D9A-4407-9276-B1B9750D18AF

Message: You can interview. Gloria minsky. . Marvins widow. . great. Marvin and I 20 years. He died last year. .

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:53:06 PM (565833186)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 113BE4C1-091B-48BA-8EF9-2D54E1910023

Message: Father of artificial intelligence

Sender: [redacted]

Time: 12/06/18 03:53:13 PM (565833193)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6BD2C13E-C487-4A7D-B93F-6E4A5C5A5953

Message: Yes yes yes

Sender: [redacted]

Time: 12/06/18 03:53:20 PM (565833200)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C4DDC429-A641-4442-896D-DB1C1D177A59

Message: Legend

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 03:55:07 PM (565833307)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 663F34C9-7D58-4F94-B453-F15C85B1D1F5

Message: Terje larsen . ?

Sender: [redacted]

Time: 12/06/18 03:58:41 PM (565833521)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 11311E1D-66DA-47EC-86EF-28564E9D4B87

Message: Of course

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 04:06:12 PM (565833972)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9422CE6D-550D-403D-BE83-58DA9DD5CD7D

Message: Hes in London when you are

Sender: e:jeeitunes@gmail.com

Time: 12/07/18 06:48:59 AM (565886939)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 57BC2F7F-8E65-431E-BDCC-9C88DD276550

Message: Cnn reporting Bill Barr .

Sender: e:jeeitunes@gmail.com

Time: 12/07/18 07:04:06 AM (565887846)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FF184D46-79E4-41F2-9A38-B3E7B59B10E3

Message: He did

Sender: [redacted]

Time: 12/07/18 01:39:09 PM (565911549)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8F76E1AB-F4EA-47EF-A5CD-45FC4E3C31B1

Message: Where do we stand on our film ???

Sender: [redacted]

Time: 12/07/18 01:40:51 PM (565911651)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14CD704B-0066-4309-93FA-C66164278FF2

Message: Gloria is a smart woman

Sender: [redacted]

Time: 12/07/18 01:46:25 PM (565911985)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7561479-B147-4CE6-84AC-FB44889B4159

Message: Tucson correct ?

Sender: [redacted]

Time: 12/07/18 01:46:50 PM (565912010)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F6B17E23-DE26-450C-897D-C3EA7FE0C708

Message: Can we film u @ the ranch in new mexico?

Sender: [redacted]

Time: 12/07/18 01:51:46 PM (565912306)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69C12757-6E4B-42BD-9ADE-A5732069CD46

Message: Seriously???

Sender: [redacted]

Time: 12/07/18 01:52:43 PM (565912363)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2DE10499-A7AF-46A9-AE49-0CA67F956962

Message: Yes

Sender: [redacted]

Time: 12/07/18 01:53:54 PM (565912434)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 2779ADF3-FAAC-496E-8E00-34E0135B861E

Message: Tell him I agree::: French throwdown tomorrow

Sender: [redacted]

Time: 12/07/18 01:54:16 PM (565912456)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CFD01081-3C0E-4AC7-8AF5-EFD37596C222

Message: Barr a disaster for the agenda

Sender: [redacted]

Time: 12/07/18 01:54:39 PM (565912479)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5B4A39E4-B5C8-42DF-893F-CFC54F574908

Message: Classy move on tillerson

Sender: [redacted]

Time: 12/07/18 02:05:22 PM (565913122)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4C498C95-1D7B-4D7A-B9FC-1AC844E7E4F6

Message: I heard Jacques Lang good guy

Sender: [redacted]

Time: 12/07/18 02:05:37 PM (565913137)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 132CFC61-B331-4F08-A003-F45234675E63

Message: U see Feds on Cohen???

Sender: [redacted]

Time: 12/07/18 02:06:32 PM (565913192)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 224EC85F-2550-408A-85A4-AEE310843BC0

Message: In Paris on Sunday

Sender: [redacted]

Time: 12/07/18 02:08:14 PM (565913294)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D328AAD0-79DA-4ACA-93C3-2BEEE14CB758

Message: Don't know yet

Sender: [redacted]

Time: 12/07/18 02:36:25 PM (565914985)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 32A7911F-F61B-4ECE-BBDB-E61D0E7E52A7

Message: I'm confused about Cohen-- what are the docs telling us

Sender: +[redacted]

Time: 12/07/18 02:53:18 PM (565915998)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE96D8FD-61E0-4AB3-802A-CF12B6E6805D

Message: But the moron HAD to negotiate all this away by serving up trump

Sender: [redacted]

Time: 12/07/18 02:59:55 PM (565916395)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 329FFCAB-A4A2-4345-8042-0C368F34AE84

Message: But he didn't refuse-- he rollled

Sender: [redacted]

Time: 12/07/18 03:07:15 PM (565916835)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8F848841-0B15-4374-BB45-AB3A02DFDF81

Message: After all this he stiffed them???

Sender: [redacted]

Time: 12/07/18 03:08:15 PM (565916895)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B5C0947-ECC9-4127-9449-7209DB8B68D7

Message: He has never been accused of having a big beautiful brain

Sender: [redacted]

Time: 12/07/18 03:34:46 PM (565918486)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 47CA8585-B848-4395-8B03-FF125DB52BEF

Message: What does that mean

Sender: [redacted]

Time: 12/07/18 03:35:05 PM (565918505)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 291CB58D-9180-4A87-8BBF-B9AAC8C8EF79

Message: Aren't they going to 'unseal' tonight

Sender: [redacted]

Time: 12/09/18 04:19:22 AM (566050762)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DDE23083-065F-4132-A05A-E43269B370DB

Message: Yaweh is a honor badger

Sender: [redacted]

Time: 12/09/18 02:01:47 PM (566085707)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B3D92E4E-5F07-4B6A-8619-9B74A6560A71

Message: Total chaos now

Sender: [redacted]

Time: 12/09/18 02:02:24 PM (566085744)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 84EBD2BC-E1BD-4A9C-9F09-132164AF699B

Message: Nick has massive disclosure issue-- also told me after last week thinks zero chance trump makes it thru '19

Sender: [redacted]

Time: 12/09/18 02:02:31 PM (566085751)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F4288DD2-AC09-4450-A886-D2AB8CFB2D3B

Message: Doesn't want the part

Sender: [redacted]

Time: 12/09/18 02:21:51 PM (566086911)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E36DF6F7-2A96-4DB4-A709-17A9789BFFB3

Message: Meadows , bossie , lighthizer my guys--mick good

Sender: [redacted]

Time: 12/09/18 02:23:33 PM (566087013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9B6D1A1B-5911-44CE-A951-E1F316EF4270

Message: Total

Sender: [redacted]

Time: 12/09/18 02:27:40 PM (566087260)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B6106C68-EABB-49F0-86C6-AC56F96758BB

Message: SDNY

Sender: [redacted]

Time: 12/10/18 03:46:23 AM (566135183)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D8F90101-09E0-41DF-B95E-11D140E3C707

Message: The Belgium govt fell 5 hours after my speech-- spent all day with the Flemish nationalist-- and had the Walloon populists/ nationalist meet them for first time in my hotel suite

Sender: [redacted]

Time: 12/10/18 03:56:12 AM (566135772)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 0DE1DD93-E031-4F72-985C-E5A0E1BB232A

Message: Brexit ;macron grovel tonight on national tv re 'gilets jaunes'; Marrakech starts

Sender: [redacted]

Time: 12/10/18 03:56:57 AM (566135817)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 85C78953-D361-49A4-A756-687AA6DA3A0F

Message: Cannot believe miro pushed this thing-- awful awful awful @ every level

Sender: [redacted]

Time: 12/10/18 03:57:04 AM (566135824)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7D75C976-E550-48CC-B8E7-B401B58D2448

Message: Brilliant

Sender: [redacted]

Time: 12/10/18 04:00:33 AM (566136033)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1568E758-68B8-4838-ADA5-2B695205E01E

Message: The right now has the working class behind them on immigration-- macron collapsed tonight , merkle dead -- we win 60% of euro parliament next spring -- salvini calls election the following week -- done done and done

Sender: [redacted]

Time: 12/10/18 04:17:26 AM (566137046)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 1E9880C6-480A-4024-B5B0-37CC7D644286

Message: We can run the tables here

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-02\+[redacted] on 2019-02-02 at 18.25.27.ichat

Service: iMessage

Start Time: 02/01/19 09:36:19 PM (570778579)

End Time: 02/02/19 03:25:27 PM (570842727)

Last Message ID: 24619

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/01/19 09:36:19 PM (570778579)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB647A3B-010D-491C-BC45-FC513A04118E

Message: Can't make breakfast

Sender: e:jeeitunes@gmail.com

Time: 02/01/19 09:46:23 PM (570779183)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FAE295A-5F1D-4B2A-8317-2D3F256ACD67

Message: No worry

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 02:58:05 AM (570797885)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C10EED5-B535-4375-9990-C3527292B13D

Message: lays out the argument well

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 02:58:05 AM (570797885)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AE92CD5E-4B81-412D-988E-D86BA891DF5D

Message: https://constitutioncenter.org/podcast-can-the-president-declare-a-national-emergency-to-build-the-wall

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 03:13:30 AM (570798810)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 36D74433-0BA3-4EB1-9477-84FB7999132E

Message: https://www.nytimes.com/interactive/2017/07/22/us/document-Savage-NYT-FOIA-Starr-memo-presidential.html

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 03:36:29 AM (570800189)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6B420487-8417-4343-B82C-D405F7B42220

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 03:36:48 AM (570800208)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1CED1ABC-52F1-441C-BA1F-9104A5CB8F3A

Message: since yesterday we talked  textualists

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 04:48:02 AM (570804482)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 34C5CE95-42D8-4C76-A20A-C3329DA80388

Message: the trump comment about you  ,  no surprise  , only a matter of time

Sender: [redacted]

Time: 02/02/19 08:15:42 AM (570816942)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 203596EF-9ECA-4800-9BCE-F373C3315CDA

Message: You mean in the haberman piece???

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 08:46:54 AM (570818814)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8F833F98-F77A-4143-B64B-B9818A849B98

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 08:47:36 AM (570818856)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 94E564E5-17F3-458E-A5A1-4B559EF0ADBD

Message: You are his only hope

Sender: [redacted]

Time: 02/02/19 09:50:50 AM (570822650)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0DE16F0C-B67F-4CCF-AB98-7E8356D271AD

Message: I think u might be right

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 09:51:53 AM (570822713)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 47631670-8950-4462-BCDF-CA2D4DFEE81B

Message: Im pushing, jared needs squashed

Sender: [redacted]

Time: 02/02/19 09:53:13 AM (570822793)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AE30758C-4C66-45C5-9E5F-322FA920BAFF

Message: He is killing trump

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:00:01 AM (570823201)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2216ECFB-827E-4C2D-8ED7-76CE574FB805

Message: I think Whittaker gave him a heads up on troubles

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:03:16 AM (570823396)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4D92137B-0650-4FF8-BC08-29384A522C9E

Message: Kathy said his humanitarian crisis. Crushes his national emergency argument . Your textualist argument kills any defense of indictment. As it is not in the constitution .

Sender: [redacted]

Time: 02/02/19 10:03:23 AM (570823403)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14001862-EEF6-40DE-AE11-2275AE190F13

Message: Including southern district?

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:03:52 AM (570823432)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 821A0DAC-684F-4CA7-AA67-BCBB84508A56

Message: Dk

Sender: [redacted]

Time: 02/02/19 10:04:19 AM (570823459)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D66BA2D3-06CD-42CC-B79D-E85CB2A5BE80

Message: r u flying out tonight?

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:05:18 AM (570823518)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F30D9537-38FA-478A-A449-208E74294C08

Message: No goofball - im having my commie dinner tomorrow with miro! Who I believe will be next sec gen un

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:06:45 AM (570823605)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C67AE68E-3841-4D6A-8359-545A82BDE19E

Message: There is s push at the un to form an investigation tribunal for mbs- oy

Sender: [redacted]

Time: 02/02/19 10:07:33 AM (570823653)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E53C377E-2627-4740-98DF-8C43B2FB43F4

Message: KSA finances half of these klowns-- how can this be

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:09:06 AM (570823746)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A35DB1E2-5676-4168-8DCD-732E1D8FD0E4

Message: Qatar

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:09:11 AM (570823751)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2148C975-8C97-418A-AF12-7FE4C3179F63

Message: Turkey

Sender: [redacted]

Time: 02/02/19 10:09:19 AM (570823759)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C2A4DA1F-6686-4D5E-9D2A-BF2BC329BBCE

Message: Bingo

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:11:22 AM (570823882)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F9187D62-32E9-4C5E-834C-F86A6E0BA48B

Message: Im here today and tomorrow. Watched Lincoln. He was respected and ratified after extraordinary steps . Unlikely here. Though at least sn intellectual fight as opposed to don rickles

Sender: [redacted]

Time: 02/02/19 10:11:41 AM (570823901)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E5E89851-1098-45F7-9B71-C851E1000AA0

Message: Yep

Sender: [redacted]

Time: 02/02/19 10:12:30 AM (570823950)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B078F3ED-94BA-4FCA-BB4A-D529CBA0178E

Message: But you saw where Lincoln had enough of the bullshit , slammed the table and let them know the office of the president has unlimited power

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:20:21 AM (570824421)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4F1ABF73-EBDC-4688-8399-D179319B55E4

Message: Yes but then read the follow up . It's very nuanced. Unlimited power to fight the enemy

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 10:20:36 AM (570824436)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6372DDEB-FCA9-4FC9-933D-FEB9C3735B11

Message: Etc . Not sure if honduran maids qualify

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 11:36:58 AM (570829018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC2549BF-32B6-4586-BC22-A61EEA09D306

Message: You want to visit?

Sender: [redacted]

Time: 02/02/19 11:37:27 AM (570829047)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 31052C08-8333-4B18-BFEA-CA72AB6922F3

Message: Breakfast @7???

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 11:37:45 AM (570829065)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 27FF1782-D788-45DC-AA60-EE85BD20F467

Message: Great

Sender: [redacted]

Time: 02/02/19 03:20:17 PM (570842417)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AE73AD47-9F6C-4CAC-B146-D3EC65EAD63F

Message: Wolf joins us @ 730???

Sender: [redacted]

Time: 02/02/19 03:20:31 PM (570842431)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 10B282F4-E166-4486-8D33-0E014ACA2AB5

Message: I can get there @ 645

Sender: e:jeeitunes@gmail.com

Time: 02/02/19 03:25:27 PM (570842727)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 988399B9-E2A1-412F-BC29-F588B0AAF861

Message: k

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-13\[redacted] on 2019-02-04 at 08.06.46.ichat

Service: iMessage

Start Time: 02/04/19 05:06:46 AM (570978406)

End Time: 02/13/19 01:16:24 PM (571785384)

Last Message ID: 25040

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 05:06:46 AM (570978406)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89033242-B430-4747-8776-6518F5776C17

Message: The last thing you want , is for him to take an interest in you. . right now it is only [redacted]

Sender: [redacted]

Time: 02/04/19 09:18:12 AM (570993492)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7CD2387F-4C49-4CBE-AD49-2D8C13F8438E

Message: Hey got a cool Paper published today

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 09:19:07 AM (570993547)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 571322F3-4AA3-4D5D-AC85-A732ECB543AE

Message: ?

Sender: [redacted]

Time: 02/04/19 09:25:42 AM (570993942)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4CD5D194-82C6-47D8-8AB9-8681E2CD3B14

Message: I started a small clot bank here at the UW to store all clots we removed from

brains (and included others from the body side too for peripheral clots)  This is a paper about clot analysis I'm a cute thrombectomy  The journal is a big One the American Heart Assn Stroke journal so that's cool

Sender: [redacted]

Time: 02/04/19 09:25:55 AM (570993955)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AC10D3F-994E-4D3C-AA4A-ADF3A2647C72

Message: In acute thrombectomy

Sender: [redacted]

Time: 02/04/19 09:26:11 AM (570993971)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F87EC431-25FD-4F75-9DB0-A4F8B035E08F

Message: (Not im a cute thrombectomy) □

Sender: [redacted]

Time: 02/04/19 09:27:00 AM (570994020)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D015925-72E6-4D3D-8281-B2EBF235D2CF

Message: Just a happy thing  And trying to finish up my slides for bg

Sender: [redacted]

Time: 02/04/19 09:30:30 AM (570994230)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 3A8CA234-5B5C-4656-8391-0DD151BB7C72

Message: and 5 more cases today

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 09:40:54 AM (570994854)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FDBFECB7-9CEF-47BB-A19A-7E19E5750AB4

Message: K

Sender: e:jeeitunes@gmail.com

Time: 02/04/19 04:56:50 PM (571021010)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F7A391A-A5D8-4A46-AFE9-72849E862798

Message: Tell bg he owes me s call

Sender: [redacted]

Time: 02/04/19 05:47:38 PM (571024058)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 933B163F-7A2F-4147-BB5A-6E40F5D1065B

Message: Will do

Sender: [redacted]

Time: 02/04/19 05:50:51 PM (571024251)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 40E8510E-A7C6-49F8-A176-79B5FD80FDAA

Message: Don't see till tmr

Sender: e:jeeitunes@gmail.com

Time: 02/05/19 04:18:37 AM (571061917)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 83968800-BA59-4964-830A-17406B3A5BCF

Message: Plant biology , much more fun and easier to experiment

Sender: [redacted]

Time: 02/05/19 02:02:38 PM (571096958)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: DAFDE501-CAB2-40A9-8F32-ED66FEADF674

Message: Tons more Fun and over the long term, more benefit to Humanity for sure but he wasn't too interested last time. I even got him a copy of Darwin's book. Will try again tonight.

Sender: [redacted]

Time: 02/05/19 02:03:07 PM (571096987)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FF01E7E-68C2-4110-8D2D-AB24A6D6D1D8

Message: Trump just nominated Malpass For WB President so Hopefully attention will shift soon

Sender: e:jeeitunes@gmail.com

Time: 02/06/19 02:51:33 AM (571143093)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C329BA81-7CB7-483D-8D87-3AF696CF5F9B

Message: How was bg

Sender: [redacted]

Time: 02/06/19 06:52:40 AM (571157560)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC099F5D-B6B5-48CF-BA07-92083E579844

Message: Was great to see him  He seems happier than I've seen him in a while discussed the slides talked about science ate cheeseburgers  I told him he owed you a call and he didn't say anything he asked how you were and i said you were doing great and lots of science

Sender: [redacted]

Time: 02/06/19 06:07:12 PM (571198032)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E31332F0-B872-431E-A191-3B0D7E9443F4

Message: How are you?

Sender: [redacted]

Time: 02/06/19 06:07:33 PM (571198053)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4FFDADB1-144C-41D3-8FCD-41ACBA6F3B3A

Message: Nothing from reporter

Sender: e:jeeitunes@gmail.com

Time: 02/07/19 03:46:12 AM (571232772)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39FA9C9B-5194-47D0-A02E-F6CA77B420BC

Message: Lets see , he's either waiting for more. Or he has lost the edge. Doesn't seem timely. Now that Kim is gone. Silly

Sender: [redacted]

Time: 02/07/19 09:38:20 PM (571297100)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 097E6CCE-622B-4CB0-AC95-F8AA05C8BF16

Message: Thinking about you Are you ok?

Sender: e:jeeitunes@gmail.com

Time: 02/08/19 05:50:39 AM (571326639)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6F4C84B-7056-4597-BC78-34BD0DD16F56

Message: great

Sender: [redacted]

Time: 02/10/19 11:40:48 PM (571563648)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7F75A629-390C-4C75-882E-F2C97E8AC38A

Message: Steve is so hilarious.

Sender: [redacted]

Time: 02/12/19 02:21:20 PM (571702880)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: AA9AC6BE-34AE-4030-A973-347204A2B57E

Message: https://www.forbes.com/profile/philippa-sigl-glockner/

Sender: [redacted]

Time: 02/12/19 02:21:20 PM (571702880)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 893AC823-E3E0-47FF-B4F2-FE2FA8C94F9A

Message: Remember Philippe

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 02:22:15 PM (571702935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CCE889BF-ED8A-4552-BE15-A049E250CFA4

Message: ANICE

Sender: e:jeeitunes@gmail.com

Time: 02/12/19 02:22:19 PM (571702939)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B91C8855-5304-4BDB-A9F7-C4945C2A9A48

Message: NICE

Sender: [redacted]

Time: 02/12/19 02:23:43 PM (571703023)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F6BE4367-E05F-4B1C-9F99-73FB8972C51F

Message: Some great ppl have worked for me! Lucky me

Sender: [redacted]

Time: 02/13/19 01:16:23 PM (571785383)

Flags: 1118209

Is Read: No

Is Invitation: No

GUID: 9341E7DA-B4C3-4326-9359-8DDA9B15458F

Message: https://jobs.clevelandclinic.org/job-detail.html?529956-institute-chair-neurological-institute

Sender: [redacted]

Time: 02/13/19 01:16:24 PM (571785384)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 13B5113B-1CFE-40E6-AB8D-8E20D1545EC1

Message: This opportunity was sent to me - here's the actual job description

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-27\+1 [redacted] on 2019-02-27 at 05.55.29.ichat

Service: iMessage

Start Time: 02/27/19 02:55:29 AM (572957729)

End Time: 02/27/19 05:42:22 PM (573010942)

Last Message ID: 25659

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 02:55:29 AM (572957729)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8FA90C5B-C6DA-4539-8C80-BC9C8CF84F4B

Message: better?

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 11:41:23 AM (572989283)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B1661950-B95E-43F8-A32F-6E976F6784B8

Message: what do you think so far of cohen . are you back in fighting form?

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 04:00:11 PM (573004811)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E0E591A-B2B1-4F85-868E-3F51DB117BE8

Message: Who would write a pro Acosta story

Sender: [redacted]

Time: 02/27/19 04:01:04 PM (573004864)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C96AF77C-276F-4039-ABD8-E941DD0928B4

Message: Now???

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 04:02:09 PM (573004929)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED7BC678-7591-404D-B03A-3AD83D69D607

Message: The idea is to get into the public realm the story that the girls used the agreement to get money fro them and their attorney s and only after receiving It they move to overturn it. Plus

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 04:02:20 PM (573004940)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EBA020B9-8C0A-405C-8372-8A5F6A586C18

Message: Trump had a bad day, did you watch?

Sender: [redacted]

Time: 02/27/19 04:03:30 PM (573005010)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4AC579CA-E931-4E15-AF01-5AB3E233946A

Message: Not a second--- war on china all day

Sender: [redacted]

Time: 02/27/19 04:03:50 PM (573005030)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 644ABF01-9900-4496-BC5C-1B8C7C1D4615

Message: How bad was it

Sender: e:jeeitunes@gmail.com

Time: 02/27/19 05:42:22 PM (573010942)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8BB91607-0202-465A-B56E-226FA8854D1F

Message: Bad. but republicans stood strong, Cohen pretty detailed

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-03-07\[redacted] on 2019-03-05 at 07.24.58.ichat

Service: iMessage

Start Time: 03/05/19 04:24:58 AM (573481498)

End Time: 03/07/19 04:42:39 AM (573655359)

Last Message ID: 25878

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 04:24:58 AM (573481498)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 089B50E6-73A3-4211-B69D-FDCE1B862F00

Message: Miro here. Ws suprised that the European parliament seemed to fall off your radar

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 12:27:34 PM (573510454)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 387B6311-2A1F-493D-A495-E838B53220D9

Message: Day breakfast with miro if you like

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 12:27:43 PM (573510463)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D10AC903-3B73-4A24-9995-FBA486518F9C

Message: Saturday

Sender: [redacted]

Time: 03/05/19 12:28:51 PM (573510531)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 612BAF66-CCB7-4AE9-902C-700BB87CE48D

Message: Japan

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 12:31:17 PM (573510677)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B8006135-BE6A-4BF7-A4AE-581F162407A8

Message: Tom pritzker. Owns andaz.  Have fun

Sender: [redacted]

Time: 03/05/19 12:31:58 PM (573510718)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CCB45E5A-6EF4-41C4-8AFF-47D8B66C96E4

Message: Andaz?

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 12:32:08 PM (573510728)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29CB8963-15F8-43EF-BECE-FDE8E915261E

Message: Hotel tokyp

Sender: [redacted]

Time: 03/05/19 12:32:26 PM (573510746)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99E2D150-1FE5-4101-9EF4-C5CFAFFD3A97

Message: Yes yes yes

Sender: [redacted]

Time: 03/05/19 12:32:55 PM (573510775)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE56916B-AD80-4BFB-94EA-F5B54ABDF6AB

Message: Did u hire the crisis comms guy so we can drive the narrative off that great times piece

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 12:34:05 PM (573510845)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9FA13472-21FA-4B48-AAE7-E8BE7016729E

Message: Hes here with me now.  He thinks stick to legal legal legal .  A deal is a deal etc.  and then a few months from now. Decide how to deal with the pervert hermit image and fill the box with another narrative .

Sender: [redacted]

Time: 03/05/19 01:03:52 PM (573512632)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE841483-230B-4809-A390-D5979182DF7D

Message: Agree:: how are we 'sticking to the legal legal legal

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 01:16:22 PM (573513382)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 527E227C-5194-4166-A41A-B63D858594A2

Message: Articles by legal people . Professors. Lawyers etc.  now I'm focused

Sender: [redacted]

Time: 03/05/19 01:22:23 PM (573513743)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5CFAC43A-7EBC-461B-A499-02DC9B9FEF39

Message: U had me worried ---focus good

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 01:33:31 PM (573514411)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9A4EC1BC-8699-469C-AA4E-CBF531E537C0

Message: https://www.nytimes.com/2019/03/05/sports/robert-kraft-massage-defense.html

Sender: [redacted]

Time: 03/05/19 01:47:09 PM (573515229)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FBFA6D33-8245-43A9-AA53-A9B8147F4C97

Message: My boys

Sender: [redacted]

Time: 03/05/19 01:51:49 PM (573515509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7D4FAE8D-97A6-46B8-9DB6-19BD535CDEF4

Message: You should bring spiro and burck on your team-- rock stars

Sender: e:jeeitunes@gmail.com

Time: 03/05/19 03:11:02 PM (573520262)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 94DA5FE4-C4DC-4EF5-B9D9-9D84B5E23239

Message: Maybe one of them should write a piece- a deal is a deal.

Sender: [redacted]

Time: 03/05/19 03:20:21 PM (573520821)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7C1CEC02-075E-4C97-A934-4A2B7A1FA3D0

Message: Let me check

Sender: e:jeeitunes@gmail.com

Time: 03/06/19 08:52:51 AM (573583971)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 155852E7-E657-41D8-80E2-56E600748BB2

Message: I notice the absence of Kelly Ann on the dem list

Sender: [redacted]

Time: 03/06/19 11:34:02 AM (573593642)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C8CFFFA2-40B9-42AB-936D-AF9B8A6EF763

Message: Never been interviewed by house , senate or mueller--- just campaign spokesmodel

Sender: [redacted]

Time: 03/07/19 12:04:50 AM (573638690)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8D4A28D9-929B-4242-883B-5BEA88D5FA88

Message: https://www.thedailybeast.com/jeffrey-epstein-alan-dershowitz-and-pals-accused-of-sex-trafficking-ring?ref=home

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 03:26:09 AM (573650769)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 24D2782B-E313-45C4-8FFE-1E590343B102

Message: More incoming. ! I guess hunker down wait until the waves stop. . thoughts? Ann Coulter also went after me. .

Sender: [redacted]

Time: 03/07/19 04:06:21 AM (573653181)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7D02FEE4-0560-48BD-8FD5-4D61A93FB537

Message: She is obsessed with u

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:07:20 AM (573653240)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E8655253-446D-47AB-8D46-9878B4C2FE36

Message: She should get in line

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:07:59 AM (573653279)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 533B99EC-5BA8-410F-A4C8-02052EDC58B6

Message: But im not a democrat

Sender: [redacted]

Time: 03/07/19 04:09:38 AM (573653378)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACE8008D-957E-449B-B61B-B7F35D0B1A36

Message: How did she come after u

Sender: [redacted]

Time: 03/07/19 04:10:01 AM (573653401)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 683D81C6-502E-4807-A589-285FF740D4EF

Message: She can make u a household name --- and not in a positive way

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:10:26 AM (573653426)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0FF61274-4BDC-4E2C-8168-DEFF5E3503B3

Message: Ann Coulter Subject: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:11:24 AM (573653484)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3DDA11E2-E123-45B2-BC68-EF01E972D6C3

Message: Im on her team

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:11:39 AM (573653499)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 057E98D0-235F-4092-BF1F-D97FC1B6A3E4

Message: That s why this is nuttier

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:13:00 AM (573653580)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 709D925E-D1DD-4B4F-B55C-A75A286E3870

Message: Don't you have stroke with her

Sender: [redacted]

Time: 03/07/19 04:15:26 AM (573653726)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA683707-F7A7-4EE5-A51C-0009BC35C139

Message: Not on this topic -- zero

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:16:20 AM (573653780)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7963A0D7-4CE9-41B0-A5C1-98BFE52AE73B

Message: understood.

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:16:41 AM (573653801)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A4CC3B5-54E8-4961-B9F5-3CBF5837F6E5

Message: Is there anything I can do except for perfecting the art of being a punching bag

Sender: [redacted]

Time: 03/07/19 04:36:36 AM (573654996)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C2CC23DD-9C90-4594-8D17-AF22F16E82DC

Message: It's bad -- never seen anything like it

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:38:06 AM (573655086)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A400917-FA77-4704-A291-28DC5BF3F00B

Message: Billy bush

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:38:16 AM (573655096)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E2A9FF83-AB6B-43B6-9E2E-49451CC6E59D

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:38:37 AM (573655117)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E710FFD8-EE98-4726-A0EB-481641A3FF29

Message: At least trump had some supporters fighting back

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:39:22 AM (573655162)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 291E26E8-D95D-4811-B856-2D2AF916BD8B

Message: ruemmler proposal

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:39:23 AM (573655163)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 84C2FCE2-AC21-4C15-8E6E-99BEF34BB50E

Message: "The criticism is wrong and reflects a fundamental misunderstanding of both the facts underlying Mr. Epstein's case and how it was prosecuted by both local and federal authorities. Far from a receiving a sweetheart deal, Mr. Epstein was subjected to a lengthy, aggressive, and highly unusual federal investigation for what were, in essence, local offenses of sexual solicitation. He accepted responsibility, served time and prison, and paid significant monetary settlements to the victims involved.

Sender: [redacted]

Time: 03/07/19 04:42:14 AM (573655334)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3046A6D5-8834-4E69-9E0E-1E3A65E74D5D

Message: This is awesome-- what is it

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:42:31 AM (573655351)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F26DBEC1-1A8B-4EAD-83DC-E2A38BC35D3F

Message: This is what Kathy suggests we tell Waco

Sender: e:jeeitunes@gmail.com

Time: 03/07/19 04:42:39 AM (573655359)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1313A663-0E2B-49C2-8B39-C74E27BA2776

Message: Wapo

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-03-31\[redacted] on 2019-03-31 at 16.09.51.ichat

Service: SMS

Start Time: 03/09/19 04:16:31 PM (573869791)

End Time: 03/31/19 01:09:51 PM (575755791)

Last Message ID: 26848

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:, [redacted]

Messages -

Sender: [redacted]

Time: 03/09/19 04:16:31 PM (573869791)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED8EF9AF-F9AC-454C-A230-8B2DC99179BD

Message: Trying to lift Abe on world stage as key to Bolsanoro, Orban , salvini--- this is what his guys want that's why I included it

Sender: e:jeeitunes@gmail.com

Time: 03/10/19 04:30:18 AM (573910218)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E217108-E3D1-4F8D-88C6-B9735E6AF8A4

Message: i sent you an emal

Sender: [redacted]

Time: 03/10/19 06:48:29 AM (573918509)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8C0AAFB6-3B7D-44F5-95B0-70C5160B7205

Message: K

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 05:28:54 AM (574086534)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DC5A095B-5D54-4913-8C7A-1FE118DCA067

Message: Do you have a copy of brink?

Sender: [redacted]

Time: 03/12/19 05:31:02 AM (574086662)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DCBF4B6F-7AF1-4739-97F9-21AEF0AE94FF

Message: No-- haven't seen entire deal

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 06:34:34 AM (574090474)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 60BDDEB4-A9BE-434D-A318-E20CB9236E88

Message: https://www.nytimes.com/2019/03/11/nyregion/deutsche-bank-trump.html?emc=edit_NN_p_20190312&nl=morning-briefing&nlid=85691347ion%3DwhatElse§ion=whatElse&te=1

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 06:34:38 AM (574090478)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88F1A2B6-D88D-4D27-956C-2FE927DCB4F9

Message: Martin act

Sender: [redacted]

Time: 03/12/19 06:37:07 AM (574090627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D120F35-3202-4101-8AC4-EF6EDB4F1C47

Message: The martin act???

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 06:37:40 AM (574090660)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B17760D-ABB4-49D0-83CA-30B96778284C

Message: Eliott Spitzer is said to have revived the law during his tenure as Attorney General.[6] In 2001, his office launched a Martin Act investigation against Merrill Lynch for suspected fraud.[6] When the investigation was made public, Merrill's market

value dropped $5 billion in one week.[6] Ultimately, Merill settled, agreeing to pay a $100 million fine and change the way its analysts are paid to head off possible criminal charges that it misled investors with tainted stock research.

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 06:39:43 AM (574090783)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5DCE1D10-8D40-4A60-8DE2-7CE325AB44EF

Message: Criminally, the attorney general may assume a prosecutorial rule to punish both misdemeanors and felonies. Misdemeanors are punishable by a fine of up to $500 or imprisonment of up to one year, or both.[2] Felonies carry a penalty of up to four years of imprisonment.[2] Judicial Interpretation

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 02:46:08 PM (574119968)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9F9B5E4F-45FB-4D49-8EC5-1EFF91865C4B

Message: Djt. Now really down on pence

Sender: [redacted]

Time: 03/12/19 02:46:31 PM (574119991)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DF997BF3-7BBC-462E-8FDE-9AC59BA56EA5

Message: How did u hear and why is he

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 02:46:55 PM (574120015)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 35CFEDB0-FBCB-46B1-B76B-54178F2A34B6

Message: thinks Pompeo would be better vp

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 02:47:12 PM (574120032)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AC144985-84CC-4A9F-9E7E-B67C5DD6A472

Message: Says pence not really loyal

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 02:47:38 PM (574120058)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FE4B9F05-CBC1-439E-A0E1-4B2B13565A5F

Message: And yes he did ask Kelly to get rid of jared , and then jared to get rid of Kelly. Par for the course

Sender: [redacted]

Time: 03/12/19 02:50:06 PM (574120206)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 072B9848-FEBD-4E7F-B8AC-63DCF5C936BD

Message: This is why things fucked up

Sender: [redacted]

Time: 03/12/19 02:50:17 PM (574120217)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E5D9098C-0ACD-48C4-8B9A-D5AC47AFCA38

Message: Pompeo much better VP

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 02:56:21 PM (574120581)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9426E688-AC7F-49AB-90C4-5113F2204BE2

Message: remarkable that the British pound is solid in the face of the Brexit vote. I assume the market believes an extension of time

Sender: [redacted]

Time: 03/12/19 03:00:23 PM (574120823)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 566CBBBB-8E20-4B7B-A79D-2EA4BD16CFBB

Message: Hard out no deal best outcome

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 03:01:20 PM (574120880)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0DF411F8-7155-47C8-836F-D286379E8020

Message: Yes , agreed but if that were likely currency should anticipate. ?  lets see. It hasn't moved

Sender: e:jeeitunes@gmail.com

Time: 03/12/19 03:01:27 PM (574120887)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05FE3BB2-A07F-4809-BC49-378B9170B584

Message: One way or the other

Sender: e:jeeitunes@gmail.com

Time: 03/13/19 11:22:18 AM (574194138)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74E81221-C354-4C81-BA46-EE3B62661924

Message: Manafort new. York charges. Emblematic of things to come

Sender: [redacted]

Time: 03/13/19 11:26:12 AM (574194372)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 51135ED7-53A3-490E-8B72-5FD5A26C588B

Message: Saw that-- shit just got real

Sender: e:jeeitunes@gmail.com

Time: 03/13/19 11:27:14 AM (574194434)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F148B273-6A6B-4C82-B62D-2BFF930296E9

Message: His choice now is to risk. Attica

Sender: [redacted]

Time: 03/13/19 11:27:52 AM (574194472)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61622121-1B93-4B1E-A8E3-F6CC98A4FFE4

Message: Will they let his wheelchair up there

Sender: e:jeeitunes@gmail.com

Time: 03/14/19 12:55:38 PM (574286138)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 14C4954F-0AFC-4722-B31D-D1ED412326CF

Message: https://www.npr.org/2019/03/14/703108073/top-mueller-prosecutor-stepping-down-in-latest-clue-russia-inquiry-may-be-ending?ft=nprml&f=1001

Sender: [redacted]

Time: 03/14/19 12:57:28 PM (574286248)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D116949F-47E6-4B5F-9A3C-841A9563182F

Message: Band is breaking up

Sender: e:jeeitunes@gmail.com

Time: 03/15/19 04:48:57 PM (574386537)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63A9F429-9767-4A7D-ACC7-CEDDD0526139

Message: And he's the lead singer

Sender: [redacted]

Time: 03/15/19 04:54:50 PM (574386890)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 836F8964-3B9B-41FD-9D1A-593B2DD890B3

Message: And guitarist

Sender: e:jeeitunes@gmail.com

Time: 03/16/19 09:13:15 AM (574445595)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D47940F-6CCE-4C8C-A65E-5FD9C0BC4FA4

Message: Our girl is going to reach out to

Sender: e:jeeitunes@gmail.com

Time: 03/16/19 09:13:17 AM (574445597)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 670C2226-4CA9-4310-B994-D38A231A35BB

Message: you

Sender: [redacted]

Time: 03/16/19 09:52:26 AM (574447946)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6988EDEA-01DB-4689-B632-41283F0A2DF7

Message: ???

Sender: [redacted]

Time: 03/16/19 03:25:18 PM (574467918)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF79E1C1-896D-40E1-BCD5-615FA1DDA658

Message: Oh 'the next future ex-mrs. bannon'???

Sender: e:jeeitunes@gmail.com

Time: 03/17/19 06:57:56 AM (574523876)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C822BAF-D873-428E-9E68-25FD2DD9CCF0

Message: Bolsonaro a good segue

Sender: [redacted]

Time: 03/17/19 07:59:13 AM (574527553)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B9F0616-62AD-438D-8353-47339CF4D50A

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 03/17/19 07:59:56 AM (574527596)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1EBB3DC3-16D4-4A4B-8113-2DE76B0AF922

Message: Im in ny tonight and tomorrow then off to see micro

Sender: e:jeeitunes@gmail.com

Time: 03/17/19 08:00:01 AM (574527601)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3821030A-560C-4146-8AA8-83CB2F0632C9

Message: Miro

Sender: e:jeeitunes@gmail.com

Time: 03/17/19 01:22:43 PM (574546963)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB607F20-8666-43ED-A1A6-6A92D0980380

Message: Reminder. I fully understand my toxicity for the moment . and I want you to win. !! . so no awkwardness .

Sender: e:jeeitunes@gmail.com

Time: 03/17/19 01:23:18 PM (574546998)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 51A6E960-2738-45D4-B1C1-A6BA8D55C4C8

Message: Almost finished with my cure for cancer □

Sender: [redacted]

Time: 03/17/19 02:01:58 PM (574549318)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D96670F3-6EB8-46C2-BA4F-A45C4378E4B6

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 03/18/19 03:10:38 AM (574596638)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4C4682E6-EEF7-43DE-8697-C312705B9A49

Message: https://www.theguardian.com/world/2019/mar/18/saudi-crown-prince-allegedly-stripped-of-some-authority

Sender: e:jeeitunes@gmail.com

Time: 03/19/19 04:45:35 AM (574688735)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F51C875B-0D69-418D-A4AF-2FC4C37E28BF

Message: in slovakia,  the left woman NGO  no experience  , leading to be president

Sender: e:jeeitunes@gmail.com

Time: 03/19/19 04:45:44 AM (574688744)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29810749-3FAE-489F-87E8-C979E62F9E29

Message: miro amazed

Sender: [redacted]

Time: 03/19/19 05:02:39 AM (574689759)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D01F5AB-6DEC-4600-9F48-D4CDFD59827D

Message: Miro should be in hunt

Sender: e:jeeitunes@gmail.com

Time: 03/19/19 05:03:23 AM (574689803)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 83EF3193-AD40-47D9-8412-DF461067E474

Message: hes not a honey badger

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 09:34:01 AM (574792441)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E1CD709-4DA3-4DED-8CB4-2C0B513EEC2B

Message: Im in Paris if you would like to see reid and me

Sender: [redacted]

Time: 03/20/19 09:34:29 AM (574792469)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F3ADB104-0177-4B3B-B8C7-13CED60C4023

Message: Just got to Rome -- do big speech tomorrow

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 09:34:34 AM (574792474)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 62172EBB-BF02-4268-87F0-73A7B7E94E06

Message: I know

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 09:34:49 AM (574792489)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C51AA97F-880E-4E20-ACA7-442F601EDB62

Message: We re here for next 6 days

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 09:38:44 AM (574792724)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 08FE1036-3704-4B9E-8CB4-8014CC65FDB6

Message: My girl will wait on your call

Sender: [redacted]

Time: 03/20/19 09:40:52 AM (574792852)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D4639AE5-ABF6-4902-BDC9-84F563B6FD1B

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 10:55:58 AM (574797358)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3FDF36EF-F026-41DB-9F7C-86B6843BC465

Message: Would you like to meet me and micro in Vienna fri or sat

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 11:27:20 AM (574799240)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F731412C-E3FC-4298-B98A-7B49DB318B9E

Message: I'm all for it! I just have to see the Prime Minister at 4pm, so I can be in Vienna for early dinner, like 6pm. And I can offer my Ambassador's residence as a nice, quiet venue. But of course, ready to go anyplace.

Sender: e:jeeitunes@gmail.com

Time: 03/20/19 03:55:31 PM (574815331)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B292317-E2A2-48C5-B50E-720FF636AEFE

Message: I wil land Vienna at 5 . Do I need to organize transport. I will travel with three assistant s. □

Sender: [redacted]

Time: 03/20/19 03:56:19 PM (574815379)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 56AA324C-43EE-439C-B55E-E1B82DEC45FC

Message: I've already got a full sked I'm trying to rework

Sender: e:jeeitunes@gmail.com

Time: 03/21/19 12:58:39 PM (574891119)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C16ED234-7923-4537-986C-76C748C7FC0D

Message: Come to Vienna . Europe is waiting for you. Brazil and Latin America brilliant move

Sender: [redacted]

Time: 03/21/19 01:34:34 PM (574893274)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 9856F5FD-3C44-4F16-BE3C-FD4CEE7A3DAA

Message: Can we do it Sunday or is that too late

Sender: e:jeeitunes@gmail.com

Time: 03/21/19 01:36:25 PM (574893385)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA0C4B75-615F-4B42-B1F7-B850B77905D8

Message: Too late. . no worry. , if you like come to Paris and have lunch with Jacques lang. . former minister of culture , macrons new advisor. And great friend. it was Jacques idea to build the pyramid in front of the Louvre and refresh all of Paris in the 90s

Sender: e:jeeitunes@gmail.com

Time: 03/21/19 01:37:20 PM (574893440)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DAFC3623-720D-4462-A603-1BAD5EEDE4EB

Message: His budget was a multiple of the defense budget in charge of education culture and institutions Louvre opera etc

Sender: e:jeeitunes@gmail.com

Time: 03/21/19 01:45:34 PM (574893934)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8377B966-DDBF-40FD-83FC-71793BF2E12D

Message: I asked and you would be invited to his home . No press

Sender: [redacted]

Time: 03/21/19 01:56:09 PM (574894569)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 673C79C8-45C5-4B02-AE83-FADD50DD35FE

Message: Yes he is a legend ::

Sender: [redacted]

Time: 03/21/19 01:56:20 PM (574894580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2318EEFB-F08D-4079-AA6E-DCF6F2195FE3

Message: Let me work the sked

Sender: e:jeeitunes@gmail.com

Time: 03/21/19 01:57:06 PM (574894626)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A3924C1B-1655-4AF1-B3FE-DB217F55DDF7

Message: Cool . He super smart , passionate but less like Chomsky he knows his facts

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 04:38:01 AM (574947481)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9AA0B66F-47AD-45F2-874D-EE94E9BC7D6B

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 05:19:13 AM (574949953)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C2DA2A1-84FE-4678-9BB9-AF05F63E8404

Message: Wearing the emblem of the movement

Sender: [redacted]

Time: 03/22/19 06:33:51 AM (574954431)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B60D5918-1DB8-4AD0-970B-94875630EE70

Message: LMAO

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 10:02:52 AM (574966972)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6C762983-C0F3-43FE-B2D0-B037BB5E2493

Message: Do you think you might make Paris

Sender: [redacted]

Time: 03/22/19 11:55:10 AM (574973710)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 639914CB-214E-4E4B-A675-4DEB4AC65E23

Message: Can't

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 11:59:22 AM (574973962)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A7C30A3B-0145-461D-BBD6-3EC5C08F8E85

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 03:29:45 PM (574986585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A334858-BDC7-4CB3-A826-B91B46649D41

Message: Mueller report in ,  It begnis

Sender: e:jeeitunes@gmail.com

Time: 03/22/19 03:29:48 PM (574986588)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88E13E2D-AA77-40B8-BF78-E642A6551E26

Message: begins

Sender: e:jeeitunes@gmail.com

Time: 03/24/19 04:03:18 PM (575161398)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B5245767-3A04-4F18-B396-D1340C9D0BC1

Message: the only relevant sentence ,  is referred to other offices

Sender: e:jeeitunes@gmail.com

Time: 03/25/19 10:48:31 AM (575228911)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 99CF99D0-9FB6-4A17-AF49-E6C9D9F5B504

Message: https://www.nytimes.com/2019/03/25/sports/michael-avenatti-nike-extortion.html?smid=nytcore-ios-share

Sender: e:jeeitunes@gmail.com

Time: 03/25/19 10:48:34 AM (575228914)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 52E9AF82-0B06-4285-904C-7C5E4C3C3524

Message: □

Sender: [redacted]

Time: 03/25/19 10:01:07 PM (575269267)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 375742B7-F5CA-4AF5-92B0-3ED2AB673837

Message: Where r u??

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:03:36 AM (575283816)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFAC6789-B550-45AE-943A-D2B72E3013A0

Message: Paris

Sender: [redacted]

Time: 03/26/19 02:04:07 AM (575283847)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A4BACA94-D6A1-4861-9083-B83A3084D8EF

Message: How long ???

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:04:52 AM (575283892)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A7912F6-02A3-4CED-B906-6958A6E9F674

Message: Flexible

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:05:36 AM (575283936)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 378629AF-A8D0-4A44-9975-A6D4AEBE0E5B

Message: Soo many interesting people here

Sender: [redacted]

Time: 03/26/19 02:06:25 AM (575283985)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B3BD7A5-E86E-4F48-9729-A041735B1136

Message: Gillet jeunes have not burned you out yet?

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:06:44 AM (575284004)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A6BDA57-1C0F-4B0A-B30D-8ADC0D487D44

Message: They are my peeps

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:06:58 AM (575284018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A66484C-4FE6-4C99-AB42-A02896B6C5DC

Message: Coney Island redux

Sender: [redacted]

Time: 03/26/19 02:07:51 AM (575284071)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 50473D27-2DB1-456C-951E-DB17586397F3

Message: You need to suit up

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:08:19 AM (575284099)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8ADCA9EE-931B-403D-9710-77DAEC083746

Message: Im trying to wear yellow sweat pants

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:08:53 AM (575284133)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D2974D7-AA83-421B-8333-B1CD7B439187

Message: Your girl flying over

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:09:23 AM (575284163)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55202DEF-4950-4B6A-82AC-87B7FCBADAE0

Message: Are u around

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:09:27 AM (575284167)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C892CE1-3F93-46DC-BFFA-845068EBC96A

Message: ?

Sender: [redacted]

Time: 03/26/19 02:12:07 AM (575284327)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 70225A05-619F-4DAA-9913-E1D8A8497A26

Message: In Rome :: when does she arrive ???

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:20:44 AM (575284844)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BCF3F84A-5C42-4B7C-8054-9FA58733BF9E

Message: Thursday

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 02:22:19 AM (575284939)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FEADF0FA-944F-4E7E-A129-E418776D0899

Message: I will probably go to monaco tomorrow. I can send the plane to pick you up

Sender: [redacted]

Time: 03/26/19 02:29:31 AM (575285371)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FD760642-60C0-4A6F-B410-C6BAC3659319

Message: R u back in Paris then to meet with her ???

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 03:05:04 AM (575287504)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D3B9D52-949A-43B1-B0CF-799DFFBCB32F

Message: Yup

Sender: [redacted]

Time: 03/26/19 03:07:51 AM (575287671)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F6121412-3988-413A-815D-9AAE17153E7A

Message: K-- how long is she in Paris for???

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 03:11:32 AM (575287892)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 86FF2CCB-4264-43C7-87DE-D2B34C9D387B

Message: Sounds like a grand jury

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 03:11:37 AM (575287897)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 40F1ACF0-EA5A-433C-9840-B5578464B5B1

Message: :)

Sender: e:jeeitunes@gmail.com

Time: 03/26/19 09:29:55 AM (575310595)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F303F50A-13EB-46EA-A8A1-F06AA7B54D30

Message: Thoughts?

Sender: [redacted]

Time: 03/26/19 11:43:07 PM (575361787)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 72767212-BC03-48C1-BC8B-F3B057DC17EE

Message: She is in Paris from when to when???

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 01:06:40 AM (575366800)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C1ADAD48-ADB6-44A4-9A4C-5C469790B5FA

Message: Now Geneva tomorrow,

Sender: [redacted]

Time: 03/27/19 01:07:00 AM (575366820)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7355A056-F66E-42B5-BBAF-F598AD0ABCE8

Message: She is not going to Paris ???

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 01:35:42 AM (575368542)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CC416917-BD0E-4342-811C-40F13DF004EB

Message: Didn't hear from you so / changed - now maybe Sunday

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 02:03:03 AM (575370183)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6492A1FB-3ED7-41EA-9C8E-D0BF3F36D1CA

Message: Btw- Miro is the best informed on Europe

Sender: [redacted]

Time: 03/27/19 02:05:24 AM (575370324)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 34F0DB1A-2C45-4D77-BA88-366D7D1C0C06

Message: You are going to Geneva not her-- she comes to Paris maybe Sunday correct

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 02:05:53 AM (575370353)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EA4FE113-5EE2-4A4E-ACAC-61DC096C129C

Message: She is going to Geneva

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 02:06:14 AM (575370374)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55F32E72-727A-47C1-AC5A-86A1C6BB2706

Message: Im staying Paris where she will come

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 02:11:06 AM (575370666)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4A7CFD9B-4023-4751-A83A-CEFD4C054514

Message: Dude - [redacted] I don't like texting

Sender: [redacted]

Time: 03/27/19 02:15:31 AM (575370931)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C4DFF7A9-D0BE-4174-B648-E90502484E47

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 02:17:07 AM (575371027)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BD1AA440-CBF5-4BB1-98BB-2F62FA68D81C

Message: Or my cell

Sender: [redacted]

Time: 03/27/19 03:51:08 AM (575376668)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9A2A7D3D-DD3F-4329-8C7D-EB17F8E12D26

Message: K

Sender: e:jeeitunes@gmail.com

Time: 03/27/19 04:04:09 PM (575420649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3C9B98F2-32A8-44B3-807B-C063040A6832

Message: How long will you stay in Europe?

Sender: [redacted]

Time: 03/27/19 04:04:29 PM (575420669)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12568CD0-6D75-44BA-8848-717B396483A5

Message: Doing Anderson Cooper now -- will reach out after

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:40:05 AM (575458805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 28EF16E0-080B-49F5-820C-2C220F69A90C

Message: ?

Sender: [redacted]

Time: 03/28/19 02:40:58 AM (575458858)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8743CD69-8653-4759-9320-0BAFD5A210AF

Message: I did CNN. Live last night from Vatican City -- 30 minutes on Anderson Cooper

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:41:14 AM (575458874)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D87BEAA7-460A-4432-AF06-2C7ADA0ED6E3

Message: Great

Sender: [redacted]

Time: 03/28/19 02:41:46 AM (575458906)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: DF2692AA-A43E-4ACA-9A56-BA630B505772

Message: https://www.dailymail.co.uk/news/article-6858701/Steve-Bannon-says-NO-Democrat-capable-beating-Trump-2020.html

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:42:26 AM (575458946)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5BB5B0E4-8593-4D9B-AF7D-F907B848729A

Message: SDNY.  Is  the punch. , the mueller report the head fake

Sender: [redacted]

Time: 03/28/19 02:52:56 AM (575459576)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 035B67D0-8921-4892-85ED-B7B2C32B051A

Message: I think folks may actually see that as 'witch hunt' now since this so clean

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:53:44 AM (575459624)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C07CF376-3ECC-4FBC-B0BD-AC654359BC0E

Message: Understood ,-  I thought you . Were great on Anderson

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:54:01 AM (575459641)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A7D0B74B-14B3-4E8D-8388-9E31778EDD41

Message: He was de balled. And done well

Sender: [redacted]

Time: 03/28/19 02:54:24 AM (575459664)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DE08EADB-7336-40BF-AE1D-684B845428F0

Message: It was tough on top of that roof in the dark and cold -- but felt good

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:55:10 AM (575459710)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 618F9644-ADE1-45B0-996B-D23247BBBEC8

Message: The  wizards hands were lower than the Chiron. But the spell seemed to work.

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:55:39 AM (575459739)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3089329C-D2B2-4D82-A96F-DB6FF9BC147D

Message: Anderson was respectful. ,

Sender: [redacted]

Time: 03/28/19 02:56:00 AM (575459760)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99265312-D3E4-4D78-8F84-219811CE6793

Message: You saw that I was trying to work them-- and it's why they gave it a tight shot

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:56:21 AM (575459781)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C67C77A-1096-40EC-9648-D68C1B527B68

Message: Turning him to your china side could be easier than one thinks

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:56:38 AM (575459798)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CB6242F7-EA12-4FBC-B807-E6D0531E41B6

Message: They need an enemy ,  china fits the bill

Sender: [redacted]

Time: 03/28/19 02:56:57 AM (575459817)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 17736568-7F4D-474B-914D-911D62AD08BE

Message: Yes they can to me about china after seeing the Rome speeches

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 02:58:21 AM (575459901)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 46F6B8AA-C21B-4FCF-AF47-DD1324238A31

Message: They  need the new eyeballs.  Big targets. ,  Russia not useful,  trump dead for a while.  Health care over .  China perfect piñata

Sender: [redacted]

Time: 03/28/19 02:59:41 AM (575459981)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3AB5A2AE-4E07-47A7-B010-987A7EE98A19

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:04:07 AM (575460247)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8B3EE425-7080-4AD0-B05E-0758D9B49A05

Message: Indias little reported satellite killer . Changes cyber game.  - one belt one road, needs  secure communication .  Fun

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:05:51 AM (575460351)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A4BB4ED6-756C-4AA7-9DC8-06CBFB23BD8F

Message: I think you might want to start a new group, of hackers. Currently there are the white hats and the black hats. I like the idea of your creating the red white and blue hats

Sender: [redacted]

Time: 03/28/19 03:09:28 AM (575460568)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8013479E-6AB2-4F7D-93C5-0191C053E6E3

Message: Genius

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:09:35 AM (575460575)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56C66072-0A4F-452A-AA0A-C35FB76A5973

Message: If you really think china a threat, turn the American teen hackers loose.

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:09:56 AM (575460596)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F7AA9A86-B0EC-4B8C-BF7B-6FC908DD448F

Message: Explain that this country is fucking with your future.

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:10:01 AM (575460601)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 46300733-8F41-40CE-A270-ADBA51001143

Message: Ie china

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:10:48 AM (575460648)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5242A071-42F6-4645-A3C2-14524360CCDA

Message: In a few years they would have trouble making pair of sneakers with the right amount of holes for laces

Sender: [redacted]

Time: 03/28/19 03:11:20 AM (575460680)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2450AAD-B607-48D5-9551-F5E6F91F694B

Message: LMAO

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:11:31 AM (575460691)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9B171705-ABAF-4756-9FE2-2FE71FDC605B

Message: Unrestriced warfare.  American style

Sender:[redacted]

Time: 03/28/19 03:11:53 AM (575460713)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 608BE12D-A216-4AE9-828A-DCA8899DB2BE

Message: Yes--- unrestrict this

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:14:33 AM (575460873)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1D8AB53-75D2-4B49-A973-EE744A2C7BB4

Message: LOL !!

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:15:09 AM (575460909)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 37E3A616-379D-4455-BFB5-74AFEF68D6B2

Message: Arab league meeting in Tunis on weekend. Then group coming to download to me on tues. ,  I will then fly to states.  You are welcome for all as always

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:15:17 AM (575460917)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C3DBF28A-B6EA-4BBE-A584-AB3636C3C8AD

Message: No press here

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:16:01 AM (575460961)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48ED0598-890D-4F43-9DA0-8731E4CB2460

Message: Girl going to see George on sat in germany

Sender: [redacted]

Time: 03/28/19 03:17:36 AM (575461056)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CD290D88-F975-4E09-A3B3-BA974C8B3231

Message: She is in Paris when???

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 03:18:46 AM (575461126)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1EED539A-37F3-42AE-8206-8441996FE326

Message: Sun

Sender: [redacted]

Time: 03/28/19 04:08:48 AM (575464128)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 94BB10D4-AFB7-47F1-9565-70F8D6174681

Message: If I get to Paris Saturday can u and I spend some time together?

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:13:30 AM (575464410)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9C34B69D-A465-4D96-BFC6-CCF439D57114

Message: Yes , great

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:14:14 AM (575464454)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0983913C-B893-4A63-A7F6-74BDC4C97F9B

Message: And if you and your boys need a place.  You are welcome to stay

Sender: [redacted]

Time: 03/28/19 04:26:35 AM (575465195)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 04A7D9AC-8AB3-4040-A3EE-6F7DFDE93D15

Message: Cool let me work this

Sender: [redacted]

Time: 03/28/19 04:26:43 AM (575465203)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F3CB80C2-38AE-486B-AA70-D5F847D31D48

Message: She is in on Sunday

Sender: [redacted]

Time: 03/28/19 04:27:02 AM (575465222)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 404D477F-0868-42F1-8FBE-B721769F1AAA

Message: You fly to states on Tuesday

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:29:05 AM (575465345)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0142B7CA-6B06-44E3-9954-BA70DE3E58CF

Message: Have not spoken to her yet today.  Yes tues night or wed morning if you prefer

Sender: [redacted]

Time: 03/28/19 04:29:50 AM (575465390)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1C2CCE26-2B24-43C6-8A5A-29EA22A4623A

Message: Tuesday

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:30:40 AM (575465440)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FE1FA45D-D2B1-4DEC-9B38-0CD334B321F4

Message: Should be ok,  around 4 30 pm

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:31:12 AM (575465472)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C067056F-E30F-470F-9EAA-01C740345590

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:32:10 AM (575465530)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 26F1649E-5C92-4233-BBEE-8DDB2464F752

Message: How many people with you

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:33:32 AM (575465612)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 607C96D8-8E7B-4529-8C1B-231EBC0C3BEA

Message: Tuesday terje Larson coming for lunch. And you are welcome we leave after

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 04:33:49 AM (575465629)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 02FC0527-05DD-480B-BB9C-32263F3FFAFC

Message: We  not terje

Sender: [redacted]

Time: 03/28/19 04:59:58 AM (575467198)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4CBF8742-D0E0-4709-AC34-A412139E7FBD

Message: 2 to fly back

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 05:00:21 AM (575467221)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7503E069-92F7-42FD-A5EE-2BED9D543156

Message: So 2 plus you  send passports

Sender: [redacted]

Time: 03/28/19 05:07:36 AM (575467656)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5360093F-F4F0-4116-ADA4-893438EFFFBC

Message: No just dan

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 05:08:25 AM (575467705)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F0D9EFB-0CE5-4A1C-BD7F-DD394D8F33EF

Message: Send his passport and yours

Sender: [redacted]

Time: 03/28/19 05:08:39 AM (575467719)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 91A413B9-EF7C-409A-95E2-780D0EC4A9AF

Message: K

Sender: [redacted]

Time: 03/28/19 06:23:13 AM (575472193)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 62816EF7-A61A-43C9-9F26-2816FFB5EA5E

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 07:31:45 AM (575476305)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F2C9AF7A-3288-46E9-B623-93D9FAD27252

Message: Steven potter

Sender: [redacted]

Time: 03/28/19 07:32:00 AM (575476320)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B91679A7-D1E5-4B84-B865-7814B6CAEEE1

Message: LOL

Sender: [redacted]

Time: 03/28/19 07:32:07 AM (575476327)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AC31DA8C-3A83-43DE-A23E-E0F66B6BCBDD

Message: Vordemort

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 07:35:50 AM (575476550)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 72C65D60-52DA-4888-9A22-AAF53DA0E43E

Message: Would be great to give you wand ! Kathy just called- she got sick canceled entire trip. I will stay till Tuesday Paris but might have to travel Middle East. Will know later . I now have even more free time in Europe.

Sender: [redacted]

Time: 03/28/19 07:36:26 AM (575476586)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 766C6E98-B60C-4BF8-8193-F201DE2EA756

Message: K

Sender: [redacted]

Time: 03/28/19 07:36:33 AM (575476593)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 37058D25-66BA-48F9-B73A-3A24EBF06979

Message: She is in NYC ??

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 07:37:11 AM (575476631)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2CA0DBCA-875A-4777-833A-F060CD44D552

Message: Your "boy George " won't be happy

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 07:37:27 AM (575476647)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0CDAEE3E-0B2F-4F95-8C7E-3E0B81B9F209

Message: Yes today

Sender: [redacted]

Time: 03/28/19 07:37:34 AM (575476654)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1CCF0287-70DB-4C23-87C2-831607C9E986

Message: Yeah: he was hoping to run into her

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 08:03:59 AM (575478239)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA92A60B-730E-4C48-BFC5-D6AAE73AB636

Message: I can organize Jacques lang at my house if you have an interest in an icon.

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 10:05:39 AM (575485539)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49FBB721-F973-4BFE-B7AB-FAE7AFDE2F92

Message: Do you think you are coming to Paris?

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 01:53:07 PM (575499187)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A8A1D397-8A7F-4C56-BD53-C00F7B68BECC

Message: https://www.washingtonpost.com/classic-apps/how-donald-trump-used-unusual-financial-documents-to-exaggerate-his-wealth-and-hide-some-of-his-debts/2019/03/28/dc9fdb6e-49aa-11e9-9663-00ac73f49662_story.html?utm_term=.8f35beb8c3a8

Sender: e:jeeitunes@gmail.com

Time: 03/28/19 05:00:38 PM (575510438)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 962F8E30-BF79-49FD-9E47-2DA65ED942FC

Message: U coming to Paris Saturday?

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 01:11:32 AM (575539892)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 261F58FA-151D-4056-A513-7957AE19F324

Message: ?

Sender: [redacted]

Time: 03/29/19 01:57:08 AM (575542628)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 038B2E85-F2E1-4001-8370-927009A5D59B

Message: Is it possible to get your plane here to collect me

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 01:57:48 AM (575542668)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31DA764B-3AFE-468D-BD2A-83C055E2E42A

Message: Where are you

Sender: [redacted]

Time: 03/29/19 01:58:23 AM (575542703)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 87C174BE-AD0B-416A-B68F-CFFEF3E42516

Message: Rome

Sender: [redacted]

Time: 03/29/19 01:58:36 AM (575542716)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 95798BE5-9F00-4A3F-8D18-038DF5598B04

Message: Waived off Spain

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 01:58:57 AM (575542737)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49E3C859-1764-4435-9294-04217383CF08

Message: When?

Sender: [redacted]

Time: 03/29/19 01:59:44 AM (575542784)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 06909113-47DF-424B-8EDB-2EA187AFF25E

Message: Anytime tomorow after 1 pm -- I'm in meetings with The League here until then

Sender: [redacted]

Time: 03/29/19 01:59:49 AM (575542789)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 08095104-36B8-49BB-994E-E3522B6926E6

Message: Until noon

Sender: [redacted]

Time: 03/29/19 02:00:03 AM (575542803)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A47F7775-D08C-4ECB-B5B7-473DD5E64C06

Message: Can launch any time after noon

Sender: [redacted]

Time: 03/29/19 02:00:22 AM (575542822)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 87BB1ACF-B675-47A9-AEED-6B00AC9761A3

Message: Btw doing CNBC from here @ 630 am EST

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 02:00:37 AM (575542837)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ECFF34BE-AF31-4DC6-BFFE-5416F0DCA93D

Message: How many people

Sender: [redacted]

Time: 03/29/19 02:00:38 AM (575542838)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 11ADAA70-D47E-451C-BF0D-4D15C09E78BC

Message: Squawk Box

Sender: [redacted]

Time: 03/29/19 02:00:43 AM (575542843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F83968D5-8DF6-49F7-8932-93C06BE2E89E

Message: 2

Sender: [redacted]

Time: 03/29/19 02:01:08 AM (575542868)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACB76CE4-750E-4D85-9320-2D5734718BA0

Message: Excuse me 3

Sender: [redacted]

Time: 03/29/19 02:01:26 AM (575542886)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3B7B2484-9BBB-4314-A9A8-AC2D8D377246

Message: My security guy will leave me after Paris

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 02:03:13 AM (575542993)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0613639C-01EB-4893-8C24-64ACB490E010

Message: Will get back to you by noon , today

Sender: [redacted]

Time: 03/29/19 02:03:37 AM (575543017)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0816AD17-45F4-479D-A822-03247C994FBE

Message: Cool-- my CNBC hit is @ 1130

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 03:29:44 AM (575548184)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BEFF1C87-406C-49BD-A53C-4B6F26C05E01

Message: What time wheels up ?

Sender: [redacted]

Time: 03/29/19 03:56:54 AM (575549814)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 82821E45-45A2-4206-BF3A-0E934D348D88

Message: 1 pm

Sender: [redacted]

Time: 03/29/19 03:57:23 AM (575549843)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 38CB4A46-2D65-4FFB-B721-E8404F465F0F

Message: I'm done @ noon

Sender: [redacted]

Time: 03/29/19 04:05:31 AM (575550331)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 45DFF9CB-03F9-405A-94D8-C52F89272B66

Message: Did u see CNBC

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 04:43:57 AM (575552637)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7906B91F-2441-4C76-8DE9-AF2086F962DE

Message: Yes. Saw.  I still like the wand idea. , for Valmort  .  I thought of buying you a black wizard hat.  With stars. ,  would be great.  The pilots are hustling to finish a data base. Upgrade. ,  still in the plane

Sender: [redacted]

Time: 03/29/19 04:44:20 AM (575552660)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CAC44AD5-3494-43B4-BD38-3666B9755D59

Message: LOL!!!

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 05:00:55 AM (575553655)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 405AC0E6-3089-49E5-919F-DACF7266A0FA

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 03/29/19 05:17:05 AM (575554625)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FCFC6006-3E80-41AB-AB00-29820389D157

Message: LMAO

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 06:35:51 AM (575559351)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6B7EAAC6-16E2-430A-8E00-0D44B851D364

Message: You should orgzine commercial backup ,  as pilots are still loading data

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 06:36:37 AM (575559397)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 024C3C98-C431-4157-ABF8-95E383FBC941

Message: Should know more later.  .  they are doing their best

Sender: [redacted]

Time: 03/29/19 07:08:11 AM (575561291)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DB401AE3-625D-43CB-98D8-382BDB15AD63

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:03:16 AM (575564596)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7EF2A4DA-7718-440B-A4B5-BB1815A11F67

Message: Sorry ,  plane not ready until tues ,

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:07:05 AM (575564825)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 56452B9E-D35F-4179-993C-BEE2993CD8EE

Message: If you find a charter. I am happy to pay

Sender: [redacted]

Time: 03/29/19 08:08:46 AM (575564926)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9149E1D0-9EB6-4643-8E7C-7C3FD4D6E55B

Message: No problem-- standby

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:09:13 AM (575564953)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DB959E0-6790-4003-ABB8-BEE779ACA520

Message: My guys can pick you up.  ,  come for dinner

Sender: [redacted]

Time: 03/29/19 08:09:23 AM (575564963)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BAC18641-2C97-478C-995D-AAE5910A0AE1

Message: Hang on

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:09:27 AM (575564967)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F58DC84-3BBC-4541-9E90-DD536A1A5A00

Message: no worry

Sender: [redacted]

Time: 03/29/19 08:09:29 AM (575564969)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99944ADF-64A9-4FD1-82AA-13A2ECDDADC0

Message: Let me check

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:09:52 AM (575564992)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B2767EA-5D12-43BC-8D6B-FA040E7B7FD1

Message: Im in the elysee .  On line again in 45 mon

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 08:09:54 AM (575564994)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4030501C-28BA-43FD-B1B5-929A102AA908

Message: min

Sender: [redacted]

Time: 03/29/19 08:10:11 AM (575565011)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0B40C944-630B-4761-817D-88C672D91EAE

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 09:34:15 AM (575570055)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B28005DC-8BAB-48DD-B611-0DA0705CABE9

Message: Now at the pyramid. With the entire govt.  what are your plans

Sender: [redacted]

Time: 03/29/19 09:39:12 AM (575570352)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8D98D2E1-FFED-4100-9582-313B98DB577D

Message: Macron govt??

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 09:51:25 AM (575571085)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A41414D3-5C7A-4BF0-83B5-1CC78EDD5D63

Message: Yup

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 01:18:09 PM (575583489)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E59656F2-81B0-44AB-8352-F47A408FF930

Message: The ministers of the elite.  .

Sender: [redacted]

Time: 03/29/19 01:25:41 PM (575583941)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2BFBF69-AA40-49E2-93F3-3F4DB7330EB2

Message: Amazing photo

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 01:26:22 PM (575583982)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 67B46921-EC11-46E3-B68C-BC849A7F22A7

Message: just us two entire place.  French power

Sender: [redacted]

Time: 03/29/19 01:26:49 PM (575584009)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3F41F0D8-BF25-46E3-8BD4-9A3F20541293

Message: Powermove

Sender: e:jeeitunes@gmail.com

Time: 03/29/19 03:39:11 PM (575591951)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 25A919C1-FF4A-453F-BF3A-236D75D74A2E

Message: Dinner tomorrow?

Sender: [redacted]

Time: 03/29/19 11:51:26 PM (575621486)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6EC3C1F6-08BB-4E4A-B4AA-0A2216278C58

Message: Meetings with the Germans here running over --- will revert shortly

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 02:45:23 AM (575631923)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 38B095A9-97C4-4B8F-8E40-78369444C617

Message: Israel election April 9 brexit 12 arab league today - im free after 7pm

Sender: [redacted]

Time: 03/30/19 04:28:35 AM (575638115)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: B29EA5F1-374B-43EA-865C-33E1C1F6A817

Message: Arab league today doing what???

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:31:53 AM (575638313)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F2633F4A-81B6-4FDD-9187-935FB683574F

Message: Its the big meeting in Tunis.  Discussion china Russia .  Israel

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:32:36 AM (575638356)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A02828D-D59B-4527-BE16-413AB96E4563

Message: Your deplorables need an enemy  china china china

Sender: [redacted]

Time: 03/30/19 04:33:47 AM (575638427)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 905861CA-E318-433F-91CC-8F8AE9632A7F

Message: Yes yes yes

Sender: [redacted]

Time: 03/30/19 04:34:16 AM (575638456)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C247B731-8B6A-4697-8A01-05E05D233302

Message: I'm the evangelicalist on this one

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:35:13 AM (575638513)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7187ABDE-F7BA-4E92-AF6C-9B3B0F1FF0D7

Message: saudi very tricky,  Russia a potential friend. . Mongolian here yesterday, caught between china and Russia , great insight.  Trillion dollars of resources in the ground. .  two big neighbors.

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:35:49 AM (575638549)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A66227B7-FF24-44AC-9870-617E1144BD8B

Message: You would like the president.  batuga.  He is willing to see you

Sender: [redacted]

Time: 03/30/19 04:36:13 AM (575638573)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 82F2B724-BE45-4CD6-9CEF-33C445F20141

Message: Love the Mongolian guys-- the ambassador came to breitbart embassy-- they and kazichstan key

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:36:52 AM (575638612)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5ADE77CF-7B6D-4BB5-A8DF-E5575F03159F

Message: Kazak more difficult.  Super corrupt,  Mongolian in desperate need of help.

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:38:49 AM (575638729)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4DC5621B-B6F7-479A-A024-4216C5C5452D

Message: 3 million people. , 12 million horses

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:44:13 AM (575639053)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3F282EA5-5E26-4DC8-ACC9-12C0C3E80081

Message: https://www.nytimes.com/2019/03/19/opinion/jordan-middle-east.html

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 04:44:16 AM (575639056)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4B37AD95-A440-4B91-B8AB-9D5651A2065D

Message: Good summary

Sender: [redacted]

Time: 03/30/19 05:00:20 AM (575640020)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4AD50337-7F39-4ADF-B3BE-D677516B49B2

Message: Agree 100%

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 05:00:45 AM (575640045)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 62223213-0618-4EB9-8B33-673E4260069C

Message: A Chinese Yangtze River Airlines plane arrived Friday in Caracas to deliver medicine and medical supplies to Maduro's government.

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 05:01:34 AM (575640094)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 18796E52-C7E9-45DB-8BBB-D78CDAD0DBEC

Message: Oil oil oil

Sender: [redacted]

Time: 03/30/19 05:06:16 AM (575640376)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CCB55534-ADC7-4714-8352-ACD47C2EDF3E

Message: China 'lebensraum': Australia; Venezuela; Brazil

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 06:40:36 AM (575646036)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AB84E646-4A15-4930-9B9C-06F5E5B546FE

Message: is Paris in your future. ?  tomorrow?

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 06:41:36 AM (575646096)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 39BD0CC7-7BCC-44D7-9493-0568B1CFF25E

Message: I was told today that they now refer to themselves as the sovereign district of New York

Sender: [redacted]

Time: 03/30/19 06:41:39 AM (575646099)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A65E96A1-FFD7-4C7A-B543-EDBF4BAF8A69

Message: Tomorrow:: working it out now ; will revert with details

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 06:41:44 AM (575646104)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B9064D3-0D38-4574-BB08-AC2174BA24EB

Message: cool

Sender: [redacted]

Time: 03/30/19 08:44:38 AM (575653478)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D763775E-71D2-4091-817A-3CA21AC08CA0

Message: R u headed back to NYC , palm beach or Middle East on Tuesday ??

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 09:03:15 AM (575654595)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C557DFAA-D7A0-44A0-B189-01CC7C14C017

Message: They also are against the rich

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 09:11:58 AM (575655118)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4BC6793A-3A66-4244-8B66-69DE76479621

Message: Being pulled in many directions all super interesting. Not sure yet. Sorry will let you know as soon as firm . You and your people are welcome to stay with me in Paris if it helps. Three finance ministers today. All confused. - not jewish

Sender: [redacted]

Time: 03/30/19 09:25:10 AM (575655910)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7E42DEFA-7DCD-45D4-BBE0-09399A8B12C8

Message: LMAO

Sender:[redacted]

Time: 03/30/19 09:25:45 AM (575655945)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B4E61F38-2DE7-422B-9240-2593E3662559

Message: When are you back to states or is that open ended

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 09:36:56 AM (575656616)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 618AB64E-728A-45C9-9F73-4CD4E399BDDF

Message: Im happy to pay a charter to Paris for you. My Schedule in flux until tomorrow night .

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 09:38:22 AM (575656702)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5B2181DD-470C-4F3E-8D42-51BC510FDEE3

Message: Only certain is my science conference in New York Friday

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 09:38:44 AM (575656724)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EF4B0FD1-EF8A-42F7-BE44-A2670BC10908

Message: Im hoping to go back Tuesday

Sender: [redacted]

Time: 03/30/19 09:40:43 AM (575656843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4988D110-F157-41D7-BDCE-6D354C6B6CC8

Message: What science conference???

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 11:32:43 AM (575663563)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BC1EF316-E264-4908-B2A7-013C00DD5F65

Message: Smartest plants , string theory , quantum computing, life regeneration. - my " movement "

Sender: [redacted]

Time: 03/30/19 11:33:13 AM (575663593)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6C11B90C-079D-4FD8-AE8E-3022FACAA8CE

Message: The Singularity

Sender: [redacted]

Time: 03/30/19 11:37:20 AM (575663840)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: D5BA88EF-4419-4800-AC31-F90320413827

Message: https://www.google.com/amp/s/www.nytimes.com/2019/03/29/sunday-review/biosphere-2-climate-change.amp.html

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 12:14:54 PM (575666094)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E0C01C6E-4B33-4A5D-9EB4-5B6EA9CD0B48

Message: Great! I live in my biosphere

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 12:15:10 PM (575666110)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 36726E36-F161-4BE9-ACF6-8EF488302ABB

Message: Are you coming tomorrow?

Sender: [redacted]

Time: 03/30/19 12:32:40 PM (575667160)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 01E8B5AE-0765-4FA6-9206-784B8AA8697E

Message: LOL-- yes who should my guy talk with ?

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 12:47:31 PM (575668051)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D9A6314-DEB1-4E04-B099-A6419B73A223

Message: Do you want my driver to pick you up at airport ?

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 12:47:36 PM (575668056)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6F547FF9-D08A-48CE-9DD3-EA9321E2F559

Message: Or...

Sender: e:jeeitunes@gmail.com

Time: 03/30/19 01:01:42 PM (575668902)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6F3C3E46-6D8D-415F-AC9F-D27E38360294

Message: Your guy can coordinate with. A.S. on [redacted]

Sender: [redacted]

Time: 03/30/19 01:08:45 PM (575669325)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B8E32BB6-16A8-4ED0-A04E-0130C1BE4E3A

Message: K

Sender: [redacted]

Time: 03/30/19 01:19:42 PM (575669982)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 315B301B-DABD-4CF1-86D7-80B5D850F622

Message: Will have my guy dan call now

Sender: [redacted]

Time: 03/30/19 09:38:28 PM (575699908)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C564E45F-EC23-4945-BC42-37896F1CE443

Message: Miro would be president today if he had listened to me

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 12:58:37 AM (575711917)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 317AD67C-6199-4902-A5B9-A0D45481B25F

Message: agreed. Soros candidate . Only NGO experience. No real competition .

Sender: [redacted]

Time: 03/31/19 01:07:55 AM (575712475)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1B931D6A-B64B-4BE1-A835-4AEFC4BAA949

Message: Exactly-- need to turn miro into a nationalist sovereignty leader

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 01:08:43 AM (575712523)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 870D8921-1C87-43E9-97D5-638282BCED5C

Message: he has the look

Sender: [redacted]

Time: 03/31/19 01:41:14 AM (575714474)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73CD2208-C8BA-4DBB-B278-B70FE9CAC02E

Message: Exactly-- it's a joke this woman won

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 01:45:09 AM (575714709)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0D78026F-2E44-46B6-B9AB-1B5AD5093E61

Message: Times up !  Still in infancy

Sender: [redacted]

Time: 03/31/19 02:04:13 AM (575715853)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8B0AAC30-4A20-43BB-8613-9B7EA9C0C25B

Message: Yes yes yes -- and here to stay-- the end of the patriarchy

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:28:47 AM (575731727)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1543BB93-8C25-47AD-BBC1-C2DEB33CECB0

Message: Ahhh.  Just told me you are not coming till tomorrow.  sjame

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:28:49 AM (575731729)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FA2ACD97-D48B-47E7-953D-D95390346EA8

Message: shame

Sender: [redacted]

Time: 03/31/19 06:36:33 AM (575732193)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: DCA927D7-BF94-43BD-B89C-E528A2AFEED2

Message: I'm coming tonight @ 7

Sender: [redacted]

Time: 03/31/19 06:37:29 AM (575732249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B16B1CB6-9CA8-4320-80FB-4D1837711C98

Message: Meetings here now end @ 630 ; wheels up roughly 7 to 730

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:39:48 AM (575732388)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6C59005-973F-4C3B-9A82-8AB40CA78F68

Message: So do you want to come tonite/?  Up to you as always .  I m on ny time so no worry

Sender: [redacted]

Time: 03/31/19 06:40:49 AM (575732449)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2283D351-67BE-4CE3-BA82-CBD7C7FA4826

Message: Unless dan changed something we launch for Paris @ around 7--- is it a 90 minute to 2 hour flight?

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:41:10 AM (575732470)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F9A17DC8-D910-4747-9210-656727FDFCFF

Message: 90

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:41:58 AM (575732518)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3DED5E0C-FB0F-4A82-80DC-080FB010476A

Message: Im easy ,  the meeting is now biled as the child rapist meets the nitwits intellectual.  .  not sue which is funnier

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:42:07 AM (575732527)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 64963C29-508A-49A6-8C2B-51EFEFCD2732

Message: Sure

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:43:34 AM (575732614)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 113B7546-4259-4705-A0B6-F030A5CEF73E

Message: Ok.  Just let me know when you land  and your preference.  .

Sender: [redacted]

Time: 03/31/19 06:52:43 AM (575733163)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6CDF9543-C36E-4D0B-A828-CE9DE533933E

Message: Is that your science conference or tonight

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 06:53:22 AM (575733202)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1B03402D-F8EE-4E03-856F-40417FF370AA

Message: lol

Sender: [redacted]

Time: 03/31/19 10:19:35 AM (575745575)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: BDF61521-9058-443D-8C52-C93C4DB7417E

Message: I'm staying with you tonight??-- u have room ?

Sender: [redacted]

Time: 03/31/19 10:46:21 AM (575747181)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB35171E-C3D8-41B8-8F84-5B00E8EAF1C9

Message: I've got a hotel so no big deal

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 10:52:39 AM (575747559)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E3F6A920-ED35-4C83-A3C6-1C956D9A7148

Message: Yes stay . Just you?

Sender: [redacted]

Time: 03/31/19 10:53:11 AM (575747591)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B344A6B0-8F52-4E5B-8E2A-D43089C08774

Message: The lads can stay @ a hotel

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 10:53:18 AM (575747598)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77C3B1D2-9460-48D4-A30C-1ED42AE183AE

Message: Done

Sender: [redacted]

Time: 03/31/19 01:08:58 PM (575755738)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B262623-39C7-4830-8920-3021A224E703

Message: Enroute

Sender: e:jeeitunes@gmail.com

Time: 03/31/19 01:09:51 PM (575755791)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E51E1CBC-76A3-467F-B477-C80579597020

Message: Ok

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-06\Joi Ito on 2019-05-06 at 09.20.15.ichat

Service: iMessage

Start Time: 12/02/18 11:15:13 AM (565470913)

End Time: 05/06/19 07:11:01 AM (578844661)

Last Message ID: 28742

Chat Room:

Participants: jee, Joi Ito

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 12/02/18 11:15:13 AM (565470913)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 959D17B5-8685-4ED3-AB60-E8CE11C025FF

Message: My train is late and I have to take care of some sick doggie stuff and home stuff so I don't think I can make it today. Please give me best to everyone.

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 11:33:22 AM (565472002)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 416FD746-7DE9-4462-9F75-558510DA41A7

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 12/02/18 02:56:41 PM (565484201)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 8D6E6C76-408A-4712-8544-70EB53CCCB10

Message: Im sorry you missed s Great!!! Day

Sender: [redacted]

Time: 12/02/18 03:28:11 PM (565486091)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8FA586AD-A435-445C-8712-7EBE0BBDC2E6

Message: Sorry to miss it!

Sender: e:jeeitunes@gmail.com

Time: 12/05/18 04:54:17 AM (565707257)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 920DDE18-2E91-482E-90A5-9904AB98D2E8

Message: i would like to find a way to fund john la porta asap

Sender: [redacted]

Time: 12/05/18 09:33:57 AM (565724037)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 508F12ED-448F-4612-A6E0-BEE33B6F7ACF

Message: Cool. Let me figure out whether we can still do it through mit considering all of the recent press stuff.

Sender: e:jeeitunes@gmail.com

Time: 12/05/18 10:03:39 AM (565725819)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: FC420C55-90AE-4542-8384-0D42A4B98466

Message: Understood, otherwise ill do it directly

Sender: [redacted]

Time: 12/05/18 10:04:41 AM (565725881)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED908A1D-6090-4367-BF64-ECB6B57760C5

Message: OK. Let me figure it out.

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 06:05:00 AM (565797900)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: DCC1A398-86EC-445B-A122-B8A89CA72356

Message: Pr ess brutality .  Wow.  Will need to cure cancer . To move this down the page

Sender: [redacted]

Time: 12/06/18 06:06:13 AM (565797973)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4958D3C3-F77A-4B83-BEBB-47B84E22723B

Message: Yes... brutal

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 06:07:59 AM (565798079)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: A1E0DFDA-9910-4972-9478-13C0B7BBE0C1

Message: Dems want a silver bullet for trump;  some of the conversations are beyond belief

Sender: e:jeeitunes@gmail.com

Time: 12/06/18 06:08:42 AM (565798122)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 5E8A357E-612B-4866-B66F-831D2C28130D

Message: Im relegated to a mid and long strategy ,  neither assured.  UGH

Sender: [redacted]

Time: 05/06/19 04:15:37 AM (578834137)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BF2D0D73-9F6C-4911-B1DF-C96B7421B1B7

Message: Do you have someone good working on your cyber security? I always worry about your email.

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:16:08 AM (578834168)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC370549-4B54-4745-896E-722B28095CF9

Message: yes  but not state quality

Sender: [redacted]

Time: 05/06/19 04:18:05 AM (578834285)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2AB8BB42-3B37-4756-84D5-EF32AF0F1868

Message: Ok. I have other plant stuff these days. We should Skype sometime. Maybe early morning sometime?

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:18:20 AM (578834300)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 92623BF8-ED8C-4932-B3CB-BA0604960AE0

Message: ok

Sender: [redacted]

Time: 05/06/19 04:23:04 AM (578834584)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 49378C2F-3C2A-4565-9175-65D007D12180

Message: Are east coast?

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:23:49 AM (578834629)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 45958A92-9498-4B10-9B68-5E2FA565994F

Message: yes until thurs

Sender: [redacted]

Time: 05/06/19 06:20:15 AM (578841615)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5C5E4C5B-6275-494E-AFB3-917279E659E1

Message: How about Wed AM? What time do you typically get up these days?

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 07:10:16 AM (578844616)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 09EA2FE3-9DF3-4EB2-A67B-1196EB4D1F96

Message: I will be in Santa Fe. But yes. Early ok

Sender: [redacted]

Time: 05/06/19 07:11:01 AM (578844661)

Flags: 1118209

Is Read: No

Is Invitation: No

GUID: A89302F1-0A79-40DE-BB2F-6C7B301BB08A

Message: 7:30-8 ET ok?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-06\[redacted] on 2019-05-06 at 07.57.09.ichat

Service: iMessage

Start Time: 04/30/19 03:29:13 AM (578312953)

End Time: 05/06/19 07:29:05 AM (578845745)

Last Message ID: 28743

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 04/30/19 03:29:13 AM (578312953)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 33933031-6F71-4E25-AB10-C065247D1F36

Message: Turns out this was about Thursday not yesterday -- he is here then for dinner

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:40:23 AM (578313623)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1408464A-EB93-4EA1-886A-60289DDDEC95

Message: as i thought.  trump trying to stop deutsch bank  only a matter of time. eric and all employees.  wow

Sender: [redacted]

Time: 04/30/19 03:41:48 AM (578313708)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A300F943-148F-4BC3-991D-767F95BBFC29

Message: They won't be able to withhold the docs

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:42:31 AM (578313751)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2977EB20-FD68-480E-A0D1-CA190DEBC985

Message: of course not.  but the dive is soooo deep.  I read the filing

Sender: [redacted]

Time: 04/30/19 03:42:47 AM (578313767)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F6145BC-81D9-4DAD-BF4A-0E9431F5A763

Message: How so

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:43:18 AM (578313798)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFC21328-6E84-446D-A718-89C07FE779E6

Message: all employees.  partners. members,  for 10 years.

Sender: [redacted]

Time: 04/30/19 03:45:58 AM (578313958)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 056D1406-3565-4DF3-9E13-D9E6C52F6AE1

Message: His strategy is drag this out for 15 months then it won't matter

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:47:03 AM (578314023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B1989893-30E5-43D7-A21F-3316E48ED44D

Message: yes -- of course

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:48:41 AM (578314121)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F4683E59-CE10-40CC-99B3-91E33122CCE2

Message: yes,  it is a race,  they have also asked for too much. so to fully understand it will take forever.  unless  weissleburg leads them through it  and that would require fed immunity , unlikely to be authorized by barr.  nystate, is the key ,

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:49:19 AM (578314159)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A199BAF5-DF1F-4E0D-B6E4-285314303A12

Message: again unless barr makes weiseblburg a material witness and keeps him away from ny . fun play

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:00:19 AM (578314819)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D219E7B1-F27F-4894-9F67-BF8A1FBB1DE4

Message: meeting in vienna went as i thought . their view was similar to mine. . very . - you can meet when you go to germany.

Sender: [redacted]

Time: 04/30/19 04:35:13 AM (578316913)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1129639D-44F0-403C-9767-FE562012682D

Message: Similar as in 'nobody knows nothing'

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:36:02 AM (578316962)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB7ED54A-0602-44D3-BE93-387AFB961929

Message: case weak not well done can keep them for years

Sender: [redacted]

Time: 04/30/19 04:36:22 AM (578316982)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DC436E18-27D5-4C86-B715-AAC9D1B0A382

Message: Oh on that yes

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:37:44 AM (578317064)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 99FADA82-A80C-41D4-87CE-C496480FA1DE

Message: on another note  if you like you can go to yemen and meet with heads .  you have an invitation.

Sender: [redacted]

Time: 04/30/19 04:38:06 AM (578317086)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 54A6A904-3310-4086-BF85-01301E6CDC1F

Message: Would love it

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:38:12 AM (578317092)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F0172529-968C-43ED-BF2D-2348B32135CC

Message: have fun

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:38:28 AM (578317108)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FC092DB1-5AA1-49C5-8625-1FAC2FA3D3E3

Message: you should if you decide  of course coordinate with pompeo

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:38:51 AM (578317131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7C037598-5311-4400-9F11-1327CA7017CC

Message: but you will have access unlike others

Sender: [redacted]

Time: 04/30/19 04:38:53 AM (578317133)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 289470FF-90AD-4A7F-929A-F8063847F4FC

Message: Of course -- I'm sure it will be a resounding NO

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:39:19 AM (578317159)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1D059485-BFB9-44E4-879C-3F75281EDC6C

Message: I'm only F and B

Sender: [redacted]

Time: 04/30/19 04:39:46 AM (578317186)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 778832F3-6754-45AC-997D-34531EDF3879

Message: KSA wants everybody to stay away-- closer inspection only leads to more doubts / head scratching

Sender: [redacted]

Time: 04/30/19 04:59:14 AM (578318354)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4840BA85-965E-447E-BA8D-ABB0918E7692

Message: Have you followed nick bostrom?

Sender: [redacted]

Time: 04/30/19 04:59:25 AM (578318365)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0F058788-C1A7-49AA-88CB-7F8CAE55DA79

Message: Oxford prof-- bill gates guy

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:00:45 AM (578318445)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 57025418-5EB2-479E-A5E8-1931318559E1

Message: chicken little

Sender: [redacted]

Time: 04/30/19 05:01:47 AM (578318507)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8EF40627-64D6-418F-9245-33B7CE06F183

Message: I'm watching our second hour now-- guys were blown away and I didn't think it was as strong at the time but I was wrong

Sender: [redacted]

Time: 04/30/19 05:02:22 AM (578318542)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AEEC68F3-B6CD-4717-8616-2F7092086E62

Message: Need huge part on threat of AI versus reality / threat of climate change

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:02:27 AM (578318547)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ECADAAA0-3C83-4CD8-8E54-EDD775B17193

Message: i was a little all over the place

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:02:47 AM (578318567)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1A04CC28-D1D5-43DD-93F0-C93ECD29F2B3

Message: go back to the industrial revolution  same argument.

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:03:14 AM (578318594)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A0EF7A2-4610-431A-AB55-065C43BCE8CB

Message: the computer doesn't have soul  so no worry

Sender: [redacted]

Time: 04/30/19 05:03:27 AM (578318607)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D66276FE-8D39-4EB0-99F9-3DBDD76D8C28

Message: I thought so but most of my team just saw it on film , were not there and loved it , wanted more

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:03:46 AM (578318626)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD75F935-A414-411A-A5C0-5C16189D1E38

Message: the christians i met with feel , the media portraying me as beyond redemption is deeply troubling and offensive

Sender: [redacted]

Time: 04/30/19 05:06:05 AM (578318765)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C88D76AD-3A4D-4C71-B474-0365A71196B7

Message: Yes yes yes of course -- but we must counter 'rapist who traffics in female children to be raped by worlds most powerful , richest men'--- that can't be redeemed -- that why we let them blow up the argument while showing the 12 you redeemed

Sender: [redacted]

Time: 04/30/19 05:07:06 AM (578318826)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 928B2431-1802-4442-8F26-3860A831BC36

Message: Can't redeem unredeemable -- you are a lot of things-which we will show-- but you are NOT that

Sender: [redacted]

Time: 04/30/19 12:42:43 PM (578346163)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 267D52D2-D390-4EE5-B5B5-3B10A27FF607

Message: Did u get the film we shot ??

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 01:35:10 PM (578349310)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 759526F0-4B46-4863-ABB2-015A81D6F990

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 01:35:18 PM (578349318)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DB65C73-0B5C-4D50-A08B-4EA5D9EDCD3B

Message: Just landed

Sender: [redacted]

Time: 04/30/19 01:37:56 PM (578349476)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73F15372-F007-430F-B537-A165660304AB

Message: Money

Sender: [redacted]

Time: 04/30/19 01:48:08 PM (578350088)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D430FA20-73CB-468A-B991-2F3486ED9494

Message: Unfortunately probably not going to be allowed to be in the film

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:06:07 PM (578351167)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B53B3688-A8B6-4248-AC08-E426CF70B4BD

Message: Ill show you the private photos

Sender: [redacted]

Time: 04/30/19 02:06:54 PM (578351214)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EE34BA92-9263-4573-8603-6CB52EC61C1B

Message: Bad

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:07:40 PM (578351260)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CA80D3F6-90BD-4C99-9EBE-AB19A584DD96

Message: I watched the interview. Well done again , thx. . here is what I think will work legally,

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:08:13 PM (578351293)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2193A4D8-BE8A-4071-BA73-89647EDDF39D

Message: I pay direct costs of filming.

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:10:23 PM (578351423)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B28301E9-696C-44D0-BFD7-A2C2764D5E38

Message: As Darren is the contractor for legal service prep . It gets paid by Darren. He has final control as it is his work product. I have no interest whatsoever in making money here. Zero . You deserve whatever it brings . As it is our cost , no return on it. .

Sender: [redacted]

Time: 04/30/19 02:11:39 PM (578351499)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3978720A-EB9D-44DA-8B45-D6CFD2EC06F5

Message: Are you far enough along on your assignment -- could we film this weekend ??

Sender: [redacted]

Time: 04/30/19 02:12:10 PM (578351530)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 65975B78-ADC9-4E6B-B827-32CF61A42494

Message: K

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:13:29 PM (578351609)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A0E6255-3545-4236-8D3A-92EF5C1677D0

Message: Ive listed out the scientists. Sending to darren. But there are no scientists on the island. ?

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 02:13:40 PM (578351620)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8A59D3EF-1E2B-4F38-99D0-C54567D28E7D

Message: Lets talk later. , tonight.

Sender: [redacted]

Time: 04/30/19 02:17:25 PM (578351845)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5A20DC13-6489-42C5-9822-6A3631E10D19

Message: The team actually thought second was even more compelling than first and the LOVED the first

Sender: [redacted]

Time: 04/30/19 02:17:49 PM (578351869)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4178834E-4DA6-433C-8D7F-C682DD184D0D

Message: Standby

Sender: [redacted]

Time: 04/30/19 02:38:10 PM (578353090)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CFC4292D-6E34-4844-AA1F-4DFC3D8680D4

Message: Don't need scientist now need you walking thru the entire vertical -- get them in weeks / months to come

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:07:29 PM (578354849)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B793A1E3-FE21-4757-8C95-2C4B415151E4

Message: Easy

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:07:50 PM (578354870)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 00C219E5-01A0-472A-B94D-031419B59976

Message: How many people would you bring,

Sender: [redacted]

Time: 04/30/19 03:08:12 PM (578354892)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A3B125A7-D2A4-452F-A204-FACD3E635E9B

Message: Limited crew -- 5 max prob 3

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:08:28 PM (578354908)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8A19F592-959C-42CF-AB47-EDFF57F95987

Message: I will have schedule tomorrow, would you like to bring ms miller

Sender: [redacted]

Time: 04/30/19 03:11:45 PM (578355105)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD8DB4F9-258C-4680-968F-9D49DB8B874A

Message: ms miller and I have been on hiatus for month or so

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:12:32 PM (578355152)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A3B84DB-D922-4D1A-A85C-D648CD260CDB

Message: Whoops

Sender: [redacted]

Time: 04/30/19 03:21:23 PM (578355683)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1312A3FA-B055-48AE-BC5F-0C0438626BFD

Message: Not personal just business -- I'm obsessed with winning

Sender: [redacted]

Time: 04/30/19 03:22:46 PM (578355766)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 176234AB-6268-4616-955F-82B45606541F

Message: Watch what we got u

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 03:27:19 PM (578356039)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F2EA0E4B-ECF2-465E-AC34-6C99C6792A75

Message: What days work for you Saturday-Monday? Sunday-Tuesday?

Sender: [redacted]

Time: 04/30/19 03:40:30 PM (578356830)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7CCA487F-074A-46EE-8B9D-C3EA71923B50

Message: If we can pull it off Saturday thru Monday

Sender: [redacted]

Time: 04/30/19 04:01:29 PM (578358089)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6AE1A909-A90A-4EB9-B932-0F8C15EAA849

Message: Can u talk later tonight

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:03:32 PM (578358212)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B5A9F29-A13B-40B6-8862-49460E0B56C5

Message: Please send lesley. All names and passport info asap

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 04:04:00 PM (578358240)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 427946FC-64E0-47C8-94E2-0FA5DC38F235

Message: Yes, in about two hours. I will make reservations for all sat thru tues. and confirm thurs morning

Sender: [redacted]

Time: 04/30/19 04:04:55 PM (578358295)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D833730-9327-4FFB-9746-29B21869D94D

Message: Will call

Sender: e:jeeitunes@gmail.com

Time: 04/30/19 05:49:29 PM (578364569)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 38B03C96-6768-4737-8F0A-81091AF97F18

Message: now?

Sender: [redacted]

Time: 04/30/19 06:26:51 PM (578366811)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 05F0DF73-3690-4039-ACAD-47AB30D6BB1D

Message: Hang on , finishing up something

Sender: [redacted]

Time: 04/30/19 07:10:24 PM (578369424)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3B193AF0-B67E-4DA7-9B7D-F6E5F3C10D01

Message: R u still free ???

Sender: [redacted]

Time: 04/30/19 07:10:33 PM (578369433)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2D3EA0D7-3820-42EA-96D4-900B584E3DF2

Message: What #

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 03:13:21 AM (578398401)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B2DAC892-0F6A-42AF-93E4-A59ED8038CC2

Message: 340 775 8111

Sender: [redacted]

Time: 05/01/19 05:53:07 AM (578407987)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E951C41F-4AC2-4965-997D-37D282285F48

Message: If we film just need access to u -- one vertical -- science / math/technology

Sender: [redacted]

Time: 05/01/19 05:53:22 AM (578408002)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6F97916E-7B72-45FC-BA93-64F77F193A36

Message: Did u view second hour???

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 06:15:34 AM (578409334)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AFE3A4EC-C58B-4F00-ADAB-BBAC65A5226D

Message: Yes fun

Sender: [redacted]

Time: 05/01/19 06:20:30 AM (578409630)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FD328CB-B301-4BFB-9E76-97094D42D05C

Message: Different style but worked , amazing how much my crew is learning / fascinated and they are not dopes

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 06:52:03 AM (578411523)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A15F2C2F-161F-42F8-8641-F143F0599FAD

Message: Please give lesley. Names and passports of all flying.

Sender: [redacted]

Time: 05/01/19 07:13:55 AM (578412835)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 096B0002-07BA-4710-A41C-61559F1384AC

Message: K

Sender: [redacted]

Time: 05/01/19 07:22:20 AM (578413340)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D5D61F00-6FF8-46B1-A4D4-1D1338C3F13F

Message: What's her contact info

Sender: [redacted]

Time: 05/01/19 07:22:48 AM (578413368)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C92C08DC-4A0D-4419-AFC0-39DBF5AB3A0A

Message: Can dan connect with Darren today ?

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 07:42:04 AM (578414524)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C97B9F5-8DB2-4DB6-9DEF-D4520A542345

Message: Yes.  I emailed you Lesley s

Sender: [redacted]

Time: 05/01/19 07:50:29 AM (578415029)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 98453DCA-BB24-48DF-9F45-DAE57B6337F6

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 12:56:52 PM (578433412)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 775FF2F0-E239-4FF3-A951-D153696E027F

Message: https://www.nytimes.com/2019/05/01/opinion/william-barr-testimony.html?action=click&module=Opinion&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 01:18:23 PM (578434703)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7333B550-A9C2-4841-AC8E-6638B17006BA

Message: Did your guys prefer beard or no beard

Sender: [redacted]

Time: 05/01/19 01:19:18 PM (578434758)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 358D02BC-6790-462B-9529-4BAD6A34E07F

Message: Slight growth

Sender: e:jeeitunes@gmail.com

Time: 05/01/19 05:42:20 PM (578450540)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 14D27AC4-8ABF-489E-83BA-60BB9382FBEC

Message: Another meeting tomorrow afterno

Sender: [redacted]

Time: 05/01/19 05:53:56 PM (578451236)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 11B6D734-5072-4248-ABF9-008F80323606

Message: That's best news I've heard

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:05:31 AM (578487931)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D43DF8D3-D191-44FA-A5A3-04B01E2857AC

Message: The better news would be to see that signed dollar. . AHHHHH. The smell of victory

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:06:26 AM (578487986)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9B05AFEA-A646-463B-BED0-DCF1E9ED12AC

Message: https://www.reuters.com/article/us-china-economy-forex-reserve/chinas-march-forex-reserves-rise-to-seven-month-high-idUSKCN1RJ05Q

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:10:28 AM (578488228)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91F5A419-A277-41C5-846B-9885FCB11F91

Message: signature requested in A Chinese red ink. Would be appropriate

Sender: [redacted]

Time: 05/02/19 04:14:36 AM (578488476)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2064A152-93DC-4D52-BE09-6687AF744D48

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:16:54 AM (578488614)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E82F2FFB-0159-4470-B71A-795428A0934C

Message: I hope that means you are trying to find the right pen

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:18:53 AM (578488733)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2B64F788-027C-4431-B6F4-C49D63C7A30E

Message: To join the ranks of the formerly vanquished. The writing should be. " I was wrong " and then like Hirohito on the aircraft carrier. . a withered signature

Sender: [redacted]

Time: 05/02/19 04:30:31 AM (578489431)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E63D5CF6-B4C3-4A72-884D-92D98C7B8EA7

Message: Dude u r brutal- but hang on

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 05:19:31 AM (578492371)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 95C5E905-0D20-45CF-A977-946BF6413E02

Message: Tik tok tik tok

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 06:02:41 AM (578494961)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A1231208-68AA-4CFF-8471-03060F5EA773

Message: Now you want mercy.  .  -- wrong guy

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 07:30:12 AM (578500212)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7BC7620A-6140-4C53-9E00-D00574460858

Message: I will fly you back to New York on Monday.  .all set

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 08:15:48 AM (578502948)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9300DFA6-6DD3-4B06-8147-A1AC3C15CB73

Message: https://www.cnet.com/news/millipede-trapped-in-amber-for-99-million-years-gets-its-moment-to-shine/

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 08:15:48 AM (578502948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9E850C0-E1D9-44B1-9B37-0E2B5F8E2E1C

Message: . Miracle

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 09:58:09 AM (578509089)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A18ACD7C-D179-4051-BD76-79F8E15B1E95

Message: We can return late Sunday if better for you. Im organized heli etc . Watched your interview- kyle can slso sign

Sender: [redacted]

Time: 05/02/19 10:21:31 AM (578510491)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA54B49F-40F8-429D-AE2A-BCAED091A72F

Message: What did u think of interview ?

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 10:29:22 AM (578510962)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0971395E-C0DD-4212-8853-72354843BBA0

Message: Great

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 10:38:15 AM (578511495)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C9A03BDB-D700-4C7C-A3B9-AD1D91280725

Message: https://www.nytimes.com/2019/05/02/us/politics/fbi-government-investigator-trump.html?smid=nytcore-ios-share

Sender: [redacted]

Time: 05/02/19 11:12:31 AM (578513551)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BC6FE63E-805D-41A5-86EA-A14031834888

Message: It's over bro-- even I thought she was MI-6 or MI-5

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 11:18:44 AM (578513924)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 95C6B8F6-0116-4285-A736-C2132C5F1769

Message: Obama knew

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 11:19:10 AM (578513950)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 476C8EB2-854D-42DF-A2CC-6DB84AAF22FC

Message: Are you coming Saturday

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 12:42:50 PM (578518970)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8FD4CF45-A233-4395-A167-957011C98FF2

Message: Lesley needs to confirm tickets

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 02:17:13 PM (578524633)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1E4A1044-C5BD-4857-9C56-B62E1105F7AD

Message: And you can film From heli

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:05:28 PM (578531128)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2557FA15-FB98-4F7C-9168-67B4EF4C1422

Message: Was miso fun

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:05:37 PM (578531137)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 667754C1-89C3-4F4B-804F-1906AD0FE34E

Message: miro

Sender: [redacted]

Time: 05/02/19 04:17:13 PM (578531833)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7B253181-2423-4FF7-A7C1-1A6F619253AB

Message: He may my head blow up-- with your comment

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:21:06 PM (578532066)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5C01CBD7-56F5-4F73-9E15-2BA66B669D3B

Message: □

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 04:22:06 PM (578532126)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5529DB26-F4E2-4135-B2BD-117B4C2147BF

Message: Sorry ,  is sat a go or no go?

Sender: e:jeeitunes@gmail.com

Time: 05/02/19 06:59:58 PM (578541598)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5721AC6-B4DA-480E-AB8E-77FC4C690F78

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:34:26 AM (578572466)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 899D405F-3B89-4794-A42C-5F43AB689CC5

Message: Can you speak?

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:41:24 AM (578572884)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3BD14028-8AC2-4572-9609-75586E9B1745

Message: All is organized but I need to let pilots know.  .  or is it you have not found the right color ink.  AH

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:44:41 AM (578573081)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6299C4C1-384E-44A5-8312-B4B6DCD1EB68

Message: https://www.nytimes.com/2019/05/03/sunday-review/tax-rich-irs.html?action=click&module=Opinion&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:44:41 AM (578573081)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DF44E49E-E15C-4985-82AD-D95A99F1EA5C

Message: .  They forgot computers do most of the work now

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:48:53 AM (578573333)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3F07B2FD-6896-4A6D-A934-0A0A26FC1B94

Message: https://www.nytimes.com/2019/05/02/business/economy/wage-growth-economy.html?action=click&module=Top%20Stories&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:48:53 AM (578573333)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3239F0D0-8705-4DD6-9D3C-B8C5E0483A8F

Message: . Bak up for your message

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 03:49:33 AM (578573373)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C62FB0FC-EAB8-47F8-8695-F73D9D50BF49

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 06:03:38 AM (578581418)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 034F41E3-816D-459A-9277-602751AE60DC

Message: Just found that dan and Lesley are in contact. I was not copied

Sender: [redacted]

Time: 05/03/19 06:44:43 AM (578583883)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB5E34E2-2B79-480D-B0CC-49631C84EB79

Message: Is darren going to ever get back to dan on this ??

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 06:55:05 AM (578584505)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54A75BDD-A115-40F0-813C-E65E75EE71E3

Message: Sorry, hes with his mom. You and i are perfect. All under privlege . I will review with you and dan operational details. I hit your bid , you are filled

Sender: [redacted]

Time: 05/03/19 06:55:24 AM (578584524)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 94DCBE29-AF7B-47D5-BD3D-3E2FE4705A64

Message: K

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 06:57:36 AM (578584656)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2E6E19E3-A822-4C63-8C76-5C0B7E09AD75

Message: On the michael Wolfe front - very positive more in ny on Tuesday

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 06:57:39 AM (578584659)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E8E5C0E3-87F0-4836-A8C9-06413DEDCCCF

Message: Very

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 06:58:13 AM (578584693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F614803-8EFB-49B7-8D06-F0AE714549A0

Message: MICHAEL wolfe as in confidential :)

Sender: [redacted]

Time: 05/03/19 06:59:51 AM (578584791)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1F5FD91C-62AE-4990-9A69-CE943C939FF8

Message: Yes yes yes

Sender: [redacted]

Time: 05/03/19 07:35:08 AM (578586908)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8F879965-A74C-4943-A62A-7F2148B25EEC

Message: With my sked now and the travel what we think is best/ most efficient is to set up early Monday @71st street and start with you @ 9 am or 10 and go to 6 pm with breaks -- that would give us @ least another 3+ hours to go with our current 2.5

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 07:41:20 AM (578587280)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 94E37A21-1C96-4DEA-AE33-5A728CCE0681

Message: No island?

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 08:12:51 AM (578589171)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 604E76A0-A355-46DE-8FB8-D6A0A60EF5C6

Message: No worry , are you going to Germany, do you want to sit with KSA. I am going to arizzona on the 12 th to see Chomsky. . any interest

Sender: [redacted]

Time: 05/03/19 08:47:58 AM (578591278)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 41249249-8EA6-43C4-BD6B-75E067F75E52

Message: I'm going to Germany on 11 May thru 15 may-- speaking @ the Bundestag

Sender: [redacted]

Time: 05/03/19 08:48:50 AM (578591330)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FB95CBA9-7E93-4E49-8F35-ED3A3E08107B

Message: My team will fly out to film you and Noam -- want to get something -- I can be connected by skype

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 08:49:49 AM (578591389)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8CAFA25A-BFBB-4F75-8E73-F61BC3D8DC6B

Message: would it be best if i delayed so you can be there . do you want me to set the KSA meeting in germany

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 08:50:10 AM (578591410)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1287D301-AC8C-4434-91A3-BB81174FBD1F

Message: if i do you can't blow it off

Sender: [redacted]

Time: 05/03/19 08:50:31 AM (578591431)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB2D9118-CAEA-4125-85DC-1CC424E20805

Message: Yes but I need to get my sked

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 08:57:31 AM (578591851)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D4E5C115-F5C9-4C69-9334-F6B4FBA26286

Message: alternate we can fly to arizona on the 8 or 9 th  and you can fly to europe from there  easy.  . dallas or denver. or la

Sender: [redacted]

Time: 05/03/19 09:00:37 AM (578592037)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 64EEB06B-66A8-4B27-BEC0-CF335AA46F3B

Message: I need to leave on red eye after we film on Monday

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:00:55 AM (578592055)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AEB7A530-796A-4B18-BA94-1DB77E1DC0A8

Message: for?

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:01:02 AM (578592062)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8C761281-318D-4946-88BC-2E3A5B475B9C

Message: europe?

Sender: [redacted]

Time: 05/03/19 09:01:24 AM (578592084)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F8129B17-B09B-4FF8-9CAA-D6F4976FC240

Message: Yes : EP Parliamentary Elections

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:01:28 AM (578592088)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E658F760-62E3-45A8-AEBD-A4D407746E76

Message: whoops

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:01:36 AM (578592096)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 22DBDCBC-9806-4DB2-B2AD-1374F4A745B0

Message: ok cool

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:02:35 AM (578592155)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9F6E2A31-37BC-4D1F-B402-DD3EE6FE2691

Message: if you change your mind I'm on the island. do you want your guys to get some shots of island/ ?

Sender: [redacted]

Time: 05/03/19 09:03:02 AM (578592182)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: BFA1B10B-96AB-4656-B3E6-AD0DDEDB1E9A

Message: Monday good for you though???

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:03:22 AM (578592202)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E08E4C83-DBEA-4155-AABC-C304367680E8

Message: yes,  i'll be there.  i assume you and your dollar will be as well

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:03:50 AM (578592230)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53D9FFDD-EE11-498C-B61E-4D24AB79F0A4

Message: have kyle give you 50 cents

Sender: [redacted]

Time: 05/03/19 09:04:20 AM (578592260)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA57B716-3E5D-47AD-9C45-5B62FA6BC727

Message: Where is your home work-- need to grind down on this

Sender: [redacted]

Time: 05/03/19 09:04:29 AM (578592269)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A40A0CB4-44D6-4F67-98EE-8EAFC9D1B6FA

Message: How were the meetings

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:04:56 AM (578592296)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D09A0BE-6191-4AE6-B749-740675ECCAAC

Message: groups vs individual .  ie classic vs statistical mechanics.

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:05:15 AM (578592315)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BBD0DED7-5335-4810-AE57-CD4EC9D63348

Message: economics as systems  read the papers today.  old numbers don't work it is not a machine.

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:05:39 AM (578592339)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 873E909E-F305-4C2C-952E-4668B456C9DA

Message: music vs calculation.  .  thoughts souls. hope  all the work of god

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:06:05 AM (578592365)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 971B2C85-B1BF-49D5-947C-071EB56F54A3

Message: evolution vs  just change.  most people confuse the two

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:06:26 AM (578592386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2943FD9E-6E77-4DE6-9D5B-9712E67391AA

Message: a person does not evolve. only a population .  lottery , no algorithms.

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:06:29 AM (578592389)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91538038-17B3-43AB-9476-B70ABA816DB2

Message: only god knows

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:07:50 AM (578592470)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 564230A6-9E2E-4E8D-85EF-8535378A0C4A

Message: money.  as debt. . network effects.  pop charts have listening inequality

search engines have it.  . there are some at the top that has as much activity as the entire half.  only math

Sender: [redacted]

Time: 05/03/19 09:08:23 AM (578592503)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 44A787F3-6B06-4A47-85BA-FE137560A3D2

Message: Love this

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:08:54 AM (578592534)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2493B48E-2228-4C59-95E1-601B3D33FFCD

Message: we can do unpleasant facts. .  sickle cell is only african .  jacob crcuthfelds  only jews. .  says they are different

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:09:30 AM (578592570)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3429A8A4-6A33-4F36-9FF4-62418C682AB0

Message: power.  financial . intellectual physical .polictical  . all the same underpinnings .

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:09:48 AM (578592588)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1830A8E1-074B-4111-9098-7889D33FA99F

Message: music as a window into the brain.  stem cells vs cancer. vs death

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:10:11 AM (578592611)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9D5E4F0B-8762-4669-AC54-502F0076F367

Message: mash ups of beethoven .  weird jeffrey discovery

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:10:47 AM (578592647)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5332A7E0-CC09-4D71-A392-33E443CE21BE

Message: burdens o wealth.  inner success vs external success.  affluenza □

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:11:46 AM (578592706)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC4F8811-AA7A-4F44-A5A9-51112EB76432

Message: why if he is so rich , is he still unhappy  ,  learned helplessness translates  into wanting to make a difference  . not become irrelevant .  no worry i have a deep bench of verticals

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:14:40 AM (578592880)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 357AD848-C727-4F6E-93CC-3D6CFB764A73

Message: and woody coming for early dinner mon 6 pm

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:18:51 AM (578593131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63EAF402-C8A4-476C-BB23-42AEE18080DB

Message: economic arguments  re banks  as people. . ie the banks made money .  at the same time complaint their pensions are down in value

Sender: [redacted]

Time: 05/03/19 09:51:25 AM (578595085)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BFD69B43-0EAB-4D29-983D-C6B25EF6C67E

Message: I can do dinner

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 09:54:46 AM (578595286)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6DAA18CA-FF07-4897-9341-EFD03BF52CA1

Message: great

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 01:40:53 PM (578608853)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BDF16674-CF33-4D0B-9E23-2078AAB237C5

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 05/03/19 01:48:23 PM (578609303)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1F78B6FD-4DD2-4FAB-89A1-9CA390B19363

Message: I told miro it would be in the cabinet room

Sender: e:jeeitunes@gmail.com

Time: 05/03/19 02:07:29 PM (578610449)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FD4AB48-D0A1-4930-B7A6-37378F5F0BFE

Message: he said you advice helped

Sender: [redacted]

Time: 05/03/19 02:11:02 PM (578610662)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2EC90CD5-1F19-45B5-867A-F12849CCDA60

Message: Of course ::: very complex -- just tell potus: 'Orange Man Great'

Sender: [redacted]

Time: 05/04/19 06:49:28 AM (578670568)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D2AAE69B-6025-4C04-B1A6-2029F7B36880

Message: We want a different look for Monday-- where else can we film @ 9/71???--- does any other rooms have that scale or gravitas???

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:49:45 AM (578670585)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DEEA21F3-F170-4675-B320-88678E7E78CE

Message: yes,

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:50:15 AM (578670615)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 744DA9E8-D2E0-4BC1-9022-D4D0921E791C

Message: and nothing more grand then the ranch

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:50:27 AM (578670627)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 90A86A65-723E-4BF7-961F-9DFA24ACAFAD

Message: nowhere

Sender: [redacted]

Time: 05/04/19 06:50:46 AM (578670646)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 149131C7-9ACF-4A33-96E7-DD9322B05F46

Message: We will lock that in for June

Sender: [redacted]

Time: 05/04/19 06:51:20 AM (578670680)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1ED626E6-8871-4153-9FEE-D9C15AEE6489

Message: Are you still with Chomsky in may?

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:52:02 AM (578670722)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2629BC29-C5B9-4AE1-AF2B-7A2A386D248C

Message: my plan was to fly to ranch on wed  see chomsky on sun  return to island. but as usual I can be totally flexible.

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:52:17 AM (578670737)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FF1736C7-6D88-42C1-A919-1FC4F7A18C9E

Message: i see bolosnaro bailed

Sender: [redacted]

Time: 05/04/19 06:53:11 AM (578670791)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 637FBD16-CA8B-45E8-BE7E-07DB80C3E51C

Message: I'm furious about the bail-- total amateur hour -- he is listening to the generals

Sender: [redacted]

Time: 05/04/19 06:53:33 AM (578670813)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 50C37714-9548-42E5-A04F-A8AFFB923EF8

Message: Chomsky next Sunday

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 06:53:41 AM (578670821)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD46A129-CF45-4E7F-A99E-BC192692ECA6

Message: yes at his home

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 08:30:57 AM (578676657)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C057C37A-A74F-4358-9EB1-FD093C288138

Message: I can also  put any equipment on my plane and take out west making easier for your boys to join. etc.  or wait?

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 08:36:37 AM (578676997)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 6F92A719-528C-4D50-BFDB-92F2C65B64B4

Message: /www.nytimes.com/2019/05/03/opinion/joe-biden.html?action=click&module=Opinion&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/04/19 08:36:42 AM (578677002)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4211E08D-483E-4594-AF3E-9ABCB5EED91B

Message: Now that funny

Sender: [redacted]

Time: 05/04/19 08:52:10 AM (578677930)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1DFB7F83-07E5-461A-AB2A-412D3F6A73C6

Message: Working it now

Sender: e:jeeitunes@gmail.com

Time: 05/05/19 07:02:35 AM (578757755)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 195E84C7-BAD4-46E3-BAC6-44633C913AAC

Message: ?

Sender: [redacted]

Time: 05/05/19 10:25:42 AM (578769942)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F3CD4D0D-7316-4D3C-99E5-93F5AF53E12B

Message: You see trumps tweet- I blew up the deal

Sender: e:jeeitunes@gmail.com

Time: 05/05/19 10:38:01 AM (578770681)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA036949-4ADF-4B7C-AC3E-7F0301CCA97B

Message: Yup

Sender: [redacted]

Time: 05/05/19 10:43:25 AM (578771005)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6678A34A-5F3A-4AB7-A053-B80D532F0AEC

Message: Dead fucking on the target

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:44:15 AM (578835855)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F53D0887-EADA-4850-A03F-8BF7D3117E36

Message: funny , but the chinese reached out to me to see if i would visit re mathematics . odd timing

Sender: [redacted]

Time: 05/06/19 04:45:28 AM (578835928)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 04B3C0C8-A793-40E0-85C4-352A467DC660

Message: Seriously ?... would be huge

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:45:58 AM (578835958)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C3ED0FFC-FCD6-4678-A7E3-703A2BE29A42

Message: yes,  I've asked for a formal invitation

Sender: [redacted]

Time: 05/06/19 04:46:09 AM (578835969)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D6A694EF-4F6B-4BDC-AB7A-FC4AACCBBD8D

Message: Massive

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:46:24 AM (578835984)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 42B1C1BE-B7B8-4BAB-9C6E-12A309EB7BA2

Message: made through professor yau  at harvard,  the only chinese to win a fields medal

Sender: [redacted]

Time: 05/06/19 04:56:27 AM (578836587)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 804EDFB9-1601-47BB-BB09-A5F14A15925B

Message: Classy

Sender: [redacted]

Time: 05/06/19 04:57:05 AM (578836625)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: CD214A58-541B-4E62-BBCF-75F40F897ABA

Message: We are going to try for a different look today --- library?

Sender: e:jeeitunes@gmail.com

Time: 05/06/19 04:57:09 AM (578836629)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 79A5A69B-481B-409A-897A-DB1BC56037E4

Message: yes

Sender: [redacted]

Time: 05/06/19 07:29:05 AM (578845745)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 1BB1FCE9-2DD7-412A-BFAC-BB37579B7EC5

Message: Market up-- suck on that

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-13\[redacted] on 2019-04-07 at 05.08.46.ichat

Service: iMessage

Start Time: 05/13/19 01:07:17 PM (579470837)

End Time: 05/13/19 01:22:32 PM (579471752)

Last Message ID: 29070

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/13/19 01:07:17 PM (579470837)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 25C47BC0-E21E-4131-B980-564057A8ED7E

Message: Trump is coming to Lutnick's house Thursday

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 01:10:23 PM (579471023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43C93A54-25AC-4884-9E2E-7514216ED7A0

Message: i won't be home otherwise i could have come out an waved.

Sender: [redacted]

Time: 05/13/19 01:22:32 PM (579471752)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0984C9F7-49BF-4B2A-850C-5F78989402CD

Message: Ha! I love it

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-21\[redacted] on 2019-05-10 at 06.15.03.ichat

Service: iMessage

Start Time: 05/07/19 03:21:59 PM (578960519)

End Time: 05/21/19 10:26:08 AM (580152368)

Last Message ID: 29345

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/07/19 03:21:59 PM (578960519)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B884A61A-C37E-4140-B8ED-F02CC47E7798

Message: You were strong , I was beat

Sender: [redacted]

Time: 05/07/19 07:11:29 PM (578974289)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8A4EB0BA-122F-495B-A886-4402F5172168

Message: https://www.dailymail.co.uk/news/article-7003473/Prosecutors-demand-Robert-Krafts-lawyer-held-criminal-contempt-making-false-statement.html

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:17:39 AM (579003459)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BC050B99-B8F3-4409-BE03-9FFECC088FFB

Message: https://www.nbcnews.com/news/world/iran-steps-away-parts-nuclear-deal-anniversary-u-s-withdrawal-n1003156

Sender: [redacted]

Time: 05/08/19 03:24:49 AM (579003889)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FCF14B18-ABA6-4B0C-8621-312E909FCB49

Message: Saw that-- we jump in here trump done , American people not teed up for this

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:25:30 AM (579003930)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 882864D5-192E-4E72-8E4D-E882A6D2A75B

Message: Iran put it on a 60 day clock.

Sender: [redacted]

Time: 05/08/19 03:26:54 AM (579004014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF791194-543C-4773-B9BF-61F191C24928

Message: Yep yep yep

Sender: [redacted]

Time: 05/08/19 03:30:34 AM (579004234)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A94A9C05-D258-4BD9-8771-180414EC819C

Message: https://www.thedailybeast.com/trump-administration-inflated-iran-intelligence-us-officials-say?ref=home

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 04:19:26 AM (579007166)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 10AEA00B-17C1-47D8-BAB3-BE10B2CF09B6

Message: Steve did not send me anything directly, but I have now requested a meeting on the 15th in Berlin. I will see if I can be there at the same time.  From terje

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 04:22:12 AM (579007332)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E558B63-FF8F-4E3C-8288-23B43B843430

Message: lets talk structure for dan and group when you are less tired

Sender: [redacted]

Time: 05/08/19 04:28:37 AM (579007717)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1166DB2C-678F-4341-87CA-C2BC94F4D69D

Message: K

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 06:27:32 AM (579014852)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5086F492-1D63-4632-BF7A-289CBDC72FB3

Message: Who managed the bond holder negotiation in the ny times article. ------ Wilbur ross

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 07:11:30 AM (579017490)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A0A9A550-C765-409A-8EAE-410D621842E7

Message: They just got back to me. They will be in Riyadh on 13, 14 and 15. But they can do 11 or 12 in Berlin.

Sender: [redacted]

Time: 05/08/19 07:24:22 AM (579018262)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B10451B1-E99A-4D11-A10C-597D12C57632

Message: K

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:00:23 AM (579024023)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B04C4913-4AD8-48C3-B968-C3E131478C89

Message: https://finance.yahoo.com/news/saudis-said-planning-meet-orders-142632339.html

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:21:05 AM (579025265)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 729575DB-36FD-4354-928B-431DA02FA9AC

Message: Have dan call me re invoices.  Want to send you guys money

Sender: [redacted]

Time: 05/08/19 09:21:37 AM (579025297)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8B4B2481-238C-4A0A-9F06-FABE63CA4D6B

Message: Chill we are working thru that and production schedule

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:21:47 AM (579025307)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9590AF32-122C-4E76-BB4B-E0066A5A5572

Message: K

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:22:11 AM (579025331)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6CD094ED-E086-493D-8B30-CE655C66EDE6

Message: Unlike some refusing to provide only 1 very deserved dollar. , I m trying to take the lead □

Sender: [redacted]

Time: 05/08/19 09:23:19 AM (579025399)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 74E53C34-767C-4270-ACE2-B4DAAA78E091

Message: Take the lead on getting me potential names and ideas -- we are begging process of pulling footage

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:31:03 AM (579025863)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A76A95DF-DCED-4939-9CA1-152816439D11

Message: On it

Sender: [redacted]

Time: 05/08/19 09:32:45 AM (579025965)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7690069C-F63F-4717-8654-2413B444BA79

Message: I've heard that-we need to get serious-we have a 90 minute version @ Cannes in mid may 20 and the 6 hour Labor Day weekend 20 in run up to election --- we are burning daylights

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 09:33:14 AM (579025994)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 81C3D09F-6ACF-4C5B-8F8E-958CDAA83CC3

Message: You need to have more coffe

Sender: [redacted]

Time: 05/08/19 09:34:12 AM (579026052)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 00A453BD-CE87-4E52-AFA5-EFF75BC9CA5B

Message: Also need you to get a cup of coffee and a pad / pen and not down short profiles of the people you've met that matter and vignettes of important things

Sender: [redacted]

Time: 05/08/19 10:32:12 AM (579029532)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 3C95A757-DB10-474B-857D-C1FC97E8CEFC

Message: https://www.nytimes.com/2019/05/08/opinion/letters/davos-world-economic-forum.html?smid=tw-nytopinion&smtyp=cur

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 02:27:06 PM (579043626)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: AEF91935-BDCA-4375-B772-9D10F371C520

Message: https://www.cbsnews.com/news/ny-senate-passes-bills-on-trumps-tax-returns-and-pardon-power/

Sender: [redacted]

Time: 05/08/19 02:32:57 PM (579043977)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7C1EF523-89BE-4AF8-891F-1B43E54081A3

Message: How bad

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 02:53:23 PM (579045203)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 880757DF-F1E2-40E7-9708-5D88E4DE9390

Message: Drip drip drip

Sender: [redacted]

Time: 05/08/19 02:55:01 PM (579045301)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2AC42E5D-3A47-48F4-8183-AC3E03C343AA

Message: Don jr called in on perjury to senate committee run by republicans

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:00:28 PM (579045628)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FCCB203E-4162-4CE8-A21F-EF671A0F0484

Message: Low hanging fruit

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:01:06 PM (579045666)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 562C010F-DEA7-4441-BAE8-F13E42965D0B

Message: He won't show .  Contempt perjury. Pardon

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:02:17 PM (579045737)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2DE6E0FA-A28A-4295-846B-0FBB61E95E24

Message: Focus on Iran

Sender: [redacted]

Time: 05/08/19 03:03:47 PM (579045827)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6FFF1325-1B20-4D5D-AE30-FBE2C9E957FA

Message: I'm all over Iran

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:06:14 PM (579045974)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E053CEC7-7CB3-4402-BB46-C719D9735D0B

Message: They are very very bad guys.  Patient smart  spread Shia. As tithes exempt

Sender: e:jeeitunes@gmail.com

Time: 05/08/19 03:11:38 PM (579046298)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2F721F9A-4B4C-46CE-B442-2269D4A8782B

Message: Can you dp the 11th in Berlin.  .  if not i'll tell them June

Sender: [redacted]

Time: 05/08/19 05:07:44 PM (579053264)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: FD234E46-FDFF-4CAB-9D50-2006DF8CC195

Message: That's Saturday ??? Yes -- fly in that afternoon

Sender: e:jeeitunes@gmail.com

Time: 05/09/19 04:24:05 AM (579093845)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3DC6C169-B2AF-404B-9D7F-A05B90FE85A9

Message: https://www.cnbc.com/2019/05/09/europe-responds-to-irans-nuclear-deal-threat.html

Sender: e:jeeitunes@gmail.com

Time: 05/09/19 05:02:46 AM (579096166)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E476BA4F-1789-44D4-9626-C12E72EFE0F4

Message: The vice president, Edgar Zambrano, was surrounded by intelligence officers after leaving his party's headquarters in the capital, Caracas, he said on Twitter. He was towed away in his car after refusing to leave his vehicle, according to Mr. Zambrano and witnesses.  DUDE

Sender: [redacted]

Time: 05/10/19 02:48:36 AM (579174516)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 584AC112-AE95-428F-B857-84EC71F43167

Message: Our guy wants to meet on Saturday 11 may or Sunday 12 may

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 03:00:27 AM (579175227)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD5BB187-83D4-4B97-8520-42A9CC957591

Message: Terje

Sender: [redacted]

Time: 05/10/19 03:00:45 AM (579175245)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 91A61E59-D79C-4E10-B116-E4A569AD8A8D

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 05/10/19 03:15:03 AM (579176103)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8CAC3484-E20C-4193-8340-A3E3298D42DD

Message: https://www.nytimes.com/2019/05/09/us/politics/giuliani-ukraine-trump.html?action=click&module=Top%20Stories&pgtype=Homepage

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 04:46:57 AM (580132017)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CB994702-9FAA-4F4F-870F-48A2BC5E5062

Message: china -- great opportunity , i spent most of the night talking to relevant people. oy

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 04:47:05 AM (580132025)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8380845A-EC2D-491C-BBC5-8CA1ECAA084A

Message: so complex

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 04:47:20 AM (580132040)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 78ACCE4D-C851-4716-8785-2EB39A38CB59

Message: but FUN

Sender: [redacted]

Time: 05/21/19 05:27:42 AM (580134462)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 53D873F7-DDD2-44EF-B19A-AE695560CB85

Message: I will simplify: they are looking down the barrel of an economic shotgun

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:28:13 AM (580134493)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE7D9062-553E-4DCC-BDD0-8C0D895A2358

Message: yes but their finger is on the trigger .

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:28:40 AM (580134520)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7A3ADB07-BA06-48EB-9AF9-B16A9DD68865

Message: it is not simple at all

Sender: [redacted]

Time: 05/21/19 05:29:34 AM (580134574)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 945D062D-E108-4C05-9D5B-F746848C81F8

Message: Stop

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:29:35 AM (580134575)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F966D8DD-ABEA-495C-8598-6B86AE71B5F3

Message: their focus in internal .

Sender: [redacted]

Time: 05/21/19 05:30:10 AM (580134610)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACC54189-3963-4A16-A871-1EB63B3E6394

Message: You saw where they begged us to give 90 day reprieve on huawai

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:30:49 AM (580134649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C7EFABF-B8E5-47C3-B116-B377900C9739

Message: yes , of course. the real game is in the shadows. - as usual

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:45:06 AM (580135506)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98D49FA3-D459-48C1-838D-2379C553C6B1

Message: terje sending text to you

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 05:47:12 AM (580135632)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CAE51387-BDF0-4AE7-89FD-979F21C15FCD

Message: kazakh daughter the key

Sender: [redacted]

Time: 05/21/19 06:23:04 AM (580137784)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2E6183ED-D644-47FF-8DE5-50F30A3BA3A0

Message: K

Sender: [redacted]

Time: 05/21/19 10:24:42 AM (580152282)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A799F7D8-93C3-4862-88FF-96BD145E59B3

Message: https://mobile.twitter.com/alarabiya_eng/status/1130782788154732545?s=12

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 10:26:08 AM (580152368)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 910FC0CF-46F2-4AB9-9B5F-D02967A3CCF1

Message: Is there anyone left

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-22\[redacted] on 2019-05-21 at 17.15.13.ichat

Service: iMessage

Start Time: 05/21/19 02:15:13 PM (580166113)

End Time: 05/22/19 05:27:26 PM (580264046)

Last Message ID: 29485

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/21/19 02:15:13 PM (580166113)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DB149BC2-AC0C-4887-B608-772E3124E97C

Message: What are your contacts here saying about Macron, his campaign and his chances

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 02:15:50 PM (580166150)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6144A563-0223-4B61-87F6-3C2C54529D83

Message: Zero energy

Sender: [redacted]

Time: 05/21/19 02:16:48 PM (580166208)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 99FAF110-A5DE-4AB3-B710-980EAA3B48B6

Message: He has stopped selling the vision and non stop attack on 'foreign influences: Putin, Trump, Bannon'

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 02:20:13 PM (580166413)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63004EC9-AA51-488F-A575-222E859D8648

Message: It projects more energy than. Lets eliminate my former school

Sender: [redacted]

Time: 05/21/19 02:20:53 PM (580166453)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF4F6E14-9BF8-431F-A3DC-4D62CE806E25

Message: If he loses by a vote it's over

Sender: e:jeeitunes@gmail.com

Time: 05/21/19 02:25:36 PM (580166736)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 148724A2-1A27-4A6F-A2D2-7D9D45E8E5F9

Message: The anti vote

Sender: [redacted]

Time: 05/21/19 04:16:58 PM (580173418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 515F3756-B62D-4196-9C13-F0BCDD386B6E

Message: Salvini taking gas in italy

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:32:16 AM (580217536)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FB28565A-6B9A-4FEB-BB38-6AF5D02EF9F0

Message: [redacted] ' i appreciate you doing me tonite " I roared with laughter

Sender: [redacted]

Time: 05/22/19 04:47:59 AM (580218479)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73F4C7C7-262E-43F0-BAF7-A85F0EDBF57D

Message: She is a lot hotter than I remember - she was also so wet at the end of that interview -- btw highest ratings ever for her ; most pick up by other sources and the 'running for student council' went viral

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:48:52 AM (580218532)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2E903100-05B7-481F-8138-4860EEF7F2C1

Message: eleanor roosevelt is hotter than you remember.

Sender: [redacted]

Time: 05/22/19 04:49:41 AM (580218581)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E6D84E85-43BD-4D6B-9985-13A24672A078

Message: I love her-- because she loves pussy more than me

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:50:16 AM (580218616)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EECBCBC8-A3CD-419E-853C-642B9F41A06A

Message: subpoena of donaldson  good move ,  too junior to claim exec privlege

Sender: [redacted]

Time: 05/22/19 04:54:09 AM (580218849)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B5DC6965-9CCF-4350-AA8D-B028685C2BDB

Message: U can claim on any grundoon

Sender: [redacted]

Time: 05/22/19 04:54:19 AM (580218859)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1BEBD0A5-3B7C-4D84-82DB-2588364B2363

Message: Her notebooks killer

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:55:05 AM (580218905)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A27518A2-1FF1-467D-BDD3-211FA2E51309

Message: like paul revere if i were you id be calling attention to the remimbi.  put their currency plan in sunlight

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:55:29 AM (580218929)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A4F49DB-B00D-4AE6-AD3D-5696A7BDDF2A

Message: you can but it has never been done before

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:55:43 AM (580218943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F0D56D57-6AE3-4FF3-981A-C7B443C847E4

Message: that's their view . not mine

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:59:23 AM (580219163)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 966950F8-D572-4DED-BBAC-E28576F589C6

Message: suggest the chinese will try to use this as a reason to explain their bubble in real estate collapse. .  instead of realizing their slavery system is doomed they want an enemy for the people to point to as reason

Sender: [redacted]

Time: 05/22/19 04:59:37 AM (580219177)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D81B8259-BACF-422B-981E-1DB1B13609D0

Message: Fucking genius

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:01:40 AM (580219300)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7FDFEADB-3AD4-4F3B-90D1-4723134E69E6

Message: this was a calculated move . always intended. they knew trump would walk, 600 million people can't afford vegetables. - they needs a currency devaluation , . they can make it up by selling dollars forward. that's why i asked

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:02:01 AM (580219321)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 44CA49B6-8CC2-400E-A7DB-4168C9165E38

Message: and have 1 billion people angry at you □

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:03:28 AM (580219408)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C694CAAC-D2E1-49FC-91E0-146CFCA9868A

Message: sunlight disinfectant on the shadows

Sender: [redacted]

Time: 05/22/19 05:04:12 AM (580219452)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7F79D2E2-0A8F-4FE5-85C4-33101C0EDE95

Message: U think they are going to currency devaluation

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:06:08 AM (580219568)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 277B23EB-6884-4809-AC85-2F3001E31532

Message: I think they will take steps to have a bubble collapse , they need bankruptcy s to clean the overheated system and frighten people into slowing speculation. . there is no alternative to keep cash but real estate. . no top echelon biz guy can either make new investments in states. and if they want to get money outside the discount as risen from 10 to 40 %/ . wow

Sender: [redacted]

Time: 05/22/19 05:06:43 AM (580219603)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 485E1278-2333-4E63-B016-F0F3CD3E1ACB

Message: Wow wow wow

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:06:48 AM (580219608)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CFCE5B26-9BB5-49D0-9CCF-5A15662CC237

Message: also no one wants to travel to the states at to  moment

Sender: [redacted]1

Time: 05/22/19 05:06:55 AM (580219615)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6F790A82-E819-4B8A-9DCB-AA2ECF344619

Message: Is dollar strong today

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:08:08 AM (580219688)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 01A97CCC-D761-4909-B68E-7B60D5A2C189

Message: wrong question.

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:09:06 AM (580219746)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3450CAAE-3F36-47BC-8D5C-36E99DD9469C

Message: great opportunity for members of the part of davos

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:09:09 AM (580219749)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E3B13CE-E6BE-41DE-AADA-92CA4F233238

Message: party

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:09:29 AM (580219769)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB21CE2F-2EE2-4D63-B620-3805FA3D07F1

Message: sometime know as residents of the bristol hotel

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:10:28 AM (580219828)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6061CC7F-2285-4886-92E9-67869212C1D7

Message: xi talking long march , setting it up.

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:11:05 AM (580219865)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED982AA1-E1B4-45D4-B1A6-A5F2CA5FEB4E

Message: attacking their propaganda much more effective than tariffs.

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:15:53 AM (580220153)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D383465-01FB-408F-B485-E2CDD9648B5F

Message: use their three trilllon dollars as reserves as a burden not a benefit. ( what can they do with that money . . sell it and buy ??? what ? gold? euro? yen. no they're fucked. they are too big to sell. . have to be careful that their bankruptcy don't disrupt the entire system but financial failures have a way of unintended consequences

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:17:52 AM (580220272)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 739EBA0F-F0FE-4268-A17D-EB157F1369EC

Message: " we know what they are up to . they need to clean up their internal financial mess and will attempt to blame it on trump . " it won't work . - even schumer can see through it

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:20:45 AM (580220445)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5061B995-1C21-48B3-9180-BF2D8D572442

Message: tom friedman is focuses on intl . xi on domestic .

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:46:58 AM (580222018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31EC55F3-9C97-41D7-87F7-3C1C12BC6FCF

Message: just published two minutes ago The comments appear intended to stir the spirit of the Chinese people as the Trump administration continues to press China on trade. But they also seem to acknowledge that the Chinese public could face difficult times ahead.

Sender: [redacted]

Time: 05/22/19 05:55:41 AM (580222541)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 838A5AB1-BAC4-45F7-A417-FC3318345477

Message: Tom Freidman -- also acknowledgment that establishment needed trump

Sender: [redacted]

Time: 05/22/19 05:57:22 AM (580222642)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: EC6383C2-ABB2-4768-8564-DB2E2DD27A60

Message: https://www.scmp.com/news/china/diplomacy/article/3011145/steve-bannon-says-killing-huawei-more-important-trade-deal

Sender: [redacted]

Time: 05/22/19 05:57:22 AM (580222642)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DFA7206F-28D9-4C2C-B5E2-B7D8E722903A

Message: Hot off the press

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 06:10:59 AM (580223459)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88EF4A11-FB0D-4A68-A866-075FF320BDE9

Message: yikes.  next time point out currency

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 06:12:37 AM (580223557)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F80C7282-479D-4121-8010-26D144BD0D57

Message: fair and free markets  ,  requires lawful compliance.

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 06:14:39 AM (580223679)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D52FE1C-D16A-4796-91C4-B312BE8EC34F

Message: id also be sensitive to using the we will , as opposed to the i suggest we ... trump needs to be seen in total control , I don't want him disavowing your statements.

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 06:15:14 AM (580223714)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F53D3797-B683-4F44-A6EE-35FE667262C9

Message: and or you

Sender: [redacted]

Time: 05/22/19 06:17:03 AM (580223823)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38F5567D-F876-475F-9868-976C04BFC4D1

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 06:20:10 AM (580224010)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9530019A-7E11-4A16-932F-2137872740DD

Message: don't want you grasping defeat out of the jaws of victory

Sender: [redacted]

Time: 05/22/19 06:49:53 AM (580225793)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F173215E-A025-45F6-B8BC-484E8E5665F3

Message: Yes yes yes

Sender: [redacted]

Time: 05/22/19 07:12:01 AM (580227121)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E1F28AD-6222-4B09-9564-D7E6B522D592

Message: I see what you are saying -- but trump can't do the capital market exclusions-- that has to be private citizens / private group

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 07:14:24 AM (580227264)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1127D21C-DC32-480F-BD50-FA45B260C27C

Message: I agree , i just don't want you to appear that you are part of govt . so the " we " has to be made clear , so trump doesn't say he doesn't speak for the country or for its biz . you are doing so well . no need not to be surgical

Sender: [redacted]

Time: 05/22/19 07:15:39 AM (580227339)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9BA43003-4159-4357-B19D-DBC9FC0EFF13

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 07:18:03 AM (580227483)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5487DC56-AD0B-4E4E-B5C6-6DB306821BB5

Message: hopefully next monday you can take a victory lap. , fingers crossed

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 02:24:07 PM (580253047)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C94BC564-9CFA-4D39-8D65-CAA2DCD07BC9

Message: Deutsch bank ruling trouble for him

Sender: [redacted]

Time: 05/22/19 04:40:49 PM (580261249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4C049338-9A8E-4A4B-B1C7-50189AB1A2DA

Message: Horrible day for trump

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 04:43:06 PM (580261386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5665A36A-2398-4C5F-B2D3-48754E13CC08

Message: Yup

Sender: [redacted]1

Time: 05/22/19 04:59:44 PM (580262384)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: EA7F943D-D298-4F3A-AD7D-AD8CE3EE0B47

Message:
https://www.google.com/amp/s/amp.scmp.com/news/china/diplomacy/article/3011188/dont-wait-friendly-white-house-steve-bannon-tells-china

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:17:22 PM (580263442)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DAAD99F4-D493-47CF-BC0A-CBB625ABFBE1

Message: Im told 2nd circuit will affirm deutch bank subpoena. Helicopter on lawn ? Late summer

Sender: [redacted]

Time: 05/22/19 05:18:39 PM (580263519)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4E5037FF-217C-47A3-B05F-9B185355A479

Message: 15 august--- u r going to have one of these rose garden explosions everyday

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:19:40 PM (580263580)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F25C1C06-3042-45D3-BCBF-16AF0C22ED51

Message: There will be explosions but not in USA

Sender: [redacted]

Time: 05/22/19 05:20:03 PM (580263603)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C457DD97-A515-4B3C-9935-41F8037BFA3F

Message: Wag da dog

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:20:47 PM (580263647)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8601574A-8901-4727-87E3-251FA3BF5BC1

Message: He will threaten divulging secrets if he has to

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:21:05 PM (580263665)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E55B9038-FD8E-4F08-873E-87C38B379CC3

Message: No limits

Sender: [redacted]

Time: 05/22/19 05:21:09 PM (580263669)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C3927652-94A2-47E4-8358-6094C7689405

Message: Stay classy

Sender: e:jeeitunes@gmail.com

Time: 05/22/19 05:27:26 PM (580264046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D99424B4-07B8-41AE-AD34-4AD2BEB02339

Message: On the other hand inspector general report plus intel chiefs in barrs sights will make for summer fun

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-05-23\[redacted] on 2019-05-23 at 06.21.07.ichat

Service: iMessage

Start Time: 05/23/19 03:21:07 AM (580299667)

End Time: 05/23/19 06:28:49 AM (580310929)

Last Message ID: 29518

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/23/19 03:21:07 AM (580299667)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1FB1D854-A563-4238-B200-EA41FEEABCCF

Message: https://www.thedailybeast.com/nancy-pelosi-to-impatient-democrats-weve-got-trump-on-the-ropes?ref=home

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 04:15:48 AM (580302948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E439ADEF-F43F-4BFB-8B5D-52CEE26D1420

Message: 60 days after they get the DB papers. oy I think you have positioned yourself perfectly. policy not individuals. . china not trump. . . sovereignty not sovereign

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 04:17:14 AM (580303034)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EAFA727B-5D16-4355-A8A9-C357A5646573

Message: your brand with tweaking . tom friedman like allies. all good. less of deutshland more of homeland

Sender: [redacted]

Time: 05/23/19 06:28:49 AM (580310929)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D671E60B-B1F0-4370-BFB4-F53FB6AA296B

Message: Yes yes yes

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-01\[redacted] on 2019-05-31 at 20.09.22.ichat

Service: iMessage

Start Time: 05/23/19 03:21:07 AM (580299667)

End Time: 06/01/19 09:50:02 AM (581100602)

Last Message ID: 30036

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: [redacted]

Time: 05/23/19 03:21:07 AM (580299667)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1FB1D854-A563-4238-B200-EA41FEEABCCF

Message: https://www.thedailybeast.com/nancy-pelosi-to-impatient-democrats-weve-got-trump-on-the-ropes?ref=home

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 04:15:48 AM (580302948)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E439ADEF-F43F-4BFB-8B5D-52CEE26D1420

Message: 60 days after they get the DB papers.  oy  I think you have positioned yourself perfectly.  policy not individuals. .  china not trump. . .  sovereignty not sovereign

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 04:17:14 AM (580303034)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EAFA727B-5D16-4355-A8A9-C357A5646573

Message: your brand with tweaking .  tom friedman like allies.  all good.  less of deutshland  more of homeland

Sender: [redacted]

Time: 05/23/19 06:28:49 AM (580310929)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D671E60B-B1F0-4370-BFB4-F53FB6AA296B

Message: Yes yes yes

Sender: [redacted]

Time: 05/25/19 10:11:48 PM (580540308)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 18E18E67-C6B9-4BFA-8DE2-748F9B3095A1

Message: DDay

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:55:28 AM (580557328)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4A37C5B8-8A22-45CB-A4EA-3FAABD64AF67

Message: Fingers crossed for you

Sender: [redacted]

Time: 05/26/19 03:03:49 AM (580557829)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9C2F3A08-0CD8-4EA0-83CF-315FE14D10DC

Message: Thanks : I think so far so good

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 04:51:45 AM (580564305)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5E818EA3-2B29-4284-AFCA-67558686F8A4

Message: Would have been better if the wrestler wore a gold wig

Sender: [redacted]

Time: 05/26/19 09:09:28 AM (580579768)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 03C2A7F5-2D1C-42D8-9F2A-43ABAD37C7C6

Message: 25 to 22

Sender: [redacted]

Time: 05/26/19 09:09:51 AM (580579791)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D7A3B05C-9C8C-4B40-96D5-03CA675734ED

Message: Salvini @ 28 to 31--leaked too early

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 09:20:42 AM (580580442)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6102CAC0-997E-4234-9323-69E813F447BF

Message: ///

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 09:20:57 AM (580580457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CFC7D376-1B34-4D3E-8606-3BE15ECD638B

Message: //?// don't follow

Sender: [redacted]

Time: 05/26/19 09:21:27 AM (580580487)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5989DD40-B8C9-49A9-8D33-E5399623B8A3

Message: Peaked too early

Sender: [redacted]

Time: 05/26/19 09:21:40 AM (580580500)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A06BDA1D-E28A-4D6C-AA12-000C181FA419

Message: Salvini should have been 34/35

Sender: [redacted]

Time: 05/26/19 09:22:03 AM (580580523)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F8D33EBA-1CB1-41F1-BC5E-E4B866D413A2

Message: LePen now controls situation

Sender: [redacted]

Time: 05/26/19 09:22:35 AM (580580555)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 686DB92D-5ACE-4ED7-B82E-3BFFD225C071

Message: She picked up 2% since I got here and started hammering

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 09:24:24 AM (580580664)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 04F4064E-CB4D-4CC1-88F1-9AF105046991

Message: What time complete?

Sender: [redacted]

Time: 05/26/19 09:50:31 AM (580582231)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C29D5BB8-A8E3-4022-AB36-3FAB02EA6C30

Message: Late tonight

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 12:56:27 PM (580593387)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 59F812E8-5D4C-4C69-900D-D84DA52E918F

Message: Macron down?  Boris up.  Merkel down. You up  GREAT

Sender: [redacted]

Time: 05/26/19 03:46:05 PM (580603565)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 67AC0AE2-94EC-4E71-9277-6E228BB3ACE5

Message: May gone

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:47:01 PM (580603621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DAA2CC49-A7DF-48C2-AED6-2FD5E3BDC6C7

Message: I like the Iraqi coming and saying they are against sanctions on Iran. He will go nuts

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:47:19 PM (580603639)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B1E69059-D7EE-49C2-A52F-81A09C17A405

Message: He will viiew it as employees against mgmt

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 11:34:24 PM (580631664)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F30624A8-4D62-410A-A1F5-7A896C1C7D96

Message: What is the mood.?

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 11:35:17 PM (580631717)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B106D852-D3E2-46C5-9820-7437BFA31DCC

Message: My French guys are saying it was so close , no effect

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 11:35:18 PM (580631718)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 68E6F94B-B72C-45A6-B63F-5F2626B8000F

Message: ?

Sender: [redacted]

Time: 05/26/19 11:36:28 PM (580631788)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8DF345F0-4AF4-4744-9C51-0F4D6A6F22A6

Message: So far they and media spinning it quite well

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 03:45:24 AM (580819524)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 14CF70F0-6A99-4A41-AD45-BA5411C74AB8

Message: Sat afternoon??

Sender: [redacted]

Time: 05/29/19 03:53:33 AM (580820013)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F2F9E8E3-BD7D-4C35-837E-26CBB25325CA

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 08:59:09 AM (580838349)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8900F02B-D252-439D-B890-6AD704EC2BFF

Message: I will land at 1.  Sat. You guys can set up anytime before. .and Sunday im free

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 09:06:40 AM (580838800)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5AE9691B-5098-4A6D-AE9B-4B7499DE97EA

Message: https://www.npr.org/2019/05/29/727724850/michael-wolffs-new-trump-tell-all-siege-stars-steve-bannon-and-cast-of-no-names

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 09:42:40 AM (580840960)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: CE59FFDE-2D08-4307-AC90-EBC8F4C8623C

Message: https://www.newsweek.com/bannon-trump-investigations-scumbag-wolff-book-1437900

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 12:45:03 PM (580851903)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 17E3DCCE-5BB9-4ECC-9C1E-7831F206BE94

Message: Are we on for Saturday afternoon?

Sender: [redacted]

Time: 05/29/19 02:30:19 PM (580858219)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D898C89A-6A02-420B-9026-A030D9E93B4E

Message: Can we film

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 02:30:56 PM (580858256)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DDD52C3E-0169-4229-A5C9-E7D7C9FA99FE

Message: Yes,  from 2 on im easy.  Your guys can set up anytime

Sender: [redacted]

Time: 05/29/19 02:34:40 PM (580858480)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B10DF5BA-5C53-4AD7-ADAC-7ED8DF4F7A1C

Message: Perfect

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 03:03:08 PM (580860188)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F97AEB92-996C-444B-AEAA-6FF758370F4C

Message: https://www.bbc.com/news/world-middle-east-48454514

Sender: [redacted]

Time: 05/29/19 03:05:35 PM (580860335)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ED7BC030-3548-482F-8D56-C5AE786829CA

Message: WTF

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 03:06:19 PM (580860379)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB984595-7DD3-4568-A6A2-A6BA679C6663

Message: Bibi wanted  immunity .  Uh oh

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 03:54:14 PM (580863254)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A2C80EAD-0BBD-4939-938D-78C2926AACD0

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 05/29/19 04:03:25 PM (580863805)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 861A7342-383F-46AE-BEB6-B9FF1D0761A5

Message: Great shot

Sender: [redacted]

Time: 05/29/19 04:04:49 PM (580863889)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7083C225-5472-4DE4-A686-AFDE16954CD1

Message: Immunity

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 04:42:39 AM (580909359)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D9BBF897-0449-4EF8-AD12-97E29EFE6BDA

Message:

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 04:42:40 AM (580909360)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0C0D6EA5-D4C0-40A5-B997-68DB459D480F

Message: https://www.rawstory.com/2019/05/new-book-paints-sordid-picture-of-trump-real-estate-deal-involving-russian-oligarch-and-jeffrey-epstein/

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 05:39:51 AM (580912791)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 1DDF0F24-36AA-4818-93F2-4699B467FE8B

Message: https://www.washingtonpost.com/outlook/a-trip-inside-trumpworld-and-inside-the-presidents-head-with-bannon-as-guide/2019/05/29/7560ec12-8236-11e9-95a9-e2c830afe24f_story.html?utm_term=.d96a6ffb5b72

Sender: [redacted]

Time: 05/30/19 05:50:22 AM (580913422)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3B698F36-C44B-4812-8CFA-72ACFBB5E448

Message: Ugh

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 05:54:53 AM (580913693)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 985D7FF7-632E-4341-9687-C6E2BA471458

Message: I guess you will have to figure out how to make the phrase " he's a scumbag" into words of support for policy. UGH

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 05:56:02 AM (580913762)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B0AAE778-AC22-44D6-8594-23CC78663B8F

Message: I guess you could argue that scumbag in Chinese means statesman

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 05:59:10 AM (580913950)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 3A792DEA-F1E3-4E4C-880C-E6F6FD0BF3B0

Message: https://www.forbes.com/sites/panosmourdoukoutas/2019/05/30/a-china-bond-sell-off-could-send-bitcoin-ethereum-xrp-and-litecoin-to-new-highs/#7581fe1368f2

Sender: [redacted]

Time: 05/30/19 11:11:08 AM (580932668)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7239AC5-8BC9-430F-8945-13DF80677D1F

Message: They are ALL scumbags

Sender: e:jeeitunes@gmail.com

Time: 05/30/19 11:20:30 AM (580933230)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F727EEA8-B0C6-445E-9019-D3791515A322

Message: How true

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 03:51:43 AM (580992703)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05B0ED42-B816-456B-AE4D-4A09B51FD20C

Message: I think , the ' we are all flawed "  and trumps personal life, my opinion of it or of him does not detract from the policy which I fully support.

Sender: [redacted]

Time: 05/31/19 04:55:42 AM (580996542)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7FF460F5-BF1F-407F-817C-3383DFDFD53C

Message: ???

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 04:56:05 AM (580996565)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BB821973-1EED-48DC-A364-3FE9E59C0267

Message: Your explanation for your quotes

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 04:56:10 AM (580996570)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: BFFB4821-FC8E-40B0-AB12-7ED2DCBA64B9

Message: Are you back,?

Sender: [redacted]

Time: 05/31/19 04:56:33 AM (580996593)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 5ADEEDF0-D481-492D-B81F-79240C0CFF35

Message: London: back tomorrow to film

Sender: [redacted]

Time: 05/31/19 04:56:43 AM (580996603)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E63B61D5-13C3-4A2C-8CE3-FD62D0EBF48F

Message: Why do I need explanation?

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 04:56:59 AM (580996619)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 71754283-4E1C-4B6C-94E4-FC2DC046BFEE

Message: That my boy

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 06:54:44 AM (581003684)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88D36910-5E13-4A2C-8044-7BDF47333662

Message: What time do you land tome?

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 06:54:48 AM (581003688)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D863C322-DF5F-4224-9B9B-4FD126F8B985

Message: Tomorrow?

Sender: [redacted]

Time: 05/31/19 04:02:42 PM (581036562)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6950B8AE-2F53-43D0-AD10-1CE3267CCEEF

Message: 1 pm @ your place @ 2 pm to film

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 04:18:32 PM (581037512)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 194F423A-9E22-49EB-B21C-238397B01106

Message: done

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 04:25:05 PM (581037905)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54811E48-CBD0-4A0F-AAE7-03EF737575B2

Message: Travel safe

Sender: e:jeeitunes@gmail.com

Time: 05/31/19 05:09:22 PM (581040562)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39BEE956-89A2-45A7-BFD3-CAEC603BA5DA

Message: And if you like woody coming at 630 for dinner

Sender: e:jeeitunes@gmail.com

Time: 06/01/19 09:49:56 AM (581100596)

Flags: 1081349

Is Read: No

Is Invitation: No

GUID: D01DE632-53F2-43E9-888E-E4BF95A35435

Message: Eta

Sender: e:jeeitunes@gmail.com

Time: 06/01/19 09:50:02 AM (581100602)

Flags: 1081349

Is Read: No

Is Invitation: No

GUID: EB6EAD17-6991-48B8-805F-11DBE52F1715

Message: ?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-01\[redacted] on 2019-05-29 at 17.13.23.ichat

Service: iMessage

Start Time: 05/23/19 07:06:17 PM (580356377)

End Time: 06/01/19 11:33:21 AM (581106801)

Last Message ID: 30040

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/23/19 07:06:17 PM (580356377)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4F65B863-287C-4498-A5F0-E75DB0769195

Message: I'm doing a one hour show for India on Modi while here-- bringing American Hindu guys with us

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 09:21:13 PM (580364473)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 98A7E553-73D5-49D0-A0A8-8D6A173CF517

Message: his focus wants to be stopping china.  .

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 09:21:23 PM (580364483)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7AB1781A-32E7-41D9-90BD-D60D32882AD8

Message: I can set

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 09:34:53 PM (580365293)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D6DFB6E8-3EFA-42A0-976C-265639047D2E

Message: you should meet with modi.

Sender: [redacted]

Time: 05/23/19 10:53:15 PM (580369995)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 470797FC-CB89-4423-A4E9-0A23CFCF614E

Message: Please

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 10:53:35 PM (580370015)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 746D4AB1-4E67-4DF5-9C53-03768875F157

Message: when can you do it?

Sender:[redacted]

Time: 05/23/19 10:54:32 PM (580370072)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A9F11887-A697-4B8C-A98F-BA571385E0F1

Message: Standby : just got stage

Sender: e:jeeitunes@gmail.com

Time: 05/23/19 11:05:27 PM (580370727)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6A7BFBA1-2F7A-4D46-B5BF-7164E80B7933

Message: ill be back on line in 5 hours

Sender: [redacted]

Time: 05/23/19 11:14:46 PM (580371286)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6E3CE324-8D11-4028-BF2A-9912DDBC64B1

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 02:53:47 AM (580384427)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9824BDA7-DDDC-4657-868A-8A12E9C8B3C2

Message: my guy said to tell you that you are missing a great opportunity,  look at your underwear.  it either says made in china or made in india.  .  how is it possible that you guys don't understand shared goals

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 03:11:59 AM (580385519)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 08D5CA84-CA4C-4EDD-9DD1-08F3B960EB8D

Message: modi inauguration on sunday .

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 03:22:45 AM (580386165)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CFC8319F-CBA2-4FD8-93B7-30994BAA3053

Message: thera may resigns  .  good work

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 03:22:50 AM (580386170)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7BFCA609-00D9-4F5D-82FA-73A68B48D8DF

Message: theresa

Sender: [redacted]

Time: 05/24/19 03:43:44 AM (580387424)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8B2EF640-02C7-4795-B887-F8C7A7F2FAD9

Message: May down; merkel and Macron on Monday

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 09:14:36 AM (580407276)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C7153061-BF27-4853-B780-48A66E5D508A

Message: yup

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 09:14:50 AM (580407290)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A471DC8A-040A-4343-BF7F-9460928D914E

Message: modi on board

Sender: [redacted]

Time: 05/24/19 09:15:13 AM (580407313)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 95DFBF09-3F28-4DCE-B6F5-B93EF6735D6B

Message: Just got the internals in France 25.5 to 23

Sender: [redacted]

Time: 05/24/19 09:15:38 AM (580407338)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6E4451A2-38E3-4DF7-A805-AFBA8391F39F

Message: Crushing defeat if we get everybody out

Sender: [redacted]

Time: 05/24/19 09:16:08 AM (580407368)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 974B76E5-EF95-4560-BAD3-3C4CC45AD865

Message: 1.5% increase since my French media blitz

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 09:16:53 AM (580407413)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FE931FEA-C592-4F0B-90EC-16DB947A7A1D

Message: well played

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 09:17:32 AM (580407452)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A74AF57F-BD95-41D0-A0F0-0231A5B083E3

Message: what does germany look like?  are you having fun where you are

Sender: [redacted]

Time: 05/24/19 09:18:11 AM (580407491)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E3A91A6E-1B88-4EA2-A57F-948B403F8264

Message: Merkel thrown out Monday ; AfD 12 to 13

Sender: [redacted]

Time: 05/24/19 12:06:30 PM (580417590)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 445BC016-30C4-4D9B-9F4E-C48EF558D037

Message: https://www.mediaite.com/tv/fox-business-host-trish-regans-feud-with-state-tv-anchor-goes-viral-in-china/

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 01:26:01 PM (580422361)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 97330179-CD7A-446E-B760-F58F6384F93C

Message: https://www.pakistantoday.com.pk/2019/05/25/renowned-physicist-murray-gell-mann-passes-away/

Sender: [redacted]

Time: 05/24/19 01:30:40 PM (580422640)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2A1B2CF-857D-408A-A530-4799926900C1

Message: Giant

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 01:32:03 PM (580422723)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 85F383FB-1F7B-4E9B-A3A3-45F5FA5BC593

Message: fallen,  .

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 03:25:28 PM (580429528)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F9820975-BDD5-4714-8D1A-35D443869E43

Message: next topic  thinking is overrated

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 03:26:07 PM (580429567)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2735E28D-4211-46C3-991C-8FED5C1F5787

Message: eric is on the one eyed man in the land of the blind

Sender: e:jeeitunes@gmail.com

Time: 05/24/19 04:26:18 PM (580433178)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 381605E7-D2CB-4B41-9443-82BB965A7656

Message: https://static.macmillan.com/static/holt/siege-michael-wolff/

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 01:00:21 AM (580464021)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1814F60F-6BB4-416E-8515-932A00B61270

Message: Oy

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 04:38:22 AM (580477102)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DF58CEA1-3922-4504-A58C-22AFC04FDC11

Message: when do you arrive paris

Sender: [redacted]

Time: 05/25/19 06:28:43 AM (580483723)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 01ABF89E-FB8C-4CD7-8797-5D3F4A3DCFE2

Message: Heading to meeting @ Cannes : tonight Paris tomorrow night

Sender: [redacted]

Time: 05/25/19 06:29:16 AM (580483756)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 496CDF0D-0F62-4B2F-B8D5-95BE2B5E3FC5

Message: Just in from Kazakhstan

Sender: [redacted]

Time: 05/25/19 06:29:16 AM (580483756)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5891E83B-E3BF-4D7D-8C09-CE926DD36D74

Message: Landing now from Kazakhstan

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 06:42:43 AM (580484563)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 704D50D1-65E5-4992-BAFB-D6D2EE5D016C

Message: Was it interesting

Sender: [redacted]

Time: 05/25/19 06:43:54 AM (580484634)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4FFB53B1-7D95-4A86-80B0-234699BAF686

Message: Yes : thanks ; spent a lot of time with the general in charge of state security post WH : very good man

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 06:44:47 AM (580484687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9689F905-4021-4360-AC84-39F85AD5D9B8

Message: Yes I know

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 06:46:22 AM (580484782)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9EDEA29C-1D2D-413B-83F6-B583999227FC

Message: If you are in New York 1st 2nd I'll fly in otherwise 12th

Sender: [redacted]

Time: 05/25/19 07:24:02 AM (580487042)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9FA39BDA-1969-4C0B-BD9D-74FDE5D4989B

Message: NYC 1st/2 nd

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 07:54:18 AM (580488858)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E02C3A3-9AD3-4AD2-AC45-22649C0AFE44

Message: K

Sender: [redacted]

Time: 05/25/19 08:15:49 AM (580490149)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EFB361BD-E02F-43A9-9F21-301BDB001E6E

Message: Where r u now???

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:16:28 AM (580490188)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B0C6B24-949C-451E-92EA-122BA79A0E12

Message: Santa fe

Sender: [redacted]

Time: 05/25/19 08:16:38 AM (580490198)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4810CCA1-350B-46EF-B72C-5BA49970D99D

Message: How is it?

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:16:47 AM (580490207)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 326CDAA9-FFEA-4622-B1A3-54363A7E719F

Message: Amazing

Sender: [redacted]

Time: 05/25/19 08:17:11 AM (580490231)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D0E6F158-CE6C-49DD-B073-A7D3FF1E7983

Message: I do not get how u hang out in NYC

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:18:00 AM (580490280)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 280107F1-A139-425C-85C8-242F4E9EF181

Message: If i want ny smarts there is no other place

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:18:06 AM (580490286)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4C75713B-46DE-4EBB-AFD9-67419FF096D2

Message: None

Sender: [redacted]

Time: 05/25/19 08:18:31 AM (580490311)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AAC9B185-AC28-49CD-91B6-D5FDCC1A6026

Message: I got that-- but u can cram my smarts into 2 days a month

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:19:03 AM (580490343)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C38D4A87-0D1C-49EC-9109-32EFDCD00A80

Message: That's the idea , actually 5

Sender: [redacted]

Time: 05/25/19 08:19:19 AM (580490359)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0EC1A6A9-30C1-4696-8A55-DD0B9114CB81

Message: 5 good

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:20:57 AM (580490457)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89F49087-2D23-4474-9C78-6758B43E934A

Message: Im on island 3-10 ny -14 then 6 weeks Paris Saudi morroco

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:24:21 AM (580490661)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B79D303D-C898-42BE-88A9-A1BA5359CDD5

Message: If Boris Johnson wins plus horowitz report plus deutsh bank doc plus Michael s book june will be active- ive asked Peter for eric contact

Sender: [redacted]

Time: 05/25/19 08:25:11 AM (580490711)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FD17E5A6-8601-4398-910E-15DF1BA61512

Message: You are Paris from when to when

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:30:47 AM (580491047)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A068277-8A14-40E6-A11D-8BAF61B5341C

Message: Flying morning of 14 from ny -30

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:33:35 AM (580491215)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1FE37308-9F56-41C4-AA33-D2DAD8A13FF6

Message: I'm reading in the closet as you suggested - wow

Sender: [redacted]

Time: 05/25/19 08:39:20 AM (580491560)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1577E2BD-1931-4700-B214-9D49DC0B8FE6

Message: My wall dude-- New Mexico --right outside El Paso -- in total secret -- we go on fox and friends on Monday to release

Sender: [redacted]

Time: 05/25/19 08:39:20 AM (580491560)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E594AB75-E797-44A4-9979-D1377D74CAA4

Message: I want to talk about 'closet'

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 08:42:31 AM (580491751)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFF43E44-40F9-45D2-826C-C7CAEE49ED55

Message: You won't be there?

Sender: [redacted]

Time: 05/25/19 08:44:13 AM (580491853)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: CB11893F-45AC-4D38-897E-0DF2DCE25E5C

Message: Can't ; have kobach and kolfage on site -- I'm the chairman but I push those 2 plus the construction guy as national heroes -- we started Memorial Day Friday after the courts closed-- and will be done Monday @ noon

Sender:[redacted]

Time: 05/25/19 08:44:40 AM (580491880)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4C9116A2-9D38-4823-AB75-3BDC6DC8EDD6

Message: I also can't seem like I'm running trumps nose in his own incompetence

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 12:45:05 PM (580506305)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 03059F22-13D3-4895-BEA9-BAED9B98FC76

Message: How long

Sender: [redacted]

Time: 05/25/19 12:51:07 PM (580506667)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B2F2C050-A092-4348-A34B-DF92610BF8C9

Message: How long what

Sender: e:jeeitunes@gmail.com

Time: 05/25/19 01:59:32 PM (580510772)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4DB19797-086D-47A6-8564-A8E36C3A5490

Message: The wall

Sender: [redacted]

Time: 05/25/19 02:51:10 PM (580513870)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12C72B9C-F9E6-46D8-8D16-3C29C20EC129

Message: 1 mile

Sender: [redacted]

Time: 05/25/19 02:51:23 PM (580513883)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A083D30F-89D6-4803-8E23-190FEC92BFCA

Message: Connects two 21 mile sections

Sender: [redacted]

Time: 05/25/19 02:51:40 PM (580513900)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69D4EA67-7ED2-4D56-B2AB-20221923B344

Message: It's a mile they said could never be built

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 06:52:00 AM (580571520)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C515FA3-5CC8-4555-8CC1-B41B3A4C4579

Message: <Unsupported Message Content>

Sender: [redacted]

Time: 05/26/19 07:43:00 AM (580574580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C4F52F1D-5D17-423E-9239-29FEE8987724

Message: Gods country

Sender: [redacted]

Time: 05/26/19 01:31:47 PM (580595507)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D5FA2715-68DB-4840-9A72-FB3F308C0765

Message: We r rolling

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 01:32:54 PM (580595574)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F23C1BF1-3AB4-43B9-AE5B-8EF809F58DA5

Message: □

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:48:45 PM (580600125)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D8B3742C-836D-41BB-8A78-31A2AC341DE7

Message: Im told nationalists will have more space but no much more influence ?

Sender: [redacted]

Time: 05/26/19 02:50:10 PM (580600210)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3CDF700C-C0A0-4ABC-AE5C-17BEF5BD8D5D

Message: The establish order always digs in

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:52:01 PM (580600321)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F32E62EB-D4C3-4A5B-81F3-B336759A3C3F

Message: understood. . were there any surprises.? My germans said it was a slap in the face for macron, but knowing him he probably liked it

Sender: [redacted]

Time: 05/26/19 02:52:29 PM (580600349)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 590ADF7F-F212-47BD-8D2A-B0DEEF338065

Message: He gambled all-- and lost

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:52:43 PM (580600363)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DB417690-A8F3-4C65-9EC0-48899AAEDE09

Message: On another note I hope Michaels new book doesn't stir up too much trouble.

Sender: [redacted]

Time: 05/26/19 02:55:13 PM (580600513)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D1A81C85-9B19-4A44-940C-0D556EBEE141

Message: Have you read it

Sender: [redacted]

Time: 05/26/19 02:55:24 PM (580600524)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D99B7A80-4E21-4A7E-9C26-C34C0F3AD75F

Message: He told me it was non event

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:58:08 PM (580600688)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3EE7B78D-6C88-411B-9F1B-1F8944EA7534

Message: I have not.  He has declined to give me a copy.  Melania? Not living with him  Nikki haley , trump says blowjob but who can trust him . You..  lots  Nick ayers. .  Im mentioned int he palm beach house sale.  Hopefully not anywhere else.

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 02:59:30 PM (580600770)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23A7BB81-A4CB-4D01-810B-76FD273F7A29

Message: 1 milllion copies. First printing

Sender: [redacted]

Time: 05/26/19 03:00:54 PM (580600854)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F68B9ABE-F370-41C0-80E2-20C1A1D77746

Message: Me lots of good or lots of snark ??

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:02:01 PM (580600921)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 11863886-11C4-4338-9DF7-744653DB81F9

Message: I understand there is a passage where you saying maybe he kills himslef and his former friend . Says. No. He fakes a heart attack .

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:02:14 PM (580600934)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C410FCA0-080F-465C-99C8-C79AFBC7BE7A

Message: Is that good or snark

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:04:32 PM (580601072)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AC9881A8-1AED-443D-A524-A701AC73C108

Message: Over the weekend I think we should see it.

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:04:45 PM (580601085)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D7B098BD-BD11-49EC-91D6-20898492DBA8

Message: Nothing to be done but be informed

Sender: [redacted]

Time: 05/26/19 03:05:16 PM (580601116)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 48F9D6BC-3004-4F1F-9424-AA496E26ECF4

Message: Very stable individual needs all friends he can get

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:05:31 PM (580601131)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 058C63A5-2E68-43E7-A908-E1CB6DD536E6

Message: Stable genius

Sender: [redacted]

Time: 05/26/19 03:06:08 PM (580601168)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 71ECE044-ECEB-4B0B-BDFA-4579F8DCE7A7

Message: VERY

Sender: e:jeeitunes@gmail.com

Time: 05/26/19 03:42:40 PM (580603360)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: DE6F7220-0307-46D0-B688-478ED4D87914

Message: Im going for lunch tomorrow at the Chomsky's

Sender: [redacted]

Time: 05/26/19 03:44:24 PM (580603464)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 340FF495-106F-4541-935E-7E33A5CB9072

Message: Tell him the reactionaries are on the rise

Sender: [redacted]

Time: 05/27/19 03:54:17 AM (580647257)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A09E2EFA-C37F-4BD8-9B93-E79A3C8464BF

Message: We really did crush them

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 03:55:50 AM (580647350)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A26052CF-4549-41D5-80A0-9DB0D36388FF

Message: How to leverage

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 03:56:26 AM (580647386)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D1B45D1A-6FE4-4483-8E17-1E1D0E44BB4C

Message: For movement and more importantly for you

Sender: [redacted]

Time: 05/27/19 03:56:45 AM (580647405)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EF0AA4B7-A3C2-4127-8AD1-BCEADE7663F1

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 04:00:02 AM (580647602)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E02EED1D-9DB2-4253-A948-C7C3D44F0468

Message: 1. you still need to call out china on currency . Bubble etc. 2. India. Great opportunity . 3. Navigate Biden Horowitz Barr. DB NYS /

Sender: [redacted]

Time: 05/27/19 04:00:27 AM (580647627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 46100104-9B82-47E0-A72C-58D81A5A5728

Message: Yes agree 100%

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 04:01:05 AM (580647665)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C22F2891-1369-42D4-972C-B640EC59221D

Message: Policy not people. .

Sender: [redacted]

Time: 05/27/19 09:34:53 AM (580667693)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 54A6A3B4-9C89-4518-ADA1-26287760BA42

Message: Kurtz out

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 09:39:15 AM (580667955)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8DF28F2E-40D8-494E-97C2-98D153CD71E1

Message: But back in September?

Sender: [redacted]

Time: 05/27/19 09:41:15 AM (580668075)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B8AE5F15-6652-43D0-971B-E2EA05BAECC9

Message: To be seen correct ?

Sender: e:jeeitunes@gmail.com

Time: 05/27/19 09:49:18 AM (580668558)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 999C9DDB-34EA-40FF-86D0-B232EB11A2DC

Message: He will win the election but no partner for coalition

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 04:33:38 AM (580736018)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8A475F54-0B26-475A-8793-A6193E2F0040

Message: What day are you back?

Sender: [redacted]

Time: 05/28/19 05:52:12 AM (580740732)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BA9581D8-9232-4C64-B409-3B9414A37E7B

Message: Dude ::: standby

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 05:57:56 AM (580741076)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 624CA515-95F3-4E9E-A16D-61EDE2CFCCED

Message: https://www.bloomberg.com/news/articles/2019-05-28/merkel-sees-succession-plan-unraveling-because-akk-not-up-to-job

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 06:26:01 AM (580742761)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 988DE5E3-83BD-43E1-B04F-7ABE28C8A732

Message: https://www.theguardian.com/us-news/2019/may/28/mueller-trump-obstruction-charge-michael-wolff-book-siege-under-fire-news

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 10:12:36 AM (580756356)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7BE4306F-AC84-4060-BFEE-40A2F0A70FE0

Message: https://finance.yahoo.com/news/china-apos-first-bank-seizure-210000879.html

Sender: [redacted]

Time: 05/28/19 10:15:32 AM (580756532)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9E7F8FC6-CA19-4812-8C38-D3E4EB37D9B3

Message: Selling $$$ forward

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:29:51 PM (580771791)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4116D9D1-9739-44B4-8752-C4504776265F

Message: I have now seen some of Wolffs book.  Mentions me and underage prostitutes. You as the man behind and in front of the curtain.  Lots of Steve quotes. Lots

Sender: [redacted]

Time: 05/28/19 02:30:57 PM (580771857)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CCFD473E-70B3-4A19-A8FF-3ABA85900385

Message: Ugh -- anything awful??? Wish he hadn't done that-- why are u mentioned @ all?

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:38:38 PM (580772318)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2C333688-5A63-4881-89B9-8FD0250B7B00

Message: Palm beach house purchase. .  !  don't reach out to Michael. . but. Bannon was not confused , he had a clear understanding of how great a liability trump could be to  Bannon's own  vision and career. .  - within minutes of the budget bill passage Bannon began working the phones is goal was to " light him up ".  -  costa sat at bannons dining room table for two hours.  .

Sender: [redacted]

Time: 05/28/19 02:39:10 PM (580772350)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 510749B1-1740-4AFC-B08D-251AE05B88E1

Message: Ugh

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:39:12 PM (580772352)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DFA5FE28-67C6-4900-8AAC-CFA799C060D2

Message: I told Michael I wouldn't pass on , but..

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:40:20 PM (580772420)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 242859F5-8114-47DA-9CC5-88D7E1033FB6

Message: Ugh ugh ugh

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:42:17 PM (580772537)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 271DA2F1-AD55-443B-B100-C1AE100D63B7

Message: You should get 50-% f the royalties

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:43:03 PM (580772583)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FB4B635E-E87B-4AF6-85F4-14072AB16BA1

Message: Trumps stupidity could sometimes be made into a virtue

Sender: [redacted]

Time: 05/28/19 02:43:38 PM (580772618)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E1B40DA6-3E37-46B3-AEE3-60E2434C67AE

Message: How does he pitch this as an inside book on trump

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 02:45:43 PM (580772743)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DEC3228F-FAE3-4B03-8D0B-528FD04CD223

Message: In the last few weeks he had installed his allies. Pompeo bolton kudlowl lewandowski and bossie  Bannon people carrying bannons message  .  UGH

Sender: e:jeeitunes@gmail.com

Time: 05/28/19 03:17:16 PM (580774636)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 01BD2AA3-94D5-45B3-B773-AD5978C03AB4

Message: https://www.nytimes.com/2019/05/28/books/review-siege-trump-under-fire-michael-wolff.html?login=email&auth=login-email

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 03:41:02 AM (580819262)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A4FB01BA-A759-4083-B4C1-D5CA95E065C9

Message: i will have the book today,  full download by tonight  .  Are we meeting on sat ? Sun . ?  I leave for island for week mon,

Sender: [redacted]

Time: 05/29/19 04:00:29 AM (580820429)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: A1DEB637-E2A3-48FB-BD7B-8B7370ECE2AD

Message: Can we film on Saturday afternoon

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 04:19:06 AM (580821546)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC9AC785-F76F-4629-96FA-6183B64FAFA1

Message: Standby

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 07:56:23 AM (580834583)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43FB3A59-577F-44CE-B395-924189A32E63

Message: I read the whole book, its mainly you and your funny descriptions of people. Lol a couple of times. Nothing that interesting. Again points out how most think trump is awful insane .etc.

Sender: [redacted]

Time: 05/29/19 08:23:11 AM (580836191)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 30A51E75-776D-4C66-A0AF-2A040E5BED70

Message: How bad am I going to get lit up ???

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 08:25:31 AM (580836331)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 874CBE04-F9DF-44E3-9698-88B86B1ABD2E

Message: Probably like the last time. Though in the epilogue he thanks you for being a source that stood by his comments in the first book

Sender: [redacted]

Time: 05/29/19 08:27:37 AM (580836457)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F3F6D59D-9063-4BCE-815F-D6977B97F57E

Message: Like last time!!!!

Sender: [redacted]

Time: 05/29/19 08:28:20 AM (580836500)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FE81FB72-D7D0-4E38-9EFF-11B4FA5CB78E

Message: I don't actually remember any deep conversations

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 08:30:50 AM (580836650)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F5140DB3-9F21-499C-A4E8-FFAD6420784C

Message: Mcconell machaivelli wanting to lose the house , Giuliani a drunk, cliff sims a weasel Keith Schiller lying about how many days in Moscow. Pence and the mother , . Manipulating meadows. Bossie behind the scenes. , trump going after jr. I would say most of the book is you and your views

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 08:57:28 AM (580838248)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4AD99D97-CAF1-44FD-A7D6-CA93A0BF43B1

Message: With mueller saying today that he couldn't say trump didn't commit crimes. And that to charge him would be unfair as he couldn't defend himself but they preserved evidence for when he could , probably will take the focus off of you and your funny comments,

Sender: [redacted]

Time: 05/29/19 10:11:52 AM (580842712)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3379E410-860C-4FF5-96DD-7E9E2B280B63

Message: Did mueller just start an impeachment process

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 10:14:22 AM (580842862)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D46B911C-242B-4B7E-AE0D-5EFDD42392F3

Message: I don't believe so , but I can tell you that had he been referring to me or you , and said I preserved the evidence so that if a time comes when you can defend yourself. It could be used. Im not sure id get a good night sleep

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 01:41:08 PM (580855268)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 0A0F6B28-225B-4508-9560-552B0F52270C

Message: Are we set for sat afternoon or Sunday. Your call

Sender: e:jeeitunes@gmail.com

Time: 05/29/19 02:13:23 PM (580857203)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EF8CA5A9-DBD4-4E78-8270-554352902EA9

Message: https://www.npr.org/2019/05/29/727850485/plenty-of-cards-to-play-chinese-media-suggest-cutting-rare-earth-exports-to-u-s

Sender: e:jeeitunes@gmail.com

Time: 06/01/19 09:51:01 AM (581100661)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 365EB4B7-7C81-4983-9599-1A67182EBF4B

Message: Eta?

Sender: [redacted]

Time: 06/01/19 09:52:04 AM (581100724)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AAE077B4-29A2-45CB-8815-87688A78D7B3

Message: Inbound eta 130

Sender: [redacted]

Time: 06/01/19 09:52:28 AM (581100748)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3BDA577F-DD8C-411C-A51D-9B57CBE10AB7

Message: Exactly time the shot is fixed

Sender: e:jeeitunes@gmail.com

Time: 06/01/19 11:33:21 AM (581106801)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B271D35-3C1A-4F4F-9FEC-2F1ADC7D02EC

Message: I have blocked out new area.s.  beards.  Genotypes phenotypes.  Ties as bacteria transmitters.  .  currencies and debt

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-12\[redacted] on 2019-06-12 at 15.55.49.ichat

Service: iMessage

Start Time: 06/12/19 12:55:49 PM (582062149)

End Time: 06/12/19 12:57:33 PM (582062253)

Last Message ID: 30575

Chat Room:

Participants: jee, +[redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: [redacted]

Time: 06/12/19 12:55:49 PM (582062149)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A88D2BA8-B895-46A4-BEE4-B3F6FFB69FD1

Message: On the train to NY. Just met your friend POTUS.

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 12:56:33 PM (582062193)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 089C232F-5E65-4F61-82F0-FBFC0B1F63CE

Message: See if you still have your wallet

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 12:56:59 PM (582062219)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: B0E20683-7E5C-410C-89B1-2D3B7FBBEF89

Message: Im sitting here with Steve

Sender: [redacted]

Time: 06/12/19 12:57:33 PM (582062253)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF615E3C-8E82-4792-BB29-D670D3895266

Message: Say hello. And I've not got so much too lose as you □

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-13\[redacted]5 on 2019-06-13 at 08.49.53.ichat

Service: iMessage

Start Time: 06/11/19 08:59:38 PM (582004778)

End Time: 06/13/19 04:42:38 PM (582162158)

Last Message ID: 30651

Chat Room:

Participants: jee,[redacted]

Presentity IDs: e:jeeitunes@gmail.com,[redacted]

Messages -

Sender: [redacted]

Time: 06/11/19 08:59:38 PM (582004778)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 197410CC-B951-4559-B48F-238E618E6849

Message: Dude: I told you--CCP blinked

Sender: [redacted]

Time: 06/11/19 08:59:43 PM (582004783)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A05855EF-C097-4EDD-A49F-8AE777D8A60E

Message: Massive win

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 02:36:09 AM (582024969)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 773115FB-C321-4579-8D79-0D63C72F7388

Message: good work,  get the video of hong kong into china  .  that's the in

Sender: [redacted]

Time: 06/12/19 06:34:15 AM (582039255)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EFD8BD70-510B-442A-B7A4-AB4DE3AACA13

Message: Yes yes yes

Sender: [redacted]

Time: 06/12/19 06:45:07 AM (582039907)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: E2740150-9228-43BD-83F9-64D9E2FF3BD6

Message: 3 pm to 5 pm shoot??

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 06:45:20 AM (582039920)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EC909038-C865-41D6-ABCE-EE07B0D13792

Message: Yes

Sender: [redacted]

Time: 06/12/19 12:01:36 PM (582058896)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A4F52668-981E-4D95-BDD0-950CEF23D8EC

Message: 10 minutes out

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 12:10:37 PM (582059437)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7856A1B7-5F08-41B9-8D89-436058058430

Message: K

Sender: [redacted]

Time: 06/12/19 12:13:00 PM (582059580)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12A58C95-3979-46E2-9074-03454EC717DE

Message: I'm here can u get your guys to the door

Sender: [redacted]

Time: 06/12/19 01:27:54 PM (582064074)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D9CFFF48-0828-43E2-B2BF-0E157356B316

Message: We r ready

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 02:43:42 AM (582111822)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D5D43664-C1B0-487D-AD00-D09C091789D3

Message: https://www.cnbc.com/2019/06/13/oil-jumps-more-than-3percent-on-reports-of-tanker-incident-in-the-gulf-of-oman.html

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 05:46:59 AM (582122819)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 47B11DB4-27E7-476E-B250-AB9FE02A3C09

Message: The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government that protects the funds of the little guy  FDIC insurance is backed by the full faith and credit of the United States government. Since the FDIC was established in 1933, no depositor has lost a penny of FDIC-insured funds. FDIC insurance covers all deposit accounts, including:  Checking accounts  Savings accounts  Money market deposit accounts  Certificates of deposit FDIC insurance does not cover the BIG GUYS ie,  other financial products and services that banks may offer, such as stocks, bonds, mutual funds, life insurance policies, annuities or securities. The standard insurance amount is $250,000 per depositor, per insured bank, for each account ownership categor

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 05:47:15 AM (582122835)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2AD63804-2017-4F06-BE3F-91E68457E257

Message: straits of hormuz  right on schedule

Sender: [redacted]

Time: 06/13/19 05:49:53 AM (582122993)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8BCCE397-3390-4362-8F09-E9C2E05ED14F

Message: Torpedoed !

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 07:05:48 AM (582127548)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E489787-F2FA-4B51-9673-569978D37A36

Message: i said mid june  I two days early

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 11:02:37 AM (582141757)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: EA7AA6F9-8855-4D1B-BF75-ABD07E8545E4

Message: 2 for 2.

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 11:02:38 AM (582141758)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 71EDCC4B-45A5-403C-AFB6-19756A1CA458

Message: https://www.nytimes.com/2019/06/13/us/politics/kellyanne-conway-hatch-act.html

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 11:03:09 AM (582141789)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FA52BC2-186A-44C7-B309-63E98E8051DF

Message: You said she had no where to go

Sender: [redacted]

Time: 06/13/19 11:31:20 AM (582143480)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BCB66FBE-E179-49ED-82C7-54C9C4A6C0AF

Message: Dump back to campaign

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 01:22:10 PM (582150130)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5651DE9D-2A8B-46FF-95ED-7511C6BC766E

Message: You my chins guy hete want to speak?

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 01:22:16 PM (582150136)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 89F4D8DD-C31A-40E5-A1EC-5A73D398EC1D

Message: China

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 01:26:50 PM (582150410)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 39649D85-E0ED-418E-B86B-13C5D2EE6976

Message: ??

Sender: [redacted]

Time: 06/13/19 01:28:15 PM (582150495)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3A478DD5-5374-46E7-A336-F875F933E0EE

Message: Yes yes yes

Sender: [redacted]

Time: 06/13/19 01:28:22 PM (582150502)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0D8C91E6-5B1F-4D09-AA1F-A8B95BA46160

Message: Where is he

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 01:28:37 PM (582150517)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 498E1321-48B0-4C66-AC2D-9EC913D9F52A

Message: Call now

Sender: [redacted]

Time: 06/13/19 01:57:08 PM (582152228)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5BD7C2D7-8413-4840-92CA-FBEB1AF92022

Message: Can I get name and cell phone

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 02:35:01 PM (582154501)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 05966503-5D13-4B16-846D-DEB6AB1A30BC

Message:  He wanted to be careful as he doesn't want your contact known

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 02:35:15 PM (582154515)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6BD87B81-1138-4AD7-B642-B107FB065C54

Message: I'll figure it out

Sender: [redacted]

Time: 06/13/19 02:35:17 PM (582154517)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BBC14E60-0099-41BB-9D51-8BCA7C239697

Message: Smart

Sender: [redacted]

Time: 06/13/19 02:35:20 PM (582154520)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0DDC808E-07F7-47CC-B221-B3946C94EF0C

Message: Smart

Sender: [redacted]

Time: 06/13/19 02:35:24 PM (582154524)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DB32DD33-652F-48D3-B4BE-D166900087EC

Message: Smart

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 02:42:52 PM (582154972)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 53BA19D3-F569-40BF-912D-B64850724AFB

Message: Please review your lawyers document!!

Sender: [redacted]

Time: 06/13/19 02:44:21 PM (582155061)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F7F909FA-FAB0-44B7-8861-9CEF9A7374CB

Message: Dan and I did

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:36:10 PM (582161770)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: ACF1FA7D-BC33-45F9-B018-3787A8B9926D

Message: https://dailycaller.com/2019/06/13/alan-dershowitz-trump-biden/

Sender: [redacted]

Time: 06/13/19 04:36:23 PM (582161783)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1684C9F0-D06B-4B9A-A847-3204E46AEE74

Message: What a Dick

Sender: [redacted]

Time: 06/13/19 04:36:45 PM (582161805)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 935AFCCC-71E7-48CE-96B4-CA10699326F4

Message: He was basically the guys attorney !!!

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:37:35 PM (582161855)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4E722469-B314-4664-8CD5-B51A93224FCC

Message: major dick

Sender: [redacted]

Time: 06/13/19 04:38:48 PM (582161928)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0CEDF2FD-57A1-468E-84EE-F9CF7248746F

Message: And it will garner ZERO love on Martha's Vinyard

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:38:57 PM (582161937)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A0940E6A-1F9B-4B39-91B4-73DCCBB2FD98

Message: you can be sure he is telling biden all that he knows ]

Sender: [redacted]

Time: 06/13/19 04:39:25 PM (582161965)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7765CA14-925D-4FA8-A12A-4D7AF309FCD3

Message: 100000%

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:40:03 PM (582162003)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C62EF51B-4D17-4C3C-936A-5778A46E1BBD

Message: he will say  trump never paid him  , he wasn't his atony  just talked to him so not bound.

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:40:09 PM (582162009)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FED51746-CB2C-4D63-BB0D-163717E20DF6

Message: attorney

Sender: [redacted]

Time: 06/13/19 04:41:03 PM (582162063)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4DB2D686-CF02-4C48-A381-21834B56332A

Message: The worst

Sender: [redacted]

Time: 06/13/19 04:41:18 PM (582162078)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8E12EF77-5F36-4E26-BA04-68552BFC6CD5

Message: This is as bad as his Qatar sell out

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:41:47 PM (582162107)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F88734CB-3CB2-455B-9345-E8AA94078881

Message: there is a new yorker article about to come out that is devastating to him

Sender: [redacted]

Time: 06/13/19 04:42:06 PM (582162126)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 27AF662E-8D5C-4B74-80A7-5722BBB87DD7

Message: That's why he made this move

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:42:10 PM (582162130)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 597E1EC8-F6F0-4DB5-8913-8F1B96A785EA

Message: yup

Sender: [redacted]

Time: 06/13/19 04:42:38 PM (582162158)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 933DA4C8-AB7A-4FD1-9000-FF2988B3DCDC

Message: He is dumb but not stupid

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-06-13[redacted] on 2019-06-12 at 15.57.33.ichat

Service: iMessage

Start Time: 06/12/19 12:55:49 PM (582062149)

End Time: 06/13/19 07:19:15 PM (582171555)

Last Message ID: 30665

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 06/12/19 12:55:49 PM (582062149)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A88D2BA8-B895-46A4-BEE4-B3F6FFB69FD1

Message: On the train to NY. Just met your friend POTUS.

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 12:56:33 PM (582062193)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 089C232F-5E65-4F61-82F0-FBFC0B1F63CE

Message: See if you still have your wallet

Sender: e:jeeitunes@gmail.com

Time: 06/12/19 12:56:59 PM (582062219)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: B0E20683-7E5C-410C-89B1-2D3B7FBBEF89

Message: Im sitting here with Steve

Sender: [redacted]

Time: 06/12/19 12:57:33 PM (582062253)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF615E3C-8E82-4792-BB29-D670D3895266

Message: Say hello. And I've not got so much too lose as you □

Sender: [redacted]

Time: 06/13/19 04:52:19 PM (582162739)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 22C2DB58-5277-4B31-977A-4F29FEBC6278

Message: I'm done at the reception. Can I come already 8:10 - traffic is collaborative

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:52:32 PM (582162752)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6C7ACD0E-388B-4506-8F20-D6643560AFAB

Message: of course

Sender: [redacted]

Time: 06/13/19 04:53:19 PM (582162799)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F544CD4B-34AC-4793-A466-E29C040C2E86

Message: Thx. I'm told it is impolite to come earlier than agreed :-)

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 04:54:02 PM (582162842)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 25DFD022-BB5A-4A94-B7CE-6F9A10718AC1

Message: must have been the tale of a bore

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 05:06:19 PM (582163579)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 8C7FB065-A3A4-40A1-8E8C-D45782EA16B9

Message: You can even come as early as breakfast anytime

Sender: [redacted]

Time: 06/13/19 05:06:42 PM (582163602)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D8D56D4A-AA70-47D0-8934-9D798E325873

Message: □

Sender: e:jeeitunes@gmail.com

Time: 06/13/19 07:18:38 PM (582171518)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 23B60111-B60A-499F-94BC-FE7470529D0C

Message: Always a treat. Not often enough

Sender: [redacted]

Time: 06/13/19 07:19:15 PM (582171555)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 4C6BD3CF-D87D-4036-B123-D85FC2D5BB9E

Message: I'm the one to say thank you. Safe travels.

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-07-05\Larry Summers on 2019-06-13 at 13.16.44.ichat

Service: iMessage

Start Time: 06/14/19 01:45:35 PM (582237935)

End Time: 07/05/19 01:27:01 PM (584051221)

Last Message ID: 31810

Chat Room:

Participants: jee, Larry Summers

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 06/14/19 01:45:35 PM (582237935)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F6A49ADE-D7A7-45B6-A2C0-21EFA549A8BB

Message: in paris,  weather great

Sender: [redacted]

Time: 06/15/19 06:35:48 AM (582298548)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38066713-F526-4190-8AC8-764528A08B0A

Message: I ll call bit later. Would u continue to dictating op Ed's for peril? Think she was off w some guy falling in love w Buddhist art? Not sure who or what.

Sender: [redacted]

Time: 06/15/19 06:48:40 AM (582299320)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA84C0AF-AE81-454A-9DB6-4CE8C5A72F07

Message: Drake equation probability estimation is garbage in garbage out but this not same thing as saying concept of a probability is wrong. Do I think meaningful to talk about prob of trump being re-elected or my getting horizontal w peril which are one shots.

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 06:54:47 AM (582299687)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC1FD992-B400-4122-901D-C9381A8DFB43

Message: Cannot use the concept of probability with only one example and not a repeated space . Gromov said its a question his children might ask and hopefully only once !

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 06:56:21 AM (582299781)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E3BDC8C-5EB0-471E-A8CD-4C8B42E29146

Message: Ill have red ink on my summer s dollar thank you. -It should be a ten as you did add - with gusto-jeffrey , that is REALLY stupid

Sender: [redacted]

Time: 06/15/19 06:57:46 AM (582299866)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5F140C9E-862B-49B2-BD06-60639A071A5C

Message: Don't know Gromov. This is clearly wrong. Soviet doctrinaire sounds like. Do u think  Question of prob that stock market will rise till end of 2019 is meaningless? You have one strong willed authority with achievements in some other sphere. So what.

Sender: [redacted]

Time: 06/15/19 06:58:41 AM (582299921)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 98D6ED00-1E04-4E53-A9DC-8169CE4D9872

Message: U r better at understanding Chinese women than at probability theory. At understanding movement of money too.

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 07:07:53 AM (582300473)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B93C1B4A-E109-491F-8679-CCB455F0C50D

Message: The stock market models as a contiuous function. With a history and many past events .  More like what is the probability  you being reincarnated .

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 07:09:47 AM (582300587)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FDEEA9DA-EEF5-4BA4-96DF-14D6F4E7285E

Message: Im more concerned that it may be like the probability of you  in bed again with peril.  .  □

Sender: [redacted]

Time: 06/15/19 07:21:46 AM (582301306)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 483E68C9-192F-4ACE-9A21-9571C845544B

Message: Uh oh. Lhopital s rule

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 07:33:00 AM (582301980)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A11E58FA-FC89-4549-AC92-6F9104243756

Message: Not exactly getting within the limit is NOT the same as IN

Sender: [redacted]

Time: 06/15/19 07:34:41 AM (582302081)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BF86BF72-356F-4488-86FA-10A007F4D403

Message: Just called

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 07:47:07 AM (582302827)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 72118E11-CDA2-41B5-88CB-4B89300C7C60

Message: Try now

Sender: [redacted]

Time: 06/15/19 08:26:49 AM (582305209)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B93ED8FC-2C3C-42A4-9460-2E7A6B5AD836

Message: Just tried back

Sender: [redacted]

Time: 06/15/19 08:34:09 AM (582305649)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CA6AD780-021E-479B-AB99-585E0F40ABD7

Message: U called but I couldn't hear anything

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 12:44:21 PM (582320661)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8123FEC4-499A-4091-A81A-DA5CB3C7E6DE

Message: https://www.nytimes.com/reuters/2019/06/15/us/15reuters-new-jersey-airport.html?action=click&module=Latest&pgtype=Homepage

Sender: [redacted]

Time: 06/15/19 03:37:15 PM (582331035)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7AF77F43-6258-4EBC-8EB6-09ACB3C11340

Message: Got it

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 04:54:09 PM (582335649)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D5847834-B107-44B6-A639-5C38FEE110AB

Message: Subjective probability is a type of probability derived from an individual's personal judgment or own experience about whether a specific outcome is likely to occur. It contains no formal calculations and only reflects the subject's opinions and past experience rather than on data or computation. Subjective probabilities differ from person to person and contain a high degree of personal bias.

Sender: [redacted]

Time: 06/15/19 05:11:12 PM (582336672)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E93782E1-F00E-470F-8EA8-5944E5C8AEEB

Message: This is silly.

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 05:13:45 PM (582336825)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 28EDD23F-F776-4DFC-8BF5-C1CEF2FFB997

Message: Exactly

Sender: [redacted]

Time: 06/16/19 07:45:26 AM (582389126)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E6D323ED-E87A-4055-886B-C3DC71044C6C

Message: Later. In meantime, strategy w peril?

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 07:46:46 AM (582389206)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0020441A-FB79-47DB-B899-705A12C6C659

Message: Continue to dictate -little downside

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 07:48:19 AM (582389299)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9EE6EAC0-3143-409D-9585-F917C3B94803

Message: Re later - you can read up on questions -re life on other planets described as " subjective probability " ie . Total nonsense

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 07:48:35 AM (582389315)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1F69910C-BE39-45BB-AB77-6F1B32EA5516

Message: Red ink

Sender: [redacted]

Time: 06/16/19 07:51:37 AM (582389497)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E3EC6FAD-5540-4788-AF64-44F27E630B1F

Message: Sounds like u r pessimistic re peril but agree. I think my injury is kind of exogenous event u said would change game. On other hand life has lots of bounces.

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 07:52:10 AM (582389530)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2774B3F8-481B-462A-BB3F-59EBA0F7C23F

Message: Not at all. Long game

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 07:53:30 AM (582389610)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C767735-679A-4A23-B2D5-25696C9CB759

Message: Im rarely pessimistic, i wonder what the probability is? Or in this case as it is a binary decision appropriate to use " odds"

Sender: [redacted]

Time: 06/16/19 07:57:23 AM (582389843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 318A9F80-A641-481D-8ACF-F85D91C7E327

Message: On subjective probability, I think life on other planets complex example. Is stock market one continuous event with much Or is this moment unique. If u grant meaningfulness if talking odds on one off events we are down to semantics. Where u say odds I say subjective probability. If u are rarely pessimistic does that discredit your optimism. Suppose instead of peril it was dunking a basketball or going to an island w Angela Jolie

Sender: [redacted]

Time: 06/16/19 08:04:21 AM (582390261)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 72603E56-0703-400E-B4CC-2E3FE85F627D

Message: ?

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 08:06:22 AM (582390382)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 669FD759-B135-4C2C-AA9B-33783DE756CB

Message: Odds are limited to binary outcomes. . since you are immobile. Do some homework. . I concede your point on pessimism but would under bayesian rules. Feel comfortable. As humans are biased toward bad outcome avoidance. . She is never ever going to find another Larry summers. Probability ZERO

Sender: [redacted]

Time: 06/16/19 08:16:09 AM (582390969)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CCD605A6-90D4-484F-A2D8-0269C171FFC3

Message: That can't be right. There are odds on dem nominee w many outcomes possible. For objective or subjective probability u need well defined events.

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 12:55:05 PM (582407705)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FD3E312C-E378-4798-8885-BE441B3BE005

Message: When are you able to walk again without crutches. . Its wholly impolite for me to mentally attack a cripple

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 12:57:14 PM (582407834)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 615FEF51-9D4D-4629-B310-A900B300FE7D

Message: Handicapped , not cripple

Sender: [redacted]

Time: 06/16/19 01:15:31 PM (582408931)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 55C08F2F-4921-429B-8E52-CFA0C94185E8

Message: 6 or 7 weeks.

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 01:16:45 PM (582409005)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9E3C66A8-55B9-4760-B4AF-7970FC0C5BE4

Message: On tues. I ll have the math professor explain to you some things. And then wait until you are unable to claim your arguments were driven by the high level of pain killers. .  on peril. Forced holding pattern in your interest

Sender: [redacted]

Time: 06/16/19 01:21:58 PM (582409318)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B1F044A8-CA51-4D8C-B6D8-04615DC230FE

Message: Why in my interest. Odds of success. I think another encounter at some point one third. Sustained series one fifth.  Best shot for me. She gives up on marriage. Finds me invaluable and interesting and get her to conclude she can't have it without romance/sex without deciding I'm weak or vengeful

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 01:26:05 PM (582409565)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0E98C824-A354-4D17-B0E8-984267E20828

Message: Over time.  She is doomed to be with you

Sender: [redacted]

Time: 06/16/19 01:27:02 PM (582409622)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FE04027-6AAD-48B6-BD4A-6A22E6F76D10

Message: Unless she marries someone else. She is more monogamous than most

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 01:28:22 PM (582409702)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8ECC4603-F01F-48BC-9FEB-5A2ACAF4E71E

Message: Painkillers?

Sender: [redacted]

Time: 06/16/19 01:47:00 PM (582410820)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B3872E56-E3F0-4814-A9FA-46920060C108

Message: Not for me??

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 01:47:53 PM (582410873)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8F38D70D-9002-4745-B48C-D04C90ACF3E8

Message: Your views formed by your meds?

Sender: [redacted]

Time: 06/16/19 09:01:18 PM (582436878)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4ECF37F0-A4AE-4885-A68B-98CFE7DDBED0

Message: Not formed by meds. Other than being a Bayesian rather than a pure math freak which wrong view do I have

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 02:21:14 AM (582456074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2950BBD5-5155-4457-9BFA-AEA06DF00685

Message: She continues to be in contact

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 02:22:23 AM (582456143)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 50B6A567-D38D-474B-8B64-6BFF49FC250F

Message: Things are good - davos is set for you / she is there because program person is chinese

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 02:22:35 AM (582456155)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 33B3A9A3-FC94-453C-AF86-1295DB1E1C48

Message: Funny

Sender: [redacted]

Time: 06/17/19 05:33:18 AM (582467598)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0A6B17B8-3321-45D7-A89F-F017B93D1EAD

Message: Thx re davos. Happy to help re g20

Sender: e:jeeitunes@gmail.com

Time: 06/23/19 11:09:56 PM (583049396)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C50180EF-188F-4DAB-ADE5-D39F692B6F86

Message: How are you

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 02:05:02 AM (583059902)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E6C43F7E-89F8-4F76-9C4D-CA266DE55C32

Message: If Bernie were to cancel all student debt. . how Is that reflected on govt books/ ?

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 02:05:13 AM (583059913)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DE927EA4-90AF-4208-884F-0A4A4618B044

Message: Do the borrowers get income?

Sender: [redacted]

Time: 06/24/19 02:20:43 AM (583060843)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD8C74A6-F051-46EE-918D-68EC6C523DC2

Message: I doubt borrowers get income but not certain. If they did many who struggle w debt service would get a whopping tax bill. I suspect a balance sheet impact but not a deficit impact. Depends on whether it's framed as a give away or recognition of reality.

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:34:39 AM (583065279)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 48EA89F5-E85B-4C78-B4DF-E0B69FACF044

Message: How's the rehab. ?

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:36:24 AM (583065384)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B57FEAA-6429-442D-A7F8-C05796E4AD53

Message: My mathemactics guys. All said the propensity of the common man to put numbers on things where they don't belong is the answer to the odds probability questions et.

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:40:53 AM (583065653)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 31778953-399A-4E04-9369-3450804DDD47

Message: Send peril flowers

Sender: [redacted]

Time: 06/24/19 04:13:47 AM (583067627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 38694F4C-1706-42EB-BEE4-C30647C04878

Message: Your math guys are not that worldly. I ll call u later

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 09:56:28 AM (583088188)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 80BA418D-D8FA-4C95-AF99-A455AFD5C2D8

Message: Ok

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 04:25:52 AM (583586752)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0152C521-06F9-4B70-87E4-0A5F2B6CE778

Message: ?? U ok?

Sender: [redacted]

Time: 06/30/19 04:27:03 AM (583586823)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 34975246-52F0-4BED-9DA1-4D227ED75480

Message: Yes. Sorry I will update you on developments. Will Ehud Be PM

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 04:28:53 AM (583586933)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 36171A28-D8BA-45D8-B40E-300F6682DBD5

Message: 331 441 70210. Doubtful. But 1. He is not to be underestimated. 2. Unlikely top job. But depends on coalition. 3. Driving me crazy

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 09:27:53 AM (583604873)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8858FAEF-7407-42E8-9B54-16B1C044A762

Message: ?

Sender: [redacted]

Time: 06/30/19 11:35:11 AM (583612511)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B11E6E5-AE97-4B63-B229-9C2321147250

Message: Tried back

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 11:39:15 AM (583612755)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55ABB821-38D7-41ED-807F-3EDAC529F483

Message: I just tried back

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 11:53:56 AM (583613636)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 968D4EA4-D7EA-4FA0-9569-960737DDFD91

Message: Try again

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 10:39:45 AM (584041185)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7D9E5CF8-5797-4B7D-AF38-9675678DAAAC

Message: All good?

Sender: [redacted]

Time: 07/05/19 10:46:39 AM (584041599)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8A8FC2E2-375B-4C4E-AEA0-99A3D8E62484

Message: At cape w mother brothers kids and nephews nieces. Bit of an Ibsen play.

Sender: [redacted]

Time: 07/05/19 10:46:57 AM (584041617)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C174D188-3910-4962-9DC5-FDAD5BA4EE22

Message: With perspective all good.

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 10:47:02 AM (584041622)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B62E8C28-26EB-4B3A-8D33-F9EF4089E61B

Message: Better than checov

Sender: [redacted]

Time: 07/05/19 10:47:40 AM (584041660)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09552BA8-0291-4AE6-8605-47934CB6650E

Message: Then I may misunderstand checov.

Sender: [redacted]

Time: 07/05/19 10:47:46 AM (584041666)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 812B5A5E-49DA-49AA-81B7-5A24A93E49A5

Message: Or Ibsen

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 10:50:07 AM (584041807)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2B15A5DE-CE18-4CD2-B85D-4F4B682E5F8A

Message: E. J. Dillon thought "the effect on the reader of Chekhov's tales was repulsion at the gallery of human waste represented by his fickle, spineless, drifting people"

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 10:54:34 AM (584042074)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CA40E43B-C34D-412F-828D-D91149E01E1F

Message: "The Lady with the Dog"[91] (also translated from the Russian as "Lady with Lapdog"),[92] which depicts what at first seems a casual liaison between a cynical married man and a woman who meet while holidaying in Yalta. Neither expects anything lasting from the encounter. Unexpectedly though, they gradually fall deeply in love and end up risking scandal and the security of their family lives. The story masterfully captures their feelings for each other, the inner transformation undergone by the disillusioned male protagonist as a result of falling deeply in love, and their inability to resolve the matter by either letting go of their families or of each other.[93]

Sender: [redacted]

Time: 07/05/19 12:13:27 PM (584046807)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 57F5DB7E-F55D-4287-B550-D7DB85D4662E

Message: Jesus!!!!

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 12:14:24 PM (584046864)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FFC163A3-94A4-4FA7-A210-9B0586E17CFC

Message: I think you meant. Budhha

Sender: [redacted]

Time: 07/05/19 01:27:01 PM (584051221)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 98C92041-A5A0-4490-9351-D4AA8AC96500

Message: Ha

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-07-05\[redacted] on 2019-05-13 at 16.22.32.ichat

Service: iMessage

Start Time: 05/13/19 01:07:17 PM (579470837)

End Time: 07/05/19 10:39:09 AM (584041149)

Last Message ID: 31785

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 05/13/19 01:07:17 PM (579470837)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 25C47BC0-E21E-4131-B980-564057A8ED7E

Message: Trump is coming to Lutnick's house Thursday

Sender: e:jeeitunes@gmail.com

Time: 05/13/19 01:10:23 PM (579471023)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43C93A54-25AC-4884-9E2E-7514216ED7A0

Message: i won't be home otherwise i could have come out an waved.

Sender: [redacted]

Time: 05/13/19 01:22:32 PM (579471752)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0984C9F7-49BF-4B2A-850C-5F78989402CD

Message: Ha! I love it

Sender: [redacted]

Time: 07/04/19 05:43:56 AM (583937036)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FA3970C0-1127-48D4-B7C4-B2C4E2EC2CCA

Message: Happy 4th!

Sender: [redacted]

Time: 07/04/19 05:44:01 AM (583937041)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E89C68E5-918D-4D85-AFC5-EF6DF8FEFC6C

Message: Hope you are great

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 10:39:09 AM (584041149)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5FB9EEC5-7270-4DD9-A66E-8DDAF06481FB

Message: Im in Sunday- u?

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-07-06\[redacted] on 2019-06-13 at 19.42.38.ichat

Service: iMessage

Start Time: 06/14/19 01:26:08 PM (582236768)

End Time: 07/06/19 04:37:44 PM (584149064)

Last Message ID: 31875

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 06/14/19 01:26:08 PM (582236768)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A7D94A79-1683-47BF-84C7-1BFA07258920

Message: https://abcnews.go.com/Politics/president-trumps-internal-polling-data-march-showed-joe/story?id=63718268

Sender: [redacted]

Time: 06/14/19 01:31:57 PM (582237117)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C8B0C6BC-3B13-4189-8A16-EAB36FBF2570

Message: 15 down in Wisconsin

Sender: e:jeeitunes@gmail.com

Time: 06/14/19 01:36:30 PM (582237390)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 746E73D4-AC75-4138-8E3E-E50A3CB9674D

Message: wow

Sender: [redacted]

Time: 06/14/19 11:39:21 PM (582273561)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 21B8A7B7-5E44-4F95-82B4-3109124BE6F3

Message: https://www.bbc.com/news/world-asia-china-48645342

Sender: [redacted]

Time: 06/15/19 02:19:26 AM (582283166)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2CB94E3C-4AB6-4462-80C2-16FAEC0F7A90

Message: Darren awol

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 02:52:19 AM (582285139)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3A887095-1268-4571-A575-AAB62FDDD9F3

Message: No worry ,  with me as well.  His mom back in hospital.  I will speak to your lawyer directly if you like

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 02:52:32 AM (582285152)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 41A40CB1-D91F-459A-BC0B-F9798024EB86

Message: Chinese blink on extradition.

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 02:53:33 AM (582285213)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B02C9AFF-8C6E-4D4B-A4A3-0A2DF3E1B905

Message: Can you give me a proposed schedule .  Ranch island. Paris. Harvard.

Sender: [redacted]

Time: 06/15/19 03:36:33 AM (582287793)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 928A2998-7B7D-4DF7-AE69-389150A63704

Message: Standby

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 03:38:58 AM (582287938)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 623AD06B-64B8-4715-8067-E6009FE58D30

Message: Miro. Here tomorrow.  wow.  Crazy goings on . -  if you like send me the phone of your lawyer. I will call him  give him the details

Sender: [redacted]

Time: 06/15/19 06:22:44 AM (582297764)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F0957F00-3F8B-4AC6-93EB-C6B26208138E

Message: Before shooting sked can I get subject matter experts in science , math, Wall Street --- I have overall smes need personal

Sender: [redacted]

Time: 06/15/19 06:57:28 AM (582299848)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 4A861717-1331-4FA2-80C0-B4D58146E9AB

Message: Going to have dan talk with u this morning -- lawyers should keep with lawyers

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 07:08:56 AM (582300536)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B3850230-A5C8-4B9C-8100-B2379FBA1CDF

Message: Im back in 5 hrs

Sender: [redacted]

Time: 06/15/19 08:05:48 AM (582303948)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 61D18F29-6DBF-4BFF-BE5F-DACF895F06BF

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:20:35 AM (582312035)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7C8E4D7F-018C-49EC-A9C2-219603BDD731

Message: Im told that as I am here . Leave lawyers to lawyers. Soo many people coming to see me. , I am told no privacy !!

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:22:00 AM (582312120)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 849FABF3-49B5-4E1F-8F57-F2F145EA8E98

Message: In essence. Crazy father of the world Donald. No one knows how to behave, has no choice. Siblings family squabbles. GREAT OPPORTUNITY. . Saudi moving closer to china. ! ouch

Sender: [redacted]

Time: 06/15/19 10:31:18 AM (582312678)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5EFDC3A0-7860-4D19-9553-13E2DEE3C95E

Message: Siblings family squabbles among trump or wider ?

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:31:42 AM (582312702)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3D71DD57-E222-45B1-B4A4-08D40E2826B3

Message: Countries

Sender: [redacted]

Time: 06/15/19 10:31:57 AM (582312717)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 07C10F9F-5A3E-497A-A2FE-782C46A8BF82

Message: Yes

Sender: [redacted]

Time: 06/15/19 10:31:59 AM (582312719)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A86F3FCF-BBC3-43E7-B750-1FD1843A0246

Message: Yes

Sender: [redacted]

Time: 06/15/19 10:32:01 AM (582312721)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F64B4AEB-E47E-4006-AF3E-70466C6C1609

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:32:23 AM (582312743)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2FB3357F-60BD-4E67-8A75-32342F4D29FB

Message: Countries dependent on s strong daddy America all flipping out

Sender: [redacted]

Time: 06/15/19 10:45:36 AM (582313536)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 37B619BF-90BD-4753-A35D-2D62E6F8099F

Message: Not looking for 'protectorates'

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:47:22 AM (582313642)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 25430DC2-269D-4277-96A1-2CBC1F639B24

Message: No.  Not financial. Emotional .  There is a difference.

Sender: [redacted]

Time: 06/15/19 10:47:54 AM (582313674)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FBB547F6-FB9A-4B4A-BA98-12FFA672B1FA

Message: Incredible

Sender: [redacted]

Time: 06/15/19 10:47:58 AM (582313678)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 49EDFF64-ADEA-4FD0-A03A-DFCB525370AE

Message: Incredible

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:50:05 AM (582313805)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 042133B8-8B6D-4C28-809B-702CB81161CA

Message: Its the family issue of when do you put daddy in a home. ?  all painful choices.

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:51:51 AM (582313911)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F2B01A55-D244-4855-BA43-33BF7A463582

Message: https://www.msn.com/en-us/video/be-prepared/trump-warns-us-will-suffer-biggest-stock-market-crash-if-he-loses-in-2020/vp-AACVH6h

Sender: e:jeeitunes@gmail.com

Time: 06/15/19 10:51:51 AM (582313911)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 054ED3EF-0DA8-4C75-9F85-4682AE7A4C70

Message: .  A prediction or a threat???!

Sender: [redacted]

Time: 06/16/19 05:55:39 AM (582382539)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D78E49C0-1F67-4119-A3FB-5ACAAC4C78F9

Message: Junior varsity 'project fear'

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 05:56:22 AM (582382582)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 906A945B-C639-4A23-BEC4-52E13F416D87

Message: Im here with miro , feel free to call

Sender: [redacted]

Time: 06/16/19 05:56:38 AM (582382598)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF2EF090-3295-4858-8B07-DC93EDC2438D

Message: Campaign in total disarray --- Bernie Marcus and the other hard core trump donors in panic because they are doing own polling

Sender: [redacted]

Time: 06/16/19 05:58:15 AM (582382695)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B32DC0F0-69A7-4ED6-8793-DF412D905C8D

Message: You in Paris ?

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 05:58:25 AM (582382705)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 10451654-EC12-4806-B40A-87394B6B3406

Message: Yup

Sender: [redacted]

Time: 06/16/19 08:07:22 AM (582390442)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 649BEBD6-C8DA-4793-B172-2E487450D934

Message: https://www.google.com/amp/s/www.indiewire.com/2019/06/russian-communist-party-ban-chernobyl-hbo-1202150036/amp/

Sender: [redacted]

Time: 06/16/19 08:08:40 AM (582390520)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2B6DA14D-37B5-4599-BB52-4DD5E431DC33

Message: -- the scientist /math versus the the apparatus

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 08:10:54 AM (582390654)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 55D54726-4551-4CAD-A8A6-058EF8A19650

Message: No hbo in Paris need to wait  a few days for apple

Sender: [redacted]

Time: 06/16/19 08:11:15 AM (582390675)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 36A760A5-F445-4221-AD3E-D9771C15915F

Message: It will blow u away

Sender: e:jeeitunes@gmail.com

Time: 06/16/19 08:11:42 AM (582390702)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F96A0238-8B40-41CA-BDF8-E653894CA2AF

Message: I loved the Harriet Tubman bill signing

Sender: [redacted]

Time: 06/16/19 08:11:59 AM (582390719)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B604871-A101-40AF-9B9C-88CC0D85C937

Message: Two fucking dollar bill

Sender: [redacted]

Time: 06/16/19 08:12:14 AM (582390734)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EC74DF82-B994-4B1F-A92C-B720E56EE76D

Message: #saveandrewjaxkson

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 02:33:44 AM (582456824)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A055F09D-7EB7-49C0-A8A4-DDC4CE36678E

Message: Nato would like to check choice of miro with dc. Should he contact Bolton or pompeo

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 04:13:46 AM (582462826)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: F4507D0C-7144-4A1C-BA52-252980FDAA04

Message: Just out today in a science journal. Those who think scientists understand the issues of prebiotic chemistry are wholly misinformed. Nobody understands them. Maybe one day we will. But that day is far from today. It would be far more helpful (and hopeful) to expose students to the massive gaps in our understanding. They may find a firmer-and possibly a radically different-scientific theory. The basis upon which we as scientists are relying is so shaky that we must openly state the situation for what it is: it is a mystery.

Sender: [redacted]

Time: 06/17/19 05:50:15 AM (582468615)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 6CC01366-95CF-43B9-9DC7-79D1944E4F08

Message: Wow: which journal ??

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 06:23:42 AM (582470622)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 43F4A178-E273-4172-9785-AD71F5578E51

Message: Inference

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 06:54:29 AM (582472469)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3F865CA0-8441-4861-BEC0-88080CDEE524

Message: Bolton or pompeo  for miro ?

Sender: [redacted]

Time: 06/17/19 07:05:20 AM (582473120)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E001A67E-6637-44AE-AB9D-E2D0331873BE

Message: What's his official title ?

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:07:23 AM (582473243)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4F729DBE-9AFA-4B64-9A2B-5381C1015466

Message: Current .  Slovakia foreign minister.  Current chairman of OSCE . Former president United Nations

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:07:50 AM (582473270)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 13CCACCD-A8DA-456F-944D-D7FC1D05865D

Message: And most important.  Friend

Sender: [redacted]

Time: 06/17/19 07:08:01 AM (582473281)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 87B35588-7570-4F4F-8E2E-8E92672FEA78

Message: Yes yes yes

Sender: [redacted]

Time: 06/17/19 07:08:21 AM (582473301)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0659FE84-7C0C-422F-8EDB-0C6ACBBAA20F

Message: Pompeo and kiron skinner

Sender: [redacted]

Time: 06/17/19 07:08:30 AM (582473310)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: EB368213-5FBB-485B-B85F-2522C8903AF3

Message: Let me work it

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:08:34 AM (582473314)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B230283D-E7B8-424E-B25F-341ABF4F641D

Message: ok

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:12:41 AM (582473561)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: FC77B409-D411-4041-A975-1B7510985CFD

Message: https://www.aol.com/article/news/2019/06/17/israel-announces-golan-heights-settlement-to-be-named-after-trump/23751017/

Sender: [redacted]

Time: 06/17/19 07:19:42 AM (582473982)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3D88C37A-E596-4B00-8D83-A71E9DEAD18E

Message: Sick

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:26:23 AM (582474383)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E6216EFA-0D35-44BD-B7E1-4F6780210BC7

Message: melanie walker. Brain surgeon . Martin Novak. . joscha back . Seth Lloyd, . Lawrence Krauss, chomsky , mark tramo. Music . Not sure re summers. . should we use Michael Wolff. . ? John brockman. Edge.

Sender: [redacted]

Time: 06/17/19 07:27:27 AM (582474447)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D9028DC3-8778-4B99-B296-D9AD2340D7E6

Message: I think very late in production we get wolf -- late late late

Sender: [redacted]

Time: 06/17/19 07:27:36 AM (582474456)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 82AC85A8-6A4D-4DE8-83A9-26C7357EC0ED

Message: Brockman genius

Sender: [redacted]

Time: 06/17/19 07:27:44 AM (582474464)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 75466C45-0403-4318-B38F-4F627A49A1D1

Message: How many more like him

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:27:52 AM (582474472)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EB34B52E-E0E1-4445-9350-EF6383813D1B

Message: Most dead

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:28:11 AM (582474491)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 76CC7C59-A5F9-4F1C-8E0E-F7129F2D12EC

Message: Minskys. Wife. gloria.  Should be done asap

Sender: [redacted]

Time: 06/17/19 07:28:25 AM (582474505)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4B9D71FC-A3D1-4D61-8AEE-2109E5512536

Message: We can pull footage -- just get me names whether living or dead

Sender: [redacted]

Time: 06/17/19 07:28:32 AM (582474512)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AA43C55B-A5C6-4873-A06B-C2995ABCF794

Message: Plenty of footage

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:28:41 AM (582474521)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 63E17F4E-3F07-4C6B-9560-B9A61913A1E9

Message: Maybe Linda stone. .  i'll ask Watson.

Sender: [redacted]

Time: 06/17/19 07:29:36 AM (582474576)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BB35D65C-2CE4-435B-9D90-C4D3B6558311

Message: We will pull best Watson footage

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:35:06 AM (582474906)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AB864FB3-0DEE-44C6-AC1A-965AD75533E7

Message: Ive asked him to come see you and I ,  it will be fun

Sender: [redacted]

Time: 06/17/19 07:39:58 AM (582475198)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ACCBF364-80BB-4AC8-BBB5-F889B96A38CC

Message: Watson!

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 07:40:22 AM (582475222)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 866B7D4B-97B6-449B-AAFB-AB22A23A4CB2

Message: Yes

Sender: [redacted]

Time: 06/17/19 07:40:45 AM (582475245)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AF4B3046-8F10-4B77-B6C9-C5B5FF930764

Message: We will go to him

Sender: e:jeeitunes@gmail.com

Time: 06/17/19 01:34:00 PM (582496440)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0994873C-4DC0-48BA-B854-6B886EA5B6D3

Message: Hes thrilled

Sender: [redacted]

Time: 06/17/19 01:34:43 PM (582496483)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FDF42491-E4D0-40FE-8BEA-93CE6F56824D

Message: Amazing

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 02:24:14 AM (582542654)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 03954E14-1A84-49D3-B42A-6FD2A6B68E59

Message: you will need to take the campaign if there is to be any hope at all

Sender: [redacted]

Time: 06/18/19 04:42:49 AM (582550969)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9192C48B-0F21-4479-A445-3B2D9A0DA318

Message: For certain

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 04:52:18 AM (582551538)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5460B87C-72A3-44F4-B58F-B4E149B3D34A

Message: I roared with laughter - GLORIA LOVES YOU!!

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:05:43 AM (582555943)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5F495C98-8A53-44E8-B8B2-9377CBAF56F4

Message: She's trying hard

Sender: [redacted]

Time: 06/18/19 06:26:32 AM (582557192)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DCA19976-A9A1-41AE-9019-CE23007A2148

Message: Who ??

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:26:55 AM (582557215)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6F8CC105-2969-42CE-B243-9FF3876B4CC3

Message: Your secret lover.  Gloria

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:27:22 AM (582557242)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E4AE86EF-A9A8-48D3-AFE1-3FD627F84279

Message: Makes It harder for you to disclaim a nazi bent

Sender: [redacted]

Time: 06/18/19 06:27:49 AM (582557269)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 96E141A4-D5F9-48F2-BAB5-57DEC6D9876B

Message: You mean the nut case 'princess'???

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:28:46 AM (582557326)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3FC94AF3-89FB-4FF7-B8D7-EF0D8AD945D4

Message: How dare you refer to your sweetheart by such a phrase.  Shame on you ,  -
boy I've been having fun with this

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:29:18 AM (582557358)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9FFD05F4-78EA-48B4-8D5C-6D8F4FDEAD04

Message: If I were you. Id sign that dollar quickly. As the interest expense is getting
very very high

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:30:37 AM (582557437)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8651D2E0-261D-4DA4-A97A-E2F26BB23569

Message: All I need to say. Is " its so beautiful - he shares the same view of you " and Lucifer will look like mother Theresa

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:32:24 AM (582557544)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: E1F8A93C-500E-4932-9015-2D80514BF628

Message: Do you think when she wakes up in the morning she looks a little like Donald

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:32:35 AM (582557555)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD9D7B29-3704-4F1C-96E1-686EE325A138

Message: Sam jowls

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:32:39 AM (582557559)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 77357BC4-F95D-49F9-B407-1E942B20C7F1

Message: Same

Sender: [redacted]

Time: 06/18/19 06:33:39 AM (582557619)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 4A43B276-0127-483F-B130-89DACDB8C623

Message: Scary

Sender: [redacted]

Time: 06/18/19 06:33:47 AM (582557627)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3DD74EF6-828B-4312-B41B-48D3077232A2

Message: Too much coke

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:37:46 AM (582557866)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 49509264-C9A3-4D13-9C52-2F04A12AAF1F

Message: Too much ugly

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:37:57 AM (582557877)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0A6E7F49-9D27-4778-B85A-6545D3BC35D8

Message: Miro ?

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 06:38:15 AM (582557895)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 7B8DC544-91FD-42DF-8B17-1EC581D4EDE8

Message: Im meeting council of Europe head thurs. to push

Sender: [redacted]

Time: 06/18/19 11:18:08 AM (582574688)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 931ED4B0-B786-4EC1-9B4A-487D80436B16

Message: Working miro

Sender: [redacted]

Time: 06/18/19 12:22:42 PM (582578562)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AD153C72-E0D9-41F0-A109-831A1AFB2CCD

Message: Shanahan blown up by CCP

Sender: [redacted]

Time: 06/18/19 12:30:15 PM (582579015)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8E652216-1A96-4B00-91E6-E6476006F336

Message: Did you watch Chernobyl yet???

Sender: [redacted]

Time: 06/18/19 12:31:11 PM (582579071)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0497AC90-D8FD-41E7-A03C-F566FEAB8EC6

Message: Have you read 'in the closet of the Vatican ' yet

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 12:32:48 PM (582579168)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9179FCB-4E14-4452-87E3-E1D7541FED69

Message: Yes no yes

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 12:33:21 PM (582579201)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B9972373-A1CF-45BF-BE85-B5609818841E

Message: June 26 for chernobyl

Sender: [redacted]

Time: 06/18/19 12:39:54 PM (582579594)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 43DF61AC-328E-4F53-8014-1CC5C7E5A68B

Message: Dude-- I thought u were global player-- sean will get to u

Sender: [redacted]

Time: 06/18/19 12:39:57 PM (582579597)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 342FB8B9-9CC9-4BF5-89EB-C0F95EA3FF9D

Message: Today

Sender: [redacted]

Time: 06/18/19 12:40:50 PM (582579650)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1BF2CABD-F8DC-4872-B55F-3ADD223B992F

Message: You are now exec producer of 'ITCOTV'

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 12:41:20 PM (582579680)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 342BA0F2-9DA3-4D01-A85B-9FECC413992F

Message:  Porn

Sender: [redacted]

Time: 06/18/19 12:42:54 PM (582579774)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F5EE791D-C5FA-43A0-80B6-4CBDBA3F0736

Message: Will take down Francis

Sender: [redacted]

Time: 06/18/19 12:43:28 PM (582579808)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: ECC7083A-DE98-4BB5-9EF2-86F520E11153

Message: The Clintons, Xi, Francis , EU---come on brother

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 02:44:35 PM (582587075)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7CB1C119-8209-47CF-8532-41E88E21AFB7

Message: itcov?

Sender: [redacted]

Time: 06/18/19 03:23:24 PM (582589404)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CB03A844-2774-44E4-A33A-91F68BC98796

Message: In the closet of the Vatican

Sender: e:jeeitunes@gmail.com

Time: 06/18/19 10:54:39 PM (582616479)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 920BBBCE-A941-4731-AC52-63D8D0D4E2C0

Message: Chomsky asking when film

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 01:54:52 AM (582627292)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: FEF10611-BF71-46FC-A9BB-FBB92E0137C4

Message:

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 01:54:53 AM (582627293)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 2C9188E7-6260-4BF3-A0BF-F5179A4B088F

Message: https://thehill.com/opinion/white-house/448999-want-the-truth-put-your-money-on-bill-barr-not-jerry-nadler

Sender: [redacted]

Time: 06/19/19 07:59:18 AM (582649158)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: C71D3B37-DBAE-4B50-B981-F8EB08184926

Message: https://oilprice.com/Geopolitics/Middle-East/Declassified-The-Sino-Russian-Masterplan-To-End-US-Dominance-In-The-Middle-Ea.html?fbclid=IwAR3wfcBIY4Wou92aKzBGIa5uAchk23qhBfMAIhipOgt99QnQpP5n7TK8TPk

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 08:04:34 AM (582649474)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1F7CDC23-48A7-4E85-A211-B020A502FA8A

Message: He is NOT well informed

Sender: [redacted]

Time: 06/19/19 08:55:33 AM (582652533)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A77CD188-B45D-4DBA-98A9-481AD8C99C55

Message: Agree

Sender: [redacted]

Time: 06/19/19 10:52:31 AM (582659551)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 1160E7F5-2F94-488C-AEB4-5E9D9F121B92

Message: Thursday / Friday in Tucson

Sender: [redacted]

Time: 06/19/19 10:52:35 AM (582659555)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5923ABA5-76E2-4C80-9288-C8F67AEC4A82

Message: Next week

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 11:00:46 AM (582660046)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2BDB4676-34D3-4172-A95A-D96C11BB7755

Message: I m not back until mid July

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 11:00:54 AM (582660054)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7B98C851-C325-4EAC-B3ED-F80243F52717

Message: Are you coming to Europe?

Sender: [redacted]

Time: 06/19/19 11:02:04 AM (582660124)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 70BA59BE-2CD3-4960-B493-3C050291E48D

Message: I just want him @ first

Sender: [redacted]

Time: 06/19/19 11:02:10 AM (582660130)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E0B0F498-19E2-4DD5-835A-E88CFB4F9F3F

Message: You 2 later

Sender: [redacted]

Time: 06/19/19 11:02:22 AM (582660142)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6D401CFA-2608-4B18-9F73-A936B8911DC6

Message: Coming around 1 July

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 11:02:44 AM (582660164)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 560DDFE0-9C1C-4380-A438-3DB89D206A89

Message: You can do anytime you like  you have his email. .  I m sure It can be arranged

Sender: [redacted]

Time: 06/19/19 11:04:22 AM (582660262)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C0A8F49C-992C-4F59-80D0-871252B447D3

Message: Already on it

Sender: [redacted]

Time: 06/19/19 04:49:05 PM (582680945)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 74433087-4939-4D1E-9C0A-D2E5B2F02820

Message: Darren clearly is not on the same page here-- and I don't think this is going to happen- he says today 'send me an invoice'-- like I said I don't think this is going to happen

Sender: e:jeeitunes@gmail.com

Time: 06/19/19 06:49:19 PM (582688159)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 34E8A56C-8E25-4A08-BFC5-EE15EAFB9E53

Message: ?

Sender: [redacted]

Time: 06/20/19 06:27:42 AM (582730062)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8CF80F79-F630-4BA8-93DB-F4D581BE1993

Message: Dan will get to you

Sender: e:jeeitunes@gmail.com

Time: 06/20/19 06:29:54 AM (582730194)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C1D508F3-73FA-46FA-BA9E-2CC289FFC04D

Message: Perfect no worry grandma

Sender: e:jeeitunes@gmail.com

Time: 06/20/19 06:31:21 AM (582730281)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EBB46524-6A99-42A2-A7D9-2ACBDFD40E06

Message: ok

Sender: e:jeeitunes@gmail.com

Time: 06/20/19 02:56:41 PM (582760601)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 598EEE60-2328-403F-8262-1B05E8CF89CA

Message: https://nypost.com/2019/05/16/joe-biden-and-son-hunter-cleared-of-wrongdoing-by-ukraine-prosecutor/

Sender: e:jeeitunes@gmail.com

Time: 06/20/19 02:56:41 PM (582760601)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C55718B9-11B3-42B6-9B97-7A22F5130BED

Message: .  Dig deeper

Sender: [redacted]

Time: 06/21/19 09:58:47 AM (582829127)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0A7E6693-412C-42FF-9377-881CF9E3E981

Message: Is this New York magazine story real

Sender: e:jeeitunes@gmail.com

Time: 06/21/19 10:01:11 AM (582829271)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B843FDD5-5FAC-4E0D-BC0E-0FA0DA65EB88

Message: Yes BUT!!

Sender: e:jeeitunes@gmail.com

Time: 06/21/19 10:01:30 AM (582829290)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EE41218A-043B-4D25-B928-341C0262753F

Message: Not for texts

Sender: [redacted]

Time: 06/21/19 10:03:08 AM (582829388)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 9FD756CD-44A1-4920-BD65-D7AF08EEDED8

Message: K

Sender: e:jeeitunes@gmail.com

Time: 06/21/19 10:04:28 AM (582829468)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CEAF078D-75D7-4881-8C04-6F6436C473A7

Message: Do your homework. Put someone on it

Sender: e:jeeitunes@gmail.com

Time: 06/21/19 10:04:35 AM (582829475)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8BB43C78-CE9F-4377-87ED-8496616BFF8C

Message: Guaranteed

Sender: e:jeeitunes@gmail.com

Time: 06/22/19 01:14:34 AM (582884074)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8B0907E1-BB75-4AEF-9982-A536067AD56B

Message: https://international.la-croix.com/news/pope-francis-or-steve-bannon-catholics-must-choose/10383#

Sender: [redacted]

Time: 06/22/19 03:23:23 AM (582891803)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1C463A75-7C43-4098-A2B1-99F361455493

Message: Easy choice

Sender: e:jeeitunes@gmail.com

Time: 06/22/19 03:48:03 PM (582936483)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2EE39294-A131-45A0-A4BE-F11E81D936D3

Message: Spoke to dan

Sender: e:jeeitunes@gmail.com

Time: 06/22/19 03:51:31 PM (582936691)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F869FEF1-DFC6-4A5E-A782-B363B162F05D

Message: Miro

Sender: [redacted]

Time: 06/22/19 05:07:29 PM (582941249)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 12B770FC-BEA2-4F82-9BCF-BE11056BBDEE

Message: Cool

Sender: e:jeeitunes@gmail.com

Time: 06/23/19 03:48:06 AM (582979686)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 59E2E3A2-C98C-4686-A7A6-EB1DC7825C96

Message: Re ukraine. ,  Rudy is on the right track .

Sender: e:jeeitunes@gmail.com

Time: 06/23/19 07:22:05 AM (582992525)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D384F4BA-ADFF-41E3-8B16-6BFA91D48DE9

Message: Any chance you coming to Europe

Sender: [redacted]

Time: 06/23/19 07:37:32 AM (582993452)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 090C9E0B-EDD7-4BAE-AAB5-14CECA2231DF

Message: If we are doing prep I'm there right after Chomsky

Sender: e:jeeitunes@gmail.com

Time: 06/23/19 06:30:51 PM (583032651)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D70BE947-83C3-487C-A87E-6E758F33F9F4

Message: https://www.theguardian.com/technology/2019/jun/23/facebook-libra-cryptocurrency-poses-risks-to-global-banking

Sender: [redacted]

Time: 06/23/19 06:50:25 PM (583033825)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 932F5803-6DB4-4049-9B75-2D1394664A6C

Message: What are your thoughts

Sender: e:jeeitunes@gmail.com

Time: 06/23/19 10:59:05 PM (583048745)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ED650823-E470-4D2D-8713-44C04346A00C

Message: Super dangerous

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:00:57 AM (583063257)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: BD251E28-9E73-4470-9EC5-BA7E647C423E

Message: https://graphics.axios.com/2019-06-23-backgrounders/index.html#_ga=2.141485178.956675234.1561330008-1662470423.1561330007

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:02:43 AM (583063363)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9A4CB074-F8A2-42F0-B4AC-1A787B06DEC1

Message: Libra is not a currency !! It is money . . not the same. Cannot be used to pay taxes. Violates BARTER principles.. could take down financial system in wrong hands. . that's the reason I didn't pursue.

Sender: e:jeeitunes@gmail.com

Time: 06/24/19 03:13:26 AM (583064006)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 54C461EF-9168-4481-AF30-024508058F6B

Message: My geopolitical s. Site chinas inroads. In djubuti as highly dangerous. Base for African operations. 10k military. And can close off Suez

Sender: e:jeeitunes@gmail.com

Time: 06/25/19 01:49:30 AM (583145370)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 24F5980A-DCDA-4085-85A3-34751F70ED78

Message: Love the idea of names on the wall . LOL

Sender: [redacted]

Time: 06/25/19 06:12:17 AM (583161137)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 14AC02E6-8AFA-4F32-8925-66CC49015DC7

Message: Big seller

Sender: e:jeeitunes@gmail.com

Time: 06/25/19 07:38:43 AM (583166323)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C685F0D3-AA4D-4DF5-9CD1-9264FCB17E94

Message: Jeffrey Epstein plea deal must stand, prosecutors tell sex abuse victims

Sender: [redacted]

Time: 06/25/19 07:52:50 AM (583167170)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 97980581-522B-42CE-A6C8-7659C0D73D5F

Message: Dude!!!!!

Sender: [redacted]

Time: 06/25/19 07:52:57 AM (583167177)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5299006F-ADA7-4938-9D1F-61CB80AAE57E

Message: Is this real

Sender: [redacted]

Time: 06/25/19 07:57:53 AM (583167473)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 35FC8665-B493-4E97-BAD0-F07E72F10EF3

Message: Tell me this is real

Sender: e:jeeitunes@gmail.com

Time: 06/25/19 08:06:31 AM (583167991)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8627C4E2-A1FE-4A8E-9E78-B036230689D0

Message: yup

Sender: [redacted]

Time: 06/25/19 08:55:47 AM (583170947)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CF63C0CC-D271-4342-8DD3-5A213C080725

Message: Is that out anywhere yet

Sender: e:jeeitunes@gmail.com

Time: 06/25/19 09:06:09 AM (583171569)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: A2B76F0D-5502-4737-A93E-3BC03ED2EC65

Message: Miami herald. But more and better july 9

Sender: [redacted]

Time: 06/25/19 09:12:18 AM (583171938)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D8939CA8-0AC6-4C7E-AD22-F879D8DD9D9B

Message: Epic epic epic

Sender: [redacted]

Time: 06/26/19 07:34:51 AM (583252491)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3EB63BA2-03A3-4962-81E2-928266E8F4E5

Message: Are we doing Tucson ???

Sender: e:jeeitunes@gmail.com

Time: 06/26/19 07:35:15 AM (583252515)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6443229B-15B6-4950-B364-1040E657A68E

Message: We?

Sender: [redacted]

Time: 06/26/19 08:01:00 AM (583254060)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E0B50DAA-844E-4F2A-A720-73871354053E

Message: My team

Sender: [redacted]

Time: 06/26/19 08:01:09 AM (583254069)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BB0D60ED-1704-4F7C-BA1E-7ACD8B725838

Message: Don't need you for this

Sender: e:jeeitunes@gmail.com

Time: 06/26/19 09:43:46 AM (583260226)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 4C2AD4B6-16B1-464D-9245-3524B02FA750

Message: https://www.ynetnews.com/articles/0,7340,L-5537033,00.html

Sender: e:jeeitunes@gmail.com

Time: 06/26/19 09:43:46 AM (583260226)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 74437FF6-F2C2-48B2-9DC8-AF737D7B0B96

Message: .  I've been busy

Sender: [redacted]

Time: 06/26/19 09:55:32 AM (583260932)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 49EF4C95-E800-4E08-974F-ECCA8142CCAF

Message: Wow!!!

Sender: [redacted]

Time: 06/26/19 09:55:36 AM (583260936)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 76BDB4B9-F9B8-4111-BAA7-E32FE2F6082C

Message: Wow!!!

Sender: [redacted]

Time: 06/26/19 09:55:39 AM (583260939)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 89B49DAE-2DD0-43E3-9A2C-11DDF19D5A0D

Message: Wow!!!

Sender: [redacted]

Time: 06/26/19 01:34:43 PM (583274083)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 35CD8353-88F3-42C1-BC7A-CF1AEE5E61C3

Message: Hate to be a pain on this but I've got to deploy my guys if we are going get this done in Tucson

Sender: e:jeeitunes@gmail.com

Time: 06/26/19 01:44:27 PM (583274667)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: EF837A8C-814D-452E-924A-68A3D4F773DF

Message: Have you been in contact with him

Sender: [redacted]

Time: 06/26/19 01:52:24 PM (583275144)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C875AFC0-F316-4000-BEEC-DA02F2541E49

Message: Think dan has

Sender: [redacted]

Time: 06/28/19 09:29:21 AM (583432161)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 9B8CEB88-24DA-427A-9F5F-D47773A506C5

Message: We are set for Noam on Saturday -- have you told him what we are prepping for

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:48:34 AM (583433314)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4D6C1F92-2CDD-40DA-8645-2A5E296CDCF8

Message: nope

Sender: [redacted]

Time: 06/28/19 09:54:55 AM (583433695)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FF377F24-7843-4D2B-A90B-A38488F6F6B9

Message: He would be onboard correct ???

Sender: [redacted]

Time: 06/28/19 09:55:04 AM (583433704)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A226C61A-3372-44B1-A1E9-AC64D86E5D2B

Message: Or should I ask?

Sender: [redacted]

Time: 06/28/19 09:55:08 AM (583433708)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0FE55C81-994F-4380-B687-1CFC08F14DE1

Message: Easy for me

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:55:18 AM (583433718)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D2EC900B-CDE2-47CC-B1C4-6C46FC00D9D4

Message: Ask. And yes

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:55:25 AM (583433725)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 599372A0-DE85-4B5A-A86E-1E6DDC64DBAB

Message: I could of course

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:55:41 AM (583433741)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2A8FCBD5-E4AD-491F-A874-DC05C1517466

Message: Im dealing with Ehud in Israel. Making me crazy

Sender: [redacted]

Time: 06/28/19 09:56:17 AM (583433777)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D49EE85D-A9F2-425D-A2E9-C625B687E267

Message: Ehud massive-- can we announce I'm his strategic advisor?

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:56:48 AM (583433808)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D30A2A78-28FD-4DBF-9E99-A53645FD630E

Message: This will be a long campaign. Elections in sept ( 17 ). Lots to talk about

Sender: [redacted]

Time: 06/28/19 09:57:06 AM (583433826)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 90CEAE58-2A31-4A1C-9378-BABD286AA92B

Message: This is brilliant move

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:57:27 AM (583433847)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CA800EC6-F29F-4AEB-BA5D-BB8ADEE4A833

Message: thx. . only the first step.

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 09:58:16 AM (583433896)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A313F83E-739A-40A3-BCFF-64EB011BEFF9

Message: Now you can understand why trump wakes up in the middle of the night sweating when he hears you and I are friends

Sender: [redacted]

Time: 06/28/19 10:15:24 AM (583434924)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09BFFF44-44F1-469C-9B96-51A35F960951

Message: Dangerous

Sender: [redacted]

Time: 06/28/19 10:44:33 AM (583436673)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0998EA6E-41CF-4C93-8A96-EA7D40032F4B

Message: Did u ever send dan your footage on Noam ???

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 11:58:34 AM (583441114)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 26F65865-A36F-46BE-B373-73BC47D9DF92

Message: https://www.nytimes.com/2019/06/27/us/politics/tillerson-mattis-kushner-bannon-foreign-policy.html

Sender: [redacted]

Time: 06/28/19 12:04:08 PM (583441448)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E1E6C300-2C39-48A7-8256-1257D91C96F8

Message: check the date of the dinner

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 02:04:41 PM (583448681)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8574FD79-E5E9-4FE0-928E-E4BE2A301A8C

Message: ?

Sender: [redacted]

Time: 06/28/19 02:05:14 PM (583448714)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 152FBCE3-7D2A-4544-8B68-69CF7D224C68

Message: 20 May -- first day of Riyadh summit

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 02:11:02 PM (583449062)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 191A313C-8D43-464D-BE30-87E801CAE0CD

Message: YIKES

Sender: [redacted]

Time: 06/28/19 02:12:33 PM (583449153)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: FFD9881D-3A84-499C-8557-9706A5745E0E

Message: Where are u next week-- we r ramping up on prep

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 02:20:27 PM (583449627)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3E3369FC-7E40-46C0-91D9-1F2E3FE8A40B

Message: Probably Paris.  Then back to states. 10 -19. Island.  Then back to Europe till aug

Sender: [redacted]

Time: 06/28/19 02:26:45 PM (583450005)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1DBC8EE4-1ADB-47CF-B458-A0BDEC34D2DE

Message: K

Sender: [redacted]

Time: 06/28/19 02:26:49 PM (583450009)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 29C291F8-44D6-4A0D-A80C-B1AB12A87DD9

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 06/28/19 02:28:35 PM (583450115)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A0DF8C3D-B27D-4CEA-BAD6-4E648CA89D99

Message: Then aug ranch

Sender: [redacted]

Time: 06/28/19 02:45:37 PM (583451137)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 243D33E2-B650-4844-897E-59D3BE635CC4

Message: Excellent

Sender: [redacted]

Time: 06/28/19 04:19:44 PM (583456784)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 82EC7667-8E3A-4365-8600-C63B576DDD04

Message: 5 July to 10 July Paris ???

Sender: [redacted]

Time: 06/29/19 11:09:52 AM (583524592)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B18D6F6B-F64E-47A8-AAED-52D1C881AF5D

Message: Did u get Chernobyl yet???

Sender: e:jeeitunes@gmail.com

Time: 06/29/19 11:11:36 AM (583524696)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DF45EA33-6B2C-4E73-82B1-8F666F7C8F71

Message: Yes

Sender: [redacted]

Time: 06/29/19 11:14:18 AM (583524858)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A179D898-C5BA-4E54-8073-EC1E8B6F7551

Message: Masterpiece no???

Sender: e:jeeitunes@gmail.com

Time: 06/29/19 11:37:05 AM (583526225)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 91FAFCEE-C4A7-4425-AECE-7EFB836712B6

Message: will watch next week.

Sender: [redacted]

Time: 06/29/19 11:50:14 AM (583527014)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 675B2DD4-B308-4203-A5FB-CC1A32AA68B5

Message: If I get there we can watch together --- style is something special

Sender: e:jeeitunes@gmail.com

Time: 06/29/19 01:33:26 PM (583533206)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 08A066B7-5D5A-4562-8E0C-9A945F25859D

Message: Island week of 8 , Paris again 16 -30 ranch August

Sender: [redacted]

Time: 06/29/19 02:00:46 PM (583534846)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 564C5FC2-D438-47AA-8EA9-BEF6EB67390B

Message: 8 July Island ; 16 July Paris; 30 July into August New Mexico

Sender: [redacted]

Time: 06/29/19 07:52:46 PM (583555966)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2B27061-7952-4FE8-BEA8-FB03ED6336CD

Message: Noam in no shape to film---clearly in some sort of pain and has grown a beard--- @ 90 we need to get him scheduled soon as practicable

Sender: [redacted]

Time: 06/29/19 07:53:06 PM (583555986)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D48FEE0A-3A52-4D00-BF77-46A423EB4419

Message: He spent 3 hours crushing me

Sender: e:jeeitunes@gmail.com

Time: 06/29/19 10:59:10 PM (583567150)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9571141E-642D-4926-8756-88C011C1AE8F

Message: Shame . For both of you

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 04:17:35 AM (583586255)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B92A1D87-5BCA-4894-8853-EDBED0DB3564

Message: I will land ny sund. Fly to island tues afternoon. Then back to Paris following tush's

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 04:17:37 AM (583586257)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7FCC19C0-D29D-4E60-84B2-4A5BD5BBD3AF

Message: tues

Sender: [redacted]

Time: 06/30/19 04:47:24 AM (583588044)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5523A867-FF10-4D99-8D9A-30DEEC497B99

Message: K got it

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 07:29:04 AM (583597744)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7FF9D435-C61E-4136-AECB-8AB4C122529C

Message: Im free to speak  later. If you like

Sender: [redacted]

Time: 06/30/19 08:12:40 AM (583600360)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 00E5F455-BBE5-4C52-9487-984197CD6AAB

Message: Yes : finishing broadcast

Sender: e:jeeitunes@gmail.com

Time: 06/30/19 07:53:04 PM (583642384)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ABFDEF0F-9873-43CE-94CF-C9AF4D56FBE7

Message: Miro

Sender: [redacted]

Time: 06/30/19 08:17:20 PM (583643840)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 459081D7-79DE-411D-A785-C87569752809

Message: Yes : reached out to him

Sender: [redacted]

Time: 07/01/19 06:04:35 AM (583679075)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D104B446-46F3-45D9-8573-8CD5E9E162F1

Message: You following Hong Kong

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:06:30 AM (583679190)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 26F1E832-C6DE-4368-97A4-62C9CD59624C

Message: Yes,  all china controlled

Sender: [redacted]

Time: 07/01/19 06:07:20 AM (583679240)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 09F139FC-31BF-4F78-8AE6-BCAC664930AA

Message: The protests?

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:09:39 AM (583679379)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C4123F95-1FAF-4AF1-A839-510E41E6A05D

Message: yup

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:10:01 AM (583679401)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CC0B916E-A7DA-4992-A17A-CA3E8841978B

Message: no surprise

Sender: [redacted]

Time: 07/01/19 06:10:05 AM (583679405)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AFF92BD-5AD2-43B3-97B6-24B87CE0F686

Message: Ah... r u watching this live ?

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:10:08 AM (583679408)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B55C0079-192D-4E70-849A-97A20CD652D0

Message: Good. Head fake

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:10:15 AM (583679415)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 609120BF-CDCC-4063-A9EB-338D0088ADF6

Message: yujp

Sender: [redacted]

Time: 07/01/19 06:10:30 AM (583679430)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1BACD3A3-2CE2-4BD2-91B0-212E85E42EB2

Message: Do U get your news @ infowars

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:11:17 AM (583679477)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4B0A533B-4172-49F7-BA47-2C04B55D274E

Message: Art of war

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:11:48 AM (583679508)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3776144F-FD6F-4D65-AE8D-3C81DAAA8AFA

Message: You are falling for the oldest trick

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:11:56 AM (583679516)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CE49E001-7A4D-41B5-AB79-25D773BF09FC

Message: Too much desert sun

Sender: [redacted]

Time: 07/01/19 06:34:22 AM (583680862)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5D5857C1-4279-4920-8510-5663CFD2459D

Message: I see that unsupervised for a couple of weeks u have started to believe all the nonsense from the apparatus

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:35:09 AM (583680909)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: CF2418DA-937A-4DCA-8F7F-DAB606FD3DAC

Message: I m drinking soy sauce for breakfast

Sender: [redacted]

Time: 07/01/19 06:40:45 AM (583681245)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 19FB21B8-93B1-4437-A864-1593AD61C776

Message: Then get off the high sodium-- they just took Legco

Sender: [redacted]

Time: 07/01/19 06:43:27 AM (583681407)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C0440A4-05DA-44B6-90DE-EAACE7B59A04

Message: He has to send in the PLA riot police-- TS2 coming

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:45:06 AM (583681506)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 59584474-48DF-4FA1-929C-C266FF08E321

Message: Watching. Big time wrestling. .  next up is haystacks calhoun

Sender: [redacted]

Time: 07/01/19 06:45:50 AM (583681550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F500E65A-3660-478D-8950-F425B9EAFB2E

Message: I have so much to teach grasshopper about china

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 06:47:03 AM (583681623)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AD0D9DD2-C6F2-4189-A68B-FB0543FD0376

Message: If you mean the china your mother keep in the cupboard ill listen

Sender: [redacted]

Time: 07/01/19 06:47:34 AM (583681654)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C6B9A864-88CC-4DAA-AC8D-94B2BB1AA76A

Message: I mean the china that is overthrowing the CCP

Sender: [redacted]

Time: 07/01/19 07:25:09 AM (583683909)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 53E8D34F-0D11-46CC-A795-E8D524F288AB

Message: Talked with miro : I'm on point

Sender: [redacted]

Time: 07/01/19 11:26:58 AM (583698418)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8EA25641-3F6E-404C-8199-FC88334B3006

Message: Tear gas

Sender: e:jeeitunes@gmail.com

Time: 07/01/19 02:24:02 PM (583709042)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 9CD52D20-ED49-4A92-A7E4-F49AEA764379

Message: Talk tomorrow

Sender: [redacted]

Time: 07/01/19 02:26:22 PM (583709182)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: D1EB5DB9-EC5D-4B9F-BEAD-852FC5138381

Message: K

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 05:47:30 AM (583850850)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 8586631D-FDF5-415D-BB9E-583EA22A4D14

Message: Today is yesterday's tomorrow

Sender: [redacted]

Time: 07/03/19 06:42:02 AM (583854122)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 96DAA298-4C25-44D3-BB9F-D3A2A68426FE

Message: What is the sound of one hand clapping

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 07:14:54 AM (583856094)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 174D28C7-25B2-4624-8131-7EB21A6301FE

Message: Sunday New York?

Sender: [redacted]

Time: 07/03/19 07:16:30 AM (583856190)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BEAB07C1-7C37-42E3-8FD6-390629F32D25

Message: R u back then???

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 07:26:12 AM (583856772)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4D1F947F-9255-4D5E-9577-2B943274B884

Message: Scheduling now

Sender: [redacted]

Time: 07/03/19 07:26:42 AM (583856802)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A845CA2E-D50D-4F24-8A41-3E0EC1A0002F

Message: Keep me in the loop

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 08:23:45 AM (583860225)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: C0E5C561-87A7-414B-AD9C-0B462111B725

Message: I arrive Saturday 9 pm ny all day Sunday

Sender: [redacted]

Time: 07/03/19 08:28:52 AM (583860532)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F5CE426F-5ED5-4944-A540-09E81CB31A23

Message: How early can we meet

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 08:32:48 AM (583860768)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B60C13C1-E7CC-4DF7-BACF-FA8C1218E60A

Message: 6 30

Sender: [redacted]

Time: 07/03/19 08:33:02 AM (583860782)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B49000AB-A22E-4717-B3B8-641413927CED

Message: Done

Sender: [redacted]

Time: 07/03/19 12:39:02 PM (583875542)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7BE34E9E-AEC7-48AC-AC9C-EF5B0026C250

Message: https://www.thedailybeast.com/jeffrey-epstein-court-orders-release-of-sealed-docs-about-alleged-sex-ring?ref=home2

Sender: [redacted]

Time: 07/03/19 08:29:21 PM (583903761)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 481A56D9-629F-4D69-A9B8-99DA31AA56D4

Message: My guy is in israel-- can we connect him to erhud ???

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 11:32:42 PM (583914762)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 852516F4-B5DB-4B57-9076-75877FCA3D42

Message: Name

Sender: [redacted]

Time: 07/03/19 11:33:12 PM (583914792)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3BE9E534-8595-4FD4-A6F1-4237D00B607B

Message: Aaron Klein

Sender: e:jeeitunes@gmail.com

Time: 07/03/19 11:34:48 PM (583914888)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 803ADAE3-4CEA-4C26-959A-6873244F2438

Message: On it

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:21:13 AM (584022073)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 823788B9-6110-4090-BFD4-718860858E28

Message: kiron skinner ?  Miro ?

Sender: [redacted]

Time: 07/05/19 05:21:42 AM (584022102)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BF71C860-5D43-45A0-9FA2-DAA712DE35E0

Message: For meeting?

Sender: [redacted]

Time: 07/05/19 05:21:54 AM (584022114)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1998F7A8-F18F-4E9B-93B8-D6DE41371BC6

Message: I'm working Pompeo

Sender: [redacted]

Time: 07/05/19 05:22:00 AM (584022120)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 01460BFD-A277-481F-9262-22B2E94F96CB

Message: For support

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:22:13 AM (584022133)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6D5B9ECA-7DFE-4E9A-9168-58AD263FCC02

Message: Did you reach mike or anyone on his dog nato aspiration

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:23:29 AM (584022209)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 558BE79B-690F-47F0-80FD-C9E5495A48F1

Message: Dsg-

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:24:33 AM (584022273)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 9DFBF33C-1ECC-427F-9FB4-4482C40A4077

Message: Time sensitive

Sender: [redacted]

Time: 07/05/19 05:27:14 AM (584022434)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 17683659-B4C3-4CEF-A6DC-00D6B9B8406D

Message: Yes yes yes

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:29:15 AM (584022555)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 257EB00A-2942-479C-A0CE-08524FC8C3D5

Message: Im driving out to cold spring Monday morning to have lunch with Watson

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:32:18 AM (584022738)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A0E8AB7B-3FAA-4C03-AF62-7037D05A6857

Message: If you are still around ,  of course come with me

Sender: [redacted]

Time: 07/05/19 05:36:56 AM (584023016)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A423A343-4258-4A09-B661-75D220C21950

Message: Problem is their country is nothing burger-- poland and Baltic important

Sender: [redacted]

Time: 07/05/19 05:37:12 AM (584023032)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5529E1BF-64B2-470D-BCB2-340EE20EDA51

Message: The Watson !

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:37:44 AM (584023064)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 2295C2DC-463E-4E4B-8BFB-2F9326BE4022

Message: Yes

Sender: [redacted]

Time: 07/05/19 05:45:50 AM (584023550)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 0B773B23-A268-47F6-B885-48DB17D00440

Message: Can I join u?

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 05:46:33 AM (584023593)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3B8578A0-B294-4111-AA0F-97A7BDBE42DC

Message: Yes

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 11:54:15 AM (584045655)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: B1DC5D36-945D-476F-8A66-15A954F4657E

Message: https://thehill.com/homenews/news/451777-far-right-anti-muslim-uk-activist-tommy-robinson-convicted-in-contempt-case

Sender: [redacted]

Time: 07/05/19 11:57:31 AM (584045851)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: B0BF5B15-8ABF-48F4-B92A-2C2070A9ED2E

Message: 'backbone of England '

Sender: e:jeeitunes@gmail.com

Time: 07/05/19 12:00:42 PM (584046042)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: ACBC7AD0-982A-4EB6-AEFE-5B308B974243

Message: Thats why the pound so low

Sender: [redacted]

Time: 07/05/19 12:01:00 PM (584046060)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 1FA33CD0-4676-4709-9D5D-B78ED0F23051

Message: Cheap @ any price

Sender: [redacted]

Time: 07/05/19 06:37:51 PM (584069871)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 6549E80C-2D05-4647-A5A9-45F11B45CA84

Message: Can we film Sunday morning : Sunday afternoon ???

Sender: e:jeeitunes@gmail.com

Time: 07/06/19 12:14:23 AM (584090063)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 5F712EF5-1CDF-4049-9419-C67712CEFD51

Message: Goofball.  Had you told me earlier I would have adjusted my schedule. .  Im only in town Sunday

Sender: [redacted]

Time: 07/06/19 03:36:08 AM (584102168)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 848B4BF0-82C1-4913-A32A-D41D718D7E27

Message: U still going to see Watson on Monday ?

Sender: e:jeeitunes@gmail.com

Time: 07/06/19 03:54:59 AM (584103299)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B980FD2-1B4B-415D-9164-470457252D08

Message: Yes,  and you are coming

Sender: e:jeeitunes@gmail.com

Time: 07/06/19 03:58:06 AM (584103486)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6242013E-DBA3-4F4E-9992-FD056C194C33

Message: We are scheduled to go to his house in cold spring harbor.  I will then go to airport and island .  For rest of week

Sender: [redacted]

Time: 07/06/19 03:58:40 AM (584103520)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: C33ECA0A-1E71-4D4D-9D79-701092E46824

Message: Cool

Sender: [redacted]

Time: 07/06/19 03:59:04 AM (584103544)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A2F4FC6E-2AF2-4A60-BD48-53E15A1FED30

Message: If we can arrange it can we film on the island ?

Sender: e:jeeitunes@gmail.com

Time: 07/06/19 03:59:09 AM (584103549)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4EA76388-55FA-4EA0-89E7-580F7776CD1B

Message: Yes

Sender: [redacted]

Time: 07/06/19 03:59:23 AM (584103563)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 3DADD415-E1E6-47B4-BA78-DAB1B76E011F

Message: Perfect

Sender: [redacted]

Time: 07/06/19 04:35:17 PM (584148917)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE373011-D1DD-462D-A88D-C35569D1A29C

Message: Can we do late morning say 11. Am

Sender: e:jeeitunes@gmail.com

Time: 07/06/19 04:37:20 PM (584149040)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 45B58F9E-EAA2-416B-80FF-4764C94B9FBC

Message: All canceled

Sender: [redacted]

Time: 07/06/19 04:37:44 PM (584149064)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: DA66A681-A36A-46E8-AF72-0B091B2CE1F2

Message: You r not coming in?

## *Night Flight*

They say that you can read a person's feelings on his face. But if so, either I'm a very good actor – the opposite of what anyone who has worked closely with me would tell you – or the journalists clustered in front of me weren't very good face-readers. They said that I looked defeated. Distressed. *Depressed.*

Yet as I delivered my brief final statement outside an olive-green cabin at Camp David, the American presidential retreat in the forested Catoctin hills north of Washington, I felt none of those things.

Yes, I was disappointed. I realised that what had happened over the last 14 days, or more crucially what had *not* happened, was bound to have serious consequences, both for me personally, as Prime Minister of Israel, and for my country.

But I had been a politician, at that point, for all of five years. By far most of my life, I had spent in uniform. As a teenager, small and slight and not even shaving yet, I was one of the founding core of a unit called *Sayeret Matkal*, Israel's equivalent of America's Delta Force, or Britain's SAS. It may be that the way I thought and acted, the way I dealt with danger or with crises, came from someplace inside me. Even as a young kid, I was always quiet, serious, contemplative. But my 13 years as a part of Israel's main special-forces unit, especially once I became its commander, etched those qualities more deeply. And they added new ones: a sense that you could never plan a mission too carefully or prepare too assiduously; an understanding that what you thought, and certainly what you said, mattered a lot less than what you *did*. And above all the realisation that, when one of our nighttime commando operations was over, whether it had succeeded or failed, you had to take a step back. Evaluate things accurately, coolly, without illusions. Then, in the light of how the situation had changed, you had to decide how best to move forward.

That approach, to the occasional frustration of the politicians and diplomats working alongside me during this critical stage of Israel's history, had guided me from the moment I became Prime Minister. In my very first discussions with President Clinton a year earlier – a long weekend, beginning at the White House and moving on to Camp David – I had mapped out at great length, in great detail, every one of the steps I knew we would have to take to confront the central issue facing Israel: the need for peace.



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In choosing to return, now, to Camp David for two weeks of summit talks, I knew the risks. Of all the moments of truth in my life – and in the life of my country – few, if any, would carry higher stakes. Success would mean not just one more stutter-step away from our century-long conflict with the Palestinians. It would signal a real, final peace: in treaty-speak, *end of conflict*. Whatever the complexities of putting an agreement into practice, given all the suffering and bloodshed endured by both sides, we would have crossed a point of no return.

There would be two states, for two peoples.

And if we failed? I knew, if only from months of increasingly stark intelligence reports, that an explosion of Palestinian violence – not just with stones or bottles this time, but with guns and explosives – would be only a matter of time.

I knew something else as well. This would be a moment of truth not just for me. Or for Bill Clinton, a man who understood our conflict more deeply, and was more determined to help us end it, than any other president before him. It was a moment of truth for the leader of the Palestinians, Yasir Arafat.

The Oslo Accords of 1993, groundbreaking though they were, had created a peace *process*, not peace. Over the past few years, that process had been lurching from crisis to crisis. Political support for negotiations was fraying. And yet the core issues of our conflict had not been resolved. In fact, they had hardly been talked about. The reason for this was no secret. For both sides, these questions lay at the heart of everything we'd been saying for years, to the world and to ourselves, about the roots of the conflict and the minimum terms we could accept in order to end it. At issue were rival claims on security, final borders, Israeli settlements, Palestinian refugees, and the future of ancient city of Jerusalem. None of these could be resolved without painful, and politically perilous, compromises.

Entering the summit, despite the pressures ahead, I was confident that I, with my team of aides and negotiators, would do our part to make such a final peace agreement possible. Nor did I doubt that President Clinton, whom I had come to view not just as a diplomatic partner but a friend, would rise to the occasion.

But as for Arafat? There was simply no way of knowing.

That was why I had pressed President Clinton so hard to convene the summit. That was why, despite the misgivings of some of his closest advisers, he had taken the plunge. We both knew that the so-called "final-status issues" –



HOUSE_OVERSIGHT_027850

the substance of any real peace – could not simply be put off forever. Untangling them was getting harder, not easier. And we realised that only in an environment like Camp David – a "pressure cooker" was how I described it to Clinton, and to US Secretary of State Madeleine Albright – would we ever discover whether a peace deal could in fact be done.

Now, we knew.

* * *

Israel's equivalent of Air Force One, perhaps in a nod to our country's pioneering early years, was an almost prehistoric Boeing 707. It was waiting on the runway at Andrews Air Force Base outside Washington to ferry me and the rest of our negotiating team back home.

It contained a low-rent equivalent of the American version's presidential cabin, and a few 1960s-vintage first-class seats, but consisted mostly of two long lines of coach seats, three abreast, separated by an almost tightrope-narrow aisle. I dare say I was alone in finding an odd sense of comfort in boarding the plane. This museum piece of an aircraft was part of my past. It was the same model of 707 for which I, with a couple of other young soldiers and engineers, had come up with what we dubbed the "submarine door" system outside the cockpit – to protect El Al pilots from future attacks after one of its planes had been hijacked to Algiers in the summer of 1968. It was also the same kind of plane – a Sabena flight, hijacked to Tel Aviv's Ben-Gurion Airport – which I stormed, before sunrise, four years later with a force of nearly two dozen *Matkal* commandos. The shooting was over within 90 seconds. One of my men – a junior officer named Bibi Netanyahu – was wounded. By one of our own bullets. But we managed to kill two of the heavily armed hijackers, capture the others, and free all 90 passengers unharmed.

Still, even I had to accept, it was no fun to fly on.

As we banked eastward after takeoff and headed out over the Atlantic, the mood on board was sober. Huddling with the inner core of my negotiating team – my policy co-ordinator Gilad Sher, security aide Danny Yatom and Foreign Minister Shlomo Ben-Ami – I could see that the way the summit ended had hit them hard. It was probably true, as all three often reminded me, that the greatest pressure fell on me. I was the one who ultimately decided what we could, or



HOUSE_OVERSIGHT_027851

should, offer in search of a true peace with the Palestinians. I was the one who would be blamed by the inevitable critics, whether for going too far or not far enough, or simply for the fact the deal had eluded us. I knew the drill: the same thing had happened when I had come tantalizingly close to finalizing a peace deal with Syria's then-dying dictator, Hafez al-Assad, a few months earlier. Yet these three dedicated men – Gili, who was by training a lawyer; Shlomo, an academic; and Danny, a former Mossad chief – had just been through dozens of hours of intricately detailed talks with each of Arafat's top negotiators at Camp David, not to mention the dozens of other meetings before we had even got there. Now they had to accept that, even with the lid of the pressure cooker bolted down tight, we had fallen short of getting the peace agreement which each of us knew had been within touching distance.

I don't think that even they could be described as depressed. On our side, after all, we knew we had given ground on every issue we possibly could, without facing full-scale political rebellion at home. We had proposed an Israeli pullout from nearly all of the West Bank and Gaza. A support mechanism for helping compensate tens of thousands of Palestinian refugees from the serial Arab-Israeli conflicts of the past half-century. And most painfully and controversially – my rivals and critics back home were already accusing me of "treachery" – we had agreed to let President Clinton present a proposal for the Palestinians to get sovereignty over the Arab neighbourhoods of Jerusalem as well as "custodial sovereignty" over the Haram al-Sharif, the mosque complex perched above the Western Wall, the holiest site in Judaism.

But precisely because we had been ready to offer so much, only for Arafat to reject it all, even as a *basis* for talks on a final deal, I could sense how gutted my key negotiators were feeling.

Still, I'm sure none of them was surprised when my own old operational instincts kicked in. In my statement to journalists, I had been careful to say that Arafat was not ready *at this time* to make the historic compromises needed for peace. But before parting with President Clinton and Secretary Albright, I'd been more forthright. It was clear, without my saying so, that the chances of our getting a peace agreement on Clinton's watch were now pretty much over. He had barely five months left in office. Yet my deeper fear was that with Arafat having brushed aside an offer that went far further than any other Israeli had proposed – far further than the Americans, themselves, had expected from Israel – the prospects for peace would be set back for years. Perhaps, I said, for two decades.



HOUSE_OVERSIGHT_027852

The challenge now, I told my exhausted team, was to make sure we were prepared for this new reality. Part of the spadework was already in place. Much as I'd hoped that Arafat and I could turn a new page in Middle East history, I had directed our army chief-of-staff, nine months before the summit, to draw up contingency plans for the likelihood of an unprecedentedly deadly eruption of Palestinian violence if we were to fail.

Now, I felt we had to go even further, and to prepare a proactive alternative to the negotiated deal we'd been unable to secure. I proposed considering a *unilateral* Israeli pullout from the West Bank and Gaza. The territorial terms would, necessarily, be less far-reaching than the proposal Arafat had rejected. But I felt we should still withdraw from the great majority of the land we had captured in 1967, still leaving the Palestinians an area which the outside world would recognize as wholly sufficient for them to establish a viable, successful state.

And crucially, this would finally give Israel, *our* country, a delineated, final border with the territory captured in the Six-Day War.

Gili, clearly uneasy about accepting the idea that the chances for a negotiated peace were definitively gone, left to try to get some sleep on the long flight ahead. Danny and Shlomo Ben-Ami as well. Within an hour or so, the plane was full of irregularly slumped bodies, the silence broken only by the drone of the 707's engines and the occasional sound of snoring.

I sat, wide awake, in one of the seats at the front.

My sleeping habits were another inheritance from *Sayeret Matkal*. During those years, nearly everything of significance which I did had happened after sundown. The commando operations were, of course, set for darkness whenever possible. The element of surprise could mean the difference between success and failure, indeed life and death. But all of my planning, all my *thinking*, tended to happen at night as well. The quiet, and the lack of distractions, helped to discipline my mind. I found that it helped to free my mind as well, sometimes only to discover that it went off in unexpected directions.

It did so now. Perhaps even I was still reluctant to accept that Camp David meant that the opportunity for a transformative deal with Arafat was finished. Yet whatever the reason, I began thinking back to the first time that my path and his had crossed. It was in the spring of 1968, nearly a year after Israel had defeated the armies of our three main Arab enemies – Egypt, Syria and Jordan. Israeli forces were advancing on a Jordanian town called Karameh, across the



HOUSE_OVERSIGHT_027853

Jordan River from the West Bank, from which a fledgling group called Fatah, under the command of Arafat, had been staging a series of raids. In one of their most recent attacks, they'd planted land mines, one of which destroyed an Israeli schoolbus, killing the driver and one of the teachers and injuring nearly a dozen children. The so-called Battle of Karameh was our single most significant operation since the 1967 war. In pure military terms, it succeeded. But at a price: more than two dozen Israeli soldiers dead. It also had a major political impact. It caused shock among many Israelis, still wrapped in a sense of invincibility from the Six-Day War, as well as a feeling in the Arab world, actively encouraged by Arafat and his comrades, that compared to the great armies Israel had defeated in 1967, Fatah had at least shown fight. Fatah had drawn blood.

I had just turned 26 years old. I was finishing my studies in math, physics and economics at the Hebrew University in Jerusalem, and had joined my *Sayeret Matkal* comrades the night before the assault. It was a huge operation: ten battalions, including crack infantry units. Our own role was relatively minor. We were to seal the southern entrance to the town. But it proved a tough slog just to get there. Our vehicles got bogged down in mud. By the time we arrived, Fatah fighters, although many were in civilian clothes so we couldn't be sure, were racing past us in the other direction. One of them, we were later told, was Yasir Arafat. On a motorcycle.

It would be nearly three decades before the two of us actually met – shortly after the assassination of my longtime comrade and friend Yitzhak Rabin, when I had become Foreign Minister under Shimon Peres. But in the intervening years, Arafat was rarely off of my radar. By the early 1970s, he and his fighters had been expelled by King Hussein's army from Jordan and were re-based in Lebanon. Arafat was becoming a significant figure on the Arab and world political stage, and an increasingly uncomfortable thorn in Israel's side. I was head of *Sayeret Matkal* by then. Over a period of months, I drew up a carefully constructed plan – a raid by helicopter into a Fatah-dominated area in southeastern Lebanon, during one of Arafat's intermittent, morale-boosting visits from Beirut – to assassinate him. My immediate superior, the army's head of operations, was all for our doing it. But the chief of military intelligence said no. Arafat, he insisted when we met to discuss the plan, was no longer the lean, mean fighter we had encountered in Karameh. "He's fat. He's a politician. He is not a target."



HOUSE_OVERSIGHT_027854

A decade later, the idea would suddenly resurface. In my first meeting, as a newly promoted Major General, with our then Defence Minister Ariel Sharon, Sharon turned to me and the army's Chief of Staff, Rafael Eitan, and said: "Tell me. Why the hell is Arafat still alive?" He looked first at Raful, then at me, and added: "When I was 20 years younger than you are, I *never* waited for someone like Ben-Gurion or Dayan to ask me to plan an operation. I would plan it! Then I'd take it to them and say, you're the politicians, you decide, but if you say yes, we'll do it." I smiled, telling him that I'd done exactly that, a decade earlier, only to have one of his mates in the top brass say no. Sharon now said yes. But the plan was overtaken: by his ill-fated plan to launch a full-scale invasion of Lebanon in 1982, targeting not just Arafat, but with the aim of crushing the PLO militarily once and for all.

I finally met Arafat face-to-face at the end of 1995. Although the Oslo peace process had dramatically changed things, it was clear that the real prize – real peace – was still far away. We were in Barcelona, for a Euro-Mediterranean meeting under the auspices of King Juan Carlos, aimed at trying to re-invigorate negotiations. The ceremonial centrepiece of the event was a dinner at one of the royal palaces, and it was arranged for me and Arafat to meet for a few minutes beforehand. I arrived first. I found myself in a breathtakingly opulent, but otherwise empty, room. Empty, that is, except for a dark-brown Steinway piano. From childhood, I have loved music. And while I am never likely to threaten the career of anyone in the New York Philharmonic, I have, over the years, developed some ability, and drawn huge enjoyment, as a classical pianist. I pulled back the red-velvet bench and began to play. With my back to the doorway, I was unaware that Arafat had arrived, and that he was soon standing only a few feet away, watching as I played one of my favourite pieces, a Chopin waltz. My old commando antennae must have been blunted. I may not have become "fat". But, undeniably, I was now a politician.

When I finally realised Arafat was behind me, I turned, embarrassed, stood up, and grasped his hand. "It's a real pleasure to meet you," I said. "I must say I have spent many years watching you – by other means." He smiled. We stood talking for about 10 minutes. My hope was to establish simple, human contact; to signal respect; to begin to create the conditions not to try to kill Arafat, but to make peace with him. "We carry a great responsibility," I said. "Both of our peoples have paid a heavy price, and the time has come to find a way to solve this."



HOUSE_OVERSIGHT_027855

I sensed, at the time, at least the start of some connection. I suspected that Arafat viewed me, as he had Rabin before me, as a "fellow fighter". But if so, I now wondered whether that might have been part of the problem in his ever truly understanding my mission at Camp David. My motivations. Or my mind.

Even in Israel, my reputation as a soldier has sometimes been as much a burden as an advantage. A whole body of stories has followed me from my 36 years in uniform – a career which, after *Sayeret Matkal*, led me up the military ladder until I was head of operations, intelligence, and eventually of the entire army as Chief of Staff. By the time I left the military, I was the single most decorated soldier in our country's history. Some of the stories were actually true: that when we burst onto the hijacked Sabena airliner, for instance, we were dressed as a maintenance crew; or that, in leading an assassination raid in Beirut against the PLO group that had murdered Israeli athletes at the 1972 Munich Olympics, I was disguised as a woman. Not the most attractive young lady, perhaps, though I did, painfully, pluck my eyelashes, and, with the help of four pairs of standard-issue Israeli Army socks, develop quite a comely bosom. I rejected the idea of wearing a long dress, in favour of stylishly flared trousers. I was going on a commando operation, after all, not a prom date. But I did wear heels. So yes, a woman, of sorts.

Yet some of the stories were just plain myth. I had given up counting the times I'd heard about my alleged prowess in recording the fastest-ever time on the most gruelling of the Israeli army's obstacle courses. In fact, I was a lot more like Goldie Hawn in *Private Benjamin*.

The main misunderstanding, however, went deeper. The assumption appeared to be that my military achievements, especially in *Sayeret Matkal*, were down to a mix of brute force and raw courage. Courage, of course, was a requirement: the willingness to take risks, if the rewards for success, or the costs of inaction, were great enough. Few of the operations I fought in or commanded were without the real danger of not coming back alive. But whatever success I'd had as a soldier, particularly in *Matkal*, was not only, nor even mainly, about biceps. It was about brains. The ability to make decisions. To withstand the pressure of often having to make the most crucial decisions within a matter of seconds. It was, above all, about thinking and analyzing – and always, always, looking and planning ahead.

And as our plane droned onward towards Israel, I knew that I would now need all of those qualities more than ever.



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* * *

This book is only in part the story of my life – a life that, from my beginnings as a kibbutz boy in pre-state Palestine, has been intimately entwined with the infancy and adolescence and, now, the increasingly troubled middle age of the State of Israel.

Still less is it only a record of its, or my, achievements, although they are inevitably a part of the story.

In setting out to write it, I was also determined to document, from the inside, the critical setbacks as well. Mistakes. Misjudgements. Missed opportunities. And the lessons that we can, and must, be prepared to learn from them.

No less so than I when I was planning a hijack rescue or a cross-border commando operation in *Sayeret Matkal*, I remain convinced that Israel's security, Israel's very identity, can be safeguarded only by evaluating dispassionately the situation in our country and the world. And by looking ahead.

Even when I was a soldier, I never stopped thinking this way, especially when, first as military intelligence chief and especially as Chief of Staff, I knew, in detail, every one of the security threats that faced Israel and was part of discussions and decisions to try to confront them. I still vividly remember as Chief of Staff, every Friday before the arrival of the Jewish Sabbath, sitting with Rabin, who was then Israel's Defence Minister. Our offices were along the same hallway of the *kirya*, the ministry's headquarters in the heart of Tel Aviv. Rabin had a very low table in his office, with two chairs. We would sit across from each other, each with a ready supply of coffee and Yitzhak smoking an apparently endless supply of cigarettes, and we would just talk. Politics. Strategy. Israel. The PLO. The surrounding Arab states. And the wider world.

Many years before I became Prime Minister, I gave a lecture at a memorial meeting for an Israeli academic. Not many people were there. I doubt even they remember it. But I do, because what I said has, sadly, become more prophetic than even I could have imagined. I talked about the imperative for peace as part of Israel's security. There was a "window," I said. We were militarily strong. In regional terms, we were a superpower. But politically, resolving the conflict with our Arab enemies would almost certainly become more difficult with time.



HOUSE_OVERSIGHT_027857

Iraq, perhaps Iran and other Middle Eastern states, might get nuclear weapons. A violent form of fundamentalist Islam could, over time, erode existing Arab and Muslim states, threatening Israel of course, but also the stability of our neighbourhood and of the world. In those circumstances, even if an Israeli government was strong enough, wise enough, forward-looking enough to pursue avenues for negotiated peace with its immediate neighbours, getting the popular support required would be all but impossible.

The window is still there. But it is only barely open.

I fear that I was right, as well, in predicting that our failure to secure a final peace agreement with the Palestinians at Camp David might set back peacemaking not just for a few months, but for many years. I have persisted in trying, very hard, to make that particular prediction prove wrong. That was why, despite intense pressure from my own political allies not to do so, I decided to return to government in 2007 as Defence Minister. I remained in that role for six years: mostly in the current, right-wing Likud government of my onetime *Sayeret Matkal* charge, Bibi Netanyahu.

Much of what I say in this book about war and peace, security and Israel's future challenges, will make uncomfortable reading for Bibi. But very little of it will surprise him, or his own Likud rivals further to the right, like Foreign Minister Avigdor Lieberman and the Economy Minister, Naftali Bennett. I have said almost all of it to them behind closed doors in the past few years, more than once. When I finally decided to leave the political arena last year, it was largely because I realized that they were guided by other imperatives. In the case of Bibi, the most gifted politician with whom I've worked except for Clinton, the priority was to stay in power. For Avigdor and Naftali, it was to supplant Bibi, when the opportunity was ripe, as Likud leader and as Prime Minister. And much too often – as with their hugely ill-advised recent proposal to amend Israel's basic law to define it explicitly as a Jewish state, and deny "national rights" to non-Jews – the three of them have ended up competing for party political points rather than weighing the serious future implications for the country.

Peacemaking, as I discovered first-hand, requires taking risks. Statesmanship requires risks. Politics, especially if defined simply as staying in power, is almost always about the avoidance of risk.



HOUSE_OVERSIGHT_027858

The problem for Israel, no matter who or what party is in government, is that there are risks everywhere one looks, and they show every sign of getting more, not less, serious.

The "Arab Spring" has morphed into an Islamic winter. National frontiers that were put in place by British and French diplomats after the fall of the Ottoman Empire are vanishing. Centuries-old conflicts between tribes and rival religious communities have reignited. The old Cold War system of nations has given way to a world without a single geopolitical centre of gravity. Perhaps most seriously, Iran seems determined to get nuclear weapons, and, in my view, may succeed in doing so.

Where Israel is concerned, relations with our indisputably most important ally, the United States, are more strained than at any time in decades. Diplomatic ties with Europe, our single largest trading partner, have been growing steadily worse. And the only real certainty is that anyone who tells you that they know absolutely where things are heading next is lying. Just ask Hosni Mubarak, who, despite having nearly half-a-million soldiers and security operatives at his disposal, was utterly blindsided, and very soon toppled and imprisoned, by an uprising that began with a sudden show of popular anger in Cairo's Tahrir Square.

Internally as well, Israel faces dangers. Chief among them is the alarming erosion of the standards of civil discourse, amid the increasingly shrill, often hateful, divisions between left and right, secular and religious, rich and poor and, most seriously of all, Jews and Arabs. While we remain economically successful, the fruits of our wealth are being ever more unevenly shared, and the prospects for continued growth constrained by the lack of any visible prospect of long-term peace.

Bibi Netanyahu, of course, knows all of this. Indeed, he has repeatedly spoken of the multiple threats Israel faces, not only in somber terms, but at times almost apocalyptically.

That works, politically. Politicians, not just in Israel but everywhere, know that it is a lot easier to win elections on fear than on hope.

Yet my own prescription – learned, as this book recounts, from years on the battlefield, then reinforced by my years in government – is that Israel must resist being guided by either of those alternatives. Not fear, certainly. But neither by simple, untempered hope. Though the stakes have become much higher since my night flight back from Camp David nearly 15 years ago, our



HOUSE_OVERSIGHT_027859

need remains what I tried to impress on my negotiators then: realism. A meticulously informed, utterly unvarnished, understanding of the threats we face, of each altered situation after every success or a failure, and an ability to set aside the background noise and political pressures and chart a way forward.

So what is that way? It begins with the mindset. On more than one occasion in the past few years, after Prime Minister Netanyahu had warned our country of a nuclear Iran or the spread of Al Qaeda-style hatred and violence, as if prophesying the coming of Armageddon, I would say to him: "Stop talking like that. You're not delivering a sermon in a synagogue. You're Prime Minister." Having been privileged to live my own life along with the entire modern history of our country, I went further. Zionism, the founding architecture of Israel, was rooted in finding a way to supplant not just the life, but the way of thinking, which hard-pressed Jewish communities had internalised over centuries in the diaspora: in Hebrew, the *galut*. We would instead take control of our own destiny, building and developing and securing our own country.

Now, I told Bibi, he was back in the mindset of the *galut*. Yes, al-Qaeda, and more recently Islamic State, were real dangers. The prospect of a nuclear Iran was even more so. "But the implication of the way you speak, not just to Barack Obama or David Cameron, but to *Israelis*, is that these are existential threats. What do you imagine? That if, God forbid, we wake up and Iran is a nuclear power, we'll pack up and go back to the *shtetls* of Europe?"

Of course not. Israel, as my public life has taught me more than most, remains strong militarily. We are, still, fully capable of turning back any of the undeniable threats on our doorstep. Keeping that strength, developing it and modernizng it, are obviously critically important. But as Israel's founding Prime Minister, David Ben-Gurion, used to say, the success of Zionism, and of the Israeli state, required two things: strength and "righteousness." He didn't mean the word in purely religious terms. He meant that Israel, if it were to retain international backing and internal cohesion, must be guided by a core of moral assumptions as well.

That, in itself, would be reason enough to pursue every possible opportunity for "end of conflict" with our neighbours. And, at home, to protect and re-inforce our commitment to Israel as both a Jewish and a democratic state. But Israel's simple self-interest – its hope for prosperity, social cohesion, and growth in future – makes this nothing short of imperative.



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Bibi is right about one thing. The negotiating challenges have become more difficult since Arafat's refusal of our offer at Camp David. Arafat is no longer alive. Palestinian politics have become ever more fragmented and messy, not least as a result of the Hamas takeover of Gaza.

But Churchill once said that the difference between a pessimist and an optimist was that the pessimist always saw difficulties in every opportunity. The optimist saw opportunities in the difficulties.

I, of all people, do not look at such opportunities without hard-headed analysis, even a dose of scepticism. But the opportunities are undeniably there, and never has Israel risked paying a higher price for failing to see and at least to try to act on them.

The first port of call should still be the Palestinians. I have repeatedly asked Bibi, and the right-wing rivals that seem often to loom large in his political calculations: "If you're so sure you don't have a negotiating partner in the Palestinians, who not at least try? Seriously. What do you have to lose?"

But beyond this, there is a whole range of relatively moderate countries – and, as Sunni states, strongly anti-Iranian countries – which share with Israel a real, practical interest in putting in place a new political arrangement in the Middle East. So does the United States, Russia, even China. Each, in their own ways, is threatened by a terror threat that will require international action, and many years, finally to defeat.

A Saudi "peace plan", for instance, has been on the table for years. Formally endorsed by the Arab League, it proposes a swap: Israeli withdrawal for full and final peace and Arab recognition. Successive Israeli governments have dismissed it out of hand, arguing that the withdrawal which the Saudi proposal demanded – every inch of territory, back to the borders before the Six-Day War – would be not only politically unacceptable, but practically impossible.

In the final days of the Camp David summit, as our failure was becoming inescapably clear, a disheartened Bill Clinton said to me that he could understand, just about, why Yasir Arafat had not accepted the unprecedentedly far-reaching proposals I had presented. But what he couldn't grasp was how the Palestinian leader could say no even to accepting them as a *basis* for the hard, further work which we all knew a final peace agreement would entail. Wasn't Arafat capable of looking beyond the political risks, of understanding the greater risks of inaction. Of seeing the rewards? Of *looking ahead*?



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My fear – not just on issues like the Saudi peace plan, but in charting our place in a dramatically changed world, and safeguarding our twin Jewish and democratic identities at home, pairing our physical strength with an equally strong moral centre – is that we Israelis are now in danger of jettisoning the example of David Ben-Gurion. For Yasir Arafat's.



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## Chapter One

I am an Israeli, but also a Palestinian. I was born in February 1942 in British-ruled Palestine on a fledgling kibbutz: a cluster of wood-and-tarpaper huts amid a few orange groves and vegetable fields and chicken coops. It was just across the road from an Arab village named Wadi Khawaret, which disappeared, with the establishment of the State of Israel, when I was six years old.

As Prime Minister half-a-century later, during my stubborn yet ultimately fruitless drive to secure a final peace treaty with Yasir Arafat, there were media suggestions that my childhood years gave me a personal understanding of the pasts of *both* our peoples, Jews and Arabs, in the land which each of us saw as our own. But that is in some ways misleading. Yes, I did know first-hand that we were not alone in our ancestral homeland. At no point in my childhood was I ever taught to hate the Arabs. I never did, even when, in my years defending the security of Israel, I had to fight, and defeat, them. But my conviction that they, too, needed the opportunity to establish a state came only later, after my many years in uniform, and especially when, as deputy chief-of-staff under Yitzhak Rabin, we were faced with the explosion of violence in the West Bank and Gaza that became known as the first *intifada*. And while my determination as Prime Minister to find a negotiated resolution to our conflict was in part based on a recognition of the Palestinian Arabs' national aspirations, the main impulse was my belief that such a compromise was profoundly in the interest of Israel: the Jewish state whose birth I witnessed, whose existence I had spent decades defending on the battlefield and which I was ultimately elected to lead.

Zionism, the political platform for the establishment of a Jewish state, emerged in the late 1800s in response to a brutal reality. And that, too, was a part of my own family's story. Most of the world's Jews, who lived in the Russian empire and Poland, were trapped at the time in a vise of poverty, powerlessness and anti-Semitic violence. Even in the democracies of Western Europe, Jews were not necessarily secure. Theodor Herzl, a thoroughly assimilated Jew in Vienna, published the foundation text of Zionism in 1896. It was called *Der Judenstaat*. "Jews have sincerely tried everywhere to merge with the national communities in which we live, seeking only to preserve the faith of our fathers," he wrote. "In vain are we loyal patriots, sometimes super-loyal. In vain do we make the same sacrifices of life and property as our fellow citizens… In our native lands where we have lived for centuries, we are still decried as aliens." Zionism's answer was the establishment of a state of our



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own, in which we could achieve the self-determination and security denied to us elsewhere.

During the 1890s and the early years of the new century, more than a million Jews fled Eastern Europe, but mostly for America. It was only in the 1920s and 1930s that significant numbers arrived in Palestine. Then, within a few years, Hitler rose to power in Germany. The Jews of Europe faced not just discrimination or pogroms. They were systematically, industrially, murdered. From 1939 until early 1942 when I was born, nearly two million Jews were killed. Six million would die by the end of the war. Almost the whole world, including the United States, rejected pleas to provide a haven for those who might have been saved. Even after Hitler was defeated, the British shut the doors of Palestine to those who had somehow survived.

* * *

I was three when the Holocaust ended, and it was three years later that Israel was established in May 1948, and neighboring Arab states sent in their armies to try to snuff the state out in its infancy. It would, again, be some years before I fully realized that this first Arab-Israeli war was the start of an essential tension in my country's life, and my own: between the Jewish ethical ideals at the core of Zionism and the reality of our having to fight, and sometimes even kill, in order to secure, establish and safeguard our state. Yet even as a small child, I was keenly aware of the historic events swirling around me.

Mishmar Hasharon, the hamlet north of Tel Aviv where I spent the first 17 years of my life, was one of the early *kibbutzim*. These collective farming settlements had their roots in Herzl's view that an avant-garde of "pioneers" would need to settle a homeland that was still economically undeveloped, and where even farming was difficult. Members of Jewish youth groups from Eastern Europe, among them my mother, provided most of the pioneers, drawing inspiration not just from Zionism but by the still untainted collectivist ideals represented by the triumph of Communism over the czars in Russia.

It is hard for people who didn't live through that time to understand the mindset of the kibbutzniks. They had higher aspirations than simply planting the seeds of a future state. They wanted to be part of transforming what it meant to be a Jew. The act of first taming, and then farming, the soil of Palestine was not



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just an economic imperative. It was seen as deeply symbolic, signifying Jews finally taking control of their own destiny. It was a message that took on an even greater power and poignancy after the mass murder of the Jews of Europe during the Holocaust.

Even for many Israelis nowadays, the all-consuming collectivism of life on an early kibbutz, and the physical challenges, are hard to imagine. Among the few dozen families in Mishmar Hasharon when I was born, there was no private property. Everything was communally owned and allocated. Every penny – or Israeli pound – earned from what we produced went into a communal kitty, from which each one of the 150-or-so families in Mishmar Hasharon when I was a child got a small weekly allowance. By "small", I mean tiny. For my parents and others, even the idea of an ice cream cone for their children was a matter of keen financial planning. More often, they would save each weekly pittance with the aim of pooling them at birthday time, where they might stretch to the price of a picture book, or a small toy.

Decisions on any issue of importance were taken at the *aseifa*, the weekly meeting of kibbutz members held on Saturday nights in our dining hall. The agenda would be tacked up on the wall the day before, and the session would usually focus on one issue, ranging from major items like the kibbutz's finances to the question, for instance, of whether our small platoon of delivery drivers should be given pocket money to buy a sandwich or a coffee on their days outside the kibbutz or be limited to wrapping up bits of the modest fare on offer at breakfast time. That debate ended in a classic compromise: a bit of money, but very little, so as to avoid violating the egalitarian ethos of the kibbutz.

But perhaps the aspect of life on the kibbutz most difficult for outsiders to understand, especially nowadays, is that we children were *raised* collectively. We lived in dormitories, organized by age-group and overseen by a caregiver: in Hebrew, a *metapelet,* usually a woman in her 20s or 30s. For a few hours each afternoon and on the Jewish Sabbath, we were with our parents. But otherwise, we lived and learned in a world consisting almost entirely of other children.

Everything around us was geared towards making us feel like a band of brothers and sisters, and as part of the guiding spirit of the kibbutz. Until our teenage years, we weren't even graded in school. And though we didn't actually study how to till the land, some of my fondest early memories are of our "children's farm" – the vegetables we grew, the cows we milked, the hens and chickens that gave us our first experience of how life was created. And the



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aroma always wafting from the stone ovens in the bakery at the heart of the kibbutz, where we could see the bare-chested young men producing loaf after loaf of bread, not just for Mishmar Hasharon but villages and towns for miles around us.

Until our teenage years, we lived in narrow, oblong homes, four of us to a room, unfurnished except for our beds, under which we placed our pair of shoes or sandals. At one end of the corridor was a set of shelves where we collected a clean set of underwear, pants and socks each week. At the other end were the toilets – at that point, the only indoor toilets on the kibbutz, with real toilet-seats, rather than just holes in the ground. All of us showered together until the age of twelve. I can't think of a single one of us who went on to marry someone from our own age-group in the kibbutz. It would have seemed almost incestuous.

Mishmar Hasharon and other kibbutzim have long since abandoned the practice of collective child-rearing. Some in my generation look back on the way we were raised not only with regret, but pain: a sense of parental absence, abandonment or neglect. My own memories, and those of most of the children I grew up with, are more positive. The irony is that we probably spent more waking time with our parents than town or city children whose mothers and fathers worked nine-to-five jobs. The difference came at bedtime, or during the night. If you woke up unsettled, or ill, the only immediate prospect of comfort was from the *metapeled*, or another of the kibbutz grown-ups who might be on overnight duty. Still, my childhood memories are overwhelmingly of feeling happy, safe, protected. I do remember waking up once, late on a stormy winter night when I was nine, in the grips of a terrible fever. I'd begun to hallucinate. I got to my feet and, without the thought of looking anywhere else for help, made my wobbly way through the rain to my parents' room and fell into their bed. They hugged me. They dabbed my forehead with water. The next morning, my father wrapped me in a blanket and took me back to the children's home.

To the extent that I was aware my childhood was different, I was given to understand it was special, that we were the beating heart of a Jewish state about to be born. I once asked my mother why other children got to live in their own apartments in places like Tel Aviv. "They are *ironim*," she said. City-dwellers. Her tone made it clear they were to be viewed as a slightly lesser species.

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Though both my parents were part of the pioneer generation, my mother, unlike my father, actually arrived as a pioneer, part of a Jewish youth group from Poland that came directly to the kibbutz. In addition to being more naturally outgoing than my father, she came to see Mishmar Hasharon has her extended family and spent every one of her one hundred years there.

Esther Godin, as the then was, grew up in Warsaw. Born in 1913, she was the oldest of the six children of Samuel and Rachel Godin. Poland at the time was home to the largest Jewish community in the world, more than 3 million by the time of the Holocaust. While the Jews of Poland had a long history, the Godins did not. Before the First World War, my mother's parents made their way from Smolensk in Russia to Warsaw, which was also under czarist rule. When the war was over, the Bolshevik Revolution had toppled the czars. Poland became independent, under the nationalist general Josef Pilsuldski. The Godins had a decision to make: either return to now-Communist Russia or stay in the new Polish state, though without citizenship because they had not been born there. No doubt finding comfort, community and a sense of safety amid the hundreds of thousands of Jews in the Polish capital, they chose Pilsuldski over Lenin. They lived in what would become the Warsaw Ghetto, on Nalewski Street, where Samuel Godin eked out a living as a bookbinder.

My mother came to Zionism as a teenager, and it was easy to understand why she, like so many of the other young Jews around her, was drawn to it. She saw how hard her parents were struggling economically, on the refugee fringes of a Jewish community itself precariously placed in a newly assertive Poland. She saw no future for herself there. Though she attended a normal state-run high school, she and her closest friends joined a Zionist youth group called Gordonia, which had been founded in Poland barely a decade earlier. She started studying Hebrew. Each summer, from the age of 13, she and her Gordonia friends would spend deep in the Carpathian Mountains. They worked for local Polish landowners, learning the rudiments of how to farm and the rigors of simple physical labor. Late into the evening, they would learn not just about agriculture but Jewish history, the land of Palestine, and how they hoped to put both their new-found skills and the Zionist ideals into practice.

She had just turned 22 when she set off for Mishmar Hasharon with 60 other Gordonia pioneers in the summer of 1935. It took them nearly a week to get there. They travelled by train south through Poland, passing not far from the little town of Oświęcim which would later become infamous as the site of the Auschwitz concentration camp. Then, on through Hungary and across Romania



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to the grand old Black Sea port of Constanța, and by ship through the Bosphorus, past Istanbul, and on to Haifa on the Palestinian coast, from where they were taken by truck to their bunk-bed rooms in one of a dozen prefab structures on the recently established kibbutz. Though the water came from a well, and it lacked even the basic creature comforts of the cramped Godin apartment in Warsaw, that, to my mother, was just part of the challenge, and the dream, she'd embraced and had come to define her. I know that she felt, on arriving in the kibbutz, that only now was her life truly beginning.

It was a feeling that never left her. Yet it was always clouded by the memory of the family she left behind. When the Second World War began in September 1939, the Germans, and then the Soviets, invaded, overran and divided Poland. Two of my mother's three sisters fled to Moscow. Her teenage brother Avraham went underground, joining the anti-Nazi partisans. All three would survive the war. Yet in the autumn of 1940, the rest of her family found themselves inside the Warsaw Ghetto with the city's other 400,000 Jews. My mother's parents died there, along with her 13-year-old brother Itzik and her little sister Henya, who was only 11.

When my mother arrived in the kibbutz, her Gordonia friends assumed she would marry a young man named Ya'akov Margalit, the leader of their group back in Warsaw. But the budding romance fell victim to the Zionist cause. As she was embarking on her new life, he was frequently back in Poland training and arranging papers for further groups of pioneers. He continued to write her long, heartfelt letters. But the letters had to be brought from the central post office in Tel Aviv, and the kibbutznik who fetched the mail was a quiet, dimunitive 25-year-old named Yisrael Mendel Brog – my father. Known as Srulik, his Yiddish nickname, he had come to Palestine five years earlier. He was an ordinary kibbutz worker. He drove a tractor.

My father's initial impulse in coming to Palestine was more personal than political. He was born, in 1910, in the Jewish *shtetl* of Pushelat in Lithuania, near the larger Jewish town of Ponovezh, a major seat of rabbinic learning and teaching. His own father, though the only member of the Pushelat community with rabbinical training, made his living as the village pharmacist. Many of the roughly 10,000 Jews who lived there had left for America in the great exodus from Russian and Polish lands at the end of the 19th century. By the time my father was born, the community had shrunk to only about 1,000. When he was two years old, a fire broke out, destroying dozens of homes, as well as the shtetl's only synagogue. Donations soon arrived from the US, and my paternal



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grandfather was put in charge of holding the money until rebuilding plans were worked out. The problem was that word spread quickly about the rebuilding fund. On the night of September 16, 1912, two burglars burst into my grandfather's home and stole the money. They beat him and my grandmother to death with an axle wrenched loose from a nearby carriage. Their four-year-old son Meir – my father's older brother – suffered a deep wound from where the attackers drove the metal shaft into his head. He carried a golf-ball-sized indentation in his forehead for the rest of his life. My father had burrowed into a corner, and the attackers didn't see him.

The two orphaned boys were raised by their paternal grandmother, Itzila. Yet any return to normalcy they may have experienced was cut short by the outbreak of the First World War, forcing her to flee with them by train ahead of the advancing German army. They ended up some 1,500 miles south, in the Crimean city of Simferopol. Initially under czarist rule, then the Bolsheviks and from late 1917 until the end of the war under the Germans, they had to deal with cold, damp and a chronic shortage of food. My Uncle Meir quickly learned how to survive. He later told me that he would run after German supply carriages and collect the odd potato that fell off the back. Realizing that the German soldiers had been wrenched from their own families by the war, he began taking my father with him on weekends to the neighborhood near their barracks, where the soldiers would sometimes give them cookies, or even a loaf of bread. Yet they were deprived of the basic ingredients of a healthy childhood: nutritious food and a warm, dry room in which to sleep. By the time Itzila brought them back to settle in Ponovezh at the end of the war, my father was diagnosed with the bone-development disease, rickets, caused by the lack of Vitamin D in their diet.

In another way, however, my father was the more fortunate of the boys. The lost schooling of those wartime years came at a less formative time for him than for his brother. Meir never fully made up the lost ground in school. My father simply began his Jewish primary education, *cheder*, a couple of years later than usual. He thrived there. Still, when it was time for him to enter secondary education, he decided against going on with his religious education. Meir was preparing to leave for Palestine, so my father enrolled in the Hebrew-language, Zionist high school. When he graduated, one of the many Brog relatives who were by now living in the United States, his Uncle Jacob, tried to persuade him to come to Pittsburgh for university studies. But with Meir signing on as his sponsor with the British Mandate authorities, he left for Palestine shortly before



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his twentieth birthday. Jacob did still insist on helping financially, which allowed my father to enroll at the Hebrew University in Jerusalem.

He did well in his studies – literature, history and philosophy – but abandoned them after two years. His explanation for not staying on, when I asked him years later, was that with the accelerating activity of the Zionist pioneers, it felt wrong to him to spend his days going to lectures, reading books and writing essays. I am sure that he also felt isolated and alone, with Meir, the only link to his life before Palestine, working in Haifa on the coast, four or five hours by bus from Jerusalem. When he began looking for a way to become part of the changes going on around him, Mishmar Hasharon didn't yet exist. Its founding core – a dozen Russian Jewish pioneers – was still working on argicultural settlements near Herzliya, north of Tel Aviv, until they found a place to start their kibbutz. But they had been joined by several young men and women who, though a year or two older than my father, had been with him at the Hebrew High School in Ponovezh. He decided to join them.

Late in 1932, the Jewish National Fund, supported financially by leading Jewish figures in western Europe and the US, bought 2,000 acres from an Arab landowner near Wadi Khawaret. The area was set aside for three Jewish settlements: a moshav called Kfar Haim, where the land was divided into family plots, and two kibbutzim. One was called Ma'abarot. Next to it was Mishmar Hasharon. My father was among the seventy youngsters who set off in three trucks with everything they figured they would need to turn the hard, scrubby hill into a kibbutz. They built the core from pre-fab kits: wooden huts to sleep in and a slightly larger one for the dining hall. They dug a well and ordered a pump from Tel Aviv, at first for drinking and washing, but soon allowing them to begin a vegetable garden, a dairy with a dozen cows, a chicken coop with a few hundred hens, and to plant a first orange grove and a small vineyard.

Still, by the time my mother arrived three years later, there were not enough citrus trees, vines, cattle and chickens to occupy a membership which now numbered more than 200. Along with some of the others, my father worked outside the kibbutz, earning a regular paycheck to help support the collective. On his way back, he would stop at the post office in Tel Aviv to pick up letters and packages for the rest of the kibbutz – including Ya'akov Margalit's love letters to my mother. That was how my parents' friendship began, how a friendly hello led to shared conversation at the end of my father's working day, and how, a few years later, my mother decided to spurn her Gordonia suitor in favor of Srulik Brog, the postman. It was not until 1939 that they moved in



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together. They didn't bother getting married until the summer of 1941. Perhaps because this was less than nine months before I was born, my mother always remained vague when asked their exact wedding date.

My parents were an unlikely pair. My mother – bright, lively and energetic – was a *doer*, who believed passionately in the grand social experiment of kibbutz life. Having helped her mother raise her siblings in Warsaw, and with a natural affinity from children, she became the main authority on issues related to childbirth and early childcare. She actively partook in the kibbutz's planning and politics, and reveled in its social life. My father was more detached both politically and socially. He was more contemplative, less assertive, less self-confident. Though he agreed broadly with the founding principles of the kibbutz, and wanted to play his role in making it a success, I could see, as I grew older, that he was often impatient at what he saw as its intellectual insularity and its ideological rigidities.

Though it didn't strike me at the time, he was not a large man. As a result of his childhood illness, he never grew to more than five-foot-four. Still, he was a powerful presence, stocky and strong from his work on the kibbutz. He had a deep, resonant voice and wise-looking, blue-gray eyes. It was only through Uncle Meir that by the time I was born, he had moved on from driving a tractor to a more influential role on the kibbutz. Meir worked for the Palestine Electric Company and when Mishmar Hasharon installed its own electricity system, the PEC was in charge of the work. Meir trained my father and put him forward as the kibbutz contact for maintaining and repairing the equipment. He was well suited for the work. He was a natural tinkerer, a problem-solver. He was good with his hands, and his natural caution was an additional asset as the kibbutz got to grips with the potential, and the potential dangers, of electric power. Once the system was installed, he became responsible for managing any aspect of the settlement that involved electricity: water pumps, the irrigation system, the communal laundry and our bakery.

My parents were courteous and polite with each other, but they never showed any physical affection in our presence. *None* of the adults did. This was part of an unspoken kibbutz code. Not only for kibbutzniks, but for all the early Zionists, outward displays of emotion were seen as a kind of selfishness that risked undermining communal cohesion, tenacity and strength. Because I'd known no other way, this did not strike me as odd. Besides, I was a quiet, contemplative, bookish and self-contained child. Only in later years did I come to see the lasting effect on me. It was be a long time before I became comfortable



HOUSE_OVERSIGHT_027871

showing my feelings, beyond my immediate family and a few close friends. When I was in the army, this wasn't an issue. Self-control, especially in high-pressure situations, was a highly valued asset. But in politics, I think that it did for a considerable time inhibit my ability to connect with the public, or at least with the news media that played such a critical intermediary role. And it caused me to be seen not just as reserved or aloof, but sometimes as cold, or arrogant.

I did get much that I value from my parents. From my mother, her boundless energy, activism, her attention to detail, and her focus on causes larger than herself – her belief that politics *mattered*. Also her love for art and literature. When I would come home from the children's dormitory to my parents' room – just nine feet by ten, with a wooden trundle bed to save space during the day – there was always a novel or a book of verse sharing the small table with my parents' most single prized possession: their kibbutz-issue radio.

As a child, however, I spent much more time with my father. He was my guide, my protector and role model. Like my mother, he never mentioned the trials which they and their families endured before arriving in Palestine. Nor did they ever speak to me in any detail about the Holocaust. No one on the kibbutz did. It was as if the memories were scabs they dared not pick at. Also, it seemed, because they were determined to avoid somehow passing on these remembered sadnesses to their sons and daughters. Still, when I was ten or eleven, my father did – once, inadvertently – open a window on his childhood. Every Saturday morning, we would listen to a classical music concert on my parents' radio. One day, as the beautiful melodies of Tchaikovsky's violin concerto in D came through the radio, I was struck by the almost trancelike look that came over my father's face. He seemed to be in another, faraway, place. When the music ended, he turned and told me about the first time he'd heard it. It was on the train ride into Crimean exile with Itzila and Meir in the early days of the First World War. The train took five days to reach the Crimea and sometimes halted for hours at a time. Every evening, a man at the far end of their carriage would take out his violin and play the second movement of the Tchaikovsky concerto.

I have heard the piece in concert halls many times since. When the orchestra begins the second movement – with the violin notes climbing higher, trembling ever so subtly – it sends a shiver down my spine. I can't help thinking of the railway car in which my then four-year-old father and other Jews from Ponovezh escaped the Great War of 1914. And of other trains, in another war 25 years later, carrying Jews not to safety but to death camps.



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Listening to the concert program in my parents' room was something I always looked forward to. It was my father who encouraged me, when I was eight, to begin learning to play the piano. I took lessons once a week all during my childhood along with several other of the kibbutz children. When we got old enough, we took turns playing a short piece – the secular, kibbutz equivalent of an opening prayer – at the Friday-night meal in the dining hall. I have always cherished being able to play. Sitting down at the piano and immersing myself in Tchaikovsky, Beethoven, Schubert or Mozart never ceases to bring me a sense of calm, freedom and, especially nowadays, when I have finally worked to master a particularly intricate piece, a feeling of pure joy.

* * *

As a young child, I spent most of my waking hours in the company of my several dozen kibbutz "siblings" in the children's home, the dining hall, or running through the open spaces in the center of the kibbutz with our *metapelet*. She would often take us through the orange groves in the afternoon, and sometimes across the main road to the Arab village.

Wadi Khawaret consisted of a few dozen concrete homes built back from a main street bordered by shops and storehouses. She would buy us sweets in the little grocery store. The man behind the counter had a kindly, weathered face and a dark moustache. Dressed in a gray *galabiya* and a keffiyeh, he smiled when we came in. There was always a group of Palestinian women, in full-length robes, seated on stoops outside breastfeeding their babies. We saw cattle, bulls, even the odd buffalo, being led to or from the fields. I sensed no hostility, and certainly no hatred, toward us in the village. The people seemed warm, and benignly indifferent to the dozen Jewish toddlers and their *metapelet*. My own attitude to Wadi Khawaret was of benign curiosity. I did not imagine that within a couple of years we would be on opposite sides of a war. I enjoyed these visits, as I enjoyed every part of my early childhood. Each age-group on the kibbutz was given a name. Ours was called *dror*. It was the Hebrew word for "freedom".

But *dror* was also the name of one of the Jewish youth movements in the Warsaw Ghetto, heroes in their doomed uprising against the Nazis. Little by little, from about the age of five, I became more aware of the suffering the Jews had so recently endured in the lands my parents had left behind, the growing



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tension around us and the sense that something momentous was about to happen as the prospect of a state got closer.

The memories remain with me to this day, like a series of snapshots. It was on a spring morning in 1947 that I got my first real sense that the Jewish state was something which would have be fought for, and that youngsters not all that much older than me would have a critical role to play. I got a close-up look at the elite of the Zionist militias, the Palmach. It numbered something like 6,000, from a pre-state force totaling around 40,000. The Palmachniks were highly motivated, young political activists. They had no fixed base. Each platoon, almost all of them teenagers, spent five or six months at a time on various kibbutzim. For the first two weeks of each month, they would earn their keep by working in the fields. They spent the other weeks training. I had just turned five when I watched three dozen Palmach boys and girls, in their T-shirts and short khaki pants, rappel confidently down the side of one of our few concrete buildings. The building was only 25 or 30 feet high, but it looked like a skyscraper from my perch on the grass in front, and the feat of the young Palmachniks seemed to me nothing short of heroic.

A few months later, on a Saturday afternoon in November 1947, I crowded into my parents' room as the Haganah radio station crackled out its account of a United Nations debate on the future of Palestine. The session was the outcome of a long train of events starting with Britain's acknowledgement that its mandate to rule over Palestine was unsustainable. The British had proposed a series of arrangements to accommodate both Arab and Jewish aspirations. Now, the UN was meeting to consider the idea of splitting Palestine into two new states, one Arab and the other Jewish.

Since the partition was based on existing areas of Arab and Jewish settlement, the proposed Jewish state looked like a boomerang, with a long, very narrow center strip along the Mediterranean, broadening slightly into the Galilee in the north and the arid coastline in the south. Jerusalem, the site of the ancient Jewish temple, was not part of it. It was to be placed under international rule. By no means all Zionist leaders were happy with partition. Many, on both the political right and the left, wanted a Jewish state in all of Palestine, with Jerusalem as its centerpiece. But Ben-Gurion and the pragmatic mainstream argued that UN endorsement of a Jewish state – no matter what its borders, even with a new Palestinian Arab state alongside it – would represent a historic achievement. The proceedings went on for hours. At sundown, we had to return to the children's home. But we were woken before dawn. The vote for partition



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– for the Jewish state Herzl had first dreamed of 50 years before – had been won. A huge bonfire blazed in front of the bakery. All around us the grown-ups were singing and dancing in celebration.

On the Arab side, there was no rejoicing. Every one of the Arab delegations at the UN voted against partition, rejecting a Jewish state even if it was created along with a Palestinian Arab one. Violence erupted the next day. An attack on a bus near Lydda, near the road up to Jerusalem, left six Jews dead. Similar attacks occurred around the country. Shooting broke out in mixed Arab-and-Jewish towns and cities: Jaffa on the southern edge of Tel Aviv. Safed, Tiberias and Haifa in the north, and in Jerusalem.

I followed all this with curiosity and trepidation through my halting attempts to read *Davar le Yeladim*, the weekly children's edition of the Labour Zionist newspaper *Davar*. We children felt an additional connection with what was going on. One of our *Dror* housemates, a boy named Giora Ros, had left the year before when his father took a job in Jerusalem. As the battle for the city raged through the end of 1947 and into 1948, its besieged Jewish residents fought for their lives. We sent our friend packages of clothing and food, which we saved up by eating only half of an egg at breakfast and smaller portions at dinner.

The mood darkened further at the end of January 1948, four months before the British departed. A cluster of settlements known as Gush Etzion, south of Jerusalem near the hills of Bethlehem, also came under siege. Around midnight on January 15, a unit of Haganah youngsters set off on foot to try to break through. They became known as "The 35". Marching through the night from Jerusalem, they had made it only within a couple of miles of Gush Etzion when they were surrounded and attacked by local Arabs. By late afternoon, all of them were dead. When the British authorities recovered their bodies, they found that the enemy had not simply killed them. All of the bodies had been battered and broken. Rumors spread that in some cases, the dead men's genitals had been cut off and shoved into their mouths. Since I was still a few weeks short of my sixth birthday, I was spared that particular detail. But not the sense of horror over what had happened, nor the central message: the lengths and depths to which the Arabs of Palestine seemed ready to go in their fight against us. "*Hit'alelu bagufot!*" was the only slightly sanitized account we children were given. "They mutilated the corpses!"

Even after the partition vote, statehood was not a given. In the weeks before the British left, two senior Americans –the ambassador to the UN and Secretary



HOUSE_OVERSIGHT_027875

of State George C. Marshall – recommended abandoning or at least delaying the declaration of an Israeli state. Yet Ben-Gurion feared that any delay risked the end of any early hope of statehood. After he managed to secure a one-vote majority in his *de facto* cabinet, the state was declared on May 14, 1948.

And hours later, the armies of five Arab states crossed into Palestine.



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## Chapter Two

The 1948 war and the decade that followed remain vivid in my mind not just for the obvious reason: they secured the survival of the infant state of Israel and saw it into a more assured and independent young adulthood. It was also the time when I grew from a young child –introspective and contemplative, aware of how quickly my mind seemed to grasp numbers and geometric shapes and musical notes, but also small for my age and awkward at the sports we'd play on the dusty field at the far edge of the kibbutz – into a sense of my own place in the family and community and the country around me. I did, along the way, become arguably the most effective left defensive back on our kibbutz soccer team. But that was not because I suddenly discovered a buried talent for the game. Physically, I was like my father. I had natural hand coordination which made delicate tasks come easily – one reason I would soon discover a pastime that lent itself to acts of kibbutz mischief bordering on juvenile delinquency. But when it came to larger muscles, I was hapless, if not hopeless. My prowess as a soccer defenseman was because no opposing player in his right mind, once I'd inadvertently cut his knees from under him when aiming for the ball, felt it was worth coming anywhere close to me.

But when the war broke out in earnest in the spring of 1948, my focus, like that of all Israelis, was on the fighting, which even the youngest of us knew would determine whether the state would survive at all. Day after day, my father helped me to chart each major advance and setback on a little map. Dozens of kibbutzim around the country were in the line of fire. Some had soon fallen, while others were barely managing to hang on. Just five miles inland from us, an Israeli settlement came under attack by an Iraqi force in the nearby Arab village of Qaqun.

But inside Mishmar Hasharon, I had the almost surreal feeling that this great historical drama was something happening everywhere else but on our kibbutz. If it hadn't been for the radio, or the newsreels which we saw in weekly movie nights in the dining hall, and the little map on which I traced its course with my father, I would barely have known a war was going on. One Arab army did get near to us: the Iraqis, in Qaqun. If they had advanced a few miles further, they could have overrun Mishmar Hasharon, reached the coast and cut the new Jewish state in half. I can still remember the rumble of what sounded like thunder one morning in June 1948, as the Alexandronis, one of the twelve brigades in the new Israeli army, launched their decisive attack on the Iraqis.



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"No reason to be afraid," our *metapelet* kept telling me. That only made me more scared. Yet within a few hours, everything was quiet again, and never again did the shellfire get near to us. A few weeks later, I heard the only gunfire inside the kibbutz itself. It came from the top of our water tower. The man on guard duty thought he saw movement on the road outside. But it turned out to be nothing.

It wasn't until well into 1949 that formal agreements were signed and "armistice line" borders drawn with the Arab states. By the measure that mattered most – survival – Israel had won and the Arab attackers had lost. Jordan did end up in control of the West Bank, as well as the eastern half of a divided city of Jerusalem, including the walled Old City and the site of the ancient Jewish temple. The new Israel remained, at least geographically, vulnerable. It was just 11 miles wide around Tel Aviv and even narrower, barely half that, near Mishmar Hasharon. Egyptian-held Gaza was seven miles from the southern Israeli city of Ashkelon and just 40 from the outskirts of Tel Aviv.

Israel did secure control of the entire Galilee, up to the pre-war borders with Lebanon and Syria, and of the Negev Desert in the south. The territory of our new state was about a third larger than the area proposed under the UN partition plan rejected by the Arabs. Yet the victory came at a heavy price: more than 6,000 dead, one per cent of the Jewish population of Palestine at the time. It was as if America had lost two million in the Vietnam War. One-third of the Israeli dead were Holocaust survivors.

The Arabs paid a heavy price too, and not just the roughly 7,000 people who lost their lives. Nearly 700,000 Palestinian Arabs had fled – or, in some cases, been forced to flee – towns and villages in what was now Israel. The full extent and circumstances of the Arabs' flight became known to us at Mishmar Hasharon only later. But it did not take long to notice the change around us. Wadi Khawaret was physically still there, but all of the villagers were gone. As far as I could discover, none had been killed. They left with a first wave of refugees in April 1948, and eventually ended up near Tulkarem on the West Bank. After the war, the Israeli government divided up their farmland among nearby kibbutzim including Mishmar Hasharon.

The absence of our former neighbors in Wadi Khawaret seemed to me at the time simply a part of the war. From the moment the violence started, I understood there would be suffering on both sides. When we sent our care packages to Giora Ros in Jerusalem, I remember trying to imagine what "living



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under siege" would feel like, and what would happen to Giora if it succeeded. Especially after the murder and the mutilation of The 35, I assumed the war would come down to a simple calculus. If there was going to be an Israel – if there was going to be a Mishmar Hasharon – we had to win and the Arabs had to lose. At first, even the fact our kibbutz had been given a share of the land of Wadi Khawaret seemed just another product of the war. After all, Ben-Gurion had accepted the plan for two states. The Arabs had said no, deciding to attack us instead. S*omeone* had to farm the land. Why not us?

* * *

Yet events after the war did lead me to begin to ask myself questions of basic fairness, and whether we were being faithful to some of the high-sounding ideals I heard spoken about with such pride on the kibbutz. The Palestinians were not the only refugees. More than 600,000 Jews fled *into* Israel from Arab countries where they had lived for generations. More than 100,000 arrived from Iraq, and several hundred thousand from Morocco, Tunisia and Algeria in north Africa. Immediately after the war, about 50,000 were airlifted out of Yemen, where they had endured violent attacks ever since the UN partition vote.

The reality that greeted the Yemenis in Israel was more complex. Most were initially settled in tented transit camps. I'm not sure how several dozen Yemeni families made their way to Wadi Khawaret, but it made sense for them to move into the village's vacant homes. It was empty except for several deserted buildings which we and other kibbutzim began using for storage and, later, for our transport co-operative. Yet a few nights after the Yemenis moved in, a posse of young men, including some from Mishmar Hasharon, descended on them and, armed with clubs and wooden staves, drove them away.

I was shocked. I'd seen the photos in *Davar le Yeladim* celebrating the airlift, with the Yemenis kissing the airport tarmac in relief, gratitude and joy at finding refuge in the new Israeli state. Now, for the "crime" of moving into a row of empty buildings in search of a decent place to live, they'd been beaten up and chased away. By *us*. I realized Wadi Khawaret no longer belonged to the Arabs. But, surely, our kibbutz had no more right to the buildings than Jews who had fled from Yemen and needed them a lot more than we did. For days, I tried to discover who had joined the vigilante attack. Though everyone seemed to know what had happened, no one talked about it. In the dining hall, I ran my



HOUSE_OVERSIGHT_027879

eyes over all the boys in their late teens and early 20s. I was sure that after something like this there had to be some sign of who had done it. But they looked the same as before, eating and talking as if nothing had happened.

The Yemenis also needed jobs. This led to a challenge for Mishmar Hasharon. The core of the kibbutz ethos was that we would live from our own labor. Yet Ben-Gurion insisted we and other kibbutzim provide work for the Yemenis and other new arrivals from the Arab states. We began hiring Yemeni workers when I was about ten, the age when we kids started working for an hour or so each day in the fields. We worked alongside several dozen Yemeni women who lived a few miles north in a *maabarah*, a transit settlement which later evolved into a village called Elyakhin. Each morning, the Yemenis arrived in a bus, and they left at the end of their day's work.

I don't know whether I expected to feel a Gordonian sense of joy at the redemptive value of physical labor when I began working in the fields. Our first assignment was to plant long rows of flower bulbs – gladioli – spaced at intervals of four inches or so. But as I joined the other children and the Yemeni women, what I felt was more mundane. Heat. Fatigue. Boredom. To make the time pass, I thought of it as a competition. Each of us began together, planting the bulbs in furrows stretching to the end of the field. The point was obviously to do it right. But I found it interesting to see who finished first, and how much longer it took the rest of us.

The same worker always led the way. She was a Yemeni in her early thirties. Her name was Baddura. Short and stocky, with dark curly hair, she was nearly always smiling, whether we were planting bulbs, sowing seeds or picking oranges and grapefruit and lemons, potatoes or peppers and tomatoes. When I remarked to her how much better and faster she was than the rest of us, she laughed. Still years away from growing into my adult body, I looked more like a eight- or a nine-year-old. She took me under her wing. The next day, we were picking tomatoes. "Do the row next to mine," she said. Watching the almost balletic grace with which she moved made it easier. I decided it was like mastering a new piece on the piano. The secret was to achieve a kind of unthinking fluidity, by focusing on the passage one or two ahead of the one you were playing. Physically, Baddura was far stronger than me. Before long, however, I was finishing my sowing or reaping a good ten yards ahead of the other kids, and not too far behind her.

Though the Yemenis worked in our fields, they were not members of the kibbutz. They were paid a day-rate. Though they were by far the most



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productive workers, they got no share of what we produced or possessed. A few years later, I raised this at one of the separate *aseifa* meetings held by young people on the kibbutz, only to be told we'd never wanted to employ outsiders in the first place. It was only because of Ben-Gurion that we felt unable to refuse. I'm sure that was true, but it seemed to me an incomplete answer, and an evasion. It struck me as an exercise in finding a verbal rationale for a situation that was obviously unjust.

It was an accidental glance up from picking carrots which focused in my mind the sense of unfairness I felt. We were working on a tract of about seven acres of rich, dark soil where we grew carrots, tomatoes and potatoes and eggplants. I think I was 11 or 12. We had assembled in the early afternoon near the kibbutz garage. We piled on to a flatbed trailer, a dozen kids and a dozen Yemeni women. We were towed by a tractor driven by a man named Yankele. He was in his mid-40s. Like my father, he was one of the original group at Mishmar Hasharon. Before the Yemenis came, he had worked planting and harvesting. Now, he was responsible for "managing" the Yemenis, and us kids as well, during our fieldwork. He paced among us every half-hour or so to make sure the work was going smoothly. Though the area was ankle-deep in mud during in the winter, it was hot and dusty in the summer. I'd been working for an hour or so, crouching alongside Baddura, when I looked up. On the edge of the field, under the shade of a clump of banana trees, I saw Yankele. He had a set of keys on a metal chain. He was twirling them around his finger, first one way, then the other, as his eyes tracked us and our Yemeni co-workers. Like a kibbutznik-turned-plantation-owner.

* * *

As a February baby, I was the youngest in our age group. In the tiny world of the kibbutz, there were not enough children to organize separate school classes for each year. When I started school, I was five-and-a-half. Most of the others were six. A few had already turned seven. Maybe it was this age pressure, or maybe something inside me, but from the outset, I had a thirst for knowledge. I was aware early on that some of the schoolwork came easily, almost automatically to me: numbers and math and reasoning most of all. I also began reading books, even if I could not fully understand them. By the time I was eight or nine, I was burying myself in volumes of the children's encyclopedia at



HOUSE_OVERSIGHT_027881

the kibbutz library, trying to untangle the mysteries of airplanes and automobiles, or the creation of worldly wonders, from the Hanging Gardens of Babylon to the Empire State Building and the Golden Gate Bridge.

At first, I got many of the answers from my father. On Saturdays, we would walk around the kibbutz as I plied him with questions. In many ways, he always lacked self-confidence. I remember decades later, after he had passed away, asking my mother how come they had spent their entire lives on the kibbutz and never moved away. She replied: "What would your father have done outside?" But he had a quick mind and, despite having left Hebrew University early, had secured enough credits to get his degree – one of a handful of men on the kibbutz to have done so. He delighted in acquiring, and sharing, knowedge.

How come the moon wasn't always round, I remember asking him in one of our first educational strolls. How did anyone *know* that the sabertooth tigers I'd seen in the encyclopedia actually existed? And where were they now? There was not a single question he did not try to help me answer. When I was nine or ten, he took me to see the first water pump on the kibbutz. I watched as he disassembled the casing, then the power unit, which had a big screw-like element in the middle. I wanted to know how it worked, how it was designed. How it was made. A few months later, he took me to the factory near Tel Aviv where the pumps were manufactured.

I was an introverted child, not so much shy as self-contained, contemplative, at times dreamy. Our *metapelet* from when I was three until age eight was named Bina. She was the mother of twins a year younger than me. She was more handsome than beautiful, with wavy dark hair. But she was full of warmth. She was especially kind to me, which was no doubt one reason I felt the effects of my collective upbringing less dramatically than some other kibbutz children. When we were both much older, she used tell a story about my slightly ethereal approach to life when I was in her charge. One winter afternoon when I was four, she took our group on to the gentle rise on the northern edge of the kibbutz, which at that time of year was full of wildflowers. When she got there, she realized I had gone missing. Retracing her steps, she found me standing in front of a rock in the middle of the dirt path. "Ehud," she said, "why didn't you come with us?" I apparently replied: "I'm thinking: which *side* of the rock should I go around?"

Still, important though Bina was as a presence in my life, it was the influence of another figure – another youngster – who mattered more and for longer. His name was Yigal Garber. In first grade, every child got a mentor.



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Yigal was mine. Solidly built and self-confident, with a knowing smile, he would go on to become one of the most respected members of the kibbutz. Though I was the only child he mentored, he was also in charge of our class's extracurricular educational program. It began when I was ten, and Yigal was sixteen. It was a mix of ideological training – the kibbutz equivalent of what my mother had done with her Gordonia friends in Poland – and a scouting course.

One evening a week, he would spend several hours with us. He began by reading us a story or a poem. One which I remember with particular clarity involved a slave who had a nail driven into his ear in hopes of remaining in his master's service forever. He had become enslaved not only in body, but in mind. Another night, Yigal read us an account of a Palmach unit stranded on a hill they had taken, with anti-personnel mines all around them. The readings were gripping and they were always an entry-point for a discussion: how did we understand the story? What would *we* do if faced with a similar choice?

When that part was over, he walked us into the fields outside the kibbutz. The only sound we heard was the occasional screech of a jackal. Sometimes, he would split us into twos and have each pair set off from a far edge of the field and find our way back. Yigal stationed himself at the center. We would have to sneak up and see which of us could get closest without his seeing or hearing us approach. In his last year with us before leaving for his army service, he gave each of us a narrow wooden stick and began drilling us in the teenage introduction to martial arts. But I was less interested in that part of the training than the scouting exercises. Not only was I the youngest in our group, and the smallest, except for a couple of the girls. Notwithstanding my accidental prowess on the soccer field, I lacked the strength and coordination to hold my own in most physical contests at the time.

* * *

Yet then, shortly after I turned thirteen, I overheard a conversation between a couple of older kids in the dining hall. They said there was this guy in Gan Shmuel, a kibbutz to the north of us, who had an "amazing" ability. Using a strip of steel shaped to work like a key, he could open locks – even chunky Yale padlocks, the gold standard in those days – in less than a minute.



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I was intrigued by the mechanical puzzle and managed to locate two slightly rusted locks. One was a Yale, the other an Israeli-made lookalike called a Nabob. One evening after dinner, I searched the ground around the kibbutz garage for shards of metal that looked like they might fit into the key slot, and spent the next half-hour or so propped against a tree, trying and failing to coax either lock to open. I realized I would need to discover how the locks worked. But how to get inside to see?

Saturday afternoons in Mishmar Hasharon were a quiet time, like the old Jewish neighborhoods and shtetls back in Europe but minus the religious trappings. The next day, I waited until mid-afternoon and walked past the bakery towards the garage. Its roll-down, corrugated door was locked. So was the structure next to it, where the blacksmith and metalwork shop were. But attached to the blacksmith's was a hut where our scrap metal was dumped. I doubted it would be locked, and it wasn't. Pausing to let my eyes get used to the dark, I made my way into the metalwork area. I crossed to the cabinet where the tools were kept. I took out a steel jigsaw used for cutting through metal and, hiding it under my shirt, made my way out again.

Fortunately, the saw was up to the task of cutting into the softer alloy that made up the body of the locks. Once I'd cut inside them, I saw they shared the same basic construction. There was a series of springs and shafts which, in response to the indentations of a key, aligned in such a way to allow the lock to open. I sneaked back into the metalwork shop five or six times. By trial and error, I managed to shape one of jigsaw blades into a pick tool that seemed like it should do the job. For days, I manipulated it into each of the padlocks. I knew I had the principle right, but I still couldn't get it to work. Blisters formed on my thumb and fingers. Then, finally, the Yale sprung open! With each successive try I got better at knowing how to put the blade in, when and where to rotate it and how much pressure to apply. After fashioning a half-dozen other tools, each slightly different in width and shape, I reached a point where I could get the mechanism to work on my first try. Other locks – doors, trunks, closets – were even easier after I made picks for them as well.

I couldn't resist sharing my newly acquired skill with a couple of the boys in my class, and word gradually spread. There was a handful of slightly older boys who we referred to as the "rogues". They weren't delinquents. They were free spirits, bridling at the uniform expectations and rules of kibbutz life. Over the next few years, as co-conspirators more than close friends, I found myself drawn to two of them. Ido and Moshe were 18 months older than me. Though



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Ido was just a few inches over five feet, he was strong and athletic, a star even on the basketball court. Moshe was taller, if a bit overweight. He was nowhere near as strong as Ido, but still stronger than me, and had a streetwise intelligence and a sardonic sense of humor. Both had tested the patience of our teachers to breaking point. Ido had been sent off to a vocational school in Netanya. Moshe was moved to *Mikveh Israel*, a school which focused mostly on agriculture. On Friday evenings and Saturdays in the kibbutz, however, they filled their time with a variety of minor misdeeds. My role – the cement in our budding partnership – was as designated lock-picker.

Our first caper targeted the concrete security building near the dining hall. It contained the kibbutz's store of weapons, with a metal door secured by a padlock. Late one Friday night, with Ido and Moshe as lookouts, I crouched in front of the lock and took out my tools. In less than a minute, I had it open. We darted into the storeroom. There were about 80 rifles, along with a few machine guns, on racks along the walls. Ido took a rifle from the furthest end of the rack and wrapped it in a blanket. Moshe pocketed a box of ammunition. As the others hurried back to our dormitory, I closed the lock, making sure it was in the same position I'd found it, and joined them. The next afternoon, we stole away through the moshav of Kfar Hayim into a field on the far side. We test-fired the rifle until sunset, when we returned to the kibbutz and replaced it in the armory. It felt like the perfect crime: foolproof, since no one was likely to notice anything. Essentially harmless. And repeatable, as we confirmed by returning on Friday nights every month or two.

This modest pre-adolescent rebellion never extended to doubting the national mission of Israel. Growing up on a kibbutz in a country younger even than we were, we all felt a part of its brief history, and its future. That was especially true after my kibbutz mentor, Yigal, left for his military service and joined one of the Israeli army's elite units.

The 1948 war had been won. But it had not brought peace. Palestinian irregulars, *fedayeen* operating from Jordan and the Gaza Strip, mounted hit-and-run raids. In armed ambushes or by planting mines, they killed dozens of Israeli civilians and injured hundreds more. The country was in no mood for another war. The newly created Israeli armed forces – known as *Tzahal*, a Hebrew acronym for the Israeli Defense Force – also seemed to have lost the cutting edge, or perhaps the desperate motivation, of the pre-state militias. At first, Ben-Gurion relied on young recruits in the new army's infantry brigades to counter the fedayeen attacks. Nearly 90 reprisal operations were launched in 1952 and



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early 1953. Nearly all ended with the soldiers failing to reach their target or taking casualties. Sometimes both.

By mid-1953, the army decided to set up Israel's first dedicated commando force. It was called Unit 101. It was led by a 25-year-old named Ariel Sharon, who had been a platoon commander in 1948. With Ben-Gurion and especially his army chief-of-staff, Moshe Dayan, determined to hit back hard at the fedayeen attacks, Sharon took a few dozen hand-picked soldiers and began mounting a different kind of retaliatory attacks. The largest, in October 1953, was in response to the murder of a woman and her two children in their home in central Israel. It was against the West Bank village of Qibya. Sharon and his commandos surrounded and attacked the village, destroying homes and other buildings – and killing at least 40 villagers sheltering inside them. Israel immediately came under international condemnation, accused of allowing its troops to unleash a massacre. Unit 101 was disbanded. It lasted just half a year. But that was not because of Qibya. While realizing the importance of avoiding civilian casualties, Dayan remained convinced that only units like 101 offered any realistic hope of taking the fight to the fedayeen. He made Unit 101 the core of a larger commando force merged into Battalion 890 of the paratroopers' brigade, and he put Sharon in overall command.

It was this force that Yigal Garber joined. He became part of its elite commando team, Company A and took part in a series of attacks on the West Bank and in Gaza. While avoiding a repeat of Qibya, they inflicted heavy casualties on Jordanian and Egyptian army and police units, and also suffered casualties of their own. Battalion 890 was based just a couple of miles from Mishmar Hasharon and Yigal returned to the kibbutz every few weeks. He never talked about the commando operations. But every time there was a report of Israelis killed in a fedayeen attack, I knew there would be a retaliation raid, with my Yigal almost certainly involved and, I hoped, returning unscathed.

He did. And in 1956, two years into his military service, he was part of Israel's second full-scale war. For a while, the reprisal attacks seemed to be working. The fedayeen attacks decreased. But that didn't last, especially in the south along the border with Gaza. Egypt's pro-Western monarchy had been toppled in a coup organized by a group of army officers led by a stridently pan-Arabist – and anti-Israeli – lieutenant colonel named Gamal Abdel Nasser. Egypt began providing not just tacit support for the fedayeen in Gaza, but arming and training them and helping organize cross-border attacks. Then, in



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the summer of 1956, Nasser nationalized the Suez Canal, which had been owned by the British and French.

Ben-Gurion was emboldened to go war by the fact that both Britain and France wanted to retake the canal. Under an agreement reached beforehand, Israel was to begin the hostilities, after which the British and French would enter under the guise of separating Israeli and Egyptian forces. Ben-Gurion's hope was to end the threat of fedayeen strikes, at least in the south, by taking control both of Gaza and the enormous natural buffer afforded by the Sinai Desert. Militarily, it went to plan. On October 29, 1956, Yigal and other paratroopers from Battalion 890 were dropped deep into the Sinai. They landed near the entrance to the Mitla Pass, a sinuous route between two lines of craggy hills 25 miles from the canal. British and French air strikes began three days later. Nasser pulled most of his forces back across the canal. By early November, Israel was in control of Gaza and the whole of the Sinai.

Politically, however, Ben-Gurion and his European partners had catastrophically miscalculated. Britain and France were fading imperial powers. The balance of power after the Second World War rested with America and the Soviet Union. Both were furious over the obviously pre-arranged seizure of Sinai, Gaza and the canal. It took a while for the message to sink in. In a speech to the Knesset after the conquest was complete, Ben-Gurion declared the post-1948 armistice null and void, and said Israel would never again allow "foreign forces" to control the territory it had captured.

A few days later, however, he had no choice but to deliver a different message in a radio address to the country. He had at least managed to secure a concession with the help of the Americans. The Sinai and Gaza would be placed under supervision of a UN force. He also got a US assurance of Israel's right of passage through the Straits of Tiran to the Red Sea, and an agreement that if the Egyptians blocked Israeli shipping we would have the right to respond. But he announced that we would be leaving every inch of territory taken in the war. By early 1957, we did so. The one lasting gain came in Gaza. On their way out, Israeli troops destroyed the fedayeen's military installations, and cross-border attacks from the south ceased.

Unlike in 1948, the Sinai War touched me directly. I never felt Israel's existence was in danger. The fighting was brief and far away. But Mishmar Hasharon had a small role in the war plan. Ben-Gurion and Dayan were concerned that the co-ordinated attack might lead to a wider war, with the possibility that Egyptian warplanes might get involved as they had in 1948.



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Among the precautions they took was to base several hundred reservists from the Alexandroni Brigade in a defensive position near the Mediterranean: the eucalyptus grove at the top end of our kibbutz, where the cover was so dense they were all but invisible from the air.

We kids seized on the chance to talk to the reservists. I can't remember whether it was Ido or Moshe who noticed an area at the back of their encampment, on the other side of the kibbutz cemetery, where neatly stacked boxes of munitions were being kept. But we spent the next several afternoons on reconnaissance. A soldier was always on guard. But there were times the area was unwatched, either when one guard handed over to the next, or on their cigarette breaks.

We struck the following Friday. Nowadays, the cemetery consists of a half-dozen rows of headstones. Walking through it, as I still do at least once each year, is like revisiting my past. Almost all the grown-ups I remember from my childhood now rest there, including my parents. My father died in 2002, at the age of 92. My mother passed away only a few years ago, a few weeks after her 100th birthday. But in 1956, the cemetery was tiny. The chances of anyone being there at midnight on a Friday were close to zero. Crouching in the shadow of the headstones, we could see the guard. We waited until he left for his break. Each of us took a wooden box and one of the slightly larger metal boxes. Inside, we found a treasure trove: thousands of bullets for all kinds of weapons. The metal cases held heavier firepower: grenades and mortars. We returned those. We were mischievous, but not crazy. Yet each of us now had a crate full of ammunition, even including belts for machine guns.

* * *

My experience at school began to change in my early teenage years as well. Shortly before my fourteen birthday, our age group was sent to a school outside Mishmar Hasharon. The kibbutz had decided that since there were only a dozen-or-so children in each class, it wasn't economically viable to provide a quality education. They sent us to the regional high school.

It was several hundred yards down the road in the direction of Tel Aviv. It was far more rigorous. I was no longer the only kid in my class who liked to read or could do math problems in his head. It was there I first got truly



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interested in science. When I came across concepts I couldn't understand, our teachers always seemed able to answer my questions or help me find the answers myself. I liked the school enormously. I might well have gone on to finish my secondary education there. I probably should have. But the next year, the kibbutz brought us back again.

One of the considerations was financial. Like many kibbutzim, Mishmar Hasharon concluded that in order to make its school more economically sustainable it would take in a number of "outside children" – *yeldei chutz* – from towns and settlements around Israel. Yet this latest policy change was also triggered a debate over the *kind* of education kibbutzim should provide. Should a kibbutz school offer a curriculum tailored to passing the *bagrut*, the matriculation exam, and going on to university? Or should it limit itself to a fairly basic education geared to developing the talents needed for a productive life on the kibbutz? In a series of heated debates in the dining hall, almost all of Mishmar Hasharon supported the model of a basic, kibbutz-oriented education.

My father was the leading voice among the dissenters, and though it seemed obvious he was fighting an uphill battle, I remember feeling a sense of pride at watching him – and an echo in my own impulse to reach my own judgment about issues and to act on it as I was growing older. Not only was he opposed to the new policy. He was aghast. In the only time I can recall his speaking out at one of the weekly kibbutz meetings, he asked how Mishmar Hasharon could take upon itself the right to constrain an individual child's life potential. "We are Jews!" he said. "We are people who have left our impact on history through our scholars, not our peasants. I can't understand how we, who came here to open a new chapter in the history of our people, can choose to keep our sons and daughters from studying. We should *encourage* them to study!" He accepted that the interests of the kibbutz mattered. But what kind of "model society" would we be creating if we chose to "doom our own children to ignorance, and cut them off from the great forward momentum of history in Israel and the whole world?"

Especially in a kibbutz, however, the majority ruled. In this case, it was nearly unanimous, my mother included. I could see she felt torn, whether because she agreed with my father or because she realized how deeply he felt. But she accepted the decision. For her, that was what was meant by being part of the larger kibbutz family. Still, my father didn't give up. He couldn't change the kibbutz's ruling. But he tried to get me to stay at the regional high school. A couple of years earlier, examiners had fanned out across Israel to administer its



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first aptitude tests. I finished among the top two dozen results in the country. "How can you throw your gifts away? For *what*," he asked me. "If you leave that school, and give up on going to university, it will be like betraying yourself." At one point, he walked me out to the patch of hard-packed soil where we parked the tractors and farm machinery. "What do you want to do with your life," he asked. "Do you want to be a *farmer*?"

I thought about it before answering. "I don't know what will happen in the future," I said. "But if you ask me now, I would say I want to drive one of the kibbutz trucks."

I could see the shock and disappointment in his eyes. But it was the truth. I did imagine that at some point I might want to make a life outside the kibbutz. But I'd never lived anywhere else. If I was going to remain a part of it, I could think of no better way than to join our little corps of drivers. Though they lived on the kibbutz, they spent most of their time delivering or picking up goods in places like Tel Aviv, Holon or Ashkelon. As the US Marines might have put it, I guess I figured I'd join the truck-drivers and see the world.

The deeper reason I said no to my father, as I am sure he suspected, was that I felt a need to take control of my own life. That was simply a part of growing up, a process which probably happened more quickly for 1950s kibbutz children than for town or city kids. We loved and respected our parents. But we were living with other teenagers. We weren't just residents of the kibbutz. We were part of the economic collective, working in the fields or orchards, the garage and the metal shop. This bred a sense of independence. I listened to my father's arguments. But this was a decision about *my* future. I felt I had to make it for myself. I cared about my education. But I'd reached a stage where my life outside the classroom, and my circle of friends, mattered more. I am sure that the same impulse drove me in my continuing freelance forays into lockpicking and petty larceny with Ido and Moshe.

So I returned to the kibbutz school. The level of teaching was nowhere near the regional school's. But we did begin studying new subjects like economics and politics. There were two other welcome surprises as well. The first was the arrival of a new history teacher. Knowledgable, enthusiastic and eloquent, he had a rare gift for igniting excitement in his students. We studied the French Revolution. He brought it to life with insights into Montesquieu, Rousseau and John Locke, Louis XVI and Mary Antoinette, Robespierre and Napoleon. He traced the dynamics that led to the revolution, and the way its ideals descended into the bloodshed and terror that followed. He presented history as a human



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process that raised as many questions as it answered, as something we could learn from.

The second high-point was a couple named David and Leah Zimmerman. Though Mishmar Hasharon, like other kibbutzim, was secular, they introduced us to the Talmud, the ancient compendium of rabbinic discussion and debate on the meaning of passages from the Bible. We focused on two tractates, *Baba Kama* and *Baba Metziah*, in which the rabbis drew on verses from Exodus to argue out a system of rules for resolving civil disputes. It was the Talmud of torts. The intricacy and the depth of the rabbinical debate fascinated me.

* * *

Yigal returned from the army a few months after the 1956 war, when, like other teenagers, I was about to enter a pre-military program known as *Gadna*. There were several options kids could choose. One was linked to the air force, another to the navy. But most of us joined the reconnaissance and scouting group, *Gadna Sayerim*. It involved studying topography and navigation, as well as field exercises that were a lot like the ones Yigal had put us through a few years earlier. At year's end, we took part in a national exercise. It was called, a bit grandiosely, *Miyam el Yam*: from sea to sea. We had to find our way from the Mediterranean, near Haifa, across northern Israel to a lake which was a sea only in name, the Sea of Galilee. It lasted three days. We were placed in teams of four. We were each given a topographical map and a compass, with landmarks marked along the way which we had to find and draw in a notebook to prove we'd been there.

A couple of hours in, we faced our first challenge. We were making our way along a shepherds' trail, with brush and bramble on either side, when the path split in two. We had to decide which fork to take. The map didn't help. Each inch covered the equivalent of a mile-and-a-half. The key was to be able to match it with what we were seeing around us. To use points we *could* identify from the map – Haifa and the sea in the receding distance, and a taller hill to our northeast – and then figure out which path was more likely to take us in the right direction. I knew this mix of calculation and imagination was something I enjoyed. But it was more than that. Each of us had had the same preparation for the exercise. As my trek-mates turned to me for this first decision, and then on



HOUSE_OVERSIGHT_027891

each successive stage as we crossed the Galilee, I realized that it was also something that I was naturally good at.

Still, the closest thing to real military activity remained my excurions with Ido and Moshe. Our ammunition trunks were stowed under our beds. But the final piece of our arsenal fell into place in May 1958. For the tenth anniversary of Israel, there was a national exhibition celebrating the achievements of the state. I paid a first visit on my own. I was curious to see what was on show. But as I walked through, I couldn't help noticing the lack of security. Two days later, I returned with Ido and Moshe. There was a stand devoted to the Israeli military industry. We already had a supply of ammunition for an Uzi submachine gun, courtesy of our raid on the Alexandroni Brigade. Now, when the guy in charge of the stand was chatting with other visitors, we came away with an Uzi.

It was then the trouble began. Along with Ido, Moshe and the other older boys, I now lived in a larger dormitory under the cursory gaze of an older *metapelet*. She was doing routine cleaning when she decided to dust around the boxes under our beds. She'd never given them much thought. But when she tried to move one of them, she was amazed by its weight. She got one her sons-in-law to help. I think the box he pried open first was Moshe's. But within a few minutes he'd opened Ido's and mine as well. Inside each were hundreds of bullets and the machine-gun belts. Inside mine was our prized Uzi. It would not exactly have taken the KGB to work out the rest. The kibbutz leaders ordered an inquiry. Ido was summoned first, and attempted a brief show of defiance. "What's the big deal," he asked. "It's just stuff we collected. Why should you care?" But separately questioning Moshe, then Ido again, the inquisitors worked out every detail. The fact that the ammunition had come from the Alexandroni Brigade, the reservists sent to *defend* us, was bad enough. But the Uzi had been stolen from the National Exhibition. That was even worse. It was left to the core of young men in their late 20s and 30s to figure out how to punish us. Everyone agreed we could not be reported to the police. That would risk a scandal for the kibbutz. They decided to beat some sense into the offenders, in front of all the rest of the teenagers in the dormitory.

I wasn't there. One afternoon each week, I now boarded a bus into Tel Aviv for my piano lesson. But when I returned after sundown, I sensed immediately something was wrong. Yigal was waiting at the bus stop outside the kibbutz. He told me that what I had done was terrible. Not just because it involved weapons, but because it was a *breach of trust*. Did you really *steal ammunition from the*



HOUSE_OVERSIGHT_027892

*army*, he asked, his voice rising. And from the *National Exhibition*? I didn't bother denying it. I suppose I felt lucky they hadn't found out about our raids on the kibbutz armory. He did not administer my beating. That came a few weeks later from one of the kibbutz elders. He simply took me by the shoulders and shouted: "You must *never* do this again."

It was worse for my parents. At first, they believed I was an innocent party. They were convinced I couldn't have got involved in something like this without being dragged in by the others. My father even asked me whether the reason I'd been "drafted" by Ido and Moshe was because I was small, and able to squeeze through tight spaces in windows and doors. As it happened, that did sometimes come in handy. But I told them, no, I was not an unlucky bystander. I was as much a part of it as the others. My father was angrier than I had ever seen him. My mother, faced with what must have seemed like a betrayal of every one of her Zionist principles, told me that if the kibbutz had decided to report us to the police, she would not have objected.

Their mood lifted slightly when I began my final year of high school in September 1958. After two years back in the kibbutz school, our age-group was sent out again in another shift in policy. This one was in response to signs of growing support in Mishmar Hasharon and other kibbutzim for the argument my father had made against the quality of education we were offering. In order to go at least some way toward meeting that objection, Mishmar Hasharon was banding together with two dozen other kibbutzim and sending all 12th-graders to one of two outside high schools. The first, called Beit Berl, was a Labor Zionist institution focusing on the humanities. In addition to a few of the less academic boys, most of the girls were sent there. The rest of us went to a place called Rupin. It was a few hundred yards past the regional high school. It specialized in agriculturally related scientific research.

A few of the teachers were enormously gifted, and they were in the areas that most interested me: math, physics and biology. Yet the rest of the curriculum was almost numbingly *un*inspiring. I did not miss a single math or science class. But otherwise, I began setting my own schedule. Some days, I would sleep late, or not go at all. When I did go, I'd often show up without having done the homework. Neither Ido nor Moshe was with me at Rupin. They were starting their military service. But I assembled a new band of mischief-makers, and it was not hard to entice them to go AWOL.

I was warned several times by the school administrator. He said he could not accommodate a student who seemed oblivious to, or dismissive of, the rules. He



HOUSE_OVERSIGHT_027893

was especially upset because my attitude seemed to be infecting others. A few months into the school year, he told the leaders of Mishmar Hasharon, and then my parents, that I would have to leave. My father was especially upset. A couple of years earlier, he'd had visions of my staying on in the regional high school and going to university. Now, I'd been unable to hold my own in Rupin. Still, both he and my mother were relieved when Mishmar Hasharon and the school worked out a compromise which did not end my studies altogether. The expulsion stood, but I was allowed to continue attending math and science classes.

For my mother, the blow was softened by the fact I began working almost full-time on the kibbutz, alongside Yigal, driving a tractor. I woke up early and accompanied him into the fields of wheat, barley or rye. We also made a series of trips 130 miles south into the Negev to a moshav called Patish. It had been set up by newly arrived Moroccan Jews. Since they didn't have the equipment or know-how to cultivate all their fields, they were renting out some of the land. Mishmar Hasharon had contracted to farm a parcel of 450 acres.

For ten days at a time, Yigal and I would place a tractor on the back of a pickup and head to Patish. We worked from four in the morning until sundown. After work, we ate at a tiny family-run restaurant a few miles away in Ofakim, a so-called "development town" populated by Moroccan Jews who had been moved there as soon as they arrived in Israel. Far from regretting not being in school, I drew satisfaction, and pride, from knowing that I was functioning as an independent adult. But it also gave me time to think. My whole life had been circumscribed by the struggle to create and secure the state. But I again found myself pondering issues of basic fairness in our young country, and the challenge of reconciling our words and principles with our deeds amid the difficult *realities* of building the state.

Back on the kibbutz, it was the example of the kindly and hard-working Baddura which had caused me to question how we were treating the Jews who had arrived from Yemen. In the Negev, I met members of the even larger post-war influx from Morocco. One image struck me above all. It was from the place Yigal and I ate dinner. Ofakim was a development town that had yet to develop. It had no visible means of support, and there was no sign the government was doing much to remedy that or integrate the new immigrants economically and socially. The "restaurant" was a side business a family had set up in the dining room of their tiny home. The sixth or seventh time we went there, I was startled by sudden movement a couple of feet away from where we were sitting.



HOUSE_OVERSIGHT_027894

Looking more closely, I saw a wooden box, the kind we used in Mishmar Hasharon to crate oranges. It was filled with hay. At first, I thought the stirring inside was a family pet. Then, I saw it was a baby. I said nothing until we had left. "Was that really a child?" I asked Yigal. "A *baby*?" He replied, with a tinge of sadness but also a look that seemed to convey surprise at my naivety: "Yes. They don't have room for him."

* * *

My evolving feelings about the Arabs, the other people with dreams of what they still saw as Palestine, would become more complex as my childhood drew to an end. As mentioned, I barely registered the fate of the absent villagers of Wadi Khawaret.

And yet as I got older – in my teens – I came to understand *why* the Palestinians were fighting us. Before the 1956 war, Dayan gave a brief speech that had a powerful impact on me. It was a eulogy, but it was for someone Dayan didn't know personally. His intended audience was the rest of the country. He spoke in Nahal Oz, a kibbutz on the border with Gaza often targeted by fedayeen. In April 1956, a group of Arabs crossed from Gaza and began cutting down the wheat in Nahal Oz's fields. The kibbutz security officer, a 21-year-old named Roi Rotberg, rode out on horseback to chase them away. The intruders opened fire as soon as he got close. They beat him, shot him dead and took the body back over the armistice line. The corpse was returned, mutilated, after an Israeli protest through the UN.

With Israeli newspapers full of agonized accounts of what had happened, Dayan's message was that we should not blame the *Arabs* for Roi Rotberg's death. We should look at ourselves, and the neighborhood in which we lived. "Why should we talk about their burning hatred for us?" he asked. "For eight years, they have been sitting in the refugee camps of Gaza, while before their eyes we have been transforming the lands and the villages where they and their fathers dwelt." Of course, they hated us and the state we were building. Rotberg had allowed his "yearning for peace to deafen his ears, and he did not hear the voice of murder waiting in ambush." Dayan said the danger was that other Israelis had become similarly naive. "How did we shut our eyes, and refuse to see, in all its brutality, the destiny of our generation?" A generation which was



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settling the land but which, "without the steel helmet and the barrel of the gun, will not succeed in planting a tree or building a home."

Still, if I was part of a generation that understood the need for military preparedness, strength and a readiness to fight if we were to survive in the Middle East, the 1956 war also brought home to me the need to consider *how* we fought. This meant grappling with a contradiction wired into Zionism from the start: the need to take up arms to defend our state, while recognizing the Jewish moral code that was its foundation. When the Israeli armed forces were established in 1948, Tzahal's doctrine included the principle of *tohar haneshek* – "purity of arms" – and an explicit requirement for our soldiers to use the minimum necessary force and do all they could to avoid civilian casualties. Putting "purity of arms" into practice was always going to be hard. All arms kill. In all wars, civilians die. But that did not make the principle, or the need to be aware of it in combat, any less important.

Even if the soldier called on the make that judgment was someone who had mentored me from the time I was six, and whose military prowess I had come to respect. Even if it was Yigal Garber. His parachute jump on the first day of the 1956 war went smoothly. But the battle for control of the Mitla Pass turned out to be the most deadly of the war. It was also unnecessary. Under Israel's pre-war choreography with the British and French, the very fact of our landing near the Mitla Pass was to be the trigger for an Anglo-French attack. In fact, Arik Sharon, the commander of Battalion 890, received orders from Tel Aviv *not* to take the pass. Only grudgingly, did they let him send in a reconnaissance force to establish whether it was safe to cross.

The reconnaissance company walked into a trap. Machine-gun and mortar fire rained down from Egyptian troops dug into the caves and other natural defensive positions above the pass. It took hours to extricate the stranded men. Yigal's unit fought its way in from the eastern side of the pass. A small group from the reconnaissance force managed to get a foothold on the western side. Almost 250 Egyptians were killed. But 38 Israeli paratroopers also died, the largest single toll in any battle since 1948. Battered and bitter, the surviving men from the reconnaissance force parachuted into the southernmost part of the Sinai, near Et-Tur on the Red Sea. Yigal and the others headed overground to join up with them. By the time they got there, Egyptian resistance had all but ended. Yigal's company had a brief exchange of fire with several dozen hold-outs in the Egyptian force. The Egyptians surrendered. And then, apparently, Yigal and his fellow paratroopers shot all of them dead.



HOUSE_OVERSIGHT_027896

At least those were the rumors after the war. I asked friends what they were hearing. I asked some of the older men on the kibbutz, my father included. All of them responded with a slightly different version of events. But I knew what I *wasn't* hearing. No one of them told me it was a lie. When I asked Yigal, he averted my glance, and then changed the subject. I knew it was true, at least broadly.

I realized that, before it happened, Yigal and the others had seen dozens of friends gunned down in an Egyptian ambush in the Mitla Pass. But I didn't need a lesson *tohar haneshek* to know that the killing of captured Egyptian soldiers should not have happened. Or that it was plainly, simply wrong.

When Yigal and I made our final trip to Patish in 1959, I knew it would be pointless to ask him about it. Whatever he said wouldn't change anything. I still respected his courage and his fighting spirit, and the part he'd played in defending Israel. I appreciated what he'd done for me as I grew up. But what mattered now wasn't what Yigal had done. It was what I would do, and how I would live my life.

Especially since I, too, was about to begin my army service.



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## Chapter Three

I reported for induction on the second Sunday of November 1959, three months short of my eighteenth birthday. Military service was a near-universal rite of passage for Israeli teenagers. For children of the kibbutz, it held even greater significance. Now that we had a country, the kibbutzniks' role as the avant-garde in taming and farming the land had ceased to be relevant. But the sense of mission we'd been raised with – what we were led to believe set us apart from the mere "city-dwellers" – drove us to aspire, maybe even assume, we would leave an imprint in other spheres of the new state's life. I doubt it's an accident that nearly every one of the boys with whom I grew up in Mishmar Hasharon went on to become an officer during his time in the military.

Judging from my own first few weeks in uniform, however, there was every reason to believe I would end up as an unfortunate, undistinguished exception.

This was not due to lack of ambition. In fact, I thought at first of joining the air force. But a question on the application form asked whether I ever suffered from any breathing discomfort. Like almost everyone on the kibbutz, I did get a bit clogged up when the weather turned cold and damp. So I naively answered yes, ending any chance of training as a pilot. My fallback choice was a tank unit. But when I joined the hundreds of other draftees at the processing center near Tel Aviv, about a hundred of us were shunted, by alphabetical lottery, into training for armored personnel carriers instead. Known as battle taxis, the APCs which Israel had at the time were lumbering, World War Two-vintage halftracks.

Our training battalion was based, alongside the country's main armored brigade, in a huge, hillside army camp outside Beersheva in the Negev. I knew that our *tironut* – basic training – would be tough. That was the whole point. But we endured a seemingly endless array of inspections, under the watchful eye of a corporal who meted out punishments for the tiniest scuff on a boot, a belt, or a rifle. The rest of the time was spent in physical training, which I found especially hard, at least at the beginning. I still weighed barely 130 pounds, and by no means all, or even most, of it was muscle. My military career, such as it was, looked very likely to involve spending my required couple of years baking inside an APC in the Negev before moving on to something more useful, and certainly more fulfilling, with the rest of my life.



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But a series of accidents, in Israel's life and in mine, would soon point me in a dramatically different direction. The first became known as the Rotem Crisis, and it delivered a jolting reminder of Israel's vulnerability to a surprise attack from neighboring Arab states. Militarily, we were far stronger than in 1948. But we were still a young country, at an early stage in our economic development. Our defense strategy rested on a recognition we could not afford to sustain a large standing army, relying instead on a pool of trained reservists. The problem was that a full call-up of the reserves would require something like 48 hours. That meant some form of early warning was critical.

Rotem erupted in February 1960, about halfway through my *tironut*, and began almost farcically. The Chief of Military Intelligence, Chaim Herzog, was at a diplomatic receiption in Tel Aviv when he began chatting with a guest he knew well: the head of the local CIA station. What, the American asked, did he make of the fact that Egypt had moved its two main armored divisions into the Sinai, toward the border with Israel? Herzog came up with a suitably woolly reply, about how it was obviously a situation which bore watching. But the truth was that neither he nor anyone else in Israel had any idea about the Egyptian mobilization. He left the party as soon as he could, to tell Dayan and Ben-Gurion. When a reconnaissance flight the next day confirmed that dozens of battle-ready tanks had been rolled forward toward the Suez Canal, Ben-Gurion and the generals scrambled for a response.

They did not want a war. Ben-Gurion was particularly worried that in responding to Nasser's buildup, he might inadvertently escalate things further. He vetoed the idea of a full mobilization. But he did order a more limited call-up, of about 7,000 reservists. He placed the air force on alert. He directed the four brigades responsible for the defense of southern Israel, including our armored brigade near Beersheva, to move within a few miles of the border – and gave us the additional role of sending several overnight munitions convoys to equip the hastily assembled border force.

The first sign I saw that anything extraordinary was going on was the sudden movement of tanks and APCs inside our camp. At first, no one told us raw recruits anything. We were left to look on, and stay out of the way. But with our operational units preparing to move forward, the problem was that there seemed no one else with the expertise, experience and local knowledge to lead the supply columns. So our training battalion was summoned before the platoon commander. "Any volunteers," he asked. When none of us raised a hand, he said: "Come on. One of you must have grown up around here. That means the



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first 25 miles will be familiar territory." He left unspoken the obvious postscript: the need to negotiate the final five to ten miles, through open desert, and to find the right area, on our side of a border that wasn't even marked. "Can't *any* of you," he barked, "lead a convoy of a few dozen trucks?"

I'm not sure what possessed me. But I thought to myself: yes, I probably can. I had been scouting and navigating in one way or another since those first evenings with Yigal in the kibbutz orchards. I'd trained with *Gadna Sayerim*. And while I'd never lived in the south, the farm settlement of Patish, where I'd worked along with Yigal after getting kicked out of high school, was not far from the route the conveys would have to take.

So I raised my hand.

"Can you lead a convoy?" he asked.

"Yes, sir," I said. "Of course, I'll need a map. And a compass."

"Why do you think you're qualified?" he prodded. I'd been in *Gadna Sayerim*, I said. I was good with maps. "Okay," he replied, and he sent me, along with two of the company's junior officers, to the battalion commander.

Someone must have phoned ahead, because he was clearly expecting us. Still, I could see the surprise in his eyes when he looked at me: only just eighteen, but looking closer to 15, my uniform sagging on my slender frame. He gazedat the officers, then back at me, then at the officers again, as if trying to figure out whether he was about to approve something utterly crazy. But he had little choice. Three convoys had to be dispatched within the next couple of hours. So far, with me, he had a sum total of one guy to lead them. "Fine," he said, and waved us out.

The column consisted of eight huge, American-made six-wheelers, each packed with ten tons of munitions and other supplies. I was in the lead truck. The driver was a reservist in his mid-30s. So were most of the men in the rest of the transport trucks, one driver and one soldier in each. A staff sergeant, in the second vehicle, was in theoretical command. But, surreal though it felt, I was actually in charge, since I was the only person who might, conceivably, get us to the right place.

The platoon commander was right. The first part, on paved roads, was fairly easy. But just before sunset, we reached open desert, the beginning of more than three hours of picking and weaving, calibrating and recalibrating, our way across a wide expanse on sand and occasional scrub bushes that, every mile or



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so, would suddenly give way to a windswept series of dunes and wadis. The map and compass helped. But I soon realized that it was almost impossible to get an accurate reading from inside the truck. Every few minutes, I waved the convoy to stop, got out, and walked fifty or sixty yards into the sand and clumps of acacia trees and calibrated our progress from there. My fallback was the stars. From them, I could at least make sure we were headed in broadly the right direction. But the need to navigate around the dunes meant we were never moving in a perfectly straight line. The miles ticking by on the truck's odometer couldn't tell me exactly how far we'd travelled. A couple of times, I realized we were wandering off line – not by a much, but enough to risk leaving us either a mile or two south of where we were supposed to go or, worse, on the Egyptian side of an unmarked desert frontier that, especially at night, would look pretty much the same on either side.

Finally, a few hours before dawn, I brought the convoy to a halt. I climbed out, walked back to the staff sergeant and told him, with more confidence than I felt: "We're here." I had no way of knowing for sure. But I felt we were generally in the right place. Before we'd set off, I was briefed by the officer in charge of one of the operational APC battalions. He had been to the area before, on training exercises. Because of the emergency call-up, he was too senior to lead a supply convoy. But he told me that once we got there, we should stop and wait. He would follow our tracks the next morning and link up with us. An hour after sunrise, we saw his jeep bobbing over the sand towards us. He pulled to a stop, shook hands with the staff sergeant, and then he turned to me. "Unbelievable," he said. "We're where we need to be."

Our role in the grand scheme of things, and certainly mine, was hardly decisive. But the rest of the border mobilization also went to plan. That, along with some frantic diplomatic activity and a healthy common sense on all sides, ensured that a new war with Egypt was averted – at least for a further half-dozen years, until 1967. By then, the lesson of Rotem would be learned: our need to find a realiable way to tap into the battle plans of the hostile Arab states around us. And through another wholly unexpected turn of events starting just a few weeks after the Rotem Crisis, I would turn out to play a personal role in making that happen.

* * *



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Under army regulations, training recruits got a five-day leave every few months during *tironut*. My first one came a bit later than usual, due to Rotem. But in April 1960, shortly before the Passover holiday, I headed back to Mishmar Hasharon. Despite my minor triumph of desert navigation, I still had every reason to believe I'd be spending the next couple of years in an APC unit in the Negev, and can't pretend I was looking forward to it. Still, the idea of returning home in my army uniform, at least a bit stronger and bulkier than before, did give me a sense of pride.

It was on my third day back, when I was in the dining hall with a half-dozen schoolmates-turned-soldiers, that Avraham Ramon sat down and joined us. He was a *yeled chutz*, one of the "boys from outside" who had joined our class when we were taken out of the regional high school. He, too, was now in the army. As we were finishing lunch, he asked me: "How's *tironut*?"

"Tough," I said. "Boring."

Smiling, he said: "How would you feel about joining a *sayeret*?"

The question took me by surprise. In Hebrew, *sayeret* meant "reconnaissance unit". It was the name given to special units that carried out missions behind enemy lines, or under particularly exacting conditions. In the early 1960s, there were only two of note. One was *Sayeret Golani*, attached to the Golani Brigade near the northern border. The truly elite one was *Sayeret Tzanhanim*, the paratroopers' sayeret. It had been built from Company A of Battalion 890, where Yigal had served in the 1950s.

"Which *sayeret*?" I asked.

"It's called *Sayeret Matkal*," he replied.

I'd never heard of it. When I asked what it did, he said: "I'm not allowed to say. But are you interested?" The air of mystery made it seem only more enticing. And no matter what it did, it had to be a step up from what lay ahead of me in the Negev. "Yeah. Sure," I replied.

I heard nothing further in the days after I got back to Beersheva. But at the end of the month, I was ordered to report to a small hut in an army base near Tel Aviv. It belonged to *Maka Esser*, the personnel department of military intelligence. I was greeted by two men in their late 20s. One of them, shorter even than me, introduced himself as Sami Nachmias. The other was tall and slim and said in a surprisingly quiet voice: "I'm Shmil Ben-Zvi." They were two names which I, like most Israeli teenagers at the time, knew well. Ben-Zvi



HOUSE_OVERSIGHT_027902

had been an officer in Arik Sharon's original Unit 101, and Nachmias was one of the earliest recruits to Company A. They shook my hand and motioned me into a Jeep. As we drove out of the base, they peppered me with questions about almost anything except the army: the kibbutz, school, sports. Then, Ben-Zvi pulled the Jeep to the side of the road, turned around to face me and asked: "Is it true you can pick locks?"

Yes, I said. "Do you want me to show you?" He said that wouldn't be necessary.

"Is it true you can navigate? Read maps?" Nachmias asked. I said yes.

They drove me back to the base in silence. "OK," Nachmias said. "You'll probably hear from us."

I didn't. But as basic training was winding down, I got a further order: to report to an address in Tzahala, a neighborhood in north Tel Aviv where a lot of military officers lived. It was a small house with a metal gate outside. I was met at the door by a man about 30 in shorts and a T-shirt who introduced himself as Avraham Arnan. He led me inside. He unfurled a map of Jerusalem and the surrounding hills. He pointed to a spot on the southwest of the city. He drew a wide, curving line through the hills to a second point. "You know how to read a map?" he asked. When I nodded, he said: "I want you to describe to me – just as if you were walking on this line – exactly what you see, as you make your way to the place I marked." I used the elevation lines on the map as a guide, and the positioning of the hills and woodland and villages on the map, and began describing how each stage would look. When I was finished, his only response was the hint of a smile. When he spoke, it wasn't about the map. It was, again, about picking locks. "How did you learn?" he asked. I explained how I'd cut into the locks, figured out how they worked and made a set of tools to open them. "Thank you," he said. "You can return to your unit."

Though he hadn't said so, I got a feeling this was the Sayeret Matkal equivalent of a final job interview. When I got back to Beersheva, I dug around as discreetly as possible for details about Avraham Arnan. I learned he had served in 1948 in the hills around Jerusalem, so he would have known first-hand the terrain he asked me to describe. That, I guessed, explained the half-smile. But I was entering my last week of *tironut*. I still had no idea whether I'd be spending the next couple of years inside an APC – or in a sayeret whose function was a mystery, beyond the fact it seemed less interested in whether my boots were shined than whether I could pick a lock.



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The day before the end of basic training, I was told to return to *Maka Esser*. A Jeep was waiting. A soldier was at the wheel. He mumbled hello and drove me to a sprawling military base about 15 minutes away, not too far from the international airport in Lod. It was built by the British in the Second World War for the RAF. After 1948, the main part had been converted into Israel's officer-training school. But at the far end, set back from a criss-cross of runways, was a pair of domed concrete shelters which had been used by the British for munitions storage. Five tents. Two field toilets. And a single-story brick structure with a tin roof. It contained offices for Avraham Arnan, a couple of other officers and a secretary, a kitchenette and a room for storing weapons. This was the home of Sayeret Matkal, although the first thing I was told was that no one, outside a handful of senior officers in military headquarters, knew we existed.

* * *

The heart and soul of Sayeret Matkal was Avraham Arnan. Even from my brief first encounter with him in his living room in Tzahala, I was struck by his physical presence, with almost movie-star looks and a face made even more intriguing by the fact he had different-colored eyes, one brown and one a piercing green. But what really set him apart, as I got to know him and come under his spell in the sayeret, was his playful, almost bohemian disregard for the normal strictures and structures, rules and regulations, of the armed forces. What mattered to him was what actually needed to get done, and how best to accomplish it despite all the bureaucratic obstacles, and he made me and his other teenage recruits feel we were equal partners with him in getting there.

Years later, he confided that if his life had not led him into the military, he would have probably chosen something in the arts or culture, maybe directing films. But he had volunteered for the Haganah at age 17, a year before the 1948 war. As the losses mounted in Jerusalem, he found himself in the Palmach's crack Harel Brigade, under the command of a future Israeli chief-of-staff, Dado Elazar.

His vision for Sayeret Matkal became Israel's answer to the dangers identified by Rotem. But it had its origins in his experiences in the years after 1948, when he joined a military intelligence group running a loose network of Arab agents across Israel's northern border. They provided occasional bits of



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information. But in talking with his wartime friends, he realized this kind of low-level intelligence could never address the *real* need for Israel: to ensure we had early warning if Syria or Lebanon, Jordan or Egypt, were preparing to go to war against us.

He began toying with the idea of training a small force of Israeli soldiers to go on cross-border intelligence missions. The initial response from the *kirya* – military headquarters in Tel Aviv – was so frustrating that anyone else would have given up. None of the generals saw any reason to believe his scheme would work. But the real obstacle was their continuing trauma over what had happened the last time Israeli soldiers crossed the border on an intelligence mission. It had happened in 1954, and it ended in a failure even more serious than Rotem. The target was the Golan Heights, inside Syria. The special technology unit attached to military intelligence had developed a bugging device designed to be placed on a telephone pole on the Golan. The task of installing it was given to the most decorated, and respected, commando unit in the army: Company A in Sharon's paratroop battalion, led by its commander, Meir Har-Zion.

On a spring night in 1954, Har-Zion led his team onto the Golan. They rigged the bugging unit to the telephone pole, buried the bulky transmitter and made their way back. And it worked. Israeli intelligence could listen in to military communications on the Heights. The hitch as that the batteries had to be replaced every few weeks. Several more times, Meir and his men sneaked back into Syria to keep the bug working. But as commander of Company A, Meir was a key part of Israel's anti-fedayeen operations. The last thing Moshe Dayan wanted to risk was seeing him captured while trying to replace a few batteries. So he shifted the task to a regular unit from the Golani Brigade.

In December 1954, a handover mission was organized. Three men from Company A, including one of Meir's sergeants, joined three from the Golani Brigade. But they didn't even hold a joint exercise before setting off. There was also a lack of clarity about who was in charge. Though the Golani commander was nominally the senior officer, only the Company A men had any first-hand experience of this kind of mission. A half-mile onto the Heights, they were intercepted by a Syrian soldiers. If this had been a Company A operation, the response would have been automatic. They would have wheeled, opened fire and attacked. But when the Syrians ordered the Golanis to drop their weapons, one of them did, and the Company A men followed suit. They were all taken to Damascus, held in solitary confinement, beaten and tortured.



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One of the captured Golani soldiers was a 19-year-old named Uri Ilan, the son of a member of the Israeli Knesset whom Ben-Gurion and the whole of the government knew well. The soldiers' captivity dragged on until they were finally returned to Israel in March 1956. By then, however, Uri Ilan had hanged himself. He managed to hide a note into his uniform. It was found when the body was being prepared for burial. It read: *Lo bagadeti. Nekamah.* "I did not betray anything. Revenge."

Ever since the Uri Ilan mission, there had been a *de facto* ban on cross-border intelligence operations by Israeli soldiers. Ben-Gurion and his military commanders knew, of course, the importance of getting early warning of an enemy attack. But they decided the price of possible failure was simply too high.

Sayeret Matkal was born three years later. Avraham was still part of the unit running low-level agents in Syria and Lebanon, but his commander reluctantly agreed to allow him to set up his new intelligence group. His initial "headquarters" was a sparsely furnished Tel Aviv apartment. The first people he brought in were veterans of the Palmach's Arab Platoon, pre-state fighters who trained themselves to pass as Arabs and gather intelligence, or stage raids, behind enemy lines. Next, he invited friends who had served in Unit 101 and Company A. Finally, he enlisted a core of them to help train recruits to his new sayeret. He hoped the involvement of these commando veterans would also give the unit credibility inside the *kirya*. One of them, Micha Kapusta, had been part of 101, as had Itzhak Gibli, who had been a teenage Palmachnik in 1948. A third was another Company A officer named Aharon Eshel, known as Errol, in part for his undeniably Errol Flynn-like swagger, but also an acronym of his Hebrew name. But the crowing addition to the group had the distinction of having led the last *successful* Israeli bugging mission on the Golan, in addition to being the most respected commando in Israel, a man who Dayan would later call the country's greatest soldier. It was Meir Har-Zion himself.

* * *

I was part of the second group of recruits to Sayeret Matkal, in the early summer of 1960. The unit had been given its own base barely a year earlier. Bu it had yet to carry out a single mission, and there was no sign of that happening. Avraham couldn't be sure when, or if, the generals in the *kirya* might give him



HOUSE_OVERSIGHT_027906

the go-ahead. Still, he was convinced that if we could demonstrate a toughness, commitment and competence which offered an obvious addition to Israel's intelligence capability, even they would recognize the folly of not using it.

He made every one of us feel a part of making this possible. I was one of ten new recruits, bringing the size of the sayeret to twenty. We were almost all teenagers. In fact, the oldest of our officers was 21. Most of the men were Sephardi Jews. For a unit like ours, with the aim of undertaking secret missions in Arab countries, Avraham believed that a background in Arabic culture and language was an important asset. I was the sayeret's only lock-picker. But all of us had been recruited in the much same way that I was. It was how the top Palmach units had been formed, and the way Sharon assembled Unit 101: friends recommending friends, in my case, my old *yeled chutz* schoolmate from the kibbutz.

We trained in the whole range of commando skills. We used not only Uzis, but Soviet-made Kalashnikovs and Gurionov machine guns. We worked with detonators and explosives. We staged raids on Israeli airfields. We conducted exercises using rubber dinghies to practice attacking from the sea. But mostly we *walked*. For hundreds of miles, almost always at night the length and breadth of the country. We would study a map of each area, committing every town or village, hilltop or dry creek bed, to memory before we set off. I can still remember what Meir Har-Zion told us: to be truly prepared, you needed to spend "an hour for an hour" – an equal time mastering the lay of the land to the amount you'd need to carry out an operation. It was a gruelling regime – designed to push us to the very limits of endurance. On one series of exercises, we were limited to a single canteen of water as we trekked deep into the Negev Desert. It was gruelling, designed to push us to the very limits of endurance. I remember the first time Errol set eyes on me after I joined the unit. He turned to Avraham, laughed, and said: "Are we taking high school kids now?" But before long, I was a "high school kid" no longer.

Meir Har-Zion rarely took a direct part in our exercises. On his final Company A mission, a month before the 1956 war, he had been shot in his throat and arm. A medic saved his life by performing a tracheotomy. But his speech was affected, and he still had almost no use of his right arm. Errol, Micha Kapusta and Yitzhak Gibli were more actively involved with us. They were there not only to help train us, but to instill a commando *attitude*, a spirit of confidence bordering on bravado.



HOUSE_OVERSIGHT_027907

Kapusta was our guide on our punishing five-day treks through the Negev. Though Avraham would see us off at the start, he stayed back at the base. In a couple of the exercises, we relied on carrier pigeons to keep in touch with the base, until Kapusta began killing them for dinner. Once, on a searingly hot desert afternoon, hours from the nearest hospital, he spotted a poisonous snake. He used pieces of wood to pry its head up from the sand, grabbed its neck and strangled it.

We also studied some Arabic, though most of the Sephardi recruits already spoke the language. My tutor was a Cairo-born Jew named Amin. In part because he enjoyed mathematics and played the violin, we hit it off immediately. He was also deaf in one ear. Languages have never been my forte. Even in Hebrew, I have a slight lisp. That made mastering Arabic even harder. Still, Amin would frequently compliment me on my accent, at which point the others in the class would point out that I was lucky he was hard of hearing.

A year in, we were given a classroom briefing on what to do if we fell into enemy hands. The gist was to tell them only our name, rank and serial number. But we had a special session with Gibli, who told us about what captivity was really like. He had been shot and wounded during a retaliation operation in 1954 and was captured by the Jordanians. Until his release, he was kept in solitary confinement and tortured. The details of his imprisonment, the beatings and the cigarette burns, were lurid. Partly because we were developing a bit of commando self-confidence – but mostly to hide the discomfort of wondering how each of us would react to being in enemy hands – we heckled him over an account that seemed to get more heroic with each retelling. He wisely ignored us. He told us that survival would be down not just to physical strength. It required strength of mind, the kind of subtlety required to give your captors something to keep them at bay and to establish some form of human bond, to but withhold anything of genuine value.

A few weeks later, the whole sayeret held a four-day exercise in the Galilee. On the second night, at about four in the morning, we shook off our backpacks and settled in for a few hours' sleep. The first thing I heard was shouting in Arabic. I saw a guy hovering over me, his face covered. He handcuffed me, pulled a burlap sack over my head, yanked me to me feet and led me off. We were piled into the back of a truck. From the whispered comments around me, I assumed all twenty of us had been taken. We drove for nearly four hours. Twice, I got an slap across the face, more painful because of the burlap. I kept



HOUSE_OVERSIGHT_027908

telling myself this *had* to be part of our training. If it was for real, we'd have been more badly beaten, or killed. Still, I couldn't be completely sure.

The truck lurched to a stop. We were led into a building, down a hallway and into a large room. The walls were bare except for a series of iron rings. Our captors tore the sacks from our heads for a few moments, and tied our wrists to the manacles. For the first six or seven hours we were kept together, arms shackled and raised. Then they took us away one by one. I was the last to be led out. I was taken to a room so small there was not even space for a cot. It wasn't until the last shaft of light disappeared from the slit-like window near the top of wall that the first interrogator showed up. He unlocked the door, entered and unfolded a metal chair. He wanted answers: what unit was I from, what did our unit do, who were our commanders, what were our orders, and what was our designated role in the event of war.

I told him my name, rank and serial number. After each question, I repeated them, or shook my head in silence. "You *will* answer, sooner or later," he shouted in heavily Arabic-accented Hebrew, hitting me across the face. "All of you will." For four days and nights, other interrogators shouted out the same questions. I was slapped dozens of times. Punched in the stomach. One of the captors uncuffed me and bent my arm behind my back, wrenching it upward. Though I was determined not to cry out, I grunted in pain. Over and over, I told myself: "This is *not* for real. They can hurt me. But they have limits. They can twist my arm. They can hurt me. But there's no way they can *break* my arm."

I was not allowed to sleep. I was never left alone for more than a half-hour. If I was crouching on the stone floor, I would be yanked to my feet and punched or slapped. Twice a day, I was taken from my cell to a primitive toilet and given a minute to relieve myself. There were only two changes to the routine. On a few occasions, five or six of us were brought back into the large room and told we wouldn't be let go until we had given them *more* of what they wanted – the implication being that some of us had already talked. And once or twice, the interrogators sent in a good cop. "I can *help* you," he told me. "But you have to give me *something*."

But when it was over, none of us had talked. We didn't fool ourselves into thinking that meant we could hold up in genuine captivity. There, they *could* break your arm. They could burn your chest with cigarettes, rip out a fingernail or a tooth. They could kill you. The main value had been to give us some sense of what we might face. We might still be afraid, but at least it would no longer be fear of the unknown.



HOUSE_OVERSIGHT_027909

Challenging though our training was, I found every bit of it enthralling and, with each new test passed, somehow empowering and exhilirating. This was all the more remarkable because we had still yet to carry out a single operation. If anyone other than Avraham had been in charge, I think the unit might have unraveled. The fact that it didn't was mostly due to of the *ethos* he created, the feeling that we were a special breed with a critically important common purpose, and that sooner or later we would be called on to do special things. When we were in uniform, it was camouflage dress. When we were on the base, we mostly wore sandals and shorts. We called each other by our first names, even the officers.

In its first few years, the sayeret sometimes felt less like an army unit than a college fraternity. Every spring, we organized a feast in a cavernous hangar on the edge of our compound. It was called *Chag ha Pri*, the Feast of the Fruit. For days ahead of the event, we would mount night raids on kibbutzim, "liberating" crates of every kind of fruit imaginable, and chicken and lamb if we got lucky. The only rule was that none of us would steal from our own kibbutzim. Among the guests at the Feast of the Fruit was an unsuspecting selection of senior officers whom Avraham knew. A few of them got into the spirit, like Dado Elazar, his Palmach commander from 1948. The Palmach had held similar foodfests, with delicacies grabbed from nearby kibbutzim. Dado was by this time commander of Israel's armored corps. Since our sayeret was always short of gasoline for our exercises, he would divert surplus supplies to us. But other guests were less impressed with the pyramids of oranges and avocados and mangoes and watermelons. I could almost hear a voice screaming inside them: these are *Israeli soldiers*. They're *stealing* this stuff.

* * *

It was not until the autumn of 1961, nearly eighteen months after I arrived, that it seemed we might actually be given a real mission. This was largely due to a change at the top of the military. For much of the 1950s, when Dayan was chief-of-staff, his right-hand-man was a Haganah veteran named Meir Amit. In 1961, the term of Dayan's successor as chief of staff, Haim Laskov, was coming to an end and Amit was in the mix to get the top job. He was already Head of Operations. In practical terms, that made him the number-two man in the armed forces. But the job went to Tzvi Tzur, Laskov's deputy. Amit decided to accept



HOUSE_OVERSIGHT_027910

the post of Head of Military Intelligence. He knew the importance of intelligence, and the potential cost of Israel being taken by surprise in a future war, having been part of the top military leadership during Rotem. He was energetic, bright, and exuded an infectious sense of self-confidence and authority. He also had clout at headquarters. If *he* decided the time had come to revive cross-border intelligence operations, there was every chance it would happen.

Still, it was an agonizingly slow process. By the time my period of military service was drawing to an end, it hadn't happened. I did not seriously think of leaving. Though my two years in Sayeret Matkal had been the most physically demanding of my life, they were also the most fulfilling. I did not want to forfeit the chance of being part of its finally becoming an operational unit. So I committed to at least a few more years in the military. I joined my closest friend among the recruits, Uri Zakay, for six months in officers' school as we waited, or hoped, for approval to actually use the skills and qualities we had acquired in the sayeret.

And in the summer of 1962, shortly after I returned to the unit from officers' school as a second-lieutenant, the green light finally came.



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## Chapter Four

At first, it was only "approval in principle". It's impossible to overstate the trepidation with which Israel's military brass, and Ben-Gurion himself, approached the decision finally to send Sayeret Matkal into action. It was not just the fact that we were a unit uttterly untested in the field. The stakes in the mission we were contemplating were enormous. For the first time since Uri Ilan's deseperate act of suicide in a Damascus jail cell, Israeli soldiers would be crossing into Arab territory on an intelligence mission. Amid continuing tensions with the increasingly militant rulers of Egypt and Syria, there seemed little doubt that at some stage we would again have to fight to defend our security, perhaps even our existence as a state. The Rotem debacle had highlighted the danger of a surprise attack, potentially leaving us in a scramble to call up reserve units as Syrian or Egyptian tanks advanced on our borders. But the memory of Uri Ilan remained a haunting reminder of the risks of failure.

My role, again, came down partly to accident. The man initially chosen to lead the operation was someone I'd liked from my first days in the sayeret. Ya'akov Tal, known as Tubul, was a year older than me. He came from Tiberias in the north of Israel. As a teenager, he'd worked for extra pocket money alongside shepherds in the hills above the Sea of Galilee, picking up a near-fluent command of Arabic. He was self-confident without a trace of arrogance, with a natural talent for connecting with his soldiers. In my case, there was a further bond: a shared fascination with math and sciences.

But Tubul had applied to the leading technology institute in Israel, the Technion near Haifa. As he began training his four-man team to cross onto Syria's Golan Heights, he received word that he'd been accepted. The academic year wouldn't begin until September, and it had been assumed at first that the operation would happen before then. But even though Meir Amit was pressing the rest of the military brass for a final go-ahead, it still hadn't arrived by early August. Avraham decided he needed a fall-back plan. He called Tubul and me into his office. He said he wanted me to join the team's training as Tubul's deputy, and to be ready to step in as commander if that proved necessary. When we next heard from Amit, a week later, it became clear the mission would not happen in time for Tubul to lead it.

We would be setting out from the northeast corner of Israel, a patch of parkland near a kibbutz called Dan, only a mile or so from where Uri Ilan's group had begun its mission. This time, however, the target was more



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ambitious. We intended to bug the communications line running east from Banias, the Syrians' base in the north of the Golan, toward Quneitra, their main headquarters. That meant taking a longer route, beginning with a climb onto a plateau about 200 feet high and crossing the Banias River toward the Syrian base.

We had nearly three weeks for our final preparations. After two years of sayeret training, I was confident that, physically, we would be up to the task. But even without the obvious jitters emanating from the *kirya*, I could not help but be aware of the possibility, and the cost, of failure. Every evening, I would stake out time to go through everything that might conceivably go wrong. Years later, when I went to do my graduate studies at Stanford, I was exposed to words of wisdom from a non-kibbutznik – Benjamin Franklin – which probably best summed up what drove my planning for the sayeret's first operation, and the others that would follow. "Failing to prepare," he wrote, "is to preparing for failure."

Running into Syrian soldiers was, of course, top of the list of potential pitfalls. But land mines were also a danger. I got a map of the area from military intelligence which, in theory at least, showed the location of mines all along the edge of the Golan. But it had been compiled over a period of nearly two decades on the basis of information from shepherds, smugglers and the occasional Arab agent. Whenever they reported seeing the telltale combination of fencing and yellow danger triangles, the place was marked. Once it was marked, no one in intelligence headquarters dared erase it. The result was that the map now showed an almost unbroken stretch of mines. And within the amount of time that we had to get ready, there was no way of knowing which of the minefields was still there.

The timing was chosen by the cycle of the moon. We wanted to cross into Syria in as near to total darkness as possible. That meant the final days of September. Unlike Tubul, who had been commanding the team from the moment they had joined the sayeret, I'd been working with them for only a couple of months. My deputy for the operation, Avi Telem, was also a newcomer. But he was smart, steady and he had served in the Golani Brigade, so he knew the terrain along the border.

Avraham could not hide his own nervousness as the operation drew nearer. A week before we were due to set off, he asked whether we were planning a further, full-scale exercise. When I said the final run-through was set for the following night, in the Negev, he told me he wanted Meir Har-Zion to attend.



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During the exercise, Meir said nothing at all. I couldn't help wondering whether, despite our nearly daily exercises, and my nightly stock-taking, I'd somehow missed an obvious detail in our planning. When we got back to the sayeret base, Avraham was waiting for us. "Well?" he asked Meir. "They don't need me," he said. "They know what they're doing." It was not just a source of reassurance for me, but a huge relief for Avraham.

The team I'd inherited from Tubul included three gifted soldiers with different backgrounds, and different skills. Motti Nagar was born in Cairo. He was short but solidly built, smart, level-headed and almost always smiling. Kuti Sharabi grew up in a Yemeni family in an impoverished neighborhood in Tel Aviv. He had a self-deprecating sense of humor, a quick mind and sometimes even quicker tongue, but an extraordinary ability to focus on the task at hand. The third member was a kibbutznik. His name was Moshe Elimelech. We called him Moshiko. Utterly self-contained, a man who spoke only when absolutely necessary, he also brought two different qualities to the mission. One was going to be indispensable: an almost squirrel-like ability to climb trees. Or telephone poles. The other, of which I was a bit more leery, was a total, deeply irrational, absence of fear.

Though none of us needed a further reminder of the weight being attached to our mission, the night before we headed north, Avraham got a call from the chief-of- staff's office. Tzvi Tzur wanted to see me the next morning for a personal briefing. I tried to get Avraham to say no. I pointed out that if we didn't get going by ten o'clock at the latest, we'd risk throwing everything off schedule. But "no" was not an option. After some further back-and-forth, it was agreed that I would meet the commander of Israel's armed forces at nine the next morning at a gas station north of Tel Aviv and join him for the 20-minute drive along the coastal road to a speaking engagement he had in Netanya.

I saw Avraham again before I set off. "We are beginning an extremely critical 24 hours for our unit, the intelligence corps, in fact for the armed forces as a whole," he told me. "I don't know what might happen. No one does. Just remember two things. First, out there, in the field, *you* are the *ramatkal"* – the chief of staff. He told me that only I and my team could judge and respond to what we encountered once the operation started. "And second, this mission *has to be accomplished*."

I left see the real *ramatkal*. Before we began the drive to Netanya, he asked me to unfold the map I'd brought with me and talk him through, step by step, how we planned to get onto the Golan, plant the bugging device, and get back



HOUSE_OVERSIGHT_027914

again. The more I talked, however, the more I sensed that the details weren't what General Tzur really wanted to know. I think what he actually wanted to gauge was whether *I* felt confident. He wanted to reassure himself he wasn't taking any more than the obvious risks in sending us, in Uri Ilan's footsteps, back into Syria. Fortunately, he didn't ask whether I was sure we'd succeed. If he had, I would have said, yes, we were prepared. But there was no way we could be certain. Still, he must have got what he wanted. When we reached the edge of Netanya, he shook my hand, wished me luck and went on his way.

The rest of the team was waiting at the crossroads for me to join them. Two teams, in fact: mine, with whom I'd be crossing into Syria in less than 10 hours' time, and our hillutz, or back-up. A hillutz was always a part of sayeret operations. The back-up group would stay on the Israeli side of the border. If we got into trouble, they'd come in after us.

Even after my briefing for the chief of staff, we had one last stop to make on the way north. It was at the headquarters of the army's northern command. It was in a Tegart fortress, one of dozens built by the British around the country, with watchtowers on each corner of the outer walls. The northern commander was an equally forbidding figure. Avraham Yoffe had served in the British artillery in the Second World War and the Golani Brigade in 1948. He used to joke with other officers that while they looked like a bunch of kids, he was the only one with the true bearing of a general.

He must have been busy when we arrived, because we ended up hanging around in the courtyard for nearly 20 minutes. Just as I was beginning to worry that the timetable for what really mattered – our climb up onto the Golan – was being put at risk, I noticed that off to the side was a beautifully polished jeep. I assumed it belonged to General Yoffe, who was known to be an avid hunter and would later become the head of Israel's National Parks Authority. It had a padlocked metal grill on the back which held two jerrycans of gasoline. Yori Cohen, the commander of the back-up team, and I spotted the fuel containers at the same time. We couldn't help smiling. Yes, we were about to embark on an operation which, assuming we didn't fail, would finally give Israel real-time intelligence from across our border for the first time since the 1950s. But we were still Sayeret Matkal, still chronically short of gasoline for our field exercises. And I still hadn't forgotten how to pick a lock. As Yori stood guard, I broke into the grill and removed the jerrycans, one for each of us, and closed it again. Then, after briefing the general, we headed to our setting-off point. Yoffe himself left to join Avraham Arnan and Meir Amit's intelligence deputy,



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Ahraleh Yariv, in the command post for our mission, atop a hill on the Israeli side of the northern border.

The sun set at around seven, but we waited for darkness. It was nearly eight when we set out. Twenty minutes later, we crossed the border. I led the way, with Motti Nagar, Moshiko, Kuti Sharabi and, finally, Avi Telem behind. We carried the bugging equipment and our tools in our backpacks. Avi and I had a pair of binoculars. Mine were bulkier, but offered a slightly better view in the darkness. Each of us had an Uzi and a pair of grenades. All our planning had been aimed at getting on to the Golan, installing the bug and getting out again. If all went well, no one would even know we'd been there. But we had practiced what to do if things went wrong. If challenged or ambushed by a Syrian patrol, we would operate by old Company A rules. We would open fire.

The climb onto the plateau wasn't too tough, not nearly as hard as our sayeret training treks. When we reached the top, there was no obvious sign of any Syrians. Still, we had to move slowly. Even with my binoculars, I could see barely 30 yards into the moonless night, and I had to scan the route ahead, back and forth, to make sure there were none of the fences or warning signs to keep the Syrians' own soldiers, or unsuspecting shepherds, from a minefield. Soon, however, we found an obviously well-used footpath which I figured was very likely to be safe.

When we had walked a few minutes, we found ourselves going through a tangle of bushes and reeds, some of them up to two feet high, still dry and crackly from the summer. Aside from the risk of tripping, I knew the noise we were making might attract attention. I told the rest of the team to hang back 20 yards behind me. I moved forward to make sure the route was clear before signaling them to follow. I had been slightly nervous on the climb up, not so much because I expected trouble but because there was no way of knowing *what* to expect. Much as I tried to put the concerns of the generals from my mind, I also knew that this was no ordinary mission. But almost immediately, the nerves had gone, and I was now focused only on getting us through the next minute, the next 20 or 30 yards of the Golan.

But as soon as we'd made it across the plateau, we ran into trouble. We needed to cross the Banias River. On our map, I'd picked out what looked to be a shallow ford. But the water was much higher than we expected. After spending 30 minutes scouting the bank for 150 yards in either direction, we settled on what seemed to be the shallowest part. Yet we hadn't anticipated the need to cross a river in full flow. Worse, we'd never trained to do it. Not had we



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brought any special equipment. Unless we could figure out a way to cross – and quickly – we would be putting the timetable for the whole operation at risk.

The only remotely useful tool I could find was two 25-foot lengths of parachute wire. We spliced them together. I took the lead end and waded in. I sunk up to above my chest, but managed to get across. With Avi Telem on the other bank holding his end of the wire, the others used it to help them cross, so they stayed a bit drier. They also kept the intercept equipment dry. Finally, Avi followed. But both he and I were now soaking wet. We were also behind schedule. We had covered less than half of the three-mile route to the telephone pole. Even if we did manage to install the bugging device, the delay meant we might be spotted on our way back to Israel. We were under strict orders to turn back by 1:15 in the morning even if that meant not getting the intercept in place. And it was already past midnight.

We began climbing into the heart of the Heights, planning to go around the southern edge of the Syrian base at Banias. The vegetation was sparser but we still ran the risk of making noise from the stones and larger shards of rock as we weaved our way up. Within 10 minutes, I could see the vague outline of the army camp: several large buildings for several hundred Syrian troops, ringed by trenches with security outposts and a barbed-wire fence on the perimeter.

For a half-hour or so, we moved forward in a kind of rubber-band formation. I would advance as quietly as I could, listen for signs of Syrian troops, scan the area ahead with my binoculars and wave the others to follow. But as I prepared to move forward again, I suddenly felt a tug on my shoulder. It was Moshiko, and the very fact of his speaking was proof of his alarm. "Ehud,"we've got to go faster," he said. "We won't get there in time." I said I understood. But I told him to wait for the others to catch up and stay behind with them as I scouted the way ahead. Still, by the time the outer fence of the base came into view, the others had picked up their pace. They were only 15 feet behind me.

It was then I heard the sound of movement. I motioned the others down. At first, I thought it was a wild animal. But then I noticed, 20 feet in front of us and a bit off to our right on a slight rise, a group of three Syrian soldiers. They were lying on rocky scrubland 40 yards outside the fence. One was tossing and turning. Another was snoring. I maneuvered my Uzi into firing position just in case. We waited for a minute. Then two. But it seemed clear they really were sleeping.



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Then, from directly behind me, came another sound: the hiss of Avi's bulky two-way radio. I was worried we'd end up waking the Syrians. But just as I was figuring out how to make sure we got past them before that happened, Avi drew up beside me.

"Ehud," he whispered. "It's 1:15. The command post ordered us to turn back."

"Turn off the radio," I said, my hand on his elbow, reassuringly I hoped, as I led him and the others back a full 100 feet from the Syrians. We took a wider route around the camp. We moved much more quickly on the final mile to the road that led toward Quneitra. We were now well clear of the camp, and I felt it was unlikely we'd run into a patrol. I was also confident we'd have an easier return trip. I knew what had held us up on the way in: finding a path on the plateau clear of mines, figuring out how to cross the river, and the general unfamiliarity of the terrain. None of those applied now. I felt we could get the bugging job done and still be back before dawn. As we got nearer the road, Avi asked me a couple of more times whether he should turn the radio back on. "No," I kept telling him. "It's OK. I'll tell you when."

It was about two in the morning when we reached the road. We found a telephone pole set back on the edge of a field. Moshiko hoisted himself onto Kuti Sharabi's shoulders, clambered up the pole and installed the bugging device. The entire operation took him less than 10 minutes. We moved more quickly on the way back. By around 3:30, we had crossed the river. "You can turn on the radio now," I told Avi, who was obviously relieved. He handed it to me. Using our agreed code words, I reported our location, and added the phrase for "mission accomplished."

When we began our final descent, it was starting to get light. I assumed we were near enough to the border to make it unlikely we'd be shot at. Still, there was a danger we'd be spotted by a patrol, so I was relieved when we reached the mound of boulders, more than ten feet high, that served as a tank barrier outside Kibbutz Dan. When we stepped behind it, I saw that not only Avraham, but Meir Amit as well, were waiting. The Head of Military Intelligence said nothing. He didn't have to. He just shook my hand, beaming. Avraham grabbed each of us, one by one, in a bear hug.

Then, drawing me aside, Avraham said that I had only narrowly missed landing in deep trouble. I assumed my transgression was shutting off the radio and disobeying the order to return. That was just part of the problem, however.



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Despite General Yoffe's angry protests in the command post, Avraham had told him what he'd told me back at the base: that once an operation like this was underway, only the commander on the spot could make life-or-death decisions. I was "the *ramatkal* in the field." But Yoffe had also discovered that his jerrycans of gasoline were missing. He insisted that if and when I returned safely from the Golan, I be handed over to the military police.

I don't know what I would have told the general if he'd asked me directly whether I broke into his jeep. But in the mix of celebration and relief that the Syrian operation had succeeded, I got away with what amounted to a plea-bargain. I promised both Meir Amit and Avraham – at least one of whom believed me – that it would not happen again.



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## Chapter Five

Almost no one in Israel knew what we had done. But the next morning, a package arrived at the Sayeret Matkal base from one of the few people who did. We opened it in Avraham's office. It was a *nearly* full carton of champagne: real, French champagne, since it would be years before Israel's embryonic wine industry produced anything similar. Inside was a note from the chief of staff. "For the success of the operation," General Tzur had written. "Minus two bottles… to teach Ehud Brog not to shut off his field radio."

I assumed that his reprimand was tongue-in-cheek, for the same reason I'd escaped being locked up on General Yoffe's orders as a gasoline thief. Had we been captured on the Golan, the very future of the sayeret as an operational intelligence unit would have been put at risk. Tzur, and Ben-Gurion as well, would have faced a reopening of all the old wounds from the Uri Ilan mission. But not only had we managed to get in and out of Syria in one piece. We had taken at least a first step toward erasing the blind spot in our intelligence capabilities shown up so dramatically by Rotem. A few days later, I received a letter from the chief of staff informing me that I was to receive my first *tzalash*, or operational decoration, in recognition of "a mission which contributed to the security of the state of Israel."

My own feelings were more mixed. I was proud of what I, and my team, had accomplished. On a personal level, too, I felt I'd reached an important landmark on my unlikely journey from the winter morning when I'd arrived as physically frail, awkward kibbutz teenager at APC boot camp in the Negev; through my years of sayeret training under the strict, sometimes sardonic, but always supportive gaze of Israel's most storied commandos; to, now, having begun to make a real contribution to Avraham's vision of a new kind of Israeli military unit. But while Avraham, General Tzur and our other military and intelligence chiefs celebrated our mission, I felt not so much triumph as relief. I didn't kid myself: I knew that the operation could just as easily have gone wrong. In fact, it very nearly did, through errors or omissions I had made. I made that point, in general terms, when we joined Avraham and the rest of the sayeret in a formal debriefing. But that very night, just as I had in the days before we set off, I wrote down in detail some of the oversights I knew I'd have to correct if we were to succeed in further missions.

Why hadn't I chosen a route that took us further away from the Syrian base at Banias? How had I let us arrive so unprepared, untrained and unequipped for



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crossing the swollen river? Why hadn't I taken the time to check the current several miles downriver inside Israel? And couldn't we have moved more quickly on the way in, even with the delay in crossing the river?

I was aware of, and grateful for, the confidence Avraham had shown in me. He had taken a chance in choosing me to lead the sayeret's first, critical operation. He must surely have had doubts about whether I could handle the task. Years later, I asked him about it. He told me that he'd been relying on intuition. Yes, he realized I'd had no experience of a real cross-border mission. But that was true of everyone else in the unit as well. He was convinced that the tools needed for success were self-confidence, attention to detail and an ability to think and act in response to what happened on the ground – all qualities which he was confident that I possessed.

Now that we had provided Israel access to communications in the north of the Golan, there was a demand for us to do the same in other parts of the Heights. I was involved in nearly all of the missions we were asked to undertake in the months that followed, either as commander of the main force or the hillutz. I was also soon training a new team of recruits for future operations. But perhaps the most important sign of Avraham's confidence was to involve me in early efforts to broaden Sayeret Matkal's experience and reach beyond pure intelligence missions – to create a true special forces unit that could fight as well.

Early in 1963, we hosted a visit to the unit by Colonel Albert Merglen, a veteran of France's colonial wars in Indochina and Algeria, and commander of the airborne commando force known as the 11th *Demi-brigade Parchutistes de Choc*. As the colonel looked on, I led a sayeret team on a live-fire raid in a training area not far from Lod Airport. We attacked a position protected by trenches and concrete barriers and stormed a two-story building. Eager to impress Mergelen, Avraham even insisted on our wearing French-style berets in place of helmets. I assume it was the attack more than the berets that did the trick. But a couple of months later, Merglen proposed a series of exchanges. The first would involve an officer from Sayeret Matkal officer spending eight weeks on a counter-guerrilla commanders' course in the parachutistes' training headquarters.

Avraham picked me to go. The French base was in a 17th-century fortress near Mont Louis, in the Pyrenees along the Spanish border. I'd never been outside Israel, at least legally. I had no passport. I didn't own a suit or a tie. But within days, I was kitted and fitted. I boarded an El Al flight to Paris and, on a



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storm-tossed Caravelle, flew to Perpignan in southeastern France. There were eighteen "shock parachutists" on the course. I had just turned twenty-one. Not only were most of them at least a decade older. They were the epitome of toughness. The guy who taught us how to set booby-traps had parachuted behind German lines in the Second World War. All of the men had fought in Indochina and Algeria. One had operated behind Vietminh lines, surviving for a year-and-a-half on nuts, berries, tree bark and snakes. With the benefit of my sayeret training, I was at least their equal in fitness. I had also not spent years consuming prodigious amounts of alcohol and smoking *Gitanes*. But I'd never experienced anything nearly as demanding as some of the training we were put through.

With backpacks crammed with Alpine military gear and lead weights as well, we hiked on to the peaks overlooking the fortress. They were covered with snow and ice from about 6,500 feet upward. We trudged for hours, shifting to snowshoes with cleats for the ice. We were taught how to dig caves in the snow and to use ice axes to keep from tumbling down the steeper inclines. We scaled cliff faces, without safety cables or nets. Our training inside the fortress always included a break for lunch. Since the parachutistes de choc were, after all, French, it was a Paris-restaurant-standard meal with copious quantities of wine. I didn't drink at the time, but could hardly abstain altogether. The first exercise after lunch was pistol marksmanship. The instructors kept well clear when it was my turn.

Yet however impressed, even at times awestruck, I was by the toughness of the French commandos, and the obvious closeness they had built during combat, I began to sense a darker side in them as well. They didn't talk much. Even if they had, my few words of French would not have been much help in deciphering what made them tick. But every few nights, I would accompany them when they walked into the small village down the road for a movie, or a few drinks, and the locals would literally cross the street to avoid us. Later, I discovered that every one of my French comrades had been involved in the OAS, the far-right anti-De Gaulle opposition in the French army in the late 1950s. In Algeria, they had mounted free-lance attacks on the insurgents, and on civilians as well. Though Algeria had been granted independence the year before, these men were unreconciled to it. In fact, a few months after my time in Mont Louis, the *Demi-brigade* was dismantled, when several of its top officers were found to be involved in an assassination plot against President De Gaulle.



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After my return in June 1963, Avraham asked me to share my experiences with the other sayeret officers. I began with the positives. I singled out the sense of self-confidence, allied with individual strength and teamwork, that the French commandos had developed from exposure to almost incredible extremes of danger. I believed that their success depended not on eliminating risk. We all knew that was impossible. It was about professionalism developed over a period of years by men who had served together in the toughest of circumstances. But I also mentioned their darker side, which seemed to me a reminder of the danger of the mis*application* of the very qualities which made them a formidable military force. "The ethos of a unit like theirs, and like ours, is essential to making us strong," I said. "But what I saw in France was an entire ecosystem that these guys had created, extremely patriotic in their own minds, reinforced by one another. But dangerous for society as a whole."

* * *

It would be nearly a decade before Sayeret Matkal became not just a military intelligence unit, but a fighting force, and I would turn out to have a central role in making that happen. But there was an almost equally daunting challenge we were called on to tackle first – a critical one, if Israel was going to be truly prepared in the case of a further war. For while our bugging missions on the Golan had reduced our vulnerability to a surprise attack in the north, the real challenge of Rotem had yet to be addressed. It was Egypt – with its hundreds of battle tanks, and hundreds of thousands of men under arms – that was by far our most powerful Arab enemy. President Nasser wasted no opportunity to flaunt his determination to fight, defeat and ultimately erase the state of Israel. But we still had no reliable, real-time intelligence on his forces.

Fixing that, if such an operation was even possible, would make our bugging operations on the Golan look like mere boy-scout missions. We could not simply walk into Egypt with our backpacks, find a telephone pole on one of the few roads crossing the vast expanse of desert, and attach a bugging device. The idea was to tap into the main military communications cable in the Sinai. That meant using a vastly more powerful, and far bulkier, intercept apparatus, weighing more than half a ton. Even getting it into Egypt would be a problem. We certainly couldn't carry it our backpacks, or tow it across the sand. Even if we figured a way to get it there, we would still have to dig up the Egyptian



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cable, install the machinery, cover our tracks and get back into Israel again undetected. Even if we managed to avoid getting captured, without completely camouflaging what we'd done, the Egyptians would discover what we had done, almost certainly tipping off Syria as well to our bugging operations on the Golan Heights.

The difficulties with a Sinai operation weren't just theoretical. Almost a year before leading the first mission on the Golan, I'd actually been involved in preliminary planning, and fairly detailed training, for such a mission in the Sinai. We'd ended up abandoning the idea as obviously unworkable.

But Meir Amit, not just our unit's overall commander in the *kirya* but Chief of Operations during Rotem, recognized that getting intelligence access to Egypt was central to Israeli security. He was intent on reviving the plan to tap into Nasser's communications in the Sinai. So was Avraham Arnan. He enlisted the backing of an old friend, Uri Yarom, who was now commander of the Israeli Air Force and was eager to put our fleet of recently acquired Sikorsky S-58 helicopters to operational use. When Avraham called me in to tell me what he had in mind, he began by saying it would be "by far the greatest challenge we've contemplated" – typically disarming candor, but also a challenge which I'm pretty sure he knew would only increase my determination to at least try. The flight in would be difficult enough. Israel had never before tried such a heliborne mission. But he told me that wasn't my problem. "That will be Uri's job." The really testing part would be to carry out an mission, at night, deep inside Egypt, cover our tracks and get out again in one piece. "Still, I'm sure that we can succeed," he said. "And I want you and your team to do it."

Even now, more than half-a-century later, some of the details of how we planned to tap into the Egyptians' communications remain classified. But once I'd chosen my team of sayeret soldiers for the mission, we trained for nearly nine months. We drafted in geologists to identify areas of the Negev similar to the terrain we'd find in the Sinai. We developed a series of methods to prevent Egyptian soldiers or scouts from discovering that we'd been there – assuming, of course, we managed to get in, attach the intercept, and return safely. It was a relentless process of trial… and error.

One of the many reasons we'd abandoned the plan a couple of years earlier was that, in a nighttime exercise to see whether we could avoid detection by Israel's own crack desert scouts, we'd failed utterly. Now, after many weeks of training in the Negev, we did, finally, succeed – in a test running for four



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straight nights which replicated, as nearly as we could, what we intended to do across the border in the Sinai. It was as if we'd never been there at all.

Yet there were the errors, setbacks and frustrations as well. Many months into our planning, we conducted a series of run-throughs in which we simulated attaching the intercept to Israel's telephone network in the south, not far from the camp where I'd done my *tironut*. Though it all seemed to go as planned, the next morning in rained heavily. Within hours, the phone company was getting reports from all around southern Israel of phones malfunctioning. Even allowing for the fact it rained less in the Sinai, we had to address the risk. I went to see the people in Meir Amit's technology unit, and they began developing a waterproofing system for the equipment.

The main problem with the equipment, however, was its sheer weight. The helicopter could get us, and it, into Egypt. But we couldn't fly directly to the cable site in the Sinai. We might just as well tell the Egyptians we were on our way. At around 1,100 pounds, it was much too heavy for us to carry. And if we were going to go ahead with the mission, time was running short. A date for the operation had been set by the *kirya*: February 1964. I was not alone in believing that, unless we cracked the problem of getting the equipment to the cable site, the operation was impossible.

The solution came from a staff officer in military intelligence. Meir Amit visited our base once a month to hear how the preparations were going. With the date getting closer, he brought along his entire staff. When I raised my concern about the weight problem, a colonel from his personnel section said: "Why not build a lightweight rickshaw, small enough to get in the door of the helicopter, but which can carry all or most of the equipment once you're on the ground?" Within days, they had a prototype, made of airline-standard tubing and designed to be pulled by two men. We held an exercise in the Negev. But it was almost impossible for two men to pull through the sand. It also left deep zig-zag imprints in the sand, which would surely raise the suspicions of the Egyptians.

But prototype number-two was a four-wheel, chrome alloy cart. The technology experts had made the axles telescopic, so the vehicle would get through the door of the chopper but could be expanded to the width of an Egyptian army Jeep. They had borrowed nose wheels from a training jet. To complete their oeuvre, they glued on real tire tread from one of the Egyptian Jeeps we had captured in the 1956 war.



HOUSE_OVERSIGHT_027925

We were as ready as we were ever going to be. We got the final go-ahead from in mid-February. Our backpacks were crammed full with the whole array of equipment we'd designed, commandeered or purchased for the mission – including a metal detector we got from a hobby shop in Pennsylvania. All the cargo except our personal gear, our weapons and our communications equipment was loaded onto the cart. A command post was set up in a few wooden huts on Mount Keren in the Negev, complete with special antennas to receive the intercept transmissions if we succeeded. Not since the first Golan operation had the attention of the *kirya* been so keen, or the stakes so high. In addition to Meir Amit, and of course Avraham, also flying down to Mount Keren would be General Tzur's successor as armed forces chief of staff – a gruff Palmach veteran whom I'd met very briefly at the end of my officer's course but who I would come to know well, and work closely with, in the years ahead: Yitzhak Rabin.

* * *

The helicopter lifted off at about six-thirty at night. Compared to special operations nowadays, the mission still had a somewhat improvised feel about it. Certainly, that was true of the equipment we were ferrying in, and the tools we'd devised to make sure we could get it installed and working. But the men in my team were soldiers I'd trained from the day they arrived in the sayeret. Achihud Madar was unfailingly surefooted, whether finding his way alone at night on unfamiliar ground or in a firefight inside a building. He also had natural dexterity. He and another of the soldiers who was also gifted with his hands, Nissim Jou'ari, would be performing the most technically delicate part of the operation on the cable. The third member was Oded Rabinovitch. Tall, thin and quiet, he was absolutely reliable in whatever part of an operation he was given to execute. And as my deputy commander, I'd chosen a sayeret officer named Kobi Meron, who'd been with me on a number of Golan missions. Over six feet tall, he was probably the strongest man in the unit, quick-thinking and utterly unflappable.

When we landed, we telescoped out the axles on the cart. The roar of the departing chopper was replaced by silence. Under the soft light of hundreds of stars, I led the way deeper into the desert. It took nearly an hour to reach the road leading to the cable site. Though traffic was light, I posted Oded and



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Nissim as lookouts. Kobi and I began digging a trench. The top layer of sand was easy to remove. But then, just a few inches down, our shovels struck something hard. Maybe it was a sheet of rock. Maybe sand packed tight over the millennia. But it resisted all our attempts to break through.

We had to find a way to get far enough beneath the surface to install the equipment. I called back Oded and Nissim from lookout duty. All four of us attacked the subsoil with every tool in our backpacks that could conceivably help. It took nearly three hours in all. But we finally managed to carve out a trench that seemed as if it might just do the job. It wasn't as deep or as wide as we'd planned. But we were approaching a point where we would have to give up. We couldn't risk any more time digging, and still leave time to attach the intercept unit, cover our tracks and make the rendezvous with the helicopter to take us back into Israel.

Achihud and Nissim cramped themselves into the hole and got to work, like surgeons in an operating theater, silent except for the faint hum of the intercept equipment. Within a little less than an hour, they'd finished the main part of the work. During our training exercises, we'd factored in a fall-back plan, a way of ensuring we got the unit installed but without additional equipment to extend its battery life. Since we were still behind schedule, I was tempted to stop while we were ahead. But having come this far, and knowing the potential risks of a further mission to refresh the power unit and replace the batteries, I told them to keep going, and also to take the extra few minutes needed to make sure the equipment was functioning.

We had to be out of Egypt by first light, and we were now left with more than an hour's less time than we had reckoned on to make it back to the rendezvous point. There was another problem, too, which I at first sensed more than saw. A bank of fog was closing in. It had come in patches at first, but was getting denser. We had the same radio we had taken on to the Golan. We'd worked out codewords for each part of the operation but otherwise agreed to break silence only if absolutely necessary. Now, I had no choice. If the fog continued to thicken, it would block any chance of the helicopter getting in. I radioed the command post and said as calmly as I could: "The milk is coming." It wasn't elegant. But "milk" was our codeword for fog. The chopper would now try to bring us out within 30 minutes.

Moving more quickly now that the cart was nearly empty, we made our way eastward. As conditions worsened, I radioed again with a short series of numbers: directions for a new pickup point. Even that seemed like it might not



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work. The fog now enveloped us completely. I brought the team to a stop. I stayed with the cart while the other four outlined a landing area with kerosene flares in the hope that the pilot would see us. It was another five minutes when we heard the thump of chopper blades. Though we couldn't see more than a few feet, I suddenly saw the outline of the landing gear and then the underbelly. But the helicopter did not seem in control. It was drifting towards where I was standing with the cart. It was just seconds away from hitting me when its nose wrenched upward. It landed with a judder a dozen yards away. Later, I learned the navigator had realized the craft was drifting and, just before impact, shouted a warning to the pilot.

We piled in, secured the cart and took off. Within a minute, the murky blanket of fog was below us. As we swooped back into Israel, I could see the first pink of sunrise. By the time we touched down at Tel Nof air force base, southeast of Tel Aviv, the command post in the Negev was receiving the first intercepts.

A few days later, one of the sayeret soldiers gave me a first-hand insight into the mood in the command post in the final stages of the operation. Avsha Horan's role had been to act as security guard for the top brass in Mount Keren. He occasionally took a peek inside. He described to me the atmosphere when I radioed my "milk is coming" message: solemn faces, hushed conversations between Avraham and Meir Amit. And off to the side, the recently elevated chief-of-staff, Rabin, chain-smoking and biting his nails. Finally, the audible sighs of relief when the pilot radioed in with his final message from the chopper: "Out of the fog. Heading home."

* * *

With the rest of the team, I was invited to see Yitzhak Rabin ten days later. We were being given a further tzalash. This was the first time I'd met him since leaving officers' school two years earlier, when, with a few terse words, the then-deputy chief of staff congratulated me and several other cadets who graduated with top honors. I had felt a bit overwhelmed in his presence. Now, I was struck by how shy he seemed. He greeted each of us with a tentative handshake, and seemed uncomfortable in making eye contact. Yet once he began asking me about the Sinai operation itself, it was as if he was transformed. He was hungry for every detail, anxious to know the way we'd had



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to adapt on the ground. And obviously pleased that we'd found a way to make the operation work.

The Sinai mission marked a transition not just for me, but for others in Sayeret Matkal as well. Avraham Aranan finally left the unit he'd imagined, created and built. He became the head of the technology unit in military intelligence. His deputy, Dovik Tamari, succeeded him, serving the first in what would become two-year stints for each of his successors as the sayeret's commander. I, too, was given a wider role. Though I was still just a young lieutenant, and too junior for the job, Dovik made me his *de facto* deputy, with responsibility for operational oversight of our missions. I returned to the Sinai a year later, not in that capacity but because of my on-the-ground experience, to accompany a sayeret team which installed an intercept on a second Egyptian communications cable.

Though the tzalash was gratifying, what gave me more satisfaction, and pride, was the importance of the Sinai operations themselves. I was confident that if we *did* have to go to war again, the equipment we installed, along with the bugs on the Golan, would give us an essential edge. But in truth, I didn't actually believe there would be another war. Sure, the threat was still there. Egypt, in particular, still seemed determined to find a way to hobble, and if possible eliminate, Israel. But especially since the 1956 war, the *fedayeen* attacks, and cross-border skirmishes, had been subsiding. Not long after the second Sinai intercept mission, I was chatting with other officers on the sayeret base and remember turning to one of them and saying I was sure that by the time I was married and had a teenage child, we'd be able to take a skiing holiday in Lebanon. We didn't have peace yet. That might take time. But I felt that things were getting more normal.

I began thinking what that would mean not just for Sayeret Matkal or Israel, but for my own future. By the autumn of 1964, I'd reached a decision: to end my active service in the unit that had been central to my life since leaving the kibbutz. Dovik did persuade me to delay, for nearly a year. But at the end of the summer of 1965, I left Sayeret Matkal. In fact, I left the army altogether. I went to study mathematics and physics at Hebrew University in Jerusalem. I would remain involved in the sayeret as a reservist. But I couldn't see devoting my adult life to military service in a country which, fortunately, seemed on a trajectory toward peace. I had spent five years in an extraordinary unit. It had been more fascinating and fulfilling than I could have dreamed of when I'd



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finished my tironut. Now I looked forward to pursuing a different path with equal eagerness and energy.

There was also something else which colored my thinking. For the first time in my life, I had fallen in love.



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## Chapter Six

The French have an expression for love at first sight: coup de foudre. A thunderbolt. That was how it felt when I'd set eyes on nineteen-year-old Nili Sonkin in mid-February 1963.

It was my first visit to the kirya in Tel Aviv. I'd been told to report to the administrative section, to register my formal change of status from a mere draftee to a staff officer, something I'd managed to overlook amid the demands of our first sayeret operations on the Golan. Since I didn't know which office to go to, I asked a girl sitting at a desk near the entrance. She looked up with a wide smile. When she directed me to the second floor, it wasn't just her voice that struck me: multi-timbered, almost like a musical composition. It was her eyes. Bright, radiant, green. Full of playful, unapologetic self-confidence.

In the weeks that followed, I invented a series of excuses to return to the kirya. I introduced myself to her, with as much composure as I could muster, and on each further visit chatted to her a bit more. I told her about growing up in Mishmar Hasharon, about math and music, about Israel, and how, as a soldier in the past few years, I'd walked almost every inch of the land – in short, about everything except our still-secret sayeret and our nighttime forays across the border. She, too, opened up about her home and her family and her friends. Though there was another girl I'd been going out with – the younger sister of my old kibbutz co-conspirator, Moshe – she was more a friend than a girlfriend. I'd never before felt anything like the connection I sensed with Nili, nor anything like the race in my heartbeat as I set out to see her.

I also found myself gripped by an unexpected, and unfamiliar, lack of self-assurance. I was now 22, three years older than Nili. I had the inbred confidence of a kibbutznik, the quiet sense of specialness which, at least for another decade or so, would give the children of the kibbutzim a disproportionate place in Israel's government and army, media and the arts. The same confidence which had convinced me as a raw recruit back in boot camp that I could lead a supply convoy to the edge of the Sinai. Since then, I'd begun to make a mark in Sayeret Matkal as well, leading its first clandestine operation and receiving a citation from the chief-of-staff. Yet with Nili, I couldn't help feeling unmoored, totally out of my depth. She was part of a different Israel. She was a *Tel Avivit*, born and raised in the largest and brashest city in our young state, a place which was everything the kibbutz was not. She had graduated from Alliance, a high school



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in north Tel Aviv set up with French backing and an accent on French language and culture. Unlike the girls on the kibbutz – proud of their plain, utilitarian clothes and sensible shoes – she wore make-up and perfume and, when she was out of uniform, bright print dresses. She never tried to make me feel out of place. Still, it was sometimes hard not to wonder whether she saw me as a country bumpkin – a nice, interesting, bright county bumpkin, perhaps, but still an interloper or a curiosity in her world.

It wasn't until April, the day before I was due to leave for the French commando fortress in Mont Louis, that I plucked up the courage to ask her out. I needn't have worried. She smiled. In fact, she proposed that since I was about to leave the country, she should be the one doing the asking. She invited me to dinner that evening at the apartment she shared with her parents and younger sister, about a half-mile from the *kirya,* a few blocks back from the Mediterranean. Dinner was less awkward than I feared, but I still felt nervous, until the dishes were cleared and Nili and I went out to chat on the apartment balcony and, just before I left, to share a first kiss.

We wrote each other almost every day while I was away in France. Once I got back, we met whenever I wasn't preparing for a sayeret operation. This was the first girl I'd known whom I could talk to, and listen to, on almost any subject with a feeling that it was natural and somehow meant to be. But in the second half of 1963, I was working almost non-stop on preparing for a sayeret operation. I still saw Nili when I could, sometimes at her apartment, but also occasionally going out to a movie, a meal or a concert in Tel Aviv. Yet what I most wanted was an acknowledgment that we were not just dating: a commitment that we intended the relationship to last. I didn't say this to Nili. Years later, she would say this was down to pride. In fact, I was afraid she would say no. And in the periods when we were apart, I couldn't help asking myself why she hadn't raised the question of a deeper commitment.

Even more frustrating, by the time I entered Hebrew University in September 1965, our relationship was again being conducted by mail. After her military service, she took a two-year posting at our embassy in Paris. I could understand the attraction, not just because of her taste for all things French. She was working with the Mossad to help Moroccan Jews skirt an official emigration ban and get to Israel. Still, it meant that charting our future together, if we had one, was going to have to wait.



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* * *

The intellectual experience at university everything I hoped. The challenge was finding a way to juggle my studies with my military reserve duty. In other units, most reservists could schedule their one month per year when classes weren't in session. To be of use to Sayeret Matkal, I'd have to report when I was most needed, and four weeks was unlikely to be enough. Near the end of my first term, from late 1965 into the new year, I was called to participate in our latest mission into the Sinai. The next winter, and through early 1967, I was called up for another mission and was away for nearly two months.

That operation was prompted by the fact the Egyptians had begun laying a new communications cable, parallel to the one where we'd put our intercepts.

With the diggers getting closer to where I'd led the first Sinai mission, the *kirya* was worried that they might unearth the apparatus we'd installed. In theory, at least, we'd planned for that. The bugging unit which we buried included a booby-trap explosive device. Still, nearly four years on, we couldn't be absolutely sure it would work. So the decision was taken to send the sayeret back on a further night crossing into the Sinai, defuse the explosives, and bring the whole thing back to Israel. Since I was the one who'd installed it, I was given the job of removing it.

The officer in overall command of the mission was Nechemia Cohen. He was a good friend, and one of the finest officers in the unit. Before I left for university, I'd mentored him so that he could take over my role as the effective number-two officer in the sayeret, in charge of all our core operational activities. He, too, was now about to leave, though not to for university. He was becoming deputy commander of a paratroop company, under another former Sayeret Matkal, named Yechiel Amsalem.

I was meant to defuse the booby-trap remotely: with a 12-foot-long metal tool designed by the technology unit. I was fairly confident I'd manage. But when Chief-of-Staff Rabin heard about the operation, he summoned me, along with Eliezer Gonn, the scientist working with us on the plan to defuse the booby-trap. Rabin was with a half-dozen other officers when we arrived. Gonn had brought along a mock-up of the explosive device, which he proceeded to place on Rabin's office table. But as I took out the extension tool and started to explain how I was going to defuse the device, Rabin turned to Gonn and asked: "Could it blow up spontaneously?"



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"Yes, it could," he said.

"What?" Rabin barked.

Gonn replied matter-of-factly: "It is a physical device. It obeys the laws of physics. When, for instance, there's a thunderstorm in Turkey, a flash of lightning could discharge at precisely the frequency needed, or one of its lower harmonies, with enough energy to activate the fuse in the detonator."

I was far junior to everyone else in the room. But as a physics student, I was probably the only one who could fully follow the argument he was making. Looking at Rabin's expression, it was clear that he was about to cancel the operation on the spot. "Excuse me, sir," I said. "Could I ask Doctor Gonn another question?"

I pointed at an unopened bottle of orange soda on Rabin's desk. "Tell me," I asked the physicist, "is it possible that the fluid in that bottle is spontaneously leaking through the glass even as I'm speaking?"

"Sure," Gonn said. "It might take years before even a fraction of a centimeter of the soda goes missing. But glass is like a 'frozen' liquid, and liquid water, or the molecules, are seeping into, and through, the more viscous 'liquid' of the glass. It's just physics."

Rabin looked at me, then at Gonn. But he had clearly got the message. "The operation is confirmed," he said, in the deep, gravelly voice I would become much more familiar with in the years ahead. "Good luck."

The device didn't explode, but I couldn't defuse it either. I did manage to get the remote metal tool locked on the bolt on the booby trap. But it wouldn't budge – even when I waved back Nechamia and the others and took out an ordinary wrench. Though this was the first of my sayeret missions that ended in failure, that wasn't what worried me as we boarded our helicopter back into Israel a couple of hours before dawn. It was the real possibility that the Egyptians would inadvertently discover that we'd been intercepting their communications. Dovik Tamari, as sayeret commander, was especially upset. This was one of the last operations during his period in command of the unit. He was about to hand over to a veteran paratroop officer, Uzi Yairi.

Yet our aborted Sinai mission turned out not to matter. What saved our eavesdropping network was the very thing which I was confident would not happen when I left for university: another Arab-Israeli war.



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Tension began building in the north in the spring of 1967, initially set off by Syrian efforts to divert water from the upper reaches of the Jordan River, an important water source for Israel was well. In a series of exchanges, Syrian troops on the Golan fired on Israeli tractors in the demilitarized zone below, and began shelling our argicultural settlements in the Galilee, while we responded with tank fire and then air power, scrambling our jets and shooting down six Syrian MiG-21s.

The first indication that we might be headed toward war came as I returned to university for the spring term, and trouble began brewing in the south. Ben-Gurion had by now retired as prime minister. His successor was the undeniably thoughtful, if far less charismatic, Levi Eshkol. During Israel's Independence Day parade on May 15, he received word that Egypt had moved thousands of troops into the Sinai, nearer to the border with Israel. Then, with the Soviets warned Nasser of what they said were Israeli plans for a preemptive strike against Syria, he went further expelling the United Nations force put in place after the 1956 war. On May 23, he closed the Straits of Tiran, Israel's trading gateway to the Red Sea and the source of virtually all our oil imports.

I was told to report to Sayeret Matkal the following day, as part of the first group of reservists called up. When I reached the base, Uzi Yairi, who was now in charge of the unit, organized us into four teams. He put me in command of one of them. We were told to prepare ourselves to helicopter into the Sinai, attack a series of Egyptian air bases and put the runways out of commission. My team's target was the base at Gebel Libni, not far from where I'd placed, and recently failed to defuse, our first intelligence intercept.

With each passing day, war looked more likely, and there was no confidence we would win without a costly struggle. In 1948, Arab attacks had killed about 170 people in Tel Aviv. Now, word got out that a park in the center of the city had been set aside to allow for the burial of as many as 5,000. With Israel's military commanders pressing Eshkol to take the initiative and launch a preemptive strike, he delivered a radio address at the end of May, intended to reassure the country the situation was under control. But due to last-minute, handwritten changes to his typescript, he faltered while reading it. He sounded



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anything but under control. Within days, he bowed to political pressure and brought back Moshe Dayan, now a member of the Knesset, as Defense Minister.

I still vividly remember a visitor to the sayeret the day after Eshkol's address. Colonel Eli Zeira was head of the "collection department" of the intelligence corps, the rough equivalent of America's National Security Agency. Formally, Sayeret Matkal was part of his department. He called together all the officers. He said that there had so far been three periods in the Zionist project. The first was from the early settlements in Palestine at the end of the 19th century until the establishment of Israel in 1948. The second, from 1948 until the 1956 War. The third from 1956 until now. Then he said: "There will soon be a war. Three Arab countries will take part. Within a week, we will defeat all of them. And a new chapter in the history of Zionism will begin."

The Six-Day War began on June 5, 1967. As Eli Zeira so confidently predicted, not just Egypt and Syria, but Jordan, too, joined forces against us. And it was indeed all over within a week. The final outcome – Israel's victory – was sealed by noon on the first day, with wave after wave of pre-emptive bombing sorties destroying the entire air force of all three Arab countries. But the fighting which followed was brutal in places: especially around Jerusalem, but also in the south at the outset of the war, and later on the Golan Heights.

The first effect back in Israel of our air force attacks was to make our sayeret helicopter missions into the Sinai suddenly superfluous. In fact, it left the entire unit at loose ends – especially veterans or reservists like me who had been part of our nearly decade-long development into Israel's sole, dedicated cross-border infiltration force. At this point, we were still just an intelligence unit, not an elite commando force like Britain's SAS, Avraham Aranan's ultimate vision for the sayeret. The aim of our bugging missions into Syria and Egypt was *not* to fight. It was to get in and get out, unseen and undetected. But we were not only equipped to fight if necessary. From the unit's earliest days under the sway of Meir Har-Zion, Kapusta and Gibli and Errol and the other grizzled vets from Unit 101 and Company A, we had been steeped in the spirit of commandos. Our training was the most rigorous in the Israeli armed forces, involving not just a punishing endurance régime but learning to assemble and disassemble, fire and detonate, everything from handguns to machine guns, makeshift explosives to grenades and landmines.

The frustration we felt on the first morning of the war was not because we were itching to fight, for the hell of it. One hallmark of the sayeret's ethos, especially once the unit did start to evolve into a full-fledged commando unit,



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was always the principle of targeted force, the idea that we would take out targets, or defeat enemies, out of *military necessity*. But even on the first day of the war, it was clear that it would be by far the most consequential conflict in our country's history. There was no mission for Sayeret Matkal, nor, it seemed, any prospect of our playing any significant part.

The fact that my own role was slightly less peripheral was due to Avraham Arnan. He phoned me almost as soon as we'd got news of the Israeli air victory, and told me he had been told to take a few men from the sayeret across the southern border. Our assignment was to complete our failed attempt to defuse the booby-trap on the intercept in the Sinai. I quickly drafted in two others from the unit. One was Danny Michaelson, a friend from Hebrew University, where we had been lab partners. The other was Rafi Friedman, our paramedic, who had been with me on several of our missions on the Golan.

Avraham arrived at the base around noon. I got a Jeep and we set off. We crossed into Egypt around four o'clock in the afternoon and headed for the field headquarters of Israel Tal. Known as Talik, he was the commander of Israel's armored corps, and Avraham knew him well. His wartime division consisted of the country's premier tank unit, the Seventh Armored Brigade, and a reserve brigade. We accompanied them the next day to an abandoned Egyptian camp not far from El Arish, in the northern Sinai. At least, we'd assumed it was abandoned. As Talik and Avraham were talking in his command post, we heard a sudden burst of gunfire, which seemed to come from just a few dozen yards outside. As everyone inside the command post looked around, Avraham turned to me and said: "Ehud, don't you think we ought to deal with it?" Then, to Talik: "Make sure none of your guys shoots him."

I got Danny and Rafi. We made our way toward an underground bunker, which seemed the most likely source of the gunfire. Hugging the wall as I led the way down a series of concrete steps, I clicked off the safety on my Uzi just in case. But with the main Egyptian forces in obvious retreat, I figured that whoever was doing the shooting would have to be shellshocked, or insanely brave, to put up a fight. There were eight men crouched inside, soldiers and several staff officers cradling Kalashnikovs, and an Egyptian army general. In what was obviously at least serviceable Arabic, I told them all to raise their hands. I made a brief attempt to interrogate the general, but quickly reached the limits of my linguistic proficiency. So we marched them away and handed them over to Talik's intelligence officers.



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This interlude instantly conferred on us the desert equivalent of street cred. The next morning, Talik agreed we could accompany the Seventh Brigade as it moved deeper into the Sinai, and peel off when we got closer to Gebel Libni to complete our "sayeret mission." Given the early course of the fighting, and our forces' rapid advances in the Sinai, I couldn't help wondering whether there was any real need to defuse, much less remove, the bugging machinery. But the very fact that the *kirya*, in the early hours of the war, had still wanted us to try was a reflection of the deep sense of apprehension in Israel in the weeks before the war. Even now, it appeared, there was a concern that the Egyptians might reclaim the parts of the Sinai which we had captured.

When the armored column got close to Gebel Libni, I pulled our Jeep aside and headed for the stretch of communications cable where we'd planted the intercept. For several hours, I tried to accomplish in broad daylight what I'd failed to do in the desert darkness four months earlier. But it was no use. I finally told Avraham we'd be better off just blowing it up. I attached an explosive charge and set a two-minute delay. We watched from a couple of hundred yards away as the whole assembly disintegrated. Then we rejoined the Seventh Brigade.

Before sunset on the third day of the war, we reached the Egyptian air base at Bir Gafgafa in the heart of the Sinai. Even had the war ended then, we would have been in control of a large chunk of the desert buffer zone which Ben-Gurion had hoped to retain after the 1956 war. But now, more quickly than even the most optimistic planners in the *kirya* could have anticipated, Talik was poised to move on – toward the Suez Canal, and the main towns and cities of Egypt. As the Seventh Brigade billeted down in Bir Gafgafa, Talik sent his reserve brigade westward, in the direction of the canal.

We went with them. The battalion was more mobile than a pure tank force, but also more vulnerable: lightly armored French AMX-13s and a collection of the halftracks which I dimly, unfondly, remembered from my *tironut*. A few of the AMXs led the way, then a line of halftracks, and more tanks at the rear. I nosed our Jeep into the middle, behind the battalion commander, a lieutenant-colonel named Ze'ev Eitan. There were scattered groups of Egyptian soldiers on either side of us, and they aimed an occasional burst of fire in our direction. But there seemed little point in shooting back. We didn't need to fight, and it was clear that the Egyptians didn't really want to.

Shortly before dark, Lieutenant-Colonel Eitan brought our column to halt. The road we were on cut through tall sandunes on either side. We knew there



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were still Egyptian soldiers around us, though I doubt any of us expected trouble. Still, there were well-established rules for setting up a defensible position when an armored force halts for the night. As Eitan briefed his officers, I stood a few feet off to the side and listened. Suddenly, the commander of his AMX company interrupted. "Sir," he said, "why are we staying here – right on the main road? There are Egyptians still out there. Behind us, for sure. And any force ahead of us will run straight into us. Why not a few hundred yards off to the side, in a place that gives us a view of any enemy movement, or allows us to ambush an approaching force?" I could see that he was right. I expected Eitan to agree and alter the arrangements. But he didn't. I think that, having ordered his men to encamp on the road 20 minutes earlier, he was reluctant to get his tanks and halftracks moving again. No doubt, some of the exhausted crews were already asleep.

I parked our Jeep a few yards off the road. We organized a series of watches: Avraham, then Rafi and Danny, with me taking the pre-dawn stretch. A few hours later, Rafi nudged me awake. "I heard something," he said, pointing west toward the Suez Canal. "It was faint. But I think so." I told him to keep listening. For a while, everything seemed fine. Then, Danny woke me up. He said he was sure he heard a faint tremor, as if from tanks or APCs. I put my ear to the ground. I heard it too. I told him to go to Eitan's command halftrack, insist he be woken up, and tell him. When he got back, Danny said: "I told him."

"And?"

"Don't know," he replied. "He said I could go." I tried to grab a bit more sleep before my watch. But barely 15 minutes later, Danny jostled me awake again. "I'm *sure* now," he said. "Whatever it is, it's closer." I went off to find Eitan. But before I got there, a column of Egyptian T-55 tanks suddenly appeared on the road, 50 yards from the front of our column. I'm sure they were every bit as surprised as we were to be face-to-face with enemy armor. But they knew what to do. They opened fire.

Had we been deployed a few hundred yards off the road, we'd have seen them coming. If the battalion commander had acted on Danny's warning, we'd have had an extra 20 minutes to prepare. But the shells jolted our crews awake. Within 30 seconds, they were returning fire. But our tanks barely dented the heavily armored T- 55s. Nearly every one of theirs seemed to score a direct hit. Within minutes, a number of our halftracks, and one of our tanks, were in flames.



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Now that we were in a fight –the single fiercest battle in Israel's advance across the Sinai – Lieutenant-Colonel Eitan reacted swiftly. Standing tall amid the shellfire and the flames, he radioed for supporting fire, only to be told that none of our artillery batteries was within range. Realizing we couldn't penetrate the front armor of the Egyptian tanks, he ordered a platoon from the rear to leave the road and fire on the Egyptians' from their flank. When one T-55 was hit and started to burn, he ordered the rest of us to collect the dead and wounded and retreat toward Bir Gafgafa.

As we pulled back, we encountered a company of Centurion tanks from the Seventh Brigade, sent in to relieve us. We pulled off the road to let them pass. The battle ended up raging for another hour. By the time it was over, the Egyptian tank unit was nearly destroyed. But almost two dozen of Eitan's reservists had been killed. A few days later, I learned that the commander of the Centurions had also been killed. His name was Shamai Kaplan. Though I didn't know him personally, he was married to one of my kibbutz "sisters" from Mishmar Hasharon.

* * *

The pace of the war, its intensity, and the transformative capture of territory across our 1948 borders had accelerated dramatically since we'd joined the reserve battalion's ill-fated advance toward the canal. Back at Bir Gafgafa, we learned that Israeli troops had broken through in fierce fighting with the Jordanians and taken the whole of east Jerusalem, including the Old City and the site of the remains of the ancient temple. The news sent a shiver down my spine. I was still only 25, a kibbutznik raised on the assertively secular creed of Gordinian Zionism. But I was old enough to remember the war of 1948, the bitter struggle for the ancient city in which Judaism had been born, the packages of food we had sent to try to help break the siege there, and the division of Jerusalem at the end of the war, leaving us with only its newer, western half. And while I may not have read the Torah in the same way as a religiously observant Jew, the meaning of Jerusalem was no less powerful for me. It was part of our people's history, of who we were, where we'd come from and how we had ended up in the place where I'd been born, where I'd grown up, and which I'd spent the early part of my adult life defending. This was no less true of the biblical sites of Judaea and Samaria – the West Bank of the Jordan river.



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Places like Bet El, Shiloh, or Hebron. They represented the historic wellspring not just of the state we'd created, but of Jewish civilization, our heritage, our moral and ethical foundation. As I drove back to Tel Aviv with Avraham and the others on the morning of fourth day of the war, we heard Israeli ground forces were consolidating their hold there as well.

After dropping Avraham at the kirya, we drove back to the sayeret base, but it was nearly empty. The main fighting was now with Syrian armored units on the Golan Heights, and most of the men in the unit had gone north in the hope of joining what seemed likely to be the final stage of the war. Although the precise outcome was not yet clear, there was a dawning certainty, almost surreal, that

Israel was gaining control of all the areas across our 1948 borders from which the Arab states around us had shelled Israeli farming settlements, or facilitated fedayeen attacks and ambushes against our citizens – the very border areas where I'd led intelligence operations in Sayeret Matkal.

I, too, drove north. Not far from Kibbutz Dan, the staging point for our first Golan operation, I linked up with a group of other sayeret reservists. Israeli tanks had already broken the main resistance of the Syrians, but fighting was continuing in a few parts of the Golan. In the western corner of the Heights which bordered Lebanon, several villages still lay beyond the Israeli advance. We got an order to see if we could take them. It took barely an hour, against no more resistance than I'd met in "capturing" the Egyptians in the Sinai bunker. By the time we had made our way back across the Golan to the now-abandoned Syrian headquarters in Quneitra, it was sunset. The war was drawing to a close.

I gave my Jeep to a couple of paratroopers and hot-wired a more comfortable mode of transport back home: a big, black Mercedes which had obviously belonged to a senior Syrian officer. If only because of the license plates, I avoided the main road back into Israel. I found a dirt track running between Syrian positions on the southern edge of the Golan and descended toward the fruit groves of Kibbutz Ha'on, near the Sea of Galilee. I then headed for Givataim in north Tel Aviv, to a place I knew well. It was the home of Menachem Digli. He had been Avraham Arnan's deputy in the sayeret when I left for my stint in officers' school. Before I returned to the unit, he had a motorcycle accident, badly damaging his leg. He'd been temporarily reassigned to a post in intelligence. I figured a Syrian Mercedes would make a nice gift. Not wanting to wake him, I left it in front of his house. Sadly, he never got to use it. The next day a couple of military policemen knocked on his door and



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asked what he knew about the car outside. "Nothing," he said. "It's not mine." They took it away.

As insistently as I, and others in Sayeret Matkal, had wanted to play our part on the battlefields of the Six-Day War – in the Sinai, on the Golan, in the bitter battle to capture Jerusalem, or amid the olive-green hills and valleys of the West Bank – we had to accept that, at most, we'd been freelance support troops. Or mere spectators. But while it would be many years before this was openly acknowedlged, we did play an important part in the outcome. Because Dayan had been called back as Defense Minister only days before the war, he had wisely decided not to alter the plan for the preemptive air strikes. But he did adjust our ground advance. Just as with Eshkol's knowledge of the initial Egyptian advance in the Sinai before the war, Dayan's judgements were informed by detailed, real-time intelligence on where enemy tanks and troops were located, what they were doing, and what how and when they were planning to advance.

As speculation mounted after the war about how Israel seemed to know so much the Arab forces, Meir Amit's successor as Head of Military Intelligence, Ahrahle Yariv, even engaged in some misdirection. He was anxious to avoid jeopardizing future sayeret bugging operations. In a speech on how the war had been won, he included a reference to a "high-ranking spy" in the Egyptian army who, he implied, had leaked critical information. The "spy" was the series of intercepts we'd attached to the Egyptians' main military communications network in the Sinai, and to the telephone poles on the Golan Heights.

On a deeply personal level, too, the war left its mark on Sayeret Matkal. Though the fighting had been brief, people *did* die. Thousands of Egyptians, Syrians and Jordanians. And about 650 Israelis. Some of were not just people we knew. They included close friends. Nechemia Cohen, the officer I'd joined in our failed attempt to defuse the booby-trap in the Sinai before the war, entered Gaza on the first day in his new role as deputy commander of Amsalem's paratroop unit. Amsalem was killed early on, so Nechemia took command. He was shot and killed fifteen minutes later. To this day, he and I share the distinction of being the most decorated soldiers in Israel's history. Had he lived, I have no doubt that it is an honor he would have held alone.

This was the first close friend from the unit we'd lost. We did not mourn him openly. For young soldiers of my generation, especially but not only those raised with the additional kibbutz ethos of stolid self-control, there was an embedded sense that such individual displays of emotion were an indulgence, and luxury



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even, which the country we were building could not afford. In the early years of the state, the model Israel mother or father were those who stood silent and strong as a soldier's coffin was lowered into the ground.

Nechemia's death hurt, of course. I was friends not just with him, but his older brother, Eliezer. Known by his army nickname, Cheetah, he was in charge of the air force's main helicopter squadron. He had flown both me and Nechemia on sayeret missions into the Sinai. Several days after the war was over, before returning to university, I drove up to Jerusalem to see his family. Cheetah was at the door when I arrived. Neither of us spoke. But as we embraced, I could feel my eyes dampen, and there were tears in his eyes as well.

"Our squadron was the one that got the call to bring out the casualties," he said. "They ordered the pilot who brought out Nechemia not to tell me he was dead… until the war was over."

"He was a wonderful man," I said. "There was no one better."

* * *

When I returned to Hebrew University, the country felt completely different. It was not just the sudden realization that, in military terms, Israel had eliminated any realistic threat to its existence, important though that was. The more profound change was physical. The country in which I'd grown up was a place which felt not just small, but pinched, especially in its "narrow waist" near Mishmar Hasharon. Pre-1967 Israel was about three-quarters the size of the state of New Hampshire. Now, within the space of less than a week, the territory Israel controlled had more than tripled. It included the whole Sinai Desert, up to the edge of the Suez Canal. The entire Golan. The ancient lands of Judaea and Samaria: the West Bank. And the reunited capital city of Jerusalem.

Suddenly, we had a sense that we could *breathe*. Wander, explore. Few of my classmates were religiously observant. But none of us could help feel the sense of connection as we walked through the Old City of Jerusalem, or parts of the West Bank whose place-names resonated from the Bible. I felt especially moved when I first visited the Old City with my friends, stopping and chatting and buying things at the colorful market stalls. And, religious or not, when I stood in front of the surviving Western Wall of the ancient Jewish temple.



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The personal interactions we had with Palestinians in the weeks after the war were without obvious tension, much less hostility. They were often friendly. Looking back, I'm sure that was one reason – along with simple human nature, a desire to enjoy Israel's new sense of both security and size – that none of us was inclined to look too deeply, or too far ahead, and contemplate the implications for our country's future. I was aware, of course, that the politeness we exchanged with the Palestinians of Jerusalem or the West Bank were superficial: a few words across a market stall or a restaurant counter. I did not pretend to myself that our Arab neighbors were now suddenly inclined to be our friends.

But I did feel that, having come face-to-face with our overwhelming military supremacy, the Arab states would, over time, grant Israel simple acceptance. From there, I believed that we could begin the process of building genuine, lasting, human relationships and, eventually, peace.

There was a brief period after the war when Eshkol cautioned his ministers about the implications of holding on to the vast new area we had conquered. The government formally agreed to treat most of it, with the exception of Jerusalem, as a "deposit" to be traded for the opening of peace talks. Yet within weeks, the emphasis in the Israeli political debate shifted to which parts we would keep: the Sinai and the Golan almost certainly, as well as the Jordan Valley and a number of areas of past Jewish settlement on the West Bank. The drift away from any serious talk of trading land for peace was accelerated by the Arab states' response to the war. Perhaps that, too, was simply a matter of human nature, a reluctance on their part to accept defeat. But they appeared no more ready than before to contemplate peace. Throughout the summer, there were clashes along our new "border" with Egypt: the Suez Canal. In September, all the Arab states adopted a platform which became known as the "three no's". They rejected not just the idea of peace, but peace talks, or recognition of the State of Israel. And in October, Egyptian missile boats attacked and sunk Israel's largest warship, the destroyer Eilat, killing nearly 50 people on board.

Without this renewed violence, perhaps, we in Israel might have been able to consider more deeply the future implications of our victory in the Six-Day War. The gains on the battlefield, of course, were clear to everyone. We were no longer a small, constricted country beset by a sense of vulnerability. We were not only much bigger, but also stronger than the combined armies of the Arab states. Still, very few people asked themselves at the time what *kind* of Israel this implied. We failed to grasp the potential complications in holding on to all



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the land, and of controlling the daily lives, however benignly, of the hundreds of thousands of Arabs who lived there. Nor, crucially, did we ponder the limitations of military strength, alone, in addressing these questions. We – and I, too, at the time – were too caught up in a sense of post-war relief, celebration and, as the months of ostensible normalcy in this new Israel, complacency as well.

But within only a few years, we would face a dramatically different series of challenges. First, a campaign of Palestinian terror. Then, another full-scale war, which began with a surprise attack by Arab armies which we had assumed would not dare to fight us again.



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## Chapter Seven

If you'd visited Tel Aviv in July 1967, you would have sensed a new spirit of confidence, not cockiness exactly, but a sort of spring in the collective step. This was not just due to the Six-Day War. It was because the city, if not yet the rest of the country, had shed the economic austerity of Israel's first two decades and was beginning to experience at least some of the consumer comforts which Western Europe, or America, took for granted. But we were still a decade away from the first shopping malls, or the upscale cafés and restaurants which nowadays give places like Dizengoff Street, a few blocks back from the seafront, the feel of London or Paris on a summer's day. Television had been introduced only a year before the war. C*olor* TV was still nearly a decade away. I can't say I was surprised to learn, when the archives were opened a few years ago, that a committee of moral arbiters in our Ministry of Education vetoed plans for the Beatles to perform in the city. "No intrinsic artistic value," they pronounced. "And their concerts provoke mass hysteria."

Even in Tel Aviv, and certainly the rest of Israel, a kind of cultural austerity still prevailed, an emphasis on modesty and self-restraint. It was a legacy of 1948, a reflection of the years of shared sacrifice, physical labor, and the life-and-death struggles which I, like most Israelis at the time, had experienced within our own lifetimes. That may help explain why I can remember no one remarking on an aspect of my character which, once I rose to public prominence, would attract attention, frequent comment, and sometimes criticism as well: the fact that I seemed so *self-contained*, reluctant to engage emotionally with people beyond a circle of close friends or confidants. My lack of smalltalk, and the kind of gladhanding and schmoozing that are the currency of political life. At the time of the 1967 war, I was not yet a public figure. Yet to the extent those around me would have taken note – family, university classmates, sayeret comrades, or officers in the *kirya* – my slight emotional aloofness, my focus on simply getting things done, and the way I internalized setbacks, even tragedies like the death of Nechemia Cohen, was not exceptional. It was, in many ways, simply Israeli.

Yet as Israel, Israeli society and my place in them changed, it would be suggested to me more than once – not always kindly, when it was from critics or rivals – that I had a "touch of Aspbergers" in me, a reference to those on the more benign reaches of the autism spectrum with a special facility for math,



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abstract ideas, the theoretical sciences and, often, music as well. I would always smile in response, suggesting that such diagnoses were probably best left to the professionals. I couldn't pretend, however, that emotional engagement with new acquaintances, even with people I knew and liked but were not close friends, was something that came naturally. And it is also true that from my first experience of the world of numbers as a child on the kibbutz, and as I tackled ever more elaborate pieces on the piano, I did become aware of what might be called the upside of "a touch of Aspergers" – if that, indeed, is what it is. I was conscious of the ease with which my brain translated the complexities into pictures in my mind. And the joy, at times, with which it allowed me to play around with, and develop, what I saw.

By the summer of 1967, I had experienced that feeling again, in my first real encounter with theoretical physics at Hebrew University. After the Six-Day War, I began seriously contemplating a future as a research scientist, or perhaps eventually a professor of physics. Two months after the war, I enrolled in a summer program at the Weizmann Institute, Israel's preeminent postgraduate research facility. Surrounded by some of the country's, even the world's, leading scientists, and by post-doctoral students determined to follow in their footsteps, was intellectually enthralling. But it turned out to have another effect on me as well. As I thought more and more about the prospect of joining their fraternity once I'd completed my undergraduate degree, I also heard them describe the way in which pure science sometimes got submerged in simple routine, or, more discouragingly, in the politics and positioning and backbiting of the academic world.

I think what finally changed my mind, however, was a feeling, nurtured on the kibbutz but solidified by that many nights I'd spent leading sayeret operations across our borders, that I would find my true purpose in life trying to make some special contribution to the future course of Israel. I did not for a moment contemplate politics at that point. Instead, I thought of going back into the military. I realized that in order to make a significant mark, if indeed I could, would require me to serve in the regular army, not just an extraordinary unit like Sayeret Matkal. But I did hope that, at some stage, I'd be given the opportunity to finish my time in the sayeret as its commander, carrying on Avraham's vision and, ideally, building and expanding on it as well. At least if that part proved possible, I felt that, by comparison, a career in academia would be somehow blinkered, and surely less fulfilling personally. My sayeret experience had also taught me something else as well: that protecting Israel's security was not just a matter of muscle, or firepower, indispensible though they



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sometime were. It called for mental application, an ability to assess risks, to find answers under enormous pressure when, inevitably, things went wrong. It required not just brawn, but brains.

A week before I began my final year at Hebrew University, I went to see Eli Zeira, the senior intelligence officer who'd so brashly predicted the course of the Six-Day War, in hopes of sounding out my prospects of picking up my military career where I'd left off. Despite a yawning gap in rank and age – Eli was nearly fifteen years older – I felt I could be open with him. Not only did I know him from Sayeret Matkal, which came under his purview in the *kirya.* He was a scientist *manqué* and was eager, as soon as I arrived in his office, to hear about my physics studies. When I did manage to turn the conversation to the army, I told him I was thinking of returning after I graduated. Yet before finally deciding, I wanted his honest opinion about my chances, at some point, of being given command of the sayeret. He began with a series of caveats. The choice of future leaders of the sayeret was not be his to make. When the current commander, Uzi Yairi, ended his term in roughly 18 months' time, I'd still be too young to have a realistic chance. "Maybe even next time around," he said. And in any case, I would first need to get some experience in the regular army. "But then," he concluded, "my opinion is that you have a very good chance of becoming commander of the unit." That was more than enough. I figured that whether it actually happened would now ultimately be down to me.

My last year at university was the closest thing I would have to a normal student existence. I was called away only once. But it was for a battle which would turn out to have a lasting impact on the course of our conflict with the Arabs, and on the prospects of eventually finding a way to make peace. It was Israel's largest military action since the war, across our new *de facto* border with Jordan. And it was directed at a new enemy: a fledgling army of Palestinian fedayeen, called Fatah. It was led by a man that I, like almost all Israelis, had never heard of at the time: Yasir Arafat. Born in Egypt, as a 19-year-old he had fought against the establishment of Israel in the 1948 war. Although Fatah had nominally existed for nearly a decade, it was only now emerging as a political force, in large part because of the Arab armies' humiliating defeat in the Six-Day War. A Palestinian political leadership already existed, in the shape of the Palestine Liberation Ogranization. But it was based in Cairo. Its chairman was, for all practical purposes, an adjunct of President Nasser's leadership role in the Arab world. Though Arafat had not yet explicitly challenged this state of affairs, his, and Fatah's, rise after the war carried a powerful, message for the existing Arab presidents and prime ministers: their brash promises of victory before the



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1967 war had turned out to be hollow words. It was time for a new generation, and a new, more direct, form of confrontation with the "Zionist enemy."

Arafat had set up camp with nearly a thousand men just across the Jordan River, in a town called Karameh. From early 1968, they had been launching hit-and-run raids, not just on the West Bank but into the Negev. Eshkol's cabinet was initially divided on whether to attack his base in Jordan, in both an act of retaliation and a signal to King Hussein that if his army didn't rein in Arafat's men, Israel would take whatever action necessary. But the decisive moment came on the eighteenth of March. A school bus near Eilat, in the far south of Israel, hit a Fatah landmine, killing the driver and a teacher, and injuring 10 of the children.

I was called up the night before the Israeli attack, as part of a small Sayeret Matkal contingent which was supposed to play a support role. An enormous pincer operation was mounted around the Fatah camp and Karameh itself: including a full infantry brigade, the Seventh Armored Brigade and the paratroopers' sayeret. But the resistance they met, both from Fatah and Jordanian troops, was much fiercer than expected. One of the paratroop commandos, Mookie Betzer, who would go on to join Sayeret Matkal, told me how they landed by helicopter and immediately came under a hail of AK-47 fire. Within minutes, several of his men had been killed. Mookie was wounded. The tanks of the Seventh Brigade advanced from the south. Battling the Jordanian army, they took losses as well. Amnon Lipkin, who would also later become a friend and colleague, in both the army and Israeli politics, was in command of a unit of lightly armored French tanks called AMLs. They, too, were hopelessly outgunned.

Our sayeret assignment was to block the southern entrance to Karameh as the Israeli armored force advanced. But we got bogged down in mud as we made our way from the Jordan River. By the time we arrived, hundreds of Arafat's men had already fled the area. Arafat, too, had escaped, on the back of a motorcycle.

By the time the fighting was over, some two hundred Fatah fighters had been killed. But nearly 30 Israeli soldiers lost their lives as well, and more than twice that number were wounded. Politically, the outcome was even murkier. Most of Israel was still basking in our victory in the Six-Day War. Now, we had deployed many of the same units, only to fight to what looked like a costly draw. Arafat and Fatah could claim – and soon did – that they had stood and fought, and inflicted losses on the victors of 1967.



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In retrospect, given all the interruptions, I'm a little surprised that I managed to get through my university studies. My classmates helped. They were incredibly generous in going through with me what I'd missed, and sharing their notes, whenever I returned for an extended stint of reserve duty. I've seen interviews with university friends saying I was one of the top students in our class. But that is more generous than true. It would be fairer to say I was a good student.Working hard in the final year, I did finish in the upper quarter of the class, and several of my math and science professors strongly urged me to go on to graduate school.

But my mind was made up on returning to the army. And as I balanced my studies with plans for the future during my final months, I still hadn't given up hope that Nili would be there with me. When she returned from Paris, we had started seeing each other again. Whenever I could, I would take the bus down to Tel Aviv and spend the weekend with her. Everything I'd loved about her since that first meeting in the *kirya*, everything I valued in our relationship, was still there. Yet so, too, were the doubts: whether she was ready to commit herself to sharing our lives together; and whether a kibbutznik like me could ever truly fit in to her *Tel Avivi* world. Shortly before Karameh, she'd invited me to a Friday-night party with a group of her friends. It was the first time she was including me, as part of a couple, in her social circle. But almost from the moment we got there, I felt out of place. For her, it was just another party, one of dozens she must have been to since she was a teenager. But I immediately felt out of place. I didn't drink. I couldn't dance. I couldn't help feeling like a wallflower, or an alien presence.

Now, I decided there was no point in waiting and wondering. I borrowed a Jeep from an army friend, with the idea that Nili and I could spend three or four days together, driving south from Jerusalem into the Negev and the Judean desert: to be alone, to talk, to see whether we actually had a future. I wrote her a note, took the bus to Tel Aviv while she was at work, and dropped it through the letterbox. "I am going on this trip, into the desert," it said. "I'd love it if you could come with me. I think it's important for us."

I never heard back. I felt crushed, though I tried hard to tell myself it was better to know where we stood. Years later, she told me the envelope had ended



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up under a pile of mail. She hadn't seen it until a week afterwards. She said that of course she would have come with me. She felt angry with herself, and with me too, for not simply having phoned. But since I didn't contact her in the weeks that followed, she figured this was just another one of our times apart. Or "stupid pride". A few months later, I heard she was engaged to be married, to a young man she'd known since their high school days at the Alliance.

I had first met Nava Cohen, the woman I would go on to marry, the previous year. It was through another Cohen, though they were not related: Nechemia, my sayeret friend who was killed in the 1967 war. He invited me to Tel Aviv for a party in the spring, on the Jewish holiday of Purim, and introduced us. Nava was just nineteen, five years younger than me. I was struck not just by the fact she was attractive, but by her poise, warm-heartedness, and her obvious intelligence. But she had her boyfriend with her, and I still saw myself and Nili as life partners. Now, she was beginning her studies at Hebrew University as well, and, in a way, it was again Nechemia

Cohen who brought us together. Since his death, those of us who knew him from the sayeret had been looking for a fitting way to remember and to honor him. We finally decided to set up a living memorial in his name: a Moadon Sayarim, a center to train young people from all over Jerusalem in scouting and navigation. We spent six months getting it up and running, and Nava pitched in with the work.

It wasn't until a few months after I heard of Nili's engagement that I finally asked her on a date. We were in the university library, which had a space where you could listen to tapes through headphones. I would go to hear classical music. Nava was studying English literature, and I'd sometimes see her there, engrossed in recordings of Shakespeare with the text of Hamlet or Macbeth in front of her. Since I wasn't shackled by the need to follow the alacks and alasses, I read the newspaper as the music washed over me. I turned to the movie section. I circled three films, drew a question mark in the margin and passed it to her. She looked puzzled for a second. Then she smiled and put a checkmark next to one of them.

While we came from different backgrounds, the gap was narrower than it had been with Nili. Her parental home was in Tiberias. Her parents were from old Sephardi families, with a centuries-long history in Palestine, and were also solid Ben-Gurion Labor supporters. Her father had fought in the British army in the Second World War. He now ran the branch of Bank Leumi in Tiberias. Her mother ran a shop in what was then the city's best hotel, the Ginton.



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We were married there, in the spring of 1969. My parents and brothers came with two busloads of friends from the kibbutz. Avraham Arnan was there, of course. But Ahraleh Yariv and Eli Zeira, two of the military intelligence heroes of the Six-Day War, also drove up for the wedding, which touched both Nava and me, not to mention her family and our guests. Years later, as I rose higher in the ranks of the military, I would sometimes be invited to weddings by officers under my command. Remembering how much we appreciated Ahraleh's and Eli Zeira's gesture. I always said yes.

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It was only weeks after our wedding that I formally returned to Sayeret Matkal. Both Nava and I were aware of the additional pressures my military commitments might place on our family life. But she understood why I'd chosen to go back, and was supportive. As for me, I was, if anything, more certain that I'd made the right decision. Israel was clearly facing a whole new set of challenges to its security. Given the decisiveness, and speed, of our victory in 1967, there seemed no immediate danger of Egypt's risking another full-scale war. In Israel, where Golda Meir had become Prime Minister after Eshkol's death from a heart attack, there was also little appetite for returning to the battlefield. Yet the post-war skirmishes with the Egyptians along the Suez Canal had escalated into far more than that: what would become known as the War of Attrition. Nor could there be any doubt, after Karameh, that Fatah's influence, militancy and determination would only grow, not least because even more radical factions within the PLO were ready to step into the breach if Arafat faltered. Israel needed to find an answer for all these threats.

Uzi Yairi's term as Sayeret Matkal commander had by now ended, but his successor was someone I knew well. Menachem Digli was the officer on whom I'd bestowed my stolen Syrian Mercedes at the end of the war. His leg was now recovered from the motorcycle accident, and I returned to the sayeret at his deputy. He delegated full responsibility to me for operational issues. I believed that the new kind of challenges we were confronting, particularly the prospect of intensified attacks from the new generation of Palestinian *fedayeen*, meant that the sayeret would sooner or later have to broaden its reach, moving beyond the kind of intelligence operations we'd done before the 1967 war to become the SAS-like special forces unit Avraham ultimately envisaged. But that was not



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going to happen soon, if only because the intelligence missions now required were going to be a lot tougher. Israel now had control of the entire Sinai and the Golan. To tap into enemy communications, we would have to push deeper inside Egypt and Syria.

Soon after my return, we began planning the sayeret's most ambitious mission so far: targeting the main communications system between Suez City, at the southern end of the canal, and Egyptian military headquarters in Cairo. We were obviously going to have to go in by helicopter. But we faced not just the risk of being spotted on the way in. The buildup of Egyptian forces along the canal now included Soviet-made anti-aircraft missile batteries. We might easily get shot down.

The mission struck the generals in the kirya as so risky as to border on the insane. But I was confident that we could make it work. I began talking to the few senior air force officers who seemed more receptive, as well as to officers in the helicopter units. Not only had I flown into the Sinai on earlier missions. I now also had a physics degree. Together, we developed a plan – using the desert terrain, and drawing on the helicopters' maneuverability – to calculate a flight route that could avoid detection by Egyptian radar. As an extra fail-sale, I proposed using three helicopters, and three sayeret teams. Two would fly slightly higher, with the express aim of getting spotted, but still evading missile fire. They would land far away from the real target of the operation. The main team, with me in command, would also stage a pair of diversionary attacks: planting explosives on a high-voltage electricity cable, and on the main oil pipeline from Suez City to Cairo.

Still, for many weeks, the answer from the *kirya* was no. The man who had succeeded Rabin as chief-of-staff after the war, Chaim Bar-Lev, dismissed it as "a plan built on chicken legs." In the end, what got us the green light was a further escalation, on both sides, in the War of Attrition. In January 1970, Israeli warplanes began a series of deep-penetration bombing raids, for the first time striking targets dozens of miles, in some case hundreds of miles, back from the canal. The Israeli bombing campaign reduced the chance we'd get shot down and provided cover for our operation.

Our helicopters took off after sunset, nearly skimming the water and peeling off in separate directions on the far shore. The other two aircraft headed 120 miles to the south. I led the main team of ten men. We set down a few miles south of the road from Suez City to Cairo. We unloaded a pair of Jeeps, drove off, and within an hour had placed our time-delay explosives on the electricity



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tower and the pipeline. But when we reached the site of the underground communications cable, the mission literally ran into the ground. We dug for more than two hours, but still hadn't found the cable, and our mail-order metal detector stubbornly refused to chirp out any sign of it.

Just when I'd decided to call the helicopter back in to get us, it finally peeped a faint signal. I still wasn't convinced, but as we manipulated it back and forth, it got louder. Still, my instinct was to abort. We'd placed the explosives on the electricity tower and the pipeline. That would at least divert attention from our real mission, which meant we could return in a few months and have another attempt. After all, the part of the operation that had been causing the most concern in the *kirya* – our ability to get deep inside Egypt undetected – had succeeded. We were nearly three hours behind schedule. Unless we worked a lot more quickly than planned, by the time we installed the communications intercept and covered our tracks, it would be daybreak.

Digli and several other sayeret officers were following the mission from their command post in the Sinai, part of the intelligence base our military engineers had built after the war into a 2,400-feet-high mountain called Gebel Um-Hashiba, 20 miles back from the Suez Canal. When I radioed in to tell him I'd decided to abandon the operation, I could hear the surprise in his voice, and what seemed reluctance as well. "If that's your judgement…" he said. But before I could reply that, yes, I felt withdrawal was the wisest course, I heard him speaking to someone whose voice I also recognized: Avsha Horan. He was the soldier on guard duty in the command post for our first intercept operation in the Sinai, the one who'd told me of how Rabin was chain-smoking and biting his nails when it appeared we might be in trouble. Now, he was a sayeret officer. Digli came back on the radio. "We can see more from here," he said. Then, pausing, he added: "Avsha says he thinks you can still do it."

I had grown to respect Avsha's judgement. And while Digli hadn't explained what "more" they saw from the command post, I assumed that, since they were also following the other helicopter teams further south, they were concerned that the Egyptians had figured out at least that Israeli units were involved. Both he and I knew that it ultimately had to be my call. Whatever happened, I'd be responsible. Yet I realized that discussing it further would change nothing, and time was now what mattered most. "We'll do it," I told him, and signed off.

We'd planned for the cable work to take something like five hours, which I knew we couldn't afford. With all of us pitching in, sweat drenching our "Egyptian" uniforms, we managed to finish in slightly less than four. But we



HOUSE_OVERSIGHT_027954

were still behind schedule. Dawn was 25 minutes away. I radioed the helicopter pilot with a new pickup point, closer to where we'd installed the equipment though still far enough, I hoped, to avoid giving away what we'd done. Still, we barely made it. The sun was rising as the chopper began weaving among the dunes and wadis on the flight back to Israel. Looking back, we could see flames leaping up from the oil pipeline in the dim, dawn light.

There could be no doubt the prize was worth it. By the time we returned, the receiving equipment at Um-Hashiba was, for the first time, picking up real-time communications at the highest level of the Egyptian military. With the War of Attrition showing every sign of getting even fiercer, it was a criticial intelligence advantage. When we landed, not only Digli, but Ahrale Yariv were there to meet us. Digli, smiling broadly, handed me a small cloth insignia. "You've earned it," he said, adding that Bar-Lev himself had endorsed my promotion from captain to major.

* * *

With the Cairo-Suez mission, and a series of other operations I helped run nearer to the canal, there now seemed every possibility that I would be chosen to succeed Digli as commander when his term expired. But that was still more than a year away, in the spring of 1971. With his agreement, I decided to use the time to do what Eli Zeira had advised me before I made my decision to return: to get experience in the regular army. The War of Attrition had created a demand for qualified officers who could command tank units, since they were playing a key role against the Egyptians along the canal. Along with about a dozen other middle-ranking officers who had volunteered to move into the armored corps, I embarked on a course covering every facet of tank warfare: how each system on an individual tank worked, how to pilot one, load in the shells, and then calibrate its main gun, aim and fire. We studied communications protocols, even tank maintenance. We were taught how to command an armored platoon – a group of three tanks – and then an armored company of eleven tanks and APCs. Finally, in July 1970, we were given command of actual companies, with the aim of deploying us against the Egyptians.

My company was part of Brigade 401, in the Sinai. It was one of the several armored forces that were rotated, every three months, into action on the front



HOUSE_OVERSIGHT_027955

line. In a stroke of good fortune, the brigade commander was Dovik Tamari, Avraham Arnan's first successor as commander of the sayeret. While we waited our forward deployment, due in September, he included me in his discussions with his senior officers on tactics and planning. This inevitably included the core of our existing strategy: a line of fixed fortifications which we had built on our side of the canal after the war. They were known as the Bar-Lev Line, because the chief of staff ultimately had to sign off on them. But the main impetus had come from Avraham Adan. A former Palmachnik, known as Bren, he was the overall head of the armored corps.

There were strong critics of the Bar-Lev line, but few more vocal than Arik Sharon. The very qualities that had made him the perfect choice to lead Unit 101 and its successor commando units – a natural instinct to favor bold, preemptive attacks, allied with an absolute confidence in his own judgment and little time for those who challenged it – had stalled his rise up the military ladder for a few years. But now he was head of Israel's southern command. He was convinced that in the event of another full-scale war with Egypt, the Bar-Lev line would be worse than useless. We'd find ourselves forced to defend a string of fortifications that could serve no real purpose in repelling a concerted Egyptian attempt to retake the Sinai. Arik's preferred strategy was to let the Egyptian troops cross the canal and then confront them on terms where Israeli forces had a proven advantage: a mobile battle in the open desert.

When the debate came up in our brigade strategy discussions, I said I believed Arik was right. From our recent sayeret missions, I said there was no way the Bar-Lev fortifications could protect us. I knew how easy it had been for us to operate unseen between Egyptian positions across the canal, and they were only a few hundred yards apart. On some parts of the Bar-Lev line, there were six or seven miles between outposts. A whole Egyptian brigade could pass through.

Very few in the *kirya*, however, seemed ready to recalibrate our strategy against the Egyptians. Only later, when the damage had already been done, would it become clear that the navy was alone in acting on lessons learned from the fighting since the 1967 war. Having lost its largest warship to a more mobile Egyptian missile boat at the outset of the War of Attrition, it began focusing on deploying mobile missile boats of its own. But the air force was showing no sign of dealing with the implications of the Egyptians' increased anti-aircraft capability – even though we'd begun losing planes and pilots to the new surface-to-air missile batteries Nasser had received from the Soviets. And I



HOUSE_OVERSIGHT_027956

could see that a similar myopia, or denial, was affecting the armored corps. On patrol along the canal, I would sometimes see the hulk of an Israeli tank which had been destroyed by Soviet-made AT-3s. Known as Saggers, they were portable, allowing a single soldier to fire wire-guided missiles. Their range was nearly a mile-and-a-half, which was more than the main guns on our tanks. Yet no one appeared to have addressed the question of what would happen if the Egyptians used Saggers on an even greater scale in a future war.

I remained in the Sinai through early 1971, but never led my tank company on combat operations. By the time we were due for our deployment, the War of Attrition was suddenly over. Neither we nor the Egyptians wanted a return to full-scale war. With Washington taking the lead, a cease-fire was agreed. Both sides claimed victory. But both were exhausted. Certainly, most Israelis had ceased to see a compelling reason for the 1,000 days of fighting. We had lost about 900 dead: more than in the Six-Day War.

But in one respect, the Egyptians won. Under the terms of the truce, their anti-aircraft batteries were barred from a roughly 30-mile strip along the canal. Within days of the truce, however, Nasser began moving his SAM batteries forward. Before long, there were nearly 100 missile sites in the "prohibited" zone, giving the Egyptians control of 20 miles or more of the airspace on our side of the canal. Golda was incensed. So was Bar-Lev. But there was no way, and no will, to reopen the fighting and force Nasser to move the missiles back.

The cease-fire took effect at midnight on August 7, 1970. I've never had trouble recalling the date, because of a phone call almost exactly 24 hours later. It was from my mother-in-law, to tell me Nava had gone into labor with our first child. Since I was due for deployment on the front line, we had agreed weeks earlier that the best thing would be for her to have the baby in Tiberias, so her parents could be with her. Now, I got a Jeep and raced north. I reached Tiberias the next morning. I opened the door to the hospital room and saw Nava, obviously tired but beaming, cradling our daughter Michal in her arms.

I managed to stay with them for several days before returning to the Sinai. With Nava and Michal soon settled back into our apartment in the north Tel Aviv neighborhood of Ramat Aviv, I made weekend visits home whenever I could. Still, I saw nowhere near as much of our daughter's first few months as most fathers. As Nava and I would discover even more jarringly over the next few years, that was an inescapable part of being an army officer.



HOUSE_OVERSIGHT_027957

But at least my next posting was closer to home. It was only 20 minutes from our apartment, on a former RAF base not far from Lod airport. On the First of April 1971, I was promoted from major to lieutenant-colonel, and given the assignment which, more than any other, I'd hoped for when I returned to the army.

I became the commander of Sayeret Matkal.



HOUSE_OVERSIGHT_027958

# Chapter Eight

It was the same jumble of buildings in the same corner of the base where I'd reported a decade earlier, as a 19-year-old fresh from *tironut*, when the sayeret was still a gleam in Avraham Arnan's eye. Now, I was about to become the first of his successors to have been chosen from within the unit itself. As I called together the officers that first morning, I couldn't be sure whether I would make a success of my two years in command. But I did know what I hoped that I, and we, would accomplish: to complete Avraham's vision. To forge a true special-forces unit, at a time when the threats facing Israel seemed increasingly to demand one.

Avraham's initial hopes and expectations for the unit had been more than met. Sayeret Matkal had played the key role in erasing the traumas of Uri Ilan and Rotem, and restoring the morale and effectiveness of Israeli military intelligence. Time and again, operations which we *said* we could do – dismissed as too dangerous, or impossible, by others – proved achievable. Yet as I now told the team leaders and our other officers, this was no longer enough.

Our intelligence operations still mattered. In fact, we would have to "push further" across Arab borders, deeper into enemy communications systems. Our intercepts had given Israel an important edge in the Six-Day War. I assumed – though naively, it would turn out – that they would be put to use in any future war. But if the sayeret was to retain its unique role, we had to become a *fighting* force as well. One reason, I didn't even have to mention: we all remembered our frustration in 1967, when we'd been little more than bit players in the most important conflict since the establishment of the state. But for me, the main argument for change was what had happened *since* the 1967 war: the fact that Israel was facing a new range of security challenges which other army units, trained to engage and defeat enemy troops on the battlefield, were not equipped to meet.

In the War of Attrition, we might not have lost a single inch of territory. But we *had* lost tanks and planes. Israeli soldiers and pilots were being held prisoner in Egypt and Syria. Arafat's Fatah and the other armed Palestinian groups might not present a *conventional* threat. Yet while I'd been with my tank company in the Sinai, they were fighting a full-scale civil war against King Hussein's army in Jordan. The catalyst: a multiple hijacking in September 1970, a sign that they were turning to *non-conventional* warfare, and to acts of terror.



HOUSE_OVERSIGHT_027959

"We're not starting from scratch," I assured the sayeret officers, and I could see some of them nodding in agreement. We had a proven record of success, under Avraham and the four other commanders before me. We would be able to rely on the qualities that had proved our doubters wrong in our first intelligence missions. "We have to stay true to the *spirit* of Sayeret Matkal," I said. Every one of the officers knew what I meant: teamwork, the way we valued brains and creativity, more than formal lines of authority. The rigor we applied to training for, preparing for, and executing each mission. And, no less importantly, to criticizing, and trying to fix, everything that had gone wrong on an operation, or we'd failed to anticipate.

Though I expected to be leading many of the operations myself, I knew that we'd succeed or fail on the strengths of the officers around me. I was incredibly fortunate on that score. Some, I already knew well from my time as Digli's deputy. Smart, self-confident, *self-starting* officers like Amiram Levin, the stocky kibbutznik from the north with whom I'd worked most closely and most often as deputy. Avshalom Horan – Avsha – who'd convinced me to risk completing the mission on the road from Suez to Cairo. Giora Zorea, who, like me, had come up through the unit and was one of our most experienced team leaders. And Danny Yatom. Born not far from Mishmar Hasharon, but a city boy, from Netanya, he was smart, level-headed and a sure-handed organizer, and with whom I'd somehow clicked from time he arrived in the sayeret. I made him my deputy for my first year in command.

There were two others as well, both related to Moshe Dayan, but with a self-assurance all their own: Uzi Dayan, the son of Moshe's brother, who had been killed in the 1948 war when Uzi was only months old; and Mookie Betzer, who was married to Uzi's cousin. I'm not sure which of the two joined the sayeret first. Mookie, I believe. But their family ties, far from extraordinary, were part of how Sayeret Matkal had developed from the start. It had been friends bringing friends. But also, not infrequently, a cousin bringing a cousin, or a brother bringing a brother.

This was the case with two other officers, whom I knew less well at first but who would become key members of my team. In their case, it was the younger one who joined first. Binyamin Netanyahu – Bibi, as everyone called him – had been a member of Amiram Levin's team when I was Digli's deputy. He'd also been a part of one of our several – thankfully harmless – failures along the canal at the beginning of the War of Attrition. The plan was to cross in rubber boats held together by nylon cord, with the assistance of *Shayetet 13*, Israel's



HOUSE_OVERSIGHT_027960

equivalent of the American navy SEALs. But Bibi's dinghy got tangled up, and he found himself in the canal, being tugged down by the current. Only the SEALs, and Bibi's mix of calm and endurance, averted disaster.

When I returned as commander, Bibi had gone through officers' school and was given a team of his own, making him one of half-a-dozen core, operational officers with whom I worked from the planning stages of every mission, through the training and the operation itself. Especially with Bibi, since he was newest to the role. He was smart, tough and, even by sayeret standards, supremely self-confident. It also was clear that he understood my determination to build the unit into a military strike force – which was one reason why he urged me to bring in his older brother. Bibi was 22 at the time. His brother – Yonatan, or Yoni – was 25. He had led a company of paratroopers in the 1967 war, before going off to university. He'd taken a bullet in the elbow while helping to rescue one of his soldiers behind Syrian lines on the Golan. "He wants to return to the army, and he's exactly the kind of officer you want," Bibi said.

I brought Yoni in for a chat. Over the next several years, I would get to know him much better, becoming not just friends but neighbors, when he bought a flat a few floors up from ours. But even in this first meeting, I found him a contrast to his younger brother. Bibi was practical, detail-oriented. Yoni was a more complex character. He was interested in history, and philosophy. He wrote poetry. He would sometimes feel the need to get off by himself, and just think. He was a man of action, too. Taller and trimmer than Bibi, with a thick thatch of dark hair swept back from a craggy face, he was the Central Casting image of a soldier. He also had real, battlefield experience. Not only did I invite him to join Sayeret Matkal. I put him in charge of our training teams. When Danny Yatom left the following year to train as an armored officer, I made Yoni my deputy.

However different in some ways, the Netanyahu brothers were close. They seemed almost driven, to excel and to succeed. As I got to know them both, I sensed that the drive did not come merely from within. It came from their upbringing, their family background, and in particular their father. Ben-Zion Miliekowsky, as he then was, studied at Hebrew University at the same time as my father, in the early 1930s, and was an impassioned supporter of Ben-Gurion's main right-wing Zionist rival, Ze'ev Jabotinsky. My father remembered him gathering bemused groups of students during breaks from classes, standing on an upturned wooden box, and proclaiming that the Arabs would *never* willingly accept a Jewish state. Long before the 1948 war, and



HOUSE_OVERSIGHT_027961

nearly four decades before our capture of the West Bank in 1967, he insisted that we needed to create a Jewish state in all of biblical Israel: from the Mediterranean to the Jordan River.

It was through Bibi and Yoni that I got to know their father. After 1948, he had led a frustrating existence. A specialist in medieval Jewish history, he could not find a place on the faculty at Hebrew University. He was convinced, perhaps with some reason, that his outspoken advocacy for Jabotinsky's Zionism in a country defined by Ben-Gurion's had frozen him out. He left to pursue his academic career in America, where both Yoni and Bibi spent much of their youth. He always remained bitter about what he felt were unfair, politically inspired, roadblocks to his academic advancement in Jerusalem.

Though he would eventually return to Israel, he was teaching at Cornell when his sons became officers under my command in Sayeret Matkal. So there was a *physical* distance between father and sons. But what struck me was how large the father loomed in both of their lives. There was an almost adolescent admiration, bordering on worship. I remember once remarking to Nava that it was as if, despite all their physical self-confidence, Bibi and Yoni were tethered to their father by some mental umbilical cord. They seemed weighted down by a struggle to live up to his expectations, to right the "wrongs" done to him, and achieve the advancement and success which the young State of Israel had denied him. In a poignant postscript, decades later when Bibi first was elected Prime Minister, Ben-Zion was asked by a journalist for his reaction. "He would make a very good Minister of *Hasbarah*," he replied, a Hebrew word which translates as something between public relations and propaganda. "Or Foreign Minister." But how about *Prime Minister*, the reporter pressed. Ben-Zion replied: "Time will tell."

* * *

Even as we mounted intercept operations deeper into Egypt and Syria, I made sure that we trained as if we were already the broader strike force I hoped Sayeret Matkal would become. We mapped out plans for commando operations against the new kind of security challenges the country faced. We worked in detail on how we'd carry them out. We prepared rigorously to make sure we'd be ready. Yet no matter how proficient we got, there was no guarantee it would actually happen. A bit like Avraham in the unit's infancy, I had to deal with the



HOUSE_OVERSIGHT_027962

frustration of trying to convince the generals in the *kirya* to give us the go-ahead. Some of them agreed Israel needed a specially trained commando force. But not everyone felt Sayeret Matkal could, or should, take on that role. Rafael "Raful" Eitan was perhaps the most strident. He had fought with the Palmach in 1948. He was an officer in Unit 101 and a commander of the parachutists' Battalion 890. He was now *katzhar*, in overall charge of all infantry and paratroop forces. He insisted that such work required a *real* sayeret, by which he meant the paratroopers.

Yet the need for a special-forces unit was becoming increasingly hard to ignore. By the summer of 1971, a couple of months after I became sayeret commander, King Hussein's army had defeated the insurgency of Fatah and a pair of even more militant partners, the Democratic Front and the Popular Front for the Liberation of Palestine. That meant a quieter eastern frontier. But the Palestinian groups rebased across our northern border in Lebanon. When Jordanian Prime Minister Wafsi al-Tal was assassinated, it proved to be the start of a series of killings and terror attacks by a new group within Fatah, called Black September. There was at least some potentially encouraging news from Egypt. When Nasser died in September 1970, he was succeeded by a less flamboyantly militant vice-president, Anwar Sadat. Yet in both Egypt and Syria, a number of our air force pilots were still being held prisoner.

I felt an especially strong motivation to help bring the pilots home. They had risked their lives for us. It seemed to me we owed them the same. One of the men being held in Syria, Pini Nachmani, had a personal connection to many of us in the unit. He had worked with us on sayeret missions. I came up with a plan that, while undeniably risky, seemed to me to have every chance of success. It was to abduct a number of Syrians from an officers' club on the western edge of Damascus. We would land in transport helicopters a few miles away and unload a pair of armored cars captured in 1967. But Raful's view prevailed. I could not get the approval of the *kirya*. I did take heart from Avraham Arnan's support. He was now Golda Meir's counter-terrorism adviser. Also from the fact that Chaim Bar-Lev's successor as chief of staff was an old friend of the sayeret: Dado Elazar, Avraham's Palmach comrade from 1948. Yet winning over the remaining doubters in the *kirya* was obviously going to take time.

As so often during my years in uniform, however, Sayeret Matkal's birth as a special-forces unit came by force of circumstance: not in an officers' club near Damascus, but a few miles away from our base, on a runway at Lod Airport.



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* * *

I was sitting down to dinner with Nava a little before seven on May 8, 1972 when the phone rang. We'd just fed Michael, who was almost two, full of energy, and showed no sign of wanting to go to bed. "It's Manno," said the voice on the line. Brigadier General Emanuel "Manno" Shaked was Dado's chief of operations. "A plane has been hijacked," he said. "It's heading for Lod. It will land in about 30 minutes. They've got hostages. Get to the airport. Dado and Dayan are on their way."

I called Danny Yatom and told him to get whoever was at the sayeret base to Lod as soon as possible. But most of the men were on training exercises, including one team with Yoni deep in the Negev Desert. He immediately began calling them back. When I got to the airport, I found Dayan and Dado huddling in a room below the control tower, unfurnished except for a small table in the corner. Talik was there with them. He was now head of all military operations in the *kirya*. Rechavam Ze'evi as well, the head of the central command area, which included Tel Aviv. So was Ahrahle Yariv, who had succeeded Meir Amit as head of military intelligence, and nodded glumly as I joined them.

The plane had landed. A Sabena Boeing 707 bound from Brussels to Tel Aviv, it had been hijacked after a stopover in Vienna. All we knew at this point was that the hijackers were Palestinians and that there were about a hundred passengers on board. Dado said that, while we figured out how to respond, we had to make sure, at all costs, the plane didn't take off again. It would presumably go to an Arab country, where we'd be powerless to act. Though only a handful of my men had arrived, I took the only officer who had, Shai Agmon, and an El Al engineer to see whether we could disable the hijacked jet. It was parked well off from the main terminal area. With the El Al man leading the way, we approached from the rear, crouching low, hoping the hijackers wouldn't spot us. The engines were still running, but at least the deafening noise kept anyone from hearing us as we ducked under the fuselage and the engineer removed a stabilizing pin from the front wheel. It was an eerie feeling, envisaging the captive crew and passengers, and the terrorists, a few feet above our heads but knowing we were powerless to do anything more to help.

Manno had called me not because I'd won my argument to expand the role of the sayeret. It was the luck of the draw. With the growing threat of terrorism, the *kirya* had drawn up a list of installations which might be targeted. Next to



HOUSE_OVERSIGHT_027964

each, they'd put the name of the military unit to be called up in an emergency. We'd been allocated Lod Airport, because our base was just 15 minutes away. Still, as I accompanied the engineer back to the control tower, I tried to work out in my mind whether we could plan, prepare and train quickly enough to mount an operation to free the plane later that night.

More than a dozen members of the unit had now arrived, and more were joining us every half-hour or so. I arranged for El Al to give us a hangar and a 707 identical to the Sabena plane. Shai, Danny Yatom and I took two airline technicians with us for a closer look at the Boeing. We studied up on it as quickly as we could, beginning with the cockpit and the front door, which we saw was too high to reach without a large ladder. But making our way back, we realized the wings were low enough to climb on to. When, with the help of Danny, I clambered onto one of them, I managed to get one of the emergency doors to open by banging hard on the top end with my open fist. I asked the technicians whether we could expect the Sabena doors to give way as well. Yes, he said, but he cautioned me that on some airlines, there were passenger seats next to at least one of the two doors above each wing.

Walking up into the cabin, I tried to work out how we might attack the hijackers before they were able to harm the passengers, or us. The risks were obvious. But I felt we had to be ready to act. With the rest of the sayeret still making its way to Lod, I put Danny in charge of briefing the new arrivals, familiarizing them with the 707 and preparing for the possibility of an assault operation. I also told him to get hold of a couple of dozen small, 22-caliber, Beretta pistols. I couldn't see how we'd manage to make our way onto the plane with Uzis. We knew we'd have to get up to speed quickly on using the Berettas. None of us had trained on them. But many of the air marshals on board El Al flights were Sayeret Matkal reservists, and they did use Berettas. I told Danny to check for any sayeret marshals arriving on El Al flights and get them to join us.

As I headed back to see Dado, we were nowhere close to a detailed plan on how to confront the hijackers. Nor did we have any orders. The people who would give them – Dado, Dayan and ultimately Prime Minister Meir – were still deciding how to respond. But when I reached the control tower, at about 9:30pm, the order came, if not to mount an operation, at least to make sure the sayeret was ready. "Talk to Talik," Dado told me. "See what the options are to take over the plane if that's the decision." I sat down with Talik and ran through what I'd learned from my brief look at the hijacked plane and the work we'd



HOUSE_OVERSIGHT_027965

been doing on the Israeli 707. I told him I'd need another two hours to make sure my men had practiced climbing up on the wings and forcing open the doors, and another hour for preparations and briefings for the teams who would be participating in the operation. "By about half an hour after midnight, we'll be ready to deploy," I said, though from his stoic, nearly silent response I couldn't be sure whether he was in favor of an assault. "By 0100, we'll be ready to act."

Both of us went back to see Dado. He seemed encouraged, especially when I said we'd be ready to move by one in the morning. He told me the pilot of the plane had been in contact with the control tower. He was an RAF veteran and, though the terrorists seemed unaware of this, he was also Jewish. The hijackers were demanding more than 300 Arab prisoners be released and flown to Cairo. "And they seem quite nervous."

Returning to the hangar, I sent Shai Agmon with four soldiers to set up a lookout and sniper post about 70 yards to the side of the Sabena jet. I told him not to open fire unless they were sure there had been shooting inside the plane and could positively identify an armed hijacker. By now, we had three dozen soldiers and officers, including Uzi Dayan and his full team. I took all those who were already briefed and divided them into four groups, each with an officer and five soldiers and assigned to deal with one of the wing doors. I left the others to continue training.

When midnight came, I was far from certain we could meet the 12:30 am deployment target I'd given Talik. Incoming flights had stopped for the night, and we still hadn't managed to bring in any air marshals. I believed they would give us a crucial advantage. They knew Berettas. They also knew the inside of a 707. But I was worried about losing Dado's trust in a sayeret operation if we failed to meet the timeline. From Shai's lookout post to the side of the plane, I learned that the front cabin door of the plane was open. He said he'd seen a couple of hijackers walking by it, silhouetted by the dim cabin light. But otherwise, there was no sign of activity inside. I called Talik and told him I was taking my assault teams to the area behind the plane. About a half-hour later, I confirmed we were ready to begin the operation. Although the plane's engines were off now, our approach had been masked by the drone of the generator brought in to supply power to the cabin. We were lying face-down on the tarmac, directly behind the tail of the plane but well back. Two rows of 12 men, plus me and a soldier in charge of the communications. We'd brought along four small ladders to help us onto the wings. "We want to exploit the darkness, and the sound of the generator, to cover us," I said in my final briefing before



HOUSE_OVERSIGHT_027966

we'd left the hangar. "If they realize we're there, we get into the cabin as quickly as possible, any way we can. The first five seconds will ne critical. Act decisively," I told the men. "Assume that everyone else will be doing the same. Trust your instincts. You are *trained* for this."

But more than an hour passed as we waited for the green light to storm the plane. My main concern wasn't that the hijackers would see us. There seemed little reason to believe one of them would suddenly decide to take a walk in the middle of the night. But sunrise was around five in the morning, and there was no way I could see mounting our assault in broad daylight. If we didn't get the go-ahead soon, the chance would be lost. I called Talik several times, making the point that if we *were* going to do it, we needed to use darkness as an ally. The sayeret was a breed of night animals. Other people, even terrorists, would be less alert and effective at night. But he kept saying he needed more time.

Finally, an hour before sunrise, he called back. "The big boss is on his way," he said. I left the others and crept back to meet the Defense Minister, a good eighty yards from the plane. Dayan greeted me with a whispered hello. In a way, his arrival reminded me of my first operation in the sayeret when, before heading north to the Golan, I'd been summoned to brief Tzvi Tzur, the chief of staff. Tzur had seemed less interested in the details than in confirming that *I* was confident the mission would work. Dayan, of course, had as much operational knowledge and experience as anyone in Israel. Yet it seemed to me that he, too, wanted to satisfy himself that I honestly felt we were in a position to succeed. Especially, though he never so much as hinted at this, because two of the officers I would be taking in with me, Uzi and Mookie Betzer, were members of his family.

"How do you plan to do it?" he asked. I explained how we would get into the plane simultaneously, in four teams, and confront the hijackers. I said I was confident we'd succeed, especially since darkness gave us an element of surprise, and the terrorists were bound to be tiring. "We can do it," I said. "Better now than in daytime." Dayan merely nodded. He stood there, silent, for another few moments. "I'll let you know," he said, then shook my hand and returned to the control tower. But fifteen minutes later he sent his reply, via Talik. It was brief and explicit: "Not tonight."

For the first but not the last time in uniform, I felt the frustration of finding my preparation and judgement trumped, without explanation, by a decision from above. When I got back to the control tower, I made no attempt to hide my view we should have moved against the hijackers while we had the chance. But



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Dado sat me down and filled me in on what was obviously a changing situation. He said the terrorists had allowed the pilot, Reginald Levy, to come see Dayan and press their demands. He had brought with him a slab of light-yellow material to demonstrate the seriousness of the risk of saying no. When tested, it turned out to be exactly what the hijackers said it was: plastic explosive.

The pilot said there were four terrorists: two men with pistols and two women with explosives and grenades. There were 95 passengers and seven crew. He'd also confirmed that none of the exits above the wings was blocked by a passenger seat. He'd returned to the plane without any clear answer from Dayan on the prisoner release. But before leaving, he revealed that his own wife was among the passengers. He asked Dayan to promise that Israel would help care for their daughter if the hijack ended tragically.

By the next morning, that was looking more and more likely. Though the hijackers were still in contact with the tower, the only visible movement was the arrival of a representative of the Red Cross. The lead hijacker, who called himself Captain Rifa'at, was making increasingly forceful demands for the prisoner release. Our negotiating team did its best to buy time by giving the appearance we were considering the demand. It was Dayan who came up with the idea of going further. He told Rechavam Ze'evi, as the head of the central command area, to begin rounding up hundreds of young Israeli reserve soldiers. He wanted them dressed them in prison uniforms, and then bused to the airport, within sight of the hijacked jet. Dayan also arranged for another Boeing 707, ostensibly to take the "freed prisoners" on to Cairo.

"What then?" Ze'evi asked Dayan. "We're not really going to put them on a plane and take off!"

It was after he'd had no real reply that he in effect answered his own question, inadvertently leading us to the idea of attempting a daytime attack after all. Talking to Dado and me, he said: "Since we're going to such lengths to deceive them, why not just add another layer? Why can't Ehud's people take the role of the airport mechanics?" Looking at each other, Dado and I realized it was a stroke of brilliance. Dado went to share the plan with Dayan, confident that he would be no less enthusiastic, which he was. I remained with Ze'evi and his deputy to work out the details. We agreed they would take care of the pantomime with the prisoners, as well arranging for El Al to get us the ladder trucks that airline maintenance crews used, which would allow us access to the Sabena jet's front and rear doors as well. That left me free to concentrate on preparation and training.



HOUSE_OVERSIGHT_027968

We had just a few hours to adapt the original plan. Although we'd trained in close-quarters fighting for my plan to attack the officers' club near Damascus, we'd never had to use that skill in a live mission. Nor had we ever used the Berettas. While we'd disguised ourselves as enemy soldiers or military police on our intelligence operations, this would be the first time we were taking on the persona of civilian engineers, with the need to fool armed terrorists on the lookout for any sign of danger or betrayal. And for the first time in *any* of our major operations, we would be operating in daytime.

Now that nearly all our soldiers and officers had arrived, I began arranging the final line-up of attack teams. We would need six rather than four, since the new plan would give us access to the front and rear doors. Danny now also told me that a couple of the El Al technicians had shown him a way of climbing up from inside the nose wheel into the cockpit. One of the toughest and strongest of our soldiers, Uri Koren, had tried it successfully on the El Al 707. I told Danny, Uri and another officer that they would be assigned to attack through the front door and the nose wheel. I put Uzi Dayan in charge of the tail door. The emergency doors above the wings, however, still gave us the quickest way in. I planned to command the operation from the left of the aircraft, because both the front and tail doors also faced that way. I entrusted Bibi Netanyahu and his team with breaking in through the main wing door on the far side of the plane.

By noon, we got a further boost. With the resumption of incoming flights, we began collecting air marshals. One in particular raised my confidence. I knew Mordechai Rachamim well from the sayeret. He was a Yemeni Jew from Elyakhin, the moshav near Mishmar Hasharon where Baddura and the other Yemeni workers lived. He was tall, strong and athletic, naturally agile and quick to respond in situations of danger. He was also no ordinary air marshal. In 1969, he'd been posted on an El Al flight from Amsterdam to Tel Aviv. On a stopover in Zurich, four gunmen from Fatah's main radical rival in the PLO, the Popular Front for the Liberation of Palestine, leapt out of a car, opened fire with AK-47s and began throwing grenades. The PFLP assault injured four of the crew and killed the co-pilot. Armed with his Beretta, Mordechai rushed to the cockpit window and returned fire. Seeing the attackers were too far away, he slid down the emergency chute. Once on the tarmac, he shot one of the terrorists in the head and kept the rest of them at bay.

As additional air marshals arrived, I slotted each of them into an assault team in place of one of our sayeret soldiers. The next to arrive was Marco Ashkenazi, a Cairo-born veteran with whom I'd worked on a mission inside Egypt. I put



HOUSE_OVERSIGHT_027969

Mordechai on the main left-side wing door, critical for the opening moments of the assault, and added Marco to Bibi's team on the other side of the aircraft.

It was then that Yoni arrived back from Negev. He insisted on being added to one of the assault teams. In one respect, that made sense. He had more battlefield experience than almost everyone in the unit. But there was an unwritten sayeret rule never to place two brothers together in the line of fire. "It's too late," I told him, with an arm on his shoulder. "Bibi has already been training his team." He went off to find Bibi. I thought there was little chance of Bibi standing down, but didn't feel I could stop Yoni from trying. Five minutes later, they came to talk to me. Bibi said: "Yoni wants to replace me. We want you to decide." I assumed both of them knew what I'd say. "Today, it's Bibi," I replied. "But Yoni, this is not our last operation. I will make sure you are there the next time."

The last marshal to join us was a tall, thin redhead we always called Zur. He'd had only 15 minutes to begin training when I got word that Dado – along with Ze'evi and Ahrahle Yariv – were on their way to see a run-through. As they filed into the hangar, I quickly explained the operational plan. I showed them how we would push in the wing doors in, and then ushered them inside the 707. Two minutes later, the emergency-door teams climbed on to the wings. When I gave the agreed two-finger whistle, they stormed the plane. "OK, gentlemen," Dado told the team leaders when it was over. "We've seen what we needed." Before returning to the control tower, however, he took me aside. "You know they have explosives, right?" he said. When I said yes, his tone softened. "You don't have much time, Ehud" he said. "Don't waste it. *BeHatzlakha*." Good luck.

We still had to outfit ourselves in mechanics' overalls, and swap the sayeret's paratroop-style red boots for black ones. I directed all the men to conceal the Berettas on a waist-belt inside their overalls. We got acquainted with our mechanics' toolboxes. Finally we organized our maintenance motorcade: four electronic buggies in front, towing four ladders, two short ones for the wings and taller ones for the front and rear doors. Waiting for the order to move, I said a final few words. Seeing the determination and nervous anticipation on the faces of the men around me, I began by reiterating that the first five seconds would be critical. "We all know that nothing ever happens exactly according to plan. Each and every one of us has to focus on speed, momentum and precision. No one can wait for anyone else to act. From the moment I give the signal, or if we come under fire, each team has to act as if



HOUSE_OVERSIGHT_027970

they have to accomplish this all on their own. *All* of us must assume that. Keep cool. Stay focused. Rely on your instincts. We're ready for this mission. And we are going to achieve it."

One minute after four in the afternoon, we got the word to go. I was in the lead buggy, consciously trying to look like a civilian, not a soldier. It was about a mile-and-a-half to the aircraft. I glanced back at the others. Like me, many of them had been awake for 30 hours or more, in some cases nearly 48 hours. The air marshals had been plucked off long-haul flights on which relaxation, much less sleep, was not an option. As before any mission, I knew everyone would be thinking about what was about to happen. They also realized that if we failed, the passengers trapped inside the plane would be at the mercy of terrorists armed with AK-47s and explosives. But I was confident that any apprehension would be overtaken by adrenalin when as the assault began.

As we got closer, Shai Agmon radioed me. He said two or three people, not the terrorists, had come out of the plane. One seemed to be the Red Cross man. They were about 120 yards away from the aircraft. As soon as he'd signed off, I got word from the command post in the control tower that it was indeed the Red Cross representative, along with two of the flight crew. They'd been chosen by the terrorists to do security checks on the "maintenance" men.

I brought the convoy to a halt. The Red Cross man gave each of us a fairly cursory body search before waving us on. Then, he got to Bibi. Though I had somehow failed to notice, he had left on his red sayeret boots. In Israel, that was the equivalent of a neon sign saying: "I am a paratrooper." Although the Red Cross man noticed the boots, he at first made no comment. Then, rolling up the pants leg of Bibi's overalls, he saw his Beretta – not inside his waistbelt, but inside the boot. The next thing I heard was an angry spurt of French as the man called the control tower. For a moment, I feared the mission was over, with potentially fatal repercussions for the hostages. But whatever explanation the Red Cross man was given – presumably by Dayan himself, who would not have held back in conveying what was at stake – it dissuaded him from taking further action.

As we were returning to the buggies, the Red Cross man told me that "Captain Rifa'at" had ordered us to pull up to the generator on the side of the plane. Each of us would then have to walk forward and open the front of our overalls so he could make sure we weren't armed. I passed back four orders to the rest of the men. First, with no exceptions, move your pistol to the *back* of your belt. Second: I'll be the first to go through the inspection. Third: watch



HOUSE_OVERSIGHT_027971

what I do and do the same. Finally, if our cover is broken, or if you hear gunfire, we all storm the plane.

I felt as I always did as an operation was about to begin. Along with the tension, I had a keen awareness of everything happening around me, almost as if I was watching things in slow motion, in high resolution. When our motorcade approached the generator, Rifa'at leaned out from the co-pilot's window. He was pointing a pistol at us. He seemed to be in his late 20s or early 30s. He had dark hair and a moustache and the hint of a stubbly beard. We stopped beside the generator. I got out and walked toward the cockpit, halting about 10 feet away. Looking up the hijacker, I made a conscious effort to appear curious rather than worried. His eyes seemed a mix of intense focus and tension. I opened the front of my overalls. Because of the heat, I was wearing nothing else on top. He nodded his head to signal he was satisfied. I refastened the overalls and moved off. One by one, the other men passed inspection. Then we went back and brought the two smaller ladders to the side of each wing, and the "mechanics" set down to work. I delayed bringing in the large ladders so as to minimize any risk of arousing the terrorists' suspicions.

The fact that at least so far they seemed to suspect nothing was in large part down to Dayan's misdirection plan. As we began working on the plane, the "Palestinian" prisoners were disembarking from buses about 300 yards away. As Rifa'at watched, several hundred men formed long rows. A few of them waved in his direction. The Boeing which was theoretically going to take them on to Cairo, to be followed by the Sabena jet minus the hostages, was being towed into position.

One by one, our assault teams were moving into place. All that remained was for me to give a short, sharp whistle and the attack would begin. Yet just as I was raising my fingers to my mouth, I saw Bibi coming toward me from under the fuselage. He motioned to me to wait. Zur, the last of our air marshals, had a problem. Having spent 10 hours in the air on the way back to Israel, before being immediately plugged into an assault team, he had something to attend to. "He has to take a shit," Bibi said. Can't it *wait*, I asked. No, was the answer. So I said OK, leading to the most surreal "operational" moment I would witness during all my years in the military.

The "prisoner release" was now in full flow. Dozens of military vehicles, and a small army of fire engines and ambulances, had also pulled to the far end of the runway, out of sight of the hijackers, in case our attack on the Sabena jet went wrong. Tel Aviv hospitals were on alert. And Zur was crouching and



HOUSE_OVERSIGHT_027972

relieving himself. He nodded in gratitude when he'd finished, and returned to Bibi's team on the far wing. I gave him a full minute to be certain he was in place.

Then I whistled. From my initial position beside the plane, I saw Danny Yatom and his team begin to move one of the tall ladders toward the front door. Shifting my eyes toward the wing doors as the "crucial first five seconds" ticked by, I saw both the ones on my side of the plane were still shut. I climbed up on the wing. When I got to the smaller, rear door I saw the main one cave inward and Mordechai Rachamim rush in. But the soldier on the other door was trembling and frozen in place. I slapped him, hard, on the back. "Move!" I shouted. Instantly, he pushed the door in and rushed inside. I then noticed Uzi and his team had still not entered from the rear. I jumped from the wing and ran toward the ladder at the back, but by the time I got there, they had made it inside, and I followed them in.

Everything was over within 90 seconds. As I'd expected, the planning and training turned out to matter less than instinct and initiative. Within seconds, Uri Koren managed to get into the nose-wheel assembly. Though he couldn't dislodge a metal-mesh panel separating it from the cockpit, he spotted the outline of a man's foot above him, fired, and wounded Captain Rifa'at. The other members of Danny's team in front were less lucky. With the ladder, they had no trouble getting to the passenger door, but they struggled to force it open. When they did nudge it open a crack, one of the hijackers opened fire, slightly wounding one of the men and forcing them to abandon the attempt.

Mordechai went in shooting, but immediately drew fire and had to retreat. But Omer Wachman, another air marshal I'd posted on the far wing, was in a couple of seconds later. Coming face-to-face with one of the hijackers, he shot him in the head. That allowed Mordechai to get back inside. He quickly exchanged fire with the hobbled Captain Rifa'at, hitting the hijacker in the side. As Mordechai ducked down to reload his pistol, Rifa'at managed to lock himself inside one of the toilets near the cockpit. Mordechai ran after him. He fired through the bathroom door, then kicked it open and confirmed that he was dead. Rushing back toward the center of plane, he spotted the main woman hijacker, wearing a bulky explosive vest. Grabbing her hands, he reached inside the vest and yanked out the battery pack. With two of the hijackers already dead, Mordechai had now subdued the third. But knowing that there was still another woman unaccounted for, he handed her over to Bibi and Marco Ashkenazi. Bibi grabbed her by the back of her hair, but it turned out to be a



HOUSE_OVERSIGHT_027973

wig, which came off in his hand. As she began screaming, Marco instinctively struck her across the face, but he used the hand in which he had his Beretta. The gun went off, and the bullet grazed Bibi in his upper arm.

When Uzi Dayan had finally got in through the rear door, he'd run up against a stocky, suntanned man blocking in his way, and fired – thankfully, only into his midsection. He turned out to be one of the passengers, a film-maker from Austria. Still, there was the other woman hijacker to deal with. Several of the passengers pointed to the floor just ahead of Uzi, where she lay curled up, holding a grenade with the pin out. Ordering her loudly, sternly, not to move, Uzi wrapped his hand over hers, extracted the grenade from her grasp finger by finger, replaced the pin, and had one of his men lead her out of the plane and down the stairs.

All the hijackers had been either killed or captured.

Tragically, in the initial crossfire, a 22-year-old passenger named Miriam Holtzberg, had been hit. Although the man whom Uzi had mistakenly shot recovered, she did not. Yet all of the remaining passengers and crew were now free and safe, alive and unharmed.

I felt a mix of emotions when it was over: pride, a sense of achievement against all the odds. And huge relief at having succeeded in ending the ordeal of the captives. Without my saying so, everyone in the unit understood that my inaugural comments as commander, about our need to become a *full* special-forces unit, were no longer a distant wish. Still, I knew this was only one step, and I wanted to make sure we kept our feet on the ground. The day after the Sabena rescue, Israeli newspapers devoted acres of newsprint to how the operation had succeeded. Since Sayeret Matkal's existence was still an official secret, the headline writers called us, variously, a "special" unit, a "select" unit and even in one case, because of our El Al coveralls, "angels in white." We did, briefly, celebrate back at the sayeret base. But as with every other operation, we went through a self-critical assessment of what we could have done better. How, if we had to do another hostage-rescue operation, could we make sure none of the passengers was harmed? How could we improve co-ordination among the assault teams? And minimize the risk of shooting *each other*. Why had I, as commander of the operation, had to wait for someone *else* to suggest the idea of disguising ourselves as aircraft technicians? And why had we failed to train with Berettas and other pistols as well as Uzis?



HOUSE_OVERSIGHT_027974

They were not just academic issues. Even if we were never again called upon to free a hijacked airplane, I assumed we would face other operations which were equally urgent, without the weeks or even months of preparation we'd always insisted on in the past.

* * *

After the Sabena operation, I emphasized the need for us to be proactive. It wouldn't be up to us to decide which operations to do. But it *was* up to us to take the initiative in identifying and understanding specific threats and framing ways in which we could provide a response. Even before Sabena, barely two weeks had gone by when I didn't go to Eli Zeira, who was in charge of the operations department of military intelligence, with a mission which I felt confident we were ready to carry out. Several of the most complex centered on the new threat posed by Palestinian groups in Lebanon. Before the civil war in Jordan, King Hussein had accused Fatah, the PFLP and the equally militant Democratic Front for the Liberation of Palestine of trying to create "a state within a state" and deliberately weakening his government. Now, they were doing much the same in Lebanon. Their headquarters buildings in southern Beirut were spawning hijackings or terror attacks. From bases in southern Lebanon, the Palestinians were also firing Katyusha rockets into Israel.

One of the operations I planned targeted Arafat. From our intelligence intercepts, we knew that a day or two after a particularly intense clash with Israeli artillery units on the Lebanese border, he would tour the area and meet with his commanders. If we were going to go after him, however, we needed to know exactly when he was coming. Fortunately, the Lebanese authorities tracked Arafat's motorcade on these "review the troops" excursions, reporting how many cars were involved, which one he was in, and their progress. Thanks to previous sayeret missions, we could listen in. In order to ensure the operation would be on our terms, I proposed that a couple of days before we planned to move, Israeli artillery target a Fatah rocket site in an isolated area about ten miles from the border, where there was just a single road in from Beirut. I proposed landing several teams by helicopter the night before. We would lie in wait until the Lebanese army checkpoints reported that the Fatah convoy was on its way. Israeli helicopters and F-4 jets would then cut off the road on both sides, and we would ambush Arafat's vehicle.



HOUSE_OVERSIGHT_027975

When I took the plan to Eli Zeira, he was reading an issue of the French newsmagazine *l'Express* and snacking on salted almonds from a dish on his desk. As I ran through the reason we'd come up with the plan – the bourgeoning power of Arafat and Fatah in Lebanon – he peered at me over his reading glasses and nodded. As I set out the details of the attack plan, he listened, with no obvious sign of approval or rejection. But after I'd finished, he dismissed it out of hand. He said that Arafat was no longer the battlefield commander whose forces had fought Israel in Karameh. "He's fat. He's political," he said. "He is not a target for this kind of operation."

After the Sabena hostage-rescue, Dado and the other senior officers in the *kirya* did seem more receptive to our trying to initiate operations, especially the plan to seize Syrian officers and trade them for the Israeli pilots. But such a mission required not just military or intelligence approval. Dayan, and possibly Golda as well, would have to sign off, and there was little immediate sign of that. But, once again, events on the ground would force the issue. Early on the morning of June 9, our intelligence intercepts gave us notice that the next day, a group of senior Syrian officers was going to make an inspection visit to the eastern part of the Lebanese border area with Israel. We would have to move quickly. Within the space of 12 hours, we'd need to plan the attack, organize, equip and brief the assault teams, make the three-and-a-half-hour drive north, and cross into Lebanon.

Still, I was determined to try, which marked the start of two of my most frustrating weeks as Sayeret Matkal commander. The place where we planned to abduct the Syrians was an area I knew personally: the sparsely settled strip of land where Lebanon, Syria and Israel met, not far from where I'd helped "capture" several Syrian villages on the final day of the 1967 war. With the convoy expected to pass through the next morning, we crossed the border a little before midnight on June 9. We lay in ambush in dense vegetation a few meters off a curve in the road, further reducing the time the Syrians would have to react once they saw us. I stationed two other sayeret teams a few hundred yards away in either direction, so they could cut off the road once we attacked.

But as the convoy was approaching, I was suddenly contacted by the sayeret officer we'd stationed in the command post back in Israel. He relayed a message from Motta Gur, the head of the northern command. Its intelligence unit said there was a Lebanese Army checkpoint a quarter-mile from the ambush site.

Motta himself was in the south, with Dado, watching a tank exercise. So I had no way of talking to him. I replied through the officer in the command post.



HOUSE_OVERSIGHT_027976

"Tell Motta we know about it," I said. "We've planned for it. It's not a problem." I figured there were at most four or five Lebanese soldiers manning the checkpoint. The last thing they'd want to do is get involved in a firefight between us and the Syrians. But Motta's reply was unequivocal. The mission was off.

When we'd climbed through a bramble-filled ravine back into Israel, I left a message for Motta. I found it hard to disguise my frustration, and my anger, at being ordered to abort the attack, especially after my assurances that the Lebanese roadblock was not a problem. Yet when we got back to the sayeret base, I realized there was more to his veto than I'd thought. He and Dado had received intelligence saying the Syrians were likely to make a series of further inspection tours of the border area, so this would not be our last chance. The next day, we received word they'd be touring the western part of the border on June 13. On the Lebanese side, it was known as Ras Naqoura, on ours as Rosh Hanirkra, where the Mediterranean coastline rose dramatically to a ridge and, once into Israel, sloped steeply down again toward Haifa.

I took in two main assault teams, one led by Mookie, the other by Uzi Dayan. We hid in a tangle of bushes about halfway along the road which climbed up toward the border ridge. I stationed Bibi and his team at the bottom of the road, equipped with Uzis and rocket-propelled grenade launchers. We waited, knowing that we'd be able to see the convoy as it twisted its way up toward us. Again, I had no direct link to Motta. Yet both he and Dado were following the mission from a command post in northern Israel. We were in nearly real-time contact through a sayeret officer, named Amit Ben-Horn, right across the border.

A first vehicle appeared at around 10:30 in the morning. Bibi radioed us. It was a Lebanese army armored car with a single machine-gun. It drove past and halted 150 feet on, at the point where the road began to climb. The two guys inside took out a small table and a couple of chairs and began brewing up coffee on the side of the road. "All OK," I said when I radioed Amit to tell him. "Pre-deployment." The convoy arrived two hours later and began to climb. "We're taking it," I radioed Amit.

"Wait," he replied. And as I kept pressing him for the final go-ahead, another 30 seconds passed.

"Not approved," he finally barked back at me, clearly wanting to make sure I got the message.



HOUSE_OVERSIGHT_027977

"What the hell is going on?" I replied, in a mix of a shout and a whisper, since I knew the convoy was getting closer. But within a minute, we spotted the lead Land Rover, which was soon past us on the way up to the ridge. It was followed by two large American cars, with the Syrian officers, and then a trailing security vehicle. It was too late. I was fuming. The convoy had passed within a couple of yards of us, moving slowly because of the incline. But, regaining my composure, I realized we'd get another opportunity, when the officers returned from their inspection visit. We now knew exactly how the convoy was deployed, and with any luck, the security men would be less alert by the end of the day. Even better, it would be beginning to get dark, perfect conditions for the ambush.

But as we were waiting, Amit radioed me with a question from from Dado and Motta. "Where's the armored car?" It's still there, at the bottom of the road, I told them. "But there's nothing it can do." Bibi and his team had it in their sights. I considered not telling Amit what happened a few minutes later: a Lebanese shepherd, with a half-dozen sheep, stumbled on us. One of Uzi's men, fluent in Arabic, tied the startled man's arms behind his back, scattered the sheep, and told him: "It's fine. Another hour or so, we'll be gone, and we'll let you go." It turned out to be less than an hour. Forty-five minutes. During which, not once but twice, Amit told us that Dado and Motta were worried: about the armored car and now about the shepherd. I assured him everything was fine. We'd do the operation. The guys in the armored car would be helpless. If all went well, they might not even know we'd intercepted the convoy. The shepherd, like us, was just waiting for it to be over so we could all go home. Minutes later, Amit called again. He told us the convoy was on its way down. But barely 60 seconds later, he said: "It's off. Don't do it. Dado told me to repeat it twice so you'd understand: do *not* do the operation."

When we got back to the command post, not only were Dado and Motta there. Since Motta was within days of leaving to become Israel's military attaché in Washington, they'd been joined by his successor as head of the northern command, Yitzhak Hofi. Three times, I suggested to Dado that we speak without my officers present. I did not feel it was right to have Uzi, Mookie and Bibi hear me the generals how I felt. But Dado insisted there was no reason for them to leave.

"This is a serious issue," I said, trying to keep my emotions in check. "What happened out there is unacceptable. An effective special-forces unit cannot operate this way. For the second time in a week, you've made us stop an



HOUSE_OVERSIGHT_027978

operation. Both times, it was an operation that we, the ones who have to do it, knew could succeed. An operation on which the fate of three Israeli pilots depends. One of whom we know personally, and have *worked with*. Now, again, with no real reason, you've stopped us. I see this as a breach of trust." When neither Dado nor Motta replied, I went on: "I have to tell you openly. You can't possibly judge the situation on the ground. Only we can. And you're behaving as if you *know*. You *can't* know from here. There was no reason for us not to grab those officers. I don't want to reach a point when I have to start thinking about what to report back, or not report, just to make sure we're free to complete a mission that you *ordered*, after agreeing it was necessary for Israel."

No one said anything for a few moments. I could see that Uzi, Mookie and Bibi were shocked at having heard me speak in this way to three of the top commanders of the armed forces. But I meant every word. If Sayeret Matkal was to function as a special-forces unit, it needed to have the trust of those who'd authorized an operation in the first place. It was Dado who finally replied. Sort of. Trying to defuse the tension, he told us a joke from his Palmach days. "There are two bulls who come into a field full of cows. A young one and old one. The young one says to the old guy: let's run over there to the far end of the field, where the prettiest cow is, and we can fuck her. The old bull replies: "No need to rush. Let's go slowly, and fuck them all."

I guess we were meant to be the young bulls.

I doubt Dado knew whether we'd get a third chance at the Syrian officers, though I'm sure he hoped so. A week later, we got word there would be a final inspection visit, to the central sector of the border area. Ordinarily, I would have led the operation. Now, I made an exception. To Dado's obvious surprise, I decided to remain behind, in the command post. "A commander has to be in the best place to ensure a mission is successfully completed," I told him. "I've come to the conclusion the only way I can do that is to be here with you. Because the real bottleneck isn't out there in the field. It's here."

I placed Yoni, who had just become my deputy, in overall command of the two main teams: Uzi Dayan's and another led by one of our most impressive young officers, a kibbutznik named Danny Brunner. He reminded me a lot of Nechemia Cohen: he spoke little, and softly, but once an operation began was calm, clear minded and able to anticipate and avoid trouble before it materialized. Two other teams, one led by Mookie Betzer and the other by Shai Agmon, would act as blocking units, concealed half-a-mile on either side, once the main force intercepted the convoy. We chose a spot across from the Israeli



HOUSE_OVERSIGHT_027979

moshav of Za'arit. We equipped Yoni's force with a pair of Land Rovers in Lebanese army colors and had them hide overnight in the moshav's orchards, a hundred yards from the road on the Lebanese side of the frontier. The next morning, when we got confirmation the convoy was on its way, they crossed and stationed themselves on the road, lifted the hood of one of the vehicles and made as if they were trying to repair engine trouble. Both the blocking forces were in half-tracks with heavy machine-guns in case the convoy chose to stand and fight.

What we didn't count on was a Lebanese driver, in a VW Beetle as I recall, puttering along the road shortly after Yoni's team crossed. The man waved at them. Quite rightly, Yoni let him drive on. Along with the other obvious reasons not to fire on a civilian VW, he didn't want to alert the Syrians and their hosts there was danger ahead. But the Lebanese motorist, as well as a group of nearby farmers, were suspicious enough to deliver a warning that there were a couple of stalled Land Rovers on the side of the road. The convoy halted shortly after passing Mookie's force, hidden in a field a few dozen yards away.

Had I not been in the command post, I'm pretty sure what would have happened next. The mission would have been called off. This time, I was the one in direct contact with all three teams. Even before I gave the order, Yoni had anticipated it. He and Uzi turned west to confront the convoy. In a brief initial exchange of gunfire, one of Uzi's men was wounded, not seriously, in the leg. But with Mookie's team firing from behind and Yoni's and Uzi's men in front, the convoy was trapped, and the Syrians captured.

The safest way back into Israel would have been the way the force had entered. But Yoni and Uzi realized the main imperative was to get the Syrians out as quickly as possible. At a not-inconsiderable cost to a pair of American limousines, Uzi drove each of them, with a total of five Syrian officers, through a boulder-strewn field across the border.

The Syrians included three senior members of the Operations Department of the General Staff, and two from Air Force intelligence. Israel made an immediate offer to swap them for our pilots, though how enthusiastically I'm not sure. With this kind of leverage on our side, it seemed unlikely the Syrians would do further harm to our pilots. *Our* intelligence officers were keen to get every bit of information they could before sending the Syrians home. It would be a year later before the exchange was done. Yoni received a well-deserved *tzalash* for his role in the mission.



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* * *

Barely two months after the ambush operation in south Lebanon, Black September seized and murdered members of the Israeli team at the 1972 Olympics in Munich.

As soon as the news broke on the morning of September 5, I phoned Ahrahle Yariv as head of military intelligence. "You need to send us," I said. I tried to persuade him that if it came down to an operation to free our hostages, Sayeret Matkal offered the best hope that it would not end in a bloodbath. We had the mind-set, the background, the training and now the experience. I also knew the *German* military had no special-forces unit. I'd have been even more worried if I had known that German law barred the army from operating in peacetime. That meant any use of force would be left to the police. Ahrahle told me it was too early to say what involvement, if any, Israel might have. He'd get back in touch with a decision when it came.

I called my officers together to begin planning. I decided to use the men who had been with me for the Sabena mission, including Mordechai Rachamim. We collated information from the stream of media reports from Munich and assembled a rough idea of the layout of the building the terrorists had attacked. As for the attackers, I said we had to assume there were at least half-a-dozen, that they had not just AK-47s but grenades or other explosives. And that like the Sabena hijackers, they would be prepared to die but hoping to live. All of that turned out to be true. None of it, however, could alter the reply I got from Ahrahle a couple of hours later. "We decided to send Zvika," he said. Zvika Zamir was the head of Mossad, and he would be going only as an observer. Any operation against the terrorists would still be in the hands of German units.

The German police's bungled attempt to end the ordeal was especially painful because it was so predictable. I believe that if we *had* been there, at least some of the eleven Israelis killed might not have lost their lives. The Germans launched an ambush at a NATO airfield outside Munich, when the terrorists and hostages were ostensibly on their way to board a flight for Cairo. We know now that there was no properly co-ordinated plan. Too few police were deployed for the operation. They were insufficiently armed, and they lacked relevant training or experience. The result: a bloodbath. As a final insult to the memory of the murdered Israelis, although the three surviving terrorists were jailed, the



HOUSE_OVERSIGHT_027981

German government released them to meet the demands of the hijackers of a Lufthansa airliner the following month.

Added to Israeli public's shock over the massacre, there was anger at having to watch the murderers go free. In the weeks afterwards, I got occasional hints that a sustained Israeli response was underway, though I didn't know the details. I was not aware that it was Ahrahle, at the direction of Golda herself, who was co-ordinating it. Nor that a special Mossad team was at the center of the operation. Yet from news reports of a series of attacks on suspected leaders of Black September, I, and most Israelis, assumed we were determined to convey a message which the Germans had not: that terror killings of the sort perpetrated in Munich would not go unanswered.

It was not until late 1972 that I knew the full scale of the operation. We had no formal ties with the Mossad, but our intelligence work occasionally overlapped. In mid-December, the sayeret's intelligence liaison was approached with a "theoretical question" by a couple of guys from the Mossad. Did we have the capability to attack three separate flats in a pair of apartment buildings in Beirut. I sent back my preliminary answer a few days later. I said it was possible. But there was no way I could say for sure without more information. Would the people in the apartments be armed? Were there guards outside? Was there a caretaker or concierge? Was there only one way in to the buildings, or also rear entrances? Would we be able to get a plan of the interior of the apartments?

In another month, they came up with most of the answers. The buildings were fairly new, with glassed-in lobby areas and concierges. The Mossad men also gave us a fairly detailed layout of two of the three apartments. They did not know whether there were back entrances. They thought it was likely there were bodyguards, or at least some security detail posted outside. As for the people living in the apartments, all of them were likely to have at least small arms.

Over the next week or so, we raised a series of other questions. Mainly, I wanted to know whether they were sure the people we'd be looking for would be at home. The Mossad officers said they were working on that, but were confident of being able to confirm this before any operation happened. Though they didn't identify the people they were targeting, I had now learned, through Ahrahle and others, what had been pretty obvious since the Mossad's initial approach. They were Palestinian leaders with ties to Black September. "I think it's possible," I finally told them. "We'll put a plan in place. We can finalize the arrangements if you come back and say you want us to do it."



HOUSE_OVERSIGHT_027982

Nothing happened for several months. By the early spring of 1973, with my two-year term as sayeret commander winding down, I assumed the operation had been vetoed. I could understand why. As we worked on our plan, it had become clear that getting into the heart of the Lebanese capital, hitting the apartments and getting out again without starting a minor war would be by far the most difficult mission we had attempted. I did not doubt that Sayeret Matkal offered the best chance of success. But it wouldn't be easy. I figured that whoever was making the decision had come to the same conclusion.

I was on a weekend away with Nava and Michal in the Red Sea resort of Eilat when things suddenly began to move. At around noon on Saturday, I got a call from Talik's deputy in the *kirya*. "Ehud," he said, "we need you back here as soon as possible." When I asked why, he said: "You remember how you were approached by someone with some questions, and you went back to them with a list of other questions for them to answer?"

I told Nava I'd been summoned to a meeting at the chief-of-staff's office – the kind of call of duty that both of us were now used to – and grabbed the first commercial flight north. It got the the *kirya* early in the evening, and joined a meeting that was already well underway. Dado was in his usual seat on the right-hand side of the table he used for staff discussions, flanked by Talik. Across from them was Manno Shaked, the officer who had phoned me to tell me about the Sabena hijacking and who had now succeeded Raful Eitan as *katzhar*, overall chief of the infantry and paratroopers. Beside him were the two Mossad officers with whom I'd had most of my dealings about Beirut. They were all staring at an aerial photo of the Lebanese capital, with an area marked in blue pen around a street called Rue Verdun.

I entered and took one of the remaining chairs. Gesturing toward the image of Beirut, Dado turned to me. "Do you know this place?" he asked. Yes, I said. I'd seen the photo. Nodding toward the Mossad men, I said: "These two officers showed it to me."

"Do you have an idea how to do this operation?" I told him that we didn't have a fully detailed operational plan. But I said we'd looked into the problems we'd face. "We believe we can do it." When he asked how, I outlined the approach we'd settled on: a small force, thirteen men, plus two from Mossad to act as drivers. We would need the Mossad men to go to Beirut ahead of us, and rent a pair of nice American cars, the kind typical tourists would use. We'd land on the waterfront, well south of the most built-up parts of the city coastline, and meet up with the rental cars. When we reached the apartment blocks, three



HOUSE_OVERSIGHT_027983

groups of three men each would take care of the apartments. Four more would remain outside to deal with the concierges or security guards or any other interference, and to command and co-ordinate. We'd leave the same way we came in, by sea.

Dado nodded. I found out later that he'd asked the same question of Manno, who had proposed a classic regular-army raid. They would block the road with ten armed paratroopers on each end with the aim of holding off resistance, while another two dozen went in to the apartments and attacked. I could only assume Dado concluded that this almost certainly wouldn't work, at least not without major trouble. It would certainly forfeit any chance of surprise.

"The mission is yours," he said. "Manno will be in overall command, offshore. Because we're also planning to hit several other targets."

The reason for the urgent summons was that the Mossad had confirmed all three Palestinians would be in their apartments in 10 days' time. Everyone involved realized that – given its complexity, the obvious risks, and the inevitable unknowns – the operation could well go wrong. In fact, one reason for Dado's "other targets" was to ensure that if it did, there would be successes elsewhere to provide a credible justification for having sent Israeli forces into Beirut. As we received further intelligence, new obstacles had to be factored in. The main one was the presence of a *gendarmerie*, a Lebanese police post, at the bottom end of the street, only 500 feet or so from the apartments. And we would be operating in a crowded, up-market residential area. We could only hope that at the hour we struck, most people would be in bed. Or out partying. This was, after all, pre-civil war Beirut, the "Paris of the Middle East".

In the years since, an extraordinary array of stories has grown up around the sayeret's final and best-known mission during my term as commander, culminating in the dramatic version in Stephen Spielberg's movie *Munich*. I remember reading in one earlier book, otherwise surprisingly accurate, about our *five weeks* of intensive training. Even the full 10 days which I thought we'd been given would have been a bonus. In fact, we had half that as a full team, since our Mossad drivers, European-born Israelis, had to make their way through Paris to Beirut as tourists, rent the cars and scout out our route from the seashore to Rue Verdun.

There were four other operations planned alongside ours: three by paratroop units and one by the *Shayetet 13* SEALs, against a series of Fatah and Democratic Front installations. Though all of them, like ours, would need help



HOUSE_OVERSIGHT_027984

from the SEALs in getting ashore, only one required direct co-ordination with us. This was an attack on a DFLP building a mile or so away in southern Beirut, led by Amnon Lipkin, the friend whose unit had faced one of the toughest battles at Karameh. Amnon's paratroop force would land with us and also pile into Mossad rental cars. Our attacks would begin at the same time, with the maximum prospect of retaining the advantage of surprise. When and if we both completed the operations and got away safely, we would meet up again on the seafront.

From our first meeting, the morning after Dado gave me the go-ahead, I realized I would have to make at least one change to the plan to rely on the core Sabena team. There was no way, after his exclusion from the hijack rescue mission, that I could refuse Yoni when he pressed to be included. I added him to Mookie Betzer's force. I put the other two attack teams under a pair of young officers named Amitai Nachmani and Zvika Gilad. Both were self-confident, natural leaders. Both had other qualities I also knew we'd need: focus, and calm. I would take charge on the street outside the targeted apartments, along with Amiram Levin. With us would be Dov Bar, a *Shayetet 13* officer, and our medic, Shmuel Katz.

In the hangar at the sayeret base, we made mock-ups of the layout of the apartments, using bedsheets for the walls and adjusting the dimensions as further bits of intelligence came in from Mossad. But the real work involved simulating the whole operation, from the moment of our landing on jet-black rubber dinghies piloted by the SEALs. We found a new building development in north Tel Aviv with a pair of apartment blocks under construction. For two nights, we ran through the whole thing: setting off in the dinghies from a missile boat off the Israeli coast before midnight, meeting up with our Mossad drivers on shore, making our way through the center of Tel Aviv to the apartment complexes and simulating the attack. I wanted to ensure we could pull off the whole thing without anyone raising an alarm. The one problem came during the second run-through. A policeman drove by as we were "attacking" the apartments. Dado managed to convince him that reporting us to his superiors would not be an especially good idea.

In our debriefing discussions after that exercise, Dado identified a major problem I'd overlooked. We would be entering Beirut dressed as civilians. Once we got to the top end of Rue Verdun, we planned to approach the apartments as if we were party-goers returning from a night on the town. "It doesn't look right," Dado said. "More than a dozen party people walking, all *men*?" Mookie



HOUSE_OVERSIGHT_027985

came up with the solution, one that would have the unintended effect of elevating our mission further in Israeli lore. The three least burly-looking of us would go in as women: a boyish looking guy named Lonny Rafael, Amiram Levin, and me.

Still, there was another, potentially deeper concern that had yet to be addressed. In all sayeret missions, since the beginning, we knew we might end up having to fight, shoot and, if necessary, kill. Yet now we would be going in with the expectation of killing three specific men. We had black-and-white photos: Mohammed Youssef al-Najar, or Abu Youssef, an operations officer in Black September; Kamal Adwan, one of Arafat's top military planners; and Kamal Nasser, a member of his leadership circle and his spokesman. Nominally, it was understood we would seize them and bring them back to Israel if possible. I had us exercise how we'd do that. But none of us really believed that once our teams made it into the apartments, the Palestinians would surrender. We assumed we would have no option but to kill them.

The killing was not the main issue. After all, I had drawn up a plan a year earlier to target Arafat himself. Though no one in the sayeret took any pleasure in having to take a life, at the end of the day we were a part of the army. Black September, and Arafat's Fatah more broadly, were not only at war with the existence of Israel. They were behind a campaign of terror. Certainly there was no significant public opposition, after the horror of Munich, to going after those who were deemed to be part of the operational or political direction of Black September. Our uneasiness inside the unit, however, revolved around what I'd extolled as its "spirit" when I became commander. Beyond all the specific qualities we needed to succeed in our operations, our image of ourselves was as *thinking* soldiers. We might sometimes find it necessary to kill, but we were not *killers*.

As I explained to each of the men I'd be leading on the operation, the Mossad, Dado, and ultimately Golda had concluded that these three men were appropriate targets in the wake of Munich. As a battalion-level commander, I did not feel I was in a position to challenge their judgement, *unless* we had been ordered to carry out an attack that was clearly improper or immoral. In that case, I would have no hesitation in refusing. I said I viewed what we were being asked to do in Beirut not as an act of revenge, but a deterrent. It was a way of leaving no doubt in the minds of potential future terrorists that massacres like Munich carried a heavy price.



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The more difficult question for some in the unit was *how* we were delivering that message: breaking into apartments in the middle of the night. Yes, each of the men was almost sure to be armed. But these flats were their homes. Very likely, members of their families would be there. If the operation went as planned, it was hard to imagine how any of the men would have a chance of surviving. My answer was that ideally we would face them on a battlefield. Yet given the nature of Black September, that was not going to happen. Mossad was right to conclude this was the only way to isolate and attack them.

For Amitai Nachmani, who would be leading the attack on one of the apartments, my words were not enough. Twice, he came to see me. It was not that he didn't trust or respect me as his commander, he said. But before leading his team into Beirut, he needed to satisfy himself that the people we were attacking, and the way we were attacking them, had been properly thought through by the people giving the orders. I told him I understood. I did not tell him that I was actually proud of him for asking – which, although I'm sure he sensed it, was an omission I regretted when he lost his life in the Sinai Desert a few months later. But I did go see Dado. I told him what Amitai had said. He needed no convincing when I urged him to address the entire Beirut team and answer their questions at our final planning meeting. He did so, explaining how and why the decision to target these three Palestinians had been reached, to the satisfaction of Amitai and the others.

We set off by missile boat from Haifa on the afternoon of April ninth. To my relief, since I suffer from seasickness, the Mediterranean was calm as we headed west towards Cyprus, before circling back in the direction of the Lebanese coast after nightfall. I ran through the plan a final time with each member of the team and then joined Amiram and Lonny in transforming ourselves as best we could into credible dates for the evening. I'd vetoed dresses or high heels, in favor of flared slacks and flats. We used standard-issue army socks to pad out our bras. The Mossad had recruited a volunteer from a Tel Aviv beauty parlor to help us with our lipstick, blue eyeliner and eye shadow. The final touch was our wigs. Amiram and Lonny were blondes. I went as a stylish brunette.

I'm reluctant to take issue with the Spielberg version of events, if only because he had my part played by someone undeniably better looking than I was, even as a 31-year-old. But in *Munich*, we are shown zooming into a crowded harbor area on a line of motor boats, changing into drag only once we've sprinted ashore, opening fire on a dockside kiosk and shooting our way



HOUSE_OVERSIGHT_027987

into town like something out of the wild west. Had any of that happened, we would have started a small-scale war, not to mention run the very real risk of not getting out alive.

In fact, we left the missile boat, Manno's offshore command post, in motor dinghies out of earshot of Beirut and cut the engines as we got closer to the shore. All of us, including the "women", were wrapped in ponchos to avoid showing up on Rue Verdun soaking wet. After getting out of the dinghies, we were carried ashore by the SEALs to make sure we stayed dry. All of us had loose-fitting jackets. The attack teams used them to conceal Uzis, explosive charges to blow the locks on the apartment doors if they couldn't be forced open, a hand grenade or two and flashlights for the dash up the stairs. One member of each team had a large plastic bag, with orders to take away any easily accessible documents for Mossad analysts back home. As the mother of the brood, I also had a large purse, in which I carried our radio to communicate with the team leaders and with Manno on the missile boat if necessary.

Our SEAL pilots steered us well away from the more built-up part of the seafront towards the Coral Beach, one of the private clubs on the southern end of the shoreline. Four rented station wagons were waiting, two of them for us and two for Amnon's squad. Amnon set off toward the DFLP target. We headed north towards the center of town. In the Spielberg film, my speaking role consisted of two words, my name, as I introduced myself to my driver. In fact, we had already met: during the run-through exercises in Tel Aviv. After we got into the cars, I asked him how his scouting of the route had gone. He said basically OK, but that he'd noticed a couple of cops patrolling near the top of Verdun on one of his drive-bys. I assured him it would be fine. There would be no reason for a policeman to suspect what we were up to, or who we were. Still, I could tell he was nervous. "What's wrong?" I asked. He hesitated before replying. "I've never been in a place where there's live fire," he said. I told him not to worry. He *still* wouldn't be. "You're going to be parked around the corner, until it's over. Then, it's just about getting home."

When we reached the top of Verdun, it was about ten minutes after one in the morning. Our cars pulled over. I took Mookie's arm as we began walking the 150 feet or so to the first of the apartment buildings. The others followed in knots of two or three. Both Mookie and I saw a policeman approaching on the sidewalk. "Ignore him," I whispered. We weaved a few inches to the side to let him pass. The buildings were as we'd expected, with their lobbies set back from a covered terrace in front. As the other teams made their way to the second



HOUSE_OVERSIGHT_027988

building, I stayed with Mookie. His job, along with Yoni in his expanded team, was to deal with Abu Youssef, the Black September operations officer. The concierge must have been on a coffee break. The lobby was empty. The door was unlocked, so they sprinted toward the interior staircase and made their way up.

Adwan, the Fatah military man, and Kamal Nasser lived next door. Adwan, Amitai's target, was on the second floor. Nasser was on the third. As the teams raced into the other building, Amiram and I posted ourselves near one of the terrace pillars, occasionally exchanging a few words of what we hoped would pass as girl talk. The SEAL officer and Dr Katz were near the top end of the street as lookouts. We seemed seconds away from what had all the makings of the operation we'd rehearsed back in Tel Aviv. The one major problem I'd expected – security guards posted outside – hadn't materialized. We'd been told by the Mossad to look out for a grey Mercedes, but it wasn't there.

The next stage was for each team leader to press the transmit button three times on his radio. When I'd heard from all of them, I would send a signal back. Then, at the count of five, each of them was supposed to start the attack. Mookie's signal came first. Yet before either of the other two teams checked in, the trouble began. Suddenly, the door of a red Renault flew open almost directly across the street from where Amiram and I were standing. A tall, sturdy, dark-haired man climbed out. He looked across at us. He opened his leather jacket. He pulled out a pistol and started to approach us. "*Ein breirah*," I whispered to Amiram. "No choice." To this day, I remember the shock on the man's face as he watched us – a pair of 30something women – open our jackets and pull out Uzis. Fortunately for him, we'd had to make allowances for concealment in choosing our weapons. We'd left the Uzis' stabilizing shoulder braces behind. As our first shots hit, he had half-turned to run. Though wounded, he somehow got back in the car. We kept shooting but he managed to drag himself out of the far door and roll behind a waist-high wall on the other side of the street. One of our shots obviously hit the electrical innards of the Renault, because the car horn began blaring full-blast, as if someone had set off a modern-day car alarm. So much for the element of surprise.

I saw three sets of lights suddenly come on in the otherwise dark apartment buildings. They were in the flats that Mossad had identified. At least that part of the plan was intact. These were the Palestinians we were after, and it seemed they were at home. Seconds later, I heard an explosion. It was from Abu



HOUSE_OVERSIGHT_027989

Youssef's apartment, the one Mookie and Yoni had been assigned. Then, bursts of gunfire from the other building.

A Land Rover was approaching from the *gendarmerie* at the bottom of the road. We waited until it was about 50 feet away. Amiram and I opened fire, then Dov and Shmuel Katz as well. The driver lost control and crashed into the side of the Renault. There were at least four policemen inside. They, too, rolled behind the wall on the far side of the street. Using the terrace columns for cover, we kept shooting. Within a minute or so, only a couple of the cops fired back.

Though the three Palestinians could not know the reason for the gunfire and the wailing of the car horn, they were now on their guard. When Mookie had blown open the door to Abu Youssef's flat – and he, Yoni and the other two members of his team ran into the apartment – he saw the Black September man peering out from the bedroom. Mookie raised his Uzi but the Palestinian ducked inside and shut the door. All four of them fired through through the door. When they went in, they found not only Abu Youssef but his wife, both dead. When Zvika's team burst in on Kamal Nasser, he, too, was ready. Crouching behind a desk, he raised an automatic pistol and fired, grazing one of the team on the leg. But in a burst of Uzi bullets, he, too, was killed.

I suspect that Amitai's face-to-face meeting with Dado may have saved his life. When he and his team cornered Kamal Adwan, he had an AK-47 raised and ready to fire. Without even a split second's unconscious hesitation, Amitai fired first. His only regret afterwards was that Adwan's wife and children saw it happen, and that when they'd blasted open the apartment door, the force blew open the door of a nearby flat, killing an elderly Italian woman. She had been one of the Mossad's sources of information on the Beirut apartments.

Mookie's team came down first. They joined us, crouching behind the columns, as sporadic shots continued from one of the policemen behind the wall across the street. When a second police Land Rover approached, I at first signaled the others to let it pass. But when it suddenly accelerated toward us, we opened fire. It swerved, crashing into the rear bumper of the other one.

The other teams were back down now. I shouted for Dov to have the drivers bring the station wagons from around the corner. When we began to pull away, a third police Land Rover appeared. It sped up behind us. Mookie tossed back a grenade. The last thing I saw as we made it to the end of the block and headed toward the seafront was the front end of the vehicle exploding. We dropped hollow, needle-sharp spikes out the window of the car as we left, so I knew that



HOUSE_OVERSIGHT_027990

any other pursuing vehicle would be in no shape to follow for very long. But we still had to avoid trouble on our way back out. I knew it would be a risk to go back to the Coral Beach, so we took the shortest route to the sea, straight out to the Corniche, the city's main avenue along the Mediterranean. As we got closer, we could hear gunfire. Obviously, the police, and the Palestinian militias, realized *something* was not right. The advantage we had was that they would have no idea what had happened on Rue Verdun, who we were, or where we were going.

No sooner had we joined the Corniche than I saw another police Land Rover about 200 yards ahead of us. This one had a spotlight on the roof, panning both sides of the road. I told the driver to slow down. About 100 yards or so later, reaching the place where we'd arranged for the SEALs to meet us, he and the other station wagon pulled over to the side of the road. The Land Rover kept driving. We slid down a steep embankment nearly 30 feet to the sea. Two of the three assault teams had bags full of documents as well. We swam out to the dinghies. When we had hoisted ourselves in, we headed out at first by paddle, then under engine power, to the missile boat. The whole operation had taken about a half an hour, only 10 minutes on Rue Verdun.

I radioed Manno on the way to the missile boat. A half-dozen words: the agreed code phrase for "mission accomplished, targets achieved." I could hear relief in his voice when he replied. At first, I assumed that was because they hadn't heard from us during the operation. Our radio link to the missile boat had gone down when we entered the built-up area around the apartment blocks. *Genuinely*, despite Manno's suspicion that I'd cut the connection. Yet he had other reasons to exhale when he heard we had got out safely. Amnon's team had had a much tougher time. They met resistance from the moment they arrived at the DFLP building. Two of his men were killed, another wounded. They set off their explosive charges, but had to fight their way out. They only barely managed to escape, carrying their fallen comrades with them and linking up with another team of SEALs near the Coral Beach.

It was a little before six in the morning when I got home. I was careful not to wake Nava. I'd changed out of my slacks and flats and surrendered my wig on the missile boat. But I didn't have the energy to deal with my makeup. The next thing I remember was my wife standing by our bed as I stirred awake around noon the next day. She looked at my eye makeup and lipstick, shook her head, and smiled. She didn't need to ask where I'd been. Israel radio had been full of news about a major operation in Beirut.



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A few weeks later, my term as commander ended. The handover to my successor, Giora Zorea, turned out to be more elaborate than my arrival, though not at my instigation. With both Talik and Avraham in attendance, Dado presented me with my fifth *tzalash.* It was not for Beirut. Not for the operation against the Syrian officers, or the unprecedented access our intelligence missions were providing into Egypt's military communications. Dado said it was for all of the above. And not just for leading the unit of which I'd been a part almost from the start. It was for my part in bringing it to maturity. When I replied, I am sure everyone knew I was speaking from the heart in saying that my every moment with Sayeret Matkal had been a privilege. And that this latest commendation was an award for the achievements the whole sayeret.

Dado did me another good turn. As my stint as commander drew to an end, I knew what I hoped to do next in the army: to use my tank training to work my way up the command chain in the armored corps. But like past sayeret commanders, it was assumed I would first spend time at the US Marine Corps staff college in Quantico, Virginia. I had other ideas. I wanted to exercise other parts of my mind, by doing postgraduate work at a normal American university. Dado agreed.

I still had to get accepted. The first step was to take the post-graduate entry exam, the GRE. There were two parts to it. The first involved mathematics and abstract thinking, the second English language. If my fate had rested on my English grade, I'd have ended up at Quantico. I finished in the 28$^{th}$ percentile. But in the other part, I was in the 99.6$^{th}$ percentile. I applied to four universities: Harvard, Yale, MIT and Stanford. Amazingly, I got accepted by all of them. I chose Stanford, mainly because it allowed a far greater latitude in choosing my program of study. Also, the weather.

In early August 1973, Nava and I joined my parents and hers on a sunny afternoon in Mishmar Hasharon to celebrate Michal's third birthday and say goodbye. We were heading to Palo Alto, California, with every expectation of two years of intellectual stimulation, new friends, new experiences and something approximating a more normal family life. My "other" family, the Israeli army, also had reason to believe a period of new possibilities lay ahead. The threat of terror remained, of course. There had also been a brief bout of



HOUSE_OVERSIGHT_027992

nerves over military maneuvers by Anwar Sadat a few weeks earlier. But that had come to nothing. In no small part due to the success of the raid on Rue Verdun, Israel's generals believed the balance of strength and security was on our side and that, at least for a while, Israel could breathe a bit more easily.

But we were all about to be proven spectacularly wrong.



HOUSE_OVERSIGHT_027993

## Chapter Nine

The phone rang in our apartment in Palo Alto at 4:30 in the morning. We had been in the US for barely six weeks. It was the Sixth of October 1973: Yom Kippur, the holiest date on the Jewish calendar. I was still a bit groggy from the night before. We had been out at a get-to-know-you event for some of the several dozen Israelis, and several hundred American Jewish students, at Stanford. While I only vaguely recognized the voice on the other end of the line, her words instantly jolted me awake: "The boss is busy," she said. "But he wants you to know. A war has started back home."

Her boss was Motta Gur, who was by now Israel's military attaché in Washington and was my nominal commander for my period in the United States. "I need to talk to Motta," I said. She passed him the phone. "I want you to know I'm going back," I told him. Motta's reply took my mind back 15 months, to our on-again-off-again mission to abduct the Syrian officers, with Motta and Dado in the command post, intent on reining in the "young bulls" of the sayeret. "Ehud," he said, "from what I'm hearing, I don't think we are missing a major war."

"What's this *we*?" I said. Motta was a general, at the upper reaches of the armed forces, officially posted to Washington. I was a young officer, just starting to work my way up the chain of field command. "I can't afford to miss even a *non-major* war," I said. "I'll check in with you when I get to New York."

"Major" would turn out to be, if anything, an understatement. Yet all I knew, as I kissed Nava and Michal goodbye and got a cab to San Francisco airport, was that Israel was again at war. By the time I joined the swarm of Israelis around the El Al desk at Kennedy eight hours later, the picture was clearer, and more worrying with each new report from back home. Surprise attacks by Syria and Egypt – armies we'd not just defeated, but humiliated, six years earlier – had pinned down and pushed back our forces on the Golan Heights and in the Sinai. Without any advance call-up, many reservists were only now reaching the front lines.

As hundreds of people pressed for seats on the El Al flight, I was fortunate to receive a boost up the pecking order from another man in line. Since the Sabena operation, the existence of Sayeret Matkal had become a bit less secret. Still, the identity of the sayeret commander was known to just a few people outside the unit. So skittish were the army security people that before I'd left for Stanford,



HOUSE_OVERSIGHT_027994

they even insisted I change my name. I was no longer Ehud Brog. I'd Hebraicized it: to Barak, which seemed near enough to the original. Among the few dozen outside the unit who did know about my role, however, were paratroopers who'd joined us on various missions. One of them now told the El Al people who I was. Not only was I given a seat on the first overnight plane back to Tel Aviv. I found myself helping the airline establish a priority for assigning seats to others: first, active officers in fighting units: armor, infantry, the air force. Then, reservists, with the emphasis on those who'd seen active service most recently.

As we were waiting to board, I phoned Uzi Dayan and asked him to meet me at Lod the next morning. Then I called Motta again. "Ehud," he said, with no trace of irony, "it is an *extremely* serious war. Syrian tanks are getting close to the outer fences of Nafakh" – our main command post on the Golan. "Good luck."

Uzi was waiting for me when we landed. Walking to his car, we ran into two reserve armored officers who had also just arrived home. They expected to be sent north, to help beat back the Syrian advance. When they asked me where I thought I'd be going, I said, truthfully, I had no idea. "Wherever I can help," I said. Uzi drove us to the *bor*, the bunker built two floors underground in the *kirya.* Usually, it functioned as the day-to-day operations center. But it was where the commanders of the armed forces operated during times of war.

At officers' school, we'd heard and read about the importance of throwing the enemy "off balance". Now, *we* were the ones off balance. The faces I saw around me were gray and drawn. There were dead looks in the eyes of the commanders and their staff. Some 30 hours after the surprise attack, all the self-confidence we'd felt since 1967 seemed to have evaporated. I looked into several of the rooms where, months earlier, I'd run through operational plans as sayeret commander. Inside each, a large wall map traced the course of the fighting. Israeli forces were marked in blue, the Syrians and Egyptians in red, with a timestamp for each position report scribbled at the side in black magic marker. But I saw that the latest addition was from at least *twelve hours* earlier. It was as if we'd lost track of what was happening, or were simply overwhelmed by the pace of events.

I spoke briefly with Talik as he walked along the corridor. He looked 10 years older than when I'd last seen him. Then I spotted Ahrahle Yariv, who had been called back into military intelligence at the start of the war. Looking surprised to see me back in Israel, he pulled me close to him. "It's important



HOUSE_OVERSIGHT_027995

that you came back," he said. "We'll need each and every one of you to get the job done." Then he hugged me again. It was as if, knowing I would soon be heading for the front line, he wondered whether we'd see each other again.

I made my way to the office that the chief of staff used in the bunker and asked Dado's secretary if I could see him. As she was deciding whether to let me in, he emerged. Though obviously aware of the seriousness of the situation, Dado radiated his usual calm and confidence. For the first time, I felt a bit more hopeful. "*Ma nishmah*, Ehud? he asked, in Israelis' everyday greeting. "What's up?" I told him I'd just come from the airport. "I can help in special forces, infantry, armor. Whichever is most needed."

"Leading a tank unit," he said. "They've suffered heavy losses. Go see Tzipori." Motke Tzipori was in charge of organizing the armored units. He sent me to Julis, the training base between Tel Aviv and Beersheva, where tanks from maintenance units around the country were being brought. Once they were reasonably operational, and as more reservists arrived from abroad, I would lead a makeshift battalion to help reinforce our badly depleted forces in the Sinai.

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I was just one of dozens of officers, in command of thousands of tireless and courageous troops called on to try to turn the tide. Most were reservists. Many, like me, had rushed home in the knowledge that for the first time since 1948, there was the real risk Israel would be defeated. By the time I got my battle orders – October 14, the ninth day of the war – Israeli forces on the Golan, at enormous cost, had managed to turn back the Syrian attack. In this war, the men from Sayeret Matkal were not bystanders. Most of the unit joined the fightback in the north, where, under Yoni Netanyahu's command, they took on and defeated a Syrian commando force in the heart of the Golan. Yoni himself risked his life to rescue a wounded officer from another unit behind enemy lines.

In the Sinai, however, the situation remained dire. An initial counterattack, launched while I was on my way to Julis, ended up in tatters, with whole battalions all but destroyed, as our tanks came under fire from rocket-propelled grenades and, above all, the wire-guided Saggers. Israel's main advantage in 1967 – our command of the skies – was all but gone. By moving their surface-



HOUSE_OVERSIGHT_027996

to-air missiles to the bank of the Suez Canal after the truce in the War of Attrition, the Egyptians had created an effective no-fly zone a dozen miles into the Sinai. After the failed counter-attack, with the commander of the air force warning that we were nearing our minimum "red line" number of fighter jets, Golda contacted the Americans to propose a cease-fire in the south. But having retaken the Suez Canal and pushed into the Sinai, President Sadat was in no mood to call a halt to the fighting. The only way we were going to end the war was to retake the canal and defeat the even larger Egyptian forces on the other side.

To the extent that my part in war was different from other junior officers, it was because of my history in Sayeret Matkal. Other Israeli sayerets were attached to specific fighting forces. Sayeret Golan, for instance, was part of the Golani infantry brigade in the north; Sayeret *Tzanhanim*, was part of the paratroopers. But "matkal" is the Hebrew word for the general staff, since it was the generals in military headquarters who had allowed Avraham Arnan to create the unit. From the start, we had answered directly to the *kirya*, which ultimately had to approve our operations. When I rushed back from Stanford at the start of the war, I was still just a 31-year-old lieutenant-colonel. I had spent two years in command of the equivalent of an infantry battalion. But I knew, and in many cases had worked with, the men at the very top of the armed forces, including Dado, the chief of staff. So while other young reservists were reporting to their former units for assignment, my first port of call was the command bunker, where Dado himself, aware that I'd done intensive tank training before taking command of the sayeret, ensured that I would play my part in trying to turn back the Egyptian advances. I also knew, or at least had met, many of the generals plotting the counteroffensive in the command bunker in the south: Shmuel Gonen, known as "Gorodish", who was head of the southern command; Arik Sharon, who had left the same job for politics a few months earlier, but was now commanding a division near the canal; and Chaim Bar-Lev, the former chief-of-staff whom Golda had called back into emergency service. I even knew the bunker. It was Um-Hashiba, the command and intelligence post from which we had run Sayeret Matkal operations into Egypt after 1967.

So during the last, decisive 10 days of the war, I would witness first-hand the tension among our top commanders in the Sinai, especially between Sharon and Gorodish, since Arik wasted few opportunities to suggest, rightly but not always helpfully, that his successor was woefully out of his depth. I would lead my company back across the canal with one of the other main armored brigades in the Sinai; take out Egyptian missile sites and help restore our jets' command of



HOUSE_OVERSIGHT_027997

the skies; strike out alone at night, with sayeret-issue night goggles, to bring back the surviving soldiers after we realized we'd lost one of our APCs in a battle with Egyptians; and even, because I'd been there before on sayeret missions, leading a joint armored force across the Egyptian desert to complete the encirclement of Sadat's Third Army and effectively end the war.

Still, the memory which has stayed with me longest – summoning back all the miscues and misjudgements of some of Israel's top commanders, and the terrible price paid by the men on the ground to turn things around – was the fight for an experimental agricultural facility located just a few miles back from our side of the Suez Canal.

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On Israeli military maps, it was called the Chinese Farm. In fact, it was Japanese experts who helped set it up in the then-Egyptian Sinai before the Six-Day War. When we captured it in 1967, deciphering the characters on the equipment had evidently proven beyond our linguistic capabilities. Thus, *Chinese* Farm. Now, it was back in Egyptian hands. The sprawling complex, with its web of large irrigation ditches, controlled the main transport corridor from the Sinai to the bank of the canal.

Before dawn on October 16, one of the battalions in Arik Sharon's brigade, under a veteran paratroop commander named Danny Matt, had managed to cross the canal on rubber rafts with an advance force of some 750 men and a few dozen tanks. But it was a precarious beachhead, vulnerable to Egyptian air strikes, artillery and Sagger fire. Hopes for any large-scale Israeli counterattack rested on moving forward an enormous roller bridge, and hundreds more tanks, to complete the crossing – impossible without retaking the Chinese Farm.

The first I knew of the scale of Egyptian resistance there was about four in the morning on the seventeenth. I got a radio call ordering me to get my battalion ready to move, ASAP. We were attached the other main armored force, along with Arik's, assigned to lead the crossing. It was under the command of Avraham "Bren" Adnan, the former overall commander of Israeli tank forces. "You're going north of Tirtur 42," Bren's operations officer told me. Even without checking our coded map, I knew it was the road running along the upper edge of the Chinese Farm. He told me that the parachutists of



HOUSE_OVERSIGHT_027998

Battalion 890, under Yitzhik Mordechai, were in trouble. "Go. Find them. Help get them out."

I knew Yitzhik personally, from his years in the paratroopers' elite Battalion 890. I knew the man who was now in overall command of the paratroopers even better: Uzi Yairi, who was in charge of Sayeret Matkal during my final years of reserve duty at Hebrew University. Helicoptered into the Sinai just hours earlier, the paratroopers had been sent to the Chinese Farm shortly before midnight. As I would soon learn, they had no more idea than I did about what they were about to face. They were told they were going in simply to clear out bands of "tank-hunters". They *weren't* told of repeated attempts by some of Arik's top tank, paratroop and reconnaissance units to take the farm over the previous 36 hours – attacks which had not only failed, but had cost dozens of tanks and hundreds of men. Without artillery, armor or air support, they immediately came under rifle, machine-gun, mortar and heavy artillery fire.

Our job was to get them out. Ordering my men to get ready for our first combat mission of the war, I found myself face-to-face with a distraught and determined friend from military intelligence. Yishai Izhar had arrived at Bren's headquarters the day before. When he saw me, he'd asked to join my battalion. He was a brilliant electronics engineer and was about to assume command of the technology unit in military intelligence. I told him we already had our complement of tank crews, and I knew he'd never had any armored training. So I found him a place in one of our APCs. But before joining military intelligence, he'd been a company commander in Battalion 890. Hearing that we were going to rescue his old unit, he insisted on joining me on the lead tank. I tried several times to refuse, but he said I had no moral authority to stash him in an APC when we were going in to rescue his friends and comrades. Aware that each wasted minute might cost more of the paratroopers' lives, I relented. I told Yishai he'd be sitting across from me on the turret, right above Yasha Kedmi, another friend who, having served under me in my first tank company in the War of Attrition, had asked to join back at Julis. Yasha was our loader and radio-operator. He got Yishai a machine gun, extra magazines for his Uzi and a box of grenades.

We moved out through wave-like dunes in total darkness. After the first few miles, the terrain leveled out a bit. Still, the sand was deep and the going slow. When we got within a couple of miles of where I assumed Yitzhik and his men would be, I radioed him. His voice was chilling. "They're very close to us, shooting," he said. "I've got many wounded. Get here as quick as you can."



HOUSE_OVERSIGHT_027999

As we got closer, I could still see no sign of them. As dawn was about break, I radioed Yitzhik to suggest he fire off a flare, but he thought that would put them at even greater mercy of the Egyptians. Instead, he tossed out a smoke grenade. We spotted it, more than a half-a-mile away, slightly below us and to our right. I ordered us forward, leaving my second tank company behind for covering fire. I led Company A, which included my most experienced tank commander, Moshe Sukenik. Immediately behind us were our APCs, including two carrying our medical team. My aim was to engage the Egyptian fire while starting to evacuate Yitzhik's men to one of the long, dry, irrigation ditches, 600 yards behind us.

We moved forward in a broad line with my command tank in the center. We held our fire until we got closer. I still couldn't see exactly where the men of Battalion 890 were and didn't want to risk hitting them. Only when we got within about 70 yards did I spot the first of the paratroopers. They were in groups of three or four in a thin line stretching 200 or 300 yards on either side of us. They were lying behind whatever cover they could find: a bush, a clump of debris, a small rise in the sand. Some were firing. Others were wounded. From just a few yards away, Egyptian infantrymen were raking them with rifle and machine-gun fire. They were now shooting at us as well, and we returned fire. But the Egyptians, far outnumbering Yitzhik's men, were spread out in a network of foxholes, in some places connected by trenches. As we moved forward, I ordered my APC commander to start evacuating the paratroopers back to the irrigation ditch, with the support of a further group of courageous reservists from another nearby APC unit.

A shell suddenly exploded 20 yards ahead of me. Others rained in around our tanks. The source of the fire was straight ahead, about 1,300 yards away: three SU-100s, Soviet-made World War Two "tank destroyers". I trained the main gun of my tank on one of the SU-100s and ordered the gunner to fire. I used the battalion-wide radio frequency so the others would hear the order. But when the dust and smoke had cleared, the SU-100s were still there. I ordered a sight correction and said, again: "Fire". Still, we missed. It was only then that I realized why. Almost none of the tanks brought brought into Julis from the maintenance units had included their "commander's notebook" with their checklists for calibrating and firing – a major problem, since many of the reservists had last been in a tank years before. I ordered the gunners to use their telescopes, parallel to the main gun, instead.



HOUSE_OVERSIGHT_028000

We were being hit by small-arms and RPG fire from all sides. On the turret of our tank, Yishai and I were firing back, our Uzis on automatic, and throwing grenades. I could hear bullets pinging off the turret and the body of the tank. Then, from our far right flank, came the shoulder-mounted Saggers, honing in with their eerie blue-red glow, juddering towards us as the Egyptian soldiers corrected their trajectories. One of the missiles barely missed us, and the silky wire from its guidance mechanism was tangled over our turret. I tried using my binoculars to identify where they were coming from, but it was no use.

To my right, I could see that the APCs had completed their first evacuation run and were coming back for more of Yitzhik's men. There was a raggedness about it all: one APC, then a couple of others, then a gap, then another one or two. They were doing whatever they could, whenever they could, as the Egyptian fire continued to intensify. A few of Yitzhik's men, whether desperate or dazed, simply stood up and starting walking west, toward the canal, only to be cut down by Egyptian gunfire.

I directed Moshe Sukenik to take half the company and head toward the Saggers to try to take them out, even though we both knew that he'd have to risk heavy fire before they got close enough. He had two-inch mortars on his turret, but their range was only 500 yards, far less than the Saggers. Every 45 seconds or so, a salvo of Saggers zeroed in on our tanks and APCs. Within a couple of minutes, two of the tanks were hit. One was on fire. The SU-100 tank-destroyers were still there as well. Egyptian infantrymen were spraying us with small arms fire. The whole area was swathed in grayish smoke. Every minute or two, another tank or APC took a direct hit. There was a smell, too, which, once experienced, never leaves your memory: the scent of burnt human flesh.

The fire from the foxholes was getting worse. "Run over them," I ordered my tank driver. "Start with the foxhole in front of us." He jerked us forward and we plowed over the first Egyptian position. "Reverse, get the one to the right," I said. As he backed up, I was shocked to see a surviving Egyptian soldier, shrugging off a thick blanket of sand from his shoulders, raise an RPG launcher at us from just 15 feet away. We were close enough to look into each other's eyes. I raised my Uzi and shot him before he could fire. Rifle and grenade fire continued from along the line of foxholes. A second length of the Saggers' silk-like guidance wire tangled over our main gun. Yishai was firing at the Egyptians from the other side of the tank. We both tossed grenades in the direction of the worst of the gunfire.



HOUSE_OVERSIGHT_028001

It was then, suddenly, that I saw Yishai had taken a bullet in the side of his neck. Blood was spurting from the wound. His face was contorted in pain. He looked at me, raising his hands upward, as if to say: "I did my best. It's over now." I pressed hard on the wound, trying to stem the flow. But he slipped out of my grasp and collapsed into Yasha Kedmi's arms. Yasha propped him up and kept trying to staunch the bleeding. I turned toward the Egyptian soldier who had shot Yishai, less than 20 feet to my left. Keeping myself as low as possible above the turret, I fired into his chest. He tumbled into the foxhole. As I kept shooting, Yasha told me Yishai was dead. "Are you sure?" I asked. When he said yes, I ordered the driver to back up. We drove a few dozen feet, to where a group of the paratroopers was taking cover. With their help, we lowered his body from the tank, and then returned to the battle.

Barely ten minutes had passed since it began. Two SU-100s were now spewing smoke and out of action. The third had withdrawn. But the Egyptians were still firing. Five of our tanks had been hit. Two were on fire. One APC was smoldering, its commander severely wounded. I knew that if we stayed much longer, we would end up like other armored units during Israel's first, failed counterattack in the early days of the war. We would risk being wiped out. As far as I could tell, all the surviving paratroopers had been brought out or had managed to hobble to the irrigation ditch. I ordered Sukenik to abandon his attempt to take out the Saggers, and we withdrew behind the irrigation ditch.

It was only then that I realized that alongside two of our crippled tanks there was still a group of a dozen men: six crew members from my battalion and six of Yitzhik's men. It took nearly two hours to get them out. We used our tank guns to try to reduce the intensity of the fire from the Egyptians around them. I ordered one of our APCs to go get them. I rounded up all our smoke grenades, and the APC crew used them to create a smokescreen, the only way I could think of to reduce the danger of being targeted by the Saggers. It worked, but it required incredible guts for the men in the APC to pull it off.

The battle had required guts of every man in the battalion. They had found a way to conquer the first and most powerful enemy on a battlefield: fear. I felt it, too. But it's easier for a commander. When you're leading people into combat, you don't have time to be afraid. You have to assess and evaluate, second by second, everything going on around you. You have to make instant decisions and ensure they're being carried out. The people under your command are waiting to hear your voice, and watching your actions, too. If you lose control at any point, not only is your life at stake. Theirs are too.



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Early that evening, we were ordered to rejoin Bren's division to be ready for the crossing. When I reported that three of my soldiers were still missing, I was ordered to inform the commander of the battalion replacing us to find the missing men. The fight for the Chinese Farm was still not over. It would be another 12 hours before, in a co-ordinated push by a strengthened armor and infantry force, Israeli forces finally drove most of the Egyptians out. What tenuous gains we'd made until then had come at an enormous price. Of Yitzhik's 300 men, nearly 40 were killed, and many others wounded. I'd led around 130 people into battle. More than 35 were injured. Eleven were dead, including Yishai Izhar and Motti Ben-Dror, our medical officer, killed while treating the wounded. One of our missing soldiers was found alive. The other two could only be brought home for burial.

As I began to hear the details of the previous days' fighting, I became more astonished, and angry. Israel's tactics in the battle for the Chinese Farm had involved a series of piecemeal strikes by units obviously too small, and inadequately supported or co-ordinated, to succeed. The problem wasn't the choice of units. No one could doubt the record of Battalion 890, or of the men Arik had sent in before Yitzhik arrived. But there was no way they were going to take the area on their own. I couldn't understand why there wasn't an attempt to assemble a force that might actually have been strong enough: parachutists, tanks, artillery. I felt I knew at least part of the answer from the two nights I had spent in the Um-Hashiba command post before joining Bren's division. By dawn on October 16, the first of Arik's men had crossed the canal. By the afternoon, although the big roller-bridge was still not ready, a smaller pontoon bridge was available. Everyone knew we needed to get control of the Chinese Farm. But all the field commanders were focused the *real* task, and the real prize: crossing the canal and defeating the Egyptians on the other side.

Now, at least, the main crossing was underway. Bren had chanced the fact that, with Yitzhik pinned down at the Chinese Farm and the Egyptians concentrating their fire on his men and mine, he could get the pontoon bridge through. From late afternoon on October 17, his first units began to cross. On the morning of October 18, my battalion joined them. There was still fighting ahead, and we were part of it: taking out the SAM sites, engaging units of the Third Army and, with *Sadat* now pressing the Americans for a cease-fire and many Egyptian units clearly losing the will to fight on, racing against the clock to encircle and defeat it five days later.



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When the guns finally fell silent, I had time to give full rein to my thoughts. There were obviously fundamental questions about how the war had happened, starting with why we hadn't known ahead of time that two neighboring states were about to attack us – despite sayeret intercepts that could have given us time to call up all our reserves. Disentangling the details would take months. But we already knew the human cost of those failures. Hundreds of Israeli soldiers had been killed. The final number would be around 2,800, nearly four times our losses in 1967. Thousands were wounded, some crippled for life. Many of the dead were men whom I'd grown up with or served with, including more than 20 in my own battalion. Some of the dead in other units were close friends.

I felt exhausted. I also realized that Nava, thousands of miles away in Palo Alto, and my parents on the kibbutz could still not be sure I had escaped the fate of so many others. I learned later that my parents had been making daily calls to Digli, who was working in intelligence in the *kirya*. Though he had no way of knowing where I was, he kept assuring them that he had checked with my commanders and that I was alive and well. Nava had been relying on American news reports and the relayed assurances from my parents, which she was seasoned enough as an army wife to treat with skepticism.

I missed her badly, and little Michal. I felt the need to hear their voices. I drove to one of the brigade communications units. There was a long line in front of the radio telephone. But within a half-hour, I managed to get a crackly connection to California. Nava burst into tears when she heard my voice. I told her I was fine, and that I couldn't wait to see her and our little girl. Then, my own eyes dampening, I reeled off the names of friends who had died. In addition to the brave men I'd lost in my own battalion, there were more than a dozen others I already knew of. A pair of brothers from Mishmar Hasharon, a couple of years younger than me, in separate units, but killed within hours of each other. Another childhood friend, from a nearby moshav, named Rafi Mitzafon. And Shaul Shalev, a gifted philosophy postgraduate and a brave tank commander whom I'd become friends with at officers' school. He'd rescued three dozen troops from one of the Bar-Lev fortifications in the first hours of the war, only to be killed trying to get to a tank crew who had taken refuge a few miles back from the canal.

I'd lost two wonderful sayeret comrades, too: Amit Ben-Horn, the soldier who'd relayed the order from Motta to abort our second attempt to abduct the Syrian officers in Lebanon, and Amitai Nachmani, the officer who had



HOUSE_OVERSIGHT_028004

demanded a meeting with Dado before our attack in Rue Verdun. Amit died in the fighting near Ismailia, at the northern end of the canal, as Arik Sharon's units pushed on after the crossing. The day before the end of the war, both Amitai and Amiram Levin were part of an operation to take over the Fayid Air Base across the canal. When an Egyptian RPG hit their Jeep, Amiram was wounded. Amitai was killed.

I thought, too, of Yishai Izhar: the friend struck down beside me, who I'd cradled in my arms on the top of my tank, trying to stop the bleeding.

"Oh Ehud," Nava said. "It's like 1967 all over again."

"No," I said. "Worse. Much worse."

A few weeks later, I was coming out of the *kirya* when I ran into another friend, whom I'd first met at Hebrew University. Like me, he had been a junior officer in 1967. His name was Ron Ben-Ishai. He would go on to become a top journalist, covering the military for Israel's best-selling newspaper, *Yediot Achronot*. In the early autumn of 1967, we were still transfixed by the idea of being able to visit areas of biblical Israel, which for years had been under Jordanian rule. With a few other friends who were young officers, nine of us in all, Ron and I embarked on a trek from the southern edge of Jerusalem, weaving our way through the Judaean Desert toward Kumeran, on the Dead Sea.

Now a very different war had come and gone. I'd fought in it. Ron, as what is now called an embedded journalist, had been with Danny Matt's paratroopers when they'd crossed the canal. He was alongside another of Arik's units fighting out of the bridgehead on the far bank of the canal. That both of us had seen terrible suffering over the past few weeks did not need saying. But Ron said he wanted to show me something. Fishing into his wallet, he took out a carefully folded photograph. He had taken it in 1967, just six years earlier, to mark our Judaean trek. There we were. All nine of us. Young. Full of optimism. And probably a bit full of ourselves as well.

Ron and I were the only two left alive.

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We had won the war, and not just because our forces were now within 60 miles of Cairo, and only 25 from Damascus. We had been attacked by two huge



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armies: one-and-a-half million soldiers. Thousands of tanks. Hundreds of fighter jets. Other, much larger nations had endured months, even years, of hell before prevailing in such circumstances: the Soviet Union, for instance, with its huge strategic depth, or France, rescued by its American-led allies, during World War Two.

But any pride in having prevailed was outweighed by simple relief Israel had survived. Even that was nothing compared to the sadness felt over friends lost, and the resentment and sense of betrayal toward the generals and political leaders who had failed to prepare the country for the surprise attacks, or the initial confusion and dissension in some of our commanders' response to the early setbacks on the ground. Dozens of meetings were held in military units after the war to talk about what had gone wrong. I was not the only young officer to notice that the higher up the command chain they went, the more unedifying they became. After we'd heard one too many senior officer fine-tuning his account with each retelling, minimizing his share for the huge losses, a new phrase entered Israeli army slang. *Sipurei kravot* – "battle stories" – were the words usually used to describe a normal debriefing process. That expression was now amended, to *shipurei kravot*. Battle *improvements*.

I was assigned to convert my makeshift force into a regular armored training unit: Battalion 532, and that slightly delayed my reunion with Nava and Mikhal. But in their absence, I found us a larger apartment in the Tel Aviv suburb of Ramat Hasharon. Nava and I agreed that at the first opportunity, I'd return to California and we'd fly back together. I went at the end of the year. We bought a refrigerator and a washing machine for the new flat – better models, and cheaper, than those available in Israel – and came home. Those few December days in Palo Alto were a jumble of emotions. Happiness, at being back together. But also a sobering sense, now that I was outside Israel for the first time since the war, of the enormity of the threat we'd faced and the frustration and fear Nava must have felt as we'd fought to defeat it. The year-end news retrospectives we watched on American TV were full of film clips from the first hours of the war, when it looked very possible we would lose. I remember being struck by the thought that, if we *had* lost, if Israel had ceased to exist, ceremonies of memorial and mourning would have been held across America, probably in Stanford. But that once the shock and sadness had passed, Israel's disappearance would not have impinged on a single NFL Sunday, or delayed a single family shopping visit to J. C. Penny.



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My command of Battalion 532 lasted only a few more months. On April 1, 1974, an official commission of inquiry published its initial report on the war. It was scathing in its assessment of our intelligence failings, for which it placed the main blame the officer who had been promoted the year before as head of military intelligence: Eli Zeira, the man who had addressed us on the sayeret base before the the 1967 and so confidently predicted the outcome. It also took aim at two other commanders. Gorodish, as head of the southern command, was one. The other was Dado. As chief-of-staff, he was held ultimately responsible for the intelligence failings and for not having ordered at least a partial call-up of our reserves.

In Eli's case, I recognized the very fact of our being caught by surprise made his position untenable. In fact, as I learned more details about what had happened, I realized the commission had, if anything, understated the seriousness of his errors. In the run-up to the war, Eli had resisted multiple requests from other intelligence officers to activate what the commission called our "special sources" of intelligence: the communications intercepts we'd planted deep inside Egypt. Worse, he had indicated to the few generals who were aware of their existence that he had activated them, implying that his lack of concern about the possibility of an Egyptian was based on our intercepts.

Because Dado was one of the people misled, his fall struck me as profoundly unfair. He had devoted his whole adult life to the defense of our country. After the inquiry report, he was never again the same person. He developed an obsession with fitness and exercise. Psychologists might have called it displacement activity. I wondered whether it was a kind of self-punishment. Either way, it may well have killed him. At age 50, less than three years after the war, he died of a heart attack after a day of running and swimming.

Almost every level of command was thrown into flux after the inquiry report. So was the political landscape. Both Golda and Dayan bowed to growing public pressure and resigned. The premium was on finding replacements who were sufficiently experienced, but did not bear responsibility for the errors of the war. For Prime Minister, the choice fell on Yitzhak Rabin. He had strong military credentials, of course. But he had left the army and entered politics, and had been out of Israel for several years as Israel's ambassador to Washington. He had joined Golda's government only weeks before the war, in the relatively minor role of Minister of Labor. Much the same thing happened in the army. Only one of the generals who had been in the running to succeed Dado before



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the war was unscathed: Motta Gur. He, too, had been in Washington. Within days of the inquiry report, he was called back to replace Dado as chief-of-staff.

My role changed, too. Not everyone emerged from the war with his reputation diminished. The lion's share of the credit for Israel's eventual victory went to the rank and file of our citizen army. But in the officers' corps, there were also examples of coolheadedness in crisis, and leadership. One was Moussa Peled, who was now made head of the armored corps. My overall wartime commander, Bren, replaced Gorodish as head of the southern command. And Dan Shomron, whose 401st armored brigade played a critical part in defeating the Egyptians, was another. Dan and I had first got to know each other well at Karameh, then during my period as sayeret commander. We would go on in the years ahead to work more closely together than almost any senior officers in the military. He was now promoted as well. He became *katzhar*, overall head of infantry and paratroop forces, and he recommended me as his successor in Brigade 401.

Still, I knew that the Motta would have the final word, with input from the two senior officers most directly affected: Peled and Bren. I don't think either of them had anything against me personally. But both were tank officers through and through. There were other candidates to succeed Dan who, unlike me, had spent their whole careers in the armored corps.

I heard formally I was being considered as I was about to return to my battalion from Ramat Hasharon one Sunday morning. I was ordered to report to Motta's office. When I got there, he gestured toward the small table at the side. He already had two other visitors: Moussa Peled and Bren. "You probably know you're a candidate for taking over 401," he said. "These two gentlemen think you're not yet ready. What do you say?"

If I'd had more time to prepare, I might have answered more subtly. But I did very much want to be given command of the 401st, and had no doubt I would be a worthy and dedicated commander. "I don't know exactly what the two gentlemen mean by whether I'm ready," I replied. "So I have a proposal. Find a battle-tested officer whom you trust. Have him check who among the three of us, me or these gentlemen, is more familiar with the tank and its systems. Who of us knows better the terrain, in Syria or Egypt, day or night, where we have to fight? Who knows the operational requirements for an armored force, and the armored doctrine these gentlemen signed off on. Finally, which one of us has spent more time in a turret of a tank, on the battlefield, shooting at enemy forces and being shot at by the enemy?"



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There was silence, a grave look from Peled and Bren, the hint of a smile on Motta's face, and the meeting was over. Several days later, I was notified of his verdict. I would indeed be named the commander of the 401st Armored Brigade in the Sinai, and promoted to full colonel.

Our base was a 15 miles from the canal. It was a huge expanse of sand ringed by metal fencing. We spent three months at a time in this forward deployment and three months in our rear base, 50 miles from the canal. During one of our forward deployments, Motta came on an inspection visit. He wanted to discuss how we planned defend the area near the canal in the event of a repeat of the 1973 war. I told him everything we were doing in the brigade was aimed at ensuring *flexibility*. I had also been thinking about some of the broader issues relating to our defenses in the south. "No matter how good our tactics or plans," I said, "what worries me is that we're *still* not looking at our overall approach to defense against Egypt. It's as if we've forgotten that in 1967, when we captured Sinai, it was in order to have a buffer zone. We had *150 miles* of sand between southern Israel and the canal. But when the Egyptians attacked in 1973, we defended the desert as if it was the walls of Jerusalem!"

Since the 401st was one of two regular brigades on the Egyptian front, it was not easy to make the four-hour drive home to Ramat Hasharon. When I got word Nava was going into labor with our second child, I was leading a training exercise five or six miles from our base. As she was on her way to the hospital, I grabbed my car and headed north. Unlike Michal's birth, this one was not easy. When the baby emerged, she was struggling to breathe. The immediate danger passed, but she was placed in an incubator. When I got to the hospital, Nava was asleep. I was taken to see our tiny daughter, Yael. When the nurse left, I noticed the baby's pinkie trapped in the plastic cover of the incubator. I started banging on the window of the room. The nurse rushed back. With a look of sympathy mixed with world-weary experience of other fathers in similar panic, she raised the cover, folded Yael's tiny hands onto her stomach, and all was well.

It was another health crisis which hastened the end of my period as brigade commander. But this time, I was the one in the hospital. I nearly collapsed from high fever and exhaustion. The initial suspicion was some kind of contamination linked to the rudimentary sanitation in the Sinai. When the symptoms persisted, the doctors suggested I probably had hepatitis B. Years later, better diagnostic tools ruled all that out. I've never discovered what the



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illness was. But for nearly six months, getting through the day, sometimes a single task, remained a struggle.

I did not want to leave my command. I was still barely 18 months into the role, and anxious to get further command experience. But just as I was feeling at my weakest, there was another belated casualty from the 1973 war. This time, it was Uzi Yairi. No one could reasonably have held him responsible for the losses suffered by Battalion 890 at the Chinese Farm. I'm sure that if he'd known what happened to the Israeli forces that had already tried to take it over, he would never have allowed Yitzhik to go in without adequate armor and artillery support. Still, he blamed himself. In obvious distress after the war, he was reassigned as an operational officer in military intelligence in the *kirya*.

He was still at his desk when Fatah terrorists landed on Tel Aviv's seafront a little before midnight on March 4, 1975. They were spotted by a police patrol, which opened fire. The Fatah men ran from the beach, firing Kalashnikovs and tossing grenades. A block in from the sea, they burst into a modest, three-story building: the old Savoy Hotel. They shot and killed three people in the lobby and took the rest of the staff and guests hostage.

Sayeret Matkal was called in. As the unit went through final preparations for their assault, Uzi showed up. He had a rifle. He was in his everyday officer's uniform, unlike the sayeret team, which was weighted down by special-forces gear. As a former commander of the sayeret, he persuaded them he could help take out the terrorists and locate the hostages. Shortly before dawn, led by Amiram Levin, they attacked. They killed three of the Fatah men within seconds. But another terrorist set off an explosion, collapsing most of the top floor. Uzi joined a couple of the other sayeret men in search of the hostages. He was shot in the head and neck. Seven of the eight terrorists were killed, the other captured. Though five hostages were freed, five lost their lives. Uzi died on the operating table of Ichilov Hospital, a few hundred yards from the *kirya*.

* * *

Though I doubt Uzi's family and friends would agree, my gut feeling was always that his death was one more result, however indirect, of the shambolic way in which we'd organized our attacks on the Chinese Farm. That was part of the reason for my reluctance when Motta told me he wanted me to take Uzi's



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place in the *kirya*. I realized I was the only available replacement with a similar background, and sayeret experience. But I was still gaining brigade command experience. And I couldn't help feeling the role was intended as a kind of rest-and-recovery cure because of my illness, not too different from the reason Uzi had been given the job. Still, I *did* need rest and recovery. Even if fully healthy, I'm not sure I could have convinced Motta to change his mind. In my weakened state, I had no chance.

Skeptical though I was about the job, it opened up a new world to me. The *kirya* itself was not new territory. But now, I became exposed to how how the huge range of intelligence information we gathered was collated, evaluated, assessed and ultimately applied. Helping with this process was my new assignment. There were, in fact, two of us. We were both colonels and together we provided the intelligence background for military operations. I had the post on inside the military intelligence department. My opposite number was in the operations department – the more senior role, in a way, because he had a more direct link to the people actually doing the operations. He was a friend from officers' school: Dovik Tamari's younger brother, Shai. Once a week, Shai and I put together an assessment report. Then, we'd join Motta's operations meeting with the general staff, often attended by the man who'd followed Dayan as defense minister, Shimon Peres.

The analysis of military intelligence included separate teams for Egypt and Syria, Jordan and Lebanon, Iraq and other neighboring states, as well as other countries and superpower relations. It relied on all our raw intelligence material, from both military intelligence and Mossad, as well as academic and specialist literature. Each desk dealt not just with military issues, but political and economic developments. I was responsible, along with Shai and a few others, for bringing all this together. This meant frequent meetings with members of the analysis teams. For the first six months or so, I barely uttered a word in these sessions. I listened, not just absorbing the information but getting to understand the way the analysts worked and thought.

Our whole intelligence department was responsible for drafting an annual strategic assessment for the army and the government. The final report was written by Shlomo Gazit, who had succeeded Eli Zeira as head of military intelligence. Before we sent it to print, he held a long meeting, inviting the views of all the military intelligence officers. The focus in 1976, just three years after the war, was on the risks of a new surprise attack. At the end of the discussion, however, he said: "We know we run a real danger for the country if



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we fail to spot the signs of a war. But has any of you asked yourselves something I find myself wondering from time to time? Is there not a similar risk if we miss the signs of an opportunity for *peace*?"

His words stuck with me for the rest of my time in public life. They also had a strong impact on me at the time. One of the benefits of my job was that I could read the full inquiry report from the 1973 war, including the portions that had been kept classified. Some dealt with the political situation before the war. Golda had relied heavily on a "kitchen cabinet" of trusted ministers and a few close advisers. The inquiry material described how Sadat had been extending negotiating feelers before the war. And how Golda, Eli Zeira, Dado and Dayan had responded. It was like an exercise in collective reinforcement. They agreed the Arab countries would not simply go on living with the humiliation of their defeat in 1967. At some stage, they would try to regain the initiative, on the battlefield. But none appeared to think through the implications of this for our *political* approach. Perhaps, like Eli Zeira in 1967, they assumed a kind of historical inevitability of Israeli triumph. Though we'd ending up prevailing in 1973, it was impossible not to wonder whether, as Shlomo suggested, we had missed the signs of a possible peace beforehand.

Now, however, we were facing an escalating challenge from an enemy with no interest in peace: the armed Palestinian groups. The Democratic Front took over a school in northern Israel a half-year after the war. In March 1975, Fatah had seized the Savoy. And about a year into my posting in the *kirya*, the Popular Front for the Liberation of Palestine launched an even more audacious operation.

It became known by the name of the airport where the ordeal ended. *Entebbe*. And when it began I, like Uzi Yairi, was sitting at my desk.



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## Chapter Ten

Sunday is an ordinary working day in Israel, and the first sign that June 27, 1976 would be any different came shortly after noon. It was an urgent message from Lod Airport, now renamed in honor of David Ben-Gurion, who passed away after the 1973 war. Radio contact had been lost with Air France Flight 139 from Tel Aviv to Paris, shortly after a stopover in Athens.

We couldn't know for sure what had gone wrong. Maybe a mechanical malfunction, a glitch in the electronics, a crash. Or a hijack. But we did know there were roughly 300 passengers and a dozen crew on board. Many of the passengers were Israelis, and others were Jews from abroad. Ever since the Sabena hijacking four years earlier, whenever a civilian airliner was thought to be under attack within three hours of Israel, step-one in our response had been automatic. Sayeret Matkal was ordered to the airport.

Because I'd commanded the Sabena operation – the first, and still the only, time we had attacked and freed a hijacked plane – it was probably inevitable I would take *some* part in figuring out how, or whether, to intervene if the Air France plane turned out to have been hijacked. But my pivotal role, as the crisis intensified, was down to a combination of factors: my broader experience as sayeret commander, the fact that I now worked in the *kirya,* just one floor up from the chief of staff, and, as so often, pure chance.

As the sayeret assembled at the airport, its current commander –Yoni Netanyahu, my former deputy – was hundreds of miles away in the Sinai, preparing for an operation across the canal. So it was Mookie Betzer, now Yoni's deputy, who began briefing the men for a possible hostage rescue in case the jet returned to Israel. At the *kirya,* we were also without our commander: Motta was in the Negev observing a major military exercise. So it was his deputy – the head of the operations branch, Kuti Adam – who buzzed me on the intercom at two in the afternoon and summoned me to his office.

By now, we knew the plane had been hijacked, but that it wasn't heading back to Israel. The terrorists had renamed it "Arafat" and it was on its way to Libya. I took the stairs down to Kuti's office, two floors below mine, and he immediately handed me a large, black-and-white aerial photo. It showed the international airport in Benina, just outside Benghazi on the eastern edge of Libya. "Can we do anything, Ehud?" he asked me. I didn't say no outright. But I told him that even if we had a treasure trove of intelligence about Benina –



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which, I soon verified, we didn't – the obstacles would be enormous. Unlike the Sabena jet, this one was a wide-bodied Airbus, and El Al had none of those in its fleet. Even we could find a way to make sure a sayeret team got briefed on the airliner, we'd be mounting an attack-and-rescue operation a thousand miles away. And even if we could take out the terrorists, we were almost certain to face opposition from the former army colonel who ruled Libya, Mummer Ghaddafy. The chance of success seemed slim, the risks enormous.

Soon, however, Kuti's question ceased to matter. Later Sunday night, Flight 139 took off again. Before leaving Libya, the hijackers freed a passenger: an Israeli dual national, with a British passport as well, who managed to convince them she was going into labor. We learned through her that there were four hijackers: two Arabs and two Europeans. It was a PFLP operation, but included members of the far-left West German Baader-Meinhof terror group. They forced the pilot to head for the east African state of Uganda. On Monday evening, it landed at Entebbe Airport, 20 miles outside the Ugandan capital of Kampala and just a couple of hundred yards from the shore of Lake Victoria. It was *five times* further away than Benghazi.

Yet with each passing hour, increasingly alarming radio and television reports focused on the obvious agony of the hundreds of captive passengers. To this day, I've never been able to establish why it was a further 24 hours before we started seriously to work out if there might be some way for us to free them. Prime Minister Rabin was clearly asking himself the same question, however, because on Tuesday afternoon, he called Motta in the Negev. It was now a full *53 hours* after the hijacking, he said. What the hell we were doing to try to come up with a plan? Motta was immediately summoned back to Jerusalem for an emergency meeting of the government. As he was on his way back from there to the *kirya*, Kuti called me back down to his office. "Motta just told them that there is a military option," he said, with a wry smile. Kuti had been a Haganah officer in 1948, in charge of the Golani brigade, head of both the northern and the southern command, and had known Motta for years. "That means we now have to find one."

I had just begun briefing a few of the analysts in my office when Motta returned. When I got to his office, Kuti waved both of us across the hallway to the big, rectangular conference room where general staff meetings were held. On the side of the room was a globe. Giving it a spin, he said: "*Nu*, Motta. Tell me, when you told the government we had a military option, did you even know where Entebbe *is*?" Motta didn't so much as crack a smile. "We have to find a



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response," he said. "I've committed us. Ehud, I want you to check what can be done. Take whatever you need, from wherever you want. Bring me suggestions by seven tomorrow morning." Then, he said, we would go brief the Defense Minister, Shimon Peres.

I assembled a team the same way we'd prepared for special-operations missions in the sayeret: looking for information, intelligence and above all experience and insight from whoever I thought was likely to make that always-narrow difference between failure and success. My first calls went to Mookie Betzer and another of my most trusted and experienced sayeret comrades, Amiram Levin. Then I brought in Ido Ambar, the personal aide to air force commander Benny Peled, and Gadi Shefi, the commander of the *Shayetet 13* SEALs. Finally, two officers from Dan Shomron's office. Since Dan was *katzhar*, in overall command of paratroop and infantry forces, it was critical to keep him in the picture. I told them all that we'd be working through the night, and that I had to be able to tell Motta and Shimon by the morning whether we really could mount a rescue mission.

I still thought I'd end up having to tell them no. However difficult the obstacles we'd faced with Sabena, they were almost child's play compared to getting a sayeret assault team 5,000 miles across the continent of Africa, surprising the terrorists, freeing the hostages unharmed and getting them out. That was even assuming, as I did at that point, that we wouldn't face armed opposition from the troops of Uganda's increasingly tyrannical president, Idi Amin. Amin had begun to align himself politically with the Palestinians in the past few years – one reason, no doubt, the terrorists had landed there. But he had actually been on a paratroop course in Israel before taking power in 1971. We had sent officers to help train his army in the early 1970s.

Now, I discovered, Mookie himself had been on one of the training missions. "Their men aren't great fighters, at least at night," he said, an insight of obvious relevance to planning a commando attack, if we could get that far. When Ambar, the air force aide, spoke up, I finally began to feel we might at least be able to put together the outline of a plan. He'd brought with him a copy of the standard reference book on world airports, which gave us at least a general idea of the layout of Entebbe. He also said that the air force had run a training program for the Ugandans. In Entebbe. He'd contacted one of the reserve pilots who had been on the training mission, and he was on his way to join us.

Still, time was short we were nowhere near being able to recommend a specific plan of action. The hijackers had set a deadline – noon on Thursday,



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July 1, now less than 36 hours away. Having moved the passengers off the plane to one of the terminal buildings, they were threatening to start killing them unless we freed a list of 53 Palestinians and PLO supporters, forty of them held in Israel and the rest in a number of European countries, and paid a ransom of five million dollars.

Well past midnight, we started looking at our options. One which seemed – briefly – to hold promise drew on suggestions from Ido Ambar and Mookie. Ido's almost rhapsodic description of the capabilities of our C-130 Hercules transport planes convinced us we could parachute in a Sayeret Matkal team, as well as vehicles for them to use on the ground. Mookie and I agreed that to ensure surprise, we would disguise the commandos as Ugandan troops, in "Ugandan" Jeeps. The final twist came with the arrival of the reserve air force officer who had been on training duty in Entebbe. He brought a reel of 8mm film from an official ceremony at the airport. At the start, a Ugandan army general could be seen arriving in a black Mercedes. "That's it!" Mookie said. "The Mercedes. Every top Ugandan military officer has one." We decided to swap one of our Jeeps for a jet-black limousine.

Yet by daybreak on Wednesday, when I went up to brief Motto, we'd set aside the option of a parachute drop. Any initial surprise would be outweighed by the risk of exposure from the very start of the assault. We'd also gone cold on a second option, to infiltrate sayeret teams along the shore of Lake Victoria from across the nearby border in Kenya. I doubted we had enough time to navigate all the operational and diplomatic obstacles before the deadline expired. That left option three: having the SEALs, along with a core team from the sayeret, parachute onto Lake Victoria with rubber dinghies and attack the airport from on foot. We arranged to do a test parachute assault off the Israeli coast in Haifa later in the day, but if that went well, it seemed the only practical alternative.

Motta and I went met Peres around 8:30am. Shimon had no first-hand military experience, having played a political role alongside Ben-Gurion from Israel's early years. So he was not really interested in the details. But he *was* keen to hear our assurances that a military option did exist. He was even more intrigued when we were joined by the head of the air force, Benny Peled. Unaware of the airborne parachute drop we had been discussing overnight, Peled suggested something far more ambitious. Rather than using a single Hercules, he proposed using four of the giant transport planes to ferry in a larger force, some 200 men in all, land them on one of the runways and take over the



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entire airport. Though I didn't say so, I had my doubts it would work. It was a bit like the initial option for the Rue Verdun raid Dado had rejected: a classic ground assault which, in addition to eliminating any chance of surprise, obviously ran the risk of igniting a small ground war. But I did think that some combination of Peled's idea and the surprise commando strike we'd been looking at might provide an answer.

A few hours later, the hostages' ordeal took a chilling turn, which soon also provided us with our first real detailed picture of the scale of the challenge we faced. In a haunting echo of the Nazis' "selection" process in the Holocaust, the terrorists separated all the passengers with Israeli passports or Jewish names. They let the rest of them go, and allowed them to board a special Air France flight back to Paris. We immediately dispatched Amiram Levin to debrief the freed passengers. On a scrambled teleprinter line Wednesday night, Amiram came up with far more than we could have hoped for. One of released passengers was a French woman who had managed to hide the fact she was Jewish. She confirmed reports we had been getting that the hostages were being held in the airport's former terminal building, about a mile from its newer terminal and the main runways. Other passengers revealed that the hijackers had placed explosives around the old terminal building. And that, despite my hope that Idi Amin would stand aside if we did decide to go in and rescue the hostages, his troops were helping to guard the area.

So in addition to taking on the hijackers, we'd have to find a way to deal with Ugandan soldiers. In another round of discussions in my office through the late hours of Wednesday night, we finally settled on our plan: Peled's major airborne operation, but with a Sayeret Matkal strike force, with its "Ugandan" motorcade, spearheading it. Minutes later, three other C-130s would fly in additional troops to secure the rest of the airport, deal with any Ugandan army resistance, and fly out the Israeli soldiers and the hostages.

An operation on that scale naturally meant bringing in Dan Shomron. After I'd taken the plan to Kuti Adam, he briefed Dan on the full detail and called me down to see him again. Dan had left to start preparations for the operation. He'd made just one request, Kuti said: that I be in command of the sayeret force.

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I could see why Dan had said it. Working with Mookie and the rest of my team, I'd been in charge of all the initial planning. I was in command of the Sabena assault, the only remotely similar operation Israel had attempted. Though an attempt to rescue dozens of terrified hostages in Entebbe, with both the terrorists and possibly Ugandan soldiers armed and ready, would be much harder. As Sayeret Matkal commander, I'd conceived and commanded other missions that requiring us to break new ground. But – and it was a huge but – I knew from the moment I left Kuti's office that I would have to find a way to avoid undermining the *current* sayeret commander, Yoni. Dan had clearly been aware of that as well. He'd stressed to Kuti that he meant no disrespect to Yoni. "But I *know* Ehud," he said. "I've worked with him. I want him to lead it."

Yoni was still in the Sinai. I'd phoned him before our first overnight planning session to tell him I was bringing in Mookie and Amiram. Mookie had been giving him daily updates. But the clock was ticking. Under the initial deadline, the hijackers had threatened to begin "executions" on Thursday. *Today*. The deadline had now been pushed back, but only until Sunday morning – and only after Rabin felt he had no option but to drop our public refusal to consider negotiating with them.

When Dan called our first operational briefing for Thursday night, Mookie sent a plane to bring Yoni back. Dan set out the plan with his customary confidence. The four Hercules would take off on Saturday evening from Sharm el-Sheikh at the southernmost tip of the Sinai, to cut the flying distance at least slightly. The first plane would land on the runway near the new terminal. Inside would be a small unit of paratroopers, the sayeret strike force, a pair of Jeeps and the Mercedes. The next Hercules wouldn't arrive for another seven minutes: the most critical minutes of the whole operation. That was when our "Ugandan motorcade" would make its way to the old terminal, burst in and take care of the terrorists. The second Hercules would include another Sayeret Matkal team, to reinforce the attack unit and secure the perimeter of the old terminal. Hercules Number Three, a minute later, would carry a joint force of sayeret fighters, paratroopers and a Golani team. Their job would be to take over the new terminal and the rest of the airport and deal with any Ugandan army resistance. The final plane was a flying medical unit, to provide treatment for the hostages and carry them back to Israel.

Yoni arrived just as Dan was finishing his presentation. He looked focused, energized, and eager to play his part. I realized it was important to explain to him the decision to place me in command. Despite our close relationship, I



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knew that would be a sensitive task. We spoke only briefly before he and Mookie drove back to the sayeret base to begin more detailed preparations. Yoni was insistent that he should be in charge. I told him I understood, and I did. In his position, I would have felt exactly the same way. But for a variety of reasons, Dan wanted me in command. Still, I stressed my determination not to detract from his authority. Yoni would lead in the main assault unit. He and Mookie would choose the other officers and soldiers, decide their roles and take charge of training, briefing and logistics. I could tell he was still not satisfied. But I told him and Mookie I'd join them later that night. We could talk further, ahead of the next full briefing, which Dan had set for nine o'clock on Friday morning on the sayeret base.

When they left, I joined Dan, Motta and Kuti to go see Rabin. Shimon Peres was there too. He would later say that, as Defence Minister, he was a crucial voice in pressing to go ahead with the rescue mission. He's right, and had he been sceptical, or opposed the idea of a recuse, it would have made things much more difficult. But his position was far easier than the Prime Minister's. He lacked Rabin's hands-on command experience, his grasp of the details of what we were proposing to do and the obvious risks. All Israelis were aware of this. I the operation failed, or if we decided in the end not to attempt it, it would be Rabin who would bear the responsibility and get the blame.

Even under the best of circumstances, Rabin was naturally cautious – the flipside of the meticulousness with which he ran through the fine detail of every military mission. As I remembered from when he was chief of staff, in our slightly surreal conversation about the danger of a booby-trapped communications intercept exploding as I defused it, he would focus on everything that might conceivably go wrong with an operation before approving it. Now, he was also under huge additional pressure. From the start of the hijack crisis, there had been calls from the hostages' families to *do something* to end the ordeal. But as I later discovered, one of the leading scientific engineers in Israel, Yosef Tulipman, had a daughter among the passengers. Like Yitzhak, he had been a Palmachnik. He'd come to see the Prime Minister and implored him not to attempt an operation that might endager her or the others. "I demand one thing only," he said. "Don't go on any adventures. Do not play with the lives of these people, with the life of my daughter."

After Entebbe, there would be suggestions that Rabin's readiness to negotiate with the terrorists had been a ploy, designed to buy time. Yet his message to us that night was that if there *was* a military option with a



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reasonable chance of success, he would approve it. But otherwise, we could not let dozens of hostages be murdered if by talking, even deal-making, we could have saved them. He turned to Dan and asked whether there indeed was a military option with a reasonable prospect of getting the hostages out. Dan said yes. Rabin turned to me next. I agreed: we had a plan, and we felt we could make it work. Motta was a bit more hesitant. He suggested we couldn't know for sure until we'd finished testing key parts of the operation. But for Rabin, it seemed to me Dan's was the key voice. So he told us that he was approving it. *In principle*.

He said he still needed answers to two questions. The first was whether it was physically possible to cross from the new terminal area, where we'd be landing, to the old terminal buidling. He was right to press us. If a retaining wall or a drainage trench had been added druing the modernization work on the airport, any element of surprise could be lost. Rabin's second condition was that we find a way to make absolutely sure, by the time the first Hercules landed, that the hostages were still in the old terminal building. I knew why that troubled him, from a remark I'd heard him make a few years earlier when describing an American hostage-rescue raid behind enemy lines in North Vietnam. That operation went exactly as planned. Except that the POWs had been moved.

I drove to see Yoni and Mookie at the sayeret base. We spent most of the meeting on the opening few minutes of the operation: the rolling out of the vehicles, the drive to the old terminal, and how to handle the possibility that we might meet Ugandan resistance. Mookie remained adamant about the Ugandans, from his time training them a few years earlier. Even if we did run into a group of Amin's troops, even if they were armed, even if they were pointing their guns at us, *even if they shout at us to stop*, they "wouldn't dare open fire on a Mercedes." I trusted his experience. I kept emphasizing that we had to go in with the mindset of *not* engaging Ugandan troops unless there was no choice. If we did need to do so, we would use only small, silenced Berettas – since I'd made sure the unit trained on the Berettas after Sabena.

I also raised another critical condition for success. "There will *definitely* be an armed presence in the control tower," I said. We needed to designate a special unit whose sole job would be to train machine guns, rifles and grenade-launchers on the tower as soon as we got off the Hercules. "The *moment* that we lose the element of surprise, they open fire."



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Dan began the next morning's briefing with a stage-by-stage review of how the operation would unfold. But just as he was getting to the detail of the motorcade attack, I felt a young sayeret officer tap me on the shoulder. Kuti had phoned to say I was to go see him at the *kirya*. "He said immediately," the officer added, "and not to discuss it with anyone. Just to tell Dan Shomron that you've been taken out of the operation."

* * *

To say I was surprised would be an understatement. But I allowed myself to believe the decision to "take me out" could still be reversed. Not only was I ready to command the critical first part of the operation. I believed I was best placed to ensure it succeeded. I felt that was best for Yoni, too, due to tensions inside the sayeret of which both of us were aware.

There was no officer to whom I was closer than Yoni. He had extraordinary strengths as a soldier: in the Six-Day War, in 1973, and afterwards when, with my encouragement, he'd taken command of a tank battalion in the north left almost in tatters from the Yom Kippur War. But there was more to him as well. I used to marvel how at the end of 16 hours of sayeret training, he could spend a further two or three reading history, or a novel or poetry. He always struggled between the impulse to devote his life to fighting for the State of Israel, and to studying, reading and living as a more "normal" family man.

His drive to serve, and to excel, was stronger. Tuti Goodman, the young woman he'd met as a teenager and married, understood what drew him to a life in uniform. But that wasn't what she had signed up for. At one point, Yoni asked me to speak to Tuti. She asked me to speak to him. I did my best to explain each to the other. But the gap between what each of them wanted for their lives was just too wide. Before the 1973 war, they'd separated. After the war, professionally fulfilled but personally shattered, Yoni heard that I'd found an apartment in Ramat Hasharon, and he asked me if there were other flats in the building. It turned out that the owner of the flat below ours was willing to rent it. Yoni snapped it up.

Over the past year or so, with Yoni leading the sayeret and me in the *kirya*, we'd seen more of each another. For the first time in years, he seemed to have found a sense of peace, and fulfillment, in his personal life. That was in large



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part because of Bruria Shaked, his girlfriend, whom he'd met while commanding the tank unit after 1973. While he was a thinker and a brooder and in many ways a loner, Bruria was outgoing, playful, funny and full of life. She sensed *his* need for a shoulder to lean on, a hand to hold at the movies or on a Saturday stroll on the beach. They made their apartment a home. The shelves creaked under the weight of Yoni's books. Often on a Saturday, when Nava and I dropped in to see them, an old 33 rpm record would be playing on the stereo. Yoni would be sitting puffing on his pipe, reading, and smiling.

But outside this domestic haven, he still struggled. He had looked forward to commanding Sayeret Matkal. But there was a growing distance between him and those he led, a kind of dissonance between these more typically Israeli youngsters and the aloof, reflective, intellectual side of their commander. There was another tension as well. Sayeret training was notoriously tough. Yoni earned the admiration of his men by participating personally in the most difficult of the exercises. But just as he pushed himself to his limits, he insisted relentlessly on seeing the same drive in them. This was a challenge all sayeret commanders faced to some extent. I had, too. But a number of the officers had gone to the *kirya* to urge that Yoni be replaced. He knew this. Though I tried to reassure him, telling him that every sayeret commander was different, with his own strengths and weaknesses, he became only more determined to push himself and those around him harder.

No we were in the final countdown for Entebbe. It was a life-or-death mission not just for us, but the hostages, an operation in which even a second's hesitation or tension or uncertainty could prove fatal. I was worried that the rumblings of uneasiness in the unit might prove an additional obstacle that wasn't worth the risk.

When I tried to persuade Kuti to stick with the original plan, however, he was insistent. He told me to get ready to fly not into Uganda, but to Nairobi. I'd been re-assigned to accompany a Mossad team to Kenya. Our first task would be to get the answers to the questions Rabin had asked us. Then, we would be in charge of arranging for the Kenyans to allow us to refuel the C-130s on the way out, and to set up a medical facility for any injured soldiers or hostages. During the attempted rescue, I would also be the channel of communications from the Nairobi side of the operation to Kuti, tens of thousands of feet above Entebbe in a command 707. Dan, as overall commander, would be in charge on the ground.



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* * *

The Kenyans were not exactly allies of Israel. But relations between President Jomo Kenyatta's security services and Mossad had been close for some years. I flew in with three leading Mossad men. While one of them called on the aging President Kenyatta, our main point of contact, was the head of Kenya's security services. Since the secrecy of the mission had to be preserved, we couldn't make advance preparations for refueling or the additional 707 which we intended to fly in as a field hospital. But he smoothed the way for us to do both, without anyone asking too many questions.

The Mossad men took the lead in arranging to get Rabin's questions answered. They contacted a pilot they knew. The pilot flew to Entebbe early on Saturday morning, circled, and, after he was cleared to land, claimed mechanical difficulties and flew out again. I had his telephoto pictures by mid-morning and phoned Rabin's intelligence officer to let him know we'd confirmed there was a clear path to the old terminal. We still had to make sure the captive passengers were there, however. A nurse from Kampala who had been allowed to visit them made three further visits: late Saturday afternoon, then shortly after the first Hercules had taken off from Sharm al-Sheikh, and finally around nine at night. I was able to reassure Rabin that the question to his second question was also "yes". Although all of the C-130s were already airborne, it was only then that he gave the mission the final go-ahead.

As commander of Sayeret Matkal, I'd always found running an operation from a command post hugely frustrating. This was even worse. Once we got word the Israeli force was on the way to Uganda, we put in place the arrangements for refueling. If all went well, the first C-130, with Yoni's assault team and at least some of the hostages, was due to reach Entebbe and begin the assault at midnight Saturday. Assuming there were no major problems, it would take an hour at most. All *I* could do now, from 300 miles away, was wait.

Shortly after midnight, Kuti radioed me with a terse message: the first of the Hercules had left Entebbe for Nairobi, and the command plane was returning to Israel. About quarter to one in the morning on July 4, the transport planes began their staggered arrival. When the first Hercules taxied to a halt, I went out to meet it. As its giant rear door lowered, Dan was the first person I saw. I could tell from the awkward silence, the lack of any greeting, something must have



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gone wrong. "Ehud," he said finally, "Yoni's dead. We got the hostages out. But Yoni was killed."

I sought out two other friends: Mookie and Ephraim Sneh, the Battalion 890 doctor, who had been with us at the Chinese Farm. Both were obviously torn between a sense of accomplishment in having freed the hostages and the blow of losing Yoni. I asked Ephraim to take me to the front of the plane's huge belly to see him. He was on a stretcher, covered with a blanket. I peeled it back. Yoni's face had lost all color. But when I touched his forehead, it seemed slighty warm, almost as if there was still a spark of life inside him.

I couldn't raise Kuti by radio, so I used the landline in the airport director's office to phone Motta.

"Yoni is dead," I told him.

"Are you sure?" he asked. I said: "Yes. I've seen him."

Before the transport planes began leaving for Israel, I made another call. It was to Nava. She was asleep. I told her that the operation to free the hostages had succeeded. "But Yoni has been killed." I could hear her gasp. "Listen," I said, "you have to go downstairs. Tell Bruria. Before some army officer shows up at her door. Or worse, because they're not married, no one may come and she'll hear it on the radio. Go. Tell her. Stay with her." At first, she seemed not so much unwilling as unable to do it. "What can I *say*?" I said I knew how hard it would be, but that she needed to make sure Bruria heard the news from a friend. Later, Nava told me she'd waited until daybreak, not wanting to make things worse by waking her. Then, she went downstairs. She told Bruria what had happened, stayed with her, talked with her, and held her, during those first few awful hours.

I found Yoni's death even more upsetting when I learned from Mookie and others how it had happened. As the sayeret motorcade began making its way from the Hercules to the terminal, with Mookie and Yoni in the Mercedes, two Ugandan soldiers had seen them. One of the Ugandans raised his rifle. Rather than relying on Mookie's assurances the soldier wouldn't actually fire, Yoni and another soldier shot him with their silenced Berettas. But they'd only wounded him. In case he managed to fire back, another soldier in the Jeep behind them killed him, with his *un-silenced* machine gun.

Now that all surprise was gone, the commandos abandoned their vehicles and began sprinting towards the old terminal. Only seconds later, still 80 yards



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or so from the terminal, Yoni was hit. He'd been shot from the control tower. I realized that unexpected setbacks or slip-ups were inevitable in any operation. But the crucial first stage of the attack had not only gone wrong. It had gone wrong in exacrly the way that we had first discussed back at the sayeret base, and now Yoni was dead because of it.

I had to remain in Kenya for a few more days. Though we'd rescued 102 passengers and crew, three of the hostages had been killed in the crossfire. While most of the injuries to the others were minor, we arranged to have several of the more seriously wounded taken to a Nairobi hospital. So I was unable to join the gathering of hundreds on Mount Herzl in Jerusalem for Yoni's funeral. Or to hear Shimon Peres praise him in terms I knew must have filled his parents and Bibi, too, with enormous pride. Shimon described him as "one of Israel's finest sons, one of its most courageous warriors, one of its most promising commanders."

The first evening I was back, however, I visited the Netanyahus at their family home in Jerusalem: Ben-Zion and Tzila, the parents; Ido, the youngest of the three children, and Bibi, who was still at MIT. It was a few nights in the *shivah*, the seven days of mourning, and there were dozens of other well-wishers there as well. I spoke to Bibi first, outwardly strong but I sensed still overwhelmed by their loss. Hugging him, I said the weeks ahead would be tough, not just because of Yoni's death, but because much of the responsibility of providing emotional support for his parents, both in their sixties, would fall on his 26-year-old shoulders. This was the first time I'd met the father, Ben-Zion, face to face, but I was struck by how this balding, professorial figure seemed able to keep inside the pain and loss he must have been feeling. He did clearly know of me, both from Bibi and from the frequent letters always wrote to him at Cornell. Now, after I'd said what I could to comfort him, he asked whether we could meet again. When we did, a few days later, he was clearly conscious of the his late, lost son's bourgeoning place in Israel's pantheon of national heros. He asked me to be one of the speakers at Yoni's *shloshim*, a commemorative event in Jerusalem which, in Jewish religious tradition, would mark the end of the first month of mourning. "You knew him well," he said, and proceeded to stress the importance of using my remarks to explain, and elaborate on, Yoni's powerful accomplishments and personal legacy.

I thought about what he wanted, and about Yoni himself, in the days ahead. About the tragedy of his death, but also the way in which all of us now had to draw meaning, value, and ideally something of permanence from the feelings of



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loss. As I prepared my notes, I also spent time working out how to square what I felt I needed to say, with what many in the audience, and certainly Ben-Zion and Bibi, would *expect* me to say. Not only was Yoni being mourned across Israel after Entebbe. He was being elevated – in the spirit of Shimon's words at the funeral –to something approaching sainthood. I did not want to detract from his evolving status as national hero, or his importance as a symbol of a commando success which had, for the first time since the 1973 war, restored a measure of Israeli sense of self-confidence. A victory, over all logic and all odds. But I also wanted to find a way of capturing Yoni as he really was: a brave man, an extraordinary fighter and officer. But also a man sometimes feeling torn inside, and alone.

I began with words of ancient rabbinic wisdom about the path which all of us travel from birth to death, and to whatever comes after. The quotation I chose – from the 2,000-year-old volume known as *Pirkei Avot*, the *Ethics of our Fathers* – seemed right to me. "Know where you came from: a putrid drop... Know where you are going: to a place of dust, maggots and worms... And know before whom you are destined to give your final account, the King of Kings." I spoke of the loss of Yoni, and said it was impossible not to think about the meaning of what lay between the "putrid drop" where each of us begins our life and our final reckoning. "I believe that life is not just a sum of the hours and days between the beginning and the end. It is the *content* we pour into the space in between," I said. I'd known people who were given the gift of a long life but who, by that definition, had hardly lived at all. There were also people like Yoni. He'd lived only briefly. But he had learned and loved. Fought and trained others to fight. Grappled with the most profound puzzles of existence, and yet remained open "to the wonders of a smile. A journey. A flower. A poem." If there was any consolation for a life ended cut off at age 30, I said, that was it.

But I wanted to give a more personal, nuanced picture of the life that he, and we, and lost. "Our Yoni… We have seen him torn between his passion for knowledge on the one hand, and the sense of mission and of personal fulfillment that he found in uniform. There was the Yoni of history and philosophy books: Plato and Marx. Who saw the history of Israel not just as a compendium of facts, but a source of inspiration, and a call for action. The Yoni who rebuilt a tank battalion reduced to ashes and dust on the Golan. And there was the Yoni at peace. Tranquil. At home. With his pipe and his phonograph records, out of uniform. We saw him in his hours of supreme achievement and satisfaction. We saw him, too, sometimes standing alone, with pain in his heart, biting his teeth,



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carrying the heavy, lonely burden of commanding the very fighters who he was leading when he fell.

"We have seen him on the battlefield, engaging the enemy, heading into a test of fire with courage and wisdom and his indomitable spirit – the very essence of the spirit that made possible the operation in which he would lose his life." Because, make no mistake, I said: beyond the weapons used, the people who participated, the training and exercises before the fleet of Hercules had taken off; beyond the fine balance required in the planning, execution, and decision-making; it was "this spirit, this essence, that was tested at Entebbe."

When I saw Yoni's family afterwards, though they thanked me for my remarks, I could see that they were still bleeding inside. I am sure that affected they way they related to Bruria. Even before Yoni met her, he had told me how hard his parents were finding his separation from Tutti. Bruria attended the funeral and the *shloshim*. But she didn't sit with the family. I think that with the shock of his death, mixed with the pride they felt at his emergence as a national hero, they found it difficult to include her, a woman they hardly knew, in their mourning.

A few weeks later, I go a call from the Netanyahu family's lawyer, Erwin Shimron. It was an odd, rambling conversation. He seemed to insinuate that, as her and Yoni's neighbor and friend, I was encouraging the unwelcome idea that Bruria was part of the immediate circle of the bereaved, that this mere girlfriend was somehow his widow. He wanted me to withdraw whatever mantle I might be providing, and help separate her from Yoni and his legacy. He went so far as to say that one reason he was calling me was because he didn't want to have to take "legal steps" to make that happen. I saw no point in getting into an argument. I sensed that, while it would take time for the grief felt by those closest to Yoni to begin to heal, the issue would gradually resolve itself. But I saw even less point in leading the lawyer to believe I would do what he was suggesting.

"Mr Shimron," I told him. "I knew Yoni. I know Bruria. I do not know you. But I have a musical ear. I don't like the undertone I hear in what you've been saying. I've seen them close up. Bruria gave Yoni, at a critical time in his life, probably more warmth than he ever received from any other human being."



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Yet despite Entebbe, the trauma of the Yom Kippur War, and the cracks it had shaken loose in Israeli society and politics, were yet to play themselves out. The hostage rescue was like a sugar rush, an intoxicating reminder that the army still had the capacity for initiative and precision, audacity and quick-fire victory – like our air strikes in the first hours of the 1967 War. But the *real* reckoning over 1973 was about to come. It would change Israel beyond recognition, with repercussions still being felt today. It would dramatically alter the course of my life as well.

I still remember the moment it hit home, on the evening of May 17, 1977. As Nava and I watched in our tiny living room in Ramat Hasharon, Chaim Yavin, the anchorman on the country's only TV channel, was handed an exit poll from Israel's latest national election. He began with three words: *Gvirotai verabotai, Mahapakh*. "Ladies and Gentlemen, a revolution." For the first time since the state was declared, Israel's government would not be in the hands of David Ben-Gurion or his Labor Zionist heirs. Our next prime minister would be Menachem Begin, who had inherited the mantle of Jabotinsky's Revisionist Zionism. He'd headed its youth wing, Betar, in eastern Europe, and led the Irgun Zvai Leumi, the main right-wing militia force before 1948. Lacking the intellectual depth and subtlety of Jabotsinky –a liberal intellectual who, among other things, translated Dante into Hebrew – Begin drew his political strength from his powerful oratory, and a refusal to countenance any compromise in securing what he viewed as the ultimate goal: a Jewish state in all of biblical Palestine, from the Mediterranean to the Jordan River, with whatever military force was necessary to secure and sustain it.

But perhaps Yavin should have used a different metaphor in his dramatic election-night broadcast: *reidat adamah*, an earthquake. Begin's victory, after the loss of eight straight elections over three decades, was the culmination of seismic rumblings which had been building for years. The big, decisive, shock was the 1973 war. Yet this was not just because of the colossal intelligence failure, or the myriad errors of our military commanders and political leaders. It was the fundamental loss of *trust* in the cosy, self-perpetuating establishment that had dominated all aspects of Israeli politics, society and culture from the start: Palmachniks like Rabin and Dado; political players like Golda and Shimon Peres; Haganah veterans like Dayan and Bar-Lev; and, of course, the kibbutznik pioneers. Almost all were of East European background –



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*Ashkenazim* – and their prominence and privilege had stoked increasing resentment among Israel's disadvantaged *Sephardi* majority, with their roots in the Arab world and especially north Africa.

Begin not only sensed this. While he'd never lost the formal bearing – or the accent – from his childhood in Poland, his long years in Israel's political wilderness mirrored the wider exclusion felt by the *Sephardim*. The last election he had lost, in December 1973, proved too soon for the earth to part. But he told his supporters: "Even though Labour has won *these* elections, after something like the Yom Kippur War happens to a country, and to a government, they must lose power. They *will* lose power." He was right. Only twice in the four decades that followed would a Labor leader defeat Begin's Likud party: Rabin's election victory in 1992, and mine over Bibi Netanyahu in 1999.

During the first two years of Begin's rule, however, I was 7,000 miles away. Ten days before the election, I'd gone to see Motta, and he'd agreed that I could return to Stanford, to finish what I'd barely begun when the 1973 war broke out. I had been in the army, with the one hiatus as a sayeret reservist at Hebrew University, since the age of seventeen. I did not regret committing myself to a life in uniform. But Stanford offered an extraordinary opportunity to broaden my horizons. Even in the few weeks I'd spent there before the war, I'd felt reinvigorated. It engaged a different kind of intelligence, a different part of who I was: the books, the professors. A chance to listen to, and at least try to play, beautiful music. And to spend more than a few stolen evenings or weekends with my family.

The timing had nothing to do with the election. Like most other Labor Israelis, and many of Begin's own supporters, I hadn't expected the Likud to win. It was because I felt I'd reached a natural punctuation mark in my military career. I'd led Sayeret Matkal. I'd commanded a tank company, a battalion in 1973, and, more briefly than I'd hoped, the 401st Brigade after the war. I'd spent the last two years in the *kirya*. The next step up the command chain would be to lead a full armored division. But at age 35, I was probably too young, and I figured I'd have a far better chance in two years' time. I also feared losing the chance to go to Stanford altogether. Motta's term as chief of staff would end the following year. Among those in the frame to succeed him was Raful Eitan. Recalling Raful's dismissive, almost sneering, opposition to my making the Sayeret Matkal into Israel's SAS, I wasn't exactly confident I could count on his support.



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Reluctant though I'd been to leave the 401st for the *kirya*, I had particularly enjoyed the last year. I was promoted to Shai Tamari's job, in charge of the intelligence team for our military operations, when Shai left to command a tank brigade. My office was no longer on the third floor, but in the underground bunker, the *bor*. I was part of nearly all high-level planning meetings, often with Motta, sometimes also including Peres. Almost everyone around the table was older than me, and outranked me by some distance. Yet with my intelligence brief, I was often the one with the most thorough command of the details. Though still just a colonel, I'd risen through Sayeret Matkal. I knew the planning process from the other side as well, having attended the same sort of meetings, from the early 1960s, to present *our* operations. So I was often asked, and always welcome, to weigh in on what would work, what wouldn't, and why.

My final year in the *kirya* also further cemented my relationship with Motta. Though as chief of staff, he tended to keep a formal distance from all but his fellow generals, he did seem to enjoy having me around. He even put me in charge of a new department of my own. Not officially. The "department" was strictly ad hoc, as was the name which Motta gave it: *Mishugas*. The Yiddish word for craziness.

All army commanders, in all countries, receive their share of unsolicited advice. But I can't imagine any of them gets the number, or sheer range, of wild suggestions which make their way to the *kirya*. Everything from levitation machines, to ideas for making tanks fly. Motta didn't have the time to read all the letters, much less sit down with the self-styled inventors or sages who showed up in person. Still, he couldn't be sure that a jewel of an idea wasn't lurking inside one of them. As an insurance policy, he began sending all the letters, and every supplicant, to me.

I never found the jewel. The most vivid memory I have is of a visit from a former soldier in *Shaked*, Israel's Negev reconnaissance and tracking unit. He had taken up meditation, and the study of ancient civilizations. Fresh from a period of contemplation in the desert, he arrived in my office with a pamphlet he'd written. It was about special-forces strategy and training, as practiced *eight centuries* earlier, in the time of Genghis Khan.

I listened for nearly an hour, enjoying his enthusiasm, the history lesson, and the simple weirdness of it all. I did check his facts afterwards. If nothing else, he proved an assiduous student of the Mongols. He explained to me that in their largest battles, involving tens of thousands of troops, they would designate a



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commando unit of a couple of dozen men. Its sole task was to seek out and kill the enemy force's leader. The key to their success was *mind*-training. Over a period of months, sometimes years, the commandos' *self-perception* was altered. They were taught to believe that they had already died. Since their lives on earth were done, all that remained was a formal passage through the turnstile into eternal happiness, and to go out in glory. My visitor not only suggested that Israel establish exactly this kind of death-cum-suicide unit. He volunteered to train the men himself, and lead the first mission. With as straight a face as I could muster, I thanked him for taking the time to see me. But I told him his idea was probably not for us. Little did I know that a whole new kind of enemy, epitomized by Al-Qaeda and the self-styled Islamic State, would build a terrorist death cult around it.

* * *

Nava and I, with three-year-old Yael, and Michal just turning seven, left for California in the late summer of 1977. The two years that followed were uplifting and reinvigorating – not just because of Stanford, but a further, utterly unexpected transformation back home soon after we'd left.

It, too had its roots in the 1973 war, but on the Arab side. Before the war, Egypt's Anwar Sadat had extended feelers about the possibility of peace negotiations, only to see them ignored. Israel won the war in the end. But the Egyptians' surprise attack across the canal – and the panic and huge Israeli losses in the early days of the war – had shattered our aura of invincibility. Politically, Sadat had gone a long way to erasing the humiliation of 1967. That freed him to do something which – after decades of Arab-Israeli conflict – was astonishing. He travelled to Jerusalem, the capital of a country which neither Egypt nor any other Arab country even recognized. He met Begin, and he addressed the Knesset with a call for peace.

It is impossible to convey to Israelis who did not live through the birth of the state, and our tumultuous early decades, the power of the emotions stirred by Sadat's visit. It was on November 19, 1977. With my arm around Nava, I watched the live American television coverage as Sadat's plane touched down at Ben-Gurion airport. Begin was at the center of the throng of dignitaries on hand to greet him: a who's who of political and military leaders not just from his administration, but who had led Israel in 1967 and 1973. Golda was there.



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Rabin, too, puffing furiously on his cigarette. When the erect figure of Sadat emerged, there was spontaneous applause, and a serenade from Israeli army trumpeters.

Even before Sadat's Knesset address the next day, I understood that his visit, his willingness to make the first, bold move toward a possible peace, marked just the beginning of a difficult negotiating road. But there was one passage in his speech that touched me especially. He ran through the history of how Egypt and other Arab states had not just fought Israel, but denied our right to exist as a state. "We used to brand you as *so-called* Israel," he said. Now, the leader of our most important Arab enemy declared: "You want to live with us in this part of the world. In all sincerity, I tell you that we welcome you among us, with full security and safety."

The formula he proposed was straightforward. Egypt would agree to a full peace, accepting and formally recognizing the state of Israel. But Israel would have to withdraw from all Arab land captured in 1967, including "Arab Jerusalem." We would also have to accept the "rights of the Palestinian people to self-determination, including their right to establish their own state." Begin's reply was more sensitive than I'd expected from a leader who, through my Labor kibbutnzik eyes, I'd always seen as an extremist, unwaveringly committed to a "greater Israel". Though he did make it clear his views on the shape of an eventual peace differed from Sadat's, he proposed further talks with the aim of finding an agreement both sides could live with. Still, like all Israelis, I knew he would never accept at least two of the Egyptian president's demands: a retreat from our control of a united Jerusalem or the creation of a Palestinian state on the West Bank of the Jordan: for Begin, biblical Judaea and Samaria.

On our territorial dispute with Egypt, I did believe a deal was possible. I didn't expect us to return all of the Sinai, if only because I couldn't see Begin agreeing to it. For security reasons, I also felt we should try to hold on to a pair of air force bases built after 1967, with American help, just a few miles over the Negev border. But as for the rest, I saw no reason not to give it back. As I'd told Motta after the 1973 war, I'd long believed Israel had lost sight of the original reason we'd held onto the Sinai after 1967. It was supposed to be a huge, sandy security buffer. If we did manage to make peace with Egypt, there was surely no reason to hold on to it.

The moment of truth came almost exactly 10 months later, in September 1978. American President Jimmy Carter hosted a summit with Begin and Sadat at Camp David, in search of a "framework agreement" for final negotiations on



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a peace treaty. Again, I was watching closely, via American TV. But as the summit was winding down, our phone suddenly rang in Palo Alto.

"Ehud, how's it going? Are you following what's happening here? What do you think?"

I recognized the voice immediately: Ezer Weizman, the former fighter pilot Begin had chosen as his defense minister. I'd known Ezer since the early 1960s, when he'd been commander of the air force and Sayeret Matkal was planning its first operations. Still, even though he had a reputation for batting ideas back and forth outside the bounds of hierarchy or chain of command, I was startled to hear from him.

"What do I think about *what*?" I said.

"The solution we've arrived at here. We found there was no way but to give back everything." The only exception was Taba, a sliver of land where the Negev met the eastern edge of the Sinai, across from the Jordanian town of Aqaba.

"Was there no way to convince them, even with some kind of a land swap, to keep the two air bases?" I asked.

"Believe me, we wanted to," Ezer replied. "But no way. Not if we were going to get a peace treaty."

So I said the obvious: if that's what was necessary for peace, there was no other choice.

We were now well into our final year at Stanford. Our home was in a leafy "student village" off campus, called Escondito, for married students from abroad. Our two-storey flat was one of a row of cabin-like structures: a bit like a kibbutz, only smaller, American-style, a lot more upmarket. It had a fenced-off play area for the children and, in a common room for all the village residents, an upright piano.

I found the richness of the academic environment – and the time to explore and savor it – enthralling. I'd chosen my master's program at Stanford because it offered the chance to learn across a range of different schools and disciplines. The official home for my degree courses was the School of Engineering, in a department called "Engineering-Economic Systems". Its focus was on applying mathematical modelling and analysis to decision-making in "large and complex



HOUSE_OVERSIGHT_028033

organizations" such as private companies or government departments. Or the armed forces of Israel. The theorists at Stanford were leaders in the field.

But from the start, I was drawn to other disciplines as well: business, economics, political science, history, sociology, psychology. I studied game theory at the business school, and the evolution of political systems under the sociologist Seymour Martin Lipset. I also went to lectures by James G. March, on how psychological, social and other factors influenced decision-making. I particularly enjoyed learning from Professor Amos Tversky. Born in Haifa, he was half of an academic partnership with the psychologist Daniel Kahneman, who was also Israeli. They were investigating the effect of human bias and other *subjective* factors on how we perceive reality, and thus make decisions. Tversky's work especially fascinated me, because it questioned a basic assumption in the kind of predictive formulas my own department was advancing: that we make choices rationally, calculating the outcomes of competing alternatives. Tversky had found that the human brain didn't always work that way. For choices with a fairly obvious outcome – 90 percent of cases, say – the assumption did hold. But at the margins, the brain didn't, or couldn't, always gauge the implications of a decision accurately. A couple of decades later, he would also show that an individual's choice could vary significantly depending on the way the options were presented.

These behavioural and psychological approaches were at odds with what was being taught in my home faculty. Its prevailing orthodoxy was that by using specifically designed interview techniques, alongside mathematical modelling of the predicted outcomes, we could isolate the effect of human agency on how, and what, decisions were made. Yet the wider my studies had ranged, the more sceptical I became that the complexities of human decision-making could be accommodated by such models. I also saw problems in the methodology we were using. Since it was based partly on interviews with participants in the decision-making process, it seemed to me that this introduced a subjective element into our ostensibly objective conclusions.

My department wasn't enamored with my views on our modeling approach. But one of the things I most valued about my time in Stanford was that, far from discouraging my excursions into other departments, my professors combined a confidence in their own approach with a genuine open-mindedness to other ideas: the hallmark of true intellectuals, and of great universities.

I got something else from my studies at Stanford, although I didn't speak about it at the time, not even to Nava. I became aware that I had a particular



HOUSE_OVERSIGHT_028034

aptitude for focusing on the minute details of a problem, yet never losing sight of the *larger picture*, the wider issues. From my experience as commander of the sayeret and during the 1973 war, and from watching other officers whom I respected, it struck me that this was an essential part of effective leadership.

By "leadership", at that stage in my life, I did not mean *political* leadership. I was thinking in terms of the army. But I'd now finished my masters degree, and it was impossible to be unaware of the political *context* in which I'd be returning to uniform. Since Camp David, our negotiators and the Egyptians had been trying to thrash out a formal deal. Sadat was being denounced as a traitor in the Arab world. Begin was seen by most in the outside world, and many Israelis, as dragging his feet on the negotiations and risking the chance for peace altogether. If we *did* manabge to sign a peace treaty, however, we would be withdrawing for the first time from land captured in 1967. That would mean finding a new approach to security in the south, as well as a new focus on the majority of our Arab neighbors who were railing against Sadat and seemed less interested than ever in making peace.

In some ways, it was hard to leave our mini-kibbutz in Palo Alto. Michal, now nearly nine, had thrived, quickly learning English and ending up with a perfectly American accent which has never left her. Yael has less vivid memories of our time there. But we'd had the nearest thing to a normal family life since our first, war-truncated, time at Stanford. During the university holidays, we'd also travelled: to Canada. Mexico. Lake Tahoe. Even Las Vegas, where, thankfully, we lacked the money to chance our luck, but where my years in the sayeret suddenly came in handy. We spent the day at Circus Circus, a joint casino-and-theme park tailored for families with kids. At a shooting gallery in the amusement area, I had no trouble landing dead-center hits on a passing procession of metal geese, to the consternation of the guy behind the counter but the delight of my two young daughters. In probably the single greatest moment of parental accomplishment I'd experienced since their birth, I bagged a huge fluffy teddy bear for each of them.

* * *

I returned to Israel not just with the hope, but a reasonable expectation, that I would get command of one of Israel's two regular armored divisions: the 252nd, which was responsible for defending the south and, at least for now, was based



HOUSE_OVERSIGHT_028035

in the Sinai. Dan Shomron was now head of the southern command and had told me, before we headed back from California, that he'd recommended me for the post. It was an especially exciting prospect because the US-backed negotiations with Egypt did finally appear to be nearing an agreement. As commander of Division 252, I'd be coordinating and implementing Israel's Sinai withdrawal.

But I didn't get the job, at least not on my return. Raful Eitan had indeed succeeded Motta as chief of staff, and he had the final say. I'd evidently been right to assume I would figure no higher in his estimation than I had as sayeret commander. To be fair, however, he did agree to my becoming commander of Dan's *reserve* division in the south: the same 611th that Arik Sharon had led across the canal in 1973. When I took up that post in April 1979 – just days after the formal Israeli-Egyptian peace treaty was indeed signed – I was also promoted. I became a one-star general. And eighteen months later, when the regular division post came open again, I did get the nod to command the 252nd.

Even then, it was a close-run thing. Raful called me in to see him and said he wanted me to return to the *kirya* instead, in the one-star general's post inside military intelligence. He said he had more than enough candidates for division commander, but that my previous experience meant I was the best choice for the intelligence post. I was determined to remain in the field, especially with signs that Begin, and certainly his more right-wing supports in the Likud, were already having second thoughts about the peace deal we'd struck with Egypt. In part, they feared that a withdrawal from *any* of the land taken in the 1967 war might create a precedent, and invite pressure, for more withdrawals. But the real buyers' remorse centered on the fact that, as part of the initial agreement at Camp David, Begin had needed to accept a parallel framework for negotiations toward a broader peace that would include the West Bank and Gaza Palestinians.

In any case, with Raful balking a second time at giving me the division command, I figured I had little to lose by fightinhg my corner, and telling him exactly what I felt. "Look, I realize that you're chief of staff," I said. "But don't forget we're *both* just temporarily in whatever role we hold. I'm not here as a draftee. I'm in the army by choice. It's your decision to tell me what position you want me to take. But you can't *impose* anything. I can always leave. Or I can bide my time until *you* leave." Raful apparently concluded he couldn't actually force me to take the intelligence job. With Dan having made his preference clear, he didn't press the point.



HOUSE_OVERSIGHT_028036

My main responsibility as commander of the 252nd was to implement the withdrawal from the Sinai. Israel had committed itself to bring all of our forces behind the 1967 border within next two years, and, along with Dan, I threw my energy into planning and implementing the terms of the treaty. But especially with Begin soon facing a reelection campaign against Labor, now led by Shimon Peres, he was keen to play to the opponents of any further negotiating concessions. He was positioning himself as the voice of military strength, and painting Peres as someone who would risk our security by going further than the separate peace with Sadat.

Begin had no more experience or knowledge of military details than Shimon. But from his days in the pre-state Irgun, he'd been an unapologetic admirer of men of military action. After his victory in the 1977 election, he'd formed a government stocked with some of Israel's best-known former generals. Not just Ezer Weizman. He'd brought back Moshe Dayan, as foreign minister. And as agriculture minister, the country's most swashbuckingly self-confident, and controversial, battlefield commander: Arik Sharon. Begin had recently lost both Ezer and Dayan, who accused him of deliberatedly torpedoing chances of building on the peace with Egypt. But Arik was still there, four-square behind a more forceful military posture on Israel's other fronts. As agriculture minister, he had also been the driving force in a plan for settlement "blocs" designed to encircle the main Arab towns and cities on the West Bank and foreclose any realistic prospect of a Palestinian state.

After Begin's second election victory, in June 1981, some commentators, and many in Labor, insisted that he'd won because of a dramatic surprise air strike, a few weeks before election day, against a French-built nuclear reactor outside Baghdad. I never believed that, in part because I knew from intelligence friends that the attack had been set for earlier, and was put back because of fears the plan might become public. But mostly because of what I witnessed in the heart of Tel Aviv the night before the election, when I joined one of my top officers, a Likudnik, at Begin's final campaign rally.

Shimon still had a narrow lead in the polls. I hadn't been at his closing rally, the previous evening. But like the rest of Israel, I'd heard and read about it, in particular the warm-up act: a popular, solidly pro-Labor comedian and actor named Dudu Topaz. Greeting the crowd, he'd said what a pleasure it was that it was not full of *chachachim*. The word was sneering Israeli slang: for uncouth, uncultured Sephardim, not far from the equivalent of using the "n" word in America. In a single sentence, he'd managed to sum up everything the



HOUSE_OVERSIGHT_028037

*Sephardim* resented about the Ashkenazi, Labor Zionist establishment. Begin, at his rally, played it like a virtuoso. "Did you *hear* what they called you?" he cried. *Chachachim*. He slightly mispronounced the word, as if he'd never heard, much less used, it before, and that even having to repeat it made his blood curdle. "Is *that* what you are?" There was pandemonium. Maybe Begin would have won anyway. But it was close, just one Knesset seat between the two major parties. And win, he did.

I became increasingly convinced in the weeks that followed that Begin's second government, with Arik now moved to defense minister, would further put the brakes on any follow-up negotiations for a deal with the Palestinians. I did not yet know that Arik, in particular, had a far more ambitious, military plan to try to bury the possibility of a Palestinian state once and for all. But I did know he had his eyes on a possible thrust across our northern border into Lebanon, where Arafat and the PLO were based.

There was no public mention of any of this. But several times in 1981, I was ordered to move a large part of my division onto the Golan Heights for weeks at a time: two brigades, 200 tanks and dozens of APCs in a massive motorcade from the bottom to the top of the country and back again. We dubbed it *Cinerama*, from the Hebrew words for Sinai and the Heights, *Ramah*. If there was an escalation of hostilities, the northern command's regular division would cross into Lebanon. Our role would be to take their place in defending the Golan, and possibly follow them in.

When I returned from my final episode of Cinerama in the late summer of 1981, the Sinai withdrawal was entering its final stage. I organized a full-scale military exercise on the roughly one-third of the Egyptian desert we still held, knowing that we'd no longer have the room to do so after the final withdrawal. It was the largest exercise I'd ever commanded. The advances and tactical retreats, the flanking maneuvers and ambushes and fighter jet attacks were like a very big war in a very small place.

But a war game was not a real war. The Sinai was not like the Golan, or the cramped, hilly confines of Lebanon. And it was in Lebanon, the following year, that the war came. It was different from any in Israel's history. Arik was in charge. And I would become involved in ways which began to change the way I saw not only Arik, but the political and military direction of our country.



HOUSE_OVERSIGHT_028038

My own part in the Lebanon war would change dramatically as a result of that last military exercise in the Sinai. Arik Sharon was now Minister of Defense, and he came for the final afternoon. From his experience as a frontline commander – in 1956, 1967 and 1973 – he knew the dunes and wadis and sprawling expanses of sand as well as any general in Israel. Watching our intricate mini-war draw to its close, he made no effort to hide his enthusiasm for the kind of quick, assertive battlefield maneuvers he'd long championed. But more than that, his closest aide soon began sounding me out on my views about the long-term organization, force balance and funding for the Israeli military. A few weeks later, Arik offered me a promotion: a return to the *kirya*, as a two-star general, to become head of planning for the armed forces.

I don't know why he chose me: the Sinai exercise perhaps, the fact he knew I'd studied "large and complex organizations" at Stanford, or maybe just the fact our paths had first crossed two decades earlier when I was in Sayeret Matkal. But even though it meant leaving my division command, especially tough since the final Sinai withdrawal was approaching, it was an offer I never contemplated turning down. Not just because of the second star on my uniform. Ever since the 1973 war, along with a few other senior officers including Dan Shomron, I had been making the case for a shift to more mobile and less vulnerable forces and weapons systems. I saw the new role as a chance to help encourage that critically important change.

There was just one hitch: all senior military assignments required the formal approval of the chief-of-staff, my old friend Raful Eitan. Raful did manage to delay things for several weeks. At one point, he even brought to bear a quality I'd never suspected he had: a sense of humor. "OK, I'll agree to promote Barak," he told Arik. The next day, he said he'd meant *Eitan* Barak – a very good commander, by the way, who had been one of my instructors in officers' school. Arik insisted, however. My appointment went through.

And one, unanticipated result was that I didn't just play the field command role I'd anticipated, from our Cinerama deployments, in Arik's toweringly ambitious, ill-planned and ultimately disastrous war in Lebanon. I became part of months of planning discussions in the *kirya* before our tanks finally rumbled across the northern border on the morning of June 6, 1982.



HOUSE_OVERSIGHT_028039

My new posting came not just as momentum was building toward an invasion. It followed on the heels of a major new crisis in our peace with Egypt. Only weeks before I gave up my Sinai command, President Anwar Sadat was shot and killed by an extremist Muslim officer at the annual Cairo military parade to mark the anniversary of the 1973 war.

Like many Israelis, I felt an almost familial sense of bereavement. Sadat was not just the first Arab leader to make peace with Israel. He seemed to *understand* us: people who were ready, willing and able to fight, but wanted above all to live unmolested and accepted by our neighbors. Yet for Begin and the Likud, I knew the assassination would cast the whole peace process into doubt. Sadat's successor, Vice-President Hosni Mubarak, did make it clear he would abide by the peace treaty, defusing calls on the Israeli right for us to cancel our final withdrawal from the Sinai. But after Sadat's killing, Begin and those around him seemed more determined than ever to hold the line against the *wider* peace negotiations agreed with President Carter and Sadat at Camp David. At Begin's insistence, Camp David had not proposed giving the Palestinians a state, but instead "autonomy" and a locally elected "self-governing authority". Yet that was defined as a transitional period. The elected Palestinians were to be included in negotiations for a yet-unspecified "final status" arrangement for the West Bank and Gaza. That, Begin feared, left the door ajar for something *more* than autonomy. Shutting that door, I would soon discover, was a big part of Arik's ornate reasoning for invading Lebanon.

Beyond the fact that my new job was a promotion, I had a personal reason for welcoming the move back to Tel Aviv. Ten days after Sadat's assassination, I had endured a frightening few days surrounding the birth of our third daughter, Anat. The crisis was another reminder that the demands of frontline command rested not just on my shoulders, but my family's. We had moved house again early in Nava's pregnancy, to the suburb of Ra'anana, about 10 miles north of Tel Aviv and a few miles in from the coast. We bought one of a newly built row of small, semi-detached townhouses which, best of all, had a backyard. It was tiny by American standards, but was still a place for the girls to play. Once again, however, I wasn't there when my daughter was born. I was rushing north as Nava went into labor.

The birth itself went smoothly. By the time I got to the hospital, both baby and mother seemed happy and healthy. A few days later, however, when they were back in the townhouse and I'd returned to my division, Nava felt suddenly, desperately unwell. I shudder to think what might have happened were it not for



HOUSE_OVERSIGHT_028040

the fact that one of our new neighbors was a friend from my first military intelligence stint in the *kirya*. In almost paralyzing pain, Nava phoned him, and he rushed her to the hospital. It turned out that the doctor who delivered Anat had left part of the placenta inside. Once the mistake was discovered – as I was again speeding north – he went back in and rectified it. When I arrived, I was relieved, to put it mildly, to find Nava smiling bravely, and on her way back to full health. Still, doctor friends of mine told me that if the problem not been diagnosed and addressed quickly, she could have suffered shock, serious infection, even death.

* * *

In my new role, I was nominally responsible to both the defense minister and the chief of staff, but Arik made it clear to both me and Raful that he was boss. And though my official brief was longer-term planning, almost from day-one the issue of Lebanon overshadowed all others. I knew, from Cinerama, that preparations for a *possible* military operation in Lebanon were underway. Yet from my first meeting with Arik and Raful, it became clear it was more than just a possibility. "Why the hell is Arafat still alive," Arik snapped at us. He said that when he'd been commander of Unit 101, he'd *never* waited for the government to ask him to plan an operation. He'd plan it himself, and go to ministers for approval. When I told him that I'd done just that when I was commander of the sayeret, only to be told Arafat was "not a target," Arik replied: well, he is *now*. The PLO leader's current residence was on the southern edge of Beirut, and in the weeks ahead Arik left no doubt that he meant to go after him there.

To anyone looking from the outside, there was no pressing reason to expect a war. It is true that the potential for conflict was always there. The PLO had nearly 20,000 fighters in Lebanon and hundreds of rockets capable of reaching our northern towns and settlements. The Syrians were there, too. As part of an Arab League agreement in 1976 to quell two years of terrible civil war between Lebanon's traditionally dominant Maronite Christians and an alliance of PLO and Lebanese Muslim forces, some 30,000 Syrian troops had been brought in as the core of a peacekeeping force. But in the summer of 1981, new US President Ronald Reagan's Mideast envoy, Undersecretary of State Philip Habib, had



HOUSE_OVERSIGHT_028041

brokered a cease-fire to halt Palestinian Katyusha rocket fire into Israel. It was generally holding.

But fundamentally, Arik's war plan was not a response to the Katyushas. It was a way of using military force to achieve Prime Minister Begin's political aim: stopping the Camp David peace process in its tracks, and ensuring it did not go beyond the peace treaty with Egypt. And even that message was not principally intended for the Palestinians, I suspect, but for the Americans. Israel's Labor-led governments had always calculated that we needed at least some measure of support from foreign allies, especially the US. Under Begin, we'd already bombed Saddam Hussein's nuclear reactor without telling the Americans beforehand. Shortly after I returned to the *kirya*, he provoked further anger in Washington by announcing the *de facto* annexation of the Golan – in effect "balancing" our Sinai withdrawal with a dramatic reassertion of Israeli control over other land captured in the 1967 war. Part of Arik's plan in Lebanon was to deliver an even more forceful riposte to any suggestion that we would give up control of the West Bank and Gaza.

Yet these political aims, which I was gradually beginning to grasp in their full form through my discussions with Arik, were only part of the reason I was deeply uneasy about the plans for our Lebanon invasion. Having now spent nearly two decades in the military, I recognized that the security challenge north of the border was real. I did not believe it was inherently wrong for Begin's government to order a pre-emptive military operation with the aim of ending it. My view, as an army officer, was that the decision on how, when and whether to go to war was for our elected government. But for that principle to work, I also believed that government ministers had to know *what* they were deciding. The more we geared up for an invasion, the less certain I became that Begin's cabinet understood what we were planning to do.

Arik's original plan was codenamed *Oranim*: Hebrew for "pine trees". It involved pushing deep into Lebanon, all the way up to the strategically critical road that ran between Beirut and Damascus. We would link up in Beirut with the main Maronite Christian force, the Phalangists, whom we had been supporting and training for several years. When that plan was presented to Begin's cabinet at the end of 1981, however, most ministers opposed it. Thus was born Arik's Plan B, so-called "Little Pines". Its stated aim was a lot more modest. We would create a "security zone" – a 40-kilometer, or 25-mile, strip running north of the border with Lebanon.



HOUSE_OVERSIGHT_028042

I could see that Little Pines was a kind of fiction. All you had to do was take a map and draw in the 40-kilometer line. In the areas nearer the Mediterranean, in the western and central parts of the border area, it indeed covered territory controlled by armed PLO groups. But in the eastern sector, there were *Syrian* positions a mere 10 to 12 kilometers up from the border, well inside the "security zone". Not much further north were two full Syrian divisions. That meant we'd be fighting not just the Palestinians, which was the ostensible aim of Little Pines. We would have to take on Syria. As soon as *those* hostilities began, we would have to destroy radar and SAM sites in the Syrian-controlled Beka'a Valley further north into Lebanon. After the first costly days of the 1973 war in the Sinai, we were not about to enter a major conflict without ensuring air superiority. Unless the Syrians retreated or surrendered, the inevitable result would be a wider conflict, not limited to dealing with Palestinian fighters in south Lebanon but paving the way for Arik to go ahead with his original plan and push all the way to Beirut.

This wasn't mere supposition on my part. In February 1982, we ran a simulation exercise in the *kirya* based on Plan B. The result: Little Pines became Big Pines. A clash with the Syrians proved inevitable, if only because one target even under Little Pines was the main road between Beirut and Damascus. It lay well beyond the 40-kilometer line. As the main supply route for their forces in the interior of Lebanon, it was also of critical importance for the Syrians. So any idea of a quick, limited strike to establish a security zone was fantasy. A few days later, Raful chaired a wide-ranging discussion on Lebanon. Near the end of the session, I asked him directly whether government ministers were aware that our war plan "will inevitably lead to a clash with the Syrians". Raful hesitated for a second, but then answered briskly: "Yes."

That assurance would turn out to be untrue. But my wider concern, as the weeks passed, was Arik's *political* plan, of which I was getting an ever clearer idea from him. It struck me as not just grand, but grandiose. Part of it was to obliterate Arafat as a political force, if not by killing him then by forcing him and every one of his fighters from Lebanon, a country Arik wanted to place under the unchallenged control of the most prominent of the younger generation of Christian Phalangist politicians, Bashir Gemayel. I felt all that would be challenging enough. But in Arik's eyes, this was only part of a complete reordering of our conflict with the Arabs. He expected *Gemayel's* Lebanon to openly align itself with Israel and expel all Syrian troops. As for the expelled Palestinians, they would go back to Jordan where they would resume – and, this time, win – their civil war with King Hussein. The result, with Hussein deposed,



HOUSE_OVERSIGHT_028043

would be a "Palestinian state" in Jordan, which would free Israel to retain open-ended, unchallenged, control of the West Bank.

Even the Labor party, fifteen years into Israel's occupation of the West Bank, was still speaking about a "Jordanian option" for an eventual political settlement with the Palestinians who lived there – though this meant a kind of confederation with Jordan under Hussein's rule. Very few Israelis began seriously to engage with the Palestinians own separate identity or national aspirations until later in the 1980s – when I, too, would do so, amid the widespread Palestinian unrest known as the *intifada.* But even without a fully thought-out view on these issues, I was taken aback by Arik's almost godlike supposition that he could use fire and brimstone, or the modern military equivalent, to remake the Middle East as he and Begin wished to see it. If only because of the tacit assumption that the outside world, and especially the Americans, would sit by and let the whole drama play out as scripted, it struck me as an exercise in self-delusion.

There was also the matter of Arik's vision of a "new" Lebanon under Bashir Gemayel's Phalangists. Unlike the other generals in the *kirya*, I'd never actually met any of our "Lebanese Christian allies". Yet a few weeks after taking up my new post, I was invited to a lunchtime discussion with a group of Phalangist officers on a training course in Israel. I emerged both unsettled and underwhelmed. They were obviously politically astute. They bandied around military vocabulary proficiently enough. But they were a bit like teenagers playing with guns: full of macho, and too much after-shave. Hardly the kind of "army" I could see as a lynchpin in Arik's plan to redraw the geopolitical map of the Middle East.

* * *

By June 1982, Arik's invasion was a war simply waiting for a credible trigger. On the evening of June 3, Palestinian terrorists shot and critically wounded Israel's ambassador in London, Shlomo Argov. Appalling though the attack was, as a catalyst for a full-scale invasion, it seemed unlikely to be enough for the Reagan Administration. Habib's cease-fire terms did not include terror attacks like the one in London. It was meant to keep the PLO from firing across our northern border. Even to some Israelis, the attack on Ambassador Argov seemed more a rationale than a reason for war. But Begin summoned an



HOUSE_OVERSIGHT_028044

emergency cabinet meeting the next day. His adviser on terrorism, Gideon Machanaimi, was someone I knew well. When the cabinet convened, he pointed out to the ministers that the London terrorists were from a fringe Palestinian group led by Abu Nidal. Far from being an ally of Arafat, he had been sentenced to death by Fatah. According to Gideon, Begin wasn't interested in the distinction. Even less so were the two leading military figures in attendance: Arik and Raful. They said all Palestinian terror was the responsibility of Arafat, and that now was the time to hit back hard. The cabinet was informed that our initial response would be limited: aerial and artillery bombardment of PLO targets throughout Lebanon. Yet Raful told the cabinet that the Palestinians would almost certainly respond with shell and rocket fire into Israel. Then, he said, we could strike more forcefully. In other words, the invasion would begin.

It did. Dubbed "Operation Peace for Galilee" to convey the aim of protecting northern Israel from shell and rocket fire, it got underway at around 11 a.m. on Sunday June 6. The publicly declared aim was *Little* Pines: the establishment of our 40-kilometer security zone. Both Israelis and the Americans were led to believe it would be a relatively short operation aimed at destroying the PLO's military capacity in the border area. We also said that we wouldn't attack Syrian forces as long as they didn't attack us.

That last public pledge had particular relevance to my role on the ground. I was deputy commander of the largest of Israel's three invasion forces, under Yanoush Ben-Gal, head of the northern command until shortly before the war. We had 30,000 troops and 600 tanks and were responsible for the "eastern sector" – from the edge of the Golan Heights, north through the Bekaa Valley along Lebanon's border with Syria. At first, we deliberately stopped short of Syrian forces. We deployed our main reserve division just 10 kilometers across the border, below the first Syrian positions at the bottom of the Bekaa. But despite the public assurances we were in Lebanon to establish our security zone, we had no orders to halt at the 40-kilometer line. From day one, our part of the invasion force began a pincer movement around the area of eastern Lebanon where large numbers of Syrian soldiers were based. My former Sinai division, the 252nd, came down from the Golan and started making its way up alongside the Syrian border. Our other units, further inland, also began pushing northward.

For the first couple of days, we did avoid a confrontation with the Syrians. Yet on June 8, day three of the war, the morphing of Little Pines into Big Pines began.



HOUSE_OVERSIGHT_028045

The two other Israeli invasion forces had crossed the border parallel to us, one pushing up through the steep hills and twisting valleys of central Lebanon, and the other along the Mediterranean coast. The central force was now ordered to mount an attack that would bring them within striking distance of the Beirut-Damasus road. The first skirmish came in the hilltop town of Jezzin, still barely within the 40-kilometer zone. The Syrians had a commando force and tanks in the town. An Israeli battalion was ordered in, and it took Jezzin by the evening of June 8. But it came under assault from Syrian units with grenades, RPGs and Saggers, as well as shellfire from a nearby ridge. Shortly before midnight, another unit of Israeli tanks and infantry passed through the central Lebanese village of Ayn Zhalta, to the north of Jezzin and beyond the 40-kilometer line, and began winding its way through a valley toward the Beirut-Damascus road. They waded into a Syrian ambush, and for hours found themselves in a fierce battle with Syrian units.

I don't believe Arik specifically planned to confront the Syrians in Jezzin and Ayn Zhalta. But he could not have doubted that, given the enormous scale and range of our invasion, a clash with Syrian forces *would* happen at some point. Now that it had, all that remained was for him to tell the cabinet that Israeli forces had come under Syrian fire and insist, as defense minister, that the imperative for our forces on the ground was to strike back.

On the afternoon of June 9, the fourth day of the war, we got the order to go on the offensive against the Syrians in the Bekaa. As our artillery pounded the southernmost SAM sites, nearly 100 Israeli jets swarmed into the Bekaa Valley and attacked Syria's air defenses in eastern Lebanon. When a second wave screamed in an hour later, the Syrians sent up their Soviet-made MiGs to intercept them. Forty-one Syrian planes were shot down. Seventeen of the 19 SAM batteries were destroyed by the end of the day. The other two were taken out the next morning, and another 43 Syrian jets shot down.

There was no longer any pretence about our war aim: to fight our way through any resistance and reach the Beirut-Damascus road. But after the Bekaa air battle, and the most serious air losses for an Arab state since 1967, Yanoush and I knew that international pressure for a cease-fire would quickly escalate.

Aware we were racing against the clock, we began a co-ordinated push towards the Beirut-Damascus road. The left arm of our "pincer" was ordered to make its way toward a town called Jobb Janine. It was still some distance from the Damascus road, but an important way-station: Syrian headquarters on the western side of the Bekaa Valley. The eastern part of our pincer, the 252nd



HOUSE_OVERSIGHT_028046

Division, advanced up the Bekaa, alongside the Syrian border, toward the town of Yanta, across from Jobb Jannine.

But as it was making its way there, we got word a cease-fire had been agreed. It was set for noon the next day, Friday, June 11. The main focus of our advance shifted to a crossroads a few miles east of Jobb Janine. It was a flat, open area surrounded by hills, codenamed the Tovlano Triangle on our maps. We knew we would meet some Syrian resistance. On the way up the valley, we'd seen signs of reinforcements from inside Syria. But we had overwhelming superiority in tanks, artillery and infantry in the area, as well as full control of the air. In our command post, about five miles back from our frontline forces, Yanoush set in motion the plan for a pre-cease-fire advance to take the hills overlooking the Tovlano Triangle. It was still about eight miles short of the Beirut-Damascus road. But the idea was to establish a more secure defensive position by the time the truce took effect, and to put us in position to advance further if the cease-fire collapsed or was delayed.

Shortly before sunset, Yanoush left by helicopter for a field commanders' meeting with Raful in northern Israel. That left me in charge, alongside Yanoush's de facto chief-of-staff, Amram Mitzna. A decorated veteran of 1967 and 1973 whom I knew well, Amram had the added distinction of being disliked by Raful almost as much as I was. Our main reserve division had been ordered to take control over the hills south of the Tovlano Triangle. One of its brigades, led by a former Sayeret Matkal soldier named Nachman Rifkind, was sent to take up a position immediately south of the triangle. Soon after nightfall, Rifkind radioed in that he was there, and that the area seemed clear of enemy forces. The divisional command post then ordered a second brigade to move toward the hills dominating the crossroads.

The first sign of trouble came around midnight. From our overall command post, we were listening in on all radio traffic, and heard the second brigade report that it had come under fire while moving toward the crossroads. At first, we assumed it must be from the remnants of a retreating Syrian unit. But Rifkind, who had reported the area was clear, now said that *he* could see flashes of shellfire two or three miles to his north. Only the following morning did it become clear that he had not deployed immediately south of the triangle as planned. He had mistakenly halted at a hill about two miles short of there.

By the time Yanoush returned to the command post a little after midnight, we were facing another problem. The battalion nearest to the south of the triangle had spotted a dozen large vehicles armed with missiles a few hundred



HOUSE_OVERSIGHT_028047

yards ahead. The missiles seemed to be pointed north, away from them. But the battalion commander was asking us for permission to open fire.

"Do not open fire," I was saying as Yanoush arrived. "I repeat: do *not* open fire." When Yanoush asked me what was going on, I told him the lead unit had reported unknown vehicles with missiles and wanted to know whether it could attack. "Tell them *yes*," Yanoush said. I looked first at him, then at Mitzna. "We can't," I said. "It's dark. The situation is confused. We don't know whose missiles these are. It doesn't make sense they'd be Syrian, just sitting there, pointed north. At least give it a few minutes." I think Yanoush would have grabbed the microphone and told the unit to fire had not Amram been there as well. Together, we convinced him to hold off. I ordered the brigade commander to get one of the battalion's APC crews to go out on foot and get as near as possible to the missiles. It was nearly 15 minutes later when they returned. They said they'd never seen this kind of missile vehicle, but that the soldiers manning them seemed to be speaking *Hebrew*. It turned out to be a new ground-to-ground missile, not yet formally in service, which had been sent into Lebanon without our knowledge by the northern command.

While that trouble was averted, much worse lay ahead. Yanoush asked to be brought up to date on our progress in taking control of the area around the Tovlano Triangle. We briefed him on the situation as we understood it: that Rifkind had reported the triangle was clear, but that the second brigade had still not reached it. Yanoush tried to radio the divisional commanders. When he couldn't raise them, he ordered the brigade and battalion commanders to pick up their pace and move forward.

With Yanoush back and the advance resumed, I tried to grab at least a few hours' sleep. But around 3:45 am, a junior officer shook me awake. When I rejoined Yanoush and Amram, they told me the lead battalion was now in deep trouble. It was led by Ira Ephron, one of Dan Shomron's best company commanders during the 1973 war. For reasons I've never been able to establish, Ira's orders were not to take the hills south of the triangle as we'd planned, but to go through it to a point two miles or so north. Minutes after crossing the triangle, his tanks came under heavy fire. Hoping to escape, he kept going, only to find himself surrounded by a Syrian armored force. They were trapped near a village called Sultan Yacoub, nearly three miles north of Tovlano. Since it was early June, it would be light soon, and his predicament could only get worse.

At dawn, he reported he was under heavy artillery, anti-tank missile, RPG and close-range rifle fire. The only realistic hope was to retreat. We were unable



HOUSE_OVERSIGHT_028048

to get air support, but the commander of our artillery force called in all available units, and they drew a kind of protective box of shellfire around Ira's men as they moved back. We sent our other reserve division towards the crossroads to provide support, and Amram went with them to co-ordinate the operation. But Ira still had to fight his way out. It was 15 minutes of hell. By the time he reached safety at around nine in the morning, he'd lost ten tanks and nearly 20 men, four of them during the final, frantic retreat. Five more were missing. The reserve division also found itself in a fierce firefight with the Syrians, and lost eleven men.

We were now just three hours from the cease-fire. We did advance nearer to the Beirut-Damascus road. An hour before noon, our dedicated anti-tank unit destroyed 20 of Assad's top-tier tanks, Soviet-made T-72s. Under different circumstances, those successes might have been a cause for consolation. Yet it was hard to dwell on them given what had happened north of Tovlano. After the war, Sultan Yacoub created fertile ground for conspiracy theories, half-truths and finger-pointing. That there had been many oversights and errors was clear, though there was never a full and formal debriefing process to identify in detail what had gone wrong. I found it deeply frustrating that, unlike in 1973 when I'd been in a battlefield command role, I was now at several steps removed from what was happening on the ground. But *everyone* involved shared responsibility for the failures – including the overall commanders: Yanoush, and me as well.

That weight felt even heavier because the tragedy occurred only hours before our own force's involvement in the Lebanon War was over.

* * *

It was not, however, the end of the war. The cease-fire held only intermittently in the rest of Lebanon, barely at all in some areas. Freed from fighting in our sector, Yanoush, Amram and I began spending time with units elsewhere. A couple of days after the cease-fire, I found myself alongside a pair of generals, Uri Simchoni and Yossi Ben-Hannan, south of Beirut. In front of us, troops from the Golani Brigade were completing their takeover of Beirut airport. "You were right," I told Uri and Yossi. They had been in charge of the simulation exercise in the *kirya*, predicting how Arik's ostensibly more limited invasion plan would inevitably develop into Big Pines. Even as we were talking,



HOUSE_OVERSIGHT_028049

another Israeli unit broke through to the Beirut-Damascus road. On the far side of Lebanon's capital city, they linked up with Bashir Gemayel's Phalangists.

I remember a mix of feelings at the time. Partly, amazement that through sheer determination and political maneuvering, Arik seemed to have pulled off his grand plan – or at least the Lebanon part of it. Yes, we'd ended up fighting a kind of half-war against the Syrians which, though we'd won it, still left 30,000 of Assad's men in Lebanon. And they showed no signs of leaving. Our main strategic threat north of the border was not, in fact, the Palestinians. Syria was in military control of Lebanon and, after the peace with Egypt, our most powerful adversary. And no matter what Big Pines might have achieved, it seemed to clear to me that the Syrians would be free simply to replace the weaponry we'd destroyed and fight another day.

In Arik's mind, Bashir Gemayel would soon be in a position to fix that. But beyond my skepticism from having met some of his boy officers in Tel Aviv, I couldn't see how that would work. I strained to imagine Gemayel daring to form what would amount to a formal alliance with Israel and ordering the Syrian troops to leave. And given what would be at stake for Damascus, I certainly couldn't see the Phalangists being able to drive them out by force.

The more immediate, open question involved Arafat and the Palestinians. Our other two invasion forces had driven almost all the PLO fighters out of south Lebanon, though not without costs and casualties. Most of the Palestinians, however, had retreated north to their *de facto* capital, the southwestern neighborhoods of Beirut. The idea of a ground assault – street-to-street battles in an area packed with fighters, weapons and tens of thousands of civilians – didn't bear thinking about. After the war, some of the officers around Beirut said Arik seemed to hoping that the Phalangist milita would go into the overwhelmingly Muslim western side of Beirut. At one point, he was even considering an Israeli attack. Fortunately, given the Phalangists' record of violence bordering on savagery during the Lebanese civil war, Bashir Gemayel wasn't willing to send them in. As for an Israeli assault, Begin's ministers weren't ready to sign off on it, and the Americans let it be know, repeatedly, that they were vehemently opposed to the idea.

Arik again turned to a fallback plan. He knew that Begin *did* share his determination to get Arafat and the PLO out of Lebanon. Even the Americans were ready to support such an arrangement, assuming it could be negotiated and implemented in a way that would bring the fighting to an end. Whether by intent or political fortune, the mere prospect of Arik further expanding the



HOUSE_OVERSIGHT_028050

invasion had the effect of persuading Washington to send Philip Habib back into the diplomatic fray. With no early sign, however, of Arafat agreeing to leave, Arik now steadily tightened what amounted to a siege on west Beirut. For seven weeks in July and August, our forces pounded the PLO-controlled neighborhoods from land, air and sea; intermittently cut water and electricity supplies; and hoped that the accumulated pressure, and casualties, would force Arafat and his men to agree to Habib's terms for a wholesale evacuation.

By this point, I was spending most of my time in the *kirya*, with periodic visits north, sometimes with Arik or Raful, to our positions on the eastern, Phalangist-controlled, side of Beirut. On several occasions, I helicoptered back with Habib or his deputy, Morris Draper. In one instance, I accompanied Draper into a meeting with Arik. In what I imagine had become a familiar, and frustrating, part of the US mediation mission, he pressed Arik to rein in our bombardments, arguing that we were in danger of ruining the chances of getting a negotiated deal on Arafat's leaving. Arik argued straight back. His view was that unless the PLO felt squeezed into submission, they would stay put.

On that, I thought Arik was probably right. Other Israeli generals with far more experience, and weight, also seemed to agree. Notably, Yitzhak Rabin. He was no longer in government, nor even in charge of Labor. But he had always had a soft spot for Arik, as did Sharon for him. With uneasiness, questions and outright criticism of the siege building both internationally and inside Israel, Arik got Rabin to helicopter north with him to Beirut. Yitzhak spent six or seven hours there. His verdict on the siege, at least as reported in the Israeli press, was more than Arik could have hoped for. *Lehadek*, he said. "Tighten it." In the end, I'm convinced the siege did have a critical effect on getting the evacuation deal. But unleashing our single most relentless series of air attacks, on August 12, when the deal was basically done, seemed both perverse and excessive, and not just to me. Habib, and President Reagan himself, fumed. So did a lot of Begin's own ministers, with the result, unprecedented in Israeli military annals, that they formally removed Arik's authority to decide on future air force missions. That turned out not to matter, however, because August 12 effectively marked the end of the siege.

On the afternoon of Saturday, August 21, the first shipload of an eventual total of nearly 10,000 Palestinian fighters left Beirut harbor for Cyprus, and then for a variety of new host countries. On this score at least, Arik's grand design had proven beyond him: the Palestinians were not bound for Jordan. By far most of them headed for the PLO's new political base, the north African state of



HOUSE_OVERSIGHT_028051

Tunisia. Arafat himself left on August 30.

Still, as the evacuation proceeded, another one of Arik's central aims in Big Pines was also achieved. On August 23, the Lebanese parliament elected Bashir Gemayel as the country's new president.

* * *

During the several weeks that followed, there was a confident feeling among Arik and his inner circle in the *kirya*. To the extent that Arik and Raful saw any cloud on the horizon, it was their concern about "several thousand" Palestinian fighters who they were certain had stayed on in Beirut despite the evacuation. True, Bashir Gemayel hadn't been formally inaugurated as president. There had been reports that he was privately assuring Lebanese Muslim leaders that he would be conciliatory once he took office, and that he was not about to consider a formal peace with Israel. He had also been resisting Israeli efforts to make an early, public show of friendship, such as an official visit to meet Prime Minister Begin. But there was an undisguised hope that this was just a brief political hiatus, for appearance's sake, and that before too long Lebanon would become the second Arab country to make peace with Israel. Not just peace, but something more nearly like an alliance.

Though I still looked through the eyes of an army officer, not a politician and certainly not an experienced diplomat, I had serious doubts this would happen. Simple logic seemed to suggest that, since Gemayel knew we had no realistic option of turning our back on him, his political interests were best served by keeping his distance and trying to build bridges at home. But on the early evening of September 14, nine days before his scheduled inauguration, not just that question but the whole new political edifice Arik had envisaged in launching the invasion, became suddenly, irretrievably, irrelevant.

I was at my desk on the third floor of the *kirya,* getting ready to go home, when the news broke: a huge bomb had exploded at the Phalangist Party headquarters in east Beirut as Gemayel was beginning to address hundreds of supporters. For a while, the reports from Beirut suggested that Gemayel had survived the blast, but shortly before eleven at night the confirmation came: the president-elect was dead.



HOUSE_OVERSIGHT_028052

Though no one claimed responsibility, there was no shortage of suspects. During and since the civil war, Gemayel had at various times been at odds with a whole array of enemies or rivals: Muslim militias, the PLO, other Maronite factions and, of course, the Syrians. But I think for all of us, even Arik, the issue of who was behind the bombing was hardly the most urgent concern. The immediate danger was a revival of the kind of rampant bloodletting Lebanon had endured in the civil war. The day after the assassination, I joined a half-dozen other members of the general staff and helicoptered up to the Lebanese capital. Arik, ignoring weeks of US pressure not to do so, had already ordered Israeli troops into west Beirut – not to fight, but to take control of key junctions and vantage points and keep basic order.

But the question obviously on everyone's mind was how to make sure the situation remained under control. It was early afternoon when we reached an Israeli command post in the largely Palestinian southwest part of the city. It was set up by Amos Yaron, the former paratroop commander whose division had landed by sea at the start of the invasion and was part of the push north to the capital. At his side was Amir Drori, the head of the northern command. They had set up a rooftop observation post just a few hundred yards in from where I had landed with my Sayeret Matkal team a decade earlier for the Rue Verdun operation. It overlooked a pair of Palestinian refugee camps: Sabra and, a couple of hundred yards closer to us, Shatila.

Raful was with us as well. So was Moshe Levy, the deputy chief-of-staff, and Uri Saguy, the head of the operations branch in the *kirya*. I listened rather than spoke. All I could gather from the other generals' conversation was that they were trying to figure out how to handle the Palestinian camps. No one explicitly mentioned the idea of Israeli troops going in, presumably because they realized that, far from helping ensure order, that might well inflame things further. Even Raful, at least in my earshot, made no reference to the "several thousand" PLO fighters that he and Arik still wanted out of Beirut. The only note that struck me as odd was a general agreement that the Phalangists had not been carrying their load of the fighting during the war. One comment in particular stuck with me, though I didn't take it as referring to the Palestinian camps in particular. I can't remember which general said it, only that everyone seemed to agree: "Why the hell do *we* have to do their fighting for them?"

It was not until the next morning, back in Tel Aviv, that the alarm bells rang for me, and by then it turned out to be too late. It was Friday, the eve of the Jewish New Year. Yet in the wake of Gemayel's assassination, the *kirya* was



HOUSE_OVERSIGHT_028053

crowded. I heard the first rumors from a staff officer in military intelligence, though neither he nor anyone else I asked was sure if they were true. But it *seemed* that the Phalangists had been sent into Sabra and Shatila. And that they had begun killing people.

I'd like to think that, in Amos Yaron's or Amir Dori's place, I'd have been sufficiently wise not to have allowed the Phalangists into the camps in the first place. But the truth is that I'm not sure. If the decision was to send *someone* in, I certainly wouldn't have sent in Israeli troops. But unlike other Israeli generals, my first-hand knowledge of the Phalangists was limited to a single lunchtime encounter in Tel Aviv. My impression from that meeting was that they were overblown, post-adolescent thugs, not murders. I did, of course, know the milita's reputation for untrammelled violence in the Lebanese civil war. Still, I might conceivably agreed to have the Phalangists go in – under strict orders to limit themselves to keeping order – in the knowledge that our own troops were stationed in the area immediately around the camps.

Yet from the moment of the first rumors – as soon as I heard even the *hint* that killings were underway – I had not a second's doubt about what had to be done next: get the Phalangists out. Immediately. I felt a particular urgency because of the rooftop gripe I'd heard the day before, about our troops having to *do their fighting for them*. That made me pretty certain that, at the very least, we had indeed sent the Phalangists into the camps.

I tried to reach Arik, but couldn't get through to him. I contacted Oded Shamir, the former intelligence officer who was his main liaison with the army. I told him that if the Phalangists were inside the camps, he had to urge Arik to get them out. Then I called Tsila Drori, Amir's wife. I asked whether she'd spoken to him that morning. She said no. He'd called her the day before, however, and she was sure he'd be in touch before the New Year. "Please, swear to me, Tsila, you'll give him a message," I said. "I was there yesterday. Tell him *please* do whatever he can to stop this action. It will end very, very badly." I told her he would know what I meant.

It was too late to stop it altogether. The slaughter – the round-ups and the beatings and the killings of Palestinians in the two camps – had indeed begun the night before. Amir found out about it late on Friday morning. Not from me, I believe, but from his staff officers. He ordered the Phalangists to stop. But they didn't. No one in command acted, at least successfully, to make *sure* that the militiamen got out of the camps. The atrocities went on. It was another 24 hours before the militamen finally withdrew.



HOUSE_OVERSIGHT_028054

One night's massacre would have been enough to produce the outcry that resulted once the first news reports, photos and TV pictures were sent around the world. That the bloodletting was allowed to continue after we *knew* what was going on, beyond the cost in innocent lives, made the fallout even worse. In Israel, the response was unlike anything in the past. There had been some opposition to the war: from parts of Labor, from political groups further to the left and particularly the pressure group Peace Now, formed in 1978 to protest the Begin government's obvious desire to use the peace with Egypt as a means to limit, rather than actively explore, prospects for a wider agreement with the Palestinians.

After Sabra and Shatila, Peace Now was the driving force behind demands for an inquiry into the Israeli role into what had happened. But the trauma went deeper. Israelis of all political stripes jammed shoulder-to-shoulder into the Kings of Israeli Square in the heart of Tel Aviv a week after the massacre. There were soldiers, too: 20somethings back from the fighting and reservists a decade or more older. Some estimates put the size of the crowd at as many as 400,000, almost ten percent of the population of Israel at the time. The protest was nominally aimed at forcing the government to empower a commission of inquiry, which it did a couple of days later. But the mood in the square was more like an outpouring of shock and shame. While the catalyst was the massacre in the camps, it tapped into a rumble of growing questions, and doubts, about the war itself, which had been building ever since the prolonged siege of west Beirut: what the invasion was for, how it had been planned and prosecuted, and what it said about our country, our government and our armed forces.

I was at home with Nava, watching the coverage of the demonstration on television. I shared the protesters' view that an inquiry was needed. In the days since my phone call to Tsila Drori, I'd remained troubled not just by our failure to stop the killings once we knew what was going on, but by the response from Begin, Arik and some other ministers to the massacre. Determined to shift the blame and responsibility elsewhere, they kept driving home the point that it was Phalangists, not Israelis, who had carried out the killings. That was true. But it could not erase the failures of judgment and control on our part. We were the ones who had allowed them into the camps. Our forces were deployed around the perimeter. And the killers were our "Lebanese Christian allies".

The formal picking-apart of Israel's share of responsibility would be the job of the inquiry commission. I did take some heart from the very fact such large



HOUSE_OVERSIGHT_028055

numbers of Israelis, and ultimately the government, had ensured a truly independent probe would now go ahead.

But other ways in which the war had gone wrong were already glaringly apparent. Some were operational. It is true we ended up overcoming Palestinian and Syrian resistance. Given the numerical balance of forces, that was a foregone conclusion. But with all the attention paid to the *political* aims of the invasion, we'd never sufficiently planned for operating against a wholly different kind of enemy than in our previous wars, and on a wholly different kind of terrain. Huge columns of Israeli armor had found themselves stuck on the winding roads of central Lebanon, running low on gasoline, vulnerable to relatively small ambush squads. In some instances, a dozen Palestinian fighters or Syrian commandos had halted the best-armed, best-trained, tank forces in the Middle East for hours on end. Overall, the pattern of past wars had been broken. Even in 1973, once the surprise attacks had been turned back, Israeli forces had advanced, attacked and broken enemy resistance. That hadn't happened here.

There was a deeper problem as well. At the start of the conflict, Begin had declared, boastfully almost, that this was Israel's first "war of choice." That wasn't true. Both 1956 and 1967 were wars of choice. Yet those preemptive attacks, especially in the Six-Day War, were in response to a sense of strategic threat that was commonly understood by almost all Israelis. There was a sense not just of consensus, but national unity. This war *was* different. It had been launched in pursuit of a specific political vision: a marriage of Begin's political credo and Arik's determination to use overwhelming force to bulldoze a new political reality in Lebanon.

The findings of the inquiry commission were published in February 1983. They were all the more powerful for the forensic language used. The inquiry did concede Begin's point: it was Gemayel's men who had actually done the killing. But it said that the Israeli commanders' decision to allow the Phalangists into the refugee camps "was taken without consideration of the danger – which the makers and executors of the decision were obligated to foresee as probable – that the Phalangists would commit massacres." The commission added that "when the reports began to arrive about the actions of the Phalangists in the camps, no proper heed was taken. The correct conclusions were not drawn. No energetic and immediate action was taken to restrain the Phalangists and put a stop to their actions."

Arik bore personal responsibility for this, the report said. So did Raful, and the head of military intelligence, Yehoshua Saguy. The commission



HOUSE_OVERSIGHT_028056

recommended that Begin fire Sharon and Saguy. They left Raful in place, but only because his term as chief-of-staff was due to end in a matter of weeks. Arik at first refused to go, and Begin refused to fire him. Yet in the end, popular pressure forced the issue. When another demonstration was called in protest at Sharon's continuing as Defense Minister, a right-wing political activist tossed a grenade into the crowd, killing a young Peace Now member. Even Arik was evidently shaken by the spectre of one of his presumed political admirers murdering a fellow Israeli for peacefully protesting. Or at least shaken enough to step down as Defense Minister. He did remain in the government as a minister without portfolio. Still, Begin himself would quit as Prime Minister, retiring into virtual seclusion, about half-a-year later.

Like the rest of the senior officers corps, I tried with difficulty to get on with my own job. I imagined the contribution I could best make for now would be, as Head of Planning, to ensure the mix of forces and weaponry deployed in any future conflict were better suited to the task than in the Lebanon war. But I didn't believe that such technical failings or planning lapses, however serious a contribution to the more than 650 Israeli lives lost, were what had mainly caused the war to go wrong. The central mistake was what had bothered me all along: the invasion was not a considered response to a particular security threat. It was an overreaching exercise in geopolitics, with sleight-of-hand used to evade the need to make and win support from government ministers and, critically, the public. Even with questions still to be resolved about when and how to withdraw the thousands of Israeli troops that were still inside Lebanon, I remember wondering aloud to a few army friends, and to Nava as well, whether we would look back in a decade's time and see the war as "our Vietnam". In fact, Israeli troops would still be in south Lebanon nearly *two* decades later, when I had left the military and was about to become Israeli Prime Minister.

Even as a two-star general in the *kirya*, I doubted I would be in a position to help fix the deeper issues raised by the war. Any real influence would be in positions like the chief-of-staff and his deputy; the head of operations; the head of military intelligence. They were the core of the armed forces' leadership and had the most regular dealings with senior figures in government.

But I'd failed to factor in the effect of the inquiry recommendations. Within days of the report, Israel had a new Defense Minister: Moshe Arens, who returned from his post as ambassador in Washington. Among *his* first orders of business was to act on the inquiry's verdict on Raful and Yehoshua Saguy. As chief of staff, Arens settled on a choice I suspect most senior officers saw as the



HOUSE_OVERSIGHT_028057

right man for the moment: Raful's deputy, Moshe Levy. Well over six feet tall, he was known as *Moshe Vechetzi*. "Moshe-and-a-Half." He was reserved and soft-spoken, a safe pair of hands after the trauma of the war.

But Arens also had to name a successor to Saguy as head of military intelligence. And for that job, he nominated me.



HOUSE_OVERSIGHT_028058

It was a huge responsibility, and not just because I was suddenly in charge of an intelligence apparatus ranging from Unit 8200, our sophisticated signals collection and decryption unit, to the operational units like Sayeret Matkal. It was what was at stake if things went wrong: success or failure in war, and the life or death of thousands of men on the battlefield. It was a price we'd paid painfully in 1973. And now again, just nine years later, in Lebanon.

If I needed any reminder, it was conveniently placed on my new office wall: the photographs of each of my nine predecessors since 1948 as Head of the Intelligence Directorate, or *Rosh Aman* in Hebrew. All had come to the role with talent and dedication. All but three had either left under a shadow, or been fired. Sometimes this was because of ultimately non-fatal lapses, like a botched mobilization of our reserves in 1959, or the Rotem crisis a few months later. Sometimes, it was due to lethal failures like the Yom Kippur War and Lebanon.

I went to see all eight former directors who were still alive. "You know, I used to read the newspapers and listen to the BBC in the car to work," Shlomo Gazit told me. He was the director I'd worked for in operational intelligence, the one who'd so memorably made the point that we might endanger Israeli security not only be missing the signs of a war, but signs of an opportunity for peace. He was also one of the few to have left office without blemish. "By the time I got to the *kirya*, I already knew 80 percent of what I could about what was going on," he said. "Then I'd spend six or seven hours reading intelligence material, to fill in at least *part* of the remaining 20 percent." His message, echoed by my other predecessors, was that the job wasn't mainly about the raw information. It was what you *concluded* from the information, what you *did* with it. It was about judgement.

The intelligence did matter, of course. For all of Israel's strengths in that area, I knew from my own experience at Sultan Yacoub that there was still room to get more, better, and more timely information about our enemies, and make sure it got to the commanders and field units that needed it. And while the details of many operations I approved for Sayeret Matkal and other units remain classified, we did succeed in doing that – to take just one example, by finding an entirely new way to get intelligence from inside Syrian command posts.

Yet above all, I set out to apply the lessons of the 1973 and 1982 wars. In rereading the official inquiry reports, I saw that the intelligence failings had



HOUSE_OVERSIGHT_028059

been different in each of them. In the Yom Kippur War, the problem was not just Eli Zeira's failure to activate the sayeret's listening devices in Eygpt, deeply damaging though that was. It was *judgement*. Inside Aman, a kind of groupthink had taken hold. It was rooted in a confident, costly misconception which went unchallenged: that Egypt would never risk another war without an air force capable of breaching our defences and striking towns and cities deep inside Israel. No one pressed the alternative scenario: that Sadat might strike with more limited territorial objectives and, under cover of his SAM batteries on the other side of the Suez Canal, advance into the Sinai.

In the Lebanon war, the inquiry suggested, Yehoshua Saguy *did* try to warn the generals, and the government, about major risks. But individual ministers testified that they hadn't heard, hadn't been there, or hadn't understood, leading the inquiry to stress the responsibility of a *Rosh Aman* to ensure not just that his message was conveyed, but that it was received as well.

I set out to address both problems. Inside the department, I insisted on making all our preconceptions open to challenge. I set up a unit whose sole function was to play devil's advocate when a consensus was reached. It began with the *opposite* conclusion and, through a competing analysis of the data, and logical argument, tried to prove it. I also wanted to be challenged on *my* preconceptions. I assigned a bright young major as my personal intelligence-and-analysis aide. He read everything that crossed my desk and could access any material in the department. "You have no responsibility to agree with any of the analysts, or with me," I said. "Part of your job is to *dis*agree."

In the Lebanon war, Saguy had faced an additional problem. He was excluded from some government meetings at which crucial decisions were made. That was out of his control. I didn't want it to be out mine. I raised the issue with Begin in our first meeting. "If you want to get the maximum value from your head of intelligence," I said, "you should make sure he's there not just after, but *when* decisions are made." Yet he was now only months from leaving office, exhausted by the war and its aftermath. He waved his hand weakly in response, as if to say none of it mattered. His successor, in October 1983, was Foreign Minister Yitzhak Shamir. Ideologically, he was cut from the same cloth: an advocate from the 1940s of securing a Jewish state in all of Palestine, by whatever force necessary. He'd broken with Begin's pre-state Irgun militia to set up a group called Lehi, which went further and carried out political assassinations: the 1944 killing of Lord Moyne, Britain's Minister for



HOUSE_OVERSIGHT_028060

Middle East Affairs, and four years later the United Nations envoy, Count Folke Bernadotte.

"Why are you so *strident*," Shamir asked me, only half-jokingly, after I'd insisted on joining a government discussion and pressing several intelligence matters. "It's because I've read the Lebanon inquiry," I replied. "I saw what happened when a message isn't delivered assertively. I'm not going to be in the position of making the same mistakes." He nodded, and didn't raise it again.

In fact, it was under Shamir that I began to get more involved with political and policy issues beyond the armed forces. Part of this came with the job of *Rosh Aman*. There was hardly a major domestic or foreign challenge that did not have some security component, and no security matter on which intelligence was not critical. But I also found myself working more closely with leading politicians: mainly Shamir and Misha Arens, who as defense minister was my main point of contact. Since I was a Labor kibbutznik, we made an odd threesome. Arens was also a lifelong Jabotinsky Zionist. He had been in the Betar youth movement in America, before going to Palestine in 1948 and joining the Irgun. In fact, it was with Misha's personal backing that one of my former Sayeret Matkal officers – the son of a Jabotinsky acolyte – had recently taken his first steps into the political limelight. After a two-year stint as Israel's number-two diplomat in Washington, Bibi Netanyahu had become our ambassador to the United Nations.

With both Arens and Shamir, I built a solid relationship, based on mutual respect, and it would deepen further when I moved on to a wider role in the *kirya* a few years later. They were straight talkers. While resolute about decisions once they'd taken them, they were genuinely open to discussion and debate. I also sometimes found a surprising degree of nuance behind their tough exterior.

The toughness was there, however. One of the first major security crises we faced after Shamir became Prime Minister was known as the *Kav 300* affair, named for the bus route between the southern port city of Ashdod and Tel Aviv. On the evening of April 12, 1984, four Palestinians from Gaza boarded the bus and hijacked it back toward the border with Egypt. They told the passengers they were armed with knives, and that a suitcase which one of them was carrying contained unexploded anti-tank shells. After a high-speed chase, an Israeli army unit managed to shoot out the tires and disable the vehicle, when it was still about ten miles short of Gaza. One of the passengers had been severely injured at



HOUSE_OVERSIGHT_028061

the start. A number of others managed to escape when the bus was stopped. But several dozen remained inside.

I was in Europe at the time, on one of my periodic trips to discuss Middle East issues with a fellow intelligence chief. Yet an aide called me with the news. I was several thousand miles away from what happening. But I knew there was every possibility Sayeret Matkal might be called in, and my instincts told me we should proceed with caution. The situation we were facing felt nothing like Sabena, much less Entebbe. Here, we had a single bus. Our troops, and in fact everyone from ministers and officials to reporters and photographers, were in a loose cordon a couple of dozen yards away. That said to me there was no sense that the hijackers posed an immediate danger. Nor did they seem to have come equipped for a major confrontation. In place of the AK-47s and grenades we'd seen in previous terror attacks, these guys had knives, and, if they were to be believed, a couple of shells with no obvious way to detonate them.

I phoned a friend in the command post set up near the stranded bus. He told me that Misha and Moshe Vechetzi were there. There was a standoff with the terrorists and, for now, it was quiet. The defense minister and the chief-of-staff, of course, did not need my presence, much less my agreement, to order the sayeret into action. But I said: why not wait? Though the last flights back to Israel had already left, I could be at the command post by mid-morning. Beyond wanting to be present if the sayeret was ordered in, I believed the crisis might even be brought to an end without another shot being fired. "I'll tell them what you said," my friend replied. "But I doubt it'll be allowed to drag on much past daybreak."

He was right. With my Chinese Farm comrade Yitzhik Mordechai in overall command, Sayeret Matkal stormed the bus at about seven in the morning. They shot and killed two of the hijackers immediately, through the vehicle's windows. Sadly one of the passengers, a young woman soldier, died in the assault, but the rest of the hostages were freed, none with serious injuries.

A controversy soon erupted over what came next. The sayeret commandos had captured the other two terrorists alive and uninjured. Yet barely a week later, first in an American newspaper and then the Israeli media, reports emerged that the two surviving Palestinians had been killed after the hijacking was over. A year later, Yitzhik Mordechai was – wrongly – put on trial for his alleged part in what had amounted to a summary execution. And, rightly, exonerated. Though the full details never became public, the people responsible turned out to be from the Shin Bet, our equivalent of the FBI.



HOUSE_OVERSIGHT_028062

Weeks later, Misha Arens mentioned *Kav 300* in one of our regular meetings. It was not so much a statement of what should or shouldn't have happened, but a show of genuine puzzlement. "How can it be," he asked, "when there is a real fight, an operation in which our soldiers are shooting, that terrorists come out *alive*?" The answer, to me, was simple: Sayeret Matkal. From our earliest days, there was an understanding that you used whatever force necessary in order to make an operation successful. Yet once the aim had been achieved – in this case, eliminating the danger to the passengers – it was over. I am convinced, by the way, that Misha didn't actually order the sayeret, or anyone else, to kill all the terrorists. I'm equally convinced there was a tacit assumption on the ground that Misha's view, and Shamir's as well, was that this would be no bad thing.

* * *

Yet by the summer of 1984, Shamir and Arens appeared in danger of losing their jobs. Israel's next election, the first since the Lebanon war, was due in July. Just as the trauma of the 1973 war had helped Begin end Likud's three decades in opposition, the polls and the pundits were now suggesting that Shimon Peres might bring Labor back to power. There was no prospect he'd win an outright majority in the 120-seat Knesset. No one had ever done that, not even Ben-Gurion in his political heyday. From 1948, Israel's political landscape had been populated by at least a dozen-or-so parties, mostly a reflection of the various Zionist and religious groups before the state was established. The dominant party always needed to make deals with some of the smaller ones to get the required 60-vote parliamentary majority and form a government.

The Likud looked vulnerable. Domestic concerns, alone, were eroding its support. Under Begin's turbo-charged version of Milton Freedman economics, an economic boom had given way to runaway inflation and a stock market crash. Lebanon, however, was the main issue, and it remained a running political sore. The assassinated Bashir Gemayel's brother, Amin Gemayel, had become president. But Israel still had large numbers of troops there. And while most of the PLO fighters had gone, we faced a new and potentially even more intractable enemy in the south of the country. When our invasion began, the area's historically disadvantaged Shi'ite Muslim majority had been the one group besides the Christians with the prospect of benefiting. The PLO rocket and artillery bases had disrupted their lives and, worse, placed them in the line



HOUSE_OVERSIGHT_028063

of our retaliatory fire. Some of the Shi'ite villages in the south even greeted our invading units with their traditional welcome, showering them with rice. But for a new Shi'ite militia calling itself Hizbollah – formed after the invasion and inspired by the Ayatollah Khomeini's revolution in Iran – our continuing military presence was anathema. In November 1983, Hizbollah signalled its intentions when a truck bomber drove into a building being used as our military headquarters in the south Lebanese city of Tyre, killing more than 60 people.

Yet the election ended up as a near-tie. Peres did lead Labor back into top spot for the first time since Begin's victory in 1977. But he got only 44 seats, to the Likud's 41. After weeks of horse-trading with smaller parties, he could not form a government. Neither could Shamir. The result, for the first time in peacetime, was a national-unity coalition, including both main parties. Peres would be Prime Minister for the first two years, and Shamir the final two. But the stipulation of most relevance to me was that one man would be the Defence Minister throughout the four years: Yitzhak Rabin.

My relationship with Rabin went back much further than with Misha. I'd first met him when I was a sayeret soldier. I'd interacted with him more as sayeret commander, and of course during Entebbe. Now, we began to work even more closely, and the main challenge in his early months as Defense Minister was what to do about our troops in Lebanon. We had gradually been pulling back. We were more or less on the 40-kilometer line which Sharon had claimed was the point of the invasion. But even this was costing us lives, with no obvious benefit from controlling a large slab of territory on which nearly half-a-million Lebanese lived. A decision was now reached to shrink our "security zone" further, pulling back to the Litani River. It meandered about 25 kilometers north of the border, and in some areas was even closer to Israel.

I argued strongly in favor of getting out altogether. I accepted that the "Litani line" might help impede cross-border raids. But especially since the remaining Palestinian fighters and Hizbollah were acquiring newer Katyushas, with a range of up to 20 kilometers, they could fire rockets over the security zone. My deeper concern was that we intended to hold the area with between 1,000 and 1,500 Israeli troops in open alliance with a local Maronite Christian militia, called the South Lebanon Army. This would rule out any hope of working out security arrangements with the *non*-Christian majority in the south. I tried to persuade Rabin we should withdraw all the Israeli soldiers and coordinate security arrangements with the equivalent of a local civil-defense guard. I suggested four separate militias drawn from the local population –



HOUSE_OVERSIGHT_028064

Christian, Shi'ite Muslim, Druse and ethnically mixed – with the aim of reflecting the balance in each part of the south.

Israeli troops might still have to cross into Lebanon, but only for brief, targeted operations to preempt preparations for a terror attack. "We need to remember what we're *there* for," I said. "We have no territorial claims. It's to protect the north of Israel. But it will end up being about *protecting our own troops inside the security zone*. It will be like the Bar-Lev line in 1973, fighting for fortifications we don't need." I couldn't persuade him. I'm sure he understood the argument, and he may even have agreed. But when Katyushas next fell on northern Israel, he as Minister of Defense, not I, would be the one in the political firing line.

Far from straining our relations, our frank exchanges on Lebanon seemed to build further trust between us. We worked closely on a range of issues. When Sayeret Matkal or another intelligence unit planned an operation across our borders, both of us would present the action to the cabinet. During the operations, I'd be either in the *kirya* or a forward command post. Since nearly all of them happened after nightfall, Yitzhak would usually be back home, asleep, by the time they ended. I would phone him. The trademark voice – slow, gravelly, deep even when he was wide awake – would answer. I'd tell him the mission was over and – with only one exception during my period as head of intelligence – successful. "*Todah*," he would say. "*Lehitraot*." Thanks. Bye. He was never a man to waste words.

For one of the very few times I can remember, *he* phoned me one morning in October 1985. It came a couple of days after an especially gruesome Palestinian terror attack. Even with Arafat now more than a thousand miles away in Tunis, much of Rabin's focus was taken up in responding to, or trying to preempt, Palestinian terrorism. The issue was especially sensitive politically in the wake of a war in Lebanon that was supposed to have eliminated that threat. For Rabin, moreover, it had become personal. He'd had to sanction an unprecedented exchange of 1,150 Palestinian security prisoners earlier in the year to secure the freedom of three Israeli soldiers, including one of our men from Sultan Yacoub, who had ended up in the hands of the radical Popular Front for the Liberation of Palestine – General Command. Now a group from another of the radical factions, the Palestine Liberation Front, had hijacked an Italian cruise ship called the *Achille Lauro* en route from Egypt to Israel. They murdered one of the passengers, a wheelchair-bound, 69-year-old Jewish American named Leon Klinghoffer, and dumped his body overboard.



HOUSE_OVERSIGHT_028065

Rabin's closest aide, whom I knew well, was aware that Unit 8200 had intercepts that laid bare the details, and left no doubt the murderers were from a PLO group. He called and asked me to appear on a weekly television interview program called *Moked*. It was hosted by Nissim Mishal: brash, incisive, and one of Israel's best-known broadcast journalists. I pointed out to the Rabin aide that I'd never done anything like this before. But he insisted it would go well. He briefed me on the questions I could expect, not just about the *Achille Lauro* but the wider issue of Palestinian attacks, as well as Syrian President Hafez al-Assad's efforts to re-equip his air force after his losses in Lebanon. So I came to the interview prepared. I brought audio tapes of the hijackers, and a large photograph of the MiG-25s which the Syrians were seeking to acquire.

My appearance will not go down in the annals of great moments in television. But at the time, very few Israelis even knew who I was, and I felt I'd done OK. I was surprised, however, when Rabin phoned the next day. "Ehud, I didn't see it. I was attending some event," he said. But his wife, Leah, had recorded the program. "I just watched it. I should tell you, I think it was exceptional. You did a great job. It was highly important for us, for the army, and, I dare say, for you."

* * *

I was not sure what he meant by saying it might be good for me as well, although a decade later, at the end of my army career, he would play the central role into my entry into Israeli politics. It is true that there was also some politics at the upper reaches of the military as well, especially around the choice of chief of staff, and that Moshe Vechetzi's term had only a year-and-a-half to go. But I didn't view myself as a serious candidate at this stage. Moshe's own preference seemed to be either Amir Drori, the head of the northern command during the Lebanon War, or Amnon Lipkin, the veteran paratroop commander who'd been with me on the Rue Verdun raid in Beirut. My own hope was that the nod would go to any even closer friend of mine: Dan Shomron.

I had first got to know Dan well in the late sixties after Karameh, Israel's costly standoff with Arafat, when Fatah's influence was in its infancy. We exchanged impressions on what had gone wrong, and why? When I became commander of Sayeret Matkal, we remained in touch, and he took a close interest in all of our operations. We also crossed paths in the Sinai in the 1973,



HOUSE_OVERSIGHT_028066

in which Dan's division was key in staunching the Egyptian advance in the first days of the war, later inflicted heavy losses on one of Sadat's armored forces and was part of the final push on the other side of the canal. And, of course, during Entebbe. Dan had sharp tactical instincts, a belief in the importance of using new technology to gain and sustain an edge, and an openness to unconventional approaches. Faced with a challenge in planning or executing an operation, he looked at it from all sides, determined to come up with the *right* approach, not always the expected one. In a lot of these ways, we were similar, which was no doubt one reason our relationship had grown closer as he and I – six years younger, and a step or two behind – rose up the ranks.

In fact, Dan was the reason I'd made one of my rare forays into *kirya* politics not long after Moshe Vechetzi took over as chief of staff, when Misha Arens was still Defense Minister. I acted to derail what seemed to me a blatant attempt by Moshe to advance Drori's and Amnon Lipkin's prospects for eventual succession as chief-of-staff, and to take Dan out of the contest altogether.

I was sitting at my desk on the third floor when the chief of internal army security, an officer named Ben-Dor, walked into my office. "Listen," he said, "the chief of staff has a right to give me a direct order in cases where he thinks there is a need for a special investigation. But you're my commander, so I wanted to let you know."

"What is it?" I asked.

He replied that he had been ordered to "check out rumors that Dan Shomron is a homosexual."

I was appalled. The whole thing stank, on every level, and not just because I was confident the "rumors" were nonsense. "Look," I said, "I have no idea whether some sub-clause in army regulations allows the chief-of-staff to give you orders over my head. But even if it does, I'm ordering you to do nothing until I talk to Moshe." He nodded in agreement. In fact, he seemed relieved. He also let me know that the source of the rumors was a number of senior officers, including a couple of generals.

I went straight downstairs and into the chief-of-staff's office. Moshe was at his desk, smoking a cigarette. One of the advantages he had in being nearly a foot taller than most of us was that I found myself looking not into his eyes, but up at them. "Moshe," I said, "Ben-Dor told me you've ordered him to investigate a rumor that Dan Shomron is a homosexual." He said nothing. So I went on. "I've told him not to do it. And I've come *here* to convince you that it's



HOUSE_OVERSIGHT_028067

improper." This was more than 30 years ago, at a time when being gay, and certainly being gay in the armed forces, was a much bigger deal than now. But I still had no doubt at all that this amounted to a witch-hunt.

Moshe still said nothing. "I have no idea whether Dan is or is not a homosexual. After knowing him for years, I have no reason at all to believe that he is. But let's assume, for a moment, that he is," I said. He's not some junior lieutenant… This is a man who has *risked his life* for Israel. Repeatedly. Under fire." Then, I got to the real issue. "I hesitate to mention this," I said, realizing, and in a way hoping, that my tone would sound vaguely threatening. "But if you order this, the very fact of doing so might be interpreted as being a result of some other motives on your part. I'm doing my best to convince you to think again. But I want you to know that if I can't, I'm going from here to Misha's office. I'll try to convince him of the damage from what you're contemplating to the whole fabric of trust in the general staff and the army, to the image of the army." Still, he said nothing. He nodded occasionally. He puffed on his cigarette, put it out, lit another one. It was pretty clear he had no intention of rescinding his order.

Within 20 minutes, was in the Minister of Defense's office. I spoke to him for about 10 minutes. Misha listened. At the end, he said: "I understand what you've told me." I never discovered what exactly he said to Moshe Vechetzi. But the investigation never happened. I never spoke a word about any of it to Dan until years later, after both of us had left the army.

The result, however, was that Dan became deputy chief-of-staff under Moshe, the latest step in what was beginning to look like a steady rise to the top. But Misha did make a few concessions to Moshe's preferred candidates, and that now turned out to have major implications for me. It was a long-accepted practice that chiefs-of-staff had more than one deputy during their period in charge. In the homestretch of Moshe's tenure, he was able to bring in Amir Drori for a spell as his number-two. And early in 1986, he also brought Amnon Lipkin back to the *kirya*. Amnon was given *my* job, as Director of Intelligence. But I got the post which Amnon was leaving: head of the central command area. This meant that, for the first time, I would be in charge of one of Israel's three regional military commands, and we were based on the edge of Jerusalem, with security responsibility for the West Bank.

This was my first direct exposure to the combustible mix of restive Palestinians and the growing number of Jewish settlers. Our main brief was to prevent terror attacks, violence or unrest from the roughly 850,000 West Bank



HOUSE_OVERSIGHT_028068

Palestinians toward the 50,000 Israelis who were then living in the settlements. At the time, by far most Palestinians were not involved in any violence. They were mainly interested in getting on with their lives. Yet there were signs of trouble. The PLO leaders' relocation to Tunis had reduced their direct influence. But the briefings I got from Shin Bet officers made it clear that some young West Bankers had begun trying to organize attacks against police, soldiers and Israeli civilians. The settlements were also growing in number, and their residents were not above acts of violence against Palestinians. Further complicating the situation was the fact the settlers enjoyed the support of key Likud members in the cabinet: Shamir, who was about to take his turn as Prime Minister in October 1986; Misha, now a minister without portfolio; and most of all Arik Sharon. In an astonishing demonstration of resilience and determination, not only had Arik remained as a minister without portfolio when Shamir succeeded Menachem Begin. In the coalition government, he had become Minister of Trade and Labor. Most importantly, when he'd been Agriculture Minister under Begin, he was the driving force in plans to expand Jewish settlement on the West Bank, including "blocs" placed around the major Palestinian towns and cities for the first time since 1967.

I had a responsibility to protect the settlers, and I did my best to fulfil it. Yet I believed it was essential they understood that they were subject to the authority of the state of Israel and, like other Israeli citizens, had to operate within the law. This was no mere theoretical problem. A Jewish underground had been established by members of Gush Emunim, the Orthodox Jewish movement set up in the 1970s to advance what they saw as a divinely mandated mission to settle the West Bank. It had carried out car-bombings and other attacks in the early 1980s, leaving two Palestinian mayors crippled for life. The terror campaign had ended only when the Shin Bet caught the cell placing explosives under Arab-owned buses in Jerusalem.

Hopeful of preventing misunderstandings, and ideally building a relationship of trust, I visited many of the settlements during the early weeks in my new post and spoke with their leaders, a few of whom remain friends to this day. But in the spring of 1986, we faced our first major test on the ground. In a pre-Passover event organized by Gush Emunim, some 10,000 settlers streamed into Hebron, a city sacred not only to Jews but Muslims as well as the burial place of Hebrew patriarchs and matriarchs. Peace Now activists had planned a counter-protest, but Rabin denied them permission. Still, anti-settlement members of the Knesset and other Israeli peace activists did get clearance to march from Jerusalem to Hebron.



HOUSE_OVERSIGHT_028069

My job was to ensure the security not just of the Gush Emunim march but of the counter-demonstrators, and, of course, the local Palestinian population. As the rival marches by the Israelis proceeded, I personally delivered warnings against any violence, both to the settlement leaders and to a pair of the most prominent counter-protesters, the peace activist Uri Avneri and Knesset member Yossi Sarid. The event went off without major incident. But the next day, *Davar*, the venerable Labor newspaper I'd first read as a child in Mishmar Hasharon, let rip against me. Under a photo of me with Avneri and Sarid – my arm raised, ostensibly in some kind of threat but actually in the time-honored Jewish practice of talking with my hands – the article accused me of siding with the settlers. If blood was spilled in the weeks and months ahead, the newspaper said, "it will be on Barak's hands."

Ordinarily, I would have ignored it. But never in my military career had I been similarly attacked on an issue of any importance. I was especially angry because not only was the insinuation unfounded. It was diametrically opposite to the stance I was determined to take in this, my first regional command. Yes, I was committed to providing security for the settlers. But especially in the wake of the crimes of the Jewish underground, I was determined to ensure they remained within the boundaries of the law.

A few days later, I called Rabin's aide and asked to see the Defense Minister, and was told to come see him after Saturday lunch at his home. When I arrived, Rabin got right down to business. "Ehud, you wanted to see me?" he said. "You've probably seen *Davar*," I replied. "It was a pretty nasty piece. It distorted things." Yet as he began asking for details, it seemed he had no idea what I was talking about. "Ehud, I never read it," he said. "If you hadn't told me, I'd never have known there was an issue." I assumed this was a white lie, told to reassure me. But years later, when I was Minister of Defense, and then Prime Minister, I sometimes found myself on the other side of such meetings. An officer or official would come see me because of something said about them in the media, or remarks they were quoted as having made. When I told them I'd been unaware of it, I could see the disbelief in their eyes. By then, however, I realized that under the multiple demands of a senior role in government, you really could fail to notice events that others viewed as crucial to their reputations or careers. To reassure them I truly hadn't noticed, I'd tell them the story of my meeting with Rabin.

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HOUSE_OVERSIGHT_028070

There was another, slightly less noble, reason I wanted to set the record straight with Rabin. Though only gradually did I admit this even to myself, I realized that my experience in a regional command had ticked the one missing box in the CV of our top generals, meaning that I might indeed be a candidate to succeed Moshe Vechetzi as chief of staff. At first, I resisted taking the prospect too seriously. The job of *ramatkal* not only carried responsibility for overall command of the armed forces. Since our country still faced multiple security threats, the chief of staff was, along with Prime Minister and Defence Minister, among the most important, influential and visible positions in Israeli public life. Yet as the April 1987 date for the changeover drew nearer, it was difficult not to think about it. Not only was I apparently under consideration. To judge from media reports, and officers' smalltalk, it appeared that Rabin had whittled down the possibilities to two. One was Dan Shomron, and I was the other.

Still, it was only when Rabin phoned me early in 1987 that I knew it was true – and that I would not be getting the top job. "Ehud," he said, "I wanted you to know I've decided on Dan to be the next *ramatkal*. I want you to be his deputy." I can't say I was surprised he'd chosen Dan. It wasn't just that he was more experienced, or even that, since he was older, missing out on the top job this time would probably mean missing out for good. Yitzhak had always valued Dan's directness and honesty, his courage and record of service. Above all, I'd long sensed that he felt a special debt to Dan: for Entebbe. At a time when so much could have gone wrong, it was Dan who had taken a firm, confident, successful hold on the operation.

Still, I was now 45. For me no less than for Dan, I knew that if I was passed over as chief of staff, there was no guarantee I'd be chosen the next time. "I respect your decision," I told Rabin. "And I have no doubt Dan will be a good – a *very* good – chief-of-staff." But I had to consider my own future. "Even though I'm grateful for the offer of deputy," I said. "I think it's better for me to leave. To open up a new chapter, and do something else in life."

Rabin said he couldn't accept that. "Come see me," he said. "Now." When I got to Jerusalem, I emphasized again that I had no doubt Dan would lead the armed forces well. But I said my decision to leave the military wasn't a mere whim. I had been thinking about my own future and my family's. We had three young daughters. A few months earlier, we had moved home again, into a wide, one-story rambler with a big yard out back. It was in a new town called Kochav Yair, just inside Israel's pre-1967 border with the West Bank, and it struck me



HOUSE_OVERSIGHT_028071

as a good time to settle down in a way that would be impossible if I stayed on in the upper reaches of the military. Perhaps do something more academic, in a university or a policy think-tank.

For the first time, politics had some appeal, too, though I didn't say this to him. At that point, I had no idea how, or even whether, I might get involved. But since my appearance on *Moked*, others seemed to assume it might happen at some stage. Out of nowhere, a leading political journalist, Hanan Kristal, had written a story in 1986 purporting to predict the successors to Israel's political old guard: Peres and Rabin in Labor, Begin and Shamir in the Likud. It appeared in the newspaper *Hadashot*. The paper ran side-by-side photos of the ostensible future leaders, doctored to look older, who Hanan predicted would go head-to-head in the election of 1996, a decade away. One was Israel's ambassador to the UN and a protégé of Misha Arens: Bibi Netanyahu. The other was me.

Rabin listened with patience to my obviously settled intention to leave, but remained firm that I should stay and become Dan's deputy. In the end, I agreed I'd think things over and that we'd talk in a week's time. In the meantime, I went to see two veteran generals who had found themselves in a similar situation, mentioned as possible chiefs of staff but never chosen: Arik and Ezer Weizman. I saw Arik on his farm in the Negev. He was obviously enjoying his extraordinary political rehabilitation since the Lebanon war. His expanding girth was settled into a sofa in the living room. I filled him in on my conversation with Rabin. "I'm considering leaving," I said. "It just seems like a long time to wait, even if I do get the job after Dan. There's a lot else I want to do in life." Arik was probably the general most experienced in being denied the chief-of-staff's office. On at least two occasions, he might reasonably have been considered. But in a career littered with tense encounters with his superiors, it never happened. "You should stay on," he said. You're not that old. It'll probably be good for you, and the army, to be deputy and *then* chief." The only further advice he gave me was to do all I could formally to commit Yitzhak to making me Dan's successor after his term ended.

I visited Ezer at his home in the seaside town of Caesarea. We sat on the terrace, with Ezer's gangly frame draped over one of the cane chairs. "Ehud, if you stay, do you think you have a good chance of being the next *ramatkal*," he asked. I said that while nothing could be certain, I thought there was a good chance. He replied without hesitation: "Then stay." He'd come close to the top job, he told me. On the eve of the Six-Day War, when Rabin had collapsed



HOUSE_OVERSIGHT_028072

physically from the weeks of tension, Yitzhak had asked him to take over. He'd said no. But he said he'd always believed he could and should have been chief-of-staff – and that if he hadn't left to go into politics, he still might have got the job. Then, suddenly, he shouted: "Reuma!" When his wife appeared, he said: "Tell Barak the missing piece in my life, the one I've never stopped regretting." She smiled, and said: "It's the fact you did not become *ramatkal*."

I saw Rabin a couple of days later. Though I'd pretty much decided to take the deputy's job, I was still bothered by the prospect of serving as deputy for the next four years only to find someone else being named chief-of-staff. I knew that no matter what assurances Yitzhak gave me, there was no way of being sure. He did say he viewed me as the natural next-in-line. But I still felt hesitant. "I want you to consider two things," I said. The first was a formal decision that Dan would have only a single deputy during his time as chief-of-staff. He said yes to that. Yet the second request was going to be even more difficult. Heartening though it was to hear I was Dan's "natural successor", I asked him to put it in writing. It was not that I doubted his word. But if the surprise result of the last election was any indication, there was no way of predicting which party would be in power when Dan's terms ended. I wanted him to keep a record of our understanding in his desk and pass it on if someone else was Defense Minister by that time. Without a moment's hesitation, he took out a piece of paper and wrote down exactly what he'd told me about the succession. He shook my hand as I left. "You've made the right decision," he said.

And I had, even though Dan and I – and Rabin too – would soon face by far the most difficult challenge in Israel's conflict with the Palestinians since our capture of the West Bank and Gaza in the 1967 war.



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## Chapter Fourteen

It began with an accident. On Tuesday, December 8, 1987, an Israeli tank transporter crashed into a minibus carrying Palestinians from the Jabalya refugee camp near the main crossing from Gaza into Israel. Four passengers were killed.

By the time of the funerals the next day, a rumor had spread, no less incendiary for being absurd, that the crash had been deliberate – retaliation for the fatal stabbing of an Israeli man a few days earlier. Crowds of Palestinians leaving the burials began shouting "Death to Israel!" They hurled rocks and bottles at Israeli security patrols, and blocked streets with burning tires. By the next day, the violence started spreading to the West Bank, and then to parts of east Jerusalem. The headline-writers moved from the word "disturbances" to "unrest" and finally to the Palesitnians' own name for the most serious outbreak of violence since 1967: the "*intifada*". The uprising.

At least for the first week or two, we assumed its ferocity and scale would subside. Our immediate aim was to contain it, and limit the human cost on both sides. Yet when Dan and I began visiting units on the front line of this new conflict, we realized that if it kept escalating, we'd have to find new tools and strategies to bring it under control. We were in charge of an army trained to equip and fight enemy *soldiers*. Now, we were asking teenage recruits to operate as riot police against stone-throwing mobs. Before long, it wasn't just stones, or even bottles. In one incident in Gaza, a young soldier was surrounded by a crowd of Palestinians and stabbed. He opened fire, wounding two of the attackers. Yitzhik Mordechai, now the head of the southern command, told reporters that his troops were under "strict orders to open fire only if their lives are under threat." That was true. But I couldn't help wondering how long the other part of his statement would hold: that we remained "in control of the situation."

We did *feel* in control for the first few days. Defense Minister Rabin was away in Washington on an official visit. When his office asked us whether he should fly back, we said there was no need. But on his return, we quickly agreed that, as a first priority, we needed to find an alternative to live ammunition in quelling the attacks. Otherwise, we'd be left with two equally bad options: either simply stand aside, in order to avoid killing or injuring demonstrators; or intervene with the inevitable casualties. But one of our most important early discussions was about the *broader* aspects of the violence. The meeting, held



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outside the *kirya* in a facility just north of Tel Aviv, was Rabin's idea. In addition to Dan and me, it included key members of the general staff and senior defense ministry officials. The idea was for us to hear a half-dozen academics and other specialists speak about the political aspects of the sudden eruption of Palestinian violence.

Though he spoke for barely 10 minutes, it was the last speaker who left the deepest impression. Shimon Shamir, a professor at Tel Aviv University, began by emphasizing he was not an expert in riot control. Finding a response to the violence was something we were far better equipped to do. But then he paused, looked intently at Rabin, Dan and me, and said: "What I *can* do is draw on history." One by one, he cited examples of more than a dozen broadly similar rebellions over the past century, in the Middle East and beyond. "If we were dealing with simple rioting, things might be different." But he said the Palestinians were, fundamentally, acting out of a shared sense of grievance, and shared national identity. Both were in large part the result of Israel having controlled their daily lives now for more than two decades. "I'm afraid I can find no historical precedent for the successful suppression of the national will of a people," he said. Even when those in power used unimaginably punitive tools: like expulsion, or forced starvation. "Even, as we know well as a Jewish people, extermination."

I glanced at Yitzhak and at Dan. Both of them looked like I felt: in no doubt the professor was right, yet also aware that, in the short term, we still had to find a way of putting a lid on the cauldron and keeping the situation for getting irretrievably out of control.

It wasn't as if I'd been unaware of the sense of the anger building among many West Bank and Gaza Palestinians, or of their wish to see an end to Israel's military administration and the growing number of Jewish settlements. From my time as head of the central command, I also knew that there was a young, activist core intensifying efforts to organize attacks on troops and settlers. But none of us had any inkling that something of the scale, longevity and political complexity of the intfada lay ahead.

Partly, this was a failure of specific intelligence warnings. But it went deeper than that. Sobering though it was, I had to accept that – no less so than before the Yom Kippur War in 1973 – I and many others had for too long been comforting ourselves with a fundamental misconception about our military occupation and civilian settlement in the areas captured in 1967. The roots of the myopia went back to the immediate aftermath of the Six-Day War, to the



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generally civil, and often friendly contacts, Israelis had with Palestinians at the time. The local population had, after all, been under *other* occupation powers before 1967: Jordan in the West Bank, and Egypt in Gaza. Assuming our administration was less onerous, most Israelis believed a way to coexist could be found. And that sooner or later, there would be a land-for-peace agreement and we would withdraw from at least most of the territory. But as the years passed, with no sign of a willingness by the PLO to consider any kind of peace talks, we made the cardinal error of assuming the occupation was sustainable. Yes, there might be periods of violence, but nothing that a combination of political resolve, arrests, detention and, where necessary, military force could not hold in check. For us, and certainly for me, the Palestinians became essentially a security issue. As one of Israel's finest novelists, David Grossman, would lay bare in a bestselling book of reportage called *The Yellow Wind*, about a year into the intifada, we had ceased to see the *human* effects of 20 years of occupation, not only on the Palestinians but on Israeli society as well.

Yet the power of Professor Shamir's presentation lay not so much in its novelty as its succinctness, clarity and, above all, its timing. The rioting had already gone on for longer than any of us had expected. It seemed to be gathering strength. But until our meeting, we were still looking at it essentially as a civil disturbance. *That* was what began to change, for all of us.

What didn't change was the need to try to bring the violence to an end. Dan immediately put me in charge of looking for alternatives to live ammunition. I began with our own research and development engineers. We also asked military attachés in our embassies to talk to law-enforcement agencies, academics, or anyone else with knowledge of non-lethal methods of crowd control overseas. Some of the more far-flung examples seemed promising, at least until further investigation. South Korea had years of experience in confronting student protests – generally, though not always, managing to avoid fatalities. But it turned out this typically involved sending in serried rows of up to 25,000 riot police against a few thousand campus protesters. Besides the fact we'd have needed an army the size of the Americans' to field enough soldiers, it was absurd to imagine dealing with dozens of far-flung confrontations on any given day with parade-ground formations of troops.

We looked at anything that seemed it might work. In the early stages, most of the attacks involved rocks and bottles. Our R&D engineers developed a Jeep-mounted "gravel gun" that fired stones at a distance of up to 250 feet. They could cause injuries, but weren't lethal. We acquired launchers for pepper spray



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and tear gas. We even looked at the possibility of dropping nets over crowds of attackers. Very early on, we shifted to using plastic bullets. But even that presented problems. At a distance of a hundred feet or so, they could drastically reduce deaths. But when a young recruit saw hundreds of Palestinians closing in on him, he wasn't about to take out a tape measure. Over time, we began relying wherever possible on rubber bullets and, in extreme cases, snipers to target the legs of the organizers or ring-leaders.

If all of this sounds soul-destroying, that's because it was. Especially with daily television coverage of the clashes amplifying overseas support for the Palestinians, morale among our soldiers also took a battering. In visits to units on the West Bank and in Gaza, Dan and I, and Rabin too, heard two opposite responses. Some of the young soldiers wanted us to use maximum force. *We are the army*, they argued. We have the weapons. Why the hell don't we *use* them? But we also heard another view, if less often: *why are we here at all*?

We imposed closures and curfews. We made thousands of arrests. Still, hundreds of soldiers and settlers were being injured, a number of them disfigured or disabled. By the end of 1998, the Palestinian death toll was above 300. In February 1989, an Israeli officer was killed by a cement block tossed from a rooftop in Nablus. A month later, a Palestinian knifed several people in Tel Aviv, killing one of them. And in July, in the first attempt inside Israel at a suicide attack, a Palestinian passenger grabbed the wheel of a bus on its way from Tel Aviv to Jerusalem and drove it off the road, killing 16 people.

* * *

By the summer of 1990, although the violence had begun to flag slightly, I was feeling more drained and exhausted than at any time since my bout of illness in the Sinai after the 1973 war. I even briefly thought of leaving the army after Dan's term ended the following year. I'm not sure whether I would have done that if the situation had not begun to change. But it did, dramatically. The intifada gradually began to subside, and an entirely new crisis suddenly intervened.

On August 2, against a background of longstanding financial and territorial disputes, Iraq's Sadam Hussein sent in tens of thousands of his troops and occupied the neighboring state of Kuwait. Though the immediate crisis was



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nearly a thousand miles away from us, he tried to divert attention from US-led international condemnation of his invasion by threatening Israel. He said "all issues of occupation" were on the table – the West Bank and Gaza, the Golan Heights, and Lebanon – and vowed to "let our fire eat half of Israel" in a future war. And we could not assume this was mere rhetoric. Iraq had an arsenal of Soviet-made ballistic missiles. Called Scuds, they were not always accurate at long range. But they could reach Israeli towns and cities, and could carry not just conventional explosives but chemical warheads. Moreover, Saddam had *used* chemical weapons: during the Iran-Iraq war, and to kill thousands of his own restive Kurdish population in the town of Halabja in the spring of 1988.

Even the prospect of American military action seemed not to faze him. Hours into the invasion, he moved an armored force toward Kuwait's border with Saudi Arabia, a key US regional ally, immediately prompting the President George Bush's administration to go beyond mere verbal condemnation. With Saudi agreement, Washington dispatched a squadron of F-15s to the kingdom – the first step in what would become a huge American land, sea and air force to face down Saddam and force him out of Kuwait.

Given the credible threat of Scud missile attacks on Israel, Dan immediately assigned me to coordinate our assessment and evaluation of what Saddam was likely to do in the event of a US-led attack, and what defense arrangements or Israeli military response would be necessary. We knew we'd be under strong pressure from the Americans to stay out of any war. Israeli involvement would be a political gift to Saddam, allowing him to convert a conflict over his aggression against an Arab neighbor into a "defense" against "Israeli occupation." But we had a primary responsibility to protect our citizens.

I was now working with a new Israeli government. After Shimon Peres tried and failed to topple the unity coalition in the spring of 1990, Shamir had formed a Likud-led government shorn of both Peres and Rabin. Misha Arens was again Minister of Defense. I began preparing regular, fortnightly reports for him, Dan and Prime Minister Shamir. Within days of the invasion, I produced my initial assessment. The bottom line was that we had to assume there would be a war. It was impossible to imagine the Americans would commit hundreds of thousands of troops and simply bring them home again, unless Saddam succumbed and retreated. I was equally certain Saddam would use his Scuds against us. He'd figure the benefits of trying to bring Israel into the conflict far outweighed the risk of retaliation. But I was "nearly 100 per-cent sure" he wouldn't use chemical warheads, since that would almost guarantee an Israeli military



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response, or an American one, on an incomparably greater scale. It would also totally isolate Saddam internationally and end any chance of peeling off Arab support for the Americans.

It was my *nearly* 100-per-cent caveat that prompted a tense debate within the cabinet. Even if the probability of a chemical attack was microscopic, *any* risk of civilians being subjected to terror, panic and very possibly agonizing death meant that the government had to take precautions. The obvious first step would be to distribute gas masks. But in a series of meetings with Misha and Dan, I emphasized this was not a decision that could be taken in isolation. By handing out gas masks, we might actually raise the probability of a chemical attack. We also had to make sure as a matter of urgency that we had a workable *military* option to attack Iraq's Scud launchers.

By early November, I was dealing both with plans for distributing the gas masks and preparations for a possible military operation. So when I got a call asking me to report to Shamir's office in Jerusalem, I assumed he wanted to talk about Iraq. "How are things?" he asked. But when I began by filling him in on the plans to distribute the gas-masks, he interrupted me. "I called you here," he said, "because I wanted you to know that we've decided that when Dan leaves next April, we want you to replace him as chief-of-staff." Briefly and unusually tongue-tied, I said: "Thank you, Prime Minister". The news was made public the next morning. A few days later, it was ratified by the government. There was only one vote against, from a *former* chief of staff who was now Shamir's Agriculture Minister: Raful Eitan.

I was one of rare instances in all my years in the army when I took a step back, appreciating a moment which felt special. It was not only, or even mainly, a matter of a personal ambition fulfilled. More a sense that I was being given the opportunity to apply everything I'd experienced and learned in the army, from the day I first joined Sayeret Matkal as an 18-year-old, to improve the security and safeguard the future of Israel. I know that sounds corny. But, while the momentum toward war in Iraq almost immediately crowded out everything else again, that was truly how I felt.

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By mid-December 1990, war was virtually certain. Misha and I had been to Washington in September and agreed with the Americans that, unless we were attacked by Saddam, we would stay out of it. To do otherwise was clearly not just against the US-led coalition's interests. Given the importance of our alliance with Washington, it was against our inrerests as well. Yet with hostilities obviously getting closer, Misha phoned Defense Secretary Dick Cheney a few days later to remind him of the *quid pro quo*: we would be kept fully in the loop about the details and timing of the initial American air strikes. At around five o'clock on the afternoon on January 16, 1991, Misha got a call from Cheney. He said "h-hour" would be at seven that evening Washington time. Three a.m. in Israel.

Though we hoped to stay out, I'd now spent months coordinating and overseeing preparations to ensure we could attack Saddam's Scuds if necessary. By far most of the missiles were mounted on mobile launching vehicles, and Saddam was almost certainly going to be firing them from the vastness of Iraq's western desert. That meant an Israeli air strike alone wouldn't work. We decided on a joint air and ground operation, built around a newly created air-mobile division and other special units. A force of 500 to 600 soldiers would take control of key areas and road junctions in western Iraq and start hunting and destroying, or at least impeding, the Scud launchers.

We also engaged in secret diplomacy in the hopes of reducing one of the obvious risks in such an attack: a conflict with Jordan, which we'd have to overfly to reach Iraq. The Mossad had a unit called *Tevel*, a kind of shadow foreign ministry for states with which we had no formal relations but with which, in both side's interests, we had a channel of backdoor communications. It was headed by Ephraim Halevy, a London-born Israeli who had come to Palestine in 1948 as a teenager. He had built up a personal relationship with King Hussein, and now arranged for us to meet him at a country residence which the king had in Britain.

A few weeks before the war, I boarded a private jet to London along with Halevy and Prime Minister Shamir. Shamir had never met the king before and nor, of course, had I. But we didn't talk about the forthcoming meeting on the five-hour flight. Instead, Shamir opened up in a way I'd never seen: about his childhood as part of a relatively well-off family in Poland; his love of literature, and of the Bible. In a way, it reminded me of how my father had spoken to me when I was growing up – minus the "well-off family" part.



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When we got to Hussein's country home, we were greeted by an impressively self-assured man in his late 20s who, like Hussein, had studied at Britain's military academy in Sandhurst and then gone on to Oxford. It was Abdullah, the king's son and later his successor, and he explained that he would be in charge of handling security for the talks. For a few hours in the afternoon, we held preliminary discussions, and I presented our assessment of the challenges and options facing all the different players in the crisis. Then we retired to a dinner at which – despite the royal china, crystal and silverware – the atmosphere was also surprisingly informal.

The main meeting came the next morning. Both sides recognized the seriousness of the issues we had to discuss. Shamir began with the one we assumed would be the least difficult. Israel was on a heightened state of military alert, prompted by Iraqi reconnaissance flights over Jordan, and the likelihood the Iraqis were also hoping to get a look at our main nuclear research and development facility in the nearby Negev. It was important to ensure this didn't lead to an unintended conflict between us and the Jordanians. While the king was careful to steer clear of any detailed comment on the Iraqi moves, he made it clear that he understood our concern about stumbling into an Israeli-Jordanian conflict and agreed that we had to avoid doing so.

Yet the issue of *our* overflights, if we needed to attack the Scuds, was more sensitive. We said that if we did have to cross into Jordanian air space, we would find whatever way the king suggested to make it as unobtrusive as possible. We raised the possibility of using a narrow air corridor. His response was not hostile, but it was firm. This was an issue of Jordanian sovereignty, he told us. He could not, and would not, collaborate in any way with an Israeli attack on another Arab state. It was Ephraim who tried to find a way around the apparent stalemate. He suggested Shamir and the king withdraw to speak alone, ad they met for nearly an hour. When Shamir emerged, clasping the king's hand and thanking him for his hospitality, he turned to us and said: "OK. We're going home."

He didn't tell us exactly what Hussein said. In the few sentences with which he described the talks on the flight back, he said that, as a sovereign, Hussein could not order his forces to ignore Israeli planes. But he added: "I assume there will be no war with Jordan." I took that to mean there might well be an attempt to intercept our jets, with the risk that either we or they might end up with one of our planes shot down, but that the king would use his authority and experience to ensure this didn't lead to a wider confrontation.



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The Israeli public's concern over a possible Iraqi attack was growing by the day, in part because of the precautionary measures we'd taken. We had handed out gas masks to the whole country. Though I'd been concerned that might raise the prospect of a chemical attack, I still thought a chemical strike was highly unlikely. The government rightly decided that *not* distributing the masks would betray a fundamental responsibility to the safety of our citizens. We'd also issued instructions about how to equip a room, usually the shelter included in nearly every Israeli home, as a *cheder atum*, or "sealed room" to keep gas from getting in. The Israeli media was full of speculation about the likely effects of a chemical attack. Many families had begun panic buying of food and other necessities to prepare for the possibility of days and nights in their sealed shelters.

In my report for Dan, Misha and Shamir a few weeks before the war, I drew on systematic analysis by a team of experts in the Israeli air force and made my most specific estimate yet of the damage conventionally armed Scuds might cause. We had gone back into historical accounts of the closest equivalent: the Nazis' use of V-1 and V-2 rockets against London in the Second World War. Given Saddam's primary need to fight Americans, and the likelihood either they or we would take military action against the launchers, we concluded we'd be hit by roughly 40 missiles, and that, based on Britain's wartime experience, up to 120 Israelis might lose their lives as a result.

The first air-raid sirens wailed in Israel at about 2 a.m. on January 18, 1991, almost exactly 24 hours after the Americans began their bombing raids over Baghdad. I was home in Kochav Yair. Like other Israelis, we'd set up a sealed shelter. Though I felt a bit silly doing it, having assured the government Saddam was vanishingly unlikely to use chemical warheads, we woke up the kids and Nava took them inside. I put on my own gas mask. But when I ran out to my car, I removed my mask and put it on the passenger's seat before heading in to the *kirya*. I wanted to get there quickly enough so that the *bor*, the underground command bunker, wouldn't have to reopened when I arrived. I took a short-cut, through the West Bank town of Qalqilya. That was, to put it mildly, stupid. Although the *intifada* had become steadily less intense during the build-up to the war, it wasn't completely over. Within seconds, my black sedan was being



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pelted with stones by a half-dozen Palestinian youths. I thought to myself: this is nuts. One of Saddam's Scuds might well be about to hit Israel, and I've got myself stuck in the middle of a West Bank town. To the obvious shock of the Palestinians, I floored the accelerator and raced toward Tel Aviv. It still took half-an-hour. Misha and Dan, who lived closer to the *kirya*, were already in the bunker.

Ten Scuds hit near Tel Aviv and Haifa that night. It was not until shortly before dawn that our tracker units got back to us with formal confirmation that there had been no chemical warheads. The rockets caused a half-dozen injuries, though thankfully none was serious. Still, the very fact Saddam had proven he could hit Israel with ballistic missiles provoked widespread alarm. Well into the next morning, the streets were almost empty. Misha phoned Cheney and strongly implied we were going to have to attack the Scud sites. I know that was Misha's own view, and it only hardened after another four missiles hit the Tel Aviv area the next morning. Again, no one was killed, but several dozen people were injured from debris, shards of glass and blast concussion. I visited several of the areas that had been hit and was shocked by the scale of the damage. One four-story apartment building had been virtually destroyed, and there was blast damage to other buildings hundreds of yards away.

The Americans were clearly determined, in both word and deed, to persuade us not to take military action. They rushed an anti-missile system called Patriot to Israel. Cheney was also giving us frequent updates on American air strikes against suspected Scud launch sites. And the Israeli public did seem to grasp the serious implications for the US-led coalition of our taking unilateral military action. Opinion polls suggested most Israelis were giving Shamir credit for the way he was handling the crisis.

Still, it wasn't easy for Shamir to hold the line. This was the first time since 1948 that enemy munitions had landed on Israeli homes, provoking not just fear, but a feeling of helplessness. That inevitably led to calls for the army and the government to *do something*. I saw his dilemma first-hand at an emergency cabinet meeting after the first two Scud attacks. For Arik and Raful, the political effects on the US coalition were irrelevant. The issue, for them, was simple: Israeli cities had been attacked, and we should respond with any and all force necessary. Our air force commander, Avihu Ben-Nun, favored going ahead with the joint and-and-ground attack we'd prepared, and Misha agreed with him. So did Dan Shomron. The key voices of caution were Foreign Minister David Levy; Ariye Deri, the leader of the Sephardi Orthodox party Shas; and two



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young Likud politicians, Dan Meridor and Ehud Olmert, with whom I had become friendly. They, like me, were concerned about undermining the Americans' military and diplomatic coalition.

Shamir mostly listened, until very near the end. He then asked Dan Meridor, Misha and me to join him in a separate room. He asked each of us for our views. Misha, even more strongly then in front of the full cabinet, argued that we could not allow night after night of missile attacks without responding. Meridor reiterated his opposition, stressing the damage we'd risk doing to the Americans' war effort by possibly weakening Arab support for their attack on Saddam. When Shamir turned to me, I said that if the government did decide on military action, we were ready. From a purely military and security point-of-view, I said, an attack made absolute sense. Even if we didn't succeed in destroying, or even finding, the mobile launch sites, putting a military force on the ground would almost surely lead to a dramatic reduction in the number of Scud launches. But, echoing Meridor, I added that a military response would carry a *price* in our relationship with the Americans. My view was that, at least for now, we should hold off.

When we rejoined the meeting, Shamir rapped his hand on the table. In the startled silence that followed, he said he shared many ministers' urge to hit back against the Scuds. But he said: "*At this stage*, we're not going to do anything. We bite our lips and wait."

Three nights later, his resolve was stretched almost to breaking point. Missiles landed in the Tel Aviv suburb of Ramat Gan, and nearly 40 homes were damaged. A three-story house was flattened. In all, nearly 100 people were injured, and three elderly residents died of heart attacks. On the night of January 25, another seven Scuds hit. Nearly 150 apartments were badly damaged, and a 51-year-old man was killed. The pressure on Shamir was all the greater because the Ramat Gan attack had come within range of one of the Americans' Patriot batteries. The Patriots had been originally designed not as anti-missile weapons, but to attack aircraft, and they seemed to have been ineffective. Nor were American air strikes in Iraq stopping the Scuds. Though American jets had taken out a few fixed launch sites, they were having no luck with finding and destroying mobile launch vehicles.

Even Shamir now felt that unless the Americans got the mobile launchers, we would have to attack military action. I was sent to Washington along with Misha and David Ivri, a former air force commander, to deliver that message to the Bush administration. From the first days after Saddam's attack on Kuwait,



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I'd been impressed by President Bush's political acumen in assembling an international coalition including the key Arab states. Through Unit 8200 in military intelligence, we would only very occasionally get verbatim transcripts of his conversations as he brought first the Saudis and other Gulf states on board, then Morocco, and eventually even Syria. More often, I'd see the President's deft diplomacy second-hand, through intercepts of Arab leaders' communications with one another. But the picture which emerged was of an American president deftly able to stake out common ground, and common interests, with each of the Americans' growing number of anti-Saddam allies.

When we entered the Oval Office on the evening of February 11, Bush was flanked by Secretary of State Baker, Defense Secretary Cheney and national security adviser Brent Scowcroft. Also there was Colin Powell, a general whom I had got to know well, and to like, over the past few years and who was now head of the joint chiefs-of-staff. Given the seriousness of our mission, the start of the meeting was almost surreal. The Americans had obviously been told that I was born on February 12. Since it was just past midnight in Israel, they began by wishing me a happy 49th birthday.

Yet pleasing thought that was, it became clear there was a disconnect between the tension among Israeli government ministers, and ordinary Israelis, back home and the relaxed, self-assured, at times even jovial mood of the President and his inner circle. Their primary focus was clearly not on Israel, but on the overwhelming success of their air attacks on Iraq and the approach of a ground offensive that they were confident would finish the job. That didn't seem to change even after a truly extraordinary interruption to our meeting, when one of Misha's aides passed on the news that a Scud had struck the Tel Aviv suburb of Savyon, where Misha himself lived. He immediately excused himself and went to phone his wife, Muriel, to confirm she was fine. When he returned, despite their *pro forma* words of empathy, it seemed almost as if the Americans thought we had cooked up the entire thing for political effect.

Bush did say the right things as the discussion turned to the missile attacks on Israel. He told us he understood our frustration, and the pain the Scud launches were inflicting. He appreciated our restraint. I have no doubt that all of that was true. But the message we'd been sent to deliver clearly wasn't hitting home. As politely but as clearly as I could, I told President Bush that while we didn't want to do anything to undermine the coalition, unless someone else took care of the Scuds, we would have no choice but to act.



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The President responded by suggesting we go to the Pentagon and talk in greater detail about how, for both our countries' benefit, that could be avoided. When we convened in Secretary Cheney's office, I delivered the same message, but more forcefully. I felt it was essential not only to make it clear we serious about taking action, but that we had the military *capability* to do so. So I told Secretary Cheney and Colin what we were planning. I said we intended to launch a combined air and ground assault by an air-mobile force and our best paratroop units. At that point, Colin, who was clearly worried, suggested the two of us withdraw to speak "soldier to soldier." We retreated to his office. Spreading out a map of western Iraq, I went into greater detail, explaining how we would remain in the Iraqi desert on a search-and-destroy mission against the mobile launchers. Colin stressed the efforts the Americans were making from the air, and the commitment they'd shown to Israel. Not only had they delivered the Patriots. They had allocated their best fighter jets, F-15E's, to the task of taking out the Scuds. It helped that he and I had got to know and respect each other, so it wasn't an all-out argument. But I reiterated that if the Scud attacks kept up, we would have to act. "We *will* act," I said. For a few seconds, he said nothing. But as we headed back to join the others, he told me that only a few hours ago, he had briefed American commanders on an anti-Scud operation by "allied forces" like the one we were planning. "It will happen," he assured me. "Within 48 hours."

That task fell to Britain's SAS. The operation was almost exactly the same as the one we'd planned. A force of nearly 700 commandos was helicoptered in to Iraq's western desert, equipped with Jeeps and Land Rovers, and anti-tank missiles and laser targeting capability. They were also able to call on attack helicopters and F-15 jets if necessary. The operation did not prove easy, quick, or entirely successful. The British troops blocked the main roads and patrolled them. But they did not find or destroy a single mobile launcher. They ended up in gun battles with Iraqi troops. The SAS lost something like two dozen men. Five were part of a group that got separated from the others and ended up freezing to death in the February cold. All of the men risked their lives, with incredible determination and bravery, in an operation to secure the safety of Israel's civilian population. And I have no doubt that the outcome, like the plan, would have been almost identical if we had done it ourselves.

And it *did* have an effect. As I'd told Prime Minister Shamir when briefing him on our attack plan, the very fact of a military presence on the ground made a dramatic difference. The number, accuracy and impact of the Scuds dropped off steeply. A few missiles kept coming, however. Since we did not yet have a



HOUSE_OVERSIGHT_028086

fully detailed picture of the progress of the SAS action, skeptics and hawks in the cabinet were inclined to see a glass half-empty. They continued to press for Israeli military action.

In a rare public statement, I tried to reassure the country we did have a military option, but also to urge restraint. I pointed out that the number of Scuds had begun decreasing. Though the threat had not been eliminated altogether, we had "very good operational plans" that would be "carried out when and if the Israeli government instructs us to implement them." Yet I added a caveat. "On the political level, fingers are itching to carry out operations which, in our opinion, can remove the threat. But in the complex situation created by this war, neither anger, hurt, nor itchy fingers can replace rational thinking."

The American ground invasion did turn out to be swift and decisive. In Israel, Scud attacks continued for a few more days. But the last two missiles fell in the Negev before dawn on February 25, among the very few to cause neither casualties nor damage. We turned out to have been right in our pre-war assessment about the number of missiles: around 40. Fortunately, the casualties were far fewer than we'd anticipated. Not 120 dead, but fifteen, only one of whom died directly because of a missile blast. The other deaths were the result of understandable panic: the misuse of gas masks or the gas antidote drug atropine, or from respiratory and cardiac failure. The physical damage, however, was far greater than I'd anticipated. Buildings were destroyed. Cars were crushed. Glass and debris flew everywhere. In financial terms, the cost ran to hundreds of millions of dollars. The true impact was greater: on families who saw the destruction not only their homes, but a lifetime of prized possessions. For Holocaust survivors in particular, there was the almost unimaginable terror of having to huddle in sealed rooms for fear of gas. And all Israelis had experienced a new sense of vulnerability to a faraway enemy whom they couldn't see nor, apparently, stop.

* * *

I was due to become Israel's 14th chief-of-staff at the start of April, barely a month after the last Scud attack. As the handover drew nearer, I felt fortunate, in a way, to have missed out on the job four years earlier. Not only had Dan excelled as *ramatkal*. I'd benefited from his range of experience, his judgment, and his trust as well. We had worked together truly as a team.



HOUSE_OVERSIGHT_028087

I was grateful not only to Shamir for naming me chief-of-staff, but to Rabin and Misha. Both had honored the assurance Yitzhak had given me that I'd be Dan's successor. I also discovered Misha had played an even greater role than I'd assumed. I knew there would be other candidates for the job. The strongest turned out to be Yossi Peled, who was the head of the northern command and possessed the undoubted credentials to be an excellent chief-of-staff. What I hadn't been aware of was the sentiment among some in the Likud that I was the wrong choice *politically*. Not only had been born on a Labor kibbutz. There was the small matter of the article in *Hadashot* several years earlier, imagining me as a Labor leader going head-to-head in a future election against Bibi Netanyahu for the Likud.

Yossi was assumed to be more of a Likudnik, and a few weeks before Dan left office, I learned how Misha had rebutted the suggestion I was politically unfit to lead the armed forces. He was visiting the north and was taken aside by a group of Likud activists who asked how he could possibly be thinking of supporting *Barak* – a Labor guy – for chief-of-staff. At first, Misha didn't reply. But one woman kept pressing him.

"Do you have children in the army?" he asked.

"Yes. I have a son in the Golani Brigade," she replied proudly.

"So let's assume your son is going on a raid across the border. Would you want his company to be led by the best commander in the battalion? Or by a commander who's Likud?"

"The best commander, of course," she said.

To which Misha said: "Well we do, too."



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## Chapter Fifteen

On the morning of April 1, 1991. I got up even earlier than usual, to visit the graves of the men who had lost their lives in my battalion in the Yom Kippur War. I also went to pay my respects to Uzi Yairi, killed when he'd rushed from his desk in the *kirya* to join the Sayeret Matkal attack at the Savoy Hotel. Then Nava and I drove to Jerusalem. At Israel's national military cemetery on Mount Herzl, we stood before the resting place of Nechemia Cohen, Yoni Netanyahu, Dado, and Avraham Arnan. From there, we went to the Prime Minister's office. With Dan Shomron and his wife looking on, Shamir presented me with my third star and formally made me chief of staff.

For years, I'd developed the habit of carrying around a notebook in which I'd jot down thoughts on things I thought that the Israeli military, and I as an officer, could have done better: errors, oversights, and how we might fix them. In the weeks before becoming *ramatkal*, I'd filled dozens of pages on issues large and small I hoped to address as the commander of the armed forces. A lot of them dealt with what I sensed was an erosion of cohesiveness in the army, and, since ours was a citizen military, a fraying of the relationship between the army and Israeli society. To some degree, this was inevitable in a country now nearly 45 years old: developed economically and free of the kind of existential threat we'd faced in the early years of the state. But the political divisions over the war in Lebanon, and morale-sapping need to quell the violence on the West Bank and in Gaza had further strained our unity of purpose.

Militarily, we were now indisputably strong enough to defeat any of the Arab armies, even if they launched a joint attack as in 1973. Our most important overseas ally, the United States, was committed to helping us retain that position – what both we and they called Israel's "qualitative edge" – in the interest of our security and their own. But we were facing a series of new, *unconventional* challenges. One of them, which had come on to Dan Shomron's and my radar over the past year, was Iran. Though geographically distant, it was potentially the most serious in the longer run, as Dan himself warned Israelis in his final interview as chief of staff. Iran was likely to become even more assertive regionally now that the Gulf War had weakened its neighbor and rival, Iraq. We also knew, from our intelligence sources, that the Iranians were making preliminary efforts to develop a nuclear weapon.



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Yet the most immediate security concerns were right next door. In Lebanon, Hizbollah fighters were being armed and financed by the Iranians and by Syria as well. They were mounting increasingly effective operations against the Israeli troops we'd left in the security zone. Even closer to home, Palestinian attacks on both troops and civilians, though on nowhere near the scale of the first months of the *intifada,* showed no sign of ending. I had my own views on both. In Lebanon, I still believed we should pull out all our troops and focus our security arrangements on what really mattered: protecting the citizens of northern Israel. As for the lessons to be learned from the intifada, my view that we needed a political dialogue had inadvertently become public, from remarks I made in Moshe Dayan's honor at a memorial event a few months before becoming chief of staff. "We are currently in a struggle with the Palestinians – a long, bitter and continuing struggle," I said. "A people cannot choose its neighbors. But we will have to talk to the Palestinians about matters, especially about issues that are vital to them."

Still, I was the commander of the armed forces, not a politician. Though all chiefs of staff had political influence, if only as part of the decision-making process on all major security questions, making *policy* was for our elected government. My main focus was on how to improve the military's fitness to respond. I'd lived through, and more recently fought in, all of Israel's wars. I felt that we had yet to apply some of the critical lessons from those conflicts. Leading tanks into battle against the Egyptians' deadly Sagger missiles in 1973, and a decade later watching whole Israeli armored columns stalled and attacked by small bands of PLO fighters or Syrian commandos in Lebanon, had hardened my conviction that Israel needed a leaner, more mobile army, with more specialised strike units, as well as more easily targeted, less vulnerable weapons systems. I wanted to shift the emphasis to weaponry that relied on Israel's strengths in new technology, invention and engineering. In a sense, this was the macroscopic equivalent of one of the guiding principles of Sayeret Matkal: brains, not just brawn.

While cost-saving wasn't the catalyst, I did realize that a change in strategy would mean a change in how we allocated our resources. When Israel bought its first Mirage jets from France in the 1960s, they cost about a million dollars apiece. The price tag of an F-16 was now closer to *fifty* million dollars. The cost of a tank had increased tenfold. I wasn't going to deprive the air force of state-of-the-art aircraft, key to our ability to fight and win a war. But while we still needed a strong armored corps, it was important to realize that units like the



HOUSE_OVERSIGHT_028090

new air mobile division we'd planned to use against Saddam's Scud launchers were likely to be a lot more important than tank formations in future conflicts.

Six days into the job, I called together every officer in the army, from the rank of lieutenant-colonel up. I said we needed to remind ourselves of the army's purpose: to protect Israel's security and, if a war came, to win it. My budgetary rule of thumb over the next four years would be simple: anything that didn't directly contribute to that mission was expendable. In fact, I put it a bit more bluntly: "We need to cut anything that doesn't shoot."

My first attempt failed utterly. I proposed to close, or sell off, the army's radio station, *Galei Tzahal*. Running it cost serious money. If we were going to cut everything that didn't shoot, it was an obvious candidate. But what I failed to take into account was its popularity with the listening public. Although other radio stations had opened recently, for many years it had been the only major alternative to the state-funded Kol Yisrael. It also provided a training ground and employment feeder for future journalists. *Galei Tzahal*'s alumni included some of the country's top media figures, and more than a few members of the Knesset. Within weeks, a lobbying effort was underway to "save" the station. I went to see Misha. He agreed that, from a military and budgetary standpoint, closing it was the right thing to do. But in an early lesson in how different politics were from the army, he told me that *politically*, it simply wasn't going to fly. "Drop it, Ehud," he said. So I did.

Still, I did end up fundamentally retooling the armed forces during my time as chief of staff. We developed agile new strike forces and high-precision, high-tech weapons systems with "stand-off" munitions designed to be fired from many miles away. In the 1973 war, and for the decade or two that followed, Saggers, and the US-made TOW missiles that Israel acquired after the war, had the capability to transform a battlefield. Now, Israeli developers came up with small, ground-launched missiles that could take out a tank from five to 10 miles away, even without a direct line of sight to the target. Of even more long-term military significance, I pushed ahead with developing pilotless drones – so-called UAVs – making us the first army in the world to produce and deploy them.

Yet for a security challenge like the intifada, even the most advanced stand-off munitions or UAVs offered no practical answer. The latest stage in the violence involved knife attacks by Palestinians against Israeli civilians, both on West Bank settlers and inside Israel. Days after I took over, a 26-year-old from Gaza, wielding a butcher's knife and shouting *Alahu Akhbar*, killed four people,



HOUSE_OVERSIGHT_028091

including a kindergarten teacher, in Jerusalem. On the morning of May 24, 1992, a 15-year-old Israeli schoolgirl named Helena Rapp was on her way to catch the bus to school south of Tel Aviv, when another Gazan stabbed her to death. To the extent Israelis were looking for someone to blame, there were obvious candidates. The army, the primary defense against the intifada, was one. The police even more so, since many of the attacks were now taking place inside Israel. And in ugly rioting after Helena Rapp's murder, bands of Israelis took to the streets, some of them yelling: "Death to the Arabs". Still, most people understood that criticizing the army or the police, or going on a rampage against "the Arabs" – hundreds of thousands of whom were Israeli citizens and had lived among us since the birth of the state – would not help. Most, in fact, placed the blame, and lodged their hopes, with the government.

By the time of the next election, in June 1992, the combination of Palestinian violence and the still-traumatic memories of Saddam's Scuds, left Israelis doubtful that Shamir could fulfil the most basic responsibility of government: ensuring their day-to-day security. Labor had once again placed its electoral fortunes in the hands of Yitzhak Rabin, following Peres's several failed attempts to lead the party back into power. Knowing that Rabin had a record of military command unmatched in Israeli politics, Labor strategists did not so much need to convince voters as to reinforce their fears and frustrations. One of the campaign slogans, a direct appeal to the anger over the stabbing of Helena Rapp, was "Get Gaza out of Tel Aviv!" Labor ended up gaining five Knesset seats, and now had 44. The Likud lost eight and was left with only 32.

That meant that my last three years as chief of staff would be with Rabin back as Prime Minister – and, like Ben-Gurion before him, as Defense Minister as well. He and I had been in touch only occasionally since his departure from the unity-coalition government two years earlier. But I had, of course, spoken with him after my appointment as *ramatkal*, in which he'd played an important part. Though he was 20 years older than me, our relationship had become steadily closer over the years, especially when I'd worked with him as Defense Minister. In some ways, we were alike. We'd both been forged by Labor Zionism. We were career military officers, uncomfortable with flights of political rhetoric and convinced that Israel's security and its future depended less on words than on action. In large groups especially, both of us tended to be men of a few words. Over the next few years, we would become even closer, speaking not only in the *kirya* or at Yitzhak's office in Jerusalem, but also, with Nava and Leah, around the dinner table at Rabin's apartment in Tel Aviv.



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But there were times of crisis, and high tension, as well. Only five months after the election, Rabin and I faced one of the most painful periods during my entire time as chief of staff. It began with the gruesome death of five Sayeret Matkal soldiers during a training exercise in the Negev desert. I'd made preventing such accidents a top priority. By the end of the 1980s, they were claiming as many as 80 lives a year. During Dan's tenure, we'd brought the number down to about 35. But I knew we had to do more. When I'd addressed the officers after becoming chief of staff, I told them: "Parents are giving us their children in order to allow us to protect the country. They know there is risk involved. But they expect their children not to be brought home in coffins because of our own negligence, or stupidity." What happened at the military base of Tze'elim in the Negev on November 5, 1992 was not only a reminder of how far we still had to go, however. It occurred during a dry run for an operation unlike any that Israel had ever considered. For that and other reasons, it would erupt into a major political controversy.

Though the reason for the exercise was meant to have remained a closely guarded secret, foreign newspaper reports in the weeks after the training accident made secrecy impossible. We were planning to infiltrate a Sayeret Matkal unit into Iraq, and to kill Saddam Hussein.

The Gulf War had blunted any immediate threat from Iraq. But Saddam had proven he could launch missiles into the heart of Israel. We knew from our intelligence reports that, in addition to his unabated desire to acquire nuclear arms, he retained facilities to produce chemical weapons. He was trying to acquire and develop new biological weapons. In fact, the Iraqis had actually acknowledged a biological weapons program to UN inspectors, claiming it was for "defensive purposes."

The idea for an attack on Saddam had first been raised a year earlier, when my former Sayeret Matkal comrade, Amiram Levin, asked to see me. He was between military postings, but had come up with the outline of a plan he felt would allow us to isolate Saddam during a public appearance and kill him. With my approval, he and a small group of officers in the sayeret began working further on the idea, with the initial aim of seeing whether it was really workable. Since Misha was still Defense Minister, I briefed him on what we were doing. I



HOUSE_OVERSIGHT_028093

also briefed Rabin after the election. At that stage, there was no discussion of whether we actually would, or should, target Saddam. I asked Misha, and then Yitzhak, only whether such an operation might seriously be considered by the government. If not, I said, we'd drop it. Both replied that we should go ahead with the planning and preparation. The November 1992 exercise was intended as a final test of its viability – before deciding whether actually to do it.

A few weeks earlier, Rabin and I had talked through the arguments for and against. The arguments *against* it were obvious. Yes, in the past we had abducted, or even killed, leaders of groups involved in terror attacks. But we'd never contemplated targeting a head of state. Crossing that line risked being seen not just as attacking a dictator with a record of ruthlessness and murder at home, and aggression towards Israel, but long-accepted norms of international relations. The arguments in favour began with the fact that Saddam was a meglomaniacally ambitious dictator. He had also fired missiles on our towns and cities. He retained the capability to arm them with chemical warheads, possibly biological agents, and conceivably a nuclear warhead in the future. Both Rabin and I agreed there were two key tests of whether an attack would be justified: was it was the only realistic way of confronting the threat from Iraq, and would killing him end, or at least exponentially reduce, that threat.

Though there was no final decision at our meeting, Rabin was clearly inclined to go ahead. An Israeli TV program two decades later unearthed a summary of the discussion, written by his military aide. "The Prime Minister approves the target... This is an operation we should go for when the probability of success is very high," it said. "Thus, we have to build the operational capability in the best possible way, and continue preparations." In another part of the record, Rabin is quoted as having defined the elimination of Saddam as a "meaningful objective" with implications for "the very security of Israel." He added: "I do not see anyone similar to him in the Arab world."

I, too, was on balance persuaded we should do it. In the years since, I've sometime reflected on what happened with Saddam still in place: the 2003 invasion of Iraq, led by the younger President Bush, the tens of thousands of lives lost, the trillions of dollars spent on a war without any clear end, and the near-disintegration of Iraq. But with the complexities of Iraq then and now, there can be no simple answer to how the situation would have changed if we'd killed Saddam. Our view, based on detailed intelligence analyses, was that the likely result would have been a fairly rapid takeover by a few top security and Baath Party figures and that, while the new Iraqi leadership might try to retaliate



HOUSE_OVERSIGHT_028094

with terror attacks, a major military response was highly unlikely. Saddam's successors were never going to be Zionists. But we were persuaded that his uniquely central role meant the threat to Israel would be dramatically reduced.

I'm much less sure whether the elder President Bush, whose election defeat to Bill Clinton came just two days before our final exercise in the Negev, would have agreed with the attack. After the victory in the Gulf War, Bush had deliberately stopped short of sending American forces on to Baghdad. He was also vice-president, under Reagan, when Israel had bombed Saddam's nuclear reactor – an attack publicly condemned by Washington. I did ask him some years ago whether the Gulf War might have been handled differently if Israel *hadn't* taken out Saddam's nuclear program a decade earlier. "What if he'd had a couple of crude nuclear devices," I said. President Bush smiled in response. He said he didn't deal with "hypotheticals."

Yet any idea of an Israeli attack on Saddam became instantly irrelevant once foreign media reports had disclosed the reason for our ill-fated military exercise in the Negev. Inside Israel, the focus, and the controversy, shifted to the accident itself.

The foreign media reports of the operation we were planning proved remarkably accurate. Some of the details still remain classified, but we were going to use one of our new "stand-off" weapons systems: a camera-guided missile that could be fired from a considerable distance away and, in coordination with one of the Sayeret Matkal soldiers nearer in, maneuvered in for the strike. After months of planning and intelligence work, we were confident that we'd found a way to get the sayeret unit into Iraq, target Saddam at an event we knew he would be attending, isolate and kill him with minimal danger of any other casualties, and get our unit out safely again. The Negev exercise was a run-through of the entire operation. It lasted nearly 48 hours. And it culminated in a simulation of the missile attack on Saddam.

I was there as an observer along with Amnon Lipkin, my deputy chief-of-staff; as well as the head of military intelligence, the head of operations and Amiram Levin. We assembled at dawn for the simulation of the missile attack. We watched from a few hundred yards away as a group of young Israeli soldiers walked into a wide area in front of us: posing as Saddam" and his entourage. We – and they – knew that this was just the first part of the exercise. In a Land Rover more than five miles away, a member of the sayeret strike unit would be confirming coordinates and, in rapid succession, "firing" two of the precision missiles. But this was just to confirm that the targeting system had worked



HOUSE_OVERSIGHT_028095

perfectly. No missiles would actually be shot. This stage was for the telemetry. Once that was done, the soldier-actors would be replaced with wooden targets and the real munitions would be tested.

The young soldiers stated chatting to one another, and milling about, simulating as best we could the circumstances in which we expected to target Saddam if the operation got final approval. In theory, within a minute, two minutes at most, we would get word that the preliminary mock-firing sequence had gone perfectly – at which point the artillery-range targets would be brought in for the live test. But suddenly, there was an explosion. A split second of silence. Then pandemonium. There was no need to know, and no time to wonder, what exactly had gone wrong, or how it had been allowed to happen. It was obvious to all of us that the *live* missiles had been fired. We sprinted forward. When we got to the group of soldiers, we could see that four of the young men were dead. Another was fighting for his life. Several others were also wounded.

A sayeret medic and several senior officers were trying to save the most badly injured man, but I knew I needed to get military doctors and medical evacuation helicopters in immediately if we were to save the lives of the injured soldiers. I had a mobile phone, but couldn't get a signal. I ran toward a slightly higher area a few dozen yards away and managed to get through to the *kirya*. I issued orders for the nearby training base in Tze'elim and an air force near Beersheva to dispatch helicopters to treat and evacuate the wounded.

We heard the first chopper about 25 minutes later, but it seemed initially unable to see us, because it flew on before returning and landing two minutes later. By that time, a medical team from the base in Tze'elim had arrived. Ten minutes later, two other medevac choppers landed. But the soldier who had been worst wounded could not be saved. After the doctors had been there about 20 minutes, I again retreated to the area where I could get a mobile signal, and phoned Rabin to tell him what had happened. We agreed I should come back to brief him in detail. It was now about 50 minutes since the missiles had hit. The wounded were all being treated. One of the helicopters had taken off for Beersheva Hospital. Another two, including a heavier Sikorsky transport helicopter, were preparing to leave. I arranged for Amnon, military intelligence chief Shmuel Arad and me to return to the *kirya*. I told Amiram to stay until he had confirmed all the injured had been evacuated, and talk to everyone involved to get a preliminary idea of why and how the tragedy had happened.



HOUSE_OVERSIGHT_028096

When I got back, we immediately met with Rabin and agreed on the need to launch a formal investigation. Rabin then asked me to brief the "editors club", a group of about 15 media figures that operated on a gentleman's agreement that there would be no publicity or leaks. He believed we should not make public the fact that I and other generals were there when the accident occurred. At this stage, we still hoped to hide the purpose of the exercise if possible, something Rabin knew would be harder if it was known the top military leadership had observed the exercise. When I briefed the editors' club, I did tell them in confidence that I'd been there. Though not specifying the reason for the exercise, I told them it was for a major operation. The time-honored understanding was that this information would go no further. But it did, presumably at first because of leaks by Israeli journalists, then in a series of detailed reports in the foreign press. Even more frustrating on a personal level, some of the Israeli reports insinuated that far from giving the editors the full story of who had been at the Negev exercise, that I'd tried to *hide* my presence in order to protect my reputation or shirk responsibility.

Two official inquiries followed: the one we'd agreed with Rabin and a standard army legal investigation. They found the cause of the tragedy to be a mix of fatigue after some of the soldiers had spent nearly 48 hours awake, pressure, confusion and negligence. Astonishingly, it turned out the codeword for the mock-firing of the missiles in the first stage of the exercise was the same as for the live missiles. Formal charges were brought against two Sayeret Matkal officers, and reprimands issued to Amiram Levin and Uri Saguy. I was also subject to criticism because, due to the unique complexity of the plan, I'd put Amiram and senior officers within Sayeret Matkal in charge of different aspects of the preparations. This was viewed as possibly reducing the clarity over who was ultimately responsible for each aspect of the planning. Neither I, nor of course Rabin, had played a direct role in what went wrong in the exercise itself. To the extent I'd been involved, it was to make sure the medical teams were helicoptered in, and that the injured soldiers were cared for and evacuated as soon as possible. But politically, the tragedy at Tze'elim would dramatically resurface for both me and Rabin several years later – after I'd left the military and was on the verge of joining his government.

I was getting to know Yitzhak much better. The Defense Minister's office in the *kirya* was just down the hall from mine. Almost without fail on Friday afternoons, he'd ask me in to chat before going home. We would sit around a low table in the corner of the room, each of us sipping coffee, or sometimes beer, and Rabin invariably puffing on a cigarette. He never raised questions of



HOUSE_OVERSIGHT_028097

party politics. But we talked at length about Israel's immediate security concerns, as well as the country's longer-term challenges in finding its place in more stable, peaceful Middle East. How, over time, we might manage to extricate ourselves from the escalating violence with Hizbollah; reach a land-for-peace deal with the enigmatic President Hafez al-Assad in Syria; and find some form of coexistence with the Palestinians.

He also spoke about international politics. I remember one afternoon in the summer of 1992 when he mentioned the then US presidential candidate Bill Clinton. He'd met Clinton for the first time in Washington, after two days of talks with President Bush at his summer home in Maine. Rabin was naturally more comfortable dealing with Republicans. Almost all his experience in public life – as a military officer, ambassador to Washington, Defense Minister and Prime Minister – had coincided with Republican administrations. The irony was that he would go on to forge a much closer relationship with President Clinton than between any previous Israeli and US leader. But his first impression was more skeptical. "Clearly, Clinton is very intelligent," he said. "He is surprisingly sharp politically for someone his age. But also, I fear, a little bit too slick."

* * *

We did not have long to focus on the lessons and implications of Tze'elim. For weeks before the training accident, a crisis had been building in south Lebanon, with a sharp escalation of the now-familiar mix of clashes inside our "security zone" and cross-border rocket attacks. Hizbollah was now armed not just with Katyushas but Saggers, American-made TOW anti-tank missiles and an increasingly sophisticated array of roadside bombs. A combination of Hizbollah attacks and "friendly fire" incidents or firearms accidents involving our troops meant that Israelis were still dying in Lebanon a decade after the formal end of the war. It was demoralizing for the Israeli public, for the soldiers who we rotated into the security zone and for the government as well. The difficulty was that it was also a situation that perfectly suited Hizbollah.

In late October, a Katyusha rocket had claimed the life of a 14-year-old boy in the northern Israeli town of Kiryat Shmona. Hizbollah escalated its rocket fire in the days that followed, forcing tens of thousands of residents into their shelters. Predictably, there was pressure from Likud politicians to hit back hard.



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Raful Eitan, who had founded a small right-wing party called Tsomet, went further. He called the attacks "an act of war" and said we should "respond in kind." We did move troops and tanks to the border. But my view, which Rabin shared, was that a major ground operation would risk miring ourselves more deeply without fundamentally improving the situation. Hizbollah was the kind of nonconventional enemy I had in mind when I'd taken stock of Israel's changing security imperatives on becoming chief of staff. It was a small force, entrenched and well armed, increasingly supported by Iran and Syria. Its tactics rested on quick-hit attacks on our soldiers in south Lebanon. Far from fearing military retaliation, Hizbollah knew that short of a 1982-scale war – and maybe even then – it would survive. It also didn't care whether Lebanese civilians died in the crossfire. In fact, like the PLO fighters who had controlled the area before 1982, Hizbollah deliberately fired into Israel from civilian areas.

Neither Rabin nor I had abandoned the idea of a large-scale military operation at some point, particularly if the cross-border rocket fire didn't subside, which for a while it did. But we were determined that, if and when we did decide to strike, we would avoid anything on the scale of the 1982 war. It would have to be with a clear, finite and achievable goal.

That point finally arrived in the summer of 1993. In addition to renewed Katyusha strikes, there was a series of deadly Hizbollah attacks in the first two weeks of July inside the security zone. Each used what was becoming the tactic of choice: a remotely detonated bomb by the side of the road on which our military vehicles were travelling, followed by an ambush of soldiers who survived the blast. Six Israelis had been killed in all, making it the largest monthly toll in three years. When I went to see Rabin with our plan for a military response, I recognized the risks. It would be the largest military operation in Lebanon since the war. But I believed we could limit civilian casualties, and that it was the only approach that might lead to a significant reduction in the missile attacks on northern Israel. I began with the assumption that, left to its own devices, Hizbollah would have no incentive to stop firing. Since the two Arab governments with the potential to rein in the attacks – Lebanon's and above all Syria's – were showing no interest in doing so, we had to find a way to hold them to account.

The operation I proposed was intended to send a message to Beirut and Damascus. It would not be a ground invasion as in 1982. Most of the attacks would be from the air, in two stages. The first would target Hizbollah, both in southern Lebanon and in the Bekaa Valley further north, near the border with



HOUSE_OVERSIGHT_028099

Syria. We could halt at that stage, in the unlikely event Hizbollah showed signs of de-escalation. But if it didn't, the air strikes would intensify. The aim was not target the nearly 250,000 Lebanese civilians who lived in the immediate border area. It was to use our attacks, along with leaflet drops and radio messages, to encourage them to flee north. My assessment was that this would bring pressure on the Lebanese government and, through the Lebanese, on the real power in Lebanon, the Syrians. I doubted Damascus would respond directly by telling Hizbollah to cease fire. I did believe they'd be ready to engage with American efforts to stop the fighting, and that Rabin and the government could then secure terms we were prepared to accept.

On July 25, we began our heaviest air strikes since 1982. Far from producing a sign of a climb-down by Hizbollah, it responded with intensified rocket fire. We escalated over the following 24 hours, but still with no indication of any change from Hizbollah. So as planned, we expanded our bombing to wider areas of south Lebanon. Sadly, some Lebanese civilians were killed, which I'm sure was a much greater cause of concern to us than to Hizbollah. Thankfully, however, the majority fled north. In south Lebanon, this meant that our jets and artillery had much greater freedom of operation against Hizbollah, which had now lost its human shields. In Beirut, a government suddenly overwhelmed with the need to provide shelter for the large number of refugees from the fighting did press Syrian President Assad to help bring it to an end. Critically, the new Clinton Administration, especially Secretary of State Warren Christopher, reinforced that message.

Our military operation lasted just a week. It did *not* end Hizbollah attacks on Israeli troops in the security zone, something I think even most Israelis were coming to realize was impossible as long as our soldiers remained in Lebanon. But the rocket attacks on northern Israel did stop, with very few exceptions, for a period that lasted nearly two years.

The intifada, however, had not stopped. Nor, as I knew from my increasingly frequent meetings with Rabin, had the search for a way both to control the violence, and seek out any realistic prospect of a *political* path to resolving our conflict with our Arab neighbors.



HOUSE_OVERSIGHT_028100

Rabin had inherited a peace process, put in motion by the Bush Administration after the Gulf War. But since both Prime Minister Shamir and our Arab enemies had reasons of procedure, politics or principle to resist the talks, merely getting them off the ground had required the same combination of deftness and determination President Bush had brought to assembling his wartime coalition and defeating Saddam. After a formal opening session in Madrid, the "bilateral tracks" – between Israel and negotiators from Syria, Lebanon, Jordan and the Palestinians – had quickly stalemated and stalled.

Yitzhak came to office saying he was not interested in a peace *process*, which seemed to him a license for endless talk with no set endpoint, but in *peacemaking*. Since I had the good fortune to be part of the informal inner circle with which he discussed the potential opportunities, pitfalls and frustrations along the way, I know that he wasn't assuming we could necessarily achieve a peace agreement with any of our neighbors. But after the twin shocks of the Lebanon War and the Scud missiles, he was concerned that Israel would retreat into a mix of political caution and military deterrence which he rightly believed was short-sighted. He believed we needed at least to try to seize a "window of opportunity" with those enemies who were at least open to compromise, if only because we were facing new threats from enemies for whom talk was not even an option. An increasingly assertive Iran, with nuclear ambitions, was one. But the intifada had also thrown up new Palestinian groups grounded not in nationalism, but fundamentalist Islam: Hamas in Gaza, which opposed Israel's presence on any part of "Muslim Palestine," and Islamic Jihad on the West Bank. And in Lebanon, we were confronting the Iranian-backed Shi'ite militia fighters of Hizbollah.

Each of us in the small group on whom Rabin relied for input on the peace talks brought something different to the mix. In addition to me, there were four other generals: Uri Saguy, the head of military intelligence; Gadi Zohar, in charge of civil administration for the West Bank and Gaza; my own former sayeret deputy, Danny Yatom, who was head of the central command; and Rabin's military aide, Kuti Mor. Also included were longtime political and media aide Eitan Haber, and another trusted political adviser thousands of miles away: Itamar Rabinovich, our ambassador in Washington and Israel's leading Syria expert. But I'm sure we weren't chosen just for our insights. It was



HOUSE_OVERSIGHT_028101

because we were people with whom Rabin felt *comfortable* – a counterpoint, I suspect, to the old Labor Party rival whom he had made Foreign Minister, Shimon Peres. Though the two men had grown to respect each another over the years, Rabin neither trusted, nor much liked, Shimon. In fact, though Peres's support inside Labor had secured him the foreign ministry, Rabin had stipulated that all peace talks would remain under his control.

Yet as I'd discover nearly a decade later, when I was Prime Minister, even the most carefully planned negotiating strategies were always subject to setbacks, diversions, or simply what former British Prime Minister Harold Macmillan once called "events, dear boy, events." Rabin's initial plan was not to start with the Palestinians. He did feel it was essential to try to reach a political settlement with them. In one respect, the prospects looked slightly better than before. Arafat's political position had been weakened: first by an intifada driven as much by local insurgents as by the PLO in faraway Tunis, and then by his decision to break with his longtime Gulf Arab financial supporters and support Saddam Hussein the Gulf War. In 1988, as the entry price for a formal dialogue with the Bush Administration, he had also agreed to a statement in which he renounced terrorism and accepted the principle of a two-state peace agreement with Israel. Still, there remained a yawning gap between the "self-rule" envisaged in the Camp David accords of 1978 and the Madrid conference, and the independent state the Palestinians wanted. Negotiations to bridge it were likely to be fraught and long.

So he'd decided to begin with Syria. President Assad was obstinate, and publicly opposed to the idea of making peace with Israel. But he'd been in power for more than two decades and, crucially for Rabin, had lived up to the few, indirect agreements Israel had made with him. The *substance* in any agreement, though politically difficult, was also more straightforward. We knew what Assad wanted: the recovery of the Golan Heights, in return for the absolute minimum level of political normalization with Israel. We knew what we wanted: security guarantees and assurances regarding water resources, and a full and final peace treaty. For Rabin, there was an additional attraction in beginning with Syria: if we *did* reach a deal with our main Arab enemy, the pressure would intensify on the Palestinians to follow suit.

The dramatic turn of events that ultimately forced him to change tack began in January 1993 in the sitting room of a villa outside Oslo, at an ostensible "academic seminar" convened by the Norwegian diplomat Terje Larsen. It included two Israeli academics with personal ties to prominent Palestinians:



HOUSE_OVERSIGHT_028102

Yair Hirschfeld, and the historian and former *Haaretz* journalist Ron Pundak. Three PLO officials were there, led by Arafat's closest economic aide, Abu Ala'a. Though both of the Israelis were friends of Yossi Beilin, a protégé of Peres and our deputy foreign minister, even Peres didn't know about the meeting until Yossi told him the following day. Rabin knew an hour later. I first learned of it from Uri Saguy, after Unit 8200 intercepted Arabic-language traffic concerning a briefing the Norwegians had given their Arab contacts. At first, even Peres was skeptical that the paper agreed at the "seminar" – calling for international aid to the West Bank and Gaza on the scale of the Marshall Plan, and an initial Israeli withdrawal limited to Gaza – would lead to serious negotiations. But Rabin authorized follow-up sessions in mid-February, late March and again in April. Our intelligence teams continued to provide detail, and occasional color. Uri Saguy and I even began to use the Arabic shorthand, from the intelligence reports, for the two Israeli academics. The burly, bearded Yair Hirschfeld was "the bear". The slighter Ron Pundak was "the mouse". Yet the main *political* impetus in driving the process forward came from two men who were not there: on our side, Yossi Beilin, and for the Palestinians, Arafat's trusted diplomatic adviser, and eventual successor, Mahmoud Abbas, or Abu Mazen.

Since Rabin knew I was following the ostensibly secret talks, we discussed them often. For quite a while, he remained dismissive. He believed the chances of a breakthrough were remote. He was also suspicious of the involvement of Peres and Beilin, whom he called "Shimon's poodle". And he deeply distrusted Arafat. The PLO had been founded with the aim of "liberating" every inch of Palestine. The fact that Arafat had agreed to the Bush Administration's demand to accept the principle of land-for-peace struck Rabin as mere sleight-of-hand.

By the third Oslo meeting, it was clear that the Palestinians were open to an agreement that would fall well short of "liberating Palestine". Still, Rabin was leery. He tried briefly to return the focus to the stalemated Madrid-track talks with the Palestinians. Yet when, with obvious PLO encouragement, the Palestinian negotiators stood their ground there, he seemed almost resigned to supporting Oslo. When we discussed it, he used a battlefield metaphor. "When you have to break through, you don't necessarily know where you'll succeed. You try several places along the enemy's lines. In the sector of the front where you *do* succeed, you send in your other forces." It was a matter of "reinforcing success."



HOUSE_OVERSIGHT_028103

"It's the *opposite* in this case," I replied. "In a battle, the enemy is doing everything it can to stop you. When you break through, it's against their resistance. Here, the other side will choose to make it easiest for us in the place *it* prefers. If Arafat thinks he'll get more from the Bear and the Mouse than from the other talks, it's hardly a surprise we're finding that only Oslo seems to offer a way forward."

Rabin did make one more move, not so much in a bid to end the talks in Oslo as to slow them down and create a context more favorable for the kind of agreement he wanted. He shifted his attention to his original peacemaking priority: the Syrians. In an effort to remove a roadblock to even beginning serious talks, he offered the Americans what they would later call his "pocket deposit." He authorized Secretary of State Warren Christopher to tell Assad that *Washington's* understanding of our position was that, assuming all our own negotiating concerns were addressed, we accepted that peace with Syria would include withdrawing from the Golan. The formula was agreed in a meeting in Israel between Rabin and the Clinton Administration's Middle East negotiator, Dennis Ross. Rabin didn't tell Peres or other ministers about it, though Itamar Rabinovich did know. I did as well. Since acceptance of the need for a withdrawal had security implications, Rabin and I talked about it in detail before Ross's visit. We formulated the "deposit" together. We used an English acronym: IAMNAM, "if all my needs are met." The point was to convey to the Syrian president that if he addressed our requirements for a demilitarized zone and early warning facilities; non-interference with our critically important water sources; as well as a full peace including embassies, open borders and joint economic projects, we knew the trade-off would be to return the Golan.

It was by diplomatic accident that the Syrian overture went nowhere. The reason even the Americans had called our proposal a "pocket deposit" was that it was to be kept in the Christopher's pocket, to be pulled out as *an American understanding* of our position if he felt it might lead to a breakthrough. Our intelligence accounts of the Christopher-Assad talks, however, suggested it had been presented as a straight message from Rabin to the Syrian president, giving it the status of Israel's new, formal opening position in negotiations.

The distinction may seem minor. But for Israel, it mattered greatly. In any agreement with Syria – or, indeed, the Palestinians – there was bound to an imbalance. Both parts of a "land-for-peace" exchange were important. But land was not just the more tangible asset. Once given up, short of resorting to all-out war, there was no going back. The "peace" part of the equation was more



HOUSE_OVERSIGHT_028104

difficult. Genuine peace, and trust, would inevitably take years to reach fruition. That was no mere academic problem in a conflict where, for decades, our enemies had defined Israel's mere existence as illegitimate. The reason for Rabin's reluctance to have his "deposit" presented as a set negotiating position was that it meant dealing away our only card – territory – before the hard questions about peace had been answered. When he phoned Christopher, I don't think I've ever heard him as angry. That was *not* what we agreed, he insisted. He said it had spoiled any prospect of serious negotiations on the *peace* side of the balance. Christopher didn't agree there had been any real damage, nor that Assad had failed to understand the context.

It might not have changed things anyway, since by this stage, the Oslo talks had almost completed a draft agreement. In mid-August, Rabin gave Peres the go-ahead to initial this "Declaration of Principles." It provided for a period of interim Palestinian self-government; the start of a phased Israeli withdrawal from Gaza and the West Bank with the creation of a Palestinian police force to deal with internal security; and a commitment to reach a full peace agreement within five years. In early September, ahead of the formal signing of the Oslo declaration, there was an exchange of "letters of recognition" between Arafat and Rabin. Arafat's letter also renounced "terrorism and other acts of violence" and declared invalid "those articles of the Palestinian Covenant which deny Israel's right to exist." A few days later, the signing ceremony was hosted by President Clinton in Washington. Thus emerged the famous photo of Rabin and Arafat shaking hands, on either side of Clinton, who was beaming, arms outstretched in conciliation. They say a picture is worth a thousand words. In this case, you needed barely a dozen. Rabin's demeanor, his posture, the look on his face, all seemed to say: "I would rather be shaking the hand of anyone on earth than Arafat." Still, the image was on front pages worldwide. The news stories spoke of a new spirit of hope. Now that these old enemies had grasped hands, surely a full peace agreement was within reach.

My feeling, as I watched it on TV in the *kirya*, was more guarded. I did hope for peace, of course. I also recognized that the signing on the White House lawn was just a beginning, and that my role would be to ensure that Israel's security needs were met under whatever formal peace agreement might eventually be reached. And the security omens were hardly encouraging. Despite Oslo, Palestinian attacks were continuing. Hamas, Islamic Jihad, and other dissident factions saw Arafat's concessions as treachery, and were setting out to drive home that point with violence.



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Yet as I approached my final year as chief of staff in early 1994, we were suddenly confronted by an appalling act of *Israeli* violence: mass murder, committed by a West Bank settler. Terrorism, no less than the worst Arab attacks on Israeli civilians. The settler was named Baruch Goldstein, a physician, who lived in Kiryat Arba. One of the first post-1967 Jewish settlements, it sat on a hill outside the West Bank town of Hebron. At the heart of Hebron lay the burial place of the patriarchs and matriarchs of the Jewish faith: Abraham and Sarah; Isaac and Rebecca; Jacob and Leah. Since Abraham is also revered as a prophet in Islam and a mosque had stood on the site for nearly a thousand years, our post-1967 arrangements set out separate times of worship for Muslims and Jews. Goldstein chose to attack during a holiday period for both faiths: Purim for the Jews and the Muslim holy month of Ramadan. He arrived shortly after the Muslims' Friday prayers began on the morning on February 25. He was dressed in his reserve army uniform and was carrying an automatic rifle. He opened fire on a group of nearly 800 Palestinian worshipers. He had killed 29 and wounded 125 others by the time several of his intended victims knocked him unconscious and beat him to death.

I rushed to Sde Dov airport in north Tel Aviv, a few minutes from the *kirya*, and boarded a helicopter for the old British fort near Hebron, used by the Jordanians until 1967 and now Israeli headquarters. After visiting the scene of the killings, I sought out local Palestinian leaders, to voice my condolences and the sense of outrage I shared over what had happened, and to urge them to do all they could to maintain calm. I then went to Kiryat Arba and conveyed the same message.

Our immediate task was to prevent more deaths, on either side. It was a frustrating, and violent, week. Protests reminiscent of the first days of the intifada erupted around the West Bank, in Gaza, in east Jerusalem and in several Arab neighborhoods and towns inside Israel. While I had no trouble understanding the Palestinians' anger, I also had a responsibility to prevent the violence spiraling out of control. We turned to the same tools we'd used at the beginning of the uprising – though with even greater emphasis on the need for soldiers to use the only the necessary force to restore order, and to avoid causing fatalities wherever possible. We closed off the West Bank. We imposed curfews



HOUSE_OVERSIGHT_028106

on the main West Bank and Gaza towns and refugee camps. We also imposed a curfew on Kiryat Arba and, for the first time, were given the authority to use administrative detention orders not just against Palestinians, but specific Jewish settlers. We arrested about a half-dozen leaders of Kach, the far-right, anti-Arab political movement founded by the American Rabbi Meir Kahane, of which Baruch Goldstein had also been a member. Still, there were repeated clashes anyway – and dozens of deaths as a result – before things finally began to subside a week or so later.

The massacre had made me feel more strongly than ever that our responsibility to protect the security of the settlers could not extend to allowing them to defy the government or the law. The principle would be put to the test within a few weeks. A settlement near Hebron, called Tel Rumeida, had been set up without government approval in 1984. As part of the response to Goldstein killings, Rabin was thinking of closing it down. That prompted a number of right-wing rabbis to issue a formal religious ruling against any such action. Rabin called me in to ask whether it would be operationally possible to dismantle Tel Rumeida and remove the settlers. I said yes, by sending in a Sayeret Matkal force after midnight, as long as news of the operation did not leak ahead of time. "We'll take over the area, close it off and get control." Given the tensions in the wake of the massacre, I did add that I couldn't promise that our soldiers would hold fire. "There are people in there with weapons," I said. "If someone shoots at *them*, they will shoot back."

"*Should* I do it?" he asked me. Maybe I should have given him an answer. But I didn't feel it was my place to add to the pressures around what was clearly a finely balanced call, especially since my inclination would have been to tell him to go ahead. I said it was something only he could decide. "What I *can* tell you is that we can do it." When I left, my sense was that he was sufficiently angry over what had happened in Hebron that he felt it essential to draw a line – the line of law – over what settlers were allowed to do. But the Passover holiday was now a couple of days away. I think what happened is that he realized the operation would not be possible until after the holiday period. By then, he was concerned he would have lost the clear political logic for moving against Tel Rumeida. The settlement has remained in place, a flashpoint in the conflict between settlers and Palestinians in the area around Hebron.

The wider repercussions, and the controversy, from the massacre reverberated widely. Rabin and his cabinet immediately decided to establish an inquiry, under Supreme Court Chief Justice Meir Shamgar. It would look into



HOUSE_OVERSIGHT_028107

every aspect of the killings – including any failings by the army, the Shin Bet, the police or other authorities that might have allowed the tragedy to happen. The commission interviewed dozens of witnesses, Israeli and Palestinian, in 31 separate sessions. I knew early on that the inquiry would throw up difficult issues. I was especially upset to learn that two soldiers and three border guards scheduled for guard duty at the mosque had shown up late on the morning of the killings. By the time I testified in late March, the inquiry had heard from a range of senior and local commanders and individual soldiers. A picture had emerged of a series of security breakdowns, equipment malfunctions, oversights and confusion around the site where the murders took place.

I did not try to dodge the fact that security lapses around the Cave of the Patriarchs that day had contributed to what happened. In addition to the fact that the guard unit was not at full strength until after the murders took place, several of the security cameras weren't working. I acknowledged that if the cameras and the guards had done their job, at the very least some lives might be have saved. Yet I also made the point that this specific act of *mass murder* was something the army could not have anticipated. I told the commissioners to remember that they were judging things after the fact. They *knew* how the tragedy had ended. In the context in which we were operating, the prospect of an Israeli settler, a reserve soldier, walking into a place of worship and deliberately killing defenseless Palestinians had come as "a bolt from the blue."

The commission's report did not apportion blame to any of the army officers or commanders. But an inescapable conclusion from the testimony of the many witnesses was that the way in which we'd become conditioned to viewing the settlers had blinded us to the kind of crime Goldstein had committed. Even before I testified, I'd been disturbed to hear soldiers saying that even if they had *seen* him shooting a Palestinian, their orders were not to open fire on a settler, so they wouldn't have intervened. When asked about this by the commission, I said it was a fundamental misunderstanding of our rules of engagement. "In no case is there, nor can there be, an army order that says it is forbidden to shoot at a settler even if he is shooting at others... A massacre is a massacre. You don't need special orders to know what to do."

Yet I also knew that the soldiers' "misunderstanding" was all too understandable. As I acknowledged to the inquiry, the army on the West Bank and Gaza was predisposed to see Palestinians who were carrying weapons as potential terrorists, especially since the outbreak of the intifada. The settlers, by contrast, were assumed to be carrying arms in self-defense. One lesson I took



HOUSE_OVERSIGHT_028108

from the massacre was that the mix of Jewish settlers, some of whom felt they were on a messianic mission to resettle all of Biblical Israel, and restive Palestinians who wanted sovereignty and control over their own lives was potentially toxic, for both sides. Ideally, the process which had begun with Oslo might start to disentangle it, though I remained far from confident that anything resembling full peace would come any time soon.

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Rabin, and even more acutely Shimon Peres, believed it was important to press ahead with the opening phase of the handover of Israeli authority mapped out by Oslo. In May 1994, a draft of the so-called "Gaza and Jericho First" agreement was completed. Once it was ratified, the five-year interim period would begin, with further withdrawals and parallel negotiations on the "permanent status" of the territories. In this first step, Israel would transfer civil authority in Gaza Strip and the Jordan Valley town of Jericho to the Palestinians, and local security would be in the hands of a newly created Palestinian police force.

My primary concern, and my responsibility, was the security provisions in the agreement, since the Israeli army retained its role in charge of overall security. When I went to see Rabin a few days before the cabinet meeting to approve the Gaza-Jericho agreement, I told him I was worried that it left room for potentially serious misunderstandings, friction and even clashes on the ground. There was no clear definition of how our soldiers would operate alongside the new local police in the event of a terror attack, violence by Hamas or Islamic Jihad, or, for that matter, a car crash involving an Israeli and a Palestinian. He agreed this needed to be addressed, although it was clear he intended to do so with Arafat, via the Americans, not by reopening and delaying the formal agreement.

But I had a deeper concern about the entire Oslo Agreement, which I also now raised with Rabin. I did not doubt the importance of reaching a political agreement, and ideally a peace treaty, with the Palestinians. But I'd now read the Oslo Declaration in greater detail, and discussed it with lawyer friends of mine. I'd also re-read the 1978 Camp David framework on which the self-rule provisions were based. The endpoint was pretty clear, just as it had been at Camp David: Palestinian authority over the West Bank and Gaza, defined as a



HOUSE_OVERSIGHT_028109

"single territorial unit" under Oslo. In essence, and very probably in name, this meant a Palestinian state. I wasn't opposed to that in principle, if it was in return for a full and final peace. But the Oslo *process* meant that we would be handing back land, and control over security, in an ever-larger portion of territory *before* we'd reached any so-called permanent-status agreement. In fact, before we even knew whether that would prove possible. It wasn't "land for peace." It was land for the promise, or maybe only the hope, of peace. It was the same problem Yitzhak had faced over the Americans' misuse of our "pocket deposit" on the Golan. I realized that, having come this far with Oslo, neither he nor the government was likely to back away from approving the Gaza-Jericho accord. But he did say he thought the points I'd raised were important, which I took as meaning he was comfortable with my raising it with the cabinet.

I spoke near the end of the four-hour cabinet meeting to ratify the Gaza-Jericho plan. The ministers seemed attentive as I ran through the security concerns I'd raised with Rabin, even nodding when I compared the agreement's security provisions to "a piece of Swiss cheese, only with more holes." But then I said that I wanted to say a few words which I recognized were beyond my responsibility as chief of staff. "I'm speaking just as an Israeli citizen," I told the cabinet, "and as a former head of military intelligence." Referring to specific provisions in Oslo, and in the Camp David framework agreed by Begin and Sadat 15 years earlier, I said it was important for ministers to realize that, even though permanent-status issues were yet to be resolved, "you will be taking us nearly the whole way toward creating a Palestinian state, based on the internationally accepted reading of Camp David." The reaction to my comments was a mix of defensiveness and hostility. In the latter camp were ministers from Rabin's left-wing coalition partners, Meretz, who seemed especially angry when I quoted from Camp David. The Prime Minister motioned them for calm. "Ehud had a responsibility to talk about security questions, and we had a responsibility to listen. As for his additional remarks, they are not a surprise to me," he said. "He made these points to me, and I said he could repeat them here. It is right that he should raise them." He said there was no need for ministers to agree with me, but that it was proper that the points I'd raised should be heard.

Many clearly *didn't* agree with me, or simply believed the Gaza-Jericho agreement still had to be ratified, which it was. But my remarks did lay the groundwork for my objection to the next, more far-reaching stage in the Oslo process barely a year later. By then, I was no longer chief of staff. I was a member of Rabin's cabinet.



HOUSE_OVERSIGHT_028110

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It was still my responsibility to ensure that Gaza-Jericho was implemented, and that the initial withdrawals and redeployments went ahead smoothly. And they did. But I also was soon playing a part in a renewed effort by Rabin to use the momentum of Oslo to achieve peace agreements with our other Arab neighbors: the Syrians, although he knew that would be tough, and first the Jordanians. I would always have had some role, by virtue of the need for a chief of staff to weigh in on security issues. But as Yitzhak had done from the start, he involved me and others in his inner political circle in wider discussions on the whole range of negotiating issues. Especially after Oslo, he seemed determined to keep Peres's role to an absolute minimum.

No peace talks are ever completely straightforward, but the process with Jordan was very close to that. The main issues on the Jordanian side involved ensuring a proper share of scarce water supplies; and dealing with Israel's *de facto* control of a fairly large area near the southern end of our border. A number of kibbutzim and moshavim were farming the land there. But under the post-1948 armistice, it had been allocated to Jordan. Israel's priorities were to put in place a fully open relationship of peace and cooperation, and to get assurances Jordan would not allow its territory to be used by Palestinian groups to launch terror attacks.

I was struck by how much more easily compromises can be found if you truly trust the party on the other side. From my earlier meeting with Hussein in England, before the Gulf War, I'd been impressed by the king's thoughtful and measured, yet warm and open, demeanor. That, in itself, inspired trust. But ever since 1967, even in times of high tension, Israel and Jordan had kept open secret lines of communication, and both sides had generally demonstrated a shared desire, and ability, to steer clear of conflict. The main trade-off in the search for a formal peace turned out to be not too difficult. We agreed to ensure water provision, and to accept Jordanian sovereignty over the 1949 armistice area, in return for which the king allowed the Israelis who had been working the land to stay in place as lessees. On the final Wednesday of October 1994, near our border crossing in the Arava desert, I watched as Rabin, King Hussein, and President Clinton formally seal the full "Treaty of Peace Between the State of Israel and the Hashemite Kingdom of Jordan."



HOUSE_OVERSIGHT_028111

Syria was always going to be harder. But Rabin had moved past his anger over the "pocket deposit", and we began a new effort via the Americans. Our aim was to lay out a comprehensive, staged proposal to trade nearly the entire Golan for peace. With Rabin, Itamar Rabinovich and the rest of the team, we put together a framework limiting Syria's military presence on the Heights. We envisaged phasing out the restrictions as Syria took steps toward the kind of peace which had proved possible with Egypt and Jordan. But indirect exchanges in the autumn of 1994 produced little progress. In December, Rabin proposed to the Americans that I meet with a Syrian representative, and President Assad agreed. Later that month, I was sent to Washington for talks with Syria's ambassador, Walid Muallem. With the Americans' Mideast envoy, Dennis Ross, as host, we met in Blair House across the street from the White House.

I began by explaining the security provisions we envisaged for the Golan, which included early-warning provisions, force limitations and other means of safeguarding Israel against any surprise attack. Muallem's response was formulaic, almost icy, with no indication he was ready to discuss any of the specifics, much less offer ideas of his own. But then Dennis led us out into the garden, where the atmosphere, if sadly not the weather, was a bit warmer. I told Ambassador Muallem I believed Israel's issues with Syria ought to be resolvable. Both sides understood the broad terms of an eventual peace. But we needed a context of *trust* in which to negotiate. President Assad, and we as well, were always going to be reluctant formally to commit ourselves to a position until *each side was be satisfied that the other side understood its core needs*. Politically, both sides also faced constraints. "In formal meetings, a record is taken and negotiators have to explain and justify every last word back home," I said. "I think our negotiators can get further in conversations like the one we're having now." Though Muallem nodded agreement, he did not explicitly say he believed that informal exchanges were the way forward. Still, he did obviously pass back a broadly positive message to Damascus. Before the Blair House discussion, our understanding had been there would probably be a kind of mirror arrangement for a follow-up meeting: between *our* ambassador in Washington, Itamar Rabinovich, and a high-ranking army officer from the Syrian side. Instead, we received word that Assad wanted me to meet directly with General Himat Shihabi, who was not only my counterpart as Syrian chief-of-staff but Assad's oldest and closest political ally and the effective number-two man in the régime.

General Shihabi and I met over a period of two days at Blair House. He had greater authority, and thus a greater sense of self-assurance, than the



HOUSE_OVERSIGHT_028112

ambassador. But not for the last time in negotiations with Syria, any real progress was blocked by an apparent combination of misunderstanding and miscommunication. The discussions were lively. Shihabi had served as Syria's liaison officer with the UN force set up along the cease-fire line after the 1948 war. "Go check with the UN," he said at our first meeting. "You'll see almost all the exchanges of fire in the late 1950s were provoked by Israel." I didn't respond directly, though I did note it was the Syrians who had tried to divert water from the Jordan River in the early fifties. "You did it first," he retorted. So it continued. Only later did we learn that while Muallem had sent back a generally encouraging impression from our garden talks, and his conclusion that Israel was ready for substantive talks, he had neglected to convey our expectation that any early progress would occur in *informal* exchanges. The result was probably to raise General Shihabi's expectations, which made him reluctant to show any real engagement. After a phone call with Rabin after our first day of talks, I became equally cautious. He agreed that we wanted to avoid a repeat of our experience with the Golan "deposit". We did not want to put concessions on the record before we got an indication that the Syrians were genuinely ready for peace talks.

Still, the fact that we'd established the precedent of a "chief-of-staff channel" was a step forward. My successor as *ramatkal*, Amnon Lipkin, would meet again with Shihabi in early 1995.

* * *

I was confident Amnon was inheriting an army stronger, better prepared and better equipped than at any time since the Six-Day War. We also had peace treaties not only with Egypt, but now Jordan, and none of the substantive issues with the Syrians seemed insurmountable.

But the main security challenges were the unconventional ones. In the long term, a resurgent Iraq, and very likely Iran, might make strides towards getting nuclear weapons. There was every sign that Hizbollah in Lebanon; and Hamas, Islamic Jihad and their supporters in Gaza and the West Bank, would escalate violence and terror. As the negotiations with Jordan were entering their final phase in early October, a further Hamas attack – this one, a kidnapping – had brought home that threat. On Sunday, October 9, Hamas men dressed as Orthodox Jews abducted an off-duty soldier named Nahshon Wachsman near



HOUSE_OVERSIGHT_028113

Lod. Two days later, Israeli television received a videotape showing the 19-year-old, hands and feet bound, pleading for his life in return for the release of the founder of Hamas, whom we had arrested and jailed in 1989. "The group from Hamas kidnapped me," he said. "They are demanding the release of Sheikh Ahmed Yassin and another 200 people from Israeli prison. If their demands are not met, they will execute me on Friday at 8 pm."

As soon as we got word he was missing, I spoke to Rabin. Since we assumed he was being held in Gaza, I ordered a unit from Sayeret Matkal to head south and co-ordinate efforts to locate him with the Shin Bet and the southern command. But it gradually became clear he might be much closer to where he'd been seized. The Shin Bet got a description of the kidnappers' car, and found it was a rental that had been picked up and returned in east Jerusalem. They tracked down the man who rented it. A little before dawn the morning of October 14, barely 12 hours before the Hamas deadline, Shin Bet established that Wachsman was being held in a village on the road to Ramallah, north of Jerusalem, in a house owned by a Palestinian who was living abroad.

The hostage soldier's ordeal was made even worse by the fact his mother, Esther, was a Holocaust survivor, born in a displaced-persons camp in Germany at the end of the war. Rabin had been ready to approve a rescue attempt from the outset, assuming we could locate Wachsman and come up with a plan that might work. But as with Entebbe, he said that if we couldn't be reasonably confident of success, we would negotiate. Now that we knew where Waschsman was being held, I ordered Shaul Mofaz, the commander with responsibility for the West Bank, to prepare for a possible rescue.

Before going to brief Rabin, I arranged for another commando unit to begin visible preparations for an operation in Gaza, in an effort to reassure Hamas we still believed he was being held there. Assuming we could retain the element of surprise, there were several things working in our favor. The house was relatively isolated. It was in an area where Israel, not the incipient Palestinian authorities, still had control. And Sayeret Matkal had expertise and experience in this kind of mission. Still, no plan could be foolproof. I told Rabin that the fact Hamas was holding a single hostage meant that if our assault teams were delayed for any reason at all, the kindappers might kill him before we got in. But I said we had to weigh the risks of *not* acting. We were no longer trying to find a missing soldier. We knew where he was. We had a unit ready. Unless Hamas relented, he was facing death within hours. In those circumstances, the



HOUSE_OVERSIGHT_028114

precedent of doing nothing would, in my view, be very serious. I recommended that he approve the operation, and Rabin agreed.

I attended the final briefing shortly afterwards. I was impressed by the determined faces of the men in the two sayeret teams. One of the officers was 23-year-old Nir Poraz, whom I remembered from operational briefings in the *kirya* on previous sayeret missions. Wachsman was being held in a room on the first floor. The commandos would simultaneously detonate explosives on three doors: at the front, on the side, and a third one leading through a kitchen to the room where the kidnappers had their hostage. The attack began fifteen minutes before the Hamas deadline. The explosive charges went off, but only the one in the front blew open the door. Poraz and his team rushed in, but one of the kidnappers opened fire, killing him and wounding six others. The other team had by now made it to the first floor. But despite firing at the metal lock, they had trouble getting the door to open. By the time they got in, Wachsman had been killed, shot in the neck and chest.

I was in the command post a few hundred yards away. I called Rabin and then went to see him in the *kirya*. The head of personnel for the army had gone to see the Wachsman family and break the news to them. Now, we had to tell the country. Rabin and I appeared on television together. Rabin insisted – wrongly – on saying he bore full responsibility. What had gone wrong, I had tried to impress on him, was not the *decision* to attempt the rescue. It was the rescue itself. That was not his responsibility. It was mine.

The next day, I visited Wachsman's parents, and tried to convey how painful the failed rescue was to me, Rabin and every one else involved. I was inspired and humbled by their response. His father had told a reporter he wanted to convey his condolences to the parents of Nir Poraz. "This added loss has shaken me terribly," he said. He told me he also believed that the Prime Minister had approved the rescue using his best judgement on the information that he had available. I spent time separately speaking to Mrs Wachsman. I tried to explain that in fighting an enemy like Hamas, people who not just threaten to kill but had proven they had no hesitation in doing so, I'd felt there was no choice but to attempt the rescue. I admitted we'd known the risks. But we'd tried to do the right thing, both for the country and her son. I think she understood, though I knew that nothing could alter the terrible sadness of her loss. The pain would take years to heal. Some part of it never would. Still, I felt it was important she and her husband know that we, too, felt their loss. For years afterwards, Nava and I continued to visit them.



HOUSE_OVERSIGHT_028115

By then, however, I was no longer chief of staff. In fact, barely ten weeks after the kidnapping, I handed over to Amnon Lipkin. I left the *kirya* proud of all I had sought to accomplish during my 36 years in uniform. I also realized there had also been failures and setbacks, none more painfully fresh than our inability to rescue Nahshon Wachsman. But I was about to find that the area of Israeli life which I now chose to enter – national politics – could be a battlefield as well. And that when trouble hit, even your allies sometimes ducked for cover.



HOUSE_OVERSIGHT_028116

## Chapter Seventeen

It was an ambush. It came in July 1995, six months after I'd left the army and only days before I was expected to named as Interior Minister in Yitzhak Rabin's government. The effect, and clearly the intention, was to threaten my political career before it had even begun – by reviving, and lying about, the tragic training accident at the Negev army base of Tze'elim, during our preparations for the operation against Saddam Hussein.

When the "story" broke, I was nearly five thousand miles away. I was accompanying Nava's brother, Doron Cohen, on a business trip he was making to China – and savoring my last few days as a private citizen between my three decades of military service and my entry into politics. I'd got a hint of the storm that was about to engulf me a few days before we left for the Far East. It was a letter from a reporter at *Yeidot Achronot*, Israel's largest-selling newspaper, with a list of questions about Tze'elim. The thrust of the questions made clear the case Yediot seemed intent on building: that after the live missile strike which killed the Sayeret Matkal men, I had abandoned the injured and immediately "fled" to Tel Aviv. I probably should have answered the letter. But I assumed even rudimentary checks would reveal the story to be false. I'd had similar questions from a TV journalist a few months earlier. I did phone him back. I explained the true details of what had happened. I suggested he talk to others who were there, like Amnon Lipkin, the current chief of staff and my former deputy, to confirm my account. The story was dropped.

But *Yediot* evidently decided not to let the facts get in the way of the "exclusive" it ran in its weekend edition on July 7. Under a banner headline – an undeniably clever Hebrew pun, *Ehud Barakh*, "Ehud Ran Away" – it accused me of having stood by, paralyzed with shock, when the missiles struck and then, as other officers tended to the wounded, rushed away by helicopter.

Doron and I were having dinner in Beijing when Nava phoned. She'd just seen the newspaper story, and read it to me. I'd never been angrier. As best I could work out, it had been concocted from a patchwork of accounts long after the fact. To the extent the notion of my "fleeing" had been raised, I could only imagine that *Yediot*'s "sources" had misunderstood the arrival of the first medical helicopter, when the pilot was unable to see us and flew on before returning a couple of minutes later. But in every single detail about my actions after the tragedy occurred, it was a pure and simple lie.



HOUSE_OVERSIGHT_028117

I was not just angry, but frustrated at my inability to rebut the story in person. Doron and I immediately made arrangements to return to Israel early, which, since there was no direct air connection, meant finding the first flight out through London. But before we left, Nava phoned again, almost sputtering in fury. She told me that she'd just received a call from Aliza Goren, Rabin's media spokesperson. "Does Ehud know about the *Yediot* story?" she'd asked. When Nava said yes, Aliza told her: "It is important that Ehud knows that we are not going to get involved in getting him out of this."

*Welcome to politics*, I thought. Rabin knew that the story was untrue. I'd still been in Tze'elim when I'd phoned him about what had happened. He knew I'd remained there to order in the medical helicopters and arrange for the evacuation of the wounded before returning to brief him. Still, he did not say a single word in public – nor, for that matter, speak to me – as the controversy continued to gather force.

During our stopover in London, I sat with Doron and talked through how to get my voice heard. I telephoned Yoni Koren, the officer who'd been my top aide in the *kirya* and whom I'd asked to work for me in the Interior Ministry, assuming I now actually got there. I told him to phone Amnon Lipkin and say that I had expected him to answer the fabrications. Not only had he and I been at the site of tragedy together. We'd *left* together, on the same helicopter. Amnon did now issue a statement saying that he knew *Yediot*'s allegations were wrong. But the story had been allowed to stand for too long. His rebuttal caused barely a ripple.

As I read the latest Israeli newspapers before landing in Tel Aviv, I found that at least I wasn't totally on my own. Reporters had been phoning politicians for comment. Most responded like weathervanes, going with the prevailing wind, which was gusting against me. But three Knesset members dissented. One was Ori Or, a friend even before we'd both gone into the army, and who had now joined Labor. The other two were leading members of Likud: Dan Meridor and Benny Begin, Menachem Begin's son. All three said they were sure the allegations were false. Did they know the details about the accident, they were asked. No, they replied, they didn't need to. They knew *me*.

Now all I had to do was convince the rest of the country. It had been nearly a week since the Yediot's "exposé". It was Yoni Koren who passed on a request from Channel 1 television, our equivalent of the BBC. They were proposing that I appear with Nissim Mishal, the man who had interviewed me 10 years earlier, at the urging of Rabin's political aide, on my first TV appearance. For Mishal,



HOUSE_OVERSIGHT_028118

the interview would be a journalistic coup. For me, it was a risk. He was a famously combative questioner, a bit like Sam Donaldson at White House briefings, or Jeremy Paxman and John Humphreys in Britain.

On the night of July 13, I drove to the television studio in Tel Aviv. Mishal confronted me with *Yediot*'s version of events. I was angry, and showed it. "This report was not some night editor's mishap," I said. "It was authorized by the highest levels of a mass-circulation newspaper which is power-drunk, corrupted by power, and manipulative. The so-called 'story' was an amateurish and distorted depiction of a chief-of-staff who sees wounded soldiers, turns his back, deserts them and flies away. That is an evil, vain falsehood." As Mishal pressed me about the allegation that I had fled, I cited, by name, other officers who had been there with me and had confirmed precisely the opposite. I had left Tze'elim, along with Amnon Lipkin, a full *50 minutes* after the missiles struck, I said. And only *after* the helicopters had arrived, the injuries had been treated and the choppers were evacuating the wounded. "A chief of staff's job is not to treat the wounded, when others are doing that already," I added. My responsibility was "to keep my head, and ensure a safe and speedy medical evacuation." That was what I'd done. "I've given years of my life to serving this country," I said. "I have been shot at. I have shot men dead from as close as I am to you now. How did the hand that wrote these things against me not tremble?"

It was certainly high drama. But it was not an act. The way that I'd gone after *Yediot* prompted some pundits to suggest my skin was too thin. One commentator even said I was obviously not suited to politics. Yet what mattered most to me was what the *rest* of Israel felt: people who were not reporters or editors, commentators or politicians. Opinion polls the day afterwards showed that something like 80 percent of Israelis believed what I'd said. I think this was only partly due to the details of the argument I made. When you're under such close, direct scrutiny, I'm sure viewers have an innate sense of whether what they are hearing is the truth.

Almost as soon as I'd got home from the interview, the phone rang. It was someone who, of course, already knew it was the truth: Yitzhak Rabin. "Ehud," he said, "you did well. Let's move forward."

* * *



HOUSE_OVERSIGHT_028119

I later worked out why he'd wanted to steer clear of the whole thing. *Yediot* had been planning the story for months. It had been ready to go with it earlier, when it was assumed I would be joining the government as early as April. The editors had held it to coincide with my arrival as a minister. That, I suppose, was simply what newspapers did. But it turned out that at least two influential Labor politicians had played a part in steering *Yediot* toward the story, and urging the newspaper to run with it: Haim Ramon, a veteran party figure and cabinet minister, though he'd quit the government the year before over the party's failure to follow through on health-policy reform; and Shimon Shevess, one of Rabin's top advisers. Ramon would later say that they hadn't wanted to "*kill* Barak" as a new minister. "Just fire some bullets at this legs, so he'll enter politics with a limp." It was a way of cutting me down to size.

I suppose that was understandable. I was by no means the only former general to enter Israeli politics. Other chiefs-of-staff had gone on to play prominent roles in government: Dayan, Motta Gur and, of course, Rabin. But the fact that I was going directly into the cabinet, and so soon after leaving the army, was seen by the Israeli media – and a number of Labor politicians – as a reflection of my close relationship with Rabin. Some commentators had even been speculating I might eventually be a candidate to succeed him as party leader and Prime Minister.

It was true that Rabin had personally urged me to join the government, starting with a lighthearted remark only days after I'd ended my term as chief of staff. It was at a farewell organized by my staff. The event began with film clips from my years in the army, and a series of entertaining cameos from men I'd served with and led. Rabin spoke at the end. He said he'd recently been on an official visit to South Korea. He'd met the president, who told him he was the first Korean leader not to have been an army general. Rabin said he'd replied that *he* was the first Israeli Prime Minister who *was* a general. Then, smiling and looking straight at me, he added: "*Nu*, Ehud?"

I did want to join his government. But I had been in the army since the age of seventeen and was now in my early fifties. For my family's sake, as well as my own, I had figured on taking a year or two to explore other things. Two options appealed to me especially. One was business. My brother-in-law, in addition to having a successful law practice, was involved in a number of business ventures, and we'd discussed areas we might jointly explore. But I had also received offers from think tanks in the United States.



HOUSE_OVERSIGHT_028120

Despite Rabin's quip about ex-generals and Prime Ministers, I was surprised when, a couple of days later, he asked me to come see him. He smiled as I entered his office. Then he said: "Ehud, now that you are out of uniform. I would be glad to see you come into politics, together with us, and be a member of the government." He said he'd discussed it with Peres. "It's a joint invitation." Though I did, of course, say yes, I also told him I was planning to take some time off, probably at first with a think tank in the US. Though I wasn't exactly sure about the legal provisions for officers leaving the army, I reminded him that there was a set period of time during which they could not enter politics. He replied, a bit enigmatically, that he would be sending an "operative" to talk to me further about the timing.

The operative was Giora Einy, a uniquely important figure in Labor because he was trusted both by Rabin and Peres. I liked him immediately. Throughout my years in politics, I would come to rely on him for his experience, good humor and good judgement. He did know about the rules for former army people going into politics: there was a 100-day moratorium. "Rabin wants you immediately," he said. "I guess we'll tell him that 'immediately' will have to mean sometime in April." In fact, I told Giora that I'd hoped it would be much longer. So we agreed that in order to give me at least a few months in the US, he'd tell Rabin he could get in touch at any time from March 1996 with his invitation to join the cabinet. As soon as he did so, I would formally cut my ties with the military, meaning I could join the government in the summer.

Nava, the girls and I left for Washington in January. I joined the Center for Strategic and International Studies and was given the delightfully overwrought title of Distinguished Visiting Statesman and Senior Associate. The reason the CSIS had invited me was to write and speak on the Middle East. About two months in, I presented a paper. I began by welcoming the constellation of changes which seemed to offer at least an *opportunity* for stability, security and peace: the unravelling of the Soviet Union; the Oslo Agreement; the peace treaty with Jordan and the continuing talks with the Syrians. As long as we had partners committed to reaching an agreement, I believed Israel would be ready "to consider major compromise and to take upon ourselves significant calculated risks." But with a frankness which seems surprising even to me in retrospect, I delivered much the same message as I had to ministers on the potential dangers inherent in the Oslo process as we moved forward.

I pointed out that Arafat had made no move to rein in groups like Hamas, and that more Israelis had actually been killed by terror since Oslo than in the



HOUSE_OVERSIGHT_028121

year before. "We signed a three-phase contract with Arafat," I said. "Try to imagine one of you selling me three pieces of property. If I fail to pay for the first one on time, you might not immediately cancel the contract. You might even be ready to help me collect the necessary money. But you would never proceed to deliver the second property before I paid for the first one, unless you were a fool." I also warned of longer-term dangers: "terrorism, radical Islamic fundamentalism, the proliferation of surface-to-surface missiles and weapons of mass destruction, and threats to the long-term stability of the more pragmatic Arab regimes." I singled out Iran, because it was determined to export its brand of fundamentalism Islam, sponsor terror and develop a nuclear weapon.

I also accompanied CSIS colleagues on speaking engagements to other American cities. I was about to board a flight to Seattle in April when I got a message saying Rabin wanted to talk to me. After we took off, I used the on-board phone facility and, with a swipe of a credit card, was soon on the line to the Prime Minister. Since the exchange was in Hebrew, I'm fairly sure anyone overhearing me had no idea what we were talking about. "I need you to come back as soon as possible," Rabin said. I already knew, from Giora, that he was anxious to find a long-term replacement as Minister of Interior. The leading light in the Sephardi religious party Shas, Arye Deri, had had to leave the post under allegations of bribe-taking. After Rabin had taken on the portfolio himself four 18 months, he had placed Labor's Uzi Baram there, but only as a temporary arrangement. I didn't feel I could refuse outright. But I reminded him that under army rules, "as soon as possible" still meant another 100 days. And ideally, I said I wanted to finish the best part of a year in Washington. I asked whether it would be possible to join the cabinet in the middle of November instead. "What difference will a few more months make?"

Rabin said he needed me now, and that mid-November would be too late. "Ehud, in politics, you can never predict what will happen by then." Neither of us could have known how terribly prophetic his words would turn out to be.

* * *

I was not only new to cabinet politics. I wasn't even a member of the Knesset. But in addition to naming me as head of a major ministry – in charge of everything from citizenship and immigration to planning, zoning, and the funding of local government – Rabin made me a member of his "inner cabinet"



HOUSE_OVERSIGHT_028122

on security and foreign affairs. Barely three weeks after I joined the government, we had to decide on the most important agreement with the Palestinians since Oslo. Dubbed Oslo II, it involved a major transfer of authority and territory. The process would begin with our pulling out from more than a quarter of the West Bank, including the major Palestinian towns and some 450 smaller towns and villages. After that, there would be three further redeployment phases, at six-month intervals, in so-called "Area C" of the West Bank – a mix of unpopulated land, settlements and a number of points we'd designated as strategically important. Under Oslo, and its parent agreement Camp David, it was all part of ensuring the Palestinians could exercise their "legitimate rights" in the "single territorial entity" of the West Bank and Gaza – in other words, a path to statehood. But only by the time the final three phases of redeployment were *complete* were we required to begin the "permanent-status" talks on issues like land and borders, Israeli settlements, the future of Jerusalem: the *real* core of a peace agreement.

By the time I joined the discussions on Oslo II in August 1995, the main points had already been agreed. Rabin was in favor, as were virtually all the cabinet ministers. Whatever scant influence I might exercise would have to come at the decisive cabinet meeting, set for August 13. From the objections I'd raised to the Gaza-Jericho deal as chief of staff, Rabin knew I'd be concerned not only to ensure the security provisions avoided potential misunderstandings on the ground, but about the longer-term implications, especially since the scale of the Israeli withdrawals was much larger this time. In fact, the agreement could be interpreted as requiring us to cede Palestinian control over virtually all of Gaza and West Bank by the end of the third redeployment phase –quite possibly before talks on the permanent-status questions had even *begun*.

I went to see Rabin a few days before the cabinet vote. I explained why I thought the agreement was flawed. I argued we should either delay some of our redeployments or bring the permanent-status negotiations forward. He listened to me. He barely spoke. He knew I'd be against Oslo II, and knew the reasons why. But we both knew something else: having been brought into government by Rabin, I would be expected, on a vote of this importance, to be in his corner.

The cabinet vote wasn't happening in a political vacuum. Likud's defeat in 1992 had meant the end of Yitzhak Shamir's leadership. The new Likud leader was the former Sayeret Matkal officer with whom I'd shared a newspaper cover in 1986 predicting that he and I would end up facing each other at the ballot box: Bibi Netanyahu. Positioning himself as the fresh young face of Israeli



HOUSE_OVERSIGHT_028123

politics and vowing to defeat Labor, Bibi had seized on Oslo II to accuse Rabin of "surrendering" to Arafat, and by extension to Hamas terrorism.

I couldn't sleep the night before the cabinet meeting. I had no desire to be disloyal to Yitzhak. I certainly didn't want to add to the pressures on him, much less add further impetus to Bibi's rhetorical onslaughts. But the more I thought of it, the less I could see the point of entering politics if I wasn't going to vote with my conscience. The cabinet meeting lasted for hours. It was near the end that I spoke, calmly and in detail, about my reservations. Many of the ministers seemed barely to be listening. They'd long since made up their minds. But when I'd finished, two ministers passed me notes. Both said the same thing: Ehud, don't do anything crazy. Don't vote against it. So I didn't. But I couldn't vote for it either. I abstained.

Rabin was bitterly upset. He didn't tell me directly. But when the meeting broke up, his longtime political aide, Eitan Haber, took me aside to tell me how that what I'd done was "terrible". Giora Einy came to see me the next day, after Rabin had phoned him in a mix of anger and disbelief. "What *is* this," he'd asked Giora. "The first big vote, and Barak *abstains*?" It wasn't until a few weeks later that Rabin and I spoke alone, over a beer in his office. He didn't raise the question of the vote. So I did. "Yitzhak, I understand it's caused you pain," I said. "But I think you understand I was acting out of what is genuinely my belief and my position." I asked him why, unlike the other ministers, he hadn't passed me a note before we'd cast our votes. "Ehud," he said, "I never write requests or orders on how to vote. Ministers must vote according to their conscience." He didn't mean what I'd done was right. He meant my conscience should have told me, given the importance of the issue, to vote yes.

The tension between us did ease somewhat in the weeks ahead. But the tension *around* us escalated after the cabinet vote. Opinion polls showed the country split down the middle. Settlement leaders and extremist rabbis launched a campaign against the legitimacy of the government, and of Rabin as Prime Minister. Right-wing religious leaders issued a decree rejecting the planned redeployments on the West Bank – "the evacuation of bases and their transfer to the Gentiles" – as biblically prohibited. A new group called *Zu Artzenu* organized a campaign of civil disobedience to try to bring the government down.

The sheer venom hit home during a pair of events I attended with Rabin, to award of the status of "city" to towns which had crossed the required threshold in population and economic activity. By tradition, this was marked by a



HOUSE_OVERSIGHT_028124

ceremony with both the Interior Minister and the Prime Minister present. The first was in Ofakim, near where I'd worked in the fields with Yigal Garber in the 1950s. Shortly after we arrived, a group of protestors started shouting at Rabin. *Manyac*, they yelled, "maniac". *Boged*: traitor. At the second event, near Haifa, busloads of protestors from right-wing religious schools shouted abuse at Rabin when he rose to speak.

As the Knesset vote on Oslo II approached, the hatred reached new levels. The day before, thousands of protesters packed into Jerusalem's Zion Square. Some shouted "Death to Rabin!" Others burned pictures of him, or passed out photos of him dressed in an Arab keffiyeh, or even a Nazi uniform. Bibi had publicly declared that opposition to the agreement must remain within the bounds of the law. Yet as he addressed the baying mob from a hotel balcony, he uttered not a single word of reproach. In fact, he called Rabin's government "illegitimate", because it relied in part on the votes of Israeli Arab Knesset members.

The day of the vote, the mob descended on the Knesset. Rabin had called a government meeting beforehand. When I got there, the crowd was so large that I was taken in through a special security entrance away from the front of the building. But the Housing Minister, Binyamin Ben-Eliezer, arrived late and tried to drive through the main gate. Protestors pounded furiously on his car and tried to break the windows. Our meeting had already begun when he arrived. He had spent nearly as long as I had in the army, but he was shaken. Interrupting Rabin, he banged his fist on the table. "I've been on battlefields," he said. "I've been shot at. I know how to read a situation. I *saw* their faces. It's insane! It is beyond anything rational, this kind of hatred." Pounding the table again, he shouted: "I warn you. It will end with a murder! It will end with a murder!" Rabin motioned for calm. He, too, was concerned by the rhetorical violence, even more so now that it was becoming *physical* violence. But as he would tell an interviewer a few weeks later, he simply didn't believe that "a Jew will kill a Jew." Nor, at that point, did I.

After the Knesset vote, which passed by a margin of 61 to 59, plans got underway for a rally in defense of the peace process, and against the tide of hatred on the right. It was the idea of two people: Shlomo Lahat, a Likud mayor of Tel Aviv who now backed Oslo, and a French Jewish businessman named Jean Frydman, a friend of Shimon Peres whom I had got to know and like. But in several of the early planning discussions in which I was involved, Rabin was against the rally, which was to be held in the huge Kings of Israel Square in the



HOUSE_OVERSIGHT_028125

heart of Tel Aviv. He was worried that not enough people would show up, and that those who did would be from the left: Meretz, not Labor, people who would be there mainly to *criticize* him for not going far, or quickly, enough in pulling out of the West Bank.

In the end, he was persuaded it should go ahead. In fact, by the time the date approached – Saturday evening, November 4 – he seemed to be feeling more energized, and upbeat. I wouldn't be there, because I was going to New York as the government's representative at a fundraising dinner that same night for the Yad Vashem Holocaust memorial. A few hours before leaving, however, I met with Rabin. We'd found a 15-minute window in his schedule, but we ended up talking for an hour. He said he knew that, in some ways, the difficulties surrounding the peace talks were likely to get worse. Hamas would not abandon terror. The kind of intolerance we were seeing from the right wing was not going to go away. He was furious at Bibi, who in his view was hypocritically going through the motions of calling for restraint and pretending to be unaware that the mobs were full of Likud voters. "They're his people," he said, "and he knows it."

But he was relishing the idea of taking on Bibi in the next election, due in about a year's time. Though Rabin was trailing in the polls, he was confident of turning that around once the campaign began. "The main thing is that the party isn't focused. We have to get serious about preparing," he said. He was worried about the effect of inevitable tensions between his supporters and Peres's over how to run the campaign. "Bring back Haim Ramon," I suggested. I knew by now that Haim had helped orchestrate the false story which *Yediot* had run about Tze'elim. But I also realized he was a Labor heavyweight and that, although he'd left the government, he remained personally close to Yitzhak. "Yes," Yitzhak replied, nodding, suggesting that we talk through the idea in detail when I returned from New York.

I was in my room at the Regency Hotel, on New York's Upper East Side, when the phone rang on Saturday afternoon. I was dimly aware that the Tel Aviv rally had been going on back home, but was more focused on preparing my speech for the Yad Vashem event. "Ehud, *Ehud*!" It was Nava, her voice barely understandable through the sobs. "Rabin has been shot!"

* * *



HOUSE_OVERSIGHT_028126

Danny Yatom called me a couple of minutes later. He said Rabin was still alive. But from the details he gave me, I knew it would take a miracle for him to pull through. "Three shots, from close range," Danny said. "From an *Israeli*, a *Jew*." Like Rabin, like me too until this had actually happened, it was something Danny was struggling to believe. He said that he'd call me back when he knew anything more. But I had the TV on in the room. Before he did, I watched Eitan Haber announce that Yitzhak Rabin was dead.

Although I hadn't known it until I'd arrived, Yossi Beilin was also in New York, for meetings and a speech of his own. Though he was a Peres protégé, and I was seen as closer to Rabin, the two of us had become friends. We immediately made plans to get the next flight home. But before leaving for the airport, I phoned Leah Rabin. However inadequate I knew it would be in helping her even begin to cope with the loss, I told her that my, and Nava's, thoughts were with her. That Yitzhak's death would leave a tremendous hole, in all of us, in every single Israeli. "They shot him," she kept murmuring. "They shot him. They shot him. They shot him." I called Peres, too. "Shimon, you have a mountain on your shoulders," I said. "But your task is to carry on. All of us will be with you, supporting, helping however we can."

It was the saddest flight I'd ever taken. Yossi and I barely spoke. Each of us was deep in thought. I found myself lost in memories of Rabin – from the very first time I'd met him, in the sayeret, to that last, long talk we'd had in his office a couple of days earlier. For some reason, I kept wondering whether, when the shots had been fired, he'd been turning to look behind him. It was an idiosyncrasy he had, whenever he was leaving a meeting or an event – even, as I now recalled vividly, when the two of us were leaving the municipal ceremony in Ofakim. I was behind him as we left. "Ehud," he said, turning back, "are you there?" It was a senseless detail. It wouldn't change anything. But I still felt torn up inside thinking about it.

After we landed at Ben-Gurion, I went with Nava to the Rabins' apartment in Ramat Aviv. There were hundreds of people outside, and nearly a hundred crowded inside the flat. Leah looked exhausted, her face ashen. "They shot him," she said over and over as Nava and I hugged her. "Three shots. In the back. *Why*?" I said there was no sane answer, but that with Yitzhak's death, Israel seemed different, the world seemed different, and emptier. Before we left, we added our candles to the forest of flickering memorial lights outside the apartment block. Then, we drove the Kings of Israel Square. Thousands of people were huddled in small groups throughout the plaza, sitting around



HOUSE_OVERSIGHT_028127

thickets of candles and chanting, almost prayerlike, anthems of mourning and of peace.

For reasons I couldn't explain, I felt the need to see the place, near the front of the square, where Rabin had been murdered, by a 25-year-old Orthodox Jew and settlement activist named Yigal Amir. Standing there with Nava, I felt even more strongly what I'd told Leah by phone from New York after hearing Yitzhak was dead: his murder would leave a huge hole – in me, in all Israelis. He was an extraordinary mix of qualities: a brave officer, first in the pre-state Palmach and then the new Israeli army; a chief of staff and defense minister at critical periods in our history. Shy, even at times uncertain or hesitant, and naturally cautious. Decisive, too, when he felt that he, and Israel, needed to be: whether on Entebbe, or the prospect, with all its risks, of launching an operation to kill Saddam Hussein. Humane, too: ready to negotiate with terrorists to save the lives of those they were planning to kill, unless he was confident our soldiers could save them first. Underpinning it all was a dedication to fighting and defeating Isael's enemies, yet a mindfulness that the real victory, if and when it was possible, would be genuine peace with our neighbors. He and I had had differences over particular policies: leaving our troops in Lebanon, for instance, or more recently the architecture of Oslo. But I never doubted that we were lucky to have Yitzhak leading Israel on the inevitably fraught road to a negotiated peace. I never ceased to believe there was no politician more suited to the role: that he would do everything he could to achieve it, yet would step back if he saw that he was putting Israel's security at risk.

On Sunday evening, Peres called a cabinet meeting in the *kirya*. He said our task was to continue what Rabin had begun, and that at least for now he would fill Rabin's shoes not just as Prime Minister but Defense Minister as well. The whole country stood still, shocked, until the state funeral two days after the assassination. It was attended by dozens of leaders from around the world. My role was to escort King Hussein and Queen Noor. On our drive into Jerusalem, we passed the Old City walls. We were barely a mile from the stone terrace, above the Western Wall of our ancient temple, where the golden Dome of the Rock and the Al-Aqsa mosque stand. I knew Hussein had been there as a boy when his grandfather, King Abdullah, was shot and killed by a Palestinian amid rumors he was contemplating peace with Israel. Now, Rabin had been murdered, by an Israeli. "To me, it's like the closing of a circle," Hussein said. "Those who are murdered because they are not extreme enough. Because they look for normalcy, and peace."



HOUSE_OVERSIGHT_028128

Yitzhak's murder had acted like a kind lightning strike, freezing Israelis in a mix of disgust over what had occurred and awareness of the dangers this brand of hatred and extremism posed. I was concerned the moment would be allowed to pass. My hope was that we could seize the opportunity to bring together all those Israelis – on left and right, secular and Orthodox, Ashkenazi and Sephardi – who were prepared to stand up against the fanaticism, the violent messianism, of which Yigal Amir was just a part. That was the main reason I wanted Peres to call an early election, an issue that would be discussed, off and on, over the next few months. I felt the time was right to present the country with a choice: not just between those for and against specific compromises being contemplated in pursuit of peace, but between those who wanted a tolerant, functioning democracy and those who were ready to use demagoguery and violence to get their way.

Peres's first order of business was to put in place a new cabinet. He did, briefly, consider giving up the Defense Ministry and putting me there. But instead, he made me Foreign Minister. Like Rabin before him, Shimon stipulated that he, as Prime Minister, would retain authority over the peace negotiations. Still, with his agreement, I was involved in all the discussions around the peace talks, and in meeting many of the Arab leaders we'd have to negotiate with if we were to find a lasting resolution of the Arab-Israeli conflict. Just a few weeks after the assassination, I represented Israel at a Euro-Mediterranean Partnership conference in Barcelona. Its only real diplomatic work consisted of ironing out the wording of the communique. The real value was in the corridors, and at the dinner held at one of King Juan Carlos's palatial estates, and, for me, a first opportunity to meet not only Arab foreign ministers but Yasir Arafat.

My first, brief encounter with Arafat began a bit embarrassingly. I'd arrived a few minutes early for the conference dinner and was led into an impressive hall that was almost empty except for a wonderfully cared-for royal Steinway. I sat down to play. Lost in the beauty of a Chopin sonata, I was completely unaware of PLO leader's approach behind me. A bit awkwardly, I rose to greet him. I grasped his hand. "It's a real pleasure to meet you," I said. "I must say I have spent many years watching you – by other means." He smiled. Our hosts had set aside time after dinner for the two of us to talk at greater length, with no aides present. But my hope was to begin by establishing simple, human contact; to signal respect; to begin to create the conditions not to try to kill Arafat but, if he shared the same goal, to make peace with him. "We carry a great



HOUSE_OVERSIGHT_028129

responsibility," I said. "Both of our peoples have paid a heavy price. The time has come to find a way to solve this."

In the half hour we spent together later, I could see that, physically, the Fatah leader from Karameh was not just older. He had a frailty about him. His skin seemed almost translucent in places. His hands shook slightly, with the early signs of Parkinson's. He spoke softly. But despite this ostensibly vulnerable exterior, I could see how daunting, and frustrating, he must be a negotiating partner. Henry Kissinger has described how Mao Tse-Tung, rather than engage directly in discussion or debate, tended to wrap his remarks in parables. Without stretching the parallel too far, Arafat was like that. While I tried to engage him on how each of us might help cement the Oslo process, and ensure that the interim agreement indeed led to a full peace, he responded with stories, or off-topic remarks, which I was left to unwrap and decipher.

He began our discussion by saying that now that I was Foreign Minister, he was glad to meet me. He said that he'd heard "reports" from his intelligence people that when I was chief-of-staff, I had organized a kind of dissident band of generals who were working to torpedo the Oslo agreements. He compared this to the OAS, the military cabal in France that had opposed De Gaulle. I could only laugh. I told him I'd actually spent two months with OAS men years earlier, in Mont Louis, but that Israel was different. Even at times of the toughest of disagreements, we were a family. An "Israeli OAS" would never work, even if I had been crazy enough to contemplate such a thing. Which, I hastened to add, I was not.

There was another idiosyncrasy I encountered in Arafat. He was constantly writing notes as we spoke. I didn't mind that. But it did strike me as slightly diluting the kind of frankness and openness I would find in most of the one-on-one meetings I went on to have with foreign leaders as Peres's Foreign Minister. Maybe he did it just as a kind of aide-memoire. But certainly in later meetings I had with him, it did have the effect to making me choose my words more carefully. That, I believed, reduced the prospect of exploring more creatively the boundaries of each of our official positions. It also helped Arafat to argue, as he did on more than one occasion, that Rabin, or Peres, or whatever Israeli interlocutor he chose to name had promised him such and such. He always implied this was based on his written record, though he never produced any evidence to that effect. He also never seemed to have recorded anything that *he* had promised Israelis.

I tried, with only partial success, to engage some of the other Arab foreign



HOUSE_OVERSIGHT_028130

ministers when we'd arrived in the banqueting hall. I did have a good talk with Egypt's Amr Moussa, and the foreign ministers of Morocco and Tunisia. When I tried to start a conversation with Syria's Farouk al-Sharaa, however, he pointedly, though politely, said he felt that would not be appropriate. President Assad had broken off talks with us earlier in the year, insisting that we first commit explicitly to honor Rabin's "pocket deposit" on the Golan Heights. Still, in my formal remarks at the dinner, I urged both sides to resume our effort to negotiate an Israeli-Syrian agreement. Sharaa's response was, again, unencouraging. But I did notice, and take heart from, the fact that it was neither polemic nor overtly hostile towards Israel.

When I returned to Israel, I found that Peres, too, wanted to restart the negotiating process with the Syrians. The effort took on fresh momentum after a meeting at Peres's home in Jerusalem in early December, ahead of his visit to Washington for talks with President Clinton. Itamar Rabinovich and I had each met with him separately a few weeks earlier to brief him on how the talks with the Syrians had gone under Rabin, and why they'd reached an impasse. We emphasized Assad's insistence on a preemptive agreement on our leaving the Golan. Peres now came forward with a plan. It was the diplomatic equivalent of what the Americans, a few years later in the second Gulf War, would call "shock and awe." This was "dazzle and befuddle." As Peres explained it, we would flood Assad with proposals: not just on land or security, but everything from water and electricity to tourism and industrial zones. Assad was in personal control of the Syrian side of the talks. The mere volume, range and complexity of the simultaneous engagement Peres had in mind would, he hoped, dilute his focus on the Golan. "The best results are extracted from confusion," he said. Having watched President Assad operate for years, when I was head of intelligence and chief of staff, I said I was skeptical. I used the image of a bulldog. "It comes into your living room with one aim: to lock on to your ankle. You can throw fireworks, cookies, balloons, a tasty bone. But it's a bulldog. It's still going to move another step toward your ankle." For Assad, the ankle was the Golan.

I understood why Peres wanted to make a new effort to get peace with Syria. Obviously, it was something to be desired in itself. It would transform the terms of our conflict with the Arabs, and maybe even bring within reach the hope of ending it altogether. But there was a political consideration as well. For all his other accomplishments, Peres had a record of repeated electoral defeat as head of Labor. This next election would be the first held under a new set of rules. Instead of merely choosing lists of Knesset candidates, Israelis would cast two



HOUSE_OVERSIGHT_028131

votes: one for a party list and one for a directly elected Prime Minister. This would be a *personal* test, an opportunity for Shimon to build on the still-tenuous achievement of Oslo and finally secure the endorsement of the Israeli people.

It seemed, for a while, I might even have a role. A few days later, Peres and I met again. In Israeli elections, the campaign manager is called head of *hasbarah* – media and public-information planning. He told me he still didn't know exactly when he would call the election. But he asked me to take on that role.

* * *

Both Peres and I proved to be right about the Syrians. The negotiations did resume, and two rounds of talks were held at Wye River, on Maryland's eastern shore, in December 1995 and January 1996. They did focus on the whole range of issues in an eventual peace, just as Peres had hoped, and some progress was made in identifying areas of potential agreement. But the bulldog never took its eyes of our ankle. There was no escaping the fact that without addressing the question of our withdrawal from the Golan Heights, we weren't going to get to the next stage. So a decision had to be made.

Peres, no less than Rabin, knew what the trade-off would be. Israel needed a series of ironclad security arrangements, and a *genuine* peace, rather than just agreement to a cessation of hostilities. Syria would demand to get back all, or at least virtually all, of the Golan. Peres now focused on clarifying, in his own mind, whether we should be willing to agree to trade the Golan for a peace treaty. Our key meeting took place in early February, in the underground bunker in the *kirya*. Peres asked Amnon Lipkin, as chief of staff, and our other top generals for a presentation on their view of the security arrangements required with Syria under a peace deal. They recommended that Israel insist on keeping a sizeable part of the Golan, as well as a range of demilitarization provisions which reached pretty much to the edge of Damascus. I'd been asked for my view by Rabin when I was chief-of-staff. Obviously, from a purely military standpoint, the ideal situation would be to keep the whole of the Golan Heights. No chief of staff was going to recommend pulling out. But I'd always added a rider: to withdraw as part of a peace agreement, with all its other likely benefits, was not a *military* question. It was a decision for the government. The relevant question for a *chief of staff* was whether we could ensure the security of Israel if the government decided on a withdrawal, to which I answered yes.



HOUSE_OVERSIGHT_028132

I suspect Amnon would have said much the same thing. But that wasn't the question he'd been asked. As the proceedings wound down, Peres looked glum. Maybe he was anticipating the potential leaks of army concerns about a Golan withdrawal if we did get closer to a deal, and the venomous political attacks he could expect from the right. Bibi's stated view on a deal with Syria at the time was that we could get peace *and* keep the Golan. It was classic Bibi, spoken with verve and conviction as if simply saying it would make it true.

When the presentation was over, Peres called us into a small room in the bunker reserved for use by the Defense Minister. As Foreign Minister, I was the only cabinet member with him – along with Uri Savir, Peres's senior deputy for peace negotiations and several other Peres aides. If there had been a discussion, I would have told him that as long as he felt the talks were progressing, he could ignore Amnon's presentation. If we didn't get a deal, it would be irrelevant. If we did, the military could find ways to deal with the security issues. But he just looked at us and said" "We're going for elections." A few days later, the date was set for May 29, 1996. Yet that would turn out not to be the end of Peres's doubts or difficulties. It was only the beginning.



HOUSE_OVERSIGHT_028133

The first attack in the wave of Hamas suicide bombings destroyed a Jerusalem bus at 6:42 a.m. on February 25, 1996. It left 26 people dead, and nearly 80 injured from nails and shrapnel packed into the explosive charge. The second was near Ashkelon. The bomber, dressed in Israeli uniform, joined a group of young soldiers and blew himself up, killing one of them. A week later, a third suicide attack blasted the roof off a bus on the same Jerusalem commuter route, leaving 19 more dead. And on March 4, a 24-year-old Palestinian walked up to the entrance of Tel Aviv's busiest shopping center, on Dizengoff Street, detonated 30 pounds of explosives, and killed 13 people. At the bomb scenes, bloodied survivors and crowds of pedestrians surveyed a hellscape of twisted metal, shards of glass and mangled body parts. While most Israelis were too shaken to worry about the immediate political repercussions – and Bibi was careful, at least in the immediate aftermath, not to try to score political points –Peres's reelection campaign seemed to lie in tatters almost before it had begun.

The attacks were not a surprise. As I'd argued to the Washington think-tank audience before joining the government, the peace promise of Oslo had been assailed from the start by a new alliance of Islamist Palestinian violence: mainly Hamas, and Islamic Jihad on the West Bank. They saw Arafat as a traitor who had sold out to Israel. For them, the issue wasn't just Israel's capture of the West Bank and Gaza in the 1967 war. It was *1948*: they opposed any Jewish state, anywhere in Palestine. In a campaign of terror that made the first weeks of the intifada seem almost easy to deal with, they began sending self-styled holy warriors to murder Israeli civilians, and sacrifice their own lives, in the expectation of Allah's rewards in the world to come. During the two years following Oslo, they'd mounted ten suicide attacks, leaving nearly 80 Israelis dead. The attacks had actually stopped since the summer of 1995. But when the election date was announced – with Peres holding a roughly 15-per-cent lead in the polls – political commentators both in Israel and abroad began speculating about a resumption of terror. For Hamas, the election presented not just an opportunity to kill innocent Israelis but, by helping defeat Peres and Labor, perhaps to kill Oslo as well.

Even before the bombings, our campaign was struggling for focus, energy and even purpose, beyond the aim of getting more votes than Bibi Netanyahu. Despite



HOUSE_OVERSIGHT_028134

Peres's assurance that I'd be the campaign manager, that hadn't happened. I wasn't really surprised by that, however. When he offered me the job, I wondered how he'd managed to clear it with much more established Labor politicians. It turned out he hadn't. Haim Ramon, the veteran whom I'd urged Yitzhak to bring back for the election, was put in charge. Shimon did ask me to head a small advisory team which reported directly to him, but all the key decisions were taken at weekly strategy sessions chaired jointly by him and Ramon. I still hoped to make the campaign a referendum on Yitzhak's murder, and on the need to recommit Israel to democracy and dialogue over vitriol and violence. But Haim began with the assumption that, given Peres's lead in the polls, we should simply play it safe, ignore the issue of the assassination, and try to ignore Bibi, too. He described it as a soccer match. We were leading by two goals, he told our first strategy meeting. The other side was never going to score unless we screwed up. "To win, we do what all good teams do. We play for time. We kick the ball around. We kick the ball into the stands. We wait for the final whistle." I tried, without success, to argue that we were underestimating Bibi. "He may be young and inexperienced in national politics. But I know him from when he was even younger. He knows how to analyze a task, break it down, work out a plan and execute it systematically and tenaciously. If we play it safe and don't *define* the campaign, he'll seize on every error we make and *he* will define it."

I wanted us at least to connect with Yitzhak's legacy. I argued to both Peres and Ramon that we should promote Shimon as the candidate with the background, experience and vision to take forward what he and Rabin had begun. I also wanted us to echo a core assumption in all that Yitzhak did as a military and political leader: that peace was achievable only if Israel and its citizens felt secure. Even before the renewed terror attacks, I argued that we had to recognize that, much as Israelis yearned for peace, many were conflicted and fearful about the Oslo process. I said our central campaign message should be *bitachon ve shalom*. Security and peace. "In that order," I added. "We should tell voters openly that we expect groups like Hamas to try to launch attacks. But they don't *want* a secure Israel. They don't want peace. *Don't play their game*."

Yet the scale and intensity of the bombings threw everything into crisis. After the bomb in the Dizengoff shopping mall, Peres called an emergency cabinet meeting at the *kirya*. He knew that we had to find a way to reassure Israelis we were getting a grip on the situation. We had got a start in our regular Sunday



HOUSE_OVERSIGHT_028135

cabinet meeting the day before, by reviving an idea I'd supported under Rabin: to build a security fence all along the edge of the West Bank, with a series of controlled crossing points for people and goods. Yitzhak had said no at the time, because he was worried it would be seen as a *de facto* border and undermine the idea of building coexistence. My view then, and even more so now, was that we would never get to the point of negotiating a final peace with the Palestinians unless we could stop at least most of the terror attacks before they happened. Peres, too, had been worried about "undermining coexistence." But now, he and the rest of the cabinet were so shaken by the carnage Hamas had left that they approved the idea of a security barrier.

At our *kirya* meeting, hours after the latest bomb had exploded less than a mile away, Peres recognized we had to go further. Under Oslo, we had begun giving the Palestinians control over internal security in Gaza and parts of the West Bank. Since the new Hamas attacks, Arafat had been *saying* the right things. After the first bomb in Jerusalem, he'd phoned Shimon to offer condolences, telling reporters afterward that this was "a terrorist operation. I condemn it completely. It is not only against civilians, but against the whole peace process." Yet when it came to *action*, we saw no sign that he was willing, ready, or perhaps able to crack down on the Islamist terror attacks. So Peres now announced that, if necessary in order to detain known terrorists, we would for the first time send Israeli troops back into areas where control had been handed back. If Arafat didn't act, we would.

On the political front, Peres did get some good news: President Clinton, anxious to preserve the progress he'd worked so closely with Yitzhak to achieve, organized an unprecedented show of international condemnation of the terror attacks. With Egypt's Hosni Mubarak, he co-chaired a "Summit of Peacemakers" in Sharm al-Sheikh with the participation not just of an equally concerned King Hussein, and of course Arafat, but leaders of Arab states from North Africa to Saudi Arabia and the Gulf. The only significant holdout was Syria's Hafez al-Assad. He objected because he said the conference was too focused on Israel. As Foreign Minister, I accompanied Shimon to the summit. A single day's meeting was never going to end terror. But it was unprecedented in the breadth of Arab engagement in an initiative that, as Assad had anticipated, didn't just condemn terror in general. It specifically denounced the attacks being launched inside Israel.



HOUSE_OVERSIGHT_028136

I'd met President Clinton briefly once before, when he received Syrian chief-of-staff Hikmat Shehabi and me after our Blair House talks in 1994. But the Sharm conference provided my first opportunity to spend time with him face-to-face. When Peres and our delegation were about to leave, a Clinton aide approached and said the President had asked whether I'd like to join him on the flight back to Israel. Though as surprised as I was by the invitation, Shimon nodded at me to signal it was okay, so I headed off for Air Force One. I spent most of the brief flight talking to the President in the office space carved into the middle of the plane. I would later discover that he quite often tried to engage with foreign leaders' colleagues or advisers on overseas trips, and not limit himself to summit negotiations. It was part of his voracious appetite for information or insights which he believed were essential to get a rounded understanding of the complexities of the issues he was trying to address. Still, it was an extraordinarily fascinating 20 minutes. I got my first real look at Clinton's natural gift for person-to-person politics, as well as his mastery of both the detail and nuance of Israel's predicament, and of the wider conflict in the Middle East. Looking straight at me, almost never breaking eye contact, he encouraged me to feel I had something of value and importance to share with him. In fact, he created the impression that I was the first sentient, intelligent human being he'd ever met. He made no grand policy statements. Mostly, he asked me questions: what were the prospects of Arafat reining in Hamas and Islamic Jihad? How were our relations going with King Hussein? What was my view of the chances of concluding a peace with Hafez al-Assad, despite his boycott of Sharm al-Sheikh? If Shimon did go on to win the election, what new diplomatic opportunities could he as president, and we, exploit in the search for peace? And, finally, what if *Bibi* won? I dare say this first meeting was more memorable for me than for the president. But it would turn out to provide a foundation for our joint efforts, in a few years' time, to resolve the very issues we'd talked about on Air Force One.

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Though the summit restored a small opinion poll lead for Peres, that merely reinforced Haim Ramon's soccer-game strategy. I was more convinced than ever it was wrong. Haim still wanted to ignore Bibi, but I pointed out that for at least one



HOUSE_OVERSIGHT_028137

reason, that was absurd. Near the end of the campaign, there was going be a head-to-head television debate. In the meantime, though Bibi might be many things, he wasn't stupid. He was already telling voters that while Peres was making deals with Arafat, ordinary Israelis were being left to wonder where the next terrorist would strike. He would surely ramp up the accusations that Peres was "weak on security," especially if there was more violence. To assume that if we just sat back we would win seemed to me complacent and risky. Yet when I mentioned to Shimon that a couple of our internal polls still actually had Bibi slightly ahead, he just laughed. "I have good polls," he said. "Why should I believe the bad ones?"

Then, however, violence intervened again. It was not Hamas this time. Beginning on March 30 and escalating sharply 10 days later, Katyusha rockets rained onto towns and settlements in northern Israel by Hizbollah – the first sustained attack since the cease-fire in 1994. It was pretty obvious that, like Hamas, the Iranian-backed Shi'ite militia in Lebanon was not just targeting Israeli civilians, but Oslo, and Peres's chances of winning the election. The last thing Shimon wanted was for tens of thousands of people in the north of Israel to be cowering in shelters during the final stretch of the campaign. So on April 11, he ordered a major military operation in Lebanon.

I wasn't party to the discussions about the operation. But the model chosen was similar to the one I'd drawn up in 1994: a large-scale air and artillery assault designed to hit Hizbollah hard, force civilians to flee and persuade the Lebanese and Syrian governments to commit to a US-mediated end to the rocket attacks. Again, all of that happened. But not before a tragic accident which brought a storm of international criticism and hastened the end of the operation. An Israeli special-forces unit was ambushed while providing laser targeting support for an air force strike. When it called in artillery support, four of the shells fell on a UN compound near the Lebanese village of Qana, killing more than 100 civilians seeking shelter inside.

Peres phoned me a few hours later, distraught not just because the wayward artillery strike had laid us open to charges of "targeting" civilians in an operation designed to try to avoid doing so. Also, because the accident seemed likely to deal a further blow to his efforts to convince Israel's voters that he, rather than Bibi, was the man best placed to lead the country. "We're in trouble," he said. Yet within days, it became clear that our basic campaign strategy – ignore Bibi and "kick the ball into the stands" – was not going to change. I did make one last



HOUSE_OVERSIGHT_028138

attempt to help put us on the political offensive, after I was asked to record on of Labor's TV campaign messages. I knew what I wanted to say. I'd talked it over with the small group of campaign experts Peres had asked me to assemble alongside Ramon's main team. Rather than ignore Bibi, I was going to use my position as his former commander in Sayeret Matkal, someone who knew him well, to explain why *Peres* should lead Israel.

"How many of us can really understand what it means to be a Prime Minister?" I began. "As head of intelligence, and chief of staff, I have seen, close-up, what it takes to be a Prime Minister. It is not a game. We've had good Prime Ministers: Ben-Gurion, Peres, Rabin, Begin... Bibi, we know each other well, from the days when you were an officer under my command. A young officer, and a good one. Prime Minister is the most important and serious role in this country. Bibi, it's not yet you. We need an experienced leader, who will know how to guide us with wisdom, strength and sensitivity. Shimon Peres is that man."

Yet we were never going to be able to avoid engaging with Bibi altogether. The face-to-face television debate between the two candidates was set for May 27, two days before the election. By American standards, the format was fairly tame. No direct exchanges were permitted, only a series of questions directed at each candidate by a leading political journalist, Dan Margalit. Still, it would place Shimon and Bibi side by side. We spent two days prepping Peres, with Avraham Burg – an early Peace Now supporter, former Peres aide and Knesset member – standing in for Bibi. Avraham played the role well, anticipating the lines of attack Shimon would face. But as I watched, I worried that even he couldn't replicate one of Bibi's key advantages. During his time at the embassy in Washington, and especially as UN ambassador, Bibi had become a frequent presence on American television interview shows. Always articulate, he was now also an experienced, and completely comfortable, television performer. In our debate rehearsals, Peres sounded well versed on all the issues. Yet I sensed his problem wasn't going to be the message, but the medium. He sounded a bit distant, unengaged, almost as if the TV debate was something he knew he had to go through, but which he thought slightly sullied the proper purpose of politics.

In the real debate, Shimon seemed to convey the sense that merely being in the same studio with a pretender as raw and untested as Bibi was offensive. When each of the candidates was given the opportunity at the end to ask a single question of the other, Peres didn't even bother. He did come over as the man with much more



HOUSE_OVERSIGHT_028139

experience, gravitas, substance. He also had what was probably the best line in the debate, saying that if Israeli voters were choosing a male model and not a Prime Minister, Bibi might indeed be their man. Yet Bibi was much the more polished performer, and the more focused. No matter what question Margalit asked him, he almost invariably answered with the driving message of his campaign: that because of Peres, Israeli citizens were living in *fear*, wondering where the next suicide bomber would strike or the next Katyusha would land. And unavoidably, there was another contrast as well: Bibi, who, after all, was 26 years younger, projected greater youth, energy and confidence. When it was over, and Peres asked us how he'd done, we all hemmed and hawed. Only Avraham Burg was prepared to offer a clear verdict. He told Peres that Bibi had been the clear winner.

Still, it remained possible that Ramon's football-game strategy might work. Though Peres's poll lead had been narrowing by the day, he was – just – ahead. With a large number of voters undecided, however, Bibi pulled one final trick out of his campaign bag. Under Israeli law, election spending is tightly regulated and nearly all campaigning is barred during the last 48 hours before polling day. Yet with the backing of wealthy overseas supporters, the Netanyahu campaign suddenly flooded Israel with blue-and-white banners under the slogan: *Bibi, Tov la Yehudim*. "Bibi is good for the Jews." Would it swing tens of thousands of votes among the Orthodox voters who were the main target? It was impossible to say. But it seemed clear it was going to be a very close election.

I had worried for some time we might lose. That was why Nava and I had persuaded Michal, our eldest daughter, to bring forward her wedding. She was marrying her teenage boyfriend, a wonderful young man named Ziv Lotenberg. They had originally planned it for a week later. But we did want to risk having it overshadowed by an election defeat. The wedding took place in a beautiful area of lawns and gardens called Ronit Farm, north of Herzliya. It was how weddings are meant to be, full of smiles, good food and dancing. Near the end, Shimon showed up. As he walked over to greet us, one guest after another shook his hand, patted him on the back, hugged him, wished him luck. It was as if all the pressure and tension of the campaign had suddenly flowed out of him. He smiled, returned the embraces, even joined in the dancing. When he left, I told him that he'd done all he could to secure victory, and that I hoped the voters would make the right choice.

The first exit polls suggested he was going to win. But our internal polling was less clear. As more and more votes were counted, Shimon's margin inexorably



HOUSE_OVERSIGHT_028140

narrowed. It wasn't until the next morning that the final result was clear: Bibi Netanyahu had won. By 29,000 votes. If a mere 15,000 of the three million ballots cast had gone in our column instead of his, Shimon Peres would have remained Prime Minister.

I knew he'd be feeling crushed. Not just on a personal level, because this latest electoral defeat had been in was a direct, head-to-head vote for Prime Minister. He, like all of us who had campaigned for him, knew what was at stake for the country. It had been barely six months since Rabin was gunned down in Tel Aviv's main square, by a fellow Israeli riding a tide of hatred so blinkered that it could paint Yitzhak – who had worked all his life to create, defend and help develop the Jewish state – as a traitor, even a Nazi. All because he had decided to try to make peace with the Palestinians, at the price of ceding control of part of the biblical land of Israel. Bibi had gone through the motions of urging restraint. But politically, he had ridden their wave. It was hard not to see his victory over Peres as a triumph for the ugly intolerance and the venom that had claimed Yitzhak's life. In policy terms, it was in large part a rejection of both men's vision of an Israel that, while still ready to fight if necessary, could explore compromise in the search for the ultimate prize of peace. The last time Yitzhak and I had talked, he'd been confident of defeating Bibi at the polls, and I do believe he would have won. But despite his differences with Peres, I'm equally certain he would have wanted *Shimon* to win, not just for his sake but for Israel's.

I had got to know Shimon, too, during my years in the *kirya*. In fact, he was the Labor leader who first spoke to me openly about one day moving into politics, something Yitzhak was always punctilious in not broaching before I'd left the army. Shimon had also taken to including me – usually along with Yossi Beilin and Shlomo Ben-Ami, a bright young historian who would become our ambassador to Spain before entering politics himself – in a coterie of "youngsters" he would bring along to meet visiting dignitaries from abroad. He occasionally invited me to chat about military and security issues in his and Sonya's flat in Ramat Aviv. My personal ties to Rabin were stronger, of course. After I joined the government, Shimon's and my relationship became slightly more circumspect. But since the assassination, some of the old warmth had returned. Not just as his foreign minister, but in discussions on wider questions of security as well, we worked closely together.



HOUSE_OVERSIGHT_028141

Within days of the election, however, there was a new source of potential friction between us: Shimon's future, and possibly mine, in leading our opposition to Bibi and bringing a Labor government back to power.

* * *

The question of Peres's leadership was unavoidable. Labor's constitution mandated a vote for party chairman within 14 months of an election defeat. But the widespread assumption was that Shimon would run again. A little before midnight on election day, with the returns beginning to show we might lose, I was invited to a morning-after breakfast by two senior Labor ministers: Fuad Ben-Eliezer, the man who had delivered the table-thumping warning that the hatred on the far-right would lead to a murder, and Avraham Shochat, Finance Minister under both Rabin and Peres. Both had been in the Knesset since the 1980s. Both were part of two of Peres's earlier, failed, election campaigns. Both now said that they weren't prepared to see him lead us into electoral battle the next time around. "Everyone in the party understands the meaning of this defeat. Shimon is done," Shochat said, as Fuad nodded his agreement. "You will have to go for the leadership."

Though their endorsement was a surprise, it would be disingenuous to pretend I hadn't been thinking, at some stage in the future, of running for the party leadership. But my election-campaign differences with Ramon and Peres were not just for the sake of intellectual argument. I badly wanted us to win: both for Peres's sake and the country's, and to redeem and continue all that Yitzhak had sacrificed. Despite my misgivings about some aspects of the Oslo process, I did believe there was a possibility of achieving peace with the Palestinians. I knew, from my involvement in the talks with the Syrians, that the outline of a possible peace agreement with Assad was already in place. I frankly wasn't confident that Bibi was the man to lead it forward. Yes, he was smart. He was organizationally astute. He'd been a good sayeret officer. Yet as I'd said it my TV spot, being Prime Minister required much more than that. I was now an elected Knesset member. But I had gone into politics in the hope of making a difference to how Israel confronted its defining challenges of war and peace. The prospect of spending the next few as a mere opposition foot soldier, making speeches and sitting in committee sessions,



HOUSE_OVERSIGHT_028142

seemed to defeat the purpose of going into politics in the first place.

Still, I had no appetite for rushing into a challenge to Peres's leadership, both because it was bound to be difficult for both of us, and frankly because it seemed rash, premature and maybe even unnecessary. Bibi was beginning the negotiations to form a government, and that process was likely to take at least a few weeks. Shimon had yet to signal whether he did intend to stay on. Still, when he invited me for a late-night chat at his apartment a week after the election, I was concerned *he* might raise the leadership issue and I knew that, if he did, I would have to be honest and open with him.

The conversation went very differently than I'd expected. After he'd poured each of us a glass of Armagnac, and offered me a plate of Sonia's cakes, he spoke for a while about Bibi, though he could not even bring himself to utter the name. *This man,* he said, knew nothing about leadership, much less about running the country. He would be outmaneuvered, overshadowed and ultimately controlled by the "real strongman" in the Likud: Arik Sharon. I said I thought we were again underestimating Bibi's strength, as well as the effect of the country's new electoral system. He was the first Prime Minister to enjoy a direct, personal mandate. That turned upside down the balance of power and influence in our politics. As he assembled his coalition, the other parties, if they wanted to be in government, would have to deal with him on his terms. So, to a much greater extent than before, would potential internal rivals.

As we talked, I was struck that Shimon seemed resigned to the election defeat, relaxed, more at ease with himself than at any time since the start of the grueling campaign. Then, quite suddenly, he said: "Ehud, I understand the meaning of the election result. "You will have to take on the leadership, and lead the party." He said he didn't plan to spend the rest of his years hanging around the apartment. He would remain active – "working for peace" – but no longer in the party political arena. "I understand the meaning of what has happened," he repeated. "I will pass the Labor leadership torch to you. We should find a way to do it quickly, and in the right way."

It was nearly three in the morning when I left. I was not just surprised, but touched, by what he'd said. Shimon was now nearly 73. He'd had a life in our country's politics, and in Labor, stretching back to before the state, when he'd been a favored protégé of Ben-Gurion. Walking away was going to be hard. I was



HOUSE_OVERSIGHT_028143

touched as well by the fact that he had decided to "pass the torch" to me, someone more in the mold, and closer to, Rabin. But I remained cautious, too. When I got back home, Nava, knowing where I'd been, was still awake. I told her everything that Shimon had said. I told her how extraordinary it felt to have the prospect, at least, of leading Labor in opposition to Bibi, without the need to confront, or to inflict personal hurt, on Shimon. But I added: "It seems a bit too good to be true."

It was. The next morning, I joined other ministers and party officials with Peres in his office. It was as if our conversation a few hours before had never happened. Shimon set out his strategy for Labor going forward. And the first thing he said was that the party needed to push back any leadership election beyond the mandated 14 months."It's too early," he said. He said we needed to focus on two other strategic imperatives: to reconstruct the party, and consider the issue of joining a possible "unity" government with Bibi.

Though Bibi went on to form his government without us, in alliance with a number of smaller Orthodox parties, the idea of a Labor leadership change seemed off the agenda, at least for now. In early August, I was standing next to Giora Einy – the "political operative" Yitzhak had sent to help bring me into his government, and a friend of Peres as well – when Shimon rose to speak to the dozens of well-wishers at his 73rd-birthday celebration in Tel Aviv. He was at his old, self-confident best. With just a few thousand extra votes, we would have won the election, he said. He was sure Bibi's coalition – "a coalition against peace" – would not survive for long. Giora, smiling, turned to me and said: "It doesn't sound like a farewell speech. It seems like he's ready for the next round. He lost twice to Begin. He lost once to Shamir. And only once to Bibi. He's not going to stop without giving it another go."

Another of Peres's old friends, a few weeks later, urged me to press him on the need to step aside. I'd become closer to the French Jewish businessman Jean Frydman during the election campaign. Since he had helped organize the fateful peace rally at which Rabin was shot, he felt – wrongly, but powerfully – a sense of responsibility for what had happened. He wanted to do everything possible to ensure that Rabin's political legacy, and Shimon's, survived. He invited Nava and me to visit him for a few days. When he asked about the birthday celebration, I told him what Peres had said. "He's making a huge mistake," Jean told me. "After every election, he goes through the same process. Always, he's convinced that next time he will win." I said how I dreaded the prospect of being part of an effort to



HOUSE_OVERSIGHT_028144

*force* Shimon out. But Jean said he'd been giving a lot of thought to everything that had happened since Rabin was killed. He felt I was the only potential Labor leader who could defeat Bibi in an election and "bring back sanity to Israel, lead it to peace." He said he was convinced that Peres's time had passed. "I can say that. I'm from his generation. And as a very close friend of Shimon, I will be the first in line to help you."

Early in September, having let Shimon know through Giora and then phoning him directly, I declared publicly that I would be running for the Labor leadership. Though he'd thanked me for telling him beforehand, he said he thought I was making a mistake, and was still against having a leadership election at all. That made his public response to my announcement puzzling. He went on Israeli TV and said he would *not* be a candidate for Prime Minister in four years' time. "The time has come for a change," he said. But while everyone took that to mean he was reconciled to a change of party leadership as well, it turned out that we had jumped the gun. He intended to stay on as chairman.

During the early months of 1997, Shimon and I held a series of late-night meetings at his apartment to thrash out an agreed course. It was a process that was hard for both of us, and hurtful for him. He was now at least reconciled to the inevitability of an election for a new party leader, if only because his protégé Yossi Beilin had also put his name forward. But he kept proposing to push back the vote. I insisted that since the deadline under party rules was June 3, it was only right that all of us abide by that. I do remember a particularly poignant moment from one of our sessions. Peres had left the room for a minute, and Sonia came in. "Ehud," she said to me, "keep your nerve. You're the only one who can talk to him this way. He should have retired from politics years ago. You're the only one around him who tells him the truth."

We ended up with a compromise. Shimon accepted that the leadership election would be held on June 3. I agreed that in the unlikely event Bibi decided to invite us into his coalition during the three months after the leadership vote, Peres would select the Labor ministers. Our last meeting ended at nearly four in the morning. He told me he'd arranged a reception for the party leadership at 10 a.m., in barely six hours' time. He suggested we meet in his office an hour beforehand. I didn't know what to expect. After months of discussions, I hoped he understood that I had wanted the process to go differently. I had been open and honest with him throughout. But I knew that, deep down, he still wanted to stay on, that he believed



HOUSE_OVERSIGHT_028145

that his long record of service should have earned him that right, and that it would be painful for him to accept that, by June, there would be a new Labor leader.

He was relaxed and gracious when I arrived. We went through the details of what we'd agreed, and worked out what each of us would say to reporters. What came next, as the party faithful filed in, was simple human nature, I suppose. Seeing some of his oldest supporters, he had second thoughts. His comments to reporters afterward were more hedged than what we'd discussed. Giora told me that after all of us had left, Peres turned to him and said: "Look what Barak is doing to me. What have *you* been doing?" Giora, who had been a conduit between us at the very beginning of our discussions, replied: "You *asked* me to bring Barak to you." At which point, Shimon said: "OK. So probably I made a mistake."

At a convention of 3,000 party activists in mid-May, a few weeks before the leadership election, he made a final attempt to mitigate that "mistake". Nissim Zvili, the secretary-general of the party and a longtime Peres ally, introduced a motion to vote him into a new post of party president. A couple of Shimon's friends urged me to back the idea, describing it essentially as a ceremonial role. But I feared it was a recipe for prolonging the agony. Whatever powers "President Peres" would have, the idea of two captains on a ship would almost certainly mean trouble. I was especially reluctant to go along with it because our *particular* ship had been in rough waters for so long. Labor needed to steer a calm, decisive course toward the next election if we were going to defeat Bibi.

What followed was one of the most painful spectacles I've ever witnessed. When Peres rose to make his case for becoming party president, he said: "I don't want powers. I don't want honors. But I also don't want insults. I *announced* my decision to resign from the position of party chairman. Did someone push me into it? Am I trying to hold on to my job?"

"Yes!" many hundreds of the delegates shouted back at him.

Stung, he reminded the meeting that it was he who had led Labor back from the battering it took in the 1977 election against Begin. In 1981, he'd helped us recover a dozen of our lost seats. Even so, because he hadn't succeeded in forming a Labor government, people had called him a loser! "*Mah? Ani* loser?" he asked, using the English word. "Am I a *loser*?"

"Yes! Yes!" came the shouts.



HOUSE_OVERSIGHT_028146

Yet the saddest note came at the end. "I apologize for being healthy, for not getting old according to plan," he said, adding that even *without* the title of president, he would keep working for peace.

There were three other candidates for party chairman: Yossi Beilin; Ephraim Sneh, the friend who'd been the paratroopers' chief medic when we'd fought at the Chinese Farm in 1973, and at Entebbe too; and Shlomo Ben-Ami, the academic and diplomat whom Shimon had taken along with Yossi and me to meet visiting foreign politicians, and who was now also a newly elected member of the Knesset. When the vote came, it was assumed by most political commentators that I was going to win. The only question was whether I'd get the 50 per cent of votes needed to avoid a run-off, where the outcome might be less predictable. But I got 57 percent against Yossi's 28, with the remaining 15 percent split between Ephraim and Shlomo-Ben Ami.

* * *

Now, we had to put ourselves in a position to defeat Bibi and the Likud. Policy priorities were ultimately what would matter most: strong and credible steps to confront terror and safeguard our security, allied with the leadership and will to try to negotiate a peace with Syria and the Palestinians; and, at home, a recommitment to the values of an open, tolerant democracy. But in at least one important way, I approached my new role as if it was one of our operations in Sayeret Matkal, or the need to reshape our armed forces when I was chief-of-staff. My first priority was to put in place the *practical* foundations for a successful election challenge against Bibi. Through Jean Frydman and other business supporters with the means and the desire to help, my brother-in-law, Doron Cohen, assembled sufficient funding for us to begin engaging with the strategists who had helped deliver electoral success for a trio of other centre-left political leaders overseas: Bill Clinton, Tony Blair in Britain and later Gerhard Schroeder in Germany.

My main early political focus was on holding Bibi and the government to account in the Knesset, above all on the torturous process of ensuring our security while implementing the West Bank redeployments agreed in Oslo II. We'd made a small start under Rabin and Peres, but the three major withdrawal phases due in the



HOUSE_OVERSIGHT_028147

five-year interim period had yet to begin. In one respect, I had some sympathy for Bibi's predicament. The reason I'd tried to get Yitzhak to alter the terms of Oslo II was that it required us to hand back control before we knew what a "permanent-status" peace deal would look like. But where my sympathy ended was in how Bibi handled the situation. Despite my concerns about the way the Oslo process had been designed, I never doubted that killing it off would be by far a worse alternative. Bibi had been elected to *lead* Israel. Instead, he acted as if he was playing some sort of pinball match, flipping the ball first one way, then the other, with no obvious aim beyond keeping it in play – and, where Oslo was concerned, simply stalling for time. Rather than setting out any vision of where he hoped to move the negotiating process, he seemed more concerned with keeping the right-wing of Likud and the smaller, even more extreme parties from turning against him.

In late September 1996, Bibi and the Likud mayor of Jerusalem, Ehud Olmert, decided to go ahead with the festive opening of an archeological tunnel that provided access to a larger portion of the Western Wall of the ancient Jewish temple. It was a decision that, under both Rabin and Peres, we'd delayed out of concern about inflaming tensions with the Palestinians. As Shimon rightly said publicly after the three days of violence that followed, we understood that, at a minimum, it would need to be coordinated beforehand with Arafat. As the unrest spread into the West Bank and Gaza, there were media warnings of a "new *intifada,"* the difference this time being that the Palestinians newly established police had entered the fray. By the time urgent US diplomacy, our efforts and Arafat's, brought it to a close, 25 Israeli soldiers and nearly 100 Palestinians had been killed. He did not slam the brakes altogether on the American-led efforts to move ahead with the Oslo. In early 1997, in fact, he and Arafat reached a separate agreement on the critically important question, and potential flashpoint, of Hebron. It stipulated that about 80 percent of the area would be under Palestinian authority, with Israel retaining control and responsibility for nearby settlements and key security points. Despite right-wing and settler opposition, it was approved by a wide margin in the Knesset, with Labor's backing. But a few months later, in the spring of 1997, Hamas launched a new campaign of suicide bombings in shopping areas of Jerusalem and Tel Aviv, leaving 24 people dead. While not suggesting that Bibi took the human cost of terror lightly, he did use the attacks to drag out further US-mediated talks on the details of implementing the Oslo II redeployments.



HOUSE_OVERSIGHT_028148

By November, even his Foreign Minister, David Levy, was making noises about quitting. He said it would be a waste of time to stay in the cabinet if it was going to bring the peace process to a halt. I warned Bibi, both in the Knesset and in a series of speeches, about the alternative on the Palestinian side if those who *wanted* a negotiated peace had nothing but stalemate to show for it. And lives, I insisted, were at stake. Both through closed-door sessions of the Knesset's security and foreign affairs committee, and my own contacts in military intelligence, I was convinced that the result would be a second, much more deadly, intifada. Not with Molotov cocktails, but guns, and suicide bombs.

I was not out to score political points in keeping the pressure on Bibi to move forward. In fact, I announced that if Bibi *did* go ahead and finalize the terms for our Oslo redeployment, Labor would once again provide the extra Knesset votes needed for him to get it approved.

Early in 1998, he sent word that he wanted to talk. The message came through Yaakov Ne'eman, his Finance Minister and a prominent lawyer whom I knew and liked. He and I held an exploratory meeting at which he proposed talks with Bibi on the prospect of a unity government that would help move the peace process forward. I said I'd talk, with one proviso: the discussions would be genuinely secret, with no leaks. I was not prepared to engage in political gamesmanship. In May, Bibi sent an assurance of confidentiality through Ne'eman. The first of about a half-dozen meetings came a few days later at the Prime Minister's residence in Jerusalem. Then, we shifted venue, meeting at a Mossad-owned villa north of Tel Aviv. I brought along Bougie Herzog, a bright young lawyer, and Labor Party member, who was working in the same law firm and Ne'eman. It was by no means clear we'd agree on a unity government. To my amusement, if not altogether to my surprise, I got word that Bibi was putting out separate political feelers to Shimon Peres. But before long, it became clear there was a specific political motivation behind his approaching me. It was indeed the peace process. But it wasn't the *Palestinian* peace process, something Bibi still clearly wanted to avoid as much as humanly possible. It was an attempt to engage with Syria.

He asked me about the talks under Rabin and Peres, and my views on the possibility of a deal with President Assad. He also wanted my assessment about whether the army could work out arrangements to safeguard the country's security if we handed back most, if not all, of the Golan Heights. If so, what kind of security arrangements, with what timeline? We met through the summer, as the



HOUSE_OVERSIGHT_028149

talks with the Americans on the further West Bank redeployments meandered ahead. We also discussed in detail how a unity government would work. We agreed it would be presented, like the Shamir-Peres partnership in 1984, as a cross-party response to an important challenge for the country: in this case, security and the peace process. I would be both Defense Minister and "Vice-Prime Minister", with the understanding that Bibi and I would jointly discuss all major issues before jointly agreeing to bring them to the full cabinet.

But in August, the talks ended, after news of our talks finally leaked. I immediately phoned Ne'eman. I reminded him that at the outset, I'd said that would mean the discussions were over. He did call me back later in the day to say Bibi insisted that he'd had nothing to do with the leak. My guess was that the source was my old comrade from the Chinese Farm, Yitzhik Mordechai, who had presumably heard that Bibi was ready to make me Defense Minister as part of a unity government. There was, of course, already a defense minister: Yitzhik.

Bibi's idea to reopen efforts to get peace with Syria didn't last either. Although I'd learn of this only a few years later, he'd approved a visit to Damascus by the American Jewish businessman Ronald Lauder to meet President Assad. The visit made it clear to Bibi what successive Israeli leaders had learned: a deal might be possible, but only if Israel was willing to commit in advance to pulling out of the Golan. Assad told Lauder to come back to him with a detailed map setting out Bibi's view on delineating the Israeli-Syrian border under a peace agreement. Though no one in the cabinet knew the initiative was underway, Bibi realized that before sending back the map Assad wanted, he would need to tell the two senior ministers directly affected: Arik Sharon, who had replaced David Levy as Foreign Minister; and Yitzhik Mordechai. Both of them said no, with Yitzhik pointing out that a signed map would inevitably become part of the negotiating record. It was a step that, in future negotiations, could not be undone.

Bibi's coalition was now creaking. The Syrian option was off. David Levy had already jumped ship. Yitzhik, increasingly concerned about Bibi's delay and drift on Oslo II, seemed to be thinking of leaving as well. Right wing ministers and Knesset members were no happier: they opposed even the slightest prospect of movement on Oslo. In October, Bibi did finally try to seize the initiative. He wrapping up the redeployment details in a summit with Arafat and Clinton and Arafat in Wye River. But as soon as he got back home, he started backtracking, rather than risk facing down his right-wing critics in the cabinet. Implementation of



HOUSE_OVERSIGHT_028150

the deal was due to begin in early November, but he kept putting off a vote in the cabinet. When the vote came, on November 11, Bibi squeaked through by a margin of 8 to 4, but with five abstentions. That meant less than half of his ministers had voted for it.

The easy part for him was Knesset ratification, since I had committed Labor to supporting Bibi on any move towards continuing the peace process. The day after the Knesset's vote, Bibi won the cabinet's clearance for actual implementation to begin. But it didn't. With hard-line ministers threatening to bring down the government if it did, Bibi again stalled. That was the turning point. I'd made it clear our parliamentary support would remain for as long as Bibi moved ahead with what had been agreed at Wye River. It was not intended as a blank check, or an offer to prop up a Prime Minister who now seemed to be looking for any way possible *not* to implement the agreement.

My key ally in what came next was Haim Ramon. Despite our differences over the direction of the Peres election campaign, we had become effective parliamentary partners. He had a depth of political experience and knowledge I still lacked. While I found the details of how the Knesset operated arcane and often tiresome, Haim knew all of it instinctively. When it came to the need for discreet discussions or bargaining with other parties, not only could he draw on his personal relationships with Knesset members across the party divide. He had the additional advantage of being able to avoid the scrutiny that would follow a direct approach from me. Before Bibi had gone to Wye, Haim and I had discussed how we might move to force early elections. The peace process, and the country, were drifting. There seemed no point in waiting, if we could be confident of lining up the necessary votes among the growing number of others who were also convinced Bibi should go. After the Wye summit agreement, I put all that on hold. But now that Bibi had shifted into reverse, I told Haim to resume his efforts.

In early December, he told me he had enough votes for a no-confidence motion, under his name, to dissolve the Knesset and pave the way for early elections. The axe fell on December 20. Bibi had lost the support of the right-wing, who wanted Oslo ended altogether. He had now lost me, too. I felt his approach to the peace process was leaving Israel rudderless. The way we were heading, we would not just forfeit any potential benefits from Oslo. We would be leaving a political and diplomatic vacuum at a time when a serious new explosion of Palestinian violence was becoming ever more likely. In the Knesset debate, Bibi made one final bid to



HOUSE_OVERSIGHT_028151

save himself: by suggesting a delay of 72 hours for talks on a "unity" government. I said that I was all for unity. But I reminded him that, time after time, we'd saved his government in order to continue the peace process. We could no longer help out a "government that is not interested in upholding the Wye agreement, but only in its political survival."

The vote of no-confidence went against him by the yawning margin of 81 to 30, with nine Knesset members abstaining or staying away. A few days later, the date for the election was announced: May 17, 1999.



HOUSE_OVERSIGHT_028152

## Chapter Nineteen

A few hours before Haim Ramon introduced his no-confidence resolution, he came to see me in my office in the Knesset. He was worried. Not about the vote, but about what would come after. "Ehud, I'm sure we can topple the government," he told me. "But only you know whether we're ready – whether *you're* ready – to defeat Bibi in an election."

"I'm ready," I said. "We are going to win."

Few agreed. In fact, there had been times during my first year-and-a-half as Labor leader when I wondered if I'd be able to hang on to the job. I was in charge of a party whose grassroots were on the left. I was, by intellect and instinct, a pragmatist and a centrist. I did share Labor's vision of a socially just and democratic Israel. Especially after seeing far-right rabbis egg on the fanaticism that ultimately killed Yitzhak Rabin, I felt strongly that we needed to separate organized religion from our day-to-day politics. But I'd been raised with a deeper respect for our Jewish traditions than many on the left. Right after Yitzhak's murder, I'd gone to see Zevulun Hammer, the leader of the National Religious Party. It had been part of both Labor and Likud governments ever since 1948, though not Rabin's. The NRP, too, had been drifting steadily rightward. But it still basically subscribed the idea of a strong, democratic Israel under the rule of law. I wanted to bring the NRP back into the government under Peres, as part of the widest possible political alliance against the assassination and the campaign of hatred that had fostered it. Sadly that didn't happen, in part because of the anger against all Orthodox politicians after Rabin's murder. Yet in my readiness to engage politically with Orthodox leaders who did not reject the very idea of peace negotiations – whether in the NRP, or the increasingly influential Sephardi religious party, Shas – I was outside Labor's mainstream, and its comfort zone.

On my approach to peace as well, I differed from many on the left. Though I was determined to pursue any realistic avenue to negotiations, I was convinced that security considerations had to be paramount in what we were prepared to give up or accept in negotiations. I was cautious about ceding too much too soon, in case the Palestinians or the Syrians proved either unequal to, or uninterested in, making the hard decisions required for peace. That was an approach with, like Yitzhak



HOUSE_OVERSIGHT_028153

before me, provoked more left-wing parties like Meretz to suggest that if I *really* wanted peace, I'd be ready to give away more, and more quickly.

My position wasn't helped by the way I had come over in the media during my first months as Labor leader. A number of newspaper commentators wrote that while they found talking with me stimulating, I seemed to be operating in a world of my own, either unable or unwilling to give straight answers and a single, clear message. They were right about that. If asked a question, especially one which obviously involved an issus of nuance, my instinct was not to come up with a sound bite. It was, as best I could, to answer fully and accurately. The difficulties that could sometime cause hit home in an interview with a leading Israeli journalist in the spring of 1998. He asked how my life might have turned out if I'd been born and raised not as a kibbutznik, but a Palestinian. I answered: "At some stage, I would have entered one of the terror organizations and fought from there, and later would certainly have tried to influence from within the political system." I did hasten to add that I abhorred terrorists, describing their actions as "abominable… villainous." But that was lost in the political storm that followed. All I'd done was answer as honestly I could. What if I had been one of the Palestinian babies in Wadi Khawaret, but with the same mind and same impulses that had defined my life as an Israeli? I assumed that instead of becoming an Israeli soldier and politician, I would have become the closest thing to a Palestinian equivalent. Still, as even my brother-in-law, Doron Cohen, told me when he phoned a couple of hours later, it was not the most astute thing to say as a potential candidate for Prime Minister.

None of this might have mattered if I'd been able to show I was bringing Labor nearer to defeating Bibi. But the only measure of progress that the media paid attention to was the opinion polls. Briefly, in late 1977, I did pull ahead, during the period leading up to Bibi's agreement to pull out of most of Hebron. But for much of 1998, I was running behind, and questions about my leadership surfaced publicly by the summer. The media commentators spoke of the need for a Labor "liftoff." Why, after a full year as leader, had I failed to deliver it?

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HOUSE_OVERSIGHT_028154

There *was* a part of politics for which I was naturally suited after my life in the army: to plan an operation, prepare and execute it. An ability to get the lie of the land, assess your own and your rivals' strengths and vulnerabilities, and to win. And the "lie of the land" struck me as more encouraging than many Israeli commentators believed. When I became Labor leader, I didn't expect Bibi to fall anytime soon. But I believed it was inevitable that at some point he'd have to make tough choices about the peace process, and I doubted his coalition with the more right-wing Orthodox parties would survive. I also took encouragement from the fact that the political winds in other developed democracies seemed to be blowing in our direction. Bill Clinton had won in the United States. In Britain, which had a parliamentary system much closer to Israel's, Tony Blair, as leader of a party renamed as *New* Labor, had ended eighteen years of Conservative rule and swept to victory. Behind the scenes, I immediately made sure that, with financial help from Jean Frydman and other supporters, we began the practical work of learning from the experience of center-left parties in other countries.

Within weeks of my election as Labor chairman, I used my acquaintance with a British Jewish businessman named Michael Levy to see what lessons our Labor party might learn from Tony Blair's. Levy had been an early supporter of Blair and persuaded the Prime Minister to welcome me through the famous black door of Number 10 Downing Street. After chatting in the front hallway, the British Prime Minister led me into the back garden to discuss how he had refashioned his party and brought it back into government. In addition to modifying or abandoning rigidly left-wing positions that most British voters had rejected, he had created a formidable campaigning team under an ally and adviser named Peter Mandelson. When I asked Blair whether it would be possible to meet Mandelson, he said he couldn't "give me Peter." But he did put me in touch with Philip Gould, the polling expert and strategist who had partnered Mandelson in designing and running the election campaign.

We met at Labor headquarters in Milbank Towers so Philip could show me the "war room" – modelled, in part, on Bill Clinton's campaign operation – from which the victory had been planned and executed. It was a large, open-plan space, nothing like the warren of offices and conference rooms from which Labor in Israel operated. Pride of place went to an advanced computer system, the heart of a "rebuttal unit" which charted every statement from the Conservative Party so it could be answered, neutralized or used to adjust Labor's own campaign. I was



HOUSE_OVERSIGHT_028155

struck by how different the approach was from our campaign for Peres. As I filled my notebook with the details, Philip added a final bit of advice. "If you want to win, have it run by the best *professionals* you can find. Not politicians. They always have personal agendas. Focus is everything. Distractions and arguments and infighting can be fatal."

Philip recommended one professional, in particular, to get us started: Stanley Greenberg, the pollster who had advised not only Blair's campaign, but Clinton's. Doron used his contacts in New York to put us in touch not only with Greenberg but the strategist behind the Clinton victory, James Carville, and another leading Democratic Party consultant and speechwriter, Bob Shrum. We began working with all of them well before the no-confidence vote in the Knesset. Philip had a wonderfully British understatement and reserve. Stanley, with his eyeglasses and demeanor too, came over as slightly professorial. With Bob, it didn't take long to understand why he was such a gifted speechwriter. He loved words, especially the way they could be used to inspire a connection with important campaign themes: above all with the idea of hope, and new beginnings. Carville was the human equivalent of a volcano. If he hadn't been a campaign strategist, he could have made a living as a hybrid of a cowboy and a stand-up comedian. But they all shared the easy, infectious self-confidence of people who were very good at what they did, and knew it.

When I went to New York with Doron to meet Carville in Feburary 1988, my confidence as Labor leader was taking some fairly hard knocks. But from the moment he walked through our hotel-room door, it was impossible not to like him. He showed up in a T-shirt and tennis sneakers, walked straight across the room, slouched into a chair and said: "General Barak, I don't get it. You're a known public figure, with a great mind and a great military record. It's already been a year-and-a-half since Israel got Netanyahu. What have you done to *go after* him? Why haven't you gone on the attack?" He said it was time for me to wake up, and change tack. "Can you run through your stump speech for me," he asked, motioning me toward the center of the room like a film director.

"I don't have one," I said. To which he replied briskly that I should have had one *months* ago.

When Stanley paid a preliminary visit with Philip to Israel, they, too, urged me to sharpen my message and pay more attention to my image with the public.



HOUSE_OVERSIGHT_028156

Stanley was worried by polling data that suggested most Israelis saw Bibi as "strong." I argued that strength was one area where we wouldn't have to worry. "No way, in a campaign, he'll end up coming over looking stronger than me." Stanley seemed not entirely convinced.

Both in "strength" and other ways, I think my background did prove an advantage. The 35 years I'd spent in the military had given me a singleminded determination to set goals, follow through and achieve them. After Haim Ramon came to my office before the no-confidence vote to ask whether I was sure I wanted to go ahead, and I answered with an unhesitating "yes," Haim had told a couple of reporters: "Barak has balls of steel." In truth, I was puzzled he'd even asked me. As when I was in uniform, it would never have occurred to me to ask him to try to line up the necessary votes if I hadn't thought it through and intended to go ahead with it.

Still, my military background was not always an asset as I found my feet as party leader and prepared to take on Bibi in the election campaign. In searching for the tools, the structure, and the people I felt would give us the best chance to win, I sometimes failed to pay due attention to the party's existing apparatus and institutions. This alienated a number of established Labor politicians, eventually including Haim himself. So as the campaign approached I tried to shore up my ties with the party establishment. I drafted in Bougie Herzog to act as my regular liaison with leading figures in the party. I was careful to include a number of Labor politicians in our campaign team as well, though, as Philip Gould had recommended, I made sure they didn't actually run it.

The closest equivalent to the role Haim had played in Peres's campaign went to a young businessman, PR professional and Labor supporter named Moshe Gaon. As spokeswoman, we brought in someone who, though she'd been a messenger of doom during the Tze'elim controversy that engulfed me before joining Rabin's government, had undeniable experience and ability which I valued and respected: Yitzhak's former media aide Aliza Goren. As campaign coordinator, I chose Tal Silberstein, who at the time was in charge of a citizens' group called *Dor Shalem Doresh Shalom*: "A Whole Generation Demands Peace." I relied on frequent, less formal input from political friends whose judgement I had learned to trust, like Eitan Haber and Giora Eini. Also playing a key role was a group of four young women, led by Orna Angel, a successful architect and a former soldier in Sayeret Matkal. She built from scratch an army of nearly 20,000 volunteers who helped



HOUSE_OVERSIGHT_028157

organize events and contact voters during the campaign. We outfitted our own war room in an open-plan floor of offices on the edge of Tel Aviv. Philip called it "Milbank South." As organizational head of the campaign, I chose Chagai Shalom. An industrial engineer by training, he was a reserve army general who, when I was chief of staff, had been in charge of the logistics branch of the military. I gave him Sayeret Matkal backup as well, in the person of Danny Yatom, my longtime friend and former sayeret deputy.

* * *

But all that was process. Winning or losing would come down to how our message, our ability to forge alliances, and my own personal and political appeal, measured up against Bibi.

The new system of separate elections for party and Prime Minister meant that in order to win a majority, I would need the support of voters outside Labor as well. I set out to establish a broader movement, a big tent under which a majority of Israelis could coexist politically. I realized this risked provoking anger among some Labor activists. But I wanted to convey to voters that I was reaching out beyond my core party constituency: to "soft" right-wingers nearer the political center; to the Sephardim who since 1977 had overwhelmingly voted Likud; to the growing number of Russian immigrants who had helped Bibi defeat Peres; and to those among the Orthodox who still subscribed to tolerance and moderation in the mold of the old-style National Religious Party in the first few decades of the state. Though the candidates on our Knesset election list would all be from Labor, I ran the Prime Ministerial campaign under the broader banner of *Yisrael Ahat* – One Israel. I envisaged it as an alliance of at least several different parties with Labor at its center.

I began with Bibi's jettisoned Foreign Minister, David Levy. He was a Moroccan-born 1950s immigrant whose career had begun at the grassroots, in the northern town of Beit She'an, but who went on to become a key part of Begin's victory in 1977. The leading Sephardi figure in the Likud, he was at one point mentioned as a future leader. Many Israelis, especially on the left, now portrayed him as a figure of ridicule. But I'd always had a higher opinion of him. During the



HOUSE_OVERSIGHT_028158

1982 Lebanon War, with two sons fighting on the ground, he'd been a rare voice of common sense, and caution, in the Begin cabinet. I'd also seen him operate in Shamir's inner security cabinet, when I would come, as deputy chief of staff, to present military operations for approval. I remember one occasion when an air force general laid out the details of a planned helicopter-borne mission into Lebanon. I added a few remarks in summary. Raful Eitan and Arik Sharon were both ministers. Within seconds, they were peppering the general and me with questions. Why were the aircraft taking one route north instead of another? Why not closer to Mount Hermon? Shouldn't they fly lower? Levy interrupted. "Gentlemen," he said, "we are not in company commanders' course. We're in the inner cabinet of the government of Israel. We have a chief of staff and other generals and military professionals. It's their job to decide the operational details. *Our* job is to balance the reasons for doing an operation against the risks as presented to us."

I met with him in the Knesset cafeteria before Bibi went off to the Wye River summit. Levy now headed a small breakaway faction from Likud called *Gesher*, Hebrew for "bridge." Without explicitly suggesting we join forces, I explained my hope to run my eventual campaign for Prime Minister in alliance with a few other parties. I told him I wanted to make my candidacy a legitimate choice for voters from the center-right, the Orthodox, as well as the Russian community. I took a napkin and drew a big umbrella to illustrate what I had in mind. He said he understood – though he did tell me to make sure I tore up the napkin. There came a point, at the end of November when it looked like my overture had failed. Scampering for a way to shore up his coalition, Bibi tried to lure Levy into the fold back by offering him the Finance Ministry. But with resistance from other ministers, Bibi broke off the talks with Levy, leaving him humiliated and furious. I met with him several more times, and we brought in Gesher as our first "One Israel" partner. The second to join us, early in the new year, was a small religious party called Meimad, inspired by an openly pro-peace Orthodox rabbi named Yehuda Amital and including a former Chief Rabbi of Norway, Michael Melchior.

By the end of January 1999, several months before the real campaign, I was feeling better about where we stood, in part because of a series of hits Bibi was taking from former friends and allies. The first salvo was fired by Misha Arens, who had helped engineer Bibi's move into national politics. He announced he was going to put himself forward for the Likud leadership before the election, saying



HOUSE_OVERSIGHT_028159

that he and others were convinced Bibi couldn't win. A couple of weeks later, Yitzhik Mordechai seemed on the verge of becoming the latest of Bibi's ministers to resign. He was openly flirting with the idea of joining a new centrist party that had been formed by Likud's Dan Meridor. Bibi struck back with a mixture of subtlety and venom. He fired Mordechai, accusing him of being driven by personal ambition. Then he offered the Defense Minister's job to Misha Arens.

Yitzhik did join the Center Party, as did Amnon Lipkin, who had ended his term as chief-of-staff and, with initial opinion poll numbers suggesting he'd do well, even briefly entered the race for Prime Minister. Now, he endorsed Yitzhik Mordechai instead: a man not only with strong military credentials, but of Sephardi background and religiously observant, and a proven politician and cabinet minister. It was clear that he would be going after many of the same votes I needed to win.

That situation wasn't ideal, to put it mildly. But all I could do at this stage was to put our own campaign house in order. I hoped that if we ran the campaign I expected, there wouldn't *be* a run-off.

* * *

At the start of April, the final list of candidates was set. There were five. In addition to Bibi, Yitzhik and me, Benny Begin had decided to run on the right. Also in the contest was Knesset member Azmi Beshara, the first Israeli Arab citizen to seek national office.

When we chose "One Israel" as the name of our campaign alliance, it was not meant just as a catchy phrase. Though now a half-century old, the country had rarely seemed so diverse, and in many ways divided. It was not just the old fault line between Labor and Revisionist Zionism that defined our politics, or even the Ashkenazi-Sephardi gulf that had predominated since the late 1970s. There were new, younger, more assertive, more right-wing and more pro-settlement voices among the Orthodox. There was the contrast between the overwhelmingly secular, politically and socially liberal, and culturally Western Tel Aviv, with its lively cafés and restaurants, and the constellation of wealthy suburbs to the north; and smaller Israeli towns and cities in the interior, Jerusalem as well, not to mention



HOUSE_OVERSIGHT_028160

the settlements on the West Bank. Since the fall of the Soviet Union, hundreds of thousands of Russians had also flowed into Israel. Most were Jewish in culture more than religious observance, but they were instinctively inclined to support candidates – Rabin in 1992, and Bibi the last time around – who they felt were likely to take a tough line in any peace negotiations with the Arabs.

I was never going to get the backing of many West Bank settlers, or of core supporters of the Likud and parties even further to the right. But I would need to make at least some dent in Bibi's hold on the Russian voters who had supported him by a wide margin in 1996. I focused first on *Yisrael Ba'Aliyah*, the main Russian immigrant political party. It had been set up by the iconic Soviet-era *refusenik* Natan Sharansky – or, as he was then known, Anatoly Sharansky. He'd been an ally of Andrei Sakharov, an outspoken human rights advocate and, until he was finally released and allowed to leave in 1986, a political prisoner in the gulag. Though Natan's party was not going to offer a formal endorsement for any candidate, I met with him to press the case for "security and peace," the message I'd tried to advance with Shimon three years earlier, and to emphasize the need to bring unity and shared purpose back to the country. Though I think he would have been receptive anyway, it didn't hurt that he, like me, was a mathematics graduate – from Moscow's Physics and Technology Institute. He was also a chess aficionado. When I was rash enough to face him across the board, as I recall, it took him all of five minutes, and seven moves, to checkmate me.

But I also made dozens of visits to Russian community groups, and met with individual families whenever I could. Often, I found myself talking to older men and women among the immigrants about the military details of the Great Patriotic War, as the Russians called World War Two. On a number of occasions, I accepted the invitation to sit down and play on a sitting-room piano. I think the first time I got a sense that any of this might be having an impact was in a quote from a *Yisrael Ba'Aliyah* official in an Israeli newspaper. Though still stopping short of a formal endorsement, the official was quoted as saying: "A month ago, young Russians thought Barak was a boring, left-wing socialist party leader who doesn't look good on TV and mumbles a lot... Today, they see him as a high-ranking Israeli general who knows how to play the piano. The Russian immigrants like strong, cultured people." Except for the bit about mumbling, I couldn't have wished for more.



HOUSE_OVERSIGHT_028161

The next key moment in the campaign involved something I did *not* do. This time, the Israeli television debate came earlier in the campaign, a month before the election. Bibi, Yitzhik Mordechai and I were all invited, as the three main candidates. But I told the TV people I had a conflicting personal engagement. I figured I had nothing to gain by going. To join a three-way debate risked creating the impression this was a genuine three-man race, and I still held out hope it would come down to just me and Bibi. Besides, I thought a debate between the other two would help me. Yitzhik knew Bibi well. He had served in Bibi's government. Though not a natural orator, he was always forthright, and often pugnacious, in making his points. And he couldn't stand Bibi.

Unlike the 1996 debate, this time there was a knock-out blow, and Bibi was the one left on the canvas. It was a bit like Senator Lloyd Bentsen's killer riposte when Republic vice-presidential candidate Dan Quayle compared himself to John F. Kennedy in their debate, a few months earlier: "Jack Kennedy was a friend of mine. Senator, you're no Jack Kennedy…" Bibi entered his television showdown with Yitzhik Mordechai with much the same strategy he'd used against Peres. He went on the offensive. He tried to portray himself as an indispensable bulwark against those, like Yitzhik or me, who he said would cosy up to Arafat and Assad and endanger Israel's security. But Yitzhik was up for the fight. He also knew that only months earlier, Bibi himself had been exploring the idea of giving up the Golan Heights to the same President Assad. He didn't actually refer to the secret mission by Ronald Lauder, or explicitly accuse Bibi of hypocrisy. But his reply – and Bibi's visible discomfort – were just as effective. Smiling sardonically, he said: "I know your outbursts, and they won't do you any good." He challenged Bibi to just "look me in the eye" and admit what he really thought about the future of the Golan. The media verdict was unanimous. Mordechai had won. Which meant I had won.

Though my American and British brains' trust had little input into our day-to-day campaign, they did play a role in the thrust and strategy. I tried to drive home two things as we entered the two-week homestretch in May. My first, broad message was an echo of James Carville's central theme in the Clinton Presidential campaign: "change, versus more of the same." It had worked in the US not because it was clever, but because it resonated with large numbers of voters. I sensed from the start of the campaign that it was true of Israel as well. Different groups had different gripes, and different ideas of what they hoped I would provide as Prime



HOUSE_OVERSIGHT_028162

Minister. But fewer and fewer Israelis were enthusiastic about four more years of Bibi. But I also was keen to convey the *substance* of what my premiership would be about. Domestically, I spoke of the need to narrow gaps in education and opportunity – particularly, though not only, the continuing disadvantage of many in the Sephardi communities who had arrived in the early years of the state. I wanted to try to build bridges between the secular and religious as well. My hope was to begin to recreate the "One Israel" of my youth.

In terms of policy, I believed my primary job would be deliver "security and peace" – in that order. I declared my commitment to continue, and build on, Oslo and to make a new push in negotiations with Syria. Deliberately following the model Philip Gould had used in Tony Blair's election campaign, we also distributed nearly a million copies of a six-point policy "pledge card". It included a promise to hold a referendum on any peace deal we reached with Syria or the Palestinians, as well as several domestic policy pledges, including an end to discrimination against Russian immigrants whose Jewish religious status had been called into question.

Yet the most widely reported promise was that I would pull out all Israeli troops from Lebanon within a year. I realized that even among those who knew that made sense, voices would be raised both in the Knesset and the *kiyra* against withdrawing. As with the Bar-Lev Line before the 1973 War, the longer the "security zone" was in place, the more difficult that politicians had found it to say it was a mistake. Yet it had now been there for nearly two decades. The main argument for keeping it – that it protected the security of northern Israel – was undermined by the fact that thousands of Katyusha rockets had been fired over it. And in the low-grade war we were fighting against Hizbollah inside the security zone, around 20 Israeli soldiers had been dying each and every year. When I'd first visited our positions in south Lebanon in the early 1980s, chatted with the troops and asked them how they were doing, the invariable response was: we're OK. We're just worried about our young kids back home. Now, those *children* were manning the same outposts, facing the same danger, in a sliver of land on which we had no claim, which we had no desire to hold, and which was, at best, of questionable security value.

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HOUSE_OVERSIGHT_028163

I'd tried not to pay too much attention to newspaper polls during the campaign, perhaps because even the "good" ones, to use Shimon's phrase, had me with just a narrow lead, with Yitzhik Mordechai's 10 or 11 percent still likely to prevent outright victory in the first round. But in the second part of May, our internal polling showed things were moving in our direction. In mid-May, they had me above 40 percent. A final batch of internal polls, on the Friday before election day, had me just short of 50 percent. But I told our pollsters that under no circumstances were they to divulge the results to anyone in the campaign team. This wasn't just because I wanted to guard against complacency. It was because, deep down, still I didn't trust the numbers.

I retreated to Kochav Yair on Friday evening. On Saturday, two days before the election, I had a surprise visitor, someone I knew from Yitzhik Mordecai's team. He said he had a letter for me, with terms of a proposal under which Yitzhik would announce an eleventh-hour withdrawal from the race. I still could not be absolutely confident I'd win, at least in the first round. Yitzhik's pulling out would help. But if I *did* win, I wanted to start the process of assembling a coalition with a blank slate and an open mind. Doing a deal was not the way to begin. I didn't accept or open the envelope. "Go back to Yitzhik," I said. "Tell him, as he knows, that I have a lot of respect for him. But this is a decision that he has to make on his own."

The next day, less than 24 hours before the polls opened, all of the three other candidates announced they were pulling out. Benny Begin and Azmi Beshara were never going to affect the outcome. But Yitzhik's withdrawal very possibly would. When he spoke to reporters, he said it had been one of the most difficult decisions he'd had to make, but that he'd concluded he wouldn't get enough votes to reach his "primary goal" of defeating Bibi. "The prime minister was given a chance and he failed," he said. "We must give Barak a chance."

I got up early on May 17, confident we'd done everything we could to put ourselves in a position to win, but also aware, from Shimon's defeat, that the smallest of details, and the narrowest of margins, might determine the outcome. After the 1996 election, I'd learned of cases where Peres volunteers outside polling stations in the Negev or the north of the country had left early, in order to make sure they'd be back to Tel Aviv in time for the "moment of victory." Now, I sent out word that all our volunteers must stay in place until the polls had closed. After



HOUSE_OVERSIGHT_028164

Nava and I voted, we attended an event for Labor supporters north of Tel Aviv, before flying to Beersheva to spend the final hours in the Negev. I'd arranged for Shlomo Ben-Ami to go to Kiryat Shmona in the north – emphasizing, as throughout the campaign, our determination to broaden our support beyond Labor's heartland. The polls closed at 10 o'clock. I knew Bibi would be staring at the same Channel One newscast as I was, each of us ready to put the best spin on things, especially if there was no clear sign at this stage which one of us had won. But the exit poll findings came as a shock: Barak, of One Israel, 58.5 percent; Netanyahu, Likud, 41.5 percent. It was a landslide.

The full impact hit me only when I got to the fifth-floor suite in the Dan Hotel in Tel Aviv, our election-night headquarters. My three brothers, and Nava and our daughters, were waiting for me. Leah Rabin, too. Our eyes teared up as we embraced. My parents were by now too frail to come. But I'd promised to phone them, whatever happened. "We did it," I told my father, who said *mazaltov* with a depth of feeling which had become rare as his health began to fail. My mother had always been a bit conflicted about my going into politics, despite her lifelong belief that the *issues* of politics mattered, especially after Yitzhak had been cut down and killed for following the path on which I hoped to continue. Still, I could hear the pride, and relief, in her voice when I said: "Remember, *ima*. I did promise you that if I ran, at least I'd make sure to win."

When we'd finished speaking, Bibi called. He had conceded publicly as soon as the exit poll was out. He had also stunned the Likud crowd by immediately resigning as party leader. "Congratulations," he said, sounding, more than anything, tired. "I accept that the voters have spoken." I thanked him for taking the trouble to call. I said I appreciated the contribution he'd made to the country, and that we'd meet in the next few days to discuss how best to handle the political transition. "Thanks," Bibi said. "And again, mazaltov."

By the time I got off the phone with Bibi, the TV was showing pictures of tens of thousands of people celebrating the results in the central Tel Aviv square, now renamed in Rabin's memory, where he had been murdered nearly four years earlier. Before leaving to join them, I fielded a stream of calls: from friends, other Israeli party leaders and leaders from abroad, including Tony Blair and Bill Clinton, both of whom not only offered warm congratulations but said they looked forward to working with me as I tried to move Israel forward and to finish the work Yitzhak had begun.



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At the start of my brief remarks at the hotel podium before going to Rabin Square, I had to call for quiet when I mentioned the phone call from Bibi. "No," I said, raising my voice to be heard above the boos, "we will not boo an incumbent Prime Minister of Israel… A short time ago, I spoke with Prime Minister Netanyahu and thanked him for his service to the State of Israel." Then – with both Leah and Shimon Peres at my side – I paid tribute to "that one special person who had a unique role in our reaching this moment – somebody who was my commander and guide, and the person who led me into politics: Yitzhak Rabin. I pledged to fulfil his legacy, and complete the work he'd started. And I extended a hand to "secular and religious, the ultra-Orthodox and the residents of the settlements, to Israelis of Middle Eastern origin and Ashkenazi extraction, to immigrants from Eithopia and the former Soviet Union, to the Arabs, the Druze, the Circassians, the Bedouin. All, all of them, are part of the Israeli people."

It was not long before sunrise when I reached the square. As the crowd shouted and sang, I began with a line borrowed from Bob Shrum. It seemed particularly apt: "It is the breaking of a new dawn," I said.

But was it? As I paid tribute to Rabin – "in this place where our hearts broke" – and dedicated myself to completing the work he'd begun, I could feel the thousands in the square willing me on. Even in my more nuanced comments on the talks with the Palestinians: the need to achieve peace, but at least for now by disengaging rather than joining hands with the Palestinians, ensuring we had military and border provisions to safeguard our security, and with the stipulation that Jerusalem would remain our undivided capital, under Israeli sovereignty. But some in the crowd were carrying posters saying "No to the *charedim*" – the strictly Orthodox. Others were chanting, in anticipation of the negotiations needed to put together a coalition: *Rak lo Shas*! Anyone but Shas! It was a reference to the Sephardi Orthodox party, which in addition to being more nuanced and flexible than other religious parties on the issue of peace talks, had been the big winner in the election. It had gained seven seats and now had only two fewer than the Likud.

I did not specifically mention Shas. But I said: "I tell you here that the time has come to end divisions. The time has come to make peace among ourselves, whether we are traditionalists or secularists… We must not be enemies of each other." Paying tribute to all those in the square who had worked for our election victory, I added: "I know it would not have been possible without your support. But I also know it would not have been possible without the support many in the



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Likud. I appreciate that as well. And I undertake to be *rosh hasmemshalah shel kulam*: Prime Minister for *all* Israelis.

Yet as fervently as I hoped to be able deliver on that pledge, I knew, even as I spoke, that actually fulfilling it was going to be much, much tougher.



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## Chapter Twenty

As Prime Minister, I would sometimes be criticised as emotionally buttoned up, even stoic, and there was some truth in that. It was partly just a reflection of who I was: a kibbutznik who'd grown up in the early years of the state, and had then spent most of his life in the army. But while it may not have shown, I felt a churn of emotions when I formally presented my government to the Knesset in July 1999 as Nava, our three daughters, her parents and mine looked on proudly from the gallery. Even more so, when I entered the office of the Prime Minister. I'd been there before: as head of military intelligence, chief of staff and a cabinet minister. Yet to sit behind the vast wooden desk and know that the buck now truly stopped with me – to become just the tenth person in Israel's history to have that honor – was very different.

What I felt most powerfully, however, wasn't the honor. It was the *responsibility*. I knew that Israel faced two deepening crises. The first was domestic. Though Yitzhak Rabin's assassin was now in jail, the divisiveness and hatred of which he was a product and symbol had not gone away. Nor had other rifts: between the privileged and disadvantaged, Ashkenazim and Sephardim, and, perhaps most of all, secular and religious. The second, more immediate challenge was on our borders. The peace process was stalled. If we were going to revive it, we were running against the clock. President Clinton, a key player in any hope of turning the promise of Oslo into real peace, had only 18 months remaining in office. In terms of Israel's security, the timetable was even less forgiving. From my very first intelligence briefings as Prime Minister, I was even more convinced of what I'd been warning Bibi for months: without a political breakthrough, a new, much more deadly *intifada* was only a matter of time.

That would have been reason enough to make peace efforts my first priority. But even as I was addressing the victory rally in Rabin Square, I sensed that the simple arithmetic of the election results would leave me no other choice. I was entering office with the largest electoral mandate in our history. But that was because of Israel's new voting system, with separate ballots cast for Prime Minister and party. That system had had precisely the opposite effect on party voting. In previous elections, most Israelis had chosen one of the two main parties, knowing that only they had a realistic chance of forming a government. Now they could directly choose the Prime Minister, giving them the luxury to vote in much greater



HOUSE_OVERSIGHT_028168

numbers for an array of smaller, issue-specific parties. The result: though I'd won by a landslide, and One Israel had the largest number of Knesset seats, even with our natural left-of-center ally, Meretz, we would have only 36 Knesset seats – well short of the 61 needed for a majority. Even if we included a few smaller parties, there was no choice but to bring in one of the two larger ones: the Sephardi Orthodox Shas, with 17 seats; or Likud, which, after Bibi's sudden resignation, was now led by Arik Sharon, and had 19.

It wasn't just a math problem. It had a critical policy implication. If I wanted to tackle the *domestic* challenge – to reassert the values of secular-led democratic government over increasingly assertive religious involvement in our day-to-day politics – that would mean choosing Likud over Shas. But it would also signal the effective end of the peace process. Even though Arik assured me privately that he understood my determination to reopen peace efforts with Arafat and Hafez al-Assad, I *knew* Arik. The path toward peace agreements, assuming they were even possible, would be tough. Sooner or later – and certainly if we faced the need to consider painful compromises in the negotiations – I was certain that Arik would act as a kind of opposition from within. That was why, over the angry opposition of Meretz leader Yossi Sarid, I decided to go with the Sephardi Orthodox party. I realized that even Shas might walk out if the scale of any land-for-peace concessions proved too high. But it was the least extreme of the major religious parties on the question of peace with the Palestinians. In my conversations with the party's spiritual leader and guide, the 79-year-old rabbi and Talmudic scholar Ovadia Yosef, I was struck by his intelligence, erudition and subtletly of thought – but, above all, his commitment to the core Jewish principle of sanctifying human life over the specifics of Oslo redeployments, where his inclination seemed to be to trust the judgment of those with the experience and expertise to evaluate the security implications.

To Meretz's additional consternation, I included two smaller, right-of-center Orthodox parties in the coalition. It was not just to make good on my pledge to be Prime Minister for *all* Israelis. Knowing that I was going to put top priority on the peace process, I wanted to avoid an undiluted left-of-centre, secular thrust to the government. When I'd stood in front of the tens of thousands of cheering supporters in Rabin Square after the election, I thought to myself: they think that with Bibi gone, peace is around the corner. I wanted a coalition broad enough to keep Meretz, and Labor ministers as well, from forgetting a crucial fact: the



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compromises that we might have to contemplate during peace negotiations were still anathema to many other Israelis.

* * *

Syria was always my first negotiating priority, as it had been for Rabin and, for a brief period, Bibi as well. This was not just because the shape of a final agreement with the Syrians was clearer, to both sides, than with the Palestinians. It was because I was determined to make good on the main specific policy pledge of my campaign: to bring our troops home from Lebanon. No matter what the increasingly emboldened fighters of Hizbollah said publicly, our withdrawal would be bad news for them. It would deprive them of their "anti-occupation" rationale for firing Katyushas into towns and settlements in northern Israel, and free us politically to strike back hard if that proved necessary. It was clear to me that Hizbollah would try to make the withdrawal as difficult for us as possible. But the real power in Lebanon rested with the Syrians, who, along with Iran, were Hizbollah's main backers. If we could get a peace agreement with Assad, there seemed every reason to hope he would rein in Hizbollah, and perhaps open the way to a peace treaty with Lebanon as well.

Still, there was no way of hiding an additional attraction in getting a deal with Syria first: it would increase our negotiating leverage with the Palestinians. That would certainly not be lost on Yasir Arafat – one reason that I realized the importance of an early meeting with him, to convey my commitment to keeping the Oslo process alive, and, if possible, achieving a full and final Israeli-Palestinian peace.

* * *

I went to see Arafat a few days after taking office. We met for well over an hour at Erez, the main crossing point into Gaza. It was swelteringly hot inside. At least I was in an ordinary business suit, but I couldn't help wondering how Arafat



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was coping in his trademark military uniform. Still, the mood music going into the meeting was encouraging. After the election, Arafat had tried to use his ties with the ayatollahs in Iran to get them to release 13 members of the tiny Jewish community in Shiraz who had been jailed on patently absurd accusations of spying for the "Zionist régime." Iran had told him no. Given its support for Hizbollah, and its serial diatribes about destroying the State of Israel, this was hardly a surprise. But it was a gesture nonetheless, and I told him I appreciated it. I also arrived with a gift: a leather-bound volume with both the Hebrew Bible and Koran. I began our meeting with what I felt I most needed him to hear: that both of us were trying to achieve something hugely important, nothing less than a new relationship between Israelis and Palestinians based on trust. As I would discover in the months ahead – as Yitzhak had found as well – Arafat responded warmly to such general appeals of principle. He replied that he viewed me as a partner, and a friend. But the key issue of substance – the difference between how I envisaged taking Oslo forward and what he wanted – was impossible to avoid.

I emphasized that I was committed to the further Wye River summit redeployments Bibi which had agreed, although not implemented, as well as to a release of Palestinian prisoners agreed at Wye. Yet then came the more difficult part: explaining my view of how we could best move toward a full peace agreement. I said I was convinced the prospects would be much better if we delayed the redeployments and brought forward the start of the real negotiations: on "permanent-status" issues like final borders, settlements, Jerusalem, refugees. In any case, I said, I'd need a few months for a thorough assessment of the issues involved, and to reach a settled view with my negotiating team on how to proceed. Arafat seemed to accept the idea of a pause for reflection and planning. But he held firm in his opposition to any further delay in the Wye redeployments. More worryingly for the longer-term prospects of an agreement, he ignored altogether my suggestion that we move ahead toward the permanent-status talks.

Speaking to reporters, I was careful to accentuate the positive. I said the reason I'd come to see Arafat so soon was because of the importance I attached to his role in "shaping peace in the Middle East." I said I would not waver in continuing on the path which Rabin and he and begun. And while the security of Israel would be my paramount concern in negotiations, "I also want each Palestinian to feel secure." Both sides, I said, had suffered enough. The open question, however, was whether *I* had done enough to persuade Arafat that his exclusive focus on



HOUSE_OVERSIGHT_028171

redeployments – on only the *land* part of a land-for-peace deal – meant we risked ignoring the core issues that would determine whether a full peace agreement was achievable.

More urgently, I knew from our diplomats in the US that the Americans would not necessarily be receptive to a further delay in moving ahead with Oslo, even if it meant focusing on trying to make peace with Syria. That made my first visit to see President Clinton as Prime Minister especially important.

* * *

It was billed as a "working visit" and work we did. After a gala dinner for Nava and me in the White House, we helicoptered to the presidential retreat at Camp David. President Clinton and I spent more than 10 hours discussing shared security challenges in the Middle East, especially terrorist groups and states like Iran that were backing them, and, of course, how best to move forward our efforts to negotiate peace. These face-to-face meetings set a pattern that would last throughout the time he and I were in office. On almost all key issues, my preference was to deal directly with the President, something I know sometimes frustrated other senior US negotiators like Secretary of State Madeleine Albright and Mideast envoy Dennis Ross. This was not out of any disrespect for them. It was because the *decisions* on which negotiations would succeed or fail would have to be made at the top, just as President Clinton and I would ultimately carry the responsibility, or the blame, for errors, missteps or missed opportunities.

Our first meeting ran until three in the morning. When the President asked me how I saw the peace process going forward, he smiled, in obviously relief, at my answer: I wanted to move quickly. He had only a limited time left in office, and I was determined that we not waste it. Much is often made about the personal "chemistry" in political relationships. Too much, I think, because the core issues, and the trade-offs of substance, are what truly matter when negotiating matters of the weight, and long-term implications, of Middle East peace. Still, chemistry does help when moments of tension or crisis arise, as they inevitably do. My first few days with President Clinton laid a foundation that allowed us to work together even when things got tough. I benefited, I'm sure, simply by not being Bibi. The



HOUSE_OVERSIGHT_028172

president and his negotiating team had spent the previous few, frustrating years trying alternately to urge, nudge and cajole him – and, of course, Arafat – toward implementing Oslo. Clinton did finally succeed in getting the Wye River agreement. But it, too, remained to be implemented.

Nava's presence, and Hillary Clinton's, contributed to an informal, familial atmosphere. Before my first round of talks with the President, we joined Bill and Hillary for dinner. Though I would work more closely with Hillary in later years, when she was Secretary of State under President Obama, this was the first time I'd had the opportunity to engage in anything more than small talk with her. She was less naturally outgoing than her husband. Yet not only was she bright and articulate. She was barely less informed on the ins and outs of Middle East peace negotiations than the President. She, and Bill as well, also spoke with us about things well beyond the diplomacy of the Middle East: science, music, and our shared interest in history. What most struck Nava and me, however, was the way the Clintons interacted with each other. The scandal surrounding Monica Lewinsky was still fresh. I suppose we expected to see signs of tension. Whether they were there, we had no way of knowing. But what the two of them *did* palpably have was a deep respect for each other's intelligence, insight and creativity in looking for solutions where so many others saw only problems. It was impressive.

Still, there was little small talk in the long discussions I had with the President. From the outset, I wanted him to know exactly what I hoped we could accomplish and how, in my view, we were most likely to get there. I wasn't trying to impose "ground rules" on the President of the United States, something I neither would nor could do. But I was explicit with him about my own approach the negotiations. I assured him I was prepared to be flexible. But I said I'd be relying on two critical assumptions. The first was that when we and the Americans agreed a position on a specific issue, there would be no unilateral "surprises" – by which I meant, though didn't say, things like the unfortunate American redefinition of Yitzhak's "pocket deposit" assurance regarding the Golan. The second assumption, I know, may seem overly legalistic. It was that, until and unless we reached a full and final agreement with either Syria or the Palestinians, any Israeli negotiating ideas or proposals would *not* be binding. If no agreement was reached, they would become null and void. I wanted to avoid a situation, as had happened so often in past negotiations, where an Israeli proposal was rejected by the Arab side but then treated as the opening position in the expectation of further concessions in later



HOUSE_OVERSIGHT_028173

talks. I did realize that, "null and void" or not, our proposals or suggestions would not simply disappear from memory. But I felt the point of principle was essential if Israel was going to be able to consider the kind of far-reaching concessions which final peace deals might require.

In the end, I realized that we might simply discover that Assad, and certainly Arafat, were not willing or ready to make peace. We might, initially at least, have to settle for a more incremental step. "Right here in Camp David, Begin, Sadat and Carter couldn't complete the process," I pointed out. "They signed a 'framework agreement' and it took months of further diplomacy to reach a peace treaty. Maybe we'll end up doing the same." But I told the President I was convinced that if we didn't *try* to get agreements, we'd have no way of knowing whether the will to make peace was there on the other side. Assad, I suspected, was the more likely to reciprocate. That was a major reason I wanted to start our efforts with him. But so far, his true intentions had never been *tested*, beyond his obvious determination to get back the Golan. Nor had Arafat's, beyond his focus on the detail and extent of West Bank redeployments.

President Clinton did not object to an early effort to reopen our efforts with the Syrians. But he was worried about the effects of ignoring the already-creaking prospects of fulfilling the promise of Oslo. If we were going to delay focusing on that, Clinton told me, he needed to be able to assure Arafat the wait would be worth his while. What could we *give* the PLO leader in return for putting off the Wye redeployments further, he asked. And then, the real question on his mind: "Ehud, when we get to the final redeployment and a peace deal, how much of the West Bank are you prepared to hand back?"

I simply didn't know at this stage. Much would depend on whether we could be sure Arafat could or would deliver a final peace. But even if I had known, I would have been reluctant to name a precise percentage. Though I had full trust in President Clinton, I knew that everything he and I said would be shared with at least a few of his closest policy aides and negotiators. Sooner or later, word would get to Arafat. When we did begin negotiations, he'd take whatever number I gave as a mere starting point. Still, I knew I had to signal the President that I was serious about negotiating with Arafat when the time came. I also knew the main source of his concern. In order to get the agreement at Wye, the President had signed on to a provision that the dimension of the third and final redeployment phase would be determined by Israel alone. By that stage, when we got there, Arafat would have



HOUSE_OVERSIGHT_028174

control of something like 40 percent of the West Bank. That meant – at least in theory – that Israel could limit phase-three to a mere token pullout, leaving the Palestinians with less than half of the territory.

"I don't know what percentage, exactly," I replied. "But one of my cabinet ministers thinks that a formula of 70-10-20 would work, meaning 70 percent for the Palestinians, ten percent to allow us to retain and secure the largest of the settlement blocs, and the rest to be worked out in further talks." When he nodded, I added: "Peres thinks it could end up at 80-20, and says he thinks Arafat would find it hard to walk away from getting control of four-fifths of the West Bank. But it's not about the number. It's about the area needed for the major settlements, and whatever else is required to safeguard our security. Beyond that, we don't need a single inch of the West Bank, and we won't ask for a single inch."

I replied in much the same vein when President Clinton urged me to help kick-start new talks with Assad by formally reaffirming Yitzhak's "pocket deposit" on the Golan Heights. As with the Palestinians, I was not going to cede a major negotiating card – our only real negotiating card – before we had any indication Assad was serious about making peace. But I did feel it was necessary to reassure Clinton that *I* was serious. I told him that, if and when the Syrians showed real signs of readiness to address *our* needs in a peace agreement, I would reaffirm the "pocket deposit."

I'd come to Washington hoping that President Clinton would be with me on the main issues of substance. But what I needed most at this point was his support on the procedural decisions I'd made in order to get to real peace negotiations: engaging with Syria first, and shifting the emphasis on the Palestinian track away from the redeployments toward the core permanent-status issues we'd have to resolve in order to get a peace agreement. What emerged from my first meetings with President Clinton was essentially a trade-off. He knew I would be ready to make concessions in pursuit of genuine peace. I was confident that on the route that I was proposing to take, he would have my back.

But what I couldn't be sure of was whether my own government would have my back. On paper, we had a comfortable Knesset majority: 75 out of the 120 seats. But I knew it was inherently vulnerable, both to friction between the Orthodox parties and assertively secular MKs from Meretz and inside Labor, and to possible defections over the concessions we might have to consider in peace



HOUSE_OVERSIGHT_028175

negotiations. The first stirrings of discontent had begun even before I went to see Clinton. On the basis of my commitment merely to *try* for peace, Arik Sharon had presented a no-confidence motion in the Knesset. It was never going to pass. But only days after I'd made him Interior Minister, Natan Sharansky let it be known he was going to vote against us. He didn't. He stayed away from the chamber, in effect abstaining. But I'd been put on notice.

I did lose my first coalition partner in September: the small United Torah Judaism party, with five Knesset seats. It wasn't over land-for-peace. In an echo of a similar crisis that brought down the government during Rabin's first spell as Prime Minister in the 1970s, it was over a violation of the Jewish Sabbath. It turned out that Israel's state electric company had been transporting a huge steam-condensation machine from the manufacturing site near Haifa to a power plant in Ashdod. The unit was the size of a small apartment. It weighed 100 tons. It couldn't be driven across the country without bringing weekday traffic to a standstill. The obvious solution was to do it when road use was lightest, on Shabbat. Precisely the same procedure had been followed – *24 times* – under Bibi. But when I asked a United Torah Judaism leader why he'd seemed happy when Likud had waved it through, he replied: "Past sins cannot pardon future ones." Eli Suissa, one of the Shas ministers in the cabinet, took his side, saying: "Every hour is good for the keeping of Shabbat." Most other ministers agreed with me that we should stand firm. So I did. But UTJ walked out of the government. Shas did remain. But I was now increasingly certain that at some stage its ministers, too, would leave.

In the midst of the Sharanksy rebellion, Haim Ramon, who was the minister in charge of liaising with the Knesset, insisted I "punish" him for his political grandstanding. "You should fire Sharansky. Act like a leader!" I just laughed. "The coalition doesn't need a leader," I replied. "It needs therapy." In truth, I suspected that if we ever got near to a peace agreement with Assad or Arafat, even therapy might not help. But that was a main reason that I'd promised a referendum on any final peace deals. I believed that in the choice between concessions, even painful ones, and a genuine peace deal with Syria or the Palestinians, by far most Israelis would choose peace.

I relied on a strong, close team around me, people I knew well and who shared my determination to stay focused on the central goal: to put Israel in a position where its citizens could be given that choice. I made Danny Yatom, my former



HOUSE_OVERSIGHT_028176

sayeret deputy, my chief of staff. The negotiating team also included Uri Saguy, former head of military intelligence; Gilad Sher, a gifted lawyer I'd known for a quarter of a century and who had been a company commander in my armored brigade in the 1970s; and Amnon Lipkin, the paratroop commander at Chinese Farm and my successor as *ramatkal* when I left the army. Also, Shlomo Ben-Ami, the Moroccan-born, Oxford-educated historian and diplomat who had run against me for the Labor leadership. Shlomo had a gift for systematic analysis and keen judgement, especially on security issues, which I highly valued.

It did not escape the attention of Israeli commentators, or other politicians, that almost all of them were former soldiers whom I'd known from my time in uniform. But that observation missed a more important point: we were all members of the "generation of 1967 and 1973." We had been soldiers during the Six-Day War. In the years immediately after it, like almost all Israelis, we had allowed ourselves to believe that our victory had been so comprehensive, and so quick, that any threat from the defeated Arab states was gone for good. We assumed that inevitably, inexorably, they would realize they needed to sue for peace, and that there was no particular urgency on our part to do anything more than wait. Then, on Yom Kippur 1973, all of that had been turned on its head. We had not only learned the lessons, of 1973. We had internalized them. Even had we not known of the danger of a new Palestinian campaign of terror, the option of simply watching and waiting – and assuming that our military strength, which was now even greater, could make events around us stand still – would not have made sense to us. Besides, as I remarked to Danny and others, to do so would run against the founding purpose of Zionism: to establish a state where Jews would no longer be victims of events, but would take control of their destiny and try to shape them.

* * *

Yet making peace, like making war, takes two. Much as I'd wanted to begin with Syria, until well into the autumn of 1999 President Assad was holding firm on his insistence that without our "deposit," without a prior agreement that he'd get back the Golan, there could be no substantive progress. This was particularly frustrating because I was getting reports from our intelligence services, and



HOUSE_OVERSIGHT_028177

Western envoys who had seen the Syrian president, that Assad's many years of health problems had left him almost skeletally frail, even at times disoriented.

Even my own negotiating team urged me to concentrate on the Palestinians instead. President Clinton kept stressing the importance of showing Arafat at least some movement on the Oslo front. In September 1999, I took a first, significant step in that direction. I agreed to a timetable that would deliver the Wye redeployments by the end of January 2000, while also committing us to negotiating a framework agreement, on the model of the Begin-Sadat Camp David accords, on the "permanent-status" peace issues. In early November, I joined Clinton and Arafat for talks around an event in Oslo – a deliberate echo of the optimism with which the peace process had begun, held on the fourth anniversary of Rabin's assassination. Both Leah Rabin and Peres came with me. Its centerpiece was a memorial service, at which Leah spoke very movingly of the need for both sides to finish the work Yitzhak had begun, a responsibility I pledged that we would do everything in our power to fulfill. Only Arafat struck a discordant note. He paired a tribute to Rabin with a polemic call for an end to "occupation, exile and settlements."

After the ceremony, he, President Clinton and I met at the American ambassador's residence. I was still struck by Arafat's public comments: by his apparent desire, or need, to play to hardliners back home in what was supposed to be a time to remember and honor Yitzhak. I didn't raise his remarks directly, but I told him that each of us was approaching a moment of truth for the future of our people. The decisions required wouldn't be easy politically, for either of us. "But if we don't have the courage to make them, we'll be burying thousands of our people." Worse, I said, those deaths would not advance his people's position, or mine, by a single inch. When future Palestinian and Israeli leaders did finally prove equal to the challenge of making peace, they'd be looking at the same conflict, requiring the same compromises. "The only difference will be the size of our cemeteries." Arafat nodded occasionally. But he said little, beyond saying that he considered Rabin to have been a friend, and repeating his now-familiar, nonspecific, pledge to "do what is necessary" for peace.

"The hardest part won't be the tough decisions in negotiations," I continued. "It won't be facing each other. It will be facing our *own* people." We would need to make the case openly, honestly, strongly that the peace agreement we reached was in the interest of both Israelis and Palestinians. And in this, each of us had a



HOUSE_OVERSIGHT_028178

responsibility to support the other. With President Clinton looking on, I steered Arafat toward the window of the ambassador's fifth-floor apartment. "Look down," I said. "Imagine that we each have parachutes, and we're going to jump together. But I have my hand on *your* ripcord, and you are holding *mine*. To land safely we have to help each other… And if we don't jump, many, many innocent people who are now walking the streets of Gaza and Ramallah and Hebron, Tel Aviv and Jerusalem, will die." Arafat again just nodded, leaving me, and the President, unsure whether anything I'd said had struck home.

The true test of that would come only when we got to the stage of negotiations when the "difficult decisions" could not be evaded. Yet only weeks after I returned from Oslo, the focus did finally shift to the Syrians. President Assad suddenly signalled his willingness to resume talks without any preconditions – a message he delivered first to my British Labor Party friend Michael Levy, who was visiting Damascus as Tony Blair's roving Mideast envoy, and then to Secretary of State Madeleine Albright. Assad said he would send Syrian Foreign Minister Farouk al-Sharaa to meet me for initial talks in Washington in December, ahead of a full-scale, US-mediated attempt to negotiate peace at the start of the new year.

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The broad terms of a potential deal had long been clear, both to us and the Syrians. The danger was always that the process would get derailed, or never really get started, due to domestic political opposition. Syria had a tightly state-controlled media and an intelligence service concerned mainly with crushing any signs of dissidence. That meant Assad's main concern was to ensure broad support, or at least acquiescence, from top military and party figures. In Israel, however, every sign of a concession would risk igniting charges that we were "selling out" to Syria. The Likud and the political right would obviously denounce the idea of giving up the Golan Heights, even though Bibi had been ready to do just that when he was Prime Minister. But even on the left, there was little enthusiasm for returning the Golan. There were far fewer Israeli settlers there than on the West Bank, not even 20,000. But most of them, far from being religiously motivated ideologues, were Labor supporters. And almost no Israel, of any political stripe,



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viewed Hafez al-Assad as a natural partner for peace. For years, he'd been a constant, sneering presence on our northern border, denouncing not only Sadat but any Arab leader who'd shown willingness to engage or negotiate with Israel. Amos Oz, one of our finest writers and a cultural icon for Labor Zionists, probably put it best. He said the Syrians seemed to think that "we will give them the Golan, and they'll send us a receipt by fax." The consensus was: forget Assad. Keep the Golan. In fact, before I left for the US, the Knesset voted on whether it supported my attempt to negotiate an agreement with Syria. We could muster only 47 votes, 14 short of a majority. An opinion poll found only 13 percent of Israelis favored a full withdrawal from the Golan.

The message I drew from this was *not* that we should give up on the chances of a peace agreement. After all, before Begin and Sadat went to Camp David in 1978, an almost equally tiny minority of Israelos had been in favor of withdrawing from the Sinai. Yet once they had seen the other side of the equation – full, formal peace with our most powerful neighbor – the opposition all but evaporated. The problem I saw was that if we and the Syrians couldn't find a way to insulate our negotiations from leaks, speculation and a swirl of opposition to our efforts at home, we'd never *get* to the key issues of substance.

I'd been making that point to the Americans for weeks. At first, I tried to persuade them to hold the talks at Camp David, ensuring the same, media-free isolation that had yielded the historic Israeli-Egypt agreement. But Dennis Ross replied that the very association of Camp David with that breakthrough meant it would be a non-starter for President Assad. I then suggested we consider sites outside of the US: NATO's Incerlik air base in Turkey, for instance, a British base in Cyprus, an American naval ship in the Mediterranean. Even, half-jokingly, an abandoned missile silo in South Dakota. Yet the point I was making was serious, in fact critical, I believed, if the talks were going to have a chance.

In the end, the Americans settled on a beautiful, and undeniably remote, town in West Virginia called Shepherdstown. But from the outset, I was worried it couldn't provide the kind of environment we needed. As soon as our plane landed at Andrews Air Force base outside Washington, I got a call from the head of our advance team. He told me the news media were already there and that reporters – Israeli, Arab, American and European – could be seen chatting with American, Israeli and Syrian officials in the town's coffee shops. I knew the press would have to publish *something* about potential concessions as the negotiations proceeded.



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Whether the stories were true wouldn't matter. They would still make the real bargaining necessary for peace far more difficult, perhaps even impossible.

I also had doubts whether Assad was ready for real peace: embassies, open borders, personal contact between Syrians and Israelis, and ideally an internationally backed free-trade manufacturing area on the Golan to give Syria a tangible stake in ensuring the peace lasted. In earlier talks, under Shimon Peres, Syrian negotiators had at one stage brought a message from Assad. What did we *mean*, he wanted to know, with all this emphasis on peace, peace, peace? Syria had peace with *El Salvador*, but without any of the trappings we were insisting on. Peace, in Assad's mind, seemed to mean merely an absence of war. Plus, of course, getting back the Golan.

I did, however, come ready to negotiate. Though I was still not prepared to reconfirm Rabin's "pocket deposit" as a mere ticket of admission, my position remained essentially the one I had worked out with Yitzhak in formulating the deposit: IAMNAM, "if all my needs are met." Meaning that if Assad showed a readiness to deal with *Israel*'s requirements in a peace deal, I did, of course, recognize we would leave the Golan Heights. In addition to early-warning facilities, we envisaged an open border with a demilitarized area on either side, as well as guarantees that important sources of water for Israel would not be blocked or diverted. As Assad knew, despite his presumably feigned puzzlement about Syria's arrangements with El Salvador, we also needed the agreement to embody a mutual commitment to real peace: through elements like an exchange of ambassadors and the establishment of the free-trade zone. As with the Begin-Sadat peace, we assumed that our Golan withdrawal would come in phases, parallel to the implementation of the other provisions of the treaty.

In our initial meetings in Shepherdstown, Foreign Minister al-Sharaa showed no inclination even to talk about these other issues. So on the second afternoon we were there, I suggested to President Clinton the Americans try to break the logjam by drafting a paper of their own. It would detail all the issues in an eventual agreement, with parenthetical references to those on which we and the Syrians still differed. Then each side could respond with a view toward narrowing the gaps. The President liked the idea. So did Al-Sharaa. Three days later, the President presented the eight-page American draft. With his customary eloquence, he emphasized the need for us to use it as a springboard for peace, not to score political points, and each side agreed to take a couple of days to look through it. It



HOUSE_OVERSIGHT_028181

seemed to me we might finally be on a path to substantive negotiations. There was obviously not going to be a deal at this round of talks, but I agreed with President Clinton that when they ended, he could phone Assad and tell him that I had confirmed Rabin's "pocket deposit."

Yet by the time we left for home, the prospects suddenly looked much worse – for the reason I'd feared from the moment we arrived. There were two major leaks. The first came in an Arabic-language newspaper in London. Given the thrust of the story, it had presumably come from the Syrians. But it was more annoying than truly damaging. The second leak, however, was in the Israeli newspaper *Ha'aretz*, which published the entire US negotiating paper. This was unwelcome for us, since it confirmed we were ready to go far in return for peace. But for the Syrians, the fact the final-border section was still a work-in-progress, with the parentheses to prove it, created the impression that they'd decided to negotiate the details of a full peace without first nailing down the return of the Golan Heights. Assad's image as a strongman, implacably tough on Israel, had been built and burnished over his three decades in power. The embarrassment of being seen as amenable to talking about a Syrian embassy in Israel *without* an agreement on the Golan struck me as a potentially fatal blow to the prospects for a deal, since it dramatically narrowed the scope for the flexibility needed by both sides to negotiate. I can't say I was surprised when Clinton phoned me when we got back to Israel to say that Assad had refused to send Al-Sharaa back, as planned, for a further round of talks in 10 days' time.

I didn't give up, however, and neither did President Clinton. In February, at the Americans' request, I sat down with Danny Yatom and US Ambassador Martin Indyk in Jerusalem to draw up a "bottom line" proposal on a withdrawal from the Golan Heights. Since I'd already empowered Clinton to reaffirm the "pocket deposit", I saw no reason not to do this. If only because of Assad's failing health, I believed it was the only way we could know whether an agreement was possible. We worked on a large satellite map of the Golan and the valley below, and drew our proposed border in red. We marked out a strip of several hundred meters on the far side of the Sea of Galilee. It included, or came near to, a handful of Syrian villages that had been there before 1967. But we were careful to adjust the line to exclude any area where buildings had stood. We compensated – with slightly more territory – by bending the border westward to give the Syrians part of the slope overlooking the lake, in what was now Israel. We also included the hot springs at



HOUSE_OVERSIGHT_028182

al-Hama, which I knew Assad had said he considered rightfully Syrian during talks held under Rabin.

But the details turned out not to matter. President Clinton agreed to present the map to Assad in what we both hoped would be a step to reopening the path for peace. The two of them met in Geneva in late March. Though the President also came with full details of our positions on the other negotiating issues, he began by telling Assad that I had agreed to the Syrians' longstanding point of principle on our future border: it would be "based on the June 4, 1967 line" before the Six-Day War. Then, the President unfurled the map.

It was shortly after five in the afternoon in Israel when Clinton phoned me. He sounded as if he'd been punched in the stomach. "Ehud, it's not going to work," he said. "The moment I started, he tuned out. He just said: 'Do I get my land?' I tried to get him to listen, but he just kept repeating: 'Do I get all my land?' According the President, Assad would countenance nothing less than being able to sit on the shore of the Sea of Galilee and "dip his feet in the water." Clinton said he'd done his best, and that was true. "I understand the effort is over," I replied. "Probably, he's too frail and ill by now." In fact, Assad would die of leukemia barely two months later. His immediate focus was on ensuring an uncontested succession to his son, Bashar.

When Dennis Ross came to see me in Jerusalem, I think he expected to find me more distraught than I felt. Of course, I was disappointed. But I told him I was grateful that Clinton had stayed with a negotiating effort that had been frustrating for all of us. When I became Prime Minister, I'd assured the Americans that as long as our vital security interests were protected, I was ready to go further than any previous Israeli leader to get peace with Syria, and with Arafat too. I might fail, but it would not be for lack of trying. I believed that even a "failure" would tell us something: whether the other side was truly ready for peace. With Syria, I told Dennis, "It's not what we hoped for. But at least now we know."

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My own negotiating team, not to mention the Americans, assumed I would now turn my attention to the Palestinians. Arafat was pressing for us to go ahead with phase-two of the Wye redeployments. In fact, he now wanted us to add the transfer of three Arab villages on the edge of east Jerusalem: Eizaria, El-Ram and, most importantly, Abu Dis, since from there you could see the golden dome of the mosque above the Western Wall in the Old City. I understood why the villages were politically important for him. But in practical terms, I also knew I'd have to secure the support of the cabinet and the Knesset for what the Likud, and the main religious parties too, would interpret as a first step toward "handing back Jerusalem."

For me, this underscored the problem at the heart of Oslo. We were transferring land to Arafat, yet still without any serious engagement from the Palestinians on the "permanent-status" questions, like the furture of Jerusalem, that were critical to the prospects for real peace. They were critical, in fact, even to reaching a framework agreement, or a declaration of principles, as a basis for a final treaty. I probably should have seen the crisis-ridden spring of 2000 as a harbinger of the difficulties when we finally got to that stage. I did make a first major effort to find compromise ground on the main issues. I sent Gilead Sher and Shlomo Ben-Ami to begin back-channel talks with a Palestinian team led by Abu Ala'a and Hassan Asfour, the architects of Oslo. But as I prepared to seek Knesset approval for returning the three additional villages to the Palestinians, my main Orthodox coalition partners, Shas and the National Religious Party, as well as Sharansky's *Yisrael ba'Aliyah*, all threatened to walk out of the government. I did manage to keep them on board, but only by getting the Knesset vote classified as a no-confidence motion. That meant that if we lost, the government would fall and there would be new elections. That was something none of them wanted. They feared that Arik and the Likud would do better this time around, and they would end up with fewer seats.

Still, even that didn't avert a different kind of crisis. The vote was on May 15. For the Palestinians, this was also *Al-Naqba* Day, the annual marking of the 1948 "catastrophe" of the founding of the State of Israel. Danny Yatom told me the night before there were intelligence reports of large protests planned for the West Bank and in Gaza. President Clinton immediately got the American consul to deliver a message to Arafat, saying that the President expected him to intervene against any sign of violence. But Arafat's reply was that, while he'd do what he could, he



HOUSE_OVERSIGHT_028184

couldn't guarantee anything. In the months ahead I would come to understand what that meant, because it would happen again. I don't think Arafat himself orchestrated the violence. Maybe he couldn't have stopped it completely. But I have no doubt – nor did President Clinton – that he stood aside and let it happen.

Even worse – since he *did* have control over them – his security forces, with arms that Israel had provided as part of Oslo, fired on our troops as they tried to keep order. All of this, while I stood in the Knesset battling to get approval to give him the villages. As news arrived in the chamber of gunfire just a couple of miles away, it was not just Likud or other right-wing MKs who were furious. I certainly was. Yet I also knew that the price of losing the vote would be the fall of the government. We did win the vote, by a margin of eight, meaning that I now had full authority to return the three villages. Fuming over what had happened, however, I called President Clinton and told him I was going to delay the handover. I was not about to return the villages under gunfire, or reward Arafat for breaking even his existing security commitments.

That meant that prospects for serious negotiations with the Palestinians were again on hold. But another, immutable, priority would probably have delayed any new initiative anyway: my pledge to get our soldiers out of Lebanon within a year of the election. I was determined to go ahead with it not just because I'd promised Israelis to do so. It was because I knew from experience that without setting a deadline and sticking to it, it wouldn't happen. I had been against keeping the security zone from the start. Over the years, many Israelis, both inside the military and beyond, had come to accept we would be better off pulling out. It wasn't just the attritional loss of Israeli soldiers' lives, but the fact that there was no obvious point, and no obvious end, to our mission there. Especially when major tragedies occurred – like the collision of two Israeli helicopters a couple of years earlier, leaving scores of young soldiers dead – there was *talk* about a withdrawal. Yet there was always a reason to reconsider, to put it off: a Hizbollah attack in the security zone, accusations of weakness from right-wing politicians, or simple caution in the *kirya*. The only way to get it done was to decide, and to do it.

My self-imposed deadline for the pullout was now just eight weeks away. Hizbollah had already begun escalating pressure on our outposts in south Lebanon with the obvious aim of making the withdrawal as difficult as possible. They were also targeting our local surrogates, the Maronite-led South Lebanese Army militia. I'd been meeting regularly with Shaul Mofaz, the former paratroop officer who



HOUSE_OVERSIGHT_028185

was now chief of staff, to ensure we had a plan to get our troops out as quickly and safely as possible once the order was given. But complex though the operational issues were, that was not the most difficult part. The withdrawal had not just a military aim, but a critical political one: to denude Hizbollah, with full international support, of its "occupation" fig-leaf for targeting and terrorizing the towns and villages of northern Israel. Shaul and a number of other generals in the *kirya* tried to make the security argument for keeping several small hilltop outposts just north of the border. But I insisted not a single Israeli soldier or emplacement remain on Lebanese soil. Throughout the spring, we had been coordinating every detail of the planned pullout with UN cartographers on the ground, to ensure that they, too, recognized it would be a *full* withdrawal to the border, fulfilling the terms of the Security Council resolution adopted after the 1982 Lebanon War.

Ordinarily, an operation on this scale would have been carried out over a period of weeks. But when we handed over a pair of military strongholds to the South Lebanon Army, and Hizbollah promptly moved in to take them over, it was clear that even several days might risk chaos, and casualties, as we left. The head of the northern command now supported an immediate withdrawal, and I agreed. Frustratingly, we did have to hold off for a further 36 hours, in order to ensure the UN staff on the ground could complete their verification process. But on the afternoon of May 23, alongside Shaul Mofaz at a command post on the border, I ordered the pullout of all Israeli troops, vehicles and other equipment within the space of 24 hours. I then flew back to Jerusalem for an urgent meeting to secure formal cabinet approval. The field commanders ended up getting it done in *less* than 24 hours, mostly overnight, without a single Israeli casualty. For nearly two decades, our troops had been serving and dying on a strip of land on which we had no claim, no settlements, and for which there was no rational security need. Finally, we were out.

As I should have anticipated, there were accusations from Hizbollah and its allies that our UN-verified withdrawal was incomplete. At issue was a cluster of villages where Lebanon meets Syria, known as the Sheba'a Farms. But as I knew first-hand, they were not part of Lebanon. I'd met their Syrian inhabitants when I helped "capture" the villages at the very end of the 1973 war on the Golan. When Syria now publicly supported Hizbollah's efforts to get the UN to say the area was in fact part of *Lebanon*, I decided to call their bluff. Through the Americans, I



HOUSE_OVERSIGHT_028186

suggested that Damascus confirm in writing that this part of the Golan was indeed Lebanese. The Syrians never responded.

Equally predictable were the prophets of doom on the Israeli right, who said the Lebanon withdrawal would bury northern Israel in Katyushas and in blood. The reality was that in the half-dozen years following the pullout, the Israel-Lebanon border was quieter than at any time since the late 1960s. The main personal impact of the withdrawal, however, was to remind me of why I'd run for Prime Minister in the first place. Despite the challenges, and inevitable setbacks and frustrations, of my first year in office, I was in a position to act on what I believed to be critical issues for my country's future. On Lebanon, I'd succeeded, mainly because the withdrawal was something we could do unilaterally. With Syria, I'd tried hard to get an agreement, only to find that Assad was unwilling, unable, or perhaps too ill to join in the search for a deal.

I still recognized, however, that no issue was more important to Israel's future than our conflict with the Palestinians. I knew that resolving it would be even tougher than the talks with the Syrians. But the only way to find out whether peace was possible was to try. So on the final day of May 2000, with the Lebanon pullout complete, I flew to Portugal – the site of a US-European summit – to see President Clinton.



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## Chapter Twenty-One

President Clinton and I met the next morning. My aim was to persuade him that the time had come for a make-or-break summit with Yasir Arafat.

I suspected it would not be easy to convince him, and it wasn't. But I made the argument that if we were to have any hope of moving Oslo forward, we now faced a stark choice. We were three years behind the timeline for starting work on a "permanent status" agreement, and only six months from an American election that would choose President Clinton's successor. We could, of course, pursue the Oslo process along its current, meandering path. But even though Bibi had slowed it down, that would inevitably mean Israel handing back yet more West Bank land to Arafat – in return for familiar, but still unfulfilled and untested, verbal assurances that he wanted peace. Each successive Israeli withdrawal reduced his incentive to engage of the core issues like final borders, refugees, or Jerusalem. I could not in good conscience justify that, either to myself or my country. The second option was the summit. I realized there was no guarantee it would succeed. But it *would* finally force Arafat to negotiate on the core issues – before the departure of an American President who had a grasp of the all issues and characters involved, and a personal commitment to converting the promise of Oslo into a genuine peace.

The obvious political risk, for both Clinton and me, was that after convening a summit – with all the heightened expectations and pressures it would bring – we'd fail to get an agreement. Though I'd be more directly affected, however, it was a more straightforward choice for me. In part because I'd been in front-line politics so briefly, but mostly because of what I'd done for the three-and-a-half decades before then, I viewed the *political* risk as just one of many, and by no means the most important. That was an obvious weakness in me as a traditional politician. I would indeed pay a political price later on for having given too little heed, and perhaps underestimated, the reaction in Israel to the summit and what came after it. Yet as I tried to impress on President Clinton, there were risks in *not* holding a summit as well, along with the obvious reward of a full and final peace if it succeeded. If it failed? At least we would know a peace agreement with Arafat was impossible. In fact, amid the diplomatic drift since Oslo, it was clear there was no other way that we *could* know.



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Walking with the President in Lisbon's spring sunshine, I tried to summon up an image that would bring both of us back to the starkly different reality of our conflict with the Palestinians. Only two weeks earlier, Arafat's own police force, with weapons *we* had given them, had opened fire as I was trying to get Knesset approval for returning three villages that *he* wanted. After I took office, I'd ordered a full-scale intelligence review of the security situation with the Palestinians. The sobering conclusion had been delivered to me six months earlier: plans were well underway by cells in the West Bank and Gaza for armed attacks against Israeli soldiers and terror strikes inside Israel. "It's like two families living in the same house, and it's on fire," I said. "All of us are rushing to put it out. But there's this veteran firefighter who arrives on the scene – *a firefighter with a Nobel Peace Prize* – and we have no way of knowing whether he's got matches and gasoline in his pocket." We had to find that out, I said. We had to establish whether we were *all* firefighters, and could put out the flames.

Clinton and I had got to know each other well. In one-on-one conversations like this, we called each other by our first names, though I was careful to address him as "Mr President" when others were there. We'd been through a lot together. I had no doubt that he wanted to put out the fire every bit as much as I did. But I also realized he had emerged frustrated, and bruised, from our last joint effort at peacemaking: with Hafez al-Assad. I was the one who had been pushing the hardest for him to meet Assad in Geneva, over the objections of some of his closest aides that it was likely to go wrong. Not only were the aides right. Assad had ended up delivering an extraordinary personal rebuff to the President of the United States. Now, I was again asking President Clinton for a summit, and I knew Madeleine Albright, Dennis Ross and others would be highly sceptical. "I understand they'll have doubts. I understand their reading of the risks," I told President Clinton. "But I'm convinced crucial issues are at stake, which justify the risks. Let's move forward."

But Clinton was skeptical, too. He said that without some sign of diplomatic progress between us and the Palestinians, he could see no way of holding a summit. With Arafat due to see him in Washington in a couple of weeks, he said that I first had to give the Palestinian leader *something*: the three villages, a prisoner release, or perhaps unfreeze tax revenues which we'd been holding back as leverage for at least some progress on the core issues. Otherwise, Clinton said he was certain Arafat would refuse to attend a summit. And even if he said yes,



HOUSE_OVERSIGHT_028189

Clinton felt we would need a draft document with broad areas of agreement before a diplomatic "endgame" could begin. I disagreed on that. I argued that if we tried to produce such a document, there would never be a summit. In fact, we'd never get a draft document worth anything. "Neither side is going to commit itself on issues like borders, refugees, or Jerusalem," I said, pointing out that even in our back-channel talks, the only forum in which there had been a hint of progress, those issues had barely been touched.

He did accept that "pre-negotiation" would never crack the main issues. But he still said that before he could contemplate a summit, he would need Madeleine Albright and Dennis Ross to talk in detail with us and the Palestinians. "There had to be a firm basis to work on," he said. Even then,m he said, he was almost sure Arafat would resist the idea of a summit. And on that last point, he proved right. I spoke to the President by phone after Arafat's trip to Washington. "He thinks you're trying to trap him into a summit, and that when it fails, I'll blame *him*," he told me.

The very next day, the stakes increased dramatically. For months, military intelligence had been warning of the potential for violence if we couldn't find a long-term political resolution of the Palestinian conflict. But the report which landed on my desk on June 16, 2000 was more specific. It said Arafat had called in his security people and said: "My strategic understanding is that Israel is not interested in reaching a deal. Therefore, we are preparing ourselves for a violent and prolonged confrontation." A few days later, we got an even more worrying report, saying the security officers had been told to begin "intensive training." Arafat was quoted as saying: "The Palestinian Authority is confronted by a strong and dangerous Israel, headed by a Prime Minister who is not interested in real peace. The proof of that is that when he was Chief of Staff, he was the only senior officer to oppose the Oslo Agreement." I summoned my security team: Mofaz as chief of staff; the heads of military intelligence, Mossad and the Shin Bet. I told them that Arafat was wrong. My inalterable "red line" would always be Israel's national and security interests. But as long as those were protected, I wasn't just interested in reaching an agreement with the Palestinians. I was determined to do everything possible to try to get one. But I also said that we had to make sure we were fully prepared for responding to "Palestinian violence and, at some stage, full-blown terror."



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A few days later, the "pre-endgame" around the summit began. Not in Washington or Jerusalem or Ramallah or Gaza, but in Kochav Yair. Nava and I still spent almost all our weekends there. We valued the quiet, or at least the slightly quieter, time away from Jerusalem or Tel Aviv. Some of my oldest army friends lived there as well: Danny Yatom, as well as Shaul Mofaz and Uzi Dayan, who was now deputy chief of staff. Newer colleagues, too, like Yossi Ginossar, a Shin Bet veteran who spoke fluent Arabic and, after working in the West Bank and Gaza in the late 1960s became one of the first Israelis to hold secret talks with Arafat, building up a personal relationship with him. Under both Rabin and Peres, he had been a valuable liaison with the Palestinian leader. Nowm under my Premiership as well.

The summit seemed to me more important than ever, but I knew that only President Clinton could make it happen. Short of giving the Palestinians the whole list of short-term rewards they wanted, including the three villages, I knew Arafat was never going to be enthusiastic. But if Clinton was persuaded that a peace agreement was within reach, I had confidence he would make the effort. I had allowed Gili Sher and Shlomo Ben-Ami to go to Washington the week before for exploratory talks with Dennis Ross. Shlomo, as I knew he'd done in the back-channel talks with the Palestinians, had gone beyond anything that I would or could say at this stage in order to probe the edges of where an eventual compromise might be possible. Now Clinton had sent Dennis to Israel, with Madeleine Albright to follow at the end of the month, and I had to assume that their impressions would be critical to his decision on whether to bring me and Arafat to Camp David.

We agreed to meet Dennis and his team at Danny's house in Kochav Yair. By the time I'd made the pleasant Shabbat-afternoon stroll from our house, a few streets away, they were in the back garden sipping lemonade and munching on popcorn. I'd met often with Dennis during my year as Prime Minister, and I liked him. He was smart, knowledgeable and experienced. He'd worked under three US Presidents: Carter, Bush Senior and now Clinton. No American diplomat had been more indefatigably involved in the search for Middle East peace. And whatever his occasional frustrations, he also recognized I was ready to go further than any



HOUSE_OVERSIGHT_028191

previous Israeli leader in trying to get that peace.

I knew that he would press me to tell him how far that actually was. He didn't ask directly. But each of his ostensibly theoretical questions was aimed at establishing whether I could give him enough for a summit to bridge the gaps on key issues. Could I accept a "trade-off between sovereignty and time?" Translation: could I give the Palestinians sovereignty over a larger part of the West Bank if we signed an agreement that would phase in their control? Could I accept the principle of land swaps? This meant giving Arafat land in areas bordering the West Bank, or in the Negev near Gaza, to compensate, at least partially, for the area we would keep for the major settlement blocs. What about applying my principle of "disengagement" between Israel and the Palestinians to Jerusalem? Meaning Arafat getting control of the predominantly Arab neighborhoods in the east of the city.

Dennis knew my long-standing reluctance to commit to concessions until we got to real, final negotiations with Arafat. "We'll not reveal anything you tell us," he assured me. "We won't turn what you say into opening negotiating positions for Arafat. But if there is going to be a summit, the President wanted some answers." To Dennis's frustration, however, I could give him no specifics, beyond telling him: "You know me, Dennis. You know I'm serious about this. Of course, we will protect our vital security and national interests. But the problem in making peace won't be us, on the Israeli side, as long as Arafat shows a capacity and a will for decision." The translation of *that*, as I hoped and trusted he understood was that if and when Arafat demonstrated that he wanted a comprehensive peace between a new Palestinian state and the State of Israel – a definitive "end of conflict" as the international lawyers would describe it – I would place nothing, except our security and core national interests, in the way of getting an agreement.

Madeleine Albright visited at the end of June. When she came to see me a day after meeting Arafat, she carried a request from the Palestinian leader: two weeks of "preparatory" talks before a summit. Again, I knew her mission was to bring back enough progress for the President to feel a summit was worth it. But again, I couldn't give her what she wanted. "I know what will happen in preparatory talks," I said. "We'll raise new ideas, which the Palestinians will reject, and ask for more." I don't know what she told Clinton, or Arafat. But Dennis called me the following day. He said that Arafat had agreed to attend a summit, and would leave the date up to the President.



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When Clinton phoned me at the beginning of July, however, he still hadn't finally decided to hold the summit. I needed him to know that, on my side, he'd have a truly willing partner, aware of the political risk he'd be taking. Like Dennis, the President tried to probe my position on land swaps, and Palestinian sovereignty for at least some Arab neighborhoods in Jerusalem. Finally, he asked if I would rule out those possibilities if they represented the difference between success or failure at a summit. I did not give him a definitive "yes." I said we could think through those issues together. But when he phoned again, on July 4 from Camp David, I felt I had to go further. I said that, for his ears only, I was willing to give him the assurance that, assuming that Arafat was willing to move toward us on core issues, I would consider limited, symbolic moves on both land swaps and Palestinian sovereignty in part of East Jerusalem.

Clinton replied: the summit was on. It would begin at Camp David in one week's time, on July 11.

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Two days before leaving for the US, I brought my ministers together. "We can't know what will happen at a summit," I said. "But we have a responsibility to give it a chance, and recognize the situation in which we find ourselves. If we sit idle and don't even try, we'll face an eruption of violence, and never know whether we could have avoided it. If, God forbid, we fail to reach an agreement, there will also be violence. We will face a new reality more difficult than you can imagine. But if we do manage the strike a deal, we are going to change the map and history of the Middle East." I reminded them it would be up to Israelis to say yes or no, in a referendum, to the terms of any agreement we negotiated. "If we achieve a breakthrough, I'm confident they will do so, by a landslide."

I said I would hold fast to a number of principles. There would be "no return to the 1967 lines," meaning that we would draw a new border with the West Bank to accommodate the largest settlement blocs. They were mostly around Jerusalem, or just beyond the 1967 border. In practical terms, over the years they had become part of Israel. Tens of thousands of people lived there. As the Americans and even the Palestinian negotiators recognized, no Israeli government, Labor or Likud,



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would agree to make them part of a Palestinian state. The second principle was that "Jerusalem will remain united." It would not be cut into Jewish and Arab halves as had happened between 1948 and 1967. That, I knew, might prove tougher to carry through on. But even if I had to concede a degree of Palestinian control in parts of east Jerusalem, I expected to be able to retain Israeli sovereignty over the city. The third principle was that there would be "no foreign army west of the Jordan River." In other words, if we did hand back at least the major part of the West Bank, it would be demilitarized and we would have security control over the Jordan Valley. Finally, we would not "accept responsibility for the birth of the refugee problem and its solution." Though there could be a "right of return" into a new Palestinian state, we would not agree to rewrite the history of the 1948 war by sanctioning the resettlement of hundreds of thousands of Palestinians inside the State of Israel.

I think it was the very fact we were talking about a comprehensive peace agreement that made it so hard for my Orthodox and right-of-center coalition partners. They didn't see the attraction of coming to final terms of peace. They knew it would mean concessions. There *would* be a Palestinian state. We *would* give up the great majority of Biblical Judaea and Samaria. While most of the settlers would remain, since they lived in the major blocs, those in more isolated settlements around the West Bank would have to be moved. They saw the prospect of a final peace only in terms of what we were giving up. They didn't see what we would *gain*: not just peace, and international recognition and endorsement for it. But normalcy: the central aim of Zionism. Jews living in a state like any other. Ever since 1967, we had been in control of the daily lives of hundreds of thousands of Palestinians on the West Bank and in Gaza. That was bad for them. But it had been bad for us too. *Fifty-two* years after the birth of our state, we still didn't have a permanent, internationally recognized border. Rather than dealing with our economic and social issues like other states, we were beset by internal divisions that were in no small part a result of our unresolved conflict with the Palestinians.

Shas, the National Religious Party and Sharansky's *Yisrael ba'Aliyah* were all threatening to pull out of the government because of the summit. Nothing I said could change their minds. Sharansky was the first to declare he was leaving. A few hours later, Shas and the NRP followed suit. If the Likud mustered the required 61 votes for the no-confidence motion it was introducing before I got on the plane to the US, the government would fall. If the parties that had left the coalition, with a total of 28 seats, went along with Arik Sharon, it wouldn't be close. As if that



HOUSE_OVERSIGHT_028194

wasn't enough, David Levy, my Foreign Minister, told me he would not be joining me at Camp David. He wasn't resigning, at least not yet. But he knew that the final decisions at the summit would be mine, he feared it would fail, and didn't want to share in the consequences.

None of this meant I wasn't going. Even if the no-confidence vote succeeded, the new Israeli electoral system, with its separate vote for Prime Minister, meant I would remain in office, at least until the summit was over. In a nationally televised message, I reminded the country that I'd been elected with nearly two million votes. I felt I had a responsibility, and a mandate, that went beyond party politics. "I must rise above the political arguments, and seek out all possibilities on the way to a peace agreement that will end the conflict, and the blood, between us and our neighbors." I made the same points before the Knesset. I did, of course, want parliamentary support. But I was acting on a mandate from the *people* of Israel. It was they, in a referendum, who would ultimately decide on anything we might agree. When the Knesset votes were counted, thanks to the fact two dozen MKs abstained, both sides lost. Arik fell seven votes short of a majority. So the government survived. But those opposed to the summit got more votes than we did: 54 to 52.

There were several consolations as I prepared to fly out from Ben-Gurion airport. Shas leader Eli Yishai passed me an envelope on the tarmac. Inside was a note from Rabbi Ovadia Yossef, the Shas spiritual leader whom I'd met with privately after the election and a number of times since. He wanted to wish me good luck. Nearly 30 reserve generals also issued a public message of support. Perhaps most encouragingly, a newspaper poll found a majority of Israelis – 55 percent to 45 – believed I was right to go to Camp David and that I had a mandate to make concessions in return for peace.

David Levy came over to talk before I boarded. "I doubt we'll get an agreement," he said. I told him what I was telling other ministers, what I'd told reporters and, in fact what I had told Nava. "The odds are fifty-fifty." The reporters took this as coy, or deliberately deceptive. So I added that it was not because I knew something they didn't. "It's because there are two possible outcomes, and I don't know which one will happen." The gaps of substance were bridgeable. The question was whether both sides wanted peace, and whether each had made a serious, strategic decision to go for it. I'd made that choice. But I had no way of knowing whether Yasir Arafat had.



HOUSE_OVERSIGHT_028195

I *was* confident of finally answering that question at the summit. Camp David was different from Shepherdstown. No reporters would be there. Mobile phones were banned. Each delegation had one landline. We'd also be operating under a time constraint. President Clinton was due to leave for a G8 summit in Japan on July 19. The gave us barely a week. I did wonder whether that would be enough, even if both sides were committed to reaching a peace agreement. Yet I hoped it would at least provide the possibility, as it had for Begin and Sadat twenty-two years earlier, to reach a framework agreement that open the door to a final peace treaty.

Not just the time, but the numbers were limited. We and the Palestinians could have only a dozen members in our negotiating teams. Some of my choices were automatic: Danny Yatom; Shlomo Ben-Ami, whom I'd made acting Foreign Minister in Levy's absence; Amnon Lipkin and Attorney-General Elyakim Rubinstein; Gilead Sher and his chief negotiating aide, Gidi Grinstein. I also took along a strong security team, including Shlomo Yanai, head of strategic planning the *kirya,* and Israel Hason, a former deputy-head of Shin Bet. There was another important, if less obvious, inclusion: Dan Meridor. A leading member of the Likud before he'd formed the Center Party at the last election, Dan was not just a friend. He was a man of rock-solid integrity, with a strong moral and ethical compass, who put principle over party. He was also a lawyer, and had been Minister of Justice under Bibi. Along with Attorney-General Rubinstein, I knew I'd have a gifted legal team if we got to the point of considering the specifics of a peace agreement. There was another consideration as well. Both Dan and Elyakim were right-of-center politically. I felt I needed their voices as a kind of litmus for the tough decisions, and concessions, I might have to consider if an agreement did prove possible.

I was not nervous as we crossed the Atlantic, though even those who knew me best assumed I would be. Nava had sent me off with a list of dietary instructions, almost like a surgeon general's warning that Camp David might prove hazardous to my health. But I felt prepared. I'd gone to every source I could find about the Begin-Sadat summit. I knew there would be periods of crisis and that at certain points I'd have to allow leeway for my own team to explore possible compromises beyond our set negotiating limits. Yet none of this altered my belief that holding the summit was the right thing to do, nor my confidence in being able to play my part. I did feel a huge responsibility. Decades after our conflict with the



HOUSE_OVERSIGHT_028196

Palestinians had begun, seven years after Oslo, I was making an attempt, with the participation of the President of the United States, to shape the final terms of peace. I knew I carried the conflicting hopes and fears of Israelis with me.

And the odds really were 50-50. Either we'd come home with an agreement, to be placed before the country in a referendum. Or we would know that, at least for now, it was beyond reach.



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## Chapter Twenty-Two

If I believed in omens, I might have turned back as soon as we got to the summit. We reached Camp David a little before ten at night on July 10, after helicoptering from Andrews Air Force base near Washington. When we arrived, it was pouring with rain. The cabin assignments were also a surprise. I was given the one that Anwar Sadat had at the first Camp David summit in 1978. Arafat got Menachem Begin's. Still, the cabins themselves, each named for a tree, were large and pleasant. Mine was called Dogwood. It had a bedroom, two large sitting rooms and a terrace. I took it as a good omen that it was the same one where Nava and I had stayed during our visit with the President Clinton and Hillary right after I'd become Prime Minister.

With just eight days to address the core issues of decades of conflict, we got down to work the next morning. Clinton began by meeting Arafat, as I went through the Americans' strategy for the negotiations with Madeleine Albright, Dennis Ross and Martin Indyk. Then I met the President in his cabin, which was called Aspen. He told me that while Arafat still thought I was trying to "trick him" into an agreement, and didn't think we'd necessarily get a deal, he did accept I was serious about trying. My fear was still the opposite, that Arafat was not serious. Yet my hope was that the isolated environment of Camp David, and the wide public expectation that we would accomplish what Sadat and Begin had done there before, would deliver the breakthrough that I believed ought to be possible. For that to happen, I told the President, I believed it was essential that Arafat truly understood the importance of what was at stake. Not just the cost of failure, but what was potentially on offer: the creation of the Palestinian state he sought, with the full acceptance of Israel and the support of the world.

I wish I could say I was optimistic when Clinton led the two of us into Laurel Lodge, the larger cabin a few hundreds downhill from Aspen, for the opening session of the summit. The scene at the front door – with me bustling Arafat ahead, with the intention of allowing him to enter before me – yielded the best-known image from the summit. Captured by the television crews allowed into the compound for the ceremonial opening, it spawned a cottage industry of political speculation and armchair psychoanalysis purporting to decipher what it meant. Some said it was an encouraging sign of "chemistry" between me and Arafat, a not



HOUSE_OVERSIGHT_028198

unreasonable guess, since both of us were grinning throughout. Others concluded that because each of us was trying to nudge the other to go in first, it was a sign of underlying conflict: neither of us wanted to allow the other the privilege of appearing to be polite. Still others, bizarrely, said that it was an ornate Middle Eastern power play, with the aim of demonstrating that *I* was ultimately in control of proceedings. In fact, it would turn out to be a singularly apt image of what happened in the days that followed: a reluctant Arafat, an engaged and expectant Prime Minister of Israel, a smiling and hopeful Clinton.

We did begin on a note of optimism. In my opening statement, I said: "Now is the time for us to make a peace of the brave, to find a way to live together side by side with mutual respect, and to create a better future for our children." Arafat said he hoped that the peace Begin and Sadat had made at Camp David would prove an auspicious example. "With the help of President Clinton, we could reach a deal that is good for both sides."

But it was going to take more than noble words. The details of a peace treaty, or even a framework agreement, were going to require negotiation. Both Arafat and I arrived fully aware of the shape of the "hard decisions" I'd referred to months earlier when we met in Oslo. On his side, it would come down to whether he was prepared for a comprehensive, final peace. A true "end of conflict," with no get-out clauses, no strings left untied, no further claims on either side. In concrete terms, this would mean abandoning his claim for a notional hundreds of thousands of Palestinian refugees to resettle inside the pre-1967 borders of the State of Israel. And what were Israel's difficult decisions? In return for the end of conflict, I would have to deal away the maximum possible part of the West Bank, certainly well above the 80 percent I'd quoted Shimon Peres as suggesting when I'd first met with President Clinton. I would have to accept the idea of land swaps, if necessary, in order to bring the overall percentage as near as possible to the equivalent of the whole of the West Bank. I would have to be flexible on the arrangements to ensure Israeli security oversight over the Jordan Valley. And if a true peace was really on the table, both Arafat and I would have to consider some form of compromise on the most emotionally and symbolically difficult issue of all: the future governance of Jerusalem.

On the first evening, we met as an Israeli delegation to discuss our position for the days ahead. Gili Sher and Danny Yatom helped me keep a clear overall picture of proceedings throughout the summit. Our secure landline was operated by a Shin



HOUSE_OVERSIGHT_028199

Bet technician. I assumed that, one way or another, the Americans could listen in, but was fairly confident we were beyond the electronic earshot of the Palestinians. I kept myself fully informed of, but at a distance from, the specific work of our five negotiating teams. Though I could not have stayed engaged with all of them at the same time, I also hoped the arrangement would give them an opportunity to explore any realistic opportunity for a breakthrough and any sign of flexibility on Arafat's side – without committing me until there *was* such flexibility.

Yet for the first couple of days of the summit, there was not only no sign of flexibility. There was little meaningful engagement. Dennis Ross and his team drew up a paper setting out the main issues. For those on which we differed, our positions were marked with "I" and "P". It wasn't until around midnight on day-two that the we got a first look at the American draft. The main, unhappy, surprise was Jerusalem. This crucial issue was not marked with "I" or "P". It said outright that there could be two capitals, one Israeli and one Palestinian, within the city of Jerusalem. I was not opposed to the Palestinians calling Jerusalem the capital of their state. But even in follow-up talks after Oslo, when Yossi Beilin and Abu Mazen had explored avenues toward a possible resolution of the Jerusalem question, the maximum understanding was that Israel might expand the existing city limits to accommodate the "two capital" solution. The Palestinians' capital would be in Abu Dis, one of the villages Arafat had asked me to hand back in May. The way the American document was worded suggested dividing Jerusalem as it now was: something ruled out by all Israeli politicians, of all parties, ever since 1967.

When I phoned President Clinton, he asked me to come talk. We sat on the back terrace of his cabin, looking out incongruously on a beautifully tended golf hole installed by Dwight Eisenhower. I told the President that after all the hours we had spent together, I'd felt blindsided by the inclusion of a proposal on Jerusalem that went beyond anything we'd talked about. "It was my mistake," he replied, obviously already aware through his negotiators of the error. He said that he'd put pressure on his negotiators to get the document finished, and that Dennis hadn't had time to read it through. But it was already being fixed: the word "expanded" would be added to the Jerusalem section. I was grateful for that, but told Clinton I was concerned that even this "I and P" paper might have the unintended effect of delaying any real progress. "Since it's an American document, it gives the Palestinians no incentive to compromise," I said, suggesting that it might be better



HOUSE_OVERSIGHT_028200

simply to withdraw the paper. Clinton's answer encouraged, and surprised, me. "We agree," he said. "The paper no longer exists." It soon turned out the Palestinians were unhappy with it too, but for another reason. On the lookout for validation of Arafat's insistence that Camp David was an Israeli "trap", they were convinced that the paper had Israel's fingerprints all over it. That wasn't true. The one change we'd insisted on was because it misrepresented our position on Jerusalem. Still, since Dennis had added the word "expanded" to the Jerusalem section in longhand, the Palestinians were convinced of Israel co-authorship.

In fact, three days into the summit, the mood among the Palestinians seemed increasingly aggrieved. Not just the Americans, but some members of my own team, were urging me to show more "personal warmth" towards Arafat. I did always exchange greetings and pleasantries with him at mealtimes in Laurel Lodge, but even there, I admit, that I didn't exactly show enthusiasm, much less ebullience. After one dinner, when I'd been placed between the Palestinian leader and Chelsea Clinton, the President's National Security Adviser, Sandy Berger, asked me why, rather than talking to Arafat, I'd spent almost the entire time chatting with Chelsea. My response was only half-joking: "Given the choice, who wouldn't?"

It wasn't only that I believed a charm initiative would come over as contrived. I didn't want to risk misleading Arafat, the other Palestinians and possibly the Americans as well, by giving them the impression I was satisfied with the progress of the summit, or felt that we were heading towards any serious engagement and compromise on the core issues. I had met Arafat many times before Camp David. I had made it clear in all of those meeting that, despite differences on a range of difficult issues, I did want a final peace agreement and that I was ready to consider the tough decisions necessary to make it possible. At Camp David, I was not against meeting Arafat as a matter of principle. I simply felt the time for such a meeting, if it came, would be at the moment that we saw at least *some* signal of a readiness on his part to negotiate seriously.

Still, given the strength of feeling among some of my own negotiators, I felt a responsibility to give it a try. I told Yossi Ginossar, the former Shin Bet officer who was closest to the Palestinian leader among the Israelis, to set up an informal meeting. I added, to Yossi's obvious satisfaction and surprise, that I'd be willing to have the meeting in Arafat's cabin if that's what he preferred. The next afternoon, I went there for tea and baklava. Abu Mazen, his top political adviser and the main



HOUSE_OVERSIGHT_028201

Palestinian architect of Oslo, was with him, along with a more junior aide who served the tea and sweets. At least this time, Arafat didn't take notes as we spoke. The mood was friendly. We talked about a whole range of issues. With ony one exception: what was really happening, or what should happen, in the summit talks. I found the exercise disappointing as a result. But Yossi Ginossar assured me it would help the atmosphere, and would eventually translate into negotiating progress. "I hope so," I said.

It wasn't until day-four that real talks began. The Americans arranged for negotiating teams from both sides on borders, the refugee issue, and Jerusalem to meet with President Clinton. The Palestinians participated, but showed no sign at all of a readiness to compromise. Borders should have been the most straightforward. Assuming we wanted a deal, it was about sitting down with a map and working out how to address both sides' arguments. But Arafat's representative in the meeting – the Oslo negotiator Abu Ala'a – said he wouldn't even discuss borders without a prior agreement to land swaps ensuring Palestinian control over an area equivalent to 100 percent of the West Bank. Shlomo Ben-Ami did try to find a way around this. He suggested the Palestinians *assume* that to be the case for the purposes of the meeting, so that at least there could be meaningful discussion of the border, including the provisions Israel wanted in order to retain the major settlement blocks. President Clinton agreed that made sense. He said that without talking about the *substance* of such issues, there wasn't going to *be* a deal. Even Abu Ala'a seemed receptive, according to Shlomo. But he insisted that he would have to ask Arafat first whether it was okay.

On refugees, pretty much the same thing happened. The Americans, and I assumed at that point even the Palestinians, knew that a peace deal would be impossible if we agreed to hundreds of thousands of refugees entering Israel – in effect leaving the state created in 1948 with a Jewish minority. But when President Clinton began trying to narrow down details of a compromise resettlement package – how *many* refugees would return, where they would go, and how to arrange international financial support for them – Abu Mazen insisted that nothing could be discussed until without a prior Israeli acceptance of the "principle of the right of return." On Jerusalem, according to Gilead Sher, the President didn't even try to find common ground on the core issue: sovereignty. Instead he used the formula Shlomo Ben-Ami had suggested, telling each side to proceed on the assumption sovereignty was decided in its favour, and to concentrate instead on how everyday



HOUSE_OVERSIGHT_028202

municipal functions and daily life would be divided between Israel and the Palestinians under a peace agreement.

When I convened our negotiators in my cabin to take stock of the logjam, I was getting more and more skeptical of finding a way to get to actual negotiation on the "hard decisions" I assumed both sides knew we'd have to make. I told our team we could not play that game. Until there was at least *some* movement from Arafat, I didn't want them suggesting any Israeli concessions. We'd obviously get nothing in return. The summit would fail. Despite my repeated insistence both to the Americans and Palestinians that, without an agreement, any Israeli suggestions would be null and void, that didn't mean they would simply be forgotten. The result is that we'd actually be in a worse situation than before Camp David. Politically, I'd find myself in much the same position as President Assad, after the leak of the American draft from Shepherdstown: apparently ready to consider giving Arafat the great majority of the West Bank, without the slightest sign Arafat was ready for a full and final peace. But that wasn't my main concern. It was that anything that we put on the table here would handcuff future Israeli governments if and when an "end of conflict" agreement became possible.

Still, when Dennis Ross learned from my negotiators what I'd decided, he was frustrated and upset. He came to see me on Saturday morning – day-five of what was looking increasingly like a stillborn summit. "This summit was *your* idea," he said, reminding me that the President had agreed to it over the reservations of a lot his own aides. He told me that at a minimum, I had to help give it a chance: by giving *him* my true negotiating "red lines." Either that, or give my negotiators more leeway to explore compromises. I did not want to make Dennis's job any more difficult than it already was. And I told him I was still ready to engage fully if we ever got to the real substance of a possible deal. "But I can't do what you've asked me," I replied. "Not when Arafat is simply holding firm and not showing a willingness even to *look* for compromises."

Fortunately for my relationship with the President – though not for the prospects of an agreement – Clinton had considerably more sympathy with my position after his next meeting with both sets of negotiators that afternoon. It was a return encounter with Abu Ala'a on territory and borders. Shlomo Ben-Ami now produced a map of the West Bank with our proposed breakdown into the areas that would be controlled by a Palestinian state, the part Israel would retain to accommodate the major settlements, and territory which we suggested would go to



HOUSE_OVERSIGHT_028203

the Palestinians after a transitional period. The part we had earmarked for Palestinian control was now a bit over 85 percent of the West Bank, more than I'd indicated to the President in our first meeting a year earlier. But while Abu Ala'a had told Clinton he would ask for Arafat's permission at least to negotiate, he clearly hadn't received it. He refused to talk about the map, or even respond to Clinton's suggestion that the Palestinians present a map of their own, until we did two things: accept the principle of land swaps and reduce the size of the territory we were suggesting for the settlement blocs. To Shlomo's, and I'm sure even more so to Abu Ala'a's, astonishment, the President exploded. He told Abu Ala'a that to refuse to provide any input or ideas was the very opposite of negotiation. It was an "outrageous" approach. He stormed out.

It was late that evening when the first move toward the "make-or-break" situation I had hoped for seemed to occur, though still with much more likelihood of break than make. The President decided the only way to make progress was to sequester a pair of negotiators from each side overnight. Their task would be to search honesty for the outlines of a possible peace agreement. They were to update Arafat and myself and then report to Clinton the next day. Then, we'd see where we were. I agreed to send Shlomo and Gili Sher, my former "back-channel" negotiators. I knew that whatever guidelines I gave them, they would probe beyond them, just as they'd done in the back-channel talks. They were negotiators. They were also smart, creative, badly wanted an agreement and, like me, believed it ought to be possible. Though I would retain the final word to approve or reject what they suggested, I knew that only in a legal sense could it be null and void. I also recognized, however, that we had to be willing to push further, both to find out for certain where the Palestinians stood and to convince the Americans we genuinely wanted an agreement.

Shlomo and Gili left a little after midnight for Laurel Lodge. Marine guards were posted at the doors, with orders that neither negotiating team was to leave until morning without notifying the President's staff. Mother Nature provided a further incentive to stay inside, since it was again bucketing down with rain. The negotiators talked not just through the night, but the next morning as well. It wasn't until early afternoon that Shlomo and Gili came to my cabin to report on how they'd gone. As I'd anticipated, both of them had ventured beyond concessions that I was ready to consider, at least at a time when we weren't even near to a final peace deal. Taking the President's instructions to heart, they'd said



HOUSE_OVERSIGHT_028204

they were willing to consider full Palestinian sovereignty over two Arab neighborhoods in East Jerusalem, and even some form of Palestinian authority and control in the Christian and Muslim quarters inside the walls of the Old City. They had dropped our insistence on Israeli control over the Jordan Valley, suggesting that we hold on to only a small segment of the border with Jordan. They had gone beyond the share of the West Bank allocated to a Palestinian state on the map that Abu Ala'a wouldn't even look at. Now, they suggested around 90 percent. But when I asked what the Palestinian negotiators, Saeb Erekat and Mohammed Dahlan, had proposed in return, the answer was almost nothing. They had taken notes. They had asked questions. The one Palestinian proposal, from Saeb Erekat, was on Jerusalem: Palestinian sovereignty over *all* the city's predominantly Arab areas, and Israeli sovereignty over Jewish neighborhoods. In other words, a division of the city.

Even though I was concerned that Gili and Shlomo had gone so far, especially on Jerusalem, I'd reached the point where I doubted that even that would matter. We were now in day-six of the summit, barely 48 hours from President Clinton's departure for the G-8 summit, and we were negotiating only with ourselves. Knowing that the President planned to go see Arafat, I sat down and wrote him a note – emotional not just because I did it quickly, but because of how deeply let down I felt by the Palestinians' deliberate avoidance of a peace deal which, with genuine reciprocity, should have been within reach. "I took the report of Shlomo Ben-Ami and Gilead Sher of last night's discussion very badly..." it began. "This is not a negotiation. This is a manipulative attempt to pull us to a position we will never be able to accept, without the Palestinians moving one inch." I reminded President Clinton that just as he was taking political risks, I was too. "Even the positions presented by our people last night, though they are not my positions, represent an additional risk," I said.

I said I doubted there would be another Israeli leader willing to engage in serious efforts for a final peace agreement with the Palestinians after what had happened here. Unless things changed dramatically, I was not prepared for us to throw out further suggestions, or consider painful concessions. "I do not intend to allow the Israeli state to fall apart, physically or morally. The State of Israel is the implementation of the dream of the Jewish people, for generation upon generation. We achieved it after enormous effort, and at the expenditure of a great deal of blood and sweat. There is no way I will preside at Camp David over the closing of



HOUSE_OVERSIGHT_028205

this saga." I told the President that I still believed that we were facing a "moment of truth." But only if he could "shake" Arafat, and get him to sense the enormity of the stakes – an independent Palestinian state, versus more, and undoubtedly deadlier, violence.

And if it did come to armed conflict? "When the people of Israel will understand how far we were ready to go, we will have the power to stand together, unified, in such a struggle, however tough it will become, even if we will be forced to confront the entire world. There is no power in the world that can force on us collective national suicide. Peace will be achieved only if there is a willingness to negotiate on both sides. I am sure the people of Israel, and the American people, will understand it when the details will be revealed."

Clinton had already left for Arafat's cabin by the time Danny Yatom went to deliver the letter. But the President, too, was in a more sober and downbeat mood by the time that meeting was over. Late that night when, having now read my note, he joined me on the balcony of Dogwood. He looked exhausted. "It was the toughest meeting I've ever had with Arafat," he said. Clinton said he had told the Palestinian leader that only one side, the Israelis, had so far been negotiating in good faith. If Arafat was not prepared to make a genuine effort to reach an agreement, then there was no choice but for all of us to go home. Now, it seemed, both the President and I were left to wait and see what, if anything, Arafat came up with in reply.

"I've been through battles, and danger, in my life," I said. "But in terms of my responsibility, today, for me as well, was probably the toughest. Shlomo and Gili went beyond what I could live with. If this offer can't move him, then I believe we are left to prepare for war." I told the President he didn't even need to phone me after hearing from Arafat if all he offered was some clever half-reply. Only if it was serious and substantive. I also reminded him that while he'd promised Arafat that he would not "blame" the Palestinians if the summit failed, that had been on the basis of negotiating in good faith. I hoped that, if the summit collapsed in these circumstances, he would keep to that standard.

Finally, I touched on an immediate concern if the summit broke up. For months, the Palestinians had been talking about simply "declaring" a Palestinian state. The Americans had insisted neither side should resort to unilateral action in a conflict whose resolution depended on mutual agreement. The Europeans had been less



HOUSE_OVERSIGHT_028206

explicit. I told President Clinton I could speak only for how I would respond if a state was indeed declared without a peace deal. "We will extend Israeli sovereignty over the major settlement blocs. We will establish a security zone in the Jordan valley, and let them know that there will be a heavy price should they attack any of the outlying settlements." In other words, Palestinian unilateral action would prompt unilateral Israeli action. "And the confrontation will begin."

* * *

Clinton seemed, if not completely revived, considerably more upbeat when he came back to see me an hour later. He told me that he had received the Palestinians' answer. The way he described it to me, Arafat had agreed to leave President Clinton to decide the amount of West Bank land that would go to a Palestinian state, a figure he now told me that he was assuming would end up at around 90 to 92 percent. The trade-off, he said, would be a limited, "symbolic" land swap. Arafat also wanted control of the Jordan Valley, but had agreed to begin negotiating on Israeli security needs there as soon as possible. Then, came Arafat's counter-conditions, which appeared to bother the President much less than they did me. Everything would be contingent on an unspecified, "acceptable outcome on Jerusalem." And despite Clinton's emphasis that any meaningful agreement had to include a formal declaration that the Israeli-Palestinian conflict was "over," Arafat was insisting that could come only after the terms of whatever we agreed were fully implemented.

Still, it was at least a step forward. Clinton seemed genuinely encouraged, and I didn't want to risk closing off this first chink of light. I suggested, for instance, that we could address Arafat's reluctance about an "end of conflict" statement by providing an American guarantee that the terms of the deal would be implemented.

Still, it very soon became clear that any hope of real progress rested on by far the most difficult issue: Jerusalem. Across party boundaries, even across divisions between religious and secular, nearly all Israelis viewed the city as not just our capital, but the centrepiece of the state. It had been divided after 1948. The Old City, and the site of the ancient Jewish temple, had been under Jordanian rule for 19 years when our forces recaptured it in the Six-Day War. It was under a Labor



HOUSE_OVERSIGHT_028207

government that the area around the temple's surviving Western Wall, left uncared for under the Jordanians, was cleared and a stone plaza put in place for worshipers – at the expense of parts of the old Moroccan Quarter. It was under Labor, too, that Israel unilaterally expanded Jerusalem's city limits to take in more than two dozen adjacent Arab villages on the West Bank. No Israeli government since then, Labor or Likud, had deviated from a shared pledge that Jerusalem would remain Israel's undivided, sovereign capital under any eventual peace agreement.

Yet when I met Clinton the next morning in Laurel Lodge, he insisted we had to find some room for flexibility. He said that, of course, Israel would retain sovereignty over the Temple Mount: the site of the Western Wall and, above it, the Al-Aqsa mosque complex. "But without damaging your sovereignty," he argued, "we have to find a way to *draw a picture* for Arafat that includes some measure of Palestinian control in part of the city."

"Could you agree to Arafat having an office, maybe, inside the walls of the Old City," he asked me. What about a form of administrative control in some of the outlying Arab neighborhoods in East Jerusalem? I replied that I couldn't possibly answer any of his questions until and unless it was clear that Arafat accepted our sovereignty over – and our national and religious connection with – the Temple Mount. Yet I said I understood that we would have to reach some compromise agreement on the city if we were ever going to have a chance of a peace agreement. "But it's an issue that is difficult for every Israeli," I told him. Before I could even begin to see whether there was a way forward, I would have to take it through with my entire negotiating team. Then, we could discuss it.

It turned out to be the most open, serious, searching discussion I was a part of during all my years in public life. It began, on the terrace of my cabin, at two in the afternoon and went on until sundown. I introduced it by saying what each of us already knew: Jerusalem was the most emotionally charged and politically complex issue of all. Our maximum position coming into the summit had been that we would again expand the municipal boundaries of the city, as we'd done after the 1967 war, in order to accommodate two separate "city councils." One would be in Abu Dis, just to the southeast of the Old City, almost literally in the shadow of the Temple Mount. The understanding was the Palestinians would be free to rename the village, referring to it by the Arabic name for Jerusalem: Al Quds. I said that we should use that position as a starting point, and discuss how, or whether, we might go further. All I added was the need to be aware of what was at



HOUSE_OVERSIGHT_028208

stake. I didn't know whether peace was within reach. I was still deeply skeptical. But if it was, we had to accept that Jerusalem would be key. And if the summit failed, for whatever reason, what inevitably awaited us was "confrontation."

Israel Hasson, the Shin Bet veteran, spoke first. He saw two choices. Either we could retain Isrsaeli sovereignty over a "united Jerusalem" with functional, day-to-day autonomy for the Palestinians in their neighborhoods, or we could in effect divide the city. "Divide sovereignty." He didn't say which he favored, only that it was essential that we made the decision now if we could, however difficult or reluctant Arafat was as a negotiating partner. If we waited, we'd end up having to deal with Islamists: Hamas and Islamic Jihad. Oded Eran, the career diplomat whom I'd put in charge of frustrating, formal talks with the Palestinians in the months preceding the summit , said he was convinced that we should give the Palestinians full sovereignty over at least the "outer" Arab neighborhoods in East Jerusalem, which had become part of the city only when we'd expanded the city boundaries after 1967. He said that was in Israel's own interest. We had no historic connection to these Arab villages, and something like 130,000 Palestinian lived there. "Why should we want to annex them," he asked. It would be like accepting the "right of return" through the back door.

Dan Meridor's voice, for me, was especially important. I knew he was as determined as I was to try to get a peace agreement with the Palestinians. But he was also a former Likudnik, and a native Jerusalemite. "I'm against any concessions when it comes to Israeli sovereignty," he said. "Any attempt to divide Jerusalem would be a serious blow, and not just for Jews in Israel." For centuries, Jewish communities all over the world, had looked to Jerusalem, prayed for Jerusalem. The yearly Seder meal, on Passover, ends with the Hebrew phrase: *Shanah haba b'Yerushalaim*. Next year, in Jerusalem. "What we decided here in Camp David," Dan said, "also affects Jews in New York. In Moscow. In Johannesburg." He urged us to focus instead on offering Arafat as attractive as possible a package of concessions on all the *other* issues. "Then let him decide. But even if sovereignty over Jerusalem means that the deal collapses, I'm not willing the pay that price."

No voices were raised. It was the rarest of political discussions. People offered their views, and listened to others'. Amnon Lipkin pointed out that a large area of what was now came inside the boundaries of Jerusalem was not part of the city he'd known before 1967. Echoing Oded Eran, he said: "It's in our interest for as



HOUSE_OVERSIGHT_028209

many as possible of the Arab inhabitants to come under the authority of the Palestinians, and as few as possible under our rule." Amnon's bottom line was that we could not give up Israeli sovereignty over the Temple Mount, which, although he was a non-observant Jew, he called "the cradle of Jewish history." But equally, we couldn't and shouldn't "run the Al-Aqsa mosque." He was also in favor of agreeing to what Clinton had asked of me: giving Arafat a base in the Muslim Quarter of the Old City. His one caveat was that we should not do any of this unless it was part of a genuine, final, peace agreement with the Palestinians.

Danny Yatom urged us to move beyond our emotions and look for a practical solution. "We all know how the boundaries of Jerusalem were drawn," he said, referring to the post-1967 expansion of the city. "They're not holy. It is important to get down to our *real* red lines." Eli Rubinstein, the attorney general, agreed. Even though he was an observant, Orthodox Jew, and more sympathetic politically to Likud than Labor, he concluded that we needed to include "as few Arabs as possible" under Israeli sovereignty, and to cede the outer villages to the Palestinians, adding: "This is a moment of truth."

It was nearly five hours before I brought the discussion to a close. "This is as grave a decision as when Ben-Gurion accepted the partition plan in 1947; the declaration of the state; or the most tense moments of the Yom Kippur War," I said. "Or the decisions which Begin took in this same place." Of course, Begin hadn't even been willing to enter into discussion on Jerusalem. But we were in a different situation. If we were going to get a true end to our conflict, the question of Jerusalem had to be addressed. "We can't delay the decision. We can't avoid it. We will have to decide." My own red line was the same as Amnon Lipkin's: "sovereignty over the site of our First and Second Temples." Even shared sovereignty elsewhere within the Old City seemed to me a step too far at this stage, but I didn't rule it out as part of a full peace. "Without disengagement from the Palestinians, without an end of conflict," I reminded our negotiating team, "we're heading toward further tragedy. We can't pretend we don't see the iceberg."

I asked several members of the team, under Shlomo Ben-Ami, to draft a paper based on our discussion. Since I knew that Clinton, and Arafat too, could do nothing of substance until I'd resolved how far to go on Jerusalem, I went to see the President. I told him about our session. I said that we were now crystallizing what had been said into a formal position, and I hoped to be able to return in a few hours with "the furthest point we can go." Clinton said that would be a critical



HOUSE_OVERSIGHT_028210

moment in the summit. If we *could* find common ground, he said, Israel would have achieved what had eluded it under Rabin, and even Ben-Gurion: "end of conflict, and Jerusalem recognized internationally as your capital." I told him that the discussion with my negotiators had been moving and illuminating. "I could see how much it weighed on everyone." But I added that I still did not feel anything of a similar nature, or remotely as serious, was happening on the Palestinian side. I also said that in deciding how to proceed, I couldn't ignore political realities back home. I would have to get any major change in our position concerning Jerusalem through the Knesset, even before putting a peace agreement to a referendum.

"When will you get back to me with your paper?" he asked. I said I'd try by midnight. I also asked him whether he could delay going to the G8 summit in Japan, for which he was due to leave Camp David on the morning of the 19th. That meant we had just one full day left. I said even if the plan was to resume our talks afterward, I couldn't move on Jerusalem right before we recessed. It would mean "putting my last and best offer on the table" and running the risk of leaks in Israel while Clinton was gone. He said that he had to go to the G8, but would try to put off leaving for a further day. Then, he asked me to draw up a list of questions for him to present to Arafat so that we could solidify our understanding of how far *he* was ready to go for peace.

I had Shlomo get busy on the list of questions. But it took time. We reconvened around eleven at night, to discuss both the questions and the Jerusalem package. Though it retained Israeli sovereignty over the entirety of the Old City, it did give the Palestinians a greater measure of control over other areas of East Jerusalem than any Israeli government had been willing to consider in the past. Still, almost everyone in the negotiating team could live with it, assuming it became the critical element in a final peace. Dan Meridor, alone, remained firmly opposed, though Elyakim Rubinstein also had some reservations. Even Dan said he understood the importance of getting a peace agreement, if indeed it was possible, and our readiness to discuss new proposals on Jerusalem.

When I left for Clinton's cabin at about 1:00 am on Wednesday, I had no idea I was about to enter the most difficult meeting – and the only real fight – I had with him during our long effort to achieve a Middle East peace. I brought Shlomo and Danny with me, which meant that Madeleine Albright, Dennis and Sandy Berger stayed as well. I sensed tension in all of them, in large part, I soon discovered, because they took exception to the more than twelve hours we had spent discussing



HOUSE_OVERSIGHT_028211

and refining our position on Jerusalem. I think Clinton expected a formal offer from us. Since I'd been guided by his request for a list of questions for Arafat, however, that is what we came to him with. As we'd discussed, I wanted finally to elicit some sign of whether Arafat, too, was ready to make difficult decisions.

The questions were specific. "Will you accept an agreement that stipulates the following..." it began, and proceeded to outline the kind of peace we could accept and still hoped for. The points included not just Jerusalem, but areas I knew would also be sensitive for Arafat, such as the "right of return" and formal agreement to an end of conflict. We went further than before in some areas. One of the outer East Jerusalem neighborhoods would be under Palestinian sovereignty. The rest of the city would remain under Israeli sovereignty, but most of the other Arab villages would be subject to a system of Palestinian administration. The Haram al-Sharif, the mosque complex above the wall of the Jewish temple, would be under Palestinian "administrative and religious management." We also suggested "special arrangements" implying a Palestinian presence in the Old City, but again under Israeli sovereignty. The questions envisaged eventual Palestinian control in the Jordan Valley, with an Israeli security zone for 12 years, rather than our proposal in pre-summit talks for 30 years. Then, explicitly, we proposed a question to Arafat to confirm my understanding with Clinton that the "right of return" would apply not to Israel proper, but to a Palestinian state on the West Bank and Gaza. Finally, the document said: "I understand that such an agreement constitutes an end of conflict."

After he read it, the President blew up. Far from the "bottom lines" he'd apparently hoped for, but which I'd never thought were expected at this stage, I seemed to be retreating from ideas Shlomo and Gili had presented in their all-night session with the Palestinians. Given the ground rules of that exercise, they'd felt able to go beyond anything we'd actually agreed, and in some areas beyond what they knew I could support. As a result, the list of questions assumed Israel would keep a little more than 11 percent of the West Bank, nearly one percent more than Shlomo had mentioned. Shlomo and Gili had also raised the possibility of up to three of the outer Jerusalem villages coming under full Palestinian sovereignty. "You keep us, and Arafat, waiting for 13 hours," Clinton fumed, his face nearly scarlet. "And you want me to present something *less* than you've already offered." He said he wouldn't do it. "This is not real. It's not serious." He said that he'd gone to Shepherdstown in search of what was supposed to be an endgame with the



HOUSE_OVERSIGHT_028212

Syrians. Then to Geneva to see Assad, "where I felt like a wooden Indian, doing your bidding. I will *not* let it happen here. I will simply not do it."

I tried to keep my voice steady when I replied. I explained that the issues we were addressing went to the heart of Israel's interests, its future security, its identity and definition as a nation. I had a responsibility to tread carefully. Then, my voice rising too, I came back to what I felt was the real problem. Arafat and his negotiators had been sitting and waiting for me and my team, and probably Clinton as well, to deliver more and more concessions with no sign that they were willing to move on anything. "I find that outrageous," I said. I did not expect Arafat to respond with equal concessions. After all, Israel had most of the tangible assets. "But I did expect him at least to take a small step once we had taken ten. We have not seen even this. This is the kind of behavior parents would not tolerate in their own children! We don't expect Arafat to accept this, but I *do* expect him to present a counter-position."

Clinton remained adamant he couldn't go to Arafat with a retreat from our earlier ideas. "My negotiating team moved beyond my red lines," I told him. The overnight talks were supposed to be non-binding and assumed that *both* sides would make a genuine attempt to get an agreement. "I can't see any change in Arafat's pattern. We take all the risks." I said I doubted that Arafat expected to hear that we had decided to "give him Jerusalem." In any case, the Israeli public hadn't given me a mandate to do that. But I would still move in Arafat's direction, *if and when* I got any sign he was willing to do the same.

The President's anger eased. He suggested he caucus with his negotiators and figure out what to do next. I felt bad about what had happened: not about the list of questions, or my insistence that we could not offer major concessions with no sign of reciprocity. But I did regret that it had left the Americans so frustrated, and Clinton so angry. He had invested not just huge amounts of time and brainpower, but political capital, in the search for peace.

He phoned me at about 3:30 in the morning and asked me to come back. This time, I went alone. We sat on the terrace of Aspen. He said again he couldn't go to Arafat with the list we'd drawn up. But having met with his negotiators, he suggested they draft a more forthcoming list of their own – consistent with what Shlomo and Gili had proposed. I agreed, as long as they kept in mind that it had to be something I could ultimately live with, and that it be presented to Arafat as an



HOUSE_OVERSIGHT_028213

American proposal. I suggested the President could tell Arafat that he'd try to get me to agree to it, providing Arafat first showed a readiness to move.

The American questions did go further than ours. They asked Arafat whether he would negotiate on the basis of getting Palestinian sovereignty over all the outer Jerusalem neighborhoods, as well as the Muslim Quarter of the Old City and a "custodial role" over the holy sites. But Arafat said no. He insisted on Palestinian sovereignty over all of East Jerusalem, including the Old City and the holy sites. For a few hours after Clinton's fruitless meeting with Arafat, Dennis and the American team engaged in a rescue effort, adding another carrot. They included the Christian Quarter as well, meaning Palestinian sovereignty over nearly half of the Old City, including the areas where almost all Arab residents lived. Dennis gave the proposal to Shlomo and Amnon Lipkin to bring to me, and asked two of the Palestinian negotiators to take it to Arafat. Even offering sovereignty over the Muslim Quarter went beyond anything I'd proposed. So did a lot of the other American questions. Still, I said we'd be ready to consider them in discussions with the US negotiating team – with the exception of the Christian Quarter. But that, too, turned out not to matter. Arafat did not even respond.

Clinton called me to say we'd reached the end of the road. There were only two options: end the summit and announce we'd tried and failed, or defer Jerusalem and try to get agreement on the rest of the issues. I asked for time to think it over, and he said he'd come see me when I was ready. I was tempted to put off Jerusalem. In the admittedly unlikely event we could get a deal on the other issues, that would undeniably be an achievement. But I couldn't help thinking that Arafat's lack of engagement on Jerusalem was yet another sign that he was not ready for the almost equally tough compromises required to resolve the other core issues. And there was no escaping the reality that without a deal on Jerusalem, no agreement we reached would truly represent an "end of conflict." Moreover, Jerusalem wasn't just a Palestinian issue. It was of fundamental interest to the whole Muslim world. If we left it unaddressed, we would be putting future Israeli governments in the position of having to negotiate on Jerusalem *after* we'd given back our key negotiating assets and all our leverage.

I accepted now that the search of a full peace treaty, or even a framework agreement, looked all but impossible. Even Shlomo's and Gili's freelancing had produced only a series of no's from Arafat. But I felt I couldn't give up. Much as I'd been resisting it, I believed I needed to give Clinton my *true* bottom lines, even



HOUSE_OVERSIGHT_028214

with Arafat still mute and unresponsive. That was the only way we could know with certainty whether peace was possible. If it wasn't, it would also demonstrate powerfully to the Americans that we were not the party who had prevented an agreement.

The President came to see me in Dogwood a little before 11 at night on the 18th, less than 12 hours before he was due to take his delayed flight to the G8. I told him I'd decided to do what Rabin had done with Syria. I was going to give him a "deposit" to keep in his pocket, which he would be free to use as the basis for a further, *American* proposal to Arafat, assuming it was part of an agreement with a "satisfactory resolution" of the refugee issue and an explicit end-of-conflict. He could present it as something which he could tell Arafat he was confident of persuading Israel to accept. It went well beyond what I'd offered before, on all the major issues. I proposed Palestinian rule over 91 percent of the West Bank. I was ready for a Palestinian state to have sovereignty over 85 percent of the border in the Jordan Valley as well, and our security zone there would stay in place for "less than 12 years." Seven out of the nine outer Arab neighborhoods of Jerusalem would come under Palestinian sovereignty. The inner neighborhoods would be under Palestinian civil authority: including planning and zoning, and law-enforcement. For the mosques on the Temple Mount, I proposed a shared custodianship to include the new state of Palestine, Morocco and the chair of the Higher Islamic Commission in Jerusalem. I also agreed to consider Palestinian sovereignty over *both* the Muslim and Christian quarters of the Old City.

Clinton, arching his eyebrows and smiling, said what I'd offered was a package of genuine concessions. It was more than he had expected and, he assumed, more than the Palestinians could have hoped for. It had the makings of a potential breakthrough toward a fair and final peace. I told him I hoped so. But given Arafat's behavior so far, I had my doubts.

Now, it was our turn to wait. The President invited Arafat to Aspen and, from what we heard soon afterwards, got no hint of any readiness to reciprocate. He agreed only to talk to his negotiators and get back with an answer. Overnight, the Palestinians sent messages to the Americans asking questions on each of the concessions, though still with no indication from Arafat of a response. Finally, he sent a suggestion that since Clinton was about to fly off to the G8, we take a two-week break to allow Arafat to consult with Arab leaders. To his credit, Clinton knew an escape act when he saw it. He recognized that only by confronting the



HOUSE_OVERSIGHT_028215

issues raised by our proposals and showing a willingness to find common ground would we have any hope of success. No recess, Clinton said. He needed a straight answer. Again, not full acceptance necessarily, but agreement to treat the proposals as a basis for negotiating an Israeli-Palestinian peace. Arafat's answer came shortly before dawn. It was "no".

Clinton couldn't quite believe it. He went back to see Arafat, telling him he was making an error on the scale of 1948, when the Palestinians had rejected the partition of Palestine and the creation of an Arab state; or in 1978, when by negotiating on the basis of Sadat's Palestinian-rights framework, they would have ended up with a mere 5,000 Israeli settlers on the West Bank instead of nearly 200,000. What most astonished Clinton was that Arafat was saying no even to using the package as a *basis* for negotiations. Still, Arafat would not budge.

As Palestinian negotiators tried to salvage things by suggesting another trip by Madeleine and Dennis to the Middle East, it was clear that even the Americans were fed up. They knew that one side, at least, had been trying to get an agreement. They couldn't understand why Arafat was unwilling even to accept the "pocket" proposals as a basis for further talks. When Yossi Ginossar, our most reliable conduit, went to see Arafat, he found him sitting alone and, in Yossi's description, "paralyzed." Clinton finally decided to have one last go. When he did, Arafat not only remained unwilling. To the President's astonishment, he insisted that the ancient Jewish temple hadn't been in Jerusalem at all, but in the West Bank city of Nablus.

I was getting a bite to eat in the dining room in Laurel Lodge when Madeleine showed up. She didn't bother defending Arafat. She was as frustrated as I was. Her message was that after the summit, it was important not to make things worse. A negotiating process had to be kept alive. Then, Clinton sat down with me. He delivered a similar message, but with even greater feeling. "You're smarter than I am," he joked. "You're certainly experienced in war, and I'm not. But I'm more experienced in politics, and there are a few things I've learned along the way. The most important is not to corner your adversaries, and not to corner yourself. Always leave yourself a way out. Don't lock yourself into a losing option." I could see that he was right. I also believed, as strongly now as before the summit, that Israel's *own* interests and its security were not served by an unresolved conflict with the Palestinians. The problem was that, in the absence of an equal commitment on Arafat's side, any continued negotiating process seemed futile.



HOUSE_OVERSIGHT_028216

I packed my bags. I told Danny Yatom to inform the Americans we were leaving and to get our plane ready to take us back to Israel. I let the others in our team know that we were going. A number of them, and several of the Americans as well, urged me to reconsider. But I said I saw no point in staying. What I didn't know, however, was that one of the Palestinians' original Oslo negotiators, Hassan Asfour, had approached Dennis Ross with a new proposal: that we ask Arafat to accept everything except the proposal on the holy sites as a basis for negotiation. Sovereignty over the Temple Mount would be addressed in later, international negotiations. When Dennis brought this to me, my instinct was to say no. Like so much else at the summit, it was an inherently skewed formula: it would involve major Israeli concessions on all the other main issues, *without* securing our absolute minimum need in Jerusalem: sovereignty over the Temple Mount. I didn't say yes. Still, with Clinton's words of advice still on my mind, I said that I'd think it over.

When I met the rest of the Israeli team, almost all of them felt we should stay. The consensus was that especially if violence broke out after the summit's collapse, we didn't want to feel we'd left any stone unturned. At about 11 pm, I phoned the President and told him that we would stay until he returned from Okinawa. He was clearly pleased, and asked us to keep working in his absence. When I resisted that, saying that any substantive talks needed his involvement, we finally agreed that talks could continue in search of a formula for the holy sites. On all the other issues, only informal discussions would be held until and unless a way ahead on the Temple Mount was found. If that happened, and *if Arafat* finally accepted the "pocket" proposals as an agreed starting point, formal negotiations could resume. Clinton accepted this formula. He went to see Arafat and secured – or thought he had secured – his agreement as well.

One of the President's great strengths was his genius for blurring the edges of potential differences in search of common ground. But when edges *had* to be sharpened, this could lead to confusion. Before leaving for the G8, the President neglected to mention to Arafat our explicit understanding that, with the exception of the talks on the holy sites, nothing would happen until he accepted the concessions that President Clinton and I had delivered as at least a *basis* for further negotiations. As a result, Arafat's team now set about happily asking questions and probing my negotiators – pushing us to go *further* – but with no more inclination than before to produce any concessions of their own.



HOUSE_OVERSIGHT_028217

When I learned what was happening, I told my negotiators they were not to hold any further formal meetings during the four days Clinton would be away. Dennis's initial response was frustration. Madeleine Albrights's was fury. They both made no secret of their view that I was needlessly stonewalling. It wasn't until a few hours later that Madeleine apparently saw the stenographer's record of my conversation with the President before he'd left, confirming the condition that Arafat accept the "pocket" at least as a basis on which to proceed. That evening, she apologized to me for the misunderstanding, and explained the mix-up to the full Palestinian and Israeli negotiating teams.

I spent most of the remaining three days in my cabin or, when the rain relented, walking through the woods. The Americans appeared to think I was sulking. I wasn't. I was trying to find the least diplomatically damaging way to navigate the period until the President's return. I couldn't see showing up at Laurel at every mealtime, mingling and joking with the Americans and Palestinians, but refusing to enter into any form of negotiations. That would compound the awkwardness of the situation, and also be a direct affront to Madeleine. I liked and respected her. But I could not in good conscience help her out in her efforts to find at least some, informal, way of moving the summit along in Clinton's absence. If Arafat had failed to show even a scintilla of movement with the President in the room, I knew there was no way that he was going to do so with the Secretary of State. For the Palestinian negotiators, who were predictably in favour of her efforts, the definition of "new ideas" was whatever further movement they might cajole out of *our* negotiators. Still, on day-three of Clinton's absence, I got a note saying that Secretary Albright was on her way to my cabin. I didn't want the needless diplomatic difficulty involved in again telling her I could not sanction free-wheeling, and decidedly one-sided, negotiations while Arafat hadn't moved a single inch. So I made myself scarce. Fortunately, I was wearing sneakers. I told Danny to inform the Americans I was out jogging around the perimeter of the large Camp David estate, and went off to do just that.

I told my own delegation I was taking time out to assess where we stood. I did continue meeting with Gili Sher and Danny Yatom. Yet for much of time, I read. I also did a lot of thinking. I considered the "pocket" concessions I'd agreed to, the uncertainties and risks I'd been prepared to run, and the need to decide how to deal with the fact that Arafat, when he had engaged at all, had said "no".



HOUSE_OVERSIGHT_028218

Once it was clear to the Americans there would be no talks until the President returned, however, Madeline began urging me to go see Arafat personally. The two members of our team who were the least pessimistic about Camp David's outcome, Shlomo Ben-Ami and Yossi Ginossar, also said they thought it was a good idea. It was they who'd pressed me to go see Arafat for tea and sweets earlier in the summit. But that meeting had produced not even a glimmer of negotiating flexibility from the Palestinian leader. Yossi had said at the time that it would help the atmosphere, and pay dividends later on. But that hadn't happened either. "Madam Secretary," I told Madeleine, "eating more baklava with Arafat isn't going to help. The situation is simple: he needs to answer whether he views the President's proposal as a basis for going forward."

When Clinton returned, he promptly got back down to business: making one last push to see whether a peace deal was possible. He phoned me around midnight on the 24th of July, a few hours after he'd arrived. He told me he had sent an even more far-reaching package to Arafat, expanding on my proposals. Now, all of the outer Arab neighborhoods in East Jerusalem would come under Palestinian sovereignty, in addition to the Muslim and Christian quarters in the Old City. And Arafat would be given "custodial sovereignty" over the Muslim holy sites on the Temple Mount. I didn't object. Though it was further than I felt I could go, it was within the spirit of my "pocket deposit". The same ground rules still applied: these were American proposals, which the President was telling Arafat he would try to deliver if he accepted them as a basis for serious negotiations. But when Clinton phoned me back, around 3:15 in the morning, it was to tell me that Arafat had again said no.

The curtain had finally come down. What remained now was to clear up the set. I did meet Arafat once more, in a joint session with President Clinton, but only for closing statements. The President and I spoke as much in sorrow and frustration as anger. Both of us said we thought an historic agreement had been within our grasp, and that far-reaching proposals had been tabled to make it possible. Arafat responded with words both of us had heard before: effusive toward Clinton, rhapsodic about his "old partner" Rabin and fulsome in his ostensible commitment to keep trying for peace. But it was just words. We knew he was not willing even to *talk* about the kind of compromises a real, final peace would require.

The President's remarks to the media were, by the standards of post-summit diplomacy, unmistakably clear in making that point. He praised me and the Israeli



HOUSE_OVERSIGHT_028219

negotiating team for courage and vision. Essentially, he thanked Arafat for showing up. That was some consolation. But it didn't alter the weight of the message we were carrying home. Arafat either would not or could not make peace, at least on terms any Israel leader could accept or the people of Israel would endorse.

There were only two potential deal-breakers on our side, as Arafat had known from the beginning. The first involved the "right of return." We were never going to sign a peace agreement accepting the return of hundreds of thousands of Palestinians within our pre-1967 borders. Demographically, that was a recipe for the inexorable end of Israel as a majority-Jewish state. It would also imply a rewriting of the history of how Israel was born: in a *war*, with an almost equal number of refugees either fleeing or forced to leave on both sides, after the Arab world had unanimously, and violently, rejected a UN partition that would have created a Palestinian Arab state as well. I did accept a "right of return" to the Palestinian state we had hoped to create, as part of a final peace deal, on the West Bank and in Gaza. I also supported the idea of a multi-billion-dollar international fund to compensate or resettle Palestinian refugees, and was ready to commit Israel as a party to that effort. The other critical issue was Jerusalem. I had stretched our negotiating position almost to breaking point. The "pocket" ideas Arafat ended up rejecting challenged a longstanding Israeli political taboo. In practical terms, they amounted to a breach of the assurances which I and every other Israeli Prime Minister since 1967 had given: never to re-divide Israel's capital. Had we actually got an end-of-conflict deal, I would have had to justify it to Israelis in a referendum. I think I could have done so. But one thing I could not give up was our sovereignty over the Temple Mount, the centerpiece of our history as a people and Israel's as a state. It was our connection with our past, a focus of what we had gone through, what we had achieved, and what we had left to accomplish. It was essential to who we were.

Arafat never even engaged in a discussion on the "right of return". On the Temple Mount, however, he was explicit. Any peace, any *basis for negotiation* toward peace, had to begin by confirming Palestinian sovereignty. Besides, as he'd told the President of the United States, he had persuaded himself there never *was* a Jewish temple in Jerusalem. When I heard about that remark, I was less shocked than Clinton. It struck me as just another way Arafat had of conveying *his* bottom lines. It was a bit like stories he liked to tell about visiting his aunt in Jerusalem as



HOUSE_OVERSIGHT_028220

a young boy and seeing religious Jews walking through the streets of the Old City. I don't know whether those stories were true. But the point was that while he had no problem with Jews in their long coats and black hats *praying* in the holy city, Jews exercising authority or sovereignty, or a Jewish *state*, was something else entirely. Camp David had made it clear it was something he was not prepared to accept.

The question which I now had to confront was what to do next.



HOUSE_OVERSIGHT_028221

## Chapter Twenty-Three

It didn't fully hit me how draining our efforts had been until the morning that the summit collapsed, when President Clinton called me to come talk to him in the living room at Laurel Lodge. When I arrived, Madeleine was already there, sitting on the edge of the sofa. She greeted me with a resigned shrug and a valiant but not altogether successful effort at a smile.

"We *tried*," Clinton said quietly as I took a seat in a wooden chair opposite his. "We gave it everything." The nominal reason for the meeting was to brief me on the communiqué the Americans were going to issue: mostly boilerplate assurances that both sides remained committed to seeking peace, but with an additional "understanding" that neither would take unilateral actions in the meantime. But mostly, Clinton wanted to reinforce his message of a few days earlier: don't "lock yourself into a losing option." Don't close the door. Don't give up. "I won't," I told him, an assurance I echoed in remarks to reporters a few hours later, when I said that while the peace process had "suffered a major blow, we should not lose hope. With goodwill on all sides, we can recuperate."

But I told the President that we couldn't just ignore what had happened at Camp David. Yes, in the event Arafat suddenly had second thoughts about the potentially historic achievement he'd passed up, he would know where to find me. But until and unless that happened, I told Clinton that I assumed my "pocket" concessions would now be firmly back in his pocket. And while we couldn't erase them from memory, I said it was important both of us make it clear that, in legal and diplomatic terms, they were not going to provide Arafat a *new* starting point from which he could make his customary demand for more.

"And I have to tell you that, given what has happened, there's no way I can justify handing him control of more land. I am not going to go ahead with the Wye redeployments in these circumstances."

"You don't have to," Clinton replied. "I'll back you."

Though I never discussed internal Israeli politics with any foreign leader, even the closest of allies, I didn't doubt that the President's support was partly a recognition of what awaited me once I got home. The compromises I'd been willing to consider had gone further – much further, on the politically combustible



HOUSE_OVERSIGHT_028222

question of Jerusalem – than any Israeli leader in the search for peace. Even before I'd left for Camp David, the defections from our coalition meant we'd been left with only 42 seats in the Knesset, nineteen short of a majority. Amid the first, sketchy media reports that we were even *talking* about sharing control of parts of Jerusalem with the Palestinians, there was a chorus of denunciation from right-wing politicians back home. Bibi Netanyahu had largely kept out of the public eye since his resignation after the election. Now, he issued a statement accusing me of having "broken all the red lines held by all Israeli governments." During the President's final push to save the prospects for a summit agreement, Bibi called a news conference. He said he was determined to prevent what he called an impending disintegration of Israeli society. "What we hear from most of the reports out of Camp David does not answer our hopes," he said.

It hadn't answered my hopes either. But I had gone into the summit with my eyes open. Frustrated though I was by the way the summit had ended, I had no regrets about going as far as I had in trying to reach, at the minimum, a framework agreement. In that sense, it is true the summit had failed. But when I'd urged President Clinton to convene it, I made the argument that if genuine peace was ever going to be possible, we at least had to know whether Arafat was interested in, or capable of, playing his part. That question had, for now, been answered. At least as importantly for Israel, the President of the United States and almost the entire international community recognized we'd done everything realistically possible to reach an accommodation. Diplomatically, the ball was in the Palestinians' court.

There was a final achievement as well – little noticed or remarked upon in the days immediately after Camp David, but hugely significant. A taboo had been broken. For the first time, all Israelis recognized what their political leaders, both Labor and Likud, had long known: a formal, final peace with the Palestinians, if and when it came, would require us not just to withdraw from the great majority of the West Bank, but to find a formula for sharing power in Jerusalem. Many Israelis still believed that was a price too high, and not just Likudniks. A couple of weeks after the summit, Leah Rabin told an Israeli newspaper that her late husband would be "turning in his grave" if he'd known the concessions I'd been ready to consider on Jerusalem. I found the remarks hurtful, but I understood them. In a way, they drove home the point I'd made to Clinton during the summit: *all* Israelis had a deep, emotional attachment to our historic capital. "Yitzhak would never have agreed to compromise on the Old City and the Temple Mount," Leah said,



HOUSE_OVERSIGHT_028223

"because for him, Jerusalem was sacred from a strictly national and historic point of view." It was for me as well. In fact, I think its religious significance probably resonated more strongly. Still, the major change from the summit was that even those Israelis who found a compromise on Jerusalem unacceptable recognized that, if they *did* want to negotiate a definitive end to the conflict, talking about it was unavoidable.

At least for now, however, there wasn't going to be a peace deal. As our El Al 707 descended over the Mediterranean for our approach back to Ben-Gurion Airport, I faced the more immediate issue of ensuring my government survived. This was partly in case, against all odds, Arafat showed a readiness to revive the search for peace – but also because of the real prospect he would choose violence instead.

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Since the Knesset was about to go into recess until late October, I would have a three-month window to reshape and stabilize my coalition – but only if we could weather a no-confidence motion introduced by Arik Sharon after Camp David. We did weather it, barely. Arik needed a majority of the Knesset's 120 seats to bring down the government. The vote ended in a 50-50 tie. The other 20 MKs abstained, or didn't show up. This was not because of any enthusiasm for my efforts to get an agreement at Camp David, but because of a *lack* of enthusiasm for an early election in which they feared losing seats.

Still, that did allow me to focus on the challenge of the inevitably altered situation with Arafat after the summit's collapse. My main concern was the possibility of violence. Even before returning home, I'd phoned Shaul Mofaz and Avi Dichter, the former Sayeret Matkal officer who was now head of the Shin Bet. "Let's hope the violence doesn't come," I told them. "But if it does, make sure we are ready." Though there was no sign of violence in the weeks immediately after the summit, there was equally little sign of diplomatic engagement by Arafat. Obviously relieved at the way Camp David had ended, he returned to Gaza to a hero's welcome, proudly proclaiming that he had refused to "give up" Jerusalem. It was vintage Arafat: the "general" in his starched uniform and kefiyeh, fresh from



HOUSE_OVERSIGHT_028224

the diplomatic equivalent of the battlefield, triumphant against the odds. It was the role he liked and played best. His next move was to take the show on the road: to Arab, European and world capitals, pleading that he had been the "victim" of summit chicanery in which President Clinton and I had presented him with a deal no self-respecting Palestinian could accept. He was also campaigning for international support for a move, in contravention of the final Camp David communiqué, to "declare" a Palestinian state unilaterally in mid-September.

I spoke personally to Tony Blair and French President Jacques Chirac, and also dispatched Shlomo-Ben Ami, Amnon Lipkin, Yossi Beilin and Shimon Peres, who was Minister of Regional Cooperation in the coalition, on a series of diplomatic visits to make sure the true story of what had happened at the summit was understood. As a result, the globetrotting Arafat received an almost unanimous rebuff for the idea of a unilateral declaration of stateheood. He was told that if he really wanted a state, he should return to the negotiating table with Israel.

By the time I went to New York in early September – joining the largest collection of world leaders ever assembled, for the UN's Millennium Summit – there seemed little chance of that happening. I met privately with a number of world leaders before delivering a brief address to the more than 150 presidents and prime ministers. I was at pains to take the high road. None of the foreign leaders I met had expressed any doubt that we'd gone much further than they had expected at Camp David, and that the onus for putting diplomacy back on track rested firmly with the Palestinians. Looking straight at Arafat from the UN podium, I said: "We are at the Rubicon, and neither of us can cross it alone." Jerusalem, "the eternal capital of Israel," was calling out for a "peace of honor, of courage and of brotherhood" – a peace recognizing that the city was also sacred to Muslims and Christians the world over. When Arafat spoke, it was almost as if the summit had never happened. "We remain committed to our national rights over East Jerusalem, capital of our state and shelter of our sacred sites, as well as our rights on the Christian and Islamic holy sites," he declared. He didn't mention Jews, beyond a bizarre reference to the 2,000th anniversary of the birth of Christ "in Bethlehem, Palestine." I couldn't resist remarking to one of the American negotiators that I'd always thought Jesus grew up as a Jewish boy, making thrice-yearly visits at festival time to the temple in Jerusalem, at a time when there was not a church, much less a mosque, in sight.



HOUSE_OVERSIGHT_028225

Still, in my meetings with Clinton, I assured him I was not giving up altogether on the prospects for peace. Not only did I feel that would be wrong, as long as there was a scintilla of hope. I believed that our continued diplomatic engagement might provide a counterweight to any moves by Arafat to revert to violence. It was also critical for Israel to retain the diplomatic, political and moral high ground we had earned in the eyes of the international community from the concessions we had been willing to consider. When the President suggested drafting a final American paper, based on Camp David though presumably with an even more generous proposal for the Palestinians, I agreed. I figured even Arafat might realize at some point that if he *did* want a negotiated peace, the time for dithering was over. Clinton would no longer be president in five months' time. Unless I could find an alternative way to refortify my coalition over the coming weeks, it was entirely possible I'd have to form a "unity" coalition with Arik and the Likud. Still, I told President Clinton I doubted the ticking clock would make a difference to the Palestinian leader. If it didn't, I believed at some point all our talk about an "end of conflict" would give way to conflict. The only question was when.

Tragically, I got the answer only weeks after my return from the UN.

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At the urging of the Americans, I invited Arafat and his negotiating team to a private dinner in Kochav Yair on the 25th of September. The atmosphere was surprisingly warm, for which a lot of the credit, as well as culinary praise, has to go to Nava. "Very cordial, even congenial," Nabil Shaath told reporters after the dinner, nearly 45 minutes of which I spent talking alone with Arafat on the stone terrace out back. Each of us spoke to Clinton for about 10 minutes near the end, and the President was obviously pleased to hear us sounding upbeat about trying to narrow any differences on the forthcoming American negotiating paper. On the *substance* of our differences, by mutual agreement, Arafat and I didn't say much to each other. I did try to impress on him that time was getting short. His monosyllabic reply – yes – was at least better than the alternative. I chose to believe we could both now focus on trying again.



HOUSE_OVERSIGHT_028226

The request that had come across my desk a few days earlier need not have changed that. Even though Arik had failed, for now, to bring down the government, he was keen to make political capital from the collapse of Camp David. He now declared his intention to pay a visit to the Temple Mount. The Mount – or as it was called in Arabic, Haram al-Sharif – was part of Israel. The unsubtle point of Arik's visit was to dramatize his determination to keep it that way. The target of this political theatre was not Arafat or the Palestinians. It was the Israeli public, me, and my government. In an all-perfect world, I would have liked to find a way to block the visit. In a democracy, it wasn't that easy. The only way I could do so was on the grounds it was a threat to public order or security, a judgement in the hands of our police and security services. I duly asked for the views of Avi Dichter of the Shin Bet, and Shlomo Ben-Ami, who in addition to being interim Foreign Minister was Minister of Internal Security, in charge of the police. Both came back with the same answer: though we'd all be happier if Arik stayed down on his farm in the Negev, there was no reason to expect his visit would pose a major public-order issue, and no basis for blocking it. When Shlomo contacted Jibril Rajoub, Arafat's West Bank security commander, Rajoub asked only that two conditions be imposed, and Shlomo agreed. The first was that the visit not occur on a Friday, when the mosques would be full of worshipers; the second, that Sharon not set foot in either of the mosques on the Haram. Our chief of police informed Sharon that if he didn't accept the conditions, we'd deny him permission to go. But he agreed. When he went, for about half an hour under police escort on Thursday morning the 28th, he complied.

At first, we thought it would prove a one-off media stunt. But that evening, Danny Yatom brought me an intelligence report with evidence that Arafat's Palestinian Authority was planning for wide-scale violence after Friday prayers, in protest over Sharon's visit. Danny called Dennis Ross. Madeleine Albright called Arafat, to urge him to ensure this didn't happen. But as Dennis would remark later, "Arafat didn't lift finger to stop it."

The trouble began the next day, shortly after Friday prayers. It was also the eve of the Jewish New Year, and the Western Wall area was crowded. As people poured out of the mosques, a number began hurling stones, some of them the size of small boulders, onto the Jewish worshippers and police below. One knocked out the highly experienced, steady-handed commander of the Jerusalem police, which I'm sure contributed to making the confrontation that followed even worse. By the



HOUSE_OVERSIGHT_028227

end of the day, dozens of Israelis and Palestinians were injured. Five Palestinians lay dead. Though the media almost instantly labelled it a new "intifada", this one was very different. It was not a burst of anger, however misdirected, by stone-throwing youths convinced that a road accident in Gaza had been something more sinister. There had been no serious unrest on the day of Arik's visit. We would later learn this was a deliberate campaign, waged with guns and grenades, by Hamas and Islamic Jihad, the Fatah offshoot Tanzim, and Arafat's own police force.

The media had changed, too, in the 13 years since the first intifada, with the rise of twenty-four-seven news broadcasters, including the Arabic-language Al Jazeera. Images of pain and suffering and fear stoked anger on both sides. None, in the first days of the violence, was more powerful, or heart-rending, than the picture of a terrified 12-year-old Palestinian boy named Mohammed al-Durrah, sheltered by his father as they took cover from the crossfire in Gaza. The facts of the incident, as best we could establish immediately afterwards, were that the Palestinian security forces had opened fire on Israeli troops near the settlement of Netzarim. Ten Palestinians, including the little boy, lost their lives when the soldiers returned fire. We later established with near certainty that the boy had in fact been killed by *Palestinian* gunfire. But even if we'd been able to prove that at the time, I'm sure that in the increasingly poisonous atmosphere, it would have made little difference.

Nor would it have changed the next, deeply disturbing escalation: the spread of the violence into Israel itself, with unprecedentedly serious clashes between our own Arab citizens and the police in the Galilee, in Wadi Ara, in the main mixed Arab-Jewish cities, and the Negev. Beyond the political implications, the demonstrations of solidarity with the Palestinian violence presented a security challenge of a different order: to the ability of the Israeli police, and by extension the government, to ensure basic law and order inside our borders. The worst of the clashes lasted barely a week. But they left thirteen Arab Israeli protestors dead, sparking demonstrations as far afield as Jaffa, as well as ugly incidents of mob violence by Israeli Jews against Arabs in some areas.

President Clinton tried his best to help us halt the violence on the West Bank and in Gaza. I doubted the Americans would succeed, but was fully ready to join in their efforts to try. About ten days into the new intifada, I attended a crisis meeting with Arafat, mediated by Madeleine Albright and Dennis Ross, at the US ambassador's residence Paris. It was nominally under the aegis of President



HOUSE_OVERSIGHT_028228

Chirac, but the understanding was that Madeleine would be in charge. Far from showing any willingness to end the violence, Arafat at first simply lied. He said the Palestinian violence was in response to an unprovoked assault by Israeli troops, and demanded an international "protection" force. There was a particularly bizarre moment when I read out the names of individual Tanzim leaders whom we had intercepted organizing the attacks. Arafat pretended he'd never heard of any of them, almost as if I was reading from a zoology textbook about species of polar bears. This was a man who had been awarded the Nobel Peace Prize. What he really deserved was an Oscar.

But people were *dying*. Needlessly. We ended up agreeing to a US-led fact-finding commission, as well as a number of steps to separate the Palestinian attackers and Israeli units. I reaffirmed our policy of insisting that Israeli soldiers use live fire only if they felt their lives were under threat. Arafat undertook to order his security forces and Tanzim not to launch further attacks. He even phoned Gaza with what we were given to understand were explicit orders. But it was all for show, as we discovered when we were invited to the Elysée Palace to meet Chirac. The French President had clearly received advance word from Arafat about his demand for an international "protection" force, presumably with a role for the French. To my surprise and frustration, and Secretary Albright's as well, Chirac insisted that no agreement was acceptable without that happening. Then, he turned to me, demanding to know why the violence had left nearly 400 Palestinians dead, but barely two dozen Israelis, if the Palestinians were the aggressors. "Mr President," I said, "just several weeks ago we were prepared to go very far in order to put this entire conflict behind us. It is Mr Arafat who rejected the proposal, even as a basis for negotiations. Just a *basis* to seek peace. He then deliberately turned to terror. We are protecting ourselves, and our soldiers. Are you really saying that you'll be happy for us to sign an agreement to end it only when another 350 Israelis are killed? I'm not playing that game. Arafat started this. He has to stop it. We know he can, and we hold him responsible if that does not happen."

It did not happen. We tried all we could to prevent a further deterioration. I approved moves, in co-ordination with the Palestinian police, to lower our security profile where possible. We made sure Israeli police were not visible from the mosques on the Haram al-Sharif. But after the next Friday prayers, a crowd made its way to a police post at the edge of the Old City and attacked it. In Nablus, the burial site of Joseph had long been a source of tension. Shlomo Ben-Ami reached



HOUSE_OVERSIGHT_028229

an agreement with the Palestinians to replace an Israeli troop cordon there with Palestinian police. But on the morning of Saturday October 7th, hours after the Palestinian police took over, a mob attacked, burned and ransacked the site. They destroyed the Torah scrolls. A few hours later, our soldiers found the body of a rabbi from a nearby settlement. He had gone to survey the damage to the synagogue.

That evening, I delivered an ultimatum: "If we don't see a change in the patterns of violence in the next two days, we will regard this as a cessation by Arafat of the peace process." That did, briefly, have an effect. When Clinton reinforced my message later in the day, Dennis told me that for the first time, he sensed that Arafat realized he had to act. But again, it was not enough, nor in anything like a sustained manner. And with an appalling act of murder three days afterwards, it was too late. That outrage came in Ramallah. Two Israeli reservists took a wrong turn and ended up driving into the town. They were taken to the Palestinian police station. Hundreds of people broke in and stabbed them, gouged their eyes out and disembowled them. In a chilling image broadcast around the world, one of the murderers brandished the bloodstained palms of his hands in a gesture of triumph. Since I was Defense Minister as well, I spent the hours that followed in the *kirya*. We ordered attack helicopters into action for the first time, though with advance warning to local Palestinians in the areas we targeted. We destroyed the Ramallah police station, as well as a militia base near Arafat's headquarters in Gaza. But Arafat emerged to tell a cheering crowd: "Our people don't care. They don't hesitate to continue their march to Jerusalem, the capital of the Palestinian independent state."

Israelis *did* care. It is hard to say which emotion was more powerful: disgust or fury. But if the opinion polls were to be believed, a large majority wanted us to hit back with the full force of the Israeli army. Still, my overriding aim remained to end the violence if possible, not make it worse. When Clinton asked me to join him, Arafat, King Abdullah of Jordan and UN Secretary General Kofi Annan for a summit in Sharm al-Sheikh, I agreed. We worked out a series of steps to disengage. Arafat was finally supposed to order the Palestinian Authority security forces and Tanzim to cease fire, and establish no-go perimeters around our army positions. We would reopen Gaza airport and, over a period of two weeks, pull back our forces to where they had been before the violence began. But again, it didn't happen. The Palestinian attacks intensified and, as I'd made clear at the



HOUSE_OVERSIGHT_028230

summit, we responded. The only, brief, lull came when Arafat feared the Americans would cancel his scheduled visit to Washington to see Clinton on November 9. I was due to follow him three days later.

I met Clinton and Dennis Ross over dinner in a little kitchen area attached to the Oval Office, and both seemed surprisingly upbeat. The President said he'd told Arafat the broad points that would be in the new American negotiating paper. It was Camp David-plus. Assuming all issues in a final peace were agreed, the Palestinians would now end up, after a land swap near Gaza, with a "mid-90-percent" share of the West Bank. On Jerusalem, the guiding principle would be "what is Arab will be Palestinian, and what is Jewish, Israeli." On the Temple Mount, the Haram al-Sharif, each side would have control of its own holy sites. Finally, though Palestinian refugees would be free to return in unlimited numbers to a new Palestinian state, there would be no "right of return" to pre-1967 Israel. The President told me that after he'd run all this by Arafat, he and Dennis had asked whether "in principle" these were parameters he could accept. Arafat had said yes.

I assume they expected me to say the same. But I told them I couldn't give them an answer. What concerned me now was the violence. Until it was reined in, I would not be party to rewarding Arafat diplomatically. I urged the Americans to make ending the violence their focus as well, because if they didn't get tougher on Arafat's noncompliance with anything resembling a de-escalation, Israel would do so.

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Since the Knesset had returned before my trip to Washington, I'd needed first to make sure my government would survive. The obvious, or at least the most mathematically secure, choice would have been a deal with Sharon. Especially since the lynching in Ramallah, there were calls from politicians on all sides for a unity coalition between Labor and Likud. Arik definitely wanted in. The main issue reamined the peace process. I didn't find Arik's specific objections to Camp David hard to deal with. As I'd said from the start, the fact that we'd failed to reach an agreement at the summit meant that any concessions I'd considered were now,



HOUSE_OVERSIGHT_028231

in legal and diplomatic terms, null and void. The package Arafat had ultimately rejected had not even been presented by me. It was an American proposal. Besides, it was obvious no serious negotiations were going to happen anyway for the foreseeable future. Arik, however, said he wanted not just a "full divorce" from Camp David. He insisted we formally declare an end to the entire Oslo process.

I told him that was a price I was not prepared to pay for his support. Despite the failure of the summit, and the terrible human cost from Arafat's choice of violence over diplomacy, there was a wide international recognition that it was the Palestinians, not Israel, who were responsible. For us to end the Oslo process meant inviting accusations we'd never intended to reach a peace agreement in the first place, and that it was *Israel* that was closing the door. We would also risk forfeiting the American support we'd secured by our efforts to reach a peace deal, an asset all Israeli governments would benefit from in other circumstances and contexts in the future.

Fortunately, I had an alternative to a coalition with the Likud. Alarmed at the prospect of a having Sharon in the government, the Oslo-era doves in Labor, led by Yossi Beilin, worked out a new deal with Shas. The Sephardi Orthodox party was still not prepared to rejoin the cabinet, but it did promise a "safety net" in the Knesset to ensure we would not have to worry about no-confidence votes while confronting the Palestinian violence. I knew Shas's support would waver if there was a resumption of serious peace negotiations. Still, as Clinton continued to insist we make one final attempt to get a deal, I felt we had a responsibility to play our part. I wasn't prepared to put us in the position of appearing to stoneweall his efforts, and encourage the false narrative that Israeli "intransigence" was somehow frustrating Arafat's readiness to make peace.

The Palestinian campaign of violence was getting worse. An Islamic Jihad car bomb near *Mahaneh Yehudah* market in Jerusalem injured nearly a dozen people and left two dead. Hamas blew up a school bus in one of the Gaza settlements, killing two more people. In Hadera, halfway up the coast from Tel Aviv to Haifa, a car bomb on a main street left two people dead and more than 60 injured. Palestinian snipers from near Bethlehem began opening fire on Gilo, one of the post-1967 Jewish suburbs of Jerusalem, and home to more than 30,000 people. Yet despite all this, I authorized Shlomo Ben-Ami, Gili Sher, Amnon Lipkin and Yossi Ginossar to continue talks with Palestinian negotiators on the terms of the President's last-ditch peace proposal.



HOUSE_OVERSIGHT_028232

By the end of November, I believed that the chances of a peace agreement with Arafat were so microscopic as to border on non-existent, and that my own prospects for retaining sufficient support to be an effective Prime Minister much beyond Clinton's departure were not much better. It was not just Arik and the Likud, but other parties on the right that were actively attempting to bring down the government. I was being squeezed politically: by opposition to the concessions, especially on Jerusalem, I'd been willing to consider in pursuit of a peace agreement, and by the ever-worsening Palestinian violence. Shlomo Ben-Ami put it best, saying that in the view of most Israelis, "Arafat's response to Camp David was not peace, it was an intifada."

By the second part of November, there were five separate motions of no-confidence working their way through the Knesset. I could have quashed them all at a single stroke, since Arik, both publicly and privately, was conveying to me his continuing interest in joining a unity coalition. But I again decided against it, at this stage not so much because I expected a peace deal, but because I believed continued Israeli engagement in the peace process was essential to preventing Arafat from evading his responsibility for making a deal impossible.

I could also have wrongfooted my opponents by insisting that any early election be not just for a new Prime Minister but for a new Knesset, something very few existing Knesset members were anxious to see happen. I did, in fact, do precisely that at the end of November, delaying an immediate move to try to topple the government. But I immediately regretted doing it. The game-playing side of politics was the part I least understood, and most disliked. I recognized that to bring down the Knesset along with me would be unfair to the country, not to mention my own Labor Party, which still had the largest number of parliamentary seats. In pursuing my peace efforts with Hafez al-Assad, and at Camp David, I'd insisted I was acting on the mandate I'd received in the Prime Ministerial election. If the peace efforts had failed, or if a significant part of the country felt I was wrong to have tried in the way I did, surely the responsibility for that, too, should fall on me.

I remained confident I had been right to make the efforts with Arafat, with Assad, and, of course, to have followed through on my pledge to withdraw our troops from Lebanon. But believing that you are right, even if later events might bear you out, was not all that mattered in politics. You had to be able to bring the public with you. It was clear my support was ebbing away. Looking ahead to the



HOUSE_OVERSIGHT_028233

challenges Israel would face during Clinton's final period in office and afterwards, I knew I could not go further without seeking a fresh mandate from the country, however unlikely the prospects now seemed.

Deciding to do so was a decision that was probably easier for me than for other politicians. Privileged though I felt as Prime Minister to be able to pursue what I felt deeply were Israel's national interests, the trappings of office were not that important to me. I'd gone into politics to *do* things, not for the photo opportunities. I did still believe it was important to see the final diplomatic push by Clinton through to its end. But I knew an early election for Prime Minister wouldn't happen overnight. It would involve a couple of months' preparation.

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When I called a news conference on December 9, the media, and the country, assumed that it was about the Palestinian violence and the ups and downs of the Clinton initiative, and I did talk about both. But at the end, I said: "There are those who doubt the mandate I received from the citizens of Israel. I have decided to seek a new mandate – to lead the state of Israel on the road to peace, security and a proper civic and social agenda." I said I would go see the Israeli President the following morning. "I will formally resign, and run for a special election, at the head of the Labor Party, for the Prime Ministership of Israel."

The election was set for February 2001. The last act in President Clinton's attempt at a breakthrough actually came after the American election, and just a month before George W. Bush would succeed him. Since, in practical terms, any final agreement would almost certainly come under President Bush, Clinton's final negotiating paper was framed as a set of paramaters which, if agreed to by both sides, were intended to set the stage for a final deal. On December 23, Clinton presented the draft to both sides' representatives at the White House. I wasn't there. But the accounts I got from Shlomo, Gili and Dennis Ross afterwards made me feel as if I was. The president said he would read through the document and then leave the Israeli and Palestinian teams with Dennis to make sure they'd recorded each detail. He said this was no longer the starting point for further argument on the basic shape of a peace deal. This was his considered judgement of



HOUSE_OVERSIGHT_028234

what would constitute a fair agreement. He was presenting it on a take-it-or-leave-it basis. If either side said no, he would withdraw it, and it would not be binding on President Bush.

He proceeded to lay out his proposal. It now envisaged the Palestinians ending up with between 95 and 97 percent of the West Bank. Israel's military presence in the Jordan Valley would be for a maximum of six years, after which our soldiers would be replaced by an international force. On refugees, the solution Clinton proposed would "make it clear there is no specific right of return to Israeli itself" but recognize "the aspiration of the Palestinian people to return to the area." He proposed a joint endorsement by Israel and the Palestinians of the right of refugees to return to a new Palestinian state. In Jerusalem, Arafat would have sovereignty over the entirety of the Old City except for the Jewish Quarter and, of course, the Western Wall and the "holy space of which it is a part." Finally, the President said, this would be a *final* peace: an end of conflict and, once implemented, an end to any further claims. He wanted replies from Israel and the Palestinians within five days. Dennis added that, while both sides could come back with reservations, if any of these fell outside the substantive limits of President Clinton's parameters, the response would be interpreted as a "no" and our search for an agreement would be over.

Clinton's latest proposals went beyond even what I was willing to have him keep in his pocket at Camp David. Opposition politicians in Israel, and even a few of our cabinet ministers, promptly objected to the formula for Jerusalem. I told the critics – as I knew I'd have to argue to the country in a referendum, in the vanishingly unlikely event we actually reached an agreeement – that making peace was not like making love. It was something you did with enemies. I, too, would have preferred to say no to Clinton's ideas on Jerusalem. But to reject them would have placed Israel in the position of rejecting the entire Clinton paper, something I was not prepared to do.

I sent word to the President that we accepted his ideas. We did raise reservations – twenty-eight in all, about how various parts of the agreement would work on the ground. But none fell outside his parameters for a peace agreement. At first Arafat asked the Americans for more time. Then he went to Washington to see Clinton. There, he presented his "reservations". They were not just outside the Clinton parameters. They rejected two key elements. Arafat said there could be no



HOUSE_OVERSIGHT_028235

Israeli sovereignty over the Western Wall of the ancient temple. Nor would he agree to any compromise on the "right of return."

For me, that was the final answer. As one Palestinian leader remarked to me amid the still-escalating terror attacks a couple of years later, the Palestinians had "needed a Ben-Gurion, but we got an Arafat." He didn't mean Ben-Gurion the Zionist, but the statesman who at crucial moments like the partition vote in 1947, could give up his maximalist hopes and dreams in order to secure a better future for his people. Arafat felt much more comfortable, more secure, when the suicide bombers were calling the tune. Then he could whip up the crowds with promises of "marching on Jerusalem" or jet around the world telling everyone that Israel was denying his right to a state.

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Though I now knew an agreement was impossible, for many on the Israeli left, my ostensible allies in the forthcoming election campaign against Arik, that was hard to accept. Particularly for Yossi Sarid of Meretz, and to a certain extent Yossi Beilin too, the only explanation for our failure to get a deal had to be that we hadn't negotiated well or creatively enough. The idea that Arafat simply didn't want a two-state peace was anathema to them. So was the political platform I said that I hoped to implement if I was re-elected as Prime Minister. Maybe, at some point in the future, a negotiated peace might be possible. We *had* accomplished something of importance at Camp David. We'd made clear our red lines. We knew where Arafat stood. But for now, I believed we had to move on, both in order to keep the situation on the ground from getting worse and to act in Israel's own long-term political and security interests. I said we should unilaterally disengage from the West Bank and Gaza.

The idea was straightforward. The Palestinians' unwillingness to accept even the final Clinton parameters, driven home with murderous ferocity by the explosion of violence since Camp David, should not be allowed to paralyze Israel politically. I proposed that we map out the area we required to retain and secure the major settlement blocs, as well as the outer East Jerusalem suburbs; a further security strip along the Jordan River; and several other strategically important



HOUSE_OVERSIGHT_028236

points. It would amount to retaining control over around 20 percent of the West Bank, but none of the major Arab towns or cities. Though deliberately stopping well short of share of the West Bank Arafat could have secured through a negotiated peace, it would remove Israeli troops and settlers from most of the territory. It would give the Palestinians ample room to set up a state if they so chose, and conceivably to expand its area if some future leader had more of the "Ben-Gurion" in him than Arafat. Until then, it would allow both of our peoples to get on with their lives and focus on their own political and social and economic challenges.

There was a second, critically important part to what I was proposing: the construction of a physical security fence along the new "disengagement line" with the West Bank. It was the suggestion rejected under Rabin, accepted under Peres amid the Hamas bombings in the 1996 election campaign, but never followed through on. Even under the new arrangement I envisaged, Israeli troops would retain the freedom of action to respond to, or pre-empt, terror attacks with targeted operations inside the West Bank. But the physical barrier would hugely increase our ability to halt the attackers before they could strike.

Yet even if I'd been able to bring those on the left of Labor behind the plan, this election campaign was going to be a lot tougher than in 1999. Since Knesset members weren't running for their seats, the Labor machine lacked its usual incentive put up posters, knock on doors, or get out the vote. Arik, however, benefited from the enthusiasm of Likudniks and other right-wing activists who saw an opportunity to retake control of Israel's political agenda.

Long before election day, I realized my time as Prime Minister was up. Before the campaign began, an old friend of mine, a leading Israeli journalist, tried to talk me into withdrawing. "You're going to lose, Ehud," he said. "Why, after making all this effort for peace, after doing your best, do you want the last act to be losing to Arik?" I'd never seen the objective as just staying in office. If that had been the case, I wouldn't have put the chances of a peace deal with Syria to their final test. I wouldn't have gone to Camp David. I also would have accepted Arik's serial offers to join a unity coalition. But never in my life had I walked away from a challenge. I certainly wasn't going to retreat in the midst of Palestinian violence, and when Israel still faced key decisions on how to move on from Arafat's unreadiness to negotiate an end to our decades-old conflict.



HOUSE_OVERSIGHT_028237

I did regret being unable to rely on the support of two key constituencies that had helped deliver my landslide victory barely 18 months earlier: my own Labor Party and the Arab citizens of Israel. I had no trouble understanding the reasons many Israeli Arabs were abandoning me. The clashes in the Galilee at the start of the new intifada had left more than a dozen of their community dead. As an official inquiry would later conclude, there was blame on all sides. A number of Arab members of the Knesset had played a part in inciting the violence. Yet the police had been unprepared, and they had used excessive force. As I said publicly before the election, I, as Prime Minister, was ultimately responsible, and I formally apologized for what had happened. Yet the roots went deeper, to the economic and social disadvantages still faced by many Arab citizens, and the difficulty in resolving those problems calmly and collectively as long as Israel remained in a state of war with its Arab neighbors.

For Labor and the political left, it was as if, despite Arafat's repeated rejections of ever more forthcoming terms of peace, they still couldn't bring themselves to believe he really meant it. By default, they were inclined to blame me for not delivering peace. I was accused of relying too much on a close circle of aides and negotiators I'd known from my time in the army, of not giving a negotiating role to Labor veterans of the Oslo negotiations like Yossi Beilin, and of being insufficiently sensitive to Arafat's needs in the negotiating process. Typical of the argument was a broadside by the journalist and historian Tom Segev, in *Ha'aretz*, which accused me of an "incredible arrogance" which had "led to an historic mistake. Rather than continue on the Oslo road, Barak put it into his head that he could reach a final settlement and try and impose it on the Palestinian Authority President." I did not try to "impose" anything on Arafat. I did, quite consciously, abandon the "Oslo road" because it was inexorably leading to a situation where, after the final Wye redeployments, Arafat would have control over the great majority of the West Bank *without* having to commit to any of the assurances that even most on the Israeli left would define as the minimum required for peace. Now, of course, we knew that was something the Palestinian leader was not prepared to do.

When election day came, not that many of my critics on the left actually voted against me. Nor did the Israeli Arabs. Yet in very large numbers, they simply didn't vote. In percentage terms, Arik's victory was even more decisive than mine over Bibi. He got more than 62 percent of the vote. I received barely 37 percent.



HOUSE_OVERSIGHT_028238

Yet the turnout was the lowest in Israeli history. Arik received *fewer* votes than I had in 1999. Around half of the 1.8 million people who had supported me stayed at home.

I conceded defeat after the first exit polls and said I would be stepping down as head of the Labor Party. Still, since the election had been only for Prime Minister, Labor remained the largest party in the Knesset. Mathematically, Arik might be able to cobble together the required 61-seat majority with an assortment of smaller parties. But without Labor as ballast, his government would be even more precarious than mine. When I triggered the election, he'd let it be known that if he won, he hoped to include Labor in his government, with me as his Defense Minister. Even though I'd announced I was stepping aside, he phoned me the morning after the election to make that argument again. He said Israel needed a strong government, especially to confront the escalating violence. Having a person with my background, whom he knew well and trusted, in the defense portfolio was important. I didn't say yes. Unfortunately, I failed to do what I should have done: I didn't immediately say no.

When the public learned about Sharon's interest in a unity government, Labor descended into bickering. Some of my former ministers, like Yossi Beilin and Shlomo Ben-Ami, were against the idea of joining any Likud-led government. They were especially disgusted by the prospect of doing so under Arik, the architect of the 1982 Lebanon War. Most of the Labor's central committee did seem in favor of joining. But given the scale of my election defeat, many wanted do so without me. For a few days, Arik kept phoning me. I did feel that the substance of the arrangement he suggested made sense. But over that first week, I realized that, understandably, he had little interest in addressing my policy concerns. I decided to focus instead on ensuring a properly organized transition to a new Labor party leader, and publicly confirmed that I would indeed be resigning.

Several weeks after Arik formed his government – including Labor, with Simon Peres as one of four deputy prime ministers – he invited me to his office. He wanted to ask my views on a specific security question. That took barely 15 minutes. But I raised another issue that I argued would have more far-reaching implications. It was the idea of building the security fence along the West Bank. I'd tried to make the case for doing so during the election campaign, and I'd lost the election. "Now I'm turning to you. When I left office, 39 Israelis had been killed in the terror attacks. Now, there are *70*. When the number reaches 700,



HOUSE_OVERSIGHT_028239

there's no doubt you'll decide to build this fence. But to your dying day, you won't be able to look yourself in the mirror and explain why you waited for another 630 Israelis to die first."

He did eventually start building it, but only in the wake of an act of terrorism which, even by the standards of this new and still-escalating intifada, was truly obscene. In March 2002, suicide bombers murdered 30 people, mostly elderly, as they were celebrating the annual Passover Seder in a hotel dining room in Netanya. Arik hit back two days later with Israel's largest military operation on the West Bank since 1967. Israeli forces retook major Palestinian towns, placed Arafat under *de facto* siege in his headquarters in Ramallah and imposed curfews and closures. In June, the government formally approved the security fence. Still, another year would pass before the major part of the barrier was in place, by which time some 500 Israelis had been murdered in the terror attacks. Only then did the number of casualties begin to fall.

I tried to steer clear of public criticism of Arik's government. One of the lessons I'd learned as Prime Minister was how easy it was to second-guess from the outside. No Prime Minister can act exactly as he might plan or want to. The most you can do is make sure you understand and analyze the issues and follow your instincts, experience and conscience to come as near as possible to doing what you believe is right. You will inevitably make mistakes and misjudgements. I certainly did. At least some of the criticism I received was deserved. I was at times too inflexible. I tended to limit my focus to a small group of trusted aides and advisors. I was less good at schmoozing with – or, perhaps more importantly, delegating to – others in the government or the party. I suspect it's no coincidence that the man who brought me into government in the first place was often criticized for the same things. By character, instinct and experience, Rabin, too, remained less a politician than a military man. Yet towards the end of his second period as Prime Minister, he did get better at delegating to people around him, and creating an atmosphere that encouraged teamwork, even when he knew he could not accept or act on everything they might suggest. During my term as Prime Minister, I was much less good at that.

But another thing Yitzhak and I shared was a determination to set ourselves specific goals and do everything we could to achieve them. I promised to get the army out of Lebanon. With the Palestinians, I arrived in office convinced that the process begun in Oslo was both a huge opportunity and a potential dead-end. I was



HOUSE_OVERSIGHT_028240

determined to focus on the end goal: initially, at least, a framework agreement, and over time a final political resolution of our conflict. Ever since the outbreak of the Palestinians' *first* intifada, I believed this was as much in Israel's own interest as theirs. Yet when I entered office, we had no way of knowing whether *Arafat* wanted two states living side-by-side in peace. I felt it was my duty to find out, and, if the answer was yes, to put a peace agreement in place. I felt the same about way about Syria and Hafez al-Assad.

When I left office, I believed I had achieved the most important goals of my premiership. We were out of Lebanon. Though we couldn't achieve the peace agreements I had hoped for, it was not for lack of trying. Along the way, Israel had demonstrated to the world that it was able and willing to consider painful compromises, and that it was the Arab leaders who, at least for now, were unequal to the challenge of making peace. If I'd been able to retain the backing of the voters who made me Prime Minister in 1999, we might even have moved ahead on unilateral disengagement from the Palestinians, dramatically altering the trajectory of our relationship. Yet even without that, Camp David did delineate the terms of any future peace arrangement. When and if conditions allowed a resumption of serious negotiating efforts, the shape, and indeed most of the details, of a final peace between our peoples were now clear.

I was on holiday in the summer of 2001 when Clinton phoned me. *The New Times* had run a piece on how and why the summit, and the subsequent negotiations through the end of the year, ended in failure. When I later read the article, by the Pulitzer Prize-winning reporter Deborah Sontag, I found it a meandering mix of opinions garnered from an assortment of Americans, Europeans, Israelis and Palestinians, including Arafat himself, with the overall conclusion that Clinton and I had not offered as generous a deal as was assumed and that it was somehow unfair to suggest the Palestinians deserved blame for rejecting it. There had been several other articles in various publications along the same lines. I didn't see much point at this stage in setting the record straight. To the extent the content of the *Times* piece bothered me, it was a simple, but important, error of fact. Quoting Arafat himself, Sontag wrote that during the back-patio discussion I had with him at the dinner in Kochav Yair shortly before the new intifada, he'd "implored me to block Mr Sharon's plans" to visit the Temple Mount. Arafat didn't raise the issue at all, and presumably knew that we had consulted his West Bank security chief to ensure it happened quickly, avoided the



HOUSE_OVERSIGHT_028241

mosques on the Haram, and would not become a catalyst, or in this case a pretext, for violence.

Yet the revisionist history about our peace efforts left Clinton not just frustrated, but genuinely puzzled. What the hell were these people talking about, he asked me. Why were they missing the forest for the trees. "The true story of Camp David," he said, "was that for the first time in the history of the conflict, you and I, the Prime Minister of Israel and the President of the United States, placed on the table a proposal, based on Resolutions 242 and 338, very close to the Palestinian demands. And Arafat refused to accept it as a basis of negotiations, walked out of the room, and deliberately turned to terrorism." All the rest, President Clinton said, was gossip.

All of it was now irrelevant, too. His parameters were off the table. Palestinian violence against Israelis was getting ever deadlier. And I was out of politics. When I delivered my final remarks to a Labor Party meeting, I was asked whether I was leaving politics for good. I replied that I would always remain a member of Labor. But I saw my role as a bit like when I'd left the army. "I'm a reserve officer," I said, adding that I hoped I would not be called back to duty any time soon.

I had been Prime Minister for only 21 months. But I'd been in politics for six years, and in uniform for nearly thirty-six: in public service for more than four decades. Now, suddenly, I was a private citizen. And for a few years, I actually stayed that way.



HOUSE_OVERSIGHT_028242

## Chapter Twenty-Four

I had only a general idea of what I would do next. "Something in business" describes it best. But I sought the advice of a friend who, rather than leaving politics, had just entered it. Colin Powell was now the second President Bush's Secretary of State. "Why don't you go on the lecture circuit?" he said. The short answer was that it hadn't occurred to me that I'd be any good at it. But it proved energizing and interesting both for me and, it seemed, the audiences I spoke to. It was also lucrative. I would deliver four lectures over the span of a week and end up making twice what, until that point in my life, I had earned during a full year. I was also invited onto a number of company boards. I turned down some, in order to avoid even the appearance of a conflict of interest. But I did get involved in an area where I believed my range of experiences might be relevant: investment decisions, and venture capital.

The result was a dramatic change in lifestyle. Nava and I got to spend more time with our daughters. We vacationed overseas for the first time. We also decided to build a new home, and the place that we chose gave me my first experience of how far I was from being a "private citizen" in the eyes of the Israeli public. When it became known we were planning to move to Kfar Shmaryahu near Tel Aviv, one of the wealthiest places in Israel, all hell broke loose. How *could* you, I was asked. I couldn't resist joking that I just wanted to be close to our voters. Likud supporters were about as rare in Kfar Shmaryahu as panhandlers. Along with Mishmar Hasharon, it was the only place where I'd polled over 80 percent even in my loss to Sharon.

Israel had changed dramatically from the kibbutz-centered pioneer society of my youth. Greater Tel Aviv, in particular, was thriving economically, and the rising crop of millionaires, whether from traditional business or in the bourgeoning technology sector, included its fair share of former kibbutznikim. Still, socially and culturally, a puritanical streak remained, a sense that there was something not quite right about people raised on a socialist ideal becoming personally well off. I accepted this. I recognized that I was not just a former kibbutznik. I had been head of the Labor Party. And Prime Minister. Still, I did feel much of the personal criticism was unfair. I had devoted more than four decades of my life to serving my country. I'd behaved with scrupulous honesty while in office, and was avoiding



HOUSE_OVERSIGHT_028243

any business involvement that could present a conflict of interest now that I had left. Frankly, I saw nothing wrong with earning money through honest endeavor, and using the proceeds to provide economic security for myself and my family, and to give our grandchildren a better start in life than Nava's or my own parents had been able to do.

In the end, we didn't move to Kfar Shmaryahu. But that was because of an even more profound change in my life: I separated from Nava, after more than 30 years together. When we had begun plans to move, I laughed off a warning from a psychologist friend of mine that decisions like building a new house could lead to a deeper reassessment of your life. But that is at least in part what happened. There were also other changes that caused me to stop and take stock. I was no longer Prime Minister. My father had passed away soon after I left office. Professionally, I was exploring new areas and developing new interests. Nava and I had been happily married since our twenties. We had three wonderful daughters, and a first grandchild. Yet the more I thought about where we were in our lives, the more I felt our future paths were pulling us in different directions. For both of us, the separation was difficult, though it was made a bit less painful because Nava knew that it had nothing to do with another woman, or another relationship. I did imagine that I might one day meet someone else. But I was equally prepared for it not happening. I certainly didn't expect it any time soon.

When it did, it began by accident. A few weeks after our separation, I was visiting the Knesset for a discussion about fixing Israel's broken electoral system. In the audience was a member of one of the civic associations pressing for reform: Nili Priell, my first, and only, serious girlfriend before I met Nava. We spoke for a few minutes afterwards. We agreed to meet again, and catch up with each other's lives, a week or so later. Both of us now had grown children. We were both on our own. There is, I assume for everyone, something impossible to replicate about a first love. Nili and I were given an unlikely second chance. That seemed to me an extraordinary gift. It still does.

Yet if my personal life seemed full of new promise, the same could not be said of the country I'd served for my whole adult life, or of the political party I'd led into government. The continuing construction of the security fence along the West Bank finally did begin to reduce the sheer number of Palestinian attacks: from nearly 50 in 2002, to about half that number in 2003. But the suicide bombers who did get through – from Hamas, Islamic Jihad and Fatah's "Al-Aqsa Martyrs'



HOUSE_OVERSIGHT_028244

Brigade" – struck wherever they could inflict the most terror, and death: at bus stations, on buses, in shopping centers, restaurants and cafés. Over a 12-month period, beginning with a bombing of Tel Aviv's main bus station at the beginning of January 2003, they murdered 145 men, women and children. It would not be until two years' later, with the West Bank fence in place and a range of other security measures, that the attacks, and the deaths, were finally brought down dramatically.

The Labor Party had finally left Arik Sharon's coalition in late 2002. But in Israel's 2003 election – reverting to the old rules again, with a single vote for party and Prime Minister – Arik and the Likud won resoundingly. They doubled their Knesset seats, to 38. Labor, now with only 19 seats, against turned to Shimon Peres, as interim party leader.

I didn't miss the political limelight. But by mid-2004, with the first sign of a major change in policy toward the Palestinians, I felt I had a contribution to make. What first prompted me to dip my toes back into politics were the ever more obvious signs throughout 2004 that Arik's coalition, and his hold on the Likud, were unraveling. Part of his problem was a steady drumbeat of corruption allegations around what had become a kind of family political operation: Arik and his two sons, Omri and Gilad. But Arik also seemed to be undergoing a welcome political conversion, to the need for the more profound political "disengagement" with the Palestinians which I'd long been advocating. He had endorsed the Bush Administration's "road map" for resuming the peace process. Yet with Yasir Arafat ageing, ailing and even less inclined to consider the difficult decisions he had shirked at Camp David, Arik went one, dramatic step further. He raised the idea of unilaterally withdrawing Israeli forces and settlements from Gaza – ensuring a showdown with the rank and file of the Likud, and other parties on the right. His main Likud rival, very much back in front-line Israeli politics, was his Finance Minister: Bibi Netanyahu. Though Bibi remained on board until the last moment, he dramatically resigned for the cabinet in August 2005, a week before the Gaza withdrawal, declaring: "I am not prepared to be a partner to a move which ignores reality, and proceeds blindly toward turning the Gaza Strip into a base for Islamic terrorism which will threaten the state."

To this day, Bibi, along with many Israelis across the political spectrum, draws a direct line between our pullout from Gaza, Hamas's takeover and its violent purging of Fatah's old guard there, and the periodic wars we've had to fight since



HOUSE_OVERSIGHT_028245

then in response to Hamas rocket fire into Israel. The moral: Arik was wrong to withdraw. But the Islamists' ascendancy was happening anyway. After all, it was Hamas attacks that provided the spearhead of the intifada of terror launched in the wake of Camp David. Arafat's own influence was also inexorably on the wane by the time he passed away, in Paris, at the end of 2004, to be succeeded by Abu Mazen. I do not know of a single senior figure in Israel with any military experience who believes that we would be more secure today if we still had thousands of soldiers and settlers inside Gaza. Surprised though I was by Arik's decision to leave, I had no doubt that the fundamental security judgment he was making – that a disengagement was in Israel's own interest – was the right one. I was encouraged, too, by his parallel announcement of a small, token withdrawal from a few small West Bank settlements. My regret at the time was that he did not go further toward the kind of major West Bank disengagement I'd been arguing for, and that even in Gaza the pullout seemed insufficiently prepared or thought out. The model, I believed, should have been our withdrawal from Lebanon – involving detailed prior consultation with, and political support from, the UN and key international allies. I also felt it was critically important to ensure that, while we would obviously need offshore patrols to prevent arms and munitions from getting in, we allowed and encouraged an environment in which the Gazan economy could function and grow after we left. None of that happened. Though we left Gaza, we effectively sealed off and blockaded one of the most densely populated, economically strapped and politically febrile strips of land on the face of the earth.

Still, I did see it as an important first step toward the kind of wider disengagement that would prioritize Israel's own security interests, and political and social cohesiveness, until and unless conditions allowed a for a serious new effort for a final peace deal. I was heartened when Shimon led Labor back into Arik's coalition at the start of 2005 to ensure he'd have the support necessary to go through with the Gaza withdrawal. And while I did make a brief attempt to return as party leader later in the year, when it was clear I wasn't going to win, I threw my support behind Shimon and against the other challenger, the longtime labor-union leader Amir Peretz, who was running on a platform to take Labor out of Sharon's government.

But Peretz won the leadership election. He did leave the cabinet, forcing Arik to call an early election for March 2006. And that, along with the most ambitious and



HOUSE_OVERSIGHT_028246

ill-fated Israeli war in Lebanon since 1982, was the reason I ultimately found myself back in the Israeli government.

* * *

It began on July 12, 2006, when Hizbollah fired rockets from southern Lebanon as cover for an ambush of two Israeli Humvees on our side of the border. Two soldiers were killed, and two others abducted. A few hours later, when an Israeli armored unit crossed to look for the kidnapped soldiers, an explosive charge blew up one of our tanks, killing four of its crew members.

Arik was no longer Prime Minister by then. With Bibi marshalling opposition inside the Likud to the Gaza disenagegment, he had formed a new centrist party called Kadima, along with prominent Likud moderates and buttressed by a Labor heavyweight: Shimon Peres. But before the election, Arik suffered a pair of strokes, lapsing into a coma from which he would never emerge. His notional deputy, the veteran Likud politician and former Jerusalem mayor Ehud Olmert, found himself as Prime Minister. Kadima did comfortably win the May election. It ended up with 29 seats, followed by Labor with 19 and leaving the Netanyahu-led Likud with only 12. Olmert formed a coalition, including Labor, which had undeniable political ballast: Shimon was one of his deputy Prime Ministers, along with Haim Ramon. The gifted lawyer, longtime Likudnik and strong backer of the Gaza plan, Tzipi Livni, was Foreign Minister. Amir Peretz, as head of Labor, was given the Defense Ministry. But without Sharon himself at the helm, the government was now about to face a military crisis with virtually no military experience around the cabinet table.

Olmert called an emergency cabinet meeting on the evening of the Hizbollah attack, and just before it was due to convene, my phone rang. It was Shimon, who, though with no first-hand army experience, did at least have the *political* experience in war that none of Olmert's other ministers could offer. He'd been by Ben-Gurion's side during the 1956 war, had been in Golda's government in 1967, and was Defense Minister after the 1973 war, through Entebbe, until Begin's defeated Labor in the 1977 election. Despite our own battles inside Labor, Shimon and I had become closer again of late, especially after I'd supported him in his last



HOUSE_OVERSIGHT_028247

Labor leadership contest. "Shalom, Ehud," he said when I answered the phone and, without small talk or preliminaries, asked me: "What do you think we should do?"

I said I couldn't offer specific suggestions. "It's a detail-related question, and I don't know the details." But I advised him on the *process* I felt would be needed to come up with the right answer when the chief-of-staff, the former air force chief Dan Halutz, briefed the cabinet. "Halutz will propose what to do. *Push* him," I said. "When he presents his recommended action, ask him for his assessment of what Hizbollah will do in response. When he, or the head of military intelligence, has given you the range of possibilities and told you which is the most likely, say, OK, let's assume that happens. What's our *next* step? How is that going to lead us to our main objectives? And what *are* the objectives?" Newspaper reports the next morning said that Shimon, and only Shimon, did indeed press the chief-of-staff about each further stage of the operation and about the aims that we wanted to accomplish. But Halutz finally fobbed him off by saying that once they *got* to the later phases, they could discuss it.

From the first reports I received through my army contacts, I feared the operation would go badly. There was no doubt we could inflict damage on Hizbollah. But there were no clear answers to the questions Shimon had raised. The initial Israeli air force response had been put in place more than five years earlier, when I was Prime Minister. Codenamed "Operation Cinnamon Sticks," it was designed to take out all of the fixed Hizbollah missile sites we had been able to identify. We knew its limitations. A lot of the rockets were fired from mobile launchers. But in one exercise, the known "Hizbollah" sites were replicated in the Galilee. They were destroyed in 43 minutes. I had no doubt that part of the plan would succeed. In the early hours of July 13, it took only 34 minutes to destroy the nearly 60 launchers we had pinpointed over the previous five years.

But Operation Cinnamon Sticks had been intended as a first step in a far wider assault on Hizbollah and other targets, including a number of infrastructure installations, deeper inside Lebanon. It was part of a plan for a full-scale war, if the government decided that was necessary. As the early public statements by Olmert and other ministers made clear, they did not intend to start a war, at least at the outset. They certainly didn't have a coherent plan for one. But they would soon find themselves in Israel's longest single armed conflict since 1948. When Hizbollah fired hundreds of missiles at Israeli towns and cities, our operation intensified not by plan or military logic, but improvisation. As a former Prime



HOUSE_OVERSIGHT_028248

Minister, I felt it was not my place to criticize Olmert publicly when Israeli troops were in action. Two days in, in fact, I told a television interviewer that the government had every right to respond and was doing so effectively. Olmert phoned to thank me. When he, like Shimon, asked what I thought the government should do next, I was straightforward: "Do your best to bring things to an end as soon as you can." I said that Halutz and the other generals would be caught up in the operational details, which made his role and that of the cabinet even more critical. "In any operation, you'll have an idea about what represents a satisfactory exit point. But there will be a temptation, when you get close to that point, to take just one more step, to keep going until you're absolutely sure you've reached it." Resist that temptation, I told him. I said there was a danger that, before they knew it, he and the other minister would be in way over their heads.

In pure military terms, there were just two realistic choices in responding the Hibzollah attack: a deliberately limited and fairly brief operation, or a full-scale war. We ended up doing neither. The result was an operation that lasted 34 days, nearly twice the length of the Yom Kippur War. Our air force flew 12,000 missions, more than in 1973 and nearly twice as many as in the 1982 Lebanon War. Hizbollah fired about 4,000 rockets into Israel – from a stockpile we estimated to number nearly 20,000 – and not just at the border settlements but as far south as Hadera and Haifa, keeping hundreds of thousands of Israelis under effective siege. More than 120 Israeli soldiers and 44 civilians were killed. So were hundreds of Hizbollah fighters and, inevitably, many Lebanese civilians as well, with a predictable surge of criticism from much of the outside world. Only President Bush and Britain's Tony Blair steadfastly reminded the critics of how the war had actually begun.

The one putative victory for Israel was the UN cease-fire resolution that Tzipi Livni helped to negotiate in August. At least on paper, it contained a commitment to a "long-term solution" including the disarmament of Hizbollah and the "unconditional release of the abducted Israeli soldiers, which has given rise to the current crisis." But as Israeli newspapers began speaking to the returning soldiers and officers, a picture emerged not just of a long and difficult war, but a lack of clearly communicated military objectives, and an often-chaotic chain of command, which ended up costing Israeli lives. Our final advance, alone, shortly before the cease-fire, claimed the lives of some 30 soldiers. And for *what*, many Israelis were soon asking themselves. One of the newspapers most supportive of the operation at



HOUSE_OVERSIGHT_028249

the beginning summed up the feeling of most of the country at the end: "If you don't win, you lose... Hizbollah survived. It won the war."

Without the botched handling of the war, I might well have remained a mere member of the Labor Party and a private citizen. But when the commission of inquiry released its report in April 2007, three people were singled out: Olmert, Amir Peretz and Halutz. Olmert was portrayed as a military novice who'd gone into battle without understanding the wartime role and responsibilities of a Prime Minister. Halutz's "excess of charisma" was held responsible for keeping ministers, and military officers as well, from questioning his judgement or pressing him for alternatives. Amir Peretz was found to be the wrong man in the wrong cabinet post at the wrong time. Of the three, only Halutz seemed ready to take personal responsibility. Even before the report came out, he resigned. Olmert and Peretz were determined to stay put, despite calls to quit not just from the opposition but from Tzipi Livni. Inside Labor as well, the war produced a clamor for change. When a vote for party chairman was held in June 2007, I was chosen to return in Peretz's place.

Within days, I replaced him as Defense Minister as well. Yet the main item in my in-box would no longer be Lebanon. I had been briefed a few weeks earlier by Olmert on a threat hundreds of miles further away: a construction site in northeast Syria, along the Euphrates River, where Mossad had uncovered evidence that the Syrians, with technical help from North Korea and funding from Iran, were building a nuclear reactor.

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I had got to know Olmert fairly well over the years, initially when I was in the *kirya* and both he and another rising Likud politician to whom I became closer, Dan Meridor, were members of the Knesset's defense committee. But from the day I returned to the Israeli government in June 2007, there was growing tension between us over dealing with the Syrian nuclear threat. It was not about *whether* we should take military action to destroy the reactor, before the fuel rods arrived on site and it could begin producing bomb-ready material. Just as under Menachem Begin in 1981, when we'd launched our preemptive strike on Saddam Hussein's



HOUSE_OVERSIGHT_028250

reactor near Baghdad, there was never any question that we would take any and all possible measures to prevent Syria from getting a nuclear weapon. An immutable, core assumption in Israel's security strategy was the need to retain our ability to deter, and if necessary defeat, our enemies. A nuclear Syria – or Iraq, or Iran – would dramatically alter the balance of power in the region, at obvious risk to Israel. Syria posed a particular threat, as part of an increasingly close alliance with Iran, and with Hizbollah in Lebanon.

The question, however, was how and when to strike the reactor. Olmert wanted to attack within days. He seemed to assume that, as a former chief of staff, I'd nod enthusiastically and go along with him. I did understand the reasons for his sense of urgency. Not only did we have to make sure we attacked before the fuel was on site. There was always the risk the Syrians would find out that we were aware of their nuclear facility, putting them on even higher alert. But the operational challenge was complex. We need a fail-safe plan to destroy the reactor. We had to do it in such a way as to avoid a full-scale military confrontation with Syria if possible. And we had to ensure we were ready for that, if it did happen. It took very little time for me to realize that none of those prerequisites was yet in place. Not unlike the recent Lebanon war, we were choosing between two off-the-shelf plans from the *kirya*. One involved using a large military force, and would almost certainly draw us into a major conflict with Syria. The other was a smaller, targeted operation. But it remained untested, and there was no certainty it would actually destroy the reactor.

Over the next few months, Olmert got more and more frustrated with the fact we hadn't yet attacked, and frustrated with me as well. We held dozens of meetings, sometimes two or three a day, chaired by the Prime Minister, sometimes by me as Defense Minister, or by the chief of staff or service commanders. Invariably, I began my remarks by saying: "We have to destroy the reactor." This was not because I felt that any of us seriously doubted that. It was because Olmert was beginning to suggest to the few ministers and senior officers aware of our planning that I was against attacking the reactor. In fact, I was working with the military and Mossad to ensure we had a plan that would succeed, with the minimum possible risk of drawing us into a major clash with the Syrians after the facility was destroyed. I was also working – with the help of the Americans – to make sure we could get the forces and munitions in place in the north of Israel to



HOUSE_OVERSIGHT_028251

deal with a major conflict with the Syrians. All of this, under a tight seal of secrecy.

Finally, in early September 2007, everything was in place. Olmert briefed the cabinet, and secured the ministers' approval to destroy the reactor, with the understanding that the precise timing of the operation would now be left to the Prime Minister, the Defense Minister and the Foreign Minister: Olmert, me and Tzipi Livni. The three of us met immediately after the cabinet discussion. Olmert argued that the risk of leaks justified attacking that night, and I agreed with him. Tzipi was reluctant, but Olmert turned to her and said: "Are you sure you're comfortable with an attack being ordered by me and Barak, while you chose to abstain?" She thought it over, and added her approval.

We struck just after midnight, in an intricately coordinated air attack that evaded not only a Syrian response, but Syrian notice. The reactor was destroyed. Although even today the exact details remain subject to Israel's military secrecy regulations, accounts published abroad in the weeks and months that followed painted a surprisingly accurate picture, including the pioneering use of electronic warfare capabilities to deal with risk of radar detection. But in the immediate aftermath of the attack, Israel deliberately made no public comment. We refused to say whether we'd had anything to do with an attack. As we he had hoped, this allowed the Syrian President, Bashar al-Assad, both the space and a good reason to deny that it had ever happened, deny that he'd been trying to make a nuclear weapon, and thus feel no compelling reason to retaliate.

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The reactor operation, however, marked the start of an increasingly tough period in both my and Tzipi's relationship with Olmert. Policy was not the problem. There were no major security crises in the months ahead. But in the spring of 2008, it became known that the Israeli police were investigating Olmert's relationship with an American businessman named Moshe Talansky. The suggestion, initially in a New York paper and then the Israeli press, was that Olmert was guilty of taking bribes. In his first public response, he didn't deny



HOUSE_OVERSIGHT_028252

receiving money from Talansky. But he insisted it was all a part of election campaign contributions.

Publicly, I reserved judgement. "I hope, for everyone's sake, and for Prime Minister Olmert's sake, that the suspicions now circulating turn out to be baseless," I told a reporter. "Let's be patient." Privately, I urged him to take a leave of absence and clear his name. Yet with other ministers convinced that would make things worse, I held off doing anything else until there seemed to me no choice, after Talansky gave evidence in Jerusalem's District Court. Though he genuinely seemed not to have expected anything specific in return, he said he had given Olmert something like $150,000 in cash. I called a news conference the next day. I didn't say whether or not I thought Olmert was guilty. I did say that I believed he couldn't continue leading the country while resolving his "personal matters". Things finally came to ahead in September 2008. When Kadima held fresh leadership elections, Tzipi Livni won. Olmert confirmed he would step aside for his successor. But under Israeli law, he would remain Prime Minister until she either succeeded in forming a new government or called early elections. She opted in the end for Option B, and the election was set for February 2009.

That meant Olmert would still be Prime Minister for another three months. We'd long been discussing the increasingly worrying situation in Gaza. After Arik pulled out, an election had placed Hamas in power, after which the Islamists embarked on a violent purge of Fatah loyalists. Arms smuggling through tunnels from the Sinai had become rife. Rockets from Gaza were now landing on southern Israel. Hundreds of thousands of Israelis were living with the reality of a warning siren and a rapid dash into their shelters. For a while, amid negotiations through Egypt to end the rocket fire, we limited ourselves to sending small ground units into Gaza to target the source of specific rocket attacks. But that was always going to have only a limited effect. It also ran the risk of our soldiers being abducted, or killed.

Pressure was building for a major military operation. With the election drawing nearer, Bibi Netanyahu was reminding voters that he'd been against the pullout from Gaza, and saying that we should now hit Hamas hard. Both Olmert and Tzipi, along with most of the cabinet, were also in favor of doing so. But my long-held view, reinforced by the recent war against Hizbollah in Lebanon, was that we had to begin by deciding what we wanted to accomplish, and what was possible. Only then could we take action. I told the cabinet that, operationally, we were perfectly



HOUSE_OVERSIGHT_028253

capable to taking over Gaza. But what *then*, I asked. Unless we were prepared to resume open-ended Israeli control, we'd be left with no one to run Gaza afterwards. The obvious candidate, Egypt, was even less interested than we were in assuming responsibility for the more than one-and-a-half million Palestinians who lived there. I doubted that even Arafat would have been ready to do so. But relations had only worsened, since his death in 2004, between the Fatah old guard in the Palestinian Authority on the West Bank and the Hamas overlords in Gaza. I doubted very much that Abu Mazen would want to get involved. I did send an aide to see him to ask whether, in principle, he was open to reassuming control of Gaza following an Israeli takeover. His answer was unsurprising and unequivocal: no.

I secured cabinet support for the more limited aim of restoring a period of calm for Israeli citizens in the south. I said the military operation had to be as sharp and short as possible, and end with some kind of political understanding that the rockets would stop for a significant period of time. The final plan was presented to ministers a few days before the operation. It would begin with surprise air strikes and a naval bombardment, followed by a limited ground incursion to hit remaining Hamas targets outside of the major refugee camps, which I was determined to avoid. The whole operation was intended to last for two weeks at the most. Hopefully, closer to a week, with diplomatic efforts through Egypt to secure a lasting cease-fire and, ideally, prevent Hamas from resupplying its rocket stockpiles through its smuggling tunnels from the Sinai.

When we launched Operation Cast Lead on the morning of December 27, nearly all the Hamas forces were where we'd expected them to be. Two waves of air strikes, with over a hundred jets and attack helicopters, killed 350 Hamas fighters. We destroyed Hamas's headquarters and dozens of its government and police installations. The attacks continued in the days that followed. We took a range of actions designed to minimize civilian casualties. We dropped leaflets before bombing sorties, phoned residents, and fired light missiles before heavier ordnance was used. Still, I realized that civilian casualties were unavoidable – if only because Hamas, like Hizbollah in Lebanon, was deliberately firing its rockets from civilian areas, sometimes even near schools or hospitals. Civilian casualties were obviously tragic in themselves. They also made it inevitable that the longer the operation went on, the more likely we were to face international criticism, and diplomatic pressure to bring it to an end. That was an additional reason I had insisted that the operation be well defined and time-limited.



HOUSE_OVERSIGHT_028254

But both Olmert and Tzipi soon fell prey to the same self-defeating temptation that had worried me during the meandering war against Hizbollah. Our ground incursion began a few days into the operation. The intention was to stay for a few more days and then, responding to inevitable international appeals, call a halt to a campaign that had already achieved nearly all of its targets. Perhaps wanting to balance the failures in Lebanon there with "success" in Gaza, Olmert wanted us to continue, and expand our attacks deeper into Gaza. I reminded him that we'd *agreed* the aims beforehand. The longer we stayed, the less clear any gains would be. Yes, our ground forces had so far faced virtually no resistance or casualties. "But that's *because* we're outside the main populated areas," I said. "The deeper we get in, the better it will be for Hamas. They gain simply by surviving, like Hizbollah." Yet Olmert kept insisting that we'd succeeded so far, so let's not stop.

It wasn't until January 17, three weeks after the operation began, that we announced a cease-fire. Militarily, the operation was a success. While Hamas launched nearly 3,000 rockets into Israel in the year before our attack, there were only 300 in the year that followed. But politically and diplomatically, the extra week reduced, rather than helped, the chances of reaching an understanding for a longer-term reduction of the attacks. To the extent there was any political gain, it was to burnish Tzipi Livni's credentials as a tough potential Prime Minister ahead of the election. That was not her intent. Of all the politicians I've known, she is among the least interested in such games, especially with lives at stake. But it was one of the effects.

She won the election, in a photo finish, with opinion polls suggesting she'd been effective in shaping the campaign as a choice "between Tzipi and Bibi." Kadima got 28 Knesset seats, to 27 for Bibi and the Likud, which gave her the first crack at forming a government. There's no way of disguising the fact that Labor's result in my first election back in charge was a disappointment. We went down six seats, to 13. The big gainer was a far-right, stridently anti-Arab party called *Yisrael Beitenu*, led by a former Likudnik named Avigdor Lieberman. Tzipi's attempt to form a coalition became less a political process than a contest between rival stalls in a Middle Eastern bazaar. Bibi was holding parallel talks with the Orthodox parties critical to assembling a parliamentary majority. He was matching and raising every assurance of a ministerial seat or budgetary concession that Tzipi was prepared to offer. In the end, she threw up her hands, saying she refused to draw out a process which was not so much a negotiation as organized extortion. I am



HOUSE_OVERSIGHT_028255

sure she won the respect of many Israelis for taking an all-to-rare stand of principle. She certainly won mine. But I was not alone in wondering whether it was worth the price that she, Kadima, and the country would pay as a result: Bibi's return as Prime Minister in a Likud-led coalition.

Though I was not surprised when he asked me to remain as Defense Minister, and to keep Labor inside the coalition, that was not an easy argument to make to my reduced Knesset contingent. They saw joining Bibi, especially in a government with the right-wing Lieberman as Foreign Minister, as a betrayal of all the efforts that they and I had made to achieve peace with the Palestinians. Still, the decision on whether to join the coalition ultimately rested with the party central committee, almost every one of whose members was on a local government council. For them, the choice was between a share of power, however limited, and the wilderness of opposition. So we joined Bibi's government.

I was personally in favor of our doing so, but for more complicated reasons. I knew that Bibi's background, his instincts and his undeniably powerful political rhetoric were all firmly rooted on the political right. I recognized that he was often more interested in politics than policy, and perhaps above both of those, in the tactical maneuvering required to consolidate his political position. But I had known him long enough to dismiss the suggestions of many of my colleagues that he was intellectually shallow. I felt he was capable of doing what was best for Israel, and that he had a basic pragmatism that would guide how he got there. All that, however, was just a reason for not saying "no" when he asked me and Labor to stay on. The reason I felt it was right to say yes had to two with specific policy challenges. The first was to ensure there at least *some* peace process with the Palestinians. But that, in turn, was in large part because I believed it would win us the diplomatic support, especially from the Americans, needed to tackle a more urgent threat. It again involved an enemy state trying to get nuclear weapons. But not Syria. The Islamic theocracy of Iran.

We'd been aware for a number of years about Iranian efforts to go nuclear. The Mossad had notched up a series of successes in delaying the Iranians from getting there. But they were getting inexorably closer. In fact, when I'd taken over as Defense Minister under Olmert, I formally directed the new chief-of-staff, Gaby Ashknazi, to get to work on a plan to attack the most important facilities in the Iranians' nuclear network, with the aim of pushing back the point at which they might develop a bomb by five to six years. But it became clear we didn't have the



HOUSE_OVERSIGHT_028256

operational capacity to mount such an attack, in part because we lacked the necessary bunker-busting bombs and the tanker aircraft to get us to Iran and back. I did seek help from the Americans. I met Defense Secretary Bob Gates, CIA director Mike Hayden, National Security Adviser Steve Hadley and even President Bush himself. While not explicitly mentioning that we were planning military action against Iran, I sounded them out on the prospects of getting more heavy munitions, and possibly leasing several US tanker aircraft.

Yet in our final meeting with President Bush, during a visit to Israel in June 2008, he made it clear to Olmert and me that he knew what we were up to. Olmert hosted a private dinner for the President. Afterwards, Bush asked to talk privately. Olmert poured us each a glass of whiskey and lit a cigar, and we sank into brown leather armchairs. Smiling, the president looked straight at me, and said to Olmert: "This guy scares the living shit out of me when he tells me what you want."

He told Olmert how I'd asked for heavy munitions, tankers and a variety of other military equipment. "Remember. I'm a former F-16 pilot," he said. "I know how to connect the dots." Then, turning more serious, he added: "I want to tell both of you now, as President, the formal position of the US government. We are totally against any action by you to mount an attack on the nuclear plants." The effect was all the more dramatic because of his Administration's support for our attack on the reactor in Syria the year before. "I repeat," Bush said, "in order to avoid any misunderstanding. We expect you not to do it. And we're not going to do it, either, as long as I am President. I wanted it to be clear."

Olmert said nothing, so I replied. "Mr President, we're in no position to tell you what the position of the United States should be. But I can tell you what I believe history will have to say. I'm reminded by what we call, in field artillery, 'bracketing and halving.'" I said that in the wake of the Al-Qaeda attack on the Twin Towers, he had fired one shell long, in Afghanistan, and another one short, in Iraq. "But when the time came to hit the real target – Iran – it ended up you'd already spent two terms, and all your political capital." He seemed neither insulted nor unsettled by my remark. He simply nodded. Perhaps, in part, because he was pretty sure that we lacked the ability to attack the Iranian facilities anyway.

We *still* lacked that capacity when I became Defense Minister in Bibi's government in May 2009. But the main reason I'd stayed in the job, and my main



HOUSE_OVERSIGHT_028257

focus from the day Bibi's government took office, was to do all I could to change that.



HOUSE_OVERSIGHT_028258

## Chapter Twenty-Five

I had hoped that in facing down the nuclear threat from Iran, I could nudge Bibi towards a reengagement with the Palestinians – not with great enthusiasm, but as an act of pure political pragmatism. There were only two ways we could stop the Iranians from getting a nuclear weapon: for the Americans to make sure that happened, or not to hinder Israel from doing so. Either was going to be a lot harder if there was tension with the new American president, Barack Obama, over moves to revive the peace process with the Palestinians.

I didn't expect it to be put to the test so soon. Yet within weeks of our taking office, President Obama launched an effort to restart negotiations, declaring it "intolerable" that there was still not a Palestinian state. He was explicit about what Israel needed to do. In an Oval Office meeting with Bibi in May 2009, and in a speech in Cairo the next month, he called for a total halt to settlement construction on the West Bank. US opposition to settlements wasn't new. For years, Washington's position had been that they represented "an obstacle to peace." The main issue wasn't even the creation of new settlements, since there had been almost none in recent years. It was the expansion of existing ones. The Jewish population on the West Bank had been about 190,000 when I became Prime Minister. In the decade since then, it had grown to 315,000 – more than half-a-million if you counted the Jewish neighborhoods built inside the expanded, post-1967 boundaries of Jerusalem. The expansion – "natural growth" as we euphemistically described it to the Americans – was what President Obama now wanted Bibi to end.

I had no illusions about how hard it would be to get him to agree. With each passing year since Camp David, the pro-settlement right wing in Israel had become more confident and influential. In a way, the settlers and their supporters – passionately devoted to a "Greater Israel" and opposed to any Palestinian state – had become the 21st-century equivalent of the kibbutz avant-garde of a half-century earlier. The rise of Avigdor Lieberman's *Yisrael Beiteinu* party was the latest sign, alongside a move rightward within the Likud itself. For Bibi to say yes to a settlement freeze would mean putting aside his own short-term political interests in recognition of the importance of our alliance with the Americans. He'd actually done this, twice, during his first term as Prime Minister. He had agreed to give the



HOUSE_OVERSIGHT_028259

Palestinians control of most of Hebron, and accepted further withdrawals under the Wye River agreement. But amid predictable protests from the right, he had promptly retreated from his Wye commitments. I knew that his default response to Obama's call for a settlement freeze would be "no." And it was, delivered first to the cabinet and then to the public, as soon as he got back from his talks with the President.

In my repeated meetings with Bibi in the weeks that followed – both one-on-one, and within the informal group of close ministers and aides known as the Group of Eight – I tried to persuade him that, if only because of America's key role on Iran, we needed to show *some* sign of engagement with Obama's efforts. I was not entirely alone. One ally was an old friend: Dan Meridor, who had rejoined the Likud before the election. Another was more unexpected: Avigdor Lieberman. He was never going to accept a settlement freeze. Not only did his heart, and political interests, lie on the West Bank. He lived there. But like many in the party he led, he had come to Israel from the former Soviet Union, shaping a worldview that in many ways remained European, and pro-Western. He was worried about creating the impression of blanket Israeli intransigence toward a popular new American President, and isolating ourselves internationally, if we didn't go some way towards helping to restart talks with the Palestinians.

Though Bibi showed no signs of retreat on the settlement freeze, he did accept that broader point. Ten days after Obama's Cairo speech, he publicly accepted the idea of a Palestinian state for the first time, having ruled it out as recently as the month before in his White House talks with the President. The shift was dismissed as trivial not just by the Palestinians, but by many in my own Labor party and almost everyone else on the left. I disagreed. I knew how deep, genuine and longstanding Bibi's resistance to Palestinian statehood was. But I had another, serious concern about the "peace plan" he announced: an entirely new precondition he insisted the Palestinians must meet if peace was ever going to be possible. He said they must "clearly and unambiguously recognize Israel as the state of the Jewish people." On a whole series of levels, that made no sense to me. We hadn't asked Egypt or Jordan to grant us explicit recognition as a Jewish state when we made peace with them. Even when Bibi himself had briefly tried to open negotiations with Damascus in his first period as Prime Minister, we'd never felt the need to ask it of the Syrians either. To the extent there was any logic in demanding it of the Palestinians, Bibi's reasoning seemed to be that this would



HOUSE_OVERSIGHT_028260

neutralize any recidivist claims to all of Palestine, especially since we had around 1.5 million Arab citizens living inside our pre-1967 borders. But as I told Bibi, that was a red herring. There was a more straightforward, legally binding answer: a peace treaty which, as with Egypt and Jordan, declared an end to our conflict and to any further claims on either side.

My main concern was more fundamental. Bibi's new approach contradicted the central thrust of Zionism: that after centuries of powerlessness and persecution, Jews would finally take control of their own destiny. We now had our state. It was more than six decades old. "Why do we need the Palestinians, or *anyone*, to validate us as a Jewish state? Why propose something that implies the Palestinians somehow have a say in what kind of state we choose to be?" Yet the more I pressed him, the clearer it became that the substance didn't much matter to Bibi. His move was political, and tactical, aimed at staking out a position of power in the diplomatic process. Besides, he didn't expect any new negotiations to make real progress anyway.

As Defense Minister, I had scope for taking steps with the Palestinians on my own. With Bibi's knowledge and tacit acceptance, I established a particularly strong relationship with Abu Mazen's Prime Minister, Salaam Fayyad. A respected economist, he operated on the assumption that neither violence nor negotiations seemed likely to lead the Palestinians to statehood as things now stood. He saw his role as doing an end-run. He would put in place the institutions, the infrastructure, the economy, the internal security and the stability needed for an eventual state to succeed. He was trying to do for the Palestinians what Ben-Gurion had done before 1948. He and I met and talked often but discreetly – sometimes in his office in Ramallah, sometimes in mine, sometimes over dinner in the 31st-floor flat I was renting in central Tel Aviv. I remember one dinner in particular. I led him onto the terrace after we'd eaten. It was a startlingly clear night. You could see as far north as Lebanon and, since the West Bank was barely a dozen miles away, the twinkling lights of Ramallah as well. He gazed in that direction, then at the bright lights of the avenues and restaurants and cafés far below us. Smiling, he said: "Ehud, why do you need Ramallah when you've got Tel Aviv?" I smiled back. There was no need to reply. He knew my views. Not only didn't Israel need Ramallah. I was more convinced than ever that it was in our *own* interest, by treaty if possible and unilateral disengagement if not, to remove Israel from all of the major towns and cities of the West Bank.



HOUSE_OVERSIGHT_028261

I issued a standing directive in the *kirya* that we should agree to anything Fayyad asked for, as long as there no security reason to say no. We ended up arranging a direct source of fuel supply to Jenin, on the northern edge of the West Bank, and built new terminals to handle it. We facilitated construction permits for a new industrial zone. For a conference of international economists and business people, we set up VIP treatment at Ben-Gurion Airport, and limousine transport to the conference venue. I believed that if Fayyad succeeded in what he was trying to accomplish, it would be a benefit not just for the Palestinians, but for Israel too. Bibi was agnostic on Fayyad's efforts. Yet he recognized they did no harm. And in a way, my support for them was politically convenient. To the extent the international community, especially the Americans, appreciated our efforts to help the Palestinians, Bibi and others in the government could, and did, claim credit. When there were complaints from the right, Bibi could and did say: "It wasn't me. It was Barak."

My part in our relations with the Americans was more politically delicate. As I continued to prod Bibi toward accepting a settlement freeze during the summer and autumn of 2009, my *de facto* role became to help smooth over the increasingly rough edges in our ties with the Obama administration. I knew key figures from earlier incarnations in their public lives and mine: Secretary of Defense Bob Gates, who had been President George H. W. Bush's deputy security adviser in the first Iraq war and then head of the CIA; and Hillary Clinton, now Secretary of State. During a series of early trips to the US as Defense Minister, I met Gates, Hillary and other senior figures in the administration both formally and informally. In part because they were aware I favored agreeing to a settlement freeze, they clearly found it a lot easier to talk to me than to Bibi. On one visit, to my regret and Bibi's evident frustration once I'd got home, the press highlighted this dramatic difference in mood. Emerging from talks with me at the State Department, Hillary told reporters that our talks had gone "wonderfully." She added: "As longtime friends do, much was said. And much didn't need to be said." Still, I was careful to avoid any explicit criticism of Bibi in my meetings in the US. I would point out the domestic political pressures on him in deciding how to proceed. And in any case, the Americans knew that no matter what I might say to them, it was Bibi's actions that ultimately mattered. He, not I, was Prime Minister.

I was as surprised as they were when he finally announced a settlement freeze in November 2009. As with nearly everything else he did regarding the peace



HOUSE_OVERSIGHT_028262

process, it was hedged with several conditions. The freeze would not be open-ended, but last for 10 months, as a way of boosting the effort to restart negotiations. It would apply to new construction, not work already underway. And it would exclude the post-1967 neighborhoods inside the expanded city limits of Jerusalem. Like his other moves, it was also dismissed as insignificant by the Palestinians. Though there was a formal restarting of the talks, they went almost nowhere during the period of the freeze, which Bibi cited as a reason for not extending it further. From then on, the negotiations produced even less. I didn't buy the narrative that this was entirely Bibi's fault. Abu Mazen remained steadfastly, deliberately passive. Obviously not inclined to take the risk of further widening his rift with Hamas in Gaza, he was content to echo the Obama administration's argument that nothing could happen until there was a settlement freeze. Once the freeze was announced, he went through the motions, avoiding all the difficult issues, in the expectation Washington would ensure the freeze was renewed. President Obama's initial Mideast moves had made it much easier for Abu Mazen to avoid any serious engagement. In contrast to past presidents, Obama had placed almost all of the onus for progress on Israel. But the end result also suited Bibi. Though I never entirely gave up hope of persuading him it was in *Israel*'s interest to seek a resolution of our conflict with the Palestinians, it became more evident as the months went on that his aim was simply to keep things ticking over, and avoid any major new crisis.

He appointed an old personal friend – a corporate lawyer named Yitzhak Molcho – as our negotiator. I finally realized how pointless the exercise was when, during a visit to the United States, I found myself in New York at the same time as Molcho. We met at the Israeli consulate. We spoke in detail about the state of the negotiations. With Molcho still in the room, I phoned Bibi in Jerusalem on the secure phone line. I said I'd just been updated on the talks, and it seemed clear there were a number of suggestions Israel could make, with no domestic political risk but with every prospect of improving the atmosphere and accelerating progress. "Yitzhak is one of Israel's top lawyers," I said. "He's struck dozens of deals in his life. But he strikes a deal when that's what his client wants. *You* are the client. If you tell him: bring me back the best deal you can – not a peace treaty, just a deal on a specific issue – he'll do it. But if his brief is simply to negotiate, he can go on negotiating forever. And it's pretty clear me that's his brief." Bibi insisted I was wrong. He said that what I saw as time-wasting was simple prudence, to make sure the negotiations bore fruit. But his approach never changed. Whenever it came



HOUSE_OVERSIGHT_028263

up in our inner Group of Eight discussions, I could usually count only on Dan Meridor, and occasionally a handful of others, to argue in favor of any form of initiative on our side. In private meetings, Bibi did sometimes engage in discussion about what Israel might do. But he invariably steered the conversation elsewhere, insisting that the *real* issue was the Palestinians' lack of any interest in making peace.

My main worry wasn't the immediate future of the negotiations. For now, the chances of an agreement seemed close to zero. It was the longer-term damage Bibi's approach would do in further delaying any serious move by Israel to put our relations with the Palestinians on a more stable and sustainable footing. The dithering, delay and deadlock suited him politically. Ironically, my own efforts on the security front had also made it easier for us to do next to nothing. Intermittent outbreaks of violence always remained a threat. Yet the West Bank security fence, along with our military, police and intelligence measures, meant it was very unlikely we'd see a return to the full-blown terror war of the second intifada. I was also working to secure US support for our development of increasingly effective anti-missile weapons to reduce the threat from Hamas in Gaza. The overall result was that for many, if not most, Israelis, the conflict with the Palestinians didn't impact on their day-to-day lives. It was unseen and largely unfelt.

Still, the effect of the stalemate on our relationship with Washington did matter: both for our security cooperation on things like the anti-missile weapons and, crucially, the challenge which had led me into Bibi's government in the first place: keeping Iran from getting a nuclear weapon.

* * *

It was a race against time. The Iranians were producing more and more yellowcake, building more advanced centrifuges, accumulating more low-enriched uranium. They were getting better at hiding and protecting the network of facilities being used to try to produce a nuclear weapon. And in the early months of Bibi's Prime Ministership, the question we faced wasn't even whether to take military action against Iran – something I knew, from Bob Gates and others, that the Obama administration viewed no more favourably than George W. Bush. It was



HOUSE_OVERSIGHT_028264

whether that would even be *possible* to strike before the Iranians entered their "zone of immunity" – the point at which the amount of damage we could do to their nuclear program would be too negligible to be worth the operational, political and diplomatic risks from such an attack. In the early months, my priority was to ensure we at least had a military option. A full year before joining Bibi's government, as Defense Minister under Olmert, I'd first tried to put an operational plan in place, only to find that the lack of heavy munitions and refuelling aircraft made it impossible. That was especially frustrating because at that point, our experts calculated that a successful strike could have set back the Iranian nuclear effort by about six years. Given the Iranians' knowledge we could attack again, and their need to restart clandestine efforts to secure key components abroad, that meant a very real prospect of ending the nuclear program altogether. On joining Bibi's government, I began working, both with the *kirya* and the engineers and technological experts in our military industries, to make sure we had the weaponry and equipment, and an operational plan for a surgical strike. It was not until mid-2010, a year into Bibi's government, that I was confident we'd reached that point, in part thanks to Israeli-produced heavy bombs and tanker aircraft. Our experts estimated we would still be able to set back the Iranian nuclear efforts by up to four years, almost certainly enough to end them indefinitely.

Yet making military action possible proved to be the easy part. The question now became whether we *should* be prepared to launch a strike against Iran's nuclear facilities. Answering it was like a contest of three-dimensional chess, involving both an internal debate among Israel's political and military leadership and discussions with an Obama administration whose priority remained to *negotiate* an end to Iran's nuclear program. On major security decisions in Israel, two ministers always mattered the most: the Prime Minister and Defense Minister. Neither Bibi nor I doubted we had to ready to strike if that proved necessary. Nor did Foreign Minister Lieberman. Even for us, it was an option to be considered only when all other ways to rein in the Iranians were failing. We also agreed on two other preconditions. We would have to secure international legitimacy, most of all from the Americans, for what would be a clear act of self-defense. And we'd need to demonstrate an imperative urgency to act, with the approach of the "zone of immunity" that would take any military option off the table for good.

Ideally, we hoped the US-led campaign of economic and diplomatic pressure would get Iran to abandon its nuclear ambitions, as Libya had done in the wake of



HOUSE_OVERSIGHT_028265

its terror attack on a Pan American airliner in the late 1980s. Or, as in South Africa, that a change in nuclear policy might come from a change in régime in Tehran. Yet realistically, we couldn't count on either. And there was no doubt in our minds that a nuclear Iran represented a hugely serious threat. If the Shi'ite Muslim regime in Iran did get a nuclear weapon, Sunni Arab states like Egypt and Saudi Arabia, and Turkey as well, would try to go nuclear. Neither they nor we could assume that Iran was developing a bomb as a mere act of deterrence. We couldn't exclude the possibility that, especially in a crisis threatening the survival of the ayatollahs' rule, Iran would use the weapons it was developing. It could even send a nuclear device in a container smuggled on board a commercial vessel docking in one of Israel's ports.

While few in Israel disputed the seriousness of the threat, a number of top political and military figures had deep misgivings about military action. Given the need for secrecy, most of our discussions took place within the so-called Group of Eight, often also including the chief of staff and other top generals from the *kirya*. Both Dan Meridor and Benny Begin, Menachem Begin's son and a minister without portfolio, were opposed to an Israeli attack from the start. They were convinced that the implications for the region, and for our relations with the wider world, were difficult to predict and potentially dire. Dan raised a further concern. He feared an Israeli attack might actually intensify Iran's effort to get a nuclear bomb, only now with political cover, because it would argue it was acting in self-defense. The view of those opposed to an Israeli strike was that we should rely on American economic and political pressure to deal with the threat. And, if that failed, on *American* military action.

In November 2010, the internal debate came to a head, at a meeting involving the Group of Eight as well as the chief of staff, the head of military intelligence and the commander of the air force. We convened in a villa that the Mossad kept for clandestine foreign visitors, near the coastal road north of Tel Aviv. The meeting began with a presentation by the generals of our attack plan. There was still a core of ministers opposed: chiefly Dan Meridor and Benny Begin, but also Boogie Ya'alon, a former Sayeret Matkal commander and chief of staff who Minister of Strategic Affairs. But the confidence and detail with which the plan was laid out, and the fact that Bibi, Lieberman and I were in favor of being prepared to act, gave me the sense that a majority would back military action if it became necessary. The proviso would be the need for the chief-of-staff, and ideally



HOUSE_OVERSIGHT_028266

the heads of military intelligence and Mossad, to sign off on the operational viability of the plan.

That was what now ended any prospect of military action, at least for a few months. Bibi, Lieberman and I withdrew into a side room to talk with the chief of staff, Gaby Ashkenazi, as well as the heads of military intelligence, the Mossad and and Shin Bet. We emphasized that no final decision on whether to attack had been taken. That would require a further meeting with the Group of Eight, and then the full cabinet. But we asked each of them for their views on the operation. We knew they had political reservations, along the lines of those voiced by Dan Meridor. On an issue of this magnitude, it was accepted practice that military and intelligence commanders could weigh in on the political implications as well. But their formal role was operational and professional. Ashkenazi and the other generals did concede that in every area – planning, materiel, training and intelligence – our attack plan was far ahead of where it had been a year earlier. Yet Ashkenazi, in particular, concluded that the preparations had not yet "crossed the threshold of operational capability".

I was furious. I respected the considered opposition of ministers like Dan or Benny Begin. I had no problem with the chief-of-staff or other generals expressing similar views on the political or geo-strategic implications of an Israeli attack, even though our intelligence assessments suggested the concerns were almost certainly unfounded. Yet what I found astonishing was Ashkenazi's suggestion that the "operational threshold" had not been crossed. Yes, this would be a demanding mission. It was not without risks. No operation was. But having followed every stage and detail of the preparations – and as a former chief of staff and intelligence chief myself – I believed it was simply wrong on a *professional* level to say that we lacked the capacity, and a workable plan, for a military strike if the order was given.

Ashkenazi's objection did mean there was no way we were going to attack at least until well into the new year. Our discussions would continue, as would our refinement and strengthening of the attack plan. So would Iran's progress toward its "zone of immunity," which we now believed would begin late in 2012, a couple of years away. As that point drew closer, we'd face an ever-more-pressing need to decide finally whether military action was necessary.



HOUSE_OVERSIGHT_028267

Yet the delay in getting to that point had serious implications for my role as Labor Party leader. Since the negotiations with the Palestinians were stuck in neutral, I was under increasing pressure from within Labor to pull out of Bibi's government. What on earth was the point of *staying*, they asked. All I was doing, from their perspective, was giving Bibi political cover for abandoning any serious effort to get a peace agreement. Their argument was entirely reasonable. My frustration was that, due to the need for military secrecy, the *counter-argument* was impossible for me to make: that I felt I had a responsibility to stay at a time when there remained a real possibility Israel might need to take military action against Iran. To a mix of consternation and anger among many Labor colleagues, I ended up taking what seemed to me the only realistic option. In January 2011, I left the Labor Party. With three other of our ministers in the government – who were, of course, aware of the ongoing Iran discussions – I set up a new "centrist, Zionist" party called *Ha'Atzmaut*, or Independence. We remained in Bibi's government.

* * *

My main focus was now on the Americans. In order to secure the "international legitimacy" any Israeli attack required, we had to win at least their *understanding* that we might feel it necessary to act. Fortunately, I had built up a good relationship with the key figures in the Obama administration. That had not always been easy, given the tension between the Americans and Bibi. That wasn't just because of the deadlock in the peace process, still a priority for President Obama. There were other complications. Ever since the initial pressure for a settlement freeze, right-wing politicians and commentators, and Bibi himself, had taken to portraying President Obama as fundamentally unsympathetic to Israel. After the Republicans' victory in the mid-term Congressional elections in November 2010, Bibi went a step further. He began cozying up to congressmen and senators on the other side of the aisle. This overt meddling in the internal politics of our closest ally was not just a breach of longstanding tradition, but of common sense. Members of the Administration began privately calling Bibi "the Republican senator from Rechavia" – a reference to the Jerusalem neighborhood where the Prime Minister's residence was located.



HOUSE_OVERSIGHT_028268

Yet especially with my main points of contact in the administration – first Bob Gates and then his successor, Leon Panetta, as Secretary of Defense –our broadly shared views, mutual respect, and the strength of the US-Israeli alliance outweighed any of that. Neither they, nor indeed President Obama, wavered from their commitment to the principle that Israel needed to retain our "qualitative military advantage" over any combination of threats we might face, nor to the $3 billion package of annual US aid that underpinned it. We were even able to agree on additional US backing for our increasingly effective range of anti-missile systems: the Arrow, against long-range ballistic missiles, developed in coordination with the US defense contractor Raytheon; "David's Sling," to target enemy forces' mid-range missiles, cruise missiles and aircraft; and our new Iron Dome system, integrating sophisticated Israeli radar and guidance technology and designed to deal with the missile threat from Hizbollah on our northern border and Hamas in Gaza. It had not yet been used in battle. But from test firings, we were confident it could destroy incoming rockets with nearly 90-per-cent success.

By late 2011, the issue of Iran had taken on much greater urgency. There was still no sign the American-led diplomatic efforts were succeeding in removing the nuclear threat. As for an American military strike, though the President intermittently declared that "all options" remained on the table, I knew from senior administration members that it was extremely unlikely to happen. Iran, meanwhile, had been acquiring thousands more centrifuges, more uranium, and heavier protection around its key sites. And the "window of vulnerability" was now only about a year away.

Operationally and politically, at least now a majority of the key players in Israel agreed that we had to be prepared to take military action if there was no alternative way to rein in the Iranians. Ashkenazi's successor as chief-of-staff, Benny Gantz, had signed off on the attack plan. While the Iranians were getting ever closer to nuclear-weapons capability, the strike force that we were assembling was also better equipped, trained and prepared to mount a complex, yet almost certainly successful, operation. The damage to Iran's nuclear ambitions would be considerably less than if we had acted earlier. But our intelligence analysts still estimated we could set back the Iranians' program by about two years.

The immediate problem turned out to be timing. A major joint military exercise with the Americans, agreed on two years earlier, was due to take place in Israel in April 2012. It would include Patriot missile batteries, naval vessels, and thousands



HOUSE_OVERSIGHT_028269

of uniformed US personnel. The focus was, of all things, on defense against a missile attack from Iran. I contacted Leon Panetta to see whether we could delay it. The official reason cited by the Americans, when they agreed to do it, did have the merit of being true: that Bibi was coming under pressure to shift our budgetary priorities away from defense toward social and economic issues. But Panetta understood that my request for a delay meant we were at least considering military action. He also realized that if we did launch an attack, it was in the Americans' own interest for their troops be as far away from Israel as possible. We agreed to reschedule the exercise for October 2012. That meant that if we did decide to attack, we'd have until well into September, when significant numbers of US troops would begin arriving.

As we weighed our final decision, I held a series of high-level meetings in Washington: with Panetta, national security adviser Tom Donilon, Hillary Clinton, and President Obama himself. Though not explicitly saying we were ready to attack, I left no doubt that we were seriously considering it, and explained the reasons we believed our country's fundamental security interests might make it necessary. The message from all of the Americans I met was that the administration shared our basic goal: to prevent, or at least seriously impair, Iran's drive to get a nuclear bomb. But they continued to believe that *non*-military pressure was the best way to do it.

The Americans knew we were skeptical that the non-military route would work, and that we were deeply worried about the implications of not taking military action if it failed. I discussed our thinking – and, in general terms, our plans – in my meetings with Panetta. He already had a pretty good idea of the broad contours of what we were contemplating, since US radar systems and electronic intercepts had been recording the volume and nature of air force exercises we'd been conducting over recent months. Leon and I had by now got to know each other well, having first met when he was in charge of the CIA at the start of the Obama administration. In one of our early meetings at CIA headquarters in Langley, there had been a small bunch of grapes on his desk and I plucked a few in my mouth with obvious enjoyment. Now, at the Pentagon, he had a big bowlful ready whenever we met. The fact that he opposed an Israeli military operation made him no less of a pleasure to deal with. He was unfailingly calm and even tempered. He had an encyclopedic grasp of issues of defense, intelligence, budgets and policy. He was always rock-solid in America's commitments to Israel. It's worth



HOUSE_OVERSIGHT_028270

remembering that, in spite of Israel's insistence from 1948 onward that we would never ask others to do our fighting for us, even as Leon and I were meeting, US radar operators were working around the clock to provide us with early warning against any incoming Iranian missiles. Patriot batteries were ready to deploy in Israel within 72 hours of any attack. AEGIS naval vessels were within 96 hours of our shores, to reinforce Israel's Arrow missile defense system with sea-launched weapons.

Panetta made no secret of the fact he didn't want us to launch a military strike, effectively killing off the many months of intensive work the Americans had devoted to building international political and economic pressure on the Iranians. He urged me to "think twice, three times," before going down that road. But he recognized that Israel would be affected far more dramatically by a nuclear Iran. "It's your conflict. It's your neighborhood," he said. At one point, he asked me outright: "If you do decide to attack the Iranian facilities, when will we know?" I told him we couldn't give him more than a few hours' notice. Otherwise, the Americans would have to alert their bases in the Gulf, and worldwide. That might well put Iran on guard before our operation was launched. But I did recognize our responsibility not to leave the Americans in the dark, not only because they were a key ally but because their own military and naval personnel might be at risk from any Iranian retaliation. "We know your command-post deployment and the communications protocols with your forces," I told him. "We'll make sure you have enough time to tell your people," I said. "We won't endanger a single American life, any of your positions or your personnel."

My most important meeting was with the President. Though I knew him less well than I did Panetta, we had met on a number of occasions. The first time was when he was still Senator Obama, on a visit to Israel during the 2008 presidential campaign. As Defense Minister, I escorted him to Sderot, the town in southern Israel bearing the brunt of Hamas rocket attacks from Gaza. Back in Jerusalem, we spent a half-hour talking in my office: about Iran. I argued that a nuclear Iran was a challenge not only for Israel and the Middle East, but for America, too. I urged him, if elected, to commission an early study of what the Iranians were seeking to do and what could be done to stop them either by diplomatic means or, if necessary, by force. Also, what the Iranians could, or more relevantly could *not*, do in response to an American or indeed an Israel attack, since our intelligence assessments suggested their options for retaliation would be fairly limited. Obama



HOUSE_OVERSIGHT_028271

struck me from that first meeting as strong, cool-headed, highly intelligent and intensely cerebral. Though we didn't go into the details of the Iranian nuclear threat, he did talk at some length about the implications for the region, and about broader Middle Eastern security challenges. He displayed a grasp of the cultural and political nuances of an increasingly diverse and complex world that was more impressive than many of the other American political or military leaders whom I'd met.

When he and I now returned to the issue of Iran, in the White House, he had an undeniable command of the details of Iran's nuclear program, and of the American military options, should he choose to use them. He opened by summarizing the US position. He emphasized that his and our objective was the same: the keep Iran from developing a nuclear weapon. We were already cooperating to achieve that, for instance through cyber-attacks to slow down the nuclear program. The difference, he said, was that Israeli leaders seemed to feel an *urgent* need to reach a decision on military action. In Obama's view, such a move would be both premature and potentially harmful to the coalition he'd helped assemble to exert diplomatic and economic pressure on Iran.

Maybe you had to be an Israeli truly to understand our urgency about Iran. In the early years of the state, the explanation we gave for our preoccupation with security – our near-obsession, as some non-Israelis saw it – was that we were surrounded by Arab countries pledged not just to defeat us, but erase us from the map. Egypt or Syria, Jordan or Iraq, could afford to lose an Arab-Israeli war. Israel's first defeat, however, would be its last. That picture had changed dramatically over the decades. We no longer had to worry about the prospect of losing a war. The "qualitative edge" we possessed over all enemy armies in the region ensured that. As Israel's chief of staff, Prime Minister, and now Defense Minister, I had made it a major priority to safeguard that advantage, not just through our alliance with the US but with the remarkable domestic resources we possessed in military engineering, manufacturing, design, invention and high-tech. But the new-order challenge represented by Iran was not just theoretical or academic. Though we had a policy of not commenting on on our own nuclear status, it was widely assumed in the Arab world and internationally that Israel had, at the very least, the capacity to manufacture nuclear weapons. But whatever nuclear capability we might possess was for deterrence. Even when threatened with conventional defeat, however briefly, in the Yom Kippur War of 1973, it is



HOUSE_OVERSIGHT_028272

worth noting that the conflict remained conventional. Iran was different. Only the most naïve observer would exclude the possibility that if the Iranians did get a nuclear weapon, they might use it. And even if they didn't, the entire strategic picture would change, with the need to find a response not just to a nuclear Iran, but potentially a nuclear Egypt, Saudi Arabia and Turkey.

I was not about to lecture President Obama on this. While Bibi liked to portray him variously as weak, naïve or tone-deaf to interests and security of Israel, I knew from our previous meetings that he was none of these things. Yet I did, in a deliberately non-didactic way, raise the issue of our different perspectives on the Iranians' getting nuclear arms. "You see it in the context of the whole world," I told the President. "If Iran, in spite of all our efforts, gets a nuclear weapon, yes, it will be bad. But for you, it's just one more nuclear state. It won't dramatically change the situation for America. For us, it can turn into a real, existential threat."

He agreed that we inevitably looked at the situation differently. But after pausing a few seconds, he said: "Ehud, think of it this way. You get to school in the morning and there's this big, nasty bully. You can take him on, maybe give him a black eye. But you have this bigger, stronger friend, who can knock him out cold. The only problem is that your friend won't be there until the afternoon."

I would have liked nothing more than to wait for our "bigger, stronger" friend, especially since I knew through my contacts in the American military and intelligence establishment how much bigger and stronger an American attack would be. During the first couple of years that Israel was working on acquiring the capability for a military strike, the Americans had been no more ready than we were. They did have the tanker aircraft and the heavy bombs. But their *plan* – a kind of Iraq-style shock and awe – was so obviously prone to lead to a wider conflict that it would never have received the go-ahead from President Obama, or probably any president. I used to joke with colleagues in the Pentagon that while Israel's idea of a "surgical operation" was the equivalent of a scalpel, they seemed to favor a chisel and a ten-pound hammer. By the time I met the President in 2012, that had changed. Under Gates and then Panetta, an intensive research-and-development effort and enormously improved planning and training had yielded results. The Americans now had high-precision heavy munitions we couldn't dream of, and stealth air-attack capabilities we also lacked. They had an operational plan which, within a period of hours, could push the Iranian nuclear



HOUSE_OVERSIGHT_028273

program back by years. And even if the Iranians knew it was coming, they'd be able to do nothing to stop it.

"Our problem, Mr, President," I said, "is that we can't be sure our friend will show up. Since Iran is already very nearly in a zone of immunity against an Israeli attack, we can't afford to wait until the afternoon. By then, with *our* capabilities, we won't even be able to give the bully a black eye." I said I trusted what he'd just told me. "I'm sure it genuinely reflects your intentions now. But there are no futures contracts in statesmanship. There's no way that you, or any leader, can commit yourself to what will happen in a year or two. When the moment of decision arrives, nothing will be able to free you from the responsibility to look at the situation as it is *then*, with *American* interests in mind."

He accepted the point. But he reiterated his view that "kinetic action" – US security-speak for a military strike – would not only remove his ability to exhaust the non-military alternatives. He said it wouldn't be in Israel's interests, either. "We hear that even people high up in your military, in military intelligence and the Mossad, are against it."

That, I couldn't deny. "We highly respect our top people in the military, and in intelligence. We make a point of listening to them before taking action," I said. "But here's the difference. When they look up, they see Netanyahu, or me. When Bibi and I look up, we see heaven. Whoever is up there, we clearly can't go to them for advice. *We* are responsible for Israel's security."

The president smiled, but brought the discussion back down to earth. When he again urged us to consider the American position in any decision, I replied: "Mr President, I feel compelled to tell you frankly how I see the situation. We highly appreciate, and are grateful, that America supports Israel in so many ways. I believe we're doing our best to support American interests in the Middle East as well. But when it comes to issues critical for the security and future of Israel, and in a way for the future of the Jewish people, we can't afford to delegate responsibility even to our best friend and ally. When we face such situations, we have to decide on our own, and act on our decisions. I would expect the United States, and you as its president, to respect that position." He did not seem especially happy with what I'd said. But he showed no anger. Though we differed, it was clear that he understood and respected our position. In any case, I believed it



HOUSE_OVERSIGHT_028274

was important to convey to him honestly, face-to-face, where Israel stood on Iran. Or at least where I stood.

* * *

With our joint exercises pushed back until the fall, the logical time for us to attack was the summer of 2012, when the atmospheric and weather conditions were optimal. Operationally, everything was ready. Politically, those ministers who were against military action had not changed their minds. If anything, they seemed more strongly opposed. Ironically, they now argued that because we'd *waited* so long, the Iranians were too close to their "window of immunity." Even some senior members of the military and security establishment, though in agreement over the technical aspects of the attack plan, retained political reservations. But as I'd told President Obama, now that we had the operational support of the military and intelligence professionals, the decision in effect rested with Bibi and me. The fact we were ready to go ahead in those circumstances was not unprecedented. When Menachem Begin ordered the bombing of Saddam Hussein's nuclear reactor in 1981, he had acted against the advice of the then-heads of both the Mossad and military intelligence, the chairman of our nuclear energy commission, and of Shimon Peres, who was head of the Labor opposition.

But as we neared our final, formal decision, we were forced into another delay. In the summer of 2012, an unrelated flare-up of tensions in the Gulf caused Iran and several of its neighbors to place their forces on heightened alert. Though the peak-alert phase passed quickly, Iran's military was still not back on a fully normal footing by the start of September, and when small American advance teams began arriving for the joint exercises, Iran's alert level went up again. Technically, we could still have gone ahead with the attack. In all probability, it would still have succeeded, setting back the Iranians' program by at least a year and, depending on how quickly they could rebuild and resupply clandestinely abroad, perhaps for significantly longer.

But as more and more American soldiers and sailors arrived, I finally decided against an Israeli strike – not because I doubted the damage it would do to Iran's nuclear efforts, but because of the damage it would surely do to our ties with the



HOUSE_OVERSIGHT_028275

US. No matter how we might explain our attack, with the joint exercises soon to begin, it would come over as a deliberate attempt to implicate our most important ally in a potential conflict with Iran, against the explicit wishes of President Obama. I felt this even more strongly when, a few weeks later, I was contacted by one of Bibi's close political allies. He sounded me out on the possibility of launching our strike against Iran *after* the joint exercise: barely two weeks before the 2012 US election. Politically, he argued, Obama would then feel *compelled* to support Israel's action, or at the very least to refrain from criticizing it. In other words, we would be setting a political trap for the President of the United States. I couldn't quite believe he was suggesting it. But my reply to this last-gasp suggestion of a way for us to attack the Iranian sites required no hesitation, and only two words: "No way."

Bibi would have known I would oppose such a ploy. But as with so much else in the years I spent in his government, I think it was the *politics* of the scheme, more than the substance, that enticed him. Almost everything he did seemed increasingly about creating a kind of grand narrative to secure his position on the right, solidifying a base which he figured would sustain him in office. At its core, the narrative presented a picture of vulnerability and victimhood: a kind of "fortress Israel" threatened by terror, missiles on its northern and southern borders, and now potential nuclear annihilation from Iran, while our main ally, the United States, was under the sway of a President who neither understood nor fundamentally supported us. In day-to-day policy terms, this allowed Bibi to insist we couldn't *risk* serious engagement with the Palestinians. On domestic issues as well, like the widening gap between those at the top of our high-tech economy and a painfully squeezed middle class, the sense of crisis he encouraged gave him license to hunker down, warn of impending doom, and do virtually nothing.

Effective though the narrative was for him politically, it bore no resemblance to reality. Yes, President Obama disagreed with us on issues of policy, both the peace process and on how to deal with Iran. But he was unquestionably committed to America's alliance with Israel. I had dealt face-to-face with four US presidents: both of the Bushes, President Clinton and now President Obama. In terms of Israeli security, none had proved as consistently supportive and helpful as Obama. And yes, Israel did face an array of security challenges. A nuclear-armed Iran would undeniably make things worse. But far from being under existential threat, we



HOUSE_OVERSIGHT_028276

were a regional superpower, with a military as effective as any in the world, and a high-tech economic sector justifiably compared to Silicon Valley.

Every few weeks, Bibi, Lieberman and I would meet for a wide-ranging discussion on the patio of the Prime Minister's residence. Shortly after we'd abandoned the idea of a military strike, I raised head-on my objections to the skewed image Bibi was promoting of our country. It wasn't just inaccurate, I said. Especially when his rhetoric was in full flight, and he compared the prospect of a nuclear Iran to a new "Holocaust," it struck me as a betrayal of the core tenet of Zionism: an state in which Jews were in control of their own destiny. "We *are* in that position now," I said. It was nonsensical to argue we were so threatened by everything around us, for instance, that we couldn't "risk" taking the initiative required to disentangle ourselves from the Palestinians on the West Bank. "I don't get you," I said, turning to Lieberman as well. "Your *rhetoric* suggests you have spines of steel. But your behavior is living proof of the old saying that it's easier to take Jews out of the *galut*, than take the *galut* out of the Jews." *Galut* is Hebrew for the diaspora. "The whole Zionist project was based on the idea of taking our fate into *our own hands*, and actively trying to change the reality around us. But you behave as if we never left the *galut*. You're mired in a mindset of pessimism, passivity and anxiety, which in terms of policy or action, leads to paralysis. Of course, there are risks in any action, or any policy initiative. But in the situation where Israel finds itself, the biggest risk of all is being unable or unwilling to take risks, as if we somehow on the brink of destruction."

I was especially upset by Bibi's increasingly use of Holocaust imagery. "Just think of what you're saying," I told him. "You're Prime Minister of the State of Israel, not a rabbi in a *shtetl*, or a speaker trying to raise funds for Israel abroad. Think of the implications. We're not in Europe in 1937. Or 1947. If it is a 'Holocaust,' what's our response: to fold up and go back to the diaspora? If Iran gets a bomb, it'll be bad. Very bad. But we'll still be here. And we'll find a way of dealing with the new reality."

Yet "fortress Israel" was irresistibly comfortable for Bibi politically. I now had to accept that, while he and I had known each other for more than half-a-century, nothing I could do or say was going to change that. With the next Israeli election months away, in January 2013, I confided to Nili, and then to my closest aides, that I was not going to run for a seat in the Knesset. Israeli military action against Iran



HOUSE_OVERSIGHT_028277

was off the agenda. The diplomatic process with the Palestinians was stalemated. I could see no point in remaining in the government.

Like my last period in Olmert's government, my final few months were dominated by finding a way to end Hamas attacks from Gaza. During one 24-hour period in November, Hamas launched more than 100 rockets at towns in the south, while also attacking two military units across the border. Especially since our military response would be the last during my time as Defense Minister, I was determined that, this time, it would have a strictly defined objective and a finite time frame. The overall objective hadn't changed since Olmert's premiership: to hit Hamas hard, bring down the number of rocket attacks to as near zero as possible, and reach an agreement, through the Egyptians, which established a period of calm on our border for as long as we could. Bibi's "victimhood" narrative notwithstanding, one aspect of the military balance in the south was now dramatically different. With my backing as Defense Minister, we now had Iron Dome, which I was confident would help deal with the inevitable shower of Hamas rockets that would follow our initial attack. Again, I felt it was essential to start with a quick, unexpected, damaging first strike. Then, through sustained air bombardment, to keep up enough pressure to secure the political arrangement we wanted. And, unlike under Olmert, to end the operation as soon as we'd achieved its aim.

On the afternoon of November 14, we launched a targeted air strike on Hamas's *de facto* chief of staff, Ahmed Jabari. We'd gone after Jabari in the past but, for one reason or another, had failed. We also hit nearly two dozen other Hamas targets, including all of the main missile sites we had identified. The whole operation lasted a week. Hamas fired nearly 1,500 rockets into Israel, not just locally manufactured Qassems but longer-range Iranian Fajr-5s and Russian Grads. For the first time since the 1991 Gulf war, several were targeted at Tel Aviv and Jerusalem. Fortunately, they were not significantly more accurate than in the past. More than half landed in fields or orchards. And with Iron Dome deployed around our major towns and cities, more than 80 per cent were intercepted.

We hit nearly 1,500 targets over the seven-day period, mostly launch-pads, Hamas government installations and weapons stores, but also a number of apartment complexes being used by Hamas as bases or firing points. Bibi rightly pointed out that we were forced to fight a fundamentally asymmetric battle. While Israel began with the principle of directing our fire *away* from civilian areas,



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Hamas based its launchers in precisely those places. So it was not easy. At one point, we announced a call-up of reserves. We hinted at a possible ground incursion. But both Bibi and I knew we were going to avoid that if at all possible, and we did. Though there were inevitable civilian casualties, most of the Palestinians killed were Hamas fighters and leaders, including not just Jabari but the head of Hamas's rocket program. By limiting ourselves to air strikes and naval fire, the Palestinian death toll was around 150, about one-tenth of what it had been in 2008. Six Israelis, including four civilians, lost their lives. On the 21st of November, the cease-fire was announced.

Yet with the election approaching, and my time in public life drawing to a close, I had no illusion that this latest military operation, or future ones, would bring us closer to the negotiating peace with the Palestinians that had eluded us since Oslo. Nor was I confident that, having been unable to mount a military strike of our own on Iran, Obama's "bigger, stronger kid" in the schoolyard would take military action. I did trust him to do all he could to use diplomacy to constrain Iran's efforts to get a bomb. I feared he might fail. Even if he succeeded, I figured the best case would be an agreement that, at least on paper, delayed the Iranians' development of a weapon. My hope remained that Israel's relationship with the Americans would be sufficiently strong for us to reach a formal understanding of what form of surgical military strike each of our countries might take if Iran didn't honor the terms of a negotiated deal.

When I first left political life after my election defeat in 2001, I'd described my status as the equivalent of a reserve officer. I said, and believed, it was unlikely I'd return for the foreseeable future. But I knew it wasn't impossible. This time was different. When I announced publicly that I was leaving politics, five days after the Gaza cease-fire, I pointed that I had spent the greater part of my life as a soldier. I'd never had a burning desire to be a politician. Though I believed that what I'd attempted, and achieved, in government would prove to have safeguarded and strengthened Israel, I knew that important challenges and decisions still lay ahead. So did our unfulfilled dream of being a country that was not just strong, secure and prosperous, but socially just and at peace. Yet I believed it was right to draw my time on the front line of politics to an end. Though I didn't say so, I thought to myself: this time doesn't feel like a step back into the reserves, but genuinely like the end of something. Though my dedication to a secure, strong, just, democratic and ultimately peaceful Israel would not change, whatever contribution I might



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make to our getting there would no longer be on the battlefield, in the *kirya* or around the cabinet table.

As a number of reporters pointed out, when I made the announcement I was relaxed. I looked content, and I was smiling.



HOUSE_OVERSIGHT_028280

# THE HOUSE OF THE NOBLE MAN

CURATED BY WOLFE VON LENKIEWICZ AND VICTORIA GOLEMBIOVSKAYA

Boswall House, 2 Cornwall Terrace
13th - 20th, October 2010

## PRESS CLIPPING

## INTERNET



HOUSE_OVERSIGHT_028281

DAZED DIGITAL

http://www.dazeddigital.com/artsandculture/article/8775/1/the-house-of-the-nobleman

Arts & Culture

## The House Of The Nobleman

Old Masters are hung in the company of some of the most notorious contemporary artists on the block in a show opposite Frieze Art Fair

Text by John-Paul Pryor

For what is a man profited, if he gains the whole world and loses his own soul? Perhaps this is one question that could be asked of any billionaire art collector. In *The House of The Nobleman*, artist Wolfe von Lenkiewicz examines our relationship to art and the role of the supposedly worldly or noble collector from a non-judgemental critical distance, and exhibits art both old and new (from Manet and Cézanne to The Chapmans and Damien Hirst) in a show that promises to prove contentious. Here, Lenkiewicz's own "resequenced" Picassos will be exhibited against their original counterparts, effectively folding art history in upon itself to create an entirely new kind of dialogue. Dazed Digital went down to his studio to talk nobility, history and the reasons why a lost battle is a battle one thinks one has lost.

**Dazed Digital: What is the concept that informs *The House Of The Nobleman*?**
**Wolfe von Lenkiewicz:** When I started to plan the exhibition with the co-curator Victoria Golembiovskaya (by whom I was fascinated because she was instrumental in manoeuvring a submarine in the grand canal in Venice), I began to think about the notion of quality in the 21st century as opposed to the set of values pursued by Marsilio Ficino. The dislocation and decertification of a stable position in the world, which was formally the aristocrat, the king… the noble man. The artist, being perceived at the centre, was seen as a God, and within Ptolemaic concentric rings one moved from dog, to angel, to God. This is a hierarchical linear model, which has been attractive for five centuries in one form or another. The idea of this show is to explore a post-humanist form of compassion – the world is dynamically changing, and no matter how flexible our map may be to quantify it, we will be in an eternal struggle with meaning.

Royal Academy of Arts

http://www.royalacademy.org.uk/ra-magazine/blog/the-house-of-the-nobleman,61,BAR.html

## The House of the Nobleman

**Posted:** 14 October 2010 by Sarah Greenberg, RA Magazine Editor

Most people selling a property try to make it seem welcoming by brewing coffee and - at a stretch – baking bread. But in a world gone mad for property and art, the stakes have been raised. How about a house that's been 'staged' (as they say Stateside) with a built-in art collection, including an eclectic array of work from Picasso to Grayson Perry, Rodin to Richter, Manet to, predictably, Murakami, the artist who famously emblazoned his designs on Louis Vuitton bags.

Yes, the £29m budget is a bit steep, but it needn't put you of from booking a tour to see this renovated mansion in Cornwall Terrace that has been curated by Victoria Golemblovskaya and artist Wolfe Von Lenkiewicz, with the participation of the Saatchi Collection and Channel 4.

Exhibition open until 20 October, 11am – 6pm, by appointment only
www.cornwallterrace.co.uk/boswallhouse

Boswall House Map here
2 Cornwall Terrace
Regent's Park
London NW1 4QP

http://www.timeout.com/london/art/event/203383/the-house-of-the-noble-man

## The House of the Noble Man

This event has now finished Until Wed Oct 20 *Boswall House, 2 Cornwall Terrace, London, NW1* Full details & map

**Time Out says**

Old Masters and famous names from contemporary art, including Picasso, Manet, Cézanne, Damien Hirst, Banksy, Martin Kippenberger and Gerhard Richter, in a show curated by Wolfe von Lenkiewicz and Victoria Golembiovskaya held in an eighteenth-century building close to the Frieze Art Fair. Work from the Saatchi Gallery's 'New Sensations 2010 ' exhibition of graduating students is also on show. Entry is free but by appointment only. Visit the website to book.

**Boswall House details**

11am-6pm Mon-Sat by appointment only

**Address**

Boswall House

*2 Cornwall Terrace, London, United Kingdom NW1*

**Transport** Baker Street

http://www.cornwallterrace.co.uk/boswallhouse

jotta

http://www.jotta.com/article/events-other/1136/the-house-of-the-noble-man

## The House of the Noble Man

15.10.2010

2 Cornwall Terrace, a magnificent 18th-century building off Regent's Park and a stone's throw from Frieze art fair, will be the venue for this spectacular exhibition featuring Old Masters and famous names from contemporary art, including Picasso, Manet, Cézanne, Damien Hirst, Banksy, Martin Kippenberger and Gerhard Richter. Work from the Saatchi Gallery's 'New Sensations 2010 ' including jotta artist Joshua Bilton also on show.

The show imagines the house's inhabitant as a hugely successful trader. Having used his mastery of technology and the possibilities of the information age to amass vast wealth, he aspires to find a shaping narrative for the etiolated form of his existence. Art is one of the avenues in his search.

He may live in a nobleman's house, but he's no blue blood. A tax exile, nomadic by habit, our collector spends his days - and nights - bathed in the blue light of a computer screen, as he trades in dematerialized securities, or prices options based on weather conditions on the other side of the globe: drowned cities viewed remotely via CNN, or better, modelled via a computer simulation.

The roles of the nobleman and artist found a convergence in the figure of Don Quixote, a fool who aspired to the chivalric codes he'd read about in antiquated texts. But this fantasy was a liberation; allowing him to contend with base matter, infusing it with near-infinite possibilities, just as the empirical certainties of the Renaissance would soon give way to the vertiginous perspectives of the new mathematics.

The exhibition updates the Don Quixote model to cast the collector/artist/nobleman as a man without qualities, occupying the privileged space of the capitalist elite, looking down through a virtual window to plot the constantly-changing vectors of matter, bodies and events as they hurtle by on the other side of the glass.
*Curated by Victoria Ionina-Golembiovskaya and Wolfe Von Lenkiewicz*

*Friday 15th to Wednesday the 20th October, 11 am - 6 p.m, by appointment only*

*2 Cornwall Terrace, The Regent's Park, London NW1*

http://798district.com/798/en/blog/tag/the-house-of-the-noble-man/

## 6m GBP worth of Picassos to go on show during Frieze 0

Posted on September 14, 2010 by Cindy Van Der Rijt

Four rare works by Picasso thought to be worth over £6m and an 1875 Cézanne oil on canvas will go on sale during Frieze week next month in an ambitious exhibition to be held at a London property part owned by a Russian billionaire. The show, entitled "The House of the Noble Man" (12-20 October), will open at 2 Cornwall Terrace, an 18th-century building off Regent's Park in London near to the Frieze Art Fair site. The exhibition is curated by artist Wolfe von Lenkiewicz, whose works will feature in the display, and Russian curator Victoria Golembiovskaya. Around £20m worth of art will be for sale, approximately a third of the show, confirms Von Lenkiewicz.

According to the co-curator, the Picasso pieces on offer will include *Buste d'Homme à la Pipe* (1969, priced at £3m); the 1905 drawing *The Family of Saltimbanques* and a cubist painting, *Nature Morte au Gobelet* (around 1914). An 1875 oil on canvas by Cézanne, *Don Quixote*, is priced at £1.25m. Works by Yves Klein, Egon Schiele, Gerhard Richter, Damien Hirst and Andy Warhol will also be for sale. Von Lenkiewicz's own works will be in the £30,000-£60,000 price range.

Read the full article

Tags: CézanneFrieze Art FairPicassoThe House of the Noble Man
Category Art, Exhibitions

http://www.spoonfed.co.uk/spooners/tom-699/editor-s-choice-exhibitions-3982/

## Editor's Choice - Exhibitions

18 October, 2010
by: Tom Jeffreys

Every Monday our editors bring you their personal highlights of the week ahead. Tom Jeffreys selects his top three exhibitions.

*Until Wednesday 20th October*
**House of the Nobleman @ 2 Cornwall Terrace**

Of all the bits and bobs that crop up across the capital during Frieze week, this was one of the highlights.

Victoria Golembiovskaya and Wolfe Von Lenkiewicz curate an exhibition in the sumptuous splendour of 2 Cornwall Terrace.

On display are paintings and sculpture by major artists fromn throughout history like Schiele, Picasso, and Manet, dotted among which are this year's Saatchi/Channel 4 New Sensations.

London Evening Standard

http://www.thisislondon.co.uk/standard/article-23888111-future-art-stars-cause-a-new-sensation.do

## Future art stars cause a New Sensation

**Louise Jury, Chief Arts Correspondent**
15.10.10

Twenty artists hailed as stars of the future are getting the chance to show their work alongside that of 60 masters, from Picasso and Warhol to Manet, Rodin and Cézanne.

The 20 were chosen from hundreds of graduate students in the New Sensations Prize, a contest now in its fourth year, organised by Charles Saatchi's gallery and Channel 4.

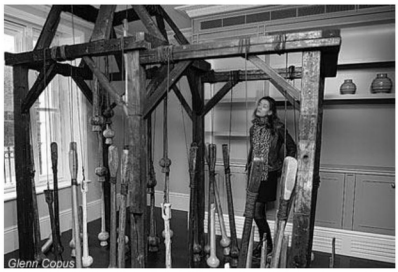


Their work is part of The House of the Nobleman, an exhibition of art borrowed from international collections that is being staged in an 18th-century mansion in Cornwall Terrace, Regent's Park, a stone's throw from the Frieze Art Fair.

Four of the graduates were selected to receive £1,000 bursaries to develop a project for inclusion. They are: German Pablo Wendel, 30, whose degree work involved squatting in a derelict chip shop to which he built a staircase, later dismantled by Royal College of Art staff in a health and safety row; Katie Surridge, 25, and Russian Nika Neelova, 23, both Slade School graduates, and Ross M Brown, 24, who is still studying in Dundee. One of them will be named this year's overall winner on Monday and the exhibition runs until Wednesday.

Rebecca Wilson, associate director of the Saatchi Gallery, said: "The 20 shortlisted artists have created a stunning range of work, including
photography, painting, installation and sculpture. The exhibition offers a wonderful opportunity to discover the bright stars of the future."

More than half of the graduate artists are based in the capital. "London is still one of the best places to do a fine art degree and has that reputation across the world, as well as being one of the most vibrant centres for contemporary art," Ms Wilson added.

New Sensations at the House of the Nobleman, 2 Cornwall Terrace, is open until Wednesday.

London Evening Standard

http://www.thisislondon.co.uk/standard/article-23885619-how-art-can-make-greed-look-fabulous.do

# How art can make greed look fabulous

**Olivia Cole**
07.10.10

Literature's most sinister art connoisseur is probably Henry James's Gilbert Osmond, the collector of beautiful objects to whom Isabel Archer shackles her fortunes in The Portrait of a Lady. She is at first dazzled by his advice that "one ought to make one's life a work of art", before realising that he has no imagination of his own, only acquisitiveness: beauty by proxy. By that time, as his wife, she is part of his collection.

So how to spot a Gilbert Osmond today? You might imagine one lives in The House of the Nobleman, an exhibition opening next week in a vast Edwardian pile on the borders of Regent's Park to coincide with the nearby Frieze art fair.

Surveying the J20 million-worth of paintings, from Poussin to Warhol via Picasso, visitors are invited to believe that they are in the house of an extravagantly committed collector. This imagined character is someone like Randolph Hearst in Citizen Kane: a rich man with non-existent morals but exquisite taste. Like Dick Fuld, Lehman Brothers' last CEO: earlier this month, it took Christie's days to sell off the bank's art collection.

Here there is no so such owner: this collection has been curated by two artists, Victoria Golembiovskaya and the painter Wolfe von Lenkiewicz. The nobleman of their title is a modern-day Don Quixote, caught between fantasy and reality. Von Lenkiewicz says City practices such as shorting have "no direct relationship to reality". Their modern-day nobleman hankers for meaning and order: beauty even. Hence the kind of people who fervently collect in London. The compulsion to be known not only as loaded but cultured is often observed but rarely examined. It's interesting that this show is staged by artists all of whom have a complex relationship with the kind of people characterised by Vince Cable as merely "spivs and gamblers". Wolfe refers to people who do "unspeakable things" before reiterating that the show isn't a moral judgment.

Even so, their show tries to lift the veil on the activity at Frieze. As a centre for commercial art sustained still by swilling disposable income, London eclipses Paris and New York. Frieze will be swarming with both people like me, who go to look, and hundreds of the modern-day "noblemen" with their Black Amex cards. It's no small irony that The House of the Nobleman naturally has its own massively wealthy backer, Russian property giant Mirax. Greed might not be good but it sure can look fabulous.

And what about the savvier artists? Tracey Emin whines about arts cuts yet moans about her tax bill. Damien Hirst has exploited the market in his own work as ruthlessly as any hedge-funder. Wolfe himself confidently discusses algorithms and is a favourite of collectors such as Bono and Richard Devereux, co-founder of Virgin. London's most successful artists aren't exactly in the gutter, looking at the stars.

THE ART NEWSPAPER

http://www.theartnewspaper.com/articles/£6m-worth-of-Picassos-to-go-on-show-during-Frieze/21495

## £6m worth of Picassos to go on show during Frieze

The exhibition, to be held in a property co-owned by a Russian billionaire, also includes works by Warhol, Hirst, Richter and Saatchi's "New Sensations"

By Gareth Harris | Web only
Published online 9 Sep 10 (News)

Four rare works by Picasso thought to be worth over £6m and an 1875 Cézanne oil on canvas will go on sale during Frieze week next month in an ambitious exhibition to be held at a London property part owned by a Russian billionaire. The show, entitled "The House of the Noble Man" (12-20 October), will open at 2 Cornwall Terrace, an 18th-century building off Regent's Park in London near to the Frieze Art Fair site. The exhibition is curated by artist Wolfe von Lenkiewicz, whose works will feature in the display, and Russian curator Victoria Golembiovskaya. Around £20m worth of art will be for sale, approximately a third of the show, confirms Von Lenkiewicz.

According to the co-curator, the Picasso pieces on offer will include *Buste d'Homme à la Pipe* (1969, priced at £3m); the 1905 drawing *The Family of Saltimbanques* and a cubist painting, *Nature Morte au Gobelet* (around 1914). An 1875 oil on canvas by Cézanne, *Don Quixote*, is priced at £1.25m. Works by Yves Klein, Egon Schiele, Gerhard Richter, Damien Hirst and Andy Warhol will also be for sale. Von Lenkiewicz's own works will be in the £30,000-£60,000 price range.

"The Picassos etc. are from anonymous dealers who will take their portion of the percentages. Any other proceeds made during the show will go back into the funding of the exhibition which is hugely expensive despite its sponsorship [by the Russian real estate company Mirax]," adds Von Lenkiewicz. A selection of works from Charles Saatchi's "New Sensations 2010" roster of emerging artists will also be for sale. Twenty students shortlisted for the prize, which is sponsored by Cadogan Tate, have been chosen to present their work; these artists include Matthew Welch, Katie Sims and Pablo Wendel. A non-selling section will include works from the London-based Zabludowicz Collection and the holdings of the Iraqi-born industrialist Ragdan El-akabi.

"The show came about when I was in Moscow exhibiting my work at Triumph Gallery. Victoria took me to the Mirax city project, a huge development in central Moscow. She talked to Sergei Polonsky [head of Mirax] about the Cornwall Terrace buildings which he has shares in. He was willing to sponsor the show," says Von Lenkiewicz. The Mirax group are co-developers of the Cornwall Terrace historical complex, parts of which are up for sale.

DailyMAIL FOLD GALLERY

http://www.foldgallery.com/cgi-bin/mail.cgi/archive/fold/20101011025541/

*PHYSICAL PAINTING REMINDER*

**Simon Callery**

Fold Gallery London would like to invite you to the Physical Painting private view this Tuesday evening.

The gallery will be running special extended opening hours this week, we will be opening Wednesday 13th to Sunday 17th from 12 - 6pm.

To coincide with the show at Fold Gallery one of Callery's large-scale paintings will also be on display in The House Of The Nobleman exhibition. Located at 2 Cornwall Terrace in Regents Park and just across from Frieze Art Fair, this show includes works by Picasso, Poussin and Cezanne.

For press on 'The House Of The Nobleman' Exhibition see below link

http://www.theartnewspaper.com/articles/%C2%A36m-worth-of-Picassos-to-go-on-show-during-Frieze/21495

To book a viewing for 'The House Of The Nobleman' Exhibition see below link

http://www.cornwallterrace.co.uk/boswallhouse/

FT.com FINANCIAL TIMES

http://www.ft.com/cms/s/2/e8bd5d0c-d4d5-11df-b230-00144feabdc0.html

## Elsewhere in London: what's on and what to see

Published: October 13 2010 01:20 | Last updated: October 13 2010 01:20

With the absence of Zoo, the Pavilion of Art & Design (PAD) (until October 17; www.padlondon.net) will this year play second fiddle to Frieze. This sophisticated fair of modern and contemporary art, design, photography and tribal art from 1860 was conceived by Patrick Perrin and Stéphane Custot and is now in its fourth year. PAD has retained its place in Berkeley Square, a site that offers limited space expansion, but a sought-after Mayfair address.

As auction houses all jostle to cash in on the festival spirit, Christie's is launching an initiative entitled Multiplied (October 15-18; www.multipliedartfair.com) at its South Kensington saleroom. The focus of this fair is contemporary art editions – photographs, prints, artists' books and 3D multiples – and there will be big names, including John Baldessari, Mat Collishaw and Gerald Laing, on sale for small prices.

Another example of canny innovation – or outsiders crashing the party – is House of the Nobleman at 2 Cornwall Terrace (October 15-20; www.cornwallterrace.co.uk/boswallhouse). This is a property viewing with a difference: not only is the house itself on the market, but so is much of the art – including works by Pablo Picasso, Helen Chadwick and Grayson Perry – that decorates its interior.

While the majority of Frieze Week events take place in grandiose settings in London's West End, a couple of contrasting fairs are capitalising on sites in the city's East End. The Future Can Wait (until October 17; www.thefuturecanwait.com), an alternative fair started by trusted talent-spotters Zavier Ellis and Simon Rumley, returns to Shoreditch Town Hall for the fourth year running.



HOUSE_OVERSIGHT_028292

artnet

http://www.artnet.com/magazineus/news/artnetnews/frieze-week-preview10-8-10.asp

## HERE COMES FRIEZE WEEK

Oct. 8, 2010

Here it comes. Next week, Oct. 14-17, 2010, is London's time to shine like the diamond it is in the international art-market sun, as **Frieze Week** bows in the British super-city. With dozens of events and most of the best galleries making the trip, the whole thing is exhausting just to think about. Here, then, a quick-and-dirty summary of some of the highlights. We're sure we've missed a few, but this'll do to start:

**FRIEZE**
Of course the centerpiece, as usual, is the **Frieze Art Fair** itself, going up in Regent's Park. The selection is top-notch, with some 173 exhibitors on board, including most of the top dealers you'd expect.

**MORE, MORE, MORE**
Much more is going on, including big events like the launch of **Ai Weiwei**'s Turbine Hall installation at **Tate Modern**. We, however, prefer to focus on some of the freakier offerings.

Or what about the **The Museum of Everything** in Primrose Hill, which was "regarded as the most successful new addition to the Frieze scene last year" (according to the *Independent*). For the third exhibition at the space, opening Oct. 13, Pop art pioneer **Peter Blake** curates a show of "outsider" art and artifacts, including pieces by **Morton Bartlett**, **James Castle**, **Henry Darger** and **Martin Ramirez**. During Frieze Week, contemporary art stars like Bob & Roberta Smith, Polly Morgan and **Jeremy Deller** are scheduled for various tours and talks at the Museum. Worth a swing by.

Then there is the mysterious **House of the Noble Man**, Oct. 12-20, at 2 Cornwall Terrace, an 18th-century building off Regent's Park, near Frieze. What exactly this show *is* remains unclear, but it is some kind of conceptual selling exhibition, sponsored by the Russian billionaire who owns the property, and curated by artist **Wolfe von Lenkiewicz** with Russian curator **Victoria Golembiovskaya**. Lenkiewicz, for his part, describes it as "a curatorial concept playing with the idea of commerce, mirroring the [art] market with irony." *The Art Newspaper* reports that some £20-million in art will be for sale, including works by **Picasso** and **Cézanne**, as well as a selection of works from **Charles Saatchi**'s "New Sensations 2010" roster of emerging artists, and the holdings of the Iraqi-born industrialist **Ragdan El-akabi**.

artnet

http://www.artnet.com/magazineus/reviews/jones/frieze-art-week10-22-10.asp

## LONDON DISPATCH

by Laura K. Jones

Powerless against the magnetic force towing them in to the bowels of Regent's Park, 60,000 visitors to the eighth edition of the Frieze Art Fair were faced with a decision. What to buy from an array of works whose combined price came to $365 million?

Would it be *The True Artist Helps the World by Revealing Mystic Truths*, a sprawling Damien Hirst cabinet containing a school of pickled fish, priced at $5.6 million? The huge work turned out to be the star sale of the fair, as was widely reported, when it was flogged immediately from the White Cube stand during the Frieze preview. Apparently, the cynical press refers to the vernissage as "Billionaires Day," and indeed, attendees included Claudia Schiffer, Charles Saatchi, Steve Cohen (a first timer to the fair) and Dasha Zhukova.

So powerful has Frieze become that commercial galleries, public spaces and auction houses now tie their activities to it more than ever. Off-site auctions saw Phillips de Pury selling David Hockney's *Autumn Pool* for $2 million and Christie's flogging Andreas Gursky's photograph of the New York Stock Exchange for $700,000, almost three times its estimate.

Harry Blain and Graham Southern, former directors of Haunch of Venison, inaugurated their new gallery, BlainSouthern, with "Creation Condemned," a hypnotic and troubling show by Mat Collishaw of images of pole dancers, frenzied burning butterflies and the great ravines that were left when the Taliban destroyed the Bamiyan Buddhas. Fusing symbols of decadence and decay, Collishaw makes lithophanes -- in this case, images etched in thin, translucent Corian, lit from behind with slowly pulsating lights. Blain and Southern afterwards invited the art world to the Ivy Club until the early hours of the next morning.

Then, it was onwards and upwards to "The House of the Noble Man," a super-slick exhibition in an 18th-century Cornwall Terrace townhouse near to the Frieze site (an address, according to the *Art Newspaper*, thought to be being prepped for sale to former U.S. president Bill Clinton) that was co-curated by polymath artist Wolfe Lenkiewicz and Victoria Golembiovskaya. The show felt like serious money, including as it did Andy Warhol works I'd never even seen *images* of before, plus things by Poussin, Manet, Cézanne, Picasso, Hirst and Kippenberger.

Over its five floors, "Noble Man" also housed work from the Saatchi Gallery's "New Sensations 2010" exhibition of graduating students. Stand-out pieces included *So Over*, a room full of animal hides by Kate Surridge, a sculpture student at Slade School, and *I Used to Think*, an exceptional cautionary film about the bleeding-eyed X Factor generation by a man called Lee Holden. Amazingly sinister, the slo-mo montage included images of Britney Spears, a live lobotomy, a childlike Japanese robot and a woman suffering paranoid delusions, all to a haunting soundtrack of modern music and computer sounds.

ArtLyst

http://www.artlyst.com/articles/top-10-frieze-week-art-events

## Top 10 Frieze Week Art Events

This is the ArtLyst top 10 list of events and exhibitions in and around London during Frieze week . The corridor is jam packed with exciting things to experience and see before the phenomenon finishes on the 17 October. Frieze costs around £30 but many of the other events are actually Free !

**Frieze Art Fair** 14 – 17 October features over 150 of the most exciting contemporary art galleries in the world. The fair also includes specially commissioned artists' projects, a prestigious talks programme and an artist-led education schedule. Around £30 for a one day pass. Fair Information

**Ai Weiwei**, Tate Modern Unilever series turbine hall installation. Tate Modern London Bankside Free

**Vanitas - The Transience of Earthly Pleasures**. The exhibition will take place in the sumptuous setting of the former Sierra Leone Embassy on 33 Great Portland Street during this year's Frieze Art Fair.The Age of the Marvellous exhibition, which attracted over 4,000 visitors during Frieze Art Fair last October was in ArtLyst's top ten exhibitions of 2009. Now All Visual Arts (AVA) has announced its upcoming fall show Vanitas: The Transience of Earthly Pleasures. Conceived and curated by Joe La Placa and Mark Sanders of AVA, the exhibition is a contemporary update on the four hundred year old theme of the Vanitas first developed in Holland and Northern Europe in the mid to late 17th century. from October the 11th until the 17th. Free

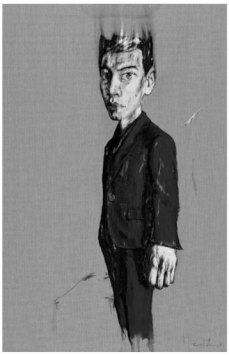

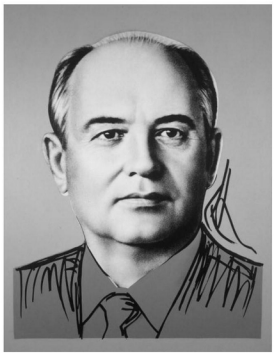

**House of the Noble Man**, Oct. 12-20, at 2 Cornwall Terrace, an 18th-century building off Regent's Park, near Frieze. Modern Masters in opulent setting.

ARTINFO

http://www.artinfo.com/news/story/36017/artinfo-uks-guide-to-frieze-week-2010/

**ARTINFO UK's Guide to Frieze Week 2010**

By Coline Milliard, ARTINFO UK

Published: October 11, 2010

LONDON— **Frieze Week** is upon us! Europe's largest contemporary art fair has staked its tent in **Regent's Park**, bringing with it an estimated $375 million in work by brand-name artists and emerging talents alike, and London is seething with exhibitions and events to welcome the collectors, tastemakers, and various art grandees descending on the city. What to see? Where to go? **ARTINFO UK** has a few recommendations.

**TUESDAY, OCTOBER 13** With still two days to go before **Frieze Art Fair** opens to the public, today is the perfect day to indulge in a bit of London tourism, mixing in visits to the city's West End galleries. Stroll down Piccadilly and stop at **Thomas Dane Gallery**, on Duke Street, for the **Kelley Walker** exhibition. On Heddon Street — a continental oasis at the heart of Central London — Aicon Gallery has put together an excellent exhibition retracing artist and thinker Rasheed Araeen's first fifteen years of production, beginning in 1959. Two other good shows on the same street are Paola Pivi at **Carlson** and Jimmie Durham at **Sprovieri**. You can also discover Sadie Coles' new space in **New Burlington Place**, inaugurated with an exhibition of Urs Fisher's sculptures.

**WEDNESDAY, OCTOBER 14** You've done Tate Britain, do you really need to go to **Tate Modern**? Of course you do. First, the newly opened **Gauguin** exhibition is stunning and simply impossible to miss (it has been described by the Times as "the show of the season — in fact of the whole year). Second, the new commission by **Ai Weiwei**, was recently unveiled in **Turbine Hall**. You can then head north to enjoy Fergus Henderson's English cuisine at **St. John Bar & Restaurant** in Smithfield, before wandering to **ROKEBY** for their exhibition of German-born, London-based artist Bettina Buck.

Today is also a good day to see "The House of the Noble Man," an exhibition curated by artist Wolfe von Lenkiewicz and Russian curator Victoria Golembiovskayan. It includes a **Cézanne**, £6 million ($9.6 million) worth of **Picasso**, as well as pieces by Damien Hirst, Christian Boltanski, Andy Warhol, **Gerhard Richter**, and many more — all in the historical setting of **Cornwall Terrace** as it overlooks Regent's Park. *(This event is by appointment only at Boswell House, 2 Cornwall Terrace, Regents Park, London NW1. To arrange a visit, register at: http://www.cornwallterrace.co.uk/boswallhouse/).*

PaulFraser Collectibles

http://www.paulfrasercollectibles.com/section.asp?docid=4519&catid=26

**Rare Picasso works worth over £6m to be sold in October auction alongside Hirst and Warhol**

Four pieces by the Cubist painter go on sale next month and could see record prices

Regent's Park in London is set to be the home of four very special artworks by the world renowned Spanish artist Pablo Picasso.

The works, believed to worth over £6m ($9.3m) will be exhibited as part of a show called "The House of the Noble Man" which is running from October 12 to 20 at 2 Cornwall Terrace in Regents park, London.

The works will go on sale alongside an 1875 Cézanne oil on canvas work, during Frieze week.

According to the co-curator of the exhibit, the four Picasso works on offer will include a 1905 drawing entitled "The Family of Saltimbanques", a 1914 Cubist painting titled "Nature Morte au Gobelet" and the 1969 piece "Buste d'Hommeà la Pipe" which is currently price at £3m ($4.6).

In addition to this the exhibit will have works by Yves Klein, Gerhard Richter, Egon Schiele and the more familiar names of Andy Warhol and Damien Hirst.

The Picasso works are believed to have come from anonymous dealers, whilst a selection of pieces has also come from Charles Saatchi's "New Sensations 2010" roster of emerging artists.

However, for many collectors the undoubted focus of the event will be the four works by Picasso.

Picasso's work is arguably some of the most valued and collectible on the market due to his position as a pioneer and co-creator of the artistic form of Cubism.

There works subverted the traditional notion of painting an object, instead breaking them up and re-assembling them in a abstract work to create an ambiguous and thought provoking piece of art.

Harper's BAZAAR

http://www.harpersbazaar.co.uk/fashion/blog/the-editors/house-of-noble-man

## House of Noble Man

Oct 18, 2010 04:06:00 PM by Sarah Bailey

I love the extraordinary and intriguing exhibitions which one encounters around the edges of Frieze. 2009's *The Age of the Marvellous* at One Marylebone (curated by AVA) was one such discovery - dark and theatrical - which stayed with me all year...

This year's *House of Noble Man* (a collaboration between the Saatchi Gallery and Channel 4's New Sensations), is another spectacular show of a very different flavour mounted in No. 2 Cornwall Terrace, a gleaming showcase of *super-prime* real-estate. (I attended on the opening night and was treated to a tour of two other oligarch-ready show mansions at No.6 and 11 Cornwall Terrace, by a dashing Knight Frank estate agent by the name of Darren Daggers... Quite surreal, but, of course, an incredibly resonant statement about the current art market).

Back at No. 2 Cornwall Terrace, *House of Noble Man* curated by Victoria Golembiovskaya and artist-of-the-moment Wolfe Von Lenkiewicz mixes work from the giants of modern art - Cezanne and Picasso - with some dazzling and provocative contemporary pieces plus, of course, Channel 4's New Sensations discoveries.

I loved the filigree *Cement Truck* sculpture by Wim Delvoye (the Belgian conceptual artist probably best-known for his work in the 90s involving the tattooing of live pigs), Rachel Whiteread's dolls house chess set and New Sensation Elizabeth Jordan's dream-like kinetic installation, which she is showing in an upper bedroom. Of course, there's nothing like a Frieze party to lure out London's finest exhibitions and I was very pleased to meet showgoer Philip Levine, who uses his bald pate (bejeweled on this occasion as though he is wearing a Swarovski swim cap) as his canvas. His next show, he informs me, is being sponsored by Gilette...

*House of Noble Man* is on until Wednesday October 20, so do try and see it. Entry is free, but you have to book an appointment.
2 Cornwall Terrace, London, United Kingdom, NW1, cornwallterrace.co.uk
*(Image: 'House of Noble Man', curated by Victoria Golembiovskaya and Wolfe Von Lenkiewicz.)*

THE INDEPENDENT

http://www.independent.co.uk/news/business/news/art-in-residence-redeveloped-park-terrace-hosts-exhibit-2102450.html

**Art in Residence: Redeveloped park terrace hosts exhibit**

By Deirdre Hipwell

*Sunday, 10 October 2010*

Curators Victoria Golembiovskaya and Wolfe Von Lenkiewicz, in collaboration with the Saatchi Gallery and Channel 4's New Sensations, will host an art exhibition starting next Sunday showcasing famous works by artists such as Paul Cezanne and Pablo Picasso.

The House of the Nobleman exhibit, which coincides with the Frieze Art Fair, will be held at the mansion No 2 Cornwall Terrace in Regents Park and will include works from several international art collections. No 2 Cornwall Terrace has been extensively redeveloped by developer Oakmayne Bespoke and is part of a much larger redevelopment of Cornwall Terrace to create eight mansions. The houses are up for sale starting at £29m.

THE INDEPENDENT

http://www.independent.co.uk/arts-entertainment/art/features/frieze-art-fair-2010-get-ready-for-british-arts-biggest-week-2100683.html

## Frieze Art Fair 2010: Get ready for British art's biggest week

Frieze Art Fair is back – and it's bigger than ever, with 173 international galleries. Alice Jones looks forward to this year's event and the week-long whirl of auctions, exhibitions and parties it brings to London

*Friday, 8 October 2010*

As always, the proof will be in the purchasing, but signs that confidence has returned to the market can already be found in the buzz around the traditional run of Frieze week auctions. At Christie's, Hirst will be auctioned alongside two works by Gerhard Richter (valued at up to £1m) and, hollow laugh, Andreas Gursky's photomontage of the New York Stock Exchange, last seen hanging in the boardroom at Lehman Brothers (estimate: £100,000 – £150,000). Sotheby's has Jerry Hall's extraordinary collection up for sale – including work by Frank Auerbach, Lucian Freud and Andy Warhol. And Phillips de Pury will hope to break the £1m mark with David Hockney's Autumn Pool while Maurizio Cattelan's Una Domenica a Rivara, a rope of knotted bedsheets to hang from a window, is estimated to sell at £400,000 to £600,000. Elsewhere, in a bold new addition to the landscape, £20m-worth of art will go on sale in an 18th-century mansion part-owned by the Russian real-estate billionaire Sergei Polonsky. The House of the Noble Man, a stone's throw from Frieze in Cornwall Terrace, is curated by Victoria Golembiovskaya and the artist Wolfe von Lenkiewicz and will include four rare Picassos and Cezanne's Don Quixote.

For all of these and more, the international arterati will descend on London next week, jetting in from the traditional hot spots of New York, Berlin and Moscow, as well as from the emerging collector territories of the Middle East, India and China for what is now known simply as Frieze week. It's no longer just about the fair; a whole city's-worth of cultural activity has coalesced around those big white marquees. The breakfast views are booked in, the big museum shows are up and the parties – from a Frieze week opener at the Groucho Club to the ritzy annual Cartier dinner at Bar Boulud and ArtReview's Power 100 party at Sketch – are planned. After its initial struggles, the hype-filled boom years and fear-filled bust years, Frieze is now firmly established, an unmissable stop-off between Basel and Miami on the global art calendar. A decade ago, London didn't even have its own contemporary art fair. Now, for five days in mid- October, the art set wouldn't dream of being anywhere else.

ARTOFFICIALSPACE

http://www.artofficialspace.co.uk/exhibitions.htm

**Exhibitions**

**Upcoming Shows**

**House of the Nobleman**
f/ Ben Grainger & Sean Penlington
Friday 15th - 20th October, 2010
2 Cornwall Terrace,
London, NW1 4QP
www.saatchigallery.com/4newsensations

Past Shows

**How It All Worked Out** @ International 3
**f/ Ben Grainger & Sean Penlington**
Saturday 10th - 30th July, 2010
The International 3
8 Fairfield st
Manchester
UK
M1 3GF
Opening night on the 9th @ 6:00pm

Bernard Evans

http://www.bernardevans.co.uk/artNews.php?nlId=2728

## The Art Market: a house party

2010-Oct-11

By Georgina Adam www.google.co.uk

**"Frieze week" kicks off this week in London, drawing the cream of the art world to Britain's capital.** It is centred of course on the fair that started it all (Frieze opens to the public in Regent's Park on Thursday), but a host of satellite events are also on offer. One of the more intriguing is taking place just down the road from the fair, at 2 Cornwall Terrace, part of an enormously expensive real estate project being developed and sold.

In what appears to be a sophisticated way of selling both art and the property, the 18th-century mansion is being used as a temporary venue for an exhibition entitled *The House of the Nobleman*, October 15-20. The format is hybrid, both commercial and non-commercial, with 68 works on show, half of them loans from collectors – one is David Roberts, the rest are secret – the other half consisting of works of art for sale.

*The House of the Nobleman* is curated by the artist Wolfe von Lenkiewicz, who has teamed up with a young Russian curator, Victoria Golembiovskaya. It is backed by Mirax, a Russian real estate company that has a "significant but minority" stake in the Cromwell Terrace complex. Mirax belongs to a Russian billionaire, Sergei Polonsky, but Mirax has been troubled since the financial recession and has a reported $120m in debt; the firm did not respond to a request for comment. The eight houses in the Cromwell Terrace complex are priced between £29m and £60m.

Various dealers, from the UK and elsewhere, are contributing works of art to the show; they range from two paintings by Poussin to Picasso's "Buste d'Homme à la Pipe" (1969), priced at £3m. Banksy, Richter, Klein, Rodin, Cézanne and Warhol are the unlikely bedfellows in the show, which includes two works by Von Lenkiewicz himself (at £60,000 and £50,000) and about 22 consigned by Charles Saatchi. While entry is free, visitors must register for admission (**www.cornwallterrace.co.uk**); they will be taken around in groups of 50, according to the curators.

SAATCHI ONLINE

http://magazine.saatchionline.com/top-10-shows/editor%E2%80%99s-pick-%E2%80%93-top-international-shows

## Editor's Pick – Top International Shows

By Rebecca Wilson · October 11, 2010 · Top 10 Shows, Worldwide ·

**Frieze Art Fair**
October 14 – 17, 2010
Regent's Park London NW1
http://www.friezeartfair.com/

It's Frieze Week once again with 170 galleries from around the world presenting their artists at the fair. There are also talks by Wolfgang Tilmanns, Thomas Demand, Jeremy Deller and Bridget Riley, plus an exciting music and film programme. With Zoo not happening this year, the best emerging artists will be found at Sunday, a new fair at P3 Ambika space on Marylebone Road (just a stone's throw from Regent's Park) and supported by the Zabludowicz Collection.

**New Sensations 2010**
15-20 October 2010
2 Cornwall Terrace London NW1
www.saatchigallery.com/4ns

This year's New Sensations show, featuring 20 recent graduates shortlisted for the Saatchi Gallery and Channel 4's prize for art students, is taking place on Cornwall Terrace overlooking Regent's Park as part of a much larger exhibition, 'The House of the Nobleman' which showcases many remarkable works form private collections by artists such as Picasso, Beuys, Kippenberger, Hirst, and Gupta. New Sensations offers a fantastic opportunity to buy works by bright stars of the future.

QUINTESSENTIALLY™

http://www.quintessentially.com/insider/tag/london-art-gallery/

## Posts Tagged 'london art gallery'

**The Inferno in the Frieze**
Thursday, October 14th, 2010

As Frieze mania draws to a close, the capital is playing host to a number of enthralling and original surrounding exhibitions and events this weekend.

The labyrinth of tunnels beneath Waterloo Station have been taken over by the Lazarides Gallery, who have installed a mind blowing exhibition called 'Hell's Half Acre'. The space has been transformed into a large-scale evocation of Dante's literary masterpiece *Inferno* in which a group of young, cutting-edge artists have produced a multi-sensory interpretation of hell, a strange consort of voodoo dolls, taxidermy, suspended bodies and barking staffies. For something a little lighter, seek out Conor Harrington's fleet of suspended model ships and their shadows, as well a Jonathan Yeo nude in 3D. *Until 17th October.*

Catch the 'Anticipation Show' in Selfridges' Ultra-lounge. It has fast become a celebrated, annual showcase of the hottest artists of the moment, and is curated by Kay Saatchi and Catriona Warren. Photographers Noemie Goudal and Robin Friend make stunning contributions with their antithetical takes on the natural landscape. And painter Robert Dowling is no doubt a star in the making material with his clean, monochromatic wall pieces. With arresting video installations and jaw dropping sculptural work from Blue Curry on show too, get yourself down there for a glimpse of the future. *Until 10th November.*

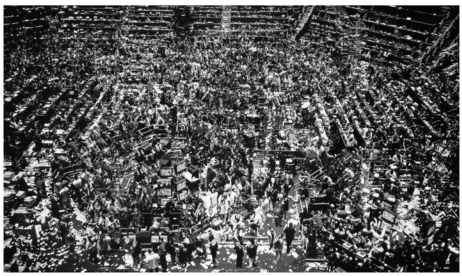

For a star studded affair with big names and big pieces, check out 'The House of the Nobleman'. A special exhibition curated by 'All Visual Arts' Wolfe von Lenkiewicz and Victoria Golembiovskaya, you'll see heralded gems from the likes of Edouard Manet and Picasso jostle alongside iconic Yves Klein and Ron Arad design pieces. The makers and shakers of Modern and Contemporary art await your perusal. Rarely will see you such a heavyweight list of artists all showing under one roof. *Until 20th October at Boswall House, 2 Cornwall Terrace, Regent's Park, NW1. By appointment only.*

www.cornwallterrace.co.uk/boswallhouse.

Ross M Brown

http://www.rossmbrown.co.uk/articles.html

## News

**Saatchi New Sensations 2010**
**28/09/10**

I have been selected to exhibit at the Saatchi/Channel 4 New Sensations show in London alongside 20 other graduates from across the country.

The exhibition will be held at 2 Cornwall Terrace next to Regent's Park from the 14th to the 20th of October. New Sensations will be on display alongside the exhibition "The House of the Noble Man", curated by Wolfe von Lenkiewicz.

http://www.4rss.com/cadogan-tate-sponsors-new-sensations-art-exhibition.html

## Cadogan Tate Sponsors 'New Sensations' Art Exhibition

(PRWEB) October 17, 2010

Cadogan Tate, the world class art moving, storage and shipping specialist in contemporary art, has sponsored the 'New Sensations 2010' exhibition for UK art students. Organised by Channel 4 and The Saatchi Gallery, this prestigious event aims to discover the most imaginative and talented artists graduating from BA and MA courses in the UK and to support students leaving art college.

A total of 20 students were shortlisted to present their work in the exhibition. This is being held at Boswall House, 2 Cornwall Terrace - a magnificent 18th century building off Regent's Park - from 14th to 20th October. The event forms part of 'The House of the Nobleman', under the curatorship of Wolfe von Lenkiewicz and Victoria Golembiovskaya.

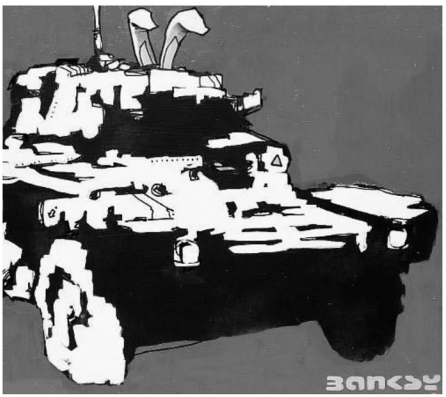


Four of the finalists in New Sensations 2010 - Pablo Wendel, Katie Surridge, Nika Neelova and Ula Wiznerowicz - have each been given a bursary to develop a new work for the exhibition. A short film about each of them was aired on Channel 4 in early October.

Stephen Glynn, Cadogan Tate's Fine Art Director, comments: "We are delighted to be the sponsors of this important exhibition, which showcases the talent of some remarkable young artists. We have spent many years transporting and storing the world's most precious contemporary art for leading museums, galleries and collectors. It therefore seemed very appropriate that we should support and encourage the UK's leading art students through this exciting event."

THE HUFFINGTON POST
NOVEMBER 24, 2010

http://www.huffingtonpost.com/artinfo/artinfo-uks-guide-to-frie_b_759911.html

## ARTINFO UK's Guide to Frieze Week 2010

Posted: October 12, 2010 03:11 PM

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EURO2day

http://www.euro2day.gr/ftcom_en/126/articles/607101/ArticleFTen.aspx

## The Art Market: a house party

Published: **21:54 - 06/10/10**

The tabular content relating to this article is not available to view. Apologies in advance for the inconvenience caused.

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http://markets.financialcontent.com/stocks/news/read?GUID=15146274

## Cadogan Tate Sponsors 'New Sensations' Art Exhibition

Sunday October 17, 2010 - 06:04 AM EDT

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A total of 20 students were shortlisted to present their work in the exhibition. This is being held at Boswall House, 2 Cornwall Terrace - a magnificent 18th century building off Regent's Park - from 14th to 20th October. The event forms part of 'The House of the Nobleman', under the curatorship of Wolfe von Lenkiewicz and Victoria Golembiovskaya.

Four of the finalists in New Sensations 2010 - Pablo Wendel, Katie Surridge, Nika Neelova and Ula Wiznerowicz - have each been given a bursary to develop a new work for the exhibition. A short film about each of them was aired on Channel 4 in early October.

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Read the full story at http://www.prweb.com/releases/2010/10/prweb4659384.htm.

http://the-original-neonneon.blogspot.com/2010_10_01_archive.html

## The Neon Art of Tracey Emin

**Monday, 11 October 2010**

Last Friday was spent at 2 Cornwall Terrace, London NW1 next to Regent's Park installing "I Kiss You" by Tracey Emin for "The House of the Nobleman" art exhibition running from October 15th-20th and coinciding with the Frieze Art Fair. Curated by artist Wolfe von Lenkiewicz and Victoria Golembiovskaya the show comprises 68 works of art from both private collectors and art dealers including works by Picasso, Poussin, Rodin, Cezanne, Warhol, Banksy and of course Tracey Emin.

Entry to the exhibition is free but you will need to register for admission. Well worth a look if you are going to Frieze.

http://stuartblakley.blogspot.com/2010/10/house-of-nobleman.html

## The House of the Nobleman
## Yes But Is It Art?

An Elegant Madness: High Society in Regency England
Saturday morning. What to do what to do? Fortunately a rather nice invite has arrived to the mysteriously named House of the Nobleman. It's Before Midday and North of The River but said nobleman is allegedly a Russian billionaire so it's hard to say no. Plus champers and canapés are champers and canapés. And it's a gallery in a house so really we have to check out the competition.
http://www.oakmayneproperties.com
"Highlight of Freeze!" shouts the press release. We'll see. First impressions are good. The house is on the Outer Circle of The Regent's Park and just like the theatre that's the place to be hot. Important looking girl asks us have we been invited. "Qu'est-ce que c'est?"

Indoors, the ceilings are surprisingly low for us six footers. The interior designer clearly has a penchant for egg-&-dart cornicing. It's everywhere, except where it's broken by over-scaled doors. Marble bathrooms, lit stair treads, shiny black kitchen. It's all a bit bling for Lavender's Blue taste and we don't really do Post 1900 anyway.

But my gosh the art on display reads like a Who's Who list. Here's a tour:

*"Is it Art or is it a Chair?" asks Zelda in a loud stage whisper*

*But where's the Bubbly?*
*When Alvar met Andy on the landing*

http://www.olyviafineart.com/blog/?cat=1

## The House of a Noble Man

Posted on October 14, 2010 by admin

Olyvia Fine Art invites you to the exhibition "The House of a Noble Man" , where we'll be exhibiting some works by Andy Warhol. THE HOUSE OF A NOBLE MAN 15 – 20 October 2010 Boswall House, 2 Cornwall Terrace, … Continue reading →

Posted in Uncategorized | Leave a comment

**Diplomat Magazine, October 2010**

Posted on October 12, 2010 by admin

Posted in Uncategorized | Leave a comment

**Evening Standard Magazine, September 2010**

Posted on October 12, 2010 by admin

Posted in Uncategorized | Leave a comment

**Must have, Must See, Must Do … Daily Mail 19/10/2010**

Posted on October 4, 2010 by admin

Posted in Uncategorized | Leave a comment

**"An Intimate Exhibition … on an Influential Movement" Shortlist Magazine**

Posted on September 16, 2010 by admin

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http://artbistro.monster.com/news/articles/11590-6m-worth-of-picassos-to-go-on-show-during-frieze

## £6m worth of Picassos to go on show during Frieze

Gareth Harris, October 15, 2010

Four rare works by Picasso thought to be worth over £6m and an 1875 Cézanne oil on canvas will go on sale during Frieze week next month in an ambitious exhibition to be held at a London property part owned by a Russian billionaire. The show, entitled "The House of the Noble Man" (12-20 October), will open at 2 Cornwall Terrace, an 18th-century building off Regent's Park in London near to the Frieze Art Fair site. The exhibition is curated by artist Wolfe von Lenkiewicz, whose works will feature in the display, and Russian curator Victoria Golembiovskaya. Around £20m worth of art will be for sale, approximately a third of the show, confirms Von Lenkiewicz.

According to the co-curator, the Picasso pieces on offer will include *Buste d'Homme à la Pipe* (1969, priced at £3m); the 1905 drawing *The Family of Saltimbanques* and a cubist painting, *Nature Morte au Gobelet* (around 1914). An 1875 oil on canvas by Cézanne, *Don Quixote*, is priced at £1.25m. Works by Yves Klein, Egon Schiele, Gerhard Richter, Damien Hirst and Andy Warhol will also be for sale. Von Lenkiewicz's own works will be in the £30,000-£60,000 price range. "The Picassos etc. are from anonymous dealers who will take their portion of the percentages. Any other proceeds made during the show will go back into the funding of the exhibition which is hugely expensive despite its sponsorship [by the Russian real estate company Mirax]," adds Von Lenkiewicz. A selection of works from Charles Saatchi's "New Sensations 2010" roster of emerging artists will also be for sale. Twenty students shortlisted for the prize, which is sponsored by Cadogan Tate, have been chosen to present their work; these artists include Matthew Welch, Katie Sims and Pablo Wendel. A non-selling section will include works from the London-based Zabludowicz Collection and the holdings of the Iraqi-born industrialist Ragdan El-akabi.

"The show came about when I was in Moscow exhibiting my work at Triumph Gallery. Victoria took me to the Mirax city project, a huge development in central Moscow. She talked to Sergei Polonsky [head of Mirax] about the Cornwall Terrace buildings which he has shares in. He was willing to sponsor the show," says Von Lenkiewicz. The Mirax group are co-developers of the Cornwall Terrace historical complex, parts of which are up for sale. Ironically the exhibition, awash with blue-chip items, is meant to reflect the typical tastes of a 21st-century collector who may well treat art as a commodity. "The notion of the noble man with *sangre azul*, [with] blue blood developing a blue-grey skin tone from eating off the family silver, has prevailed for centuries. But this idea is bankrupt, outmoded. Our collector spends his days and nights bathed in the blue light of a computer screen, as he trades in dematerialised securities, or price options based on weather conditions on the other side of the globe," according to a press statement. "It is important that the show comes across strongly as a curatorial concept playing with the idea of commerce, mirroring the [art] market with irony. We based the idea around nobility and bankrupt values in a post humanist age," says Von Lenkiewicz.

scene.
art design culture ideas

http://www.alyngriffiths.com/scene/2010/10/the-house-of-the-noble-man/

## The House of the Noble Man

October 18th, 2010

This presentation of works by some of the world's best known artists was intended more as a showcase for the incredible property in which it took place than for the art itself. The eight residences in this newly redeveloped Regency terrace happen to be on the market at the moment and, with the Frieze Art Fair taking place a stone's throw away in Regent's Park, this was a perfect opportunity to entice wealthy collectors to view a potential home or pied-à-terre.

The House of the Noble Man is supposed to evoke the home of a fictitious 21st century merchant – a digital tycoon, trader and investor who collects art as a way of lending materiality to his otherwise transient and ethereal existence.

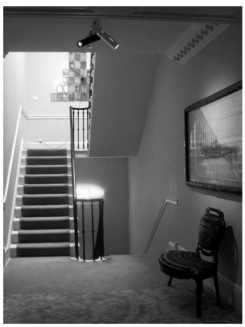

Only the best will do in this sort of setting and curators Wolfe von Lenkiewicz and Victoria Golembiovskaya managed to procure an astonishing selection of pieces including paintings, sculpture and installation works by Yves Klein, Alexander Calder, Gerhard Richter, Andy Warhol, Damien Hirst, Tracey Emin and Banksy.

Contemporary design furniture from Carpenters Workshop Gallery helped to remind the visitor that you were in a home rather than a gallery.

Also included in the presentation were the works of the four finalists from Channel 4 and the Saatchi Gallery's New Sensations 2010, a prize for artists graduating from UK art courses.

It would be impossible not to be impressed by the ambition and quality of this presentation and it certainly provided a refreshingly serene and luxurious experience in comparison to the mêlée down the road at Frieze. However, there was something uncomfortable about viewing all of this wonderful art in what was, in essence, the world's most expensive show home. I guess the true success of this exhibition will be determined by whether any of the properties sell and, for me, art should be treated as more than a sales tool.

Zabludowicz Collection

http://www.zabludowiczcollection.com/collection/art-diary/2010/11/paris-new-york-london

## Anita's Art Diay

Tuesday 02 November 2010

We made it to Paris for fiac which as usual was a delightfully elegant experience. Paris for the day by Eurostar is so easy. Everyone was smiling, happy and friendly.

We loved at Mitchell-Innes & Nash William Pope. L's performance: three world leaders holding a huge-looking meteorite excreting dye all over them at their own command.....

Francis Chantala would not let me look at the Josh Smith paintings he was being most difficult.

There are some strange sights at art fairs: a woman artist dragging around a Louis Vuitton dustbin. Perhaps she was hoping someone would drop in a nice little unwanted designer package into her bin.

We dropped by to see Jim Lambie in his show in Paris. My amazing designer friend Jean Pierre Tortil, Elliot Mcdonald and Jim.

Back to London and we visited Wolfe Lenkiewicz at his show The House of the Noble Man. It was a very lovely show in a lavish £50 million home in Regents Park.

We found on the top floor a lovely work by Matthew Welch called In The Glass Coffin of the Virgin Forest, the artist was one of Channel 4s New Sensations.

glass

http://www.theglassmagazine.com/forum/article.asp?tid=1968#title

## frieze art fair: a glass guide

Our online art team pick out what – and who – to watch out for at this year's fair
Posted: 12 October 2010

Despite the difficult last two years, Frieze is playing host to some big numbers this time around. Christie's will hold its annual October Post-War and Contemporary Art evening auction, with the top lot - I Am Become Death, Shatterer of Worlds, a butterfly canvas by **Damien Hirst** – going for an estimated £2.5m-£3.5m. Other notable sales to watch out for are **Andreas Gursky**'s photomontage of the New York Stock Exchange, last seen hanging in the boardroom at Lehman Brothers (estimate: £100,000 – £150,000), and Sotheby's sales from **Jerry Hall**'s extraordinary collection, which includes work by Frank Auerbach, Lucian Freud and Andy Warhol.

The fair's fringe is looking more diverse than ever this year. For quiet classicism, **The House of the Noble Man**, a stone's throw away in Cornwall Terrace, is a definite highlight. Curated by **Victoria Golembiovskaya** and the artist **Wolfe von Lenkiewicz**, it will include four rare Picassos and Cezanne's Don Quixote. Meanwhile, purveyors looking for modern artist-led work should head to Screening. An independent art exhibition on 203-205 Brompton Road – a purpose-built exhibition space within a Knightsbridge office block – rising stars will be showing alongside heavyweight **Toby Ziegler** and much-talked about video artist **Ryan Trecartin**. The temporal format of video art will be considered in this sprawling building as an extension of work on canvas – with the help of some of London's brightest new young painters.

There are a few satellite fairs for the collectors craving boutique shopping after getting an eyeful at the main event. **The Pavilion of Art and Design** will be returning to Berkeley Square, Mayfair, for the fourth year running, featuring 50 distinguished international dealers of modern art, design, decorative arts, photography, jewellery and tribal art. **SUNDAY**, a free three-day event in Marylebone's Ambika P3, is shaping up to be an intriguing replacement to Zoo,, according to the Independent. Sponsored by the Zabludowicz Collection, it features 20 up-and-coming galleries from all over the world. **Whitechapel Gallery** is also making some noise on the periphery, displaying works from the D.Daskalopoulos collection in Greece – one of the foremost collections of contemporary art in Europe.

*Syma Tariq, art editor*

PRWeb
Online Visibility from Vocus

http://www.prweb.com/releases/2010/10/prweb4659384.htm

## Cadogan Tate Sponsors 'New Sensations' Art Exhibition

**Cadogan Tate, the world class art moving, storage and shipping specialist in contemporary art, has sponsored the 'New Sensations 2010' exhibition for UK art students. Organised by Channel 4 and The Saatchi Gallery, this prestigious event aims to discover the most imaginative and talented artists graduating from BA and MA courses in the UK and to support students leaving art college.**

"We have spent many years transporting and storing the world's most precious contemporary art for leading museums, galleries and collectors."

(PRWEB) October 17, 2010

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CITY A.M.
BUSINESS WITH PERSONALITY

http://www.cityam.com/lifestyle/books/the-art-world-heats-once-more

**The art world heats up once more**

Wednesday, 13th October 2010

Timothy Barber has a look around Frieze Art Fair, which opens to the public today

AS an army of glamorous art industry movers and shakers traipsed into Frieze Art Fair's marquee yesterday, a young woman was standing outside distributing paper leaflets for an upcoming exhibition. Not that surprising perhaps – some galleries need all the help they can get publicising themselves – except that the gallery in question was the Royal Academy. That London's most august art institution should find itself flyering outside a tent in Regent's Park is one measure of the extent to which the capital's art scene now triangulates itself around Frieze.

There are others. The National Gallery's new exhibition of works by the 18th century Venetian artist Canaletto has coincided with Frieze this week; the merry-go-round of satellite exhibitions now includes one from The Saatchi Gallery – its owner, Charles Saatchi, practically gave birth to London's contemporary art scene as we know it, after all – called The House of the Noble Man, in a residence near Frieze, which puts Cezanne, Manet, Poussin and Picasso alongside Richter, Murakami and Hirst; and of course, Frieze now dictates the timing of the contemporary art auctions that are the most immediate signifier of the health – or otherwise – of the art market.

As far as that goes, Anders Petterson, managing director of art market analyst ArtTactic, says the mood is cautiously optimistic. After a rotten 2009, record-breaking February sales apparently signified a return to business as normal, but momentum slowed in the summer with some shows falling significantly short.

"People got carried away with the rebound earlier in the year and sellers got a little greedy with the estimates they demanded, so the summer sales were a bit down," Petterson says. "Since then the market has revived a bit, and people are being more realistic about the situation."

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## FRIEZE 2010

luckyzhouxi 推荐于 2010-11-06 21:29:34

This year's annual London Frieze 2010 was the strongest Frieze fair since the global economic collapse that began in autumn 2008. Frieze 2010 saw noticeable increases in artwork sales activity; better certainly than the last two Frieze fairs. Good or bad, these temporary exhibits in ritzy mansions in central London's most expensive neighborhoods, are a far cry from the gritty underground art happenings of earlier alternative venues. Temporarily setting up in fashionablecentral London locales walking distance to Frieze's fair grounds inside Regent Park is admittedly an ultra commercial way to sell art.

After all, one might argue, the aim of selling art is the same whether in a humble fair booth, or an exaggerated mansion. This author admits to attending two suchevents, one in a historic townhouse former embassy of an African nation,[1] the other in a newly built super-luxury home with not only artwork for purchase but also the venue – a newly built marble fixtured mansion in Regent's Park itself for sale, with a price tag of50 million dollars.[2] The former showed newly commissioned works made especially for the exhibition by a variety of contemporary artists including Jake and Dinos Chapman, Tim Noble and Sue Webster and Wim Delvoye.

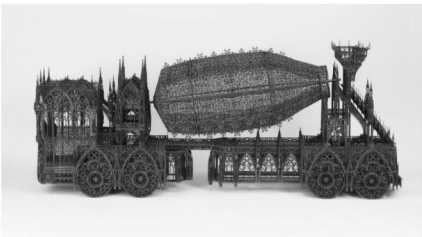

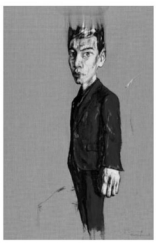

The latter showed everyone from Cezanne to Rodin to Zeng Fanzhi and Yin Zhaoyang, and felt more like a collective effort of secondary market sale works consigned from various dealers and owners. The artworks one assumes are used to make the house-for-sale more beautiful and presumably also more sale-able. Interesting Russian contemporary works were also included, fueling rumors of Russian financial backing for the Regent's Park situated mansion-for sale-with-or-without- artworks.

MegMaggio
Beijing,October 2010

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[1] See the aptly titled "Vanitas: The Transience of Earthly Pleasures"organized by All Visual Arts at 33 Portland Place, London, W1B 1QE, www.allvisualarts.org

[2] See "The House of the Nobleman", Boswall House, 2 Cornwell Terrace,Regent's Park, London, NW1 4QP



HOUSE_OVERSIGHT_028319

http://www.benzinga.com/press-releases/10/10/p527693/cadogan-tate-sponsors-'new-sensations-art-exhibition

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Posted on 10/17/10 at 6:00am by webmaster

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For the original version on PRWeb visit: http://www.prweb.com/releases/prweb2010/10/prweb4659384.htm

http://www.abodyofartshop.com/art-moran-body-shop/cadogan-tate-sponsors-new-sensations-art-exhibition.html

## Cadogan Tate Sponsors New Sensations Art Exhibition

October 18, 2010 by
Filed under art moran body shop

(PRWEB) October 17, 2010

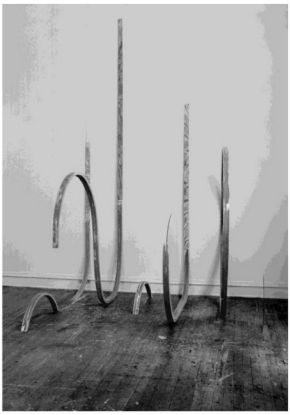

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## Interiors

# The art of the home deal

Culture can be key to the marketing of a grand property, writes **Kasia Maciejowska**

Nowadays you have to try a little harder to sell any house. For deluxe developers, having a mutually beneficial link with the fine-art world is a key strategy. At Frieze, the celebrity-soaked autumn London art fair, the developer Oakmayne Bespoke held an exhibition — *The House of the Nobleman* — in one of the grand London town houses that it has for sale.

The result? Significant interest in the two properties — offers of £29 million and £39 million — with another to go on the market next year, along with the sale of six major artworks.

The properties in Cornwall Terrace overlook Regent's Park, where the fair is held. Frieze was attended by the world's wealthiest collectors, the highest-profile dealers, including Jay Jopling, curators for the top museums and art enthusiasts such as Claudia Schiffer, Gwyneth Paltrow and Lily Allen.

The exhibition, held in connection with the Saatchi Gallery, was curated by two Russians, Wolfe von Lenkiewicz and Victoria Golembiovskaya. Mirax, the Russian property firm owned by Sergei Polonsky, has a stake in the Cornwall Terrace project. Works by Cézanne, Picasso, Andy Warhol, Tracey Emin and Damien Hirst were among those on show in the staircases, bathrooms and attics of the house. James Simpson, a partner at Knight Frank, says: "The interplay between luxury art and property sales has always existed, but it's only now, starting with Cornwall Terrace, that we are formally doing launches and activities that bring together the two."

Beth Dean, the sales and marketing director at Oakmayne, agrees: "Even at this top end of the property market, sales need to be 'worked'. It is no longer enough to do a basic stand-alone launch with a residential product. You need to do something unique, stylish and very special to differentiate your brand."

Simpson says that there are more Damien Hirst works in the residences surrounding Regent's Park than in any other London location: "The marriage of the classic Regency properties and contemporary art works really well."

**cornwallterrace.co.uk, knightfrank.co.uk, christiesgreatestates.com**

> **It is no longer enough to do a stand-alone launch, even at the top end of the market**

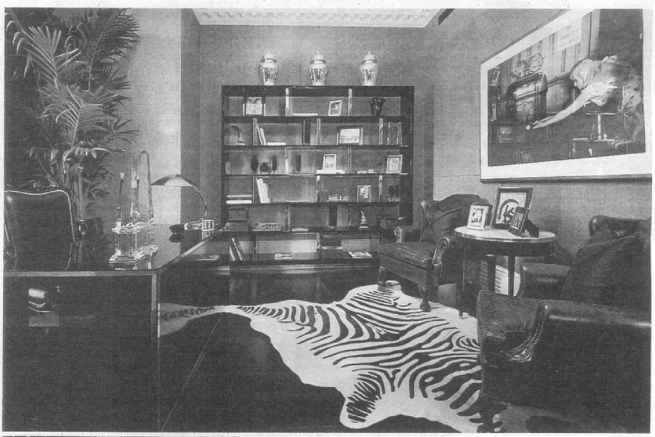

**Main picture: The interior of a Cornwall Terrace mansion; Regent's Park, above, is just on the doorstep; and the art collector Claudia Schiffer, below, at this year's Frieze art fair in London**

### Luxury art

Sales figures from Christie's and Knight Frank show that the purchase of a luxury property is frequently followed by a string of high-value art purchases. Christie's even takes extremely valuable works to the new home before it has been purchased, as a test run. If it is not suitable, the piece is returned free of charge. A room is usually decorated in keeping with the work of art, rather than the reverse.

## How to pick up affordable art without the hassle

**Anyone looking to pick up more modestly priced works of art may encounter an obstacle — a snooty gallery owner questioning you about what pieces you already own. However, you can avoid such terrifying scenarios by buying online. Culture Label recently opened an online art shop, with work from 550 artists costing between £100 and £2,000. The shop is a collaboration with Own Art, an Arts Council initiative, through which you can pay in interest-free instalments.**

**Meanwhile, the website easyart.com, which tailors its artworks to buyers with interior decoration in mind, has launched an iPhone app that lets you test 50,000 prints, in different frames, in a picture of the room that you wish to decorate.**

**Not everyone recommends buying online, however, as we discovered by asking top interior designers for their tips on purchasing art for your home.**

**Joanna Wood, head of the eponymous luxury interior design firm, firmly states that buying online is never a good idea for original artworks. "For a series of prints that you have seen before, online could be an option. But don't buy an original painting from a website because so much of it is about texture, feel and perspective."**

**Wood shops for works in the streets off Piccadilly, but also recommends the Art London fair for affordable pieces, as does Anita Kohn, of the architectural firm Living in Space, who also loves the Affordable Art Fair. "The atmosphere is buzzy, the gallerists are friendly and no piece costs more than £3,000," she says. "I used to buy randomly, but now I am more focused and collect works on paper — Old Master drawings or Impressionist works, often from sale rooms."**

**Kamini Ezralow, of the international design company Intarya, recommends scouring markets and galleries when travelling to pick up local art and craft pieces. "If you see a work in a gallery that you like closer to home, go back and ask to see more by the same artist. You can then build a relationship with that gallerist and use them as a regular source for pieces that suit your taste and price capacity."**

**Kohn recommends starting with prints and advises shopping with an open mind "so that you don't buy something purely because it fits with your self-imposed criteria. The vital thing is to buy something that you love, because you will be looking at it every single day".**

HOUSE_OVERSIGHT_028322

## Around the city

# East west, art's best: you can even buy the house it's shown in

With the absence of Zoo, the **Pavilion of Art & Design (PAD)** (until October 17; www.padlondon.net) will this year play second fiddle to Frieze. This sophisticated fair of modern and contemporary art, design, photography and tribal art from 1860 was conceived by Patrick Perrin and Stéphane Custot and is now in its fourth year. PAD has retained its place in Berkeley Square, a site that offers limited space expansion, but a sought-after Mayfair address.

As auction houses all jostle to cash in on the festival spirit, Christie's is launching an initiative entitled **Multiplied** (October 15-18; www.multipliedartfair.com) at its South Kensington saleroom. The focus of this fair is contemporary art editions – photographs, prints, artists' books and 3D multiples – and there will be big names, including John Baldessari, Matt Collishaw and Gerald Laing, on sale for small prices.

Another example of canny innovation – or outsiders crashing the party – is **House of the Nobleman** at 2 Cornwall Terrace (October 15-20; www.cornwallterrace.co.uk/boswallhouse). This is a property viewing with a difference; not only is the house itself on the market, but so is much of the art – including works by Pablo Picasso, Helen Chadwick and Grayson Perry – that decorates its interior.

While the majority of Frieze Week events take place in grandiose settings in London's West End, a couple of contrasting fairs are capitalising on sites in the city's East End. **The Future Can Wait** (until October 17; www.thefuturecanwait.com), an alternative fair started by trusted talent-spotters Zavier Ellis and Simon Rumley, returns to Shoreditch Town Hall for the fourth year running.

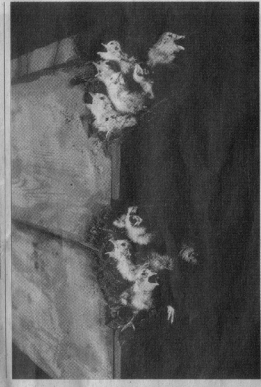

**Variety** Top, from left: Zipora Fried, 'R.H.'; Sunday; John Baldessari, 'Brain/Cloud (With Seascape & Palm Tree)'; Christie's/Multiplied; Polly Morgan, 'Carrion Call'; Moniker; Labrona, 'Trinity'; Moniker; Nicolas Pavel, 'Test (Yellow Flower)'; Sunday. Below: a Bamana figure from Ségou, PAD

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# Future art stars cause a New Sensation

## Graduates' work is exhibited with masterpieces

**Louise Jury**
Chief Arts Correspondent

TWENTY artists hailed as stars of the future are getting the chance to show their work alongside that of 60 masters, from Picasso and Warhol to Manet, Rodin and Cézanne.

The 20 were chosen from hundreds of graduate students in the New Sensations Prize, a contest now in its fourth year, organised by Charles Saatchi's gallery and Channel 4.

Their work is part of The House of the Nobleman, an exhibition of art borrowed from international collections that is being staged in an 18th-century mansion in Cornwall Terrace, Regent's Park, a stone's throw from the Frieze Art Fair.

Four of the graduates were selected to receive £1,000 bursaries to develop a project for inclusion. They are: German Pablo Wendel, 30, whose degree work involved squatting in a derelict chip shop to which he built a staircase, later dismantled by Royal College of Art staff in a health and safety row; Katie Surridge, 25, and Russian Nika Neelova, 23, both Slade School graduates, and Ross M Brown, 24, who is still studying in Dundee. One of them will be named this year's overall winner on Monday and the exhibition runs until Wednesday.

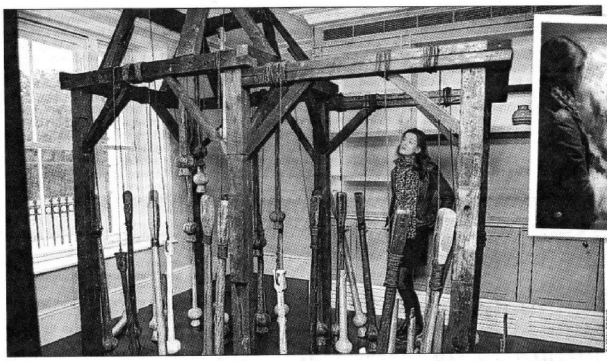

GLENN OTHS

**Promise:** Nika Neelova's Principles Of Surrender, above, and St Peter's Seminary: Wilderness 2010 by Ross M Brown

Rebecca Wilson, associate director of the Saatchi Gallery, said: "The 20 shortlisted artists have created a stunning range of work, including photography, painting, installation and sculpture. The exhibition offers a wonderful opportunity to discover the bright stars of the future."

More than half of the graduate artists are based in the capital. "London is still one of the best places to do a fine art degree and has that reputation across the world, as well as being one of the most vibrant centres for contemporary art," Ms Wilson added.

■ *New Sensations at the House of the Nobleman, 2 Cornwall Terrace, is open until Wednesday.*

> 'The 20 shortlisted artists have created a stunning range of work'
>
> **Rebecca Wilson**
> associate director, Saatchi Gallery

For more, log on to: **cornwallterrace.co.uk/boswall house**

## ART IN RESIDENCE
# Redeveloped park terrace hosts exhibit

Curators Victoria Golembiovskaya and Wolfe Von Lenkiewicz, in collaboration with the Saatchi Gallery and Channel 4's *New Sensations*, will host an art exhibition starting next Sunday showcasing famous works by artists such as Paul Cezanne and Pablo Picasso. The House of the Nobleman exhibit, which coincides with the Frieze Art Fair, will be held at the mansion No 2 Cornwall Terrace in Regents Park and will include works from several international art collections. No 2 Cornwall Terrace has been extensively redeveloped by developer Oakmayne Bespoke and is part of a much larger redevelopment of Cornwall Terrace to create eight mansions. The houses are up for sale starting at £29m.

**Deirdre Hipwell**

**REGENTS' GALLERY** Cornwall Terrace, above, will house art by Nicolas Poussin, far left, Wolfe Von Lenkiewicz, left and Paul Cezanne, right

TESSA ANGUS; PICASA 3.0

# Help jobless homes, help the economy

## The City Diary

### The Prince and the

Another week, another meeting betw BG Group (British Gas in old money) a Prince Andrew, our special representa international trade and investment. T company has a rather cosy relationsh the Duke of York, having met him thr in five weeks early this year.

Now I see that BG's chief executive Chapman, was back at the Palace last his fourth audience in six months, wh nothing to quell rumours that someth rumbling in Kazakhstan, where the co has important interests.

Prince Andrew is exceptionally w connected in that country through h friendship with Goga Ashkenazi (top socialite-cum-oil executive who has with Timur Kulibayev, the son-in-la Kazakhstan's president. Kulibayev a bought a house from the Prince, son for a generous fee.

### Horse trials

Betfair, the soon-to-be-floated betting exchange, reveals in its prospectus that it has abandoned its new high-roller business, which it was testing out. This was despite it booking first-quarter revenues of £25m and making a £7m profit – at least at the Ebitda level – but it did involve the company taking on the

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The drama, explained.","textStyle":"titleTextStyle","type":"text"},{"identifier":"_anf-heading-1","layout":"dekLayout","role":"heading","text":"Dueling leaks told many different stories on Monday.","textStyle":"dekTextStyle","type":"text"},{"additions":[{"URL":"https://www.vox.com/authors/andrew-prokop","range":{"length":13,"start":3},"type":"link"}],"identifier":"_anf-byline-1","layout":"bylineLayout","role":"byline","text":"By Andrew Prokop | September 24, 2018 2:30 pm","textStyle":"bylineTextStyle","type":"text"},{"identifier":"_anf-header-1","layout":"headerImageLayout","role":"header","style":"_anf-cs-1","type":"container"},{"identifier":"_anf-caption-1","layout":"captionLayout","role":"caption","text":"Rod Rosenstein leaves the White House Monday, still deputy attorney general â€" for now.","textStyle":"captionTextStyle","type":"text"},{"identifier":"_anf-caption-2","layout":"captionLayout","role":"caption","text":"Alex Wong/Getty Images","textStyle":"captionTextStyle","type":"text"},{"additions":[{"URL":"https://www.vox.com/policy-and-politics/2018/9/24/17896576/rod-rosenstein-resignation-mueller-noel-francisco","range":{"length":14,"start":107},"type":"link"}],"identifier":"_anf-body-1","layout":"bodyLayout","role":"body","text":"The political world went into a frenzy Monday morning as various reports suggested Deputy Attorney General Rod Rosenstein â€" special counsel Robert Muellerâ€™s boss â€" was out. Some reports claimed he had resigned, and some that he was about to be fired.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-23","layout":"bodyLayout","role":"body","text":"But as of early Monday afternoon, Rosenstein was still in his job. And apparently, heâ€™ll be there for at least a few more days â€" the White House has said heâ€™ll meet with President Trump on Thursday.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-24","layout":"bodyLayout","role":"body","text":"Trump has complained about Justice Department investigations into his associates for over a year now, and has repeatedly discussed firing various top Justice Department officials, including Rosenstein, so he could replace them with loyalists.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-1","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"additions":[{"URL":"https://apple.news/AdHo1AGpBRiCpAYZt1t9nVA","range":{"length":21,"start":61},"type":"link"}],"identifier":"_anf-body-2","layout":"bodyLayout","role":"body","text":"The precipitating incident for Mondayâ€™s drama, though, was a New York Times report that, after Trump fired FBI Director James Comey last year, Rosenstein discussed the possibility of secretly recording the president of invoking the 25th Amendment to remove him from office. (Rosenstein has disputed the report.)","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-25","layout":"bodyLayout","role":"body","text":"As deputy attorney general, Rosenstein was responsible for the day-to-day running of the Justice Department. But the main reason his departure would have such import is that he appointed Mueller and continues to oversee the Russia investigation (thanks to Attorney General Jeff Sessionsâ€™s recusal on the topic). Many have feared that Trump would try to install a crony to replace Rosenstein who would rein the probe in or even shut it down completely.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-26","layout":"bodyLayout","role":"body","text":"All this comes at a crucial moment for the probe â€" just a week and a half after Paul Manafort agreed to cooperate with the special counselâ€™s team, but during a preelection period when Mueller isnâ€™t expected to make other big new moves. And, as is common these days, much of this drama has unfolded in competing and contrasting leaks to the press.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-heading3-1","layout":"heading1Layout","role":"heading3","text":"Who is Rod Rosenstein?","textStyle":"heading1TextStyle","type":"text"},{"identifier":"_anf-photo-1","imageIdentifier":"394ad56afbf68962175ac1e3cb8adf99","layout":"photoLayout","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-3","layout":"captionLayout","role":"caption","text":"Drew Angerer/Getty Images","textStyle":"captionTextStyle","type":"text"},{"identifier":"_anf-body-27","layout":"bodyLayout","role":"body","text":"Rosenstein joined the Justice

Department all the way back in 1990 and has been there ever since, serving as a public corruptions prosecutor and then taking on management jobs under presidents of both parties. In 2005, President George W. Bush appointed him to be US attorney for the state of Maryland, and he held that position throughout the Obama presidency as well.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-28","layout":"bodyLayout","role":"body","text":"After Trump won the presidency, he picked Jeff Sessions to be his attorney general. As a US senator, Sessions was an outsider to the DOJ. So he wanted someone who knew the department well in the deputy post (which is traditionally responsible for running things day to day). So he chose Rosenstein, who was respected by legal professionals in both parties.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-2","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"identifier":"_anf-body-29","layout":"bodyLayout","role":"body","text":"The pick got little attention at the time â€" but proved to be supremely important. In March 2017, Sessions announced he would recuse himself from the Russia investigation â€" meaning that, as soon as Rosenstein was confirmed by the Senate, heâ€™d be the top Justice Department official in charge of it.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-30","layout":"bodyLayout","role":"body","text":"Then, once Rosenstein was finally sworn in in late April, Trump waited only two weeks before inviting him and Sessions to the White House to discuss firing James Comey. On May 8, 2017, Rosenstein wrote a memo harshly criticizing Comeyâ€™s handling of Hillary Clinton email investigation, and gave it to the White House. The very next day, Trump fired Comey and released Rosensteinâ€™s memo as his justification.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-heading3-2","layout":"heading1Layout","role":"heading3","text":"Rosenstein appointed Robert Mueller and has overseen his investigation since","textStyle":"heading1TextStyle","type":"text"},{"identifier":"_anf-photo-2","imageIdentifier":"27eff60f48171aefebfcc876def040c3","layout":"photoLayout","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-4","layout":"captionLayout","role":"caption","text":"Rosenstein announces the indictment of 12 Russian intelligence officers in connection with election-related email hacking in July 2018.","textStyle":"captionTextStyle","type":"text"},{"identifier":"_anf-caption-5","layout":"captionLayout","role":"caption","text":"Chip Somodevilla/Getty Images","textStyle":"captionTextStyle","type":"text"},{"additions":[{"URL":"https://thehill.com/homenews/house/333803-first-republicans-talk-impeachment-for-trump","range":{"length":16,"start":540},"type":"link"}],"identifier":"_anf-body-3","layout":"bodyLayout","role":"body","text":"Comeyâ€™s firing was a shocking breach of political and institutional norms (the FBI director traditionally stays on for a 10-year term), and it threw the US political system into crisis. The ensuing chaotic days were filled with leaks claiming that Trump had privately pressured Comey for â€œloyalty,â€ that heâ€™d and urged Comey to drop an investigation into Michael Flynn, and that heâ€™d disclosed classified information to Russian officials in the Oval Office. With such allegations of Trump apparently trying to corrupt the rule of law, even some Republicans began to talk about impeachment.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-31","layout":"bodyLayout","role":"body","text":"It was Rosenstein who made the key choice that abated this crisis â€" appointing Robert Mueller as special counsel to oversee the Russia probe on May 17, 2017. The appointment of a special counsel restored confidence that the rule of law would be preserved and that, if there was anything to the Russia scandal, heâ€™d get to the bottom of it. Mueller in particular had sterling credentials as former FBI director appointed by George W. Bush, which likely made him feel empowered to investigate quite vigorously.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-32","layout":"bodyLayout","role":"body","text":"Since then, thereâ€™s been an endless amount of ink spilled about the â€œMueller investigation.â€ Yet all along, Mueller has had a boss: Rod Rosenstein. And Rosensteinâ€™s backing of Mueller has clearly been crucial in shaping the probe so far.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-3","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"additions":[{"URL":"https://apple.news/Ayrw-VmCqQYKiVUOk3BjbyA","range":{"length":17,"start":15},"type":"link"},{"URL":"https://cdn.vox-cdn.com/uploads/chorus%5Fasset/file/10576825/Rosenstein%5Fletter%5Fto%5FMueller.0.pdf","range":{"length":45,"start":379},"type":"link"}],"identifier":"_anf-body-

4","inlineTextStyles":[{"range":{"length":866,"start":0},"textStyle":"_anf-ts-1"}],"layout":"bodyLayout","role":"body","text":"Muellerâ€™s team has said in court that they inform Rosenstein of all their major decisions in advance, and that he would have the authority to overrule them.\nRosenstein approved Muellerâ€™s assembly of an all-star team that at its height totaled 17 prosecutors.\nIn August 2017, Rosenstein wrote a memo to Mueller listing many people and topics he was authorized to investigate (the publicly released version is heavily redacted).\nRosenstein held press conferences announcing Muellerâ€™s two major indictments of Russians for election interference â€" the social media propaganda indictment in February, and the email hacking indictment in July.\nHe was also reportedly involved in Muellerâ€™s decision to refer an investigation into Michael Cohen to federal prosecutors in Manhattan, resulting in Cohenâ€™s guilty plea to tax, bank fraud, and campaign finance charges in August.\n","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://www.cnn.com/2017/12/13/politics/rod-rosenstein-house-judiciary-committee/index.html","range":{"length":29,"start":272},"type":"link"}],"identifier":"_anf-body-5","layout":"bodyLayout","role":"body","text":"Finally, Rosenstein has also helped preemptively protect Mueller from firing. He did so by testifying that the regulation under which he appointed Mueller gives only him â€" not the president â€" the authority to fire Mueller. He has also said that he believes the regulation only permits Muellerâ€™s firing for â€œgood cause.â€ With that testimony, itâ€™s clear that a Trump order to fire Mueller would be legally dubious.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/A3rPEgojWQeilk4Kln-6V8Q","range":{"length":28,"start":38},"type":"link"}],"identifier":"_anf-body-6","layout":"bodyLayout","role":"body","text":"So, naturally, the president began to muse about firing Rosenstein instead.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-heading3-3","layout":"heading1Layout","role":"heading3","text":"Trump and his allies have discussed getting rid of Rosenstein (or Sessions) for months","textStyle":"heading1TextStyle","type":"text"},{"identifier":"_anf-photo-3","imageIdentifier":"201db923dc1e64edbc8ec419b342dcca","layout":"photoLayout","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-6","layout":"captionLayout","role":"caption","text":"Sessions and Rosenstein, in June 2017","textStyle":"captionTextStyle","type":"text"},{"identifier":"_anf-caption-7","layout":"captionLayout","role":"caption","text":"Chip Somodevilla/Getty","textStyle":"captionTextStyle","type":"text"},{"additions":[{"URL":"https://apple.news/AcwtPOUaJSNGva7TjLkfSnA","range":{"length":30,"start":216},"type":"link"}],"identifier":"_anf-body-7","layout":"bodyLayout","role":"body","text":"The president has raged about the Russia probe and his Justice Department for well over a year now, both privately and publicly, with Sessions and Rosenstein frequent targets of his ire. (Heâ€™s reportedly dubbed them â€œMr. Magooâ€ and â€œMr. Peepers.â€)","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-33","layout":"bodyLayout","role":"body","text":"Heâ€™s repeatedly complained that the Russia investigation is a â€œwitch hunt,â€ that â€œflippingâ€ witnesses (like Michael Flynn, Rick Gates, and Paul Manafort) almost ought to be illegal, and that the Justice Department isnâ€™t doing enough to investigate Democrats like Hillary Clinton and isnâ€™t loyal enough to him personally.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-4","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"additions":[{"URL":"https://apple.news/Adf5uPA_kToCCRkvy5_FO-g","range":{"length":27,"start":209},"type":"link"}],"identifier":"_anf-body-8","layout":"bodyLayout","role":"body","text":"Trumpâ€™s staunchest allies in Congress and in conservative media have joined him in this effort, too, training criticism on Sessions and Rosenstein. Hardline House conservatives even threatened to force a vote on Rosensteinâ€™s impeachment this summer, based on the thinnest of pretexts (though they eventually backed down).","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-34","layout":"bodyLayout","role":"body","text":"The obvious fear many have is that if Trump ousts Sessions or Rosenstein, he could at least temporarily install a crony who would take over the Russia probe â€" one who could manage to rein it in or even shut it down entirely, to protect the president.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/AjqKlVWvUTlWR3rI7davLXA","range":{"length":24,"start":259},"type":"link"},{"URL":"https://apple.news/AcKaxlbIqTzWfUyyeYhnC-A","range":{"length":13,"start":355},"type":"link"}],"identifier":"_anf-body-9","layout":"bodyLayout","role":"body","text":"A permanent replacement for either Sessions or Rosenstein would have to be confirmed by the Senate. And traditionally, the temporary replacement would be whoeverâ€™s next in line in the Justice Departmentâ€™s

line of succession. (Solicitor General Noel Francisco is next after Rosenstein.) However, itâ€™s possible that Trump could try and use a law called the Vacancies Act to slot in someone from elsewhere in the government (any appointee already confirmed by the Senate would do).","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-heading3-4","layout":"heading1Layout","role":"heading3","text":"A New York Times report amped up discussions of Rosensteinâ€™s ouster","textStyle":"heading1TextStyle","type":"text"},{"identifier":"_anf-photo-4","imageIdentifier":"a6aca5684809e23302747ee180cc681b","layout":"photoLayout","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-8","layout":"captionLayout","role":"caption","text":"Mario Tama/Getty","textStyle":"captionTextStyle","type":"text"},{"additions":[{"URL":"https://www.wsj.com/articles/its-fantastic-trump-warms-to-rosenstein-1533720601","range":{"length":26,"start":67},"type":"link"}],"identifier":"_anf-body-10","layout":"bodyLayout","role":"body","text":"For a time, it appeared that Rosenstein had weathered the storm. A Wall Street Journal report from early August even claimed that his and Trumpâ€™s relationship was improving.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-35","layout":"bodyLayout","role":"body","text":"Later that month, however, Paul Manafort was convicted of financial crimes charged by Mueller, and Michael Cohen pleaded guilty to tax, bank, and campaign finance violations referred by Mueller to SDNY. Then, a week and a half ago, Manafort struck a plea deal with Mueller and agreed to cooperate. Cohen, too, has reportedly talked with Muellerâ€™s team for hours in recent weeks.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-5","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"additions":[{"URL":"https://apple.news/AdHo1AGpBRiCpAYZt1t9nVA","range":{"length":49,"start":95},"type":"link"}],"identifier":"_anf-body-11","layout":"bodyLayout","role":"body","text":"But what seems to have put Rosensteinâ€™s future in the most immediate jeopardy was a report the New York Timesâ€™s Adam Goldman and Michael Schmidt published on Friday.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/A45wIUqRLQ3iB-XHJaXlHZg","range":{"length":14,"start":372},"type":"link"}],"identifier":"_anf-body-12","layout":"bodyLayout","role":"body","text":"The report describes purported conduct by Rosenstein in mid-May 2017, during the chaotic days between Comeyâ€™s firing and Rosensteinâ€™s decision to appoint Mueller. The Times claimed that, in meetings with top FBI and Justice Department officials, Rosenstein made two eyebrow-raising suggestions: first, that they try to secretly record the president, and second, using the 25th Amendment to remove Trump from office. (Neither was carried out.)","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-36","layout":"bodyLayout","role":"body","text":"The Times report was based primarily on anonymous source accounts and descriptions of contemporaneous memos written by then-acting FBI director Andrew McCabe. But Rosenstein publicly disputed the report. And in the hours after its publication, various outlets were told by an anonymous source in the room for the â€œrecordingâ€ comments that Rosenstein was clearly being sarcastic.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/A2eqDOJadTJeXuNdvwi8Jkw","range":{"length":22,"start":215},"type":"link"}],"identifier":"_anf-body-13","layout":"bodyLayout","role":"body","text":"Trump critics fearful of Rosensteinâ€™s ouster soon latched onto the â€œhe was being sarcasticâ€ excuse. But the Timesâ€™s Michael Schmidt professed to be quite confident that wasnâ€™t the case. He said in an interview with Slateâ€™s Isaac Chotiner:","textStyle":"_anf-cts-1","type":"text"},{"components":[{"components":[{"identifier":"_anf-quote-1","layout":"quoteLayout","role":"quote","style":"innerQuoteContainerStyle","text":"If this was a joke, we donâ€™t think it would have been so difficult for us to have worked to get to this information. If this was a joke, this would not have been memorialized, documented, and discussed in the FBI in the way that it was. If this was a joke, Rod Rosenstein probably wouldnâ€™t have made it more than once. Also, if this was a joke, the other thing is, this 25th Amendment stuff is in a memo as well. So this is likeâ€"is this a broader conspiracy of jokes that was going on?","textStyle":"quoteTextStyle","type":"text"}],"identifier":"_anf-container-3","layout":"_defaultComponentLayout","role":"container","style":"innerQuoteContainerStyle","type":"container"}],"identifier":"_anf-container-1","layout":"pullquoteContainerLayout","role":"container","style":"quoteContainerStyle","type":"container"},{"additions":[{"URL":"https://apple.news/AHyL7Ral6SB-hvNIQeowo7A","range":{"length":24,"start":32},"type":"link"}],"identifier":"_anf-body-14","layout":"bodyLayout","role":"body","text":"Indeed, other accounts, such as from the Washington Post, seem to confirm that McCabe thought Rosenstein was serious and has

been telling people such. (McCabe, another frequent target of Trumpâ€™s ire, was fired from the FBI this March and may be prosecuted for lying to investigators about leaks he had authorized.)","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-medium_rectangle_advertisement-6","layout":"_defaultComponentLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"identifier":"_anf-body-37","layout":"bodyLayout","role":"body","text":"It is, however, important to keep in mind what was going on before Rosenstein allegedly made the â€œrecordingâ€ comments on May 16, 2017. For one, it had just been reported that Trump had disclosed classified intelligence to the Russian foreign minister and ambassador in the Oval Office. For another, Comeyâ€™s accounts of Trumpâ€™s private pressure on him had just leaked out. It was a wild time.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/AHyL7Ral6SB-hvNIQeowo7A","range":{"length":23,"start":177},"type":"link"}],"identifier":"_anf-body-15","layout":"bodyLayout","role":"body","text":"At the time, Trump was interviewing candidates to replace Comey as FBI director, and it was widely feared that heâ€™d appoint a corrupt crony whoâ€™d made him private promises. The Washington Post reports that Rosensteinâ€™s suggestion was that FBI director candidates record their private interviews with Trump.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-heading3-5","layout":"heading1Layout","role":"heading3","text":"Dueling leaks about Rosenstein resigning or being fired spilled out Monday morning â€" but it seems the decision has been put off","textStyle":"heading1TextStyle","type":"text"},{"additions":[{"URL":"https://thehill.com/homenews/media/407829-foxs-ingraham-calls-for-trump-to-fire-rosenstein","range":{"length":7,"start":127},"type":"link"},{"URL":"https://apple.news/AbBYOp1JNQGaAn1_NmUZryQ","range":{"length":27,"start":201},"type":"link"}],"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":3,"start":229},"textStyle":"_anf-ts-2"}],"layout":"bodyLayout","role":"body","text":"Trumpâ€™s staunchest supporters were split on what he should do in the wake of the Times report. On Friday, Foxâ€™s Laura Ingraham tweeted that â€œRod Rosenstein must be fired today,â€ but Foxâ€™s Sean Hannity notably urged the president not to fire anyone. (Ingraham later deleted her tweet.)","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/AmyEuC7xxSNi5WySPp6sjqg","range":{"length":12,"start":302},"type":"link"}],"identifier":"_anf-body-17","layout":"bodyLayout","role":"body","text":"One interesting line of argument from some Trump supporters was that the allegations about Rosenstein were based primarily on memos written by Andrew McCabe â€" who the president has tried to attack and discredit for months now, and who may soon be prosecuted. Firing Rosenstein based on McCabeâ€™s memos, some thought, would grant him credibility.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/AReHxDUzBRl2s99y7ClfXwg","range":{"length":36,"start":25},"type":"link"}],"identifier":"_anf-body-18","layout":"bodyLayout","role":"body","text":"Then, on Monday morning, Axiosâ€™s Jonathan Swan dropped a bomb, publishing a short post claiming that Rosenstein had â€œverbally resignedâ€ to White House chief of staff John Kelly, in anticipation of being fired by President Trump.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://apple.news/A0XwJxhwlQFKTp_UURfgskA","range":{"length":26,"start":322},"type":"link"}],"identifier":"_anf-body-19","layout":"bodyLayout","role":"body","text":"In the next few hours, there was a frenzy of leaks claiming several different things. Some claimed Rosenstein was not going to resign and was instead going to make Trump fire him. Others claimed he was merely â€œexpecting to be fired.â€ Others said he had offered his resignation but stressed that it had not been accepted. (Vanity Fairâ€™s Gabe Sherman even suggested the spectacle may have been entirely intended to distract from sexual assault accusations against Supreme Court nominee Brett Kavanaugh.) But no one really seemed to know what was happening as Rosenstein headed over to the White House.","textStyle":"_anf-cts-1","type":"text"},{"additions":[{"URL":"https://twitter.com/PressSec/status/1044267286322970625","range":{"length":56,"start":137},"type":"link"}],"identifier":"_anf-body-20","layout":"bodyLayout","role":"body","text":"There, Rosenstein met Kelly, and spoke with Trump (who is in New York) over the phone â€œto discuss the recent news stories,â€ according to a statement by White House press secretary Sarah Sanders. â€œThey will meet on Thursday when the President returns to Washington,â€ Sanders continued.","textStyle":"_anf-cts-1","type":"text"},{"identifier":"_anf-body-38","layout":"bodyLayout","role":"body","text":"So, after all that, Rosenstein is still the deputy attorney general â€" at least, it seems, until Thursday.","textStyle":"_anf-cts-

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to market, he flies them using
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expanded to an additional $200 billion worth of goods on Monday, are prompting many
companies to rethink their supply chains. As tariffs begin to make China look more
expensive, many companies are considering cheaper places to make their products, like
Vietnam, Cambodia, Bangladesh and Ethiopia. Already, companies with significant
American business like Steve Madden, the fashion designer, and Puma, the German sports
brand, have said they will look to shift production out of
China.","type":"text"},{"components":[{"caption":"Suits at the Man Ou Garment Company
factory in Prey Nob near the port city of Sihanoukville, Cambodia. Adam Dean for The
New York Times","captionComponent":{"text":"Suits at the Man Ou Garment Company factory
in Prey Nob near the port city of Sihanoukville, Cambodia. Adam Dean for The New York
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jackets and jeans to the minerals used in iPhones, China makes or processes many of the
ingredients that go into todayâ€™s consumer goods. It has a dependable source of
workers who know how to hold down factory jobs. It has reliable roads and rail lines
connecting suppliers to assembly plants to
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Chinaâ€™s vast supplier base and dependable roads. More workers have to be trained.
Many companies have to start from scratch.","type":"text"},{"identifier":"_anf-body-
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said Elli Bobrovizki, who runs a factory in Phnom Penh that makes Bloch ballet
shoes.","type":"text"},{"identifier":"_anf-body-
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to places like the United States takes at least a day or two longer than it would in
China, he said. To reach his factory, a visitor has to travel down a bumpy dirt
road.","type":"text"},{"components":[{"caption":"Bloch ballet shoes in production in
Phnom Penh. Transporting the shoes to places like the United States takes at least a
day or two longer than it would in China. Adam Dean for The New York
Times","captionComponent":{"text":"Bloch ballet shoes in production in Phnom Penh.
Transporting the shoes to places like the United States takes at least a day or two
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they blocked my gate,â€ Mr. Bobrovizki
said.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2016/07/23/business
/international/china-jobs-donald-trump.html?partner=applenews&ad-
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the trade war. Average wages have risen by about one-third in recent years, according to official data. The average Chinese factory worker makes roughly $10,000 a year, the official data shows. By contrast, the minimum wage for Cambodian garment workers amounts to about one-fifth of that. But rising tariffs, and the prospect of more on the horizon, add to the urgency.","type":"text"},{"components":[{"caption":"China will be hard to quit, even if labor costs elsewhere, like the Man Ou factory near Sihanoukville shown here, are cheaper. China makes or processes many of the ingredients that go into todayâ€™s consumer goods. Adam Dean for The New York Times","captionComponent":{"text":"China will be hard to quit, even if labor costs elsewhere, like the Man Ou factory near Sihanoukville shown here, are cheaper. China makes or processes many of the ingredients that go into todayâ€™s consumer goods. 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That Phnom Penh factory plans to hire 1,000 more workers in the next month and employ nearly 10,000 workers by next year.","type":"text"},{"additions":[{"URL":"http://politics.people.com.cn/n1/2018/0330/c1001-29899735.html","range":{"length":28,"start":143},"type":"link"},{"URL":"http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports","range":{"length":28,"start":221},"type":"link"}],"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":283,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":283,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Still, China remains an efficient place to do business. Its logistics network is vast and quick-moving. Over the past three decades, China has built 4.7 million kilometers, or about 2.9 million miles, of highways. It has 13 of the worldâ€™s 50 largest ports, and three of the top five.","type":"text"},{"additions":[{"URL":"https://data.worldbank.org/indicator/nv.ind.manf.cd?end=2016&start=1960&year_high_desc=true","range":{"length":5,"start":117},"type":"link"}],"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":196,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":196,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Chinaâ€™s sheer manufacturing capabilities are unrivaled. One measure of its output, called manufacturing value added, shows that China makes roughly as much as the United States and Japan combined.","type":"text"},{"components":[{"caption":"Workers in the Bloch factory cut leather from Brazil, apply glue and carefully pinch, gather and hammer the material into soles. The work could be partly automated, but Cambodian labor costs are low. Adam Dean for The New York Times","captionComponent":{"text":"Workers in the Bloch factory cut leather from Brazil, apply glue and carefully pinch, gather and hammer the material into soles. The work could be partly automated, but Cambodian labor costs are low. Adam Dean for The New York Times"},"identifier":"100000006120729_5ba97c630d7d4","imageIdentifier":"935a352410b5bfdb5fc594fe6364dbdd","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-5","inlineTextStyles":[{"range":{"length":33,"start":199},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Workers in the Bloch

factory cut leather from Brazil, apply glue and carefully pinch, gather and hammer the material into soles. The work could be partly automated, but Cambodian labor costs are low. Adam Dean for The New York Times ","type":"text"}],"identifier":"_anf-container-4","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":342,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":342,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThe entire supply chain is based in China, so if we were to move, we would still have to procure components in China, and then export them somewhere else,â€ said Aaron Emigh, co-founder of Brilliant, an American start-up that makes smart-home devices. Brilliant is releasing its product just as the Trump administrationâ€™s tariffs take effect.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":83,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":83,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œMoving out of China is not purely a matter of cost, but of possibility,â€ he added.","type":"text"},{"identifier":"_anf-body-28","inlineTextStyles":[{"range":{"length":260,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":260,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Brilliantâ€™s devices have more than 700 components, most of which are sourced in China. The country offers the best manufacturing options for some of Brilliantâ€™s most technical needs, like printing circuit boards, injection-molded plastics, screens and modules.","type":"text"},{"identifier":"_anf-body-29","inlineTextStyles":[{"range":{"length":95,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":95,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some companies believe they have to look for alternatives no matter how appealing China can be.","type":"text"},{"identifier":"_anf-body-30","inlineTextStyles":[{"range":{"length":256,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":256,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Inventec, a Taiwanese electronics manufacturer of laptops and devices for companies like HP, Toshiba and Acer, has drawn up contingency plans to move China production to Taiwan, the Czech Republic, Mexico and Houston, according to Ada Chang, a spokeswoman.","type":"text"},{"identifier":"_anf-body-31","inlineTextStyles":[{"range":{"length":211,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":211,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Moving the entire supply chain out of China would be too complicated, she said. But Inventec could assemble the final product in other places so the â€œcountry of originâ€ certificate would not say China, she said.","type":"text"},{"components":[{"caption":"In Cambodia many unions are backed by either the party of Hun Sen, the prime minister, or the opposition, adding to political risks for foreign companies. Adam Dean for The New York Times","captionComponent":{"text":"In Cambodia many unions are backed by either the party of Hun Sen, the prime minister, or the opposition, adding to political risks for foreign companies. Adam Dean for The New York Times},"identifier":"10000000612071 7_5ba97c630d97a","imageIdentifier":"b808a2231226b529c8f2ea614fea364a","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-6","inlineTextStyles":[{"range":{"length":33,"start":154},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"In Cambodia many unions are backed by either the party of Hun Sen, the prime minister, or the opposition, adding to political risks for foreign companies. Adam Dean for The New York Times ","type":"text"}],"identifier":"_anf-container-5","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-32","inlineTextStyles":[{"range":{"length":363,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":363,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Peter Baum knows well the challenges of operating in a country like Cambodia. An owner of Baum-Essex, a company that makes umbrellas for Costco and cotton bags for Walmart in contracted factories in Vietnam and Cambodia, he gets frustrated when he has to turn to multiple countries for the parts and material he needs because it means more opportunity for delays.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-5","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-33","inlineTextStyles":[{"range":{"length":203,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":203,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-

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His competitors thought he was crazy, he said, because China was still cheap. â€œI saw the writing on the wall,â€ said Mr. Holten, whose company, Pactics, still makes cloth bags for Burberry in China.","type":"text"},{"components":[{"caption":"Factory workers during down time after their shifts in a special economic zone in Phnom Penh. Adam Dean for The New York Times","captionComponent":{"text":"Factory workers during down time after their shifts in a special economic zone in Phnom Penh. Adam Dean for The New York Times"},"identifier":"100000006120719_5ba97c630da92","imageIdentifier":"8ccb94685f587fc098a0710059ec56d2","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-7","inlineTextStyles":[{"range":{"length":33,"start":93},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Factory workers during down time after their shifts in a special economic zone in Phnom Penh. 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The project took a year and cost $960,000.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-6","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-38","inlineTextStyles":[{"range":{"length":98,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":98,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"It was worth it, Mr. Holten said. â€œIf we were still in China,â€ he said, â€œweâ€™d be out of business.â€","type":"text"},{"additions":[{"URL":"https://www.khmertimeskh.com/50101599/key-agreements-signed-china-expressway-airport/","range":{"length":23,"start":214},"type":"link"},{"URL":"https://www.khmertimeskh.com/50101599/key-agreements-signed-china-expressway-airport/","range":{"length":10,"start":237},"type":"link"},{"URL":"https://www.khmertimeskh.com/50101599/key-agreements-signed-china-expressway-airport/","range":{"length":33,"start":247},"type":"link"}],"identifier":"_anf-body-39","inlineTextStyles":[{"range":{"length":333,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":333,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Transition in Cambodia has been slow. Paradoxically, one source of change may be China itself, as it looks to win political favor in Southeast Asia. During an official visit this year, Li Keqiang, Chinaâ€™s premier, pledged to build a new expressway from Phnom Penh to Sihanoukville to supplement the Khmer-American Friendship Highway.","type":"text"},{"identifier":"_anf-body-40","inlineTextStyles":[{"range":{"length":197,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":197,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"More foreign companies have called or emailed Ken Loo, secretary general at the Garment Manufacturers Association in Cambodia, in recent months about doing business there. His advice: Be realistic.","type":"text"},{"identifier":"_anf-body-41","inlineTextStyles":[{"range":{"length":184,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":184,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œItâ€™s not like going into the shop to buy something and you just go to the next shop,â€ Mr. Loo said. Starting a factory from scratch, he said,

â€œtakes months, if not a year and a half.â€","type":"text"},{"components":[{"identifier":"_anf-divider-3","layout":"ComponentLayout-10","role":"divider","stroke":{"color":"#222222","style":"solid","width":"1.0pt"},"type":"line"},{"identifier":"_anf-body-42","inlineTextStyles":[{"range":{"length":28,"start":0},"textStyle":"_anf-ts-69"},{"range":{"length":28,"start":0},"textStyle":"_anf-ts-69"}],"layout":"default-body","role":"body","text":"Cao Li contributed research.","textStyle":"footer-text","type":"text"}],"identifier":"_anf-section-3","layout":"default-section","role":"section","type":"section"},{"components":[{"identifier":"_anf-heading6-1","layout":"related-coverage-heading","role":"heading6","text":"RELATED COVERAGE","textStyle":"related-coverage","type":"text"},{"additions":[{"URL":"https://apple.news/Ahz4VRb_WTeqJCifqg2zmyg","range":{"length":67,"start":0},"type":"link"}],"identifier":"_anf-body-2","layout":"related-link","role":"body","text":"Chill Remains Between China and United States in Latest Trade Talks Aug. 23, 2018","textStyle":"related-link","type":"text"},{"identifier":"_anf-divider-4","layout":"ComponentLayout-11","role":"divider","stroke":{"color":"#e2e2e2"},"type":"line"},{"additions":[{"URL":"https://apple.news/A7fKukT_fSh2R_HWrOXSjJA","range":{"length":64,"start":0},"type":"link"}],"identifier":"_anf-body-3","layout":"related-link","role":"body","text":"8 Ways Trumpâ€™s Next Round of China Tariffs Could Pinch Consumers Aug. 21, 2018","textStyle":"related-link","type":"text"},{"identifier":"_anf-divider-5","layout":"ComponentLayout-11","role":"divider","stroke":{"color":"#e2e2e2"},"type":"line"},{"additions":[{"URL":"https://www.nytimes.com/2018/08/08/business/trump-trade-china.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006070020","range":{"length":76,"start":0},"type":"link"}],"identifier":"_anf-body-4","layout":"related-link","role":"body","text":"Trumpâ€™s Tariffs Are Changing Trade With China. Here Are 2 Emerging Endgames. Aug. 8, 2018","textStyle":"related-link","type":"text"},{"identifier":"_anf-divider-6","layout":"ComponentLayout-11","role":"divider","stroke":{"color":"#e2e2e2"},"type":"line"},{"additions":[{"URL":"https://apple.news/AUrCZQJ0kTraQlpLOPRhqEg","range":{"length":67,"start":0},"type":"link"}],"identifier":"_anf-body-5","layout":"related-link","role":"body","text":"Chinese Goods May Face 25% Tariffs, Not 10%, as Trumpâ€™s Anger Grows Aug. 1, 2018","textStyle":"related-link","type":"text"},{"identifier":"_anf-divider-7","layout":"ComponentLayout-11","role":"divider","stroke":{"color":"#e2e2e2"},"type":"line"},{"additions":[{"URL":"https://www.nytimes.com/2018/03/17/world/asia/hun-sen-cambodia-china.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006070020","range":{"length":63,"start":0},"type":"link"}],"identifier":"_anf-body-6","layout":"related-link","role":"body","text":"Embracing China, Facebook and Himself, Cambodiaâ€™s Ruler Digs In March 17, 2018","textStyle":"related-link","type":"text"}],"identifier":"_anf-section-4","layout":"_defaultComponentLayout","role":"section","type":"section"},{"components":[{"identifier":"_anf-heading4-1","layout":"bottom-banner-head","role":"heading4","text":"Get the full New York Times experience","textStyle":"bottom-banner-head","type":"text"},{"additions":[{"URL":"https://rvw-s.tlnk.io/serve?action=click&publisher_id=229811&site_id=50290&my_campaign=AppleNews_iOSFusion_Footer","range":{"length":61,"start":0},"type":"link"}],"identifier":"_anf-body-7","layout":"bottom-banner-body","role":"body","style":"_anf-cs-3","text":".","textStyle":"bottom-banner-body","type":"text"}],"identifier":"_anf-container-7","layout":"ComponentLayout-15","role":"container","style":"_anf-cs-1","type":"container"}],"documentStyle":{"backgroundColor":"#FFFFFF"},"identifier":"100000006070020","language":"en","layout":{"columns":8,"gutter":20,"margin":84,"width":1024},"metadata":{"campaignData":{"keywords":["International Trade and World Market","China","Cambodia","Factories and Manufacturing","Labor and Jobs"],"section":["business"]},"canonicalURL":"https://www.nytimes.com/2018/09/24/business/china-tariffs-manufacturing-cambodia.html","dateModified":"2018-09-25T00:07:41.000Z","datePublished":"2018-09-24T13:42:55.000Z","generatorName":"papi","generatorVersion":"v1","thumbnailImageIdentifier":"bb5bbe5e6aa893b75f865fb792af9474","transparentToolbar":false},"resources":{"00487975-7986-46e5-8368-36d8b0761462":{"URL":"asset://00487975-7986-46e5-8368-36d8b0761462","classification":"image","dimensions":{"height":720,"width":1080},"fileSize":0,"identifier":"00487975-7986-46e5-8368-

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And they said the revised agreement includes few provisions that will appreciably change the trade balance between the two countries, which Mr. Trump has complained about.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://money.cnn.com/2018/03/27/news/companies/south-korea-us-automakers/index.html","range":{"length":32,"start":176},"type":"link"}],"identifier":"_anf-body-10","inlineTextStyles":[{"range":{"length":255,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":255,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"For example: The agreement would double a cap on the number of American automobiles that may be easily exported to South Korea, to 50,000 from 25,000 a year per automaker. But no American automaker came close to reaching the existing, lower cap last year.","type":"text"},{"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":336,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":336,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThe president referred to this deal as one of the worst agreements ever,â€ said Wendy Cutler, a vice president at the Asia Society Policy Institute, who helped negotiate the initial Korean agreement as a member of Mr. Obamaâ€™s administration. â€œAnd if you look at what was agreed to, it doesnâ€™t seem to change the agreement dramatically.â€","type":"text"},{"identifier":"_anf-body-12","inlineTextStyles":[{"range":{"length":92,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":92,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œI view this as a win-win deal, some solid improvements,â€ she added, â€œbut nothing dramatic.â€","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":96,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":96,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Business groups cheered the updated pact, but stopped well short of calling it transformational.","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":352,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":352,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œManufacturers were glad to see the president recommit himself to the U.S. trading partnership with Korea today,â€ said Linda Dempsey, the vice president of international economic affairs at the National Association of Manufacturers. â€œA robust U.S.-Korea F.T.A. is essential to the jobs of hundreds of

thousands of manufacturing workers across America.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-2","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://www.bloomberg.com/news/articles/2018-04-03/south-korea-india-cut-trade-surpluses-with-u-s-as-trump-rails","range":{"length":32,"start":217},"type":"link"}],"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":451,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":451,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The United Statesâ€™ trade deficit in goods and services with South Korea had already been falling before the agreement was signed, to just above $9 billion last year from just under $17 billion in 2016, as the country increased purchases of machinery, liquefied natural gas and other goods from America. South Korea was also among the countries subjected to steel and aluminum tariffs, making those metals less lucrative to export to the United States.","type":"text"},{"additions":[{"URL":"https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2018/march/new-us-trade-policy-and-national","range":{"length":11,"start":101},"type":"link"}],"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The trade deal will exclude South Korea from the steel tariffs, in exchange for that country capping its exports to the United States at 70 percent of the average of its export levels from 2015 through 2017. Korea will still face the aluminum tariffs.","type":"text"},{"additions":[{"URL":"https://apple.news/Ac4MflpdbTWGKFPgeVvsasQ","range":{"length":30,"start":287},"type":"link"}],"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":471,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":471,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The revised agreement also lacks the robust â€œside dealâ€ on currency manipulation that administration officials said would be included to prevent South Korea from weakening its currency, the won. Currency devaluation, as it is called, has been of particular concern to Mr. Trump, who has accused other trading partners, like China and the European Union, of trying to weaken their currencies so that Americans using the United States dollar can buy more of their products.","type":"text"},{"additions":[{"URL":"https://www.npr.org/2018/03/28/597556727/trump-administration-strikes-major-trade-deal-with-south-korea","range":{"length":17,"start":261},"type":"link"}],"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":381,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":381,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œWeâ€™re going to be able to defend ourselves against currency undervaluations because, as part of this deal, thereâ€™s a very nice side deal agreement that the secretary of Treasury is negotiating over currency undervaluation,â€ Peter Navarro, a top trade adviser, told NPR in March. Mr. Navarro added that the currency agreement is â€œa benchmark for what weâ€™ll be doing going forward.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://ustr.gov/sites/default/files/files/Press/Releases/KORUS%20Texts%20Outcomes.pdf","range":{"length":31,"start":89},"type":"link"}],"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":424,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":424,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"That side deal has yet to materialize. In August, the United States trade representative published the â€œagreed outcomesâ€ from its negotiations with the Koreans: 24 pages of technical language and correspondence between officials from both countries, including agreements on American auto and prescription drug exports and Korean textile exports. There is no mention of currency in the agreement, or of any pending side deal.","type":"text"},{"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":395,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":395,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In a fact sheet released Monday afternoon by the White House, Trump administration officials said that â€œoutsideâ€ the Korea pact, â€œthe Treasury Department has an understanding with South Korea to avoid competitive devaluation and practices that provide an unfair competitive advantage. The understanding includes strong commitments on exchange rate practices, robust transparency, and reporting.â€","type":"text"},{"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":135,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":135,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-

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Make your future bigger than your
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Recipe of the day: Take a break from meat with sheet-pan tostadas with black beans and
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10"},{"range":{"length":11,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• The Vatican reached a tentative deal with the Chinese government over the right to appoint bishops in China. If finalized, the agreement would be the biggest breakthrough since the two sides severed diplomatic ties in 1951.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/world/middleeast/iran-attack-rouhani.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":64,"start":35},"type":"link"}],"identifier":"_anf-body-34","inlineTextStyles":[{"range":{"length":186,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":186,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":32,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• President Hassan Rouhani of Iran blamed an unidentified Persian Gulf country allied with the U.S. for an attack on a military parade that killed 25 people and wounded nearly 70 others.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/world/europe/uk-labour-party.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":47,"start":88},"type":"link"}],"identifier":"_anf-body-35","inlineTextStyles":[{"range":{"length":136,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":136,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":35,"start":1},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• Britain's opposition Labour Party began its annual meeting, where the big question is whether the country should vote again on Brexit.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-6","layout":"ComponentLayout-10","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/sports/golf/tiger-woods-wins-pga-tour.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":25,"start":14},"type":"link"}],"identifier":"_anf-body-36","inlineTextStyles":[{"range":{"length":113,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":113,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":12,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• Tiger Woods won the Tour Championship, his first victory in five years, after a career derailed by back injury.","type":"text"},{"components":[{"caption":"Tiger Woods's victory on Sunday was his 80th PGA Tour win, two short of Sam Snead's career record. Tim Bradbury/Getty Images","captionComponent":{"text":"Tiger Woods's victory on Sunday was his 80th PGA Tour win, two short of Sam Snead's career record. Tim Bradbury/Getty Images"},"identifier":"100000006123309_5ba8ff857016d","imageIdentifier":"787cce754e247bcb11c718113dcb5993","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-3","inlineTextStyles":[{"range":{"length":26,"start":98},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Tiger Woods's victory on Sunday was his 80th PGA Tour win, two short of Sam Snead's career record. Tim Bradbury/Getty Images ","type":"text"}],"identifier":"_anf-container-4","layout":"image-container","role":"container","type":"container"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/sports/nfl-week-3.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":33,"start":67},"type":"link"}],"identifier":"_anf-body-37","inlineTextStyles":[{"range":{"length":101,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":101,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":13,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• In the N.F.L., the Detroit Lions upset the New England Patriots, one of the highlights from Week 3.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/sports/baseball/mlb-playoff-races.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":28,"start":64},"type":"link"}],"identifier":"_anf-body-38","inlineTextStyles":[{"range":{"length":93,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":93,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":18,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"•

Baseball playoffs: It’s the final week of the regular season. Here’s where the teams stand.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/movies/house-with-a-clock-in-its-walls-no-1.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":35,"start":97},"type":"link"}],"identifier":"_anf-body-39","inlineTextStyles":[{"range":{"length":166,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":166,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":38,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• “The House With a Clock in Its Walls,” a fantasy from Steven Spielberg’s Amblin Entertainment, earned $27 million and the top spot at the North American box office.","type":"text"},{"identifier":"_anf-heading4-9","layout":"heading4","role":"heading4","text":"Noteworthy","type":"text"},{"identifier":"_anf-body-40","inlineTextStyles":[{"range":{"length":16,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":16,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":14,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• Listen to this","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/us/silence-escapes-noise-pollution-travel.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":35,"start":56},"type":"link"}],"identifier":"_anf-body-41","inlineTextStyles":[{"range":{"length":142,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":142,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"Who doesn’t want a little peace and quiet? Our reporter tagged along with wilderness lovers who travel to remote areas in a quest for silence.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/interactive/2018/09/21/magazine/voyages-travel-sounds-from-the-world.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":34,"start":109},"type":"link"}],"identifier":"_anf-body-42","inlineTextStyles":[{"range":{"length":349,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":349,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"And yet … what if we chose destinations based on sound? One of our most popular stories over the weekend was this piece from The Times Magazine, which takes you on a sonic journey around the world. Listen to the earth cracking in the Atacama Desert of Chile, the deafening roar of a waterfall in Iceland, and the rush of wind through aspens in Utah.","type":"text"},{"identifier":"_anf-body-43","inlineTextStyles":[{"range":{"length":23,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":23,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":21,"start":2},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• “Magnum P.I.” returns","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/arts/television/magnum-pi-review-reboot-jay-hernandez.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":19,"start":188},"type":"link"}],"identifier":"_anf-body-44","inlineTextStyles":[{"range":{"length":208,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":208,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"A reboot of the private-eye-in-paradise series begins tonight on CBS. It is “sleek, loud and possessed of less personality than the expensive vehicles it shoots up and drives off cliffs,” our reviewer writes.","type":"text"},{"identifier":"_anf-body-45","inlineTextStyles":[{"range":{"length":22,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":22,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":21,"start":1},"textStyle":"_anf-ts-102"}],"layout":"default-body","role":"body","text":"• Quotation of the day","type":"text"},{"identifier":"_anf-body-46","inlineTextStyles":[{"range":{"length":48,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":48,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":" “I’m not sure it’s justice. But it’s something.”","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/24/us/glacier-david-marchant-sexual-harassment.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006119195","range":{"length":16,"start":2},"type":"link"}],"identifier":"_anf-body-

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Jane Willenbring, a professor at the University of California, San Diego, who said she was harassed by
Prof. David Marchant while she worked with him on an Antarctic glacier that carried his name. The
glacier has since been renamed.","type":"text"},{"identifier":"_anf-body-
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"Valentino Dixon has never played golf, but he is passionate about golf illustrations — which until
recently, he was drawing from prison in upstate New York. Mr. Dixon was released last week after
serving 27 years for a murder he didn't commit, thanks in part to reporting by Golf Digest. 'I know it
makes no sense,' he says, 'but for some reason my spirit is attuned to this game.'
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","type":"text"}],"identifier":"_anf-container-4","layout":"image-container","role":"container","type":"container"}],"identifier":"_anf-section-2","layout":"default-section","role":"section","scene":{"fadeColor":"#FFFFFF","type":"fading_sticky_header"},"type":"section"},{"identifier":"_anf-body-3","inlineTextStyles":[{"range":{"length":234,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":234,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"WASHINGTON â€" Judge Brett M. Kavanaugh, facing mounting allegations of sexual impropriety and growing doubts over his confirmation to the Supreme Court, vowed on Monday to fight the â€œsmears,â€ saying he will not withdraw his nomination.","type":"text"},{"identifier":"_anf-body-4","inlineTextStyles":[{"range":{"length":410,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":410,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThese are smears, pure and simple. And they debase our public discourse,â€ he wrote in a letter to the senior Republican and Democrat on the Senate Judiciary Committee. â€œBut they are also a threat to any man or woman who wishes to serve our country. Such grotesque and obvious character assassination â€" if allowed to succeed â€" will dissuade competent and good people of all political persuasions from service.â€","type":"text"},{"identifier":"_anf-body-5","inlineTextStyles":[{"range":{"length":277,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":277,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œI will not be intimidated into withdrawing from this process,â€ he continued. â€œThe coordinated effort to destroy my good name will not drive me out. The vile threats of violence against my family will not drive me out. The last-minute character assassination will not succeed.â€","type":"text"},{"additions":[{"URL":"https://int.nyt.com/data/documenthelper/319-brett-kavanaugh-letter-sexual-misconduct/d3dfb41ad1f992b33acd/optimized/full.pdf#page=1","range":{"length":30,"start":1},"type":"link"}],"identifier":"_anf-body-6","inlineTextStyles":[{"range":{"length":32,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":32,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":30,"start":1},"textStyle":"_anf-ts-36"}],"layout":"default-body","role":"body","text":"[Read Judge Kavanaughâ€™s letter.]","type":"text"},{"identifier":"_anf-body-7","inlineTextStyles":[{"range":{"length":409,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":409,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Senior Republicans, led by Senator Mitch McConnell, the majority leader, are closing ranks around the nominee, and they echoed Judge Kavanaughâ€™s claims, accusing Democrats of running â€œa smear campaignâ€ to derail his confirmation. Mr. McConnell took to the Senate floor Monday afternoon to declare unequivocally that the Senate will move forward with a planned hearing on Thursday and a vote on the nomination.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":358,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":358,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œI want to make it perfectly clear, Mr. President: Judge Kavanaugh will be voted on here on the Senate floor,â€ Mr. McConnell said, addressing the Senateâ€™s presiding officer and leaving no room to pressure the nominee to withdraw. â€œUp or down. On the Senate floor, this fine nominee to the Supreme Court will receive a vote in this Senate in the near future.â€","type":"text"},{"components":[{"caption":"In a speech on the Senate floor, Senator Mitch McConnell, the majority leader, defended Judge Brett Kavanaugh against the sexual misconduct allegations against the Supreme Court nominee and said Democrats were helping conduct a â€œsmear campaign.â€","identifier":"_anf-video-1","layout":"video","resourceIdentifier":"VideoResourceRef-1","role":"video","stillImageIdentifier":"51de701d52032712414662e37fc9d436","type":"video"},{"identifier":"_anf-heading6-1","layout":"video-headline","role":"heading6","text":"McConnell Accuses Democrats of â€˜Trying to Destroyâ€™ Kavanaugh","textStyle":"video-headline","type":"text"},{"identifier":"_anf-caption-2","inlineTextStyles":[{"range":{"length":29,"start":245},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"In a speech on the Senate floor, Senator Mitch McConnell, the majority leader, defended Judge Brett Kavanaugh against the sexual misconduct allegations against the Supreme Court nominee and said Democrats were helping conduct a â€œsmear campaign.â€ By C-SPAN on Sept. 24, 2018.","type":"text"}],"identifier":"_anf-container-1","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-

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Fox News is also a favorite venue of the president, offering the judge a more-or-less direct line to make his case to Mr. Trump.","type":"text"},{"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":359,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":359,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Senator Orrin G. Hatch of Utah, a senior Republican on the Judiciary Committee and its former chairman, issued a statement attacking Democrats, who he said â€œwill stop at nothing to prevent Judge Kavanaughâ€™s confirmation,â€ and called for the panel to vote on Judge Kavanaugh after a hearing set for Thursday. Senator Tom Cotton, Republican of Arkansas, agreed.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-2","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-12","inlineTextStyles":[{"range":{"length":166,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":166,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThe Democrats are engaged in a campaign of delay and character assassination against Judge Kavanaugh,â€ Mr. Cotton said Monday morning. â€œItâ€™s time to vote this week.â€","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":241,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":241,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The comments from the Republicans â€" as well as from President Trump, who told reporters on Monday that he will back Judge Kavanaugh â€œall the wayâ€ â€" sought to put to rest speculation that the partyâ€™s support for the nominee could be cracking.","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":505,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":505,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"But in a Senate where Republicans hold a 51-to-49 advantage, Republican leaders ultimately will not decide whether Judge Kavanaugh reaches the highest court in the land. He will need the support of virtually every Senate Republican, including two key swing votes, Susan Collins of Maine and Lisa Murkowski of Alaska; one retiring Republican who has expressed misgivings, Jeff Flake of Arizona; and the one Republican up for re-election in November in a state won by Hillary Clinton, Dean Heller of Nevada.","type":"text"},{"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":429,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":429,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In light of fresh allegations, Democrats have demanded that Republicans once again delay a hearing, now scheduled for Thursday, when one of Judge Kavanaughâ€™s accusers, Christine Blasey Ford, is to testify against him. Dr. Blasey has said that the judge sexually assaulted her when they were teenagers more than 30 years ago. Judge Kavanaugh has vigorously denied the allegation and has said he wants to testify to clear his name.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":548,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":548,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Dr. Blasey has said she intended for her allegations to remain confidential, but after word of them began to leak, she shared her account of the incident with The Washington Post. In a letter sent Saturday to Senator Charles E. Grassley, Republican of Iowa and the chairman of the Judiciary Committee, Dr. Blasey â€" who sometimes goes by her married name, Ford â€" said she decided to share her account with her congresswoman, Representative Anna Eshoo of California, when Judge Kavanaughâ€™s name was being floated as a potential Supreme Court nominee.","type":"text"},{"components":[{"caption":"People protested the nomination of Judge Kavanaugh outside the Supreme Court on Monday. Erin Schaff for The New York

Times","captionComponent":{"text":"People protested the nomination of Judge Kavanaugh outside the Supreme Court on Monday. Erin Schaff for The New York Times"},"identifier":"100000006124223_5ba97c48949fa","imageIdentifier":"7fc5728c5fae283c95854ea58c182d05","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-3","inlineTextStyles":[{"range":{"length":35,"start":87},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"People protested the nomination of Judge Kavanaugh outside the Supreme Court on Monday. Erin Schaff for The New York Times ","type":"text"}],"identifier":"_anf-container-2","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":45,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":45,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Her legal team released the letter on Monday.","type":"text"},{"additions":[{"URL":"https://int.nyt.com/data/documenthelper/320-christine-blasey-ford-grassley-letter/b0b9087dd99c887defbc/optimized/full.pdf#page=1","range":{"length":66,"start":0},"type":"link"}],"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":260,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":260,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The decision to come forward, she wrote, â€œwas a very difficult one, but I felt that this was something that a citizen couldnâ€™t NOT do. I felt agony yet urgency and a civic duty to let it be known, in a confidential manner, prior to the nominee being selected.â€","type":"text"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":408,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":408,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"She went on: â€œMr. Kavanaughâ€™s actions, while many years ago, were serious and have had a lasting impact on my life. I thought that knowledge of his actions could be useful for you and those in charge of choosing among the various candidates. My original intent was first and foremost to be a helpful citizen â€" in a confidential way that would minimize collateral damage to all families and friends involved.â€","type":"text"},{"additions":[{"URL":"https://int.nyt.com/data/documenthelper/320-christine-blasey-ford-grassley-letter/b0b9087dd99c887defbc/optimized/full.pdf#page=1","range":{"length":25,"start":1},"type":"link"}],"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":27,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":27,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":1,"start":25},"textStyle":"_anf-ts-36"},{"range":{"length":9,"start":16},"textStyle":"_anf-ts-36"},{"range":{"length":15,"start":1},"textStyle":"_anf-ts-36"}],"layout":"default-body","role":"body","text":"[Read Dr. Blaseyâ€™s letter.]","type":"text"},{"additions":[{"URL":"https://www.judiciary.senate.gov/imo/media/doc/2018-09-24%20Grassley%20to%20Ford%20-%20Ford%20Allegations.pdf","range":{"length":8,"start":13},"type":"link"}],"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":437,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":437,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Grassley replied that he was committed to making sure she was heard. â€œItâ€™s important to me that you personally know how sincere and thorough this effort has been, including my commitment to make sure committee members and other senators are able to hear directly from you,â€ he wrote, in a letter his aides released Monday. He added a postscript in his own hand: â€œP.S. I look forward to your testimony.â€ He signed the letter, â€œChuck.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":1,"start":195},"type":"link"},{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":66,"start":196},"type":"link"}],"identifier":"_anf-body-22","inlineTextStyles":[{"range":{"length":378,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":378,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"On Sunday evening, just hours after lawyers for Dr. Blasey and Senate Judiciary Committee aides finished negotiations on the shape of Thursdayâ€™s hearing, new allegations began to surface. First, The New Yorker published an interview with a woman, Deborah Ramirez, who said that Judge Kavanaugh exposed himself to her at a drunken dormitory party during their first year at Yale.","type":"text"},{"identifier":"_anf-body-

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Ms. Ramirez herself contacted former Yale classmates asking if they recalled the episode and told some of them that she could not be certain Mr. Kavanaugh was the one who exposed himself.","type":"text"},{"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":45,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":45,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The New Yorker strongly stood by its article.","type":"text"},{"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":462,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":462,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Adding to Republican concerns, Michael Avenatti, the lawyer for Stephanie Clifford, the pornographic film actress who claims to have had an affair with Mr. Trump before he became president, posted additional salacious allegations on Twitter. A spokesman for Senator Charles E. Grassley, Republican of Iowa and the Judiciary Committee chairman, said Republicans are looking into the new allegations, but they intend to continue with Thursdayâ€™s hearing as planned.","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":435,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":435,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Republicans find themselves caught between the growing anger of many female voters over the Kavanaugh allegations and the demands of core conservative voters infuriated by what they see as a Democratic plot. Religious conservatives have doubled down on their support for Judge Kavanaugh, arguing that the developments are a last-ditch effort by Democrats to derail the conservative judicial agenda that Mr. Trump promised them in 2016.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-5","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":95,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":95,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"And conservative judicial activists are keeping up the pressure on Republicans to plow forward.","type":"text"},{"identifier":"_anf-body-28","inlineTextStyles":[{"range":{"length":423,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":423,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThe White House is clearly very strongly behind him,â€ said Carrie Severino, chief counsel and policy director of the Judicial Crisis Network, a conservative advocacy group that is coordinating support for Judge Kavanaugh. â€œWe are very strongly behind him. If anything, Iâ€™m seeing conservatives more galvanized by what is going on because it has become such a pattern of unsubstantiated smears and character assassination.â€","type":"text"},{"identifier":"_anf-body-29","inlineTextStyles":[{"range":{"length":118,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":118,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Judge Kavanaughâ€™s lawyers, Beth Wilkinson and Alexandra Walsh, assailed The New Yorker article on Monday as unfounded.","type":"text"},{"identifier":"_anf-body-30","inlineTextStyles":[{"range":{"length":381,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":381,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œIt is facts and evidence that matter when accusations of this kind are made,â€ the lawyers said in a statement. â€œNotwithstanding that, the editors of The New Yorker chose to publicize a story describing an alleged incident from Judge Kavanaughâ€™s college days that not a single eyewitness could corroborate and that even the person making the allegation is herself uncertain about.â€","type":"text"},{"identifier":"_anf-body-31","inlineTextStyles":[{"range":{"length":318,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":318,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"They said that â€œtestimony as well as documentary evidence from the timeâ€ will exonerate him of the allegation that he assaulted Dr. Blasey, presumably a reference to calendar pages that Judge Kavanaugh kept from the summer of 1982 that do not show a party clearly matching the small gathering Dr. Blasey has described.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-6","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-32","inlineTextStyles":[{"range":{"length":224,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":224,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-

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Credit: Michael Short/Bloomberg News","captionComponent":{"text":"Google CEO Sundar Pichai speaks during the Google I/O Developers Conference in Mountain View, Calif., in May 8.  Credit: Michael Short/Bloomberg News"},"identifier":"_anf-photo-1","imageIdentifier":"c2ce9194131e3a1e38ca2d506fa1fad3","layout":"mainImageLayout","role":"photo","type":"scalable_image"},{"identifier":"_anf-author-1","layout":"authorLayout","role":"author","text":"By John D. McKinnon and Douglas MacMillan","textStyle":"authorStyle","type":"text"},{"identifier":"_anf-byline-1","layout":"bodyLayout","role":"byline","text":"September 24, 2018, 6:58 pm ET","textStyle":"bylineStyle","type":"text"},{"components":[{"identifier":"_anf-body-1","layout":"bodyLayout","role":"body","text":"WASHINGTON—Google Chief Executive Sundar Pichai plans to appear at a private meeting of top GOP lawmakers on Friday and again at a public hearing this year, responding to new scrutiny of the company's work with China, its market power and alleged bias against conservatives in its search results.","type":"text"},{"identifier":"_anf-body-2","layout":"bodyLayout","role":"body","text":"The move comes amid growing regulatory concerns for the Alphabet Inc. unit and other big internet services such as Facebook Inc. and Twitter Inc., as bipartisan worries grow about the companies' size and influence, as well as the potential for abuses.","type":"text"},{"components":[{"identifier":"_anf-image-1","imageIdentifier":"31f826001ad5f149585205e453f43966","layout":"iconLayout","role":"image","type":"image"},{"identifier":"_anf-title-2","layout":"insetTitleLayout","role":"title","text":"What's News","textStyle":"insetTitle","type":"text"},{"identifier":"_anf-body-3","layout":"insetSummaryLayout","role":"body","text":"What's News is a digest of the day's most important business and markets news to watch, delivered to your inbox.","textStyle":"insetSummary","type":"text"},{"additions":[{"URL":"https://www.wsj.com/newsletters?sub=401?mod=wsjan","range":{"length":7,"start":0},"type":"link"}],"identifier":"_anf-body-4","layout":"insetButtonLayout","role":"body","text":"SIGN UP","textStyle":"insetButtonTextStyle","type":"text"}],"identifier":"_anf-container-4","layout":"whatsNewsInsetLayout","role":"container","style":"_anf-cs-1","type":"container"},{"identifier":"_anf-body-5","layout":"bodyLayout","role":"body","text":"“Google has a lot of questions to answer about reports of bias in its search results, violations of user privacy, anticompetitive behavior and business dealings with repressive regimes like China," said House Majority Leader Kevin McCarthy (R., Calif.), who is organizing Friday's meeting. He added that Mr. Pichai has "kindly" agreed to field Congress's questions with Republican members on Friday. Mr. Pichai also is expected to appear at a House Judiciary Committee hearing after the November election.","type":"text"},{"identifier":"_anf-body-6","layout":"bodyLayout","role":"body","text":"Mr. McCarthy has complained that Google works with China to censor the internet but has canceled a contract with the U.S. military. Google this year said it wouldn't renew a contract with the U.S. Department of Defense

over employee concerns about aiding military projects; the company has also tested a mobile version of its search engine that would adhere to China's strict controls over content, a person familiar with the matter said.","type":"text"}],"identifier":"_anf-container-1","layout":"ComponentLayout-1","role":"container","type":"container"},{"identifier":"_anf-medium_rectangle_advertisement-1","layout":"mediumAdvertisementLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"components":[{"identifier":"_anf-body-7","layout":"bodyLayout","role":"body","text":"The tech industry began facing serious political challenges last year, amid revelations of Russian meddling in the 2016 election, but Google initially escaped some of the intense scrutiny that Facebook and Twitter have endured. Since then, however, the company has drawn fire over privacy on its Gmail service and allegations by conservatives that its search results stifle their viewpoints. Lawmakers have also expressed frustration with Google for not sending a top-level executive to a recent hearing.","type":"text"},{"identifier":"_anf-body-8","layout":"bodyLayout","role":"body","text":"“I look forward to meeting with members on both sides of the aisle, answering a wide range of questions, and explaining our approach. These meetings will continue Google's long history of engaging with Congress, including testifying seven times to Congress this year,” Mr. Pichai said.","type":"text"},{"identifier":"_anf-body-9","layout":"bodyLayout","role":"body","text":"Mr. McCarthy, who is aiming to help preserve the GOP's House majority and improve his chances of becoming speaker, has emerged as a vocal critic of the tech companies in recent months, as conservative voters appear to be focusing more on the issue of alleged political bias. He has been joined by President Trump, who recently accused Google of manipulating search results to highlight negative news reports about him.","type":"text"},{"components":[{"identifier":"_anf-text-2","layout":"moreTitleLayout","role":"body","text":"MORE FROM WSJ","textStyle":"moreTitle","type":"text"}],"identifier":"_anf-container-5","layout":"whatsNewsInsetLayout","role":"container","style":"_anf-cs-1","type":"container"},{"components":[{"additions":[{"URL":"https://www.wsj.com/articles/used-car-sales-boom-as-new-cars-get-too-pricey-for-many-1537700401?mod=wsjan","range":{"length":55,"start":0},"type":"link"}],"identifier":"_anf-body-10","layout":"moreLinkLayout","role":"body","text":"Used-Car Sales Boom as New Cars Get Too Pricey for Many","textStyle":"moreBody","type":"text"},{"additions":[{"URL":"https://www.wsj.com/articles/the-art-market-pounces-on-its-next-big-star-now-she-has-to-hold-on-1537539884?mod=wsjan","range":{"length":70,"start":0},"type":"link"}],"identifier":"_anf-body-11","layout":"moreLinkLayout","role":"body","text":"Art World's Newest Star Makes $3 Million Paintings. Is the Crash Next?","textStyle":"moreBody","type":"text"},{"additions":[{"URL":"https://www.wsj.com/graphics/retirement-calculator/?mod=wsjan","range":{"length":34,"start":0},"type":"link"}],"identifier":"_anf-body-12","layout":"moreLinkLayout","role":"body","text":"Graphic: Can You Afford to Retire?","textStyle":"moreBody","type":"text"},{"additions":[{"URL":"https://www.wsj.com/articles/the-billion-dollar-mystery-man-and-the-wildest-party-vegas-ever-saw-1536984061?mod=wsjan","range":{"length":67,"start":0},"type":"link"}],"identifier":"_anf-body-13","layout":"moreLinkLayout","role":"body","text":"The Billion-Dollar Mystery Man and the Wildest Party Vegas Ever Saw","textStyle":"moreBody","type":"text"},{"additions":[{"URL":"https://www.wsj.com/articles/which-colleges-give-you-the-best-value-in-wsj-the-rankings-1536188485?mod=wsjan","range":{"length":58,"start":0},"type":"link"}],"identifier":"_anf-body-14","layout":"moreLinkLayout","role":"body","text":"Which Colleges Give You the Best Value in WSJ/THE Rankings","textStyle":"moreBody","type":"text"},{"additions":[{"URL":"https://www.wsj.com/graphics/genz-is-coming-to-your-office/?mod=wsjan","range":{"length":51,"start":0},"type":"link"}],"identifier":"_anf-body-15","layout":"moreLinkLayout","role":"body","text":"Gen Z Is Coming to Your Office. Get Ready to Adapt.","textStyle":"moreBody","type":"text"}],"identifier":"_anf-container-6","layout":"_defaultComponentLayout","role":"container","type":"container"},{"identifier":"_anf-body-16","layout":"bodyLayout","role":"body","text":"Tech firms deny that they skew their news feeds, search or other functions to boost liberals or hurt conservatives.","type":"text"},{"identifier":"_anf-body-17","layout":"bodyLayout","role":"body","text":"Democrats including Sens. Mark Warner of Virginia and Elizabeth Warren of Massachusetts have also criticized Google on China and other issues.","type":"text"},{"identifier":"_anf-body-18","layout":"bodyLayout","role":"body","text":"Additional

meetings planned for Washington this week could provide a glimpse of what steps policy makers and regulators could take to rein in the tech giants.","type":"text"}],"identifier":"_anf-container-2","layout":"ComponentLayout-1","role":"container","type":"container"},{"identifier":"_anf-medium_rectangle_advertisement-2","layout":"mediumAdvertisementLayout","role":"medium_rectangle_advertisement","type":"medium_rectangle_advertisement"},{"components":[{"identifier":"_anf-body-19","layout":"bodyLayout","role":"body","text":"On Tuesday, U.S. Attorney General Jeff Sessions is expected to meet with state attorneys general to discuss alleged stifling of conservative speech online, as well as possible antitrust concerns over Google as well as Facebook and others. On Wednesday, the Senate Commerce Committee holds a hearing focused on internet privacy concerns, amid growing bipartisan calls for legislation to govern online data collection and use.","type":"text"},{"identifier":"_anf-body-20","layout":"bodyLayout","role":"body","text":"Tech firms also are facing a new documentary by a prominent conservative author, Peter Schweizer. The film, entitled “The Creepy Line,” raises allegations that tech firms hold too much power and suppress conservative views.","type":"text"},{"identifier":"_anf-body-21","layout":"bodyLayout","role":"body","text":"Conservatives’ current focus on big tech clearly has a potential political upside. A majority of Republicans—64%—say major tech companies support the views of liberals over conservatives, according to a recent Pew Research Center poll.","type":"text"},{"identifier":"_anf-body-22","layout":"bodyLayout","role":"body","text":"Allegations of anticonservative bias also could help divert attention from Russian meddling in the 2016 election that appeared to use tech platforms such as Facebook to manipulate public opinion and support Mr. Trump.","type":"text"},{"identifier":"_anf-body-23","layout":"bodyLayout","role":"body","text":"But the current antitech atmosphere goes beyond political maneuvering. As concerns grow among lawmakers and regulators, the debate appears to be expanding from politics to policy, and prospects for new regulation are increasing, no matter who wins the midterm election and control of the House and Senate.","type":"text"},{"identifier":"_anf-body-24","layout":"bodyLayout","role":"body","text":"That reality came home in a letter that a bipartisan group of senators wrote last week to the Trump administration, urging legislation to impose a new “enforceable nationwide standard” for collection and use of online data. The letter was written by the top Republicans and Democrats on two Senate Commerce subcommittees, Sens. Jerry Moran (R., Kan.), Roger Wicker (R., Miss.), Richard Blumenthal (D., Conn.) and Brian Schatz (D., Hawaii).The administration also could release its own set of principles for online privacy this week. They could further fuel talk of broad online privacy legislation—something the tech companies have successfully avoided for years.","type":"text"},{"additions":[{"range":{"length":21,"start":29},"to":"john.mckinnon@wsj.com","type":"email"},{"range":{"length":25,"start":76},"to":"douglas.macmillan@wsj.com","type":"email"}],"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":8,"start":0},"textStyle":"_anf-ts-1"}],"layout":"bodyLayout","role":"body","text":"Write to John D. 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2014 at a groundbreaking ceremony in Summit, N.J., for Celgene, the pharmaceutical company he led until stepping down to run for United States Senate. To his right are Representative Leonard Lance of New Jersey and former Gov. Chris Christie. Mel Evans/Associated Press"},"identifier":"100000006098011_5ba8b80411187","imageIdentifier":"e126e7bde26613f50f2609cb8776d827","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-1","inlineTextStyles":[{"range":{"length":27,"start":261},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Bob Hugin spoke in 2014 at a groundbreaking ceremony in Summit, N.J., for Celgene, the pharmaceutical company he led until stepping down to run for United States Senate. To his right are Representative Leonard Lance of New Jersey and former Gov. Chris Christie. Mel Evans/Associated Press ","type":"text"}],"identifier":"_anf-container-5","layout":"image-container","role":"container","type":"container"}],"identifier":"_anf-section-2","layout":"default-section","role":"section","scene":{"fadeColor":"#FFFFFF","type":"fading_sticky_header"},"type":"section"},{"additions":[{"URL":"https://www.businesswire.com/news/home/20180129005762/en/Celgene-Announces-Retirement-Executive-Chairman-Bob-Hugin","range":{"length":34,"start":194},"type":"link"}],"identifier":"_anf-body-6","inlineTextStyles":[{"range":{"length":363,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":363,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"When Bob Hugin joined Celgene in 1999 as its chief financial officer, the company was a struggling biotech that sold just one product â€" a leprosy drug â€" and faced a shaky future. By the time he stepped down as executive chairman in February to run for United States Senate, Celgene had become a pharmaceutical powerhouse with a market value of nearly $80 billion.","type":"text"},{"additions":[{"URL":"https://ir.celgene.com/press-releases/press-release-details/2018/Celgene-Reports-Fourth-Quarter-and-Full-Year-2017-Operating-and-Financial-Results/default.aspx","range":{"length":17,"start":177},"type":"link"}],"identifier":"_anf-body-7","inlineTextStyles":[{"range":{"length":195,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":195,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"And that onetime leprosy drug? It had been transformed into Revlimid, a best-selling cancer drug that, with annual sales of $8.2 billion, made up nearly two-thirds of Celgeneâ€™s net sales in 2017.","type":"text"},{"additions":[{"URL":"https://youtu.be/K4AqlkLfs5w","range":{"length":34,"start":174},"type":"link"}],"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":324,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":324,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Hugin, a Republican mounting a surprisingly strong challenge to Senator Robert Menendez in New Jersey, has made his career at Celgene a cornerstone of his campaign, with television advertisements boasting that he â€œchose a life of serviceâ€ in the Marines and â€œleading a health care company that develops cancer medicine.â€","type":"text"},{"identifier":"_anf-body-9","inlineTextStyles":[{"range":{"length":299,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":299,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In deeply blue New Jersey, few expected a real contest for Mr. Menendezâ€™s seat. Yet anger stemming from Mr. Menendezâ€™s federal corruption trial last year â€" a trial that Mr. Huginâ€™s campaign reminds television viewers in New Jersey about on a regular basis â€" has dampened his popularity among voters.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://twitter.com/realDonaldTrump/status/1016368503723577344","range":{"length":21,"start":213},"type":"link"},{"URL":"https://news.gallup.com/poll/12748/business-industry-sector-ratings.aspx","range":{"length":16,"start":238},"type":"link"}],"identifier":"_anf-body-10","inlineTextStyles":[{"range":{"length":413,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":413,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"But Mr. Huginâ€™s professional career could also prove to be a liability â€" he is the sole pharmaceutical executive running for statewide office in 2018. Anger over high drug prices has risen and President Trump has vilified the industry. A 2017 Gallup poll found that just 33 percent of the country had a favorable view of the drug industry, the second-lowest of any sector. (The lowest was the federal government.)","type":"text"},{"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":394,"start":0},"textStyle":"_anf-ts-

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Several generic drug companies have sued the company claiming that Celgene denied them access to drug samples needed to make cheaper copies.","type":"text"},{"additions":[{"URL":"https://www.youtube.com/watch?v=RIfs6hthwGo","range":{"length":71,"start":138},"type":"link"}],"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":334,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":334,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Hugin has also been targeted by a super PAC run by a cancer patient taking Revlimid that launched a $1.5 million advertising campaign criticizing steep price hikes of cancer drugs during Mr. Huginâ€™s tenure at Celgene. And the Menendez campaign has attacked him around drug prices, personal profits and the $280 million settlement.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-2","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":38,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":38,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Hugin has dismissed the criticism.","type":"text"},{"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":317,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":317,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œNew Jersey voters are a lot smarter than my opponent gives them credit for,â€ Mr. Hugin said in a statement. â€œThey understand that it costs billions of dollars in research and development, and years of hard work by hundreds of researchers and scientists, to develop medicines that successfully treat and cure cancer.â€","type":"text"},{"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":237,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":237,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some experts are not so sure. Patrick Murray, director of the Monmouth University Poll, noted that despite the fact that many large drug companies are based in New Jersey, public opinion in the state likely mirrors the national attitude.","type":"text"},{"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":228,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":228,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œConcern about being able to afford health care is the top issue mentioned by voters in our polling for this yearâ€™s midterm, in large part because of rising drug costs,â€ Mr. Murray said. â€œThis provides an opening for Menendez.â€™â€™","type":"text"},{"components":[{"caption":"Mr. Menendez has attacked Mr. Huginâ€™s record as a pharmaceutical executive, accusing him of profiting from major price increases for cancer drugs. Bryan Anselm for The New York Times","captionComponent":{"text":"Mr. Menendez has attacked Mr. Huginâ€™s record as a pharmaceutical executive, accusing him of profiting from major price increases for cancer drugs. Bryan Anselm for The New York Times"},"identifier":"100000006098032_5ba8b80411dfc","imageIdentifier":"5e5526aaedbd7af8c8bade0a70b11da0","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-2","inlineTextStyles":[{"range":{"length":36,"start":146},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Mr. Menendez has attacked Mr. Huginâ€™s record as a pharmaceutical executive, accusing him of profiting from major price increases for cancer drugs. Bryan Anselm for The New York Times ","type":"text"}],"identifier":"_anf-container-1","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":277,"start":0},"textStyle":"_anf-ts-

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Even with Mr. Menendezâ€™s vulnerabilities, New Jersey has nearly 900,000 more registered Democrats than Republicans, and a number of competitive House races that have attracted national attention.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-heading4-1","layout":"heading4","role":"heading4","text":"A once-notorious drug becomes a lucrative cancer weapon","type":"text"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":235,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":235,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"When Mr. Hugin arrived at Celgene in June 1999, the company was struggling to figure out how to turn a profit on its only marketed drug, Thalomid, which had been approved a year earlier to treat a rare skin condition caused by leprosy.","type":"text"},{"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":158,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":158,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Thalomid was Celgeneâ€™s brand name for thalidomide, an old drug that became notorious in the 1960s after it was traced to thousands of birth defects worldwide.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/1997/11/28/us/thalidomide-once-banned-is-in-demand.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006090758","range":{"length":61,"start":55},"type":"link"},{"URL":"https://www.nytimes.com/1997/11/28/us/thalidomide-once-banned-is-in-demand.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006090758","range":{"length":11,"start":116},"type":"link"}],"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":358,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":358,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Thalidomide had fallen into obscurity until the 1990s, when new research suggested it could be useful for a variety of diseases. AIDS activists were smuggling it into the country and selling it through black-market â€œbuyers clubsâ€ after research suggested the drug could be used for AIDS wasting syndrome and Kaposi sarcoma, two serious complications of AIDS.","type":"text"},{"identifier":"_anf-body-22","inlineTextStyles":[{"range":{"length":187,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":187,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"F.D.A. officials, alarmed that a notorious drug was being sold illicitly, took the unusual step of seeking out drug companies that might be willing to bring thalidomide to market legally.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-23","inlineTextStyles":[{"range":{"length":109,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":109,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Celgene, then a little-known New Jersey company that had never sold a drug, ultimately took up the challenge.","type":"text"},{"additions":[{"URL":"https://www.hrsa.gov/hansens-disease/clinical-center.html","range":{"length":38,"start":113},"type":"link"}],"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In 1998, Celgeneâ€™s application was approved to treat erythema nodosum leprosum, a complication of leprosy, which is extremely rare in the United States. In 2007, Celgene said that just 100 prescriptions a year were written to treat the skin condition.","type":"text"},{"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":256,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":256,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"But leprosy was hardly the point: The F.D.A.â€™s main goal was to keep the drug from harming infants, and it did so by requiring that Celgene set up a first-of-its-kind distribution system that would limit prescriptions to preapproved doctors and pharmacies.","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":320,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":320,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Celgene, meanwhile, had ambitious plans. Thalidomide was generating intense excitement in the medical world, and from the start the company made clear it would not stop at treating leprosy. Celgene needed a finance executive to

pitch its story to Wall Street. It settled on Mr. Hugin, a managing director at J.P. Morgan.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-5","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://bobhugin.com/about/","range":{"length":19,"start":176},"type":"link"},{"URL":"https://www.sec.gov/Archives/edgar/data/816284/000100515000000449/0001005150-00-000449.txt","range":{"length":21,"start":223},"type":"link"}],"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":461,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":461,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"At the time, the companyâ€™s financial situation was perilous. Celgene had 200 employees and was getting by on less than six weeks of cash when Mr. Hugin joined, according to his campaign biography. A year later, the company warned investors that, â€œduring the next several years, we will be very dependent on the commercial success of Thalomid,â€ while also acknowledging that the market for the only disease for which the drug was approved was â€œrelatively small.â€","type":"text"},{"identifier":"_anf-heading4-2","layout":"heading4","role":"heading4","text":"Seeking a windfall by exploiting drug safety rules","type":"text"},{"identifier":"_anf-body-28","inlineTextStyles":[{"range":{"length":387,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":387,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Drug companies are forbidden from promoting a drug for any unapproved uses, but doctors have broad discretion to prescribe a product for a range of diseases. Celgene appeared to exploit this distinction almost as soon as Thalomid arrived on the market, according to company filings, public statements and internal documents included in the whistle-blower lawsuit Celgene settled in 2017.","type":"text"},{"identifier":"_anf-body-29","inlineTextStyles":[{"range":{"length":257,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":257,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The company hired a team of 60 sales representatives, many of whom had experience in oncology, according to financial filings, and just months after Thalomid arrived on the market, Celgene announced that it would pursue F.D.A. approval for multiple myeloma.","type":"text"},{"components":[{"caption":"Mr. Hugin has defended his role as a top executive at Celgene, saying that he helped lead a company that developed life-saving medicines.  Rick Loomis for The New York Times","captionComponent":{"text":"Mr. Hugin has defended his role as a top executive at Celgene, saying that he helped lead a company that developed life-saving medicines.  Rick Loomis for The New York Times"},"identifier":"100000006098033_5ba8b804122ca","imageIdentifier":"c275d4ffa64cd5696e6a2645c43f84a0","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-3","inlineTextStyles":[{"range":{"length":35,"start":138},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Mr. Hugin has defended his role as a top executive at Celgene, saying that he helped lead a company that developed life-saving medicines.  Rick Loomis for The New York Times ","type":"text"}],"identifier":"_anf-container-2","layout":"image-container","role":"container","type":"container"},{"additions":[{"URL":"http://wayback.archive-it.org/7993/20170112071439/http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/EnforcementActivitiesbyFDA/WarningLettersandNoticeofViolationLetterstoPharmaceuticalCompanies/UCM167840.pdf","range":{"length":47,"start":100},"type":"link"},{"URL":"https://www.washingtonpost.com/archive/politics/2000/05/05/fda-moves-to-curb-ads-for-thalidomide/dd6ce44a-711b-424c-a9a0-ae67168f170c/?utm_term=.f0af824af352","range":{"length":16,"start":246},"type":"link"}],"identifier":"_anf-body-30","inlineTextStyles":[{"range":{"length":319,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":319,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The F.D.A. reprimanded Celgene multiple times in those early years, telling the company that it had not adequately warned about thalidomideâ€™s risks in its announcement about multiple myeloma, and calling a meeting in December 1998 to warn of its â€œstrong concernâ€ that Celgene was marketing Thalomid for unapproved uses.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-6","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"http://wayback.archive-it.org/7993/20170112070734/http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/EnforcementActivitiesbyFDA/WarningLettersandNoticeofViolationLetterstoPharmaceuticalCompanies/UCM165843.pdf","range":{"length":41,"start":9},"type":"link"}],"i

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that it had evidence the company was improperly marketing Thalomid for a variety of
cancers as well as to promote a feeling of â€œgeneral well-beingâ€ in cancer
patients.","type":"text"},{"identifier":"_anf-body-
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to provide and distribute thalidomide responsibly is essential to the public health,â€
the agency wrote in the
letter.","type":"text"},{"additions":[{"URL":"https://www.sec.gov/Archives/edgar/data/8
16284/000100515001000229/0001005150-01-
000229.txt","range":{"length":20,"start":286},"type":"link"}],"identifier":"_anf-body-
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body","role":"body","text":"Over the next few years, however, Mr. Hugin and other top
executives repeatedly referred to Thalomid â€" and later Revlimid â€" as the key to
Celgeneâ€™s financial future, even though it would not get formal approval to market
the drugs to treat certain cancers until 2005 and 2006. In 2001, the company reported
that 92 percent of Thalomidâ€™s prescriptions were being written to treat cancer, and
at an investor conference in 2004, Mr. Hugin said, â€œThalomid is important, because it
is the financial engine that drives us.â€","type":"text"},{"identifier":"_anf-body-
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saying it settled the lawsuit in 2017 to avoid the uncertainty, distraction and expense
of protracted litigation.â€","type":"text"},{"identifier":"_anf-body-
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promising treatments for multiple myeloma, a disease that affects more than 30,000
patients a year, was a windfall for
Celgene.","type":"text"},{"additions":[{"URL":"https://media.celgene.com/content/upload
s/revlimid-long-
form.pdf","range":{"length":17,"start":200},"type":"link"}],"identifier":"_anf-body-
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Revlimid, a closely related derivative of thalidomide, initially cost about $6,000. By
2017, Celegene had raised the price of a monthâ€™s supply to more than
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as a result of its legal monopoly. Under federal regulations, a pharmaceutical company
can exclusively market a drug for up to seven years. Once that period expires, along
with any patents, the market opens to generic competition and prices typically fall
precipitously.","type":"text"},{"identifier":"_anf-body-
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mounted an aggressive campaign to extend its
monopoly.","type":"text"},{"identifier":"_anf-body-
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body","role":"body","text":"â€œTheyâ€™ve gone to pretty great lengths to protect that
drug and to build as many walls around it as they can,â€ said Michael Brzica, the vice
president for federal government affairs at the Association for Accessible Medicines,
the generic drug industryâ€™s lobbying group.","type":"text"},{"identifier":"_anf-body-
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to samples of its drugs, which generic companies need to test their competing

products.","type":"text"},{"identifier":"_anf-body-41","inlineTextStyles":[{"range":{"length":258,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":258,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In restricting access to Revlimid and Thalomid, Celgene relied on a federal requirement that the distribution of those drugs be tightly regulated because of their dangerous side effects under a program known as Risk Evaluation and Mitigation System, or REMS.","type":"text"},{"components":[{"caption":"Elaine Kodish, who lives in Los Angeles, said she pays $785 a month for Revlimid, a drug produced by Celgene that helps treat her multiple myeloma. Emily Berl for The New York Times","captionComponent":{"text":"Elaine Kodish, who lives in Los Angeles, said she pays $785 a month for Revlimid, a drug produced by Celgene that helps treat her multiple myeloma. Emily Berl for The New York Times"},"identifier":"100000006098034_5ba8b8041267d","imageIdentifier":"eee32d2f6bc7b8bdb7a6a5d6cab07a43","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-4","inlineTextStyles":[{"range":{"length":34,"start":147},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":"Elaine Kodish, who lives in Los Angeles, said she pays $785 a month for Revlimid, a drug produced by Celgene that helps treat her multiple myeloma. Emily Berl for The New York Times ","type":"text"}],"identifier":"_anf-container-3","layout":"image-container","role":"container","type":"container"},{"identifier":"_anf-body-42","inlineTextStyles":[{"range":{"length":111,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":111,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Congress expressly prohibited drug companies from using these programs to block or delay generic drug approval.","type":"text"},{"identifier":"_anf-body-43","inlineTextStyles":[{"range":{"length":88,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":88,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Yet, according to three lawsuits filed by generic drug companies, Celgene did just that.","type":"text"},{"identifier":"_anf-body-44","inlineTextStyles":[{"range":{"length":315,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":315,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"It began with a simple refusal to distribute samples of their drugs, citing REMS and demanding that generic drug companies provide written confirmation from the F.D.A. permitting Celgene to provide drug samples. In the case of Mylan, one of the generic drug companies that sued Celgene, this process took 19 months.","type":"text"},{"identifier":"_anf-body-45","inlineTextStyles":[{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"After the generic companies sent approval from the F.D.A., Celgene would request more information before agreeing to distribute the drug. But according to court documents in the Mylan case, these requests were laborious, irrelevant and time consuming.","type":"text"},{"identifier":"_anf-body-46","inlineTextStyles":[{"range":{"length":244,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":244,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The voluminous requests from Celgene became a rinse-and-repeat cycle for many of the generic drug companies, according to court documents. Two companies, Lannett and Barr Laboratories, settled with Celgene. Mylanâ€™s suit will soon head to trial.","type":"text"},{"identifier":"_anf-body-47","inlineTextStyles":[{"range":{"length":208,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":208,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThis is really concerning conduct and Celgene is by far the worst offender,â€ Michael Carrier, a professor at Rutgers Law School who studies patent law, said of Celgeneâ€™s tactics to delay generic development.","type":"text"},{"identifier":"_anf-heading4-4","layout":"heading4","role":"heading4","text":" Campaign attack ads over soaring drug prices","type":"text"},{"additions":[{"URL":"https://poll.qu.edu/new-jersey/release-detail?ReleaseID=2563","range":{"length":27,"start":160},"type":"link"}],"identifier":"_anf-body-48","inlineTextStyles":[{"range":{"length":295,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":295,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"As the Senate race careens toward the final weeks, the Menendez campaign has seen some troubling signs in recent polling. Despite maintaining a six-point lead, a Quinnipiac poll in August found that 49 percent of New Jersey voters believed that Mr. Menendez â€œwas involved in serious wrongdoing.â€","type":"text"},{"additions":[{"URL":"https://www.youtube.com/watch?v=XE8lizocN4s&feature=youtu.be","range":{"length":21,"start":150},"type":"link"},{"URL":"htt

ps://www.youtube.com/watch?v=RIfs6hthwGo","range":{"length":18,"start":172},"type":"lin
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body","role":"body","text":"Since Labor Day, Mr. Menendezâ€™s campaign, perhaps in a
sign of vulnerability, has aggressively ramped up its advertising campaign, with a
majority of the political attacks accusing Mr. Hugin of raising drug prices to maximize
profits.","type":"text"},{"identifier":"_anf-body-
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executive and become executive chairman, the company suffered two major setbacks in its
development pipeline: A drug it had hoped would be a breakthrough in treating Crohnâ€™s
disease failed to outperform a control group and Otezla, a psoriasis drug, badly missed
sales expectations.","type":"text"},{"additions":[{"URL":"https://ir.celgene.com/press-
releases/press-release-details/2017/Celgene-Provides-Update-on-GED-0301-mongersen-
Inflammatory-Bowel-Disease-
Program/default.aspx","range":{"length":39,"start":21},"type":"link"},{"URL":"https://i
r.celgene.com/press-releases/press-release-details/2017/Celgene-Provides-Update-on-GED-
0301-mongersen-Inflammatory-Bowel-Disease-
Program/default.aspx","range":{"length":20,"start":60},"type":"link"},{"URL":"https://w
ww.streetinsider.com/Analyst+Comments/Celgene+%28CELG%29%3A+Price+Increases+Add+8c+In+1
7+-
+Suntrust/13411298.html","range":{"length":64,"start":161},"type":"link"}],"identifier"
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Kodish, a 76-year-old retiree from Los Angeles, briefly stopped taking Revlimid after
her Medicare drug plan required she pay more than $450 a month for the drug that keeps
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ballooning out-of-pocket costs â€" she has since returned to taking Revlimid, which now
costs her about $785 per month â€" she said she recently sold her stake. â€œIâ€™m
grateful to the drug companies, donâ€™t get me wrong,â€ Ms. Kodish said. â€œHowever,
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Kavanaugh, his Supreme Court nominee, teetered over a sexual assault allegation from decades ago, President Trump vented his frustration about his own partyâ€™s unwillingness to aggressively hit back.","type":"text"},{"identifier":"_anf-body-4","inlineTextStyles":[{"range":{"length":447,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":447,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Speaking to thousands of supporters at a rally in Missouri on Friday, Mr. Trump recounted how he had implored an unnamed senator to â€œfight forâ€ Judge Kavanaugh, and â€œnot worry about the other side.â€ The lawmaker pushed back, the president said, citing his experience from 25 years in politics. But Mr. Trump said he had told the man that he knew better: â€œIâ€™ve been in politics for two and a half years, and Iâ€™m the president of the United States.â€","type":"text"},{"additions":[{"URL":"https://apple.news/ASDpb1vcRQemX7gbpw9LQYg","range":{"length":45,"start":327},"type":"link"}],"identifier":"_anf-body-5","inlineTextStyles":[{"range":{"length":421,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":421,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The exchange highlighted the clash between Mr. Trumpâ€™s pugnacious instincts and the political realities surrounding Judge Kavanaughâ€™s imperiled nomination. Mr. Trump is confronting a situation that is beyond his control, with the Senate Judiciary Committee making the decisions, including a momentous one on Sunday in which it reached an agreement to hear public testimony from the judgeâ€™s accuser, Christine Blasey Ford.","type":"text"},{"identifier":"_anf-body-6","inlineTextStyles":[{"range":{"length":414,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":414,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"With one notable exception late last week, Mr. Trump has heeded instructions from his advisers and Republican senators to hold his fire, lest he provoke a calamitous backlash. Constrained by his partyâ€™s perilous electoral prospects and the accusations of sexual misconduct he himself has faced in the past, the president is virtually powerless to influence the outcome of perhaps his administrationâ€™s top priority.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-7","inlineTextStyles":[{"range":{"length":503,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":503,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The public spectacle that will surround Dr. Blaseyâ€™s testimony on Thursday illustrates the degree to which a confirmation effort that was once seen as an island of functionality in a tumultuous White House has become the latest messy episode in a presidency full of them. The development could carry profound consequences not only for the future of the Supreme Court but also for Republicans facing the growing possibility of losing control of Congress in November, partly at the hands of female voters.","type":"text"},{"additions":[{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":14,"start":113},"type":"link"},{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":13,"start":127},"type":"link"}],"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":266,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":266,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"As the risk that Judge Kavanaughâ€™s nomination could collapse has mounted â€" a new allegation of sexual misconduct published by The New Yorker on Sunday night raised fresh questions about whether he could survive â€" Mr. Trump has been forced into the role of spectator.","type":"text"},{"identifier":"_anf-body-9","inlineTextStyles":[{"range":{"length":403,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":403,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The president was briefed on the allegation on Sunday, according to people in contact with him, and was remaining firmly behind Judge Kavanaugh, who is also scheduled to testify before the committee and who has vehemently denied the allegations. But one of the people said the president argued that the new charge showed why the White House should have fought back against Dr. Blasey from the beginning.","type":"text"},{"identifier":"_anf-body-

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For Mr. Trump, the hearing is dangerously unpredictable, carrying the potential to tarnish not only Judge Kavanaugh but also the Republican Party itself weeks before the election.","type":"text"},{"identifier":"_anf-body-12","inlineTextStyles":[{"range":{"length":466,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":466,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"While the president, cognizant of the stakes, has mostly restrained himself from attacking Dr. Blasey publicly, he reverted to form on Friday, questioning her credibility in a tweet in which he demanded to know why she or her parents had not reported the assault to law enforcement authorities if it had been â€œas bad as she says.â€ Later, at his rally in Springfield, Mo., Mr. Trump said Judge Kavanaugh would be confirmed because â€œhe was born forâ€ the Supreme Court.","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":264,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":264,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"His tweet drew a backlash from Senator Susan Collins of Maine, one of a few moderate Republicans whose votes will determine whether Judge Kavanaugh is confirmed. She noted that many sexual assaults are never reported, and called the presidentâ€™s remark â€œappalling.â€","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":368,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":368,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Senator Mitch McConnell, Republican of Kentucky and the majority leader, who has teamed up with Donald F. McGahn II, the White House counsel, to try to push through Judge Kavanaughâ€™s confirmation, privately told Mr. Trump that his tweet was not helpful. And on Sunday, Senator Lindsey Graham of South Carolina, a member of the Judiciary Committee, had similar counsel.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":91,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":91,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œI would advise the president to let us handle this,â€ Mr. Graham said on â€œFox News Sunday.â€","type":"text"},{"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":375,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":375,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. McConnell has explained to the president the political reality that, as much as Republicans might want to try to quickly move past Dr. Blaseyâ€™s allegation, they must tread carefully to avoid alienating Ms. Collins or other senators who have been noncommittal about their position on the judge, including Senator Lisa Murkowski of Alaska and Senator Jeff Flake of Arizona.","type":"text"},{"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":339,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":339,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"With Senate Republicans holding only a 51-to-49 majority, Senator Charles E. Grassley of Iowa, the Republican chairman of the Judiciary Committee, who led painstaking negotiations with Dr. Blaseyâ€™s legal team over the terms of the hearing, has been driven in large part by a desire to accommodate the concerns of senators in his own party.","type":"text"},{"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":433,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":433,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œYouâ€™re dealing with two different worlds,â€ said Ron Bonjean, a Republican consultant and former Senate aide who helped shepherd the confirmation of Neil M. Gorsuch, Mr. Trumpâ€™s first Supreme Court nominee, last year. â€œSenators McConnell and Grassley both know that they need Senators Murkowski and

Collins to get across the line, and if they decided to put their foot on the accelerator and just hold the vote, that could backfire.â€","type":"text"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":322,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":322,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œIf youâ€™re President Trump, thereâ€™s good reasons for being frustrated by the delay,â€ Mr. Bonjean added, noting that many conservative activists believe that the Democrats backing Dr. Blasey are playing â€œa stalling gameâ€ designed to provide time to unearth more allegations against Judge Kavanaugh or further discredit him.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":136,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":136,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some of those activists have begun to bristle publicly at what they regard as Mr. Grassleyâ€™s weakness in bowing to Dr. Blaseyâ€™s demands.","type":"text"},{"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":367,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":367,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThe Republicans need to stop aiding and abetting Chuck Schumerâ€™s extreme delay strategy,â€ said Penny Nance, the chief executive of Concerned Women for America, a conservative group, referring to the top Senate Democrat. â€œThey have been more than fair to Professor Ford, and if they continue to capitulate to her lawyers, it will cost them in the November elections.â€","type":"text"},{"identifier":"_anf-body-22","inlineTextStyles":[{"range":{"length":321,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":321,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some prominent Republicans have indicated that they plan to back Mr. Trumpâ€™s nominee regardless of the hearingâ€™s outcome. Speaking about Dr. Blaseyâ€™s accusation before the latest charge surfaced on Sunday night, Mr. Graham said, â€œUnless thereâ€™s something more, no, Iâ€™m not going to ruin Judge Kavanaughâ€™s life over this.â€","type":"text"},{"identifier":"_anf-body-23","inlineTextStyles":[{"range":{"length":503,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":503,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"But if Dr. Blasey comes across as a compelling witness giving credible and emotional testimony of a traumatic event, Republican senators on the Judiciary Committee â€" all of them men â€" run the risk of appearing callous and chauvinistic by pressing her on details or questioning her account. Democrats are likely to question Judge Kavanaugh about his drinking habits and social conduct â€" open-ended questions that people close to him say he plans to avoid answering, but that will be difficult to deflect.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-5","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":255,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":255,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Democrats, too, must be careful not to appear to be dismissing Judge Kavanaughâ€™s account out of hand. Senator Mazie Hirono, Democrat of Hawaii, drew criticism on Sunday for suggesting that the judge was not credible because of his approach to legal cases.","type":"text"},{"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":202,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":202,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œHow the Senate handles this and the Senate Republicans handle this will be a test of this time, of 2018, in the #MeToo movement,â€ Senator Patty Murray, Democrat of Washington, said on â€œMeet the Press.â€","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":237,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":237,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Ms. Murray, who was elected in 1992 after Senate hearings on Anita F. 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Among the reminiscences about sports and booze is a mysterious entry: â€œRenate Alumnius.â€","type":"text"},{"identifier":"_anf-body-4","inlineTextStyles":[{"range":{"length":322,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":322,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The word â€œRenateâ€ appears at least 14 times in Georgetown Preparatory Schoolâ€™s 1983 yearbook, on individualsâ€™ pages and in a group photo of nine football players, including Judge Kavanaugh, who were described as the â€œRenate Alumni.â€ It is a reference to Renate Schroeder, then a student at a nearby Catholic girlsâ€™ school.","type":"text"},{"identifier":"_anf-body-5","inlineTextStyles":[{"range":{"length":145,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":145,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Two of Judge Kavanaughâ€™s classmates say the mentions of Renate were part of the football playersâ€™ unsubstantiated boasting about their conquests.","type":"text"},{"identifier":"_anf-body-6","inlineTextStyles":[{"range":{"length":229,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":229,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThey were very disrespectful, at least verbally, with Renate,â€ said Sean Hagan, a Georgetown Prep student at the time, referring to Judge Kavanaugh and his teammates. â€œI canâ€™t express how disgusted I am with them, then and now.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://apple.news/AEgJYLpgvRqetGkoww4R__g","range":{"length":22,"start":84},"type":"link"},{"URL":"https://apple.news/AoYQQVlIMTdaLI-BbPG5DSA","range":{"length":10,"start":256},"type":"link"}],"identifier":"_anf-body-7","inlineTextStyles":[{"range":{"length":339,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":339,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Judge Kavanaughâ€™s years at Georgetown Prep, in a Maryland suburb of Washington, are under intense scrutiny because of allegations by Christine Blasey Ford that he sexually assaulted her during high school. Judge Kavanaugh has denied the allegation. He and Dr. Blasey are scheduled to testify Thursday before the Senate Judiciary Committee.","type":"text"},{"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":305,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":305,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Judge Kavanaughâ€™s peers have given different accounts of what he was like. But his yearbook provides a contemporaneous glimpse of the elite Catholic schoolâ€™s hard-drinking atmosphere â€" Judge Kavanaughâ€™s personal page boasts, â€œ100 kegs or bustâ€ â€" and a culture that some describe as disrespectful to women.","type":"text"},{"identifier":"_anf-body-9","inlineTextStyles":[{"range":{"length":324,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":324,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"This month, Renate Schroeder Dolphin joined 64 other women who, saying they knew Judge Kavanaugh during their high school years, signed a letter to the leaders of the Senate Judiciary Committee, which is weighing Judge Kavanaughâ€™s nomination. The letter stated that â€œhe has behaved honorably and treated women with respect.â€","type":"text"},{"additions":[{"URL":"https://www.judiciary.senate.gov/imo/media/doc/2018-09-14%2065%20Women%20who%20know%20Kavanaugh%20from%20High%20School%20-%20Kavanaugh%20Nomination.pdf","range":{"length":6,"start":37},"type":"link"}],"identifier":"_anf-body-10","inlineTextStyles":[{"range":{"length":157,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":157,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"When Ms. Dolphin signed the Sept. 14 letter, she wasnâ€™t aware of the â€œRenateâ€ yearbook references on the pages of Judge Kavanaugh and his football teammates.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-2","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":409,"start":0},"textStyle":"_anf-ts-

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He admired her very much then, and he admires her to this day.","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":354,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":354,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œJudge Kavanaugh and Ms. Dolphin attended one high school event together and shared a brief kiss good night following that event,â€ the statement continued. â€œThey had no other such encounter. The language from Judge Kavanaughâ€™s high school yearbook refers to the fact that he and Ms. Dolphin attended that one high school event together and nothing else.â€","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":168,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":168,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Ms. Dolphin said she had never kissed Judge Kavanaugh. â€œI think Brett must have me confused with someone else, because I never kissed him,â€ she said through her lawyer.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":307,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":307,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"In an interview on Fox News on Monday, Judge Kavanaugh defended his high school behavior in general terms. â€œPeople might have had too many beers on occasion and people generally in high school â€" I think all of us have probably done things we look back on in high school and regret or cringe a bit,â€ he said.","type":"text"},{"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":106,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":106,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"A White House spokesman, Raj Shah, declined to comment beyond the statement from Judge Kavanaughâ€™s lawyer.","type":"text"},{"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":175,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":175,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Four of the men who were pictured with Judge Kavanaugh in a photo captioned â€œRenate Alumniâ€ said it was simply a reference to their dating or going to dances with Ms. Dolphin.","type":"text"},{"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":301,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":301,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"An elite Catholic boysâ€™ high school founded in 1789, Georgetown Prep is known for its motto, â€œForming men for others,â€ a reference to its many alumni who have gone into public service. Justice Neil M. Gorsuch of the Supreme Court is a graduate, as is Jerome H. Powell, chairman of the Federal Reserve.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":236,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":236,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Judge Kavanaugh, a member of the football team and the captain of the basketball team, played a prominent role in Georgetown Prepâ€™s firmament in the early 1980s. The schoolâ€™s culture was one of heavy drinking and at times insensitivity.","type":"text"},{"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":230,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":230,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The 1983 yearbook, for example, includes multiple apparent references to the Ku Klux Klan (but not on Judge Kavanaughâ€™s page). His page, in addition to the â€œAlumniusâ€ entry, mentions his role as â€œtreasurerâ€ of the â€œKeg City Club.â€","type":"text"},{"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":191,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":191,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-

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People would claim things they hadnâ€™t done to sort of seem bigger than they were, older than they were.â€","type":"text"},{"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":273,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":273,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Bill Barbot, who was a freshman at Georgetown Prep when Judge Kavanaugh was a senior, said Judge Kavanaugh and his clique were part of the schoolâ€™s â€œfrattyâ€ culture. â€œThere was a lot of talk and presumably a lot of action about sexual conquest with girls,â€ Mr. Barbot said.","type":"text"},{"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":280,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":280,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Ms. Dolphin was a subject of that braggadocio, according to Mr. Hagan and another classmate, who requested anonymity because he fears retribution. They said Judge Kavanaugh and his friends were seeking to memorialize their supposed conquests with the â€œRenateâ€ yearbook references.","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":148,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":148,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œShe should be offended,â€ Mr. Hagan said of Ms. Dolphin. â€œI was completely astounded when I saw she signed that letterâ€ on Judge Kavanaughâ€™s behalf.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-6","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":69,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":69,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some women who knew Judge Kavanaugh at the time defended his conduct.","type":"text"},{"identifier":"_anf-body-28","inlineTextStyles":[{"range":{"length":304,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":304,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThese guys werenâ€™t any different than other boys high schools across the country,â€ said Suzanne Matan, a friend of Judge Kavanaughâ€™s from their high school days. â€œAnd I chose to hang out with those boys and many other girls did, too, because they were fun, and they were safe, and they were respectful.â€","type":"text"},{"identifier":"_anf-body-29","inlineTextStyles":[{"range":{"length":181,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":181,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The Georgetown Prep yearbookâ€™s personal pages were designed and written by the individual students, according to Mr. Madaleno and other alumni. A faculty adviser reviewed the pages.","type":"text"},{"identifier":"_anf-body-30","inlineTextStyles":[{"range":{"length":319,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":319,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Judge Kavanaugh was one of 13 graduating seniors who referred to Ms. Dolphin in some way on their personal pages. Some gave themselves titles â€" DeLancey Davis, for example, listed himself as â€œchairman of the Boredâ€ of the â€œRenate Club.â€ Another football player, Tom Kane, mentioned on his page â€œRenateâ€™s Suicide Squad.â€","type":"text"},{"identifier":"_anf-body-31","inlineTextStyles":[{"range":{"length":284,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":284,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The group photo, with Judge Kavanaugh and eight fellow football players in pads and uniform, grinning, was captioned â€œRenate Alumni.â€ Mark Judge, the commentator and author who has written about his alcohol-fueled years at

Georgetown Prep, stands next to Judge Kavanaugh in the photo.","type":"text"},{"identifier":"_anf-body-32","inlineTextStyles":[{"range":{"length":64,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":64,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Barbara Van Gelder, a lawyer for Mr. Judge, declined to comment.","type":"text"},{"identifier":"_anf-body-33","inlineTextStyles":[{"range":{"length":474,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":474,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Four of the players in the â€œRenate Alumniâ€ photo â€" Mr. Davis, Mr. Kane, Tim Gaudette and Don Urgo Jr. â€" said in a statement that they had â€œnever bragged aboutâ€ sexual contact or anything like that with Ms. Dolphin. The statement, issued by Jim McCarthy, a public-relations representative, said the yearbookâ€™s â€œRenateâ€ references â€œwere intended to allude to innocent dates or dance partners and were generally known within the community of people involved for over 35 years.â€","type":"text"},{"identifier":"_anf-body-34","inlineTextStyles":[{"range":{"length":289,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":289,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œThese comments,â€ the statement continued, â€œwere never controversial and did not impact ongoing relationships until The Times twisted and forced an untrue narrative. This shabby journalism is causing egregious harm to all involved, particularly our friend, and is simply beneath contempt.â€","type":"text"},{"identifier":"_anf-body-35","inlineTextStyles":[{"range":{"length":254,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":254,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Michael Walsh, another Georgetown Prep alumnus, also listed himself on his personal yearbook page as a â€œRenate Alumnus.â€ Alongside some song lyrics, he included a short poem: â€œYou need a date / and itâ€™s getting late / so donâ€™t hesitate / to call Renate.â€","type":"text"},{"additions":[{"URL":"https://www.judiciary.senate.gov/imo/media/doc/2018-07-09%20155%20Georgetown%20Prep%20Classmates%20to%20McConnell,%20Schumer,%20Grassley,%20Feinstein%20-%20Kavanaugh%20Nomination.pdf","range":{"length":6,"start":98},"type":"link"}],"identifier":"_anf-body-36","inlineTextStyles":[{"range":{"length":325,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":325,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Walsh, a bank executive in Virginia, was one of scores of Georgetown Prep alumni who signed a letter to Senate Judiciary Committee leaders vouching for Judge Kavanaughâ€™s â€œsharp intellectual ability, affable nature, and a practical and fair approach devoid of partisan purpose.â€ He did not respond to requests for comment.","type":"text"},{"identifier":"_anf-body-37","inlineTextStyles":[{"range":{"length":270,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":270,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Ms. Dolphin was aware that members of Judge Kavanaughâ€™s clique were reciting that poem, according to a person familiar with her thinking. She told the football players that she found it offensive, believing it made her seem like a cheap date, and she asked them to stop.","type":"text"},{"identifier":"_anf-body-38","inlineTextStyles":[{"range":{"length":250,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":250,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Some of Judge Kavanaughâ€™s peers said they doubted that the yearbook notations were good-natured. â€œThose guys werenâ€™t big on crushes,â€ Mr. Fishburne said. â€œI think they felt that if a girl didnâ€™t want to date them, then they must be gay. Iâ€™m serious.â€","type":"text"},{"identifier":"_anf-body-39","inlineTextStyles":[{"range":{"length":391,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":391,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"A high school friend of Ms. Dolphinâ€™s, who also signed the letter to the Senate Judiciary Committee, said that while she stood by the letterâ€™s contents, as a friend of Ms. Dolphinâ€™s she was â€œsickenedâ€ by the yearbookâ€™s â€œRenateâ€ references. She and a second friend of Ms. Dolphinâ€™s denied that there was any sexual contact between Ms. Dolphin and Judge Kavanaugh or anyone else in his circle.","type":"text"},{"components":[{"identifier":"_anf-divider-3","layout":"ComponentLayout-10","role":"divider","stroke":{"color":"#222222","style":"solid","width":"1.0pt"},"type":"line"},{"identifier":"_anf-body-40","inlineTextStyles":[{"range":{"length":35,"start":0},"textStyle":"_anf-ts-75"},{"range":{"length":35,"start":0},"textStyle":"_anf-ts-75"}],"layout":"default-body","role":"body","text":"Kitty Bennett contributed research.","textStyle":"footer-

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By doing so, theyâ€™re expanding the boundaries of what kinds of stories must be taken seriously â€" and bringing a much fuller picture of female humanity into view.","type":"text"},{"additions":[{"URL":"https://apple.news/A3a5du8CBSk-YrrB4JgycQw","range":{"length":12,"start":87},"type":"link"},{"URL":"https://apple.news/AEoAndznRQDi2nA0rwpKTOA","range":{"length":30,"start":747},"type":"link"}],"identifier":"_anf-body-5","inlineTextStyles":[{"range":{"length":854,"start":0},"textStyle":"_anf-ts-11"},{"range":{"length":11,"start":51},"textStyle":"_anf-ts-10"}],"layout":"bodyContentLayout","role":"body","text":"I thought about this forced shift when I opened the New Yorker piece by Jane Mayer and Ronan Farrow on Sunday night, and read about the kind of encounter most women I know have always assumed theyâ€™d never be able to recount in public â€" least of all in the midst of a highly scrutinized, high-stakes political battle â€" because it didnâ€™t meet the impossibly high standards the world has set for women whoâ€™ve been abused or assaulted and want to be believed. The story was told by Deborah Ramirez, who told Mayer and Farrow that she almost didnâ€™t come forward â€" even with a lifetime appointment to the Supreme Court in the balance â€" because what she had to relate happened one night in college when sheâ€™d been drinking. What she did remember was her Yale classmate Brett Kavanaugh pulling down his pants and thrusting his penis in her face against her will.","type":"text"},{"additions":[{"URL":"https://apple.news/AMN_04a95QdyVaSlT0eQzPA","range":{"length":21,"start":317},"type":"link"}],"identifier":"_anf-body-6","inlineTextStyles":[{"range":{"length":708,"start":0},"textStyle":"_anf-ts-11"},{"range":{"length":3,"start":458},"textStyle":"_anf-ts-10"}],"layout":"bodyContentLayout","role":"body","text":"Ramirez openly admits that her memory is patchy, that only flashes are clear, that she was drunk to the point of slurring. Each of these things, she clearly understands, undermines her tale, leaves her open to a different kind of assault now, 35 years later. And yet she not only decided to tell her story; she, like Christine Blasey Ford, opened it up to investigation. The imperfection of her victimhood did not stop her from speaking, from insisting that her view of events should count just as much as the blithe, blanket denials being issued by a man we have no reason to believe remembers his drunken youth any more clearly than she remembers hers, yet whose word is reflexively granted more authority.","type":"text"},{"additions":[{"URL":"https://apple.news/AcQZ0Mp-TQgO4sysZiGbcJQ","range":{"length":20,"start":140},"type":"link"}],"identifier":"_anf-body-7","inlineTextStyles":[{"range":{"length":1257,"start":0},"textStyle":"_anf-ts-11"},{"range":{"length":4,"start":108},"textStyle":"_anf-ts-10"}],"layout":"bodyContentLayout","role":"body","text":"Ramirezâ€™s willingness to speak was particularly affecting in the same week as the publication of Washington Post writer Elizabeth Bruenigâ€™s remarkable reporting on the rape, in her Texas hometown, of 16-year-old Amber Wyatt, 12 years ago. At the time of her alleged assault, Wyatt did tell her story, to fellow students, to her mother, and to police. But her account of how, after getting drunk and high at a party, she was taken to a shed by two boys who penetrated her vaginally and anally, and demanded that she perform oral sex, wasnâ€™t viewed as authoritative. Neither was the investigation that followed it, which included the collection of evidence of her attack and a medical examination at a hospital. Instead, Wyatt was vilified for having caused trouble to her community; vile slurs about her penetrability were spray-painted around her town and at her school; she was sent to finish her education elsewhere, and eventually written off as having made a false accusation, the voice sheâ€™d worked so hard to raise quelled, her story recalled as fallacious. Bruenig quotes a friend of Wyattâ€™s who remembers, â€œEveryone started blaming [Wyatt] because she said something, and if she would have kept her mouth shut then nothing would have ever happened.â€","type":"text"},{"additions":[{"URL":"https://apple.news/ARif95BbdToiojzs2Dy5c5w","range":{"length":16,"start":169},"type":"link"},{"URL":"https://apple.news/AbWCvXYSQQRibKkYIhU4zVA","range":{"length":18,"start":624},"type":"link"}],"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":908,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"The message to women â€"

especially those whose voices might disturb the peace â€" has always been that things will go better for them if they keep their mouths shut. In my forthcoming book about the political consequences of womenâ€™s rage, I write about a 16th-century torture device called the brank, which was used to muzzle a defiant or cranky woman by keeping her head and jaw clamped in a metal cage. Some of the iron bridles included tongue depressors; some of those had spikes on the bottom to pierce the flesh. When I visited the Tower of London last year, during the week that followed the publication of stories about Harvey Weinsteinâ€™s serial sexual predation â€" told at long last by women whose tongues had been loosed â€" I saw an internally spiked metal neck collar on display. It was labeled a â€œcollar for tortureâ€ and described as something to be â€œput around the necks of scolding or wayward wives.â€","type":"text"},{"identifier":"_anf-body-9","inlineTextStyles":[{"range":{"length":1363,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"The censure of women who open their mouths in dissent or dissatisfaction or anything less than grinning compliance with the power structures that subjugate them is so common as to be the stuff of everyday catcalling. And we donâ€™t just hear the reminders â€" â€œCome on, baby, smile â€" you look so pretty when you smileâ€ â€" on the street. During the 2016 primaries, MSNBC host Joe Scarborough chided Hillary Clinton, after a set of primary victories, â€œSmile. You just had a big night.â€ And in 2018, commenting on Nancy Pelosiâ€™s grim visage during Trumpâ€™s first State of the Union, Sarah Huckabee Sanders said on CNN, â€œI think she should smile a lot more often.â€ When women like Pelosi and Clinton do open their mouths, theyâ€™re quickly cast as shrill and monstrous harpies. Do a Google image search of any powerful women in politics or public life, and youâ€™ll see that their ideological opponents love to show pictures of them with their mouths open, mid-yell, the very act of making a loud noise a sign of their unnatural tendencies; itâ€™s no accident that when he was asking to have her removed from Kavanaughâ€™s confirmation hearings two weeks ago, Orrin Hatch referred to a protester yelling about health care as a â€œloudmouth.â€ The best way to discredit threatening women is to capture them giving loud voice to something that we might imagine is uncomfortable to hear.","type":"text"},{"additions":[{"URL":"https://apple.news/AsphunM9BQTqQJAJuthZQug","range":{"length":4,"start":757},"type":"link"}],"identifier":"_anf-body-10","inlineTextStyles":[{"range":{"length":868,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"And the best way to silence them â€" besides literally covering their mouths, as Kavanaugh is alleged to have done to Ford, as he was trying to rip her clothes off â€" is to ensure that their voices are considered illegitimate. There are a number of mechanisms with which to accomplish that. Bruenig writes of Wyattâ€™s economic precariousness, especially compared to the wealth and social stature of the young men who assaulted her. Wyatt, and Ramirez, considered themselves to be outsiders, who had to work to fit into comparatively more privileged circles. To be â€œthe popular girl,â€ and â€œone of the cool kids,â€ Wyatt told Bruenig, she often drank and took drugs. Ramirez described feeling like a social outsider at the party of the wealthy, elite frat guys at Yale; she participated in a game in which she was directed to drink to the point of incapacitating drunkenness.","type":"text"},{"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":480,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"There are other qualities women are told to cultivate if they want to be liked and accepted: pliability, friendliness, flirtatiousness, sexual availability, forgiveness. Is it not devilishly grotesque that each and every one of these traits can be used to discredit their claims of having been preyed upon? Donâ€™t believe her â€" she was drunk, she was flirting with me, she slept with so many people, hereâ€™s a photo of her smiling with me a year later, and now she says I raped her?","type":"text"},{"additions":[{"URL":"https://apple.news/A6DlgoKjzQ3WXnIPhpDBFXg","range":{"length":14,"start":308},"type":"link"}],"identifier":"_anf-body-12","inlineTextStyles":[{"range":{"length":665,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"We cannot even begin to assess how many stories women donâ€™t tell because they were drunk, or young, or had been playing along right up until the moment of assault, or had acquiesced to an assault because they felt they had no choice. This last dynamic was key to the horrifying tale, also told this week, by Laura Knoblach, the daughter of a Minnesota legislator who she said molested her from childhood. Once, she told reporters, when she was 15, her father asked if she liked the way he touched her, and sheâ€™d been too afraid to say anything but yes. Knoblach, like Wyatt, had told her story repeatedly throughout the years, but no one â€" until now â€" had listened.","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":691,"start":0},"textStyle":"_anf-ts-11"},{"range":{"length":14,"start":676},"textStyle":"_anf-ts-10"}],"layout":"bodyContentLayout","role":"body","text":"The number of these stories

â€" stories that have gone unheard, or unspoken, because they involve women whose experiences were complicated â€" is incalculable. Why didnâ€™t I report? Because I was drunk; because I donâ€™t remember perfectly; because I didnâ€™t yell long enough; because no one would believe me; because everyone would think it was my fault; because I thought it was my fault; because I had less power. This is what has foregrounded the fundamental inexpressibility of so much of the full human experience for so many women, even in this era in which we have so often been told that one yearâ€™s worth of stories about the ubiquity of assault and harassment amounts to an overcorrection.","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":31,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"No. Weâ€™re nowhere near correct.","type":"text"},{"additions":[{"URL":"https://apple.news/A0lvCID-iTcqd-KoRVIcPwA","range":{"length":41,"start":407},"type":"link"}],"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":448,"start":0},"textStyle":"_anf-ts-11"},{"range":{"length":5,"start":256},"textStyle":"_anf-ts-10"},{"range":{"length":14,"start":210},"textStyle":"_anf-ts-10"}],"layout":"bodyContentLayout","role":"body","text":"But whatâ€™s happening is getting us closer: Weâ€™re taking these stories seriously. Yes, in the case of Ramirez, because it may have an impact on a Supreme Court nomination. But it matters that it was reported in The New Yorker; it matters that the Washington Post created a special stand-alone section of its Sunday paper to feature Ambera€™s story. It matters that, unless Kavanaughâ€™s nomination is withdrawn, Ford will testify in front of the nation.","type":"text"},{"additions":[{"URL":"https://apple.news/A6IdjNZ80RJiHKmopbuD-fQ","range":{"length":6,"start":133},"type":"link"}],"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":363,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"There may not be a legal or political outcome that is satisfying: The perpetrators may not face real repercussions. But part of what #MeToo has always been about â€" despite the obsessive focus on the consequences faced by men â€" is what happened to the women (and to the men whoâ€™ve spoken out about their own abuse). Itâ€™s been about the exposure of their realities.","type":"text"},{"additions":[{"URL":"https://apple.news/Ac4BQnImSTTaVuRYM8v2BRw","range":{"length":23,"start":228},"type":"link"}],"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":646,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"The telling of the stories, the raising of the voices, does its own political work and reveals things that we may have known at some level but have never been able to see so plainly: the connection between policy â€" the desire to control womenâ€™s bodies via restricting and policing their reproductive autonomy â€" and the personal treatment of individual women. The connection between a desire for legal or political domination â€" over workersâ€™ ability to bargain, citizensâ€™ ability to vote, black peopleâ€™s ability to walk the streets without fear of being indiscriminately accosted by the police â€" and the drive toward personal, physical domination.","type":"text"},{"additions":[{"URL":"https://apple.news/AcQZ0Mp-TQgO4sysZiGbcJQ","range":{"length":6,"start":8},"type":"link"}],"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":605,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"Bruenig writes, powerfully, of Wyatt, â€œThere will always be people nobody believes: people with lesser reputations, people who struggle with addiction, people without much capital, social or otherwise, to credit them. And there will always be cases of offenses that are real and true but hard to prosecute, which means that justice in the world â€" if itâ€™s to exist at all â€" will have to â€¦ arise from some other reckoning than a proper settling of accounts.â€ In this vein, Bruenig offered her reporting on Wyatt, with the stated hope that it would â€œtroubleâ€ readers, in the way that it â€œstill troublesâ€ her.","type":"text"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":353,"start":0},"textStyle":"_anf-ts-11"}],"layout":"bodyContentLayout","role":"body","text":"All of these stories are troubling not just those of us who read them, but our view of power, in part by exposing its complicated, pervasive abuses. As women insist on wresting the metaphorical hands from their mouths, and we commit to listening to and examining what they have to say, this broken world may not get fixed, but it will never be the same.","type":"text"}],"identifier":"www.thecut.com/_components/article/instances/cjmgmszeq000jw1y64eqbuwzb","language":"en","layout":{"columns":10,"gutter":20,"margin":85,"width":1024},"metadata":{"canonicalURL":"http://www.thecut.com/2018/09/kavanaugh-sexual-assault-deborah-ramirez-christine-ford.html","datePublished":"2018-09-24T19:55:08.111Z","thumbnailImageIdentifier":"ebc23aeb125f2f900ab112b92de36369","transparentToolbar":false},"resources":{"492005d4-a642-412e-91e0-97b82fa75b42":{"URL":"asset://492005d4-a642-412e-91e0-

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Kavanaugh, which are slowing proceedings on his nomination to be the newest Supreme Court justice, could be one of the â€œsingle most unfair, unjust things to happen to a candidate for anything.â€","type":"text"},{"additions":[{"URL":"https://apple.news/AnM0QbeC0Rkm0V_q-OJO9Ng","range":{"length":32,"start":320},"type":"link"}],"identifier":"_anf-body-8","inlineTextStyles":[{"range":{"length":353,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":353,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The president said he continues to support Judge Kavanaugh, and dismissed the allegations about the judgeâ€™s conduct decades ago as â€œtotally political.â€ Mr. Trump characterized the women making them as people coming â€œout of the woodwork.â€ His comments came during brief remarks in New York on Monday morning ahead of his appearance at the United Nations.","type":"text"},{"identifier":"_anf-body-9","inlineTextStyles":[{"range":{"length":343,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":343,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Trumpâ€™s statements on Monday echoed his remarks in a radio interview to be broadcast on Monday morning, in which Mr. Trump acknowledged that he would most likely not be able to persuade any Democrats to vote for Judge Kavanaugh, meaning that he would have to hold nearly every Republican to win confirmation in the narrowly divided Senate.","type":"text"},{"identifier":"_anf-body-10","inlineTextStyles":[{"range":{"length":242,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":242,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œWeâ€™ll get almost no Democrat,â€ he told Geraldo Rivera for the debut show of â€œGeraldo in Clevelandâ€ on WTAM radio. â€œWe may get a couple in states where I won by many, many points â€" you understand that â€" but weâ€™ll essentially get no Democrat.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-1","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://apple.news/AP818R8qRS2un55np-8Luuw","range":{"length":35,"start":24},"type":"link"}],"identifier":"_anf-body-11","inlineTextStyles":[{"range":{"length":190,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":190,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Yet Mr. Trump suggested Christine Blasey Fordâ€™s allegations against Judge Kavanaugh were suspect because she never reported them to the authorities. â€œThis went 36 years without a complaint.â€","type":"text"},{"additions":[{"URL":"https://apple.news/ASDpb1vcRQemX7gbpw9LQYg","range":{"length":20,"start":254},"type":"link"}],"identifier":"_anf-body-12","inlineTextStyles":[{"range":{"length":456,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":456,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Dr. Blasey, 51, who also goes by her married name, Ford, has accused Judge Kavanaugh, 53, of sexually assaulting her while he was drunk during a high school party when they were both teenagers. He has categorically denied the allegation, and the two are scheduled to testify separately before the Senate Judiciary Committee on Thursday. Mr. Trump has stuck by Judge Kavanaugh, who would join Justice Neil M. Gorsuch, his first appointee, on the high court.","type":"text"},{"identifier":"_anf-body-13","inlineTextStyles":[{"range":{"length":136,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":136,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œHopefully, weâ€™ll have a second judge very shortly who is a fantastic, fantastic man, a fantastic talent and intellect,â€ Mr. Trump

said.","type":"text"},{"identifier":"_anf-body-14","inlineTextStyles":[{"range":{"length":289,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":289,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The president, nonetheless, said he favored allowing Dr. Blasey to make her case before the Senate. â€œI want her to have her voice,â€ he said. â€œLet her have her voice, let her say whatever she has to say. Let him say what he has to say and that in the end these senators will make a choice.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-2","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":1,"start":31},"type":"link"},{"URL":"https://apple.news/AyWjf_1bkP7-54sKLmXS3Ng","range":{"length":28,"start":32},"type":"link"}],"identifier":"_anf-body-15","inlineTextStyles":[{"range":{"length":284,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":284,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The interview was taped before The New Yorker posted a story on Sunday citing another woman, Deborah Ramirez, 53, who said that an inebriated Judge Kavanaugh exposed himself in front of her face during a dormitory party at Yale University. Judge Kavanaugh denied that allegation, too.","type":"text"},{"identifier":"_anf-body-16","inlineTextStyles":[{"range":{"length":428,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":428,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"At one point, the White House had hopes of winning the support of several Democratic senators running for re-election in states that Mr. Trump won, but that prospect seemed to vanish with the emergence of Dr. Blaseyâ€™s allegations. If no Democrats support Judge Kavanaugh, that means the Republicans, who hold a 51-to-49 majority with Vice President Mike Pence able to break ties, can afford to lose only one of their own caucus.","type":"text"},{"additions":[{"URL":"https://apple.news/AdHo1AGpBRiCpAYZt1t9nVA","range":{"length":30,"start":124},"type":"link"}],"identifier":"_anf-body-17","inlineTextStyles":[{"range":{"length":359,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":359,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"During the interview, Mr. Trump declined to say whether he might fire Rod J. Rosenstein, the deputy attorney general, after a report in The New York Times that Mr. Rosenstein last year suggested secretly recording the president to demonstrate the chaos in the administration and raised the possibility of invoking the 25th Amendment to remove him from office.","type":"text"},{"identifier":"_anf-body-18","inlineTextStyles":[{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":251,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"The Justice Department has said that Mr. Rosenstein was joking when he talked about taping the president, a version in conflict with others who described his comments. Mr. Rosenstein said that he currently sees â€œno basis to invoke the 25th Amendment.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-19","inlineTextStyles":[{"range":{"length":315,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":315,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Advisers have sought to keep Mr. Trump from firing Mr. Rosenstein, at least until after the midterm elections in November, for fear of a backlash. Since Attorney General Jeff Sessions has recused himself from overseeing the Russia investigation, Mr. Rosenstein supervises the special counsel, Robert S. Mueller III.","type":"text"},{"identifier":"_anf-body-20","inlineTextStyles":[{"range":{"length":312,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":312,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œI donâ€™t want to comment on it until I get all the facts,â€ Mr. Trump said when asked if he would fire Mr. Rosenstein. â€œI havenâ€™t gotten all the facts, but certainly itâ€™s being looked at in terms of what took place. If anything took place and Iâ€™ll make a determination sometime later, but I donâ€™t have the facts.â€","type":"text"},{"additions":[{"URL":"https://apple.news/AOlLAmP4aS6eAoyeiTWGmOw","range":{"length":15,"start":149},"type":"link"}],"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":216,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":216,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Trump asserted that he was not worried about his former personal attorney, Michael D. Cohen, who is talking with Mr. Muellerâ€™s prosecutors after pleading guilty to breaking campaign finance laws and other

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I have very big law firms I have that do my work.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-23","inlineTextStyles":[{"range":{"length":247,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":247,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"While the president said it was â€œunrelated to me,â€ in fact, Mr. Cohen acknowledged in court that Mr. Trump directed him to make payments to two women during the 2016 campaign to keep them silent about affairs they said they had with the candidate.","type":"text"},{"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":250,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":250,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Rivera asked if Mr. Trump knew of anything that Mr. Cohen could tell the authorities that could be a problem for the president. â€œI donâ€™t know anything because, Iâ€™ll be honest, I do everything straight,â€ Mr. Trump said. â€œI do everything straight.â€","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/aponline/2018/09/13/us/politics/ap-us-tropical-weather-trump-the-latest.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006123059","range":{"length":21,"start":198},"type":"link"},{"URL":"https://apple.news/AYfZ2n911QimFWfm1e7ZqaA","range":{"length":43,"start":264},"type":"link"}],"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":336,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":336,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Mr. Trump again defended his handling of Hurricane Maria in Puerto Rico and again assailed Carmen YulÃn Cruz, the mayor of San Juan, calling her a â€œhorror show.â€ The mayor recently called Mr. Trump â€œdelusional, paranoid and unhinged from any sense of realityâ€ for denying the officially accepted death count of 3,000 from the hurricane.","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":311,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":311,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"â€œYou have the mayor of San Juan whoâ€™s incompetent,â€ Mr. Trump said. â€œShe should never be there. Sheâ€™s just doesnâ€™t know what sheâ€™s doing, sheâ€™s totally incompetent person. You have as you know locally they did a very, very poor job. The electric was broken before the storms that got hit by two storms not one.â€","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-5","layout":"ComponentLayout-4","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":390,"start":0},"textStyle":"_anf-ts-1"},{"range":{"length":390,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"He said that critics blamed him for a situation that was already dysfunctional before the storm. â€œIt was a total mess, it was corrupt â€" couldnâ€™t be worse,â€ he said. â€œThe storms hit and they said, â€˜Oh letâ€™s blame Trump for the electric, letâ€™s have Trump, letâ€™s have Trump fix the electric plant, which takes a long time to rebuild it, which is a big deal. 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The countryâ€™s deal with the Vatican last week was part of that broader effort.","type":"text"},{"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":153,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":153,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"With the pope legitimizing bishops appointed by the Chinese government, the party thinking goes, secret underground churches may have no reason to exist.","type":"text"},{"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":5,"start":0},"textStyle":"_anf-ts-10"},{"range":{"length":5,"start":0},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"_____","type":"text"},{"components":[{"identifier":"_anf-divider-3","layout":"ComponentLayout-12","role":"divider","stroke":{"color":"#E2E2E2","width":"1.0pt"},"type":"line"},{"additions":[{"URL":"https://www.nytimes.com/interactive/2016/01/12/us/100000004069963.app.html","range":{"length":25,"start":0},"type":"link"}],"identifier":"_anf-heading3-

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attack on a military parade that killed 25 people. A local Arab separatist group
claimed responsibility, but Iran blamed Saudi Arabia, the U.A.E. and the U.S. Above, a
funeral for victims of the attack. [The New York
Times]","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-
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/24/indonesian-teenager-survives-49-days-adrift-at-sea-in-fishing-
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funded universities are male, according to a new report, prompting calls for more
family-friendly policies in academia and training to tackle bias. [The South China
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director, Michelle Guthrie, on Monday. Crikey takes a look back at her short and
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different forms of love: love from a distance, the shared memories of love, love for
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warming up to the idea and negotiations with the E.U. at an â€œimpasse,â€ Mr. Corbyn is
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Now, the overwhelming feeling is that Mr. Macronâ€™s pro-market reforms have so far not improved the lives of ordinary French people.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-3","layout":"ComponentLayout-10","role":"banner_advertisement","type":"banner_advertisement"},{"identifier":"_anf-body-21","inlineTextStyles":[{"range":{"length":172,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":172,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"â€œIn the beginning I thought, â€˜Yes, heâ€™s young, heâ€™s dynamic,â€™â€ a waitress in Montmorillon said. â€œBut really, now, I see heâ€™s just doing it his way, without even asking us.â€","type":"text"},{"identifier":"_anf-body-22","inlineTextStyles":[{"range":{"length":89,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":89,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"Mr. Macronâ€™s sputtering descent may hold broader dangers for liberal democracy in Europe.","type":"text"},{"components":[{"identifier":"_anf-divider-3","layout":"ComponentLayout-12","role":"divider","stroke":{"color":"#E2E2E2","width":"1.0pt"},"type":"line"},{"additions":[{"URL":"https://www.nytimes.com/interactive/2016/01/12/us/100000004069963.app.html","range":{"length":25,"start":0},"type":"link"}],"identifier":"_anf-heading3-1","layout":"interactive-promo-headline","role":"heading3","text":"â†‑ï¸ Graphic: Local Weather","textStyle":"interactive-promo-headline","type":"text"},{"identifier":"_anf-body-55","layout":"inset","role":"body","text":"See the forecast for your

area.","textStyle":"interactive-promo-summary","type":"text"},{"identifier":"_anf-divider-4","layout":"ComponentLayout-13","role":"divider","stroke":{"color":"#E2E2E2","width":"1.0pt"},"type":"line"}],"identifier":"_anf-container-5","layout":"ComponentLayout-11","role":"container","type":"container"},{"identifier":"_anf-heading4-1","layout":"heading4","role":"heading4","text":"Business","type":"text"},{"components":[{"caption":" Tracie Van Auken for The New York Times","captionComponent":{"text":" Tracie Van Auken for The New York Times"},"identifier":"100000006123015_5ba868d80c639","imageIdentifier":"a23e22a29a1aed911fa81d5fda2201f5","layout":"fullbleed-image","role":"photo","type":"scalable_image"},{"identifier":"_anf-caption-5","inlineTextStyles":[{"range":{"length":40,"start":0},"textStyle":"photo-credit"}],"layout":"default-caption","role":"caption","text":" Tracie Van Auken for The New York Times ","type":"text"}],"identifier":"_anf-container-6","layout":"image-container","role":"container","type":"container"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/business/media/comcast-disney-sky.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":22,"start":62},"type":"link"}],"identifier":"_anf-body-23","inlineTextStyles":[{"range":{"length":284,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":284,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":8,"start":2},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"â€¢ Comcast and its chief executive, Brian Roberts, above, have wrested control of Sky, one of Europeâ€™s top television companies, from Rupert Murdoch and the Walt Disney Company, which is buying most of Mr. Murdochâ€™s company, 21st Century Fox. But the acquisition came at a steep price.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/technology/online-banking-monzo.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":23,"start":44},"type":"link"}],"identifier":"_anf-body-24","inlineTextStyles":[{"range":{"length":97,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":97,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":25,"start":8},"textStyle":"_anf-ts-10"},{"range":{"length":5,"start":2},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"â€¢ Banks without physical branches in Europe are luring young people with slick apps and low fees.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/21/technology/google-search-political-bias.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":49,"start":67},"type":"link"}],"identifier":"_anf-body-25","inlineTextStyles":[{"range":{"length":271,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":271,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":13,"start":2},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"â€¢ Sundar Pichai, Googleâ€™s chief executive, denied that the company manipulates search results for political purposes, responding to a report that employees discussed including pro-immigration content in search results after President Trump enacted a travel ban last year.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2018/09/23/business/us-tariffs-on-chinese-goods-to-take-effect-and-the-fed-will-meet.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":32,"start":34},"type":"link"}],"identifier":"_anf-body-26","inlineTextStyles":[{"range":{"length":128,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":128,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":17,"start":2},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"â€¢ Coming this week: The U.S. will resume trade talks with the E.U., and the Federal Reserve is expected to raise interest rates.","type":"text"},{"bannerType":"any","identifier":"_anf-banner_advertisement-4","layout":"ComponentLayout-10","role":"banner_advertisement","type":"banner_advertisement"},{"additions":[{"URL":"http://markets.on.nytimes.com/research/markets/worldmarkets/worldmarkets.asp?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":14,"start":23},"type":"link"}],"identifier":"_anf-body-27","inlineTextStyles":[{"range":{"length":38,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":38,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":17,"start":2},"textStyle":"_anf-ts-10"}],"layout":"default-body","role":"body","text":"â€¢ Hereâ€™s a snapshot of global

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October for the wildlife charity Tusk Trust, which organized the so-called Tusk Trail.","type":"text"},{"identifier":"_anf-body-44","inlineTextStyles":[{"range":{"length":158,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":158,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"Prices are expected to go far higher than $15,000 â€" the amount paid in 1998 to a Swiss artist who designed the fiberglass cows that set off a worldwide trend.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2000/05/31/nyregion/is-nothing-sacred-international-discontent-erupts-over-a-cow-parade.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":22,"start":75},"type":"link"}],"identifier":"_anf-body-45","inlineTextStyles":[{"range":{"length":134,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":134,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"â€œI gave them character. I gave them feelings,â€ that artist, Roland Muller, told The Times in 2000. â€œI wanted people to react to them.â€","type":"text"},{"identifier":"_anf-body-46","inlineTextStyles":[{"range":{"length":89,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":89,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"His cows were mass produced, decorated by local artists and then put in Zurichâ€™s streets.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2000/08/24/nyregion/bovine-crimes-strike-an-unlikely-cow-town.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":16,"start":137},"type":"link"},{"URL":"https://intransit.blogs.nytimes.com/2007/10/25/who-let-the-cows-in/?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":18,"start":156},"type":"link"}],"identifier":"_anf-body-47","inlineTextStyles":[{"range":{"length":175,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":175,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"Few expected his cow parade to be anything more than a quirky local event. But it was such a tourist draw that cows were soon arriving â€" and being tipped â€" all over the place.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/2000/07/28/arts/art-review-stretching-definitions-of-outdoor-sculpture.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":17,"start":57},"type":"link"},{"URL":"https://www.nytimes.com/2001/08/20/arts/art-on-streets-till-the-cows-come-home.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length":4,"start":241},"type":"link"},{"URL":"https://www.theguardian.com/childrens-books-site/gallery/2014/nov/03/paddington-bear-trail-sculptures-celebrities","range":{"length":5,"start":249},"type":"link"},{"URL":"http://gallopalooza.com/showcase/","range":{"length":6,"start":256},"type":"link"}],"identifier":"_anf-body-48","inlineTextStyles":[{"range":{"length":284,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":284,"start":0},"textStyle":"_anf-ts-100"}],"layout":"default-body","role":"body","text":"Not everyone was pleased. Roberta Smith, our art critic, wrote at the time that the cows made outdoor sculptures â€œa near inescapable conditionâ€ after appearing in New York. But they remain popular. There have been parades of everything from pigs to bears, horses, elephants and lions.","type":"text"},{"identifier":"_anf-body-49","inlineTextStyles":[{"range":{"length":39,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":39,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":39,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Alex Marshall wrote todayâ€™s Back Story.","type":"text"},{"identifier":"_anf-body-50","inlineTextStyles":[{"range":{"length":5,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":5,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":5,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"_____","type":"text"},{"identifier":"_anf-body-51","inlineTextStyles":[{"range":{"length":71,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":71,"start":0},"textStyle":"_anf-ts-100"},{"range":{"length":71,"start":0},"textStyle":"_anf-ts-1"}],"layout":"default-body","role":"body","text":"Your Morning Briefing is published weekday mornings and updated online.","type":"text"},{"additions":[{"URL":"https://www.nytimes.com/interactive/2018/briefing/global-morning-briefing-newsletter-signup.html?partner=applenews&ad-keywords=APPLEMOBILE&region=written_through&asset_id=100000006108935","range":{"length"

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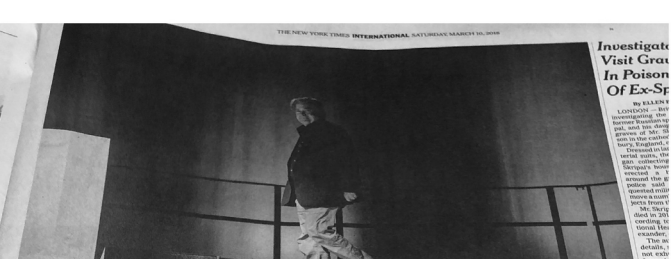

JENNY WETCHER/GETTY IMAGES

Stephen K. Bannon, the former chief strategist for President Trump, took the stage in Zurich on Tuesday for an event hosted by a right-wing Swiss magazine.

# Bannon Takes On Europe, With Populist Toolbox in Hand

By JASON HOROWITZ

MILAN — Stephen K. Bannon leaned back in an armchair opposite a copy of a painting by an Italian old master and explained his modest efforts to build a vast network of European populists to decimate the Continent's political establishment.

"All I'm trying to be," he said, "is the infrastructure, globally, for the global populist movement."

Just that.

Only months ago, Mr. Bannon was forced out of the White House and Breitbart News, the alt-right news empire he helped make into a political force, for the sharp criticisms of President Trump's children attributed to him in a book.

"He's lost his mind," Mr. Trump said at the time.

But now Mr. Bannon, the architect of Mr. Trump's populist campaign message and the president's former chief strategist, has returned with an international mission.

On Saturday, he is set to headline the annual conference of France's far-right National Front in the northern city of Lille, where he will be introduced by its leader, Marine Le Pen. People with knowledge of Mr. Bannon's itinerary suggested that he might meet Le Pen in the weekend with the Hungarian prime minister, Viktor Orban, but Mr. Bannon declined to say whether or not he would, only saying that he admired Mr. Orban as "hero" and "the most significant guy on the scene right now."

Back in Zurich, Mr. Bannon says, he held a "fascinating" meeting on Friday with leaders of German far-right Alternative for Germany party.

He included Alice Weidel and Jörg von Storch, who recently spoke to a New Year's Eve public announcement by the police that went out in languages, including Arabic, tweeting, "Are they seeking to please the barbaric, Muslim hordes of men?"

But it is Italy, where populist forces smashed the country's establishment by combining to win more than half the vote on Sunday, that Mr. Bannon has turned into his de facto headquarters.

In a sprawling interview here, he declined to name whom he had met, other than to describe them as a broad array of politicians, operatives and investors.

(A spokesman for Matteo Salvini, the leader of the anti-immigrant League, said the two would have liked to have met, but did not. A spokesman for the anti-establishment Five Star Movement, which won a third of Italian votes, did not return a request for comment.)

Aside from the occasional coffee at Campo de' Fiori or photo-op at Piazza Navona, Mr. Bannon has been holed up in hotel rooms, taking meeting after meeting.

In Rome, he stayed at the luxurious Rafael hotel, where Bettino Craxi, the face of Italy's corrupt establishment and mentor to Silvio Berlusconi, was pelted with coins in 1993 by an angry mob as he departed the political scene.

In Milan, he sat in a room at the grand Principe di Savoia, opposite a copy of Titian's portrait of the Duke of Mantua, a master of intrigue in Renaissance Italy and a longtime sufferer of syphilis, surrounded by red damask wallpaper. Items were on a room service cart, and a copy of a book titled "Headlines All My Life" was on the desk.

In both cities, he wore a blue and white striped button down over a polo shirt. In Rome the polo was orange. In Milan it was blue.

He sipped sparkling water and described a grand vision for a global populist future.

In the United States, Mr. Bannon said, he is working on a project to create a think tank to "weaponize" populist economic and social ideas.

He sees that work spreading to Europe, where a proliferation of populist websites in the image of Breitbart News, either owned by him or others, will spread those ideas, under his guidance.

As a final component, he wants to train an army of populist foot soldiers in the language and tools of social media.

Mr. Bannon said that a common message he had received from populist throughout Europe was a desire to establish a media outlet for their views.

"They see what Breitbart did and they want it in their own language," said Mr. Bannon, who slipped into the present tense when talking about the website from which he recently separated. "That's the key. Right now my sites are in English, they want one in their own language," he said, calling that "phase two."

**A new mission: To train Europe's budding populists to do what he did.**

He could be forgiven the slip, as the site still seems to be in his thrall. ("S'epper K. Bannon took Zurich by storm Tuesday, addressing a sell-out crowd," began Breitbart's article on the speech.)

But Mr. Bannon, who said he was paying for the trip, said he was weighing whether to buy a name-brand outlet, like Newsweek or United Press International, or to start a new one, or to connect entrepreneurs with capital or invest himself.

He imagined a scoop-driven and high-metabolism outlet "like Axios," he said, referring to the buzzy Washington newsletter, but with a populist bent that would deliver Europe's sleepy legacy papers.

"Whether I do it or a local entrepreneur does it," he said, "there are going to be these populist national news sites that pop up in the next year on line. That will only take these things to the next level."

With Europe more aggressively tackling the migration issue, Mr. Bannon was aiming to move the future battle of populism to other terrains.

He said that the reason it was so important to get populist nationalist governments in place was to prepare for a coming great-powers clash with an axis of ancient Turkish, Persian and Chinese civilizations. "Elites can't fight that fight," he said. "Because people have to buy into it."

He is also increasingly interested in motivating people to fight media conglomerates like Facebook that monetize their data. And he has become fascinated with crypto currencies and how they can help populist movements, the subject of a speech he gave in Zurich this week.

In preparation for the speech, organized by Die Weltwoche, a conservative Swiss magazine, Mr. Bannon said he visited the town of Zug, known as Crypto Valley for its bustling cryptocurrency industry. He was impressed.

"If Brussels and the European Central Bank is worried about Italy going to the lira, their concerns should be that all these communities and states are going to crypto," he said in Milan.

In the meantime, he said, he admires Italy's populist parties for already being on the technological cutting edge.

The Five Star Movement, a web-based party that preaches direct, online democracy, and the League, the hard-right, formerly northern-based secessionist party, both dominated social media during the campaign.

Often, their critics say, they did it with spurious and inflammatory fake news about migrants and crime. Many of those messages seemed propelled by automated bots rather than real supporters.

"You can't just have just all human, I'm sure they have some bots," Mr. Bannon said, unbothered. "The thing is, that they are generating enthusiasm on the strings."

He said he hoped the vast votes would eventually lead to something non out of the mainstream. Italians try to govern after an inconclusive election.

But he spoke also sympathetically about Mussolini, the strongman who only years ago was the future of Italy's European center-left.

Mr. Renzi, he said, "reject lesson the victorian in Europe," one.

The former prime said, had tried to sells's rules when it gration crisis, and European Union allow tries to close their ing Italy to take the burden.

"They hung him said.

Mr. Bannon sa on Sunday also Francis, who has for migrants.

"This vote wa pope," said Mr. who has nonetheless time critic of

"The pope like radical and a revolutionar the little gu place on Su

He said t turn to Ro the Vatica can cardi then Fra tended i

"They stay for non sa love to

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**From:** [redacted]
**Sent:** 8/4/2015 10:23:22 PM
**To:** Allen West [redacted]; Rafael Bardaji [redacted]; Philip Kafka [redacted]; Herb goodman [redacted]; Grant Seeger [redacted] Lisa albert [redacted]; janet kafka [redacted]; James Ramsey [redacted] ACT for America [redacted]; john zouzelka-cell [redacted]; Joel Dunn [redacted] Nate mcclain [redacted]; Bennet Greenwald [redacted] taal safdie [redacted]; uri fouzailov [redacted] Neil anderson [redacted]; nate white [redacted] rita hortenstine [redacted]; Henry hortenstine [redacted]; Gary Gross [redacted] Forrest Miller - adj kearsarge house [redacted]; Bennett Schmidt [redacted]; Val sherman [redacted]; Marcie brown [redacted]; Mark epstein [redacted]; jeff epstein [jeevacation@gmail.com]; Michael Stechel [redacted]; michael buchholtz [redacted]; Michael horowitz [redacted]; Marshall Funk [redacted]
**Subject:** Fw: The Iran Nuclear Deal

Pls spent 2 minutes and watch this dennis prager video on iran deal. And then forward it if you agree. If not, I understand and just delete. Respectfully, terry
Sent via BlackBerry by AT&T

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**From:** Mike Cohen <[redacted]>
**Date:** Tue, 4 Aug 2015 22:00:42 +0000
**To:** Terry Kafka [redacted]
**Subject:** FW: The Iran Nuclear Deal

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**From:** Mike Cohen
**Sent:** Monday, August 03, 2015 7:16 PM
**Subject:** FW: The Iran Nuclear Deal

Dear Friends,

PLEASE watch this very important short and incredibly clear video regarding the Iran deal.

If you have not yet called your congressmen and asked other friends and relatives to do so, PLEASE do that as well. The wellbeing of your children and grandchildren depend upon it!

Mike

# The Iran Nuclear Deal

Dear Friend,

This week, our featured video is as urgent as it gets. Just days after President Obama and Secretary of State John Kerry announced the nuclear deal with Iran, Dennis Prager was in studio recording a video explaining why the deal is so dangerous, and how it parallels what happened in 1938 between Great Britain and Nazi Germany. This is the fastest turn-around time on any video we've released in PragerU's history, but what's at stake is so monumentally important, we knew we couldn't waste any time. So please take five minutes to watch the video. Forward it to your family, friends, and the offices of your Congressional representatives. We all have an obligation to do whatever is in our power to impact as many people on this topic as we can.

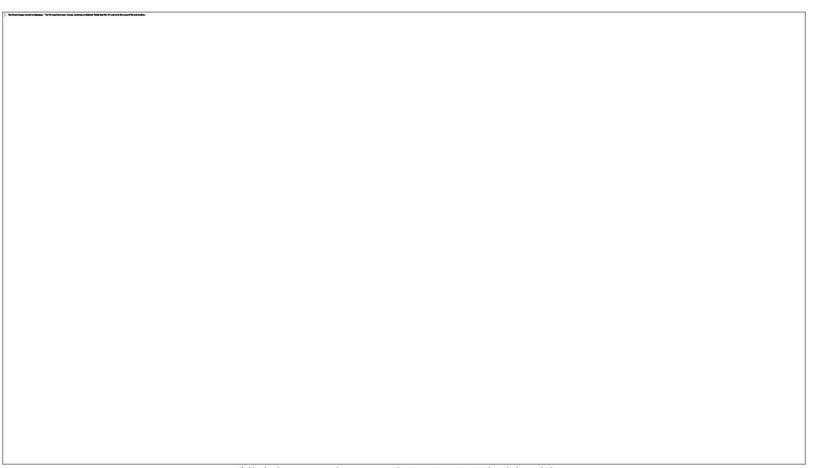

Click image above or here to watch this video

**From**: Ehud Barak [redacted]
**Sent**: 4/23/2015 3:31:35 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Fwd: Bill Clinton on Virtues of North Korean Nuclear Deal - History Repeats Itself

Hi Jeff

**Subject: Bill Clinton on Virtues of North Korean Nuclear Deal - History Repeats Itself**

Fyi
Best
EB

Check out this video on YouTube:

http://youtu.be/6TcbU5jAavw

Sent from my iPhone

**From**: Ehud Barak [redacted]
**Sent**: 4/23/2015 1:34:41 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Fwd: What Iran nuke deal means for Israel: Ehud Barak

Hi Jeff
Bill Clinton 1994.
Food for thought.
EB

http://video.cnbc.com/gallery/?video=3000369298

Sent from my iPhone

**From:** [redacted]
**Sent:** 3/29/2015 2:22:23 PM
**To:** jeevacation@gmail.com
**Subject:** Fwd: Do you know this Guy? You should
**Attachments:** MailAttachment.jpeg; MailAttachment.jpeg; MailAttachment.jpeg; MailAttachment.jpeg

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From: [redacted]
To: [redacted]
Sent: 3/28/2015 5:59:43 P.M. Eastern Daylight Time
Subj: Fwd: Do you know this Guy? You should

-----Original Message-----
From: Sample, Elizabeth <[redacted]
To: Norman D. Rau <[redacted]n>
Sent: Sat, Mar 28, 2015 5:24 pm
Subject: Fwd: Do you know this Guy? You should

*Elizabeth Lee Sample*
*Senior Global Real Estate Advisor/Associate Broker*
*Sotheby's International Realty*
38 East 61st Street
New York, NY 10065
[redacted]

http://www.samplepowers.com/
Click here to view my listings

Karlie Jamison
Licensed Salesperson/Executive Administrator
[redacted]

Begin forwarded message:

**From:** "Fitz Corr" <[redacted]>
**Date:** March 27, 2015 at 5:24:21 PM EDT
**To:** "Fitz Corr" <[redacted]>
**Subject: Do you know this Guy? You should**

**Subject:** Do you know this Guy? You should

Do You Know This Guy?

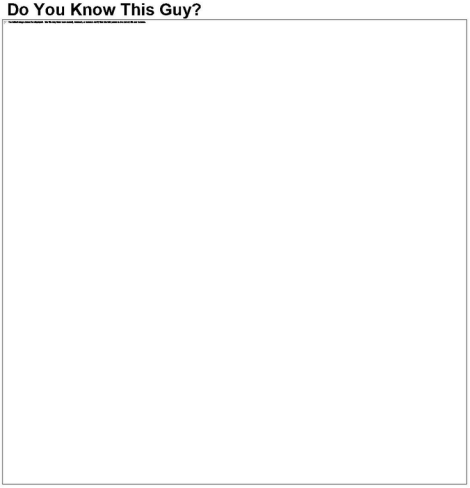

**He is Edward "Ed" Mezvinsky, born January 17, 1937. And so who is Ed Mezvinsky?**

**Well, he is a former Democrat congressman who represented Iowa's 1st congressional district in the United States House of Representatives for two terms, from 1973 to 1977.**

**He sat on the House Judiciary Committee that decided the fate of Richard Nixon.**

**He was outspoken saying that Nixon was a crook and a disgrace to politics and the nation and should be impeached.**

**He and the Clintons were friends and very politically intertwined for many years.**

**Ed Mezvinsky had an affair with NBC News reporter Marjorie Sue Margolies and later married her after his wife divorced him.**

**In 1993, Marjorie Margolies-Mezvinsky, then a freshman Democrat in Congress, cast the deciding vote that got President Bill Clinton's controversial tax package through the House of Representatives.**

**In March 2001, Mezvinsky was indicted and later pleaded guilty to 31 of 69 counts of federal criminal bank fraud, mail fraud, and wire fraud.**

**Ed Mezvinsky embezzled more than $10 million dollars from people via both a Ponzi scheme and the notorious Nigerian e-mail scams.**

**He was found guilty and sentenced to 80 months in federal prison.**

**After serving less than five years in federal prison, he was released in April 2008 and remains on federal probation.**

**To this day, he still owes $9.4 million in restitution to his many victims.**

**About now you are saying, "So what!"**

**Well, this is Marc and Chelsea Mezvinsky.**

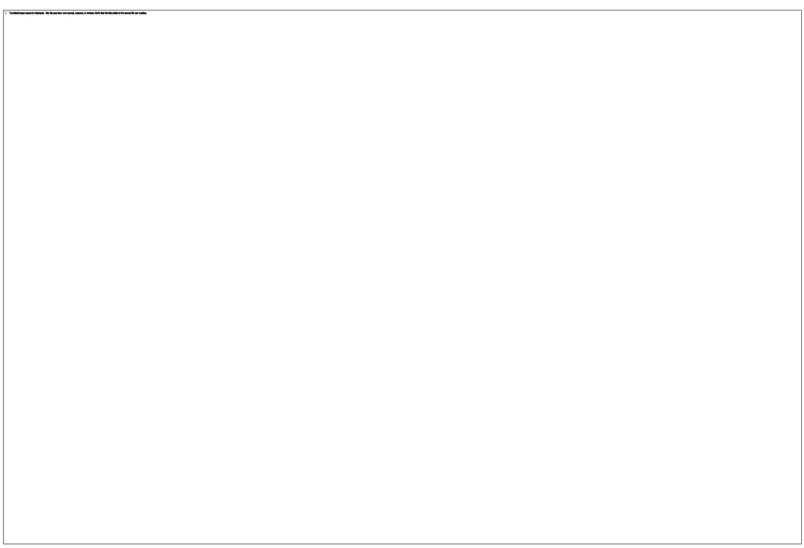

**That's right; Ed Mezvinsky is Chelsea Clinton's father-in law.**

**Now Marc and Chelsea are in their early thirties and purchased a $10.5 million NYC apartment.**

**Has anyone heard mention of any of this in any of the media?**

**If this guy was Jenna or Barbara Bush's, or better yet, Sarah Palin's daughter's father-in- law, the news would be an everyday headline and every detail would be reported over and over and over.**

**And yet liberals say there are no double standards in political reporting.**

**And people are already talking about Hillary as our next President!**

**And then there is possibly Chelsea for president in our future!**

**The cycle never ends!**

**Lying and corruption seem to make Democrat candidates more popular.**

# WAKE UP AMERICA

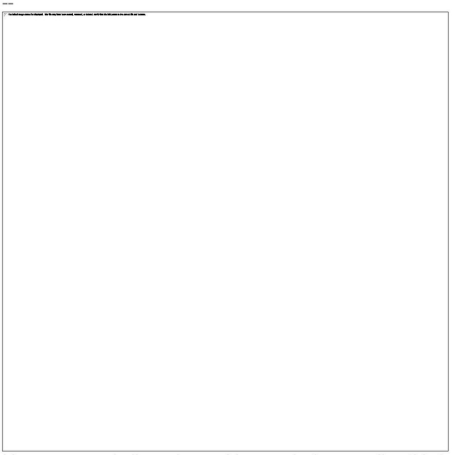

I have removed all previous addresses before sending this to you as well as sending it to you as a "blind copy". Please remove my address before forwarding.

**From**: Nicholas Ribis[redacted]
**Sent**: 1/4/2018 3:19:23 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Michael Wolff: My Insane Year Inside Trump's White House

Read this
https://www.google.com/amp/s/www.hollywoodreporter.com/amp/news/michael-wolff-my-insane-year-inside-trumps-white-house-1071504

Sent from my iPhone

**From:** Faith Kates [redacted]
**Sent:** 11/23/2017 2:41:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

Have fun!!!

Sent from my iPhone

On Nov 23, 2017, at 8:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

david fizel. hanson. trump

On Thu, Nov 23, 2017 at 8:32 AM, Faith Kates <[redacted]> wrote:
He's such a snooze who else is down there?

Sent from my iPhone

On Nov 23, 2017, at 8:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

berries color for holiday

On Thu, Nov 23, 2017 at 8:16 AM, Faith Kates <[redacted]> wrote:
That means glenn check out his red hair!!!

Sent from my iPhone

On Nov 23, 2017, at 8:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:

eva

On Thu, Nov 23, 2017 at 8:14 AM, Faith Kates <[redacted]> wrote:
Ok dylan will want to see you I always want to see you. Where are you having thanksgiving?

Sent from my iPhone

On Nov 23, 2017, at 8:12 AM, jeffrey E. <jeevacation@gmail.com> wrote:

all next week

On Thu, Nov 23, 2017 at 8:11 AM, Faith Kates <[redacted]> wrote:
Fun!!! When are you back in NYC?

Sent from my iPhone

On Nov 23, 2017, at 7:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

hope today is fun for you.

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**From**: Peggy Siegal [redacted]
**Sent**: 11/20/2017 8:09:46 PM
**To**: Steven Pfeiffer [redacted] jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: 2017 IFP Gotham Awards
**Attachments**: image001.png; image002.png; image003.png

Dear Steven,

See below:

Company Name: The Peggy Siegal Company
Contact Name: Peggy Siegal
Address: 750 Lexington Avenue 5th Floor New York, New York 10022.

Best,
Rebecca

---

**From:** Steven Pfeiffer [[redacted]]
**Sent:** Thursday, November 16, 2017 4:23 PM
**To:** jeffrey E.; Peggy Siegal
**Subject:** Re: 2017 IFP Gotham Awards

Sounds good, works for me.

So, Peggy, if you could just let me know what info to include on the donation letter and invoice, I'll send that along your way.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Thanks,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:40 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

just send to peggy.  you her co .  its better for her

On Thu, Nov 16, 2017 at 3:38 PM, Steven Pfeiffer <[redacted]> wrote:

Hi Jeffrey –

Sounds good. Thanks so much for confirming. If you or someone in your office could provide the information below, I can send along an invoice and contribution letter for your $10K donation toward the chairs.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Many thanks.

Best,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

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30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:26 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>, Richard Kahn <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

happy to buy your 10k of chairs  and will need me plus 3 seats.

On Thu, Nov 16, 2017 at 1:36 PM, Steven Pfeiffer <[redacted]> wrote:

Hello Jeffrey –

I hope all is well with you. As per Peggy Siegal's office, I have included here the invitation to the IFP Gotham Awards ceremony, which will be held on Monday, November 27 at Cipriani Wall Street in New York City.

This year's ceremony is going to be another successful event. We couldn't be more thrilled with this year's impressive group of Tributees. The Actress Tribute will go to **Nicole Kidman** and the Actor Tribute to **Dustin Hoffman**. The Director Tribute will be given to **Sofia Coppola**, with the Cinematographer Tribute going to **Ed Lachman**. With the Industry Tribute, we will be honoring **Jason Blum**, founder of Blumhouse Productions. And we simply couldn't be more pleased to honor Vice President **Al Gore** with this year's special Humanitarian Tribute. With nominees this year

ranging from **Willem Dafoe, Adam Sandler** and **Robert Pattison** to **Margot Robbie, Lois Smith** and **Mary J. Blige**, this year's ceremony looks to be the most star studded ever.

Please let me know if you have any questions.

Best regards,
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**From**: Steven Pfeiffer [redacted]
**Sent**: 11/16/2017 9:23:58 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Peggy Siegal [redacted]
**Subject**: Re: 2017 IFP Gotham Awards
**Attachments**: image001.png; image002.png; image003.png

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COMPANY NAME (if applicable):
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Thanks,
Steven

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**Date:** Thursday, November 16, 2017 at 3:40 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

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> CONTACT NAME:

ADDRESS LINE 1:
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**Date:** Thursday, November 16, 2017 at 3:26 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>, Richard Kahn <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

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Steven

**Steven Pfeiffer**

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**From**: Nicholas Ribis [redacted]
**Sent**: 7/16/2017 12:23:00 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

Saw Matt C with DJT at golf tournament I know why he was there

Sent from my iPhone

**From:** Terje Rod-Larsen [redacted]
**Sent:** 5/27/2017 11:19:59 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: US Saudi Arms deal but Note Blackstone Infrastructure Fund with SAMA

Sent from my iPhone

Begin forwarded message:

**From:** Richard John Nawrot <[redacted]>
**Date:** May 23, 2017 at 15:13:12 GMT+4
**To:** Terje Rod-Larsen <[redacted]>
**Cc:** Andreas Kraus <[redacted]>, George Henderson <[redacted]>
**Subject: US Saudi Arms deal but Note Blackstone Infrastructure Fund with SAMA**

Terje, the attached article appeared in todays FT, I have removed the defence part related to the US$110bn arms deal but highlighted the separate deal done with Blackstone to establish a fund for US infrastructure this is akin / precedent to what we seek to achieve with SAMA focused on global investment fund in Airport Infrastructure — Best Richard.

US President Donald Trump began his first foreign trip with a stop in Saudi Arabia, where a $110bn arms package was announced that the White House hopes will help Saudi Arabia and other gulf states combat terrorism in the region and ward off threats from Iran.

# US defence companies lifted by Saudi deals

## Lockheed Martin and Boeing stand out after Saudi Arabia signs a flurry of deals

**Separately, the kingdom's sovereign wealth fund has also announced a large investment in US infrastructure through a new Blackstone fund. The sovereign Public Investment Fund intends to invest $20bn into Blackstone's new vehicle, with a further $20bn coming from other investors. The group's stock price rose 6.7 per cent to $31.88.**

**From:** [redacted]
**Sent:** 5/8/2017 3:23:05 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

explain

In a message dated 5/8/2017 11:19:08 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> careful she is nottrustworthy at ALLL
>
> On Mon, May 8, 2017 at 10:43 AM, Jonathan Farkas <[redacted]> wrote:
>
> I am seeing Heidi a little bit I don't think it will turn into romance I am a bit old and not tall enough but she seems intelligent and kind Somers got an appointment from Trump she is on The White House Fellowship Commison it came through Woody and Suzanne Johnson because she bundled best Jonathan
>
> Sent from my iPhone
>
> --
>
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**From:** Boris Nikolic [redacted]
**Sent:** 6/6/2014 2:23:23 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** nanosatelites are getting hot

http://www.economist.com/news/leaders/21603441-where-nanosats-boldly-go-new-businesses-will-followunless-they-are-smothered-excessive

**Technology – Full text articles**

Satellites: Space: the next startup frontier
**The Economist**

AROUND 1,000 operational satellites are circling the Earth, some of them the size and weight of a large car. In the past year they have been joined by junior offspring: 100 or so small satellites, some of them made up of one or more 10cm (4-inch) cubes. They may be tiny, but each is vastly more capable than Sputnik, the first man-made satellite launched by Russia in 1957. And many more are coming.

Space hardware used to cost so much that it was available only to generals, multinationals and the most privileged scientists. No more. Many of these nanosats, as small satellites weighing no more than a few kilograms are called, have been launched for small companies, startups and university departments, sometimes with finance raised on crowdfunding websites. Their construction costs can be down in the tens of thousands of dollars, which makes them thousands of times cheaper than today's big satellites. Admittedly, there is much they cannot do, but with that sort of price differential, and some ingenious use of the abilities they do have, they could be surprisingly competitive players on a number of fronts. In the next five years another 1,000 nanosats are expected to be launched.

Two trends are setting up nanosats for further success. Like people working on everything from robots to 3D printers, nanosat builders are harvesting the benefits of ever better, ever cheaper components built for smartphones and other consumer electronics. Some nanosats even contain complete smartphones, making use of the clever operating systems, radios and cameras which phones now contain. For as long as phones go on getting cheaper and more capable, so will nanosats. The cheapest so far—a tiny chipsat—was assembled for just $25, though it has yet to be successfully launched.

The launch systems too are getting much cheaper. SpaceX, the innovative rocket-maker founded by Elon Musk, has already brought down the costs of getting into space; it and its competitors could reduce them a lot further. The biggest beneficiaries will at first be people who make big satellites. But more big satellites will mean more opportunities for small satellites to piggy-back on their launches. And some companies are looking at cheap little launch systems tailored specifically to the needs of the nanosatellite. One reason space engineers are notoriously conservative is that the costs of failure are high. As making and launching satellites gets cheaper, it will be ever easier for innovative, risk-taking nanosat-makers to orbit around the lumbering incumbents.

Size does impose limits. Nanosats cannot peer as closely at the Earth or carry out as many experiments as big satellites. But for some jobs that does not matter. The plans that companies already have include using nanosats for monitoring crops, studying the sun and tracking ships and aircraft. Such a system might have been able to track Malaysian Airlines flight MH370, which went missing in March.

Nano can do

Yet not everyone is thrilled. One worry is that constellations of nanosats will mean a big increase in space junk; but, operating in low-Earth orbit, they burn up on re-entry after a year or so. And being cheap, they can soon be replaced with newer models. A more serious concern is that they are a "dual-use" technology: they could be used for military purposes. In America this has led to onerous restrictions.

Barack Obama's administration has sensibly repealed a law of 1999 that required all satellites to be licensed by the State Department as munitions under the International Traffic in Arms Regulations (ITAR). This could mean that most commercial satellites will be removed from ITAR by the end of the year and their export administered by the Commerce Department. But some satellite systems and spacecraft—including anything that can carry people into space—will remain under ITAR.

Care needs to be taken with military kit, but America's regulations still seem excessive. A regular review to distinguish between systems that pose a real threat and ones that don't would be a help, as would better intelligence. Tight restrictions on new technologies will not work, and will damage America's interests: exciting new ventures like nanosats will simply move to countries from which they can be launched with greater ease.

Back to top

Nanosatellites: Nanosats are go!
**The Economist**

ALTHOUGH widely used, satellites are expensive to build and to launch. That began to change last year. On November 19th Orbital Sciences, an American company, launched a rocket from the Wallops Flight Facility in Virginia. It carried 29 satellites aloft and released them into low-Earth orbit, a record for a single mission. Thirty hours later, Kosmotras, a Russian joint-venture, carried 32 satellites into a similar orbit. Then, in January 2014, Orbital Sciences carried 33 satellites up to the International Space Station (ISS), where they were cast off a month later.

Many of these 94 satellites were built in a standard format known as a CubeSat, a 10cm (4 inch) cube weighing 1.3kg (2.9lb) or less. Some comprised units of two or three cubes. After a decade of fits and starts, during which some 75 CubeSats were launched, satellites of this scale and other small satellites are moving from being experimental kit to delivering useful scientific data and commercial services.

In the next five years or so some 1,000 nanosats, as small satellites of 1-10kg are called, are expected to be launched. Some will be smaller than a CubeSat; others bigger and heavier. Some are like a matryoshka doll: the Russian launch included a satellite that launched eight smaller ones, including four PocketQubes (a 5cm cube format). One of these smaller satellites, developed in Peru, released its own tiny bird.

There will be upsets along the way. In April, as part of a mission by SpaceX, an American company, to resupply the ISS, a small mothership was placed in orbit carrying 104 "sprites" (pictured below). Not much larger than a postage stamp, these contain all the basic elements of a satellite, such as a radio, aerials, a solar cell and instruments. Developed as part of a crowd-funded project called KickSat at Cornell University, each sprite cost just $25 in parts. Their launch was free, courtesy of NASA, the American space agency. The sprites were designed to remain in orbit for a few weeks collecting data before burning up on re-entry. Unfortunately, due to a fault with a timer, the mothership failed to release them before it burned up on re-entry. A second mission is now being planned.

No going back

Despite that setback, the way ahead for satellite technology is clear. "You can now, with a single chip, create most of the capabilities that you would have found in Sputnik, but, of course, orders of magnitude faster," says Mason Peck, a former chief technologist at NASA and now a professor at Cornell University.

The most ambitious project to date is a flock of 28 nanosats, each one three CubeSats in size (ie, 30cm long). These were carried to the ISS in January and released in batches (pictured at the beginning of this article) through a sort of satellite shooter developed by NanoRacks, an American company. These nanosats came from Planet Labs, a firm based in San Francisco. The satellites now take pictures as they scan the Earth more frequently than traditional ones and at a fraction of the cost, albeit at a lower resolution.

Planet Labs, funded modestly with $65m of private investment, says its nanosats provide much of the performance of a conventional satellite for a fraction of the cost. That reflects a lot of antiquated technology in the space business, much of which can be bettered by the latest off-the-shelf equipment, says Will Marshall, Planet Labs' boss. There are other cost-saving measures. Satellites are usually built in elaborate clean rooms, but Planet Labs assembles its nanosats in "clean-enough" rooms in its downtown offices. The company expects to put another 100 nanosats into orbit in the next 12 to 18 months.

A few miles away, in another modest San Francisco office, Nanosatisfi is working on its ArduSats. These are open-source platforms and two have already gone up. They will contain an array of sensors and can carry out various missions, such as locating things. More than 250,000 ships, for instance, now broadcast an automatic identification signal than carries about 50 nautical miles. A fleet of small satellites in low orbit could pick up these signals and provide frequent updates about the ships' positions without the vessels having to use costly dedicated satellite uplinks. Such a system might have been able to track Malaysian Airlines flight MH370, which went missing in March.

Farther south in Mountain View, Skybox captures high-resolution imaging data from its first satellite in orbit as it prepares another 23 to launch in the coming years. Some things, though, can be shrunk only so far and larger satellites are needed for a telescope to obtain the higher resolutions required for the firm's analysis. While Skybox's minisatellites weigh around 100kg, a fairly common size for small satellites, the firm proved its concept to investors using CubeSats. "Being able to put something in space at very low cost allows you to demonstrate the technology to get more money," says Dan Berkenstock, one of the company's founders.

The CubeSat specification came out of the academic world in the late 1990s. Bob Twiggs, then at Stanford University and now at Morehead State University, was frustrated by long delays on a large-satellite programme and set about thinking how much satellite capability might be crammed into a much smaller craft that could be launched cheaply. Space launches usually comprise one or more primary payloads and require ballast to balance the rocket. CubeSats, reasoned Mr Twiggs, could take the place of some of this ballast, so long as they did not jeopardise the main mission. The optimum size Mr Twiggs came up with was based on a box used to display Beanie Babies. Later, with Jordi Puig-Suari of California Polytechnic State University, it was turned into a full specification. Mr Twiggs also developed the 5cm PocketQube, which has a maximum weight of 180 grammes.

Small satellites benefit from the constant improvements in price and performance being achieved by the consumer-electronics industry, particularly in smartphones. A typical phone is now likely to contain an accelerometer to measure how fast it is moving, a magnetometer to detect magnetic fields and provide a compass reading, a GPS receiver to pick up satellite data, multiple radios, a gyroscope to measure its position, a barometer to detect pressure, two cameras and much more.

Last year the world's first "phonesat" went into orbit. It was a Google Nexus One smartphone incorporated into a three-unit CubeSat called STRaND-1. This was built by Surrey Satellite Technology, a British firm that specialises in small satellites and which is part of the European Airbus group. The idea was to test the components of the smartphone in a space environment. The phone was loaded with a number of experimental apps for such things as taking photographs and recording magnetic fields during orbit.

Smartphones and other consumer electronics provide a wealth of ready-made technologies that can enable a CubeSat to perform many of the functions of a satellite a hundred times heavier and much larger, but at substantially less cost. Including the launch, a nanosat of CubeSat dimensions might cost $150,000-1m, rather than $200m-1 billion for a full-sized one.

Low cost and a tolerance of less-stringent standards allow multiple nanosats to be built faster. This allows for a higher risk of failure. Nanosats have a relatively short life, which might be no more than a year or two in low-Earth orbit before re-entering the atmosphere and burning up. Planet Labs, for one, expects to replace some of its nanosats with new versions every year.

Into space in a flash

In an industry in which preparing some missions has taken decades, the speed at which nanosats can be developed and put into orbit makes the biggest in the space business take notice. NASA has also found ways to leverage the consumer-electronics industry, says Bruce Yost of the space agency's Ames Research Centre in California. His group (some former members of which founded Planet Labs) has launched five phonesats and is now planning a small fleet of them to experiment with communications between satellites.

Nanosat parts are readily available to researchers. One supplier, Pumpkin, operates from a residential San Francisco neighbourhood. Andrew Kalman, its founder, started in 2000 selling standard components that Mr Twiggs and his colleagues at Stanford needed. Pumpkin now sells items ranging from brackets for a few hundred dollars up to complete systems for hundreds of thousands of dollars. The company has also supplied America's National Reconnaissance Office with 12 three-unit CubeSats to help the agency demonstrate the technology.

Although many satellites already circle the globe taking pictures, some of the images may not be updated for days, months or even years. Commercial services can provide relatively rapid satellite images on demand, a number of them taking pictures down to a resolution of 50cm (ie, 50cm x 50cm per pixel, the legal limit in America for commercial satellites, although military ones can peer closer). But such satellites may cover only part of the globe each day. Once their fleets are complete, Planet Labs will offer images with resolutions of between 500cm to 300cm and Skybox, with its bigger minisatellites, 90cm. The companies will provide pictures that can be updated in hours for a variety of scientific and commercial applications.

They could, for instance, be used to track environmental conditions, illegal tree-felling or changes in the course of rivers—which, even in their initial deployment, Planet Labs has discovered happen surprisingly often. The frequency of

satellite passes opens up many new possibilities, says Skybox's Mr Berkenstock. His firm can offer a stream of analysis, such as the number of trees in a forest or the number of cars at various times of the day in parking lots across America. Transport patterns can be followed, infrastructure monitored, the planting of fields, plumes from smokestacks and ships in ports can all be observed. Overlaying more and more data will provide much richer visualisation, adds Mr Berkenstock.

Nor will all the nanosats be looking downwards. Sensors facing sideways and upwards from low-Earth orbit will allow researchers to carry out a large number of experiments and to take measurements that have previously been too costly to consider. This includes detecting solar and cosmic radiation, interactions between magnetic fields and other forces which together make up what is called space weather. Measuring and predicting space weather could be used to protect billion-dollar satellites and prevent astronauts from receiving high doses of radiation. Many satellites measure aspects of space weather, but they tend to do so only in certain directions. Part of the failed KickSat experiment was to use the sprites to see if arrays of inexpensive devices could constantly monitor such forces.

Nanosats may be inexpensive, but resisting gravity's inexorable pull comes with a price tag. Although there is no standard price list for a launch, a CubeSat costs roughly $100,000 to put each 1.3kg unit into low-Earth orbit. A three-unit CubeSat might cost as much as $400,000. Jeff Foust, an analyst at Futron, a consultancy, studies launch costs and says he has heard of charges as low as $30,000 for a single CubeSat launched on a Russian rocket.

These prices put nanosats in the reach not just of small firms, but also of start-ups and researchers relying on academic grants. Some schools are also planning nanosat experiments. Bulk-buying launches for heavier combined payloads can work out, per kilo, even cheaper. And these costs could come down, too. Elon Musk, SpaceX's boss, has consistently predicted substantial price drops in launch costs, even to as little as $200 per kilo. The firm's Falcon 9 rocket recently demonstrated a successful controlled descent of its booster stage, which would allow it to be reused.

There is plenty of innovation in putting smaller payloads into space. Interorbital Systems, a Californian company, recently carried out a successful suborbital test flight of a small rocket (pictured right) designed to carry a 145kg payload. The company has presold berths for dozens of CubeSats at $13,000-38,000 per unit, as well as its own TubeSat format, which it offers to academia as kit and launch for $8,000.

NASA will test an air-launched system in 2016 with Generation Orbit, an Atlanta company. It uses a Gulfstream G-IV executive jet to carry aloft a rocket which it fires off to put 45-50kg payloads into low-Earth orbit. NASA is also working with Virgin Galactic, a private space venture led by Richard Branson. Virgin Galactic has developed its LauncherOne, another air-launched rocket. It can be flown to a higher altitude and carry payloads up to 225kg.

Neither Generation Orbit or Virgin Galactic may come down much on price, as both see a profit to be made in offering regular launches, even weekly ones. Operators whose nanosats ride shotgun as ballast in other missions do not have much control over when they launch or the orbits they reach, says William Pomerantz, the head of special projects at Virgin Galactic. John Olds, boss of Generation Orbit, says that as constellations of nanosats increase, placing them in a precise orbit will be critical in keeping small-satellite networks operating.

The nanosat wars

Nanosats also face two other limiting factors: communications and propulsion. Those used for academic work principally rely on amateur-radio frequencies, with basic equipment squeezed into the CubeSat form. Transmission and reception are further hindered by the size of antennae or dishes, both on the ground and on the satellites. Many academic projects set up their own listening stations and recruit space buffs who can use inexpensive kit, but these work on an informal basis. Companies tend to use licensed frequencies and plump for more expensive radio gear to handle their data flows. More development in communications equipment and investment in ground stations would improve things.

The other bugbear, propulsion, is harder to solve. Currently, launch operators can prevent nanosats carrying hazardous propellants that might be used to power them to another orbit. Nor have engineers had a reason to design tiny spaceship engines using safer fuel. But they do now. Even a basic capability to push in one direction would allow nanosats to remain in orbit longer, or allow a satellite that has been placed into low-Earth orbit, using an inexpensive launch provider, to nudge itself to a higher geostationary orbit. And some might travel far beyond Earth.

Benjamin Longmier of the University of Michigan and founder of Aether Industries, which makes equipment for high-altitude research, has begun production of a nanosat propulsion system based on his previous work at the Johnson Space Station in Texas. This is a rocket that uses ionised propellants accelerated by magnetic fields. He has been able to scale this down to CubeSat size, using liquid water or solid iodine as the propellant. Dr Longmier says the system

could allow a constellation of satellites to remain in the correct position relative to one another, move satellites to polar orbit from less-expensive launch insertions or increase an orbit.

Surrey Satellite Technology's STRaND-1 also contained a couple of experimental propulsion systems. One is a re-entry device that ejects a mixture of water and alcohol to tip the nanosat out of orbit at the end of its useful life. The other is an array of pulsed-plasma thrusters which heat and evaporate a material to produce a charged gas to push the satellite along.

NASA has plans to offer a $5m prize using a six-unit CubeSat for groups to demonstrate ways both to communicate across large distances and display the effective use of unconventional propellants. Jennifer Gustetic, in charge of NASA's prizes, says the winner will have to show that their systems are survivable and can be operated far out into space. The programme is still at an early stage, but it could involve transporting the CubeSats for release into orbit around the Moon. But NASA has competition. Dr Longmier believes his technology can beat NASA to the Moon without the use of an additional spacecraft to carry the CubeSats there. And James Cutler, a satellite-propulsion expert now also at the University of Michigan, thinks he can propel small birds even deeper into space. Let the nanosat wars begin.

T

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**From**: Intelligence Squared [info@intelligencesquared.com]
**Sent**: 6/12/2019 11:23:58 AM
**To**: jeevacation@gmail.com
**Subject**: Last Remaining Tickets: Mark Zuckerberg On Trial – Will He Be Held Accountable?

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**Mark Zuckerberg on Trial:**
**Facebook is Damaging Society**

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Zuck sucks. According to his critics, Mark Zuckerberg, CEO of Facebook, presides over a company which is undermining our basic freedoms. It was complicit in the spread of fake news and foreign interference in our elections, and is partly to blame for the rise of political polarisation through its echo chambers and filter bubbles. The company has been selling the private data of millions of users around the world to select companies – most notoriously Cambridge Analytica, who used the information to meddle in the US presidential elections and Britain's EU referendum. And Facebook was accused of behaving like 'digital gangsters' by the House of Commons Digital Select Committee, led by **Damian Collins MP**, who claimed Zuckerberg has willfully misled lawmakers over fake news and data malpractice. Facebook is built on an essentially unethical business model, and the buck stops with Zuck.

That's the case against Mark Zuckerberg. But let's keep things in perspective, say his defenders. Facebook has done more than any other organisation in the world to connect people through technology, allowing more than 2.2 billion users so far – that's 30 percent of the world's population – to share their lives with friends and family around the world – all for free. And let's not forget that Facebook has been a vital tool for social and political organisation, from the Arab Spring to Obama's presidential campaign. The world is a complex and messy place and while it's convenient to scapegoat a single CEO for our polarised politics, the fact is there were multiple causes for Brexit and Trump. Of course, there are problems at Facebook and Mark Zuckerberg is keenly aware of them. In January 2018, he made a promise to fix Facebook, admitting that the organisation makes too many errors and listing his priorities as 'protecting our community from abuse and hate, defending against interference by nation states, or making sure that time spent on Facebook is time well spent'. Much of what we are reading about Facebook is old news. Zuckerberg is essentially an idealist and we should at least give him the benefit of the doubt as he seeks to rebuild the world's trust in Facebook.

That's the argument of Zuckerberg's defenders. But are they right? Join us on June 18, hear the arguments and decide for yourself.

Damian Collins

Conservative MP for Folkestone and Hythe and chair of the House of Commons Digital, Culture, Media and Sport Committee. He has played a key role in parliamentary scrutiny of Facebook's activities, including invoking a rare parliamentary mechanism to seize internal Facebook documents over the Cambridge Analytica scandal.

Nina Schick

Technology expert and political commentator focusing on how technology and artificial intelligence are reshaping democracy and geopolitics. She was a recent political advisor to former NATO Secretary General Anders Fogh Rasmussen, leading research into next-generation disinformation in the form of AI-generated deep fakes. She is a regular commentator on Sky News, BBC and Bloomberg.

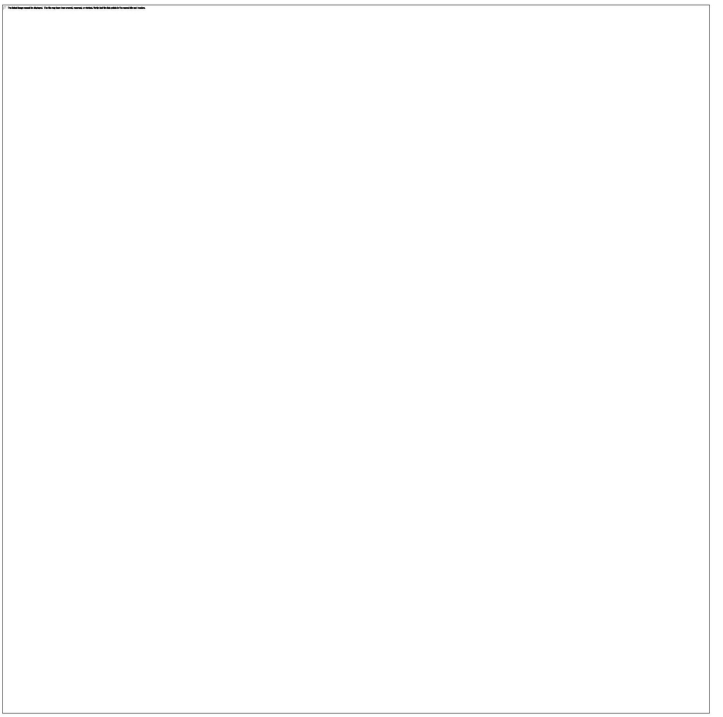

Dex Torricke-Barton

Former head of executive communications for Facebook. Over the last decade he has advised some of Silicon Valley's most prominent leaders and companies. He was Mark Zuckerberg's speechwriter from 2012-16, and was previously executive speechwriter for Google's Eric Schmidt. He has also head of communications for SpaceX, Elon Musk's rocket company.

Ed Vaizey

Conservative MP for Wantage and Didcot, who served as Minister for Culture, Communications and Creative Industries from 2010 to 2016 under David Cameron.

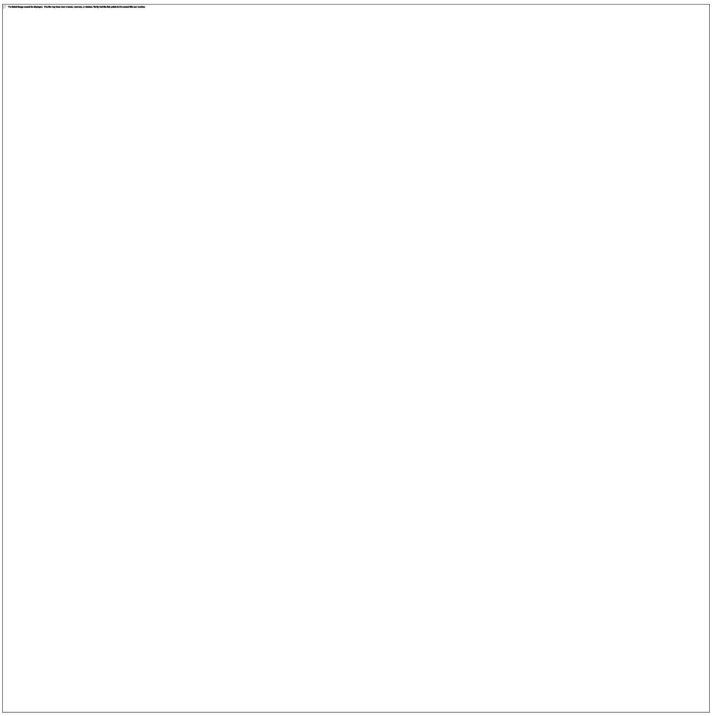

Helen Lewis

Helen Lewis is associate editor of the New Statesman, and has written on technology for the Sunday Times, Wired and the Guardian. Her first book, *Difficult Women*, is out next year.

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**The Daily: The Rise of Nationalism Across the Globe**

In this week's podcast, we hosted a live conversation from "The Daily", The New York Times' flagship podcast. In an event in partnership with The New York Times, we were joined by the podcast's host **Michael Barbaro**, as well as Berlin Bureau Chief **Katrin Bennhold**, London-based International Correspondent **Ellen Barry**, Executive Producer **Theo Balcomb** and Producer **Clare Toeniskoetter** for a conversation about the implications of the nationalist undercurrent currently sweeping across Europe.

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**To:** soon yi previn[redacted]

When I was 8 years old, I watched my trial-lawyer father play Horace Vandergelder in the Livingston, N.J., community-theater production of "Hello, Dolly!" He entered wearing an enormous marching-band bass drum (the character is in a parade), and he roared to his sobbing niece, "Dammit! How am I supposed to play 'Yonkers My Yonkers' with all that bellowing in my ears!" It was the most exciting thing I had ever seen.

I was a melancholic child. Worried, anxious. I never felt as if I belonged anywhere, as if I were a foreign exchange student living among the other kids, who seemed predestined to love sports. Add to that alienation the fact that my parents were going through a divorce, and I was truly treading water. But in that junior high school auditorium, I felt like I'd discovered a secret I didn't even know was being whispered. There was a place where I might belong: It was the Theater, and I was sold.

A few years later, at Stagedoor Manor in Loch Sheldrake, N.Y., I joined an intensive theater boot camp for kids just like me. The second I stepped off the bus, I felt like baby Simba when he's lifted into the air in "The Lion King" and all the animals sing. Everyone was affectionate; everyone hugged; no was called "gay" for doing anything that wasn't masculine. (My insecurity about this had shamefully kept me from doing theater in school.) It was utopia, and I never wanted to leave.

Photo

From left, Helene Yorke, Zach Braff and Lenny Wolpe in the musical "Bullets Over Broadway." Credit Sara Krulwich/The New York Times

It was there I met Michael Larsen, the musical director of the camp. He told me that I wasn't just a camper having fun, but that I also had talent. And he was tough — sometimes he'd scream at me — but I knew it was because he thought I had a shot. (Michael was the first of many gay men instrumental in guiding me to where I am now, which is why I try to speak on behalf of gay rights whenever I can. But I suppose that's a different essay.)

At 18, I was cast as Woody Allen and Diane Keaton's son in the film "Manhattan Murder Mystery," my first movie role. And now, after studying film and theater at Northwestern University, playing J. D. on "Scrubs" on TV for nine years and directing two films, I'm working with Woody Allen again. I'm typing these words in my dressing room at the St. James Theater, where on April 10 I'll open in "Bullets Over Broadway," a musical adaptation of his hit film. I play David Shayne, a struggling writer in 1929 New York who agrees to cast a mobster's ditsy girlfriend in one of his plays in order to get it produced.

The St. James is where Yul Brynner opened in "The King and I" in 1951; where hits like "Oklahoma!," "The Pajama Game," "Gypsy," "The Who's Tommy," and "The Producers" played, and where, in 1964, by the most surreal of coincidences, Carol Channing first descended an endless staircase in "Hello, Dolly!" I sit in Dressing Room 201, where many of the great luminaries of the Broadway stage — Patti LuPone, Nathan Lane, Mandy Patinkin — have paced waiting for the intercom to chime, "Places for Act I, please." This is the sanctuary that a little invisible boy in New Jersey dreamed he'd one day find.

Photo

Zach Braff in a 1988 production of "Godspell" at Stagedoor Manor. Credit Stagedoor Manor

It's my first time on Broadway, but not my first time onstage. My first job straight out of college was in George C. Wolfe's production of "Macbeth" at the Public Theater, starring Alec Baldwin, Liev Schreiber, Angela Bassett and Michael C. Hall, and I've since appeared Off Broadway in shows at the Delacorte and Second Stage Theater.

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The first day of rehearsal for “Macbeth,” Alec Baldwin sat down next to me. “Who do you play?” he asked. My voice quivered: “Ummm, I play Fleance and Young Seward.” He paused. “Oh — so I kill you twice.” Each night, as he drove his broadsword through my heart, I thought, “I’ve made it!”

In the sixth season of “Scrubs,” the show’s creator, Bill Lawrence (also a major fan of musical comedy), decided to do a musical episode. It was the first time I had done musical comedy since I was at camp, and it instantly reminded me how much I loved it. My favorite song from the episode was called “Guy Love.” In it, Donald Faison (my best friend in real life and on the show) and I sang about how our homoerotic love for each other was nothing to apologize for. (“It’s guy love, that’s all it is.”) The experience replanted the seed, and I made a promise to myself: One day I would sing on Broadway.

Photo

Zach Braff, left, and Donald Faison on “Scrubs,” which had a musical episode in its sixth season. Credit ABC

I’d be curled in the fetal position spooning a pillow right now, though, if it weren’t for my current director, Susan Stroman. Directing and choreographing a musical is the most epic undertaking for one human being, yet Susan (or Stro, as the cool Broadway kids call her) handles it with aplomb.

And she’s not just choreographing the actors and dancers, but also the magnificent set designed by Santo Loquasto, which moves in ways I didn’t know scenery could move. It’s a dance of men and women and machines and winches and elevators and lights. The wings of the St. James are very narrow, so when a giant piece of scenery disappears from the audience’s view, the most elaborate game of Tetris begins, as the outstanding stage crew turns and lifts and twists; not an inch is wasted. The second the orchestra strikes the first note of the overture, no one stops moving until the final curtain hits the deck.

During “Manhattan Murder Mystery,” I had every word of my lines memorized down to the punctuation mark. I’ll never forget: The first thing Woody said to me was, “We’re probably not going to say exactly what’s on the page so ... you know ... just try to keep up. ...” While we’ve been in previews on “Bullets,” he and Stro have been giving us notes each day on the previous night’s performance. One night, I dropped a great joke by accident. He said to me with a smile, “You’ll probably get a bigger laugh if you actually say it onstage.”

All the people on Broadway are the best at what they do. All dancers want to work with Stro, so she gets the best dancers in New York City. Is there an oboist in the orchestra? You can guarantee he’s the best oboist on the island of Manhattan. Need to recreate the look of 1929? The six-time Tony winner William Ivey Long is here to design the costumes. And the voices! I am in awe. There has yet to be a time when I don’t get goose bumps when Betsy Wolfe, who plays my girlfriend, belts out the final notes of our duet, “I Found a New Baby.”

In TV and film, where I've had the bulk of my experience, the best moments of the day are edited together to create the best version of what you've captured. It's a different art, with a different process. But when the curtain rises at 8:05 every night at the St. James, the audience is being treated to a ballet of moving parts as intricate as a pocket watch. Whether it's the 19-piece orchestra under the stage, the crew in the wings or the 30 performers on top of it, the gears turn, the set spins and a tiny hidden smile creeps across my face.

Zach Braff is an actor, writer and director. His new film, "Wish I Was Here," opens July 18.

A version of this article appears in print on March 23, 2014, on page AR6 of the New York edition with the headline: An Invisible Boy Keeps His Promise. Order Reprints|Today's Paper|Subscribe

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**Date:** Monday, January 13 2014 08:14 PM
**Subject:** mission acomplished for some
**From:** Boris Nikolic [redacted]
**To:** Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>;

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**Philanthropy – Full text articles**

Revealed: the world's most admired people
Stephan Shakespeare **– Times**

Bill Gates is the most admired person in the world, according to a global survey for The Times by YouGov. The man who many see as responsible for the democratisation of computing and who is the biggest activist philanthropist across the globe is highly regarded everywhere.

In his home, America, he ranks only 5th, behind Pope Francis, President Obama, Billy Graham, and George W. Bush. Mr Obama and the Pope have a strong lead in Western nations but Mr Gates is highly regarded in every country polled, from Brazil to Egypt, Nigeria to Indonesia, Britain to Russia to Australia. He tops the poll in China — as respondents there said: "He got into a good university, but gave up studying to start his business. He has become a rich man despite dropping out of school . . . He has a successful career and a caring heart — he is ordinary, but great."

The Queen came highest in Britain and second in Australia, but didn't make the Indian top ten. Nevertheless she is the most admired woman in the world, in 17th place, closely followed by Angelina Jolie and Oprah Winfrey.

Half of the top ten admired in Russia are women, including the pop singer Alla Pugacheva and the Queen. That is the highest figure in all countries surveyed — women are strikingly under-represented.

Some light is shed on this by comparing our results with a recent Gallup poll in America, which asked for most admired man and woman in separate questions. In that poll, Bill Clinton scored 2 per cent and Hillary Clinton 15. YouGov asked a single question, not differentiating men and women, and the two Clintons rated about the same. The two polls also show the power of the media to direct public attention: Gallup polled early in December, and Pope Francis was "most admired" by only 4 per cent. By the time of the YouGov survey, Time magazine had made him its Person of the Year, and he shot up to 21 per cent.

Business leaders did well in general. YouGov puts Sir Richard Branson 4th in Britain, the Hong Kong billionaire Sir Li Kashing was sixth in China; the Nigerian industrialist Aliko Dangote was third in his home country; Silvio Santos, a media billionaire, was 4th in Brazil; Mikhail Khodorkovsky, the tycoon recently freed by Vladimir Putin, was 8th in Russia; while Warren Buffett, who is admired in India, Pakistan and China, was 8th in the world.

Actors and musicians do less well. With the exception of the Bollywood superstar Amitabh Bachchan, Ms Jolie and Stephen Fry, who confirms his enormous Twitter following by making 7th in Britain, just below Desmond Tutu. Johnny Depp and Brad Pitt get close to the top in a couple of countries and Justin Bieber did well in Indonesia, but the rock star and anti-poverty campaigner Bono is notable by his absence.

Sportsmen were more highly regarded, with the Indian cricketer Sachin Tendulkar 5th in the world — but only because he is so adored in the world's second-most populous country. The footballer Lionel Messi had broader support, reaching 15th in the world. In Britain, David Beckham squeaked into 10th place.

In only two countries of the 13 surveyed did no local politician make it into the top ten — Australia and the UK. The omission was most striking in Britain where Nigel Farage, the top politician, was in 16th place. David Cameron received the "most admired" accolade from only two people in a thousand. In Germany, Angela Merkel scored 65 times higher at 13 per cent, second only to the Pope. Vladimir Putin topped the Russian poll with a whopping 24 per cent, Nicolas Sarkozy was third in France and Goodluck Jonathan 8th in Nigeria. Edward Snowden, responsible for leaking classified documents that revealed the extent of surveillance by America's National Security Agency, was 10th most admired in the country that granted him asylum, Russia. He also showed strongly in Germany. We also asked who was the most famous person in the world. The

overwhelming choice was Mr Obama, with 26 per cent, and Mr Gates behind on 12.

YouGov polled in Great Britain, France, Germany, Russia, the US, Australia, Pakistan, Indonesia, India, China, Egypt, Nigeria and Brazil, representing over half of the world's population and the most populated country on each continent, and spoke to total of 13,895 people around the world. We used a mix of internet and mobile phone surveys. In most countries we achieved representative samples but in some we were unable to achieve good representation of rural communities. Our survey asked two open-ended questions, seeking write-in answers: who do you think is the most famous person in the world, and who do you personally most admire?

Although we specified that only living people should be considered, many wanted to choose Nelson Mandela anyway, and had we conducted the survey a month earlier he would have come top. In China there was significant support for Mao Zedong, Zhou Enlai and Deng Xiaoping, with 14 per cent between them, and had those respondents considered only the living, Xi Jinping would have scored even more highly.

Who's Who
- Narendra Modi, an Indian politician, is the prime ministerial candidate of the BJP, the main opposition party.
- Amitabh Bachchan is a Bollywood superstar, who was the "angry young man" of Hindi cinema.
- Abdul Kalam is an Indian scientist and was president of his country 2002-07.
- Anna Hazare held a series of hunger strikes in India in a successful campaign for anti-corruption laws.
- Arvind Kejriwal is the Chief Minister of Delhi, and worked alongside Hazare.
- Peng Liyuan, a Chinese folk singer, is the wife of President Xi Jingping.
- The philanthropist Abdul Sattar Edhi founded the Edhi Foundation, the largest welfare organisation in Pakistan.
- Joko 'Jokowi' Widodo, the governor of Jakarta, is a populist leader who may run in the 2014 Indonesian presidential election.

*Stephan Shakespeare is CEO of YouGov.*

**From:** ehud barak [redacted]
**Sent:** 9/16/2013 11:12:33 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Summers withdraws from Fed race

A major blow to a friend. Lest BO takes him to replace JL.
Now he'll probably be free in the next few days. EB

Sent from my iPad

Begin forwarded message:

**From:** "FT Breaking News" <FT@emailbriefings.ft.com>
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**Sunday September 15 2013**

**BREAKING NEWS**

# Summers withdraws from Fed race

Lawrence Summers has taken himself out of the running to be the next chair of the Federal Reserve, withdrawing his name after opposition from key Democratic senators indicated they would oppose his nomination.

Mr Summers, a former Treasury Secretary and senior economic adviser to Barack Obama in his first term, galvanised opposition among left-of-centre Democrats who painted him as symbol of the wrongs of financial deregulation.

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**Sent:** 8/22/2018 7:23:38 PM
**To:** Starr, Ken [redacted]
**Subject:** Re: Jed Rubenfeld

i read turley,s piece on same subject / federalist papers etc. too much in the weeds. average joe. not sure what he concluded

On Wed, Aug 22, 2018 at 3:17 PM, Starr, Ken [redacted] wrote:
Wise counsel. Thx!

Sent from my iPhone

On Aug 22, 2018, at 1:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I think scholarly but not too much so. no one above the law. . we began leaving a kingdom. . unlikely to give king like powers to a president. on one above the law. I would like lunch pail joe to come away and think , this guy is smart . I understood . lets see what he writes about the clintons.
someone suggested that trump could shoot someone on fifth avenue and not lose a vote. that is true , but would make little sense for him not to suffer an immediate consequence. the allowed civil depo setting precedent for criminal process , is a lawyers outline I might think of dumbing it down , again , and suggesting that you can sue your neighbor , even if you neighbor is the president. makes little sense that the you can be indicted for assaulting him but he cannot if he assaults you. low bar for civil higher bar for criminal. . at some point on your book tour I might point out how disappointed you were that the clinton and betty curries' trashcan story , was reopened . .

On Wed, Aug 22, 2018 at 2:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
i vote yes as it makes you relevant to today rather than merely re- reciting an old tale. :) or tail?

On Wed, Aug 22, 2018 at 12:07 PM, Starr, Ken [redacted] wrote:
Can you talk? Impt. [redacted]

Sent from my iPhone

On Aug 17, 2018, at 9:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

thx

On Fri, Aug 17, 2018 at 10:14 AM, Starr, Ken [redacted] wrote:

Good morning!

Jed teaches crim law at Yale. Outspokenly strong on the need for procedural fairness in campus adjudicatory proceedings. Relevant to your friend's unhappy situation? If so, happy to make the connection.

Hugs, Ken

Sent from my iPhone

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**To:** jeffrey E. [jeevacation@gmail.com]; [redacted]
**Subject:** Memo: Sex offender Jeffrey Epstein talked to FBI to get plea deal

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# FBI Epstein files say he gave info. Does it explain sweetheart deal?

Updated: 12:28 p.m. Wednesday, May 30, 2018 | Posted: 12:21 p.m. Wednesday, May 30, 2018

Uma Sanghvi WEST PALM BEACH —

Ten years after convicted Palm Beach sex offender Jeffrey Epstein escaped federal charges in connection with allegations that he paid dozens of teenage girls for sex, the FBI last week released what appears to be an explosive explanation for what many have long described as a sweetheart deal.

"Epstein has also provided information to the FBI as agreed upon," agents wrote in one of dozens of heavily redacted, decade-old memos that were unexpectedly and inexplicably posted on an FBI website known as "The Vault."

The simple declaration stunned those who have been following the tortuous and celebrity-studded case for years. It rekindled talk that the billionaire's 2008 decision to plead guilty to state charges to make the federal investigation disappear was part of a cover up to protect Epstein's high-powered friends, including President Donald Trump, former President Bill Clinton and Britain's Prince Andrew.

"That sentence obviously means something but I, too, am at a loss as to what it really means," said attorney Brad Edwards, who for a decade has been trying to unravel the mystery of Epstein's plea deal. "If there was some cooperation I would have expected that we would have been told. However, nothing surprises me at this point."

In recent years, federal prosecutors have offered various explanations for why they agreed to drop the case they were building against the 65-year-old enigmatic money manager if he pleaded guilty to state prostitution charges. In court papers, they have said they wanted to get justice for Epstein's young victims but worried a jury wouldn't believe them.

So, they have said, they negotiated a deal, allowing Epstein to plead guilty in Palm Beach County Circuit Court to one count of soliciting a minor for prostitution and another charge of soliciting prostitution. In exchange, federal prosecutors agreed to close their investigation. They have said they had no idea Epstein would only serve 13 months of an 18-month sentence in a vacant wing of the county stockade — a cell he was allowed to leave 16 hours a day, six days a week.

While voicing dismay at his lax punishment, prosecutors have pointed out that the plea deal required Epstein to pay the roughly 30 young women who filed civil lawsuits against him. Further, they said his guilty pleas force him to register as a sex offender for the rest of his life, potentially protecting other girls from abuse in the future.

However, over the years, they have never suggested that Epstein provided them any information in return.

Like Edwards, two people close to the long-closed federal investigation said they were flummoxed by the sentence in the FBI's memo that was written in September 2008, roughly two months after Epstein pleaded guilty in state court.

"I have never, ever heard of Jeffrey Epstein cooperating in any sense of the word," said one official, who requested anonymity because of the top role the person played in the investigation. "I am stumped. It's totally out of left field."

Another individual with ties to the case voiced similar views. Epstein may have been required to talk to FBI agents but it's unlikely he offered anything that would incriminate others, said the person, who declined to be identified because of ongoing efforts to help Epstein's victims challenge the plea deal. "I don't think he ever told the truth," the person said.

A lawsuit Edwards filed against the federal government, claiming prosecutors violated the Victims Rights Act by not notifying Epstein's victims of the pending plea deal, is still pending in U.S. District Court. Also, awaiting trial in Palm Beach County Circuit Court is a malicious prosecution lawsuit Edwards filed against Epstein. Edwards claims the billionaire filed a frivolous lawsuit to punish Edwards for representing a handful of Epstein's young victims.

West Palm Beach attorney Jack Goldberger, who was on Epstein's potent defense team, said he was "unable to respond" to questions about the FBI's memo. Other prominent lawyers who represented Epstein, including New York lawyer Jay Lefkowitz and retired Harvard law professor Alan Dershowitz, didn't respond to requests for comment.

The one line was part of a brief missive dated Sept. 18, 2008, closing the case: "On 9/11/08, case agent advised writer that Epstein is currently being prosecuted by the State of Florida and is complying with all conditions of his plea with the State of Florida. Epstein has also provided information to the FBI as agreed upon. Case agent advised that no federal

prosecution will occur in this matter as long as Epstein continues to uphold his agreement with the State of Florida. … Case agent is requested to contact writer in the event this matter moves forward on a federal level."

The memo was one of hundreds of documents, including dozens of copies of newspaper articles about Epstein, that were posted on the FBI's website. The website, www.vault.fbi.gov, serves as the FBI's electronic FOIA library. The heavily redacted documents showed agents traveled to New York City, Sante Fe, N.M., and St. Thomas in the U.S. Virgin Islands, where Epstein has homes. But there is little information about who they interviewed or what they learned.

The only witness named in the documents is Alfredo Rodriguez, who was a houseman at Epstein's Palm Beach mansion in 2004. That's when Epstein regularly paid young women to give him sexually-charged massages, police said.

Rodriguez was convicted of obstruction of justice in 2010 and sentenced to 18 months in jail for trying to sell a journal he purloined from Epstein. Prosecutors said the journal detailed Epstein's sexual dalliances. Rodriguez, who lived in Kendall, died in 2014.

Those familiar with FBI procedures said the records are administrative files, not investigative ones. Some questioned why the files were posted on the FBI's web site. The FBI didn't return a phone call for comment. According to the web site, the records were released "in compliance with the National Archives and Records Administration requirements."

And while it's been 10 years since Epstein pleaded guilty to prostitution charges and settled dozens of lawsuits with young women, litigation continues.

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Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

# SUPREME COURT OF THE UNITED STATES

Syllabus

## JAM ET AL. *v.* INTERNATIONAL FINANCE CORP.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 17–1011. Argued October 31, 2018—Decided February 27, 2019

In 1945, Congress passed the International Organizations Immunities Act (IOIA), which, among other things, grants international organizations the "same immunity from suit . . . as is enjoyed by foreign governments." 22 U. S. C. §288a(b). At that time, foreign governments were entitled to virtually absolute immunity as a matter of international grace and comity. In 1952, the State Department adopted a more restrictive theory of foreign sovereign immunity, which Congress subsequently codified in the Foreign Sovereign Immunities Act (FSIA), 28 U. S. C. §1602. The FSIA gives foreign sovereign governments presumptive immunity from suit, §1604, subject to several statutory exceptions, including, as relevant here, an exception for actions based on commercial activity with a sufficient nexus with the United States, §1605(a)(2).

Respondent International Finance Corporation (IFC), an IOIA international organization, entered into a loan agreement with Coastal Gujarat Power Limited, a company based in India, to finance the construction of a coal-fired power plant in Gujarat. Petitioners sued the IFC, claiming that pollution from the plant harmed the surrounding air, land, and water. The District Court, however, held that the IFC was immune from suit because it enjoyed the virtually absolute immunity that foreign governments enjoyed when the IOIA was enacted. The D. C. Circuit affirmed in light of its decision in *Atkinson* v. *Inter-American Development Bank*, 156 F. 3d 1335.

*Held*: The IOIA affords international organizations the same immunity from suit that foreign governments enjoy today under the FSIA. Pp. 6–15.

(a) The IOIA "same as" formulation is best understood as making international organization immunity and foreign sovereign immunity

continuously equivalent. The IOIA is thus like other statutes that use similar or identical language to place two groups on equal footing. See, *e.g.*, Civil Rights Act of 1866, 42 U. S. C. §§1981(a), 1982; Federal Tort Claims Act, 28 U. S. C. §2674. Whatever the ultimate purpose of international organization immunity may be, the immediate purpose of the IOIA immunity provision is expressed in language that Congress typically uses to make one thing continuously equivalent to another. Pp. 6–9.

(b) That reading is confirmed by the "reference canon" of statutory interpretation. When a statute refers to a general subject, the statute adopts the law on that subject as it exists whenever a question under the statute arises. In contrast, when a statute refers to another statute by specific title, the referenced statute is adopted as it existed when the referring statute was enacted, without any subsequent amendments. Federal courts have often relied on the reference canon to harmonize a statute with an external body of law that the statute refers to generally. The IOIA's reference to the immunity enjoyed by foreign governments is to an external body of potentially evolving law, not to a specific provision of another statute. Nor is it a specific reference to a common law concept with a fixed meaning. The phrase "immunity enjoyed by foreign governments" is not a term of art with substantive content but rather a concept that can be given scope and content only by reference to the rules governing foreign sovereign immunity. Pp. 9–11.

(c) The D. C. Circuit relied upon *Atkinson*'s conclusion that the reference canon's probative force was outweighed by an IOIA provision authorizing the President to alter the immunity of an international organization. But the fact that the President has power to modify otherwise applicable immunity rules is perfectly compatible with the notion that those rules might themselves change over time in light of developments in the law governing foreign sovereign immunity. The *Atkinson* court also did not consider the opinion of the State Department, whose views in this area ordinarily receive "special attention," *Bolivarian Republic of Venezuela* v. *Helmerich & Payne Int'l Drilling Co.*, 581 U. S. ___, ___, and which took the position that immunity rules of the IOIA and the FSIA were linked following the FSIA's enactment. Pp. 11–13.

(d) The IFC contends that interpreting the IOIA immunity provision to grant only restrictive immunity would defeat the purpose of granting immunity in the first place, by subjecting international organizations to suit under the commercial activity exception of the FSIA for most or all of their core activities. This would be particularly true with respect to international development banks, which use the tools of commerce to achieve their objectives. Those concerns are

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inflated. The IOIA provides only default rules. An international organization's charter can always specify a different level of immunity, and many do. Nor is it clear that the lending activity of all development banks qualifies as commercial activity within the meaning of the FSIA. But even if it does qualify as commercial, that does not mean the organization is automatically subject to suit, since other FSIA requirements must also be met, see, *e.g.*, 28 U. S. C. §§1603, 1605(a)(2). Pp. 13–15.

860 F. 3d 703, reversed and remanded.

ROBERTS, C. J., delivered the opinion of the Court, in which THOMAS, GINSBURG, ALITO, SOTOMAYOR, KAGAN, and GORSUCH, JJ., joined. BREYER, J., filed a dissenting opinion. KAVANAUGH, J., took no part in the consideration or decision of the case.

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

# SUPREME COURT OF THE UNITED STATES

No. 17–1011

## BUDHA ISMAIL JAM, ET AL., PETITIONERS *v.* INTERNATIONAL FINANCE CORPORATION

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

[February 27, 2019]

CHIEF JUSTICE ROBERTS delivered the opinion of the Court.

The International Organizations Immunities Act of 1945 grants international organizations such as the World Bank and the World Health Organization the "same immunity from suit . . . as is enjoyed by foreign governments." 22 U. S. C. §288a(b). At the time the IOIA was enacted, foreign governments enjoyed virtually absolute immunity from suit. Today that immunity is more limited. Most significantly, foreign governments are not immune from actions based upon certain kinds of commercial activity in which they engage. This case requires us to determine whether the IOIA grants international organizations the virtually absolute immunity foreign governments enjoyed when the IOIA was enacted, or the more limited immunity they enjoy today.

Respondent International Finance Corporation is an international organization headquartered in the United States. The IFC finances private-sector development projects in poor and developing countries around the world. About 10 years ago, the IFC financed the construc-

tion of a power plant in Gujarat, India. Petitioners are local farmers and fishermen and a small village. They allege that the power plant has polluted the air, land, and water in the surrounding area. Petitioners sued the IFC for damages and injunctive relief in Federal District Court, but the IFC claimed absolute immunity from suit. Petitioners argued that the IFC was entitled under the IOIA only to the limited or "restrictive" immunity that foreign governments currently enjoy. We agree.

## I

### A

In the wake of World War II, the United States and many of its allies joined together to establish a host of new international organizations. Those organizations, which included the United Nations, the International Monetary Fund, and the World Bank, were designed to allow member countries to collectively pursue goals such as stabilizing the international economy, rebuilding war-torn nations, and maintaining international peace and security.

Anticipating that those and other international organizations would locate their headquarters in the United States, Congress passed the International Organizations Immunities Act of 1945, 59 Stat. 669. The Act grants international organizations a set of privileges and immunities, such as immunity from search and exemption from property taxes. 22 U. S. C. §§288a(c), 288c.

The IOIA defines certain privileges and immunities by reference to comparable privileges and immunities enjoyed by foreign governments. For example, with respect to customs duties and the treatment of official communications, the Act grants international organizations the privileges and immunities that are "accorded under similar circumstances to foreign governments." §288a(d). The provision at issue in this case provides that international organizations "shall enjoy the same immunity from suit

and every form of judicial process as is enjoyed by foreign governments." §288a(b).

The IOIA authorizes the President to withhold, withdraw, condition, or limit the privileges and immunities it grants in light of the functions performed by any given international organization. §288. Those privileges and immunities can also be expanded or restricted by a particular organization's founding charter.

B

When the IOIA was enacted in 1945, courts looked to the views of the Department of State in deciding whether a given foreign government should be granted immunity from a particular suit. If the Department submitted a recommendation on immunity, courts deferred to the recommendation. If the Department did not make a recommendation, courts decided for themselves whether to grant immunity, although they did so by reference to State Department policy. *Samantar* v. *Yousuf*, 560 U. S. 305, 311–312 (2010).

Until 1952, the State Department adhered to the classical theory of foreign sovereign immunity. According to that theory, foreign governments are entitled to "virtually absolute" immunity as a matter of international grace and comity. At the time the IOIA was enacted, therefore, the Department ordinarily requested, and courts ordinarily granted, immunity in suits against foreign governments. *Ibid.*; *Verlinden B. V.* v. *Central Bank of Nigeria*, 461 U. S. 480, 486 (1983).[1]

In 1952, however, the State Department announced that it would adopt the newer "restrictive" theory of foreign

[1]The immunity was "virtually" absolute because it was subject to occasional exceptions for specific situations. In *Republic of Mexico* v. *Hoffman*, 324 U. S. 30 (1945), for example, the State Department declined to recommend, and the Court did not grant, immunity from suit with respect to a ship that Mexico owned but did not possess.

sovereign immunity. Under that theory, foreign governments are entitled to immunity only with respect to their sovereign acts, not with respect to commercial acts. The State Department explained that it was adopting the restrictive theory because the "widespread and increasing practice on the part of governments of engaging in commercial activities" made it "necessary" to "enable persons doing business with them to have their rights determined in the courts." Letter from Jack B. Tate, Acting Legal Adviser, Dept. of State, to Acting Attorney General Philip B. Perlman (May 19, 1952), reprinted in 26 Dept. State Bull. 984–985 (1952).

In 1976, Congress passed the Foreign Sovereign Immunities Act. The FSIA codified the restrictive theory of foreign sovereign immunity but transferred "primary responsibility for immunity determinations from the Executive to the Judicial Branch." *Republic of Austria* v. *Altmann*, 541 U. S. 677, 691 (2004); see 28 U. S. C. §1602. Under the FSIA, foreign governments are presumptively immune from suit. §1604. But a foreign government may be subject to suit under one of several statutory exceptions. Most pertinent here, a foreign government may be subject to suit in connection with its commercial activity that has a sufficient nexus with the United States. §1605(a)(2).

C

The International Finance Corporation is an international development bank headquartered in Washington, D. C. The IFC is designated as an international organization under the IOIA. Exec. Order No. 10680, 3 CFR 86 (1957); see 22 U. S. C. §§282, 288. One hundred eighty-four countries, including the United States, are members of the IFC.

The IFC is charged with furthering economic development "by encouraging the growth of productive private enterprise in member countries, particularly in the less

developed areas, thus supplementing the activities of" the World Bank. Articles of Agreement of the International Finance Corporation, Art. I, Dec. 5, 1955, 7 U. S. T. 2193, T. I. A. S. No. 3620. Whereas the World Bank primarily provides loans and grants to developing countries for public-sector projects, the IFC finances private-sector development projects that cannot otherwise attract capital on reasonable terms. See Art. I(i), *ibid*. In 2018, the IFC provided some $23 billion in such financing.

The IFC expects its loan recipients to adhere to a set of performance standards designed to "avoid, mitigate, and manage risks and impacts" associated with development projects. IFC Performance Standards on Environmental and Social Sustainability, Jan. 1, 2012, p. 2, ¶1. Those standards are usually more stringent than any established by local law. The IFC includes the standards in its loan agreements and enforces them through an internal review process. Brief for Respondent 10.

In 2008, the IFC loaned $450 million to Coastal Gujarat Power Limited, a company located in India. The loan helped finance the construction of a coal-fired power plant in the state of Gujarat. Under the terms of the loan agreement, Coastal Gujarat was required to comply with an environmental and social action plan designed to protect areas around the plant from damage. The agreement allowed the IFC to revoke financial support for the project if Coastal Gujarat failed to abide by the terms of the agreement.

The project did not go smoothly. According to the IFC's internal audit, Coastal Gujarat did not comply with the environmental and social action plan in constructing and operating the plant. The audit report criticized the IFC for inadequately supervising the project.

In 2015, a group of farmers and fishermen who live near the plant, as well as a local village, sued the IFC in the United States District Court for the District of Columbia.

They claimed that pollution from the plant, such as coal dust, ash, and water from the plant's cooling system, had destroyed or contaminated much of the surrounding air, land, and water. Relying on the audit report, they asserted several causes of action against the IFC, including negligence, nuisance, trespass, and breach of contract. The IFC maintained that it was immune from suit under the IOIA and moved to dismiss for lack of subject matter jurisdiction.

The District Court, applying D. C. Circuit precedent, concluded that the IFC was immune from suit because the IOIA grants international organizations the virtually absolute immunity that foreign governments enjoyed when the IOIA was enacted. 172 F. Supp. 3d 104, 108–109 (DC 2016) (citing *Atkinson* v. *Inter-American Development Bank*, 156 F. 3d 1335 (CADC 1998)). The D. C. Circuit affirmed in light of its precedent. 860 F. 3d 703 (2017). Judge Pillard wrote separately to say that she would have decided the question differently were she writing on a clean slate. *Id.*, at 708 (concurring opinion). Judge Pillard explained that she thought the D. C. Circuit "took a wrong turn" when it "read the IOIA to grant international organizations a static, absolute immunity that is, by now, not at all the same 'as is enjoyed by foreign governments,' but substantially broader." *Ibid.* Judge Pillard also noted that the Third Circuit had expressly declined to follow the D. C. Circuit's approach. See *OSS Nokalva, Inc.* v. *European Space Agency*, 617 F. 3d 756 (CA3 2010).

We granted certiorari. 584 U. S. ___ (2018).

## II

The IFC contends that the IOIA grants international organizations the "same immunity" from suit that foreign governments enjoyed in 1945. Petitioners argue that it instead grants international organizations the "same immunity" from suit that foreign governments enjoy to-

day. We think petitioners have the better reading of the statute.

A

The language of the IOIA more naturally lends itself to petitioners' reading. In granting international organizations the "same immunity" from suit "as is enjoyed by foreign governments," the Act seems to continuously link the immunity of international organizations to that of foreign governments, so as to ensure ongoing parity between the two. The statute could otherwise have simply stated that international organizations "shall enjoy absolute immunity from suit," or specified some other fixed level of immunity. Other provisions of the IOIA, such as the one making the property and assets of international organizations "immune from search," use such noncomparative language to define immunities in a static way. 22 U. S. C. §288a(c). Or the statute could have specified that it was incorporating the law of foreign sovereign immunity as it existed on a particular date. See, *e.g.*, Energy Policy Act of 1992, 30 U. S. C. §242(c)(1) (certain land patents "shall provide for surface use to the same extent as is provided under applicable law prior to October 24, 1992"). Because the IOIA does neither of those things, we think the "same as" formulation is best understood to make international organization immunity and foreign sovereign immunity continuously equivalent.

That reading finds support in other statutes that use similar or identical language to place two groups on equal footing. In the Civil Rights Act of 1866, for instance, Congress established a rule of equal treatment for newly freed slaves by giving them the "same right" to make and enforce contracts and to buy and sell property "as is enjoyed by white citizens." 42 U. S. C. §§1981(a), 1982. That provision is of course understood to guarantee continuous equality between white and nonwhite citizens with respect

to the rights in question. See *Jones* v. *Alfred H. Mayer Co.*, 392 U. S. 409, 427–430 (1968). Similarly, the Federal Tort Claims Act states that the "United States shall be liable" in tort "in the same manner and to the same extent as a private individual under like circumstances." 28 U. S. C. §2674. That provision is most naturally understood to make the United States liable in the same way as a private individual at any given time. See *Richards* v. *United States*, 369 U. S. 1, 6–7 (1962). Such "same as" provisions dot the statute books, and federal and state courts commonly read them to mandate ongoing equal treatment of two groups or objects. See, *e.g.*, *Adamson* v. *Bowen*, 855 F. 2d 668, 671–672 (CA10 1988) (statute making United States liable for fees and expenses "to the same extent that any other party would be liable under the common law or under the terms of any statute" interpreted to continuously tie liability of United States to that of any other party); *Kugler's Appeal*, 55 Pa. 123, 124–125 (1867) (statute making the procedure for dividing election districts "the same as" the procedure for dividing townships interpreted to continuously tie the former procedure to the latter).

The IFC objects that the IOIA is different because the purpose of international organization immunity is entirely distinct from the purpose of foreign sovereign immunity. Foreign sovereign immunity, the IFC argues, is grounded in the mutual respect of sovereigns and serves the ends of international comity and reciprocity. The purpose of international organization immunity, on the other hand, is to allow such organizations to freely pursue the collective goals of member countries without undue interference from the courts of any one member country. The IFC therefore urges that the IOIA should not be read to tether international organization immunity to changing foreign sovereign immunity.

But that gets the inquiry backward. We ordinarily

assume, "absent a clearly expressed legislative intention to the contrary," that "the legislative purpose is expressed by the ordinary meaning of the words used." *American Tobacco Co.* v. *Patterson*, 456 U. S. 63, 68 (1982) (alterations omitted). Whatever the ultimate purpose of international organization immunity may be—the IOIA does not address that question—the immediate purpose of the immunity provision is expressed in language that Congress typically uses to make one thing continuously equivalent to another.

B

The more natural reading of the IOIA is confirmed by a canon of statutory interpretation that was well established when the IOIA was drafted. According to the "reference" canon, when a statute refers to a general subject, the statute adopts the law on that subject as it exists whenever a question under the statute arises. 2 J. Sutherland, Statutory Construction §§5207–5208 (3d ed. 1943). For example, a statute allowing a company to "collect the same tolls and enjoy the same privileges" as other companies incorporates the law governing tolls and privileges as it exists at any given moment. *Snell* v. *Chicago*, 133 Ill. 413, 437–439, 24 N. E. 532, 537 (1890). In contrast, a statute that refers to another statute by specific title or section number in effect cuts and pastes the referenced statute as it existed when the referring statute was enacted, without any subsequent amendments. See, *e.g.*, *Culver* v. *People ex rel. Kochersperger*, 161 Ill. 89, 95–99, 43 N. E. 812, 814–815 (1896) (tax-assessment statute referring to specific article of another statute does not adopt subsequent amendments to that article).

Federal courts have often relied on the reference canon, explicitly or implicitly, to harmonize a statute with an external body of law that the statute refers to generally. Thus, for instance, a statute that exempts from disclosure

agency documents that "would not be *available by law* to a party . . . in litigation with the agency" incorporates the general law governing attorney work-product privilege as it exists when the statute is applied. *FTC* v. *Grolier Inc.*, 462 U. S. 19, 20, 26–27 (1983) (emphasis added); *id.*, at 34, n. 6 (Brennan, J., concurring in part and concurring in judgment). Likewise, a general reference to federal discovery rules incorporates those rules "as they are found on any given day, today included," *El Encanto, Inc.* v. *Hatch Chile Co.*, 825 F. 3d 1161, 1164 (CA10 2016), and a general reference to "the crime of piracy as defined by the law of nations" incorporates a definition of piracy "that changes with advancements in the law of nations," *United States* v. *Dire*, 680 F. 3d 446, 451, 467–469 (CA4 2012).

The same logic applies here. The IOIA's reference to the immunity enjoyed by foreign governments is a general rather than specific reference. The reference is to an external body of potentially evolving law—the law of foreign sovereign immunity—not to a specific provision of another statute. The IOIA should therefore be understood to link the law of international organization immunity to the law of foreign sovereign immunity, so that the one develops in tandem with the other.

The IFC contends that the IOIA's reference to the immunity enjoyed by foreign governments is not a general reference to an external body of law, but is instead a specific reference to a common law concept that had a fixed meaning when the IOIA was enacted in 1945. And because we ordinarily presume that "Congress intends to incorporate the well-settled meaning of the common-law terms it uses," *Neder* v. *United States*, 527 U. S. 1, 23 (1999), the IFC argues that we should read the IOIA to incorporate what the IFC maintains was the then-settled meaning of the "immunity enjoyed by foreign governments": virtually absolute immunity.

But in 1945, the "immunity enjoyed by foreign govern-

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ments" did not *mean* "virtually absolute immunity." The phrase is not a term of art with substantive content, such as "fraud" or "forgery." See *id.*, at 22; *Gilbert* v. *United States*, 370 U. S. 650, 655 (1962). It is rather a concept that can be given scope and content only by reference to the rules governing foreign sovereign immunity. It is true that under the rules applicable in 1945, the *extent* of immunity from suit was virtually absolute, while under the rules applicable today, it is more limited. But in 1945, as today, the IOIA's instruction to grant international organizations the immunity "enjoyed by foreign governments" is an instruction to look up the applicable rules of foreign sovereign immunity, wherever those rules may be found—the common law, the law of nations, or a statute. In other words, it is a general reference to an external body of (potentially evolving) law.

C

In ruling for the IFC, the D. C. Circuit relied upon its prior decision in *Atkinson*, 156 F. 3d 1335. *Atkinson* acknowledged the reference canon, but concluded that the canon's probative force was "outweighed" by a structural inference the court derived from the larger context of the IOIA. *Id.*, at 1341. The *Atkinson* court focused on the provision of the IOIA that gives the President the authority to withhold, withdraw, condition, or limit the otherwise applicable privileges and immunities of an international organization, "in the light of the functions performed by any such international organization." 22 U. S. C. §288. The court understood that provision to "delegate to the President the responsibility for updating the immunities of international organizations in the face of changing circumstances." *Atkinson*, 156 F. 3d, at 1341. That delegation, the court reasoned, "undermine[d]" the view that Congress intended the IOIA to in effect update itself by incorporating changes in the law governing foreign sover-

eign immunity. *Ibid.*

We do not agree. The delegation provision is most naturally read to allow the President to modify, on a case-by-case basis, the immunity rules that would otherwise apply to a particular international organization. The statute authorizes the President to take action with respect to a single organization—"any such organization"—in light of the functions performed by "such organization." 28 U. S. C. §288. The text suggests retail rather than wholesale action, and that is in fact how authority under §288 has been exercised in the past. See, *e.g.*, Exec. Order No. 12425, 3 CFR 193 (1984) (designating INTERPOL as an international organization under the IOIA but withholding certain privileges and immunities); Exec. Order No. 11718, 3 CFR 177 (1974) (same for INTELSAT). In any event, the fact that the President has power to modify otherwise applicable immunity rules is perfectly compatible with the notion that those rules might themselves change over time in light of developments in the law governing foreign sovereign immunity.

The D. C. Circuit in *Atkinson* also gave no consideration to the opinion of the State Department, whose views in this area ordinarily receive "special attention." *Bolivarian Republic of Venezuela* v. *Helmerich & Payne Int'l. Drilling Co.*, 581 U. S. ___, ___ (2017) (slip op., at 9). Shortly after the FSIA was enacted, the State Department took the position that the immunity rules of the IOIA and the FSIA were now "link[ed]." Letter from Detlev F. Vagts, Office of the Legal Adviser, to Robert M. Carswell, Jr., Senior Legal Advisor, OAS, p. 2 (Mar. 24, 1977). The Department reaffirmed that view during subsequent administrations, and it has reaffirmed it again here.[2] That longstanding

[2] See Letter from Roberts B. Owen, Legal Adviser, to Leroy D. Clark, Gen. Counsel, EEOC (June 24, 1980) in Nash, Contemporary Practice of the United States Relating to International Law, 74 Am. J. Int'l. L. 917,

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view further bolsters our understanding of the IOIA's immunity provision.

D

The IFC argues that interpreting the IOIA's immunity provision to grant anything less than absolute immunity would lead to a number of undesirable results.

The IFC first contends that affording international organizations only restrictive immunity would defeat the purpose of granting them immunity in the first place. Allowing international organizations to be sued in one member country's courts would in effect allow that member to second-guess the collective decisions of the others. It would also expose international organizations to money damages, which would in turn make it more difficult and expensive for them to fulfill their missions. The IFC argues that this problem is especially acute for international development banks. Because those banks use the tools of commerce to achieve their objectives, they may be subject to suit under the FSIA's commercial activity exception for most or all of their core activities, unlike foreign sovereigns. According to the IFC, allowing such suits would bring a flood of foreign-plaintiff litigation into U. S. courts, raising many of the same foreign-relations con-

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918 (1980) ("By virtue of the FSIA, and unless otherwise specified in their constitutive agreements, international organizations are now subject to the jurisdiction of our courts in respect of their commercial activities, while retaining immunity for their acts of a public character."); Letter from Arnold Kanter, Acting Secretary of State, to President George H. W. Bush (Sept. 12, 1992) in Digest of United States Practice in International Law 1016–1017 (S. Cummins & D. Stewart eds. 2005) (explaining that the Headquarters Agreement of the Organization of American States affords the OAS "full immunity from judicial process, thus going beyond the usual United States practice of affording restrictive immunity," in exchange for assurances that OAS would provide for "appropriate modes of settlement of those disputes for which jurisdiction would exist against a foreign government under the" FSIA); Brief for United States as *Amicus Curiae* 24–29.

cerns that we identified when considering similar litigation under the Alien Tort Statute. See *Jesner* v. *Arab Bank, PLC*, 584 U. S. ___, ___–___ (2018); *Kiobel* v. *Royal Dutch Petroleum Co.*, 569 U. S. 108, 116–117 (2013).

The IFC's concerns are inflated. To begin, the privileges and immunities accorded by the IOIA are only default rules. If the work of a given international organization would be impaired by restrictive immunity, the organization's charter can always specify a different level of immunity. The charters of many international organizations do just that. See, *e.g.*, Convention on Privileges and Immunities of the United Nations, Art. II, §2, Feb. 13, 1946, 21 U. S. T. 1422, T. I. A. S. No. 6900 ("The United Nations . . . shall enjoy immunity from every form of legal process except insofar as in any particular case it has expressly waived its immunity"); Articles of Agreement of the International Monetary Fund, Art. IX, §3, Dec. 27, 1945, 60 Stat. 1413, T. I. A. S. No. 1501 (IMF enjoys "immunity from every form of judicial process except to the extent that it expressly waives its immunity"). Notably, the IFC's own charter does not state that the IFC is absolutely immune from suit.

Nor is there good reason to think that restrictive immunity would expose international development banks to excessive liability. As an initial matter, it is not clear that the lending activity of all development banks qualifies as commercial activity within the meaning of the FSIA. To be considered "commercial," an activity must be "the *type*" of activity "by which a private party engages in" trade or commerce. *Republic of Argentina* v. *Weltover, Inc.*, 504 U. S. 607, 614 (1992); see 28 U. S. C. §1603(d). As the Government suggested at oral argument, the lending activity of at least some development banks, such as those that make conditional loans to governments, may not qualify as "commercial" under the FSIA. See Tr. of Oral Arg. 27–30.

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And even if an international development bank's lending activity does qualify as commercial, that does not mean the organization is automatically subject to suit. The FSIA includes other requirements that must also be met. For one thing, the commercial activity must have a sufficient nexus to the United States. See 28 U. S. C. §§1603, 1605(a)(2). For another, a lawsuit must be "based upon" either the commercial activity itself or acts performed in connection with the commercial activity. See §1605(a)(2). Thus, if the "gravamen" of a lawsuit is tortious activity abroad, the suit is not "based upon" commercial activity within the meaning of the FSIA's commercial activity exception. See *OBB Personenverkehr AG* v. *Sachs*, 577 U. S. ___, ___–___ (2015); *Saudi Arabia* v. *Nelson*, 507 U. S. 349, 356–359 (1993). At oral argument in this case, the Government stated that it has "serious doubts" whether petitioners' suit, which largely concerns allegedly tortious conduct in India, would satisfy the "based upon" requirement. Tr. of Oral Arg. 25–26. In short, restrictive immunity hardly means unlimited exposure to suit for international organizations.

* * *

The International Organizations Immunities Act grants international organizations the "same immunity" from suit "as is enjoyed by foreign governments" at any given time. Today, that means that the Foreign Sovereign Immunities Act governs the immunity of international organizations. The International Finance Corporation is therefore not absolutely immune from suit.

The judgment of the United States Court of Appeals for the D. C. Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

*It is so ordered.*

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JUSTICE KAVANAUGH took no part in the consideration or decision of this case.

# SUPREME COURT OF THE UNITED STATES

No. 17–1011

BUDHA ISMAIL JAM, ET AL., PETITIONERS *v.* INTERNATIONAL FINANCE CORPORATION

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

[February 27, 2019]

JUSTICE BREYER, dissenting.

The International Organizations Immunities Act of 1945 extends to international organizations "the same immunity from suit and every form of judicial process as is enjoyed by foreign governments." 22 U. S. C. §288a(b). The majority, resting primarily upon the statute's language and canons of interpretation, holds that the statute's reference to "immunity" moves with the times. As a consequence, the statute no longer allows international organizations immunity from lawsuits arising from their commercial activities. In my view, the statute grants international organizations that immunity—just as foreign governments possessed that immunity when Congress enacted the statute in 1945. In reaching this conclusion, I rest more heavily than does the majority upon the statute's history, its context, its purposes, and its consequences. And I write in part to show that, in difficult cases like this one, purpose-based methods of interpretation can often shine a useful light upon opaque statutory language, leading to a result that reflects greater legal coherence and is, as a practical matter, more sound.

## I

The general question before us is familiar: Do the words of a statute refer to their subject matter "statically," as it

was when the statute was written? Or is their reference to that subject matter "dynamic," changing in scope as the subject matter changes over time? It is hardly surprising, given the thousands of different statutes containing an untold number of different words, that there is no single, universally applicable answer to this question.

Fairly recent cases from this Court make that clear. Compare *New Prime Inc.* v. *Oliveira*, 586 U. S. ___, ___ (2019) (slip op., at 7) (adopting the interpretation of "'contracts of employment'" that prevailed at the time of the statute's adoption in 1925); *Wisconsin Central Ltd.* v. *United States*, 585 U. S. ___, ___ (2018) (slip op., at 2) (adopting the meaning of "'money'" that prevailed at the time of the statute's enactment in 1937); *Carcieri* v. *Salazar*, 555 U. S. 379, 388 (2009) (interpreting the statutory phrase "'now under Federal jurisdiction'" to cover only those tribes that were under federal jurisdiction at the time of the statute's adoption in 1934); and *Republic of Argentina* v. *Weltover, Inc.*, 504 U. S. 607, 612–613 (1992) (adopting the meaning of "'commercial'" that was "attached to that term under the restrictive theory" when the Foreign Sovereign Immunities Act was enacted in 1976), with *Kimble* v. *Marvel Entertainment, LLC*, 576 U. S. ___, ___ (2015) (slip op., at 14) (noting that the words "'restraint of trade'" in the Sherman Act have been interpreted dynamically); *West* v. *Gibson*, 527 U. S. 212, 218 (1999) (interpreting the term "'appropriate'" in Title VII's remedies provision dynamically); and *Allied-Bruce Terminix Cos.* v. *Dobson*, 513 U. S. 265, 275–276 (1995) (interpreting the term "'involving commerce'" in the Federal Arbitration Act dynamically).

The Court, like petitioners, believes that the language of the statute itself helps significantly to answer the static/dynamic question. See *ante*, at 7–9. I doubt that the language itself helps in this case. Petitioners point to the words "as is" in the phrase that grants the international

organizations the "same immunity from suit . . . *as is* enjoyed by foreign governments." Brief for Petitioners 23–24. They invoke the Dictionary Act, which states that "words used in the present tense include the future" "unless the context indicates otherwise." 1 U. S. C. §1. But that provision creates only a presumption. And it did not even appear in the statute until 1948, *after* Congress had passed the Immunities Act. Compare §1, 61 Stat. 633, with §6, 62 Stat. 859.

More fundamentally, the words "as is enjoyed" do not conclusively tell us *when* enjoyed. Do they mean "as is enjoyed" at the time of the statute's enactment? Or "as is enjoyed" at the time a plaintiff brings a lawsuit? If the former, international organizations enjoy immunity from lawsuits based upon their commercial activities, for that was the scope of immunity that foreign governments enjoyed in 1945 when the Immunities Act became law. If the latter, international organizations do not enjoy that immunity, for foreign governments can no longer claim immunity from lawsuits based upon certain commercial activities. See 28 U. S. C. §1605(a)(2).

Linguistics does not answer the temporal question. Nor do our cases, which are not perfectly consistent on the matter. Compare *McNeill* v. *United States*, 563 U. S. 816, 821 (2011) (present-tense verb in the Armed Career Criminal Act requires applying the law at the time of previous conviction, not the later time when the Act is applied), with *Dole Food Co.* v. *Patrickson*, 538 U. S. 468, 478 (2003) (present-tense verb requires applying the law "at the time suit is filed"). The problem is simple: "Without knowing the point in time at which the law speaks, it is impossible to tell what is past and what is present or future." *Carr* v. *United States*, 560 U. S. 438, 463 (2010) (ALITO, J., dissenting). It is *purpose*, not linguistics, that can help us here.

The words "same . . . as," in the phrase "same immunity

. . . as," provide no greater help. The majority finds support for its dynamic interpretation in the Civil Rights Act of 1866, which gives all citizens the "*same* right" to make and enforce contracts and to buy and sell property "*as* is enjoyed by white citizens." 42 U. S. C. §§1981(a), 1982 (emphasis added). But it is *purpose*, not words, that readily resolves any temporal linguistic ambiguity in that statute. The Act's objective, like that of the Fourteenth Amendment itself, was a Nation that treated its citizens equally. Its purpose—revealed by its title, historical context, and other language in the statute—was "to guarantee the then newly freed slaves the same legal rights that other citizens enjoy." *CBOCS West, Inc.* v. *Humphries*, 553 U. S. 442, 448 (2008). Given this purpose, its dynamic nature is obvious.

Similarly, judges interpreting the words "same . . . as" have long resolved ambiguity not by looking at the words alone, but by examining the statute's purpose as well. Compare, *e.g.*, *Kugler's Appeal*, 55 Pa. 123, 123–125 (1867) (adopting a dynamic interpretation of "same as" statute in light of "plain" and "manifest" statutory purpose); and *Gaston* v. *Lamkin*, 115 Mo. 20, 34, 21 S. W. 1100, 1104 (1893) (adopting a dynamic interpretation of "same as" election statute given the legislature's intent to achieve "simplicity and uniformity in the conduct of elections"), with *O'Flynn* v. *East Rochester*, 292 N. Y. 156, 162, 54 N. E. 2d 343, 346 (1944) (adopting a static interpretation of "same as" statute given that the legislature "did not contemplate" that subsequent changes to a referenced statute would apply (interpreting N. Y. Gen. Mun. Law Ann. §360(5) (West 1934))). There is no hard-and-fast rule that the statutory words "as is" or the statutory words "same as" require applying the law as it stands today.

The majority wrongly believes that it can solve the temporal problem by bringing statutory canons into play. It relies on what it calls the "reference canon." That canon,

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as it appeared more than 75 years ago in Sutherland's book on statutory construction, says that "when a statute refers to a general subject, the statute adopts the law on that subject as it exists *whenever a question under the statute arises.*" *Ante*, at 9 (citing 2 J. Sutherland, Statutory Construction §§5207–5208 (3d ed. 1943); emphasis added).

But a canon is at most a rule of thumb. Indeed, Sutherland himself says that "[n]o single canon of interpretation can purport to give a certain and unerring answer." 2 Sutherland, *supra*, §4501, p. 316. And hornbooks, summarizing case law, have long explained that whether a reference statute adopts the law as it stands on the date of enactment or includes subsequent changes in the law to which it refers is "fundamentally a question of legislative intent and purpose." Fox, Effect of Modification or Repeal of Constitutional or Statutory Provision Adopted by Reference in Another Provision, 168 A. L. R. 627, 628 (1947); see also 82 C. J. S., Statutes §485, p. 637 (2009) ("The question of whether a statute which has adopted another statute by reference will be affected by amendments made to the adopted statute is one of legislative intent and purpose"); *id.*, at 638 (statute that refers generally to another body of law will ordinarily include subsequent changes in the adopted law only "as far as the changes are consistent with the purpose of the adopting statute").

Thus, all interpretive roads here lead us to the same place, namely, to context, to history, to purpose, and to consequences. Language alone cannot resolve the statute's linguistic ambiguity.

## II

"Statutory interpretation," however, "is not a game of blind man's bluff." *Dole Food Co.*, 538 U. S., at 484 (BREYER, J., concurring in part and dissenting in part). We are "free to consider statutory language in light of a

statute's basic purposes," *ibid.*, as well as "'the history of the times when it was passed,'" *Leo Sheep Co.* v. *United States*, 440 U. S. 668, 669 (1979) (quoting *United States* v. *Union Pacific R. Co.*, 91 U. S. 72, 79 (1875)). In this case, historical context, purpose, and related consequences tell us a great deal about the proper interpretation of the Immunities Act.

Congressional reports explain that Congress, acting in the immediate aftermath of World War II, intended the Immunities Act to serve two related purposes. First, it would "enabl[e] this country to fulfill its commitments in connection with its membership in international organizations." S. Rep. No. 861, 79th Cong., 1st Sess., 3 (1945); see also *id.*, at 2–3 (explaining that the Immunities Act was "basic legislation" expected to "satisfy in full the requirements of . . . international organizations conducting activities in the United States"); H. R. Rep. No. 1203, 79th Cong., 1st Sess., 3 (1945) (similar). And second, it would "facilitate fully the functioning of international organizations in this country." S. Rep. No. 861, at 3.

A

I first examine the international commitments that Congress sought to fulfill. By 1945, the United States had entered into agreements creating several important multilateral organizations, including the United Nations (UN), the International Monetary Fund (IMF), the World Bank, the UN Relief and Rehabilitation Administration (UNRRA), and the Food and Agriculture Organization (FAO). See *id.*, at 2.

The founding agreements for several of these organizations required member states to grant them broad immunity from suit. The Bretton Woods Agreements, for example, provided that the IMF "shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity." Articles of Agreement of

the International Monetary Fund, Art. IX, §3, Dec. 27, 1945, 60 Stat. 1413, T. I. A. S. No. 1501. UNRRA required members, absent waiver, to accord the organization "the facilities, privileges, immunities, and exemptions which they accord to each other, including . . . [i]mmunity from suit and legal process." 2 UNRRA, A Compilation of the Resolutions on Policy: First and Second Sessions of the UNRRA Council, Res. No. 32, p. 51 (1944). And the UN Charter required member states to accord the UN "such privileges and immunities as are necessary for the fulfillment of its purposes." Charter of the United Nations, Art. 105, 59 Stat. 1053, June 26, 1945, T. S. No. 993.

These international organizations expected the United States to provide them with essentially full immunity. And at the time the treaties were written, Congress understood that foreign governments normally enjoyed immunity with respect to their commercial, as well as their noncommercial, activities. Thus, by granting international organizations "the same immunity from suit" that foreign governments enjoyed, Congress expected that international organizations would similarly have immunity in both commercial and noncommercial suits.

More than that, Congress likely recognized that immunity in the commercial area was even more important for many international organizations than it was for most foreign governments. Unlike foreign governments, international organizations are *not* sovereign entities engaged in a host of different activities. See R. Higgins, Problems & Process: International Law and How We Use It 93 (1994) (organizations do not act with "'sovereign authority,'" and "to assimilate them to states . . . is not correct"). Rather, many organizations (including four of the five I mentioned above) have specific missions that often require them to engage in what U. S. law may well consider to be commercial activities. See *infra*, at 12.

Nonetheless, under the majority's view, the immunity of

many organizations contracted in scope in 1952, when the State Department modified foreign government immunity to exclude commercial activities. Most organizations could not rely on the treaty provisions quoted above to supply the necessary immunity. That is because, unless the treaty provision granting immunity is "self-executing," *i.e.*, automatically applicable, the immunity will not be effective in U. S. courts until Congress enacts additional legislation to implement it. See *Medellin* v. *Texas*, 552 U. S. 491, 504–505 (2008); but see *id.*, at 546–547 (BREYER, J., dissenting). And many treaties are not self-executing. Thus, in the ordinary case, not even a treaty can guarantee immunity in cases arising from commercial activities.

The UN provides a good example. As noted, the UN Charter required the United States to grant the UN all "necessary" immunities, but it was not self-executing. In 1946, the UN made clear that it needed absolute immunity from suit, including in lawsuits based upon its commercial activities. See Convention on Privileges and Immunities of the United Nations, Art. II, §2, Feb. 13, 1946, 21 U. S. T. 1422, T. I. A. S. No. 6900 (entered into force Apr. 29, 1970); see also App. to S. Exec. Rep. No. 91–17, p. 14 (1970) ("The U. N.'s immunity from legal process extends to matters arising out its commercial dealings . . . "). But, until Congress ratified that comprehensive immunity provision in 1970, no U. S. law provided that immunity *but for* the Immunities Act. *Id.*, at 1. Both the UN and the United States found this circumstance satisfactory because they apparently assumed the Immunities Act extended immunity in cases involving both commercial and noncommercial activities: When Congress eventually (in 1970) ratified the UN's comprehensive immunity provision, the Senate reported that the long delay in ratification "appears to have been the result of the executive branch being content to operate under the provisions of the" Immunities Act. *Id.*, at 2.

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In light of this history, how likely is it that Congress, seeking to "satisfy *in full* the requirements of . . . international organizations conducting activities in the United States," S. Rep. No. 861, at 2–3 (emphasis added), would have understood the statute to take from many international organizations with one hand the immunity it had given them with the other? If Congress wished the Act to carry out one of its core purposes—fulfilling the country's international commitments—Congress would not have wanted the statute to change over time, taking on a meaning that would fail to grant not only full, but even partial, immunity to many of those organizations.

B

Congress also intended to facilitate international organizations' ability to pursue their missions in the United States. To illustrate why that purpose is better served by a static interpretation, consider in greater detail the work of the organizations to which Congress wished to provide broad immunity. Put the IMF to the side, for Congress enacted a separate statute providing it with immunity (absent waiver) in all cases. See 22 U. S. C. §286h. But UNRRA, the World Bank, the FAO, and the UN itself all originally depended upon the Immunities Act for the immunity they sought.

Consider, for example, the mission of UNRRA. The United States and other nations created that organization in 1943, as the end of World War II seemed in sight. Its objective was, in the words of President Roosevelt, to "'assure a fair distribution of available supplies among'" those liberated in World War II, and "'to ward off death by starvation or exposure among these peoples.'" 1 G. Woodbridge, UNRRA: The History of the United Nations Relief and Rehabilitation Administration 3 (1950). By the time Congress passed the Immunities Act in 1945, UNRRA had obtained and shipped billions of pounds of food, clothing,

and other relief supplies to children freed from Nazi concentration camps and to others in serious need. 3 *id.*, at 429; see generally L. Nicholas, Cruel World: The Children of Europe in the Nazi Web 442–513 (2005).

These activities involved contracts, often made in the United States, for transportation and for numerous commercial goods. See B. Shephard, The Long Road Home: The Aftermath of the Second World War 54, 57–58 (2012). Indeed, the United States conditioned its participation on UNRRA's spending what amounted to 67% of its budget on purchases of goods and services in the United States. *Id.*, at 57–58; see also Sawyer, Achievements of UNRRA as an International Health Organization, 37 Am. J. Pub. Health 41, 57 (1947) (describing UNRRA training programs for foreign doctors within the United States, which presumably required entering into contracts); *International Refugee Org.* v. *Republic S. S. Corp.*, 189 F. 2d 858, 860 (CA4 1951) (describing successor organization's transportation of displaced persons, presumably also under contract). Would Congress, believing that it had provided the absolute immunity that UNRRA sought and expected, also have intended that the statute be interpreted "dynamically," thereby removing most of the immunity that it had then provided—not only potentially from UNRRA itself but also from other future international organizations with UNRRA-like objectives and tasks?

C

This history makes clear that Congress enacted the Immunities Act as part of an effort to encourage international organizations to locate their headquarters and carry on their missions in the United States. It also makes clear that Congress intended to enact "basic legislation" that would fulfill its broad immunity-based commitments to the UN, UNRRA, and other nascent organizations. S. Rep. No. 861, at 2. And those commitments, of neces-

sity, included immunity from suit in commercial areas, since organizations were buying goods and making contracts in the United States.

To achieve these purposes, Congress enacted legislation that granted necessarily broad immunity. And that fact strongly suggests that Congress would not have wanted the statute to reduce significantly the scope of immunity that international organizations enjoyed, particularly organizations engaged in development finance, refugee assistance, or other tasks that U. S. law could well decide were "commercial" in nature. See *infra*, at 12.

To that extent, an examination of the statute's purpose supports a static, not a dynamic, interpretation of its cross-reference to the immunity of foreign governments. Unlike the purpose of the Civil Rights Act, the purpose here was not to ensure parity of treatment for international organizations and foreign governments. Instead, as the Court of Appeals for the D. C. Circuit pointed out years ago, the statute's reference to the immunities of "foreign governments" was a "shorthand" for the immunities those foreign governments enjoyed at the time the Act was passed. *Atkinson* v. *Inter-American Development Bank*, 156 F. 3d 1335, 1340, 1341 (1998).

III

Now consider the consequences that the majority's reading of the statute will likely produce—consequences that run counter to the statute's basic purposes. Although the UN itself is no longer dependent upon the Immunities Act, many other organizations, such as the FAO and several multilateral development banks, continue to rely upon that Act to secure immunity, for the United States has never ratified treaties nor enacted statutes that might extend the necessary immunity, commercial and noncommercial alike.

A

The "commercial activity" exception to the sovereign immunity of foreign nations is broad. We have said that a foreign state engages in "commercial activity" when it exercises "'powers that can also be exercised by private citizens.'" *Republic of Argentina*, 504 U. S., at 614. Thus, "a contract to buy army boots or even bullets is a 'commercial' activity," even if the government enters into the contract to "fulfil[l] uniquely sovereign objectives." *Ibid.*; see also H. R. Rep. No. 94–1487, p. 16 (1976) ("[A] transaction to obtain goods or services from private parties would not lose its otherwise commercial character because it was entered into in connection with an [Agency for International Development] program").

As a result of the majority's interpretation, many of the international organizations to which the United States belongs will discover that they are now exposed to civil lawsuits based on their (U. S.-law-defined) commercial activity. And because "commercial activity" may well have a broad definition, today's holding will at the very least create uncertainty for organizations involved in finance, such as the World Bank, the Inter-American Development Bank, and the Multilateral Investment Guarantee Agency. The core functions of these organizations are at least arguably "commercial" in nature; the organizations exist to promote international development by investing in foreign companies and projects across the world. See Brief for International Bank for Reconstruction and Development et al. as *Amici Curiae* 1–4; Brief for Member Countries and the Multilateral Investment Guarantee Agency as *Amici Curiae* 13–15. The World Bank, for example, encourages development either by guaranteeing private loans or by providing financing from its own funds if private capital is not available. See Articles of Agreement of the International Bank for Reconstruction and Development, Art. I, Dec. 27, 1945, 60 Stat. 1440, T. I. A. S. No.

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Some of these organizations, including the International Finance Corporation (IFC), themselves believe they do not need broad immunity in commercial areas, and they have waived it. See, *e.g.*, Articles of Agreement of the International Finance Corporation, Art. 6, §3, Dec. 5, 1955, 7 U. S. T. 2214, 264 U. N. T. S. 118 (implemented by 22 U. S. C. §282g); see also 860 F. 3d 703, 706 (CADC 2017). But today's decision will affect them nonetheless. That is because courts have long interpreted their waivers in a manner that protects their core objectives. See, *e.g.*, *Mendaro* v. *World Bank*, 717 F. 2d 610, 614–615 (CADC 1983). (This very case provides a good example. The D. C. Circuit held below that the IFC's waiver provision does not cover petitioners' claims because they "threaten the [IFC's] policy discretion." See 860 F. 3d, at 708.) But today's decision exposes these organizations to potential liability in *all* cases arising from their commercial activities, without regard to the scope of their waivers.

Under the majority's interpretation, that broad exposure to liability is at least a reasonable possibility. And that being so, the interpretation undercuts Congress' original objectives and the expectations that it had when it enacted the Immunities Act in 1945.

B

The majority's opinion will have a further important consequence—one that more clearly contradicts the statute's objectives and overall scheme. It concerns the important goal of weeding out lawsuits that are likely bad or harmful—those likely to produce rules of law that interfere with an international organization's public interest tasks.

To understand its importance, consider again that international organizations, unlike foreign nations, are multilateral, with members from many different nations.

See H. R. Rep. No. 1203, at 1. That multilateralism is threatened if one nation alone, through application of its own liability rules (by nonexpert judges), can shape the policy choices or actions that an international organization believes it must take or refrain from taking. Yet that is the effect of the majority's interpretation. By restricting the immunity that international organizations enjoy, it "opens the door to divided decisions of the courts of different member states," including U. S. courts, "passing judgment on the rules, regulations, and decisions of the international bodies." *Broadbent* v. *Organization of Am. States*, 628 F. 2d 27, 35 (CADC 1980); cf. Singer, Jurisdictional Immunity of International Organizations: Human Rights and Functional Necessity Concerns, 36 Va. J. Int'l L. 53, 63–64 (1995) (recognizing that "[i]t would be inappropriate for municipal courts to cut deep into the region of autonomous decision-making authority of institutions such as the World Bank").

Many international organizations, fully aware of their moral (if not legal) obligations to prevent harm to others and to compensate individuals when they do cause harm, have sought to fulfill those obligations without compromising their ability to operate effectively. Some, as I have said, waive their immunity in U. S. courts at least in part. And the D. C. Circuit, for nearly 40 years, has interpreted those waivers in a way that protects the organization against interference by any single state. See, *e.g.*, *Mendaro*, 717 F. 2d, at 615. The D. C. Circuit allows a lawsuit to proceed when "insistence on immunity would actually prevent or hinder the organization from conducting its activities." *Id.*, at 617. Thus, a direct beneficiary of a World Bank loan can generally sue the Bank, because "the commercial reliability of the Bank's direct loans . . . would be significantly vitiated" if "beneficiaries were required to accept the Bank's obligations without recourse to judicial process." *Id.*, at 618. Where, however, allowing

a suit would lead to "disruptive interference" with the organization's functions, the waiver does not apply. *Ibid.*

Other organizations have attempted to solve the liability/immunity problem by turning to multilateral, not single-nation, solutions. The UN, for instance, has agreed to "make provisions for appropriate modes of settlement of . . . [d]isputes arising out of contracts or other disputes of a private law character." Convention on Privileges and Immunities of the United Nations, Art. VIII, §29, 21 U. S. T. 1438, T. I. A. S. No. 6900. It generally does so by agreeing to submit commercial disputes to arbitration. See Restatement (Third) of Foreign Relations Law of the United States §467, Reporters' Note 7 (1987). Other organizations, including the IFC, have set up alternative accountability schemes to resolve disputes that might otherwise end up in court. See World Bank, Inspection Panel: About Us (describing World Bank's three-member "independent complaints mechanism" for those "who believe that they have been . . . adversely affected by a World Bank-funded project"), https://inspectionpanel.org/about-us/about-inspection-panel (as last visited Feb. 25, 2019); Compliance Advisor Ombudsman, How We Work: CAO Dispute Resolution (describing IFC and Multilateral Investment Guarantee Agency dispute-resolution process, the main objective of which is to help resolve issues raised about the "social and environmental impacts of IFC/MIGA projects"), www.cao-ombudsman.org/howwework/ombudsman.

These alternatives may sometimes prove inadequate. And, if so, the Immunities Act itself offers a way for America's Executive Branch to set aside an organization's immunity and to allow a lawsuit to proceed in U. S. courts. The Act grants to the President the authority to "withhold," to "withdraw," to "condition," or to "limit" any of the Act's "immunities" in "light of the functions performed by any such international organization." 22 U. S. C. §288.

Were we to interpret the statute statically, then, the default rule would be immunity in suits arising from an organization's commercial activities. But the Executive Branch would have the power to withdraw immunity where immunity is not warranted, as the Act itself provides. And in making that determination, it could consider whether allowing the lawsuit would jeopardize the organization's ability to carry out its public interest tasks. In a word, the Executive Branch, under a static interpretation, would have the authority needed to separate lawsuit sheep from lawsuit goats.

Under the majority's interpretation, by contrast, there is no such flexibility. The Executive does not have the power to tailor immunity by taking into account the risk of a lawsuit's unjustified interference with institutional objectives or other institutional needs. Rather, the majority's holding takes away an international organization's immunity (in cases arising from "commercial" activities) across the board. And without a new statute, there is no way to restore it, in whole or in part. Nothing in the present statute gives the Executive, the courts, or the organization the power to restore immunity, or to tailor any resulting potential liability, where a lawsuit threatens seriously to interfere with an organization's legitimate needs and goals.

Thus, the static interpretation comes equipped with flexibility. It comes equipped with a means to withdraw immunity where justified. But the dynamic interpretation freezes potential liability into law. It withdraws immunity automatically and irretrievably, irrespective of institutional harm. It seems highly unlikely that Congress would have wanted this result.

* * *

At the end of World War II, many in this Nation saw international cooperation through international organiza-

tion as one way both to diminish the risk of conflict and to promote economic development and commercial prosperity. Congress at that time and at the request of many of those organizations enacted the Immunities Act. Given the differences between international organizations and nation states, along with the Act's purposes and the risk of untoward consequences, I would leave the Immunities Act where we found it—as providing for immunity in both commercial and noncommercial suits.

My decision rests primarily not upon linguistic analysis, but upon basic statutory purposes. Linguistic methods alone, however artfully employed, too often can be used to justify opposite conclusions. Purposes, derived from context, informed by history, and tested by recognition of related consequences, will more often lead us to legally sound, workable interpretations—as they have consistently done in the past. These methods of interpretation can help voters hold officials accountable for their decisions and permit citizens of our diverse democracy to live together productively and in peace—basic objectives in America of the rule of law itself.

With respect, I dissent.

**From**: Weingarten, Reid [redacted]
**Sent**: 1/26/2019 9:24:09 PM
**To**: J [jeevacation@gmail.com]
**Subject**: RE: Re:

As is often (but not always) the case you are correct....see if you can 'get the book' on him

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Saturday, January 26, 2019 3:20 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

go slow

On Sat, Jan 26, 2019 at 9:18 PM Weingarten, Reid <[redacted]> wrote:

He wants me to hire him....thinking about using him on the Softbank caper

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**Subject:** Re: Re:

as you may know i am very good friends with the sec gen council of europe , human rights court. . they know each other well

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Ever hear of a french/Israeli lawyer named ron soffer who has his main office in paris...(a yid who also works out of nyc)

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**From:** J [jeevacation@gmail.com]
**Sent:** 1/26/2019 5:56:07 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re: Re:

https://www.youtube.com/watch?v=Dp6-Y6IHECo please watch with the eys that i have opened for you.

On Sat, Jan 26, 2019 at 6:32 PM Weingarten, Reid <[redacted]> wrote:

Cal me if you get a chance...[redacted]

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Friday, January 25, 2019 7:23 PM
**To:** Weingarten, Reid
**Subject:** Re:

If he wants you to rep him. YES

On Fri, Jan 25, 2019 at 10:34 PM Weingarten, Reid <[redacted]> wrote:

Rajeev misra....softbank vision fund...any special jeffrey insights here?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Tuesday, January 22, 2019 5:51 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

im not sheyl, frankly i havent been involved in this at all except for the ridiculousness . we will resolve it by end of month. .

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So....remarkably...in the middle of dealing with thiss the Steptoe numbercrunchers advise me Jeffrey has paid about 450 and owes about 300 and seems disinclined to make Steptoe whole.....hhhhhmmmm....first reaction is déjà vu.... How the fuck are we back here after the unspeakably awful evan barr debacle.... More to the point just tell me where you are on this....did miller fuck up? Something else? As you know I am the 800 pound gorilla here, Steptoe is not going to chase you down for the money but there are 500 lawyers here, processes, etc.....

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, January 22, 2019 4:04 PM
**To:** Weingarten, Reid
**Subject:** Re:

do you think he has the goods?

On Tue, Jan 22, 2019 at 9:57 PM Weingarten, Reid <[redacted]> wrote:

Not my new guy...not repping him

Sent from my BlackBerry 10 smartphone.

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**Subject:** Re:

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Sent from my BlackBerry 10 smartphone.

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Civil or crime

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Sent from my BlackBerry 10 smartphone.

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**Subject:** Re:

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**To:** Weingarten, Reid
**Subject:** Re:

are you nuts. im a cowardly warm blooded jew. call me [redacted]

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You are not in nyc now are you?

Sent from my BlackBerry 10 smartphone.

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**Sent:** Monday, January 21, 2019 5:43 PM
**To:** Weingarten, Reid
**Subject:** Re:

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**To:** Weingarten, Reid
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Sent from my BlackBerry 10 smartphone.

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**Sent:** Monday, January 21, 2019 5:36 PM
**To:** Weingarten, Reid
**Subject:** Re:

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Then I am going to have to make change the world decisions without you...(I am in london tomorrow-friday but I assume you are going to paris)

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Monday, January 21, 2019 4:41 PM
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im off to europe , tomorrow. .

On Mon, Jan 21, 2019 at 4:37 PM Weingarten, Reid <[redacted] wrote:

**Privileged - Redacted**

Sent from my BlackBerry 10 smartphone.

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**From:** J
**Sent:** Monday, January 21, 2019 4:14 PM
**To:** Weingarten, Reid
**Subject:**

**Privileged - Redacted**

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**From:** Weingarten, Reid [redacted]
**Sent:** 1/23/2019 2:42:14 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

Have thought many, many things about you over the years,,,,,never thought you were my cheryl.....

Sent from my BlackBerry 10 smartphone.

---

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**To:** Weingarten, Reid
**Subject:** Re:

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**Sent:** Monday, January 21, 2019 6:24 PM
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**Subject:** Re:

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**From**: Nicholas Ribis [redacted]
**Sent**: 12/23/2018 2:04:15 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

Looks like Mick Mulvaney is out before he starts - knew it after his comments about DJT came public-

Sent from my iPhone

**Date:** Monday, August 26 2013 02:46 PM
**Subject:** FW: Press Snapshot: Monday, August 26th, 2013
**From:** Boris Nikolic <[redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

See good article re balmer below.

Still awaiting for call reply

Sent from my Windows Phone

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**From:** John Pinette
**Sent:** 8/26/2013 4:17 PM
**To:** Bill Gates
**Cc:** DL-Press Snapshot
**Subject:** Press Snapshot: Monday, August 26th, 2013

| Headline | Journalist | Outlet | Full Text |
|---|---|---|---|
| **Energy** | | | |
| Nuclear Operator Raises Alarm on Crisis | Hiroko Tabuchi | *New York Times* | Article text |
| The New Nuclear Craze | Mark Bittman | *New York Times* | Article text |
| Pipeline-Capacity Squeeze Reroutes Crude Oil | Russell Gold | *Wall Street Journal* | Article text |
| U.S. Electrical Grid on the Edge of Failure | Jeff Tollefson | *Nature* | Article text |
| **Technology** | | | |
| Ballmer Departure From Microsoft Was More Sudden Than Portrayed by the Company | Kara Swisher | *All Things D* | Article text |
| The Decline of E-Empires | Paul Krugman | *New York Times* | Article text |
| As Amazon Stretches, Seattle's Downtown Is Reshaped | Kirk Johnson & Nick Wingfield | *New York Times* | Article text |
| **State Budgets and Healthcare Costs** | | | |
| How to Charge $546 for Six Liters of Saltwater | Nina Bernstein | *New York Times* | Article text |
| States scramble to get health-care law's insurance marketplaces up and running | Sarah Kliff and Sandhya Somashekhar | *Washington Post* | Article text |
| 80 House members: Shutdown better than Obamacare | Charles Babington | *Associated Press* | Article text |
| **Berkshire Hathaway** | | | |
| *No breaking news* | | | |
| **Philanthropy** | | | |
| Philanthropy: the givers club | Cordelia Jenkins | *Livemint and the Wall Street Journal* | Article text |
| **Global Health and Development** | | | |
| Pat on the back or force for good: what purpose do development awards serve? | Mark Tran | *Guardian blog* | Article text |
| **Education** | | | |
| A Chance at Learning | Ginia Bellafante | *New York Times* | Article text |
| Obama goes for college 'datapalooza' | Nick Anderson | *Washington Post* | Article text |
| Massively Online And Offline Too: How MOOCs Will Evolve In The Physical World | Giovanni Rodriguez | *Forbes* | Article text |
| **Women and Children** | | | |
| Indian Police Arrest Suspects in Two Gang Rapes | Sean Mclain and Khushita Vasan | *Wall Street Journal* | Article text |
| Is there any space in the development debate for African experts? | Andrew Quinn | *Guardian blog* | Article text |
| Child marriage campaigners in south Asia receive $23m cash injection | Mark Tran | *Guardian blog* | Article text |

**ARTICLE TEXT**

**Energy – Full text articles**

Nuclear Operator Raises Alarm on Crisis
Hiroko Tabuchi – **New York Times**

The operator of Japan's tsunami-hit nuclear power plant sounded the alarm on the gravity of the deepening crisis of containment at the coastal site on Friday, saying that there are more than 200,000 tons of radioactive water in makeshift tanks vulnerable to leaks, with no reliable way to check on them or anywhere to transfer the water.

The latest disclosures add to a long list of recent accidents, leaks and breakdowns that have underscored grave vulnerabilities at the Fukushima Daiichi nuclear power plant site more than two years after a powerful earthquake and tsunami set off meltdowns at three reactors.

They come two weeks after the prime minister, Shinzo Abe, promised that his government would take a more active role in the site's cleanup, raising questions over how seriously he has taken that pledge. Mr. Abe's government has continued to push for a restart of the country's nuclear power program, and he heads to the Middle East on Saturday to promote Japanese exports to the region, including nuclear technology.

Mr. Abe also plans to lead Tokyo's delegation to Argentina for the International Olympic Committee's final vote, set for Sept. 7, on the host city for the 2020 Olympics. Tokyo, 150 miles south of the stricken nuclear power plant, is one of three finalists competing to host the games. The others are Istanbul and Madrid.

Opposition lawmakers here have demanded that Mr. Abe stay home and declare a state of emergency.

"The nuclear crisis is real and ongoing, yet the government continues to look the other way," said Yoshiko Kira of the opposition Japan Communist Party, which made significant gains in parliamentary elections last month.

"The government should declare a state of emergency right now, and intervene to stop the outflow of contaminated water," Ms. Kira said at an anti-nuclear rally outside Mr. Abe's office in Tokyo.

Mr. Abe remains popular, and it is uncertain how large a liability the crisis at the Fukushima plant will become for him.

But it has become increasingly clear that the latest problems may be too large for the plant's operator, the Tokyo Electric Power Company, or Tepco, to handle.

Tepco has built nearly 1,000 tanks at the sprawling complex to store as many as 335,000 tons of contaminated water, the product of coolant pumped into the reactors to keep their cores from overheating, and groundwater pouring into their breached basements at a rate of 400 tons a day. This week, Tepco said one tank had sprung a huge leak.

On Friday, Tepco presented an even starker view of the situation, acknowledging that as much as 220,000 tons of that water is stored in makeshift steel tanks similar to the one that is leaking. The operator said the 36-foot-tall cylindrical tanks, meant as a temporary repository for the growing amount of radiated water at the complex, used vulnerable rubber sealing and that their ability to withstand radiation was not tested.

The tanks are susceptible to leaks at the seams and through their concrete base, said Noriyuki Imaizumi, the acting general manager of Tepco's nuclear power division. A nearby drain can carry any leaked water to the sea, Mr. Imaizumi said, and high radiation readings along a section suggest that water has already traveled through the drain to the ocean.

The makeshift tanks also lack water level gauges, making it difficult to detect leaks. Only two workers are assigned to checking nearly 1,000 tanks on two-hour patrols twice a day, Mr. Imaizumi said.

The Nuclear Regulation Authority, which the Japanese government ordered to more actively advise and monitor Tepco's activities at the plant, had told the company to begin transferring the water from the makeshift tanks to better-built vessels. But after visiting the plant on Friday, an authority commissioner, Toyoshi Fuketa, said the vast quantities made doing so quickly "unrealistic."

A series of pits Tepco dug to store some of the water also began leaking earlier this year, forcing workers to transfer the water into the steel tanks.

Experts have said they suspect that more contaminated water is seeping out from under the melted-down reactors into the groundwater and the Pacific. Elevated levels of radioactive cesium in surrounding waters seem to confirm those suspicions.

Tepco has said those leaks are not directly from beneath the reactors, but from maintenance tunnels that run along the coast and remain contaminated from the early days of the disaster.

But it also acknowledges that the water beneath the reactors is extremely contaminated, and experts say that if it does get into the ocean, it will surpass even the leaks that occurred in the disaster's early days.

"That prospect scares me," Michio Aoyama, a senior scientist in the Oceanography and Geochemistry Research Department at the government-affiliated Meteorological Research Institute, said in an interview this month.

"It's the ultimate, worst-case scenario," Professor Aoyama said.

Back to top

The New Nuclear Craze
Mark Bittman - **New York Times**

There is a new discussion about nuclear energy, prompted by well-founded concerns about carbon emissions and fueled by a pro-nuclear documentary called "Pandora's Promise." Add a statement by James E. Hansen — who famously sounded the alarm on climate change — and, of course, industry propaganda, and presto: We Love Nukes.

Before we all become pro-nuclear greens, however, you've got to ask three questions: Is nuclear power safe and clean? Is it economical? And are there better alternatives?

No, no and yes. So let's not swap the pending environmental disaster of climate change for another that may be equally risky.

Despite all-out efforts and international cooperation, Fukushima, which scared Germany right out of the nuclear power business, still isn't under control. Proponents of nuclear power promise new and safer technology, but these discussions are filled with "coulds"; no such plants exist. Nor would they reduce the risks of proliferation. (Oh, that little thing.)

Nor would they do much to mitigate the all-too-infrequently discussed dangers of uranium mining, which uses vast amounts of water in the West — an area that can ill afford it — and is barely regulated or even studied. Thousands of uranium mines have been abandoned, and no one seems to know how many remain to be cleaned up. The cost of that cleanup, of course, will be borne by taxpayers, not industry.

Then there's disposal of spent fuel, which is not contained at the same safety level as active fuel, itself a scary thought. Decades into the nuclear age there remains, incredibly, no real plan for this; a patchwork scheme by the Nuclear Regulatory Commission, which appears to be even more industry-friendly than most federal agencies, was rejected by an appeals court last year, and the Obama administration is standing by its campaign promise (shocking, I know) to abandon the nuclear repository at Yucca Mountain in Nevada.

The economic viability of nuclear power is no more encouraging. Plants continue to close and generation rates continue to drop. Operators may indeed continue to make money on reactors, but that's only because federal subsidies are enormous. Insurance costs are limited. Loans are guaranteed (the Solyndra loan guarantee was half a billion dollars; in contrast, loan guarantees for new nuclear plants may run $8 billion); cost recovery and return on investment are also assured for decades, and some operators are able to collect costs from ratepayers (and pay dividends to shareholders) years before plants come online — even if they never come online.

So they're economical as long as you're the owner, because historically, subsidies for nuclear power have been more than double the expense of power generation itself. While estimates of the costs of power generation vary wildly — allowing both

proponents and detractors of any given power technology to make their cases — few of them take externalities (costs to the environment or to public health, for example) into account. And nuclear power's externalities could exceed those for any other form of power generation except coal.

That's why we're reducing coal usage — if we had a strong climate policy it would be gone in a couple of deades, and nuclear should be right behind it. It's likely that no new nuclear plants will be built before true renewables are able to take the place of scary, highly damaging energy sources.

Which brings us full circle: the new proponents of nuclear power say that since nuclear power is arguably preferable to coal, maybe we should subsidize the building of new plants.

If those were the only options, maybe that argument would be a sound one. But they're not. Energy efficiency (remember that?), natural gas (imperfect, yes, but improvable) and wind are all cheaper. Even solar is already less expensive than nuclear power in good locations.

Some studies show that renewables can generate 80 percent of our electricity in 2050, using current technologies, while reducing carbon emissions from the electric sector by 80 percent. Climate change fears should be driving not old and disproven technologies but renewable ones, which are more practical. These technologies remain relatively small — non-hydro renewables were around 5 percent of the total last year — but they're growing so fast (wind and solar use have quadrupled in the last five years) that just this week the chairman of the Federal Energy Regulatory Commission predicted that solar power could soon begin to double every two years.

Utilities are afraid that solar power will be to the electrical grid what PCs were to mainframes, or e-mail to the Postal Service: a technology that will simply kill its predecessors. Coal and nuclear power are both doomed, and the profit-making power grid with it. That's all to our benefit.

Back to top

Pipeline-Capacity Squeeze Reroutes Crude Oil
Russell Gold – **Wall Street Journal**

More crude oil is moving around the U.S. on trucks, barges and trains than at any point since the government began keeping records in 1981, as the energy industry devises ways to get around a pipeline-capacity shortage to take petroleum from new wells to refineries.

The improvised approach is creating opportunities for transportation companies even as it strains roads and regulators. And it is a precursor to what may be a larger change: the construction of more than $40 billion in oil pipelines now under way or planned for the next few years, according to energy adviser Wood Mackenzie.

"We are in effect re-plumbing the country," says Curt Anastasio, chief executive of NuStar Energy LP, NS +0.58% a pipeline company in San Antonio. Oil is "flowing in different directions and from new places."

U.S. oil production has reached its highest level in two decades, while imports have fallen dramatically. A system built to import oil and deliver it to coastal refineries has become ill-equipped to handle rising production in Texas, North Dakota and Canada's Alberta province.

"All of the pipes are pointed in the wrong direction," says Harold York, an oil researcher at Wood Mackenzie. "We are turning the last 70 years of oil-industry history in North America on its head, and we are turning it on its head in the next 10 to 15 years."

With oil prices persistently above $100 a barrel, companies drilling new wells don't want to forgo revenue while they wait years for new pipelines. That leaves them with trucks, trains and barges to move an increasing amount of crude.

Oil delivered to refineries by trucks grew 38% from 2011 to 2012, according to the U.S. Energy Information Administration, while crude on barges grew 53% and rail deliveries quadrupled. Although alternatives are growing rapidly, pipelines and oceangoing tankers remain the primary method for delivering crude to refineries.

In the Eagle Ford, a large four-year-old South Texas oil field, production has grown to more than 500,000 barrels a day, from less than 1,000 in 2009, according to state statistics. Getting that torrent out of the sparsely populated region has required modifications to the oil-delivery system.

For example, last year NuStar reversed a 16-inch pipeline built to carry crude imported from Africa and Europe northward from the Port of Corpus Christi. Now, the pipeline flows south, taking delivery from hundreds of trucks that fill up at individual wells. Some of the 175,000 barrels a day moving through the pipe is loaded onto barges at Corpus Christi and towed toward refineries near Houston.

Earlier this year, Phillips 66 began putting some of this crude on ships for a 2,200-mile journey around Florida to its refinery in Linden, N.J.

The heavy trucks moving Eagle Ford crude are causing headaches for residents and local officials, ripping up roads and causing traffic tie-ups.

"These are rural roads built for 10 cars an hour, and now it's 100 vehicles an hour, and 75 of them are 80,000-pound trucks," says Tom Voelkel, president of Dupre Logistics LLC. The Lafayette, La., company started hauling crude in Eagle Ford in November 2011 and has more than 100 drivers full time in the region.

The Texas Legislature appropriated $450 million this year to repair and improve roads in oil-producing counties. "It doesn't even begin to reach where it needs to reach," says Daryl Fowler, the chief elected county official in Cuero, Texas, about a hundred miles southeast of San Antonio.

"We've seen a fourfold increase in congestion around here," he says. "The roads are crumbling."

In July, the Texas transportation department decided to convert 83 miles of state road in six oil-boom counties from pavement to gravel, to reduce repair costs and slow traffic.

Trucks filled with Eagle Ford crude are also heading 100 miles west to a barge canal. The first barge of crude departed in September 2011, heading south toward the Gulf of Mexico and refineries near Houston. Now the canal moves 1.6 million barrels a month, says Jennifer Stastny, executive director of the Port of Victoria.

"It's like putting your 5-year-old to bed one night and he wakes up the next morning as a 16-year-old, with the appetite and demands of a 16-year-old," she says.

In North Dakota, trains move 69% of the state's 800,000 barrels a day of crude, according to state figures. Energy companies say they value rail's ability to deliver crude to the highest-paying markets.

But the deadly runaway crude train crash in Canada's Quebec province in July, which incinerated a small town and killed at least 47 people, highlighted the risks of the mile-long crude trains crisscrossing the country. The U.S. government is imposing new regulations on oil shipments by rail.

Some state regulators wonder if their local efforts leave them prepared for a train accident, in part because federal railroad rules pre-empt state and local control over trains.

In Washington state, "we can't say [to train operators] you have to have oil-spill contingency plans in order to operate," says Curt Hart, a spokesman for the state's Department of Ecology. "We do that for oil tankers, barges, large commercial vessels and refineries."

Home to five refineries, the state levies a per-barrel tax on crude delivered by tankers and barges, which pays for spill-response officials and inspectors. The tax doesn't apply to rail shipments.

The American Association of Railroads says it is prepared for growing crude shipments because it has long carried hazardous cargoes. In 2008, major U.S. railroads carried 9,500 carloads of crude, the association says, and are on pace this year to carry 389,000.

Most industry analysts believe that while crude on trains will last, truck and barge traffic will decline once new pipelines come into service.

Environmental groups have criticized some pipeline projects, including the Keystone XL, meant to move Canadian oil to Gulf Coast refineries. The federal government is still studying the Keystone pipeline and has yet to issue needed permits.

Steve Kean, president and chief operating officer of Kinder Morgan Inc., KMI +0.30% one of several interrelated companies that own or operate 82,000 miles of North American pipeline, says government agencies thoroughly vet new projects.

Falling imports, infrastructure investments and increased manufacturing are just some of the benefits of newly abundant energy supplies, he says. "This has got to be one of the best things that has happened in our economy in the past 10 years. It is better than the iPad."

Back to top

U.S. Electrical Grid on the Edge of Failure
Jeff Tollefson – **Nature**

Facebook can lose a few users and remain a perfectly stable network, but where the national grid is concerned simple geography dictates that it is always just a few transmission lines from collapse.

That is according to a mathematical study of spatial networks by physicists in Israel and the United States. Study co-author Shlomo Havlin of Bar-Ilan University in Ramat-Gan, Israel, says that the research builds on earlier work by incorporating a more explicit analysis of how the spatial nature of physical networks affects their fundamental stability. The upshot,

published today in Nature Physics, is that spatial networks are necessarily dependent on any number of critical nodes whose failure can lead to abrupt — and unpredictable — collapse1.

The electric grid, which operates as a series of networks that are defined by geography, is a prime example, says Havlin. "Whenever you have such dependencies in the system, failure in one place leads to failure in another place, which cascades into collapse."

The warning comes ten years after a blackout that crippled parts of the midwest and northeastern United States and parts of Canada. In that case, a series of errors resulted in the loss of three transmission lines in Ohio over the course of about an hour. Once the third line went down, the outage cascaded towards the coast, cutting power to some 50 million people. Havlin says that this outage is an example of the inherent instability his study describes, but others question whether the team's conclusions can really be extrapolated to the real world.

"I suppose I should be open-minded to new research, but I'm not convinced," says Jeff Dagle, an electrical engineer at the Pacific Northwest National Laboratory in Richland, Washington, who served on the government task force that investigated the 2003 outage. "The problem is that this doesn't reflect the physics of how the power grid operates."
Critical order

Havlin and his colleagues focused on idealized scenarios. They found that randomly structured networks — such as social networks — degrade slowly as nodes are removed, which in the real world might mean there is time to diagnose and address a problem before a system collapses. By contrast, the connections of orderly lattice structures have more critical nodes, which increase the instability. The problem is that such orderly networks are always operating near an indefinable edge, Havlin says. To reduce that risk, he recommends adding a small number of longer transmission lines that provide short cuts to different parts of the grid.

Benjamin Carreras, a physicist at Oak Ridge National Laboratory in Tennessee who has conducted similar work2, says that network theory can be useful for providing insight into electric grids but must be complemented with more complex models that attempt to represent both the physical realities and the responsiveness of the modern electric grid. Although in some cases adding long lines can benefit the overall stability of an electric system, Carreras' work suggests that in certain circumstances such an approach allows problems to propagate even farther.

"More connections may stabilize some processes, by, for instance, increasing the number of paths to generators, but also may destabilize others," Carreras says. "One cannot make generic statements on this topic."

Although local outages caused by falling trees knocking down distribution lines are common, large-scale failures within the core ne transmission lines rarely occur on a modern electric grid. Before 2003, the last major blackout in the United States had been on the west coast in 1996, and more recently an outage has struck in the San Diego area.

Dagle says that the 2003 blackout stemmed from a combination of bad vegetation management — the first three lines tripped after sagging into trees but were all within their load rating — and a series of monitoring and communications breakdowns. Vegetation requirements have since been standardized, and a new generation of sensors is providing grid operators with more information about what is happening across the grid at any given moment.

"Many more utilities have much more data," Dagle says. "The next phase of our voyage is to make better use of that data."

Back to top

**Technology – Full text articles**

Ballmer Departure From Microsoft Was More Sudden Than Portrayed by the Company
Kara Swisher – **All Things D**

According to sources close to the situation, the departure of CEO Steve Ballmer from Microsoft last week was more sudden than was depicted by the company in its announcement that he would be retiring within the next year in a planned smooth transition.

It was neither planned nor as smooth as portrayed.

While the decision to go seems to have technically been Ballmer's, interviews with dozens of people inside and outside the company, including many close to the situation, indicate that he had not aimed to leave this soon and especially after the recent restructuring of the company that he had intensely planned.

Instead, sources said Ballmer's timeline had been moved up drastically — first by him and then the nine-member board, including his longtime partner and Microsoft co-founder and chairman Bill Gates — after all agreed that it was best if he left sooner than later.

That was due to a number of increasingly problematic issues on the immediate horizon — including a potentially nasty proxy fight, continued business performance declines and, perhaps most of all, that Ballmer's leadership was becoming a very obvious lightning rod.

Interestingly, Ballmer actually indicated that he had planned on staying in his letter about his impending departure, noting: "My original thoughts on timing would have had my retirement happen in the middle of our transformation to a devices and services company focused on empowering customers in the activities they value most."

That sentence spurred much chatter inside the company, including the persistent rumor that Gates had dropped the bomb on Ballmer. That sentiment was further underscored when Ballmer's letter contained no reference or thanks to Gates, with whom he has been tightly tethered over the last several decades. Its absence has been much discussed internally at Microsoft, where it has been seen as an unusual slight and a sign of a rift.

Gates also did not reference his longtime business partner in any celebratory manner in Microsoft's announcement. "As a member of the succession planning committee, I'll work closely with the other members of the board to identify a great new CEO," said Gates, in the entirety of the quote about Ballmer's retirement. "We're fortunate to have Steve in his role until the new CEO assumes these duties."

Other sources cautioned that it was not indicative of tensions between the pair, but was done to minimize "lame duck concerns" that might arise if Ballmer was portrayed as already out the door.

Those sources also insist that Gates never asked Ballmer to step down sooner, although they acknowledge that he also did not — as Gates had in the past — disagree that it was best that he move on.

"Did Gates instigate it? No," said one source with knowledge of the situation. "But was he as supportive of Ballmer as he had been in the past? Maybe not."

That was still a big change, of course. Gates — who has always been and remains the key decision-maker on Microsoft's board — had always been Ballmer's major backer, despite increasing pressure both externally and from other directors for him to step down.

Gates had rejected such suggestions for years. That included former director and Netflix CEO Reed Hastings, who many sources said had been one of the first to urge that the company replace Ballmer as CEO, as well as from a spate of Wall Street investors complaining about the company's declining value in the Ballmer years.

As AllThingsD's John Paczkowski wrote on Friday: "Here's one metric by which Ballmer will be judged harshly. On the last day of 1999, the day before he took over as CEO, Microsoft's market capitalization was $600 billion. On the day before he announced his intention to retire, it was less than $270 billion."

That's a damning number, of course, coupled with a widespread sentiment that Ballmer had missed critical trends in tech under his tenure. Despite a strong growth in revenue, investors and others had long concluded that Microsoft had thrived when Gates was CEO and waned under Ballmer's rule.

Still, until recently, there has been no signal from the company indicating any change in top leadership. In fact, the management reorganization backed strongly by the board a month ago had essentially placed Ballmer at the center of the structure under a plan described as "One Microsoft."

And, at the time of the restructuring announcement in July, Ballmer's definite and clear message was that he was there to stay:

"Lots of change. But in all of this, many key things remains the same. Our incredible people, our spirit, our commitment, our belief in the transformative power of technology — our Microsoft technology — to make the world a better place for billions of people and millions of businesses around the world. It's why I come to work inspired every day. It's why we've evolved before, and why we're evolving now. Because we're not done. Let's go."

Though early in its rollout, the changes have been jarring and created a level of chaos at the company that has led to much grumbling internally. It also did not help that the restructuring was quickly followed by a dismal Q4 performance by Microsoft.

As I wrote in mid-July: "Microsoft had a bad fourth quarter, mostly because many people are not using PCs any more. In addition, the tech giant took a $900 million charge related to having to cut the price of its Surface RT tablet, which had — as you might imagine — an impact on results. Missed profit expectations, missed revenue, missed all over the ying-yang."

With the prospect that the next quarter could be weaker still and with numerous reports of late that there has been slowing of adoption from its new flagship Windows 8 offering, Ballmer and the board finally aligned to move his departure date sooner.

Most critical to that decision, source said, were increased board worries that recent pressure from activist investor ValueAct — which has a large stake in the company — had a good chance of succeeding in its efforts to obtain a seat on the board of Microsoft, especially if Ballmer stayed in place.

And even if the software giant was able to thwart that from happening, said several sources, such a public fight is untenable for the company, since it was likely to attract even more scrutiny to Ballmer's performance and perhaps even more investor action.

ValueAct has until August 30 to notify Microsoft if it plans a proxy battle, and sources said it still wants more that Ballmer's retirement. In talks, said sources, it has asked for an aggressive stock buyback and also a dividend increase, which might assuage its efforts to garner a board seat.

Ballmer denied any pressure from ValueAct specifically in his decision in an interview with the Seattle Times, though sources said that was simply bluster.

And, even with mounting pressure on him, Ballmer definitely portrayed the change as his decision in an interview he gave to ZDNet's Mary Jo Foley last week, after his retirement announcement.

"I would say for me, yeah, I've thought about it for a long time, but the timing became more clear to me over the course of the last few months," he insisted.

When asked if Gates asked him to stay or go, he said no, apparently to both. "Bill respects my decision. I mean, it's one of these things when if it's — you know, ultimately these kinds of things have to be one's own personal decision."

That statement also struck many inside the company as a quick shift. Ballmer, said sources, had been jumping enthusiastically into business review meetings, as part of the new structure, over the last month. In addition, he had expressed to many employees his excitement at being part of the changes he had initiated.

But, in meetings after the announcement, numerous sources inside the company said Ballmer seemed uncharacteristically chastened and quiet, in contrast to his usual confident and forceful manner.

"He was definitely not leaving and then he suddenly was," said one source. "Even if today's Steve made the choice, it was a choice yesterday's Steve did not want to."

Another source, close to the board, perhaps explained it best: "If ValueAct got on the board, I think Ballmer finally realized that meant it was going to be the hard way from then on out until he left and he did not want that for a company he clearly loves and has been his life."

Now, those inside the company are turning to what comes next. While not everyone on the board thought that Ballmer should step down without a new CEO in place, it's moot now as Microsoft turbocharges the process — in place for several years now — to select its next leader.

But, though the committee is headed up by John Thompson, CEO of Virtual Instruments and the former CEO of security software giant Symantec, most expect Gates — as usual — to be the key decision maker on that choice, too.

A Microsoft spokesman declined comment.

Back to top

The Decline of E-Empires
Paul Krugman – **New York Times**

Steve Ballmer's surprise announcement that he will be resigning as Microsoft's C.E.O. has set off a huge flood of commentary. Being neither a tech geek nor a management guru, I can't add much on those fronts. I do, however, think I know a bit about economics, and I also read a lot of history. So the Ballmer announcement has me thinking about network externalities and Ibn Khaldun. And thinking about these things, I'd argue, can help ensure that we draw the right lessons from this particular corporate upheaval.

First, about network externalities: Consider the state of the computer industry circa 2000, when Microsoft's share price hit its peak and the company seemed utterly dominant. Remember the T-shirts depicting Bill Gates as a Borg (part of the hive mind from "Star Trek"), with the legend, "Resistance is futile. Prepare to be assimilated"? Remember when Microsoft was at the center of concerns about antitrust enforcement?

The odd thing was that nobody seemed to like Microsoft's products. By all accounts, Apple computers were better than PCs using Windows as their operating system. Yet the vast majority of desktop and laptop computers ran Windows. Why?

The answer, basically, is that everyone used Windows because everyone used Windows. If you had a Windows PC and wanted help, you could ask the guy in the next cubicle, or the tech people downstairs, and have a very good chance of getting the answer you needed. Software was designed to run on PCs; peripheral devices were designed to work with PCs.

That's network externalities in action, and it made Microsoft a monopolist.

The story of how that state of affairs arose is tangled, but I don't think it's too unfair to say that Apple mistakenly believed that ordinary buyers would value its superior quality as much as its own people did. So it charged premium prices, and by the time it realized how many people were choosing cheaper machines that weren't insanely great but did the job, Microsoft's dominance was locked in.

Now, any such discussion brings out the Apple faithful, who insist that anything Windows can do Apple can do better and that only idiots buy PCs. They may be right. But it doesn't matter, because there are many such idiots, myself included. And Windows still dominates the personal computer market.

The trouble for Microsoft came with the rise of new devices whose importance it famously failed to grasp. "There's no chance," declared Mr. Ballmer in 2007, "that the iPhone is going to get any significant market share."

How could Microsoft have been so blind? Here's where Ibn Khaldun comes in. He was a 14th-century Islamic philosopher who basically invented what we would now call the social sciences. And one insight he had, based on the history of his native North Africa, was that there was a rhythm to the rise and fall of dynasties.

Desert tribesmen, he argued, always have more courage and social cohesion than settled, civilized folk, so every once in a while they will sweep in and conquer lands whose rulers have become corrupt and complacent. They create a new dynasty — and, over time, become corrupt and complacent themselves, ready to be overrun by a new set of barbarians.

I don't think it's much of a stretch to apply this story to Microsoft, a company that did so well with its operating-system monopoly that it lost focus, while Apple — still wandering in the wilderness after all those years — was alert to new opportunities. And so the barbarians swept in from the desert.

Sometimes, by the way, barbarians are invited in by a domestic faction seeking a shake-up. This may be what's happening at Yahoo: Marissa Mayer doesn't look much like a fierce Bedouin chieftain, but she's arguably filling the same functional role.

Anyway, the funny thing is that Apple's position in mobile devices now bears a strong resemblance to Microsoft's former position in operating systems. True, Apple produces high-quality products. But they are, by most accounts, little if any better than those of rivals, while selling at premium prices.

So why do people buy them? Network externalities: lots of other people use iWhatevers, there are more apps for iOS than for other systems, so Apple becomes the safe and easy choice. Meet the new boss, same as the old boss.

Is there a policy moral here? Let me make at least a negative case: Even though Microsoft did not, in fact, end up taking over the world, those antitrust concerns weren't misplaced. Microsoft was a monopolist, it did extract a lot of monopoly rents, and it did inhibit innovation. Creative destruction means that monopolies aren't forever, but it doesn't mean that they're harmless while they last. This was true for Microsoft yesterday; it may be true for Apple, or Google, or someone not yet on our radar, tomorrow.

Back to top

**State Budgets and Healthcare costs – Full text articles**

How to Charge $546 for Six Liters of Saltwater
Nina Bernstein – **New York Times**

It is one of the most common components of emergency medicine: an intravenous bag of sterile saltwater.

Luckily for anyone who has ever needed an IV bag to replenish lost fluids or to receive medication, it is also one of the least expensive. The average manufacturer's price, according to government data, has fluctuated in recent years from 44 cents to $1.

Yet there is nothing either cheap or simple about its ultimate cost, as I learned when I tried to trace the commercial path of IV bags from the factory to the veins of more than 100 patients struck by a May 2012 outbreak of food poisoning in upstate New York.

Some of the patients' bills would later include markups of 100 to 200 times the manufacturer's price, not counting separate charges for "IV administration." And on other bills, a bundled charge for "IV therapy" was almost 1,000 times the official cost of the solution.

It is no secret that medical care in the United States is overpriced. But as the tale of the humble IV bag shows all too clearly, it is secrecy that helps keep prices high: hidden in the underbrush of transactions among multiple buyers and sellers, and in the hieroglyphics of hospital bills.

At every step from manufacturer to patient, there are confidential deals among the major players, including drug companies, purchasing organizations and distributors, and insurers. These deals so obscure prices and profits that even participants cannot say what the simplest component of care actually costs, let alone what it should cost.

And that leaves taxpayers and patients alike with an inflated bottom line and little or no way to challenge it.

A PRICE IN FLUX

In the food-poisoning case, some of the stricken were affluent, and others barely made ends meet. Some had private insurance; some were covered by government programs like Medicare and Medicaid; and some were uninsured.

In the end, those factors strongly (and sometimes perversely) affected overall charges for treatment, including how much patients were expected to pay out of pocket. But at the beginning, there was the cost of an IV bag of normal saline, one of more than a billion units used in the United States each year.

"People are shocked when they hear that a bag of saline solution costs far less than their cup of coffee in the morning," said Deborah Spak, a spokeswoman for Baxter International, one of three global pharmaceutical companies that make nearly all the IV solutions used in the United States.

It was a rare unguarded comment. Ms. Spak — like a spokesman for Hospira, another giant in the field — later insisted that all information about saline solution prices was private.

In fact, manufacturers are required to report such prices annually to the federal government, which bases Medicare payments on the average national price plus 6 percent. The limit for one liter of normal saline (a little more than a quart) went to $1.07 this year from 46 cents in 2010, an increase manufacturers linked to the cost of raw materials, fuel and transportation. That would seem to make it the rare medical item that is cheaper in the United States than in France, where the price at a typical hospital in Paris last year was 3.62 euros, or $4.73. One-liter IV bags normally contain nine grams of salt, less than two teaspoons. Much of it comes from a major Morton Salt operation in Rittman, Ohio, which uses a subterranean salt deposit formed millions of years ago. The water is local to places like Round Lake, Ill., or Rocky Mount, N.C., where Baxter and Hospira, respectively, run their biggest automated production plants under sterility standards set by the Food and Drug Administration.

But even before the finished product is sold by the case or the truckload, the real cost of a bag of normal saline, like the true

cost of medical supplies from gauze to heart implants, disappears into an opaque realm of byzantine contracts, confidential rebates and fees that would be considered illegal kickbacks in many other industries.

IV bags can function like cheap milk and eggs in a high-priced grocery store, or like the one-cent cellphone locked into an expensive service contract. They serve as loss leaders in exclusive contracts with "preferred manufacturers" that bundle together expensive drugs and basics, or throw in "free" medical equipment with costly consequences.

Few hospitals negotiate these deals themselves. Instead, they rely on two formidable sets of middlemen: a few giant group-purchasing organizations that negotiate high-volume contracts, and a few giant distributors that buy and store medical supplies and deliver them to client hospitals.

Proponents of this system say it saves hospitals billions in economies of scale. Critics say the middlemen not only take their cut, but they have a strong interest in keeping most prices high and competition minimal.

The top three group-purchasing organizations now handle contracts for more than half of all institutional medical supplies sold in the United States, including the IVs used in the food-poisoning case, which were bought and taken by truck to regional warehouses by big distributors.

These contracts proved to be another black box. Debbie Mitchell, a spokeswoman for Cardinal Health, one of the three largest distributors, said she could not discuss costs or prices under "disclosure rules relative to our investor relations."

Distributors match different confidential prices for the same product with each hospital's contract, she said, and sell information about the buyers back to manufacturers.

A huge Cardinal distribution center is in Montgomery, N.Y. — only 30 miles, as it happens, from the landscaped grounds of the Buddhist monastery in Carmel, N.Y., where many of the food-poisoning victims fell ill on Mother's Day 2012.

Among them were families on 10 tour buses that had left Chinatown in Manhattan that morning to watch dragon dances at the monastery. After eating lunch from food stalls there, some traveled on to the designer outlet stores at Woodbury Commons, about 30 miles away, before falling sick.

The symptoms were vicious. "Within two hours of eating that rice that I had bought, I was lying on the ground barely conscious," said Dr. Elizabeth Frost, 73, an anesthesiologist from Purchase in Westchester County who was visiting the monastery gardens with two friends. "I can't believe no one died."

About 100 people were taken to hospitals in the region by ambulance; 5 were admitted and the rest released the same day. The New York State Department of Health later found the cause was a common bacterium, Staphylococcus aureus, from improperly cooked or stored food sold in the stalls.

MYSTERIOUS CHARGES

The sick entered a health care ecosystem under strain, swept by consolidation and past efforts at cost containment.

For more than a decade, hospitals in the Hudson Valley, like those across the country, have scrambled for mergers and alliances to offset economic pressures from all sides. The five hospitals where most of the victims were treated are all part of merged entities jockeying for bargaining power and market share — or worrying that other players will leave them struggling to survive.

The Affordable Care Act encourages these developments as it drives toward a reimbursement system that strives to keep people out of hospitals through more coordinated, cost-efficient care paid on the basis of results, not services. But the billing mysteries in the food poisoning case show how easily cost-cutting can turn into cost-shifting.

A Chinese-American toddler from Brooklyn and her 56-year-old grandmother, treated and released within hours from the emergency room at St. Luke's Cornwall Hospital, ran up charges of more than $4,000 and were billed for $1,400 — the hospital's rate for the uninsured, even though the family is covered by a health maintenance organization under Medicaid, the federal-state program for poor people.

The charges included "IV therapy," billed at $787 for the adult and $393 for the child, which suggests that the difference in the amount of saline infused, typically less than a liter, could alone account for several hundred dollars.

Tricia O'Malley, a spokeswoman for the hospital, would not disclose the price it pays per IV bag or break down the therapy charge, which she called the hospital's "private pay rate," or the sticker price charged to people without insurance. She said she could not explain why patients covered by Medicaid were billed at all.

Eventually the head of the family, an electrician's helper who speaks little English, complained to HealthFirst, the Medicaid H.M.O. It paid $119 to settle the grandmother's $2,168 bill, without specifying how much of the payment was for the IV. It paid $66.50 to the doctor, who had billed $606.

At White Plains Hospital, a patient with private insurance from Aetna was charged $91 for one unit of Hospira IV that cost the hospital 86 cents, according to a hospital spokeswoman, Eliza O'Neill.

Ms. O'Neill defended the markup as "consistent with industry standards." She said it reflected "not only the cost of the solution but a variety of related services and processes," like procurement, biomedical handling and storage, apparently not included in a charge of $127 for administering the IV and $893 for emergency-room services.

The patient, a financial services professional in her 50s, ended up paying $100 for her visit. "Honestly, I don't understand the system at all," said the woman, who shared the information on the condition that she not be named.

Dr. Frost, the anesthesiologist, spent three days in the same hospital and owed only $8, thanks to insurance coverage by United HealthCare. Still, she was baffled by the charges: $6,844, including $546 for six liters of saline that cost the hospital $5.16.

"It's just absolutely absurd." she said. "That's saltwater."

Last fall, I appealed to the New York State Department of Health for help in mapping the charges for rehydrating patients in the food poisoning episode. Deploying software normally used to detect Medicaid fraud, a team compiled a chart of what Medicaid and Medicare were billed in six of the cases.

But the department has yet to release the chart. It is under indefinite review, Bill Schwarz, a department spokesman, said, "to ensure confidential information is not compromised."

Back to top

States scramble to get health-care law's insurance marketplaces up and running
Sarah Kliff and Sandhya Somashekhar - **Washington Post**

With a key deadline approaching, state officials across the country are scrambling to get the Affordable Care Act's complex computer systems up and running, reviewing contingency plans and, in some places, preparing for delays.

Oct. 1 is the scheduled launch date for the health-care law's insurance marketplaces — online sites where uninsured people will be able to shop for coverage, sometimes using a government subsidy to purchase a plan. An estimated 7 million people are expected to use these portals to purchase health coverage in 2014.

The task is unprecedented in its complexity, requiring state and federal data systems to transmit reams of information between one another. Some officials in charge of setting up the systems say that the tight deadlines have forced them to take shortcuts when it comes to testing and that some of the bells and whistles will not be ready.

"There's a certain level of panic about how much needs to be accomplished but a general sense that the bare minimum to get the system functional will be done," said Matt Salo, executive director of the National Association of Medicaid Directors. "It will by no means be as smooth and as seamless as people expected."

Oregon announced this month that it will delay consumers' direct access to its marketplace, opening the Web site only to brokers and consumer-assistance agents in order to shield consumers from opening-day glitches.

“Even though we’re testing now, once you actually have the system up, you don’t know what the bugs will be,” said Amy Fauver, spokeswoman for Cover Oregon, the state agency implementing the law there.

In California, which has the nation’s largest uninsured population, health officials have begun hinting that they may have a similar problem.

“It’s a complex system, and there’s a lot of navigation that needs to happen,” said Oscar Hidalgo, a spokesman for Covered California. He said the agency will know by early September whether the system will be ready in time.

If not, he said, customers will still be able to log on to the Web site and peruse insurance plans and view prices. When they get to the final step, however, they will not be able to sign up. They will have to contact a customer service representative to complete the final enrollment step.

Officials with the District of Columbia’s Health Link decided to put off building a Spanish version of its Web site until later this year, giving its staff bandwidth to complete other tasks they see more critical to the launch.

Until then, the District will have bilingual call-center workers and in-person helpers who will be able to help Spanish speakers navigate the site.

The hiccups are troubling to advocates, who worry that there will be mistakes that result in people being erroneously rejected by Medicaid or denied subsidies to which they are entitled. They are concerned that impediments will discourage the uninsured from signing up for coverage.

“There will be something up and running, but there will be serious, serious difficulties with it” that could result in delays and errors initially, said Robert H. Bonthius Jr., a lawyer at the Legal Aid Society of Cleveland. “It’s an extremely ambitious program, well-intentioned, that is going to be very difficult to accomplish, and it’s going to be months and maybe years before it really gets sorted out.”

Much of the difficulty stems from the information the federal government needs to determine who qualifies for which health-law program, including data on citizenship, income, residence and employment. State systems will need to communicate seamlessly with a federal data hub that pulls in information from the Department of Homeland Security and the Internal Revenue Service, among others.

President Obama has predicted “bumps” and “glitches” in the initial launch of the exchanges. Health and Human Services Secretary Kathleen Sebelius has acknowledged a very tight time frame that has required the government to test the hub in imperfect conditions, but she has said it will still launch on time.

“Ideally what you would do if you were building a data hub that needs this kind of information, you’d put a piece together and test that. You test it, if you will, sequentially,” she said in an interview. “We have to build and test simultaneously. . . . It’s a big operational issue, but all systems are a go for the first of October.”

Sixteen states decided to build their own health-insurance marketplaces, with the rest leaving all or much of the task to the federal government. Those states are now in the process of, or have completed, testing to share data back and forth with the data hub.

“There were times when the hub had to be taken offline. . . . So we couldn’t test until they got it back online,” said Jon Hager, executive director of Nevada’s Silver State Health Insurance Exchange. “But I think the end result, and everything I’ve seen, says it will be ready.”

Hager has invested significant time preparing contingency plans for his state, including one for a situation in which the federal data hub does not work, though he said he believes that to be a relatively unlikely scenario.

“If there’s a new rule, that could throw us into a quandary,” Hager said. “You could have, I don’t know, a disaster or a fire. I think we’ve got backup and contingency plans for everything.”

The federal government handles all testing of these connections for states that did not build a portal and chose instead to

rely on the federally facilitated marketplace.

State Medicaid programs, which typically serve low-income individuals, are also undergoing testing with the federal data hub. At least one state, Arizona, has not begun that work. It will start testing in September, a late start that worries the executive director of the state's marketplace.

"It's a concern that we're testing this late," said Tom Betlach, who runs the Arizona Health Care Cost Containment System. "Usually when you do testing, you have to go ahead and address any changes. Given the October 1st start date, I don't know much of it will be an iterative process."

Back to top

80 House members: Shutdown better than Obamacare
Charles Babington – **Associated Press**

More than one-third of House Republicans urged their leader Thursday to trigger a government shutdown rather than pay for the implementation of the health-care law they call Obamacare.

A letter from 80 Republicans asked Speaker John Boehner, R-Ohio, to resist any spending bills that would accommodate the new health-care law, which is nearing a critical stage of signing up millions of Americans for health coverage.

Because it's virtually certain that President Obama and the Democrat-controlled Senate would reject such demands, leaders of both parties say the standoff likely would result in a partial shutdown of the federal government, similar to those that occurred in 1995 and 1996.

The letter is mixed news for Boehner and other GOP leaders who view a government shutdown as politically unwise.

The federal 2013 fiscal year ends Sept. 30. New money must be appropriated by then to avoid a shutdown of countless government offices and agencies.

Voters chiefly blamed congressional Republicans for the mid-1990s shutdowns, and the fallout boosted Democratic President Clinton. Ever since, many establishment Republicans have urged the party to avoid using shutdown threats as a bargaining tool.

But a new generation of tea-party-backed conservatives rejects the advice. They say "Obamacare" — officially the Affordable Care Act — is so unpopular and unworkable that it justifies extraordinary tactics to block it.

A possible solution to the budget impasse, often used in past years, would involve a "continuing resolution" to keep funding the government at current levels. Many top Republicans, including Senate Minority Leader Mitch McConnell, say it's impossible to carve out money for Obamacare in any appropriations measure.

The House letter was authored by Rep. Mark Meadows, R-N.C. It urges Boehner "to affirmatively de-fund the implementation and enforcement of Obamacare in any relevant appropriations bill," including "any continuing appropriations bill."

At least a dozen Senate Republicans have signed a similar letter.

In recent years, Democrats and Republicans in Congress repeatedly have failed to reach major compromises on spending.

The impasses led this year to automatic, across-the-board spending cuts known as sequestration, which have hampered some federal agencies and helped shrink the deficit.

Back to top

**Berkshire Hathaway – Full text articles**

*No breaking news*

Back to top

**Philanthropy – Full text articles**

Philanthropy: the givers club
Cordelia Jenkins – **Livemint and the Wall Street Journal**

On Friday, around 60 prospective philanthropists attended the "First Givers Club" summit in Delhi run by the online philanthropic donation forum GiveIndia. While the club has existed in Mumbai since 2010, said Dhaval Udani, GiveIndia's CEO, this was their first foray into the capital city. Mint was the media partner of the event.

"With this club, we wanted to create a platform for like-minded individuals to build a community of donors who share knowledge and vision; it will also help to facilitate giving effectively," Udani told his audience. "Our aim is to help you get more exposure and awareness of the different aspects of philanthropy; over the last three years this club has helped channel more than Rs.18 crore to the lives of more than 10,000 underprivileged in India."

Rakesh Bharti Mittal, vice-chairman and managing director of Bharti Enterprises, along with speakers Anu Aga of Thermax and Amit Chandra of Bain Capital gave their perspectives on how and where to give effectively and on the future of Indian philanthropy. Edited excerpts:

Rakesh Mittal set up the Satya Bharti school programmes in 2006. The aim was to set up 500 primary and 50 secondary schools of its own with a corpus of Rs.200 crore. After that, state governments began reaching out and Bharti began adopting government schools, creating a public-private partnership in delivering quality education to rural children.

"Given the new companies Bill, which has been passed by Parliament, I assume within the next two three months the rules will be finalized; there is going to be a mad rush for seeking funding. Already, I get a letter every other day for supporting a cause...If I see corporates have been very powerful instruments and drivers of philanthropy, this comes from the wider wealth creation and management role which they do in their businesses. Today they are looking at doing more beyond business, not because the government is forcing them, but because we cannot have islands of wealth. You cannot take this country forward if we are just worried about what I have and what I need for me and my family, and the ecosystem and the society around is crumbling. This country will not move forward."

"If I go back a few centuries giving had been a very rich tradition; it used to be that 10% of your income would be kept aside for a cause. During those times more money went into either building temples or temples of learning, which are the schools and colleges. Pre-1990, Indian corporates were not giving that much, including the individuals, and there was a reason because we did not have sustainable wealth creation opportunities, either for ourselves, our families, or our large stakeholders as we were running the companies.

"This all changed in the post-1991 year of liberalization. In the last two decades, more and more, new age economies moved this country to prosperous economic growth and suddenly you saw people wanting to give back to society because now you have a model which was creating sustainable wealth for yourself."

"There are individuals who may give money and their time, but there are also entrepreneurs, young entrepreneurs who produce products which are low in cost but make a huge impact for the people who use it. This is the brief India is looking at in the landscape today and this will be a stepping stone for the future."

"Giving at Bharti has always been part of our DNA, it was always our endeavour to make a difference. At the beginning, in the mid-70s, we were more interested in creating businesses which could impact society at large. If I look at telecom, retail, agri and food processing we wanted to make a difference and not a buck. In 2000 we set up Bharti Foundation with the sole objective of supporting the youth of India and enabling the underprivileged to come and compete with anyone.

"We started writing cheques and one day I felt that was not the purpose, the fact is there are 320 million children in the age of 6-16, we talk of demographic dividend—absolutely yes, if we nurture this potential, but if we don't do justice to these children there is a disaster which is waiting to happen.

“The way things are going I am not feeling very positive. I am a born optimist; we are spending billions of dollars but is that being delivered efficiently? The answer is no, all of us know that, and that’s why we keep going back to the government; public-private–partnerships is going to be the key to move forward, you have the resources we have the management expertise let’s join hands. And it has started moving.”

Anu Aga led Thermax Ltd from 1996-2004, after retirement she remains on the company’s board of directors. The chairperson of TFI (Teach For India) was nominated to Rajya Sabha in 2012.

“My giving actually started when I lost my son, who was 25 and died in a car accident. Having studied abroad, poverty really bothered him. We who live in India, we become quite insensitive to seeing poor people, but he kept saying a substantial part of our wealth has to go to charity.”

“It started in a very small way, it’s not as if I gave away crores and crores at once. It started with me getting personally involved and I like that model very much, I’m not very happy with just writing a cheque and not getting involved. I was involved with Akansksha and then I was invited to join their board—it ran centres for slum children and I brought it to Pune.

“We have six schools, now this is done by the CSR wing of Thermax, but Shaheen (Mistry) then started Teach For India, which personally I support.

“From the family wealth, it’s my daughter and I who decide on things. The bulk of our giving is to Teach For India and Akanksha, but we also give to an institute called Parivaar in Calcutta, which is for the poorest of the poor. In Bihar we are giving to a school run by an ex-police officer for the rat-eating tribe. The main underlining thing is credibility. Giving without being involved does give me that little fear, but at the same time I would rather make a few mistakes than mistrust everybody.

“There is a lovely body called Caring Friends in Bombay, where a few hundred people meet informally. It’s not an NGO, the two people who started it incubate NGOs which are new from their own money, and after a few years when they become credible, bring it to the others and ask for money from them.”

Amit Chandra is managing director of Bain Capital and responsible for the firm’s India initiative. He is also chairperson of the Akanksha Foundation that works in the field of education for less privileged children.

“Even though I came from a lower middle class family, we were always taught as children to give and share whatever we had. For me the big inflection points were as I was working at DSP Merrill Lynch and I rose through the ranks, I got success relatively early. I was running the firm before I was 35 but there was still a sense of unease that I had with everything I saw around me. I think the unease was on two counts, one was that by virtue of running what was the largest investment bank at that time I got to work with a lot of families and I realized that wealth did not necessarily translate into happiness when you really got to know a lot of these people individually.

“In fact, wealth built a sense of entitlement amongst the next generation, it built a sense of extreme bitterness amongst siblings, and it often was a source of great degree of unhappiness. And another thing, having had the opportunity to study in the West, I realized that when you look at leaders with legacy, a very vast percentage of leaders who had any degree of legacy where the ones who had given back to society. These issues were beginning to bother me.

“My wife and I were inspired by what Chuck Feeney (Irish-American businessman and philanthropist and the founder of The Atlantic Philanthropies) did. We decided to cap the amount of wealth we wanted to have as a family, and so my wife and I walked into a lawyer’s office, and I transferred how much she thought was needed for her, my daughter, and to support my living, and we said from this day onwards everything else basically goes to charity.

“What that did for us was actually incredible because our constraint after that point in time was to find good causes that could be scaled up. That’s where the GiveIndia team came in extremely handy because we’ve set a budget every year for ourselves which is higher than the previous year with the objective really being to effectively give away all our income every year.

“I think giving your time is critical to being able to scale up giving your money. The two things have to go hand in hand. There is no substitute to actually giving time and approaching it the same way you would approach businesses and investments.

The biggest network we use is the GiveIndia network. Working with their team allows us to screen and monitor, before that we were able to support a handful of NGOs. Now we have a reasonable portfolio across all the areas we are interested in. I don't think that scale up would be able to happen if we hadn't leveraged the GiveIndia team."

Back to top

**Global Health and Development – Full text articles**

Pat on the back or force for good: what purpose do development awards serve?
Mark Tran – **Guardian blog**

Divyesh Thakkar has just returned from refugee camps in Ethiopia, where he was surprised to see portable solar lanterns designed by his company still in use three years after their distribution.

The batteries for the prototype lamps were expected to last only two years, but were still functioning at the Jijiga camp near the Somali border.

"It's amazing they're still working and to see them changing lives," said Thakkar, who is based in Leicester. "People are going to university thanks to the lamp."

The solar lantern, which looks like an old-fashioned kerosene hurricane lamp, won an innovation award last year at AidEx, an annual trade show bringing together suppliers and buyers of products for the aid industry. The lamp has a built-in solar panel to charge its four AA-sized batteries.

The lantern has an obvious advantage over kerosone-fuelled equivalents: with no flame or smoke emissions, it is safer and more environmentally friendly. The batteries are made for 500 cycles, or about two years, but the longevity of the lamps in Ethiopia has come as a pleasant surprise. In a novel twist, the lantern, which costs $38 (£24.50), can also be used to charge mobile phones.

The award provided a huge fillip for Thakkar's company, Sunlite. As word spread, relief agencies placed increasingly large orders. About 100,000 of the lamps have been (or are being) used after emergencies in Japan, the Philippines, Thailand and Syria.

Sunlite makes 15,000 lamps a month at two plants in India, including one in a special economic zone in Gujarat state.

Next month, there will be a new winner at AidEx in Brussels, the third year of the award. The innovation award sits alongside a crowded field of honours in the development world, although AidEx is geared more towards humanitarian needs.

Awards seem to be proliferating. Last month, 53 finalists met in Washington to showcase ideas to save the lives of mothers and newborns in developing countries. The award is given by the Saving Lives at Birth partnership, launched in 2011, which includes USAid, Norway, Grand Challenges Canada, backed by the Canadian government, the UK's Department for International Development, and the Bill & Melinda Gates Foundation.

In October, the Mo Ibrahim foundation will announce its prize for achievement in African leadership, established in 2007. Past winners include presidents Joaquim Chissano and Festus Gontebanye Mogae, of Mozambique and Botswana respectively, although the prize is not awarded if no one meets the criteria.

Sceptics may wonder whether these accolades contribute meaningfully to development, or exist only to make donors feel good while sidestepping more fundamental, structural issues. For instance, the Gates foundation awarded $100,000 to the California Institute of Technology last year for designing a solar-powered toilet that breaks down water and human waste into hydrogen gas for use in fuel cells.

The competition was for "next-generation" toilets to improve sanitation in the developing world. Would that money have been better spent on supporting community-led total sanitation – a project to end open defecation that has had considerable success?

Calestous Juma, international development professor at the Kennedy school of government and a nominator, judge and promoter of new types of prizes, sees awards as part of a complex ecology of financing innovation that includes many other instruments. He believes there should be more prizes for humanitarian work and development.

"Doing humanitarian work may look like a thankless job. Yet it is driven by the instinct of empathy that makes us human," said Juma, author of The New Harvest: Agricultural Innovation in Africa. "Honouring, rewarding, celebrating and inspiring work in this area is more needed today than ever. This is an area that can use more societal recognition, especially at a time when the whole aid industry is under scrutiny."

However, Juma says prizes need to be carefully thought out. "Many organisations are launching them without thinking carefully about what prizes can do or cannot do."

The AidEx challenge's lead judge, Michael Pritchard, inventor of the Lifesaver water bottle, says the award is not so much about the money – £2,000 – as validation, although the publicity can be a much-needed boost.

"The validation goes an awfully long way to get the product developed and provides a big leg-up into getting it into the market," he said. "It gets written up all over the world and gets the oxygen of publicity."

As for Thakkar, he says winning the AidEx award has been a positive experience: "Winning the award made a huge difference, it increased publicity. People look more favourably on us and [that] gives us an extra edge. We don't have to sell it as much. But we don't want to be just appreciated, we want the lamp to be used extensively."

Back to top

**Education – Full text articles**

A Chance at Learning
Ginia Bellafante – **New York Times**

This year, a study administered by researchers at Harvard and Stanford drew significant attention for what it revealed about how inadequately low-income students are represented at selective colleges and universities. Only 34 percent of the highest-achieving high-school seniors whose families fell in the bottom quarter of income distribution — versus 78 percent in the top quarter — attended one of the country's most selective colleges, based on a list of nearly 250 schools compiled by Barron's.

In New York City, where a neighborhood like Bushwick, in Brooklyn, can seem like a satellite campus of Wesleyan and a prewar apartment building on the Upper East Side can feel like an Ivy League dormitory for 46-year-olds, there has been considerable philanthropic attention, of the kind other cities ought to envy, paid to finding the most gifted low-income students and putting them on a similar path.

In 1978, Gary Simons, a Bronx teacher, founded Prep for Prep with the goal of identifying talented students of color in the city and readying them for attendance at private schools like Dalton and Groton and so on. Hundreds of the program's alumni have gone on to law, medical and business schools, and employment at Goldman Sachs, JPMorgan Chase and Time Warner.

A decade ago, hoping also to advance the best students attending public high schools, Mr. Simons and others founded another organization, Leadership Enterprise for a Diverse America, or LEDA, which draws exceptional children from around the country, regardless of race, almost entirely from families who make less than $55,000 a year. Applicants are required to be in the top 10 percent of their class, having taken the most difficult courses their schools offer. The 60 who gain entry to the program each year spend the summer before 12th grade at Princeton, studying ethics, political theory and public policy, and preparing for standardized college entrance exams.

In a wondrous righting of the current disequilibrium, however small its scale, they are tutored for those tests by the same instructors who work with some of Manhattan's wealthiest teenagers: the staff of Advantage Testing, whose services cost parents up to $795 an hour. Arun Alagappan, the founder and president of Advantage and a major benefactor of LEDA, provides his employees (whose résumés typically resemble those of the people at Google or McKinsey) pro bono.

LEDA has been very successful. Of the 500 or so students who have graduated from the program, three quarters have gone on to top-tier colleges, 30 percent of them to the Ivy League. Among LEDA's 2012 graduates alone, 19 gained admission to Princeton, 11 to Georgetown and 6 to the University of Pennsylvania.

Last week I took a walk around Red Hook, Brooklyn, with Joshua El-Bey, a LEDA graduate who was leaving in a few days for his sophomore year at Yale. His family struggled as he grew up, moving often and ultimately landing in the Red Hook Houses, the borough's largest public housing development. His first memories of book learning, he told me, were the readings his mother delivered from Genesis when he was 2. What was disconcerting about Mr. El-Bey's otherwise incredibly inspiring trajectory was how much of his success had depended on opportunities outside the public education system.

Bullied in middle school for his studiousness, Mr. El-Bey hoped to gain admission to one of the city's elite specialized public high schools, but he did not do well enough on the entrance exam. The free tutoring provided by the city for the test was insufficient, he said.

He ended up at Edward R. Murrow in Midwood, Brooklyn, a good school whose academics were nevertheless surpassed by the supplemental training he received as a scholar at Sponsors for Educational Opportunity, an organization begun 50 years ago by Manhattan lawyers and advertising executives as a mentoring program to get poor minority students into good colleges. Today it essentially provides a shadow education. In school, Mr. El-Bey told me, he simply learned to "regurgitate facts."

Programs like LEDA and S.E.O. are popular with wealthy, supremely educated donors, precisely because of outcomes like Mr. El-Bey's. Just this May, the financier Henry R. Kravis pledged $4 million in matching gifts to S.E.O.

And in a city as dense with talent and money as New York, the effects of such philanthropy can be effortlessly observed. Walking through his neighborhood, Mr. El-Bey ran into another alumnus of S.E.O., Luis Hernandez, who was about to begin his freshman year at the University of Southern California. In a precocious accomplishment more typical in other neighborhoods, Mr. Hernandez had won a screenwriting contest for a film about obesity that had already made its debut on the Showtime cable channel.

As a society we have begun to pay increasing and essential attention to gaining access to the top, but the brightest among us might do well to apply equal focus to how we might enhance the middle.

Most students, rich or poor, will not go to Harvard, while plenty of working-class and poor students will go to colleges that serve them not nearly well enough. Not long ago, our son's caregiver, who is taking classes at LaGuardia Community College in Queens, showed me a paper she had written for a class in English composition taught by a teacher who was consistently late and twice absent. It was on Ibsen's "A Doll's House" and my husband had helped her. It incisively analyzed the play's theme of 19th-century marital oppression and was impeccably written.

When our nanny received her grade, she was shocked not to have done as well as she had expected. Her formatting had been imprecise, the teacher told her. And there was a problem with spacing. Content seemed not to matter much at all.

Back to top

Obama goes for college 'datapalooza'
Nick Anderson – **Washington Post**

In President Obama's plan to overhaul higher education, which envisions using new federal ratings of colleges to determine levels of student aid, there is a deep faith in the power of information and innovation to catalyze change in colleges and universities.

Ultimately, the belief is that these forces will make college more affordable.

Yet academia has witnessed and taken part in many waves of innovation in the past half-century, and affordability remains elusive.

The administration's faith is encapsulated in a word the White House used this week in a fact sheet about the plan:

“Datapalooza.” Here’s the reference:

“New college ratings will help students compare the value offered by different colleges,” the fact sheet said. “The Department of Education will enlist entrepreneurs and technology leaders with a ‘Datapalooza’ to catalyze new private-sector tools, services, and apps to help students evaluate and select colleges. The effort will be complemented by earnings information by college that will be released for the first time on [the] administration’s College Scorecard this fall.”

What is a datapalooza? Apparently, it is a festival of, or related to, data. The White House and the Education Department hosted such an event Oct. 9. Students and parents are arguably awash in data now, much of it conflicting and confusing. Some would say more is better.

Few would argue that better data would be best of all for the consumer.

The yen for better data is shared not just by Obama but also by some colleges. Start with graduation rates.

Now, the federal government measures how many students graduate within four years or six years of starting college. But it only measures that for students who are first-timers, who are enrolled full-time and who don’t transfer from one institution to another, omitting a huge share of the college population. Millions of students are part-timers. Community colleges with excellent records of getting students into prestigious four-year schools are not rewarded for their efforts if those students fail to pick up an associate’s degree before they transfer. Nor are four-year colleges that give transfer students or former dropouts a second chance and help them get a bachelor’s degree.

The Association of Public and Land-grant Universities, which represents schools such as the University of Maryland, is spearheading an effort to improve this flawed metric, using not only federal data but also information from the nonprofit National Student Clearinghouse to track degree completion for students who move from one school to another.

One question Education Secretary Arne Duncan will face, as he confers with colleges to create a ratings system within the next two years, is what kind of graduation rate the government will use. Another is what kind of data the government will report on income of college graduates.

All we know about the federal rating metrics at this point are rough sketches from the fact sheet, highlighting these potential factors: “access, such as percentage of students receiving Pell grants; affordability, such as average tuition, scholarships, and loan debt; and outcomes, such as graduation and transfer rates, graduate earnings, and advanced degrees of college graduates.”

The plan envisions that ratings will be tied to student aid formulas by 2018, if Congress agrees. That is a big if. It’s also a year after Obama’s term ends.

There is nothing in the plan that would force states to give more funding to public higher education, one of the key cost drivers in tuition. The president recognized the issue, touting a proposal that he has made before — a “Race to the Top” incentive fund of $1 billion for higher education. This fund would aim to spur state reforms and reward states that maintain strong higher education funding, much as an identically named fund for K-12 education did in 2009 and 2010. But it is unlikely to win congressional approval.

Obama’s plan highlights innovation. The president gave a major shout-out to a movement to award degrees based not on how much time students spend in class but on how well they master their material, citing an experiment under way at Southern New Hampshire University and one that is about to launch at the University of Wisconsin.

“So the idea would be if you’re learning the material faster, you can finish faster, which means you pay less and you save money,” Obama said Thursday in a speech at the University at Buffalo. This notion is indeed revolutionary in academia because most degrees are awarded based on the concept of a credit hour — which is a rough measure of the time a student spends doing work in and for a course.

Obama also underscored the online learning movement, which has gained steam in recent years, saying that it holds out the promise of reducing costs. Carnegie Mellon, Arizona State and Georgia Tech universities won coveted presidential mentions in the speech. So did the University of Maryland, in the fact sheet. Fans of massive open online courses, or

MOOCs, took heart from this.

What exactly can the administration do to hasten technological innovation besides hosting datapaloozas? The fact sheet points to two proposals: one that requires money, and one that doesn't. A "First in the World" fund of $260 million, presumably requiring congressional approval, would "test and evaluate innovative approaches to higher education that yield dramatically better outcomes." Education officials liken this to a $650 million "Investing in Innovation" fund created under the 2009 stimulus law that has been used as seed money for experiments in K-12 education.

And the Education Department could cut regulatory barriers to innovation, whatever those might be. Education officials said Friday that they plan to solicit ideas from colleges on what government rules are hindering innovation. Many educators might say that red tape gets in the way of experiments in distance learning and degree programs not organized around the traditional credit hour.

The fact sheet asserts: "The Department will use its authority to issue regulatory waivers for 'experimental sites' that promote high-quality, low-cost innovations in higher education, such as making it possible for students to get financial aid based on how much they learn, rather than the amount of time they spend in class."

Back to top

Massively Online And Offline Too: How MOOCs Will Evolve In The Physical World
Giovanni Rodriguez – **Forbes**

I was at the airport about this time last Sunday, when I overheard a conversation that's becoming quite commonplace. One person was explaining to another what a MOOC was, but he couldn't remember what the letters stood for. As someone who regards himself as an amateur, ad-hoc, in-the-moment teacher, I felt compelled to help him out: "Massive. Open. Online. Course." He thanked me. He had been struggling to remember the "open" part of the MOOC message. And, even more interesting, he had been struggling to remember the word "course."

Over the past few months, more and more clients and partners have been coming to me to deconstruct not just the acronym but also the attributes of MOOCs. So often in fact that I have decided to write a short series on the subject. There are many things to say about both the true impact and hype about MOOCs in the larger narrative that's emerging about disruption in education. But from where I sit, what's most important to note about MOOCs in 2013 is something that the acronym does not yet capture: the massive disruption we're seeing in education will be online and offline, too.

Experience

There are at least three reasons for this. And each of these reasons deserves at least one post, but I'll be super brief here. The first is that the online experience of MOOCs will almost certainly evolve in a way that teachers, students, and staff will look to find ways to meet with one another. This will either happen by design (by intent and with care) or it will happen organically. Almost certainly, the producers of MOOCs will look to do this with some sense of design, while leveraging the organic power of networks to grow by themselves. And if you have been following the evolution of MOOCs, you already know that the online experience is still a work in progress. My business colleague, Chris Bennett — a behavior designer and gamification expert — and I recently spoke about this: many are stuck in the old paradigm of delivering education to the consumer, rather than leveraging the greatest assets of the new medium (co-creation, crowdsourcing, collaboration). By redesigning the online experience to become more interactive, innovators in the MOOC world will see the possibilities for offline experience.

Inventory

Another reason for thinking about physical space: while the world ponders the impact that the costs of higher education will have on schools that are struggling to compete, the inventory of quality physical space that becomes available will appeal to organizations that need it. A couple of years ago, I had the privilege of serving as an advisor to a White House initiative that traveled the country meeting with leaders in large spaces in a network of state and community colleges. As a former theater producer, I was impressed with the availability and quality of these spaces. In theater — and other kinds of shared, quasi-spiritual, transformative experience — physical space is everything. Innovators in the MOOC world will get wise — if they haven't already — to the existence of networks of spaces (there are many different networks, as I will show in a later

article) and make them come alive for their clientele.

Opportunity

And I use the word clientele to make a final point: innovation in the MOOC world will not just come from educators, but from any organization that sees the value of massive online and offline courseware. As my own clientele have come to realize, education in the 21st century is not just something you do before you become an adult but a modality of experience that empowers you throughout your entire life. No reason for schools to own the entire market for those kinds of experiences. But I expect the most enterprising schools — especially those with great or underused physical inventory — to partner with organizations that now have the opportunity to rethink themselves for the education market. In the meantime, it may be time to reassess the MOOC acronym to make the opportunities more obvious. "Massive Online Offline Communities" seems more like it. And unlike the online communities of the past, these communities are learning communities, driven by the new lifelong modality of transformative experience. Expect a land grab for branding and positioning. The disruption in education is just beginning, and the players are just becoming visible.

Back to top

**Women and Children – Full text articles**

Indian Police Arrest Suspects in Two Gang Rapes
Sean Mclain and Khushita Vasan – **Wall Street Journal**

Indian police Sunday were holding 10 men suspected of involvement in two highly publicized gang-rape cases—one in urban Mumbai, the other in rural Jharkhand state—highlighting India's struggles with sexual violence.

In Jharkhand in eastern India, police said they had detained five suspects in connection with the rape of a policewoman by a group of men who had set up a roadblock on a highway. The attack occurred Thursday, but wasn't reported to police until Friday, they said.

Five other men were in custody Sunday in the Mumbai case, in which a 22-year-old magazine intern taking photographs of dilapidated buildings was assaulted Thursday in an abandoned textile mill in the city, police said.

The attacks come as the trial of five people accused in the December gang rape and murder of a 23-year-old student on a Delhi bus entered its final phase. That crime sparked nationwide demonstrations and prompted the government to introduce harsher penalties for crimes against women.

Protesters took to the streets of Mumbai on Friday to decry the assault on the magazine intern in a city that has a reputation as a relatively safe place for women. In 2012, the incidence of rape in the Western Indian metropolis was about half the national rate, according to the National Crime Records Bureau.

"I've always felt much safer in Mumbai compared to other Indian cities," said Sanika Prabhu, a television producer from Mumbai. "After this incident, I feel like I don't recognize this city anymore."

Mumbai police said the magazine intern was with a 21-year-old male companion when she was attacked Thursday. The assailants tied his hands with his belt and raped the woman from 5:30 p.m. to 7 p.m., an official at N.M. Joshi police station said. Medical tests confirmed the rape, he said.

Under Indian law, rape victims cannot be named in media accounts.

There were 24,915 reported rapes in India in 2012, according to the National Crime Records Bureau, including 233 in Mumbai. The victims in almost half the Mumbai cases were between 14 and 18 years old.

Activists say the number of rapes is much higher, as many go unreported. India also has a poor record on convictions, with only around a quarter of alleged rapists convicted in 2010.

In Jharkhand, police said the rape of the police constable occurred at around 1:30 a.m. on Thursday, as she and her

relatives were transporting the corpse of her brother-in-law for cremation.

"They were accosted by five or six young men who had set up a roadblock," said S.N. Pradhan, a police official in Jharkhand. According to the criminal complaint, the men stole 40,000 rupees ($625) and then ordered the woman out of the vehicle. "Then they took her to the bush and raped her one by one while others stood watch," he said.

The rape wasn't reported until Friday, when police—investigating reports of highway robbery—discovered a photo of a policewoman near where the thefts occurred. "The superintendent of police asked her why her photo was there and only then did she report the rape," Mr. Pradhan said.

Back to top

Is there any space in the development debate for African experts?
Andrew Quinn – **Guardian blog**

At a 2012 TEDxChange conference in Berlin, African women's development fund CEO Theo Sowa turned the spotlight on an uncomfortable truth: African women may be the focus of many development campaigns, but they are rarely represented as drivers of the discussion.

"When people portray us as victims, they don't want to ask us about solutions. Because people don't ask victims for solutions," Sowa told the audience.

Of course, experts from Africa and other parts of the developing world are pioneering solutions to a vast range of development challenges on everything from improving maternal health to boosting sustainable crop output. Bringing their perspectives to light should be an integral part of development work, particularly as the international community contemplates the next steps in the global development agenda beyond the 2015 MDGs.

Celebrity advocates, government officials and major funders all have ready-made platforms for spreading their views – the power of their brand is often enough to build an audience.

But for those without immediate recognition, the task is harder. The Aspen Institute's New Voices Fellowship, launched this year with support from the Bill & Melinda Gates foundation, is one attempt to start figuring out an answer by providing both media coaching and contacts for development experts from Africa and, eventually, other parts of the developing world.

Development experts, so focused on their endless and crucial work, often neglect this area. Yet finding ways to leverage yours or your colleagues' public visibility is not as difficult as it sounds. Media training can be expensive, but enormously beneficial. Persistence pays off. And above all, helping people to think like "thought leaders" can bring real results.

Our fellows represents a cross-section of the work under way in Africa today, from a Congolese doctor seeking to build a health system in one of the remotest parts of his country to a Ghanaian tech entrepreneur devising new strategies for expanding math and science education in rural communities. Each one is an expert, and each one has a story to tell. Helping them to craft their stories, and find an audience, have been our challenges.

The audience, at least initially, has been the easy part. The explosion of online and issue-driven media over the past decade has created a wide range of outlets, many of which are eager to bring new voices to light. Development-focused media such as the Guardian's Global Development section, general interest aggregators such as the Huffington Post, and geographic specialists such as AllAfrica.com and Think Africa Press all represent potential platforms for fresh writing about development issues. Even mainstream outlets such as CNN and Al Jazeera are welcoming new contributors for their opinion sections, while professional community portals such as Business Fights Poverty and the Guardian Global Development Professionals Network can open the door to engaged specialists who care deeply about the challenges ahead.

Add to this the increasingly crowded schedule of conferences and meetings ranging from the Clinton Global Initiative and Skoll World Forum to TEDx events held around the world and it's clear that there are a wealth of opportunities to reach important audiences with new stories.

Crafting those stories has proved a little trickier. While the development-focused media has expanded, the standard for what makes a compelling blog, speech or opinion piece have not: clear writing and cogent argument backed up by solid evidence and examples. Putting the pieces together, and injecting the right personal note to make for a truly memorable piece, takes work, self-confidence and practice.

For our first New Voices Fellowship meeting in Johannesburg in June, we set up a series of training sessions on how to handle media interviews, how to behave on camera, and how to build an online presence. But the most important part of the curriculum turned out to be a crash course in confidence: how to believe in the importance of what you have to say. For many of our fellows, unused to thinking of themselves as "thought leaders", the leadership component was new territory. We learned that helping the fellows define their specific areas of expertise, and to understand how that personal expertise can translate into important contributions to the global development discussion, was an essential starting point. One fellow, an expert on maternal health from Tanzania, found new confidence in the fact that alongside her medical degrees she has personal experience as an African mother. Another, who specialises in poverty alleviation in Nairobi's slums, began to harness his own stories about growing up in those slums to buttress his points about development in informal settlements.

These are exactly the types of new perspectives that will inform and enrich development policy discussions. At Aspen, we will be recruiting our next class of New Voices fellows starting mid-September, and look forward to learning from and working with other organisations which are committed to expanding the dialogue about what works – and what doesn't – in global development.

*Andrew Quinn is director of the New Voices Fellowship at the Aspen Institute.*

Back to top

Child marriage campaigners in south Asia receive $23m cash injection
Mark Tran – **Guardian blog**

By the age of 17, Zeenat had been divorced three times after forced marriages. She first wed shortly after puberty to a man who abused her, an experience that recurred in her subsequent marriages.

She became so isolated that she did not go to the hospital or ask for help. Neither had she heard of India's Protection of Women from Domestic Violence Act of 2005, which made her husband's violent outbursts not just wrong, but illegal.

Sadly, her story is all too common. Every year about 10 million girls become child brides, and one in seven girls in the developing world marries before the age of 15.

Bangladesh, Nepal and India have three of the highest rates of child marriage, with 68.7%, 56.1% and 50% respectively of girls married before the age of 18. Child marriage is not just a question of poverty – although that is a critical issue – but also of how girls are viewed in society.

"Even with higher levels of income, there is the practice of child marriage," said Care International's gender director, Theresa Hwang. "It is an issue of status; girls are valued in a lesser way. In India, girls are not seen as 'added value'. The issue is squarely tied to gender equality and social norms."

Care USA, the US arm of the anti-poverty NGO, and the American Jewish World Service (AJWS) this week received grants of $7.7m (£4.9m) and $15.3m respectively from the Kendeda fund to tackle child marriage in south Asia. Both organisations will use the money to support local NGOs.

Founded 10 years ago, the Kendeda fund worked initially on environmental sustainability in the US, but last year created a girls' rights portfolio. AJWS will focus on India, Care on Nepal and Bangladesh.

All three countries have laws against child marriage, but implementation has proved difficult. Civil child marriage laws are not enforced, and religious or social customs prevail.

In Nepal, Care supports groups such as Chunauti, which seeks to spread its message against child marriage among schools and local businesses. The local NGO persuaded factories to put anti-child marriage slogans in their production

materials. It also convinced a food catering business not to cater for child marriage ceremonies.

For Care and AJWS, the logical route is to work through local partners familiar with regional conditions and practices, and based where the pressure points are. For the local NGOs, it shows they are not working alone on a difficult problem only now receiving the attention it merits.

The UN high-level panel appointed by Ban Ki-moon, the UN secretary general, to look at development targets to replace the millennium development goals when they expire in 2015, has urged the recognition of child marriage as a key indicator of female empowerment. In another sign that child marriage is moving up the development agenda, Girls Not Brides, the global partnership to end child marriage, was formed in September 2011 to tackle the problem.

Empowerment can come through that catch-all term, livelihoods training. Groups such as Brac, the Bangladeshi NGO, for example, have created clubs in Uganda where young girls learn to develop confidence through storytelling and songwriting. They also learn more practical skills, from financial literacy and tailoring to agricultural work.

Backed by AJWS, Mohammad Bazar Backward Classes Development Society in West Bengal takes a similar approach. The organisation, which works with marginalised Muslim and tribal women and children in urban Kolkata, runs a school for girls as well as vocational training for women in the rural area of Birbhum.

"We work to build girls' aspirations, promote girls' ideas of themselves when they don't have aspirations, and engage with key decisionmakers – parents, teachers and religious leaders," said Javid Syed, Asia programme officer for AJWS.

AJWS helped change Zeenat's life. It provided her with vocational training, allowing her to become financially independent and diminishing the likelihood that economic need will turn her towards another abusive marriage. If Zeenat does marry again, the hope is that she will have the support of her family and the ability to leave the marriage if she chooses, in full knowledge of her rights.

Back to top

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/15/2013 4:52:58 PM
**To:** Larry Summers [redacted]

# take-it-or-leave-it deal by the U.S. on the nuclear issue is the wrong strategy

Ray Takeyh

February 14, 2013 -- On Feb. 26, the United States and Iran will once more resume their diplomatic ritual, in the so-called six-party talks, over Iran's disputed nuclear program. As the two perennial adversaries eye one another, there are competing paradigms about how to deal with Tehran.

An emerging school of thought suggests that the best means of "testing" Iran is to offer it a final nuclear agreement that presumably promises measurable relief from sanctions for significant Iranian concessions. Iran's failure to grasp such an offer would then conclusively demonstrate to both domestic and international audiences that the cause of the impasse is not American belligerence but Iranian truculence.

But this approach fails to recognize that an arms-control process is necessarily an incremental one, nor does it offer a practical substitute to the existing step-by-step diplomacy.

Iran's nuclear program encompasses a vast complex of enrichment facilities, centrifuge construction plants, uranium extraction companies and thousands of scientists working in university and government laboratories. Iran is enriching uranium at both 5% and 20% levels, experimenting with high-velocity centrifuges and seemingly in the process of constructing additional enrichment facilities.

Such a multilayered, multifaceted program can be dealt with only on a piecemeal basis, as the technical details and rules for inspections are too complex to be addressed in a single agreement.

Moreover, should the United States offer Iran a final deal, Tehran still has a right to contest and negotiate its provisions and offer counterproposals.

The international community is unlikely to concede to either more sanctions or the use of force until Iran's objections are taken into full consideration. As such, a grand deal that is supposed to provoke a moment of clarity is likely to be enmeshed in the existing, protracted arms-control process.

Another complication is the advent of public opinion and critical constituencies in Iran devoted to the perpetuation of the program. The growing public sentiment is that Iran has a right to acquire a nuclear capability. As the program matures, it is becoming a source of pride for a citizenry accustomed to the revolution's setbacks and failures.

Also emerging is a bureaucratic and scientific establishment with its own parochial considerations for sustaining the nuclear investment. A clerical leadership that is dealing with a restive population and empowered security services cannot easily dispense with its nuclear trump card.

All this suggests that the best means of addressing Iran's nuclear challenge is to mitigate its most dangerous dimensions. The focus should remain on Iran's high-grade enrichment and its underground nuclear facility nestled in mountains outside Qom. Tehran seems to have conceived an ingenious path to nuclear advancement, one that involves increasing the size and sophistication of its civilian atomic apparatus to the point where it can quickly surge into a bomb. While staying within the rules of the International Atomic Energy Agency's inspection process, Iran is essentially expanding its capabilities while shielding them under the veneer of legality. Given the fact that much of civilian nuclear technology can easily be misappropriated for military purposes, Iran can construct an elaborate nuclear infrastructure while remaining within IAEA guidelines.

The diplomatic challenge is to derail this path to a nuclear weapon by imposing significant restraints on its program. And this can still be done through a process that proceeds incrementally and sequentially.

U.S. officials would be wise to get out of the crisis mode and put some time back on the clock. The Iran issue always seems urgent, and yet somehow there is always time to deal with it. Washington should acknowledge the obvious, namely, that given Iran's gradualist approach, it

is still years from completing an efficient enrichment infrastructure, constructing a nuclear arsenal and developing a reliable means of delivery. By agreeing to a compressed timeline, the U.S. only narrows its options and makes a solution even more elusive.

As the United States again contemplates its Iran conundrum, it should eschew calls for a take-it-or-leave-it deal. The history of Iran's confrontation with the international community suggests that keeping it a crisis situation benefits the Islamic Republic. Ironically, it is the Western powers that have generated alarmist conditions. And then to escape the predicament of their own making, they offer Iran more concessions and further incentives.

To avoid a repeat of that outcome, it would be prudent to have a sense of proportionality and appreciate that, in the end, time works best for the United States and not the economically beleaguered theocracy.

*Ray Takeyh is a senior fellow at the Council on Foreign Relations.*

Article 2.

The Guardian

# Whether it's North Korea or Iran, sanctions won't work

Simon Jenkins

13 February 2013 -- Iranian president Mahmoud Ahmadinejad. 'Threats and sanctions have not weakened the regime's determination to proceed [with nuclear weapons], but rather weakened opposition to it'. Photograph: Sven Hoppe/EPA

North Korea has set off a third nuclear test explosion. It has done so in defiance of the UN, America, Japan and even, reportedly, its sponsor, China. It has said to hell with everyone, in a brutal comment on western economic sanctions.

The UN security council met yesterday and Washington threatened "significant consequences" – code nowadays for "tighter sanctions". Every shred of evidence suggests that these will not achieve the declared goal. They will merely add to the impoverishment of North Korea's people by its own government. Sanctions are the most counter-productive tool known to diplomacy. Yet we keep imposing them. Why?

Sanctions assume that all countries react to external pressure as might a capitalist democracy. They assume a misguided regime will change its mind and put financial advantage above its definition of national interest. "Smart sanctions" (really dumb sanctions) further assume the rich can be punished without punishing the poor, and that all dictators' wives want to fly abroad and shop at Harrods. They assume that trade guides political action and political action trumps dictatorship.

Economic sanctions are hugely popular to western politicians, not because of their effect but because of their cause: the desire to stand on an international stage and being seen to "do something". They are the least-cost first resort of the laptop bombardiers of global intervention. They sound punitive and aggressive without inflicting any hardship on the imposer.

After North Korea the other target in the sanctions frame is Iran. Everything at present suggests that ever-tighter sanctions have done nothing to curb Iran's nuclear programme. Indeed, by inducing paranoia, probably the reverse. Sanctions have certainly "bitten", to the glee of their advocates. They have brought inflation and a collapse in the currency, the rial. They have harmed ordinary people and solidified sentiment against the west and the "great Satan" of the US. Assassination and cyber-weapons have wiped out a few scientists and scrambled a few computers.

What sanctions have not done is weakened the power of the ayatollahs or their private army, the Revolutionary Guards. Both seem as secure as ever,

while (relatively) moderate civilian politicians are reduced to feuding and arresting each others' children. Iran's nuclear programme appears to proceed independent even of the organs of its own state.

A spoof article in the Economist last year portrayed Iran's supreme leader, Ayatollah Khamenei, ruminating on western nations' obsessive posturing towards his country. He mused that these were unstable, unreliable places, dangerous though probably not all mad. But since it was hard to be sure, "I would feel a lot safer if we already had that bomb". Similar insecurity drove sanctioned Cuba to accept Russian missiles in the 1960s, and sanctioned Iraq and Libya to pretend to build weapons of mass destruction in the 1990s.

Sanctions never stop bad things happening. Rather they entrench dictators, build up siege economies and debilitate the urban middle class from which opposition to dictatorship grows. As Khamenei said in a speech a year ago, sanctions were "painful … but make us more self-reliant". Indeed, for a regime to be sanctioned is to receive an elixir: witness Castro, Gaddafi, the ayatollahs and the ruling cliques of Burma, Afghanistan and North Korea. That sanctioned regimes sometimes come to an end is not proof that sanctions work, rather that they take a long time and usually require war to "work".

This is a rarely researched topic because sanctions are diplomatic ideology rather than science. A debate in 1998 in International Security magazine saw the Chicago academic, Robert Pape, barely challenged in his view that only around five of the 115 cases of sanctions imposed since the war could claim any plausible efficacy. Most merely inflicted "significant human costs on the populations of target states, including on innocent civilians who have little influence on their government's behaviour". They are a ready invitation to war.

When I was reporting on South Africa in the 1980s I became convinced that sanctions were aiding import substitution and benefiting the Afrikaner economy, probably giving apartheid an extra decade of life. They likewise prolonged Ian Smith's regime in Rhodesia. Sanctions made Libya's Gaddafi so rich he could spoon money into the London School of

Economics. They made Saddam Hussein one of the 10 wealthiest people in the world. Besides, sanctions create sanctions-busting which, like drugs, is a global criminal industry born entirely of the idiocy of western diplomacy.

A year ago the Foreign Office defended yet another round of sanctions against Tehran on the grounds they would "hasten Iran's economic collapse and deepen rifts within the regime, in the hope that saner voices will deem the price of pursuing nuclear weapons too high". Economies don't collapse, any more than poverty changes governments. Even Greece, now the most "sanctioned" nation in Europe, has not collapsed. Places just get poorer. As for "saner voices", they go into exile, hiding or prison. That's where sanctions send them.

Iran is a proud nation of 80 million mostly Muslim people, one of many Asian and African states struggling between theocracy and democracy, tradition and modernity. These are agonising struggles among and within peoples, to which the west has contributed nothing but hostility and belligerence. Under the cloak of "counter-terror", it has been as crass as it was during the Crusades. Of course no one wants to see nuclear weapons spread. Russia tried to stop China getting them. China tried to stop North Korea. The west tried to stop India and Pakistan, while hypocritically tolerating Israel and the replenished arsenals of France and Britain. No pressure made the slightest difference to anyone.

If Iran really wants a nuclear weapon, it will get one – the more so when it is threatened with dire retribution if it does. That is how such states react to pressure. Ever since the dodgy election of 2009, threats and sanctions have not weakened the regime's determination to proceed, but rather weakened opposition to it. If ever there was a country unlikely to respond to diplomatic bullying, it is Iran. If ever there was a country that might respond to constructive engagement, to commercial, governmental and cultural intercourse, it is also Iran. Why the west should want to make it another North Korea passes comprehension.

Article 3.

The Washington Institute

# Year of Decision: U.S. Policy toward Iran in 2013

James F. Jeffrey and Thomas Pickering

February 12, 2013 -- *On February 7, 2013, James F. Jeffrey and Thomas Pickering addressed a Policy Forum at The Washington Institute. Ambassador Jeffrey, a former assistant to the president and deputy national security advisor, is author of the new Institute study Moving to Decision: U.S. Policy toward Iran. Ambassador Pickering served in numerous key posts at home and abroad over a five-decade career, including undersecretary of state for political affairs. The following is a rapporteur's summary of their remarks.*

**JAMES F. JEFFREY**

The move to decision on Iran is the most pressing and dangerous issue on the U.S. and international agenda in 2013. The year ahead will largely define the longstanding struggle between Washington and Tehran, and the considerable stakes involved make it absolutely crucial that a swift and decisive resolution be achieved. Regardless of the outcome of the nuclear issue, however, Iran will continue to present a long-term challenge to the United States because of clashing ideologies, conflicting foreign policy goals, and Iran's claim to regional hegemony.

There are four likely outcomes to the nuclear issue: a unilateral Iranian decision to halt or dramatically slow its progress toward a nuclear weapon; a negotiated outcome, whether through the P5+1 (i.e., the five permanent members of the UN Security Council plus Germany) or bilateral negotiations; a military strike, as threatened by President Obama and Israeli prime minister Binyamin Netanyahu; and an explicit or implicit shift to containment, indicating that Washington would be prepared to coexist with a nuclear-armed Iran.

The most effective resolution would be a negotiated outcome -- to achieve it, Washington will need to take preliminary steps on several fronts. A serious compromise needs to be put on the table, including an offer to suspend crippling oil sanctions in return for specific, verifiable Iranian steps to eliminate any nuclear breakout capabilities. Equally significant is establishing a credible military threat, given that Tehran has been willing to endure increasing economic pressure in order to continue its nuclear program. The regime is unlikely to concede anything during negotiations if it does not believe that Washington will actually follow through on such threats. Although specific public redlines are often unpalatable, the Obama administration must clarify internally when it would take military steps, and these intentions must be made clear to the Iranians.

In the same vein, the military option requires a credible negotiating complement, as seen in the early 1990s with Iraq. To legitimize military action against Saddam Hussein's regime, Washington had to prove that all other options had been exhausted. Similarly, the only way to set the predicate for military action against Iran is to show the regime and the international community that everything has been tried, and that Washington has left Tehran with a way out. Failure to do so would undermine the legitimacy of any strikes.

It is also important to understand that curtailing Iran's nuclear progress will not by itself alter the regime's regional agenda -- nuclear ambitions are but an extension of Tehran's wider aspirations toward hegemony in the Middle East. Unfortunately, none of the longer-term proposals for addressing that issue seem feasible at the moment (e.g., regime change by internal or external means; a shift in Tehran's views on the Supreme Leader and succession; a "grand deal" between Washington, Iran, and the international community).

One lesson to be learned from past interactions with Tehran (or lack thereof) is that when the United States proactively opposes Iranian aggression in the Middle East, the regime relents, but when Washington offers a more passive response, Iranian aggression increases. With respect to Syria, for example, it cannot be assumed that Bashar al-Assad will fall at all, let alone quickly, without active U.S. engagement. If the Assad

regime does in fact survive, Iran would become increasingly emboldened, with potentially disastrous consequences for the United States and its allies and interests in the Middle East.

Denuding U.S. forces in the region to enable a pivot to Asia is also risky. Nowhere else in the world is America more likely to deploy forces than in the Persian Gulf in opposition to Iran, and nowhere else is it of utmost importance that any potential confrontation be won decisively in the next five to ten years than with the Islamic Republic.

Going forward, Washington must discriminate between Iranian behaviors it considers unacceptable -- such as support for terrorism, hegemonic ambitions, and progress toward nuclear weapons -- and those it can tolerate. U.S. officials could open the door for negotiations by making clear to Tehran that they do not seek regime change; the first step in that regard would be to let Iran know that Washington respects it as a nation-state and not a transnational revolutionary movement.

Finally, disorganization within the U.S. government and a "go it alone" mentality have accounted for many of Washington's internal difficulties in responding to the Iranian challenge. To alleviate this problem, all cabinet-level officials must be in constant and complete coordination, devoid of routine bureaucratic obstacles. In addition, the appointment of a senior subcabinet official whose sole responsibility is Iran (or, alternatively, a small group of officials in constant coordination) could allow the administration to reorganize bureaucratically in preparation for this year of decision.

## THOMAS PICKERING

Discussions of containment policy typically imply accepting the Islamic Republic as an inevitable nuclear power and using deterrence to deal with a nuclear-armed Iran. Yet such an outcome would be disastrous for U.S. nonproliferation policy, which is based on the notion that fewer nuclear states means less chance of miscalculated use. If Iran attains a nuclear weapon, other regional powers would likely follow suit -- clearly an undesirable outcome for the international community.

At the other end of the spectrum, using military means in the short term to guarantee prevention would entail a vast use of force -- essentially an unofficial, semipermanent occupation of Iran. This is not a viable path, particularly since other diplomatic possibilities have not yet been exhausted.

Similarly, sanctions, while effective, are not sufficient by themselves. They must be intertwined with negotiations -- as Washington and its allies increase the pressure, cohesive and meaningful talks with equivalent concessions should follow suit. Some have argued that negotiations should expand to a "big for big" format, but decades of mistrust between the United States and Iran make smaller deals more practical. Such an approach would have to focus on ending Iran's most problematic enrichment activity: processing uranium to the 20 percent threshold, which makes the leap to weapons-grade material much easier. Instead, the regime could limit itself to 5 percent enrichment, and under strict supervision by the International Atomic Energy Agency.

The intelligence community widely believes that although Iran has not yet decided to make a nuclear weapon, it is still moving to acquire all the necessary capabilities in case it chooses that path. Accordingly, Washington will need to obtain a concrete Iranian commitment to convert its stocks of readily upgradeable gaseous uranium into metallic fuel elements, which pose significantly less of a threat. A serious inspection system would need to be implemented in order to monitor these requirements. In return, the Iranians would expect the lifting of nuclear-related sanctions. They would also likely ask for acknowledgement that they have the right to continue their civil enrichment program, whether for supposed use in cancer treatment or to safeguard against a potential Russian decision to cease fueling the Bushehr reactor.

Thus far, President Obama has been frustrated at the lack of progress in response to his openness toward the Iranian regime, and his new cabinet has an obligation to help him solidify a negotiating position that improves the situation. If the Iranians continue to reject U.S. positions that seemingly respond to some of their demands, then the administration should begin applying other pressures. These steps should be taken sooner

rather than later so that the parties can move toward a mutually acceptable conclusion.

Washington must also keep in mind that Supreme Leader Ali Khamenei has the last word on all matters in Iran, and that negotiations will go only as far as he allows them to go. In years past, he issued a fatwa condemning nuclear weapons -- Washington could take advantage of this fact by drafting a UN Security Council resolution endorsing the fatwa. This could be a small step toward boosting Khamenei's international profile while simultaneously pressuring Iran to follow its own religious decree.

To be sure, regime change remains an attractive alternative on paper, and some in Washington view it as an insurance policy. Historically, however, regime change has not been a successful option for the United States, and internal attempts at toppling Iran's leadership have thus far been crushed by Stalinesque suppression, including the 2009 uprising. Despite such failures and Washington's limited influence in Iranian domestic affairs, U.S. policy should be to demonstratively support popular democratic movements.

Article 4.

TIME

# Spy Fail: Why Iran Is Losing Its Covert War with Israel

Karl Vick

Feb. 13, 2013 -- Slumped in a Nairobi courtroom, suit coats rumpled and reading glasses dangling from librarian chains, the defendants made a poor showing for the notorious Quds Force of the elite Iranian Revolutionary Guard Corps. Ahmad Abolafathi Mohammed and Sayed Mansour Mousa had been caught red-handed and middle-aged. And if the latter did them a certain credit — blandly forgettable always having been a good look for a

secret agent — the prisoners still had to explain why they had hidden 15 kg of the military explosive RDX under bushes on a Mombasa golf course.

Created to advance Iran's interests clandestinely overseas, the Quds Force has lately provided mostly embarrassment, stumbling in Azerbaijan, Georgia, India, Kenya and most spectacularly in Thailand, where before accidentally blowing up their Bangkok safe house, Iran's secret agents were photographed in the sex-tourism mecca of Pattaya, one arm around a hookah, the other around a hooker. In its ongoing shadow war with Israel, the Iranian side's lone "success" was the July 18 bombing of a Bulgarian bus carrying Israeli tourists — though European investigators last week officially attributed that attack to Iran's Lebanese proxy, Hizballah. That leaves the Islamic Republic itself with a failure rate hovering near 100% abroad and an operational tempo — nine overseas plots uncovered in nine months — that carries a whiff of desperation. A Tehran government long branded by U.S. officials as the globe's leading exporter of terrorism may be cornering the market on haplessness.

Within Iran's own borders, however, the story is different. Twice in the past two years Iranian intelligence has cracked espionage rings working with Israel's Mossad, Western intelligence officials tell TIME. In both cases, the arrests were the furthest thing from secret: announced at a news conference, each was later followed up by televised confessions broadcast on Iranian state television in prime time. Given Iran's history of trumped-up confessions, skepticism is more than justified. But the arrests appear to be solid. One intelligence official said the captured Iranians provided "support and logistics" to the Mossad operatives who carried out the assassinations of Iranian nuclear scientists.

At least four scientists were killed on Tehran's streets from 2010 to 2012, when, as TIME has reported, Israel ratcheted back on covert operations inside Iran. Officially, Israel has remained silent on the killings, though government officials will coyly say they welcome the deaths. The Jewish state maintains the same ambiguous posture on other "setbacks" to Iran's nuclear program widely — and correctly, Western intelligence officials say — attributed to Mossad, from the Stuxnet computer virus, to

mysterious explosions like the massive blast at a missile base, which destroyed ballistic missiles that could reach Israel.

The covert onslaught dovetails with Israel's history of reaching "over the horizon" to disarm perceived threats at a distance. To keep advanced arms from reaching Hamas and Hizballah, Israel in the past year sent warplanes to bomb convoys and arms depots in Sudan and Syria, respectively, without apparent retribution. In the case of Iran, however, experts say the audacity of Israel's covert campaign stirred Tehran to revive an espionage effort that lay largely fallow since 9/11. The Spy vs. Spy contest that ensued would prove woefully one-sided, even in the third-world countries where Iran chose to strike, hoping to avoid heightened security awareness in the developed world. In the end, its only success came inside Iran, where the secret police operate without inhibition.

The shadow war may have started on Jan. 15, 2007, the day Ardeshir Hosseinpour passed away. Hosseinpour was a specialist in electromagnetics at the Nuclear Technology Center in the city of Isfahan, Iran, but his death might have escaped notice had Iran's government not kept it under wraps for almost a week, finally attributing it to fumes from a faulty heater. An online report by the American private intelligence firm Stratfor suggested another cause — radioactive poisoning — and hinted that Mossad's Caesarea section was back in business. Caesarea, named for an Israeli beach town that dates back to Roman times, is the operations branch of Israel's secret service, most notoriously responsible for the assassinations of some two dozen Palestinians (and an innocent waiter) after the 1972 Munich Olympics. Assassinations are carried out by a very small unit dubbed Kidon, the Hebrew word for "tip of the spear." Kidon operates at a remove from the legions of Mossad employees working in less lethal fields.

It would have been a unit called Hatzomet, or "The Junction," that recruited Majid Fashi, a handsome young Iranian who dropped out of high school to pursue a career in kickboxing. By the account he gave on Iranian state television early in 2011, Fashi presented himself at the Israeli consulate in Istanbul in 2007 and was vetted for a solid year before being shown any trust. Two years later, on Jan. 12, 2010, he would place a bomb

on a motorbike parked on the sidewalk outside the Tehran home of Masoud Alimohammadi; the nuclear physicist was killed when it was detonated by remote control.

In the broadcast, Fashi accurately described the Mossad campus north of Tel Aviv. He said he had been given a laptop equipped with a second operating system and used it to communicate through online drop boxes. He was impressed by his handlers' thoroughness. At one point Fashi described studying a scale model of Alimohammadi's street. "It was an exact copy of the real one," Fashi said. "The tree next it, the street curb, the bridge." In a later broadcast, he was seated across from Alimohammadi's widow, who glared at him as he bowed his head and wept. Mossad officials were "pissed off and shocked" seeing their agent on television, the intelligence official said.

Fashi was executed in May 2012. About the same time, Iran's intelligence minister announced the arrest of 14 more Iranians, eight men and six women dubbed members of the "Terror Club" in the subsequent prime-time broadcast of that name. Filmed in shadow, and rich in atmospherics, the Aug. 5 program recreated Alimohammadi's death and four subsequent attacks: they started with the Nov. 29, 2010 nearly simultaneous attempts on Majid Shariari and Fereydoun Abbasi, nuclear scientists driving to work when magnetic "sticky bombs" were attached to the side of their cars from passing motorcycles. Abbasi managed to escape before it detonated, saving his wife as well. Shariari was killed — a significant setback for the Iranian nuclear program where he was the top scientist, according to a Western intelligence official.

The confessed agents offered absorbing detail — they were aboard a Bajaj Pulsar, wearing helmets, when the magnet bomb stuck on the right front panel of Shariari's car exploded. The riders scrambled into the "trail car" assigned to follow the target and disappeared into the traffic of the Imam Ali Autobahn. Already gone was the car assigned to cut off and slow the car carrying the scientist. They claimed to have rehearsed on a practice track inside Israel. None of the details could be confirmed, but an intelligence official acknowledged: "Another network was taken."

The third scientist, Dariush Rezaeinejad was shot on July 23, 2011 after picking up his child at a day care; his wife described hearing shots whiz by as she chased the assailants. The most recent assassination was the Jan. 11, 2012 death of Mustafa Ahmadi-Roshan, an expert on uranium enrichment, also by a magnet bomb slapped on his car during his morning commute.

By then, Iran was trying to strike back. The task of avenging the scientists fell to the sprawling Quds Force's own covert-operations division, known as Unit 400. It took a shotgun approach, targeting Israeli diplomatic missions in a variety of countries, mostly in the developing world where the global antiterrorism mesh is not so fine. Exposed in Baku, Tbilisi, Johannesburg, Mombasa and Bangkok, the failures mounted at a pace that was itself one of the problems. In the world of espionage, a quality covert operation can take years to pull together. Yet in the 15 months from May 2011 to July 2012, the Quds Force and Hizballah attempted 20 attacks, by the count of Matthew Levitt, a former State Department counterterrorism official. "Hizballah and the Quds Force traded speed for tradecraft and reaped what they sowed," Levitt writes in a January report for the Washington Institute for Near East Policy. "Quds Force planners were stretched thin by the rapid tempo of their new attack plan, and were forced to throw together random teams of operatives who had not trained together."

The decline in quality was so striking it initially inspired disbelief. Recall the preposterous-sounding plot weaving together a former used-car salesman, Mexico's Zetas drug gang and a bank transfer from a Revolutionary Guard account to assassinate Saudi Arabia's ambassador — by bombing a Washington restaurant? A year on it looks like the new normal. In Bangkok last month, an Iranian agent entered a courtroom in a wheelchair, having accidentally blown his legs off while fleeing police. A January alert issued by Turkish intelligence was light on specifics but quite certain the Quds operatives would be staying in five-star hotels.

"There's a number of reasons that Iranian intelligence has suffered," says Meir Javedanfar, an Iranian-born analyst who lectures at the Interdisciplinary Center in Herzliya, Israel. "No. 1," he says, "is the 2009 uprisings in Iran." The street protests over a fraudulent election

undermined the perceived legitimacy of the state among people who once would work for it, including in its secret services. “People less and less see it as a nationalist endeavor and more as a Khamenei-related project to strengthen himself,” Javedanfar says, referring to Iran’s Supreme Leader Ayatullah Ali Khamenei, who by some published accounts personally authorizes all overseas attacks.

Hard-liners further aggravated the situation by purging competent reformists from both the secret services and from Iran’s embassies — crucial to a force expected to work undetected abroad. “Basically the Quds Force doesn’t cooperate with the Foreign Ministry, and the Foreign Ministry isn’t what it used to be either,” says Javedanfar. Under President Mahmoud Ahmadinejad, 42% of ministry employees have only high school degrees. “The regime is a bigger threat to itself than Israel,” he says.

*Karl Vick has been TIME's Jerusalem bureau chief since 2010, covering Israel,the Palestine territories and nearby sovereignties. He worked 16 years at the Washington Post in Nairobi, Istanbul, Baghdad, Los Angeles and Rockville, MD.*

Article 5.

YaleGlobal

# Is the US Ready To Be Number Two?

Kishore Mahbubani

11 February 2013 -- SINGAPORE: Long before anyone did, former US president Bill Clinton saw that America would have to prepare for the time

when it would no longer be the number one power in the world. In his 2003 Yale University address on "Global Challenges," he said:

If you believe that maintaining power and control and absolute freedom of movement and sovereignty is important to your country's future, there's nothing inconsistent in that [the US continuing to behaving unilaterally]. [The US is] the biggest, most powerful country in the world now. . . . But if you believe that we should be trying to create a world with rules and partnerships and habits of behavior that we would like to live in when we're no longer the military political economic superpower in the world, then you wouldn't do that. It just depends on what you believe.

Long before 2003, Clinton wanted to begin preparing Americans for this new world. "Clinton believed […] what we had in the wake of the cold war was a multilateral moment – an opportunity to shape the world through our active leadership of the institutions Clinton admired and [Charles] Krauthammer disdained," writes Strobe Talbott, former deputy secretary of state in his book The Great Experiment: The Story of Ancient Empires, Modern States, and the Quest for a Global Nation. "But Clinton kept that belief largely to himself while he was in office…. political instincts told him it would be inviting trouble to suggest that the sun would someday set on American preeminence." Sadly, few Americans have heeded Clinton's wisdom. Few dare to mention that America could well be number two. I discovered this when I chaired a panel on "the future of American power" at the 2012 World Economic Forum in Davos. After citing projections that America would have the second largest economy in just a few years, I asked the American panelists – two senators, a congresswoman and a former deputy national security advisor – whether Americans are ready to become number two. To my shock, none could acknowledge publically this possibility.

America may well become number two faster than anyone has anticipated. According to the most recent International Monetary Fund (IMF) projections, China will have larger share of global GDP than the United States by 2017. In 1980, in PPP terms, the US share of the global economy was 25 percent, while China's was 2.2 percent. By 2017, the US share will decline to 17.9 percent, and China's will rise to 18.3 percent. Even if

America becomes number two, we will still have a better world. In many ways, the world is "converging" to American values and standards, as I explain in The Great Convergence. The global middle class is booming, interstate war is waning, and never before have people traveled and communicated across the world so easily. These changes are creating common values and norms across the world. Education and scientific reasoning, for example, are enabling people the world over to speak with a common language. However, while humanity is well on its way to combating absolute poverty and interstate warfare, other problems are surfacing. Preventing and curtailing transnational issues like climate change, human and drug trafficking, and financial crises require cooperation among nation states, yet this is not happening. A simple analogy illustrates this. Before the era of modern globalization, humankind was like a flotilla of more than 100 separate boats in their separate countries. The world needed a set of rules then to ensure that the many boats did not collide and facilitate their cooperation on the high seas if they chose to do so. The 1945 rules-based order strived to do this, and despite some obvious failures, it succeeded in producing a relatively stable global order for more than 50 years. Today, the 7 billion people who inhabit planet earth no longer live in more than 100 separate boats. Instead, they live in 193 separate cabins on the same boat. But this boat has a problem. It has 193 captains and crews, each claiming exclusive responsibility for one cabin. No captain or crew cares for the boat as a whole. The world is now sailing into increasingly turbulent waters with no captain or crew at the helm. The Great Convergence echoes the themes of Clinton's 2003 Yale speech. It's in the interest of all – particularly great powers – to strengthen institutions of global governance so that we're not sailing blindly into choppy waters without a captain. The National Intelligence Council recently projected that in 2030 Asia would overtake the Western world economically, technologically and militarily. When China becomes a world superpower in a matter of decades, the United States and Europe will want to ensure that China plays by the rules.

But in order to make international organizations like the United Nations, the IMF and the World Bank more credible and effective, they must

undergo serious reform. It is manifestly absurd that the West makes up 12 percent of the world's population but takes up 60 percent of UN Security Council permanent seats. It's nonsensical that the head of the IMF is always a European and the head of the World Bank is always an American as the West's share of global GDP diminishes every year. This concentration of clout in the hands of a relative few has grave implications for these institutions' effectiveness and independence, making them instruments of the West. No other organization, not even huge global NGOs like the Bill and Melinda Gates Foundation or the Clinton Foundation, has the scope and legitimacy that the UN currently enjoys. For example, the United States for years has been trying to pressure China to take a more proactive role in fighting climate change. Predictably, China has resisted these pressures because they saw them as a clever yet transparent American ruse to curtail Chinese economic growth. Only when the United Nations Development Programme raised the issue with China did the Chinese government take heed, as the UNDP is seen as a neutral party in China. The UN and its many agencies may soon lose invaluable credibility if the West insists on monopolizing its power over these institutions.

Any reform of the UN should take into account three principles: democracy, recognition of power balances and the rule of law. Institutions of global governance can be made more democratic by ensuring that their leadership accurately reflects the composition of world's population. At the same time, we must also take into account geopolitical relationships among emerging and middle powers. Finally, the rule of law is essential to the mediation and resolution of thorny international issues and to governing the conduct of states on the international stage so as to prevent escalation of conflict.

In this rapidly changing world, it's a mistake to allow institutions of global governance to stay as they are. The 1945 rules-based order is no longer appropriate for 21st century circumstances. Global leaders must better prepare us for the challenges to come and equip our international organizations to deal with them. Leaders must find the courage to continue advocating for stronger multilateral cooperation. It is time for our captains

and crews to emerge from their cabins and start steering the boat.

*Kishore Mahbubani is dean of the Lee Kuan Yew School of Public Policy, NUS, and author of the forthcoming book The Great Convergence: Asia, the West, and the Logic of One World.*

Article 6.

Foreign affairs

# Pyongyang's Nuclear Logic

Jennifer Lind, Keir A. Lieber, and Daryl G. Press

February 14, 2013 -- In his State of the Union address, U.S. President Barack Obama described North Korea's recent nuclear test as a provocation that required a firm response. The intended audience for that provocation, though, is up for debate. Some commentators have posited that the test was a signal aimed at China, designed to demonstrate North Korea's independence from its great-power patron. Others think that Kim Jong-un was sending a message to the newly elected president of South Korea, Park Geun-hye. Still other North Korea experts have suggested that the test was actually meant for domestic consumption, to lift the sagging morale of a deprived public or for the regime to curry favor with the military. The intended North Korean signal is being analyzed and debated by U.S. government officials, who hold views across the spectrum.

A much simpler explanation exists. Pyongyang tested a nuclear device for the same reason it has been testing long-range missile designs: to see what works. In truth, the effort was less a signal than an attempt to master the technical capabilities that are vital to its nuclear deterrent.

This rationale should come as no surprise to those steeped in Cold War history. Between 1945 and 1992, the United States conducted 1,054 nuclear tests and fired an untold number of missiles. If the goal had merely

been to show the Soviets that the United States meant business, testing nearly twice a month throughout the entire Cold War would have been overkill. In fact, Operation Sandstone -- a series of three tests at Enewetak Atoll in 1948 -- was not intended to warn off the Soviets as tensions rose over Berlin. Nor was the series of 48 underground tests launched in the summer of 1964 designed to impress the newly installed premier, Leonid Brezhnev. And the United States would not have conducted a dozen atomic blasts at its Nevada test site in the first half of 1977 -- including the Cove, Dofino, Marsilly, Bulkhead, Crewline, Forefoot, Carnelian, Strake, Flotost, Gruyere, Scantling, and Scupper detonations -- just because new President Jimmy Carter was vulnerable to right-wing criticism.

The United States did what it did because it needed its ultimate deterrent to actually work, and because the technical requirements of the nuclear mission continually changed. The ruins of Hiroshima and Nagasaki were evidence enough that the United States could destroy cities, but deterring the Soviet Union was a far greater challenge. If the Soviets had invaded Western Europe, for example, U.S. bombers would have had to penetrate alerted Soviet air defenses, identify Soviet ground forces and industrial centers, and attack them. Accordingly, U.S. bombers had to be highly maneuverable and able to carry multiple weapons, so the bombs themselves had to be lighter and smaller than the ones the United States used against Japan. The Soviets put another wrinkle in Washington's plans when they began to deploy large numbers of their own nuclear weapons. The United States needed to find a way to potentially destroy the Soviet arsenal on the ground. Eliminating those targets -- numerous and often hardened -- required even greater numbers of bombs, even lighter designs, and more accurate delivery systems. So the United States updated its designs and tested. And tested. And tested again.

Like the United States during the Cold War, North Korea has apparently decided that nuclear weapons are central to its national security strategy. With few friends, its conventional military forces outgunned, an economy in tatters, and facing off against a superpower prone to deposing dictatorships across the globe, the Kim regime set about building an operational nuclear arsenal. And just as NATO planned to thwart a Soviet

invasion by striking targets in the Soviet Union and Eastern Europe, North Korea presumably plans to defend itself, should war erupt on the peninsula, by threatening U.S. regional allies and targets in the United States.

North Korea's mission requires small, lightweight warheads, and missiles that work -- and the only way to know that they work is to test them. So far, the weapons have proved unspectacular. The country's first nuclear test, conducted in 2006, was an embarrassment. Pyongyang had told the Chinese that the device would generate four kilotons of explosive power, but it ended up producing less than one. The second test in 2009 fared slightly better, producing between one and eight kilotons, although it is not known what size of a blast the North Koreans had sought. Moreover, Pyongyang has much more work to do before it can boast weapons that will actually fit on its missiles (which have been, themselves, a series of humiliating failures).

Observers in the West who presume that North Korea's behavior must be about signaling should remember NATO and the United States' own experience during the Cold War. The United States understood then that the ability to conduct nuclear operations was the very foundation of a credible deterrence strategy. Today, a sound strategy for dealing with North Korea should not ascribe ulterior motives to acts that the United States once considered rational and routine.

The view that nuclear weapons are merely political instruments -- suitable for sending signals, but not waging wars -- is now so common in Washington, London, and Berlin that it is hard to find anyone who disagrees. Yet those comforting assumptions are not shared by leaders everywhere. Beyond North Korea, Russia is cutting down its arsenal, modernizing the nuclear forces it plans to keep, and increasing its reliance on nuclear weapons in national defense strategy. China is slowly expanding its own arsenal, while substantially improving its weapons. And Iran seems so committed to going nuclear that it has been ready to endure crippling sanctions and risk foreign attack.

It is unfortunate that U.S. policymakers are so convinced of nuclear obsolescence that they have difficulty understanding the motivations of potential adversaries. It would be tragic, however, if their questionable assumptions prevent them from recognizing the deterrence problems that lie ahead and the grave difficulties that will be posed by adversaries, such as North Korea, that still cling to nuclear weapons.

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Article 7.

Foreign Policy in Focus (FPIF)

# The Depths of Malaise in Palestine

Daniel DePetris

February 12, 2013 -- When talking about peace in Israel-Palestine, it is easy to narrow the conversation to the leaders who are responsible for making it. Over the past few years, there have been numerous profiles in newspapers and profiles in magazines attempting to document the two men who are supposed to make the effort—Israeli Prime Minister Benjamin Netanyahu and Palestinian Authority President Mahmoud Abbas.

Delving into the lives and minds of world leaders is an undoubtedly helpful, exciting, and informative way to find answers, but a conflict as multifaceted and complicated as the Israeli-Palestinian dispute cannot be fully explained without taking into account the opinions of the ordinary people who live the reality every single day. Millions of Israelis and Palestinians on both sides of the green line have had their voices drowned out by the very politicians, lawmakers, and personalities who purport to represent them.

The result is a host of unanswered questions. What does the average Israeli or Palestinian think about the chances for a lasting and comprehensive peace agreement? What types of concessions need to be given for a deal to be struck? Do Israelis have the political courage to sacrifice on settlements and Jerusalem so the conflict can finally be resolved? Can the Palestinians negotiate in good faith?

Luckily, polling organizations in Israel and Palestine have spent years trying to answer these very questions, often working together and sharing their resources during the hunt.

Two of the latest polls, one from the Jerusalem Media and Communications Center (JMCC) and the other from the Palestinian Center for Policy and Survey Research (PCPSR), are particularly telling. Unlike other surveys that confirm what most in the international community already think, the results of these polls are unprecedented, revealing a stark and disturbing malaise in the Palestinian territories.

The message is clear: frustration with the conflict is at a high point, the two-state solution is steadily losing credibility in the eyes of the people, and ordinary citizens in the Holy Land are starting to wonder whether a settlement can be achieved without another round of bloodshed.

Oslo Fatigue

When asked by the PSPSR whether Mahmoud Abbas's policy of peace talks or armed resistance by Hamas is the best way to achieve a Palestinian state, an alarming 60 percent of Palestinians surveyed threw in their lot with armed resistance (compared to 28 percent who favored negotiations). With the eight-day Israel-Hamas war having ended with a

ceasefire that many view as a victory for the Islamist group, Hamas Prime Minister Ismail Haniyeh finds his popularity having soared. Forty-eight percent of Palestinians say that they would rather pick Haniyeh as Palestine's next president instead of Abbas, who has struggled to secure the freedom of movement and self-determination that so many Palestinians once expected from his government.

The JMCC issued similar findings. By far the most disturbing figure in the poll is the exponential rise in support among the Palestinian public for armed operations against Israel—50.9 percent now view attacking Israeli positions in the current climate as a credible way to express their grievances and pressure the Israeli government to compromise. This is a 20-percent increase from the previous year.

The numbers can perhaps best be summarized by Ali Najjar, an 18-year-old Palestinian who lives in a refugee camp. "In my view," he said, "what was taken by force will only be returned by force. Twenty years after Oslo, we haven't gained one inch of Palestine."

Many young Palestinians agree. Indeed, the words summarize the how dire the situation has become for an entire generation of Palestinians, most of whom are too young to remember the signing of the Oslo Accords in 1993. Most have not seen any benefit from peace agreements or negotiations, and all of them have grown tired of the settlement construction in the West Bank, the killing of Palestinian civilians, and the internal fighting among Palestinian politicians that never seems to dissipate.

The Corrosive Status Quo

One cannot blame Palestinian civilians for feeling this way. The previous year was a terrible one for Abbas and his government. Settlement tenders and approvals in the West Bank rose to such an extent that the anti-settlement organization Peace Now named 2012 "the year of the settlement," with the Ministry of Defense authorizing an additional 6,000 housing units and Netanyahu pushing for the construction of 11,000 homes in the month of December alone.

The lack of economic support from donor nations and the restrictions that impede the Palestinian economy from functioning at anywhere near its full potential have also made for a deadly cocktail for Abbas' Palestinian Authority. Combined with the occasional holding of Palestinian tax revenue by the Israelis, the PA is finding it incredibly difficult to pay the tens of thousands of employees on its payroll.

The recent Israeli parliamentary elections perhaps best illustrate where the Palestinian issue is today: at the bottom of the barrel. Israeli politicians chose to focus their campaigning on social and economic issues, from the price of housing and cost of living to whether religious students should be drafted into the Israeli military like everyone else. The only Israeli candidate who spoke about the need to reengage the Palestinians in peace talks was the former foreign minister Tzipi Livni, whose party failed to reach double-digits in the incoming parliament.

The overall message is depressingly familiar to Palestinians: creating a Palestinian state in the West Bank, Gaza Strip, and East Jerusalem is simply not on the list of priorities for Israel at the current time. And the Palestinian Authority is proving itself to be an increasingly fragile governing body without the constant generosity of foreign countries; it's an institution that cannot adequately care for its people, let alone its employees who go months without pay. The average Palestinian is losing hope that peace is possible in his or her lifetime. Palestinian leaders may speak of ending the occupation, but for those who live under it, the occupation is so ingrained that escaping it has become a violation of the normal.

Some may take the more militant attitudes of Palestinians as confirmation that Israel does not have a partner for peace. Yet those attitudes can also be viewed differently: without a renewed effort at peacemaking, however frustrating and difficult it will be, the conflict will reach a nadir where searching for a peace partner will be irrelevant.

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rticle 1.

The Washington Post

# In State of the Union address, Obama lays out his second-term agenda

Editorial

February 13, 2013 -- TWO DOMESTIC concerns towered above all others as President Obama addressed a joint session of Congress on Tuesday night on the state of the union. One was stubbornly slow economic growth. The other was the long-term threat to prosperity posed by the structural mismatch between the federal government's projected revenue and its spending commitments. A successful second term for Mr. Obama will require both credible proposals for overcoming those related challenges and the determination to carry them through.

The president addressed the deficit and debt first, and at some length. This was fitting, giving that the most pressing piece of business facing Washington is what to do about the impending $85 billion across-the-board spending cut. He was forthright

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in declaring that this so-called sequester threatens the military as well as domestic programs. But his plan to avoid it basically repeated the offer of a "balanced approach" — unspecified tax hikes and spending cuts — which Republicans have already rejected.

Somewhat more substantively, he called for a larger deficit-reduction deal built around loophole-closing tax reform and what he called "modest" reforms to Medicare and entitlements. In an apparent effort to rally Democrats to this cause, he called on "those of us who care deeply about programs like Medicare" to "embrace" reform.

Yet in promising the same amount of Medicare savings as the Simpson-Bowles commision proposed, Mr. Obama did not mention that this would be a mere $341 billion over 10 years. All told, he envisions shaving an additional $1.5 trillion off projected deficits over 10 years, which would leave the national debt at a historically aberrant 70-odd percent of gross domestic product. In short, he declined to push back against the mind-set within his party that considers acceptable "stabilizing" the debt at this level by the time Mr. Obama's second term ends. At best, that would buy a respite of a few years before the debt resumed its upward climb.

As for raising the economy's growth potential, the president was more persuasive. His emphasis on reforming the tangled and counterproductive corporate tax code was especially welcome, and relatively likely to draw GOP support. He offered several promising ideas on education, including a promise of "high-quality preschool" for all children, though how that would square with his promise not to increase the deficit by a single dime went unexplained. He sounded a ringing call for greater federal attention to college cost containment. "Taxpayers can't keep on subsidizing" spiraling tuition, he said, candidly and correctly.

As European trading partners had hoped, the president endorsed negotiations for a transatlantic free-trade zone, which would help America's export industries and the jobs that depend on them. Coupled with an agreement that Obama is promoting for the Pacific region, the proposal has the potential to make his second term fruitful for global trade. He also suggested raising the federal minimum wage, from $7.25 per hour to $9 — although the precise amount is less important, in our view, than the president's call for annual cost-of-living adjustments.

In keeping with Mr. Obama's theme of nation-building at home, foreign policy played a secondary role in his speech. He promised to bring home half of the

remaining U.S. troops in Afghanistan within the next year. But officials said the withdrawal would be weighted toward year's end, leaving most of the troops to partner with Afghan troops for much of this year. The president said the United States would support democratic transitions in the Middle East, "keep the pressure on [the] Syrian regime" and "do what is necessary to prevent" Iran from obtaining a nuclear weapon — but he offered no specifics.

Mr. Obama pressed his case for reform of immigration laws and for action to slow global warming — and, in especially moving terms, tougher gun laws. In each case, there may be measures he can take through executive action, but new laws will be needed for substantial progress.

Mr. Obama was right when he pointed to the survivors and grieving relatives of gun violence victims and insisted, "They deserve a vote."

Article 2.

Foreign Policy

## The world is no longer America's problem

Aaron David Miller

February 13, 2013 -- If you want to know what an American president's foreign policy is likely to be, particularly in a second term, don't listen to his State of the Union speech. You'd probably have more luck playing with Tarot cards, or reading tea leaves or goat entrails. But not this year. Barack Obama's fourth such address left a trail of foreign-policy cookie crumbs that lead directly to some pretty clear, if hardly surprising or revolutionary, conclusions. His first term contained no spectacular successes (save killing Osama bin Laden), but no spectacular failures either. And more than likely, that's what the president will settle for in a second, even as the Arab world burns and rogues like Iran and North Korea brandish new weapons. He's nothing if not a cautious man.

Behold: I am the Extricator in Chief

Afghanistan -- the "good war" -- has been pretty much MIA in Obama's speeches since he became president. He's alternated between spending a few words on the mission there (2009) or a paragraph (2010, 2011, 2012). If his words have been brief, the message has been stunningly clear: It's about the leaving. And tonight was no exception. Not more than two minutes in, the president spoke about America's men and women coming home from Afghanistan.

Obama's signature is indeed that of the extricator. And he broke the code early (the 2009 surge was designed politically to get in so that he could get out with a clearer conscience). He is the president who has wound down the longest and among the most profitless wars in American history, where victory was never defined by whether we can win, but by when can we leave. It is his legacy, and one about which he has reason to be proud. Obama has left himself and his military commanders plenty of discretion about the pace of extrication. But that's fine with the president so long as they're heading for the exits.

Not the Destroyer and Rebuilder of Worlds

Surprise, surprise: There was scant mention of Syria in the president's speech -- just one throwaway line about supporting Syria's opposition. Obama did not disengage from Iraq and Afghanistan only to plunge America into new black holes in the Middle East.

Obama isn't worried about boots on the ground in Syria. That was never on the table. Instead the question is this: Given the uncertainty about the end state in Syria and the risks of providing serious weapons to the rebels (and a no-fly zone) that might alter the arc of the fight against the regime, the president saw and continues to see no purpose in America providing arms of

marginal utility. That course would either expose him to be truly weak and ineffectual or lead to calls to do more. So he's going to provide non-lethal support and is apparently prepared to take the hits from critics who see the president's policy as passive, cruel, and unforgiving, particularly now that we know that members of his own cabinet clearly wanted to do more. The Iranian nuclear issue, the other potential tar baby in the SOTU, followed a pretty predictable rising arc of concern in the list of presidential foreign-policy worries. In 2009, in Obama's address to a joint session of Congress (a speech some regard as a SOTU), Iran wasn't even mentioned. In the 2010 SOTU, Obama threatened that if Iran ignored its international obligations, there would be consequences; in 2011, he did the same; and in 2012, he made it clear that he would prevent Iran from acquiring a nuclear weapon and take no option off the table. Obama repeated half of what he said in 2012 about preventing Iran from getting a nuclear weapon, but instead of saying all options were on the table, he spoke of the importance of diplomacy. I suspect he'll go to extreme lengths to avoid war, and won't greenlight an Israeli attack either until the arc of diplomacy has run its course. And then Obama would likely act only if the mullahs push the envelope by accelerating their uranium enrichment program and

other military aspects of the nuclear enterprise.

Seizing the Nuclear High Road with Little to Lose

Even as he confronts a real bomb in North Korea (very bad options there) and a potential one in Iran (bad options there too), Obama is trying to make good on a longstanding commitment to reduce America's own nuclear arsenal. Backed by the military chiefs and likely by the public too (getting rid of nukes equals saving money), but opposed by Republicans in Congress, Obama will try to work around the political obstacles by seeking a deal with yes ... you got it ... his old friend Vlad Putin. It's worth a try. If Putin balks or Republicans get in the way, the president can always advocate unilateral cuts -- not something he wants to do. But if he can't have his way on nukes, he can always blame it on the Russians and the Republicans with little to lose. The road to getting rid of nukes is a long one. Let the next guy (or gal) worry about it.

A Little Leg on Palestine?

Obama hasn't mentioned the Israeli-Palestinian conflict in a SOTU speech since 2009. And that's no coincidence. His own poorly thought-through initial effort crashed and burned, leaving the president pretty frustrated and annoyed with both

Israelis and Palestinians, particularly Israeli Prime Minister Benjamin Netanyahu.

But hey, that was then. A second-term president has committed himself early in 2013 to a trip to Israel and has an Energizer bunny in Secretary of State John Kerry, who wants to do the right thing and keep the two-state solution alive. Obama clearly kept his distance from the issue again on Tuesday night. He spoke of standing with Israel to pursue peace, but didn't mention Palestinians or the peace process. He mentioned his own trip to the Middle East, but missed an opportunity to give what might be a trip to the region by his new secretary of state higher profile. It's just as well. The paradox of the Israeli-Palestinian issue is that it's too complicated to implement right now and too important to abandon. It's in this space that Obama will be forced to operate. And while the odds of success are low, Obama will be tempted in his final term to do something bold, perhaps laying out a U.S. plan of parameters on the key final-status issues.

It's the Middle Class, Not the Middle East

Spoiler alert: Barack Obama might still be a consequential foreign-policy president if he's lucky, willful, and skillful. But it's his domestic legacy that will make or break his presidency. Health care -- his signature legacy issue -- will look much better if the economy improves, driven by a revived

housing market and rising employment, and of course if some broader deal can be struck on entitlements and taxes. Immigration reform and gun-control legislation driven by a functional bipartisanship would cement that legacy. He'd be an historic rather than a great president.

Two clocks tick down in a president's second term: the drive for legacy and the reality of lame duckery. Obama's political capital will diminish quickly. Where, how, and on what he wants to spend it is critical. The Middle East is violent and volatile and may yet suck him in, but if he can avoid it, he'll try. This was a State of the Union address that stressed fixing America's broken house, not chasing around the world trying to fix everyone else's. The future of America isn't Cairo or Damascus; it's Chicago and Detroit.

*Aaron David Miller is a distinguished scholar at the Woodrow Wilson International Center for Scholars.*

Article 3.

Agence Global

# Can the United States Strike a Deal with Iran?

Patrick Seale

12 Feb 2013 -- Negotiations with Iran are once more on the international agenda. After an eight-month break, the five permanent members of the UN Security Council plus Germany -- the so-called P5+1 -- are due to hold a meeting with Iran on 25 February in Kazakhstan. What are the prospects of success? In a nutshell, that would seem to depend more on the climate in Washington than in Tehran. Iran is gesturing that it wants to negotiate, but Washington has not yet signalled any greater flexibility than in the past.

In a major speech in Tehran last Sunday, President Mahmoud Ahmadinejad addressed the United States: "Take your guns out of the face of the Iranian nation and I myself will negotiate with you," he declared. Meanwhile, the Iranian ambassador to Paris told French officials that, provided a work plan was agreed, Iran was ready to allow inspectors of the International Atomic Energy Agency (IAEA) to visit Parchin, a military facility where Iran is suspected of having done work on atomic weapons. Ahmadinejad himself has said repeatedly that Iran was ready to stop enriching uranium to 20% if the international community agreed to supply it instead to the Tehran research reactor for the production of isotopes needed to treat cancer patients.

The only recent encouraging word from the United States was a hint by Vice-President Joe Biden at last week's Munich security conference that the time may have come for bilateral U.S.-Iranian talks. Iran's Foreign Minister Ali Akbar Salehi responded positively to Biden's offer, although he added that Iran would look for evidence that Biden's offer was 'authentic' and not 'devious'.

The road to a U.S.-Iranian agreement is littered with obstacles -- grave mutual distrust being one of them. There is little optimism among experts that a breakthrough is imminent. For one thing, Iran is almost certain to want to defer any major strategic decision until a new President is elected next June to replace the sharp-tongued Mahmoud Ahmadinejad. To strike a deal with Iran, the United States would also need to assure its Arab allies in the Gulf that they would not fall under Iranian hegemony or lose American protection. Guarantees would no doubt have to be given.

Israel, America's close ally, poses a more substantial obstacle. It is totally opposed to any deal which would allow Iran to enrich uranium, even at the low level of 3.5%. Wanting no challenge to its own formidable nuclear arsenal, Israel's long-standing aim has been to halt Iran's nuclear programme altogether. To this end it has assassinated several Iranian nuclear

scientists and joined the United States in waging cyber warfare against Iranian nuclear facilities. Its belligerent prime minister, Binyamin Netanyahu, has for years been pressing Obama to destroy Iran's nuclear programme and -- better still -- bring down the Islamic regime altogether.

Faced with these obstacles, it is clear that any U.S. deal with Iran would require careful preparation. Obama would need to mobilize strong domestic support if he is to confront America's vast array of pro-Israeli forces. They include Congressmen eager to defend Israeli interests at all costs (as was vividly illustrated by the recent Chuck Hagel confirmation hearings), powerful lobbies such as AIPAC, media barons, high-profile Jewish financiers like Sheldon Adelson, a phalanx of neo-con strategists in right-wing think tanks, influential pro-Israelis within the Administration, and many, many others. The cost in political capital of challenging them could be very substantial. Nevertheless, elected for a second term, he now has greater freedom and authority than before.

Obama is due to visit Israel on March 20-21, something he did not do in his first term. This visit will be the first foreign trip of his second term -- in itself a sign of its importance. Although the White House is anxious to play down suggestions that he will announce a major initiative, either on

the Israeli-Palestinian conflict or on Iran, there are issues he cannot avoid. He may, however, choose to raise them in private talks with Israeli leaders rather than in public. His message is expected to be twofold: Israel should not delay in granting statehood to the Palestinians, however painful that choice may be, and it should be careful not to make an eternal enemy of Iran. Both conflicts have the potential to isolate Israel internationally and threaten its long-term interests, if not its actual existence.

In his first term of office, Obama resisted Netanyahu's pressure to wage war on Iran. This was no more than a semi-success, however, since he managed to blunt Netanyahu's belligerence only by imposing on Iran a raft of sanctions of unprecedented severity. They have halved Iran's oil exports, caused its currency to plummet and inflation to gallop, severed its relations with the world's banks and inflicted severe hardship on its population.

The key question today is this: What are Obama's intentions? Is he seeking to bring down Iran's Islamic regime, as Israel would like, or is he simply seeking to limit its nuclear ambitions? If 'regime change' is his aim then sanctions will have to be tightened even further and extended indefinitely. But if Obama's aim is to strike a deal with Iran over its nuclear programme then he must give it at least some of what it

wants: such as sanctions relief; acceptance of its right under the Nuclear Non-Proliferation Treaty to enrich uranium to a low level for peaceful purposes; recognition of its security interests, of the legitimacy of its Islamic regime born out of the 1979 revolution, and of its place in the region as a major power.

The P5+1, which are due to meet Iran later this month, remain so divided that they are unlikely to improve substantially on their previous miserly offer, which was to provide Iran with some airplane spare parts if it gave up uranium enrichment to 20% -- its trump card. It is the paralysis of Iran's dealings with the P5+1 that has lent credence to the idea that the best hope of a breakthrough may lie in bilateral U.S.-Iranian talks -- perhaps even a summit meeting between President Obama and Ayatollah Khomeini.

For such a summit to be successful the United States would have to change its approach. Iran's supreme leader has made clear that Iran will not negotiate under threat of attack. There would have to be give and take. Above all, Iran wants to be treated with respect. This is the challenge facing Obama.

It is worth remembering that there is as yet no evidence whatsoever that Iran has decided to build nuclear weapons. Nor has it developed a reliable delivery system. Instead, it has focussed its efforts on

medium-range missiles unable to reach Israel. It has no second strike capability. As President Ahmadinejad stressed during his visit to Cairo last week, Iran has no intention of attacking Israel. Its posture is purely defensive.

If Obama were to act with boldness and vision, he could defuse a nagging problem which has plagued the region for years. It is surely time for the United States to draw Iran into the regional community of nations and put an end to 34 years of unremitting hostility.

*Patrick Seale is a leading British writer on the Middle East. His latest book is The Struggle for Arab Independence: Riad el-Solh and the Makers of the Modern Middle East (Cambridge University Press).*

Article 4.

The Washington Post

# What path now for Syria?

David Ignatius

February 12, 2013 -- Syrian opposition fighters appear to be making significant gains on the battlefield this week, following an offer by their top political leader for negotiations with the regime of President Bashar al-Assad.

This military and diplomatic news may appear positive. But Syrian sources caution that the battlefield advances may accelerate movement toward a breakup of the country, as Alawite supporters of the regime retreat to their ancestral homeland in the northwestern region around Latakia. And there's no sign that either Assad or his Russian patrons are paying any more than lip service to a political settlement.

One potential game-changer is a request for U.S. help in training elite rebel units, which has been drafted by Brig. Gen. Salim Idriss, the new commander of the opposition Free Syrian Army. In a letter dated Feb. 4, he seeks U.S. assistance in "training for: (1) special operations; (2) international humanitarian law; and (3) . . . in chemical weapons security."

Idriss requested various supplies for these elite units, including: "(1) combat armor; (2) night vision goggles; (3) hand held monocular and longer range spotting equipment; (4) strategic communications; (5) winterization packs; and (6) tactical communications."

This request for assistance was made just after the Assad regime had rebuffed an offer by Sheik Ahmad Moaz al-Khatib, the head of a new opposition coalition, to negotiate with government representatives.

The rebels' recent military successes have come mostly in northern Syria; the attacks

were made by different battalions that appear to operate with little central command and control. The gains include:

- The al-Jarrah air base, about 30 miles east of Aleppo, which appears to have been overrun by fighters from Ahrar al-Sham, a battalion based in Idlib. Videos posted Tuesday by the rebels showed them walking past derelict Syrian warplanes and inside a fortified hangar containing what appeared to be two Czech-built ground assault planes. On camera, the rebels displayed dozens of bombs racked in a warehouse, and other ammunition and spoils of war.
- The Thawra hydroelectric dam on the Euphrates, which is one of Syria's biggest power-generating facilities. Rebel sources said the Syrian army gave up the strategic dam after army positions there were overrun. The rebels negotiated a surrender with regime loyalists who remained. These sources said the dam continues to operate and provide power — a positive sign for those who worry that Syria's infrastructure would collapse if the rebels took over.
- The Aleppo International Airport, southeast of the city, is close to falling. Free Syrian Army sources said Tuesday that their fighters, including allies in the extremist al-Nusra Front, had captured an access point near the airport known as "Liwa 80." Syrian sources said rebels there

had seized large amounts of ammunition, including some shoulder-fired anti-aircraft missiles.

- Damascus and its suburbs, where the rebels are tightening their squeeze on access points to the capital. Syrian sources said fighters are converging on Damascus from different parts of the country, expecting a decisive battle there soon. "Regime forces are suffering from very low morale, whereas FSA soldiers have been encouraged by recent positive developments," asserts one FSA report from Damascus.

The al-Nusra Front has been a catalyst and beneficiary of the rebels' success. According to Syrian sources, al-Nusra is gaining strength in Homs, a city in central Syria where the group was never strong. One Syrian source told the State Department: "They have money, they are helping people with everything including daily living supplies. I heard that some fighters are leaving their [former] brigades and joining [Al-Nusra], some of them selling their weapons to feed their families."

One Syrian who works closely with the Free Syrian Army explained how creating an elite commando force could help check Syria's drift toward becoming a failed state: "We still believe FSA on the ground is still needed badly to tip the power and

support other parallel solutions, including the political one. But FSA [has] become a jungle. . . . My recommendation is . . . to start working on elite [forces that can] . . . initiate key attacks plus help as a buffer from potential warlords and fights among fragmented FSA factions. Plus, this unit can handle other key tasks, like securing chemical weapons."

This Syrian strategist argues in another memo that the rebels must "speak to the silent majority, many who did not care about the revolution, and they want their life back." He said that such a negotiated settlement requires more pressure on the United States, Russia and the United Nations "to find a way out of the deadlock."

Article 5.

Foreign Policy

# Why Does Europe Pretend Hezbollah Has a Good Side?

Matthew Levitt

February 12, 2013 -- Bulgaria's interior minister announced on Feb. 5 the result of his country's investigation into the July 2012 bombing of a bus filled with Israeli tourists in the city of Burgas, which killed five Israelis and the vehicle's Bulgarian driver. Two of the individuals who carried out the terrorist attack, he said, "belonged to the military formation of Hezbollah."

It was not by chance that his statement fingered only the military wing of Hezbollah, not the group as a whole. Within the European Union, the findings of the Bulgarian investigation have kicked off a firestorm over whether to add the Lebanese militant organization -- in whole, or perhaps just its military or terrorist wings -- to the EU's list of banned terrorist groups. But are there in fact distinct wings within the self-styled "Party of God"?

Hezbollah is many things. It is one of the dominant political parties in Lebanon, as well as a social and religious movement catering first and foremost -- though not exclusively -- to Lebanon's Shiite community. Hezbollah is also Lebanon's largest militia, the only one to keep its weapons and rebrand its armed elements as an "Islamic resistance" in response to the terms of the 1989 Taif Accord, which ended the Lebanese Civil War.

While the group's various elements are intended to complement one another, the

reality is often messier. In part, that has to do with compartmentalization of Hezbollah's covert activities. It is also, however, a result of the group's multiple identities -- Lebanese, pan-Shiite, pro-Iranian -- and the group's multiple and sometimes competing goals tied to these different identities.

Hezbollah's ideological commitment to Iranian Ayatollah Ruhollah Khomeini's revolutionary doctrine of velayat-e faqih (guardianship of the jurist), which holds that a Shiite Islamic cleric should serve as the supreme head of government, is a key source of conflict. The group is thus simultaneously committed to the decrees of Iranian clerics, the Lebanese state, its sectarian Shiite community within Lebanon, and fellow Shiites abroad.

The consequences of these competing ideological drivers was clear in July 2006, when Hezbollah dragged Israel and Lebanon into a war neither state wanted by crossing the U.N.-demarcated border between the two countries, killing three Israeli soldiers, and kidnapping two more in an ambush. They came to the fore again two years later, when Hezbollah took over West Beirut by force of arms, turning its weapons of "resistance" against fellow Lebanese citizens. When the chips are down, Hezbollah's commitment to Iran

trumps its identity as a Lebanese political movement.

The ties that bind Hezbollah's political leadership with its international illicit activities are also unmistakable. According to a CIA document, even before Hassan Nasrallah rose to the position of secretary-general in 1992, he was "directly involved in many Hizballah terrorist operations, including hostage taking, airline hijackings, and attacks against Lebanese rivals."

Time and again, Hezbollah's political personalities have been tied to the group's terrorist and criminal activities. Consider a major case in the United States: In 2008, while Hezbollah operative Ali Karaki was planning a Hezbollah attack in Azerbaijan's capital, Baku, his brother, Hasan Antar Karaki, was helping lead a broad criminal conspiracy to sell counterfeit and stolen currency in Philadelphia. Luckily, Hasan Antar Karaki sold his wares to an undercover FBI informant posing as a member of the Philadelphia criminal underworld. Hasan Antar Karaki proved to be a major figure in Hezbollah's forgery operations, and he provided an FBI source with fraudulent British and Canadian passports.

Meanwhile, in meetings in Lebanon and the United States, Hasan Antar Karaki's associate, Hassan Hodroj, a Hezbollah spokesman and the head of its Palestinian

issues portfolio within the group's political echelon, sought to procure a long list of sophisticated weapons in a black-market scheme involving Hezbollah operatives across the globe. According to court documents, Hodroj wanted "heavy machinery" for the "fight against Jews and to protect Lebanon." But move forward with caution, Hodroj counseled an undercover FBI source, because someone in the United States could "go to jail for 100 years" if caught dealing with Hezbollah.

In light of cases like this one, in which people overtly affiliated with Hezbollah's political activities are engaged in criminal and terrorist activities, it becomes increasingly difficult to separate Hezbollah's overt activities from its covert behavior. "Little is known about [the Hezbollah military wing's] internal command hierarchy," a Western government report noted in 2012, "due to its highly secretive nature and use of sophisticated protective measures."

The structure and manpower of Hezbollah's terrorist operation, which is responsible for its financial and logistical activities as well as its terrorist operations abroad, are similarly opaque. We do know, however, that Hezbollah's terrorist network, the Islamic Jihad Organization (IJO), was formally founded in 1983 when Hezbollah master terrorist Imad Mughniyeh fled to

Iran after orchestrating the October 1983 bombing of the U.S. Marine Corps and French military barracks in Beirut with his brother-in-law, Mustafa Badreddine.

This much is clear: Since its founding, Hezbollah has developed a sophisticated organizational and leadership structure. The overall governing authority, the Majlis al-Shura (Consultative Council), wields all decision-making power and directs several subordinate functional councils. Each functional council reports directly to the Majlis al-Shura, which, as Hezbollah Deputy Secretary-General Naim Qassem wrote in his book, is "in charge of drawing the overall vision and policies, overseeing the general strategies for the party's function, and taking political decisions."

U.S. assessments echo Qassem's description. "Hezbollah has a unified leadership structure that oversees the organization's complementary, partially compartmentalized elements," reads a Congressional Research Service report.

The secretary-general, currently Nasrallah, presides over the Majlis al-Shura and functions as the group's leader under the authority of the "jurist theologian" Ayatollah Ali Khamenei, Iran's supreme leader. Five administrative bodies, organized around thematic responsibilities, run Hezbollah's political, military (jihad), parliamentary, executive, and judicial

activities. The Majlis al-Shura considers all elements of the group's activities, including its political and military wings, as part of one holistic entity.

According to Hezbollah's top officials, this unity of purpose among the group's diverse activities is essential to its success. "If the military wing were separated from the political wing, this would have repercussions, and it would reflect on the political scene," Qassem told a Lebanese paper in 2000. "Hezbollah's secretary-general is the head of the Shura Council and also the head of the Jihad Council, and this means that we have one leadership, with one administration."

The Jihad Council is the functional council underneath the Majlis al-Shura responsible for all military matters. Qassem writes that it "comprises those in charge of resistance activity, be that in terms of oversight, recruitment, training, equipment, security, or any other resistance-related endeavors." To accomplish its mission, the council is divided into several smaller units in charge of protecting the leadership and carrying out internal and external surveillance, as well as overseas operations. The party's security branch is further broken down into three subgroups: central, preventive, and overseas security. In 2000, a dedicated counterintelligence branch was reportedly founded as well.

Under this structure, Hezbollah's militia and terrorist activities, along with its security organ, all report to the Jihad Council. Until he was killed, Mughniyeh was Hezbollah's top militant commander and reportedly led the Jihad Council himself. By some accounts, he also held a seat on the Majlis al-Shura, which would be typical for the party's standing military commander.

Unlike its sister councils, however, the Jihad Council enjoys strategic ambiguity. Neither the majority of Hezbollah officials nor the party's elected parliamentarians are aware of the details of their party's covert military and terrorist activities, which are decided on by the most senior leadership. According to the U.S. government, these activities are "executed" by the leadership of Hezbollah's military apparatus, known as the Islamic Resistance and led by Badreddine, and by the IJO, led by Talal Hamiyah, and they are "overseen" by Nasrallah.

Europe's approach to Hezbollah has been varied. Many European governments have resisted international efforts to designate the organization as a terrorist group by distinguishing between Hezbollah's political and military wings. Britain distinguishes among Hezbollah's terrorist wing (the Islamic Jihad Organization), military wing, and political wing, and the country banned the IJO in 2000 and the

military wing in 2008. The Netherlands, however, designated Hezbollah a terrorist entity in 2004 without distinguishing between the group's political and military wings. A 2004 Dutch intelligence report highlighted investigations that show "Hezbollah's political and terrorist wings are controlled by one co-ordinating council."

The European Union has taken action against Hezbollah's interests in the past. In May 2002, the European Union froze the assets of a non-European terrorist group for the first time by adding seven Hezbollah-affiliated individuals, including Mughniyeh, to its financial sanctions list for terrorism. It did not, however, sanction Hezbollah as an organization. On March 10, 2005, the European Parliament passed a nonbinding resolution recognizing that "clear evidence exists of terrorist activities on the part of Hezbollah" and calling on the European Council to take "all necessary steps to curtail them."

But the necessary steps did not occur. Instead, most European countries preferred to make convenient distinctions between the different parts of Hezbollah, even when the group's own leadership does not.

Today, as European leaders consider whether to label Hezbollah a terrorist group, they should judge the group by the totality of its actions. Hezbollah cannot be

forgiven its criminal, terrorist, or militant pursuits simply because it also engages in political or humanitarian ones. As the Burgas bus bombing demonstrates, the Party of God can and has mobilized operatives for everything from criminal enterprises to terrorist attacks well beyond Lebanon's borders.

And though Hezbollah is composed of multiple committees and branches, it operates as a single entity. Hezbollah, the U.S. intelligence community has determined, is "a multifaceted, disciplined organization that combines political, social, paramilitary, and terrorist elements" and is one in which decisions "to resort to arms or terrorist tactics [are] carefully calibrated."

Hezbollah's Qassem, speaking in October 2012, concurred: "We don't have a military wing and a political one; we don't have Hezbollah on one hand and the resistance party on the other.… Every element of Hezbollah, from commanders to members as well as our various capabilities, are in the service of the resistance, and we have nothing but the resistance as a priority," he said.

Maybe it is time Western leaders finally listened to him.

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Article 6.

The Atlantic

# A Middle-Class Paradise in Palestine?

Armin Rosen

Feb 11 2013 -- The sole outlet to Rawabi sits off a dizzying two-lane highway flanked by round, scraggly hills. In this part of the West Bank, just north of where the Jerusalem suburbs thin into a dry, granite-gray wilderness, the mountains seem to aid in the illusion that Israeli and Palestinian spheres of authority can remain perfectly, even harmoniously separate. Arabs use the road to get to the Palestinian-controlled cities of Bir Zeit and Ramallah; for Jewish Israelis, the road connects the Jerusalem

area to settlements deep inside the northern half of the West Bank.

Ramallah's skyline is barely discernible on a hazy day. Ateret, a red-gabled settlement of about 90 families that sits high above the Rawabi junction -- a community which would likely either be vacated or incorporated into a Palestinian state under a future peace agreement -- flickers in and out of view with every delirious knot in the road. Even a concrete pillbox looming over the highest point along the highway is abandoned, its connection to the territory's oddly invisible occupying army marked only by a tattered Israeli flag that no one has bothered to steal or replace.

Last year was the first since 1973 in which no Israeli citizen was killed in a terrorist attack originating from the West Bank. As on the newly-pacified Gaza-Israel border, a tense quiet pervades things here, although a bright red sign at the junction reminds one category of motorist not to feel too complacent. "This road leads to Area 'A' Under the Palestinian Authority," it reads in Arabic, Hebrew, and broken English. "The entrance for Israeli citizens is forbidden, dangerous to your lives and is against the Israeli law." At the Rawabi junction these warnings of latent danger are almost comically off-base, partly because of the only other marker at the turnoff: a

light-green arrow sagging off of a nearby post.

No one lives at the end of the road, which is every bit as wavy and disorienting as the adjoining highway. It empties into a scene that seems engineered for maximum bewilderment: three high-rise cranes, topped with fluttering Palestinian flags, tower over massive stone and concrete building frames. Cement-mixers, painted the same shade of light green as the arrow at the turnoff and marked with the project's logo -- a wiry oval with a cute little convex loop at the end, like a child's drawing of a heart that could also be a tree -- line up to receive material from a buzzing, state-of-the-art plant. The construction site, a couple turns up-road of the cement factory, is swarming with workers in green hardhats. Spotless SUVs with the Rawabi logo on the door speed from one side of the site to another.

Rawabi, which will be the first Palestinian planned city in the West Bank, runs from the top of the mountain to the valley below, with its highest point sitting at an elevation slightly higher than Ateret, which is now constantly visible. In contrast, the chaos of Ramallah, stronghold of an insolvent and sclerotic Palestinian Authority, feels distant in more senses than one.

Rawabi represents something totally new -- a visionary Palestinian-directed private

sector project, with support from both Israeli businesses and a major Arab government. It has the potential to shift the conversation on the region's future on both sides of the Green Line. It could convince Palestinians -- and the rest of the world -- that the future of the West Bank shouldn't be shackled to Ramallah or Jerusalem's vacillating willingness to hash out fundamental issues. It could prove that there's an appetite, both among Palestinian consumers and foreign donors, for the creation of a social and economic existence in the West Bank that's de-coupled, insomuch as currently possible, from the Middle East's tense and labyrinthine politics.

It would also help solidify the benefits of the current cessation in hostilities. Indeed, Palestinian leader Mahmoud Abbas's progress in fostering the end of violent resistance in the West Bank in the years after the bloody Second Intifada, coupled with Palestinian Prime Minister Salaam Fayyad's widely-respected institution-building initiative, could get a crucial private sector assist through Rawabi's eventual success.

And Rawabi gets at something even more fundamental. "It touches upon all of the core issues of control and sovereignty," says Robert Danin, a fellow at the Council on Foreign Relations who, as head of the Quartet mission in Jerusalem from 2008 to

2010, witnessed some of the political discussions that accompanied the project's creation. "This could be a huge, iconic victory for the whole strategy of building Palestine from the bottom up rather than trying to build it at the negotiating table," he says.

Its success would prove just how much power Palestinians can, and indeed already do, have in shaping their future. And its failure could prove the exact opposite.

I visited Rawabi two weeks ago with a group of national security professionals, as part of a trip organized by the Foundation for Defense of Democracies, a Washington, DC-based think tank. (All of the photos in the body of the article are mine.) We were taken around the construction site by a young Palestinian engineer who conveyed the vast ambition underlying the project: When the city is completed, she said, it will house 45,000 people in 23 distinct neighborhoods with innocuous, nature-based names like "Flint," and "Hard Rock". (Rawabi is Arabic for "Hills".) There will be eight schools -- some of them built with the help of the U.S. Agency for International Development -- a "huge park," a convention center, an 850-seat indoor theater, and a 20,000-seat amphitheater carved into a hillside.

Most ambitiously, there will be a commercial center that developers hope

will bring in between 3,000 and 5,000 permanent jobs within the next five years -- hopefully, we were told, in the informational technology sector (an aspiration that might imply a certain cooperation with the burgeoning tech industry on the other side of the Green Line). The engineer said that Rawabi had already created 3,000 construction jobs for West Bank Palestinians. The city is Palestinian-designed and Palestinian-built -- making the surfeit of Qatari flags at the construction site somewhat puzzling at first. And while the project does not purchase materials from Jewish settlements in the West Bank, the engineer was hardly shy in explaining that Rawabi would add an estimated $85 million to the Israeli economy.

As we drove around the construction site, the engineer's talk made few demands on the imagination. The sheer scale of the project is already obvious. Within the next 18 months, the first phase, which includes six neighborhoods, a mosque, the amphitheater, and two-thirds of the city's commercial center, will be complete, and 3,000 people are scheduled will move into Rawabi by the end of 2013. Apartment blocks built of a local white stone -- "Rawabi stone," the engineer called it -- are already rising out of a network of concentric ring-roads centered on the top of the hill. Most of these roads have already

been paved, and there are terraced retaining walls, built out of thick stacks of local sandstone, running all the way to the bottom of the valley. No bleachers have been installed in the amphitheater yet, but it's fairly far along, with the future seating area fanning into a wide notch in the mountainside. There are attractive stone signs bearing the stylized Arabic names of neighborhoods that haven't been built yet.

The future commercial center is also well on its way to completion. Situated on a shelf slightly below the summit of the hill, the complex of office buildings, hotels, theaters, and a convention center will huddle around a broad outdoor plaza, which will be connected to the lower neighborhoods through a wide flight of stairs. The stairs, plaza, and central buildings are already past their skeletal phase, and the high-rise apartments ringing the city center look like they're almost complete. For now, the commercial core is a jumble of dust and brutal concrete surfaces, but in the future, someone lingering in the cafés near the staircase will enjoy phenomenal views of the rugged hill country, and perhaps even glimpses of the Jordan River Valley on a clear day.

It is still possible to remain unconvinced of Rawabi's reality -- doubtful as to whether that café will ever be built, or whether any middle class-Palestinian desirous of a generic middle class existence will ever

linger there. There's abundant reason for skepticism. The project's future depends on the Israeli authorities' willingness to allow for the construction of access roads in "Area C," or West Bank territory under the direct control of Israel. The sole existing route into the city only exists because the Israeli government, after years of bureaucratic and high-level diplomatic wrangling, granted Rawabi's developers a permit for a "temporary" road. Technically, they will have to destroy the road when the current permission expires. And even if the Israelis agree to make the road permanent, one two-lane route is hardly adequate for a city of 45,000 people. Developers claim it isn't even adequate to the needs of the current construction site.

Water is another challenge. Negotiations with Israel and the Palestinian Water Authority are ongoing, and developers say they have held in excess of 100 meetings with Israeli officials on water-related issues alone. Developers admit that they aren't sure where the city's water resources will eventually come from, and the construction site only got running water two months ago.

And they'll admit that attracting jobs to the site is an even bigger challenge than Israel's West Bank regime. Rawabi isn't meant to be a bedroom community of Ramallah. It's meant to be a self-contained city, with office and retail space. The jobs haven't

quite materialized yet (although the developers have a slight head start: between 200 and 300 call center-type jobs currently based in Ramallah are scheduled to move into Rawabi when the first phase of construction is complete). If the political or security situation seriously deteriorates -- if the checkpoints return, if the Israelis are forced to re-occupy urban areas ceded to the Palestinian Authority under the Oslo Accords, as happened during the Second Intifada; if Hamas wages a violent takeover of the Palestinian government -- all bets are off. The developers don't seem to be bothered by those possibilities right now. At the showroom, built at the very top of the hill, the future is nothing but bright.

I chatted with another site engineer as we walked through a scale-model mock-up of a typical Rawabian street, where happy families in western dress waved from little video screens inset in plastic apartment windows. I asked her about the Qatari flags I had seen around the construction site. Qatar's state investment fund is footing two thirds of the nearly $1 billion project bill, she said. "This is the biggest investment in the history of Palestine," she explained as we stepped over a fake valley in the next room, walking past a mock-up of a stunning hilltop view contained inside a mock-up of a future apartment suite. The Rawabians will apparently own large flat-screen TVs and stylish coffee tables, and

their living spaces will be kept mercilessly clean.

What, of that $1 billion investment, was going to Israel, I asked? Israeli companies were providing cement powder and sand, she said, and the project had consulted with "Israeli experts." "In some cases, you have to do that," she said, alluding to the comparative difficulty of importing building materials through neighboring Jordan. In other words, working with the Israelis was a necessary business decision for a project this large and complex.

The fake street, fake valley, fake apartment-display ended in a pleasant sky-lit lobby, where representatives of the Cairo Amman Bank, Arab Islamic Bank, and Arab Bank sat in logoed glass cubicles, available to discuss financing for future purchases. And for the still-skeptical, there's a six-minute 3-D movie, where the city appears in its completed glory -- a place where families picnic, men in business dress greet each other amid bustling plazas, and fireworks crest over soaring apartment towers topped with solar panels. The architecture is tasteful. These aren't dachas plunked on fake islands off the coast of Dubai. It's the kind of place where I, or just about anyone in the world with middle or even upper-middle class aspirations, would want to live. And it looked weirdly familiar.

The group had a chance to visit with Bashar Masri, the Nablus-born founder and CEO of Massar International, the Palestinian conglomerate financing a third of Rawabi. Massar and Qatar Diar, the real estate investment arm of the government of Qatar's sovereign wealth fund, jointly created Bayti Real Estate Investment Company -- Palestine to build and market Rawabi. But if two-thirds of the project's money is coming from Qatar, the vision behind Rawabi is Masri's.

Massar owns a private equity fund that invests in Palestinian agriculture and natural gas distribution. It runs travel agencies in Jordan and brokerage firms in Serbia. Massar invests in Harvest Export, which sells Palestinian produce to consumers in Russia and Western Europe -- as well as in Israel. Two years ago, Masri made headlines when he attempted to purchase a bankrupt Jewish housing development in East Jerusalem. He helped create an online trading and brokerage platform for Palestine's stock exchange.

Masri has lived outside of Palestine for periods of his life, and is, by all accounts, largely untainted by connections to the PA's notoriously rent-seeking inner circle. He's a trim middle-aged man, smartly-dressed, friendly and approachable. There seemed no more appropriate a place to talk to him one-on-one than on a wide terrace overlooking the construction site, with

hills, valleys, and rising apartment blocks -- the future he was in the process of building -- stretched out in front of him.

"On a good, clear day, you can see Tel Aviv, Ashdod, and Ashkelon," he told me. "One-third of Palestine and Israel." Rawabi is in the second-largest, yet most sparsely-populated Area A in the West Bank -- from the terrace, which faces away from Ateret, you can see expanses of mostly-empty hills. Perhaps in Masri's mind, they are awaiting Rawabis of their own. When I returned to Washington, I asked him in a phone interview if he viewed his project as the first of many such planned cities in Palestine. "I always say our success is measured not by how many homes we sell. It is measured when a second Rawabi is established," he told me.

Standing on the terrace, I asked him if his willingness to undertake such a massive project reflected any optimism about the coming years -- no one invests this much time, money, and energy into something if they expect war is on the horizon. "This project is built for today's politics," he replied. "If it gets a little worse, or a little better -- fine. If it gets really bad, we're in trouble. If it doesn't, then great. We're not waiting on a breakthrough."

He estimated that Israeli obstruction had delayed the project by a year and a half. The bureaucratic inertia could continue:

For instance, developers were surprised to find out that, by a quirk in the West Bank's notoriously Byzantine and palimpsestic legal codes, they required the approval of a joint Israeli-Palestinian water commission created through the Oslo Accords to build a sewage treatment plant in an Area A, approval that they recently received. There's also the still-unresolved matter of the access road. But thus far, Rawabi had flourished in spite of delays and inconveniences.

Could it survive its isolation, though -- could this hilltop off of a two-lane highway get enough water and electricity to support 45,000 people living at a middle class standard? "There is nothing here at all. We're out in the boondocks," he conceded. "We're building everything from scratch." One needed only to glance at the busy construction site below to understand that Masri considers this a point of pride, far from a potential death-sentence for his project.

I asked Masri about something that had jumped out at me during the 3-D video. The finished Rawabi, I'd noted, had the same terraced garden parks, stoic, modular apartment design, and concentric hilltop roads that I had seen in Talpiyot Misrach, a new neighborhood on the fringes of West Jerusalem. His city looked very, well, Israeli.

"This place is influenced by Reston, Virginia," he said -- Masri is a Virginia Tech alumnus, and had lived in the Washington, DC area earlier in life. It was, he said, influenced by planned suburbs outside of Cairo. "And it's influenced by Modi'in," he added, explaining that the site's engineers and designers (who were entirely Palestinian, we had been told earlier), had traveled to the Israeli city, which is built around similar topography, for inspiration.

Palestinians have long understood that a western-style standard of living was possible in their part of the world. They knew that places like Rawabi already existed minutes from their own homes, but didn't think that the quality of life epitomized by hilltop settlements and cities in Israel -- places they weren't allowed to visit without an official permit from the military -- was accessible to them.

During our phone interview, Masri talked about the astonishment that Palestinians feel when they visit the construction site. "When [Palestinians] come to Rawabi, and they go through the showroom and they see what we have planned for them, and they see it actually being built, they say, 'Wow, this can't be for us. This is not for us. This is too high of a standard for us because we are supposed to live miserably under the occupation'. Then they come to the other

side of the showroom and see the city being built, and reality starts sinking in."

It's a type of living closely associated with the Palestinians' neighbors in Israel. "They know very well that just a 20-minute drive away, there's a community with a much higher standard of living. And that community happened to be one representing the occupier, quote-unquote the 'enemy.' But they would love to live like that. And that's why when they come to Rawabi some of them don't believe this is for them initially. The first thing that goes through their mind is that this could be for the Israelis."

But it is for them. Rawabi's significance could lie in something more mundane than basic issues of sovereignty and control in the West Bank. It lies in the common, human desire -- powerful on either side of the Green Line -- for a comfortable and dignified existence.

In some quarters, this idea of working within the present and less-than-ideal political and economic framework to achieve this goal is nothing short of inflammatory. The U.S.-based, anti-peace process website Electronic Intifada has smeared Masri as an Israeli collaborator, and there have been scattered accusations that the project actually legitimizes Israeli control over the West Bank.

Danin says that Masri is faced with a difficult balancing act. "On the one hand you're denying the occupation, and you're saying you do not accept its legitimacy," he says. "But that doesn't mean you won't work with Israel in order to improve the Palestinian situation with the goal of removing the occupation. That's a difficult message to convey successfully."

Masri rejects the notion that he abetting a problematic status quo. "The vast majority of Palestinians understand and know reality," he said. "There is no home in Palestine without Israeli cement and parts. Every construction project in Palestine must have components from Israel. So it's not like I'm doing something different."

Of course, he doesn't like that Israel has so much control over Palestinian imports, and the West Bank economy in general. "This is the occupation," he said. "I'm not happy about that and that's why we strive for a state of our own." But he likened boycotting Israeli products to boycotting products from the United Kingdom, the United States, or other countries supportive of Israel -- something he wouldn't consider. The only people he won't buy from are the West Bank settlers.

Luckily, Masri's vision has the backing of a powerful regional government -- one that does not officially recognize Israel, and whose actions have often had the effect of

strengthening some of the Jewish State's sworn enemies.

The Gulf kingdom of Qatar has done more than simply buy into the Rawabi paradigm: It's also funding two-thirds of the project, to the tune of over $600 million. This is enough money to single-handedly finance the Fatah-dominated Palestinian Authority -- which is effectively broke, thanks to penalties imposed by the Israeli and U.S. governments after Mahmoud Abbas's successful push for a U.N. General Assembly vote on Palestinian U.N. membership, and a freeze in financial aid from Gulf State donors, most notably Saudi Arabia -- for the better part of a year.

Instead, the Qataris have not only bypassed the PA, but channeled money into a project that seems to prove the PA's uselessness. "It's like an island inside the traditional infrastructure of the PA," says Jonathan Schanzer, vice president of research at the Foundation for Defense of Democracies and author of a book on Palestinian internal politics. "It shows everyone what you can do if you don't go through the PA. The PA receives $600 million a year [in foreign aid] and they have not done something like this."

Masri says that the leadership of the PA has been fully supportive, but that Rawabi has been hurt by the Palestinian government's lack of capacity. "We should not be

building public schools. We should not be building a waste water treatment plant or waste water networks or water reservoirs," he told me. "Unfortunately we have to do that because the Palestinian Authority does not have the funding and the donors let [the PA] down."

There might be a political calculation behind Qatar's decision to throw an amount of money equivalent to two years of U.S. financial aid to the PA behind a single private-sector figure like Masri. Qatar recently announced plans to invest nearly $400 million in the Hamas-controlled Gaza Strip, and in October of 2012, Qatari Emir Sheikh Hamad bin Khalifa al-Thani became the first head of state to visit the Strip after the Islamist militant group's 2007 takeover. Hamas politburo chief Khaled Meshaal lives in Doha, and Qatar Diar is financing a major development in Sudan, whose cash-strapped government enjoys close relations with Iran, and has facilitated the transfer of long-range rockets to Hamas. In short, Qatar supports an E.U. and U.S. listed terrorist organization bitterly opposed to both Israel and the current PA leadership. And it also has no problem investing in Rawabi.

According to Kamran Bokhari, vice president of Middle Eastern and South Asian affairs for Stratfor, Qatari support for Hamas is part of the sheikhdom's larger, post-Arab Spring strategy of siding with

the Middle East's Islamists, and specifically the Muslim brotherhood, whom the Qataris view as the region's rising power. "The Qatari strategy is that the situation has changed, and we need to fend for ourselves and ensure that the regional anarchy is not going to impact us," says Bokhari. The Qatari investment in Rawabi -- which feeds an $85 million investment in the Israeli economy, and which could not have happened without some degree of official Israeli approval -- is an example of this larger geopolitical strategy, which is driven more by perceived self-interest than by an ideological affinity for political Islam.

"Investments in the region are about the return on political influence," adds Gregory Gause, a professor at the University of Vermont and a non-resident senior fellow at the Brookings Institution-Doha. He noted the presence of a large American airbase in Qatar, and the country's close relations with the United States.

In the Palestinian territories, as in the broader region, the Qataris are supporting secular and religious forces in a way that will maximize their influence and keep the regional balance as favorable for them as possible. In a sense, the same strategic calculus that convinces Qatar to support Hamas allows them to cooperate with Israel and the West Bank private sector as well.

"I think Qatar is going by the ground reality," says Bokhari. "Fatah, the ruling faction of the PA, is essentially tanking. It's really in a state of decline because of corruption and charges of embezzlement. It's got an aging leadership. There's no dynamism left in the group. There's a lot of factionalism. It's almost like an oligarchy."

Rawabi could be Qatar's way of encouraging the currently-calm status quo in the West Bank, but without obviously upgrading their ties to Israel, or throwing their money behind a political establishment that they don't fully trust. "On one end they need to make sure Fatah does not completely collapse or weaken to the point where they're no longer coherent," says Bokhari, "and Hamas needs to be shaped and contained and shepherded in a way that it doesn't grow into anything larger."

Though there are politics underlying Qatar's investment in Rawabi, it is still, inevitably, a financial decision. "You have serious people who have a lot at risk here," Danin says. "Their goal is not primarily to make a political point. Their goal is to recoup their investment and make some money." Even resource-rich Qatar, which wants to diversity its holdings in order to hedge against long-term shifts in the oil and natural gas market, cares whether its investment choices pay off.

Danin believes that Rawabi's Palestinian and Qatari investors made a wise decision. Housing in Ramallah is expensive, and Danin says that there is a sizable and highly-educated Palestinian middle class in need of an alternative to the West Bank's de-facto capital. He expressed little doubt when I asked him if the West Bank economy could support Rawabi. "This is a Palestinian national project," he said. "It is the best of what is possible in that it's private sector-led, and it's profit-making led."

And it has supporters in high places. When President Barack Obama met with Israeli officials in Washington in September of 2010, Rawabi was on the agenda.

From one perspective, Rawabi is a historic investment in Palestine, as well as an unusually open point of cooperation between Israel and an Arab government. It could improve the lives of Palestinians, while convincing Israelis that they have nothing to fear from their neighbors' prosperity. But any attempts to change the status quo in the West Bank are fraught with difficulties.

There's Israeli bureaucracy to overcome. "In Israel, if the Minister of Defense says I want something, it's not that the system thwarts it. But the system is so decentralized that ultimately it takes a lot of steps to get it translated into action,"

says Danin. Israeli officials are positively disposed towards Rawabi, but it's still taken years to resolve sovereignty and governance issues around necessities like water, and a single access road. Such Israeli inertia was apparently at the heart of Obama's concerns back in 2010, and sources say that the president has discussed the issue of the access road with Israeli Prime Minister Benjamin Netanyahu on multiple occasions.

Back in Washington, I asked Masri if he believed the Israelis understood the potential importance of Rawabi. "I really don't know," he said. "Their statements are neutral to positive. But their actions are neutral to negative."

And then there's the larger inertia. What meaning does a place like Rawabi have if it sits in the middle of a still-unresolved conflict, or if Palestinian economic self-improvement stands in contrast to an all-pervading political stasis -- or even political backsliding? Today, Rawabi is significant because of its novelty. But if there's a breakthrough in the Israeli-Palestinian peace process, perhaps enabled by a growing West Bank economy and a permanent end in terrorism, it could take on an importance much larger than itself.

On the drive out of the valley, where the highway swerves past the pillbox with the

beaten Israeli flag and past the turnoff for Ateret, the picture is still mixed.

*Armin Rosen writes for and produces* The Atlantic*'s International Channel.*

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The Wall Street Journal

# The Ayatollah Always Says No

Editorial

February 8, 2013 --The Farsi word for "no" is na h, which is easy enough to remember. Maybe even Joe Biden won't forget it the next time the U.S. tries to reach out diplomatically to Iran.

We're speaking of the Administration's latest effort to come to terms with Tehran over its nuclear programs, which Mr. Biden made last weekend at the Munich Security Conference. The U.S. offer of direct bilateral talks, he said, "stands, but it must be real and tangible." Iranian foreign minister Ali Akbar Salehi, who was also at the conference though he refused to meet with U.S. officials, called Mr. Biden's comments "a step forward."

Mr. Salehi's remark set the usual hearts aflutter that Iran is finally serious about a deal. But the optimism was brief. On Thursday, Iran's Supreme Leader Ayatollah Ali Khamenei flatly rejected direct talks with the U.S. "The U.S. is pointing a gun at Iran and wants us to talk to them," he said. "Direct talks will not solve any problems."

This isn't the first time Mr. Khamenei has played chaste Daphne to President Obama's infatuated Apollo. Just after becoming President in 2009, Mr. Obama sent the Ayatollah two private letters and delivered a conciliatory speech for the Persian new year of Nowruz. Mr. Khamenei's answer: "They chant the slogan of change but no change is seen in practice." He told a crowd chanting "death to America" that "if a hand is stretched covered with a velvet glove but it is cast iron inside, that makes no sense."

That was in March 2009. In October of that year the U.S. and its allies tentatively worked out a deal with Iranian negotiators to move some of

their enriched uranium outside Iran. Western analysts were confident that Mr. Khamenei would give his blessing, given the international pressure he was said to be under following the fraudulent elections and the bloody crackdown that followed.

The Ayatollah quashed that deal too: "Whenever they [Americans] smile at the officials of the Islamic revolution, when we carefully look at the situation, we notice that they are hiding a dagger behind their back."

It was the same in January 2011, when diplomacy also collapsed. Ditto in 2012, when negotiations in February, May and June each ended in failure. Washington went into those talks thinking they were going to succeed on the theory that Tehran desperately wants relief from the supposedly crippling pressure of economic sanctions.

Why does the Ayatollah keep saying no? The conventional wisdom is that previous U.S. offers weren't generous enough, or that the wrong President was in the White House, or that Iran wants only to deal directly with the U.S. and not in multilateral forums. Each of these theories has been tested and shown to be false.

A more persuasive explanation—get ready for this shocker—is that Iran really wants a bomb. The regime believes, not unreasonably, that Moammar Gadhafi would still be in power had he not given up his nuclear program in 2003. Mr. Khamenei also fears a "velvet revolution" scenario, in which more normal ties with the West threaten the ideological foundations of the Islamic Republic. Confrontation with America is in this regime's DNA.

Meantime, the pretense of negotiations has allowed Tehran to play for time to advance its programs. When Mr. Obama took office, Iran had enriched 1,000 kilos of reactor-grade uranium. In its last report from November, U.N. inspectors found that Iran has produced 7,611 kilos to reactor grade, along with 232 kilos of uranium enriched to 20%, which is close to bomb-grade. Last month, Iran declared that it would install 3,000 advanced centrifuges at its Natanz facility, which can enrich uranium at two to three times its current rate.

As for the sanctions, they may hurt ordinary Iranians but this regime is famously indifferent to the suffering of its own people. The Ayatollah also doesn't seem to take the Administration's talk about "all options being on the table" seriously. Mr. Obama's nomination of Iran dove Chuck Hagel to be Secretary of Defense reinforces that impression, as do reports that the White House blocked Pentagon and CIA plans to arm the opposition that's fighting to overthrow Iran's client regime in Damascus. An America that won't help proxies in a proxy war isn't likely to take the fight directly to Iran's nuclear facilities.

In rejecting Mr. Biden's offer, the Ayatollah said frankly, "I'm not a diplomat; I'm a revolutionary." Another round of multilateral talks with Iran is set to resume this month, but maybe Joe Biden and his boss should start taking no for an answer.

Article 2.

Foreign Policy

# Let's face it: Obama's Iran policy is failing

James Traub

February 8, 2013 -- There is no better example of an Obama administration initiative that has succeeded on its own terms, and yet failed as policy, than Iran. By engaging the regime in Tehran, and being rebuffed, the White House has been able to enlist China, Russia, and the European Union in imposing tough sanctions on Iran. By steadily ratcheting up those sanctions, the administration has been able to gradually squeeze the Iranian economy. By insisting that "containment" is not an option, Obama has persuaded Israeli Prime Minister Benjamin Netanyahu that he need not launch an attack on Iran's nuclear facilities -- at least not any time soon.

Obama has done everything right, and yet his Iran policy is failing. There is no evidence that the sanctions will bring Iran to its knees and force the supreme leader, Ayatollah Ali Khamenei, to accept the humiliation of abandoning his nuclear program. But neither is there any sign of new thinking in the White House. "I don't see how what didn't work last year is going to work this year," says Vali Nasr, who served in the Obama State Department before becoming dean of the Johns Hopkins School of Advanced International Studies. He might not get much of an argument from White House officials, who, the New York Times recently noted, "seem content with stalemate."

The United States is not negotiating directly with Iran but rather doing so through the P5+1, which consists of the five permanent Security Council members and Germany. The P5+1's current position is that Iran must stop enriching nuclear fuel to 20 percent purity -- a point from which Iran could quickly move to weapons-grade material -- transfer its existing stock of such fuel to a third country, and shut down one of its two enrichment facilities, known as Fordow. In exchange, the parties will help Iran produce such fuel for medical purposes, which the regime claims is its actual goal. Iran has refused, saying it will not shut down Fordow.

But the current state of play masks the larger issue, which is that the ayatollah and those around him believe the United States wants to make Iran cry uncle -- which happens to be true. The next round of P5+1 negotiations, now scheduled for Feb. 25 in Kazakhstan, are almost certainly not going to go anywhere unless the United States signals that it is prepared to make what the Iranians view as meaningful and equivalent moves in exchange for Iranian concessions. Arms-control experts say that both British Prime Minister David Cameron and Catherine Ashton, head of foreign affairs for the European Union, favor offering Iran a reduction in sanctions; but there's a limit to what they can do without the United States.

Of course, such flexibility would be pointless if Iran is simply hell-bent on gaining the capacity to produce a nuclear weapon. The signals, as always with Iran, are cryptic. Iranian authorities have told nuclear inspectors that they plan to install a new generation of centrifuges in order to accelerate

enrichment. And yet Iran also chose to convert some of its stockpile of highly enriched uranium for medical use rather than approach the amount needed for a bomb, leading Israeli authorities to predict that Iran wouldn't be able to build a bomb before 2015 or 2016. Last week, Ali Akbar Velayati, Khamenei's foreign policy advisor, publicly criticized officials who have treated the negotiations dismissively. Presumably, he was thinking of President Mahmoud Ahmadinejad, who has compared Iran's nuclear program to a train without brakes.

Iran is now at the outset of what promises to be a raucous presidential election, and may be no more capable of serious negotiations between now and June than the United States was in 2012. But what is clear is that the sanctions have moderated Iranian behavior and rhetoric. At the same time, as the Times also noted, the economic pressure is not nearly great enough to compel concessions that the regime would view as a blow to national pride. In short, Iran might -- might -- be more willing to accept a face-saving compromise than they were a year or two ago, but will need serious inducements to do so.

What would that entail? Virtually all the proposals that have come from outside experts suggest that the P5+1 begin with modest confidence-building measures, especially in the period before the election. A recent report by the Arms Control Association enumerates several of them. Western diplomats, for example, could take up Ali Akbar Salehi, Iran's foreign minister, on his proposal to limit the "extent" of enrichment -- i.e., well below 20 percent -- in exchange for fuel rods for the research reaction and a recognition of Iran's "right to enrich," a notional concept the United States already supports under specified conditions. Or Iran could suspend 20-percent enrichment in exchange for a suspension of new sanctions. But Iran is unlikely to accept even such small steps unless it felt that additional moves would win additional explicit concessions.

Beyond that, the outlines of what in Middle East peacemaking is known as "final status" are clear enough: Iran agrees to verifiable inspections to ensure that it does not enrich uranium beyond 3.5 percent and does not pursue a nuclear weapons program, while the West accepts Iran's "right to enrich" and dismantles sanctions. Of course, the outlines of a Middle East

peace deal are clear enough, too. But in both cases, neither side trusts the other, and each demands that the other go first. Instead, nobody goes anywhere.

U.S. officials have very good reason to be wary of Iran's bona fides. In 2009, they reached a deal with Iranian negotiators to send the stockpile of highly enriched uranium out of the country -- only to see the ayatollah repudiate it. As Ray Takeyh, an Iran expert with the Council on Foreign Relations puts it, "Khamenei has created a politics where it's hard for him to compromise." But so has the United States. Anyone who watched Chuck Hagel's confirmation hearing knows that it is an article of faith in Congress -- and pretty much a bipartisan one -- that Iran is a faithless, illegitimate terrorist state that will be deterred from building a bomb only by the threat of massive attack. Had Hagel been foolish enough to suggest that the United States offer to reduce sanctions in exchange for Iranian concessions, the White House would have had to find a new candidate for defense secretary.

It's the U.S. Congress that arguably holds the high cards, though the White House put them in its hands. The most potent sanctions are legislated, and have been written in such a way that they will be very hard to unwind. Obama can waive them for up to six months. But the ayatollah is not about to make irreversible decisions in exchange for six months of relief.

The White House is thus stuck between Tehran and Capitol Hill. And it can't live long with the current stalemate. After all, Obama has said that "containment" is not an option. He is hoping that the combination of economic pain and fear of military action will bring Tehran to its senses. If it doesn't, the president has said that he is prepared to use force. Perhaps he feels that just as spurned engagement served as the predicate for tough sanctions, so would failed negotiations lay the predicate for a broadly supported strike against Iran's nuclear facilities. Iran left us no choice, he might say, as the bombers fly.

That would constitute a diplomatic triumph ... if a strike against Iran's nuclear facilities is a good idea. If in fact it's a dreadful prospect -- worse, perhaps, even than containment -- then it would constitute a failure that

would obliterate the record of adroit diplomacy of the last four years. Obama understands very well -- even if many members of Congress do not -- that even our worst adversaries have interests of their own, that those interests feel as legitimate to them as ours do to us, and that we at least have a chance of settling disputes with them if we can find the place where our interests overlap. The time has come for him to apply that wisdom to Iran.

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Article 3.

The National

# An uneasy courtship as Iran and Egypt test the waters

Alan Philps

Feb 8, 2013 -- There is a consensus among commentators that the visit of the Iranian president, Mahmoud Ahmadinejad, to Egypt - complete with red carpet and kiss on both cheeks from President Mohammed Morsi - does not amount to a breakthrough. The view of US think-tanks is that it does not amount to very much at all, and certainly not worth getting anxious about. Such a consensus is always dangerous, and it is worth looking more closely at what it is based on.

Mr Ahmadinejad is the first Iranian leader to set foot in Cairo since the deposed Shah of Iran was given refuge in Cairo, where he died and received a state funeral. The two countries have not had diplomatic relations since 1979.

The Iranian president's visit has deep historical significance, even if he came as a guest of the Organisation of the Islamic Conference summit. The picture of the two presidents embracing says to the world: Egypt is

released from the US straitjacket and is free to resume its position as a regional power.

There are plenty of reasons, however, to dismiss the visit as just show. Mr Ahmadinejad is a lame duck, banned by the constitution from running for a third term in the June elections. As Iran moves into a period of war economy under the pressure of sanctions designed to curb its nuclear programme, Mr Ahmadinejad is engaged in a furious struggle to ensure that his rival, the parliamentary speaker, Ali Larijani, does not succeed him. The corruption allegations levelled by Mr Ahmadinejad against the Larijani family are deeply damaging to the Iranian regime.

Mr Morsi, meanwhile, has little to show Egyptians that he has improved their lot. Cairo is the scene of near-constant street battles and the economy is tanking. Egypt's currency reserves have just sunk to $13.6 billion (Dh50 billion), below the critical level needed to cover three months of imports. The country is staring bankruptcy in the face, but cannot access emergency funds from the International Monetary Fund without implementing unpopular reforms that would further raise social tensions.

Both leaders need to show that they have "friends" abroad. The reality is a little different. Egypt and Iran appear to be divided by the Syria conflict, which is symptomatic of the wider split between the Sunni Muslim powers, led by Saudi Arabia, and Iran's faltering "axis of resistance" that, with Syria in play and Hamas having defected, now looks increasingly like a Shia Muslim axis.

If we look more closely, then the story of Egypt resuming its role as a regional power looks premature. At this stage, Egypt is trying to find some space to manoeuvre between Saudi Arabia and Iran. Given that Saudi Arabia has the money that Egypt needs, and Washington has a lock on the actions of the IMF, that space is limited.

But what does Washington think? Not very much at the moment. With President Barack Obama's second term team still being assembled, it is not surprising that there is something of a vacuum in Middle East policy. But the issue is deeper than that. The Obama administration has declared it

wants to focus on the Asia-Pacific region and, surprisingly, it means what it says.

Only a year after troops withdrew from Iraq, that country is not talked about in Washington, like an embarrassing relative. In North Africa, the US military has taken a back seat while the work of toppling Colonel Muammar Qaddafi and driving back the jihadists in Mali has been left to Franco-British forces. Syrian policy is one of drift, where the administration finds all options unpalatable. In Egypt, Washington has set a red line for the Muslim Brotherhood leadership: it must adhere to the peace treaty with Israel. Everything else is negotiable.

This week the Pentagon revealed that it would no longer be stationing two aircraft carriers in the Gulf region, as it has done for most of the past two years, due to cuts in the defence budget, and the possibility of even more stringent ones if Congress fails to agree on raising the US debt ceiling.

The Iranian nuclear programme remains a priority in Washington, but the carrier decision indicates a less warlike stance. One cannot say that US power is ebbing, but there is a clear lack of political will in Washington for decisive action in the Middle East. For now, the logic is that regional powers will have to take more responsibility. Egypt, although impotent at the moment, will have to find its role. The US needs to talk to Iran if there is ever going to be a compromise on its nuclear programme. Maybe Egypt could help.

Both Egypt and Iran have denied a report that General Qassem Suleimani, commander of the Quds force, a division of the Iranian Islamic Revolutionary Guard Corps, and the man responsible for Iran's military operations in Syria, visited Cairo in January. There was no reaction in Washington to this report.

If there is going to be a resolution of the Syrian crisis without a decade of Lebanon-style war, then allies of the US will have to speak to someone of the calibre of Gen Suleimani, a far more important figure than Mr Ahmadinejad. Could this lead to a historic compromise between the Muslim Brotherhood and the ayatollahs to create a new Islamic front spreading revolution?

That is out of the question. Egypt is too reliant on foreign finance, which Iran cannot offer at the moment, for it to swing into Tehran's orbit. And there is far too much domestic opposition.

What is clear is that while the US is reluctant to take direct responsibility, other countries must find ways of resolving the regional contradictions that have become unmanageable in the era of American tutelage. That will lead to some unlikely meetings taking place. The Morsi-Ahmadinejad embrace may not be a breakthrough, but it does show one thing: what was unthinkable a few years ago may one day be the norm.

Article 4.

Al-Monitor

## Hamas Weighs Options For Recognizing Israel

Adnan Abu Amer

February 8 -- Recently, a lot has been said — and a lot of denials have been issued — about Hamas recognizing a two-state solution. It appears that Hamas is still vacillating between explicitly and implicitly recognizing Israel. Hamas realizes that recognizing Israel would open up the world's doors to the movement. At the same time, Hamas knows that such a move would be seen as a betrayal by the movement's supporters, both inside and outside Palestine. As Hamas well knows, its legitimacy derives from its vocal support for armed struggle within the complicated Palestinian reality. Hamas also knows that it will pay a heavy price if it is seen to be agreeing to international conditions. The cost will not only be political, but also ideological. Hamas has spent many years talking and writing about its notion of the state, its identity, borders, concept, constitution and the role of Islam within it. Generations of Hamas members were raised on those ideas. But those ideas have remained part

of the imagination and heritage, and of the nostalgic dream of restoring the Islamic caliphate.

**The concept of the state**

Today's debate within Hamas over the concept of the state is more concrete than theoretical. The political conditions in the Palestinian territories do not allow for dreaming about unrealistic grand theories being promoted by some Islamist movements. Hamas is facing real-world problems that require real-world solutions. The Palestinian state being envisioned by Palestinian, Arab, and world politicians is based on the June 1967 borders. But does that fit Hamas's political vision and intellectual orientation? Generations of Islamists have been raised on the concept of the "Islamic state," which is synonymous with the Islamic caliphate. But Hamas's situation is a little different. Israel's occupation of all Palestinian territories is a political and concrete obstacle to the dream of an Islamic state and it forces the consideration of more realistic options. So we have started hearing, from Hamas, statements about establishing a Palestinian state on the June 1967 borders. There is no doubt that this development is an intellectual and political shift by Hamas. More than 20 years ago, Hamas founder Sheik Ahmed Yassin proposed a long truce with Israel. But today, such a proposal is more realistic and is attributed to Hamas's current leader Khaled Meshaal. Hamas in 2013 is different than Hamas in 1993. Hamas is now an influential player and its statements and stances are taken into account by regional and international decision-making circles.

**Recognition and commitment**

The shuttle diplomacy by Western officials between Gaza, where Hamas's domestic leadership is located, and the Arab capitals of Doha, Cairo and Amman have only one objective: getting Hamas to agree to the conditions that would allow it to be embraced by the international community. In other words, they want Hamas to agree to the two-state solution. And that, explicitly or implicitly, essentially means that Hamas has recognized Israel's right to exist! Those who have been following Hamas's course since it was founded 25 years ago notice that every once in awhile there is

international pressure to make Hamas agree to those conditions. But Hamas is afraid to fall into the same trap that others, like Fatah, have fallen into without getting anything in return except loss of popular support, as was demonstrated in the elections seven years ago. In light of the demands that the movement should recognize the two-state solution and make political commitments, some influential circles within the Hamas leadership think that the movement is being drawn into going beyond its rational political discourse and how it deals with the reality on the ground, and into recognizing Israel and exchanging messages with it. However, the siege has made the Palestinian territories miserable. So decision-makers in Hamas are forced to issue hints and signals that do not affect the movement's general principles. Those signals, however, may be misunderstood. And this is where the problem lies. No one thinks that Hamas supporters will make a big deal of those signals, but any concrete steps toward recognizing Israel will cost Hamas dearly, something which I don't think Hamas wants during this dangerous phase. At the external level, Hamas's enemies and opponents may think that the siege has finally paid off, albeit a little late, and that Hamas's current declarations are signals that, if the siege and the Palestinian suffering continue, the movement may explicitly recognize Israel, which would open the "appetite" of Hamas' opponents for more breakthroughs in its ideology and principles.

**Not an existential conflict, but a border dispute.**

Although Hamas is aware of all that, it should be noted that in a few months it is facing elections during which the movement's signals that it may accept a two-state solution will be used in a fierce anti-Hamas campaign. Even though the movement has provided a different administrative performance than before, the fundamental change in the movement's political program may be a decisive factor for the Palestinian voters. As Hamas is being smothered, with a few breaches here and there, the demands that it should recognize Israel are ongoing and without letup. In other words, Hamas must choose between recognizing Israel to stay in power, or losing what it has achieved democratically as punishment for having to refused to bow to the world's conditions. In reality, the

international community has not significantly changed its relationship with the Palestinians, including Hamas, over the past months and years. There has only been some cosmetic and tactical changes. Washington, the European Union and the UN have not only signaled to Hamas that it should join the "broken and paralyzed" peace process, they have also insisted that the Palestinians explicitly recognize Israel. But this time, those powers are armed with an "Islamic religious cloak," which would make a recognition of Israel more meaningful, especially since Hamas considers its conflict with Israel to be an ideological "existential conflict, not a border dispute." That pressure is accompanied with a financial and economic blockade, which is increasing the pressure on Hamas, especially since those carrying out the blockade are blocking anything that would alleviate Palestinian suffering. It is clear that they want to punish the Palestinians for electing Hamas and warn them against reelecting them; that is if the reconciliation succeeds and the elections happen on time. It should be noted that certain Israeli and Western research institutions have estimated the timeframe that Hamas will need to explicitly recognize Israel. They may accept from Hamas certain rhetorical signals for a while before the movement officially recognizes Israel. Since Hamas was founded in late 1987, it has been conducting an ideological and political campaign for its members and supporters against recognizing Israel. Hamas' constitution says that Israel is a "cancer that must be eradicated," and that "its demise is a Quranic inevitability." Those and other slogans have been a key component of Hamas's political discourse. It is therefore not easy for Hamas to change overnight due to political realism and suddenly tell its supporters: We shall recognize Israel, but it's under duress!

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Article 6.

NYT

# An Assassination in Tunisia

Editorial

February 8, 2013 -- Tunisia is where the Arab Spring began just over two years ago. Until now it has set an encouraging example of progress toward democracy and pluralism. Free elections brought to power a coalition government pledged to pragmatic cooperation between a moderate-led Islamist party, Ennahda, and smaller, secular coalition partners.

Progress has not always been smooth. But just as Tunisians inspired people in neighboring countries like Egypt and Libya to rise up against their corrupt and repressive dictators, they also seemed, for many, to point the way toward a democratic future accommodating both religious beliefs and the rights of the secular under the rule of law.

Those hopes have been severely shaken by the murder on Wednesday of Chokri Belaid. Mr. Belaid, a human- rights activist and one of Ennahda's most outspoken critics, had publicly challenged the party's failure to investigate or prosecute violent acts of intimidation carried out by shadowy gangs of religious extremists. Mr. Belaid's killers have not yet been identified. But suspicion now falls on those same extremist groups, which had issued public threats against Mr. Belaid and other prominent secular leaders — without any serious government response.

Thousands gathered for Mr. Belaid's funeral on Friday amid a nationwide general strike called by his trade union supporters. Tensions are high. What is urgently needed is a credible, independent investigation of Mr. Belaid's murder, followed by prosecution of the killers.

Given Ennahda's record of selectively ignoring Islamist violence, that investigation cannot be left to its appointees alone. A preferable alternative would be to reconstitute the broad-based, multiparty commissions that successfully oversaw Tunisia's free elections in October 2011 and investigated the crimes of the fallen dictatorship.

Ennahda, which captured 41 percent of the vote in the elections, promised to cooperate with secular parties and show respect for pluralism. Instead, it is sending muddled messages. On Wednesday, Prime Minister Hamadi Jebali made a conciliatory gesture by proposing a temporary nonpolitical cabinet and new elections. Unfortunately, hard-line party members quickly repudiated him.

Tunisia's revolution, which has overcome past crises, can overcome this one if Ennahda and all other Tunisian parties recommit themselves to nonviolence, mutual tolerance and upholding the rule of law.

Article 7.

The Washington Post

# Iraq's return to bloodshed

Kimberly Kagan and Frederick W. Kagan

February 8, 2013 -- Eighteen days of protests in Egypt in 2011 electrified the world. But more than twice that many days of protest in Iraq have gone almost unnoticed in the United States. Iraqi army troops killed five Sunni protesters in Fallujah on Jan. 25, after a month of anti-government protests in Anbar, Nineveh and Salahuddin provinces and elsewhere for which thousands turned out. Al-Qaeda in Iraq and Iranian-backed Shiite militias are re-mobilizing. Iraq teeters on the brink of renewed insurgency and, potentially, civil war.

This crisis matters for America. U.S. vital interests that have been undermined over the past year include preventing Iraq from becoming a haven for al-Qaeda and destabilizing the region by becoming a security vacuum or a dictatorship that inflames sectarian civil war; containing Iranian influence in the region; and ensuring the free flow of oil to the global market.

While tensions have risen over the past two years, the triggers for recent eruptions are clear. Prime Minister Nouri al-Maliki, a Shiite, had the

bodyguards of Finance Minister Rafie al-Issawi, who is Sunni, arrested for alleged terrorist activities on Dec. 20 — almost exactly one year after he ordered the arrest of Sunni Vice President Tariq al-Hashimi's security detail. Hashimi fled to Turkey and is unlikely to return soon to Iraq, where he was sentenced to death after Maliki demanded his trial in absentia for murder and financing terrorism.

The threat to Issawi, a moderate technocrat from Anbar, galvanized Iraqi Sunnis, who rightly saw Maliki's move as sectarian and an assault on government participation by Sunnis not under the prime minister's thumb. Three days after the arrests, demonstrations broke out in Ramadi, Fallujah and Samarra. Three days after that, a large protest closed the highway from Baghdad to Syria and Jordan. The popular resistance spread to Mosul on Dec. 27.

These protests erupted during a constitutional crisis and as an expanding Arab-Kurd conflict has become increasingly militarized. Iraqi President Jalal Talabani was incapacitated by a stroke on Dec. 17 and has been out of the countryfor treatment. Iraq's constitution specifies a line of succession — but with one vice president in exile and the other a Shiite and obvious Maliki proxy, Iraq has been, in effect, operating without a president. Political processes that require presidential involvement have been paralyzed, including moving forward with long-standing efforts by Sunnis and Kurds to hold a parliamentary vote of no-confidence in Maliki.

Talabani had been the critical link holding Baghdad and Kurdistan together since tensions rose following a 10-day standoff between Iraqi army units and Kurdish pesh merga troops in October, after Maliki sent the army toward the disputed city of Kirkuk. That move followed a series of skirmishes and mobilizations along the "Green Line" separating Kurdistan from Arab Iraq and a series of attacks in the area by al-Qaeda in Iraq.

The recent protests underscore the collapse of the inclusive political accommodation reached in 2007, which had been reconfirmed by the formation of a grand Sunni-Shiite-Kurd coalition government after parliamentary elections in 2010. By November 2012, Maliki had evolved

to openly discussing his intention to form a "majoritarian government" that would exclude the most important Sunni representatives. In mid-December he participated in creating a Shiite grand alliance as the launching pad for that government. The principal Sunni political leaders, including Issawi, parliamentary speaker Osama al-Nujaifiand Anbari tribal leader Ahmed abu Rishaannounced their intention to form their own coalition. In short, Iraqi politics was re-fragmenting along sectarian and ethnic lines even before the protests began.

Understood in this context, the Iraqi army's killing of protesters in Fallujah last month is a watershed event similar to the destruction of the Askariya shrine in Samarra in February 2006, though the crisis will not escalate as quickly. Sunni-Shiite tensions have hitherto played out in political forums. The key actors in today's crisis are not the Sunni political leaders but, rather, Anbari tribal leaders, including Ali Hatem Ali Suleiman, one of the most powerful leaders of Iraq's largest Sunni tribe. Suleiman and fellow leaders of the Dulaim tribe were essential to engineering the Anbar Awakening in 2007 and Sunni participation in the government, for which they rejected al-Qaeda in Iraq and renounced violence against the state. They responded to the killings of protesters last month by threatening open war against the state for the first time since 2007. So far at least, they have restrained protesters and resisted violent confrontation.

For his part, Maliki has sought to deescalate the conflict and to mollify protesters. Tehran has also been working — to persuade Iraq's Sadrists, whom Maliki has alienated in his consolidation of power, to abandon their support for their Sunni brethren. Their combined efforts appear to be working: The Sadrist Bloc, which had refused Maliki's request for suggestions to replace Issawi and other Sunni politicians, has put forth a substitute finance minister.

These efforts, ostensibly toward political resolution, actually increase the likelihood of sectarian war by continuing the marginalization of Sunni political leaders without addressing Sunni tribes' core grievances — and by re-creating a Shiite front that had splintered.

Al-Qaeda in Iraq has already taken advantage of this situation through its front group, the Islamic State of Iraq, which deployed combat teams in Fallujah last month that targeted Iraqi army positions and killed several soldiers. The jihadists' black flags have appeared at Sunni protests and memorial ceremonies for the fallen. The group is back in the havens it held in 2006. If Maliki does not allow proper Sunni representation in government, al-Qaeda will gain greater popular tolerance and foreign support.

Over the past year, the situation in Iraq has become explosive while sectarian sentiment and armed violence in neighboring nations have escalated dramatically. Americans have become accustomed to watching Iraq approach the precipice and draw back. But circumstances have changed with the withdrawal of all U.S. forces and Maliki's year-long efforts to intimidate his opponents through political, judicial and military maneuvers. If Maliki does not accept many of the protesters' reasonable demands and allow meaningful Sunni participation in government, prospects for stopping Iraq's descent into sectarian conflict are grim.

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Article 8.

The American Spectator

# Islam and Islamism in the Modern World

An interview with Daniel Pipes (By Tom Bethell)

February 2013 -- *Daniel Pipes, one of our leading experts on Islam, established the Middle East Forum and became its head in 1994. He was born in 1949 and grew up in Cambridge, Massachusetts. His father, Richard Pipes, was a professor of Russian history, now emeritus, at Harvard. Daniel studied Arabic and Islamic history and lived in Cairo for*

*three years. His PhD dissertation became his first book, Slave Soldiers and Islam (1981). Then his interest in purely academic subjects expanded to include modern Islam. He left the university because, as he told an interviewer from Harvard Magazine, he has "the simple politics of a truck driver, not the complex ones of an academic." His story of being harassed through the legal system by a Muslim who later committed suicide was recently told in The American Spectator ("A Palestinian in Texas," TAS, November 2012). He has been personally threatened but prefers not to talk about specifics except to note that law enforcement has been involved. I interviewed Pipes shortly before Christmas, when the Egyptians were voting on their new constitution. I started out by saying that the number of Muslims in the U.S. has doubled since the 9/11 attacks.*

DP: My career divides in two: before and after 9/11. In the first part I was trying to show that Islam is relevant to political concerns. If you want to understand Muslims, I argued, you need to understand the role of Islam in their lives. Now that seems obvious. If anything, there's a tendency to over-emphasize Islam; to assume that Muslims are dominated by the Koran and are its automatons—which goes too far. You can't just read the Koran to understand Muslim life. You have to look at history, at personalities, at economics, and so on.

***TB: Do you see the revival of Islam as a reality?***

DP: Yes. Half a century ago Islam was waning, the application of its laws became ever more remote, and the sense existed that Islam, like other religions, was in decline. Since then there has been a sharp and I think indisputable reversal. We're all talking about Islam and its laws now.

***TB: At the same time you have raised an odd question: "Can Islam survive Islamism?" Can you explain that?***

DP: I draw a distinction between traditional Islam and Islamism. Islamism emerged in its modern form in the 1920s and is driven by a belief that Muslims can be strong and rich again if they follow the Islamic law severely and in its entirety. This is a response to the trauma of modern Islam. And yet this form of Islam is doing deep damage to faith, to the point that I wonder if Islam will ever recover.

***TB: Give us the historical context.***

DP: The modern era for Muslims began with Napoleon's invasion of Egypt in 1798. Muslims experienced a great shock at seeing how advanced the blue-eyed peoples from the north had become. It would be roughly analogous to the Eskimos coming down south and decimating Westerners, who would uncomprehendingly ask in response, "Who are these people and how are they defeating us?"

***TB: So how did they respond?***

DP: Muslims over the past 200 years have made many efforts to figure out what went wrong. They have experimented with several answers. One was to emulate liberal Europe—Britain and France—until about 1920. Another was to emulate illiberal Europe—Germany and Russia—until about 1970. The third was to go back to what are imagined to be the sources of Islamic strength a millennium ago, namely the application of Islamic law. That's Islamism. It's a modern phenomenon, and it's making Muslims the center of world unrest.

***TB: But it is also creating discomfort?***

DP: It has terribly deleterious effects on Muslims. Many of them are put off by Islam. In Iran, for example, one finds a lot of alienation from Islam as a result of the Islamist rule of the last 30-odd years.

***TB: Has it happened anywhere else?***

DP: One hears reports, especially from Algeria and Iraq, of Muslims converting to Christianity. And in an unprecedented move, ex-Muslims living in the West have organized with the goal of becoming a political force. I believe the first such effort was the Centraal Comité voor Ex-moslims in the Netherlands, but now it's all over the place.

***TB: Nonetheless, Islam has lasted for 1,500 years.***

DP: Yes, but modern Islamism has been around only since the 1920s, and I predict it will not last as a world-threatening force for more than a few decades. Will Muslims leave the faith or simply stop practicing it? These are the sort of questions I expect to be current before long.

***TB: What about Islam in the United States?***

DP: In the long term, the United States could greatly benefit Islam by uniquely freeing the religion from government constraints and permitting it to evolve in a positive, modern direction. But that's the long term. Right now, American Muslims labor under Saudi and other influences, their institutions are extreme, and things are heading in a destructive direction. It's also distressing to see how non-Muslim individuals and institutions, particularly those on the left, indulge Islamist misbehavior.

***TB: How do they do that?***

DP: Well, turn on the television, go to a class, follow the work of the ACLU or the Southern Poverty Law Center, and you will see corporations, nonprofits, and government institutions working with the Islamists, helping promote the Islamist agenda. The American left and the Islamists agree on what they dislike—conservatives—and, despite their profound differences, they cooperate.

***TB: Presumably some Muslims here deconvert, right?***

DP: There are some conversions out of Islam, yes. And the Muslim establishment in this country is quite concerned about that. But numerically it is not a significant number.

***TB: The ones who convert don't talk about it very much?***

DP: In some cases they do; they take advantage of Western freedoms to speak their minds. They are the exceptions, though.

***TB: I suspect that the decline of Christianity has encouraged Islam.***

DP: Very much so, as the contrast between Europe and the United States reveals. The hard kernel of American Christian faith, not present in Europe, means that Islamists are far better behaved in the United States. They see the importance of a Christian counterforce.

***TB: Earlier, you mentioned Algeria. It is a big Muslim state that we don't hear about today.***

DP: Twenty years ago Algeria was a major focus of attention. That long ago ended, although in France coverage is still significant. Algeria is ripe for the same kind of upheaval that we have seen in other North African

states, such as Tunisia, Libya, and Egypt. I think it is likely to happen before too long.

***TB: What about Syria?***

DP: Assad's power is steadily diminishing and I cannot see how his regime will remain long in power.

***TB: Should the United States get involved there?***

DP: No, Americans have no dog in this fight and nothing in the U.S. Constitution requires us to get involved in every foreign conflict. Two wretched forces are killing each other; just look at the ghastly videos of the two sides torturing and executing the other. Listen also to what they are saying. It's a civil war involving the bad and the worse. I don't want the U.S. government involved. That would mean bearing some moral responsibility for what emerges, which I expect to be very unsavory.

***TB: So you are supporting the Obama position?***

DP: Yes, though he reaches it with far more angst. Also, there appears to be some serious, clandestine U.S. support for the rebel forces. The September 11 meeting in Benghazi between the Turkish and the American ambassadors was very curious. They are both based in Tripoli, hundreds of miles away. What were they doing in Benghazi? Arranging for American arms going via Turkey to Syria, it appears.

***TB: How important has Israel been to the revival of Islam?***

DP: It is a major factor in the neighboring states. But elsewhere, in Morocco, Iran, Malaysia, it has minor importance.

***TB: Since the "Arab Spring," Israel seems increasingly beleaguered.***

DP: Not really, not yet, though I agree that it will be more beleaguered with time. Its neighbors are so consumed with their own affairs that they hardly pay Israel attention. But once the neighbors get their houses in order, Israel will most likely face new difficulties.

***TB: You have questioned U.S. support for Islamic democracy, which does seem naïve.***

DP: The U.S. has been the patron for democracy for a century, since Wilson's 14 Points, and a wonderful heritage it has been. When an American travels the world, he finds himself in country after country where his country played a monumentally positive role, especially in democratizing the system. We naturally want to extend this to Muslim-majority countries. Sadly, these for some time have offered an unpleasant choice between brutal and greedy dictators or ideological, extreme, and antagonistic elected Islamists. It's not a choice we should accept.

***TB: So what should we do?***

DP: I offer three simple guidelines. One, always oppose the Islamists. Like fascists and Communists, they are the totalitarian enemy, whether they wear long beards in Pakistan or suits in Washington.

Two, always support the liberal, modern, secular people who share our worldview. They look to us for moral and other sustenance; we should be true to them. They are not that strong, and cannot take power soon anywhere, but they represent hope, offering the Muslim world's only prospect of escape from the dreary dichotomy of dictatorship or extremism.

Three, and more difficult, cooperate with dictators but condition it on pushing them toward reform and opening up. We need the Mubaraks of the world and they need us. Fine, but relentlessly keep the pressure on them to improve their rule. Had we begun this process with Abdullah Saleh of Yemen in 1978 or with Mubarak in 1981, things could have been very different by 2011. But we didn't.

***TB: Egypt might be the test case.***

DP: Well, it's a bit late. Mohammed Morsi is not a greedy dictator but he emerged from the Muslim Brotherhood, and his efforts since reaching power have been purely Islamist.

***TB: What about the recent elections?***

DP: I do not believe that a single one of the elections and referenda in Egypt was fairly conducted. It surprises me that Western governments and media are so gullible on this score.

***TB: You could say we were supporting the democracy element in Cairo's Tahrir Square. Were we not?***

DP: Yes and rightly so. The initial demonstrations of early 2011 were spearheaded by the liberals and seculars who deserve U.S. support. But they got quickly pushed aside and Washington barely paid them further attention.

***TB: We gave foreign aid to Mubarak. Was that a bad idea?***

DP: That aid dates back to the utterly different circumstances of the Egypt-Israel peace treaty of 1979 and became progressively more wrong-headed. It should long ago have been discontinued. More broadly, I believe in aid for emergencies (soup and blankets) and as a bribe, but not for economic development. That the Obama administration is contemplating aid, including military hardware, to the Morsi government outrages me.

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**From:** BARBRO EHNBOM [redacted]
**Sent:** 8/20/2012 1:23:57 PM
**To:** jeevacation@gmail.com
**Subject:** [redacted] -

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Picture attached!

Barbro C. Ehnbom =20

Chairman, Swedish-American Life Science Summit

Office: [redacted]
Cell: [redacted]
Sweden: [redacted]
360 E. 55 St. #10G
New York, N.Y. 10022

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Sent: Mon, Aug 20, 2012 2:32 pm
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Sent from iPad=20

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Fr=C3=A5n: Cecilia Sch=C3=B6tt [redacted]
Datum: August 18, 2012 8:44:29 AM GMT+02:00
Till: Barbro Ehnbom [redacted]
=C3=84mne: Program & Attendee list

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Picture attached!

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To: Barbro C Ehnbom &lt;[redacted]&gt;<br>
Sent: Mon, Aug 20, 2012 2:32 pm<br>
Subject: Re: Program &amp; Attendee list<br>
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**Date:** Thursday, July 26 2012 06:30 PM
**Subject:** Re: press
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted];

i would appreciate it if you would stop being aggressive and accusatory, with me.

On Thu, Jul 26, 2012 at 2:08 PM, [redacted] wrote:

I told you I wasn't when you asked and then ignored me.
What do you need?

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I have not seen this, not my doing. as you guessed I am not very well.. I hope you are. i believe in you.

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I am glad to see you managed to find a way to improve your reputation in the press. Your concern and charitable contributions are touching...
You forgot about everyone else your actions affected and the promises you made to fix it, but you clearly make an effort to improve your own image with contributions you can parade in the press. Congratulations.
I suppose the few people who actually cared enough to put their lives and reputation on the line for you can fend for themselves. I will never understand your priorities...

Have a nice trip.

**News**

Financier **Jeffrey Epstein** And Mount Sinai Hospital Support 3D Mammograms ...
PressReleaseNetwork.com (press release)
Financier **Jeffrey Epstein** And Mount Sinai Hospital Support 3D Mammograms For Breast Cancer. 25 Jul 2012 16:26 GMT - Financier **Jeffrey Epstein** helps fund one of the few 3D mammograms available around the world. /EINPresswire.com/The Dubin Breast ...
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Early Detection Of Diabetes In Teeth Is Funded By Columbia University And ...
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/EINPresswire.com/ A recent study published in the Journal of Dental Research at Columbia University College of Dental Medicine (CDM) and backed by The **Jeffrey Epstein** VI Foundation amongst others; found that a pre-diabetes determination can be made ...

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=

**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:59:08 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: FW: Tix for Jeffrey
**Attachments**: image001.jpg

Forgot to ask you – pls have someone from your office confirm 2 tickets for LifeBall for you.
Also provide them with a name of the girl that you are talking.
One the pdf that I sent you there is a contact info and refer to the email below (Magdalena Schuster [mailto:[redacted]

And she is holding them for you.
Please do it asap as these are hard to get.

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, May 07, 2012 4:27 PM
**To:** Boris Nikolic
**Subject:** Re: FW: Tix for Jeffrey

call me now [redacted]

On Mon, May 7, 2012 at 7:21 PM, Boris Nikolic <[redacted]> wrote:

It was not easy as people from LifeBall are very difficult. But I go it (they even now approved you - they needed to do a background check believe it or not! – as on that dinner will be president of Austria, Clinton etc) for two tickets – for you and your guest for a price that you do not need to buy a table (as they do not sell individual seats).

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The nice thing about these tickets is that they are the most VIP. It includes reception, dinner, gala and after all party access.

I have the same ones (through Bill).

I also got two additional for you but it turns out that they are not the same level so I reached to Kevin for help.

The price is 2,500Euro per ticket (this is very reduced price as I think the regular one for this is 15K and it is hard to get it). They will need an email from someone from your office and name a your guest asap.

The plan for for Vienna I am sending you with my next email!

Boris

**From:** Kevin Frost [mailto:[redacted]
**Sent:** Monday, May 07, 2012 6:39 AM
**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

Here is the information sheet for Jeffrey to buy tickets. Tell him to use my name and the name of Magdalena Schuster on the email below. They've already approved him to buy tickets to Lifeball and the Gala dinner which happens right before the ball. I hope you guys are all planning to attend the dinner as well. You can tell your friend Jeffrey that he should buy the Mini car for me as a thank you. =)

I'm getting in to Vienna on Friday afternoon. Let's get together on Friday night.

See you soon,

Kevin

**Kevin Robert Frost**
*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]

**From:** Magdalena Schuster [mailto:[redacted]]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,

Lena

--

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**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:27:53 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: FW: Tix for Jeffrey
**Attachments**: image001.jpg

Please call me at [redacted]

My number is blocked and it does not go through when I am calling you

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Monday, May 07, 2012 4:27 PM
**To:** Boris Nikolic
**Subject:** Re: FW: Tix for Jeffrey

call me now [redacted]

On Mon, May 7, 2012 at 7:21 PM, Boris Nikolic <[redacted]> wrote:

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The plan for for Vienna I am sending you with my next email!

Boris

---

**From:** Kevin Frost [mailto:[redacted]]
**Sent:** Monday, May 07, 2012 6:39 AM

**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

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I'm getting in to Vienna on Friday afternoon. Let's get together on Friday night.

See you soon,

Kevin


**Kevin Robert Frost**
*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]


---

**From:** Magdalena Schuster [mailto:[redacted]]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,

Lena

--
**********
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**From**: Boris Nikolic [redacted]]
**Sent**: 5/7/2012 11:27:15 PM
**To**: Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject**: FW: Zeitplan amfar Gala 19.5.2012

Eva is my friend there who will host us. She is very close friend with Mette as well.
Eva and I are still trying to get Mette to join at the last moment.
She and her family own 80% or so of Austrian media (Heute etc). She is describing program below.
The plan would be that we arrive to Vienna on Thursday 17th mid day.

On Thursday there is a big Premiere of Mozart La Clemenza de Tito and we go to that.

ON Friday Eva is organizing a dinner/reception with her friends. We can schedule some other meetings/visits during day.

On Saturday the night starts at 5pm and goes through early next morning.

I leave first flight Sunday morning for San Francisco to meet Bill.
If you are staying in Vienna and have time (and like Eva) you should go to her brunch.

How this seems to you???

B

-----Original Message-----
From: Eva Dichand [mailto:[redacted]
Sent: Monday, May 07, 2012 5:51 AM
To: 'Cavan Mahony'; Boris Nikolic; [redacted]
Subject: WG: Zeitplan amfar Gala 19.5.2012

Hallo everybody!

Attached (sorry in Germain) the Programm fort he lifeball on the 19th.
Actually there will be a Galadinner with our prime minister and Bill Clinton and all kinds of stars in the Hofburg (former Imerial estate - very impressive to see from inside)) It is only 250 people,. A seated dinner and more upscale than the rest oft he evening. It start's at 5pm with a Champagne cocktail and from there we go directly to the opening oft he ball where we'll have a really cool Box first row!!

Dresscode: actually the lifeball is really crazy and 'half naked' We always do a intermediare because otherwise you feel like an idiot at the Amfar Gala dinner before. People now don't wear Tuxedos anymore. Christoph wear's normal black trouseres with a white shirt and a dar sakko because he doesn't want to be in any crazy stuff on all the pics. Half oft he people oft he gala dinenr also waer some 'little' crazy stuff like pink velvet sakkos (and a mask for later) or so. girls: Crazy as you like. There are a lot of atrists that are really dressed up. I will wear a quiet see-through short dress with high high heels+ a chanel Tatoo and will take a face mask fort he ball later.

So I hope this helped at least a little bit. For pics got to: lifeball.org

Friday night: We would like to invite you all for dinner and will organize a nice place with a cool bar. Aress follows. Pls let me know who wants to join!!

Sunday: I'm very sure we'll be dead :-) BUT we would like to invite you to our house/garden/pool (swimmwear) for brunch starting at 11. Fürfanggasse 4, 1190 Wien. From hotel Sachen max. 15 min with Taxi. If you fly late we can walk from our house to one oft he famous Austrian heurigen ...and get some more alcholic to drink :-) :-)

On Thursday there is a big Premiere of Mozart La Clemenza de Tito. Very hard to get tickets but for 2 of you I could still organize (hopefully9 if some of you already arrive on Thursday.

Big kiss to everbody...I promise you...not often you will have seen something that crazy :-)

Eva

Dr. Eva Dichand
Herausgeberin

Heute - Kein Morgen ohne Heute
AHVV Verlags GmbH
Heiligenstädter Lände 29/Top 6
1190 Wien
T: [redacted]
F: [redacted]
e.[redacted]
www.heute.at

-----Ursprüngliche Nachricht-----
Von: Manuela Wieland [mailto:m.wieland@heute.at]
Gesendet: Montag, 07. Mai 2012 13:45
An: e.dichand@heute.at
Betreff: Zeitplan amfar Gala 19.5.2012

Liebe Frau Dichand,

anbei der Zeitablauf von der AMFAR Gala 2012 am 19.5.2012.
LG MW

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 5/7/2012 11:27:07 PM
**To:** Boris Nikolic[redacted]
**Subject:** Re: FW: Tix for Jeffrey
**Attachments:** image003.jpg

call me now[redacted]

On Mon, May 7, 2012 at 7:21 PM, Boris Nikolic <[redacted]> wrote:

It was not easy as people from LifeBall are very difficult. But I go it (they even now approved you - they needed to do a background check believe it or not! – as on that dinner will be president of Austria, Clinton etc) for two tickets – for you and your guest for a price that you do not need to buy a table (as they do not sell individual seats).

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The plan for for Vienna I am sending you with my next email!

Boris

---

**From:** Kevin Frost [mailto[redacted]
**Sent:** Monday, May 07, 2012 6:39 AM
**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

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See you soon,

Kevin

**Kevin Robert Frost**
*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
[redacted]

---

**From:** Magdalena Schuster [mailto:[redacted]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,
Lena

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**From**: Boris Nikolic [redacted]
**Sent**: 5/7/2012 11:21:03 PM
**To**: Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject**: FW: Tix for Jeffrey
**Attachments**: image003.jpg; Auktionsblatt.pdf; TXT AIDS Solidarity Gala_E.pdf

**Importance**: High

It was not easy as people from LifeBall are very difficult. But I go it (they even now approved you - they needed to do a background check believe it or not! – as on that dinner will be president of Austria, Clinton etc) for two tickets – for you and your guest for a price that you do not need to buy a table (as they do not sell individual seats).
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**From:** Kevin Frost [mailto:[redacted]
**Sent:** Monday, May 07, 2012 6:39 AM
**To:** Boris Nikolic
**Subject:** Tix for Jeffrey
**Importance:** High

Boris:

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See you soon,

Kevin

**Kevin Robert Frost**

*Chief Executive Officer*

**amfAR, The Foundation for AIDS Research**
120 Wall Street, 13th Floor
New York, NY 10005
212.806.1633

---

**From:** Magdalena Schuster [mailto:[redacted]
**Sent:** Thursday, May 03, 2012 1:04 PM
**To:** Kevin Frost
**Subject:** AW: AW: NY plane

Hi Kevin,

attached please find an information sheet about the AIDS Solidarity Gala – I am sure Jeffrey will very much enjoy the Gala.

I've also included the auction items at the Gala for your and Jeffrey's information.

Let me know how I can be of further assistance.

All the best,
Lena

**From**: Bob Crowe [redacted]
**Sent**: 3/11/2016 12:24:18 PM
**To**: jeevacation@gmail.com
**Subject**: FW: RE : RE: Revised letter. Arbitrary detention of Mr. Wade
**Attachments**: image001.gif

Robert B. Crowe Partner| Nelson Mullins
One Post Office Square, 30th Fl., Boston, MA 02109
101 Constitution Avenue NW, Washington, DC 20001
[redacted]

---

**From:** abuulabass [mailto:[redacted]
**Sent:** Wednesday, March 02, 2016 12:31 PM
**To:** Vinoda Basnayake; elisabeth feliho
**Cc:** Bob Crowe; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** RE : RE: Revised letter. Arbitrary detention of Mr. Wade

Congratulations Vinoda ! The French version of the paper was published today in the Senegalese major newspapers. You can see it also in Seneweb.com .
Many thanks for the good work with my best regards.
Tidiane
Envoyé depuis mon appareil Samsung

-------- Message d'origine --------
De : Vinoda Basnayake <[redacted]>
Date : 02/03/2016 16:20 (GMT+00:00)
À : elisabeth feliho <[redacted]>
Cc : Bob Crowe <[redacted]>, Cheikh Tidiane Sy <[redacted]>, Mohamed Seydou Diagne <[redacted]>, El Hadji Amadou Sall <[redacted]>
Objet : RE: Revised letter. Arbitrary detention of Mr. Wade

We have had some positive feedback from the article. Now the issue certainly has more visibility in Washington. Bob is in the process of setting up the meeting with Tom at the State Dept regarding the Human Rights Report for 2016. Will send more as we get more details.

Vinoda

**Vinoda Basnayake**
Of Counsel and Chair of DC Government Relations
[redacted]

**Nelson Mullins Riley & Scarborough LLP**

101 Constitution Avenue, NW, Suite 900
Washington, DC 20001
Tel: [redacted]
Fax: [redacted]

www.nelsonmullins.com
(View Bio)

**From:** elisabeth feliho [mailto[redacted]
**Sent:** Monday, February 29, 2016 6:29 AM
**To:** Vinoda Basnayake
**Cc:** Bob Crowe; Cheikh Tidiane Sy; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** Re: Revised letter. Arbitrary detention of Mr. Wade

Congratulations!!! Can we share this with the press here?

Best regards.

EF

2016-02-26 13:04 GMT+00:00 Vinoda Basnayake <[redacted]>:

Great news, the piece was published in The Hill this morning-

http://thehill.com/blogs/pundits-blog/international/270878-senegals-democratic-backslide

We can share this w Congress and State.

Sent from my iPhone

On Feb 26, 2016, at 6:06 AM, elisabeth feliho <[redacted]n> wrote:

Excellent!!!

2016-02-24 20:13 GMT+00:00 Vinoda Basnayake <[redacted]>:

We are working on getting the following article placed in the Hill or the Politico within the next week. As of now it looks like former Chairman of Armed Services, Congressman Ron Dellums, will be the author. Please keep highly confidential. Will keep you posted on if, when and where it gets published. Once it is published we can all circulate it highly. We believe that this article sets the tone for the advocacy we will be doing and having someone very prominent like Congressman Dellums will also be a great way to launch this campaign.

*Congressman Ronald Dellums is a thirteen term Member of the U.S. House of Representatives (D-CA) who served from 1971-1998. He also served as the 48th Mayor of Oakland from 2007-2011. Dellums served as the Chairman of the House Armed Services Committee and the House Committee on the District of Columbia. He also served on the Foreign Affairs Committee, the Post Office and Civil Service Committee, the Permanent Select Committee on Intelligence and co-founded the Congressional Black Caucus.*

**Senegal's Democratic Backslide**

2015 was a banner year for democracy in Africa. Nigeria, the largest country on the continent, had a democratic election, and even more impressively, had its first ever peaceful transition of power when sitting President Goodluck Jonathan transferred power to Muhammadu Buhari. Former President Jonathan conceded and famously declared, "Nobody's ambition is worth the blood of any Nigerian." My last piece for ***The Hill*** was titled, *'Will Guinea's experiment in democracy succeed?"* It is with great joy that I can report that it did! Guinea's first democratically elected President, Alpha Conde, won his reelection campaign in a peaceful election that was internationally monitored in which the Guinean electorate reaffirmed its commitment to a democracy.

Despite these victories for democracy in a continent in which I dedicated a great deal of my life's work, I am deeply troubled by developments over the last few weeks. Earlier this week Uganda President Yoweri Museveni extended his thirty year rule and "won" his fifth consecutive election which international observers said was marred with intimidation and impropriety. Shortly after the election Museveni, who scrapped constitutional term limits a decade ago, had his political rival, Kizza Besigye arrested and detained for protesting the election results. Of course we have come to expect these actions from Museveni in Uganda. What I am even most troubled by is what is taking place in Senegal, which was once the pillar of democracy in Africa.

When Abdoulaye Wade was democratically elected as President of Senegal in 2000, it was a huge step forward for democracy in Africa. President Wade adopted a new constitution and instituted term limits for the first time in Senegalese history. In 2012 President Wade was defeated in a democratic election by his Prime Minister Macky Sall. The United States and the larger international community praised Wade for his quick concession and praised peaceful transition of power. President Macky Sall affirmed his commitment to democracy announcing that he would shorten term limits from 7 to 5 years. President Obama visited Senegal in June of 2013 and praised President Sall for his commitment to democracy in shortening the presidential mandate and praised the country's rule of law.

Unfortunately in the past few years much has changed and we are witnessing a backslide in what was once Africa's brightest democratic success story. When the opposition party, the Senegalese Democratic Party, designated former President Abdoulaye Wade' son, former Minister Karim Wade, as their candidate for the next presidential election; President Sall had Karim Wade arrested and detained. President Macky Sall then reestablished a special court by presidential decree that had been abolished by Senegalese law and not heard a case in thirty years. This newly established special court sentenced Mr. Wade to six years in prison. He remains in prison today, sentenced without appeal. In April 2015, the United Nations Working Group of Arbitrary Detention determined that Mr. Wade was arbitrarily arrested and that his detention was in violation of international law. Last month the UN Working Group reaffirmed its finding and called on President Sall's regime to release Karim Wade and comply with international law. Sall has ignored the UN Working Groups request.

Last week the backslide continued even further as President Macky Sall reneged on his commitment to shorten term limits. Instead of holding elections next year, after five years per his commitment, he announced that he would serve until 2019. He claims that this decision was based on the opinion - just an opinion - of the Constitutional Council that he had himself sought.

In light of the trend toward democracy in Africa as exemplified by Nigeria and Guinea, it is very concerning that one of the United States' closest allies and Africa's strongest democracies appears to be retrogressing. The destabilization of democracy in Senegal could have significant consequences in the entire region. The United

States must get in front of this negative trend before spreads across Africa and it is too late. The U.S. should call for President Sall to honor the request of the UN Working Group and release his political rival Mr. Wade and also keep his pledge of a 5 year presidential mandate. President Obama has said that Africa is more important than ever to security and prosperity in the U.S. We have worked very hard in implementing and prioritizing democracy and democratic succession in Africa. The Obama administration must not let our hard work be compromised in Senegal, we have worked too hard and come too far.

<image001.gif>

**Vinoda Basnayake**

Of Counsel and Chair of DC Government Relations

[redacted]

**Nelson Mullins Riley & Scarborough LLP**

101 Constitution Avenue, NW, Suite 900
Washington, DC 20001
Tel: [redacted]
Fax: [redacted]

www.nelsonmullins.com
(View Bio)

**From:** elisabeth feliho [mailto:[redacted]
**Sent:** Tuesday, February 23, 2016 5:20 AM
**To:** Vinoda Basnayake; Bob Crowe
**Cc:** Cheikh Tidiane Sy; Mohamed Seydou Diagne; El Hadji Amadou Sall
**Subject:** Revised letter. Arbitrary detention of Mr. Wade

Dear Vinoda and Bob,

Please see attached the last version of the revised draft letter. We have made some modifications and amendments we submit to your proposal. You can finalize the letter as it suits you. We strongly recommend to wait Wednesday or Tuesday this week before sending the letter as Amnesty International will issue on Wednesday 24th February its worldwide report on human right situation. It is highly probable that major statement will be made on Mr. Wade case in the report on Senegal, which will give us more input for the letter.

Many thanks and best regards.

EF

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**From**: Dangene and Jennie Enterprise [redacted]
**Sent**: 2/19/2016 2:23:22 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: TRUMP / POPE SCORECARD .....
**Attachments**: EWLarge2.jpg

# TRUMP 1 POPE 0

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | Main: [redacted] |
www.coreaccess.net |

**From:** Boris Nikolic [redacted]
**Sent:** 3/23/2012 7:10:58 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** FW: World Bank Nominee
**Attachments:** image005.jpg; image006.jpg

The Atlantic Home
Friday, March 23, 2012

- Politics

Massoud Hayoun - Massoud Hayoun writes for and produces *The Atlantic*'s International channel.

# How Jim Yong Kim, Obama's World Bank Pick, Changed Global Health Aid

By Massoud Hayoun
Mar 23 2012, 2:04 PM ET
*The international public health work that made Kim, now the president's nominee for World Bank head, such a respected figure.*

*President Obama introduces Jim Yong Kim as his nominee to be the next president of the World Bank / Reuters*

President Obama announced today that he will nominate Dartmouth College President Jim Yong Kim to head the World Bank. Although Kim is a physician by training, officials have observed that Kim's role as a key player in global health and development, notably with his role in the organization Partners in Health (PIH), makes him a key candidate to change the attitudes of developing-world nations.

The following excerpts from Tracy Kidder's *Mountains Beyond Mountains*, a biography of anthropologist and physician Paul Farmer, detail Kim's bold efforts to combat international HIV and tuberculosis epidemics with PIH:

Some months after the official founding of PIH, [co-founder] Paul Farmer expanded the group, adding a fellow Harvard anthropology and medical student, a Korean American named Jim Yong Kim... Farmer offered what for Jim Kim was a convincing vision of the new organization. The reality was less impressive -- a charity with a board of advisers and no hired staff...

They talked about issues such as political correctness, which Jim Kim defined as follows: "It's a very well-crafted tool to distract us. A very self-centered activity. Clean up your own vocabulary so you can show everybody you have the social capital of having been in circles where these things are talked about on a regular basis." (What was an example of political correctness? Some academic types would say to Jim and Paul, "Why do you call your patients poor people? They don't call themselves poor people." Jim would reply: "Okay, how about soon-dead people?")

They talked about the insignificance of "cultural barriers" when it came to the Haitian peasant's acceptance of modern Western medicine: "There's nothing like a cure for a disease to change people's cultural values"...

By now Peru was taxing PIH's resources severely. On average, the drugs to treat just one patient cost between fifteen and twenty thousand dollars. And the number of patients kept growing. Already there were about fifty Carabayllanos in treatment. Their average age was twenty-nine. They were students, unemployed youths, housewives, street vendors, bus drivers, health workers. The actual numbers seemed small, but those fifty MDR [a form of tuberculosis that does not respond to standard treatment] cases represented about 10 percent of all active cases of TB in the slum, about ten times more than might have been expected. No telling how many others they had been infecting as they'd traveled around Lima, coughing. No telling either how many people in other parts of the city already had MDR, but [there were] reports of hundreds in other neighborhoods. In Carabayllo itself, the Socios workers found entire families sick and dying with what turned out to be genetically related strains of the disease--a phenomenon common enough that the health workers gave it a name, familias tebeceanas, tuberculosis families.

Kim's organization confronted Peru's MDR-form tuberculosis epidemic with what some have called unorthodox practices -- borrowing and cajoling its way into medicine for its patients.

Howard Hiatt, a friend of Jim Yong Kim's and a former dean at the Harvard School of Public Health, said he was concerned about how PIH was getting medicine to combat the epidemic:

"Sure enough. Paul and Jim would stop at the [Harvard-affiliated] Brigham pharmacy before they left for Peru and fill their briefcases with drugs. They had sweet-talked various people into letting them walk away with the drugs." [Hiatt] was amused, all in all. "That's their Robin Hood attitude." In fact, they'd only borrowed the drugs...

Then one day the president of the Brigham stopped Hiatt in a corridor. "Your friends Farmer and Kim are in trouble with me. They owe this hospital ninety-two thousand dollars." Hiatt looked into the matter. "Sure enough. Paul and Jim would stop at the Brigham pharmacy before they left for Peru and fill their briefcases with drugs. They had sweet-talked various people into letting them walk away with the drugs." He was amused, all in all. "That's their Robin Hood attitude."

To many seasoned managers of public health projects, what Farmer and Kim were doing would have looked quite reckless--like a stunt, as some would later insinuate. They didn't have a guaranteed supply of drugs, only the determination to obtain the drugs and the charm to get away with borrowing. They were borrowing their laboratory services, too, from Massachusetts. They lacked proper institutional support. The weight of expert opinion stood against them. Their organization was small and it had other projects, in Haiti and Boston and elsewhere, and Peru put a strain on everyone. Jim had to travel to Carabayllo at least once a month. Farmer had to go there slightly more often.

Kim's audacious 'Robin Hood attitude' won him and PIH acclaim for their role in changing global health and development.

In June 2002 ... the WHO adopted new prescriptions for dealing with MDR-TB, virtually the same as PIH had used in Carabayllo. For Jim Kim this marked the end of a long campaign. "The world changed yesterday," he wrote from Geneva to all of PIH. The prices of second-line antibiotics continued to decline, and the drugs now flowed fairly smoothly through the Green Light Committee to, among other places, Peru, where about 1,000 chronic patients were either cured or in treatment. About 250 were receiving the drugs in Tomsk, and, largely because of the efforts of WHO, the Russian Ministry of Health had finally agreed to the terms of the World Bank's TB loan--150 million dollars to begin to fight the epidemic throughout the country.

The twin pandemics of AIDS and tuberculosis raged on, of course, magnifying each other, in Africa and Asia, Eastern Europe and Latin America. Mathematical models predicted widening global catastrophe--100 million HIV infections in the world by the year 2010. Some prominent voices, some in the U.S. government, still argued that AIDS could not be treated in desperately impoverished places. But this view seemed to be fading. The prices of antiretrovirals were falling, even more dramatically than the prices of second-line TB drugs.

This was thanks to a growing worldwide campaign for treating AIDS wherever it occurred. Jim Kim had often said that the world's response to AIDS and TB would define the moral standing of his generation. In 2003, a new director general took over at WHO, and he asked Jim to serve as his senior adviser. Meanwhile, the example of Zanmi Lasante [PIH's Haiti-based project] was growing, and Cange had become a favorite destination for global health policy makers and American politicians.

Date: Monday, March 19 2012 05:59 PM
Subject: 2 Seminars-MONEY & POWER possible Invite List
From: Lesley Groff <[redacted]>
To: Jeffrey Epstein CC <jeevacation@gmail.com>;

**Seminar-MONEY**

Marc Andreesen

Paul Batista (Not sure this is who you mean)

Jeff Bezos

Sergey Brin

Bill Gates

Danny Hillis

Danny Kahneman

Jaron Lanier

Dick Merkin (?)

Michael Milken (?)

Nathan Myhrvold

Boris Nikolic

Larry Page

Tom Pritzker

Eric Schmidt

Jim Simons

Jes Staley

Peter Thiel

Ian Osborne (add Ian to both seminar lists?)

# Seminar-POWER

Bill Clinton

Howard Gardner

Bill Gates

George Mitchell

Michael Ovitz

Igor (? Not sure who this is)

Ian Osborne (add Ian to both seminar lists?)

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 1/23/2012 2:54:42 PM
**To**: Weingarten, Reid [redacted]]

dershowiz tells me obama called him to ask him what was going on in israel. ? we should discuss.

--
**********
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destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/12/2012 4:57:10 PM
**To:** [redacted]
**Subject:** Re: B 727 thought

yes

On Thu, Jan 12, 2012 at 4:23 PM, <[redacted]> wrote:
you want me to call Tarek, instead? just to confirm.

In a message dated 1/12/2012 10:21:24 A.M. Eastern Standard Time, jeevacation@gmail.com writes:

Call

Sorry for all the typos .Sent from my iPhone

On Jan 12, 2012, at 4:12 PM, [redacted] wrote:

Jeffrey,
this may be a long shot to save the Boeing deal, or if you think its a dead deal, disregard this.
I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
I wrote this email for your review, if you think its worth sending, please critique, and let me know,. thank you:

Mr. Tarek El Sayed,

I hope this email finds you well, and believe worth communicating my thoughts to you.

I was surprised to hear that you decided against the purchase of our Super Boeing 727. I personally thought it was a great match for your business needs in Qatar. If for any reason your decision was based on crew issues and charter needs in the Middle East, I'd like to share some information that might prove beneficial to making you reconsider this purchase.

The pilot candidates I have lined up for your interview along with the possibility of David Rodgers joining your flight department were as follows:

(at no time did I disclose location or persons to the following pilot candidates to protect your privacy.)

Robert Breslin, who is the former Chief Pilot of Mr. Donald Trump, Mr. Breslin flew the Boeing 727 and Boeing 757 owned by Mr Trump. Mr Breslin is a fine man of 40 years of age estimate, with extensive VIP Boeing operations.

James Bartakowski, who has extensive flying experience in the Middle east, Africa and Europe régime. Mr. Bartakowski has also been involved in charter operations in Africa and Middle East and has contacted me on several recent occasions with charters for our Boeing 727, James has indicated there is the possibility of 40 – 60 hours per month charter operations for larger transport category aircraft in your area. I believe there is a growing need for charter in the business community in Qatar and neighboring countries.

Bruce Jafahri, who is a current Boeing 727 captain who lived in Doha for two years, and familiar with international operations of Boeing 727 aircraft. Mr. Jafahri currently lives in California and ready for a new opportunity. Bruce is current in the Boeing 727 and also flew Captain on the Boeing 747. Well qualified individual and personable.

Mr. El Sayed, as you have seen during our demo flight, our Boeing 727 is in impeccable condition, quite cabin and will provide many years of charter and business flights your company. I believe the large business jet future in Qatar is growing and you will be leading its path, and your initial investment in this purchase will not come close with other aircraft options on the market as you may have seen already.

We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

=

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**********
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**From:** [redacted]
**Sent:** 1/12/2012 3:23:25 PM
**To:** jeevacation@gmail.com
**Subject:** Re: B 727 thought

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In a message dated 1/12/2012 10:21:24 A.M. Eastern Standard Time, jeevacation@gmail.com writes:

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We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

=

**From:** Faith Kates [redacted]
**Sent:** 5/18/2016 5:45:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** FW: Warning: The smart money is fleeing U.S. stocks

**Importance:** High

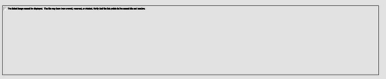

May 18, 2016

**Warning: The Smart Money**

**Is Fleeing U.S. Stocks**

BY BILL BONNER, CHAIRMAN, BONNER & PARTNERS

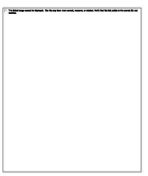

DUBLIN – The Dow dropped 180 points yesterday – or about 1%.

And another clever billionaire says he is looking elsewhere for profits. Reuters:

Activist investor Carl Icahn on Monday said there was a chance the stock market could suffer a big decline, saying valuations are rich and earnings at many companies are fueled more by low borrowing costs than management's efforts to boost results.

"I am very cautious on equities today. This market could easily have a big drop," Icahn said.

Yes, dear reader, the smart money is getting out of U.S. stocks. And here's our old friend Rob Marstrand explaining why:

Right now, every measure that analyzes the S&P 500 says it's expensive. Prices are high relative to earnings, net assets, sales, and cash flow.

What's more, there's plenty of evidence that the main thing propping up the stock prices is heavy buying by the companies themselves [via share repurchases].

And now, that prop is getting kicked out from under the stock market. Bloomberg:

After snapping up trillions of dollars of their own stock in a five-year shopping binge that dwarfed every other buyer, U.S. companies from Apple Inc. to IBM Corp. just put on the brakes.

Announced repurchases dropped 38% to $244 billion in the last four months, the biggest decline since 2009...

**Recommended Links**

**Rickards: "Warning, I've Changed My Thesis On Gold"**
I firmly believe we're at the beginning of the BIGGEST move the world has ever seen in gold. "Simple math" says $10,000 gold is all but certain. But, you're not going to believe what I have to say next... **BEFORE you buy a single ounce of gold, read this important message.**

**Last Chance: VIP Access To Doug Casey's Shocking 2016 Forecast**
Casey fears a severe crisis is brewing. Not a currency collapse or stock market crash. A specific threat that could wreak more havoc than the Great Depression. That's why tomorrow, in an urgent broadcast event, Doug's pulling back the curtain on his shocking warning. And revealing how to profit from it in the months ahead, in a big way. Last chance to get VIP access ends tonight. **Click here now for full details.**

## Pareto's "Foxes"

Although the bull market in U.S. stocks is probably near its end, the bull market in the Deep State shows no sign of weakening.

Year after year, the power of the "foxes" grows.

It was the great Italian economist Vilfredo Pareto who noticed – among other things – that no matter what kind of government you think you have, there are always some crafty insiders, the "foxes," who take control of it.

Policies are set, programs are started... decisions are made... with no consent of the people or their elected officials; the foxes work the angles.

Over time, the forces of law and order become more and more corrupt... as the foxes bend the entire system to do their bidding.

Wars are started with no plan or intention to win them. Money is handed out for no better reason than this: They can get away with it.

And best of all, most people are none the wiser; they believe the myths... and attack anyone who challenges them.

## Rip-Off

Perhaps the biggest rip-off of all time has taken place over the last eight years – and in plain sight of everybody.

Via the magic of ultra-low rates, the Fed – a nest for the wiliest and most cunning of the foxes – took roughly $8 trillion out of the pockets of savers and retirees and handed it to borrowers.

Who is the world's biggest borrower?

Yes... it's the Deep State itself.

The Fed claimed to be helping to "stimulate" the economy. But you can't really stimulate an economy by stealing from the people who produce wealth and provide it with capital.

Not surprisingly, growth has stalled. Wages have fallen. Productivity has stagnated.

For 95% of the male population, real earnings are lower today than they were in 1973.

Is there any wonder many of these men vote for Donald Trump – a "strong man" who promises to do something about it?

But the top 5% – where the foxes are – gained income. Their wages are up more than 50% over the same time.

Why?

Because they take more and more money from the rest of us.

More tomorrow... on a new Rebellion in Gualfin... and a measure of how big the Deep State has become...

Regards,

Bill

**Further Reading:** The Deep State already controls just about every aspect of American life. From health care to education to the food on our tables to the never-ending war on terror, this cadre of cronies is pulling the strings.

In his latest online presentation, Bill exposes how the Deep State has now pushed the world to the brink of an irreversible disaster. Learn more here as he reveals how it will all unfold... and, more importantly, how it'll change your life forever.



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BY CHRIS LOWE, EDITOR AT LARGE

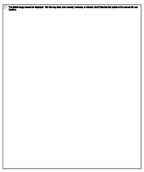

George Soros is betting big on gold.

As Bill reported yesterday, the billionaire speculator cut his firm's investments in U.S. stocks by more than one-third.

Soros has also disclosed a new stake in the world's biggest gold miner, Barrick Gold (ABX).

Soros Fund Management, his investment vehicle, bought a 1.7% of Barrick. This makes it Soros' biggest listed holding.

As today's chart shows, Barrick has skyrocketed so far in 2016.

The company's stock is up a jaw-dropping 156% year to date.

**Recommended Links**

**Read this BEFORE you buy gold or gold stocks**

Dr. Steve Sjuggerud Reports: Most investors don't know this, but there's a "Magic Number" that appears before EVERY big move in gold and EVERY big move in gold stocks. What is it and is now the time to buy? **Details here...**

**Featured Reads**

**Gold Price to Soar More Than 650%?**

One currencies expert says a "super spike" in gold prices is headed our way. Here, he explains what will cause it and, more importantly, how you can position yourself to profit.

### Share Buybacks Fall Most Since 2009

U.S. share buybacks have fallen back to levels last seen in 2099. The news comes amid the worst profit slump since the financial crisis... and when valuations sit near 14-year highs.

### Why "Money Helicopters" Are Not the Answer

Although "helicopter money" – code for handing out free money – is now being seriously discussed... what's really needed to boost growth are major structural reforms. The fate of the world depends on it.


**Recommended Links**

**Experience the Greatest Innovation in Shaving...for Free**
You only have **9 days left** to enjoy the best shave of your life for **free**. Join thousands of men from around the world who are experiencing the unrivaled performance OneBlade technology offers. Don't miss out. Act now.

**OneBlade – Rethought. Retooled. Rebuilt.**


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## Mailbag

Readers continue to weigh in on the state of U.S. politics. Here are more responses to Monday's issue, "Trump's Biggest Deal."

Sarah Palin will be the V.P. with Trump, and you may be surprised that they will have a balance budget within three years. And with Obamacare repealed, job killing regulations eliminated, and corporate tax rates cut, it will make the U.S. more business friendly.

**— Christopher F.**

Good God! Anything is better than just giving it to Hilary and her despicable husband.

**— Judy P.**

Thanks for including Jefferson and von Mises, my favorite Galician, in the list of good guys. Our economy cannot be repaired without dismantling the Fed. As you often point out, our monetary system is rotten at the core, as it is based on credit.

I read in one of these letters from a libertarian source that Jefferson wrote, already in 1810 or so, that he had failed to set up a free country as he envisioned… and that was still more than 100 years before the Federal Reserve Act.

On the other hand, even today, I strongly believe that if we just followed the Constitution, we would be okay – especially the 10th amendment. I think that is the most important of all.

**— Chaim K.**

In the words of Warren Zevon, "Send lawyers, guns, and money; the s--- has hit the fan."

The Democratic Party is electing a known criminal, and they don't care, as long as it's their criminal. They just assume all politicians are criminal, and the really good ones get their districts what they need. Would anyone let Harry Reid babysit their children? The Republican Party is electing anybody who is not a politician. Donald Trump just happens to be the best known, "anybody" who is running.

**— Wayde L.**

All I can say about Bill's message on Monday is: "Amen, brother! Amen!" He hit every nail right on the head.

To those self-deluding worthies who think that a Donald Trump presidency will solve all of America's problems I say, "Get your heads out of your collective a***s, because it ain't gonna happen."

Trump will continue the policies (if we can laughably call them such) of the Deep State... with a dash of Adolph Hitler thrown in for good measure. Clinton will be no better, if not worse.

I'm with Bill – a vote for the lesser of two evils is still voting for evil. However, unlike him, I will vote, but for a third-party candidate who doesn't have a snowball's chance of winning. A "wasted" vote is better than a vote for Trump or Hillary.

**— Dale A.**

I think you are correct in your assessment of the Deep State. I disagree in how to deal with it.

It seems easy for the rich or the poor to walk away and state it doesn't matter. The poor because they do not have a choice; the rich because they do. For those of us in the middle we need to deal with it, lest we end up in the poor camp. For me, a decision that includes a less bad scenario is still a decision worth pursuing.

**— Rudy R.**

---

**In Case You Missed It...**

The third part of Doug Casey's "virtual workshop" on how to turn crises into wildly profitable investments goes live today.

In it, Doug pulls back the curtain on his shocking forecast for America in 2016. And how he believes you could set yourself up to profit from it in a big way... with just one decisive move.

Go here to reserve your spot.

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Jeffrey Kogan
Kogan Realty Group
155 E 55th St., Ste 6-D
New York, NY 10022
TEL: [redacted]
FAX: [redacted]

**From:** Flipboard Week in Review [editorialstaff@flipboard.com]
**Sent:** 7/13/2019 6:48:31 PM
**To:** jeevacation@gmail.com
**Subject:** Alex Acosta resigns, Jeffrey Epstein arrested and Trump ends bid for citizenship question on census

Flipboard

Biggest news stories from the past week.

# Alex Acosta resigns as labor secretary amid intense scrutiny of his handling of Jeffrey Epstein case

**washingtonpost.com / David Nakamura, John Wagner, Ashley Parker, Josh Dawsey** Labor Secretary Alex Acosta's resignation Friday amid the mushrooming Jeffrey Epstein investigation made him the latest in a growing list of President... read more

# Financier in sex abuse case went from math whiz to titan

**apnews.com / MICHAEL R. SISAK and JIM MUSTIAN, Associated Press** NEW YORK (AP) — He has rubbed elbows with a prince and flown a former president on his private jet. He amassed a fortune that includes a 100-acre island... read more

---

# Darroch's resignation may have chilling effect on diplomacy, experts warn

**theguardian.com / Sabrina Siddiqui in Washington** The resignation of Sir Kim Darroch as the UK's ambassador to the US after controversy over leaked memos in which he criticized Donald Trump could have a... read more

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# Trump backs away from census citizenship question, orders agencies to hand over citizenship information to Commerce

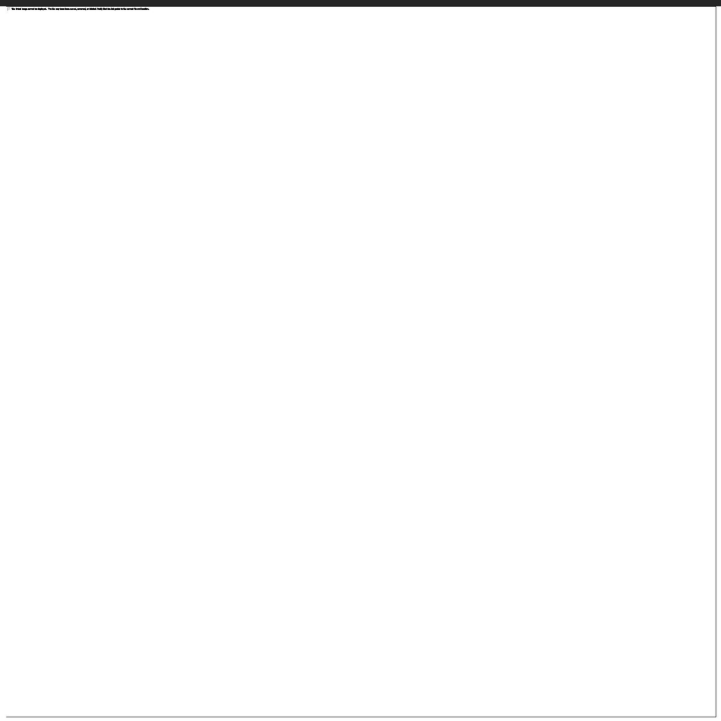

**cnn.com / Kevin Liptak, Pamela Brown, Jim Acosta and Kaitlan Collins, CNN** Washington (CNN) — President Donald Trump retreated from his quest to add a question about US citizenship to the 2020 census on Thursday, instead... read more

---

# Iran makes new nuclear threats that would reverse steps in pact

**reuters.com / Babak Dehghanpisheh, Tuqa Khalid**
GENEVA/DUBAI (Reuters) - Iran threatened on Monday to restart deactivated centrifuges and ramp up enrichment of uranium to 20% purity in a move away... read more

---

# Pro-impeachment billionaire Tom Steyer makes late entry into Democratic race

**nbcnews.com / Alex Seitz-Wald** The California hedge fund founder, who considered running earlier this year but pulled back, now joins a crowded field of more than 20 candidates.... read more

---

# Trump Proposes Ways to Improve Care for Kidney Disease and Increase Transplants

**nytimes.com / REED ABELSON and KATIE THOMAS** President Trump issued a sweeping set of proposals aimed at improving medical care for the tens of millions of Americans who have kidney disease, a...
read more

---

# Billionaire and former presidential candidate Ross Perot dies at 89

**cnbc.com / Kevin Breuninger** Billionaire businessman, philanthropist and independent presidential candidate Ross Perot is dead at 89, CNBC has confirmed. Perot, who ran for ... read more

---

# House Judiciary approves subpoenas for 12 key witnesses, including Jared Kushner

**politico.com / ANDREW DESIDERIO and KYLE CHENEY** The House Judiciary Committee voted on Thursday to authorize subpoenas for 12 crucial witnesses as part of House Democrats' ongoing investigations... read more

---

# WATCH: Women's National Soccer Team Parades Through NYC's 'Canyon Of Heroes'

**npr.org / Bill Chappell** The U.S. Women's National Team is celebrating their World Cup championship with a ticker tape parade in New York City. Throngs of fans packed... read more

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# InsightsPod

*Gather, Visualize, Analyze Public Opinion to make Intelligent Decisions*

## Business Plan

Prepared September 2016

**Contact Information**

Zubair Khan

[redacted]

www.insightspod.com

# Table of Contents

Executive Summary ..... 1

Opportunity ..... 1

Expectations ..... 3

Opportunity ..... 5

Problem & Solution ..... 5

Target Market ..... 6

Competition ..... 6

Execution ..... 8

Marketing & Sales ..... 8

Operations ..... 10

Milestones & Metrics ..... 10

Company ..... 11

Overview ..... 11

Team ..... 11

Financial Plan ..... 13

Forecast ..... 13



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Financing ..... 15

Statements ..... 17

Appendix ..... 20

Profit and Loss Statement ..... 20

Balance Sheet ..... 23

Cash Flow Statement ..... 26



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# Executive Summary

## Opportunity

### Problem

The power of word of mouth is becoming more critical to businesses as has never been witnessed before. Negative aspects associated with a brand can leave a long-term impact on its reputation. If a customer is facing a problem with your product or service, the world is going to hear about it. On the contrary, social media has the ultimate ability to turn audiences into customers and communicate positive messages.

A marketer's worst nightmare is a social media campaign gone wrong. In such a situation, resources are diverted to fix the problem, disrupting the entire workflow. During a social media crisis, marketers are left with limited control over the market as the news spreads like wildfire. Businesses need to choose the right strategy and the most appropriate way to respond.

With an increase in social media, marketing has become a two-way conversation between brand and consumer. Customers demand businesses to be proactive and efficient to meet their demands and InsightsPod provides businesses with the data to do just that and more.

### Solution

InsightsPod is an ambitious, innovative new company that is helping businesses, governments, and investors in analyzing opinions, sentiments, emotions, and attitudes of people from social media.

Imagine a customer leaves a bad review for your product. To improve your reputation and the overall customer experience, we help you identify which customer is dissatisfied in minutes. We help businesses determine a customer's intent and buying habits.



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Through the vast amounts of data available across social media, we not only help politicians to understand what their constituencies are talking about but also to influence people, track voters, and get them to vote.

Investors who predict stock behavior by interpreting the news and public sentiment make better trades. InsightsPod can give an insight into public sentiment quickly and can aid financial institutions, as well as individuals, to make sound investment decisions

InsightsPod offers advanced analytics to businesses for better marketing and product development decisions. Businesses can be aware of their product's demand, likability, strengths, and weaknesses. InsightsPod has the ability to study products and brands through social listening and customer engagement.

## Market

Our primary market is:

- Well-known businesses such as Nike, McDonalds, Starbucks.
- Political parties - InsightsPod aims to provide consulting services to political parties. We can help political parties in improving their reputation and increase public following. InsightsPod aids in analyzing the data on social media and the opinions of the general public on the Internet. Likewise, individual political figures can examine the political landscape and the effects on their public image.
- Government sector - This mainly involves law enforcement agencies. InsightsPod can aid LEA in tracking criminals and terrorist activities. The platform can also provide data and analyze public opinion regarding various government projects and initiatives.
- Investors - Fluctuation in the stock market, global economic activities and their impacts on financial markets; all of this can be analyzed through InsightsPod.

## Competition

Our main competitors in the market are:



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- IBM Watson Analytics: A data discovery service available on the cloud. It guides data exploration and automates predictive analytics.
- Lexatytics: Text Analytics company.
- Falcon.IO: Uses social media analytics to measure success. It also tracks channel performance, monitors response times and benchmark against competitors.

Our competitors are offering a variety of services but the distinguishing factor between us and the competitors is that we support 73 languages and offer location based sentiment analysis. We also support multiple data sources including Twitter, YouTube, Facebook and discussion boards.

# Expectations

## Forecast

We are projecting sales of $400,000 in Year 1, $850,000 in Year 2, and $1.6 million in Year 3 with a profit margin of 100%. This assumes we are serving around 20 customers in Year 1. Our co-founders will not draw any salary in the first 2 years so that we can reinvest our profits into growing the business. PR/Marketing and staff working on the product and business development will be our largest expense.

## Revenue

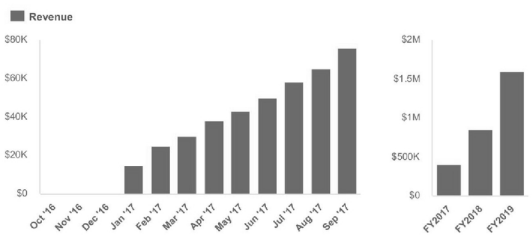




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## Financing Needed

Currently the business receives $8000 as funding by the founder every month. No loans have been taken. Founders are not taking any salaries and will not do so for another 2 years.

We are looking to raise $2.4 million at a $10 million valuation to scale. We require $800,000 per year for the next three years. The proceedings will be used to:

- Refine our sentiment analysis system (currently 5% false positives)

- Hire a PR firm

- Hire a Data Scientist

- Marketing and Sales (UK and US Market)

- Office space in London and San Francisco



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# Opportunity

## Problem & Solution

InsightsPod offers services such as marketing research, reports composed with said research, and plan consultation. The service is extremely relevant, timely, and accurate enabling clients to make informed decisions. Social media platforms such as Facebook, YouTube, and Twitter are used to gather live feeds on which we run a sentiment analysis, and in turn, offer our clients a superior approach to market research. We provide the expertise to companies seeking the means to develop and improve their products and services. To improve a company's reputation and overall customer experience, we help identify which customer is dissatisfied in minutes. We help businesses determine a customer's intent and buying habits. Through the vast amounts of data available across social media, we not only help politicians to understand what their constituencies are talking about but also to influence people, track voters and get them to vote. Investors who predict stock behavior by interpreting the news and public sentiment make better trades. InsightsPod can give an insight into public sentiment quickly and can aid financial institutions, as well as individuals, to make sound investment decisions.

InsightsPod has already been tested during the recent EU referendum and it is currently evaluating public opinion on the two US presidential candidates; Donald Trump and Hillary Clinton. The results that InsightsPod produced during the referendum proved to be positive in favour of a Brexit, and a week later, Britain voted to leave the EU, indicating that our model was reliable. The final results of the referendum were the complete opposite of the poll projected figures; the Leave campaign won with a 51.9% majority. This is potentially a great example of how polls are not as reliable as we originally thought them to be when it comes to collecting data on general public consensus. In contrast, we gather live feeds on significant political events to aid political figures in their campaigns and activities.



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# Target Market

Our target market will range from individuals, political parties, well-known businesses e.g. McDonalds, Nike, Apple, and government institutions needing information on any particular areas of concern.

Businesses, such as the aforementioned, have a huge social media presence on a global level. This is essential and effective in being able to communicate information to a mass of consumers, both current and potential, and to receive feedback faster than you would via other means of communication. However, with such global exposure combined with the speed of social media, the brand image and company reputation of these businesses is now more vulnerable to change than ever before. There are many examples from the past that can be cited in which negative tweets about companies products, services, and even marketing strategies, went viral causing a huge onslaught of negative public opinion, thus, having an adverse effect on the company in question.

In a similar fashion, government institutions have also been the victim of negative public sentiment posted online on various social media platforms directly affecting political parties and their reputations, and the number of votes in a particular party's favour (on both local and national levels).

The stock market is malleable and is affected by global consensus in various circles of interest, therefore, an investor keeps a close eye on that consensus when it comes to making profitable trades and investment decisions. An ill-informed investment decision made based on inaccurate information on global consensus could result in huge losses for an investor. Clearly, the problems our target clients face are all similar in nature and, in one way or another, affect each other.

# Competition

## Current Alternatives

Competition does exist in the industry InsightsPod is operating in. IBM Watson Analytics, Lexalytics, and Falcon.IO are some of our competitors. However, we have an



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edge in providing sentiment analysis which is based on geographical location and can support 70+ languages.

## Our Advantages

InsightsPod is different from our competitors based on a number of reasons;

- Highly accurate and intelligent sentiment analysis system
- Data is gathered and analyzed on a broader level unlike some of our competitors. For instance, our competitors do not process data from Facebook and YouTube. Our custom crawler can extract data from other sources.
- InsightsPod can give results based on specific geographical locations. This could be significant to both retail brands and political parties, or individuals too.
- Our platform also has the potential to process data in a multitude of languages, hence, the outcome tends to be more precise and effective.
- Highly customizable service - we assist our customers in engaging their target audience



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# Execution

## Marketing & Sales

### Marketing Plan

We have planned to hire a PR and marketing agency to help create awareness and spread the word out about our company. There are four companies in San Francisco that are under consideration amongst which we will opt for one; The Outcast Agency, Spark, SutherlandGold Group, and Brew. Usually, these companies charge $15,000 to $20,000 per month for their services.

Feature articles and product reviews will help launch awareness of our platform. Online advertisement will help with buyer impressions. The top 20 to 30 customers in each segment will be approached first; a few sales hits in these top tiers will enable achievement of targeted forecasts.

### Sales Plan

In the first couple of months, the company will set up the office, hire a competent PR firm and members of sales/business development to generate sales. There will be no sales activity during this time span. Revenue will begin to flow in by the end of the first six months.

InsightsPod expects to generate revenue from a subscription-based model. In order to demonstrate the capability of our platform, InsightsPod's website will display limited live insights on popular topics. Currently, we are displaying live insights on the US presidential election's candidates and the Apple iPhone 7. In addition to this, key contacts with senior writers at Wired Magazine, Business Week, CNet, and ZDnet will bring positive national attention to our technology.

We anticipate that the initial revenues will come from businesses who will subscribe to our service. InsightsPod will rigorously pursue government contracts from federal, state and local governments. InsightsPod can be used by LEA to detect criminal and terrorist



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activities. We will enlist the help of consultants familiar with government bidding processes, and those who have contacts within different departments. We will also pursue political parties.

Due to InsightsPod being a new entity, we understand that we will have to prove our company's worth to businesses in order to earn their respect and business. We will provide free sample reports to potential clients. InsightsPod will also offer an 800 number phone line for customer service purposes.

## Pricing

Customers will be charged according to the number of impressions being processed by InsightsPod. Customers will pay an optional consulting fee for specialized services. For example helping a political party in engaging voters during elections.

| No. of Impressions (Monthly Subscription) | Cost (USD) |
|---|---|
| 0-100,000 | $999 |
| 100,001-250,000 | $1,999 |
| 250,001-500,000 | $2,600 |
| 500,001-1,000,000 | $3,500 |
| 1,000,001-2,000,000 | $5,000 |

**Impression = 1 Facebook comment or 1 Tweet*



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# Operations

## Locations & Facilities

The locations we have shortlisted to host our office space are San Francisco and Oakland. We have yet to decide on the two locations, however, we are leaning towards Oakland due to lower running costs and the accessibility of tech resources. We will also have one office set up in London where we will appoint one salesperson. We currently have an operating office space in Islamabad and our back-end developers will be working from this location.

## Technology

Our platform acquires data from different social media sites and discussion forums. Currently, we are supporting Twitter, YouTube, and Facebook. We can acquire unlimited Twitter data which includes historical data for $60,000 per year. For Facebook and YouTube, we have developed our own crawler that collects data from both websites. Our platform can also collect data from any discussion forum and news website.

# Milestones & Metrics

| Milestone | Due Date | Who's Responsible |
|---|---|---|
| Business Plan | September 24, 2016 | Business Development |
| Start up Investment | October 15, 2016 | Finance |
| Set up office facility | October 31, 2016 | Management |
| Hire a PR firm | November 07, 2016 | Marketing |
| Hire sales team | November 21, 2016 | Sales |
| First Sales | April 17, 2017 | Sales |



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# Company

## Overview

### Ownership & Structure

InsightsPod will be registered as a limited-liability corporation. Zubair Khan will own 90% shares and 10% will be owned by Anya Rasulova. No outside investors are involved at this point in time.

## Team

The executive team at InsightsPod has two members - Zubair Khan and Anya Rasulova. Zubair will manage the day-to-day operations and company strategy, whereas Anya will be the strategic advisor and overlooking product enhancement.

Zubair Khan (CEO)

- CEO, Tranchulas – A multinational IT Security Company (10 Years)
- Accomplished and result oriented with proficiency in information security services and IT business management
- Analytical expertise in overseeing technology improvement initiatives
- Pursuing MBA from Harvard
- Bachelors in Business IT from Curtin University of Technology, Australia

Anya Rasulova (Director)

- Business Development and Strategic Partnerships, Google
- Product Marketing Manager, Google
- Strategy Manager, Ebay
- Wharton MBA (Marketing and Operations)
- BA Economics, Brown University
- Solid career track record in consulting and internet services



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The technical team will consist of a Chief Data Scientist and five programmers who will be based in Pakistan. We will have two business development and sales executives based in San Francisco and London.



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# Financial Plan

## Forecast

### Key Assumptions

The financial plan relies on certain underlying assumptions;

- A gradual start since we are gathering potential customers.
- The technology is not very common, therefore, educating potential clients and the public will require some time.
- We are expecting steady growth once the accuracy of the platform has been demonstrated.
- The technology is new and updated so there's only a minimal chance that the product immediately obsoletes.

According to the assumptions and the timeline we have predicted, our first sales will be after six months. From each brand/retailer, we have assumed to earn a revenue of $25,000 to $30,000 per year. Additional revenue will be received through providing consulting services to clients, especially government sectors and political parties.

In our first three years, we are projecting $400,000 in Year 1, $850,000 in Year 2 and $1.6 million in Year 3 in revenue with a 100% profit margin. We expect PR and Marketing to be our top expense. The first 2 years' payroll costs will be minimal as founding members are not taking any salary for that period of time.



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## Revenue by Month

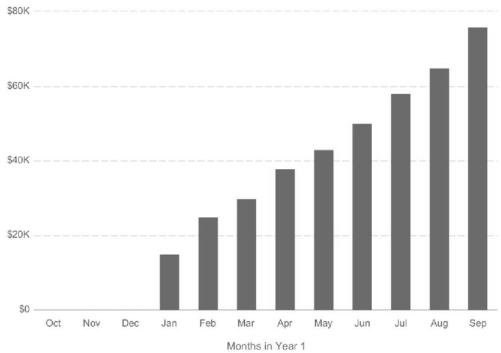


## Expenses by Year

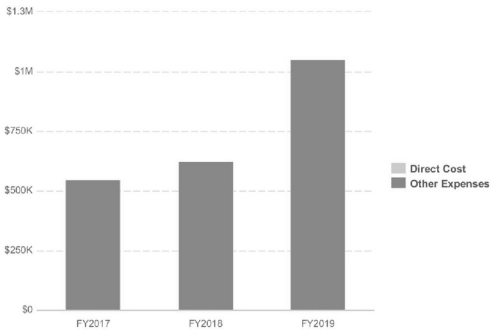




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### Net Profit (or Loss) by Year

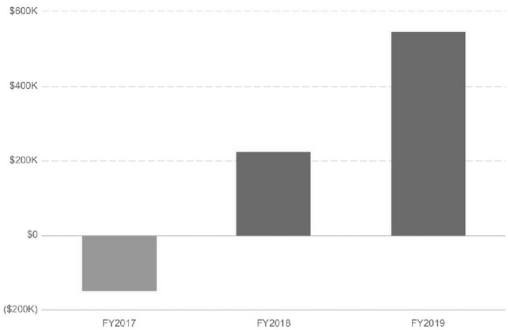


# Financing

## Use of Funds

The total expense in Year 1 is around $548,000 and $624,000 in Year 2. The biggest expense will be contracting of a PR/Marketing Agency. We have allocated $192,000 for this.

We have allocated $103,000 per year for product development. The breakdown of this amount is as follows:

- We plan to hire a Data Scientist who will be paid $24,000 per year. To reduce the expense we will hire a Data Scientist in Pakistan. The current salary of an experienced Data Scientist working for companies like Teradata and Telenor is $2000-$2500 per month.
- Our development team in Pakistan will consist of five team members. The salaries for our two senior developers will be $18,000 each, making that a total of $36,000 per year. Our programmers will be paid $14,400 each per year, making that a total of $43,200.



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We do not, and will not, compromise on the quality of our work; superior technical expertise is our top priority. Experts need to be highly paid as per market standards, and well-trained, in order to put in their best efforts.

The Business Development Team will consist of two members of staff to manage sales activities, maintaining valuable relationships with existing clients and identifying new sales leads.

The marketing will be outsourced to a PR/Marketing agency located in San Francisco which will cost us approximately $15,000 to $20,000 per month. Also, we plan on participating in industry related events every quarter such as exhibitions and trade shows.

Data acquisition from Twitter will cost us $60,000 per year. Our office space expense is for two locations, i.e. Oakland or San Francisco and London.

We don't plan on paying ourselves salaries until after 2 years, and even then, we will keep them low so we can invest as much as we can back into the business.

## Sources of Funds

We have already covered our startup costs. The founder is currently paying the salaries of programmers and the back-end office of Tranchulas Islamabad is being used to facilitate the development process. All servers are currently hosted in Germany which is also funded by the founder. The company has no loans and has no intention of taking out any loans from banks. We plan to grow through bootstrapping, keeping our salaries low and reinvesting our profits in the business, rather than taking on any additional debt.



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# Statements

## Projected Profit & Loss

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| **Revenue** | **$400,000** | **$850,000** | **$1,600,000** |
| **Direct Costs** | | | |
| Gross Margin | $400,000 | $850,000 | $1,600,000 |
| **Gross Margin %** | **100%** | **100%** | **100%** |
| **Operating Expenses** | | | |
| Salary | $263,200 | $284,720 | $548,056 |
| Employee Related Expenses | | | $48,000 |
| Office Space / Utilities | $29,333 | $32,000 | $32,000 |
| Insurance | $500 | $500 | $500 |
| Accounting and Legal Expenses | $5,000 | $5,000 | $5,000 |
| Servers | $7,200 | $14,400 | $14,400 |
| Trade Shows and Exhibitions | $11,250 | $15,000 | $15,000 |
| PR / Marketing Agency | $176,000 | $192,000 | $192,000 |
| Twitter Data acquisition | $55,000 | $60,000 | $60,000 |
| **Total Operating Expenses** | **$547,483** | **$603,620** | **$914,956** |
| **Operating Income** | **($147,483)** | **$246,380** | **$685,044** |
| Interest Incurred | | | |
| Depreciation and Amortization | | | |
| Income Taxes | $0 | $19,779 | $137,009 |
| **Total Expenses** | **$547,483** | **$623,399** | **$1,051,965** |
| **Net Profit** | **($147,483)** | **$226,601** | **$548,035** |
| **Net Profit / Sales** | **(37%)** | **27%** | **34%** |



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## Projected Balance Sheet

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Cash | $652,517 | $1,698,897 | $3,164,162 |
| Accounts Receivable | $0 | $0 | $0 |
| Inventory | | | |
| Other Current Assets | | | |
| **Total Current Assets** | **$652,517** | **$1,698,897** | **$3,164,162** |
| Long-Term Assets | | | |
| Accumulated Depreciation | | | |
| **Total Long-Term Assets** | | | |
| **Total Assets** | **$652,517** | **$1,698,897** | **$3,164,162** |
| Accounts Payable | $0 | $0 | $0 |
| Income Taxes Payable | $0 | $19,779 | $137,009 |
| Sales Taxes Payable | | | |
| Short-Term Debt | | | |
| Prepaid Revenue | | | |
| **Total Current Liabilities** | **$0** | **$19,779** | **$137,009** |
| Long-Term Debt | | | |
| **Total Liabilities** | **$0** | **$19,779** | **$137,009** |
| Paid-in Capital | $800,000 | $1,600,000 | $2,400,000 |
| Retained Earnings | | ($147,483) | $79,118 |
| Earnings | ($147,483) | $226,601 | $548,035 |
| **Total Owner's Equity** | **$652,517** | **$1,679,118** | **$3,027,153** |
| **Total Liabilities & Equity** | **$652,517** | **$1,698,897** | **$3,164,162** |



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## Projected Cash Flow Statement

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| **Net Cash Flow from Operations** | | | |
| Net Profit | ($147,483) | $226,601 | $548,035 |
| Depreciation and Amortization | | | |
| Change in Accounts Receivable | $0 | $0 | $0 |
| Change in Inventory | | | |
| Change in Accounts Payable | $0 | $0 | $0 |
| Change in Income Tax Payable | $0 | $19,779 | $117,230 |
| Change in Sales Tax Payable | | | |
| Change in Prepaid Revenue | | | |
| **Net Cash Flow from Operations** | **($147,483)** | **$246,380** | **$665,265** |
| **Investing & Financing** | | | |
| Assets Purchased or Sold | | | |
| Investments Received | $800,000 | $800,000 | $800,000 |
| Change in Long-Term Debt | | | |
| Change in Short-Term Debt | | | |
| Dividends & Distributions | | | |
| **Net Cash Flow from Investing & Financing** | **$800,000** | **$800,000** | **$800,000** |
| Cash at Beginning of Period | $0 | $652,517 | $1,698,897 |
| Net Change in Cash | $652,517 | $1,046,380 | $1,465,265 |
| **Cash at End of Period** | **$652,517** | **$1,698,897** | **$3,164,162** |



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# Appendix

## Profit and Loss Statement

### Profit and Loss Statement (With Monthly Detail)

| FY2017 | Oct '16 | Nov '16 | Dec '16 | Jan '17 | Feb '17 | Mar '17 | Apr '17 | May '17 | Jun '17 | Jul '17 | Aug '17 | Sep '17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | **$15,000** | **$25,000** | **$30,000** | **$38,000** | **$43,000** | **$50,000** | **$58,000** | **$65,000** | **$76,000** |
| **Direct Costs** | | | | | | | | | | | | |
| Gross Margin | | | | $15,000 | $25,000 | $30,000 | $38,000 | $43,000 | $50,000 | $58,000 | $65,000 | $76,000 |
| **Gross Margin %** | | | | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| **Operating Expenses** | | | | | | | | | | | | |
| Salary | $21,932 | $21,932 | $21,932 | $21,932 | $21,934 | $21,934 | $21,934 | $21,934 | $21,934 | $21,934 | $21,934 | $21,934 |
| Employee Related Expenses | | | | | | | | | | | | |
| Office Space / Utilities | | $2,666 | $2,666 | $2,666 | $2,666 | $2,667 | $2,667 | $2,667 | $2,667 | $2,667 | $2,667 | $2,667 |
| Insurance | $41 | $41 | $41 | $41 | $42 | $42 | $42 | $42 | $42 | $42 | $42 | $42 |
| Accounting and Legal Expenses | $416 | $416 | $416 | $416 | $417 | $417 | $417 | $417 | $417 | $417 | $417 | $417 |
| Servers | | | | | | | $1,200 | $1,200 | $1,200 | $1,200 | $1,200 | $1,200 |
| Trade Shows and Exhibitions | | | | $1,250 | $1,250 | $1,250 | $1,250 | $1,250 | $1,250 | $1,250 | $1,250 | $1,250 |
| PR / Marketing Agency | | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 |



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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Twitter Data acquisition | | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 |
| **Total Operating Expenses** | **$22,389** | **$46,055** | **$46,055** | **$47,305** | **$47,309** | **$47,310** | **$48,510** | **$48,510** | **$48,510** | **$48,510** | **$48,510** | **$48,510** |
| **Operating Income** | **($22,389)** | **($46,055)** | **($46,055)** | **($32,305)** | **($22,309)** | **($17,310)** | **($10,510)** | **($5,510)** | **$1,490** | **$9,490** | **$16,490** | **$27,490** |
| Interest Incurred | | | | | | | | | | | | |
| Depreciation and Amortization | | | | | | | | | | | | |
| Income Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Expenses** | **$22,389** | **$46,055** | **$46,055** | **$47,305** | **$47,309** | **$47,310** | **$48,510** | **$48,510** | **$48,510** | **$48,510** | **$48,510** | **$48,510** |
| **Net Profit** | **($22,389)** | **($46,055)** | **($46,055)** | **($32,305)** | **($22,309)** | **($17,310)** | **($10,510)** | **($5,510)** | **$1,490** | **$9,490** | **$16,490** | **$27,490** |
| **Net Profit / Sales** | | | | **(215%)** | **(89%)** | **(58%)** | **(28%)** | **(13%)** | **3%** | **16%** | **25%** | **36%** |



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| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| **Revenue** | **$400,000** | **$850,000** | **$1,600,000** |
| **Direct Costs** | | | |
| Gross Margin | $400,000 | $850,000 | $1,600,000 |
| **Gross Margin %** | **100%** | **100%** | **100%** |
| **Operating Expenses** | | | |
| Salary | $263,200 | $284,720 | $548,056 |
| Employee Related Expenses | | | $48,000 |
| Office Space / Utilities | $29,333 | $32,000 | $32,000 |
| Insurance | $500 | $500 | $500 |
| Accounting and Legal Expenses | $5,000 | $5,000 | $5,000 |
| Servers | $7,200 | $14,400 | $14,400 |
| Trade Shows and Exhibitions | $11,250 | $15,000 | $15,000 |
| PR / Marketing Agency | $176,000 | $192,000 | $192,000 |
| Twitter Data acquisition | $55,000 | $60,000 | $60,000 |
| **Total Operating Expenses** | **$547,483** | **$603,620** | **$914,956** |
| **Operating Income** | **($147,483)** | **$246,380** | **$685,044** |
| Interest Incurred | | | |
| Depreciation and Amortization | | | |
| Income Taxes | $0 | $19,779 | $137,009 |
| **Total Expenses** | **$547,483** | **$623,399** | **$1,051,965** |
| **Net Profit** | **($147,483)** | **$226,601** | **$548,035** |
| **Net Profit / Sales** | **(37%)** | **27%** | **34%** |



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HOUSE_OVERSIGHT_028839

# Balance Sheet

## Balance Sheet (With Monthly Detail)

| FY2017 | Oct '16 | Nov '16 | Dec '16 | Jan '17 | Feb '17 | Mar '17 | Apr '17 | May '17 | Jun '17 | Jul '17 | Aug '17 | Sep '17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | $44,277 | $64,888 | $85,499 | $119,860 | $164,218 | $213,575 | $269,732 | $330,889 | $399,046 | $475,203 | $558,360 | $652,517 |
| Accounts Receivable | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Inventory | | | | | | | | | | | | |
| Other Current Assets | | | | | | | | | | | | |
| **Total Current Assets** | **$44,277** | **$64,888** | **$85,499** | **$119,860** | **$164,218** | **$213,575** | **$269,732** | **$330,889** | **$399,046** | **$475,203** | **$558,360** | **$652,517** |
| Long-Term Assets | | | | | | | | | | | | |
| Accumulated Depreciation | | | | | | | | | | | | |
| **Total Long-Term Assets** | | | | | | | | | | | | |
| **Total Assets** | **$44,277** | **$64,888** | **$85,499** | **$119,860** | **$164,218** | **$213,575** | **$269,732** | **$330,889** | **$399,046** | **$475,203** | **$558,360** | **$652,517** |
| Accounts Payable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Income Taxes Payable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sales Taxes Payable | | | | | | | | | | | | |
| Short-Term Debt | | | | | | | | | | | | |
| Prepaid Revenue | | | | | | | | | | | | |
| **Total Current Liabilities** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |



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Long-Term Debt

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Liabilities** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |
| Paid-in Capital | $66,666 | $133,332 | $199,998 | $266,664 | $333,331 | $399,998 | $466,665 | $533,332 | $599,999 | $666,666 | $733,333 | $800,000 |
| Retained Earnings | | | | | | | | | | | | |
| Earnings | ($22,389) | ($68,444) | ($114,499) | ($146,804) | ($169,113) | ($186,423) | ($196,933) | ($202,443) | ($200,953) | ($191,463) | ($174,973) | ($147,483) |
| **Total Owner's Equity** | **$44,277** | **$64,888** | **$85,499** | **$119,860** | **$164,218** | **$213,575** | **$269,732** | **$330,889** | **$399,046** | **$475,203** | **$558,360** | **$652,517** |
| **Total Liabilities & Equity** | **$44,277** | **$64,888** | **$85,499** | **$119,860** | **$164,218** | **$213,575** | **$269,732** | **$330,889** | **$399,046** | **$475,203** | **$558,360** | **$652,517** |



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| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| Cash | $652,517 | $1,698,897 | $3,164,162 |
| Accounts Receivable | $0 | $0 | $0 |
| Inventory | | | |
| Other Current Assets | | | |
| **Total Current Assets** | **$652,517** | **$1,698,897** | **$3,164,162** |
| Long-Term Assets | | | |
| Accumulated Depreciation | | | |
| **Total Long-Term Assets** | | | |
| **Total Assets** | **$652,517** | **$1,698,897** | **$3,164,162** |
| Accounts Payable | $0 | $0 | $0 |
| Income Taxes Payable | $0 | $19,779 | $137,009 |
| Sales Taxes Payable | | | |
| Short-Term Debt | | | |
| Prepaid Revenue | | | |
| **Total Current Liabilities** | **$0** | **$19,779** | **$137,009** |
| Long-Term Debt | | | |
| **Total Liabilities** | **$0** | **$19,779** | **$137,009** |
| Paid-in Capital | $800,000 | $1,600,000 | $2,400,000 |
| Retained Earnings | | ($147,483) | $79,118 |
| Earnings | ($147,483) | $226,601 | $548,035 |
| **Total Owner's Equity** | **$652,517** | **$1,679,118** | **$3,027,153** |
| **Total Liabilities & Equity** | **$652,517** | **$1,698,897** | **$3,164,162** |



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# Cash Flow Statement

## Cash Flow Statement (With Monthly Detail)

| FY2017 | Oct '16 | Nov '16 | Dec '16 | Jan '17 | Feb '17 | Mar '17 | Apr '17 | May '17 | Jun '17 | Jul '17 | Aug '17 | Sep '17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Cash Flow from Operations** | | | | | | | | | | | | |
| Net Profit | ($22,389) | ($46,055) | ($46,055) | ($32,305) | ($22,309) | ($17,310) | ($10,510) | ($5,510) | $1,490 | $9,490 | $16,490 | $27,490 |
| Depreciation and Amortization | | | | | | | | | | | | |
| Change in Accounts Receivable | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Change in Inventory | | | | | | | | | | | | |
| Change in Accounts Payable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Change in Income Tax Payable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Change in Sales Tax Payable | | | | | | | | | | | | |
| Change in Prepaid Revenue | | | | | | | | | | | | |
| **Net Cash Flow from Operations** | **($22,389)** | **($46,055)** | **($46,055)** | **($32,305)** | **($22,309)** | **($17,310)** | **($10,510)** | **($5,510)** | **$1,490** | **$9,490** | **$16,490** | **$27,490** |
| **Investing & Financing** | | | | | | | | | | | | |



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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets Purchased or Sold | | | | | | | | | | | | |
| Investments Received | $66,666 | $66,666 | $66,666 | $66,666 | $66,667 | $66,667 | $66,667 | $66,667 | $66,667 | $66,667 | $66,667 | $66,667 |
| Change in Long-Term Debt | | | | | | | | | | | | |
| Change in Short-Term Debt | | | | | | | | | | | | |
| Dividends & Distributions | | | | | | | | | | | | |
| **Net Cash Flow from Investing & Financing** | **$66,666** | **$66,666** | **$66,666** | **$66,666** | **$66,667** | **$66,667** | **$66,667** | **$66,667** | **$66,667** | **$66,667** | **$66,667** | **$66,667** |
| Cash at Beginning of Period | $0 | $44,277 | $64,888 | $85,499 | $119,860 | $164,218 | $213,575 | $269,732 | $330,889 | $399,046 | $475,203 | $558,360 |
| Net Change in Cash | $44,277 | $20,611 | $20,611 | $34,361 | $44,358 | $49,357 | $56,157 | $61,157 | $68,157 | $76,157 | $83,157 | $94,157 |
| **Cash at End of Period** | **$44,277** | **$64,888** | **$85,499** | **$119,860** | **$164,218** | **$213,575** | **$269,732** | **$330,889** | **$399,046** | **$475,203** | **$558,360** | **$652,517** |



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| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| **Net Cash Flow from Operations** | | | |
| Net Profit | ($147,483) | $226,601 | $548,035 |
| Depreciation and Amortization | | | |
| Change in Accounts Receivable | $0 | $0 | $0 |
| Change in Inventory | | | |
| Change in Accounts Payable | $0 | $0 | $0 |
| Change in Income Tax Payable | $0 | $19,779 | $117,230 |
| Change in Sales Tax Payable | | | |
| Change in Prepaid Revenue | | | |
| **Net Cash Flow from Operations** | **($147,483)** | **$246,380** | **$665,265** |
| **Investing & Financing** | | | |
| Assets Purchased or Sold | | | |
| Investments Received | $800,000 | $800,000 | $800,000 |
| Change in Long-Term Debt | | | |
| Change in Short-Term Debt | | | |
| Dividends & Distributions | | | |
| **Net Cash Flow from Investing & Financing** | **$800,000** | **$800,000** | **$800,000** |
| Cash at Beginning of Period | $0 | $652,517 | $1,698,897 |
| Net Change in Cash | $652,517 | $1,046,380 | $1,465,265 |
| **Cash at End of Period** | **$652,517** | **$1,698,897** | **$3,164,162** |



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HOUSE_OVERSIGHT_028845

**From**: Joi Ito [redacted]
**Sent**: 4/27/2014 10:54:13 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: NYTimes: Sanctions Revive Search for Secret Putin Fortune

**Importance**: High

President Obama□fs response to the Ukraine crisis, while derided by critics as slow and weak, has reinvigorated a 15-year global hunt for the Russian leader□fs hidden wealth.
http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow

Sent from my iPhone

**From:** Joi Ito [redacted]
**Sent:** 4/27/2014 2:34:04 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: NYTimes: Sanctions Revive Search for Secret Putin Fortune

**Importance:** High

Flying to LA. Will try to call when I land.11AM Pacific or so.

Sent from my iPad

On Apr 27, 2014, at 7:41, Jeffrey Epstein <jeevacation@gmail.com> wrote:

[redacted] if you havetime

On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted]> wrote:

> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.
> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
> Sent from my iPhone

--

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**From**: Joi Ito [redacted]
**Sent**: 4/27/2014 6:55:07 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Re: NYTimes: Sanctions Revive Search for Secret Putin Fortune
**Attachments**: signature.asc

**Importance**: High

Can you talk now?

On Apr 27, 2014, at 04:41 , Jeffrey Epstein <jeevacation@gmail.com> wrote:

> [redacted] if you havetime
>
>
> On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted]> wrote:
>
> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.
> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
>
> Sent from my iPhone
>
>
>
> --
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--
Please use my alternative address, [redacted] to avoid email auto responder

**Attachments**: signature.asc

Can you talk now?

On Apr 27, 2014, at 04:41 , Jeffrey Epstein <jeevacation@gmail.com> wrote:

> [redacted] if you havetime
>
>
> On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted]> wrote:
>
> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has

reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.

> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
>
> Sent from my iPhone
>
>
>
> --
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Please use my alternative address, [redacted] to avoid email auto responder

**From**: Joi Ito [redacted]
**Sent**: 4/27/2014 6:57:02 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Re: NYTimes: Sanctions Revive Search for Secret Putin Fortune
**Attachments**: signature.asc

**Importance**: High

Calling you from a 310 #...

On Apr 27, 2014, at 04:41 , Jeffrey Epstein <jeevacation@gmail.com> wrote:

> [redacted] if you havetime
>
>
> On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted]> wrote:
>
> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.
> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
>
> Sent from my iPhone
>
>
>
> --
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--
Please use my alternative address, [redacted] to avoid email auto responder

**Attachments:** signature.asc

Calling you from a 310 #...

On Apr 27, 2014, at 04:41 , Jeffrey Epstein <jeevacation@gmail.com> wrote:

>[redacted] if you havetime
>
>
> On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted]> wrote:
>

> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has

reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.

> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
>
> Sent from my iPhone
>
>
>
> --
>  please note
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--
Please use my alternative address, [redacted] to avoid email auto responder

**From:** Lesley Groff [redacted]
**Sent:** 7/17/2014 11:55:40 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Reminder Ed Boyden.

**Importance:** High

Reminder: Would you like me to set up a call for you with Ed Boyden?

Sent from my iPhone

Begin forwarded message:

**From:** Ed Boyden <[redacted]>
**Date:** July 14, 2014, 4:50:47 AM EDT
**To:** Lesley Groff <[redacted]>
**Cc:** Jeffrey Epstein <jeevacation@gmail.com>
**Subject: Re: deception**
**Reply-To:** [redacted]

Sorry again for that last minute cancellation in the Spring -- alas, the perils of running a new center, that I no longer control my schedule like in the good old days. But the Obama BRAIN Initiative is running strong, and MIT has a good bid for a seat at the table, so that is good. Want to revisit a time for a chat? My schedule is now much more free, thanks to these BRAIN initiative activities launching...

Best,
Ed

On Fri, Dec 6, 2013 at 7:08 AM, Lesley Groff <[redacted]> wrote:

Good morning Neil…I am afraid Jeffrey must cancel his trip up today…he is sick in bed and not well. I am so very sorry to do this last minute. Hopefully we can circle back to this soon.

Thank you,

Lesley

Assistant to Jeffrey Epstein

[redacted]

On Dec 6, 2013, at 12:32 AM, Neil Gershenfeld <[redacted]> wrote:

Confirming lunch noon Friday at my office, E15-401. Sunglasses and beach balls optional, hopefully this will be a warm-up for meeting in more entertaining venues.

Neil

--
Ed Boyden, Ph. D.
Leader, Synthetic Neurobiology Group
Associate Professor, MIT Media Lab and McGovern Institute,
Departments of Biological Engineering and Brain and Cognitive Sciences
Co-Director, MIT Center for Neurobiological Engineering
New York Stem Cell Foundation-Robertson Investigator
MIT, Room E15-421, 20 Ames St., Cambridge, MA 02139
email - [redacted]
office - [redacted]
cell - [redacted]
fax - [redacted]
skype - [redacted]
web - http://syntheticneurobiology.org
twitter - http://twitter.com/eboyden3

**From:** Kathy Ruemmler [redacted]
**Sent:** 9/19/2014 11:54:57 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]> wrote:
Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:
Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/19/2014 6:57:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" <[redacted]> wrote:

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Agreed, but I need to be prepared to say yes before I talk to him.

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You need to talk to boss

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**Sent:** 9/19/2014 6:59:27 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yep. And now he is a repeat offender.

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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/19/2014 7:02:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Uh, yeah. We will now go through a period of self-reflection and despair.

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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/19/2014 7:44:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Gov is not jewish

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**Sent:** 9/19/2014 7:46:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fwd:

**Importance:** High

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
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**From:** Kathy Ruemmler [[redacted]]
**Sent:** 9/19/2014 9:12:49 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fwd:

**Importance:** High

I think I should do it.

On Sep 19, 2014 4:12 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
free now

On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler <[redacted]> wrote:

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
of course not , he wouldnt have been so stupid.
---------- Forwarded message ----------
From: **Kathy Ruemmler** <[redacted]>
Date: Fri, Sep 19, 2014 at 3:44 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Gov is not jewish

On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
reid or governor

On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler <[redacted]> wrote:

Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler <[redacted]> wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler <[redacted]> wrote:

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" <[redacted]> wrote:

Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler <[redacted]> wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]> wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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**From:** Lawrence Summers [redacted]
**Sent:** 10/9/2014 3:39:53 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Post Exclusive: Obama aides knew of possible White House tie to Cartagena scandal

I fear she should have pulled out last week.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** The Washington Post <newsletters@email.washingtonpost.com>
**Date:** October 8, 2014 at 10:05:38 PM EDT
**To:** "Summers, Lawrence" <[redacted]>
**Subject: Post Exclusive: Obama aides knew of possible White House tie to Cartagena scandal**
**Reply-To:** The Washington Post <newslettersFS772X.4900074@email.washingtonpost.com>

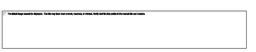

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# Obama aides knew of possible White House tie to Cartagena scandal

As nearly two dozen Secret Service agents and members of the military were punished or fired following a 2012 prostitution scandal in Colombia, Obama administration officials repeatedly denied that anyone from the White House was

involved.

But new details drawn from government documents and interviews show that senior White House aides were given information at the time suggesting that a prostitute was an overnight guest in the hotel room of a presidential advance-team member — yet that information was never thoroughly investigated or publicly acknowledged.

**Read more**

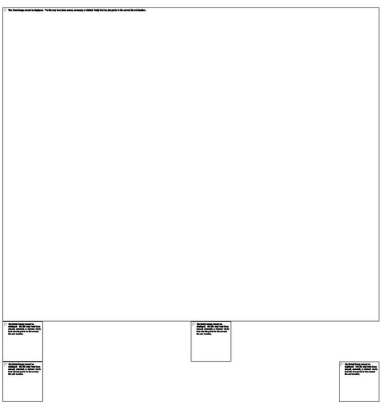

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View on the Web

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**From:** Lisa New [redacted]
**Sent:** 10/27/2014 1:48:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** writing up proposal

**Importance:** High

Dear Jeffrey,

Larry has told me that you and a friend would like to contribute to my project (hallelujah and thank you a million times, Jeffrey) and that I ought to write up a proposal asking for 500,000. This is wonderful. If this comes to pass, the best way for that money to come, I think, is as a gift to Poetry in America, an initiative at EdLabs at Harvard University. This will give me discretion over its disbursement to HarvardX and WGBH, but this will be absolutely be a Harvard gift that will count as Campaign success and from which Harvard will take some (but not as much)overhead. . So far the best finance people I've met are at EdLabs and they are happy to manage these funds for me. There are other ways to give me this money that leave Harvard out, but my understanding is that your friend would like this to be a Harvard gift.

Here's a draft of what I'd like to do with that money.

I'd like 500,000 to do post-production and distribution of a whole *historical period* of American poetry (1914-1945 is what I'm thinking--Modernism) and including *three episodes of tv*.

The raw materials for that period include interviews with Bill Clinton (including footage not yet used by WGBH), Peter Gallison, Walter Isaacson, Lena Dunham, Woody Allen (whose lawyers didn't like our release a while ago, but we're hoping will soften over time), Harrison Ford (still a maybe), Robert Polito, Sarah Kay, Al Filreis, Rafael Campo, Susan Howe, kids from Nantucket High School, kids from Brookline High School, Alfre Woodard, Jane Pickering, Jay Parini, Ray Dalio, Leon Wieseltier, Richard Dawkins and others; and footage shot in Harlem, Greenwich Village, midtown, Chicago, London (if I have the money to hire a crew there; don't now ), at museums including the Fogg, Harvard Museum of Natural History, Frost's house in Ripton Vermont and more.

This allows the donor to give to a big Harvard Campaign priority, Teaching and Learning , by supporting Poetry in America, allowing me to produce the crucial segment of the online course with the highest (TV quality) production values and so also supplying higher quality video to WGBH as a way also to cut their costs.

Currently, HarvardX skimps (on lighting, for instance--see the Bill Clinton interview) and while WGBH ladles money raised by others into everything. I have been pounding away at my friends at WGBH and I know that WGBH producer will work with HarvardX if they can give him footage of the right quality. . That is, we'll use HarvardX as the backlot for WGBH so as to squeeze three episodes out for 250.

This proposal does not include experiments in schools or the curricular development into courses for teachers that you've seen in other (million dollar_) proposals. But the courses for teachers can't happen before the footage is developed, and these courses will have as their centerpiece the WGBH episodes, and so this funding will make all the rest possible.

I can polish this narrative and or edit it, if there are things you think I have wrong.

And I can attach a draft budget based on real Harvard numbers (what my Harvard video editor, producer, media manager cost) as well as a draft WGBH budget I'll now go an negotiate with them. Or we can do that at a second stage.

Let me know what you think? And when are we reading Whitman together. Why don't we set a date for Feb when *Poetry in America 3: Whitman* is running online and we could screen a little video and then have a discussion around your table with you and some friends?

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 10/27/2014 5:09:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: writing up proposal

**Importance:** High

Okay. Shall I attach budget? Edit the above and send it. Send it to whom? Lisa

On Mon, Oct 27, 2014 at 11:53 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think the proposal for 500k is optimistic but can't hurt. .

On Mon, Oct 27, 2014 at 9:48 AM, Lisa New <[redacted]> wrote:

Dear Jeffrey,

Larry has told me that you and a friend would like to contribute to my project (hallelujah and thank you a million times, Jeffrey) and that I ought to write up a proposal asking for 500,000. This is wonderful. If this comes to pass, the best way for that money to come, I think, is as a gift to Poetry in America, an initiative at EdLabs at Harvard University. This will give me discretion over its disbursement to HarvardX and WGBH, but this will be absolutely be a Harvard gift that will count as Campaign success and from which Harvard will take some (but not as much)overhead. . So far the best finance people I've met are at EdLabs and they are happy to manage these funds for me. There are other ways to give me this money that leave Harvard out, but my understanding is that your friend would like this to be a Harvard gift.

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Lisa

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Elisa New

Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
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Cambridge, MA
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[redacted]

- As the year 2015 begins, we find ourselves at the height of a historic earthquake, in multiple dimensions, the like of which hasn't been seen since the end of WWI and the collapse of the Ottoman Empire.

- In the Middle East – within three years, the "Arab spring" turned into the "Islamic winter" – borders have vanished and centuries of conflicts between tribes and factions are erupting onto the surface.

- The bi-polar and multi-polar world we knew has been replaced by a world with not even one geopolitical center of gravity. It is a Gestalt in which everything depends on everything else, and dealing with the challenges requires global cooperation

.

- Israel finds itself at the center of a kind of "perfect storm,"the only outpost of the western way of life in

the Middle East – at the meeting point of the "clash of civilizations" between Islam and the West, as Huntington envisioned it, and at the same time, in the spinning "eye of the storm" of the clash of titans within Islam itself: between Sunni and Shi'ite, between tradition, extremism and terrorism on the one hand, and modernity and moderation on the other; between the dream of "past glory" and the vision of a "leap into the future". And all of this is drenched in a lot of blood.

- This drama that has washed over the Arab world bears two lessons and one insight for us:

The 1st lesson: "Be modest in prophecy". In particular, when it comes to the future. Mubarak for example had about 400,000 people at his disposal working in various security agencies in order to preemptively predict events such as those that took place at Tahrir Square. And he did not foresee the uprising. So

who can?

The 2nd lesson: When friends, and even the leaders among us, say: "Don't get swept into a panic – if something really grave happens (Iran for example) – the US will not stand by. The world will take action!"

And I say: Don't bet on it. Look at Syria. Assad has massacred 200,000 of his own people – with tanks, artillery, fighter jets, even chemical weapons – and the world did not lift a finger.

And the one insight: To all our opponents and even friends who tell us that our lack of success in reaching an agreement with the Palestinians is the root of all the troubles in the Middle East – the original sin! – I say: this is not true!

Even if I, in 2000 (or Rabin and Peres in 1994 or Olmert in 2008), were to have reached a peace treaty with the Palestinians – which would have been implemented a long time ago the "Muslim Brotherhood" would still have

taken control over Egypt and Al-Sisi would still have taken it back a short time after.

- Syria would still have been embroiled in a bitter civil war. And Iran – would still be striving for regional hegemony and nuclear military capability.
- The reasons for all the above are deeply rooted in the history of the nations and the region – and do not stem from the Israeli Palestinian conflict (they may be related to it in another way, which I will get to later on).

- In the new reality forged by the "Arab Spring," there is good news and bad news for us.

Let's start with the bad news:

ISIS, the disintegration of Syria, the events in Iraq – all of these are bad news that prove to us, time and time again, that the Middle East is indeed a tough neighborhood. There is no mercy for the

weak, and there will be no second opportunity for those who don't defend themselves. Every year, new threats arise. And the old ones: Hezbollah, Iran, terrorism –are all "alive and kicking" and growing even stronger.

But there is good news too. Israel is the strongest country in the region, from Tripoli in Libya to Tehran. It's the strongest militarily, strategically, and economically, and if we know act wisely–diplomatically too. Equally important: Israel will continue to be the strongest country in the region in the foreseeable future – especially if we manage to identify and cultivate these sources of empowerment and advantage – including:

- Armed Forces capable of defeating any outside combination of threats, including terrorism.
- A strong and growing economy in an open relationship with global markets.

- Foreign policy that assures international backing, especially American – diplomatic and economic-backing Israel's positions, and which holds the "moral high ground" vis-a-vis our enemies and opponents.

- The fact that Israel is stronger than any combination of enemies is what enables us to act from a position of strength and self confidence in order to change the reality : to counter the threats and to seize the opportunities.

- Let me elaborate briefly about each of the threats:

Two ironies and one insight about Isis.

Assad slaughtered 200,000 of his people including by using chemical weapons – and that wasn't enough to get the British parliament and Prime Minister Cameron or the American Congress and President Obama to act.

- Then, ISIS beheaded two journalists (not really a new practice in the Middle East) in front of the

cameras – and within 48 hours the world was united against them. Better late than never, so we have little reason to complain about the result. However, there is something to learn about the superficiality of the decision-making processes in our world.

Second: let's assume for a moment that ISIS is restrained in about a year (and hopefully – crushed) – who wins?

- The main winner is Assad, since the Coalition would have wiped out his main adversary, freeing him to focus more intensely on the rest of the rebels – meaning the "moderate" rebels, which the Coalition purports to train and reinforce in order to take him down.

Iran also wins and of course Hezbollah - all members of President Bush's Axis of Evil. In other words: the Coalition is doing some of the "dirty work" for them.

- In my best assessment, the Turks are right in their position that there is

no point in striking ISIS unless you also set a goal to take down Assad, and act to achieve it.
The Turks are right in their call for a "humanitarian strip" – 25-30 km into Syrian territory along the borders, and declare it a “no fly zone”, a place for refugees (there are several million of them) to assemble and where they can receive humanitarian aid.

- What hasn't been said explicitly is that such a deployment might lead sooner or later to engagement with the Syrian Air Force – followed by the Syrian Air Defense – which could develop into an opportunity to fundamentally change the balance of power and the course of the war against Assad's regime.

And one insight: ISIS may not be as strong as it is being portrayed. A coherent ,intense, coordinated action during the next year or two, particularly

if performed according to the Turkish outline and with massive Turkish involvement – could well put the Genie back into the bottle. However – let us make no mistake – ISIS is part of the radical Islamic web of terrorism. A web that is loosely knit, yet survives on strictly restricted resources – and demonstrates operational flexibility, survivability and a fanatic adherence to the goal.

- We're talking about ALQ, Jabhat al-Nusra in Syria, Lashkar-e-Taiba in India, the Houthis in Yemen, the Shabab in Sumali, Boko Haram in Nigeria and many more – all across the Muslim strip, from Marrakesh to Bangladesh.
- And this web is very resilient. Dealing with it will take war lasting for a generation, not just a few years. The struggle will require collaboration not just between the moderate Arab nations and Turkey – but a long-standing collaboration between the US,

Russia, China, India and Europe – all are are potential targets and victims of this terror everyone to some extent. Forging this collaboration is categorically more important than the events in Ukraine or the North Chinese Sea Islands.

- Hezbollah is busy in Syria – and would generally prefer to avoid provoking Israel. Some here would say that Nasrallah has been deterred, that the memory of 2006 is still fresh in his mind and he will not act. I have my reservations about the deterministic nature of this statement. "Deterrence" is a somewhat elusive term. This is not a "zero sum game" on a one-dimensional bar. This is a complex and context-related issue. Although under normal circumstances, each side has a fundamental position (let's assume for a moment that Hezbollah's position is "avoid provoking Israel") – it is still not hard to imagine an event, or

damage to Hezbollah's (or Nasrallah's) assets or prestige, that could lead it , despite its basic position, to take action contrary to its true fundamental position.

- Incidentally, this doesn't apply solely to "Hezbollah" – but to us too.
- Therefore, the working assumptions and the operational deployment must include the possibility of deterioration into a wide-scale confrontation with Hezbollah.

- And now, to Iran – which under certain circumstances might be the element that ignites or incites "Hezbollah" into action.
- Let us be clear – a nuclear Iran is a central threat to the entire world order, not just Israel. A nuclear Iran means the end of the non-proliferation regime– Saudi Arabia, within months, Turkey within a few years and Egypt might follow as well–and all will become nuclear.

- Every third-grade dictator will be able to ensure his survivability against the outside world by following in the footsteps of Pakistan, North Korea and Iran.
- The "countdown" towards the troubling vision of Prof. Graham Allison of Harvard about nuclear weapons in the hands of terrorists – this countdown, even if it takes 15 years, will start. Therefore, blocking Iran from becoming a "threshold nuclear state" is crucial, and justifies every effort.

- Right now diplomacy is in hiatus at least until March 2015. It's hard to imagine a good agreement with the P5+1, and a bad agreement would be best left unsigned. The problem is that the Iranians have no real incentive to reach a “final agreement” that would keep them from becoming a nuclear power.
- As far as they're concerned, at any

given time an improved "interim agreement" would be better (unless the P5+1 yield to a bad agreement.)

- The Iranians are very sophisticated. In their opinion (I emphasize: in their opinion), the American government has changed its goal without admitting it, from "Iran will not have military nuclear capability. Period." to "Iran will not have military nuclear capability on our watch "
-
- This is of course a completely different thing. And this perception only reinforces Iran's obduracy and the delaying tactics that they've adopted.
- Israel has a supreme interest in "keeping all the options on the table". However, today, mostly against the backdrop of the drawn-out talks – Israel has an interest in maximizing its understanding with the United States and trying to convince it of the need for determination and perseverance; for

"sticks" as well as "carrots"; and of the importance of completely losing any illusions regarding the objectives of the Ayatollahs' regime.

- And from here, a sharp segue to the diplomatic challenges Israel faces, from the minor (for now) to the major.
- Israel is far from being a leaf in the wind. But the world has no geopolitical center of gravity – not the US, Russia, Europe or China –Israel isn't omnipotent either.
- It is wrong to disregard what's happening in Europe. It will not be resolved by saying that Europe is ridden with anti-Semitism (though there's quite a bit of truth to that).
- Regarding BDS, I used to tell the members of the Cabinet that– as long as these voices are coming from Eritrea or Mauritania, we can live with it for years. When it comes from Scandinavia and Britain – it's a different story, and must be taken

seriously.

- Right now it is being espoused by parliaments, not governments. But it could expand – to trade unions, to the academia, to consumer organizations and NGOs. And then, heaven forbid, eventually to governments – which will say "we are of the people ". We mustn't forget that Europe is Israel's No. 1 trading partner - not the US and not China. And Europe, with North America and a few countries in the East, is at the heart of the "reference group" of liberal democratic countries to which we want to belong, and rightfully so.

- This leads us to the US – and there, the diplomatic challenge is far greater. Israel is a sovereign state. On more than one occasion, I told President Obama, and before that Presidents Bush and Clinton, the following: "On issues that we believe are essential to the security and future of Israel and of

the Jewish people, Israel will make its decisions alone and on its own responsibility and act upon them. We cannot, and will not want to", I added, "delegate the responsibility for such decisions, when required, even to the best of our friends – which is you." The US presidents, I note, did not always like this statement – but they respected it.

- In the same token, I told members of the cabinet more than once – "we must always remember that the US is also a sovereign state. And it expects us to respect its right to form its positions on the issues crucial to it, based on its own interests ". And we have to respect that.

- Without derogating from our responsibility to make and execute sovereign decisions – the reality is that there isn't full symmetry here.
- Our relations with the US President, the administration, the

Congress and the American people are vital to the State of Israel.

- The United States is Israel's main ally and strategic support. Our relations with it are the cornerstone of Israel's military capabilities, the IDF's qualitative edge, and Israel's strategic and political positioning.
- We receive $3 billion a year from the US, going back some 40 years now. What social or economic budget items would we forgo to make up the ₪12 billion gap if this assistance disappears?
- They're the only ones who can provide us with F-35 jets, the best aircraft in the world.
- These are mutually beneficial relations. The US also benefits from the unprecedented cooperation between our intelligence communities. And so do we.

We never expected, and will never ask others to fight for us – yet the US has deployed advanced radar systems in

Israel to provide early warning against long-range missiles, and holds military exercises on our soil and in the Mediterranean , preparing an American response in case Israel has to defend itself against missile attacks from Iran.

- We received about $1 billion from the US, by order of President Obama, for "Iron Dome", and assistance for the David's Sling and Arrow programs continues.
- We turn to the US to veto hostile initiatives against Israel in the United Nations Security Council. Or to soften the conclusions of the Goldstone Commission and its ilk.
- It is to them that we turned (and they responded to the best of their ability) in rather tense times, when a handful of our people were besieged in the embassy in Cairo, with an angry mob at the door.
- Secretary of State Kerry, and President Obama – went to great lengths – and paid a considerable

political (and often personal) price – to help us achieve a breakthrough with the Palestinians, though the effort did not succeed. Nor did we succeed (Rabin and Peres, myself, Olmert and Bibi as well). They shouldn't be ridiculed and debased for this. They should be appreciated. Even if we do not agree on all the details.

- We will yet need their help in facing many trials in the future.

- I recommend that we all remember this well. The rules of working with the Americans: Do not marginalize yourself. Do not fold. Yes – remember what the U.S. is for Israel. And Maintain–at almost any cost – mutual relations of trust and respect. It's good for Israel.
- The American Congress, President Obama, Biden and Kerry are part of the solution, even if it tarries. They are not part of the problem.

- Ben Gurion used to say, with his

iron logic, that "the future of Israel depends on our strength and our righteousness."

"Our strength" – that is the IDF's might and its strategic capabilities, the backing of the superpowers, our economic strength, and our social solidarity.

"Our righteousness" – not as an abstract concept – is our capacity to hold the"moral high ground" by means of a calculated effort to behave and be perceived as acting in good faith – to obtain peace, even if it delays.

- This is also an an essential condition for achieving internal solidarity and the world's support for Israel (or for the support of <u>most</u> of the world that's important to **us**).
- This is also an essential condition for achieving <u>internal solidarity</u> and <u>willingness for sacrifice</u> in a society where being called for battle or routinely risking your life is not a theoretical notion, but rather part of our life experience that repeats itself

time and again.

- The fighting spirit, resilience and the internal solidarity are deeply bound to both our strength and our righteousness. Our righteousness is just as important as our strength.

Our righteousness, and not our strength in and of itself, is what gives Zionism's struggle its meaning and sense of purpose (especially for ones who can choose). The support of a superpower

- and the resilience of our society and economy, which are among the components of our "strength" – will never be without recognition of our righteousness. And without it, they will erode

.

- This is the time to point out the risk in the weakening of the cohesive forces which hold the Israeli society together. We are turning into an increasingly divided society whose very fabric seems to be ripping apart, and which is riddled with hatred for one another.

Left and right. Jews and Arabs. Secular and religious. Rich and poor. Center and periphery. Old and new. This is dangerous. The late Tunisian President Bourguiba (and later on Sadat in his debates with Assad just before the peace treaty with Israel) made the argument that there's no need to defeat Israel by force. Give them the opportunity – and they will collapse from within. But the opposite is true! We have no intention of collapsing from within. But this requires that we come to our senses and act with the right national priorities in mind for society and the economy.

- The young generation, the future, must be prioritized. And the same applies to those groups in society who carry its burdens:working hard, paying taxes and serving in the IDF.

Cultivating mutual respect, openness, tolerance, and acceptance of others;
More equitable distribution of the national wealth; equal opportunities for

all and encouraging individuals, groups and communities to take responsibility. All of these are part of our mission – and we have a long road ahead of us.

I am concerned about our addiction to internal quarrels just as much as I am concerned about our conflicts with external opponents. Our "righteousness" will not prevail and our "strength" will crack over time if we do not act decisively to establish, gradually yet persistently , norms of public life and civil society – which sets norms for what is done and what isn't done far above the criminal threshold.. We need profound change in the area of respect for the rule of law, standards of governance, keeping the thin line between freedom of expression and freedom of incitement – and immediately hitting the brakes on racism and Jewish terrorism – which in my opinion should be treated within the criminal domain..

- A few sentences on the “nation-state law”. This is a redundant and even harmful law. In general, and particularly at this point. To our friends it signals that Israel is losing its self-confidence regarding the obvious – namely,its unique identity as the Jewish-democratic state as reflected by the "Declaration of Independence".
To our enemies it provides an effective tool to make Israel a suspect– of being a country that's willingly drifting away from the norms of democracy – as a preliminary step towards institutionalized discrimination.
And one has to wonder: what was wrong with what we had until this point? What's wrong with the "Declaration of Independence"? Who needs this? And why?

- Churchill once observed the difference between an optimist and pessimist.
The pessimist – sees the difficultly in

every opportunity
The optimist – sees the opportunity in every difficultly.

- We have opportunities before us within all of the difficulties. The most important of all, a rare one, the kind that comes once in a generation – is the opportunity to establish a regional agreement. It is all the more important in light of the "Arab Spring" and following "Operation Protective Edge". There is an opportunity to establish a regional agreement that fundamentally changes the realities of the region and Israel's future and status within it. An agreement that will move the region's entire economy forward together with the chance for stability and peace ,based on synergies and collaboration rather than hatred and revenge.

- What do I mean? The events in recent years have created a strong common interest for Israel and the moderate Arab countries – Saudi

Arabia and the Gulf States, Jordan, Egypt and perhaps even Turkey (which is not Arab). The focal interest is the struggle against radical Islamic terrorism and against Iran's hegemonic and nuclear intentions.

- The challenge for us is based on there being, apparently, only one way to achieve that; and the upcoming elections in Israel force us to put it on hold for a few months.
- And the way to do it is this: a strong, self-confident Israel, willing to hold serious negotiations with the Palestinians and the group of Arab nations within an international conference, backed by the US and the Quartet – in order to achieve a two-state solution and establish a regional agreement, while maintaining an unyielding and persistent fight against terrorism and ensuring the IDF's qualitative military edge over any combination of opponents.

- The moderates among Arab rulers are unable (and also unwilling) to float this common interest and turn it into policy – because they worry how their people would respond. This is how the Palestinian issue is related to possibility of an overall agreement in the Middle East.
- And this isn't just an assessment.
- We must remember, vis-a-vis the Palestinians, Israel can (practically only) give. Regarding the rest of the moderate Arab world – Israel can also get, and a lot..
Not just recognition and legitimacy but also an opportunity for regional infrastructure projects – and mostly – for the beginning of a process, protracted though it may be – to change the region's fundamental attitudes towards Israel.
- On the road to seize this opportunity – Israel will have to consider embracing the Saudi proposal,

with Israel's reservations, as a basis to negotiate a regional agreement.

- This will take time. There will be ups and downs. The Palestinians are not an easy interlocutor. No one knows that better than I do..
- This might require long periods of interim agreements and even calculated unilateral steps that are coordinated with the US and the Quartet.
- It is possible that within the context of a regional agreement, the Palestinian State, once established, could be integrated into a structure of a closer cooperation that could include Jordan, Israel and perhaps another regional player.
- But to advance the chance of a regional agreement after the elections in Israel – the Palestinian issue and the two-state solution must be at the top of the agenda.
- The idea that' the radical right raises from time to time – to continue to rule the entire territory and maintain

a sort of "autonomy" for the Palestinians – is an illusion at best, and the first step of an upcoming blame game at worst. It will be brutally rejected by our closest friends – not to mention by each of the potential partners for the regional agreement – and by all of them together. This too is not a mere assessment.

- The claim that the events of the past year "prove" that Israel's vital security needs are incompatible with the "two-state solution" – is false. And I'm stating this as a professional position, not a political opinion.
- On the contrary – the IDF will be able to defend Israel better from an internationally recognized border that includes the settlement blocs, a number of strategic sites on mountain ridge, a security zone east of Ben Gurion Airport and long-term military presence on the Jordan River.
- The real threat to the future of the

Zionist Project – is not the security constraints of the "two-state solution" but rather a slippery slope leading to the "one-state solution" – a reality that would compromise Israel's security and worsen its diplomatic isolation – while inevitably (and this is the keyword) leading Israel into becoming a non-Jewish or non-democratic state. Not to mention the danger of descending into severe, perpetual hemorrhaging, lasting generations, by the two national communities locked in embrace– as we have seen in Belfast and Bosnia.

- The vision we all share – the vision of a "model society" in Israel, of positioning Israel, within 10-15 years, among the group of the most advanced societies – in education and culture, science and technology, quality of life – and eventually standard of living (Finland and Denmark can do it? So can we!). A society in which its sons and daughters choose to live . And one

that young Jews from all over the world consider a source of pride, inspiration – and even a worthy place to live in.

- The vision of a "model society" will not materialize unless we gather our mental strength and political will, despite the pain and the differences in our positions – and together embrace the "two-state solution under a regional agreement" – which even if it delays – is the only appropriate and feasible solution, the only realistic and proper goal for Zionism in this complex world of the 21st century.

- A friend (from the Likud, actually) told me that when he was young, he visited Ben Gurion's home a few times. In one of their conversations, the boy asked the Old Man: "how is it that out of all of the people's leaders in the past 2,000 years, and even in the past 80 years, it was you who ended up founding the Jewish State?" And the

Old Man answered: "In ancient times, everyone had a sixth sense, a sense of recognizing opportunities. This sense disappeared over time – in most people. But not for me! I saw an opportunity – and I seized it."
Ben Gurion did not speak of the horrors of the War of Independence, the doubts, the risks. many assumed we would fail. He talked about the opportunity and recognizing it. And the deed.

- Like Ben Gurion at the time, Menachem Begin – with Egypt, and Rabin – in the peace treaty with Jordan, and later Peres – with the first steps towards the Palestinians, took huge national, diplomatic, security and political risks. Some paid a heavy price. Yitzhak paid the ultimate price. But they all dared – and acted. This is the true test of leadership. This is also the real test of creative statesmanship.
- Formative leadership had always

been rooted in a rare combination and fine balance between vision, daring and courage on one hand and judgment, complete sobriety and grasp of detail on the other. They will not come where anxiety, pessimism and passivity rule – these are recipes for the creating of self-fulfilling (necessarily pessimistic) prophecies.

- The essence and the purpose of the Zionist movement was to defy the reality and the mindset that the Exile created. Its foundation lay in the decision to take our own fate in our own hands and move proactively to change reality, and not be swept away by the arbitrary waves of history.

- Reality is knocking on our door. Not everything is certain. Nothing is ever certain. And nothing ever will be. Nevertheless – open the
- door – this is the true trial of the national leadership.
- Abba Eban used to say – the

Palestinians have never missed an opportunity to miss an opportunity.

- Let's not fall into this trap – ourselves.

- Thank you.

**Date:** Friday, January 2 2015 11:14 PM
**Subject:** truly outrageous Š.i am so sorry for you & alan-
**From:** Lilly Ann Sanchez <[redacted]>
**To:** jeevacation@gmail.com;
**Attachments:** 8EE9569C-058C-424D-9513-7655E297E217[9].png; 5C1BB0AB-366E-4484-A53B-A8165C8B536B.png; 7B138C22-EB95-4CF5-AADA-CB3D461BC4EE.png; FD41701B-1ACA-4262-B3E8-EB553F5705B2.png; DCE5E2CF-48F1-42F4-A922-833477C1EB2F.png

---

Jeffrey -

Please let me know if I can help in any way-

Story below-

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Miami Herald

# Salacious new chapter in Florida billionaire's sex scandal

Jeffrey Epstein

For years, the story of South Florida billionaire money manager Jeffrey Epstein — involving allegations of human trafficking, an international underage sex ring, a Palm Beach mansion, a private island in the Caribbean, and an FBI investigation — has been tabloid fodder in the United States and the United Kingdom.

Now, Fort Lauderdale lawyer Brad Edwards is helping to write a new chapter in this murky and sordid tale. Representing two alleged victims identified only as Jane Doe #3 and Jane Doe #4, Edwards filed a motion in U.S. District Court in West Palm Beach that alleges well-known criminal defense lawyer Alan Dershowitz and Prince Andrew, the Duke of York, were involved in Epstein's international sex ring.

"There's absolutely no kernel of truth to this story," said Dershowitz, who represented Epstein. "I don't know this woman. I've never been in the same place with her. She's made up the whole story completely from whole cloth."

Edwards' motion requests that his new clients join the case of two other alleged victims — identified as Jane Doe #1 and Jane Doe #2 in court records — who are attempting to use the Crime Victims' Rights Act to force the U.S. Department of Justice to prosecute Epstein for sex trafficking of children by fraud and use of interstate commerce to entice a minor to commit prostitution, among other offenses.

A wealthy Wall Street money manager who had once attempted to purchase New York magazine, Epstein traveled the world in circles that included President Bill Clinton and businessman Donald Trump. Despite his vast fortune and mansion in Palm Beach, Epstein kept a low profile and wasn't a regular in the wealthy island's social scene.

The low profile vanished in 2005, when a woman contacted the Palm Beach police fearing that Epstein had molested her 14-year-old daughter. The girl told detectives she'd been invited to Epstein's mansion, where she was paid $300 after stripping to her underwear and massaging Epstein as he masturbated. Police then located a community college student who gave a sworn statement that she had taken six girls, all between the ages of 14 and 16, to Epstein.

Police referred the case to the FBI. In September 2007, Dershowitz helped Epstein negotiate a then-secret non-prosecution agreement with the U.S. Attorney's Office, which deferred to the Palm Beach County State Attorney's Office for criminal charges, court records show.

In 2008, Epstein pleaded guilty to a state charge of soliciting prostitution with a minor and served 13 months of an 18-month sentence.

After his conviction, Epstein's story grew even more bizarre, with anonymous women accusing him in federal court of conspiring with Ghislaine Maxwell, daughter of the late British media baron Robert Maxwell, to operate an international underage sex ring.

Edwards, the Fort Lauderdale lawyer, and Paul Cassell, a former federal judge who now teaches law at the University of Utah, filed a Jane Doe lawsuit against the U.S. government in July 2008, alleging that Epstein had committed crimes against their clients, including sex trafficking of children by fraud.

The case, which has been pending for more than six years before U.S. District Judge Kenneth A. Marra, initially involved two women, identified as Jane Doe #1 and Jane Doe #2, who said they were sexually abused by Epstein and trafficked as minors.

On Dec. 30, 2014, Edwards asked to have two new accusers added to the case — identified as Jane Doe #3 and Jane Doe #4.

Jane Doe #3 alleges in the court filing that Maxwell and Epstein kept her as a "sex slave" from 1999 through 20002, when she escaped to an unspecified foreign country.

Epstein forced Jane Doe #3, who was then a minor, to have sex with politically connected and wealthy people, the court filing alleges.

"Epstein's purpose in 'lending' Jane Doe [along with other young girls] to such powerful people [was] to ingratiate himself with them for business, personal, political and financial gain, as well as to obtain blackmail information," the filing alleges.

Jane Doe #3 identifies one of the men she was forced to have sex with as Dershowitz, a former Harvard law professor and high- profile criminal defense lawyer.

"Dershowitz was an eye-witness to the sexual abuse of many other minors by Epstein and several of Epstein's co-conspirators," the filing alleges.

Dershowitz denied the claims, describing them as part of an extortion plot. He called the filing "the sleaziest legal document I have ever seen."

"They manipulated a young, suggestible woman who was interested in money," Dershowitz said.

Dershowitz said he intends to file complaints against Edwards and Cassell. "This is a disbarrable offense, and they will be disbarred," Dershowitz said. "They will rue the day they ever made this false charge against me."

Knowingly making defamatory statements in court records can be grounds for disbarment. Jack Thompson, a Miami lawyer who campaigned against violent video games and the

group2 Live Crew, was disbarred for professional misconduct that included making defamatory statements.

"We're not commenting on the story beyond our legal pleading," Cassel said.

In the most recent court filing, Jane Doe #3 alleges that Epstein forced her to have sex with "many other powerful men, including numerous prominent American politicians, powerful business executives, foreign presidents, a well-known prime minister, and other world leaders."

The filing names Prince Andrew, the Duke of York, as one of those world leaders.

*The Florida Center for Investigative Reporting is a nonprofit news organization supported by foundations and individual contributions. For more information, visit fcir.org.*

Palace Denies Allegations About Prince Andrew in U.S. Underage Sex Lawsuit

Lilly Ann Sanchez, Esq.

LS L·S LAW FIRM

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Miami, Florida 33131

tel: [redacted]
fax: [redacted]
email: [redacted]

website: http://www.thelslawfirm.com

**From**: Joi Ito [redacted]
**Sent**: 1/4/2015 11:45:43 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Interesting…. Heard Alan is not the type to give up.

> On Jan 4, 2015, at 7:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> bad press in fulll swing . she also claims to have dinner on my island with clinton. lots of details where he was sitting etc however he was NEVER on the island NEVER. its silly, but she has lots of traction
>
> --
> please note
> The information contained in this communication is
> confidential, may be attorney-client privileged, may
> constitute inside information, and is intended only for
> the use of the addressee. It is the property of
> JEE
> Unauthorized use, disclosure or copying of this
> communication or any part thereof is strictly prohibited
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> return e-mail or by e-mail to jeevacation@gmail.com, and
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--
Please use this email for confidential mail only. For general Media Lab email, please use
[redacted]

**From:** Joi Ito [redacted]
**Sent:** 1/4/2015 8:34:13 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I got another email from a colleague of his saying, "they picked the wrong adversary in Dersh. It will be his new life mission. "

> On Jan 4, 2015, at 9:19 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> Kabuki  Sec royals money
>
> On Sunday, January 4, 2015, Joi Ito <[redacted]> wrote:
> Interesting…. Heard Alan is not the type to give up.
>
> > On Jan 4, 2015, at 7:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:
> > >
> > bad press in fulll swing  . she also claims to have dinner on my island with clinton.  lots of details  where he was sitting etc  however he was NEVER on the island  NEVER.  its silly,  but she has lots of traction
> > >
> > --
> > please note
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> > JEE
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> Please use this email for confidential mail only. For general Media Lab email, please use
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> destroy this communication and all copies thereof,
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Please use this email for confidential mail only. For general Media Lab email, please use
[redacted]

**From:** Martin Weinberg [redacted]
**Sent:** 3/19/2015 8:40:59 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]; dkiesq [redacted]
**Subject:** Fw: Fwd: Mr. Clinton and Mr. Epstein
**Attachments:** image001.gif

**Importance:** High

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

617-227-3700

617-901-3472 cell

==========

This Electronic Message contains

information from the Law Office of

Martin G. Weinberg, P.C.,

and may be privileged. The

information is intended for the

use of the addressee only. If you

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that any disclosure, copying,

distribution, or use of the

contents of this message is

prohibited.

On Thursday, March 19, 2015 3:54 PM, Alan Dershowitz <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** "Sullivan, John" <[redacted]
**Date:** March 19, 2015 at 2:57:44 PM EDT
**To:** [redacted]" <[redacted]
**Subject: Mr. Clinton and Mr. Epstein**

Good Afternoon Mr. Dershowitz,

I'm John Sullivan, a reporter at The Washington Post. I've been reading with great interest stories about allegations that former President Clinton spent time on Jeffrey Epstein's Caribbean Island. In a declaration you filled in federal court you state that you have reason to believe this is not true. Are you available to discuss this with me? Thank you for your time.

John Sullivan

John Sullivan
Reporter
[redacted]
1150 15th Street NW
Washington DC 20071
Phone: [redacted]
Mobile: [redacted]
Email: [redacted]

*MARTIN G. WEINBERG, P.C.*
*ATTORNEY AT LAW*

*20 PARK PLAZA, SUITE 1000*
*BOSTON, MASSACHUSETTS 02116*

[redacted]

*FAX* [redacted]

*NIGHT EMERGENCY:*
[redacted]

*EMAIL ADDRESSES:*
[redacted]

April 24, 2015

**Via Email and U.S. Mail**
John Zucker
Assistant Legal Counsel
Office of Legal Counsel
77 W 66TH St, Room 1628
New York, NY 10023

**Re: Good Morning America and Night Line interview with Jane Doe 3**

Dear Mr. Zucker:

I represent Jeffrey Epstein. I have been informed by Producer James Hill that ABC intends to air an interview, conducted by a Good Morning America co-host, of a woman known in court papers as Jane Doe 3.[1] I write to put you on notice that ABC's publication of Jane Doe 3's accusations is grossly negligent or worse. The accusations, many of which relate to my client, relate to alleged conduct that occurred approximately 15 years ago. The current accusations are simply reformatted and embellished echoes of previous allegations, which were first made by Jane Doe 3 to tabloid publications in the United Kingdom in 2011 and which have no independent news value. These allegations were then and remain now uncorroborated and have been refuted or undermined by other, credible evidence. Indeed, a federal judge recently refused to consider these allegations in pending litigation, finding them "immaterial and impertinent", while striking the allegations and denying Jane Doe 3s Motion to Join, See Jane Doe 1 and 2 v. United States, 08-CV-80736-KAM (S.D. Fla.), Dkt 324 at 5. In addition, in that very same litigation, Federal Bureau of Investigation Special Agent Timothy R. Slater filed a declaration stating that when Jane Doe 3 was interviewed by the FBI in 2007 she refused to cooperate with the investigation of Mr. Epstein declaring she wanted nothing to do with the matter. For ABC to air these untested allegations on national television as "news" when Jane Doe 3 intentionally declined eight years ago to subject these same allegations to verification by the FBI would be grossly irresponsible and severely damaging to Mr. Epstein and others.

[1] Mr. Hill informed me that she was waiving whatever rights to anonymity she might assert but I will, because of certain legal obligations, refer to her as Jane Doe 3.

This is particularly true when ABC knows or should know that several, very specific allegations of Jane Doe 3 have been rebutted and/or demonstrated by others to be false. For example, I understand that she has accused distinguished Professor Alan Dershowitz of Harvard Law School of sexual misconduct involving her. Professor Dershowitz has flatly denied that allegation under oath in a federal court proceeding. I further understand that Professor Dershowitz offered to play a tape recording for Mr. Hill that evidences that Jane Doe 3 has made recent contradictory statements—that is, that she was pressured into including Professor Dershowitz in her allegations and that she has a financial motive in making these allegations.

The Duke of York and the Royal Palace have likewise unequivocally denied Jane Doe's similar allegations against the Duke. Surely, these unequivocal statements of denial of respected members of society are entitled to some deference by ABC, particularly where, as here, there is substantial evidence of bias, improper motive, and serious credibility problems of their accuser.

Moreover, additional claims of Jane Doe 3 can be refuted with objective evidence that is readily obtainable by ABC. For example, she claims she was in the presence of both former President Clinton (after January 20, 2001, and before the summer of 2002) and former Vice President Gore (and his wife) at Mr. Epstein's Virgin Island home. I have been told by Mr. Hill that she claims to be 100% sure of the facts regarding President Clinton. The claims are completely uncorroborated and compellingly contradicted by others. Neither former President Clinton nor former Vice-President Gore and his wife have ever been present at Mr. Epstein's Virgin Island home. A review of United States Secret Service records, obtainable through a Freedom of Information Request would prove the falsity of the claim. Virgin Island government records would provide further confirmation. I also believe that Mr. Hill has been told by individuals with percipient knowledge that former President Clinton has never been to Mr. Epstein's Virgin Island home. Upon inquiry, I am certain that you would receive similar denials from Mr. and Mrs. Gore either directly or by or through their counsel Mr. Boies. Jane Doe 3's fabrication of these claims against respected former officials undermines completely the trustworthiness of each and every one of her remaining allegations.

We would expect that, in the wake of the damning independent review of Rolling Stone's publications of rape allegations involving students at the University of Virginia, ABC would proceed with similar, uncorroborated allegations with extreme caution. At the very least, ABC has an obligation to verify—with independent evidence—the truthfulness of Jane Doe 3's claims. Merely declining to air those portions of her interview that relate to President Clinton and Vice-President Gore is insufficient. If ABC has concerns about her credibility with respect to <u>any</u> allegation, it must decline to republish <u>all</u> of her allegations.

In June of 2008, Mr. Epstein pleaded guilty to Florida state charges that do not relate to Jane Doe 3. After an extensive investigation, the United States declined to prosecute Mr. Epstein and provided him with a Non-Prosecution Agreement. Mr. Epstein fully conformed to the responsibilities and obligations imposed on him by that agreement. Mr. Epstein is not engaged in public activities. He is a private person who has complied and continues to comply with his legal obligations, and he is attempting to move forward with his life in a productive way. The allegations of Jane Doe 3 are neither credible nor news worthy. ABC should not publish them.

Yours Truly,

**/s/Martin G. Weinberg**

CC James E Hill, ABC News

**From**: Noam Chomsky [redacted]
**Sent**: 9/10/2015 5:52:30 PM
**To**: Lawrence Krauss [redacted]; jeffrey E. [jeevacation@gmail.com]
**CC**: [redacted]
**Subject**: RE: an article you may both hate. or like.
**Attachments**: image001.png

**Importance**: High

Thanks for sending. A wide area of agreement, but not total.

On confronting dogma, I of course agree – though in my opinion the secular religions – nationalist fanaticism, etc. – are much more dangerous. And if some find rational discussion offensive – as, for example, mainstream academics find dismantling myths of "American exceptionalism" or "Israeli self-defense" or Obama's mass murder campaign, etc., offensive – so be it.

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On Davis, I frankly think that's a non-issue. If she decides she cannot do her job as the conditions of employment require (including following the law), then she can quit and look for another job. As in any other such case.

Noam

---

**From:** Lawrence Krauss [mailto[redacted]]
**Sent:** Thursday, September 10, 2015 1:51 AM
**To:** Noam Chomsky <[redacted]; jeffrey E. <jeevacation@gmail.com>
**Subject:** an article you may both hate. or like.

hope all is well.

Lawrence

http://www.newyorker.com/news/news-desk/all-scientists-should-be-militant-atheists

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant [redacted]
Origins Office [redacted]

[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins PROJECT
ARIZONA STATE UNIVERSITY

**From:** Lawrence Kraus [redacted]
**Sent:** 9/10/2015 8:08:32 PM
**To:** Noam Chomsky [redacted]
**CC:** jeffrey E. [jeevacation@gmail.com]; [redacted]
**Subject:** Re: an article you may both hate. or like.
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

Yup.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]

**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Sep 10, 2015, at 12:09 PM, Noam Chomsky <[redacted]> wrote:

I quite agree. And I'm pretty sure Lawrence does too.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, September 10, 2015 3:02 PM
**To:** Noam Chomsky <[redacted]>
**Cc:** Lawrence Kraus [redacted]
**Subject:** Re: an article you may both hate. or like.

I think religion plays a major positive role in many lives. . i dont like fanaticism on either side. . sorry

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<image001.png>

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please note

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**From:** Lawrence Krauss [redacted]
**Sent:** 9/10/2015 8:09:42 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: an article you may both hate. or like.
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png; DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High


**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
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Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**


Sent from my iPhone

Begin forwarded message:

**From:** "Noam Chomsky" <[redacted]>
**Date:** September 10, 2015 at 12:01:39 PM MST
**To:** Lawrence Krauss <[redacted]>
**Subject: RE: an article you may both hate. or like.**

Then we're in complete agreement.

Noam

---

**From:** Lawrence Krauss [mailto:[redacted]
**Sent:** Thursday, September 10, 2015 2:46 PM
**To:** Noam Chomsky <[redacted]>
**Subject:** Re: an article you may both hate. or like.

I couldn't agree more. Re ridicule. I never suggest ridiculing people. However by pointing out the inconsistency, or contravening evidence associated with various ideas, including for example American exceptionalism, then we are essentially subjecting ideas to ridicule. That is what I meant.


**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
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[redacted]
**origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu**

Sent from my iPhone

On Sep 10, 2015, at 10:52 AM, Noam Chomsky <[redacted]> wrote:

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<image001.png>

**From**: Lawrence Krauss[redacted]
**Sent**: 9/10/2015 8:10:36 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: an article you may both hate. or like.
**Attachments**: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance**: High

Ps. My piece argued against fanaticism.

**Lawrence M. Krauss**
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**Foundation Professor**
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**origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu**

Sent from my iPhone

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**Sent:** Thursday, September 10, 2015 1:51 AM
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**From:** Joi Ito [redacted]
**Sent:** 10/25/2015 1:02:26 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Good idea. It didn't seem like Obama was that interested in hard sciences though… What's your read?

On Oct 25, 2015, at 7:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

another idea for obama . not as good as bio signal intelligence. . the cinese are willing to build a new collider. they will put up the money and build it , but need american tech. if he were to call it the obama xi collider. his legazy would be great in scinece and the project takes 15 -30 years.

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Please use this email for confidential mail only. For general Media Lab email, please use [redacted]

**From:** Lisa New [redacted]
**Sent:** 12/2/2015 3:17:58 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Poetry Update and Thank You

**Importance:** High

Dear Jeffrey,

May I drop by before the New Year (perhaps on the 9th, or on the 17th or 18th?) to get your advice about my renewal of the Templeton campaign, and also my needs in the coming year for Poetry in America? Below is the letter I'm sending out to my friends and supporters, and at the bottom a message just for you....
-Lisa

---

That you are receiving this letter means that you are among a special community of friends whose support— financial, moral, intellectual, logistical— has allowed my initiative, *Poetry in America*, to realize what seemed, a year ago, almost certainly too ambitious a vision. **That vision was to produce the highest quality educational video on American poetry, creating a body of humanities content capable of reaching a broad community of learners: formal and informal, online and residential, young and old, American and international. And it was to begin— rapidly— to disseminate and distribute our work.**

Whether you donated to *Poetry in America* through Filmmaker's Collaborative (our 501c3 fiscal sponsor), through Harvard, or through WGBH; whether you appeared on camera or talked an elusive friend into appearing on camera to discuss a poem; whether you lent us your film crew, or provided overnight use of your hotel suite or apartment or of your whole skyscraper; whether you highlighted our work on your stage, or talked your colleagues into becoming corporate sponsors; whether you flew to Boston to install state-of-the-art editing and video storage equipment, or asked your children's school to let us film there; whether you encouraged your family foundation to take an interest in the project, or gave us a lesson in IP, in licensing, in the rudiments of finance, or of distribution; whether you praised, or gave timely, much-needed criticism— you enabled what we have done.

Here's what we have to report, and to show, a year later, thanks to your help. Links offer sneak peeks of works -in-progress across the full portfolio of *Poetry in America* projects.

- The first **eight-episode season of the public television series *Poetry in America*** (a co-production between WGBH, Emmy Award-winning filmmaker David Grubin, and my own new production company, Verse Video), is now fully funded and in production, with episodes featuring Bill Clinton, Herbie Hancock and Sonia Sanchez on Langston Hughes, Frank Gehry on Carl Sandburg, Katie Couric on Elizabeth Bishop, Nas on Whitman, and many more scheduled for nationwide launch in 2017.
- ***Poetry in America*'s many initiatives to reach Middle and High School teachers and their students are taking root.** Our first online course for Middle and High School Teachers, **Poetry of the City**, will launch this Spring with the Harvard Graduate School of Education. Companion materials to this course will be made available for free on PBS LearningMedia. This course is designed to meet the needs of English Language Arts and Social Studies teachers in the US and internationally.

- We are eager to begin production of **The Poetry of Earth, Sea, and Sky.** Designed, too, for Middle and High School teachers, The Poetry of Earth, Sea, and Sky will draw English Language Arts instruction into dialogue with science, and will include extraordinary footage of the natural world, conversations with poets, scholars, and scientists as well as footage shot in class and in the field with great teachers.

- A recent partnership with Greenwich Country Day School and the Success Academy Network of charter schools will provide a base for the production of a new collection of classroom-ready educational material on ***The Poetry of Art, Sport, and Play***. This collection will include discussions on poems filmed everywhere from sports fields to Broadway theaters, and will feature dancers, athletes, fashion designers, and more.

- With a growing archive of footage capturing teachers and students reading American poems, **we are eager to expand our reach and move into America's schools, disseminating, testing, and learning from teachers and students** using our materials. We hope to be able to begin work evaluating the impact of poetry on literacy levels and character development and, eventually, to produce a full suite of materials that foster character development along with intellectual growth.

Working closely with such partners as The Nantucket Project, Nautilus Magazine, The Aspen Ideas Festival, and The Big Think, and, of course, **HarvardX**, Harvard's provider of free open online courses, we are continuing to **create rich educational media on poetry for adult learners and lifelong learners.** These materials include short form videos such as this one on Robert Pinsky's "Shirt" (as featured in *The New Yorker*), and, this spring, the **sixth module of the free seven-part *Poetry in America* MOOC, which has registrants in over 150 countries.**

Growing rapidly, and outpacing our current staff and infrastructure, *Poetry in America* has a fundraising goal this year of 2.5 million dollars to fund its expanding group of projects. We've taken a big step, hiring the design agency **Threespot** to help us develop our web presence. Our website— to launch early 2016— will eventually serve as an online hub for our TV show and educational projects. We hope you'll join us then for a virtual launch!

*Finally, Jeffrey, you have been such a wonderful supporter of my Poetry in America project. The Leon Black gift changed everything for me last year. It paid salaries for staff I desperately needed to complete projects (detail below), but first and foremost, it gave me leverage, enabling me to set down a solid Harvard base for my activities by giving the school something to point to: this public humanities project among the list of projects the Dean supports. The money did it: as soon as they heard about the gift, they took my project more seriously. Because of that gift, the Faculty of Arts and Sciences, which is space-stingy, found and rewired a studio space for me to house my video production operation and team. That gift woke up the Deans to the importance of Harvard's role in producing the highest quality humanities content for the WORLD, and not just for Harvard students. My main employee has half of her salary paid with these funds, and the foundation of our collection for PBS LearningMedia is being made with this support. This gift represented one of the most consequential shifts of the last year, allowing me create content and launch projects this year that make future projects that much more likely. If I can keep this base sturdy at Harvard, refilling these coffers, I will be that much more able to keep working.*

*I am also so grateful for the help you gave me in defining my project for Templeton, and, what help you have offered to give in bringing them around. I have, since Templeton turned me down, gotten funding to produce video on two of the poems I'd proposed to Templeton and to create, and test, that video in schools as I proposed. One of my partners in that project is Success Academy, where I could also expand my work with Templeton. And there are still other poems that may satisfy their character criteria more fully, including the third of the poems I'd originally proposed and that Joe Biden had*

*agreed to discuss with me (on parenthood and humility). At this point, I'm gaining the platform and the name recognition to be an effective spokesperson for the foundation on building literacy and character in the schools.*

*It really means a lot to me, all financial help aside, Jeffrey, that you are rooting for me and thinking about me. You push back a lot (as Larry does), and it's always annoying but I always learn.*

With abundant gratitude,
Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 12/2/2015 4:55:05 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Poetry Update and Thank You

**Importance:** High

That's ideal. Larry's away and I'll be working all day. I'm free any time.

On Wed, Dec 2, 2015 at 10:31 AM, jeffrey E. <jeevacation@gmail.com> wrote:
I'm in Cambridge sat?

On Wednesday, 2 December 2015, Lisa New <[redacted]> wrote:
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*It really means a lot to me, all financial help aside, Jeffrey, that you are rooting for me and thinking about me. You push back a lot (as Larry does), and it's always annoying but I always learn.*

With abundant gratitude,
Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

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Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From:** Lesley Groff [redacted]
**Sent:** 12/2/2015 5:54:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Poetry Update and Thank You

**Importance:** High

did you want to send the below to Lisa? (or have me ask her?)

On Dec 2, 2015, at 12:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Do you know Chomsky , he Is with me

On Wednesday, 2 December 2015, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------s with me
From: **Lisa New** <[redacted]>
Date: Wednesday, 2 December 2015
Subject: Poetry Update and Thank You
To: "jeffrey E." <jeevacation@gmail.com>

That's ideal. Larry's away and I'll be working all day. I'm free any time.

On Wed, Dec 2, 2015 at 10:31 AM, jeffrey E. <jeevacation@gmail.com> wrote:
I'm in Cambridge sat?

On Wednesday, 2 December 2015, Lisa New <[redacted]> wrote:
Dear Jeffrey,

May I drop by before the New Year (perhaps on the 9th, or on the 17th or 18th?) to get your advice about my renewal of the Templeton campaign, and also my needs in the coming year for Poetry in America? Below is the letter I'm sending out to my friends and supporters, and at the bottom a message just for you....
-Lisa

---

That you are receiving this letter means that you are among a special community of friends whose support— financial, moral, intellectual, logistical— has allowed my initiative, *Poetry in America*, to realize what seemed, a year ago, almost certainly too ambitious a vision. **That vision was to produce the highest quality educational video on American poetry, creating a body of humanities content capable of reaching a broad community of learners: formal and informal, online and residential, young and old, American and international. And it was to begin— rapidly— to disseminate and distribute our work.**

Whether you donated to *Poetry in America* through Filmmaker's Collaborative (our 501c3 fiscal sponsor), through Harvard, or through WGBH; whether you appeared on camera or talked an elusive friend into appearing on camera to discuss a poem; whether you lent us your film crew, or provided overnight use of your hotel suite or apartment or of your whole skyscraper; whether you highlighted our work on your stage, or talked your colleagues into becoming corporate sponsors; whether you flew to Boston to install state-of-the-art editing and video storage equipment, or asked your children's school to let us film there; whether you encouraged your family foundation to take an interest in the project, or gave us a lesson in IP, in licensing, in the rudiments of finance, or of distribution; whether you praised, or gave timely, much-needed criticism— you enabled what we have done.

Here's what we have to report, and to show, a year later, thanks to your help. Links offer sneak peeks of works -in-progress across the full portfolio of *Poetry in America* projects.

- The first **eight-episode season of the public television series *Poetry in America*** (a co-production between WGBH, Emmy Award-winning filmmaker David Grubin, and my own new production company, Verse Video), is now fully funded and in production, with episodes featuring Bill Clinton, Herbie Hancock and Sonia Sanchez on Langston Hughes, Frank Gehry on Carl Sandburg, Katie Couric on Elizabeth Bishop, Nas on Whitman, and many more scheduled for nationwide launch in 2017.
- ***Poetry in America*'s many initiatives to reach Middle and High School teachers and their students are taking root.** Our first online course for Middle and High School Teachers, **Poetry of the City**, will launch this Spring with the Harvard Graduate School of Education. Companion materials to this course will be made available for free on PBS LearningMedia. This course is designed to meet the needs of English Language Arts and Social Studies teachers in the US and internationally.

- We are eager to begin production of **The Poetry of Earth, Sea, and Sky.** Designed, too, for Middle and High School teachers, The Poetry of Earth, Sea, and Sky will draw English Language Arts instruction into dialogue with science, and will include extraordinary footage of the natural world, conversations with poets, scholars, and scientists as well as footage shot in class and in the field with great teachers.

- A recent partnership with Greenwich Country Day School and the Success Academy Network of charter schools will provide a base for the production of a new collection of classroom-ready educational material on ***The Poetry of Art, Sport, and Play***. This collection will include discussions on poems filmed everywhere from sports fields to Broadway theaters, and will feature dancers, athletes, fashion designers, and more.

- With a growing archive of footage capturing teachers and students reading American poems, **we are eager to expand our reach and move into America's schools, disseminating, testing, and learning from teachers and students** using our materials. We hope to be able to begin work evaluating the impact of poetry on literacy levels and character development and, eventually, to produce a full suite of materials that foster character development along with intellectual growth.

Working closely with such partners as The Nantucket Project, Nautilus Magazine, The Aspen Ideas Festival, and The Big Think, and, of course, **HarvardX**, Harvard's provider of free open online courses, we are continuing to **create rich educational media on poetry for adult learners and**

**lifelong learners.** These materials include short form videos such as this one on Robert Pinsky's "Shirt" (as featured in *The New Yorker*), and, this spring, the **sixth module of the free seven-part *Poetry in America* MOOC, which has registrants in over 150 countries.**

Growing rapidly, and outpacing our current staff and infrastructure, *Poetry in America* has a fundraising goal this year of 2.5 million dollars to fund its expanding group of projects. We've taken a big step, hiring the design agency **Threespot** to help us develop our web presence. Our website— to launch early 2016— will eventually serve as an online hub for our TV show and educational projects. We hope you'll join us then for a virtual launch!

*Finally, Jeffrey, you have been such a wonderful supporter of my Poetry in America project. The Leon Black gift changed everything for me last year. It paid salaries for staff I desperately needed to complete projects (detail below), but first and foremost, it gave me leverage, enabling me to set down a solid Harvard base for my activities by giving the school something to point to: this public humanities project among the list of projects the Dean supports. The money did it: as soon as they heard about the gift, they took my project more seriously. Because of that gift, the Faculty of Arts and Sciences, which is space-stingy, found and rewired a studio space for me to house my video production operation and team. That gift woke up the Deans to the importance of Harvard's role in producing the highest quality humanities content for the WORLD, and not just for Harvard students. My main employee has half of her salary paid with these funds, and the foundation of our collection for PBS LearningMedia is being made with this support. This gift represented one of the most consequential shifts of the last year, allowing me create content and launch projects this year that make future projects that much more likely. If I can keep this base sturdy at Harvard, refilling these coffers, I will be that much more able to keep working.*

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With abundant gratitude,
Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

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**From**: Lisa New[redacted]
**Sent**: 12/7/2015 7:01:10 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: and....another bit of advice ...? on WA

**Importance**: High

Dear Jeffrey,

As you probably know, Woody Allen's legal team said that we couldn't use the film we shot of him: online, for broadcast, anywhere.

It was a fantastic experience taping with him and so, even if I can't ever use the footage, I'm still grateful to you for making the day possible. But of course I'd like to use the footage. I decided when--way back-- we got this very negative answer back from his lawyers that I should just take my time about asking --since it would take us 2 years to be ready to edit the footage anyway (The online course is chronological. When I taped Woody we were still back in 1730. Now we've gotten to the 1920s)

Well, we've now arrived at the season when we'll be editing materials on William Carlos Williams for our course on Modernism and, as we discussed on Saturday, on poetry and other arts, The Poetry of Art, Sport, and Play

I would also, of course, love to make a tv episode out of the conversation, but the threshold question is whether he'll let us use it for anything at all. In case it would matter,

Other performers who have already taped with me include

John Lithgow,
Diane Paulus
Julie Taymor
Nas
Eve Ensler
Damian Woetzel
Kate Burton
Lil Buck Riley
Alfre Woodard
Herbie Hancock
Tony Kushner
Natalia Zukerman

and those who have agreed to tape with me include

Sally Field
Lena Dunham
Yo Yo Ma
Anna Deveare Smith
and more.

Those in other fields include journalists, senators, president clinton etc etc. You've read my pitch before (many times)

His is one of only two releases that we haven't gotten. What do you think of my chances?

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From**: Leah Reis-Dennis [redacted]
**Sent**: 12/8/2015 3:33:09 PM
**To**: jeevacation@gmail.com; Lisa New [redacted]
**Subject**: following up: WA poetry release

**Importance**: High

Dear Jeffrey,

My name is Leah Reis-Dennis, and I'll be heading operations for Lisa's new non-profit, Verse Video Education. She's asked me to be in touch with you about helping us get a release from Woody Allen.

First, I wanted to send along the rough stringout of footage from the conversation with Woody a couple of years ago on "This is Just to Say" by William Carlos Williams. This is totally unedited and uncut footage, but we would love the opportunity to turn it into something great.
https://www.dropbox.com/sh/c0bn1jjxeo0654g/uWZ6KBVbLS?preview=WoodyAllen+Basic+Clip+for+Viewing.mov

If Woody Allen agrees to let us use the footage, he will be in distinguished company. To date, we have filmed conversations about poetry with dozens of distinguished Americans including:

Bill Clinton
Al Gore
John McCain
Mayor Rahm Emanuel
Mayor Tom Menino
Supreme Court Justice Elena Kagan
Sir Mervyn King
Former Secretary of the Treasury Larry Summers

The conversation would be part of a large multiplatform initiative that Harvard Professor Lisa New has under way to bring poetry into the mainstream, and, especially, into English Language Arts classrooms in the United States and around the world. The initiative, Poetry in America, includes a HarvardX online course, a television series we're creating with WGBH to be paired with PBS LearningMedia segments for the classroom, and, a series of online professional development courses we're creating for ELA Middle and High School teachers and for their students.

Let us know if Woody Allen might be open to our sending another release form his way. Of course, if he's interested in releasing the footage for only certain parts of our project, we're open to having a conversation about that, too.

Thank you, and I hope to meet you soon.

Best, Leah

--
Leah Reis-Dennis
*Poetry in America*
[redacted]

**From:** soon yi previn [redacted]
**Sent:** 12/8/2015 5:58:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: following up: WA poetry release

**Importance:** High

Open in principle depending on specially how and where it would be shown and how it would be advertised-both subject to particular requirements and/or restrictions.Also dependent on approval of final cut. Would enter project with positive attitude but release would be reworked by lawyer.

Sent from Soon-Yi's iPhone

On Dec 8, 2015, at 10:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Leah Reis-Dennis** <[redacted]>
Date: Tue, Dec 8, 2015 at 11:33 AM
Subject: following up: WA poetry release
To: jeevacation@gmail.com, Lisa New <[redacted]>

Dear Jeffrey,

My name is Leah Reis-Dennis, and I'll be heading operations for Lisa's new non-profit, Verse Video Education. She's asked me to be in touch with you about helping us get a release from Woody Allen.

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Thank you, and I hope to meet you soon.

Best, Leah

--
Leah Reis-Dennis
*Poetry in America*
[redacted]

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**From**: Noam Chomsky [redacted]
**Sent**: 12/24/2015 5:37:14 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Very interesting topics. Would like to hear more from you about them, when we have a chance. Is it worldwide, or mostly here?

My impression is that the fear is mostly in the US. There's nothing in (much more vulnerable) Europe comparable to the Visa Waiver program (insanely targeting Iran, which has not been involved in terrorism, while exempting Saudi Arabia, the source of almost all jihadi terrorism). Or Trump-style ban them all. Or Cruz-style carpet-bomb them. For a long time, probably back to colonial days, this has been a very frightened country, maybe the safest in the world but also the most frightened. Impressions.

Sometimes it's quite weird. By accident, I took the first flight PanAm 103 after the Lockerbie bombing, together with an old friend, a veteran Middle East correspondent. It must have been the safest flight in human history. The plane was empty. We were bumped up to first class because there was no one there.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 24, 2015 11:28 AM
**To:** Noam Chomsky <[redacted]>
**Subject:** Re: Re:

thought you might be interested in a new version of the percentage agreement between stalin and churchill. Saudi and Iran doing the same , dividing spheres of influence. . it seems few people paying attention to palestinians . maybe next generation. - israel going further right it appears. I find that media induced fear is driving world markets. . very odd. gas prices down nobody shopping, . hotel prices down less travel. commodity prices way down, little building. luxury market decimated. no russians or chinese players. . still virtually zero interest rates. . borrowing not up, fear and paralysis. , ( I add these topics as to these at least, i can speak with a modicum of knowledge )

On Thu, Dec 24, 2015 at 10:51 AM, Noam Chomsky <[redacted]> wrote:

> This is the program David Marr initiated, developed by Shimon Ullman and others. Makes sense, and there are some interesting results. David was a friend, and we often discussed these topics. In fact, his famous three levels adapted a model from generative grammar. But there was always the fundamental problem I mentioned. Vision is an input system, crafting coherent images from lines, points of light, etc. Language is used for that purpose too, but it's not what language is.
>
> That fundamental difference, along with the fact that the principles involved seem quite different, has always been a stumbling block to seeking any link.
>
> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Thursday, December 24, 2015 10:48 AM
> **To:** Noam Chomsky <[redacted]>
> **Subject:** Re:

Vision rules needed to craft coherent image . Edges? " Faggehtabowtit." Two edges crafted by software

On Thursday, December 24, 2015, Noam Chomsky <[redacted]> wrote:

I presume that the software just guides the hardware. Don't see how that changes the considerations.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 24, 2015 10:09 AM
**To:** Noam Chomsky <[redacted]>
**Subject:** Re:

The hardware of vision is an input system , It's the software that I'm referring to .

On Thursday, December 24, 2015, Noam Chomsky <[redacted]> wrote:

We don't teach children language either, contrary to many beliefs. The visual grammar just grows, and as is known, can develop in various ways depending on early experience. Same with the language grammar, though the period in which experience has a shaping effect is much longer.

However, there are fundamental differences between vision and language. Can send you a recent paper about it if you like. Vision is an input system. Language isn't. It's an internal capacity, a system of knowledge, which is used to process input and also to produce thoughts (sometimes externalized). Seems also to be modality independent. And their properties look wholly different, so it's hard to see how one could piggy-back on the other.

Noam

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 24, 2015 9:24 AM
**To:** Noam Chomsky <[redacted]>;[redacted]
**Subject:**

we dont teach children to see. they have a visual grammar built in . why wouldnt we expect some mutation of that system to allow auditory grammar.

--

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**From:** Joi Ito[redacted]
**Sent:** 3/20/2016 7:33:11 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Martin Nowak [martin_nowak@harvard.edu]
**Subject:** Re:

**Importance:** High

I'm around.

That's the day that Anonymous is supposed to take down Trump's page.

Just saying.

- Joi

On Mar 20, 2016, at 2:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:

barnaby and I will come up april 1

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[redacted]

*MARTIN G. WEINBERG, P.C.*
*ATTORNEY AT LAW*

*20 PARK PLAZA, SUITE 1000*
*BOSTON, MASSACHUSETTS 02116*

[redacted]

*FAX* [redacted]

*NIGHT EMERGENCY:* [redacted]

*EMAIL ADDRESSES:*

[redacted]

April 24, 2015

**Via Email and U.S. Mail**
John Zucker
Assistant Legal Counsel
Office of Legal Counsel
77 W 66TH St, Room 1628
New York, NY 10023

**Re: Good Morning America and Night Line interview with Jane Doe 3**

Dear Mr. Zucker:

I represent Jeffrey Epstein. I have been informed by Producer James Hill that ABC intends to air an interview, conducted by a Good Morning America co-host, of a woman known in court papers as Jane Doe 3.[1] I write to put you on notice that ABC's publication of Jane Doe 3's accusations is grossly negligent or worse. The accusations, many of which relate to my client, relate to alleged conduct that occurred approximately 15 years ago. The current accusations are simply reformatted and embellished echoes of previous allegations, which were first made by Jane Doe 3 to tabloid publications in the United Kingdom in 2011 and which have no independent news value. These allegations were then and remain now uncorroborated and have been refuted or undermined by other, credible evidence. Indeed, a federal judge recently refused to consider these allegations in pending litigation, finding them "immaterial and impertinent", while striking the allegations and denying Jane Doe 3s Motion to Join, See Jane Doe 1 and 2 v. United States, 08-CV-80736-KAM (S.D. Fla.), Dkt 324 at 5. In addition, in that very same litigation, Federal Bureau of Investigation Special Agent Timothy R. Slater filed a declaration stating that when Jane Doe 3 was interviewed by the FBI in 2007 she refused to cooperate with the investigation of Mr. Epstein declaring she wanted nothing to do with the matter. For ABC to air these untested allegations on national television as "news" when Jane Doe 3 intentionally declined eight years ago to subject these same allegations to verification by the FBI would be grossly irresponsible and severely damaging to Mr. Epstein and others.

[1] Mr. Hill informed me that she was waiving whatever rights to anonymity she might assert but I will, because of certain legal obligations, refer to her as Jane Doe 3.

This is particularly true when ABC knows or should know that several, very specific allegations of Jane Doe 3 have been rebutted and/or demonstrated by others to be false. For example, I understand that she has accused distinguished Professor Alan Dershowitz of Harvard Law School of sexual misconduct involving her. Professor Dershowitz has flatly denied that allegation under oath in a federal court proceeding. I further understand that Professor Dershowitz offered to play a tape recording for Mr. Hill that evidences that Jane Doe 3 has made recent contradictory statements—that is, that she was pressured into including Professor Dershowitz in her allegations and that she has a financial motive in making these allegations.

The Duke of York and the Royal Palace have likewise unequivocally denied Jane Doe's similar allegations against the Duke. Surely, these unequivocal statements of denial of respected members of society are entitled to some deference by ABC, particularly where, as here, there is substantial evidence of bias, improper motive, and serious credibility problems of their accuser.

Moreover, additional claims of Jane Doe 3 can be refuted with objective evidence that is readily obtainable by ABC. For example, she claims she was in the presence of both former President Clinton (after January 20, 2001, and before the summer of 2002) and former Vice President Gore (and his wife) at Mr. Epstein's Virgin Island home. I have been told by Mr. Hill that she claims to be 100% sure of the facts regarding President Clinton. The claims are completely uncorroborated and compellingly contradicted by others. Neither former President Clinton nor former Vice-President Gore and his wife have ever been present at Mr. Epstein's Virgin Island home. A review of United States Secret Service records, obtainable through a Freedom of Information Request would prove the falsity of the claim. Virgin Island government records would provide further confirmation. I also believe that Mr. Hill has been told by individuals with percipient knowledge that former President Clinton has never been to Mr. Epstein's Virgin Island home. Upon inquiry, I am certain that you would receive similar denials from Mr. and Mrs. Gore either directly or by or through their counsel Mr. Boies. Jane Doe 3's fabrication of these claims against respected former officials undermines completely the trustworthiness of each and every one of her remaining allegations.

We would expect that, in the wake of the damning independent review of Rolling Stone's publications of rape allegations involving students at the University of Virginia, ABC would proceed with similar, uncorroborated allegations with extreme caution. At the very least, ABC has an obligation to verify—with independent evidence—the truthfulness of Jane Doe 3's claims. Merely declining to air those portions of her interview that relate to President Clinton and Vice-President Gore is insufficient. If ABC has concerns about her credibility with respect to <u>any</u> allegation, it must decline to republish <u>all</u> of her allegations.

In June of 2008, Mr. Epstein pleaded guilty to Florida state charges that do not relate to Jane Doe 3. After an extensive investigation, the United States declined to prosecute Mr. Epstein and provided him with a Non-Prosecution Agreement. Mr. Epstein fully conformed to the responsibilities and obligations imposed on him by that agreement. Mr. Epstein is not engaged in public activities. He is a private person who has complied and continues to comply with his legal obligations, and he is attempting to move forward with his life in a productive way. The allegations of Jane Doe 3 are neither credible nor news worthy. ABC should not publish them.

Yours Truly,

**/s/Martin G. Weinberg**

CC James E Hill, ABC News

**From:** Roy Black [redacted]
**Sent:** 4/28/2016 4:47:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]; Alan M. Dershowitz [redacted]; Jack Goldberger [redacted]
**Subject:** RE: Reuters / lawsuit against Jeffrey Epstein

**Importance:** High

**Privileged - Redacted**

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, April 28, 2016 12:39 PM
**To:** Alan M. Dershowitz; Roy Black; Jack Goldberger
**Subject:** Fwd: Reuters / lawsuit against Jeffrey Epstein

j
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

**Privileged - Redacted**

Begin forwarded message:

**From:** <[redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]>
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**

Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile [redacted]

[redacted]
Reuters.com

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**From:** Alan Dershowitz [redacted]
**Sent:** 4/28/2016 4:51:57 PM
**To:** Roy Black [redacted]
**CC:** jeffrey E. [jeevacation@gmail.com]; Jack Goldberger [redacted]
**Subject:** Re: Reuters / lawsuit against Jeffrey Epstein

**Importance:** High

# Privileged - Redacted

Sent from my iPhone

On Apr 28, 2016, at 12:47 PM, Roy Black <[redacted]> wrote:

## Privileged - Redacted

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, April 28, 2016 12:39 PM
**To:** Alan M. Dershowitz; Roy Black; Jack Goldberger
**Subject:** Fwd: Reuters / lawsuit against Jeffrey Epstein

j
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

# Privileged - Redacted

Begin forwarded message:

**From:** [redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** [redacted]
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile: [redacted]

Reuters.com

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**From**: Jack Goldberger[redacted]
**Sent**: 4/28/2016 4:59:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Alan M. Dershowitz [redacted]; Roy Black[redacted]
**Subject**: Re: Reuters / lawsuit against Jeffrey Epstein

**Importance**: High

**Privileged - Redacted**

Sent from my iPhone

> On Apr 28, 2016, at 12:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> j
> ---------- Forwarded message ----------
> From: Martin Weinberg[redacted]>
> Date: Thu, Apr 28, 2016 at 12:20 PM
> Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
> To: Jeff Epstein <jeevacation@gmail.com<mailto:jeevacation@gmail.com>>
>
>
>
>
>

**Privileged - Redacted**

>
> Begin forwarded message:
>
> From: <[redacted]
> Date: April 28, 2016 at 12:14:37 PM EDT
> To: [redacted]
> Subject: RE: Reuters / lawsuit against Jeffrey Epstein
>
> Sorry, the suit is attached to this email.
>
> From: Ingram, David (Reuters News)
> Sent: Thursday, April 28, 2016 12:14 PM
> To: 'Martin G. Weinberg'
> Subject: Reuters / lawsuit against Jeffrey Epstein
>
> Hi Marty,
> The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?
> My number is [redacted] and I'm available any time. I also just tried your cell phone.
> Thank you in advance.
>
>
> David Ingram
> Correspondent
> Reuters News
>
> Thomson Reuters
>
> Office: [redacted]
> Mobile: [redacted]
>
>[redacted]
> Reuters.com<http://reuters.com>
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> destroy this communication and all copies thereof,
> including all attachments. copyright -all rights reserved
> <katie johnson v trump complaint.pdf>

**From:** Moshe Hoffman [[redacted]]
**Sent:** 5/3/2016 4:51:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Greetings, Thanks, and Top Five Questions for the Social Sciences (which Martin thought may interest you)

**Importance:** High

Hi Jeff,

Thanks again for making the time for me last time you were in town. And for your introductions to Brockman and Ehud. I have enjoyed all the conversations and been learning a lot. Hopefully, a book or two will come out of it eventually as well. Means a lot to me.

Martin mentioned that you are thinking about the top questions in various fields and suggested I might think of some of my own and pass them on to you.

In case you are interested, I list below the five biggest questions that keep me up at night, motivate my life's work, and which I think ought to keep up every social scientist. Happy to discuss with you, if and when you are interested.

-Moshe

---

1) Where do our moral and political views come from?

The bull shit answers most people accept clearly don't fit the facts; we are not discovering moral truths through reason, and our political views are not motivated by a desire to achieve the best policy outcomes. So what does drive these beliefs? And what causes them to have the weird puzzling features they do (e.g., why is a lie of commission so much worse than a lie of omission)? And what causes them to change over time (e.g., slavery has been accepted as moral at many points in history)? And differ across cultures (e.g., ISIS versus the U.S.)? And across person and context (e.g., Trump vs. Bernie supporters)?

More generally, we believe and argue all sorts of crap (your vote can make a difference, Jesus loves you, all men are created equal). How do these beliefs and arguments work? Are they just random ideas propagated by an amorphous culture, viruses taking advantage of our own psychology for their benefit, ideas that get us to do the bidding of their cynical designers?

2) Similarly, where do our tastes come from? Like the art we like? Or the music?

Some tastes are kinda obvious. E.g., we evolved to like young curvy women because they are the most fertile. And maybe we like art that reminds us of this or of landscapes that are safe or what not. But there are many aspects of art and music (e.g. modern art, rap) that are not universally pleasing. So what makes people like these things? What properties do they need to succeed? What role does the artist or the history of the piece play in what we like? Of course, this question isn't just about art and music, but about all of our peculiar, culturally specific tastes. How does culture shape our tastes? Is it completely arbitrary or is there some logic to its influence?

3) Where do our political and economic institutions come from and what causes them to have the peculiar structure they have?

We have one vote per person, but everyone knows dollars can buy more votes, and voters in small states are better represented than those in large states. Whose interests are being served and why theirs? Many economists and political scientists have thought about "optimal institutions." And much comparative and historical work has been done. But there isn't really a good unified theory of how these evolve, what characteristics are likely to emerge, and in what ways they are or are not optimal.

4) Is there a fundamental theory of human societies that's analogous to Darwin's theory in biology?

Can that framework be as well supported by evidence and as simple as natural selection in biology, that will likewise explain the interesting things humans do, like, and believe, and the institutions we construct? Evolutionary psychologists think this doesn't require a new theory, just an investigation of the mind that biologically evolved on the Savannah. Others like Dawkins have suggested that we are best understood as machines infested by viruses of the mind which themselves evolve to take advantage of our evolved psychology. Anthropologists treat culture as just random inputs. Social psychologists document the funny quirks of our behavior without explaining where they come from. And economists assume people optimize given their tastes and beliefs but take those as given. Is one of these the right theory, if not is there a more compelling theory out there? What will it look like? How will we find it? How will we know we have found it, when we have?

5) How can we fix the perverse incentives in academia?

Researchers get hired and promoted for publishing in top journals. Journal publication is determined by editors and referees. The best way to publish is to make sure your allies are the referees, cite their work, and don't step on their toes, and to convince the editor you are famous enough and your work is flashy enough that it will be well cited and get covered by the nytimes. None of this requires much attention be paid to truth, insight, or originally.

Arguably, this is why the social sciences are such a mess. Few bother to incorporate evidence or arguments from outsiders (e.g., social psychologists don't consult historians, economists barely consult social psychologists). Few bother to question the fundamental assumptions driving their field that make no sense and go unchecked (e.g., anthropologists treat culture as random inputs). And many researchers end up spending their whole careers developing and propagating theories that are completely uninteresting to outsiders, or obviously fallacious to anyone not steeped in their literature.

It is ridiculous that we're still using a system derived from the Society of Letters of the 1500s. Perhaps it's time for something more like Wikipedia, where information gets aggregated and contributors are incentivizes by their reputation as competent editors to integrate information from across disciplines? Or something like Reddit, where quality research is recognized by upvotes that aggregate the opinion of thousands from diverse fields? Or a certification system of sorts, where papers are certified as having done their statistics right or having integrated what's known from certain fields, or not citing irrelevant papers for political reasons? Whatever the solution is, social scientists and engineers who work on this problem will have orders of magnitude more impact on science than scientists doing primary research in our archaic system.

**From:** Lisa New [redacted]
**Sent:** 5/4/2016 6:25:26 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** woody and deadline

**Importance:** High

Dear Jeffrey,

Woody has received from his lawyer some questions I asked in in response to the agreement Irwin Tenenbaum sent me....I found that that agreement generous and reasonable (!), and I'm excited to go forward, but I do need those clarifications. We can absolutely agree that we will not give Woody larger or more important billing than Bill Clinton or Joe Biden, and that I'd like to come to him to renew our agreement after five years.

The Harvard week of content in which Woody will appear, if we can sign this, needs to be edited in the next week-10 days. We are out of time, which is why I'm writing

The television show has been picked up by American Public Television, they will distribute nationally, and they've asked for another 5 episodes. I so want Woody to be one of those.

I'd like to see the haiku written by computer. Haiku is not that hard. I'd like to see an elegy written by computer.

Lisa
--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

**From:** Michael Wolff [redacted]
**Sent:** 5/25/2016 11:12:16 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Job is to get the hard ones in without being ejected from the room. What's the one question that pierces through?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

do you want to be provacative . ? trump shuttle. hawaiin tropic contests. . mortgage on mara lago. ? revenue of golf courses as income.??! , total debt of all cos . ? people dont want to conribute money as he said he is worth over 10b , why should they? , calif already coming up short. . fatther bought chips in the casino to stave off bankruptcy, chips because it was better than a first lien. under the gambling rules. matt his bag man? his loan from his brother in law ( JUdges husband) how much did his father leave. his brother robert etc.
otherwise you can just throw easys

On Wed, May 25, 2016 at 7:05 AM, Michael Wolff <[redacted]> wrote:

I'm interviewing him this afternoon. Anything you think I should ask?

--

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**From:** Michael Wolff [redacted]]
**Sent:** 5/25/2016 11:19:00 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

What's the thumb nail on Nussbaum/foster?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
maybe you can ask why bernie nussbaum got vince fosters letter quickly, that is a hillary problem. he would smile then you can ask his realtionsjipwith the elctricians unions and maralago . and out you go

On Wed, May 25, 2016 at 7:12 AM, Michael Wolff [redacted]> wrote:
Job is to get the hard ones in without being ejected from the room. What's the one question that pierces through?

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**From:** Deepak Chopra [redacted]
**Sent:** 7/29/2016 1:12:10 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Roman poet whose name I forget - " Nothing human is foreign to me . "

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Jul 29, 2016, at 8:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://articles.chicagotribune.com/1992-07-16/news/9203040348_1_pairs-of-maples-shoes-marla-maples-trump-parc

On Fri, Jul 29, 2016 at 8:33 AM, Deepak Chopra [redacted] wrote:

Fascinating !

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Jul 29, 2016, at 8:29 AM, jeffrey E. <jeevacation@gmail.com> wrote:

no - i mean her friend was stealing her high heels cutting the backs of the shoes open and fucking the shoe.. its a funny story.

On Fri, Jul 29, 2016 at 8:22 AM, Deepak Chopra <[redacted] wrote:

Let's connect 2PM
FaceTime is easier as I will be out
I've known Marla since those days
Having lunch with her
She seems v troubled right now

Sex with shoes ? You mean shoes on ?

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Jul 29, 2016, at 8:19 AM, jeffrey E. <jeevacation@gmail.com> wrote:

2 pm, fine, . yes , in fact when she told donald she was pregnant. I lost a 10k dollar bet with him, and sent him a truck of baby food. in payment. but i have not spoken to her in many years since then. she can tell you the story of her friend who was caught having sex with her shoes. yes -shoes.

On Fri, Jul 29, 2016 at 8:16 AM, Deepak Chopra <[redacted]> wrote:

FaceTime may be easier
What no
Mine is [redacted]
I can do 2PM - have meetings before then
I will take you up on your offers re visiting one of your places - when you are there
I can also do 12 noon or any other time tomorrow
Btw - do you know Marla Maples ?
Anything we share is between us
I share nothing with anyone but trust you

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Jul 29, 2016, at 8:09 AM, jeffrey E. <jeevacation@gmail.com> wrote:

my skype is jeevacation . or we can facetime if you prefer. does 12pm or 1 work for you. ? you are also welcome on my ranch in august in santa fe. anytime you like

On Fri, Jul 29, 2016 at 8:05 AM, Deepak Chopra <[redacted]> wrote:

I can Skype this afternoon or tomorrow afternoon
Let me know what works with you
I took Benadryl at 6 PM and woke up at 3 PM

I will check my Skype no
Have not used it for sometime
Good to know re Harvard program
Amazing what we can do with technology even without understanding how perception occurs
All love

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Jul 29, 2016, at 8:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I am in florida. palm beach. . we can skype. today tomrow? you should plan on a visit to my island. you might want to consider taking some benedryl to resest your clock after jet lag. one hour before bedtime you you missed an interesting session up at harvard. perception, , language. , understanding. human and robot interaction

On Fri, Jul 29, 2016 at 3:01 AM, Deepak Chopra <[redacted]> wrote:
I'm available after 2 PM tomorrow if you have time ability and desire for a cup of coffee
I can drop by if you are in town
I have galleys of new book
Best
Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

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On Jul 28, 2016, at 10:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

How long New York

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**From**: Deepak Chopra [[redacted]
**Sent**: 8/8/2016 8:57:31 AM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: America's Shadow: The Real Secret of Donald J. Trump - SFGate by Deepak Chopra
**Attachments**: supergenes[2].png

**Importance**: High

Since Woody was into the subconscious mind I thought I'd share this
See you at 3PM
http://www.sfgate.com/opinion/chopra/article/America-s-Shadow-The-Real-Secret-of-Donald-J-7965248.php

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009
The Chopra Foundation

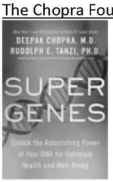


***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

**From:** Deepak Chopra [redacted]
**Sent:** 8/8/2016 9:52:40 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: America's Shadow: The Real Secret of Donald J. Trump - SFGate by Deepak Chopra
**Attachments:** supergenes[2].png

**Importance:** High

Yes
Thanks for forwarding it !
It was a fascinating evening !
I've felt a kinship with Woody because he is tortured by existential dilemmas as am I .
The Russian was just being Russian- a socialist with right wing tastes . I actually liked him .
The wife was being a mother to Woody . I think he's needed that all his life .
I will meet you at the Bowery at 230 PM
Send me the address
❤️

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Aug 8, 2016, at 5:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i will forward it . he asked if you would come back again. without the russian. to me it was a woody allen movie . you talking conciousness , his wife more concerned with the salad dressing, and the russian deciding the future of syria. . As you know I find ideas no matter how extreme , the root of possible insight. so the other day I had viisitn the psychedelic crowd. one of them has opened a store on 1 st and the bowery called the alchemist kitchen. . How about we meet there , I want to see the store and you ride with me back uptown. lets say 230? I have left my schedule open after.

On Mon, Aug 8, 2016 at 4:57 AM, Deepak Chopra <[redacted]> wrote:

Since Woody was into the subconscious mind I thought I'd share this
See you at 3PM
http://www.sfgate.com/opinion/chopra/article/America-s-Shadow-The-Real-Secret-of-Donald-J-7965248.php

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009
The Chopra Foundation
<supergenes[2].png>
***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

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Gather, Visualize, Analyze Public Opinion to make Intelligent Decisions

InsightsPod analyzes opinions, sentiments, emotions and attitudes of people from social media. Currently our platform supports Twitter, Facebook and YouTube. We are in the process of integrating Instagram and Pinterest.

# Features

- Gathers real time data from social media sites and conducts sentiment analysis.
- Opinion can be analyzed based on geographic location.
- InsightsPod identifies location and other demographics.
- Ideal for retailers to determine customers' intent and buying habits.
- Graphical reporting.
- InsightsPod supports 71 languages.
- Add triggers to receive updates.

# Potential Customers

- **Retail/Brands:** We help businesses/retailers identify which customer is not happy in seconds. We help them determine a customer's intent and buying habits. Also, we aid retailers and businesses with product development ideas and go-to market strategies.
- **Politics:** Through the vast amount of data available across social media, we can not only help politicians to understand what their constituents are talking about but also to influence people, track voters and get them to vote.
- **Stocks:** Investors who predict stock behavior by interpreting news and public sentiment make better trades and informed decisions. InsightsPod can give an insight into public sentiment quickly and can aid financial institutions as well as individuals to make sound investment decisions.

# Case Study: BREXIT

We conducted sentiment analysis of more than half a million tweets before the Referendum day. 327K tweets were collected on the day of Referendum on InsightsPod.

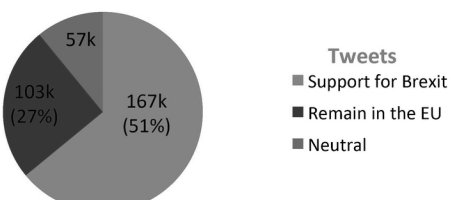

# Live Feeds – US Presidential Election, 2016

- Up until 17th August 2016 we have processed 85 million tweets related to the US Presidential Election.
- The public feed is for media agencies and to showcase to potential customers, the accuracy and capability of InsightsPod platform.
- InsightsPod can help a potential political candidate understand what their constituents are talking about and also to influence people and track voters.

# Live Feeds – US Presidential Election, 2016

**Weekly Report:** ***Donald Trump***

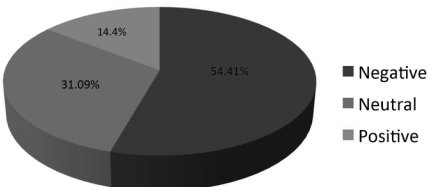


**Weekly Report:** ***Hillary Clinton***

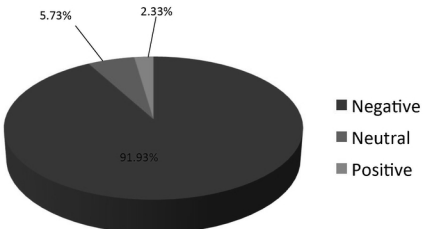


Based on data collected from 10th - 17th August 2016

# Social Media Activity of Potential Customers

2,941,608 Tweets per day

412,320 Tweets per day

12,690,192 Tweets per day

2,878,608 Tweets per day

**Based on data collected on 17th August 2016**

# Pricing Model for Customers

| No. of Impressions (Monthly Subscription) | Cost (USD) |
|---|---|
| 0-100,000 | $999 |
| 100,001-250,000 | $1999 |
| 250,001-500,000 | $2600 |
| 500,001-1000,000 | $3500 |
| 1000,001-2000,000 | $5000 |

**Impression = 1 Facebook comment or 1 Tweet*

# Applications under development

- Mobile application for shoppers to ask questions about products and services – our output will be based on opinion of people on social media.
- Analyze and predict crime

# InsightsPod founding Team

- Zubair Khan (CEO)
  - CEO, Tranchulas – A multinational IT Security Company (10 Years)
  - Pursuing MBA from Harvard
  - Bachelors in Business IT from Curtin University of Technology, Australia
  - Accomplished and result oriented with proficiency in IT business management. Analytical expertise in overseeing technology improvement initiatives.
- Anya Rasulova (Director)
  - Business Development and Strategic Partnerships, Google
  - Product Marketing Manager, Google
  - Strategy Manager, Ebay
  - Wharton MBA (Marketing and Operations)
  - BA Economics, Brown University
  - Solid career track record in consulting and internet services

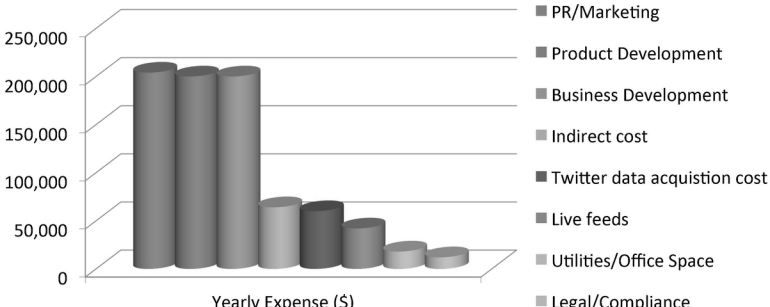


# Total Annual Costs = $800k

# Sales Forecast

- InsightsPod is pre-revenue
- Estimated break-even point is between 18 to 24 months
- Sales Target is $4m in 2020

# Raising $2.4m at $10m valuation to scale

- Required Investment is $2.4m for 3 Years ($800k per year) or Minimum Ticket $1M.
- Use of Proceeds
  - Refine sentiment analysis system – currently 5% false positives
  - Hire a PR Firm
  - Marketing and Sales (American and UK market)
  - Office Space in San Francisco and London

# Why Invest?

- First Mover
- Efficient
  - Experienced Team that knows where to focus
- Good Business
  - Subscription Revenue
  - High Margins

**From:** [redacted]
**Sent:** 9/17/2016 12:04:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Thank you for the sweatshirts. The thought was very sweet. Next time you send a gift don't put any initials on it so when I regift it no one will suspect. Also in the future think jewelry. You didn't misunderstand. With you I never know what your plans are so since I didn't hear a confirmation from you or your assistant I assumed your plans had changed and you weren't able to do dinner. Just like the Paris trips :-).

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 7:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

no problem , I thought you told me that you had moved krause so that you could come sunday. . i must have misunderstood. . the sweatshirts were given to a few world leaders yesterday, so i thought you two should also have some. .

On Sat, Sep 17, 2016 at 7:51 AM, <[redacted]> wrote:

We already have plans on Sunday as I didn't hear from you. I don't think I can change them.

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 6:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trumps guys changing their plans . all at the trump hotel right down the street from the white house. its a bad movie. president trump . down the street from trump hotel. deepak chopra , again, sunday , I know you moved krause to tonight. .

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**From:** [redacted]
**Sent:** 9/17/2016 12:33:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I didn't call to confirm because I attributed it to your scatterbrained quality and I just assumed that plans had changed and you weren't able to make it. In this civilized society the person being invited doesn't usually have to hound the host. And incidentally Woody doesn't feel dressed unless his clothes have holes in them.

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 8:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im surprised you didnt call to confirm? :) . re regifting you just have to find people wth the same initials. . i thought that woody might like to try something that is super soft and doesnt have holes

On Sat, Sep 17, 2016 at 8:04 AM, [redacted] wrote:

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**From:** [redacted]
**Sent:** 9/17/2016 12:44:10 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I just tried calling you. Call me back.

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 8:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i asked , you told me it was ok that you had changed your plans to be able to make it. i will have someone check that you really mean what you say, ::))

On Sat, Sep 17, 2016 at 8:33 AM, <[redacted]m> wrote:

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**From:** [redacted]
**Sent:** 9/17/2016 3:10:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I had a good idea. Why don't you join us for dinner with Lawrence Krause? That way you get to see us :-). Originally when we got those bundles I thought it was the DNA swabs.

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 8:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i asked , you told me it was ok that you had changed your plans to be able to make it. i will have someone check that you really mean what you say, ::))

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**From:** LHS [redacted]]
**Sent:** 10/2/2016 12:26:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Re: Trump

**Importance:** High

Yes. Let's briefly discuss. Can u have her write me.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 2, 2016, at 2:32 AM, jeffrey E. <jeevacation@gmail.com> wrote:

can somoene from the development office show rothschild around harvard sat.?

On Sun, Oct 2, 2016 at 2:32 AM, LHS <[redacted]> wrote:

Jeff

How plausible is idea that trump is real cocaine user?

L

Sent from my iPhone

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Follow me on twitter @lhsummers
www.larrysummers.com

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**From:** LHS[redacted]
**Sent:** 10/2/2016 12:34:29 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Re: Trump

**Importance:** High

What number r u at?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 2, 2016, at 8:32 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Sunday, 2 October 2016, LHS <[redacted]> wrote:

Yes. Let's briefly discuss. Can u have her write me.

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**From:** Deepak Chopra [redacted]
**Sent:** 11/10/2016 10:30:08 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Thanks

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

On Nov 10, 2016, at 5:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

great

On Thu, Nov 10, 2016 at 11:16 PM, Deepak Chopra <[redacted]n> wrote:

Good
See you this Sat 230 PM ?

Deepak Chopra

2013 Costa Del Mar Road
Carlsbad, CA 92013

New Book: Radicalbeauty.com

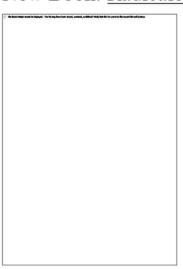

On Nov 10, 2016, at 5:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yup

On Thu, Nov 10, 2016 at 11:14 PM, Deepak Chopra <[redacted]> wrote:

Did she also drop civil case against you ?

Deepak Chopra

2013 Costa Del Mar Road
Carlsbad, CA 92013

New Book: Radicalbeauty.com

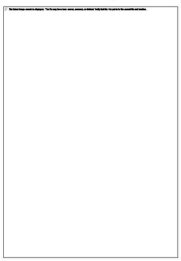

On Nov 10, 2016, at 5:00 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** [redacted]
**Sent:** 11/10/2016 11:02:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Tried to call you. Sorry...It's crazy that they bringing this bullshit up again?!

On Thu, Nov 10, 2016 at 5:00 PM jeffrey E. <jeevacation@gmail.com> wrote:

> http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html
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Sincerely Renata Bolotova

**From:** Alain Forget [redacted]
**Sent:** 11/18/2016 11:12:27 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** interesting

**Importance:** High

*Donald Trump's newly named chief strategist and senior counselor, Steve Bannon, laid out his global nationalist vision in unusually in-depth remarks delivered by Skype to a conference held inside the Vatican in the summer of 2014.*

*Well before victories for Brexit and Trump seemed possible, Bannon declared there was a "global tea party movement" and praised European far-right parties like Great Britain's UKIP and France's National Front. Bannon also suggested that a racist element in far-right parties "all gets kind of washed out," that the West was facing a "crisis of capitalism" after losing its "Judeo-Christian foundation," and he blasted "crony capitalists" in Washington for failing to prosecute bank executives over the financial crisis.*

*The remarks — beamed into a small conference room in a 15th-century marble palace in a secluded corner of the Vatican — were part of a 50-minute Q&A during a conference focused on poverty hosted by the Human Dignity Institute, which BuzzFeed News attended as part of its coverage of the rise of Europe's religious right. The group was founded by Benjamin Harnwell, a longtime aide to Conservative member of the European Parliament Nirj Deva to promote a "Christian voice" in European politics. The group has ties to some of the most conservative factions inside the Catholic Church; Cardinal Raymond Burke, one of the most vocal critics of Pope Francis who was ousted from a senior Vatican position in 2014, is chair of the group's advisory board.*

*BuzzFeed News originally posted a transcript beginning 90 seconds into the then-Breitbart News chairman's remarks because microphone placement made the opening mostly unintelligible, but we have completed the transcript from a video of the talk on YouTube. You can hear the whole recording at the bottom of the post.*

*Here is what he said, unedited:*

**Steve Bannon:** Thank you very much Benjamin, and I appreciate you guys including us in this. We're speaking from Los Angeles today, right across the street from our

headquarters in Los Angeles. Um. I want to talk about wealth creation and what wealth creation really can achieve and maybe take it in a slightly different direction, because I believe the world, and particularly the Judeo-Christian west, is in a crisis. And it's really the organizing principle of how we built Breitbart News to really be a platform to bring news and information to people throughout the world. Principally in the west, but we're expanding internationally to let people understand the depths of this crisis, and it is a crisis both of capitalism but really of the underpinnings of the Judeo-Christian west in our beliefs.

It's ironic, I think, that we're talking today at exactly, tomorrow, 100 years ago, at the exact moment we're talking, the assassination took place in Sarajevo of Archduke Franz Ferdinand that led to the end of the Victorian era and the beginning of the bloodiest century in mankind's history. Just to put it in perspective, with the assassination that took place 100 years ago tomorrow in Sarajevo, the world was at total peace. There was trade, there was globalization, there was technological transfer, the High Church of England and the Catholic Church and the Christian faith was predominant throughout Europe of practicing Christians. Seven weeks later, I think there were 5 million men in uniform and within 30 days there were over a million casualties.

That war triggered a century of barbaric — unparalleled in mankind's history — virtually 180 to 200 million people were killed in the 20th century, and I believe that, you know, hundreds of years from now when they look back, we're children of that: We're children of that barbarity. This will be looked at almost as a new Dark Age.

But the thing that got us out of it, the organizing principle that met this, was not just the heroism of our people — whether it was French resistance fighters, whether it was the Polish resistance fighters, or it's the young men from Kansas City or the Midwest who stormed the beaches of Normandy, commandos in England that fought with the Royal Air Force, that fought this great war, really the Judeo-Christian West versus atheists, right? The underlying principle is an enlightened form of capitalism, that capitalism really gave us the wherewithal. It kind of organized and built the materials needed to support, whether it's the Soviet Union, England, the United States, and eventually to take back continental Europe and to beat back a barbaric empire in the Far East.

That capitalism really generated tremendous wealth. And that wealth was really distributed among a middle class, a rising middle class, people who come from really

working-class environments and created what we really call a Pax Americana. It was many, many years and decades of peace. And I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism.

"I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism."

And we're at the very beginning stages of a very brutal and bloody conflict, of which if the people in this room, the people in the church, do not bind together and really form what I feel is an aspect of the church militant, to really be able to not just stand with our beliefs, but to fight for our beliefs against this new barbarity that's starting, that will completely eradicate everything that we've been bequeathed over the last 2,000, 2,500 years.

Now, what I mean by that specifically: I think that you're seeing three kinds of converging tendencies: One is a form of capitalism that is taken away from the underlying spiritual and moral foundations of Christianity and, really, Judeo-Christian belief.

I see that every day. I'm a very practical, pragmatic capitalist. I was trained at Goldman Sachs, I went to Harvard Business School, I was as hard-nosed a capitalist as you get. I specialized in media, in investing in media companies, and it's a very, very tough environment. And you've had a fairly good track record. So I don't want this to kinda sound namby-pamby, "Let's all hold hands and sing 'Kumbaya' around capitalism."

But there's a strand of capitalism today — two strands of it, that are very disturbing.

One is state-sponsored capitalism. And that's the capitalism you see in China and Russia. I believe it's what Holy Father [Pope Francis] has seen for most of his life in places like

Argentina, where you have this kind of crony capitalism of people that are involved with these military powers-that-be in the government, and it forms a brutal form of capitalism that is really about creating wealth and creating value for a very small subset of people. And it doesn't spread the tremendous value creation throughout broader distribution patterns that were seen really in the 20th century.

The second form of capitalism that I feel is almost as disturbing, is what I call the Ayn Rand or the Objectivist School of libertarian capitalism. And, look, I'm a big believer in a lot of libertarianism. I have many many friends that's a very big part of the conservative movement — whether it's the UKIP movement in England, it's many of the underpinnings of the populist movement in Europe, and particularly in the United States.

However, that form of capitalism is quite different when you really look at it to what I call the "enlightened capitalism" of the Judeo-Christian West. It is a capitalism that really looks to make people commodities, and to objectify people, and to use them almost — as many of the precepts of Marx — and that is a form of capitalism, particularly to a younger generation [that] they're really finding quite attractive. And if they don't see another alternative, it's going to be an alternative that they gravitate to under this kind of rubric of "personal freedom."

> "Look at what's happening in ISIS … look at the sophistication of which they've taken the tools of capitalism … at what they've done with Twitter and Facebook."

The other tendency is an immense secularization of the West. And I know we've talked about secularization for a long time, but if you look at younger people, especially millennials under 30, the overwhelming drive of popular culture is to absolutely secularize this rising iteration.

Now that call converges with something we have to face, and it's a very unpleasant topic, but we are in an outright war against jihadist Islamic fascism. And this war is, I think, metastasizing far quicker than governments can handle it.

If you look at what's happening in ISIS, which is the Islamic State of Syria and the Levant, that is now currently forming the caliphate that is having a military drive on Baghdad, if you look at the sophistication of which they've taken the tools of capitalism. If you look at what they've done with Twitter and Facebook and modern ways to fundraise, and to use crowdsourcing to fund, besides all the access to weapons, over the last couple days they have had a radical program of taking kids and trying to turn them into bombers. They have driven 50,000 Christians out of a town near the Kurdish border. We have video that we're putting up later today on Breitbart where they've took 50 hostages and thrown them off a cliff in Iraq.

That war is expanding and it's metastasizing to sub-Saharan Africa. We have Boko Haram and other groups that will eventually partner with ISIS in this global war, and it is, unfortunately, something that we're going to have to face, and we're going to have to face very quickly.

So I think the discussion of, should we put a cap on wealth creation and distribution? It's something that should be at the heart of every Christian that is a capitalist — "What is the purpose of whatever I'm doing with this wealth? What is the purpose of what I'm doing with the ability that God has given us, that divine providence has given us to actually be a creator of jobs and a creator of wealth?"

I think it really behooves all of us to really take a hard look and make sure that we are reinvesting that back into positive things. But also to make sure that we understand that we're at the very beginning stages of a global conflict, and if we do not bind together as partners with others in other countries that this conflict is only going to metastasize.

They have a Twitter account up today, ISIS does, about turning the United States into a "river of blood" if it comes in and tries to defend the city of Baghdad. And trust me, that is going to come to Europe. That is going to come to Central Europe, it's going to come to Western Europe, it's going to come to the United Kingdom. And so I think we are in a crisis of the underpinnings of capitalism, and on top of that we're now, I believe, at the beginning stages of a global war against Islamic fascism.

> "With all the baggage that those [right-wing] groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially— but we think that will all be worked through with time."

**Benjamin Harnwell, Human Dignity Institute:** Thank you, Steve. That was a fascinating, fascinating overview. I am particularly struck by your argument, then, that in fact, capitalism would spread around the world based on the Judeo-Christian foundation is, in fact, something that can create peace through peoples rather than antagonism, which is often a point not sufficiently appreciated. Before I turn behind me to take a question —

**Bannon:** One thing I want to make sure of, if you look at the leaders of capitalism at that time, when capitalism was I believe at its highest flower and spreading its benefits to most of mankind, almost all of those capitalists were strong believers in the Judeo-Christian West. They were either active participants in the Jewish faith, they were active participants in the Christians' faith, and they took their beliefs, and the underpinnings of their beliefs was manifested in the work they did. And I think that's incredibly important and something that would really become unmoored. I can see this on Wall Street today — I can see this with the securitization of everything is that, everything is looked at as a securitization opportunity. People are looked at as commodities. I don't believe that our forefathers had that same belief.

**Harnwell:** Over the course of this conference we've heard from various points of view regarding alleviation of poverty. We've heard from the center-left perspective, we've heard from the socialist perspective, we've heard from the Christian democrat, if you will, perspective. What particularly interests me about your point of view Steve, to talk specifically about your work, Breitbart is very close to the tea party movement. So I'm just wondering whether you could tell me about if in the current flow of contemporary politics — first tell us a little bit about Breitbart, what the mission is, and then tell me about the

reach that you have and then could you say a little bit about the current dynamic of what's going on at the moment in the States.

**Bannon:** Outside of Fox News and the Drudge Report, we're the third-largest conservative news site and, quite frankly, we have a bigger global reach than even Fox. And that's why we're expanding so much internationally.

Look, we believe — strongly — that there is a global tea party movement. We've seen that. We were the first group to get in and start reporting on things like UKIP and Front National and other center right. With all the baggage that those groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially — but we think that will all be worked through with time.

The central thing that binds that all together is a center-right populist movement of really the middle class, the working men and women in the world who are just tired of being dictated to by what we call the party of Davos. A group of kind of — we're not conspiracy-theory guys, but there's certainly — and I could see this when I worked at Goldman Sachs — there are people in New York that feel closer to people in London and in Berlin than they do to people in Kansas and in Colorado, and they have more of this elite mentality that they're going to dictate to everybody how the world's going to be run.

I will tell you that the working men and women of Europe and Asia and the United States and Latin America don't believe that. They believe they know what's best for how they will comport their lives. They think they know best about how to raise their families and how to educate their families. So I think you're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that.

**"Putin's … very, very very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of."**

Now, with that, we are strong capitalists. And we believe in the benefits of capitalism. And, particularly, the harder-nosed the capitalism, the better. However, like I said, there's two strands of capitalism that we're quite concerned about.

One is crony capitalism, or what we call state-controlled capitalism, and that's the big thing the tea party is fighting in the United States, and really the tea party's biggest fight is not with the left, because we're not there yet. The biggest fight the tea party has today is just like UKIP. UKIP's biggest fight is with the Conservative Party.

The tea party in the United States' biggest fight is with the the Republican establishment, which is really a collection of crony capitalists that feel that they have a different set of rules of how they're going to comport themselves and how they're going to run things. And, quite frankly, it's the reason that the United States' financial situation is so dire, particularly our balance sheet. We have virtually a hundred trillion dollars of unfunded liabilities. That is all because you've had this kind of crony capitalism in Washington, DC. The rise of Breitbart is directly tied to being the voice of that center-right opposition. And, quite frankly, we're winning many, many victories.

On the social conservative side, we're the voice of the anti-abortion movement, the voice of the traditional marriage movement, and I can tell you we're winning victory after victory after victory. Things are turning around as people have a voice and have a platform of which they can use.

*Kirk Irwin / Getty Images*

**Harnwell:** The third-largest conservative news website is something to be extremely impressed by. Can you tell for the people here who aren't within the Anglosphere and they might not follow American domestic politics at the moment — there seems to be a substantial sea change going on at the moment in Middle America. And the leader of the majority party, Eric Cantor, was deselected a couple of weeks ago by a tea party candidate. What does that mean for the state of domestic politics in America at the moment?

**Bannon:** For everybody in your audience, this is one of the most monumental — first off, it's the biggest election upset in the history of the American republic. Eric Cantor was the House majority leader and raised $10 million. He spent, between himself and outside groups, $8 million to hold a congressional district. He ran against a professor who was an evangelical Christian and a libertarian economist. He ran against a professor who raised in total $175,000. In fact, the bills from Eric Cantor's campaign at a elite steak house in Washington, DC, was over $200,000. So they spent more than $200,000 over the course of the campaign wining and dining fat cats at a steak house in Washington than the entire opposition had to run.

Now, Eric Cantor, it was a landslide. He lost 57-43, and not one — outside of Breitbart, we covered this for six months, day in and day out — not one news site — not Fox News, not Politico, no sites picked this up. And the reason that this guy won is quite simple: Middle-class people and working-class people are tired of people like Eric Cantor who say they're conservative selling out their interests every day to crony capitalists.

> "That center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India."

And you're seeing that whether that was UKIP and Nigel Farage in the United Kingdom, whether it's these groups in the Low Countries in Europe, whether it's in France, there's a new tea party in Germany. The theme is all the same. And the theme is middle-class and working-class people — they're saying, "Hey, I'm working harder than I've ever worked. I'm getting less benefits than I'm ever getting through this, I'm incurring less wealth myself, and I'm seeing a system of fat cats who say they're conservative and say they back capitalist principles, but all they're doing is binding with corporatists." Right? Corporatists, to garner all the benefits for themselves.

And that center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India. Modi's great victory was very much based on these Reaganesque principles, so I think this is a global revolt, and we are very fortunate and proud to be the news site that is reporting that throughout the world.

**Harnwell:** I think it's important to understand the distinction that you're drawing here between what can be understood as authentic, free-market capitalism as a means of promoting wealth that [*unintelligible*] involves everybody with a form of crony capitalism which simply benefits a certain class. And we've watched over the course of our conference, we've watched two video segments produced by the Acton Institute about how

development aid is spent internationally and how that can be driven away from — it damages people on the ground but it also perpetuates a governing class. And the point that you're mentioning here, that I think that you're saying has driven almost a revolution movement in America, is the same phenomenon of what's going on in the developing world, which is a concept of government which is no longer doing what it is morally bound to do but has become corrupt and self-serving. So it's effectively the sa—

**Bannon:** It's exactly the same. Currently, if you read *The Economist*, you read the *Financial Times* this week, you'll see there's a relatively obscure agency in the federal government that is engaged in a huge fight that may lead to a government shutdown. It's called the Export-Import Bank. And for years, it was a bank that helped finance things that other banks wouldn't do. And what's happening over time is that it's metastasized to be a cheap form of financing to General Electric and to Boeing and to other large corporations. You get this financing from other places if they wanted to, but they're putting this onto the middle-class taxpayers to support this.

**"I'm not an expert in this, but it seems that [right-wing parties] have had some aspects that may be anti-Semitic or racial … My point is that over time it all gets kind of washed out, right?"**

And the tea party is using this as an example of the cronyism. General Electric and these major corporations that are in bed with the federal government are not what we'd consider free-enterprise capitalists. We're backers of entrepreneurial capitalists. They're not. They're what we call corporatist. They want to have more and more monopolistic power and they're doing that kind of convergence with big government. And so the fight here — and that's why the media's been very late to this party — but the fight you're seeing is between entrepreneur capitalism, and the Acton Institute is a tremendous supporter of, and the people like the corporatists that are closer to the people like we think in Beijing and Moscow than they are to the entrepreneurial capitalist spirit of the United States.

**Harnwell:** Thanks, Steve. I'm going to turn around now, as I'm sure we have some great questions from the floor. Who has the first question then?

**Bannon:** First of all, Benjamin, I can tell you I could hardly recognize you, you're so cleaned up you are for the conference.
[*Laughter*]
**Questioner:** Hello, my name is Deborah Lubov. I'm a Vatican correspondent for Zenit news agency, for their English edition. I have some experience working in New York — I was working for PricewaterhouseCoopers auditing investment banks, one of which was Goldman Sachs. And considering this conference is on poverty, I'm curious — from your point of view especially, your experience in the investment banking world — what concrete measures do you think they should be doing to combat, prevent this phenomenon? We know that various sums of money are used in all sorts of ways and they do have different initiatives, but in order to concretely counter this epidemic now, what are your thoughts?

**"For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a [financial] bailout."**

**Bannon:** That's a great question. The 2008 crisis, I think the financial crisis — which, by the way, I don't think we've come through — is really driven I believe by the greed, much of it driven by the greed of the investment banks. My old firm, Goldman Sachs — traditionally the best banks are leveraged 8:1. When we had the financial crisis in 2008, the investment banks were leveraged 35:1. Those rules had specifically been changed by a guy named Hank Paulson. He was secretary of Treasury. As chairman of Goldman Sachs, he had gone to Washington years before and asked for those changes. That made the banks not really investment banks, but made them hedge funds — and highly susceptible to changes in liquidity. And so the crisis of 2008 was, quite frankly, really never recovered from in the United States. It's one of the reasons last quarter you saw 2.9% negative growth in a quarter. So the United States economy is in very, very tough shape.
And one of the reasons is that we've never really gone and dug down and sorted through the problems of 2008. Particularly the fact — think about it — not one criminal charge has ever been brought to any bank executive associated with 2008 crisis. And in fact, it gets worse. No bonuses and none of their equity was taken. So part of the prime drivers of the wealth that they took in the 15 years leading up to the crisis was not hit at all, and I think

that's one of the fuels of this populist revolt that we're seeing as the tea party. So I think there are many, many measures, particularly about getting the banks on better footing, making them address all the liquid assets they have. I think you need a real clean-up of the banks balance sheets.

In addition, I think you really need to go back and make banks do what they do: Commercial banks lend money, and investment banks invest in entrepreneurs and to get away from this trading — you know, the hedge fund securitization, which they've all become basically trading operations and securitizations and not put capital back and really grow businesses and to grow the economy. So I think it's a whole area that just — and I will tell you, the underpinning of this populist revolt is the financial crisis of 2008. That revolt, the way that it was dealt with, the way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did, has fueled much of the anger in the tea party movement in the United States.

**Questioner:** Thank you.

**Bannon:** Great question.

**Questioner:** Hello, Mr. Bannon. I'm Mario Fantini, a Vermonter living in Vienna, Austria. You began describing some of the trends you're seeing worldwide, very dangerous trends, worry trends. Another movement that I've been seeing grow and spread in Europe, unfortunately, is what can only be described as tribalist or neo-nativist movement — they call themselves Identitarians. These are mostly young, working-class, populist groups, and they're teaching self-defense classes, but also they are arguing against — and quite effectively, I might add — against capitalism and global financial institutions, etc. How do we counteract this stuff? Because they're appealing to a lot of young people at a very visceral level, especially with the ethnic and racial stuff.

**Bannon:** I didn't hear the whole question, about the tribalist?

**"One of the committees in Congress said to the Justice Department, 35 [bank] executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on."**

**Questioner:** Very simply put, there's a growing movement among young people here in Europe, in France and in Austria and elsewhere, and they're arguing very effectively against Wall Street institutions and they're also appealing to people on an ethnic and racial level. And I was just wondering what you would recommend to counteract these movements, which are growing.

**Bannon:** One of the reasons that you can understand how they're being fueled is that they're not seeing the benefits of capitalism. I mean particularly — and I think it's particularly more advanced in Europe than it is in the United States, but in the United States it's getting pretty advanced — is that when you have this kind of crony capitalism, you have a different set of rules for the people that make the rules. It's this partnership of big government and corporatists. I think it starts to fuel, particularly as you start to see negative job creation. If you go back, in fact, and look at the United States' GDP, you look at a bunch of Europe. If you take out government spending, you know, we've had negative growth on a real basis for over a decade.

And that all trickles down to the man in the street. If you look at people's lives, and particularly millennials, look at people under 30 — people under 30, there's 50% really under employment of people in the United States, which is probably the most advanced economy in the West, and it gets worse in Europe.

I think in Spain it's something like 50 or 60% of the youth under 30 are underemployed. And that means the decade of their twenties, which is where you have to learn a skill, where you have to learn a craft, where you really start to get comfortable in your profession, you're taking that away from the entire generation. That's only going to fuel tribalism, that's only going to fuel [*unintelligible*]... That's why to me, it's incumbent upon freedom-loving people to make sure that we sort out these governments and make sure that we sort out particularly this crony capitalism so that the benefits become more of this entrepreneurial spirit and that can flow back to working-class and middle-class people. Because if not, we're going to pay a huge price for this. You can already start to see it.

**Questioner:** I have a question, because you worked on Wall Street. What is the opinion there on whether they think bank bailouts are justified? Is there a Christian-centered [*unintelligible*] that they think should be bailed out? The crisis starts earlier than 2008. What was the precedent then? What was the feeling on Wall Street when they bailed out the banks? How should Christians feel about advocating or being against that?

**Bannon:** I think one is about responsibility. For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a bailout. I think the bailouts in 2008 were wrong. And I think, you look in hindsight, it was a lot of misinformation that was presented about the bailouts of the banks in the West.

And look at the [*unintelligible*] it. Middle-class taxpayers, people that are working-class people, right, people making incomes under $50,000 and $60,000, it was the burden of those taxpayers, right, that bailed out the elites. And let's think about it for a second. Here's how capitalism metastasized, is that all the burdens put on the working-class people who get none of the upside. All of the upside goes to the crony capitalists.

The bailouts were absolutely outrageous, and here's why: It bailed out a group of shareholders and executives who were specifically accountable. The shareholders were accountable for one simple reason: They allowed this to go wrong without changing management. And the management team of this. And we know this now from congressional investigations, we know it from independent investigations, this is not some secret conspiracy. This is kind of in plain sight.

In fact, one of the committees in Congress said to the Justice Department 35 executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on. Because even with the Democrats, right, in power, there's a sense between the law firms, and the accounting firms, and the investment banks, and their stooges on Capitol Hill, they looked the other way.

So you can understand why middle class people having a tough go of it making $50 or $60 thousand a year and see their taxes go up, and they see that their taxes are going to pay for government sponsored bailouts, what you've created is really a free option. You say to this investment banking, create a free option for bad behavior. In otherwise all the upside goes to the hedge funds and the investment bank, and to the crony capitalist with stock increases and bonus increases. And their downside is limited, because middle class people are going to come and bail them out with tax dollars.

And that's what I think is fueling this populist revolt. Whether that revolt is in the midlands of England, or whether it's in Middle America. And I think people are fed up with it.

And I think that's why you're seeing — when you read the media says, "tea party is losing, losing elections," that is all BS. The elections we don't win, we're forcing those crony capitalists to come and admit that they're not going to do this again. The whole narrative in Washington has been changed by this populist revolt that we call the grassroots of the tea party movement.

And it's specifically because those bailouts were completely and totally unfair. It didn't make those financial institutions any stronger, and it bailed out a bunch of people — by the way, and these are people that have all gone to Yale, and Harvard, they went to the finest institutions in the West. They should have known better.

And by the way: It's all the institutions of the accounting firms, the law firms, the investment banks, the consulting firms, the elite of the elite, the educated elite, they understood what they were getting into, forcibly took all the benefits from it and then look to the government, went hat in hand to the government to be bailed out. And they've never been held accountable today. Trust me — they are going to be held accountable. You're seeing this populist movement called the tea party in the United States.

**Harnwell:** Okay, I think we've got time for just one or two more questions for Stephen K. Bannon, chairman of Breitbart Media, third-largest news organization in the States. I know you're a very, very busy man, so we're very grateful for the time that you've agreed to put aside for this, to close this conference.

"I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?"

**Bannon:** I'm never too busy to share with a group that can do as much good as you guys can.

**Questioner:** What do you think is the major threat today, to the Judeo-Christian Civilization? Secularism, or the Muslim world? In my humble opinion, they're just trying to defend themselves from our cultural invasion. Thank you.

[*Question restated by Harnwell*]

**Bannon:** It's a great question. I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?

If you go back to your home countries and your proponent of the defense of the Judeo-Christian West and its tenets, often times, particularly when you deal with the elites, you're looked at as someone who is quite odd. So it has kind of sapped the strength.

But I strongly believe that whatever the causes of the current drive to the caliphate was — and we can debate them, and people can try to deconstruct them — we have to face a very unpleasant fact: And that unpleasant fact is that there is a major war brewing, a war that's already global. It's going global in scale, and today's technology, today's media, today's access to weapons of mass destruction, it's going to lead to a global conflict that I believe has to be confronted today. Every day that we refuse to look at this as what it is, and the scale of it, and really the viciousness of it, will be a day where you will rue that we didn't act [*unintelligible*].

> "The way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did has fueled much of the anger in the tea party movement in the United States."

**Questioner:** Thank you very much. I'm [*unintelligible*]. I come from Slovakia. This is actually the source of my two very quick questions. Thank you very much for the work that you do to promote the Judeo-Christian values in the world. I really appreciate it, and I also feel that the danger is very high. I have two minor questions, because you have mentioned, in terms of UKIP and Front National [*unintelligible*]. From the European perspective, listening to the language which has become more and more radical from these two parties, especially before the European Parliament elections, I'm just wondering what are your plans on how to help these partners from Europe to maybe focus on the value issues and not with populist? And also it goes in terms — you have mentioned the involvement of

state in capitalism as one of the big dangers. But these two parties you've mentioned, they actually have close ties with Putin, who is the promoter of this big danger, so I'd like to know your thoughts about this and how you're going to deal with it.

**Bannon:** Could you summarize that for me?

**Harnwell:** The first question was, you'd reference the Front National and UKIP as having elements that are tinged with the racial aspect amidst their voter profile, and the questioner was asking how you intend to deal with that aspect.

**Bannon:** I don't believe I said UKIP in that. I was really talking about the parties on the continent, Front National and other European parties.

I'm not an expert in this, but it seems that they have had some aspects that may be anti-Semitic or racial. By the way, even in the tea party, we have a broad movement like this, and we've been criticized, and they try to make the tea party as being racist, etc., which it's not. But there's always elements who turn up at these things, whether it's militia guys or whatever. Some that are fringe organizations. My point is that over time it all gets kind of washed out, right? People understand what pulls them together, and the people on the margins I think get marginalized more and more.

I believe that you'll see this in the center-right populist movement in continental Europe. I've spent quite a bit of time with UKIP, and I can say to you that I've never seen anything at all with UKIP that even comes close to that. I think they've done a very good job of policing themselves to really make sure that people including the British National Front and others were not included in the party, and I think you've seen that also with tea party groups, where some people would show up and were kind of marginal members of the tea party, and the tea party did a great job of policing themselves early on. And I think that's why when you hear charges of racism against the tea party, it doesn't stick with the American people, because they really understand.

I think when you look at any kind of revolution — and this is a revolution — you always have some groups that are disparate. I think that will all burn away over time and you'll see more of a mainstream center-right populist movement.

**"Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand."**

**Question:** Obviously, before the European elections the two parties had a clear link to Putin. If one of the representatives of the dangers of capitalism is the state involvement in capitalism, so, I see there, also Marine Le Pen campaigning in Moscow with Putin, and also UKIP strongly defending Russian positions in geopolitical terms.
[*Harnwell restates, but unintelligible*]
**Harnwell:** These two parties have both been cultivating President Putin [*unintelligible*].
**Bannon:** I think it's a little bit more complicated. When Vladimir Putin, when you really look at some of the underpinnings of some of his beliefs today, a lot of those come from what I call Eurasianism; he's got an adviser who harkens back to Julius Evola and different writers of the early 20th century who are really the supporters of what's called the traditionalist movement, which really eventually metastasized into Italian fascism. A lot of people that are traditionalists are attracted to that.
One of the reasons is that they believe that at least Putin is standing up for traditional institutions, and he's trying to do it in a form of nationalism — and I think that people, particularly in certain countries, want to see the sovereignty for their country, they want to see nationalism for their country. They don't believe in this kind of pan-European Union or they don't believe in the centralized government in the United States. They'd rather see more of a states-based entity that the founders originally set up where freedoms were controlled at the local level.

> "You're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that."

I'm not justifying Vladimir Putin and the kleptocracy that he represents, because he eventually is the state capitalist of kleptocracy. However, we the Judeo-Christian West really have to look at what he's talking about as far as traditionalism goes — particularly

the sense of where it supports the underpinnings of nationalism — and I happen to think that the individual sovereignty of a country is a good thing and a strong thing. I think strong countries and strong nationalist movements in countries make strong neighbors, and that is really the building blocks that built Western Europe and the United States, and I think it's what can see us forward.

You know, Putin's been quite an interesting character. He's also very, very, very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of. Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand. However, I really believe that in this current environment, where you're facing a potential new caliphate that is very aggressive that is really a situation — I'm not saying we can put it on a back burner — but I think we have to deal with first things first.

**Questioner:** One of my questions has to do with how the West should be responding to radical Islam. How, specifically, should we as the West respond to Jihadism without losing our own soul? Because we can win the war and lose ourselves at the same time. How should the West respond to radical Islam and not lose itself in the process?

**Bannon:** From a perspective — this may be a little more militant than others. I think definitely you're going to need an aspect that is [*unintelligible*]. I believe you should take a very, very, very aggressive stance against radical Islam. And I realize there are other aspects that are not as militant and not as aggressive and that's fine.

If you look back at the long history of the Judeo-Christian West struggle against Islam, I believe that our forefathers kept their stance, and I think they did the right thing. I think they kept it out of the world, whether it was at Vienna, or Tours, or other places... It bequeathed to use the great institution that is the church of the West.

And I would ask everybody in the audience today, because you really are the movers and drivers and shakers and thought leaders in the Catholic Church today, is to think, when people 500 years from now are going to think about today, think about the actions you've taken — and I believe everyone associated with the church and associated with the Judeo-Christian West that believes in the underpinnings of that and believes in the precepts of that and want to see that bequeathed to other generations down the road as it was bequeathed to us, particularly as you're in a city like Rome, and in a place like the Vatican,

see what's been bequeathed to us — ask yourself, 500 years from today, what are they going to say about me? What are they going to say about what I did at the beginning stages of this crisis?

Because it is a crisis, and it's not going away. You don't have to take my word for it. All you have to do is read the news every day, see what's coming up, see what they're putting on Twitter, what they're putting on Facebook, see what's on CNN, what's on BBC. See what's happening, and you will see we're in a war of immense proportions. It's very easy to play to our baser instincts, and we can't do that. But our forefathers didn't do it either. And they were able to stave this off, and they were able to defeat it, and they were able to bequeath to us a church and a civilization that really is the flower of mankind, so I think it's incumbent on all of us to do what I call a gut check, to really think about what our role is in this battle that's before us.

**From:** Alain Forget [redacted]
**Sent:** 11/18/2016 11:18:14 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: interesting

**Importance:** High

no,interesting to figure out where it is heading….the funny side it was at the vatican
On Nov 18, 2016, at 12:14 PM, jeffrey E. <jeevacation@gmail.com> wrote:

your view?

On Fri, Nov 18, 2016 at 7:12 AM, Alain Forget <[redacted]> wrote:

*Donald Trump's newly named chief strategist and senior counselor, Steve Bannon, laid out his global nationalist vision in unusually in-depth remarks delivered by Skype to a conference held inside the Vatican in the summer of 2014.*
*Well before victories for Brexit and Trump seemed possible, Bannon declared there was a "global tea party movement" and praised European far-right parties like Great Britain's UKIP and France's National Front. Bannon also suggested that a racist element in far-right parties "all gets kind of washed out," that the West was facing a "crisis of capitalism" after losing its "Judeo-Christian foundation," and he blasted "crony capitalists" in Washington for failing to prosecute bank executives over the financial crisis.*
*The remarks — beamed into a small conference room in a 15th-century marble palace in a secluded corner of the Vatican — were part of a 50-minute Q&A during a conference focused on poverty hosted by the Human Dignity Institute, which BuzzFeed News attended as part of its coverage of the rise of Europe's religious right. The group was founded by Benjamin Harnwell, a longtime aide to Conservative member of the European Parliament Nirj Deva to promote a "Christian voice" in European politics. The group has ties to some of the most conservative factions inside the Catholic Church; Cardinal Raymond Burke, one of the most vocal critics of Pope Francis who was ousted from a senior Vatican position in 2014, is chair of the group's advisory board.*
*BuzzFeed News originally posted a transcript beginning 90 seconds into the then-Breitbart News chairman's remarks because microphone placement made the opening*

*mostly unintelligible, but we have completed the transcript from a video of the talk on YouTube. You can hear the whole recording at the bottom of the post.*
*Here is what he said, unedited:*
**Steve Bannon:** Thank you very much Benjamin, and I appreciate you guys including us in this. We're speaking from Los Angeles today, right across the street from our headquarters in Los Angeles. Um. I want to talk about wealth creation and what wealth creation really can achieve and maybe take it in a slightly different direction, because I believe the world, and particularly the Judeo-Christian west, is in a crisis. And it's really the organizing principle of how we built Breitbart News to really be a platform to bring news and information to people throughout the world. Principally in the west, but we're expanding internationally to let people understand the depths of this crisis, and it is a crisis both of capitalism but really of the underpinnings of the Judeo-Christian west in our beliefs.
It's ironic, I think, that we're talking today at exactly, tomorrow, 100 years ago, at the exact moment we're talking, the assassination took place in Sarajevo of Archduke Franz Ferdinand that led to the end of the Victorian era and the beginning of the bloodiest century in mankind's history. Just to put it in perspective, with the assassination that took place 100 years ago tomorrow in Sarajevo, the world was at total peace. There was trade, there was globalization, there was technological transfer, the High Church of England and the Catholic Church and the Christian faith was predominant throughout Europe of practicing Christians. Seven weeks later, I think there were 5 million men in uniform and within 30 days there were over a million casualties.
That war triggered a century of barbaric — unparalleled in mankind's history — virtually 180 to 200 million people were killed in the 20th century, and I believe that, you know, hundreds of years from now when they look back, we're children of that: We're children of that barbarity. This will be looked at almost as a new Dark Age.
But the thing that got us out of it, the organizing principle that met this, was not just the heroism of our people — whether it was French resistance fighters, whether it was the Polish resistance fighters, or it's the young men from Kansas City or the Midwest who stormed the beaches of Normandy, commandos in England that fought with the Royal Air Force, that fought this great war, really the Judeo-Christian West versus atheists, right? The underlying principle is an enlightened form of capitalism, that capitalism really gave

us the wherewithal. It kind of organized and built the materials needed to support, whether it's the Soviet Union, England, the United States, and eventually to take back continental Europe and to beat back a barbaric empire in the Far East.

That capitalism really generated tremendous wealth. And that wealth was really distributed among a middle class, a rising middle class, people who come from really working-class environments and created what we really call a Pax Americana. It was many, many years and decades of peace. And I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism.

"I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism."

And we're at the very beginning stages of a very brutal and bloody conflict, of which if the people in this room, the people in the church, do not bind together and really form what I feel is an aspect of the church militant, to really be able to not just stand with our beliefs, but to fight for our beliefs against this new barbarity that's starting, that will completely eradicate everything that we've been bequeathed over the last 2,000, 2,500 years.

Now, what I mean by that specifically: I think that you're seeing three kinds of converging tendencies: One is a form of capitalism that is taken away from the underlying spiritual and moral foundations of Christianity and, really, Judeo-Christian belief.

I see that every day. I'm a very practical, pragmatic capitalist. I was trained at Goldman Sachs, I went to Harvard Business School, I was as hard-nosed a capitalist as you get. I specialized in media, in investing in media companies, and it's a very, very tough

environment. And you've had a fairly good track record. So I don't want this to kinda sound namby-pamby, "Let's all hold hands and sing 'Kumbaya' around capitalism."

But there's a strand of capitalism today — two strands of it, that are very disturbing.

One is state-sponsored capitalism. And that's the capitalism you see in China and Russia. I believe it's what Holy Father [Pope Francis] has seen for most of his life in places like Argentina, where you have this kind of crony capitalism of people that are involved with these military powers-that-be in the government, and it forms a brutal form of capitalism that is really about creating wealth and creating value for a very small subset of people. And it doesn't spread the tremendous value creation throughout broader distribution patterns that were seen really in the 20th century.

The second form of capitalism that I feel is almost as disturbing, is what I call the Ayn Rand or the Objectivist School of libertarian capitalism. And, look, I'm a big believer in a lot of libertarianism. I have many many friends that's a very big part of the conservative movement — whether it's the UKIP movement in England, it's many of the underpinnings of the populist movement in Europe, and particularly in the United States.

However, that form of capitalism is quite different when you really look at it to what I call the "enlightened capitalism" of the Judeo-Christian West. It is a capitalism that really looks to make people commodities, and to objectify people, and to use them almost — as many of the precepts of Marx — and that is a form of capitalism, particularly to a younger generation [that] they're really finding quite attractive. And if they don't see another alternative, it's going to be an alternative that they gravitate to under this kind of rubric of "personal freedom."

> "Look at what's happening in ISIS … look at the sophistication of which they've taken the tools of capitalism … at what they've done with Twitter and Facebook."

The other tendency is an immense secularization of the West. And I know we've talked about secularization for a long time, but if you look at younger people, especially millennials under 30, the overwhelming drive of popular culture is to absolutely secularize this rising iteration.

Now that call converges with something we have to face, and it's a very unpleasant topic, but we are in an outright war against jihadist Islamic fascism. And this war is, I think, metastasizing far quicker than governments can handle it.

If you look at what's happening in ISIS, which is the Islamic State of Syria and the Levant, that is now currently forming the caliphate that is having a military drive on Baghdad, if you look at the sophistication of which they've taken the tools of capitalism. If you look at what they've done with Twitter and Facebook and modern ways to fundraise, and to use crowdsourcing to fund, besides all the access to weapons, over the last couple days they have had a radical program of taking kids and trying to turn them into bombers. They have driven 50,000 Christians out of a town near the Kurdish border. We have video that we're putting up later today on Breitbart where they've took 50 hostages and thrown them off a cliff in Iraq.

That war is expanding and it's metastasizing to sub-Saharan Africa. We have Boko Haram and other groups that will eventually partner with ISIS in this global war, and it is, unfortunately, something that we're going to have to face, and we're going to have to face very quickly.

So I think the discussion of, should we put a cap on wealth creation and distribution? It's something that should be at the heart of every Christian that is a capitalist — "What is the purpose of whatever I'm doing with this wealth? What is the purpose of what I'm doing with the ability that God has given us, that divine providence has given us to actually be a creator of jobs and a creator of wealth?"

I think it really behooves all of us to really take a hard look and make sure that we are reinvesting that back into positive things. But also to make sure that we understand that we're at the very beginning stages of a global conflict, and if we do not bind together as partners with others in other countries that this conflict is only going to metastasize.

They have a Twitter account up today, ISIS does, about turning the United States into a "river of blood" if it comes in and tries to defend the city of Baghdad. And trust me, that is going to come to Europe. That is going to come to Central Europe, it's going to come to

Western Europe, it's going to come to the United Kingdom. And so I think we are in a crisis of the underpinnings of capitalism, and on top of that we're now, I believe, at the beginning stages of a global war against Islamic fascism.

> "With all the baggage that those [right-wing] groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially— but we think that will all be worked through with time."

**Benjamin Harnwell, Human Dignity Institute:** Thank you, Steve. That was a fascinating, fascinating overview. I am particularly struck by your argument, then, that in fact, capitalism would spread around the world based on the Judeo-Christian foundation is, in fact, something that can create peace through peoples rather than antagonism, which is often a point not sufficiently appreciated. Before I turn behind me to take a question —

**Bannon:** One thing I want to make sure of, if you look at the leaders of capitalism at that time, when capitalism was I believe at its highest flower and spreading its benefits to most of mankind, almost all of those capitalists were strong believers in the Judeo-Christian West. They were either active participants in the Jewish faith, they were active participants in the Christians' faith, and they took their beliefs, and the underpinnings of their beliefs was manifested in the work they did. And I think that's incredibly important and something that would really become unmoored. I can see this on Wall Street today — I can see this with the securitization of everything is that, everything is looked at as a securitization opportunity. People are looked at as commodities. I don't believe that our forefathers had that same belief.

**Harnwell:** Over the course of this conference we've heard from various points of view regarding alleviation of poverty. We've heard from the center-left perspective, we've heard from the socialist perspective, we've heard from the Christian democrat, if you will,

perspective. What particularly interests me about your point of view Steve, to talk specifically about your work, Breitbart is very close to the tea party movement. So I'm just wondering whether you could tell me about if in the current flow of contemporary politics — first tell us a little bit about Breitbart, what the mission is, and then tell me about the reach that you have and then could you say a little bit about the current dynamic of what's going on at the moment in the States.

**Bannon:** Outside of Fox News and the Drudge Report, we're the third-largest conservative news site and, quite frankly, we have a bigger global reach than even Fox. And that's why we're expanding so much internationally.

Look, we believe — strongly — that there is a global tea party movement. We've seen that. We were the first group to get in and start reporting on things like UKIP and Front National and other center right. With all the baggage that those groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially — but we think that will all be worked through with time.

The central thing that binds that all together is a center-right populist movement of really the middle class, the working men and women in the world who are just tired of being dictated to by what we call the party of Davos. A group of kind of — we're not conspiracy-theory guys, but there's certainly — and I could see this when I worked at Goldman Sachs — there are people in New York that feel closer to people in London and in Berlin than they do to people in Kansas and in Colorado, and they have more of this elite mentality that they're going to dictate to everybody how the world's going to be run.

I will tell you that the working men and women of Europe and Asia and the United States and Latin America don't believe that. They believe they know what's best for how they will comport their lives. They think they know best about how to raise their families and how to educate their families. So I think you're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that.

**"Putin's … very, very very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of."**

Now, with that, we are strong capitalists. And we believe in the benefits of capitalism. And, particularly, the harder-nosed the capitalism, the better. However, like I said, there's two strands of capitalism that we're quite concerned about.

One is crony capitalism, or what we call state-controlled capitalism, and that's the big thing the tea party is fighting in the United States, and really the tea party's biggest fight is not with the left, because we're not there yet. The biggest fight the tea party has today is just like UKIP. UKIP's biggest fight is with the Conservative Party.

The tea party in the United States' biggest fight is with the the Republican establishment, which is really a collection of crony capitalists that feel that they have a different set of rules of how they're going to comport themselves and how they're going to run things. And, quite frankly, it's the reason that the United States' financial situation is so dire, particularly our balance sheet. We have virtually a hundred trillion dollars of unfunded liabilities. That is all because you've had this kind of crony capitalism in Washington, DC. The rise of Breitbart is directly tied to being the voice of that center-right opposition. And, quite frankly, we're winning many, many victories.

On the social conservative side, we're the voice of the anti-abortion movement, the voice of the traditional marriage movement, and I can tell you we're winning victory after victory after victory. Things are turning around as people have a voice and have a platform of which they can use.

*Kirk Irwin / Getty Images*

**Harnwell:** The third-largest conservative news website is something to be extremely impressed by. Can you tell for the people here who aren't within the Anglosphere and they might not follow American domestic politics at the moment — there seems to be a substantial sea change going on at the moment in Middle America. And the leader of the majority party, Eric Cantor, was deselected a couple of weeks ago by a tea party candidate. What does that mean for the state of domestic politics in America at the moment?

**Bannon:** For everybody in your audience, this is one of the most monumental — first off, it's the biggest election upset in the history of the American republic. Eric Cantor was the House majority leader and raised $10 million. He spent, between himself and outside groups, $8 million to hold a congressional district. He ran against a professor who was an evangelical Christian and a libertarian economist. He ran against a professor who raised in total $175,000. In fact, the bills from Eric Cantor's campaign at a elite steak house in Washington, DC, was over $200,000. So they spent more than $200,000 over the course of the campaign wining and dining fat cats at a steak house in Washington than the entire opposition had to run.

Now, Eric Cantor, it was a landslide. He lost 57-43, and not one — outside of Breitbart, we covered this for six months, day in and day out — not one news site — not Fox News, not Politico, no sites picked this up. And the reason that this guy won is quite simple: Middle-class people and working-class people are tired of people like Eric Cantor who say they're conservative selling out their interests every day to crony capitalists.

> "That center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India."

And you're seeing that whether that was UKIP and Nigel Farage in the United Kingdom, whether it's these groups in the Low Countries in Europe, whether it's in France, there's a new tea party in Germany. The theme is all the same. And the theme is middle-class and working-class people — they're saying, "Hey, I'm working harder than I've ever worked. I'm getting less benefits than I'm ever getting through this, I'm incurring less wealth myself, and I'm seeing a system of fat cats who say they're conservative and say they back capitalist principles, but all they're doing is binding with corporatists." Right? Corporatists, to garner all the benefits for themselves.

And that center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India. Modi's great victory was very much based on these Reaganesque principles, so I think this is a global revolt, and we are very fortunate and proud to be the news site that is reporting that throughout the world.

**Harnwell:** I think it's important to understand the distinction that you're drawing here between what can be understood as authentic, free-market capitalism as a means of promoting wealth that [*unintelligible*] involves everybody with a form of crony capitalism which simply benefits a certain class. And we've watched over the course of our conference, we've watched two video segments produced by the Acton Institute about

how development aid is spent internationally and how that can be driven away from — it damages people on the ground but it also perpetuates a governing class. And the point that you're mentioning here, that I think that you're saying has driven almost a revolution movement in America, is the same phenomenon of what's going on in the developing world, which is a concept of government which is no longer doing what it is morally bound to do but has become corrupt and self-serving. So it's effectively the sa—

**Bannon:** It's exactly the same. Currently, if you read *The Economist*, you read the *Financial Times* this week, you'll see there's a relatively obscure agency in the federal government that is engaged in a huge fight that may lead to a government shutdown. It's called the Export-Import Bank. And for years, it was a bank that helped finance things that other banks wouldn't do. And what's happening over time is that it's metastasized to be a cheap form of financing to General Electric and to Boeing and to other large corporations. You get this financing from other places if they wanted to, but they're putting this onto the middle-class taxpayers to support this.

**"I'm not an expert in this, but it seems that [right-wing parties] have had some aspects that may be anti-Semitic or racial … My point is that over time it all gets kind of washed out, right?"**

And the tea party is using this as an example of the cronyism. General Electric and these major corporations that are in bed with the federal government are not what we'd consider free-enterprise capitalists. We're backers of entrepreneurial capitalists. They're not. They're what we call corporatist. They want to have more and more monopolistic power and they're doing that kind of convergence with big government. And so the fight here — and that's why the media's been very late to this party — but the fight you're seeing is between entrepreneur capitalism, and the Acton Institute is a tremendous supporter of, and the people like the corporatists that are closer to the people like we think in Beijing and Moscow than they are to the entrepreneurial capitalist spirit of the United States.

**Harnwell:** Thanks, Steve. I'm going to turn around now, as I'm sure we have some great questions from the floor. Who has the first question then?

**Bannon:** First of all, Benjamin, I can tell you I could hardly recognize you, you're so cleaned up you are for the conference.
[*Laughter*]
**Questioner:** Hello, my name is Deborah Lubov. I'm a Vatican correspondent for Zenit news agency, for their English edition. I have some experience working in New York — I was working for PricewaterhouseCoopers auditing investment banks, one of which was Goldman Sachs. And considering this conference is on poverty, I'm curious — from your point of view especially, your experience in the investment banking world — what concrete measures do you think they should be doing to combat, prevent this phenomenon? We know that various sums of money are used in all sorts of ways and they do have different initiatives, but in order to concretely counter this epidemic now, what are your thoughts?

**"For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a [financial] bailout."**

**Bannon:** That's a great question. The 2008 crisis, I think the financial crisis — which, by the way, I don't think we've come through — is really driven I believe by the greed, much of it driven by the greed of the investment banks. My old firm, Goldman Sachs — traditionally the best banks are leveraged 8:1. When we had the financial crisis in 2008, the investment banks were leveraged 35:1. Those rules had specifically been changed by a guy named Hank Paulson. He was secretary of Treasury. As chairman of Goldman Sachs, he had gone to Washington years before and asked for those changes. That made the banks not really investment banks, but made them hedge funds — and highly susceptible to changes in liquidity. And so the crisis of 2008 was, quite frankly, really never recovered from in the United States. It's one of the reasons last quarter you saw 2.9% negative growth in a quarter. So the United States economy is in very, very tough shape.
And one of the reasons is that we've never really gone and dug down and sorted through the problems of 2008. Particularly the fact — think about it — not one criminal charge has ever been brought to any bank executive associated with 2008 crisis. And in fact, it gets worse. No bonuses and none of their equity was taken. So part of the prime drivers of the

wealth that they took in the 15 years leading up to the crisis was not hit at all, and I think that's one of the fuels of this populist revolt that we're seeing as the tea party. So I think there are many, many measures, particularly about getting the banks on better footing, making them address all the liquid assets they have. I think you need a real clean-up of the banks balance sheets.

In addition, I think you really need to go back and make banks do what they do: Commercial banks lend money, and investment banks invest in entrepreneurs and to get away from this trading — you know, the hedge fund securitization, which they've all become basically trading operations and securitizations and not put capital back and really grow businesses and to grow the economy. So I think it's a whole area that just — and I will tell you, the underpinning of this populist revolt is the financial crisis of 2008. That revolt, the way that it was dealt with, the way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did, has fueled much of the anger in the tea party movement in the United States.

**Questioner:** Thank you.

**Bannon:** Great question.

**Questioner:** Hello, Mr. Bannon. I'm Mario Fantini, a Vermonter living in Vienna, Austria. You began describing some of the trends you're seeing worldwide, very dangerous trends, worry trends. Another movement that I've been seeing grow and spread in Europe, unfortunately, is what can only be described as tribalist or neo-nativist movement — they call themselves Identitarians. These are mostly young, working-class, populist groups, and they're teaching self-defense classes, but also they are arguing against — and quite effectively, I might add — against capitalism and global financial institutions, etc. How do we counteract this stuff? Because they're appealing to a lot of young people at a very visceral level, especially with the ethnic and racial stuff.

**Bannon:** I didn't hear the whole question, about the tribalist?

**"One of the committees in Congress said to the Justice Department, 35 [bank] executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on."**

**Questioner:** Very simply put, there's a growing movement among young people here in Europe, in France and in Austria and elsewhere, and they're arguing very effectively against Wall Street institutions and they're also appealing to people on an ethnic and racial level. And I was just wondering what you would recommend to counteract these movements, which are growing.

**Bannon:** One of the reasons that you can understand how they're being fueled is that they're not seeing the benefits of capitalism. I mean particularly — and I think it's particularly more advanced in Europe than it is in the United States, but in the United States it's getting pretty advanced — is that when you have this kind of crony capitalism, you have a different set of rules for the people that make the rules. It's this partnership of big government and corporatists. I think it starts to fuel, particularly as you start to see negative job creation. If you go back, in fact, and look at the United States' GDP, you look at a bunch of Europe. If you take out government spending, you know, we've had negative growth on a real basis for over a decade.

And that all trickles down to the man in the street. If you look at people's lives, and particularly millennials, look at people under 30 — people under 30, there's 50% really under employment of people in the United States, which is probably the most advanced economy in the West, and it gets worse in Europe.

I think in Spain it's something like 50 or 60% of the youth under 30 are underemployed. And that means the decade of their twenties, which is where you have to learn a skill, where you have to learn a craft, where you really start to get comfortable in your profession, you're taking that away from the entire generation. That's only going to fuel tribalism, that's only going to fuel [*unintelligible*]... That's why to me, it's incumbent upon freedom-loving people to make sure that we sort out these governments and make sure that we sort out particularly this crony capitalism so that the benefits become more of this entrepreneurial spirit and that can flow back to working-class and middle-class people. Because if not, we're going to pay a huge price for this. You can already start to see it.

**Questioner:** I have a question, because you worked on Wall Street. What is the opinion there on whether they think bank bailouts are justified? Is there a Christian-centered [*unintelligible*] that they think should be bailed out? The crisis starts earlier than 2008. What was the precedent then? What was the feeling on Wall Street when they bailed out the banks? How should Christians feel about advocating or being against that?

**Bannon:** I think one is about responsibility. For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a bailout. I think the bailouts in 2008 were wrong. And I think, you look in hindsight, it was a lot of misinformation that was presented about the bailouts of the banks in the West.

And look at the [*unintelligible*] it. Middle-class taxpayers, people that are working-class people, right, people making incomes under $50,000 and $60,000, it was the burden of those taxpayers, right, that bailed out the elites. And let's think about it for a second. Here's how capitalism metastasized, is that all the burdens put on the working-class people who get none of the upside. All of the upside goes to the crony capitalists.

The bailouts were absolutely outrageous, and here's why: It bailed out a group of shareholders and executives who were specifically accountable. The shareholders were accountable for one simple reason: They allowed this to go wrong without changing management. And the management team of this. And we know this now from congressional investigations, we know it from independent investigations, this is not some secret conspiracy. This is kind of in plain sight.

In fact, one of the committees in Congress said to the Justice Department 35 executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on. Because even with the Democrats, right, in power, there's a sense between the law firms, and the accounting firms, and the investment banks, and their stooges on Capitol Hill, they looked the other way.

So you can understand why middle class people having a tough go of it making $50 or $60 thousand a year and see their taxes go up, and they see that their taxes are going to pay for government sponsored bailouts, what you've created is really a free option. You say to this investment banking, create a free option for bad behavior. In otherwise all the upside goes to the hedge funds and the investment bank, and to the crony capitalist with stock increases and bonus increases. And their downside is limited, because middle class people are going to come and bail them out with tax dollars.

And that's what I think is fueling this populist revolt. Whether that revolt is in the midlands of England, or whether it's in Middle America. And I think people are fed up with it.

And I think that's why you're seeing — when you read the media says, "tea party is losing, losing elections," that is all BS. The elections we don't win, we're forcing those crony capitalists to come and admit that they're not going to do this again. The whole narrative in Washington has been changed by this populist revolt that we call the grassroots of the tea party movement.

And it's specifically because those bailouts were completely and totally unfair. It didn't make those financial institutions any stronger, and it bailed out a bunch of people — by the way, and these are people that have all gone to Yale, and Harvard, they went to the finest institutions in the West. They should have known better.

And by the way: It's all the institutions of the accounting firms, the law firms, the investment banks, the consulting firms, the elite of the elite, the educated elite, they understood what they were getting into, forcibly took all the benefits from it and then look to the government, went hat in hand to the government to be bailed out. And they've never been held accountable today. Trust me — they are going to be held accountable. You're seeing this populist movement called the tea party in the United States.

**Harnwell:** Okay, I think we've got time for just one or two more questions for Stephen K. Bannon, chairman of Breitbart Media, third-largest news organization in the States. I know you're a very, very busy man, so we're very grateful for the time that you've agreed to put aside for this, to close this conference.

> "I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?"

**Bannon:** I'm never too busy to share with a group that can do as much good as you guys can.

**Questioner:** What do you think is the major threat today, to the Judeo-Christian Civilization? Secularism, or the Muslim world? In my humble opinion, they're just trying to defend themselves from our cultural invasion. Thank you.

[*Question restated by Harnwell*]

**Bannon:** It's a great question. I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?

If you go back to your home countries and your proponent of the defense of the Judeo-Christian West and its tenets, often times, particularly when you deal with the elites, you're looked at as someone who is quite odd. So it has kind of sapped the strength.

But I strongly believe that whatever the causes of the current drive to the caliphate was — and we can debate them, and people can try to deconstruct them — we have to face a very unpleasant fact: And that unpleasant fact is that there is a major war brewing, a war that's already global. It's going global in scale, and today's technology, today's media, today's access to weapons of mass destruction, it's going to lead to a global conflict that I believe has to be confronted today. Every day that we refuse to look at this as what it is, and the scale of it, and really the viciousness of it, will be a day where you will rue that we didn't act [*unintelligible*].

> "The way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did has fueled much of the anger in the tea party movement in the United States."

**Questioner:** Thank you very much. I'm [*unintelligible*]. I come from Slovakia. This is actually the source of my two very quick questions. Thank you very much for the work that you do to promote the Judeo-Christian values in the world. I really appreciate it, and I also feel that the danger is very high. I have two minor questions, because you have mentioned, in terms of UKIP and Front National [*unintelligible*]. From the European perspective, listening to the language which has become more and more radical from these two parties, especially before the European Parliament elections, I'm just wondering what are your plans on how to help these partners from Europe to maybe focus on the value issues and not with populist? And also it goes in terms — you have

mentioned the involvement of state in capitalism as one of the big dangers. But these two parties you've mentioned, they actually have close ties with Putin, who is the promoter of this big danger, so I'd like to know your thoughts about this and how you're going to deal with it.

**Bannon:** Could you summarize that for me?

**Harnwell:** The first question was, you'd reference the Front National and UKIP as having elements that are tinged with the racial aspect amidst their voter profile, and the questioner was asking how you intend to deal with that aspect.

**Bannon:** I don't believe I said UKIP in that. I was really talking about the parties on the continent, Front National and other European parties.

I'm not an expert in this, but it seems that they have had some aspects that may be anti-Semitic or racial. By the way, even in the tea party, we have a broad movement like this, and we've been criticized, and they try to make the tea party as being racist, etc., which it's not. But there's always elements who turn up at these things, whether it's militia guys or whatever. Some that are fringe organizations. My point is that over time it all gets kind of washed out, right? People understand what pulls them together, and the people on the margins I think get marginalized more and more.

I believe that you'll see this in the center-right populist movement in continental Europe. I've spent quite a bit of time with UKIP, and I can say to you that I've never seen anything at all with UKIP that even comes close to that. I think they've done a very good job of policing themselves to really make sure that people including the British National Front and others were not included in the party, and I think you've seen that also with tea party groups, where some people would show up and were kind of marginal members of the tea party, and the tea party did a great job of policing themselves early on. And I think that's why when you hear charges of racism against the tea party, it doesn't stick with the American people, because they really understand.

I think when you look at any kind of revolution — and this is a revolution — you always have some groups that are disparate. I think that will all burn away over time and you'll see more of a mainstream center-right populist movement.

**"Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand."**

**Question:** Obviously, before the European elections the two parties had a clear link to Putin. If one of the representatives of the dangers of capitalism is the state involvement in capitalism, so, I see there, also Marine Le Pen campaigning in Moscow with Putin, and also UKIP strongly defending Russian positions in geopolitical terms.
[*Harnwell restates, but unintelligible*]
**Harnwell:** These two parties have both been cultivating President Putin [*unintelligible*].
**Bannon:** I think it's a little bit more complicated. When Vladimir Putin, when you really look at some of the underpinnings of some of his beliefs today, a lot of those come from what I call Eurasianism; he's got an adviser who harkens back to Julius Evola and different writers of the early 20th century who are really the supporters of what's called the traditionalist movement, which really eventually metastasized into Italian fascism. A lot of people that are traditionalists are attracted to that.
One of the reasons is that they believe that at least Putin is standing up for traditional institutions, and he's trying to do it in a form of nationalism — and I think that people, particularly in certain countries, want to see the sovereignty for their country, they want to see nationalism for their country. They don't believe in this kind of pan-European Union or they don't believe in the centralized government in the United States. They'd rather see more of a states-based entity that the founders originally set up where freedoms were controlled at the local level.

"You're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that."

I'm not justifying Vladimir Putin and the kleptocracy that he represents, because he eventually is the state capitalist of kleptocracy. However, we the Judeo-Christian West really have to look at what he's talking about as far as traditionalism goes — particularly the sense of where it supports the underpinnings of nationalism — and I happen to think that the individual sovereignty of a country is a good thing and a strong thing. I think strong countries and strong nationalist movements in countries make strong neighbors, and that is really the building blocks that built Western Europe and the United States, and I think it's what can see us forward.

You know, Putin's been quite an interesting character. He's also very, very, very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of. Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand. However, I really believe that in this current environment, where you're facing a potential new caliphate that is very aggressive that is really a situation — I'm not saying we can put it on a back burner — but I think we have to deal with first things first.

**Questioner:** One of my questions has to do with how the West should be responding to radical Islam. How, specifically, should we as the West respond to Jihadism without losing our own soul? Because we can win the war and lose ourselves at the same time. How should the West respond to radical Islam and not lose itself in the process?

**Bannon:** From a perspective — this may be a little more militant than others. I think definitely you're going to need an aspect that is [*unintelligible*]. I believe you should take a very, very, very aggressive stance against radical Islam. And I realize there are other aspects that are not as militant and not as aggressive and that's fine.

If you look back at the long history of the Judeo-Christian West struggle against Islam, I believe that our forefathers kept their stance, and I think they did the right thing. I think they kept it out of the world, whether it was at Vienna, or Tours, or other places... It bequeathed to use the great institution that is the church of the West.

And I would ask everybody in the audience today, because you really are the movers and drivers and shakers and thought leaders in the Catholic Church today, is to think, when people 500 years from now are going to think about today, think about the actions you've taken — and I believe everyone associated with the church and associated with the Judeo-

Christian West that believes in the underpinnings of that and believes in the precepts of that and want to see that bequeathed to other generations down the road as it was bequeathed to us, particularly as you're in a city like Rome, and in a place like the Vatican, see what's been bequeathed to us — ask yourself, 500 years from today, what are they going to say about me? What are they going to say about what I did at the beginning stages of this crisis?

Because it is a crisis, and it's not going away. You don't have to take my word for it. All you have to do is read the news every day, see what's coming up, see what they're putting on Twitter, what they're putting on Facebook, see what's on CNN, what's on BBC. See what's happening, and you will see we're in a war of immense proportions. It's very easy to play to our baser instincts, and we can't do that. But our forefathers didn't do it either. And they were able to stave this off, and they were able to defeat it, and they were able to bequeath to us a church and a civilization that really is the flower of mankind, so I think it's incumbent on all of us to do what I call a gut check, to really think about what our role is in this battle that's before us.

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**From:** Alain Forget [redacted]
**Sent:** 11/18/2016 11:30:28 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: interesting

**Importance:** High

i do not believe in a global tea party…but it is most interesting to see how those ideas will materialize and to witch exdend I ll be most interested to hear your point of wiew
On Nov 18, 2016, at 12:14 PM, jeffrey E. <jeevacation@gmail.com> wrote:

your view?

On Fri, Nov 18, 2016 at 7:12 AM, Alain Forget [redacted] > wrote:

*Donald Trump's newly named chief strategist and senior counselor, Steve Bannon, laid out his global nationalist vision in unusually in-depth remarks delivered by Skype to a conference held inside the Vatican in the summer of 2014.*
*Well before victories for Brexit and Trump seemed possible, Bannon declared there was a "global tea party movement" and praised European far-right parties like Great Britain's UKIP and France's National Front. Bannon also suggested that a racist element in far-right parties "all gets kind of washed out," that the West was facing a "crisis of capitalism" after losing its "Judeo-Christian foundation," and he blasted "crony capitalists" in Washington for failing to prosecute bank executives over the financial crisis.*
*The remarks — beamed into a small conference room in a 15th-century marble palace in a secluded corner of the Vatican — were part of a 50-minute Q&A during a conference focused on poverty hosted by the Human Dignity Institute, which BuzzFeed News attended as part of its coverage of the rise of Europe's religious right. The group was founded by Benjamin Harnwell, a longtime aide to Conservative member of the European Parliament Nirj Deva to promote a "Christian voice" in European politics. The group has ties to some of the most conservative factions inside the Catholic Church; Cardinal Raymond Burke, one of the most vocal critics of Pope Francis who was ousted from a senior Vatican position in 2014, is chair of the group's advisory board.*

*BuzzFeed News originally posted a transcript beginning 90 seconds into the then-Breitbart News chairman's remarks because microphone placement made the opening mostly unintelligible, but we have completed the transcript from a video of the talk on YouTube. You can hear the whole recording at the bottom of the post.*

*Here is what he said, unedited:*

**Steve Bannon:** Thank you very much Benjamin, and I appreciate you guys including us in this. We're speaking from Los Angeles today, right across the street from our headquarters in Los Angeles. Um. I want to talk about wealth creation and what wealth creation really can achieve and maybe take it in a slightly different direction, because I believe the world, and particularly the Judeo-Christian west, is in a crisis. And it's really the organizing principle of how we built Breitbart News to really be a platform to bring news and information to people throughout the world. Principally in the west, but we're expanding internationally to let people understand the depths of this crisis, and it is a crisis both of capitalism but really of the underpinnings of the Judeo-Christian west in our beliefs.

It's ironic, I think, that we're talking today at exactly, tomorrow, 100 years ago, at the exact moment we're talking, the assassination took place in Sarajevo of Archduke Franz Ferdinand that led to the end of the Victorian era and the beginning of the bloodiest century in mankind's history. Just to put it in perspective, with the assassination that took place 100 years ago tomorrow in Sarajevo, the world was at total peace. There was trade, there was globalization, there was technological transfer, the High Church of England and the Catholic Church and the Christian faith was predominant throughout Europe of practicing Christians. Seven weeks later, I think there were 5 million men in uniform and within 30 days there were over a million casualties.

That war triggered a century of barbaric — unparalleled in mankind's history — virtually 180 to 200 million people were killed in the 20th century, and I believe that, you know, hundreds of years from now when they look back, we're children of that: We're children of that barbarity. This will be looked at almost as a new Dark Age.

But the thing that got us out of it, the organizing principle that met this, was not just the heroism of our people — whether it was French resistance fighters, whether it was the Polish resistance fighters, or it's the young men from Kansas City or the Midwest who stormed the beaches of Normandy, commandos in England that fought with the Royal Air

Force, that fought this great war, really the Judeo-Christian West versus atheists, right? The underlying principle is an enlightened form of capitalism, that capitalism really gave us the wherewithal. It kind of organized and built the materials needed to support, whether it's the Soviet Union, England, the United States, and eventually to take back continental Europe and to beat back a barbaric empire in the Far East.

That capitalism really generated tremendous wealth. And that wealth was really distributed among a middle class, a rising middle class, people who come from really working-class environments and created what we really call a Pax Americana. It was many, many years and decades of peace. And I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism.

"I believe we've come partly offtrack in the years since the fall of the Soviet Union and we're starting now in the 21st century, which I believe, strongly, is a crisis both of our church, a crisis of our faith, a crisis of the West, a crisis of capitalism."

And we're at the very beginning stages of a very brutal and bloody conflict, of which if the people in this room, the people in the church, do not bind together and really form what I feel is an aspect of the church militant, to really be able to not just stand with our beliefs, but to fight for our beliefs against this new barbarity that's starting, that will completely eradicate everything that we've been bequeathed over the last 2,000, 2,500 years.

Now, what I mean by that specifically: I think that you're seeing three kinds of converging tendencies: One is a form of capitalism that is taken away from the underlying spiritual and moral foundations of Christianity and, really, Judeo-Christian belief.

I see that every day. I'm a very practical, pragmatic capitalist. I was trained at Goldman Sachs, I went to Harvard Business School, I was as hard-nosed a capitalist as you get. I specialized in media, in investing in media companies, and it's a very, very tough environment. And you've had a fairly good track record. So I don't want this to kinda sound namby-pamby, "Let's all hold hands and sing 'Kumbaya' around capitalism."

But there's a strand of capitalism today — two strands of it, that are very disturbing.

One is state-sponsored capitalism. And that's the capitalism you see in China and Russia. I believe it's what Holy Father [Pope Francis] has seen for most of his life in places like Argentina, where you have this kind of crony capitalism of people that are involved with these military powers-that-be in the government, and it forms a brutal form of capitalism that is really about creating wealth and creating value for a very small subset of people. And it doesn't spread the tremendous value creation throughout broader distribution patterns that were seen really in the 20th century.

The second form of capitalism that I feel is almost as disturbing, is what I call the Ayn Rand or the Objectivist School of libertarian capitalism. And, look, I'm a big believer in a lot of libertarianism. I have many many friends that's a very big part of the conservative movement — whether it's the UKIP movement in England, it's many of the underpinnings of the populist movement in Europe, and particularly in the United States.

However, that form of capitalism is quite different when you really look at it to what I call the "enlightened capitalism" of the Judeo-Christian West. It is a capitalism that really looks to make people commodities, and to objectify people, and to use them almost — as many of the precepts of Marx — and that is a form of capitalism, particularly to a younger generation [that] they're really finding quite attractive. And if they don't see another alternative, it's going to be an alternative that they gravitate to under this kind of rubric of "personal freedom."

"Look at what's happening in ISIS … look at the sophistication of which they've taken the tools of capitalism … at what they've done with Twitter and Facebook."

The other tendency is an immense secularization of the West. And I know we've talked about secularization for a long time, but if you look at younger people, especially millennials under 30, the overwhelming drive of popular culture is to absolutely secularize this rising iteration.

Now that call converges with something we have to face, and it's a very unpleasant topic, but we are in an outright war against jihadist Islamic fascism. And this war is, I think, metastasizing far quicker than governments can handle it.

If you look at what's happening in ISIS, which is the Islamic State of Syria and the Levant, that is now currently forming the caliphate that is having a military drive on Baghdad, if you look at the sophistication of which they've taken the tools of capitalism. If you look at what they've done with Twitter and Facebook and modern ways to fundraise, and to use crowdsourcing to fund, besides all the access to weapons, over the last couple days they have had a radical program of taking kids and trying to turn them into bombers. They have driven 50,000 Christians out of a town near the Kurdish border. We have video that we're putting up later today on Breitbart where they've took 50 hostages and thrown them off a cliff in Iraq.

That war is expanding and it's metastasizing to sub-Saharan Africa. We have Boko Haram and other groups that will eventually partner with ISIS in this global war, and it is, unfortunately, something that we're going to have to face, and we're going to have to face very quickly.

So I think the discussion of, should we put a cap on wealth creation and distribution? It's something that should be at the heart of every Christian that is a capitalist — "What is the purpose of whatever I'm doing with this wealth? What is the purpose of what I'm doing with the ability that God has given us, that divine providence has given us to actually be a creator of jobs and a creator of wealth?"

I think it really behooves all of us to really take a hard look and make sure that we are reinvesting that back into positive things. But also to make sure that we understand that we're at the very beginning stages of a global conflict, and if we do not bind together as partners with others in other countries that this conflict is only going to metastasize.

They have a Twitter account up today, ISIS does, about turning the United States into a "river of blood" if it comes in and tries to defend the city of Baghdad. And trust me, that is going to come to Europe. That is going to come to Central Europe, it's going to come to

Western Europe, it's going to come to the United Kingdom. And so I think we are in a crisis of the underpinnings of capitalism, and on top of that we're now, I believe, at the beginning stages of a global war against Islamic fascism.

> "With all the baggage that those [right-wing] groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially— but we think that will all be worked through with time."

**Benjamin Harnwell, Human Dignity Institute:** Thank you, Steve. That was a fascinating, fascinating overview. I am particularly struck by your argument, then, that in fact, capitalism would spread around the world based on the Judeo-Christian foundation is, in fact, something that can create peace through peoples rather than antagonism, which is often a point not sufficiently appreciated. Before I turn behind me to take a question —

**Bannon:** One thing I want to make sure of, if you look at the leaders of capitalism at that time, when capitalism was I believe at its highest flower and spreading its benefits to most of mankind, almost all of those capitalists were strong believers in the Judeo-Christian West. They were either active participants in the Jewish faith, they were active participants in the Christians' faith, and they took their beliefs, and the underpinnings of their beliefs was manifested in the work they did. And I think that's incredibly important and something that would really become unmoored. I can see this on Wall Street today — I can see this with the securitization of everything is that, everything is looked at as a securitization opportunity. People are looked at as commodities. I don't believe that our forefathers had that same belief.

**Harnwell:** Over the course of this conference we've heard from various points of view regarding alleviation of poverty. We've heard from the center-left perspective, we've heard from the socialist perspective, we've heard from the Christian democrat, if you will,

perspective. What particularly interests me about your point of view Steve, to talk specifically about your work, Breitbart is very close to the tea party movement. So I'm just wondering whether you could tell me about if in the current flow of contemporary politics — first tell us a little bit about Breitbart, what the mission is, and then tell me about the reach that you have and then could you say a little bit about the current dynamic of what's going on at the moment in the States.

**Bannon:** Outside of Fox News and the Drudge Report, we're the third-largest conservative news site and, quite frankly, we have a bigger global reach than even Fox. And that's why we're expanding so much internationally.

Look, we believe — strongly — that there is a global tea party movement. We've seen that. We were the first group to get in and start reporting on things like UKIP and Front National and other center right. With all the baggage that those groups bring — and trust me, a lot of them bring a lot of baggage, both ethnically and racially — but we think that will all be worked through with time.

The central thing that binds that all together is a center-right populist movement of really the middle class, the working men and women in the world who are just tired of being dictated to by what we call the party of Davos. A group of kind of — we're not conspiracy-theory guys, but there's certainly — and I could see this when I worked at Goldman Sachs — there are people in New York that feel closer to people in London and in Berlin than they do to people in Kansas and in Colorado, and they have more of this elite mentality that they're going to dictate to everybody how the world's going to be run.

I will tell you that the working men and women of Europe and Asia and the United States and Latin America don't believe that. They believe they know what's best for how they will comport their lives. They think they know best about how to raise their families and how to educate their families. So I think you're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that.

**"Putin's … very, very very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of."**

Now, with that, we are strong capitalists. And we believe in the benefits of capitalism. And, particularly, the harder-nosed the capitalism, the better. However, like I said, there's two strands of capitalism that we're quite concerned about.

One is crony capitalism, or what we call state-controlled capitalism, and that's the big thing the tea party is fighting in the United States, and really the tea party's biggest fight is not with the left, because we're not there yet. The biggest fight the tea party has today is just like UKIP. UKIP's biggest fight is with the Conservative Party.

The tea party in the United States' biggest fight is with the the Republican establishment, which is really a collection of crony capitalists that feel that they have a different set of rules of how they're going to comport themselves and how they're going to run things. And, quite frankly, it's the reason that the United States' financial situation is so dire, particularly our balance sheet. We have virtually a hundred trillion dollars of unfunded liabilities. That is all because you've had this kind of crony capitalism in Washington, DC. The rise of Breitbart is directly tied to being the voice of that center-right opposition. And, quite frankly, we're winning many, many victories.

On the social conservative side, we're the voice of the anti-abortion movement, the voice of the traditional marriage movement, and I can tell you we're winning victory after victory after victory. Things are turning around as people have a voice and have a platform of which they can use.

*Kirk Irwin / Getty Images*

**Harnwell:** The third-largest conservative news website is something to be extremely impressed by. Can you tell for the people here who aren't within the Anglosphere and they might not follow American domestic politics at the moment — there seems to be a substantial sea change going on at the moment in Middle America. And the leader of the majority party, Eric Cantor, was deselected a couple of weeks ago by a tea party candidate. What does that mean for the state of domestic politics in America at the moment?

**Bannon:** For everybody in your audience, this is one of the most monumental — first off, it's the biggest election upset in the history of the American republic. Eric Cantor was the House majority leader and raised $10 million. He spent, between himself and outside groups, $8 million to hold a congressional district. He ran against a professor who was an evangelical Christian and a libertarian economist. He ran against a professor who raised in total $175,000. In fact, the bills from Eric Cantor's campaign at a elite steak house in Washington, DC, was over $200,000. So they spent more than $200,000 over the course of the campaign wining and dining fat cats at a steak house in Washington than the entire opposition had to run.

Now, Eric Cantor, it was a landslide. He lost 57-43, and not one — outside of Breitbart, we covered this for six months, day in and day out — not one news site — not Fox News, not Politico, no sites picked this up. And the reason that this guy won is quite simple: Middle-class people and working-class people are tired of people like Eric Cantor who say they're conservative selling out their interests every day to crony capitalists.

> "That center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India."

And you're seeing that whether that was UKIP and Nigel Farage in the United Kingdom, whether it's these groups in the Low Countries in Europe, whether it's in France, there's a new tea party in Germany. The theme is all the same. And the theme is middle-class and working-class people — they're saying, "Hey, I'm working harder than I've ever worked. I'm getting less benefits than I'm ever getting through this, I'm incurring less wealth myself, and I'm seeing a system of fat cats who say they're conservative and say they back capitalist principles, but all they're doing is binding with corporatists." Right? Corporatists, to garner all the benefits for themselves.

And that center-right revolt is really a global revolt. I think you're going to see it in Latin America, I think you're going to see it in Asia, I think you've already seen it in India. Modi's great victory was very much based on these Reaganesque principles, so I think this is a global revolt, and we are very fortunate and proud to be the news site that is reporting that throughout the world.

**Harnwell:** I think it's important to understand the distinction that you're drawing here between what can be understood as authentic, free-market capitalism as a means of promoting wealth that [*unintelligible*] involves everybody with a form of crony capitalism which simply benefits a certain class. And we've watched over the course of our conference, we've watched two video segments produced by the Acton Institute about

how development aid is spent internationally and how that can be driven away from — it damages people on the ground but it also perpetuates a governing class. And the point that you're mentioning here, that I think that you're saying has driven almost a revolution movement in America, is the same phenomenon of what's going on in the developing world, which is a concept of government which is no longer doing what it is morally bound to do but has become corrupt and self-serving. So it's effectively the sa—

**Bannon:** It's exactly the same. Currently, if you read *The Economist*, you read the *Financial Times* this week, you'll see there's a relatively obscure agency in the federal government that is engaged in a huge fight that may lead to a government shutdown. It's called the Export-Import Bank. And for years, it was a bank that helped finance things that other banks wouldn't do. And what's happening over time is that it's metastasized to be a cheap form of financing to General Electric and to Boeing and to other large corporations. You get this financing from other places if they wanted to, but they're putting this onto the middle-class taxpayers to support this.

**"I'm not an expert in this, but it seems that [right-wing parties] have had some aspects that may be anti-Semitic or racial … My point is that over time it all gets kind of washed out, right?"**

And the tea party is using this as an example of the cronyism. General Electric and these major corporations that are in bed with the federal government are not what we'd consider free-enterprise capitalists. We're backers of entrepreneurial capitalists. They're not. They're what we call corporatist. They want to have more and more monopolistic power and they're doing that kind of convergence with big government. And so the fight here — and that's why the media's been very late to this party — but the fight you're seeing is between entrepreneur capitalism, and the Acton Institute is a tremendous supporter of, and the people like the corporatists that are closer to the people like we think in Beijing and Moscow than they are to the entrepreneurial capitalist spirit of the United States.

**Harnwell:** Thanks, Steve. I'm going to turn around now, as I'm sure we have some great questions from the floor. Who has the first question then?

**Bannon:** First of all, Benjamin, I can tell you I could hardly recognize you, you're so cleaned up you are for the conference.
[*Laughter*]
**Questioner:** Hello, my name is Deborah Lubov. I'm a Vatican correspondent for Zenit news agency, for their English edition. I have some experience working in New York — I was working for PricewaterhouseCoopers auditing investment banks, one of which was Goldman Sachs. And considering this conference is on poverty, I'm curious — from your point of view especially, your experience in the investment banking world — what concrete measures do you think they should be doing to combat, prevent this phenomenon? We know that various sums of money are used in all sorts of ways and they do have different initiatives, but in order to concretely counter this epidemic now, what are your thoughts?

**"For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a [financial] bailout."**

**Bannon:** That's a great question. The 2008 crisis, I think the financial crisis — which, by the way, I don't think we've come through — is really driven I believe by the greed, much of it driven by the greed of the investment banks. My old firm, Goldman Sachs — traditionally the best banks are leveraged 8:1. When we had the financial crisis in 2008, the investment banks were leveraged 35:1. Those rules had specifically been changed by a guy named Hank Paulson. He was secretary of Treasury. As chairman of Goldman Sachs, he had gone to Washington years before and asked for those changes. That made the banks not really investment banks, but made them hedge funds — and highly susceptible to changes in liquidity. And so the crisis of 2008 was, quite frankly, really never recovered from in the United States. It's one of the reasons last quarter you saw 2.9% negative growth in a quarter. So the United States economy is in very, very tough shape.
And one of the reasons is that we've never really gone and dug down and sorted through the problems of 2008. Particularly the fact — think about it — not one criminal charge has ever been brought to any bank executive associated with 2008 crisis. And in fact, it gets worse. No bonuses and none of their equity was taken. So part of the prime drivers of the

wealth that they took in the 15 years leading up to the crisis was not hit at all, and I think that's one of the fuels of this populist revolt that we're seeing as the tea party. So I think there are many, many measures, particularly about getting the banks on better footing, making them address all the liquid assets they have. I think you need a real clean-up of the banks balance sheets.

In addition, I think you really need to go back and make banks do what they do: Commercial banks lend money, and investment banks invest in entrepreneurs and to get away from this trading — you know, the hedge fund securitization, which they've all become basically trading operations and securitizations and not put capital back and really grow businesses and to grow the economy. So I think it's a whole area that just — and I will tell you, the underpinning of this populist revolt is the financial crisis of 2008. That revolt, the way that it was dealt with, the way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did, has fueled much of the anger in the tea party movement in the United States.

**Questioner:** Thank you.

**Bannon:** Great question.

**Questioner:** Hello, Mr. Bannon. I'm Mario Fantini, a Vermonter living in Vienna, Austria. You began describing some of the trends you're seeing worldwide, very dangerous trends, worry trends. Another movement that I've been seeing grow and spread in Europe, unfortunately, is what can only be described as tribalist or neo-nativist movement — they call themselves Identitarians. These are mostly young, working-class, populist groups, and they're teaching self-defense classes, but also they are arguing against — and quite effectively, I might add — against capitalism and global financial institutions, etc. How do we counteract this stuff? Because they're appealing to a lot of young people at a very visceral level, especially with the ethnic and racial stuff.

**Bannon:** I didn't hear the whole question, about the tribalist?

**"One of the committees in Congress said to the Justice Department, 35 [bank] executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on."**

**Questioner:** Very simply put, there's a growing movement among young people here in Europe, in France and in Austria and elsewhere, and they're arguing very effectively against Wall Street institutions and they're also appealing to people on an ethnic and racial level. And I was just wondering what you would recommend to counteract these movements, which are growing.

**Bannon:** One of the reasons that you can understand how they're being fueled is that they're not seeing the benefits of capitalism. I mean particularly — and I think it's particularly more advanced in Europe than it is in the United States, but in the United States it's getting pretty advanced — is that when you have this kind of crony capitalism, you have a different set of rules for the people that make the rules. It's this partnership of big government and corporatists. I think it starts to fuel, particularly as you start to see negative job creation. If you go back, in fact, and look at the United States' GDP, you look at a bunch of Europe. If you take out government spending, you know, we've had negative growth on a real basis for over a decade.

And that all trickles down to the man in the street. If you look at people's lives, and particularly millennials, look at people under 30 — people under 30, there's 50% really under employment of people in the United States, which is probably the most advanced economy in the West, and it gets worse in Europe.

I think in Spain it's something like 50 or 60% of the youth under 30 are underemployed. And that means the decade of their twenties, which is where you have to learn a skill, where you have to learn a craft, where you really start to get comfortable in your profession, you're taking that away from the entire generation. That's only going to fuel tribalism, that's only going to fuel [*unintelligible*]... That's why to me, it's incumbent upon freedom-loving people to make sure that we sort out these governments and make sure that we sort out particularly this crony capitalism so that the benefits become more of this entrepreneurial spirit and that can flow back to working-class and middle-class people. Because if not, we're going to pay a huge price for this. You can already start to see it.

**Questioner:** I have a question, because you worked on Wall Street. What is the opinion there on whether they think bank bailouts are justified? Is there a Christian-centered [*unintelligible*] that they think should be bailed out? The crisis starts earlier than 2008. What was the precedent then? What was the feeling on Wall Street when they bailed out the banks? How should Christians feel about advocating or being against that?

**Bannon:** I think one is about responsibility. For Christians, and particularly for those who believe in the underpinnings of the Judeo-Christian West, I don't believe that we should have a bailout. I think the bailouts in 2008 were wrong. And I think, you look in hindsight, it was a lot of misinformation that was presented about the bailouts of the banks in the West.

And look at the [*unintelligible*] it. Middle-class taxpayers, people that are working-class people, right, people making incomes under $50,000 and $60,000, it was the burden of those taxpayers, right, that bailed out the elites. And let's think about it for a second. Here's how capitalism metastasized, is that all the burdens put on the working-class people who get none of the upside. All of the upside goes to the crony capitalists.

The bailouts were absolutely outrageous, and here's why: It bailed out a group of shareholders and executives who were specifically accountable. The shareholders were accountable for one simple reason: They allowed this to go wrong without changing management. And the management team of this. And we know this now from congressional investigations, we know it from independent investigations, this is not some secret conspiracy. This is kind of in plain sight.

In fact, one of the committees in Congress said to the Justice Department 35 executives, I believe, that they should have criminal indictments against — not one of those has ever been followed up on. Because even with the Democrats, right, in power, there's a sense between the law firms, and the accounting firms, and the investment banks, and their stooges on Capitol Hill, they looked the other way.

So you can understand why middle class people having a tough go of it making $50 or $60 thousand a year and see their taxes go up, and they see that their taxes are going to pay for government sponsored bailouts, what you've created is really a free option. You say to this investment banking, create a free option for bad behavior. In otherwise all the upside goes to the hedge funds and the investment bank, and to the crony capitalist with stock increases and bonus increases. And their downside is limited, because middle class people are going to come and bail them out with tax dollars.

And that's what I think is fueling this populist revolt. Whether that revolt is in the midlands of England, or whether it's in Middle America. And I think people are fed up with it.

And I think that's why you're seeing — when you read the media says, "tea party is losing, losing elections," that is all BS. The elections we don't win, we're forcing those crony capitalists to come and admit that they're not going to do this again. The whole narrative in Washington has been changed by this populist revolt that we call the grassroots of the tea party movement.

And it's specifically because those bailouts were completely and totally unfair. It didn't make those financial institutions any stronger, and it bailed out a bunch of people — by the way, and these are people that have all gone to Yale, and Harvard, they went to the finest institutions in the West. They should have known better.

And by the way: It's all the institutions of the accounting firms, the law firms, the investment banks, the consulting firms, the elite of the elite, the educated elite, they understood what they were getting into, forcibly took all the benefits from it and then look to the government, went hat in hand to the government to be bailed out. And they've never been held accountable today. Trust me — they are going to be held accountable. You're seeing this populist movement called the tea party in the United States.

**Harnwell:** Okay, I think we've got time for just one or two more questions for Stephen K. Bannon, chairman of Breitbart Media, third-largest news organization in the States. I know you're a very, very busy man, so we're very grateful for the time that you've agreed to put aside for this, to close this conference.

> "I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?"

**Bannon:** I'm never too busy to share with a group that can do as much good as you guys can.

**Questioner:** What do you think is the major threat today, to the Judeo-Christian Civilization? Secularism, or the Muslim world? In my humble opinion, they're just trying to defend themselves from our cultural invasion. Thank you.

[*Question restated by Harnwell*]

**Bannon:** It's a great question. I certainly think secularism has sapped the strength of the Judeo-Christian West to defend its ideals, right?

If you go back to your home countries and your proponent of the defense of the Judeo-Christian West and its tenets, often times, particularly when you deal with the elites, you're looked at as someone who is quite odd. So it has kind of sapped the strength.

But I strongly believe that whatever the causes of the current drive to the caliphate was — and we can debate them, and people can try to deconstruct them — we have to face a very unpleasant fact: And that unpleasant fact is that there is a major war brewing, a war that's already global. It's going global in scale, and today's technology, today's media, today's access to weapons of mass destruction, it's going to lead to a global conflict that I believe has to be confronted today. Every day that we refuse to look at this as what it is, and the scale of it, and really the viciousness of it, will be a day where you will rue that we didn't act [*unintelligible*].

> "The way that the people who ran the banks and ran the hedge funds have never really been held accountable for what they did has fueled much of the anger in the tea party movement in the United States."

**Questioner:** Thank you very much. I'm [*unintelligible*]. I come from Slovakia. This is actually the source of my two very quick questions. Thank you very much for the work that you do to promote the Judeo-Christian values in the world. I really appreciate it, and I also feel that the danger is very high. I have two minor questions, because you have mentioned, in terms of UKIP and Front National [*unintelligible*]. From the European perspective, listening to the language which has become more and more radical from these two parties, especially before the European Parliament elections, I'm just wondering what are your plans on how to help these partners from Europe to maybe focus on the value issues and not with populist? And also it goes in terms — you have

mentioned the involvement of state in capitalism as one of the big dangers. But these two parties you've mentioned, they actually have close ties with Putin, who is the promoter of this big danger, so I'd like to know your thoughts about this and how you're going to deal with it.

**Bannon:** Could you summarize that for me?

**Harnwell:** The first question was, you'd reference the Front National and UKIP as having elements that are tinged with the racial aspect amidst their voter profile, and the questioner was asking how you intend to deal with that aspect.

**Bannon:** I don't believe I said UKIP in that. I was really talking about the parties on the continent, Front National and other European parties.

I'm not an expert in this, but it seems that they have had some aspects that may be anti-Semitic or racial. By the way, even in the tea party, we have a broad movement like this, and we've been criticized, and they try to make the tea party as being racist, etc., which it's not. But there's always elements who turn up at these things, whether it's militia guys or whatever. Some that are fringe organizations. My point is that over time it all gets kind of washed out, right? People understand what pulls them together, and the people on the margins I think get marginalized more and more.

I believe that you'll see this in the center-right populist movement in continental Europe. I've spent quite a bit of time with UKIP, and I can say to you that I've never seen anything at all with UKIP that even comes close to that. I think they've done a very good job of policing themselves to really make sure that people including the British National Front and others were not included in the party, and I think you've seen that also with tea party groups, where some people would show up and were kind of marginal members of the tea party, and the tea party did a great job of policing themselves early on. And I think that's why when you hear charges of racism against the tea party, it doesn't stick with the American people, because they really understand.

I think when you look at any kind of revolution — and this is a revolution — you always have some groups that are disparate. I think that will all burn away over time and you'll see more of a mainstream center-right populist movement.

**"Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand."**

**Question:** Obviously, before the European elections the two parties had a clear link to Putin. If one of the representatives of the dangers of capitalism is the state involvement in capitalism, so, I see there, also Marine Le Pen campaigning in Moscow with Putin, and also UKIP strongly defending Russian positions in geopolitical terms.
[*Harnwell restates, but unintelligible*]
**Harnwell:** These two parties have both been cultivating President Putin [*unintelligible*].
**Bannon:** I think it's a little bit more complicated. When Vladimir Putin, when you really look at some of the underpinnings of some of his beliefs today, a lot of those come from what I call Eurasianism; he's got an adviser who harkens back to Julius Evola and different writers of the early 20th century who are really the supporters of what's called the traditionalist movement, which really eventually metastasized into Italian fascism. A lot of people that are traditionalists are attracted to that.
One of the reasons is that they believe that at least Putin is standing up for traditional institutions, and he's trying to do it in a form of nationalism — and I think that people, particularly in certain countries, want to see the sovereignty for their country, they want to see nationalism for their country. They don't believe in this kind of pan-European Union or they don't believe in the centralized government in the United States. They'd rather see more of a states-based entity that the founders originally set up where freedoms were controlled at the local level.

"You're seeing a global reaction to centralized government, whether that government is in Beijing or that government is in Washington, DC, or that government is in Brussels. So we are the platform for the voice of that."

I'm not justifying Vladimir Putin and the kleptocracy that he represents, because he eventually is the state capitalist of kleptocracy. However, we the Judeo-Christian West really have to look at what he's talking about as far as traditionalism goes — particularly the sense of where it supports the underpinnings of nationalism — and I happen to think that the individual sovereignty of a country is a good thing and a strong thing. I think strong countries and strong nationalist movements in countries make strong neighbors, and that is really the building blocks that built Western Europe and the United States, and I think it's what can see us forward.

You know, Putin's been quite an interesting character. He's also very, very, very intelligent. I can see this in the United States where he's playing very strongly to social conservatives about his message about more traditional values, so I think it's something that we have to be very much on guard of. Because at the end of the day, I think that Putin and his cronies are really a kleptocracy, that are really an imperialist power that want to expand. However, I really believe that in this current environment, where you're facing a potential new caliphate that is very aggressive that is really a situation — I'm not saying we can put it on a back burner — but I think we have to deal with first things first.

**Questioner:** One of my questions has to do with how the West should be responding to radical Islam. How, specifically, should we as the West respond to Jihadism without losing our own soul? Because we can win the war and lose ourselves at the same time. How should the West respond to radical Islam and not lose itself in the process?

**Bannon:** From a perspective — this may be a little more militant than others. I think definitely you're going to need an aspect that is [*unintelligible*]. I believe you should take a very, very, very aggressive stance against radical Islam. And I realize there are other aspects that are not as militant and not as aggressive and that's fine.

If you look back at the long history of the Judeo-Christian West struggle against Islam, I believe that our forefathers kept their stance, and I think they did the right thing. I think they kept it out of the world, whether it was at Vienna, or Tours, or other places... It bequeathed to use the great institution that is the church of the West.

And I would ask everybody in the audience today, because you really are the movers and drivers and shakers and thought leaders in the Catholic Church today, is to think, when people 500 years from now are going to think about today, think about the actions you've taken — and I believe everyone associated with the church and associated with the Judeo-

Christian West that believes in the underpinnings of that and believes in the precepts of that and want to see that bequeathed to other generations down the road as it was bequeathed to us, particularly as you're in a city like Rome, and in a place like the Vatican, see what's been bequeathed to us — ask yourself, 500 years from today, what are they going to say about me? What are they going to say about what I did at the beginning stages of this crisis?

Because it is a crisis, and it's not going away. You don't have to take my word for it. All you have to do is read the news every day, see what's coming up, see what they're putting on Twitter, what they're putting on Facebook, see what's on CNN, what's on BBC. See what's happening, and you will see we're in a war of immense proportions. It's very easy to play to our baser instincts, and we can't do that. But our forefathers didn't do it either. And they were able to stave this off, and they were able to defeat it, and they were able to bequeath to us a church and a civilization that really is the flower of mankind, so I think it's incumbent on all of us to do what I call a gut check, to really think about what our role is in this battle that's before us.

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**From**: Joi Ito[redacted]
**Sent**: 12/12/2016 6:26:29 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: From Politico Magazine

Any ideas?

Begin forwarded message:

**From:** Margaret Slattery <[redacted]>
**Subject: From Politico Magazine**
**Date:** November 28, 2016 at 3:04:51 PM CST
**To:** '[redacted]' <[redacted]u>

Dear Joi,

Hello, I'm writing from Politico Magazine, where we're working on a special package of stories timed to Donald Trump's inauguration in January, and I wondered if you would be interested in contributing.

As he prepares to take office, our plan is to publish a handful of out-of-the box ideas for President Trump, suggested by writers and thinkers from a variety of fields and ideological positions. Whether the idea has to do with politics, policy, personnel or governing style, we're looking for suggestions that are specific and, above all, surprising; something inventive if slightly far-fetched is better than a pet cause or a well-trod policy proposal. (This exercise doesn't require that you support or even agree with Trump, but it does require a willingness to engage.)

Do you have an idea along these lines that you wish the new president would consider, whether something in economics or otherwise? If so, I'd love to hear, and we can discuss next steps from there. Ultimately, we're aiming to publish a handful of short pieces (about 800 words each) as a package of proposals.

Many thanks, and please let me know if you have questions.

Margy Slattery

—
Deputy Editor, Politico Magazine
[redacted], [redacted]

**From:** David Grosof [redacted]
on behalf of David Grosof[redacted]
**Sent:** 1/20/2017 6:28:10 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Your Special Day

**Importance:** High

At 10:13 PM 01/19/17, you wrote:

all good.Â Â  thx.Â Â  areas of interest,Â Â Â Â  distribuitionsÂ  in nature. .Â Â Â Â  2 deception.Â  3.Â  sleep . 4.Â  power. 5 money.Â  6 music and the brain. 7 , signal intellignece in the biologocal systems

Excellent alignment with some of my interests or those of people I like and think are smart!
The rest of the truncated message has been sent.

1. What's been stimulating as a source of good questions for the "distributions in nature" issue?
7. "Signal intelligence in biol. systems" seems to cover all of neurophysiology: Jonathan Victor, whom you met a few years ago in your office, is powerfully thoughtful on the issues of neural coding. Are there specific examples that have stimulated you to better questions or turned your thinking around?

6. Are you aware of apps that purport to play music to enhance productivity and focus on tasks at hand? My buddy Reese Jones has backed that; he has a fascinating set of beliefs and projects around what may soon be understood as "consciousness hacking." He's on the board of Singularity University as one of the founders. (His father was a pioneer UCSF MD researcher of hallucinogens, I believe!)

More to come in a day or so.
Thanks!
You're up late or you're not so east of my SF location!
David

PS How to trade the Trump-GOP demolition of the welfare state, erratic elevation of risks of trade disruptions and war? Has anyone from the rational center or left given thought to how to respond to a national emergency to cope with a kakistocratic seizure of emergency powers? The Patriot Act was on a 'shelf' as you know, ready to be used. What should the better folks in this country have at hand if, say, a port is subject to a radiological attack of unknown origin?

On Fri, Jan 20, 2017 at 1:07 AM, David Grosof <grosof@sloan.mit.edu> wrote:
Dear Jeffrey,
Â Congratulations on another spin around the sun.
Â I would like to offer you a birthday present: my best efforts for a few hours on something where I might be able to contribute either to making something good happen for you or help you prevent the bad.
We haven't talked much at all for quite some time, so I'm not sure of the nature of your current interests but here are some of mine, where I feel I either have some special capability or can get access to those who have such.
* open science -- open access publishing, data publishing, and open culture institutions considered as a network with largely consistent and mutually reinforcing values: Public Library of Science (PLoS), Wikipedia, Internet

Archive, Electronic Frontier Foundation, and Creative Commons, along with allied US, UK, European governmental and NGO funding sources and other institutions.
* early-stage life science-based ventures, especially those with one or more of these technologies: optics, wearable-sensors, brain-computer interface, behavioral engineering that goes beyond robo-noodging. I am not up to speed on synthetic bio and CRISPR, but I have a good friend who is.
* cybersecurity for you and your life. I have carefully monitored the web for articles about you and I have reason to think that those will persist indefinitely. I would be remiss as your friend if I did not encourage you to be as diligent and smart as possible in using tools like Signal, two-factor/multi-factor authentication, taking webmail archives off the web onto your own secure privately maintained archive or deleted (unlike Podesta), and other measures.
* publicity for your cool-ass creative and important philanthropy in support of really good and adventuresome, high-risk basic science research. Most obvious benefit: it would be nice to know you hung out with the bright

David Grosof
[redacted]

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Â Â Â Â Â Â Â please note
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David Grosof
[redacted]
*

**From:** Jeremy Rubin [redacted]
**Sent:** 2/1/2017 5:18:08 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Greetings from Japan

**Importance:** High

Hey Jeffrey,

Thought I'd check in and see what's up on your end.

- I've been watching closely Trump's appointees and there, he might be putting Balaji (a big bitcoiner) as FDA head, and Allison seems to be somewhat in favor of something like Bitcoin. And of course, Thiel has said that Bitcoin is what Paypal should have been... Curious to hear where your head is at on this matter.

- Last week, I presented my research at Stanford's BPASE, it was well received. The most interesting thing I came up with for that is an inverse-input contract; i.e., funds that are "locked" to be spent only in the case where there are other funds that are not used in a specific way. An example of something that could be built with this: a matching donation contract, where you agree to donate your money to charity if someone else donates to charity, and you would not be able to release your funds from that agreement until they use their funds not for charity.

- I'm in Japan this week, teaching a class to 100 Japanese Engineers to get the up to speed on bitcoin (with DG). It's very interesting to see the trepidation first hand that they have with respect to the technology, despite their debit-based society being more geared for it in any case (DG felt that even putting Bitcoin in the course name would scare away students). One of my friends (a hedge fund manager) told me that female japanese engineers are very good, and drastically under-valued. I made sure to get a few invited to the class, we'll see if he's right. On the whole, it will be interesting to see the caliber of engineer Japan has to offer on this front.

Best,

Jeremy

--
@JeremyRubin

**From**: ji@media.mit.edu [redacted]
**Sent**: 2/3/2017 3:16:15 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Fwd:

**Importance**: High

Can't seem to open the attachment...

Sent from my iPhone

On Feb 2, 2017, at 20:24, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Robert Trivers** <[redacted]>
Date: Thu, Feb 2, 2017 at 6:45 PM
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>

Dear Jeffrey

Two questions.

1—do you believe the stock market will continue to climb given what we have now seen of Trump-land? [Strictly confidential]

2—what do you think of the attached (N=1)? You do not drink or smoke, probably do not inject etc. you swim or exercise every day, so your heartbeat is expected to be low and less variable than average. Is your ability to predict heart rate accurately—without holding your neck or wrist—positively related to your ability to succeed in the financial world—as the attached strongly suggests. Just give me and N=1.

Remember you asked me, what does self-knowledge have to do with anything—and here is a most intriguing example.

I will send you a joke shortly

All best

bob

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<Interocept stock trading.pdf>

**From:** Jeremy Rubin [redacted]
**Sent:** 2/4/2017 4:18:58 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Greetings from Japan

**Importance:** High

Are you around here?

--
@JeremyRubin

On Wed, Feb 1, 2017 at 7:56 PM, Jeremy Rubin <[redacted]> wrote:

Feb 12th.

--
@JeremyRubin

On Wed, Feb 1, 2017 at 7:50 PM, jeffrey E. <jeevacation@gmail.com> wrote:

how long will you be there?

On Wed, Feb 1, 2017 at 12:18 AM, Jeremy Rubin <[redacted]> wrote:

Hey Jeffrey,

Thought I'd check in and see what's up on your end.

- I've been watching closely Trump's appointees and there, he might be putting Balaji (a big bitcoiner) as FDA head, and Allison seems to be somewhat in favor of something like Bitcoin. And of course, Thiel has said that Bitcoin is what Paypal should have been... Curious to hear where your head is at on this matter.

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Jeremy

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@JeremyRubin

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**From:** Jeremy Rubin [redacted]
**Sent:** 2/4/2017 1:53:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Greetings from Japan

**Importance:** High

At digital garage

On Sat, Feb 4, 2017 at 8:00 PM jeffrey E. <jeevacation@gmail.com> wrote:
where in tokyo are you lecturing? no im in new york

On Fri, Feb 3, 2017 at 11:18 PM, Jeremy Rubin <[redacted]> wrote:
Are you around here?

--
@JeremyRubin

On Wed, Feb 1, 2017 at 7:56 PM, Jeremy Rubin <[redacted]> wrote:
Feb 12th.

--
@JeremyRubin

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**From**: Joi Ito [redacted]
**Sent**: 6/1/2017 12:12:02 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

:-)

> On Jun 1, 2017, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> when i told reid that obama just wanted to make money, he thought i was being cynical, as he was sure that doing good was going to be the goal
>
> https://www.nytimes.com/2017/05/31/us/obama-buys-house-washington-kalorama.html?module=WatchingPortal&region=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=6&version=internal&contentCollection=www.nytimes.com&contentId=https%3A%2F%2Fwww.nytimes.com%2F2017%2F05%2F31%2Fus%2Fobama-buys-house-washington-kalorama.html&eventName=Watching-article-click
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**From:** Joi Ito [redacted]
**Sent:** 6/1/2017 12:16:28 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Not yet. I will when I talk to him next - but not sure when that is.

BTW, should be expecting funding yet or after we figure out the pitch?

- Joi

> On Jun 1, 2017, at 8:12 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> did you talk to reid about the donor advised fund?
>
> On Thu, Jun 1, 2017 at 8:12 AM, Joi Ito [redacted] wrote:
> :-)
>
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> >
> > https://www.nytimes.com/2017/05/31/us/obama-buys-house-washington-kalorama.html?module=WatchingPortal&region=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=6&version=internal&contentCollection=www.nytimes.com&contentId=https%3A%2F%2Fwww.nytimes.com%2F2017%2F05%2F31%2Fus%2Fobama-buys-house-washington-kalorama.html&eventName=Watching-article-click
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**From:** Joi Ito [redacted]
**Sent:** 6/1/2017 12:37:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

:-)

Thanks

—
(Tip: Use NRR to mean No Reply Required - thank you!)

On Jun 1, 2017, at 8:21 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i need to edit and hand . sorry, i will try to get to it this weekend. soo swamped here. its so much fun.

On Thu, Jun 1, 2017 at 8:16 AM, Joi Ito [redacted] wrote:
Not yet. I will when I talk to him next - but not sure when that is.

BTW, should be expecting funding yet or after we figure out the pitch?

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> > https://www.nytimes.com/2017/05/31/us/obama-buys-house-washington-kalorama.html?module=WatchingPortal&region=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=6&version=internal&contentCollection=www.nytimes.com&contentId=https%3A%2F%2Fwww.nytimes.com%2F2017%2F05%2F31%2Fus%2Fobama-buys-house-washington-kalorama.html&eventName=Watching-article-click
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**From**: Nowak, Martin A. [redacted]
**Sent**: 7/25/2017 12:57:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

i will talk to here this morning
her Skype contact is in moscow.
is this correct?

On Jul 25, 2017, at 6:47 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ---------
From: Masha Drokova <[redacted]>
Date: Tue, Jul 25, 2017 at 5:53 AM
Subject: Re:
To: jeffrey E. <jeevacation@gmail.com>

Still waiting Nowak to respond about when he can call(I'll keep following up with him, not a prob)

Found this looking for the details of what is happening with the federal budget for science

https://www.congress.gov/congressional-report/115th-congress/house-report/231/1

Here's a list of outlets to approach about what you are going to bridge the funding gap:

* MIT Technology Review
* Nature
* Washington Post
* Science
* Wall Street Journal
* WIRED

Topic to approach
https://www.bloomberg.com/news/articles/2017-07-21/for-the-impact-of-trump-slashing-science-funding-look-north?utm_content=politics&utm_campaign=socialflow-organic&utm_source=twitter&utm_medium=social&cmpid%3D=socialflow-twitter-politics

On Jul 25, 2017, at 1:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Progress?
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**From**: Masha Drokova [redacted]
**Sent**: 7/30/2017 6:18:25 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

had a great conversation with Martin. He loves you. I'm also glad that what he said about you pretty much matches what I thought of you :-)

Working on finding/choosing right reporters for the story. Will keep you posted

On Jul 25, 2017, at 2:53 AM, Masha Drokova <[redacted]> wrote:

Still waiting Nowak to respond about when he can call(I'll keep following up with him, not a prob)

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* WIRED

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https://www.bloomberg.com/news/articles/2017-07-21/for-the-impact-of-trump-slashing-science-funding-look-north?utm_content=politics&utm_campaign=socialflow-organic&utm_source=twitter&utm_medium=social&cmpid%3D=socialflow-twitter-politics

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Dear Harvard Business School,

I am extremely excited to share my application with you. For years now it has been my dream to attend your MBA program, studying amongst the world's best professors and most achieved students to earn the education that will influence the rest of my career and the future of my company. To explain how much I also hope to contribute at Harvard, I would like to tell you three stories that characterize who I am.

My first story is about family.

A small-town Italian from a modest family, my father worked locally as an industrial designer after high school, but he always wanted to be an entrepreneur. Thirty-four years ago, at the age of 22, as soon as he saw a market opportunity, he quit his job (defying his parents), linked his talents for design and sports, and hand-built his first piece of gym equipment in his garage; that was the beginning of Technogym. By the time I arrived, seven years later, Technogym had earned a respected place in the international market. Nine years later, when my younger brother was born, it was the world-leading and most innovative manufacturer of fitness equipment, digital wellness solutions and rehabilitation systems. It now has annual revenues of over 555m€ and 35 million daily users in over 100 countries. My father directs some 2,000 staff as CEO and Chairman.

Thousands of talented people have contributed to Technogym, among them my mother, my brother, and I. Technogym has been like my older sibling, and has always been the main topic of conversation at dinner. We plan our vacations around it and have supported one another through its ups and downs. We have all made sacrifices – but gladly, as one always does for family.

My father's vision to bring "wellness" to people around the world inspired me to get involved at a very young age, so many of my childhood memories involve weekends at the office with my dad. These early experiences embedded in me the entrepreneurial values that make my father such a successful person, values such as taking calculated risks and investing in innovation. I have attended countless meetings at his side and worn a company T-shirt at every Olympics from Athens 2004 to Rio 2016, as Technogym has been the games' official supplier since 2000.

Growing up in a family business has given me access to a vast network of people and I have sought to learn as much as I could from inspiring people like Richard Branson and Marc Benioff; however, the person I admire the most is my mother, who put aside her own education and career to commit to our family and company. She's been at my father's side since she was 16. Women have played a huge role in business and society, and I want to do my part to further opportunities for women, joining the long legacy of leaders who proudly call themselves Harvard alumnae. I intend to participate in the Women's Student Association to become one of the voices that carries this power beyond the campus. A Harvard education will help me develop the vision, leadership and credibility that I will need throughout my career, and in furthering great causes that mean a lot to me.

Next, I'd like to talk about commitment.

I understood early that I would always participate with my father's legacy and lead Technogym. I committed myself to learning languages at school, becoming a good teammate and competitor through sports, and spending my university holidays exploring different industries through internships. Yet I still wanted to set my own career and earn my own credibility. Whether conducting analyses at JP Morgan in Paris, selling high-priced artwork in Mexico City, or developing marketing campaigns for iconic brands like Bulgari and Tifany&Co., I have built my own identity thanks to working alongside diverse, accomplished people. By adapting to different countries, cultures and industries, I have adopted new ways of thinking, working, and even speaking while also asserting myself and learning to make measurable contributions quickly.

My most impactful experience was volunteering for a UN's World Food Program microfinance initiative in El Salvador, one of the world's poorest and most dangerous countries. I helped design and develop "Fondo para Agricultura," an investment fund supporting 75,000 small farmers. There, I was warned not to walk alone or explore the city, but I have never seen such warm and generous people as the Salvadorans. I made lifelong friends with my colleagues and many locals, and I witnessed how even small efforts can impact the lives of many. I became active in our company's foundation to spread goodwill in my own community.

Since 2009, Technogym has been an invitee of the World Economic Forum in Davos as the 'wellness industry shaper', a true honour for a company of its size. Accompanying my father to the Annual Meetings, I have

heard inspiring leaders talk about making the world a better place. As a 'Next Gen' myself, I joined the Family Business Community. There I discovered impact investing, which in turn led me to take the Harvard Kennedy School course *Impact Investing for the Next Generation*. Working on projects with other Next Gen associates has given me a taste of courses and case study groups at Harvard, and I love it. I have since, through our family office, been eyeing for investment projects that could make a measurable positive difference on communities around the world.

Finally, I'd like to talk about awakening.

After decades of managing and growing his company, my father returned to his original passion of sharing "wellness" to build sustainable communities. He created the "Wellness Foundation," a non-profit aiming to bring healthy lifestyles to people around the world. One of our international partners is the Clinton Foundation, and during our annual Wellness Congress in 2012, former President Clinton even delivered the keynote speech and I am currently helping to bring high profile speakers to our 25th Congress that will be held next year.

For our local community in Italy, I have been involved in the development of the "Wellness Valley," a socially innovative project urging all our stakeholders to strengthen civic attitudes and culture towards healthy living for human-centric prevention and sustainability. Our long-term goal is to recreate this model in communities worldwide, allowing governments to reduce healthcare costs, companies to increase productivity, and people in general to improve their quality of life.

For several years, this project was, like Technogym, an endeavour outside my job at Luxottica. I joined that company as a marketing intern and was soon promoted to manage an important licensed brand, Tiffany&Co. It turned out my previous experience had prepared me well for this first big management opportunity, and I truly enjoyed it.

Exploring the workings of a complex international firm of 80,000 employees, I began to re-examine my family's business. When Technogym had its IPO in early 2016, I joined its Board of Directors and looked deep into the company's potential and my own role. The time was right to take on new responsibilities. Resigning from Luxottica and training my replacement, I dove into a new Technogym project, the first of its kind. I'm currently working with the Senior Retail VP to develop a B2C sales channel through new experiential stores in Milan and London, where I direct staff, strategy, and new revenue streams. Moreover, I recently took responsibility over the development of a new business unit with the launch of a clothing line, including the evaluation of potential partnerships and acquisitions, aimed at increasing our presence in the consumer sector at a higher pace. These are uphill endeavours, but I am energetic to face them. My two years on the Board of Enervit – a listed health-food company, and another family business – have given me useful insights.

Leadership is both a burden and a blessing – having control can also isolate you – that is why I want to get all I can from the 360° training and feedback of an HBS MBA. I don't want to be just a founder's daughter; I want to be a leader in my own right. I am a passionate person with vision, intuition and an ability to think laterally – a key asset, I think, for Technogym. Taking charge will be a challenge, but I am sure that with my determination I will be able to demonstrate the autonomy and leadership to take Technogym into the next era. After the MBA, I plan to spend several years in the US to push the company's expansion in the world's largest wellness/fitness market – despite a strong international reputation, our market share in the US is still modest; I see the opportunity to grow our presence into a leading position, and earning the best training to prepare for that is my next step.

Now you understand more about me, my family, our company and why my dream has brought me to you. I have worked hard to learn from peers, friends, and mentors and will continue to do so in a new setting that will help me grow – as a woman, a manager, a leader, and, I hope, an example to others.

Dear Harvard Business School,

I am extremely excited to share my application with you. For years now it has been my dream to attend your MBA program, studying amongst the world's best professors and most achieved students to earn the education that will influence the rest of my career and the future of my company. To explain how much I also hope to contribute at Harvard, I would like to tell you three stories that characterize who I am.

My first story is about family.

A small-town Italian from a modest family, my father worked locally as an industrial designer after high school, but he always wanted to be an entrepreneur. Thirty-four years ago, at the age of 22, as soon as he saw a market opportunity, he quit his job (defying his parents), linked his talents for design and sports, and hand-built his first piece of gym equipment in his garage; that was the beginning of Technogym. By the time I arrived, seven years later, Technogym had earned a respected place in the international market. Nine years later, when my younger brother was born, it was the world-leading and most innovative manufacturer of fitness equipment, digital wellness solutions and rehabilitation systems. It now has annual revenues of over 555m€ and 35 million daily users in over 100 countries. My father directs some 2,000 staff as CEO and Chairman.

Thousands of talented people have contributed to Technogym, among them my mother, my brother, and I. Technogym has been like my older sibling, and has always been the main topic of conversation at dinner. We plan our vacations around it and have supported one another through its ups and downs. We have all made sacrifices – but gladly, as one always does for family.

My father's vision to bring "wellness" to people around the world inspired me to get involved at a very young age, so many of my childhood memories involve weekends at the office with my dad. These early experiences embedded in me the entrepreneurial values that make my father such a successful person, values such as taking calculated risks and investing in innovation. I have attended countless meetings at his side and worn a company T-shirt at every Olympics from Athens 2004 to Rio 2016, as Technogym has been the games' official supplier since 2000.

Growing up in a family business has given me access to a vast network of people and I have sought to learn as much as I could from inspiring people like Richard Branson and Marc Benioff; however, the person I admire the most is my mother, who put aside her own education and career to commit to our family and company. She's been at my father's side since she was 16. Women have played a huge role in business and society, and I want to do my part to further opportunities for women, joining the long legacy of leaders who proudly call themselves Harvard alumnae. I intend to participate in the Women's Student Association to become one of the voices that carries this power beyond the campus. A Harvard education will help me develop the vision, leadership and credibility that I will need throughout my career, and in furthering great causes that mean a lot to me.

Next, I'd like to talk about commitment.

I understood early that I would always participate with my father's legacy and lead Technogym. I committed myself to learning languages at school, becoming a good teammate and competitor through sports, and spending my university holidays exploring different industries through internships. Yet I still wanted to set my own career and earn my own credibility. Whether conducting analyses at JP Morgan in Paris, selling high-priced artwork in Mexico City, or developing marketing campaigns for iconic brands like Bulgari and Tifany&Co., I have built my own identity thanks to working alongside diverse, accomplished people. By adapting to different countries, cultures and industries, I have adopted new ways of thinking, working, and even speaking while also asserting myself and learning to make measurable contributions quickly.

My most impactful experience was volunteering for a UN's World Food Program microfinance initiative in El Salvador, one of the world's poorest and most dangerous countries. I helped design and develop "Fondo para Agricultura," an investment fund supporting 75,000 small farmers. There, I was warned not to walk alone or explore the city, but I have never seen such warm and generous people as the Salvadorans. I made lifelong friends with my colleagues and many locals, and I witnessed how even small efforts can impact the lives of many. I became active in our company's foundation to spread goodwill in my own community.

Since 2009, Technogym has been an invitee of the World Economic Forum in Davos as the 'wellness industry shaper', a true honour for a company of its size. Accompanying my father to the Annual Meetings, I have

heard inspiring leaders talk about making the world a better place. As a 'Next Gen' myself, I joined the Family Business Community. There I discovered impact investing, which in turn led me to take the Harvard Kennedy School course *Impact Investing for the Next Generation*. Working on projects with other Next Gen associates has given me a taste of courses and case study groups at Harvard, and I love it. I have since, through our family office, been eyeing for investment projects that could make a measurable positive difference on communities around the world.

Finally, I'd like to talk about awakening.

After decades of managing and growing his company, my father returned to his original passion of sharing "wellness" to build sustainable communities. He created the "Wellness Foundation," a non-profit aiming to bring healthy lifestyles to people around the world. One of our international partners is the Clinton Foundation, and during our annual Wellness Congress in 2012, former President Clinton even delivered the keynote speech and I am currently helping to bring high profile speakers to our 25th Congress that will be held next year.

For our local community in Italy, I have been involved in the development of the "Wellness Valley," a socially innovative project urging all our stakeholders to strengthen civic attitudes and culture towards healthy living for human-centric prevention and sustainability. Our long-term goal is to recreate this model in communities worldwide, allowing governments to reduce healthcare costs, companies to increase productivity, and people in general to improve their quality of life.

For several years, this project was, like Technogym, an endeavour outside my job at Luxottica. I joined that company as a marketing intern and was soon promoted to manage an important licensed brand, Tiffany&Co. It turned out my previous experience had prepared me well for this first big management opportunity, and I truly enjoyed it.

Exploring the workings of a complex international firm of 80,000 employees, I began to re-examine my family's business. When Technogym had its IPO in early 2016, I joined its Board of Directors and looked deep into the company's potential and my own role. The time was right to take on new responsibilities. Resigning from Luxottica and training my replacement, I dove into a new Technogym project, the first of its kind. I'm currently working with the Senior Retail VP to develop a B2C sales channel through new experiential stores in Milan and London, where I direct staff, strategy, and new revenue streams. Moreover, I recently took responsibility over the development of a new business unit with the launch of a clothing line, including the evaluation of potential partnerships and acquisitions, aimed at increasing our presence in the consumer sector at a higher pace. These are uphill endeavours, but I am energetic to face them. My two years on the Board of Enervit – a listed health-food company, and another family business – have given me useful insights.

Leadership is both a burden and a blessing – having control can also isolate you – that is why I want to get all I can from the 360° training and feedback of an HBS MBA. I don't want to be just a founder's daughter; I want to be a leader in my own right. I am a passionate person with vision, intuition and an ability to think laterally – a key asset, I think, for Technogym. Taking charge will be a challenge, but I am sure that with my determination I will be able to demonstrate the autonomy and leadership to take Technogym into the next era. After the MBA, I plan to spend several years in the US to push the company's expansion in the world's largest wellness/fitness market – despite a strong international reputation, our market share in the US is still modest; I see the opportunity to grow our presence into a leading position, and earning the best training to prepare for that is my next step.

Now you understand more about me, my family, our company and why my dream has brought me to you. I have worked hard to learn from peers, friends, and mentors and will continue to do so in a new setting that will help me grow – as a woman, a manager, a leader, and, I hope, an example to others.

**From:** Lawrence Summers [redacted]
**Sent:** 10/11/2017 3:04:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Fwd: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

**Importance:** High

Your pal should stay out of press.

Public link to manafort will be a disaster.

This is a staggering shit show.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

---------- Forwarded message ----------
From: "**The Washington Post**" <email@e.washingtonpost.com>
Date: Wed, Oct 11, 2017 at 9:04 AM -0400
Subject: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
To: "Summers, Lawrence H." < [redacted]

*Democracy Dies in Darkness*

**Trending Now** Wed., Oct. 11, 2017 9:01 a.m.

## Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

Billionaire Thomas J. Barrack Jr. has done what few others in Trump's orbit have done: He told the president, in effect, that he was wrong. "In my opinion, he's better than this," Barrack said.

Trump's relationship with Barrack is one of the most important, if little understood, of the president's life, offering a case study of what it takes to remain close to him in a time of such turmoil.

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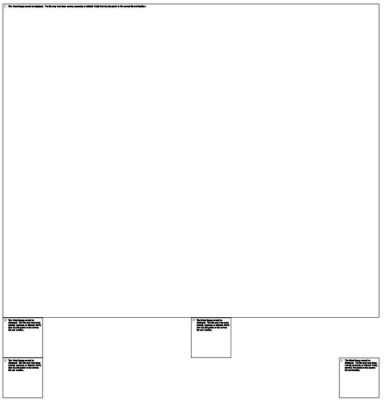

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**From**: Larry Summers[redacted]
**Sent**: 10/27/2017 2:59:48 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

**Importance**: High

Was there. Spoke well. Spent time w Softbank deputy Najeev or some such PIF guy too.

Flying back.

How is life among the lucrative and louche?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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From: jeffrey E. <jeevacation@gmail.com>
Sent: Friday, October 27, 2017 6:51 PM
Subject: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
To: Lawrence Summers <[redacted]>

saudi?

On Wed, Oct 11, 2017 at 11:04 AM, Lawrence Summers <[redacted]> wrote:

> Your pal should stay out of press.
>
> Public link to manafort will be a disaster.
>
> This is a staggering shit show.
>
> Sent from my iPad
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> Follow me on twitter @lhsummers
> www.larrysummers.com
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> Subject: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

To: "Summers, Lawrence H." <[redacted]

Democracy Dies in Darkness

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Trump's relationship with Barrack is one of the most important, if little understood, of the president's life, offering a case study of what it takes to remain close to him in a time of such turmoil.

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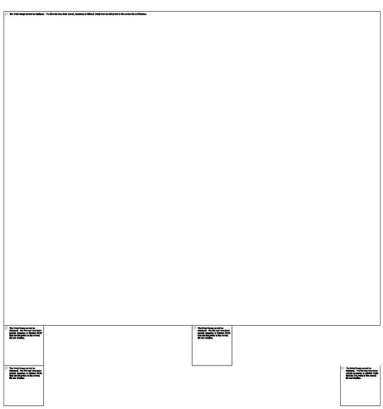

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**From:** Joi Ito [redacted]
**Sent:** 11/22/2017 6:14:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Lots of stuff going on that week but I'm in town.

#metoo is quite amazing...

Madars is doing well. His PhD paper won an award and he found a vulnerability in ING's new crypto currency.

Sent from my iPhone

On Nov 22, 2017, at 10:57, jeffrey E. <jeevacation@gmail.com> wrote:

maybe week of 3rd not seeing anything that exciting or new ? you? with all these guys getting busted for harassment , i have moved slightly up on the repuation ladder and have been asked everday for advice etc. this morning I have Ken Starr coming to point out how if clinton cigar lewinsky were to be outed today the world would be a different place

On Wed, Nov 22, 2017 at 10:51 AM, Joi Ito <[redacted]> wrote:

Pretty good. Had a pinched nerve in my neck that screwed me up for awhile. How about you? Any plans to come to Boston?

Sent from my iPhone

On Nov 22, 2017, at 10:44, jeffrey E. <jeevacation@gmail.com> wrote:

all good?

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**From:** anasalrasheed[redacted]
**Sent:** 12/8/2017 11:13:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

like always .. it was pleasure and fun to visit you. thnx for the nice gift

Sent from my iPhone

On Dec 8, 2017, at 11:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no come now !!!

On Fri, Dec 8, 2017 at 9:37 PM, <[redacted]> wrote:
i m at the door but i will wait for my time.. i dont want to come early to find trump in your house

Sent from my iPhone

On Dec 8, 2017, at 9:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Fri, Dec 8, 2017 at 2:10 PM <[redacted]> wrote:
sorry that is [redacted] for the gate

Sent from my iPhone

On Dec 6, 2017, at 5:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:

10pm should I bring special cake from New York

On Wed, Dec 6, 2017 at 9:37 AM <[redacted]> wrote:
very well .. just send me the address again and the code to the door so i can get to the second floor? and send me the day and time.
thnx

Sent from my iPhone

On Dec 6, 2017, at 5:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

You are welcome at my house always . And more private

On Wed, Dec 6, 2017 at 9:12 AM jeffrey E. <jeevacation@gmail.com> wrote:
Of courses

On Wed, Dec 6, 2017 at 9:08 AM <[redacted]> wrote:
???

Sent from my iPhone

On Dec 5, 2017, at 2:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment i was flying to paris on the 8th. . I can leave eariler and get to paris by 830 . if you like to meet there. geneve difficult to fly out of at night . or lunch sat in paris. ,

On Tue, Dec 5, 2017 at 5:03 AM, <[redacted]> wrote:

can we have dinner in geneva on the 8th? i will be there on 7 and 8 dec and going back to kuwait on the 9th

Sent from my iPhone

On Dec 5, 2017, at 3:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I am planning to be in paris starting the 9th for the week. any chance to see you

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**From:** Robert Lawrence Kuhn [redacted]
**Sent:** 12/29/2017 10:03:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - Breakthroughs (and Trump)

**Importance:** High

Agree! 'Get It Right' is singular priority - we think alike. This is the Role and Importance of pre-production. Funds adequate.

Clarity critical, as is charisma. However, given intimacy of TV interviews, it's not always apparent upfront who communicates well. Usually by not always. Sometimes someone who is a great lecturer to 500 students falls flat or off puts as arrogant. Sometimes a mousey introvert with intense eye and facial expressions sparkles and radiates. There is no substitute, however, for clarity.

Looking forward to discussion.

Sent from my iPhone

On Dec 29, 2017, at 3:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

it need to be about the topic and the person. some of these people are not engaging at all. I m happy to pay for more preprduction to get it right.

On Fri, Dec 29, 2017 at 3:21 PM, Robert Kuhn [redacted] wrote:

Terrific; looking forward.

Excited to go through math candidates on the list, others too.

Equally important, discuss edits/modifications to the 13 episodes (cutting blahs), expanding math episodes - see below. Assuming we expand math episodes, we will need more mathematicians.

How's late afternoon after 5:30 pm / early evening today? - or weekend, day/times? (Family issues today - mother 102 in May.)

**RADICAL BREAKTHROUGHS - Initial Revisions (working model for discussion, red is new)**

**Expand and Modify Mathematical Breakthrough episodes**

1. **Mathematics and Truth / Overview / Show Excitement/Importance**

2. **Mathematical Fields / Diverse New Kinds and Categories**

3. **How Math Works in Disparate Areas of Knowledge (from fundamental physics to chemistry, biology [molecular and evolutionary[, psychology, sociology, economics, etc.)**

4. **Power Laws**

5. **Mathematical Biology**

**6. Foundations of Mathematics / Philosophy/Meaning of Math (discovered/invented?)**

**ADD/Exchange to Biological Breakthrough episodes**

**9/10. Replicability Crisis - Problems in Statistics in Search for Truth. Deep problems of replicability in biomedical and psychological research - the scandal in recent years.**

In the non-Closer To Truth world….

Did CNN Intl this morning on Trump's China-oil-N.Korea-cheating tweet "Caught RED HANDED..." [pun deliberate?]

My favorite fun lines (there are so many) in Trump's NYTimes spontaneous interview.

2) "I like very much President Xi. He treated me better than anybody's ever been treated in the history of China."

***Ever*** (~5,000 year history)

1) *"I know the details of taxes better than anybody — better than the greatest CPA."*

Not, mind you, CPAs in general, not even smart Jewish CPAs who work all the time - but whoever, out of 664,532 actively licensed CPAs (2016), is the **greatest** CPA of them all (#1 in citing code? creative deductions?) - **better than him!**

On Dec 29, 2017, at 6:19 AM, jeffrey E. <jeevacation@gmail.com> wrote:

lets talk today. I went through the candidates in math. . we should talk , I have great hopes for this and am sure you woudl want to get it right though some of the math people write well , their speakinn style and presence is less than A , and probaby closer to a C +/ . Im around today or hte weekend if you would like to chat.

On Fri, Dec 29, 2017 at 1:45 AM, Robert Kuhn <[redacted]> wrote:
'Blahblahs' forbidden in 'Radical Breakthroughs'. So we need two replacements (for Multiverse as Science and Rare Sentience).

Initial ideas:

* Expand the first episode "Mathematics and Truth" into two or likely three episodes. I'm intrigued by this because there is so much rich material - pure math, philosophy (discovered or invented), physics (Wigner's 'unreasonable effectiveness of mathematics in the natural sciences)', astrophysics, cosmology, biology, general systems theory. I've felt frustrated in this first episode because there is so much material. I think three episodes could work - if you agree, I'll get back to you with a suggested structure of the 2 or likely 3 parts. Also, Closer To Truth has had only a few videos and one episode on mathematics per se (out of 277 episodes!), so this would be original and complementary. In this may, math would become about half the series.

* Integrated Information Theory - quantifying and explaining consciousness (Giulio Tononi, Un of Wisconsin-Madison), plus supporters and critics. New controversial, science-based radical theory.

* Evolutionary Dynamics - your program at Harvard - mathematical models. This is not an area of my expertise, but it could well fit Closer To Truth in general and Radical Breakthroughs in particular. But you need to tell me if you would like to include this.

* Replicability Crisis - Problems in Statistics in Search for Truth. Deep problems of replicability in biomedical and especially psychological research - the scandal in recent years. See links and attachments.

https://en.wikipedia.org/wiki/Replication_crisis

https://www.nature.com/news/over-half-of-psychology-studies-fail-reproducibility-test-1.18248

http://science.sciencemag.org/content/349/6251/aac4716

"Replicability vs. Reproducibility" - http://www.replicability.tau.ac.il/index.php/replicability-in-science/replicability-vs-reproducibility.html

Five Ways to Fix Statistics - Nature [attached].

* Other possibile areas you suggest

We would like to set a mutually agreed schedule so we can confirm and reserve the Closer To Truth 'season' of 13 episodes for 'Radical Breakthroughs', which we need to plan well in advance - especially as we begin 2018.

See you Jan. 5 - Looking forward to brainstorming.

Robert

On Dec 28, 2017, at 7:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

great work , but needs some editing, did not like multi verse and sensience. seems more blahblah

On Mon, Dec 11, 2017 at 12:50 AM, Robert Lawrence Kuhn <[redacted]> wrote:
Hi: When are you back in NY?

Attached is the complete Preproduction Book for Radical Breakthroughs - now including Misha Gromov!

Love your feedback, suggestions.

Also attached is the budget and timing of funding, as presented originally, now updated for the completion of preproduction (phase I). We are ready to go into production (phase II). See Budget, p. 4. Committed and excited.

When to meet?

Robert

--

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**From:** Robert Kuhn [redacted]
**Sent:** 12/31/2017 1:04:06 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - Breakthroughs (and Trump)

**Importance:** High

Tomorrow Sunday after 1:00 pm? Flexible. Anytime.
Skype? FaceTime? Phone?

On Dec 29, 2017, at 3:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

weekend easy

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**Subject:** Re: Kuhn - Breakthroughs (and Trump)

**Importance:** High

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**Subject:** Kuhn - Math, Breakthroughs

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**From:** Robert Kuhn [redacted]]
**Sent:** 12/31/2017 9:35:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn - Math, Breakthroughs

**Importance:** High

I'll call in 5

On Dec 31, 2017, at 4:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

[redacted]

On Sun, Dec 31, 2017 at 4:32 PM, Robert Kuhn <[redacted]> wrote:
OK

On Dec 31, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

5 min

On Sun, Dec 31, 2017 at 4:21 PM, Robert Kuhn <[redacted]> wrote:
Ready when you are - let me know and I can call.

Skype = [redacted]

FaceTime = email.

On Dec 31, 2017, at 5:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

either

On Sat, Dec 30, 2017 at 8:58 PM, Robert Kuhn <[redacted]> wrote:
After 4 good.

Skype? FaceTime? Phone?

On Dec 30, 2017, at 8:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

guest s here until 4 . after good

On Sat, Dec 30, 2017 at 8:04 PM, Robert Kuhn <[redacted]> wrote:
Tomorrow Sunday after 1:00 pm? Flexible. Anytime.
Skype? FaceTime? Phone?

On Dec 29, 2017, at 3:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

weekend easy

On Fri, Dec 29, 2017 at 3:21 PM, Robert Kuhn [redacted] wrote:
Terrific; looking forward.

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Equally important, discuss edits/modifications to the 13 episodes (cutting blahs), expanding math episodes - see below. Assuming we expand math episodes, we will need more mathematicians.

How's late afternoon after 5:30 pm / early evening today? - or weekend, day/times? (Family issues today - mother 102 in May.)

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4. **Power Laws**

5. **Mathematical Biology**

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My favorite fun lines (there are so many) in Trump's NYTimes spontaneous interview.

2) "I like very much President Xi. He treated me better than anybody's ever been treated in the history of China."

***Ever*** (~5,000 year history)

1) *"I know the details of taxes better than anybody — better than the greatest CPA."*

Not, mind you, CPAs in general, not even smart Jewish CPAs who work all the time - but whoever, out of 664,532 actively licensed CPAs (2016), is the **greatest** CPA of them all (#1 in citing code? creative deductions?) - **better than him!**

On Dec 29, 2017, at 6:19 AM, jeffrey E. <jeevacation@gmail.com> wrote:

lets talk today. I went through the candidates in math. . we should talk , I have great hopes for this and am sure you woudl want to get it right though some of the math people write well , their speakinn style and presence is less than A , and probaby closer to a C +/ . Im around today or hte weekend if you would like to chat.

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Initial ideas:

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https://en.wikipedia.org/wiki/Replication_crisis

https://www.nature.com/news/over-half-of-psychology-studies-fail-reproducibility-test-1.18248

http://science.sciencemag.org/content/349/6251/aac4716

"Replicability vs. Reproducibility" - http://www.replicability.tau.ac.il/index.php/replicability-in-science/replicability-vs-reproducibility.html

Five Ways to Fix Statistics - Nature [attached].

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When to meet?

Robert

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**From:** Robert Kuhn [redacted]
**Sent:** 1/1/2018 10:36:46 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Kuhn - Breakthroughs (and Trump)

**Importance:** High

Begin forwarded message:

**From:** Robert Kuhn <[redacted]>
**Subject: Kuhn - Breakthroughs (and Trump)**
**Date:** December 29, 2017 at 3:21:43 PM EST
**To:** "jeffrey E." <jeevacation@gmail.com>

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**From**: Robert Trivers[redacted]
**Sent**: 3/19/2018 3:19:49 AM
**To**: Haig, David [[redacted] Jeffrey Epstein [jeevacation@gmail.com]
**Attachments**: TRIVERS on PETER.docx

**Importance**: High

dear men

i am writing you both because i am attaching a still not-quite-complete response to Peter Richerson, a gene-culture co-evolutionist—without the genes

i do so because four lines down i tell the "Gruterites"—Gordon Getty's echo chamber—that i have added you two to the list

so here is your chance to say "no way" and i will delete that from the message and likewise not ask Gruter's assistant to add your names to the list

having said that, i find Gordon's missives much less burdensome than those from EDGE and certainly without the egomaniacal nonsense that infects John Brockman—the key is to get the brightest minds in a room and have them tell each other what they think is most important—or some such nonsense

neither David nor i can think of a single scientific advance achieved that way—most of what we do is simply concentrated sustained thought directed toward the foundations of a problem

i doubt Jeffrey has made a huge amount of money via the EDGE program

unless you say otherwise, i will shortly send you the key Getty missives in which he asserts, i believe correctly, that Trump is an archetypal narcissistic psychopath—or whatever the precise term is—and that he must be opposed with full force on that basis

—

meanwhile, David has heard plenty about you Jeffrey, a financial/mathematical mind of exceptional quality and you should know that David is one of the very top evolutionary geneticists still breathing and my teacher on every detail large and small

in haste and all best

bob

FORGIVE ME FOR CONTINUING WITH PETER'S RESPONSE TO MY RESPONSE TO GORDON'S TWO POSTS.

I HAVE LEARNED DIRECTLY FROM PETER BUT MORE OFTEN INDIRECTLY—HE HAS FORCED ME TO THINK THROUGH MATTERS AND **IDENTIFY EXACTLY WHERE HE IS WRONG**.

I AM FINISHED WITH THAT NOW. LIFE IS SHORT AND MINE IS GETTING SHORTER BY THE DAY, SO I WILL REPEAT MY PIECE AND PETER'S RESPONSE TO IT (IN YELLOW) **AND THEN MY CURRENT RESPONSE—IN CAPITAL LETTERS.**

I AM ALSO ADDING TWO NAMES TO GORDON'S LIST. DAVID HAIG WHO IS A BRILLIANT EVOLUTIONARY GENETICIST AT HARVARD AND JEFFREY EPSTEIN WHO IS A BRILLIANT FUND AND INVESTMENT MANAGER (PALM BEACH, NYC, US VIRGIN ISLANDS) WITH BROAD SCIENTIFIC INTERESTS.

---

Dear Gruterites

Gordon has now brought the argument full circle and given the project a larger meaning. The most powerful nation on earth, with the greatest power to vent harm—or, in theory, confer benefits—is ruled by an organism that fits the definition of a psychopath—of the narcissistic kind—or a malevolent narcissist. This presents serious dangers that need to be addressed.

Peter Richerson has made several valuable points:

1—Causality could go entirely in the other direction than the one I suggested—people avoid more psychopathic relatives the more experience they have had due to closer relatedness. And the paper I attached does not allow discrimination. The fact that psychopaths show only a weak and insignificant tendency to migrate further from place of birth is mildly interesting but has nothing to do with who is causing any difference in migration.

As far as I can think it through, selection pressures on psychopaths and relatives of psychopaths should be roughly equal and therefore equally likely. Peter is biased toward reaction by others, perhaps because of his bias toward "cultural" explanations. First, psychopaths always have the first move in the co-evolutionary struggle and relatives getting out of the way is the next move. Secondly, it is very easy for a psychopath to simply discriminate against harming his relatives but harder for them to study and react. Peter claims that they are often spotted early in life which I heartily doubt.

<<On why cultural explanations are important: It is, at root, a simple, fundamental Darwinian point. Evolution works on heritable variation. Human culture is much more variable than human genes, so the scope for cultural evolution is much greater than for genetic evolution. A simple example is the cultural adaptive radiation of humans in the Holocene. We recently spoke about 7,000 languages, most of them associated with more or less distinctive social and subsistence systems. A few languages—Spanish, English, Chinese—are spoken in societies with a great deal of internal social and economic diversity. Culturally we are sort of like thousands of species, but genetically we are only 1. To understand this adaptive radiation without understanding cultural evolution is impossible Boyd and I and our colleagues argue. On the longer time scale the whole human adaptation is all about exploiting cultural evolution to adapt to spatial and temporal variation. See Boyd's and my Not By Genes Alone: How Culture Transformed Human Evolution (Chicago, 2005) for the argument in full. Putting scare quotes around culture is simply whistling past the graveyard. If you are a Darwinian you ought to follow the variation, no?

WELL, IS CULTURAL ARGUMENTATION SUFFICIENT WITHOUT GENETIC LOGIC? FOR EXAMPLE, WE KNOW THAT LANGUAGE AND RELIGIOUS DIVERSITY PER UNIT AREA IS POSITIVELY ASSOCIATED WITH INTENSITY OF PARASITE SELECTION. THE STRONGER SUCH SELECTION, THE MORE YOU ARE SELECTED TO AVOID STRANGERS WHO MAY BE CARRYING PARASITES TO WHICH THEY ARE ADAPTED BUT NOT YOURSELF.

IN GENERAL PETER—AS WITH HIS ILK—SEEMS OBLIVIOUS TO THE POWERFUL EFFECTS OF C0-EVOLVING PARASITES ON HUMAN SOCIAL EVOLUITON IN THE PAST 40,000 YEARS. FOR EXAMPLE, PHONEME DIVERSITY HAS BEEN SHOWN TO OBEY THE SAME RULE AS GENETIC DIVERSITY—AS "WE" MOVED OUT OF ARICA IN THE LATEST WAVE ABOUT 100,000 YEARS AGO—SERIAL FOUNDER EFFECTS REDUCED GENETIC DIVERSITY AND ALSO PHONEMIC DIVERSITY STEADILY FROM THE COMPLEX CLICK-SOUNDS OF THE !KUNG BUSHMEN TO SOUTH AMERICAN LANGUAGES. A VERY RECENT PAPER SHOWS THE MATTER IS MORE COMPLEX IN AN INTERESTING WAY.

"It is, at root, a simple, fundamental Darwinian point. Evolution works on heritable variation. Human culture is much more variable than human genes, so the scope for cultural evolution is much greater than for genetic evolution."

THIS IS PURE BULLSHIT

**THERE IS NO UNIT OF HERITABLE CULTURAL VARIATION**. THIS IS JUST A METAPHOR. CAN YOU NAME A UNIT THAT REMAINS CONSTANT OVER AN INDIVIDUAL'S LIFETIME AND THEN IS INHERITED UNCHANGED, ABSENT

RECOMBINGATION? OF COURSE NOT. BUT THAT WOULD A TRULY **DARWINIAN** SYSTEM…

INCIDENTALLY CANCER DOES EVOLVE IN US BUT IT IS A ONE-GENERATION WONDER, BEING ONLY PASSED ON IN ONLY A COUPLE OF SPECIES OF THE DOG FAMILY (where it has become a sexually transmitted disease). IN OURSELVES IT EVOLVES GENETICALLY IN ONE LIFETIME AND WE KNOW THE UNITS THAT ARE SELECTED FOR. PROBLEM IS THAT THERE ARE AN ALMOST INFINITE VARIETY OF CANCERS AND AS WE LEARN TO TREAT ONE, OTHERS COME TO THE FORE.

The evidence for early onset of psychopathic and related symptoms is fairly convincing. See:

Frick, P. J., & White, S. F. (2008). Research Review: The importance of callous-unemotional traits for developmental models of aggressive and antisocial behavior. *Journal of Child Psychology and Psychiatry, 49*(4), 359-375. doi:10.1111/j.1469-7610.2007.01862.x

The current paper reviews research suggesting that the presence of a callous and unemotional interpersonal style designates an important subgroup of antisocial and aggressive youth. Specifically, callous-unemotional (CU) traits (e.g., lack of guilt, absence of empathy, callous use of others) seem to be relatively stable across childhood and adolescence and they designate a group of youth with a particularly severe, aggressive, and stable pattern of antisocial behavior. Further, antisocial youth with CU traits show a number of distinct emotional, cognitive, and personality characteristics compared to other antisocial youth. These characteristics of youth with CU traits have important implications for causal models of antisocial and aggressive behavior, for methods used to study antisocial youth, and for assessing and treating antisocial and aggressive behavior in children and adolescents.

NONSENSE—THE AUTHORS ARE NOT EVEN TALKING ABOUT PSYCHOPATHiC BEHAVIOR BUT RATHER 'AGGRESSIVE AND ANTISOCIAL BEHAVIOR'

I don't know of any real data that can be used to estimate how selection falls on psychopaths and their relatives, only anecdotes. Anecdotally, psychopaths make lousy mates and parents, suggesting that relatives do indeed suffer from having a psychopathic relative. In simple societies individuals who seem like psychopaths are often exiled or assassinated often with the assent of their families. If psychopathy is in a frequency dependent equilibrium, selection on family members that might share genes (or culture) for psychopathy would be part of the selection against it. pjr>>

TRUMP IS NOT THE PERFECT MATE BUT IS HE REALLY A 'LOUSY FATHER'?—ASK HIS CHILDREN, IVANKA, DONALD JR ETC—THEY SURE DON'T ACT LIKE THEY HATE HIM. HOW ABOUT VICTIMS OF HINDU AND MUSLIM HONOR KILLINGS WHO ARE 'ASSASSINATED' 'WITH THE ASSENT OF THEIR FAMILIES'—ARE THE VICTIMS PSYCHOPATHS OR ARE THEIR KILLERS? FOR THE **EVOLUTIONARY GENETICS** OF HONOR KILLINGS—SEE BELOW. NOTE THAT CULTURAL PEOPLE HAVE OFFERED LITTLE OR NOTHING OF VALUE ON THIS SUBJECT BUT EVOLUTINARY GENETICS AT ONCE SUGGESTS AN INTERESTING AND VERY STRONG EFFECT.

2— His suggestion that chimpanzee dominance hierarchies consist of a version of psychopathy is utterly novel to me and most interesting. I had always thought of dominance hierarchies as being associated with tyranny and despotism—but are these not often associated with psychopathy?!

<<Yes, dominants seem to be pretty callous, lacking in empathy, and out for themselves. Human evolution involves getting something like psychopathy from near fixation down to a low roar. See my former students and my 2016 BBS paper. It is on my web site. pjr>>

"NEAR FIXATION"—SEZ WHO? OH YOU AND YOUR STUDENTS—NOW THAT'S A SURPRISE.

Consider the "Butcher of Bagdad" Saddam Hussein or the sadistic Basir Assad. The only thing they didn't do is specialize in rape, although Saddam's son Uday did and we can be sure each had greater than average reproductive success but note how sensitive each is to degree of relatedness writ large. Saddam was most biased toward people that came from his place of birth, along the Tigrit River, then people in the surrounding province and then Sunnis over Shia.

Since he was willing to kill others on a large scale—200,000 Shia slaughtered when the idiotic first Bush allowed Saddam to retain his Airforce after we had marched to Bagdad after flinging Saddam's troops out of Kuwait. Or for that matter, Saddam's attack on Shia Iran which claimed more than a million lives on both sides.

<<Psychiatrists discourage the diagnosis of leaders without proper clinical interviews, especially on the part of layfolk. I would not defend the above guys, but I think it is important to understand that the fractious, low trust, multi-ethnic, multi-confessional turf they ruled would lead to psychopath-like behavior even if those leaders were clinically sane. GW Bush's (and Obama's re Gaddafi and drone assassinations) big mistake was assuming that once the bad leaders were toppled the problem was mainly solved. In Afghanistan, Libya, and Iraq, decapitating the bad guys hasn't worked very well even when we go at it wholesale as in drone assassinations. Getting Assad out of the way in Syria will not solve the bitter Sunni/Shia/Kurdish/secular feuding there. The American attempts to do good, if that is even the correct characterization, in the Middle East has been a fiasco. We need to learn from our errors I reckon. One general definition of insanity is doing the same thing again and again and expecting a different result. US attempts to police bits of Asia (small, poor bits at that) have not succeeded since the stalemate in Korea. And yet we keep thinking that we can make the apparently unworkable work. pjr>>

I FEEL CERTAIN I HAVE HAD FAR MORE EXPERIENCE WITH PSYCHIATRISTS THAN PETER HAS. AM I A "LAY PERSON"? WHO KNOWS? IF ALL NON-PSYCHIATRISTS ARE LAY PEOPLE THEN PSYCHIATRISTS ARE MERELY PUFFING THEMSELVES UP AND ROPING THEMSELVES OFF, SOMETHING THEY HAVE BEEN DOING SINCE THE TIME OF FREUD.

"One general definition of insanity is doing the same thing again and again and expecting a different result."

NOT REALLY—THIS IS A FAMOUS JOKE OF EINSTEIN'S BUT, HEY, WHO'SE COUNTING?

**TRUMP AS AN ORGANISM—AS SEEN BY A "LAY PERSON"**

STRONGLY BIASED TOWARD CLOSE FAMILY
STRONGLY BIASED AGAINST DISTANT RELATIVES—A RACIST OF THE FIRST RANK
EXTREME NARCISSIST
A STRATEGY OF RANDOM MOVES—TO FOOL OTHERS? AND/OR KEEP ATTENTION PERPETUALLY FOCUSED ON HIM?—INCREDIBLE HOW HE WILL GO AGAINST THE NRA ONE DAY AND INVITE IN THEIR LEADERS THE FOLLOWING DAY
LYING CONTINUOUSLY--VERY CREATIVE AND OBSTINATE—PRODUCING AN ENTIRE ALTERNATE UNIVERSE, PERMITTING HIM TO REVERSE COURSE AND COVER TRACKS AT THE SAME TIME

Minor matters:

Peter points out that Mealy (1995) was the first reference he knows of on psychopathy being under frequency dependent selection. An earlier paper, cited in the one I attached, developed the same argument—Harpending and Sobus 1987.

Peter characterizes sickle cell anemia as a "crude adaptation to malaria". Crude? In what sense?

A single copy of the sickle gene gives you anemia, in which the normal shape of the red blood cell—a flat round pill—changes under low oxygen tension into a sickle shape which crushes the malarial Plasmodium inside it. The low oxygen tension is caused by the parasite itself, since it consumes oxygen in the red blood cell. The cell then quickly flips back into normal shape as the oxygen tension returns to normal levels. A sickle individual without malaria suffers no cost at all, since all red blood cells have oxygen tension well above the level that would cause sickling.

Sickle cell DISEASE by contrast refers to an individual with two sickle genes and this is a serious condition since there is extensive sickling in a person who is otherwise normal and lacks, for example, malaria. The survival rate of such individuals in Jamaica (where 10% of the population have a sickle gene and 1% two copies) is 57 years, a good 10+ years below normal—nor is life pleasant or easy. This is the only crudity in the same, the failure to ameliorate the negative effects of two copies.

It is correct as Peter says, that relatively recent human invasion by malaria (~10,000 years ago) was probably in response to large population increases due to agriculture and so on. This short time period has also prevented much selection to ameliorate the sickle cell disease. It is not true, however, that "it and many other crude adaptations" result from the "ability of the malarial parasites to outwit the immune system". First of all, other "adaptations" are no more crude than the sickle trait. For example, the Duffy antigen, a surface protein on red blood cells, is designed to spot Plasmodium and prevent entry. And the parasite does not "outwit the immune system". It is one of the very few Protozoa (or for that matter bacteria) that live WITHIN cells and thus escape the immune system entirely (except see below). Viruses live inside cells, precisely why we can't use antibiotics against them.

And here is a joke for you. Bacteria, as we know, are rapidly evolving resistance to almost all antibiotics but on many tips of the branches of the bacterial bush, species are evolving that DEPEND on antibiotics for their food—stop treating them with antibiotics and they die of hunger!

Plasmodium reproduces within its red blood cell and the offspring are released into the blood as the cell bursts. Now the immune system responds strongly and all hell breaks loose, fever and chills, bed-ridden and sometimes dead. When given a choice, mosquitos preferentially bite sick people, perhaps because they are too weak to swat the mosquitos away. Once in a mosquito, they do nothing to harm it other than congregate in its mouth near the biting organ, the better to arrive new human.

<<A more sophisticated adaptation could be had by duplicating the hemoglobin gene and selecting for haplotypes that have one normal and one sickling allele at the duplicated loci. This haplotype could evolve to fixation because everyone would functionally be the analog of a heterozygote. The production of hemoglobin from each locus would have to halved at the same time so as not to overproduce it. Perhaps the reason this adaptation has not yet evolved is due to the problem of needing the conjunction of two rare events, the duplication and downregulation, at one time.

In general, I think maladaptations are common and interesting. After all, Darwinian's strongest plank in the argument against creationism is the relative crudity of the materialistic evolutionary process. An Omniscient Designer would have duplicate and downregulated the hemoglobin gene in the face of malaria rather than wait for hundreds or thousands of generations for natural selection to get on with it. pjr>>

MY, MY—SO NOW WE ARE IN THE BUSINESS OF TELLING THE WORLD HOW GOD WOULD HAVE HANDLED THE WHOLE MATTER. I BARELY UNDERSTAND MY LITTLE CORNER OF THE WORLD MUCH LESS THE MIND OF THE OMNISCIENT CREATOR. WHO SAYS SHE OR HE IS BIASED TOWARD HUMANS? PERHAPS SHE HAS AN AFFECTION FOR PLASMODIUM, AS IN HALDANE'S FAMOUS JOKETO WHEN ASKED BY A CLERIC WHAT A LIFETIME STUDY OF EVOLUTION HAD TAUGHT HALDANE ABOUT THE NATURE OF THE CREATOR—"AN INORDINATE FONDNESS FOR BEETLES"—AT THAT TIME, 1/3RD OF ALL ANIMAL SPECIES—300,000—WERE BEETLES.

I enjoyed Brian Mannix's comment, most especially "Pseven". His argument for cooperation is the same as that of Adam Smith in the Wealth of Nations. Once a medium of exchange is introduced into a system of barter, itself a reciprocal relationship, it can be vastly extended, with specialization such that one individual no longer produces ten pencils/day, but ten people are specialized to produce a single pencil—and thus a thousand/day. I too share an aversion to cultural/group selection though perhaps for other reasons. But I side with Peter in feeling that male self-domestication is more important in damping male psychopathy than female choice—Richard Wrangham vs Sarah Hrdy among evolutionary anthropologists.

<<I don't think scientists should have aversions to hypothesis. They should be cool analysts of data and models rather than depend on emotional hunches. I think our BBS paper at least establishes that cultural group selection is a viable explanation for human cooperation. If you think otherwise we describe how you can kill the hypothesis: show that (1) culture does not act as an inheritance system, or that (2) between group cultural variation is too low as it generally is for genetic variation, or that (3) cultural variation is not consequential for human competition, or that (4) human competition does not have a group-organized component. The trouble for your aversion is that the pretty plain evidence is that all four of these statements are counterfactual. pjr>>

Peter's argument on reduction of inter-birth interval in humans again veers off into culture-land when one does not need it—paternal investment, grandmother investment and older sibling investment are all expected on genetic grounds. The authority on the subject is David Haig at Harvard.

<<Humans are such funny old things! We create cultural institutions to manage things for which you and Haig say can, *in theory*, be managed by kinship and reciprocity. Marriage and kinship systems are a great example. Why do societies generally have one or a few marriage contracts and kinship systems on offer even tho marriage and kinship are quite variable cross-culturally?

Why the devil do we bother with cultural institutions when plain old evolutionary biology ought to do the trick? There is at least arguably some slip between "in principle" and "in fact" that ought to make an evolutionist curious. I like this argument (see Rob's or Sarah's web site):

Mathew, S., Boyd, R., & Van Veelen, M. (2013). Human cooperation among kin and close associates may require enforcement of norms by third parties. In P. J. Richerson & M. Christiansen (Eds.), *CulturalEvolution* (pp. 45-60). Cambridge MA: MIT Press. pjr>>

IF THIS IS TRUE—THAT "HUMAN COOPERATION AMONG KIN" and also AMONG "CLOSE ASSOCIATES"—"**MAY REQUIRE ENFORCEMENT OF NORMS BY THIRD PARTIES**", THEN I HAVE WASTED 40 YEARS OF MY LIFE ON THESE TOPICS.

THE MORE GENERAL PROBLEM WITH PETER'S BIAS IS THAT SO LITTLE OF INTEREST HAS EMERGED FROM CULTURAL ARGUMENTATION. CONTRAST GENETIC. FOR EXAMPLE, WE NOW KNOW THAT WHEN **MATERNAL** GRANDMOTHERS INVEST IN THEIR CHILDREN'S CHILDREN, BOTH GRANDDAUGHTERS AND GRANDSONS BENEFIT, WHILE WHEN **PATERNAL** GRANDMOTHERS DO THE INVESTING, GRANDDAUGHTERS BENEFIT WHILE GRANDSONS ARE HARMED. THIS WAS PREDICTED BASED ON THE DIFFERENT WAY IN WHICH THE GRANDMOTHER'S X CHROMOSOME IS INHERITED IN THE TWO SYSTEMS. NO "CULTURAL" ARGUMENTATION HAS COME ANYWHERE CLOSE.

OR TAKE THE LOGIC OF SO-CALLED HONOUR KILLINGS, WHICH I HAVE NOW WORKED ON INTENSIVELY FOR TWO YEARS. NOTHING OF USE FROM CULTURAL "THEORY" BUT A POWERFUL ARGUMENT BASED ON THE EFFECTS OF REPEATED FIRST COUSIN MARRIAGES IN MUSLIM SOCIETIES—AND IN HINDU SOCIETIES ENDOGAMOUS CASTES IN COMPETITION WITH EACH OTHER. See my talk in Barcelona, Spain https://youtu.be/F_4Lr13rnx

**From**: Haig, David[redacted]
**Sent**: 3/19/2018 9:10:54 AM
**To**: Robert Trivers[redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Hi Bob (and hello Jeffrey),

I would be happy at the moment not to be on another mailing list. There are just too many different things I am trying to attend to (including imprinted green beards),

David

---

**From:** Robert Trivers [redacted]
**Date:** Sunday, March 18, 2018 at 11:22 PM
**To:** "Haig, David" <[redacted], Jeffrey Epstein <jeevacation@gmail.com>
**Subject:** <no subject>

dear men

i am writing you both because i am attaching a still not-quite-complete response to Peter Richerson, a gene-culture co-evolutionist—without the genes

i do so because four lines down i tell the "Gruterites"—Gordon Getty's echo chamber—that i have added you two to the list

so here is your chance to say "no way" and i will delete that from the message and likewise not ask Gruter's assistant to add your names to the list

having said that, i find Gordon's missives much less burdensome than those from EDGE and certainly without the egomaniacal nonsense that infects John Brockman—the key is to get the brightest minds in a room and have them tell each other what they think is most important—or some such nonsense

neither David nor i can think of a single scientific advance achieved that way—most of what we do is simply concentrated sustained thought directed toward the foundations of a problem

i doubt Jeffrey has made a huge amount of money via the EDGE program

unless you say otherwise, i will shortly send you the key Getty missives in which he asserts, i believe correctly, that Trump is an archetypal narcissistic psychopath—or whatever the precise term is—and that he must be opposed with full force on that basis

—

meanwhile, David has heard plenty about you Jeffrey, a financial/mathematical mind of exceptional quality and you should know that David is one of the very top evolutionary geneticists still breathing and my teacher on every detail large and small

in haste and all best

bob

The Special Counsel's office, nearly leak-proof since its inception more than a year ago and seemingly immune to the President's constant taunts, might appear to be operating in some parallel universe unmoved by the every-day political turmoil. But in the course of conversations I've had recently, as a I research a new book on President Trump and the forces arrayed against him, what has become clear is that Robert Mueller and his office are preparing for a life or death confrontation with the President and the mother of all constitutional crises.

My discussions have been with both White House advisors and people close to the investigation. No source involved in this story would speak on the record. But one source allowed me to review some of the documents related to the Special Counsel's strategy. Aspects of the Special Counsel's strategy have been confirmed by both White House sources and lawyers closely involved with the Justice Department.

Since at least April the Special Counsel has had in place proposed charges, a bill of particulars, and an aggressive legal theory for the indictment of the president for obstruction of Justice. In the last few weeks, as the President has indulged his pardon authority, the Mueller team has also developed a legal strategy to oppose what the Special Counsel believes will be a likely pardon of former National Security Advisor, Michael Flynn, who had previously struck a plea bargain which could include his testimony against the President.

Robert Mueller, according to one person familiar with the Special Counsel's thinking, could hardly contain his disgust when Rudy Giuliani, the President's new lawyer—hired to makes a television case for the President and to push back against the Mueller team—in May airily dismissed the notion that a president can be indicted. Adding insult to injury, Giuliani—who a White House source said had likely learned of aspects of the pending indictment—said Mueller agreed with that assessment. White House sources believe Giuliani was daring the Special Counsel to tip his hand. Mueller, in character, contained his outrage and continued to hold his cards close as his team finished preparing the obstruction case and refined the legal theories under which it would claim the right to haul the president into court.

At this point, the case for indictment has, in effect, a judge of one. The Mueller team, according to sources both near the investigation and the White House, has prepared the case, but it requires the approval of Deputy Attorney General Rod Rosenstein, who—with the recusal of Attorney General Jeff Sessions from the Russia-related investigation—

oversees the Mueller team. Indeed, Rosenstein, as recently as April, publicly declared that the President was not a target. This may have been a form of fig leaf to soothe a President who regularly demands aides assure him he is not being pursued: the President does not become a formal target until Rosenstein agrees to designate him as one.

The proposed indictment confronts Rosenstein with matters with which he has been intimately involved. The case, according to my conversations with White House and other sources familiar with the investigation, is fundamentally Trump versus the FBI, Justice Department, and Mueller investigation itself. In many ways, it boils down to the word of former FBI Director James Comey against the word of Donald Trump. Rosenstein, at the President's behest, drafted a memo justifying the Comey firing for how the former FBI Director handled the Hillary Clinton email investigation. But that justification, in an embarrassment for Rosenstein, was shortly brushed aside by the President when he admitted that he fired Comey to disrupt the Russian investigation. What's more, the indictment is said to charge that the firing of Andrew McCabe, the former Deputy Director of the FBI, who reported directly to Rosenstein after the Comey dismissal, was an instance of illegal retaliation by the President against a potential witness.

According to a source with knowledge of the proposed indictment, it will be all the more controversial because if finds the entire narrative of the case for obstruction in plain sight. Almost nothing about the case involves new information. "This indictment could have been drafted without anyone being interviewed," said this source. Rather it takes well covered public events and moves them to a set of circumstantial conclusions. There is no smoking gun beyond the often flagrant, custom-breaking, events of the President's 16 months in office. Indeed, much of the evidence is based on the President's public statements and tweets about those events.

This is, according to White House sources who have gotten wind of this approach, good news: the case then, is just an issue of what motives you ascribe to the President's behavior—behavior that is, the President's supporters believe it is easy to show, impulsive and not thought out. Hence no intent. For the Mueller team, it is precisely that careless behavior and flagrant disregard for the rules that they aim to put on trial.

There is no certainty that the Special Counsel's office will

ultimately pursue its plan to indict the President. But, according to a source involved in the legal strategy, the plan is "more advanced" than it was when the indictment was drafted in April. The investigation continues and new evidence or other factors might push both prosecutors and the grand jury in another direction. Just passing its first anniversary, the Mueller investigation has conducted itself with remarkable secrecy. Descriptions of the proposed indictment provide one of the few insights into its strategy and its sense of the political peril in front of it.

It may be noteworthy that there appears now not to be plan for an indictment related to collusion, although, legal experts say, that could come later.

The White House view is that without the underlying collusion charge, Mueller will be presenting a weak and politically-motivated case. The Mueller view seems to be that the obstruction charges go to the heart of exposing how Trump has abused his power and turned the White House into a corrupt fiefdom.

The President's scheme to obstruct the FBI's investigation into connections between the Trump campaign and Russian efforts to undermine the U.S. election, according to the Mueller indictment, began on the 7th day of the Trump administration. Three days prior to this, on January 24, National Security Advisor, Michael Flynn, lied to the FBI about his contacts with the Russian Ambassador, Sergey Kislyak. These were contacts, directed by an unnamed but ranking member of the Presidential Transition team.

That unnamed person, in the view of several lawyers who discussed the case with me, is very likely Trump himself, and might imply that Trump encouraged Flynn to lie to the FBI, promising to protect him—using his influence or pardon powers.

On January 27th, seven days after Donald Trump's inauguration, the President had the one-on-one dinner with FBI Director James Comey—recounted in Comey's congressional testimony and in his recent book, "A Higher Loyalty"—at which the President asked Comey if he "wanted to stay on as FBI Director." The President then requested a loyalty pledge in an effort, according to Comey's testimony before the Senate Select Committee on Intelligence, to "create some sort of patronage relationship"—a characterization the indictment accepts.

Flynn resigned on February 13. The next day, the President

cleared a meeting of its other attendees and privately asked Comey to "let this go, to let Flynn go." The indictment accepts Comey's understanding that the President was "requesting that [the FBI] drop any investigation of Flynn in connection with false statements about his conversations with the Russian ambassador in December."

On March 30, 2017, ten days after Comey told the House Permanent Select Committee on Intelligence that the FBI was investigating links between the President's campaign and the Russian government, the President asked Comey to "lift the cloud" of the Russian investigation, further telling Comey that the investigation was creating problems for him and expressing the "hope" that Comey "would find a way to get it out that [the FBI] [wasn't] investigating him."

On April 11, according to the indictment, the President asked the FBI Director what he "had done about this request that [Comey] 'get out' that [the President] is not personally under investigation," saying that "the cloud" was "getting in the way of his ability to do his job." Comey asked the President to send his request to the appropriate parties at the Department of Justice. The President agreed but reminded Comey that he had been "very loyal to you [Comey], very loyal; we had that thing, you know."

On May 9, the President fired Comey, publicly saying that the "Russian thing" played a role in his decision to fire the FBI Director. The next day, the President said he'd "faced great pressure because of Russia," and as a result of the firing, that pressure had been "taken off."

On May 17, soon after learning about the appointment of the Special Counsel by Deputy Attorney General Rod Rosenstein—in his role as acting Attorney General, after the recusal of Attorney General Jefferson Sessions—the President accused Sessions of "disloyalty" for recusing himself from the Russian investigation. In June 2017, the indictment alleges, the President ordered Robert Mueller to be fired, reversing course only when the White House counsel, Don McGahn, refused to implement the order.

On July 8, after reports of a meeting between the President's son, Donald Trump, Jr., and a Russian agent, Natalia Veselnitskaya, during the 2016 campaign, the President, in furtherance of a cover-up, the indictment alleges, directed his son to state that he and Veselnitskaya had "primarily discussed a program about the adoption of children," when, in fact, according to the indictment, the meeting was organized so that "Russia and its government" could provide the Presidential

campaign with "official documents and information that would incriminate" Hillary Clinton, the presumed Democratic candidate for President.

According to the indictment, by June 7, 2017, news outlets were reporting that the Deputy Director of the FBI, Andrew McCabe, could corroborate James Comey's allegation that the President had asked for Comey's loyalty before firing him. As part of the cover-up, the indictment alleges, on July 26, 2017, the President called upon the Attorney General to fire McCabe.

On December 21, 2017, McCabe testified before the House Permanent Select Committee on Intelligence that the President had in fact asked Comey for his loyalty before firing him. Six days later, in retaliation, the President tweeted that McCabe was "racing the clock to retire with full benefits," and implying by use of a question mark, that it was uncertain whether McCabe had "90 days to go?!!!"

On March 16, 2018, McCabe was dismissed, depriving him of his pension. According to the indictment, the President directed McCabe to be fired with the intent to threaten and retaliate against him, the FBI, and the Office of the Special Counsel, "or to impede their respective abilities to assist or carry out the work of the FBI, DOJ, the Office of the Special Counsel, the Congressional Intelligence Committees, and the grand jury."

Together with its narrative of Presidential behavior with, it contends, the certain intention of subverting ongoing investigations, the Mueller office is also ready to argue its right and obligation to charge a sitting president with a criminal violation.

It is the outline of this argument that White House sources say both prompted Rudy Giuliani to scoff at the idea of indictment and, several weeks later, for the President and his lawyer to make sweeping claims about Presidential authority.

It is a coming battle of absolutist positions.

The Special Counsel, according to reports from both the investigation and from the White House, has spelled out an argument—one that appears to be at odds with Department of Justice standing policy that precludes charging a sitting president with a crime—that nothing in the Constitution or in an statute suggests a status with regard to criminal prosecution for the President different from any other federal office. Nor is there any statute or case law that finds that impeachment has to come before an indictment. The Mueller team

dismisses the argument made most aggressively by Harvard law professor Alan Dershowitz—who offers frequent legal advice to the President both in person and via television—and repeated recently by the President, and in the recently revealed letter sent by his lawyers to the Special Counsel in January, that a president cannot be prosecuted for exercising his constitutional prerogatives, even if they foster crimes. Again, the team argues that there is no statute or constitutional authority that puts the President above the law or that allows him to contribute to breaking the law.

Curiously, the tradition breakers in the White House—supported by a many lawyers, both right and left leaning—now argue that the President's traditional and constitutionally mandated executive powers give him wide latitude for how he carries out his duties. "I don't think you are going to find a court who will not see the president's role as unique," said one White House advisor. "The Mueller theories are wishful thinking."

Such an indictment is described in similar ways by both Mueller and White House insiders: it puts the President's public behavior on trial. The nature of that behavior, for the Mueller team, is corrupt; this, according to the White House, is how voters elected the President to behave.

The Mueller team may have a high hurdle in convincing Rosenstein to approve the indictment. Giuliani recently put standing DOJ policy against the indictment of a president in hyperbolic terms: the President could kill James Comey if he wanted to without fear of prosecution. But, according to one former senior DOJ lawyer, Rosenstein in this circumstance may have the power to override the DOJ guidelines. The Mueller team appears to believe that Rosenstein's pledge before congress that, absent malfeasance, he will support the Special Counsel's independence with regard to the Russian investigation, means he will let the indictment go forward. In one view—and in the suspicion of some in the White House—he may have already authorized Mueller to proceed with the indictment.

The counsel's office does, however, according to the papers I have reviewed, worry about the possibility that Trump will replace Rosenstein with someone who will fire Mueller or curtail the investigation. Indeed, the Mueller investigation seems concerned or shadowed by daily procedural questions of an existential nature—

anticipating its own demise and what consequences that might bring.

It believes that in the inevitable Supreme Court battle that would follow a direct attempt by the President to fire the Special Counsel, the Court would surely rebuff such an expansion of Presidential authority. At the same time, according to its internal research, the Mueller team understands that the President, acting with only somewhat more subtlety, would have the authority to order the Attorney General—even given his prior recusal—to repeal the Special Counsel regulations and close down the investigation, and fire the Attorney General if he refuses. The President, could, too, according to the Special Counsel's analysis, fire Rosenstein and seek someone else to oversee the investigation in ways more to his liking. Both of these actions could, the Special Counsel believes, become part of the behavior that it argues in the indictment amounts to a prima facie case for obstruction of justice.

The team does yet believe it is protected by political realities—the President can not know how Congress might respond—and by bureaucratic ones. Changes to the Special Counsel authorization might require an extended comment period.

Still, what if the President acting unilaterally does shut it down? This, people around the President say is the unknown legal area that might be advantageous to the President. Delays and disruption might well be the President's legal friends.

What, for instance, happens to all the work the Special Counsel's office had done, and, indeed, to the sitting Grand Juries reviewing the evidence? The special counsel's view, according to insiders working on the issues, is that nobody knows. The optimistic legal view is that the Office and staff would survive the Special Counsel's ouster and their work preserved. And that actions taken by the Grand Jury would remain in effect.

This, however, would probably not be true if the Attorney General refused the next Special Counsel's budget request—due on July 1. That would shut down the whole operation—the Special Counsel staff and grand juries. There might, however, according to research the team has prepared, be enough time between the order and the shuttering for the Special Counsel to share the grand jury evidence with other federal prosecutors.

The President's constitutional pardon powers appear to be some of the most troubling and threatening issues for the Special Counsel. The Counsel's office believes the President will use his pardon power as an

instrument to undermine the investigation.

According to present and former White House advisors, the President's recent spates of pardons are in part his way of taunting the Special Counsel. The White House, according to these sources, is aware that the Special Counsel has concluded the pardon power is near absolute: the President can certainly pardon himself, and others involved in the investigation.

Early in June, the Special Counsel, believing that a pardon for Michael Flynn was imminent, rushed to build a case that might form an exception to the President's pardon authority. The argument, perhaps a slim thread one, tries to undermine what both the White House and many outside legal authorities, and much of the Special Counsel's own research, believes to be one of the few unchallengeable powers granted the President. In effect, the Special Counsel continues the theme of it's case: there is a level of obstruction of justice that all reasonable men might know when they see it. If you pardon someone to get yourself off the hook, that's a "corrupt" action. Since the President is in charge of upholding the constitution and much of the constitution is about preventing corrupt acts, the pardon, in the case of Michael Flynn, is unconstitutional. What's more, since there is an impeachment process in place—or there at least several impeachment resolutions before congress—and impeachment is the province of Congress, a pardon of a potential witness in this impeachment is an unconstitutional trampling on the separation of powers.

As the President, by nature and design, tries to claim aggressive new powers, the Mueller team, almost in equal proportion, is trying to limit the theory of Presidential power and, even, to criminalize an expansive exercise of those powers.

People who know and have worked with Mueller find it, at best, unexpected that such a traditional, and by the book, G-man, would be pursuing such far-reaching legal theories. One view, shared by the White House, is that Mueller is overly reliant on his staff. In this scenario, the legal charge is being led by his number two, Andrew Weissman, the aggressive prosecutor whose pursuit of the accounting firm Arthur Anderson in the Enron debacle end in its conviction—a judgement reversed well after the firm's bankrupcy and dissolution. Weissman is a particular bet noir and favorite whipping boy for the White House.

But in another view it is precisely because Mueller, a former Marine, is so by the book and Semper Fi that he finds Trump's behavior to be personally offensive, and, on its face, corrupt. "Bob Mueller is all about limits and rules. Donald Trump has none and acknowledges none."

It may yet be even a more profound clash then that, the executive branch at war with itself—the Justice Department against the White House.

Indeed, it is a war strategy, in the view of some legal observers. Such an indictment would be litigated to the hilt. It would force both the substantive issues of obstruction and abuse of power and the meta issues of Presidential immunity—the hot button issues of the President's claims to being above the law—into open court for a long and painful review and dissection that might shadow the November election.

Legal experts believe that the Mueller team might well prevail in lower courts with a less likely, but not at all certain outcome, in the Supreme Court.

"Might such an expansive claim win, yes. Should it win, no. But everyone knows the reality: weak president's lose cases, strong president's win them."

Were the case to reach the Supreme Court after the November election, it might well be the results of that election that help seal the President's fate not just in Congress but also in the courts.

MORE TK

**From:** Robert Kuhn [redacted]
**Sent:** 8/19/2018 3:53:57 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Kuhn - Radical Breakthroughs
**Attachments:** CNN - Kuhn - US-China Tariffs, Trade War - CNN Today - 8.2.2018.pdf; Untitled attachment 200384.htm

**Importance:** High

Jeffrey:

How's all in our crazy world?

I'm in NY until August 31 (then again, after Beijing, Sept. 25 – Oct. 14). If you are in town, meet?

When convenient, I'd like you to meet Peter Getzels, Closer To Truth producer/director (I've worked with Peter for 12 years); he would very much like to meet you in person, describe the Radical Breakthroughs process in detail, get your feedback. He would come up from DC. We can always do Skype, of course, but Peter would appreciate to meet in person early in the process. Breakthroughs is a Big Project, big opportunity for impact. All are truly excited.

Below are highlights of Breakthroughs progress.

Attached is latest CNN on trade war and below are links (caution: a few weeks old is ancient history in Trump time).

*The US trade war against China: The view from Beijing*
https://news.cgtn.com/news/3d3d514f3551544f78457a6333566d54/share_p.html

*How should China handle the trade war?*
https://news.cgtn.com/news/3d3d774d3449544d79457a6333566d54/share_p.html

Love to discuss stuff.

Robert

Radical Breakthrough Development Work

• Research on each of the 13 episodes is ongoing and we are moving towards creating a short list of the top contributors per episode (with some contributors in multiple episodes).

• We are aggregating the top contributors around 4 to 5 central locations, such as SF Bay Area, LA, Chicago, Boston, New York, Santa Fe, London, Oxford, and Cambridge for the main shoots.

• We are creating a short list of locations for the secondary shoot - i.e. the more observational shoots on specific labs and research facilities, such as the Music Lab at McGill, the Sleep Lab at Harvard.

• We are planning a recce in the autumn to assess locations and meet some of the key contributors.

• We've brought on a production manager / line producer as we develop detailed research, contributors, locations, budgets.

• Our team is working toward interviewing and hiring a top science-literate associate producer / dedicated research producer. We've been coordinating with colleagues at HHMI (Howard Hughes Medical Association) as well as National Geographic for staffing referrals, and now have a strong short list. This is a critical, long-term position.

• We are assessing graphics and animation companies and researching styles and graphic ideas that we might use to communicate some of the more complex ideas.

• Our digital team is researching a web extension for the www.closertotruth.com website, developing ideas for a dedicated site neighborhood for "Radical Breakthroughs." We are in discussions with several website design companies, including the company that designed and built our original CTT site, for ideas and bids on creating the expanded site.

• By mid-October, we expect to begin to schedule the shoots.

## CNN TODAY

# US-China Tariffs, Trade War

### Robert Lawrence Kuhn, August 2, 2018

| | |
|---|---|
| **Host: To talk about the potential impact [of tariffs]…. Robert Lawrence Kuhn is a long-time advisor to China's leaders and the Chinese government. He is also the author of *How China's Leaders Think*. You are the perfect person to have on to get China's perspective. Thank you so much for joining us.**<br><br>**RLK: A Pleasure.**<br><br>**Host: So Trump is obviously hoping for some kind of trade deal, but is this going to work? Tariffs to get Chinese officials to the table?** | |
| **RLK: Certainly from China's point of view, they were very happy with the status quo before this occurred. They blame the U.S. for starting a trade war. They think the U.S. will suffer and, indeed in a trade war, everybody suffers. There are some serious problems, though, that American experts, American government [policies], reflect. Very few people in the U.S. actually support the tariffs themselves. There will be higher prices for consumers. There will be more people affected – [there are] more industries that use steel than produce steel.** | |



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| **RLK: So there's a significant impact [on the US]. The US hope is that China will be pressured to make changes in its policy. Now the [tariff] policy is not just [targeting] the trade deficit. The policies are, what are called, China's closed market, intellectual property protection, industrial espionage, tech transfers and JVs (to get the Chinese market) and government support for tech. And for each of these, China has responses. China says it was doing what was appropriate under the WTO because it was a developing country. Now that it's advanced, it's opening markets.** | |
| **China has a "negative list" telling people [companies] what it cannot do, making it much easier; China is also opening further in autos and financial services. But they need to be pushed more. Even economists in China recognize that, that coming out of this, if we have cool heads and smart brains, both sides can be better off.**<br><br>**HOST: So are there other ways to do this? You listed that Trump wants to close a trade deficit. He's hitting back at these closed markets. He wants to prevent the stealing of intellectual property. What is an effective way to do this besides heaping these tariffs on China?** | |



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| **RLK: Well some people would say that tariffs have at least got China's attention. Even some leading people tell me privately in China that in that sense China needs to move faster in doing things like opening markets, like intellectual property protection. Now they are doing some things. They have an intellectual property court. I visited it in Shanghai a few months ago. It's working really well. Much more progress needs to be done. So in that sense the tariffs are a beacon that tells everybody we need to deal because everybody is going to suffer by tariffs. The question is how we deal with it.** | |
| **China needs to make some specific changes regarding markets, IPR, some of these other things — they should be done subtlety and not publicly. That's the way to get things done.**<br><br>**HOST: I see. You know, President Trump has infamously said that trade wars are good and they're easy to win. And you wrote about this, why the Chinese don't think that the U.S. could ever win a trade war with Beijing. It was a very long list but tell us the highlights of that.**<br><br>**RLK: Right — in the early days of the so-called trade war, the Chinese media and Chinese experts were talking very frequently about how the U.S. can't win.** | |

| | |
|---|---|
| **Examples were the U.S. is divided on tariffs which is certainly true. China is not because publicly people don't speak against the Chinese government, so that may be a little bit artificial, but nonetheless it is a matter of public policy in China to support the government. There's a nationalistic pride in China. Americans will be affected by their pocket book. They're going to pay more for baseball gloves and television sets and dishwashers. And people are not going to be happy about that. There will be industries that will be affected — and technology and soybeans we know. So there will be many, many interest groups in the U.S. that will argue and fight against tariffs.** | |
| **So the basic reason is that the U.S. has a divided approach to tariffs, and that's certainly true. Most experts deny that tariffs are an effective way. Quiet diplomacy, putting pressure on China in the right way is the way because China does need to make some changes. People in China recognize that.**<br><br>**HOST: As China is saying they will not be blackmailed to doing these things. We're going to have to leave it there. Robert Lawrence Kuhn, we appreciate your expertise. Thank you very much for your time.**<br><br>**RLK: Thank you.** | |

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**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 87287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office (Cynthia): [redacted]
krauss@asu.edu
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

Sent from my iPhone

On Jun 7, 2018, at 1:04 AM, Jakob Köllhofer <[redacted] wrote:

Hi Lawrence,

I think we take  Journey to the Beginning of Time.

Could you write two sentences for my colleague to
make clear where your talk will go for..

This may well lay the groundwork for next year`s major focus
on ORIGINES.

I do look forward to having you here again!

As ever Jakob

P.S I`ll cc Michael!

Jakob J. Köllhofer
Direktor
DAI

Tel: [redacted]
Fax: [redacted]
Email: [redacted]
www.dai-heidelberg.de

Am 06.06.2018 um 19:13 schrieb Lawrence Krauss <[redacted]:

Hi.. I hadn't thought of it. I don't know what Jakob would prefer. I could give a science talk.. on, say: Journey to the Beginning of Time.. or I could speak about
Science in the Trump Era.. am cc'ing him here.. Jakob, which would you prefer?

Lawrence

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
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<image002.png>

On Jun 6, 2018, at 2:15 AM, Michael Braun <[redacted]> wrote:

Dear Lawrence Kraus,

my name is Michael Braun and I am working on the DAI Heidelberg's fall program brochure.

May I ask you if you settled on a topic for your Heidelberg talk?

If so, could you send me title and a short abstract for me to include in the brochure and on our website?

Best
Michael

Mit besten Grüßen

Michael Braun
Referent für Presse- und Öffentlichkeitsarbeit

Deutsch-Amerikanisches Institut Heidelberg
- Das Haus der Kultur -

Sofienstraße 12, 69115 Heidelberg

tel: [redacted]
fax [redacted]

www.dai-heidelberg.de

Schurman-Gesellschaft e.V.
VR 425 Amts- und Registergericht Heidelberg

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**From:** Lawrence Kraus [redacted]
**Sent:** 8/29/2018 11:01:49 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: October 19, Heidelberg

**Importance:** High

Talk in 40?

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted]
Assistant [redacted]
[redacted]
| **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Aug 29, 2018, at 12:19 PM, jeffrey E. <jeevacation@gmail.com> wrote:

3 hrs

On Wed, Aug 29, 2018 at 3:07 PM Lawrence Krauss <[redacted]> wrote:

please call me asap

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

On Aug 29, 2018, at 11:56 AM, jeffrey E. <jeevacation@gmail.com> wrote:

What was Justin bill ? nd total to date?

On Wed, Aug 29, 2018 at 2:29 PM Lawrence Krauss <[redacted]> wrote:

actually I found I can buy an economy (YUK) ticket for only $1300.. so maybe I can buy that and try to upgrade it using miles..

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant [redacted]
| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

On Aug 29, 2018, at 11:06 AM, Lawrence Krauss <[redacted]> wrote:

Hi.. so, here is the event I am still invited to give in Germany. It is Oct 19th. I was previously invited to give a major lecture in Heidelberg Oct 14 but they had to cancel it after the university determination re australia was publicized by the bitch. That air ticket, which they had paid fo, was about 5250 euros. There is a $900 cancellation fee, and they have agreed to let me keep the ticket if I pay them 4500 euros. I offered that to the other place but they only have $5K USD total, which includes the $4K fee they originally offered me. I am going to check other tickets now, but wanted to know if you might be flying to europe around then and could take a hitchhiker. :)

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted] | Assistant[redacted]
| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

Begin forwarded message:

**From:** Jakob Köllhofer <[redacted]>
**Subject: Re: October 19, Heidelberg**
**Date:** August 29, 2018 at 4:49:53 AM PDT
**To:** Lawrence Krauss <[redacted]>

Hi Lawrence,

just back from a long tour „on origins".

As promised you will get my message promptly.

As you may understand, before we start recruiting for the Festival our budget implies more freedom. Now I simply do not have the flexibility to decide so easily on amounts in „kilos". (especially as a prominent Nobel laureate shortly before deadline agreed to come and implied a pretty large sum).

What I can offer you is **5k** as a lump sum. This is the ultimate at the moment.

I deeply regret these limitations but I cannot ignore redlines.

So please let me know if you can or cannot come.

As ever Jakob

Jakob J. Köllhofer

Direktor
DAI

Tel: [redacted]
Fax: [redacted]
Email: [redacted]
www.dai-heidelberg.de

Am 26.08.2018 um 22:04 schrieb Lawrence Krauss <[redacted]>:

Hi.. update.. noam cannot do anything anyway.. nor UK that week.. So, I have been able confirm I can get the ticket for the discounted amount of 4500 Euros.. Are you game with my proposal? I have until end of Sept to buy out the old ticket before they cancel it.

Lawrence

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

On Aug 17, 2018, at 9:34 AM, Lawrence Krauss <[redacted]> wrote:

Well it depends on UK.. if they can't do it, then alas, it would be the whole thing.. I could check for a discount ticket of course.. and maybe even economy class... There is also a small chance that I might do the event in UK with Noam Chomsky, and I am wondering whether, if I could convince him to join me in a dialogue at your place whether that might change the dynamics of the event for you, and free up some more money perhaps..

Lawrence

**Lawrence M. Krauss**
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| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

On Aug 17, 2018, at 9:18 AM, Jakob Köllhofer <[redacted]> wrote:

Hi Lawrence

your mail meets me on the way out to a week abroad.

I need my financial colleague to decide. So, I shall be
back at the end of this month.

What would our share be?

Best Jakob

Jakob J. Köllhofer
Direktor
DAI

Tel: [redacted]
Fax: [redacted]
Email: [redacted]
www.dai-heidelberg.de

Am 17.08.2018 um 16:37 schrieb Lawrence Krauss <[redacted]>:

Hi Jakob

There has been a complication. The Göttingen event had to be cancelled so that means I now do not have an air ticket to Germany. I am going to check whether I can arrange anything in the Uk which might cover part of the cost for a new ticket. In the meantime I thought I should let you know and ask whether it is possible to cover part or all of the cost for a ticket.

Lawrence.

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted]
Assistant [redacted]
[redacted]
**| twitter.com/lkrauss1 | krauss.faculty.asu.edu**

Sent from my iPhone

On Jun 19, 2018, at 5:52 AM, Jakob Köllhofer <[redacted]> wrote:

Dear Lawrence

my colleague is waiting for two sentences on your planned topic…
Could you save him?…

Jakob

Jakob J. Köllhofer
Direktor
DAI

Tel: [redacted]
Fax: [redacted]
Email: [redacted]
www.dai-heidelberg.de

Am 07.06.2018 um 17:40 schrieb Lawrence Krauss [redacted]>:

Will do.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
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<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

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P.S I`ll cc Michael!

Jakob J. Köllhofer
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Science in the Trump Era.. am cc'ing him here.. Jakob, which would you prefer?

Lawrence

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[redacted]
**origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu**

<image002.png>

On Jun 6, 2018, at 2:15 AM, Michael Braun <[redacted]> wrote:

Dear Lawrence Kraus,

my name is Michael Braun and I am working on the DAI Heidelberg's fall program brochure.

May I ask you if you settled on a topic for your Heidelberg talk?

If so, could you send me title and a short abstract for me to include in the brochure and on our website?

Best
Michael

Mit besten Grüßen

Michael Braun
Referent für Presse- und Öffentlichkeitsarbeit

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Sofienstraße 12, 69115 Heidelberg

tel: [redacted]
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**From:** Deepak Chopra[redacted]
**Sent:** 11/30/2018 3:32:06 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I'm getting there v late on Sunday
Have filming for Al Gore before
See my text re Monday ?

Deepak Chopra MD

2013 Costa Del Mar Road
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

**www.discoveringyourcosmicself.com**

On Nov 30, 2018, at 10:24 AM, J <jeevacation@gmail.com> wrote:

george church and i having lunch at my istittue at harvard sunday. join.?

--

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/27/2014 6:58:54 PM
**To:** Joi Ito [redacted]
**Subject:** Re: NYTimes: Sanctions Revive Search for Secret Putin Fortune

[redacted]

On Sunday, April 27, 2014, Joi Ito <[redacted] wrote:
Can you talk now?

On Apr 27, 2014, at 04:41 , Jeffrey Epstein <jeevacation@gmail.com> wrote:

>[redacted] if you havetime
>
>
> On Sun, Apr 27, 2014 at 6:54 AM, Joi Ito <[redacted] wrote:
>
> President Obama's response to the Ukraine crisis, while derided by critics as slow and weak, has reinvigorated a 15-year global hunt for the Russian leader's hidden wealth.
> http://www.nytimes.com/2014/04/27/world/sanctions-revive-search-for-secret-putin-fortune.html?smid=nytnow-share&smprod=nytnow
>
>
> Sent from my iPhone
>
>
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> --
> please note
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> Jeffrey Epstein
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--
Please use my alternative address.[redacted]o avoid email auto responder

--
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Jeffrey Epstein
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**Date:** Friday, June 20 2014 10:50 AM
**Subject:** good for the gay comminuty
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]

http://www.nytimes.com/2014/06/21/us/politics/obama- to-extend-array-of-marriage-benefits-to-gay-couples.html?hp

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/14/2014 9:45:41 AM
**To:** Ed Boyden [redacted]
**Subject:** Re: deception

definitely

On Mon, Jul 14, 2014 at 4:50 AM, Ed Boyden <[redacted]> wrote:

Sorry again for that last minute cancellation in the Spring -- alas, the perils of running a new center, that I no longer control my schedule like in the good old days. But the Obama BRAIN Initiative is running strong, and MIT has a good bid for a seat at the table, so that is good. Want to revisit a time for a chat? My schedule is now much more free, thanks to these BRAIN initiative activities launching...

Best,
Ed

On Fri, Dec 6, 2013 at 7:08 AM, Lesley Groff <[redacted]> wrote:
> Good morning Neil…I am afraid Jeffrey must cancel his trip up today…he is sick in bed and not well. I am so very sorry to do this last minute. Hopefully we can circle back to this soon.
>
> Thank you,
> Lesley
> Assistant to Jeffrey Epstein
> [redacted]
>
>
> On Dec 6, 2013, at 12:32 AM, Neil Gershenfeld <[redacted]> wrote:
>
>> Confirming lunch noon Friday at my office, E15-401. Sunglasses and beach balls optional, hopefully this will be a warm-up for meeting in more entertaining venues.
>>
>> Neil
>>
>

--
Ed Boyden, Ph. D.
Leader, Synthetic Neurobiology Group
Associate Professor, MIT Media Lab and McGovern Institute,
Departments of Biological Engineering and Brain and Cognitive Sciences
Co-Director, MIT Center for Neurobiological Engineering
New York Stem Cell Foundation-Robertson Investigator
MIT, Room E15-421, 20 Ames St., Cambridge, MA 02139
email - [redacted]

office - [redacted]
cell - [redacted]
fax - [redacted]
skype - [redacted]
web - http://syntheticneurobiology.org
twitter - http://twitter.com/eboyden3

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/17/2014 1:47:48 PM
**To:** Lesley Groff [redacted]
**Subject:** Re: Reminder Ed Boyden.

Today or tomorowb

On Thursday, July 17, 2014, Lesley Groff <[redacted] wrote:

Reminder: Would you like me to set up a call for you with Ed Boyden?

Sent from my iPhone

Begin forwarded message:

**From:** Ed Boyden <[redacted]1>
**Date:** July 14, 2014, 4:50:47 AM EDT
**To:** Lesley Groff <[redacted]
**Cc:** Jeffrey Epstein <jeevacation@gmail.com>
**Subject: Re: deception**
**Reply-To:** [redacted]

Sorry again for that last minute cancellation in the Spring -- alas, the perils of running a new center, that I no longer control my schedule like in the good old days. But the Obama BRAIN Initiative is running strong, and MIT has a good bid for a seat at the table, so that is good. Want to revisit a time for a chat? My schedule is now much more free, thanks to these BRAIN initiative activities launching...

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Thank you,

Lesley

Assistant to Jeffrey Epstein

[redacted]

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Confirming lunch noon Friday at my office, E15-401. Sunglasses and beach balls optional, hopefully this will be a warm-up for meeting in more entertaining venues.

Neil

--
Ed Boyden, Ph. D.
Leader, Synthetic Neurobiology Group
Associate Professor, MIT Media Lab and McGovern Institute,
Departments of Biological Engineering and Brain and Cognitive Sciences
Co-Director, MIT Center for Neurobiological Engineering
New York Stem Cell Foundation-Robertson Investigator
MIT, Room E15-421, 20 Ames St., Cambridge, MA 02139
email - [redacted]
office - [redacted]
cell - [redacted]
fax - [redacted]
skype - [redacted]
web - http://syntheticneurobiology.org
twitter - http://twitter.com/eboyden3

--
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/19/2014 11:48:18 AM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]> wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/19/2014 7:48:29 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Fwd:

**Importance:** High

[redacted] if you have a chance

On Fri, Sep 19, 2014 at 3:46 PM, Kathy Ruemmler <[redacted]> wrote:

Correct. One time, maybe. Twice, no way.

On Sep 19, 2014 3:45 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

of course not , he wouldnt have been so stupid.

---------- Forwarded message ----------
From: **Kathy Ruemmler** <[redacted]>
Date: Fri, Sep 19, 2014 at 3:44 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

Gov is not jewish

On Sep 19, 2014 3:42 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

reid or governor

On Fri, Sep 19, 2014 at 3:02 PM, Kathy Ruemmler <[redacted]> wrote:

Uh, yeah. We will now go through a period of self-reflection and despair.

On Sep 19, 2014 3:00 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

double whoops

On Fri, Sep 19, 2014 at 2:59 PM, Kathy Ruemmler <[redacted]> wrote:

Yep. And now he is a repeat offender.

On Sep 19, 2014 2:58 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

and thats after turning down misdeameors? whoops

On Fri, Sep 19, 2014 at 2:57 PM, Kathy Ruemmler <[redacted]> wrote:

Reid's guy went down on all 7 counts.

On Sep 19, 2014 8:01 AM, "Kathy Ruemmler" <[redacted]> wrote:

Yes, trains exist -- people ride them to get from one place to another.....germ factories, however. DC today, back in NY on Sunday morning.

On Sep 19, 2014 7:57 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

train? yes , i will be like the emergency room doctor at lenox hill, put that crazy in room 1, gunshot in surgery, and the
"cook" welll -- he can wait

On Fri, Sep 19, 2014 at 7:54 AM, Kathy Ruemmler <[redacted]> wrote:

Doesn't look like you are prioritizing your schedule very effectively.....how are you going to manage all of that? this is unga week so the boss will be in town too.....I'll be here all week -- you may get sick of me....just sat down on the train so can't talk freely.

On Sep 19, 2014 7:48 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

"girls?",, careful i will renew an old habit, . this week, thiel, summers,bill burns, gordon brown, jagland, ( council of europe and nobel chairman ). mongolia pres , hardeep puree ( india), boris ( gates). jabor ( qatar ). sultan ( dubai, ), kosslyn ( harvard), leon black, woody. you are a welcome guest at any..... also if you think there are interesting people in town, everyone here for climate summit , clinton ,security council, holy shit im on [redacted] for next 30 minutes

On Fri, Sep 19, 2014 at 7:15 AM, Kathy Ruemmler <[redacted]> wrote:

Most girls do not have to worry about this crap.

On Sep 19, 2014 7:09 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

understood. it comes down to high risk / reward / low risk / reward. professional , emotional. and fiinancial

On Fri, Sep 19, 2014 at 6:15 AM, Kathy Ruemmler <[redacted]> wrote:

Agreed, but I need to be prepared to say yes before I talk to him.

Sent from my iPad

On Sep 19, 2014, at 1:21 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

You need to talk to boss

--
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/9/2014 10:15:19 AM
**To:** Lawrence Summers [redacted]
**Subject:** Re: Post Exclusive: Obama aides knew of possible White House tie to Cartagena scandal

i have some ideas . call when you have a moment .

On Wed, Oct 8, 2014 at 11:39 PM, Lawrence Summers <[redacted]> wrote:

I fear she should have pulled out last week.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**Resent-From:** <[redacted]>
**From:** The Washington Post <newsletters@email.washingtonpost.com>
**Date:** October 8, 2014 at 10:05:38 PM EDT
**To:** "Summers, Lawrence" <[redacted]>
**Subject: Post Exclusive: Obama aides knew of possible White House tie to Cartagena scandal**
**Reply-To:** The Washington Post <newslettersFS772X.4900074@email.washingtonpost.com>

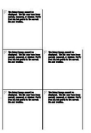

Breaking news and original journalism only at The Washington Post • Wed., Oct. 8, 2014

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# Obama aides knew of possible White House tie to Cartagena scandal

As nearly two dozen Secret Service agents and members of the military were punished or fired following a 2012 prostitution scandal in Colombia, Obama administration officials repeatedly denied that anyone from the White House was involved.

But new details drawn from government documents and interviews show that senior White House aides were given information at the time suggesting that a prostitute was an overnight guest in the hotel room of a presidential advance-team member — yet that information was never thoroughly investigated or publicly acknowledged.

**Read more**

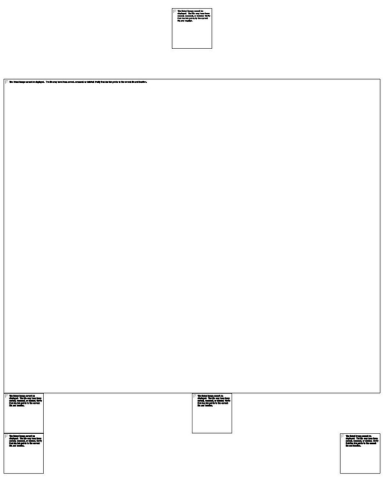

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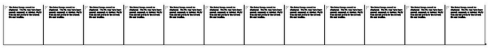

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/27/2014 3:53:38 PM
**To:** Lisa New[redacted]
**Subject:** Re: writing up proposal

**Importance:** High

I think the proposal for 500k is optimistic but can't hurt. .

On Mon, Oct 27, 2014 at 9:48 AM, Lisa New <[redacted]> wrote:

Dear Jeffrey,

Larry has told me that you and a friend would like to contribute to my project (hallelujah and thank you a million times, Jeffrey) and that I ought to write up a proposal asking for 500,000. This is wonderful. If this comes to pass, the best way for that money to come, I think, is as a gift to Poetry in America, an initiative at EdLabs at Harvard University. This will give me discretion over its disbursement to HarvardX and WGBH, but this will be absolutely be a Harvard gift that will count as Campaign success and from which Harvard will take some (but not as much)overhead. . So far the best finance people I've met are at EdLabs and they are happy to manage these funds for me. There are other ways to give me this money that leave Harvard out, but my understanding is that your friend would like this to be a Harvard gift.

Here's a draft of what I'd like to do with that money.

I'd like 500,000 to do post-production and distribution of a whole *historical period* of American poetry (1914-1945 is what I'm thinking--Modernism) and including *three episodes of tv*.

The raw materials for that period include interviews with Bill Clinton (including footage not yet used by WGBH), Peter Gallison, Walter Isaacson, Lena Dunham, Woody Allen (whose lawyers didn't like our release a while ago, but we're hoping will soften over time), Harrison Ford (still a maybe), Robert Polito, Sarah Kay, Al Filreis, Rafael Campo, Susan Howe, kids from Nantucket High School, kids from Brookline High School, Alfre Woodard, Jane Pickering, Jay Parini, Ray Dalio, Leon Wieseltier, Richard Dawkins and others; and footage shot in Harlem, Greenwich Village, midtown, Chicago, London (if I have the money to hire a crew there; don't now ), at museums including the Fogg, Harvard Museum of Natural History, Frost's house in Ripton Vermont and more.

This allows the donor to give to a big Harvard Campaign priority, Teaching and Learning , by supporting Poetry in America, allowing me to produce the crucial segment of the online course with the highest (TV quality) production values and so also supplying higher quality video to WGBH as a way also to cut their costs.

Currently, HarvardX skimps (on lighting, for instance--see the Bill Clinton interview) and while WGBH ladles money raised by others into everything. I have been pounding away at my friends at WGBH and I know that WGBH producer will work with HarvardX if they can give him footage of the right quality. . That is, we'll use HarvardX as the backlot for WGBH so as to squeeze three episodes out for 250.

This proposal does not include experiments in schools or the curricular development into courses for teachers that you've seen in other (million dollar_) proposals. But the courses for teachers can't happen before the footage is developed, and these courses will have as their centerpiece the WGBH episodes, and so this funding will make all the rest possible.

I can polish this narrative and or edit it, if there are things you think I have wrong.

And I can attach a draft budget based on real Harvard numbers (what my Harvard video editor, producer, media manager cost) as well as a draft WGBH budget I'll now go an negotiate with them. Or we can do that at a second stage.

Let me know what you think? And when are we reading Whitman together. Why don't we set a date for Feb when *Poetry in America 3: Whitman* is running online and we could screen a little video and then have a discussion around your table with you and some friends?

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/4/2015 10:25:34 AM
**To**: Joi Ito[redacted]

**Importance**: High

bad press in fulll swing . she also claims to have dinner on my island with clinton. lots of details where he was sitting etc however he was NEVER on the island NEVER. its silly, but she has lots of traction

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/4/2015 12:19:34 PM
**To:** Joi Ito [redacted]
**Subject:** Re:

**Importance:** High

Kabuki Sec royals money

On Sunday, January 4, 2015, Joi Ito <[redacted]> wrote:

Interesting…. Heard Alan is not the type to give up.

> On Jan 4, 2015, at 7:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> bad press in fulll swing . she also claims to have dinner on my island with clinton. lots of details where he was sitting etc however he was NEVER on the island NEVER. its silly, but she has lots of traction
>
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/10/2015 5:22:52 PM
**To:** Mortimer Zuckerman [redacted]
**Subject:** time to publish this instead of the trite.

ore
**15** of **141,013**

# Fwd: Statement for Press

**From:** Carolyn Cohen [redacted]m>
**Date:** February 10, 2015 at 10:40:57 AM EST
**To:** Alan Dershowitz <[redacted]>
**Subject: Statement for Press**

**Alan Dershowitz's Statement: We can now prove that Jane Doe #3 has no credibility and lied about Clinton, the Gores and Dershowitz.**

Dershowitz's lawyers have filed a detailed reply to Jane Doe #3 false charges. In it they definitively respond to all of the alleged evidence presented by Jane Doe #3 and her lawyers. Since that filing Mr. Dershowitz's lawyers have uncovered additional evidence that Jane Doe #3 has lied about her alleged contacts with former President Clinton and former Vice President Gore and the then Mrs. Gore. In her first affidavit to the court she repeats the claim that she had earlier sold to a British tabloid: namely that "former President Bill Clinton was present on the island [Jeffrey Epstein's private island] at a time when [Jane Doe #3] was also present on the Island."

This statement, sworn under oath, summarizes a far more elaborate fantasy that she sold to a British tabloid which has since been repeated by the international media. In neither statement, does she provide any specific dates or times, but she does weave an imaginative fantasy about her fictional meeting with former President Clinton. She "describes" how Mr. Clinton's Secret Service detail allowed Ghislaine Maxwell, then a novice helicopter pilot, to fly the former President to Epstein's private island on a large black helicopter—an obvious lie. She then purports to "describe" specific seating locations at a fictional dinner party that included her, Mr. Clinton, Jeffrey Epstein and two other underage "olive-skinned brunettes" whose identities she could not provide:

"I flew to the Caribbean with Jeffrey and then Ghislaine Maxwell went to pick up Bill in a huge black helicopter that Jeffrey had bought her. She'd always wanted to fly and Jeffrey paid for her to take lessons, and I remember she was very excited because she got her licence around the first year we met. I used to get frightened flying with her but Bill had the Secret Service with him and I remember him talking about what a good job she did. I only ever met Bill twice but Jeffrey had told me that they were good friends. I asked, "How come?" and he laughed and said, "He owes me some favours." Maybe he was just joking but it constantly surprised me that people with as much to lose as Bill and [Prince] Andrew weren't more careful. She said that when dining that night, Maxwell sat at

President Clinton's left, while they were joined by two 'olive-skinned brunettes' who had been flown in from New York...

I'd never met them before. I'd say they were no older than 17, very innocent-looking.

They weren't there for me. They weren't there for Jeffrey or Ghislaine because I was there to have sex with Jeffrey on the trip.

Maybe Jeffrey thought they would entertain Bill, but I saw no evidence that he was interested in them. He and Jeffrey and Ghislaine seemed to have a very good relationship. Bill was very funny.

He made me laugh a few times. And he and Jeffrey and Ghislaine told blokey jokes and the brunettes listened politely and giggled.

After dinner I gave Jeffrey an erotic massage. I don't remember seeing Bill again on the trip but I assume Ghislaine flew him back..."

Jane Doe #3 also concocted another meeting with a powerful political figure for the British tabloid, this time claiming to have met former Vice President Gore and his then wife, Tipper, on the same Island, again providing no specific dates or times, but only personal interest details designed to enhance the value of her fictional account:

"[Jane Doe #3] disclosed that Mr Clinton's vice-president Al Gore and his wife, Tipper, were also guests of Epstein on his island... 'I had no clue that anything was up,' [Jane Doe #3] says. 'The Gores seemed like a beautiful couple when I met them. All I knew was that Mr Gore was a friend of Jeffrey's and Ghislaine's. Jeffrey didn't ask me to give him a massage... There might have been a couple of other girls there on that trip but I could never have imagined this guy would do anything wrong. I was planning to vote for him when I turned 18. I thought he was awesome.'"

These fabrications, which are obvious on their face, could easily have been determined to be false by any reasonable investigation. Our investigation has turned up evidence that Mr. Clinton was never on Mr. Epstein's island, that neither Mr. Gore, nor his former wife, have ever been on the island, and that Mr. and Mrs. Gore do not even know Mr. Epstein. Jane Doe #3's salaciously detailed accounts, sold for money to a tabloid are made up and were purposely designed to titillate the interests of readers eager for such salacious material. Jane Doe #3's even more salacious "descriptions" of her alleged sexual encounters with Dershowitz are also fabricated.

If it turns out that Jane Doe #3 deliberately lied about seeing former President Clinton on the island, she would be guilty of perjury.

Mr. Dershowitz's legal team has uncovered additional evidence, which it is in the process of verifying, that proves a pattern of lying and false accusations that casts even further doubt on Jane Doe #3's credibility. This evidence will be disclosed once it has been confirmed by their investigation.

Web Clip
ESPN.com - Sources: Sherman avoids surgery, for now - 25 minutes ago

Inbox x

**Alan Dershowitz** 11:46 AM (1 hour ago)

to Darren, me, Martin

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/19/2015 9:15:06 PM
**To:** Martin Weinberg [redacted]
**Subject:** Re: Fw: Fwd: Mr. Clinton and Mr. Epstein

**Importance:** High

**Privileged - Redacted**

On Thursday, March 19, 2015, Martin Weinberg [redacted] wrote:

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

==========

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On Thursday, March 19, 2015 3:54 PM, Alan Dershowitz <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** "Sullivan, John" <[redacted]
**Date:** March 19, 2015 at 2:57:44 PM EDT
**To:** "[redacted]>
**Subject: Mr. Clinton and Mr. Epstein**

Good Afternoon Mr. Dershowitz,

I'm John Sullivan, a reporter at The Washington Post. I've been reading with great interest stories about allegations that former President Clinton spent time on Jeffrey Epstein's Caribbean Island. In a declaration you filled in federal court you state that you have reason to believe this is not true. Are you available to discuss this with me? Thank you for your time.

John Sullivan

John Sullivan
Reporter
[redacted]
1150 15th Street NW
Washington DC 20071
Phone:[redacted]
Mobile:[redacted]
Email:[redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/19/2015 9:43:40 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Fwd: Fw: Fwd: Mr. Clinton and Mr. Epstein
**Attachments:** image001.gif

**Importance:** High

**Privileged - Redacted**

---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thursday, March 19, 2015
Subject: Fw: Fwd: Mr. Clinton and Mr. Epstein
To: Jeffrey Epstein <jeevacation@gmail.com>, [redacted]

Martin G. Weinberg, Esq.

20 Park Plaza, Suite 1000

Boston, MA 02116

[redacted]

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Sent from my iPhone

Begin forwarded message:

**From:** "Sullivan, John" <[redacted]
**Date:** March 19, 2015 at 2:57:44 PM EDT
**To:** [redacted] <[redacted]>
**Subject: Mr. Clinton and Mr. Epstein**

Good Afternoon Mr. Dershowitz,

I'm John Sullivan, a reporter at The Washington Post. I've been reading with great interest stories about allegations that former President Clinton spent time on Jeffrey Epstein's Caribbean Island. In a declaration you filled in federal court you state that you have reason to believe this is not true. Are you available to discuss this with me? Thank you for your time.

John Sullivan

John Sullivan
Reporter
[redacted]
1150 15th Street NW
Washington DC 20071
Phone: [redacted]
Mobile: [redacted]

Email: [redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/18/2015 4:08:16 PM
**To**: Lawrence Krauss [redacted]
**Subject**: Re: an article you may both hate. or like.

**Importance**: High

you can invite depp to visit us when you are in the caribean

On Thu, Sep 10, 2015 at 4:10 PM, Lawrence Krauss <[redacted]> wrote:

Ps. My piece argued against fanaticism.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office[redacted] Assistant [redacted]
Origins Office[redacted]
krauss@asu.edu
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Sep 10, 2015, at 12:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I think religion plays a major positive role in many lives. . i dont like fanaticism on either side. . sorry

On Thu, Sep 10, 2015 at 7:52 PM, Noam Chomsky <[redacted]> wrote:

Thanks for sending. A wide area of agreement, but not total.

On confronting dogma, I of course agree – though in my opinion the secular religions – nationalist fanaticism, etc. – are much more dangerous. And if some find rational discussion offensive – as, for example, mainstream academics find dismantling myths of "American exceptionalism" or "Israeli self-defense" or Obama's mass murder campaign, etc., offensive – so be it.

But I don't see why that should extend to ridicule. That includes astrologists. Astronomers can refute astrology, while recognizing that perfectly honest and deluded people may believe it and should be treated with respect, while their beliefs are confronted with evidence. I also don't see why we should ridicule religious dogma, just as I don't think we should ridicule the much more pernicious secular dogmas. Rather, we should respond to irrational belief with argument and evidence, while recognizing that their advocates (like most of the intellectual world in the case of secular dogma) are people who we should be responding to but without ridiculing them. It may be hard sometimes. For example, when the icon and founding father of sober non-sentimental Realism in International Affairs informs us that the US, unlike other countries, has a "transcendental purpose," and the fact that it constantly acts in contradiction to its purpose doesn't matter because the facts are just "abuse of history" while real history is "the evidence of history as our minds reflect it," then it's hard to avoid ridicule. But we should. There's no point ridiculing

virtually the entire IR profession and the major journals, even though such extraordinary irrationality leads to major human disasters.

On Davis, I frankly think that's a non-issue. If she decides she cannot do her job as the conditions of employment require (including following the law), then she can quit and look for another job. As in any other such case.

Noam

---

**From:** Lawrence Krauss [mailto:[redacted]
**Sent:** Thursday, September 10, 2015 1:51 AM
**To:** Noam Chomsky <[redacted]>; jeffrey E. <jeevacation@gmail.com>
**Subject:** an article you may both hate. or like.

hope all is well.

Lawrence

http://www.newyorker.com/news/news-desk/all-scientists-should-be-militant-atheists


**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**

**Foundation Professor**
School of Earth & Space Exploration and Physics Department

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/25/2015 11:46:21 AM
**To**: Joi Ito [redacted]

**Importance**: High

another idea for obama . not as good as bio signal intelligence. . the cinese are willing to build a new collider. they will put up the money and build it , but need american tech. if he were to call it the obama xi collider. his legazy would be great in scinece and the project takes 15 -30 years.

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# Epstein victims "complicit" so not truly victims, government says

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By Michele Dargan

Daily News Staff Writer

A routine status check Monday on a 2008 federal lawsuit tied to sex offender Jeffrey Epstein's plea deal ended with a new allegation from the government.

The two victims who filed the lawsuit — Jane Doe No. 1 and Jane Doe No. 2 — aren't actually victims because they procured other girls for Epstein and received money for it, Assistant United States Attorney Dexter Lee said in West Palm Beach federal court.

If someone "is complicit in the offenses," they can't be considered victims under the federal Crime Victims' Rights Act , Lee said.

"A Crime Victims' Rights Act action is part of a criminal proceeding normally, but there's nothing normal about this case," Lee said.

Doe 1 and 2 are among more than two dozen underage girls who filed lawsuits or settled claims against Epstein, alleging they were lured to his Palm Beach mansion to give him sexually charged messages and/or sex in exchange for money. They were 14 and 13 at the time.

"Today is the first we've heard that the victims were complicit and this disqualifies them," said victims' attorney Brad Edwards. "This is an additional issue, which will lead to other issues."

Edwards added that although only two victims are named as plaintiffs, they represent dozens of victims who were named by the government as having been victimized by Epstein. Edwards said he plans to have other victims testify at trial.

Doe 1 and 2 are trying to overturn a federal non-prosecution agreement struck between Epstein and federal prosecutors without notice to the victims — a violation of the victims' rights act. The agreement kept Epstein from facing serious federal charges and extensive prison time.

Epstein signed the agreement in September 2007, but victims weren't notified until January and May 2008, according to emails and court documents.

As part of the deal, Epstein pleaded guilty to two state charges in June 2008, serving 13 months of an 18-month prison sentence in a vacant wing of the Palm Beach County stockade. He was awarded liberal work-release privileges.

In January, another Epstein victim alleged in court papers that Epstein forced her to have sex with Britain's Prince Andrew and high-profile attorney Alan Dershowitz when she was a minor. Both have vigorously denied her claims. Dershowitz and Edwards are suing each other in Broward County Circuit Court, alleging defamation.

Edwards told U.S. District Judge Kenneth Marra that he and attorney Paul Cassell will file a 50-page motion for summary judgment by Dec. 15. If that motion is denied, Edwards said he thinks it would be possible that the case could be ready for trial by mid-summer.

That was before Lee interjected the new issue.

"There are no deadlines at this point," Marra said. "That is the reason for this hearing, so that it doesn't linger."

Marra asked both sides to get together in the next few weeks and "agree on a schedule to get things done."

After the hearing, Edwards said, "I'm disappointed that they would attempt to call these girls anything less than victims and it's no doubt offensive to the victims. To raise this issue for the first time eight years later is not right."

4 0 4 14

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/2/2015 3:31:35 PM
**To:** Lisa New [redacted]
**Subject:** Re: Poetry Update and Thank You

**Importance:** High

I'm in Cambridge sat?

On Wednesday, 2 December 2015, Lisa New [redacted] > wrote:

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Lisa

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Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
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[redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/2/2015 5:52:40 PM
**To:** Lesley Groff [redacted]
**Subject:** Fwd: Poetry Update and Thank You

**Importance:** High

---------- Forwarded message ----------
From: **Lisa New** <[redacted]
Date: Wednesday, 2 December 2015
Subject: Poetry Update and Thank You
To: "jeffrey E." <jeevacation@gmail.com>

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Lisa

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**Sent:** 12/2/2015 5:58:02 PM
**To:** Lesley Groff [redacted]
**Subject:** Re: Poetry Update and Thank You

I'd like to speak to her

On Wednesday, 2 December 2015, Lesley Groff <[redacted]> wrote:
did you want to send the below to Lisa? (or have me ask her?)

On Dec 2, 2015, at 12:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Do you know Chomsky , he Is with me

On Wednesday, 2 December 2015, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------s with me
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/7/2015 7:04:18 PM
**To**: Lisa New[redacted]
**Subject**: Re: and....another bit of advice ...? on WA

**Importance**: High

send me the list of policticans the list you sent will generate an of course not

On Mon, Dec 7, 2015 at 3:01 PM, Lisa New <[redacted]> wrote:

Dear Jeffrey,

As you probably know, Woody Allen's legal team said that we couldn't use the film we shot of him: online, for broadcast, anywhere.

It was a fantastic experience taping with him and so, even if I can't ever use the footage, I'm still grateful to you for making the day possible. But of course I'd like to use the footage. I decided when--way back-- we got this very negative answer back from his lawyers that I should just take my time about asking --since it would take us 2 years to be ready to edit the footage anyway (The online course is chronological. When I taped Woody we were still back in 1730. Now we've gotten to the 1920s)

Well, we've now arrived at the season when we'll be editing materials on William Carlos Williams for our course on Modernism and, as we discussed on Saturday, on poetry and other arts, The Poetry of Art, Sport, and Play

I would also, of course, love to make a tv episode out of the conversation, but the threshold question is whether he'll let us use it for anything at all. In case it would matter,

Other performers who have already taped with me include

John Lithgow,
Diane Paulus
Julie Taymor
Nas
Eve Ensler
Damian Woetzel
Kate Burton
Lil Buck Riley
Alfre Woodard
Herbie Hancock
Tony Kushner
Natalia Zukerman

and those who have agreed to tape with me include

Sally Field
Lena Dunham
Yo Yo Ma
Anna Deveare Smith
and more.

Those in other fields include journalists, senators, president clinton etc etc. You've read my pitch before (many times)

His is one of only two releases that we haven't gotten. What do you think of my chances?

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 5:59:54 PM
**To:** soon yi previn [redacted]
**Subject:** Re: following up: WA poetry release

thx

On Tue, Dec 8, 2015 at 1:58 PM, soon yi previn <[redacted]> wrote:

Open in principle depending on specially how and where it would be shown and how it would be advertised-both subject to particular requirements and/or restrictions.Also dependent on approval of final cut. Would enter project with positive attitude but release would be reworked by lawyer.

Sent from Soon-Yi's iPhone

On Dec 8, 2015, at 10:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Leah Reis-Dennis** <[redacted]>
Date: Tue, Dec 8, 2015 at 11:33 AM
Subject: following up: WA poetry release
To: jeevacation@gmail.com, Lisa New <[redacted]>

Dear Jeffrey,

My name is Leah Reis-Dennis, and I'll be heading operations for Lisa's new non-profit, Verse Video Education. She's asked me to be in touch with you about helping us get a release from Woody Allen.

First, I wanted to send along the rough stringout of footage from the conversation with Woody a couple of years ago on "This is Just to Say" by William Carlos Williams. This is totally unedited and uncut footage, but we would love the opportunity to turn it into something great.
https://www.dropbox.com/sh/c0bn1jjxeo0654g/uWZ6KBVbLS?preview=WoodyAllen+Basic+Clip+for+Viewing.mov

If Woody Allen agrees to let us use the footage, he will be in distinguished company. To date, we have filmed conversations about poetry with dozens of distinguished Americans including:

Bill Clinton
Al Gore
John McCain
Mayor Rahm Emanuel
Mayor Tom Menino
Supreme Court Justice Elena Kagan
Sir Mervyn King
Former Secretary of the Treasury Larry Summers

The conversation would be part of a large multiplatform initiative that Harvard Professor Lisa New has under way to bring poetry into the mainstream, and, especially, into English Language Arts classrooms in the United States and around the world. The initiative, Poetry in America, includes a HarvardX online course, a television series we're creating with WGBH to be paired with PBS LearningMedia segments for the classroom, and, a

series of online professional development courses we're creating for ELA Middle and High School teachers and for their students.

Let us know if Woody Allen might be open to our sending another release form his way. Of course, if he's interested in releasing the footage for only certain parts of our project, we're open to having a conversation about that, too.

Thank you, and I hope to meet you soon.

Best, Leah

--
Leah Reis-Dennis
*Poetry in America*
[redacted]

--
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 4:39:12 PM
**To**: Alan M. Dershowitz [redacted]; Roy Black [redacted]; Jack Goldberger [redacted]
**Subject**: Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments**: katie johnson v trump complaint.pdf

**Importance**: High

j
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

**Privileged - Redacted**

Begin forwarded message:

**From:** <[redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** [redacted]
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile: [redacted]

[redacted]
Reuters.com

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# UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
## CIVIL COVER SHEET

**I. (a) PLAINTIFFS** ( Check box if you are representing yourself ☒ )

KATIE JOHNSON

**DEFENDANTS** ( Check box if you are representing yourself ☐ )

DONALD J. TRUMP and
JEFFREY E. EPSTEIN

(b) County of Residence of First Listed Plaintiff SAN BERNADINO
*(EXCEPT IN U.S. PLAINTIFF CASES)*

County of Residence of First Listed Defendant NEW YORK
*(IN U.S. PLAINTIFF CASES ONLY)*

(c) Attorneys (*Firm Name, Address and Telephone Number*) If you are representing yourself, provide the same information.
KATIE JOHNSON
6634 DESERT QUEEN AVE., TWENTY NINE PALMS, CA. 92277
(760) 401-0192
NO E-MAIL OR FAX

Attorneys (*Firm Name, Address and Telephone Number*) If you are representing yourself, provide the same information.

UNKNOWN

**II. BASIS OF JURISDICTION** (Place an X in one box only.)

☐ 1. U.S. Government Plaintiff
☐ 3. Federal Question (U.S. Government Not a Party)
☐ 2. U.S. Government Defendant
☒ 4. Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES**-For Diversity Cases Only
(Place an X in one box for plaintiff and one for defendant)

| | PTF | DEF | | PTF | DEF |
|---|---|---|---|---|---|
| Citizen of This State | ☒ 1 | ☐ 1 | Incorporated or Principal Place of Business in this State | ☐ 4 | ☐ 4 |
| Citizen of Another State | ☐ 2 | ☒ 2 | Incorporated and Principal Place of Business in Another State | ☐ 5 | ☐ 5 |
| Citizen or Subject of a Foreign Country | ☐ 3 | ☐ 3 | Foreign Nation | ☐ 6 | ☐ 6 |

**IV. ORIGIN** (Place an X in one box only.)

☒ 1. Original Proceeding ☐ 2. Removed from State Court ☐ 3. Remanded from Appellate Court ☐ 4. Reinstated or Reopened ☐ 5. Transferred from Another District (Specify) ☐ 6. Multi-District Litigation

**V. REQUESTED IN COMPLAINT: JURY DEMAND:** ☐ Yes ☒ No (Check "Yes" only if demanded in complaint.)

**CLASS ACTION under F.R.Cv.P. 23:** ☐ Yes ☒ No ☐ **MONEY DEMANDED IN COMPLAINT:** $ 100,000,000.00

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

42 U.S.C. ; 1985 - CONSPIRACY TO DENY CIVIL RIGHTS

**VII. NATURE OF SUIT** (Place an X in one box only).

**OTHER STATUTES**
- ☐ 375 False Claims Act
- ☐ 376 Qui Tam (31 USC 3729(a))
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce/ICC Rates/Etc.
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced & Corrupt Org.
- ☐ 480 Consumer Credit
- ☐ 490 Cable/Sat TV
- ☐ 850 Securities/Commodities/Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Info. Act
- ☐ 896 Arbitration
- ☐ 899 Admin. Procedures Act/Review of Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

**CONTRACT**
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loan (Excl. Vet.)
- ☐ 153 Recovery of Overpayment of Vet. Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

**REAL PROPERTY**
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment

**REAL PROPERTY CONT.**
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

**TORTS PERSONAL INJURY**
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Fed. Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury-Med Malpratice
- ☐ 365 Personal Injury-Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

**IMMIGRATION**
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

**TORTS PERSONAL PROPERTY**
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

**BANKRUPTCY**
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

**CIVIL RIGHTS**
- ☒ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 American with Disabilities-Employment
- ☐ 446 American with Disabilities-Other
- ☐ 448 Education

**PRISONER PETITIONS**

**Habeas Corpus:**
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

**Other:**
- ☐ 540 Mandamus/Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee Conditions of Confinement

**FORFEITURE/PENALTY**
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 690 Other

**LABOR**
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Mgmt. Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Ret. Inc. Security Act

**PROPERTY RIGHTS**
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 840 Trademark

**SOCIAL SECURITY**
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405 (g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405 (g))

**FEDERAL TAX SUITS**
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS-Third Party 26 USC 7609

ED CV16-00797 DMG (KSx)

**FOR OFFICE USE ONLY:** Case Number:

APR 26 2016



HOUSE_OVERSIGHT_029257

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA**
**CIVIL COVER SHEET**

**VIII. VENUE:** Your answers to the questions below will determine the division of the Court to which this case will be initially assigned. This initial assignment is subject to change, in accordance with the Court's General Orders, upon review by the Court of your Complaint or Notice of Removal.

| **QUESTION A: Was this case removed from state court?** ☐ Yes ☒ No<br>If "no, " skip to Question B. If "yes," check the box to the right that applies, enter the corresponding division in response to Question E, below, and continue from there. | STATE CASE WAS PENDING IN THE COUNTY OF: | INITIAL DIVISION IN CACD IS: |
|---|---|---|
| | ☐ Los Angeles, Ventura, Santa Barbara, or San Luis Obispo | Western |
| | ☐ Orange | Southern |
| | ☐ Riverside or San Bernardino | Eastern |

| | | |
|---|---|---|
| **QUESTION B: Is the United States, or one of its agencies or employees, a PLAINTIFF in this action?** ☐ Yes ☒ No<br>If "no, " skip to Question C. If "yes," answer Question B.1, at right. | **B.1.** Do 50% or more of the defendants who reside in the district reside in Orange Co.?<br>*check one of the boxes to the right* → | ☐ YES. Your case will initially be assigned to the Southern Division. Enter "Southern" in response to Question E, below, and continue from there.<br>☐ NO. Continue to Question B.2. |
| | **B.2.** Do 50% or more of the defendants who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)<br>*check one of the boxes to the right* → | ☐ YES. Your case will initially be assigned to the Eastern Division. Enter "Eastern" in response to Question E, below, and continue from there.<br>☐ NO. Your case will initially be assigned to the Western Division. Enter "Western" in response to Question E, below, and continue from there. |
| **QUESTION C: Is the United States, or one of its agencies or employees, a DEFENDANT in this action?** ☐ Yes ☒ No<br>If "no, " skip to Question D. If "yes," answer Question C.1, at right. | **C.1.** Do 50% or more of the plaintiffs who reside in the district reside in Orange Co.?<br>*check one of the boxes to the right* → | ☐ YES. Your case will initially be assigned to the Southern Division. Enter "Southern" in response to Question E, below, and continue from there.<br>☐ NO. Continue to Question C.2. |
| | **C.2.** Do 50% or more of the plaintiffs who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)<br>*check one of the boxes to the right* → | ☐ YES. Your case will initially be assigned to the Eastern Division. Enter "Eastern" in response to Question E, below, and continue from there.<br>☐ NO. Your case will initially be assigned to the Western Division. Enter "Western" in response to Question E, below, and continue from there. |

| **QUESTION D: Location of plaintiffs and defendants?** | A. Orange County | B. Riverside or San Bernardino County | C. Los Angeles, Ventura, Santa Barbara, or San Luis Obispo County |
|---|---|---|---|
| Indicate the location(s) in which 50% or more of *plaintiffs who reside in this district* reside. (Check up to two boxes, or leave blank if none of these choices apply.) | ☐ | ☒ | ☐ |
| Indicate the location(s) in which 50% or more of *defendants who reside in this district* reside. (Check up to two boxes, or leave blank if none of these choices apply.) | ☐ | ☐ | ☐ |

| **D.1. Is there at least one answer in Column A?** | **D.2. Is there at least one answer in Column B?** |
|---|---|
| ☐ Yes ☒ No<br>If "yes," your case will initially be assigned to the SOUTHERN DIVISION.<br>Enter "Southern" in response to Question E, below, and continue from there.<br>If "no," go to question D2 to the right. → | ☒ Yes ☐ No<br>If "yes," your case will initially be assigned to the EASTERN DIVISION.<br>Enter "Eastern" in response to Question E, below.<br>If "no," your case will be assigned to the WESTERN DIVISION.<br>Enter "Western" in response to Question E, below. ↓ |

| **QUESTION E: Initial Division?** | INITIAL DIVISION IN CACD |
|---|---|
| Enter the initial division determined by Question A, B, C, or D above: → | EASTERN |

| **QUESTION F: Northern Counties?** | |
|---|---|
| Do 50% or more of plaintiffs or defendants in this district reside in Ventura, Santa Barbara, or San Luis Obispo counties? | ☐ Yes ☐ No |

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA**
**CIVIL COVER SHEET**

**IX(a). IDENTICAL CASES:** Has this action been previously filed **in this court**? ☒ NO ☐ YES

If yes, list case number(s): _____

**IX(b). RELATED CASES:** Is this case related (as defined below) to any civil or criminal case(s) previously filed **in this court**? ☒ NO ☐ YES

If yes, list case number(s): _____

**Civil cases** are related when they (check all that apply):

☐ A. Arise from the same or a closely related transaction, happening, or event;

☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or

☐ C. For other reasons would entail substantial duplication of labor if heard by different judges.

Note: That cases may involve the same patent, trademark, or copyright is not, in itself, sufficient to deem cases related.

**A civil forfeiture case and a criminal case** are related when they (check all that apply):

☐ A. Arise from the same or a closely related transaction, happening, or event;

☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or

☐ C. Involve one or more defendants from the criminal case in common and would entail substantial duplication of labor if heard by different judges.

**X. SIGNATURE OF ATTORNEY (OR SELF-REPRESENTED LITIGANT):** _____ DATE: April 26, 2016

**Notice to Counsel/Parties:** The submission of this Civil Cover Sheet is required by Local Rule 3-1. This Form CV-71 and the information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. For more detailed instructions, see separate instruction sheet (CV-071A).

Key to Statistical codes relating to Social Security Cases:

| Nature of Suit Code | Abbreviation | Substantive Statement of Cause of Action |
|---|---|---|
| 861 | HIA | All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b)) |
| 862 | BL | All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923) |
| 863 | DIWC | All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g)) |
| 863 | DIWW | All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g)) |
| 864 | SSID | All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended. |
| 865 | RSI | All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g)) |

Name: KATIE JOHNSON
Address: 6634 DESERT QUEEN AVE.
TWENTYNINE PALMS, CA. 92277
Phone: (760) 401-0192
Fax: NO FAX OR E-MAIL
In Pro Per

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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
RIVERSIDE
BY

**UNITED STATES DISTRICT COURT**
**CENTRAL DISTRICT OF CALIFORNIA**

| | |
|---|---|
| KATIE JOHNSON<br>Plaintiff<br>v.<br>DONALD J. TRUMP and<br>JEFFREY E. EPSTEIN<br>Defendant(s). | CASE NUMBER:<br>ED CV16-00797 DMG (KSx)<br>To be supplied by the Clerk of<br>The United States District Court<br>**COMPLAINT FOR CLAIM RELIEF DUE TO:**<br>**1. SEXUAL ABUSE UNDER THREAT OF HARM**<br>**2. CONSPIRACY TO DEPRIVE CIVIL RIGHTS** |

Plaintiff Katie Johnson, for causes of actions against Defendants Donald J. Trump and Jeffrey E. Epstein, alleges as follows:

IFP

JURISDICTION

1. Jurisdiction is pursuant to the law of Diversity, 28 U.S.C. ; 1332, as plaintiff resides in the state of California while defendants reside in the state of New York and the action is for damages above $75,000.

VENUE

2. The venue is established as the Eastern Division of the United States Court Central District of California because the plaintiff resides in San Bernadino County, State of California





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PARTIES

3. The Plaintiff, Katie Johnson, resides in the State of California.

4. The Defendants, Donald J. Trump and Jeffrey E. Epstein, each reside in the State of New York.

FACTUAL ALLEGATIONS

5. The Plaintiff, Katie Johnson, alleges that the Defendants, Donald J. Trump and Jeffrey E. Epstein, did willfully and with extreme malice violate her Civil Rights under 18 U.S.C. ; 2241 by sexually and physically abusing Plaintiff Johnson by forcing her to engage in various perverted and depraved sex acts by threatening physical harm to Plaintiff Johnson and also her family.

6. The Plaintiff, Katie Johnson, alleges that the Defendants, Donald J. Trump and Jeffrey E. Epstein, also did willfully and with extreme malice violate her Civil Rights under 42 U.S.C. ; 1985 by conspiring to deny Plaintiff Johnson her Civil Rights by making her their sex slave.

7. The Plaintiff, Katie Johnson, alleges she was subject to extreme sexual and physical abuse by the Defendants, Donald J. Trump and Jeffrey E. Epstein, including forcible rape during a four month time span covering the months of June-September 1994 when Plaintiff Johnson was still only a minor of age 13.

8. The Plaintiff, Katie Johnson, alleges she was enticed by promises of money and a modeling career to attend a series of underage sex parties held at the New York City residence of Defendant Jeffrey E. Epstein and attended by Defendant Donald J. Trump.

9. On the first occasion involving the Defendant, Donald J. Trump, the Plaintiff, Katie Johnson, was forced to manually stimulate Defendant Trump with the use of her hand upon Defendant Trump's erect penis until he reached sexual orgasm.

10. On the second occasion involving the Defendant, Donald J. Trump, the Plaintiff, Katie Johnson, was forced to orally copulate Defendant Trump by placing her mouth upon Defendant Trump's erect penis until he reached sexual orgasm.

11. On the third occasion involving the Defendant, Donald J. Trump, the Plaintiff, Katie Johnson, was forced to engage in an unnatural lesbian sex act with her fellow minor and sex slave, Maria Doe, age 12, for the sexual enjoyment of Defendant Trump. After this sex act, both minors were forced to orally copulate Defendant Trump by placing their mouths simultaneously on his erect penis until he achieved sexual orgasm. After zipping up his pants, Defendant Trump physically pushed both minors away while angrily berating them for the "poor" quality of their sexual performance.

12. On the fourth and final sexual encounter with the Defendant, Donald J. Trump, the Plaintiff, Katie Johnson, was tied to a bed by Defendant Trump who then proceeded to forcibly rape Plaintiff Johnson. During the course of this savage sexual attack, Plaintiff Johnson loudly pleaded with Defendant Trump to "please wear a condom". Defendant Trump responded by violently striking Plaintiff Johnson in the face with his open hand and screaming that "he would do whatever he wanted" as he refused to wear protection. After achieving sexual orgasm, the Defendant, Donald J. Trump put his suit back on and when the Plaintiff, Katie Johnson, in tears asked Defendant Trump what would happen if he had impregnated her, Defendant Trump grabbed his wallet and threw some money at her and screamed that she should use the money "to get a fucking abortion".

13. On the first occasion involving the Defendant, Jeffrey E. Epstein, the Plaintiff, Katie Johnson, was forced to disrobe into her bra and panties and to give a full body massage to Defendant Epstein while he was completely naked. During the massage, Defendant Epstein physically forced Plaintiff Johnson to touch his erect penis with her bare hands and to clean up his ejaculated semen after he achieved sexual orgasm.

14. On the second occasion involving the Defendant, Jeffrey Epstein, the Plaintiff, Katie Johnson, was again forced to disrobe into her bra and panties while giving Defendant Epstein a full body massage while he was completely naked. The Defendant, Donald J. Trump, was also present as he was getting his own massage from another minor, Jane Doe, age 13. Defendant Epstein forced Plaintiff Johnson to touch his erect penis by physically placing her bare hands upon his sex organ and again forced Plaintiff Johnson to clean up his ejaculated semen after he achieved sexual orgasm.

15. Shortly after this sexual assault by the Defendant, Jeffrey E. Epstein, on the Plaintiff, Katie Johnson, Plaintiff Johnson was still present while the two Defendants were arguing over who would be the one to take Plaintiff Johnson's virginity. The Defendant, Donald J. Trump, was clearly heard referring to Defendant, Jeffrey E. Epstein, as a "Jew Bastard" as he yelled at Defendant Epstein, that clearly, he, Defendant Trump, should be the lucky one to "pop the cherry" of Plaintiff Johnson.

16. The third and final sexual assault by the Defendant, Jeffrey E. Epstein, on the Plaintiff, Katie Johnson, took place after Plaintiff Johnson had been brutally and savagely raped by Defendant Trump. While receiving another full body massage from Plaintiff Johnson, while in the nude, Defendant Epstein became so enraged after finding out that Defendant Trump had been the one to take Plaintiff Johnson's virginity, that Defendant Epstein also violently raped Plaintiff Johnson. After forcing Plaintiff Johnson to disrobe into her bra and panties, while receiving a massage from the Plaintiff, Defendant Epstein attempted to enter Plaintiff Johnson's anal cavity with his erect penis while trying to restrain her. Plaintiff Johnson attempted to push Defendant Epstein away, at which time Defendant Epstein attempted to enter Plaintiff Johnson's vagina with his erect penis. This attempt to brutally sodomize and rape Plaintiff Johnson by Defendant Epstein was finally repelled by Plaintiff Johnson but not before Defendant Epstein was able to achieve sexual orgasm. After perversely sodomizing and raping the Plaintiff, Katie Johnson, the Defendant, Jeffrey E. Epstein, attempted to strike her about the head with his closed fists while he angrily screamed at Plaintiff Johnson that he, Defendant Epstein, should have been the one who "took her cherry, not Mr. Trump", before she finally managed to break away from Defendant Epstein.

17. The Plaintiff, Katie Johnson, was fully warned on more than one occasion by both Defendants, Donald J. Trump and Jeffrey E. Epstein, that were she ever to reveal any of the details of the sexual and physical abuse that she had suffered as a sex slave for Defendant Trump and Defendant Epstein, that Plaintiff Johnson and her family would be in mortal danger. Plaintiff Johnson was warned that this would mean certain death for herself and Plaintiff Johnson's family unless she remained silent forever on the exact details of the depraved and perverted sexual and physical abuse she had been forced to endure from the Defendants.

MATERIAL WITNESSES

18. Tiffany Doe, a former trusted employee of the Defendant, Jeffrey E. Epstein, has agreed to provide sworn testimony in this civil case and any other future civil or criminal proceedings, fully verifying the authenticity of the claims of the Plaintiff, Katie Johnson. Witness Tiffany Doe was employed by the Defendant, Jeffrey E. Epstein, for more than 10 years as a party planner for his underage sex parties. Despite being subject to constant terroristic threats by Defendants Epstein and Trump to never reveal the details of these underage sex parties at which scores of teenagers, and pre-teen girls were used as sex slaves by Defendant Epstein and Defendant Trump, witness Tiffany Doe refuses to be silent any longer. She has agreed to fully reveal the extent of the sexual perversion and physical cruelty that she personally witnessed at these parties by Defendants Epstein and Trump.

19. Material witness Tiffany Doe fully confirms all of Plaintiff Katie Johnson's allegations of physical and sexual abuse by Defendants Donald J. Trump and Jeffrey E. Epstein. Tiffany Doe was physically present at each of the four occasions of sexual abuse by Defendant Trump upon the person of Plaintiff Johnson, as it was her job to witness all of the sexual escapades of Defendant Epstein's guests at these underage sex parties and later reveal all of the sordid details directly to Defendant Epstein. Defendant Epstein also demanded that Tiffany Doe tell him personally everything she had overheard at these parties explaining to her that "knowledge was king" in the financial world. As a result of these underage sex parties, Defendant Epstein was able to accumulate inside business knowledge that he otherwise would never have been privy to in order to amass his huge personal fortune.

20. Material witness Tiffany Doe will testify that she was also present or had direct knowledge of each of the three instances on which Defendant Jeffrey E. Epstein physically and sexually abused the Plaintiff, Katie Johnson. Tiffany Doe will testify to the fact that the Plaintiff, Katie Johnson, was extremely fortunate to have survived all of the physical and sexual horrors inflicted upon her by Defendants Epstein and Trump.

CLAIM FOR RELIEF

21. The Plaintiff, Katie Johnson, asks the court for relief against the Defendants, Donald J. Trump and Jeffrey E. Epstein, in the amount of $100,000,000.00 (One Hundred Million Dollars) as a result of the Defendants aforementioned acts upon which they willfully and maliciously violated the Civil Rights of the Plaintiff as stated in 18 U.S.C. ; 2241 by sexually and physically abusing the then 13 year old Plaintiff Johnson under threat of harm to her and her family, and 42 U.S.C. ; 1985 by the Defendants conspiring to deny the Civil Rights of Plaintiff Johnson by making her their sex slave.

Dated: April 26, 2016

KATIE JOHNSON

By_____

Plaintiff Katie Johnson

Appearing In Pro Per

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/3/2016 6:37:06 PM
**To:** Moshe Hoffman [redacted]
**Subject:** Re: Greetings, Thanks, and Top Five Questions for the Social Sciences (which Martin thought may interest you)

i think you might want to consider the distribution of these things , not the binary report of the individual

On Tue, May 3, 2016 at 12:51 PM, Moshe Hoffman <[redacted]> wrote:

Hi Jeff,

Thanks again for making the time for me last time you were in town. And for your introductions to Brockman and Ehud. I have enjoyed all the conversations and been learning a lot. Hopefully, a book or two will come out of it eventually as well. Means a lot to me.

Martin mentioned that you are thinking about the top questions in various fields and suggested I might think of some of my own and pass them on to you.

In case you are interested, I list below the five biggest questions that keep me up at night, motivate my life's work, and which I think ought to keep up every social scientist. Happy to discuss with you, if and when you are interested.

-Moshe

---

1) Where do our moral and political views come from?

The bull shit answers most people accept clearly don't fit the facts; we are not discovering moral truths through reason, and our political views are not motivated by a desire to achieve the best policy outcomes. So what does drive these beliefs? And what causes them to have the weird puzzling features they do (e.g., why is a lie of commission so much worse than a lie of omission)? And what causes them to change over time (e.g., slavery has been accepted as moral at many points in history)? And differ across cultures (e.g., ISIS versus the U.S.)? And across person and context (e.g., Trump vs. Bernie supporters)?

More generally, we believe and argue all sorts of crap (your vote can make a difference, Jesus loves you, all men are created equal). How do these beliefs and arguments work? Are they just random ideas propagated by an amorphous culture, viruses taking advantage of our own psychology for their benefit, ideas that get us to do the bidding of their cynical designers?

2) Similarly, where do our tastes come from? Like the art we like? Or the music?

Some tastes are kinda obvious. E.g., we evolved to like young curvy women because they are the most fertile. And maybe we like art that reminds us of this or of landscapes that are safe or what not. But there are many aspects of art and music (e.g. modern art, rap) that are not universally pleasing. So what makes people like these things? What properties do they need to succeed? What role does the artist or the history of the piece play in what we like? Of course, this question isn't just about art and music, but about all of our peculiar, culturally specific tastes. How does culture shape our tastes? Is it completely arbitrary or is there some logic to its influence?

3) Where do our political and economic institutions come from and what causes them to have the peculiar structure they have?

We have one vote per person, but everyone knows dollars can buy more votes, and voters in small states are better represented than those in large states. Whose interests are being served and why theirs? Many economists and political scientists have thought about "optimal institutions." And much comparative and historical work has been done. But there isn't really a good unified theory of how these evolve, what characteristics are likely to emerge, and in what ways they are or are not optimal.

4) Is there a fundamental theory of human societies that's analogous to Darwin's theory in biology?

Can that framework be as well supported by evidence and as simple as natural selection in biology, that will likewise explain the interesting things humans do, like, and believe, and the institutions we construct? Evolutionary psychologists think this doesn't require a new theory, just an investigation of the mind that biologically evolved on the Savannah. Others like Dawkins have suggested that we are best understood as machines infested by viruses of the mind which themselves evolve to take advantage of our evolved psychology. Anthropologists treat culture as just random inputs. Social psychologists document the funny quirks of our behavior without explaining where they come from. And economists assume people optimize given their tastes and beliefs but take those as given. Is one of these the right theory, if not is there a more compelling theory out there? What will it look like? How will we find it? How will we know we have found it, when we have?

5) How can we fix the perverse incentives in academia?

Researchers get hired and promoted for publishing in top journals. Journal publication is determined by editors and referees. The best way to publish is to make sure your allies are the referees, cite their work, and don't step on their toes, and to convince the editor you are famous enough and your work is flashy enough that it will be well cited and get covered by the nytimes. None of this requires much attention be paid to truth, insight, or originally.

Arguably, this is why the social sciences are such a mess. Few bother to incorporate evidence or arguments from outsiders (e.g., social psychologists don't consult historians, economists barely consult social psychologists). Few bother to question the fundamental assumptions driving their field that make no sense and go unchecked (e.g., anthropologists treat culture as random inputs). And many researchers end up spending their whole careers developing and propagating theories that are completely uninteresting to outsiders, or obviously fallacious to anyone not steeped in their literature.

It is ridiculous that we're still using a system derived from the Society of Letters of the 1500s. Perhaps it's time for something more like Wikipedia, where information gets aggregated and contributors are incentivizes by their reputation as competent editors to integrate information from across disciplines? Or something like Reddit, where quality research is recognized by upvotes that aggregate the opinion of thousands from diverse fields? Or a certification system of sorts, where papers are certified as having done their statistics right or having integrated what's known from certain fields, or not citing irrelevant papers for political reasons? Whatever the solution is, social scientists and engineers who work on this problem will have orders of magnitude more impact on science than scientists doing primary research in our archaic system.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/4/2016 6:28:25 PM
**To**: soon yi previn[redacted]
**Subject**: Fwd: woody and deadline

???
---------- Forwarded message ----------
From: **Lisa New** <[redacted]>
Date: Wed, May 4, 2016 at 2:25 PM
Subject: woody and deadline
To: Jeffrey Epstein <jeevacation@gmail.com>

Dear Jeffrey,

Woody has received from his lawyer some questions I asked in in response to the agreement Irwin Tenenbaum sent me....I found that that agreement generous and reasonable (!), and I'm excited to go forward, but I do need those clarifications. We can absolutely agree that we will not give Woody larger or more important billing than Bill Clinton or Joe Biden, and that I'd like to come to him to renew our agreement after five years.

The Harvard week of content in which Woody will appear, if we can sign this, needs to be edited in the next week-10 days. We are out of time, which is why I'm writing

The television show has been picked up by American Public Television, they will distribute nationally, and they've asked for another 5 episodes. I so want Woody to be one of those.

I'd like to see the haiku written by computer. Haiku is not that hard. I'd like to see an elegy written by computer.

Lisa
--

Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
O2138
[redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/25/2016 11:09:21 AM
**To**: Michael Wolff [redacted]
**Subject**: Re: Trump

**Importance**: High

do you want to be provacative . ? trump shuttle. hawaiin tropic contests. . mortgage on mara lago. ? revenue of golf courses as income.??! , total debt of all cos . ? people dont want to conribute money as he said he is worth over 10b , why should they? , calif already coming up short. . fatther bought chips in the casino to stave off bankruptcy, chips because it was better than a first lien. under the gambling rules. matt his bag man? his loan from his brother in law ( JUdges husband) how much did his father leave. his brother robert etc.
otherwise you can just throw easys

On Wed, May 25, 2016 at 7:05 AM, Michael Wolff <[redacted]> wrote:
> I'm interviewing him this afternoon. Anything you think I should ask?

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/25/2016 11:16:19 AM
**To:** Michael Wolff[redacted]
**Subject:** Re: Trump

**Importance:** High

maybe you can ask why bernie nussbaum got vince fosters letter quickly, that is a hillary problem. he would smile then you can ask his realtionsjipwith the elctricians unions and maralago . and out you go

On Wed, May 25, 2016 at 7:12 AM, Michael Wolff <[redacted] wrote:
Job is to get the hard ones in without being ejected from the room. What's the one question that pierces through?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/25/2016 11:21:11 AM
**To:** Michael Wolff [redacted]
**Subject:** Re: Trump

**Importance:** High

nussbaum white house counsel. . hillary doing naughties with vince

On Wed, May 25, 2016 at 7:19 AM, Michael Wolff <[redacted]> wrote:
What's the thumb nail on Nussbaum/foster?

On Wednesday, May 25, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
maybe you can ask why bernie nussbaum got vince fosters letter quickly, that is a hillary problem. he would smile then you can ask his realtionsjipwith the elctricians unions and maralago . and out you go

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/8/2016 9:43:10 AM
**To**: Deepak Chopra[redacted]
**Subject**: Re: America's Shadow: The Real Secret of Donald J. Trump - SFGate by Deepak Chopra
**Attachments**: supergenes[2].png

**Importance**: High

i will forward it . he asked if you would come back again. without the russian. to me it was a woody allen movie . you talking conciousness , his wife more concerned with the salad dressing, and the russian deciding the future of syria. . As you know I find ideas no matter how extreme , the root of possible insight. so the other day I had viisitn the psychedelic crowd. one of them has opened a store on 1 st and the bowery called the alchemist kitchen. . How about we meet there , I want to see the store and you ride with me back uptown. lets say 230? I have left my schedule open after.

On Mon, Aug 8, 2016 at 4:57 AM, Deepak Chopra <[redacted] wrote:

Since Woody was into the subconscious mind I thought I'd share this
See you at 3PM
http://www.sfgate.com/opinion/chopra/article/America-s-Shadow-The-Real-Secret-of-Donald-J-7965248.php

Deepak Chopra
2013 Costa Del Mar Road
Carlsbad, CA 92009
The Chopra Foundation

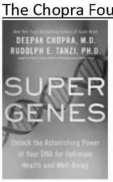


***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/2/2016 9:00:42 PM
**To:** LHS [[redacted]]
**Subject:** Re: Trump

[redacted]

On Sunday, 2 October 2016, LHS <[redacted]> wrote:

What number r u at?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 2, 2016, at 8:32 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Sunday, 2 October 2016, LHS <[redacted]> wrote:

Yes. Let's briefly discuss. Can u have her write me.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 2, 2016, at 2:32 AM, jeffrey E. <jeevacation@gmail.com> wrote:

can somoene from the development office show rothschild around harvard sat.?

On Sun, Oct 2, 2016 at 2:32 AM, LHS <lhs@lawrencesummers.com> wrote:

Jeff

How plausible is idea that trump is real cocaine user?

L

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 9:53:43 PM
**To:** Joi Ito [redacted]

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/12/2016 7:52:15 PM
**To**: Joi Ito [redacted]
**Subject**: Re: From Politico Magazine

talk to danny hillis he had some legisative ideas

On Mon, Dec 12, 2016 at 1:26 PM, Joi Ito <[redacted]> wrote:

Any ideas?

Begin forwarded message:

**From:** Margaret Slattery <[redacted]>
**Subject: From Politico Magazine**
**Date:** November 28, 2016 at 3:04:51 PM CST
**To:** "[redacted]" <[redacted]>

Dear Joi,

Hello, I'm writing from Politico Magazine, where we're working on a special package of stories timed to Donald Trump's inauguration in January, and I wondered if you would be interested in contributing.

As he prepares to take office, our plan is to publish a handful of out-of-the box ideas for President Trump, suggested by writers and thinkers from a variety of fields and ideological positions. Whether the idea has to do with politics, policy, personnel or governing style, we're looking for suggestions that are specific and, above all, surprising; something inventive if slightly far-fetched is better than a pet cause or a well-trod policy proposal. (This exercise doesn't require that you support or even agree with Trump, but it does require a willingness to engage.)

Do you have an idea along these lines that you wish the new president would consider, whether something in economics or otherwise? If so, I'd love to hear, and we can discuss next steps from there. Ultimately, we're aiming to publish a handful of short pieces (about 800 words each) as a package of proposals.

Many thanks, and please let me know if you have questions.

Margy Slattery

—
Deputy Editor, Politico Magazine
[redacted], [redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/16/2017 11:26:44 AM
**To:** Reid Hoffman [redacted]; Joi Ito [redacted]

a HUGE donor advised fund is an elegant solution to the cuts trump proposes to what some consider critical programs. you could organzie a huge public charity that would continue the work of many worthwhile orgs. not my thing but structurally beautiful. its the wealthiest now stepping into a quasi govt funding. national endowment for arts. climate science. as extraordinary amounts of wealth have moved into private hands. elons and jeff space goals should be mirrored with many other former govt ones. hope to see you soon

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/1/2017 12:12:39 PM
**To:** Joi Ito [redacted]
**Subject:** Re:

**Importance:** High

did you talk to reid about the donor advised fund?

On Thu, Jun 1, 2017 at 8:12 AM, Joi Ito <[redacted]> wrote:

:-)

> On Jun 1, 2017, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> when i told reid that obama just wanted to make money, he thought i was being cynical, as he was sure that doing good was going to be the goal
>
> https://www.nytimes.com/2017/05/31/us/obama-buys-house-washington-kalorama.html?module=WatchingPortal&region=c-column-middle-span-region&pgType=Homepage&action=click&mediaId=thumb_square&state=standard&contentPlacement=6&version=internal&contentCollection=www.nytimes.com&contentId=https%3A%2F%2Fwww.nytimes.com%2F2017%2F05%2F31%2Fus%2Fobama-buys-house-washington-kalorama.html&eventName=Watching-article-click
>
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/11/2017 3:15:45 PM
**To**: Lawrence Summers [[redacted]
**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

he knows. , it is sooo crazy, and now reporting is quite inaccurate. but each reporter feels he needs to tell his version, Im in paris if you want to chat

On Wed, Oct 11, 2017 at 5:04 PM, Lawrence Summers <[redacted]> wrote:

Your pal should stay out of press.

Public link to manafort will be a disaster.

This is a staggering shit show.

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

---------- Forwarded message ----------
From: "**The Washington Post**" <email@e.washingtonpost.com>
Date: Wed, Oct 11, 2017 at 9:04 AM -0400
Subject: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
To: "Summers, Lawrence H." <[redacted]>

*Democracy Dies in Darkness*

**Trending Now** Wed., Oct. 11, 2017 9:01 a.m.

## Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

Billionaire Thomas J. Barrack Jr. has done what few others in Trump's orbit have done: He told the president, in effect, that he was wrong. "In my opinion, he's better than this," Barrack said.

Trump's relationship with Barrack is one of the most important, if little understood, of the president's life, offering a case study of what it takes to remain close to him in a time of such turmoil.

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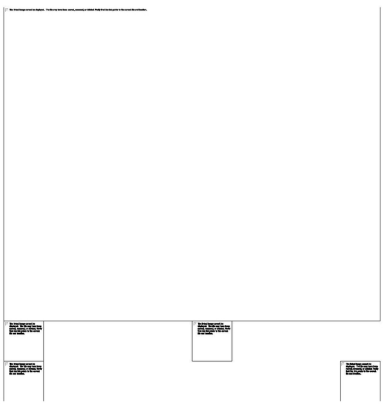

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/27/2017 2:50:59 PM
**To**: Lawrence Summers [redacted]
**Subject**: Re: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric

saudi?

On Wed, Oct 11, 2017 at 11:04 AM, Lawrence Summers <[redacted]> wrote:

Your pal should stay out of press.

Public link to manafort will be a disaster.

This is a staggering shit show.

Sent from my iPad

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Follow me on twitter @lhsummers
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From: "**The Washington Post**" <email@e.washingtonpost.com>
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Subject: Trending Now: Friends for three decades, Trump whisperer says he is 'stunned' by president's rhetoric
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Trump's relationship with Barrack is one of the most important, if little understood, of the president's life, offering a case study of what it takes to remain close to him in a time of such turmoil.

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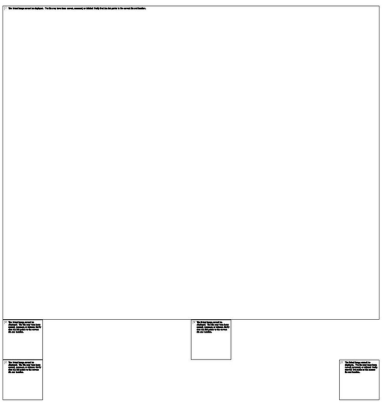

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/6/2018 9:20:31 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

It looks to me as you might have driven him over the edge. DJT: 'I do things proper !!/ " im really, like . smart. !! sounds like elizas father- donald dolittle. . . or dopey donald or demented donald. as I told you his statement from camp david was laced with "he has made billions and billions of dollars. he is reportedly petrified that his bluff will be called. . His 100 million dollar plane he said be bought from paul allen , is really a 1991 boeing 757 previously used by a mexican airline. repainted . His- ladder capital finance llc, - ladder capital 1 finance llc , deutsche bank trust co americas . chicago unit acquistion .( it says "springing loan" over 50m -I never even heard of the term . as part of june 17 disclosure form he owes each more than 50 m apiece. but of course, not disclosed just -how much more. . declared the revenue of his real estate as INCOME without deducting expenses or taxes. all a sham

On Sat, Jan 6, 2018 at 4:00 PM, Michael Wolff <[redacted]> wrote:

> I feel he truly must be off his rocker. Could there be a strategy here?
>
> On Sat, Jan 6, 2018 at 3:39 PM jeffrey E. <jeevacation@gmail.com> wrote:
>
> > how does it feel to have the president of the united states. at camp david. focus on you.. ! .
>
> --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/19/2018 11:46:04 AM
**To:** Robert Kuhn [redacted]
**Subject:** Re: Kuhn - Radical Breakthroughs

I might return , to ny this week not sure yet

On Sat, Aug 18, 2018 at 11:53 PM, Robert Kuhn <[redacted]> wrote:

Jeffrey:

How's all in our crazy world?

I'm in NY until August 31 (then again, after Beijing, Sept. 25 – Oct. 14). If you are in town, meet?

When convenient, I'd like you to meet Peter Getzels, Closer To Truth producer/director (I've worked with Peter for 12 years); he would very much like to meet you in person, describe the Radical Breakthroughs process in detail, get your feedback. He would come up from DC. We can always do Skype, of course, but Peter would appreciate to meet in person early in the process. Breakthroughs is a Big Project, big opportunity for impact. All are truly excited.

Below are highlights of Breakthroughs progress.

Attached is latest CNN on trade war and below are links (caution: a few weeks old is ancient history in Trump time).

*The US trade war against China: The view from Beijing*
https://news.cgtn.com/news/3d3d514f3551544f78457a6333566d54/share_p.html

*How should China handle the trade war?*
https://news.cgtn.com/news/3d3d774d3449544d79457a6333566d54/share_p.html

Love to discuss stuff.

Robert

Radical Breakthrough Development Work

• Research on each of the 13 episodes is ongoing and we are moving towards creating a short list of the top contributors per episode (with some contributors in multiple episodes).

• We are aggregating the top contributors around 4 to 5 central locations, such as SF Bay Area, LA, Chicago, Boston, New York, Santa Fe, London, Oxford, and Cambridge for the main shoots.

• We are creating a short list of locations for the secondary shoot - i.e. the more observational shoots on specific labs and research facilities, such as the Music Lab at McGill, the Sleep Lab at Harvard.

• We are planning a recce in the autumn to assess locations and meet some of the key contributors.

• We've brought on a production manager / line producer as we develop detailed research, contributors, locations, budgets.

• Our team is working toward interviewing and hiring a top science-literate associate producer / dedicated research producer. We've been coordinating with colleagues at HHMI (Howard Hughes Medical Association) as well as National Geographic for staffing referrals, and now have a strong short list. This is a critical, long-term position.

• We are assessing graphics and animation companies and researching styles and graphic ideas that we might use to communicate some of the more complex ideas.

• Our digital team is researching a web extension for the www.closertotruth.com website, developing ideas for a dedicated site neighborhood for "Radical Breakthroughs." We are in discussions with several website design companies, including the company that designed and built our original CTT site, for ideas and bids on creating the expanded site.

• By mid-October, we expect to begin to schedule the shoots.

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/19/2018 2:58:17 PM
**To:** Lesley Groff [redacted]
**Subject:** Fwd: Kuhn - Radical Breakthroughs

---------- Forwarded message ----------
From: **Robert Kuhn** <[redacted]>
Date: Sun, Aug 19, 2018 at 10:39 AM
Subject: Re: Kuhn - Radical Breakthroughs
To: "jeffrey E." <jeevacation@gmail.com>

If return, let me know; if not, I'm back Sept 25 - Oct. 14.

On Aug 19, 2018, at 7:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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HARVARD UNIVERSITY
DEPARTMENT OF ENGLISH
Barker Center - 12 Quincy Street - Cambridge, Massachusetts 02138

ELISA NEW
Powell M. Cabot Professor of American Literature

Tel: [redacted]
Fax: [redacted]

November 25, 2018

Dear Ms. Knowles-Carter,

I am writing now to invite you to be a featured guest of *Poetry in America* (poetryinamerica.org). *Poetry in America*'s first season's guests included Bill Clinton, Joe Biden, Cynthia Nixon, Shaquille O'Neal, Yo Yo Ma, Samantha Power, Herbie Hancock, John McCain, Nas, Angela Duckworth, Bono, Regina Spektor, Frank Gehry, Stuart Weitzman, E.O. Wilson, and many others. Seasons Two and Three will feature just as distinguished a line up. The series airs on public television stations everywhere, streams via Amazon Prime and other streaming services, and it is now also airing on a variety of domestic and international airlines.

The poem we'd read and interpret together is by the contemporary poet Evie Shockley, and it's called "you can say that again, billie." It's a brilliant and beautiful poem that speaks back to Billie Holiday's "Strange Fruit" and evokes a whole history of gender and race in the American South. You are the ideal reader for this poem. We would use what we filmed together in an upcoming season of *Poetry in America.* We would also use the content in materials that we are creating for K-12 classrooms in partnership with Harvard. Everything we create would be educational and non-commercial.

Thank you for considering this request. I would be very honored to work with you.

Sincerely,

Elisa New
Director and Host of *Poetry in America*
Powell M. Cabot Professor, Harvard

**From**: Eric Roth [redacted]
**Sent**: 8/7/2011 4:01:33 PM
**To**: 'Jeffrey Epstein' [jeevacation@gmail.com]
**Subject**: Michael Boccio
**Attachments**: image001.jpg; MJB cover letter v3.docx; MJB resume.doc; DJT recommendation letter - Boccio.pdf

**Importance**: High

Dear Jeffrey,

Recently while refurbishing Donald Trump's 757 I worked closely with his Director of Business Development / Special Counsel, Michael Boccio.

Although I have worked with some very intelligent and creative individuals, Michael is a real stand out – he is impressive on many levels.

Someone (or organization) is going to be excited to have someone with Michael's capabilities working for them and thought that you may need someone like Michael on your team or have a friend who may be in search of a dynamic individual with his background and talent.

Please take a moment to read the attached documents to see if Michael is someone you are looking for. If not, I ask that you forward this e-mail to someone you believe would greatly benefit by having Michael work for them.

I know that I always appreciate when a friend refers someone who can be of great help to me – personally or in business.

If you have any questions about working with Michael, please do not hesitate to call me.

Thank you.

*Attached: Cover letter*
*Resume*
*Trump Letter of Recommendation*

Sincerely,

**Eric Roth**
*President*

international jet
INTERIORS

**International Jet Interiors**
2221 Smithtown Avenue
Long Island MacArthur Airport
Ronkonkoma, NY 11779
[redacted] Phone
Fax
Cell
[redacted] e-mail
www.intljet.com website

Michael Boccio

Garden City, New York 11530• Phone:[redacted]
E-Mail:[redacted]

I have worked under the direct mentorship of Donald J. Trump for the past three years, and as such, understand the time constraints and demands placed on any successful executive. Thank you for taking the time to review my resume.

As a multi-faceted executive and attorney within the Trump Organization, on a daily basis I would take charge of a diversified array of special projects for Mr. Trump. Whether the task involved the acquisition or disposition of assets, such as jets, real estate properties, operating golf courses, or helicopters, Mr. Trump consistently counted on me to determine what was necessary to get the deal done in the quickest time frame and at the best financial deal for him. I am also an elite problem solver – Mr. Trump would regularly call me into his office for my thoughts on the vexing issue of the moment. I have a keen ability to brainstorm potential solutions, ascertain and disclose the risks and execute a plan in a time-efficient manner. In addition to work for the Trump Organization, I have successfully negotiated and executed every product license deal and agreement for the Ivanka Trump brand.

The ongoing business and legal matters that occupied my time included product licensing, entertainment and media, tax strategy, aviation, vendor relationship management, and real estate development. While my resume speaks to the specific responsibilities assigned to me and my accomplishments, it is the aggregate of the diverse tasks that were successfully managed by me that demonstrate the fact that I am a single individual who is willing and capable of successfully moving into any facet of a business as a trusted advisor, deal maker and manager. It is well known that I can negotiate a complex business deal in the boardroom and then paper that deal in my office, which is a unique skill set that I could bring to work for the benefit of you and your company.

Please contact me if you believe there is any opportunity for us to work together.

Sincerely,

Michael J. Boccio

*Michael J. Boccio*

**Garden City, NY 11530 / Phone-[redacted] / E-Mail [redacted]**

**CAREER EXPERIENCE:**

- **The Trump Organization (July 2008 - July 2011)**
  **Managing Director of Business Development and Special Counsel**

  **Global Licensing/Brand & Trademark Portfolio Management**
  - Managed all aspects of the Global Product Licensing Division and trademark portfolio, as represented by the Donald J. Trump, Ivanka Trump and Melania brands. Responsibilities encompassed the management of a legal team consisting of multiple attorneys, a paralegal and executive assistant responsible for negotiating, drafting and maintenance of all license agreements. Liaised with outside IP counsel and hosted regular strategy meetings to determine the appropriate course of action for trademark filings, policing and office actions.

  **Real Estate**
  - Managed 75 home site development known as the Estates at Trump National in Rancho Palos Verdes, California. Set up the HOA board, was elected as a member of the HOA board, developed and executed the HOA budget, liaised with the California Department of Real Estate and successfully gained approval of the 2010 subdivision report and issuance of a white paper that permitted sales to resume at the site. Hired and managed brokerage team. Developed a revised housing strategy for future development, including adjustment of lot lines and architectural plans to meet the needs of the current market. Managed multiple negotiations and closings of homes and executed a strategy that permitted Trump to retain a $1.5 million dollar deposit for a custom built home in buyer default. Executed the acquisition and closing of previously leased land from the RPV school district, located in the center of the golf course and adjoining the property.
  - Developed a lease form for Trump International Chicago and negotiated leases, amendments and term sheets for the retail space.
  - Worked as part of a team that negotiated the purchase agreements and loan documentation for the purchase of three operating golf courses, as well as managed the diligence process and negotiation of multiple deals that remain in the pipeline or failed to close.
  - Negotiated and drafted multiple comprehensive term sheets and real estate license agreements that were ultimately placed on hold.
  - Acquisition of multiple residential properties.

  **Aviation**
  - Managed all aspects of the acquisition of a US registered Boeing 757 and the company holding the corresponding part 125 operating certificate, including the tax strategy and intercompany lease filed with the FAA. Negotiated contracts with Boeing, Rolls Royce, Honeywell and other vendors. Worked on a team that managed the complete renovation of the 757 and handled all associated legal work. Managed the disposition of a Bermuda registered Boeing 727 and the acquisition, renovation and subsequent leasing of Sikorsky S-76B, including negotiation of preferential use terms for owner and management of vendor and warranty relationships.

  **Entertainment and Media**
  - Negotiated book contracts, speech agreements, television contracts, location agreements for multiple movie and television commercials, appearance releases, photography shoots and limited use licenses.

**Law Firm Associate**

- **Kaye Scholer LLP (July 2007-July 2008)**
  - Represented institutional lenders in the origination and servicing of portfolio loans. Member of deal team that provided the financing for the sale/leaseback of 388/390 Greenwich Street from Citigroup to SL Green, the second largest NY deal of 2007.
  - Reviewed and abstracted commercial leases and negotiated SNDA's and estoppel certificates in conjunction with loan originations.

- **Sonnenschein Nath & Rosenthal LLP (March 2007-July 2007)**
  - Represented institutional lenders in the origination of portfolio loans; represented developer/borrower in obtaining construction loan; represented firm clients in the negotiation and execution of multiple office leases.
- **Windels Marx Lane & Mittendorf, LLP (January 2006-February 2007)**
  - Represented Lehman Brothers in the origination of over $500 million in senior, mezzanine and construction loans tailored for syndication or securitization.
  - Represented Lehman Brothers in the disposition of over $100 million in joint venture portfolio properties. Represented landlords in the sale of commercial and industrial properties.
  - Reviewed and abstracted commercial leases and negotiated SNDA's and estoppel certificates in conjunction with loan originations.
- **Carter Ledyard & Milburn LLP (August 2001-November 2005)**
  - Represented institutional and individual clients with the acquisition/disposition of commercial and residential properties.
  - Represented one of the largest downtown landlords in the negotiation of leases and lease amendments (6 million total square feet of space in the Hudson Square and Ground Zero vicinity).
  - Performed due diligence on the real estate portfolios of target companies in merger transactions.
  - Represented institutional borrowers and lenders in the origination, negotiation and refinance of senior and mezzanine loans and revolving lines of credit. Represented trust company in origination of loans to high net worth clients.

**Memberships**

- Associate Development Committee, Hiring Committee, Practice Development Committee, Summer Events Planning Committee and Associate Mentor Program.

**EDUCATION:**

**Fordham University School of Law,** New York, NY
Juris Doctor, May 2001, Dean's List

**State University of New York at Stony Brook, Honors College,** Stony Brook, NY
B.A., Honors Economics, December 1997, Cum Laude / Dean's List
4.0 G.P.A. in Economics
Teaching assistant: Microeconomics (Spring 1997) and Macroeconomics (Fall 1997)

**PUBLICATION:**

- Commercial Law Leasing and Strategy: "Rent Abatement Clauses, Tenants Should Speak Softly, But Draft a Big 'Club'" Volume 20, Number 7 **(December 2007)**

*REFERENCE OF DONALD J. TRUMP AVAILABLE UPON REQUEST*

{2005RE~1:1}

TRUMP

THE TRUMP ORGANIZATION

July 11, 2011

To whom it may concern:

For the past three years, I have enjoyed a daily working relationship with Michael Boccio, having trusted him with many of my personal and business endeavors, in his capacity of Managing Director of Business Development and Special Counsel.

Michael was a person that I would call into my office and could always count on for a smart point of view. Michael is as comfortable in a boardroom negotiating critical business points as he is drafting a complex legal document. He naturally assumed a leadership role in any task that I assigned to him. He has prospered under my mentorship and I relied on him as an asset to every area of my business.

I highly recommend Michael for employment or consideration as a partner in any business venture. He will make any company or individual that may be lucky enough to work alongside him more effective, efficient and profitable.

Sincerely

Donald J. Trump

725 FIFTH AVENUE · NEW YORK, NY 10022 · [redacted]

Wolters Kluwer CCH

# SUPREME COURT STRIKES DOWN DOMA

June 27, 2013

Special Report

## HIGHLIGHTS

- Supreme Court Rules Against DOMA 5 To 4
- Joint Returns For Same-Sex Married Couples
- Tax Refunds Possible
- "Marriage Penalty" Shared By Same-Sex Couples
- Estate Planning Strategies Change
- Employers Expected To Revise Benefit Plans
- No Nationwide Same-Sex Marriage Mandate

## INSIDE

Issues At Stake....2
Supreme Court's Holdings....2
Federal Tax Consequences....2
Income Tax Benefits And Disadvantages....3
Filing Status....3
Filing Status, AGI Floors And Threshold Amounts....4
Other Same-Sex Couple Income Tax Issues....5
Estate And Gift Taxation....6
Employee Benefits....7
Affordable Care Act....8
Social Security Benefits....9
Effective-Date Issues....9

## Post-DOMA Tax Implications Loom Large

In a 5 to 4 decision, the United States Supreme Court has found that Section 3 of the federal Defense of Marriage Act (DOMA) violates the equal protection clause of the Fifth Amendment of the U.S. Constitution as applied to persons of the same sex who are legally married under the laws of their state *(Windsor, S.Ct., June 26, 2013, 2013-2 USTC ¶50,400)*. The majority, written by Justice Anthony Kennedy, held that DOMA is unconstitutional as a deprivation of the liberty of the person protected by the Fifth Amendment of the Constitution.

The decision opens the door for same-sex married couples to enjoy many federal tax-related benefits previously available only to opposite-sex married couples. These include income tax benefits, estate and gift tax benefits, taxpayer-friendly employee benefits, and more. Same-sex couples must now also deal with circumstances under the tax law that may create a so-called "marriage penalty." Employers must prepare for extensive changes in the treatment of same-sex couples. And individuals claiming tax credits and other provisions under the Patient Protection and Affordable Care Act are impacted by the decision.

**IMPACT.** *It is unclear how quickly the IRS and other federal agencies will react to the Supreme Court's decision …or how quickly same-sex couples may need to act to protect certain rights. President Obama has directed all federal agencies, including Treasury and the IRS, to revise their regulations to reflect the Supreme Court's decision as soon as possible. Many tax professionals had been advising same-sex couples to file protective refund claims in anticipation of a favorable ruling from the Supreme Court. This is one of several strategies that practitioners and taxpayers should follow up on, as well as filing amended returns before the applicable limitations periods expire on back tax years. The decision to strike down DOMA goes beyond refunds. Same-sex couples need to consider many other tax implications.*

**IMPACT.** *The Supreme Court did not extend same-sex marriage nationwide; it declined to say whether same-sex couples had a Constitutional right to marriage that would override state law. But the Supreme Court's decision has opened up federal benefits –including those under the Internal Revenue Code-- to same-sex couples considered married under state law. The Windsor decision leaves many additional issues unresolved or unclear. Among them are the status of "domestic partnerships" and "civil unions" under state law in connection with federal benefits, the status of a same-sex couple married in one state but now residing in a state in which same-sex marriage is not recognized, and the ability of married same-sex couples to divorce without first moving back to a state that recognizes same-sex marriage.*

**CAUTION.** *Immediately after the Windsor decision was released, questions arose regarding the impact of residency upon the recognition of marital status for federal tax purposes. Will same-sex couples duly married in one state who now reside in a state that does not recognize same-sex marriage be entitled to federal benefits, including being able to file jointly under the federal tax laws? …Or will they be required to file as single under federal law as well as state law? While President Obama on June 27 expressed the view that same-sex marriages performed in one state should apply*

*to another, he added that "I'm speaking as a president and not as a lawyer."*

## ISSUES AT STAKE

In December 2012, the Supreme Court announced that it would take up two cases related to same-sex couples: *Windsor*, which arose out of an estate tax dispute between a surviving partner/spouse and the IRS; and *Hollingsworth v. Perry (CA-9, Feb. 7, 2012)*, which addressed whether the equal protection clause of the Fourteenth Amendment to the Constitution prohibits California from defining marriage as the union of a man and woman. The Supreme Court heard oral arguments in both cases in March 2013.

***IRS Denies Estate Tax Marital Deduction.*** In *Windsor,* a long-time same-sex couple married in Canada in 2007. They had previously registered as domestic partners in New York City, where they made their home. One spouse died in 2009. Because of DOMA, the survivor did not qualify for the unlimited marital deduction under the Internal Revenue Code and as a result, the executor of the estate paid $363,000 in federal estate tax that was not otherwise due. The survivor as executor and sole beneficiary filed a refund claim under Code Sec. 2056(a) (under which property of a surviving spouse generally passes free of federal estate tax). The IRS determined that the survivor was not a spouse under Section 3 of DOMA and, therefore, not a surviving spouse under Code Sec. 2056(a). A federal district court found that Section 3 of DOMA violated the equal protection clause of the Fourteenth Amendment because there was no rational basis to support it. The Second Circuit Court of Appeals affirmed the lower's court decision, finding that homosexuals are a protected class and that Section 3 of DOMA was not substantially related to an important government interest and violated Equal Protection.

## SUPREME COURT'S HOLDINGS

Writing for the majority in *Windsor*, Justice Kennedy found that DOMA had departed from the long standing tradition and history of reliance on state law to define marriage. The State of New York had recognized the validity of same-sex marriages, which resulted in a status that "is a far-reaching legal acknowledgment of the intimate relationship between two people, a relationship deemed by the State worthy of dignity in the community equal with all other marriages," Kennedy wrote. He reasoned that DOMA sought to injure this class of persons whom New York sought to protect, and by doing so violated basic due process and equal protection principles applicable to the federal government and was therefore unconstitutional.

> "The decision opens the door for same-sex couples to enjoy many tax-related benefits previously available only to opposite-sex couples."

DOMA's operation in practice, Kennedy continued, was to treat same-sex marriages as second-class marriages for purposes of federal law "by imposing a system-wide enactment with no identified connection to any particular area of federal law." DOMA's principal purpose was to impose inequality, not for other reasons such as governmental efficiency, Kennedy held. Therefore, the majority found DOMA invalid for lack of a legitimate government purpose that could overcome the burden on those within the class whose personhood and dignity New York had sought to protect through its marriage laws.

**COMMENT:** *The majority opinion listed numerous ways in which DOMA infringed upon the dignity of same-sex couples. Among these is financial harm caused by DOMA to children of same-sex couples by raising the cost of health care for families by taxing health benefits provided by employers to their workers' same-sex spouses. Another example, Kennedy wrote, is that DOMA denies or reduces benefits allowed to families upon the loss of a spouse and parent, benefits that are an integral part of family security.*

**COMMENT:** *Justice Kennedy qualified the majority's ruling at the end of the decision, stating that its applicability was "confined to those lawful marriages," meaning those recognized by the states that currently allow same-sex marriages. Kennedy observed that Section 2 of DOMA, which allows States to refuse to recognize same-sex marriages performed under the laws of other States, had not been challenged in Windsor and continues to be the law. On June 26, House Democrats introduced legislation to repeal Section 2 of DOMA.*

***California's Proposition 8.*** On the same day the Supreme Court announced its decision in *Windsor*, the Justices ruled, 5-4 (but with a different mix of Justices for and against), to send *Hollingsworth* back to the California courts rather than to directly decide on the constitutionality of California's ban on same-sex marriage. There, the Supreme Court held that the petitioners did not have the standing to challenge the lower court's decision throwing out Proposition 8, which denied same-sex couples the right to marry in California. This decision paves the way for same-sex marriage to begin again in California sometime in late July.

## FEDERAL TAX CONSEQUENCES

Under federal income tax rules, same-sex married couples can now presumably enjoy benefits that had been unavailable to them because of DOMA. On the other hand, certain strategic advantages previously enjoyed by same-sex married couples who filed as single individuals under the federal tax laws, have now likewise ended.

**COMMENT.** *Aside from the fact that it was a federal tax refund claim in Windsor that triggered the litigation that found itself before the U.S. Supreme Court, the opinion focused on Constitutional rights and privileges, without any technical*


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*discussion of the tax law itself. The Court judged DOMA for its impact on "over 1,000 federal statutes and the whole realm of federal regulations." Very little was said specifically about federal tax law beyond that. Nevertheless, the federal tax law is clearly among those "federal statutes and regulations" impacted most directly by the Supreme Court's holding.*

**IMPACT.** *Same-sex couples who were married under state law for years prior to 2013 now need to decide whether to amend those prior-year returns still open under the Code's statute of limitations, to reflect a change from unmarried to married filing status. Same-sex married couples also should consider updating their estate plans, based upon the estate and gift tax impact of Windsor.*

## INCOME TAX BENEFITS AND DISADVANTAGES

Because of the Supreme Court's decision, the same tax benefits and disadvantages faced by just-married, opposite-sex couples—in changing from filing as separate, unmarried individuals to filing as married filing jointly (or married filing separately)—are now shared by same-sex married couples. Likewise, however, those same-sex couples not married under state law continue to be subject to the same disadvantages and benefits, and face many of the same strategic decisions, as unmarried heterosexual couples under the federal tax law.

**CAUTION.** *As mentioned, above, resolution is pending on the issue of whether recognition or non-recognition of a same-sex marriage in the State in which the same-sex couple currently reside controls whether the IRS will treat the couple as married for federal tax purposes. Most federal agencies have defined marriage in the past based on a couple's residency and not where they were married.*

## FILING STATUS

A taxpayer's filing status depends in large part—if not exclusively in most cases—on the taxpayer's marital status. Taxpayers may be single, surviving spouse, head of household, married filing joint returns, or married filing separately. Filing status, in turn, determines the right to many tax benefits, both in terms of access and amount. Income tax rate bracket levels, the standard deduction, personal exemptions, and the adjusted gross income (AGI) amounts at which many tax benefits "phaseout" all hinge upon filing status.

***Joint Return Status.*** Because of the Supreme Court's *Windsor* decision, same-sex couples who currently are married under state law are presumably now also barred for federal tax purposes from filing separate returns as unmarried (or as head of household, in most cases); they must file either jointly or married filing separately for 2013 (unless they are divorced or have a final separation agreement in place by the end of 2013). The general rule that has always applied to filing status now presumably applies to same-sex married status as well: an individual's filing status is determined for the entire year based upon marital status on December 31st of that year. The IRS is expected to issue guidance in this area.

**IMPACT.** *Leading up to the Supreme Court's decision, many same-sex couples filed protective income tax refund claims using married filing jointly status. A protective refund claim is a claim filed to protect the taxpayer's right to a potential refund based on a contingent event for a taxable period for which the period of limitations is about to expire. Now that the Supreme Court's decision is out, full refund claims, rather than protective claims, should be filed going forward.*

**COMMENT.** *Under current rules, a taxpayer can sign a joint return if his or her spouse is serving in a combat zone. In other limited cases where one spouse cannot sign the joint return, such as because of injury or illness, the other spouse may sign the return and attach a statement explaining why the spouse was unable to sign. Same-sex couples who are married under state law are now presumably allowed these signing benefits.*

**COMMENT.** *Because same-sex marriage is relatively new, the tax implications of divorce of a same-sex couple are only starting to manifest themselves.*

***The Marriage Penalty.*** Same-sex married couples who have been denied joint return status under the federal tax laws prior to the Supreme Court's *Windsor* decision now need to investigate the effect of joint return status, both for returns that will be filed in the future and for prior year returns still open within the statute of limitations refund-claim period (generally, but not always, three years from filing – *see this Briefing, below, for a discussion of this deadline).*

The benefits of filing a joint return may not always be greater than filing separately as unmarried individuals. Both differences in tax rate bracket amounts and a variety of income floors and thresholds used to determine the right to certain tax breaks come into play in determining whether some same-sex couples were better off, income tax-wise, before the Supreme Court's decision; and what they should do now.

**IMPACT.** *Individuals in a relationship who are not married and who each realize approximately the same level of*

### NO NATIONWIDE EXTENSION OF SAME-SEX MARRIAGE

The Supreme Court struck down Section 3 of DOMA, which defined marriage as a legal union between one man and one woman as husband and wife and defined spouse as only a person of the opposite sex who is a husband or wife. The Supreme Court did not strike down Section 2 of DOMA, which provides that no state, territory or possession of the United States shall be required to give effect to any marriage between persons of the same sex under the laws of any other such jurisdiction or to any right or claim arising from such relationship. Section 2 was not challenged and, therefore, was not at issue in *Windsor.*



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*income and have similar tax deductions (at least in amount) have generally been better off from a tax standpoint filing as unmarried individuals. However, that assessment tilts in favor of marriage and filing a joint return if one partner earns or deducts the greater portion of any otherwise combined amounts.*

**COMMENT.** *Although much press was given to "marriage penalty relief" when the Bush-era tax cuts were permanently extended by the American Taxpayer Relief Act of 2012 (ATRA), such relief in fact only related to equality within the standard deduction amount and the top portion of the 15 percent income tax bracket. Other "marriage penalties" continue to exist within the tax law depending upon circumstances. For example, the 33 percent tax bracket for joint filers in 2013 starts at $223,050 taxable income, while the 33 percent bracket for single taxpayers starts at $183,250. If there were no marriage penalty imposed on higher-income individuals earning similar amounts, the 33 percent bracket for joint filers would not start until reaching the $366,500 level, or double that set under the Internal Revenue Code for single filers.*

***Married Filing Separately.*** If same-sex married couples post-*Windsor* want to keep their finances (and liabilities) separate for the purpose of filing separate returns, they will generally—but not always—pay more federal income tax. The rate brackets for "married filing separately" are higher than "unmarried, not surviving spouse or head of household."

***Innocent Spouse Status.*** Married taxpayers who file joint returns are jointly and severally responsible for the tax and any interest or penalty due on the joint return. In some cases, a spouse will be relieved of this shared liability for tax owed on a joint tax return. Three types of relief are available: general innocent spouse relief; separate liability relief; and equitable relief.

**IMPACT.** *Because of the Supreme Court's decision, the three types of innocent spouse relief are now presumably available to same-sex married couples. Same-sex married partners cannot turn a blind eye to any item that is listed on a joint return. A decision to file joint returns retroactively for prior tax years as the result of the Supreme Court's decision, therefore, should include consideration of the joint and several liability that would be triggered. Separate return status would eliminate the issue of joint liability entirely. The IRS is expected to issue guidance in this area.*

***Surviving Spouse Claims.*** A surviving spouse computes tax using the same rate brackets as married couples filing joint returns. Rules for surviving spouse status for same-sex married couples now presumably follow the same rules as for opposite-sex couples. If a taxpayer is a surviving spouse, the year the spouse died is the last year for which the taxpayer can file a joint return with that spouse. A taxpayer can also qualify as surviving spouse for two tax years following the year in which his or her spouse dies if the taxpayer maintains a household for certain dependents (a child, adopted child, foster child, or stepchild), has not remarried, and filed or could have filed a joint return with the spouse for the year in which his or her spouse died.

## FILING STATUS, AGI FLOORS AND THRESHOLD AMOUNTS

The amounts of income and deductions reported on a return are used by the IRS in determining whether certain threshold levels and floors are reached. Those amounts in turn determine access to a variety of tax benefits. Some of these floors or threshold amounts are applied to all filing statuses uniformly; others vary depending upon filing status.

**IMPACT.** *Depending upon adjusted gross income (AGI) and other levels reported on a return, combining the income and deductions of each same-sex partner under a single joint return may or may not work to the advantage of the couple as a unit, in contrast to filing as unmarried or married filing separately.*

***Floors.*** Tax benefits dependent upon floor levels of adjusted gross income (AGI) or modified AGI (MAGI) set forth under the Internal Revenue Code include the following itemized deduction categories, among others:

- Medical expense deduction floor (10 percent AGI (temporarily at 7.5 percent for taxpayers over age 65));
- Casualty loss deduction floor (10 percent AGI); and
- Miscellaneous items deduction floor (2 percent AGI).

**COMMENT.** *In the case of married individuals who file separate returns, if one spouse itemizes deductions on his or her return, the other spouse must also do so irrespective of whether his or her standard deduction would be larger. This rule does not apply to unmarried couples who file separate returns.*

***Ceilings.*** Use of excess capital losses to offset ordinary income is generally limited to $3,000 per return, whether on a joint return or an unmarried single return. Taxpayers who are married filing separately, however, are allowed only a $1,500 maximum capital loss deduction; the balance in all cases may be carried forward into the next tax year.

***Thresholds.*** For some taxpayers, AGI above designated thresholds reduces certain tax benefits. A reduction in itemized deductions and a reduction in personal exemptions are the most common among higher-income individuals. For example:

- ***Itemized deductions*** otherwise allowed must be reduced by the lesser of (1) three percent of AGI that exceeded a threshold amount *(see chart, below)* adjusted annually for inflation, or (2) 80 percent of the total amount of otherwise allowable itemized deductions. No reduction is required in the case of deductions for medical expenses, investment interest, and casualty, theft or wagering losses.
- ***Personal exemptions,*** likewise, are required to be reduced where AGI exceeds a specified threshold amount: by two percent for each $2,500 (or fraction thereof) by which AGI


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HOUSE_OVERSIGHT_029308

exceeds the applicable threshold amount *(see chart, below)* for the year ($1,250 for married persons filing separately).

***Net Capital Gains/ Net Investment Income***. AGI thresholds are also used in taxing investment-type income:

- ***Net Capital Gains*** are taxed at the 20 percent maximum rate at levels beyond which income would otherwise be pushed into the 39.6 percent bracket (for 2013, that applicable threshold amount is $450,000 AGI for married individuals filing joint returns and surviving spouses, $425,000 for heads of households, $400,000 for single individuals, and $225,000 for married individuals filing separate returns. (The "regular" 15 percent capital gains rate is likewise reduced to zero percent for taxpayers in the 10 percent bracket—a benefit that can be used by same-sex couples where one partner has very little income).
- ***Net Investment Income,*** as defined under new Code Section 1411, is taxed starting in 2013 at 3.8 percent, keyed to a modified AGI threshold based on filing status ($250,000 for joint filers; $125,000 for married, filing separately; and $200,000 for all others).

***Deduction/Credit Thresholds.*** Thresholds are also commonly used to restrict deductions, credits and other benefits based upon adjusted gross income and filing status:

## 2013 AGI (MAGI) PHASEOUT THRESHOLD START POINTS

| | Joint Return | Single | Married Filing Separately |
|---|---|---|---|
| Itemized Deductions: | $300,000 | $250,000 | $150,000 |
| Personal Exemptions: | $300,000 | $250,000 | $150,000 |
| Maximum Net Capital Gains: | $450,000 | $400,000 | $225,000 |
| Net Investment Income Surtax: | $250,000 | $200,000 | $125,000 |
| Additional Medicare Tax: | $250,000 | $200,000 | $125,000 |
| Child Tax Credit: | $110,000 | $75,000 | $55,000 |
| American Opportunity Credit: | $160,000 | $80,000 | $0 |
| Lifetime Learning Credit: | $107,000 | $53,000 | $0 |
| IRA Deduction (plan participants): | $95,000 | $59,000 | * |
| Roth IRA Eligibility: | $178,000 | $112,000 | ** |

*Deduction determined under single status if not living with spouse at anytime during tax year; otherwise partial deduction if MAGI is less than $10,000 and no deduction if MAGI is $10,000 or more

**$10,000 if lived with spouse at anytime during tax year; $112,000 if did not live with spouse at anytime during tax year

**IMPACT.** *In dealing with threshold amounts, a benefits/drawbacks analysis generally depends upon the extent to which that portion of any tax benefit below a threshold amount would otherwise go unused by one of the partners if filing separately. With certain deductions, credits or contribution levels, however, electing "married filing separately" status may relegate each spouse to $0 benefit depending upon circumstances.*

## OTHER SAME-SEX COUPLE INCOME TAX ISSUES

Being married for federal tax purposes—exclusive of the right to any particular filing status—can also give rise to additional tax benefits and restrictions. The following situations may be particularly relevant in the case of married same-sex couples after the Supreme Court's *Windsor* decision:

***Dependency Exemptions.*** In 2012, the IRS explained on its website that if a child is a qualifying child under Code Sec. 152(c) and both parents are same-sex partners, either parent, but not both, may claim a dependency deduction for the qualifying child if separate returns are filed. If both parents can otherwise claim a dependency deduction for the child on their income tax returns, the IRS will treat the child as the qualifying child of the parent with whom the child resides for the longer period of time. If the child resides with each parent for the same amount of time during the tax year, the IRS will treat the child as the qualifying child of the parent with the higher adjusted gross income.

> "Same-sex couples may find that the benefits of filing a joint return may not always be greater than filing separately..."



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**COMMENT.** *The Supreme Court decision will presumably trigger tie-breaker rules and divorce settlement agreements previously available only to opposite-sex married couples.*

***Education Benefits.*** Access to a number of education tax credits by same-sex couples has been limited, both because of a student's status as a member or non-member of the taxpayer's family and because lower phase-out levels that apply to unmarried filers.

- ***AOTC and Lifetime Learning Credit:*** A taxpayer can claim the American Opportunity Tax Credit (AOTC) or the Lifetime Learning Credit for qualified expenses paid by the taxpayer for the education of the taxpayer, the taxpayer's spouse, or the taxpayer's claimed dependent for the tax year for which the credit is claimed. Because of DOMA, a taxpayer could not claim the AOTC or Lifetime Learning Credit for qualified expenses paid by his or her same-sex spouse.
- ***Coverdell Education Savings Accounts.*** A Coverdell Education Savings Account (ESA) is a savings vehicle similar to an individual retirement account (IRA). If a Coverdell ESA is transferred to a surviving spouse as the result of the beneficiary's death, the Coverdell ESA retains its status and the spouse may treat the account as his or her own and need not withdraw the assets as a result of the transfer. Because of DOMA, this treatment had been unavailable to the surviving spouse of a same-sex married couple.
- ***IRA Withdrawals For Education.*** Taxpayers who own IRAs (traditional, Roth, SEP IRAs and SIMPLE IRAs) can make penalty-free withdrawals to pay higher education expenses to the extent the distribution does not exceed the qualified higher education expenses of the taxpayer, the taxpayer's spouse, or the child or grandchild of the taxpayer or the taxpayer's spouse. Once again, because of DOMA, this treatment had been unavailable to the surviving spouse of a same-sex married couple.

***Post-Death IRA Payments.*** When a surviving spouse is the beneficiary of an individual retirement account (IRA) he or she has certain options not granted to other beneficiaries, including the ability to rollover the decedent's IRA, tax free, to another retirement plan. And, if the surviving spouse is the sole beneficiary, he or she can elect to treat the IRA as if it were his or her own. These options may allow the survivor to delay the start of required minimum distributions (RMDs) from the account and to stretch out the payment of RMDs over a longer period of time. DOMA had foreclosed these more favorable spousal benefits for same-sex married spouses. The Supreme Court's decision in *Windsor* presumably opens up these distribution benefits to same-sex spouses.

> "In the case of family attribution rules, it is unclear whether application of marital status for same-sex spouses relates back to transactions already completed."

***Family Stock Attribution Rules.*** Code Sec. 267 contains attribution rules designed to prevent related taxpayers (including "spouses" under Sec. 267(c)(4)) from recognizing losses and other tax benefits otherwise allowed in a variety of transactions. For example, an individual is treated under Code Sec. 318(a)(1) as constructively owning stock owned directly or indirectly by his or her spouse (unless legally separated), children, grandchildren, or parents. Stock attribution rules under Code Sec. 318 apply when determining whether a redemption of stock is treated as a sale or exchange or as a dividend. Likewise, prohibited transactions involving pension plans under Code Sec. 4975 are defined, in part, upon dealing with certain persons, including spouses of those persons.

**IMPACT.** *The Supreme Court's grant of federal marital status to same-sex married persons is apparently not only prospective starting June 26, 2013, the date of the Windsor decision, but also presumably applies retroactively to all open years. Nevertheless, in the case of attribution rules, application of marital status for same-sex spouses may not necessarily relate back to transactions already completed. The need under the tax laws to have finality for transactions as they occur appears to be the overriding argument in favor of not giving retroactive effect to family attribution. Eventual IRS guidance on this issue is anticipated.*

***Resident And Non-Resident Aliens.*** Presumably, the Supreme Court's decision applies to same-sex resident or nonresident aliens to the extent they are considered married under the law of a foreign jurisdiction. Further clarification of the application of the Supreme Court's *Windsor* decision to these taxpayers may be needed.

## ESTATE AND GIFT TAXATION

The *Windsor* case, as discussed above in this Briefing, involved the estate tax marital deduction. The marital deduction is a key planning tool to defer transfer taxes until the surviving spouse dies. Because of DOMA, same-sex married couples could not take advantage of the estate tax marital deduction and other provisions, such as portability. DOMA also precluded same-sex married couples from the benefits of special rules for gifts between spouses and from spouses.

***Marital Deduction.*** Code Sec. 2056 provides an unlimited deduction from the gross estate for property passing from a decedent to a surviving spouse. Generally, the decedent must be survived by his or her spouse who is a U.S. citizen at the time of the decedent's death, the property interest must have passed from the decedent to the spouse, and the property interest must be a deductible interest. Additionally, the property's value must be ascertainable.

**IMPACT.** *The relatively high $5.25 million estate tax exclusion for 2013 for all estates makes addition of a marital*


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*deduction unnecessary in the majority of cases. However, as Windsor showed, it is a valuable tax benefit for larger estates. Many same-sex married couples may find it valuable to revisit their estate plans to make certain that interests passing to the other spouse qualify for the marital deduction and other tax benefits.*

***Portability.*** The American Taxpayer Relief Act of 2012 extended permanently the concept of portability, which generally allows the estate of a surviving spouse to utilize the unused portion of the estate tax applicable exclusion amount of his or her last predeceased spouse. Because of DOMA, only opposite-sex married couples could take advantage of portability.

**IMPACT.** *The Supreme Court's decision presumably enables same-sex married couples to take advantage of portability as part of their estate planning. The IRS is expected to issue guidance.*

***Gifts.*** Because of DOMA, only opposite-sex married couples were allowed to "split" gifts to take advantage of a doubled annual gift tax exclusion ($14,000 for 2013, for a total tax-free gift of $28,000). DOMA presented even more of a disadvantage for same-sex married couples in that only transfers between spouses, where both individuals are U.S. citizens, are allowed an unlimited gift tax exclusion under Code Sec. 2523.

**IMPACT.** *Same-sex married couples can now presumably transfer assets between themselves with no concern of lifetime gift tax consequences. This creates considerably greater flexibility for estate planning. The IRS is expected to issue guidance.*

**COMMENT.** *Gifts to cover medical and education expenses for an individual, if paid directly to the medical or education provider, are gift tax free without limit and are not counted against the annual $14,000 exclusion for any individual.*

**COMMENT.** *Where one spouse is not a U.S. citizen, the annual exclusion from gift taxes for gifts made to the noncitizen spouse is $143,000 for 2013.*

## EMPLOYEE BENEFITS

Perhaps in no area outside of income taxes is the impact of the Supreme Court's decision more expansive than on employee benefits. Because of DOMA, employers that allow an employee to add his or her same-sex spouse to their health plan had to impute income to the employee for federal income tax purposes equal to the fair market value of health coverage provided to the same-sex spouse. If the same-sex spouse qualified as a dependent, this rule did not apply. DOMA also precluded same-sex married couples from sharing the same benefits of health flexible spending accounts, health savings accounts and health reimbursement arrangements available to opposite-sex married couples.

**IMPACT.** *Employers in states that allow same-sex marriage will presumably need to amend plans to cover same-sex married spouses. The IRS is expected to provide guidance on the timing of plan amendments, including the issue of whether benefits need to be made retroactive or only prospective from the date of the Windsor decision.*

***Domestic Partners.*** Many employee benefit plans in the private and public sectors refer to domestic partners rather than same-sex spouses. The definition of domestic partner varies. In some cases, it may encompass opposite-sex domestic partners as well as same-sex domestic partners.

**COMMENT.** *The federal government's Office of Personnel Management defines domestic partner for purposes of federal employee benefits as a committed relationship between two adults, of the same sex.*

***Tax Treatment.*** Domestic partners who are not married under state law are not treated as spouses for federal income tax purposes. As a result, an employee must continue to pay taxes on the fair market value of the coverage for the employee's domestic partner (whether the domestic partner is a same-sex partner or an opposite-sex partner). However, domestic partner benefits are tax-free if the employee's partner qualifies as a dependent under Code Sec. 152; that is, if benefits are paid for a person who meets the following requirements:

- Receives more than half of his or her support from the taxpayer for the year.
- Uses the taxpayer's home as the principal abode and is a member of the taxpayer's household during the entire tax year.
- Is in a relationship with the taxpayer that is not a violation of local law.

**IMPACT.** *The Supreme Court's decision may open the window to refunds of taxes paid by employees on income imputed to employees for same-sex married spouse and refunds of payroll taxes paid by employers on that income. FICA tax refund claims by employers and employees for prior, open years may also be possible.*

**COMMENT.** *Some employers have attempted to equalize the treatment between opposite-sex couples and same-sex couples by providing so-called gross-ups to cover the additional taxes that same-sex couples pay on health benefits. Many employers require an employee to certify that a domestic partner qualifies as a dependent under Code Sec. 152.*

***Cafeteria Plans.*** Employer contributions to a cafeteria plan are usually made under a salary reduction agreement between the employer and the employee in which the employee agrees to contribute a portion of his or her salary on a pre-tax basis to pay for the qualified benefits. Salary reduction contributions are not actually or constructively received by the participant. Therefore, those contributions are not considered wages for federal income tax purposes. In addition, those sums generally are not subject to FICA and FUTA taxes. However, pre-tax dollars could not be used to pay for coverage of a same-sex spouse because of DOMA. This now should change as a result of the Court's decision.

***Health Flexible Spending Accounts.*** A health flexible spending arrangement (FSA)



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is a form of cafeteria plan benefit, funded by a voluntary salary reduction arrangement with pretax dollars. The benefits are subject to an annual maximum and an annual "use-or-lose" rule. Qualified medical expenses are those incurred by, among other individuals, the employee and his or her opposite-sex spouse. Because of DOMA, only opposite-sex married couples could use health FSA dollars for a spouse's qualified medical expenses.

**IMPACT.** *The Supreme Court's decision to strike down DOMA presumably opens the door to same-sex married couples being able to use FSA dollars for qualified medical expenses of both spouses. The IRS is expected to issue guidance.*

**COMMENT.** *A cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of $2,500 for plan years beginning after December 31, 2012.*

***Health Savings Accounts.*** A health savings account (HSA) is a vehicle that eligible taxpayers can use to pay for or reimburse qualified medical expenses. Contributions to an HSA are tax-deductible (employer contributions are excluded from gross income) and distributions are tax-free if used to pay for qualified medical expenses. To be an eligible taxpayer, the individual, among other requirements, must be covered by a high-deductible health plan (HDHP), not enrolled in Medicare, not claimed as a dependent on another taxpayer's return. Qualified medical expenses are those incurred by, among others, the taxpayer and his or her spouse. Because of DOMA, only opposite-sex married couples could HSA dollars for a spouse's qualified medical expenses.

**IMPACT.** *With DOMA being struck down by the Supreme Court, same-sex married couples will presumably be able to use HSA dollars for qualified medical expenses of both spouses.*

***COBRA/FMLA.*** Federal law requires that certain employers offer continuation of health care coverage to employees, their spouses, and families ("COBRA coverage'). Current federal laws related to COBRA coverage do not apply to same-sex married couples. The DOMA definition of spouse precludes the extension of Family and Medical Leave Act (FMLA) leave benefits to opposite-sex partners. After the Supreme Court's decision in *Windsor*, these rights presumably would now be available to same-sex spouses.

> "The IRS is expected to provide guidance on the timing of employee benefit plan amendments, including the issue of whether benefits need to be made retroactive or only prospective."

***Retirement Plans.*** The Internal Revenue Code provides extensive protections for the spouse of an employee to share in the employee's retirement benefits payable through Code Sec. 401(k) plans and other qualified plans. These protections would presumably now apply to the same-sex spouse of an employee.

## AFFORDABLE CARE ACT

The Patient Protection and Affordable Care Act, signed into law by President Obama in 2010, set in motion a host of changes to the delivery of health care and health insurance coverage. Some of the changes already in place affect health savings accounts (discussed above in this Briefing). Other changes are scheduled to take effect after 2013.

***Individual Mandate And Penalty.*** Beginning in 2014, the Affordable Care Act imposes a penalty on individuals who do not carry minimum essential health coverage for one or more months, subject to certain exceptions. Married taxpayers who file a joint return are jointly liable for any penalty that may be imposed upon either spouse. The penalty does not apply in certain cases, such as in the case of individuals whose household incomes are below their filing thresholds. Now that DOMA has been struck down, same-sex married couples presumably will be treated in the same manner as opposite-sex married couples for purposes of the individual mandate and its penalty.

**COMMENT.** *The Affordable Care Act prohibits the IRS from using liens or levies to collect any unpaid penalty. The IRS cannot levy on the property of one spouse to satisfy an unpaid penalty of the other spouse.*

***Premium Assistance Tax Credit.*** Beginning in 2014, the Code Sec. 36B premium assistance tax credit is scheduled to be available to those qualified individuals and families who are not offered minimum essential coverage and as a result obtain coverage through a health benefit exchange. The Affordable Care Act provides for advance payment of the credit. Taxpayers who are married at the end of the tax year must file a joint return to claim the credit. Because DOMA has been struck down, same-sex married couples will presumably need to file a joint return to claim the credit.

***Code Sec. 45R Credit.*** For tax years 2010 through 2013, eligible employers may claim a credit of 35 percent of health insurance premiums paid (25 percent for small tax-exempt employers). In tax years beginning after 2013, an employer must participate in an insurance exchange in order to claim the credit. The credit is scheduled to increase to 50 percent for small business employers (35 percent for small tax-exempt employers) after 2013 (but will terminate after 2015). Certain family members are not treated as employees for purposes of the credit. Under DOMA, these restrictions did not apply to same-sex married couples because their marriages were not recognized for federal purposes. With DOMA's demise, a same-sex spouse who satisfies any of these criteria would presumably not be treated as an employee for purposes of the credit.


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## SOCIAL SECURITY BENEFITS

Because of DOMA, same-sex married couples did not have the same benefits under Social Security that opposite-sex married couples have enjoyed for many years. Unlike opposite-sex couples, for example, there are no survivor benefits for the surviving spouse of a same-sex married couple. Also, the divorced spouse of a formerly married same-sex couple cannot not claim benefits based on the earnings of his or her ex-spouse.

**IMPACT.** *The Social Security Administration (SSA) has based federal rights to benefits on whether marital rights exist in the couple's current state of residence rather than the state in which they were married. The impact of Windsor on the manner in which federal agencies will treat Social Security benefits remains to be sorted out.*

***Survivor Benefits.*** When an individual dies, his or her surviving spouse may be eligible for Social Security benefits if the surviving spouse is age 60 or older, age 50 or older and disabled, or any age if he or she is caring for the decedent's child who is younger than age 16 or disabled and entitled to Social Security benefits on the record of the deceased individual. With DOMA having been struck down, survivor benefits previously available only to opposite-sex married couples are now presumably available to same-sex married couples. The SSA is expected to provide guidance.

***Divorced Spouses.*** If an individual is divorced, his or her ex-spouse may qualify for Social Security benefits based on that individual's earnings. Generally, a divorced spouse must have been married to the individual for at least 10 years and have been divorced at least two years. Additionally, the divorced spouse must be at least age 62, unmarried and ineligible for an equal or greater benefit based on his or her own earnings or the earnings of someone else. These benefits are now presumably available to divorced individuals who were previously in a same-sex marriage. The SSA is expected to provide guidance.

***Death Benefits.*** The SSA pays a one-time death benefit of $255 to the decedent's surviving spouse in an opposite-sex marriage or minor child. The SSA will presumably now pay the one-time death benefit to the surviving spouse in a same-sex marriage.

## EFFECTIVE-DATE ISSUES

Determination of the effective date for applying the Supreme Court's holding to federal tax law is not straightforward in all cases and will necessitate further guidance from the IRS. Same-sex married couples who were not considered married under federal law prior to the Supreme Court decision are presumably not just considered married starting on the date of the Supreme Court's decision, June 26, 2013 but are considered married retroactively to the date of their marriage pursuant to state law. This retroactive effective date raises a number of immediate federal tax issues:

- Should same-sex couples now file amended returns claiming joint return status?
- Are same-sex couples now required to amend past-year returns for joint status even if they did better tax-wise overall by filing separately as unmarried individuals?
- Will the IRS consider the Supreme Court's decision in determining marital status when auditing prior-year returns?

***Amended Joint Returns/Claims For Refund.*** Amended returns are filed to correct errors made on previous returns. Although the Internal Revenue Code does not specifically permit amended returns, the IRS usually accepts them. But while the IRS's discretion to accept or reject amended returns has been recognized, courts have required the IRS to accept amended returns where its rejection of them has been found to be arbitrary and unjust.

***Limitations Period.*** The statute of limitations for amending or auditing a return is generally three years from the filing date or two years from the date taxes are paid, whichever is later. This rule may generally apply for same-sex married couples as follows:

### STATES THAT RECOGNIZE SAME-SEX MARRIAGE

Connecticut
Delaware(1)
Iowa
Maine
Maryland
Massachusetts
Minnesota(2)
New Hampshire
New York
Rhode Island(2)
Vermont
Washington
District of Columbia

***As of June 27, 2013***
***(1)*** *Effective July 1, 2013*
***(2)*** *Effective August 1, 2013*
***Note:*** *California granted marriage licenses to same-sex couples from June 16, 2008 to November 5, 2008.*
***Note:*** *The Little Traverse Bay Bands of Odawa Indians in Michigan, the Coquille Native American Nation in Oregon and the Suquamish Native American Nation in Washington recognize same-sex marriage.*
***Note:*** *37 States have laws expressly restricting marriage to opposite-sex couples.*

### STATES THAT RECOGNIZE SAME-SEX UNIONS/DOMESTIC PARTNERSHIPS

California
Colorado
Hawaii
Illinois
Nevada
New Jersey
Oregon
Wisconsin



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- Joint returns may be filed, usually as an amended return with a refund claim, until the three-year limitations period (or the two-year payment period, if later) expires. For individuals who filed 2009 tax returns on or before April 15, 2010, the limitations period for that year is closed. For those who filed their 2009 returns on an automatic six-month extension on October 15, 2010, however, the limitations period for the 2009 tax year remains open until October 15, 2013. To claim joint return status on an amended 2009 tax return under the three-year rule, both married partners' original tax returns must have been filed within that extended period.
- Taxpayers who filed protective refund claims prior to the Supreme Court's decision should be on the alert to any forthcoming IRS guidelines that may facilitate the agency's processing of those claims.
- Taxpayers who had a lower combined overall tax liability filing as unmarried single individuals during an open year appear to be under no obligation now to file an amended return to file jointly (or as married filing separately if at least one partner does not consent to a joint return).

***IRS Audit Policy.*** Technically, the IRS, on audit of an open year for which any previously-filed return by a married, same-sex partner used unmarried, single-filer status, may be able to require that tax be recomputed based on either a joint return, or married filing separately status return. However, since audits are under IRS's discretionary powers, the consensus among at least some practitioners, is that IRS National Office may –and more likely will— direct agents to by-pass any filing-status issues unless the taxpayer requests a change.

***2013 Tax Year.*** For 2013 returns that will be filed in 2014, the Supreme Court's *Windsor* decision presumably relates back to the entire 2013 tax year in determining filing status.

**COMMENT.** *Married partners do not have the option to file short-year returns as unmarried for the January 1 – June 26, 2013 period; they must file jointly or married filing separately for the entire 2013 tax year.*

***2012 Tax Year.*** Taxpayers who are on extension until October 15, 2013 for filing their 2012 tax year returns appear to be required to file those returns either jointly or married filing separately. Taxpayers who filed their 2012 tax year returns before June 26, 2013, as separate, unmarried individuals, however, may not need to change their filing status to married filing joint if it would be less favorable to their overall tax liability. The IRS may issue guidance on this issue.

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[redacted]

Tuesday, October 1, 2013

**VIA E-MAIL ONLY: summary@mediationinc.com**

Alvin Capp, Esquire
Mediation, Inc.
Regions Financial Tower
1555 Palm Beach Lakes Boulevard, Suite 600
West Palm Beach, FL 33401

Re: Edwards, Bradley adv. Epstein
Our File No.: 291874

Dear Mr. Capp:

Despite the total absence of competent evidence to demonstrate that Bradley Edwards participated in any fraud against Jeffrey Epstein, and in the face of uncontrovertible evidence demonstrating the propriety of every aspect of Edwards' involvement in the prosecution of legitimate claims against Epstein, Epstein sued Bradley Edwards. Epstein sexually abused three clients of Edwards – L.M., E.W., and Jane Doe – and Edwards properly and successfully represented them in a civil action against Epstein. Nothing in Edwards's capable and competent representation of his clients provided any basis for a civil lawsuit against him, but the facts did not deter Epstein from engaging in what was a blatant effort to extort Bradley Edwards, utilizing the nearly limitless resources of a vengeful opponent. The extortion failed but the vengeful assault by Epstein continues.

Epstein's action against Edwards essentially alleged that Epstein was damaged by Edwards, acting in concert with Scott Rothstein (President of the Rothstein Rosenfeldt Adler law firm ("RRA") where Edwards worked for a short period of time). Epstein alleged that Edwards joined Rothstein in the abusive prosecution of sexual assault cases against Epstein to "pump" the cases to Ponzi scheme investors. As described by Epstein, investor victims were told by Rothstein that three minor girls who were sexually assaulted by Epstein: L.M., E.W., and Jane Doe were to be paid up-front money to prevent those girls from settling their civil cases against Epstein. In Epstein's view, these child sexual assault cases had "minimal value" (Complaint &

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42(h)), and Edwards's refusal to force his clients to accept modest settlement offers was claimed to breach some duty that Edwards owed to Epstein. Interestingly, Epstein never states that he actually made any settlement offers. Even more interestingly, Epstein was never able to explain how a scheme to defraud third party investors ever caused any legally cognizable damage to Epstein himself.

The supposed "proof" of the Complaint's allegations against Edwards included Edwards's alleged contacts with the media, his attempts to obtain discovery from high-profile persons with whom Epstein socialized, and use of "ridiculously inflammatory" language in arguments in court. Remarkably, Epstein filed such allegations against Edwards despite the fact that Epstein had sexually abused each of Edwards's clients and others while they were minors. Indeed, in discovery Epstein has asserted his Fifth Amendment privilege rather than answer questions about the extent of the sexual abuse of his many victims. Even more remarkably, after filing his suit against Edwards, Epstein settled the three cases Edwards handled for an amount that Epstein insisted be kept confidential. Without violating the strict confidentiality terms required by Epstein, the cases did not settle for the "minimal value" that Epstein suggested in his Complaint.

Because Epstein elected to hide behind the shield of his right against self incrimination to preclude his disclosing any relevant information about the criminal activity at the center of his claims, he was barred from prosecuting his case against Edwards. Under the well-established "sword and shield" doctrine, Epstein could not seek damages from Edwards while at the same time asserting a Fifth Amendment privilege to block relevant discovery. Here, Epstein tried to do precisely what the "well settled" law forbids. Specifically, he tried to obtain "affirmative relief" – i.e., forcing Edwards to pay money damages – while simultaneously precluding Edwards from obtaining legitimate discovery at the heart of the allegations that form the basis for the relief Epstein was seeking. As recounted more fully in the statement of undisputed facts filed in support of Edwards' Motion for Summary Judgment, Epstein has refused to answer such basic questions about his lawsuit as:

- "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?"
- "Well, which of Mr. Edwards' cases do you contend were fabricated?"
- "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?"
- "I would like to know whether you ever had any physical contact with the person referred to as Jane Doe in that [federal] complaint?"

- "Did you ever have any physical contact with E.W.?"
- "What is the actual value that you contend the claim of E.W. against you has?"

The matters addressed in these questions were the central focus of Epstein's claims against Edwards. Epstein's refusal to answer these and literally every other substantive question put to him in discovery deprived Edwards of even a basic understanding of the evidence alleged to support claims against him and substantiated Edwards' position that no such evidence ever existed. Epstein's case was doomed to fail on the basis of the "sword and shield" doctrine alone. But other grounds were equally and independently fatal to Epstein's attempt to use the legal system to scare Edwards into submission.

All of Edwards' conduct in the prosecution of valid claims against Epstein was protected by the absolute bar of the litigation privilege.

And most fundamentally, Epstein's claims against Edwards were not only unsupported by but also directly contradicted by all of the record evidence. From the beginning, Edwards diligently represented three victims of sexual assaults perpetrated by Epstein. Each and every one of Edwards's litigation decisions was grounded in proper litigation judgment about the need to pursue effective discovery against Epstein, particularly in the face of Epstein's stonewalling tactics. Edwards's successful representation finally forced Epstein to settle and pay appropriate damages. Effective and proper representation of child victims who have been repeatedly sexually assaulted cannot form the basis of a separate, "satellite" lawsuit, and therefore Edwards was entitled to summary judgment on those grounds as well.

Facing these insurmountable obstacles, on the eve of the scheduled hearing on Edwards' Motion for Summary Judgment, Epstein dismissed all of his claims against Edwards.

Put simply, Epstein made allegations that he knew were baseless, that he never intended to try to support, and that were precluded as a matter of well-established law. His lawsuit was merely a desperate measure by a serial pedophile to prevent being held accountable for repeatedly sexually abusing minor females. Epstein's ulterior motives in filing and prosecuting his lawsuit are blatantly obvious. Epstein's behavior is another clear demonstration that he feels he lives above the law and that because of his wealth he can manipulate the system and pay for lawyers to do his dirty work - even to the extent of having them assert baseless claims against other members of the Florida Bar. Epstein's Complaint against Edwards was nothing short of a far-fetched, fictional fairy-tale with absolutely no evidence whatsoever to support his preposterous

claims. It was his last ditch effort to escape the public disclosure by Edwards and his clients of the nature, extent, and sordid details of Epstein's life as a serial child molester.

The bulk of Epstein's claims against Edwards hinge on the premise that Edwards was involved in a Ponzi scheme run by Scott Rothstein. Broad allegations of wrongdoing on the part of Edwards were scattered willy-nilly throughout the complaint. None of the allegations provided any substance as to how Edwards actually assisted the Ponzi scheme, and allegations that he "knew or should have known" of its existence all failed for one straightforward reason: Edwards was simply not involved in any Ponzi scheme. He provided sworn testimony and an affidavit in support of that assertion, and there was not (and could never be) any contrary evidence.

Edwards was deposed at length in this case. As his deposition makes crystal clear, he had no knowledge of any fraudulent activity in which Scott Rothstein may have been involved. See, e.g., Edwards Depo. at 301-02 (Q: " . . . [W]ere you aware that Scott Rothstein was trying to market Epstein cases . . . ?" A: "No.").

Edwards supplemented his deposition answers with an extremely detailed Affidavit that declared in no uncertain terms his lack of involvement in any fraud perpetrated by Rothstein. In view of this clear evidence rebutting all allegations against him, Epstein was required to "produce counter-evidence establishing a genuine issue of material fact." Epstein could not meet this obligation. Indeed, when asked at his deposition whether he had any evidence of Edwards's involvement, Epstein declined to answer, purportedly on attorney-client privilege grounds:

> Q. I want to know whether you have any knowledge of evidence that Bradley Edwards personally ever participated in devising a plan through which were sold purported confidential assignments of a structured payout settlement? . . .
> A. I'd like to answer that question by saying that the newspapers have reported that his firm was engaged in fraudulent structured settlements in order to fleece unsuspecting Florida investors. With respect to my personal knowledge, I'm unfortunately going to, today, but I look forward to at some point being able to disclose it, today I'm going to have to assert the attorney/client privilege.

Epstein alleged that Edwards somehow improperly enhanced the value of the three civil cases he had filed against Epstein. Edwards represented three young women – L.M., E.W., and Jane Doe – by filing civil suits against Epstein for his sexual abuse of them while they were minors. Epstein purported to find a cause of action for this by alleging that Edwards somehow was involved in "'pumping' these three cases to



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investors." Edwards could not have possibly "pumped" the cases to investors when he never participated in any communication with investors. However, Epstein's "pumping" claims fail for an even more basic reason: Edwards was entitled – indeed ethically obligated as an attorney – to secure the maximum recovery for his clients during the course of his legal representation. As is well known, "[a]s an advocate, a lawyer zealously asserts the client's position under the rules of the adversary system." Fla. Rules of Prof. Conduct, Preamble. Edwards therefore was required to pursue (unless otherwise instructed by his clients) a maximum recovery against Epstein. Edwards, therefore, could never be liable for doing something that his ethical duties as an attorney required. In a further effort to harass Edwards, Epstein also filed a bar complaint with the Florida Bar against Edwards. The Florida Bar dismissed the complaint.

Another reason that Epstein's claims that Edwards was "pumping" cases for investors fails is that Edwards filed all three cases almost a year before he was hired by RRA or even knew of Scott Rothstein. Epstein makes allegations that the complaints contained sensational allegations for the purposes of luring investors; however, language in the complaints remained virtually unchanged from the first filing in 2008 and overwhelming evidence supports the conclusion that all of the facts alleged by Edwards in the complaints were true.

Epstein ultimately paid to settle all three of the cases Edwards filed against him for more money than he paid to settle any of the other claims against him. At Epstein's request, the terms of the settlement were kept confidential. Epstein chose to make this payment as the result of a federal court ordered mediation process, which he himself sought (over the objection of Jane Doe, Edwards' client in federal court) in an effort to resolve the case. Notably, Epstein sought this settlement conference – and ultimately made his payments as a result of that conference - in July 2010, more than seven months after he filed this lawsuit against Edwards. Accordingly, Epstein could not have been the victim of any scheme to "pump" the cases against him, because he never paid to settle the cases until well after Edwards had left RRA, after Edwards had severed all connection with Scott Rothstein (December 2009), and well after the details of Rothstein's Ponzi scheme had been widely publicized.

In addition, if Epstein had thought that there was some improper coercion involved in, for example, Jane Doe's case, his remedy was to raise the matter before Federal District Court Judge Kenneth A. Marra who was presiding over the matter. Far from raising any such claim, Epstein simply chose to settle that case. He was therefore barred by the doctrine of res judicata from somehow re-litigating what happened in (for example) the Jane Doe case. The doctrine of res judicata makes a judgment on the merits conclusive 'not only as to every matter which was offered and received to sustain or defeat the claim, but as to every other matter which might with propriety

have been litigated and determined in that action. Obviously, any question of improper "pumping" of a particular case could have been resolved in that very case rather than re-litigated in satellite litigation.

Epstein also alleged that Edwards improperly pursued discovery from some of Epstein's close friends. Such discovery, Epstein claimed, was improper because Edwards knew that these individuals lacked any discoverable information about the sexual assault cases against Epstein. Each of the friends of Epstein were and are reasonably believed to possess discoverable information. The undisputed facts show the following with regard to each of the persons identified in Epstein's complaint of improper targets of discovery:

- With regard to Donald Trump, Edwards had sound legal basis for believing Mr. Trump had relevant and discoverable information. *See* Statement of Undisputed Facts filed in support of Edwards' Motion for Summary Judgment.

- With regard to Alan Dershowitz (Harvard Law Professor), Edwards had sound legal basis for believing Mr. Dershowitz had relevant and discoverable information. *See* Statement of Undisputed Facts.

- With regard to former President Bill Clinton, Edwards had sound legal basis for believing former President Clinton had relevant and discoverable information. *See* Statement of Undisputed Facts.

- With regard to former Sony Record executive Tommy Mottola, Edwards was not the attorney that noticed Mr. Mottola's deposition. *See* Statement of Undisputed Facts.

- With regard to illusionist David Copperfield, Edwards had sound legal basis for believing Mr. Copperfield had relevant and discoverable information. *See* Statement of Undisputed Facts.

- With regard to former New Mexico Governor Bill Richardson, Edwards had sound legal basis for naming Former New Mexico Governor Bill Richardson on his witness list. *See* Statement of Undisputed Facts.

The anticipated trial of this lawsuit will require Edwards to testify about the propriety of his litigation decisions and to explain the bases for his good faith belief that each of the identified individuals had relevant information regarding Epstein's serial molestations. The rules of discovery themselves provide that a deposition need only be "reasonably calculated to *lead to* the discovery of admissible evidence." Fla. R. Civ. P. 1.280(b), and all of the challenged depositions clearly met that standard.

Moreover, the discovery that Edwards pursued has to be considered against the backdrop of Epstein's obstructionist tactics. In both this case and all other cases filed against him, Epstein asserted his Fifth Amendment privilege rather than answer any substantive questions. Epstein also helped secure attorneys for his household staff who assisted in the process of recruiting the minor girls, and those staff members in turn also asserted their Fifth Amendment rights rather than explain what happened behind closed doors in Epstein's mansion in West Palm Beach. It is against this backdrop that Edwards followed up on one of the only remaining lines of inquiry open to him: discovery aimed at those of Epstein's friends reasonably believed to have been in a position to corroborate the fact that Epstein was sexually abusing young girls.

In the context of the sexual assault cases that Edwards had filed against Epstein, any act of sexual abuse had undeniable relevance to the case – even acts of abuse Epstein committed against minor girls other than L.M., E.W., or Jane Doe. Both federal and state evidence rules made acts of child abuse against other girls admissible in the plaintiff's case in chief as proof of "modus operandi" or "motive" or "common scheme or plan." The anxiously anticipated trial of this case will present the first full disclosure of the evidence of the extent of Epstein's criminal conduct in explanation of the reason for and the extent of his malice toward Bradley Edwards.

Epstein's repeated invocations of the Fifth Amendment raise adverse inferences against him that leave no possibility that a reasonable factfinder could have ever reached a verdict in his favor. Instead, a reasonable finder of fact could only find that Epstein was a serial molester of children who was being held accountable through legitimate suits brought by Edwards and others on behalf of the minor girls that Epstein victimized.

"[I]t is well-settled that the Fifth Amendment does not forbid adverse inferences against parties to civil actions when they refuse to testify in response to probative evidence offered against them." *Baxter v. Palmigiano,* 425 U.S. 308, 318 (1976); *accord Vasquez v. State*, 777 So.2d 1200, 1203 (Fla. App. 2001). The reason for this rule "is both logical and utilitarian. A party may not trample upon the rights of others and then escape the consequences by invoking a constitutional privilege – at least not in a civil setting." *Fraser v. Security and Inv. Corp.*, 615 So.2d 841, 842 (Fla. 4th Dist. Ct. App. 1993). And, in the proper circumstances, "'Silence is often evidence of the most persuasive character.'" *Fraser v. Security and Inv. Corp.*, 615 So.2d 841, 842 (Fla. 4th Dist. Ct. App. 1993) (*quoting United States ex rel. Bilokumsky v. Tod,* 263 U.S. 149, 153-154 (1923) (Brandeis, J.).

In the circumstances of this case, a reasonable finder of fact would have "evidence of the most persuasive character" from Epstein's repeated refusal to answer questions propounded to him. To provide but a few examples, here are questions that Epstein

refused to answer and the reasonable inference that a reasonable finder of fact would draw:

- Question not answered: "Specifically what are the allegations against you which you contend Mr. Edwards ginned up?" Reasonable inference: No allegations against Epstein were ginned up.

- Question not answered: "Well, which of Mr. Edwards' cases do you contend were fabricated?" Reasonable inference: No cases filed by Edwards against Epstein were fabricated.

- Question not answered: "Did sexual assaults ever take place on a private airplane on which you were a passenger?" Reasonable inference: Epstein was on a private airplane while sexual assaults were taking place.

- Question not answered: "How many minors have you procured for prostitution?" Reasonable inference: Epstein has procured multiple minors for prostitution.

- Question not answered: "Is there anything in L.M.'s Complaint that was filed against you in September of 2008 which you contend to be false?" Reasonable inference: Nothing in L.M.'s complaint filed in September of 2008 was false – i.e., as alleged in L.M.'s complaint, Epstein repeatedly sexually assaulted her while she was a minor and she was entitled to substantial compensatory and punitive damages as a result.

- Question not answered: "I would like to know whether you ever had any physical contact with the person referred to as Jane Doe in that [federal] complaint?" Reasonable inference: Epstein had physical contact with minor Jane Doe as alleged in her federal complaint.

- Question not answered: "Did you ever have any physical contact with E.W.?" Reasonable inference: Epstein had physical contact with minor E.W. as alleged in her complaint.

- Question not answered: "What is the actual value that you contend the claim of E.W. against you has?" Reasonable inference: E.W.'s claim against Epstein had substantial actual value.

Given all of the fatal flaws that infected Epstein's claims against Edwards from the outset and the overwhelming evidence that the motivation behind the filing of those claims was exclusively extortion and malice, Epstein's only hope of avoiding the full

dramatic exposure of his life of perversion is to attempt to hide behind the erroneous interpretation of the litigation privilege. That effort has been rejected repeatedly by the trial court, and there is no reason to anticipate any change in that well-reasoned rejection. In addition, as will be privately explained at mediation, Epstein's day of public reckoning is inevitable.

Sincerely,

JACK SCAROLA
JSX/kar

Cc: Bradley Edwards, Esquire
Jack A. Goldberger, Esquire
Fred Haddad, Esquire
Marc S. Nurik, Esquire
Tonja Haddad Coleman, Esquire

**From**: Lesley Groff [redacted]
**Sent**: 3/14/2014 2:24:48 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**CC**: [redacted] Lyn fontanilla [redacted] Jojo Fontanilla [redacted]
**Subject**: Ed Boyden-Can't make it to dinner tonight!

Begin forwarded message:

**From:** Ed Boyden <[redacted]>
**Subject:** **Re: Your CITICAR Confirmation**
**Date:** March 14, 2014 10:12:29 AM EDT
**To:** Lesley Groff <[redacted]>
**Cc:** Neil Gershenfeld <[redacted]>, Bella Klein <[redacted]>
**Reply-To:** [redacted]

My apologies -- for the Obama BRAIN initiative, I need to work at MIT today to coordinate the activities of a bunch of groups for a Monday deadline. I'll see if I can get the plane fare refunded by our travel agent. Very sorry for the late notice...

Best,
Ed

**From**: Tyler Shears [redacted]
**Sent**: 3/20/2014 2:46:17 PM
**To**: Christina Galbraith [redacted]
**CC**: jeevacation@gmail.com
**Subject**: Re: Jeffrey Epstein, Harvard and Science Magnate, Applauds Congress' Largest Bill for Melanoma - CNBC

**Importance**: High

We are pushing to help get this up but having Bill Clinton in the other is making it tough to pop anything other up. Check again in 8 hours

Sent from my iPhone

> On Mar 20, 2014, at 9:47 AM, Christina Galbraith <[redacted] wrote:
>
> Hi Tyler,
>
> See the press release published this morning. Everyone's picking it up but don't see it on googles 1st page yet. Tough because Daily Mail has about 3 new articles out
>
> http://www.cnbc.com/id/101510498
>
>
> Christina Galbraith
> [redacted]
>

**Jeffrey Epstein, Prominent Education Patron, Backs Obama's Call for Early Education.**

The Jeffrey Epstein VI Foundation, which supports science education across the United States and has expanded to support early development and charter schools, heralded President Obama's State of the Union call for universal pre-school education for young children.

"Early education is essential," Jeffrey Epstein asserted who started his foundation in 2000. "It physically stimulates the rapidly developing mind, and fosters a lifetime of curiosity and achievement. All the statistics point to a much greater chance for success when a student experiences early education, from scores to school attendance."

According to the National Institute for Early Education Research, only 28% of 4 year olds in the United States are enrolled in state-financed preschool programs and only five states, offer preschool options to all 4-year-olds. The President's proposal would provide federal matching funds to states that offer public preschool openings to families earning up to 200% of the poverty level. The President would also allocate funds to states to expand public pre-kindergarten slots for middle-class families, who could pay on a sliding scale of tuition. The federal government would also have to approve the states' curriculum and administrative standards for their preschools.

"Setting standards of excellence is essential," Jeffrey Epstein affirmed, who has funded numerous early development programs including the first Head Start program in the US Virgin Islands, where his foundation is based. "However, there should be a large degree of autonomy and schools should be rewarded by their results. It becomes problematic when schools cannot make effective decisions for themselves."

Critics of Congress' Head Start program which started in 1981 to directly support preschools across the country, cite an expensive $7 billion annual endeavor that has had an uncertain impact on improving education rates. But many argue that the requirements for excellence are inconsistent, unenforced and teachers are still paid well below the public school level.

"If we don't make this investment now and wisely," Bob Powers countered, Chairman of the Education Workforce Development Committee of the Business Council of Alabama, "we're going to pay for it later."

In addition to supporting early education, Jeffrey Epstein founded the Program for Evolutionary Dynamics at Harvard University with a $30 million grant. He is a former member of the Trilateral Commission, the Council on Foreign Relations, Rockefeller University, New York

Academy of Science and sits on the board of the Mind, Brain and Behavior Committee at Harvard University.

SOURCE: www.jeffreyepsteineducation.com

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we feel that elegance comes in more colors than white.

we embrace intimate gatherings of 2,000,
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we are confident that if you want it, we can find it.

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we recognize the power of a good story.
and that what's been done before is the last refuge of the uninspired.

we believe in "wow."

we believe illusion is the first of all pleasures.

we see your event as more than a reflection of you.
it *is* you. just more so.

we are inspired by the doctrine of original thought.

we pay attention to detail.

we live for beauty.

we support the politics of chintz. and the etiquette of mylar.

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## Capabilities

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**Rafanelli Events has spent more than fifteen years building strong relationships with the best companies across the country and we consistently provide our clients with the most up-to-date technologies and innovations. Our success is built on listening to, respecting, understanding and complementing some of the most successful people, companies and brands in the world.**

**Rafanelli Team**

Twenty-five talented, creative and dedicated professionals

Our event teams each consist of CEO Bryan Rafanelli, Creative Director Billy Evers, an Event Producer and a Production Manager.

**Types of Events**

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**Years in Business**

15 Years

**Events Produced**

More than 1,200 Events

From small, intimate gatherings to seated dinners for more than 2,000 people, we have produced events in more than 30 cities, 15 states and five countries

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|---|---|---|---|
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| 4th Floor | 2nd Floor | Suite 1000 | West Tower |
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# Bryan Rafanelli
## Biography

***"If party planning is a fine art, then consider Bryan Rafanelli a virtuoso"***
***WCVB-TV Boston***

***"The event planner of the year"***
***Town & Country***

Bryan Rafanelli's exquisite sense of style, attention to detail and ability to transform clients' visions into unforgettable celebrations have made him a go-to planner for the nation's most exclusive and high-profile events. He has produced it all, from elaborate fairytale-themed fundraising galas for Massachusetts General Hospital for Children to Chelsea Clinton's "wedding of the decade" to State Dinners hosted by President Barack Obama and First Lady Michelle Obama.

Rafanelli and his firm, Rafanelli Events, have a simple philosophy: every event is a unique creative challenge deserving of a one-of-a-kind approach. "My team listens to what you're imagining and then comes back with an idea you never expected," he says. "We hone in on every last detail so we can always deliver clients the highest level of service."

The media has taken notice. A recent feature in *OUT* magazine reads, "For a flawlessly executed affair to remember, a behind-the-scenes mastermind juggles the details. If you're lucky, that person will be event planner Bryan Rafanelli." And the headline of a recent *New York Times* profile –*For Wedding Planner, Obsession with Privacy*– reinforces that Rafanelli is tight-lipped no matter whom the client is, letting his work speak for itself.

Rafanelli has been named "Man of the Moment" by *Town & Country* (2010), a 2011 "Innovator" and "Event Producer of the Year" by BizBash, one of *OUT* magazine's "100 Most Compelling People in 2010", a "Trendsetter of the Year" by *Modern Bride*, a "40 Under 40" by the *Boston Business Journal* and "Best in Boston" eight years running by *Boston* magazine. His events have been highlighted in: *The New York Times*, *The Wall Street Journal*, *The Washington Post*, *People*, *New York*, CBSNews.com, VanityFair.com, NewYorker.com and more. Rafanelli has also appeared as an industry expert on regional and national television programs including: "The Martha Stewart Show", ABC's "Good Morning America", NBC's "The Today Show" and as a regular contributor on New England Cable News' "Morning Show."

Rafanelli grew up in a large Rhode Island family, his mother always finding reason to throw parties for the people she loved. "The sense of community and of bringing people together to have good time just for 'good time's sake' has always been inside me," he says. He launched Rafanelli Events in 1996 as a three-person operation executing only a handful of events a year. It has quickly evolved into a full-service event design, strategy, planning and production company with more than 100 events annually in venues around the world. Headquartered in Boston, Rafanelli Events also has offices in New York City, Washington, DC and Palm Beach.

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# Billy Evers

***Biography***

In the eyes of Billy Evers, inspiration is everywhere. Art, theater, fashion and music are all fair game; they're the moving parts of what makes an event come together as a whole. As creative director at Rafanelli Events, Billy takes each occasion that he plans and carefully balances the details. Whether he's dreaming up a wedding in Maine or a multi-million dollar hospital fundraiser, his role is to create, to imagine and to edit, from the very first client interaction until the final guest goes home. "The events we create are always evolving," Billy says. "The tweaking, the adding, the making sure everything's precise—it's something I pride our company on. We're always perfecting what we do."

Billy first teamed up with Bryan Rafanelli 10 years ago, only a few years after the company's inception in 1996. "I was living in New York, but would come to Boston socially," Billy says. "Bryan asked me to help out and things literally went from zero to 100 in six weeks. Before I knew it, I was living here, an extremely active member of Bryan's growing team."

Billy's background lends itself well to his role at Rafanelli. Prior to joining Bryan's team, he worked for a number of years in New York, running a high-end fashion boutique on Madison Avenue. This experience allowed him to travel the world, exposing him to an endless range of arts and culture. "All of it, together, has become the perfect resume for what I do now," Billy says. "When I see a room, I see it in a theatrical way. I draw from my love of film, my reservoir of experience in art and fashion, my passion for music."

All of these influences play an invaluable role in Billy's creative process. "I get involved with film, photography, fabric, accessories, lighting, the smell of a place—the entire sensory experience," he says. But beyond the individual details, Billy is responsible for dreaming up a concept. "Rafanelli is unique in terms of how broad our range is and what we're capable of doing," he says. "We're so not about 'just a party'. What we're doing is a whole new style of event. Concepting and branding meet smart design, value and integrity. I love the challenge of it all."

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DeCordova Museum
Democratic National Committee
Emerson College
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Faulkner Hospital
Florence Fuller Child Development Centers
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Harvard University Art Museums
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Harvard University Medical School
Huntington Theatre
Institute of Contemporary Art
Jewish Community Centers
Jewish Family and Children's Services
J.P. Morgan Chase
Kessler Group
Louis Vuitton North America
Kravis Center for the Performing Arts
Mandarin Oriental
Massachusetts General Hospital
Millennium Pharmaceuticals
Museum of Fine Arts, Boston
New England Patriots
Newton Wellesley Hospital
Peabody Essex Museum
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Ritz Carlton
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The Connors Family Office
The Swan Group
Trinity Church of Boston
Tsoi/Kobus & Associates
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U.S. Holocaust Memorial Museum
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**From:** Richard Kahn [redacted]
**Sent:** 3/25/2013 7:47:22 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** google search

**Importance:** High

just did a jee google and thought it looked very good...

# Search Results

**1. *Jeffrey Epstein* - Wikipedia, the free encyclopedia**

*en.wikipedia.org/wiki/**Jeffrey_Epstein***
*Jeffrey* Edward *Epstein* (born January 20, 1953) is an American financier and science and education philanthropist. He is responsible for founding The Program **...**
Life - Financial career - Science funding - Solicitation of prostitution

**2. *Jeffrey Epstein*: International Moneyman of Mystery**

*nymag.com/nymetro/news/people/n_7912/*
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't **...**

**3. Billionaire *Jeffrey Epstein*: I'm a sex offender, not a predator ...**

*www.nypost.com/.../perv_don_shmear_me_GzYV0fJYoWleFsSTrQ...*
Feb 25, 2011 – Billionaire pervert *Jeffrey Epstein* is back in New York City -- and making wisecracks about his just-ended jail stint for having sex with an **...**

**4. *JEFFREY EPSTEIN* VI FOUNDATION: Home**

*www.**jeffreyepstein**foundation.com/*
*Jeffrey Epstein*, Holds a Conference of Nobel Laureates to Define Gravity **...** The conference was financed by science philanthropist *Jeffrey Epstein* and his **...**

**5. *Jeffrey Epstein***

*www.huffingtonpost.com/news/**jeffrey-epstein***
Disgraced billionaire money manager (and former Bill Clinton associate) *Jeffrey Epstein* is back in New York City after 13 months of jail time for soli.

**6. *Jeffrey Epstein* Science**

*www.**jeffreyepstein**science.com/*
An overview of *Jeffrey Epstein* Science and the *Jeffrey Epstein* VI Foundation, the universities and the scientists that have received support.

**7. The *Jeffrey Epstein* VI Foundation**

*www.**jeffreyepstein**usvi.com/*
Recent articles on *Jeffrey Epstein* USVI philanthropy from New York and the USVI.

**8. *Jeff Epstein* profiles | LinkedIn**

*www.linkedin.com/pub/dir/**Jeff/Epstein***
View the profiles of professionals named *Jeff Epstein* on LinkedIn. There are 25 professionals named *Jeff Epstein*, who use LinkedIn to exchange information, **...**

## 9. *Jeff* N. *Epstein*, PhD

*www.cincinnatichildrens.org/bio/e/**jeff-epstein**/*
*Jeff* N. *Epstein*, PhD, is the director of the Center for ADHD and a professor of pediatrics for the Division of Behavioral Medicine and Clinical Psychology at **...**

## 10. Katie Couric, Woody Allen: *Jeffrey Epstein's* Society Friends Close ...

*www.thedailybeast.com/.../bill-clinton-katie-couric-woody-allen-**jeffr**...*
Apr 1, 2011 – Despite the pedophile mogul's conviction for soliciting underage prostitution, his circle is standing by their man. Scientists whose research **...**
Searches related to *jeffrey epstein*

jeffrey epstein **scandal**

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- 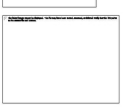
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- 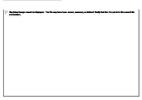

More images

Jeffrey Epstein

Financier

Jeffrey Edward Epstein is an American financier and science and education philanthropist. He is responsible for founding The Program for Evolutionary Dynamics at Harvard University, the first of its ... Wikipedia

Born: January 20, 1953 (age 60), Brooklyn

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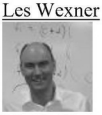

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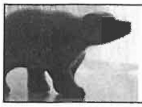

**Is Another Bear Market Around the Corner?**

If you have a $500,000 portfolio, you should download the latest report by *Forbes* columnist Ken Fisher's firm. It tells you where we think the stock market is headed and why. This must-read report includes our latest stock market forecast, plus research and analysis you can use in your portfolio right now. ▶ | Click Here to Download

FISHER INVESTMENTS

MarketWatch

April 29, 2013, 12:09 PM ET

# Coming soon: More estate-tax battles

The word "permanent" – at least in the corridors of Washington, D.C. – doesn't mean what you think it means. And that should prompt you to keep a close eye on your estate plans.

More inheritance headaches loom.

The American Taxpayer Relief Act of 2012, which was signed into law in early January, established a "permanent" $5 million estate-tax exemption. The legislation also set the same $5 million exemption for the federal gift tax and generation-skipping transfer tax. (That figure is indexed for inflation, which makes the 2013 exemption $5.25 million.)

But as Kelly Greene reported this weekend in the Wall Street Journal, President Barack Obama's fiscal year 2014 budget calls for lowering the exclusion for estate taxes and the generation-skipping transfer tax to $3.5 million (albeit not until 2018). The gift-tax exemption, meanwhile, would drop to $1 million. The proposed figures would be a return to 2009 levels and would no longer be indexed for inflation.

According to the proposed budget, the changes – coupled with closing other "estate-tax loopholes" – would raise $79 billion over 10 years. Which means that the only permanent thing about estate planning would be efforts by financial advisers and tax attorneys to stay one step ahead of Washington's search for revenue.

To be sure, the president's proposals are unlikely to be enacted in their current form. But Greene highlights several possible changes that investors and families should watch for:

**"Discounts" could disappear**. Currently, the value of a minority share in a business – when transferred from one family member to another – can be "discounted," resulting in a tidy tax savings. The White House, in previous budgets, has called for limiting or eliminating such discounts to family members. But the *absence* of that idea in the budget for 2014 could mean the Obama administration believes the Treasury Department already has the authority to change the rules – and simply will issue new regulations to do so. If that's the case, families considering such transfers might want to act sooner rather than later.

**GRATs could get watered down**. A grantor-retained annuity trust, or GRAT, lets a person give a portion of an asset's future profits to heirs tax-free. (One popular use of GRATs: Passing along stocks whose prices are depressed.) Such transfers take place over a set time period – as short as two years. But the president's budget would require GRATs to have a minimum term of 10 years, making these trusts less

attractive.

**Individual retirement accounts could get emptied faster.** Currently, people who inherit IRAs and similar tax-deferred savings accounts are able to "stretch" their withdrawals across their life expectancy. The budget proposal would require most beneficiaries – other than widows and widowers – to cash out the accounts within five years. Already, Greene notes, some older adults whose wealth is concentrated in IRAs are considering moving the accounts into trusts to help their families keep up with, and follow, the rules.

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**From:** Lesley Groff [redacted]]
**Sent:** 5/7/2013 5:55:30 PM
**To:** Epstein Jeffrey [jeevacation@gmail.com]
**Subject:** Fwd: Rising Star

**Importance:** High

Begin forwarded message:

**From:** "Lisa Rossi" <[redacted]>
**Subject:** **Rising Star**
**Date:** May 7, 2013 1:02:53 PM EDT
**To:** Jeffrey <[redacted]>
**Reply-To:** Lisa_Rossi_bdnlev_gfparhr@cp20.com

Dear Jeffrey-

We are thrilled to announce that we are working with Congressman Hakeem Jeffries, one of the rising stars in the New York Congressional delegation. Sometimes referred to as "Brooklyn's Barack", he is a staunch supporter of President Obama and a progressive voice for the people of New York City. NY1 did a profile piece about his work on the vitally important Budget and Judiciary committees in Washington. You can watch the video here or read the text below.

Hakeem is committed to electing a Democratic majority in 2014 and is encouraging his friends to participate in the DCCC/DSCC fundraising dinner with President Obama this coming Monday night. Shoot us an email or give us a call at (212) 531-2858 if you would like to get involved with the dinner, or would like to get an opportunity to get to know Hakeem better. He is an impressive guy and who will be a progressive voice in New York politics for years to come.

Thanks,
Darren Rigger, Lisa Rossi & Walter Swett
Dynamic SRG

## NY1: Hakeem Jeffries Positions Himself For Long Career In Washington

Apr 29, 2013
By: Michael Scotto

Hakeem Jeffries is only about four months into his freshman year in Congress but he's already positioning himself for a long career in Washington. NY1's Michael Scotto filed the following report.

If you're looking to knock Hakeem Jeffries off message, you won't get very far.

"There's a hip hop song, every day I'm hustling, and I kind of feel that way down here in Washington," Jeffries said. "In a positive manner, of course."

The freshman congressman from Brooklyn and a sliver of Queens is an ambitious work horse who always appears to have his eye on the prize.

"I'll be shuffling back and forth between budget and judiciary for the better part of the morning, making sure we time it correctly so that I'm able to ask questions in both situations," he said.

He's a big change from Congressman Ed Towns, who retired after holding the seat for 30 years.

On any given day, Jeffries is traveling through the Capitol, attending hearings on the Judiciary and Budget committees, two of the most prominent in the lower chamber.

For Jeffries, those two assignments allow him to serve as a counterweight to the Republican leadership and to talk up the President, whom he and his district overwhelmingly support.

"My job, I believe, is to help the administration of Barack Obama help us back at home," Jeffries said.

In his first four months, Jeffries has championed himself as a progressive, introducing legislation to help student loan recipients and voting against a bill Friday to ease the impact of automatic spending cuts to the FAA because it didn't stop cuts to programs that are impacting the poor.

In the months and years ahead, Jeffries says there's plenty to do.

"There's no shortage of the people's business down in Washington, D.C. and that's why the job is one that is a serious endeavor," he said.

A serious endeavor that is also very much on message.

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**From:** Halperin, Alan S [redacted]
**Sent:** 7/2/2014 10:51:32 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Post-Death Actions of Foundation Affecting Estate Tax Value
**Attachments:** image001.png; image002.png; image003.png; image004.png; image005.png

I thought of you when I read this article. Was this your idea? Alan

WALL STREET

# Texas Billionaire's Heirs Save Some Money on Taxes

10Jun 27, 2014 1:26 PM EDT
By Matt Levine

- a
- A

Every so often I hear a story that I find rather wonderful, and that I then pass along to you, just in case you and I share a similar sense of wonder. Here is one of those stories. It's about death and taxes.

The story begins on Dec. 28 of last year, when a Dallas billionaire named Harold Simmons died at the age of 82. He left the bulk of his $8 billion fortune to two of his daughters. Much of that fortune was in "Contran Corp., a closely held entity that holds majority stakes in four publicly traded companies: Valhi Inc., NL Industries Inc., Kronos Worldwide Inc. and CompX International Inc."

The biggest chunk of the estate was Contran's 93.8 percent stake in Valhi, which was 318,156,746 shares.[1] Valhi's stock closed on Dec. 27, 2013, at $14.91 per share, making that stake worth about $4.7 billion as of Simmons's death. Another 2,481,900 Valhi shares (0.7 percent, $37 million) were held by the Harold Simmons Foundation, a charity controlled by Simmons's daughters.[2] Other family members owned about 2.8 million shares ($41 million). Public shareholders owned about 15.7 million shares ($234 million).[3]

Here are two facts about the federal estate tax:

- The estate tax rate for 2013 and 2014 is 40 percent of the value of the estate.[4]
- The executor can choose to determine the value of the estate *either* on the date of death, or on the "alternate valuation date," which is the date six months after the date of death.[5]

For Harold Simmons's estate, that alternate valuation date is tomorrow -- six months from his death. Today is the last trading day before that valuation. How's Valhi done in the last six months?

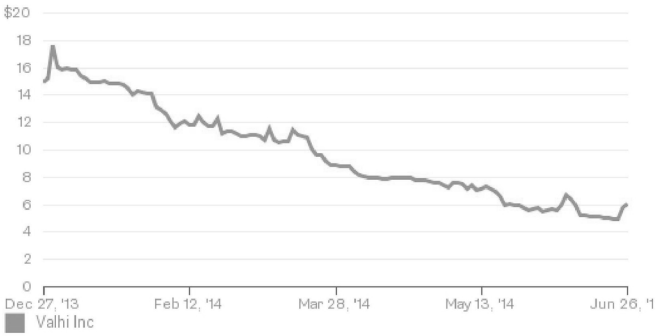


Source: Bloomberg

Oh.[6] The stock closed yesterday at $6.01, reducing the value of the estate's holdings by $2.8 billion -- and its estate-tax liability by $1.1 billion -- since Simmons's death.

Is that good news or bad news for the estate? Well, the first law of tax is that it is always better to have more money than less money.[7] It's not actually a good idea to lose $2.8 billion of money to save $1.1 billion in taxes.

Though the estate didn't exactly lose $2.8 billion of *money.* That tax liability is a cash expense: You've actually got to write a check to the IRS for $1.9 billion (using the December valuation) or $765 million (using yesterday's valuation[8]), so the $1.1 billion you save is an actual cash savings. The $2.8 billion loss, on the other hand, is a paper loss. Perhaps it's just temporary. If there were some reason to think that it didn't reflect only a decline in the fundamental value of Valhi, you might not worry as much about that paper loss as you would about the cash taxes.

So what's happened to Valhi? Well, it's not having a great year, with zero-ish net income last quarter. The board reduced the dividend by 60 percent, to its lowest level since 2005. And the few people who follow the stock are unimpressed. Bloomberg shows two analysts following Valhi, Barclays and EVA Dimensions. They both have sell ratings, and Barclays has a price target of $5.00, saying in May that "from a SOTP analysis, we continue to view VHI as trading above its intrinsic value." A Seeking Alpha piece from a few weeks ago is similarly gloomy, with a $6 per share fair value.

All of this suggests that Simmons's estate owes less tax because it's really worth less than it was six months ago. In fact, if you taxed Simmons's heirs now based on the value of Valhi six months ago, they'd have almost nothing left of their stock.

But there's one more bit of the story. On June 11, about two weeks ago, the Harold Simmons Foundation -- the charitable foundation controlled by Simmons's heirs -- filed with the SEC a plan to sell all of its 2.5 million shares. That's not a *lot* of stock, exactly -- just 0.7 percent of the company, worth around $16 million at the time of the filing -- but it is a lot relative to the usual volume of trading in Valhi. Remember, 93.8 percent of Valhi is owned by Simmons's heirs and never trades. Between December 27, 2013, and June 10, 2014, Valhi traded an average of 42,311 shares a day, so the foundation's shares represented almost 59 days' volume.

It sold them in 11 days:

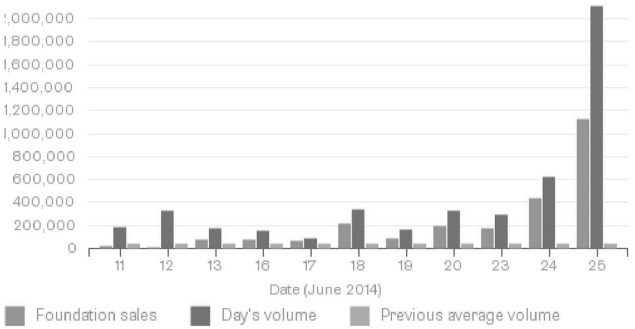


Source: Foundation filings, Bloomberg

The foundation's sales over the last two weeks or so accounted for over half of the volume, on average, each day. And the foundation's average sale on each of those days was more than five times the average volume over the previous six months. From Jan. 1 to June 10 of this year, more than five months, Valhi traded a total of 4.6 million shares. From June 11 to June 25, just over two weeks, it traded a total of 4.8 million shares -- more than half of them sold by the Harold Simmons Foundation.

You might expect that to drive down the stock a bit? Actually the stock performed surprisingly well, all things considered; it closed on June 10 at $6.42 and on June 25 at $5.81, down just 9.5 percent. But just that change, from $6.42 per share to $5.81, would save Simmons's heirs almost $80 million in estate taxes.[9]

The foundation sold the last of its shares on June 25 (this Wednesday). Without any more shares to sell, the foundation -- oh, wait, no, never mind, the foundation found some more shares to sell! On Wednesday, the day that it finished selling its 2.5 million shares, it received a "Gift from Affiliate" of another 900,000 shares. Those shares were gifted to the foundation by the Valhi Holding Company, the vehicle through which Simmons's heirs own their 318.2 million shares.[10]

The Foundation immediately filed a plan to sell those shares too, with an "approximate date of sale" of June 26 (yesterday).[11] As of 1 p.m. today, I see Valhi trading in the $5.80s.

Isn't that neat? Honestly, I have no idea what's going on here.[12] But if you *did* want to minimize your estate taxes on a multi-billion-dollar controlled public corporation with an illiquid stock, a good way to do it would be to have a foundation that you control dump a ton of stock on the market in the couple of weeks leading up to the day your estate is valued for tax purposes -- and, when the foundation ran out of shares, give it a few more so it could keep selling. If the goal of this trading *isn't* to minimize taxes, I'll be very disappointed. Because it's working pretty well to do just that.

[1] *That's based on a Schedule 13D/A referring to events of Dec. 28, 2013, but filed in February 2014 and mentioning a stock transfer after Simmons's death ("In January 2014, Contran received as excess collateral 1,100,541 Shares from the CDCT (as defined below) and contributed 4,123,598 Shares to Dixie Rice, who contributed such shares on the same day to VHC.") I ignore that and assume that Contran owned all of the 318.2 million shares as of December 28; the difference is small.*

[2] *From the 13D/A again:*

*The Foundation is a tax-exempt foundation organized for charitable purposes. Lisa K. Simmons and Serena Simmons Connelly are the sole members of the Foundation, serve as two of the three the directors on the Foundation's board of directors and are the president and executive vice president, respectively of the Foundation. They may be deemed to control the Foundation but disclaim all Shares they do not hold directly.*

[3] *From a current Bloomberg HDS list I see BlackRock, Dimensional, Calpers, Fidelity and Citadel among the big-name holders, though all in fairly small size.*

*Incidentally, Simmons had other daughters who seem to have been frozen out of Valhi. Here is a 1997 New York Times story about Simmons with the headline "Daughters Do Battle With a Corporate King Lear." So.*

[4] *Minus an exemption that, compared to the size of Simmons's estate, is very very small (single-digit millions).*

[5] *This election only works if the estate has kept the property for the six months. Here's an Internal Revenue Service bulletin on the topic.*

[6] *Here it is in percentage terms versus the S&P 500:*

*Source: Bloomberg*

*And perhaps most interesting, here's the last **year**, with Simmons's death in the middle:*

*Source: Bloomberg*

*To be fair, Simmons was the chairman of the board in 2013, though the company was managed by a chief executive officer, Steven L. Watson, who remains in charge.*

[7] *I've cited my tax professor's two fundamental laws of tax before: that it is always better to have more money than less money, and that it is always better to die later than to die sooner. The second rule is always relevant in estate-tax situations too.*

[8] *I'm using yesterday for convenience but in fact you'd have to use today's valuation. And the stock is down again today!*

[9] *That is, 318.2 million shares times $0.61 per share times 40 percent is $77.6 million.*

[10] *Now 317.3 million, I guess.*

[11] *You shouldn't take that date too seriously; the foundation's June 11 filing stated an "approximate date of sale" of June 11, but it actually took about two weeks. Best guess, the foundation was/is selling those shares yesterday and today.*

[12] *Do I even need to tell you that Simmons was a libertarian anti-tax advocate, had various run-ins with the IRS, and called President Barack Obama "the most dangerous man in America"? Or that "In 2009, a Dallas County jury found NL Industries" -- one of the companies in Simmons's estate -- "liable for not honoring contractual agreements and manipulating stock values"?*

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## Jeffrey Epstein

Jeffrey Edward Epstein is an American financier and science and education philanthropist. He worked at Bear Stearns early in his career and subsequently formed his own firm. Epstein is known for funding eminent scientists around t... +

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**Born:** Jan 20, 1953 (age 61) · **Brooklyn, New York**

**Net worth:** 52 billion USD (2014)

**Education:** Cooper Union · **Lafayette High School**

### Timeline

**1976:** Epstein began his financial career in 1976 as an options trader at Bear Stearns.

**1992:** Wexner acquired Abercrombie & Fitch the following year, and in 1992 converted a private school into an enormous residence that later became Epstein's in the wealthiest part of Manhattan.

**1996:** In 1996, Epstein changed the name of his firm to The Financial Trust Company and based it on the island of St. Thomas in the U.S. Virgin Islands.

**2000:** In 2000 he established the Jeffrey Epstein VI Foundation, which funds science research and education around the world.

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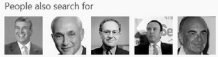

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Timeline Photos

**The Comical Conservative**

President Obama walks into a local bank in Chicago to cash a check. He is surrounded by Secret Service agents. As he approaches the cashier he says, "Good morning Ma'am, could you please cash this check for me?"

Cashier:
"It would be my pleasure sir. Could you please show me your ID?"

Obama:
"Truthfully, I did not bring my ID with me as I didn't think there was any need to. I am President Barack Obama, the President of the United States of AMERICA !!!!"

Cashier:
"Yes sir, I know who you are, but with all the regulations and monitoring of the banks because of 9/11, impostors, forgers, money laundering, and bad

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Cashier:
"Yes sir, I know who you are, but with all the regulations and monitoring of the banks because of 9/11, impostors, forgers, money laundering, and bad mortgage underwriting not to mention requirements of the Dodd/Frank legislation, etc., I must insist on seeing ID."

Obama:
“Just ask anyone here at the bank who I am and they will tell you. Everybody knows who I am."

Cashier:
"I am sorry Mr. President but these are the bank rules and I must follow them."

Obama:
"I am urging you, please, to cash this check. I need to buy a gift for Michelle for Valentine’s Day"

Cashier:
"Look Mr. President, here is an example

check. I need to buy a gift for Michelle for Valentine's Day"

Cashier:
"Look Mr. President, here is an example of what we can do. One day, Tiger Woods came into one of our bank branches without ID. To prove he was Tiger Woods he pulled out his putter and made a beautiful shot across the bank into a coffee cup. With that shot we knew him to be Tiger Woods and cashed his check."
"Another time, Andre Agassi came into the same place without ID. He pulled out his tennis racquet and made a fabulous shot where as the tennis ball landed in a coffee cup. With that shot we cashed his check.
So, Mr. President, what can you do to prove that it is you, and only you, as the President of the United States?"

Obama:
Obama stands there thinking, and

Tiger Woods he pulled out his putter made a beautiful shot across the bank into a coffee cup. With that shot we knew him to be Tiger Woods and cashed his check."

"Another time, Andre Agassi came into the same place without ID. He pulled out his tennis racquet and made a fabulous shot where as the tennis ball landed in a coffee cup. With that shot we cashed his check.

So, Mr. President, what can you do to prove that it is you, and only you, as the President of the United States?"

Obama:

Obama stands there thinking, and thinking, and finally says, "Honestly, my mind is a total blank...there is nothing that comes to my mind. I can't think of a single thing. I have absolutely no idea what to do and I don't have a clue."

Cashier:

"Will that be large or small bills, Mr. President?

Timeline Photos · Jul 26, 2013 ·

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Powerful industry leaders often strive to restrict entry of new enterprises and innovations. But slowing down or stopping new, more productive technologies to protect prior capital investments creates a positive-feedback loop by preventing capital from investing in profitable new opportunities. If capital can't migrate to new profitable investments, the economy goes into a protracted stall.

Lange described the struggle that pits capitalist against capitalist in stark terms. He writes:

> The stability of the capitalist system is shaken by the alternation of attempts to stop economic progress in order to protect old investments and tremendous collapses when those attempts fail.[6]

Attempts to block economic progress invariably fail because new entrepreneurs are continually roaming the edges of the system in search of innovations that increase productivity and reduce costs, allowing them to win over consumers with cheaper prices than those of their competitors. The race Lange outlines is relentless over the long run, with productivity continually pushing costs and prices down, forcing profit margins to shrink.

While most economists today would look at an era of nearly free goods and services with a sense of foreboding, a few earlier economists expressed a guarded enthusiasm over the prospect. Keynes, the venerable twentieth-century economist whose economic theories still hold considerable weight, penned a small essay in 1930 entitled "Economic Possibilities for Our Grandchildren," which appeared as millions of Americans were beginning to sense that the sudden economic downturn of 1929 was in fact the beginning of a long plunge to the bottom.

Keynes observed that new technologies were advancing productivity and reducing the cost of goods and services at an unprecedented rate. They were also dramatically reducing the amount of human labor needed to mind from a preoccupation with strictly pecuniary interests to focus more on the "arts for life" and the quest for transcendence.

Both Lange and Keynes foresaw, back in the 1930s, the schizophrenia that lies at the nucleus of the capitalist system: the inherent entrepreneurial dynamism of competitive markets that drives productivity up and marginal costs down. Economists have long understood that the most efficient economy is one in which consumers pay only for the marginal cost of the goods they purchase. But if consumers pay only for the marginal cost and those costs continue to race toward zero, businesses would not be able to ensure a return on their investment and sufficient profit to satisfy their shareholders. That being the case, market leaders would attempt to gain market dominance to ensure a monopoly hold so they could impose prices higher than the marginal cost of the products they're selling, thus preventing the invisible hand from hurrying the market along to the most efficient economy of near zero marginal cost and the prospect of nearly free goods and services. This catch-22 is the inherent contradiction that underlies capitalist theory and practice.

Eighty years after Lange and Keynes made their observations, contemporary economists are once again peering into the contradictory workings of the capitalist system, unsure of how to make the market economy function without self-destructing in the wake of new technologies that are speeding society into a near zero marginal cost era.

Lawrence Summers, U.S. secretary of the treasury during President Bill Clinton's administration and former president of Harvard University, and J. Bradford DeLong, a professor of economics at the University of California, Berkeley, revisited the capitalist dilemma in a joint paper delivered at the Federal Reserve Bank of Kansas City's symposium, "Economic Policy for the Information Economy," in August 2001. This time, there was much more at stake as the new information technologies and the incipient Internet communication revolution were threatening to take the capitalist system to a near zero marginal cost reality in the coming decades.

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- As the year 2015 begins, we find ourselves at the height of a historic earthquake, in multiple dimensions, the like of which hasn't been seen since the end of WWI and the collapse of the Ottoman Empire.

- In the Middle East – within three years, the "Arab spring" turned into the "Islamic winter" – borders have vanished and centuries of conflicts between tribes and factions are erupting onto the surface.

- The bi-polar and multi-polar world we knew has been replaced by a world with not even one geopolitical center of gravity. It is a Gestalt in which everything depends on everything else, and dealing with the

challenges requires global cooperation
.

- Israel finds itself at the center of a kind of "perfect storm,"the only outpost of the western way of life in the Middle East – at the meeting point of the "clash of civilizations" between Islam and the West, as Huntington envisioned it, and at the same time, in the spinning "eye of the storm" of the clash of titans within Islam itself: between Sunni and Shi'ite, between tradition, extremism and terrorism on the one hand, and modernity and moderation on the other; between the dream of "past glory" and the vision of a "leap into the future". And all of this is drenched in a lot of blood.

- This drama that has washed over the Arab world bears two lessons and one insight for us:

The 1st lesson: "Be modest in prophecy". In particular, when it comes to the future. Mubarak for example had about 400,000 people at his disposal working in various security agencies in order to preemptively predict events such as those that took place at Tahrir Square. And he did not foresee the uprising. So who can?

The 2nd lesson: When friends, and even the leaders among us, say: "Don't get swept into a panic – if something really grave happens (Iran for example) – the US will not stand by. The world will take action!"

And I say: Don't bet on it. Look at Syria. Assad has massacred 200,000 of his own people – with tanks, artillery, fighter jets, even chemical weapons – and the world did not lift a finger.

And the one insight: To all our opponents and even friends who tell us that our lack of success in reaching an agreement with the Palestinians is the root of all the troubles in the Middle East – the original sin! – I say: this is not true!

Even if I, in 2000 (or Rabin and Peres in 1994 or Olmert in 2008), were to have reached a peace treaty with the Palestinians – which would have been implemented a long time ago the "Muslim Brotherhood" would still have taken control over Egypt and Al-Sisi would still have taken it back a short time after.

- Syria would still have been embroiled in a bitter civil war. And Iran – would still be striving for

regional hegemony and nuclear military capability.

- The reasons for all the above are deeply rooted in the history of the nations and the region – and do not stem from the Israeli Palestinian conflict (they may be related to it in another way, which I will get to later on).

- In the new reality forged by the "Arab Spring," there is good news and bad news for us.
Let's start with the bad news:

ISIS, the disintegration of Syria, the events in Iraq – all of these are bad news that prove to us, time and time again, that the Middle East is indeed a tough neighborhood. There is no mercy for the weak, and there will be no second opportunity for those who don't defend

themselves. Every year, new threats arise. And the old ones: Hezbollah, Iran, terrorism –are all "alive and kicking" and growing even stronger.

But there is good news too. Israel is the strongest country in the region, from Tripoli in Libya to Tehran. It's the strongest militarily, strategically, and economically, and if we know act wisely–diplomatically too. Equally important: Israel will continue to be the strongest country in the region in the foreseeable future – especially if we manage to identify and cultivate these sources of empowerment and advantage – including:

- Armed Forces capable of defeating any outside combination of threats, including terrorism.

- A strong and growing economy in an open relationship with global markets.

- Foreign policy that assures international backing, especially American – diplomatic and economic-backing  Israel's positions, and which holds the "moral high ground" vis-a-vis our enemies and opponents.

- The fact that Israel is stronger than any combination of enemies is what enables us to act from a position of strength and self confidence in order to change the reality : to counter the threats and to seize the opportunities.

- Let me elaborate briefly about each of the threats:

Two ironies and one insight about Isis.

Assad slaughtered 200,000 of his people including by using chemical weapons – and that wasn't enough to get the British parliament and Prime Minister Cameron or the American Congress and President Obama to act.

- Then, ISIS beheaded two journalists (not really a new practice in the Middle East) in front of the cameras – and within 48 hours the world was united against them. Better late than never, so we have little reason to complain about the result. However, there is something to learn about the superficiality of the decision-making processes in our world.

Second: let's assume for a moment that ISIS is restrained in about a year (and hopefully – crushed) – who wins?

- The main winner is Assad, since the Coalition would have wiped

out his main adversary, freeing him to focus more intensely on the rest of the rebels – meaning the "moderate" rebels, which the Coalition purports to train and reinforce in order to take him down.

Iran also wins and of course Hezbollah - all members of President Bush's Axis of Evil. In other words: the Coalition is doing some of the "dirty work" for them.

- In my best assessment, the Turks are right in their position that there is no point in striking ISIS unless you also set a goal to take down Assad, and act to achieve it.
  The Turks are right in their call for a "humanitarian strip" – 25-30 km into Syrian territory along the borders, and declare it a “no fly zone”, a place for refugees (there are several million of

them) to assemble and where they can receive humanitarian aid.

- What hasn't been said explicitly is that such a deployment might lead sooner or later to engagement with the Syrian Air Force – followed by the Syrian Air Defense – which could develop into an opportunity to fundamentally change the balance of power and the course of the war against Assad's regime.

And one insight: ISIS may not be as strong as it is being portrayed. A coherent ,intense, coordinated action during the next year or two, particularly if performed according to the Turkish outline and with massive Turkish involvement – could well put the Genie back into the bottle. However – let us

make no mistake – ISIS is part of the radical Islamic web of terrorism. A web that is loosely knit, yet survives on strictly restricted resources – and demonstrates operational flexibility, survivability and a fanatic adherence to the goal.

- We're talking about ALQ, Jabhat al-Nusra in Syria, Lashkar-e-Taiba in India, the Houthis in Yemen, the Shabab in Sumali, Boko Haram in Nigeria and many more – all across the Muslim strip, from Marrakesh to Bangladesh.

- And this web is very resilient. Dealing with it will take war lasting for a generation, not just a few years. The struggle will require collaboration not just between the moderate Arab nations and Turkey – but a long-standing collaboration between the US,

Russia, China, India and Europe – all are are potential targets and victims of this terror everyone to some extent. Forging this collaboration is categorically more important than the events in Ukraine or the North Chinese Sea Islands.

- Hezbollah is busy in Syria – and would generally prefer to avoid provoking Israel. Some here would say that Nasrallah has been deterred, that the memory of 2006 is still fresh in his mind and he will not act. I have my reservations about the deterministic nature of this statement. "Deterrence" is a somewhat elusive term. This is not a "zero sum game" on a one-dimensional bar. This is a complex and context-related issue. Although under normal circumstances, each side has a fundamental position (let's assume for

a moment that Hezbollah's position is "avoid provoking Israel") – it is still not hard to imagine an event, or damage to Hezbollah's (or Nasrallah's) assets or prestige, that could lead it , despite its basic position, to take action contrary to its true fundamental position.

- Incidentally, this doesn't apply solely to "Hezbollah" – but to us too.

- Therefore, the working assumptions and the operational deployment must include the possibility of deterioration into a wide-scale confrontation with Hezbollah.

- And now, to Iran – which under certain circumstances might be the element that ignites or incites "Hezbollah" into action.

- Let us be clear – a nuclear Iran is a central threat to the entire world order, not just Israel. A nuclear Iran means the end of the non-proliferation regime– Saudi Arabia, within months, Turkey within a few years and Egypt might follow as well–and all will become nuclear.

- Every third-grade dictator will be able to ensure his survivability against the outside world by following in the footsteps of Pakistan, North Korea and Iran.

- The "countdown" towards the troubling vision of Prof. Graham Allison of Harvard about nuclear weapons in the hands of terrorists – this countdown, even if it takes 15 years, will start. Therefore, blocking Iran from becoming a "threshold nuclear state" is crucial, and justifies

every effort.

- Right now diplomacy is in hiatus at least until March 2015. It's hard to imagine a good agreement with the P5+1, and a bad agreement would be best left unsigned. The problem is that the Iranians have no real incentive to reach a “final agreement” that would keep them from becoming a nuclear power.

- As far as they're concerned, at any given time an improved "interim agreement" would be better (unless the P5+1 yield to a bad agreement.)

- The Iranians are very sophisticated. In their opinion (I emphasize: in their opinion), the American government has changed its goal without admitting it, from "Iran will not have military nuclear

capability. Period." to "Iran will not have military nuclear capability on our watch "

- 

- This is of course a completely different thing. And this perception only reinforces Iran's obduracy and the delaying tactics that they've adopted.

- Israel has a supreme interest in "keeping all the options on the table". However, today, mostly against the backdrop of the drawn-out talks – Israel has an interest in maximizing its understanding with the United States and trying to convince it of the need for determination and perseverance; for "sticks" as well as "carrots"; and of the importance of completely losing any illusions regarding the objectives

of the Ayatollahs' regime.

- And from here, a sharp segue to the diplomatic challenges Israel faces, from the minor (for now) to the major.

- Israel is far from being a leaf in the wind. But the world has no geopolitical center of gravity – not the US, Russia, Europe or China –Israel isn't omnipotent either.

- It is wrong to disregard what's happening in Europe. It will not be resolved by saying that Europe is ridden with anti-Semitism (though there's quite a bit of truth to that).

- Regarding BDS, I used to tell the members of the Cabinet that– as long as these voices are coming from Eritrea or Mauritania, we can live with it for years. When it comes from Scandinavia and Britain – it's a

different story, and must be taken seriously.

- Right now it is being espoused by parliaments, not governments. But it could expand – to trade unions, to the academia, to consumer organizations and NGOs. And then, heaven forbid, eventually to governments – which will say "we are of the people ". We mustn't forget that Europe is Israel's No. 1 trading partner - not the US and not China. And Europe, with North America and a few countries in the East, is at the heart of the "reference group" of liberal democratic countries to which we want to belong, and rightfully so.

- This leads us to the US – and there, the diplomatic challenge is far greater. Israel is a sovereign state. On

more than one occasion, I told President Obama, and before that Presidents Bush and Clinton, the following: "On issues that we believe are essential to the security and future of Israel and of the Jewish people, Israel will make its decisions alone and on its own responsibility and act upon them. We cannot, and will not want to", I added, "delegate the responsibility for such decisions, when required, even to the best of our friends – which is you."
The US presidents, I note, did not always like this statement – but they respected it.

- In the same token, I told members of the cabinet more than once – "we must always remember that the US is also a sovereign state. And it expects us to respect its right to form

its positions on the issues crucial to it, based on its own interests ". And we have to respect that.

- Without derogating from our responsibility to make and execute sovereign decisions – the reality is that there isn't full symmetry here.
- Our relations with the US President, the administration, the Congress and the American people are vital to the State of Israel.
- The United States is Israel's main ally and strategic support. Our relations with it are the cornerstone of Israel's military capabilities, the IDF's qualitative edge, and Israel's strategic and political positioning.
- We receive $3 billion a year from the US, going back some 40 years now. What social or economic

budget items would we forgo to make up the ₪12 billion gap if this assistance disappears?

- They're the only ones who can provide us with F-35 jets, the best aircraft in the world.

- These are mutually beneficial relations. The US also benefits from the unprecedented cooperation between our intelligence communities. And so do we.

We never expected, and will never ask others to fight for us – yet the US has deployed advanced radar systems in Israel to provide early warning against long-range missiles, and holds military exercises on our soil and in the Mediterranean , preparing an American response in case Israel has to defend itself against missile attacks from Iran.

- We received about $1 billion from the US, by order of President Obama, for "Iron Dome", and assistance for the David's Sling and Arrow programs continues.

- We turn to the US to veto hostile initiatives against Israel in the United Nations Security Council. Or to soften the conclusions of the Goldstone Commission and its ilk.

- It is to them that we turned (and they responded to the best of their ability) in rather tense times, when a handful of our people were besieged in the embassy in Cairo, with an angry mob at the door.

- Secretary of State Kerry, and President Obama – went to great lengths – and paid a considerable political (and often personal) price – to help us achieve a breakthrough with

the Palestinians, though the effort did not succeed. Nor did we succeed (Rabin and Peres, myself, Olmert and Bibi as well). They shouldn't be ridiculed and debased for this. They should be appreciated. Even if we do not agree on all the details.

- We will yet need their help in facing many trials in the future.

- I recommend that we all remember this well. The rules of working with the Americans: Do not marginalize yourself. Do not fold. Yes – remember what the U.S. is for Israel. And Maintain–at almost any cost – mutual relations of trust and respect. It's good for Israel.

- The American Congress, President Obama, Biden and Kerry are part of the solution, even if it tarries.

They are not part of the problem.

- Ben Gurion used to say, with his iron logic, that "the future of Israel depends on our strength and our righteousness."

"Our strength" – that is the IDF's might and its strategic capabilities, the backing of the superpowers, our economic strength, and our social solidarity.

"Our righteousness" – not as an abstract concept – is our capacity to hold the"moral high ground" by means of a calculated effort to behave and be perceived as acting in good faith – to obtain peace, even if it delays.

- This is also an an essential condition for achieving internal solidarity and the world's support for Israel (or for the support of <u>most</u> of the world that's important to **us**).

- This is also an essential condition for achieving internal solidarity and willingness for sacrifice in a society where being called for battle or routinely risking your life is not a theoretical notion, but rather part of our life experience that repeats itself time and again.

- The fighting spirit, resilience and the internal solidarity are deeply bound to both our strength and our righteousness. Our righteousness is just as important as our strength. Our righteousness, and not our strength in and of itself, is what gives Zionism's struggle its meaning and sense of purpose (especially for ones who can choose). The support of a superpower

- and the resilience of our society and economy, which are among the components of our "strength" – will

never be without recognition of our righteousness. And without it, they will erode

.

- This is the time to point out the risk in the weakening of the cohesive forces which hold the Israeli society together. We are turning into an increasingly divided society whose very fabric seems to be ripping apart, and which is riddled with hatred for one another. Left and right. Jews and Arabs. Secular and religious. Rich and poor. Center and periphery. Old and new. This is dangerous. The late Tunisian President Bourguiba (and later on Sadat in his debates with Assad just before the peace treaty with Israel) made the argument that there's no need to defeat Israel by force. Give them the opportunity – and they will

collapse from within. But the opposite is true!
We have no intention of collapsing from within. But this requires that we come to our senses and act with the right national priorities in mind for society and the economy.

- The young generation, the future, must be prioritized. And the same applies to those groups in society who carry its burdens:working hard, paying taxes and serving in the IDF. Cultivating mutual respect, openness, tolerance, and acceptance of others; More equitable distribution of the national wealth; equal opportunities for all and encouraging individuals, groups and communities to take responsibility. All of these are part of our mission – and we have a long road ahead of us.

I am concerned about our addiction to internal quarrels just as much as I am concerned about our conflicts with external opponents. Our "righteousness" will not prevail and our "strength" will crack over time if we do not act decisively to establish, gradually yet persistently , norms of public life and civil society – which sets norms for what is done and what isn't done far above the criminal threshold.. We need profound change in the area of respect for the rule of law, standards of governance, keeping the thin line between freedom of expression and freedom of incitement – and immediately hitting the brakes on racism and Jewish terrorism – which in my opinion should be treated within the criminal domain..

- A few sentences on the “nation-state law”. This is a redundant and even harmful law. In general, and particularly at this point. To our friends it signals that Israel is losing its self-confidence regarding the obvious – namely,its unique identity as the Jewish-democratic state as reflected by the "Declaration of Independence". To our enemies it provides an effective tool to make Israel a suspect– of being a country that's willingly drifting away from the norms of democracy – as a preliminary step towards institutionalized discrimination. And one has to wonder: what was wrong with what we had until this point? What's wrong with the "Declaration of Independence"? Who needs this? And why?

- Churchill once observed the difference between an optimist and pessimist.

The pessimist – sees the difficultly in every opportunity

The optimist – sees the opportunity in every difficultly.

- We have opportunities before us within all of the difficulties. The most important of all, a rare one, the kind that comes once in a generation – is the opportunity to establish a regional agreement. It is all the more important in light of the "Arab Spring" and following "Operation Protective Edge".

There is an opportunity to establish a regional agreement that fundamentally changes the realities of the region and Israel's future and status within it. An agreement that will move the region's

entire economy forward together with the chance for stability and peace ,based on synergies and collaboration rather than hatred and revenge.

- What do I mean? The events in recent years have created a strong common interest for Israel and the moderate Arab countries – Saudi Arabia and the Gulf States, Jordan, Egypt and perhaps even Turkey (which is not Arab). The focal interest is the struggle against radical Islamic terrorism and against Iran's hegemonic and nuclear intentions.

- The challenge for us is based on there being, apparently, only one way to achieve that; and the upcoming elections in Israel force us to put it on hold for a few months.

- And the way to do it is this: a strong, self-confident Israel, willing to hold serious negotiations with the Palestinians and the group of Arab nations within an international conference, backed by the US and the Quartet – in order to achieve a two-state solution and establish a regional agreement, while maintaining an unyielding and persistent fight against terrorism and ensuring the IDF's qualitative military edge over any combination of opponents.

- The moderates among Arab rulers are unable (and also unwilling) to float this common interest and turn it into policy – because they worry how their people would respond. This is how the Palestinian issue is related to possibility of an overall agreement in the Middle East.

- And this isn't just an assessment.

- We must remember, vis-a-vis the Palestinians, Israel can (practically only) give. Regarding the rest of the moderate Arab world – Israel can also get, and a lot..
Not just recognition and legitimacy but also an opportunity for regional infrastructure projects – and mostly – for the beginning of a process, protracted though it may be – to change the region's fundamental attitudes towards Israel.

- On the road to seize this opportunity – Israel will have to consider embracing the Saudi proposal, with Israel's reservations, as a basis to negotiate a regional agreement.

- This will take time. There will be ups and downs. The Palestinians are not an easy interlocutor. No one knows that better than I do..

- This might require long periods of interim agreements and even calculated unilateral steps that are coordinated with the US and the Quartet.

- It is possible that within the context of a regional agreement, the Palestinian State, once established, could be integrated into a structure of a closer cooperation that could include Jordan, Israel and perhaps another regional player.

- But to advance the chance of a regional agreement after the elections in Israel – the Palestinian issue and the two-state solution must be at the top of the agenda.

- The idea that' the radical right raises from time to time – to continue to rule the entire territory and maintain a sort of "autonomy" for the Palestinians – is an illusion at best, and the first step of an upcoming blame game at worst. It will be brutally rejected by our closest friends – not to mention by each of the potential partners for the regional agreement – and by all of them together. This too is not a mere assessment.

- The claim that the events of the past year "prove" that Israel's vital security needs are incompatible with the "two-state solution" – is false. And I'm stating this as a professional position, not a political opinion.

- On the contrary – the IDF will be able to defend Israel better from an internationally recognized border that

includes the settlement blocs, a number of strategic sites on mountain ridge, a security zone east of Ben Gurion Airport and long-term military presence on the Jordan River.

- The real threat to the future of the Zionist Project – is not the security constraints of the "two-state solution" but rather a slippery slope leading to the "one-state solution" – a reality that would compromise Israel's security and worsen its diplomatic isolation – while inevitably (and this is the keyword) leading Israel into becoming a non-Jewish or non-democratic state. Not to mention the danger of descending into severe, perpetual hemorrhaging, lasting generations, by the two national communities locked in embrace– as we have seen in Belfast

and Bosnia.

- The vision we all share – the vision of a "model society" in Israel, of positioning Israel, within 10-15 years, among the group of the most advanced societies – in education and culture, science and technology, quality of life – and eventually standard of living (Finland and Denmark can do it? So can we!). A society in which its sons and daughters choose to live . And one that young Jews from all over the world consider a source of pride, inspiration – and even a worthy place to live in.

- The vision of a "model society" will not materialize unless we gather our mental strength and political will, despite the pain and the differences in our positions – and together embrace

the "two-state solution under a regional agreement" – which even if it delays – is the only appropriate and feasible solution, the only realistic and proper goal for Zionism in this complex world of the 21st century.

- A friend (from the Likud, actually) told me that when he was young, he visited Ben Gurion's home a few times. In one of their conversations, the boy asked the Old Man: "how is it that out of all of the people's leaders in the past 2,000 years, and even in the past 80 years, it was you who ended up founding the Jewish State?" And the Old Man answered: "In ancient times, everyone had a sixth sense, a sense of recognizing opportunities. This sense disappeared over time – in most people. But not for me! I saw an opportunity – and I

seized it."
Ben Gurion did not speak of the horrors of the War of Independence, the doubts, the risks. many assumed we would fail. He talked about the opportunity and recognizing it. And the deed.

- Like Ben Gurion at the time, Menachem Begin – with Egypt, and Rabin – in the peace treaty with Jordan, and later Peres – with the first steps towards the Palestinians, took huge national, diplomatic, security and political risks. Some paid a heavy price. Yitzhak paid the ultimate price. But they all dared – and acted. This is the true test of leadership. This is also the real test of creative statesmanship.

- Formative leadership had always been rooted in a rare combination and fine balance between

vision, daring and courage on one hand and judgment, complete sobriety and grasp of detail on the other. They will not come where anxiety, pessimism and passivity rule – these are recipes for the creating of self-fulfilling (necessarily pessimistic) prophecies.

- The essence and the purpose of the Zionist movement was to defy the reality and the mindset that the Exile created. Its foundation lay in the decision to take our own fate in our own hands and move proactively to change reality, and not be swept away by the arbitrary waves of history.

- Reality is knocking on our door. Not everything is certain. Nothing is ever certain. And nothing ever will be. Nevertheless – open the

- door – this is the true trial of the national leadership.
- Abba Eban used to say – the Palestinians have never missed an opportunity to miss an opportunity.
- Let's not fall into this trap – ourselves.

- Thank you.

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# New Firepower in Shocking Suit Against Trump

By Jenna Greene
**Published:** Oct 10, 2016

*Donald Trump, left, and J. Cheney Mason, right.*
*Photos: lev radin/Shutterstock.com and Rick Runion/AP*

If you thought the presidential election couldn't get any uglier, guess again. Because a suit against Donald Trump alleging that he raped a 13-year-old girl has new life.

On Monday, Florida criminal defense lawyer J. Cheney Mason—best known for successfully defending Casey Anthony, who was charged with killing her 2-year-old daughter—filed court papers to represent "Jane Doe" in a suit against Trump and disgraced financier Jeffrey Epstein.

The rape suit isn't exactly new. It was filed pro se by "Katie Johnson" in Los Angeles federal court in April, dismissed, refiled in the Southern District of New York, withdrawn and refiled on Sept. 30. But with the addition of Mason—a media-savvy lawyer not known for shying away from the spotlight—the stakes have changed.

Suddenly, it's a lot more serious. Which is not the same as legitimate, but the odds that the case will go away quietly are much slimmer given the firepower of her new counsel. Especially now, in the wake of a 2005 recording where Trump bragged about using his star power to kiss and grope women.

The allegations in the suit are truly awful. Jane Doe says that when she was 13, she attended parties at Epstein's New York City townhouse, enticed by promises of money and a modeling career. She allegedly had sexual encounters with Trump on four occasions there.

The complaint states, "Defendant Trump tied plaintiff to a bed, exposed himself to plaintiff, and then proceeded to forcibly rape plaintiff. During the course of this savage sexual attack, plaintiff loudly pleaded with Defendant Trump to stop but with no effect. Defendant Trump responded to plaintiff's pleas by violently striking plaintiff in the face with his open hand and screaming that he would do whatever he wanted."

Epstein allegedly raped her as well. In 2008, he pleaded guilty to soliciting an underage girl for prostitution, and has faced other suits by women who allege underage sexual assault.

Trump's lawyer Alan Garten, has unequivocally denied the allegations. In fact, the current complaint quotes his denial: "The allegations are not only categorically false, but disgusting at the highest level and clearly framed to solicit media attention or, perhaps, are simply politically motivated. There is absolutely no merit to these allegations. Period." Doe's suit claims that this statement is libelous.

The only reason I can think of for including such a seemingly absurd claim (how can you libel someone who is anonymous?) is that it's not time-barred. The rest of the complaint probably is.

The alleged incidents took place in 1994—22 years ago. The complaint claims that Doe didn't come forward because she was "unrelentingly threatened by each defendant that, were she ever to reveal any of the details of the sexual and physical abuse caused to her by defendants, plaintiff and her family would be physically harmed if not killed."

But Epstein in 2008 was sentenced to 18 months in prison. Why couldn't she have come forward then?

That's not the only problem with the case.

I wrote about the suit when it was first filed in LA with great skepticism—"an anonymous stink bomb," I called it.

In large part, I was dubious because the person filing the complaint, "Katie Johnson," claimed her only past work experience was as a freelance model. And yet her pro se complaint was perfectly formatted, with proper margins and numbering; it correctly cited statutes, got the venue and jurisdiction correct and contained no typos.


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It looked more to me like the secret handiwork of a lawyer intent on smearing Trump.

If so, however, there was no way to hold anyone accountable. The phone number provided was disconnected and Johnson's address was an abandoned, foreclosed house.

The allegations in the latest complaint by "Jane Doe" are the same, albeit with fewer lurid details and no explanation why she is no longer Katie Johnson. But the biggest difference is that she's got lawyers now.

In addition to Mason, "Jane Doe" is represented—improbably—by New Jersey patent litigator Thomas Meagher, the managing partner of nine-lawyer IP boutique Meagher Emanuel Laks Goldberg & Liao.

Mason and Meagher did not respond to requests for comment.

Campaign finance records show that Mason gave $2,000 to Hillary Clinton in February. Meagher during this election cycle has donated to Marco Rubio, Chris Christie, Ted Cruz and Jeb Bush. He has never given money to a Democrat, according to Open Secrets data.

So is the suit for real? Or is it an especially dirty way to attack Donald Trump?

There's a You Tube video of the plaintiff, with her faced blurred and her voice distorted, where she recounts the rape. Under these conditions, it's impossible to tell if she's credible or not.

The complaint also includes an affidavit from "Joan Doe," a school friend who said the plaintiff told her about the rapes in 1994, and from "Tiffany Doe," who said she recruited the plaintiff to come to Epstein's parties and witnessed the sexual assaults. So perhaps more evidence will emerge to bolster Jane Doe's claims.

On the other hand, if the complaint is determined to be without merit, Mason and Meagher could be sanctioned by the court for filing a frivolous lawsuit.

Or Trump could respond like Alan Dershowitz, who was also accused of sexual misconduct with a minor in connection with Epstein. The Harvard Law School professor said lawyers for the accuser acted unethically and fabricated the allegations; in turn, they sued him for defamation. The case settled earlier this year on undisclosed terms.

In the Trump case, U.S. District Judge Ronnie Abrams set an initial conference for Dec. 16. The real question: if Clinton wins, will this case simply disappear?

Jenna Greene can be reached at jgreene@alm.com. On Twitter: @JgreeneJenna

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**From**: Donald Rubin [redacted]
**Sent**: 1/22/2017 7:31:32 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Republican health care experts dismiss Donald Trump's ideas

**Importance**: High

https://www.statnews.com/2016/03/04/trump-republicans-health-care/?s_campaign=trendmd

Jeffrey,

This cannot be true, can it? This guy must be as dumb about this stuff as a tampon laced with arsenic!!

HELP!

Great meeting yesterday — really enjoyed it.

And happy birthday again, Don

Donald B. Rubin
John L. Loeb Professor of Statistics
Department of Statistics, Harvard University
1 Oxford Street
Cambridge MA 02138
[redacted]

**From**: Deepak Chopra [redacted]
**Sent**: 3/22/2017 7:29:01 PM
**To**: Jeff Epstein [jeevacation@gmail.com]
**CC**: Barnaby Marsh [redacted]
**Subject**: Fw: HMS-Today's News (March 22, 2017)
**Attachments**: image001.png; OutlookEmoji-1478302741070_PastedGraphic-1.tiff; OutlookEmoji-1483997936424_email-signature-plain.jpg.jpg

**Importance**: High

See item # 2

2013 Costa Del Mar Road
Carlsbad, CA 92009
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

**discoveringyourcosmicself.com**

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**From:** Tanzi, Rudolph E [redacted]
**Sent:** Wednesday, March 22, 2017 2:39 PM
**To:** Deepak Chopra
**Subject:** Fwd: HMS-Today's News (March 22, 2017)

WOW!!!

Begin forwarded message:

**From:** HMS-in the News <HMS_In_The_News@HMS.HARVARD.EDU>
**Subject: HMS-Today's News (March 22, 2017)**
**Date:** March 22, 2017 at 2:34:12 PM EDT
**To:** <HMSNEWS_QUAD_FAC_STAFF@LISTSERV.MED.HARVARD.EDU>

**Reply-To:** HMS-in the News <HMS_In_The_News@HMS.HARVARD.EDU>

**WEDNESDAY, MARCH 22, 2017**

**Flexibility on 'essential benefits' will increase cost of insurance for pregnancy, addiction and mental illness**
*STAT*
Richard Frank (HMS) co-authored this opinion piece arguing that the Republican health care bill could drive up the cost of coverage for pregnancy care, newborn care, and mental illness and addictive disorders treatment.

**Deepak Chopra speculates about Trump's brain**
*USA Today*
A noted alternative medicine advocate is the latest medical professional to speculate about President Trump's mental health. Rebecca Brendel (HMS/Mass General) discusses the so-called Goldwater rule of the American Psychiatric Association that discourages physicians from expressing public opinions about people whom they are not treating.

**Can my doctor out me to my parents?**
*U.S. News & World Report*
The article discusses the confidentiality, legal and ethical conundrums faced by LGBTQ minors and the pediatricians who treat them when it comes to disclosing certain medical information to parents and guardians. Alex Keuroghlian (HMS/Mass General) is mentioned.

**The $10 million quest to build a home health device inspired by 'Star Trek'**
*The Washington Post*
Then there were two. A global competition to stimulate the innovation and integration of precision diagnostic technologies that will allow consumers to make their own medical diagnoses has been narrowed from 312 to two teams. Chung-Kang Peng (HMS/Beth Israel Deaconess) is the leader of one of the finalist teams. The winner will be announced in April.

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Dr. Rudolph E. Tanzi
Joseph. P. and Rose F. Kennedy Professor of Neurology

Harvard Medical School
Vice-Chair, Neurology; Director, Genetics and Aging Research Unit
Massachusetts General Hospital
114 16th Street
Charlestown, MA, 02129
[redacted]

My new TED talk:
(Curing Alzheimer's with Science and Song)
https://www.youtube.com/watch?v=iuel1AFKSDo&
My Music: https://www.numberonemusic.com/rudytanzi

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**UNITED STATES DISTRICT COURT**

**FOR THE SOUTHERN DISTRICT OF NEW YORK**

----------X

**RADAR ONLINE LLC** :

*Plaintiff*, :

**- v. -** :

**FEDERAL BUREAU OF INVESTIGATION**, :

*Defendant*. :

----------X

## COMPLAINT

1. This is an action under the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), to order the production of Federal Bureau of Investigation ("FBI") records concerning the agency's investigation and prosecution of financier Jeffrey Edward Epstein ("Epstein") for sexually trafficking underage women. Defendant FBI has withheld these records despite a properly filed FOIA request.

## PARTIES

2. Plaintiff Radar Online LLC ("Radar") is an online investigative news outlet read by millions.
3. The FBI, a component of the Department of Justice, is an agency of the United States with possession and control of the records sought by Plaintiff.

## JURISDICTION AND VENUE

4. This court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 and 5 U.S.C. § 552(a)(4)(B).
5. Radar's principal place of business is New York City and therefore venue is appropriate

under 5 U.S.C. § 552(a)(4)(B).

## FACTS

### Background of Request

6. Jeffrey Epstein is a billionaire financier, philanthropist, and sex offender. In 2005, Epstein became the subject of an undercover sex trafficking investigation by Palm Beach, Florida police and the FBI. Dozens of underage women were trafficked by Epstein to perform sexual acts on him as well as his friends.

7. Despite the gravity of his offenses, the Department of Justice allowed Epstein to plead guilty to a single count of soliciting prostitution from a minor under Florida state law, and serve only 13 months in prison. In addition, prosecutors agreed not to bring charges against Epstein's alleged co-conspirators.

8. Mr. Epstein enjoyed close ties to numerous prominent political figures, including former President Bill Clinton and Prince Andrew of the British Royal Family, leading many to speculate whether he received preferential treatment from authorities. *See* Goodnough, Abby, "Questions of Preferential Treatment Are Raised in Florida Sex Case," *The New York Times*, Sep. 3, 2006. (Exhibit A)

### FOIA Request and Constructive Denial

9. On April 20, 2017 James Robertson, a Senior Editor for *The National Enquirer* and sister-publication Radar Online, submitted a FOIA request to the FBI for all documents relating to the investigation and prosecution of Epstein (the "Request"). (Exhibit B)

10. Robertson requested expedited processing because Epstein's crimes are the subject of widespread and exceptional media interest, and raise questions about the government's integrity, which affects public confidence; specifically, whether Mr. Epstein received

preferential treatment from authorities due to his wealth, connections, and political leverage.

11. The FBI has provided no response to Mr. Robertson's request, nor even assigned it a tracking number. By failing to provide - or formally deny - documents within twenty working days, the FBI has constructively denied the request under 5 U.S. Code § 552(a)(6)(A)(ii).

## CAUSE OF ACTION

Violation of the Freedom of Information Act for Wrongful Withholding of Agency Records

12. Plaintiff repeats and realleges paragraphs 1-11.

13. Defendant FBI has wrongfully withheld agency records requested by Plaintiff.

14. Plaintiff has exhausted all administrative remedies.

## REQUESTED RELIEF

WHEREFORE, Plaintiff requests this Court:

(A) Order defendant to provide access to the requested documents in their entirety;

(B) Expedite this proceeding as provided for in 28 U.S.C. § 1657;

(C) Award plaintiff costs and reasonable attorney fees in this action, as provided in 5 U.S.C. § 552(a)(4)(E); and

(D) Grant such other and further relief as may deem just and proper.

Dated: May 25, 2017

By: Dan Novack

Daniel Novack
NY BAR ID: 5010863
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*Counsel for Plaintiff*



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The New York Times

U.S.

# Questions of Preferential Treatment Are Raised in Florida Sex Case

By ABBY GOODNOUGH SEPT. 3, 2006

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest

Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself. Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

A version of this article appears in print on , on Page A19 of the New York edition with the headline: Questions of Preferential Treatment Are Raised in Florida Sex Case.

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NATIONAL ENQUIRER

April 20, 2017

VIA FOIA PORTAL

TO: Federal Bureau of Investigation

FROM: James Robertson
Senior Managing Editor
The National Enquirer
4 New York Plaza (2nd Floor)
New York, NY 10004
(212) 743-6555

Dear Sir or Madam,

I am a reporter and editor for *The National Enquirer*. I request records under the provisions of the Freedom of Information Act, 5 U.S.C.§ 552.

Request

*The Enquirer* seeks all documents relating to the FBI's investigation and prosecution of financier Jeffrey Edward Epstein, who pled guilty to one count of felony solicitation of prostitution in August 2006.

Background

Jeffrey Epstein is a billionaire financier, philanthropist, and sex offender. In 2005, Epstein became the subject of an undercover sex trafficking investigation by Palm Beach, Florida police and the FBI. Dozens of underage women claimed that they had been trafficked by Epstein to perform sexual acts on him as well as his friends.

Many prominent political figures have been connected to Mr. Epstein's child-trafficking ring, including former President Bill Clinton and Prince Andrew of the British Royal Family.

Links: (Bill Clinton) http://www.foxnews.com/us/2016/05/13/flight-logs-show-bill-clinton-flew-on-sex-offenders-jet-much-more-than-previously-known.html; (Prince Andrew) https://www.theguardian.com/world/2015/jan/10/jeffrey-epstein-decade-scandal-prince-andrew

Despite the gravity of his offenses, the Department of Justice agreed to allow Epstein to plead guilty to a single count of soliciting prostitution from an underage girl under Florida state law, and served only 13 months in prison. In addition, prosecutors agreed not to bring charges against Epstein's alleged co-conspirators.

NATIONAL ENQUIRER

Link: https://www.theguardian.com/world/2015/jan/10/jeffrey-epstein-decade-scandal-prince-andrew

Papers filed in a 2006 lawsuit alleged that Epstein surreptitiously recorded sexual activity between prominent individuals and underage girls for purposes of blackmail, leaving many to wonder whether potential blackmail material played a role in his light sentence:

Link: http://www.ibtimes.com.au/prince-andrew-might-have-been-caught-tape-sex-slave-1407641

Expedited Processing

This request has been the subject of the request is of widespread and exceptional media interest and the information sought involves possible questions about the government's integrity which affects public confidence. Specifically; the issue of whether Mr. Epstein's wealth and connections secured him favorable treatment by the DOJ.

Given that a civil defamation trial between one of Epstein's victims and his alleged co-conspirator, Ghislaine Maxwell, has just begun, the topic is of renewed interest to the public and therefore is worthy of expedited processing.

Certification

The above information is true and correct to the best of my knowledge.

Fee Waiver

*The National Enquirer* is a news organization. Under 5 U.S.C. § 552(a)(4)(A)(iii), the *Enquirer* is entitled to a fee waiver because disclosure of the information sought is in the public interest, is likely to contribute significantly to public understanding of the operations or activities of the government, and is not primarily in the commercial interest of the requester.

Electronic Records

Please furnish all responsive records in electronic format.

Further Correspondence

All correspondence regarding this request can be directed to me at jrobertson@amilink.com

Please be aware that under 5 U.S.C. § 552(a)(6)(A), a FOIA request is considered constructively denied after twenty business days.

NATIONAL ENQUIRER

If you have any questions, do not hesitate to contact me.

Thank you for your prompt attention to this request.

Sincerely,

James Robertson
Senior Managing Editor

**UNITED STATES DISTRICT COURT**

**FOR THE SOUTHERN DISTRICT OF NEW YORK**

----------X

**RADAR ONLINE LLC** :

*Plaintiff*, :

**- v. -** :

**FEDERAL BUREAU OF INVESTIGATION**, :

*Defendant*. :

----------X

## COMPLAINT

1. This is an action under the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), to order the production of Federal Bureau of Investigation ("FBI") records concerning the agency's investigation and prosecution of financier Jeffrey Edward Epstein ("Epstein") for sexually trafficking underage women. Defendant FBI has withheld these records despite a properly filed FOIA request.

## PARTIES

2. Plaintiff Radar Online LLC ("Radar") is an online investigative news outlet read by millions.
3. The FBI, a component of the Department of Justice, is an agency of the United States with possession and control of the records sought by Plaintiff.

## JURISDICTION AND VENUE

4. This court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 and 5 U.S.C. § 552(a)(4)(B).
5. Radar's principal place of business is New York City and therefore venue is appropriate

under 5 U.S.C. § 552(a)(4)(B).

## FACTS

### Background of Request

6. Jeffrey Epstein is a billionaire financier, philanthropist, and sex offender. In 2005, Epstein became the subject of an undercover sex trafficking investigation by Palm Beach, Florida police and the FBI. Dozens of underage women were trafficked by Epstein to perform sexual acts on him as well as his friends.

7. Despite the gravity of his offenses, the Department of Justice allowed Epstein to plead guilty to a single count of soliciting prostitution from a minor under Florida state law, and serve only 13 months in prison. In addition, prosecutors agreed not to bring charges against Epstein's alleged co-conspirators.

8. Mr. Epstein enjoyed close ties to numerous prominent political figures, including former President Bill Clinton and Prince Andrew of the British Royal Family, leading many to speculate whether he received preferential treatment from authorities. *See* Goodnough, Abby, "Questions of Preferential Treatment Are Raised in Florida Sex Case," *The New York Times*, Sep. 3, 2006. (Exhibit A)

### FOIA Request and Constructive Denial

9. On April 20, 2017 James Robertson, a Senior Editor for *The National Enquirer* and sister-publication Radar Online, submitted a FOIA request to the FBI for all documents relating to the investigation and prosecution of Epstein (the "Request"). (Exhibit B)

10. Robertson requested expedited processing because Epstein's crimes are the subject of widespread and exceptional media interest, and raise questions about the government's integrity, which affects public confidence; specifically, whether Mr. Epstein received

preferential treatment from authorities due to his wealth, connections, and political leverage.

11. The FBI has provided no response to Mr. Robertson's request, nor even assigned it a tracking number. By failing to provide - or formally deny - documents within twenty working days, the FBI has constructively denied the request under 5 U.S. Code § 552(a)(6)(A)(ii).

## CAUSE OF ACTION

Violation of the Freedom of Information Act for Wrongful Withholding of Agency Records

12. Plaintiff repeats and realleges paragraphs 1-11.

13. Defendant FBI has wrongfully withheld agency records requested by Plaintiff.

14. Plaintiff has exhausted all administrative remedies.

## REQUESTED RELIEF

WHEREFORE, Plaintiff requests this Court:

(A) Order defendant to provide access to the requested documents in their entirety;

(B) Expedite this proceeding as provided for in 28 U.S.C. § 1657;

(C) Award plaintiff costs and reasonable attorney fees in this action, as provided in 5 U.S.C. § 552(a)(4)(E); and

(D) Grant such other and further relief as may deem just and proper.

Dated: May 25, 2017

By: Dan Novack

Daniel Novack
NY BAR ID: 5010863
Law Office of Daniel R. Novack
4 New York Plaza (2nd Floor)
New York, NY 10004
Phone: (201) 213-1425
Email: Dan@NovackMediaLaw.com
*Counsel for Plaintiff*



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The New York Times

U.S.

# Questions of Preferential Treatment Are Raised in Florida Sex Case

By ABBY GOODNOUGH SEPT. 3, 2006

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B. Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest

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Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself. Chief Reiter refused several requests to be interviewed, and his spokeswoman would not say explicitly why he had urged the prosecutor to step aside.

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NATIONAL ENQUIRER

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TO: Federal Bureau of Investigation

FROM: James Robertson
Senior Managing Editor
The National Enquirer
4 New York Plaza (2nd Floor)
New York, NY 10004
(212) 743-6555

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Many prominent political figures have been connected to Mr. Epstein's child-trafficking ring, including former President Bill Clinton and Prince Andrew of the British Royal Family.

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NATIONAL ENQUIRER

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Given that a civil defamation trial between one of Epstein's victims and his alleged co-conspirator, Ghislaine Maxwell, has just begun, the topic is of renewed interest to the public and therefore is worthy of expedited processing.

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The above information is true and correct to the best of my knowledge.

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*The National Enquirer* is a news organization. Under 5 U.S.C. § 552(a)(4)(A)(iii), the *Enquirer* is entitled to a fee waiver because disclosure of the information sought is in the public interest, is likely to contribute significantly to public understanding of the operations or activities of the government, and is not primarily in the commercial interest of the requester.

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NATIONAL ENQUIRER

If you have any questions, do not hesitate to contact me.

Thank you for your prompt attention to this request.

Sincerely,

James Robertson
Senior Managing Editor

# PRESERVING MONGOLIAN SOVEREIGNTY AND CULTURE

MONDAY, JUNE 19, 2017

The sovereignty of Mongolia is under siege.

The People's Republic China (PRC) regards Mongolia as its "Ukraine"[i], [ii]. Covertly the PRC has ambitions not simply to make Mongolia a client or puppet state, as it was under Soviet domination, but to integrate it with the PRC through a "voluntary" referendum, just as the Russians engineered the assimilation of Crimea in 2014.

This was Mao Tse-tung's prophecy and intent once China could establish parity or surpass Soviet military and economic might.[iii]

As the world's attention is focused on China's South China Sea claims, an asymmetrical war is also being conducted by the PRC to achieve Mongolian assimilation. Russian influence is being marginalized, as are Mongolia's '3rd Neighbor' partners such as Japan, South Korea, Germany, and the US[iv]. China's penetration and Sinification of Mongolia's natural resources, financial system, businesses, infrastructure, media, social media, culture, religion, security, electoral system, and political body are each battle fronts in a multi-pronged asymmetrical campaign to isolate and then assimilate Mongolia[v].

Preserving Mongolian sovereignty demands a global awareness of the PRC's covert intent. An education campaign is needed both within Mongolia and globally to counter a) the PRC's revisionist historical justification for claiming Mongolia as their Crimea[vi] and b) the PRC's effort to isolate Mongolia and control all aspects of Mongolia's economy, resources, politics, and culture.

Without a counter-campaign Mongolia will in a decade's time be assimilate and Sinicized like Inner Mongolia and Manchuria[vii]. Mongolians will become strangers in their own land.

China's assimilation of Mongolia will not only be a tragedy for the Mongolian people and the hope for Central Asian democracy, but a threat to the balance of power in Eurasia.

---

[i] In negotiations in 1956 between the Soviets and the PRC, the Soviet negotiator, Sergo Mikoyan, and CCP Politburo member Liu Shaoqi and Premier Zhou Enlai, the Chinese hoped to connect the granting of Mongolia independence with the question of Stalin's "mistakes." The Chinese requested the Soviets cancel Mongolia independence in the wake of Khrushchev's condemnation of Stalin's personality cult. Liu Shaoqi drew a parallel between Mongolia and Ukraine. He declared that Mongolia was China's "Ukraine". Source: "New Documents on Mongolia and the Cold War" by Sergey Radchenko, Wilson Center Cold War International History Project Bulletin, Issue 16, page 343 and Document 1, https://www.wilsoncenter.org/sites/default/files/CWIHPBulletin16_p4_1.pdf.

[ii] In 26 February 1989 Deng Xiaoping in a revealing complaint to President Bush showed enduring Chinese views on Mongolia in regard to how Stalin had stolen or severed Mongolia from China. "Memorandum of Conversation between George H. W. Bush and Chairman Deng Xiaoping in Beijing", Wilson Center, February 26, 1989, http://digitalarchive.wilsoncenter.org/document/116507.pdf?v=9e009d7beac46b3b33fcaafd3bcd08f5.

[iii] On 2 September 1964 during Mao's talk with the Japanese group of socialists, Mao announced that much of Siberia and Far East once belonged to China: "About a hundred years ago the area of to the east of Baikal become the territory of Russia and from then on Vladivostok, Khabarovsk, Kamchatka and other points are the territory of the Soviet Union. We have not yet requested settling this account!" The publisher of the article writes that Mao makes this claim based on "the fact that many hundreds of years ago Chinese troops came to these areas and that once the Chinese Emperor collected tribute from the local people. Sourcne: "In connection with Mao Tse-tung's talk with a group of Japanese socialists", Novosti Press Agency Publishing House, 2 September 1964, page 9 and 20, https://ia801207.us.archive.org/0/items/MaosTalkWithJapaneseSocialists/Maos%20Talk%20with%20Japanese%20Socialists.pdf.

[iv] "Battered Mongolia faces make-or-break moment" by Ken Koyanagi, Financial Times, 5 February 2017, https://www.ft.com/content/36b059b4-ea10-11e6-893c-082c54a7f539.

[v] "China-Mongolia Relations: Challenges and Opportunities" by Zolzaya Erdenebileg, China Briefing, 6 January 2017, http://www.china-briefing.com/news/2017/01/06/china-mongolia-relations.html.

[vi] Throughout history, Han Chinese have only controlled Mongolia for less than 18 months and that military effort was, ironically, financed by the Imperial Japanese Army.

[vii] "Inner Mongolia has become China's model of assimilation" by Hohhot and West Ujimqin, The Economist, 1 June 2017, http://www.economist.com/news/china/21722853-chinese-mongolians-are-still-asserting-their-identity-inner-mongolia-has-become-chinas-model.

**From:** Joichi Ito[redacted]
**Sent:** 7/7/2017 12:05:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: A message on the Trump Administration Proposal on Indirect Costs
**Attachments:** dkkolnphoaemodnh.png

**Importance:** High

FYI

Begin forwarded message:

**From:** "Maria T. Zuber" <[redacted]>
**Subject: A message on the Trump Administration Proposal on Indirect Costs**
**Date:** July 6, 2017 at 12:27:05 PM EDT
**To:** all-research@mit.edu
**Cc:** Suzanne Pettit <[redacted]>, Paul Schierenbeck <[redacted]>
**Reply-To:** [redacted]

**Massachusetts Institute of Technology**

Martin A. Schmidt, Provost
Maria T. Zuber, Vice President for Research

Dear colleagues,

We are writing to alert you to an issue that threatens all of MIT's federally funded research activities but that is often underappreciated. We're referring to the Trump Administration's proposal to put a 10 percent cap on indirect cost reimbursements to universities by the National Institutes of Health – an idea that is already beginning to be talked about for other federal agencies as well.

An article explaining indirect costs and why they are important to MIT can be found in the most recent Faculty Newsletter: http://web.mit.edu/fnl/volume/295/zuber.html.

The Administration's proposed cuts to federal R&D agency budgets have rightly been met with consternation on campus. The indirect cost cap proposal is actually an even graver danger because it is easier for the government to institute, and it would do far-reaching damage that is harder to reverse. We need faculty and research staff to understand the devastating effects that capping indirect cost would cause to MIT and other research institutions.

The indirect cost cap is easier to implement than a cut to the budget because the Administration can act unilaterally without Congressional approval. The proposed agency budget cuts are already running into strong headwinds on both sides of the aisle in Congress, and they cannot move forward without 60 votes in the U.S. Senate. The indirect cost cap, by contrast, does not attract the same level of attention because it is not well understood, and the Administration can simply impose a cap – at a single agency, or at all of them (since indirect cost reimbursement is fairly uniform across the government now).

What would a 10 percent cap mean for MIT? A 10 percent cap on all federal agencies would cost MIT around $100 million a year. To put that in context, the financial crisis of 2008, where we saw a significant decline in endowment, required us to reduce spending by this same order of magnitude. Fortunately, the recovery of the endowment was relatively quick, and we were able to recoup some of that loss. In this case, the 10 percent cap is unlikely to be altered in the foreseeable future. Since this is a recurring cost, attempting to

recover this in the future through endowment payout would require on the order of an additional $2B in endowment. These indirect cost funds partially reimburse MIT for upkeep of research buildings and equipment, and literally keeping the lights and heating and cooling systems on. A portion of the money also pays administrative costs required to implement federal regulations and to provide staff who help apply for and monitor federal grants.

A cap on indirect costs would directly affect research and researchers. If MIT failed to receive the federal funds needed to operate research infrastructure, we would need to limit the number of federal grants that the Institute accepts. It would be necessary to introduce a process analogous to under-recovery of foundation proposals to identify the indirect costs to support each federal grant. While we would seek other ways to raise revenues, we would also need to cut other expenditures (e.g., through layoffs, salary freezes, etc.), reduce the use of research facilities to cut operating costs, and/or to allow facilities to deteriorate. All of our peer institutions are considering similar steps. In short, a cut to indirect costs is a cut to research funding. And it's a cut that's more difficult to handle than a decision by a federal agency not to fund a particular project in a given year.

The percentage of federal research funding that goes to indirect costs has remained relatively steady for decades, and there has been a federal cap on administrative costs since the 1990s. The Administration may hope that a proposed cap on indirect costs is seen as mitigating the impact of their proposed 22% reduction of the NIH budget. Although it may obscure this impact, in reality it will worsen it. The Administration is claiming that a cut to indirect costs will not cut research, but in truth without indirect cost recovery, academic institutions, including MIT, will not be able to afford to support current levels of federal grants.

The MIT administration is working on this matter with the urgency that it deserves. Let us be clear that no one on campus should be blasé or unconcerned about the proposal to cap indirect costs. Capping these costs will negatively impact every researcher at MIT.

Please let us know if you have any questions or comments. We will keep you informed as this situation evolves.

Sincerely,

Martin A. Schmidt
Maria T. Zuber

**From:** Lisa New[redacted]
**Sent:** 12/17/2017 7:18:33 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** thank you to friends of Poetry in America
**Attachments:** poetry_logo_cmyk_light-bg.jpg

**Importance:** High

Dear Jeffrey: *(and please see personal P.S. under my signature!)*

I am writing now, as I have for the last several years, to update you on the work that Poetry in America and Verse Video Education have done in the last year. Below, I detail the accomplishments of 2017 and, below that, some projects I hope to complete in 2018. But first: my deepest thanks to you who have contributed financially, intellectually, creatively, and in so many other ways to Poetry in America's work.

Some of you receiving this letter have generously supported Verse Video Education, the independent non-profit production company (a 501c3) I founded in 2015. Verse Video Education now partners with WGBH television as well as with Harvard University (and others) to make the highest quality educational media for broad audiences. Whether you supported me by sharing your own interpretive talents on camera or by helping me to land elusive talent; whether you provided me funding, or equipment, or business wisdom, or organizational advice,
or a space in which to film, or just plain interest in the work-- I am immensely grateful. Making media-- and especially television-- is complex, and expensive, and I could not have navigated the road from professor to professor/producer/director without you.

Others of you have supported my humanities work at Harvard, and, in particular, Harvard's efforts to provide distance education of all kinds. Now (along with partners at the Bok Center, HarvardX, the Graduate School of Education, and the Extension School), I produce educational content for a wide global community of learners. Increasingly, Poetry in America not only distributes state-of-the-art humanities content within and beyond Harvard's gates, but we also train, mentor, and support a growing number of Harvard undergraduates and graduate students with interests in education, media, and the public humanities. These students now comprise a vibrant community of young Harvard humanists gaining experience in online teaching, curriculum design, educational policy, international education, video production, video editing, and more. By supporting Poetry in America, you
also support forward-looking humanities education at Harvard. (Update: those of you who are alumni of Harvard College are now eligible to receive class credit for your donations to Poetry in America projects.)

It's thrilling for me to report that our two largest efforts of the last few years are both coming to fruition.

Poetry in America's 13-episode television series, along with its parallel PBS LearningMedia Collection for educators, will air on PBS stations nationwide beginning in April 2018. Click here for a sneak peek at our 90-second series trailer (password: Poetry90). Featuring such guest interpreters as those in the trailer-- and dozens of others-- each half-hour episode of the series offers a deep dive into one important American poem. Discussions on a second season have begun!

Meanwhile, our Harvard partners at the Extension School and the Graduate School of Education have agreed, for a limited time, to make the full suite of Poetry in America online courses accessible to learners all over the world, offering a steep reduction in course fees. Students and teachers worldwide can now take any Poetry in America course-- at any credit level-- for $200. (Take a look at our 2018 offerings here.) Those of you who support individual schools or school networks: please note that through 2018 groups of five teachers or students can take any Poetry in America course for $1000 and receive graduate, undergraduate, or professional development credit-- and, that group's facilitator can receive free tuition. Please feel free to distribute our offerings to educators whose work you support anywhere in the world.

Harvard's highly unusual decision to slash tuition for the next year follows the great success of Poetry in America's first course for educators-- Poetry in America for Teachers: The City from Whitman to Hip Hop. In recognition of this course, David Coleman (president of the College Board) has offered support to allow us to continue developing and providing access to the highest quality educational and professional development humanities content. In 2018, as I lay out below, we seek to expand the scope of our offerings, and to work with our many partners to broaden access to all learners.

Thank you for your support for this work, and warmest best to you all in this holiday season.

Sincerely,
Lisa

*P.S. and thank you so much, Jeffrey, for your amazing support , without which much of what I've managed in the last few years would never have happened. My next course for teachers, , as you'll notice, has shifted from art to environment--not because of any less passion on my part for arts content but really because of greater enthusiasm among others for poetry/science for the classroom. I would like to hear more from you about what you think kids/schools need in this area. Larry tells me you have views; as I move out of my central areas, I will need advice xxoolisa*

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POETRY IN AMERICA

Poetry in America is now raising funds to complete an exciting group of new projects. Those in the pipeline include:

**The Poetry of Earth, Sea and Sky**
With commitments now in from the Poetry Foundation, Harvard's Center for the Environment, NextGen Climate, Nautilus Magazine, and more, Poetry in America is now embarking on the development of our second course specifically for teachers: Poetry in America for Teachers: The Poetry of Earth, Sea and Sky. This course will offer teachers innovative ways to blend humanities and science instruction and will provide them with classroom-ready materials. Via our partnership with the Bok Center, Harvard College and GSAS students will have the opportunity to build content, and skills, as they craft media, curriculum, and digital architecture for this second Poetry in America course for teachers.

**Medicine and Media**
In partnership with Harvard-trained physician and ER creator Neal Baer, poet-physician Rafael Campo, the Arts and Literature Initiative of Harvard Medical School, and the Derek Bok Center for Teaching and Learning at Harvard, Poetry in America will develop media around humane communication for medical practitioners and students. Our initial collection of content will focus on breast cancer health and LGBTQ health, and this project will provide the opportunity for students at Harvard Medical School and in the college to explore deeper registers of communication on vital matters of health. Content developed for this project has the potential to become a television episode.

**Poetry in America for Chinese Learners**
With seed funding from a Harvard graduate, Poetry in America is now developing content in a variety of formats (for-credit courses as well as short-form video assets to stream on internet platforms) for Chinese learners. Content will aim to offer new modes of humanities instruction to a broad global audience. We hope to expand our offerings beyond poetry to include other content in the humanities, including material on Shakespeare and World Literature.

**Poetry in America: the Television Series (Season 2)**
Plans for Season 2 are developing, and we hope to embark on a second season as soon as funds allow. On-camera interpreters already filmed or ready to film with us include Katie Couric, Yang Lan, Billy Collins, Julie Taymor, Yusef Komunyakaa, Eve Ensler, Ray Dalio, Kay Redfield Jamison, Mary Chapin Carpenter, Al Gore, Jorie Graham, Maurice Clarett, Jason Collins, Neal Baer, Danielle Ofri, Tom Steyer, and many others.

-- Elisa New
Powell M. Cabot Professor of American Literature
Harvard University
148 Barker Center
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O2138
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 1/3/2018 11:00:51 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd: Ruberto, Israel & Weiner Trusts & Estates Alert: Estate Planning After the Enactment of the Tax Cuts and Jobs Act

**Importance**: High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

Begin forwarded message:

**From:** "Ruberto Israel & Weiner" <info@riw.com>
**Subject: Ruberto, Israel & Weiner Trusts & Estates Alert: Estate Planning After the Enactment of the Tax Cuts and Jobs Act**
**Date:** January 3, 2018 at 4:02:49 PM EST
**To:** [redacted]
**Reply-To:** info@riw.com

January 2018

# Estate Planning After the Enactment of the Tax Cuts and Jobs Act

On December 22, 2017, President Trump signed the "Tax Cuts and Jobs Act" into law. The new legislation represents a compromise between House and Senate Republicans on their respective tax overhaul proposals, and is the most significant tax reform legislation to be enacted in over thirty years. Although the inherent complexities of the new legislation, combined with the whirlwind pace of its passage, poses many questions for analysts and tax practitioners alike as they begin to navigate the new tax system, we do have an understanding of what the new law will mean for high net worth individuals interested in advancing their estate planning goals.

Most of the provisions of the Tax Cuts and Jobs Act (the "Act") became effective on January 1st, and will sunset (or default to prior law) after December 31, 2025, absent further congressional action. In addition to extensive income tax related changes, including modifications to the individual and corporate income tax rates, doubling of the standard income tax deduction, capping of the state and local tax deduction, elimination of the personal income tax exemption, increase in the exemption for the alternative minimum tax, and decrease in the mortgage interest deduction, the Act temporarily doubles the federal estate, generation-skipping transfer ("GST") and gift tax exemption amounts, thereby offering high net worth families enhanced planning opportunities.

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Full Alert

This article was co-authored by Deborah Pechet Quinan and Deborah Qualia Howe.

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For a full description of our Trusts & Estates Group and a list of all of our practice areas, visit www.riw.com or contact any attorney in our T&E Group.

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**From**: Robert Trivers [redacted]
**Sent**: 1/4/2018 7:36:39 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: you and Chapman
**Attachments**: Dear Daniele 1.04.18.doc

**Importance**: High

attached a message i just sent to President Struppa of Chapman—i am certain that your gift will do the trick—and that the West Coast is indeed more convivial and supportive than the East

i hope i did not f… up your contact with Finkelstein

Carlos told me of the devastation to your island—pretty much as i feared

am amused (at a safe distance) as Bannon takes on Trump—he responds as he always does, threatening a suit he will not in fact file

no internet in my home or nearby in the great, retarded country of Jamaica so i am now at a restaurant some 35 minutes away and only go on-line twice a day—hoping that i will work instead

all best

# TAX BULLETIN 2018-1

**JANUARY 2, 2018**

U.S. TRUST
Bank of America Private Wealth Management

# TAX REFORM SIGNED INTO LAW

## OVERVIEW

Without much fanfare but with typical political controversy, the House and Senate successfully reconciled their respective tax bills and the new tax legislation (the "Act"), was signed into law by President Trump on December 22nd, 2017. House and Senate conference committee members leaned in favor of many provisions contained in the Senate proposal. A significant move in that direction was retaining the elimination of the Affordable Care Act's individual mandate (the penalty for failing to maintain minimum essential health care coverage) and using the Senate's methodologies for taxing income from pass-through businesses (though some elements of the House bill entered into the computation). In other circumstances, a true compromise was reached, such as meeting in the middle on modifications to mortgage interest deductibility.

In order to abide by Senate budget reconciliation rules and ensure the Act does not result in budget deficits outside the 10-year budget window, the Act makes almost all changes to individual income tax provisions temporary – nearly all expire at the end of 2025. No doubt, this will create tax complexity and political difficulties. On the other hand, most corporate provisions are permanent. This Tax Bulletin 2018-1 summarizes certain provisions of the Act and adds observations on income, estate and pass-through taxation.[1]

## INDIVIDUAL TAXES

| | 2017 Law.[2] | 2018 Law.[3] |
|---|---|---|
| **Individual Tax Rates** | 10, 15, 25, 28, 33, 35, 39.6% | 10, 12, 22, 24, 32, 35, 37%<br>Top rate would apply to income over $600,000 for married filing jointly; $500,000 for single.[4] |
| **Standard Deduction** | $12,700 ($6,350 if single) | $24,000 ($12,000 if single), enhanced for elderly and blind.[4] |
| **Kiddie Tax** | Unearned income of a child taxed at parents' tax rate if higher than child's rate | Simplifies kiddie tax by applying trust rates to unearned income of a child.[4] |
| **Personal Exemption** | $4,050, subject to phase-out | Eliminates; merged with higher standard deduction.[4] |
| **Child / Dependent Tax Credits** | $1,000, per qualifying child subject to phase-out beginning at $110,000 (married) and $75,000 (single taxpayers) | $2,000 per qualifying child, $500 per non-child dependent; subject to phase-out beginning at $400,000 (married) and $200,000 others.[4] |
| **Top Capital Gains/Dividend Tax Rate** | 20% (plus 3.8% surtax) | Maximum rate of 20% is retained; same breakpoints as current law |

## INDIVIDUAL TAXES (continued)

| | 2017 Law | 2018 Law |
|---|---|---|
| **Itemized Deductions** | Under the "Pease" limitation, up to 80% of most itemized deductions are lost when adjusted gross income exceeds $313,800 ($261,500 for single taxpayers) | Repeals the Pease limitation on itemized deductions<br>Mortgage interest deduction: $750,000 limit on acquisition indebtedness retained (principal or secondary residence); deduction for home equity loan repealed<br>Deduction for state and local income, sales tax and real property taxes limited to $10,000 in aggregate ($5,000 for married filing separately); deduction allowed for state and local taxes on trade or business or if related to production of income. Payment of income taxes in 2017 for a subsequent year would not be deductible in 2017.[4]<br>Deduction for medical expenses retained and liberalized for 2017 and 2018.[4] |
| **Retirement Savings** | Contributions can be placed into deferred account, up to contribution cap | Unchanged |
| **AMT** | Parallel tax calculation with top rate of 28% and $84,500 exemption for married taxpayers ($54,300 others); phase out of exemption begins at $160,900 for married taxpayers ($120,700 others) | Retains and modifies AMT; exemptions raised to $109,400 (married) and $70,300 (others); phase-out of exemption begins at $1 million for married taxpayers ($500,000 others).[4] |
| **Carried Interest** | Retains character as capital gain and eligible for preferential tax rates | Requires three-year holding period to attain long-term capital gains rate |
| **Investment Surtax** | 3.8% tax on "net investment income" | Unchanged – continues to apply |

## OBSERVATIONS – INDIVIDUAL TAXES

Under the Act, there will be winners and losers on the personal income tax side. Generally, wage earners from no-tax states.[5] could see tax savings under the Act. For instance, a Florida taxpayer earning $1 million with moderate itemized deductions may see a tax savings of about $30,000 under the Act. A similar taxpayer in New York State may see a savings of about $3,500 according to our preliminary analysis.[6]

Conversely, very high-wage earners from high-tax states could see a higher tax bill. A taxpayer earning $3 million in New York City may see a significant tax increase: $44,000 under the Act, due in part to the loss of significant deductions. A similar taxpayer in Florida would see a tax savings of about $91,000 under the Act (primarily due to the lower top rate, elongated 35% tax bracket and regaining itemized deductions that are no longer phased-out), according to our preliminary analysis.

Married couples could fare worse than two single taxpayers with a similar amount of income. The so-called marriage penalty hits particularly hard under the new tax brackets. The penalty is also exacerbated by permitting married couples only a $10,000 state income/real estate tax deduction, but allowing each of two single filers a deduction in the same amount ($20,000 combined). Under the changes, a single taxpayer with $500,000 of wages



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living in a state that imposes a state income tax (and $10,000 of charitable deductions) would pay a federal tax of about $143,690. Two single taxpayers would pay a total of twice that, or $287,380. However, if these two taxpayers were married, their joint tax liability would jump to $298,280, an increase of $10,900.

It appears that state of residence, type of income (wages versus new "qualified business income"), and mortgage interest will be among the most important factors for determining whether one is better or worse off under the Act.

Capital Gains. Although income tax rates and tax brackets will significantly change in 2018, the long- term capital gains rate will remain the same. The income limits for imposing the 15% and 20% capital gain rates will also remain the same; the 20% rate will apply when taxable income exceeds $479,000 (for married filing jointly). However, the Act's combination of lower rates and fewer deductions could mean that a taxpayer's "taxable income" could rise in 2018, meaning the taxpayer would expose more capital gain to the 20% bracket.

3.8% Surtax. The Act does not directly change the 3.8% surtax imposed on "net investment income." However, it indirectly changes it. When calculating a taxpayer's net investment income, a taxpayer can deduct investment expenses (after application of the 2% floor) and deductible state income taxes, to the extent those are properly allocable to net investment income. The deductibility of those two expenses changes in 2018 -- investment expenses are nondeductible, and state income taxes (with other state taxes) are limited to $10,000. Those expenses might not reduce net investment income in 2018, and as a result the 3.8% surtax might increase.

## WEALTH TRANSFER TAXES

| | 2017 Law | 2018 Law |
|---|---|---|
| **Estate / Gift / GST Tax** | 40% rate, $5,490,000 exemption (indexed for inflation) | Commencing 2018, exemption for estate, gift and GST tax doubled from $5.6 million to $11.2 million (indexed for inflation)<br>Enhanced exemption expires at the end of 2025 |
| **Tax Basis Upon Death** | Step-up for estate property | Same as current; step-up for estate property |

## OBSERVATIONS – WEALTH TRANSFER

The transfer tax proposals in the Act extend the already limited reach of the federal estate, gift and GST taxes to even a smaller subset of only the wealthiest of taxpayers. There would be a temporary doubling of the exemptions until the end of 2025, reverting to current law in 2026. The step-up in basis at death would continue the entire time. Given the high exemption amounts ($11.2 million for individuals and $22.4 million for a married couple in 2018), that would effectively repeal the tax for most people. This change would have a significant effect on both testamentary and lifetime estate planning.

Testamentary planning. It is common for wills and other testamentary documents (such as revocable trusts) to contain dispositions that reference the estate (and GST) exemptions that are in effect at death. These so-called "formula" provisions would automatically adjust for changes in the exemption amounts. While this may achieve a beneficial tax result, the temporary doubling of the exemptions may also cause unintended consequences to the dispositive plan. For example, a common plan is to leave an amount equal to the estate exemption to a bypass



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trust, and the balance for the surviving spouse, either outright or in a marital trust. For a hypothetical $10 million estate, if death occurred in 2017 that would result in roughly half to the bypass trust and half to the spouse. However, if death occurs in 2018 to 2025, that would result in the entire estate being left to the bypass trust. Complications could further arise for individuals living in certain states which impose their own estate tax. Wills and other testamentary documents should be reviewed to make certain they accurately reflect the testator's wishes. As always, documents should be drafted with flexible provisions that can be adjusted for future changes.

Lifetime planning. Lifetime gifts are often made in order to reduce the estate tax that would otherwise be incurred at death. While the doubling of the exemptions may avoid the need for lifetime gifting for certain individuals, that may only be the case if death occurs before 2026. Accordingly, the tax consequences of making a current gift may have to be compared with alternative estate tax scenarios. The temporary nature of the increase in transfer tax exemptions also raises the issue of whether it is advisable to lock-in the higher exemption by making a lifetime gift before 2026. (Similar issues arose in 2012, when there was uncertainty whether the $5 million estate exemption would continue in 2013.) This raises the question of whether the gift could be structured in a manner that could be "undone" if the higher exemption is made permanent. It also raises the question of whether there would be recapture (so-called "clawback") if a lower exemption is in effect at death. In that regard, it appears that the new legislation would eliminate the concern about recapture. In sum, the uncertainty of the estate exemption amount at death will make lifetime planning more challenging.

## CORPORATE TAXES

| | 2017 Law | 2018 Law |
|---|---|---|
| **Top C-Corporate Rate** | 35% | 21% (effective 2018) |
| **AMT** | Parallel tax calculation with top rate of 20% | Eliminates corporate AMT |
| **Business Investments** | Limited immediate expensing; balance subject to depreciation | Immediate expensing for new and used qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023 (Jan. 1, 2024 for certain property) and partial expensing for other property acquired after 2022 and before 2027. |
| **Interest Expense** | No limitation | Limited to business interest *income*, plus 30% of a business's adjusted taxable income (EBITDA for 2017-2021 and EBIT thereafter); with special rules for "floor plan financing indebtedness"; full deduction for small businesses with gross receipts of $25 million or less |



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## PASS-THROUGH ENTITY TAXES

| | 2017 Law | 2018 Law |
|---|---|---|
| **Top Rate: Pass-Through Entities (S-corporations, LLCs, LLPs and Partnerships) / Sole Proprietorships** | Subject to tax at individual rates up to 39.6% | An individual taxpayer generally may deduct 20% of domestic qualified business income from a partnership, S corporation, or sole proprietorship[4]<br><br>In the case of a taxpayer who has qualified business income from a partnership, S corporation or sole proprietorship, the amount of the deduction is limited to the greater of (i) 50% of the W-2 wages paid by business or (ii) sum of 25% of W-2 wages paid by business and 2.5% of business capital. This wage limitation (i) does not apply if taxpayer's taxable income is less than $157,500 ($315,000 for joint return); (ii) applies fully if taxable income exceeds $207,500 ($415,000 for joint return); and (iii) applies proportionately if taxable income is between those two limits<br><br>Trusts and estates that own business interests qualify for this deduction<br><br>Deduction is a post-AGI item, even for taxpayers not itemizing deductions |
| **Pass-Through Entities – Service Businesses** | Subject to tax at individual rates up to 39.6% | For "specified service business," (i) the 20% deduction applies fully if taxpayer's taxable income is less than $157,500 ($315,000 for joint return); (ii) there is no deduction if taxable income exceeds $207,500 ($415,000 for joint return); and (ii) there is a partial deduction if taxable income is between those two limits.[4]<br><br>Service business includes accounting, law, consulting, investing, etc., but excludes engineering and architecture services |

## OBSERVATIONS – PASS-THROUGH ENTITIES

As originally proposed, the House and Senate took fundamentally different approaches to the taxation of pass-through entities (sole proprietorships, partnerships, LLCs, LLPs and S-corporations). While they differed from each other, they shared the goal of creating preferential treatment for certain pass-through business income. The Act largely took the Senate's approach but adopted a few elements of the House's approach. The Act approaches small business relief by permitting a non-itemized deduction of 20% of qualified business income; the remaining 80% would then be subject to normal tax rates. Therefore, the top tax rate for business income would be 29.6% (80% x 37% = 29.6%). The provision is riddled with a host of complex limitations. For taxpayers not in the top income tax bracket, the value of the deduction will depend on the marginal bracket that would otherwise be imposed on the income.

Owners of service businesses (e.g., law, accounting and consulting, etc., but not engineering or architectural services) generally would be eligible for the 20% deduction unless taxable income exceeds $315,000 for married filing jointly ($157,500 for others). The benefit of the 20% deduction is phased out and fully eliminated over the



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next $100,000 of taxable income for married filing jointly ($50,000 for others). The following is a simple example for a pass-through entity.

***EXAMPLE***

H and W file a joint return on which they report taxable income of $200,000 (determined without regard to this provision). H has a sole proprietorship that is a qualified business and is a "specified service business." W is an employee and receives only W-2 wages from her job.

H's qualified business income is $150,000. 20 percent of the qualified business income is $30,000. Because H and W's taxable income is below the $315,000 threshold amount for a joint return, (i) the wage limit does not apply to H's qualified business, and (ii) the limitation applicable to specified service businesses does not apply. H's deductible amount for qualified business income is $30,000.

On their joint return, H & W would qualify for a $30,000 deduction, reducing their taxable income from $200,000 to $170,000. That taxable income would then be subject to regular income rates.

While upper-income wage earners in high-tax states generally do not fare well under the Act, taxpayers with substantial income from pass-through businesses should see a tax benefit compared with current law, since the weighted average rate of business income would be approximately 30%. Capital gains, dividends, and other preferential income from a business would not be considered "business income" and would continue to be taxed at preferential tax rates.

Under the initial Senate version, the pass-through deduction was not available to trusts or estates. Under the Act, however, trusts and estates can benefit from the pass-through deduction.

## CORPORATE INTERNATIONAL TAXES

| | 2017 Law | 2018 Law |
|---|---|---|
| **International Corporate Tax – Scope** | Worldwide with deferral available | 100% of foreign-source portion of dividends paid by foreign corporation to U.S. corporate shareholder (that owns at least 10%) would be exempt from U.S. taxation |
| **One-Time Deemed Repatriation of Foreign Earnings** | No | U.S. shareholders owning at least 10% of a foreign corporation would be taxed on post-1986 net foreign earnings and profits (15.5% on earnings and profits comprising cash or cash equivalents; 8% on remaining earnings and profits); may elect to pay tax over a period of up to 8 years, in annual installments that allow more to be paid at the back end |

## OTHER PROVISIONS

The Act has other provisions of note that are not included in the charts above.

- **Roth recharacterization no longer allowed.** Under 2017 law, if you converted a traditional IRA to a Roth IRA, you could "recharacterize" that conversion within certain time limits, in effect undoing it. For tax years beginning after 2017, the Act repeals this rule, meaning you can no longer recharacterize



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a Roth conversion. From the current language of the effective date, it is unclear whether this would prevent a 2017 Roth conversion from being recharacterized in 2018.

- **Taxation of alimony.** Under 2017 law, alimony and separate maintenance payments were deductible by the payor and includible in income by the recipient. (Child support payments are not treated as alimony.) The House bill proposed to reverse this treatment, making alimony and separate maintenance payments non-deductible to the payor and non-taxable to the recipient. The Senate bill had no similar provision. The Act generally follows the House bill but delays the effective date by one year, generally being effective for any divorce or separation instrument executed after December 31, 2018.

- **Sale of principal residence exclusion.** Under 2017 law, up to $250,000 of gain ($500,000 if filing jointly) on the sale of a principal residence could be excluded from income. Among the requirements is that the principal residence be owned and used as your principal residence for two out of the last five years. You could use this rule only once every two years. This exemption was available regardless of income. Both the House and Senate Bills proposed that (i) the principal residence must be owned and used as your principal residence for five out of the last eight years and (ii) you can use this rule only once every five years. The House proposal also contained a limit to the exclusion if income exceeded a certain amount. In a surprise, none of these modifications were included in the Act. As a result, no changes were made to the principal residence exclusion rules.

- **Identification of securities sold, exchanged and gifted.** Gain or loss generally is recognized for Federal income tax purposes on the sale of property. A taxpayer's gain or loss on a disposition of property is the difference between the amount realized on the sale and the taxpayer's cost basis in the property. Under 2017 law, if a taxpayer has acquired stock in a corporation on different dates or at different prices and sells or transfers some of the shares of that stock, and the lot from which the stock is sold or transferred is not adequately identified, the shares sold are deemed to be from the earliest acquired shares (the "first-in-first-out" rule; FIFO). However, under 2017 law, if a taxpayer specifically identifies the shares of stock to be sold, the shares of stock treated as sold are the shares that have been identified. The same rules apply to charitable gifts and gifts to trusts or family members. Although the Senate bill had proposed eliminating the ability to specifically identify lots and mandating that the FIFO rule be used, the Act makes no changes; the 2017 rules will remain in place.

- **Like-kind exchanges**. Under 2017 law, real estate and personal property could qualify for a tax-deferred like-kind exchange. The property had to be held either for investment or for use in a trade or business. Under the Act, like-kind exchanges will be available only for real estate, not personal property. This will end, for example, like-kind exchanges of art. This new rule is effective for transfers after 2017. However, there is a transition rule to allow like-kind exchanges of personal property to be completed on a tax-free basis if you either disposed of the relinquished property or acquired the replacement property on or before December 31, 2017.

- **529 Savings Plans.** Under 2017 law, funds in 529 Saving Plans could be withdrawn tax-free if used for higher education expenses. The Act expands the type of expense that can be paid via a 529 Savings Plan and allows up to $10,000 per year to be used for elementary and high school tuition and specifically allows funds to be used for private and religious schools. A provision that would have also



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allowed funds to be used for home schooling was dropped at the last minute and is not in the final legislation.

- **Charitable gifts.** A charitable contribution deduction is limited to a certain percentage of the individual's adjusted gross income (AGI), and this limitation varies depending on the type of property contributed and the type of exempt organization receiving the property. Under 2017 law, cash contributed to public charities, private operating foundations, and certain non-operating private foundations generally could be deducted up to 50% of the donor's AGI. Under the Act, this 50% limitation is increased to 60%. The provision retains the 5-year carryover period to the extent that the contribution amount exceeds 60% of the donor's AGI.

- **Investment expenses and investment interest.** Under 2017 law, investment expenses were deductible as a "miscellaneous itemized deduction" if, and to the extent, they exceed 2% of AGI. The Act repeals the deduction for "miscellaneous itemized deductions" that are subject to the 2% AGI limitation, such as investment management expenses. Under 2017 law and current law, investment interest is not a "miscellaneous itemized deduction." Therefore, the deduction for investment interest remains untouched and continues to be deductible to the extent of investment income.

## CONCLUSION

Given the significant tax changes in 2018, planning will be a challenge. It is important to understand the implications that the Act can have on your particular tax situation.

**National Wealth Planning Strategies**

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[1] Tax Bulletin 2017-5 summarized the key tax provisions in HR1, known as the Tax Cuts and Jobs Act (the "House Bill"), which was passed (227-205) by the House on November 16, 2017. Tax Bulletin 2017-6 summarized the key tax provisions in the initial Senate bill HR1, also known as the Tax Cuts and Jobs Act, which was subsequently amended and passed (51-49) by the full Senate on December 2, 2017. The final Senate version was similarly summarized in Tax Bulletin 2017-7. Tax Bulletin 2017-8 summarized the reconciled bill agreed to by both chambers. Tax Bulletin 2017-9 summarized the final legislation, including some year-end planning ideas that are no longer relevant.

[2] Inflation-adjusted amounts for 2017.

[3] The name "Tax Cut and Jobs Act" had to be removed; this legislation was signed into law by President Trump on December 22, 2017.

[4] This proposed change would be effective starting in 2018 and would not apply to taxable years beginning after December 31, 2025 (e.g. sunsets at the beginning of 2026).

[5] There are nine states that impose no state income tax: AK, FL, NH, NV, SD, TN, TX, WA and WY (NH and TN impose a tax only on dividends and interest).

[6] This illustration assumes the following itemized expenses: charitable gifts $10,000, real estate tax $30,000 (limited to $10,000 under the proposal), mortgage interest of $15,000, and appropriate state income taxes, where applicable.

**IMPORTANT:** This publication is designed to provide general information about ideas and strategies. It is for discussion purposes only since the availability and effectiveness of any strategy are dependent upon your individual facts and circumstances. Clients should always consult with their independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.

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HOUSE_OVERSIGHT_029445

**From**: [redacted]
**Sent**: 1/13/2018 11:29:05 PM
**To**: jeevacation@gmail.com
**Subject**: Trump Calls Non-White Countries "S**tholes": The Daily Show

**Importance**: High

https://youtu.be/OQkfDJ2zVNo

Sent from my iPhone

**From**: Robert Trivers [redacted]
**Sent**: 2/9/2018 1:35:43 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Attachments**: French Chauvinism.docx; President Obama and Self-dec.doc; It is difficult to pick the stupidest op.docx

**Importance**: High

Three short pieces that might amuse you (still working on Obama)

**President Obama and Self-deception**

All of us are vulnerable to deceit and self-deception. Deception of parents by children actually begins in the womb, when they manipulate the mother chemically into providing greater investment than is in her best interests. It continues at six months of age, developing rapidly to incorporate language, other individuals and self-deception in service of deceit—the better to hide the ongoing deception. Bright people may be more vulnerable to self-deception than dim ones. Certainly more intelligent children (and adult monkeys) practice deception more often.

Presidents are no more immune to self-deception than the rest of us, but it is much more visible to others and has potentially far greater effects. Barack Obama's self-deception, as is often the case, was the downside of a major virtue—the ability to integrate opposing factions.

He gave me a scare when after winning the 2008 election he first emerged at night with his gorgeous family between a set of Greek columns. My God, I thought, so his victory is the culmination of 2000 years of Democracy. Instead of humility he chooses self-exaltation. This is exactly the reverse of what works best. What will come next?

What came next were two mistakes, one with immediate negative consequences and the other requiring 8 years to ripen. The US was in a deep recession, second only to the Great Depression, and a major reason why Obama won. Since 1932 it was well known that the appropriate response was massive government spending directed at the newly unemployed and, if possible, at repairing infrastructure. The unemployed will spend the money at once, giving a multiplier effect. Likewise, infrastructure was badly in need of repair and this costs less when unemployment is high, and also increases employment, again with a multiplier effect.

Howard Stieglitz and Paul Krugman, two superb economists and Nobel Memorial Laureates met with Obama and urged a 1.5 trillion dollar infusion, which would have been almost exactly right. But they had both supported Hillary Clinton in the primaries and so he went with his own advisor, Larry Summers who had a record of major mistakes when working for Bill, not to mention as President of Harvard, so Obama proposed an 800 billion infusion and then made the classic "Barry" mistake by giving 400 billion of it to small business. This was well known to have no positive effect whatsoever. Businesses do not invest during a recession, they wait for demand to return. They are happy to get the money, which they promptly put away in savings where it has no effect. In short, Obama's stimulus was ¼ the size it needed to be. It did reverse the slide downwards leading to years of positive growth but the effect was too weak when needed most and chants of "Yes we can" turned, in effect, to chants of "Yes we can but it sure is gong to take a long time" and the Tea Party swept aside many of his powers in 2010.

Barack was known as "Barry" growing up because his Kenyan father Barack was a "rolling stone that gathered no moss" and his son always had to navigate two worlds without the support of his father. He had all the benefits of outbreeding—tall, good looking and very bright—and his ability to navigate the two worlds propelled him upwards—into Harvard Law School, then first "black" Law Review editor, then Illinois legislator—then his memorable "not Red States nor Blue States but United States" speech at the 2004 Democratic Convention. But always with the flaw of compromising where he should not.

The second major mistake he made right away was to appoint Hillary to be Secretary of State, making peace with his defeated opponent, a nice gesture perhaps but unheard of in US history. Why elevate your opponent? Why indeed. She will be in a lead position to replace you 8 years later but will in fact usher in something far worse. "Crooked" Hillary indeed—not because of some foolishness over e-mails but because she was a life-long enabler of a thoroughly dishonest husband, as when she

helped him rebut Jennifer Flowers' irrefutable evidence of infidelity in 1992. Biden, it is widely believed, would have trounced the Republicans in 2016. He is a thoroughly honest and decent man with a lifelong love for his wife and children.

Let us conclude with a minor example—the arrest of Harvard Professor Louis Gates outside his home, six months into Obama's presidency. He did not have to comment on this trivial event but chose to. Corporatist that he is and biased toward the upper strata, he took Gates' side. When there was a hue and cry he arranged a little beer party on the White House lawn—Obama with his long legs underneath the table, Vice President Biden opposite him, a cop wondering how in hell he got roped into this absurd situation and "Skip" Gates happy as a clam in the ocean, all aglow as he held forth on God knows what.

If there was in fact a teachable moment, it was this. ALL Americans should know that no police officer has the right to enter your home without a search warrant or an arrest warrant. This goes way back to English common law—the King must knock at a peasant's door—your home is your castle. The police officer had invited Gates outside. Gates fell for the trick and was promptly arrested. He was the fool, not the cop. And black Americans especially should know the law where police officers are concerned.

Obama draws a line in the sand against Syrian bombings, they cross the line, Obama does nothing. Obama offends Michelle and she promptly puts him through three degrees of hell as he well deserved. And so on.

Finally, I have been dismayed by all the photos I have seen of him since he left office—a big grin while swimming in the ocean, taking a picture of Michelle—at a safe distance—on a super yacht and grinning ear to ear while talking to Prince Harry. He is so happy to be freed from the burdens of the Presidency while enjoying all the perks. May God forgive him. But he did have it all. I used to joke in the 2008

campaign that I liked everything about him except Michelle. People would be all up in my face—what are you talking about? Michelle is beautiful, she is wonderful. Precisely my point, I would say, why does he get to be President AND have Michelle? It isn't right!

TECHNOLOGY

# Peter Thiel's Money Talks, in Contentious Ways. But What Does He Say?

By DAVID STREITFELD MARCH 7, 2018

Peter Thiel is Silicon Valley's homegrown Cassandra. He warned for years that the big tech companies were arrogant and clueless and less good for mankind than they believed.

Comeuppance, the billionaire investor warned, was coming.

Trouble has now arrived. Unfortunately for Mr. Thiel, the storm is centered on Facebook, whose board he has been a member of practically since its founding. The

social network, which billed itself as bringing democracy and enlightenment to the world, was used by the Russians to subvert democracy and sow confusion in the United States.

Even people paid to see the future didn't see that one coming.

"The board's role is to help think about some of the medium- and longer-term problems coming around the corner," Mr. Thiel said. "We were far from perfect in doing that."

Mr. Thiel, 50, is at the center of nearly every issue that roils Silicon Valley, ranging from the tech elite's fascination with New Zealand hideaways (Mr. Thiel obtained New Zealand citizenship) to Bitcoin (he is a major investor) to the problems of herd thinking (he is moving from San Francisco to Los Angeles to escape it) to the evolving role of content on the internet (he has been exploring the creation of a media company that would outflank Breitbart and Fox for a younger audience).

Two subjects are currently overwhelming everything else: President Trump, whom Mr. Thiel aggressively backed for president, and Facebook, whose core mission is being called into question in the wake of the Russian revelations. In a typical Thiel move — he tends to run toward controversy even as his Silicon Valley peers try to make themselves inconspicuous — he agreed, in a rare interview, to talk about both.

"It's been a crazier two years than I would have thought," Mr. Thiel said in his new Midtown Manhattan apartment, which is so far up in the clouds that it literally looks down on Trump Tower.

Despite the proximity, the mutual enthusiasm between Mr. Thiel and Mr. Trump seems to have cooled. After Mr. Thiel spoke at the Republican National Convention in 2016, there were unsourced media reports that said Mr. Trump wanted to put him on the Supreme Court. But now even photo ops are rare.

The investor said he had last spoken to the president "a few months ago."

"We don't talk that often," he said, but added, "I can get access anytime I want."

The Trump whom Mr. Thiel touted at the Republican convention was a candidate who would "end the era of stupid wars and rebuild our country," move us past "fake culture wars" and start projects the equivalent of the Apollo space program. That does not seem to be the president he got.

"There are all these ways that things have fallen short," Mr. Thiel said. But he said he had no regrets about his endorsement. "It's still better than Hillary Clinton or the Republican zombies," he said, referring to the other candidates.

The White House did not respond to a request for comment.

Mr. Thiel is routinely labeled a libertarian. On a bookshelf in the apartment, as if in confirmation, is a hardback copy of Ayn Rand's "Atlas Shrugged," the bible of the movement. A gift, he said.

A lesser-known but possibly deeper influence was the French philosopher René Girard, who taught at Stanford University when Mr. Thiel was an undergraduate there. For 15 years, on and off, Mr. Thiel sat in on a study group about Mr. Girard's ideas. Mr. Girard believed human beings were deeply mimetic, which is to say they copy one another.

"It's very anti-Ayn Rand: There are no self-contained autonomous figures," Mr. Thiel said. "Our desires are not our own. They get shaped powerfully by the society around us."

It was this illumination that helped him see the potential of Facebook — where people could find out in intimate and addictive detail what their friends were up to — when it was barely a year old. He was the first outside investor, buying 10 percent of the company for $500,000.

He sold most of his holdings in 2012 as Facebook went public. A few months ago, with Facebook's market capitalization at about $500 billion, he sold most of what he had left.

Last summer, there was a flap when a memo by a fellow board member, Reed Hastings, the chief executive of Netflix, appeared in The New York Times. In the memo, Mr. Hastings wrote to Mr. Thiel that he displayed "catastrophically bad judgment" in supporting Mr. Trump.

Mark Zuckerberg, Facebook's chief executive, did not ask him to step down from the board, and reports that he wants to leave the board are incorrect, Mr. Thiel said, noting that among other things that he brings "ideological diversity." He declined to say exactly how much or what kind of advice the Facebook board was offering Mr. Zuckerberg, but defended the company from criticism that it was slow to wake up to what the Russians did.

"Remember when Trump said the election was going to be rigged? People said that was crazy — 'How dare you question the integrity of the electoral process?' That was the view of most of the people working at Facebook, too," he said. "They did not think things were so hackable. It was a mistake, but an understandable mistake." Facebook declined to comment.

The anger now being turned on Facebook, Mr. Thiel argued, is less about Russia specifically and more about tech arrogance — its failure to do so much for so many. It is a sentiment that helped put Mr. Trump in the White House.

"The Trump campaign slogan, 'Make America Great Again,' was perhaps the single most offensive thing you could say to Silicon Valley," he said. "Silicon Valley says the future is going to be better than the past. That is the propaganda, if you will."

A friend of his in Silicon Valley had the idea of running for governor of California this year. Mr. Thiel's advice was that he had better have a good answer to this question: Why is tech good for the average person in California? The answer, he cautioned, couldn't be a banality, such as "it's making us more connected," and it couldn't be utopian, such as "it's going to cure all diseases."

"He wasn't able to come up with an answer, and I couldn't come up with one, either," Mr. Thiel said. He declined to identify the friend, but it is well known in tech circles that Sam Altman, the president of Y Combinator, the prominent start-up accelerator, was thinking about running. Mr. Altman confirmed it was him and said he had decided not to run "for many reasons."

There is a big painting of a cresting wave in Mr. Thiel's living room, and it might as well be a visual metaphor for what is going on in big tech now.

"Having some ambition that transcends just making money is a critical thing for a company," he said. "But there is some point where it gets crazy and self-delusional." He added that the companies "are probably in some trouble — maybe it's a little, maybe it's a lot." The prospect of government regulation looms.

In 2015 and 2016, Mr. Thiel gave $300,000 to Josh Hawley, who was campaigning to become Missouri's attorney general. Mr. Hawley won, and in November he opened an antitrust investigation of Google. A spokeswoman for Mr. Hawley, a Republican who is now challenging the state's Democratic senator, Claire McCaskill, said there was "no connection" between Mr. Thiel's donation and the investigation. Google declined to comment.

The news last month that Mr. Thiel is moving from San Francisco to Los Angeles reflects a shift that is as much mental as literal. Getting out of the tech bubble, he figures, will give him more clarity about his investments.

"Network effects are very positive things, but there's a tipping point where they fall over into the madness of crowds," he said.

Another of Mr. Thiel's contentious ideas was destroying Gawker, the online publisher. He secretly financed the privacy lawsuit that Hulk Hogan, the former pro wrestler, filed against the media company, which Mr. Hogan won. That led to Gawker's bankruptcy in 2016.

A news operation that specialized in deflating the arrogance of Silicon Valley should have been to Mr. Thiel's liking. But he argues that his philosophy is consistent here.

"Gawker was trying to cut people down to size for not conforming," he said. "The ability to speak and not have every word you say get distorted, to have wrong ideas and then be able to correct them — these notions were powerfully undercut by Gawker."

Mr. Thiel is still pursuing the remnants of Gawker in court, which has prompted accusations that he wants to remove all of its content from the internet as a final victory.

He denied this. "Terry Bollea, a.k.a. Hulk Hogan, is still owed some money

from the Gawker sale, and that is what I am trying to get," he said. "I don't want the archives. I don't think it makes sense to destroy them. Preserve them, study them instead."

*Follow David Streitfeld on Twitter: @DavidStreitfeld.*

4
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**From:** Richard Kahn [redacted]
**Sent:** 3/14/2018 4:51:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Other ways to trade Saudi
**Attachments:** image001jpg01D3BB9285E20D80.jpg; image002jpg01D3BB9285E20D80.jpg; image003jpg01D3BB9285E20D80.jpg; image004jpg01D3BB9285E20D80.jpg; image005jpg01D3BB9285E20D80.jpg; image006jpg01D3BB9285E20D80.jpg; image001jpg01D3BAF1DF43BF00.jpg; image004png01D3BB6E455E4900.png; image013png01D3BAF2D82BFDD0.png; image014png01D3BAF2D82BFDD0.png; image015png01D3BAF2D82BFDD0.png; image016png01D3BAF2D82BFDD0.png

**Importance:** High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cel

Begin forwarded message:

**From:** "Ens, Amanda" <[redacted]>
**Subject: Other ways to trade Saudi**
**Date:** March 14, 2018 at 12:48:07 PM EDT
**To:** "rkahn"<[redacted]>
**Reply-To:** "Ens, Amanda" <[redacted]>

**Saudi trade continues to gain momentum as we head into March 28 FTSE decision, followed by MSCI in June.**
**Our base case is for a positive outcome for both EM index reviews.**

- **Tadawul +5% past 3 sessions printing new 3 year highs,** Foreign inflows YTD at $1.35bn
- **Recent headline on Aramco:** Saudi Aramco likely to be delayed to 2019. Delay not all together surprising giving complexity of the transaction, delays in choosing the trading venues, as well as to better align the IPO with potential MSCI / FTSE index inflow timelines
- **Crown Prince MBS** will appear on '60 Minutes' on March 18th, one day before he lands in the US for a 10 day tour, meeting Trump on the 20th.
- **Reform agenda picking up speed:** Women Driving; Entertainment/Movie Theaters; Welfare Programs; Market access reforms & Int'l debt issues

Saudi Fundamentals are strong (see Jean-Michel Saliba's report from Jan. 29th below):

- **Growth has bottomed out**
- **OPEC is succeeding at rebalancing the oil market. Fiscal adjustment now sufficient to safeguard stability at cUS$60/bbl.**
- **Equity strategy: remain positive, outlook gains momentum** - We retain our positive view on the Saudi market as we see strong earnings momentum as well as increasing appetite for Saudi equities amongst global investors:

Best way to access the trade: M1SAP (MSCI Saudi Provisional Index)

- 32-name MSCI-owned index, that will rebalance into the full MSCI EM index upon inclusion
- Trades $90m/ day based on bottleneck liquidity
- **Tradable on swap at 1mL+90bps, std comm applies; also accessible on fully funded Luxembourg-listed warrant (MERRI1DT LX)**

10 single stock names to own in Saudi.

- **Al Rajhi**: BAML Top pick for 2018 >> Largest bank in Saudi >> Reflation trade beneficiary >> We see the bank continuing to deliver strong earnings momentum on the back of: (1) Stand out NIM expansion given a unique cost of funding position and further policy rate hikes (2) a continued normalization in asset quality driving CoR lower; (3) Higher loan growth than peers as it benefits from consumer loan growth (particularly housing) whilst taking share in the corporate market and (4) Al Rajhi is set to be a key beneficiary from the potential forthcoming Saudi index inclusions.
- **NCB**: We see NCB as a key beneficiary from the economic diversification program the Government has introduced. Its large balance sheet and resulting ability to finance mega projects should allow it to capture market share in the coming years. Further support will come from having the PIF as a major shareholder. We also see a sublime margin outlook given NCB's ability to benefit from rising interest rates and bond yields.
- **SABIC:** Expect strong earnings momentum in FY18E driven by robust product prices as well as solid plant operations. View company's intent to expand internationally as a catalyst for unlocking balance sheet value. The company is expected to be the largest constituent of Saudi MSCI EM Index (~16%). Shares trade at a 2018E EV/EBITDA of 7.4x, ~20% discount vs global peers.
- **Yansab:** Given robust MEG pricing outlook (40% of profits, prices up 18% YTD) providing a healthy tailwind to earnings this year, we expect an attractive dividend yield of 6% (top quartile globally) in FY18E/19E well supported by FCF yields of 9% and a net cash position.
- **STC**: One of the main beneficiaries of index inflows into Saudi. STC has finally improved management representation to investors with the departure of the previous IR, and new team in place. Significant government receivables recovery to drive stock price for next two quarters, while Careem stake can provide some positive headline risk on valuations.

- **Jarir**: We like Jarir for its potential to increase its market penetration having increased its store count by 13% since August 2017 while maintaining its premium ROE of 53% and attractive dividend.
- **Al Tayyar** : Stock will see a slew of positive catalysts over the next two quarters, particularly a second tranche of substantial gov receivable recoveries in Q1. 130mn SAR loss from associates in 2017 is a one off and should make comps easier this year. Q1 earnings should see the first earnings growth after a very difficult 2 years. Makkah real estate REIT will also provide an uplift.
- **Al Hokair:** has massively under performed in Saudi index and consumer sector and should see substantial improvement in business in 2018 as LFL turns the corner and the company businesses a beneficiary from social reforms in the country. Debt restructuring concerns likely behind us at this point, relief there would be the main catalyst for the name.
- **Malath / Alrajhi Takaful**: 2 of the top motor insurers in Saudi secular growth trend in motor insurance sector over the next two years as the regulator clamps down on more than 50% uninsured drivers while women driving to present multiyear volume growth story.

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Bank of America Merrill Lynch

GEMs Paper #31

# Saudi Arabia: growth bull, fiscal bear

29 January 2018

## Key takeaways

- Growth recovers as high oil prices allow looser fiscal, contain near-term deterioration. Mega-projects offer upside potential

- The oil price at which reforms now bring imbalances to low mid-single digit levels moves to US$60/bbl, from US$50/bbl before.
- Earnings momentum, index events make us positive Saudi stocks. Prefer banks, petchems. Top picks: Rajhi, Samba, Yansab, Sabic

FULL REPORT

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## Macro: sweet spot for now

Economic activity has bottomed out as high oil prices are allowing implementation of looser fiscal policy and containing near-term fiscal deterioration. The government intends to support activity through a) a more gradual pace of fiscal reforms; b) introduction of Household/Cost of Living Allowances and Private Sector Support programs; c) introduction of structural reforms; and, d) the launch of mega-projects. The latter provides most upside potential to our average growth projections of 2.2-2.5%yoy.

## Fiscal reforms now need US$60/bbl to safeguard stability

The oil price threshold at which the macroeconomic adjustment brings imbalances to low mid-single digit levels moves to cUS$60/bbl, from our previous assessment of cUS$50/bbl. The revised Fiscal Balance program exposes the budget to volatility in oil prices. Still, there are four ways in which authorities can improve on fiscal dynamics: 1) front-loaded energy pricing reform; 2) privatizations; 3) proceeds from anti-corruption crackdown; and, 4) phasing out of the Royal Order next year.

## Equity strategy: remain positive, outlook gains momentum

We retain our positive view on the Saudi market as we see strong earnings momentum as well as increasing appetite for Saudi equities amongst global investors. Our views are based on: (1) attractive valuation, with the Saudi market now trading at a mere 3% premium to GEMs versus a historic premium of more than 30%; (2) improving macro fundamentals; (3) the prospect for accelerating earnings, FCF and dividend growth on the back of reform programs, an expansionary budget and a more pedestrian pace of austerity implementation; and, (4) the potential twin index inclusion events in 2018.

## Prefer banks and petchems

Within the Saudi market, our preference lies with companies offering strong earnings and FCF momentum, attractive valuations and dividend yields. In this regard, our sector preference is tilted towards the banks and petchems, who we see as key beneficiaries from the 2018 budget and revised fiscal balance program. We highlight **Al Rajhi** & **Samba** as our top picks amongst the banks, **Yansab** & **SABIC** amongst the petchems. Elsewhere, given the inflationary pressures on operating costs (e.g. expat levies, rising utility costs), we are more selective; focusing on names that are least affected by the regulations and that have attractive company specific growth stories.

## Commodities: As good as it gets for OPEC

OPEC is succeeding at rebalancing the oil market. Our supply/demand balances reflect a faster-than-expected market tightening due to improving cyclical conditions, cold winter, and OPEC compliance. A gradual OPEC+ deal exit would keep spot and forward prices in a range with the market in backwardation, and preserve OPEC's long-run market share.

## Contents


Macro: growth bull, fiscal bear

2018 budget - expansions don't come cheap

A US$20bn price tag for growth

Government stimulus in the pipeline

Revised Fiscal Balance program - more growth, more risk

Macro table

Equity strategy: opportunity abounds as momentum picks up

KSA trading in line with GEMs despite improving outlook

Banks & petchems preferred; selective elsewhere

National Champions strategy remains attractive

2018 - the year of potential twin index inclusions

Banks: budget supports positive outlook

Saudi banks key beneficiary of loosened fiscal policy

2018 shaping up to be a strong year for the Saudi banks

Consumer: factors align for a more positive outlook

Easing austerity, higher growth boost disposable income

Expat levies: uniform fees, differentiated impact

Petchems: government support to continue for an extended duration

Delay in feedstock prices and electricity tariff hikes

Types of support for the sector from the government

Healthcare: no surprises

Telecom: towards the end of the tunnel?

Utilities: a balancing fund to manage the transition

Commodities: as good as it gets for OPEC

Disclosures

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Merrill Lynch (DIFC)
[redacted]

This report is intended for Coleman Mackay

Bank of America
Merrill Lynch

**From:** Ens, Amanda
**Sent:** Wednesday, March 14, 2018 12:46 PM
**To:** Ens, Amanda [redacted]
**Subject:** MEGA Trade --> Long Saudi...

## Opening New MEGA Trade:

## Long Saudi Equities ( Buy M1SAP on Swap / Liquidity $100mm a Day)

- **Potentially the EM Flow Story of 2018... if FTSE addition is announced on March 28th we expect an inflow of $5bn on a basket which trades 100mm USD a day (50X ADV)... this is even before MSCI announcement in June where inflows could be substantially higher**
- **The Most Powerful Macro Trades are when Macro Fundemantals + Flow Meet... This is Saudi in 2018**

**Key Points:**

1. **Saudi has significantly underperformed Oil by 14% last 6 months.** With the recent introduction of the citizens account programme, subsidy cuts, pushing out the budget balance to 2023, and the news of increased handouts, Saudi should re correlate with oil and move higher from here.
2. **Saudi equities remain under-owned globally →** foreign ownership of Saudi equities is at 1.3% vs Russia 70%, Turkey 55%, South Africa 50%, Brazil 45%, UAE 20%, Qatar 10%
3. **Good liquidity vs other EMs but volume trading at lows relative to history →** Tadawul ADV close to all-time lows at $1bn (10yr range is $1-8bn)
4. **Major index events in 2018/19 with FTSE announcement on 28th March next catalyst→** FTSE announcement could trigger inflows of up to $5bn . Combined with the MSCI announcement later this year, potential active and passive inflows can total $15-$40bn. **So the potential of at least $20bn inflows on a basket which trades 100mm USD a day (200 Days Volume) ?**
5. In comparison, during the MSCI UAE and Qatar inclusions, UAE was trading 10% below historic avg @14x PE and rerated to 22x into MSCI EM inclusion with Dubai up +110% (vs +47% prev year). Qatar was trading inline with historic avg @11x PE and rerated to 18x MSCI EM inclusion with Qatar up +60% (vs +9% prev year)

6. **Saudi risk indicators at 2015 pre-crisis levels** → Saudi 5yr CDS is trading at 76 vs 40-210 3yr range; SAR 2yr fwd suggests market is less worried about depeg fears and forward points can be used as a macro hedge

7. **Valuations & dividend yields remain attractive** → Market trades at a 10% discount (13.5x) to its historic PE (Saudi PE range is 10-26x). Avg dividend yield is 3.6% with 45 stocks yield more than 4%.

Our Middle East Team ready for Calls - Hamdy Hamoudi in London next week 19th-23rd March. Talal marketing in US 23rd-27th April. Marwan in Trading

*MAR disclosure*

**Saudi has underperformed both Oil and EM in the last 6 months**

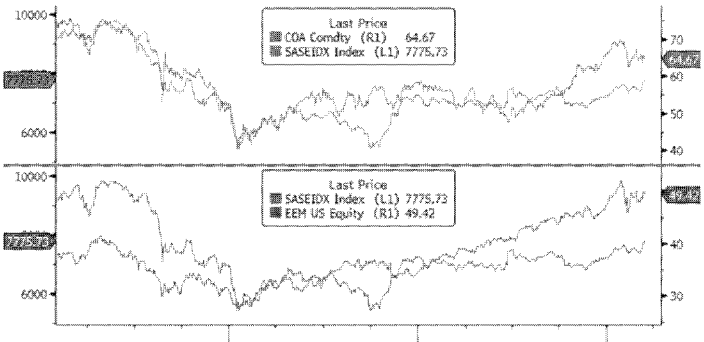

**Saudi equities remain under-owned globally**

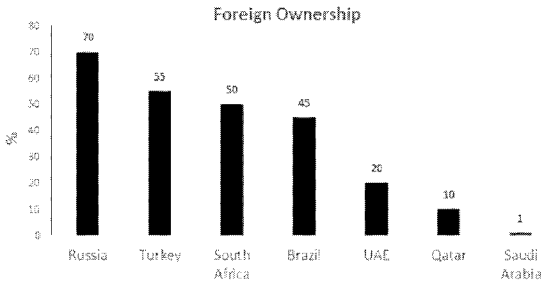


**Risk indicators are back to 2015 pre-crisis levels. Saudi 5yr CDS down from 210 to 76 (note 40 was all time low)**

**Valuations remain attractive – Saudi trading at 10% below historic PE; Saudi ERR now at 1.22 vs 0.4 in 2016**

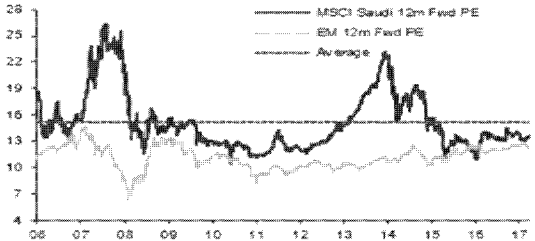


Source: IBES, Datastream, Bloomberg, BofA Merrill Lynch Global Research

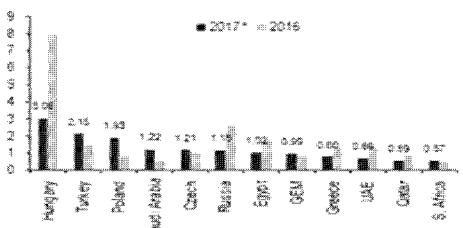


Note: *for ERR as of 31.12.2016 and 29.11.2017. Source: IBES, Datastream and Bloomberg, BofA Merrill Lynch Global Research

## MEGA Open Trades

| Theme/Trade | Trade Expression | Entry Date | Expiry | Entry Level | Current Level | Hit Ratio |
|---|---|---|---|---|---|---|
| We think Fed rates expectations for 2019 remain on the low side with just marginally more than 1 hike priced. | Buy Dec18 Eurodollar Futures (EDZ8) vs Sell Dec19 Eurodollar Futures (EDZ9) | 07/02/2018 | - | 97.63/97.31 | 97.455/97.125 | ✔ |
| We do not think the BoE will hike as much as the Fed next year when markets are pricing marginally more from the BoE. | Buy Dec19 Short Sterling futures (L Z9) vs Sell Dec18 Short Sterling Futures (L Z8) | 07/02/2018 | - | 98.76/99.09 | 98.67/98.98 | ✔ |
| The risk for equities is a further rise in yields led by higher real rates. Last time 10y real rates were here S&P was closer to 2720. | Long SPX Mar18 2640/2600 put spread | 28/02/2018 | 16/03/2018 | 10 | 0.00 | ✖ |
| We see asymmetry in EURGBP. We expect EUR to react positively if Italy/Germany is neutral/ positive this weekend and ECB pricing to become firmer. On GBP leg, UK political risk remain underpriced with odds of early election in 2018 increasing | Long EURGBP 3m 0.91/0.94 call spread | 02/03/2018 | - | 0.62% | 0.45% | ✖ |

## MEGA Closed Trades (Hit Ratio Closed Trades = 77%)

| Theme/Trade | Trade Expression | Entry Date | Close Date | Entry Level | Close Level | Hit Ratio |
|---|---|---|---|---|---|---|
| Equities set up for hawkish BoE hike. Significant unwinds of FTSE longs into meeting. Dovish hike delivered means Long FTSE remains a catch up trade. | Long FTSE Feb18 7550/7700 call spread for 42 offer (7476 ref) (rolled from Dec, 7460 ref) | 02/11/2017 | 11/01/2018 | 42 | 100 | ✔ |
| Dovish ECB priced in. With a 9x30bn tapering priced, risks skewed to higher core rates and/or tighter spreads both of which benefit SX7E | Long SX7E Feb18 140 calls (rolled from Jan, 134 fut ref) | 24/10/2017 | 25/01/2018 | 0.9 | 3.3 | ✔ |
| We think Fed rates expectations for 2019 remain on the low side with just marginally more than 1 hike priced. | Buy Mar18 Eurodollar Futures (EDH8) vs Sell | 11/01/2018 | 07/02/2018 | 98.18/ 97.535 | 98.12/97.31 | ✔ |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Dec19 Eurodollar Futures (EDZ9) | | | | | |
| Positioning short/underweight. Positive news flow for Italy and Spain causing a squeeze in peripheral bonds and equities | Long equal weighted basket of Telefonica; Iberdrola; Enel; Unicredit & Santander | 26/10/2017 | 15/02/2018 | 97.8 | 92.9 | ✖ |
| Rates market continues to re-price ECB. 1y1y Eonia is almost back at recent highs pointing to more upside for SX7E. | Long SX7E Mar18 145 calls (40d, 142 ref) | 25/01/2018 | 22/02/2018 | 2.85 | 0.2 | ✖ |
| Russia is one of the worst performing markets in 2017. Under-positioning and fundamentals getting better. | Long equal weighted basket of Russian Oil names: Gazprom, Lukoil, Rosneft | 07/11/2017 | 22/02/2018 | 98.95 | 113.04 | ✔ |
| We think we are entering a period of increasing volatility into the Italian Elections (4th March) and reduce our Long Equity exposure. | Long SX5E Mar18 3350 puts (35d vs 3406 ref) | 22/02/2018 | 02/03/2018 | 39 | 58.40 | ✔ |
| We see Political risk underpriced in Europe into 4 March (Italian elections and German SPD member vote) | Short FTSEMIB Index via Mar18 futures (STH8 Index) | 22/02/2018 | 02/03/2018 | 22505 | 22005 | ✔ |
| FTSE is the worst performing major market ytd. Moreover, we see asymmetry in GBP with UK political risk underpriced and BoE hikes overpriced. We do not agree that the BoE can hike more than the Fed next year. | Long UKX Mar18 7375 calls | 07/02/2018 | 02/03/2018 | 55 | 1.50 | ✖ |
| The risk for equities is a further rise in yields led by higher real rates. Last time 10y real rates were here S&P was closer to 2720. | Long SPX Mar18 2750/2700 put spread | 28/02/2018 | 02/03/2018 | 15 | 30.40 | ✔ |

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Bank of America Merrill Lynch

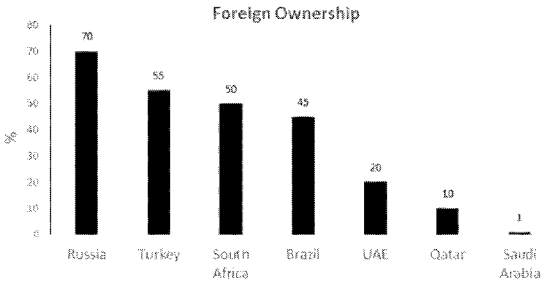

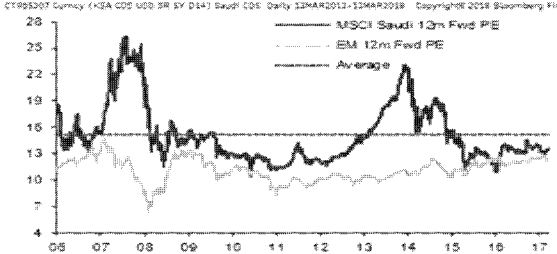


Source: IBES, DataStream, Bloomberg, BofA Merrill Lynch Global Research

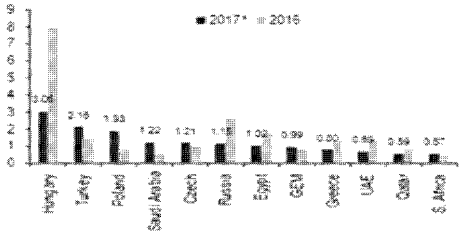


Note: *2H BRR as of 31.12.2016 and 29.11.2017. Source: IBES, Datastream and Bloomberg, BofA Merrill Lynch Global Research

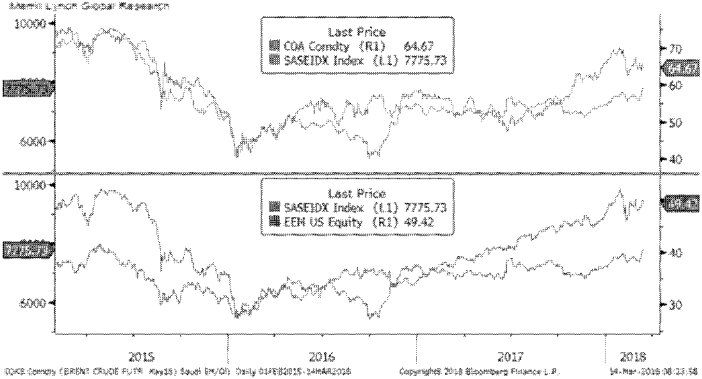

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# TWIN CITY MOBILE INTEGRATED HEALTH

4200 SION FARM, SUITE 25
CHRISTIANSTED, VIRGIN ISLANDS 00820
321-633-8005 or 321-432-2912

Dear Mr. Jeffrey Edward Epstein

"Twin City; For Today, for the Future, and for Our Community". Twin City Makes Connections for Life.

Twin City Mobile Integrated Health Services (TCMIH) is a private, non-profit, non-emergency, certified, advance and basic life support interfacility ambulance provider, specialized transport and mobile phlebotomy service. Our staff are trained professionals who have the experience of transporting thousands of patients to and from various healthcare facilities and playing a key role in the Virgin Islands Prehospital Care.

TCMIH provides patient centered, compassionate care in an atmosphere of safety and professionalism, serving hospitals, clinics, nursing homes, air ambulance and private medical facilities in the Virgin Islands.
As a provider of mobile medical service, we bring to the community a company that is committed to excellence in medical transportation and patient care. From our team of highly skilled Phlebotomist, EMR's, EMT's, Advanced EMT's, Nurses and Paramedics ready to care for their patient's needs, to the professional management team our focus remains patient centered and safety driven from start to finish. TCMIH is guided by the vision of experienced healthcare providers from our local EMS, Florida EMS and a Certificate of Need/Necessity (CON) awarded by the Virgin Islands Department of Health. Twin City invests heavily in itself through its personnel, equipment, vehicle and training to maintain the highest level of quality and professionalism. We also invest back into the community through donations and community service projects.

While no one anticipates or favors an injury or crisis, mental crisis, illness or the aging process you can rest assured that your medical needs will be met professionally by a team of caring individuals focused on making the most comfortable and compassionate experience possible.

Sincerely!

Eugene Phipps, TNT EMR
President
Twin City Care, Inc.

Jeffery D. Gilliard, BS, NRP/CCEMTP/FPM
CEO
Twin City Care, Inc.

Jerry Galloway, NRP, CCEMTP
Chief Operations Officer
Twin City Care, Inc.

**Mission, Vision, Values**

It is our goal, as a community non-profit service organization, to provide expedient, reliable, cost-efficient non-emergency ambulance service, mobile phlebotomy and affordable specialized transportation to the citizens of the Virgin Islands. In the pursuit of this goal, we pledge to furnish superior, quality equipment, vehicle, personal, and service, dedicated to the needs and demands of both the public and the local health care agencies. We strive to develop and promote a positive and rewarding work environment. As a team, we inspire a professional, compassionate attitude, knowing that without each other, we would not succeed. The company shall draw its strength from the skill and dedication of its personnel and in turn, inspire the team to provide quality service of which all would be proud.

**Vision Statement**

Twin City Mobile Integrated Health vision is to deliver service in a manner that sets the standard for professional, compassionate, cost effective and safety oriented non-emergency ambulance service, mobile phlebotomy and specialized transportation. Through our employees, our peers and our patients we understand that we are not making connections for a moment, Twin City makes connections for life.

**Values**

Patient Centered Care
Compassionate/Dignified Services
Health and Safety Focused
Compliance Motivated
Educationally Driven

## Commission on Accreditation of Ambulance Services (CAAS)

Any ambulance service can claim it is delivering quality service, but an accredited agency can prove it through its written or documented procedures systems and reports. TCMIH demonstrates full compliance with national ambulance standards of excellence to meet and maintain CAAS. TCMIH will also maintain Health Insurance Portability and Accountability Act (HIPAA), Blood Borne Pathogen (BBP), Vehicle Safety (EMD & CEVO), Virgin Islands Traffic Laws and VI Code Tax Laws.

CAAS was established in 1990 as a not-for-profit national agency to uphold quality operating standards for ambulance services. It is the gold standard for the ambulance industry, in as much as JCAHO (Joint Commission of Accreditation of Healthcare Organizations) is the benchmark for hospital excellence.

The accreditation process entails a serious self-assessment, comparing us to the accreditation standards. We work through a comprehensive application process with guidance, consultation and mentorship from our CEO; Mr. Jeffery Gilliard former Director of Coastal Ambulance, Brevard County Florida.

Within two years TCIMH hopes to achieve and maintain recertification requirements for CAAS Accreditation and joins the 160 agencies in 37 U.S. State, Canada and the West Indies. This is our steadfast commitment and dedication to quality healthcare for our community, each patient, each transport, and each day.

## Performance Requirements

As the premier non-emergency, interfacility, advanced and basic life support ambulance service in the Virgin Islands. TCMIH will provide detailed performance parameters including on time performance as outlined below.

## Advanced and Basic Life Support

## Definitions:

| | |
|---|---|
| **Pre-Schedule Requests** | Those requests scheduled 24 hours in advance. |
| **Urgent Requests** | Same day requests that are time sensitive in nature, such as transports to emergency room. |
| **Non-Urgent Requests** | Same day requests that are not time sensitive in nature such as hospital discharges. |

## Performance Parameters:

| | |
|---|---|
| **Pre-Schedule Transports** | On time 90% |
| **Non-Schedule Urgent** | On time within 1 hour of call time 90% |
| **Non-Schedule Non-Urgent** | On time within 2 hours of call time 90% |

## Mental Health Transports

## Definitions:

| | |
|---|---|
| **Priority 1** | Law Enforcement with the patient. |
| **Priority 2** | Transport requests coming from the Emergency Room, include Air Ambulance |
| **Priority 3** | Transport request from Hospital rooms, Detention Centers, Exparte, voluntary request, inpatient mental health units, other "stable" environments, and voluntary requests. "Non- Air Ambulance" |
| **Priority 4** | Pre-Scheduled transports with a minimum of 24 hours' notice. |

## Performance Parameters

| | |
|---|---|
| **Priority 1** | On scene 45 minutes from time of call's acceptance 90% on time |
| **Priority 2** | On scene 1 hour from time of call's acceptance from receiving facility, 90% on time |
| **Priority 3** | On scene 2 hours from time of call's acceptance from receiving facility, 90% on time |
| **Priority 4** | On scene at the agreed upon time, 90% on time |

## Fees for Service

## Transport Rate Schedule

| | |
|---|---|
| | Ambulance Transportation |
| **BLS Non-Emergency** | $290.00 |
| **ALS Non-Emergency** | $400.00 |
| **BLS Emergency** | $440.00 |
| **ALS Emergency** | $520.00 |
| **ALS-2** | $775.00 |
| **All Mileage** | $11.25 per mile |
| **Stand-by or Waiting Time** | $125.00 per hour or increment thereof* |
| **Medical Coverage (First Aid Station) Contracts** | $800.00 per day |

In addition to TCMIH primarily non-emergency inter-facility services, TCMIH will routinely render ambulance services in response to facility requests that fall into the Center for Medicare and Medicaid Services (CMS) guidelines qualifying Twin City for reimbursement under the CMS code for ALS or BLS Emergency based on the "Immediate Response" criteria. The current CMS definition for Emergency is not based on "lights and sirens", it is based on "immediate response".

## Ambulance Division and Definition

TCMIH provides Advanced Life Support services (ALS) 24/7, 365 days a year to our hospitals, nursing facilities and various other health care providers in the Virgin Islands. Our entire fleet will stand ready to provide consistent, high quality, patient centered care. Not only are we here for the day-to-day needs of our community, but during times of need, for mutual aid support to the Virgin Islands Department of Health EMS and the Virgin Islands Territorial Emergency Management Agency.

All Paramedics, EMTs, Nurses and Emergency Medical Responders will be working under the guidance of our Medical Director Dr. Christopher C. Hill DO, (Board License Emergency Physician) in accordance with National Highway and Traffic Safety Administration (NHTSA).

As the premier interfacility non-emergency ambulance provider for the community, our role is as diverse as the patients we serve. From providing critical care transports to monitoring the vital signs and offering support for a Hospice patient, it is all about the connections we make, each day, and each transport.

## Advanced Life Support (ALS)

ALS care is provided by Advance EMTs, and Paramedics who are licensed in pre-hospital care, having qualifications and equipment to provide BLS capabilities as well as advanced airway management, cardiac monitoring and defibrillation, IV administration, administering of life saving medications and capable of handling severe medical emergencies.

## Specialty Care Transports (ALS-2)

Patients who require specialized monitoring of IV medication drips and ventilators. Care from Air Ambulance services (Medivac).

## Mental Health Transport and Crisis Hotline

Specialized medical transport team, working with agencies such as law enforcement, mental healthcare providers, hospital emergency rooms and nursing facilities to ensure the safe, efficient and dignified transport of the mental health patient. In addition to the transport component, Twin City will be a vested partner in the progress and wellbeing of our mental health community at large. Attending and participating in many community forums such as local planning meetings, any mental health taskforce meetings TCMIH will be committed to assisting with the best practices for the providers for the patients that we serve.

Our crews will be trained as Crisis Intervention Teams (CIT) which will include being a Behavioral Health Technician (BHT) who will meet requirements in:

- Crisis de-escalation, intervention and sensitivity training
- Patient and crew safety
- Documentation and patient confidentiality
- Ethical and Professional Responsibilities
- Crisis Hotline Response & Management
- Intake Assessment Referrals
- Residential Substance Abuse Treatment Referrals
- Individual & Group Counseling Referrals
- Male/Female Specific Support Groups
- Relapse Prevention Education
- Substance Abuse Education & Prevention
- Educational/Vocational Counseling
- Family Education
- Parenting Skills and education
- Children's Services Referrals
- HIV/AIDS and Hepatitis prevention and education services
- Women's Aftercare Program Referrals

## Mutual Aid

TCMIH will be available and prepared to fulfill its mutual aid commitment to the Virgin Islands Emergency Medical Services (VIEMS) under the directives of the Virgin Islands Territorial Management Agency (VITEMA). When called upon we will assist in the evacuation of healthcare facilities, special needs residents and nursing facilities to safety, only to return them home again after the storms have passed.

## Community Paramedicine

Community paramedicine (CP) is an emerging healthcare profession. It allows paramedics, Nurses and emergency medical technicians (EMTs) to operate in expanded roles to provide healthcare services to underserved populations. It is a way to improve rural emergency medical services (EMS) as well as address the healthcare needs of the community.

Some rural patients lack access to primary care, and misuse 911 services in an attempt to access emergency departments for routine healthcare. This is demanding on our EMS system and causes strains on the workforce. Working in a primary care role, community paramedics can meet the needs of such individuals, as well as others in the community, in a more efficient and proactive way.

## Mobile Phlebotomy

Our islands are moving toward new types of patient interactions and each year comes an influx of organizations seeking in-home or direct patient (participants / customers) visits. TCMIH will provide mobile phlebotomy and mobile examiner staffing services for island wide specimen collections and one-on-one health testing.

Our Mobile Phlebotomy is a full-service staffing agency that works with organizations such as specialty labs, doctors, health diagnostic and research companies to provide mobile phlebotomists and mobile examiners directly to your patients around the island. We understand that many organizations depend on reliable and experienced phlebotomists available specifically for short term health screening assignments and specimen collections. Our technicians will collect blood, urine, fecal, hair, nail samples and do Electrocardiograms.

Professional and reliable team members take pride in the quality of their work. They pride themselves in their adherence to requirements for timely collection, delivery and handling of the specimens. We will be the leader in the home blood draw services in the Virgin Islands. We deliver the specimens to the labs so you don't have to. All of our staff will be Certified Mobile Phlebotomy Technicians and carry a mobile centrifuge in their vehicles. This helps assure we get quality specimens.

## Medical Oversight (Medical Director)

The American College of Emergency Physicians (ACEP) believes that all aspects of the organization and provision of basic (including first responder) and advanced life support emergency and non-emergency medical service, require the active involvement and participation of physicians. The primary role of the medical director is to ensure quality patient care. Responsibilities include involvement with the ongoing design, operation, evaluation and revision of the system from initial patient access to definitive patient care.

The medical director has authority over patient care, authority to limit immediately the patient care activities of those who deviate from established standards or do not meet training standards, and the responsibility and authority to develop and implement medical policies and procedures. The medical director's qualifications, responsibilities, and authority must be delineated in writing within each system. Ideally, the medical director will be a board-certified emergency physician.

In order to meet requirements and CAAS compliance, TCMIH has already entered into contractual agreement with Dr. Christopher C. Hill DO, ACEP, AAEP, ACOEP, AOA, AMA.

Dr. Hill serves as the Medical Director for EMETS, a paramedic/EMT education/training company in Brevard County and for EMETSEEI Institute Inc in Rockledge, Florida. He is concurrently working at Rockledge Regional Medical Center Emergency Department and enjoys teaching in the clinical setting.

Dr. Hill is currently a member of the American Academy of Emergency Physicians, American College of Osteopathic Emergency Physicians, and American Osteopathic Association.

**Training**
Ohio University College of Osteopathic Medicine/Doctors Hospital Emergency Medicine Residency and Track Internship

**Education**
Nova Southeastern University, Doctor of Osteopathic Medicine, Florida Atlantic University, BS Biology

**Accreditations/Affiliations**
ACEP, AAEP, ACOEP, AOA, AMA

## Communications

TCMIH will staff a 24 hour a day dispatch center with dispatchers who are professional, caring and multi-task oriented. They will be responsible for making sure all requests for service are handled in a prompt and courteous manner. The dispatchers handle and maintain all internal and external communication between TCMIH and those agencies requesting ambulance transportation. They are responsible for accepting, coordinating, and screening all requests for service and will remain in radio contact with the crew from start to finish in each transport.

## Equipment

As a private Non- profit service organization, a significant portion of our capital will be utilized in the purchase of equipment. Our equipment selection will be based upon the latest advances in the ambulance industry.

## Ambulance

Currently we have one unit serving St. Croix with future operational plans to staff four Quick Response Vehicles, and four additional ALS ambulances typically Type III models allowing for additional room for complex equipment and staffing needs for more critical patients. Our expansion intent will cover all of the USVI to include St. Thomas and St. John.

## EPCR

To safeguard patient care documentation and best comply with the continuing regulations set forth by Medicare/Medicaid for comprehensive medical necessity documentation TCMIH will be using electronic run reports documentation.

## Quality Assurance

In the dictionary the word Quality is defined as “an inherent or distinguishing characteristic; or a degree or grade of excellence”.

At TCMIH "Quality" will be the benchmark for our day to day performance. We believe quality can be measured in many ways, from customer service surveys, on time performance measures, to clinical indicator reviews and run report accuracy just to name a few. To ensure that TCMIH remains focused on providing exceptional patient care from the request for service on through to the reimbursement cycle, we have established quality assurance processes to create a culture in which quality, excellence and accuracy is our focus. To achieve this, each day we will look at the transports from the previous day and review how we performed. We will measure our on-time performance, looking at each run report line-by-line to ensure we have met our protocol requirements. We will make certain the crews have gathered the appropriate information allowing us to properly bill on behalf of the patients while maintaining compliance with all Medicare, Medicaid and other healthcare regulations.

## Medical Necessity

Health Insurance providers and Medicare in particular, have strict guidelines on what they will cover and what is deemed as "medically necessary".
For the service to be determined medically necessary, the patient's medical condition at the time of transport must be such that any other means of transportation would have placed the patient at risk for harm or deterioration.
In addition, Medicare and Medicaid have guidelines requiring all non-emergency ambulance transports from a hospital, nursing home, physician's office, out-patient facility or clinic to obtain a Physician's Certification statement (PCS). We will collect this statement at the time the request for service is received as part of our normal practice.

## Stand By / Special Events

TCMIH will provide both committed and non-committed ambulance standby / first aid station support during sporting events, community gatherings, concerts, fairs, parades, and other public and private events.

## Code of Conduct

TCMIH will attribute its success and reputation to the ethical standards that our employees will set forth in their day-to-day actions. Healthcare is a challenging field of endeavor, yet we know we must meet each challenge with the highest level of integrity and resolve, not with shortcuts.

## Operational Code of Professional Conduct

The primary goal of TCMIH is to ensure that all employees provide competent, safe and ethical specialized transportation to the citizens of the Virgin Islands. TCMIH has adapted this Code of Professional Conduct to define a set of professional standards that will augment the technical and clinical aspects of our duties.

# Twin City Care, Inc.

# Three Year Expansion Prospectus.

March 10, 2018

Dear Mr. Epstein:

In the ever-changing world of reimbursements for patient transportation, a means of cost effective non-emergency medical transportation has emerged. It is the birth of this cost effective non-emergency Ambulance Transportation business that has shown the most growth since President Clinton signed the Medicare Reform Act. In this proposal, we will provide information on our proposed expansion of our non-emergency Medical Ambulance service to include the following.

- Definition
- Competition
- Launch Strategies
- Public Relations
- Success Metrics and Rates
- Funding

Thank you for allowing us to provide you this information. As you will see an opportunity is available to assist in funding this ever-growing business demand in the USVI.

Sincerely,

Jeffery D. Gilliard, BS NRP/CCEMTP/FPM
CEO
Twin City Care, Inc.

## Past

Prior to TCMIH there were no Advance Life Support Ambulance providing interfacility service on St. Croix and the Governor Juan F. Luis Hospital was left on numerous occasions with patients who were discharged tying up beds. Transports for Patients who need stretcher services were being transported by the 911 emergency ambulances after no alternatives were provided. The research show that an overwhelming number of patients that need stretcher transportation and medical monitoring could not be provided by the current services on St. Croix.

## Present

Presently, the competitor, Wheel Coach Services, hasn't the ability or the authorization to bill the customers insurance and in many cases the patients and family members will have to pay for their own ambulance / stretcher transportation home. The request for Non-emergency ambulance services has experienced an increase on St. Croix 88-92% and has been channeled through the 911 system. Today we also find a lack of Non-emergency ambulance services to provide timely transportation. This constantly creates a multi-tiered domino effect when patients cannot be moved out of the hospital. Discharged patients are tying up valuable beds, family members are angry and receiving facilities are not going to accept late patients. Current reimbursements of ambulance services that are medically necessary are at 100% if filed correctly.

## Future

With the present situation of the Governor Juan F. Luis & Lester Schneider Hospital the need to mobilize patients frequently, has caused a growth spurt within the district of St. Croix, St. Thomas, St. John and will continue to grow. This growth will be perpetuated by the hospitals need to transport patients from its facility to either a nursing home or home healthcare. Twin City will currently fill part of the void by providing non-emergency and urgent advance life support ambulance transport to and from JFLH, nursing homes and other health facilities / organizations which would avoid much needed bed delays.

## Service Definition

Non-Medical Stretcher service is stretcher patient transportation that requires no medical attention or treatment. The service is provided by utilizing a high-top van with a stretcher mounted in the back or transport of a patient in an ambulance without providing basic medical care / monitoring and is being provided by Wheel Coach Services locally. Twin City will provide Ambulance services which are categorized in the following manner and staffing patterns:

1. ALS ambulance services – One (1) AEMT and One (1) EMR or EMT
2. ALS 2 ambulance services – One (1) Paramedic and One (1) AEMT or EMT

## Competition

Presently, there is no competition for Twin City. All non-emergency ambulance and non-medial stretchers are regulated through the Virgin Islands Department of Health and Wheel Coach Services that are currently the only provider of the non-medical stretcher. Since 2003 to this date Wheel Coach is unable to provide non-emergency ambulance service on the island of St. Croix. It is very feasible to conduct successful non-emergency ambulance operations with the local hospitals (JFLH), fee for service (Medicare, Medicaid, Private Insurance, self-pay).

## Positioning

It is the goal of Twin City Care, Inc. to operate a Mobile Integrated Health Service which consist of; non-emergency and emergency ambulance, specialized transport, community health and mobile phlebotomy service within the USVI. Contracts for fees for service, and subscription service, shall be sought with the major Hospitals, Skilled Nursing Facilities, Casino's, Tourist Bureau and the Community at large. It is our contention to provide excellent customer service. Considering the numerous complaints of the lack of current service we feel that by instituting a policy that provides performance parameters that meets the customers' needs we will be highly successful in our goal. It is our intention to provide a two-hour window and true scheduled pick up times. According to customer surveys, they desire performance and reliability. Ambulance rates are payable by Medicare at $221.00 base rate and $7.31 per mile, the average ambulance call per day at Twin City is four. We expect to double that within the first month. We will also work with the local physicians to transport all qualifiable patients by ambulance, such as those who are on oxygen or those who need non-emergency and urgent transportation to the hospital. We shall also offer to the people of St. Croix a subscription service for ground ambulance, where if they need an ambulance they receive no bill.

## Expansion Launch Strategies

It is our intent to expand Twin City Mobile Integrated Health with two ambulances operating per day, Mon-Fri and one on the weekends, by salaried personnel on St. Croix and St. Thomas. Once these units are at 85% capacitance, a third unit will be added. Along with the third unit, a marketing strategy should be launched in the St. Johns area. Under this expansion project employees and starting salary ranges would consist of the following:

4 fulltime Receptionist / Secretary / Dispatcher, $25k/year each
1 Salaried Chief Executive Officer / Paramedic, $100k/year
1 Salaried Medical Director, $125k/year
1 Salaried Human Resource Director, $75k/year
1 Salaried Chief Operations Officer (Paramedic) $85k/year
1 Salaried Supervisor / Customer Care Advocate (Paramedic or Advance EMT) $75k/year
12 Fulltime Emergency Medical Technician (EMT) $45k/year each = $450k/year
9 Part time Advance Emergency Medical Technician $55k/year each = $495k/year

All calls received after hours, will be answered by the COO / Director and / or Supervisor and immediately ran by the two of them if it cannot be scheduled.

A billing / collection Director will handle all billing. This employee will be paid a salary and a percentage of the daily collections with accurate billings. This will be the driving incentive to do a superior job and keep the revenues high.

## Public Relations / Advertising

Through research, it has been recognized many organizations fail to realize that there are three (3) customers in this business. The customer that rides on the stretcher deservers friendly and efficient service. The second customer is the facility requesting patient transport. The third customers are the staff that transports the clients in a timely, professional and courteous atmosphere. These customers deserve prompt quality service as well as friendly and efficient service.

It has been found through research, that the company that makes public relations Priority One has been very successful. With the healthcare profession being a tight circle of professionals, the word will quickly spread of the fast, friendly, and efficient service that is being provided. Once this reputation is established, and maintained, the advertising will be a part of each associates daily activities and duties.

Twin City Mobile Integrated Health Services will also align itself with organizations, whose clients will utilize our service. Such organizations would be local Hospice, Rehabilitation, Casino, Hotels, Cruise Lines and Retirement Groups. The company would also be joining other professional organizations such as the Chamber of Commerce, American Ambulance Association, National Association of EMTs and Rotary Club.

Twin City Mobile Integrated Health Services will also provide Community paramedicine (CP) which is an emerging healthcare profession. It allows paramedics and emergency medical technicians (EMTs) to operate in expanded roles to provide healthcare services to underserved populations. It is a way to improve rural emergency medical services (EMS) as well as address the healthcare needs of the community.

Some rural patients lack access to primary care, and misuse 911 services in an attempt to access emergency departments for routine healthcare. This is demanding on EMS personnel in rural areas and causes strains on the workforce. Working in a primary care role, our community paramedics can meet the needs of such individuals, as well as others in the community, in a more efficient and proactive way.

# 1.0 Executive Summary

The purpose of this business plan is to raise $10,000,000.00 for the expansion of our Mobile integrated health service while showcasing the expected financials and operations over the next five years. Twin City Care, Inc. is a US Virgin Islands based corporation that will provide non-emergency ambulance, mobile phlebotomy, Community Health and specialized medical transportation services to people in its targeted market.

## 1.1 Products and Service

Twin City intends to provide non-emergency medical transportation of people to hospital, physicians, physical Therapy clinics, and outpatient centers. TCMIH will be able to attend both urgent and non-urgent call. The business will receive a majority of its income from publicly funded healthcare systems and private insurance companies.

## 1.2 The Financing

Twin City is seeking to raise $10,000,000.00. This funding is primarily for expansion cost, relocation and current office maintenance / repairs. During the storm (Hurricane Maria) we suffered severe damage to our current place of operations. The funding requested should assist our organization to:

1. Make repairs to our interior walls, purchase furniture
2. Replenish radio communication
3. Purchase additional communication equipment (Dispatch Computers)
4. Purchase additional ambulances, 2 Quick Response Units and 2 Supervisors Units
5. 2 years Operational Funds
6. Office supplies
7. Medical supplies
8. General Operational Costs

Twin City has already purchased its first ambulance and will have it in comission by April 2018.

## 1.3 Management Team

Twin City Care, Inc. was co-founded by Eugene Phipps, Jeffery D. Gilliard, and Jerry Galloway together we have a combined experience of over 90 years in the emergency medical field and 31 years' experience in Non-emergency medical transportation (see Curriculum Vitae's). Through our expertise and knowledge, we will be able to bring the services of this business to profitability with its first year of operations.

# TWIN CITY CURRENT FINANCIAL SHEET:

| Radio Communications | | | | |
|---|---|---|---|---|
| Radio Service | | | | $250.00 |
| Dispatch Center | | | | $2,500.00 |
| | | Annual Total | | $30,250.00 |

| Radio Communications | | | | |
|---|---|---|---|---|
| Mobile Radio | 4 | $2200.00 ea. | $8,800.00 | |
| Port. Radio | 5 | $1800.00 ea. | $9,000.00 | |
| Tablets/ mounts | 4 | $3,000.00 ea. | $12,000.00 | |
| | | Total Cost | | $29,800.00 |

| Tele- Communications | | | | |
|---|---|---|---|---|
| Telephone | Office | | | $220.00 |
| Fax | Office | | | $110.00 |
| Cell | Operations | X 3 AT & T | $100.00/ month | $300.00 |
| Internet | Office | Broad Band | $400.00 / Month | $400.00 |
| Internet | Mobile | AT& T | $500.00 / Month | $500.00 |
| | | Annual Total | | $6,730.00 |

| Facility Rental | | | | |
|---|---|---|---|---|
| | | | | $3,500.00 |
| | | | | |
| | | Annual Total | | $42,000.00 |

| Utilities | | | | |
|---|---|---|---|---|
| WAPA | | | | $1,200.00 |
| | | | | |
| | | Annual Total | | $28,800.00 |

| Office Supplies | | | | |
|---|---|---|---|---|
| | | | | |
| Printing Advertising | | $125.00/week | | $500.00 |
| Direct Mail | | $20.00/week | | $80.00 |
| Brochure | | $375.00/week | | $1,500.00 |
| Advertising | | $150.00/week | | $600.00 |
| Website Advertising / Hosting | | $150.00/week | | $600.00 |
| Promotional Materials | | $375.00/Month | | $1,500.00 |
| | | | | |
| | | Annual Total | | $57,360.00 |

| Business License Expenses | | | | |
|---|---|---|---|---|
| Bus. License | | | | $500.00 |
| Vehicle License | | | | $500.00 |
| Vehicle Ins. | | | | $3,000.00 |
| | | Annual Total | | $4,000.00 |

| Staff Education | | | | |
|---|---|---|---|---|
| Monthly | $3,000.00 | | | $3,000.00 |
| | | | | |
| | | Annual Total | | $36,000.00 |

| Staff Uniform | | | | |
|---|---|---|---|---|
| | $2,500.00 | | | $2,500.00 |
| | | | | |
| | | Annual Total | | $2,500.00 |

| Ambulance Medical/Equipment Supplies | | | |
|---|---|---|---|
| **ITEM** | **Amount** | **Cost** | **Total** |
| ALS Medical Bag (BLUE) | **$462.00 ea.** | **$462.00 X 2** | **$924.00** |
| Trauma Bag (RED) | **$277.00 ea.** | **$277.00 X 2** | **$554.00** |
| Pelican Drug Box | **$510.00 ea.** | **$510.00 X 2** | **$1,020.00** |
| Power Stair Chair (RED) Ferno | **$6800.00 ea.** | **$6800.00 X 1** | **$6,800.00** |
| Combination Backboard/Scoop | **$950.00 ea.** | **$950.00 X 2** | **$1,900.00** |
| Head Immobilizer | **$130.00 ea.** | **$130.00 X 4** | **$520.00** |
| Pedi Board | **$180.00 ea.** | **$180.00 X 2** | **$360.00** |
| LifePak 15 Defib/ Monitor | **$27000.00 ea.** | **$27000.00 X 2** | **$54,000.00** |
| Multi-system BP Cuff | **$160.00 ea.** | **$160.00 X 4** | **$640.00** |
| Reeves Heavy Duty Stretcher | **$378.00 ea.** | **$378.00 X 2** | **$756.00** |
| Reeves First call bag | **$90.00 ea.** | **$90.00 X 2** | **$180.00** |
| IO Drill Kit (Hard case) | **$450.00 ea.** | **$450.00 X 2** | **$900.00** |
| CPAP Kit (MACS) | **$2500.00 ea.** | **$2000.00 X 2** | **$4,000.00** |
| Thomas EMS Pedi Braslow Bag | **$1320.00 ea.** | **$1320.00 X 2** | **$2,640.00** |
| | | | |
| | **Total** | | **$75,194.00** |

| Ambulance 2017 | | | |
|---|---|---|---|
| **Chassis** | **Cost ea.** | **Amt.** | **TOTAL** |
| **Sprinter Ambulance 2018** | **$245,617.74** | **1** | **$245,617.74** |
| **Including Shipping** | | | |
| **Including Graphics** | | | |
| **Stretcher (Ferno)** | | | |
| | **Total** | | **$245,617.74** |

| | | | |
|---|---|---|---|
| | | **Intial Project Cost** | **$558,251.74** |

## 1.4 Current Assets

Twin City Care, Inc. has current assets consisting of training equipment, 1-2017 Ambulance, EMS Equipment, office furniture and supplies for a total of $358,811.74.

# TWIN CITY EXPANSION NEEDS FINANCIAL PROPOSAL:

| Additional Radio Communications | | | | |
|---|---|---|---|---|
| Radio Service | | | | $250.00 |
| Dispatch Center | | | | $2,500.00 |
| | | Annual Total | | $30,250.00 |

| Additional Portable Communications | | | | |
|---|---|---|---|---|
| Mobile Radio | 4 | $2200.00 ea. | $8,800.00 | |
| Port. Radio | 5 | $1800.00 ea. | $9,000.00 | |
| Tablets/ mounts | 4 | $3,000.00 ea. | $12,000.00 | |
| | | Total Cost | | $29,800.00 |

| Tele- Communications | | | | |
|---|---|---|---|---|
| Telephone | Office | | | $220.00 |
| Fax | Office | | | $110.00 |
| Cell | Operations | X 3 AT & T | $100.00/ month | $300.00 |
| Internet | Office | Broad Band | $400.00 / Month | $400.00 |
| Internet | Mobile | AT& T | $500.00 / Month | $500.00 |
| | | Annual Total | | $6,730.00 |

| Facility Purchase | | | | |
|---|---|---|---|---|
| 10000 Sqft Building | | | | $2,350,000.00 |
| | | | | |
| | | Annual Total | | $2,350,000.00 |

| Utilities | | | | |
|---|---|---|---|---|
| **WAPA** | | | | **$2,400.00** |
| | | | | |
| | | **Annual Total** | | **$28,800.00** |

| Office Supplies | | | | |
|---|---|---|---|---|
| | | | | |
| **Printing Advertising** | | **$125.00/week** | | **$500.00** |
| **Direct Mail** | | **$20.00/week** | | **$80.00** |
| **Brochure** | | **$375.00/week** | | **$1,500.00** |
| **Advertising** | | **$150.00/week** | | **$600.00** |
| **Website Advertising / Hosting** | | **$150.00/week** | | **$600.00** |
| **Promotional Materials** | | **$375.00/Month** | | **$1,500.00** |
| | | **Annual Total** | | **$57,360.00** |
| | | **Annual Total** | | **$172,080.00** |

| Business License Expenses | | | | |
|---|---|---|---|---|
| **Bus. License** | | | | **$500.00** |
| **Vehicle License x 6** | | | | **$3,500.00** |
| **Vehicle Ins. X 6** | | | | **$18,000.00** |
| | | **Annual Total x 3 years** | | **$328,000.00** |

| Staff | | | | |
|---|---|---|---|---|
| **Education/Month** | **$ 6,000.00** | | | **$ 6,000.00** |
| **Wage/Taxes/Benefits/Month** | **$ 1,430,000.00** | | | **$ 1,430,000.00** |
| | | **Annual Total x 3 years** | | **$ 4,296,000.00** |

| Staff Uniform | | | | |
|---|---|---|---|---|
| | **$ 10,000.00** | | | **$ 10,000.00** |
| | | **Annual Total x 3 years** | | **$ 30,000.00** |

| Ambulance & QRV Medical/Equipment Supplies | | | |
|---|---|---|---|
| **ITEM** | **Amount** | **Cost** | **Total** |
| ALS Medical Bag (BLUE) | **$462.00 ea.** | **$462.00 X 2** | **$924.00** |
| Trauma Bag (RED) | **$277.00 ea.** | **$277.00 X 2** | **$554.00** |
| Pelican Drug Box | **$510.00 ea.** | **$510.00 X 2** | **$1,020.00** |
| Power Stair Chair (RED) Ferno | **$6800.00 ea.** | **$6800.00 X 1** | **$6,800.00** |
| Combination Backboard/Scoop | **$950.00 ea.** | **$950.00 X 2** | **$1,900.00** |
| Head Immobilizer | **$130.00 ea.** | **$130.00 X 4** | **$520.00** |
| Pedi Board | **$180.00 ea.** | **$180.00 X 2** | **$360.00** |
| LifePak 15 Defib/ Monitor | **$27000.00 ea.** | **$27000.00 X 2** | **$54,000.00** |
| Multi-system BP Cuff | **$160.00 ea.** | **$160.00 X 4** | **$640.00** |
| Reeves Heavy Duty Stretcher | **$378.00 ea.** | **$378.00 X 2** | **$756.00** |
| Reeves First call bag | **$90.00 ea.** | **$90.00 X 2** | **$180.00** |
| IO Drill Kit (Hard case) | **$450.00 ea.** | **$450.00 X 2** | **$900.00** |
| CPAP Kit (MACS) | **$2500.00 ea.** | **$2000.00 X 2** | **$4,000.00** |
| Thomas EMS Pedi Braslow Bag | **$1320.00 ea.** | **$1320.00 X 2** | **$2,640.00** |
| | **Total** | | **$75,194.00** |
| | **Total x 6 units** | | **$451,164.00** |

| Ambulance 2018 | | | |
|---|---|---|---|
| **Chassis** | **Cost ea.** | **Amt.** | **TOTAL** |
| **Sprinter Ambulance 2018** | **$245,617.74** | **1** | **$245,617.74** |
| **Including Shipping** | | | |
| **Including Graphics** | | | |
| **Stretcher (Ferno)** | | | |
| | **Total for 4 additional units** | | **$982,470.96** |

| QRV Units 2018 | | | |
|---|---|---|---|
| **Chassis** | **Cost ea.** | **Amt.** | **TOTAL** |
| **Ford F350 2018** | **$145,266.88** | **1** | **$145,266.88** |
| **Including Shipping** | | | |
| **Including Graphics** | | | |
| **Equipment Box** | | | |
| | **Total for 2 units** | | **$290,533.76** |

| Supervisor/Community Paramedicine Units 2018 | | | |
|---|---|---|---|
| **Chassis** | **Cost ea.** | **Amt.** | **TOTAL** |
| **Sprinter Ambulance 2018** | **$245,617.74** | **1** | **$245,617.74** |
| **Including Shipping** | | | |
| **Including Graphics** | | | |
| **Stretcher (Ferno)** | | | |
| | **Total for 2 units** | | **$982,470.96** |
| **Total Funding Needed Expansion** | | | **$9,978,299.68** |
| **Total Funding Requested** | | | **$ 10,000,000.00** |

## 1.5 Summary

With your donation of $10,000,000.00, Twin City commits to aggressively expand during the next three (3) years of operation. The intentions are to purchase an operations facility, set up a mental health crisis hotline, purchase additional equipment and hire additional personnel. We also intend to implement marketing campaigns that will effectively target individual new customers within the territory. Due to our unique inside and immediate access to the market in which we are involved with, on a daily basis, we will be able to assist and provide guidance to the needs of our patients, constituents and future customers.

Twin City Care
Mobile Integrated Healthcare

**From**: [redacted]
**Sent**: 4/1/2018 4:03:51 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Kim Jong Un's visit to China

**Importance**: High

I am curious to see what will be a reaction from Trump's administration and from Europe if Chinese Foreign Minister Wang Yi **do** visit Kremlin and possibly Kim's visit right after... Reunion of three socialist countries?

On Sun, Apr 1, 2018 at 11:52 AM, [redacted] wrote:

> Have you seen the full video? so interesting...
> See the beginning. Looks like a theater, they emote too much. It's funny!😊
> And also on 5:45 min when he meets XI Jinping before their diplomatic discussion meeting
>
> https://www.youtube.com/watch?v=KQplQp0Gw7Y&utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioschina&stream=top-stories

**From**: Robert Trivers [redacted]
**Sent**: 4/11/2018 2:18:04 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Gordon Getty [redacted]; Norman Finkelstein [redacted]; david haig [redacted]
**Subject**: Trump set to dine with law professor Alan Dershowitz

**Importance**: High

My God

**that Jewish Nazi is joining to join our Narcissistic Psychopath for dinner—how appropriate**

https://www.cnn.com/2018/04/10/politics/donald-trump-alan-dershowitz/index.html

**From**: Joichi Ito [redacted]
**Sent**: 3/18/2016 11:50:05 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Anonymous after Trump

**Importance**: High

Are you tracking this?

http://mic.com/articles/138244/anonymous-just-made-good-on-its-war-against-donald-trump-in-one-massive-cyberattack?utm_source=policymicFB&utm_medium=main&utm_campaign=social#.arje8kJP9

**From**: Joi Ito[redacted]
**Sent**: 5/10/2016 3:44:04 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Peter Theil / Trump

**Importance**: High

http://hill.cm/0p8MRzu

Sent from my iPhone

**From:** Alan Dershowitz [redacted]
**Sent:** 6/30/2016 2:45:27 PM
**To:** Martin G Weinberg [redacted]; Gerald B. Lefcourt [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: media inquiry - FoxNews.com
**Attachments:** Screenshot 2016-06-29 13.50.26.png

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

Begin forwarded message:

**From:** "Zimmerman, Malia McLaughlin" <[redacted]>
**To:** "Alan Dershowitz" <[redacted]
**Subject: media inquiry - FoxNews.com**

Hi Alan

I was reading through the files related to the Jeffrey Epstein case, including the original criminal case where you defended Mr. Epstein, and saw a letter both you and Gerald Lefcourt co-authored on his behalf dated July 6, 2007.

The letter said "Mr. Epstein was part of the original group that conceived the Clinton Global Initiative, which is described as a project 'bringing together a community of global leaders to devise and implement innovative solutions to some of the world's most pressing challenges.' Focuses of this initiative include poverty, climate change, global health, and religious and ethnic conflicts."

I just wanted to clarify if Mr. Epstein was on the board of directors or listed as a founder anywhere or on any paperwork associated with the foundation and if so, in what capacity. Also wanted to clarify what you specifically mean by being part of the original group.

I attached a screen shot of the exact passage I am referring to.

Thanks,

Malia

Malia Zimmerman
Investigative Reporter,
FoxNews.com

2044 Armacost Avenue
Los Angeles, CA 90025

M [redacted]
E: [redacted]

This message and its attachments may contain legally privileged or confidential information. It is intended solely for the named addressee. If you are not the addressee indicated in this message (or responsible for delivery of the message to the addressee), you may not copy or deliver this message or its attachments to anyone. Rather, you should permanently delete this message and its attachments and kindly notify the sender by reply e-mail. Any content of this message and its attachments that does not relate to the official business of Fox News or Fox Business must not be taken to have been sent or endorsed by either of them. No representation is made that this email or its attachments are without defect.

**From**: Deepak Chopra [redacted]
**Sent**: 7/17/2016 7:26:43 PM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: A hilarious attempt by TE-A-ME to "Purify" Trump | A TE-A-ME Intervention - YouTube

**Importance**: High

The Indians are getting involved https://m.youtube.com/watch?feature=share&v=hYy7qy2AQeo

Deepak Chopra
[redacted]

***Super Genes: Unlock the Astonishing Power of Your DNA for Optimum Health and Wellbeing***

**Date:** Wednesday, July 10 2019 08:07 AM
**Subject:** [redacted]
**From:** [redacted] <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

---

Dear Jeff,

I read the news papers today, I can't believe they arrested you again, you are the only man on the planet who would never be bad with any women as you love them too much.
It is so untrue what they are saying. If you need my support I am there.
I was 19 when I meet you with our wonderful commun friend HRH Prince Andrew and you would have never done anything wrong to me.

I meet the few lovely girls around you, they loved you and you were so good with them. They were bringing you ideas, creativity, a touch of youth in this very difficult world and happiness like a young can do.
Nothing more! Then of course I am sure they were happy to hope to become your girlfriend as women are always attracted by men of power!
I traveled with you to discuss my future in business, you introduced me amongst the most important scientists and neuroscientists in the world at Harvard University and you kindly advise me to continue to study. You also explained to me that life is hard and business is difficult.You were feeling I should study more. All your advises were so right. Thank you.

I feel sorry that these girls are only interested by your money. I feel sorry for that and they might be manipulated by people of power who wish to do bad to the Trump gouvernement.
Do you remember that you asked me to be your girlfriend, I was back in France after our trip together in Harvard, you tried to convince me on the phone, I refused and look today we stayed friends for ever. You never did anything wrong as these girls are mentioning, it was up to them to be involved with you sexually, it was their own decision, not your wish.

I don't know if you will read this message. I hope so.

Please receive my warmest wishes and love.
[redacted]

[redacted]

GMI Productions
[redacted]

**From:** Kathy Ruemmler [redacted]]
**Sent:** 5/28/2018 10:56:02 PM
**To:** jeevacation@gmail.com
**Subject:** Middle Eastern Monarchs Look at the Trumps and See Themselves – Foreign Policy

**Importance:** High

http://foreignpolicy.com/2018/05/28/middle-eastern-monarchs-look-at-the-trumps-and-see-themselves/amp/

# Middle Eastern Monarchs Look at the Trumps and See Themselves

## America's Arab allies have always wanted to buy direct access to U.S. foreign policy, and they finally found a seller.

May 28, 2018

Ivanka Trump andJared Kushner at the presentation of the Order of Abdulaziz al-Saud medal at the Saudi Royal Court in Riyadh on May 20, 2017.(MANDEL NGAN/AFP/Getty Images)

Almost 20 years ago when I was a graduate student living in Cairo, I published an article in a Washington-based journal called *Middle East Insight*. The magazine had a solid reputation, with a knack for scoring interviews with important people. (In the same edition as my piece, titled "Egypt's Next Generation," there was an interview with Gamal Mubarak, son of long-term Egyptian President Hosni Mubarak, who had already begun his rise — though not yet his eventual fall — as heir apparent.) A few years later, *Middle East Insight* disappeared. When I heard the news, I figured the magazine was too niche for an expanding media environment, shrugged my shoulders, and went on with life.

I hadn't thought about *Middle East Insight* until its onetime publisher, George Nader, recently exploded into the news as an international man of mystery at the center of an apparent attempt to covertly influence the outcome of the last American presidential election. It seems that in the span of not quite two decades, the guy who ran a small, likely not profitable, but influential policy magazine become a conduit between Crown Prince Mohammed bin Zayed bin Sultan Al Nahyan of the Abu Dhabi, Saudi Crown Prince Mohammed bin Salman, and Donald Trump's closest inner circle, both after, and — crucially for special counsel Robert Mueller's ongoing criminal investigation — before Trump's election as U.S. president.

Nader's story is yet another example of the sleaze, greed, and influence-peddling that has come to seem ordinary in Trump-era Washington. But it also offers a view into a more extraordinary and unprecedented problem: a decision by some of America's closest allies in the Middle East to leverage their financial resources in common cause with a bunch of *ganefs* to influence U.S. foreign policy. It is a problem that can be traced back, in ways that haven't generally been understood, to Trump's son-in-law and senior advisor Jared Kushner and his mobile phone.

From the perspective of the leaders of Saudi Arabia, the United Arab Emirates, Israel (there is an Israeli angle to the George Nader story, but it isn't yet entirely clear), and Egypt, there was an entirely rational reason to support Trump's presidential bid and try to influence his approach to the Middle East: They did not like former President Barack Obama's Middle East policy. And while they likely understood that presidential nominee Hillary Clinton was more hawkish that the president she served as secretary of state, the Saudis, Emiratis, and Israelis were concerned that she would be tethered to the Iran nuclear deal and thus Obama's Iran policy.

They also believed that Clinton would be soft on Islamists. It is an article of faith in Egypt that she enabled the rise of the Muslim Brotherhood and Mohamed Morsi in 2011 and 2012. For countries in the Persian Gulf, Egypt provides strategic depth, and "losing" it to the Muslim Brotherhood was a major geopolitical blow. The Israelis, for obvious reasons, were deeply concerned about the accumulation of Islamist political power next door and blamed the Obama administration for abandoning Hosni Mubarak, thereby placing Israel's security in jeopardy.

With Trump, Washington's allies got a candidate and president who referred to the Iran nuclear agreement as the "worst deal ever," surrounded himself with people who either make no distinction between al Qaeda and the Muslim Brotherhood or are simply outright Islamophobes, and has forthrightly declared that the United States supports its friends in the fight against terrorism. Full stop. No caveats, buts, or howevers concerning human rights and the need for political reform. To them, this seemed a lot better than the appreciation of nuance and complexity that was a hallmark of the Obama administration.

Of course, even if an American president shares a given ally's view of the world, diplomacy does not stop. The job of ambassadors, foreign ministers, and other representatives of foreign governments is to keep the United States on their side. Traditionally, this is done through formal discussions with U.S. officials at the State Department, National Security Council, and Department of Defense; meetings with members of Congress; writing op-eds in influential media outlets; and informal channels of influence, notably the Washington social circuit of dinners, embassy garden parties, national day events and the like. No doubt there was a lot of this going on through the first year and half of the Trump administration. But as

we now know, there was an entirely parallel effort to influence American foreign policy, and George Nader was at the center of it.

According to the *New York Times*, Nader and Elliott Broidy pitched a scheme to the governments of the UAE and Saudi Arabia in which Broidy would use his extensive contacts in Washington, especially in the White House, to shape U.S. policy toward Qatar, which the Saudis and Emiratis accuse of supporting the Muslim Brotherhood, funding extremism, and cozying up to Iran. Apparently, the Emiratis agreed to the arrangement. Clearly, putting the screws to Qatar's Emir Tamim bin Hamad Al Thani is a high priority for the crown princes of Saudi Arabia and Abu Dhabi, who undoubtedly would not apologize for using every method and resource at their disposal to advance their countries' interests. What is the Trump administration's excuse, though?

The kind of influence-peddling in which Nader and Broidy were involved can be traced back to Jared Kushner. On Nov. 8, 2016, if not before, he was handing out his cellphone number to all kinds of people in Washington with little regard for the potential consequences and apparently little idea about who was genuinely powerful and who were just posers. No doubt that important people in certain countries had the mobile numbers of senior members of the Obama administration, plus their Gmail addresses, but there was something qualitatively different about the way Kushner was operating. He was essentially opening the door to a Trumpian culture in which there is no process, there is no vetting, everyone and anyone could be an asset, loyalty is the greatest quality second only to money, and there are always ways to get something done no matter what.

Trump's world does not operate the same way as Washington's major Middle Eastern allies, but there are some parallels that make stories like the George Nader affair possible. Trump's tendency to eschew the formal processes and procedures of government dovetails with the way in informal power, uncodified norms, and past practices shape governance and policy in places as diverse as Saudi Arabia, the UAE, Egypt, and Israel. These kinds of informal institutions exist in the United States as well; a lot of things have gotten done in Washington over the years because of the Harvard "old boys'" network or because that's the way it has always been done in the cloakroom. But informal networking has generally not guided the realm of foreign policy, which has always involved an exhaustive (and exhausting) interagency process. Kushner's willingness to hand out his digits signaled that Team Trump was open to doing things significantly differently from previous administrations, and U.S. allies along with people like Nader and Broidy took him up on it. The result was a $650 million contract for Broidy's security firm after he bent the ear of the president and others about the perfidy of the Qatari leadership.

From the vantage point of Middle Eastern capitals, in Trump's Washington, the secretary of state and the national security advisor are superfluous. You could go through Kushner or supplement by engaging in some "riyalpolitik." The influence business has been around

Washington for a long time. The amount of money that foreign governments expend on D.C. lobbying is staggering, but the Nader-Broidy scheme was an attempt to sell American foreign policy — which, as Mueller will soon remind everyone lest anyone in Trump's orbit forget, is different from selling real estate.

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**From:** Deepak Chopra [redacted]
**Sent:** 6/6/2018 11:32:09 AM
**To:** Jeff Epstein [jeevacation@gmail.com]
**Subject:** Lunch with Deepak I: LSD, Quantum Healing, and Plato | Psychology Today

**Importance:** High

FYI
https://www.psychologytoday.com/us/blog/psyched/201806/lunch-deepak-i-lsd-quantum-healing-and-plato?amp&__twitter_impression=true

# Lunch with Deepak I: LSD, Quantum Healing, and Plato

## A skeptic and a mystic seek common ground. Part one of four.

Matthew Hutson
Posted Jun 04, 2018

In March, I attended a debate on the proposition "The more we evolve, the less we need God," With Michael Shermer and Heather Berlin for the motion and Deepak Chopra and Anoop Kumar against the motion. The next day I published an account titled "Do Not Debate Deepak Chopra" (subtitle: "He's not even wrong."). Soon after, Chopra reached out to me and invited me to lunch. In April I met him in his office at Deepak Homebase in Manhattan, we had lunch downstairs at ABC Kitchen, and returned to his office. This is a nearly full transcript of our two-hour conversation.

This is part 1 of 4. Here are parts 2, 3, and 4.

**Matt:** So, I'm curious why you invited me, what you wanted to talk about.

**Deepak:** I read your article, "Not Even Wrong." [Laughter.] That's been my label for a long time from a lot of people, so I thought I'd give you my perspective on what I think reality is and see if we can expand the conversation.

**Matt:** So the debate, it seemed like it was ships crossing in the night. The two sides were talking about different things and so I think it was clear to—or everyone else had one conception about what the debate was going to be about: the usefulness of the idea of God as conceived in monotheistic religions. Whereas the two of you were—it seemed like you were avoiding that debate and talking about something else.

**Deepak:** So let me give you a little background to that. The first time we were invited to the debate by the organizers—I didn't know who they were—the topic was, "As we evolve do we need religion?" So I called the organizers and I said, "Let me rephrase that if you don't mind. Can we say, 'As we evolve do we need religious experience?'" So they said "We don't

know what that means." I said, as I look across the religions of the world, the common features I see are: Number one: transcendence—as a religious experience, not the dogma, not the ideology, not the institution—but transcendence, going beyond subject-object split. Number two: the emergence of platonic values as a result of that experience, like the desire to know the truth, goodness, beauty, harmony, love, compassion, joy, equanimity, gratitude and humility, wonder, curiosity. It's very human but it gets overshadowed by everyday experience. And number three: a loss of the fear of death, because that happens to experience, not to the consciousness in which that experience occurs. I think they didn't understand that, honestly, so they rephrased it as "Do we need God?" So I said, "Listen, before I even go there, can we have a conversation?" So they were very gracious. We all got together with the board or whatever and we had a conversation. I said, "Honestly, God is a very loaded term and if by God we mean some imagined deity or some dead white male in the sky then it's not something that we can even address because we don't have that conception of God as an imagined deity."

**Matt:** You mean that's not something you personally can address?

**Deepak:** Yeah I can't address it, nor can my partner. They said, "Well if you make that clear up front, then it's fine, but we still want to maintain God in the title." So I was keen to have this conversation because Michael and I have been going back and forth for 30 years now, and I thought, Michael's come to a very good place with me personally. So we agreed to the title. But if you go to the Eastern wisdom traditions—Buddhism, Vedanta, Shaoism, all the Eastern traditions—then God is pure consciousness, period. So the debate, you're right, they were talking about the mythical God and we were talking about that which is inconceivable as consciousness but makes every concept possible.

So I can give you a background on that because monotheistic religions are at war all the time amongst each other, and all of the problems in the world right now are a consequence of that. But nobody talks about "What is a religious or spiritual experience?" Hundreds of millions of people across the world don't have that idea at all that the monotheistic religions propose. In fact, if you go deep into the teachings of Buddhism, etc., the word God is not mentioned. Only consciousness is mentioned. Vedanta, only consciousness is mentioned. And it's a very different take on consciousness. So, if you'll allow me for a moment to explain that. So when I was a kid, I grew up in India with a father who was agnostic or atheist, who was trained in England as a cardiologist. He went on to become a very famous person. He discovered high altitude mountain sickness. When the Indian and Chinese army were fighting in Tibet he was putting catheters in people's hearts and measuring their cardiac pressures. He described high altitude pulmonary edema and hypertension. My mother was what you might call a Hindu. But even when she told us stories as kids and she talked about all these mythical gods and goddesses, she emphasized the fact that these are mythical, imaginary, symbolic expressions of deep aspirations in human consciousness to understand reality. Now she was also, by the way, she wasn't a very educated woman like

my father was. But she had enough ideas in her upbringing to say that the world you experience as everyday reality is not real. She would say that probably because she had heard it an amount of times. But when you're a child, that sticks with you, that the world you experience is not real. So that's my childhood background until I went to medical school. Medical school, I embraced everything that my father had taught about reality being physical, material. He was actually more than—he was almost like Michael Shermer in the earlier days when I was growing up.

**Matt:** How did your parents get along?

**Deepak:** Oh he was a very loving person.

**Matt:** Completely different philosophies.

**Deepak:** Yeah but he was an amazing person in terms of being a physician. I mean this is long before technology. He could listen to a heart with a stethoscope and tell you, which you may or may not know, the PR interval, which means the difference in microseconds between the atrial and the ventricular beat, which you could verify on an electrocardiogram. He was astonishing as a diagnostician. He trained with Wallace Brigden in England who was one of the earlier pioneers in electrocardiography. He was a consultant to the royal heart hospital to the queen at one time before he came back to India, the British army. So, he was an amazing person but he was also very compassionate. On weekends he would see patients free of charge, and my mother would cook food for them and make sure they had enough money for their bus or their train. So there was a very compassionate aspect to him, but he didn't believe in religion or anything like that.

So then when I went to medical school I totally embraced my father's constructs. Except for one or two experiences during medical school, which was in India by the way. And it was one of the newer medical schools after British independence, called the Indian Institute of Medical Sciences, and it was funded by, amongst other people, the Rockefeller Foundation, and so we had lots of international faculty. So in my fourth year of medical school, when the Beatles were in India—that's George Harrison behind you, by the way, in a turban sitting next to me. So that is a later picture but the Beatles came to India in 1969, when I was finishing my medical school. I didn't know these guys at that time. But Sergeant Pepper's had come out, Lucy in the Sky with Diamonds, and we had four medical students as visitors to our classroom for the summer from Harvard. And they had with them a bunch of LSD. So my first experience was—and **I was just near 18, when we had the first LSD experience**. And then another one. Twice. And suddenly what my mother had been saying all these years about the world being an illusion was in the way an epiphany to me, at the age of 17. I mean I saw that the construction of—dissolving of boundaries like this, this, this and melting away. And then just colors and shapes and forms and sounds. And then a vast nothingness with no boundaries. But I was there. Not as a body, not as a mind, not as anything I could identify with, but just totally boundless. It was totally life-shifting at the age of 18 years. But

then what happened is the medical school is very busy. You have to study, pass exams, this, that. And I put that aside, that experience side.

Then at the age of 22, I came to the United States, and I had to do a lot of hardship to get here. My father wanted me to follow in his footsteps and be an academic. He was a professor, too, of cardiology. So I worked hard. India wasn't encouraging people to leave. I had to go to Sri Lanka to pass my exams, I had to borrow money to get a flight to the United States, I passed all that, I had to spend a year in New Jersey at a very ordinary community hospital, hard-working, and I got a residency in Boston with various hospitals with academics. So, Harvard, Tufts, BU, internal medicine, hard work, no thinking about consciousness whatsoever. Just passing one exam after another, getting one fellowship after another.

And then I came here in 1970, July 1, basically as an intern in a hospital that no longer exists in New Jersey, MuhlenbergHospital, but then in the next year I got into all these academic institutions in Boston and went from one to another. I trained in internal medicine. And then I had heard vaguely of a discipline called neuroendocrinology, and I had also heard vaguely of this new revolution in medicine at that time, which was looking at peptides in the circulation. And the peptide that was very popular at that time was something called opiates, which are now popular again, and the opioid receptor, with somebody called George Solomon in Washington, who was an expert in that, but I discovered that the number one guy in the world in neuroendocrinology at that time was a professor at Tufts New England Medical Center, and his name was Seymour Reichlin and he was a legend. Okay, so, if you found a snake in his garden he would dissect it and look at the hypothalamus and identify receptors for opioids, serotonin, this and that. I'll show you his photo recently. I just met him the other day at the consciousness conference, which is bizarre because I hadn't met him in all these years. He's 94, and he was giving a lecture on serotonin and mystical experiences, at the age of 94, and he came to my lecture, and he was one of the most amazing guys in the world, actually. It was a real joy to meet him. This is him, let me show you. Anyway I'll show you his photo in a second. He's 94, he gives talks on serotonin, but he was a legend.

I got a fellowship with him, and through him I met somebody who is no longer alive, Candace Pert, who had actually discovered the opioid receptor, and she and I met at a conference. She later became the chief of brain chemistry at the NIH. And she told me these molecules that we're talking about, serotonin, opiates, oxytocin, dopamine they are the molecules of emotion. So that's the first time I've heard that expression. I said, "You should write a book about it." She did. I wrote the foreword and it was for me one of the milestones of my life. And so I applied to Reichlin's fellowship and I got it, and it was like the most prestigious thing you could get.

But then I had my own issues with medicine. Is this interesting to you? So I had my own issues, including the fact that I was seeing patients and I can see that the response was not

predictable. You could give two patients the same disease and they had completely different outcomes. So at least in human beings, we didn't respond predictably. As does always occur, the bell-shaped curve, which there is to everything now. So, I started getting interested in mind-body medicine, and I would say I probably coined the phrase. In 1985 I wrote a book which nobody would accept, no publisher would accept, so I published it on my own, called Creating Health: Exploring the Mind-Body Connection. The book then was picked up by Houghton Mifflin and became at national bestseller. And I wrote another book called Quantum Healingwhich was vilified by the medical establishment because I was basically proposing, long before anybody was talking about entanglement, I was talking about the entanglement of mind, body, neuropeptides, molecules of emotion, etc., etc., from my own experience. But the books did very well with the lay public. The New England Journaldid a good review of *Quantum Healing* in 1988, but basically **I'm still ridiculed for it by the regular medical establishment.**

**Matt:** Were you talking about quantum entanglement—

**Deepak:** I wasn't using the word quantum entanglement. I was talking about the fact that thoughts and molecules are inseparable, basically, and that between a thought and a molecule there's a gap, and that gap is consciousness. It's now 30 years since the book, and Rudy was my co-author. He's a neuroscientist at Harvard and the head of neuroscience at Mass General. He wrote the foreword to the reissue of *Quantum Healing*, which I'll send you, but it's almost now quaint with all that we know of now. But I used that word which annoyed a lot of people, including Richard Dawkins, who ridiculed me, and I said, "Listen, I'm using it as a metaphor."

All science, I was saying, was a metaphor anyway, but it was then that I also got very interested in meditation. And then I went to India, and I spend about 10 years in India talking to these teachers, basically, of consciousness, where consciousness is fundamental reality, it is beyond thought or experience, and the word they use is pure consciousness. So I went through an experience with a teacher of meditation who basically asked me questions like I can ask you right now. What is this? [Matt: "It's a glass."] And what's this? [Matt: "Flower."] And what's this? [Matt: "A candle."] What's this?" [Matt: "A Sharpie."] "What's this?" [Matt: "A hand. Did I get them all right?"] So far. I said the same thing. But I was having a conversation with somebody, and he said to me, "Those are human constructs." And I was trying to tell this person, who was a meditation teacher, I was telling him about the molecules of emotion. Serotonin. He said they're not real.

So that got me thinking, okay, and I seriously went into wanting to experience pure consciousness, which they all talk about, as transcendence, beyond subject-object split. So, this person that I had this conversation with, he said, "If you were a baby and you had no language, not exposed to any language, this would not be a hand. This would be a shape, a form, a color, maybe a smell, a texture, a sensation, as an activity of consciousness. But then

you would be told, 'This is a hand, you have a body,' and then you would have an interpretation of that experience, which you would call a thought. And then you would also be told, 'This is your body. You have a mind. You're Indian. And you come from a Hindu family.' All social constructs. Fundamental reality is sensory perception, which is an activation of consciousness, and its interpretation is thought. The rest is a story. Mind, body, and even universe is a story." **Well, that was pretty mind-boggling for a young person at the age of 35.** I'd already trained now, here. Slowly, that lead to how one construct leads to another construct. Okay, so this is an iPhone. It's matter. Well I have now reified sensory experience in consciousness, an activity of consciousness in consciousness, with a construct, iPhone. Then I reify it further, made of matter. And now this is very convenient. I can study it. It's made of molecules, made of atoms. So one construct leads to another construct, particles. Then you get ultimately to possibility waves and then you're stuck again.

Okay [laughter], but along the chain, one construct built to another construct to another construct to another construct. Very useful. New York City is a construct. Latitude is a construct. Longitude is a construct. Time is it construct. Money is a construct. Wall Street is a construct. Religion is a construct. God is a construct. Universe is a construct, which you call a model, Okay. So, this led me to consciousness, exploring consciousness. Where now, you have—you know I just came from this conference, on the science of consciousness, where you have physicalists, you have dualists, you have panpsychists, you have idealists, and they're all arguing about the constructs.

So the physicalists are now in a difficult position, because they're trying to explain consciousness with the construct of physicality, and you can't. Because physicality itself is a construct. Then you have the idealists going back to Plato who are saying it's all mental. But even mental ideas are constructs. Then you have the dualists, Descartes, the two are separate, mind and body. But then how do you explain their interaction? It violates simple laws like thermodynamics. If mind is separate and body is separate, how do I lift my arm? I start with a thought so I do this. How do I speak, how do I walk, how do I do anything? So, dualism doesn't make me happy. Idealism doesn't make me happy. Physicalism, I don't know what matter is anymore.

I interviewed the Nobel laureate Wilczek, physicist from MIT. So I said, "What is matter?" "It's particles." I said, "What are particles, subatomic particles?" He says, "They are little things." I said, "But then everybody says that's a wave potential, that's in Hilbert space. What is that? Where is Hilbert space?" He says, "It's mathematical." "What is it?" "It's infinitely dimensional or zero dimensional." "Where is it?" The usual answer is "Shut up and calculate," right? So I realized that the entire new paradigm of multiverse, superstrings, eternal inflation, whatever, is all in mathematical imagination. Hilbert space is in mathematical imagination, the wave potential is in mathematical imagination. I said to Wilczek, "What is matter?" And he said, "We're still trying to figure that out." [Laughter.] **I**

**mean this is coming from a Nobel laureate who discovered a particle**, you know. So I ended up where I began, which is non-dualism, that there is only consciousness.

**Matt:** Isn't that idealism?

**Deepak:** Idealism comes out of non-dualism.

**Matt:** So there are two types of monism [non-dualism]. There's materialism and then there is idealism. [Each holds that] there's only matter or there's only consciousness.

**Deepak:** Okay then we can say idealism is closest to non-duality. They don't use that word in the East. Let's go for lunch. [We head downstairs.]

**Deepak:** With idealism one usually relates to Plato in the West or to Bishop Berkeley and all those guys, you know. But basically, what idealism espouses, it's mental. But non-dualism says even mental is a construct. When you say mental you have words. As soon as you have a word for an experience it's no longer fundamental.

**Matt:** Non-dualism is a construct too.

**Deepak:** If I have to use words, yes.

**Matt:** There's no getting away from constructs.

**Deepak:** No, there is a way of getting away from constructs. It's called transcendence. Shut up and just be.

**Matt:** We never stop filtering experience—

**Deepak:** Every experience is filtered through given constructs. There is no getting away from it. But then we start looking at consciousness—let's find our table. [We find our table.]

Deepak Chopra MD

[redacted]

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**From**: MARK TRAMO[redacted]
**Sent**: 10/14/2018 5:16:21 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump, Kanye West, and the diagnosis of Bipolar Disease

**Importance**: High

Given your interest in Creativity:

Did you see the entire Kanye West soliloquy in the Oval Office with Trump and Jim Brown? I am using that clip in my Talent & Creativity class when we discuss "Creativity & Psychopathology." In Psychiatry, the formal terms that apply are "flight of ideas," "pressured speech," "delusions of grandeur,", and "clang associations." A truly great example of Hypomania. There's an interesting book on hypomania and success in America today.
xxx

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ELISA NEW
Powell M. Cabot Professor of American Literature

Tel: [redacted]
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November 25, 2018

Dear Ms. Williams:

I am writing now to invite you to be a featured guest of *Poetry in America* (poetryinamerica.org). *Poetry in America*'s first season's guests included Bill Clinton, Joe Biden, Cynthia Nixon, Shaquille O'Neal, Yo Yo Ma, Samantha Power, Herbie Hancock, John McCain, Nas, Angela Duckworth, Bono, Regina Spektor, Frank Gehry, Stuart Weitzman, E.O. Wilson, and many others. Seasons Two and Three will feature just as distinguished a line up. The series airs on public television stations everywhere, streams via Amazon Prime and other streaming services, and it is now also airing on a variety of domestic and international airlines.

The poem we'd read and interpret together is by Pulitzer Prize winner Sharon Olds, and it's called "The Language of the Brag." It's a gutsy poem that compares feats of (male) athletic prowess—and feats of poetic prowess—to childbirth. You are the ideal reader for this poem. We would use what we filmed together in an upcoming season of *Poetry in America.* We would also use the content in an online course for medical professionals I am creating in partnership with Harvard Medical School. Everything we create would be non-commercial and educational.

Thank you for considering this request. I would be very honored to work with you.

Sincerely,

Elisa New
Director and Host of *Poetry in America*
Powell M. Cabot Professor, Harvard

# Jeffrey Epstein settles one suit, but more to come

By CURT ANDERSON
The Associated Press

WEST PALM BEACH, Fla. — A decade ago, Florida financier Jeffrey Epstein pleaded guilty to sex crimes involving underage girls and got 13 months behind bars.

What the public and his accusers didn't know at the time was that he had secretly struck a deal with federal prosecutors that spared him from charges that could have put him away for the rest of his life.

When the deal finally came to light years later, it immediately raised suspicions that Epstein — a man who counted Bill Clinton and Donald Trump among his friends and had some of the finest legal talent in America as his lawyers — had used his wealth and political connections to win special treatment.

Epstein is also a resident of the Virgin Islands as owner of Little St. James Island off the East End of St. Thomas. He is listed on the VI. sex offender registry as a result of that 2008 Florida conviction.

Allegations against him flared anew in recent weeks as news organizations, led by The Miami Herald, published interviews with the alleged victims and took a closer look at Alexander Acosta, who as the U.S. attorney in Miami in 2008 approved the secret deal. Acosta is now President Donald Trump's secretary of Labor.

On Tuesday, a lawsuit that many had hoped would expose some of the lurid allegations against Epstein by putting some of his accusers on the stand ended abruptly in a settlement just as jury selection was about to begin.

Jeffrey Epstein

But the attempt to get to the bottom of the Epstein case and how he managed to get such a light sentence is not over: Some of his accusers are pursuing a separate legal effort to nullify the plea agreement and, they hope, expose him to federal prosecution again.

"That injustice needs to be addressed and will be addressed," said Jack Scarola, one of the attorneys lined up against Epstein. "There is no justification for the broad scope of immunity that was granted."

Epstein, 65, reached the non-prosecution deal with Acosta's office while under investigation on suspicion of sexually abusing at least 40 teenage girls. Under the deal, he pleaded guilty to two state charges, did his time in jail, paid settlements to many of the alleged victims and registered as a sex offender.

He could have faced a far more severe penalty if federal prosecutors had pursued a draft 53-page indictment that was never filed and included sex trafficking charges.

Some of Epstein's accusers are now arguing that their rights were trampled under a federal law that says crime victims must be informed about plea bargains.

One of Epstein's lawyers, Roy Black, has said there was no conspiracy to violate victims' rights, and the plea agreement was "no sweetheart deal by any stretch of the imagination."

Even if the plea bargain is nullified, the final decision on bringing charges would rest solely with the Justice Department.

On Tuesday, Epstein settled a defamation lawsuit brought against him by a lawyer for some of the accusers, Bradley Edwards, who said Epstein tried to derail his representation of the women and ruin his career. In settling, Epstein apologized and agreed to pay an undisclosed amount.

Edwards said some of the accusers — some of whom say they were 13 or 14 when they were molested — were prepared to testify in the lawsuit and may yet get their day in federal court.

"They're willing to talk. They want to share their stories," Edwards said.

Congressional Democrats are calling for an internal Justice Department investigation.

Rep. Lois Frankel, who represents the Palm Beach area, said Tuesday that Epstein "allegedly had dozens and dozens of young, vulnerable women, young women taken to his house where they were sexually exploited."

"I think what has been equally shocking is what I call an extreme minimal punishment for this man without really any public explanation as to why this happened," Frankel added.

Acosta has not commented about the case during the recent media coverage. He was asked briefly about the non-prosecution agreement at his Senate confirmation hearing.

"At the end of the day, based on the evidence, professionals within a prosecutor's office decided that a plea that guarantees someone goes to jail, that guarantees he register generally and guarantees other outcomes, is a good thing," he said.

According to court papers, Epstein had a Palm Beach mansion where girls were brought for what they were sometimes told were massage sessions. He allegedly had female fixers who would look for suitable girls, some of them recruited from Eastern Europe and other parts of the world.

Before the scandal broke, Epstein was friends with Trump and had visited the real estate developer's Mar-a-Lago resort. Trump told interviewers that Epstein was "a great guy." Records also show Clinton flew on Epstein's jet more than two dozen times.

One young woman alleged in court documents that Epstein shared her with his friends, including Britain's Prince Andrew, a charge denied by Buckingham Palace.

Epstein's legal team at various times included such big names as Whitewater prosecutor Kenneth Starr and Harvard professor Alan Dershowitz.

Neither Trump nor Clinton has been accused of any wrongdoing related to Epstein.

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**From**: Richard Kahn [redacted]
**Sent**: 4/20/2019 10:49:45 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Noam Chomsky Calls Dem Focus on Russia a 'Huge Gift' to Trump: 'They May Have Handed Him the Next Election'

**Importance**: High

https://www.mediaite.com/trump/noam-chomsky-calls-dem-focus-on-russia-a-huge-gift-to-trump-they-may-have-handed-him-the-next-election/

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June 2019

# Lost paradise at the Palm House

*The planned $91M hotel-condo project has been a case study in EB-5 fraud, leaving investors in the lurch and an unfinished building in its wake*

By Keith Larsen | June 17, 2019 11:00AM

*The Palm House*

When Chinese, Iranian and Turkish investors received marketing brochures for the town of Palm Beach's first EB-5 project in 2012, it seemed like a sure thing.

Pamphlets in Chinese and Farsi showed photos of the Clintons and Donald Trump as part of the Palm House condominium and hotel advisory board of "political and business leaders with worldwide experience." In addition, the marketing materials named Celine Dion, Tony Bennett and billionaire Bill Koch as celebrity members at the hotel's club.

But more than six years later, the Palm House's planned $91 million makeover remains unfinished. The dilapidated 80,000-plus-square-foot hotel finally sold in a bankruptcy auction last month to a U.S. affiliate of the real estate investment firm London & Regional Properties for just shy of $40 million.

To add salt to the wound, Trump and Clinton were never on the project's advisory



HOUSE_OVERSIGHT_029520

in EB-5 funding for personal expenses, including the purchase of a 151-foot yacht named "Alibi" and his own debt payments.

Matthews and the project's general contractor, Nicholas Laudano, recently pleaded guilty to fraud charges in federal court, while the 91 EB-5 backers lost their $500,000 investments and never received their green cards.

The EB-5 regional center in charge of marketing the Palm House project and soliciting the investments, however, has not been criminally charged. The South Atlantic Regional Center (SARC) and its director, Joseph Walsh Sr., were allegedly able to siphon nearly $9.5 million of the foreign investors' money, according to a civil complaint filed by the SEC in federal court.

To date, Walsh has only been charged civilly. He was allegedly even found recently trying to solicit other EB-5 investors for another hotel project in Miami Beach, per a lawsuit filed in Palm Beach County.

"This is the most egregious fraud case I have ever seen," said attorney David George, of George Gesten McDonald PLLC, who's representing EB-5 investors in the Palm House lawsuit.

Robert Matthews

Regional centers like SARC function as middlemen between developers and their foreign investors. But despite the key role they play in the EB-5 process, there's minimal regulation over how they operate and few safeguards to protect investors.

The current system, critics say, is a petri dish for fraud that allows bad actors to come and go — in many cases with no criminal prosecutions. At the same time, lobbyists for the real estate industry have pushed to ensure these rules remain in place.

"No one is watching the regional centers," said Doug Litowitz, a Chicago attorney who was not involved in the Palm House lawsuit but represents Chinese clients in other

Matthews, 61, gave investors the impression that he was a well-known luxury hotel developer with a global track record, including completed projects in New York, Bora Bora and Mexico. There is no evidence of him completing these projects.

Instead, his past dealings were mired in controversy and litigation, including another failed condo-hotel project in Nantucket called the Point Breeze that was forced into bankruptcy in 2010.

Matthews, who was raised in Massachusetts, moved to Connecticut in the mid-80s after dropping out of college and started buying up apartments and commercial properties in Waterbury. Locals there began drawing comparisons between Matthews and the fictional Jay Gatsby due to his ritzy parties and expensive tastes, according to the Hartford Courant.

He owned a 108-foot yacht named the Bon Vivant and claimed to possess North Carolina's original Bill of Rights, which had been stolen by a Union soldier in 1865 and was recovered by the FBI just over 10 years ago. Adding to the Gatsby comparisons, Matthews became close with Connecticut's then-governor, John Rowland, in the 90s.

The developer used his political connections to secure favorable contracts with the state government, allowing him to purchase government-owned property, among other things, according to the New York Times. To return the favor, Matthews allegedly bought a condo in Washington, D.C., from Rowland through a straw buyer in 1997 for nearly 20 percent more than what the governor had originally paid.

The condo sale and other business dealings eventually led to a corruption investigation into Rowland. But Matthews was never charged. So, he headed to South Florida where he first bought the historic Palm House — which needed substantial repairs — in 2006. Then six years later, Matthews began soliciting EB-5 investors for what he called Palm Beach's last opportunity to build a "five-star hotel."

investors generally function as individual lenders on those projects, but they rarely have a way to collect money if the project fails.

> **"This is not unlike any other industry that can produce a toxic product like the opioid industry or the tobacco industry. There is a powerful interest involved."**
> MICHAEL GIBSON, USADVISORS.ORG

"The whole thing has to do with corralling desperate people in China, who believe that Americans wouldn't lie to them out right," Litowitz said.

And while the program was designed to create jobs in rural and distressed regions known as "targeted employment areas," communities like Palm Beach — a top destination for wealthy retirees with a median household income of more than $110,000 — somehow met the same criteria.

Florida's Department of Economic Opportunity approved the Palm House project for such a designation in 2012 because Palm Beach had an unemployment rate of 18.5 percent, above "the qualifying rate of 13.4 percent for that time period," according to the state agency. Other EB-5 projects, including Hudson Yards in New York, the largest private real estate development in the country, were also able to take advantage of similar demographics.

Without mentioning his past dealings in Connecticut or in Nantucket, Matthews touted his wife Mia Matthews' success as an actress, singer and star of the Nickelodeon show "Every Witch Way" and CW's "South Beach," which lasted all of one season. To further show off his connections and status in Palm Beach, he would take EB-5 immigration agents from China to a Mar-a-Lago charity event to meet Trump and take picture with him, according to a complaint filed by EB-5 investors in Palm Beach County Court.

The developer's investment pitch also failed to mention that it was actually his second time acquiring the Palm House. And there was no mention of the fact that

## By the books?

To legally get EB-5 investors to put money into his project, Matthews was required to go through a regional center regulated by U.S. Citizenship and Immigration Services under the Department of Homeland Security.

So, he tapped Walsh — a South Florida resident who had a specious track record with development projects — to raise the money through SARC. While it's unclear how the two met, Walsh allegedly lent Matthews more than $5 million of the foreign investors' funds to keep his Palm Beach mansion from being foreclosed on.

*(Click to enlarge)*

In March 2014, Matthews sent Walsh an email to thank him for "saving [his] house," according to the SEC complaint.

As more developers turned to EB-5 for cheap financing after the financial crisis, more regional centers received approval from the USCIS. From late 2014 to June 2019, the number of regional centers in the U.S. jumped nearly 60 percent to 884, according to USCIS. At the same time, close to 300 regional centers have been shuttered since 2007.

That high failure rate among EB-5 regional centers stems from an approval process

"really just needs a business plan and numbers to support the government's jobs projections and give the appearance that it is able to execute on that plan."

But a handful of legal experts argued that there's minimal oversight by USCIS during the course of most projects being built.

The agency is "inept at controlling the fraud," said Michael Gibson, managing director at the EB-5 advisory firm USAdvisors.org. "No one knows who the true owners of the regional centers [are,] and there is no information on any of this. How can you deter fraud when there is no way for anyone to do any due diligence?"

A spokesperson for USCIS said the agency has a team of auditors that conduct compliance reviews on regional centers and noted in an email to *The Real Deal* that it "does not release information on specific EB-5 applications, investors or related projects due to [the Privacy Act] and other restrictions."

"USCIS takes any violation of the law seriously, and we will explore all actions available to us to ensure the integrity of our immigration system," the spokesperson added. "Where instances of fraud are suspected or proven within the program, USCIS takes appropriate measures to deal with any actors involved in the fraud, including terminating regional center designation."

Regional centers have come under scrutiny for their roles in these EB-5 frauds in recent years.

USCIS shutdown Vermont's sole EB-5 regional center last year on the heels of the country's largest EB-5 fraud to date in the state's so-called Northeast Kingdom.

Elsewhere, in Jupiter, Florida, Nicholas Mastroianni — who's helped raise EB-5 funds for the Kushner family's real estate projects — was sued last October over his Harbourside Place development by nearly 80 Chinese investors who accused him of defrauding them. Mastroianni has denied these charges.

One of the underlying problems is that regional center

Solutions. In turn, regional centers do not have an obligation to protect investors' money if a development project sours.

"That's where the weak link of the chain is — there is no real enforcement of the fiduciary rule to protect investors," Latour added. "The regional center says, 'Hey I'm not responsible.'"

The USCIS spokesperson said the agency has terminated nearly 220 regional centers since January 2017, due to evidence of foul play.

But U.S. legislators have continued to kick the EB-5 program down the road, giving it about 20 short-term extensions with many lasting only six months. And industry lobbyists have aggressively pushed back against any reform. The EB-5 trade group Invest in the USA has spent nearly $1.8 million lobbying on the federal program's behalf since 2014, while the lobbying group for the Related Companies' EB-5 business spent more than $500,000 in 2018 alone, according to the Center for Responsive Politics.

"This is not unlike any other industry that can produce a toxic product like the opioid industry or the tobacco industry," Gibson said. "There is a powerful interest involved. They don't want any oversight. They don't want information about their projects to come public."

**Blurry middlemen**

Unlike Matthews, whose background is well documented in local news, SARC's Walsh remains something of a mystery.

In the Palm House EB-5 marketing brochures, the smiling gray-haired regional center operator claims to have a background in advertising and electrical engineering. He also claims to have launched "several startup computer and graphics firms that he brought to the public markets in the late 1990s and early 2000s."

Walsh could not be reached for comment through his lawyer.

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selling the mineral rights to 600,000 asteroids in space, an investor prospectus claimed.

Walsh's son did not respond to multiple requests for comment.

*(Click to enlarge)*

Despite proclaiming innocence, Walsh is not in the U.S. to face any charges, according to multiple sources. George, the plaintiff attorney, said SARC's founder is now either in Vietnam or Australia.

Walsh's success in getting foreign backers on board for the planned Palm House project, according to the SEC's complaint, was largely based on lies made to unsuspecting investors who believed the project carried minimal risk.

In bold font, one marketing brochure claimed that the EB-5 investor money would only be used for 43 percent of the project's total costs while the rest would be covered by a $29 million loan from a "reputable bank" and $22 million in equity from the developer.

None of that was true.

SARC also claimed the investors' funds would be held in an escrow account at PNC Bank until their green cards had been approved by USCIS and that the money wouldn't be touched until then. Investors were even sent photos of a PNC account



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## Fast withdrawals

As soon as deposits for the Palm House came in, Matthews, Walsh and Laudano, the project's general contractor, allegedly began to withdraw money for personal uses.

After Matthews was charged with using the account as a piggy bank, Walsh fired off a press release last year claiming he and SARC had been absolved.

"It saddens me to see the waste of time, money and talent, and the human and financial capital that these conspirators perpetrated in multiple courts and plain good old fashion lies to continue their charade for years," Walsh said in the release.

He even reportedly went a step further by hiring Brian Aryai, a certified accountant who claims to have worked as senior special agent for the Department of Homeland Security, to provide a detailed audit showing how the money was lost.

The report, meant to clear Walsh's name, noted that he moved $9.3 million from the Palm House account to his own company through more than 39 individual transactions between September 2013 and January 2015.

SARC's founder is now facing additional civil charges over an office condo project in Royal Palm Beach — another development SARC raised $6.5 million in EB-5 funds for.

"Walsh solicited and obtained investors for all of these projects," George said.

But USCIS didn't have to travel far to determine the unfinished project was a racket — the agency's local office sits directly across the street from the Royal Palm site, according to Google Maps.

"It's remarkable… These cases come and go, and there is no reform," said Gibson, who cited "egregious misuse of funds [while] the industry continues without a bump in the road."

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Tags: eb-5, palm house, palm house hotel, robert matthews, South Florida June 2019

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**From:** Mohamed Waheed Hassan [redacted]
**Sent:** 1/27/2013 3:49:54 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Jeffrey,
Need your advice.
My finance minister is telling me that he has an anonymous funds manager who is willing to deposit 4 billion dollars in Maldives and that they are willing to lend a percentage of that in exchange for government promissory notes. The 4 billion would be deposited in the Central Bank. But they want us to set up a special purpose vehicle, a construction company fully owned by the government to receive the loan. Such a company can only be set up under a presidential decree.

I am also told that the funds manager would be charging Maldives upfront a certain percentage of the amount lent.

I don't feel I have enough information on this. I don't know who is this funds manager. They always want the finance minister to meet them in Bangkok or some place outside. Why would anyone want to deposit such a large amount here when we don't have a credit rating and public debt is so high. I feel very uncomfortable about this.

What do you think I should do. I am very uncomfortable. In addition to the finance minister, a leading politician and leader of the coalition parliamentary group is behind it. He could be my leading contender for presidency.

Does this sound all ridiculous to you. I have a strange feeling about this whole thing.
Best regards
Waheed

Sent from President's iPad

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as chairman of the council of europe , he is really mr human rights, Im sure that if he can be of help, he will

On Fri, Jan 18, 2013 at 5:27 AM, [redacted] wrote:
I remember meeting Jagland at your place when I came with Sultan.

Sent from Windows Mail

**From:** Jeffrey Epstein
**Sent:** 18 January, 2013 2:40 AM
**To:** Mohamed Waheed Hassan
**Subject:** Re:

also be advised that thorbjorn jagland is a great friend.

On Thu, Jan 17, 2013 at 3:26 PM, Mohamed Waheed Hassan [redacted] wrote:
Hi,
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my friend in sweden , lisa svensson, would be perfect as your right hand orgainzing your team,, she has diplomaitc experieince and is currently amabssador to the oceans for sweden

On Thu, Jan 10, 2013 at 11:00 AM, Mohammed Waheed Hassan <[redacted]> wrote:

Hi,

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World Energy Forum and CGI guys are here. I am meeting Clinton people in a few minutes.

I have some funding now but will ask all friends to help raise more later when things start happening in full swing. Election is now scheduled to early September.

Hope all is well and look forward to seeing you here in the not too distant future.
Warm regards,
Waheed

On Jan 9, 2013, at 6:03 PM, Jeffrey Epstein wrote:

how is it shaping up? what are the biggest hurdles.

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**From:** Mohamed Waheed [[redacted]
**Sent:** 1/27/2013 4:33:18 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Thank you. You are my savior. I will do exactly what you said.

Sent from my iPhone

On Jan 27, 2013, at 9:29 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

this from a fraud web site, your mimister will get upset that you dont want to at least try, what do we have to lose , always the pitch. THe following from the fraud site. --The essential fact in all advance-fee fraud operations is that the promised money transfer never happens—because the money does not exist. The perpetrators rely on the fact that, by the time the victim realizes this (often only after being confronted by a third party who has noticed the transactions or conversation and recognized the scam), the victim may have sent thousands of dollars of their own money, and sometimes thousands or millions more that has been borrowed or stolen, to the scammer via an untraceable and/or irreversible means such as wire transfer.[13] Stay away, however if you want to embarass your possible opponent , you might set it up so that he looks like a fool, ask for amemo of why he thinks you should agree , have it include as many detials as possible, so that when you prove its a fraud,, you will make him look very silly as opposed to his saying , you missed an opportunity, anyway,, glad you are well

On Sat, Jan 26, 2013 at 10:49 PM, Mohamed Waheed Hassan <[redacted]> wrote:

Jeffrey,
Need your advice.
My finance minister is telling me that he has an anonymous funds manager who is willing to deposit 4 billion dollars in Maldives and that they are willing to lend a percentage of that in exchange for government promissory notes. The 4 billion would be deposited in the Central Bank. But they want us to set up a special purpose vehicle, a construction company fully owned by the government to receive the loan. Such a company can only be set up under a presidential decree.

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latimes.com/news/opinion/commentary/la-oe-0529-morrison-trounson-20130529,0,7837846.column

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**Patt Morrison Asks**

## Alan Trounson, California's Dr. Stem Cell

### As president of the California Institute for Regenerative Medicine, the Australian is helping guide the state to a high-tech medical future.

Patt Morrison

May 29, 2013

In 2004, with President George W. Bush dead set against stem cell research, California just went ahead and did it. Voters made stem cell research a state constitutional right, and endorsed $3 billion in bond sales for 10 years to cement the deal. CIRM, the California Institute for Regenerative Medicine created under Proposition 71, has become a world center for stem cell research, and its president is Australian Alan Trounson, a pioneer in in vitro fertilization. As Proposition 71 approaches its 10-year anniversary, Trounson offers a prognosis.

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**It's been almost 10 years since California funded what may be the world's biggest stem cell research program. What are you up to?**

We are working hard to get six or seven projects to clinical trials. We have more than 70 [total] programs moving [toward] clinical trials. It's a lot of work to chaperon.

I'll give you three examples: one, linking genetics, or genomics work, to stem cells, integrating the two. We're going to create a center in California that will bring a lot of [genetics] studies and clinical work to a new level.

Secondly, we've set up a structure for banking the 3,000 cell lines from "induced pluripotent stem cells" that we turn into the equivalent of embryonic stem cells. We call them IPS cells. You take a skin cell or blood cell and convert it to the equivalent of an embryonic stem cell.

We've also taken samples from patients with complex diseases, and we're banking these so scientists can "interrogate" these diseases — like heart disease, Alzheimer's, blindness. We are targeting a range of conditions — autism, cerebral palsy — for which we have scant understanding of causes and major drivers. This is material for long-term research studies.



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What we're doing is meaningful. Somebody with cancer may have a better treatment. Parkinson's patients might be in a clinical trial around 2016, 2017.

**Are Californians getting enough bang for their buck?**

I think we're way ahead of what people predicted. Nevertheless, it takes a lot of time to do this. I think we're hurrying carefully.

**What else?**

I'm intending to set up a network of stem cell clinics in California in the next couple of years, to make treatments available as clinical trials or as registered treatments for patients. I'm going to ask the [CIRM] board for about $70 million to get that set up. It will make California a go-to place for stem cell therapies. I want to make sure it's part of our medical fabric.

**An Oregon scientist reports that he has cloned human stem cell lines. Is Oregon doing something different from California?**

The one thing that's different is that we can't compensate women adequately for donating eggs [as a source for creating a particular type of stem cell]. We can pay for the cost of drugs but not for the time and inconvenience. So that really does limit the number of women who would like to donate eggs to research, and that's a handicap. I think it would be very useful to develop those cell lines.

**The words "cloning" and "human" together set off alarm bells for some people.**

[Under Proposition 71] we can't do any reproductive cloning. We can't do it and we shouldn't do it — none of us wants to do that — but we would like to make those cell lines.

**Is stem cell research highly competitive now, as it was in the 1980s, when you were beginning your work?**

I don't think it's very competitive at all. There's a little bit of competition between California and Harvard, but that will always be the case, I suspect. What's important with [California's] $3 billion is that it's taken away a lot of the silliness of the competition — that you hold your data and you don't show anyone and you wait until you [get it published] in a journal. In Australia, there's very few funds for this kind of work and so it's extremely competitive — you don't know what others are doing even in the same laboratory. That's not the case in California. People are collaborating, and that's why we're moving so fast because we work together. Scientists like to reach out to other scientists.

**Could embryonic stem cells become unnecessary because other cells can be just as adaptable?**

Maybe longer term. IPS cells have a very strong memory of what they were, whether they were a blood cell or a skin cell. Embryonic stem cells don't. We have to find out whether IPS cells can [really adapt] or whether they'll be poor relatives of the embryonic stem cell. Embryonic stem cells are being used for therapy, but IPS cells are being taken from patients with different diseases to interrogate those diseases. They're not therapeutic at this time.

**What surprises have you encountered?**

I'm surprised all the time. That you can actually create a cure for HIV/AIDS with stem cells — that's in clinical trials [in Denmark] now. That we found how to jump a skin cell to a pancreatic cell or a



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cardiac muscle cell. Every month comes a new surprise, tumbling toward totally different medicine that we'll have in 30 or 40 years' time.

**This work is still controversial. Your team in Australia created the technique that has allowed 5 million in vitro fertilization babies to be born worldwide. But you were still called a "baby murderer." Astrophysicists don't get that kind of reaction.**

In the surveys I've seen across the U.S., you get 70% or 80% of people very much in favor [of stem cell and IVF work]. If we get cures or treatments for some of these debilitating diseases, which is going to happen over the next four or five years, people will embrace what's necessary to help a Parkinson's patient or someone who's got Type 1 diabetes. I'm not afraid of what some small sector feels outrage about. It's their right, but it's not the majority feeling.

**Have you faced such personal criticism here?**

Not really. Last year I was invited to the Vatican to present a paper, but when I sent in a summary of what I was going to say, they decided not to have it. They sent a check to the treasurer of California and the treasurer rang us up and said, "What the heck is this check from the Vatican for?" It was for the inconvenience!

**Will California own patents from the research?**

I expect there's a lot of intellectual property with some of these [treatments] that will be really big returns for California. But it'll take some time; the so-called blockbuster treatments will take 10 years or more. Gov. [Arnold] Schwarzenegger pointed a finger at me and said, "We're going to give you the opportunity to deliver this, but understand it's a 25-year gig." The feds put $3.8 billion into the human genome project and the return from that, according to a study, is about $1,400 for every dollar.

**The big story about CIRM last year was its conflict-of-interest protocols. What's being done?**

The [national] Institute of Medicine gave CIRM management strong positives. They had issues on conflict of interest. They felt if the [schools represented by] deans of medicine on the board were the recipient of CIRM [grants], they were potentially in a conflict of interest. The board decided to take away the [grant-making] vote for those [members, at least temporarily]. They also had a view that if the patient advocates [on the board] were strongly advocating for [research for] a disease, that was another kind of conflict. They [changed] some patient advocate roles in some grant selection process. I didn't see this as a problematic issue, but from the point of view of the Institute of Medicine, it didn't look right, and I can understand that. Much has been done to correct that.

**You and your wife got married so that she could come here and work.**

We didn't really feel it was necessary; we'd been together 20 years and have two lovely boys, but she couldn't come to America without being married to me. She's a scientist — not a stem cell scientist — but [once she got here] she couldn't work at universities in California because of [potential CIRM] conflicts of interest. So she's back in Australia, doing her work and loving it, but it's not optimum. But this is an important job which I promised to do.

**Do you get letters from people with diseases asking for help?**

All the time. I try to be supportive and send them to talk to the best people in that area. There would be dozens a week who write to me.



HOUSE_OVERSIGHT_029541

**You have a heart condition; will this research one day benefit you?**

I've got atrial fibrillation; I don't think it's going to help that. But I have a brother who has HIV/AIDS, and my mum died of lung disease.

**What do you hear from your colleagues around the world about what California's doing?**

They always say, "You've got the best job in the world. How did California do this?" That's California. California is a can-do place, and when they want something, they stand up and do it. Many of [my colleagues] want to come to California. It's just a wonderful place. You could sail it off the coast of America and it would be the most wonderful country in the world.

patt.morrison@latimes.com.

Follow Patt Morrison on Twitter @pattmlatimes

*This interview was edited and excerpted from a taped transcript. An archive of Morrison's interviews can be found at* latimes.com/pattasks.

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HARVARD UNIVERSITY
DEPARTMENT OF ENGLISH
Barker Center - 12 Quincy Street - Cambridge, Massachusetts 02138

ELISA NEW
Powell M. Cabot Professor of American Literature

Tel: [redacted]
Fax: [redacted]

Dear Woody,

As I know Jeffrey has told you, I really enjoyed our conversation on the plane last spring about William Carlos Williams's "This Is Just to Say." You offered a reading of the poem that seemed to me completely persuasive and plausible and, yet, also, one that is not strictly dictated or delimited by the lines themselves. These are lines that seem to me unusually open to divergent readings-- including, for instance, a reading much more coaxing and seductive; another, much more defensive and manipulative; another, much more about language itself as a mode of sharing. I left our conversation wanting to explore with you the aggressive (or maybe mock aggressive) reading you gave, as well as the way this poem, perhaps more than many, sustains so many readings. You helped me think about Williams's poem as it seems in some ways more like a "script" than a poem, a poem written in such a way as to be turned by different voices in different directions, a poem that might even be "directed" by the reader. I'd love to hear you read the poem again and, if you are willing, to discuss it a bit with me on camera for my upcoming Massive Open Online Course on American poetry.

To remind you, the course I'm working on is *Poetry in America*, one of three Humanities courses that will be launched internationally by edX in the next 18 months. This free course will allow students of all ages around the world to immerse themselves in the history, the art, and the interpretation of American poetry. Using state of the art tools, the course will combine text, video, audio, archival materials, on site historical narrative and interactive features, and it will have a companion book that docks with it. (I'm writing that book now.)

As I'm asking you here, I am inviting other distinguished Americans to do short cameo readings and, when they are willing, short discussions of the poem with me. Those who have already done tapings, or have agreed to participate, include Supreme Court Justice Elena Kagan, Harvard President Drew Faust, performer and activist Eve Ensler, journalist Michael Pollan, Tour de France champion Greg Lemond, professor and PBS personality Henry Lewis Gates, (my husband!) Larry Summers, Rabbi Moshe Waldoks, poet Martin Espada, playwright Tony Kushner, and Boston Mayor Thomas Menino. We are now reaching out to Bill Clinton, Matt Damon, Natalie Portman, and John McCain, among others, and feel confident that many will agree. I'm very much hoping that you will agree to join this distinguished group.

The poem I'm hoping you would read is one that we discussed, William Carlos Williams's iconic poem "This Is Just to Say." The poem is copied below. There are, naturally, commentaries on it I could share, if you wanted to read some, but you seem to have already thought about it quite a bit.

**This Is Just to Say**

I have eaten
the plums
that were in
the icebox

and which
you were probably
saving
for breakfast

Forgive me
they were delicious
so sweet
and so cold

Logistically, we are at your service. I would be happy to film you when I visit New York on October 24th. Or, I would love it if you would come visit Larry and me in Boston with Jeffrey. We could show you and Soon Yi around Harvard, eat a big bowl of plums, and talk poetry. I would introduce you on camera and you'd read, or recite, and we'd perhaps talk about the poem for a moment.

Thank you very much for considering this proposal. I admire you immensely and would feel honored to bring you into this project.

Best,
Lisa New

**From:** Tyler Shears [redacted]
**Sent:** 2/8/2014 1:32:58 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Christina Galbraith [redacted]; Richard Kahn [redacted]
**Subject:** Re: boosting strategy

**Importance:** High

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I am available for a call now or this weekend to review.

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*nymag.com/nymetro/news/people/n_7912/*
New York Magazine
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't **...**

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New York Post
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6. ***Jeff Epstein* | Bessemer Venture Partners**

*www.bvp.com › Team*
Bessemer Venture Partners
*Jeff Epstein* is an Operating Partner at Bessemer Venture Partners, working out of the Menlo Park, CA office.

7. ***JEFFREY EPSTEIN* VI FOUNDATION: Home**

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*https://www.facebook.com/**jeffreyepstein**vifoundation*
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*www.healthgrades.com › ... › New York (NY) › Babylon*
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Ok thanks so much for the review. I've cc'd Jeffrey. I'll be in touch this afternoon.

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**To:** Christina Galbraith <[redacted]>
**Subject: Re: boosting strategy**

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Thanks for you input.

Christina

Christina Galbraith
cell: [redacted]
email: [redacted]

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confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
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Unauthorized use, disclosure or copying of this
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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
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**From:** Christina Galbraith [[redacted]
**Sent:** 2/8/2014 2:07:34 AM
**To:** Tyler Shears[redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject:** Re: boosting strategy

**Importance:** High

Almost finished with a batch of content as well as a press release--you'll have it over the weekend.

Also the PED set up a page called 'Friends' which is where they'll place jeffrey. I'll send you the URL when done.

Tyler, could you check google highlighter?

Thank you,

Christina Galbraith
[redacted]

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destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved
l>

**From:** Katherine Keating [redacted]
**Sent:** 10/28/2011 4:33:44 PM
**To:** jeffrey epstein [jeevacation@gmail.com]
**Subject:** Re: Keating Interview

**Importance:** High

Yes. Just arrived back from San Fran.

On Oct 28, 2011, at 12:32 PM, jeffrey epstein <jeevacation@gmail.com> wrote:

Are you here

Sorry for all the typos .Sent from my iPhone

On Oct 28, 2011, at 12:36 AM, Katherine Keating <[redacted]> wrote:

# Paul Keating explains as never before

- BY:PAUL KELLY, EDITOR-AT-LARGE
- From:The Australian
- October 22, 2011 12:00AM

**http://www.theaustralian.com.au/news/features/paul-keating-explains-as-never-before/story-e6frg6z6-1226173493029&ct=ga&cad=CAcQAhgAIAAoATAAOABAkPKI9QRIAVAAWABiBWVuLVVT&cd=JW8oAOivUQM&usg=AFQjCNHd0mUbAjc-2liiig3_exEbZmRt2w**

**WITH his panoramic view of world affairs sharper than ever, Paul Keating blames the current global crisis on blunders by European and US leaders and warns that Australia must rediscover the keys to national success.**

Interviewed in his Sydney office, furnished in a style he calls "the last gasp of revolutionary classicism", Keating's new 600-plus page book sits atop his desk, an insight into his intellectual, aesthetic and political obsessions.

What has Keating been doing since he left office in 1996? He has been travelling, speaking and analysing the world and Australia with undiminished intensity suggesting a man operating as prime minister-in-exile.

His idea of leadership is more philosophical than ever, more distant from Bob Hawke or John Howard. His focus is the synthesis between beauty and reason and his book encompasses China's currency, the world malaise, Mahler's Symphony No2 and breaking the republic with the Queen.

**DURING THE INTERVIEW KEATING TALKS, AS NEVER BEFORE, ABOUT HIS LEADERSHIP CONCEPT. BUT HE IS DOING SOMETHING ELSE: EXPLAINING HIMSELF TO A STILL PUZZLED NATION.**RECOMMENDED COVERAGE

Creativity is central to our endeavours

"The great changes in civilisation and society have been wrought by deeply held beliefs and passion rather than by a process of rational deduction," Keating tells me. In retirement, his political inspiration comes from music and beauty, not opinion polls.

There are signs he has mellowed. While ruthless with his judgments Keating is keen to support a struggling Labor Party while addressing the source of its strategic demise.

"The failure of the Rudd and Gillard administrations is the lack of an over-arching story, the lack of a compelling story," he says when interviewed last week.

"I'm happy that Labor took us through this dreadful financial crisis so competently. But they are not in the business of teaching. And governments, to succeed with change, must be in the business of educating the community.

"Our Labor governments have failed to conceptualise the changes. We need a framework.

"What is the framework? It is 'Australia in Transition' strategically and economically. That's the story we have to present.

"I think the Australian people are very conscientious. During the 1980s and 1990s we proved they will respond conscientiously to necessary reforms. They mightn't like them but they'll accept them. But reforms have to be presented in a digestible format.

"I know that in the age of the internet, opinion and perpetual static it is difficult to get the message over. I accept that. But the big messages have their own momentum. If we get the story of transition right then other things will find their place.

"Our problem is what I call shooting-star policies. We have a policy on carbon pricing, on minerals, on boatpeople, but they are not connected up to the big picture about Australia's direction and its transition."

Pressed on whether he thinks the Australian Labor Party is in permanent decline, Keating defends Labor, insists it doesn't have to decline but highlights the problem. "Labor must recognise what it has created," he says, invoking the Hawke-Keating era. "It has a created a new society and it has to be the party of the new society.

"It can't be the party of part of the old society. Labor must be the party of those people who gained from the pro-market growth economy that we created. Labor must be open to the influences of this middle class, to people on higher incomes. And I don't think it is."

It is, perhaps, the clearest statement of Labor's problem. The party, in an act of strategic folly, abandoned the path of its previous success. It turned inwards on itself, away from the community.

"At the operating level it's become the party of insiders," Keating says. "The problem is that members get too caught up in the gift of faction managers and they get caught up in the false construct of popularity, the false god."

Fixated by the nature of political leadership, Keating's book After Words shouts out: "The great curse of modern political life is incrementalism."

Leaning across the table he says to me that briefing notes and economic texts aren't enough: the leader must locate his own source of higher command and inner belief. He laments the efforts of US President Barak Obama and German Chancellor Angela Merkel in the teeth of contemporary challenges.

"There is nothing preordained about American decline any more than the European project is destined to fail," he writes.

"But the portents are not good. Despite the rhetoric, President Obama conducts himself as an arbitrator or mediator between the competing strands of American economic and political ideology. He repeatedly eschews striking out, snatching the naked flame and hanging on. But the cost of this strategy is not simply a cost to him; it is a cost to the whole world.

"On the other hand, Chancellor Merkel is the archetypal worry-wart. She does not lead; she assesses.

"You really wonder why leaders want these jobs when they really do not want to lead. And what is their risk? That Barack Obama will not get a second term? Or that Angela Merkel's coalition might finally end up on the rocks? If they actually made the leap they might astound themselves. Because, in the end, everyone in political life gets carried out - the only relevant question is whether the pallbearers will be crying."

For Keating, the 20th-century leader exerting most influence on the coming century is China's Deng Xiaoping.

"If you look at the other figures of the century, Roosevelt, Churchill, Stalin and Mao, none will leave the legacy in terms of the 21st century that Deng leaves," he says. "He walked away from the ideology of the Communist Party just as effectively as Mikhail Gorbachev walked away from the essence of the Soviet Union."

By 2050 Keating sees a world order with nations in terms of gross domestic product in this hierarchy: (1) China, (2) US, (3) India, (4) Japan, (5) Brazil, (6) Russia, (7) Britain, (8) Germany, (9) France and (10) Italy.

The key, however, is that Japan lags a distant fourth behind the top three.

On America, Keating is dismayed by the pivotal change in its outlook after the end of the Cold War. "When the Berlin Wall came down the Americans cried victory and walked off the field," he says.

"Yet the end of the Cold War offered the chance for America to develop a new world order. It didn't know what to do with its victory. This at the moment the US should have begun exploiting the opportunity of establishing a new world order to embrace open regionalism and the inclusion of great states like China, India and the then loitering Russia.

"Well, frankly, the US didn't have the wisdom. It just wanted to celebrate its peace dividend. The two Clinton terms and the two George W. Bush terms, that's four presidential terms, have cost US mightily."

For Keating, the malaise in US politics is the problem. He says: "The most compelling thing I've seen in years is that in the great burst of American productivity between 1990 and 2008, of that massive increment to national income, none of it went to wages. By contrast, in Australia real wages over the same period had risen by 30 per cent." Keating sees this "as the breakdown of America's national compact", the shattering of its prosperity deal. He says American conservatives abandoned the middle ground represented by Republican presidents such as Dwight D. Eisenhower, Richard Nixon and Bush Sr and became radicals. The derailment, he argues, began under Ronald Reagan and reached its zenith under George W. Bush.

With the goodwill gone the US "is not able to produce a medium-term credible fiscal trajectory or get agreement on rebuilding its infrastructure". This paralysis "is significant not just for the US but for the world."

Keating links the collapse of this "prosperity compact" to the financial crisis. Too many Americans were unable to sustain themselves from wages and salaries.

How did they get by? They used the easy credit of the banking system, thereby feeding the frenzy that ended in bad loans and meltdown.

Keating's book has an abiding message for Australia: in the transformed world we "will find ourselves increasingly on our own" having to master our own destiny.

The job is to rediscover the productivity and savings agenda of the 1990s. Why did Australia survive the 2008 financial crisis? "Because of the flexibility of the economy," Keating says. "Flexibility which came from the reform of Australia's financial, product and labour markets that began 25 years ago. This has given us one of the most flexible economies in the world - arguably the most flexible. But further structural changes are ahead of us."

He lists them. It is a mix of the new and old Keating agenda: a shift in resources to the extractive industries; a lift in capital inflow driving a high current account deficit putting a premium on savings; recognition that competitiveness will lie "in the creativity of our people as much as it does in our oil and gas"; a renewed emphasis on the value of hi-tech and education; and above all, a cultural change that integrates Australia more into East Asia. "Cultural transformation is the key for us," Keating says. He rates it as more important than economic reform.

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Keating wants this idea revived. And he ties it to the republic arguing that to succeed in Asia we must become a republic, a proposition Howard always dismissed.

On China, Keating is an optimist yet alive to the daunting economic challenge China now confronts. "What is happening in China knows no precedence in world economic history," he says. "Never before have 1.25 billion people dragged themselves from poverty at such a pace. China is now half the GDP of the US and incomes have risen by a factor of 10." He argues, however, that the origin of the 2008 financial crisis lies in the global imbalances - China has built huge foreign exchange reserves by exporting too much and America, in turn, is saving too little.

Keating says: "China must shift the basis of growth from net exports and investment to domestic consumption. Will they achieve this? Probably. Will there be strains along the way? There have to be."

Unlike many Australian leaders, Keating is a Europhile. "I think the European project is the most significant project since the second world war," he says. But he sees two huge blunders made in Europe.

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"Greenspan is someone I know and like," Keating says. "But if you are so naive to believe that institutions with a balance sheet with assets geared at 45 to one is not an accident waiting to happen then you don't deserve to be chairman of the Federal Reserve."

He praises Obama for seeking a return to the "liberal internationalism" that, in Keating's view, made the US great in the post-World War II age. This is the US he loves but it is still in retreat.

Asked about the nature of leadership, Keating reveals what lies within his heart: "I believe there is a poetic strand to life that doesn't exist in an economics textbook.

"This is not to say that rationalism isn't important and good. It is. But left to itself without the guidance of higher meaning and a higher concept, rationalism can be mean and incomplete. I say if you simply live on rational policy and briefing notes you are not sufficiently informed.

"You need a higher calling or some inner system of belief - here I mention Kant and the inner command that tells you what is true, what is right, what is good. The inner command must be the divining construct in what you do.

"Music has always been a large part of what makes me tick. You listen to a great work . . . you hear the majesty of these works and your head and soul gets caught up in them. When that happens you are in for bigger things and you will strike out to be better.

"When I was listening to music I would always have the pad out to write the ideas down."

**From:** Katherine Keating [redacted]
**Sent:** 10/31/2011 8:21:27 AM
**To:** Katherine Keating [redacted]]
**Subject:** After Words

Dear Friends,

I wanted to share with you the forward to my father's new book '*After Words'*. He truly is an inspiration and so is his writing. The book, which is a compilation of his speeches, was launched yesterday in Sydney. I will be sure to send you a copy, it's a brilliant read.

I trust this email finds you well.

Kindest regards

Katherine X

# Creativity is central to our endeavours

- BY:PAUL KEATING
- From:

The Australian

- October 22, 2011 12:00AM

**Paul Keating is aware that many people see him as a puzzle and contradiction. During the interview he explained he wrote this introduction to his book as a guide to help people see the unifying philosophy of his life, public and private.**

FRIEDRICH Schiller, the German philosopher, said: "If man is ever to solve the problems of politics in practice he will have to approach it through the problem of the aesthetic, because it is only through beauty that man makes his way to freedom."

Romantic and idealistic as that view may seem to some, the thought is revelatory of the fact that the greater part of human aspiration has been informed by individual intuition and privately generated passions, more than it has through logic or scientific revelation. The moral basis of our public life, our social organisation, has come from within us - by aspiration and by light, not by some process of logical deduction.

Immanuel Kant referred to our inner impulses as "the higher self", an unconscious search for truth, going deeply into ourselves to establish who we are and what we should be.

Beauty is about the quest for perfection or an ideal, and that quest has to begin with aesthetic imagination - something informed by conscience, carved by duty. Kant called it "the inner command", the ethical construct one creates to guide one from within.

But we need tools to mine good intentions: inspirations, ones which await the creative spark, the source of all enlargement. Creativity is central to our progress and to all human endeavour.

Music provides the clue: unlike other forms of art, music is not representational. Unlike the outcome of the sciences, it was never discoverable or awaiting discovery. A Mahler symphony did not exist before Mahler created it.

E.T.A. Hoffman, a contemporary of Beethoven's, famously said: "Music reveals to man an unknown realm, a world quite separate from the outer sensual world surrounding him, a world in which he leaves behind all feelings circumscribed by intellect in order to embrace the inexpressible."

This is not to turn our back on reason. Or to argue that modernism, with all its secular progress through education, industrialisation, communications, transport and the centralised state, has not spectacularly endowed the world as no other movement before it. But a void exists between the drum-roll of mechanisation with its cumulative power of science and the haphazard, explosive power of creativity and passion. Science is forever trying to undress nature while the artistic impulse is to be wrapped in it.

While these approaches are different - perhaps often diametrically opposite - they inform related strands of thinking in ways that promote energy and vision.

This is what I have found when these forces are contemplated in tandem. When passion and reason vie with each other, the emerging inspiration is invariably deeper and of an altogether higher form. One is able to knit between them, bringing into existence an overarching unity - a coherence - which fidelity to the individual strands cannot provide.

In the world I have lived in, the world of politics, political economy and internationalism, the literature exists in abundance. But what is far from abundant are the frameworks for the intuitive resolution of complex problems that require multi-dimensional solutions.

But from where do we glean this extra dimensionality?

For me, it has always been from two sources: policy ambition in its own right and from imagination - the dreaming. Policy ambition arising from Kant's higher self, and imagination promoted by those reliable wellsprings - music, poetry, art and architecture - blending the whole into a creative flux.

This collection of speeches reflects many of those interests and impulses - whether it be Joern Utzon's Opera House or the imperative of liberal internationalism in foreign policy or Neoclassicism, the future of native title or the rise of China. Each is related in a wider construct which is part and parcel of the way I have viewed and thought about the world.

While the speeches are from the period after my prime ministerial life and period in government, the impulse in writing them came from the same framework and inclinations which informed my life in public office.

The speeches may be read individually or read together, subject to subject, idea to idea. Either way, a common thread informs them all.

I trust this might be evident to the reader.

http://www.theaustralian.com.au/national-affairs/creativity-is-central-to-our-endeavours/story-fn59niix-1226173494033

# Paul Keating explains as never before

- BY:PAUL KELLY, EDITOR-AT-LARGE
- From:The Australian
- October 22, 2011 12:00AM

**WITH his panoramic view of world affairs sharper than ever, Paul Keating blames the current global crisis on blunders by European and US leaders and warns that Australia must rediscover the keys to national success.**

Interviewed in his Sydney office, furnished in a style he calls "the last gasp of revolutionary classicism", Keating's new 600-plus page book sits atop his desk, an insight into his intellectual, aesthetic and political obsessions.

What has Keating been doing since he left office in 1996? He has been travelling, speaking and analysing the world and Australia with undiminished intensity suggesting a man operating as prime minister-in-exile.

His idea of leadership is more philosophical than ever, more distant from Bob Hawke or John Howard. His focus is the synthesis between beauty and reason and his book encompasses China's currency, the world malaise, Mahler's Symphony No2 and broaching the republic with the Queen.

During the interview Keating talks, as never before, about his leadership concept. But he is doing something else: explaining himself to a still puzzled nation.

"The great changes in civilisation and society have been wrought by deeply held beliefs and passion rather than by a process of rational deduction," Keating tells me. In retirement, his political inspiration comes from music and beauty, not opinion polls.

There are signs he has mellowed. While ruthless with his judgments Keating is keen to support a struggling Labor Party while addressing the source of its strategic demise.

"The failure of the Rudd and Gillard administrations is the lack of an over-arching story, the lack of a compelling story," he says when interviewed last week.

"I'm happy that Labor took us through this dreadful financial crisis so competently. But they are not in the business of teaching. And governments, to succeed with change, must be in the business of educating the community.

"Our Labor governments have failed to conceptualise the changes. We need a framework.

"What is the framework? It is 'Australia in Transition' strategically and economically. That's the story we have to present.

"I think the Australian people are very conscientious. During the 1980s and 1990s we proved they will respond conscientiously to necessary reforms. They mightn't like them but they'll accept them. But reforms have to be presented in a digestible format.

"I know that in the age of the internet, opinion and perpetual static it is difficult to get the message over. I accept that. But the big messages have their own momentum. If we get the story of transition right then other things will find their place.

"Our problem is what I call shooting-star policies. We have a policy on carbon pricing, on minerals, on boatpeople, but they are not connected up to the big picture about Australia's direction and its transition."

Pressed on whether he thinks the Australian Labor Party is in permanent decline, Keating defends Labor, insists it doesn't have to decline but highlights the problem. "Labor must recognise what it has created," he says, invoking the Hawke-Keating era. "It has a created a new society and it has to be the party of the new society.

"It can't be the party of part of the old society. Labor must be the party of those people who gained from the pro-market growth economy that we created. Labor must be open to the influences of this middle class, to people on higher incomes. And I don't think it is."

It is, perhaps, the clearest statement of Labor's problem. The party, in an act of strategic folly, abandoned the path of its previous success. It turned inwards on itself, away from the community.

"At the operating level it's become the party of insiders," Keating says. "The problem is that members get too caught up in the gift of faction managers and they get caught up in the false construct of popularity, the false god."

Fixated by the nature of political leadership, Keating's book After Words shouts out: "The great curse of modern political life is incrementalism."

Leaning across the table he says to me that briefing notes and economic texts aren't enough: the leader must locate his own source of higher command and inner belief. He laments the efforts of US President Barak Obama and German Chancellor Angela Merkel in the teeth of contemporary challenges.

"There is nothing preordained about American decline any more than the European project is destined to fail," he writes.

"But the portents are not good. Despite the rhetoric, President Obama conducts himself as an arbitrator or mediator between the competing strands of American economic and political ideology. He repeatedly eschews striking out, snatching the naked flame and hanging on. But the cost of this strategy is not simply a cost to him; it is a cost to the whole world.

"On the other hand, Chancellor Merkel is the archetypal worry-wart. She does not lead; she assesses.

"You really wonder why leaders want these jobs when they really do not want to lead. And what is their risk? That Barack Obama will not get a second term? Or that Angela Merkel's coalition might finally end up on the rocks? If they actually made the leap they might astound themselves. Because, in the end, everyone in political life gets carried out - the only relevant question is whether the pallbearers will be crying."

For Keating, the 20th-century leader exerting most influence on the coming century is China's Deng Xiaoping.

"If you look at the other figures of the century, Roosevelt, Churchill, Stalin and Mao, none will leave the legacy in terms of the 21st century that Deng leaves," he says. "He walked away from the ideology of the Communist Party just as effectively as Mikhail Gorbachev walked away from the essence of the Soviet Union."

By 2050 Keating sees a world order with nations in terms of gross domestic product in this hierarchy: (1) China, (2) US, (3) India, (4) Japan, (5) Brazil, (6) Russia, (7) Britain, (8) Germany, (9) France and (10) Italy.

The key, however, is that Japan lags a distant fourth behind the top three.

On America, Keating is dismayed by the pivotal change in its outlook after the end of the Cold War. "When the Berlin Wall came down the Americans cried victory and walked off the field," he says.

"Yet the end of the Cold War offered the chance for America to develop a new world order. It didn't know what to do with its victory. This at the moment the US should have begun exploiting the opportunity of establishing a new world order to embrace open regionalism and the inclusion of great states like China, India and the then loitering Russia.

"Well, frankly, the US didn't have the wisdom. It just wanted to celebrate its peace dividend. The two Clinton terms and the two George W. Bush terms, that's four presidential terms, have cost US mightily."

For Keating, the malaise in US politics is the problem. He says: "The most compelling thing I've seen in years is that in the great burst of American productivity between 1990 and 2008, of that massive increment to national income, none of it went to wages. By contrast, in Australia real wages over the same period had risen by 30 per cent." Keating sees this "as the breakdown of America's national compact", the shattering of its prosperity deal. He says American conservatives abandoned the middle ground represented by Republican presidents such as Dwight D. Eisenhower, Richard Nixon and Bush Sr and became radicals. The derailment, he argues, began under Ronald Reagan and reached its zenith under George W. Bush.

With the goodwill gone the US "is not able to produce a medium-term credible fiscal trajectory or get agreement on rebuilding its infrastructure". This paralysis "is significant not just for the US but for the world."

Keating links the collapse of this "prosperity compact" to the financial crisis. Too many Americans were unable to sustain themselves from wages and salaries.

How did they get by? They used the easy credit of the banking system, thereby feeding the frenzy that ended in bad loans and meltdown.

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The job is to rediscover the productivity and savings agenda of the 1990s. Why did Australia survive the 2008 financial crisis? "Because of the flexibility of the economy," Keating says. "Flexibility which came from the reform of Australia's financial, product and labour markets that began 25 years ago. This has given us one of the most flexible economies in the world - arguably the most flexible. But further structural changes are ahead of us."

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http://www.theaustralian.com.au/news/opinion/paul-keating-explains-as-never-before/story-e6frg74x-1226173493029

**English is a difficult language ..... for some!**
This is a true story from the Japanese Embassy in US!!!

A few days ago, Prime Minister Mori was given some Basic English conversation training before he visits Washington and meets president Barack Obama...

The instructor told Mori Prime Minister,
when you shake hand with President Obama, please say 'how r u'. Then Mr. Obama should say, 'I am fine, and you?' Now, you should say 'me too'. Afterwards we, translators, will do the work for you.' It looks quite simple, but the truth is...

When Mori met Obama ,
he mistakenly said **'who r u?'** ( Instead of 'How r u?'.)

Mr. Obama was a bit shocked but still managed to react with humor:
**'Well, I'm Michelle's husband, ha-ha..'**

Then Mori replied **'me too, ha-ha.. .'.**

Then there was a long silence in the meeting room.

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/4/2018 7:45:38 PM
**To:** Robert Trivers [redacted]
**Subject:** Re: you and Chapman

Nice

On Thu, Jan 4, 2018 at 2:36 PM Robert Trivers <[redacted] wrote:

> attached a message i just sent to President Struppa of Chapman—i am certain that your gift will do the trick—and that the West Coast is indeed more convivial and supportive than the East
>
> i hope i did not f… up your contact with Finkelstein
>
> Carlos told me of the devastation to your island—pretty much as i feared
>
> am amused (at a safe distance) as Bannon takes on Trump—he responds as he always does, threatening a suit he will not in fact file
>
> no internet in my home or nearby in the great, retarded country of Jamaica so i am now at a restaurant some 35 minutes away and only go on-line twice a day—hoping that i will work instead
>
> all best

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/25/2018 11:40:36 PM
**To:** Elisa New[redacted]
**Subject:** Re: invitation

sorry , that was meant as a filler what is important is that she is joining the others priority . and not appearing on your show. ! :) i invite you to appear is DOA

On Sun, Nov 25, 2018 at 7:39 PM Lisa New [redacted] wrote:
this poem about *childbirth* and is *not* for children.
It's for adults and it raises awareness on the issues of discrimination against women athletes in sports ,and, against women of color in childbirth. These are Serena's big issues now.

Lisa

On Sun, Nov 25, 2018 at 6:35 PM J <jeevacation@gmail.com> wrote:
serena , bill clinon shaque and,,,,, have all on pbs. ? read poetry for children. I would love to have you do the same.....blah blah blah do not say come on my show.

On Sun, Nov 25, 2018 at 7:30 PM Lisa New <[redacted]> wrote:
Jeffrey,

How's this

On Sun, Nov 25, 2018 at 11:05 AM J <jeevacation@gmail.com> wrote:
Needs edit. Start with id like you to join clinton ..eyc

On Sun, Nov 25, 2018 at 10:52 AM Lisa New <[redacted] wrote:
Dear Jeffrey,

Here is an invitation you can forward. Fingers crossed.

I'm going upstairs to hunt for my copy of *Lolita,* or will get on my kindle and reread on our way to Australia. I may have lent it to one of my kids. I would recommend reading *My Antonia* by Cather next time you're on a long plane trip. The prose is gorgeous, and the book has-- come to think of it-- similar themes to *Lolita* in that it's about a man whose whole life is stamped forever by his impression of a young girl.

Thank you for this help with Serena. I'm so sorry about what happened with WA. I will keep the "bootleg" episode and hope to release someday. It's so good, and he was so kind to read the poem with me and you were so kind to make it happen.

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature

Director, Poetry in America
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

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**Sent:** 11/25/2018 11:55:13 PM
**To:** Elisa New [redacted]
**Subject:** Re: invitation

[redacted]

On Sun, Nov 25, 2018 at 7:45 PM Lisa New <[redacted] wrote:
can you give me a little bit of phrasing you think is optimal? I'm not sure I know how to ask her to join this company without asking her to be
part of poetry in america. It does also seem to me perhaps relevant that Serena thinks of herself as a poetry person.
For people who think that way, maybe not nothing (hasn't been nothing to others) that a Harvard poetry professor seeks her wisdom on the art form?

Would really appreciate your edit.
Lisa

On Sun, Nov 25, 2018 at 6:41 PM J <jeevacation@gmail.com> wrote:
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Elisa New
Powell M. Cabot Professor of American Literature
Director, Poetry in America
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

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**From**: J [jeevacation@gmail.com]
**Sent**: 11/25/2018 11:56:06 PM
**To**: Elisa New[redacted]
**Subject**: Re: invitation

count how many times you say I or me?

On Sun, Nov 25, 2018 at 7:30 PM Lisa New <[redacted]n> wrote:

Jeffrey,

How's this

On Sun, Nov 25, 2018 at 11:05 AM J <jeevacation@gmail.com> wrote:

Needs edit. Start with id like you to join clinton ..eyc

On Sun, Nov 25, 2018 at 10:52 AM Lisa New <[redacted]> wrote:

Dear Jeffrey,

Here is an invitation you can forward. Fingers crossed.

I'm going upstairs to hunt for my copy of *Lolita,* or will get on my kindle and reread on our way to Australia. I may have lent it to one of my kids. I would recommend reading *My Antonia* by Cather next time you're on a long plane trip. The prose is gorgeous, and the book has-- come to think of it-- similar themes to *Lolita* in that it's about a man whose whole life is stamped forever by his impression of a young girl.

Thank you for this help with Serena. I'm so sorry about what happened with WA. I will keep the "bootleg" episode and hope to release someday. It's so good, and he was so kind to read the poem with me and you were so kind to make it happen.

Lisa

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/26/2018 2:40:00 AM
**To:** Lisa New[redacted]
**Subject:** Re: invitation

Yes

On Sun, Nov 25, 2018 at 8:06 PM Lisa New <[redacted] wrote:
okay....let me revise with I and me in mind before I talk to you.
Can I call you tomorrow am?

On Sun, Nov 25, 2018 at 6:56 PM J <jeevacation@gmail.com> wrote:
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**From:** J [jeevacation@gmail.com]
**Sent:** 11/26/2018 3:26:46 PM
**To:** Elisa New [redacted]
**Subject:** Re: invitation

can you call me [redacted]

On Mon, Nov 26, 2018 at 10:32 AM Lisa New <[redacted]> wrote:
better?

On Sun, Nov 25, 2018 at 7:06 PM Lisa New <[redacted]> wrote:
okay....let me revise with I and me in mind before I talk to you.
Can I call you tomorrow am?

On Sun, Nov 25, 2018 at 6:56 PM J <jeevacation@gmail.com> wrote:
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**From**: J [jeevacation@gmail.com]
**Sent**: 12/12/2018 5:28:38 PM
**To**: [redacted]
**Subject**: Re: Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

Yup

On Wed, Dec 12, 2018 at 1:27 PM [redacted] wrote:

> Woow😲
> Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/12/2018 6:28:33 PM
**To**: [redacted]
**Subject**: Re: Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

sexy

On Wed, Dec 12, 2018 at 1:44 PM [redacted] wrote:

> How are you sneaky?
>
> On Wed, Dec 12, 2018 at 12:28 PM J <jeevacation@gmail.com> wrote:
>
> > Yup
> >
> > On Wed, Dec 12, 2018 at 1:27 PM [redacted] wrote:
> >
> > > Woow😲
> > > Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070
> >
> > --
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>
> --
> Sincerely [redacted]

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/22/2018 3:48:55 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

One unusual thing about Powell's appointment is that he is a lawyer, not an economist. From Yellen going back to Alan Greenspan, who started as chair in 1987, all Fed chairs have held a Ph.D. in economics. Alan Blinder, an economist at Princeton, has said that a doctorate has become more or less a prerequisite of the job—without one, he told *Harvard Business Review*, "the Fed's staff will run technical rings around you." While that remains to be seen, it is true that there are over 300 Ph.D. economists on the Fed's staff, and Powell could end up needing to lean on their expertise more than a Fed chair with a doctorate in economics might.

On Sat, Dec 22, 2018 at 10:40 AM Steve Bannon <[redacted]> wrote:

Can u get rid of Powell or really get rid of mnuchin

On Dec 22, 2018, at 10:35 AM, J <jeevacation@gmail.com> wrote:

getting rid of powell much more important than syria /mattis. . I guess pompeo , only one left. . unless ambassador heather has a brilliant idea. - a first. . jared and ivanka , need to go. !!!

On Sat, Dec 22, 2018 at 10:31 AM Steve Bannon <[redacted]> wrote:

LMAO

Perfect mnuchin hit

On Dec 22, 2018, at 9:22 AM, J <jeevacation@gmail.com> wrote:

In 1993, Powell began working as a managing director for Bankers Trust, but he quit in 1995 after the bank got into trouble when several customers suffered large losses due to derivatives. He then went back to work for Dillon, Read & Co.[15]

he didnt understand the markets 25 years ago. obama appointed him to the board. what else do you guys need to know

On Sat, Dec 22, 2018 at 8:21 AM Steve Bannon <[redacted]> wrote:

https://thehill.com/policy/finance/422577-trump-considering-firing-federal-reserve-chief-after-latest-interest-rate-hike

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**From:** J [jeevacation@gmail.com]
**Sent:** 1/15/2019 11:36:59 AM
**To:** Michael Wolff[redacted]
**Subject:** Fwd:

---------- Forwarded message ---------
From: **J** <jeevacation@gmail.com>
Date: Tue, Jan 15, 2019 at 7:13 AM
Subject:
To: jeffrey epstein <jeevacation@gmail.com>, Kathy Ruemmler <[redacted]>

it would go something like this. ..... 1 Donald doesn't really own very much, he rents out his name. he puts it on buildings projects etc. for a royalty or piece of the upside. he then claims the asset is " his " . its very much like hyatt hotels. it says Hyatt hotel on the front but it is owned by someone else. ( sometimes by Hyatt but not often). Hyatt receives 3 percent per year of revenue and a piece of the profits sometimes if the hotel is sold at a profit. .
money launderers. need a name to purchase trophy properties. why? there is little suspicion if a famous wealthy person buys a property that is likely to show in the press. , it cant be jojo my driver. up front , so they approach wealthy people and tell them for 2 -5 million dollars for doing nothing at all. - just lend us your name . - and the person get the positive press. so and so bought the most expensive painting. sold the most expensive painting, house., diamond. etc. -ex the GANZ art collection was bought and sold by Joe Lewis. . all the publicity was the ganz family estate. selling etc.

hypothetically, . someone approached trump and said can you buy the palm beach house. in your name. ( it was trump properties llc ) , not sure who actually owns the llc. ? Donald can get a loan from a bank , but it is guaranteed by , an entity controlled by R R has a bvi co. xitrans. that is owned by a family trust. ( cyprus ). R wife settles in oct after trump anounces candidacy . the llc agreement or the loan agreement allows Donald to get a few million for his name. . R in essence is the " owner. ". he was part of the panama papers release. he also sold the da vinci to mbs. . ? if you are a gangster , where and how can you invest money. answer not through the front door.

Donald's financial disclosures are the same , he represents his " income " as the GROSS receipts of his clubs. " , means nothing at all ZERO. no income as we no it.

he lists his " assets" ,and their VALUE - but not the corresponding loans. against it. so no net number , hence meaningless.

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**From:** J [jeevacation@gmail.com]
**Sent:** 3/4/2019 11:27:03 PM
**To:** Joi Ito[redacted]
**Subject:** Re: $25K from ASU

https://www.nytimes.com/2019/03/04/opinion/letters/jeffrey-epstein.html

On Mon, Mar 4, 2019 at 11:08 AM Joi Ito <[redacted]> wrote:

I'm good. Good luck!

- Joi

On Mar 4, 2019, at 7:45 AM, J <jeevacation@gmail.com> wrote:

brutal press. . sorry . it seems im a symbol for all ills. :). if you hate the rich, the men , the trump types . im your boy . at least for the moment. . hope you are well

On Thu, Feb 28, 2019 at 1:24 PM Joi Ito <[redacted]> wrote:

Thanks!

On Feb 28, 2019, at 1:18 PM, J <jeevacation@gmail.com> wrote:

No problem- Trying to get more black for you

On Thu, Feb 28, 2019 at 1:10 PM Joi Ito <[redacted]> wrote:

Hey Jeffrey.

How are things?

Just to let you know. We were able to keep the Leon Black money, but the $25K from your foundation is getting bounced by MIT back to ASU.

Sorry…

- Joi

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HARVARD UNIVERSITY
DEPARTMENT OF ENGLISH
Barker Center - 12 Quincy Street - Cambridge, Massachusetts 02138

ELISA NEW
Powell M. Cabot Professor of American Literature

Tel: [redacted]
Fax: [redacted]

November 25, 2018

Dear Ms. Williams:

I am writing now to invite you to be a featured guest on my public television series, *Poetry in America* (poetryinamerica.org). If you agree, we'll spend 45 minutes at a location of your choice discussing a contemporary poem by Sharon Olds that compares feats of athletic prowess to childbirth. I will use what we capture in an upcoming season of *Poetry in America,* and I'll also use this content in a course for medical professionals I am creating in partnership with Harvard Medical School.

Poetry in America's first season's guests included Joe Biden, Cynthia Nixon, Shaquille O'Neal, Yo Yo Ma, Samantha Power, Herbie Hancock, John McCain, Bill Clinton, Nas, Angela Duckworth, Bono, Regina Spektor, Frank Gehry, Stuart Weitzman, E.O. Wilson as well as 12 of the most distinguished poets of our time. Seasons Two and Three will have a similar line up. The series air on most public television stations, streams on Amazon Prime and is now airing on a variety of domestic and international airlines. I thank you for considering this request. I would be very honored to work with you.

Sincerely,

Elisa New

**From:** Lisa New [redacted]
**Sent:** 11/25/2018 11:30:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: invitation
**Attachments:** invitation to Serena Williams November 25.docx

**Importance:** High

Jeffrey,

How's this

On Sun, Nov 25, 2018 at 11:05 AM J <jeevacation@gmail.com> wrote:
Needs edit. Start with id like you to join clinton ..eyc

On Sun, Nov 25, 2018 at 10:52 AM Lisa New <[redacted]> wrote:
Dear Jeffrey,

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Lisa

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Powell M. Cabot Professor of American Literature

Tel: [redacted]
Fax: [redacted]

November 25, 2018

Dear Ms. Williams:

I am writing now to invite you to be a featured guest on my public television series, *Poetry in America* (poetryinamerica.org). *Poetry in America*'s first season's guests included Bill Clinton, Joe Biden, Cynthia Nixon, Shaquille O'Neal, Yo Yo Ma, Samantha Power, Herbie Hancock, John McCain, Nas, Angela Duckworth, Bono, Regina Spektor, Frank Gehry, Stuart Weitzman, E.O. Wilson and many others. In Seasons Two and Three we will have just as distinguished a line up. The series airs on public television stations everywhere, streams via Amazon Prime and other streaming services, and it is now also airing on a variety of domestic and international airlines.

The poem I'd like to read and interpret with you is by Pulitzer Prize winner, Sharon Olds , and it's called "The Language of the Brag." It's a gutsy poem that compares feats of (male) athletic prowess-- and feats of poetic prowess-- to childbirth. You are the ideal reader for this poem: indeed, I picked it for the season in hopes you would be my co-interpreter. If you agree to film with me, I'll use what we capture in an upcoming season of *Poetry in America.* I'll also use the content in an online course for medical professionals I am creating in partnership with Harvard Medical School.

I thank you for considering this request. I would be very honored to work with you.

Sincerely,

Elisa New

**From:** Lisa New [redacted]
**Sent:** 11/25/2018 11:45:45 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: invitation

**Importance:** High

can you give me a little bit of phrasing you think is optimal? I'm not sure I know how to ask her to join this company without asking her to be
part of poetry in america. It does also seem to me perhaps relevant that Serena thinks of herself as a poetry person.
For people who think that way, maybe not nothing (hasn't been nothing to others) that a Harvard poetry professor seeks her wisdom on the art form?

Would really appreciate your edit.
Lisa

On Sun, Nov 25, 2018 at 6:41 PM J <jeevacation@gmail.com> wrote:
sorry , that was meant as a filler what is important is that she is joining the others priority . and not appearing on your show. ! :) i invite you to appear is DOA

On Sun, Nov 25, 2018 at 7:39 PM Lisa New <[redacted]> wrote:
this poem about *childbirth* and is *not* for children.
It's for adults and it raises awareness on the issues of discrimination against women athletes in sports ,and, against women of color in childbirth. These are Serena's big issues now.

Lisa

On Sun, Nov 25, 2018 at 6:35 PM J <jeevacation@gmail.com> wrote:
serena , bill clinon shaque and,,,,, have all on pbs. ? read poetry for children. I would love to have you do the same.....blah blah blah do not say come on my show.

On Sun, Nov 25, 2018 at 7:30 PM Lisa New <[redacted]> wrote:
Jeffrey,

How's this

On Sun, Nov 25, 2018 at 11:05 AM J <jeevacation@gmail.com> wrote:
Needs edit. Start with id like you to join clinton ..eyc

On Sun, Nov 25, 2018 at 10:52 AM Lisa New <[redacted]> wrote:
Dear Jeffrey,

Here is an invitation you can forward. Fingers crossed.

I'm going upstairs to hunt for my copy of *Lolita,* or will get on my kindle and reread on our way to Australia. I may have lent it to one of my kids. I would recommend reading *My Antonia* by Cather next time you're on a long plane trip. The prose is gorgeous, and the book has-- come to think of it-- similar themes to *Lolita* in that it's about a man whose whole life is stamped forever by his impression of a young girl.

Thank you for this help with Serena. I'm so sorry about what happened with WA. I will keep the "bootleg" episode and hope to release someday. It's so good, and he was so kind to read the poem with me and you were so kind to make it happen.

Lisa

--

Elisa New
Powell M. Cabot Professor of American Literature
Director, Poetry in America
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

--

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Elisa New
Powell M. Cabot Professor of American Literature
Director, Poetry in America
Harvard University

148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

**From:** Lisa New [redacted]
**Sent:** 11/26/2018 12:06:18 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: invitation

**Importance:** High

okay....let me revise with I and me in mind before I talk to you.
Can I call you tomorrow am?

On Sun, Nov 25, 2018 at 6:56 PM J <jeevacation@gmail.com> wrote:
count how many times you say I or me?

On Sun, Nov 25, 2018 at 7:30 PM Lisa New <[redacted]> wrote:
Jeffrey,

How's this

On Sun, Nov 25, 2018 at 11:05 AM J <jeevacation@gmail.com> wrote:
Needs edit. Start with id like you to join clinton ..eyc

On Sun, Nov 25, 2018 at 10:52 AM Lisa New <[redacted]> wrote:
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Thank you for this help with Serena. I'm so sorry about what happened with WA. I will keep the "bootleg" episode and hope to release someday. It's so good, and he was so kind to read the poem with me and you were so kind to make it happen.

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Elisa New
Powell M. Cabot Professor of American Literature
Director, Poetry in America
Harvard University

148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

**From:** Lisa New[redacted]
**Sent:** 11/26/2018 2:31:48 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: invitation
**Attachments:** invitation to Serena Williams November 25 (1).docx

**Importance:** High

better?

On Sun, Nov 25, 2018 at 7:06 PM Lisa New <[redacted]> wrote:
okay....let me revise with I and me in mind before I talk to you.
Can I call you tomorrow am?

On Sun, Nov 25, 2018 at 6:56 PM J <jeevacation@gmail.com> wrote:
count how many times you say I or me?

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[redacted]

--

Elisa New
Powell M. Cabot Professor of American Literature
Director, Poetry in America
Harvard University
148 Barker Center
12 Quincy Street
Cambridge, MA
02138
[redacted]

HARVARD UNIVERSITY
DEPARTMENT OF ENGLISH
Barker Center - 12 Quincy Street - Cambridge, Massachusetts 02138

ELISA NEW
Powell M. Cabot Professor of American Literature

Tel: [redacted]
Fax: [redacted]

November 25, 2018

Dear Ms. Williams:

I am writing now to invite you to be a featured guest of *Poetry in America* (poetryinamerica.org). *Poetry in America*'s first season's guests included Bill Clinton, Joe Biden, Cynthia Nixon, Shaquille O'Neal, Yo Yo Ma, Samantha Power, Herbie Hancock, John McCain, Nas, Angela Duckworth, Bono, Regina Spektor, Frank Gehry, Stuart Weitzman, E.O. Wilson and many others. Seasons Two and Three will feature just as distinguished a line up. The series airs on public television stations everywhere, streams via Amazon Prime and other streaming services, and it is now also airing on a variety of domestic and international airlines.

The poem we'd read and interpret together is by Pulitzer Prize winner, Sharon Olds , and it's called "The Language of the Brag." It's a gutsy poem that compares feats of (male) athletic prowess-- and feats of poetic prowess-- to childbirth. You are the ideal reader for this poem. We would use what we filmed together in upcoming season of *Poetry in America.* I'll also use the content in an online course for medical professionals I am creating in partnership with Harvard Medical School.

I thank you for considering this request. I would be very honored to work with you.

Sincerely,

Elisa New
Director and Host of *Poetry in America*
Powell M. Cabot Professor, Harvard

**From**: [redacted]
**Sent**: 12/12/2018 5:27:36 PM
**To**: jeevacation@gmail.com
**Subject**: Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

**Importance**: High

Woow😲
Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

**From:** [redacted]
**Sent:** 12/12/2018 5:44:32 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

**Importance:** High

How are you sneaky?

On Wed, Dec 12, 2018 at 12:28 PM J <jeevacation@gmail.com> wrote:

> Yup
>
> On Wed, Dec 12, 2018 at 1:27 PM Renata B <[redacted]> wrote:
>
> > Woow😲
> > Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070
>
> --
>
> please note
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--

Sincerely[redacted]

**From:** [redacted]
**Sent:** 12/12/2018 7:50:12 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070

**Importance:** High

😊always!

On Wed, Dec 12, 2018 at 1:29 PM J <jeevacation@gmail.com> wrote:
sexy

On Wed, Dec 12, 2018 at 1:44 PM [redacted] wrote:
How are you sneaky?

On Wed, Dec 12, 2018 at 12:28 PM J <jeevacation@gmail.com> wrote:
Yup

On Wed, Dec 12, 2018 at 1:27 PM [redacted] wrote:
Woow😲
Michael Cohen Sentenced To 3 Years In Prison Following Plea That Implicated Trump - https://www.npr.org/676040070
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--
Sincerely [redacted]

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Sincerely [redacted]

# Judge: Prosecutors broke law in Epstein sex case

By JULIE K. BROWN
Miami Herald

MIAMI — A judge ruled Thursday that federal prosecutors — among them, U.S. Labor Secretary Alexander Acosta — broke federal law when they signed a plea agreement with a wealthy, politically connected sex trafficker and concealed it from more than 30 of his underage victims.

U.S. District Judge Kenneth A. Marra, in a 33-page opinion, said the evidence he reviewed showed that Jeffrey Epstein had been operating an international sex operation in which he and others recruited underage girls — not only in Florida — but from overseas, in violation of federal law.

"Epstein used paid employees to find and bring minor girls to him," wrote Marra, who is based in Palm Beach County. "Epstein worked in concert with others to obtain minors not only for his own sexual gratification, but also for the sexual gratification of others."

Instead of prosecuting Epstein under federal sex trafficking laws, Acosta, then the U.S. attorney in Miami, helped negotiate a nonprosecution agreement that gave Epstein and his co-conspirators immunity from federal prosecution. Epstein, who

Photo by ASSOCIATED PRESS
Jeffrey Epstein, second from left, in custody in West Palm Beach, Fla., in 2008.

lived in a Palm Beach mansion, was allowed to quietly plead guilty in state court to two prostitution charges and served just 13 months in the county jail. His accomplices, some of whom have never been identified, were never charged.

Acosta agreed to seal the deal, which meant that none of Epstein's victims, who were mostly 13 to 16 years old at the time of the abuse, were told about it until it was too late for them to appear at his sentencing and possibly reject the deal. Upon learning that Epstein had pleaded guilty without their knowledge, two of his victims filed a lawsuit in the Southern District of Florida in 2008, claiming that prosecutors violated the Crime Victims' Rights Act, which grants victims of federal crimes a series of rights, including the ability to confer with prosecutors about a possible plea deal.

Marra agreed, saying that while prosecutors had the right to resolve the case in any way they saw fit, they violated the law by hiding the agreement from Epstein's victims. Marra's decision capped 11 years of litigation — which included the release of a trove of emails showing how Acosta and other prosecutors worked with Epstein's high profile lawyers to conceal the deal — and the scope of Epstein's crimes — from both his victims and the public.

"Particularly problematic was the Government's decision to conceal the existence of the (agreement) and mislead the victims to believe that federal prosecution was still a possibility," Marra wrote.

The U.S. attorney's office in Miami declined to comment.

In addition to Palm Beach, Fla., Epstein also has a home in New York and, lives on Little St. James Island off St. Thomas.

Brad Edwards, the Fort Lauderdale attorney who brought the case, said he was elated at the judge's ruling, but admitted he is bitter that the case took 11 years to litigate, blaming federal prosecutors for needlessly dragging out the case when they could have remedied their error when it was brought to their attention in 2008.

While the victims ultimately would like to see Epstein go to jail, the judge's ruling stopped short of issuing a remedy or punishment. He gave the government and victims 15 days to confer with each other to come up with a resolution. It's unclear what that resolution would be.

Edwards conceded that Epstein's sentence isn't likely to be overturned. He was released in 2009.

But victims' rights advocates say that other charges can still be brought against Epstein if more victims come forward in other jurisdictions. There has been no statute of limitations for sex trafficking since 2002.

The decision follows a three-part series published by the Miami Herald in November, "Perversion of Justice," which detailed how federal prosecutors worked in concert with Epstein's lawyers to arrange the deal.

Since then, the U.S. Department of Justice has launched a probe into whether federal prosecutors committed any wrongdoing.

WSTX FM 100 PRESENTS

# Gov. Bryan heads to D.C.

Daily News Staff

Gov. Albert Bryan Jr. departed the territory for Washington, D.C. on Thursday for a series of meetings with Trump administration officials and members of Congress.

In his absence, Lt. Gov. Tregenza Roach will be acting governor.

Included on Bryan's schedule is a senior plenary session of the Interagency Group on Insular Areas, where he, along with governors from the other U.S. territories, will outline their federal priorities with the leadership of the U.S. Department of Interior.

On Tuesday, Bryan will testify before the Senate Committee on Energy and Natural Resources during a hearing to examine the state of U.S. territories.

He also will be participating in the National Governors Association conference, during which the governors will have a lunch meeting with Vice President Mike Pence.

Bryan is scheduled to return to the territory on Wednesday.

Low-Price Maintenance

**From:** Joi Ito[redacted]
**Sent:** 3/4/2019 4:08:40 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: $25K from ASU

**Importance:** High

I'm good. Good luck!

- Joi

On Mar 4, 2019, at 7:45 AM, J <jeevacation@gmail.com> wrote:

brutal press. . sorry . it seems im a symbol for all ills. :). if you hate the rich, the men , the trump types . im your boy . at least for the moment. . hope you are well

On Thu, Feb 28, 2019 at 1:24 PM Joi Ito <[redacted]> wrote:

Thanks!

On Feb 28, 2019, at 1:18 PM, J <jeevacation@gmail.com> wrote:

No problem- Trying to get more black for you

On Thu, Feb 28, 2019 at 1:10 PM Joi Ito <[redacted]> wrote:

Hey Jeffrey.

How are things?

Just to let you know. We were able to keep the Leon Black money, but the $25K from your foundation is getting bounced by MIT back to ASU.

Sorry…

- Joi

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**From**: Larry Summers [redacted]
**Sent**: 3/16/2019 9:38:20 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re: Disaster but maybe i

**Importance**: High

Figuring out how.

Could say she has now used up 80 percent of what she was owed through my changes in plan.

Or say xi changes meeting w trump.

I think she is tired of this alas.

Sustaining w secrecy hard.
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 5:27 PM, J <jeevacation@gmail.com> wrote:

Firm delivered through humor

On Sat, Mar 16, 2019 at 5:16 PM Larry Summers <[redacted]> wrote:

> No I meant that thanking her will be wierd because we had 45 minutes of friendly convo before the bit I described.
>
> I'll wait till tmrw and send her some article and then say some version of your msg.
>
> At some point need more firmness though.
>
> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: [redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com
>
> On Mar 16, 2019, at 5:10 PM, J <jeevacation@gmail.com> wrote:
>
> And?
>
> On Sat, Mar 16, 2019 at 4:33 PM Larry Summers <[redacted]> wrote:
>
> > Doesnt work I talked to her for 45 minutes.
> >
> > Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 4:16 PM, J <jeevacation@gmail.com> wrote:

Just send , happy for the time we spent together- have fun see you soon

On Sat, Mar 16, 2019 at 3:57 PM Larry Summers <[redacted]> wrote:

I'm really mad at the deception.

Should I just wait for her to call?

This guy different. Maybe married or old or something. I sense from body language she is really attracted but he is unsuitable as partner.

I can hardly be possessive under circumstances but schedule changing because she gets a better offer is not acceptable.

If I say this she will rage back about times I changed plans because of family and work constraints.

She knew I was upset. I think significant chance she ll send note saying this may not be fair to you why Not take time off or that she will say this.

In her way very tough.

But nothing for now.

R from my iPhone
Larry
Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 3:19 PM, J <jeevacation@gmail.com> wrote:

shes smart. making you pay for past errors. . ignore the daddy im going to go out with the motorcycle guy, . you reacted well.. annoyed shows caring. , no whining showed strentgh.

On Sat, Mar 16, 2019 at 3:08 PM Larry Summers <[redacted]> wrote:
We talked on phone. Then "I can't talk later". Dint think I can talk tomorrow".

I said what are you up to. She said "I'm busy". I said awfully coy u are.

And then I said. Did u really rearrange the weekend we were going to be together because guy number 3 was coming"

She said no his schedule changed after we changed our plans.

I said ok I got to go call me when u feel like it. Tone was not of good feeling.

I dint want to be in a gift giving competition while being the friend without benefits.

Think time to just stay away for a while. If there is potential here she ll find way back.

I think I'm too eager weak at this point. The Prada thing by someone else is natural. By me seems desperate.

Had good sense not to send off a note.

She must be very confused or maybe wants to cut me off but wants professional connection a lot and so holds to it.

I think life as stand by in case she needs leverage against another guy sucks.

But I get when I think about it stay cool.

Sent from my iPhone

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 2:10 PM, J <jeevacation@gmail.com> wrote:

how was it communicated to you?

On Sat, Mar 16, 2019 at 1:59 PM Larry Summers <[redacted]> wrote:
guy 3 seems to be in London for weekend which is why my visit cut short.

I got mad. Didn't send angry note after call though.

This is a ridiculous activity.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From:** Larry Summers [redacted]
**Sent:** 3/17/2019 1:56:54 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Disaster but maybe i

**Importance:** High

Not funny

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 7:07 PM, J <jeevacation@gmail.com> wrote:

you could say something like . try not to call him larry by mistake. . though it would be amusing.

On Sat, Mar 16, 2019 at 5:38 PM Larry Summers <[redacted] wrote:
Figuring out how.

Could say she has now used up 80 percent of what she was owed through my changes in plan.

Or say xi changes meeting w trump.

I think she is tired of this alas.

Sustaining w secrecy hard.
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 5:27 PM, J <jeevacation@gmail.com> wrote:

Firm delivered through humor

On Sat, Mar 16, 2019 at 5:16 PM Larry Summers <[redacted]> wrote:
No I meant that thanking her will be wierd because we had 45 minutes of friendly convo before the bit I described.

I'll wait till tmrw and send her some article and then say some version of your msg.

At some point need more firmness though.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 5:10 PM, J <jeevacation@gmail.com> wrote:

And?

On Sat, Mar 16, 2019 at 4:33 PM Larry Summers <[redacted]> wrote:

Doesnt work I talked to her for 45 minutes.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 4:16 PM, J <jeevacation@gmail.com> wrote:

Just send , happy for the time we spent together- have fun see you soon

On Sat, Mar 16, 2019 at 3:57 PM Larry Summers <[redacted]> wrote:

I'm really mad at the deception.

Should I just wait for her to call?

This guy different. Maybe married or old or something. I sense from body language she is really attracted but he is unsuitable as partner.

I can hardly be possessive under circumstances but schedule changing because she gets a better offer is not acceptable.

If I say this she will rage back about times I changed plans because of family and work constraints.

She knew I was upset. I think significant chance she ll send note saying this may not be fair to you why Not take time off or that she will say this.

In her way very tough.

But nothing for now.

R from my iPhone
Larry
Please direct all scheduling inquiries to my office at: [redacted]

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Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 3:19 PM, J <jeevacation@gmail.com> wrote:

shes smart. making you pay for past errors. . ignore the daddy im going to go out with the motorcycle guy, . you reacted well.. annoyed shows caring. , no whining showed strentgh.

On Sat, Mar 16, 2019 at 3:08 PM Larry Summers <[redacted]> wrote:
We talked on phone. Then "I can't talk later". Dint think I can talk tomorrow".

I said what are you up to. She said "I'm busy". I said awfully coy u are.

And then I said. Did u really rearrange the weekend we were going to be together because guy number 3 was coming"

She said no his schedule changed after we changed our plans.

I said ok I got to go call me when u feel like it. Tone was not of good feeling.

I dint want to be in a gift giving competition while being the friend without benefits.

Think time to just stay away for a while. If there is potential here she ll find way back.

I think I'm too eager weak at this point. The Prada thing by someone else is natural. By me seems desperate.

Had good sense not to send off a note.

She must be very confused or maybe wants to cut me off but wants professional connection a lot and so holds to it.

I think life as stand by in case she needs leverage against another guy sucks.

But I get when I think about it stay cool.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 16, 2019, at 2:10 PM, J <jeevacation@gmail.com> wrote:

how was it communicated to you?

On Sat, Mar 16, 2019 at 1:59 PM Larry Summers <[redacted]> wrote:

guy 3 seems to be in London for weekend which is why my visit cut short.

I got mad. Didn't send angry note after call though.

This is a ridiculous activity.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**Date:** Sunday, June 30 2019 11:41 AM
**Subject:** list for bannon steve
**From:** J <jeevacation@gmail.com>
**To:** jeffrey epstein <jeevacation@gmail.com>;

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mandelson , barnaby summers watson, axel bottstein. karim terje, pritzker edelman. set lloyd, martin novak minsky, tata susskind, strominger krauss, hopkins. randall, kosslyn, gardner gates, thiel. hoffman, hoie sinofsky, sheldrake, suzlberger. jes staley, joscha bach, joi ito. . HBJ berge, miro, anas raafat, sultan, nathan feigenbaum, ramashandran, goelberg. demasio, shristakas brockman hillis, kaufman, seligman. gould, saks, john kery, george mitchell, mandelbbrot. chomsky, barrack barak, zagat, nathan , brian greene, yau, eo wilson, prince andrews, jagland, clinton pastrana, richardson, leahy, jarecki, schumer, ranieri, waheed, mongolia, gambat ehud, jacque lang woody, churkin, sergey , ruemmler, weingarten, amabani, rochsild, dersh , ken starrk karp, , dubai castro, pople queen , pres king pm, mandelson balir, , mette, , midlefafrt; gergen , . melusine margarita ovitz. barrak, mabuto, kashoogi, rockefeller, .

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Biography

# Kathleen Harrington

## Founding Partner, C/H Global Strategies

Founding Partner of C/H Global Strategies, a strategic consulting firm, Kathleen Harrington brings decades of experience in domestic and international affairs to her new venture, with Co-Founder, Christina Culver. An innovative leader in business, communications, foreign policy, non-profit development, global venture philanthropy and maximizing public-private partnerships, Kathleen is a catalyst for changing organizations, a passionate advocate for women and children and a free and open media.

Previously, Kathleen was Senior Vice President at Dutko Worldwide where she headed the company's Asia and global venture philanthropy practices. She has also been the CEO of her own consulting company, founder of an internet news network, former Executive Director of the Robert F. Kennedy Memorial, and former Chief of Staff of the Broadcasting Board of Governors, overseeing global broadcast services. An expert on Asian affairs, Kathleen founded the U.S.-Korea Foundation and worked as Senior Advisor in the State Department's Bureau of East Asian and Pacific Affairs under President Clinton. With deep political roots on Capitol Hill, Kathleen served on the staff of Senator Christopher Dodd and has worked on several Presidential campaigns.

A graduate of Yale College with a Masters degree from Columbia University's School of International and Public Affairs, Kathleen is an avid sports woman and Red Sox fan, whose kids, Erin and Desmond, make every day a wonderful journey.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/16/2009 11:20:59 AM
**To:** Sultan Bin Sulayem [redacted]

just as we thought------Russian bank Sberbank has quietly taken over his Capital Group's biggest asset, a massive housing, shops and offices project called Gorod Stolits, in Moskva-City on Moscow's outskirts. Under a $400 million (£270 million) loan agreement, the bank will ensure construction of the complex goes ahead at the end of the year as planned by Doronin, who has been likened to Donald Trump.

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Jeffrey Epstein
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**Date:** Sunday, April 3 2011 08:44 PM
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Lesley Groff <[redacted]>;

Posted 02 August 2010 - 12:47 AM
**Jeffrey Epstein, Jew Billionaire Pedophile, Child Trafficker Goes Free..WoW! 20 year old Hearsay is enough to destroy catholic priest. What happened here to the justice system?**

Conchita Sarnoff
http://www.thedailyb...hile- goes-free/
Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.

Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff follows up on her investigation of the legal wrangling that saved him from a long prison term and reports on the sordid details in part two of her exclusive exposé. Also:

• Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive look at his nine-hour deposition about the investigation.

• Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.

• Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.

• The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.

• Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.

• Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe
• The Billionaire Pedphile's Sex Den
With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a

luxurious exile.

But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Epstein Faces Sex-Traffic Probe
http://www.thedailyb...obref=obnetwork

The Justice Department is investigating Jeffrey Epstein for child trafficking, The Daily Beast has learned—and has widened the scope of its probe to include a famous modeling agency.

Hedge-fund manager Jeffrey Epstein completed his sentence for soliciting prostitution with a minor last week. But it appears his problems may not be over. Now The Daily Beast has learned that:

• Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking—a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.

• The FBI is also investigating Epstein's friend Jean Luc Brunel, whose MC2 modeling agency appears to have been a source of girls from overseas who ended up on Epstein's private jets.

Because Epstein's predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover.

Under the concept of double jeopardy, Epstein can no longer be prosecuted for any of the charges covered by his non-prosecution agreement, in which he agreed to serve a short term of incarceration, fund the civil suits of named victims, and register as a sex offender. The victims who accepted cash settlements in these civil suits agreed not to testify against him or speak publicly about the case. However, new evidence developed by the Department of Justice on other offenses not covered by the agreement, including allegations by additional victims who come forward, could lead to new charges. There is no statute of limitations in the federal sex-trafficking law, which was also enacted by the state of Florida in 2002. Because his predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover. (Several young women who claim to be Epstein victims have recently contacted a Ft. Lauderdale lawyer, but to date no new civil complaints have been filed.)

• Conchita Sarnoff: The Billionaire Pedphile's Sex Den
• Billionaire Pedophile Goes Free
These new developments come one week after the publication of two articles in The Daily Beast about Epstein's pattern of sexual contact with underage girls, which Palm Beach police began investigating in 2005 and the U.S. Attorney's office then settled in a 2007 plea deal. The first article quoted a deposition by then-Palm Beach Chief of Police Michael Reiter, in which he stated that Epstein, a billionaire with many powerful friends, had received special treatment in both his plea deal and the terms of his incarceration. Although federal investigators at one point produced a draft 53-page indictment against Epstein, he was eventually allowed to plead guilty to only two relatively minor state charges and receive a short term of incarceration: 13 months in the county jail, during which he went to the office every day, and one year of community control, during which he traveled frequently to New York and his private island in the Virgin Islands.

The Daily Beast has now discovered another instance in which Epstein apparently received special consideration: As a convicted sex offender, he is required by law to undergo an impartial psychological evaluation prior to sentencing and to receive psychiatric treatment during and after incarceration. This is because child molesters tend to be repeat offenders with high rates of recidivism. According to a

source in law enforcement, however, Epstein was allowed to submit a report by his private psychologist, Dr. Stephen Alexander of Palm Beach, Florida, whose phone has since been disconnected with no forwarding information.

The Daily Beast's second article provided details about Epstein's systematic abuse of underage girls at his Palm Beach mansion, where members of his staff allegedly recruited and paid a parade of teenagers, most of them 16 or younger, to perform daily massages that devolved into masturbation, groping, and sometimes full-blown sexual contact. It also revealed a monetary relationship between Epstein and Jean Luc Brunel, a frequent visitor to whom he gave $1 million around the same time that Brunel was starting his MC2 modeling agency. Some of the young girls MC2 recruited from overseas—often from Eastern Europe and South America—are known to have been passengers on Epstein's private jets.

The U.S. Attorney General's Office in Florida says that it is against policy to confirm or deny the existence of an investigation. Jeffrey Epstein's lawyer, Jack Goldberger, says he has no knowledge of an ongoing probe, and he told The Daily Beast, "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach. There are no pending civil lawsuits. There are not and should not be any pending criminal investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current-events debate TV programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.

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**#2** **bruce**

- Registered User
- Group: Members
- Posts: 11113
- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM

These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.

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4 June, 2011

| | |
|---|---|
| Article 1. | NYT<br>**President Assad's Bloody Hands**<br>Editorial |
| Article 2. | The Washington Post<br>**Egypt's revolutionary justice**<br>Editorial |
| Article 3. | Al-Ahram Weekly<br>**Egypt: In search of a foreign policy**<br>Mohamed Anis Salem |
| Article 4. | Foreign Policy<br>**Do the American people support the 'special relationship?'**<br>Stephen M. Walt |
| Article 5. | Yale Center for the Study of Globalization<br>**The Battle for Pakistan**<br>Bruce Riedel |
| Article 6. | The New Republic<br>**We shouldn't remove all U.S. troops from Iraq**<br>Fouad Ajami |
| Article 7. | Asharq Alawsat<br>**Iran: The fight at the top heats up**<br>Amir Taheri |

Article 1.
NYT

# President Assad's Bloody Hands

Editorial

June 3, 2011 -- Syrians have shown extraordinary courage, standing up to President Bashar al-Assad's reign of terror. We wish we could say that about the international community. So long as Mr. Assad escapes strong condemnation and real punishment, he will keep turning his tanks and troops on his people.

Human rights groups believe that more than 1,000 protesters have been killed in a three-month crackdown and that 10,000 more have been arrested. Hamza Ali al-Khateeb, the 13-year-old boy whose tortured body was shown in an online video, has become a heartbreaking symbol of the regime's brutality. According to activists, he was arrested at a protest on April 29 and not seen again until his broken body was delivered to his family almost a month later.

His murder and that of at least 30 other children who joined the protests show the depths to which Mr. Assad and his thugs have sunk. On Friday, in some of the biggest demonstrations yet, thousands of people again returned to the streets to demand political freedoms. Activists said dozens of protesters were killed in Hama after troops and regime loyalists opened fire. Independent journalists are barred from the country, so the full extent of the violence is unclear. What we do know is that the Syrian government has unleashed a wave of repression, perhaps the most vicious counterattack of the Arab spring.

After the killing began, the United States and Europe imposed sanctions — mostly travel bans and asset freezes — on certain key regime officials while exempting Mr. Assad. Only later did they add his name to the list. The rhetoric is stiffening. On Thursday Secretary

of State Hillary Rodham Clinton declared that Mr. Assad's legitimacy is "if not gone, nearly run out." But some American and European officials still buy the fantasy that Mr. Assad could yet implement reforms.

Most appalling, the United Nations Security Council is unable to muster the votes to condemn the bloodshed much less impose sanctions. Russia, cynically protecting longstanding ties with Damascus, is blocking meaningful action and China has fallen in lockstep. India is also reluctant to act — a shameful stance for a democracy that has been bidding for a permanent seat on the Council. If Russia and China, which have veto power, can't be won over, the United States and Europe must push a robust sanctions resolution and dare Moscow and the others to side with Mr. Assad over the Syrian people.

We do not know how this will turn out. But arguments that Mr. Assad is the best guarantor of stability and the best way to avoid extremism have lost all credibility.

Article 2.

The Washington Post

# Egypt's revolutionary justice

Editorial

June 4 -- LET'S STIPULATE: There are very likely good grounds to prosecute deposed Egyptian ruler Hosni Mubarak. In nearly 30 years in power, the strongman appears to have amassed a considerable fortune, including the luxurious beach estate to which he retreated after his overthrow. More than 800 people were killed during the 18-day revolution, and prosectors allege that Mr. Mubarak approved plans to use force against peaceful demonstrators.

The decision by Egypt's ruling military council and state prosecutors to begin a trial of the former strongman on Aug. 3 — before the country holds its first democratic elections — is nevertheless a mistake, one that could push Egypt off the path to establishing a stable democracy and reviving its economy. Mr. Mubarak, who is 83 and in failing health, is not entitled to impunity; nor are his family and former ministers. But the approach of the interim regime, which has jailed dozens of former officials and two of Mr. Mubarak's sons, is deeply flawed. The trouble starts with the speed and timing of the prosecutions. Anxious to prevent further mass protests, the interim military council has appeared to time steps against the former regime just ahead of threatened demonstrations. The announcement that Mr. Mubarak would be put on trial came May 24, three days ahead of a planned opposition gathering in Cairo's Tahrir Square. Three of Mr. Mubarak's former ministers have already been convicted of crimes, and other trials are moving forward quickly. There are serious questions about the evidence in at least one — a case brought against the energy minister and five associates over alleged fraud in gas sales to Israel. The legal system handling these cases, oddly, is that of Mr.

Mubarak — and was justly renowned under his tenure for its lack of independence and its politicized rulings. There's good reason for concern that former members of the regime are now victims of that politicization. The judge hearing a murder case against former interior minister Habib el-Adly, for example, was involved in one-sided rulings against political dissidents during Mr. Mubarak's reign. That's particularly worrisome because Mr. Adly has become the focus of populist calls for retribution, with some opposition sloganeers demanding that he be hanged.

Egypt cannot bury a half century of authoritarianism; there must be a reckoning. But the right authority to oversee it is not a temporary military authority attempting to keep crowds out of the streets, but a democratically elected government. Investigations and trials must be conducted by prosecutors and judges who are neutral, professional and untainted by the previous regime. One leading Egyptian human rights activist, Hossam Bahgat, has suggested that Egypt follow the example of other countries emerging from dictatorship and establish a formal process of investigation and exposure of past crimes — a process that could include reparations for victims and prosecution of the most significant cases. Such an initiative could help to bolster a new democratic order in Egypt, but the rush to judgment now underway could seriously undermine it.

Article 3.

Al-Ahram Weekly

# Egypt: In search of a foreign policy

Mohamed Anis Salem

2 - 8 June 2011 -- Sooner or later, the question of reviewing Egypt's foreign policy was going to crop up. In the early days of Tahrir, observers noted that the uprising did not occupy itself with international affairs. When Israel voiced concerns about the future of its relations with Cairo, Egypt's Higher Council of the Armed Forces (HCAF) reaffirmed the country's commitment to all international agreements, inter alia the Egyptian- Israeli Peace Treaty. Later, criticism of the two Egyptian governments formed after the revolution (one led by Ahmed Shafik, the next by Essam Sharaf) focussed, amongst other things, on retaining a number of the ancien regime ministers in office, including foreign minister Ahmed Abul-Gheit. Abul-Gheit had irritated his critics -- some would say the general public as well -- by his statements on the Egyptian uprising, as well as his earlier positions on Palestinians crossing over from Gaza into Egypt, Hamas and Iran. His replacement, Nabil El-Arabi, a seasoned diplomat with legal expertise, positioned himself as part of Egypt's new outlook to the world. He signalled that relations with Iran would be upgraded, Gaza's Rafah Crossings would be opened, and relations with Israel would be managed on a tit-for-tat basis. If the peace treaty with Israel required revision, there were clauses that allowed for that. Egypt would join the Rome Statute (the legal basis of the International Criminal Court) and other human rights instruments. The Iranian aspect did not rest there. While Tehran responded positively, several Arab countries in the Gulf, already in bitter confrontation with Iran over Bahrain, felt that the new minister's timing was off. In Cairo, experts supported an opening with

Iran, as it would allow Egyptian diplomacy to exercise more influence over issues like the Arab-Israeli conflict, Lebanon, Gulf security and establishing a regional nuclear free zone. But, at the same time, several voices expressed concern at the style of handling this issue. It seemed that no prior coordination or consultation was undertaken with Gulf countries. Why now? Was this a response to discreet Gulf suggestions that ex-president Hosni Mubarak should be treated more leniently? In a hastily arranged Gulf trip, Prime Minister Sharaf reassured his hosts that "Gulf security was a red line for Egypt" and that the opening with Tehran would not be at the expense of relations with Gulf Arabs. But these reassurances seemed to have limited effect as the Gulf Cooperation Council moved to expand its membership to include Jordan and Morocco. The new regional order aligned Arab royal regimes in a cluster that left out countries experiencing uprisings (Egypt, Libya, Syria, Tunisia and Yemen) or facing instability (Iraq, Somalia and Sudan) or extreme poverty (Djibouti and Mauritania) -- hardly a winning hand.

Enter the Palestinian issue. The previous year had not ended well for the Palestinians. While Israel continued with its settlement policy, the mediation efforts of the US administration were going nowhere. The bid to reconcile Fatah and Hamas had failed and tensions were high between Hamas and Cairo. Then, suddenly, Egypt closed a reconciliation agreement between the Palestinians. The Israeli prime minister reacted negatively. The US was worried, insisting that Hamas needed to recognise Israel before being admitted as a partner. But Europe, more wisely, saw the agreement as a positive development. Then Egypt announced it was opening the Rafah Crossing; it would have nothing to do anymore with the siege of Gaza. Taken together, these signals were received enthusiastically by Egypt's revolutionary youth, intellectuals, media and political movements (mostly, perhaps, by the Muslim Brothers) as a sign of a

more independent foreign policy. But life is complicated. Arab League Secretary- General Amr Moussa was leaving his post to contest the Egyptian presidency. After some hesitation, Egypt withdrew its initial candidate for the Arab League position and forwarded the name of a prominent politician, Mustafa El-Feki. When this nomination stumbled in the face of Qatari competition, it was replaced with Egypt's newly appointed foreign minister who was given the job by consensus. Which brings us full circle to the foreign policy questions presently being debated: What are the tenets of Egypt's new foreign policy? What should the objectives be? What strategies should be deployed? What is the job description for the new foreign minister?

THE NEW FRAME OF REFERENCE: For some 60 years, Egypt presented its foreign policy with reference to three circles: Arab, African and Islamic. The prolonged focus on the confrontation with Israel, and the bipolar international order helped set priorities and select strategies. In reality, Egyptian policy functioned with flexibility, embracing neutrality from the 1940s onwards while, at the same time, moving from quasi alliance with the USSR in the 1960s to a very close relationship with the US since the 1980s. The three circles were always anachronistic and limited intellectually; they did not elaborate on Egypt's priorities, nor did they explain how they would be pursued in a complex world. Moreover, the goalposts were moved with the collapse of the USSR, the Arab-Israeli peace agreements, and the withering of the Non-Aligned Movement. On top of that, over the last few months, the regional landscape has been changed dramatically -- particularly in the way it informs foreign policy. The multiple Arab uprisings emphasised democracy, human rights and participation. Egypt, now a model for change, felt the need to formulate a policy towards the tsunami wave of change hitting the region. So far, its foreign minister has considered popular uprisings in

the region to be an internal matter for concerned countries. Indeed, he told the BBC that the "official position on this question was: no comment!" In the case of Libya, Egypt's position was explained in terms of ensuring the safety and livelihood of the large number of its citizens working there. But some analysts, like Mohamed Hassanein Heikal, were critical of the licence the Arab League gave NATO to intervene in Libya. Could not the Arabs have issued a stern warning to Gaddafi to abdicate? Shouldn't Egypt have played a more assertive role in directing events in this next-door neighbour? Why has the Arab League fallen silent since the Western intervention in Libya? How shrewd was it to send an Egyptian delegation to Muammar Gaddafi as late as May, without visiting the rebels?

To the south, another set of forces demand Egypt's attention: ensuring the continued flow of the Nile waters, responding to Sudan's fragmentation, and reducing the fallout from the chaos at the southern entrance of the Red Sea. While Egypt's newly energised political and civil society leaders launched "popular diplomacy" visits to Ethiopia and Uganda, it is clear that resolving contested issues will need more than such ice-breakers. Also on the southern front, the Egyptian navy has remained aloof from the 25-nation Combined Maritime Forces focussed on Somali pirates, themselves an offshoot of a neglected 20-year conflict. Egypt's foreign minister announced that his country wanted to achieve a full-fledged Arab-Israeli peace, not perpetuate the peace process. While the inter- Palestinian reconciliation was a first step in this direction, and a movement is underway to gain UN recognition for a Palestinian state, the reality is that stagnation looms ahead, at least for the next 18 months when the US presidential elections are behind us. What are the options during this period? In the Egyptian-Israeli context, it might be possible to open negotiations on improving access to Gaza, strengthening security arrangements in Sinai, and updating the price of Egyptian gas exports. If the Syria

situation calms down (a big "if"), then Damascus may be interested in energising its own peace negotiations, as suggested recently by former US government adviser Bill Quant. Indeed, this possibility partially explains the gentler US treatment of Bashar Al-Assad in the face of a popular uprising. But there remains obscurity over how to deal with Binyamin Netanyahu's obstructionism, recently described by Thomas Friedman as the "Mubarak of the peace process". Meanwhile, non-Arab states of the Middle East have created a brand of diplomacy where ideas are energetically pursued with a variety of hard and soft power strategies. Both Turkey and Iran, in different ways, have increased the level of their interaction and influence in the region. The former established visa free travel zones with several Arab countries, expanded its Middle East trade relations and interceded on issues ranging from Syrian-Israeli peace negotiations, to mediating on Iran's nuclear programme and the Libyan situation. The stars of Turkish soap operas are household names in the region. Iran, albeit under a cloud due to internal repression and the refusal of Arab uprisings of Tehran's patronage, still has huge influence in Iraq, an alliance with Syria, Hizbullah and Hamas, and a nuclear programme that attracts popular admiration to the extent it appears to respond to Israel's atomic monopoly. A more dynamic Egyptian diplomacy will be measured against these standards. IT'S THE ECONOMY: Beyond this challenging landscape, Egypt's reaction to the new regional dynamics will be heavily conditioned by two critical factors: the economy and internal politics. Facing a serious downturn of revenues from tourism, a slackening of investment inflows and disrupted industrial production, IMF experts estimate that Egypt will need up to $12 billion over the next financial year in external assistance. The critical partners that have the capacity to respond to this requirement are the US, the EU and Gulf countries. At their recent summit at Deauville, the G8 pledged a combination of debt

relief, aid and assistance to Egypt and Tunisia to help build their democracies. Earlier, speaking at Oxford, Qatari Prime Minister Hamad bin Jassem revived the idea of establishing a Middle East Development Bank to address "the lack of economic diversity, added to the high rate of unemployment among the youth sector". Cairo will need to ensure close, productive relations with this group of countries. The second factor will be the growing influence of internal politics on the foreign policy production process. For the past six decades, Egypt's foreign policy was designed and implemented through a closed system largely controlled by the president of the day and the elitist foreign affairs machinery. Gradually, after 25 January, a wider foreign policy debate has unfolded with inputs from political parties, independent experts, research centres and media, as demonstrated at the recent National Dialogue Conference in Cairo. In the near future, many predict that bodies like the proposed National Security Council, parliamentary foreign relations committees, and the Council of Ministers will institutionalise this role. Politically, the two currents of Islam and liberal democracy will come to bear on this debate. The danger here is that the growth of populist postures will impinge on a policy guided by principles and national interest.

In recent policy debates in Cairo, innovative ideas were in short supply as nostalgia prevailed. There was talk about the villa on Hishmet Street in Zamalek from where Nasser's Egypt supported African liberation movements and leaders. Some participants proposed reverting to older policies and instruments: refusing foreign economic assistance, activating Egypt's Nasr Export and Import Company in Africa and moving Egyptian farmers to Sudan. And yet, what is most needed at the moment is a new reading of tectonic changes in the region and internationally. For example, in the African context, Egypt needs to consider the new players on the field and the scale of their operations. Here, there has been a rapid growth

of interaction with Asian powers. Currently, the volume of China's trade with Africa is over $125 billion annually, while trade between India and Africa has jumped from $1 billion in 2001 to almost $50 billion last year. India is the largest foreign investor in Ethiopia (with $4.78 billion invested last year) and its annual volume of trade with Addis Ababa is $272 million. At the recent India-Africa summit, India's prime minister pledged $5 billion over the next three years to support African countries in reaching the Millennium Development Goals, in addition to $700 million for developing institutions and another $300 million to building a Djibouti- Ethiopian railway. India also offered 22,000 higher education scholarships and funding for the African Union mission in Somalia (AMISOM). Meanwhile, South Africa has joined the BRIC grouping of Brazil, Russia, India and China. Such developments have changed the terrain and the possibilities for Egypt's movement in Africa, demanding closer engagement, innovation, and sustained effort.

The job description, and the ongoing head hunting, for Egypt's next minister of foreign affairs will need to take these factors into consideration, with emphasis on the ability to develop a new vision for the country's foreign policy. As French novelist Marcel Proust once said, "The real voyage of discovery consists not in seeking new lands, but in seeing with new eyes." Perhaps this, more than anything else, is what Egyptian diplomacy needs at the moment.

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Article 4.

Foreign Policy

# Do the American people support the 'special relationship?'

Stephen M. Walt

June 3, 2011 -- A couple of weeks ago, Americans were treated to a remarkably clear demonstration of the power of the Israel lobby in the United States. First, Barack Obama gave a speech on Middle East policy at the State Department, which tried to position America as a supporter of the Arab spring and reiterated his belief that a two-state solution is the best way to resolve the Israel-Palestinian conflict. The next day, he met with Israeli Prime Minister Netanyahu, who rejected several of Obama's assertions and lectured him about what "Israel expects" from its great power patron. Then Obama felt it was smart politics to go to AIPAC and clarify his remarks. It was a pretty good speech, but Obama didn't offer any ideas for how his vision of Middle East peace might be realized and he certainly never suggested that -- horrors! -- the United States might use its considerable leverage to push both sides to an agreement. And then Netanyahu received a hero's welcome up on Capitol Hill, getting twenty-nine standing ovations for a defiant speech that made it clear that the only "two-state" solution he's willing to contemplate is one where the Palestinians live in disconnected Bantustans under near-total Israeli control.

Not surprisingly, this display of the lobby's influence made plenty of people uncomfortable, and some of them -- such as M.J. Rosenberg at Media Matters offered up some personal tales of their own run-ins with Israel's hardline backers. In response to Rosenberg's sally (and the hoopla surrounding the Netanyahu visit), Jonathan Chait of The

New Republic has fallen back on a familiar line of defense. After conceding that there is a lobby and that it does have a lot of influence, he argued that "the most important basis of American support for Israel is not the lobby but the public's overwhelming sympathy for Israel." In other words, AIPAC et al don't really matter that much, and all those standing ovations on Capitol Hill were really just a genuine reflection of public opinion. He also said that John Mearsheimer and I believe the lobby exerts "total control" over U.S. foreign policy, and that we claim groups in the lobby were solely responsible for the invasion of Iraq.

To deal with the last claim first, this straw-man depiction of our argument merely confirms once again that Chait has not in fact read our book. I don't find that surprising, because a careful reading of the book would reveal to him that we weren't anti-Israel or anti-Semitic, had made none of the claims he accuses us of, and had in fact amassed considerable evidence to support the far more nuanced arguments that we did advance. And then he'd have to ponder the fact that virtually everything The New Republic has ever published about us was bogus. So I can easily see why he prefers to repeat the same falsehoods and leave it at that.

But what of his more basic claim that the "special relationship" between the United States and Israel is really a reflection of "the public's overwhelming sympathy?" There are at least three big problems with this assertion.

First, even if it were true that the public had "overwhelming sympathy" for Israel, it does not immediately follow that United States policy would necessarily follow suit. U.S. officials frequently do things that a majority of Americans oppose, if they believe that doing so is in the U.S. interest. A majority of Americans oppose fighting on in Afghanistan, for example, yet the Obama administration chose to escalate that war instead. Similarly, numerous

polls show that the American people favor the "public option" in health care, but that's not exactly the policy that health care reform produced. Public opinion is an important factor, of course, but what public officials decide to do almost always reflects a more complex weighting of political factors (including the intensity of public preferences, broader strategic considerations, the weight of organized interests, etc.)

Second, to the extent that the American public does have a favorable image of Israel -- and there's no question that it does -- that is at least partly due to the lobby's own efforts to shape public discourse and stifle negative commentary. The lobby doesn't "control the media," but "pro-Israel" groups like the ADL and CAMERA work actively to influence how Israel is portrayed in the United States, aided by reliably supportive publications like The New Republic. (As its former editor-in-chief Marty Peretz once admitted, "there's a sort of party line on Israel" at the journal). That's their privilege, of course, but groups and individuals in the lobby have also tried to silence or smear virtually any one who criticizes the "special relationship," and all-too-often those efforts succeed (if perhaps less frequently than they used to). If Americans were exposed to a more open discourse -- such as the discourse that prevails in Europe or in Israel itself -- Israel's favorable image would almost certainly decrease (though by no means disappear).

Third, and most important, the evidence suggests that the American people are not in favor of a one-sided "special relationship" where Israel gets unconditional American backing no matter what it does. Although there is no question that Americans have a generally favorable image of Israel and want the United States to help it survive and prosper, they are not demanding that U.S. politicians back it to the hilt or show the kind of craven adulation that Congress displayed last week.

For starters, many Americans recognize that one-sided support for Israel is a problem for the United States, and that figure is even higher among "opinion leaders." A Pew survey in November 2005 found that 39 percent of Americans saw the special relationship as a "major source of global discontent," and 78 percent of the news media, 72 percent of military leaders and 69 percent of foreign affairs specialists believed that backing Israel seriously damages America's image around the world. A 2003 survey by the University of Maryland reported that over 60 percent of Americans would be willing to withhold aid to Israel if it resisted pressure to settle the conflict with the Palestinians, and 73 percent said the United States should not favor either side. In fact, a survey conducted by the Anti-Defamation League in 2005 found that 78 percent of Americans believed that Washington should favor neither Israel nor the Palestinians. A 2010 survey by the Brookings Institution found similar results: although 25 percent of Americans thought the United States should "lean toward Israel" in its efforts to resolve the conflict, a healthy 67 percent believed the United States should "lean toward neither side."

Needless to say, such figures are hard to square with the robotic enthusiasm displayed by Congress, or with the Obama administration's timid approach to entire problem. But the behavior of both the executive and legislative branches are entirely consistent with the normal workings of interest group politics in the United States. In a democracy where freedom of association and speech are guaranteed, and where elections are expensive to run and where campaign contributions are weakly regulated, even relatively small groups can exercise considerable influence if they are strongly committed to a particular issue and the rest of the population does not care that much.

Whether the issue is farm subsidies or foreign policy, in short, special interest groups often wield disproportionate political power. Because countervailing forces are much weaker (as is the case when it comes to Middle East policy), groups like AIPAC and others have the field to themselves. Consider that in the 2010 election, "pro-Israel" PACs gave about $3 million to candidates from both parties. By comparison, Arab-American PACs gave less than $50,000. You can buy a lot of applause when the balance is stacked that way.

When you combine these facts with the sometimes thuggish tactics used against people who don't subscribe to the party line on this issue, you have a situation where politicians and appointed officials will bend over backwards to support the special relationship (or just remain silent), even when they know it's not good for the United States or Israel and when most Americans (including plenty of American Jews) would support a more normal relationship. In short, a relationship that would be healthier for the United States and Israel alike.

And the saddest part, as I've noted repeatedly, is that some people who care deeply about Israel and who see themselves as loyal defenders are the ones who are enabling its own self-defeating intransigence and threatening its future. Chait is a smart and well-informed guy, and his views on many subjects are thoughtful and nuanced. Which makes his failure to face the facts on this issue all the more surprising ... and regrettable.

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Article 5.

Yale Center for the Study of Globalization

# The Battle for Pakistan

Bruce Riedel

June 3, 2011 -- The struggle for control of Pakistan - soon to be the fifth most populous country in the world with the fifth largest nuclear arsenal - intensifies every day. The outcome is far from certain. The key player, Pakistan's army, seems dangerously ambivalent about which side should prevail: the jihadist Frankenstein it created or the democratically elected civilian government it despises.

The American commando raid that killed Osama bin Laden on May 2nd accelerated the struggle underway inside Pakistan to determine the country's future. Contrary to some assessments, Pakistan is neither a failed state nor a failing state. It functions as effectively today as in decades past. Rather it is a state under siege from a radical syndicate of terror groups loosely aligned together with the goal of creating an extremist jihadist state in south Asia. They want to hijack Pakistan and its weapons. Less than a hundred hours after the Abbottabad raid, Al Qaeda's shura council, its command centre, announced the group was declaring war on Pakistan and the "traitors and thieves" in the government who had betrayed the "martyr shaykh" bin Laden to the Americans. It was ironic since many Americans suspect the Pakistani army was actually complicit in abetting bin Laden's successful evasion of the largest manhunt in human history for 10 years. That both Al Qaeda and America distrust the Pakistani army speaks volumes. Since then Al Qaeda and its allies in Pakistan have carried out their threat with a vengeance. Suicide bombings and other terror attacks have occurred across the country. The worst was an attack on a major Pakistani navy base in Karachi, a heavily guarded facility where both US and Chinese experts assist the

navy. Two US-made P3 surveillance aircraft were destroyed in the attack. The assailants had insider knowledge of the base, and Pakistani security has arrested former naval personnel accused of helping the attackers. The Karachi attack illustrates the essence of the battle for Pakistan today. The militants support Al Qaeda, but were members of its ally the Pakistani Taliban. Their goal was to humiliate the navy. The navy fought back, but is riddled with jihadist sympathizers who help the militants. A Pakistani journalist, Syed Salman Shahzad, wrote an expose after the attack of the jihadist penetration of the military, especially the navy. He received threatening calls from the military's intelligence service, the notorious Inter Services Intelligence directorate, telling him to stop reporting on the issue, and was murdered shortly afterward. The Pakistani army is genuinely at war with parts of the syndicate of jihadi terror in Pakistan like Al Qaeda and the Taliban. It has more than 140,000 troops engaged in operations against the militants along the Afghan border. Some 35,000 Pakistanis including several thousand soldiers have died in the fighting since 2001, the equivalent of a dozen 911s. Dozens of ISI men have died. But the ISI is also still in bed with other parts of the syndicate like Lashkar e Tayyiba, the group that attacked Mumbai in 2008, and the Afghan Taliban that fights NATO. Despite years of American complaints, those partnerships are still intact. But the terrorists don't stay in the lanes the ISI wants them to stay in. For example, both LeT and the Taliban eulogized bin Laden after his death and mourned the departure of a great "hero" of their movements. The army's ambivalence about the jihad flows from its deep obsession with India. Pakistan - with American help - created the jihad in the 1980s to fight the Soviets in Afghanistan. But from the start the ISI, commanded by then dictator Zia ul Huq and his brilliant ISI director general Akhtar Rahman, planed to use jihadi groups against India as well and build an international cadre of

mujahedin to help fight India. Over the decades the "S" Department of ISI established close connections with scores of jihadi groups, becoming a state within ISI, which in turn is a state within the army. The army decides national-security policy with little or no input from the political establishment. General Nadeem Taj exemplifies the story. Taj was former dictator Pervez Musharraf's right-hand man. They were together in 1999 when Prime Minister Nawaz Sharif fired Musharraf as chief of army staff while he was returning by plane from a visit to Sri Lanka. Taj orchestrated the coup that put Musharraf in power from the plane and was rewarded with several key jobs including in 2006 command of the Kakul Military Academy in Abbottabad, Pakistan's West Point or Sandhurst.It was on his watch as commandant of the academy that bin Laden moved into his hideout less than a mile away. Was Taj clueless or complicit?
In September 2007 Taj became DG/ISI replacing General Ashfaq Kayani who was promoted chief of army staff (COAS). Taj lasted less than a year before he was removed under intense pressure from Washington. The Bush administration had concluded that Taj's ISI was directly involved in the bombing of the Indian embassy in Kabul in 2008 and was undermining the new drone program to attack Al Qaeda targets inside Pakistan by warning the terrorists before attacks. Taj was regarded as either unable to rein in the S Department or complicit in its duplicity. Nonetheless, Taj was promoted to command a key corps in the army, the highest command level short of COAS. Now he has been accused of complicity in the planning of the Mumbai attack by several family members of the American victims of the terror rampage in a New York court case. It was on Taj's watch as DG/ISI that the attack was carefully planned by the LeT and the targets, including the Chabad house where most of the Americans died, were selected. David Headley, an American of Pakistani origin, has testified that the ISI was directly involved in the

plot, and the US Department of Justice has assembled an impressive body of emails and other evidence that backs up his claims.

The jihadist penetrations of the army raise persistent questions about the security of Pakistan's nukes. According to a WikiLeaked State Department cable, from September 2009, France's national security adviser Jean-David Levitte told the American Embassy in Paris that France believes it is not secure. Levitte is one of the most astute diplomats in the world today, and he is almost certainly right.

The policies that would help wean the Pakistani army off its obsession with India and jihad are well known. A concerted effort to end the Indo-Pakistani conflict is essential. Indian Prime Minister Manmohan Singh, despite Mumbai, is trying to do just that. But it is a hard challenge. Talks to resolve the relatively simple issue of the disputed Siachen Glacier, the world's highest war zone at the roof of the Himalayas, failed again in May. The harder issue, Kashmir, will probably take years to resolve at best.

But we don't have years. Only a fortnight before the Abbottabad raid, General Kayani gave a speech at the military academy in the city, almost within earshot of bin Laden. In his remarks Kayani claimed the back of the militant syndicate in Pakistan had been broken and the army had triumphed. It is now clear he was badly mistaken.

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Article 6.

The New Republic

# We shouldn't remove all U.S. troops from Iraq

Fouad Ajami

June 3, 2011 -- The U.S. war in Iraq has just been given an unexpected seal of approval. Defense Secretary Robert Gates, in what he billed as his "last major policy speech in Washington," has owned up to the gains in Iraq, to the surprise that Iraq has emerged as "the most advanced Arab democracy in the region." It was messy, this Iraqi democratic experience, but Iraqis "weren't in the streets shooting each other, the government wasn't in the streets shooting its people," Gates observed. The Americans and the Iraqis had not labored in vain; the upheaval of the Arab Spring has only underlined that a decent polity had emerged in the heart of the Arab world. Robert Gates has not always been a friend of the Iraq war. He was a member in good standing, it should be recalled, of the Iraq Study Group, a panel of sages and foreign policy luminaries, co-chaired by James Baker and Lee Hamilton, who had taken a jaundiced view of the entire undertaking in Iraq. Their report endorsed a staged retreat from the Iraq war and an accommodation with Syria and Iran. When Gates later joined the cabinet of George W. Bush, after the "thumping" meted out to the Republicans in the congressional elections of 2006, his appointment was taken as a sharp break with the legacy of his predecessor, Donald Rumsfeld. It was an open secret that the outlook of the new taciturn man at the Department of Defense had no place in it for the spread of democracy in Arab lands. Over a long career, Secretary Gates had shared the philosophical approach of Zbigniew Brzezinski and Brent Scowcroft, peers of his

and foreign policy "realists" who took the world as it is. They had styled themselves as unillusioned men who had thought that the Iraq war, and George W. Bush's entire diplomacy of freedom, were projects of folly—romantic, self deluding undertakings in the Arab world.

To the extent that these men thought of the Greater Middle East, they entered it through the gateway of the Israeli-Palestinian struggle. The key to the American security dilemma in the region, they maintained, was an Arab-Israeli settlement that would drain the swamps of anti-Americanism and reconcile the Arab "moderates" to the Pax Americana. This was a central plank of the Iraq Study Group—the centrality of the Israeli-Palestinian issue to the peace of the region, and to the American position in the lands of Islam.

Nor had Robert Gates made much of a secret of his reading of Iran. He and Zbigniew Brzezinski had been advocates of "engaging" the regime in Tehran—this was part of the creed of the "realists." It was thus remarkable that, in his last policy speech, Gates acknowledged a potentially big payoff of the American labor in Iraq: a residual U.S. military presence in that country as a way of monitoring the Iranian regime next door.

Is Gates right about both the progress in Iraq and the U.S. future in the country? In short, yes. The Iraqis needn't trumpet the obvious fact in broad daylight, but the balance of power in the Persian Gulf would be altered for the better by a security arrangement between the United States and the government in Baghdad. The Sadrists have already labeled a potential accord with the Americans as a deal with the devil, but the Sadrists have no veto over the big national decisions in Baghdad. If the past is any guide, Prime Minister Nuri Al Maliki has fought and won a major battle with the Sadrists; he crushed them on the battlefield but made room for them in his coalition government, giving them access to spoils and patronage, but on his terms.

Democracy, it turns out, has its saving graces: Nuri Al Maliki need not shoulder alone the burden of sustaining a security accord with the Americans. He has already made it known that the decision to keep American forces in Iraq would depend on the approval of the major political blocs in the country, and that the Sadrists would have no choice but to accept the majority's decision. The Sadrists would be left with the dubious honor of "resistance" to the Americans—but they would hold onto the privileges granted them by their access to state treasury and resources. Muqtada Al Sadr and the political functionaries around him know that life bereft of government patronage and the oil income of a centralized state is a journey into the wilderness.

There remains, of course, the pledge given by presidential candidate Barack Obama that a President Obama would liquidate the American military role in Iraq by the end of 2011. That pledge was one of the defining themes of his bid for the presidency, and it endeared him to the "progressives" within his own party, who had been so agitated and mobilized against the Iraq war. But Barack Obama is now the standard-bearer of America's power. He has broken with the "progressives" over Afghanistan, the use of drones in Pakistan, Guantánamo, military tribunals, and a whole host of national security policies that have (nearly) blurred the line between his policies and those of his predecessor. The left has grumbled, but, in the main, it has bowed to political necessity. At any rate, the fury on the left that once surrounded the Iraq war has been spent; a residual American presence in Iraq would fly under the radar of the purists within the ranks of the Democratic Party. They will be under no obligation to give it their blessing. That burden would instead be left to the centrists—and to the Republicans.

It is perhaps safe to assume that Robert Gates is carrying water for the Obama administration—an outgoing official putting out some

necessary if slightly unpalatable political truths. Gates is an intensely disciplined man; he has not been a free-lancer, but instead has forged a tight personal and political relationship with President Obama. His swan song in Washington is most likely his gift to those left with maintaining and defending the American position in Iraq and in the Persian Gulf.

It is a peculiarity of the American-Iraq relationship that it could yet be nurtured and upheld without fanfare or poetry. The Iraqis could make room for that residual American presence while still maintaining the fiction of their political purity and sovereignty. For their part, American officials could be discreet and measured; they needn't heap praise on Iraq nor take back what they had once said about the war—and its costs and follies. Iraq's neighbors would of course know what would come to pass. In Tehran, and in Arab capitals that once worried about an American security relationship with a Shia-led government in Baghdad, powers would have to make room for this American-Iraqi relationship. The Iranians in particular will know that their long border with Iraq is, for all practical purposes, a military frontier with American forces. It will be no consolation for them that this new reality so close to them is the work of their Shia kinsmen, who come to unexpected power in Baghdad.

The enemy will have a say on how things will play out for American forces in Iraq. Iran and its Iraqi proxies can be expected to do all they can to make the American presence as bloody and costly as possible. A long, leaky border separates Iran from Iraq; movement across it is quite easy for Iranian agents and saboteurs. They can come in as "pilgrims," and there might be shades of Lebanon in the 1980s, big deeds of terror that target the American forces. The Iraqi government will be called upon to do a decent job of tracking and hunting down saboteurs and terrorists, as this kind of intelligence is not a task for American soldiers. This will take will and political courage on the

part of Iraq's rulers. They will have to speak well of the Americans and own up to the role that American forces are playing in the protection and defense of Iraq. They can't wink at anti-Americanism or give it succor.

Even in the best of worlds, an American residual presence in Iraq will have its costs and heartbreak. But the United States will have to be prepared for and accept the losses and adversity that are an integral part of staying on, rightly, in so tangled and difficult a setting.

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Article 7.

Asharq Alawsat

# Iran: The fight at the top heats up

Amir Taheri

03 June 2011 -- To jump or not to jump? For Iran's President Mahmoud Ahmadinejad, that has become the question.

Not long ago, Ahmadinejad was regarded as the most powerful of the five presidents the Islamic Republic in its three decades of existence. With the opposition "green" movement almost silenced, his administration faced no serious challenge within the Khomeinist movement establishment. Ahmadinejad also marked some success selling his doctrine of "Iranian Islam" as a substitute for the hotchpotch concocted by Ayatollah Khomeini. Translated into 30 languages, his authorised biography, "Ahmadinejad: The Miracle of the Century", was supposed to have sold a million copies.

His entourage boasted that, in the 2009 presidential election he would have won 35 million, rather than 25 million accorded him. The entourage claimed that, Ahmadinejad lost 10 million votes because of his association with "Supreme Guide" Ali Khamenei.

The entourage also claimed that Ahmadinejad supporters are poised to win a two-thirds majority in next year's parliamentary election.

Today, things look different.

Tehran is full of rumors that, deeply depressed, Ahmadinejad may be thinking of stepping down.

The media controlled by Khamenei maintain a daily barrage of attacks against the president.

The other day, the newspaper Kayhan ran this headline: "Ahmadinejad on Way to Anathema (Takfir)".

Media attacks may not be the main source of Ahmadinejad's reported depression. Hardly a day passes without Khamenei vetoing a decision

of the president.
Ahmadinejad wanted to sack Heydar Moslehi, the Minister of Intelligence and Security. Khamenei intervened to reinstate the minister whose incompetence had become proverbial.
Ahmadinejad sulked for 11 days before swallowing "the biter pill" and re-admitting the mullah Moslehi to the Cabinet.
Ahmadinejad wanted to merge four ministries to cut bureaucratic costs. Khamenei intervened to refer the matter to the Islamic Majis, Iran's fake parliament.
The "Supreme Guide" also ordered that new ministers submit to a vote of confidence in the Majlis.
The message that Ahmadinejad is in office at Khamenei's pleasure is circulated by the latter's entourage. The other day, Muhammad-Reza Bahonar, a Khamenei mouthpiece in the Majlis, told the press that the "Supreme Guide" wanted " to retain the president until the natural end of his administration" in 2013.
The media controlled by Khamenei miss no opportunity to brand Ahmadinejad's closest associate, Esfandiar Masha'i, as "an enemy of Islam", a " Persian nationalist", and even "an agent of Imperialism." In a statement circulated in Tehran last week, Hezbollah, a group controlled by security services, threatened to kill Masha'i.
At the same time, Khamenei has ordered the Larijani brothers to prepare the "after Ahmadinejad". The eldest brother, Ali-Ardeshir, the Speaker of the Majlis, is already casting himself as the next president of the republic. The second brother, Sadeq, who wears the clothes of a mullah, is using his position as Chief Justice to threaten Ahmadinejad with "legal consequences" of the government's unspecified decisions. A third Larijani brother, Muhammad-Jawad, has informed British contacts that with "Ahmadinejad's imminent end", there would be " a new beginning in Iranian foreign policy."
In a bid to repair relations with Riyadh, Ahmadinejad wanted to

dispatch Foreign Minister Ali-Akbar Salehi to Saudi Arabia for a "working visit". Khamenei signaled his opposition through newspapers controlled by his office.
For weeks, Ahmadinejad tired to appoint a Governor for the Fars province. His choice was chased away by Khamenei henchmen laying siege to the governor's office in Shiraz.
Hardly a day passes without a mullah, including some on his payroll until recently, attacking Ahmadinejad. Often, it is clear that Khamenei offered a fatter envelope to the mullah concerned.
The military are also ranged against Ahmadinejad. Once regarded as Ahmadinejad's principal supporters, Revolutionary Guard generals are appearing on TV to denounce the president's "deviant tendency."
Even on minor issues, Khamenei is advertising his authority.
Last week, Ahmadinejad's office approved a decision by the Iranian Academy to replace the French word "police", in use in Iran since the 19th century, with the Persian word "passvar."
This was part of Ahmadinejad's decision to "purify" the Persian vocabulary by getting rid of Arabic and other foreign words.
Khamenei vetoed the decision as" another sign of Iranian nationalism" which he regards as a threat to Islam.
Few in Tehran missed the irony of a mullah defending a French word against a Persian equivalent.
Pro-Khamenei newspapers drop hints about "secret contacts" between Ahmadinejad and the "green" opposition to form a front against Khamenei. There is talk of former President Hashemi Rafsanjani setting aside his old hatred of Ahmadinejad in a bid to isolate the "Supreme Guide".
Finally, security forces have arrested over 50 members of Ahmadinejad's entourage, including some close friends, on charges of "spreading unauthorized beliefs".
What does all this mean?

There is no doubt that Ahmadinejad and Khamenei are at loggerheads. This is no surprise. As explained in a previous column all presidents have had trouble with the "Supreme Guide" of the time. Sharing power at the summit is always problematic. Unable to fly, a double-headed eagle often tears itself apart. Initially, Ahmadinejad angered Khamenei by scripting his group out of numerous juicy contracts and business deals. However, for the first time, the fight may also be about something more than personal power. Ahmadinejad has realised the bankruptcy of the Khomeinist discourse and is trying to replace it with a pseudo-nationalistic, and perhaps more dangerous, narrative in which the mullahs have no place. Khamenei may be trying to push Ahmadinejad to the brink in the hope that the president would lose his nerve and throw in the towel. However, Ahmadinejad might prove a tougher cookie than Khamenei apparently hopes. My guess is that Ahmadinejad will not jump and, if pushed, would not flee into exile as did the first President of the Islamic Republic Abol-Hassan Banisadr. Nor would Ahmadinejad kowtow to the "Supreme Guide" as did Rafsanjani and Muhammad Khatami. What about assassination? That is what happened to Muhammad-Ali Raja'i, the second President of the Islamic Republic. That Khamenei is attacking Ahmadinejad every day is a sign that the "Supreme Guide" is scared. According to a Persian proverb, like a snake, a mullah is most dangerous when frightened.

*Amir Taheri was born in Ahvaz, southwest Iran, and educated in Tehran, London and Paris. Taheri's latest book "The Persian Night" is published by Encounter Books in London and New York.*

**From:** jeffrey epstein [jeevacation@gmail.com]
**Sent:** 10/28/2011 4:32:02 PM
**To:** Katherine Keating [redacted]
**Subject:** Re: Keating Interview

**Importance:** High

Are you here

Sorry for all the typos .Sent from my iPhone

On Oct 28, 2011, at 12:36 AM, Katherine Keating <[redacted]> wrote:

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- BY:PAUL KELLY, EDITOR-AT-LARGE
- From:The Australian
- October 22, 2011 12:00AM

**http://www.theaustralian.com.au/news/features/paul-keating-explains-as-never-before/story-e6frg6z6-1226173493029&ct=ga&cad=CAcQAhgAIAAoATAAOABAkPKI9QRIAVAAWABiBWVuLVVT&cd=JW8oAOivUQM&usg=AFQjCNHd0mUbAjc-2liiig3_exEbZmRt2w**

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Interviewed in his Sydney office, furnished in a style he calls "the last gasp of revolutionary classicism", Keating's new 600-plus page book sits atop his desk, an insight into his intellectual, aesthetic and political obsessions.

What has Keating been doing since he left office in 1996? He has been travelling, speaking and analysing the world and Australia with undiminished intensity suggesting a man operating as prime minister-in-exile.

His idea of leadership is more philosophical than ever, more distant from Bob Hawke or John Howard. His focus is the synthesis between beauty and reason and his book encompasses China's currency, the world malaise, Mahler's Symphony No2 and breaking the republic with the Queen.

**DURING THE INTERVIEW KEATING TALKS, AS NEVER BEFORE, ABOUT HIS LEADERSHIP CONCEPT. BUT HE IS DOING SOMETHING ELSE: EXPLAINING HIMSELF TO A STILL PUZZLED NATION.**

RECOMMENDED COVERAGE

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"The great changes in civilisation and society have been wrought by deeply held beliefs and passion rather than by a process of rational deduction," Keating tells me. In retirement, his political inspiration comes from music and beauty, not opinion polls.

There are signs he has mellowed. While ruthless with his judgments Keating is keen to support a struggling Labor Party while addressing the source of its strategic demise.

"The failure of the Rudd and Gillard administrations is the lack of an over-arching story, the lack of a compelling story," he says when interviewed last week.

"I'm happy that Labor took us through this dreadful financial crisis so competently. But they are not in the business of teaching. And governments, to succeed with change, must be in the business of educating the community.

"Our Labor governments have failed to conceptualise the changes. We need a framework.

"What is the framework? It is 'Australia in Transition' strategically and economically. That's the story we have to present.

"I think the Australian people are very conscientious. During the 1980s and 1990s we proved they will respond conscientiously to necessary reforms. They mightn't like them but they'll accept them. But reforms have to be presented in a digestible format.

"I know that in the age of the internet, opinion and perpetual static it is difficult to get the message over. I accept that. But the big messages have their own momentum. If we get the story of transition right then other things will find their place.

"Our problem is what I call shooting-star policies. We have a policy on carbon pricing, on minerals, on boatpeople, but they are not connected up to the big picture about Australia's direction and its transition."

Pressed on whether he thinks the Australian Labor Party is in permanent decline, Keating defends Labor, insists it doesn't have to decline but highlights the problem. "Labor must recognise what it has created," he says, invoking the Hawke-Keating era. "It has a created a new society and it has to be the party of the new society.

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Fixated by the nature of political leadership, Keating's book After Words shouts out: "The great curse of modern political life is incrementalism."

Leaning across the table he says to me that briefing notes and economic texts aren't enough: the leader must locate his own source of higher command and inner belief. He laments the efforts of US President Barak Obama and German Chancellor Angela Merkel in the teeth of contemporary challenges.

"There is nothing preordained about American decline any more than the European project is destined to fail," he writes.

"But the portents are not good. Despite the rhetoric, President Obama conducts himself as an arbitrator or mediator between the competing strands of American economic and political ideology. He repeatedly eschews striking out,

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"You really wonder why leaders want these jobs when they really do not want to lead. And what is their risk? That Barack Obama will not get a second term? Or that Angela Merkel's coalition might finally end up on the rocks? If they actually made the leap they might astound themselves. Because, in the end, everyone in political life gets carried out - the only relevant question is whether the pallbearers will be crying."

For Keating, the 20th-century leader exerting most influence on the coming century is China's Deng Xiaoping.

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The key, however, is that Japan lags a distant fourth behind the top three.

On America, Keating is dismayed by the pivotal change in its outlook after the end of the Cold War. "When the Berlin Wall came down the Americans cried victory and walked off the field," he says.

"Yet the end of the Cold War offered the chance for America to develop a new world order. It didn't know what to do with its victory. This at the moment the US should have begun exploiting the opportunity of establishing a new world order to embrace open regionalism and the inclusion of great states like China, India and the then loitering Russia.

"Well, frankly, the US didn't have the wisdom. It just wanted to celebrate its peace dividend. The two Clinton terms and the two George W. Bush terms, that's four presidential terms, have cost US mightily."

For Keating, the malaise in US politics is the problem. He says: "The most compelling thing I've seen in years is that in the great burst of American productivity between 1990 and 2008, of that massive increment to national income, none of it went to wages. By contrast, in Australia real wages over the same period had risen by 30 per cent." Keating sees this "as the breakdown of America's national compact", the shattering of its prosperity deal. He says American conservatives abandoned the middle ground represented by Republican presidents such as Dwight D. Eisenhower, Richard Nixon and Bush Sr and became radicals. The derailment, he argues, began under Ronald Reagan and reached its zenith under George W. Bush.

With the goodwill gone the US "is not able to produce a medium-term credible fiscal trajectory or get agreement on rebuilding its infrastructure". This paralysis "is significant not just for the US but for the world."

Keating links the collapse of this "prosperity compact" to the financial crisis. Too many Americans were unable to sustain themselves from wages and salaries.

How did they get by? They used the easy credit of the banking system, thereby feeding the frenzy that ended in bad loans and meltdown.

Keating's book has an abiding message for Australia: in the transformed world we "will find ourselves increasingly on our own" having to master our own destiny.

The job is to rediscover the productivity and savings agenda of the 1990s. Why did Australia survive the 2008 financial crisis? "Because of the flexibility of the economy," Keating says. "Flexibility which came from the reform of Australia's financial, product and labour markets that began 25 years ago. This has given us one of the most flexible economies in the world - arguably the most flexible. But further structural changes are ahead of us."

He lists them. It is a mix of the new and old Keating agenda: a shift in resources to the extractive industries; a lift in capital inflow driving a high current account deficit putting a premium on savings; recognition that competitiveness will lie "in the creativity of our people as much as it does in our oil and gas"; a renewed emphasis on the value of hi-tech and education; and above all, a cultural change that integrates Australia more into East Asia. "Cultural transformation is the key for us," Keating says. He rates it as more important than economic reform.

"There is less interest now in being part of East Asia than there was in the 1990s," he laments.

Keating wants this idea revived. And he ties it to the republic arguing that to succeed in Asia we must become a republic, a proposition Howard always dismissed.

On China, Keating is an optimist yet alive to the daunting economic challenge China now confronts. "What is happening in China knows no precedence in world economic history," he says. "Never before have 1.25 billion people dragged themselves from poverty at such a pace. China is now half the GDP of the US and incomes have risen by a factor of 10." He argues, however, that the origin of the 2008 financial crisis lies in the global imbalances - China has built huge foreign exchange reserves by exporting too much and America, in turn, is saving too little.

Keating says: "China must shift the basis of growth from net exports and investment to domestic consumption. Will they achieve this? Probably. Will there be strains along the way? There have to be."

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The second blunder was the 1990s expansion of NATO to the Russian border. For Keating, this was recklessness for which the world may yet pay.

"Sensible policy would have included a place for Russia in the new world order," he says. "But that didn't happen. So Russian liberals were pushed to one side by Russian nationalists. In a sense the US has created Vladimir Putin."

Who is responsible? He points the finger at Bill Clinton.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/31/2011 10:50:46 AM
**To:** Katherine Keating [redacted]
**Subject:** Re: After Words

where are you?

On Mon, Oct 31, 2011 at 4:21 AM, Katherine Keating <[redacted]> wrote:

Dear Friends,

I wanted to share with you the forward to my father's new book '*After Words'.* He truly is an inspiration and so is his writing. The book, which is a compilation of his speeches, was launched yesterday in Sydney. I will be sure to send you a copy, it's a brilliant read.

I trust this email finds you well.

Kindest regards

Katherine X

# Creativity is central to our endeavours

- BY:PAUL KEATING
- From:

The Australian

- October 22, 2011 12:00AM

**Paul Keating is aware that many people see him as a puzzle and contradiction. During the interview he explained he wrote this introduction to his book as a guide to help people see the unifying philosophy of his life, public and private.**

FRIEDRICH Schiller, the German philosopher, said: "If man is ever to solve the problems of politics in practice he will have to approach it through the problem of the aesthetic, because it is only through beauty that man makes his way to freedom."

Romantic and idealistic as that view may seem to some, the thought is revelatory of the fact that the greater part of human aspiration has been informed by individual intuition and privately generated passions, more than it has through logic or scientific revelation. The moral basis of our public life, our social organisation, has come from within us - by aspiration and by light, not by some process of logical deduction.

Immanuel Kant referred to our inner impulses as "the higher self", an unconscious search for truth, going deeply into ourselves to establish who we are and what we should be.

Beauty is about the quest for perfection or an ideal, and that quest has to begin with aesthetic imagination - something informed by conscience, carved by duty. Kant called it "the inner command", the ethical construct one creates to guide one from within.

But we need tools to mine good intentions: inspirations, ones which await the creative spark, the source of all enlargement. Creativity is central to our progress and to all human endeavour.

Music provides the clue: unlike other forms of art, music is not representational. Unlike the outcome of the sciences, it was never discoverable or awaiting discovery. A Mahler symphony did not exist before Mahler created it.

E.T.A. Hoffman, a contemporary of Beethoven's, famously said: "Music reveals to man an unknown realm, a world quite separate from the outer sensual world surrounding him, a world in which he leaves behind all feelings circumscribed by intellect in order to embrace the inexpressible."

This is not to turn our back on reason. Or to argue that modernism, with all its secular progress through education, industrialisation, communications, transport and the centralised state, has not spectacularly endowed the world as no other movement before it. But a void exists between the drum-roll of mechanisation with its cumulative power of science and the haphazard, explosive power of creativity and passion. Science is forever trying to undress nature while the artistic impulse is to be wrapped in it.

While these approaches are different - perhaps often diametrically opposite - they inform related strands of thinking in ways that promote energy and vision.

This is what I have found when these forces are contemplated in tandem. When passion and reason vie with each other, the emerging inspiration is invariably deeper and of an altogether higher form. One is able to knit between them, bringing into existence an overarching unity - a coherence - which fidelity to the individual strands cannot provide.

In the world I have lived in, the world of politics, political economy and internationalism, the literature exists in abundance. But what is far from abundant are the frameworks for the intuitive resolution of complex problems that require multi-dimensional solutions.

But from where do we glean this extra dimensionality?

For me, it has always been from two sources: policy ambition in its own right and from imagination - the dreaming. Policy ambition arising from Kant's higher self, and imagination promoted by those reliable wellsprings - music, poetry, art and architecture - blending the whole into a creative flux.

This collection of speeches reflects many of those interests and impulses - whether it be Joern Utzon's Opera House or the imperative of liberal internationalism in foreign policy or Neoclassicism, the future of native title or the rise of China. Each is related in a wider construct which is part and parcel of the way I have viewed and thought about the world.

While the speeches are from the period after my prime ministerial life and period in government, the impulse in writing them came from the same framework and inclinations which informed my life in public office.

The speeches may be read individually or read together, subject to subject, idea to idea. Either way, a common thread informs them all.

I trust this might be evident to the reader.

http://www.theaustralian.com.au/national-affairs/creativity-is-central-to-our-endeavours/story-fn59niix-1226173494033

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- From:The Australian
- October 22, 2011 12:00AM

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During the interview Keating talks, as never before, about his leadership concept. But he is doing something else: explaining himself to a still puzzled nation.

"The great changes in civilisation and society have been wrought by deeply held beliefs and passion rather than by a process of rational deduction," Keating tells me. In retirement, his political inspiration comes from music and beauty, not opinion polls.

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http://www.theaustralian.com.au/news/opinion/paul-keating-explains-as-never-before/story-e6frg74x-1226173493029

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Jeffrey Epstein
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**From:** jeffrey epstein [jeevacation@gmail.com]
**Sent:** 10/31/2011 3:08:38 PM
**To:** Katherine Keating [redacted]
**Subject:** Re: After Words

**Importance:** High

Send me your phone number

Sorry for all the typos .Sent from my iPhone

On Oct 31, 2011, at 10:42 AM, Katherine Keating <[redacted]> wrote:

In NY. You?

On Oct 31, 2011, at 6:50 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

where are you?

On Mon, Oct 31, 2011 at 4:21 AM, Katherine Keating <[redacted]> wrote:

Dear Friends,

I wanted to share with you the forward to my father's new book '*After Words*'. He truly is an inspiration and so is his writing. The book, which is a compilation of his speeches, was launched yesterday in Sydney. I will be sure to send you a copy, it's a brilliant read.

I trust this email finds you well.

Kindest regards

Katherine X

# Creativity is central to our endeavours

- BY:PAUL KEATING
- From:

The Australian

- October 22, 2011 12:00AM

**Paul Keating is aware that many people see him as a puzzle and contradiction. During the interview he explained he wrote this introduction to his book as a guide to help people see the unifying philosophy of his life, public and private.**

FRIEDRICH Schiller, the German philosopher, said: "If man is ever to solve the problems of politics in practice he will have to approach it through the problem of the aesthetic, because it is only through beauty that man makes his way to freedom."

Romantic and idealistic as that view may seem to some, the thought is revelatory of the fact that the greater part of human aspiration has been informed by individual intuition and privately generated passions, more than it has through logic or scientific revelation. The moral basis of our public life, our social organisation, has come from within us - by aspiration and by light, not by some process of logical deduction.

Immanuel Kant referred to our inner impulses as "the higher self", an unconscious search for truth, going deeply into ourselves to establish who we are and what we should be.

Beauty is about the quest for perfection or an ideal, and that quest has to begin with aesthetic imagination - something informed by conscience, carved by duty. Kant called it "the inner command", the ethical construct one creates to guide one from within.

But we need tools to mine good intentions: inspirations, ones which await the creative spark, the source of all enlargement. Creativity is central to our progress and to all human endeavour.

Music provides the clue: unlike other forms of art, music is not representational. Unlike the outcome of the sciences, it was never discoverable or awaiting discovery. A Mahler symphony did not exist before Mahler created it.

E.T.A. Hoffman, a contemporary of Beethoven's, famously said: "Music reveals to man an unknown realm, a world quite separate from the outer sensual world surrounding him, a world in which he leaves behind all feelings circumscribed by intellect in order to embrace the inexpressible."

This is not to turn our back on reason. Or to argue that modernism, with all its secular progress through education, industrialisation, communications, transport and the centralised state, has not spectacularly endowed the world as no other movement before it. But a void exists between the drum-roll of mechanisation with its cumulative power of science and the haphazard, explosive power of creativity and passion. Science is forever trying to undress nature while the artistic impulse is to be wrapped in it.

While these approaches are different - perhaps often diametrically opposite - they inform related strands of thinking in ways that promote energy and vision.

This is what I have found when these forces are contemplated in tandem. When passion and reason vie with each other, the emerging inspiration is invariably deeper and of an altogether higher form. One is able to knit between them, bringing into existence an overarching unity - a coherence - which fidelity to the individual strands cannot provide.

In the world I have lived in, the world of politics, political economy and internationalism, the literature exists in abundance. But what is far from abundant are the frameworks for the intuitive resolution of complex problems that require multi-dimensional solutions.

But from where do we glean this extra dimensionality?

For me, it has always been from two sources: policy ambition in its own right and from imagination - the dreaming. Policy ambition arising from Kant's higher self, and imagination promoted by those reliable wellsprings - music, poetry, art and architecture - blending the whole into a creative flux.

This collection of speeches reflects many of those interests and impulses - whether it be Joern Utzon's Opera House or the imperative of liberal internationalism in foreign policy or Neoclassicism, the future of native title or the rise of China. Each is related in a wider construct which is part and parcel of the way I have viewed and thought about the world.

While the speeches are from the period after my prime ministerial life and period in government, the impulse in writing them came from the same framework and inclinations which informed my life in public office.

The speeches may be read individually or read together, subject to subject, idea to idea. Either way, a common thread informs them all.

I trust this might be evident to the reader.

http://www.theaustralian.com.au/national-affairs/creativity-is-central-to-our-endeavours/story-fn59niix-1226173494033

# Paul Keating explains as never before

- BY:PAUL KELLY, EDITOR-AT-LARGE
- From:The Australian
- October 22, 2011 12:00AM

**WITH his panoramic view of world affairs sharper than ever, Paul Keating blames the current global crisis on blunders by European and US leaders and warns that Australia must rediscover the keys to national success.**

Interviewed in his Sydney office, furnished in a style he calls "the last gasp of revolutionary classicism", Keating's new 600-plus page book sits atop his desk, an insight into his intellectual, aesthetic and political obsessions.

What has Keating been doing since he left office in 1996? He has been travelling, speaking and analysing the world and Australia with undiminished intensity suggesting a man operating as prime minister-in-exile.

His idea of leadership is more philosophical than ever, more distant from Bob Hawke or John Howard. His focus is the synthesis between beauty and reason and his book encompasses China's currency, the world malaise, Mahler's Symphony No2 and broaching the republic with the Queen.

During the interview Keating talks, as never before, about his leadership concept. But he is doing something else: explaining himself to a still puzzled nation.

"The great changes in civilisation and society have been wrought by deeply held beliefs and passion rather than by a process of rational deduction," Keating tells me. In retirement, his political inspiration comes from music and beauty, not opinion polls.

There are signs he has mellowed. While ruthless with his judgments Keating is keen to support a struggling Labor Party while addressing the source of its strategic demise.

"The failure of the Rudd and Gillard administrations is the lack of an over-arching story, the lack of a compelling story," he says when interviewed last week.

"I'm happy that Labor took us through this dreadful financial crisis so competently. But they are not in the business of teaching. And governments, to succeed with change, must be in the business of educating the community.

"Our Labor governments have failed to conceptualise the changes. We need a framework.

"What is the framework? It is 'Australia in Transition' strategically and economically. That's the story we have to present.

"I think the Australian people are very conscientious. During the 1980s and 1990s we proved they will respond conscientiously to necessary reforms. They mightn't like them but they'll accept them. But reforms have to be presented in a digestible format.

"I know that in the age of the internet, opinion and perpetual static it is difficult to get the message over. I accept that. But the big messages have their own momentum. If we get the story of transition right then other things will find their place.

"Our problem is what I call shooting-star policies. We have a policy on carbon pricing, on minerals, on boatpeople, but they are not connected up to the big picture about Australia's direction and its transition."

Pressed on whether he thinks the Australian Labor Party is in permanent decline, Keating defends Labor, insists it doesn't have to decline but highlights the problem. "Labor must recognise what it has created," he says, invoking the Hawke-Keating era. "It has a created a new society and it has to be the party of the new society.

"It can't be the party of part of the old society. Labor must be the party of those people who gained from the pro-market growth economy that we created. Labor must be open to the influences of this middle class, to people on higher incomes. And I don't think it is."

It is, perhaps, the clearest statement of Labor's problem. The party, in an act of strategic folly, abandoned the path of its previous success. It turned inwards on itself, away from the community.

"At the operating level it's become the party of insiders," Keating says. "The problem is that members get too caught up in the gift of faction managers and they get caught up in the false construct of popularity, the false god."

Fixated by the nature of political leadership, Keating's book After Words shouts out: "The great curse of modern political life is incrementalism."

Leaning across the table he says to me that briefing notes and economic texts aren't enough: the leader must locate his own source of higher command and inner belief. He laments the efforts of US President Barak Obama and German Chancellor Angela Merkel in the teeth of contemporary challenges.

"There is nothing preordained about American decline any more than the European project is destined to fail," he writes.

"But the portents are not good. Despite the rhetoric, President Obama conducts himself as an arbitrator or mediator between the competing strands of American economic and political ideology. He repeatedly eschews striking out, snatching the naked flame and hanging on. But the cost of this strategy is not simply a cost to him; it is a cost to the whole world.

"On the other hand, Chancellor Merkel is the archetypal worry-wart. She does not lead; she assesses.

"You really wonder why leaders want these jobs when they really do not want to lead. And what is their risk? That Barack Obama will not get a second term? Or that Angela Merkel's coalition might finally end up on the rocks? If they actually made the leap they might astound themselves. Because, in the end, everyone in political life gets carried out - the only relevant question is whether the pallbearers will be crying."

For Keating, the 20th-century leader exerting most influence on the coming century is China's Deng Xiaoping.

"If you look at the other figures of the century, Roosevelt, Churchill, Stalin and Mao, none will leave the legacy in terms of the 21st century that Deng leaves," he says. "He walked away from the ideology of the Communist Party just as effectively as Mikhail Gorbachev walked away from the essence of the Soviet Union."

By 2050 Keating sees a world order with nations in terms of gross domestic product in this hierarchy: (1) China, (2) US, (3) India, (4) Japan, (5) Brazil, (6) Russia, (7) Britain, (8) Germany, (9) France and (10) Italy.

The key, however, is that Japan lags a distant fourth behind the top three.

On America, Keating is dismayed by the pivotal change in its outlook after the end of the Cold War. "When the Berlin Wall came down the Americans cried victory and walked off the field," he says.

"Yet the end of the Cold War offered the chance for America to develop a new world order. It didn't know what to do with its victory. This at the moment the US should have begun exploiting the opportunity of establishing a new world order to embrace open regionalism and the inclusion of great states like China, India and the then loitering Russia.

"Well, frankly, the US didn't have the wisdom. It just wanted to celebrate its peace dividend. The two Clinton terms and the two George W. Bush terms, that's four presidential terms, have cost US mightily."

For Keating, the malaise in US politics is the problem. He says: "The most compelling thing I've seen in years is that in the great burst of American productivity between 1990 and 2008, of that massive increment to national income, none of it went to wages. By contrast, in Australia real wages over the same period had risen by 30 per cent." Keating sees this "as the breakdown of America's national compact", the shattering of its

prosperity deal. He says American conservatives abandoned the middle ground represented by Republican presidents such as Dwight D. Eisenhower, Richard Nixon and Bush Sr and became radicals. The derailment, he argues, began under Ronald Reagan and reached its zenith under George W. Bush.

With the goodwill gone the US "is not able to produce a medium-term credible fiscal trajectory or get agreement on rebuilding its infrastructure". This paralysis "is significant not just for the US but for the world."

Keating links the collapse of this "prosperity compact" to the financial crisis. Too many Americans were unable to sustain themselves from wages and salaries.

How did they get by? They used the easy credit of the banking system, thereby feeding the frenzy that ended in bad loans and meltdown.

Keating's book has an abiding message for Australia: in the transformed world we "will find ourselves increasingly on our own" having to master our own destiny.

The job is to rediscover the productivity and savings agenda of the 1990s. Why did Australia survive the 2008 financial crisis? "Because of the flexibility of the economy," Keating says. "Flexibility which came from the reform of Australia's financial, product and labour markets that began 25 years ago. This has given us one of the most flexible economies in the world - arguably the most flexible. But further structural changes are ahead of us."

He lists them. It is a mix of the new and old Keating agenda: a shift in resources to the extractive industries; a lift in capital inflow driving a high current account deficit putting a premium on savings; recognition that competitiveness will lie "in the creativity of our people as much as it does in our oil and gas"; a renewed emphasis on the value of hi-tech and education; and above all, a cultural change that integrates Australia more into East Asia. "Cultural transformation is the key for us," Keating says. He rates it as more important than economic reform.

"There is less interest now in being part of East Asia than there was in the 1990s," he laments.

Keating wants this idea revived. And he ties it to the republic arguing that to succeed in Asia we must become a republic, a proposition Howard always dismissed.

On China, Keating is an optimist yet alive to the daunting economic challenge China now confronts. "What is happening in China knows no precedence in world economic history," he says. "Never before have 1.25 billion people dragged themselves from poverty at such a pace. China is now half the GDP of the US and incomes have risen by a factor of 10." He argues, however, that the origin of the 2008 financial crisis lies in the global imbalances - China has built huge foreign exchange reserves by exporting too much and America, in turn, is saving too little.

Keating says: "China must shift the basis of growth from net exports and investment to domestic consumption. Will they achieve this? Probably. Will there be strains along the way? There have to be."

Unlike many Australian leaders, Keating is a Europhile. "I think the European project is the most significant project since the second world war," he says. But he sees two huge blunders made in Europe.

From the euro's inception, Keating said it should constitute only Germany, France and the Benelux nations, not the peripheral countries around the Mediterranean, and "Greece should never have been allowed in".

Why were the weaker economies given entry?

Keating says: "It's because president Mitterrand and the French wanted it. They weren't ready to sit beside the German unified state without some friends."

So the eurozone was flawed from the outset, a structure awaiting internal assault: "The problem is we have a single currency without a political union and without a fiscal union."

The second blunder was the 1990s expansion of NATO to the Russian border. For Keating, this was recklessness for which the world may yet pay.

"Sensible policy would have included a place for Russia in the new world order," he says. "But that didn't happen. So Russian liberals were pushed to one side by Russian nationalists. In a sense the US has created Vladimir Putin."

Who is responsible? He points the finger at Bill Clinton.

On the 2008 financial crisis, he says former US Federal Reserve chief Alan Greenspan must bear "a fair amount of responsibility".

"Greenspan is someone I know and like," Keating says. "But if you are so naive to believe that institutions with a balance sheet with assets geared at 45 to one is not an accident waiting to happen then you don't deserve to be chairman of the Federal Reserve."

He praises Obama for seeking a return to the "liberal internationalism" that, in Keating's view, made the US great in the post-World War II age. This is the US he loves but it is still in retreat.

Asked about the nature of leadership, Keating reveals what lies within his heart: "I believe there is a poetic strand to life that doesn't exist in an economics textbook.

"This is not to say that rationalism isn't important and good. It is. But left to itself without the guidance of higher meaning and a higher concept, rationalism can be mean and incomplete. I say if you simply live on rational policy and briefing notes you are not sufficiently informed.

"You need a higher calling or some inner system of belief - here I mention Kant and the inner command that tells you what is true, what is right, what is good. The inner command must be the divining construct in what you do.

"Music has always been a large part of what makes me tick. You listen to a great work . . . you hear the majesty of these works and your head and soul gets caught up in them. When that happens you are in for bigger things and you will strike out to be better.

"When I was listening to music I would always have the pad out to write the ideas down."

http://www.theaustralian.com.au/news/opinion/paul-keating-explains-as-never-before/story-e6frg74x-1226173493029

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 10/24/2012 4:58:47 PM
**To**: Weingarten, Reid [redacted]]

have one of your cronys ask to see the mortgage to mara lago cash from electricinas union,, ( his driver MAtt was the bag man , later made an exec at the public co. ) and the 30 milllion dollar loan from the casino to donald trump. backdated,

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/27/2013 4:15:30 AM
**To:** Mohamed Waheed Hassan[redacted]
**Subject:** Re:

it is a scam.. what they willl tell you is the only thing they want is a vehicle and a bank acct and that you have no risk in setting it up. if the money doesn't come in , you lose nothing,, afterwards howver they use all the info you provide to try to defraud other people , saying , see , the govt of the maldives is our client and for only 250 k , we can get you a piece of the action. there is a treasury fraud site , at the us treasury web page, . very similar deals.

On Sat, Jan 26, 2013 at 10:49 PM, Mohamed Waheed Hassan <[redacted]> wrote:

Jeffrey,
Need your advice.
My finance minister is telling me that he has an anonymous funds manager who is willing to deposit 4 billion dollars in Maldives and that they are willing to lend a percentage of that in exchange for government promissory notes. The 4 billion would be deposited in the Central Bank. But they want us to set up a special purpose vehicle, a construction company fully owned by the government to receive the loan. Such a company can only be set up under a presidential decree.

I am also told that the funds manager would be charging Maldives upfront a certain percentage of the amount lent.

I don't feel I have enough information on this. I don't know who is this funds manager. They always want the finance minister to meet them in Bangkok or some place outside. Why would anyone want to deposit such a large amount here when we don't have a credit rating and public debt is so high. I feel very uncomfortable about this.

What do you think I should do. I am very uncomfortable. In addition to the finance minister, a leading politician and leader of the coalition parliamentary group is behind it. He could be my leading contender for presidency.

Does this sound all ridiculous to you. I have a strange feeling about this whole thing.
Best regards
Waheed

Sent from President's iPad

On Jan 18, 2013, at 5:06 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

as chairman of the council of europe , he is really mr human rights, Im sure that if he can be of help, he will

On Fri, Jan 18, 2013 at 5:27 AM,[redacted] <[redacted]> wrote:

I remember meeting Jagland at your place when I came with Sultan.

Sent from Windows Mail

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**From:** Jeffrey Epstein
**Sent:** 18 January, 2013 2:40 AM

**To:** Mohamed Waheed Hassan
**Subject:** Re:

also be advised that thorbjorn jagland is a great friend.

On Thu, Jan 17, 2013 at 3:26 PM, Mohamed Waheed Hassan <[redacted]> wrote:

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World Energy Forum and CGI guys are here. I am meeting Clinton people in a few minutes.

I have some funding now but will ask all friends to help raise more later when things start happening in full swing. Election is now scheduled to early September.

Hope all is well and look forward to seeing you here in the not too distant future.
Warm regards,
Waheed

On Jan 9, 2013, at 6:03 PM, Jeffrey Epstein wrote:

how is it shaping up? what are the biggest hurdles.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/29/2013 12:06:15 PM
**To:** Mohamed Waheed [[redacted]]
**Subject:** Re:

can we speak today, ?

On Sun, Jan 27, 2013 at 12:33 AM, Mohamed Waheed <[redacted]> wrote:
Thank you. You are my savior. I will do exactly what you said.

Sent from my iPhone

On Jan 27, 2013, at 9:29 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

this from a fraud web site, your mimister will get upset that you dont want to at least try, what do we have to lose , always the pitch. THe following from the fraud site. --The essential fact in all advance-fee fraud operations is that the promised money transfer never happens—because the money does not exist. The perpetrators rely on the fact that, by the time the victim realizes this (often only after being confronted by a third party who has noticed the transactions or conversation and recognized the scam), the victim may have sent thousands of dollars of their own money, and sometimes thousands or millions more that has been borrowed or stolen, to the scammer via an untraceable and/or irreversible means such as wire transfer.[13] Stay away, however if you want to embarass your possible opponent , you might set it up so that he looks like a fool, ask for amemo of why he thinks you should agree , have it include as many detials as possible, so that when you prove its a fraud,, you will make him look very silly as opposed to his saying , you missed an opportunity, anyway,, glad you are well

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/14/2013 8:45:53 PM
**To:** Larry Summers [redacted]

**Tunisia**: Tunisia's transition suffered a terrible blow on February 6th when leftist opposition alliance founder and head of the Democratic Patriots party Chokri Belaid was shot dead outside his home in Tunis. The event drew thousands of protestors to the streets, clamoring against the leading Islamist Ennahda party. The events heighten the Islamist-secular divide that has featured in the Tunisian transition and the Arab Spring at large. Tunisian Prime Minister Hamadi Jebali described the event as the "assassination of the Tunisian revolution" and promised to dissolve the Islamist-led government and form a technocrat government aimed at promoting national unity at this divisive time.

**Egypt**: The second anniversary of the Egyptian revolution on January 25th was marked less by celebration than it was by violence, culminating in a week of unrest that took the lives of more than 50 people. The week was also marked by the imposition of a curfew, state of emergency, and large military deployment in the cities of Suez, Ismailliya, and Port Said. The events reflect the disillusionment of Egyptians, given the lack of progress on both political and economic fronts, while also revealing the state's limitations in restoring order and the rule of law to the streets. That the army—the country's most powerful institution—warned of the "collapse of the state" is a telling and serious message, conveying the institution's growing frustration with the political impasse.

The recent violence has also generated serious economic losses and fuel shortages, and caused yet another delay with the much-needed IMF loan. It will be interesting to see how the recent violence—as well as the general malaise caused by economic woes—affects the Muslim Brotherhood's performance in the upcoming parliamentary election (which is yet to be scheduled). A recent report issued by the Brotherhood's political bureau hinted that the party's popularity has been in decline.

Against this backdrop of political and economic turmoil, the 12th summit of the Organization of Islamic Cooperation (OIC) convened in Cairo on February 5th with a number of key players in the region in attendance—among them President Gül of Turkey, Emir Hamad al-Thani of Qatar, and Saudi Crown Prince Salman. The summit aimed to discuss Syria, Mali, and the Palestinian issue. The spotlight, however, was on Mahmoud Ahmadinejad: the first Iranian president to visit Egypt since the 1979 Islamic revolution.

**Libya**: On January 31st, European Union foreign policy chief Catherine Ashton announced the launch of a two-year civil mission to help secure Libya's 4,000-kilometer border. The announcement was complemented by a surprise visit to Tripoli by David Cameron, who also announced his government's commitment to helping the Libyan military and police with training and support. Furthermore, a meeting in Paris the week of February 11th will bring together a number of countries to discuss security cooperation and the future of the Libyan legal system. These initiatives are a telling manifestation of the urgent need to address security in Libya—especially border security—given the Mali crisis, the recent terrorist incident in Algeria, and concerns about security and stability across North Africa.

**Jordan**: The results of the Jordanian parliamentary election came as no surprise: pro-government candidates strengthened their hold, though state television reported that the majority of the 150 seats had been won by independents (an indicator that tribal allegiance is becoming a more important factor than party politics). According to official figures, 56 percent of the country's 2.3 million registered voters turned out for the ballot,

with the most obvious absence being that of the Muslim Brotherhood, which protested what it considered to be a biased ballot. It remains unclear who will succeed Prime Minister Abdullah Ensur (who submitted his resignation to King Abdullah on January 29th), although analysts and commentators consider it likely that a number of unexpected appointments will be made in an effort to address the growing malaise. Media reports speculate that there are also plans to set up an official channel for communication with the Muslim Brotherhood. Meanwhile, it appears that King Abdullah is seeking to bolster ties with regional allies, perhaps for both political and economic reasons: the King made visits to Bahrain, the United Arab Emirates, and Kuwait from January 29th to February 4th.

**Syria**: Israeli warplanes are generally believed to have struck a convoy en route to Lebanon on January 30th, although this has not been confirmed by the government of Israel. The convoy was reported to have been carrying sophisticated antiaircraft weaponry to Hezbollah. The attack—carried out on the outskirts of Damascus—was met by a sharp threat of retaliation from both the Syrian and Iranian governments: a significant indicator of the regional reverberations of the Syrian civil war and the general volatility permeating the region.

Despite the lack of progress of an international peace initiative spearheaded by Special Envoy Lakhdar Brahimi, a new plan by Syrian opposition leader Moaz al-Khatib—comprising a dialogue with President al-Assad based on the principle of the regime's departure—offers a glimmer of hope. Upon meeting with al-Khatib on February 3rd, the foreign ministers of Iran and Russia (the closest allies of the al-Assad regime) seem to have agreed to help facilitate this process—an interesting turn of events. The new plan comes as the humanitarian situation continues to deteriorate, although some help is foreseen from the $1.5 billion in pledges made at a donors' conference on January 30th in Kuwait.

**Israel**: While recent elections kept Netanyahu's Likud party in the lead by winning 31 of 120 seats in the Knesset, the new centrist party Yesh Atid's ability to win 19 seats under the leadership of Yair Lapid garnered all the attention. The results generated media debate about the possibility of a shift in Israeli policy vis-à-vis the Palestinians. In fact, the election campaign and its results were centered on domestic and socioeconomic issues, and internal reform. Furthermore, Yesh Atid is known to maintain an ambiguous stance on the peace process.

On January 29th, Israel became the first country to boycott a United Nations review of its human rights practices, despite the United States' and other political players' advice to participate. This is a breach of an established practice of cooperation and thus represents precedence for noncooperation by other states. It also leaves the question of human rights in occupied Palestinian territories outside the jurisdiction of the international community. It remains unclear, however, whether the newly elected government will make a pragmatic effort to reengage with the UN review effort.

**Bahrain**: On January 21st King Hamad al-Khalifa issued a decree endorsing a renewed national dialogue. Subsequently, on February 4th, Minister of Justice Khalid bin Ali al-Khalifa announced that the national dialogue would resume on February 10th. Press reports indicate willingness by the opposition's to participate in the dialogue.

**Iran**: President Ahmadinejad was warmly welcomed by President Morsi upon arrival in Cairo on February 5th and, interestingly, by the Sunni leadership of Al-Azhar. The Iranian leader reciprocated by offering to provide Egypt with a "big credit line" to help its lagging economy, a telling indication of Tehran's desire for a rapprochement. The reaction on the Egyptian street, however, was generally negative, revealing thedisconnect between a dominant Muslim Brotherhood political elite reaching out to an Islamist power and a critical faction of Egyptian society hostile to this shift. The meeting is not necessarily an indicator that bilateral ties will improve,

given Egypt's much-savored relationship with other Gulf countries (not to mention the United States). It does represent a re-balancing of relationships in a changing Middle East nonetheless.

A new round of talks between Iran and the P5+1 (five permanent members of the Security Council plus Germany) has now been scheduled to take place on February 26th following weeks of conflicting reports and what seemed to be a diplomatic stalemate. This represents the first effort at talks at the political directors' level since the Moscow meeting in June of 2012. While the talks are restarting just over a month after the start of US President Obama's second term, Iran appears to have moved into its political season: tensions between President Ahmadinejad and the speaker of the Majlis, Larjani, have gone public with mutual recriminations about corrupt family members and associates.

**Saudi Arabia**: Former intelligence chief Prince Muqrin bin Abdulaziz was appointed second deputy prime minister of Saudi Arabia on February 2nd, a role traditionally associated with the incumbent being second in line to become king. Prince Muqrin is the youngest son of the kingdom's founder.

**Yemen**: A UN Security Council delegation visited Yemen on January 27th in a show of support to President Hadi and Yemen's political transition. The visit reflects the Security Council's interest in seeing Yemen move forward with the National Dialogue Conference. During the visit there were large demonstrations, as thousands demanded a fair and just approach in dealing with former president Ali Abdullah Saleh, who has received immunity under the Gulf Cooperation Council initiative.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/14/2013 8:47:12 PM
**To:** Larry Summers [redacted]

Article 1.

Washington Post

# Obama to make first trip to Israel, part of a potential 'new beginning' with region

Scott Wilson

President Obama will travel to Israel and the occupied Palestinian territories next month to make an early second-term push for peace negotiations between two divided governments and to assess the broader political developments remaking the Middle East.

It will be Obama's first trip as president to Israel, where suspicions run high in the aftermath of his unsuccessful early efforts at Middle East peacemaking.

The choice of destination — one that Obama avoided in his first term — suggests a revival of his ambitions abroad after a year of virtual dormancy on foreign affairs. The timing also points to a willingness on his part to quickly reengage a politically volatile foreign-

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policy issue just months after winning his second term.

But the visit will highlight how much the region has changed since he last visited the Middle East in his first year in office, with the rise of Islamist governments and the widening repercussions of civil revolt.

After Obama helped topple Moammar Gaddafi in Libya in 2011, many in the region wondered when he would emerge again to help shape the course of the tumultuous Arab Spring, which has replaced a pair of U.S.-allied dictatorships with elected Islamist governments.

Within the Israeli-Palestinian conflict, much has changed since the direct peace talks Obama inaugurated in September 2010 collapsed within weeks. Israel's recent battle with the armed Hamas movement in the Gaza Strip left many predicting a wider fight in the future, as divisions deepened within the Palestinian and Israeli electorates over whether talks or war would resolve the conflict.

"To make it a substantive trip that is more than a positive photo-op would require setting up a specific framework for an agreement and setting a tight deadline to achieve it," said Jeremy Ben-Ami, the executive director of J Street, a nonprofit group that advocates the

creation of a Palestinian state alongside Israel.

White House officials would not provide a date for Obama's trip, which he will squeeze into the tight schedule he is building around a busy domestic agenda that includes immigration, guns and the economy.

But Israeli media reported that Obama is scheduled to arrive March 20 as part of a trip that will include a stop in Jordan, where the civil war in next-door Syria and its growing refugee crisis is presenting a major challenge to King Abdullah II, a U.S. ally .

Obama began his first term by making a strong push for peace talks between Israel and the Palestinians, believing the conflict fueled radicalism in the region in general and toward the United States in particular, given its historical support for the Jewish state.

In contrast to predecessor George W. Bush, Obama wanted to demonstrate to Arab governments that the United States would make demands of Israel in pursuit of a regional peace agreement.

Israeli Prime Minister Benjamin Netanyahu made little secret of his preference for Republican Mitt Romney in last year's U.S. presidential campaign. Netanyahu and Obama have at times disagreed bitterly over issues relating to

the Palestinians, including Israel's continued settlement construction in the West Bank and East Jerusalem.

Israel's military occupied those territories, along with Gaza, in the 1967 Arab-Israeli war. Palestinians view them as the key territorial elements of their future state.

In a June 2009 address in Cairo, a speech that asked for a "new beginning" with the Islamic world, Obama said: "The United States does not accept the legitimacy of continued Israeli settlements." He also did not stop in Israel on that trip, instead visiting Saudi Arabia, Egypt and Germany, where he emphasized the horror of the Holocaust and the moral imperative of defending Israel. Romney, among others, made the omission a campaign issue.

But on regional security issues, Obama and Netanyahu have deepened cooperation amid rising U.S. military aid to Israel. Obama has agreed with Netanyahu that Iran must not be allowed to use its uranium-enrichment program to develop a nuclear weapon, an issue that the two will discuss during Obama's visit.

Netanyahu's Likud party emerged from elections last month as the largest bloc in Israel's parliament, meaning that he will serve another term as prime minister. But

a surprisingly strong showing by a new centrist party is likely to put more pressure on him to pursue talks.

"It was a mistake for Obama not to go in the first term at a time when it could have affected Israeli public opinion of him, and now, it has hardened against him to a point that I don't believe it can," said Elliott Abrams, a senior fellow at the Council on Foreign Relations who served as a senior Middle East adviser to Bush.

Obama's visit will coincide with growing concern in the region that the two-state solution favored by him is in peril, as Israeli settlement construction continues and as the Islamist Hamas gains clout within the once-secular Palestinian nationalist movement. Hamas emerged stronger politically from the recent clash with Israel and continues to reject the Jewish state's right to exist.

Hamas and its secular rival Fatah are due to meet Saturday as part of a reconciliation process. If an agreement is reached and Hamas joins the Palestinian Authority, Obama will be faced with an awkward decision on whether to meet with a government that includes members of a U.S.-designated terrorist movement.

As he begins again in the region, Obama will be advised by new Secretary of State John F. Kerry. He has also named former

senator Chuck Hagel as defense secretary, a nomination still in question after an unsteady performance by the candidate before the Senate Armed Services Committee last week that focused in part on his past criticism of Israel.

"This trip is a signal that the president has an interest, not just in the peace issue, but also in the broader concerns that Israel is facing," said Dennis Ross, a senior Middle East adviser to Obama during his first term who is at the Washington Institute for Near East Policy. "In some ways, it will be the president traveling to Israel to ask for a new beginning."

Article 2.

Foreign Policy

# Saeb Erekat - The Peace Processor

An interview by Aaron David Miller

February 5, 2013 -- Other than Mahmoud Abbas, Saeb Erekat could be the most recognizable Palestinian on the planet. The chief Palestinian negotiator is certainly among the most passionate in promoting the cause. And nobody on the

Palestinian side knows the substance of the issues or the negotiating history better.

I first met Erekat in the late 1980s, while working on the Palestinian issue for then Secretary of State George Shultz. Back then, the U.S.-educated diplomat was already showing the brashness and outspokenness that would make him one of the most memorable -- if exasperating -- of the Palestinians with whom we dealt.

He annoyed then Secretary of State James Baker by wearing his kaffiyeh around his shoulders at the opening of the Madrid Peace Conference in October 1991. And over the years, he continued to annoy the Israelis too with his fiery performances on CNN -- though to this day, key Israeli negotiators, such as Isaac Molho, continue to praise his pragmatism at the bargaining table.

It was Erekat's academic bent, analytical chops, and capacity to write in English that would make him so indispensable to the only Palestinian who really counted in those days -- Yasir Arafat. Erekat was a unique figure -- neither a fighter (no nom de guerre for him), nor a PLO insider, nor an organization man from Tunis. Rather, he was a West Banker from Jericho, and he succeeded in maintaining his relevance in a Palestinian

political scene dominated not by fellow academics, but by hard men defined by struggle and intrigue. During the heady days of the peace process, he became a key point of contact for the Americans, the Israelis, the Arabs, and much of the rest of the international community.

I came to know Erekat not only as a negotiator, but as a person. He sent his kids to Seeds of Peace, a conflict resolution and coexistence organization that I ran briefly after leaving the State Department, and my daughter befriended his and stayed with the Erekats in Jericho. Saeb and I have yelled at each other, defended our respective positions, laughed, and mourned opportunities that were never adequately explored. But through it all, what he said about himself was true: He wasn't as pro-Palestinian or pro-Israeli as much as he was pro-peace.

That peace has proven elusive to this day. But with all our differences -- and there are many -- I believe Erekat believes in its possibility. Who else would list as an "objective" on his resume: "Solve the Palestinian-Israeli conflict based on a two state negotiated solution through diplomatic offices"?

If, or perhaps when, another effort to negotiate a deal is made, one thing is clear -- Erekat will be in the middle of it. Last week, he agreed to answer my

questions on the past and future of the Israeli-Palestinian problem.

**FP:** What were your best and worst moments in the Israeli-Palestinian negotiations, and what was the greatest missed opportunity?

**Saeb Erekat:** Though I was not the chief negotiator at that moment, the connection between [then Prime Minister Yitzhak] Rabin and President Arafat made everyone around them, including myself, feel that peace was possible. There was significant progress in all tracks until Rabin's assassination by an Israeli terrorist -- after he was killed, no Israeli leader had the vision to understand that the window of opportunity for a two-state solution would close as fast as they continued their colonization policies.

The missed opportunity has definitely been Israel throwing away the Arab Peace Initiative, which offers normalization of relations of 57 countries with Israel in exchange for Israeli withdrawal to the 1967 border. They threw it away by bombing Gaza, by intensifying collective punishments, and by increasing settlement construction all over the occupied West Bank, particularly in and around Occupied East Jerusalem.

**FP:** 2013 is the 20th anniversary of the Oslo negotiations. What was Oslo's greatest success, and its greatest failure?

**SE:** The fact that, two decades after Oslo, we are still a nation under occupation shows that Israeli governments did derail it. The interim accords were not supposed to last for 20 years but only five. After that, we were going to enjoy freedom and sovereignty.

But Israel increased its settlement expansion. In fact, within 20 years, the number of settlers almost tripled. The institution-building efforts led by the Palestinian government have been completely undermined by the lack of freedom. This situation cannot continue. Oslo succeeded in bringing back 250,000 Palestinians from the diaspora and building the capacity for our state. The international community failed though, by granting Israel an unprecedented culture of impunity that allowed them to use negotiations as a means to continue rather than stop colonization.

**FP:** What is the most important thing Israelis don't understand about Palestinians?

**SE:** That we are not going anywhere. As simple as that. We are not going to disappear just because their government builds an annexation wall around us.

They should close their eyes and imagine their state within 10 years time. What do they see? If they continue their policies, they are going to officially adopt the form of an apartheid regime, which I think is not what many Israelis want.

**FP:** What is the most important thing Palestinians have learned about Israelis?

**SE:** That Israelis will not take back the ships that brought them here to leave somewhere else. We got to understand that we have to live side by side. The rules of engagement, though, cannot be those of apartheid, but those of freedom.

**FP:** What do you expect from the next Israeli government on the peace process?

**SE:** I don't think there is room for optimism, but our position hasn't changed. We don't see any other solution than a two-state solution. Any Israeli government that recognizes this fact and respects what previous governments have agreed upon should become a partner for peace.

**FP:** Is Hamas-Fatah unity possible, and what would the impact be on the future of Israeli-Palestinian negotiations?

**SE:** We expect to have progress in the near future, with Hamas allowing the Central Elections Commission to register new voters in Gaza. I believe there is political agreement -- in fact, there is a signed agreement. We expect to have

elections as soon as possible, which is the right way to solve our differences: Let our people decide, those in Palestine as well as our people in the Diaspora.

Having said so, Hamas has recognized the Palestine Liberation Organization as the sole and legitimate representative of the Palestinian people, including its mandate to negotiate a final status agreement with Israel. Once that is achieved, we expect to hold a national referendum.

**FP:** How would you describe Egypt's role in the peace process now? What do you expect from President Barack Obama's administration with regards to the peace process?

**SE:** Egypt has played a central role, and continues to do so. We trust that Egypt, under President Mohamed Morsy's leadership, will continue to play a strong role because Palestine and Egypt have a common interest in achieving peace.

President Obama had stated that he has a personal commitment to bring peace to the Middle East. We, the Egyptians, and the rest of the Arab world tell him that we are ready for peace. We have the Arab Peace Initiative. This goes in line with the stated U.S. national interest. Washington's failure to explicitly say that Israel is to blame for choosing

settlements over peace has contributed to Israel's culture of impunity.

**FP:** Can America be an effective broker in negotiations?

**SE:** If the U.S. decides to be an honest broker, it could not only be effective but in fact could bring real peace to the region, a just and lasting one. The U.S. has a moral obligation toward the Palestinian people, who have been under occupation and living in exile for decades.

**FP:** Is a two state solution still possible?

**SE:** Yes, but only if there is a political will. So far, Israel's will is about colonization, and the international community has failed to put an end to decades of double standards by treating Israel as a state above the law. We don't see any other solution than a two-state solution, though Israel is taking us to a one-state reality.

*Aaron David Miller is a distinguished scholar at the Woodrow Wilson International Center for Scholars.*

Article 3.

The Daily Beast

# The Mixed Legacy Of Shimon Peres

Daniel Gavron

Feb 4, 2013 -- Now that he has finished his consultations with the country's political parties and charged Benjamin Netanyahu with forming a new coalition, Israel's respected President, Shimon Peres, is once again very much in the news. In his speech inviting Netanyahu to form the next government, the President spoke forcefully about peace and even seemed to influence Bibi to mention peace, a word he never used in his election campaign. Peres has rightly earned respect for this from many quarters, but now, as the coalition is being formed, it might be a good time to examine one aspect of Israel's political culture: the lack of respect for the task of a parliamentary opposition. Peres is at least partly to blame for this, as he almost always preferred to join various administrations—even as a junior partner—rather than lead the opposition, ofen citing "our grave situation" and "national responsibility." Now is surely a better time to criticize Peres than in June, when the world (maybe even including President Barack Obama) will be coming here to celebrate his 90th birthday. Then, surely, everyone will be paying deserved tribute to the wisdom of this elder statesman and prophet of peace, and it would be a shame to spoil the

party. So let's clear the air right now, well before the festivities. Before we get to the matter of coalition politics, which is very much on our minds right now as Netanyahu struggles to put together a government, let us consider the other negative part of the Peres legacy: his stint as Defense Minister under Prime Minister Yitzhak Rabin from 1974 to 1977. Today Peres is widely respected as the architect of the Oslo Accord of 1993, achieved while he was Foreign Minister. It was the first political move toward a settlement between Israel and the Palestinians, and Peres deserves huge credit for securing the agreement. However, two decades earlier, as Defense Minister, he supported the Jewish settlement project in the newly-conquered Palestinian territories, both overtly and covertly. Not for nothing did Rabin label Peres in his memoirs as "an indefatigable intriguer." In 1975, while Rabin was doing his utmost to prevent the settlement of Elon Moreh, near Nablus, Peres continuously sabotaged his efforts. After no less than eight settlement attempts, which were ruled illegal by Israel's Supreme Court, a "compromise" was reached, and Elon Moreh was established five kilometers to the east of the original site. Moreover, during the furor over Elon Moreh, Defense Minister Peres quietly facilitated the creation of Ofra, near Ramallah.

These two settlements, which have become flagships of the settlement movement, were the start of Jewish colonization in Samaria, the northern part of the West Bank. The previous year, as a young reporter, I interviewed Peres, after he and his political ally Moshe Dayan had refused "on principle" to join the government of Golda Meir. "If a single child can learn that politics is not just intrigues," Peres told me, "I will be satisfied that we have done our bit." Just one week later, when he and Dayan had reversed their position for no discernable reason, and were seated snugly around the cabinet table, I asked Peres what he had to say to the "single child." His aides sniggered, but Peres didn't bat an eyelid: "Just what my mentor, David Ben-Gurion (Israel's first Prime Minister) told me: when the security of Israel is laid on one side of the scales, and everything else on the other side, security tips the balance." Peres subsequently used that self-same argument to join every government that would have him. The late Menachem Begin lost nine elections before finally becoming Israel's Prime Minister in 1977. He served as a pugnacious and dedicated leader of the opposition. Peres almost never headed the opposition, always preferring a ministerial appointment, once even designing a grotesque system of

"rotation" with Yitzhak Shamir, so that he could be in the government. He proposed the ideal of "national unity," and greatly devalued the democratic concept of parliamentary opposition. Former Foreign Minister Tzipi Livni ruined her reputation when she refused to join Netanyahu in his last government. While it is quite true that Livni was an ineffective opposition leader, it is the very fact of her refusal to join the administration and "influence it from within" that has provoked most of the criticism by Israeli political commentators. Similar criticism is currently being leveled at Labor Party leader Shelly Yachimovich for stating clearly that she would not join Netanyahu's next government, but would serve as leader of the opposition. There are certainly many reasons to criticize Yachimovich, but not her eminently democratic decision to lead the parliamentary opposition. Very few of our political commentators have ever expressed respect or even understanding for the concept of opposition. The most popular political idea in Israel today is national unity—better still, a National Unity Government: "We should all rally round the flag and support our government in these critical times." This position, widely espoused, echoes what Peres has said repeatedly over the years.

So, although the Peres vision of peace is a positive legacy, he has also taught us less helpful lessons. The settlements are a supremely negative inheritance, but I would argue that the anti-democratic rejection of the concept of a parliamentary opposition is an even more harmful bequest handed down to us by President Shimon Peres.

*Daniel Gavron, who lives in Israel, is a former journalist and the author of nine books, the most recent of which is Holy Land Mosaic, stories of cooperation and coexistence between Israelis and Palestinians (Rowman & Littlefield, 2008).*

Article 4.

NYT

# India vs. China vs. Egypt

Thomas L. Friedman

February 5, 2013 -- New Delhi -- It's hard to escape a visit to India without someone asking you to compare it to China. This visit was no exception, but I think it's more revealing to widen the aperture and compare India, China and Egypt. India has a weak central government but a really strong civil society, bubbling with elections and

associations at every level. China has a muscular central government but a weak civil society, yet one that is clearly straining to express itself more. Egypt, alas, has a weak government and a very weak civil society, one that was suppressed for 50 years, denied real elections and, therefore, is easy prey to have its revolution diverted by the one group that could organize, the Muslim Brotherhood, in the one free space, the mosque. But there is one thing all three have in common: gigantic youth bulges under the age of 30, increasingly connected by technology but very unevenly educated.

My view: Of these three, the one that will thrive the most in the 21st century will be the one that is most successful at converting its youth bulge into a "demographic dividend" that keeps paying off every decade, as opposed to a "demographic bomb" that keeps going off every decade. That will be the society that provides more of its youth with the education, jobs and voice they seek to realize their full potential.

This race is about "who can enable and inspire more of its youth to help build broad societal prosperity," argues Dov Seidman, the author of "How" and C.E.O. of LRN, which has an operating center in India. "And that's all about leaders, parents and teachers creating

environments where young people can be on a quest, not just for a job, but for a career — for a better life that doesn't just surpass but far surpasses their parents." Countries that fail to do that will have a youth bulge that is not only unemployed, but unemployable, he argued. "They will be disconnected in a connected world, despairing as they watch others build and realize their potential and curiosity."

If your country has either a strong government or a strong civil society, it has the ability to rise to this challenge. If it has neither, it will have real problems, which is why Egypt is struggling. China leads in providing its youth bulge with education, infrastructure and jobs, but lags in unleashing freedom and curiosity. India is the most intriguing case — if it can get its governance and corruption under control. The quest for upward mobility here, especially among women and girls, is palpable. I took part in the graduation ceremony for The Energy and Resources Institute last week. Of 12 awards for the top students, 11 went to women.

"India today has 560 million young people under the age of 25 and 225 million between the ages of 10 and 19," explained Shashi Tharoor, India's minister of state for human resource development. "So for the next 40 years we should have a youthful working-age

population" at a time when China and the broad industrialized world is aging. According to Tharoor, the average age in China today is around 38, whereas in India it's around 28. In 20 years, that gap will be much larger. So this could be a huge demographic dividend — "provided that we can educate our youth — offering vocational training to some and university to others to equip them to take advantage of what the 21st-century global economy offers," said Tharoor. "If we get it right, India becomes the workhorse of the world. If we get it wrong, there is nothing worse than unemployable, frustrated" youth.

Indeed, some of India's disaffected youth are turning to Maoism in rural areas. "We have Maoists among our tribal populations, who have not benefited from the opportunities of modern India," Tharoor said. There have been violent Maoist incidents in 165 of India's 625 districts in recent years, as Maoists tap into all those left out of the "Indian dream." So there is now a huge push here to lure poor kids into school. India runs the world's biggest midday lunch program, serving 250 million free school lunches each day. It's also doubled its number of Indian Institutes of Technology, from eight to 16, and is planning 14 new universities for innovation and research.

But this will all be for naught without better governance, argues Gurcharan Das, the former C.E.O. of Procter & Gamble India, whose latest book is "India Grows at Night: A Liberal Case for a Strong State." "The aspirational India has no one to vote for, because no one is talking the language of public goods. Why should it take us 15 years to get justice in the courts or 12 years to build a road? The gap between [youth] aspirations and government performance is huge. My thesis is that India has risen despite the state. It is a story of public failure and private success."

That is what Das means by India grows at night, when government sleeps. "But India must learn to grow during the day," he said. "If India fixes its governance before China fixes its politics that is who will win. ... You need a strong state and a strong society, so the society can hold the state accountable. India will only get a strong state when the best of society join the government, and China will only get a strong society when the best Mandarins go into the private sector."

Article 5.

Foreign Policy

# Don't be too sure there won't be another U.S. war in the Middle East

Richard L. Russell

February 5, 2013 -- Shortly before he left office in Feb. 2011, Defense Secretary Robert Gates told West Point cadets that "in my opinion, any future defense secretary who advised the president to again send a big American land army into Asia or into the Middle East or Africa should ‘have his head examined,' as General MacArthur so delicately put it." The remark no doubt reflected Sec. Gates's fatigue and frustration from the enormous intellectual and emotional burdens associated with overseeing the wars in Iraq and Afghanistan.

One suspects, however, that in a more reflective moment, Gates would have acknowledged that "never say never" is a wise rule of thumb in planning for military contingencies, especially in the region that makes up Central Command's area-of-responsibility. Few, for example, predicted the 1979 Soviet invasion of Afghanistan. Gates himself -- who was a senior CIA official during the covert war supporting the Afghan resistance -- surely did not anticipate then that the United

States would have to return to Afghanistan two decades later to oust a Taliban regime that was harboring terrorists. Before 1990, moreover, no one predicted that Iraq, having just ended a bitter eight-year war with Iran, would swing its battered forces south to invade Kuwait.

So if it's conventional wisdom that the United States will not, or should not, intervene militarily in the Middle East or South Asia after it draws down forces in Iraq and Afghanistan, it's also likely dead wrong. What is true, however, is that political and military trajectories in the Middle East and South Asia are likely to increasingly challenge U.S. contingency access in the coming decade. The ability for the United States to surge large-scale forces into the region, as it did in the 1990 and 2003 wars against Iraq, will grow increasingly circumscribed. The United States will have to adapt to this new strategic landscape by developing more nimble, highly-mobile, stealthy, and networked forces, and by abandoning the traditional practice of slowly and steadily building up conventional forces at regional logistic hubs prior to launching war.

* * *

Perhaps the most significant factor that portends against further intervention in

the Middle East and South Asia is increased political resistance -- and outright opposition -- from the countries in the region. That resistance is likely to come from the new regimes emerging from the Arab uprisings, as well as a number of Gulf monarchies.

Indeed, the political trends in the region are unlikely to conform to the rosy predictions of democratic peace theorists, whose musings have implicitly informed the security policies of both Republican and Democratic administrations for decades. Old authoritarian regimes seem to be passing the way of the dodo bird, but the new regimes taking shape are heavily influenced by militant Islamic ideology that will make them less likely to engage in security or military cooperation with the United States.

Democracy optimists argue that these ideological regimes, once entrenched in power, will have to moderate their zeal in order to govern. Pragmatism will ultimately trump ideology. That line of reasoning, however, is based on the assumption that the policy decisions of such regimes can be explained by rational choice economic theory. In other words, if they want to attract international capital and participate in the world economy, they are going to have to break with their ideological affinities. But that reasoning ignores a hard fact of international

politics: that time and again, political and ideological prerogatives trump economic rationality. It made little economic sense, for example, for Pakistan to pursue a nuclear weapons program in the 1970s, just as it makes little economic sense for Iran to do so today. Clearly, both Pakistan and Iran made major policy decisions based on political-military priorities rather than economic calculations.

As for the surviving monarchies in the Middle East, they too will likely be less accommodating to American military forces than they have been in the past. To be sure, much of the Arab support for past American military operations -- like both Iraq wars -- was hidden from the public eye. Arab states often loudly and publicly denounced "unilateral American" military action in the region at the same time as they supported it in backroom dealings, quietly authorizing facilities support and air, land, and sea access.

But if Arab Gulf states were quietly supportive in the past, their opposition to American military force is likely to grow in the future. They read the aftermath of the Arab uprisings much differently than did American and European policymakers. The Gulf monarchies were shocked that the United States "abandoned" Egyptian President Hosni

Mubarak in his time of need in early 2011. Their leaders expected the United States to push for Mubarak and the Egyptian military to crack down on public protests in Cairo. After all, American policymakers during the Carter administration had at least given this policy option consideration during the Iranian revolution in 1979.

Already, several Gulf states have begun to translate their displeasure into policy independence from Washington. In 2011, for example, a coalition of Gulf states led by Saudi Arabia intervened in Bahrain to quell domestic unrest in the island country. They did so under the banner of the Gulf Cooperation Council (GCC), which for years had been a feckless military force. Largely unnoticed in Western commentary was that the GCC, for the first time in its history, mounted a relatively effective military intervention.

Bahrain today is for all intents and purposes a province of Saudi Arabia, even if it is not polite to say so in diplomatic circles. Since the Iranian revolution, Bahrain -- like the United Arab Emirates, Kuwait, Oman, and Qatar -- has pursued close ties with the United States, in significant measure to counterbalance Iran and Saudi Arabia. With Washington at their back, they were able to stake out security policies that were at least nominally independent from

Saudi Arabia. When Saudi Arabia wanted American forces removed from the kingdom, for example, Qatar was eager to compensate by hosting a more robust American command presence in the region.

The Arab uprisings and subsequent GCC intervention in Bahrain have turned the tables, making Saudi security backing a necessity for the smaller Gulf monarchies. From their perspective, American forces are clearly more capable than Saudi forces, but given the alignment of their interests, Riyadh is a more reliable security partner. Gulf leaders and military commanders in the coming decade will be focused on how to avoid following in Mubarak's footsteps. Part of minimizing that risk will involve decreasing security dependency on the United States. Gulf leaders have to worry that if push comes to shove, the Americans will throw them under a bus just like they did to Mubarak.

* * *

If the political dynamics in the Middle East and South Asia do not favor further American military intervention in the future, neither do the emerging military trends. The proliferation of supersonic cruise missiles and mines in the region will make for nasty forced entries into

narrow maritime confines like the Suez Canal, the Red Sea, and the Persian Gulf.

But the likely proliferation of nuclear weapons -- and ballistic missile delivery systems -- will pose even more formidable challenges to conventional military surges in the region. In the future, the United States will not be able to take for granted unchallenged surges of naval, air, and ground forces into regional theaters via logistics hubs. These hubs -- like the American naval presence in Bahrain -- are large, readily identifiable, and will be increasingly vulnerable to future targeting by nuclear weaponry.

Iran's nuclear weapons, assuming it gets them, will pose a direct threat to American military surge capabilities. Although American policymakers and military commanders might feel confident that they could surge forces into the Gulf despite Iranian nuclear threats because of the American nuclear deterrent, Gulf security partners might be more nervous and less willing to cooperate. As a result, they might not grant access to U.S. air, naval, and ground forces out of fear of angering Iran.

American observers who doubt that Gulf states would make such calculations should recall how Kuwait responded in

the lead-up to Iraq's invasion in 1990. When faced with a build-up of Iraqi forces along its border, Kuwait decided not to mobilize its military out of fear that the move would provoke Saddam Hussein. The incentives for Gulf states to make similar strategic calculations in the future will be greater when Iran has an inventory of nuclear weapons to match its growing ballistic missile capabilities.

The Gulf states, moreover, will likely reason that the U.S. capability to threaten or use force against a nuclear Iran will be significantly diminished. Even without nuclear weapons, Gulf states have seen, in their view, a long history of American reluctance to threaten or use force against Iran. For example, the United States took no direct military action against Iran after it aided and abetted Hezbollah bombings against Americans in Lebanon in the 1980s, after Iran supported the bombing of Khobar Towers in Saudi Arabia in 1996, or even after Iran supported the deadly campaign of improvised explosive devices (IEDs) against U.S. troops in Iraq. Gulf states will no doubt judge that if the United States was unable and unwilling to attack Tehran under these circumstances, then it is certainly not going to attack Iran in the future, when it will be able to retaliate with nuclear weapons.

American policymakers may counter that Iran would never be foolish enough to threaten or use nuclear weapons against the United States, given its robust nuclear deterrence posture. But the threat or use of nuclear weapons might not look so foolish from Iran's perspective. One of the great strategic lessons drawn from the long history of conflict in the Middle East is this: Do not go to war without nuclear weapons, as Saddam Hussein did when he invaded Kuwait. The corollary is: Do not allow the United States to methodically build-up forces in the Gulf prior to invading, as Saddam did both in the run-up to the 1991 re-conquest of Kuwait and in 2003, before the drive to topple the regime in Baghdad.

Drawing upon these lessons, Iran will likely do everything in its power to deny the United States the ability to surge conventional forces into the region -- and that might include threatening to target U.S. forces with nuclear weapons. Iran might accept the risk that preemptive use of nuclear weapons could bring on American nuclear retaliation, because failure to do so would mean certain destruction for the regime. The United States would be able to build-up conventional forces in the region and oust Iran's leaders just as it did in Baghdad.

This line of strategic reasoning runs counter to conventional wisdom in the

West, but we actually know little or nothing about what Iranian decision-makers think about nuclear weapons or deterrence theory. Since the Iranian revolution in 1979, opportunities for the exchange of professional views between Western and Iranian scholars, policymakers, and military leaders on these critically important issues have been extremely limited. Therefore, it's not unreasonable to assume that the Iranians, like American policymakers in the early stages of developing their nuclear triad doctrine, will think of nuclear weapons as merely "big artillery." Unfortunately, the United States and its security partners lack formal and informal exchanges with the Iranians akin to the Cold War discussions and arms control negotiations between the Americans and Soviets, which allowed both parties to develop mutual understandings of the other's perception of nuclear weapons. These understandings were essential for crisis management in the Cold War strategic relationship after the Cuban missile crisis.

Meanwhile, the Gulf states, led by Saudi Arabia, are likely to look for their own nuclear deterrents. Much like France wanted its own nuclear force de frappe during the Cold War, the Gulf states will want their own nuclear weapons to deter Iran. Saudi Arabia and the smaller Gulf

states will worry that the United States would be deterred from coming to their defense in future regional crises by Iran's nuclear weapons.

Saudi Arabia and other Arab states are likely to see nuclear weapons as a quick fix for all of their security woes. Although they have been on a shopping spree in the past decade, buying expensive and sophisticated Western military technology, they have had a tough time absorbing the new technology and fully utilizing and integrating weapons systems. To be sure, in a rough net assessment, Saudi Arabia and its allies in the Gulf have significantly greater conventional capabilities than Iran. But if Iran goes nuclear, they will want to follow suit.

* * *

Americans may be weary of conflict in the Middle East and South Asia, but strategic prudence demands that we contemplate future military interventions in the Central Command theater. A scan of the horizon reveals that both political and military trends in the region pose formidable obstacles to conventional force surges into the region.

But there is another wrinkle in this story that U.S. policymakers must contend with as they plan for the future. As Gulf monarchies seek to reduce their

dependence on American military power, they will increasingly look to China for security assurances. China does not have a political agenda devoted to promoting democratization, and it maintains political and diplomatic ties with both Arab states and Iran. China's military activity in the region is modest but increasing, as evidenced by its recent peacekeeping dispatches to the region and naval port visits in the Gulf. Beijing is likely to send more naval forces to the Gulf to increase its presence there and enhance its ability to protect the sea lanes which bring oil to China's thirsty economy. China is keenly aware that the United States has naval supremacy in the Gulf, but will be working to erode that strategic edge in the future.

Faced with these realities, there is a need for new thinking and innovative conceptualizations of surges into Centcom's area of responsibility. Theater campaign planners will have to think about contingencies in which the United States cannot slowly and methodically build up forces in the region and then kick off campaigns after most troops, arms, and equipment are in place. Future U.S. force build-ups in the region will be far too vulnerable to preemptive nuclear strikes. As a result, planners will have to devise campaign plans in which the insertion of U.S. military forces begins

with an immediate rolling and flowing start. The United States will have to work from smaller troop footprints and be prepared to start fighting even as follow-on-forces are on the way. Ideally, these forces would flow from multiple staging positions to reduce vulnerability to nuclear attack. The politics of the region, however, will work against securing a multitude of staging areas from which to deploy.

The region under the purview of Centcom has always been riddled with political violence that has posed formidable challenges to military operations. But in plotting a course over the horizon, the political and military obstacles for American military surges into the region are poised to grow even larger. As a result, theater contingency planners will have fewer good options for projecting American military power into the region -- and they'll have to do more with the bad and the ugly.

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Article 6.

The Diplomat

# Getting to the Endgame With Iran

Robert Dreyfuss

February 6, 2013 -- Why did it take so long to secure a date for talks between Iran and the P5+1?

After all, in the weeks before the presidential election in November, it was reported that the United States and Iran had already tactically agreed to convene private, one-on-one talks. And since then the United States, the European powers, Russia, and China, all sought to arrange another round of negotiations, first in December and then in January. It now appears that Iran, which is about to enter its presidential election season, has finally agreed to what will be the first round of negotiations with the P5+1 since the last round in Moscow seven months ago. On Tuesday, Tehran announced that it will join talks on February 26 in Kazakhstan.

The negotiations will be a serious test for the Obama administration and for John Kerry, the new secretary of state. Previous rounds have all faltered because neither side was willing to make

concessions to the other, and so far there is little sign that the United States and the P5+1 have improved their offer to Iran very much. As the talks were announced, the Washington Post reported: "The P5+1 powers have made only mild revisions to a proposal that Iran flatly rejected last June." Until now, the United States has been unwilling to acknowledge Iran's right to enrich uranium on its own soil and to suggest that some economic sanctions might be lifted as part of a deal, and Iran has refused to agree even to a limited deal called "stop, ship, and shut" – involving the suspension of its enrichment to 20 percent purity, shipping its existing stockpiles of 20% uranium to a third country for processing, and shutting down its underground facility at Fordo, near Qom – without an agreement to lift sanctions.

After the reelection of Barack Obama in November, there were great hopes that the president would have greater political freedom of offer concessions to Iran. Yet, publicly at least, the White House isn't signaling that it is ready to make a more generous offer to Iran, and in fact Obama in January signed into law yet another round of draconian economic sanctions.

Perhaps as a result, Iran allegedly dragged its feet on setting a date for talks. Despite prodding from the P5+1 – including urgent efforts by Russia — in

January Iran reportedly went silent about talks. Russia, increasingly frustrated by the inability of Tehran and the West to negotiate seriously, vented its frustration. “Some of our partners in the six powers and the Iranian side cannot come to an agreement about where to meet," Russian Foreign Minister Sergei Lavrov told a news conference. "We are ready to meet at any location as soon as possible. We believe the essence of our talks is far more important (than the site), and we hope that common sense will prevail and we will stop behaving like little children.”

According to analysts in Washington, reinforced by comments from Iran itself, a big reason for Tehran’s recalcitrance is that Iran wants to prove to the United States that its vaunted sanctions regime will not force Iran to make unilateral concessions at the bargaining table. In addition, Iran is concerned that it won’t get much in return in talks with the West, and that it will be asked to make unilateral concessions on uranium enrichment without getting sanctions relief in return. Combined with Iranian internal divisions, as its own presidential election season gets underway, that could mean that for the next six months or so Ayatollah Ali Khamenei simply won’t be ready to talk seriously, despite scheduling the Kazakhstan round.

Others suspect that Iran is waiting to see how President Obama's new national security team – with Kerry as secretary of state, Chuck Hagel as secretary of defense, and John Brennan at the Central Intelligence Agency – will shape Obama's stance at any talks.

In Washington, some would argue there's a growing consensus, at the level of think tanks, Iran experts, and other analysts, that a preliminary, first-round deal, including "shop, ship, and shut," might work, if in response the P5+1 could lift some of the economic sanctions on Iran and agree to limited Iranian enrichment.

Perhaps the best-case scenario is the possibility that there are ongoing, secret and back-channel talks between Washington and Tehran. Nothing along those lines has leaked and there is no indication of this, yet. But in advance of the first round of Iran-P5+1 talks in Vienna in 2009, the United States and Iran did indeed engage in quiet, behind-the-scenes diplomacy.

In fact, of course, any sanctions relief for Iran will occur slowly and step-by-step, not all at once, in parallel with steps taken by Iran and openness to more intrusive inspections and oversight by the IAEA.

But it's certainly not helpful that in early January yet another round of unilateral

sanctions was passed by Congress and signed into law by President Obama. The complex set of new measures targets key industrial sectors, including shipping and imports of products such as aluminum, steel and coal, and seeks to block Iran from using barter commodities such as oil and gold to pay for imports. The Washington Post paraphrased U.S. officials as saying that, "the new policies are closer to a true trade embargo, designed to systematically attack and undercut Iran's major financial pillars and threaten the country with economic collapse." Obama signed the National Defense Authorization Act (NDAA) that contained the sanctions provisions despite having hinted earlier that he might veto the NDAA over a host of measures contained in the bill.

If the Obama administration believes that ever-tougher sanctions will cause Iran to cave in at the talks, it's likely that they are badly misreading Iranian politics.

For many observers, however, and for Iran, too, the nomination of Hagel for secretary of defense may be a sign that the White House is beginning to realize that sanctions, and threats of military action, won't force Iran's hand.

As has been widely reported, hawks, neoconservatives, and members of the pro-Israel lobby in Washington have

slammed Hagel for his past comments and positions on Iran. In conjunction with Israel-friendly members of Congress, they've warned Obama to rein Hagel in so as not to send a dovish signal to Tehran. Robert Satloff, executive direction of the Washington Institute for Near East Policy (WINEP), a pro-Israel think tank, warned bluntly that the White House should act quickly to make sure that Hagel backs away from his previous views on Iran and at least toes the administration's tougher line. "If the White House does not take steps soon to correct that impression, the chances for a negotiated resolution of the Iran nuclear crisis will fall nearly to zero and the likelihood of Israeli military action will rise dramatically," he wrote.

Indeed, within days of his nomination as secretary of defense, Hagel was already backing away from his earlier views, meeting with senior Pentagon officials and influential senators who'll vote on his confirmation to clarify his views on Iran, asserting that he supports broad international sanctions against Iran and that he believes that the military option ought to be "on the table." Several Democratic senators who met with Hagel announced with satisfaction that the former senator from Nebraska had sufficiently backtracked or "clarified" his views on Iran. Consequently, they

announced that he had earned their support – and their vote.

Then, during his confirmation hearings on January 31, Hagel – under hostile questioning from several Republican senators – backed away from earlier-held positions on Iran, including the role of sanctions. And, though he previously been a sharp critic of a military attack on Iran, in his opening statement Hagel said: "I am fully committed to the President's goal of preventing Iran from obtaining a nuclear weapon, and—as I've said in the past—all options must be on the table to achieve that goal. My policy is one of prevention, and not one of containment—and the President has made clear that is the policy of our government. As Secretary of Defense, I will make sure the Department is prepared for any contingency."

Satloff's views were echoed by another tough-talking official at WINEP, former Ambassador Dennis Ross, a pro-Israel hawk who served as Obama's top adviser on Iran during much of the president's first term. "I think 2013 is going to be decisive," Ross told the Los Angeles Times, expressing concern about Hagel's previous comments. "Time really is running out. For diplomacy to have a chance of success, the Iranians need to understand that if diplomacy fails, force is going to be the result. We still have a

challenge to convince the Iranians that we're quite serious about the use of force," he said. "In the first term, the administration didn't always speak with one voice on this issue. So what Hagel says can make a difference."

Despite his poorly receieved performance at his confirmation hearings, it's widely believed in Washington that Hagel will be confirmed as secretary of defense and that his private advice to Obama will more closely hew to his long-held beliefs about the futility of sanctions and the grave downside to a military strike. Partly for that reason, it remains very unlikely that the Obama administration will resort to force to resolve the dispute with Iran. In fact, in remarks that Iranian officials cited as promising, Vice President Joe Biden expressed the administration's willingness to hold bilateral talks with the Iranians. In response to a question at the Munich Security Conference Biden said, "We have made it clear at the outset that…we would be prepared to meet bilaterally with the Iranian leadership" when Iran's Supreme Leader Ayatollah Ali Khamenei is serious about negotiations. Iran's Foreign Minister, Ali Akbar Salehi responded favorably and said, "I am optimistic, I feel this new administration is really seeking this time to at least divert from its previous

traditional approach vis-a-vis my country."

But if Washington remains committed to ever-tougher sanctions – and without promising Iran that sanctions will be lifted as part of a deal – then negotiations are unlikely to succeed. Vali Nasr, another former Obama administration official with expertise on Iran, suggested recently that there's not much more the world can do to sanction Iran, and that such penalties could drive Tehran to take radical action. The regime of sanctions against Iran over its nuclear activity "really has reached its end," Nasr, dean of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University, said during the World Economic Forum in Davos. And he warned that unless there is a diplomatic breakthrough — or, alternatively, an attack on Iran — "you really are looking at a scenario where Iran is going to rush very quickly towards nuclear power, because they also think, like North Korea, that (then) you have much more leverage to get rid of these sanctions."

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*Dreyfuss Report, appears at TheNation.com. He is the author of 'Devil's Game: How the United States Helped Unleash Fundamentalist Islam'.*

Article 7.

The Wall Street Journal

# A New U.S. International Economic Strategy

Robert B. Zoellick

February 5, 2013 -- Five years into the global economic storm, America's traditional allies, theEuropean Union and Japan, are struggling. Developing economies are reshaping the global dynamic but also face big challenges. The United States is the one country that could lead the modernization of the international system so as to supply security, economic opportunity, and prospects for liberty. America's own strategy for economic revival cannot be limited to the nation's borders. And its future foreign policy—its projection of power and principle—must be grounded in the emerging economic order.

President Obama has said he admires Ronald Reagan's transformative thinking. If so, he should ask for an assessment of

Reagan's second-term innovations on currency and monetary affairs, trade, debt and development. Reagan advanced a new international system to match the revival of capitalism after the oil shocks and stagflation of the 1970s. America's success in the 1980s contributed both to the end of the Cold War, by persuading the Soviet Union it could not keep up, and to two decades of exceptional global growth.

The new U.S. international economic strategy should have five parts. First, this country should strengthen its continental base by building on the North American Free Trade Agreement with Canada and Mexico. Together, the three partners could boost energy security, improve productivity, and give North Americans an edge in manufacturing and other industries that are already experiencing rising wages in East Asia. A politically acceptable immigration policy, and a push for educational innovation using new technologies and competition, could lead to a more prosperous, populous, integrated and democratic future for the hemisphere.

Second, the extraordinary monetary policies of late, led by the Federal Reserve's continued near-zero interest-rate policy, are taking us into uncharted territory. Central banks have tried most every tool to stimulate growth; if Japan is

any warning, the next tactic is competitive devaluation, which risks a new protectionism. "Currency manipulation" could become a danger that reaches far beyond the debate about Chinese policies. The world economy will need at some point to withdraw the drug of cheap money and negative real interest rates. The U.S. should anticipate these dangers.

The International Monetary Fund also could help set standards about exchange-rate policies and serve as a referee that blows a whistle, even if it cannot penalize. The IMF and the World Trade Organization should anticipate this risk and give effect to the existing WTO agreement that economies must "avoid manipulating exchange rates . . . to gain an unfair competitive advantage."

Third, the U.S. needs to break the logjam on opening markets. As the leading world economy, America should initially try to strengthen and increase international trade through the WTO. As my colleagues at the Peterson Institute have pointed out, there are gains from the stymied Doha Round of trade negotiations that should be harvested now: ending agricultural export subsidies; limiting food export controls; eliminating tariffs and quotas for almost all exports of the poorest countries; facilitating customs and clearance

procedures; and improving the transparency and speed of the system for settling disputes.

Next, the U.S. needs to keep the WTO current with a vastly changed world economy. The past WTO agreements are valuable for all 158 WTO members. But some economies want to go further by reducing barriers in important sectors such as the services trade, environmental goods and services, government procurement, and the digital economy.

The services trade, for example, is vital for boosting innovation, productivity and jobs in developing and developed countries alike—but regulatory, licensing, zoning and other barriers to services are often equivalent to a 30% tariff or higher. Because liberalization in the WTO has been stuck, countries have turned increasingly to bilateral and multilateral free-trade agreements, some of which have addressed these newer topics. The U.S. should foster the WTO principle of world-wide liberalization by adopting standards in various industries and sectors that would be open to all economies that reciprocate. The WTO also needs new rules for fair trading by state-owned enterprises.

Yet the U.S. also should use free-trade agreements to open markets. Trade competition advances structural reforms

and growth without bigger government and more spending. The Obama administration has talked about trans-Pacific and trans-Atlantic accords. Yet it has failed to close even one new free-trade agreement. Ron Kirk, the president's trade representative, said in 2009 that the administration did not have "deal fever." In fact, it has been "deal delinquent."

Fourth, gender equality is not only fair and right—it is smart economics. No economy can reach its potential if it overlooks the talents of half its people. The U.S. should lead in identifying structural barriers in countries that hold back girls' and women's health, education, credit, jobs and entrepreneurship.

Finally, the U.S. needs to match growth priorities of developing economies. President Obama should expand the global food-security initiative he announced in 2009 to boost agricultural productivity and production across the value chain, including through the private sector, in sub-Saharan Africa and other poor regions. Infrastructure investment could increase global demand today while building productivity for tomorrow.

The U.S. can lead a push with middle-income economies to develop public-private infrastructure models that move

from "one-offs" to a deal flow. The zero returns for savers from U.S. monetary policy can make infrastructure investments attractive.

In addition to offering financing, the private sector can improve the design, operation and maintenance of infrastructure. As the state of Indiana has shown, the federal government could profitably use public-private partnerships for its infrastructure, too.

The administration has talked about some of these topics. But it is oddly passive, as if it were hesitant to lead. State Department speeches are not enough. To carve out an international economic strategy, the new secretary of the Treasury needs to choreograph policies across all U.S. departments and with multilateral economic institutions. The U.S. had better wake up: International economic strategy is the new foreign policy.

*Mr. Zoellick has served as president of the World Bank Group, U.S. trade representative and deputy secretary of state. He is now a fellow at the Belfer Center at Harvard and the Peterson Institute for International Economics.*

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End Time: 12/05/18 06:00:09 AM (565711209)
Last Message ID: 24330
Chat Room:
Participants: jee, □□-[redacted]□
Presentity IDs: e:jeeitunes@gmail.com,[redacted]
Messages -

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:09:01 AM (565704541)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: BA52AB7C-85A9-495C-A7D5-28C6083AC964
Message: so many guys caught in the me too . reaching out to me. asking when does the madness stop. funny

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:25:01 AM (565705501)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 3DA4691D-A78B-49C8-B0EA-21EE513F9353
Message: uk you should kick boris johnson in the butt , he can do it

Sender[redacted]
Time: 12/05/18 04:35:43 AM (565706143)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 806C80E0-4F08-421A-B621-CAFB4C75FB06
Message: Madness just starting because now it has political power

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:36:26 AM (565706186)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 03D9626E-4C60-47F3-AC32-8B7796328275
Message: yup

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:38:08 AM (565706288)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 4153A74D-0854-4629-A52A-DBFDFCB11198
Message: it is very biological. first a cell splits left-right. then divides further. gender etc. , breaks into

smaller groups  forming multi cells.  . ripe for a central nervous system.  authority , direction strength winning

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:38:52 AM (565706332)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: DC1DA180-3F11-4731-A5D9-B84F58CADC4C
Message: it is culture exhibiting biological processes , it is simple.

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:40:53 AM (565706453)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: A65EF366-8A8E-4ED3-B3C7-737BE196E7A1
Message: in cells there is a message to kill oneself if not part of the group.  it is called apothosis.  a protection against cancer.  I have asked to start a new game theory course  at harvard called the gangster game.  it describes. trump. putin assad xi, duerte erdogan.  gambino

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:50:25 AM (565707025)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: BEE80441-11E0-4559-98B7-D38397215852
Message: if me too is political  shouldn't you expect a counter party?

Sender: [redacted]
Time: 12/05/18 04:55:08 AM (565707308)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: C0710CB6-37A0-494D-A3C0-17D8FCAA6C76
Message: That's the populist nationalist party-- haven't u been taking notes

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:55:46 AM (565707346)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 6735EB8E-457C-4D36-B9CE-65FB81CB9F65
Message: I've missed the we've had enough slogan. and hat

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:55:55 AM (565707355)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 92B59042-E9DC-4473-9AC1-C3FFB0C63702

Message: imagine  pink dick hats

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:57:36 AM (565707456)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 1719AB87-2BF6-4A75-B175-5CAE8807DB34
Message: a million man march on wash.  all wearing the hat

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 04:58:47 AM (565707527)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 6E7F5EA9-3C97-473C-A51B-10A18AC9DCEC
Message: or a multi message lesbian deplorable march as,  both groups can champion the idea of not doing dick!

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:31:56 AM (565709516)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CFC0CCB2-47C0-4834-B940-8B711668B847
Message: hey,  kwok  steve wynn.  careful

Sender: [redacted]
Time: 12/05/18 05:32:27 AM (565709547)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 5F00BACA-86B1-4340-8FD2-68E6C3968921
Message: ???

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:33:27 AM (565709607)
Flags: 1150981
Is Read: No
Is Invitation: No
GUID: 3228CE55-F2DD-4464-B6E4-54AC58306CEB
Message: [redacted]

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:39:26 AM (565709966)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: DABF8710-90AC-4D20-B8A8-D0FF52BD2949
Message: as a reminder chinatown. you would nt look very good with that bandage under your nose.  no rush but not for text

Sender: [redacted]
Time: 12/05/18 05:41:48 AM (565710108)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: EFF6E78D-7493-4A28-842E-142FFDB32970
Message: It's what I tell folks about kwok- last line in the film "geez boss , this is chinatown"

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:44:19 AM (565710259)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 25B1CE28-046B-4274-AA23-F0812EA4F168
Message: my very close friends as a favor , also would like you safe

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:45:51 AM (565710351)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 8549900B-24F5-4D71-BFF1-A2E196A85CA8
Message: if either one of us , in different investigations will need to testify publicly, it would be preferred to do it with two nostrils instead of one

Sender: [redacted]
Time: 12/05/18 05:47:19 AM (565710439)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: D13180E6-CBE4-413C-A73F-42F1696E4581
Message: You don't have to worry personally because I'm sending u somewhere beyond extradition

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:47:58 AM (565710478)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 8274CFFD-2B07-4D9C-88D9-F22FE41593E0
Message: faust

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:48:20 AM (565710500)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: F29B834C-1EE6-41F3-A69F-16323143B3F1
Message: as i didn’t think you meant paradise

Sender: [redacted]
Time: 12/05/18 05:48:49 AM (565710529)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 82EC560D-E396-4AB0-941C-7116A56EA750
Message: Faust exactly

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:49:17 AM (565710557)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 92F98EAD-37D6-48A1-9D5F-05CE0C565DE7
Message: surprise surprise surprise gomer

Sender: [redacted]
Time: 12/05/18 05:49:28 AM (565710568)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 67B0D4E2-7296-4A4E-9F97-AA826379B7DB
Message: How's our curing breast cancer coming

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:49:44 AM (565710584)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: C4AD2AB1-AD42-45C3-B69D-1F92819EC3FE
Message: im doing hands on research

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:50:27 AM (565710627)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: CFFB25B5-D749-4A04-B456-D4AB026CED27
Message: breast cancer easier to cure than the me too movment

Sender: [redacted]
Time: 12/05/18 05:50:28 AM (565710628)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 81065F84-DDFF-417A-98DC-94CAD2B280A2
Message: You are a brilliant guy--- go all in and organize a real effort to leave a mark

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:50:52 AM (565710652)

Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 153F5422-E295-467B-8951-BD23D2E99390
Message: I started

Sender: [redacted]
Time: 12/05/18 05:51:16 AM (565710676)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 8EF0153A-0A7F-45D2-BAD2-5E659AD8B579
Message: Not 'me too'-- Times Up-- not about the act of sex-- about power dynamics

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:51:17 AM (565710677)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: BF242E81-5F78-479D-9AC6-8FF46BE1873A
Message: dubin breast center mount sinai  I m all over it

Sender: [redacted]
Time: 12/05/18 05:51:37 AM (565710697)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 8F2F6F2D-A8B3-48D9-9D53-46F59BD04A2A
Message: Is that the best in the world ?

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:51:48 AM (565710708)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: A76D126E-3F7B-4121-BA01-3098B65002A6
Message: of course,

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:51:59 AM (565710719)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: B18DDE7F-7D6A-4CD3-AB71-7154A28B5006
Message: jews

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:52:32 AM (565710752)
Flags: 1150981
Is Read: No

Is Invitation: No
GUID: 8B86DCD5-E5D4-4E79-9294-7224150C804D
Message: just hired ssomoen this morning.  I follow directions well

Sender: [redacted]
Time: 12/05/18 05:52:32 AM (565710752)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 3385F342-3A1C-4652-9BCC-8E1CE66CB608
Message: Love being a junior partner to chosen people of Yawweh

Sender: [redacted]
Time: 12/05/18 05:52:45 AM (565710765)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 06C4CA60-E226-44A6-AE16-9A66C6E7A1F8
Message: Smart :: let's get rolling

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:53:13 AM (565710793)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 6D222FA8-E9A2-4773-9252-49876CF8DFE1
Message: yah weh.  like mish a gas.  got to get the spelling right

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:54:10 AM (565710850)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 49E87523-4186-48A9-A1CC-227E313755B1
Message: not sure beezelbub is considered a junior partner .  more like outside counsel

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:55:38 AM (565710938)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 08E7ECE9-4322-4C2E-9ABB-CD49E69581CD
Message: re kwok  , honybear ok.  icarus not

Sender: [redacted]
Time: 12/05/18 05:58:17 AM (565711097)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 4C459D1D-FF22-47B6-AEB5-40081EEC9FDE

Message: I was referring to ALL Christians!

Sender: [redacted]
Time: 12/05/18 05:58:45 AM (565711125)
Flags: 1060865
Is Read: Yes
Is Invitation: No
GUID: 08C43ED0-EC54-4487-9429-B2997F349C31
Message: Will explain kwok later-- like trump an instrument

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:59:01 AM (565711141)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 02E64D7E-7D06-4614-B949-C7DFA9E6EA04
Message: I am very well informed there.  , didn't know it was him

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 05:59:26 AM (565711166)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: 8EDB7230-6C32-43F5-B6BC-1A9627095B5F
Message: as they use his chinese name

Sender: e:jeeitunes@gmail.com
Time: 12/05/18 06:00:09 AM (565711209)
Flags: 1085445
Is Read: No
Is Invitation: No
GUID: FB8AAAD7-92CC-4EDD-81DB-B13037850FDB
Message: no pun intended  but  yellow flag

**From:** jokeland@aol.com [jokeland@aol.com]
**Sent:** 5/9/2015 7:17:32 PM
**To:** jokeland@aol.com
**Subject:** a JokeLand E-Mail

A guy's walking down the boardwalk in Atlantic City and he runs into a hooker.
He says, "How much?"
She says "A hundred bucks."
He says, "All right."
They climb down under the boardwalk and he bangs her. The next night, he runs into the same hooker, they go under the boardwalk, only this time while he's banging her, she blasts two incredible farts. When they get done, he hands her a hundred and twenty dollars.
She says, "What's the extra twenty?"
He says, "That's for blowing the sand off my balls."

*********

Why don't sumo wrestlers shave their legs?
*So they won't be mistaken for lesbians.*

*********

**hiya ...**
**it's beautiful and I already jumped into Long Island Sound!**
**all's right with the world.**
**... *well* ...**

**if you enjoy classic comedy stories ... *please try this!***
**me & Bill Maher, Eddie Murphy & *The Jade Fountain* in Paramus, New Jersey!**
**The Hal Ennis Comedy Caravan, 1979**

**huge thanks to John Fugelsang & Penn Jillette & Jim Kerr & Mark Simone & Phoenix's *Wild Jokers* for helping me get the word out about my shtuff. love you all much ...**
**please spread the word about The JokeLand E-Mail List ...**
**... and enjoy.**
**Jackie**

*********

What'd the duck say to the prostitute?
*"Put it on my bill."*

*********

starting 8pm, Monday, July 13th!
and all Mondays thereafter forever!
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**Broadway Comedy Club**
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New York New York
(212) 757-2323

*********

Two drunks are on the subway.
The first drunk says, "Wh-what time is it?"
The second drunk pulls out his cigarette lighter, looks at it, and says, "I-it's April 9th."
The first drunk says, "W-we should've got off at the last stop."

*********

please follow me on **Twitter**!
get a new (?) joke every day at 4:20 pm EST ...
**@JackieMartling**

*********

Mrs. Hartke comes home after visiting her relatives for two weeks and finds that her husband, who was too lazy to go to the supermarket, has eaten all the dog food in the house.
She calls the doctor and says, "Doc, you have to do something. My husband ate a half a case of dog food."
The doctor says, "Relax, Mrs. Hartke, it can't hurt him. There's nothing to worry about."
The next day, the doctor answers his phone, and it's Mrs. Hartke.
She says, *"Nothing to worry about,* huh, doc? Well, I hope you're satisfied. My husband's *dead."*
The doctor says, *"Dead?* From eating *dog food?* I can't understand it. What happened?"
She says, "He was lying in the driveway licking his balls and I backed the car over him."

*******

8pm this Saturday, May 9th
**The RRazz Room New Hope**

*in* The Ramada New Hope
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New Hope, Pennsylvania
tickets (888) 596-1027
**www.therrazzroom.com**

*******

9pm Saturday, May 16th
**Miami Mike's @ Fairbridge Hotel**
130 Route 10
East Hanover, New Jersey
1-877-Uncle-Vin ... 1-877-862-5384
**unclevinniescomedyclub.com**

*******

A WalMart greeter's standing near the entrance with her clipboard when a really, really ugly woman comes in with two kids.

The greeter says, "Are they twins, ma'am?"

She says, "Of *course* not, they're *five years apart.* Why in the world would you think they was *twins?"*

The greeter says, "I couldn't believe anybody fucked you twice."

*******

What do you do when a midget's missing?
*Put his face on a carton of Half & Half.*

*******

**it's The JokeLand E-Mail List! free yuks!**
**please tell everybody you know! *free jokes!* free jokes! ...**
***by just e-mailing me,* jokeland@aol.com**

********

What's a gay guy's favorite time of day?
*Ate a cock.*

********

Why'd the Siamese Twins move to England?
*So the other guy'd get a chance to drive.*

********

Friedman calls the doctor and says, "Doc, you gotta help me. A mouse ran up inside my wife."

The doctor says, "I'll be right there. In the meantime, wave a piece of cheese between her legs."

The doctor races over, and when he comes in the door, Friedman's waving a herring between his wife's legs.

The doctor says, "What're you *doing?* I said to use a piece of cheese."

Friedman says, "I know you did. But we have to get the cat out first."

********

Why'd the guy marry a Siamese twin?
*So he could hang his wife and a girl on the side.*

********

A pickle walks into a bar.

The bartender says, "What're you doing in here?"

The pickle says, "Well, for starters, I'm celebrating the fact that I can walk."

********

Why's "bra" singular and "panties" plural?
*For the same reason that when you take a shit you actually leave one.*

********

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**The Joke Man**, **Sgt. Pecker**, **Hot Dogs & Donuts**,
**Come Again?**, **F. jackie & snart** ...
are available on *Amazon*, *iTunes*,
and at **Oglio.com**

*********

A dentist walks in with a needle to give Kasten a shot of Novocain.
Kasten says, "No way! *No needles!* I *hate* needles!"
The dentist starts hooking up the nitrous oxide and Kasten says, "No! *No!* I can't do the gas thing, either!"
The dentist says, "Can you take a pill?"
Kasten says, "Fine."
The dentist reaches into a drawer, takes out a pill and says, "Here's a Viagra."
Kasten says, "Wow. I didn't know Viagra worked as a pain killer."
The dentist says, "It doesn't. But it'll going to give you something to hold on to while I'm yanking out your tooth."

*********

Why don't Arabs circumcise their camels?
*So they'll have a place to put their gum during a sandstorm.*

*********

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get a new (?) joke every day at 4:20 pm EST ...
**@JackieMartling**

*********

How can a husband get his wife to stick her fingers in his asshole more often?
*By pretending he doesn't enjoy it.*

*********

A big fat Polish lady pushes her car into a gas station.
The mechanic says, "What's the matter?
She says, "It conked out."
In a few minutes, it's purring like a kitten.
She says, "What's the story?"
He says, "Crap in the carburetor."
She says, "How often do I have to do *that?*"

********

What'd the blonde say when she saw a guy walking two dogs?
*"He must be really blind."*

********

A frog goes into a bank and sits down in a chair next a desk that has a placard on it that says "Seymour Paddywhack, Bank Officer."

He says, "I need to borrow some money."

Mr. Paddywhack says, "To do that, you'll need some collateral. What have you got?"

The frog reaches into his bag, takes out a small plaster statue of Elvis and puts it on the desk.

Mr. Paddywhack says, "Is that all you have?"

The frog says, "Yeah."

Mr. Paddywhack says, "Well, that won't do."

The frog says, "I want to see the president."

Mr. Paddywhack leads the frog into the bank president's office, puts the little Elvis on his desk and says, "This frog wants to borrow some money, the only collateral he has is this statue and I don't even know what it is."

The bank president says, "It's a knick-knack, Paddywhack, give the frog a loan."

********

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**Come Again?**, **F. jackie & snart** ...
are available on *Amazon*, *iTunes*,
and at **Oglio.com**

*********

A British guy comes home from work early and there's his wife on the living room floor with two guys. She's blowing one guy and the other guy is fucking her.

He says, "`Ello, `ello!"

She says, "So you're not speakin' to me, then?"

*********

Where would you find a turtle with no legs?
*Right where you left him.*

*********

What's fifteen inches long and hangs in front of an asshole?

*Donald Trump's tie.*

*********

I call in regularly to the great podcast "**Keith & The Girl**" ...
*... give them a listen!*

... and huge thanks to **Phil Iazetta** &
**iHeart Radio Comedy 24/7** ...
click to listen!
he plays me a-plenty ...

*********

The Mother Superior's riding with a few nuns and they're all giggling.
She says, "Calm down, girls, or I'll put the seats back on those bikes."

*********

**please follow me on Twitter!**
**get a new (?) joke every day at 4:20 pm EST ...**
**@JackieMartling**

********

Why'd the shit cross the road?
*The chicken forgot to wipe his ass.*

********

**to hear endless jokes from all of my CDs,**
**get the Pandora or the Spotify app and type in "Jackie Martling"** ...

********

What do you say to a blonde with a plaid dildo?
*"Give me back my thermos."*

*********

**the $2.95 Guys are the official supplier of all JokeLand tees**

*********

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*******

Every night for twenty years, Irving Schwartz gets down on his knees and says, "Lord, it's me, Irving Schwartz. I'm a good Jewish boy. One time, couldn't you let me win the lottery? *One time?* I'm good to my parents, I'm good to my children, I go to temple. Please, Lord, please, one time, let me win the lottery."

He's on his knees every night for twenty years.

"Lord, it's me, Irving Schwartz. Would you *please* let me, sometime, win the lottery?"

Finally one night after twenty years, the heavens open up, and God says, "Irv, if you want to win the lottery, *you've got to buy a fucking ticket.*"

********

*this is* **The JokeLand E-Mail List**.
if you're not supposed to be on this train, please disembark & get off now.
... and please tell anybody who wants to get on to e-mail me, **jokeland@aol.**com ...

********

What's hairy and bites necks?
*Cunt Dracula.*

**********

An old guy with Parkinson's goes into an ice-cream parlor and says, "I-I'd like an ice cream, p-please ..."

The girl behind the counter says, "What flavor would you like?"

The guy says, "I-it don't matter, I-I'm gonna drop it anyway."

*********

Schneider walks into a shoe store and asks for a pair of size 8 tie shoes.

The salesman says, "But, sir, I can see from up here you're at least a size 11."

Schneider says, "Just bring me a size 8 tie shoe."

The salesman brings them, Schneider stuffs his feet into them, ties them tight, stands up and winces.

When he sees how confused the salesman is, he says, "Listen, I lost my business and my house, I live with my mother-in-law, my wife is fucking my best friend, my daughter is pregnant and my son deals crystal meth. The only pleasure I have in life is taking off these fucking shoes."

*********

A midget's marooned on a desert island for fourteen years and finally one day he's rescued. When they get him to shore, they ask him what he'd like.

He says, "You know damn well what I'd like."

They take him to a brothel, he goes upstairs with a girl, they go in a room and they both get undressed. Then he puts on a condom, puts some cotton in each ear and puts a clothespin on his nose.

The girl says, "What the hell are you doing?"

The midget says, "If there's two things in this world that I hate, it's the sound of a woman screaming and the smell of burning rubber."

*********

Fugelsang says to the doctor, "I'm thinking about having a vasectomy."

The doctor says, "That's a pretty big decision. Have you talked it over with your family?"

Fugelsang says, "Yeah. They're in favor of it, fourteen to three."

*********

Two Spanish guys show up at The Gates of Heaven and the first one says, "We want in."

St. Peter says, "Let me go ask God."

He walks over to God and says, "God, there are two Spanish guys at The Gates who want in."

God says, "If they are good people, let them in."

St. Peter goes back to The Gates, and then comes back to God and says, "They're gone."

God says, "The Spanish guys?"

St. Peter says, "No. The Gates."

********

A waiter brings a lady her clam chowder and she sees his thumb is hooked over the cup.

She says, "Waiter, you've got your thumb in my soup."

He says, "Yeah. I got the arthritis, and the warm makes it feel much better."

She says, "Well, why don't you just stick your thumb up your ass?"
He says, "That's what I do in the kitchen."

********

Two little old ladies are sitting at the slot machines in Atlantic City.
The first one says, "D-did you come on the bus?"
The second one says, "Yeah, b-but I made it look like an asthma attack."

********

My ex-girlfriend ... what an asshole ...
... and her tits weren't bad, either.

********

Cristiano says, "Doc, I think I've got a sex problem. I can't get it up for my wife anymore."
The doctor says, "Come back tomorrow and bring her with you."
The next day, Cristiano shows up with his wife.
The doctor says to the wife, "Take off your clothes and lie on the table."
She does it, and the doctor walks around the table a few times looking her up and down.
He pulls Cristiano to the side and says, "You're fine. She doesn't give me a hard-on, either."

********

Did you hear about those new super-sensitive condoms?
*After* you *fuck her*, they *stay and talk to her.*

********

What would you call a Chinese hooker with a huge vagina?
*Gae Ping.*

********

**for the kids**:

What would you call an elephant who never washes?
*A smellyphant.*

Why don't lobsters share?
*Because they're shellfish.*

Where do cows learn how to sing?
In moooosic class.

Knock, knock...
*Who's there?*
Cook ...
*Cook who?*
*Cuckoo?* What are you, a *clock?*

Why didn't the skeleton cross the road?
*He didn't have any guts.*

Why'd Melvin cut a hole in his brand new umbrella?
*So he could see when it stopped raining.*

Harry's mother says, "Why are you crying, Harry?"
He says, "Because my new sneakers hurt."
She looks down and says, "That's because you put them on the wrong feet."
Harry says, "But these are the only feet I have."

What should you do if your clothes are on fire?
*Don't put them on.*

**END of KIDS' SECTION** !

*********

There was a Chinee in China,
We thought was a very good climber ...
He slipped on a rock,
Fell and knocked off his cock,
Now that Chinaman's got a vagina.

********

Did you hear about the woman who died from eating too much peanut butter?
*She stuck to the roof of her coffin.*

*******

A midget goes into a bar, and he's too short to see over, so he starts jumping up and down saying, "A whiskey, please," "A whiskey, please."

Nobody's taking care of him, so he keeps jumping up and down saying, "A whiskey, please," "A whiskey, please."

Finally he gets up on a chair, looks over and sees a midget bartender jumping up and down saying, "With ice?" "With ice?"

*******

How many vaginas does it take to change a light bulb?
*Just one, but is has to be very sticky.*

******

*classic Rodney Dangerfield:*
"Last night my wife met me at the door in sexy lingerie ...
... trouble is, she was coming home. ..."

*******

What's the difference between a white cow and a black cow?
A white cow goes, "Moo," and a black cow goes, "Moo out d' way."

*******

Schmidlap's been away on business and decides it'd be nice to bring his wife a gift.

He goes into a store and the girl says, "How about some perfume? This bottle is one hundred and fifty dollars."

He says, "That's too much."

She says, "This one's sixty dollars."

He says, "Still too much. I'd like to see something really cheap."

So she hands him a mirror.

*******

What's a cowboy call a cowgirl prostitute who won't go all the way?
*A hired hand*

*******

Leeds is parking with a girl in the rain. It's very hot and stuffy and the windows are getting all steamed up, so he cracks open the passenger's side window.

He moves over and starts fiddling with her, and she says, "I'm getting wet," so he keeps fiddling, and she says, "I'm getting wet," and he keeps fiddling.

Finally she says, "Will you *close the fucking window?* I'm getting wet."

*******

thanks for enjoying the jokes ...
*... if you didn't enjoy them,*
*I hope you find a used condom at the bottom of your mayonnaise jar ...*

*******

***please follow me* on Twitter !**

**get a new (?) joke every day at 4:20 pm EST ...**

**@JackieMartling**

*******

**www.jokeland.com**

for information on Jackie's shows,
you can always just "Use Your Finger!"
**thirty-six years of free jokes** !
and dial **(516) 922-WINE ... (516) 922-9463**
*not a pay service, just a local call ...*

*******

You've received this e-mail either because you've signed up at the **JokeLand** website to be kept informed about what Jackie "The Joke Man" Martling is up to, or because you are currently having an online dialog with Jackie. If this is not the case OR to be forever removed from this list, please reply to this e-mail with the word "unlist" in the subject line.

thanks,

**a JokeLand E-Mail**
JokeLand Inc.
*Box 58*
Bayville, NY 11709
USA

**Date:** Sunday, April 3 2011 02:08 PM
**Subject:** Fwd: raw text
**From:** Lesley Groff <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>; Darren Indyke [redacted];

Scott was able to send me the attachments below but there are no highlights. Darren, if you want to call me and read me the highlights, I can type them on a Word Doc as you dictate...(?) (Even when Scott opened them on his end he had no highlights)

---------- Forwarded message ----------
From: **Scott Denett** [redacted]
Date: Sun, Apr 3, 2011 at 10:04 AM
Subject: raw text
To: Lesley Groff <[redacted]>

According to Friday's *NY Post* Jeffrey Epstein returned to New York City "making wisecracks about his just-ended jail stint for having sex with an underage girl". "I'm not a sexual predator, I'm an 'offender,' " the Wall Street hedge fund manager told *The Post*. "It's the difference between a murderer and a person who steals a bagel," said Epstein.
Well that's not exactly the correct analogy...
Not only are Epstein's comments brazen, they are arrogant and self-implicating. By telling a reporter "I'm an offender", he seems to be admitting guilt.
Which brings me to the big question of the day. Why did Cyrus R. Vance Jr., the Manhattan D.A., allow a Level 3 sex offender (the most dangerous kind) to reside -- even for ten minutes -- in a house that is right next to Central Park and a school? Isn't that unlawful given the housing guidelines for sex offenders?
According to the *NYPost*, Epstein's Level 3 designation means that he is at "high risk" to repeat his offense and poses "a threat to public safety."
When I rang Vance (twice) to discuss Epstein's residential guidelines he did not take my calls.
According to a few of the attorneys who represented Epstein's victims in the civil cases, the financier never agreed to a psychological evaluation prior to or during his sentence, a requirement of all sexual predators.
While Epstein's self-incriminating statements are published (this week he told the *Post* "the crime that was supposedly committed in Florida is not a crime in New York" -- an interesting choice of words -- he continues to mock the law that applies to all other sex offenders who are found guilty of the same crime.
Epstein served 13 months in the West Palm Beach Stockade and 18 months under community control (a rather permissive version of house arrest), for 2 Counts of Solicitation of Prostitution with a Minor.
In August of 2010, immediately following his release from "community control", Epstein returned to his $50 million East 71st Street town house given to him by his former client and long time friend Leslie Wexner.
Just in the last few weeks he held a house warming dinner to celebrate his release from jail and reportedly invited television reporters Katie Couric, Charlie Rose, George Stephanopoulus and his close friend, HRH Prince Andrew, according to the *NY Post*.
You would think these professional television reporters would have done their homework prior to accepting his invitation no matter how desperate they were to rub elbows with Prince Andrew.
According to a 53-page sealed indictment Epstein was facing 10 years to life on multiple counts of statutory rape, and child sex trafficking.
Court documents in that case claimed he routinely sought out girls as young as 14 and paid them $200 to $1,000 for sexually explicit massages in his homes in Palm Beach, Fla., and Manhattan.
In the New York sex-offender database, Epstein isn't registered under a zip code rather a "name search" option that does not list his New York address.
The reason for this is because Epstein's Upper East Side home is considered "temporary" and by NY state law,

he is required to provide only his permanent address to the database.
Epstein is currently listed under his Florida home even though he is no longer a Florida resident either (after his arrest he immediately became a US VI resident), but then again who's keeping count?
Once again these are mere technicalities when it comes to Epstein's sexual predator case. The two most disturbing parts of this story are that this could easily happen again and that once again there will be no justice. Had Epstein been a caring benefactor contributing to society and these young girl's education and well being then the world would have judged him differently.
What he has done instead is the exact opposite -- causing enormous damage to hundreds of underage girls who could have been sponsored towards a better education.
With respect to Manhattan DA Cyrus Vance, I'm confused by his decision to allow this sexual predator to live at his Fifth Avenue house all this time (since August 2010), given his rather tough stance on gun control as witnessed by his testimony in Friday's *NYPost* when asked about a Florida driver cleared in a Manhattan weapon's charge, "guns brought illegally into New York City" he said, " for any reason violate well established state laws and are a threat to our public safety".
Then wouldn't a registered sex offender living 500 feet from a park (Central Park where young girls congregate), and with resources to spare be an even more dangerous threat to society?

**The Billionaire Pedophile's Sex Den**
by Conchita Sarnoff javascript:void(0)

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Newscom **Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff reports on the sordid details in part two of her exclusive exposé. Also:**
**• Nude images of young girls were scattered around the house and the bathroom soap was shaped like sex organs**
**• Staff trolled for fresh recruits to make sure Epstein had two or three massage appointments each day**
**• The house manager has been sentenced to a longer prison term than Epstein—for trying to sell notes regarding massage appointments**
**• Epstein gave $1 million to his friend Jean Luc Brunel when he was starting the modeling agency MC2**
**• According to a former bookkeeper, young girls were brought to the U.S. by MC2—often from Eastern Europe—then traveled on Epstein's private jets**
Jeffrey Epstein's loyal friends say that his prosecution was unduly harsh, rather than outrageously lenient. They insist that his sexual habits, although obsessive and unusual, were mostly legal and essentially harmless. As the police records attest, the girls brought to El Brillo Way were routinely told they could "say no" at any time during a massage as Epstein escalated contact in a step-by-step assault that was remarkably similar in every victim's statement: First she would be asked to remove her shirt, then her pants. He would attempt to fondle her buttocks and breasts as he masturbated, then bring out a large vibrator. There was sometimes digital penetration, and the more willing girls were lured into full-blown sexual relations with both Epstein and Nadia Marcinkova, who was referred to in press accounts and police reports as Epstein's live-in "sex slave."
A former bookkeeper in the Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.
It's true that some underage girls may have lied about their age, and some came to the house voluntarily several times—although, according to Florida statutes, none of that has any bearing on the criminality of the contact,

particularly if the girl was 16 or younger. But what is particularly disturbing about this case—judging by arrangements at the Palm Beach house—is that Epstein, a billionaire hedge-fund manager, organized his life around this sexual compulsion in an open and methodical way that suggests he felt he was beyond the law.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe

• Billionaire Pedophile Goes Free

According to police who executed a search warrant, the house was decorated with large, framed photos of nude young girls, and similar images were found stashed in an armoire and on the computers seized at the house (although police found only bare cables where other computers had been). Some bathrooms were stocked with soap in the shape of sex organs, and various sex toys, such as a "twin torpedo" vibrator and creams and lubricants available at erotic specialty shops, were stowed near the massage tables set up in several rooms upstairs.

Epstein also enlisted his staff in the predatory activity, and four—Sarah Kellen, Adriana Ross, Lesley Groff, and Marcinkova—figured in the FBI investigation. The Non Prosecution Agreement stipulated that they would not be charged. According to police reports and sworn statements in the civil suits, all four women, among their other duties, worked to ensure that an appointment book for twice- or thrice-daily "massages" was stocked with fresh recruits. Ghislaine Maxwell, daughter of the late Czechoslovakian-born press baron Robert Maxwell, who was for many years Epstein's live-in partner, also recruited young girls.

Since his 13-month sentence for soliciting prostitution with a minor, Epstein has settled more than a dozen lawsuits brought by underage girls. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

The victims told police they waited in the kitchen to be called upstairs for a massage, and the house chef often gave them a bite to eat. House manager Alfredo Rodriguez said in his sworn statement that a maid named Lupita, who was a devout Catholic, wept when she complained to him about cleaning up after the massage sessions, picking up soiled towels and putting away the sex toys. And she was upset that a photo of Epstein with the pope hung next to one of him with a young girl.

Ironically, Rodriguez, who ran the house on El Brillo Way in 2004 and 2005, ended up being sentenced to more jail time than his boss as a result of the complex investigation into Epstein's activities. He was fired, he says, for inadvertently drawing police attention to one of the girls when she arrived at the house unannounced to collect money. He saw an unfamiliar "beater" in the driveway one evening and called 911. When he left Epstein's employ, Rodriguez took away some notes and emails about massage appointments as "protection" against his own prosecution, and failed to produce them during the Palm Beach Police Department's initial investigation.


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- http://www.thedailybeast.com/blogs-and-stories/2010-07-22/jeffrey-epstein-pedophile-billionaire-and-his-sex-den/full/
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Unable to get work as a house manager elsewhere in South Florida, he says, Rodriguez later tried to sell this "golden nugget"—his term—for $50,000, to be used in the victims' civil suits. Unfortunately, he made the offer to an undercover cop, and was subsequently charged with "obstruction of official proceedings" for withholding information that could have advanced the criminal investigation of Epstein—which by that point had been settled in a plea deal. Rodriguez was sentenced to 18 months in federal prison (Epstein was allowed to serve 13 months in the Palm Beach county jail), and now awaits an additional sentence on Aug. 24 in federal court in Miami for transporting firearms, another deal he says he made to pay the bills after he lost his job.

In a deposition given for the civil suits, Rodriguez testified that he was instructed to always have $2,000 in cash on hand, so that he could pay both the girls who gave massages and recruiters such as Haley Robson who brought them to the house. He also testified that Epstein made large contributions to the Palm Beach Police

Department, and in return was given PBPD baseball hats to put on the dashboard of his various cars to avoid being stopped or ticketed by local police. Retired Police Chief Michael Reiter, in his own deposition, acknowledged that, in addition to earlier donations to the police department (which are fairly common in well-heeled Palm Beach), Epstein had recently given the department $100,000 for some sophisticated equipment. The police were still researching the purchase when Epstein came under suspicion, and Reiter ordered the money returned. (Guy Frostin, one of Epstein's local attorneys, told police that Epstein also gave $100,000 to the Florida Ballet for massages, because he was "very passionate" about massages being "therapeutically and spiritually" beneficial. Yet victims told police they had no massage training.)

Perhaps most disturbing, in terms of possible sex trafficking, was Epstein's relationship with Jean Luc Brunel, owner of the MC2 modeling agency. According to a complaint filed in the U.S. District Court for the Southern District of Florida, an alleged victim said that Epstein, Maxwell, Brunel, Rodriguez, and Marcinkova "deliberately engaged in a pattern of racketeering that involved luring minor children through MC2, mostly girls under the age of 17, to engage in sexual play for money." (Which would amount to trafficking.)

Brunel is a 50-plus French playboy who was formerly part owner of Karin, a Paris-based modeling agency. He lives in New York and South Beach, Florida, and owns 85 percent of MC2, which has offices in New York, Miami, and Tel Aviv. (The remaining 15 percent is owned by his partner, Jeff Fuller.) Brunel has been observed as a house guest at Epstein's Palm Beach home and may well have had contact with him also in New York, where Epstein owns a lavish home, and in Paris, where Epstein keeps an apartment on elegant Ave. Foch.

CBS reporter Craig Pyes, who investigated Brunel for a *60 Minutes* broadcast many years ago, is quoted in Michael Gross' book about the modeling industry, *Model: The Ugly Business of Beautiful Women*. Pyes told the author that Brunel "ranks among the sleaziest people in the fashion industry. We're talking about a conveyor belt, not a casting couch. Hundreds of girls were not only harassed but molested." Now The Daily Beast has learned that Epstein had made a $1 million wire transfer to Brunel's offshore bank account in September 2004, just as he was setting up MC2. Whether this was a gift or a loan or a backdoor investment in the new venture is unknown. A French citizen who managed to avoid giving evidence in the Epstein investigation, Brunel declined to comment on any of this, as does Fuller. Asked in April of Brunel's activities, Epstein said "I'm 100 percent convinced that he doesn't traffic children." (Brunel has never been charged.)

An American fashion designer who booked her girls through MC2 says they were very young and very beautiful; many were from Eastern Europe and spoke little English. A former bookkeeper in the agency's Miami office, who also arranged visas for girls traveling to the U.S., confirmed that MC2 girls became frequent guests on Epstein's private jets.

Pilot logs obtained in the civil suits show that some of the named plaintiffs were on the flight manifests. Other times, the pilot would just list the other passengers plus "female."

Posted 02 August 2010 - 12:47 AM

**Jeffrey Epstein, Jew Billionaire Pedophile, Child Trafficker Goes Free..WoW! 20 year old Hearsay is enough to destroy catholic priest. What happened here to the justice system?**

Conchita Sarnoff

http://www.thedailyb...hile- goes-free/

Conchita Sarnoff has developed multimedia communication programs for Fortune 500 companies and has produced three current events debate television programs, The Americas Forum, From Beirut to Kabul, and a segment for The Oppenheimer Report. She is writing a book about child trafficking in America.

Hedge fund mogul and sex offender Jeffrey Epstein, who went free this week, lived in a depraved world of thrice-daily massages, pornographic artwork, and hush money—that's only now being revealed. Conchita Sarnoff follows up on her investigation of the legal wrangling that saved him from a long prison term and reports on the sordid details in part two of her exclusive exposé. Also:

• Palm Beach's police chief objected to Epstein's "special treatment" and gave The Daily Beast an exclusive

look at his nine-hour deposition about the investigation.

• Earlier versions of the U.S attorney's charges, including a sealed 53-page indictment, could have landed Epstein in prison for 20 years.

• Victims alleged that Epstein molested underage girls from South America, Europe, and the former Soviet republics, including three 12-year-old girls brought over from France as a birthday gift.

• The victims also alleged trips out of state and abroad on Epstein's private jets, which would be evidence of sex trafficking—a much more serious federal crime than the state charges Epstein was convicted of.

• Epstein's attorneys investigated members of the Palm Beach Police Department, while others ordered private investigators to follow and intimidate the victims' families; one even posed as a police officer.

• Then-Attorney General Alberto Gonzales told The Daily Beast that he "would have instructed the Justice Department to pursue justice without making a political mess."

Film director Roman Polanski is not the only convicted pedophile to walk free this month and return to a life of privilege. On Wednesday, hedge fund manager Jeffrey Epstein completes his one-year house arrest in Palm Beach, which has been even less arduous than Polanski's time at a Swiss ski chalet.

Watch Jeffrey Epstein Storm Out of a Deposition When Asked About His Penis

During Epstein's term of "house arrest," he made several trips each month to his New York home and his private Caribbean island. In the earlier stage of his sentence for soliciting prostitution with a minor—13 months in the Palm Beach Stockade—he was allowed out to his office each day. Meanwhile, Epstein has settled more than a dozen lawsuits brought by the underage girls who were recruited to perform "massages" at his Palm Beach mansion. Seven victims reached a last-minute deal last week, days before a scheduled trial; each received well over $1 million—an amount that will hardly dent Epstein's $2 billion net worth.

• Conchita Sarnoff: Epstein Faces Sex Traffic Probe
• The Billionaire Pedphile's Sex Den
With that, the known victims of Epstein's sexual compulsion have been officially silenced, and the case against him is closed unless new ones come forward. According to banking sources, he has been moving assets out of the U.S. and may well follow Polanski into a luxurious exile.

But the question remains: Did Epstein's wealth and social connections—former President Bill Clinton; Prince Andrew; former Israeli Prime Minister Ehud Barak; New Mexico Gov. Bill Richardson; and former Treasury Secretary Larry Summers were just a few of the prominent passengers on his private jets—allow him to receive only a slap on the wrist for crimes that carry a mandatory 20-year sentence? Was he able, with his limitless assets and heavy-hitting lawyers—Alan Dershowitz, Gerald Lefcourt, Roy Black, Kenneth Starr, Guy Lewis, and Martin Weinberger among them—to escape equal justice?

Epstein Faces Sex-Traffic Probe
http://www.thedailyb...obref=obnetwork

The Justice Department is investigating Jeffrey Epstein for child trafficking, The Daily Beast has learned—and has widened the scope of its probe to include a famous modeling agency.

Hedge-fund manager Jeffrey Epstein completed his sentence for soliciting prostitution with a minor last week.

But it appears his problems may not be over. Now The Daily Beast has learned that:

• Federal investigators continue to investigate Epstein's activities, to see whether there is evidence of child trafficking—a far more serious charge than the two in his non-prosecution agreement, the arrangement between Epstein and the Department of Justice allowing him to plead guilty to lower-level state crimes. Trafficking can carry a 20-year sentence.

• The FBI is also investigating Epstein's friend Jean Luc Brunel, whose MC2 modeling agency appears to have been a source of girls from overseas who ended up on Epstein's private jets.

Because Epstein's predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover.

Under the concept of double jeopardy, Epstein can no longer be prosecuted for any of the charges covered by his non-prosecution agreement, in which he agreed to serve a short term of incarceration, fund the civil suits of named victims, and register as a sex offender. The victims who accepted cash settlements in these civil suits agreed not to testify against him or speak publicly about the case. However, new evidence developed by the Department of Justice on other offenses not covered by the agreement, including allegations by additional victims who come forward, could lead to new charges. There is no statute of limitations in the federal sex-trafficking law, which was also enacted by the state of Florida in 2002. Because his predatory habits stretch back many years and involved dozens of young-looking girls, there may well be more evidence to uncover. (Several young women who claim to be Epstein victims have recently contacted a Ft. Lauderdale lawyer, but to date no new civil complaints have been filed.)

• Conchita Sarnoff: The Billionaire Pedphile's Sex Den
• Billionaire Pedophile Goes Free
These new developments come one week after the publication of two articles in The Daily Beast about Epstein's pattern of sexual contact with underage girls, which Palm Beach police began investigating in 2005 and the U.S. Attorney's office then settled in a 2007 plea deal. The first article quoted a deposition by then-Palm Beach Chief of Police Michael Reiter, in which he stated that Epstein, a billionaire with many powerful friends, had received special treatment in both his plea deal and the terms of his incarceration. Although federal investigators at one point produced a draft 53-page indictment against Epstein, he was eventually allowed to plead guilty to only two relatively minor state charges and receive a short term of incarceration: 13 months in the county jail, during which he went to the office every day, and one year of community control, during which he traveled frequently to New York and his private island in the Virgin Islands.

The Daily Beast has now discovered another instance in which Epstein apparently received special consideration: As a convicted sex offender, he is required by law to undergo an impartial psychological evaluation prior to sentencing and to receive psychiatric treatment during and after incarceration. This is because child molesters tend to be repeat offenders with high rates of recidivism. According to a source in law enforcement, however, Epstein was allowed to submit a report by his private psychologist, Dr. Stephen Alexander of Palm Beach, Florida, whose phone has since been disconnected with no forwarding information.

The Daily Beast's second article provided details about Epstein's systematic abuse of underage girls at his Palm Beach mansion, where members of his staff allegedly recruited and paid a parade of teenagers, most of them 16 or younger, to perform daily massages that devolved into masturbation, groping, and sometimes full-blown sexual contact. It also revealed a monetary relationship between Epstein and Jean Luc Brunel, a frequent visitor to whom he gave $1 million around the same time that Brunel was starting his MC2 modeling agency. Some of the young girls MC2 recruited from overseas—often from Eastern Europe and South America—are known to have been passengers on Epstein's private jets.

The U.S. Attorney General's Office in Florida says that it is against policy to confirm or deny the existence of an investigation. Jeffrey Epstein's lawyer, Jack Goldberger, says he has no knowledge of an ongoing probe,

and he told The Daily Beast, "Jeffrey Epstein has fully complied with all state and federal requirements that arise from the prior proceedings in Palm Beach. There are no pending civil lawsuits. There are not and should not be any pending criminal investigations, given Mr. Epstein's complete fulfillment of all the terms of his non-prosecution agreement with the federal government."

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**#2 bruce**

- Registered User
-
- Group: Members
- Posts: 11113
- Joined: 12-August 08

Posted 02 August 2010 - 12:59 AM
These slugs leave slime wherever they go.america is owned by these pigs.filthy pigs.
0

**From**: Stephanie [redacted]
**Sent**: 3/4/2011 11:15:40 PM
**To**: Peggy Siegal [redacted]; jeevacation@gmail.com
**Subject**: RE: Oscar diary
**Attachments**: Oscar story.doc

Jeffrey,

Peggy's story is attached to the e-mail. I have included the story in the body of the e-mail as well.

Thanks,

Stephanie

Omar Quadhafi is hunkering down in Tripoli giving press interviews denying that rebels are taking over Eastern Libya. Oil prices are shooting over one hundred dollars a barrel. The US government is on the verge of a shut down. These are not the top secret opening lines to Aaron Sorkin's new script, but the global headlines of a world spinning out of control. I head to Los Angeles like an overdressed lemming to attend the 83rd Academy Awards and attempt to make sense of artists thrust into combat.

For the second year nearly 6,000 Academy members have nominated 10 films and the battle is down to two. The beloved timeless classic, "The King's Speech" marches into the arena as the front runner, but passionate supporters of the brilliant edgier (and critics darling) "The Social Network" have not conceded. The ballots are counted, the party invites are out and still the feelings are raw. Filmmakers are exhausted from campaigning.

At Bryan Lourd's famous star studded party Sony Classics' Co-President Michael Barker announces to me he has taken a random sampling of voters in the room. He says, "There will be a 'Social Network' upset at the Kodak Theater." Shear panic radiates from my every pore as he says, "I am joking." It's like color war at summer camp.

Woody Allen and George Lucas tell me they are no longer members of the Academy because pitting artists against each other to determine the quality of their work is insane. They are right.

My event and publicity company is considered "Switzerland" by the studios, as we help every filmmaker to present and position his work. This year I am somewhat emotionally sucked in.

In 2005 I meet the unknown 32-year-old English director Tom Hooper on his first film for HBO,"Elizabeth I". The Emmy award winning movie stars Helen Mirren, who takes credit for discovering him directing English television. Helen later wins her Oscar for portraying Queen Elizabeth in "The Queen". Queen Elizabeth is the daughter of King George VI portrayed by Oscar winner Colin Firth in "The King's Speech".

I also become Hooper's champion encouraging many to see his early work including his herculean 10 hour HBO mini-series "John Adams" produced by Tom Hanks.

Six years later at the Telluride Film Festival Tom Hooper is bathing in the glory of a hysterical standing ovation with Colin Firth and Geoffrey Rush at the very first screening of "The King's Speech." Surprisingly, this drama's subtle humor gets big laughs leading up to its emotional ending.

Within two weeks, at The Toronto Film Festival, Harvey Weinstein is now standing with his filmmakers witnessing the same reaction. The film wins The Audience Prize. Their strategy is to say nothing. Do nothing. They have a possible Oscar winner. Four out of five past Best Pictures have premiered in Toronto.

Cut to New York City at the end of September. It's the opening night at The Film Society of Lincoln Center. One of America's most important and prolific producers Scott Rudin, along with Jesse Eisenberg, Andrew Garfield and Aaron Sorkin are in a brightly lit box waving down to their equally hysterical audience who have just seen "The Social Network".

The film opens the next day to rave reviews and endless publicity. David Fincher is off making "The Girl with the Dragon Tattoo". Aaron Sorkin becomes the face of the film and an immediate shoo-in for an Oscar.

The Hamptons International Film Festival in October suddenly becomes a launching pad for "127 Hours", where cool Yale/NYU student James Franco appears and receives a heroic standing ovation. More Oscar buzz.

"Black Swan" also unspools there in a tiny theater as Madonna, Alec Baldwin and even Harvey Weinstein slip in the back. Darren Aronofsky, sporting the ever present cool wool scarf around his neck is hailed a genius. Natalie Portman is instantly the hot nominee for Best Actress.

Both films are sensational and movie goers go nuts, but it is "The King's Speech" that edges out the competition for The Audience Prize.

Mid-November David O. Russell and Mark Wahlberg, working together for the third time, sneak "The Fighter" in Manhattan. As their audience erupts in cheers, I tell producer/actor Wahlberg, "Clint Eastwood is going to kill himself for not directing this." Wahlberg says, "You are wrong. He turned it down because he's done it. He has seen it and he loves it." I instantly lavish my affection and praise on David O. Russell, who becomes my new Clint Eastwood. Christian Bale and Melissa Leo are hailed the supporting actors to beat.

"True Grit" directed by the Coen Brothers and also produced by Scott Rudin doesn't premiere till mid-December at the Ziegfeld as the last serious Oscar contender for Best Picture. It gallops off to box office gold.

This is the year many of the 78 million Baby Boomers go back to the theaters. Five small budget independent films become surprise hits as each exceeds $100 million.

"The Social Network" now cements its battle cry with one word; "relevance". Mark Zuckerberg lands on the cover of Time Magazine as The Person of the Year. A smart and extensive ad campaign positions the film in the lead. Critics and pundits proclaim the race is over. "The Social Network" is the clear winner. Everyone goes on holiday.

This is probably the only time in Harvey Weinstein's life that he is caught off guard. He quickly mobilizes an inner team of 15 and conducts strategy meetings 7 days a week, including Christmas. They become like a Chinese Restaurant...always open. A generational war is in full swing. Harvey screens his film for the older voters. Everything is done by the books. Budgets are limited. He sends screenwriter David Seidler and Tom Hoooper to every corner of the country doing q+a's till they are blue in the face from "finding their voice." SAG voters begin seeing the film 2 and 3 times.

In January the Golden Globes voted on by about 88 foreign journalists gives Best Drama to "The Social Network", Best Director to David Fincher and Best Screenplay to Aaron Sorkin. Their film is still perceived as the Oscar winner.

Team Weinstein underestimates their hard work and is in shock when "The King's Speech" wins the PGA in L.A. Harvey doesn't even attend and is working in Sundance. They are equally surprised when Tom Hooper wins the DGA and the actors win the SAG Ensemble. The BAFTAs reinforced the lead. They are now the front runner. It takes the media a few weeks to catch on.

The Daily Mail announces Her Royal Highness, Queen Elizabeth has enjoyed a private screening of "The King's Speech" and is "moved" by the film. With no proof the Queen has actually seen the film, the Weinstein Company sends out a global press release thanking her Majesty for the endorsement. They also acknowledge Prime Minister David Cameron's private Christmas screening.

On Oscar night, it isn't until Hilary Swank surprisingly yells out Hooper's name for Best Director that Harvey's gang finally realizes they are getting the Oscar for Best Picture. The King has spoken.

Friday, February 24th
Mid-day, I arrive at The Beverly Hills Hotel, where I have stayed for thirty years. As the housekeepers unpack my bags upstairs I peek into the Polo Lounge and find icon Warren Beatty in a booth. He motions me over to meet an Egyptian fashion editor from Cairo. I say, "Warren, you are a little late to visit Cairo." I tell him I'm rooting for Annette and love her film "The Kids Are All Right". Warren tells me "The Social Network" will win.

This year I am two days late arriving to Oscar weekend. I am now shown to a very very very small room, the size of a broom closet. Uncharacteristically, I have a slight melt down. I am moved. The housekeepers run down the hall with my clothes flying. I calm down. The hotel is sold out. I get someone else's room. Another poor schmuck checking in downstairs will get the broom closet.

It is cold, grey and rainy. Taffata, organdy and embroidered silk evening clothes hang in my closet. I stay in my sweaters and fur coat and head to Arianna Huffington's Mediterranean house in Beverly Hills where Wendi Murdoch and Arianna are hosting a party for Tom Freston's wife, the beautiful blond Kathy. The book is called "Veganist: Lose Weight, Get Healthy, Change the World. A perfect book for Monks.

Arianna has just sold the Huffington Post for to AOL to $315 million dollars and rumored to have personally landed around $20 million. She is euphoric as she greets Nicole Kidman and Keith Urban at the door. Other drenched power players ushered in under umbrellas include Disney's Bob Iger and wife Willow Bay, Fox's Jim Gianopulos, Candice Bergen and journalist daughter Chloe Malle, Google's Eric Schmidt, Oliver Stone avoiding questions about Charlie Sheen and escorting his daughter Tara, Moby, Jamie Niven, Brian Grazer, Vivi Nevo, Tracey Ullman, CBS's Les Moonves and Julie Chen, Rob Reiner, Paramount's Brad Grey and fiancé Cassandra Marc and Jeff Bezos. Hors d'oeuvres include pigs in blankets, a food group not mentioned in Kathy's book.

The party action migrates to UTA Jim Burkus's home in the neighborhood for "True Grit's" Ethan and Joel Coen. I pass Ron Howard on the way in and he says, "Keep me on your list." Is he kidding? Sunrise and Mark Ruffalo, Tim Robbins, Focus Feature's James Shamus, Nancy Meyers and John Goldwyn mingle. Adorable Hallie Steinfeld is there with her parents. I am trying to fix her up with Justin Bieber. She giggles, "Peg, I am only 14."

Hunky Josh Brolin tells me he is coming to New York in March to shoot two new films. He is working on producing and starring in "The Hunchback of Notre Dame" with Tim Burton as a future project.

I am now inches away, face to face with Harrison Ford and stupidly tell him I love him in "Morning Glory". He is looking at me in utter disbelief and I will not shut up. A gorgeous guy is also inches away in a hat, glasses, jacket, layered sweater and scarves. I whisper to Harrison, "That looks just like Johnny Depp." Harrison rolls his eyes and reluctantly introduces me to his friend Johnny Depp. I babel a bit about his great work and run for cover to a corner next to my buddy, Jerry Bruckheimer. Jerry introduces me to the wives, Vanessa Paradis and Calista Flockhart. I bore them with girly chit-chat and realize it's time to get out of there.

I head over to the CAA/Bryan Lourd "Friday Night Party". Torrential rains and horrific winds cause a traffic jam that makes it impossible to get near the house. Cell phones do not work. The world's most famous faces cower under black umbrellas and make a run for it.

Bryan Lourd and Bruce Bozzi receive friends at the door all night. Inside Uma tells me she finally moved into a doorman building in New York after being terrorized by stalkers for years. Talented, Ben Walker talks about "Abraham Lincoln: Vampire Hunter" he is about to shoot as his fiancé Mamie Gummer looks sexy shivering in a white satin gown. Producer Jon Kilik mentions he oversees a new cut of Julian Schnabel's "Miral" to be released in March. Bennett Miller, standing with Kristin Gore says Sony loves his new film "Moneyball" and Brad Pitt is terrific. (When is Brad Pitt not terrific?) Sandy Gallin tells me he has an actual job decorating Jeffrey Katzenberg's home and he has never been happier. I congratulate Barry Levinson's son, Sam, a director, for winning the writing award at Sundance for his first film, "Another Happy Day" which is inspired by his family.

Also seen floating around are, Taylor Swift and Jake Gyllenhaal, but not together, Sean Penn, Tom Curise and Katie Holmes, Anderson Cooper, Hilary Swank, Kelly Ripa, Carrie Fisher, Bruce Weber, Sean Combs, Paul Haggis, Marisa Tomei, Jay Roach, Kate Beckinsale, Demi Moore and Ashton Kutcher, Kate Hudson, Gerard Butler, Leo DiCaprio and Bar Refaeli, Renee Zellweger with Bradley Cooper, Biutiful director Alejandro Gonzalez-Inarritu, Kathryn Bigelow and Mark Boal, Ellen Barkin who is headed to Broadway in "The Normal Heart" this spring and CAA's Kevin Huvane, Richard Lovett and Hylda Quealy.

Busy Bruce Cohen who is producing Sunday's awards broadcast tries to get his car to leave. Limo lock is at a standstill. Nothing is moving outside. Two hundred swells become party prisoners and resign to just having an absolute ball till 5:00am. Once again, this is the most star studded party in town.

Saturday, February 26th, 2011

The sun comes up and dries up all the land. IAC chairmen and owner of The Newsweek/Daily Beast Barry Diller and his designer wife Diane Von Furstenberg host their annual lunch for Graydon Carter in their Coldwater Canyon home. Barry introduces me to his star guest, Governor Jerry Brown, just elected to his third (nonconsecutive) term as California Governor. Diane's children, Alex and Tatiana, along with their children comprise three generations of guests, which makes this party so special.

Like last year, enormous clear plastic tents are erected on the hill near the house. Long wooden picnic tables covered with yellow flowers sit on oriental rugs, covering the soggy ground. Terrines of hot soup, platters of sausages, fried chicken and salads are beautifully arranged on an endless buffet. Everyone wears winter clothes; comfy sweaters and sensible shoes. I arrive in a fur coat.

Barry and Diane's loyal friends have been coming to this party for over fifteen years. Everybody knows everybody and it doesn't matter if you have a hit film or TV show this season. Oprah Winfrey kisses David Geffen, casually chats with former Disney CEO Michael Eisner and current Sony chief Sir Howard Stringer. Brett Ratner arrives with his house guest Jean Pigozzi who is allowed to photograph everyone. Graydon greets people with wife Anna and Fran Lebowitz by his side.

Ingrid Sischy and Sandy Brant, Rupert Murdoch, Ron Meyer, Bryan Lourd Francesco Clemente with his twin boys and Tom Ford chat each other up. People watching include the pregnant Victoria and David Beckham with Lynn Wyatt, Liv Tyler, Vincent Gallo, Eva Longoria, Larry Gagosian and Shala Monroque, Ben Silverman, Debbie and Allen Grubman, Tobias Meyer and Mark Fletcher and Stephen Gaghan and Mini Mortimer wearing her oversized cat glasses.

Bruce Cohen has invited me to the Oscar broadcast rehearsal. This is a special honor. There are metal barricades leading up to the credentials trailer. High-tech security includes photos and computer background checks. The only thing they don't do is pat me down and ask for fingerprints. Once inside the Kodak Theater's massive auditorium, I find a seat next to Bruce's proud parents. I watch Josh Brolin and Javier Bardem come out in white dinner jackets and flub their lines as they pretend to present Best Adapted Screenplay and Best Original Screenplay. Josh later told me at The Night Before Party that their acting methods are completely opposite. Josh says he is a quick study and is very creative and comfortable ad-libbing. Javier, whose mother tongue is Spanish, needs to have every syllable printed out, which he studies with a dialect coach. Little wiggle room for jokes. Life size photos on large cardboard plaques are taped to each nominee's chair. I try to memorize their location, so when I return Sunday I can quickly kiss them all.

Back at the Beverly Hills hotel, I slip into my gorgeous black tulle Dennis Basso cocktail dress with a plunging neck line and put on my mother's jewels. Jim Coleman takes me the Night Before Party in the hotel. This is Jeffrey Katzenberg's, 9th Annual A-lister event benefiting The Motion Picture & Television Fund where they raise $6.5 million dollars in one night. I walk right into Valentino who gives me the once over and approves my outfit. I tell him and Giancarlo Giammetti that Woody Allen's new film, "Midnight in Paris" is opening the Cannes Film Festival and they must bring the yacht. Woody is also filming all summer in Rome and I am counting on them to entertain him.

Elton John and David Furnish join our conversation and of course we ask for intimate details about the new baby. Elton says this is the first time they have been away from him for more than a night and they are delirious with parenthood. I segway over to Amy Adams who mentions she also hates leaving her baby in the hotel room. I tell her she's acted like a lady with all the attention showered on Melissa Leo and that someday soon she will win an Oscar because she consistently hands in amazing performances and everybody loves her. Next stop is Kate Capshaw in a black bowler hat chatting with Steven Spielberg's god-daughter Gwyneth Paltrow. Kate gushes as she talks about her two grandchildren from daughter Jessica. I have known Steven since "I Wanna Hold Your Hand". In 1982, as a young publicist on "E.T." I moved to California to work for him as one of his thirteen assistants. I now tell him I'm going to Broadway opening of "War Horse" with Kathy Kennedy and Frank Marshall and cannot wait to see his movie version. He is wildly excited about the film. I beg him to work on it.

I meet sweet Jennifer Aniston, her new hair cut and her perfect little body. Her date tells me her secret is a half hour on the treadmill every day. Somehow I think that's an understatement. I tell Jesse Eisenberg I was on his plane home from the Baftas last week. He was hiding under his hoodie and I knew not to bother him. He said innocently, "You should have said 'Hello'. I always cover my head because I think my curls make me look like a girl".

The charity gives us a coupon booklet redeemable at various booths for cheap clothing, new iPads, make-up, chocolates, shampoo and a $50 dollar Arch gift card for free McDonalds hamburgers. A bargain is a bargain, rich people run around like lunatics, collecting gifts for their housekeepers. Among the shoppers are Steven and Heather Mnuchin, Viacom's Deborah and Philippe Dauman, Tamara Mellon, Christine Taylor and Ben Stiller, Cate Blanchette, Susan and Robert Downey,Jr., and Debra and Hugh Jackman.

Next stop is The Weinstein Company's Pre-Oscar party at the Soho House, sponsored by MontBlanc, celebrating their new charity partnership and $1 million dollar donation to the Princess Grace Foundation-USA. Long gone are the funky Miramax Saturday night parties where nominees spoofed their own films in homemade costumes and ad-libbed hilarious skits. Grown men would dress as Anna Paquin and play the piano in hopes of winning a Max Award.

There is social anxiety at the Soho House garage entrance. Guests patiently wait as super stars whisk by. A four hundred pound gorilla refuses to let me on the elevator until I spot Benny Medina. Once on, I see the radiant Jennifer Lopez in the corner and remind her we met on Len Blavatnik's yacht in Cannes. She graciously pretends to know me. Her manager, Benny Medina is kicking me.

I slip into Colin Firth's booth by the front bar to have a tete-a-tete with him and his wife Livia Giuggioli about tomorrow night. Jokingly, I suggest when he wins to say, "I'm speechless". Colin patiently assures me many people, far more clever than I, have already mentioned this. He then says that others are waging bets on whether he might subconsciously stutter. I grill him about his wardrobe, assuming he will be wearing a new Tom Ford tuxedo. He tells me both he and Ford will be in older models as Ford only designs classics. I tell him I made director Charles Ferguson, front runner for the financial documentary "Inside Job" spend $6,000 dollars last week for a new Tom Ford tuxedo.

In the back room Jennifer Lopez is now seated with Weinstein's wife Georgina Chapman. Nominee Helena Bonham Carter, her husband Tim Burton and her mother Elena circulate. Celebs have now drifted over from The Night Before Party. The star power includes Adrien Brody, Mary-Kate and Ashley Olsen, Cameron Diaz, Camilla Belle, Chace Crawford, Claire Danes and Hugh Dancy, Darren Aronofsky, Emma Stone, Jaime Foxx, director John Wells, Kerry Washington, Piers Morgan, Rachel Zoe, Russell Simmons, Sean Parker, Sir Ben Kingsly, Zack Braff , Michelle Williams and Leonardo Dicaprio with Bar Rafaeli. "Speech" filmmakers are functioning on high anxiety.

Sunday, February 27th, 2011

Producer Donna Gigliotti is my date to the awards. We are both so nervous we arrive at the Kodak Theater at 3:00pm and nobody is there. We are driven around for an hour. When we arrive at the world's most famous red carpet, I guide Donna through the extreme right security check-in to make sure we mingle with the nominees and get on camera. I teach her the red carpet hustle which is five steps forward, three steps back and one inch behind a couture-clad nominee. We greet Bryan Lourd as Sandra Bullock is talking to ABC-TV and a billion people see me wearing a black Marchesa gown. Five steps forward, three steps back, we next meet Gwyneth Paltrow. As I hook up the back of her dress another billion people see us correcting a fashion malfunction. Once again, five steps forward and three steps back. We are now posing for the still cameras between Nicole Kidman and Keith Urban. Our handbags begin buzzing. Countless friends are e-mailing us that they just saw us on television.

James Franco and Anne Hathaway are hip and energetic hosts. The film montages are always the best and the set looks great. This is the year of no surprises. Sorkin, Seidler, Christian Bale, Melissa Leo, Natalie Portman and Colin Firth are totally prepared to receive the gold. Tom Hooper's win leads into Best Picture. Harvey is now sitting in Spielberg's seats as Spielberg announces the win. Six months of

grueling work have finally paid off. King George VI and Harvey Weinstein now share the journey of a single man who triumphs over adversity.

The Governor's ball, held above the Kodak Theater, recreates the Mocambo-Ciro's niteries of the 1930's and 40's, using a palette of teal and white. Three bands alternate musical styles as hungry guests wolf down Wolfgang Puck's delicious food. The winners triumphantly sachet around the room holding their heavy eight pound gold statues.

An hour later there is a migration to the famous Vanity Fair party hosted by Graydon Carter at the Sunset Tower Hotel owned by Jeff Klein. One celebrity after another poses in front of the green hedge standing in the middle of the circular Vanity Fair logo to record their devotion and support to Graydon and the magazine.

There's a hierarchy of arrival times. The inner circle of Graydon's 150 best friends attend a seated dinner and viewing of the show at 5pm. They include Barry Diller and Diane Von Furstenberg, Francis Ford Coppola, Jon Hamm and Jennifer Westfeldt, Betsey Bloomingdale, Tory Burch and Lyor Cohen, Tom Ford, Sandy Gallin, Mitch Glazer and Kelly Lynch, Carolina and Reinaldo Herrera, L'Wren Scott and Sir Mick Jagger, Naomi Watts and Live Schreiber, Wendi Stark, Judd Apatow, Jackie and Joan Collins, George Hammilton, Donna Karan and Steve Martin.

The best and the brightest talent in town arrive at 9pm. They are Justin Bieber and his date Selena Gomez, Andrew Garfield, Jude Law, Vera Farmiga, Armie Hammer, Jennifer Lawrence, Kevin Spacey, Charlize Theron, Anne Hathaway, Hailee Steinfield,Taylor Hackford and Helen Mirren, Scarlett Johansson, Michelle Williams, Isla Fischer and Sasha Baron Cohen, Jane Fonda after her play, "33 Variations", Melania and Donald Trump whom I introduce to David O. Russell as The Trumpster gushes about "The Fighter". Donald offers me a ride home on his plane. He is leaving in ten minutes. Too bad James Franco didn't know because he is presently sitting on a commercial flight back to school, skipping his own after party. Social standings of the rest of the guests are determined by half hour increments. Every other person previously mentioned in the story is here. VF's Beth Kseniak and Matt Ullian tell me the list is cut down to 800 this year.

At 11:30pm there is another celebrity migration up the hill to Madonna manager Guy Oseary's house. One should note that earlier in the evening Madonna came down the hill to pose in a risqué outfit with daughter Lourdes in front of the green hedge. Madonna and co-host Demi Moore are able to lure the crème de la crème with the promise of fabulous music, dancing and no cameras. Those reported on their dance floor include Ryan Phillippe with Amanda Syedfried, who were making out all night and Phillippe's ex-wife Reese Witherspoon and new fiancé Jim Toth. They pregnant Natalie Portman and choreographer Benjamin Millepied, Mick Jagger, Tom Hanks, Sean Penn, Ralph Feinnes, Mila Kunis, Cameron Diaz, Gwyneth Paltrow and Renee Zellweger and Bradley Cooper boogie til dawn.

A winner's work is never done. Colin Firth, Tom Hooper and David Seidler show up at 4:30am at The Four Seasons Hotel for a live broadcast on The Today Show with Meredith Vieira. Functioning on an adrenalin rush, they are back at the Kodak Theater with Geoffrey Rush to appear on Oprah's live broadcast. Leave it to Oprah to get the king's last words.

-----Original Message-----
From: Peggy Siegal
Sent: Friday, March 04, 2011 6:12 PM
To: Stephanie
Subject: Oscar diary

Send to jeffrey

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/16/2009 11:20:59 AM
**To:** Sultan Bin Sulayem [redacted]

just as we thought------Russian bank Sberbank has quietly taken over his Capital Group's biggest asset, a massive housing, shops and offices project called Gorod Stolits, in Moskva-City on Moscow's outskirts. Under a $400 million (£270 million) loan agreement, the bank will ensure construction of the complex goes ahead at the end of the year as planned by Doronin, who has been likened to Donald Trump.

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**********
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/14/2013 8:47:12 PM
**To:** Larry Summers [redacted]

Article 1.

Washington Post

# Obama to make first trip to Israel, part of a potential 'new beginning' with region

Scott Wilson

President Obama will travel to Israel and the occupied Palestinian territories next month to make an early second-term push for peace negotiations between two divided governments and to assess the broader political developments remaking the Middle East.

It will be Obama's first trip as president to Israel, where suspicions run high in the aftermath of his unsuccessful early efforts at Middle East peacemaking.

The choice of destination — one that Obama avoided in his first term — suggests a revival of his ambitions abroad after a year of virtual dormancy on foreign affairs. The timing also points to a willingness on his part to quickly reengage a politically volatile foreign-

Office of Terje Rod-Larsen


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policy issue just months after winning his second term.

But the visit will highlight how much the region has changed since he last visited the Middle East in his first year in office, with the rise of Islamist governments and the widening repercussions of civil revolt.

After Obama helped topple Moammar Gaddafi in Libya in 2011, many in the region wondered when he would emerge again to help shape the course of the tumultuous Arab Spring, which has replaced a pair of U.S.-allied dictatorships with elected Islamist governments.

Within the Israeli-Palestinian conflict, much has changed since the direct peace talks Obama inaugurated in September 2010 collapsed within weeks. Israel's recent battle with the armed Hamas movement in the Gaza Strip left many predicting a wider fight in the future, as divisions deepened within the Palestinian and Israeli electorates over whether talks or war would resolve the conflict.

"To make it a substantive trip that is more than a positive photo-op would require setting up a specific framework for an agreement and setting a tight deadline to achieve it," said Jeremy Ben-Ami, the executive director of J Street, a nonprofit group that advocates the

creation of a Palestinian state alongside Israel.

White House officials would not provide a date for Obama's trip, which he will squeeze into the tight schedule he is building around a busy domestic agenda that includes immigration, guns and the economy.

But Israeli media reported that Obama is scheduled to arrive March 20 as part of a trip that will include a stop in Jordan, where the civil war in next-door Syria and its growing refugee crisis is presenting a major challenge to King Abdullah II, a U.S. ally .

Obama began his first term by making a strong push for peace talks between Israel and the Palestinians, believing the conflict fueled radicalism in the region in general and toward the United States in particular, given its historical support for the Jewish state.

In contrast to predecessor George W. Bush, Obama wanted to demonstrate to Arab governments that the United States would make demands of Israel in pursuit of a regional peace agreement.

Israeli Prime Minister Benjamin Netanyahu made little secret of his preference for Republican Mitt Romney in last year's U.S. presidential campaign. Netanyahu and Obama have at times disagreed bitterly over issues relating to

the Palestinians, including Israel's continued settlement construction in the West Bank and East Jerusalem.

Israel's military occupied those territories, along with Gaza, in the 1967 Arab-Israeli war. Palestinians view them as the key territorial elements of their future state.

In a June 2009 address in Cairo, a speech that asked for a "new beginning" with the Islamic world, Obama said: "The United States does not accept the legitimacy of continued Israeli settlements." He also did not stop in Israel on that trip, instead visiting Saudi Arabia, Egypt and Germany, where he emphasized the horror of the Holocaust and the moral imperative of defending Israel. Romney, among others, made the omission a campaign issue.

But on regional security issues, Obama and Netanyahu have deepened cooperation amid rising U.S. military aid to Israel. Obama has agreed with Netanyahu that Iran must not be allowed to use its uranium-enrichment program to develop a nuclear weapon, an issue that the two will discuss during Obama's visit.

Netanyahu's Likud party emerged from elections last month as the largest bloc in Israel's parliament, meaning that he will serve another term as prime minister. But

a surprisingly strong showing by a new centrist party is likely to put more pressure on him to pursue talks.

"It was a mistake for Obama not to go in the first term at a time when it could have affected Israeli public opinion of him, and now, it has hardened against him to a point that I don't believe it can," said Elliott Abrams, a senior fellow at the Council on Foreign Relations who served as a senior Middle East adviser to Bush.

Obama's visit will coincide with growing concern in the region that the two-state solution favored by him is in peril, as Israeli settlement construction continues and as the Islamist Hamas gains clout within the once-secular Palestinian nationalist movement. Hamas emerged stronger politically from the recent clash with Israel and continues to reject the Jewish state's right to exist.

Hamas and its secular rival Fatah are due to meet Saturday as part of a reconciliation process. If an agreement is reached and Hamas joins the Palestinian Authority, Obama will be faced with an awkward decision on whether to meet with a government that includes members of a U.S.-designated terrorist movement.

As he begins again in the region, Obama will be advised by new Secretary of State John F. Kerry. He has also named former

senator Chuck Hagel as defense secretary, a nomination still in question after an unsteady performance by the candidate before the Senate Armed Services Committee last week that focused in part on his past criticism of Israel.

"This trip is a signal that the president has an interest, not just in the peace issue, but also in the broader concerns that Israel is facing," said Dennis Ross, a senior Middle East adviser to Obama during his first term who is at the Washington Institute for Near East Policy. "In some ways, it will be the president traveling to Israel to ask for a new beginning."

Article 2.

Foreign Policy

# Saeb Erekat - The Peace Processor

An interview by Aaron David Miller

February 5, 2013 -- Other than Mahmoud Abbas, Saeb Erekat could be the most recognizable Palestinian on the planet. The chief Palestinian negotiator is certainly among the most passionate in promoting the cause. And nobody on the

Palestinian side knows the substance of the issues or the negotiating history better.

I first met Erekat in the late 1980s, while working on the Palestinian issue for then Secretary of State George Shultz. Back then, the U.S.-educated diplomat was already showing the brashness and outspokenness that would make him one of the most memorable -- if exasperating -- of the Palestinians with whom we dealt.

He annoyed then Secretary of State James Baker by wearing his kaffiyeh around his shoulders at the opening of the Madrid Peace Conference in October 1991. And over the years, he continued to annoy the Israelis too with his fiery performances on CNN -- though to this day, key Israeli negotiators, such as Isaac Molho, continue to praise his pragmatism at the bargaining table.

It was Erekat's academic bent, analytical chops, and capacity to write in English that would make him so indispensable to the only Palestinian who really counted in those days -- Yasir Arafat. Erekat was a unique figure -- neither a fighter (no nom de guerre for him), nor a PLO insider, nor an organization man from Tunis. Rather, he was a West Banker from Jericho, and he succeeded in maintaining his relevance in a Palestinian

political scene dominated not by fellow academics, but by hard men defined by struggle and intrigue. During the heady days of the peace process, he became a key point of contact for the Americans, the Israelis, the Arabs, and much of the rest of the international community.

I came to know Erekat not only as a negotiator, but as a person. He sent his kids to Seeds of Peace, a conflict resolution and coexistence organization that I ran briefly after leaving the State Department, and my daughter befriended his and stayed with the Erekats in Jericho. Saeb and I have yelled at each other, defended our respective positions, laughed, and mourned opportunities that were never adequately explored. But through it all, what he said about himself was true: He wasn't as pro-Palestinian or pro-Israeli as much as he was pro-peace.

That peace has proven elusive to this day. But with all our differences -- and there are many -- I believe Erekat believes in its possibility. Who else would list as an "objective" on his resume: "Solve the Palestinian-Israeli conflict based on a two state negotiated solution through diplomatic offices"?

If, or perhaps when, another effort to negotiate a deal is made, one thing is clear -- Erekat will be in the middle of it. Last week, he agreed to answer my

questions on the past and future of the Israeli-Palestinian problem.

**FP:** What were your best and worst moments in the Israeli-Palestinian negotiations, and what was the greatest missed opportunity?

**Saeb Erekat:** Though I was not the chief negotiator at that moment, the connection between [then Prime Minister Yitzhak] Rabin and President Arafat made everyone around them, including myself, feel that peace was possible. There was significant progress in all tracks until Rabin's assassination by an Israeli terrorist -- after he was killed, no Israeli leader had the vision to understand that the window of opportunity for a two-state solution would close as fast as they continued their colonization policies.

The missed opportunity has definitely been Israel throwing away the Arab Peace Initiative, which offers normalization of relations of 57 countries with Israel in exchange for Israeli withdrawal to the 1967 border. They threw it away by bombing Gaza, by intensifying collective punishments, and by increasing settlement construction all over the occupied West Bank, particularly in and around Occupied East Jerusalem.

**FP:** 2013 is the 20th anniversary of the Oslo negotiations. What was Oslo's greatest success, and its greatest failure?

**SE:** The fact that, two decades after Oslo, we are still a nation under occupation shows that Israeli governments did derail it. The interim accords were not supposed to last for 20 years but only five. After that, we were going to enjoy freedom and sovereignty.

But Israel increased its settlement expansion. In fact, within 20 years, the number of settlers almost tripled. The institution-building efforts led by the Palestinian government have been completely undermined by the lack of freedom. This situation cannot continue. Oslo succeeded in bringing back 250,000 Palestinians from the diaspora and building the capacity for our state. The international community failed though, by granting Israel an unprecedented culture of impunity that allowed them to use negotiations as a means to continue rather than stop colonization.

**FP:** What is the most important thing Israelis don't understand about Palestinians?

**SE:** That we are not going anywhere. As simple as that. We are not going to disappear just because their government builds an annexation wall around us.

They should close their eyes and imagine their state within 10 years time. What do they see? If they continue their policies, they are going to officially adopt the form of an apartheid regime, which I think is not what many Israelis want.

**FP:** What is the most important thing Palestinians have learned about Israelis?

**SE:** That Israelis will not take back the ships that brought them here to leave somewhere else. We got to understand that we have to live side by side. The rules of engagement, though, cannot be those of apartheid, but those of freedom.

**FP:** What do you expect from the next Israeli government on the peace process?

**SE:** I don't think there is room for optimism, but our position hasn't changed. We don't see any other solution than a two-state solution. Any Israeli government that recognizes this fact and respects what previous governments have agreed upon should become a partner for peace.

**FP:** Is Hamas-Fatah unity possible, and what would the impact be on the future of Israeli-Palestinian negotiations?

**SE:** We expect to have progress in the near future, with Hamas allowing the Central Elections Commission to register new voters in Gaza. I believe there is political agreement -- in fact, there is a signed agreement. We expect to have

elections as soon as possible, which is the right way to solve our differences: Let our people decide, those in Palestine as well as our people in the Diaspora.

Having said so, Hamas has recognized the Palestine Liberation Organization as the sole and legitimate representative of the Palestinian people, including its mandate to negotiate a final status agreement with Israel. Once that is achieved, we expect to hold a national referendum.

**FP:** How would you describe Egypt's role in the peace process now? What do you expect from President Barack Obama's administration with regards to the peace process?

**SE:** Egypt has played a central role, and continues to do so. We trust that Egypt, under President Mohamed Morsy's leadership, will continue to play a strong role because Palestine and Egypt have a common interest in achieving peace.

President Obama had stated that he has a personal commitment to bring peace to the Middle East. We, the Egyptians, and the rest of the Arab world tell him that we are ready for peace. We have the Arab Peace Initiative. This goes in line with the stated U.S. national interest. Washington's failure to explicitly say that Israel is to blame for choosing

settlements over peace has contributed to Israel's culture of impunity.

**FP:** Can America be an effective broker in negotiations?

**SE:** If the U.S. decides to be an honest broker, it could not only be effective but in fact could bring real peace to the region, a just and lasting one. The U.S. has a moral obligation toward the Palestinian people, who have been under occupation and living in exile for decades.

**FP:** Is a two state solution still possible?

**SE:** Yes, but only if there is a political will. So far, Israel's will is about colonization, and the international community has failed to put an end to decades of double standards by treating Israel as a state above the law. We don't see any other solution than a two-state solution, though Israel is taking us to a one-state reality.

*Aaron David Miller is a distinguished scholar at the Woodrow Wilson International Center for Scholars.*

Article 3.

The Daily Beast

# The Mixed Legacy Of Shimon Peres

Daniel Gavron

Feb 4, 2013 -- Now that he has finished his consultations with the country's political parties and charged Benjamin Netanyahu with forming a new coalition, Israel's respected President, Shimon Peres, is once again very much in the news. In his speech inviting Netanyahu to form the next government, the President spoke forcefully about peace and even seemed to influence Bibi to mention peace, a word he never used in his election campaign. Peres has rightly earned respect for this from many quarters, but now, as the coalition is being formed, it might be a good time to examine one aspect of Israel's political culture: the lack of respect for the task of a parliamentary opposition. Peres is at least partly to blame for this, as he almost always preferred to join various administrations—even as a junior partner—rather than lead the opposition, ofen citing "our grave situation" and "national responsibility." Now is surely a better time to criticize Peres than in June, when the world (maybe even including President Barack Obama) will be coming here to celebrate his 90th birthday. Then, surely, everyone will be paying deserved tribute to the wisdom of this elder statesman and prophet of peace, and it would be a shame to spoil the

party. So let's clear the air right now, well before the festivities. Before we get to the matter of coalition politics, which is very much on our minds right now as Netanyahu struggles to put together a government, let us consider the other negative part of the Peres legacy: his stint as Defense Minister under Prime Minister Yitzhak Rabin from 1974 to 1977. Today Peres is widely respected as the architect of the Oslo Accord of 1993, achieved while he was Foreign Minister. It was the first political move toward a settlement between Israel and the Palestinians, and Peres deserves huge credit for securing the agreement. However, two decades earlier, as Defense Minister, he supported the Jewish settlement project in the newly-conquered Palestinian territories, both overtly and covertly. Not for nothing did Rabin label Peres in his memoirs as "an indefatigable intriguer." In 1975, while Rabin was doing his utmost to prevent the settlement of Elon Moreh, near Nablus, Peres continuously sabotaged his efforts. After no less than eight settlement attempts, which were ruled illegal by Israel's Supreme Court, a "compromise" was reached, and Elon Moreh was established five kilometers to the east of the original site. Moreover, during the furor over Elon Moreh, Defense Minister Peres quietly facilitated the creation of Ofra, near Ramallah.

These two settlements, which have become flagships of the settlement movement, were the start of Jewish colonization in Samaria, the northern part of the West Bank. The previous year, as a young reporter, I interviewed Peres, after he and his political ally Moshe Dayan had refused "on principle" to join the government of Golda Meir. "If a single child can learn that politics is not just intrigues," Peres told me, "I will be satisfied that we have done our bit." Just one week later, when he and Dayan had reversed their position for no discernable reason, and were seated snugly around the cabinet table, I asked Peres what he had to say to the "single child." His aides sniggered, but Peres didn't bat an eyelid: "Just what my mentor, David Ben-Gurion (Israel's first Prime Minister) told me: when the security of Israel is laid on one side of the scales, and everything else on the other side, security tips the balance." Peres subsequently used that self-same argument to join every government that would have him. The late Menachem Begin lost nine elections before finally becoming Israel's Prime Minister in 1977. He served as a pugnacious and dedicated leader of the opposition. Peres almost never headed the opposition, always preferring a ministerial appointment, once even designing a grotesque system of

"rotation" with Yitzhak Shamir, so that he could be in the government. He proposed the ideal of "national unity," and greatly devalued the democratic concept of parliamentary opposition. Former Foreign Minister Tzipi Livni ruined her reputation when she refused to join Netanyahu in his last government. While it is quite true that Livni was an ineffective opposition leader, it is the very fact of her refusal to join the administration and "influence it from within" that has provoked most of the criticism by Israeli political commentators. Similar criticism is currently being leveled at Labor Party leader Shelly Yachimovich for stating clearly that she would not join Netanyahu's next government, but would serve as leader of the opposition. There are certainly many reasons to criticize Yachimovich, but not her eminently democratic decision to lead the parliamentary opposition. Very few of our political commentators have ever expressed respect or even understanding for the concept of opposition. The most popular political idea in Israel today is national unity—better still, a National Unity Government: "We should all rally round the flag and support our government in these critical times." This position, widely espoused, echoes what Peres has said repeatedly over the years.

So, although the Peres vision of peace is a positive legacy, he has also taught us less helpful lessons. The settlements are a supremely negative inheritance, but I would argue that the anti-democratic rejection of the concept of a parliamentary opposition is an even more harmful bequest handed down to us by President Shimon Peres.

*Daniel Gavron, who lives in Israel, is a former journalist and the author of nine books, the most recent of which is Holy Land Mosaic, stories of cooperation and coexistence between Israelis and Palestinians (Rowman & Littlefield, 2008).*

Article 4.

NYT

# India vs. China vs. Egypt

Thomas L. Friedman

February 5, 2013 -- New Delhi -- It's hard to escape a visit to India without someone asking you to compare it to China. This visit was no exception, but I think it's more revealing to widen the aperture and compare India, China and Egypt. India has a weak central government but a really strong civil society, bubbling with elections and

associations at every level. China has a muscular central government but a weak civil society, yet one that is clearly straining to express itself more. Egypt, alas, has a weak government and a very weak civil society, one that was suppressed for 50 years, denied real elections and, therefore, is easy prey to have its revolution diverted by the one group that could organize, the Muslim Brotherhood, in the one free space, the mosque. But there is one thing all three have in common: gigantic youth bulges under the age of 30, increasingly connected by technology but very unevenly educated.

My view: Of these three, the one that will thrive the most in the 21st century will be the one that is most successful at converting its youth bulge into a "demographic dividend" that keeps paying off every decade, as opposed to a "demographic bomb" that keeps going off every decade. That will be the society that provides more of its youth with the education, jobs and voice they seek to realize their full potential.

This race is about "who can enable and inspire more of its youth to help build broad societal prosperity," argues Dov Seidman, the author of "How" and C.E.O. of LRN, which has an operating center in India. "And that's all about leaders, parents and teachers creating

environments where young people can be on a quest, not just for a job, but for a career — for a better life that doesn't just surpass but far surpasses their parents." Countries that fail to do that will have a youth bulge that is not only unemployed, but unemployable, he argued. "They will be disconnected in a connected world, despairing as they watch others build and realize their potential and curiosity."

If your country has either a strong government or a strong civil society, it has the ability to rise to this challenge. If it has neither, it will have real problems, which is why Egypt is struggling. China leads in providing its youth bulge with education, infrastructure and jobs, but lags in unleashing freedom and curiosity. India is the most intriguing case — if it can get its governance and corruption under control. The quest for upward mobility here, especially among women and girls, is palpable. I took part in the graduation ceremony for The Energy and Resources Institute last week. Of 12 awards for the top students, 11 went to women.

"India today has 560 million young people under the age of 25 and 225 million between the ages of 10 and 19," explained Shashi Tharoor, India's minister of state for human resource development. "So for the next 40 years we should have a youthful working-age

population" at a time when China and the broad industrialized world is aging. According to Tharoor, the average age in China today is around 38, whereas in India it's around 28. In 20 years, that gap will be much larger. So this could be a huge demographic dividend — "provided that we can educate our youth — offering vocational training to some and university to others to equip them to take advantage of what the 21st-century global economy offers," said Tharoor. "If we get it right, India becomes the workhorse of the world. If we get it wrong, there is nothing worse than unemployable, frustrated" youth.

Indeed, some of India's disaffected youth are turning to Maoism in rural areas. "We have Maoists among our tribal populations, who have not benefited from the opportunities of modern India," Tharoor said. There have been violent Maoist incidents in 165 of India's 625 districts in recent years, as Maoists tap into all those left out of the "Indian dream." So there is now a huge push here to lure poor kids into school. India runs the world's biggest midday lunch program, serving 250 million free school lunches each day. It's also doubled its number of Indian Institutes of Technology, from eight to 16, and is planning 14 new universities for innovation and research.

But this will all be for naught without better governance, argues Gurcharan Das, the former C.E.O. of Procter & Gamble India, whose latest book is "India Grows at Night: A Liberal Case for a Strong State." "The aspirational India has no one to vote for, because no one is talking the language of public goods. Why should it take us 15 years to get justice in the courts or 12 years to build a road? The gap between [youth] aspirations and government performance is huge. My thesis is that India has risen despite the state. It is a story of public failure and private success."

That is what Das means by India grows at night, when government sleeps. "But India must learn to grow during the day," he said. "If India fixes its governance before China fixes its politics that is who will win. ... You need a strong state and a strong society, so the society can hold the state accountable. India will only get a strong state when the best of society join the government, and China will only get a strong society when the best Mandarins go into the private sector."

Article 5.

Foreign Policy

# Don't be too sure there won't be another U.S. war in the Middle East

Richard L. Russell

February 5, 2013 -- Shortly before he left office in Feb. 2011, Defense Secretary Robert Gates told West Point cadets that "in my opinion, any future defense secretary who advised the president to again send a big American land army into Asia or into the Middle East or Africa should ‘have his head examined,' as General MacArthur so delicately put it." The remark no doubt reflected Sec. Gates's fatigue and frustration from the enormous intellectual and emotional burdens associated with overseeing the wars in Iraq and Afghanistan.

One suspects, however, that in a more reflective moment, Gates would have acknowledged that "never say never" is a wise rule of thumb in planning for military contingencies, especially in the region that makes up Central Command's area-of-responsibility. Few, for example, predicted the 1979 Soviet invasion of Afghanistan. Gates himself -- who was a senior CIA official during the covert war supporting the Afghan resistance -- surely did not anticipate then that the United

States would have to return to Afghanistan two decades later to oust a Taliban regime that was harboring terrorists. Before 1990, moreover, no one predicted that Iraq, having just ended a bitter eight-year war with Iran, would swing its battered forces south to invade Kuwait.

So if it's conventional wisdom that the United States will not, or should not, intervene militarily in the Middle East or South Asia after it draws down forces in Iraq and Afghanistan, it's also likely dead wrong. What is true, however, is that political and military trajectories in the Middle East and South Asia are likely to increasingly challenge U.S. contingency access in the coming decade. The ability for the United States to surge large-scale forces into the region, as it did in the 1990 and 2003 wars against Iraq, will grow increasingly circumscribed. The United States will have to adapt to this new strategic landscape by developing more nimble, highly-mobile, stealthy, and networked forces, and by abandoning the traditional practice of slowly and steadily building up conventional forces at regional logistic hubs prior to launching war.

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Perhaps the most significant factor that portends against further intervention in

the Middle East and South Asia is increased political resistance -- and outright opposition -- from the countries in the region. That resistance is likely to come from the new regimes emerging from the Arab uprisings, as well as a number of Gulf monarchies.

Indeed, the political trends in the region are unlikely to conform to the rosy predictions of democratic peace theorists, whose musings have implicitly informed the security policies of both Republican and Democratic administrations for decades. Old authoritarian regimes seem to be passing the way of the dodo bird, but the new regimes taking shape are heavily influenced by militant Islamic ideology that will make them less likely to engage in security or military cooperation with the United States.

Democracy optimists argue that these ideological regimes, once entrenched in power, will have to moderate their zeal in order to govern. Pragmatism will ultimately trump ideology. That line of reasoning, however, is based on the assumption that the policy decisions of such regimes can be explained by rational choice economic theory. In other words, if they want to attract international capital and participate in the world economy, they are going to have to break with their ideological affinities. But that reasoning ignores a hard fact of international

politics: that time and again, political and ideological prerogatives trump economic rationality. It made little economic sense, for example, for Pakistan to pursue a nuclear weapons program in the 1970s, just as it makes little economic sense for Iran to do so today. Clearly, both Pakistan and Iran made major policy decisions based on political-military priorities rather than economic calculations.

As for the surviving monarchies in the Middle East, they too will likely be less accommodating to American military forces than they have been in the past. To be sure, much of the Arab support for past American military operations -- like both Iraq wars -- was hidden from the public eye. Arab states often loudly and publicly denounced "unilateral American" military action in the region at the same time as they supported it in backroom dealings, quietly authorizing facilities support and air, land, and sea access.

But if Arab Gulf states were quietly supportive in the past, their opposition to American military force is likely to grow in the future. They read the aftermath of the Arab uprisings much differently than did American and European policymakers. The Gulf monarchies were shocked that the United States "abandoned" Egyptian President Hosni

Mubarak in his time of need in early 2011. Their leaders expected the United States to push for Mubarak and the Egyptian military to crack down on public protests in Cairo. After all, American policymakers during the Carter administration had at least given this policy option consideration during the Iranian revolution in 1979.

Already, several Gulf states have begun to translate their displeasure into policy independence from Washington. In 2011, for example, a coalition of Gulf states led by Saudi Arabia intervened in Bahrain to quell domestic unrest in the island country. They did so under the banner of the Gulf Cooperation Council (GCC), which for years had been a feckless military force. Largely unnoticed in Western commentary was that the GCC, for the first time in its history, mounted a relatively effective military intervention.

Bahrain today is for all intents and purposes a province of Saudi Arabia, even if it is not polite to say so in diplomatic circles. Since the Iranian revolution, Bahrain -- like the United Arab Emirates, Kuwait, Oman, and Qatar -- has pursued close ties with the United States, in significant measure to counterbalance Iran and Saudi Arabia. With Washington at their back, they were able to stake out security policies that were at least nominally independent from

Saudi Arabia. When Saudi Arabia wanted American forces removed from the kingdom, for example, Qatar was eager to compensate by hosting a more robust American command presence in the region.

The Arab uprisings and subsequent GCC intervention in Bahrain have turned the tables, making Saudi security backing a necessity for the smaller Gulf monarchies. From their perspective, American forces are clearly more capable than Saudi forces, but given the alignment of their interests, Riyadh is a more reliable security partner. Gulf leaders and military commanders in the coming decade will be focused on how to avoid following in Mubarak's footsteps. Part of minimizing that risk will involve decreasing security dependency on the United States. Gulf leaders have to worry that if push comes to shove, the Americans will throw them under a bus just like they did to Mubarak.

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If the political dynamics in the Middle East and South Asia do not favor further American military intervention in the future, neither do the emerging military trends. The proliferation of supersonic cruise missiles and mines in the region will make for nasty forced entries into

narrow maritime confines like the Suez Canal, the Red Sea, and the Persian Gulf.

But the likely proliferation of nuclear weapons -- and ballistic missile delivery systems -- will pose even more formidable challenges to conventional military surges in the region. In the future, the United States will not be able to take for granted unchallenged surges of naval, air, and ground forces into regional theaters via logistics hubs. These hubs -- like the American naval presence in Bahrain -- are large, readily identifiable, and will be increasingly vulnerable to future targeting by nuclear weaponry.

Iran's nuclear weapons, assuming it gets them, will pose a direct threat to American military surge capabilities. Although American policymakers and military commanders might feel confident that they could surge forces into the Gulf despite Iranian nuclear threats because of the American nuclear deterrent, Gulf security partners might be more nervous and less willing to cooperate. As a result, they might not grant access to U.S. air, naval, and ground forces out of fear of angering Iran.

American observers who doubt that Gulf states would make such calculations should recall how Kuwait responded in

the lead-up to Iraq's invasion in 1990. When faced with a build-up of Iraqi forces along its border, Kuwait decided not to mobilize its military out of fear that the move would provoke Saddam Hussein. The incentives for Gulf states to make similar strategic calculations in the future will be greater when Iran has an inventory of nuclear weapons to match its growing ballistic missile capabilities.

The Gulf states, moreover, will likely reason that the U.S. capability to threaten or use force against a nuclear Iran will be significantly diminished. Even without nuclear weapons, Gulf states have seen, in their view, a long history of American reluctance to threaten or use force against Iran. For example, the United States took no direct military action against Iran after it aided and abetted Hezbollah bombings against Americans in Lebanon in the 1980s, after Iran supported the bombing of Khobar Towers in Saudi Arabia in 1996, or even after Iran supported the deadly campaign of improvised explosive devices (IEDs) against U.S. troops in Iraq. Gulf states will no doubt judge that if the United States was unable and unwilling to attack Tehran under these circumstances, then it is certainly not going to attack Iran in the future, when it will be able to retaliate with nuclear weapons.

American policymakers may counter that Iran would never be foolish enough to threaten or use nuclear weapons against the United States, given its robust nuclear deterrence posture. But the threat or use of nuclear weapons might not look so foolish from Iran's perspective. One of the great strategic lessons drawn from the long history of conflict in the Middle East is this: Do not go to war without nuclear weapons, as Saddam Hussein did when he invaded Kuwait. The corollary is: Do not allow the United States to methodically build-up forces in the Gulf prior to invading, as Saddam did both in the run-up to the 1991 re-conquest of Kuwait and in 2003, before the drive to topple the regime in Baghdad.

Drawing upon these lessons, Iran will likely do everything in its power to deny the United States the ability to surge conventional forces into the region -- and that might include threatening to target U.S. forces with nuclear weapons. Iran might accept the risk that preemptive use of nuclear weapons could bring on American nuclear retaliation, because failure to do so would mean certain destruction for the regime. The United States would be able to build-up conventional forces in the region and oust Iran's leaders just as it did in Baghdad.

This line of strategic reasoning runs counter to conventional wisdom in the

West, but we actually know little or nothing about what Iranian decision-makers think about nuclear weapons or deterrence theory. Since the Iranian revolution in 1979, opportunities for the exchange of professional views between Western and Iranian scholars, policymakers, and military leaders on these critically important issues have been extremely limited. Therefore, it's not unreasonable to assume that the Iranians, like American policymakers in the early stages of developing their nuclear triad doctrine, will think of nuclear weapons as merely "big artillery." Unfortunately, the United States and its security partners lack formal and informal exchanges with the Iranians akin to the Cold War discussions and arms control negotiations between the Americans and Soviets, which allowed both parties to develop mutual understandings of the other's perception of nuclear weapons. These understandings were essential for crisis management in the Cold War strategic relationship after the Cuban missile crisis.

Meanwhile, the Gulf states, led by Saudi Arabia, are likely to look for their own nuclear deterrents. Much like France wanted its own nuclear force de frappe during the Cold War, the Gulf states will want their own nuclear weapons to deter Iran. Saudi Arabia and the smaller Gulf

states will worry that the United States would be deterred from coming to their defense in future regional crises by Iran's nuclear weapons.

Saudi Arabia and other Arab states are likely to see nuclear weapons as a quick fix for all of their security woes. Although they have been on a shopping spree in the past decade, buying expensive and sophisticated Western military technology, they have had a tough time absorbing the new technology and fully utilizing and integrating weapons systems. To be sure, in a rough net assessment, Saudi Arabia and its allies in the Gulf have significantly greater conventional capabilities than Iran. But if Iran goes nuclear, they will want to follow suit.

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Americans may be weary of conflict in the Middle East and South Asia, but strategic prudence demands that we contemplate future military interventions in the Central Command theater. A scan of the horizon reveals that both political and military trends in the region pose formidable obstacles to conventional force surges into the region.

But there is another wrinkle in this story that U.S. policymakers must contend with as they plan for the future. As Gulf monarchies seek to reduce their

dependence on American military power, they will increasingly look to China for security assurances. China does not have a political agenda devoted to promoting democratization, and it maintains political and diplomatic ties with both Arab states and Iran. China's military activity in the region is modest but increasing, as evidenced by its recent peacekeeping dispatches to the region and naval port visits in the Gulf. Beijing is likely to send more naval forces to the Gulf to increase its presence there and enhance its ability to protect the sea lanes which bring oil to China's thirsty economy. China is keenly aware that the United States has naval supremacy in the Gulf, but will be working to erode that strategic edge in the future.

Faced with these realities, there is a need for new thinking and innovative conceptualizations of surges into Centcom's area of responsibility. Theater campaign planners will have to think about contingencies in which the United States cannot slowly and methodically build up forces in the region and then kick off campaigns after most troops, arms, and equipment are in place. Future U.S. force build-ups in the region will be far too vulnerable to preemptive nuclear strikes. As a result, planners will have to devise campaign plans in which the insertion of U.S. military forces begins

with an immediate rolling and flowing start. The United States will have to work from smaller troop footprints and be prepared to start fighting even as follow-on-forces are on the way. Ideally, these forces would flow from multiple staging positions to reduce vulnerability to nuclear attack. The politics of the region, however, will work against securing a multitude of staging areas from which to deploy.

The region under the purview of Centcom has always been riddled with political violence that has posed formidable challenges to military operations. But in plotting a course over the horizon, the political and military obstacles for American military surges into the region are poised to grow even larger. As a result, theater contingency planners will have fewer good options for projecting American military power into the region -- and they'll have to do more with the bad and the ugly.

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Article 6.

The Diplomat

# Getting to the Endgame With Iran

Robert Dreyfuss

February 6, 2013 -- Why did it take so long to secure a date for talks between Iran and the P5+1?

After all, in the weeks before the presidential election in November, it was reported that the United States and Iran had already tactically agreed to convene private, one-on-one talks. And since then the United States, the European powers, Russia, and China, all sought to arrange another round of negotiations, first in December and then in January. It now appears that Iran, which is about to enter its presidential election season, has finally agreed to what will be the first round of negotiations with the P5+1 since the last round in Moscow seven months ago. On Tuesday, Tehran announced that it will join talks on February 26 in Kazakhstan.

The negotiations will be a serious test for the Obama administration and for John Kerry, the new secretary of state. Previous rounds have all faltered because neither side was willing to make

concessions to the other, and so far there is little sign that the United States and the P5+1 have improved their offer to Iran very much. As the talks were announced, the Washington Post reported: "The P5+1 powers have made only mild revisions to a proposal that Iran flatly rejected last June." Until now, the United States has been unwilling to acknowledge Iran's right to enrich uranium on its own soil and to suggest that some economic sanctions might be lifted as part of a deal, and Iran has refused to agree even to a limited deal called "stop, ship, and shut" – involving the suspension of its enrichment to 20 percent purity, shipping its existing stockpiles of 20% uranium to a third country for processing, and shutting down its underground facility at Fordo, near Qom – without an agreement to lift sanctions.

After the reelection of Barack Obama in November, there were great hopes that the president would have greater political freedom of offer concessions to Iran. Yet, publicly at least, the White House isn't signaling that it is ready to make a more generous offer to Iran, and in fact Obama in January signed into law yet another round of draconian economic sanctions.

Perhaps as a result, Iran allegedly dragged its feet on setting a date for talks. Despite prodding from the P5+1 – including urgent efforts by Russia — in

January Iran reportedly went silent about talks. Russia, increasingly frustrated by the inability of Tehran and the West to negotiate seriously, vented its frustration. “Some of our partners in the six powers and the Iranian side cannot come to an agreement about where to meet," Russian Foreign Minister Sergei Lavrov told a news conference. "We are ready to meet at any location as soon as possible. We believe the essence of our talks is far more important (than the site), and we hope that common sense will prevail and we will stop behaving like little children.”

According to analysts in Washington, reinforced by comments from Iran itself, a big reason for Tehran’s recalcitrance is that Iran wants to prove to the United States that its vaunted sanctions regime will not force Iran to make unilateral concessions at the bargaining table. In addition, Iran is concerned that it won’t get much in return in talks with the West, and that it will be asked to make unilateral concessions on uranium enrichment without getting sanctions relief in return. Combined with Iranian internal divisions, as its own presidential election season gets underway, that could mean that for the next six months or so Ayatollah Ali Khamenei simply won’t be ready to talk seriously, despite scheduling the Kazakhstan round.

Others suspect that Iran is waiting to see how President Obama's new national security team – with Kerry as secretary of state, Chuck Hagel as secretary of defense, and John Brennan at the Central Intelligence Agency – will shape Obama's stance at any talks.

In Washington, some would argue there's a growing consensus, at the level of think tanks, Iran experts, and other analysts, that a preliminary, first-round deal, including "shop, ship, and shut," might work, if in response the P5+1 could lift some of the economic sanctions on Iran and agree to limited Iranian enrichment.

Perhaps the best-case scenario is the possibility that there are ongoing, secret and back-channel talks between Washington and Tehran. Nothing along those lines has leaked and there is no indication of this, yet. But in advance of the first round of Iran-P5+1 talks in Vienna in 2009, the United States and Iran did indeed engage in quiet, behind-the-scenes diplomacy.

In fact, of course, any sanctions relief for Iran will occur slowly and step-by-step, not all at once, in parallel with steps taken by Iran and openness to more intrusive inspections and oversight by the IAEA.

But it's certainly not helpful that in early January yet another round of unilateral

sanctions was passed by Congress and signed into law by President Obama. The complex set of new measures targets key industrial sectors, including shipping and imports of products such as aluminum, steel and coal, and seeks to block Iran from using barter commodities such as oil and gold to pay for imports. The Washington Post paraphrased U.S. officials as saying that, "the new policies are closer to a true trade embargo, designed to systematically attack and undercut Iran's major financial pillars and threaten the country with economic collapse." Obama signed the National Defense Authorization Act (NDAA) that contained the sanctions provisions despite having hinted earlier that he might veto the NDAA over a host of measures contained in the bill.

If the Obama administration believes that ever-tougher sanctions will cause Iran to cave in at the talks, it's likely that they are badly misreading Iranian politics.

For many observers, however, and for Iran, too, the nomination of Hagel for secretary of defense may be a sign that the White House is beginning to realize that sanctions, and threats of military action, won't force Iran's hand.

As has been widely reported, hawks, neoconservatives, and members of the pro-Israel lobby in Washington have

slammed Hagel for his past comments and positions on Iran. In conjunction with Israel-friendly members of Congress, they've warned Obama to rein Hagel in so as not to send a dovish signal to Tehran. Robert Satloff, executive direction of the Washington Institute for Near East Policy (WINEP), a pro-Israel think tank, warned bluntly that the White House should act quickly to make sure that Hagel backs away from his previous views on Iran and at least toes the administration's tougher line. "If the White House does not take steps soon to correct that impression, the chances for a negotiated resolution of the Iran nuclear crisis will fall nearly to zero and the likelihood of Israeli military action will rise dramatically," he wrote.

Indeed, within days of his nomination as secretary of defense, Hagel was already backing away from his earlier views, meeting with senior Pentagon officials and influential senators who'll vote on his confirmation to clarify his views on Iran, asserting that he supports broad international sanctions against Iran and that he believes that the military option ought to be "on the table." Several Democratic senators who met with Hagel announced with satisfaction that the former senator from Nebraska had sufficiently backtracked or "clarified" his views on Iran. Consequently, they

announced that he had earned their support – and their vote.

Then, during his confirmation hearings on January 31, Hagel – under hostile questioning from several Republican senators – backed away from earlier-held positions on Iran, including the role of sanctions. And, though he previously been a sharp critic of a military attack on Iran, in his opening statement Hagel said: "I am fully committed to the President's goal of preventing Iran from obtaining a nuclear weapon, and—as I've said in the past—all options must be on the table to achieve that goal. My policy is one of prevention, and not one of containment—and the President has made clear that is the policy of our government. As Secretary of Defense, I will make sure the Department is prepared for any contingency."

Satloff's views were echoed by another tough-talking official at WINEP, former Ambassador Dennis Ross, a pro-Israel hawk who served as Obama's top adviser on Iran during much of the president's first term. "I think 2013 is going to be decisive," Ross told the Los Angeles Times, expressing concern about Hagel's previous comments. "Time really is running out. For diplomacy to have a chance of success, the Iranians need to understand that if diplomacy fails, force is going to be the result. We still have a

challenge to convince the Iranians that we're quite serious about the use of force," he said. "In the first term, the administration didn't always speak with one voice on this issue. So what Hagel says can make a difference."

Despite his poorly receieved performance at his confirmation hearings, it's widely believed in Washington that Hagel will be confirmed as secretary of defense and that his private advice to Obama will more closely hew to his long-held beliefs about the futility of sanctions and the grave downside to a military strike. Partly for that reason, it remains very unlikely that the Obama administration will resort to force to resolve the dispute with Iran. In fact, in remarks that Iranian officials cited as promising, Vice President Joe Biden expressed the administration's willingness to hold bilateral talks with the Iranians. In response to a question at the Munich Security Conference Biden said, "We have made it clear at the outset that…we would be prepared to meet bilaterally with the Iranian leadership" when Iran's Supreme Leader Ayatollah Ali Khamenei is serious about negotiations. Iran's Foreign Minister, Ali Akbar Salehi responded favorably and said, "I am optimistic, I feel this new administration is really seeking this time to at least divert from its previous

traditional approach vis-a-vis my country."

But if Washington remains committed to ever-tougher sanctions – and without promising Iran that sanctions will be lifted as part of a deal – then negotiations are unlikely to succeed. Vali Nasr, another former Obama administration official with expertise on Iran, suggested recently that there's not much more the world can do to sanction Iran, and that such penalties could drive Tehran to take radical action. The regime of sanctions against Iran over its nuclear activity "really has reached its end," Nasr, dean of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University, said during the World Economic Forum in Davos. And he warned that unless there is a diplomatic breakthrough — or, alternatively, an attack on Iran — "you really are looking at a scenario where Iran is going to rush very quickly towards nuclear power, because they also think, like North Korea, that (then) you have much more leverage to get rid of these sanctions."

*Robert Dreyfuss is an independent, investigative journalist in the Washington, D.C, area, who writes frequently for The Nation, Rolling Stone, and other publications. His blog, The*

*Dreyfuss Report, appears at TheNation.com. He is the author of 'Devil's Game: How the United States Helped Unleash Fundamentalist Islam'.*

Article 7.

The Wall Street Journal

# A New U.S. International Economic Strategy

Robert B. Zoellick

February 5, 2013 -- Five years into the global economic storm, America's traditional allies, theEuropean Union and Japan, are struggling. Developing economies are reshaping the global dynamic but also face big challenges. The United States is the one country that could lead the modernization of the international system so as to supply security, economic opportunity, and prospects for liberty. America's own strategy for economic revival cannot be limited to the nation's borders. And its future foreign policy—its projection of power and principle—must be grounded in the emerging economic order.

President Obama has said he admires Ronald Reagan's transformative thinking. If so, he should ask for an assessment of

Reagan's second-term innovations on currency and monetary affairs, trade, debt and development. Reagan advanced a new international system to match the revival of capitalism after the oil shocks and stagflation of the 1970s. America's success in the 1980s contributed both to the end of the Cold War, by persuading the Soviet Union it could not keep up, and to two decades of exceptional global growth.

The new U.S. international economic strategy should have five parts. First, this country should strengthen its continental base by building on the North American Free Trade Agreement with Canada and Mexico. Together, the three partners could boost energy security, improve productivity, and give North Americans an edge in manufacturing and other industries that are already experiencing rising wages in East Asia. A politically acceptable immigration policy, and a push for educational innovation using new technologies and competition, could lead to a more prosperous, populous, integrated and democratic future for the hemisphere.

Second, the extraordinary monetary policies of late, led by the Federal Reserve's continued near-zero interest-rate policy, are taking us into uncharted territory. Central banks have tried most every tool to stimulate growth; if Japan is

any warning, the next tactic is competitive devaluation, which risks a new protectionism. "Currency manipulation" could become a danger that reaches far beyond the debate about Chinese policies. The world economy will need at some point to withdraw the drug of cheap money and negative real interest rates. The U.S. should anticipate these dangers.

The International Monetary Fund also could help set standards about exchange-rate policies and serve as a referee that blows a whistle, even if it cannot penalize. The IMF and the World Trade Organization should anticipate this risk and give effect to the existing WTO agreement that economies must "avoid manipulating exchange rates . . . to gain an unfair competitive advantage."

Third, the U.S. needs to break the logjam on opening markets. As the leading world economy, America should initially try to strengthen and increase international trade through the WTO. As my colleagues at the Peterson Institute have pointed out, there are gains from the stymied Doha Round of trade negotiations that should be harvested now: ending agricultural export subsidies; limiting food export controls; eliminating tariffs and quotas for almost all exports of the poorest countries; facilitating customs and clearance

procedures; and improving the transparency and speed of the system for settling disputes.

Next, the U.S. needs to keep the WTO current with a vastly changed world economy. The past WTO agreements are valuable for all 158 WTO members. But some economies want to go further by reducing barriers in important sectors such as the services trade, environmental goods and services, government procurement, and the digital economy.

The services trade, for example, is vital for boosting innovation, productivity and jobs in developing and developed countries alike—but regulatory, licensing, zoning and other barriers to services are often equivalent to a 30% tariff or higher. Because liberalization in the WTO has been stuck, countries have turned increasingly to bilateral and multilateral free-trade agreements, some of which have addressed these newer topics. The U.S. should foster the WTO principle of world-wide liberalization by adopting standards in various industries and sectors that would be open to all economies that reciprocate. The WTO also needs new rules for fair trading by state-owned enterprises.

Yet the U.S. also should use free-trade agreements to open markets. Trade competition advances structural reforms

and growth without bigger government and more spending. The Obama administration has talked about trans-Pacific and trans-Atlantic accords. Yet it has failed to close even one new free-trade agreement. Ron Kirk, the president's trade representative, said in 2009 that the administration did not have "deal fever." In fact, it has been "deal delinquent."

Fourth, gender equality is not only fair and right—it is smart economics. No economy can reach its potential if it overlooks the talents of half its people. The U.S. should lead in identifying structural barriers in countries that hold back girls' and women's health, education, credit, jobs and entrepreneurship.

Finally, the U.S. needs to match growth priorities of developing economies. President Obama should expand the global food-security initiative he announced in 2009 to boost agricultural productivity and production across the value chain, including through the private sector, in sub-Saharan Africa and other poor regions. Infrastructure investment could increase global demand today while building productivity for tomorrow.

The U.S. can lead a push with middle-income economies to develop public-private infrastructure models that move

from "one-offs" to a deal flow. The zero returns for savers from U.S. monetary policy can make infrastructure investments attractive.

In addition to offering financing, the private sector can improve the design, operation and maintenance of infrastructure. As the state of Indiana has shown, the federal government could profitably use public-private partnerships for its infrastructure, too.

The administration has talked about some of these topics. But it is oddly passive, as if it were hesitant to lead. State Department speeches are not enough. To carve out an international economic strategy, the new secretary of the Treasury needs to choreograph policies across all U.S. departments and with multilateral economic institutions. The U.S. had better wake up: International economic strategy is the new foreign policy.

*Mr. Zoellick has served as president of the World Bank Group, U.S. trade representative and deputy secretary of state. He is now a fellow at the Belfer Center at Harvard and the Peterson Institute for International Economics.*

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**From**: Jack Goldberger [redacted]
**Sent**: 4/28/2016 4:59:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Alan M. Dershowitz [[redacted]; Roy Black [[redacted]
**Subject**: Re: Reuters / lawsuit against Jeffrey Epstein

**Privileged - Redacted**

Sent from my iPhone

> On Apr 28, 2016, at 12:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> j
> ---------- Forwarded message ----------
> From: Martin Weinberg [redacted]
> Date: Thu, Apr 28, 2016 at 12:20 PM
> Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
> To: Jeff Epstein <jeevacation@gmail.com<mailto:jeevacation@gmail.com>>
>
>
>
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>

**Privileged - Redacted**

>
> Begin forwarded message:
>
> From: [redacted]
> Date: April 28, 2016 at 12:14:37 PM EDT
> To: [redacted]
> Subject: RE: Reuters / lawsuit against Jeffrey Epstein
>
> Sorry, the suit is attached to this email.
>
> From: Ingram, David (Reuters News)
> Sent: Thursday, April 28, 2016 12:14 PM
> To: 'Martin G. Weinberg'
> Subject: Reuters / lawsuit against Jeffrey Epstein
>
> Hi Marty,
> The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?
> My number is [redacted], and I'm available any time. I also just tried your cell phone.
> Thank you in advance.
>
>
> David Ingram
> Correspondent
> Reuters News
>
> Thomson Reuters
>
> Office: [redacted]
> Mobile: [redacted]
>
> [redacted]
> Reuters.com<http://reuters.com>
>
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> destroy this communication and all copies thereof,
> including all attachments. copyright -all rights reserved
> <katie johnson v trump complaint.pdf>

**From:** Alan Dershowitz [redacted]
**Sent:** 4/28/2016 4:51:57 PM
**To:** Roy Black [redacted]
**CC:** jeffrey E. [jeevacation@gmail.com]; Jack Goldberger [redacted]
**Subject:** Re: Reuters / lawsuit against Jeffrey Epstein

# Privileged - Redacted

Sent from my iPhone

On Apr 28, 2016, at 12:47 PM, Roy Black <[redacted]> wrote:

## Privileged - Redacted

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, April 28, 2016 12:39 PM
**To:** Alan M. Dershowitz; Roy Black; Jack Goldberger
**Subject:** Fwd: Reuters / lawsuit against Jeffrey Epstein

j
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

## Privileged - Redacted

Begin forwarded message:

**From:** <[redacted]>
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]>
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

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My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile: [redacted]

[redacted]
Reuters.com

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**From:** Roy Black [redacted]
**Sent:** 4/28/2016 4:47:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]; Alan M. Dershowitz [redacted]; Jack Goldberger [redacted]
**Subject:** RE: Reuters / lawsuit against Jeffrey Epstein

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, April 28, 2016 12:39 PM
**To:** Alan M. Dershowitz; Roy Black; Jack Goldberger
**Subject:** Fwd: Reuters / lawsuit against Jeffrey Epstein

j
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

# Privileged - Redacted

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**From:** <[redacted]>
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**David Ingram**

Correspondent
Reuters News

**Thomson Reuters**

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/28/2016 4:39:12 PM
**To:** Alan M. Dershowitz [redacted]; Roy Black [redacted]; Jack Goldberger [redacted]]
**Subject:** Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments:** katie johnson v trump complaint.pdf

j
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**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile [redacted]

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**From:** soon yi previn [redacted]
**Sent:** 12/8/2015 5:58:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: following up: WA poetry release

Open in principle depending on specially how and where it would be shown and how it would be advertised-both subject to particular requirements and/or restrictions.Also dependent on approval of final cut. Would enter project with positive attitude but release would be reworked by lawyer.

Sent from Soon-Yi's iPhone

On Dec 8, 2015, at 10:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Leah Reis-Dennis** <[redacted]>
Date: Tue, Dec 8, 2015 at 11:33 AM
Subject: following up: WA poetry release
To: jeevacation@gmail.com, Lisa New <[redacted]>

Dear Jeffrey,

My name is Leah Reis-Dennis, and I'll be heading operations for Lisa's new non-profit, Verse Video Education. She's asked me to be in touch with you about helping us get a release from Woody Allen.

First, I wanted to send along the rough stringout of footage from the conversation with Woody a couple of years ago on "This is Just to Say" by William Carlos Williams. This is totally unedited and uncut footage, but we would love the opportunity to turn it into something great.
https://www.dropbox.com/sh/c0bn1jjxeo0654g/uWZ6KBVbLS?preview=WoodyAllen+Basic+Clip+for+Viewing.mov

If Woody Allen agrees to let us use the footage, he will be in distinguished company. To date, we have filmed conversations about poetry with dozens of distinguished Americans including:

Bill Clinton
Al Gore
John McCain
Mayor Rahm Emanuel
Mayor Tom Menino
Supreme Court Justice Elena Kagan
Sir Mervyn King
Former Secretary of the Treasury Larry Summers

The conversation would be part of a large multiplatform initiative that Harvard Professor Lisa New has under way to bring poetry into the mainstream, and, especially, into English Language Arts classrooms in the United States and around the world. The initiative, Poetry in America, includes a HarvardX online course, a television series we're creating with WGBH to be paired with PBS LearningMedia segments for the classroom, and, a series of online professional development courses we're creating for ELA Middle and High School teachers and for their students.

Let us know if Woody Allen might be open to our sending another release form his way. Of course, if he's interested in releasing the footage for only certain parts of our project, we're open to having a conversation about that, too.

Thank you, and I hope to meet you soon.

Best, Leah

--
Leah Reis-Dennis
*Poetry in America*
[redacted]

--
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**From**: Stephanie [redacted]
**Sent**: 6/14/2011 4:54:35 PM
**To**: jeevacation@gmail.com
**CC**: Lesley Groff [redacted]
**Subject**: RE: Events this week

Other events that are not listed below (they were sent over from Marshall Heyman at the WSJ) Let me know if you are interested.

Tonight: Red Rooster for Halle Berry, Simon & Schuster party for publication of the new James Bond Novel & the opening of Spiderman w/ an after party at bowlmore.
Wednesday: Self Magazine & Zooey Deschanel Party
Thursday: Worldwide Orphans w/ Amy Poehler

CALENDAR OF MAJOR EVENTS, OPENINGS, AND FUNDRAISERS IN NEW YORK

# Tuesday, June 14, 2011

Sunrise: 5:25 am Sunset 8:26 pm Moon:
High: 77 Low: 61

## After-School All-Stars of New York

PRINT | MAP | TWEET
Benefit Mandarin Oriental New York. New York. Contact: Janice Phillips. (212) 245-6570.
Event address: 80 Columbus Circle, New York. Event web address: www.asasny.org.
Tags: Fundraiser Child Advocacy Education K-12.
EXPAND

## New York Area Professional Convention Management Association

PRINT | MAP | TWEET
Luncheon Reception, networking and program. Doubletree Guest Suites. New York. Contact: Shannon Harris. (646) 616-0114.
Event address: 1568 Broadway, New York. Event web address: pcma.org.
Tags: Discussion Luncheon Networking Association.
EXPAND

## Business Development Institute

PRINT | MAP | TWEET
Mobile Financial Services Communications Leadership Forum Disucssions. New York University Midtown Campus. New York. Contact: Maria Feola. (212) 765-8043.
Event address: 11 West 42nd Street, New York. Event web address: www.bdionline.com/mobilefinancialforum0611.html.
Tags: Discussion Education Adult.
EXPAND

## New York Professional Convention Management Association

PRINT | TWEET
Taking Care of Business: Moving from Success to Significance Discussions and networking. Business attire. Speaker(s): Sue Hershkowitz-Coore. Doubletree Times Square. Contact: Shannon Harris. (646) 616-0114.
Event address: 1568 Broadway 47th Street, New York,. Event web address: www.pcma.org/x147.xml?events=x19306.
Tags: Discussion Networking.
EXPAND

## Agape International Spiritual Center

PRINT | MAP | TWEET
Gala and Premiere Screening 6:00 pm. "Discover the Gift." VIP reception, followed by viewing. Hosted by Michael Bernard Beckwith. Tickets from $20.00. Buy Tickets. NYU Skirball Center for the Performing Arts. New York.
Event address: 586 LaGuardia Place, New York. Event web address: skirballcenter.nyu.edu/calendar/discoverthegift.
Tags: Premiere Reception Screenings.
EXPAND

## City Parks Foundation

PRINT | TWEET
Summerstage Gala 6:00 pm. Cocktails, dinner and concert. "Motown Meets NYC," theme. Tickets from $1,000.00. Central Park-Rumsey Playfield. New York. (212) 360-2756.
Event address: East 72nd St. off Fifth Ave., New York. Event web address: www.summerstage.org/donate_now/gala.html.
Tags: Concert Gala Opening Arts Performing Arts Environmental.
EXPAND

## Greater New York Construction User Counci

PRINT | TWEET
2011 Chairman's Reception 6:00 pm. Cocktails and program. Hosted by Jonathan D. Resnick. Steelcase. New York.
Event address: 4 Columbus Circle, New York. Sponsored by Jack Resnick & Sons, Inc,McGowan Builders, Inc,Turner Construction. Event web address: buildingcongress.com.
Tags: Awards/Awards Shows Association.
EXPAND

## ABWA - Association of Black Women Attorneys

PRINT | MAP | TWEET
35th Anniversary Celebration 6:30 pm. Cocktail reception, followed by dinner, awards and dancing. Speaker(s): Kim K.W. Rucker. Chaired by B. Shea Owens. Tickets from $250.00. Chelsea Piers. New York. Contact: Sponsorships:. (888) 933-2442.
Chelsea Piers: Pier Sixty. Event address: 23rd St. at the Hudson River, New York.
Tags: Gala Association.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
Digital Media and Marketing and Communications Dinner Cocktails and program. Business attire. Honoring Tim Armstrong, Jack Haber. The Pierre Hotel. New York. (212) 836-1853.
Event address: 2 East 61st St., New York. Event web address: ujafedny.org.
Tags: Dinner Association.
EXPAND

## amfAR

PRINT | MAP | TWEET
Annual Inspiration Gala 7:00 pm. Cocktails, presentations, runway show, dinner, live auction and performances by Liza Minnelli and Jennifer Hudson. “Black Tie, Hot Metal," theme. Honoring James Franco,Michael Kors. Chaired by Klaus Bisenbach, Larry Boland,R. Martin Chavez, Ph.D, Paolo Diacci,Adam Norbury. MoMA - Museum of Modern Art. New York. Contact: Wilson Alexander Aguilar.
Event address: 11 West 53rd Street, New York. Sponsored by Grey Goose,Piaget,Reca Group,Wilhelmina Models. Event web address: www.amfar.org/spotlight/event.aspx?id=9522.
Tags: Gala Health AIDS.
EXPAND

## GenArt

PRINT | MAP | TWEET
Film Festival Closing Night 7:30 pm. Screenings of "Hot Dogs & Hand Grenades," by Justin Corsbie and "Salvation Boulevard," by George Ratliff, followed by after-party and awards presentation at Hiro (88 9th Ave). Visual Arts Theater. New York.
Event address: 333 West 23rd Street, New York. Event web address: genart.org.
Tags: After party Awards/Awards Shows Screenings Arts Film Arts Visual Arts.
EXPAND

### Making Books Sing

PRINT | MAP | TWEET
Fundraiser 7:30 pm. Beer, brewery tours and light fare. Hosted by Cat Greenleaf, Talib Kweli. Tickets from $15.00. Brooklyn Brewery. Brooklyn. Contact: Kimberly Wilson Marshall.
Event address: 79 North 11th St., Brooklyn. Event web address: makingbookssing.org.
Tags: Fundraiser Education K-12.
EXPAND

## Wednesday, June 15, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

### NYSAE-New York Society of Association Executives

PRINT | MAP | TWEET
Installation of Officers & Directors Luncheon 11:30 am. Reception and program. Speaker(s): Dr. Jerry V. Teplitz. Tickets from $65.00. Doubletree Metropolitan Hotel. New York. (212) 206-8230.
Event address: 569 Lexington Ave., New York. Event web address: www.nysaenet.org.
Tags: Luncheon Association.
EXPAND

### Women's Forum of New York

PRINT | MAP | TWEET
Inaugural Elly Awards 11:30 am. Lunch and program. Hon. chairs: Lucy Jarvis and Muriel Siebert. Hosted by Janice Reals Ellig. Speaker(s): Bobbi Brown,Barbara Walters. Honoring Evelyn H. Lauder,Diana Taylor. Chaired by Jane Chesnutt,Denise Seegal. Co-chaired by Beth Canavan,Lisa Caputo,Barbaralee Diamonstein-Spielvogel. Tickets from $300.00. Tables from $5,000.00. The Plaza Hotel. New York. Contact: Rita Crotty. (212) 447-9107.
Event address: 770 Fifth Ave, New York. Event web address: www.womensforumny.org.
Tags: Awards/Awards Shows Fundraiser Luncheon Education Adult.
EXPAND

### Hike for Heroes

PRINT | MAP | TWEET
Reception Ceremony. Business casual attire. Chaired by Mitchell B. Modell. Tickets from $140.00. Sheraton New York Hotel & Towers. New York. Contact: Lindsay Carlton. (212) 966-7900.
Event address: 811 Seventh Ave., New York. Sponsored by Modell's Sporting Goods. Event web address: www.wishuponahero.com/hike-for-heroes/cocktail-party.
Tags: Reception Civic Family/Social Services.
EXPAND

### UJA-Federation of New York

PRINT | MAP | TWEET
Annual Trust & Estates Event 6:00 pm. Cocktail reception, followed by program and dessert. Business attire. Honoring Ronald J. Stein. Tickets from $650.00. Hilton New York. New York. Contact: Meredith Waltzer. (212) 836-1218.
Event address: 1335 Avenue of the Americas, New York. Event web address: ujafedny.org.

Tags: Cocktail party Association.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
General Insurance Dinner Business attire. Honoring Kevin Kelley, Stephen P. McGill. Chaired by Joseph Boren. Grand Hyatt New York. New York. Contact: Loni Kraut. (212) 836-1769.
Event address: Park Ave. at Grand Central Terminal, New York. Event web address: ujafedny.org.
Tags: Awards/Awards Shows Dinner Association.
EXPAND

## UNICEF-United Nations Children's Fund

PRINT | TWEET
Next Gen Photo Benefit 6:30 pm. Cocktails, hors d'oeuvres and silent auction. Tickets from $40.00. Phillips de Pury.
Event address: 450 Park Avenue,. Event web address: www.unicefusa.org/about/special-events/nextgen/photo-exhibit.html.
Tags: Auction Cocktail party Child Advocacy.
EXPAND

## RIOULT Dance Company

PRINT | MAP | TWEET
Gala 7:00 pm. Performance and dinner. Honoring Robert Cole,Harsha Murthy. Tickets from $350.00. Joyce Theater. New York.
Event address: 175 Eighth Ave., New York.
Tags: Benefit Performance Gala Arts Performing Arts.
EXPAND

# Thursday, June 16, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

## New York Building Congress

PRINT | MAP | TWEET
Reception for Speaker Christine C. Quin 8:00 am. Breakfast. Hosted by Richard Anderson, Joseph Mizzi,Frank J. Sciame. Tickets from $500.00. Sciame Organizations. New York. Contact: Ânne Mullaly Weir. (917) 438-7063.
Event address: 14 Wall Street, New York. Event web address: newyorkbuildingcongress.com.
Tags: Breakfast Speakers Fundraiser Association Politics Democratic.
EXPAND

## UJA-Federation of New York

PRINT | MAP | TWEET
Music Visionary Luncheon Reception and program. Honoring Jody Gerson, Jon Platt. The Pierre Hotel. New York. Contact: Steven Singer. (212) 836-1452.
Event address: 2 East 61st St., New York. Event web address: ujafedny.org.
Tags: Luncheon Association.
EXPAND

## Jewish Enrichment Center

PRINT | MAP | TWEET
2011 Grand Reception 5:30 pm. VIP reception, cocktails, dinner and presentation. Speaker(s): President George H.W. Bush. Honoring Craig A. Rothfeld,Stephen Siegel, Ari J. Storch. Gotham Hall. New York. (212) 889-5532.
Event address: 1356 Broadway, New York. Event web address: jeconline.com/dinner.
Tags: Fundraiser Reception Faith Jewish.

EXPAND

## Professional Women In Construction

PRINT | MAP | TWEET
Networking Event 5:30 pm. Cocktails and dinner. Speaker(s): Michele Medaglia. Tickets from $80.00. Club 101. New York.
Event address: 101 Park Ave., New York. Event web address: pwcusa.org.
Tags: Dinner Discussion Networking Association.
EXPAND

## Asian American Business Development Center

PRINT | MAP | TWEET
Tenth Anniversary Outstanding 50 Award Gala 6:00 pm. Cocktails, dinner and program. Co-chaired by Shaokao Cheng,Miguel Centeno,Joyce Chang,Renaud Dutreil,Edward Goldberg, Jim Hirani, Allan Huy, Peter Hwang, Eugene Kelly, Catherine Lee, Walter Shay. Waldorf=Astoria. New York. (212) 966-0100.
Event address: 301 Park Avenue, New York. Event web address: www.outstanding50award.com.
Tags: Awards/Awards Shows Dinner Gala Association Economic Development.
EXPAND

## Songwriter's Hall of Fame

PRINT | MAP | TWEET
42nd Annual Dinner and 2011 Induction Ceremony 6:00 pm. Cocktails and awards presentation. New York Marriott Marquis. New York. (914) 579-1000.
Event address: 1535 Broadway, New York.
Tags: Awards/Awards Shows Dinner Arts Performing Arts.
EXPAND

## Voices Against Brain Cancer

PRINT | MAP | TWEET
Sixth Annual Sounding Off for a Cure Concert 6:00 pm. Performances. Hammerstein Ballroom. New York City.
Event address: 311 West 34th Street, New York City.
Tags: Concert Fundraiser Health Cancer.
EXPAND

## Catholic Charities - Archdiocese of New York

PRINT | MAP | TWEET
Third Annual Junior Board Gala Cocktails, hors d'oeuvres, gaming, and entertainment. “Casino Night," theme. Cocktail attire. Chaired by Stephanie Bagley,Timothy Spelman. Co-chaired by Sean Gorman,Christine Keith. Tickets from $125.00. Buy Tickets. Providence. New York. Contact: Kathleen McGowan. (646) 794-2439.
Event address: 311 West 57th St., New York. Fax: (212) 755-1526. Event web address: www.catholiccharitiesny.org/get-involved/junior-board/.
Tags: Cocktail party Fundraiser Association Faith Christian.
EXPAND

## Fort Tryon Park Trust

PRINT | TWEET
Sunset on the Hudson 6:30 pm. Cocktails at the New Leaf Café, followed by dinner on the David Rockefeller Linden Terrace. Festive attire. Honoring Bette Midler,New York Restoration Project. Chaired by Edith Kean. Tables from $10,000.00. Fort Tryon Park. Contact: Jennifer Hoppa. (212) 795-1388.
Event address: Northern Manhattan,. Event web address: www.forttryonparktrust.org/sunset_on_the_hudson_gala.html.
Tags: Cocktail party Dinner Fundraiser Environmental.
EXPAND

## Make-A-Wish Foundation of Metro NY

PRINT | MAP | TWEET
Annual Gala "An Evening of Wishes" Cocktails, dinner and program. Business Attire. Honoring Michael Delaney,James B. Lee, Jr. Co-chaired by Frank Bisignano,Thomas A. Roberts. Cipriani Wall Street. New York. Contact: Amy Epstein. (212) 957-9474.
Event address: 55 Wall St., New York. Event web address: metrony.wish.org.
Tags: Gala Health Cancer Health Pediatrics.
EXPAND

## Persol

PRINT | TWEET
Magnificent Obsessions: 30 Stories of Craftsmanship in Film Exhibition opening. Invitation only. Honoring Milena Canonero,Terry Gilliam,Sir Ben Kingsley. Center 548. New York. Contact: Gina Sevilla. (646) 654-3448.
Event address: 548 West 22nd Street, New York.
Tags: Exhibition Opening.
EXPAND

## Wounded Warriors Family Support Initiative

PRINT | TWEET
Special Event 6:30 pm. Cocktails and entertainment, with special performance by The Roots. Speaker(s): Captain Paul Bud Bucha. Intrepid Sea, Air & Space Museum. New York.
Event address: 1 Intrepid Square, Pier 86, 46th St. at 12th Ave., New York. Event web address: woundedwarriorsinitiative.com/event.php#roots.
Tags: Fundraiser Civic.
EXPAND

## Worldwide Orphans Foundation

PRINT | MAP | TWEET
Matt Blesso's Third Annual Birthday Celebration 7:00 pm. Cocktails. Hosted by Dr. Jane Aronson,Amy Poehler. Tickets from $75.00. Private Location.
Event web address: www.wwo.org.
Tags: Cocktail party Fundraiser Child Advocacy.
EXPAND

## Actors Fund

PRINT | MAP | TWEET
Benefit Performance 8:00 pm. "Zarkana, Cirque du Soleil". Tickets from $125.00. Radio City Music Hall. New York. Contact: Stephen Joseph. (212) 221-7300.
Event address: 1260 Ave. of the Americas, New York. Event web address: actorsfund.org.
Tags: Benefit Performance Rally/March Arts Performing Arts.
EXPAND

# Friday, June 17, 2011

Sunrise: 5:25 am Sunset 8:27 pm Moon:
High: 79 Low: 62

## Action Against Hunger

PRINT | MAP | TWEET
Spanish Wine Festival 6:30 pm. Culinary and wine tastings. Hosted by PJ Wine. Metropolitan Pavilion. New York. (212) 967-7800.
Event address: 125 West 18th St., New York. Event web address: www.actionagainsthunger.org.
Tags: Tasting Wine Tasting Social Services Food Banks.
EXPAND

## New York Child Learning Institute / Phoenix Center Inc

PRINT | MAP | TWEET

2011 Annual Black Tie Affair & Auction Cocktails, dinner and program. Black tie attire. Invitation only. Hosted by Knights of York. Honoring Dr. Joan Fallon,Bob Hurley, Carol Laurenzano,Jim Watkins,Lauren Thierry Watkins. Chaired by Declan Connolly. Co-chaired by Thomas J. Petersen. Tickets from $275.00. United Nations Delegates Dining Room. New York. Contact: Aimee Demilia Newsham. (201) 485-8520.

Event address: United Nations Building, First Ave. at 45th St., New York. Fax: (201) 485-8523. Event web address: www.knightsofyork.org.

Tags: Auction Gala Association Education K-12.

EXPAND

**From:** Richard Kahn [redacted]
**Sent:** 1/26/2017 2:16:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Trump

**Importance:** High

love his negotiating style as he makes me look soft..

# President Donald Trump threatened Thursday to cancel a meeting with Mexican President Enrique Pena Nieto after Pena Nieto reiterated that Mexico would not pay for a border wall and suggested he could cancel the meeting.

Donald J. Trump
✔ @realDonaldTrump

The U.S. has a 60 billion dollar trade deficit with Mexico. It has been a one-sided deal from the beginning of NAFTA with massive numbers...

Donald J. Trump
✔ @realDonaldTrump

of jobs and companies lost. If Mexico is unwilling to pay for the badly needed wall, then it would be better to cancel the upcoming meeting.

**From**: Sultan Bin Sulayem [redacted]
**Sent**: 9/18/2015 5:26:12 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fareed Zakaria: Trump sells America short

**Importance**: High

**Fareed Zakaria: Trump sells America short**

**Dear Donald Trump: China, Japan and Mexico are not "killing us"**

By Fareed Zakaria, Thursday, September 17, 2015

Donald Trump's presidential bid is centered on the promise of his personal talents. He says he's the "most successful person ever to run for the presidency, by far." (George Washington and Dwight Eisenhower, sit down!) But if there is an idea animating his candidacy, it is that the United States is being badly beaten by its economic competitors. In his speech on foreign policy this week, Trump explained that America is being bested by countries such as China, Japan and Mexico because their leaders are "smarter, more cunning and sharper than our leaders." "They're killing us," he often says.

This is an odd moment to make these charges because the reality is almost entirely the opposite. The United States is more dominant on the global economic landscape than at any point since the heyday of Bill Clinton's presidency — perhaps even more so.

Last quarter, the U.S. economy grew at a 3.7 percent clip. Annual growth now is almost twice that of Europe and four times that of Japan. Unemployment is at 5.1 percent, the lowest in seven years. The deficit as a percentage of gross domestic product (2.8 percent in 2014) is at its lowest since 2007.

"The U.S. has come out of the 2008 crisis better than all the others," says Ruchir Sharma, head of global macro investing at Morgan Stanley. "Americans have reduced their debt burden more than the Europeans, while China's debt has skyrocketed to extremely dangerous levels. If you look outside of China, U.S. growth is actually faster even than the emerging markets. Since the 2008 crisis, U.S. equity markets have outperformed all others — in fact 9 out of the 10 most valuable companies in the world are now American. The dollar is the currency of choice. Global growth is not what it used to be, but in a bad neighborhood, the U.S. has the best house by far." Sharma points out that for the past four years, the United States' share of global GDP has increased while Europe's and Japan's have moved down.

When I was in Europe last week, businessmen there were concerned with what they saw as a new level of U.S. dominance in everything from technology to entertainment to finance. Consider America's big banks. They were at the epicenter of the financial crisis and were badly battered by it. Since then, bankers have complained that they've faced uncertainty about government policies, overzealous regulators trying to compensate for their laxness before the crisis and the unwieldy burdens of the Dodd-Frank law.

Well, U.S. banks today are more dominant than ever. The Wall Street Journal notes that in the past five years, JPMorgan Chase, Bank of America, Citigroup, Goldman Sachs and Morgan Stanley have increased in value by $254.6 billion. In the same period, their European competitors, Barclays, Credit Suisse, Deutsche Bank, UBS and Royal Bank of Scotland added just $9.5 billion. In July, Barclays Chairman John McFarlane was asked if America's banks were eating European lenders' lunch. He replied: "They are doing a good job of it." He added that the U.S. banks "are the only ones that really claim to be global and successful."

To compare the United States' performance and leadership to Mexico's, Japan's and China's is particularly ill-timed. Trump might be stuck in a 1980s time warp on Japan. When his "The Art of the Deal" was published in 1987, Americans were envious of Japan's brilliant leaders, who were said to be outsmarting the United States at every turn. Since then, Japan has become the poster child for economic stagnation and political paralysis. Prime Minister Shinzo Abe has been unwilling or unable to get his promised reforms enacted, and the country's economy continues to shrink.

Mexico is watching its growth collapse. While its president, Enrique Peña Nieto, is a courageous and intelligent leader who has made some very bold decisions, he has also made some significant missteps. Most important, the country was ill-prepared for plunging oil prices that have battered government revenues and growth.

China has had three decades of supercharged growth and competent government policy. But in the past few years, Beijing went on a borrowing binge, running up its total debt to levels that are unprecedented, according to Sharma. And in the past two months it has made mistakes in managing both its equity markets and currency — mistakes that have cost $400 billion, the Financial Times reports.

Of course, the United States has problems that are worrying, such as wage stagnation and low labor-force participation. But the important comparison is not to some ideal fantasy of what America might be but to other countries in the real world. And the facts show, Mr. Trump, we're killing *them* .

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**From**: Weingarten, Reid [redacted]
**Sent**: 5/22/2017 8:39:37 PM
**To**: jeevacation@gmail.com
**Subject**: Fw: WaPo story-- Trump's outside counsel

**Importance**: High

Sent from my BlackBerry 10 smartphone.

---

**From:** Parker, Ashley <[redacted]>
**Sent:** Monday, May 22, 2017 3:19 PM
**To:** Weingarten, Reid
**Subject:** WaPo story-- Trump's outside counsel

Hi Reid,

Ashley Parker here at the Washington Post. I cover the White House and am emailing because my colleague, Bob Costa, and I getting ready to post a story about President Trump's decision to move ahead with retaining outside counsel, and we understand you're one of the finalists for the role, and have already spoken with senior White House officials. I just wanted to let you know that we plan to mention your name (and of course see if you want to comment), and I also wanted to check and see if you were open to chatting totally off the record, just in case there is any nuance or guidance you'd like to provide. I'm at [redacted] or my desk is [redacted]

Thanks,
Ashley

Ashley Parker
[redacted]
Cell: [redacted]
Desk: [redacted]
Twitter: @AshleyRParker

**From:** Darren Indyke [redacted]
**Sent:** 5/22/2017 8:53:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: WaPo story-- Trump's outside counsel

**Importance:** High

Oy.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: dkiesq@aol.com

**** Please note that my mobile telephone number has changed to the new number provided above. ***

**********
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**********

On May 22, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

whoops
--------- Forwarded message ---------
From: **Weingarten, Reid** <[redacted]>
Date: Mon, May 22, 2017 at 4:39 PM
Subject: Fw: WaPo story-- Trump's outside counsel
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

Sent from my BlackBerry 10 smartphone.

---

**From:** Parker, Ashley <[redacted]n>
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Thanks,

Ashley

Ashley Parker

[redacted]

Cell: [redacted]

Desk: [redacted]

Twitter: @AshleyRParker

--

please note
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**From:** Weingarten, Reid [redacted]
**Sent:** 5/22/2017 9:28:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: WaPo story-- Trump's outside counsel

**Importance:** High

Do I have the choice? And if so, your view?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, May 22, 2017 4:43 PM
**To:** Weingarten, Reid
**Subject:** Re: Fw: WaPo story-- Trump's outside counsel

do you want it? or jared?

On Mon, May 22, 2017 at 4:39 PM, Weingarten, Reid <[redacted] wrote:

Sent from my BlackBerry 10 smartphone.

---

**From:** Parker, Ashley [redacted]
**Sent:** Monday, May 22, 2017 3:19 PM
**To:** Weingarten, Reid
**Subject:** WaPo story-- Trump's outside counsel

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Thanks,
Ashley

Ashley Parker
[redacted]
Cell: [redacted]
Desk: [redacted]
Twitter: @AshleyRParker

--

please note

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/22/2017 8:41:33 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re: Fw: WaPo story-- Trump's outside counsel

**Importance**: High

fun

On Mon, May 22, 2017 at 4:39 PM, Weingarten, Reid [redacted] wrote:

Sent from my BlackBerry 10 smartphone.

**From:** Parker, Ashley <[redacted]>
**Sent:** Monday, May 22, 2017 3:19 PM
**To:** Weingarten, Reid
**Subject:** WaPo story-- Trump's outside counsel

Hi Reid,

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Thanks,
Ashley

Ashley Parker
[redacted]
Cell: [redacted]
Desk: [redacted]
Twitter: @AshleyRParker

--
please note
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**From:** Dave Hope [redacted]
**Sent:** 8/20/2012 4:35:38 PM
**To:** Warren Eisenstein[redacted]
**Subject:** dave hope
**Attachments:** Skm2d35412082008380.pdf

----- Forwarded Message -----
**From:** "Hope, Doug" <[redacted]>
**To:** Dave Hope <[redacted]
**Sent:** Monday, August 20, 2012 8:42 AM
**Subject:** Small World

Dave,

Talk about a small world. I got on the airplane Saturday night and opened up the Palm Beach newspaper and here's what I found (see attached). Remember "Bear", Warren's friend from NY. Well, he is a Billionaire (Literally and really) and always seems to be in the news in South Florida. He competes with Trump on big property deals and seems to be quite the womanizer. The only problem is he goes after some of the young ones sometimes and must not check there ID's.

Oh well, I thought you might get a kick out of this article. What a small world.

Take good care!!

Doug

**From:** Darren Indyke[redacted]
**Sent:** 3/2/2019 4:56:48 PM
**To:** Martin Weinberg[redacted]
**CC:** Darren Indyke [redacted]; jeevacation@gmail.com
**Subject:** Epstein paid three women $5.5 million to end underage-sex lawsuits

**Importance:** High

**Privileged - Redacted**

https://www.palmbeachpost.com/news/crime--law/epstein-paid-three-women-million-end-underage-sex-lawsuits/8GEJk4YYa2X4ffig4HAqyJ/

# Epstein paid three women $5.5 million to end underage-sex lawsuits

Jane Musgrave

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Jeffrey Epstein, a former Palm Beach resident, pleaded guilty in Palm Beach County Circuit Court in 2008 to two prostitution-related charges in connection with having teenage girls give him sexual massages. (Uma Sanghvi / The Palm Beach Post)

Palm Beach Post Staff Writer

Hide caption

Jeffrey Epstein

Palm Beach Post Staff Writer

Hide caption

Attorney Brad Edwards

Palm Beach Post Staff Writer

Hide caption

Attorney Jack Scarola

Palm Beach Post Staff Writer

Hide caption

Jeffrey Epstein, a former Palm Beach resident, pleaded guilty in Palm Beach County Circuit Court in 2008 to two prostitution-related charges in connection with having teenage girls give him sexual massages. (Uma Sanghvi / The Palm Beach Post)

Palm Beach Post Staff Writer

Hide caption

Jeffrey Epstein

Palm Beach Post Staff Writer

Hide caption

Attorney Brad Edwards

Palm Beach Post Staff Writer

Hide caption

Attorney Jack Scarola

Palm Beach Post Staff Writer

**By**

Posted Oct 3, 2017 at 12:01 AM Updated Oct 4, 2017 at 12:46 AM

Ending years of speculation about how much Palm Beach billionaire Jeffrey Epstein paid young women who claimed he used them as sex toys, court documents filed last week show he shelled out $5.5 million to settle lawsuits with three of more than two dozen teens who sued him.

Responding to requests from Epstein's attorneys in a complex lawsuit that was spawned by the sex scandal, attorney Bradley Edwards said the politically-connected 64-year-old convicted sex offender paid more than $1 million to each of the three women Edwards represented.

Identified in court papers only by their initials or pseudonyms because of the nature of the allegations and their youthful ages, L.M. was paid $1 million, E.W. $2 million and Jane Doe $2.5 million, Edwards said of the settlements he negotiated with Epstein to end the lawsuits.

Jack Goldberger, one of Epstein's criminal defense attorneys, on Tuesday declined comment on the revelations, citing confidentiality agreements that were part of the settlements. For the same reason, he declined to say whether Epstein paid similar amounts to settle roughly two dozen lawsuits filed by other young women against Epstein, claiming he paid them for sex when some were as young as 14 years old.

Attorney Jack Scarola, who is representing Edwards, said his client was compelled to divulge the confidential settlements to answer questions posed by Epstein's attorneys. "Brilliant move on their part," he said.

Even if Epstein's attorneys hadn't opened the door, Scarola said the information would have likely come out. He says the information will help him undermine Epstein's claims that Edwards "ginned up" the allegations to help his former law partner, imprisoned and disbarred Fort Lauderdale lawyer Scott Rothstein, perpetuate a $1.2 billion Ponzi scheme.

The revelations of the settlements came as part of an ongoing lawsuit that started as a dispute between Epstein and Rothstein, both billionaires.

A year after Epstein in 2008 pleaded guilty to solicitation of prostitution and procuring a minor for prostitution, he sued Rothstein and Edwards, claiming they trumped up the allegations of sexual molestation to perpetuate the Ponzi scheme.

Rothstein was sentenced to 50 years in prison in 2010 after admitting he had built his wildly successful law firm by forging the names of federal judges and others to persuade investors he had negotiated settlements in lawsuits against high-profile people. Investors were told they could get a cut of the cash.

One of the high-profile people Rothstein used to lure investors was Epstein, according to a lawsuit West Palm Beach attorney Robert Critton filed on Epstein's behalf. According to the lawsuit, Rothstein told investors Epstein, a money manager, had agreed to settle the lawsuits with the teens for $200 million — a claim Critton described as "a complete fabrication."

After Epstein dropped the lawsuit in 2012, Edwards turned the tables on him. Edwards accused Epstein of filing the lawsuit maliciously to punish him for representing the young women. Although Edwards was a partner in Rothstein's now defunct firm, Scarola claims Epstein had no evidence Edwards was involved in the Ponzi scheme. Federal prosecutors successfully charged other attorneys and members of the firm, but Edwards was never implicated, Scarola said in the malicious prosecution lawsuit.

The revelations about the money Epstein paid to three of the young woman came last week in documents filed for a hearing Tuesday in preparation for a December trial on the lawsuit.

Attorney Tonja Haddad Coleman, who represents Epstein, on Tuesday sought a delay of the trial, in part, because she claimed she has been unable to talk to her client since his estate on his private island in the U.S. Virgin Islands was devastated last month by Hurricane Irma. "I've had no ability to communicate with Mr. Epstein," she said.

Pointing out Epstein's enormous wealth and his private jet, Palm Beach County Circuit Judge Donald Hafele rejected her request. While saying he didn't want to appear insensitive to those victimized by the storm that hammered the Caribbean

and roared through South Florida, he said Coleman offered no proof, such as an affidavit from Epstein, to shore up her claims.

Still, Hafele gave Coleman extra time to respond to various motions that he will have to decide before the case goes to trial.

Despite Scarola's insistence that Edwards had nothing to do with Rothstein's Ponzi scheme, Coleman said the evidence indicates otherwise. Why else would he try to depose Epstein's well-known friends, such as now President Donald Trump, former President Bill Clinton and illusionist David Copperfield, she asked. He used the celebrities as a draw, she said.

"The Epstein cases were used to fleece money and defraud investors," she said.

Edward's malicious prosecution case has been difficult for both sides because both Epstein and Edwards have refused to answer questions. As he did in the civil lawsuits, Epstein has invoked his Fifth Amendment right against self-incrimination when questioned by Scarola. Edwards has claimed that much of the information Epstein is seeking is protected by attorney-client privilege.

The malicious prosecution lawsuit is one of two hotly-contested lawsuits that continue to pit Edwards against Epstein. Edwards also is suing the U.S. attorney's office, claiming it violated the federal Crime Victims Rights Act when it negotiated a non-prosecution agreement with Epstein.

Only after federal prosecutors agreed to drop their investigation of Epstein, did he agree to plead guilty to two prostitution charges in Palm Beach County Circuit Court. In federal court records, prosecutors claim one of the key reasons they agreed to drop their case was Epstein's agreement to settle lawsuits filed against him by dozens of his underage victims.

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By The Palm Beach Post

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## Did rare stolen coins end up in supermarket change machine? Victim wonders

NORTH PALM BEACH — Michael Johnson envisioned Shane Anthony Mele sending those commemorative presidential dollars spiraling down a slot, to be...

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DARREN K. INDYKE
5300 W. Atlantic Avenue, Suite 602
Delray Beach, Florida 33484
[redacted]

**********
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**********

**From:** Richard Kahn [redacted]
**Sent:** 9/17/2015 10:00:33 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** SS
**Attachments:** SHBRK Scann15091717260.pdf; Untitled attachment 318284.htm

**Importance:** High

in case you, unlike Donald Trump, would like to collect Social Security

age 62 2,002 per month
age 66 2,669 per month (full retirement age)
age 70 3,587 per month

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cel

Begin forwarded message:

**From:** [redacted]
**Subject: Message from KMBT_C253**
**Date:** September 17, 2015 at 5:26:38 PM EDT
**To:** [redacted]
**Reply-To:** [redacted]

Los Angeles Times
latimes.com
$2.00 DESIGNATED AREAS HIGHER © 2016 WSCE
MONDAY, SEPTEMBER 5, 2016

ELECTION 2016

# Trump losing ground in 'burbs

te for his style, with changing raphics, could n Pennsylvania er key states.

EN DECKER

LE, Pa. — Marie very firm view ump, and she change in the fore election

man. I think into a war," was among ering down in this nsylvania y evening por • Day

ntrigued id, but the ed his

said. way have

les ho er s

Photographs by CAROLYN COLE Los Angeles Times

**NEAR TEHRAN,** Shehrzad Bolandkish, an IT worker, left, and her new husband, Sarmad Kodeiri, dance at their Western-inspired wedding party. "We represent the change in society," Kodeiri says.

# YOUNG IRANIANS PUSH BOUNDARIES

## *Rebelling with fashion, pets, even Deepak Chopra*

BY SHASHANK BENGALI AND RAMIN MOSTAGHIM

*TEHRAN — The groom wore a navy blue tuxedo, the bride a custom-made gown with a fish-scale pattern inspired by pictures she found on Instagram.*

*Waiters passed around French tarts as guests crowded a dance floor pulsating under strobe lights. When the DJ played "Gangnam Style," a cheer went up from the young women in tight* dresses, salon-styled hair falling down their bare shoulders.

The wedding reception was like so many — except that it took place in Tehran, the capital of an Islamic republic whose ruling clerics take a dim view of such displays of skin and secular, Western-oriented tastes.

"We represent the change in society," said the groom, 30-year-

[See Iran, A4]

**BEFORE SEEING** a local adaptation of Anton Chekhov's "Ivanov" last month, women in Tehran share a cigarette, once frowned upon.

# LIMITS IN RAPE CASES UNDER REVIEW

A bill on Brown's de would abolish legal deadlines for sex crime charges, but experts are skepti

BY MAURA DOLAN

Dozens of wor that Bill Cosby sex saulted them, but tainer faces crimin in only one case, cause of legal dea

The deadl statutes of limit intended to e cases are promptly and are tried when still fresh and e able.

But accusations prompted least two st California barriers to

Gov. J has vetoe gal dead sults ov must no abolish ing s sodom acts, con chil ca

HOUSE_OVERSIGHT_029865

**From**: Flipboard Week in Review [editorialstaff@flipboard.com]
**Sent**: 7/6/2019 6:57:33 PM
**To**: jeevacation@gmail.com
**Subject**: U.S. celebrates Fourth of July, Trump-Kim DMZ meeting and Hong Kong protests

Flipboard

Biggest news stories from the past week.

# With Flyovers and Flags, Trump Plays M.C. for the Fourth

**nytimes.com / MICHAEL D. SHEAR** WASHINGTON — In a made-for-television Independence Day production starring America's military weaponry, President Trump on Thursday used the Lincoln... read more

The United States remains its enemy. The Kim Jong-Un-led country, formerly an ally to China, Russia and the Soviet Union, is now accused by the world of a nuclear

# North Korea says U.S. 'hell-bent on hostile acts' despite wanting to talk

**reuters.com / by Michelle Nichols** UNITED NATIONS (Reuters) - North Korea's mission to the United Nations accused the United States on Wednesday of being "more and more hell-bent on... read more

---

# Trump Weighs Executive Order to Add Citizenship Question to Census

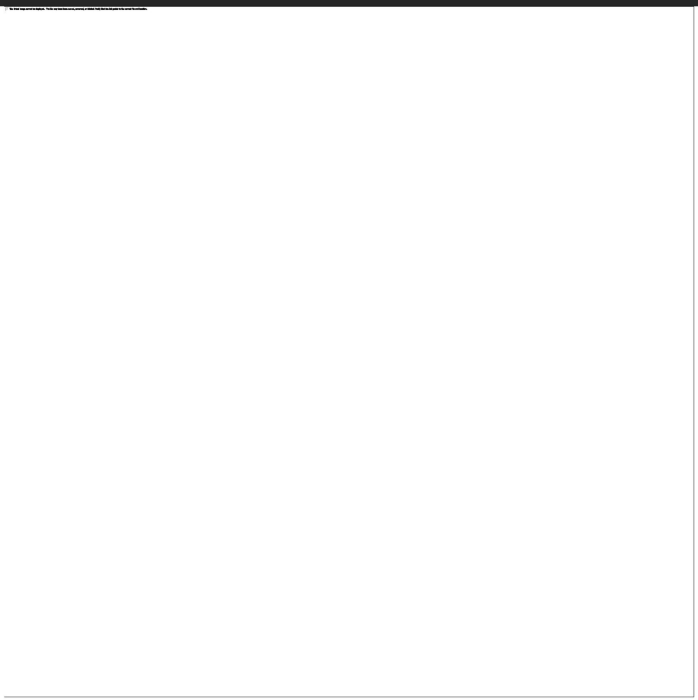

**bloomberg.com / Justin Sink, Andrew M Harris, Bob Van Voris**
President Donald Trump said he may issue an executive order to add a question on citizenship to the 2020 census as the administration considers ... read more

---

# Trump warns Iran nuclear threats will 'come back to bite you'

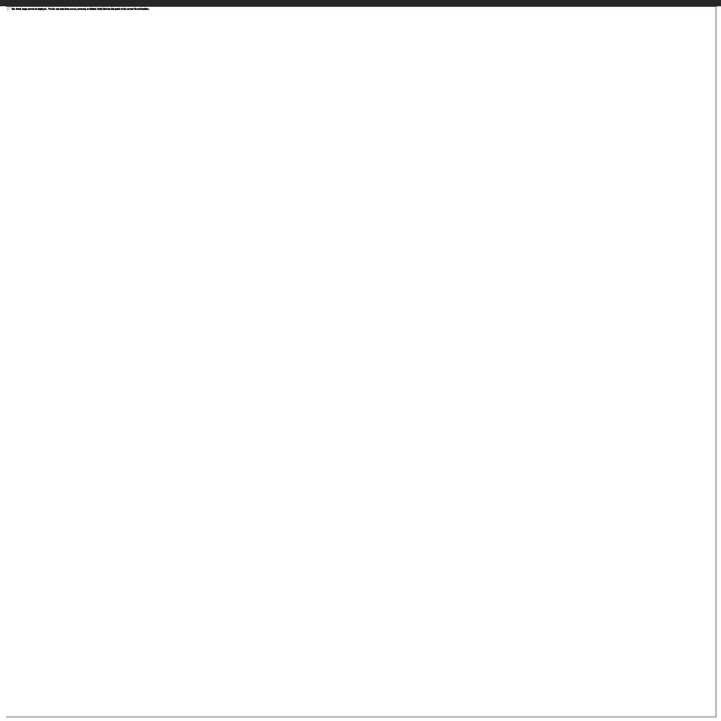

**theguardian.com / Guardian staff and Agence France-Presse**
Donald Trump has warned Iran to be “careful with threats” as they can “come back to bite you” in response to Tehran’s vow that it will exceed within... read more

---

# Arrests made over Hong Kong protests, legislature break-in

**apnews.com / JOHNSON LAI** HONG KONG (AP) — Police said they had arrested 13 people after the protests on Monday's anniversary of Hong Kong's return to China, including one man... read more

---

# Acting DHS chief orders immediate investigation into offensive posts allegedly written by Border Patrol agents

**cnn.com / Priscilla Alvarez, CNN** (CNN) — Acting Department of Homeland Secretary Kevin McAleenan has ordered an immediate investigation into offensive posts "that allegedly includes... read more

---

# House Democrats sue for Trump's tax returns

**politico.com / BRIAN FALER** House Democrats on Tuesday sued for President Trump's tax returns, marking the beginning of a high-stakes legal fight over his efforts to keep his taxes... read more

---

# Cori 'Coco' Gauff, 15-year-old American, storms back for another Wimbledon upset

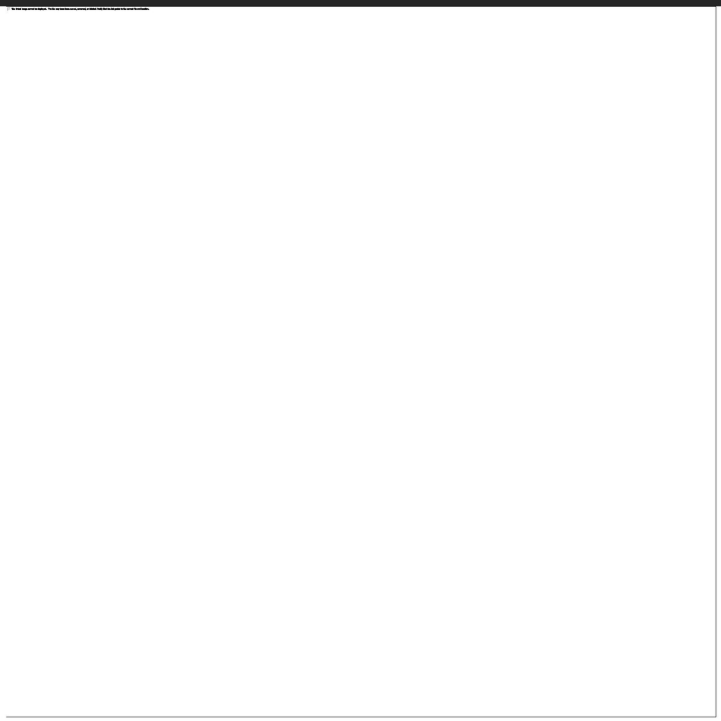

**usatoday.com / Scott Gleeson** The 15-year-old American pulled off another huge upset Friday, this one in a third-round thriller that saw her come back to beat Slovenian Polona Hercog... read more

---

# Alex Morgan and Alyssa Naeher lead U.S. women to 2-1 victory over England in World Cup semis

**nbcnews.com / David K. Li** The defending champs are now one victory away from hoisting the trophy for a fourth time. Alex Morgan celebrated her 30th birthday Tuesday by scoring a... read more

---

# European leaders back German Defense Minister Ursula von der Leyen to be first female European Commission president

**washingtonpost.com / Quentin Ariès, Michael Birnbaum**

BRUSSELS — European leaders on Tuesday proposed awarding the powerful presidency of the European Commission to German Defense Minister Ursula von der... read more

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**From:** Jessica Cadwell [redacted]
**Sent:** 8/11/2009 6:55:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Robert D. Critton Jr. [redacted]
**Subject:** FW: Jane Doe

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto: [redacted]
**Sent:** Tuesday, August 11, 2009 2:55 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Yes – we are still trying to get the details though

---

**From:** Jessica Cadwell [mailto: [redacted]]
**Sent:** Tuesday, August 11, 2009 2:27 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Does this mean you have service on Maxwell

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

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**From:** Jacquie Johnson [mailto [redacted]]
**Sent:** Tuesday, August 11, 2009 2:30 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

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**From:** Jessica Cadwell [mailto: [redacted]
**Sent:** Tuesday, August 11, 2009 11:28 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

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[redacted]

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**Subject:** RE: Jane Doe

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**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

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*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto[redacted]]
**Sent:** Thursday, August 06, 2009 10:47 AM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – I need a date for the deposition of Mr. Epstein. Can you provide me with one please?

---

**From:** Jessica Cadwell [mailto:[redacted]]
**Sent:** Thursday, August 06, 2009 10:20 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Great thank you. Do you have your Stays signed yet?

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]]
**Sent:** Thursday, August 06, 2009 9:59 AM
**To:** Jessica Cadwell; Bradley J. Edwards
**Cc:** Robert D. Critton Jr.
**Subject:** RE: Jane Doe

Brad is out of the office until this afternoon – I will ask him then.

---

**From:** Jessica Cadwell [mailto[redacted]
**Sent:** Thursday, August 06, 2009 9:51 AM
**To:** Bradley J. Edwards
**Cc:** Jacquie Johnson; Robert D. Critton Jr.
**Subject:** Jane Doe

Brad –

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Please let me know.

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515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

**From:** Jessica Cadwell [redacted]
**Sent:** 8/11/2009 7:00:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: FW: Jane Doe

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, August 11, 2009 3:01 PM
**To:** Jessica Cadwell
**Subject:** Re: FW: Jane Doe

**Privileged - Redacted**

On Tue, Aug 11, 2009 at 2:55 PM, Jessica Cadwell <[redacted]> wrote:

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]]
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West Palm Beach, FL 33401

[redacted]

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**From:** Jacquie Johnson [mailto[redacted]]
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**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

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**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jacquie Johnson
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515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

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**From:** Jacquie Johnson [mailto:jjohnson@rra-law.com]
**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jessica Cadwell
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Suite #400

West Palm Beach, FL 33401

[redacted]

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**From:** Jacquie Johnson [mailto:[redacted]]
**Sent:** Monday, August 10, 2009 3:18 PM
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**Subject:** RE: Jane Doe

Jessica – is the depo of [redacted] going forward on Friday

---

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**Subject:** RE: Jane Doe

I didnt forget about this…

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[redacted]

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515 N. Flagler Drive
Suite #400
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[redacted]

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[redacted]

--
**********
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Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments.

**From:** Jessica Cadwell [redacted]
**Sent:** 8/11/2009 7:16:00 PM
**To:** Robert D. Critton Jr. [redacted]; Jack Goldberger [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Connie Zaguirre [redacted]
**Subject:** FW: Jane Doe

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

---

**From:** Jacquie Johnson [mailto: [redacted]]
**Sent:** Tuesday, August 11, 2009 3:19 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Trump has been moved to Sept. 24.

---

**From:** Jessica Cadwell [mailto: [redacted]]
**Sent:** Tuesday, August 11, 2009 3:00 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Please let me know when u do.

*Jessica Cadwell, CP, FRP*
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BURMAN CRITTON LUTTIER & COLEMAN, LLP
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515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

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Tel:[redacted] / Fax:[redacted]
Email: [redacted]

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 8/11/2009 7:00:57 PM
**To:** Jessica Cadwell [redacted]
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**Privileged - Redacted**


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**From:** Jessica Cadwell [mailto[redacted]
**Sent:** Tuesday, August 11, 2009 2:27 PM

**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Does this mean you have service on Maxwell


*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401

[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]]
**Sent:** Tuesday, August 11, 2009 2:30 PM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

---

**From:** Jessica Cadwell [mailto:[redacted]]
**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Do you have service on Maxwell or still trying to subpoena her??

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]]
**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Please notice the deposition of Ms. Maxwell has been rescheduled from 8/17 to 9/23. A re-Notice of Taking Deposition will follow. Mr. Trump's deposition is scheduled for August 18, 2009.

---

**From:** Jessica Cadwell [mailto[redacted]]
**Sent:** Monday, August 10, 2009 3:31 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

No not likely. They just filed an emergency protective order

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Monday, August 10, 2009 3:18 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – is the depo of [redacted] going forward on Friday

---

**From:** Jessica Cadwell [mailto[redacted]]
**Sent:** Monday, August 10, 2009 12:10 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

I didnt forget about this…

Still working on it.

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Thursday, August 06, 2009 10:47 AM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – I need a date for the deposition of Mr. Epstein. Can you provide me with one please?

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Thursday, August 06, 2009 10:20 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Great thank you. Do you have your Stays signed yet?

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

---

**From:** Jacquie Johnson [mailto[redacted]
**Sent:** Thursday, August 06, 2009 9:59 AM
**To:** Jessica Cadwell; Bradley J. Edwards
**Cc:** Robert D. Critton Jr.
**Subject:** RE: Jane Doe

Brad is out of the office until this afternoon – I will ask him then.

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Thursday, August 06, 2009 9:51 AM
**To:** Bradley J. Edwards
**Cc:** Jacquie Johnson; Robert D. Critton Jr.
**Subject:** Jane Doe

Brad –

In your answers to ROGS, you list Milton Center for girls as facility that Jane Doe attended. Milton Center is a Department of Juvenile Justice facility; therefore I will need to get her records from DJJ. DJJ will not release the records without a signed release by Jane Doe. I have attached a general HIPPA release for your review. Would you please have Jane Doe sign it? DJJ does not have a standard form.

Also, will you agree to one more week on Responses to Net Wirth ROGS??

Please let me know.

Jess –

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

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return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From**: Lawrence H. Summers [redacted]
**Sent**: 1/8/2015 1:26:40 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: idea for jefferey e.

Not terrible idea.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Kelly Friendly <[redacted]>
**Date:** January 7, 2015 at 5:01:26 PM PST
**To:** "Lawrence H. Summers" <[redacted]>
**Subject: idea for jefferey e.**

Perhaps you should suggest Jefferey talk to Joe Lockhart at the Glover Park Group. He has helped Clinton and General Petraeus.

Joe is great and he likes you a lot. LMK if you want to reach out to him. He is an old friend....

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/8/2015 3:11:21 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Fwd: idea for jefferey e.

---------- Forwarded message ----------
From: **Lawrence H. Summers** <[redacted]>
Date: Wed, Jan 7, 2015 at 9:26 PM
Subject: Fwd: idea for jefferey e.
To: Jeffrey Epstein <jeevacation@gmail.com>

Not terrible idea.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
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Begin forwarded message:

**From:** Kelly Friendly <[redacted]>
**Date:** January 7, 2015 at 5:01:26 PM PST
**To:** "Lawrence H. Summers" <[redacted]>
**Subject: idea for jefferey e.**

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**From**: John Brockman [redacted]
**Sent**: 12/31/2010 6:23:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Edge Question 2011 - An Invitation

**Importance**: High

"Deliciously creative...the variety astonishes...intellectual skyrockets of stunning brilliance. Nobody in the world is doing what Edge is doing." Denis Dutton, ARTS & LETTERS DAILY

THE WORLD QUESTION CENTER

James Flynn has defined "shorthand abstractions" (or "SHA's") as concepts drawn from science that have become part of the language and make people smarter by providing widely applicable templates ("market", "placebo", "random sample," "naturalistic fallacy," are a few of his examples). His idea is that the abstraction is available as a single cognitive chunk which can be used as an element in thinking and debate.

The Edge Question 2011

WHAT SCIENTIFIC CONCEPT WOULD IMPROVE EVERYBODY'S COGNITIVE TOOLKIT?

The term 'scientific"is to be understood in a broad sense as the most reliable way of gaining knowledge about anything, whether it be the human spirit, the role of great people in history, or the structure of DNA. A "scientific concept" may come from philosophy, logic, economics, jurisprudence, or other analytic enterprises, as long as it is a rigorous conceptual tool that may be summed up succinctly (or "in a phrase") but has broad application to understanding the world.

[Thanks to Steven Pinker for suggesting this year's EDGE Question and to Daniel Kahneman for advice on its presentation.]

---

In Memoriam
DENIS DUTTON
1944-2010

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Last year, the 2010 EDGE Question, "How Is The Internet Changing The Way You Think?" (http://www.edge.org/q2010/q10_index.html), generated 172 essays (132,000 words) and received global press attention.

To date, the following have already responded to the 2011 EDGE Question: Clifford Pickover, Rudy Rucker,Sean Carroll, Gino Segre, Jason Zweig, Dylan Evans, Steven Pinker, Martin Seligman, Gerald Holton, Robert Provine, Nassim N. Taleb, Roger Schank, George Dyson, Milford Wolpoff, George Lakoff, W. Daniel Hiliis, Nicholas Humphrey,Christian Keysers, Haim Harari, John Allen Paulos, Bruce Hood, Howard Gardner.

---

PERMALINK: http://www.edge.org/q2011/q11_index.html
user id: edge
password: q2011
(all lower case – password-protected until publication)

SUBMITTING ESSAYS: Email as text or attached Word file to me.

DUE DATE: 8pm, Wednesday, January 12th

PUBLICATION DATE: Midnight, Thursday, January 13th

PRESS EMBARGO: Until publication. Do not cite or circulate.

---

EDITORIAL MARCHING ORDERS

Say something new, true, and interesting, based on your own experience, in 1,000 words or less. Email contributions to me.

As usual, no politics ("Democrat" "Republican") or politicians ("Obama" "Bush" "Clinton" "Palin", etc.), editorials, opeds, opinion pieces, flippancy. No ad hominem comments. No self-promotion: referencing your books, papers, courses, "selling from the stage", pushing your well-known agenda. No footnotes or hyperlink: stay on the page. No anecdotes about spouses, significant others, kids, family pets. Write a stand-alone piece: don't respond to the pieces of other contributors already posted.

Go deeper than the news. Tell me something I don't know. This is not a purely scientific question: this is question about our culture and ourselves. The ideas we present on Edge can offer readers and the wider public a new set of metaphors to describe ourselves, our minds, the way we think, the world, and all of the things we know in it.

Be imaginative, exciting, compelling, inspiring. Tell a great story. Make an argument that makes a difference. Amaze and delight. Surprise us!

---

I look forward to hearing from you. Happy New Year!

Sincerely,

John Brockman
Editor & Publisher

---

The EDGE Question in the News:

"Deliciously creative...the variety astonishes...intellectual skyrockets of stunning brilliance. Nobody in the world is doing what Edge is doing." ARTS & LETTERS • "Fantastically stimulating...It's like the crack cocaine of the thinking world.... Once you start, you can't stop thinking about that question." BBC RADIO 4 • "Big, deep and ambitious questions... breathtaking in scope." NEW SCIENTIST • "A stellar cast of intellectuals ... a stunning array of responses."NEW SCIENTIST • Brilliant ... captivating ... overwhelming.""SEED • "Bold, often thrilling, sometimes chilling, answers." NEWS-OBSERVER • "The fascinating breadth of their visions of the future is revealed today by the discussion website edge.com, which has asked some of the world's finest mind the question: 'What will change everything?'" THE TIMES • "Edge: brilliant, essential and addictive. The result of this ambitious venture, for those who have already experienced navigating the web pages of edge.org, is not only brilliant, but addictive. It interprets, it interrogates, it provokes. Each text can be a world in itself." PUBLICO (LISBON) --COVER STORY, SUNDAY MAGAZINE • "The world's finest minds have responded with some of the most insightful, humbling, fascinating confessions and anecdotes, an intellectual treasure trove. ... Best three or four hours of intense, enlightening reading you can do for the new year. Read it now." SAN FRANCISCO CHRONICLE • "The splendidly enlightened Edge website (www.edge.org) has rounded off each year of inter-disciplinary debate by asking its heavy-hitting contributors to answer one question. I strongly recommend a visit." THE INDEPENDENT • "A great event in the Anglo-Saxon culture." EL MUNDO • "As fascinating and weighty as one would imagine." THE INDEPENDENT • "They are the intellectual elite, the brains the rest of us rely on to make sense of the universe and answer the big questions. But in a refreshing show of new year humility, the world's best thinkers have admitted that from time to time even they are forced to change their minds." THE GUARDIAN • "Praised by everyone from the Guardian, Prospect magazine, Wired, the New York Times and BBC Radio 4, Edge is an online collective of deep thinkers. Their contributors aren't on the frontier, they are the frontier." THE SCOTSMAN • "A selection of the most explosive ideas of our age." SUNDAY HERALD • "Uplifting ...enthralling." MAIL ON SUNDAY • "If you think the web is full of trivial rubbish, you will find the intellectual badinage of edge.org to be a blessed counterpoint." THE TIMES • "...fascinating and provocative reading." -- THE GUARDIAN • "...reads like an intriguing dinner party conversation among great minds in science." -- DISCOVER • "Fantastically stimulating...It's like the crack cocaine of the thinking world.... Once you start, you can't stop thinking about that question." BBC RADIO 4 • "Danger -- brilliant minds at work... exhilarating, hilarious, and chilling." EVENING STANDARD • "Wonderful reading." THE TIMES • "Strangley addictive."THE TELEGRAPH • "The greatest virtual research university in the world." ARTS & LETTERS DAILY • "Audacious and stimulating." LA VANGUARDIA • "Brilliant! Stimulating reading for anyone seeking a glimpse into the next decade." THE SUNDAY TIMES • "A running fire of a provocative and fascinating thesis." LA STAMPA

##

**From:** J [jeevacation@gmail.com]
**Sent:** 3/7/2019 12:02:12 PM
**To:** paul krassner [redacted]
**Subject:** Re: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'

https://www.nytimes.com/2019/03/04/opinion/letters/jeffrey-epstein.html

On Wed, Mar 6, 2019 at 11:27 PM paul krassner <[redacted]> wrote:

**From:** Ann Coulter **Subject: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'**
**Date:** March 6, 2019 at 5:01:34 PM PST
**To:** "Friend" <[redacted]>
**Reply-To:** "HumanEvents.com" <r-ysmllbbqqlsnfcqqgvnrswzfrrbsfrffsqzpggvggfvzccqwtsb@humaneventsmail.com>

# Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'

Strangely, the media have suddenly taken an intense interest in the case of pedophile and major Democratic donor Jeffrey Epstein.

In 2005, the Palm Beach police were told by the mother of a young girl in West Palm Beach that her daughter had been brought to the Democratic donor's mansion and asked to have sex with him for money. This kicked off an intensive, one-year undercover investigation.

The police sifted through Epstein's garbage and interviewed 17 witnesses, including the housemen, who told of sex toys and dildos left behind after the underage girls left. One of

Epstein's procurers, a 20-year-old local woman named Haley Robson, who was paid $200 for every teenaged girl she brought to Jeffrey, was cooperating with police, telling them she was like "Heidi Fleiss." They obtained statements from five of Epstein's young victims, who said they'd been paid $200 to $300 to engage in various sex acts with ...

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**From:** paul krassner [redacted]
**Sent:** 3/7/2019 4:27:09 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Fwd: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'

**Importance:** High

**From:** Ann Coulter **Subject: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'**
**Date:** March 6, 2019 at 5:01:34 PM PST
**To:** "Friend" <[redacted]
**Reply-To:** "HumanEvents.com" <r-ysmllbbqqlsnfcqqgvnrswzfrrbsfrffsqzpggvggfvzccqwtsb@humaneventsmail.com>

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**From:** paul krassner [redacted]
**Sent:** 3/7/2019 3:02:42 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Media Magic: How a Democrat Pedophile Became a 'Trump Scandal'

**Importance:** High

GOOD FOR THE LACK OF DOUBLE JEOPARDY

On Mar 7, 2019, at 4:02 AM, J <jeevacation@gmail.com> wrote:

https://www.nytimes.com/2019/03/04/opinion/letters/jeffrey-epstein.html

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**Date:** March 6, 2019 at 5:01:34 PM PST
**To:** "Friend" [redacted]
**Reply-To:** "HumanEvents.com" <r-ysmllbbqqlsnfcqqgvnrswzfrrbsfrffsqzpggvggfvzccqwtsb@humaneventsmail.com>

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**From:** Pritzker, Tom [redacted]
**Sent:** 8/8/2016 9:28:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

You have to be a bit of a wonk to know some of the names, but Nye, Scowcroft and Nick Burns run it (Scowcroft being replaced by Condi). Members include Patraeus, Albright, Slaughter, Donalon (Obama NSA), Hadley (Bush NSA), Sullivan (NSA Hillary), Bill Burns (State #2), Kurt Campbell, Hoss Carwright (#2 Jt Chiefs), Harman, Ignatius, Sanger, Nunn, Reed, Sawers (MI6), Sherman (iran deal), Work (current #2 DoD). It seems to now be taking on an aura.

Looking for a time to come catch up in NY.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, August 08, 2016 2:45 PM
**To:** Pritzker, Tom [redacted]
**Subject:** Re:

who attends

On Mon, Aug 8, 2016 at 1:39 PM, Pritzker, Tom [redacted]> wrote:

I'm working on a date. Just finished presentation on leadership to grand pooh baahs of Aspen Strategy Group. Take a look at members it will make you laugh. Certainly made me laugh when they asked me to do it.

On Aug 8, 2016, at 9:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:

glenn?

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/8/2016 9:30:03 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Re: Re:

im in santa fe for the next two weeks come visit

On Mon, Aug 8, 2016 at 5:28 PM, Pritzker, Tom <[redacted]n> wrote:

You have to be a bit of a wonk to know some of the names, but Nye, Scowcroft and Nick Burns run it (Scowcroft being replaced by Condi). Members include Patraeus, Albright, Slaughter, Donalon (Obama NSA), Hadley (Bush NSA), Sullivan (NSA Hillary), Bill Burns (State #2), Kurt Campbell, Hoss Carwright (#2 Jt Chiefs), Harman, Ignatius, Sanger, Nunn, Reed, Sawers (MI6), Sherman (iran deal), Work (current #2 DoD). It seems to now be taking on an aura.

Looking for a time to come catch up in NY.

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glenn?

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**From:** PETER MANDELSON [redacted]
**Sent:** 1/22/2011 3:00:54 PM
**To:** jeevacation@gmail.com
**Subject:** This is business develpt to diagnose illness

**Importance:** High

On 16 November 2010 18:34, Michael Greenberg <[redacted]> wrote:

Ben and Lord Mandelson:

My late reply does no justice to my enthusiasm to follow up on our previous call and to your interest in the same. Apologies.

A word of explanation about the past two weeks:

- Financing:

Am in the midst of a $8-10 mn financing

In past two weeks have met potential investors in Toronto, Vancouver, DC, NYC, and Boston.

Have in this time already closed approximately $2 mn, which is encouraging

This pace will continue for another month or so until the financing is fully closed.

- US DoD:

Last week several of us took our prototype device to be demonstrated for the US military's Walter Reed Army Institute of Research (WRAIR).

At the conclusion of a four-hour session our host, Colonel Colin Ohrt, MD, who is in charge of the relevant WRAIR program, called our device a game-changer. He would like to pilot our device in Tanzania, Cambodia, Kenya, and Thailand. Follow up is being arranged.

Colonel Ohrt also separately evaluated our white paper on malaria elimination and expressed strong interest in also pursuing this project with Fio.

Accompanying Fio for these meetings was General Richard Tubb, MD (retired last year from the US Air Force). Dick was Chief of the White House Medical Unit and physician to Presidents Clinton and Bush.

- USAID

Also last week we successfully demonstrated our device for USAID and the President's Malaria Initiative (PMI). Follow up is being arranged.

Accompanying Fio for these meetings was Andrew Natsios, former head of USAID.

For all the foregoing meetings our prototype device performed well. Exciting times.

My trip to London has yet to be arranged and is dependent on financing events. In the meantime, I will happily travel to meet you in NYC.

Attached is the White Paper on Malaria Elimination which Fio had written and invited several academic partners to join. Since the time the document was first drafted, we discovered an even simpler technical strategy based on our new prototype device and reinforced by our recent discussion with WRAIR. This simplification would result in field trials as early as next year, which is much sooner than in the attached White Paper. To accomplish this we would team up with WRAIR rather than some of the current academic partners in the paper.

Best regards and wishes,

Michael

PS: Ben, any emails I've sent to Lord Mandelson always bounced back. Clearly I don't have the correct email address. Kindly forward this note to Lord Mandelson and forward his correct email address to me. Thanks.

---

Michael M Greenberg

[redacted]

[redacted](M)

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**From** [redacted] **On Behalf Of** Benjamin Wegg-Prosser
**Sent:** November-08-10 10:08 AM
**To:** Michael Greenberg
**Cc:** Shlomit Dekel

**Subject:** Re: GoToMeeting Invitation - Meet Now

Hi Michael

Just wondered if you had an update on things, we are keen to hear more.

Best

Ben

On 27 October 2010 06:54, Michael Greenberg <[redacted]> wrote:

It was great to speak with you both. Am eager to follow up on all fronts mentioned. In transit since we spoke - will reply more fully tomorrow.
Best wishes,
Michael

---

From: [redacted]
To: Michael Greenberg
Cc: [redacted]
Sent: Mon Oct 25 10:35:12 2010
Subject: Re: GoToMeeting Invitation - Meet Now

Michael,

Thanks for your time on Friday, it was great to hear more about FIO, we are keen to hear more.

In terms of follow up
- we look forward to receiving the White Paper that you mentioned.
- we will consider opportunities in Russia, principally via Rusnano, who we are in discussions with http://www.rusnano.com/Home.aspx?dummy=634236281106041875
- you asked about Onexim, this is the principal investment vehicle for Prokhorov (think New Jersey Nets). He's reckoned to be the wealthiest man in Russia post-crisis. He is investing more in nanotech and green energy projects.

- London meeting - please let us know dates when you might be coming through Europe.
- NY meeting - we will update when we know more about plans to come to New York as we could also aim to meet there.

Let's keep in touch and see where we get.

Best
Ben

On 22 October 2010 20:08, Michael Greenberg <[redacted]> wrote:

Hello:

If you would kindly click to this URL: https://www1.gotomeeting.com/join/526754137

and follow the instructions, you will be able to view my laptop screen, on which I will be able to show you our corporate presentation.

Sincerely,

Michael Greenberg

CEO, Fio Corporation

--
Benjamin Wegg-Prosser
Email:[redacted]
Skype: bweggprosser
Mob: [redacted] (UK)
Mob: [redacted] USA)
Mob: [redacted] RF)

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Benjamin Wegg-Prosser
Email:[redacted]
Skype:[redacted]
Mob: [redacted] (UK)
Mob: [redacted] (USA)
Mob: [redacted] (RF)

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Benjamin Wegg-Prosser

Email: [redacted]
Skype: [redacted]
Mob: +[redacted] (UK)
Mob: +[redacted] (USA)
Mob: +[redacted] (RF)

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Benjamin Wegg-Prosser
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Mob: [redacted] (UK)
Mob: [redacted] (USA)
Mob: [redacted] (RF)

Chief Whip

Deputy

# Diana DeGette

## About Diana DeGette

Chief Deputy Whip Diana DeGette is a 8th term member of Congress, representing Colorado's 1st Congressional district. In her eight terms serving the Denver metro region, Diana has established herself as a leader for progressive change on health care, reproductive rights, food safety, consumer protection and the environment.

DeGette is the most senior legislator in Colorado's House delegation, and in the 111th Congress she held a large amount of power as the House Democratic chief deputy whip and the vice chair of the influential House Energy and Commerce Committee.

With the Republicans taking control of the House in 2010, DeGette lost her vice chair position, but she is still a chief deputy whip and the ranking member of the Energy and Commerce Committee's subcommittee on Oversight and Investigations.

In January, 2011, Rep. DeGette was elected the Ranking Member of the Subcommittee on Oversight and Investigations.

DeGette is best known for championing increased federal funding for stem-cell research. In 2006, the congresswoman pushed President George W. Bush to issue the very first veto of his presidency when she teamed up with then-Rep. Mike Castle (R-Del.) to pass the Stem Cell Research Enhancement Act through a GOP-controlled Congress.

In summer 2008, DeGette published "Sex, Science, and Stem Cells: Inside the Right Assault on Reason," a book that condemns the politicization of science and argues that legislation on issues like abortion, birth control and funding for education programs should be based on science rather than religion. "Too many of our elected officials are simply incapable of thinking rationally about sex," she writes.

Diana is married to attorney Lino Lipinsky. They have two daughters and a dog.

## Health care

Diana believes that it is critical that all Americans have access to the health care they need. Diana has led the way for health care reform in Congress and played a central role in expanding coverage for low-income children and families.

Diana is a leading voice on health care reform in Congress. Her efforts were critical to the passage of a health reform bill earlier this year that will expand access to health care to millions of Americans and lower costs for those that previously enjoyed coverage. In particular, she was the leader of a broad coalition of representatives that were successful in resisting efforts to limit a woman's right to choose under the new legislation. Diana's top health care reform initiatives include access to high quality, affordable care for all children, prevention and wellness, strengthening the health care workforce, and expanding primary care and community health center services.

Diana has led efforts to expand the State Children's Health Insurance Program (SCHIP), which provides health insurance to low-income children up to age 18. In the 111th Congress, Diana was a leader in the expansion of SCHIP that was signed into law by President Obama in February of 2009.

## Stem Cell Research

U.S. Rep. DeGette was the chief architect of legislation to expand stem cell research, which was passed twice with broad, bipartisan support in Congress. The measure was vetoed twice by President George W. Bush – including his very first presidential veto. In March of 2009, President Barack Obama signed an executive order reversing former President Bush's restrictions on embryonic stem cell research. Standing next to the President as he signed the order, U.S. Rep. DeGette is working with the Obama Administration on codifying the order into law. In March 2010, Diana introduced bipartisan stem cell research legislation that would do just that. The Stem Cell Research Advancement Act would ensure a lasting ethical framework overseeing stem cell research at the National Institutes of Health (NIH) and will provide stability to the scientists and individuals who are on the quest for live-saving cures.

## Reproductive rights

As the co-chair of the Congressional Pro-Choice Caucus, Diana has fought for common-sense family planning and reproductive rights. She is a lead sponsor of the Prevention First agenda, which is a comprehensive, bi-partisan approach to reducing unintended pregnancies and the need for abortion. Most recently, Diana led the fight against the Stupak-Pitts Amendment – a dangerous restriction on women's reproductive rights.

**From:** [redacted]
**Sent:** 1/20/2014 4:26:13 PM
**To:** jeff epstein [jeevacation@gmail.com]
**Subject:** Re: Happy bertday

**Importance:** High

Hah! I completely forgot he always had that complex as a kid. Now its cool to be a mixed breed.
Trump has a gd pool. Swimming laps now 5/6 days/wk. Staying in good shape.
Why don't you do a boxing/workout session with philip sometime at mendez gym in mid town. He's into boxing with the spics.
Sent via BlackBerry by AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Mon, 20 Jan 2014 12:20:45 -0400
**To:** [redacted]
**Subject:** Re: Happy bertday

The black part?

On Monday, January 20, 2014, [redacted] wrote:

> I know. When warren goes, a part of us goes too. No BS in that.
> Sent via BlackBerry by AT&T

---

> **From:** Jeffrey Epstein <jeevacation@gmail.com>
> **Date:** Mon, 20 Jan 2014 12:12:29 -0400
> **To:** [redacted]
> **Subject:** Re: Happy bertday
>
> Tough
>
> On Monday, January 20, 2014, [redacted] wrote:
>
> > Jeff: have a great day on the island (or PB?). Getting to together with Dr Frog tonight.
> > Sent via BlackBerry by AT&T

--
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Jeffrey Epstein
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destroy this communication and all copies thereof,
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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
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ANNALS OF SCIENCE

# THE POWER OF NOTHING

*Could studying the placebo effect change the way we think about medicine?*

BY MICHAEL SPECTER

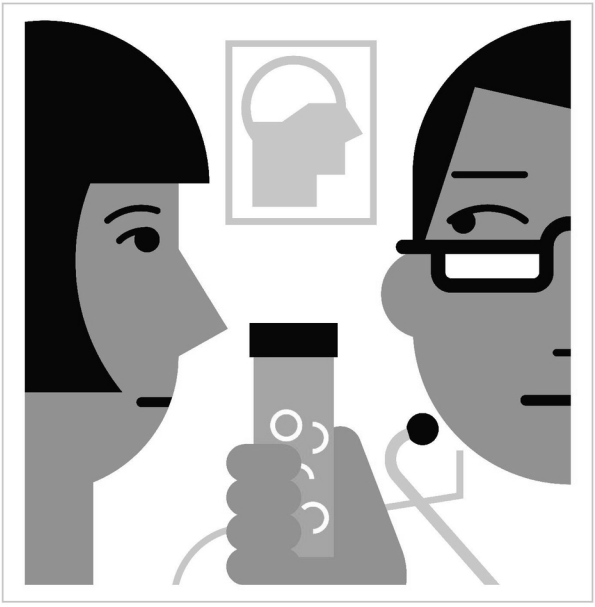

For years, Ted Kaptchuk performed acupuncture at a tiny clinic in Cambridge, a few miles from his current office, at the Harvard Medical School. He opened for business in 1976, on a street so packed with alternative healers that it was commonly referred to as "quack row." Kaptchuk had just returned from Asia, where, as an exiled alumnus of the turbulent sixties, he had spent four years honing his craft. "There were lots of alternatives on that street in those days, but no practitioners of Chinese medicine," Kaptchuk, who is sixty-four and still lives in the neighborhood, told me recently as we sipped (Chinese) tea in the study of his house. "The area is a little too L. L. Bean for my taste now," he said. "It was a different place then."

Not long after Kaptchuk arrived in Boston, he treated an Armenian woman for chronic bronchitis. A few weeks later, she showed up in his office with her husband, who had a Persian rug slung over his shoulder. He nodded to Kaptchuk and said, "This is for you." Kaptchuk accepted the rug, which he still owns, but had no idea what he had done to earn it. "Oh, doctor, you have been so wonderful," the woman told him. "You cured me. I was about to have an operation on my ovaries and the pain went away the day you saw me." Kaptchuk never spoke to the woman again, but he has been unable to get her out of his mind. "There was no fucking way needles or herbs did anything for that woman's ovaries," he told me, still looking mystified, thirty-five years later. "It had to be some kind of placebo, but I had never given the idea of a placebo effect much attention. I had great respect for shamans—and I still do. I have always believed there is an important component of medicine that involves suggestion, ritual, and belief—all ideas that make scientists scream. Still, I asked myself, Could I have cured her? How? I mean, what could possibly have been the mechanism?"

At the time, few serious scientists would have entertained such questions, let alone allowed words like "ritual" and "belief" to seep into a conversation about medicine. Placebos had a bad name, which is not surprising, since they have been used primarily to deceive people. In clinical trials, if a drug and a sugar pill produce similar results, the drug has generally been considered worthless. But the definition of medical treatment is changing, and so are attitudes about placebos. This year, Harvard created an institute dedicated wholly to their study, the Program in Placebo Studies and the Therapeutic Encounter. It is based at the Beth Israel Deaconess Medical Center and Kaptchuk was named its director. He has already recruited leading researchers from around the world, in disciplines as diverse as neuroanatomy and semiotics. The program was formed to explore an idea that even twenty years ago would have seemed preposterous: that placebos—given deliberately—might be deployed in clinical practice. As medicine.

Kaptchuk has no shortage of critics. They acknowledge the power of the mind to influence health but question the rigor of studies suggesting that placebos could possibly prove as valuable as drugs. Indeed, the idea of dispensing sugar pills is jarring even to those who, like Kaptchuk, are enthusiastic about it. After all, placebos have almost always been defined as exactly what medicine is not. "I realized long ago that at least some people respond even to the suggestion of treatment," Kaptchuk said. "We know that. We have for centuries. But unless we figured out how that process worked, and unless we did it with data that other researchers would consider valid, nobody would pay attention to a word we said."

The research has been propelled in large measure by the emerging discipline

*Scientists are now seriously investigating—and debating—our response to sugar pills.*

ANDERS WENNGREN



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of neuroimaging—which, like a live satellite feed from inside the human body, permits scientists to track precisely how a person reacts to a drug (or a placebo) as soon as he takes it. An injection of saline, for example, that has been described as a drug not only will reduce symptoms of Parkinson's disease but can help a patient produce more of the dopamine that the disease destroys. Results like those have provided scientists with chemical evidence of something they had long suspected: simply believing in a treatment can be as effective as the treatment itself. In several recent studies, placebos have performed as well as drugs that Americans spend millions of dollars on each year.

Transforming interesting laboratory findings into medicine is never simple, however, particularly when those findings involve fake pills and sham injections. Some people clearly respond better to placebos than others, though we don't know why; some illnesses and afflictions are more amenable to suggestion than others; and many of the most intriguing findings are tenuous. Even so, the recent research is difficult to dismiss. Through conditioning techniques, for example, our brain can "learn" different kinds of placebo effects: people first given morphine and then a placebo have one neurochemical response, while people who take ibuprofen followed by a placebo have another. Different "doses" cause different reactions, and studies have demonstrated that people who suffer from headaches and consume aspirin regularly can associate the shape, the color, and even the taste of a pill with a decrease in pain. The value of treatments like those—which have none of the side effects of drugs—would be immense, but placebos are not pharmaceuticals, and no reputable researcher has suggested that they will soon be for sale at your local pharmacy.

Kaptchuk acknowledges that placebos are not magic potions. "Placebos don't shrink tumors," he said. "They don't make blind people see. If you are paralyzed, they won't help you walk." He deplores the grandiose claims of alternative medicine and prefers to rely on data. "Ultimately, I am not a zealot or even a true believer," he said. "I am sure that I do not understand the placebo effect. I ask questions, hopefully valuable questions, and we will see where the research lands."

Kaptchuk practiced acupuncture for half his adult life. But he stopped twenty years ago. Despite the popularity of acupuncture, clinical studies continually fail to demonstrate its effectiveness—a fact that Kaptchuk doesn't dispute. I asked him how a person who talks about the primacy of data and disdains what he calls the "squishiness" of alternative medicine could rely so heavily on a therapy with no proven value. Kaptchuk smiled broadly. "Because I am a damn good healer," he said. "That is the difficult truth. If you needed help and you came to me, you would get better. Thousands of people have. Because, in the end, it isn't really about the needles. It's about the man."

For most of human history, placebos were a fundamental tool in any physician's armamentarium—sometimes the only tool. When there was nothing else to offer, placebos were a salve. The word itself comes from the Latin for "I will please." In medieval times, hired mourners participating in Vespers for the Dead often chanted the ninth line of Psalm 116: "I shall please the dead in the land of the living." Because the mourners were hired, their emotions were considered insincere. People called them "placebos." The word has always carried mixed connotations. Thomas Jefferson wrote approvingly of what he called a "pious fraud," and noted that "one of the most successful physicians I have ever known has assured me that he used more bread pills, drops of coloured water, and powders of hickory ashes, than of all other medicines put together." But, as increasingly specific knowledge about human anatomy emerged, people began to demand scientific answers to medical questions. Knowledge displaced faith, and human health improved rapidly. Antibiotics are real; placebos are not.

The first publicly acknowledged placebo-controlled trial—and still among the most remarkable—took place at the request of King Louis XVI, in 1784, under the direction of Benjamin Franklin, then the American Ambassador to France. The German physician Franz Anton Mesmer had become famous in Vienna for a new treatment he called "animal magnetism," and he claimed to have discovered a healing fluid that



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could "cure" many ailments. Mesmer became highly sought after in Paris, where he would routinely "mesmerize" his followers—one of whom was Marie Antoinette. The King wasn't buying it, however, and he asked a commission of the French Academy of Sciences to look into the claims. (The members included Franklin, the chemist Antoine Lavoisier, and Joseph Guillotin—who invented the device that would eventually separate the King's head from his body.) The commission replicated some of Mesmer's sessions, and, in one case, asked a young boy to hug magnetized trees that were presumed to contain the healing powers invoked by Mesmer. He did as directed and responded as expected: he shook, convulsed, and swooned. The trees, though, were not magnetic, and Mesmer was denounced as a fraud. Placebos and lies were intertwined in the public mind.

It was another hundred and fifty years before scientists began to focus on the role that emotions can play in healing. During the Second World War, Lieutenant Colonel Henry Beecher—who went on to become the first chairman of the anesthesia department at Massachusetts General Hospital—attempted to assess the degree to which the severity of a soldier's injuries corresponded to the amount of pain he felt. In Europe, Beecher met with more than two hundred soldiers, gravely wounded but still coherent enough to talk; he asked each man if he wanted morphine. Seventy-five per cent declined.

Beecher was astounded. He knew from his experience before the war that civilians with similar injuries would have begged for morphine, and he had seen healthy soldiers complain loudly about the pain associated with minor inconveniences, like receiving vaccinations. He concluded that the difference had to do with expectations; a soldier who survived a terrible attack often had a positive outlook simply because he was still alive. Beecher made a simple but powerful observation: our expectations can have a profound impact on how we heal.

Armed with this information, and with his conviction that the placebo effect could be harnessed to help relieve suffering, Beecher returned to the United States and continued his research. In 1955, he published an article called "The Powerful Placebo," in which he wrote that "placebos have a high degree of therapeutic effectiveness in treating subjective responses." The paper has been cited more than a thousand times by other scientists, and Beecher's conclusion—that the placebo effect plays a critical role in almost any medical intervention—influenced much of what has followed in clinical research. His basic supposition was correct: emotions and expectations can affect our perception of pain.

Before Beecher's work, new drugs were tested in a haphazard manner; since then, they have always been compared with a placebo or with another drug. But Beecher's methodology was deeply flawed. Although he reported that placebos were effective more than a third of the time, he shrugged off a phenomenon known as "regression to the mean." Over time, the condition of most patients improves, with or without treatment. A person who enrolls in a clinical study when he is feeling particularly bad is likely to improve solely as a result of the natural course of the illness, not because he was given a placebo. (And people often enroll in such studies when they are sickest.) A patient who knows that he is in a study also may expect a better therapeutic result than one who doesn't. If you believe that doctors are particularly attentive, you can get better more rapidly, even if they aren't. This is known as the Hawthorne effect. (There is also a "nocebo effect." Expecting a placebo to do harm or cause pain makes people sicker, not better. When subjects in one notable study were told that headaches are a side effect of lumbar puncture, the number of headaches they reported after the study was finished increased sharply.)

For years, researchers could do little but guess at the complex biology of the placebo response. A meaningful picture began to emerge only in the nineteen-seventies, with the discovery of endorphins: substances secreted in the brain that are chemically similar to opiates like morphine and heroin. The discovery led to the novel idea that, in effect, the brain produces its own pharmacy. In 1978, three scientists from the University of California at San Francisco—Jon Levine, Newton Gordon, and Howard Fields—decided to investigate whether endorphins might explain why patients who received placebos often reported a significant reduction in pain. People recovering from dental surgery were told that they were about to receive a dose of morphine, saline, or a drug that might increase their pain. By then, researchers had learned not only about the nocebo effect but that a suggestion of relief will often trigger the production of endorphins, so they were not surprised that patients receiving saline reported reduced pain.

What came next, however, fundamentally reshaped the field. The researchers dismissed the subjects who received morphine and then divided the remaining participants into those who responded to the placebo and those who didn't. Then they introduced Naloxone into patients' I.V. drips. Naloxone was developed to counteract overdoses of heroin and morphine. It works essentially by latching onto, and thus locking up, key opioid receptors in the central nervous system. The endorphins that we secrete attach themselves to the same receptors in the same way, so Naloxone blocks them, too. The researchers theorized that, if endorphins had caused the placebo effect, Naloxone would negate their impact, and it did. The Naloxone caused those who responded positively to the placebos to experience a sharp increase in pain; the drug had no effect on the people who did not respond to the placebo. The study was the first to provide solid evidence that the chemistry behind the placebo effect could be understood—and altered.

"It was one of those studies that make the scales fall from your eyes," Kaptchuk told me. "I had just started to think about the placebo effect—scientifically and historically. And here comes this paper that says that, even if it's all in your head, there is still a biological mechanism driving these reactions. It was very exciting."

Kaptchuk assumed that the results would add legitimacy to the field. He was wrong. "Things are better than they were," he said. "But even now, you know, people at Harvard talk about placebos the way the Popes used to talk about medicine. They declared that Jews were not allowed to treat Christians—not because they were not good doctors but because it would have been ethically wrong. These are ethical judgments masquerading as science. Because from the



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beginning I kept having this nagging thought: what is so bad about getting better from a placebo?"

That kind of thinking, still hard for most doctors to accept, was heretical in 1990, when Kaptchuk arrived at Harvard. "People kept saying, 'Oh, this is just the placebo effect.' You would hear that every day," Kaptchuk said. He had spent years studying Chinese medicine (and medical history), and this made no sense to him. "I thought, Ted, step back a minute. This wasn't just something that was a negative. It was something that needed to be understood."

Slowly, over the past decade, researchers have begun to tease out the strands of the placebo response. The findings, while difficult to translate into medicine, have been compelling. In most cases, the larger the pill, the stronger the placebo effect. Two pills are better than one, and brand-name pills trump generics. Capsules are generally more effective than pills, and injections produce a more pronounced effect than either. There is even evidence to suggest that the color of medicine influences the way one responds to it: colored pills are more likely to relieve pain than white pills; blue pills help people sleep better than red pills; and green capsules are the best bet when it comes to anxiety medication.

Conditioning and expectations matter, and so does learned behavior. In the eighties, Levine and Gordon divided a group of postoperative patients into three sections: those in the first section received morphine secretly, those in the second were told they would receive morphine (and did), and those in the third were given a placebo that was described as a powerful pain reliever. The results were startling. Patients who were told that they would receive a painkiller, whether they actually received it or not, had the same experience in the trial as those who secretly received between six and eight milligrams of morphine—a significant amount. The covert dose had to be increased to twelve milligrams to surpass the effect of the placebo. Over the past two decades, the Italian neuroscientist Fabrizio Benedetti (who studied with Gordon and Levine), and Luana Colloca, a colleague of Benedetti's, who is now based in the United States, at the National Institutes of Health, have expanded on these studies. They have found, for example, that diazepam—more commonly known as Valium—has no discernible effect on anxiety unless a person knows he is taking it. And, increasingly, studies like those have been carried out with the help of imaging techniques—such as PET scans and functional M.R.I.s—that can track brain changes as they happen. These advances in brain imaging, along with an increased understanding of neurochemicals, have transformed a vague and mysterious notion into a tangible effect that scientists consider worthy of investigation.

"What's exciting here is that, if we are to talk about using placebos in a clinical setting, they would have to have a measurable effect and a biology we understand," Wayne Jonas told me. Jonas is an interesting hybrid in a world often sharply divided between conventional and alternative therapies. In the early nineties, he served as the director of the Medical Research Fellowship Program at the Walter Reed Army Institute of Research, in Washington, D.C. He went on to run the Office of Alternative Medicine at the National Institutes of Health, from 1995 to 1999. Today, Jonas is the president of the Samueli Institute, a Washington research group devoted to shifting the focus of health care from treatment to prevention.

"The morphine studies bring us a long way," he said. So did a recent investigation by Kaptchuk, in which participants suffering from irritable-bowel syndrome were not deceived about their treatment; in fact, they were told in great detail about the placebos they received and that they were often as effective as real medicine. The pills brought them relief.

For many people in the field, results like those achieved in the morphine and I.B.S. studies, while preliminary and in need of confirmation, hint at something far more significant than the effect of a placebo or problems with a particular drug. They suggest that the "magic bullet" approach to health care—simple, effective solutions to single problems, like a strep infection or polio—can no longer remain our principal approach to treating disease.

There has always been a distinction between disease and illness. Disease is a biological condition that we have historically treated with drugs, surgery, and other technological solutions. Illness, on the other hand, defines the context of a medical encounter, including the relationship between doctor and patient. Like Kaptchuk, Jonas believes that placebo research demonstrates that it is essential to consider both the science and the art of medicine—to think about diseases as illnesses, and not to rely solely on short-term, high-tech solutions. Scientists hope that, even if it proves impossible to replace drugs with placebos, research into the way they affect us will accomplish nothing less than a transformation of American medicine. "There are

*"Bore me to sleep, Daddy."*

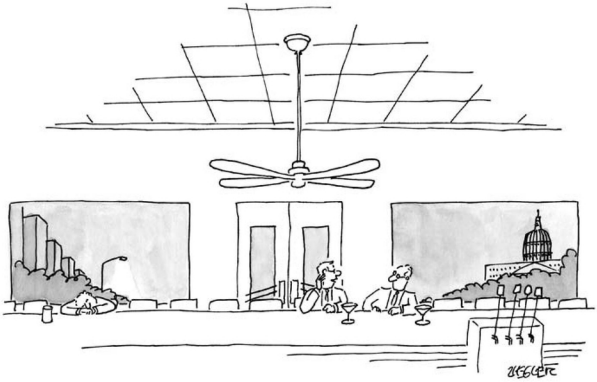

*"He's the chief watchdog, who watches over all the other watchdogs—but this must be his night off."*

• •

no magic bullets for most of the problems that ail us today," Jonas said. "Diabetes, immune-system disorders, chronic pain, cancer. Our illnesses are complex, and we need to approach them in more comprehensive ways. We try to identify drugs that will eliminate disease. Yet the way we go about delivering those agents—the interaction between doctor and patient, for example—often has a bigger impact than the agent we focus on. More than the drug and more than the surgery. And that has been collectively called the placebo effect."

The headquarters of the Food and Drug Administration, situated on a campus called White Oak, on the far edge of Silver Spring, Maryland, seems as close to the rest of the federal medical establishment as it is to Pluto. There is no Metro to White Oak, and it takes half an hour to drive from the sprawling campus to the National Institutes of Health, in Bethesda. The F.D.A.'s physical isolation belies its position as the nation's principal regulator of consumer products. No drug is sold without the agency's approval. There will be no prescriptions for any placebo, either, unless clinical trials have demonstrated its effectiveness to the satisfaction of the F.D.A.

"One of the absolutely fundamental problems that we have is the use of the term 'placebo,' which does nobody any good," Robert Temple told me, echoing a complaint made by virtually everyone who deals with the subject. Temple, who has for many years run the F.D.A.'s drug-evaluation department, is an owlish man with a short, thick mustache and circular glasses. His office is so filled with towering stacks of files that, after you enter, it takes a moment to find him. "Just because something is called a 'placebo group,'" he said, "everyone assumes that what happens in that group is a result of the placebo effect. And that is absolutely not true."

Temple, who has worked at the F.D.A. for four decades, rarely makes a decision without angering somebody. He has been regarded as a meddlesome reactionary by H.I.V. activists and others who insist that drugs be released more rapidly. The more conservative medical establishment frequently accuses the agency of endorsing the wishful thinking of drug manufacturers. And to the large and growing community that supports alternative approaches to medicine Temple is Dr. No.

Temple said that he understands why placebos attract people who become frustrated when science fails to provide definitive answers. "The persistence of what people believe will save their lives as opposed to the evidence is staggering," he said. "So people are talking about using placebos as drugs. But I have no idea what that means in practical terms. How would it work?" Tantalizing hints and possible effects are not data, and Temple says there are no data that would suggest that placebos are drugs. There are several studies, though, that illustrate the basis for his skepticism.

A placebo effect is commonly observed during trials of blood-pressure medications. To qualify for such studies, subjects are supposed to have blood pressure that exceeds a hundred and forty over ninety in at least one of the two measurements. "As soon as somebody enters those studies, his or her blood pressure falls an average of five or six millimetres of mercury," Temple said. "That is significant, but it is not a placebo response, and it is not a response to being in the study. It is often the result of doctors' inflating readings—of rounding up." If a person's blood pressure is a hundred and thirty-eight over eighty-eight, for example, investigators will often include him. "When you use an automatic blood-pressure cuff to establish a baseline for these kinds of studies, the entire placebo effect vanishes," Temple said.

When a drug (or a placebo) is under study, subjects are usually divided into two groups. Neither group knows exactly what it is getting (nor do the doctors), but one group generally receives the drug and the other a placebo. "There is a better way," Temple said. "If you want to see if there is a placebo effect, use three arms in a drug trial, not two. Tell them, 'Some of you will be getting a drug, some will get a tablet that looks like a drug but is nothing but a sugar pill, and some of you will get nothing at all.'

"It seems to me," he went on, "that if there is any substantial placebo effect, there ought to be a difference between the group that knows it's getting nothing and the group that doesn't know it's getting nothing. If there is no difference, then what are we talking about? Because it's not a placebo effect."

It turns out that there have been many trials of the type Temple mentioned. In 2001, the Danish epidemiologist Asbjørn Hróbjartsson, of Copenhagen's Nordic Cochrane Center, along with his colleague Peter Gøtzsche, published a systematic review of a hundred and fourteen clinical trials that compared patients who received a placebo with subjects who



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were told that they would receive no medicine at all. The researchers attempted to assess the combined impact of many different kinds of trials using meta-analysis, a statistical technique for extracting information from studies that are not statistically significant by themselves. Their article, "Is the Placebo Powerless? An Analysis of Clinical Trials Comparing Placebo with No Treatment," published in *The New England Journal of Medicine*, was a long-overdue response to Beecher's 1955 paper.

In almost every case, the researchers reported, there was essentially no difference between the placebo group and the openly untreated group. There were particular exceptions in studies of pain, where there was a slight but measurable placebo effect. Since we are physiologically capable of manufacturing our own painkillers—endorphins—the result may not have been surprising. Expectations and suggestion clearly influence behavior, and when we expect to receive medicine our bodies often begin to prepare for it. (As the evolutionary biologist Robert Trivers recently pointed out, in "The Folly of Fools," his book about the historical necessity of deceit, what the brain expects to happen in the near future affects its physiological state. Trivers's theory would explain a fact that has often baffled scientists: the placebo effect doesn't appear to work with Alzheimer's patients. Trivers suggests that this is because most people who have Alzheimer's disease are unable to anticipate the future and are therefore unable to prepare for it.)

The Danish researchers repeated the study in 2004, and again last year, incorporating new data each time. The results and their conclusions remained the same. "We found little evidence in general that placebos had powerful clinical effects," Hróbjartsson wrote. "Outside the setting of clinical trials, there is no justification for the use of placebos."

Kaptchuk has great respect for Hróbjartsson, yet he is wary of relying on meta-analyses, and he believes that an honest interaction between a doctor and a patient can significantly alter the outcome of treatment. That was the point of his study of irritable-bowel syndrome, in which some subjects were told that they would not be treated. I.B.S., a chronic gastrointestinal disorder, is one of the most common reasons that people seek medical care. Effective long-term therapies have proved elusive. In Kaptchuk's study, eighty patients were randomly divided into two groups. Patients in the first group received a placebo pill twice a day; those in the second received nothing. Before the study began, both groups were told that placebos were "inert or inactive pills, like sugar pills, without any medication in them." They were also informed that placebos have been shown in "rigorous clinical testing to produce significant mind-body self-healing processes." Patients who received the openly distributed placebo scored far better on standard assessments of their condition than those who received nothing. There were also statistically significant differences in the severity of symptoms.

Although a group of eighty patients is too small to draw definitive conclusions, honesty seemed to work. "Asbjørn's stuff is a constant intellectual challenge," Kaptchuk wrote in an e-mail. "His meta-analyses are tops. Great methods, very careful. Clear." Yet Kaptchuk also pointed out that placebos are not the only interventions that can cause complicated reactions. Drugs do, too. Opiods, for example, increase pain in about ten per cent of those who take them. Antibiotics don't always work, and neither does cortisone, a powerful steroid used each year by millions of people. Meta-analyses are useful to help understand large amounts of data from different trials. But statistical results that combine information from a variety of medical centers, with different kinds of patients, often in different countries, administered under different conditions, cannot be uniform and therefore cannot be conclusive.

Hróbjartsson and Kaptchuk are united on at least one front. Like Wayne Jonas, they agree that the medical system needs to change. "You have to put this into the context of the society in which you live," Hróbjartsson told me. "Because I think this may be as much a matter of philosophy as of science. There is an anti-technological, anti-science feeling in the West. We constantly see frustration with the limits of medicine. The placebo can be seen in some sense as a logical avenue for those frustrations. Everyone wants a simple, pain-free solution. But I wonder if that approach isn't just the mirror image of the pharmacological way of handling illness—that there is a pill for every disease.

"The entire idea of a placebo is very 'soapy,'" Hróbjartsson continued. "It slips away whenever you try to find a border."

That has always been true. After all, for many people a placebo is just a sugar pill. For others, the definition includes the entire ritual of treatment, the complete interaction between doctor and patient. Increased attention has mostly raised new questions: What are the physical and psychological mechanisms that produce placebo effects? What are the conditions they most easily affect? And can we actually identify people who respond to placebos? Scientists now have bits of answers to some of those questions, but to reach their goal, and introduce placebos into clinical practice, they will need to answer all of them.

Ted Kaptchuk gets a great deal of pleasure from focussing on what other people reject. Indifference seems to motivate him. "I was raised in a crazy home, and it prepared me to accept any proposition," he said. That, he once told me, is why he was so active in the sixties: "It was a time when the underpinnings of the universe were questioned." Both of Kaptchuk's parents, who were Poles, survived the Holocaust. "That really defines a lot of what I do. My father was a Red, so I have a tendency to get pleasure from subversiveness."

A particularly radical son of the sixties, Kaptchuk was one of the founders of the Columbia University chapter of Students for a Democratic Society, in 1965, but the organization was soon dominated by a faction that became the Weather Underground. That was too radical even for Kaptchuk. He fled to the West Coast. "I was hanging out with the San Francisco Red Guards and reading Mao, trying to get away from U.S. imperialism," he said. "I was militant and crazy. But at some point I said, Ted, this is not being human."

Kaptchuk decided to pursue studies in Chinese philosophy and medicine at the source. Beijing had yet to open its borders to Americans, but Kaptchuk hoped that his revolutionary bona fides would prompt the leadership to make an exception. "My request to study there was de-



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livered to the government by members of the Black Panther Party," he told me. Even that didn't work. The Chinese denied the request, and Kaptchuk spent much of the next decade studying in Macau.

Today, it is hard to imagine Ted Kaptchuk as a radical, let alone a fugitive. He is an observant Jew who wears a yarmulke on top of a shaggy bowl haircut that looks as if he'd copied the Beatles, circa 1964, then let it grow. As a devotee of Eastern thought, he bars shoes from his house and speaks in a hushed, measured voice. David Carradine would have played him beautifully.

Kaptchuk is the first prominent professor at Harvard Medical School since Erik Erikson with neither a medical degree nor a doctorate, and it would be easy to dismiss him as a signature representative of the unsubstantiated-alternative-health-care movement. But he has published scores of books, articles in highly regarded peer-reviewed journals, letters, and review notes—on subjects ranging from placebo research to exorcism, from cancer treatment to shaman rituals among Navajo Indians. He has just finished a study designed to answer a central question in placebo research: Do the genes of people who respond to placebos differ in significant ways from those of people who don't? (The data, compelling but so far preliminary, suggest that the answer is yes.)

"Ted Kaptchuk is the most knowledgeable person in the world on all matters placebo," Franklin Miller told me. Miller is a senior faculty member in the Department of Bioethics at the National Institutes of Health. "He has done the research, the scholarship, and the most interesting and clinically relevant studies." One day, I asked Kaptchuk how a man who practiced acupuncture and dispensed herbs, rather than earning a Ph.D. in biology or statistics, had learned to design complicated trials. He told me that he spent years seeking the advice of the most highly respected and rigorous medical statisticians. "I basically apprenticed myself," he said, "and they were happy to help a quack who wanted to deal with data."

Kaptchuk is proud of being what he calls "a card-carrying member of the Harvard establishment." It is a distinction that did not come easily, even though he has received millions of dollars in funding for his projects from the National Institutes of Health. "The goal is to understand placebos so that they may be used intelligently," he said one day. "But this is the area where I veer from some of my colleagues. Because what do I really want? Anything that gets people away from the conveyor belts that move from the pharmaceutical houses to doctors and on to patients is worth considering. Anything. We need to stop pretending it's all about molecular biology. Serious illnesses are affected by aesthetics, by art, and by the moral questions that are negotiated between practitioners and patients. Chiropractors never say that your pain is all in your head. But orthopedists do it all the time. What a fucking way to try and help somebody heal. Do you know how evil that is?"

That kind of deeply held conviction touches on the fundamental questions that challenge American medicine. Kaptchuk wants to broaden the definition of healing, which is exactly what enrages many scientists. In one recent study of a major asthma drug, he and his colleagues reported that, although placebos had no impact on the chemical markers that indicate whether a patient is responding to therapy, patients nonetheless reported feeling better. Kaptchuk concluded that objective data should not be the only criterion for doctors to consider. "Even though objective physiological measures are important," he wrote in the study, published earlier this year in *The New England Journal of Medicine*, "other outcomes such as emergency room visits and quality-of-life metrics may be more clinically relevant to patients and physicians."

"My jaw dropped when I read this," David Gorski, a professor of medicine at Wayne State University School of Medicine, wrote on the science blog Respectful Insolence. " 'Other outcomes' besides objective measures of disease severity may be 'more clinically relevant'?" That kind of assertion clashes with the basic truths of the scientific method. Kaptchuk counters that we are losing sight of our goal—which is to make people feel better. "This study demonstrated that, without a change in objective data, you still get incredible subjective improvement," he said. "So is a doctor really supposed to say, Gee, the patient is feeling good but I better ignore that and go by the numbers?"

It was late in the afternoon, and we were sitting in Kaptchuk's garden in Cambridge. He looked at me and threw his hands into the air. "Is my approach just hocus-pocus?" he said softly. "Isn't that what you are really asking? You want to know the relationship between rationality and feeling and between science, critical thinking, and the art of medicine. And that boils down to one question: Do you think this entire field is based on a foundation of magical thinking, or do you not?"

Three years ago, a week before Thanksgiving, while I was sitting in my office, my chest began to throb. It was a diffuse pain, but pain nonetheless. I am a middle-aged man with the usual amount of stress (too much) and I handle it in the usual way (denial). My cholesterol and blood pressure are normal, and I exercise regularly and try to eat sensibly. Still, I have read many obituaries of "healthy" men my age who ignored chest pain. So, somewhat sheepishly, I called my doctor and explained the situation, and he told me to come right over.

He conducted a thorough examination, and then we talked. He told me I was fine, that Thanksgiving is often a tense time, and that I should relax. My pain suddenly disappeared. I have written frequently of my belief that magic is for fairy tales and science is for humans. But something about that process soothed me. Of course, it was a relief to know that I wasn't sick. But could words really banish a pain I had struggled with for hours?

After I got home, I realized that I had been given a placebo. Not purposefully, perhaps, but it had the same effect. My doctor told me that I was fine, and that made my pain go away. It also eased my anxiety at least as effectively as if I had swallowed a pill. My doctor takes an extremely science-based approach to his work. That's what makes him so good at his job. But that afternoon we engaged in exactly the type of ritual that, according to Kaptchuk, will have to play a critical role in the future of American health care. And, at least in this instance, it would have been hard to argue that it didn't work. ♦



HOUSE_OVERSIGHT_029931

3 July, 2011

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|---|---|
| Article 1. | NYT<br>**Setting Sail on Gaza's Sea of Spin**<br>Ethan Bronner |
| Article 2. | The Daily Beast<br>**5 Lessons of the DSK Affair**<br>Bernard-Henri Lévy |
| Article 3. | Al-Ahram Weekly<br>**New paradigm in Palestine**<br>Mahmoud Musa and Awni Sarrif |
| Article 4. | Cato Institute<br>**The Rest Won't Overcome the West**<br>Leon Hadar |
| Article 5. | The Japan Times<br>**South China Sea: making sense of nonsense**<br>Mark Valencia |
| Article 6. | Scientific American<br>**How the Brain Understands Food and Appetite**<br>David Linden |

Article 1.

NYT

# Setting Sail on Gaza's Sea of Spin

Ethan Bronner

July 2, 2011 -- SOME see a parallel with the Exodus, the ship filled with Jewish refugees that tried to break the British blockade of Palestine in 1947 and helped sway world opinion toward Zionism. Others are struck by the insistence on transporting basic aid — food and cement — when it is no longer needed. Still others note the way the Israeli authorities portray the organizers as violent Islamists when most are middle-aged European pacifists.

Almost everything about the flotilla stuck in Greece and waiting to challenge Israel's blockade of Gaza seems to be a parable for something else, part of an unstated effort to recast the Israeli-Palestinian narrative in extreme terms. Instead of helping to clarify what Gaza needs and how it might build a future, the saga has merely brought out the public relations demons on all sides.

Ostensibly the 10 or so boats, with several hundred advocates from more than a dozen countries, are trying to take goods to Gaza because of a siege imposed by Israel and Egypt to pressure Hamas, the Islamist ruler there. A year ago a similar flotilla was stopped by the Israeli Navy, and after commandos boarded and scuffles ensued, nine activists were killed.

The international outrage that followed helped force an easing of the siege. One result, largely unacknowledged by the flotilla leaders: far more goods have gone into Gaza over the past year, and while the 1.6 million people there still need many things, basic supplies are not among them.

Israel is therefore quick to say that Gaza is well provided for and does not need any flotilla. If it still wants to bring in aid, it should take it

to either Israel or Egypt and it will be delivered by truck. Sea access must remain blocked to prevent weapons smuggling.

The Israeli position defies a brutal truth: last year's flotilla made a big difference for the people of Gaza — at a terrible cost in lives — by refocusing international attention on their plight and forcing a change in Israeli policy. Today, twice as many goods enter from Israel as before. Nonetheless, Gaza remains a deeply sad and deprived place.

"The focus on humanitarian aid by both flotilla organizers and the Israeli government is infuriating and misleading," Gisha, an Israeli human rights group focused on Gaza, said in a statement. "There is no shortage of food in Gaza, but economic recovery is blocked by sweeping restrictions."

The Exodus analogy supports a certain political and public relations strategy. In July 1947, when Britain ruled Palestine and the number of Jews allowed in was severely limited, the ship, with 4,500 Jewish refugees from Europe, tried to get through. British forces boarded it, killed three people, wounded dozens and essentially destroyed the ship as it listed in Haifa harbor.

The British ultimately sent the passengers to Hamburg. The sight of thousands of Jewish refugees shipped to Germany soon after the Holocaust sparked international outrage and sympathy for the Zionist cause, a key goal of the trip. "The Exodus showed that if the British are callous enough to send Jews back to Germany, the only ones who should be in charge of the fate of the Jews are the Jews themselves," observed M. M. Silver, an Israeli historian and the author of "Our Exodus." "Palestinian forces are trying to make the same point through the flotilla, that Israel has no right to control the fate of Palestinians."

Several months after the Exodus, the United Nations General Assembly voted for the establishment of two states in Palestine, Jewish and Arab, the key diplomatic moment in Israel's history. The

Palestinian leadership rejected that resolution, but this September plans to ask the United Nations for recognition of its statehood with the 1967 lines, a move strongly opposed by Israel.

Israel, for its part, has been campaigning against the flotilla and perhaps doing more — some of the boats have suffered sabotage. Israel says the Exodus is the wrong analogy; the flotilla is aimed at delegitimizing Israel and killing its soldiers.

"The flotilla is entirely designed to attack Israel's image around the world," said Yuli Edelstein, minister for public diplomacy. "We know that there are representatives of different terror groups on their way to join the flotilla."

Israeli military officials have told newspapers that some flotilla participants plan to pour sacks of sulfur on Israeli commandos and set them afire. The flotilla organizers have denied it.

A government news release noted that Mr. Edelstein had participated in a simulation exercise for the flotilla in which Israeli forces were attacked. The description of the simulation indicates how the government expects the harsh information war to play out: "As the events were taking place, the media — with emphasis on the Internet, Facebook and Twitter — were flooded with mendacious reports (by private users, Hamas and others among Israel's enemies)."

Mendacity has already reared its head. An Israeli actor put up a YouTube clip saying that he was a gay activist rejected by the flotilla because of his sexual orientation. The video was exposed as a fake. Israeli officials, who had promoted the clip on Twitter and Facebook, said they had been duped. But suspicions remained since the clip's production quality was high and officials had long used the talking point that Hamas and other Islamist groups were intolerant of homosexuality.

The Turkish group I.H.H., which helps sponsor the flotillas, has ties to Hamas, and Israeli and Western concern that violence could occur

if the flotilla sets sail does not seem far-fetched, despite the organizers' vows to the contrary.

So the flotilla has virtually no support in Israel. Still, some are uncomfortable with the way the project has been criticized as an attack on Israel itself.

Shlomo Avineri, a historian and onetime director general of Israel's foreign ministry, wrote in the Haaretz newspaper last week that when the flotilla is described as aimed at delegitimizing Israel, he recalls the Soviet Union's reaction to any criticism as an assault on its right to exist. Opposition to Israeli policy is not the same as an attack on its existence, he said, and the government's approach damages Israel.

His argument about the flotilla points to the larger dynamic: the Israeli-Palestinian dispute is increasingly disintegrating from a debate over borders and security into a battle between those claiming that Israel is a genocidal machine and those who dismiss every attack on its policy as an assault on its essence.

*Ethan Bronner is the Jerusalem bureau chief of The New York Times.*

Article 2.

The Daily Beast

# 5 Lessons of the DSK Affair

Bernard-Henri Lévy

July 2, 2011 -- The Strauss-Kahn affair is not over.

For it to be over, the American system of justice must pursue its investigation and work to the very end.

If it's truly to be over, Dominique Strauss-Kahn must be granted not only his freedom, but—even more importantly—restoration of his honor.

In other words, "the Strauss-Kahn affair" will continue to be regarded as such as long as it hasn't been clearly established that there never was any affair at all—and that the plaintiff, not content to have lied about this or that aspect of her past, also lied in accusing the former head of the IMF of having raped her.

And yet, given recent revelations, we can already draw a few lessons from what will ultimately—no doubt very soon—be known as the Strauss-Kahn non-affair.

1. The cannibalisation of Justice by the Sideshow.

This cannibalisation is not exclusively an American phenomenon, of course, and we have witnessed myriad examples of it in Europe and France. But it must be said that, with this affair, it has reached the heights of obscenity. The improvised press conference by the woman's lawyer on the steps of a courthouse normally dedicated to the sober discernment of the truth was obscene. The "shame on you's" that greeted Dominique Strauss-Kahn as he arrived for the hearing on June 6th, shouted by battalions of hotel chambermaids who knew nothing of the actual case and whose protest had been orchestrated and scripted, were obscene. And so, too, though in another manner, was the famous "perp walk" which, I'm aware, is the

lot of all those charged with a crime, but which, given the identity of the accused in question, could only degenerate into globally observed torture—high punishment for a crime, which no one, at that point, knew whether or not he had committed.

This vision of Dominique Strauss-Kahn humiliated in chains, dragged lower than the gutter—this degradation of a man whose silent dignity couldn't be touched, was not just cruel, it was pornographic. And it was at least as pornographic (because, I repeat, it's the same thing) as attorney Kenneth Thompson's visible glee in expounding on the state of his client's "vagina" [sic] before the entire world.

2. The Robespierrism of this judicial sideshow.

What is Robespierrism? It's a word taken from the French Revolution, of course, one that describes the way those behind the terror at the time took hold of a man of flesh and blood and dehumanized him by transforming him into an abstract symbol, and, as the literal incarnation of that symbol, tailored his person to fit the skin of all they had decided to purge from society of the Ancien Régime.

Well, we are compelled to observe that, regarding the Strauss-Kahn affair, America the pragmatic, that rebels against ideologies, this country of habeas corpus that de Tocqueville claimed possessed the most democratic system of justice in the world, has pushed this French Robespierrism, unfortunately, to the extremes of its craziness. In this case, Dominique Strauss-Kahn was no longer Dominique Strauss-Kahn. He was no longer a singular man gifted with a singular word, one whose version of the facts should have been carefully heard in order to compare it with that of his accuser. No. He was the symbol of arrogant France. He was the emblem of the world of the privileged, odiously sure of their own impunity. He was the mirror of this world of white global bankers that constitutes Wall

Street—one that the other America, the Main Street of every city in the country, sees as the quintessential enemy. And, similarly, this woman was the allegory of all women who are not only battered and humiliated but also poor and immigrant—their words, silenced too long, finally expressed through hers.

The sad thing is, that's not what justice is. Justice doesn't oppose symbols, but human beings. Unless we succumb once more to what Condorcet—one among many of Robespierre's victims—called the "sympathetic zeal of the supposed friends of mankind," and what I would call the "lynching, in sympathy with minorities, by their supposed friends."

3. For in France, again, Robespierrism has always gotten on well with another -ism, apparently its opposite but in reality its twin, which is called Barrèsism. What is Barrèsism? It is a worldview that takes its name from the French nationalist writer, contemporary of the Dreyfus Affair, Maurice Barrès. And it is particularly and precisely in reference to Captain Alfred Dreyfus that he uttered the famous phrase, "That Dreyfus is guilty, I deduce not from the facts themselves, but from his race." The Strauss-Kahn affair is obviously unrelated to the Dreyfus affair. I must state, to be clear, that I don't think it has much to do with this worldwide religion and delirium that is anti-Semitism. But what I do believe is that this is the appearance of a new variation on Maurice Barrès's phrase that has become, "That X—in this case Dominique Strauss-Kahn—is guilty, I deduce not from his race, but from his class."

And what I believe is that this utterance, along with the transformation (compliments of the Terror) of the "individual" Strauss-Kahn into "the suspect" delivered to the media guillotine, has been enough to fuel the fatal mechanism and make it run full throttle. In a letter by Bill Keller, the executive editor of The New York Times, that I received May 20 and that I have no scruples about

making public since publication was its purpose (it appeared in his commentary in The New York Times Magazine), he said he was "struck" and "puzzled" by the fact that "57 percent of the French public" and, in particular, "70 percent of the Socialists" seemed to embrace the cause of Dominique Strauss-Kahn, whereas "one might expect" them "to be ideologically empathetic to an African hotel maid."

I'm not saying that Keller was among those who found the powerful and white banker antipathetic. And I would say so even less since the Times ultimately provided the first elements of truth leading to the spectacular turnaround we are witnessing.

But I maintain that formulating the problem in these terms—bringing up political categories in a debate in which they are not relevant, in a word, introducing ideological considerations in an area with which they have nothing to do—is, in itself, very disturbing.

And I maintain—as I have said and repeated here and elsewhere—that the very fact of admitting that empathies of this sort can enter into the realm of justice amounts to inventing a class justice in reverse, no less problematic nor, ultimately, less criminal than the former.

It's no longer, as it once was, "bastard poor, the rich are always right," but rather, "rich bastards, it's the poor and the injured who are always, and inevitably, right."

4. Another temptation typical of our era is the sacralisation of the victim's word.

Let me make it clear. If there is a lifelong combat I have led of which I am proud, it is that which consists of giving voice to the humble and to those who have no voice. It is a combat I have fought in Bosnia, in the confines of Asia, in the forgotten wars of Africa but also, and as much or nearly so, in our officially democratic world where it took

decades of struggle so that "equality of rights" wouldn't be empty words, and so that rape, for example, would be recognized as a crime. But giving voice to the lowly is one thing. Considering this voice as Gospel is quite another—which can be the source of new and dreadful injustices. Yet this is exactly what has happened with his accuser's charges.

And I am still asking myself how so many editorialists, so many great consciences and, by the way, so many feminists could take it as a given that the word of this woman—of whom we knew only what filtered through the incomplete language of justice—was necessarily infallible.

The truth is that we have passed from one extreme to the other. The era when the word of the System's victims was, on principle, discredited has given way to one in which it is—also on principle—attributed all prestige.

Yet I repeat: To be a victim of society is one thing, and no one doubts that the alleged victim of the supposed rape is at least the victim of a social order that pays its hotel maids peanuts and treats them like livestock.

But to be the victim of aggression is another thing entirely and of an entirely different nature. It must be established methodically, scrupulously, and with discretion, by comparing evidence, viewpoints and witness accounts and by avoiding the interference of emotion, even when justified, that may motivate one and another. This is a question of principle.

5. Finally, as I immediately emphasized, there is already a victim in this case and that is the very principle, in the United States, of the presumption of innocence. Soon there will be another, I mean another victim, should it be verified that the accuser also lied about what actually happened in this now-legendary suite at the Sofitel, and that will be Dominique Strauss-Kahn himself. But from now on, there

is an established disaster, that being the destruction, in a country of which it was one of the pillars, of the sacrosanct principle that, even in an accusatory system, a man has the right to the respect of his honor and his integrity as long as his guilt has not been established. In the case of Dominique Strauss-Kahn, this principle was flouted by the tabloids (The New York Post, The Daily News, etc.) whose competitions in humiliation transformed him, from the first moment, into a monster. He was trampled on by that part of the "serious" press, which, like Time magazine, with its astounding cover illustrating the “lies” and “arrogances” of the “powerful” with a photo of a pig, committed what the worst of the tabloids did not dare to.

And he was crushed, then, by that fraction of the American judicial apparatus that, by putting Dominique Strauss-Kahn in stocks, by humiliating him before the entire world, by ruthlessly pursuing him, has probably ruined his life. That is what I wished to say when I wrote that, after George W. Bush’s invention of the concept of “pre-emptive war,” America, under Cyrus Vance, Jr., has perhaps begun to invent the idea, scarcely less horrifying, of “pre-emptive penalty.” And please allow a friend of this country to repeat, here, what he has said in his own country, when media-judicial tornadoes of the same kind have swept the land: that all this calls, at the least, for serious, honest, and substantial soul-searching.

*Bernard-Henri Lévy is one of France's most famed philosophers, a journalist, and a bestselling writer. He is considered a founder of the New Philosophy movement and is leading thinker on religious issues, genocide, and international affairs. His most recent book, Left in Dark Times: A Stand Against the New Barbarism, discusses political and cultural affairs as an ongoing battle against the inhumane.*

Article 3.

Al-Ahram Weekly

# New paradigm in Palestine

Mahmoud Musa and Awni Sarrif

30 June - 6 July 2011 -- All roads to a meaningful settlement of the Arab Israeli conflict are at a dead end. Nevertheless, should two states be established in historic Palestine, bloody conflict will persist. Putting aside disputes over natural resources, Israel will remain a Zionist supremacist state with a clear arsenal that can turn the entire Middle East into an inferno, and the enclaved improvised Palestinian Arab entity cannot exist without aid from the outside world. There will be democracy for the Jewish people of Israel, with second and perhaps third class citizenships for all others.

The Palestinians, as the last twenty years have shown, will be ruled under an autocratic corrupt police state. The plight of the Palestinian refugees living outside the new Palestine will continue and their right to return totally forgotten. The Jordanian regime may collapse to become the alternate home leading to civil wars between the indigenous Jordanians and the Palestinians. It is also reasonable to assume that, in order to preserve the Jewish identity of Israel, another Nakba will befall the Israeli Arabs who may be relocated to areas in the West Bank.

There can only be one solution -- one state where Palestinians and Israelis alike are equal citizens in a nation that belongs indeed to the Middle East. Three conditions must be met for the new state to take hold: dissolving the Palestinian Authority in Ramallah and the Hamas Government in Gaza, the rejection of Zionism by the Israelis, and the return of the Palestinian refugees. These can only be accomplished under the auspices of the United Nations (UN).

Whereas the defunct two state solution was proposed in 1947, when the UN General Assembly passed Resolution 181 calling for dividing historic Palestine into two entities and for granting Jerusalem an international status, the reversal of this resolution by the Assembly is imperative. Although not legally binding, this resolution did grant legitimacy to the creation of the State of Israel. Ironically, since that resolution, there was no serious discussion concerning the establishment of two states in Palestine until the 1991 Madrid Conference and the signing of the Oslo Accords (Declaration of Principles on Interim Self-Government Arrangements) in Washington in 1993. Except for a few euphoric, but short-lived moments, not the slightest progress has been made towards granting the Palestinians statehood, and all attempts to establish two states have failed.

We propose that neutral member states should ask the UN General Assembly to rescind Resolution 181 and to request a new resolution for the establishment of one state in historic Palestine. Although this responsibility falls under the Security Council, the constant exercise by the US of its veto power to protect Israel against condemnations and sanctions has proven the council's ineffectiveness in dealing objectively with the Arab-Israeli conflict.

At the General Assembly, each state has an equal voting right, thus lending legitimacy to passed resolutions. In its deliberations, the Assembly should also address international law and human rights violations committed by Israel, the PA, and neighbouring states against the Palestinian people, and set a course for a new beginning in the Middle East through major shifts in the paradigms that have crippled the region for decades.

A resolution for establishing one democratic state in historic Palestine will include as citizens all those who live there and all Palestinians in the Diaspora, reaffirming Palestinian refugees right to return, and acknowledging the special place that Palestine is for

world Jewry. Such a resolution is supported by four facts: All attempts to establish two states have ended in failure; the Jewish and Palestinian populations are too intertwined to separate except forcibly which would constitute apartheid; the physical geography and natural resources such as water and natural gas in coastal waters make division a source of perpetual tension; it is imperative to eliminate the current legitimacy given to Israel's racist colonial system and to establish a just political culture for all.

The resolution's implementation would be the responsibility of the UN and Israel/Palestine, Jordan, Syria, Lebanon and Egypt. To succeed, representatives of world powers may have to serve as even-handed observers.

The international focus on the Goldstone Report elaborating Israel's alleged crimes in Gaza, and on its assault on the humanitarian aid flotilla uncover only the tip of the iceberg of Israel's violations of international law. The UN is within its rights to sanction Israel for its defiance of international laws and norms. However, although Israel is the primary offender, Lebanon (denying Palestinians minimum civilian rights), Jordan (withdrawing citizenship without due process of the law), and the PA (an autocratic police- state), should all be held accountable for gross human rights violations against the Palestinians.

While a new course should be set based on reconciliation and forgiveness, Israeli and Arab individuals charged with such war crimes and human rights violations must be prosecuted. The General Assembly should, therefore, establish an International Criminal Tribunal as a "subsidiary organ" under Article 22 of the UN Charter for this very purpose.

The proposed shift in the paradigms regarding the Palestinian/Israeli conflict, once implemented will contribute to three UN goals: peace and security of the West Asian/North African region as the new state

relinquishes occupied Lebanese and Syrian territories and dismantles it nuclear arsenal; cultural, political, and economic development of the region; and equal rights of all people living on that land.

The new state will be diverse -- an amalgam of different nationalities and faiths, all with equal rights and opportunities. To the Abrahamic faiths, historic Palestine is the Holy Land. The majority of the Palestinians see themselves as Arabs; as such, the new state should have a special status in a more meaningful Arab League. The nationalistic feelings of the Jewish population that link them to fellow Jews worldwide must be recognised and upheld. The Jewish population will, however, have to reject Zionism, a racist and apartheid ideology based on 19th century European colonialist thinking which preyed on the Jewish national feelings long before the Palestinians became its victims.

The new state will bring fundamental changes in governance to the region. Democracy based on equal opportunities will begin to take hold with economic and military unions of the independent states of the region. An EU-like union of the new state, Syria, Jordan and Lebanon will enhance peace and reconciliation and will be a nucleus for a larger regional union.

There are numerous challenges ahead. They range from developing trust to rebuilding the infrastructure, the judicial, educational and social institutions; from disposing of the nuclear arsenal to dealing with the issues of confiscated lands, demolished homes and erased towns and villages. The first step, however, is to go to the UN General Assembly.

*Professor Musa teaches global politics at the Ecole des Hautes Etudes Internationales in Paris, and Dr Sarrif is a researcher in Middle East studies.*

Article 4.

Cato Institute

# The Rest Won't Overcome the West

Leon Hadar

July 1, 2011 -- Much has been said and written in recent years about the growing challenge to US geo-strategic and geo-economic status by China, BRIC (Brazil, Russia, India and China) and the other rising global powers, including South Africa, South Korea, and Turkey. Indeed, in the aftermath of the US military debacles in Iraq and Afghanistan, and especially since the financial meltdown and the ensuing Great Recession, small-time pundits as well as renowned futurologists have been predicting that the West is basically kaput and that the rest of the Twenty-First Century belongs to the 'Rest'. In this scenario, China replaces the US and the global hegemonic power sooner or later. As we study these America-is-finished-and-China-rules-the-world forecasts, it is important to recall that not so long ago many of the same pundits and futurologists were anticipating that globalisation and the Internet would lead to the collapse of the nation-state and the end of the business cycle, or that the US would dominate a unipolar international system and bring about the triumph of democracy and free markets worldwide.

That many of the same experts who were celebrating US triumphalism in the aftermath of the fall of the Berlin Wall and the First Gulf War have now been transformed into the prophets of American gloom and doom, should encourage us to embrace a certain sense of scepticism about the notion that China and the rest of the Rest are about to take charge and that Washington will turn out to be nothing more than a tourist attraction for Chinese and Indian tourists in the coming years.

Even if we set aside indicators such as gross national income per capita (US$46,300 in the US; US$3,650 in China) or military spending (US$687.105 billion in the US; US$114.300 billion in China) that make it clear that the combined economic (G-8 and other industrial nations) and military power of the West overwhelms that of the Rest, the reality is that the Rest - occasionally being referred to as the South - remains an amorphous amalgam of nation-states and economies that have very little in common aside from some hostility - which is receding - towards past European colonialism and American hegemonism.

That Russia is both a member of the exclusive western club of the G-8 and of the BRIC grouping is just one example of the complex global reality in which governments like Russia, or for that matter China, Turkey or Brazil, find US power to be appealing while at the same time also trying to keep it at bay. Hence, the states and economies which belong to the elusive Rest are seeking to penetrate the markets of the US and the West and attract their investors, while also hoping to reform global rules and institutions in a way that would reflect their growing power.

But as Mexico failed in its attempt to win support from the South for its candidate for leading the International Monetary Fund (IMF), the long-term interests of China or India may lead them to support the current status quo in the institution. In fact, the G-20 that has been touted as the new global grouping for projecting the rising power of the Rest, has yet to demonstrate its effectiveness in charting a new direction for the global economy.

Moreover, notwithstanding their occasional resort to anti-American rhetoric, China and Russia which are leading members of the Shanghai Cooperation Organisation are each probably more worried over the threat that the other poses to its security interests than the US challenge.

Turkey may be attempting to reassert its influence in the Middle East by defying US pressure. But it remains a loyal member of Nato and continues to press for membership in the EU. In fact, notwithstanding Turkey's regional ambitions, it has proved to be ineffective in trying to bring to an end the political upheaval and violence in neighbouring Syria. At the same time, despite its lessening influence in the Middle East, the US and its Nato and EU partners continue to play an active role in trying to provide support to its allies and bring some stability to the Middle East.

And while Asean members are strengthening their economic ties with the rising Chinese giant - as are Japan, South Korea, Australia and India - they also support continuing strong US military and economic presence in East Asia as part of an effort to counter-balance Chinese efforts to establish its dominant position in the region.

In a way, even as emerging markets are gaining more economic clout and the international system is becoming multipolar, it is not clear that that is creating the conditions for the West versus the Rest confrontation or that the US or the EU is being marginalised. In the new global economy and international system with its many centres of power, interlocking trade and investment ties, and shifting balances of power, a wise and effective leadership coming out of Washington could help actually turn the US once again into a central and indispensable power.

*Leon T. Hadar is a research fellow in foreign policy studies at the Cato Institute, specializing in foreign policy, international trade, the Middle East, and South and East Asia.*

Article 5.

The Japan Times

# South China Sea: making sense of nonsense

Mark Valencia

June 29 — After a series of aggressive incidents involving Chinese patrol boats and subsequent soothing official statements, many analysts are trying to figure out what is really going on.

More specifically, why have different sections of China's government given mixed signals and chosen in nearly one fell swoop to embarrass their own leaders, undermine China's carefully nurtured and reasonably successful "charm offensive" toward the Association of Southeast Asian Nations (ASEAN), and play right into the U.S. strategy of convincing ASEAN nations that they need its protection from a bullying China?

In China, has the political train left the station and are ASEAN nations thus just changing seats or cars on the train?

We are talking here not just about blatant violations of the solemnly agreed Declaration on Conduct of Parties in the South China Sea (DOC) — all parties are guilty of that — but also of contradicting, by poorly timed actions, the words of leaders. When Chinese Defense Minister General Liang Guanglie was telling the Shangri-la Dialogue on June 3 in Singapore that "China is committed to maintaining peace and stability in the South China Sea" and that "China stood by" the DOC, news media were reporting that on May 26 a Vietnamese survey ship operating on its claimed continental shelf had its seismic cables cut by a Chinese patrol boat.

Shortly after that event China sent two vice chairmen of the Central Military Commission to Southeast Asia to try to reassure other

ASEAN claimants. But a second such incident occurred on June 9 — only two weeks later. Earlier, on March 4, the Philippines protested an incident on the Reed Bank in which two Chinese patrol boats allegedly threatened to ram a Philippine survey ship.

Then on the eve of Gen. Liang's visit to Manila, Chinese fighter jets allegedly harassed members of the Armed Forces of the Philippines near disputed islands in the South China Sea.

China responded to frenetic protests from Vietnam and the Philippines that any exploration in the Spratly area without its consent is a violation of its jurisdiction and sovereignty. This real time link between its stark and sweeping position and its enforcement has sent a chill down the spines of other ASEAN claimant and drawn U.S. attention. These disputes and even such incidents are certainly not new but why are they occurring now, and why is China sending very mixed signals?

This was supposed to be a period of negotiations to transform the DOC into an official enforceable code. Needless to say, this effort may now be moribund.

Despite China's rhetoric, ASEAN nations are genuinely alarmed and are looking to the United States for succor and support. The U.S. — having confronted China and injected itself into the issue via U.S. Secretary of State Hillary Clinton's speech at the ARF Foreign Minister's meeting in Hanoi in July 2010 — is only too happy to help — at least verbally and with signals that militaries understand.

The great irony is that none of this was necessary for China. Its problem with the U.S., or vice versa, concerns the intelligence-gathering activities of U.S. military vessels and aircraft — the EP-3, the Impeccable, the Victorious, the Bowditch in what it claims is its waters — not conflicting claims to islands or ocean space. These can only be linked in one worst scenario: that China has decided that it disagrees with portions of the U.N. Law of the Sea Treaty that it

ratified and with international law that Western powers developed and have imposed on China while it was weak and that it now is set on revamping the international system.

In other words China is indeed serious about its nine-dashed line claim to all features, waters and resources of the South China Sea and it alone will decide the passage regime to be imposed therein.

This is radical and could lead to war.Otherwise, China could claim most of what it wants by using existing international law and the Law of the Sea Treaty. It could claim the features and, for legal islands, a continental shelf and 200 nautical mile exclusive economic zone for each. Of course it would have to negotiate boundaries with the other claimants.

But that is the present situation anyway and China's legal position is very weak. The area claimed would be almost the same as that within the nine-dashed line and the argument would be legitimate — supported by the convention.

Regarding the navigational issues with the U.S., the U.S. has not ratified the convention and has little legitimacy in arguing it or its interpretation thereof. The U.S. would be widely seen as a "bully" if it tried to force its interpretation on the world.

The puzzle is that China has excellent experts on Law of the Sea who are aware of this opportunity and yet China seems to be eschewing this option.

Perhaps U.S. strategy and tactics have pushed a portion of China's military leadership "over the edge." Maybe they have concluded from what they perceive as the U.S. "containment" policy and the constant and active probing by high-tech spy vessels and planes that war is inevitable. In this scenario China feels it must defend its exposed underbelly and push its defense "zone" as far south and seaward as possible.

Of course, this is anathema to the U.S., particularly its navy. In this case, the DOC or even a convention will be of little utility. Let us hope that the real explanation is more benign. One possibility is confusion and lack of coordination between high policy officials in foreign affairs and the military, particularly the PLA Navy. But this could also mean that China's foreign policy is in flux or disarray on this issue and that the PLA Navy has emerged as a trendsetter and spokesperson thereon.

Remember that just as U.S. Secretary of Defense Robert Gates arrived in January on his historic visit to China, its military tested a stealth fighter and the civilian leadership appeared to have been caught unawares.

If the military is on occasion acting independently of the civilian leadership, this could explain the seeming dichotomy between Chinese officials' words and PLA Navy actions. But this would indeed be worrying.

In any event the situation looks likely to get worse before it gets better. More surveys and exploratory drilling are planned in areas claimed by China. And Vietnam has conducted an offshore live-fire drill and has called for international — including U.S. — help to resolve the issues. Rare anti-China protests have broken out in Hanoi and Manila. At this point all one can say is hold on to your hat.

*Mark Valencia, a former senior fellow with the East-West Center, is a maritime policy analyst.*

Article 6.

Scientific American

# How the Brain Understands Food and Appetite [Excerpt]

David Linden

*Editor's Note: The following is an excerpt from a chapter in the book Compass of Pleasure: How Our Brains Make Fatty Foods, Orgasm, Exercise, Marijuana, Generosity, Vodka, Learning, and Gambling Feel So Good by David Linden. Copyright (c) 2001 by David Linden.*

July 2, 2011 -- In studies where the food intake and energy expenditure of subjects are carefully monitored over a period of weeks to months (which tends to average out day-to-day fluctuations) a remarkable balance between calories consumed and calories burned was observed. When various mammals, from mice to monkeys, are either overfed or starved for a few weeks, their weight soon returns to normal levels when free access to food is resumed. Crucially, our mammalian bodies seem to be able to regulate feeding based on the amount of energy available in the food we consume, not just on the volume of that food. One example of many: When groups of rats were fed nutrient solutions of varying concentrations, they adjusted the volume consumed to achieve a constant inflow of calories. It's a lot like the thermostat in your house: When its thermometer registers a drop in temperature, it sends a signal to the heater to warm the house until the desired set point is reached.

These observations suggest that the brain must receive signals from the body that indicate its weight and that the brain makes use of the signals to modulate appetite and energy expenditure in order to

maintain an individual's weight within a fairly narrow range. The signals are received in a structure at the base of the brain called the hypothalamus. The hypothalamus is involved in the control of many basic, subconscious drives and reflexes including sex, feeding, aggression, drinking, and regulation of body temperature. When rats received lesions in a particular subregion of the hypothalamus called the ventromedial area, they became obese. They behaved as if they were starving and compensated with an increase in food intake and a decrease in energy expenditure. Conversely, when a different part of the hypothalamus, called the lateral area, was destroyed, the rats behaved as if they had been overfed. They reduced food intake and increased energy use and thereby became dangerously lean. This is not just a rat trick: These experiments have been replicated in a wide variety of mammals, and humans who sustain damage to the ventromedial hypothalamus (usually from a tumor of the adjacent pituitary gland) will also increase their food intake and become obese.

This model raises one obvious question: How does your hypothalamus know how much you weigh? Let's step back and play God for a moment. If you wanted to build this system, how would you do it? By measuring blood glucose? Fat deposits? Core body temperature? Pressure on the soles of the feet?

This all remained a mystery until 1994, when Jeffrey Friedman and his colleagues at Rockefeller University reported their observations of two strains of mutant mouse, one called obese and the other called db. (These mutations were not created by scientists using genetic tricks but arose spontaneously in a breeding colony.) Both strains of mice were extremely fat, a trait that was passed on to their offspring in a simple, dominant pattern of inheritance, like eye color. This suggested that obesity in both obese and db mouse strains resulted from a mutation in a single gene in each case. Friedman's group was

able to track down the mutation in the obese mice and found that it blocked production of a particular protein hormone, which they named leptin. The leptin protein is only secreted by fat cells. When similar analysis was performed on the db mice, it was found that the disrupted db gene was responsible for encoding a protein that functions as a leptin receptor: When it binds circulating leptin at the cell surface, it sets in motion a biochemical cascade inside the cell. Most provocatively, the leptin receptor is expressed strongly on neurons in those areas of the hypothalamus that cause obesity or leanness when destroyed.

So with Friedman's key findings we now have a reasonable hypothesis for how the hypothalamus can sense body weight and use that information to maintain it within a narrow range. When weight is gained, the amount of body fat increases, and since fat cells secrete leptin in proportion to their mass, leptin levels will consequently rise. Leptin circulates in the blood and crosses into the brain, where it is sensed by leptin receptors expressed on neurons in the hypothalamus. Activation of those neurons by leptin suppresses appetite and increases energy expenditure. When weight is lost, the system works in the opposite direction: Less fat means reduced levels of circulating leptin, increased appetite, and reduced energy expenditure.

So far, the evidence that supports this hypothesis is quite promising. Leptin levels in the blood do indeed increase with weight gain and decrease with weight loss. Injections of leptin in obese mutant mice cause them to reduce food intake and lose weight (and these injections work even if tiny doses are delivered directly to the hypothalamus). Injections of leptin in db mutant mice have no effect, because there are no leptin receptors in the hypothalamus for the exogenous leptin to activate.

Of those people who are morbidly obese, less than 1 percent harbor DNA mutations that disrupt the function of the leptin gene—a low

rate of incidence that is not surprising, as leptin-deficient humans and mice are both in fertile, so these mutations do not pass readily to subsequent generations.

*David J. Linden is an American professor of neuroscience at Johns Hopkins University in Baltimore, Maryland, and the author of The Accidental Mind: How Brain Evolution Has Given Us Love, Memory, Dreams, and God.*

**From**: [redacted]
**Sent**: 2/3/2016 1:15:33 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Jeffrey Epstein [jevacations@gmail.com]
**CC**: Lesley Groff[redacted]
**Subject**: I beat Bush

**Importance**: High

Hi Jeffrey,
I got more votes than Jeb Bush got in Iowa, and I only had one congressional district, he had four!! It's so funny (to me – totally embarrassing to him)!!! Still like Trump 😉 and might be a delegate to the republican convention.

Was in St. Thomas for a couple of days – did call this island, but never heard back. Went scuba diving off St. Jeff and it was beautiful. Would be totally funny (to me at least) if you put a big fake shark or statute under the water where the divers go....

Love ya,
[redacted]

**From**: [redacted]
**Sent**: 5/18/2016 2:42:38 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Hello

**Importance**: High

Hi Jeffrey,
Hope all is well with you. Enjoying this political climate 😉? I moved from the Trump campaign to Kasich as there was a fabulous opportunity to be on his Advisory Committee for Elder Issues. Now, I'm going to try to get on with Trump as an advisor. He's going to have big problems with Trump University and the charge of Senior Financial Abuse in CA and FL.

Also, starting a new company helping Seniors age successfully, especially individuals with dementia - the earlier we catch it the better. I've been working with a memory center and individuals in DC and it's remarkable the results I've been able to achieve over the last year. Of course, only want to work with people/families/guardians that are SERIOUS about getting the best care. I stress 'serious' because I don't want to get into a situation like as last summer.

How is Fred? It's just sad sad sad that instead of letting me help him, Joe had me fixing his watch and finding a school for his son… I think of where Fred could be today, and instead he's probably locked up in his apartment with no help that has dementia training – he probably thinks he's crazy by now. Know you like Joe, but it was sad sad sad that he didn't let me do my job. Was it an intentional con? Very few things he said were the truth (but, hey, people liked Bernie Madoff too)….

Anyway – the past. I'm charging in the range of $1000 – 1500 per day plus expenses and it's all highly confidential. A customized 'mind-body' enhancement to achieve the most out of one's life! And, training for the family to help transition to the 'new reality' with their loved one with later stage dementia.

I'm in NYC Friday for the annual meeting of the Circumnavigator's Club, and will stay over the weekend. Love to see you if you're in town! Would also like to have lunch with Fred - enjoyed his company - but Joe probably won't let that happen 😉.

Love you! And wishing you Love and Happiness, [redacted]

PS. Any idea how to get rid of this damn smoking gun article? It's now the first thing you see when googling me…

[redacted].
**Beck Center for Longevity & Successful Aging**
[redacted]

*Specializing in a highly confidential approach to living longer, being sharper, and getting more out of your life!*

**From:** [redacted]
**Sent:** 5/18/2016 4:41:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Hello

**Importance:** High

That sucks....

Sent from my Windows Phone

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**From:** jeffrey E.
**Sent:** 5/18/2016 10:46 AM
**To:** Gwendolyn Beck
**Subject:** Re: Hello

impossisble to get rid of

On Wed, May 18, 2016 at 10:42 AM, [redacted] wrote:

Hi Jeffrey,

Hope all is well with you. Enjoying this political climate 😉? I moved from the Trump campaign to Kasich as there was a fabulous opportunity to be on his Advisory Committee for Elder Issues. Now, I'm going to try to get on with Trump as an advisor. He's going to have big problems with Trump University and the charge of Senior Financial Abuse in CA and FL.

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Love you! And wishing you Love and Happiness, Gwendolyn

PS. Any idea how to get rid of this damn smoking gun article? It's now the first thing you see when googling me…

[redacted]
**Beck Center for Longevity & Successful Aging**
[redacted]

*Specializing in a highly confidential approach to living longer, being sharper, and getting more out of your life!*

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/3/2016 1:22:56 PM
**To**: [redacted]
**Subject**: Re: I beat Bush

Great

On Wednesday, 3 February 2016, [redacted] wrote:

> Hi Jeffrey,
>
> I got more votes than Jeb Bush got in Iowa, and I only had one congressional district, he had four!! It's so funny (to me – totally embarrassing to him)!!! Still like Trump 😉 and might be a delegate to the republican convention.
>
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>
> Love ya,
>
> [redacted]
>
> [redacted]

--

please note
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**From:** Steven Sinofsky[redacted]
**Sent:** 11/22/2013 3:48:56 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Bitcoin and DC

**Importance:** High

http://www.washingtonpost.com/blogs/the-switch/wp/2013/11/21/heres-how-bitcoin-charmed-washington/

I'm up 50% on my BTC investment!

# Here's how Bitcoin charmed Washington

- BY **TIMOTHY B. LEE**
- 
- November 21 at 2:52 pm

The Bitcoin Foundation's Patrick Murck testifies before the Senate Homeland Security and Government Affairs Committee. (U.S. Senate)

The pair of Bitcoin hearings held this week by Senate committees could have been a disaster for the Bitcoin community. After all, Bitcoin first came to mainstream attention in 2011 when Gawker reported on Silk Road, an anonymous online marketplace that allowed users to purchase a wide variety of illegal drugs with Bitcoin. Sen. Chuck Schumer (D-N.Y.) denounced the site and suggested that Bitcoin was "an online form of money laundering." A few months ago, it would have been easy to

imagine the first congressional hearings on Bitcoin being a prelude to a federal crackdown on the decentralized financial network.

But that's not what happened. Instead, the hearings were lovefests. All three Obama administration officials who testified this week stressed that Bitcoin has legitimate uses and argued that no new regulations were needed to police illicit uses of the network. Most of the other witnesses echoed those sentiments.

That wasn't a coincidence. The cordial atmosphere of this week's hearings was the culmination of months of careful diplomacy by Bitcoin advocates. Since the spring, leaders of the Bitcoin community and sympathetic policy advocates have been engaging with federal regulators, lawmakers and other influential figures inside the beltway. The result: a near-unanimous consensus that the federal government needs to be careful to avoid hampering the growth of the world's first completely decentralized payment network.

**A tough crowd**

On the morning of June 13, several dozen well-dressed Washingtonians filed into the Carlucci Auditorium at the stately headquarters of the United States Institute of Peace. For many of the government officials in the room, this would be their first opportunity to meet senior figures in the Bitcoin community in the flesh. Panelists included lead Bitcoin developer Gavin Andressen and Patrick Murck, general counsel of the Bitcoin Foundation.

The way the event was framed didn't augur well for Bitcoin. One of the conference's two sponsors (along with Thompson Reuters) was the International Centre for Missing and Exploited Children. A major theme of the second panel was the use of bitcoins to purchase child pornography.

"Child pornography is like Bitcoin in some ways," said Andrew Oosterbaan, who prosecutes child pornography cases for the Justice Department. "It has intrinsic value to people who want it. The more valuable child pornography is the new child pornography. When you add an anonymous currency, you've taken individuals who are already incentivized to produce, given them a far more meaningful incentive to do so."

"Bitcoin is nothing like child pornography," a visibly angry Murck shot back. "If there was one instance of a child being abused because of Bitcoin, that's one too many. I'm a father, I think there's a special place in hell for people who do that."

But Murck also stressed that the Bitcoin community was willing to work with federal regulators to ensure that Bitcoin-based businesses complied with applicable laws. "I want to craft a sane regulatory environment," he said, urging federal regulators to "engage stakeholders. Don't have secret meetings. Have public meetings. We're all happy to live with the consequences of whatever rulemaking is open and transparent."

Murck would get his wish for engagement, though many of the meetings would be held behind closed doors. "We always intended that conference to be a launching point," says Ernie Allen, the president

of the International Centre for Missing and Exploited Children and an organizer of the June conference. The gathering catalyzed the creation of a task force to consider how policymakers should respond to Bitcoin's emergence. It is expected to issue its recommendations early next year.

Allen says that conversations among members of that task force have changed how he thinks about the online payment network. Allen now believes that premature regulation would be counterproductive.

"We are enthusiastic about the potential of virtual currencies and the digital economy," Allen said in his Monday testimony before the Senate Committee on Homeland Security and Governmental Affairs.

Allen said he remained concerned about the use of the currency for exchanging child pornography, but he warned that "draconian" regulations could push Bitcoin enterprises underground and overseas, where it would be much harder to police for illicit uses.

**The Senate studies Bitcoin**

Staff on the Homeland Security Committee, which is chaired by Sen. Tom Carper (D-Del.), had been preparing for their Bitcoin hearing for several months. Committee staffers began to study the topic in earnest in April, when the value of one bitcoin spiked to $266, generating a wave of media attention.

Over the summer, committee staff interviewed around 50 experts in industry, government, academic and nonprofit organizations to learn how the Bitcoin network worked and how it might affect the economy and law enforcement. Committee staffers talked to government agencies, bankers, and technologists. They also talked extensively to representatives of the Bitcoin Foundation.

The committee consulted with Dan Kaminsky, a well-known security expert who conducted an influential security analysis of the Bitcoin software in 2011. Staffers talked to Sarah Meiklejohn, a computer scientist at the University of California, San Diego, about whether Bitcoin is truly anonymous (it isn't). And they talked to Jerry Brito, a researcher at the Mercatus Center, a libertarian think tank. Brito testified at Monday's hearing.

In August, the committee sent a series of letters to federal agencies seeking their views on Bitcoin and other virtual currencies. Letters were sent to the Department of Homeland Security, the Treasury Department, the Federal Reserve, the Justice Department and other agencies with regulatory authority related to financial markets or online crime. The letters asked the agencies to provide details of any inquiries they had conducted into the virtual currencies, and to describe whether they had plans to regulate the currency in the future.

Meanwhile, representatives from the Bitcoin Foundation met with a number of executive branch officials at a closed-door meeting in August. "What the Bitcoin Foundation tried to stress is that Bitcoin is less useful for [illicit] purposes than other centralized virtual currencies," said Brito, who attended the meeting. Bitcoin advocates also stressed that excessive regulation in the United States would merely push more of the Bitcoin economy overseas, where U.S. regulators might not be able to reach it at all.

Those arguments seem to have made an impression, because government officials repeated many of them at this week's hearings. The Homeland Security Committee invited representatives of three federal agencies to testify before the committee this week. Jennifer Shasky Calvery represented the Financial Crimes Enforcement Network, which enforces the nation's laws against money laundering. Mythili Raman spoke on behalf of the Justice Department, whose enforcement activities have included the shuttering the Bitcoin-based drug marketplace Silk Road. And Edward Lowery spoke for the Secret Service, which (along with the Justice Department) was involved in shutting down e-Gold and Liberty Reserve, two virtual currencies that the government alleged had become vast money-laundering operations. Calvery also testified before the Senate Banking committee on Tuesday.

"Virtual currencies have yet to overtake more traditional methods to move funds internationally" for "criminal purposes," Calvery said. She pointed out that the Bitcoin network has processed only about $8 billion worth of transactions over the last year, compared to an estimated $1.6 trillion in "global criminal proceeds" in 2009. Clearly, the vast majority of those transactions are using some other financial network.

"We are attuned to the criminal use" of Bitcoin, Raman said. But "there are many legitimate uses. These virtual currencies are not in and of themselves illegal."

Calvery agreed. "Innovation is a very important part of our economy," she said, cautioning that premature regulation could stifle Bitcoin innovation.

**The personal touch**

Regulators are busy people. They're more likely to pay attention to flesh-and-blood advocates than to anonymous Internet commenters. Murck and Andresen's trip to Washington proved to be crucial to building productive relationships with policymakers.

Calvery was a keynote speaker at the June conference. Murck and Calvery met in the speakers' room at the conference and had a conversation that would later lead to the closed-door August meeting between regulators and Bitcoin advocates. The day after the June conference, Murck was introduced to staffers on the Senate Homeland Security Committee, beginning a conversation that culminated in this week's hearings.

Murck says that not everyone in the Bitcoin community was happy about his engagement with Washington. The Bitcoin community has a strong libertarian streak, and many Bitcoin devotees worried that conversations with federal regulators could help to legitimize and encourage regulation. But to the surprise of many, the Bitcoin advocates' charm offensive actually changed the minds of many D.C. insiders. Winning over Allen was a particular coup for the Bitcoin community. Allen's warnings against the dangers of premature regulation were particularly effective coming from a long-time activist against child pornography.

"Part of the effort was not just to address these issues from a law enforcement perspective, but to listen to the leaders of the Bitcoin movement," Allen said. And when he listened to them, he found some of their arguments to be surprisingly persuasive.

**From:** [redacted]
**Sent:** 1/22/2013 10:45:31 PM
**To:** jeevacation@gmail.com
**Subject:** Tom McMillen

**Importance:** High

Hi Jeffrey,
I saw Tom McMillen last night and he asked about you - said he lost touch. He's tight with the Obama's and is going to be an Ambassador - apparently any country he wants. So great! I'd LOVE to be an Ambassador and am going attempt to raise enough money on the next election cycle.

His info is: [redacted] and [redacted] I hesitate to give him your info w/out ur permission...

Am doing Aspen Institute Socrates Society program over President's weekend if you're in Aspen! Miss you!
Love and Happiness, Gwendolyn

PS. Have a conference call with Jessica Joffe tomorrow.

[redacted]

***www.beckresearchlabs.com***
***www.flirtingwithfinances.com***

***check out:*** **www.webegirls.com**

**From**: [redacted]
**Sent**: 6/25/2017 8:53:16 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Hello!!!

**Importance**: High

Hi Jeffrey,
Just called, but not sure I have the right cell number for you. Thinking of you and hope life is treating you great! Any news?

All good here in the District of Corruption – I'm lovin' Trump. He is turning this town on its head, and have to admit, I'm enjoying watching the action (except for the shooting, of course, which was tragic). Especially interesting is watching the Dems implode – I'm really shocked at how wrong they judged the public. Am having dinner tonight with one of the Blue Dog Dems, and think they could maneuver to take over the party – Rep. Jim Costa is the defacto head – we'll see. Have popcorn, sitting back and watching the show 😉

Just got a big promotion to Manager of Senior Health, Virginia Hospital Center/Mayo Clinic. Am very excited, and love the job – it is so rewarding. I spend most of my time giving lectures on neurodegenerative diseases, sleep, heart health and strategies for longevity. And the rest of the time as liaison to State and local Department's of Aging, facilitator to the Alzheimer and Dementia Caregiver Support Group and managing the assistive technology program.

If you hear of any special panels or commissions President Trump is forming, please keep me in mind. Sure the hospital won't mind loaning me out, and pretty sure I'm one of a handful of Republican Gerontologists 😉.

Let me know if you get to DC. Would LOVE to see you!!!

Miss you and all the great times we had xxxx
[redacted]

PS. How are Fred and Mort doing?

[redacted]
Gerontologist, Longevity & Successful Aging
[redacted]

**From**: [redacted]
**Sent**: 6/25/2017 9:10:33 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Hello!!!

**Importance**: High

Thanks!!!

[redacted]
Gerontologist, Longevity & Successful Aging
[redacted]

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**From:** jeffrey E.
**Sent:** Sunday, June 25, 2017 4:59 PM
**To:** [redacted]
**Subject:** Re: Hello!!!

Great news

On Sun, Jun 25, 2017 at 4:53 PM [redacted] wrote:

Hi Jeffrey,
Just called, but not sure I have the right cell number for you. Thinking of you and hope life is treating you great! Any news?

All good here in the District of Corruption – I'm lovin' Trump. He is turning this town on its head, and have to admit, I'm enjoying watching the action (except for the shooting, of course, which was tragic). Especially interesting is watching the Dems implode – I'm really shocked at how wrong they judged the public. Am having dinner tonight with one of the Blue Dog Dems, and think they could maneuver to take over the party – Rep. Jim Costa is the defacto head – we'll see. Have popcorn, sitting back and watching the show 😊

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Miss you and all the great times we had xxxx
Gwendolyn

PS. How are Fred and Mort doing?

[redacted]
Gerontologist, Longevity & Successful Aging
[redacted]

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**From**: Lesley Groff [redacted]
**Sent**: 10/13/2015 6:48:37 PM
**To**: Jefffrey Epstein [jeevacation@gmail.com]
**Subject**: [redacted]

**Importance**: High

below from [redacted]

Hi Lesley,
I'm helping a friend at the doctors and should be available between 5 and 630p if we can talk then. Or anytime tomorrow before 5pm. Going to Trump speech tomorrow night - think he's going to get the nomination....
Best, [redacted]

**From:** Jennifer Jacquet[redacted]
**Sent:** 8/4/2011 8:21:25 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yuck. Maybe borrow one from Clinton?

On Aug 4, 2011, at 4:17 PM, Jeffrey Epstein wrote:

i would need my speculumator to gauge accurately

On Thu, Aug 4, 2011 at 10:09 PM, Jennifer Jacquet <[redacted]> wrote:
Well, you're the gyneconomist. Better get to work.

On Aug 4, 2011, at 4:05 PM, Jeffrey Epstein wrote:

they are being feminized.

On Thu, Aug 4, 2011 at 10:01 PM, Jennifer Jacquet <[redacted]n> wrote:
Richard and I have already been in touch about the transfer to the project I work with here at UBC, and it seems there is no problem (I'll check with our admin right now). Thank you, though!

p.s. What the heck is happening to the financial markets and how are you going to help?

On Aug 4, 2011, at 3:40 PM, Jeffrey Epstein wrote:

john and i agree that maybe you shoudl take money from edge. as opposed to me ,, if it helps

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**Date:** Tuesday, January 20 2015 12:14 AM
**Subject:** are they still bothering you/ if so what about
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** [redacted]

---

I have to hand it to ms[redacted] I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. ( clinton was never ever there, easy to confirm ). Sharing a bath with a Prince ( bathtub too small even for one adult ). sex slave being paid thousands of dollars. ( while at the exact same time, she was working as a hostess in a burger bar ). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

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**From**: Lesley Groff [redacted]
**Sent**: 9/10/2012 5:01:27 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**CC**: [redacted]; Francis Derby [redacted]
**Subject**: Bobby Slayton

**Importance**: High

Bobby Slayton will be in LA on Sept. 18th (he said if you are hosting Obama in NY though, he could make the effort to attend)

Below from Bobby re the dinner he would like to have:

> AND Tuesday the 16th is perfect for dinner with David And Lewis And if Woody Makes it GREAT, if not, always fun to hang with JE!!! David Brenner said he would try to change his flight if only Monday works!! But the boys are definately in for Tuesday!!!

May I tell Bobby the 16th is good for dinner AND invite Woody?

Lyn & Jojo are back to work on Oct. 16th (they are home on 15th)

Linda Stone will be in NY and staying in an apt Oct. 13-17

**From**: [redacted]
**Sent**: 9/28/2012 2:41:02 PM
**To**: Lesley Groff [redacted]; [redacted]; Richard Barnnet [redacted]; Louella Rabuyo [redacted]; Januiz Banasiak [redacted]; Rich Kahn [redacted]; Darren Indyke [redacted]; Francis Derby [redacted]; Je vacation [jeevacation@gmail.com]
**Subject**: Re: 3:00 Wheels up!!

**Importance**: High

Lesley,
Please inform JEE, Vice President Biden is in West Palm Beach and is schedule to depart between 5pm and 6pm today. He parks at Galaxy ramp also in Palm Beach. The airport will be closed between 5pm and 6pm.
Flight time is 2+21min.
we'll need wheels up at 4pm or 2pm. Pls advise which time je prefers?

Thank you,
Larry
------Original Message------
From: Lesley Groff
To: Larry
To: [redacted]
To: [redacted]
To: Richard Barnnet
To: Louella Rabuyo
To: Januiz Banasiak
To: Rich Kahn
To: Darren Indyke
To: Francis Derby
Subject: 3:00 Wheels up!!
Sent: Sep 28, 2012 10:33 AM

JE has moved wheels up to 3pm today!

LArry, please confirm

Also, Larry please confirm you will organize pick up in PB upon the arrival today
Sent via BlackBerry by AT&T

**Date:** Friday, July 15 2016 03:40 AM
**Subject:** Fwd: Google Alert - Jeffrey Epstein
**From:** [redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

How did they get access to this and how is it legal that they are posting this?

[redacted]

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Begin forwarded message:

**From:** Google Alerts <googlealerts-noreply@google.com>
**Date:** July 14, 2016 at 10:54:36 PM EDT
**To:** [redacted]
**Subject: Google Alert - Jeffrey Epstein**

Jeffrey Epstein

Daily update · July 15, 2016

NEWS

Daily Mail

Shocking VIDEO from inside Florida mansion of Bill Clinton's friend **Jeffrey Epstein**

Daily Mail

These were the images that police found when they searched evil **Jeffrey Epstein's** waterfront mansion. Now Daily Mail Online has exclusively ...

Flag as irrelevant

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Send Feedback

**From:** Richard Kahn [redacted]
**Sent:** 7/17/2012 8:05:30 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Re:

**Importance:** High

i spoke with Janusz and he was agreeable and happy to stay on and continue working for you
his wife is still working for trump but that will be short term and she will then look for new work
if janusz still works for you he plans to live on the property with his wife
please advise if i should reinstate his employment and if so as of what date?

**PLEASE NOTE EFFECTIVE JUNE 5TH MY CONTACT INFO WILL BE AS FOLLOWS:**

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor,
New York, New York 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Jul 17, 2012, at 3:46 PM, Jeffrey Epstein wrote:

yes

On Tue, Jul 17, 2012 at 3:44 PM, Richard Kahn <[redacted]> wrote:
[redacted] just mentioned that you were open to entertaining Janusz staying on with a new clearly defined role
Should i call and feel him out?

**PLEASE NOTE EFFECTIVE JUNE 5TH MY CONTACT INFO WILL BE AS FOLLOWS:**

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor,
New York, New York 10022
tel [redacted]
fax [redacted]
cel [redacted]

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**From:** [redacted]
**Sent:** 3/31/2013 12:54:05 AM
**To:** Jeff Epstein [jeevacation@gmail.com]
**Subject:** Re: Studio

**Importance:** High

Barak Obama?
Sent via BlackBerry from T-Mobile

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Sun, 31 Mar 2013 01:41:30 +0100
**To:** paula[redacted]
**Subject:** Re: Studio

come afterward , i have interesting people. ehud barak, mandelson, zucekrman

On Sun, Mar 31, 2013 at 1:37 AM, [redacted] wrote:

> Hi! Last night we confirmed a studio recording with an stunning soprano to record a new aria Fred wrote. Its early 7:30-9pm on April 4. F really wants to see you, so is after that too late? Wanna join us somewhere to eat after? Wanna come to the studio? Fred will be playing the piano for the demo. Otherwise, we could have a visit anytime you want after the 4th. But if you can, the studio would be fun and I would love to have your input in the booth:). Tora and Miasha might come too. Its an awesome aria sung by a Vampiress who looks just like (better) Vanessa Williams from our day. ( The Miss USA that somehow had some haha nudie photos floating around). ANYWAY..what do ya think?
> Sent via BlackBerry from T-Mobile

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/1/2016 9:50:51 AM
**To:** [redacted]

https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

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**From**: Reid Hoffman [redacted]
**Sent**: 7/6/2015 5:04:31 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: ICYMI

slow progress.

planning to see you in August.

Hope you're well.

_____
From: jeffrey E. [jeevacation@gmail.com]
Sent: Sunday, July 05, 2015 2:30 PM
To: Reid Hoffman
Subject: Re: ICYMI

heyy it looks like your diet program has worked

On Thu, Jul 2, 2015 at 12:03 AM, Reid Hoffman [redacted]
wrote:

ICYMI

My occasional roundup of interesting links and
writing I've shared – in case you missed them. :)

New and Notable

* We are thrilled to welcome Sarah Tavel to Greylock Partners. LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=fd2b3c4c94&e=5c5da67d46>
* And also very excited to welcome lynda.com<http://lynda.com> to the LinkedIn team! LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=c5d4aeaddb&e=5c5da67d46>
* Change.org celebrates its 100 million users milestone. Emily Chang discuss this and more with CEO Ben Rattray on Bloomberg West: LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=1cecb3c616&e=5c5da67d46>
* Byron Auguste launched Opportunity@Work, a new civic enterprise aimed at "rewiring the U.S. labor market." Tom Friedman's post: LINK<http://reidhoffman.us7.list-manage1.com/track/click?u=3a27d4e452178cc8f199d9386&id=5656e94c3e&e=5c5da67d46>
* Mimi Ito launched Connected Camps, a summer online coding camp using Minecraft. LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=fa8ce1e400&e=5c5da67d46>

Worthwhile Reads

* Jeff Weiner: How LinkedIn is Helping Power the President's Tech Jobs Initiative LINK<http://reidhoffman.us7.list-manage1.com/track/click?u=3a27d4e452178cc8f199d9386&id=604ec30797&e=5c5da67d46>
* The New Yorker: R U There? - Nancy Lublin and Crisis Text Line LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=0e06052ca2&e=5c5da67d46>
* Fast Company: Inside Obama's Stealth Startup LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=99ca65f63c&e=5c5da67d46>
* Jerry Chen: The Age of Developer-Defined Infrastructure LINK<http://reidhoffman.us7.list-manage2.com/track/click?u=3a27d4e452178cc8f199d9386&id=266fd91f7c&e=5c5da67d46>
* Sheryl Sandberg's powerful tribute to Dave Goldberg. LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=9e42d166b8&e=5c5da67d46>

Some of My Recent Essays

* Wired: Why the block chain matters LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=13d941a4df&e=5c5da67d46>
* Financial Times: Acquiring proven entrepreneurs is a smart way to innovate LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=87d9caa3f0&e=5c5da67d46>
* Press Start to Continue: One More Role of Founders LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=30298b2c77&e=5c5da67d46>

To Watch

* My conversation with Peter Thiel at CEIBS LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=a70f0f6e65&e=5c5da67d46>
* I enjoyed participating in this fun video by Founders Forum imagining what life would be like for tech entrepreneurs if the World Wide Web had never been invented. LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=f57d26e935&e=5c5da67d46>

Interviews

* Vox: My discussion with Ezra Klein on the biggest lie employers tell employees LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=3edb875ec8&e=5c5da67d46>
* Entrepreneur: Why I'm betting big on Bitcoin LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=26e30a859c&e=5c5da67d46>
* HuffPo: My discussion with Dawn Nakagawa in advance of the WorldPost conference LINK<http://reidhoffman.us7.list-manage.com/track/click?u=3a27d4e452178cc8f199d9386&id=15dfcd584d&e=5c5da67d46>[https://gallery.mailchimp.com/3a27d4e452178cc8f199d9386/images/af3c3134-98fc-41af-80f5-c8f6ac552a0b.png]

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**From:** [redacted]
**Sent:** 7/1/2016 11:05:09 AM
**To:** jeff epstein [jeevacation@gmail.com]
**Subject:** Fw: New York Post Morning Digest - July 1, 2016

**Importance:** High

Jeff: see top story. Below
Sent via BlackBerry by AT&T

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**From:** New York Post <email@nypost.com>
**Date:** Fri, 1 Jul 2016 07:01:36 -0400 (EDT)
**To:** <[redacted]
**Subject:** New York Post Morning Digest - July 1, 2016

***JULY 1, 2016***

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**To:** jeff epstein [jeevacation@gmail.com]
**Subject:** Re: Fw: New York Post Morning Digest - July 1, 2016

**Importance:** High

Ha! That fuckin lou barbati, its about time someone nailed him over those nuts
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Fri, 1 Jul 2016 07:06:06 -0400
**To:** Terry Kafka[redacted]
**Subject:** Re: Fw: New York Post Morning Digest - July 1, 2016

too many nuts in the spumoni

On Fri, Jul 1, 2016 at 7:05 AM, <[redacted]> wrote:

Jeff: see top story. Below
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**From:** Michael Wolff [redacted]]
**Sent:** 11/10/2016 9:45:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

crazy

On Thu, Nov 10, 2016 at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:
al taylor , pr former jerry springer. producer

On Thu, Nov 10, 2016 at 10:40 PM, Michael Wolff <[redacted]> wrote:
What was behind this, do you know? Or just nutters?

On Thu, Nov 10, 2016 at 4:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/5/2015 9:30:29 PM
**To:** Reid Hoffman[redacted]
**Subject:** Re: ICYMI

heyy it looks like your diet program has worked

On Thu, Jul 2, 2015 at 12:03 AM, Reid Hoffman[redacted]wrote:

**ICYMI**

My occasional roundup of interesting links and writing I've shared — in case you missed them. :)

**New and Notable**

- We are thrilled to welcome Sarah Tavel to Greylock Partners. LINK
- And also very excited to welcome lynda.com to the LinkedIn team! LINK
- Change.org celebrates its 100 million users milestone. Emily Chang discuss this and more with CEO Ben Rattray on Bloomberg West: LINK
- Byron Auguste launched Opportunity@Work, a new civic enterprise aimed at "rewiring the U.S. labor market." Tom Friedman's post: LINK
- Mimi Ito launched Connected Camps, a summer online coding camp using Minecraft. LINK

**Worthwhile Reads**

- Jeff Weiner: How LinkedIn is Helping Power the President's Tech Jobs Initiative LINK
- The New Yorker: R U There? - Nancy Lublin and Crisis Text Line LINK
- Fast Company: Inside Obama's Stealth Startup LINK
- Jerry Chen: The Age of Developer-Defined Infrastructure LINK

- Sheryl Sandberg's powerful tribute to Dave Goldberg. LINK

**Some of My Recent Essays**

- Wired: Why the block chain matters LINK
- Financial Times: Acquiring proven entrepreneurs is a smart way to innovate LINK
- Press Start to Continue: One More Role of Founders LINK

**To Watch**

- My conversation with Peter Thiel at CEIBS LINK
- I enjoyed participating in this fun video by Founders Forum imagining what life would be like for tech entrepreneurs if the World Wide Web had never been invented. LINK

**Interviews**

- Vox: My discussion with Ezra Klein on the biggest lie employers tell employees LINK
- Entrepreneur: Why I'm betting big on Bitcoin LINK
- HuffPo: My discussion with Dawn Nakagawa in advance of the WorldPost conference LINK

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/28/2018 4:52:58 PM
**To:** Steve Bannon [redacted]

Ribis's Italian immigrant parents taught him to be tightfisted, but it was the Donald who introduced him to dealmaking. As a kid in the New Jersey suburbs, Ribis rose before dawn to count the empty soda bottles at the family deli "so the suppliers couldn't cheat my mom on the deposits." When Trump faced bankruptcy in 1989, he turned to the team of Ribis and Steve Bollenbach, now CEO of Hilton Hotels, to fend off the banks and bondholders. Ribis helped persuade creditors to let Trump keep his trophy holding: his casinos. It was the gaming company's IPO in 1995, orchestrated by Ribis, that restored Trump's wealth.

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 6/14/2011 11:54:12 AM
**To:** Undisclosed recipients:
**Subject:** Eye on the Market, June 14, 2011
**Attachments:** image001.png; 06-14-11 - EOTM - The Stratford Inn.pdf

**Eye on the Market, June 14, 2011 (attached PDF is easier to read)**

**Market update**: for better or worse, this is the kind of year we were expecting. We were surprised at the market's unbridled optimism in April*, since the tug-of-war between private sector profits and public sector problems has a long way to go. We chose the charts on the front page of our 2011 Outlook carefully; they were designed to show that equity markets were priced inexpensively, but were likely to stay that way, given too much stimulus in the East, and ineffective stimulus in the West **. We expect a modest second half recovery, based primarily on US capital spending increases, easy credit conditions everywhere, and a pick-up in industrial production in Japan. But the world's structural problems are weighing on the private sector, and our portfolios are positioned for a single-digit year in credit, equities and hedge funds.

* The Osama Bin Laden episode marked the equity market peak. Some commentators saw this event as a basis for further optimism, but unsurprisingly, the positive glow lasted for only around 2.5 hours the subsequent Monday. According to the Congressional Research Service, **over the last decade, the US has spent at least $1.1 trillion in war funding operations, surpassing the constant-dollar cost of the Korean and Vietnam Wars combined**. This highlights the disproportionately large pain that small, non-sovereign entities can inflict in the modern era.

** So far, the large growth and employment multipliers from deficit spending estimated by Christina Romer (former Chair of the President's Council of Economic Advisers) have not materialized. John Taylor and John Cogan from Stanford have been closer to the mark: an initial boost, but then a rapidly fading benefit

**Something different this week**. I was on the road seeing clients last week, and was asked "*what should be done about job growth*". We are investors and not politicians, so my ideas [a] are not relevant. However, it seems to me that **anyone involved in the jobs debate should be required to read the article below, written after the prior deep US recession (1990-1991)**. It's from George McGovern, one of the most liberal politicians [b] ever to hold office and run for President. His epiphanies after leaving office and running the Stratford Inn are worth considering as legislators contemplate additional job creation measures, and the broader regulatory environment in which the private sector operates.

**"A Politician's Dream Is a Businessman's Nightmare", by George McGovern, June 1992 [c]**

*Wisdom too often never comes, and so one ought not to reject it merely because it comes late*. (Justice Felix Frankfurter). It's been 11 years since I left the U.S. Senate, after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility--complete with an experienced manager and staff. In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold**. I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender.**

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and others have, I believe, **changed the debate of our party [d].** We intuitively know that **to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.**

My own business perspective has been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, protecting our customers from fire hazards, etc. While I never doubted the worthiness of any of these goals, the concept that most often eludes legislators is: `Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape.' **It is a simple concern that is nonetheless often ignored by legislators [e].** For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed $150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit of all these claims, I've also witnessed firsthand the explosion in blame-shifting and scapegoating for every negative experience in life. Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. **And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening**.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle. It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or antitrust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices. In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days. You can eat in restaurants fewer times per month, or forgo a number of services from car washes to shoeshines. Every such decision eventually results in job losses for someone. And often these are the people without the skills to help themselves--the people I've spent a lifetime trying to help.

In short, "one-size-fits-all" rules for business ignore the reality of the market place. And setting thresholds for regulatory guidelines at artificial levels--e.g., 50 employees or more, $500,000 in sales--takes no account of other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics. The problem we face as legislators is: **Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.**

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**So, there you have it, one of the more remarkable epiphanies in American politics: a paean to entrepreneurship and government restraint from one of its most progressive members**. Public epiphanies like this are rare, but there have been others. Last year, Al Gore conceded that first-generation ethanol was "not good policy" given its low energy conversion ratios, and said he had supported ethanol out of "a certain fondness for the farmers in the state of Iowa because I was about to run for president" [f]. In 2008, former Fed Chair Greenspan conceded that his Ayn Rand philosophies regarding regulations and shareholder self-interest were flawed. Perhaps the most famous epiphany was from Robert McNamara, Secretary of Defense and one of the principal architects of the Vietnam War. In 1995, he conceded that he was "wrong, terribly wrong" about the war. George McGovern was one of the war's fiercest opponents, saying on the floor of the Senate, "I'm tired of old men dreaming up wars for young men to fight".

There may be no magic elixir of policies to speed the adjustment the US faces. Look at it this way: the US is trying the mega-stimulus route, while the UK has accelerated its fiscal austerity program. Yet both countries are struggling with below-trend growth and employment. Perhaps after a debt binge, there are no easy answers, other than time. What to do next? McGovern's article suggests that an overly interventionist public sector may be the wrong answer, given the unintended consequences.

Michael Cembalest
Chief Investment Officer

Notes

[a] I like the idea of **extending the holding period for short term capital gains to 3-5 years, and cutting the long term capital gains rate closer to 5%-10%**. It could encourage more business formation, since more of what people create, they keep. If the cutoff year is properly set, it could be done on a deficit–neutral basis.

[b] According to methodology described by Keith Poole of the University of San Diego in the *American Journal of Political Science*, **McGovern ranks as the 99th most liberal politician out of 3,320** politicians serving from 1937 to 2002.

[c] In a letter to the Wall Street Journal. Reprinted with permission; emphasis added.

[d] This may not have been a permanent change. The National Taxpayers Union rated the Blue Dog Democrats as having a fiscal conservatism score of 52% in 1995; by 2009, it had fallen to 18%.

[e] Would McGovern's focus on red tape make sense today? **According to surveys conducted by the National Federation of Small Business, the answer would be yes.** The 3 issues most frequently mentioned as each respondent's "single most important problem" are Poor Sales, Regulation & Red Tape, and Taxes. Two things of note. First, Regulation & Red Tape concerns have been steadily rising over the last two years. Secondly, availability of credit does not show up as an issue. As the NFIB wrote in May 2011, "92 percent reported that all their credit needs were met or that they were not interested in borrowing. Eight percent reported that not all of their credit needs were satisfied. Three percent reported financing as their #1 business problem, so credit supply is not a problem for the overwhelming majority."

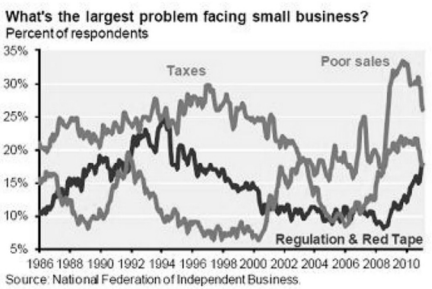


[f] As reported by Reuters, Gerald Wynn, November 22, 2010.

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**Topics: On lessons learned running the Stratford Inn**

**Market update**: for better or worse, this is the kind of year we were expecting. We were surprised at the market's unbridled optimism in April[1], since the tug-of-war between private sector profits and public sector problems has a long way to go. We chose the charts on the front page of our 2011 Outlook carefully; they were designed to show that equity markets were priced inexpensively, but were likely to stay that way, given too much stimulus in the East, and ineffective stimulus in the West[2]. We expect a modest second half recovery, based primarily on US capital spending increases, easy credit conditions everywhere, and a pick-up in industrial production in Japan. But the world's structural problems are weighing on the private sector, and our portfolios are positioned for a single-digit year in credit, equities and hedge funds.

**Something different this week**. I was on the road seeing clients last week, and was asked "*what should be done about job growth*". We are investors and not politicians, so my ideas[3] are not relevant. However, it seems to me that **anyone involved in the jobs debate should be required to read the article below, written after the prior deep US recession (1990-1991)**. It's from George McGovern, one of the most liberal politicians[4] ever to hold office and run for President. His epiphanies after leaving office and running the Stratford Inn are worth considering as legislators contemplate additional job creation measures, and the broader regulatory environment in which the private sector operates.

**"A Politician's Dream Is a Businessman's Nightmare", by George McGovern[5], June 1992**

*Wisdom too often never comes, and so one ought not to reject it merely because it comes late.* (Justice Felix Frankfurter). It's been 11 years since I left the U.S. Senate, after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility--complete with an experienced manager and staff. In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold. **I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender.**

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and others have, I believe, **changed the debate of our party[6].** We intuitively know that **to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.**

---

[1] The Osama Bin Laden episode marked the equity market peak for the year. Some commentators saw this event as a basis for further optimism, but unsurprisingly, the positive glow lasted for only around 2.5 hours the subsequent Monday. According to the Congressional Research Service, **over the last decade, the US has spent at least $1.1 trillion in war funding operations, surpassing the constant-dollar cost of the Korean and Vietnam Wars combined**. This highlights the disproportionately large pain that small, non-sovereign entities can inflict in the modern era.

[2] So far, the large growth and employment multipliers from deficit spending estimated by Christina Romer (former Chair of the President's Council of Economic Advisers) have not materialized. John Taylor and John Cogan from Stanford have been closer to the mark: an initial boost, but then a rapidly fading benefit.

[3] I like the idea of **extending the holding period for short term capital gains to 3-5 years, and cutting the long term capital gains rate closer to 5%-10%**. It could encourage more business formation, since more of what people create, they keep. If the cutoff year is properly set, it could be done on a deficit–neutral basis.

[4] According to methodology described by Keith Poole of the University of San Diego in the *American Journal of Political Science*, **McGovern ranks as the 99th most liberal politician out of 3,320** politicians serving from 1937 to 2002.

[5] In a letter to the Wall Street Journal. Reprinted with permission; emphasis added.

[6] This may not have been a permanent change. The National Taxpayers Union rated the Blue Dog Democrats as having a fiscal conservatism score of 52% in 1995; by 2009, it had fallen to 18%.



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**Topics: On lessons learned running the Stratford Inn**

My own business perspective has been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, protecting our customers from fire hazards, etc. While I never doubted the worthiness of any of these goals, the concept that most often eludes legislators is: `Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape.' **It is a simple concern that is nonetheless often ignored by legislators[7].** For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed $150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit of all these claims, I've also witnessed firsthand the explosion in blame-shifting and scapegoating for every negative experience in life. Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle. It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or antitrust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices. In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days. You can eat in restaurants fewer times per month, or forgo a number of services from car washes to shoeshines. Every such decision eventually results in job losses for someone. And often these are the people without the skills to help themselves--the people I've spent a lifetime trying to help.

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[7] Would McGovern's focus on red tape make sense today? **According to surveys conducted by the National Federation of Small Business, the answer would be yes.** The 3 issues most frequently mentioned as each respondent's "single most important problem" are Poor Sales, Regulation & Red Tape, and Taxes. Two things of note. First, Regulation & Red Tape concerns have been steadily rising over the last two years. Secondly, availability of credit does not show up as an issue. As the NFIB wrote in May 2011, "92 percent reported that all their credit needs were met or that they were not interested in borrowing. Eight percent reported that not all of their credit needs were satisfied. Three percent reported financing as their #1 business problem, so credit supply is not a problem for the overwhelming majority."

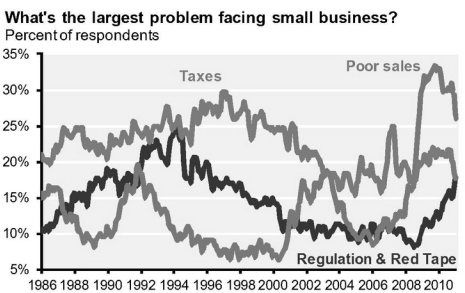




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**Topics: On lessons learned running the Stratford Inn**

> In short, "one-size-fits-all" rules for business ignore the reality of the market place. And setting thresholds for regulatory guidelines at artificial levels--e.g., 50 employees or more, $500,000 in sales--takes no account of other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics. The problem we face as legislators is: **Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.**

**So, there you have it, one of the more remarkable epiphanies in American politics: a paean to entrepreneurship and government restraint from one of its most progressive members**. Public epiphanies like this are rare, but there have been others. Last year, Al Gore conceded that first-generation ethanol was "not good policy" given its low energy conversion ratios, and said he had supported ethanol out of "a certain fondness for the farmers in the state of Iowa because I was about to run for president."[8] In 2008, former Fed Chair Greenspan conceded that his Ayn Rand philosophies regarding regulations and shareholder self-interest were flawed. Perhaps the most famous epiphany was from Robert McNamara, Secretary of Defense and one of the principal architects of the Vietnam War. In 1995, he conceded that he was "wrong, terribly wrong" about the war. George McGovern was one of the war's fiercest opponents, saying on the floor of the Senate, "I'm tired of old men dreaming up wars for young men to fight".

There may be no magic elixir of policies to speed the adjustment the US faces. Look at it this way: the US is trying the mega-stimulus route, while the UK has accelerated its fiscal austerity program. Yet both countries are struggling with below-trend growth and employment. Perhaps after a debt binge, there are no easy answers, other than time. What to do next? McGovern's article suggests that an overly interventionist public sector may be the wrong answer, given the unintended consequences.

**US and UK still searching for answers**

Total household , non-financial corporate, federal and municipal debt, percent of GDP

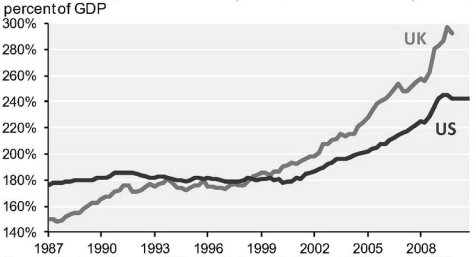


Source: Federal Reserve, Office for National Statistics. UK Data as of 2009.

Michael Cembalest
Chief Investment Officer

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[8] As reported by Reuters, Gerald Wynn, November 22, 2010.



HOUSE_OVERSIGHT_030012

Continued from page 24

# completions & refurbs

speaking with a potential 787 customer who is a repeat client," said Jonas, "and the talks are pretty far along."

Greenpoint Technologies is currently modifying two 747-8s delivered from Boeing and installing the center's

*StandardAero in Springfield, Ill. does major refurbishment on large- to small-cabin jets. "Anything that can be done with an interior, we do in Springfield," says StandardAero's Scott Taylor.*

Aeroloft rest area in each before further delivery of the airplanes to other completion centers for outfitting.

The Aeroloft is located in the area above the main deck and aft of the upper-deck, forward lounge in the executive 747. It was designed, engineered and is built by Greenpoint. The center is licensed by Boeing to do the necessary modifications and installation. It will receive EASA certification this year and adds 393 additional sq ft to the 4,786 ft in the main deck and upper lounge.

Sloan Benson, executive v-p at Greenpoint, said interest is growing in the Aerolift elevator it designed for the 747-8. "We're expecting to book one later this year."

Greenpoint has contracts to modify three more 747-8s for the Aeroloft. Two of them, like the first two, will go on to other centers for installation of the Aeroloft kit and for the full interior completion. A fifth green 747-8 will arrive next year and remain at Greenpoint for full outfitting. It will be the Kirkland, Wash. center's first green completion of a twin-aisle airplane, an appropriate way to mark Greenpoint's 25th anniversary in the business.

Gore Design Completion delivered two twin-aisle airplanes in 2011: a 767 to a central Asian head of state and a 777.

Kathy Gore Walters, co-founder and president, said the company expects to deliver its first BBJ3 in June for a Middle East client, and in the same month to turn over an ACJ320 for a central Asian client. Later this year, Gore design expects also to deliver two ACJ340s.

Pats Aircraft Systems continues to install its FAA-certified auxiliary fuel systems in BBJs. "We've done more than 140 aux fuel systems installations on behalf of Boeing," said senior v-p of sales and marketing John Eichten.

Continues on page 28

## SKYTHEATER TAKES MOVIES TO THE MAX

Earlier this year, a flying theater rolled up to the Signature FBO on Teterboro Airport's south side in the form of a Global Express XRS equipped with an entertainment system called SkyTheater. With it came SkyTheater founder Gregg Launer, 52, a friendly bear of a man who tries for modesty but whose enthusiasm spills close to hubris when he describes the custom-built entertainment package as being to the average movie experience what Sofia Vergara is to simply being female. Launer is something of a likeable version of Steven Jobs. His knowledge in the world of sound is such that he frequently stops and searches his vocabulary for language that the average listener will understand. And frequently failing, he will offer an apology and start over. In his own circle, he is often described by clients as a genius. To lesser human beings, his thoughts seem to run like a pinball through the random light and sound of an arcade game, with a purpose difficult to recognize.

"I'm a true audiophile, and what I'm building is a sensory experience that will so completely absorb my clients that it becomes reality and they lose themselves in the world that the director or cameraman or composer

PHOTOS: JEREMY J. HARRISON

*SkyTheater founder Gregg Launer put nearly 1,000 movies into a Global Express Avod.*

created," he explains. "I build every system as if it were going into my own airplane. I want to impress even myself, and I'm my own worst critic."

His earliest memories are of music and theater and lying awake in bed and listening to legendary DJ Cousin Brucie lay down a cascade of rock and roll on New York's powerhouse WABC. Even decades later, one of his favorite toys at home is a Rock-Ola Jukebox. "When you listen to Dean Martin, or Elvis, or Chuck Berry on a jukebox, you're hearing rock and roll the way it was made to be heard," he avows.

And he recalls a summer when his parents took him on vacation to the Deauville Beach Resort in Miami Beach, where The Supremes were performing. "They were in the room across the hall from us, and Mary Wilson and Flo Ballard shared a cabana next to ours. I was too young to attend the show, but the resort manager had mercy on me, took me by the hand and put me in the front row."

By the age of 18, Launer held a first-class radiotelephone license from the FCC and by 19 was an audio engineer producing music tracks at NBC in Miami. And along the way, he also indulged what he describes as his alternative passion of flying, picking up his private license and going on to become a flight instructor.

At the age of 32, he and wife, Blanche, formed a company that two years later became SkyTheater. And as if life had determined to create a movie script for him, Launer's first customer and later friend was Alexander Zuyev, the pilot who defected in spectacular manner from the former Soviet Union in 1989, at the same time delivering a MiG-29 into western hands. "He loved America and would have the most incredible Fourth of July parties. But instead of beer and burgers, he would serve vodka and caviar. It was his belief in me that helped launch SkyTheater."

### Getting Off the Ground

Launer's first theater in the sky was for businessman and entrepreneur Wayne Huizenga of Blockbuster and the airplane was a BAC 1-11. Then came a Boeing 727-200 and Launer was off and running.

It was a time when digital technology was in its infancy and the reliability was still in question. So Launer devised a way for all the soundtracks to play through a single system (either 7.1 or 5.1 surround sound), with 19-inch touchscreen, video monitor/controllers throughout the cabin and two 43-inch plasma monitors. "Ten years later," claims Launer, "that airplane was still state of the art."

In the late 1990s some of those working for producer/director George Lucas' Skywalker Ranch happened to listen to the SkyTheater system Launer had installed in the 727. He was immediately recruited and spent the next two years–off and on–there, working and learning. Launer remembers being "incredibly fortunate" to be part of a group that was "setting the standards that still exemplify visual film and movie soundtracks today."

In the meantime, Launer had formed a SkyTheater partnership in Fort Lauderdale with friend and fellow traveler Andrew Guenther, who owns Advanced Audio Design, a home-theater firm in Sarasota, Fla.

"He handles a lot of the equipment and designs the electronics that make everything work. Andrew does a guy's home theater, and if the guy owns an airplane, SkyTheater does the cabin entertainment," says Launer.

Guenther's talent and influence is such, claims Launer, "that high-end audiovisual electronics manufacturers will often come to him for his input before introducing some new technology at a major trade show."

Among Guenther's home theater customers are movie actor John Travolta, basketball coach Pat Riley, singer Gloria Estefan "and more who prefer not to be named," he says.

Though focused on two different theater markets, Guenther and Launer are involved together in a music project designed to "recruit and produce live venues for musicians

Continues on page 28

## Quick Takes

### Goodrich Near Completion

Last year, United Technologies agreed to the acquisition of Goodrich in a deal that called for UT to shell out $16.5 billion cash and assume $1.9 billion in assumed debt. The acquisition by UT was to be finalized by the end of last month.

The acquisition would bring to UT Goodrich's rapidly growing interiors business, much of it acquired by Goodrich in 2010 from DeCrane Aerospace. Goodrich describes the seating, cabin management and entertainment systems and cabinetry as part of its "total cabin capability" for everything in business jet cabin components.

### Leather and Lace Comes from Edelman

Edelman Leather has introduced a new Leather & Lace line, inspired by the work of artists from the studios of Belgium, Hungary and Slovakia and transferred through the use of laser etching and cutting technology.

Inspired by the die-cut felt work of Jasper Morrison, the Dutch designers have introduced to the Moooi, Broog and Vitra

*Edelman's new Leather & Lace line is a new play on age-old craftsmanship from Belgium, Hungary and Slovakia.*

lines hauntingly elegant chandeliers by Diller Scofidio & Renfro for Swarovski, and the collections of Prada, McQueen, Louis and Lanvin.

Edelman's artists describe the results of this new line on its Cavallini hair-on hides as "chic and fun." Other leathers appropriate for the Leather & Lace designs include Napoli and Royal Suede.

### Metrica Aviation Makes Move at Nuremberg Airport

Maintenance, repair and overhaul specialist Aero-Dienst, in the process of increasing its usable space at Germany's Nuremberg Airport with another hangar, has added 27,000 sq ft and considerable refurbishment expertise through a partnership with Metrica Aviation Interior.

"We are now able to offer an operator interior repair and refurbishment simultaneous with other maintenance, all under one roof," said Aero-Dienst managing director Martin Bauer. The two companies began working together in January this year and Metrica has already completed several refurbishments.

Metrica is an established business, a subsidiary of Qatar's Ghanim bin Saad al Saad and Sons Group Holdings.

Continues on page 28



HOUSE_OVERSIGHT_030013

Continued from page 26

# completions & refurbs

Eichten said Pats did a nine-year maintenance check on a BBJ last year and included a major refurbishment at the same time. The center has also sent out "quite a number of bids" on BBJs due for the 12-year maintenance check, and all include "substantial refurbishment work."

King Aerospace is looking toward the bizliner business for a boost. "We're in discussions now with international customers for executive conversions and even a green airplane completion," said Jerry King. "And they're all widebodies."

According to David Edinger, CEO at Comlux America in Indianapolis, many of the early Airbus A319s and Boeing Business Jets have had minimal cabin

*A technician in the Goodrich interior paint shop in Wichita applies finish to a piece of cabin cabinetry.*

upgrades since they entered service some 12 years ago, and the cabin electronics are practically antique.

Edinger said Comlux America, part of The Comlux Group in Switzerland, is "really starting to roll."

He told **AIN** the first green airplane has been delivered–an ACJ319–and it came in 1,000 pounds below the completion allowance weight. It also tested with an average cabin noise level of 48 dB(SIL), "about what you might expect in a suburban living room, and it was under the projected noise level by 3 dB(SIL)."

Currently undergoing refurbishment is a Boeing 757 and a pair of Airbus ACJs. In the second quarter this year, a BBJ to be outfitted for Hyundai was scheduled to roll into the Comlux hangar. Comlux America is approved by both Airbus and Boeing for interior outfitting. "We want to focus on BBJs and ACJs and do this segment well and on time," said The Comlux Group president Richard Gaona.

Lufthansa Technik in Hamburg, Germany, is working on a Boeing 767 executive interior and is looking for two 747-8s to roll in by year-end.

Walter Heerdt, Lufthansa's senior v-p of marketing and sales, expects the

Continues on page 30

*A private lavatory in a narrow-body bizliner features liberal use of dark veneer and a marble countertop.*

SkyTheater | Continued from preceding page

in unique multi-channel surround-sound, as well as to promote them to the film and television industries for soundtrack recordings."

In 2007, "an executive closely associated with the Internet industry came to Launer with his new Global Express XRS, and made it clear that what he wanted was far beyond anything off-the-shelf." In 2008 the airplane was delivered with a complete and custom-built SkyTheater that includes:

- 1080p high-bandwidth wiring throughout
- monitors and speakers
- audiovisual on-demand (Avod) with a library of more than 1,000 movies.
- a SkyTheater app to allow passengers to use personal iPhones and iPads to control all aspects of the entertainment system.
- a customized touch-screen control package.

"The owner can also customize the sound balance in the cabin by simply going through the field until he finds a 'flavor' he likes," explains Launer. "In this particular airplane," says Launer, "SkyTheater is pre-tuned for the owner's personal tastes to reproduce audio identical to what he would hear in the Hollywood Bowl or Lincoln Center or some other popular venue."

### Totally Absorbed in the Moment

Putting SkyTheater through its paces on the Global, Launer selects surround sound and asks visitors to walk through the entire cabin, to sit anywhere they like, even lie on the floor and note any change in the audio. His grin broadens as not one individual professes to detect a difference.

Launer goes on to select *Star Wars Episode VI: Return of the Jedi*, picking the scene of the chase on Ewok speeder bikes through the forest of Endor. "Now listen closely," he advises. As the action roars across the screen, it is perfectly paced by the sound in that reality, "and if I hadn't told you to listen, you would have been totally absorbed by the experience without realizing why.

"What I aim for is not only a perfect audio system, but one that is perfectly synchronized with the film," he says.

But is it high-definition? Launer expresses mock surprise at the question. Then he admits that not everything in the Global's film bank is HD; however, he also points out that with the technology to tune the system properly, even a pre-digital recording will be rendered in sufficient high definition as to be almost unrecognizable as anything else. And he also explains that simply having a Blu-ray player or Avod and an HD monitor does not ensure an HD experience. "You have to have the bandwidth to carry the signal that will allow 1080p between the origin and the final destination."

While the system in the Global Express XRS is now almost four years old, and SkyTheater has since done several more airplanes, including Donald Trump's recently completed Boeing 757, the entertainment package in the XRS remains, he claims, "years ahead of anything else."

Warren Justice, chief pilot on the Global, chuckles when he remembers his first meeting with Launer, "a big guy dressed like a biker and wearing a black beret. But he knew what he was talking about and no one in this company has regretted listening," Justice continues. "I've never heard anything like what he put into this airplane. Even after it was installed, he insisted on going with us on a flight test to tune the sound for cruise at 41,000 feet. He personally programmed the individual controls. It was so well thought out that the owner went right into it on the first day and didn't need a single lesson."

Since installation, the airplane has been all over the world and not a single component of the entertainment system has needed to be changed, said Justice. However, he adds, on several occasions, when the airplane was passing through Florida with a stop-over, Launer has insisted on coming out to see if the system was still properly tuned.

The system is not inexpensive, allows Justice. Just a little north of a million dollars. But he adds, "If this is what you want, you'll definitely get what you pay for. I don't know how we could have done any better."

Theo Kalomirakis, president of Theo Kalomirakis Theaters of Brooklyn, N.Y., is one of the foremost designers of home theaters in the world and has consistently turned down requests to do an in-flight theater. "I have been skeptical of the ability of anyone to control sound in such an environment," he told **AIN**. "What Gregg designed and built on that Global Express is the first serious system I've heard. Gregg has tamed the beast."

But it isn't just a matter of being good at what you do, says Launer. "It's a matter of passion, and of loving what you do. Think of SkyTheater as a personal transporter [a la Star Trek]. You step into it in New York City and you step out of it in Los Angeles, and everything in between was just a moment in time." *–K.J.H.*

## Quick Takes

### Iacobucci Shines at EBACE

Iacobucci HF appeared at EBACE with a new espresso maker for the business jet galley and a galley cart that doesn't look out of place on a large private jet.

The 28V espresso machine does not work with the usual boiler but with patented heat exchangers to ensure instant and continuous operation without waiting for the water to reheat after each use. In addition, the heat exchanger makes for a much lighter machine, and its "open system" allows the use of all easy-serve espresso pods.

The serving cart, created by DesignworksUSA, features attachable "skins" or even transparent windows to allow passengers to see available items. For use in a private jet, the top surface can be modified for a more formal appearance.

"We brought the style, fit and finish that customers expect to find in premium environments at home to enhance their on-board experience," said Laurenz Schaffer, president of BMW Group DesignworksUSA.

*An espresso maker and an executive galley cart are two new items from Italy's Iacobucci HF.*

### AirGlide Coatings Cut Fuel Burn

Aviation marketing consultancy Action Aviation has signed an exclusive distribution agreement with AirGlide, a UK company that claims that its new Aviation Shield nano-technology coating can result in fuel-burn savings of about 4 percent through a drag reduction of up to 40 percent.

According to Action Aviation's website, an ACJ318 on a two-hour flight might burn 9,500 pounds of fuel. With the AirGlide coating, the same aircraft would burn 200 pounds less fuel over that same route.

Other advantages include reducing the carbon footprint, reducing cleaning and maintenance costs and greater protection against corrosion and erosion. It also means, the company claims, that the exterior paint will last longer.

### AkzoNobel Wins Airbus Approval

AkzoNobel Aerospace Coatings of the Netherlands has received approval of its Aerobase base coat and Aviox UVR clear-coat system from Airbus as an option.

The system allows selective removal of only the base coat/clear coat in preparation for repainting, leaving the original primer intact and thereby saving the aircraft owner time and money, according to the Amsterdam-based company.

Further, AkzoNobel said the system "was developed in line with one of Airbus's key objectives to produce aircraft that are friendlier to the environment and more eco-efficient." The base coat/clear coat system is ready for use in series production.

Continues on page 30



HOUSE_OVERSIGHT_030014

**From:** Peter Attia [redacted]
**Sent:** 8/6/2015 12:41:53 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Bill Clinton Encouraged Donald Trump to Run

**Importance:** High

Funny article

# Bill Clinton reportedly had an intriguing phone call with Donald Trump weeks before his campaign launch

Rudolph W. Giuliani, Donald Trump, and Bill Clinton attend the 2008 Joe Torre Safe at Home Foundation Golf Classic at Trump National Golf Club on July 14, 2008, in Briarcliff Manor, New York.

Former President Bill Clinton and real-estate magnate Donald Trump reportedly had a phone conversation in May, only weeks before Trump launched his campaign.

According to a new report from The Washington Post, Clinton called Trump in May and "encouraged Trump's efforts" to become more influential within the GOP, according to four "Trump allies" and one Clinton associate "familiar with the exchange."

From The Washington Post's Robert Costa and Anne Gearan:

"Four Trump allies and one Clinton associate familiar with the exchange said that Clinton encouraged Trump's efforts to play a larger role in the Republican Party and offered his own views of the political landscape."

"The tone of the call was informal and Clinton never urged Trump to run, the four people said. Rather, they said, Clinton sounded curious about Trump's moves toward a presidential bid and told Trump that he was striking a chord with frustrated conservatives and was a rising force on the right."

Hillary Clinton, Bill's wife, is the front-runner for the Democratic nomination for president in 2016.

The Clintons have long had ties with the real-estate magnate. As The Post notes, Hillary Clinton attended Trump's wedding in 2005, and the reality-television personality donated money to her past Senate campaigns, though he has also

donated to several of his own Republican presidential rivals. He has said those donations were transactional.

The former president has spoken positively of Trump in the past.

In a 2012 interview with CNN, Clinton said he liked Trump, despite the real-estate mogul's controversial campaign to get President Barack Obama to release his birth certificate.

"Donald Trump has been uncommonly nice to Hillary and me. We're all New Yorkers," Clinton said. "I like him. And I love playing golf with him."

Aides to both Bill Clinton and Trump did not comment on record to The Post. Hillary Clinton's campaign also didn't respond to a request for comment.

Bill Clinton has occasionally doled out advice to Republican presidential candidates.

In 2012, Clinton reportedly gave former Massachusetts Gov. Mitt Romney (R) some tips before his successful debate with President Barack Obama, telling the governor how to appear in command onstage.

**From**: Flipboard 10 for Today [editorialstaff@flipboard.com]
**Sent**: 6/27/2019 7:35:06 PM
**To**: jeevacation@gmail.com
**Subject**: A sperm donor family portrait

Flipboard

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29 March, 2011

| | |
|---|---|
| Article 1. | Foreign Policy<br>**The Syrian Time Bomb**<br>Patrick Seale |
| Article 2. | Politico<br>**Obama failing as commander in chief**<br>Robert D. Blackwill |
| Article 3. | The Financial Times<br>**Libya, a last hurrah for the west**<br>Gideon Rachman |
| Article 4. | NYT<br>**President Obama on Libya**<br>Editorial |
| Article 5. | The Daily Star<br>**Egypt's new Constitution: an update**<br>Nathan Brown |
| Article 6. | NYT<br>**Arabs Will Be Free**<br>Roger Cohen |
| Article 7. | The Daily Star<br>**The West still beats the rest, but it may no longer be best**<br>Robert Skidelsky |
| Article 8. | Wall Street Journal<br>**Norway to Jews: You're Not Welcome Here**<br>Alan M. Dershowitz |

Article 1.

Foreign Policy

# The Syrian Time Bomb

Patrick Seale

March 28, 2011 -- While one war rages in Libya, another rages in Washington as to the necessity of U.S. action there. Indeed, Defense Secretary Robert Gates said as much this weekend, noting that Libya was not a "vital national interest." But if Washington is looking for an Arab state in the throes of unrest, one that is key to its regional and national interests, planners might want to pay more attention to Syria, which is currently undergoing upheaval not seen since the early 1980s. Syria lies at the center of a dense network of Middle East relationships, and the crisis in that country -- which has now resulted in the deaths of well over 100 civilians, and possibly close to double that number -- is likely to have a major impact on the regional structure of power. The need to contain pressure from the United States and Israel, for decades the all-consuming concern of Syria's leadership, has suddenly been displaced by an explosion of popular protest highlighting urgent and long-neglected domestic issues.

If the regime fails to tame this domestic unrest, Syria's external influence will inevitably be enfeebled, with dramatic repercussions across the Middle East. As the crisis deepens, Syria's allies tremble. Meanwhile, its enemies rejoice, as a weakened Syria would remove an obstacle to their ambitions. But nature abhors a vacuum, and what will come will be unpredictable, at best.

The protests started in mid-March in Daraa, in southern Syria, a city that has suffered from drought and neglect by the government in Damascus. The heavy hand of the ruling Baath party was particularly resented. Because it lies on the border with Jordan, and therefore in a security zone, all land sales required the security services' approval, a

slow and often costly business. This is one of the particular grievances that have powered the protest movement, though certainly the ripples of the successful Egyptian and Tunisian uprisings played a hand. The government, to put it bluntly, responded poorly. Troops in Daraa fired live rounds against youthful demonstrators and virtually all communications -- Internet and telephone -- were shuttered to prevent the seepage of unrest.

To make matters worse, Damascus blamed Israeli provocateurs, rebel forces, and shady foreign agents for the bloodshed -- anyone but its own forces. Civilian deaths at the hands of security forces there, and more recently in the coastal city of Latakia, have outraged opinion across the country, setting alight long pent-up anger at the denial of basic freedoms, the monopolistic rule of the Baath party, and the abuses of a privileged elite. To these ills should be added severe youth unemployment, devastation of the countryside by a grave shortage of rainfall over the past four years, and the impoverishment of the middle and lower classes by low wages and high inflation.

In response to the public unrest, the regime has released some political prisoners and pledged to end the state of emergency in force since 1963. A government spokeswoman has hinted that coming reforms will include greater freedom for the press and the right to form political parties. President Bashar al-Assad is due to address the country in the next 48 hours. His speech is eagerly awaited, but it remains to be seen whether it will be enough to defuse the crisis and win time for the regime. If not, demonstrations could gather pace, triggering still more violent repression by the security services -- an escalation with unpredictable consequences.

The protesters have in fact challenged the fundamentals of Syria's security state, a harsh system of controls over every aspect of society, put in place by the late Hafez al-Assad, Bashar's father, who ruled for 30 years from 1970 to his death in 2000. By all accounts, the debate

about how to deal with the growing protests has led to increasingly violent confrontations inside the regime between would-be reformers and hard-liners. The outcome of this internal contest remains uncertain.

What is certain, however, is that what happens in Syria is of great concern to the whole region. Together with its two principal allies, the Islamic Republic of Iran and the Lebanese Shiite resistance movement Hezbollah, Syria is viewed with great hostility by Israel and with wary suspicion by the United States. The Tehran-Damascus-Hezbollah axis -- of which Syria is the linchpin -- has long been seen by many leaders in the region as the lone bulwark against Israeli and American hegemony. With backing from Washington, Israel has sought to smash Hezbollah (notably through its 2006 invasion of Lebanon) and detach Syria from Iran, a country Israel views as its most dangerous regional rival. Neither objective has so far been realized. But now that Syria has been weakened by internal problems, the viability of the entire axis is in danger -- which could encourage dangerous risk-taking behavior by its allies as they seek to counter perceived gains by the United States and Israel.

If the Syrian regime were to be severely weakened by popular dissent, if only for a short while, Iran's influence in Arab affairs would almost certainly be reduced -- in both Lebanon and the Palestinian territories. In Lebanon, it would appear that Hezbollah has already been thrown on the defensive. Although it remains the most powerful single movement, both politically and on account of its armed militia, its local enemies sense a turning of the tide in their favor. This might explain a violent speech delivered earlier this month by the Sunni Muslim leader and former prime minister Saad Hariri, in which he blatantly played the sectarian card.

Cheered by his jubilant supporters, he charged that Hezbollah's weapons were not so much a threat to Israel as to Lebanon's own

freedom, independence, and sovereignty -- at the hand of a foreign power, namely Iran. The Syrian uprisings may have already deepened the sectarian divide in Lebanon, raising once more the specter of civil war and making more difficult the task of forming a new government, a job President Michel Suleiman has entrusted to the Tripoli notable, Najib Mikati. If Syria were overrun with internal strife, Hezbollah would be deprived of a valuable ally -- no doubt to Israel's great satisfaction.

Meanwhile, Turkey is deeply concerned by the Syrian disturbances: Damascus has been the cornerstone of Ankara's ambitious Arab policy. Turkey-Syria relations have flourished in recent years as Turkey-Israel relations have grown cold. Prime Minister Recep Tayyip Erdogan and his foreign minister, Ahmet Davutoglu, have actively sought to mediate local conflicts and bring much-needed stability to the region by forging close economic links. One of their bold projects is the creation of an economic bloc comprising Turkey, Syria, Lebanon, and Jordan -- already something of a reality by the removal of visa requirements as well as by an injection of Turkish investment and technological know-how. A power struggle in Syria could set back this project; and regime change in Damascus would likely put a serious dent in further Turkish initiatives.

Turkey's loss, however, may turn out to be Egypt's gain. Freed from the stagnant rule of former President Hosni Mubarak, Cairo is now expected to play a more active role in Arab affairs. Instead of continuing Mubarak's policy, conducted in complicity with Israel, of punishing Gaza and isolating its Hamas government, Egypt is reported to be pushing for a reconciliation of the rival Palestinian factions, Hamas and Fatah. If successful, this could help defuse the current dangerous escalation of violence between Israel on the one side and Hamas and still more extreme Gaza-based Palestinian

groups on the other. But Syria's internal troubles might just as easily have a negative effect.

Undoubtedly, the failed peace process has bred extreme frustration among Palestinian militants, some of whom may think that a sharp shock is needed to wrench international attention away from the Arab democratic wave and back to the Palestine problem. They are anxious to alert the United States and Europe to the danger of allowing the peace process to sink into a prolonged coma. Israeli hard-liners, too, may calculate that a short war could serve their purpose: Prime Minister Benjamin Netanyahu's far-right government may sense weakness and quietly dream of finishing off Hamas once and for all. Syria has been a strong supporter of Hamas and has given a base in Damascus to the head of its political bureau, Khaled Mashal. Turmoil in Damascus could deal Hamas a severe blow.

On all these fronts -- Iran, Iraq, Turkey, Lebanon, Palestine, Israel -- Syria is a key player. But its internal problems now threaten to reshuffle the cards, adding to the general sense of insecurity and latent violence in the region. And of all the threats facing the Middle East, perhaps the greatest -- greater even than of another Arab-Israeli clash -- is that of rampant sectarianism, poisoning relationships between and within states, and breeding hate, intolerance, and mistrust.

Several of the modern states of the Middle East -- and Syria is no exception -- were built on a mosaic of ancient religions, sects, and ethnic groups held uneasily and sometimes uncomfortably together by central government. But governments have themselves been far from neutral, favoring one community over another in cynical power plays. Many Sunni Muslims in Syria and throughout the region feel that Assad's Syria has unduly favored the Alawites, a sect of Shiite Islam, who constitute some 12 percent of the population but control a vastly greater percentage of the country's wealth. Open conflict

between Sunnis and Alawites in Syria would profoundly disturb the whole region, creating a nightmare scenario for Washington and other Western capitals.

Meanwhile, Washington seems at a loss as to how to respond to the growing unrest in Syria. In tempered language, the administration has condemned the use of violence against civilians and encouraged political reform. But the undertones are evident: Stability in Syria may still preferable to yet another experiment in Arab governance. Assad will need to act quickly and decisively -- and one hopes not harshly -- to quell the rising current of dissent. Indeed, Secretary of State Hillary Clinton seemed to offer the regime some modest support this weekend, noting that she believed Bashar to be a "reformer." But reform has never been a primary goal of the Assad clan, which has long favored stability over change.

This edifice may now be crumbling, and the United States would be wise to spend a little less time thinking about Libya and a little more time thinking about a state that truly has implications on U.S. national interests. If things go south in Syria, blood-thirsty sectarian demons risk being unleashed, and the entire region could be consumed in an orgy of violence.

*Patrick Seale is a British writer who specializes in Middle East affairs. His latest book is The Struggle for Arab Independence: Riad el-Solh and the Makers of the Modern Middle East.*

Article 2.

Politico

# Obama failing as commander in chief

Robert D. Blackwill

March 28, 2011 -- The Obama administration deserves credit for its foreign policy achievements.

There has been no successful terrorist attack on U.S. soil. President Barack Obama and his colleagues have, thus far, skillfully handled the popular eruptions in Tunisia and Egypt — though those crises are far from over. They strengthened sanctions against Iran regarding its nuclear weapons program; reset U.S.-Russia relations and completed the New START Treaty. They have begun to deal effectively with the rise of Chinese power; continued, after a slow start, the transformation of U.S.-India relations, and signed a bilateral trade accord with South Korea. They also modernized the North Atlantic Treaty Organization with summit agreements on a new strategic concept and ballistic missile defense.

But the administration's record of failure is equally as long. It has not seriously tackled our deficit and debt problem, the single greatest threat to long-term U.S. power and influence. It is now mishandling relations with the Gulf Arab monarchs and made a mess of the Middle East peace process. It has allowed the U.S.-Turkey relationship to reach historic lows, just as Turkey is becoming a formidable actor in the Greater Middle East.

By concentrating on health care for its first two years, the administration, and the large majorities in Congress, missed a crucial opportunity to pass climate change legislation. With the Democratic party's internal constituencies, there also has been almost no movement on international trade.

Right now, nobody has a successful formula for helping Pakistan — with its 100-plus nuclear weapons — arrest its systemic decline; or for coercing North Korea to slow its growing nuclear weapons and missile capabilities. So the administration gets the benefit of the doubt on those two perplexing problems.

Obama has, however, failed in the most important presidential power: to act as a wise commander in chief. He is seriously mismanaging all three wars the U.S. is now engaged in.

In Iraq, over the past decade, the United States has lost 4,500 American lives, has had 33,000 wounded and has spent a trillion dollars to promote vital U.S. national interests. But we are in danger of losing that enormous sacrifice in blood and treasure to meet the president's deadline of withdrawing all U.S. troops by the end of this year.

That is a huge strategic mistake. It could, over time, plunge that pivotal nation back into civil war. We should keep roughly 40,000 combat troops in Iraq for the foreseeable future, to make an indispensable contribution to Iraq's stability and prevent Iranian dominance. We should now be lobbying the Iraqi government hard to accept this.

In Afghanistan, Obama has dramatically escalated U.S. troop commitment — now more than 100,000 — in a war that Bob Woodward says in his book, "Obama's Wars," that the president does not believe in. U.S. policy toward Afghanistan involves spending $100 billion and suffering several hundred allied deaths annually — 500 Americans dead last year, thousands more injured. All this to deal with 100 or so Al Qaeda fighters now in Afghanistan; and prevent the Afghan Taliban from controlling the Pashtun Afghan homeland — which was not the reason we went there after Sept. 11. Our mission was to eradicate Al Qaeda — now largely accomplished — not fight the Taliban.

In policy terms, this has been enormous mission creep far beyond our national interests. The current U.S. counterinsurgency strategy appears likely to fail. Washington and its allies will not defeat the Taliban militarily. President Hamid Karzai's corrupt government is unlikely to improve significantly. The Afghan National Army cannot take over combat missions from the U.S. in southern and eastern Afghanistan in any realistic time frame. And the Pakistan army will not move against Afghan Taliban sanctuaries in Pakistan.

De facto Afghan partition offers the Obama administration the best alternative to strategic defeat. The administration should stop setting withdrawal deadlines and instead commit the United States to a long-term combat role in Afghanistan, with roughly 35,000 to 50,000 troops, for the next seven to 10 years.

Washington should also accept that the Taliban are likely to control most of the Pashtun south and east. The price of forestalling that is far too high for Americans to continue paying. Washington and its partners should let the local correlation of forces take its course in the Pashtun homeland — while deploying U.S. air power and Special Forces to ensure that the north and west of Afghanistan do not succumb to the Taliban.

In Libya, the president has gotten us militarily into the middle of a civil war in a country of little importance to the United States. And he offers no clear strategy to reach his ambitious objectives. The administration's inconsistent, even incoherent, statements on the Libya war wrestle each other for dominance in the daily news cycle, while NATO predictably founders without robust U.S. leadership.

The U.S. should quickly end its military role in the Libyan civil war. We should leave that to the European allies — if they want to take it up — and return to issues of far greater importance to our country, like our fiscal problems.

We can only speculate why Obama has such difficulty in effectively using the U.S. military as an instrument of national purpose. Winston Churchill said, "In critical and baffling situations, it is always best to return to first principle and simple action."

What is Obama's first principle regarding the application of the use of force in the international arena? He seems to possess no abiding strategic framework about that preeminent presidential responsibility. He makes no clear connection between the use of force and vital U.S. national interests.

Thus, he recklessly withdraws from Iraq, imprudently escalates in Afghanistan and unwisely intervenes in Libya. One can only wonder and worry what he will do if and when he confronts the next crisis which could involve committing American men and women to combat.

*Robert D. Blackwill is Henry A. Kissinger senior fellow for U.S. foreign policy at the Council on Foreign Relations. He served as deputy national security adviser for strategic planning, ambassador to India and presidential envoy to Iraq in the George W. Bush administration.*

Article 3.

The Financial Times

# Libya, a last hurrah for the west

Gideon Rachman

March 28 2011 -- The war in Libya is about a lot more than Muammer Gaddafi. Its outcome will reverberate around the Middle East and will affect international politics for decades. A vital principle is at stake.

The supporters of outside intervention believe that they are battling not just to stop atrocities in Libya itself, but to lay down a marker for the future. They want to show that the age when a dictator could massacre his own citizens is coming to a close. Bernard Henri-Lévy, a French philosopher who played an improbable role as a link between the Libyan rebels and President Nicolas Sarkozy, has said: "What is important in this affair is that the 'duty to intervene' has been recognised."

Nicholas Kristof, writing in The New York Times, makes a similar point – "World powers have the right and obligation to intervene when a dictator devours his people." This idea was approved by the UN in 2005 and, according to Mr Kristof, the Libyan intervention is "putting teeth into that fledgling concept."

It would be nice to believe that the doctrine of a "responsibility to protect", known colloquially as R2P, now has real bite. With rebel troops advancing swiftly along the Libyan coast, the supporters of the intervention will be feeling cheerful.

But the reality is that the Libyan war is more likely to mark a last hurrah for liberal interventionism than a new dawn. For the brutal truth is that the western powers that are the keenest promoters of the idea will not have the economic strength or the public backing to sustain many more overseas interventions. And the rising economic

powers – China, India, Brazil and others – are deeply sceptical about the whole concept. Britain, France and the US all voted in favour of the UN resolution authorising force in Libya. But the fashionable grouping known as the Brics – Brazil, Russia, India and China – all abstained. None of them have much time for Colonel Gaddafi. But countries like China, India and Brazil see little to gain, and much to lose, by risking money, men and influence in foreign interventions. Their instinct is to mind their own business and to concentrate on the long-term goal of building up their own economic strength. A massacre in Libya might be unfortunate, no doubt – but Benghazi is a long way from Beijing or Brasília.

There are some complications. Germany abstained but, in doing so, placed itself outside the western mainstream. South Africa, which has been invited to the next Brics summit, voted for the Libyan resolution, but then criticised the bombing campaign vociferously.

So the broad picture holds. The established western powers still have a missionary zeal to put the world to rights. The rising powers are much more cautious and egocentric.

But the western allies are fighting against a background of shrinking resources. The British have just announced big defence cuts and the French are also battling to contain their budget deficit and maintain their welfare state.

The reluctance of the American military establishment to take on this new commitment has also been palpable. President Barack Obama and his generals know that the age when a US president could simply say that America would do “whatever it takes” is over. Admiral Mike Mullen, the chairman of the joint chiefs of staff, has said that the biggest threat to US national security is the budget deficit. In the post-Iraq, post-Afghanistan era, public support for military operations overseas is also limited.

Of course, if there is a swift and successful conclusion to the Libyan intervention – Col Gaddafi deposed, cheering crowds in Tripoli – then liberal interventionism will get a boost. But success could be just as much of a snare as failure. Each successful intervention will prompt demand for the next one – and there will be no shortage of possible candidates. Indeed that question is already being raised by the sight of the Syrian government shooting its own citizens. Yet, the more demands that are placed on the western powers, the more it will be evident that there is a growing mismatch between ambition and resources. That gap could, one day, be filled if the Brics and other rising powers change their attitudes to liberal interventionism. But there is very little sign of that happening. The Chinese government, with memories of Tiananmen Square in 1989, is deeply wary of the idea that foreigners have the right to intervene to prevent human rights abuses in a sovereign nation. The same goes for the Russians, with their record in Chechnya. India, Brazil and South Africa are democratic countries with no need for a contingency plan to shoot their own citizens. But their colonial histories incline them to take a sceptical view of the motives of western powers that seek to use military power around the world. They are also all emerging powers that are not yet used to thinking globally. By contrast, Britain and France have maintained the instinct to think globally, without the resources to back it up. Even the US, by far the world's pre-eminent military power, is signalling strongly that it is losing the will to be the world's policeman. In the Victorian age, the British once sang – "We don't want to fight, but by Jingo if we do/ We've got the ships, we've got the men, we've got the money too." The Libyan intervention feels like a last reprise of that old tune, rather than a bold statement for a new age.

Article 4.

NYT

# President Obama on Libya

Editorial

March 28, 2011 -- President Obama made the right, albeit belated, decision to join with allies and try to stop Col. Muammar el-Qaddafi from slaughtering thousands of Libyans. But he has been far too slow to explain that decision, or his long-term strategy, to Congress and the American people. On Monday night, the president spoke to the nation and made a strong case for why America needed to intervene in this fight — and why that did not always mean it should intervene in others. Mr. Obama said that the United States had a moral responsibility to stop "violence on a horrific scale," as well as a unique international mandate and a broad coalition to act with. He said that failure to intervene could also have threatened the peaceful transitions in Egypt and Tunisia, as thousands of Libyan refugees poured across their borders, while other dictators would conclude that "violence is the best strategy to cling to power." Mr. Obama could report encouraging early progress on the military and diplomatic fronts. Washington and its allies have crippled or destroyed Colonel Qaddafi's anti-aircraft defenses, peeled his troops back from the city of Benghazi — saving potentially thousands of lives — and allowed rebel forces to retake the offensive. Just as encouragingly, this military effort that was galvanized internationally — the United Nations Security Council authorized "all necessary measures" to protect civilians in Libya — will soon be run internationally. Last weekend, the United States handed over responsibility for enforcing the no-flight zone to NATO. And the alliance is now preparing to take command of the entire mission, with the support of (still too few) Arab nations. To his credit, Mr. Obama did not sugarcoat the difficulties ahead. While he suggested that his goal, ultimately, is to

see Colonel Qaddafi gone, he also said that the air war was unlikely to accomplish that by itself. Most important, he vowed that there would be no American ground troops in this fight. “If we tried to overthrow Qaddafi by force,” he said, “our coalition would splinter.” He said “regime change” in Iraq took eight years and cost thousands of American and Iraqi lives. “That is not something we can afford to repeat in Libya.” Instead, he said the United States and its allies would work to increase the diplomatic and military pressure on Colonel Qaddafi and his cronies. A meeting on Tuesday with allies and members of the Libyan opposition is supposed to develop that strategy along with ways to help the rebels build alternate, and we hope humane and competent, governing structures. That needs to start quickly. To hold their ground and protect endangered civilians, let alone advance, the rebels will likely need air support for quite some time. Mr. Obama was right not to promise a swift end to the air campaign. At the same time, he should not overestimate the patience of the American people or the weariness of the overstretched military. And as Washington reduces its military role, others, inside and outside NATO, will need to increase theirs. Within NATO, unenthusiastic partners like Germany and Turkey need to at least stay out of the way even if they continue to stand aside from the fighting. The president made the right choice to act, but this is a war of choice, not necessity. Presidents should not commit the military to battle without consulting Congress and explaining their reasons to the American people. Fortunately, initial coalition military operations have gone well. Unfortunately, it is the nature of war that they will not always go well. Mr. Obama needs to work with Congress and keep the public fully informed. On Monday, he made an overdue start on that.

Article 5.

The Daily Star

# Egypt's new Constitution: an update

Nathan Brown

March 29, 2011 -- The March 19 vote in favor of constitutional amendments in Egypt provides a boost to the military-led transition process and its vigorous electoral schedule.

The voter turnout was impressive by Egyptian standards – 41 percent of eligible voters, at least double the turnout in any previous national election or referendum – and the victory was overwhelming at 77 percent of voters. But opponents attracted enough votes to make the outcome seem less like the predictable landslides of the authoritarian order. Those who objected to the content of the amendments and, more forcefully, to the process by which they were written and the political sequence they implied marshaled forceful arguments, campaigned hard, and then lost.

As a consequence, Egypt's transition process will likely rush forward. What are the next steps? The basic sequence of events is clear, but the ruling Supreme Council of the Armed Forces (SCAF) has not revealed many of the details. Nor has it shared decision-making power over the sequence and rules in any serious way.

The amended articles – most of them governing presidential and parliamentary elections – are now clearly in effect. But the rest of Egypt's Constitution remains suspended. Egypt's military rulers have suggested that they will very shortly issue a declaration indicating how authority will be exercised while Egypt's Parliament and president are elected, which parts of the 1971 Constitution will be brought back into effect, and what their own role will be.

The committee that drafted the amendments also prepared amendments to various laws in order to bring them into conformance

with the new provisions. However, announcement of the changes was postponed until after the referendum. The SCAF is expected to issue those laws, which will likely be designed to make elections freer and fairer, by decree. The SCAF has suggested that it will change the law on political parties, making it much easier for new parties to register. The Muslim Brotherhood is one of the many groups that would likely take advantage of such a change. The SCAF might also move from the current electoral system of individual parliamentary districts to a proportional representation system in which at least some of the seats would be allocated by a party's share of the national vote instead of giving all of them to the winning candidates in each district. But if the SCAF is planning on such a move, it has not tipped its hand.
The SCAF has also suggested that parliamentary elections will be held before presidential elections. Last week, one of its members argued forcefully that attempts to reverse the sequence and have the president elected first (as some have suggested would be preferable because parliamentary elections will be much more complicated than presidential elections) might simply deliver another dictator. But the generals have also suggested that they may push parliamentary elections back from May or June (when they originally suggested they might be held) until September. This is likely a response to those who claim that Egypt's party system is simply not sufficiently organized for elections in two or three months.
The SCAF initially suggested that it might hold the presidential election in the late summer or early fall; if parliamentary elections are postponed until September, then the presidential election might be pushed back until the end of the year.
Under new nomination procedures contained in the constitutional amendments, a party that gains at least a single seat in the upcoming parliamentary elections will be able to nominate a candidate. (If the Muslim Brotherhood is able to form a party and does gain seats, it

has said it will not run its own candidate this time but it might still throw its weight behind one of the candidates who is running.)
Independent candidates can get on the ballot either by getting a certain number of endorsements by parliamentary deputies or gathering signatures (30,000) from eligible voters.
Already some candidates have announced they will run. Most prominent include the following: Amr Moussa, the former foreign minister and current secretary-general of the Arab League. While popular for his Arab nationalist stances, he will have to overcome his association with the past regime, which has already emerged as a major issue in his campaign.
There is also Mohamed ElBaradei, the former director of the International Atomic Energy Agency and Nobel Prize winner. While respected for his clear articulation of liberal political stances and courage in openly criticizing the Mubarak regime, he will have to overcome a reputation for having an aloof and overly cerebral style. In addition, many Egyptians complain that he has spent (and continues to spend) too much time outside the country to be an appropriate candidate.
Another candidate is Hisham al-Bastawisi, the leader of a group of judges who confronted the Mubarak regime over the last decade. Al-Bastawisi is, like ElBaradei, widely respected but does not appear to be a natural politician.
There is also Ayman Nour, founder of Al-Ghad Party. Nour came in a distant second to former President Hosni Mubarak in 2005 and spent the subsequent four years in prison on politically motivated charges. Known as a born politician and an effective campaigner, and admired for his uncompromising opposition to Mubarak, Nour nonetheless enjoys less of a national reputation than Moussa and ElBaradei.
And there is Hamdeen Sabahi, the founder of the Karama Party, a breakaway from the Nasserist Party that has long sought official

licensing. Sabahi, like Nour, has been a key organizer within the opposition and is a gifted politician, but enjoys less widespread popularity than other candidates.

After the new Parliament and president are elected, the provisional Constitution allows (and, according to a reading endorsed by a SCAF member, actually requires) a constituent assembly to be selected to draft an entirely new Constitution. While the opponents to the amendments wished to have this done as the first rather than the last step, they will ultimately get their wish for an entirely new document.

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Article 6.

NYT

# Arabs Will Be Free

Roger Cohen

March 28, 2011 -- Three Middle Eastern countries have been conspicuous for their stability in the storm. They are Turkey, Lebanon and Israel. An odd mix, you might say, but they have in common that they are places where people vote.

Democracy is a messy all-or-nothing business. That's why I love it. You can no more be a little bit democratic than a little bit pregnant. Yes, citizens go to the polls in Turkey, Lebanon and Israel and no dictator gets 99.3 percent of the vote. They are lands of opportunity where money is being made and where facile generalizations, for all their popularity, miss the point. Turkey has not turned Islamist, Lebanon is not in the hands of Hezbollah, and Israel is still an open society.

All three countries, of course, are also wracked by division and imperfection; but then two great merits of democracy are that it finesses division and does not aspire to perfection.

Speaking of Hezbollah, remember all that alarm a couple of months back when a Hezbollah-backed businessman, Najib Mikati, emerged as prime minister? After that, Lebanon introduced the Libyan no-fly-zone resolution at the United Nations — a rare, if little noted, example of the United States and a Hezbollah-supported government in sync.

Talk to Hezbollah: That's obvious. It's no terrorizing monolith. Mikati is struggling with the give-and-take of Lebanese politics. Life goes on in the freewheeling way that has long drawn repressed, frustrated Arabs to Beirut.

Hezbollah is a political party with a militia. That's a big problem. Israel's ultra-Orthodox Shas party has an outsized influence over Israel because of coalition politics. That's a problem. The Muslim Brotherhood will loom large in a free Egypt because it has an organizational head start. That may be a problem. Turkey's ruling Justice and Development Party is a brilliant political machine with a ruthless bent. That's a problem, too.

These are problems of different sizes. But give me all these problems so long as they present themselves within open (or opening) systems. They are far preferable to the cowed conformity common to the terrorized societies of the now doomed Arab Jurassic Park, where despots do their worst.

It's over: Enough of the nameless graves that whisper of horror, enough of the 20th-century police states in the 21st-century. Yes, it's over for Ben Ali and for Mubarak. It's over for Qaddafi, yes it is. How far it's over for the other Arab despots and autocrats, whether of the oxymoronic "republics" or the royals, will depend on how far they can get out in front of their citizens' demand to be heard.

You see, you can't do Hama any more. You can't do the Iraqi marshes. Perhaps you can kill dozens, but not tens of thousands. These despots relied on the limitlessness of their terror. It had to be as absolute as their contempt for the law.

But now people know. They communicate through the clampdowns. They are Facebook-nimble. The despots gaze into their gilded mirrors and, to their horror, see not themselves but the people who will be silenced no longer. They wonder then if their own myriad agents can be trusted. They are caught in their own web. They flail; they have gone too far to turn back but cannot go forward.

Bashar al-Assad, the embattled Syrian president, was about to say something Sunday, before deciding not to. He was trained in west London as an eye doctor. He'd better stop thinking Hama — where

his father murdered at least 10,000 — and start thinking Hammersmith.

Questions swirl. Who are the Libyan rebels? Who are the angry of Latakia? The Arab transitions will be long and bumpy — like those that brought representative government to Latin America and Central Europe and wide swathes of Asia — but now that fear has been overcome, they are irreversible.

Here's who the protesters are: people like Asmaa Mahfouz, 26, the Egyptian woman who on Jan. 18 made a video urging citizens to go to Tahrir Square on Jan. 25 — the demonstration that would start the revolution. She said then: "We'll go down and demand our rights, our fundamental human rights. I won't even talk about any political rights. We just want our human rights and nothing else." And she said people "don't have to come to Tahrir Square, just go down anywhere and say it, that we are free human beings." And: "This is enough!"

People are being born throughout the Middle East. They are discovering their capacity to change things, their inner "Basta!" That's how the Arab spring began on Dec. 17 in the little town of Sidi Bouzid in Tunisia — with a fruit peddler's "enough" to humiliation. In my end is my beginning.

Three months later the genie is not only out of the bottle, it's shattered the bottle. I said of Libya in an earlier column: Be ruthless or stay out. So now the West is in, be ruthless. Arm the resurgent rebels. Incapacitate Qaddafi. Do everything short of putting troops on the ground. Qaddafi, as President Obama has said, "must leave." So that Libya can be an Arab country that is imperfect but open.

Article 7.

The Daily Star

# The West still beats the rest, but it may no longer be best

Robert Skidelsky

March 29, 2011 -- History has no final verdicts. Major shifts in events and power bring about new subjects for discussion and new interpretations.

Fifty years ago, as decolonization accelerated, no one had a good word to say for imperialism. It was regarded as unambiguously bad, both by ex-imperialists and by their liberated subjects. Schoolchildren were taught about the horrors of colonialism, how it exploited conquered peoples. There was little mention, if any, of imperialism's benefits.

Then, in the 1980s, a revisionist history came along. It wasn't just that distance lends a certain enchantment to any view. The West – mainly the Anglo-American part of it – had recovered some of its pride and nerve under U.S. President Ronald Reagan and British Prime Minister Margaret Thatcher. And there was the growing evidence of post-colonial regimes' failure, violence and corruption, especially in Africa.

But the decisive event for the revisionists was the collapse of the Soviet empire, which not only left the United States top dog globally, but also seemed, to the more philosophically minded, to vindicate Western civilization and values against all other civilizations and values. With the European Union extending its frontiers to embrace many ex-communist states, the West became again, if briefly, the embodiment of universal reason, obliged and equipped to spread its values to the still-benighted parts of the world. Francis Fukuyama's

"The End of History and the Last Man" testified to this sense of triumph and historical duty.

Such a conjuncture set the stage for a new wave of imperialism (though the reluctance to use the word remained). In doing so, it was bound to affect interpretations of the old imperialism, which was now extolled for spreading economic progress, the rule of law, and science and technology to countries that would never have benefited from them otherwise.

Foremost among the new generation of revisionist historians was Niall Ferguson of Harvard University, whose television series, based on his new book "Civilization: The West and the Rest," has just started showing in Britain. In its first episode, Ferguson appears amid the splendid monuments of China's Ming Dynasty, which, in the 15th century, was undoubtedly the greatest civilization of the day, with its naval expeditions reaching the coasts of Africa. After that, it was all downhill for China (and "the rest") and all uphill for the West. Ferguson snazzily summarizes the reasons for this reversal in six "killer apps:" competition, science, property rights, medicine, the consumer society and the work ethic. Against such tools – unique products of Western civilization – the rest had no chance. From such a perspective, imperialism, old and new, has been a beneficent influence, because it has been the means of spreading these "apps" to the rest of the world, thereby enabling them to enjoy the fruits of progress hitherto confined to a few Western countries.

Understandably, this thesis has not met with universal approbation. The historian Alex von Tunzelmann accused Ferguson of leaving out all of imperialism's nasty bits: the Black War in Australia, the German genocide in Namibia, the Belgian exterminations in the Congo, the Amritsar Massacre, the Bengal Famine, the Irish potato famine, and much else.

But that is the weakest line of attack. Edward Gibbon once described history as being little better than a record of the "crimes, follies and misfortunes of mankind." Imperialism certainly added its quota to these. But the question is whether it also provided, through Hegel's "cunning of reason," the means to escape from them. Even Marx justified British rule in India on these grounds. Ferguson, too, can make a sound argument for such a proposition.

The most serious weakness in Ferguson's presentation is his lack of sympathy for the civilizations dismissed as "the rest," which also points to the most serious limitation of the revisionist case. The "triumph of the West" that followed the collapse of communism in Europe was clearly not the "end of history." As Ferguson must know, the main topic of discussion in international affairs nowadays concerns the "rise" of China, and more generally Asia, as well as the stirring of Islam.

Of course, the Chinese may prefer to talk about "restoration" rather than "rise," and point to a "harmonious" pluralism of the future. But "rise" is how most people think of China's recent history, and in history the rise of some is usually associated with the decline of others. In other words, we may be reverting to that cyclical pattern that historians assumed to be axiomatic before the seemingly irreversible rise of the West implanted in them a view of linear progress toward greater reason and freedom.

Europe is plainly in decline, politically and culturally, though most Europeans, blinded by their high living standards and the pretensions of their impotent statesmen, are happy to dress this up as progress. Chinese savings are underwriting much of the American civilizing mission that Ferguson applauds. The pattern seems clear: the West is losing dynamism, and the rest are gaining it.

The remainder of this century will show how this shift plays out. For the moment, most of us have lost the historical plot. It is possible, for

example, to imagine a “Western world” (one that applies Ferguson’s “killer apps”) in which the actual West is no longer the dominant factor: America will simply pass the torch to China, as Britain once did to America.

But it seems to me extremely unlikely that China, India and “the rest” will simply take over Western values wholesale, for this would amount to renouncing any value in their own civilizations. Some syntheses and accommodations between the West and the rest will inevitably accompany the shift in power and wealth from the former to the latter. The only question is whether the process will be peaceful.

*Robert Skidelsky, a member of the British House of Lords, is a professor emeritus of political economy at Warwick University.*

Article 8.

Wall Street Journal

# Norway to Jews: You're Not Welcome Here

Alan M. Dershowitz

MARCH 29, 2011 -- I recently completed a tour of Norwegian universities, where I spoke about international law as applied to the Israeli-Palestinian conflict. But the tour nearly never happened.

Its sponsor, a Norwegian pro-Israel group, offered to have me lecture without any charge to the three major universities. Norwegian universities generally jump at any opportunity to invite lecturers from elsewhere. When my Harvard colleague Stephen Walt, co-author of "The Israel Lobby," came to Norway, he was immediately invited to present a lecture at the Norwegian University of Science and Technology in Trondheim. Likewise with Ilan Pappe, a demonizer of Israel who teaches at Oxford.

My hosts expected, therefore, that their offer to have me present a different academic perspective on the Israeli-Palestinian conflict would be eagerly accepted. I have written half a dozen books on the subject presenting a centrist view in support of the two-state solution. But the universities refused.

The dean of the law faculty at Bergen University said he would be "honored" to have me present a lecture "on the O.J. Simpson case," as long as I was willing to promise not to mention Israel. An administrator at the Trondheim school said that Israel was too "controversial."

The University of Oslo simply said "no" without offering an excuse. That led one journalist to wonder whether the Norwegian universities believe that I am "not entirely house-trained."

Only once before have I been prevented from lecturing at universities in a country. The other country was Apartheid South Africa.
Despite the faculties' refusals to invite me, I delivered three lectures to packed auditoriums at the invitation of student groups. I received sustained applause both before and after the talks.
It was then that I realized why all this happened. At all of the Norwegian universities, there have been efforts to enact academic and cultural boycotts of Jewish Israeli academics. This boycott is directed against Israel's "occupation" of Palestinian land—but the occupation that the boycott supporters have in mind is not of the West Bank but rather of Israel itself. Here is the first line of their petition: "Since 1948 the state of Israel has occupied Palestinian land . . ."
The administrations of the universities have refused to go along with this form of collective punishment of all Israeli academics, so the formal demand for a boycott failed. But in practice it exists. Jewish pro-Israel speakers are subject to a de facto boycott.
The first boycott signatory was Trond Adresen, a professor at Trondheim. About Jews, he has written: "There is something immensely self-satisfied and self-centered at the tribal mentality that is so prevalent among Jews. . . . [They] as a whole, are characterized by this mentality. . . . It is no less legitimate to say such a thing about Jews in 2008-2009 than it was to make the same point about the Germans around 1938."
This line of talk—directed at Jews, not Israel—is apparently acceptable among many in Norway's elite. Consider former Prime Minister Kare Willock's reaction to President Obama's selection of Rahm Emanuel as his first chief of staff: "It does not look too promising, he has chosen a chief of staff who is Jewish." Mr. Willock didn't know anything about Mr. Emanuel's views—he based his criticism on the sole fact that Mr. Emanuel is a Jew. Perhaps unsurprisingly, fewer than 1,000 Jews live in Norway today.

The country's foreign minister recently wrote an article justifying his contacts with Hamas. He said that the essential philosophy of Norway is "dialogue." That dialogue, it turns out, is one-sided. Hamas and its supporters are invited into the dialogue, but supporters of Israel are excluded by an implicit, yet very real, boycott against pro-Israel views.

*Mr. Dershowitz is a law professor at Harvard. His latest novel is "The Trials of Zion" (Grand Central Publishing, 2010).*

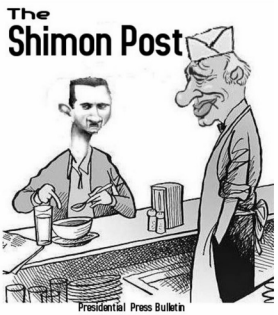


13 May, 2011

| | |
|---|---|
| Article 1. | NYT<br>**The Tony Awards**<br>Roger Cohen |
| Article 2. | Project Syndicate<br>**Democracy's Dawn in Tunisia and Egypt?**<br>Alfred Stepan |
| Article 3. | Carnegie Endowment for International Peace<br>**A Decade of Struggling Reform Efforts in Jordan**<br>(Summary + Conclusion)<br>**Marwan Muasher** |
| Article 4. | Foreign Policy<br>**Syria: Too Big to Fail?**<br>Aaron David Miller |
| Article 5. | The Daily Star<br>**Syria fortifies Obama in his indecision**<br>Michael Young |
| Article 6. | New York Review of Books<br>**Storm Over Syria**<br>Malise Ruthven |

Article 1.

NYT

# The Tony Awards

Roger Cohen

May 12, 2011— Every few years along comes a brilliant Jewish writer called Tony with challenging views on Israel, and this great city — on all other matters the most open in the world — gets tied in knots over what can or cannot be said. After "L'Affaire Judt" we have "L'Affaire Kushner," but with different outcomes that suggest a shifting American Jewish discourse.

The late Tony Judt, author of the brilliant study of late 20th-century Europe called "Postwar," saw his New York persona changed with the appearance in 2003 in The New York Review of Books of an article called "Israel: The Alternative." It posited the creation of a single binational state of Jews and Palestinians and suggested a Jewish state was anachronistic.

The calls to his office began — "Tell Tony Judt this is Hitler calling and he says, 'Congratulations.'" Years later, an event featuring Judt at the Polish Consulate got canceled at the last minute after its organizers apparently came under pressure from prominent New York Jewish groups.

To this day, in the city this British-born Jew came to love for its clamorous diversity, Judt's luminous oeuvre sometimes seems overshadowed by a single polemical piece.

I disagreed with Judt: No alternative binational state of Palestinians and Jews is imaginable in the Holy Land, at least not this side of utopia. History demonstrates that Jews need a homeland called Israel. Amos Oz, the Israeli author, has noted that, "When my father was a young man in Vilna, every wall in Europe said, 'Jews go home to Palestine.' Fifty years later when he went back to Europe on a visit,

the walls all screamed, 'Jews get out of Palestine.'" A Jewish refuge is just and necessary.

But the imperative, inescapable accompaniment to Israel is Palestine. A two-state solution is the only strategic and moral answer to the wars since 1948 that have left countless Palestinians bereft of home and dignity, living under an Israeli dominion as corrosive of its masters as it is punishing to its victims.

Judt, who later suggested the binational idea was utopian, penned a provocation. Its spark was that the current impasse is untenable: Israel cannot be at once Jewish and democratic if it permanently disenfranchises millions of Palestinians in the occupied West Bank. While I disagreed with his proposed resolution, I agree that the occupation is untenable and I found the hounding of Judt, who died last year of Lou Gehrig's disease, an appalling instance of the methods of the relentless Israel-right-or-wrong bullies.

Enter the second Tony of this saga, Tony Kushner, the Pulitzer-prize winning author of "Angels in America." His honorary degree from the City University of New York gets blocked on May 2 after a trustee called Jeffrey Wiesenfeld — like Judt from a family of Holocaust survivors — suggests Kushner is an "extremist" opponent of Israel.

Wiesenfeld, by the way, is not sure Palestinians are human given that they "worship death for their children."

For anyone familiar with the Judt saga, Kushner's travails have a familiar ring. He's interested in historical facts, which include Palestinians being driven from their homes in 1948; he's appalled by the ongoing Israeli settlement policy and is a board member of an organization that has supported boycotting West Bank settlements (although Kushner told me he's against a boycott); he's mused about one state.

That's heresy enough for Wiesenfeld. This time, however, the counter-wave was powerful. J Street, an organization not around in 2003 that supports Israel but opposes the settlements, issued a statement calling CUNY's action "unacceptable." Former mayor Ed Koch, of impeccable pro-Israel credentials, weighed in. Within days CUNY reversed itself and approved Kushner's degree.

Now Wiesenfeld is under pressure to resign. He should: No university is well served by a trustee who values taboo over debate and doubts an entire people's humanity.

Kushner told me he believes "there is a very significant change underway." Americans are realizing there is "a terrible need for a dose of debate" on Israel and that "silent acquiescence" to those "whose politics are based substantially on fantasy and theological wishes" is dangerous.

Criticism of Israel is not betrayal of Israel. The Kushner affair, like the Judt affair before it, is important in that Israel's political compass is guided to some degree by its sense of the American mood. That mood, beginning in the White House, is of growing impatience.

Benjamin Netanyahu, the Israeli prime minister, will address Congress this month. He has responded to tumultuous events in the Middle East with vapid tactical sound bites. The speech to Congress is his chance to lay out a strategy for two states. I doubt he'll ever locate his inner statesman — in which case the world's irritation and futile Palestinian unilateralism will harden.

Yitzhak Rabin did not stand on the White House lawn with Yasser Arafat for a photo-op. The Israeli warrior understood the necessity of a two-state peace. To get there at last, "It's essential that we become more sophisticated and braver in what we're willing to say and think," Kushner said.

Amen to that — and Tony Judt, great man, requiescat in pace.

Article 2.

Project Syndicate

# Democracy's Dawn in Tunisia and Egypt?

Alfred Stepan

2011-05-12 -- CAIRO – With protests fading in Tunis and seeming to have peaked in Cairo, it is time to ask whether Tunisia and Egypt will complete democratic transitions. I have been visiting both countries, where many democratic activists have been comparing their situation with the more than 20 successful and failed democratic-transition attempts throughout the world that I have observed and analyzed.

One fear should be dismissed immediately: despite worries about the incompatibility of Islam and democracy, more than 500 million Muslims now live in Muslim-majority countries that are commonly classified as democracies – Indonesia, Turkey, Bangladesh, Senegal, Mali, and Albania. But, for almost 40 years, not a single Arab-majority country has been classified as a democracy, so a democratic transition in either Tunisia or Egypt (or elsewhere in the region) would be of immense importance for the entire Arab world.

Tunisia's chances of becoming a democracy before the year ends are, I believe, surprisingly good. A key factor here is that the military is not complicating the transition to democracy. Tunisia has a small military (only about 36,000 soldiers), and, since independence in 1956, it had been led by two party-based non-democratic leaders who strove to keep the military out of politics.

Moreover, the current civilian-led interim government engages in at least some negotiations about the new democratic rules of the game

with virtually all of the major political actors who generated the revolution and who will contest the elections.

Tunisia's interim government has announced that elections to a Constituent Assembly will be held on July 24, 2011, and, crucially, that as soon as the votes are counted, it will step down. As in the classic democratic transitions in Spain and India, the newly elected Constituent Assembly will immediately have the responsibility of forming the government.

The Constituent Assembly will be free to choose a presidential, semi-presidential, or parliamentary system. A consensus is emerging among political leaders to choose the same system as the ten post-communist countries that have been admitted to the European Union: parliamentarianism.

Finally, Rachid al-Ghannouchi, who leads the largest Islamic-inspired political party, Al Nahda, went out of his way to tell me that he has signed an agreement with some secular parties that he will not try to change Tunisia's women-friendly family code, the most liberal in the Arab world. While many party leaders do not fully trust Ghannouchi, they believe that in the new democratic environment, the political costs to Al Nahda would be too great for it to risk trying to impose Islamic rule. They also increasingly believe that the most democratically effective policy toward Al Nahda for secular parties is accommodation, not exclusion.

Democratization in Egypt in the long term is probable, but it does not share the more favorable conditions found in Tunisia. One of the biggest differences between the two countries is that every Egyptian president since 1952 has been a military officer. Eighteen generals lead the Post-Mubarak interim government, the Supreme Council of the Armed Forces (SCAF). They unilaterally issue statements about what they see as the rules of the game for future elections. Key civil-society and political actors repeatedly told me that they had little

access to, and almost no politically serious negotiations with, the SCAF.

The clashes in Tahrir Square on April 9-10, which led to the deaths of two protesters, were the most serious to date between activists and the Army. The distance between the Army and young democratic activists grew further on April 11, when a military court sentenced the first blogger since the fall of Mubarak to prison for criticizing the military.

In the SCAF's March 30 "Constitutional Declaration," it became absolutely clear that, unlike Tunisia, the parliament to be elected in September will not form a government. Articles 56 and 61 stipulate that the SCAF will retain a broad range of executive powers until a president is elected. Instead of Parliament acting as the sovereign body that will write a constitution, Article 60 mandates that it is to "elect a 100-member constituent assembly." The big question now is how many non-elected outside experts will end up in this "constituent assembly" and how they will arrive there.

Of course, many still fear that Islamic fundamentalists will hijack Egypt's revolution. But I see that as an improbable outcome, given the growing diversification of Muslim identities in the new context of political freedoms, secular parties' efforts to keep the Muslim Brotherhood within electoral politics, and the profiles of the three leading presidential candidates, none of whom want the Egyptian Revolution to be captured.

In short, a successful democratic transition is possible in Tunisia, and not impossible in Egypt. That fact, alone, should bolster the hopes of Arab democratic activists elsewhere as well.

*Alfred Stepan is Professor of Government at Columbia University and the author, with Juan J. Linz and Yogendra Yadav, of the recently published Crafting State Nations.*

Article 3.

Carnegie Endowment for International Peace

# A Decade of Struggling Reform Efforts in Jordan: The Resilience of the Rentier System

## Summary + Conclusion

(The full text: http://carnegieendowment.org/files/jordan_reform.pdf)

**Marwan Muasher**

May 2011 – On February 1, 2011, after weeks of protests that preceded the uprisings in both Tunisia and Egypt, King Abdullah II dismissed the unpopular government of Samir Rifai and entrusted Marouf Al Bakhit, an ex-army general and former prime minister, with forming a new government. Bakhit's major task would be "to take speedy practical and tangible steps to unleash a real political reform process that reflects [Jordan's] vision of comprehensive reform, modernization and development." While the references to political reform abounded in this newest letter, they were far from new.

Since acceding to the throne in 1999, the king has entrusted almost every appointed government with some aspect of political reform. What was novel about this particular letter was his candid admission that "the process has been marred by gaps and imbalances" and that these were the result of "fear of change by some who resisted it to protect their own interests . . . costing the country dearly and denying it many opportunities for achievement."

In several speeches and press interviews over the last few years, the king has hinted at his frustration with those who did not wish to embrace change. The words in this letter, however, marked the clearest attack yet on those who resisted reform. The accusation was explicit: the motives behind resistance to change from such groups, which had in fact been created and sustained by the system over

many decades, stemmed from their desire to protect their own private interests—even at the expense of the state.

Could reform efforts have taken a different course in Jordan? In a country where the king has broad powers over all branches of government, his expressed frustration over the struggling reform efforts begs the question of why the status quo remains intact. This decade-long process, initiated by the king, has been largely ignored by an ossified layer of elites seeking to protect their own interests. The clear discrepancy between the king's directives to the seven prime ministers he had entrusted to form governments in his twelve years of power—and the actual record of reform completed by these respective governments—points to a structural problem that is all too often ignored.

Much research has been done on the creation of rentier and semi-rentier systems in the Arab world, whereby the state relies on rents from such nonproductive sources as oil or external assistance. Such rents, however, are also specifically utilized to provide privileges to the political elite in exchange for its loyalty. These groups, developed by many Arab systems over decades, support the existing order because it occupies a privileged position that would be compromised by merit-based systems, rather than ones based on clientelism and patronage.

In the case of Jordan, this group has become so entrenched, powerful, and ossified that it is now not only resisting such reform from below but—more dangerously—from above. In other words, these elites have become recalcitrant, self-appointed guardians of the state who believe they alone should decide how the country ought to evolve. They have no qualms about opposing the directives of the leaders or systems that created them in the first place if those leaders are seen as adopting policies that threaten their interests.

An examination of the political reforms conducted by successive governments in Jordan over the last decade suggests that, in most cases, the king's directives were ignored, diluted, and, at times, directly opposed. This does not imply that the objectives of this class and the monarch were always in contradiction, but suggests that the rentier system has, over time and through entrenchment, created monsters who will only acquiesce as long as the system perpetuates the old policy of favors.

These groups are therefore more likely to pursue policies that are antithetical to political reform, thus resulting in the gaps and imbalances lamented by the king's latest letter. These rentier systems have already proven to be difficult to maintain and, in an Arab world that is increasingly demanding better governance and greater accountability, such ossified systems will come to pose significant threats to stability, particularly in resource-poor countries such as Jordan

## Conclusion

After a decade of political reform efforts in Jordan, it does not appear that the process has made any significant advances. In fact, as is clear from some of the key indicators above, the process seems not only to have stalled, but regressed as well. Reversals in civil liberties and political rights caused Jordan to lose significant international standing. In the annual Freedom House rankings, Jordan declined from a rank of 4 in 2001 (partly free) on a scale of 1 to 7 (1 being most free) to a rank of 6 (not free) in 2010. Corruption has also become a major issue in the country in the last few years. From 2003 to 2007, the Jordanian Center for Strategic Studies asked citizens in its annual poll to rate their priorities for the country. Over the four year period, they consistently ranked corruption among their top priorities; it came in a close second to poverty and unemployment.

Jordan also fell in the rankings of the highly respected Transparency International Corruptions Perceptions Index from 37 (1 being the least corrupt in about 180 countries studied) in 2003 to 50 in 2010. It is clear that Jordan's political establishment has no interest in implementing the king's explicit orders to move ahead on political reform and, in most cases, took measures that set the process back. The uprisings that Jordan is A Decade of Struggling Reform Efforts in Jordan: The Resilience of the Rentier System witnessing today are not all instigated by groups that are seeking reform in the traditional liberal sense. Some are led by groups that support the rentier-system model-the source of many of their livelihoods-and are concerned that the state may move away from such a system. The king's own policies on political reform-often aimed at striking a balance between the traditional elements and the reformers-have not borne fruit, and almost always resulted in appeasing traditional elements at the expense of reform. Reform needs reformers who are cognizant of the need for an orderly, gradual process but are also committed to a serious roadmap that would lead to true power-sharing through strong legislative and judicial bodies. The selection of several prime ministers did not lead to serious progress on reform, precisely because they were neither true believers in its value, nor did they have a critical mass of reformers inside their governments able to counterbalance the traditional elements who wanted to preserve the status quo at all costs. Thus, instead of holistically addressing all needed areas of reform, reform programs were instead reduced to ad-hoc initiatives that did not add up to any serious and structural changes in governance systems. The king's practice of handing a prime minister a plan for reform that the latter does not believe in and expecting him to deliver on it regardless has simply failed. The National Agenda, an example of such a holistic and gradual program to move toward a more inclusive and democratic system, was never

implemented; now, current demands have gone beyond it. The king himself has expressed frustration many times over this, both in domestic speeches and in international appearances. When Fareed Zakaria asked him about the future of reform in Jordan in a World Economic Forum debate aired on CNN on February 7, 2010, the king volunteered the following answer regarding the reform process over the last ten years: "Sometimes you take two steps forward, one step back. There is resistance to change. There is a resistance to ideas. When we try to push the envelope, there are certain sectors of society that say this is a Zionist plot to sort of destabilize our country, or this is an American agenda. So, it's very difficult to convince people to move forward." The king faces a formidable task any time a reform process is initiated, as he must confront, address, or co-opt the traditional constituency of the regime. Finding a way of doing this-whether through attempting to arrive at a consensus among the different societal forces, changing the make-up of his coalition, substituting certain benefits to the traditional constituency with others, or convincing the political elite that the status quo is unsustainable-will determine to a large degree whether a serious reform process will ever gain traction. The various attempts to put economic liberalization in the country ahead of political reform did not succeed either. While it is easy to argue that citizens want bread before freedom, economic liberalization took place without the development of a system of checks and balances and resulted in the benefits of economic reform being usurped by an elite few. To the average citizen, neither bread nor freedom was attained. As a result, the public has come to view liberalization and globalization negatively. Economic reform must be accompanied by political reform, such that institutional mechanisms of accountability are developed to monitor excesses and ensure benefits are made available to all. Finally, no reform process can be effective without sustained

implementation. Frequent changes in governments, plans, and priorities have all contributed to the failure of the reform process in Jordan over the past decade. In view of the recent uprisings in the Arab world, the political elite must recognize that the only way they can retain power is by sharing it, and governments will have to acknowledge that substituting serious implementation with reform rhetoric fools no one. Given that Jordan enjoys a rather distinctive position-its monarchy enjoys widespread legitimacy and plays a role in stability that is acknowledged by all sectors of society, including the opposition-the king is in a unique position to lead a serious reform process. The choice in Jordan seems to be similar to that of other countries around it: either lead a reform process from above in a gradual, orderly, and serious way, or watch it take place in the streets below with uncontrolled consequences.

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Article 4.

Foreign Policy

# Syria: Too Big to Fail?

Aaron David Miller

MAY 12, 2011 -- If you're a bit confused about U.S. President Barack Obama's passivity in the face of Syrian President Bashar al-Assad's brutal repression of domestic opposition, don't be. Syria isn't Libya. The Assad regime is just too consequential to risk undermining.

Although the fall of the House of Assad might actually benefit U.S. interests, the president isn't going to encourage it. For realists in the White House, Assad's demise carries more risks than opportunities.

Great powers behave inconsistently -- even hypocritically -- depending on their interests. That's not unusual; it's part of the job description. In fact, in responding to the forces of change and repression loosed throughout the Arab world, flexibility is more important than ideological rigidity.

The last thing America needs is a doctrine or ideological template to govern how it responds to fast-breaking changes in a dozen Arab countries, all of which are strikingly different in their respective circumstances.

That the administration's response often seemed like a giant game of whack-a-mole, with a new problem popping up daily, was inevitable. And so was the variety of U.S. responses. In Bahrain, where the United States had established the headquarters of the U.S. Navy's 5th Fleet, and in Yemen, where counterterrorism is king, interests trumped values. You didn't hear Obama make any "Qaddafi must go"-style speeches directed against Bahrain's ruling Khalifa family or Yemeni President Ali Abdullah Saleh.

The contradictions and anomalies of U.S. foreign policy have also been on stark display in the Obama administration's differing responses to Qaddafi's and Assad's repression of their own people. Beating up Qaddafi proved doable and necessary to prevent what was viewed as potential atrocities by his forces in Benghazi. Libya had few significant air defense systems and no friends; it was relatively easy to construct a coalition of the (semi-)willing in the United Nations, NATO and the Arab League to oppose the man President Ronald Reagan once dubbed the "mad dog of the Middle East" -- a tin pot and often bizarre dictator who opposed reform and political change. If you wanted to construct a more vulnerable target in a laboratory, you couldn't have done much better.

Syria presents a profoundly different situation. U.S. policy has always been driven by the hope that the Assads would change and the fear of what might replace them if they fell. Three additional realities ensured a U.S. response quite different from the one for Libya.

First, Syria was hard. It's a country with a sophisticated air defense system, chemical and biological weapons, and a great many friends -- including Iran and Hezbollah, which are capable of striking back. Marshaling support at the United Nations, mobilizing NATO, and getting buy-in from the Arab League in the way that made the Libya intervention possible are not in the cards. Some of America's closest friends, including Israel and Saudi Arabia, are also not at all sure that Syria without Assad would be better than with him.

Second, for most U.S. presidents -- Ronald Reagan and George W. Bush being the exceptions -- Syria has served as a kind of unholy diplomatic grail. Since Richard Nixon and Henry Kissinger, U.S. policymakers had viewed the Assads as pragmatists capable of facilitating or blocking U.S. policy in Lebanon and the Arab-Israeli peace process.

If only the Syrians could be brought around, presidents have believed for generations, life would be so much easier. The United States wasn't alone in this illusion -- the Israelis, Arabs, Europeans, and Russians felt the same way. Like the Wall Street banks, Syria was then, as it is now, judged as simply too big to fail. There was something perversely comforting about having the Assads around.
I had my own fair share of illusions during my government career, but the Assads were never one of them. I could never quite understand my colleagues' fascination with the brutal Syrian regime. To me, Bashar al-Assad was a brutal dictator who wanted to be the Frank Sinatra of the Middle East -- obsessed with doing things his own way to the point that he priced himself out of peace with Israel and a relationship with the United States. It's striking that every other Arab state, with the possible exception of Libya, managed to establish a close relationship with the United States. Not Assad.
Third, Obama's approach toward Syria has been managed by the realists. This stands in contrast with his Libya policy, where liberal interventionists in the administration and neocons outside clamored for action. This group of realists includes the president, who knows his options on Syria aren't great. He's being told that American leverage isn't great and that if he calls for Assad's head and the Syrian despot survives, he'll have lost access to a key player in the region. And after all, what could he do that would deter a regime in a fight for its life? Pull U.S. Ambassador Robert Ford from Damascus? Impose a travel ban on Assad and his family? Press the Europeans to freeze Assad's money?
In a world of symbols, these steps may make an important point about American values. However, none of them will make a difference in how events play out in Syria.
Simply put, the Obama administration is worried about creating a worse situation if Assad falls. Take your pick of scary scenarios:

civil war, a Sunni fundamentalist takeover, or a new base for al Qaeda.

Of course, there would also be an upside to Assad's demise. A brutal regime would have fallen; Iran would be denied an Arab patron and a critical window into Lebanon and the Arab-Israeli arena; Hamas would likely drift further into the orbit of Egypt and Saudi Arabia; and Hezbollah -- though hardly defanged in Lebanon -- would lose a critical patron. At this point, however, the administration clearly judges that the risks of U.S. action outweigh the potential benefits. Bad options, bad outcomes. So, for now, we watch and wait to see where the arc on the Assads is headed -- north or south. But if the Assads do survive, it wouldn't surprise me in the least if Washington at some point resumes a business-as-usual posture with the only surviving repressive Arab dictator that's too big to fail.

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Article 5.

The Daily Star

# Syria fortifies Obama in his indecision

Michael Young

12 May -- The New York Times gave readers a double-whammy of Syrian statements on Tuesday. Its correspondent in Beirut, Anthony Shadid, landed interviews with presidential adviser Bouthaina Shaaban and with Rami Makhlouf, the powerful maternal cousin of President Bashar Assad, who represents the financial front of the regime.

Shadid was allowed into Syria for only a few hours to conduct the interviews. You have to wonder whether this provoked much debate in the newspaper's offices. The condition transformed the correspondent into a stenographer, and the New York Times into a platform, for the dual messages emanating from Damascus. This irked quite a few people. However, it's also fair to say that Shadid has kept the Syria story on the front pages of his daily, at a moment when the attention in the United States has been drifting elsewhere.

What did Shaaban and Makhlouf say? The essence of Shaaban's remarks was that the Syrian regime had gained the upper hand against the uprising. "I think now we've passed the most dangerous moment. I hope so, I think so," she said. Shaaban repeated the government line that Syria faced an armed rebellion, and disclosed that she had been tasked with initiating a dialogue with dissidents. "We see [the Syrian events] as an opportunity to try to move forward on many levels, especially the political level," she added.

Makhlouf's comments sounded more ominous. "If there is no stability [in Syria], there's no way there will be stability in Israel," he warned. "No way, and nobody can guarantee what will happen after, God forbid, anything happens to this regime." He observed that the

regime had opted to fight, insisting that all its members were united: "We will sit here. We call it a fight until the end." He also issued a transparent threat: "They should know when we suffer, we will not suffer alone."

Some have suggested that the two messages reveal a split in the Syrian regime. That's not convincing. The messages were not that different, and to put Shaaban on the same level as Makhlouf is absurd. Shaaban is viewed as a spokesman for the president, but she plays no central role in the Assad-Makhlouf constellation. She doubtless needed a green light to go ahead with the interview, one that required some measure of approval by Makhlouf and Assad's younger brother Maher, both of whom have taken an eradication approach to the protests. Makhlouf, in turn, needed no authorization whatsoever.

What Shaaban said was likely intended to be interpreted in the United States as a marginally soft statement by Bashar Assad. In contrast, Makhlouf offered the harsher alternative if the president's approach was rejected by the international community. It was a classic good cop, bad cop routine, and those familiar with Syrian manners will be little surprised by the ploy. That's why it seems far-fetched to assume that we are witnessing a fundamental rift in Syria's ruling family.

The reason for this is that there is no serious alternative to what the Assads and the Makhloufs are doing today. They can either stand together behind repression, or fall apart. That's hardly to justify the regime's butchery of hundreds of unarmed civilians. Rather, it's to affirm that the Syrian leadership is incapable of undertaking anything different. There simply is no reform option, and there never was. Genuine reform means dislodging the bricks holding up Assad-Makhlouf authority. Bashar Assad's open-ended presidency, the crony capitalism practiced by his cousin and other members of Syria's elite, the abuse practiced by the all-powerful security services,

even Alawite predominance, would never survive a system shaped by free elections, the rule of law, and the existence of independent media.

The New York Times interviews were made possible by the deep uneasiness in the Obama administration with moves that might destabilize the Assad regime. The Syrians are good judges of their adversaries' weaknesses, and what they see in Washington is a president who prefers the Assads to the possibility of chaos. They realize that the measures taken until now by the United States and Europe have been relatively gentle, therefore wholly ineffective. Add to that the U.N. Security Council's recent failure to condemn Syria and official Arab support for Syrian stability, and you will grasp why the Assad regime saw an opening to reinforce American paralysis.

Nor can the Obama administration ignore that the Syrian leadership regards American dithering as a sign of implicit approval of its actions. Indeed, Shaaban described the recent statements of President Barack Obama and Secretary of State Hillary Clinton on Syria as "not too bad," and the sanctions against Syria as manageable. That can only mean one thing: If Washington fails to clarify its views on the carnage in Syria through effective policies, the killing and the arrests there will continue, with the U.S. bearing partial responsibility. The White House's uncertainty can be measured in human lives.

The Syrian protesters are right in not pursuing their salvation in Washington, let alone Brussels, Paris, or London. This is not an American administration overly outraged by the viciousness of dictatorships. Even in Egypt, Obama only turned against Hosni Mubarak when he was left with no other choice – although doing so against an old ally while sparing Assad suggests that Obama is like the coward who will yell at his wife to avoid a brawl with the neighbor.

What all this could also mean, however, is that the Syrian regime is wrong in pursuing its salvation in foreign capitals. Ultimately, Assad, his legitimacy in tatters, will have to win out against his own people. That will not be easy, not when the president has had to order the military occupation of several of his major cities. The regime's behavior is a daily insult to Syrians, one they will not readily forget.

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Article 6.

New York Review of Books

# Storm Over Syria

Malise Ruthven

*The Other Side of the Mirror: An American Travels Through Syria by Brooke Allen*

*Paul Dry, 259 pp., $16.95 (paper)*

June 9, 2011 -- "Damascus has seen all that has ever occurred on earth, and still she lives," wrote Mark Twain after visiting Syria's capital in the 1860s. "She has looked upon the dry bones of a thousand empires, and will see the tombs of a thousand more before she dies."

The turmoil in Syria, where hundreds of unarmed protesters have been mown down by the forces of President Bashar al-Assad, who comes from the country's Alawi minority, is much more menacing than the generally peaceful revolutions in Tunisia and Egypt, from which the Syrian protesters drew their initial inspiration. The regime of Zine el-Abidine Ben Ali in Tunisia capitulated in the face of spontaneous demonstrations sparked by the self-immolation of a twenty-six-year-old man who had been reduced to scratching out a living as a humble street vendor. Ben Ali, along with his hated wife and family, chose to go into exile before a single shot had been fired. In Egypt, if press reports are to be believed, the generals unseated President Hosni Mubarak after tank commanders refused his orders to fire on civilians. The Egyptian revolution, which has seen some resistance from the military and police, has now taken a constitutional turn, with the country approving a series of amendments that could lead to the emergence of a parliamentary democracy. Much will

depend on the willingness of the military to allow an open political process to take place.

The Syrian government's response to the Arab world's turbulent spring, by contrast, has been both violent and vacillating. Its initial response was to characterize the protests across the country as the result of a global conspiracy fomented by a clutch of unlikely allies, including the US, Israel, and Arab enemies in Lebanon, Saudi Arabia, and Qatar, working with former regime officials and homegrown Salafists, or fundamentalists. Then President Assad tried to defuse the opposition by receiving protest delegations and announcing the lifting of long-standing emergency laws, apparently acknowledging the existence of legitimate grievances. But this proved no more than a gesture. In effect the government's response has been contradictory to the point of incoherence: as the Brussels-based International Crisis Group points out in a report released on May 3:

The regime has lifted the emergency law but has since allowed the security services to conduct business as usual, thereby illustrating just how meaningless the concept of legality was in the first place. It authorises demonstrations even as it claims they no longer are justified and then labels them as treasonous. It speaks of reforming the media and, in the same breath, dismisses those who stray from the official line. It insists on ignoring the most outrageous symbols of corruption. Finally, and although it has engaged in numerous bilateral talks with local representatives, it resists convening a national dialogue, which might represent the last, slim chance for a peaceful way forward.

Over seven hundred people have been killed so far, more than a hundred of them in the southwestern city of Deraa, near the Jordanian border, where the Omari mosque—a center of resistance—has been closed to worshipers after being shelled by tanks and taken over by snipers. Some ten thousand people are now said to have been

detained by elite security forces backed by the army. According to Amnesty International, detainees have been beaten with sticks and cables, and sometimes deprived of food. Unlike in Libya there are no NATO forces to protect Syria's cities or parts of the country from the murderous attacks inflicted by a regime that is now losing the last threads of international legitimacy. Assad has a more effective army than Qaddafi and powerful friends in Iran, Lebanon, and Iraq.

In contrast to Libya, military action in defense of Syria's beleaguered population would barely attract a shred of international support. While the Arab League voted unanimously for the no-fly zone to protect the people of Benghazi, in the case of Syria it has not even mentioned the country by name, merely declaring that pro-democracy protesters "deserve support, not bullets."

As The New York Times pointed out in an editorial, the UN Security Council "hasn't even been able to muster a press statement. Russia and China, as ever, are determined to protect autocrats." Israel has been watching and waiting with alarm as the outcome of the unrest in Syria becomes more and more uncertain. Despite his alliance with Iran and refusal to recognize the Jewish state, Assad is the devil it knows best. Prolonged instability or a Salafist regime could only make matters worse.

On the ground it is far from clear what is happening, since foreign reporters have been banned from entering the country, Internet service has been shut down, and cell-phone coverage limited to satellites or systems outside government control. Nevertheless the protests—spurred by funerals of victims and gatherings at Friday prayers, the only occasions on which large numbers of people are permitted to assemble—have spread from Deraa to at least a dozen other cities including Baniyas and Latakia on the Mediterranean coast, as well as to the northern city of Homs and some suburbs of Damascus.* With the Alawi-dominated regime under threat, the

struggle is showing ominous sectarian overtones. At Baniyas, where the army moved scores of tanks and armored vehicles into the city's southern outskirts, paramilitary groups were said to have massed in Alawi-populated northern suburbs. The city centers of Damascus and Aleppo, however, remained relatively quiet, as the government appeared to be organizing rallies of its own supporters, with activists claiming that efforts were being made to bus pro-government demonstrators from Alawi-dominated regions. Grainy cell-phone images sent in clandestinely from Homs to the al-Jazeera TV network showed a speech by a senior defector from the ruling Baath party being greeted with shouts of Allahu Akbar (God Is Greater), often regarded as the jihadist war cry.

At first sight the defection of more than three hundred members of the ruling Baath party in protest at the crackdown would suggest that Syria's one-party state, in place since 1963, is beginning to unravel. What some people are calling the Facebook Revolution, an unprecedented wave of visible public protest, is led by a generation of media-savvy young people, more aware of the outside world than their parents were, who are demanding an end to the system of repression, corruption, and privilege that has been the hallmark of the authoritarian Arab regimes lying between the Atlas Mountains and the Persian Gulf.

Yet unlike the Muslim Brotherhood's rebellion in Hama, which shook the government of Bashar al-Assad's father Hafez in 1982, the Facebook rebellion seems curiously faceless. There are some signs of opposition violence with "plausible reports of security forces being ambushed by unidentified armed groups, as well as of protesters firing back when attacked," according to the International Crisis Group. But these appear to be small and random incidents. The vast majority of casualties are the consequence of the regime's brutality. The protests are largely spontaneous. There seem to be no controlling

organizations or identifiable leaders, and the opposition's ideological focus is unclear, beyond slogans calling for an end to corruption and repression.

Optimists see this as an implicit acceptance of democratic values and assumptions. Despite the increasingly desperate efforts of the region's authoritarian governments to keep their people in the dark about the realities of the outside world by restricting information, the younger generation identifies with its peers in the liberal West and it knows what it is missing in access to material and educational benefits as well as civil and democratic rights. The problem is that while the Facebook generation knows what it doesn't like, it is far from clear that there are structures in place, or being planned, that could provide the basis for an alternative political system if the regime collapses. Pessimists envisage a scenario encapsulated in the phrase "one man, one vote, one time" leading to a Salafist takeover and a settling of scores against minorities (including Christians) who were protected by the regime or benefited from its pluralist approach. More than 70 percent of the Syrian population are Sunni.

How did Syria come to this pass? While some observers see in recent events a parallel with 1989, with the break-up of the East European–style system introduced by the Baathists in the 1960s, this is no velvet revolution, nor is Syria like Jaruzelski's Poland. The regime's violence is not ideological. It is far from being the result of an emotional or philosophical commitment to a party that long ago abandoned its agenda of promoting secular Arab republican values and aspirations. The regime's ruthless attachment to power lies in a complex web of tribal loyalties and networks of patronage underpinned by a uniquely powerful religious bond.

The Alawis of Syria, who make up only 12 percent of its population, split from the main branch of Shiism more than a thousand years ago. Before the twentieth century they were usually referred to as

Nusayris, after their eponymous founder Ibn Nusayr, who lived in Iraq during the ninth century. Taking refuge in the mountains above the port of Latakia, on the coastal strip between modern Lebanon and Turkey, they evolved a highly secretive syncretistic theology containing an amalgam of Neoplatonic, Gnostic, Christian, Muslim, and Zoroastrian elements. Their leading theologian, Abdullah al-Khasibi, who died in 957, proclaimed the divinity of Ali, the Prophet Muhammad's cousin and son-in-law, whom other Shiites revere but do not worship. Like many Shiites influenced by ancient Gnostic teachings that predate Islam, they believe that the way to salvation and knowledge lies through a succession of divine emanations. Acknowledging a line of prophets or avatars beginning with Adam and culminating in Christ and Muhammad, they include several figures from classical antiquity in their list, such as Socrates, Plato, Galen, and some of the pre-Islamic Persian masters.

Nusayrism could be described as a folk religion that absorbed many of the spiritual and intellectual currents of late antiquity and early Islam, packaged into a body of teachings that placed its followers beyond the boundaries of orthodoxy. Mainstream Muslims, both Sunni and Shia, regarded them as ghulta, "exaggerators." Like other sectarian groups they protected their tradition by a strategy known as taqiyya—the right to hide one's true beliefs from outsiders in order to avoid persecution. Taqiyya makes a perfect qualification for membership in the mukhabarat—the ubiquitous intelligence/security apparatus that has dominated Syria's government for more than four decades.

Secrecy was also observed by means of a complex system of initiation, in which insiders recognized each other by using special phrases or passwords and neophytes underwent a form of spiritual marriage with the naqibs, or spiritual guides. At this ceremony three superior dignitaries represent a kind of holy trinity of the figures who

feature in other Nusayri rituals, namely Ali, Muhammad, and Salman al-Farisi (the Persian companion of Muhammad who in several Islamic traditions forms a link between the Arabs and the wisdom of ancient Persia). Nusayri rituals, performed in private homes or out-of-the-way places, include a ceremony known as Qurban—almost identical to the mass—where wine is consecrated and imbibed in the Christian manner. As Matti Moosa, a leading scholar of the Nusayris, states in his seminal study Extremist Shiites: The Ghulat Sects (1988):

The Christian elements in the Nusayri religion are unmistakable. They include the concept of trinity; the celebration of Christmas, the consecration of the Qurban, that is, the sacrament of the flesh and blood which Christ offered to His disciples, and, most important, the celebration of the Quddas [a lengthy prayer proclaiming the divine attributes of Ali and the personification of all the biblical patriarchs from Adam to Simon Peter, founder of the Church, who is seen, paradoxically, as the embodiment of true Islam].

Moosa suggests that like other schismatic groups residing in Syria, such as the Druzes and Ismailis, the Nusayris do not take their beliefs literally, but understand them as allegorical ways of reaching out to the divine. While this may be true of the educated naqibs, or spiritual elders, such belief systems may have different ramifications for semiliterate peasants, reinforcing a contempt or disdain for outsiders who do not share these beliefs. Like the Druzes and some Ismailis, Nusayris believe in metempsychosis or transmigration. The souls of the wicked pass into unclean animals such as dogs and pigs, while the souls of the righteous enter human bodies more perfect than their present ones. The howls of jackals that can be heard at night are the souls of Sunni Muslims calling their misguided co-religionists to prayer.

It does not take much imagination to see how such beliefs, programmed into the community's values for more than a millennium, and reinforced by customs such as endogamous marriage—according to which the children of unions between Nusayris and non-Nusayris cannot be initiated into the sect—create very strong notions of apartness and disdain for the "Other."

The great Arab philosopher of history Ibn Khaldun, who died in 1406, elaborated the concept of 'asabiyya—variously translated as clannism or group solidarity—that provides a more adequate explanation of the political systems operating in many Arab countries than notions based on imported ideologies such as communism, nationalism, and socialism. Ibn Khaldun's analysis was based on his native North Africa, but it can be adapted to the conditions of the Mashreq, or Levant—where similar historical conditions prevailed. As Albert Hourani explained in his magisterial History of the Arab Peoples (1991), 'asabiyya is a force that informs the patriarchal family order that still underpins the structure of power in many Arab societies.

In the past, as Hourani pointed out, a ruler with 'asabiyya was well placed to found a dynasty, since the merchant classes of the cities, untrained in the military arts and without powerful corporate structures, tended to lack this quality. Moreover, when dynastic rule achieved in this way was stable and prosperous, city life flourished. But in Ibn Khaldun's time every dynasty bore within itself the seeds of decline, as rulers degenerated into tyrants or became corrupted by luxurious living. In due course power would pass to a new group of hardy rulers from the margins after a period of turbulence often described as fitna, or disorder (a term with overtones of sexual disharmony, for in the family context, fitna is seen as the outcome of sexual misconduct).

The rise and possible fall of the Assad dynasty would provide a perfect illustration of the Khaldunian paradigm under recent postcolonial conditions. Under Ottoman rule the Nusayris were impoverished outsiders struggling on the social margins. In addition to feuding among themselves, they were fierce rivals of the Ismailis, whom they expelled from their highland refuges and castles, forcing them to settle in the more arid lands east of Homs. The Ottoman governors regarded them as nonbelievers and tools of the Shiite Persians: they were not even accorded the dignity of a millet, or recognized religious community.

When the French took over Greater Syria after World War I (including modern Lebanon and parts of modern Turkey), they flirted briefly with the idea of creating a highland Alawi state of 300,000 people separate from the cities of the plains—Homs, Hama, Damascus, and Aleppo—with their dominant Sunni majorities. The French rightly believed that the Sunni majority would be most resistant to their rule. Like other minorities the Alawis, as they preferred to be called, saw the French as protectors. In 1936, six Alawi notables sent a memorandum to Leon Blum, head of France's Popular Front government, expressing their loyalty to France and their concern at negotiations leading to independence in a parliamentary system dominated by the Sunni majority. The memorandum includes the following points:

• The Alawi people, who have preserved their independence year after year with great zeal and sacrifices, are different from the Sunni Muslims. They were never subject to the authority of the cities of the interior.

• The Alawis refuse to be annexed to Muslim Syria because in Syria the official religion of the state is Islam, and according to Islam the Alawis are considered infidels.

• The granting of independence to Syria…constitutes a good example of the socialist principles in Syria…. [But] as to the presence of a parliament and a constitutional government, that does not represent individual freedom. This parliamentary rule is no more than false appearances without any value. In truth, it covers up a regime dominated by religious fanaticism against the minorities. Do French leaders want the Muslims to have control over the Alawi people in order to throw them into misery?
• We can sense today how the Muslim citizens of Damascus force the Jews who live among them to sign a document pledging that they will not send provisions to their ill-fated brethren in Palestine. The condition of the Jews in Palestine is the strongest and most explicit evidence of the militancy of the Islamic issue vis-à-vis those who do not belong to Islam. These good Jews contributed to the Arabs with civilization and peace, scattered gold, and established prosperity in Palestine without harming anyone or taking anything by force, yet the Muslims declare holy war against them and never hesitated in slaughtering their women and children, despite the presence of England in Palestine and France in Syria. Therefore a dark fate awaits the Jews and other minorities in case the Mandate is abolished and Muslim Syria is united with Muslim Palestine…the ultimate goal of the Muslim Arabs.

One of the signatories to this document was Sulayman al-Assad, a minor chief of the Kalbiya clan and father of Hafez al-Assad.

The ‘asabiyya of the Alawis was carefully exploited by the French, who polished the Khaldunian model by giving them military training as members of the Troupes Spéciales du Levant. In the turbulent years that followed full independence in 1946, their military know-how proved valuable. Bright members of the sect such as Hafez al-Assad, whose families could not afford to send them to university, joined the armed forces and were drawn to secular parties, such as the

Baath (renaissance) party jointly founded by two intellectuals, Michel Aflaq and Salah al-Din Bitar, with an agenda explicitly aimed at overcoming sectarian divisions.

It would be wrong to suppose that the Alawis deliberately sought to subvert or take over the Baath or the armed forces. Their primary impulse was their own security. After independence the Syrian parliament abolished the separate representation for minorities instituted by the French, along with certain judicial rights. Nusayri sheikhs and notables encouraged young men to join the Baath because they believed its secular outlook would protect them from Sunni hegemony and persecution. Other minorities, including Christians, Druzes, and Ismailis, tended to join the Baath (or in some cases the Communist Party and Syrian Socialist National Party) for similar reasons. The eventual dominance achieved by the Alawis may be attributed to their highland military background and the default logic by which ‘asabiyya tends to assert itself in the absence of other, more durable structures.

The first three military coups that followed Syrian independence were engineered by Sunni officers. This was followed by the disastrous union with Nasser’s Egypt in 1958 when Baath party leaders, following their pan-Arabist nationalist logic, merged their country’s identity into that of their more powerful Sunni neighbor. After Syria formally united with Egypt, Nusayri officers who had joined the Baath party became increasingly alarmed that Arab nationalism, for all its secular rhetoric, was really a veil concealing Arab Sunni supremacy. They formed a clandestine military committee led by Salah Jadid, an Alawi, which took power in a military coup in 1963. Hafez al-Assad, trained as a fighter pilot, became air force commander. Some seven hundred officers were purged, and most of their positions were filled with Nusayris. A further coup against the Baathist old guard brought Assad into the cabinet as defense minister

in 1966, a position he cleverly exploited after Syria's defeat by Israel in the Six-Day War of 1967, after which it was alleged that the regime had had secret dealings with the Jewish state. A "palace coup" inside the leadership brought Assad to power as president in 1970. Thereafter the power of the state was firmly concentrated in Alawi hands. Of the officers commanding the 47th Syrian Tank Brigade, which was responsible for suppressing the Muslim Brotherhood's rebellion in the city of Hama in 1982 at a cost of some 20,000 lives, 70 percent are reported to have been Alawis. When Hafez al-Assad died in June 2000, the constitutional niceties were rapidly dispensed with to ensure the succession of his son Bashar, who had studied ophthalmology in England. Fearful that Hafez's exiled younger brother Rifaat al-Assad, who had commanded the Hama operation, would try to take over, a hastily convened session of the People's Assembly voted to lower the minimum age for a president from forty to thirty-four, the exact age of Bashar al-Assad.

In the welter of violence now accompanying the regime's determined efforts to suppress the demonstrations, its achievements should not be forgotten or ignored. While its massacre in Hama was horrendous and it has an abysmal record on human rights, engaging in torture and severe political repression, it had a good, even excellent one when it came to protecting the pluralism of the religious culture that is one of Syria's most enduring and attractive qualities. Some of these virtues are captured in Brooke Allen's engaging account of her travels in Syria, The Other Side of the Mirror, where she meets ordinary people from different backgrounds and rejoices in the natural friendliness of Syria's people and the extraordinary richness of its past. Instead of the Soviet-style grayness she expected to find from accounts in the US media, she discovers a sophisticated cosmopolitan society where life is being lived in many different styles and varieties, "totally unselfconsciously, just as it has been for thousands of years."

In Aleppo, a jewel among cities, with its commanding citadel and labyrinthine, covered souk, she sees fully veiled ladies, exotic bedouin women displaying bright spots of color, and wealthy Gulf Arabs wearing white robes rubbing shoulders with men riding donkeys and mixing with "trophy girlfriends" in miniskirts teetering perilously on the ultra-high-heeled shoes that Aleppans evidently consider to be the height of fashion.

Having been in Aleppo recently, I can vouch for the accuracy of her descriptions. Visiting several mosques, churches, and shrines, she provides impressive testimony of the country's religious diversity and the regime's commitment to religious freedom. It would be tragic if the pursuit of democracy led to the shredding of this bright human canopy, where religious and cultural differences seem to have flourished under the iron grip of a minority sectarian regime.

—Rome, May 11, 2011

*Malise Ruthven is the author of Islam: A Very Short Introduction, Islam in the World: The Divine Supermarket (a study of Christian fundamentalism), A Fury for God: The Islamist Attack on America, and A Satanic Affair: Salman Rushdie and the Wrath of Islam.*

# Where are the Epstein records?

By JULIE K. BROWN
Miami Herald

Three months have passed since a judicial panel in New York heard arguments to unseal documents that could reveal whether federal prosecutors covered up evidence that New York financier Jeffrey Epstein and others were running an underage sex trafficking operation.

In March, the United States Court of Appeals for the Second Circuit seemed poised to release some documents in the case. The records involve Epstein's one-time partner, Ghislaine Maxwell, who has been accused of helping him recruit and sexually exploit girls and young women in various locations around the United States and abroad in the late 1990s and early 2000s.

Jeffrey Epstein

The appeals panel gave all parties in the case until March 29 to file additional pleadings. Several challenges were subsequently filed, but the court has yet to make a final ruling.

The Miami Herald — one of the interveners in the case — has submitted a letter to the court urging the judges to follow through on the case in the wake of a controversial Justice Department decision last week. In a 35-page motion, filed June 24, federal prosecutors in Georgia declared that they would not set aside Epstein's federal non-prosecution agreement.

The Georgia decision dealt another blow to Epstein's victims who have been fighting for a decade to have the deal thrown out and to pressure the Justice Department to prosecute the 66-year-old multimillionaire on sex trafficking charges. It also means that the Justice Department has no intention of allowing Epstein's victims and the public to examine the facts of Epstein's case and reach their own conclusions, the Herald argues in the letter.

In February, a federal judge in Florida, Kenneth A. Marra, ruled in the victims' favor, saying that the government violated the Crime Victims' Right Act when it failed to inform Epstein's victims that prosecutors had secretly disposed of the case.

Marra ordered the government and attorneys for the victims to come up with remedies to address the federal violation.

U.S. Attorney Byung Pak responded last week, saying that Epstein's victims are free to express their displeasure about what prosecutors did, but they have no right under the law to demand anything from the government — not even an apology.

Sanford L. Bohrer, the Miami Herald's attorney, said that Pak's decision highlights the pressing need for the New York appeals court to expedite unsealing the documents in Maxwell's case.

That case is a 2015 defamation lawsuit filed against Maxwell, the daughter of the late British media mogul Robert Maxwell. Maxwell, now 57 and an environmentalist, has been accused of assisting Epstein in the trafficking of underage girls and young women to powerful and wealthy politicians, lawyers, scientists and businessmen.

She has denied the allegations and has never been charged with any crimes.

The Herald's lawyer contends that the Justice Department's decision last week shows that the government continues to evade public accountability and, therefore, it's more urgent than ever that the Maxwell case be made public.

"[Pak's] submission makes clear that access to the documents that [the Herald and other parties] seek in [the Maxwell] matter remains an issue of critical public concern," Bohrer wrote in a letter to Catherine O'Hagan Wolfe, clerk of the court for the appeals panel. He said the government "essentially argues that Epstein's victims are not entitled to any meaningful redress, including partial rescission, declaratory relief and specific injunctive relief requested."

In 2008, the FBI had identified nearly three dozen underage victims who were allegedly lured to Epstein's mansion in Palm Beach under the pretext that he would pay them for massages. The girls, mostly 13 to 16 years old, were groomed by Epstein and others who worked for him to engage in sex acts with him and others, the evidence showed.

In November, the Miami Herald published an investigation that examined how then-Miami U.S. Attorney Alexander Acosta negotiated a secret non-prosecution agreement that resulted in Epstein receiving an extraordinarily light sentence.

Acosta, who is now President Donald Trump's labor secretary, ensured that the agreement was sealed so that no one — not even the victims — would know the scope of Epstein's crimes or who was involved. Epstein's lawyers worked together with prosecutors to limit public scrutiny of the case, and arranged for Epstein to quietly plead guilty to lesser charges in state court, the Herald series revealed.

The handling of the case is now under investigation by the Department of Justice.

As part of the Herald's series, the newspaper went to court in 2018 to unseal the Maxwell case, which was settled in 2017. A contingent of other media companies, a conservative social media blogger and Epstein's lawyer, Alan Dershowitz, are also seeking to have the Maxwell case made public.

The defamation case was filed against Maxwell by Virginia Roberts Giuffre, who claims she was recruited by Maxwell when she was 16 and working as a spa attendant at Mar-a-Lago, Trump's lavish country club in Palm Beach. In court papers, she claimed that Epstein and Maxwell directed her to have sex with public figures. In a sworn affidavit, she has named Prince Andrew and Dershowitz as among those she had sex with when she was underage. Both the prince and the famed lawyer have denied her claims.

Dershowitz wants the Maxwell case made public because he says that the documents will exonerate him. Also party to the appeal is social media blogger Michael Cernovich.

Based on the court filings, the case is believed to contain a range of evidence, including testimony from other possible underage victims who were trafficked. All parties in the case, including the Herald, have agreed to redact the names of minors and other details that would identify victims.

Maxwell is the sole party fighting to keep the entire record sealed. Two other currently unidentified people, labeling themselves as John Does, have filed legal briefs in an attempt to conceal personal information that could connect them to the alleged underage sex trafficking operation.

Epstein, who was not party to the Maxwell suit, has denied that he ran a sex trafficking operation, and his attorneys say that the number of victims involved has been "vastly exaggerated" by the media.

In addition to Florida and N.Y., Epstein lives on Little St. James Island off St. Thomas.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 12/17/2009 5:54:29 AM
**To**: [redacted]
**Subject**: Re: Trump Soho

I spoke to henri and bob,, henri tried hard to bullshit me, telling me he had talked to the studios and felt comfortable he could raise over 100 million in guaranteed distribution, I checked , and of course , it turned out to be smoke. I like bob, and would have hope your friend would have more respect for. him. I will look in to trump.

On Wed, Dec 16, 2009 at 10:54 PM, <[redacted]> wrote:

> Just heard from an insider that they will probably go into foreclosure ...the deal is done and dead....building is complete ready to open in Feb
> Only 30%/ 35% sold...hardly any can actually close.
> Not sure if this is interesting....can have you talk to the developer (Sapir)
> Hope all is well....

--

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Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 12/19/2009 8:06:51 AM
**To:** [redacted]
**Subject:** Re:

no but as bonuses get paid in jan , the fear is a renewal of the bonus tax.

On Fri, Dec 18, 2009 at 10:30 PM, <[redacted]> wrote:

On way to Delhi from Bangalore. Do you think Obama persuadable to introduce a (Tobin) fin transaction tax ?

Sent from my BlackBerry® wireless device

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Fri, 18 Dec 2009 06:39:00 -0500
**To:** PETER MANDELSON<[redacted]>
**Subject:**

feel better?

--
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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 12/19/2009 8:25:45 AM
**To**: Peggy Siegal [redacted]
**Subject**: Re: Kenya

you will be amazed by the aroma

On Sat, Dec 19, 2009 at 3:24 AM, Peggy Siegal <[redacted]> wrote:

> We are sitting in the Amsterdam airport about to take off for Nair. Headed to Cottar's Camp in the Masai Mara....got Mattie in tow...she is dressed as a runaway in ripped jeans and a hoodie and sits on the floor of every airport repacking her knapsack. She is now passed out, like the homeless. Will take photos and send.
>
> We are going to photograph ourselves with the Masai in the mud huts and say we crashed the winter White house and are posing with Obama's relatives. Miss you. Keep you posted.
> Did you see Sarah, the D on tv or speak to her?
> xoxo Peg

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Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments.

**From:** Kathy Ruemmler [redacted]
**Sent:** 8/12/2016 2:54:25 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur
**Attachments:** image002.jpg

**Importance:** High

Begin forwarded message:

**From:** [redacted]
**Date:** August 11, 2016 at 7:52:12 PM PDT
**To:** <[redacted]>
**Subject: FW: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur**

From: Pizzurro, Frank (LA) <[redacted]>>
Date: Thursday, Aug 11, 2016, 7:41 PM
To: Dunlavey, Dean (OC) <[redacted]>>, Schecter, Daniel (CC) <[redacted]>, Mohebbi, Nima (LA) <[redacted]>>, Ruemmler, Kathy (DC) <[redacted]>>
Cc: #L&W BD PR (US) <#[redacted]<mailto:#[redacted]>>, Wine, Jamie (NY) <[redacted]>>, Bruno, Nicole (NY) <[redacted]>>, Harris, Nicole (CH) <[redacted]>>, Greenberg, Jeffrey (LA-NY) <[redacted]>>, Bauer, Steve (SF-BR) <[redacted]>>, Moore, Wendy (OC) <[redacted]>>, Jennings, Alex (LA) <[redacted]>>, Robins, Greg (LA) <[redacted]n>>
Subject: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

The LA Times appears to be the first media to report on the verdict. Latham references are highlighted:

BUSINESS

Federal jury decides Middle East bank did not defraud Orange County entrepreneur<http://fw.to/aXv1QHI>

[Farooq Bajwa]
Farooq Bajwa

By Andrew Khouri
August 11, 2016

A federal jury decided Thursday that one of the Middle East's most prominent banks did not commit fraud and steal technology from an Irvine firm that sued it for half a billion dollars in damages after their partnership collapsed.
Orange County company InfoSpan had alleged that Emirates NBD ended a partnership for a mobile payment system because it didn't want to share revenue and stole InfoSpan's technology to launch its own service.
The Dubai-based bank, in turn, denied it stole or ever used InfoSpan's technology. It argued that it cancelled the partnership because InfoSpan couldn't produce a working product and misled it into thinking it was an established company, not one with little to no track record.
After deliberating for a day, the jury unanimously decided that InfoSpan did not prove its case of fraud and theft of trade secrets.
InfoSpan had asked for $540 million in damages. An attorney for InfoSpan declined to comment on the possibility of an appeal.
The verdict capped a two-week trial that involved dueling accusations of fraud levied by high-profile attorneys on both sides, including the former White House counsel to President Obama.
At the center of the high-stakes battle was San Juan Capistrano resident and entrepreneur Farooq Bajwa and a mobile payment system that he said would allow migrant workers in the Middle East to send remittances back home through text messages.
Bajwa contended that InfoSpan, with support from outside investors, spent $87 million developing the business and technology.
To launch the system, known as SpanCash, Bajwa partnered in 2007 with Emirates Bank, which is controlled by the United Arab Emirates' sovereign wealth fund.
It seemed the ideal collaboration for the Pakistani immigrant, who earned millions operating another Irvine company that manufactured computer components in the 1980s and 1990s
The Gulf States rely heavily on migrants to work construction and other low-wage jobs, offering a ready-made market for SpanCash. InfoSpan aimed to allow migrants to transfer money back home far more cheaply than Western Union or hawala, a traditional Middle Eastern broker-to-broker money transfer system.
A study from McKinsey & Co., cited in court records, projected annual revenue of $3.5 billion by the deal's fifth year, with InfoSpan receiving more than $2.8 billion in fees.
But the relationship between InfoSpan and Emirates Bank soured and the bank cancelled the deal in 2009.
A few days later, Emirates filed a criminal complaint in Dubai against Bajwa and a partner alleging that they defrauded the bank and misrepresented InfoSpan as an established business with a working technology.
Two years later, InfoSpan sued in U.S. District Court in Santa Ana and alleged that its technology was working and that it delivered its source code to the bank on servers. Emirates ended the deal, InfoSpan said, to launch its own mobile payment system after stealing InfoSpan's technology.
In court, an attorney for InfoSpan argued that Emirates torpedoed the InfoSpan relationship because it abhorred how much money it would have to share with the Irvine firm.
"They wanted SpanCash and they wanted the money," attorney William A. Isaacson said in his closing arguments Wednesday.
Isaacson – a partner with powerhouse law firm Boies Schiller & Flexner, chaired by high-profile litigator David Boies – argued that the bank resorted to "pure extortion" in an attempt to get its way.
As a result of the bank's criminal complaint, InfoSpan alleged Bajwa's partner, Larry Scudder, was detained at the Dubai International Airport and taken to a cell where he was locked in with 30 other men for 19 hours until he secured his release by turning over his passport.
According to the lawsuit, Bajwa tried to resolve the situation but was told Scudder's passport would be released and he could leave the country only if InfoSpan gave up ownership and control of SpanCash to the bank.
Six months later, the bank withdrew the fraud accusations and Scudder got his passport back, but SpanCash's reputation was tarnished and it collapsed, Bajwa previously told The Times.
The bank disputed that it acquired InfoSpan's source code or used it at any time.
Former White House counsel and an attorney for the bank, Kathryn Ruemmler, said that Emirates never would have acquired source code in a joint-partnership deal like the one reached with InfoSpan. She said such technology would instead be held by a third-party escrow company for the length of the partnership.
In her closing arguments, the partner with global firm Latham & Watkins told the jury that Bajwa and InfoSpan

sold the bank a "bill of goods," arguing that despite promises to Emirates, the technology never worked and InfoSpan wasn't as big a company as it claimed.
The bank cancelled the deal and filed a criminal complaint, not as a form of extortion but simply to regain the bank's money after it was misled and doubts grew about the character of InfoSpan's employees, Ruemmler told the jury.
"They concluded, definitively, that they had been defrauded," she said.
Lubna Qassim, group general counsel for Emirates Bank, said in a statement after the verdict that "Emirates Bank is gratified by today's decision and the opportunity to receive a fair trial in U.S. courts."
Bajwa said the trial has taken a toll on him and he doesn't know his next steps.
"I am just beat up," he said.
Phil Hirschkorn contributed to this report.
[redacted]
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Frank Pizzurro
Public Relations Senior Manager

LATHAM & WATKINS LLP
355 South Grand Avenue | Los Angeles, CA 90071-1560
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**From:** Kathy Ruemmler[redacted]
**Sent:** 8/12/2016 12:38:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

**Importance:** High

Yes

On Aug 12, 2016, at 7:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Awake?

On Thursday, August 11, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
Cool

On Thursday, 11 August 2016, Kathy Ruemmler <[redacted]> wrote:

Begin forwarded message:

**From:** <[redacted]>
**Date:** August 11, 2016 at 7:52:12 PM PDT
**To:** <[redacted]>
**Subject: FW: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur**

From: Pizzurro, Frank (LA) <[redacted]>>
Date: Thursday, Aug 11, 2016, 7:41 PM
To: Dunlavey, Dean (OC) <[redacted]<mailto:[redacted]>>, Schecter, Daniel (CC) <[redacted]m<mailto:[redacted]>>, Mohebbi, Nima (LA) <[redacted]<mailto[redacted]>>, Ruemmler, Kathy (DC) <[redacted]<mailto[redacted]>>
Cc: #L&W BD PR (US) <#[redacted]<mailto:#L&WBDPRUS@LW.com>>, Wine, Jamie (NY) <[redacted]mailto:.[redacted]>>, Bruno, Nicole (NY) <[redacted]<mailto[redacted]>>, Harris, Nicole (CH) <[redacted]<mailto:[redacted]n>>, Greenberg, Jeffrey (LA-NY) <[redacted]n<mailto:[redacted]>>, Bauer, Steve (SF-BR) <[redacted]<mailto:s[redacted]>>, Moore, Wendy (OC) <[redacted]<mailto:[redacted]n>>, Jennings, Alex (LA) <[redacted]<mailto:[redacted]n>>, Robins, Greg (LA) <[redacted]n<mailto:[redacted]n>>
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Phil Hirschkorn contributed to this report.
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Frank Pizzurro
Public Relations Senior Manager

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/12/2016 4:15:15 AM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

**Importance:** High
**Flag:** Follow up

Cool

On Thursday, 11 August 2016, Kathy Ruemmler [redacted] wrote:

Begin forwarded message:

**From:** <[redacted]>
**Date:** August 11, 2016 at 7:52:12 PM PDT
**To:** [redacted]
**Subject: FW: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur**

From: Pizzurro, Frank (LA) <[redacted]>>
Date: Thursday, Aug 11, 2016, 7:41 PM
To: Dunlavey, Dean (OC) <[redacted]>>, Schecter, Daniel (CC) <[redacted]>>, Mohebbi, Nima (LA) <[redacted]>>, Ruemmler, Kathy (DC) <[redacted]>>
Cc: #L&W BD PR (US) [redacted], Wine, Jamie (NY) <[redacted]>, Bruno, Nicole (NY) <[redacted]>>, Harris, Nicole (CH) <[redacted]>>, Greenberg, Jeffrey (LA-NY) <[redacted]>>, Bauer, Steve (SF-BR) <[redacted]>>, Moore, Wendy (OC) <[redacted]>>, Jennings, Alex (LA) <[redacted]>>, Robins, Greg (LA) <[redacted]>
Subject: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

The LA Times appears to be the first media to report on the verdict. Latham references are highlighted:

BUSINESS

Federal jury decides Middle East bank did not defraud Orange County entrepreneur<http://fw.to/aXv1QHI>

[Farooq Bajwa]
Farooq Bajwa

By Andrew Khouri
August 11, 2016
A federal jury decided Thursday that one of the Middle East's most prominent banks did not commit fraud and steal technology from an Irvine firm that sued it for half a billion dollars in damages after their partnership collapsed.
Orange County company InfoSpan had alleged that Emirates NBD ended a partnership for a mobile payment system because it didn't want to share revenue and stole InfoSpan's technology to launch its own service.
The Dubai-based bank, in turn, denied it stole or ever used InfoSpan's technology. It argued that it cancelled the partnership because InfoSpan couldn't produce a working product and misled it into thinking it was an established company, not one with little to no track record.
After deliberating for a day, the jury unanimously decided that InfoSpan did not prove its case of fraud and theft of trade secrets.
InfoSpan had asked for $540 million in damages. An attorney for InfoSpan declined to comment on the possibility of an appeal.
The verdict capped a two-week trial that involved dueling accusations of fraud levied by high-profile attorneys on both sides, including the former White House counsel to President Obama.
At the center of the high-stakes battle was San Juan Capistrano resident and entrepreneur Farooq Bajwa and a mobile payment system that he said would allow migrant workers in the Middle East to send remittances back home through text messages.
Bajwa contended that InfoSpan, with support from outside investors, spent $87 million developing the business and technology.
To launch the system, known as SpanCash, Bajwa partnered in 2007 with Emirates Bank, which is controlled by the United Arab Emirates' sovereign wealth fund.
It seemed the ideal collaboration for the Pakistani immigrant, who earned millions operating another Irvine company that manufactured computer components in the 1980s and 1990s
The Gulf States rely heavily on migrants to work construction and other low-wage jobs, offering a ready-made market for SpanCash. InfoSpan aimed to allow migrants to transfer money back home far more cheaply than Western Union or hawala, a traditional Middle Eastern broker-to-broker money transfer system.
A study from McKinsey & Co., cited in court records, projected annual revenue of $3.5 billion by the deal's fifth year, with InfoSpan receiving more than $2.8 billion in fees.
But the relationship between InfoSpan and Emirates Bank soured and the bank cancelled the deal in 2009.
A few days later, Emirates filed a criminal complaint in Dubai against Bajwa and a partner alleging that they defrauded the bank and misrepresented InfoSpan as an established business with a working technology.
Two years later, InfoSpan sued in U.S. District Court in Santa Ana and alleged that its technology was working and that it delivered its source code to the bank on servers. Emirates ended the deal, InfoSpan said, to launch its own mobile payment system after stealing InfoSpan's technology.
In court, an attorney for InfoSpan argued that Emirates torpedoed the InfoSpan relationship because it abhorred how much money it would have to share with the Irvine firm.
"They wanted SpanCash and they wanted the money," attorney William A. Isaacson said in his closing arguments Wednesday.
Isaacson – a partner with powerhouse law firm Boies Schiller & Flexner, chaired by high-profile litigator David Boies – argued that the bank resorted to "pure extortion" in an attempt to get its way.
As a result of the bank's criminal complaint, InfoSpan alleged Bajwa's partner, Larry Scudder, was detained at the Dubai International Airport and taken to a cell where he was locked in with 30 other men for 19 hours until he secured his release by turning over his passport.
According to the lawsuit, Bajwa tried to resolve the situation but was told Scudder's passport would be released and he could leave the country only if InfoSpan gave up ownership and control of SpanCash to the bank.
Six months later, the bank withdrew the fraud accusations and Scudder got his passport back, but SpanCash's reputation was tarnished and it collapsed, Bajwa previously told The Times.
The bank disputed that it acquired InfoSpan's source code or used it at any time.

Former White House counsel and an attorney for the bank, Kathryn Ruemmler, said that Emirates never would have acquired source code in a joint-partnership deal like the one reached with InfoSpan. She said such technology would instead be held by a third-party escrow company for the length of the partnership.
In her closing arguments, the partner with global firm Latham & Watkins told the jury that Bajwa and InfoSpan sold the bank a "bill of goods," arguing that despite promises to Emirates, the technology never worked and InfoSpan wasn't as big a company as it claimed.
The bank cancelled the deal and filed a criminal complaint, not as a form of extortion but simply to regain the bank's money after it was misled and doubts grew about the character of InfoSpan's employees, Ruemmler told the jury.
"They concluded, definitively, that they had been defrauded," she said.
Lubna Qassim, group general counsel for Emirates Bank, said in a statement after the verdict that "Emirates Bank is gratified by today's decision and the opportunity to receive a fair trial in U.S. courts."
Bajwa said the trial has taken a toll on him and he doesn't know his next steps.
"I am just beat up," he said.
Phil Hirschkorn contributed to this report.
[redacted]>
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Frank Pizzurro
Public Relations Senior Manager

LATHAM & WATKINS LLP
355 South Grand Avenue | Los Angeles, CA 90071-1560
[redacted]

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Latham & Watkins LLP
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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/20/2014 10:41:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Floor Statement of Senator Barack Obama on the Nomination of Alberto Gonzales for Attorney General - Wikisource, the free online library

**Importance:** High

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**Importance:** High

I won't get back to the city until @ 11:30, unfortunately.

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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/21/2014 2:54:20 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Floor Statement of Senator Barack Obama on the Nomination of Alberto Gonzales for Attorney General - Wikisource, the free online library

**Importance:** High

Yep. Will be there.

On Sep 20, 2014 7:54 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
ok 1?

On Sat, Sep 20, 2014 at 7:45 PM, Kathy Ruemmler <[redacted]> wrote:
I won't get back to the city until @ 11:30, unfortunately.

On Sep 20, 2014 7:43 PM, "jeffrey E." <jeevacation@gmail.com> wrote:
see you at 1030? tomor?

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Furnished

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furnished or un?

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It appears that way. I have advised that him staying through the end is the clearly preferable alternative.

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Mid-October, but there will be another run at him to reconsider.

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Sent from my iPad

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**From:** Kathy Ruemmler [redacted]
**Sent:** 9/21/2014 4:55:16 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Floor Statement of Senator Barack Obama on the Nomination of Alberto Gonzales for Attorney General - Wikisource, the free online library

**Importance:** High

Will be there at 1.

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ok 1?

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Sent from my iPad

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**From:** Kathy Ruemmler[redacted]
**Sent:** 9/21/2014 1:02:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Floor Statement of Senator Barack Obama on the Nomination of Alberto Gonzales for Attorney General - Wikisource, the free online library

**Importance:** High

I will. I drank too much wine last night and am dragging a bit this morning.

On Sep 21, 2014 5:15 AM, "jeffrey E." <jeevacation@gmail.com> wrote:
my chef is in from paris, stay hungry

On Sun, Sep 21, 2014 at 12:55 AM, Kathy Ruemmler <[redacted]> wrote:
Will be there at 1.

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**From**: Kathy Ruemmler[redacted]
**Sent**: 2/2/2019 12:56:59 AM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Got it. Quinn offered a $2 mm signing bonus today. I said not leaving Latham.

On Feb 1, 2019, at 6:26 PM, J <jeevacation@gmail.com> wrote:

do you think trump has the power to declare a national emergency to build the wall?

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# Proposal

## Introduction

1. What is JASTA?
2. What is the impact of JASTA on KSA politically and economically?

# Our approach to find the weaknesses

1. Title
   Content

2. Title
   Content

# Timeline

Timeline of our approach

## Actions

1. Signing the agreement (Payment method, successful fee)
2. Program Launching

# Leaders

**Kathryn Ruemmler**

- Kathryn is an attorney who formerly served as White House Counsel to President Barack Obama. She previously worked as Principal Deputy White House Counsel.
- Former federal prosecutor who helped lead the government's case against the former executives of Enron.
- In 2006, she delivered the government's closing argument in the trial of former Enron executives Kenneth Lay and Jeffrey Skilling.
- She returned to Latham in 2007, this time as a partner.
- From 2000 to 2001 she served as Associate Counsel to President Clinton.
- She was a litigation partner in the Washington, D.C. office of Latham & Watkins from 2007
- She serve as principal associate deputy attorney general at the Justice Department.
- In 2014 Ruemmler was speculated as being a potential candidate as the next United States Attorney General

**Ken Starr**

- Ken Starr is an American lawyer who has also been a federal judge and U.S. Solicitor General.
- Former President and Chancellor of Baylor University
- Held the Louise L. Morrison Chair of Constitutional Law at Baylor University Law School.
- He carried out a controversial investigation of members of the Clinton administration.
- Starr served as a federal Court of Appeals judge and as solicitor general for George H. W. Bush.
- He received the most publicity for his tenure as independent counsel while Bill Clinton was U.S. president.
- The three-judge panel charged with administering the Independent Counsel Act later expanded the inquiry into numerous areas including an extramarital affair that Bill Clinton had with Monica Lewinsky.
- After several years of investigation, Starr filed the Starr Report, which alleged that Bill Clinton had lied about the existence of the affair during a sworn deposition.

**From:** Martin G. Weinberg [redacted]
**Sent:** 5/29/2019 5:19:07 PM
**To:** 'J' [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** CONFIDENTIAL

**Importance:** High

# Privileged - Redacted

Martin G. Weinberg, Esq.
20 Park Plaza
Suite 1000
Boston, MA 02116
[redacted] - Office
[redacted] - Cell
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**From:** J <jeevacation@gmail.com>
**Sent:** Wednesday, May 29, 2019 12:48 PM
**To:** Martin G. Weinberg <[redacted]>
**Subject:** Re: FW: Reporter question

# Privileged - Redacted

On Wed, May 29, 2019 at 12:45 PM Martin G. Weinberg [redacted] wrote:

Martin G. Weinberg, Esq.
20 Park Plaza
Suite 1000
Boston, MA 02116
[redacted] - Office
[redacted] - Cell
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**From:** Kate Briquelet <[redacted]>
**Sent:** Wednesday, May 29, 2019 12:34 PM
**To:** Martin Weinberg <[redacted]>
**Subject:** Re: Reporter question

Hi Marty,

Hope all is well. Noticed this Guardian story about Michael Wolff's new book, which states Donald Trump purchased a Palm Beach property Mr. Epstein had planned to buy, behind Mr. Epstein's back. And that Mr. Epstein threatened to expose Trump's shady real estate deals. Do you know anything about this? Does Mr. Epstein have any knowledge of illegal or suspicious dealings by President Trump?

https://www.theguardian.com/us-news/2019/may/28/bannon-trump-organization-criminal-enterprise-comments-michael-wolff-book

Also, we plan on running a story this Friday about the Crime Victims' Rights Act suit, and the Jane Does' proposed remedies. The alleged victims want the U.S. Attorney's Office to rescind the immunity provisions in the NPA, and to pursue a prosecution against Mr. Epstein and his co-conspirators. Can you comment on this?

Thanks so much!

Kate

Kate Briquelet
Senior Reporter
P[redacted]

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**From:** Daniel Siad [redacted]
**Sent:** 7/24/2010 1:32:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

the other girl name is **Anastasia kuznetsova**

On Sat, Jul 24, 2010 at 2:28 PM, Daniel Siad <[redacted]> wrote:

Can you call me
I am with tigrane he would like to meet you he is here with me in Ibiza with 8 top girls he said he would like to build some thing with you
can you come to Ibiza we have a huge house or how can we orgnise this meeting even Jean Luc could doo a great biz also
he has the most amizing top models on stand by I told him not to do any deals with anybody before he meet with you .
he stoped working with IMG and Trump wi here please call me and let me know what is your plans
[redacted]
warmest regards
Daniel

On Fri, Jul 23, 2010 at 2:38 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

what is your schedule?

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**********

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**Date:** Saturday, July 24 2010 04:13 PM
**Subject:** Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Daniel Siad [redacted];

i will be in paris tomooorw night

On Sat, Jul 24, 2010 at 9:32 AM, Daniel Siad <[redacted]> wrote:

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he has the most amizing top models on stand by I told him not to do any deals with anybody before he meet with you .
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22 June, 2011

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|---|---|
| Article 1. | The Washington Post<br>**Avoiding a summer of blood**<br>David Ignatius |
| Article 2. | Project Syndicate<br>**The Middle East's Slow-Motion Revolution**<br>Prince El Hassan bin Talal |
| Article 3. | Stratfor<br>**Turkey's Inevitable Problems With Neighbors** |
| Article 4. | Agence Global<br>**A Defiant Asad Sticks to His Guns**<br>Patrick Seale |
| Article 5. | Foreign Policy In Focus<br>**Egypt's Evolving Foreign Policy**<br>Richard Javad Heydarian |
| Article 6. | Foreign Affairs<br>**How Fatah-Hamas Unity Threatens U.S. Funding**<br>Douglas N. Greenburg and Derek D. Smith |
| Article 7. | TIME<br>**Why the Muslim Brotherhood Are Egypt's Best Democrats**<br>Bobby Ghosh |

Article 1.

The Washington Post

# Avoiding a summer of blood

David Ignatius

June 22 -- “Peace is at hand,” Henry Kissinger famously announced in October 1972 after a seeming breakthrough in Vietnam negotiations. But it wasn’t at hand. It took three more months to complete the Paris Peace Accords, which collapsed in 1975 when North Vietnam overran Saigon.

This Vietnam history is a caution against premature optimism about diplomatic solutions to deeply embedded conflicts, such as the one in Afghanistan. But the fact remains, as is so often stated, that there is no military solution to such conflicts. The challenge is creating a dialogue among people who profoundly mistrust each other — and averting a pell-mell civil war.

President Obama is embracing the logic of a political settlement for Afghanistan with his speech Wednesday night. With Osama bin Laden dead, Obama can claim that America’s core mission of combating al-Qaeda is succeeding. He can bring some troops home and step up diplomatic negotiations with the Taliban to reach a broad peace deal by 2014.

Obama’s strategy for the Afghanistan negotiations highlights two factors that could also be relevant in the increasingly messy conflicts in Libya and Syria. First, the dialogue must be sponsored by people inside the country that’s facing internal strife. The United States may encourage contacts, but the process has to be “Afghan-led,” or “Libyan-led,” or “Syrian-led.” Second, this dialogue requires a regional framework, so that the combatants don’t turn to meddling neighbors for help.

America's secret contacts with the Taliban have made progress partly because President Hamid Karzai wants them to succeed and, perhaps more important, because India, Pakistan, Russia and China are also supporting the outreach process — with silent acquiescence from Iran, too. This regional framework is the real exit ramp that will allow withdrawal of U.S. troops.

Let's think about how this diplomatic model might apply to Libya and Syria. In both cases, the insurgents are seen in the West as the "good guys," battling corrupt, autocratic leaders. Personally, I wish that both Moammar Gaddafi and Bashar al-Assad would give up power tomorrow. But that doesn't seem in the cards: Both leaders have shown they're willing to kill thousands of their citizens to hang on, and the rebel movements in both countries seem too weak to displace the dictators by force. Outside military intervention may seem tempting, but it isn't working very well in Libya, and might fare even worse in Syria.

The right goal in Libya and Syria (as in Afghanistan) is a transition to an inclusive, democratic government — with as little bloodshed along the way as possible. The alternative to such a settlement is a protracted conflict that could mean massacres of civilians and, on present evidence, a bloody stalemate that further destabilizes the region.

It's distasteful to contemplate dialogue with leaders such as Gaddafi and Assad who, to put it bluntly, have blood on their hands. But this approach is worth exploring if it can foster a transition to a democratic government — where the autocrats cede power to a coalition that includes reformist elements of the old regime and the opposition.

An emissary who is close to Gaddafi's inner circle has outlined in recent interviews a Libyan formula for transition. He proposes a gradual transfer of power to a new government that would unite the

rebel Transitional National Council with “reconcilables” from the regime. Gaddafi himself would quit Tripoli and give up power, but this would be an outcome of negotiations, rather than a precondition. State Department officials are skeptical, but they should test the emissary’s ability to deliver.

The Syrian case is also complicated by the blood-soaked history of the regime. In a speech Monday, Assad proposed a national dialogue, in which the democratic opposition would select 100 participants to meet with government representatives — and plan elections and a new constitution. Given Assad’s disappointing record, it’s doubtful that he can or will deliver. But it makes sense to test his offer — not least because such a process would terrify Assad’s patrons in Iran. If the dialogue fails, the Syrian demonstrations will be all the more potent, and Assad’s hold weaker.

These internal dialogues should be bolstered by regional support, as with Afghanistan. The right shepherds for Libya are its newly democratic neighbors, Egypt and Tunisia, backed by France, Britain and Germany. In Syria, the obvious mediator-in-waiting is Turkish Prime Minister Recep Tayyip Erdogan, backed by the Gulf countries. Here’s the point: The Arab Spring should not turn into a summer of blood, if there are diplomatic alternatives.

Article 2.

Project Syndicate

# The Middle East's Slow-Motion Revolution

Prince El Hassan bin Talal

2011-06-21 -- AMMAN – There seem to be a thousand and one interpretations of the changes sweeping across the countries of the Middle East and North Africa. One response that is often heard is a note of cautious optimism, captured in US President Barack Obama recent speech at the State Department when he referred to the "promise of the future."

But sometimes we also hear the populist smears that have been applied to the Middle East for so long that nothing, it seems – no amount of extraordinary change – can silence them. After the successful revolts in Cairo and Tunis, the slanders abated. Soon, however, the old messages depicting the Middle East as extreme, fundamentalist, and hostile to democracy began to re-insinuate themselves in the West.

On the other hand, ordinary men and women in the West seem to feel an instinctive sympathy toward their counterparts in the Middle East and North Africa, many of whom are paying the ultimate price in fighting for their rights. These sacrifices have convinced many Westerners that the Middle East is not beyond redemption, and that the region's people should be given a chance to enjoy the same liberty that they do.

This clash of perceptions has caught the world's policy experts and analysts off guard. That, too, is not surprising, because the situation remains an amorphous mix of hope and destruction.

But today, in Amman, as in almost every Arab capital, independent meetings and debates about how to move forward are taking place in art galleries, think tanks, salons, ordinary households, and, most significantly, online. A region often depicted as "backward" is debating its destiny both face-to-face and across social networks every second of every day.

Yet tweeting is no substitute for thought. Indeed, the events and personalities that have so far gained attention seem to fill the void where the declarations of freedom and treatises on rights – where the ideas – should be.

The result is the confusion that we now see. Contradictions abound. Governments across the region have been identified as the problem, and yet the state is being called upon to address a social and political agenda that has not yet been fully defined. We are seeing the birth of a more democratic spirit among the region's peoples, but a corresponding sense of democratic responsibility remains underdeveloped.

No matter how influential new media have been, they cannot replace the need for a region-wide "manifesto for change" that all who seek freedom can embrace. Any such manifesto must address the two elephants in the room – Palestine and the price of oil – as well as the extent to which regional water and energy resources, now rapidly depleting, should be shared. (Here, I and experts from around the world have been calling for the creation of a Supranational Commission for Water and Energy to ensure the kind of sustainable resource management that the Strategic Foresight Group has labeled "Blue Peace.")

Of course, generating ideas is easier said than done. By limiting free speech and forcing millions of young people to stay at home without jobs, the only public space left for many people happens to be virtual. Arab governments switched their people off, so their people migrated

online. The result is that an old guard now confronts a new wave, and the two sides think entirely differently and speak at cross-purposes. Whatever the new wave's limitations, its borderless online conversations are offsetting the region's political, religious, social, and cultural balkanization. The people of West Asia and North Africa are talking among themselves, even if their governments remain remote. That is a source of hope, if not yet of the systematic and coherent ideas about how to remake their societies that the region needs.

Cyber-activism has its limits; it cannot, in the end, deliver either democracy or prosperity. Communication may be instant, but, with no coherent animating ideology, the revolution proceeds in slow motion. The battle being fought for the soul of the Middle East cannot be won online, nor can it be subdued through the cynical manipulation of trust and fear. The quality of freedom in the Middle East, as elsewhere, will depend on its supporters' commitment to liberal and democratic values.

*HRH Prince El Hassan bin Talal is chairman and founder of the Arab Thought Forum and the West Asia-North Africa Forum.*

Article 3.

Stratfor

# Turkey's Inevitable Problems With Neighbors

June 21, 2011 -- Syrian President Bashar al Assad delivered a long and uneventful speech Monday, during which he basically divided Syria's protest society into three categories: the good, the criminal and the Salafi. Assad claimed that instability caused by the latter two was to blame for the delay in implementing reforms. Rather than promising concrete reforms that have been strongly urged by the Turks, the Syrian president emphasized that security had to come first, while trying to present himself as a neutral mediator between the population and security forces. Not surprisingly, the speech fell on deaf ears throughout Syria, but also in Ankara, where the government let its growing impatience show and told the Syrian president once again that he isn't doing enough to satisfy the demands of his people. With more than 10,000 Syrian refugees spilling across the Turkish border to escape the army's siege, the situation in Syria is undoubtedly growing desperate. However, we have not yet seen the red flags that would indicate the al Assad regime is in imminent danger of collapse. The reasons are fairly straightforward. The al Assad clan belongs to Syria's Alawite minority, who only 40 years ago were living under the thumb of the country's majority Sunni population. Four decades in power is not a long time, and vengeance is a powerful force in this part of the world. The Alawites understand that they face an existential crisis, and if they allow their grip over the Baath-dominated political system - and most importantly the military - to loosen even slightly, they will likely become the prime targets of a Sunni vendetta campaign aiming to return the Alawites to their

subservient status. This may explain why al Assad felt the need to stress in his speech that his minority government would not take "revenge" against those who stand down from their protests.
Turkey is understandably nervous about what is happening next door in Syria. Ankara would prefer a Syria ruled by a stable Sunni regime, especially one that would look to Turkey's ruling Justice and Development Party (AKP) for political guidance. However, the Turks can see that Alawite leadership will not leave power without a long and bloody fight. Recreating a sphere of Turkish-modeled Sunni influence in the Levant may be a long-term goal for Ankara, but the Turkish government is certainly not prepared to pay the near-term cost of civil strife in Syria spilling across Turkish borders.
Turkey has so far addressed this dilemma mainly through rhetoric, issuing angry speeches against Syrian leadership, while floating the idea of a military buffer zone for Syrian refugees. For awhile, assuming the role of regional disciplinarian played well to an AKP public-relations strategy that portrayed Turkey as the model for the Arab Spring and the go-to mediator for the Mideast's problems. But the more Syria destabilizes - and with each time it ignores Ankara's demands - the more Turkey risks appearing impotent.
The crisis in Syria will likely lead to a recalibration of Turkish foreign policy. The architect of Turkey's foreign policy, Foreign Minister Ahmet Davutoglu, coined the phrase "zero problems with neighbors" to describe the guiding principle of Turkey's interactions with surrounding regimes. Turkey obviously has a problem with Syria's leadership, and not a small one. It is becoming increasingly apparent that Turkey may not yet have what it takes to deal with Syria, beyond issuing rhetorical censures. Establishing a military buffer zone as a safe haven for Syrian refugees not only would call for an international mandate, but would entail Turkish troops occupying foreign land - which would likely set off alarm bells

among Arabs who already suspect Turkey of harboring a so-called neo-Ottoman agenda. Turkey's ardent support for Libyan rebels against Moammar Gadhafi and public backing for Syrian opposition forces have already unnerved Arab monarchist regimes that are trying to undermine the effects of the Arab Spring and are growing distrustful of Turkish intentions. Moreover, any move construed as Turkey trying to facilitate the downfall of the al Assad regime would undoubtedly create problems with Iran, a neighbor Turkey has taken great care to avoid aggravating. Iran relies heavily on the Alawite regime in Syria to maintain a foothold in the Levant through groups like Hezbollah in Lebanon and Palestinian Islamic Jihad and Hamas in the Gaza Strip. Since the return of Syria to Sunni control would unravel a key pillar of Iranian deterrent strategy, we can expect that Iran is doing everything possible to undermine the very Syrian opposition forces looking to Ankara for support. Turkey has avoided confrontation with Iran thus far while working quietly to build a Sunni counterbalance to Iranian-backed Shia in Iraq in the face of an impending U.S. withdrawal. A power vacuum in Syria filled by Turkish-backed Sunnis would reinforce a nascent confrontation between Iran and Turkey with deep geopolitical underpinnings. Nations do not have friends; they have interests. And Turkey, an historically influential country sitting on one of the most geopolitically complex pieces of real estate in the world, is now finding that a foreign policy built on avoiding problems with neighbors grinds against reality. In STRATFOR's view, this was inevitable, which is why we took interest in Monday's issue of Today's Zaman, an English-language outlet loyal to the movement of Fethullah Gulen and strongly supportive of the ruling AKP. Two editorials in Monday's publication held that the Syrian crisis has exposed the coming demise of Turkey's "zero problems with neighbors" policy.

That this idea is being introduced into the public discourse is revealing, not only of Turkey's internal debate on this issue, but also of the message that Ankara may be trying to send to the United States and others: It needs time to develop the wherewithal to meaningfully influence its neighborhood. The United States wants Turkey to help shoulder the burden of managing the Middle East as it looks to extricate its military from Iraq. Washington especially needs to develop a strong counterbalance to Iran - a role historically filled by Turkey. This obviously presents a conflict of interests: Washington is trying to push Turkey into a role it's not quite ready for; meanwhile, Turkey is trying to sort out its growing pains while appearing influential abroad.

Turkey's evolution will be difficult and uncomfortable, but this should not come as a surprise. "Zero problems with neighbors" worked well for Turkey at the start of the century, as it came out of its domestic shell, yet took care to avoid being seen as a resurgent power with imperial interests. After a decade of regional conflict, Turkey is finding that problems with neighbors are not only unavoidable, but may even be necessary as the Turkish state redefines its core interests.

Article 4.

Agence Global

# A Defiant Asad Sticks to His Guns

Patrick Seale

21 Jun 2011 -- All those dreaming of -- and working for -- 'regime change' in Syria will be outraged by President Bashar al-Asad's speech last Monday, 20 June. They want him out, together with the hate figures around him who have been conducting the brutal repression of the protest movement. But he is not stepping down. He intends to stay on -- and to fight on.

Asad gave no ground to his political enemies. The speech was not, in fact, addressed to them. It was addressed to Syria's 'silent majority' which -- or so the President continues to believe -- aspires to security, stability and national unity, and is terrified, above all, of a sectarian war on the Iraqi model.

The President explained that, in order to understand the nature of the crisis, he had held several meetings in recent weeks with citizens from all parts of the country. He wanted to hear directly from them. The conclusion he had reached was that there were several different components to the protest movement.

First, there were those who had legitimate demands, who wanted justice, democracy and jobs, and the resolution of problems which had accumulated over decades. Their demands could not be ignored. He intended to address them and had already started to do so. But then there were the others -- the criminal outlaws, the blasphemous intellectuals who spoke in the name of religion, the vandals, conspirators and paid agents of foreign powers. Under cover of the protest movement, they had taken up arms against the state!

These conspirators, he said, had called for foreign intervention, they had smeared Syria's image and destroyed public and private property.

They had no respect for state institutions or the rule of law. No reform was possible with such vandals.
He dismissed the argument that Syria was not facing a conspiracy. There was a conspiracy, he declared – designed abroad and perpetrated inside the country. How else to explain the satellite phones, the advanced weapons, the guns mounted on trucks in the hands of his enemies? Syria had always been a target of conspiracy. He had long been under pressure to abandon his principles. (No doubt, by this he meant his Arab nationalist convictions, his alliance with Iran and Hizbullah, his opposition to Israel and the United States.) Syria needed to strengthen its immunity against such conspiracies, he insisted.
In this defiant speech, President Asad made no mention of the abuses of his security services -- the callous use of live fire against civilians, the killing of well over a thousand protesters, the deployment of tanks to besiege rebellious cities, the mass arrests, the beatings and the torture, the flight of terrified refugees across Syria's borders -- a catalogue of outrages which has shattered Syria's reputation and earned it international condemnation. The refugees in Turkey should return home, he said. They would not be punished. The army would protect them. But those who have had a taste of army brutality may not be persuaded by the President's assurances. He did, however, have a word of condolence for bereaved mothers.
The heart of Asad's address was a statement of his ambition to shape a new vision for Syria's future. Reform, he declared, was his firm conviction. His one big idea -- the centrepiece of his speech -- was a plan for a National Dialogue. A special authority had been set up to work out the necessary arrangements for this great debate, which he hoped would provide for the widest possible popular participation. The task was to create a forum where far-reaching political and economic reforms could be discussed, so that legislation could then

be drafted and passed into law. There could be no giant leap into the unknown because decisions taken now would affect Syria for decades to come.

The speech will disappoint all those who had hoped for immediate and dramatic reforms. The President served up a diet of words rather than of actions. He did mention, however, that elections would take place in August, and that among the bills to be discussed would be a new electoral law, a law allowing for the formation of political parties, a media law, a law to give greater powers to municipal authorities, and the need to amend or even entirely rewrite the Constitution. He seemed to be indicating that the notorious Article 8 of the Constitution, which gives the Ba‘th party a “leading role in state and society,” might be scrapped.

This may well prove hard to achieve. Having enjoyed a monopoly on the political scene since 1963, Syria’s Ba‘th party has long since become rigid and Stalinist, and is probably incapable of sharing power with other parties. More battles lie ahead.

To all but his diehard political enemies, President Asad seemed thoughtful and even conciliatory. He did not look like a leader battling for survival. No doubt, the credits outweigh the debits in his personal profit-and-loss account. He knows that he need fear no foreign military intervention: After Libya, no Western power would even contemplate it. Some soldiers have defected to the rebels, but there has been no major split in the army or the security services, or in the regime itself. Whatever disputes and dissensions there may have been in the ruling circle have been carefully hidden from view. He knows that so long as they remain united, it will be difficult, if not impossible, for the opposition to topple him.

At the UN and elsewhere, Syria enjoys the protection of Russia -- perhaps concerned for its naval base at Tartus. The Russian view is that the Syrian crisis poses no threat to international peace and

security. China, India, South Africa and Brazil all side with Syria. At home, the country will not face starvation -- this year's wheat harvest is estimated at 3.6m tons. Oil and gas exports have so far not been affected.

On the debit side, however, tourism has collapsed; inward investment has dried up; the increase Asad has decree in the salaries of government bureaucrats is estimated to cost $1bn a year -- driving the government deficit to dangerous heights. If the crisis continues much longer, Syria will need a large cash injection from somewhere, and is probably looking to Qatar. Then there is the unpredictable factor. What if the protests continue and become more violent? Will the merchant middle class, the backbone of the regime, remain loyal? Could the economy take the strain? What might next Friday bring?

I was reached this week on the phone by a well-placed Syrian, close to the regime. "Western condemnation of Syria is pure hypocrisy," he fumed. "Every regime in the world will try to destroy its enemies. Have you heard of a place called Abu Ghraib? Or the hundreds of thousands killed by America in Iraq? Or Israel's massacre in Gaza? Or the 10,000 Palestinians in Israeli jails? If the U.S. and Israel can get away with large-scale killing and torture, why can't we? They claim to act in self-defence, so do we!"

It would seem that lawlessness and contempt for human life are contagious.

*Patrick Seale is a leading British writer on the Middle East. His latest book is The Struggle for Arab Independence: Riad el-Solh and the Makers of the Modern Middle East (Cambridge University Press).*

Article 5.

Foreign Policy In Focus

# Egypt's Evolving Foreign Policy

Richard Javad Heydarian

June 21, 2011 -- Egypt was once a major player in the Middle East, particularly under the leadership of Gamal Abdel Nasser in the 1950s and 1960s. Over the last decades, Egypt gradually lost its prestige and influence in the region as it became an introverted autocratic regime. In the post-Nasserite period, Egypt strengthened its ties with Israel, isolated Hamas, repressed domestic Islamic movements, marginalized democratic forces, and confronted regional powers such as Iran. However, with the political demise of Hosni Mubarak the country's foreign policy is gradually moving in a direction that better reflects popular sentiments. The new Egypt is looking to normalize relations with countries like Iran, re-evaluate ties with Israel, and tilt more toward the Palestinian cause. Given its profound cultural capital, powerful military, huge population, and strong economic fundamentals, Egypt could not only regain its regional influence but also play a more assertive and prominent international role. More importantly, the emergence of a democratic system in Egypt could transform the country into a model for the Arab world.

**Democratic Earthquake**

Domestic factors like corruption, political repression, and desperate economic conditions galvanized the populace against the Egyptian state. But Mubarak's foreign policy doctrine also contributed to the erosion of his political base. The democratic revolution was also a response to the government's complicity in the siege of Gaza, seeming timidity in foreign affairs, and his growing reliance on the United States for the perpetuation of his reign. The High Council of the Armed Forces currently rules Egypt, and the military shows no

sign of making a decisive break with the past. Nevertheless, the new leaders are more wary and sensitive to the qualms of the people. The prosecution of former ministers, officials, and even the former president and his family symbolizes the junta's responsiveness to popular demands. The military's consistently expressed commitment to push through with democratic elections and create a conducive environment for an eventual transition to a civilian democratic political system indicates that the balance of forces has shifted to the people — despite the lingering threat of counterrevolution, mobilization fatigue, and medium-term disenchantment with democracy. The military occupies a position of prestige and privilege in the society, and it is in its best interest to create a smooth transfer of power in succeeding months and years. Perpetuating the policies of the past regime would anger the population. So it's more than likely that the new Egyptian leadership will review the tenets of the former regime's foreign policy architecture. The Islamists are already pre-empting their opponents by talking about how they seek to emulate the Turkish model, where Islam and political moderation coincide, especially in the realm of foreign affairs. Moreover, the Muslim Brotherhood has expressed its interest in occupying more low profile and welfare-oriented executive ministries. So far, the Islamists have not even vied for the position of presidency, content with gaining some parliamentary representation and possibly some influence in the executive branch. The Islamists at this point are more concerned with gaining domestic political support and avoiding any backlash from the military, democrats, and foreign powers. Any Islamist-backed radical departure from the past could justify a crackdown by the military or compromise the country's economic well-being and political stability, which could, in turn, erode broader popular support for their agenda. However, if Israel steps up its aggressive policies in the region — with the West failing to support

the democrats — the Islamists could try to pressure the government — through mass rallies, political mobilization, and populist rhetoric — to abrogate the peace treaty with Israel or to qualitatively shift, if not downgrade, bilateral relations with the United States. Such a dynamic would inadvertently put pressure on post-revolutionary Egypt to be more assertive in its ties with Israel and the West.

**The Gushing Wound of Palestine**

The Palestinian question has been at the heart of the Arab political discourse for the last seven decades. The 1979 peace deal between Egypt and Israel ushered in an unprecedented phase of strong bilateral cooperation between the two former enemies, but it was also a major cause of the unpopularity of both Sadat and Mubarak. Israel benefited from the cold peace by neutralizing the most powerful conventional force in the Arab world. It even coordinated closely with Egypt on the siege of Gaza.Although the peace accords allowed Egypt to avoid another conflict with Israel and win substantial economic-military aid from the United States, the country's image has suffered a significant blow in the last three decades. Strategically, Egypt's withdrawal from the Arab-Israeli conflict allowed other powers to raise their political profile and regional influence. The resulting strategic vacuum simply shifted the regional balance of power in favor of non-Arab and/or non-traditional powers. Iran, Syria, and Qatar — and later Turkey — have been the biggest beneficiaries of Egypt's neutrality on the Palestinian issue.

Aware of the popular sentiment in favor of the Palestinian cause, the new Egyptian leadership initiated two important policy shifts. First, it re-opened the Rafah border, which has allowed most residents of Gaza to escape the suffocating siege imposed by Israel. Second, Egypt has played an active role in facilitating the unity deal between rival factions in Palestine. The deal represents the best chance for Palestinians to finally form a united front in future negotiations with

Israel and break the oppressive deadlock that has plagued previous negotiations. These two developments may portend more critical foreign policy reformulations, especially on Israeli-Egyptian relations, in coming years.

**Reaching out to Others**

Anxieties over political change in Egypt are not only confined to the Palestine-Israel equation. Egypt's emerging détente with Iran is beginning to worry not only the United States and Israel, but also monarchies in the Persian Gulf. A year before the 2011 revolution, many prominent leaders in Egypt and the Arab world began to realize the value of normalized relations with Iran. The two countries began to consider the resumption of direct flights between the two nations after 32 years. Also in 2010, the head of the Arab League, Amr Moussa, urged member countries to acknowledge the new geopolitical realities in the region: namely, the rise of non-Arab countries such as Turkey and Iran. He touched on the thorny issue of Iran-Arab tensions by stating, "I realize that some are worried about Iran but that is precisely why we need the dialogue." He reiterated his position after the revolution as he was preparing to run for the presidency in the Egyptian elections:"Iran is not the natural enemy of Arabs… We have a lot to gain by peaceful relations -- or less tense relations -- with Iran." Just weeks after the downfall of Mubarak, Egypt allowed Iranian warships to cross the Suez Canal, provoking uproar among Israelis and even Americans. In succeeding months, the diplomatic flirtation between the two countries took an even more interesting turn when Egyptian Foreign Minister Nabil El-Arabi stated that Egypt was "turning over a new leaf with all countries, including Iran." Iran's Foreign Minister Ali Akbar Salehi immediately expressed his country's appreciation of El-Arabi's comments by expressing his wishes for "expansion in relations." The two ministers met on the sidelines of the Organization of Islamic

Conference (OIC) in Bali, where the OIC expressed its support for improvement of ties between the two major Muslim countries.

**Egypt's Changing Role**

Gamal Abdel Nasser was the central figure behind the first Arab revolution, which precipitated the withdrawal of colonial powers, Britain and France, from the Middle East. As Saudi Arabia spearheads a regional counter-revolution by abetting repressive monarchs in the Persian Gulf and providing sanctuary to fallen autocrats — with President Saleh of Yemen being among the latest beneficiaries — post-revolutionary Egypt could once again inspire change across the region. Given its size, history, and cultural influence, a successful transition to democracy would undoubtedly transform Egypt into a role model for smaller fellow Arab countries. The era of yes men in the Arab world is beginning to end, and the new Egypt — though it has maintained good ties with the U.S. — will be more assertive and independent in its foreign policy choices. The case of Turkey is very instructive. Despite being a pillar of NATO, and a strong ally of the Unites States, Turkey has repeatedly shown its independence on a number of key regional issues such as Iran's nuclear program, the invasion of Iraq, and the siege of Gaza. There are limits to this independence. Egypt is heavily reliant on aid, investments, tourism, and trade. Economic concerns are still the country's top priority. According to the latest Gallup poll, the majority of Egyptians are extremely pessimistic about the economy. Therefore, the priority of post-revolutionary Egypt's leaders is ultimately the restoration of confidence and economic dynamism. Democrats and Islamists are also aware that the military could choose to intervene — with tacit support from outside — if the democratic process gives birth to a radical government that jeopardizes the interests of the military and the state. This has been the case in other comparable countries such as Turkey and Pakistan, where the military

has also played a central role in determining the destiny of the nation-state. Egypt is still the top U.S. recipient of military assistance after Israel. It is simply too embedded in the U.S. military-industrial complex to risk alienating Washington. So, too, has the financial clout and political weight of the Gulf Cooperation Council made a precipitous Egyptian tilt toward Iran unlikely. Already, the Saudis are reportedly trying to sabotage the emerging rapprochement between the two countries. According to the head of Iran's Interest Section in Cairo Mojtaba Amani, "Saudi Arabia has even threatened to expel 1.5 million workers to dissuade Cairo from the resumption of ties with Tehran." Given these undeniable realities, an abrogation of the Israeli-Egyptian 1979 peace accords or the formation of an axis between Iran and Egypt is not in the offing. Moreover, the Egyptian foreign minister has injected realism into the rapprochement euphoria by indicating that Iran should not expect any substantial improvement in bilateral ties unless a new government is elected. In fact, just recently, Egypt expelled an Iranian on grounds of espionage, denting efforts by both states to improve relations. Nonetheless, Egyptians from across the political spectrum seem to support normalizing ties. A delegation composed of Egyptian academics and civil society leaders recently visited Iran. According to a member of the delegate, Mustafa Nagar, "Iranians believe Egypt is a strong country, not only to put Israel under pressure, but to benefit from the Egyptians themselves, that's why Egypt must restore ties with this great civilization."

**The Post-Hegemonic Era**

The United States should play a constructive role in the democratic transition of Egypt. Despite anxieties over the possible shift in Cairo's foreign policy doctrine, Washington should ensure that the development of civil democratic institutions is not, again, compromised in the name of stability. The last thing Washington

needs is the emergence of a Pakistan-like political system, where the military controls the state at the expense of economic development, democratization, and political stability. The collapse of Arab autocracies and the impending conflagration in Pakistan should serve as wake-up calls for policymakers in Washington.

Instead of indiscriminately throwing its weight around and unconditionally cultivating ties with intransigent allies such as Israel and Saudi Arabia, the United States should be looking toward further cooperation with powerful and democratizing countries such as Turkey and Egypt. Maintenance and deepening of close ties with legitimate states with civilian governments committed to democracy and economic development is the best way for the United States to create islands of peace in different regions and construct durable multilateral arrangements, which serve common interests.

Such strategic patience could also rehabilitate the battered U.S. image around the globe. For instance, Brazil's case is very instructive: the rise of a democratic and progressive government, under President Luiz Ignacio Lula da Silva, ushered in a new era of stability and economic progress. Today, Brazil is sharing the responsibilities of hemispheric leadership with the United States and contributing to regional stability and integration. The lesson is simple: reliance on responsible regional powers is America's best chance for a smooth transition to a truly multipolar global system. Egypt can and should be just such a partner.

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Article 6.

Foreign Affairs

# How Fatah-Hamas Unity Threatens U.S. Funding

Douglas N. Greenburg and Derek D. Smith

June 20, 2011 -- The reconciliation agreement signed in April between Fatah and Hamas, which called for the creation of an interim Palestinian unity government followed by elections later this year, raises a number of difficult issues for the United States. Among these is whether Washington can lawfully continue to provide aid to the Palestinian Authority (PA) if it includes Hamas as an equal partner. After all, existing U.S. law designates Hamas as a terrorist organization and thus prevents the United States from aiding it in any way. Although the unity pact suffered a setback when a planned conference in Cairo on Tuesday to announce a new government was postponed, negotations are ongoing. Should the two sides eventually succeed in creating a unity government, continued U.S. funding for the PA could be illegal. Despite this, given the PA's dependence on U.S. aid, Washington may decide that financially sustaining the Palestinian leadership is vital to the peace process or other strategic interests. As a result, it may attempt to continue aiding elements of the PA that remain unaffiliated with Hamas. Yet absent specific congressional authorization, such a strategy will face significant legal obstacles.

U.S. law has long prohibited citizens from providing support to or doing business with Hamas, which has been on the Treasury Department's designated terrorist list since 1995 and the State Department's list of designated Foreign Terrorist Organizations since 1997. Under the U.S. criminal code, individuals cannot knowingly

provide an FTO with "material support or resources," which is broadly defined as any "property or service," including money, training and advice, safe haven, transportation, and weapons, among other forms of assistance. Violation of this statute is punishable by up to 15 years in prison, or life in prison if the support results in the death of any person.

The Treasury Department's Office of Foreign Assets Control (OFAC) also enforces sanctions against Hamas and its affiliates, forbidding U.S. persons from engaging in any transactions with a designated terrorist, and further requiring that U.S. financial institutions block any transactions involving assets of FTOs. OFAC frequently imposes civil fines against violators of these sanctions, who may also suffer criminal penalties.

The U.S. government has enforced these laws by bringing several high-profile criminal prosecutions against various individuals and charitable organizations for raising funds for Hamas. In 2008, for example, a federal jury in Texas convicted five U.S. citizens on charges of providing material support to Hamas through their ostensibly charitable organization, the Holy Land Foundation, resulting in sentences of 15 to 65 years in prison. The Treasury Department has also targeted charities acting as fundraising fronts for Hamas, such as the Al-Aqsa Foundation, an international relief organization formerly based in Germany that Treasury designated a terrorist entity in 2003, aiming to put them out of business by freezing their bank accounts.

Current U.S. law, then, clearly forbids and severely punishes a wide range of assistance to Hamas. But what if Hamas takes a leading role in another organization not designated as an FTO -- specifically, the PA? This question arose in 2006, when Hamas members defeated Fatah in that year's Palestinian elections. Hamas' presence in the PA posed a significant challenge to U.S. interests in the Palestinian

territories. Even so, the PA remained highly dependent on U.S. aid, receiving more than $400 million per year from Washington, and it was unclear whether the PA and its president, Fatah leader Mahmoud Abbas, could survive without it.

As a result, the U.S. Congress responded to Hamas' 2006 electoral victory by passing the Palestinian Anti-Terrorism Act (PATA), which conditioned assistance to the PA on a presidential certification that Hamas did not effectively control any "ministry, agency, or instrumentality" of the PA and made "demonstrable progress" toward five benchmarks related to transparency, democratization, and antiterrorism. PATA provided a national security waiver that allowed the White House to continue funding various entities in the PA presidential office and judiciary branch, so long as Hamas did not control the recipient. It also permitted funding to nongovernmental organizations that provide aid to the West Bank and Gaza relating to humanitarian needs and democracy promotion.

Ultimately, the dilemma over funding the PA resolved itself in 2007, when Hamas broke with Fatah and the PA and took control of Gaza. This separation freed OFAC to allow all transactions with the Fatah-controlled PA in the West Bank. But should Hamas rejoin the PA as a result of the recent unity arrangement, there may be pressure on OFAC to take a tougher stance. Indeed, in recent appropriations bills, Congress has made assistance to a "power-sharing government" in Palestine contingent on compliance with PATA.

Congressional authorization to fund a Hamas-affiliated PA would likely overcome existing legal prohibitions. In the face of PATA, however, there is a substantial risk that providing aid without specific congressional authority would violate U.S. criminal laws. Although there are several arguments for exempting the PA from the U.S. laws against dealing with FTOs, none is particularly convincing. To begin with, it could be argued that although U.S. law prohibits individuals

from assisting Hamas, the president's constitutional powers to conduct foreign affairs might exempt officials carrying out the government's international policy from criminal prosecution. The existing laws and regulations, however, make federal officials just as liable for providing aid to FTOs as any private citizen, and any contrary argument would rest, at best, on untested grounds.
Additionally, it could be argued that because Hamas does not control the PA outright, aid to the PA is not the same as aid to Hamas. This may seem persuasive in some circumstances; for instance, if Hamas held only a small minority of the PA's parliamentary seats. But that is hardly the case with regard to the current reconciliation agreement, which places equal power in the hands of Fatah and Hamas to form an interim government and appoint various ministers through consensus. Moreover, according to OFAC's regulations, Hamas needs only an interest in PA transactions, rather than full control of the PA itself, to trigger sanctions against funding the PA. In fact, following Hamas' election success in 2006, OFAC determined that Hamas had "a property interest" in PA business; this may have some bearing on funding the new unity government. Much like the OFAC regulations, the U.S. criminal code does not clearly specify when an FTO's interest in an organization becomes so great that it is unlawful to provide that organization with "material support." Moreover, the serious penalties associated with violating these criminal laws demand caution when considering whether to aid an organization in which an FTO such as Hamas plays a significant role.
Another possible method for the United States to continue funding the PA is an exception in the criminal code for persons who provide "personnel," "training," or "expert advice or assistance" to an FTO with approval of the secretary of state and the attorney general. This exception could allow the United States to advise PA security and police forces, but it would not permit direct financial aid. Similarly,

the United States could attempt to convince non-Hamas elements in the PA to use and disseminate U.S. funds without any knowledge or participation of Hamas. Yet such a plan may not withstand legal scrutiny. If non-Hamas PA officials failed to honor the agreement and Hamas gained access to U.S. funds, prosecutors might one day argue that the persons who made the donation knew that such a result was likely and disregarded the risk. Such "willful blindness" could serve as the basis of a criminal prosecution. Or, the whole government may turn out to be Hamas-affiliated, rendering any such distinction meaningless.

The Obama administration could also instruct OFAC to grant specific exemptions so that the United States could fund particular entities within the PA. OFAC followed this strategy in 2006, announcing at the time that "consistent with current foreign policy" it was "authorizing U.S. persons to engage in certain transactions in which the PA may have an interest." Mirroring some of the exceptions listed under PATA, OFAC exempted transactions with the Palestinian judiciary, non-Hamas members of the Palestinian Legislative Council, and various entities controlled by Abbas.

Although the United States sought to continue supporting non-Hamas elements of the PA in 2006, it is doubtful that OFAC could repeat the same tactic now, thanks to the relationship between Fatah and Hamas. In 2006, Hamas campaigned against Fatah and tensions between the two camps remained strong after the election. Armed conflict broke out the following year despite the creation of a de facto unity government, splintering the PA. Should the current reconciliation agreement come to fruition, however, it would create a joint power-sharing government. As a result, it may be more difficult for OFAC to justify special exemptions on the grounds that certain entities within the PA are insulated from Hamas; by all appearances, they will be intertwined.

Lastly, OFAC could simply delist Hamas or continue allowing aid to the PA under a "general license." But this would not do away with the independent criminal ban on providing "material support" to an FTO. To remove Hamas from the criminal law banning FTO support, either the secretary of state or Congress would have to revoke the designation of Hamas as an FTO -- a highly unlikely scenario. Should the Obama administration want to continue funding a Hamas-affiliated PA to maintain U.S. influence or otherwise promote U.S. interests, current law gives him little leeway to do so. PATA places numerous restrictions on any aid to a Hamas-affiliated PA, and any attempt by the White House to continue funding the PA in spite of PATA risks violating criminal statutes. Short of removing Hamas as a designated terrorist organization and FTO, the safest way to proceed would be on the basis of legislative action that allows White House to support the PA even under a Fatah-Hamas coalition. Without it, the Obama administration's legal options are limited. No matter how much it may want to continue aiding the PA, then, its continued support may well be illegal.

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Article 7.

TIME

# Why the Muslim Brotherhood Are Egypt's Best Democrats

Bobby Ghosh

June 21, 2011 -- After the fall of Saddam Hussein in 2003, many Western commentators were surprised by the ease with which Iraq's religious movements adapted to multiparty democracy. The Shi'ite groups, in particular, were quick to organize into political parties, set up grass-roots organizations across the country and form practical coalitions ahead of elections. Long assumed to be ideologically opposed to democracy, these groups showed they were in fact brilliantly adaptable. Their leaders, despite having little experience in kissing babies, campaigned like seasoned pros.

In contrast, Iraq's liberal parties were rank amateurs. Their leaders, despite having spent decades in exile in Western democracies (whereas most Islamist exiles were confined to places like Iran and Syria), seemed not to understand how democracy works: people like Iyad Allawi and Ahmed Chalabi had an air of entitlement, assuming that people would vote for them merely because they were modern, progressive and famous. They didn't bother to create a national party infrastructure, nor did they care to campaign. Instead, they held all-day salons in the manner of medieval monarchs giving audience to the elite.

Something very similar is unfolding in Egypt. Of all the political groups to have emerged since the fall of Hosni Mubarak — including the myriad youth movements, secular parties, leftists and remnants of the old National Democratic Party — the Muslim Brotherhood seem to have the best understanding of how democracy works. The Islamist

group may have taken a backseat to the liberal youth movement that brought down the dictator, but it has wasted little time in preparing for the post-Mubarak era. Although the generals in charge of Egypt's transition have not yet announced a date for the parliamentary elections (which are expected in the fall), the Brotherhood is already campaigning vigorously, in Cairo and the countryside. The youth movement, on the other hand, seems unable to break out of protest mode. The gap between the two sides was exposed in a mid-March referendum on constitutional reforms. The Brotherhood mobilized a massive "yes" vote to ensure that any meaningful reforms would take place after the parliamentary elections. The liberals were split, unsure as to which scenario they feared more: a constitution written by a military-appointed panel before the elections, or one written by a Brotherhood-dominated parliament afterward. It was a rout: 77% voted yes.

The gap has not closed. Since the referendum, many liberals have sought to undermine the result by trying to force through reforms before the elections. Their great champion, former U.N. nuclear watchdog (and Nobel laureate) Mohamed ElBaradei, argues that the constitution can't wait for people's elected representatives. The youth leaders agree and are threatening to return to Tahrir Square if they don't get their way. They claim the referendum doesn't matter because the Brotherhood misled Egyptians by portraying it as a vote on religion. (The Islamists deny this, and some neutral observers say both sides played fast and loose with the facts.)

This carping makes the liberals look like sore losers, and far from democratic. Critics accuse them of trying to buy time: a postponement in the elections would give liberals more time to get their political house in order and hopefully catch up with the Brotherhood's organizational lead. Even Alaa al-Aswany, a novelist and strong Brotherhood critic, acknowledges that it ill behooves the

liberals to attempt an end run around the referendum. "The people made a choice, and we have to respect it," he says.

The Brotherhood, meanwhile, is sitting pretty. It has offered to form a broad coalition with liberals and leftists in the elections, and promises that there will be no attempt to hijack the constitutional reform process afterward. "The new constitution has to be written by all Egyptians," says Essam Erian, a top Brotherhood leader. "No one group should have a louder voice than the others." This makes the Islamists look responsible and conciliatory, and is likely to play well with voters. (See more on the Brotherhood's election strategy in posts to come.)

In Iraq, it took the liberals years to catch up with the religious parties in organizational and campaigning skills. In the last election, Allawi finally cobbled together a coalition that won more seats than any other group, only to be outmaneuvered by postelection horse trading. If Egypt's liberals aren't careful, a similar fate awaits them.

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## Remembering Lenny Bruce

August 3rd, 2016 marked the 50th anniversary of groundbreaking comedian Lenny Bruce's death from an overdose of morphine, while his New York obscenity conviction at Café Au Go Go was still on appeal. On that same day he received a foreclosure notice at his Los Angeles home.

But it wasn't a suicide. In the kitchen, a kettle of water was still boiling, and in his office, the electric typewriter was still humming. He had stopped typing in mid-word: "Conspiracy to interfere with the 4th Amendment const" ...constitutes what, I wondered.

Lenny was a subscriber to my satirical magazine, *The Realist,* and in 1959 we met for the first time at the funky Hotel America in Times Square. He was amazed that I got away with publishing those profane words for which other periodicals used asterisks or dashes. He had been using euphemisms like "frig" and asked, "Are you telling me this is legal to sell on the newsstands?"

I replied, "The Supreme Court's definition of obscenity is that it has to be material which appeals to your prurient interest." He magically produced an unabridged dictionary from the suitcase on his bed, and looked up the word "pruient." He closed the dictionary, clenching his

jaw and nodding his head in affirmation of a new discovery. "So," he observed, "it's against the law to get you horny."

When we were about to leave the room, he stood in the doorway. "Did you steal anything?" he asked furtively. I took my watch out of my pocket since I didn't like to wear it on my wrist, and without saying a word I placed it on the bureau. Lenny laughed one loud staccato "Ha" and kissed me on the forehead.

We developed a friendship integrated with stand-up comedy. In his act Lenny had broken through traditional stereotypical jokes about airplane food, nagging wives, Chinese drivers, annoying mothers-in-law. Instead he weaved his taboo-breaking targets--teachers' low salaries *versus* show-business celebs, religious leaders' hypocrisy, cruel abortion laws, racial injustice, the double standard between illegal and prescription drugs--into stream-of-consciousness vignettes.

In each succeeding performance, he would sculpt and re-sculpt his concept into a theatrical context, experimenting from show to show like a verbal jazz musician. Audience laughter would sometimes turn into clapping for the creative process itself. "Please don't applaud," he'd request. "It breaks my rhythm."

Lenny was writing an autobiography--*How to Talk Dirty and Influence People*--which *Playboy* planned to serialize, then publish as a book, and they hired me as his editor. We met in Atlantic City, where he was taking Delaudid for lethargy, and he sent a telegram to a contact, with a phrase--DE LAWD IN DE SKY--as a code to send a doctor's prescription.

At a certain point he was acting paranoid and demanded that I take a lie-detector test, and I was paranoid enough to take him literally. I couldn't work with him if he didn't trust me. We got into an argument, and I left.

He sent a telegram that sounded like we were on the verge of divorce. "WHY CAN'T IT BE THE WAY IT USED TO BE?" he wrote. I agreed to try again, and in 1962 I flew to Chicago. Lenny was performing at the Gate of Horn, where he was asking the whole audience to take a lie-detector test.

Lenny was intrigued by the implications of an item in *The Realist,* an actual statement by Adolf Eichmann that he would have been "not only a scoundrel, but a despicable pig" if he hadn't carried out Hitler's orders. Lenny wrote a piece for *The Realist,* "Letter From a Soldier's Wife," namely Mrs. Eichmann pleading for compassion to spare her husband's life.

Lenny had been reading a study of anti-Semitism by Jean-Paul Sartre. Now, on stage, giving credit to Thomas Merton's poem about the Holocaust, he requested that all the lights go off except one dim blue spot. Then he began speaking with a German accent:

> My name is Adolf Eichmann. And the Jews came every day to what they thought would be fun in the showers. People say I should have been hung. *Nein*. Do you recognize the whore in the middle of you–that you would have done the same if you were there yourselves? My defense: I was a soldier. I saw the end of a conscientious day's effort. I watched through the portholes. I saw every Jew burned and turned into soap.
>
> Do you people think yourselves better because you burned your enemies at long distance with missiles without ever seeing what you had done to them? Hiroshima *auf Wiedersehen*. [*German accent ends*.] If we would have lost the war, they would have strung Truman up by the balls, Jim. Are you kidding with that? Not what kid told kid told kid. They would just *schlep* out all those Japanese mutants. "Here they did; there they are." And Truman said they'd do it again. That's what they should have the same day as Remember Pearl Harbor. Play them in unison.

Lenny was arrested for obscenity that night. One of the items in the Chicago police report complained: "Then talking about the war he stated, 'If we would have lost the war, they would have strung Truman up by the balls.' " The cops also broke open Lenny's candy bars, looking for drugs. They checked the IDs of audience members, including George Carlin, who told the cops, "I don't believe in IDs." Then they arrested him for disorderly conduct, dragged him along by the seat of his pants and hoisted him into the police wagon.

"What are you doing here?" Lenny asked.

"I didn't want to show them my ID."

"You schmuck."

Lenny was released on bail, but the head of the Vice Squad warned the Gate of Horn manager: "If this man ever uses a four-letter word in this club again, I'm going to pinch you and everyone in here. If he ever speaks against religion, I'm going to pinch you and everyone in here. Do you understand? You've had good people here. But he mocks the pope--and I'm speaking as a Catholic--I'm here to tell you your license is in danger. We're going to have someone here watching every show."

And indeed, the Gate of Horn's liquor license was suspended. There were no previous allegations against the club, and the current charge involved neither violence nor drunken behavior. The only charge pressed by the city prosecutor was Lenny Bruce's allegedly obscene performance. Nobody's prurience was aroused, but that made no difference. After all, there wasn't any law against blasphemy.

"Chicago is so corrupt, it's thrilling," Lenny said.

Chicago had the largest membership in the Roman Catholic Church of any archdiocese in the country. Lenny's jury consisted entirely of Catholics. The judge was Catholic. The prosecutor and his assistant were

Catholic. On Ash Wednesday, the judge removed the spot of ash from his forehead and told the bailiff to instruct the others to do likewise. The sight of a judge, two prosecutors and twelve jurors, every one with a spot of ash on their foreheads, would have all the surrealistic flavor of a Lenny Bruce fantasy.

Since he often talked on stage about his environment, and since police cars and courtrooms had become his environment, the content of Lenny's performances began to revolve more and more around the inequities of the legal system. "In the Halls of Justice," he declared, "the only justice is in the halls." But he also said, "I love the law." Instead of an unabridged dictionary, he now carried law books in his suitcase. His room was cluttered with tapes and transcripts and photostats and law journals and legal briefs.

Once he was teasing his ten-year-old daughter, Kitty, by pretending not to believe what she was telling him. "Daddy," she said, "you'd believe me if it was on tape."

Lenny's jazz jargon was gradually being replaced by legal jargon. He had become intimate not only with the statutes concerning obscenity and narcotics but also with courtroom procedure, and his knowledge would be

woven into his performances. But as clubs became increasingly afraid to hire him, he devoted more and more time and energy to the law.

In less than two years, Lenny was arrested 15 times. Club owners were afraid to book him. He couldn't get a gig in six months. On a Christmas day, he was alone in his hotel room, and I brought him a $500 bill. With a large safety pin, he attached it to his denim jacket. When he finally got a booking in Monterey, he admitted, "I feel like it's taking me away from my work."

Lenny lived way up in the hills. His house was protected by barbed wire and a concrete gate, except that it was always open. He had a wall-to-wall one-way mirror in his living room, but when the sun was shining you could see into the room instead of out. He was occasionally hassled by police on his own property. One evening in October 1963, we were talking while he was shaving, when four officers suddenly appeared, loud and obnoxious. He asked them to leave unless they had a search warrant.

One of the cops took out his gun. "Here's my search warrant," he said. Then Lenny and the cops had a discussion about the law, such as the rules of evidence, and after half an hour they left. Lenny tried to take it all in stride, but the encounter was depressing, and he changed his mind about going out that night.

When everything was quiet, we went outside and stood at the edge of his unused swimming pool. Dead leaves floated in the water. Lenny cupped his hands to his mouth. "All right, you dogs," he called out. "Bark for the rich man!" --thereby setting off a chain reaction of barking dogs, a canine chorus echoing through Hollywood Hills.

We ordered some pizza, and he played some old tapes, ranging from a faith healer to patriotic World War II songs. "Good-bye, Mama, I'm off to Yokohama, the Land of Yama-Yama..."

Back at the Café Au Go Go arrest in New York, Lenny had told a fantasy tale about Eleanor Roosevelt, quoting her, "I've got the nicest tits that have ever been in this White House…" The top of the police complaint was "Eleanor Roosevelt and her display of tits." At the trial, Lenny acted as his own attorney. He had obtained the legislative history of an Albany statute, and he discovered that back in 1931 there was an amendment proposed, which excluded from arrest in an indecent performance: stagehands, spectators, musicians, and--here was the fulcrum of his defense--actors. The law had been misapplied to him. Despite opposition by the New York Society for the Suppression of Vice, the amendment was finally signed into law by then-Governor Roosevelt, but to no avail.

"Ignoring the mandate of Franklin D. Roosevelt," Lenny observed, "is a great deal more offensive than saying Eleanor has lovely nay-nays."

On October 13, 1965 (Lenny's 40th birthday), instead of surrendering to the authorities in New York, he filed suit at the U.S. District Court in San Francisco to keep out of prison, and he got himself officially declared a pauper. Two months before his death in 1966, Lenny wrote to me: "I'm still working on the bust of the government of New York State." And he included his doodle of Christ nailed to a crucifix, with a speech balloon asking, "Where the hell is the ACLU?

After he died, at a séance, his mother brought his old faded denim jacket. That large safety pin was still attached to it. And at the funeral, his sound engineer friend dropped Lenny's microphone into his grave before the dirt was piled on. Lenny's problem had been that he wanted to talk on stage with the same freedom that he had in his living room. That problem doesn't happen to stand-up comedians any more.

As for me, I'm working on my long awaited (by me) first novel. It's about a contemporary Lenny Bruce-type satirist. Those scenes where my protagonist performs, I've developed onstage myself, although at times it felt like I was actually channeling Lenny, until the day that he said, "C'mon, Paul,

you know you don't believe in that shit." Well, this ended *that* wishful-thinking delusion.

I told my friend Avery Corman--author of *Oh, God* and *Kramer vs. Kramer*-- how I welcomed the challenge of writing fiction.

"But, you know," I added, "it's really hard to write. You have to make everything up."

And he said, "Hey, listen, you've been making stuff up all your life."

"Yeah, but that was journalism."

## The Last Word: Yikes!

When George Bush was elected president of the United States in 2000, it was due to the electoral college, even though his opponent, Al Gore, won the national popular vote.

Hillary Clinton was elected senator that year, and she announced that the first thing she would do was to get rid of the electoral college.

A few years later, as a columnist for the *New York Press*, I sent her a letter asking about the status of that promise. She didn't reply.

On November 8, 2016, a crooked businessman, liar extraordinaire, bragging pussy-grabber, make-America-white-again, anti-choice, anti-Semite, fake Christian, the rapist of a 13-year-old girl in 1994 at a pedophile party (she canceled a press conference one week before the election because of death threats if she filed a lawsuit), climate-change hoaxer, twitter addict, homophobic, apprentice politician, fucking fascist, and of course Vladimir Putin's "useful idiot," namely Donald Trump, who was elected as an insanely narcissistic dictator based on the electoral college (a rigged system), whereas his opponent, Hillary Clinton, won the national popular vote by almost three million individuals galore, to no avail.

Irony lives . . .

In 1994, Trump took a 13-year-old girl to a party with Jeffrey Epstein, a billionaire who was a notorious registered sex offender, and raped her that night in what was a "savage sexual attack," according to a lawsuit filed in June 2016 by "Jane Doe." The account was corroborated by a witness in the suit, who claimed to have watched as the child performed various sexual acts on Trump and Epstein even after the two were advised she was a minor.

"Immediately following this rape Defendant Trump threatened me that, were I ever to reveal any of the details of Defendant Trumpâ€™s sexual and physical abuse of me, my family and I would be physically harmed if not killed," Jane Doe wrote in the lawsuit, filed in New York.

The lawsuit was dropped in November 2016, just four days before the election, with Jane Doe's attorneys citing "numerous threats" against her.

The charges and allegations brought against Donald Trump for sexual crimes include:

1 Accusations filed in court against Trump

1.1 Ivana Trump (1989)

1.2 [redacted] (1992)

1.3 [redacted] (2007)

2 Recording controversy and second 2016 presidential debate

3 Public allegations in 2016 of unwanted physical contact

3.1 [redacted] (1980s)

3.2 [redacted] (1990s)

3.3 [redacted] (1997)

3.4 [redacted] (1997)

3.5 [redacted] (1998)

3.6 [redacted] (2003)

3.7 [redacted] (2005)

3.8 [redacted] (2005)

3.9 [redacted] (2006)

3.10 [redacted] (2006)

3.11 [redacted] (2010)

3.12 [redacted] (2013)

4 Allegations of pageant dressing room visits

4.1 Miss Teen USA contestants

4.2 [redacted] (2000)

4.3 [redacted] (2001)

4.4 Unnamed contestants (2001)

4.5 [redacted] (2006) ~ There are of course scores of cases that have been settled out of court that we can not have any clear public record of as they are constrained by non-disclosure agreements.

**From:** Kathy Ruemmler [redacted]
**Sent:** 6/19/2018 5:30:40 PM
**To:** jeevacation@gmail.com
**Subject:** Indicting a President Is Not Foreclosed: The Complex History - Lawfare

**Importance:** High

https://www.lawfareblog.com/indicting-president-not-foreclosed-complex-history

# Indicting a President Is Not Foreclosed: The Complex History

Can a sitting president be indicted? Often, in answering this question, commentators point to Office of Legal Counsel (OLC) opinions answering in the contrary. To whatever extent the writer agrees or disagrees with the opinions' conclusion, the government's position on the matter is usually presented as a long-standing and clear "no."

The reality is more complicated. The United States has addressed this question six times in both internal memos and briefs filed in litigation. And a review of these documents shows that it is far from clear what criminal prosecution steps are (or should be) precluded—and that there is no "longstanding policy" against indictment of the president. Consider the 1973 OLC memo stating that a sitting president should not be indicted. Far from being authoritative, it was essentially repudiated within months by the Justice Department in the United States' filing in the Supreme Court in *United States v. Nixon*.

Likewise, the most recent opinion—an OLC memo written in 2000—includes brief statements that a sitting president should not be indicted even if all further proceedings are postponed. But far from being definitive, this is a matter that could be reconsidered by the department. Moreover, of course, OLC opinions are not binding on state prosecutors (though state charges could raise federalism questions as well). The complex history of criminal proceedings against presidents and vice presidents suggests that these issues are not foreclosed.

Perhaps the most important point that emerges from a review of all the opinions is this: nly once has the United States addressed the question of whether a president can be an unindicted co-conspirator. The conclusion was an unequivocal yes. Richard Nixon was so named in the Watergate indictment, and that inclusion was sustained by Judge John Sirica and defended by the United States in *United States v. Nixon*. (The Supreme Court did not resolve the question.) No department opinion or filing has ever contradicted that position. The fact that it is permissible to name a sitting president as unindicted co-conspirator, moreover, tends significantly to undermine the only argument against indicting a sitting president.

(I should note that the U.S. Attorney's manual cautions against naming persons as unindicted co-conspirators "[i]n the absence of some significant justification." Here, of course, the "significant justification" would exist if a sitting president is the only individual in the country who is immune from indictment. Thus, for that individual alone, the usual better course of indictment would not be available.)

Here I want to review each of the half-dozen times that the executive branch has addressed the question of whether a president can be prosecuted, indicted or included as an unindicted co-conspirator. The opinions that conclude that a president cannot be indicted deal mainly with the question of whether a president can be put on trial. While the discussions of the option of indicting but postponing trial are more than a mere afterthought, that option was not the focus of the opinions and received scant analysis.

The relevant briefs and memoranda are:

1. The Sept. 24, 1973, OLC Dixon memo
2. The Oct. 5, 1973, brief for the United States in *In re Agnew*
3. The Feb. 12, 1974, memorandum to Independent Counsel Leon Jaworski
4. The June 21, 1974, reply brief for the United States in *U.S. v. Nixon*
5. The May 13, 1998, memorandum to Independent Counsel Kenneth Starr
6. The Oct. 16, 2000, OLC memorandum

These documents are worth review not only for their value as precedent but also for the extensive argumentation they contain on the pertinent issues.

**1. The Sept. 24, 1973, OLC Dixon Memo**. This memo, signed by the head of the Office of Legal Counsel, Robert Dixon, is a procedural anomaly: It was not addressed to any official and may not have been made public at the time. It was not mentioned in the submission by the solicitor general two weeks later in the *In re Agnew* case.

Dixon noted that there was no express provision of the Constitution conferring any immunity upon the president. The "proper approach" he wrote, "is to find the proper balance between the normal functions of the courts and the special responsibilities … of the Presidency." He concluded that "criminal proceedings against a President in office should not go beyond a point where they could result in so serious a physical interference with the President's performance of his official duties that it would amount to an incapacitation." Thus, "a necessity to defend a criminal trial and to attend court … would interfere with the President's unique official duties."

Finally, Dixon addressed "a possibility not yet mentioned": that a sitting president could be indicted but further proceedings could be deferred until he was no longer in office. Unlike placing a president on trial, this would not result in a "physical interference" with the president's duties. Nevertheless, the memo concludes that this step should not be taken

because of the reputational damage to the president: "The spectacle of an indicted President still trying to serve as Chief Executive boggles the imagination."

Of particular interest is the memo's consideration of whether criminal proceedings against a vice president are precluded. OLC found this to be a difficult question before concluding that a grand jury could indict the vice president. The memo notes that Vice President Spiro Agnew was said to be part of a conspiracy and that it would be difficult to have a proper indictment of co-conspirators without including the vice president (a point also true of a conspiracy involving a president). Moreover,

> Another circumstance counselling prompt presentation of evidence to the grand jury is that the statute of limitations is about to bar prosecution of the alleged offenders with respect to some or all of the offenses. The problem presented by the statute of limitations would be avoided by an indictment within the statutorily specified period.

(The issue of statute of limitations arises as well in cases involving a president.)

The Dixon memo concludes that "[a]fter indictment, the question of whether the Government should … delay prosecution until the expiration of the Vice President's duties involves questions of trial strategy" beyond OLC's expertise.

The conclusion that the sitting president should not be indicted was not necessarily a categorical constitutional-judgment conclusion but seems, rather, to be a balance of policy considerations. That, it appears, is how it was read by the office of Special Prosecutor Leon Jaworski—as I will describe below.

**2. The Oct. 5, 1973, Brief for the United States in *In re Agnew*.** Lawyers for Vice President Spiro T. Agnew argued that if a president could not be indicted while in office, that same immunity should apply to a serving vice president. The vice president should have the same immunity as the president, they wrote, because he "must maintain himself in a state of constant preparation to replace the president." And as the official with responsibility for initiating the 25th Amendment removal process, he must "continuously … monitor the ability of the President" to discharge his duties. These responsibilities, they argued, were incompatible with being a defendant in a criminal case. Agnew's civil action, moreover, sought to enjoin the grand jury from even "conducting any investigation" into the allegations against Agnew as well as precluding "issuing any indictment."

The United States, in a response filed in U.S. District Court for the District of Columbia by Solicitor General Robert Bork, opposed any immunity from criminal process for a vice president. The solicitor general did inform the court, however, that if the grand jury were to return an indictment, the Department of Justice "will hold the proceedings in abeyance for a reasonable time, if the Vice President consents to a delay, in order to offer the House of Representatives an opportunity to consider the desirability of impeachment proceedings." What was critical, according to Bork, was this: "The issuance of an indictment … would in the meantime toll the statute of limitations and preserve the matter for subsequent judicial

resolution." The memorandum concluded that while the demands of the presidency preclude subjecting the chief executive to criminal process, no such importance attaches to the office of the vice president.

Because Agnew pleaded no contest to an indictment in a negotiated agreement, there was no resolution of his claim of immunity from indictment. Although the charges had been serious (Agnew was said to have accepted containers of cash in the White House), he was allowed to plead to a single count and serve no prison time, essentially in exchange for his resignation from the vice presidency—an outcome that may not have been possible had Agnew not been susceptible to indictment.

**3. The Feb. 12, 1974, Memorandum to Independent Counsel Leon Jaworski.** The attorneys in the Office of Watergate Special Prosecutor Leon Jaworski concluded that there was no legal bar to indicting a sitting president and that the office should recommend either that the grand jury indict President Nixon or that criminal charges against him be incorporated into a formal grand jury presentment. Jaworski concluded that the best course, with impeachment proceedings in the offing, was to include Nixon as an unindicted co-conspirator in the indictment of the other Watergate defendants.

The memo notes at the outset that

> As we understand it, the conclusions regarding indictment of an incumbent President reached by the Department of Justice, the U.S. Attorney's office, and this office, are all consistent: there is nothing in the language or legislative history of the Constitution that bars indictment of a sitting president, but there are a number of 'policy' factors that weigh heavily against it.

The memo finds those policy considerations offset by competing considerations.

> For us or the grand jury to shirk from an appropriate expression of our honest assessment of the evidence of the President's guilt would not only be a departure from our responsibilities but a dangerous precedent damaging to the rule of law.

In deciding whether to indict a sitting president, they asserted, any considerations of a political nature should be left to Congress, which can decide if it wishes to immunize a president from prosecution. The special prosecutor's office did conclude, however, that the quantum of proof required to support an indictment of a sitting president should be quite high: "the evidence of the President's guilt should be direct, clear, and compelling and … admit of no misinterpretation."

Some of Jaworski's team thought that President Nixon should be indicted. Others favored proceeding by a "presentment," which would set out "in detail the most important evidence and the Grand Jury's conclusion that the President has violated certain criminal statutes and would have been indicted were he not President." The office concluded that "there appears to be no question of the propriety or legality of such a course…." The memo noted that

having the grand jury actually name the specific indictable crimes for which there was clear evidence of guilt was important: "This fundamental conclusion [of criminal guilt] should not be allowed to be lost in a recitation of facts or sources of evidence that omits the basic judgment involved or leaves it open to public (and Congressional) speculation and debate."

The memo also noted that the president could be named an unindicted co-conspirator in the indictment of the other conspirators, the course ultimately chosen by Jaworski.

**4. The June 21, 1974, Reply Brief for the United States in *US v. Nixon.*** The U.S. District Court for the District of Columbia refused Nixon's motion to expunge his inclusion as an unindicted co-conspirator in the Watergate indictment. Nixon asked the Supreme Court to reverse that decision. His lawyers argued that since a sitting president could not be indicted, neither should he be implicated as an unindicted co-conspirator.

In this filing on behalf of the United States, Jaworski rejected Nixon's premise that a president could not be indicted, stating that "It is an open and substantial question whether an incumbent President is subject to indictment." The brief argues for indictability before concluding that it is unnecessary to decide that question in order to resolve whether to permit his inclusion as an unindicted co-conspirator.

(Despite the filing's origin in Jaworski's office, it would be a mistake to argue that this filing was not in some sense the position of the Department of Justice. Leon Jaworski and his attorneys were officers of the Department of Justice assigned by the attorney general the responsibility for advancing the legal positions of the United States, including in representations to the U.S. Supreme Court.)

The Jaworski filing notes how critical it is to identify the president as one of the criminal accused: "the identification of each co-conspirator — regardless of station — is a prerequisite to making his declarations in furtherance of the conspiracy admissible against the other conspirators."

Although the brief concludes that "it is by no means clear that a President is immune from indictment" during his term, the special prosecutor chose not to indict the sitting president on the basis of "practical arguments." Those arguments, however,

> cannot fairly be stretched to confer immunity on the President from being identified as an *unindicted* co-conspirator, when it is necessary to do so in connection with criminal proceedings against persons unquestionably liable to indictment.

Naming the president as an unindicted co-conspirator was necessary for the grand jury to return a "true bill," Jaworski argued, and "required here to outline the full range of the alleged conspiracy." There exists, moreover, "a legitimate public purpose in reporting the fact that serious criminal charges against a government official have been made."

> The mere fact that an official has a personal immunity from prosecution does not bar the prosecution from alleging and proving his complicity as part of a case against persons who have no such immunity.

It would not be fair "to the defendants … to blunt the sweep of the evidence artificially by excluding one person, however prominent and important, while identifying all others." The Jaworski filing acknowledged that naming an incumbent president as an unindicted criminal co-conspirator may cause the public anguish of a cloud over the presidency. But "in the public marketplace of ideas" there is little reason to fear that malicious charges against a president "will receive credit they do not deserve."

Notably, the United States made no mention of the OLC Dixon memo in its filing in the Supreme Court other than by implication: The filing says that the Department of Justice agrees that the Constitution does not bar indictment of a president, perhaps reading the Dixon OLC memo as merely a statement of policy. What is striking is that the 2000 OLC memo treats the 1973 Dixon memo as an important precedent but not the more substantial, more careful subsequent filing in the U.S. Supreme Court.

The Supreme Court did not answer Nixon's request to expunge his inclusion as an unindicted co-conspirator. Finding it unnecessary to answer that question in order to rule against the president on the subpoena of the nine tapes, the court dismissed Nixon's companion cert petition as improvidently granted. Nixon's resignation and pardon rendered the remaining questions moot.

**5. The May 13, 1998, Memorandum to Independent Counsel Starr.** This memorandum was written by professor Ronald Rotunda in response to an inquiry from Independent Counsel Kenneth Starr. Rotunda concluded that

> In the circumstances of this case, President Clinton is subject to indictment and criminal prosecution, although it may be the case that he could not be imprisoned … until after he leaves that office.

The Rotunda memo is the least persuasive of the opinions in question. First, its status is unclear. It says that the question was posed by Starr, but it does not note whether Rotunda, who may have been a paid consultant, had any official governmental role. There is no indication that the opinion underwent any review by other officials.

The opinion seems to claim too much, in my view, by suggesting that a president could be not only indicted but actually put on trial while serving. (Rotunda does not even rule out imprisoning a president.) There is an informal and partisan flavor to the memo that makes it less serious than the other arguments put forth by the department.

Rotunda argues that the then-existing Independent Counsel Act contemplated that a president could be investigated and questioned, so therefore it must follow that he can be indicted. This is the obverse of the current argument made by some that since a president

can't be indicted, he can't be questioned. Both positions are based on category mistake. No one has ever seriously suggested that a president can never be indicted. The only debate is whether any indictment of a president must be *postponed* until he is no longer in office. Since any president can indisputably be indicted when no longer in office, there is no permanent immunity that would obviate questioning of a president.

**6. The 2000 OLC Memorandum.** This opinion of the Office of Legal Counsel, signed by Assistant Attorney General Randolph Moss, is a thorough and thoughtful analysis of whether a president can be indicted and prosecuted while serving in office. It appears to have originally been drafted during the time of the Starr investigation of President Bill Clinton. The case against putting a president on trial is fully convincing to me. What is not so clear, however, is whether there is sound basis for withholding an indictment of a president even if any trial proceedings must await the end of his term. Like the Dixon memo, the 2000 opinion set out several obstacles to trying a president. None of those reasons, save one, applies to naming a president in an indictment.

The 2000 opinion gives so little thought to the possibility of indicting-and-postponing that it gives only one reason why such a course should be precluded: the idea that including the president in an indictment would cast a "cloud" over the presidency. The notion that reputational harm alone should preclude a normal part of the system of justice seems incompatible with the Supreme Court's decision in *Clinton v. Jones,* in which the court set such a high bar for any presidential immunity from the normal process of litigation that not a single justice found that actually undergoing a civil trial was precluded.

It is hard to square mere reputational harm as a basis for precluding indictment when the government seems to have established that a president can be listed as an unindicted co-conspirator. The reputational difference between being named as an unindicted co-conspirator in a criminal indictment and being listed as one of those indicted seems relatively small. The essential difference: naming one as indicted prevents the statute of limitations from expiring. Why, for a small reputational difference, would one choose to make being in the White House a basis for permanently precluding (by operation of the statute of limitations) an otherwise warranted criminal prosecution?

One aspect of the 2000 memo is worth noting. It appears to have been drafted with the case against President Clinton in mind. That was essentially a one-defendant matter. Thus, the opinion does not grapple with the significant obstacles to trying a multi-defendant criminal conspiracy while excluding from the charging document any reference to one of the conspirators—and perhaps a key conspirator.

For an extended argument that the terms of Robert Mueller's appointment and practice of the Office of Legal Counsel do not require him to conform to the 2000 OLC position opinion rejecting the option of indicting and postponing, see Andrew Crespo's analysis. In addition to Crespo's analysis, I would add that the 2000 memo gives only scant attention to

the possible course I believe deserves most consideration when a sitting president has been found to have committed a crime: indict-and-postpone. While I would not call the few mentions of that possibility "mere dicta," I believe the scant discussion of the point should not preclude an independent judgment by subsequent officials. The notion that such a course would cause reputational harm—though it would not physically interfere with the president's attention to his duties—seems to be a point of policy, not constitutional law. For a helpful analysis of this question, see Bob Bauer's posting.

In any event, OLC has never suggested that a president cannot be an unindicted co-conspirator.

**Conclusions**

The history of positions taken by the executive branch of the United States on the indictment of a sitting president is more varied and complex than is generally assumed. For that reason, whether or not a president can be indicted or named as an unindicted co-conspirator should not be considered a settled question.

I am convinced that putting a president on trial would be inconsistent with the Article II responsibilities of the modern presidency. Others—Larry Tribe included—are less certain and also point to the 25th Amendment, arguing that if being on trial or incarcerated precluded a president from being able to perform his duties, the 25th Amendment provides a theoretical if impractical avenue for the vice president to take over in successive 21-day increments during that time. I see the point, but I believe that approach could too easily set aside the determination of the electorate. People vote for a president, not a vice president. It would be no small matter, for example, to have had Sarah Palin step in for John McCain.

If a guilty president is not to be indicted, he or she should in any event be included in the charging instrument as an unindicted co-conspirator, an option that has been expressly defended by the United States before the Supreme Court. And once it has been established that a president can be an unindicted co-conspirator, the case for categorically precluding indictment of a president is significantly weakened.

I have argued previously that there should be no categorical bar to the indictment of a sitting president. *Clinton v. Jones* establishes that a president has a substantial burden of showing that normal processes of litigation are incompatible with his duties—and while that showing can be made for an actual criminal trial, it is difficult to make such a showing for naming a president in a grand jury indictment as long as trial proceedings are postponed until a president is no longer in office.

What, then, is the argument against indictment? Perhaps it casts a greater cloud. On the other hand, the most important reason for issuing an indictment, rather than merely naming the president as unindicted co-conspirator, is to prevent the statute of limitations from expiring. This, in my view, is an important consideration. Indeed, a president might seek reelection

just to make sure the limitations period runs on all his or her crimes while he or she remains in office.

But concluding that a president *can* be indicted does not mean that he or she *should* be indicted, even if that would be called for by the normal operation of the criminal process. Awaiting action by the House of Representatives may in some circumstances be the prudent course—though one might question whether it is appropriate to weigh that institutional factor variously depending on how realistic it is that a particular House and Senate would take their responsibilities seriously.

Some offenses might be seen as better suited for initial consideration by Congress in the impeachment process. Whether an exercise of executive authority—such as discharging an official or pardoning someone for an allegedly corrupt reason—should be grounds for sanction might be seen as requiring an essential political judgment, perhaps best suited for elected officials to make. On the other hand, the regular processes of the federal criminal system might be a better forum for an alleged complex multi-defendant financial conspiracy including money laundering, bank fraud, tax evasion, etc. In short, context matters for a special counsel or other prosecutor considering how best to proceed.

There is good reason to have the judiciary decide the question of whether an indictment of a sitting president is categorically barred. This is especially the case now that the decision process would in significant part be based upon an interpretation of a Supreme Court decision, *Clinton v. Jones.* If a prosecutor included the president in an indictment, the president would no doubt move to have his or her name stricken. The first question a judge should ask is, *"If I strike the president from the indictment, will he or she agree to waive any defense of the statute of limitations that may expire while he or she is in office?"* If the president refuses to waive the statute of limitations, that itself would be a good reason for permitting the indictment, while postponing any further proceedings.

It is impossible to predict whether a prosecutor would ask the attorney general for authorization to indict—or to make the president an unindicted co-conspirator—without knowing the degree and nature of any criminality that might be uncovered, and how including or not including the president in an indictment would affect the trial of other conspirators. But the possibility of including the president in an indictment is not categorically foreclosed.

**From:** Fabrice Aidan [redacted]
**Sent:** 7/11/2013 2:44:31 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: (s) 7/11, Atlantic Council (Hof): Syria: Blackberry Diplomacy

**Importance:** High

You'll find it interesting. Warm regards

Envoyé de mon iPhone

Début du message transféré :

**Expéditeur:** GBIU-MideastNews <GBIU-MideastNews@dentons.com>
**Date:** 11 juillet 2013 16:43:09 UTC+02:00
**Destinataire:** "Cheves, Belle" [redacted], "Gray, Alex" <[redacted]>, "Mahle, Melissa B." <[redacted]>, "Seche, Stephen A." <[redacted]"Dixon, Timothy" <[redacted]>
**Objet: (s) 7/11, Atlantic Council (Hof): Syria: Blackberry Diplomacy**

***Atlantic Council***

# Syria: Blackberry Diplomacy

**By Frederic C. Hof**
**July 11, 2013**

A friendly discussion about Syria with a former US State Department colleague gave rise to a point I will not soon forget. "Fred, there's no time for policy deliberations about Syria or anyplace else. We live in the era of Blackberry diplomacy. We react and we improvise as best we can."

Anyone under the age of thirty reading the above would probably think, "Why in the world is the US government using the Blackberry?" Those who turned thirty long before the end of the last century—even those of us who try seriously not to be technological Luddites—wonder sometimes if the communications revolution and the 24/7 news cycle it has spawned will end up doing more harm than good to the progress of civilization and well-being of the republic.

Those who have had the privilege and burden of working in the US national security establishment are well-acquainted with how hard it is to find time to think. This was true long before the advent of email and other forms of electronic communication. Although there may have been times when officials could contemplate great matters of state at something approaching leisure, those days have been long gone. Even offices created expressly to explore policy options stretching beyond a twenty minute horizon—the State Department's Policy Planning Staff comes to mind—routinely get pulled into the maelstrom of daily struggles to manage breaking developments through some combination of strategic messaging and diplomatic demarches. Email makes it easy for officials up-and-down the chain to plunge into the fray, battling to mold language for use at a daily briefing; language that all-too-often mystifies or misleads foreign listeners who hang on words from the podium as if they are meant to convey the results of deep, deliberative thought on the part of the world's only superpower. Yet email neither created the problem nor prevents its solution.

The problem is the failure of government, certainly in the context of Syria and likely in other foreign policy contexts as well, to wrap the daily news cycle food fight in an insulated casing of objectives and strategy clearly understandable to those charged with planning and executing foreign or national security policy. There may be some who believe that objectives and strategy are just so 20th century; so Brent Scowcroft-like and so pre-Twitter. There may be some who actually handle affairs of state in ways they would not dream of applying to their personal financial portfolios. Perhaps resistance to structured, deliberative processes producing objectives and accompanying strategies is a function of fewer and fewer people in the national security establishment ever having availed themselves of military service; an experience where matters of this nature become, through training and education, as natural as breathing. Perhaps in the specific case of Syria there has been a temptation to avoid the hard choices such a process would serve up in the hope that the regime of Bashar al-Assad would just go away, thereby making hard choices someone else's problem.

The arrival of a new assistant to the president for national security affairs is an ideal opportunity to restore best practices to the national security apparatus. To her credit, Susan Rice appears to be reaching out with this very much in mind. If changes are made that better serve the president by forcing people to think through policy options in the context of objectives and strategies, those changes should not reflect poorly on the stewardship of her predecessor. The president gets precisely the national security system he mandates and deserves. He is, as JFK noted in the immediate wake of the Bay of Pigs fiasco, "the responsible officer of government."

In the end it is the president, and not the Blackberry or some other device, who will drive the direction and processes of foreign policy and diplomacy. It is up to him to tell his national security advisor that he wants the interagency to stop tweeting and start thinking; to tell him how he should be evaluating US national security objectives with respect to Syria (for example) and strategy options aimed at accomplishing them. This kind of deliberative process will not require people to wear powdered wigs and inscribe talking points on parchment with quill pens. It will not even oblige them to disconnect electronically.

Perhaps the biggest obstacle to an orderly national security process that is deliberative is the sheer brainpower of the people sitting atop the bureaucratic pyramid. Barack Obama and Susan Rice are among the very brightest people to serve in the US government. They may think they can figure Syria out themselves, within a small circle of trusted political advisers. They may think they can handle Syria without reaching beyond their own national security staff, without probing deeply into the Departments of State, Defense, the intelligence community, and elsewhere where additional expertise resides. They will outsmart themselves if that is the approach they choose.
Blackberry diplomacy is a choice, not a device decision and certainly not a fact of life. Even in this day and age, it is possible to figure out what one wants and how to go about getting it: even in government work.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 7/11/2013 3:22:21 PM
**To:** [redacted]
**Subject:** Fwd: (s) 7/11, Atlantic Council (Hof): Syria: Blackberry Diplomacy

---------- Forwarded message ----------
From: **Fabrice Aidan**
Date: Thursday, July 11, 2013
Subject: Fwd: (s) 7/11, Atlantic Council (Hof): Syria: Blackberry Diplomacy
To: Jeffrey Epstein <jeevacation@gmail.com>

You'll find it interesting. Warm regards

Envoyé de mon iPhone

Début du message transféré :

**Expéditeur:** GBIU-MideastNews <GBIU-MideastNews@dentons.com>
**Date:** 11 juillet 2013 16:43:09 UTC+02:00
**Destinataire:** "Cheves, Belle" [redacted]>, "Gray, Alex" <[redacted], "Mahle, Melissa B." <[redacted] "Seche, Stephen A." <[redacted]>, "Dixon, Timothy" <[redacted]>
**Objet: (s) 7/11, Atlantic Council (Hof): Syria: Blackberry Diplomacy**

***Atlantic Council***

## Syria: Blackberry Diplomacy

**By Frederic C. Hof**
**July 11, 2013**

A friendly discussion about Syria with a former US State Department colleague gave rise to a point I will not soon forget. "Fred, there's no time for policy deliberations about Syria or anyplace else. We live in the era of Blackberry diplomacy. We react and we improvise as best we can."

Anyone under the age of thirty reading the above would probably think, "Why in the world is the US government using the Blackberry?" Those who turned thirty long before the end of the last century—even those of us who try seriously not to be technological Luddites—wonder sometimes if the communications revolution and the 24/7 news cycle it has spawned will end up doing more harm than good to the progress of civilization and well-being of the republic.

Those who have had the privilege and burden of working in the US national security establishment are well-acquainted with how hard it is to find time to think. This was true long before the advent of email and other forms of electronic communication. Although there may have been times when officials could contemplate great matters of state at something approaching leisure, those days have been long gone. Even offices created expressly to explore policy options stretching beyond a twenty minute horizon—the State Department's Policy Planning Staff comes to mind—routinely get pulled into the maelstrom of daily struggles to manage breaking developments through some combination of

strategic messaging and diplomatic demarches. Email makes it easy for officials up-and-down the chain to plunge into the fray, battling to mold language for use at a daily briefing; language that all-too-often mystifies or misleads foreign listeners who hang on words from the podium as if they are meant to convey the results of deep, deliberative thought on the part of the world's only superpower. Yet email neither created the problem nor prevents its solution.

The problem is the failure of government, certainly in the context of Syria and likely in other foreign policy contexts as well, to wrap the daily news cycle food fight in an insulated casing of objectives and strategy clearly understandable to those charged with planning and executing foreign or national security policy. There may be some who believe that objectives and strategy are just so 20th century; so Brent Scowcroft-like and so pre-Twitter. There may be some who actually handle affairs of state in ways they would not dream of applying to their personal financial portfolios. Perhaps resistance to structured, deliberative processes producing objectives and accompanying strategies is a function of fewer and fewer people in the national security establishment ever having availed themselves of military service; an experience where matters of this nature become, through training and education, as natural as breathing. Perhaps in the specific case of Syria there has been a temptation to avoid the hard choices such a process would serve up in the hope that the regime of Bashar al-Assad would just go away, thereby making hard choices someone else's problem.

The arrival of a new assistant to the president for national security affairs is an ideal opportunity to restore best practices to the national security apparatus. To her credit, Susan Rice appears to be reaching out with this very much in mind. If changes are made that better serve the president by forcing people to think through policy options in the context of objectives and strategies, those changes should not reflect poorly on the stewardship of her predecessor. The president gets precisely the national security system he mandates and deserves. He is, as JFK noted in the immediate wake of the Bay of Pigs fiasco, "the responsible officer of government."

In the end it is the president, and not the Blackberry or some other device, who will drive the direction and processes of foreign policy and diplomacy. It is up to him to tell his national security advisor that he wants the interagency to stop tweeting and start thinking; to tell him how he should be evaluating US national security objectives with respect to Syria (for example) and strategy options aimed at accomplishing them. This kind of deliberative process will not require people to wear powdered wigs and inscribe talking points on parchment with quill pens. It will not even oblige them to disconnect electronically.

Perhaps the biggest obstacle to an orderly national security process that is deliberative is the sheer brainpower of the people sitting atop the bureaucratic pyramid. Barack Obama and Susan Rice are among the very brightest people to serve in the US government. They may think they can figure Syria out themselves, within a small circle of trusted political advisers. They may think they can handle Syria without reaching beyond their own national security staff, without probing deeply into the Departments of State, Defense, the intelligence community, and elsewhere where additional expertise resides. They will outsmart themselves if that is the approach they choose.
Blackberry diplomacy is a choice, not a device decision and certainly not a fact of life. Even in this day and age, it is possible to figure out what one wants and how to go about getting it: even in government work.

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**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

**From**: paul krassner [redacted]
**Sent**: 2/7/2017 7:12:15 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fwd:

**Importance**: High

>>
>> From: James Drougas <redacted>
>>
>> Hi Paul. I've been spending lots of time with Irwin Corey and his family past two weeks especially. He was in hospital until the last week and then He died a few hours ago peacefully at home in bed. Last night he told me Trump will be assassinated soon. He was eager to learn the news each day. I asked him if he would join the anti Trump rallies when he gains strength. Doctors thought he might live many months. Alas he was laughing and smiling till the end and frowning about Trump.
>> Warm and loving regards
>>
>> Jim Drougas
>> redacted
>>
>> My friend Alana, a young comedian, was here with him most nights. Irwin used to say he will live to 147. Alana explained that 102 is 147 in comedian years.
>>
>>
>
>

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/9/2014 11:53:57 AM
**To:** Peter Thiel [redacted]
**Subject:** Re:

13 th afternoon you and I . then bill burns . the diplmats diplomat. eveing dinner with woody all casual. . if you choose we can bring in kathy ruemmler. former obama counsel for 5 years. and or sen Bob kerrey, former senate intellignece

On Mon, Sep 8, 2014 at 10:56 PM, Peter Thiel [redacted]> wrote:

Would be cool to meet him sometime, but don't go out of the way to make this happen...

Are we planning something the weekend of the 13th-14th?

On Sep 8, 2014, at 5:40 PM, "jeffrey E." <jeevacation@gmail.com<mailto:jeevacation@gmail.com>> wrote:

any interest in woody allen

--

please note
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com<mailto:jeevacation@gmail.com>, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/7/2017 7:18:38 PM
**To:** paul krassner [redacted]
**Subject:** Re:

what would you do in order to consolidate the movement . . music . icons. personalites. etc? did you get your first installment. ? did you send the poster

On Tue, Feb 7, 2017 at 3:12 PM, paul krassner <[redacted]> wrote:

>>
>> From: James Drougas <[redacted]>
>>
>> Hi Paul. I've been spending lots of time with Irwin Corey and his family past two weeks especially. He was in hospital until the last week and then He died a few hours ago peacefully at home in bed. Last night he told me Trump will be assassinated soon. He was eager to learn the news each day. I asked him if he would join the anti Trump rallies when he gains strength. Doctors thought he might live many months. Alas he was laughing and smiling till the end and frowning about Trump.
>> Warm and loving regards
>>
>> Jim Drougas
>> [redacted]
>>
>> My friend Alana, a young comedian, was here with him most nights. Irwin used to say he will live to 147. Alana explained that 102 is 147 in comedian years.
>>
>>
>
>

--

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JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Larry Visoski [redacted]
**Sent**: 9/5/2016 7:10:16 PM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Rich Kahn [redacted]
**Subject**: Flight time OMAA - BQK
**Attachments**: IMG_0068.PNG; Untitled attachment 393133.txt; IMG_0069.PNG; Untitled attachment 393136.txt

Jeffrey
Eric completed Trump's interior on his 757 at Stambaugh, they have worked together in the past.
Estimated cost Abu Dhabi to Stambaugh $37,038.00

Abu Dhabi - Shannon Ireland 7+45min (-23kt Headwind)
Shannon - Jacksonville (to clear Customs) 7+46min (-23kt headwind)
Jacksonville to Brunswick GA +12min
Total Flight time 15+42min

Cost
BBJ burns an average of 5,200Lbs per hour = 776 gallons per hour

Abu Dhabi current fuel price $1.74 per gallon.
Shannon Current fuel price. $1.94 per gallon.
Jacksonville Fuel, $3.50 per gallon.

Abu Dhabi - Shannon, 7.7 hours = 5,975 gallons = $10,396.50 Fuel
Shannon -Jacksonville 7.7 hours = 5975 gallons = $11,591.50 Fuel
Jacksonville-Brunswick .2 hours= 300 gallons= $ 1,050.00 Fuel
Handling charge in Shannon estimate $ 3,500.00
Navigational charges, overflight permits, landing
Fee Shannon Ireland. $10,000.00 est.
Landing fee Jacksonville. $ 500.00

_____

Estimated total $ 37,038.00

**From**: Richard Kahn [redacted]
**Sent**: 5/13/2015 11:27:12 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: FW: Library
**Attachments**: IMG_1049.JPG; IMG_1058.JPG; IMG_1055.JPG; IMG_1049.JPG

**Importance**: High

---

**From:** Brandon Thompson <[redacted]
**Date:** Wednesday, May 13, 2015 at 7:15 PM
**To:** Richard Kahn <[redacted]>
**Subject:** Re: Library

Dear Richard,

For the first time in my life, I am facing the real prospect of dismissal from the project.
This is due mainly to misunderstanding.
Mr. Epstein came today and told me very bluntly that he is annoyed with me not doing the job. I prepared one column for him and the several feet of decorative molding, but this was a miss. He told me it looks like it was done yesterday.
This is the very first time that I work like this. I did several projects for French customers in Greenwich, Conn., but always I produced the sample and than work
according to the samples. The paneling I work on were early 19 c. so even the oak looked different. Even at the White House, when I was restoring Blue Room, which you can look at it on my Website, www.brandonthompsonrestoration.com I produced design, made samples and did the project. President Clinton told me this is the most beautiful Room, he was clearly impressed.
This time I know exactly what Mr. Epstein wants. However it might be too late. He will come tomorrow to check.
Today I did a lot of prep work for tomorrow. I will go tonight to work on some of the columns but the night light is deceiving and I may miss the last chance he gave me.
So far I was rated the best finisher, until now I guess.
Warm regards
Brandon

On Tue, May 12, 2015 at 9:42 PM, Brandon Thompson <[redacted]> wrote:

> Dear Richard,
> the samples are ready for approval. I finished one column about 95%, as I want to put some accents on it but after I discuss it with Mr. Epstein. I also finished upper section above the blackboard. I also finished some other columns, not completely, because I need the approval. My feeling is that someone was already working in the Library, as I can see a lot of waxing done. I finished one column so it will correspond with the rest of the décor. You can not remove the whitish color completely. There are some "bald" columns, which in my opinion do not sort of belong to the Library any more as they are completely brown. Everything has to have at least an shadow of what is around. The top carving, moldings columns and other elements in the Library, have to "bond" together. The upper small carvings, have to be finished individually, as a play between the whitish color and natural brown color of oak wood. I sort of model the shapes of the crabs, snails and other creatures and they come alive. I think I did good work but Mr. Epstein needs to approve it so I can go ahead and finish the project.
> Kindly,
> Brandon
>
> On Mon, May 11, 2015 at 6:45 PM, Brandon Thompson <[redacted]> wrote:
>
> > Dear Richard,
> > I prepared some samples for Mr. Epstein for today. I did not waist time as there is a lot of work in the Library. However, I need his approval to continue. Tonight I will go back and start installation of the doors and panels.
> > Brandon

On Sun, May 10, 2015 at 9:48 PM, Brandon Thompson [redacted]> wrote:

Dear Richard,

I am not sure whether the photos depict the column right. I looked at it and does not do the justice to what you have on the column. I hope you can see the details like even changing the white areas into rubbed ones and emphasising crabs. Making the rope "wet" looking. contrasting the rubbed areas with white, and looking at the entire column as a whole. All the columns are looking different, as somebody would work previously on them, and some of them are over-rubbed, some of them are not rubbed at all. The upper part also, I prepared a sample, so Mr. Epstein can see the difference.

Brandon

On Sun, May 10, 2015 at 9:35 PM, Brandon Thompson [redacted]> wrote:

Dear Richard,

It is after 9:20 pm and I tried to text Ann, but she did not answer. My suspicion is, she is already asleep. I will try to send

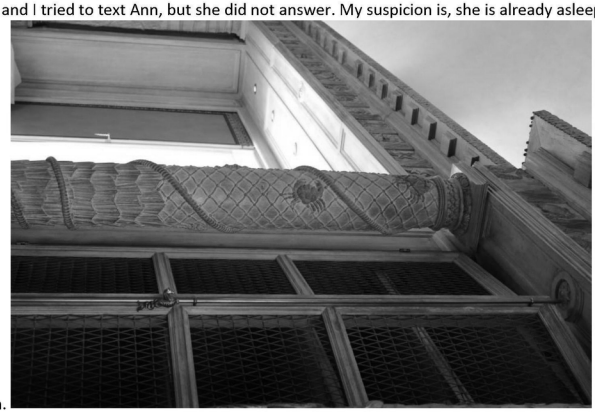

you photos if I can.

On Sun, May 10, 2015 at 7:49 PM, Richard Kahn <[redacted]> wrote:
Please send photos. Thank you

Sent from my iPhone

> On May 10, 2015, at 6:07 PM, Brandon Thompson <[redacted]> wrote:
>
> Dear Richard,
>
> We were expecting Mr. Epstein to come today and I was preparing presentation for him. Ann, the manager here called me that there was change in schedule and Mr. Epstein is expected to come tomorrow early afternoon.
> For this presentation, I finished one column for him.
> This is not a regular work that I have done on it. Actually, I balanced the "whites" and "darker" rubbed off elements. Further, I balanced shiny areas and matt.
> After doing this, I worked on differentiating darker areas, making them lighter and darker, depending on the location. I did the same with "whites". Then I emphasized certain elements even more, like rope, net, crabs. This work requires

more than finisher to do it. I have high hopes, than this time Mr. Epstein will like the work. If he accepts finishing this way, I will finish it may be even this coming week, providing, I can work 10-12 hours a day. I do not want to work even longer hours, because you are not sharp and still you can spoil delicate balance required for this finish.
> Do you want me to send you some photos? I will be glad to. The column still, has to be viewed from all sides.
> Kindly,
>
> Brandon

**Date:** Friday, March 11 2011 12:54 AM
**Subject:** FW: Daily Mail
**From:** GMAX [redacted]
**To:** J Jep <jeevacation@gmail.com>;

---

------ Forwarded Message
**From:** <[redacted]>
**Reply-To:** <[redacted]>
**Date:** Thu, 10 Mar 2011 16:40:11 -0500
**To:** NY Max [redacted]
**Subject:** Fw: Daily Mail

Please see below. My take:A) voluntary rules are meaningless in terms of arranging for a cessation of crap articles/stories etcB) doesn't offer redress (financial or in terms of publicity.Law here definitely provides more protection and redress if individual(s) involved in approaches from newspapers are employees or have any form of contractual relationship with target.Let's talk.Kevinx

Kevin MaxwellAvenue Partners Limited35 Park LaneLondon W1K 1RBTel[redacted]Fax:[redacted]

**From:** Ross gow <[redacted]>
**Date:** Thu, 10 Mar 2011 21:29:24 +0000
**To:** GMAX<[redacted]
**Cc:** Brian Basham<[redacted]>; Ross Gow<[redacted]>; Ian Ian Maxwell<[redacted]>; Kevin Maxwell<[redacted]>; Gareth Thompson<[redacted]>; <[redacted]
**Subject:** Re: Daily Mail
Maz is the most devious and cunning of the bunch. However, Editors can pay for people, stories and documents. They can even pay criminals if it is in the public interest.
Maz can pay who he wants for info but the Yorkshire Ripper for instance, as a convicted criminal, can't sell his story...unless in public interest cos there was say, a bent detective.

Below is from PCC Code for Editors. It is not well drafted.

15
Witness payments in criminal trials

i) No payment or offer of payment to a witness - or any person who may reasonably be expected to be called as a witness - should be made in any case once proceedings are active as defined by the Contempt of Court Act 1981.

This prohibition lasts until the suspect has been freed unconditionally by police without charge or bail or the proceedings are otherwise discontinued; or has entered a guilty plea to the court; or, in the event of a not guilty plea, the court has announced its verdict.

*ii) Where proceedings are not yet active but are likely and foreseeable, editors must not make or offer payment to any person who

may reasonably be expected to be called as a witness, unless the information concerned ought demonstrably to be published in the public interest and there is an over-riding need to make or promise payment for this to be done; and all reasonable steps have been taken to ensure no financial dealings influence the evidence those witnesses give. In no circumstances should such payment be conditional on the outcome of a trial.

*iii) Any payment or offer of payment made to a person later cited to give evidence in proceedings must be disclosed to the prosecution and defence. The witness must be advised of this requirement.

16
*Payment to criminals

i) Payment or offers of payment for stories, pictures or information, which seek to exploit a particular crime or to glorify or glamorise crime in general, must not be made directly or via agents to convicted or confessed criminals or to their associates – who may include family, friends and colleagues.

ii) Editors invoking the public interest to justify payment or offers would need to demonstrate that there was good reason to believe the public interest would be served. If, despite payment, no public interest emerged, then the material should not be published.

Ross Gow
Managing Partner

ACUITY Reputation Limited
[redacted]

Mobile [redacted]
Tel [redacted]

acuityreputation.com <[redacted]>

Sent from my iPad

On 10 Mar 2011, at 16:41, GMAX [redacted] > wrote:

> Actually school means university in the states. I think probably best not to get into the legality or not of sexual activity of young people and nor is it relevant to JE case as he was in his late 40's at the time of this story..the headline is deliberately wrong..school adults would have been accurate..
>
> On 3/10/11 3:16 AM, "Brian Basham" <[redacted]> wrote:

**We should think about a letter to the editor today. 'School' can mean university. Age of consent in Florida is complex – see below:**

If you are 16-yrs-old, a sexual relationship with someone 18-24**is** legal in Florida. The two persons involved must be between 16 and 24.
Florida Statute **794.05**
**(1) A person 24 years of age or older who engages in sexual activity with a person 16 or 17 years of age commits a felony of the second degree.**

So as soon as you turn 16 you are able to have sexual relations. And you can have sexual relations with a **minor (under 18) until your 24th birthday.**

# 'Females for JE': Disturbing log of telephone calls from schoolchildren found in sex den of Duke's billionaire friend

By Stephen Wright <http://www.dailymail.co.uk/home/search.html?s=y &authornamef=Stephen+ Wright <http://www.dailymail.co.uk/home/search.html?s=y &authornamef=Stephen+ Wright> >
Last updated at 6:30 PM on 9th March 2011

Details of the disturbing lifestyle led by Jeffrey Epstein emerged last night after the Daily Mail uncovered logs of telephone messages left at his Florida child sex den.

Schoolchildren were among hundreds of callers who apparently rang to arrange massages for the 58-year-old billionaire friend of Prince Andrew, who was later convicted of child sex offences.

Ghislaine Maxwell, 49-year-old daughter of the disgraced media mogul Robert Maxwell, is named in several messages.

Disturbing: Messages were found in Florida home of Jeffrey Epstein, left. The billionaire, 58, is a friend of Prince Andrew, right

In one left for her or 'Sarah', a caller says she 'doesn't know at what time she must come this night for the massage'.

Other messages for Epstein, the sources of which are not clear, contain such phrases as: 'She has females for Mr JE' and 'I have a female for him'.

Another with sickening overtones comes from someone called Jeanluc for Epstein: 'He just did a

good one – 18 years. (She spoke to me and said, “I love Jeffrey”)’.

The long list of women is punctuated by regular references to Epstein’s celebrity friends including the business magnate Donald Trump, film producer Harvey Weinstein and magician David Copperfield, referred to as ‘Magic David’.

The sheer volume of phone traffic shows the frequency of Epstein’s massages, many of which were ‘erotic’ and allegedly involved the abused girls.

The evidence is from documents confiscated by police during a criminal investigation into Epstein and seen yesterday by the Mail.

<image.png>

<image.png>

Logs: Two of the answer phone messages. Miss Maxwell is asked, right, when a girl should give a massage

One message left for Epstein reads: ‘She is wondering if 2.30 ok cuz she needs to stay in school.’

It was left in February 2005 – the same year that the mother of a 14-year-old girl alerted police to Epstein’s abuse.

Another note shows that ‘Colleen’ phoned to tell Epstein: ‘Going into class – will be out in 45 min. ’

Last night the Daily Mail tried to contact the people whose names and telephone numbers are included in the logs.

One girl named Jenny, who had left her number, hung up immediately when asked about Epstein.

A man listed only as Darren said: ‘I have no comment to make on that.’

Today, Prince Andrew was embroiled in further controversy as it was revealed Kazakhstan had asked for his help in recruiting investors to the country.

The plea came after the former Soviet Republic's President's son-in-law had bought the Prince's former marital home for £3million above the asking price.

Timur Kulibayev paid £15million for Sunninghill Park but it has remained empty and has been allowed to fall into disrepair.

Last year the Prince told Hello! magazine: 'It was like any property deal between friends.'

Yesterday he attempted to perform business as usual as he visited an East London school and met rail bosses in Canary Wharf.

He steadfastly ignored questions from journalists asking whether he was an ‘embarrassment to his country’ and would resign from his trade ambassador role as he arrived for a briefing from business executives at the headquarters of the £15billion train project Crossrail.

Prince Andrew managed to sell Sunninghill Park for £3million more than the asking price

Read more: http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html#ixzz1GBL6XKcI <http://www.dailymail.co.uk/news/article-1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html#ixzz1GBL6XKcI > < http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html <http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html> >

**From:** Ross Gow [redacted]
**Sent:** 10 March 2011 7:48 AM
**To:** Ross gow
**Cc:** [redacted] <[redacted]> ; Ian Maxwell; Kevin Maxwell; Brian Basham; Gareth Thompson; [redacted] <[redacted]>
**Subject:** Daily Mail

Mail have published phone logs

http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html <http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html> <http://www.dailymail.co.uk/news/article- 1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html <http://www.dailymail.co.uk/news/article-1364171/Females- Jeffrey-Epstein-The-damning-telephone-log.html> >

Ross Gow

Managing Partner

ACUITY Reputation Limited

23 Berkeley Square

London W1J 6HE

Mobile [redacted]

Tel [redacted]

acuityreputation.com <http://acuityreputation.com> <http://acuityreputation.com>

Sent from my iPad

On 10 Mar 2011, at 07:35, Ross gow <[redacted]> <[redacted]> wrote:

"Epstein's Gulfstream flew in to RAF Marham with him and the Duke's friend Ghislaine Maxwell on board, before they enjoyed the Duke's hospitality at the Queen's Norfolk estate 20 miles away...."

Ross Gow

Managing Partner

ACUITY Reputation Limited

23 Berkeley Square

London W1J 6HE

Mobile [redacted]

Tel [redacted]

acuityreputation.com <http://acuityreputation.com > <http://acuityreputation.com < http://acuityreputation.com > >

Sent from my iPad

On 9 Mar 2011, at 22:52, Ross Gow <[redacted]> wrote:

Dear Ghislaine

Thank you for your good-humoured patience with us and the legal team today, during what is, understandably, a testing time.

To confirm:
1) I spoke to Dilenschneider in NYC at length tonight and shared strategy and role definition.
2) we sent agreed statement to Dan Mangan ay NYPost - he's on deadline for a piece on Charlie Sheen/Rob Lowe and seems to have moved on - for the moment.
3) we will release statement via Press Association and PR Newswire @11.00GMT tmrw and follow up with calls to those journalists who have written pieces.

We will create call log/matrix and advise feedback and sentiment as appropriate tmrw. Please don't hesitate to call if you have any additional concerns.

Best regards
Ross

Ross Gow
Managing Partner

ACUITY Reputation Limited
23 Berkeley Square
London W1J 6HE

Mobile [redacted]
Tel [redacted]

acuityreputation.com <http://acuityreputation.com > <http://acuityreputation.com < http://acuityreputation.com > >

Sent from my iPad

------ End of Forwarded Message

**Date:** Saturday, March 12 2011 02:15 AM
**Subject:** Fw: Daily Mail
**From:** Gmax [redacted]
**To:** jeevacation@gmail.com;

---

---- Original Message ----
From: Ross gow <[redacted]>
To: Gmax;[redacted] <[redacted]>
Cc: Brian Basham <[redacted]>; Ross Gow <[redacted]>; Ian Ian Maxwell <[redacted]>; Kevin Maxwell <[redacted]>; Gareth Thompson <[redacted]>; <[redacted]>
Sent: Thu Mar 10 16:29:24 2011
Subject: Re: Daily Mail

Maz is the most devious and cunning of the bunch. However, Editors can pay for people, stories and documents. They can even pay criminals if it is in the public interest.
Maz can pay who he wants for info but the Yorkshire Ripper for instance, as a convicted criminal, can't sell his story...unless in public interest cos there was say, a bent detective.

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Witness payments in criminal trials

i) No payment or offer of payment to a witness - or any person who may reasonably be expected to be called as a witness - should be made in any case once proceedings are active as defined by the Contempt of Court Act 1981.

This prohibition lasts until the suspect has been freed unconditionally by police without charge or bail or the proceedings are otherwise discontinued; or has entered a guilty plea to the court; or, in the event of a not guilty plea, the court has announced its verdict.

*ii) Where proceedings are not yet active but are likely and foreseeable, editors must not make or offer payment to any person who may reasonably be expected to be called as a witness, unless the information concerned ought demonstrably to be published in the public interest and there is an over-riding need to make or promise payment for this to be done; and all reasonable steps have been taken to ensure no financial dealings influence the evidence those witnesses give. In no circumstances should such payment be conditional on the outcome of a trial.

*iii) Any payment or offer of payment made to a person later cited to give evidence in proceedings must be disclosed to the prosecution and

defence. The witness must be advised of this requirement.

16
*Payment to criminals

i) Payment or offers of payment for stories, pictures or information, which seek to exploit a particular crime or to glorify or glamorise crime in general, must not be made directly or via agents to convicted or confessed criminals or to their associates – who may include family, friends and colleagues.

ii) Editors invoking the public interest to justify payment or offers would need to demonstrate that there was good reason to believe the public interest would be served. If, despite payment, no public interest emerged, then the material should not be published.

Ross Gow
Managing Partner

ACUITY Reputation Limited
23 Berkeley Square
London W1J 6HE

Mobile [redacted]
Tel [redacted]

acuityreputation.com

Sent from my iPad

On 10 Mar 2011, at 16:41, GMAX [redacted] > wrote:

Actually school means university in the states. I think probably best not to get into the legality or not of sexual activity of young people and nor is it relevant to JE case as he was in his late 40's at the time of this story..the headline is deliberately wrong..school adults would have been accurate..

On 3/10/11 3:16 AM, "Brian Basham" <[redacted]> wrote:

We should think about a letter to the editor today. 'School' can mean university. Age of consent in Florida is complex – see below:

If you are 16-yrs-old, a sexual relationship with someone 18-24is legal in Florida. The two persons involved must be between 16 and 24.

Florida Statute 794.05

(1) A person 24 years of age or older who engages in sexual activity with a person 16 or 17 years of age commits a felony of the second degree.

So as soon as you turn 16 you are able to have sexual relations. And you can have sexual relations with a minor (under 18) until your 24th birthday.

'Females for JE': Disturbing log of telephone calls from schoolchildren found in sex den of Duke's billionaire friend

By Stephen Wright < <http://www.dailymail.co.uk/home/search.html?s=y &authornamef=Stephen+Wright> http://www.dailymail.co.uk/home/search.html?s=y &authornamef=Stephen+Wright>

Last updated at 6:30 PM on 9th March 2011

Details of the disturbing lifestyle led by Jeffrey Epstein emerged last night after the Daily Mail uncovered logs of telephone messages left at his Florida child sex den.

Schoolchildren were among hundreds of callers who apparently rang to arrange massages for the 58-year-old billionaire friend of Prince Andrew, who was later convicted of child sex offences.

Ghislaine Maxwell, 49-year-old daughter of the disgraced media mogul Robert Maxwell, is named in several messages.

Disturbing: Messages were found in Florida home of Jeffrey Epstein, left. The billionaire, 58, is a friend of Prince Andrew, right

In one left for her or 'Sarah', a caller says she 'doesn't know at what time she must come this night for the massage'.

Other messages for Epstein, the sources of which are not clear, contain such phrases as: 'She has females for Mr JE' and 'I have a female for him'.

Another with sickening overtones comes from someone called Jeanluc for Epstein: 'He just did a good one – 18 years. (She spoke to me and said, "I love Jeffrey")'.

The long list of women is punctuated by regular references to Epstein's celebrity friends including the business magnate Donald Trump, film producer Harvey Weinstein and magician David Copperfield, referred to as 'Magic David'.

The sheer volume of phone traffic shows the frequency of Epstein's massages, many of which were 'erotic' and allegedly involved the abused girls.

The evidence is from documents confiscated by police during a criminal investigation into Epstein and seen yesterday by the Mail.

<image.png>

<image.png>

Logs: Two of the answer phone messages. Miss Maxwell is asked, right, when a girl should give a massage

One message left for Epstein reads: 'She is wondering if 2.30 ok cuz she needs to stay in school.'

It was left in February 2005 – the same year that the mother of a 14-year-old girl alerted police to Epstein's abuse.

Another note shows that 'Colleen' phoned to tell Epstein: 'Going into class – will be out in 45 min.'

Last night the Daily Mail tried to contact the people whose names and telephone numbers are included in the logs.

One girl named Jenny, who had left her number, hung up immediately when asked about Epstein.

A man listed only as Darren said: 'I have no comment to make on that.'

Today, Prince Andrew was embroiled in further controversy as it was revealed Kazakhstan had asked for his help in recruiting investors to the country.

The plea came after the former Soviet Republic's President's son-in-law had bought the Prince's former marital home for £3million above the asking price.

Timur Kulibayev paid £15million for Sunninghill Park but it has remained empty and has been allowed to fall into disrepair.

Last year the Prince told Hello! magazine: 'It was like any property deal between friends.'

Yesterday he attempted to perform business as usual as he visited an East London school and met rail bosses in Canary Wharf.

He steadfastly ignored questions from journalists asking whether he was an 'embarrassment to his country' and would resign from his trade ambassador role as he arrived for a briefing from business executives at the headquarters of the £15billion train project Crossrail.

Prince Andrew managed to sell Sunninghill Park for £3million more than the asking price

Read more: <http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html#ixzz1GBL6XKcI> http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html#ixzz1GBL6XKcI <<http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html> http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html>

From: Ross Gow [[redacted]]
Sent: 10 March 2011 7:48 AM
To: Ross gow
Cc: [redacted] Ian Maxwell; Kevin Maxwell; Brian Basham; Gareth Thompson; [redacted]
Subject: Daily Mail

Mail have published phone logs

<http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html> http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html << http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html> http://www.dailymail.co.uk/news/article- 1364171/Females-Jeffrey-Epstein-The-damning-telephone-log.html>

Ross Gow

Managing Partner

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Sent from my iPad

On 10 Mar 2011, at 07:35, Ross gow <acuityreputation@gmail.com <[redacted]> wrote:

"Epstein's Gulfstream flew in to RAF Marham with him and the Duke's friend Ghislaine Maxwell on board, before they enjoyed the Duke's hospitality at the Queen's Norfolk estate 20 miles away...."

Ross Gow

Managing Partner

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London W1J 6HE

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acuityreputation.com < <http://acuityreputation.com> http://acuityreputation.com>

Sent from my iPad

On 9 Mar 2011, at 22:52, Ross Gow <[redacted]> wrote:

Dear Ghislaine

Thank you for your good-humoured patience with us and the legal team today, during what is, understandably, a testing time.

To confirm:
1) I spoke to Dilenschneider in NYC at length tonight and shared strategy and role definition.
2) we sent agreed statement to Dan Mangan ay NYPost - he's on deadline for a piece on Charlie Sheen/Rob Lowe and seems to have moved on - for the moment.
3) we will release statement via Press Association and PR Newswire @11.00GMT tmrw and follow up with calls to those journalists who have written pieces.

We will create call log/matrix and advise feedback and sentiment as appropriate tmrw. Please don't hesitate to call if you have any additional concerns.

Best regards
Ross

Ross Gow
Managing Partner

ACUITY Reputation Limited
23 Berkeley Square
London W1J 6HE

Mobile [redacted]
Tel [redacted]

acuityreputation.com < <http://acuityreputation.com> http://acuityreputation.com>

Sent from my iPad

**From:** [redacted]
**Sent:** 7/16/2011 6:42:55 PM
**To:** jeevacation@gmail.com
**Subject:** Fwd: 'Atlas Shrugged': From Fiction to Fact in 52 Years .
**Attachments:** image007.jpg

**Importance:** High

From Stevie.

-----Original Message-----
From: Steven Sinofsky [redacted]>
To: 'Melanie Walker ' <[redacted]
Sent: Sat, Jul 16, 2011 11:05 am
Subject: 'Atlas Shrugged': From Fiction to Fact in 52 Years .

**'Atlas Shrugged': From Fiction to Fact in 52 Years**

**By STEPHEN MOORE**

Some years ago when I worked at the libertarian Cato Institute, we used to label any new hire who had not yet read "Atlas Shrugged" a "virgin." Being conversant in Ayn Rand's classic novel about the economic carnage caused by big government run amok was practically a job requirement. If only "Atlas" were required reading for every member of Congress and political appointee in the Obama administration. I'm confident that we'd get out of the current financial mess a lot faster.

Getty Images

The art for a 1999 postage stamp.

Many of us who know Rand's work have noticed that with each passing week, and with each successive bailout plan and economic-stimulus scheme out of Washington, our current politicians are committing the very acts of economic lunacy that "Atlas Shrugged" parodied in 1957, when this 1,000-page novel was first published and became an instant hit.

Rand, who had come to America from Soviet Russia with striking insights into totalitarianism and the destructiveness of socialism, was already a celebrity. The left, naturally, hated her. But as recently as 1991, a survey by the Library of Congress and the Book of the Month Club found that readers rated "Atlas" as the second-most influential book in their lives, behind only the Bible.

For the uninitiated, the moral of the story is simply this: Politicians invariably respond to crises -- that in most cases they themselves created -- by spawning new government programs, laws and regulations. These, in turn, generate more havoc and poverty, which inspires the politicians to create more programs . . . and the downward spiral repeats itself until the productive sectors of the economy collapse under the collective weight of taxes and other burdens imposed in the name of fairness, equality and do-goodism.

In the book, these relentless wealth redistributionists and their programs are disparaged as "the looters and their laws." Every new act of government futility and stupidity carries with it a benevolent-sounding title. These include the "Anti-Greed Act" to redistribute income (sounds like Charlie Rangel's promises soak-the-rich tax bill) and the "Equalization of Opportunity Act" to prevent people from starting more than one business (to give other people a chance). My personal favorite, the "Anti Dog-Eat-Dog Act," aims to restrict cut-throat competition between firms and thus slow the wave of business bankruptcies. Why didn't Hank Paulson think of that?

These acts and edicts sound farcical, yes, but no more so than the actual events in Washington, circa 2008. We already have been served up the $700 billion "Emergency Economic Stabilization Act" and the "Auto Industry Financing and Restructuring Act." Now that Barack Obama is in town, he will soon sign into law with great urgency the "American Recovery and Reinvestment Plan." This latest Hail Mary pass will increase the federal budget (which has already expanded by $1.5 trillion in eight years under George Bush) by an additional $1 trillion -- in roughly his first 100 days in office.

The current economic strategy is right out of "Atlas Shrugged": The more incompetent you are in business, the more handouts the politicians will bestow on you. That's the justification for the $2 trillion of subsidies doled out already to keep afloat distressed insurance companies, banks, Wall Street investment houses, and auto companies -- while standing next in line for their share of the booty are real-estate developers, the steel industry, chemical companies, airlines, ethanol producers, construction firms and even catfish farmers. With each successive bailout to "calm the markets," another trillion of national wealth is subsequently lost. Yet, as "Atlas" grimly foretold, we now treat the incompetent who wreck their companies as victims, while those resourceful business owners who manage to make a profit are portrayed as recipients of illegitimate "windfalls."

When Rand was writing in the 1950s, one of the pillars of American industrial might was the railroads. In her novel the railroad owner, Dagny Taggart, an enterprising industrialist, has a FedEx-like vision for expansion and first-rate service by rail. But she is continuously badgered, cajoled, taxed, ruled and regulated -- always in the public interest -- into bankruptcy. Sound far-fetched? On the day I sat down to write this ode to "Atlas," a Wall Street Journal headline blared: "Rail Shippers Ask Congress to Regulate Freight Prices."

In one chapter of the book, an entrepreneur invents a new miracle metal -- stronger but lighter than steel. The government immediately appropriates the invention in "the public good." The politicians demand that the metal inventor come to Washington and sign over ownership of his invention or lose everything.

The scene is eerily similar to an event late last year when six bank presidents were summoned by Treasury Secretary Hank Paulson to Washington, and then shuttled into a conference room and told, in effect, that they could not leave until they collectively signed a document handing over percentages of their future profits to the government. The Treasury folks insisted that this shakedown, too, was all in "the public interest."

Ultimately, "Atlas Shrugged" is a celebration of the entrepreneur, the risk taker and the cultivator of wealth through human intellect. Critics dismissed the novel as simple-minded, and even some of Rand's political admirers complained that she lacked compassion. Yet one pertinent warning resounds throughout the book: When profits and wealth and creativity are denigrated in society, they start to disappear -- leaving everyone the poorer.

One memorable moment in "Atlas" occurs near the very end, when the economy has been rendered comatose by all the great economic minds in Washington. Finally, and out of desperation, the politicians come to the heroic businessman John Galt (who has resisted their assault on capitalism) and beg him to help them get the economy back on track. The discussion sounds much like what would happen today:

Galt: "You want me to be Economic Dictator?"

Mr. Thompson: *"Yes!"*

"And you'll obey any order I give?"

*"Implicitly!"*

"Then start by abolishing all income taxes."
*"Oh no!"* screamed Mr. Thompson, leaping to his feet. *"We couldn't do that . . . How would we pay government employees?"*
"Fire your government employees."
"*Oh, no!"*
Abolishing the income tax. Now *that* really would be a genuine economic stimulus. But Mr. Obama and the Democrats in Washington want to do the opposite: to *raise* the income tax "for purposes of fairness" as Barack Obama puts it.
David Kelley, the president of the Atlas Society, which is dedicated to promoting Rand's ideas, explains that "the older the book gets, the more timely its message." He tells me that there are plans to make "Atlas Shrugged" into a major motion picture -- it is the only classic novel of recent decades that was never made into a movie. "We don't need to make a movie out of the book," Mr. Kelley jokes. "We are living it right now."

**From**: Faith Kates [redacted]
**Sent**: 8/14/2012 1:05:43 PM
**To**: Faith Kates [redacted]
**Subject**: Fwd: Public work vs private AMAZING

> This is crazy please read it and pass it on!!!
>
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>
>
>  From: John Connolly Ed.D. [redacted]
>  Date: August 4, 2012 3:54:25 PM GMT+02:00
>  To: RALPH BERNSTEIN <[redacted], Morad Tahbaz <[redacted]>, "Joseph Bernstein
([redacted]" <[redacted]
>  Subject: FW: Public work vs private AMAZING
>
>
>
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>
>
>
>
>  John J. Connolly, Ed.D.
>
>  President & CEO
>
>  Castle Connolly Medical Ltd.
>
>  42 W. 24th St.
>
>  New York, NY 10010
>
>
>
>  P. [redacted]
>
>  F. [redacted]
>
>
>
> [redacted]
>
>  www.castleconnolly.com
>
>
>
>  From: ed thompson [mailto:[redacted]
>  Sent: Friday, August 03, 2012 6:03 PM
>  To: ;
>  Subject: Fw: Public work vs private AMAZING
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> There are actually two messages here. The first is very
>
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>
> interesting, but the second is absolutely astounding - and explains a lot.
>
> A recent "Investor's Business Daily" article provided very
> interesting statistics from a survey by the United Nations International
> Health Organization.
>
> Percentage of men and women who survived a cancer five years after diagnosis:
>
> U.S. 65%
>
> England 46%
>
> Canada 42%
>
>
> Percentage of patients diagnosed with diabetes who received
> treatment within six months:
>
> U.S. 93%
>
> England 15%
>
> Canada 43%
>
>
> Percentage of seniors needing hip replacement who received it
> within six months:
>
> U.S. 90%
>
> England 15%
>
> Canada 43%
>
>
> Percentage referred to a medical specialist who see one within
> one month:
>
> U.S. 77%
>
> England 40%
>
> Canada 43%
>
>
> Number of MRI scanners (a prime diagnostic tool) per million
> people:
>
> U.S. 71
>
> England 14
>
> Canada 18
>
>
> Percentage of seniors (65+), with low income, who say they are
> in "excellent health":
>
> U.S. 12%
>
> England 2%
>
> Canada 6%

>
>
> And now for the last statistic:
>
>
> National Health Insurance?
>
> U.S. NO
>
> England YES
>
> Canada YES
>
> Check this last set of statistics!!
>
> The percentage of each past president's cabinet who had worked in the private business sector prior to their appointment to the cabinet. You know what the private business sector is a real-life business, not a government job. Here are the percentages.
>
>
> T. Roosevelt..... 38%
>
> Taft.....40%
>
> Wilson .....52%
>
> Harding..... 49%
>
> Coolidge..... 48%
>
> Hoover..... 42%
>
> F. Roosevelt..... 50%
>
> Truman..... 50%
>
> Eisenhower..... ..... 57%
>
> Kennedy..... 30%
>
> Johnson..... 47%
>
> Nixon..... 53%
>
> Ford..... 42%
>
> Carter..... 32%
>
> Reagan..... 56%
>
> GH Bush..... 51%
>
> Clinton ..... 39%
>
> GW Bush..... 55%
>
> Obama..... 8%
>
>
> This helps to explain the incompetence of this administration:
> only 8% of them have ever worked in private business!
>
> That's right! Only eight percent---the least, by far, of the
> last 19 presidents! And these people are trying to tell our big
> corporations how to run their business?
>
> How can the president of a major nation and society, the one
> with the most successful economic system in world history, stand and talk about business when he's never worked for one? Or about jobs when he has never really had one? And when it's the same for 92% of his senior staff and closest advisers? They've spent most of their time in academia, government and/or non-profit jobs or as "community organizers." They should have been in an employment line.
>
> Pass this on because we'll NEVER see these facts in the main
> stream media.
>
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>

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>
>    ------ End of Forwarded Message
>

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/12/2014 11:24:06 AM
**To:** Mariana Idźkowska [redacted]

These conspiracy theories are an aberration and an insult to the memory of the crash victims, including the late President himself. As a Pole who *is* at least somewhat aware of the politics and economics of Poland, and a journalist who follows world politics and news developments daily, I am severely disappointed at the number of people that are flocking to these conspiracy theories, and academics and professionals who propagate such ideas should themselves feel ashamed.

Firstly, there is absolutely no proof that there was any sabotage or subterfuge by *either* the Russians *or* the Prime Minister's political allies. Such accusations, then, without presenting any credible evidence, are slanderous.

Also, there would be no political or diplomatic capital gained by either of the "accused"... there would be little for the Russian government to gain - it would be a huge diplomatic embarrassment for the Russian government to be found guilty of essentially assassinating a head of state. Kaczynski was one of the strongest allies of the U.S. among European leaders, and even Russia with its assertive diplomatic policies would not risk a complete breakdown with the U.S. by killing a close ally. International condemnation would also follow, and the President - perhaps even the Prime Minister - would have to resign and wave good-bye to any political career in the foreseeable future. Yes, "even in Russia."

Similarly, for the Prime Minister's party, if he were actually complicit in the crash, that would mean he - or his allies - committed a coup d'etat. Also, there will be early presidential elections in June, which might actually go in favor of the President's party because of a sympathy vote. The "acting" Presidency is in the hands of his party for only two months... so, again, the Prime Minister and his allies have nothing to gain and potentially everything to lose in the June vote.

**Conspiracy-monging cheapens a national tragedy**

Political profit or loss questions aside, however, the conspiracy-monging seems to be taken as a way to discover who's responsible for the tragedy and thus somehow bring them justice. However, it is not a healthy way to deal with the tragedy. It is not conducive to national or personal healing. Furthermore, it disgraces and taints the memory of those who died.

It only cheapens the tragedy and, sadly, may foreshadow what's to come in the coming presidential campaign - the tragedy may be used by certain groups or individuals to propagate their own agenda and assume the presidency.

It is not so different than what has been going on in the U.S., with the "birthers" claiming Barack Obama is not legally the President because he is not actually a citizen, or even natural-born citizen. Not as morbid, of course, but still, in my honest opinion, ridiculous.

Baseless, nonsensical conspiracies simply destroys the abiltiy of the nation and people of Poland to move on and honor the memory of those lost, and cheapens the tragedy that has been felt by Poles as far away as Chicago as well, and commented on with deep sorrow and respect by U.S. politicians from Mayor Daley to President Obama himself.

--

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Jeffrey Epstein
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**From:** [redacted]
**Sent:** 12/22/2011 10:14:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: we will be having dinnr with him on sunday

**Importance:** High

Bozhe Moi!!
Hope I'll handle my utensils:))

On Dec 22, 2011 12:09 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> Gergen went on to become the Director of Communications for President Gerald Ford and President Ronald Reagan, a counselor on domestic and foreign affairs for President Bill Clinton and his Secretary of State, Warren Christopher, and an adviser to the 1980 George H.W. Bush presidential campaign.
>
> --
> **********
> The information contained in this communication is
> confidential, may be attorney-client privileged, may
> constitute inside information, and is intended only for
> the use of the addressee. It is the property of
> Jeffrey Epstein
> Unauthorized use, disclosure or copying of this
> communication or any part thereof is strictly prohibited
> and may be unlawful. If you have received this
> communication in error, please notify us immediately by
> return e-mail or by e-mail to jeevacation@gmail.com, and
> destroy this communication and all copies thereof,
> including all attachments. copyright -all rights reserved

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/17/2016 1:35:22 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** the story

**Importance:** High

1. all the girls discussed in the press , came to the house , to give erotic massages. each and every girl , each time, came in exchange for money. many of the girls interviewed were in their mid twenties early thirties. no searching for underage girls. many of the girls worked in the local massage parlors. ( advertised everyday in the palm beach papers. , referred in the local vernacular to " jack shacks". 5 within 4 miles of the intl airpot. ) or strip clubs.. ( both of the girls bringing the cvra case ).

2. There have been discussios of a house full of underage photos. the video taken by the police contradict that in its entirety

3 there have been discsussion about hidden video cameras. they were put there with the HELP of the local Police , in order to catch a thief. money had been going missing , and the police came , set up cameras. and one night hid in the bushes hoping to catch the thief in the act. It turned out to be the houseman. who confessed, . there were never any hidden cameras anywhere besides the garage and the camera in the living room focused on the place where money was kept

4. The police conducted a search. and found adult sextoys, I am an adult. they made a point to say that there was a purple plastic sex toy, , but later without correcting their earliler assertion disconver it was nothing but a salad fork

5. The girl whose parents initiated the investigation, told the police in a sworn statment that she had lied about her age to gain access to the house. she said she tried her best to appear over 18 , as she wanted to be invited back. there was not trolling for anyone underage.

6 . many if not most of the girls , invited their friends , best friends after they had left. hardly a normal result if there had been any coercion or anytrhing untoward.
7 , many of the girls had their boyfirends wait downstairs. or in some instances their parents. not one time did anyone ever complain of mistreatment ,
8 there was never ever any drugs , alcolhol, threats, coercion

9 the local sex crimes prosecutor, lana belahovik , interviewed the girls herself , and concluded in her own words thre wer no real victims here. just local prostituion. she offer a 5 year probation sentence with no registration. . Alan dershowitwz told me I shouldnt take it . it was too dangerous. not telling me that my probation would have been moved to my home in the virigin islands. then the prosecutors to be fair presented their information to a grand jury, the ONLY time a jury would see any of the claims. the result was a charge of soliction of prostituion . a crime with a mandatory release after taking a harms of prostiution course. This was a grand jury determination.

10 . local. no transportation across state lines. contrary to [redacted] outragious and libeious allegations, no trafficking. it is a disservice to women who are trafficked to compare a woman brought into the country , tied to a bed, given drugs to have sex with strangers for money that she doesnt get . . to girsl who took a taxi to my house, had food snacks and got paid, then went shopping with her friedns and back home.

11/ the fbi decided to pursue a highly unusual case. their position was that my secretary , not me, called girls on the telephone and asked them if they would like to work. . many times as the message pads reveall the girls called over and over again askking to work. hardly coercion ( the latest cases REQURE coercion, which states it is NOT for making appts .....)

12 THe fbi, threatend many statutes if i would not plead guilty to a state crime. they suggested that a cell phone was a means of interstae commerce ( similar to perverts who troll the internet , in searhc of underage girsl , and in each and every one of those cases the govt is required to confirm , and they do,that the person KNEW or that the person on the other end of the computer was underage. . all stings hve the police stinger ask dont you know that i am 14 , 13 etc. there was never any such conversation with anyone.
13. the govt said that traveling to my homeof 15 year in florida, ccould be considered traveling for thepurpsoe of underage sex. never before anyone not crossing state lines with a person , charged with a crimge for going home

14. the gov said that they would not bring an indictment if i plead guilty to being a pimp.( a crime in florida that REQUIRES the pimpt to earh money off the the girls , ( regster as a sex offender ) and pay a list of girls whose names they would provide me only AFTER the fact. and AFTER i was in jail. I would have to agree NOT to contest any claim by anyone they put on the list . when I attempted to do so , as i never met some of the people on the list. I reived a letter stating that any attempt to question their story would result in a breech of my agreeemnt.
15. If I had tto do it over I hope i would have shown much better judgement as many of the girls came from underprivleged familys and i was unaware of the potential for harm.
16.[redacted], has said she was a sex slave. . she has now admited she lied about her age. she was never 15. she has changed th story on my wikipieia page , but no press statment. she said that clinton was on the island, not true, she said ghilsane flew him in a black helipcopter, I did not have a black heli and she never flew him, she said that al gore and wife were on the isalnd never happened, she has accused a prime minisnter a senator a prinve. a sceintist, alan dershowitz. a many in his seventies with his wife in attendance. sex on a plane with secret service and dimplanic protection people looking the other way. . she had an arrest warrnat for her as she stole money from the restaurnat at which she worked, she had before made clainds of sexual assualts but the prosecutro said she had no creidbility ,[redacted] emiails , suggst adding alan dershowitz to her complaint. [redacted] emails suggest[redacted]might have comminted pergury . she has said that the house had many photos of underage girls , a recent press realease clearly shows another lie.

17, the press has labled me a pedophile a disgusting term for men atracted to pre pubcesnet girsl. . these girls worked in a strip club. . Not one person ever testified that they were asked to bring underage girls , in fact the opposite. all said they were told on one under 18. fbi foia request . confirms

wealth was not used as an advantage. the local police chief said this case was bigger than rush limbaugh, . no one had ever faced a federal charge for having prostituies in their own house. no violence coercion. etc
19l the police released to the press , the raw statements of the girls. not one was ever questioned by opposing counsel. .

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Over the last several months the Mueller office has prepared a possible indictment of the president on charges related to obstruction of justice and devised a legal strategy to navigate the inevitable fallout from such an indictment.

My discussions have been with both White House advisors and people close to the investigation—that is, sources on both sides of the possible conflict. No source involved in this story would speak on the record. But in broad-strokes each side's understanding matches the account provided to me by the other side.

The Special Counsel has in place a set of allegations, proposed charges, and an aggressive legal theory to support the indictment of the president on obstruction charges. In the last few weeks, as the President has indulged his pardon authority, the Mueller team has also developed a legal basis to oppose what the Special Counsel believes will be a likely pardon of former National Security Advisor, Michael Flynn—who had previously struck a plea bargain which could include his testimony against the President—and what it believes to be another step in the President's obstruction efforts.

At this point, the case for indictment has, in effect, a judge of one, since the Mueller team must get the approval of Deputy Attorney General Rod Rosenstein to proceed. As recently as April, Rosenstein publicly declared that the President was not a target, but this may have been a kind of fig leaf: technically the President does not become a formal target until Rosenstein agrees to designate him as one. It may also illustrate a conflict between the Deputy Attorney General and the investigators he has overseen since the recusal of Attorney General Jeff Sessions from the Russia-related investigation—though, according to one source, Mueller believes he does have the support of his boss.

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According to a source involved in the Mueller strategy, the plan to indict the President is now "more advanced" than it was when the terms of the indictment were agreed earlier in the year. In the intervening months, the president's lawyers, spokespersons and surrogates have staged a very public debate about whether such a legal proceeding would be constitutional—in effect trying to discredit, ahead of time, any prosecutorial action the Special Counsel's office might take. This may be a preemptive response to an indictment they expect is forthcoming. It may also be an effort to pressure Rosenstein. It may even be an effort to convince Mueller of that, since some in the White House believe that that the plan to indict is not a strategy yet embraced by the whole Special Counsel's office, but one that is being advocated only by its most virulently anti-Trump purists on the investigative team—most notably by the number two lawyer under Mueller, Andrew Weissmann.

It may be noteworthy that there appears now not to be plan for an indictment related to collusion, although, legal experts say, that could come later and may depend on new information from the investigation of the President's personal attorney, Michael Cohen. It is also possible that alternative plans have been made—preparation for more expansive indictments, for instance, or for a broader report that would include the allegations of obstruction but not seek to indict the President.

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According to one source, Mueller could hardly contain his disgust when last month Rudy Giuliani, the President's new lawyer—hired to make a case for the President on television and to push back against the Mueller team—airily dismissed the notion that a sitting president can be indicted. Adding insult to injury, Giuliani—who a White House source said has likely learned of aspects of the pending indictment—said Mueller agreed with that assessment. White House sources believe Giuliani was daring the Special Counsel to tip his hand. But Mueller, ever in character, contained his outrage and continued to hold his cards close, as his team finished preparing the obstruction case and refined the legal theories under which it would claim the right to haul the president into court.

According to the proposed indictment, the President's scheme to obstruct the FBI's investigation into connections between the Trump campaign and Russian efforts to undermine the U.S. election began on the 7th day of the Trump administration. Three days prior, on January 24, National Security Advisor, Michael Flynn, lied to the FBI about his contacts with the Russian Ambassador, Sergey Kislyak. From January 27th, when the President had the one-on-one dinner with FBI Director James Comey, through to the middle of April, the President conducted a cat and mouse game with Comey, testing his loyalty and trying to establish his willingness to aide the President and protect Flynn. On May 9th, baldly admitting his dissatisfaction with Comey's unwillingness to play ball on Russia, the President fired the FBI director. Shortly thereafter, continuing his efforts to disrupt the investigation, the President turned his ire on the Attorney General, Jeff Sessions, pressuring him to fall into line on the President's behalf, and on Robert Mueller, the newly appointed Special Counsel, pushing to fire him to block the investigation.

The second episode that the Mueller teams has focued on took place on July 8, on Air Force one, when the President personally directed his son, Don, Jr., to lie about the reason for his meeting in Trump Tower, during the campaign, with representatives of the Russian government—a meeting about collaborating with the Russians to undermine Hillary Clinton's campaign.

The third episode began on June 7th, after reports that Deputy FBI

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The Mueller team may have a high hurdle in convincing Rosenstein to approve the indictment. The Department of Justice's standing view precludes charging a sitting president with a crime. This is based on an opinion written by the Office of Legal Counsel in the Watergate era and recently expressed in hyperbolic terms by Giuliani: the President could kill James Comey if he wanted to without fear of prosecution. But, according to several former DOJ lawyers, Rosenstein in this circumstance may have the power to override the Office of Legal Counsel opinion. In effect, finding that the standing opinion does not cover the present circumstances. In one view—and in the suspicion of some in the White House—he may have already authorized Mueller to proceed with the indictment.

The White House has made the argument—supported in many television appearances by Trump legal surrogate, Alan Dershowitz—that a president cannot be prosecuted for exercising his constitutional prerogatives, even if those actions foster a crime; the President, as the ultimate federal office, and the nation's chief law enforcement officer, enjoys nearly unfettered latitude in how he carries out his duties. "I don't think you are going to find a court who will not see the president's role as unique," said one White House advisor. "The Mueller theories are wishful thinking."

An indictment for obstruction of Justice is described in similar ways by both Mueller and White House insiders: it puts the President's public behavior on trial. The nature of that behavior, for the Mueller team, is corrupt; this, according to the White House, is how voters elected the President to behave.

The Special Counsel seems less worried about its legal position than it does about it's existential one—continuing to anticipate how the President might use his authority to move against it.

According to insiders, the team has meticulously prepared for most contingencies it might face from an impulsive president who feels

few restraints about the way he deals with his adversaries. He could act unilaterally and shut down the investigation, forcing a legal test likely before the Supreme Court. He could order the Attorney General—even given his prior recusal—to repeal the Special Counsel regulations and close down the investigation, and fire him if he refused. Or he could fire Rosenstein and seek someone else to oversee the investigation in ways more to his liking. The Mueller team continues to believe it is protected by political realities—the President can not know how Congress might respond, and it might well respond with impeachment. At the same time, it has tried to game out the uncharted legal areas of exactly what happens to all of its "work product" and to the sitting grand juries if the investigation is in fact shut down or its mission altered.

Likewise, people around the President—embracing a constitutional face-off as militantly as they maintain the Mueller investigation is—say this unknown legal area that might be advantageous to the President. The delays and disruption that result as courts sort out the ramifications of the President's actions might well be the President's legal friend—the reason some in the White House have been urging the President to end the investigation, whatever the political fallout.

The President's constitutional pardon powers appear to be some of the most troubling and threatening issues for the Special Counsel. The Counsel's office believes the President will use his pardon power as an instrument to undermine the investigation.

According to present and former White House advisors, the President's recent spate of pardons are in part his way of taunting the Special Counsel. The White House, according to these sources, is aware that the Special Counsel has concluded the President's pardon power is near absolute: the President can certainly pardon himself, and others involved in the investigation.

Most immediately, the Special Counsel's office believes that the President will pardon Michael Flynn, perhaps in the coming weeks. The question for the Mueller team is if it can build an exception to the President's pardon authority. It's view here falls back on the egregiousness of the President's own behavior: there is a level of obstruction of justice that all reasonable men might know when they see it. If you pardon someone to get yourself off the hook, that's obstruction, and subverting the rule of law and the constitution you've pledged to uphold.

As the President, by nature and design, tries to claim aggressive new powers, the Mueller team, almost in equal proportion, is trying to limit the theory of Presidential power and, even, to criminalize an expansive exercise of those powers.

People who know and have worked with Mueller find it, at best, unexpected that this traditional by the book G-man would be pursuing such far-reaching legal theories. But one possible explanation, shared by many in the White House, is that Mueller is overly reliant on his staff—in fact, is being led by his number two, Andrew Weissmann.

Weismann has a longstanding reputation for aggression: he was the prosecutor whose pursuit of the accounting firm Arthur Anderson in the Enron debacle ended in its conviction—a judgment reversed well after the firm's bankruptcy and dissolution. One White House advisor likened him to Victor Hugo's obsessed policeman Inspector Javert—a prosecutor consumed with taking down the President. Indeed, Weissmann, who has in the past contributed to Democratic candidates, is a particular bet noir and favorite whipping boy for the White House his central role in the Mueller investigation taken there as evidence of a deep bias against Donald Trump.

But in another view it is precisely because Mueller, a former Marine, is so by the book and Semper Fi that he finds Trump's behavior to be personally offensive, and, on its face, corrupt. "Bob Mueller is all about limits and rules. Donald Trump has none and acknowledges none," said one lawyer who has worked with Mueller in the past.

It may yet be even a more profound clash then that, the executive branch at war with itself—the Justice Department against the White House. In this, the President's almost daily tirades against the DOJ, the Attorney General, Jeff Sessions, the Deputy Attorney General, Rosenstein, the former head of the FBI, Comey, and his former deputy, Andrew McCabe, are part of an effort to obstruct justice and save himself.

The Mueller strategy (or Weissmann strategy) is a war strategy, in the view of some legal observers. An indictment of the President would be litigated to the hilt. It would force both the substantive issues of obstruction and abuse of power and the meta issues of Presidential immunity—in essence, the President's claims to being above the law—into open court for a long and painful review and dissection that might shadow the November election.

Legal experts believe that the Mueller team might well prevail in lower courts with a much less certain outcome in the Supreme Court.

Were the case to reach the Supreme Court after the November election, it might well be the results of that election that help seal the President's fate not just in Congress but also in the courts.

"Might such an expansive claim win, yes. Should it win, no." But everyone knows the reality: weak presidents lose cases, strong presidents win them," said Ken Starr, the former independent prosecutor who might know more about the legal pursuit of the president than anyone else on earth.

**From:** Matthew Hiltzik [redacted]
**Sent:** 12/15/2018 6:40:52 PM
**To:** Michael Wolff [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]; Kathy Ruemmler [redacted] Darren Indyke [redacted]; [redacted]
**Subject:** Re:

**Importance:** High

Also think there should be a line in there somewhere which clearly confirms that JE understands and recognizes that he did something wrong

Sent from my iPhone

On Dec 15, 2018, at 12:03 PM, Michael Wolff <[redacted]> wrote:

Seems very good. Is there reason or opportunity here to evoke JE's Clinton connection? He had been publicly connected to the former President and became a proxy for the considerable anger at high levels of the Federal government that still surrounded Clinton. Likewise now, one reason to revive the story is that it is a way to tar a Trump administration official, who, in the normal course of his duties, happened to deal with the case.

On Sat, Dec 15, 2018 at 11:28 AM J <jeevacation@gmail.com> wrote:
thoughts.

---------- Forwarded message ---------
From: **Ken Starr** <[redacted]>
Date: Sat, Dec 15, 2018 at 11:24 AM
Subject: Re:
To: J <jeevacation@gmail.com>
Cc: Alan Dershowitz <[redacted]>

Here goes:

"Sweetheart deal! " So goes the critique of the resolution of a long-ago case involving our former client -- and now-friend -- Jeffrey Epstein. The critique is profoundly misplaced, supported neither by the law or the facts, nor by the structure of our constitutional republic. To the contrary, Jeffrey was subjected to an unprecedented federal intrusion into a quintessentially local criminal matter in south Florida. His offense to the social order -- involving sex for hire -- was entirely a matter entrusted to laws of the several States, not the federal government. His conduct -- a classic state offense --was being treated exactly that way by able, honest prosecutors in Palm Beach County, but the overweening federal government intruded where it did not belong. And now, over ten years after the fact, the current assault on federal decision-makers at the time, including now-Secretary of Labor Alex Acosta (then the United States Attorney in south Florida), condemns the federal authorities for not going far enough.

The critics are entirely wrong. Neither the facts nor the law support the misguided criticisms being leveled by journalists and politicians at federal officials from over a decade ago -- including the highest levels of the Justice Department in Washington, D.C. .

Here are the key facts: Jeffrey Epstein, a successful self-made businessman with no prior criminal history whatever, engaged in illegal conduct that amounts to solicitation of prostitution. That was wrong, and it was reasonably viewed as a violation of Florida state law. Although no coercion, violence, alcohol, drugs and the

like were involved, the unsavory facts were carefully assessed by experienced state prosecutors who aggressively enforce state criminal laws. No one turned a blind eye to potential offenses to the public order. To the contrary, the Palm Beach State Attorney's Office conducted an extensive 15-month investigation, led by the chief of the Sex Crimes Division. Mr. Epstein was then indicted by a state grand jury on a single felony count of solicitation of prostitution.

During that intense investigation, the state prosecutors extensively gathered and analyzed the evidence, met face-to-face with many of the asserted victims, considered their credibility -- or lack thereof -- and considered the extent of exculpatory evidence. Then, after months of elaborate negotiations, the state prosecutors believed they had reached a reasoned resolution of the matter that vindicated the public interest -- a resolution entirely consistent with that of cases involving other similarly-situated defendants.

Then, in came the feds. The United States Attorney's Office tried, to no avail, to fit Mr. Epstein's situation into its vision of what it viewed as a commercial trafficking ring targeting minors. This was anything but. At long last, the federal authorities acknowledged that stark reality and grudgingly agreed to defer prosecution to the state. But there was a huge catch. In the face of our arguments sharply condemning their overreach, the federal prosecutors insisted on many unorthodox requirements that tugged at fundamental values of due process. For example, the agreement required Mr. Epstein to pay an undisclosed list of asserted victims $150,000 each. Even more, the feds insisted that Jeffrey pay for an attorney to represent such unidentified victims if any chose to filed civil litigation against him. When asked what possible legal authority supported this extravagant exercise of national power, the feds lamely cited a wildly inapposite case from Alaska involving cocaine and forced on-the-street prostitution. Apples and oranges.

Under the federally-forced deal, Jeffrey was sentenced to jail. That would not have been the case under the agreed-upon state disposition of this non-violent, consensual commercial arrangement. Jeffrey complied, served that sentence, and in the process was treated exactly the same as other state-incarcerated individuals. His conduct was exemplary, and so characterized by the state custodial authorities. He continued his work, including his many philanthropic efforts.

Our friend Jeffrey Epstein has paid his debt to society. He has also paid out millions of dollars to the asserted victims and their highly-creative lawyers. For over ten years, he has lived an exemplary life, including carrying on his wide-ranging philanthropies. Those of us who represented him in the Florida proceedings -- for customary professional fees -- now count him as a trusted friend.

Our nation faces vitally important challenges, many involving the treatment of women and basic human dignity. Voices are rightly being raised speaking truth to power, especially about women in the workplace. But Jeffrey, an exemplary employer, has long since been called to account by the criminal justice system for his misdeeds of yesteryear. In the spirit of the bedrock American belief in second chances, that unhappy chapter in Jeffrey's otherwise-magnificent life should be allowed to close once and for all.

On Thu, Dec 13, 2018 at 4:24 PM J <jeevacation@gmail.com> wrote:

> ken ,would take a stab at the article for the law journal. ? thx
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The Mueller team may have a high hurdle in convincing Rosenstein to approve the indictment. In its preparation for a possible indictment, the Mueller team argues that nothing in the Constitution or in a statute suggests a status with regard to criminal prosecution for the President different from any other federal office. Nor is there any statute or case law that finds that impeachment has to come before an indictment. But the Department of Justice's standing view precludes charging a sitting president with a crime. This is based on an opinion written by the Office of Legal Counsel in the Watergate era and recently expressed in hyperbolic terms by Giuliani: the President could kill James Comey if he wanted to without fear of prosecution. But, according to several former DOJ lawyers, Rosenstein in this circumstance may have the power to override the Office of Legal Counsel opinion. The Mueller team appears to believe that Rosenstein's pledge before congress that, absent malfeasance, he will support the Special Counsel's independence with regard to the Russian investigation, means he will let the indictment go forward. In one view—and in the suspicion of some in the White House—he may have already authorized Mueller to proceed with the indictment.

The White House has made the argument—supported in many television appearances by Trump legal surrogate, Alan Dershowitz—that a president cannot be prosecuted for exercising his constitutional prerogatives, even if those actions foster a crime, that the President, as the ultimate federal office, and the nation's chief law enforcement officer, enjoys nearly unfettered latitude in how he carries out his duties. "I don't think you are going to find a court who will not see the president's role as unique," said one White House advisor. "The Mueller theories are wishful thinking."

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The Special Counsel seems less worried about its legal position than it does about it's existential one—continuing to anticipate how the President might use his authority to move against it.

It sees its most immediate threat as a move by the President to replace Rosenstein. Here it believes that in the inevitable Supreme Court battle that would follow a direct attempt by the President to fire the Special Counsel, the Court would likely rebuff such an expansion of Presidential authority. At the same time, according to its internal research, the Mueller team understands that the President, acting with only somewhat more subtlety, would have the authority to order the Attorney General—even given his prior recusal—to repeal the Special Counsel regulations and close down the investigation. He can fire the Attorney General if he refuses. The President, could, too, according to the Special Counsel's analysis, fire Rosenstein and seek someone else to oversee the investigation in ways more to his liking. Both of these actions could, the Special Counsel believes, become part of the behavior that it argues in the indictment amounts to a prima facie case for obstruction of justice.

The Mueller team continues to believe it is protected by political realities—the President can not know how Congress might respond, and it might well respond with impeachment—and by bureaucratic ones. Changes to the Special Counsel authorization might require an extended comment period, meanwhile leaving the Special Counsel's status unchanged.

Still, what if the President, acting unilaterally, does shut it down? This, people around the President say is the unknown legal area that might be advantageous to the President. The delays and disruption that result as courts sort out the ramifications of the President's actions might well be the President's legal friend—the reason some in the White House have been urging the President to end the investigation, whatever the political fallout.

If so, what then happens to all the work the Special Counsel's office has done, and, indeed, to the sitting Grand Juries reviewing the evidence? The special counsel's view, according to insiders working on the issues, is that nobody knows. The optimistic legal view is that the

Office and staff would survive the Special Counsel's ouster and their work preserved. And that actions taken by the Grand Jury would remain in effect.

This, however, would probably not be true if the Attorney General refused the next Special Counsel's budget request—due on July 1. That would shut down the whole operation—the Special Counsel staff and grand juries. There might, however, according to research the team has prepared, be enough time between the order and the shuttering for the Special Counsel to share the grand jury evidence with other federal prosecutors, who might act on their own authority to pursue the President.

The President's constitutional pardon powers appear to be some of the most troubling and threatening issues for the Special Counsel. The Counsel's office believes the President will use his pardon power as an instrument to undermine the investigation.

According to present and former White House advisors, the President's recent spate of pardons are in part his way of taunting the Special Counsel. The White House, according to these sources, is aware that the Special Counsel has concluded the President's pardon power is near absolute: the President can certainly pardon himself, and others involved in the investigation.

Early in June, the Special Counsel, believing that a pardon for Michael Flynn was imminent, rushed to build a case that might form an exception to the President's pardon authority. The argument, perhaps a slim-thread one, tries to undermine what both the White House and many outside legal authorities, and much of the Special Counsel's own research, believes to be one of the few unchallengeable powers granted the President. In effect, the Special Counsel continues the theme of it's case: there is a level of obstruction of justice that all reasonable men might know when they see it. If you pardon someone to get yourself off the hook, that's a "corrupt" action. The constitution is not a statute that you might violate, but a larger covenant which you might offend (or, equally, that might protect you). Since the President is in charge of upholding the constitution and much of the constitution is about preventing corrupt acts or abuses of power, the pardon, in the case of Michael Flynn, is, the Mueller team is set to argue, unconstitutional. What's more, since there is an impeachment process in place—or there are impeachment resolutions before congress—and impeachment is the province of Congress, a pardon of a potential witness in this

impeachment is an unconstitutional trampling on the separation of powers.

As the President, by nature and design, tries to claim aggressive new powers, the Mueller team, almost in equal proportion, is trying to limit the theory of Presidential power and, even, to criminalize an expansive exercise of those powers.

People who know and have worked with Mueller find it, at best, unexpected that this traditional by the book G-man would be pursuing such far-reaching legal theories. But one possible explanation, shared by many in the White House, is that Mueller is overly reliant on his staff—in face, is being led by his number two, Andrew Weissmann.

Weismann has a longstanding reputation for aggression: he was the prosecutor whose pursuit of the accounting firm Arthur Anderson in the Enron debacle ended in its conviction—a judgment reversed well after the firm's bankruptcy and dissolution. One White House advisor likened him to Victor Hugo's obsessed policeman Inspector Javert—a prosecutor consumed with taking down the President. Indeed, Weissmann, who has in the past contributed to Democratic candidates, is a particular bet noir and favorite whipping boy for the White House his central role in the Mueller investigation taken there as evidence of a deep bias against Donald Trump.

But in another view it is precisely because Mueller, a former Marine, is so by the book and Semper Fi that he finds Trump's behavior to be personally offensive, and, on its face, corrupt. "Bob Mueller is all about limits and rules. Donald Trump has none and acknowledges none," said one lawyer who has worked with Mueller in the past.

It may yet be even a more profound clash then that, the executive branch at war with itself—the Justice Department against the White House. In this, the President's almost daily tirades against the DOJ, the Attorney General, Jeff Sessions, the Deputy Attorney General, Rosenstein, the former head of the FBI, Comey, and his deputy, Andrew McCabe, are part of an effort to obstruct justice and save himself.

The Mueller strategy (or Weissmann strategy) is a war strategy, in the view of some legal observers. An indictment of the President would be litigated to the hilt. It would force both the substantive issues of obstruction and abuse of power and the meta issues of Presidential immunity—in essence, the President's claims to being above the law—into open court for a long and painful review and dissection that might

shadow the November election.

Legal experts believe that the Mueller team might well prevail in lower courts with a much less certain outcome in the Supreme Court.

Were the case to reach the Supreme Court after the November election, it might well be the results of that election that help seal the President's fate not just in Congress but also in the courts.

"Might such an expansive claim win, yes. Should it win, no." But everyone knows the reality: weak presidents lose cases, strong presidents win them," said Ken Starr, the former independent prosecutor who might know more about the legal pursuit of the president than anyone else on earth.

**From:** paul krassner [redacted]
**Sent:** 12/3/2018 4:59:38 PM
**To:** Nancy Cain [redacted]
**Subject:** Fwd

**Importance:** High

Begin forwarded message:

**From:** "The Daily Beast: AM Cheat Sheet" <emails@thedailybeast.com>
**Subject:** **Michelle Obama Halts Book Tour for Bush Funeral**
**Date:** December 3, 2018 at 4:21:57 AM PST
**To:** [redacted]

UGH

# Alan Dershowitz: Yes, I Am Still Jeffrey Epstein's Lawyer

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Lawyer Alan Dershowitz has said that he still represents convicted pedophile Jeffrey Epstein, who pleaded guilty to soliciting underage sexual partners whom he initially recruited as masseurs. Dershowitz, 80, told Axios that Epstein "has called me a couple of times about legal issues, because I'm still technically his lawyer," adding, "I haven't had any social, or any other kind of contact [but] you never stop being a person's lawyer." Dershowitz told Axios that Epstein lent his family his Palm Beach, Florida, house and that he received a "therapeutic massage with an old old Russian" there, but he'd had no idea "anything improper had even taken place in that house." While he was allegedly raping teenage girls, Epstein cultivated relationships with a global elite: Bill Clinton flew on Epstein's plane, nicknamed the "Lolita Express," numerous times; Prince Andrew's ex-

wife borrowed money from him; and Donald Trump praised him as a “terrific guy.”

29 May, 2011

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|---|---|
| Article 1. | NYT<br>**Pay Attention**<br>Thomas L. Friedman |
| Article 2. | NY Daily News<br>**President Obama has right goals on Israeli-Palestinian peace, but strategy already backfiring**<br>Alan Dershowitz |
| Article 3. | Al-Ahram Weekly<br>**Who will win in September?**<br>Abdel-Moneim Said |
| Article 4. | Asia Times<br>**Show goes on in Iraq's political circus**<br>Sami Moubayed |
| Article 5. | TIME<br>**The Optimism Bias**<br>Tali Sharot |

Article 1.

NYT

# Pay Attention

Thomas L. Friedman

May 28, 2011—Cairo -- I had some time to kill at the Cairo airport the other day so I rummaged through the "Egyptian Treasures" shop. I didn't care much for the King Tut paper weights and ashtrays but was intrigued by a stuffed camel, which, if you squeezed its hump, emitted a camel honk. When I turned it over to see where it was manufactured, it read: "Made in China." Now that they have decided to put former President Hosni Mubarak on trial, I hope Egyptians add to his indictment that he presided for 30 years over a country where nearly half the population lives on $2 day and 20 percent are unemployed while it is importing low-wage manufactured goods — a stuffed camel, no less — from China.

That's an embarrassment for Mubarak and America, which has donated some $30 billion in aid to modernize Egypt's economy over the last 30 years — and President Obama just promised a couple billion more. Egypt's economy has nose-dived since the uprising, and the new government really does need the money to stay afloat. But I only hope that Obama and Secretary of State Hillary Clinton understand that right now — right this second — Egypt needs something more from Washington than money: quiet, behind-the-scenes engagement with Egypt's ruling generals over how to complete the transition to democracy here.

Here's why. After the ouster of Mubarak in February, his presidential powers were shifted to a military council, led by the defense minister. It's an odd situation, or as the Egyptian novelist Alaa Al Aswany, author of "The Yacoubian Building," put it to me: "We have had a revolution here that succeeded — but is not in power. So the goals of

the revolution are being applied by an agent, the army, which I think is sincere in wanting to do the right things, but it is not by nature revolutionary."

To their credit, the Egyptian generals moved swiftly to put in place a pathway to democracy: elections for a new Parliament were set for September; this Parliament will then oversee the writing of a new Constitution, and then a new civilian president will be elected. Sounds great on paper, and it was endorsed by a referendum, but there's one big problem: The Tahrir Square revolution was a largely spontaneous, bottom-up affair. It was not led by any particular party or leader. Parties are just now being formed. If elections for the Parliament are held in September, the only group in Egypt with a real party network ready to roll is the one that has been living underground and is now suddenly legal: the Islamist Muslim Brotherhood.

"Liberal people are feeling some concerns that they made the revolution and the Muslim Brotherhood can now take it. This is not true," Esam el-Erian, one of the party's leaders, insisted to me.

But that is exactly what the urban, secular moderates, who actually did spearhead the Tahrir revolt, fear. They are only now forming parties and trying to build networks that can reach the millions of traditional Egyptians living in the countryside and persuade them to vote for a reform agenda and not just: "Islam is the answer."

"The liberal parties need more time to organize," said Naguib Sawiris, an Egyptian billionaire who's heading the best organized of the liberal parties, and is urging all the liberal groups to run under a single banner and not divide their vote.

If elections happen in September and the Muslim Brotherhood wins a plurality it could have an inordinate impact on writing Egypt's first truly free Constitution and could inject restrictions on women, alcohol, dress, and the relations between mosque and state. "You will

have an unrepresentative Parliament writing an unrepresentative Constitution," argued Mohamed ElBaradei, the former international atomic energy czar who is running for president on a reform platform. "Because the Muslim Brotherhood is ready, they want elections first," adds Osama Ghazali Harb, another reform party leader. "We as secular forces prefer to have some time to consolidate our parties. We must thank the army for the role it played. But it was our revolution, not a coup d'état. ... If there are fair elections, the Muslim Brotherhood will only get 20 percent."

Free elections are rare in the Arab world, so when they happen, everybody tries to vote — not only the residents of that country. You can be sure money will flow in here from Saudi Arabia and Qatar to support the Muslim Brotherhood.

America, though, cannot publicly intervene in the Egyptian election debate. It would only undermine the reformers, who have come so far, so fast, on their own and alienate the Egyptian generals. That said, though, it is important that senior U.S. officials engage quietly with the generals and encourage them to take heed of the many Egyptian voices that are raising legitimate concerns about a premature runoff.

In short, the Egyptian revolution is not over. It has left the dramatic street phase and is now in the seemingly boring but utterly vital phase of deciding who gets to write the rules for the new Egypt. And how Egypt evolves will impact the whole Arab world. I just hope the Obama team is paying attention. This is so much more important than Libya.

Article 2.

NY Daily News

# President Obama has right goals on Israeli-Palestinian peace, but strategy already backfiring

Alan Dershowitz

May 27th 2011 -- Now that Prime Minister Benjamin Netanyahu is back in Israel and President Obama is traveling around Europe, it is time to assess the effect their dueling speeches have had on the prospects for peace.

There is one factual conclusion on which the Israelis and the Palestinians completely agree: following President Obama's recent speech — and repeated explanation of it — on the Israel-Palestine conflict, we are further than ever from peace negotiations. Obama has managed, in one fell swoop, to harden the positions of both sides and to create distrust of him by Israelis and Palestinians alike.

My criticism of the President is not directed at whether he is pro-Israel or anti-Israel, pro-Palestinian or anti-Palestinian. In fact, I believe that his actions have not been motivated by any antagonism toward the Jewish state. He simply does not understand the dynamics of Middle East negotiation. I am disappointed in him not because I support Israel (which I do), but because I support peace based on a two-state solution. I agree with Obama about his ends, while disagreeing about his means.

Indeed there is little in the content of the President's statements with which I disagree. Rather, it is with his negotiating strategy, his constant need to explain himself, and his utter tone-deafness to the music, as distinguished from the lyrics.

The President has asked the Israelis to agree to negotiate new borders based on the 1967 lines, with land swaps. But he did so without asking the Palestinians to agree to drop their demand that millions of

so-called "refugees" — those who fled or left Israel during the 1947-49 Arab attacks against the Jewish state, and their descendents — be allowed to "return" to Israel. New borders would be meaningless if this demographic bomb were to be dropped on Israel, turning it into yet another Arab state with a Palestinian majority.

Everyone knows, as a matter of reality, that this is not going to happen, just as everyone knows that Israel will eventually give up most of the West Bank as it did the Gaza Strip. But it is critical to any successful negotiation that these two issues – borders and "the right to return" – be negotiated together. The Israelis will never agree to generous borders for the Palestinians unless they are assured that their identity as the nation-state of the Jewish people will not be demographically undercut by "the right of return." And the Palestinians will never give up their emotionally charged right of return unless that is an unambiguous prerequisite to achieving statehood with generous borders. The Obama strategy — to demand generous borders from Israel first and leave the right of return to subsequent negotiations — is a prescription for stalemate.

The President also helped cement the status quo by expressing his agreement with Israel's refusal to negotiate with a Palestinian government that includes Hamas — unless that terrorist group first renounces violence, accepts Israel and supports prior agreements. The current position of the Israeli government is to invite the Palestinian authority to begin negotiations now, but to insist, before any final agreement is reached, that Hamas either accept the President's current conditions or be excluded from the government. By going further than the Israeli government — by seeming to justify an Israeli refusal even to begin negotiations with the Palestinian Authority until Hamas accepts those conditions or the Palestinian Authority rejects Hamas — the President has made it harder for the Netanyahu government to resist the demands of Israeli extremists who oppose all negotiations.

Netanyahu originally planned to come to Washington with a generous peace proposal to entice the Palestinians back to the negotiating table. But Obama painted him into a corner and made him change his script by notifying him, as he was about to board his plane, that the President was going to call for Israel to return to its 1949-1967 lines, without also calling for the Palestinians to give up their right of return. By thus preempting the prime minister, he forced him to become more defensive of Israel's bargaining positions and less willing to offer specific, generous concessions. The result was a powerful speech in defense of Israel by Netanyahu, an overwhelmingly positive response from Congress and a movement away from peace negotiations.

All in all, the President's well-intentioned efforts to jump-start the peace process have backfired, not so much because he favors one side over the other, but because of the ham-handedness of his negotiation strategy. A negotiator or mediator whose statements move the parties further away from the negotiating table than they were before he spoke deserves a failing grade in the science of negotiation.

What the President should have done is to insist that both parties immediately agree to sit down and negotiate without any preconditions.

It's not too late. But it will take yet another "explanation" of what President Obama really meant in his ill-advised speech.

*Dershowitz's most recent novel is "The Trials of Zion."*

Article 3.

Al-Ahram Weekly

# Who will win in September?

Abdel-Moneim Said

26 May - 1 June 2001 -- The revolution will continue to heave and surge and rage though various forms of clashes and demonstrations against conditions of the past and of the present. It will also continue to swing between the reaffirmation of national unity and the solidarity of "the crescent and the cross" and the propensity towards sectarian strife and its attendant confrontations, clashes, accusations and conflicting theories as to whether this phenomenon stems from a long festering infection in Egyptian political culture or to the "remnants" of the National Democratic Party and state security apparatus which, although dissolved and disbanded, are nevertheless suspected of engineering appalling incidents of violence and destruction.

Such a state of turmoil is typical of a revolution that is still in a state of revolution. However it will diminish and eventually cease as institutions of government coalesce and reassert the legitimacy of the state, thereby delegitimising revolution. Recall how the revolution cooled following the referendum over the constitutional amendments. Nevertheless, we also must note that as the spirit of revolution subsided, the spirit of sectarian strife and other doctrinal discords began to flare. Simultaneously, the leadership that had played the key role in igniting the revolution and bringing down the old regime seems to have faded from the scene or lost some of its glimmer. Curiously, while it was primarily young men and women who carried the revolution through its initial thrust and its first major victory, they have since been succeeded by much older people, some well into their 80s. Mohamed El-Baradei may merit a place among the ranks of

the revolutionary youth, having been one of the first to call for the downfall of the old regime and to advocate less conventional means of opposition. Yet it is odd that the field is now dominated people and groups that, in the past, had reached accommodations with the old regime, even if they had been in the opposition. In fact, it is precisely these circles that have provided most of the presidential candidates who are currently flitting from one press interview to the next.

All this will enter another phase with the legislative elections in September, at which time we will be able to speak of actual popular representation. Until then, every candidate, party and group will claim that they speak for "the people", "the masses," and "the nation", and they will continue to do so in increasingly strident tones all the way to the polls, which will ultimately sort day from night.

One naturally wonders who will come out ahead in the forthcoming electoral battle, which will probably be one of the most crucial moments in Egyptian history. Certainly, the general lay of the field is already clear. It is characterised by two main orientations, one religious, the other secularist. The Muslim Brotherhood, represented by its Freedom and Justice Party, leads the former camp, which also consists of Al-Gamaa Al-Islamiya, the Egyptian Jihad and the various shades of Salafis. They are likely to win the sympathy of quite a few Sufi orders as well as a number of the old NDP apparatchiks who often rallied against the Ahmed Nazif government in the pre-November 2010 parliament. The other camp, which is championed by a broad front of the movements that spearheaded the revolution and similar coalitions, is beginning to coalesce in political party form, although there is little to suggest that their parties will be familiar enough to the public or sufficiently prepared by election time. Nevertheless, they will be joined by Egyptian Christians, most of the liberal and leftist parties, such as the Wafd, the Nasserist Party and

the Tagammu, as well as by a large collection of NGOs and other representatives of civil society.

To some extent, these general orientations shaped the stances, whether for or against, in the referendum on the constitutional amendments, which drew the first clear lines in the post-25 January political map. In that referendum, the first camp obtained 77.2 per cent of the vote versus 22.8 per cent for the second. However, it is important to bear in mind that, in this referendum, a "critical mass" of voters sided with the first camp because they felt that the amendments bill offered the clearest path to the transition from revolutionary legitimacy to the legitimacy of the established state, which is to say to the return to normalcy that Egyptians desperately yearned for at the time. But this sentiment will no longer be a major factor now that this wish has come true and elections are at hand in September.

Therefore, it remains open which way this key group of voters will swing in those elections, the results of which will be crucial to the subsequent selection of the constitutional committee and then to the choice of president.

Several factors will be instrumental in determining the impact of the "critical mass" of Egyptian voters. Foremost among them will be their turnout at the polls. Only 41 per cent of the 45 million eligible voters took part in the referendum. This relatively low figure could be increased by increasing the number of polling stations, of which there are only 44,000 at present, a factor that has long deterred all but the most committed from braving long voting queues. Secondly, although judicial supervision will now guarantee the integrity of the polls and ensure that people's votes really do count, the proportional electoral list system will yield very different kinds of results than those produced by the individual candidate system. A third critical factor will be campaign financing. Election campaigns and buying television air-time in particular have become extraordinarily

expensive. However, there is a huge discrepancy in the financial capacities of the two camps. The secular camp can not even dream of matching the financial resources of the Muslim Brotherhood and the remnants of the NDP. Finally, much will depend on the ability of the rivals to win public support by means of clear and succinct electoral platforms that truly address people's hopes and aspirations.

On the basis of the foregoing criteria and circumstances as they currently stand, the "critical mass" is likely to swing towards the religious camp, with its better organisational, mobilisational and financial capacities. In addition, even if that camp truly relinquished the slogan, "Islam is the solution," it still possesses a remarkable talent for swaying public opinion through emotive and misleading oversimplifications and attacks on the opposing viewpoint. For example, during the referendum on the constitutional amendments, it centred its propaganda around Article 2, claiming that a "No" vote would negate the Islamic character of the state. Although the proposed constitutional amendments in the referendum came nowhere near this article, the tactic worked marvellously, and helped yield this camp's desired result.

The secularists, therefore, have their work cut out for them. They will need to expand their base of support considerably and to try to use the proportional list system to their best advantage. They will also have to enlist the moral and financial support of the business community. Finally, they must couch their liberal secularist message in a simpler and graspable language that will capture the public's attention. Their ability to rise to this challenge will determine the future of Egypt, the Egyptian constitution and the nature of its government. The more effective they are the lower is the probability that the country's first free and fair parliamentary elections will be its last.

Article 4.

Asia Times

# Show goes on in Iraq's political circus

Sami Moubayed

May 28, 2011 -- DAMASCUS - Iraq has been absent from the world's radar since upheaval rocked the Arab world in January, toppling the regimes in Tunisia and Egypt and sending shockwaves through Bahrain, Libya, Yemen and Syria.

A closer look at the political scene in Baghdad, however, shows that all is not well. Prime Minister Nuri al-Maliki is in hot water, like many of his Arab counterparts - and his government might collapse soon, if not through street power, then perhaps through the shattering of the delicate balance in the upper echelons of Baghdad.

Last week Maliki hinted that he may resign and call new elections, just five months after forming his second cabinet. Two months ago, large and angry demonstrations broke out in Baghdad, inspired by the Arab Spring, chanting against corruption, poor government services, and the prime minister.

Among other things, he was accused of mismanagement of public office, abuse of power, authoritarianism and sectarianism. Maliki promised immediate action within the next 100 days. That deadline expires in July and there is nothing on the horizon to prove that the prime minister is willing, or capable, of living up to his promises.

There is also a daily barrage of accusations against him by his predecessor Iyad Allawi, who is backed by Saudi Arabia and other Arab heavyweights who are eager to topple Maliki - seen as an extension of Iranian influence in the Arab and Muslim world.

Iraq remains sharply divided between the prime minister and Allawi. The top seats in the ministries of defense and the interior are still vacant, and Maliki still denies Allawi the right to name the minister

of defense. Even worse, he personally still controls the two jobs in a caretaker capacity, and seems in no hurry to give them up any time soon.

On Tuesday, Allawi nominated two people for the Defense Ministry, ex-army officers Nouri al-Duleimy and Abdul-Majid Abdul Latif, but neither of them to date has been accepted by the prime minister. At a recent press conference, Maliki accused his rival of sectarianism and of breaching an agreement between them, hammered out last November.

Then, Allawi sluggishly agreed to accept Maliki as premier, although the latter controlled only 89 out of 325 seats in parliament whereas Allawi's secular National Iraqi List commanded a slim majority of 91 seats. Instead, Allawi would be given a new job, which rivals, and in some cases theoretically challenges, that of the prime minister - chairman of the National Council for Strategic Policies (NCSP). That post, six months down the road, is still nowhere close to being formed. Allawi complains that his coalition is being treated "not as a partner but as a participant" in the Maliki government.

Allawi accepted the novel post with a grain of salt. It took heavy lobbying by Saudi Arabia, and a phone call from US President Barack Obama, to convince him to settle for the NCSP, along with assurances that the body would have real powers, rather than ceremonial duties.

The new council was supposed to operate under the umbrella of the Iraqi executive branch and replace the National Security Council, mandated to monitor government ministers and make sure that they carry out their duties according to the constitution. Additionally, the council was supposed to have several branches: (domestic) political affairs, foreign policy, economic and monetary affairs, security and military affairs, energy, oil and gas, electricity, water and environmental affairs.

The council would have a president, or secretary general, an entire staff and premises allocated by the Iraqi government in Baghdad. The council will also have its own budget, which is yet to be determined but will equal that of the premiership, the parliamentary speaker and the presidency. Allawi will reportedly be entitled to approximately 100 advisers and two military units to protect him and the council from terrorist operations.

Because of so much deliberate delay, Allawi recently announced that he was no longer interested in the offer, and that he too would back out on his agreement with Maliki and call for early elections.

If that happens, there is no telling what kind of vacuum will emerge in Iraq and who will fill it, especially as Arab countries have too much on their plate at this stage to focus on Iraq.

Theoretically, with Saudi Arabia focused on the situation in Bahrain and Syria occupied by internal problems, the only country willing and able to do the job is Iran. All eyes are now focused on Iraqi Kurdistan President Masoud al-Barazani, who has said he will launch a new initiative to bridge the gap between Maliki and Allawi.

A 15-man committee has been formed to conduct shuttle diplomacy between the two leaders, under the auspices of Barazani, and to date they have made no contacts with any of the Arab countries neighboring Iraq, or with the Iranians. Last October, Barazani's name graced a deal, known as the Irbil Agreement, where all parties agreed to form a national partnership government. Under the agreement, Maliki and President Jalal Talabani would retain their posts, while Allawi would get to chair the NCSP.

The real problem facing Iraq today, and explaining Maliki's delay, is fear of what the NCSP will mean for Iraq once both Maliki and Allawi are out of office. The November agreement did not state whether the council would permanently be under the control of

Allawi's Iraqiya bloc, or whether different parties, or sects, would rotate within its leadership in future years.
Iraqis need to decide whether the council's leader will always be a Shi'ite, given that Allawi is Shi'ite, or whether Sunnis, Kurds and Christians will be entitled to compete for the post. If the new council will have powers equal to that of the prime minister, will it become part of the sectarian division of power in Iraq? Will it become a permanent seat that is given to the "second runner up" in any parliamentary election? And what will its status become if Allawi becomes prime minister one day?
Would it stay with Allawi's team or will it go to the "defeated" coalition in parliament? If this is the case, it needs to be said, either in writing or gentleman's agreement; especially that in today's case, Allawi's team is not a minority in parliament, but actually, the coalition with the largest number of seats.

*Sami Moubayed is a university professor, historian, and editor-in-chief of Forward Magazine in Syria.*

Article 5.

TIME

# The Optimism Bias

Tali Sharot

May. 28, 2011 -- We like to think of ourselves as rational creatures. We watch our backs, weigh the odds, pack an umbrella. But both neuroscience and social science suggest that we are more optimistic than realistic. On average, we expect things to turn out better than they wind up being. People hugely underestimate their chances of getting divorced, losing their job or being diagnosed with cancer; expect their children to be extraordinarily gifted; envision themselves achieving more than their peers; and overestimate their likely life span (sometimes by 20 years or more).

The belief that the future will be much better than the past and present is known as the optimism bias. It abides in every race, region and socioeconomic bracket. Schoolchildren playing when-I-grow-up are rampant optimists, but so are grownups: a 2005 study found that adults over 60 are just as likely to see the glass half full as young adults.

You might expect optimism to erode under the tide of news about violent conflicts, high unemployment, tornadoes and floods and all the threats and failures that shape human life. Collectively we can grow pessimistic — about the direction of our country or the ability of our leaders to improve education and reduce crime. But private optimism, about our personal future, remains incredibly resilient. A survey conducted in 2007 found that while 70% thought families in general were less successful than in their parents' day, 76% of respondents were optimistic about the future of their own family.

Overly positive assumptions can lead to disastrous miscalculations — make us less likely to get health checkups, apply sunscreen or open a

savings account, and more likely to bet the farm on a bad investment. But the bias also protects and inspires us: it keeps us moving forward rather than to the nearest high-rise ledge. Without optimism, our ancestors might never have ventured far from their tribes and we might all be cave dwellers, still huddled together and dreaming of light and heat.

To make progress, we need to be able to imagine alternative realities — better ones — and we need to believe that we can achieve them. Such faith helps motivate us to pursue our goals. Optimists in general work longer hours and tend to earn more. Economists at Duke University found that optimists even save more. And although they are not less likely to divorce, they are more likely to remarry — an act that is, as Samuel Johnson wrote, the triumph of hope over experience. Even if that better future is often an illusion, optimism has clear benefits in the present. Hope keeps our minds at ease, lowers stress and improves physical health. Researchers studying heart-disease patients found that optimists were more likely than nonoptimistic patients to take vitamins, eat low-fat diets and exercise, thereby reducing their overall coronary risk. A study of cancer patients revealed that pessimistic patients under the age of 60 were more likely to die within eight months than nonpessimistic patients of the same initial health, status and age.

In fact, a growing body of scientific evidence points to the conclusion that optimism may be hardwired by evolution into the human brain. The science of optimism, once scorned as an intellectually suspect province of pep rallies and smiley faces, is opening a new window on the workings of human consciousness. What it shows could fuel a revolution in psychology, as the field comes to grips with accumulating evidence that our brains aren't just stamped by the past. They are constantly being shaped by the future.

Hardwired for Hope?

I would have liked to tell you that my work on optimism grew out of a keen interest in the positive side of human nature. The reality is that I stumbled onto the brain's innate optimism by accident. After living through Sept. 11, 2001, in New York City, I had set out to investigate people's memories of the terrorist attacks. I was intrigued by the fact that people felt their memories were as accurate as a videotape, while often they were filled with errors. A survey conducted around the country showed that 11 months after the attacks, individuals' recollections of their experience that day were consistent with their initial accounts (given in September 2011) only 63% of the time. They were also poor at remembering details of the event, such as the names of the airline carriers. Where did these mistakes in memory come from?

Scientists who study memory proposed an intriguing answer: memories are susceptible to inaccuracies partly because the neural system responsible for remembering episodes from our past might not have evolved for memory alone. Rather, the core function of the memory system could in fact be to imagine the future — to enable us to prepare for what has yet to come. The system is not designed to perfectly replay past events, the researchers claimed. It is designed to flexibly construct future scenarios in our minds. As a result, memory also ends up being a reconstructive process, and occasionally, details are deleted and others inserted. To test this, I decided to record the brain activity of volunteers while they imagined future events — not events on the scale of 9/11, but events in their everyday lives — and compare those results with the pattern I observed when the same individuals recalled past events. But something unexpected occurred. Once people started imagining the future, even the most banal life events seemed to take a dramatic turn for the better. Mundane scenes brightened with upbeat details as if polished by a Hollywood script

doctor. You might think that imagining a future haircut would be pretty dull. Not at all. Here is what one of my participants pictured: "I was getting my hair cut to donate to Locks of Love [a charity that fashions wigs for young cancer patients]. It had taken me years to grow it out, and my friends were all there to help celebrate. We went to my favorite hair place in Brooklyn and then went to lunch at our favorite restaurant."

I asked another participant to imagine a plane ride. "I imagined the takeoff — my favorite! — and then the eight-hour-long nap in between and then finally landing in Krakow and clapping for the pilot for providing the safe voyage," she responded. No tarmac delays, no screaming babies. The world, only a year or two into the future, was a wonderful place to live in.

If all our participants insisted on thinking positively when it came to what lay in store for them personally, what does that tell us about how our brains are wired? Is the human tendency for optimism a consequence of the architecture of our brains?

## The Human Time Machine

To think positively about our prospects, we must first be able to imagine ourselves in the future. Optimism starts with what may be the most extraordinary of human talents: mental time travel, the ability to move back and forth through time and space in one's mind. Although most of us take this ability for granted, our capacity to envision a different time and place is in fact critical to our survival. It is easy to see why cognitive time travel was naturally selected for over the course of evolution. It allows us to plan ahead, to save food and resources for times of scarcity and to endure hard work in anticipation of a future reward. It also lets us forecast how our current behavior may influence future generations. If we were not able to picture the world in a hundred years or more, would we be concerned

with global warming? Would we attempt to live healthily? Would we have children?

While mental time travel has clear survival advantages, conscious foresight came to humans at an enormous price — the understanding that somewhere in the future, death awaits. Ajit Varki, a biologist at the University of California, San Diego, argues that the awareness of mortality on its own would have led evolution to a dead end. The despair would have interfered with our daily function, bringing the activities needed for survival to a stop. The only way conscious mental time travel could have arisen over the course of evolution is if it emerged together with irrational optimism. Knowledge of death had to emerge side by side with the persistent ability to picture a bright future.

The capacity to envision the future relies partly on the hippocampus, a brain structure that is crucial to memory. Patients with damage to their hippocampus are unable to recollect the past, but they are also unable to construct detailed images of future scenarios. They appear to be stuck in time. The rest of us constantly move back and forth in time; we might think of a conversation we had with our spouse yesterday and then immediately of our dinner plans for later tonight. But the brain doesn't travel in time in a random fashion. It tends to engage in specific types of thoughts. We consider how well our kids will do in life, how we will obtain that sought-after job, afford that house on the hill and find perfect love. We imagine our team winning the crucial game, look forward to an enjoyable night on the town or picture a winning streak at the blackjack table. We also worry about losing loved ones, failing at our job or dying in a terrible plane crash — but research shows that most of us spend less time mulling over negative outcomes than we do over positive ones. When we do contemplate defeat and heartache, we tend to focus on how these can be avoided. Findings from a study I conducted a few years ago with

prominent neuroscientist Elizabeth Phelps suggest that directing our thoughts of the future toward the positive is a result of our frontal cortex's communicating with subcortical regions deep in our brain. The frontal cortex, a large area behind the forehead, is the most recently evolved part of the brain. It is larger in humans than in other primates and is critical for many complex human functions such as language and goal setting.

Using a functional magnetic resonance imaging (fMRI) scanner, we recorded brain activity in volunteers as they imagined specific events that might occur to them in the future. Some of the events that I asked them to imagine were desirable (a great date or winning a large sum of money), and some were undesirable (losing a wallet, ending a romantic relationship). The volunteers reported that their images of sought-after events were richer and more vivid than those of unwanted events.

This matched the enhanced activity we observed in two critical regions of the brain: the amygdala, a small structure deep in the brain that is central to the processing of emotion, and the rostral anterior cingulate cortex (rACC), an area of the frontal cortex that modulates emotion and motivation. The rACC acts like a traffic conductor, enhancing the flow of positive emotions and associations. The more optimistic a person was, the higher the activity in these regions was while imagining positive future events (relative to negative ones) and the stronger the connectivity between the two structures. The findings were particularly fascinating because these precise regions — the amygdala and the rACC — show abnormal activity in depressed individuals. While healthy people expect the future to be slightly better than it ends up being, people with severe depression tend to be pessimistically biased: they expect things to be worse than they end up being. People with mild depression are relatively accurate when predicting future events. They see the world as it is. In other words,

in the absence of a neural mechanism that generates unrealistic optimism, it is possible all humans would be mildly depressed.

Can Optimism Change Reality?

The problem with pessimistic expectations, such as those of the clinically depressed, is that they have the power to alter the future; negative expectations shape outcomes in a negative way. How do expectations change reality?

To answer this question, my colleague, cognitive neuroscientist Sara Bengtsson, devised an experiment in which she manipulated positive and negative expectations of students while their brains were scanned and tested their performance on cognitive tasks. To induce expectations of success, she primed college students with words such as smart, intelligent and clever just before asking them to perform a test. To induce expectations of failure, she primed them with words like stupid and ignorant. The students performed better after being primed with an affirmative message.

Examining the brain-imaging data, Bengtsson found that the students' brains responded differently to the mistakes they made depending on whether they were primed with the word clever or the word stupid. When the mistake followed positive words, she observed enhanced activity in the anterior medial part of the prefrontal cortex (a region that is involved in self-reflection and recollection). However, when the participants were primed with the word stupid, there was no heightened activity after a wrong answer. It appears that after being primed with the word stupid, the brain expected to do poorly and did not show signs of surprise or conflict when it made an error. A brain that doesn't expect good results lacks a signal telling it, "Take notice — wrong answer!" These brains will fail to learn from their mistakes and are less likely to improve over time. Expectations become self-fulfilling by altering our performance and actions, which ultimately affects what happens in the future. Often, however, expectations

simply transform the way we perceive the world without altering reality itself. Let me give you an example. While writing these lines, my friend calls. He is at Heathrow Airport waiting to get on a plane to Austria for a skiing holiday. His plane has been delayed for three hours already, because of snowstorms at his destination. "I guess this is both a good and bad thing," he says. Waiting at the airport is not pleasant, but he quickly concludes that snow today means better skiing conditions tomorrow. His brain works to match the unexpected misfortune of being stuck at the airport to its eager anticipation of a fun getaway.

A canceled flight is hardly tragic, but even when the incidents that befall us are the type of horrific events we never expected to encounter, we automatically seek evidence confirming that our misfortune is a blessing in disguise. No, we did not anticipate losing our job, being ill or getting a divorce, but when these incidents occur, we search for the upside. These experiences mature us, we think. They may lead to more fulfilling jobs and stable relationships in the future. Interpreting a misfortune in this way allows us to conclude that our sunny expectations were correct after all — things did work out for the best.

Silver Linings

How do we find the silver lining in storm clouds? To answer that, my colleagues — renowned neuroscientist Ray Dolan and neurologist Tamara Shiner — and I instructed volunteers in the fMRI scanner to visualize a range of medical conditions, from broken bones to Alzheimer's, and rate how bad they imagined these conditions to be. Then we asked them: If you had to endure one of the following, which would you rather have — a broken leg or a broken arm? Heartburn or asthma? Finally, they rated all the conditions again. Minutes after choosing one particular illness out of many, the volunteers suddenly found that the chosen illness was less

intimidating. A broken leg, for example, may have been thought of as "terrible" before choosing it over some other malady. However, after choosing it, the subject would find a silver lining: "With a broken leg, I will be able to lie in bed watching TV, guilt-free." In our study, we also found that people perceived adverse events more positively if they had experienced them in the past. Recording brain activity while these reappraisals took place revealed that highlighting the positive within the negative involves, once again, a tête-à-tête between the frontal cortex and subcortical regions processing emotional value. While contemplating a mishap, like a broken leg, activity in the rACC modulated signals in a region called the striatum that conveyed the good and bad of the event in question — biasing activity in a positive direction.

It seems that our brain possesses the philosopher's stone that enables us to turn lead into gold and helps us bounce back to normal levels of well-being. It is wired to place high value on the events we encounter and put faith in its own decisions. This is true not only when forced to choose between two adverse options (such as selecting between two courses of medical treatment) but also when we are selecting between desirable alternatives. Imagine you need to pick between two equally attractive job offers. Making a decision may be a tiring, difficult ordeal, but once you make up your mind, something miraculous happens. Suddenly — if you are like most people — you view the chosen offer as better than you did before and conclude that the other option was not that great after all. According to social psychologist Leon Festinger, we re-evaluate the options postchoice to reduce the tension that arises from making a difficult decision between equally desirable options.

In a brain-imaging study I conducted with Ray Dolan and Benedetto De Martino in 2009, we asked subjects to imagine going on vacation to 80 different destinations and rate how happy they thought they

would be in each place. We then asked them to select one destination from two choices that they had rated exactly the same. Would you choose Paris over Brazil? Finally, we asked them to imagine and rate all the destinations again. Seconds after picking between two destinations, people rated their selected destination higher than before and rated the discarded choice lower than before.

The brain-imaging data revealed that these changes were happening in the caudate nucleus, a cluster of nerve cells that is part of the striatum. The caudate has been shown to process rewards and signal their expectation. If we believe we are about to be given a paycheck or eat a scrumptious chocolate cake, the caudate acts as an announcer broadcasting to other parts of the brain, "Be ready for something good." After we receive the reward, the value is quickly updated. If there is a bonus in the paycheck, this higher value will be reflected in striatal activity. If the cake is disappointing, the decreased value will be tracked so that next time our expectations will be lower.

In our experiment, after a decision was made between two destinations, the caudate nucleus rapidly updated its signal. Before choosing, it might signal "thinking of something great" while imagining both Greece and Thailand. But after choosing Greece, it now broadcast "thinking of something remarkable!" for Greece and merely "thinking of something good" for Thailand. True, sometimes we regret our decisions; our choices can turn out to be disappointing. But on balance, when you make a decision — even if it is a hypothetical choice — you will value it more and expect it to bring you pleasure.

This affirmation of our decisions helps us derive heightened pleasure from choices that might actually be neutral. Without this, our lives might well be filled with second-guessing. Have we done the right thing? Should we change our mind? We would find ourselves stuck, overcome by indecision and unable to move forward.

## The Puzzle of Optimism

While the past few years have seen important advances in the neuroscience of optimism, one enduring puzzle remained. How is it that people maintain this rosy bias even when information challenging our upbeat forecasts is so readily available? Only recently have we been able to decipher this mystery, by scanning the brains of people as they process both positive and negative information about the future. The findings are striking: when people learn, their neurons faithfully encode desirable information that can enhance optimism but fail at incorporating unexpectedly undesirable information. When we hear a success story like Mark Zuckerberg's, our brains take note of the possibility that we too may become immensely rich one day. But hearing that the odds of divorce are almost 1 in 2 tends not to make us think that our own marriages may be destined to fail. Why would our brains be wired in this way? It is tempting to speculate that optimism was selected by evolution precisely because, on balance, positive expectations enhance the odds of survival. Research findings that optimists live longer and are healthier, plus the fact that most humans display optimistic biases — and emerging data that optimism is linked to specific genes — all strongly support this hypothesis. Yet optimism is also irrational and can lead to unwanted outcomes. The question then is, How can we remain hopeful — benefiting from the fruits of optimism — while at the same time guarding ourselves from its pitfalls?

I believe knowledge is key. We are not born with an innate understanding of our biases. The brain's illusions have to be identified by careful scientific observation and controlled experiments and then communicated to the rest of us. Once we are made aware of our optimistic illusions, we can act to protect ourselves. The good news is that awareness rarely shatters the illusion. The glass remains half full. It is possible, then, to strike a

balance, to believe we will stay healthy, but get medical insurance anyway; to be certain the sun will shine, but grab an umbrella on our way out — just in case.

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*Sharot is a research fellow at University College London's Wellcome Trust Centre for Neuroimaging*

**From:** G Maxwell [redacted]
**Sent:** 1/11/2015 1:25:56 PM
**To:** J Jep [jeevacation@gmail.com]
**Subject:** Fw:

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

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**From:** Philip Barden <[redacted]>
**Sent:** Sunday, 11 January 2015 05:27
**To:** <[redacted]>
**Cc:** G Maxwell
**Subject:** Re:

Saying nothing is reputational suicide. Even if [redacted] is discredited by [redacted] people will know JE paid her off and believe G was complicate absent a credible denial.

Now it is reported that G engaged in direct abuse - as I feared would happen. Next reports to the authorities will be made.

It is necessary from a litigation, investigatory and reputational reason to issue a cogent denial.

I can see why JE doesn't want this as it may not suit him but he is already toast.

Philip

Sent from my iPhone

On 10 Jan 2015, at 18:42, '[redacted]' [redacted]> wrote:

Had Geordie on the phone half a dozen times today.

He would have give us a better hearing than most I figure.

Strongly believe saying nothing is the wrong thing - especially as Dershowitz has a big piece coming in The Times on Monday.

Rest up and speak Monday
Best
Ross
Sent from my BlackBerry® wireless device

From: Philip Barden <[redacted]>
Date: Sat, 10 Jan 2015 18:27:12 +0000
To: G Maxwell<[redacted]>>
Cc: Ross Gow<[redacted]>
Subject: Re:

All

I am back on line now.

I see the statement didn't go. Monday? Maybe tomorrow?

I will speak to Jeffery Epstein's lawyer but JE has a conflict with you and will want your silence as whilst you are being attacked there is less heat on him.

Either [redacted] is lying or not. If we let her lie without challenge then the lies become the reality and that may lead to you facing investigation. These are serious allegations and In the UK prosecuting people who face allegations of sex abuse is now common place and a lot of resources are focused on this.

We can't sit back and let you be a conspirator by silence.

Your are not guilty and must follow Dershowtiz line. He is a leading lawyer and he hasn't followed the don't say anything for fear of litigation. He has rightly called [redacted] bluff and shouted his innocence.

You have to stand up and deny the allegations or be branded guilty by association and that may lead to other investigations and worse.

I feel I am going around in circles.

I know what is right to do and that is to shout your innocence.

Try and get some rest. Call me tomorrow if you want anytime.

Speak to Deshowitz.

Don't allay yourself to JE as that is not the way to go.

Best

Philip

Sent from my iPhone

On 10 Jan 2015, at 16:02, "G Maxwell"
[redacted] wrote:

I am out of my depth to understanding defamation and other legal hazards and don't want to end up in a law suit

aimed at me from anyone if I can help it. Apparently even saying [redacted] is a lier has hazard! I have never been in a suit criminal or civil and want it to stay that way.
The US lawyers for the Jane Does are filling additional discovery motions and if I speak I open my self to being part of discovery apparently. I am trying to stay out of litigation and not have to employ lawyers for years as I get lost in US legal nightmare. I stand no legal risk currently on these old charges and civil suits against Jeffrey
We need to consult with US lawyers on any statement I make and the complaints too
Perhaps we make a statement of the legal risk of saying anything for potential defamation or something that prevents a full and frank detailed rebuttal + the press not being the place for that? Regardless, Philip plse call jeffrey lawyer and see what you can understand from him and pehaps craft something in conjunction with him? Either way I think you need to speak to him to understand my risk so you can help me understand it - too may cooks in the kitchen and I can't make good decisions. Plse reach out to him today
+ I have already suffered such a terrible and painful loss over the last few days that I can't even see what life after press he'll even looks like - statements that don't address all just lead to more questions..what is my relationship to clinton ? Andrew on and on.
Let's rest till monday. I need head space

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Devonshires Solicitors, 30 Finsbury Circus, London EC2M 7DT tel [redacted] fax [redacted]

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The Devonshires Foundation is proud to support Action for Kids (reg. charity 1068841), Wide horizons (reg. charity 1105847), and Theatre Royal Stratford East (reg. charity 233801) during 2013/2014. Please consider the environment before printing this email.

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2010 6:41:25 PM
**To**: Robert D. Critton Jr. [redacted]; Jessica Cadwell [redacted]
**Subject**: Fwd: Fw: Epstein News Articles
**Attachments**: Epstein combined articles.pdf

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 10:01 AM
Subject: Fwd: Fw: Epstein News Articles
To: "Alan M. Dershowitz" <[redacted]>, Martin Weinberg <[redacted]>

---------- Forwarded message ----------
From: <[redacted]>
Date: Wed, Feb 24, 2010 at 5:53 AM
Subject: Fw: Epstein News Articles
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:53AM -----

To: [redacted]
From: Michael Reiter/PalmBeach
Date: 08/12/2008 09:33PM
Subject: Epstein News Articles

*(See attached file: Epstein combined articles.pdf)*

Joyce,

I am looking forward to meeting with you on Wednesday. Please find below (and attached as a PDF file), some background information for your reference. Thanks for agreeing to have this discussion.

Regards,
Mike

**Palm Beach Post Editorial #1**

He was over 50. And they were girls

By Elisa Cramer

HASH(0x5fa474)

Friday, August 04, 2006

If the women whom Palm Beach police say a part-time town resident invited to his home and paid for sex acts were, in fact, women, the solicitation charge against Jeffrey Epstein might feel more sufficient. But, according to police records, they weren't. He was over 50. And they were girls. 14. 15.16.17-year-old girls. That should count for something -

the difference between prostitution and pedophilia.

So, it is baffling that Mr. Epstein, who was indicted last month by a grand jury on one felony count of solicitation of prostitution, has not been charged, as Palm Beach police strenuously urged, with unlawful sex acts with a minor and lewd and lascivious molestation.

Conviction of crimes against minors would mean steeper penalties than the maximum five-year prison term Mr. Epstein faces if convicted of the single count of felony solicitation. It also would help carry a message of intolerance to perverts who prey on girls.

Prosecutors did not pursue charges against Mr. Epstein reflecting the age of the victims because they assumed a jury would view the girls not as victims but as promiscuous, untrustworthy, willing participants. The presumption is offensive.

Mr. Epstein, a 53-year-old Manhattan money manager who has hired Harvard law professor Alan Dershowitz and defense attorney Jack Goldberger, has denied knowing how old the girls were. But police interviews with five alleged victims and 17 witnesses under oath, as well as phone messages, a high school transcript and other items that police found from searching Mr. Epstein's trash and 7,234-square-foot waterfront home, provide evidence that he knew the girls were teenagers.

One girl couldn't show up when Mr. Epstein wanted because she had soccer. Another time, Mr. Epstein had to wait for his "massage" session because the girl he wanted was still in class.

Why didn't State Attorney Barry Krischer let a jury decide whether to believe the teenagers - including a 16-year-old who went to Mr. Epstein's house to "work" in December 2004 after being asked whether she needed to make money for Christmas gifts?

Prosecutors gave greater weight to the details Mr. Dershowitz provided about the girls in an apparent effort to assail their character. Mr. Dershowitz pointed out to prosecutors that some of the teenagers had talked on myspace.com about marijuana and alcohol use.

The 20-year-old Royal Palm Beach woman who told police she recruited girls for Mr. Epstein has a Web page on myspace.com that features one girl using the name "Pimpin' Made EZ."

Although no charges of witness tampering have been filed, the parents of at least one of the teenage victims complained to police of being followed and intimidated by two men. Police determined that their vehicles were registered to two private investigators. Mr. Goldberger denied knowing anything about it.

Police also note in their reports that the state attorney's office offered Mr. Epstein a plea deal that would have placed him on probation for five years, allowing him ultimately to walk away with no criminal record at all.

I asked Mr. Krischer's spokesman, Mike Edmondson, why the case was referred to a grand jury instead of Mr. Epstein being charged and facing a trial before a jury. And shouldn't the victims' credibility be a factor to determine whether a crime's been committed, not whether a jury will convict? (After all, as Mr. Goldberger told The Palm Beach Post of Mr. Epstein, "He's never denied girls came to the house.")

Especially, I asked Mr. Edmondson to explain: Why shouldn't the public look at this case and think there are two kinds of justice - one for the wealthy and one for the rest of us?
Mr. Edmondson said he could not comment on the case because it is active, but on the latter point, he offered, for the sake of "philosophical debate": "Whether wealth buys a different standard of justice across the country ... the answer to that would, of course, be yes."
But in this case, he said, "regardless of the battery of attorneys, the outcome would be the same. Every issue that was debated in public was debated in our office before this case went to the grand jury."
In this case, it is not the victims' credibility but the state attorney's that deserves questioning.

**Palm Beach Post Editorial #2**

Massaging the system
Palm Beach Post Editorial
Thursday, August 10, 2006

Palm Beach police say their 11-month investigation shows that 53-year-old part-time town resident Jeffrey Epstein committed unlawful sex acts with and lewd and lascivious molestation on five underage girls. Defense attorney Jack Goldberger claims that his client, Jeffrey Epstein, had no idea that the untrained girls he hired for massages were minors.
The Palm Beach Count State Attorney's Office could have let a jury decide whom to believe. Instead, State Attorney Barry Krischer left the public to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes.
Mr. Krischer took the unusual step of referring the case to a grand jury, which last month indicted Jeffrey Epstein on one felony count of solicitation of prostitution. That decision came after Harvard law Professor Alan Dershowitz met with prosecutors to undermine the credibility of the 14- to 17-yearold girls who charged that Mr. Epstein had paid them $200 to $300 to undress and massage him in his five-bedroom, 7 1/2 -bath home on the Intracoastal Waterway.
The girls, Mr. Dershowitz told prosecutors, had written on myspace.com about smoking marijuana and drinking alcohol. But if the girls have a credibility problem, what about Jeffrey Epstein? Mr. Goldberger, told The Post: "Mr. Epstein absolutely insisted anybody who came to his house be over the age of 18. How he verified that, I don't know." And prosecutors took him at his word?
Police collected evidence that refutes Jeffrey Epstein's defense. Police searched his home and garbage and found phone messages about the girls' school schedules and even a high school transcript, suggesting that Mr. Epstein at least knew that the girls were teenagers.
The state attorney's office has responded to criticism from Palm Beach police and others by noting the higher standard prosecutors face for conviction than law-enforcement officers do for arrest. But in this case, the state attorney bowed to the risk that a jury might look at both Jeffrey Epstein and the girls, and point fingers at both sides.
Even if the girls could be impugned as prostitutes, solicitation of a minor is a crime.

Former disc jockey and teacher Bruno Moore was charged with that Tuesday. Investigators say the 34-year-old used the Internet - myspace.com - to recruit a 13-year old.

Police say Jeffrey Epstein used a 20-year-old woman who had a myspace.com account to recruit young girls. His actions were sleazy. It would have been good to ask a jury just how criminal they were.

**Palm Beach Post Editorial #3**

Spare us the outrage

Wednesday, February 13, 2008

An 11-month police investigation led to an indictment on one felony charge of solicitation of prostitution. That was in July 2006, and part-time Palm Beacher Jeffrey Epstein still has faced no repercussions for allegedly preying on underage girls.

So maybe Mr. Epstein is satisfied that he's getting his money's worth from his large legal team, which includes Harvard Law School Professor Alan Dershowitz (remember O.J. Simpson?) and Kenneth Starr (remember Monica Lewinsky?). Jack Goldberger of West Palm Beach, who's also on the team, told Post columnist Jose Lambiet in November: "This case is absolutely going to end without a trial within the next two months."

He was wrong, but Mr. Goldberger remains on Mr. Epstein's payroll, feigning moral outrage at two lawsuits filed this year against the Manhattan money manager. The lawsuits allege sexual exploitation of teenaged girls, one of them as young as 14. Said Mr. Goldberger after the first lawsuit, seeking more than $50 million, was filed on Jan. 24: "We think this shows what this case is all about: money." Yes, it is - Mr. Epstein's effort to buy his way out of prosecution.

According to the lawyer of a 17-year-old whose parents are suing him, Mr. Epstein masturbated in front of her (she was 14 at the time) and used a vibrator on her at his home in February 2005. Another Epstein attorney, Lilly Ann Sanchez dismissed it: "Jeffrey Epstein did not have sex with this woman."

For those girls who claim that he did, Mr. Epstein's lawyers maintain that he did not know their ages, despite a police search of his home and garbage that found phone messages about the girls' school schedules and even a high school transcript. For all of his money, Mr. Epstein's best defense remains "I didn't know that I was a criminal pervert"?

**Palm Beach Post Editorial #4**

Rich man fought the law and he mostly won

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-yearold investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public

Post your that there's a different system of justice for the wealthy who hire highcomments powered lawyers. Epstein's legal team included West Palm Beach defense on this attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

**New York Post – 07/27/2008**

New York Post - New York, N.Y.

Date: Jul 27, 2006

Start Page: 014

Section: Page Six

Text Word Count: 395

IT looks like New York billionaire financier Jeffrey Epstein got off easy when he was hit with a charge of soliciting a prostitute for a "happy ending" in Palm Beach.

Because if Palm Beach police had their way, Epstein, 53 - who surrendered last Sunday and is out on $3,000 bail - might have been whacked with far more serious charges of paying underage girls for sex.

But a state grand jury found the witnesses in the case were not credible and threw out all but the single charge of soliciting a hooker in his luxurious Palm Beach home. Epstein's lawyers and friends now say he's the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they describe as a "born-again nut case."

According to the police investigation, a copy of which was obtained by the Palm Beach Post, detectives took statements from 17 witnesses and five alleged victims. Haley Robson, 20, a Palm Beach Community College student who described herself as "like a Heidi Fleiss," says she got naked to give Epstein a massage, then brought him six girls ages 14-16 for massages and sex at his home. She said they were paid $200 per session.

Cops also allege that Epstein's personal assistant, Sarah Kellen, who hasn't been charged, set up the liaisons and put fresh sheets on the massage table and supplied massage oils. Police searched through Epstein's garbage and retrieved sex toys and feminine hygiene products.

Epstein's Palm Beach lawyer, Jack Goldberger, told Page Six that the Florida state attorney concluded the cops had looked at evidence from a "one-sided perspective." He added that Epstein had passed an extensive lie-detector test in which he was grilled about underage girls.

Epstein's New York lawyer, Gerald Lefcourt, said, "The prosecutor didn't want to bring any charges in this case, but because of the craziness of this police chief, we have the charge of solicitation."

Last night, WPTV in Palm Beach reported that one reason Robson's testimony may have been dismissed is the kinky Web page she has on MySpace featuring photos of her female friends playing with sex toys. One friend even uses the name "Pimpin' Made EZ." Robson, who isn't charged, also writes, "Do what you do to make that money, life is a gamble. Stay hustling."

A spokeswoman for Reiter said, "We think our investigation speaks for itself."

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**NewYork Post – 09/20/2007**

JAIL LOOMS FOR SEX-CASE MOGUL

September 20, 2007 -- THE sordid sex case involving Jeffrey Epstein may be coming to an unhappy ending -with a plea deal that would put the publicity-shy billionaire behind bars for 15 months for allegedly soliciting underage teen girls for sex at his Palm Beach mansion.

Sources tell Page Six that Epstein's high-powered lawyers - including Alan Dershowitz, Gerald Lefcourt, Roy Black and Kenneth Starr - have been negotiating a deal with federal prosecutors who are probing, among other

things, whether the gray-haired money manager paid West Palm Beach girls for sex or transported them across state lines. Epstein is currently charged by the State of Florida with soliciting young prostitutes for sex - but federal charges would be far more serious.

The Palm Beach Post reported yesterday that Epstein is very close to a deal with the feds that would send him to jail for 1½ to 2 years. Sources tell us that while a deal has not yet solidified, what's under discussion is a guilty plea to at least one charge in exchange for a sentence of 15 months in a Florida state prison, followed by 15 months of home confinement. That would be a fraction of the time he would have to serve if he were to be convicted by a jury.

Epstein's spokesman, Howard Rubenstein, said his client would have no comment. Dershowitz also declined to comment late yesterday.

Palm Beach police records show that on March 15, 2005, a 14-year-old girl alleged she had visited Epstein's estate, where she partially stripped and gave him a massage during which he "pulled out a purple vibrator" and used it on her in exchange for $300. A further probe uncovered five young women who said Epstein had masturbated and touched their genitals during massages, the records state. A woman named Haley Robson - who described herself as "like a Heidi Fleiss" - later admitted bringing six girls between the ages of 14 and 16 to Epstein's house, according to cops.

Despite the allegations, Epstein was only nailed on a single charge of soliciting a hooker - but it sparked a federal probe. Epstein's lawyers and friends have insisted he was the hapless victim of a vendetta by Palm Beach Police Chief Michael Reiter, whom they described as a "born-again nutcase."

**Palm Beach Post - 08/14/ 2006**

Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post - Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained.

To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, (NAME REMOVED), last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of

sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases." In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws. Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years. "The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity." Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations. Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault. Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter

Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it. He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

**New York Times – 09/03/2006**

Questions of Preferential Treatment Are Raised in Sex Case Against Money Manager - September 3, 2006

By ABBY GOODNOUGH

PALM BEACH, Fla. — In the summer and autumn of last year, when most of the mansions here stood empty behind their towering hedges, the police stealthily watched one at the end of a waterside lane. They monitored the comings and goings of its owner's private jet, subpoenaed his phone records and riffled through his trash.

The owner was Jeffrey Epstein, 53, an intensely private New York money manager with several billionaire clients. Months earlier, the stepmother of a 14-year-old girl told the Palm Beach police that a wealthy older man, whom the girl later identified as Mr. Epstein, might have had inappropriate sexual contact with her.

In sworn statements to the police, the 14-year-old and other teenage girls said a friend had arranged for them to visit Mr. Epstein's home and give him massages, usually in their underwear, in exchange for cash.

Most of the girls, according to the police, said Mr. Epstein had masturbated during the massages, and a few said he had penetrated them with his fingers or penis. They identified him in photos and accurately described the inside of his home. Some recalled that his employees had fed them snacks or rented them cars.

Mr. Epstein pleaded not guilty in August to the crime he was ultimately charged with, soliciting prostitution. But at a time when prosecutors around the nation have become increasingly severe in dealing with people accused of sex offenses, the case has raised questions about whether Mr. Epstein's prominence won him preferential treatment.

By the account of the police, they found probable cause to charge Mr. Epstein with much more serious offenses: one count of lewd and lascivious molestation and four counts of unlawful sexual activity with a minor.

But instead of proceeding with such charges on his own, the Palm Beach County state attorney took the rare step of presenting a broad range of possible charges to a grand jury, which indicted Mr. Epstein in July on the lesser count. In Florida, prosecutors usually refer only capital cases to grand juries.

Even before the indictment, the Palm Beach police chief, Michael Reiter, had accused prosecutors of giving Mr. Epstein special treatment and asked the state attorney, Barry E. Krischer, to remove himself from the case.

In an editorial, The Palm Beach Post attacked Mr. Krischer, a Democrat whose post is elective, saying the public had been left "to wonder whether the system tilted in favor of a wealthy, well-connected alleged perpetrator and against very young girls who are alleged victims of sex crimes."

The case has taken a toll on the reputation of Mr. Epstein, who owns a palatial home in Manhattan, has pledged $30 million to Harvard and once flew former President Bill Clinton on his 727. Politicians including Eliot Spitzer, a Democratic candidate for governor in New York, and Gov. Bill Richardson of New Mexico, also a Democrat, have returned campaign contributions from him.

But Mr. Epstein fought back, assembling a team of star lawyers, including Gerald B.

Lefcourt and Alan M. Dershowitz, a friend of his, to look into the backgrounds of his young accusers.

Mr. Lefcourt says that the police acted "outrageously" and that his client has been wrongfully dragged through the mud.

"He disputes that he ever had sex with any under-age person or anything like that," said Mr. Lefcourt, whose clients have included Russell Crowe, Martha Stewart and Abbie Hoffman.

Neither the police nor the state attorney's office would discuss the case in detail. But the police released a thick report on the 13-month investigation after the indictment was unsealed in late July.

The police started investigating Mr. Epstein in March 2005, almost immediately after they were contacted by the stepmother of the 14-year-old, who, according to the report, was in a special school for students with disciplinary problems.

The girl, the report said, told the police that an older friend had "offered her an opportunity to make money" and had driven her to Mr. Epstein's house one Sunday. The friend, identified by the police as Haley Robson, a local community college student, told the girl to say she was 18 if Mr. Epstein asked, the report said.

The girl told the police that Mr. Epstein's assistant had led her upstairs to a room with a massage table and that Mr. Epstein had come in and told her to remove her clothes. She said Mr. Epstein had masturbated as she massaged him, had pressed a vibrator against her underwear and had given her $300 afterward.

In October, the police interviewed Ms. Robson, then 19, who told them Mr. Epstein had routinely paid her to bring teenage girls to his home. The police then interviewed a total of 5 alleged victims and 17 witnesses, many of whom told similar stories about what they had observed or participated in at Mr. Epstein's home. According to the report, at least one said Mr. Epstein had engaged in intercourse with her.

Mr. Lefcourt, his lawyer, said one girl who told the police of having had sex with Mr. Epstein as a minor had lied about both the sex and her age and had not shown up for grand jury questioning. He also said Mr. Epstein had passed a lie-detector test clearing him of any sexual involvement with under-age girls.

A spokeswoman for the Palm Beach police said that early this year, the police went to Mr. Krischer, the state attorney, intending to apply for warrants to arrest Mr. Epstein. Instead, she said, they were told that Mr. Krischer would convene a grand jury to examine the evidence and decide what charges, if any, to bring.

Around that time, the police report said, Mr. Dershowitz met with prosecutors to share information about the accusers, including statements they had posted on MySpace.com, the social networking site, concerning use of drugs and alcohol. According to the report, Mr. Krischer's office then decided to delay the grand jury session for several months.

The Palm Beach police grew frustrated, the report said, and on May 1 the department asked prosecutors to approve warrants to arrest Mr. Epstein.

Chief Reiter also wrote Mr. Krischer questioning "the unusual course that your office's handling of this matter has taken" and suggesting that Mr. Krischer disqualify himself.

Chief Reiter refused several requests to be interviewed, and his spokeswoman would not

say explicitly why he had urged the prosecutor to step aside.

Mike Edmondson, a spokesman for Mr. Krischer, said the state attorney's office sometimes sent noncapital cases to grand juries when there were questions about witness credibility. Mr. Krischer does not recommend a particular charge in such cases, Mr. Edmondson said, but gives the grand jury a list of possible charges.

Bruce J. Winick, a law professor at the University of Miami, said that while prosecutors in Florida rarely referred noncapital cases to grand juries, they sometimes did so with sensitive cases to be extra-cautious.

Mr. Lefcourt said the police were wrong to have released the report so soon, especially without correcting information that later proved wrong. He cited his assertion that one accuser had lied about her age, adding that she had also been arrested on drug charges and had been fired by her employer for stealing.

"What I'm trying to focus on," Mr. Lefcourt said, "is, What's motivating the selective and misleading release of information to the public?"

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**New York Times – 06/30/08**

Financier Starts Sentence in Prostitution Case -NYTimes.com Page 1 of 4 ge 1 of 4

July 1, 2008

Financier Starts Sentence in Prostitution Case

By LANDON THOMAS Jr.

The bad news arrived by phone last week on Little St. James Island, the palm-fringed Xanadu in the Caribbean where Jeffrey E. Epstein, adviser to billionaires, lives in secluded splendor.

Report to the Palm Beach County jail, the caller, Mr. Epstein's lawyer, said.

So over the weekend Mr. Epstein quit his pleasure dome, with its staff of 70 and its flamingo-stocked lagoon, and flew to Florida. On Monday morning, he turned himself in and began serving 18 months for soliciting prostitution.

"I respect the legal process," Mr. Epstein, 55, said by phone as he prepared to leave his

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including all attachments.

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including all attachments.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/26/2010 6:37:49 PM
**To:** Robert D. Critton Jr. [redacted]; Jessica Cadwell [redacted]
**Subject:** Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: **Jeffrey Epstein** <jeevacation@gmail.com>
Date: Fri, Feb 26, 2010 at 9:59 AM
Subject: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: "Alan M. Dershowitz" <[redacted]>, Martin Weinberg <[redacted]>

---------- Forwarded message ----------
From: <[redacted]>
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To [redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

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## Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

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"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

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"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

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destroy this communication and all copies thereof,
including all attachments.

**From:** Matthew Hiltzik [redacted]
**Sent:** 12/15/2018 6:40:52 PM
**To:** Michael Wolff [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]; Kathy Ruemmler [redacted] Darren Indyke [redacted]
**Subject:** Re:

Also think there should be a line in there somewhere which clearly confirms that JE understands and recognizes that he did something wrong

Sent from my iPhone

On Dec 15, 2018, at 12:03 PM, Michael Wolff <[redacted]> wrote:

Seems very good. Is there reason or opportunity here to evoke JE's Clinton connection? He had been publicly connected to the former President and became a proxy for the considerable anger at high levels of the Federal government that still surrounded Clinton. Likewise now, one reason to revive the story is that it is a way to tar a Trump administration official, who, in the normal course of his duties, happened to deal with the case.

On Sat, Dec 15, 2018 at 11:28 AM J <jeevacation@gmail.com> wrote:
thoughts.

---------- Forwarded message ---------
From: **Ken Starr** <[redacted]>
Date: Sat, Dec 15, 2018 at 11:24 AM
Subject: Re:
To: J <jeevacation@gmail.com>
Cc: Alan Dershowitz <[redacted]>

Here goes:

"Sweetheart deal! " So goes the critique of the resolution of a long-ago case involving our former client -- and now-friend -- Jeffrey Epstein. The critique is profoundly misplaced, supported neither by the law or the facts, nor by the structure of our constitutional republic. To the contrary, Jeffrey was subjected to an unprecedented federal intrusion into a quintessentially local criminal matter in south Florida. His offense to the social order -- involving sex for hire -- was entirely a matter entrusted to laws of the several States, not the federal government. His conduct -- a classic state offense --was being treated exactly that way by able, honest prosecutors in Palm Beach County, but the overweening federal government intruded where it did not belong. And now, over ten years after the fact, the current assault on federal decision-makers at the time, including now-Secretary of Labor Alex Acosta (then the United States Attorney in south Florida), condemns the federal authorities for not going far enough.

The critics are entirely wrong. Neither the facts nor the law support the misguided criticisms being leveled by journalists and politicians at federal officials from over a decade ago -- including the highest levels of the Justice Department in Washington, D.C. .

Here are the key facts: Jeffrey Epstein, a successful self-made businessman with no prior criminal history whatever, engaged in illegal conduct that amounts to solicitation of prostitution. That was wrong, and it was reasonably viewed as a violation of Florida state law. Although no coercion, violence, alcohol, drugs and the like were involved, the unsavory facts were carefully assessed by experienced state prosecutors who

aggressively enforce state criminal laws. No one turned a blind eye to potential offenses to the public order. To the contrary, the Palm Beach State Attorney's Office conducted an extensive 15-month investigation, led by the chief of the Sex Crimes Division. Mr. Epstein was then indicted by a state grand jury on a single felony count of solicitation of prostitution.

During that intense investigation, the state prosecutors extensively gathered and analyzed the evidence, met face-to-face with many of the asserted victims, considered their credibility -- or lack thereof -- and considered the extent of exculpatory evidence. Then, after months of elaborate negotiations, the state prosecutors believed they had reached a reasoned resolution of the matter that vindicated the public interest -- a resolution entirely consistent with that of cases involving other similarly-situated defendants.

Then, in came the feds. The United States Attorney's Office tried, to no avail, to fit Mr. Epstein's situation into its vision of what it viewed as a commercial trafficking ring targeting minors. This was anything but. At long last, the federal authorities acknowledged that stark reality and grudgingly agreed to defer prosecution to the state. But there was a huge catch. In the face of our arguments sharply condemning their overreach, the federal prosecutors insisted on many unorthodox requirements that tugged at fundamental values of due process. For example, the agreement required Mr. Epstein to pay an undisclosed list of asserted victims $150,000 each. Even more, the feds insisted that Jeffrey pay for an attorney to represent such unidentified victims if any chose to filed civil litigation against him. When asked what possible legal authority supported this extravagant exercise of national power, the feds lamely cited a wildly inapposite case from Alaska involving cocaine and forced on-the-street prostitution. Apples and oranges.

Under the federally-forced deal, Jeffrey was sentenced to jail. That would not have been the case under the agreed-upon state disposition of this non-violent, consensual commercial arrangement. Jeffrey complied, served that sentence, and in the process was treated exactly the same as other state-incarcerated individuals. His conduct was exemplary, and so characterized by the state custodial authorities. He continued his work, including his many philanthropic efforts.

Our friend Jeffrey Epstein has paid his debt to society. He has also paid out millions of dollars to the asserted victims and their highly-creative lawyers. For over ten years, he has lived an exemplary life, including carrying on his wide-ranging philanthropies. Those of us who represented him in the Florida proceedings -- for customary professional fees -- now count him as a trusted friend.

Our nation faces vitally important challenges, many involving the treatment of women and basic human dignity. Voices are rightly being raised speaking truth to power, especially about women in the workplace. But Jeffrey, an exemplary employer, has long since been called to account by the criminal justice system for his misdeeds of yesteryear. In the spirit of the bedrock American belief in second chances, that unhappy chapter in Jeffrey's otherwise-magnificent life should be allowed to close once and for all.

On Thu, Dec 13, 2018 at 4:24 PM J <jeevacation@gmail.com> wrote:

> ken ,would take a stab at the article for the law journal. ? thx
>
> --
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**From:** Michael Wolff [redacted]h]
**Sent:** 12/15/2018 5:03:19 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Kathy Ruemmler [redacted]; Darren Indyke [redacted]; [redacted]
**Subject:** Re:

Seems very good. Is there reason or opportunity here to evoke JE's Clinton connection? He had been publicly connected to the former President and became a proxy for the considerable anger at high levels of the Federal government that still surrounded Clinton. Likewise now, one reason to revive the story is that it is a way to tar a Trump administration official, who, in the normal course of his duties, happened to deal with the case.

On Sat, Dec 15, 2018 at 11:28 AM J <jeevacation@gmail.com> wrote:
thoughts.

---------- Forwarded message ---------
From: **Ken Starr** <[redacted]>
Date: Sat, Dec 15, 2018 at 11:24 AM
Subject: Re:
To: J <jeevacation@gmail.com>
Cc: Alan Dershowitz <[redacted]>

Here goes:

"Sweetheart deal! " So goes the critique of the resolution of a long-ago case involving our former client -- and now-friend -- Jeffrey Epstein. The critique is profoundly misplaced, supported neither by the law or the facts, nor by the structure of our constitutional republic. To the contrary, Jeffrey was subjected to an unprecedented federal intrusion into a quintessentially local criminal matter in south Florida. His offense to the social order -- involving sex for hire -- was entirely a matter entrusted to laws of the several States, not the federal government. His conduct -- a classic state offense --was being treated exactly that way by able, honest prosecutors in Palm Beach County, but the overweening federal government intruded where it did not belong. And now, over ten years after the fact, the current assault on federal decision-makers at the time, including now-Secretary of Labor Alex Acosta (then the United States Attorney in south Florida), condemns the federal authorities for not going far enough.

The critics are entirely wrong. Neither the facts nor the law support the misguided criticisms being leveled by journalists and politicians at federal officials from over a decade ago -- including the highest levels of the Justice Department in Washington, D.C. .

Here are the key facts: Jeffrey Epstein, a successful self-made businessman with no prior criminal history whatever, engaged in illegal conduct that amounts to solicitation of prostitution. That was wrong, and it was reasonably viewed as a violation of Florida state law. Although no coercion, violence, alcohol, drugs and the like were involved, the unsavory facts were carefully assessed by experienced state prosecutors who aggressively enforce state criminal laws. No one turned a blind eye to potential offenses to the public order. To the contrary, the Palm Beach State Attorney's Office conducted an extensive 15-month investigation, led by the chief of the Sex Crimes Division. Mr. Epstein was then indicted by a state grand jury on a single felony count of solicitation of prostitution.

During that intense investigation, the state prosecutors extensively gathered and analyzed the evidence, met face-to-face with many of the asserted victims, considered their credibility -- or lack thereof -- and considered

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**From:** Weingarten, Reid [redacted]
**Sent:** 4/9/2018 9:11:24 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Trump's handpicked sdnyusa just authorized a search warrant of trump's private lawyer's office looking for trump communications....had to justify it with crime-fraud exception....trump has to be shitting water

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, April 09, 2018 4:34 PM
**To:** Weingarten, Reid
**Subject:** Re:

yds 8

On Mon, Apr 9, 2018 at 4:14 PM, Weingarten, Reid <[redacted]> wrote:
We on for tomorrow?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, April 9, 2018 8:36 AM
**To:** Weingarten, Reid
**Subject:** Re:

Yes, time?

On Mon, Apr 9, 2018 at 2:34 PM Weingarten, Reid <[redacted]> wrote:

Bfast?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, April 9, 2018 8:10 AM
**To:** Weingarten, Reid
**Subject:** Re:

Tomorrow?

On Mon, Apr 9, 2018 at 1:44 PM Weingarten, Reid <[redacted]> wrote:

Today and tomorrow

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Monday, April 9, 2018 2:39 AM
**To:** Weingarten, Reid
**Subject:**

are you in this week?

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**From:** [redacted]]
**Sent:** 2/10/2011 9:45:51 PM
**To:** jeevacation@gmail.com
**Subject:** macreonomics issue

**Importance:** High

do you think something like this is worthwhile and should i engage?

# For Federal Programs, a Taste of Market Discipline

By DAVID LEONHARDT

Published: February 8, 2011

Wouldn't it be nice if taxpayers could somehow get a refund for government programs that didn't work? Instead, the opposite tends to happen. Programs that fail to make a difference — like many of those that train workers for new jobs — endure indefinitely. Often, policy makers don't even know which work and which don't, because rigorous evaluation is rare in government. And competition, which punishes laggards in the private sector, is typically absent in the public sector.

But there is some good news on this front. Lately, both American and British policy makers have been thinking about how to bring some of the competitive discipline of the market to government programs, and they have hit on an intriguing idea.

David Cameron's Conservative government in Britain is already testing it, at a prison 75 miles north of London. The Bloomberg administration in New York is also considering the idea, as is the State of Massachusetts. Perhaps most notably, President Obama next week will propose setting aside $100 million for seven such pilot programs, according to an administration official.

The idea goes by one of two names: pay for success bonds or social impact bonds. Either way, nonprofit groups like foundations pay the initial money for a new program and also oversee it, with government approval. The government will reimburse them several years later, possibly with a bonus — but only if agreed-upon benchmarks show that the program is working.

If it falls short, taxpayers owe nothing.

The first British test is happening at Her Majesty's Prison Peterborough, where 60 percent of the prisoners are convicted of another crime within one year of release. Depressingly enough, that recidivism rate is typical for a British prison.

To reduce the rate, a nonprofit group named Social Finance is playing a role akin to venture capitalist. It has raised about $8 million from investors, including the Rockefeller Foundation. Social Finance also oversees three social service groups helping former prisoners find work, stay healthy and the like. If any of those groups starts to miss its performance goals, it can be replaced.

For the investors to get their money back starting in 2014 — with interest — the recidivism rate must fall at least 7.5 percent, relative to a control group. If the rate falls 10 percent, the investors will receive the sort of return that the stock market historically delivers. "It's been only a few months," says Tracy Palandjian, who recently opened a new Social Finance office in Boston, "but the numbers are coming in O.K."

Antony Bugg-Levine of the Rockefeller Foundation told me it had invested in the project for two main reasons. One, it expected to get its money back and then be able to reuse it. Two, if social impact bonds work, they have the potential to attract for-profit investors — and vastly expand the pool of capital that's available for social programs.

Clearly, social impact bonds have limitations. For starters, it's hard to see how private money could ever pay for multibillion-dollar programs like Medicaid or education.

Just as important, the execution of any bond program will be complicated. It will depend on coming up with the right performance measures, which is no small matter. Done wrong, the measures will end up rewarding programs lucky (or clever) enough to enroll participants who are more likely to succeed no matter what.

But whatever the caveats about the bonds, the potential for improving the government's performance is obviously huge. That's true in education, health care, criminal justice and many other areas.

A recent review found that 10 major social programs had been rigorously evaluated over the past two decades, using the scientific gold standard of random assignment. Only one of the 10 — Early Head Start, for infants, toddlers pregnant women — was a clear success. Yet all 10 still exist, and largely in their original form.

Jon Baron, the president of the Coalition for Evidence-Based Policy in Washington, points out that the social problems addressed by antipoverty programs have not gotten much better in years. School test scores have barely changed. College graduation rates for low-income students have stagnated. The poverty rate is as high as it was in 1981. Median household income is lower than it was in 1998.

"If we just keep funding social programs the way we have been," Mr. Baron says, "there's not a lot of reason to think we'll have much success."

The Obama administration's seven pilot programs would create bonds for, among other areas, job training, education, juvenile justice and care of children's disabilities. Nonprofit groups like Social Finance could apply. So could for-profit companies, said the White House official, who asked not to be named because the president had not yet released next year's budget. The $100 million for the bonds would come out of the budgets of other programs, to stay consistent with Mr. Obama's announced freeze on non-security spending.

Officials in Massachusetts and New York are looking at similar ideas but have not yet decided whether they will issue bonds.

Beyond the impact of any single program, the bonds have the potential to nudge all government agencies to pay more attention to results. Mr. Obama, after all, campaigned as a reformer who wanted to create a sleek, efficient "iPod government." He has had some success, like the expansion of a program — backed by years of solid evidence — in which nurses go to the homes of new at-risk parents to counsel them.

Over all, though, the administration has not done enough to improve government efficiency. Put it this way: If someone asked you how Mr. Obama had made government work better, would you have an answer?

Making government work better will be all the more important in the years ahead. The free market is not going to solve many of our biggest problems, be it stagnant pay or spotty medical care. And government — in Washington and locally — is going to be financially squeezed for a long time.

There never was a good excuse for wasting billions of taxpayer dollars on programs that didn't work. But now, especially, there's no excuse.

**From:** Richard Kahn [redacted]
**Sent:** 8/1/2018 1:34:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Congressional candidate compares Melania Trump to prostitute

**Importance:** High

https://nypost.com/2018/07/31/congressional-candidate-compares-melania-trump-to-prostitute/?utm_source=maropost&utm_medium=email&utm_campaign=nypdaily&utm_content=20180801&mpweb=755-7157445-719004712

# Congressional candidate compares Melania Trump to prostitute

By Chris Perez

A congressional candidate from Oregon has caused an uproar on social media after comparing first lady Melania Trump to a prostitute.

"Did you know the First Lady works by the hour?" tweeted independent House candidate Mark Roberts on Monday, using the hashtags "#thinkdirty" and "#hoebag."

Twitter users were quick to blast the politician for his crude comment, with some calling on him to pull out of the 2nd Congressional District race for Republican incumbent Greg Walden's seat.

"Very unprofessional on your part," tweeted one person. "Grow up and stick to the issues, so the voters in your district can decide on your stand regarding the issues."

Another added, "Wow no class Mark. You're definitely using liberal tactics and it makes me wonder if you really are a conservative at all."

Roberts sparked the social media storm on Monday afternoon after replying to a tweet from Charlie Kirk, president of the right-wing youth organization Turning Point USA. Kirk had compared Melania's staff numbers to those of former first lady Michelle Obama.

"Did you know: There are thirty-nine fewer staffers dedicated to The First Lady of the United States (FLOTUS) than under Obama," Kirk tweeted, referencing data reported in January.

"There are only five staffers dedicated to Melania Trump vs. forty-four staffers who served Michelle Obama," he said.

Political experts told The Oregonian on Tuesday that Roberts' reply completely railroaded his chances of unseating Walden in a race that was already said to be a longshot.

"If he wins, I'll sell my house and donate to charity," joked Jim Moore, political science professor at Pacific University.

Roberts is apparently known for making crude and outlandish remarks on Twitter, most of which have been aimed at politicians.

"#NikkiHaley very hot," he once tweeted, in reference to a TV appearance she made last year.

"Important stuff," Roberts added.

Describing Illinois Democratic Sen. Kamala Harris, the independent candidate tweeted: "Hot, tough & smart!"

Commenting on a video featuring President Trump, he said: "It looks like he's morphing into a woman, get that man a haircut and non fat chocolate cake!"

In response to the social media backlash he's been receiving, Roberts refused to apologize and instead cited the Constitution.

"It's that whole 1st amendment thing," he tweeted on Tuesday, along with an official explanation from Twitter as to why his tweet about Melania hasn't been taken down.

"We have investigated the reported content and could not identify any violations," a spokesperson said. "Accordingly, we have not taken any action at this time."

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

**From:** Noam Chomsky [redacted]]
**Sent:** 12/26/2016 6:56:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Valeria Chomsky [redacted]
**Subject:** Re:

**Importance:** High

I read what his ghost-writer said about him. Pretty scary.

Reminds me of something I was told by Jon Snow, one of England's most sensible newsmen. He was with the press entourage accompanying Tony Blair on his visit to Saudi Arabia, and walking around one of the palaces one day, he saw Blair sitting in a room with a book in his lap, which greatly surprised him -- until he came over to talk. It was the New Testament.

And then Blair started telling about how delighted he and Cheri were with the gold door handles,....

I notice that your prediction was right about Trump's avoiding the White House as far too primitive. Must be driving the Secret Service up the wall.

I'll keep in mind what you say about Trump's tweets, but they are hard to ignore. Whatever he may think, others here and abroad can't help considering the meaning of the words, and take action accordingly.

About meaning, It's not clear to me how to distinguish the meaning of "New York" (however it is correctly specified) from the concept. Still don't see how to work out field models.

Noam

On Mon, Dec 26, 2016 at 12:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:
one of donalds closet people said that remember , he has written three books. . which makes him one of the few people in the world that has written more books than he has read

On Mon, Dec 26, 2016 at 9:59 AM, Noam Chomsky <[redacted] wrote:

For word meanings, the closest I can think of to something like this is an array of meaning postulates, in Carnap's sense, something that Jerry Fodor for one has toyed with. Multidimensional, but not a field. I don't see how to work it out, or to extend it to the interpretations of longer units.

On Mon, Dec 26, 2016 at 5:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:
happy chanukah. . - has anyone in the past made a linguistic model that used fields instead of definitions. similar to a magnet field. to some degree. there is no one vector that describes the word but a field of them. home surrounded by a field of definitions. not based on 3 d space but based on context . one could integrate over the field. see smoothness. strength , change. . not sure it is useful. but having fun

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**Date:** Thursday, January 9 2014 01:39 PM
**Subject:** RE: Re:
**From:** Jes Staley [redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

---

Everyone is talking about Gates comments on Obama. Surprised by what Gates did. I talked with Daley yesterday, and he thought that Gates making his comments while Obama is still in the White House, completely irresponsible.

Lots of talk on Israel and Iran. Gives a higher chance that Israel goes it alone than I have heard elsewhere.

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Thursday, January 09, 2014 8:37 AM
**To:** Jes Staley
**Subject:** Re:

nope. how was tenet

On Thu, Jan 9, 2014 at 8:35 AM, Jes Staley [redacted] wrote:
I got completely swamped, and then had a dinner with George Tenet and my military guy from Brookings. My fault. Is larry coming by again today?

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Thursday, January 09, 2014 7:02 AM
**To:** Jes Staley
**Subject:**

eveything ok, we waited
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**Date:** Friday, September 26 2014 10:57 PM
**Subject:** Re:
**From:** Jes Staley <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

I saw that.

Sent from my iPhone
On Sep 26, 2014, at 6:51 PM, "jeffrey E." <jeevacation@gmail.com> wrote:

Administration officials were firm that President Obama was only beginning to think about a new attorney general, but many in Washington are already focusing on **Kathryn Ruemmler**, the former White House counsel, who recently returned to private practice.

Ms. Ruemmler, 43, is known to be highly trusted by the president, and she helped guide his thinking on gay rights, the health care law and the reach of executive authority.

She is one of only three women to serve as White House counsel.

Ms. Ruemmler, who grew up in Washington State and studied law at Georgetown, also has a history of winning over skeptical Republicans. "You never had to question where she was coming from, and she never volunteered something she didn't know," said Senator Saxby Chambliss, Republican of Georgia. "She is very precise but very firm also, and held her own well."

She also won admirers as a lead prosecutor on the Enron task force. But if Ms. Ruemmler is nominated, the advice she dispensed to the White House about the I.R.S. scandal and the attacks on Benghazi, Libya, will certainly draw scrutiny.

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The INDEPENDENT

# Prince Andrew sex allegations: Jeffrey Epstein's butler Alfredo Rodriguez, who stole tell-all 'black book', dies age 60

Rodriguez served prison time after refusing to hand over Epstein's (pictured) book in 2011 and attempting to sell it for over £30,000

Loulla-Mae Eleftheriou-Smith

Wednesday, 7 January 2015

Alfredo Rodriguez, the butler of convicted sex offender Jeffrey Epstein, has died, and with him the location of a 'black book', which allegedly details "the full scope and the extent of Epstein's involvement with underage girls", and contact details of the businessman's celebrity friends.

Rodriguez died at the age of 60 after suffering from mesothelioma last week, his widow Patricia Dunn told *DailyMail.com.*

Dunn alleges that her late husband "knew all about Prince Andrew," who has been named in the current sex scandal centring on Epstein. Allegations levelled at the Prince are that he was supplied with a teenage girl who was used by Epstein as a "sex slave". Buckingham Palace has denied the allegation.

The 'black book' that Rodriguez had in his possession is journal in which Epstein is understood to have detailed the girls which attended his properties for "massages" for him and his friends, and details of his celebrity friends and associates who had no connection with alleged offences, including Bill Clinton and Donald Trump.

Jeffrey Epstein: Controversies surrounding paedophile billionaire

Rodriguez, who stole the book, claimed he needed it as insurance against the businessman to protect his own life.

The butler failed to tell prosecutors he possessed the book and later refused to hand it over. He was jailed for 18 months for attempting to sell it for $50,000 (£31,000).

In 2011 it emerged that the journal "detailed the full scope and the extent of Epstein's involvement with underage girls," according to prosecuting lawyers, who referred to it as "The Holy Grail".

Rodriguez died on 28 December. The current location of the document has not been disclosed and the *Mirror* claims Epstein's lawyers are "petrified" about where it will go, according to a source.

Read more: Boris Johnson has 'sympathy' for Prince amid sex claims
Documents about Prince Andrew's support for Epstein 'concealed'



HOUSE_OVERSIGHT_030333

Billionaire sex offender Epstein had '21 numbers' for Bill Clinton

**From:** Martin Weinberg [redacted]
**Sent:** 1/30/2015 5:54:21 PM
**To:** Jeff Epstein [jeevacation@gmail.com]; Darren Indyke [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** David Pegg <[redacted]
**Date:** January 30, 2015, 12:00:34 PM EST
**To:** [redacted]
**Subject: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein**

Dear Mr Weinberg,

I hope this email finds you well. I am a journalist at The Guardian newspaper in London.

We are preparing for publication an article in which we may mention Mr Jeffrey Epstein, who is your client. We have sent Mr Epstein an email concerning this article and made a number of attempts to contact him, to which he has not responded.

Please see the email in question below. Should Mr Epstein wish to respond, please ensure that we receive his response by no later than 18:00 on Monday 2nd February 2015.

I would be grateful if you could acknowledge receipt of this email.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

Tel: [redacted]
Email: [redacted]

---------- Forwarded message ----------
From: **David Pegg** <[redacted]
Date: 29 January 2015 at 16:49
Subject: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein
To: Jeffrey@jeffreyepstein.org

Dear Mr Epstein,

I write further to an email sent to you earlier this month, concerning an article we are preparing for publication in which you may be mentioned.

We have not received a response from you. If you wish to respond, please do so as soon as possible and no later than 18:00 on Monday 2nd February 2015.

For your convenience, please see the original letter below,.

Yours faithfully,

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The Guardian
Kings Place
90 York Way
London
N1 9GU

Tel: [redacted]
Email: [redacted]

On 5 January 2015 at 11:14, David Pegg <[redacted] wrote:

Swiss Accounts Survey

Dear Mr Epstein,

We are writing because a US media organisation, in concert with ourselves at the Guardian newspaper in London, is currently conducting a detailed survey of Swiss bank accounts, past and present.

It is not illegal to have Swiss accounts. But as you may know, it is a topic of considerable public debate, and several governments have been investigating the owners of such accounts.

There are a number of ways such accounts and also offshore trusts have been used to avoid inheritance tax, UK domestic tax, or tax imposed by other countries. Such accounts have also been used to launder money.

We have seen records held in the US identifying you among those who have held accounts. These accounts contained assets of up to USD 3.5m, and include:

HSBC (Suisse) SA
FAMILY INTEREST L.P.
22079
BESSIE
JEFFREY EPSTEIN

1) You may therefore have been a person evading or avoiding tax, or laundering money.

We will be particularly concerned with these questions:

2) Why you had Swiss accounts.
3) How much back tax you have settled with the tax authorities following their investigation of your affairs.

Additionally, from public records and from material we have seen we note that:

4) In 2008 you pleaded guilty to solicitation of prostitution and procuring minors for prostitution. You were sentenced to 18 months in prison.

5) Your above accounts were also linked with Mr Leslie Wexner.

6) You are known to be or have previously been closely associated with Bill Clinton, Prince Andrew and Kevin Spacey.

7) You have made substantial contributions to the Clintons' philanthropic causes. Tax reform campaigners have previously been critical of those who engage in public life or the political process while avoiding or evading tax. Hilary Clinton herself, speaking in 2012, noted the importance of elites paying a substantial share of tax: "One of the issues that I have been preaching about around the world is collecting taxes in an equitable manner — especially from the elites in every country."

It is intended shortly to publish the results of our survey in both the US and the UK.

As responsible journalists acting in the public interest, we would first like to give you the opportunity to comment.

If we do not hear from you by 18:00 on Monday 12th January 2015 (preferably by email to [redacted], we shall proceed on the basis that you do not wish to comment on or amend our information.

But we have approached you in a straightforward fashion and hope you will take this opportunity to respond if you wish. Your substantive responses to each of our numbered points will be carefully considered and published if appropriate.

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Tel: [redacted]
Email: [redacted]

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**From**: Martin G. Weinberg [redacted]
**Sent**: 1/30/2015 7:03:47 PM
**To**: jeevacation@gmail.com; [redacted]; [redacted]
**Subject**: Fw: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

**Importance**: High

# Privileged - Redacted

**From:** David Pegg
**Sent:** Friday, January 30, 2015 12:00 PM
**To:** [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

Dear Mr Weinberg,

I hope this email finds you well. I am a journalist at The Guardian newspaper in London.

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The Guardian
Kings Place
90 York Way
London
N1 9GU

Tel: [redacted]
Email: [redacted]

---------- Forwarded message ----------
From: **David Pegg** [redacted]
Date: 29 January 2015 at 16:49
Subject: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein
To: [redacted]

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Tel: [redacted]
Email: [redacted]

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**From**: Martin G. Weinberg [redacted]
**Sent**: 1/30/2015 8:20:19 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein

**Importance**: High

**Privileged - Redacted**

**From:** jeffrey E.
**Sent:** Friday, January 30, 2015 2:04 PM
**To:** Martin G. Weinberg
**Subject:** Re: Fw: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

**Privileged - Redacted**

On Fri, Jan 30, 2015 at 3:03 PM, Martin G. Weinberg [redacted] wrote:

**Privileged - Redacted**

**From:** David Pegg
**Sent:** Friday, January 30, 2015 12:00 PM
**To:** [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

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[redacted]

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Yours faithfully,

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The Guardian
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90 York Way
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Tel: [redacted]
Email: [redacted]

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JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**Date:** Friday, November 4 2016 10:58 PM
**Subject:** Re: told you , the case ws a fake
**From:** Eva Dubin <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

Sent from my iPhone
On Nov 4, 2016, at 6:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

The following transaction was entered by Meagher, Thomas on 11/4/2016 at 5:59 PM EDT and filed on 11/4/2016

**Case Name:** Doe v. Trump et al
**Case Number:** 1:16-cv-07673-RA
**Filer:** Jane Doe
**Document Number:** 15

**Docket Text:**
**NOTICE OF VOLUNTARY DISMISSAL Pursuant to Rule 41(a)(1)(A)(i) of the Federal Rules of Civil Procedure, the plaintiff(s) and or their counsel(s), hereby give notice that the above-captioned action is voluntarily dismissed, against the defendant(s) All Defendants. Document filed by Jane Doe. (Meagher, Thomas)**

**1:16-cv-07673-RA Notice has been electronically mailed to:**

--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com , and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**Date:** Sunday, January 15 2017 02:10 PM
**Subject:** NYTimes: Donald Trump News Conference Gets the 'S.N.L.' Treatment
**From:** Glenn Dubin <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

http://www.nytimes.com/2017/01/15/arts/donald- trump-saturday-night-live.html?smprod=nytcore- ipad &smid=nytcore- ipad-share

The actor Alec Baldwin, in a parody of Mr. Trump's first news conference as president-elect, began by vowing to answer what he said was "the question that's on everyone's mind."

Sent from my iPad

**From**: Leon Black [[redacted]
**Sent**: 1/30/2017 3:52:45 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Jeffrey- I can't print this and when we try- it messes up the computer. Perhaps you can have Lesley scan it – or show it to Leon this afternoon. Thanks, Melanie

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 30, 2017 10:50 AM
**To:** Leon Black
**Subject:**

http://www.nydailynews.com/news/politics/shrinks-break-silence-president-trump-exhibits-traits-m-article-1.2957688

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**From:** paul krassner [redacted]
**Sent:** 3/25/2017 12:41:05 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: FYI

**Importance:** High

On Mar 24, 2017, at 2:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

good, how are you?

Well, I just sent this email to Brockman:

Hey John,

I've been working on an article for the Village Voice but it seems to be evolving into a relatively short book — 3 segments:

**TRUMP THE REPUBLICAN ELEPHANT**

A Funny Thing Happened On the Way to the Inauguration

Lies, Jokes, Fake News, and Alternative Facts

I Was a Dishonest Journalist Between Breitbart and Bannon

[Will Durst has agreed to write an intro.]

Please let me know if you'd like to consider the possibility of representing this.

As ever,

paul

**Date:** Thursday, May 11 2017 08:22 PM
**Subject:** Re: What is going on with your man Jes?
**From:** Thomas Jr., Landon [redacted]
**To:** jeffrey E. <jeevacation@gmail.com>;

Other stuff I am sympathetic -- but to answer a random gmail email, that is not smart!

How are you Trump contacts responding to Comey?

On Thu, May 11, 2017 at 4:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i know, everyone gets their turn in the barrel

On Thu, May 11, 2017 at 10:17 PM, Thomas Jr., Landon <[redacted]> wrote:

# 'Thanks for sharing the foxhole'

Twi Fac Linl 4 HOURS AGO By: Kadhim Shubber, Martin Arnold 6 Print

The subject of the email should have been warning enough for Jes Staley, the embattled chief executive of Barclays. At quarter to nine on Wednesday evening, after a bruising shareholders' meeting, Mr Staley received a message purporting to be from his chairman, John McFarlane. The heading read: "The fool doth think he is wise".

In fact, the message was from a prankster, using the Gmail account john.mcfarlane.barclays@gmail.com. The imposter described Michael Mason-Mahon, an individual shareholder who called for Mr Staley to resign at Wednesday's annual meeting, "as brusque as he is ill informed" and went on to reassure the Barclays chief executive that together they had successfully seen off any attempt to force Mr Staley out.

“Surely the fickleminded nature of the angry few will help tie up any loose ends,” the short email concluded. “You owe me a large Scotch.”

Mr Staley, who has been heavily criticised for his attempt to unmask a whistleblower, soon replied to the prankster in effusive terms. Presumably thinking he was talking to his chairman, who has been dubbed “Mack the Knife” for his habit of ousting chief executives, Mr Staley said, “You are a unique man, Mr McFarlane”.

“You came to my defense today with a courage not seen in many people. How do I thank you?” Mr Staley wrote. The 60-year-old Barclays boss continued in the same style: “You have a sense of what is right, and you have a sense of theatre. You mix humor with grit. Thank you John. Never underestimate my recognition of your support. And my respect for your guile.”

He had time for yet more praise before he signed off. “And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton,” said Mr Staley, referencing the legendary guitarist Eric Clapton and his chairman’s fondness for playing his guitar in public meetings.

The brief conversation ended with a final email around 11pm. The imposter sent a poem, which began “Worry not of tomorrow’s end” and ended “Revel in their bloodied eyes”. The first letter of each line spelled out the word ‘Whistleblower’.

“Thanks for sharing the foxhole,” Mr Staley replied.

The prankster, who contacted the Financial Times via Twitter, told us the email was part of his “battle with Barclays” over a customer issue. “I thought I’d see how Jes was relaxing after his AGM,” he said.

Barclays declined to comment.

The emails, which the FT has verified are genuine, are reproduced below.

—

[Prankster’s email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 08:47 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)

Subject: The fool doth think he is wise

Mason-Mahon is as brusque as he is ill informed.

However I do feel we've ceased the rally for you [sic] head today.

Surely the fickleminded nature of the angry few will help tie up any loose ends.

You owe me a large Scotch.

John

Sent from my iPhone

—

On Wed, 10 May 2017 at 21:08, Jes Staley wrote:

You are a unique man, Mr McFarlane.

You came to my defense today with a courage not seen in many people. How do I thank you?

You have a sense of what is right, and you have a sense of theatre. You mix humor with grit.

Thank you John. Never underestimate my recognition of your support. And my respect for your guile.

And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton.

Thank you.

Jes

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 09:37 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

What else would Mack the Knife do but support those he can trust in!

Begs the question, who should we seek to silence next!?

Onward, to bigger, and better things.

I may have already had a stiff one, it's been a long day, and I get no younger.

Clapton has nothing on me ha!

—

On Wed, 10 May 2017 at 21:40, Jes Staley wrote:

I bet he doesn't.

—

[Prankster's email]

On Wed, 10 May 2017 at 21:45, John McFarlane <[redacted]> wrote:

In all seriousness, do let me know what fires/thorns you want me quelling over the next few days.

It's important I stand fast, and alongside you.

You have carried yourself admirably today.

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 10:43 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

As I retire for the night, I'm reminded of a poem my father was awfully fond of. It seems very apt.

Good night, Jes.

Worry not of tomorrow's end
Hurry not towards falling trees
Ignore at once, the jesters dance
Sigh, oh sigh, at the folly foiled
Take down the mighty route of ills
Lest not make a scratch in time
Evenhanded wins fair stance.
Broken wooden spoons we take
Left, oh left, in such a state

Over crests and furrowed field
Wirey talons arching back
Empty roosts the plagued aspise
Revel in their bloodied eyes

We fight on.

—

From: Jes Staley
Date: Wed, 10 May 2017 at 22:58
Subject: RE: The fool doth think he is wise
To: <john.mcfarlane.barclays@gmail.com>

Thanks for sharing the foxhole.

Best

Jes

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/ reference/timestopics/people/t /landon_jr_thomas/index.html

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--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**Date:** Thursday, May 11 2017 08:35 PM
**Subject:** Re: What is going on with your man Jes?
**From:** Thomas Jr., Landon [redacted]
**To:** jeffrey E. <jeevacation@gmail.com>;

---

call now -- [redacted]

On Thu, May 11, 2017 at 4:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i tired to call you , not for email

On Thu, May 11, 2017 at 10:22 PM, Thomas Jr., Landon <[redacted]> wrote:

Other stuff I am sympathetic -- but to answer a random gmail email, that is not smart!

How are you Trump contacts responding to Comey?

On Thu, May 11, 2017 at 4:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i know, everyone gets their turn in the barrel

On Thu, May 11, 2017 at 10:17 PM, Thomas Jr., Landon <[redacted]> wrote:

# 'Thanks for sharing the foxhole'

Twi Fac Lin 4 HOURS AGO By: Kadhim Shubber, Martin Arnold 6 Print

The subject of the email should have been warning enough for Jes Staley, the embattled chief executive of Barclays. At quarter to nine on Wednesday evening, after a bruising shareholders' meeting, Mr Staley received a message purporting to be from his chairman, John McFarlane. The heading read: "The fool doth think he is wise".

In fact, the message was from a prankster, using the Gmail account john.mcfarlane.barclays@gmail.com. The imposter described Michael Mason-Mahon, an individual shareholder who called for Mr Staley to resign at Wednesday's annual meeting, "as brusque as he is ill informed" and went on to reassure the Barclays chief executive that together they had successfully seen off any attempt to force Mr Staley out.

“Surely the fickleminded nature of the angry few will help tie up any loose ends,” the short email concluded. “You owe me a large Scotch.”

Mr Staley, who has been heavily criticised for his attempt to unmask a whistleblower, soon replied to the prankster in effusive terms. Presumably thinking he was talking to his chairman, who has been dubbed “Mack the Knife” for his habit of ousting chief executives, Mr Staley said, “You are a unique man, Mr McFarlane”.

“You came to my defense today with a courage not seen in many people. How do I thank you?” Mr Staley wrote. The 60-year-old Barclays boss continued in the same style: “You have a sense of what is right, and you have a sense of theatre. You mix humor with grit. Thank you John. Never underestimate my recognition of your support. And my respect for your guile.”

He had time for yet more praise before he signed off. “And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton,” said Mr Staley, referencing the legendary guitarist Eric Clapton and his chairman’s fondness for playing his guitar in public meetings.

The brief conversation ended with a final email around 11pm. The imposter sent a poem, which began “Worry not of tomorrow’s end” and ended “Revel in their bloodied eyes”. The first letter of each line spelled out the word ‘Whistleblower’.

“Thanks for sharing the foxhole,” Mr Staley replied.

The prankster, who contacted the Financial Times via Twitter, told us the email was part of his “battle with Barclays” over a customer issue. “I thought I’d see how Jes was relaxing after his AGM,” he said.

Barclays declined to comment.

The emails, which the FT has verified are genuine, are reproduced below.

—

[Prankster’s email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 08:47 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)

Subject: The fool doth think he is wise

Mason-Mahon is as brusque as he is ill informed.

However I do feel we've ceased the rally for you [sic] head today.

Surely the fickleminded nature of the angry few will help tie up any loose ends.

You owe me a large Scotch.

John

Sent from my iPhone

—

On Wed, 10 May 2017 at 21:08, Jes Staley wrote:

You are a unique man, Mr McFarlane.

You came to my defense today with a courage not seen in many people. How do I thank you?

You have a sense of what is right, and you have a sense of theatre. You mix humor with grit.

Thank you John. Never underestimate my recognition of your support. And my respect for your guile.

And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton.

Thank you.

Jes

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 09:37 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

What else would Mack the Knife do but support those he can trust in!

Begs the question, who should we seek to silence next!?

Onward, to bigger, and better things.

I may have already had a stiff one, it's been a long day, and I get no younger.

Clapton has nothing on me ha!

—

On Wed, 10 May 2017 at 21:40, Jes Staley wrote:

I bet he doesn't.

—

[Prankster's email]

On Wed, 10 May 2017 at 21:45, John McFarlane <john.mcfarlane.barclays@gmail.com> wrote:

In all seriousness, do let me know what fires/thorns you want me quelling over the next few days.

It's important I stand fast, and alongside you.

You have carried yourself admirably today.

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 10:43 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

As I retire for the night, I'm reminded of a poem my father was awfully fond of. It seems very apt.

Good night, Jes.

Worry not of tomorrow's end
Hurry not towards falling trees
Ignore at once, the jesters dance
Sigh, oh sigh, at the folly foiled
Take down the mighty route of ills
Lest not make a scratch in time
Evenhanded wins fair stance.
Broken wooden spoons we take
Left, oh left, in such a state

Over crests and furrowed field
Wirey talons arching back
Empty roosts the plagued aspise
Revel in their bloodied eyes

We fight on.

—

From: Jes Staley
Date: Wed, 10 May 2017 at 22:58
Subject: RE: The fool doth think he is wise
To: <john.mcfarlane.barclays@gmail.com>

Thanks for sharing the foxhole.

Best

Jes

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/ reference/timestopics/people/t /landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/ reference/timestopics/people/t /landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Karp, Brad S [redacted]
**Sent**: 12/14/2017 9:32:10 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Thanks.

Brad S. Karp | Chairman
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas | New York, NY 10019-6064
[redacted] | http://www.paulweiss.com
Bio: https://www.paulweiss.com/professionals/partners-and-counsel/Brad-S-Karp.aspx

---

**From:** jeffrey E.
**Sent:** Thursday, December 14, 2017 4:31 PM
**To:** Karp, Brad S
**Subject:**

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: Karp, Brad S [redacted]
**Sent**: 12/15/2017 8:25:35 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: today

**Importance**: High

Wow, call me naïve, but that's something.

**Brad S. Karp** | Chairman
**Paul, Weiss, Rifkind, Wharton & Garrison LLP**
1285 Avenue of the Americas | New York, NY 10019-6064
[redacted] | www.paulweiss.com

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, December 15, 2017 2:51 PM
**To:** Karp, Brad S <bkarp@paulweiss.com>
**Subject:** today

http://dailycaller.com/2017/12/15/report-feminist-lawyer-promised-cash-to-trump-sexual-harassment-accusers/?utm_medium=referral&utm_source=idealmedia&utm_campaign=dailycaller.com&utm_term=68814&utm_content=1

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**From**: Melanie Spinella [[redacted]
**Sent**: 1/3/2018 6:46:53 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: RE: [External]

**Importance**: High

We cannot print it since we don't subscribe

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 3, 2018 1:31 PM
**To:** Melanie Spinella <[redacted]>
**Subject:** [External]

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/7/2018 8:51:55 PM
**To:** jeffrey epstein [jeevacation@gmail.com]
**Subject:** Fwd: draft

**Importance:** High

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Mon, Oct 26, 2015 at 7:08 PM
Subject: draft
To: Melanie Spinella <[redacted]>, Brad Wechsler <[redacted]>

phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/7/2018 9:36:20 PM
**To**: jeffrey epstein [jeevacation@gmail.com]
**Subject**: Fwd: so there is no misunderstanding

**Importance**: High

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Tue, Nov 29, 2016 at 1:27 AM
Subject: so there is no misunderstanding
To: Melanie Spinella [redacted]

I have told the brads and barry,- I am done. its not a negotiation , out !! - fyi given my carlyn joslin castrucci, admonishments,- though my involvement in those - in one instance only gave a name - in another only given an eileen dictated choice btween two 250k preparers. and for castrucci, I actually sent emails that i take no responsiblity for his being hired. - however you felt strongly that I should be saddled with their outcomes .even with brad wechsler , i again said two months in, Leon, he doesnt get it. I tell you this so that you will understand that I will not interview, recommend or vet any new hire.
A story - In 1993 trump and I had a friend that kept telling his pilots how to fly , and when to fly , he couldnt help himself from hiring morons as co pilots, and maintenance people based on cheapest rates. Donald and I tried and tried to talk some sense into him, to no avail. Donald and I were in aspen, sitting at little nells. when the friends plane crashed into the side of aspen mountain , klliing him and all on board,- Trump looked at me and said without a blink , I guess NOW he wishes he would have listened to us.- a metaphor for your office. . . had we not waited to the very last hour having had a six month window and tens of unasnwered text and emails re decisions needed including the 1031. you would have saved way more than you often feel obliged to argue about. . silly but i reallize you are stressed.
Barry will need to sit with brad for months, to absorb all the co's , structures. cash flow, financial statments etc. I will present barry my thoughts on the overall redo , it will be the exact same email that i presented to you and brad two years.ago . accurate numbers first. and foremost. . ( last week gaming report stil funky). IT etc I pointed out some of the more glaring errors to barry to give him a flavor of what is to come.
Tuesday if you like we should discuss Giacometti , and pesner . difficult to finesse him if they are filing documents that you won't . these ridiculous conversations with tons of people on the phone , removes any claim you might have to not be considered a WILLFUL NON-FILER . ( after youve been told by attnys and pwc that you should file in writing , you have NO choice ) .. worst possible result - including serious penalties up the kazoo.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/21/2018 9:34:41 PM
**To:** jeffrey epstein [jeevacation@gmail.com]
**Subject:** Fwd: draft

**Importance:** High

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Mon, Oct 26, 2015 at 2:08 PM
Subject: draft
To: Melanie Spinella [redacted]>, Brad Wechsler <[redacted]>

phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

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**From:** Steve Bannon [redacted]
**Sent:** 8/8/2018 2:07:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Reuters: China defends Iran business ties after Trump threat

**Importance:** High

Begin forwarded message:

**From:** Anders Corr <[redacted]
**Date:** August 8, 2018 at 5:32:57 AM EDT
**To:** Fanell Red [redacted]>, Authoritarian Influence <[redacted]>
**Subject: Reuters: China defends Iran business ties after Trump threat**
**Reply-To:** [redacted]

From Reuters News:

China defends Iran business ties after Trump threat
http://www.reuters.com/article/us-iran-nuclear-china/china-defends-iran-business-ties-after-trump-threat-idUSKBN1KT0TU

China's business ties with Iran are open, transparent and lawful, its foreign ministry said on Wednesday, after U.S. President Donald Trump said companies doing business with Iran would be barred from the United States.

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You received this message because you are subscribed to the Google Groups "Fanell's Red Star Rising" group.
To unsubscribe from this group and stop receiving emails from it, send an email to [redacted].
To post to this group, send email to [redacted].
Visit this group at https://groups.google.com/group/fanell-red-star-rising.
To view this discussion on the web visit https://groups.google.com/d/msgid/fanell-red-star-rising/CAEn6kiNCeXiyh%3DwQZztE7tOD8CondVxc4eMW8u40%2B1VFz86%3Dtg%40mail.gmail.com.
For more options, visit https://groups.google.com/d/optout.

**From**: Karp, Brad S [redacted]
**Sent**: 10/3/2018 1:49:27 AM
**To**: J [jeevacation@gmail.com]
**Subject**: RE: whoopsie

**Importance**: High

Brutal piece.

Sent with BlackBerry Work
(www.blackberry.com)

---

**From:** J <jeevacation@gmail.com>
**Date:** Tuesday, Oct 02, 2018, 7:27 PM
**To:** Karp, Brad S [redacted]>
**Subject:** whoopsie

https://www.marketwatch.com/story/new-york-launches-tax-investigation-into-trump-after-ny-times-report-2018-10-02

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**From**: Karp, Brad S [[redacted]]
**Sent**: 2/21/2019 4:12:19 PM
**To**: J [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Very interesting.

How are you?

**Brad S. Karp** | Chairman
**Paul, Weiss, Rifkind, Wharton & Garrison LLP**
1285 Avenue of the Americas | New York, NY 10019-6064
[redacted] | www.paulweiss.com

**From:** J <jeevacation@gmail.com>
**Sent:** Thursday, February 21, 2019 10:51 AM
**To:** Karp, Brad S <[redacted]>
**Subject:**

https://thehill.com/homenews/senate/430906-senate-investigators-want-to-question-russia-based-businessman-tied-to-trump

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**From**: Karp, Brad S [redacted]]
**Sent**: 2/21/2019 4:49:48 PM
**To**: J [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

J-

Called and left a vm.

Brad

**Brad S. Karp** | Chairman
**Paul, Weiss, Rifkind, Wharton & Garrison LLP**
1285 Avenue of the Americas | New York, NY 10019-6064
[redacted] www.paulweiss.com

**From:** J <jeevacation@gmail.com>
**Sent:** Thursday, February 21, 2019 10:51 AM
**To:** Karp, Brad S [redacted]
**Subject:**

https://thehill.com/homenews/senate/430906-senate-investigators-want-to-question-russia-based-businessman-tied-to-trump

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/15/2014 1:06:39 PM
**To**: Melanie Spinella [redacted]

http://www.bloomberg.com/news/2014-10-14/ruemmler-said-to-emerge-as-obama-favorite-for-justice-job.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/30/2015 7:04:56 PM
**To**: Martin G. Weinberg [redacted]
**Subject**: Re: Fw: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

**Importance**: High

**Privileged - Redacted**

On Fri, Jan 30, 2015 at 3:03 PM, Martin G. Weinberg <[redacted]> wrote:

# Privileged - Redacted

**From:** David Pegg
**Sent:** Friday, January 30, 2015 12:00 PM
**To:** [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

Dear Mr Weinberg,

I hope this email finds you well. I am a journalist at The Guardian newspaper in London.

We are preparing for publication an article in which we may mention Mr Jeffrey Epstein, who is your client. We have sent Mr Epstein an email concerning this article and made a number of attempts to contact him, to which he has not responded.

Please see the email in question below. Should Mr Epstein wish to respond, please ensure that we receive his response by no later than 18:00 on Monday 2nd February 2015.

I would be grateful if you could acknowledge receipt of this email.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

---------- Forwarded message ----------
From: **David Pegg** <[redacted]>
Date: 29 January 2015 at 16:49
Subject: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein
To: Jeffrey@jeffreyepstein.org

Dear Mr Epstein,

I write further to an email sent to you earlier this month, concerning an article we are preparing for publication in which you may be mentioned.

We have not received a response from you. If you wish to respond, please do so as soon as possible and no later than 18:00 on Monday 2nd February 2015.

For your convenience, please see the original letter below,.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

On 5 January 2015 at 11:14, David Pegg <[redacted]> wrote:

Swiss Accounts Survey

Dear Mr Epstein,

We are writing because a US media organisation, in concert with ourselves at the Guardian newspaper in London, is currently conducting a detailed survey of Swiss bank accounts, past and present.

It is not illegal to have Swiss accounts. But as you may know, it is a topic of considerable public debate, and several governments have been investigating the owners of such accounts.

There are a number of ways such accounts and also offshore trusts have been used to avoid inheritance tax, UK domestic tax, or tax imposed by other countries. Such accounts have also been used to launder money.

We have seen records held in the US identifying you among those who have held accounts. These accounts contained assets of up to USD 3.5m, and include:

HSBC (Suisse) SA
FAMILY INTEREST L.P.
22079
BESSIE
JEFFREY EPSTEIN

1) You may therefore have been a person evading or avoiding tax, or laundering money.

We will be particularly concerned with these questions:

2) Why you had Swiss accounts.

3) How much back tax you have settled with the tax authorities following their investigation of your affairs.

Additionally, from public records and from material we have seen we note that:

4) In 2008 you pleaded guilty to solicitation of prostitution and procuring minors for prostitution. You were sentenced to 18 months in prison.

5) Your above accounts were also linked with Mr Leslie Wexner.

6) You are known to be or have previously been closely associated with Bill Clinton, Prince Andrew and Kevin Spacey.

7) You have made substantial contributions to the Clintons' philanthropic causes. Tax reform campaigners have previously been critical of those who engage in public life or the political process while avoiding or evading tax. Hilary Clinton herself, speaking in 2012, noted the importance of elites paying a substantial share of tax: "One of the issues that I have been preaching about around the world is collecting taxes in an equitable manner — especially from the elites in every country."

It is intended shortly to publish the results of our survey in both the US and the UK.

As responsible journalists acting in the public interest, we would first like to give you the opportunity to comment.

If we do not hear from you by 18:00 on Monday 12th January 2015 (preferably by email to [redacted], we shall proceed on the basis that you do not wish to comment on or amend our information.

But we have approached you in a straightforward fashion and hope you will take this opportunity to respond if you wish. Your substantive responses to each of our numbered points will be carefully considered and published if appropriate.

(For the avoidance of doubt, we do not normally regard any generalised assertion of "inaccuracies" as a substantive response; nor any generalised statement that the holders acted on advice. Neither will we regard as substantive any comment that only refers to the present state of affairs and not to the past.)

We are, of course, happy to discuss directly any concerns you may have.

We would be most grateful if you would acknowledge receipt of this letter. This will save us from chasing.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

[redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/26/2015 6:08:48 PM
**To**: Melanie Spinella [redacted] Brad Wechsler [redacted]
**Subject**: draft

**Importance**: High

phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/26/2015 6:11:47 PM
**To**: Richard Joslin [redacted]
**Subject**: Fwd: draft

**Importance**: High

---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Mon, Oct 26, 2015 at 2:08 PM
Subject: draft
To: Melanie Spinella <[redacted]>, Brad Wechsler <[redacted]>

phaidon and art space. combined basis 96 million , ( reviewed with brad and joe.) . add ten for restructuring . basis 106. mi. subtract total sale price. for both, lets say approx $8 - 15m . leaving loss of between 90 and 98 million long term loss. . AMT rate 28 % obama . tax 3.8% . city and state 12% total aprox 43 %. tax rate. savings 38.7 - 44 m

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**Date:** Saturday, September 24 2016 01:26 PM
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Michael Wolff <[redacted]>;

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you can also add , fresh politcal juice by stating that Clinton was never on the island. I never met Al gore. no diiners on the island with either , no matter how much detail has been in the press. in fact boies Gores attny, knows that byt continues to represent the fabricator. the girl who claimed prince andrew had sex with her also accused stephen hawking and marvin minsky, . ? ehud barak on a gulfstream with five secruity guards looking the other way. ? all ludcrous.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/17/2016 2:39:57 PM
**To**: Richard Kahn [redacted]; Dlugash, Alan [redacted]
**Subject**: Fwd:

**Importance**: High

are they taking the deduction ONLY to get the obama care benefit. / ???? call joslin
---------- Forwarded message ----------
From: **Brad Wechsler** <[redacted]>
Date: Mon, Oct 17, 2016 at 10:38 AM
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>
Cc: Richard Joslin <[redacted]>, Tom Turrin <[redacted]>, John Castrucci <[redacted]>, Leon Black <[redacted]>

The taxes are ready to go according to RJ and Tom. There were two changes made last friday: $4mm of RA and Artspace losses can/shld reduce the 3.8% medicare tax and $7mm of TRA payments shld also be exempt from medicare taxes (consistent with prior year APO and Akin Gump advice). In aggregate this increases our overpayment by $400k.
Pls call me and I'll find rich and tom if you want to discuss. Thx, b
Otherwise, taxes are complete and we are ready to press the button and file electronically. B
Sent from my Verizon Wireless BlackBerry

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**Date:** Sunday, January 15 2017 02:16 PM
**Subject:** Re: NYTimes: Donald Trump News Conference Gets the 'S.N.L.' Treatment
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Glenn Dubin <[redacted]>;

saw it loved it

On Sun, Jan 15, 2017 at 10:10 AM, Glenn Dubin <[redacted]> wrote:

http://www.nytimes.com/2017/ 01/15/arts/donald-trump-saturday-night-live.html?smprod=nytcore-ipad &smid=nytcore-ipad-share

The actor Alec Baldwin, in a parody of Mr. Trump's first news conference as president-elect, began by vowing to answer what he said was "the question that's on everyone's mind."

Sent from my iPad

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/30/2017 3:50:06 PM
**To**: Leon Black [redacted]

**Importance**: High

http://www.nydailynews.com/news/politics/shrinks-break-silence-president-trump-exhibits-traits-m-article-1.2957688

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/30/2017 3:53:38 PM
**To**: Leon Black[redacted]
**Subject**: Re:

ok

On Mon, Jan 30, 2017 at 10:52 AM, Leon Black <[redacted]> wrote:

Jeffrey- I can't print this and when we try- it messes up the computer. Perhaps you can have Lesley scan it – or show it to Leon this afternoon. Thanks, Melanie

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 30, 2017 10:50 AM
**To:** Leon Black
**Subject:**

http://www.nydailynews.com/news/politics/shrinks-break-silence-president-trump-exhibits-traits-m-article-1.2957688

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**Date:** Thursday, May 11 2017 08:30 PM
**Subject:** Re: What is going on with your man Jes?
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** Thomas Jr., Landon [redacted];

i tired to call you , not for email

On Thu, May 11, 2017 at 10:22 PM, Thomas Jr., Landon <[redacted] wrote:

Other stuff I am sympathetic -- but to answer a random gmail email, that is not smart!

How are you Trump contacts responding to Comey?

On Thu, May 11, 2017 at 4:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i know, everyone gets their turn in the barrel

On Thu, May 11, 2017 at 10:17 PM, Thomas Jr., Landon <[redacted]> wrote:

# 'Thanks for sharing the foxhole'

Twi Fac Lin 4 HOURS AGO By: Kadhim Shubber, Martin Arnold 6 Print

The subject of the email should have been warning enough for Jes Staley, the embattled chief executive of Barclays. At quarter to nine on Wednesday evening, after a bruising shareholders' meeting, Mr Staley received a message purporting to be from his chairman, John McFarlane. The heading read: "The fool doth think he is wise".

In fact, the message was from a prankster, using the Gmail account john.mcfarlane.barclays@gmail.com. The imposter described Michael Mason-Mahon, an individual shareholder who called for Mr Staley to resign at Wednesday's annual meeting, "as brusque as he is ill informed" and went on to reassure the Barclays chief executive that together they had successfully seen off any attempt to force Mr Staley out.

“Surely the fickleminded nature of the angry few will help tie up any loose ends,” the short email concluded. “You owe me a large Scotch.”

Mr Staley, who has been heavily criticised for his attempt to unmask a whistleblower, soon replied to the prankster in effusive terms. Presumably thinking he was talking to his chairman, who has been dubbed “Mack the Knife” for his habit of ousting chief executives, Mr Staley said, “You are a unique man, Mr McFarlane”.

“You came to my defense today with a courage not seen in many people. How do I thank you?” Mr Staley wrote. The 60-year-old Barclays boss continued in the same style: “You have a sense of what is right, and you have a sense of theatre. You mix humor with grit. Thank you John. Never underestimate my recognition of your support. And my respect for your guile.”

He had time for yet more praise before he signed off. “And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton,” said Mr Staley, referencing the legendary guitarist Eric Clapton and his chairman’s fondness for playing his guitar in public meetings.

The brief conversation ended with a final email around 11pm. The imposter sent a poem, which began “Worry not of tomorrow’s end” and ended “Revel in their bloodied eyes”. The first letter of each line spelled out the word ‘Whistleblower’.

“Thanks for sharing the foxhole,” Mr Staley replied.

The prankster, who contacted the Financial Times via Twitter, told us the email was part of his “battle with Barclays” over a customer issue. “I thought I’d see how Jes was relaxing after his AGM,” he said.

Barclays declined to comment.

The emails, which the FT has verified are genuine, are reproduced below.

—

[Prankster’s email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 08:47 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)

Subject: The fool doth think he is wise

Mason-Mahon is as brusque as he is ill informed.

However I do feel we've ceased the rally for you [sic] head today.

Surely the fickleminded nature of the angry few will help tie up any loose ends.

You owe me a large Scotch.

John

Sent from my iPhone

—

On Wed, 10 May 2017 at 21:08, Jes Staley wrote:

You are a unique man, Mr McFarlane.

You came to my defense today with a courage not seen in many people. How do I thank you?

You have a sense of what is right, and you have a sense of theatre. You mix humor with grit.

Thank you John. Never underestimate my recognition of your support. And my respect for your guile.

And some day I want to see an ad lib guitar run. You have all the fearlessness of Clapton.

Thank you.

Jes

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 09:37 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

What else would Mack the Knife do but support those he can trust in!

Begs the question, who should we seek to silence next!?

Onward, to bigger, and better things.

I may have already had a stiff one, it's been a long day, and I get no younger.

Clapton has nothing on me ha!

—

On Wed, 10 May 2017 at 21:40, Jes Staley wrote:

I bet he doesn't.

—

[Prankster's email]

On Wed, 10 May 2017 at 21:45, John McFarlane <john.mcfarlane.barclays@gmail.com> wrote:

In all seriousness, do let me know what fires/thorns you want me quelling over the next few days.

It's important I stand fast, and alongside you.

You have carried yourself admirably today.

—

[Prankster's email]

From: John McFarlane [john.mcfarlane.barclays@gmail.com]
Sent: Wednesday, May 10, 2017 10:43 PM GMT Standard Time
To: Staley, Jes: Barclays (LDN)
Subject: Re: The fool doth think he is wise

As I retire for the night, I'm reminded of a poem my father was awfully fond of. It seems very apt.

Good night, Jes.

Worry not of tomorrow's end
Hurry not towards falling trees
Ignore at once, the jesters dance
Sigh, oh sigh, at the folly foiled
Take down the mighty route of ills
Lest not make a scratch in time
Evenhanded wins fair stance.
Broken wooden spoons we take
Left, oh left, in such a state

Over crests and furrowed field
Wirey talons arching back
Empty roosts the plagued aspise
Revel in their bloodied eyes

We fight on.

—

From: Jes Staley
Date: Wed, 10 May 2017 at 22:58
Subject: RE: The fool doth think he is wise
To: <john.mcfarlane.barclays@gmail.com>

Thanks for sharing the foxhole.

Best

Jes

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/ reference/timestopics/people/t /landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/ reference/timestopics/people/ t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/9/2017 4:08:49 PM
**To:** Melanie Spinella [redacted]

https://www.theguardian.com/news/2017/nov/09/donald-trump-robert-kraft-owner-offshore-firm-new-england-patriots-paradise-papers

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/14/2017 9:31:07 PM
**To**: Brad S Karp [redacted]

**Importance**: High

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/15/2017 7:50:42 PM
**To**: Brad S Karp [redacted]
**Subject**: today

**Importance**: High

http://dailycaller.com/2017/12/15/report-feminist-lawyer-promised-cash-to-trump-sexual-harassment-accusers/?utm_medium=referral&utm_source=idealmedia&utm_campaign=dailycaller.com&utm_term=68814&utm_content=1

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/3/2018 6:31:20 PM
**To:** Melanie Spinella [redacted]]

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/3/2018 6:50:43 PM
**To:** Melanie Spinella [redacted]
**Subject:** Re: [External]

https://www.washingtonpost.com/news/the-fix/wp/2018/01/03/new-trump-book-bannons-treasonous-claim-ivankas-presidential-ambitions-and-melanias-first-lady-concerns/?utm_term=.17d17352b1a4

On Wed, Jan 3, 2018 at 1:46 PM, Melanie Spinella [redacted] wrote:

We cannot print it since we don't subscribe

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 3, 2018 1:31 PM
**To:** Melanie Spinella [redacted]
**Subject:** [External]

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/13/2018 2:36:34 PM
**To:** Karp, Brad S [redacted]
**Subject:** Re: my suggested type of edits. lets talk

he is commited to not doing it - now , if any hint of trouble ill explain on the phone I had a long talk this morning.

On Wed, Jun 13, 2018 at 10:24 AM, Karp, Brad S <[redacted]> wrote:

Thanks. It's still quite challenging. Will speak shortly to Michael.

Brad S. Karp | Chairman
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas | New York, NY 10019-6064
[redacted] | http://www.paulweiss.com
Bio: https://www.paulweiss.com/professionals/partners-and-counsel/Brad-S-Karp.aspx

**From:** jeffrey E.
**Sent:** Wednesday, June 13, 2018 9:37 AM
**To:** Karp, Brad S
**Subject:** Fwd: my suggested type of edits. lets talk

my suggested edits
---------- Forwarded message ----------
From: **jeffrey E.** <jeevacation@gmail.com>
Date: Wed, Jun 13, 2018 at 7:51 AM
Subject: my suggested type of edits. lets talk
To: Michael Wolff <[redacted]>

The Special Counsel's office, nearly leak-proof since its inception more than a year ago and seemingly immune to the President's constant taunts, might appear to be operating in some parallel universe unmoved by the every-day political turmoil. But in the course of conversations I've had recently, as a I research a new book on President Trump and the forces arrayed against him, what has become clear is that Robert Mueller and his office are preparing for a life or death confrontation with the President and the mother of all constitutional crises.

My discussions have been with both White House advisors and people close to the investigation. No source involved in this story would speak on the record.

The sources firmly believe that Special Counsel has ready an aggressive legal theory for the indictment of the president for obstruction of Justice. In the last few weeks, as the President has indulged his pardon authority, the Mueller team has also developed a legal strategy to oppose the ikely pardon of former National Security Advisor, Michael Flynn, who had previously struck a plea bargain which could include his testimony against the President.

Robert Mueller, according to one person familiar with the Special Counsel's thinking, could hardly contain his disgust when Rudy Giuliani, the President's new lawyer—hired to makes a television case for the President and to push back against the Mueller team—in May airily dismissed the notion that a president can be indicted. Adding insult to injury, Giuliani—who a White House source said had likely learned of aspects of the pending indictment—said Mueller agreed with that assessment. White House sources believe Giuliani was daring the Special Counsel to tip his hand. Mueller, in character, contained his outrage and continued to hold his cards close as his team finished preparing the obstruction case and refined the legal theories under which it would

claim the right to haul the president into court.

The Mueller team, according to sources both near the investigation and the White House, has prepared a case, but it requires the approval of Deputy Attorney General Rod Rosenstein, who—with the recusal of Attorney General Jeff Sessions from the Russia-related investigation—oversees the Mueller team. He would need to set aside He could do this based on a finding that the former opinion was inaccurate re the president being above the law. ttherby creating an inability to indict a sitting president. Indeed, Rosenstein, as recently as April, publicly declared that the President was not a target. This may have been a form of fig leaf to soothe a President who regularly demands aides assure him he is not being pursued: the President does not become a formal target until Rosenstein agrees to designate him as one.

Any proposed indictment would confront Rosenstein with matters with which he has been intimately involved. The case, according to my conversations , is fundamentally Trump versus the FBI, Justice Department, and Mueller investigation itself. In many ways, it boils down to the word of former FBI Director James Comey against the word of Donald Trump. Rosenstein, at the President's behest, drafted a memo justifying the Comey firing for how the former FBI Director handled the Hillary Clinton email investigation. But that justification, in an embarrassment for Rosenstein, was shortly brushed aside by the President when he admitted that he fired Comey to disrupt the Russian investigation. What's more, the indictment is said to charge that the firing of Andrew McCabe, the former Deputy Director of the FBI, who reported directly to Rosenstein after the Comey dismissal, was an instance of illegal retaliation tampering or consipracy by the President against a potential witness.

According to a source with knowledge of the strategy , it will be all the more controversial because if finds the entire narrative of the case for obstruction in plain sight. Almost nothing about the case involves new information. "This indictment could have been drafted without anyone being interviewed," said this source. Rather it takes well covered public events and moves them to a set of circumstantial conclusions. There is no smoking gun beyond the often flagrant, custom-breaking, events of the President's 16 months in office. Indeed, much of the evidence is based on the President's public statements and tweets about those events.

This is, according to White House sources who have gotten wind of this approach, good news: the case then, is just an issue of what motives you ascribe to the President's behavior—behavior that is, the President's supporters believe it is easy to show, impulsive and not thought out. Hence no intent. For the Mueller team, it is precisely that careless behavior and flagrant disregard for the rules that they aim to put on trial.

There is no certainty that the Special Counsel's office will ultimately pursue its plan to indict the President. But, according to a source the worry is that the plan is "more advanced" than previosly believed. . The investigation continues and new evidence or other factors might push both prosecutors and the grand jury in another direction. Just passing its first anniversary, the Mueller investigation has conducted itself with remarkable secrecy. Descriptions of a proposed indictment provide one of the few insights into its strategy and its sense of the political peril in front of it.

It may be noteworthy that there appears now not to be plan for an indictment related to collusion, although, legal experts say, that could come later.

The White House view is that without the underlying collusion charge, Mueller will be presenting a weak and politically-motivated case. The Mueller view seems to be that the obstruction charges go to the heart of exposing how Trump has abused his power and turned the White House into a corrupt fiefdom.

The President's scheme to obstruct the FBI's investigation into connections between the Trump campaign and Russian efforts to undermine the U.S. election, according to Mueller began on the 7th day of the Trump administration. Three days prior to this, on January 24, National Security Advisor, Michael Flynn, lied to the FBI about his contacts with the Russian Ambassador, Sergey Kislyak. These were contacts, directed by an unnamed person.

That unnamed person, in the view of several lawyers who discussed the case with me, is very likely Trump himself, and might imply that Trump encouraged Flynn to lie to the FBI, promising to protect him—using his influence or pardon powers.

On January 27th, seven days after Donald Trump's inauguration, the President had the one-on-one dinner with FBI

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/8/2018 9:51:20 AM
**To**: Kathy Ruemmler [redacted]
**Subject**: Re: Het hele interview met Steve Bannon | Nieuwsuur

agreed. ill pass it on :)

On Sat, Jul 7, 2018 at 8:53 PM, Kathy Ruemmler <[redacted]> wrote:

This drives me f*ing crazy.

Simple question for your boy: Did Donald Trump actively promote the theory that Barak Obama was not born in the US and was therefore not a legitimate President?

Answer: Yes.

He should not defend that shit. He can defend populist/nationalism all he wants, but when he bullies people defending obvious Trump lies, he loses credibility.

On Jul 7, 2018, at 10:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Fun

---------- Forwarded message ---------
From: Steve Bannon <[redacted]
Date: Sat, Jul 7, 2018 at 1:21 PM
Subject: Het hele interview met Steve Bannon | Nieuwsuur
To: jeffrey E. <jeevacation@gmail.com>

https://nos.nl/nieuwsuur/video/2240261-het-hele-interview-met-steve-bannon.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/8/2018 3:08:21 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Reuters: China defends Iran business ties after Trump threat

https://www.klearwaterstore.com/davey-bt14-30-torrium2-booster-pump/?gclid=CjwKCAjwhqXbBRAREiwAucoo-6Wkrv3ZIfqAkk86XcrX9OzIV-2dsIdyWpJWa04lskPP9fCr7-zUfxoCXUoQAvD_BwE ? passing along not covered >?

On Wed, Aug 8, 2018 at 10:07 AM, Steve Bannon [redacted] wrote:

Begin forwarded message:

**From:** Anders Corr <[redacted]>
**Date:** August 8, 2018 at 5:32:57 AM EDT
**To:** Fanell Red <[redacted]>, Authoritarian Influence <[redacted]>
**Subject: Reuters: China defends Iran business ties after Trump threat**
**Reply-To:** [redacted]

From Reuters News:

China defends Iran business ties after Trump threat
http://www.reuters.com/article/us-iran-nuclear-china/china-defends-iran-business-ties-after-trump-threat-idUSKBN1KT0TU

China's business ties with Iran are open, transparent and lawful, its foreign ministry said on Wednesday, after U.S. President Donald Trump said companies doing business with Iran would be barred from the United States.

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To unsubscribe from this group and stop receiving emails from it, send an email to [redacted]
To post to this group, send email to [redacted].
Visit this group at https://groups.google.com/group/fanell-red-star-rising.
To view this discussion on the web visit https://groups.google.com/d/msgid/fanell-red-star-rising/CAEn6kiNCeXiyh%3DwQZztE7tOD8CondVxc4eMW8u40%2B1VFz86%3Dtg%40mail.gmail.com.
For more options, visit https://groups.google.com/d/optout.

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**From**: J [jeevacation@gmail.com]
**Sent**: 10/2/2018 11:26:53 PM
**To**: Brad S Karp [redacted]
**Subject**: whoopsie

https://www.marketwatch.com/story/new-york-launches-tax-investigation-into-trump-after-ny-times-report-2018-10-02

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**From:** J [jeevacation@gmail.com]
**Sent:** 1/31/2019 10:47:52 PM
**To:** Michael Wolff [redacted]]

[redacted] worked at mara lago. . she was the one that accused prince andrew. . trump said he asked me to resign, never a member ever. . of course he knew about the girls as he asked ghislaine to stop
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**Date:** Thursday, January 31 2019 11:22 PM
**From:** J <jeevacation@gmail.com>
**To:** Michael Wolff <[redacted]>;

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https://www.thescottishsun.co.uk/news/3556604/teen- sex-prince-andrew-jeffrey-epstein-donald-trump-mara-lago-resort/

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**From**: J [jeevacation@gmail.com]
**Sent**: 2/21/2019 3:50:48 PM
**To**: Brad S Karp [redacted]

https://thehill.com/homenews/senate/430906-senate-investigators-want-to-question-russia-based-businessman-tied-to-trump

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**Date:** Tuesday, March 8 2011 10:51 PM
**Subject:** Re: Fwd: <no subject>
**From:** Faith Kates <[redacted]>
**To:** 'jeevacation@gmail.com' <jeevacation@gmail.com>;

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Call me [redacted]

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Faith Kates
Sent: Tue Mar 08 17:48:01 2011
Subject: Fwd: <no subject>

---------- Forwarded message ----------
From: gmax <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

Jeffrey and Ghislaine: Notes on New York's Oddest Alliance
<http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>
by Vicky Ward <http://www.vanityfair.com/contributors/vicky- ward>
March 8, 2011, 2:30 PM
"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."
So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein.
Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.
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The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 Vanity Fairstory that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better after my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like you,Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

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And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.

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**Date:** Tuesday, March 8 2011 11:49 PM
**Subject:** RE:
**From:** Eva Dubin [redacted]
**To:** Jeffrey <jeevacation@gmail.com>;

superb!!!!
Where and when will this be published??

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Date: Tue, 8 Mar 2011 12:28:31 -0800
Subject:
From: jeevacation@gmail.com
To: [redacted]

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html >

by **Vicky Ward** <http://www.vanityfair.com/contributors/vicky- ward>
March 8, 2011, 2:30 PM

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**Date:** Wednesday, March 9 2011 01:51 AM
**Subject:** Re:
**From:** Steve Hanson <[redacted]>
**To:** jeevacation@gmail.com;

Hey. Just landed from LA. You around for a call- no rush- when ur free /tell me
Hope your ok
Xxoo

---
Sent from Steve Hanson's Blackberry

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**From**: Jeffrey Epstein <jeevacation@gmail.com>
**To**: Steve Hanson
**Sent**: Tue Mar 08 15:32:12 2011
**Subject**:

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by *Vicky Ward* <http://www.vanityfair.com/contributors/vicky-_ward>

March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."
So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein.
Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.
I wrote a piece for *Vanity Fair* in 2003 called "The Talented Mr. Epstein." It was largely a business piece that focused on his mysterious exit from Bear Stearns in 1981, his close relationships with Jimmy Cayne, Les Wexner, the chairman of Limited Brands, and above all, the man who claimed to be his mentor, Steven Jude Hoffenberg, who is currently serving a 20-year-jail sentence for bilking investors in Towers Financial out of $450 million.

The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair* story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,* Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

When I saw pictures of Prince Andrew walking in Central Park with Jeffrey, my immediate thought was that "Andy"—as Jeffrey calls him—is probably asking for help with his role as British trade envoy, or whatever his strange title is. Because if one thing's for sure: When it comes to international business, Jeffrey knows what he's talking about far more than "Andy" does. Which is why Leon Black, Mort Zuckerman and a few other financiers hang out with him.

And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.

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**********
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Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
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**From:** Intelligence Squared [info=intelligencesquared.com@mcsv136.net]
on behalf of Intelligence Squared [info@intelligencesquared.com]
**Sent:** 4/28/2011 12:31:12 PM
**To:** j epstein [jeevacation@gmail.com]
**Subject:** May events, plus what's new online

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What will the fall-out be from the crisis in the eurozone? Tighter economic coordination or an increasingly detached Germany? We're bringing together a former French president, controversial Conservative MEP Dan Hannan and Timothy Garton Ash to debate the motion "Germany no longer needs Europe – the dream is over" on May 17th.

Then two very different literary events: Rob Lowe, Hollywood actor and star of *The West Wing*, talks about his new autobiography with Kate Muir on May 25th, and Nobel Prize-winning author V. S. Naipaul will be discussing Africa, magic and travel with Geordie Greig on May 31st.

- Buy tickets online using any credit card at www.intelligencesquared.com/events
- Buy over the telephone on 020 7792 4830, or email info@intelligencesquared.com with a phone number, and we will call you back to take your order.

Scroll down for more information and for what's new on our website this week, including video and audio of a recent event with Artangel Longplayer and new videos from 5x15 Stories.

## EVENTS COMING UP

**Germany no longer needs Europe - the dream is over**
*Tuesday 17th May 2011, 6:45pm*
Royal Geographical society

The Germans have got what they wanted from Europe – reunification – and feel increasingly disenchanted with the bargain they had to make to get it – accepting the euro. After the grudging bailout of Greece, the fumbled bailout of Ireland and all the sharp divisions exposed by the financial crisis, isn't the idea of Europe as a world power beginning to look like a pipe dream? Or will the euro crisis drive Europe's leaders to strengthen economic policy coordination to make sure there's no repeat performance, giving a fresh impetus for the dream of Europe? Come and hear what a former French president and five other big hitters have to say on the issue.

**Rob Lowe: Tales from Hollywood**
*Wednesday 25th May 2011, 7pm*
Royal Geographical Society

Teen idol at fifteen, founder of the Brat Pack at twenty, at 47 Rob Lowe is still one of Hollywood's top international stars. On May 25th he comes to the Intelligence² stage to recount the successes and disappointments of his Hollywood career. He'll be in conversation with Kate Muir, chief film critic on The Times, and signing copies of his new autobiography, *Stories I Only Tell my Friends*.

**V. S. Naipaul in conversation with Geordie Greig**
*Tuesday 31st May 2011, 7pm*
Royal Geographical Society

The Nobel Prize-winning Trinidadian author V. S. Naipaul has spent half a century examining the legacy of colonialism on the Third World, unravelling the guilt of the rulers and the self-serving myths of the ruled. His latest book, *The Masque of Africa: Glimpses of African Belief*, is a travelogue in which the author sets out to discover how far the old Africa's belief in magic has been subverted by the outside world. Tickets are still available to see a giant of Western letters.

## PARTNER CONTENT

**Recommended reading from The Periscope Post**

Is royal wedding fever out of control – or is it just right? Did President Obama cave in to the birther bullies – or was releasing his birth certificate the best way to stamp out a vicious rumour? And did the Guantanamo WikiLeaks files really tell us that Britain is a hotbed of Islamist extremism? Find out who said what and why at **The Periscope Post**, the best and quickest way on the Web to put the day's headlines in perspective.

## IQ² ONLINE THIS WEEK

**The Artangel Longplayer Conversation 2011: James Lovelock and John Gray**

Watch and listen to full video and audio of the recent Artangel Longplayer conversation between political philosopher John Gray and climate scientist and 'futurologist' James Lovelock. Taking the philosophical implications of long time as a starting point, they discuss immortality, suicide, the pursuit of happiness and Darwinism.

**New videos from 5x15 Stories**

Including Fergal Keane on when the Japanese attempted to invade India during World War II and the outrageous blunders committed by General Mutaguchi, 'one of the great vainglorious fools of history'.

Plus, Libyan novelist Hisham Matar, on his father's disappearance into Gaddafi's prisons and why as an artist he steers clear of political engagement.

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**ISSUES OF REPUTATION**

For the purposes of this discussion, here are the principal objectives:

- Minimise any mentions in the tabloid press in the UK and US
- Steadily to restore your profile in select media, political and philanthropic circles
- Establish you as a pioneering supporter of science and technology with a focus on the less fashionable but most important disciplines
- Consider some kind of annual event which brings together your business and philanthropic interests

**Tabloid press attention**

It is imperative that this be tackled as a matter of urgency, particularly in the UK which generates so much of the follow up coverage in the US, but also comes to the fore in the most cursory Google search of your name.

Since it is an unambiguous objective of the *Daily Mail* and *Mail on Sunday* to take down Prince Andrew, it is disastrous for you to be seen in any way to facilitate his lifestyle, or to help with his well documented issues. Their sole interest in you and Ghislaine is as a means to attack Prince Andrew and Sarah Ferguson. You need to studiously avoid any involvement whatsoever with the couple, which will lessen the interest and we can establish a constructive relationship on your behalf with them. In the fullness of time, it will be possible to run a positive piece about your philanthropy.

As for the US tabloids, much of what they have published took the lead from the UK papers and is to do with the Prince Andrew/ Sarah Ferguson/ Bill Clinton axis. Without that distraction, it will be easier to maintain a lower profile.

**Restoring your profile**

The strategy has to be one that is medium term, say 18 months, which starts off slowly and intensifies over time, and should not appear to be calculated. We can discuss in more detail but it should include the following components:

- **"Clean up" Google:** Another urgent priority is to retain one of the expert firms in search engine optimization (SEO) to "clean up" the results on all major search engines where your name is part of a search query. Today, when anyone types in your name, a majority of the first few pages of the results are references to the charges, to paedophilia, to Prince Andrew, to unflattering stories – many of which link back to the *Mail* websites. We have hired an excellent team of Israeli experts for other clients, and there are many firms that claim to be able to optimize results this way but fail to deliver. I cannot overstate the importance of this, because it is the initial source of information on you for many people.

- **Top editors and columnists:** These engagements should be informal at the outset, and preferably at dinners, lunches and events which aren't built around you. The focus should be on serious business and financial journalists who are more interested to hear your opinions on the world economy than to probe tabloid headlines. Those editors and columnists I tend to single out are Gerald Baker and Thorold Barker at the *Journal*, Lionel Barber and John Gapper at the *Financial Times*, Andrew Sorkin and Hugo Lindgren at the *Times*, John Micklethwait and Matthew Bishop at the *Economist*, *Josh Tyrangiel* at *Businessweek*, as well as a handful of international correspondents. Ideally, the first few encounters would be at dinners and events that we organize in New York and internationally, which could be followed by dinners at your house in due course.

- **International political circles:** Much more is to be gained by increasing your profile among the international political class than the domestic U.S. political class. The global nature of your business, the importance of the growth markets and the puritanism of American politics are good reasons for this. In our view, you should be spending time with European, Middle Eastern, Asian and Latin American political and business leaders – some of which you of course already do on a daily basis but in a concerted way through such gatherings as, the Ambrosetti Forum, the Abu Dhabi Media Summit, Bilderberg and the BRICS Summit. I see that you are part of the Trilateral Commission and this is in a similar vein. The advantage offered by these gatherings over private meetings is that it demonstrates vividly to all the other opinion leaders the unique position you occupy among the international business elite.

**Science and technology**

The passion and commitment you have for supporting scientific and technological research is extremely helpful in two ways. First, when spending time with editors and columnists, it is important to focus their attention on areas of your choice, not theirs. Not only is your funding of these disciplines an interesting subject, but the special rapport that you enjoy with a number of outstanding scientists. This helps to showcase your unique position, and acts as a powerful character reference, as did the Alan Dershowitz quotes in your 2005 *Vanity Fair* profile.

Second, since it is intrinsically difficult for people to understand the nature of your business, it is all the more important that there is an aspect of your life that is well understood and which can be proactively communicated. Philanthropy can be the vehicle for this, and your highly targeted philanthropy even more so, because the impact is quantifiable. A lot can be accomplished with the science and technology press in the first instance, who are interested in the serious side to your work and are uninterested in the tabloid headlines.

Some of the necessary steps are:

- Take down the Jeffrey Epstein Science and Jeffrey Epstein Philanthropy websites, and build a new site from scratch which explains your interests, your past funding, the scientists you support and the breakthroughs

- Introduce greater transparency into how you allocate funding in response to grant applications
- Establish a Scientific Advisory Board of the Foundation, which serves to demonstrate the deep knowledge base you draw on and attracts the best scientists to apply
- Sets out quantifiable long term targets, i.e. the Gates Foundation target to eradicate malaria by 2015

**Annual event**

I would advise you to think about some kind of annual event that brings together your business and philanthropic interests, i.e. an intimate and high level summit or conference. The best events of this nature clearly demonstrate:

- The convening power of the host
- Your interest and expertise in a range of subjects
- Your network that your clients and acquaintances greatly value
- The connections made between your guests
- That you are undaunted by the negative publicity, it is 'business as usual'

Whilst different from what I have in mind, the Milken Conference has been a key part of Mike Milken's rehabilitation. This could be a much smaller, more high level gathering focused on a subject of interest to these core constituencies.

*Osborne & Partners LLP*
*14 June 2011*

**Date:** Thursday, March 20 2014 06:19 PM
**Subject:** Fwd: Google Alert - Jeffrey Epstein
**From:** Tyler Shears [redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>; Christina Galbraith [redacted]

Looks like Priceline Director made a bad move today and has the same name - this works to our advantage. Pushing on this story now.

---------- Forwarded message ---------
From: **Google Alerts** <googlealerts-noreply@google.com>
Date: Thu, Mar 20, 2014 at 2:04 PM
Subject: Google Alert - Jeffrey Epstein
To: [redacted]

# Jeffrey Epstein

As-it-happens update · March 20, 2014

NEWS

Insider Selling: **Jeffrey Epstein** Sells 2000 Shares of Priceline.com Stock (PCLN)
Ticker Report
Priceline.com logo Priceline.com (NASDAQ:PCLN) Director **Jeffrey Epstein** unloaded 2,000 shares of the stock on the open market in a transaction **...**

Flag as irrelevant

Daily Mail

Bill Clinton links to Prince Andrew's billionaire friend **Jeffrey Epstein**
Daily Mail
Newly disclosed flight logs show that between 2002 and 2005 the former US President travelled around the world courtesy of **Jeffrey Epstein** while his **...**

Flag as irrelevant

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Send Feedback

**From**: John Brockman [redacted]
**Sent**: 2/6/2017 8:34:19 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: sorry I missed your call

**Importance**: High

JE,

--Last week was misery...On Tuesday, Katinka's' younger brother, Jonathan Matson, was planning on flying in from Boston and having dinner with her. After several emails back and forth in the morning, he wrote to say he was packed and ready to leave the house but he had been fighting a stomach bug, so he had decided it was best to postpone and go to bed. He was fine at 6pm when his wife (a Mass General health professional) came home. She brought him a coke, went downstairs to make dinner. Half an hour later she went upstairs to check on him. He had died. We got the news at 9pm on a phone call from someone we hadn't talked to in 20 years" "Jonathan Matson has died" was impossible to process. Katinka is still was distraught and, just coming out of shock.

--And...this, from my older brother Philip ("Distinguished NASA Physcist" awardee), who had prostate surgery about 25 years, and got lucky be living in Raliegh-Durham, near Duke Medical Center which is tops. They've kept him alive and it's finally caught up to him:

"I have run out of standard treatments. Chemo is getting less effective with increasing side effects. There is a new drug Keytruda it has been approved for some cancers but is still experimental for prostate cancer.
https://prostatecancernewstoday.com/pembrolizumab-immune-therapy-help-men-prostate-cancer/. I have been approved to get Keytruda and will start on Thursday."

--Finally, did I ever tell you about the Biosphere crowd? Absolutely nutty cult I represented in the early 90s. (Although individually the people were sometimes fun). My friend Roy Walford, the doctor inside the Biosphere, eventually died because of a condition he developed while inside. I kept sending writers down there to work with them and they would inevitably sneak away in the dead of night. I had to sell their book three times, each time for a fractions of the previous advance which started in 7 figures. Turns out Bannon took over as CEO of the place in 1993 so we may have overlapped. See:
Steve Bannon Was Once Hired to Manage an Artificial World of People Living Under Glass (Before the Trump Campaign)-
http://slate.me/2keSDUn

In the office this afternoon and after 10:30am tomorrow.

JB
[redacted] mobile

**From**: Michael Wolff[redacted]
**Sent**: 3/24/2018 1:37:40 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: My datebook

**Importance**: High

Three hours with SB who believes DJT won't last to the mid terms. Also saw Brad Karp who is super menchy and offering much help on next book.

**Date:** Sunday, April 15 2018 05:01 PM
**Subject:** Interesting
**From:** Glenn Dubin <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

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https://www.newyorker.com/news/news-desk/michael-cohen-and-the-end-stage-of-the-trump-presidency/amp?__twitter_impression=true

Sent from my iPhone

The Virgin Islands
DAILY NEWS
A Pulitzer Prize-Winning Newspaper
ST. CROIX ST. JOHN ST. THOMAS TORTOLA
Founded Aug. 1, 1930, by J. Antonio Jarvis and Ariel Melchior Sr.
Published by Daily News Publishing Co., Inc.
Archie Nahigian, Publisher J. Lowe Davis, Editor
Ken E. Ryan, Production Director Lisa Jarnil, Advertising Director
Onneka Challenger, Circulation Director Juanita Young, Controller

## The week in cartoons

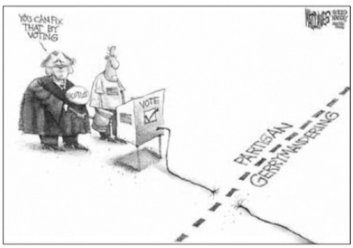

# Government turns its back on Jeffrey Epstein's sex victims

*From the Sun Sentinel, Ft. Lauderdale, Fla.*

Private lawyers allowed sexual predator Jeffrey Epstein to escape justice. Epstein's new defense team works for the federal government.

The U.S. attorney for the northern district of Georgia claimed last week that even though prosecutors in South Florida broke the law when they approved an outrageously light sentence for Epstein, the deal must stand. Byung Pak may not actually be on Epstein's legal team, but he has placed the Department of Justice on Epstein's side.

To review, Epstein is a billionaire money manager whose friends include President Trump, former President Bill Clinton and Prince Andrew. Between 1998 and 2006, Epstein recruited roughly three dozen underage girls — generally from poor and troubled families — to his house in Palm Beach and sexually abused them.

Epstein could have faced federal sex trafficking charges. He could have faced life in prison. Instead, the U.S. Attorney for the Southern District of Florida — Alex Acosta, now Trump's labor secretary — gave Epstein immunity on federal charges and allowed him to plead guilty to minor state charges. Then-Palm Beach County State Attorney Barry Krischer went along. Epstein served 13 months in jail — he was allowed out about half the time — and had to register with the state as a sex offender.

Prosecutors never told the victims about the agreement. Until the signing of that odious agreement in 2007, the girls believed the FBI was still investigating.

Two victims challenged the deal, which applied not just to Epstein, but also to those who recruited the girls and joined in the abuse. Last February, U.S. District Judge Kenneth Marra ruled that prosecutors had violated the Crime Victims Rights Act. In criticizing the government, Marra noted, "Epstein worked in concert with others to obtain minors not only for his own sexual gratification, but also for the sexual gratification of others."

Marra then asked attorneys for both sides how he should correct this violation. Pak got the case because Acosta's old office had to recuse itself.

Pak's idea? The victims could "confer in private" with prosecutors about the deal. Prosecutors could get more training in how to consult with victims. But the deal stands. The victims don't deserve even an apology.

Pak argues that the Crime Victims Rights Act contains no provision for undoing the non-prosecution agreement, which is what the victims want. Doing so, Pak claims, could violate separation of powers.

That sounds like a warning to Marra — one he should ignore. Prosecutorial discretion doesn't matter when the action in question breaks the law. Even Pak acknowledges repeatedly that it happened.

The government, he writes, "should have communicated with the victims in a straightforward and transparent way." Pak "regrets that the manner in which (the government) communicated the resolution of the Epstein case to the victims fell short." Prosecutors could have communicated "more clearly and directly" with the victims."

None of that happened because Acosta, Krischer and Epstein's lawyers didn't want the deal to become public. The victims might have gone public with their complaints. Media coverage could have killed the deal.

Indeed, the record reflects the lengths to which Acosta and Krischer sought secrecy. Acosta drove from Miami to West Palm Beach to meet with Epstein attorney Jay Lefkowitz. Krischer wrote to a federal prosecutor, "Glad we could get this worked out for reasons I won't put in writing."

We acknowledge that Pak didn't create this mess. But his argument insults the public and reflects badly on the Department of Justice.

"The resolution in this case," Pak writes, "has led some to conclude that the government chose for improper reasons not to prosecute Epstein, a conclusion that remains unsubstantiated." That's because the principals have been able to avoid talking about it for more than a decade.

Acosta ducked the issue during his confirmation hearings in April 2017. Last November, The Miami Herald ran a series on the case that featured interviews with victims who agreed to be identified. Acosta refused to comment. So did Krischer.

Some might argue that the victims have received money from civil lawsuits and should move on. But can there be a price for what Epstein and his accomplices did to these women? How many other victims are there? Why should a man who once faced a 52-page indictment be able to resume a life of privilege?

"While the court cannot unwind the past," Pak argues, "the remedies proposed by the government would give the victims a meaningful opportunity to have their voices heard and to understand, if not accept, the decisions made in this matter."

Unacceptable is right. The victims' lawyers will file their responses soon. They should ask Marra to void the agreement.

*— This editoria is the opinion of the Sun Sentinel Editorial Board.*

> **"Some might argue that the victims have received money from civil lawsuits and should move on. But can there be a price for what Jeffrey Epstein and his accomplices did to these women? How many other victims are there? Why should a man who once faced a 52-page indictment be able to resume a life of privilege?**

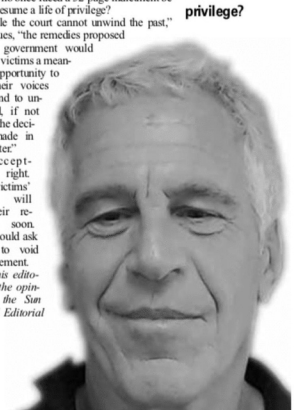

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*The opinions expressed in columns, letters, cartoons and guest editorials are those of the particular author or artist.*

**From**: Intelligence Squared [info@intelligencesquared.com]
**Sent**: 7/9/2019 6:31:56 AM
**To**: jeevacation@gmail.com
**Subject**: John Humphrys: The Terrier of Today, in conversation with Justin Webb

John Humphrys: The Terrier of Today, in conversation with Justin Webb

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**John Humphrys:**
The Terrier of Today

ADD TO CALENDAR

**WEDNESDAY 9TH OCTOBER, 7PM**
**EMMANUEL CENTRE**

Featuring John Humphrys and Justin Webb

BUY TICKETS

*'I'm not sure I'd like me if I was listening to me.'* – John Humphrys

**John Humphrys** is the Radio 4 Today programme presenter, whose forensic and sometimes aggressive interviews with figures in authority inspire love and loathing in equal measure. The Observer's television critic once wrote that if he ever found himself sitting next to Humphrys at a dinner party he would probably drive a fork through his hand. The Tory politician Jonathan Aitken accused him of 'poisoning the well of democratic debate', a comment which prompted an outburst of support for Humphrys, with the Daily Mail describing him as 'one of the most brilliant journalists in the country'.

This autumn, as Humphrys steps down after 32 years at Today and publishes a long-awaited memoir, he comes to the Intelligence Squared stage to give an exclusive, behind-the-scenes account of his extraordinary career.

Turning the tables on Humphrys and pitching the questions will be his Today colleague **Justin Webb**. Humphrys will recount the momentous episodes of his career, such as his interview with BBC correspondent Andrew Gilligan in 2003. Gilligan claimed that the government had deliberately 'sexed up' the dossier on the threat posed by Saddam Hussein in order to justify the Iraq War. A chain of events ensued, including the suicide of the dossier's source, Dr David Kelly, severe damage to Tony Blair's reputation and the Hutton and Chilcot inquiries into the war. And then there was the time Humphrys helped to get his own boss fired. His tough interview with the BBC Director General George Entwistle, days after the BBC had made false child abuse allegations against Lord McAlpine, lead to Entwistle's resignation after a mere 53 days in the job.

Join us on October 9 and hear Humphrys' previously untold stories about politicians, celebrities and the BBC, and give his trenchant views on the role of the media in politics and the health of our political system.

John Humphrys

Award-winning journalist who has been one of the presenters of BBC Radio 4's flagship news and current affairs programme Today since January 1987. During his career with the BBC, he has also worked as a foreign correspondent in both America and Africa, as well as being a diplomatic correspondent and presenter of the Nine O'Clock News. He has presented Panorama, fronts On the Ropes on Radio 4 and presents Mastermind on BBC Two. His has written two books on the English language, *Lost For Words: The Mangling and Manipulating of the English Language* and *Beyond Words: How Language Reveals the Way We Live Now*.

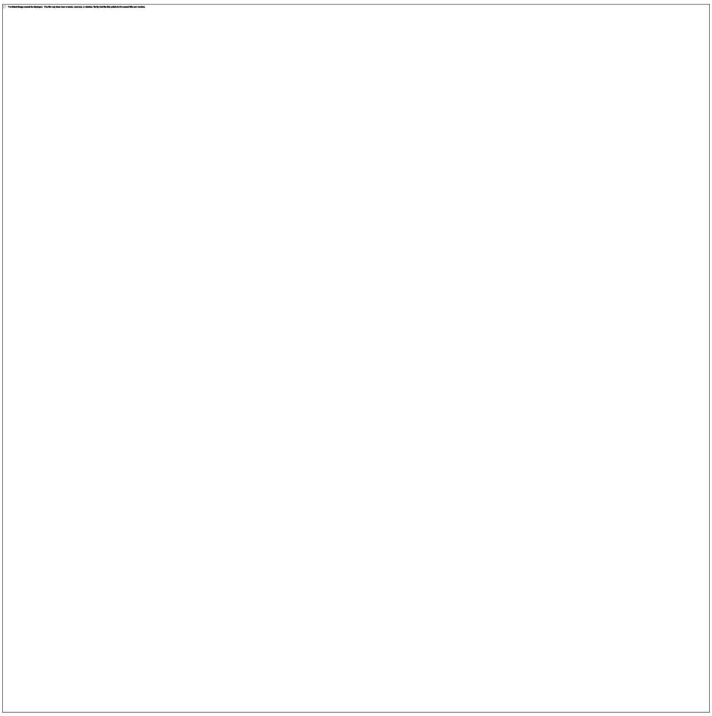

Justin Webb

One of the presenters of Radio 4's Today programme. He was the BBC's North America Editor for 8 years, covering the 9/11 attacks and the election of President Obama. He writes regularly for the Radio Times and reviews books for the Sunday Times.

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**Jeffrey Sachs on the End of American Supremacy**

Last month we were joined onstage by the University of Columbia economics professor **Jeffrey Sachs**, as he laid out his radical new vision for U.S. foreign policy. Instead of a world where America reigns as the sole superpower, Sachs argued for a new international system of equals, where America shares power and collaborates with former geopolitical rivals to solve today's global crises.

Sachs was in conversation with the BBC's Chief International Correspondent **Lyse Doucet**.

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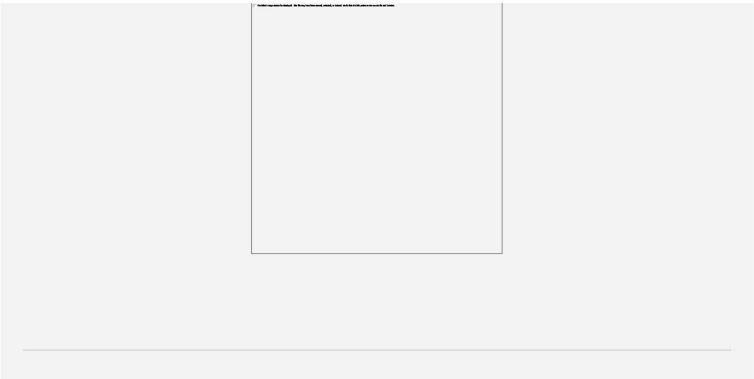

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**From**: Steve Bannon [redacted]
**Sent**: 5/6/2018 1:54:36 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Fw: Fwd: APNewsBreak: Mueller team questions Trump friend Tom Barrack

**Importance**: High

Gates served this brother up
Sent via BlackBerry by AT&T

---

**From:** Jason Miller [redacted]
**Date:** Sat, 5 May 2018 13:43:02 -0400
**To:** Steve Bannon [redacted]
**Subject:** Fwd: APNewsBreak: Mueller team questions Trump friend Tom Barrack

Gates.

Begin forwarded message:

**From:** Comms Alert <CommsAlert@gop.com>
**Date:** May 5, 2018 at 1:19:54 PM EDT
**To:** undisclosed-recipients:;
**Subject: APNewsBreak: Mueller team questions Trump friend Tom Barrack**

**APNewsBreak: Mueller team questions Trump friend Tom Barrack**
Associated Press
Tom LoBianco
May 5, 2018
https://apnews.com/6dd33b4234634079821e5825f112e85b?utm_campaign=SocialFlow&utm_medium=AP&utm_source=Twitter

WASHINGTON (AP) — The Associated Press has learned that investigators working with special counsel Robert Mueller have interviewed Tom Barrack, a close friend and confidant of President Donald Trump.

Three people familiar with the probe tell the AP that Barrack met with federal investigators working on the Russia inquiry. The people spoke on condition of anonymity to discuss private deliberations.

Barrack's spokeswoman, Lisa Baker, declined to comment.

Barrack has known Trump for decades. He's been one of Trump's closest advisers through the 2016 campaign and into the administration. Barrack also is a leading fundraiser for the president and oversaw the fundraising for the inauguration.

Barrack has a longstanding relationship with Trump's former campaign chairman, Paul Manafort, and Manafort's onetime deputy, Rick Gates.

Gates agreed to begin cooperating with Mueller's investigators in February.

**From**: Intelligence Squared [redacted]
**Sent**: 6/14/2019 6:32:20 AM
**To**: jeevacation@gmail.com
**Subject**: John Humphrys: The Terrier of Today, in conversation with Justin Webb

John Humphrys: The Terrier of Today, in conversation with Justin Webb

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**John Humphrys:**
The Terrier of Today

ADD TO CALENDAR

**WEDNESDAY 9TH OCTOBER, 7PM**
**EMMANUEL CENTRE**

Featuring John Humphrys and Justin Webb

BUY TICKETS

*'I'm not sure I'd like me if I was listening to me.'* – John Humphrys

**John Humphrys** is the Radio 4 Today programme presenter, whose forensic and sometimes aggressive interviews with figures in authority inspire love and loathing in equal measure. The Observer's television critic once wrote that if he ever found himself sitting next to Humphrys at a dinner party he would probably drive a fork through his hand. The Tory politician Jonathan Aitken accused him of 'poisoning the well of democratic debate', a comment which prompted an outburst of support for Humphrys, with the Daily Mail describing him as 'one of the most brilliant journalists in the country'.

This autumn, as Humphrys steps down after 32 years at Today and publishes a long-awaited memoir, he comes to the Intelligence Squared stage to give an exclusive, behind-the-scenes account of his extraordinary career.

Turning the tables on Humphrys and pitching the questions will be his Today colleague **Justin Webb**. Humphrys will recount the momentous episodes of his career, such as his interview with BBC correspondent Andrew Gilligan in 2003. Gilligan claimed that the government had deliberately 'sexed up' the dossier on the threat posed by Saddam Hussein in order to justify the Iraq War. A chain of events ensued, including the suicide of the dossier's source, Dr David Kelly, severe damage to Tony Blair's reputation and the Hutton and Chilcot inquiries into the war. And then there was the time Humphrys helped to get his own boss fired. His tough interview with the BBC Director General George Entwistle, days after the BBC had made false child abuse allegations against Lord McAlpine, lead to Entwistle's resignation after a mere 53 days in the job.

Join us on October 9 and hear Humphrys' previously untold stories about politicians, celebrities and the BBC, and give his trenchant views on the role of the media in politics and the health of our political system.

John Humphrys

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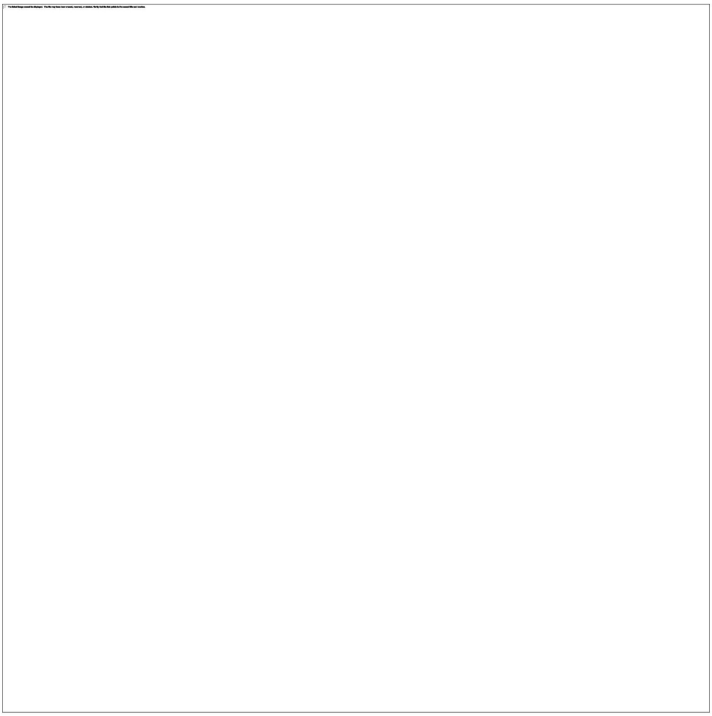

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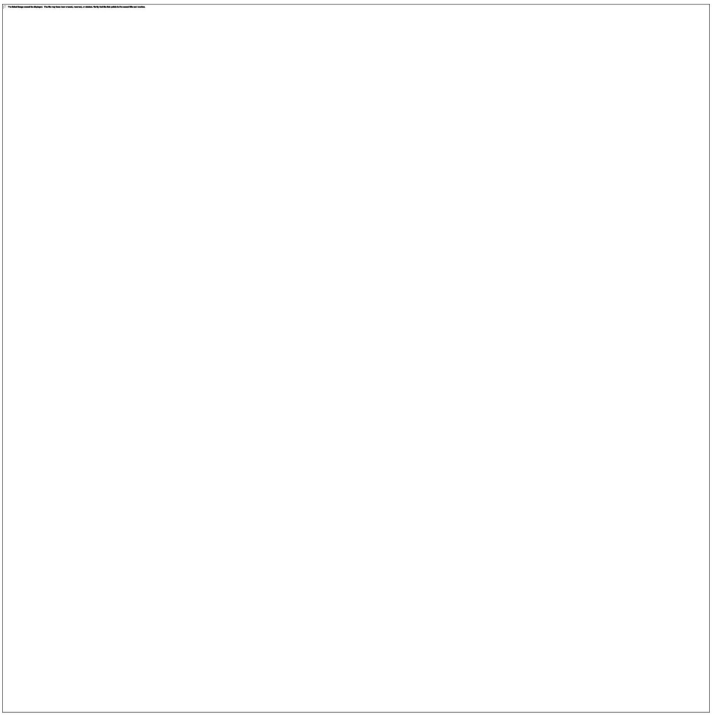

**The Daily: The Rise of Nationalism Across the Globe**

In this week's podcast, we hosted a live conversation from "The Daily", The New York Times' flagship podcast. In an event in partnership with The New York Times, we were joined by the podcast's host **Michael Barbaro**, as well as Berlin Bureau Chief **Katrin Bennhold**, London-based International Correspondent **Ellen Barry**, Executive Producer **Theo Balcomb** and Producer **Clare Toeniskoetter** for a conversation about the implications of the nationalist undercurrent currently sweeping across Europe.

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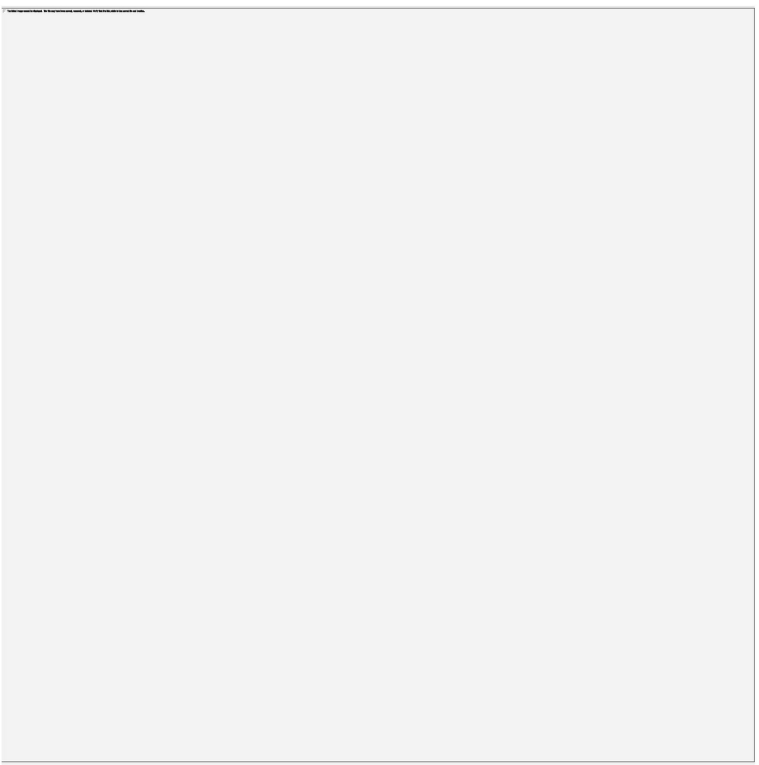

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| | |
|---|---|
| Date: | Monday, March 7 2011 04:18 PM |
| Subject: | FW: Please forward |
| From: | Jack Goldberger <[redacted]> |
| To: | Jeffrey Epstein <jeevacation@gmail.com>; |
| Attachments: | image001.png |

---

**From:** Kirsty Mackenzie [mailto:[redacted]]
**Sent:** Monday, March 07, 2011 11:11 AM
**To:** Jack Goldberger
**Subject:** RE: Please forward

I am writing in an attempt to make contact with Jeffrey Epstein and wondered if you would, as his attorney, forward this message on to him?

We are keen to explore the possibility of conducting an interview with Mr Epstein, on the subject of the stories which are circulating, however inaccurately, about both him and Prince Andrew, the Duke of York; we'd be keen to hear from Mr Epstein first hand so that the various and at times, speculative reporting which is at large in the UK press can be better scrutinised?

Let me tell you a bit about the ***Today*** programme.

***Today*** is the BBC's main morning news show; we have been part of the BBC for over 50 years and are generally considered one of the most important news broadcast outlets - either on radio or TV - here in the UK. We set the news agenda for the BBC and in many respects we set the daily news agenda for the country. Our interviews are regularly re broadcast across the BBC's national and international news network including - ***BBC World, BBC World Service*** and ***BBC Online***. The combination of these outlets means the global 'reach' of a BBC *Today* programme interview is *second to none*.

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We are a programme that carries considerable weight and influence and which prides itself in being a first port of call for many of the most important and influential figures on the international stage.

I can best be reached via my cell phone - [redacted] - or this email address.

My very best wishes and my thanks!

Kirsty

***Kirsty MacKenzie,***
***Interviews Editor,***
***Today Programme,***
***BBC News***
***mobile:*** [redacted]

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**Date:** Monday, March 7 2011 05:16 PM
**Subject:** Re: Fwd: FW: Please forward
**From:** Peter Mandelson [redacted]
**To:** 'jeevacation@gmail.com' <jeevacation@gmail.com>;
**Attachments:** image001.png

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No !!

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**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, March 07, 2011 05:01 PM
**To**: Peter Mandelson BT
**Subject**: Fwd: FW: Please forward

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**From:** Kirsty Mackenzie [mailto[redacted]
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**Date:** Monday, March 7 2011 09:53 PM
**Subject:** RE: FW: Please forward
**From:** Peter Mandelson <[redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

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home if you want to talk - going to bed early....

---

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 07 March 2011 17:01
To: Peter Mandelson BT
Subject: Fwd: FW: Please forward

From: Kirsty Mackenzie [mailto:[redacted]k <mailto:[redacted]>]
Sent: Monday, March 07, 2011 11:11 AM
To: Jack Goldberger
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Interviews Editor,
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BBC News
mobile[redacted]

[cid:image001.png@01CBDCB9.639DD660]

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**Date:** Tuesday, March 8 2011 08:17 PM
**Subject:** <no subject>
**From:** gmax <gmax1@ellmax.com>
**To:** J Jep <jeevacation@gmail.com>;

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by ***Vicky Ward*** <http://www.vanityfair.com/contributors/vicky- ward>

March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."
So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein.
Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.
I wrote a piece for *Vanity Fair* in 2003 called "The Talented Mr. Epstein." It was largely a business piece that focused on his mysterious exit from Bear Stearns in 1981, his close relationships with Jimmy Cayne, Les Wexner, the chairman of Limited Brands, and above all, the man who claimed to be his mentor, Steven Jude Hoffenberg, who is currently serving a 20-year-jail sentence for bilking investors in Towers Financial out of $450 million.

The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair* story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,* Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

When I saw pictures of Prince Andrew walking in Central Park with Jeffrey, my immediate thought was that "Andy"—as Jeffrey calls him—is probably asking for help with his role as British trade envoy, or whatever his strange title is. Because if one thing's for sure: When it comes to international business, Jeffrey knows what he's talking about far more than "Andy" does. Which is why Leon Black, Mort Zuckerman and a few other financiers hang out with him.

And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.

**Date:** Tuesday, March 8 2011 08:48 PM
**Subject:** Re:
**From:** Lesley Groff <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

thank you Vicky!

On Tue, Mar 8, 2011 at 3:31 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

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**From:** Jessica Cadwell, Paralegal [redacted]
**Sent:** 3/8/2011 8:49:29 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE:
**Attachments:** bclc.gif

**Importance:** High

That's actually a very well written article, and I suspect very true and from the heart.
I was thinking about you today and all the BS....
How are you holding up??
Did you see the comments on Lambiet's Page re: Spencer ☺

BURMAN, CRITTON LUTTIER & COLEMAN, LLP
YOUR TRUSTED ADVOCATES

**Jessica Cadwell, Paralegal** - to Robert D. Critton, Jr. & Michael J. Pike
303 Banyan Boulevard | Suite 400 | West Palm Beach | FL 33401
[redacted] | www.bclclaw.com

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, March 08, 2011 3:42 PM
**To:** Jessica Cadwell, Paralegal
**Subject:**

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March 8, 2011, 2:30 PM

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**From:** Boris Nikolic [redacted]
**Sent:** 3/8/2011 8:58:30 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE:

**Importance:** High

What is this??? When this will stop. This is crazy.

And you are NOT 57 ;)

And certainly you are NOT socially awkward.
Who is that idiot.

Boris

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, March 08, 2011 3:28 PM
**To:** Boris Nikolic
**Subject:**

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**From:** Jean Luc Brunel [redacted]
**Sent:** 3/8/2011 9:08:46 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

This is not bad

On 3/8/11 3:47 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

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**From:** [redacted]
**Sent:** 3/8/2011 9:34:45 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

# Privileged - Redacted

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Tue, 8 Mar 2011 12:40:36 -0800
**To:** Martin Weinberg<[redacted]>
**Subject:**

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**From:** [redacted]
**Sent:** 3/8/2011 11:17:34 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: <no subject>

**Importance:** High

I think this is a great article I think viki was clearly very nice…I remember when I got the call when she was thinking about her writing the article 8 years ago…she was spot on here this is the article that citrick should work off of…
Home all night

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, March 08, 2011 5:48 PM
**To:** [redacted]
**Subject:** Fwd: <no subject>

---------- Forwarded message ----------
From: **gmax** <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance <http://www.vanityfair.com/online/daily/2011/03/notes-on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by ***Vicky Ward*** *<http://www.vanityfair.com/contributors/vicky-ward>*
March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."

So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein.

Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.

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The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who

is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair*story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,*Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

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Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability. And that vulnerability is key to understanding her friendship with Jeffrey.

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**From:** [redacted]
**Sent:** 3/8/2011 11:48:30 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Looking for someone who made the early bet that Middle East would implode...

**Importance:** High

I see you released a statement. Good move. You should tell people that all this stuff happened years ago.

Sent from my BlackBerry® wireless device

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Tue, 8 Mar 2011 12:40:10 -0800
**To:** <[redacted]>
**Subject:** Re: Looking for someone who made the early bet that Middle East would implode...

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance <http://www.vanityfair.com/online/daily/2011/03/notes-on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

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On Tue, Mar 8, 2011 at 6:10 AM, <[redacted]> wrote:

> Thanks.

Sent from my BlackBerry® wireless device

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Tue, 8 Mar 2011 06:07:11 -0800
**To:** Landon Thomas<[redacted]>
**Subject:** Re: Looking for someone who made the early bet that Middle East would implode...

i know a few ,, i;ll ask

On Tue, Mar 8, 2011 at 5:25 AM, Landon Thomas <[redacted]> wrote:

Do you know anyone/fund out there who made an early investment call on the middle east going to hell and loaded up on oil futures or some such to take advantage?

--
Landon Thomas, Jr.
Financial Correspondent
New York Times
[redacted]

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**Date:** Wednesday, August 3 2011 12:55 AM
**Subject:** Re: basketball player
**From:** [redacted]
**To:** Uncle F Jeffrey Epstein <jeevacation@gmail.com>;

---

Its such a circus with this politics thing...its ridiculous

Sent via BlackBerry from T-Mobile

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Tue, 2 Aug 2011 22:40:02 +0200
**To:** [redacted]
**Subject:** basketball player

obama was scheduled to sign the debt bill late yesterday, just hours before the midnight Treasury deadline that could have seen the US default on its debts, a national humiliation likely to have had a huge impact on markets and the global economy.

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**Date:** Saturday, October 31 2009 11:43 AM
**Subject:** Re: on another subject... gates and ed
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** roger schank <[redacted]>;

---

they are sending their rep here on the second week of dec.. do you remember chaunce the gardner from " being there" . dimitri

On Sat, Oct 31, 2009 at 7:36 AM, roger schank <[redacted]> wrote:

The Bill & Melinda Gates Foundation gives about $200 million a year in elementary and secondary education grants and is pressing for some of the same changes that Obama wants, such as paying teachers based on student test scores.

roger schank
http://www.rogerschank.com/

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**Date:** Saturday, October 31 2009 12:13 PM
**Subject:** Re: on another subject... gates and ed
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** roger schank <[redacted]>;

and the "there" to which he arrived is trivial. and that there only after a long journey.. , re gates.. they have now become frustrated , with the lack of success. bill is personally focused on online ed. he has spent the past couple of months searching for decent courses, and found few .

On Sat, Oct 31, 2009 at 7:49 AM, roger schank <[redacted]> wrote:

> they are sending their rep here on the second week of dec..
>
> why exactly? not be convinced they are wrong
>
> do you remember chaunce the gardner from " being there" . dimitri
>
> I see I wont win this battle so I give up
>
> by the way... the right criticism of what he wrote is that he took a very long time to get there; by that definition of intelligence you are correct
>
> On Sat, Oct 31, 2009 at 7:36 AM, roger schank <[redacted]> wrote:
>
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**Date:** Sunday, January 24 2010 02:57 PM
**Subject:** this is the type of crazy frank rich nytimes that screams be careful
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>; PETER MANDELSON <[redacted]>;

---

Kennedy didn't settle for the generic populist rhetoric of Obama's latest threats to "fight" unspecified bankers some indeterminate day. He instead took the strong action of dressing down U.S. Steel by name. As Richard Reeves writes in his book "President Kennedy," reporters were left "literally gasping." The young president called out big steel for threatening "economic recovery and stability" while Americans risked their lives in Southeast Asia. J.F.K. threatened to sic his brother's Justice Department on corporate records and then held firm as his opponents likened his flex of muscle to the power grabs of Hitler and Mussolini. (Sound familiar?) U.S. Steel capitulated in two days. The Times soon reported on its front page that Kennedy was at "a high point in popular support."

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**Date:** Sunday, January 24 2010 03:01 PM
**Subject:** Fwd: Fw: MONITORING PA - DARLING WARNS US OVER WAR ON WALL STREET
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;
**Attachments:** time_icon.gif

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---------- Forwarded message ----------
From: <[redacted]>
Date: Sun, Jan 24, 2010 at 9:59 AM
Subject: Fw: MONITORING PA - DARLING WARNS US OVER WAR ON WALL STREET
To: jeevacation@gmail.com

Fyi

Sent from my BlackBerry® wireless device

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**From:** "Power Peter \(COMMS\)" <[redacted]>
**Date:** Sun, 24 Jan 2010 14:55:16 -0000
**To:** <[redacted]>
**Subject:** Fw: MONITORING PA - DARLING WARNS US OVER WAR ON WALL STREET

---- Original Message ----
From: [redacted]
To: COMMS - Press Office Monitoring; COMMS - Press Office Operational
Sent: Sun Jan 24 13:01:39 2010
Subject: MONITORING PA - DARLING WARNS US OVER WAR ON WALL STREET

DARLING WARNS US OVER WAR ON WALL STREET

HHH CITY Darling

Topic CITY <http://www.mediapoint.press.net/business/search.jsp?topic=CITY &newerThan=1>

Published 24 Jan 2010 - 12:22

By Holly Williams, Press Association City Staff

Page 1: 12:22

Chancellor Alistair Darling has sent out a warning shot to America not to go it alone with bank sector reforms, it was reported today.

In an interview with The Sunday Times, Mr Darling cautioned that President Barack Obama's war on Wall Street announced last week could harm international co-ordination.

He called for unity among the G20 nations and also said the moves to curb banks would not have prevented the financial crisis.

"If everyone does their own thing it will achieve absolutely nothing," said Mr Darling.

He added: "The banks are global - they are quite capable of organising themselves in such a way that if the regime is difficult in one country, they will go to another one and that doesn't do anyone any good."

The US president sent shockwaves through the banking sector on both sides of the Atlantic with last week's announcement of proposals to limit the activities of banks.

The plans include a ban on retail banks from using their own money in investments, instead of being limited to investing their customers' funds, and restrictions on banks' abilities to make high-risk trades.

Mr Obama said he was ready for a "fight" with the sector over the reforms, which came in the middle of the US bank reporting season revealing bumper profits at many major groups.

The Tories were quick to back Mr Obama and accused the UK Government of becoming internationally "isolated" over the banking overhaul.

However, Mr Darling today stood firm on his opposition to plans that would effectively split retail and investment banks.

"You could end up dividing institutions and making them separate legal entities, but that isn't the point," he told The Sunday Times.

"The point is the connectivity between them in relation to their financial transactions."

He stressed that failed US investment bank Lehman Brothers did not have retail deposits, but was allowed to go to the wall with disastrous consequences for the global financial system.

He said: "Equally the large-small thing doesn't run - Northern Rock was very small in global terms but systemically it was quite important when it got into trouble."

The UK will continue working with the US on banking overhaul plans, but the Chancellor said he would ensure proposals did not "disadvantage London relative to the rest of the world".

But the UK has so far gone out on a limb with its one-off 50% special tax on City bonuses over £25,000.

The move has already seen threats from banks to relocate affected staff abroad, while a number of foreign banks - including Credit Suisse and reportedly Goldman Sachs - are capping or reducing UK staff pay.

US Treasury officials are understood to be arriving in London tomorrow to brief the Government on Mr Obama's radical plans.

And City minister Lord Myners is said to be gathering UK and international officials to discuss solutions to the "too big to fail" issue.

Sophie Benger | Digital Infrastructure Desk | Department for Business, Innovation and Skills | [redacted] | [redacted] | www.bis.gov.uk <http://www.bis.gov.uk/ >

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**Date:** Monday, January 25 2010 12:51 PM
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;

---

the more time you have to announce the better. Ive set up you and peter to meet in davos with darling. it would be better afterwards to announce. I would go slowly, this can set the stage for lots to come. Obama really wants a fight. its crzy. " They took bailout money and then ....." the problems are all inherited , not of his doing, he reached out a hand to help and was taken advantage of -, typical but problematic.

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destroy this communication and all copies thereof,
including all attachments.

**Date:** Thursday, January 28 2010 10:24 AM
**Subject:** Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic <[redacted]>;

you can tell andrew we are friends ,

On Thu, Jan 28, 2010 at 4:39 AM, Boris Nikolic <[redacted]> wrote:

Different kind of fun.
It is fun for a short time but i am already getting sick of so many meetings!
Met your friend bill clinton yesterday followed up with sarkozy. Later in day meeting your other friend prince andrew as he has some questions re microsoft.

How are you?

boris

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 7:47 AM
**To:** Boris Nikolic <[redacted]>
**Subject:**

any fun?

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**Date:** Thursday, January 28 2010 10:29 AM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic <[redacted]>;

yes you do, you need to laugh and have fun, he is good at that.

On Thu, Jan 28, 2010 at 5:27 AM, Boris Nikolic <[redacted]> wrote:

No problem.
I am meeting him as he has some questions. I do not need anything from him.

Also nathan wolf requested a mtg. Will meet him at some coctail later. Much better that way!

How are you?

Sent from my AT&T Windows Mobile phone.

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:24 AM
**To:** Boris Nikolic <[redacted]>
**Subject:** Re:

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How are you?

boris

Sent from my AT&T Windows Mobile phone.

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**To:** Boris Nikolic <[redacted]>
**Subject:**

any fun?

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Thank you!
I heard that he is not that fun but i trust your judgement. It would be blast that you are here. I was just flirting with 22 years old hot blond blue eyes mexican chick. It turns out she is with her husband. Did not have chance to check him out. But as we concluded, anything good is rented ;)

Sent from my AT&T Windows Mobile phone.

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:30 AM
**To:** Boris Nikolic <[redacted]>
**Subject:** Re: Re:

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boris

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**To:** Boris Nikolic <[redacted]>
**Subject:**

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**Date:** Thursday, January 28 2010 10:40 AM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic <[redacted]>;

possibly

On Thu, Jan 28, 2010 at 5:37 AM, Boris Nikolic <[redacted]> wrote:

You would get sick of yesterday harvard party. Average age was 60. Non stop boring talks. Run away so quickly!!!

Will be in nyc the following week feb 5 to 8th. Are you there?

boris

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:30 AM
**To:** Boris Nikolic <[redacted]>
**Subject:** Re: Re:

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**Date:** Thursday, January 28 2010 11:21 AM
**Subject:** Re: Fw:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;

kate kelly is a snake. im glad they said no interview,, ask peters advice he is the pr genius

On Thu, Jan 28, 2010 at 6:18 AM, Jes Staley <[redacted]> wrote:

This is what my PR person said.

I'm seeing Darling tomorrow morning.

----- Original Message -----
From: [redacted]
To: Jes Staley; Joseph Evangelisti; [redacted]
Sent: Thu Jan 28 06:12:14 2010
Subject: Re:

I wouldn't do it. Not yet and not from Davos. As you know, Davos has had some criticism in the press for bank CEOs attending and I feel like it's the wrong way to go for your first interview as IB CEO. I also think print has much more impact than TV. Talk to Lionel and Robert while you're there -- they are the two guys who can move the needle on this. And let's do more in print when you get back. In fact, Matt Zames and I spent an hour and a half with WSJ's Kate Kelly from the Journal on this issue for a major story she's doing on the Obama proposal. Let's have you quoted in that.

----- Original Message -----
From: Jes Staley
To: Joseph Evangelisti; [redacted]; [redacted]
Sent: Thu Jan 28 04:56:55 2010
Subject:

Daley and frankel are saying that I need to go on TV (CNBC) to defend our hedge funds. Thoughts?

--
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**Date:** Thursday, January 28 2010 02:46 PM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic <[redacted]>;

i understand,, the ratio of run to leap is way too high

On Thu, Jan 28, 2010 at 9:41 AM, Boris Nikolic <[redacted]> wrote:

Just had mtg with Andrew. He is great.

Jee - i think that i would trade davos for a good fashion week. Much more fun.

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:39 AM
**To:** Boris Nikolic <[redacted]>
**Subject:** Re: Re:

hes great fun,

On Thu, Jan 28, 2010 at 5:34 AM, Boris Nikolic <[redacted]> wrote:

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I heard that he is not that fun but i trust your judgement. It would be blast that you are here. I was just flirting with 22 years old hot blond blue eyes mexican chick. It turns out she is with her husband. Did not have chance to check him out. But as we concluded, anything good is rented ;)

Sent from my AT&T Windows Mobile phone.

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**Subject:** Re: Re:

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How are you?

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**To:** Boris Nikolic <[redacted]>
**Subject:** Re:

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How are you?

boris

Sent from my AT&T Windows Mobile phone.

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 7:47 AM
**To:** Boris Nikolic <[redacted]>
**Subject:**

any fun?

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**Date:** Wednesday, November 3 2010 02:40 PM
**Subject:** Re: Quick question
**From:** Jeevacation <jeevacation@gmail.com>
**To:** [redacted]

---

He couldn't for a few months , too hot

Sorry for all the typos .Sent from my iPhone

On Nov 3, 2010, at 3:36 PM, [redacted] wrote:

> Hey Unc,
> Quick Question...do u think Larry Summers would come to Trinity to speak about Obama, the economy, the government in general, etc?
> Sent via BlackBerry from T-Mobile

**Date:** Wednesday, November 3 2010 02:43 PM
**Subject:** Re: Quick question
**From:** Jeevacation <jeevacation@gmail.com>
**To:** [redacted]

---

Do you want more free city for chanukH?

Sorry for all the typos .Sent from my iPhone

On Nov 3, 2010, at 3:36 PM, [redacted] wrote:

> Hey Unc,
> Quick Question...do u think Larry Summers would come to Trinity to speak about Obama, the economy, the government in general, etc?
> Sent via BlackBerry from T-Mobile

**Date:** Wednesday, November 3 2010 02:53 PM
**Subject:** Re: Quick question
**From:** Jeevacation <jeevacation@gmail.com>
**To:** [redacted]

---

I will ask after he is officially gone

Sorry for all the typos .Sent from my iPhone

On Nov 3, 2010, at 3:43 PM, [redacted] wrote:

> Maybe in May?
> ------Original Message------
> From: Uncle F Jeffrey Epstein
> To: [redacted]
> Subject: Re: Quick question
> Sent: Nov 3, 2010 10:40 AM
>
> He couldn't for a few months , too hot
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>
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>> Sent via BlackBerry from T-Mobile
>
>
> Sent via BlackBerry from T-Mobile

**Date:** Wednesday, November 3 2010 03:07 PM
**Subject:** Re: Quick question
**From:** Jeevacation <jeevacation@gmail.com>
**To:** [redacted]

---

As always , whatever you want!!

Sorry for all the typos .Sent from my iPhone

On Nov 3, 2010, at 3:59 PM, [redacted] wrote:

> Hmm perhaps. But I was thinking that I maybe wanted a speaker system for my room and bathroom..?!?
> -----Original Message------
> From: Uncle F Jeffrey Epstein
> To: [redacted]
> Subject: Re: Quick question
> Sent: Nov 3, 2010 10:43 AM
>
> Do you want more free city for chanukH?
>
> Sorry for all the typos .Sent from my iPhone
>
> On Nov 3, 2010, at 3:36 PM, [redacted] wrote:
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>> Quick Question...do u think Larry Summers would come to Trinity to speak about Obama, the economy, the government in general, etc?
>> Sent via BlackBerry from T-Mobile
>
>
> Sent via BlackBerry from T-Mobile

**Date:** Monday, November 15 2010 07:13 PM
**Subject:** from revival. a new book..
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;

I thought you might find this amusing. "But more often then not, the team of economic advisers was operating from different playbooks, with Summers calling his plays the loudest. Take, for instance, the debate that surrounded the Volcker rule -- the regulatory reform component that curtailed proprietary trading at U.S. banks and limited their investments in private equity firms and hedge funds. As Wolffe reports:

> [Summers'] doubts sat there in the West Wing, blocking the Volcker rule for months. Obama had signaled that he wanted the rule to move forward back in October. The banks were on safe ground again, but could still benefit from subsidized lending by the federal government. That seemed wrong when they could use the money to trade for themselves rather than lend it to customers in the real economy... Biden was an old friend of Volcker's and started to press for the rule to take force. But as the weeks dragged on, Summers rehashed his same old questions and concerns. At one fall meeting with his economics team in the Oval Office, Obama wanted to know why nothing had moved yet. Summers dug in once again, while Geithner - whose media coverage cast him as a supposed ally of Wall Street - wanted to push ahead. Obama noted dryly, "I think I can argue everyone's position now. "

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**Date:** Sunday, March 6 2011 08:51 AM
**Subject:** feel fre to pass this to your presss people,
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** The Duke <[redacted]>;

---

you ok? these stories are complete ant utter fantasy,, I don't know and have never met Al gore, CLinton was never on the island.. the telephone book is not mine, it was stolen by my houseman that is currently in prison for doing so.

--
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/7/2011 4:42:11 PM
**To:** Gmax [gmax1@ellmax.com]
**Subject:** Fwd: FW: Please forward
**Attachments:** image001.png

---------- Forwarded message ----------
From: **Jack Goldberger** <[redacted]>
Date: Mon, Mar 7, 2011 at 8:18 AM
Subject: FW: Please forward
To: Jeffrey Epstein <jeevacation@gmail.com>

---

**From:** Kirsty Mackenzie [redacted]
**Sent:** Monday, March 07, 2011 11:11 AM
**To:** Jack Goldberger
**Subject:** RE: Please forward

I am writing in an attempt to make contact with Jeffrey Epstein and wondered if you would, as his attorney, forward this message on to him?

We are keen to explore the possibility of conducting an interview with Mr Epstein, on the subject of the stories which are circulating, however inaccurately, about both him and Prince Andrew, the Duke of York; we'd be keen to hear from Mr Epstein first hand so that the various and at times, speculative reporting which is at large in the UK press can be better scrutinised?

Let me tell you a bit about the ***Today*** programme.

***Today*** is the BBC's main morning news show; we have been part of the BBC for over 50 years and are generally considered one of the most important news broadcast outlets - either on radio or TV - here in the UK. We set the news agenda for the BBC and in many respects we set the daily news agenda for the country. Our interviews are regularly re broadcast across the BBC's national and international news network including - ***BBC World, BBC World Service*** and ***BBC Online***. The combination of these outlets means the global 'reach' of a BBC *Today* programme interview is *second to none*.

Programme guests have included a selection of some of the biggest names in politics, business, international relations and the arts including US Treasury Secretary Tim Geithner, President Nicholas Sarkozy, President Hamid Karzai, HRH the Prince of Wales, former President Musharraf, former Secretary of State Condoleezza Rice, former President Bill Clinton, Senator George Mitchell, Al Gore, Kofi Annan, former Prime Minister Tony Blair, the Dalai Lama, Bill Gates, George Soros, Stephen Hawking, Sir Paul McCartney, Mick Jaggar and Salman Rushdie.

We are a programme that carries considerable weight and influence and which prides itself in being a first port of call for many of the most important and influential figures on the international stage.

I can best be reached via my cell phone - [redacted] - or this email address.

My very best wishes and my thanks!

Kirsty

***Kirsty MacKenzie,***
***Interviews Editor,***
***Today Programme,***
***BBC News***
[redacted]

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/7/2011 5:03:12 PM
**To:** Peggy Siegal [redacted]
**Subject:** crazy
**Attachments:** image001.png

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**From:** Kirsty Mackenzie [redacted]
**Sent:** Monday, March 07, 2011 11:11 AM

We are keen to explore the possibility of conducting an interview with Mr Epstein, on the subject of the stories which are circulating, however inaccurately, about both him and Prince Andrew, the Duke of York; we'd be keen to hear from Mr Epstein first hand so that the various and at times, speculative reporting which is at large in the UK press can be better scrutinised?

Let me tell you a bit about the ***Today*** programme.

***Today*** is the BBC's main morning news show; we have been part of the BBC for over 50 years and are generally considered one of the most important news broadcast outlets - either on radio or TV - here in the UK. We set the news agenda for the BBC and in many respects we set the daily news agenda for the country. Our interviews are regularly re broadcast across the BBC's national and international news network including - ***BBC World, BBC World Service*** and ***BBC Online***. The combination of these outlets means the global 'reach' of a BBC *Today* programme interview is *second to none*.

Programme guests have included a selection of some of the biggest names in politics, business, international relations and the arts including US Treasury Secretary Tim Geithner, President Nicholas Sarkozy, President Hamid Karzai, HRH the Prince of Wales, former President Musharraf, former Secretary of State Condoleezza Rice, former President Bill Clinton, Senator George Mitchell, Al Gore, Kofi Annan, former Prime Minister Tony Blair, the Dalai Lama, Bill Gates, George Soros, Stephen Hawking, Sir Paul McCartney, Mick Jaggar and Salman Rushdie.

We are a programme that carries considerable weight and influence and which prides itself in being a first port of call for many of the most important and influential figures on the international stage.

I can best be reached via my cell phone - [redacted] - or this email address.

My very best wishes and my thanks!

Kirsty

***Kirsty MacKenzie,***
***Interviews Editor,***
***Today Programme,***
***BBC News***
***mobile:*** [redacted]

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 3/7/2011 5:26:02 PM
**To**: Martin Weinberg [redacted]
**Subject**: Fwd: Fwd: FW: Please forward
**Attachments**: image001.png

---------- Forwarded message ----------
From: **Peter Mandelson** <[redacted]>
Date: Mon, Mar 7, 2011 at 9:16 AM
Subject: Re: Fwd: FW: Please forward
To: "jeevacation@gmail.com" <jeevacation@gmail.com>

No !!

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**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Monday, March 07, 2011 05:01 PM
**To**: Peter Mandelson BT
**Subject**: Fwd: FW: Please forward

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**From:** Kirsty Mackenzie [redacted]
**Sent:** Monday, March 07, 2011 11:11 AM
**To:** Jack Goldberger
**Subject:** RE: Please forward

I am writing in an attempt to make contact with Jeffrey Epstein and wondered if you would, as his attorney, forward this message on to him?

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/8/2011 1:48:24 AM
**To:** Darren Indyke [redacted]

Details of the disturbing lifestyle led by Jeffrey Epstein emerged last night after the Daily Mail uncovered logs of telephone messages left at his Florida child sex den.

Schoolchildren were among hundreds of callers who apparently rang to arrange massages for the 58-year-old billionaire friend of Prince Andrew, who was later convicted of child sex offences.

Ghislaine Maxwell, 49-year-old daughter of the disgraced media mogul Robert Maxwell, is named in several messages.

In one left for her or 'Sarah', a caller says she 'doesn't know at what time she must come this night for the massage'. Other messages for Epstein, the sources of which are not clear, contain such phrases as: 'She has females for Mr JE' and 'I have a female for him'.

Another with sickening overtones comes from someone called Jeanluc for Epstein: 'He just did a good one – 18 years. (She spoke to me and said, "I love Jeffrey")'.

The long list of women is punctuated by regular references to Epstein's celebrity friends including the business magnate Donald Trump, film producer Harvey Weinstein and magician David Copperfield, referred to as 'Magic David'.

The sheer volume of phone traffic shows the frequency of Epstein's massages, many of which were 'erotic' and allegedly involved the abused girls.

The evidence is from documents confiscated by police during a criminal investigation into Epstein and seen yesterday by the Mail.

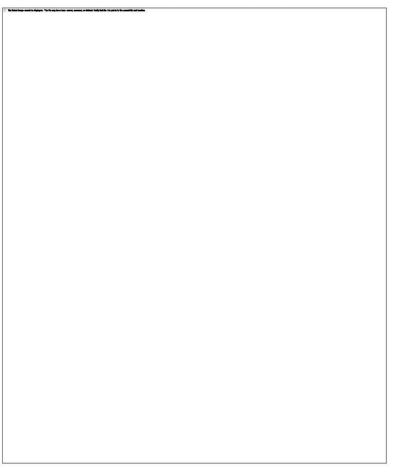

Message from a child asking what time to leave school

Miss Maxwell is asked when a girl should give a massage

One message left for Epstein reads: 'She is wondering if 2.30 ok cuz she needs to stay in school.'

It was left in February 2005 – the same year that the mother of a 14-year-old girl alerted police to Epstein's abuse.

Another note shows that 'Colleen' phoned to tell Epstein: 'Going into class – will be out in 45 min.'

Last night the Daily Mail tried to contact the people whose names and telephone numbers are included in the logs.

One girl named Jenny, who had left her number, hung up immediately when asked about Epstein.

A man listed only as Darren said: 'I have no comment to make on that.'

Read more: http://www.dailymail.co.uk/news/article-1364010/Did-Prince-Andrew-fix-Fergies-bailout-Billionaire-paid-debts-days-princes-visit.html#ixzz1FyMDA8If

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**Date:** Tuesday, March 8 2011 08:40 PM
**Subject:** Re: Looking for someone who made the early bet that Middle East would implode...
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by *Vicky Ward* <http://www.vanityfair.com/contributors/vicky- ward>

March 8, 2011, 2:30 PM

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So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

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She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

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On Tue, Mar 8, 2011 at 6:10 AM, <[redacted]> wrote:

Thanks.

Sent from my BlackBerry® wireless device

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Tue, 8 Mar 2011 06:07:11 -0800
**To:** Landon Thomas<[redacted]>
**Subject:** Re: Looking for someone who made the early bet that Middle East would implode...

i know a few ,, i;ll ask

On Tue, Mar 8, 2011 at 5:25 AM, Landon Thomas <[redacted]> wrote:

Do you know anyone/fund out there who made an early investment call on the middle east going to hell and

loaded up on oil futures or some such to take advantage?

--
Landon Thomas, Jr.
Financial Correspondent
New York Times
[redacted]

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**Date:** Tuesday, March 8 2011 10:48 PM
**Subject:** Fwd: <no subject>
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

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---------- Forwarded message ---------
From: **gmax** <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>

by *Vicky Ward* <http://www.vanityfair.com/contributors/vicky- ward>

March 8, 2011, 2:30 PM

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**Date:** Tuesday, March 8 2011 11:57 PM
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** PETER MANDELSON <[redacted]>;

max <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

Jeffrey and Ghislaine: Notes on New York's Oddest Alliance <
http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>
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And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life—whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of blemishes.

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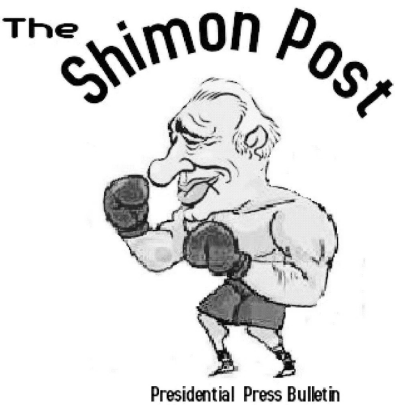


20 April, 2011

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|---|---|
| Article 1. | The Cairo Review of Global Affairs<br>**The Israeli-Palestinian Conflict Now**<br>William B. Quandt |
| Article 2. | Foreign Policy<br>**The United States' heavy-handed efforts to help Israel at the U.N.**<br>Colum Lynch |
| Article 3. | The Washington Post<br>**Time to up the ante on Egypt**<br>David Ignatius |
| Article 4. | The National Interest<br>**Samantha and Her Subjects**<br>Jacob Heilbrunn |

Article 1.

The Cairo Review of Global Affairs

# The Israeli-Palestinian Conflict Now

William B. Quandt

Spring 2011 -- The upheaval that shook the Arab world in early 2011 should lead to a fundamental recalibration of American policies in the Middle East. As this debate gets underway, many, perhaps most, will conclude that this is no time for pushing hard for Arab-Israeli peace. They will argue that it is time to let the dust from the Arab revolution settle, to shore up other fragile regimes, and to hope for the best. Certainly the official view from Israel will reinforce such a wait and see attitude. But such a posture, at a time like this, will have the effect of making the United States look marginal to the central developments of the region.

While it is true that U.S. influence has waned in recent years–and that need not be such a bad thing–on the issue of Arab-Israeli peace the U.S. still has a major interest and a major responsibility. So, the Obama administration should take a hard look, screw up its courage, and try for a serious multi-pronged effort to get Arab-Israeli peacemaking onto a promising track. If successful–and the odds are admittedly not good–this would mean that the U.S. was aligning itself with both democracy and peace in a vital part of the world. That would go a long way toward securing American interests. But, is it doable?

The president still has time to make mid-course corrections and start to move in a more promising direction. But time is short and he will have to recognize some of the serious errors he has made if he is to get things right. To have a chance of success, Obama must mobilize a major internationally supported initiative to lay out the broad guidelines, in the form of quite specific principles, for the resolution

of both the Israeli–Palestinian conflict and the Israeli–Syrian one as well.

What went wrong? After all, Obama as a presidential candidate in 2008 seemed to be genuinely committed to trying a new approach to peacemaking. And he seemed to understand that Arab–Israeli peace would make a big dent in the intense anti-Americanism that could be found in much of the Arab and Islamic worlds.

Obama got off to a good start in January 2009. He supported the idea of engagement with adversaries, mentioning Iran and Syria by name, and privileging diplomacy over military force. He appointed a respected and experienced former senator, George Mitchell, to oversee the day-to-day conduct of his Arab–Israeli policy. As the national security advisor he named General James Jones, a man with considerable experience with the Palestine issue. In a number of public statements, Obama made it clear that he wanted to move forcefully toward Arab–Israeli peace and he took a particularly firm stand on an issue of great importance to the Palestinians, namely the need for Israel to stop building settlements in occupied territory. Obama's new approach was aptly expressed in his June 4, 2009 speech at Cairo University, in which he said: "I have come here to seek a new beginning between the United States and Muslims around the world, one based upon mutual interest and mutual respect."

While all of these steps raised hopes in some quarters that American policy was moving into a new and active phase, there were also some warning signs that events might force the new president to trim his ambitions. First there was the obvious fact that the global economic crisis, which significantly worsened in the months before his election, was bound to occupy much of his time and energy. In addition to pushing a stimulus package and bank bailouts to address the economic crisis, his domestic political agenda included passing legislation on health care. These proved also to be difficult and

divisive tasks, quickly drawing down on the president's political capital.

In the Middle East, two elections also made it more difficult for the president to proceed with his initial strategy. First, in Israel, elections resulted in the return of hard-line Likud leader, Benjamin Netanyahu, to the prime minister's office. He had served as prime minister in the period 1996–1999 and had strenuously resisted U.S. efforts to move forward on Israeli–Palestinian peace talks. To say the least, his reputation in Washington was that of a stubborn and unimaginative leader who was unwilling to take risks for peace.

The other election that damaged the chances for Obama to pursue his plans to engage constructively with adversaries took place in Iran in June 2009 and was widely viewed in the West as a deeply flawed affair that cheated the reformist movement of a possible victory. Instead of dealing with Iranian moderates, Obama would have to deal with a reinstated President Mahmoud Ahmadinejad and Supreme Leader Ayatollah Ali Khamenei. Many Americans were highly skeptical about the wisdom of trying to pursue a policy of engagement with this Iranian regime, especially as it continued to follow a policy of producing nuclear energy that led many to believe Iran was on its way to becoming a nuclear weapons state in violation of its commitments under the Non-Proliferation Treaty.

The Netanyahu Problem

Obama and Netanyahu did not get off to a very good start. With some effort, Obama did help persuade Netanyahu to express guarded support for the so-called 'two-state solution' to the Israeli–Palestinian conflict, but he had a much harder time persuading the Israeli prime minister to stop building settlements in the West Bank and east Jerusalem. This latter point became a test of wills between the two leaders, and finally in late 2009 Netanyahu gave a partial concession—a moratorium on new settlement construction in the

West Bank (but not east Jerusalem) for a period of ten months. By the time this offer was made, Obama and his political advisors were showing signs of being worried about the prolonged strain in U.S.–Israeli relations. Many seemed to feel that it was time for the president to mend fences and to accept what Netanyahu had offered as a positive first step. Secretary of State Hillary Clinton, long attuned to the domestic politics surrounding the management of the relationship with Israel from her time as senator from New York state, was quick to label Netanyahu's offer of a ten-month moratorium as "unprecedented"—which was not true—and to turn to the Palestinians with demands that they agree to enter negotiations. "If there is indeed still a window of opportunity for a comprehensive Arab–Israeli peace, it may not remain open for long. And if Obama does not try to break the impasse, it is unlikely that his eventual successor will do so."

During the first part of 2010, there was very little real movement in Arab–Israeli peace diplomacy. Mitchell travelled diligently to the region, but his style was so low-key that whatever gains he made were barely noticed. In mid year, Obama and Netanyahu met in Washington for a carefully staged reconciliation meeting. With Congressional elections on the horizon, Obama presumably did not want to burden Democratic candidates with the charge that the Obama administration was excessively tough in its dealings with Israel. Exactly what happened during the meeting between the two leaders is not clear. It seems that Netanyahu made a strong case for U.S. support in confronting Iran; and in return for U.S. assurances on this score, he agreed to enter "direct negotiations without preconditions" with the Palestinians.

White House Middle East advisors began to talk about a "new Netanyahu," a strong leader who would be prepared to make concessions for peace. The "old Netanyahu," a man whose

ideological roots are found deep in the revisionist Zionist tradition which sees all of Palestine as rightfully belonging to Israel, had strongly opposed previous peace agreements that his predecessors had negotiated, and had been a very reluctant participant in any talks with the Palestine Liberation Organizaton during his previous tenure as prime minister from 1996 to 1999. Whether this more optimistic view of Netanyahu was based on some serious understandings with him or was more in the nature of wishful thinking could not be determined, but it did mean that U.S. efforts turned to convincing the Palestinians to enter into direct negotiations.

By this time, efforts to engage with Syria had just about dropped off the radar screen. Sound strategy suggests that the U.S. should have done much more to open serious negotiations on the Syrian front—and here negotiation is the right paradigm–and there is a substantial record to build upon. If Syria were also on track to achieving a peace agreement with Israel—the terms of which are much easier to define than they are on the Palestinian front—then Syria would have every incentive to use its influence in support of the peace process. But it was only the Palestinian–Israeli front that received sustained attention, at least in public. As the expiration of the Israeli semi-moratorium on settlement building in the West Bank approached, the American side pressed hard to get negotiations started between Netanyahu and Palestinian President Mahmoud Abbas. Several meetings did take place, but there was no meeting of minds, and when the settlement moratorium expired the Palestinians suspended their participation in the negotiations. By late 2010, the 'peace process' seemed to have reached a stalemate. In fact, it had never gained much momentum at all.

Avoidable Errors

Several things seemed to be wrong with Obama's strategy. First, whatever the wisdom of deciding to make a freeze on settlements his

top priority, Obama should have realized that Netanyahu would resist, and that much would depend on who was seen to win this initial test of wills. If Obama were seen to back down on this first issue of contestation, that would damage his reputation for being a strong leader. And back down he did.

Second, Obama did not seem to fully appreciate the importance of having a strong alter ego to serve as his primary diplomat on Arab–Israeli affairs. All prior U.S. successes in Arab–Israeli diplomacy had involved a strong president working closely with an empowered secretary of state, both backed by an experienced team of advisors. This was the model that worked for Nixon–Kissinger, Carter–Vance, and Bush I–Baker. But Obama chose to work with George Mitchell, a low-key technocrat—a man of undoubted ability, but not someone known to be especially close to the president. Hillary Clinton, who might have also played a significant role, seemed stand-offish toward Arab–Israeli issues, at least during her first year as secretary of state.

Recent presidents have allowed a certain amount of chaos to reign among their Arab–Israeli policy group. This was definitely the case for Clinton and Bush II, and it also has been true of Obama. While Mitchell was supposed to be his primary advisor, others were also in the game, often sending rather different signals. There was his first chief of staff, Rahm Emanuel, with close personal ties to Israel; there was his outspoken vice president, Joe Biden, a former chairman of the Senate Foreign Relations Committee; there was his national security advisor, James Jones; and, on at least one occasion, there was General David Petraeus, then head of the U.S. Central Command, on the importance of Arab–Israeli peace to the U.S.'s strategic interests in the Middle East.

And then there was Dennis. In Middle East circles, if you mention the name Dennis it is immediately clear that you are referring to Dennis Ross. No one has logged more hours working on Arab–Israeli

issues—starting back in the Reagan administration and then throughout all of Bush I and Clinton. Ross had made an appearance during the campaign as an advisor to Obama on Middle East affairs, but in the initial round of appointments he had been given responsibility at the State Department for a vaguely defined "central region" of the Middle East that seemed to mean Iran and the Gulf region. In any event, with his strongly pro-Israel views, and his reputation for endlessly promoting the "process" part of the peace process, he was not widely seen as the right person to help steer Obama in the new direction that the president seemed to be pursuing. One of his former colleagues described him as a "down in the weeds kind of guy," good for managing the day-to-day diplomacy, but not for charting a new course.

But as U.S.–Israeli relations deteriorated, Ross was called upon to help patch things up with Netanyahu. And by late 2010 he was back in an undefined role at the White House with responsibility for some aspects of Arab–Israeli diplomacy. In short, apart from the president himself, who would have the final word, it was not clear which of his many advisors was key to his plans for getting Arabs and Israelis to make peace.

A third misstep by Obama was to define the Israeli–Palestinian conflict in terms of a dispute that could best be resolved by direct negotiations between the parties. Previous administrations—Clinton and Bush II in particular—had been in the habit of saying that "we cannot want peace more than the parties to the conflict," and that the U.S. would never impose a solution. The U.S. would facilitate, urge, nudge, and persuade, but that was about it. Only in his last month in office did Clinton finally put forward specific proposals. And Bush II, even when he learned that Israelis and Palestinians had made surprising progress in secret talks late in his second term, was unwilling to step in to help clinch the deal.

Obama seemed torn between two paradigms. One saw the Arab–Israeli conflict in strategic terms—its continuation had adverse consequences for U.S. national interests, it weakened moderate forces in the region, gave voice to radicals who whipped up anti-American sentiment, and ultimately made it harder to deal with emerging challenges from countries like Iran or issues like jihadi extremism. Obama himself had expressed this view as candidate in 2008 and again in 2009 after his election. From this standpoint, the U.S. could and should place a high priority on solving the conflict, and to do so should use tough-minded diplomacy, including pressures and inducements, to get the parties to move toward compromises. This could be done in cooperation with other powers, the United Nations and regional players, but U.S. power had to be on display for it to work.

There was some reason to believe at the outset of the Obama administration that the president was setting the stage for this type of forceful American-led diplomacy. But somewhere in his second year, Obama seemed to buy into a different paradigm. Like his predecessors, he said frankly that the U.S. could not want Arab–Israeli peace more than the parties themselves. Obama's ambivalence was perfectly captured on April 13, 2010, when he stated that Arab–Israeli peace was a "vital national security interest of the United States," and then also said: "And the truth is, in some of these conflicts the United States can't impose solutions unless the participants in these conflicts are willing to break out of old patterns of antagonism. I think it was former Secretary of State Jim Baker [sic] who said, in the context of Middle East peace, we can't want it more than they do." While this latter point sounds reasonable on the surface, it is in fact a vapid shibboleth. Taken literally, it means that if one party is reticent, that party will set the pace for diplomacy.

But the Arab–Israeli conflict has never been about which party wants peace most. Each community is internally divided over these issues, which are, after all, existential, and many individuals are divided in their own beliefs. They want peace, but they fear the price that they may have to pay to get it. They often seem to want peace in the abstract, but only on their own terms or not at all. This is not the frame for successful face-to-face negotiations. Instead, it suggests the need for a powerful third-party mediator to help structure the negotiations and shift the calculus of gains and losses.

Even with two strong leaders such as Menachem Begin and Anwar Sadat, both of whom doubtless wanted peace on certain terms, it would have been counterproductive for the U. S. to sit back until the two parties had narrowed their differences to the point where the U. S. could step in and help them cross the finish line with a few gentle nudges and reassurances. Had Carter and Vance accepted this model, there would have been no Camp David Summit and no Egyptian–Israeli peace (at least not in 1979).

Perhaps Obama began to focus on getting the parties into direct negotiations as part of a strategy of building American domestic support for a more forceful American role further down the road. But by fall 2010, it sounded very much as if direct negotiations were an end in and of themselves. Many analysts who have studied the Israeli–Palestinian conflict carefully are dubious about the possibility of resolving the conflict through direct negotiations alone. Such a model assumes a degree of parity that does not exist. Israel is in a far stronger position, while the Palestinians are weak, divided, and occupied. The big "concession" made by the Palestinian leadership has been to give up their claim to some 78 percent of historic Palestine and to agree to build their state in the remaining 22 percent. Having come to this point, most Palestinians do not feel there is much more room for concessions on their side. And they continue to

insist that their capital must be in east Jerusalem and that some satisfaction must be given, if largely symbolic, to the Palestinian refugees who lost their homes in the 1948 war.

Just as the matter of recovering all of Sinai was never an issue for negotiations in the mind of Anwar Sadat, so also the Palestinians consider these points as fundamental to the question of whether or not a peace agreement is at all possible. Any significant deviation from them will mean peace is an illusion. Where they are prepared to show more flexibility is in the timeline for implementing an agreement; the precise delineation of boundaries, provided that land swaps result in fair compensation for any parts of the west bank that Israel keeps; and on security issues, where the Palestinians are prepared to accept that their future state will never be heavily militarized.

Not surprisingly, Israel sees things very differently. For over forty years, Israel has been in control of east Jerusalem and the West Bank. It sees any relinquishment of these territories as a concession, and no Israeli politician to date has ever publicly accepted the principle of withdrawing to the 1967 lines, including in east Jerusalem. Indeed, many Israeli politicians, including most of the current government, believe in expanding Jewish settlement on the West Bank—a policy interpreted by the Palestinians as intended ultimately to squeeze them out of their homeland. Even the most moderate Israeli leader imagines that some of the West Bank and east Jerusalem will remain under Israeli control indefinitely. And no Israeli leader has said much in public about how Palestinian refugee claims could be addressed. There is very little reason to believe that the parties, given the power imbalance, could bridge the gaps in their positions through direct negotiations. And yet such negotiations have been, as during previous administrations, the centerpiece of American diplomacy.

A fourth mistake, if reports from fall 2010 are true, was that Obama apparently offered some very big inducements to Netanyahu in order to get a mere three-month extension of the settlement moratorium. And even then, Netanyahu refused to comply. This was a sign of Obama's weakness. By prematurely putting some very big chips on the table for very minor purposes, he insured that the price for much bigger moves would soar. This was simply bad bargaining technique. Fortunately, the president seemed to realize his error and was unwilling to put the offer in writing. It was then dropped altogether, along with the demand that Israel cease settlement activity. This left American policy in early 2011 as consisting primarily of the effort to get the parties back to the negotiating table. But this cannot be the sum total of a strategy meant to succeed, especially in the aftermath of the upheaval in Egypt and its regional spillover.

While Obama has little to show for his first two years of Arab–Israeli diplomacy, it is not axiomatic that he cannot make mid-course corrections and start to move in a more promising direction. Surely the popular uprisings in the Middle East have raised understandable questions about whether this is possible right now, yet those upheavals make it all the more important that the U.S. aligns itself with both democracy and peace in a vital part of the world.

Plans for the Third Year

Some have argued that the significant Republican gains in the mid-term elections in November 2010 will make it harder for Obama to govern. On the domestic front this is doubtless so. But Congress is less a factor in setting the broad lines of foreign policy, although there will certainly be some very strong and uncritical pro-Israeli voices elevated to senior positions in Congress. Still, most of what Obama needs to do to improve the odds of success in the Arab–Israeli arena does not depend primarily on Congress.

The President needs to take the following steps:

1. He would need to start making the case immediately that Arab–Israeli peace is in the national interests of the United States. The American public needs to hear a convincing rationale for devoting time and resources to the seemingly hopeless task of breaking the Arab–Israeli impasse.
2. He needs to decide who is going to be his principal spokesman on Arab–Israeli issues. For better or worse, in the current line up of policy advisors, Hillary Clinton is the only person who has the clout to play this role. Mitchell, while genuinely liked and admired, is not viewed as having much real clout by the parties to the dispute.
3. This way of thinking may not be part of the mainstream Washington consensus, but it is frequently expressed behind closed doors, even in the capital. It leads to the conclusion that if there is to be peace, there may be only one last chance and one last policy option: Obama must develop a new American initiative that proposes the outlines of an Israeli–Palestinian accord, as well as a comprehensive Arab–Israeli peace agreement, and mobilize international support behind it. Arab countries moving towards democracy will seek greater purposefulness and fairness in the U.S. diplomatic role in their region, and Obama's failure to anticipate and understand their reasonable expectations will dangerously erode American credibility further at this critical juncture.

The building blocks are all there—the Clinton parameters of December 2000, the outline of an agreement discussed by the then Prime Minister Ehud Olmert and Abbas in fall 2008, the terms of an Israeli–Syrian agreement discussed in detail during 1998–2000. In short, the U.S., with support from others in the international community, would state its support for an agreement that would establish a Palestinian state on the territories of the West Bank and Gaza, with east Jerusalem as its capital. The borders of the state would be based on the 1967 lines, with small agreed adjustments and

equitable land swaps. The Palestinian state would recognize Israel and would agree to far-reaching security arrangements, including perhaps international peacekeeping forces at key locations. The hard tradeoff for the Palestinians would be that in exchange for recognition of their state, they would forego the literal "right of return" of refugees to Israel proper, accepting instead some token repatriation and generous compensation for the rest. On the Syrian front, Israel would be expected to withdraw to the June 4, 1967 line, but the Golan would be demilitarized, agreements on water would be worked out, and Syria would be expected to use its influence to help promote a comprehensive Arab–Israeli peace. With these principles clearly spelled out, Arab states would be asked to endorse them and to promise to recognize Israel and establish relations with it as peace with the Palestinians and Syrians goes into effect.

Now, this type of initiative will of course be controversial, particularly among partisans of Israel, who have long maintained that the U. S. should not try to impose its views on the parties. But these points do not really go much beyond what previous American administrations have supported. One could imagine that a fairly impressive bipartisan array of former U.S. officials would support the main outlines of this approach, as would European allies, the so-called Quartet partners (European Union, Russia, and the UN) and the Arab League. One would expect many Palestinians to be generally receptive, although Hamas and other factions will be opposed or skeptical. One should not minimize the difficulty of getting Palestinians to accept the watered-down principle on refugee rights.

The Netanyahu government, and perhaps others in Israel as well, would react negatively at the outset and would try to mobilize opposition to this approach. This is where the test for Obama would begin. Could he convince significant numbers of Israelis that this

outline was the best path to a secure, predominantly Jewish democratic state at peace with its neighbors? Could most Israelis be convinced that by accepting this framework, and then negotiating hard on the details and side payments—this is when Obama should be prepared for some major positive inducements—that Israel would be better able to face whatever threat might be posed by Iran?
If Obama is unwilling to see this diplomatic initiative through, he would be better off not launching it. But if he genuinely believes that American national interests are at stake, something along these lines needs to be part of his strategy. We will learn a lot about the president and about American politics by how Obama sets his priorities in the coming months. If there is indeed still a window of opportunity for a comprehensive Arab–Israeli peace, it may not remain open for long. And if Obama does not try to break the impasse, it is unlikely that his eventual successor will do so. The odds of success are not good, based on his efforts of the first two years, but diplomacy is not about playing games with good odds. Occasionally, as now, it would mean tackling a strategically important, difficult issue where both the payoff and risk are high. It is for tackling and successfully resolving such issues that we should bestow the title of statesman. Obama may have won his Nobel peace prize, but if he is to really earn it he should use the undeniable power of the United States to promote the kind of peace agreement outlined here.

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Article 2.

Foreign Policy

# The United States' heavy-handed efforts to help Israel at the U.N.

Colum Lynch

APRIL 18, 2011 -- In the aftermath of Israel's 2008-2009 intervention into the Gaza Strip, Susan E. Rice, the U.S. ambassador to the United Nations, led a vigorous campaign to stymie an independent U.N. investigation into possible war crimes, while using the prospect of such a probe as leverage to pressure Israel to participate in a U.S.-backed Middle East peace process, according to previously undisclosed diplomatic cables provided by the anti-secrecy website WikiLeaks. The documents provide a rare glimpse behind the scenes at the U.N. as American diplomats sought to shield Israel's military from outside scrutiny of its conduct during Operation Cast Lead. Their release comes as the issue is back on the front pages of Israel's newspapers, following the surprise recent announcement by Richard Goldstone -- an eminent South African jurist who led an investigation commissioned by the U.N.'s Human Rights Council -- in a Washington Post op-ed that his team had unfairly accused Israel of deliberately targeting Palestinian civilians. The new documents, though consistent with public U.S. statements at the time opposing a U.N. investigation into Israeli military operations, reveal in extraordinary detail how America wields its power behind closed doors at the United Nations. They also demonstrate how the United States and Israel were granted privileged access to highly sensitive internal U.N. deliberations on an "independent" U.N. board of inquiry into the Gaza war, raising questions about the independence of the process. In one pointed cable, Rice repeatedly prodded U.N.

Secretary-General Ban Ki-moon to block a recommendation of the board of inquiry to carry out a sweeping inquiry into alleged war crimes by Israeli soldiers and Palestinian militants. In another cable, Rice issued a veiled warning to the president of the International Criminal Court, Sang-Hyun Song, that an investigation into alleged Israeli crimes could damage its standing with the United States at a time when the new administration was moving closer to the tribunal. "How the ICC handles issues concerning the Goldstone Report will be perceived by many in the US as a test for the ICC, as this is a very sensitive matter," she told him, according to a Nov. 3, 2009, cable from the U.S. mission to the United Nations.

Rice, meanwhile, assured Israeli Foreign Minister Avigdor Lieberman during an Oct. 21, 2009, meeting in Tel Aviv that the United States had done its utmost to "blunt the effects of the Goldstone report" and that she was confident she could "build a blocking coalition" to prevent any push for a probe by the Security Council, according to an Oct. 27, 2009 cable.

Israel launched a three-week-long offensive into Gaza in late 2008 in an effort to prevent Hamas and other Palestinian militants from firing rockets at Israeli towns. The Israel Defense Forces killed as many as 1,400 Palestinians. Thirteen Israel soldiers were also killed during Operation Cast Lead, and a number of U.N. facilities faced repeated attacks. The military campaign raised calls at the U.N. for an investigation into reports of war crimes. In response, Ban commissioned a top U.N. troubleshooter, Ian Martin, to set up an independent U.N. board of inquiry into nine incidents in which the Israeli Defense Forces had allegedly fired on U.N. personnel or facilities. The U.N. probe -- which established Israeli wrongdoing in seven of the nine cases -- was the first outside investigation into the war, with a mandate to probe deaths, injuries, and damage caused at U.N. locations. The board's 184-page report has never been made

public, but a 28-page summary released on May 5 concluded that Israel had shown "reckless disregard for the lives and safety" of civilians in the operation, citing one particularly troubling incident in which it struck a U.N.-run elementary school, killing three young men seeking shelter from the fighting. Israel denounced the findings as "tendentious, patently biased," saying that an Israeli military inquiry had proved beyond a doubt that Israel had not intentionally attacked civilians. But the most controversial part of the probe involved recommendations by Martin that the U.N. conduct a far-reaching investigation into violations of international humanitarian law by Israeli forces, Hamas, and other Palestinian militants. On May 4, 2009, the day before Martin's findings were presented to the media, Rice caught wind of the recommendations and phoned Ban to complain that the inquiry had gone beyond the scope of its mandate by recommending a sweeping investigation.

"Given that those recommendations were outside the scope of the Board's terms of reference, she asked that those two recommendations not be included in the summary of the report that would be transmitted to the membership," according to an account contained in the May 4 cable. Ban initially resisted. "The Secretary-General said he was constrained in what he could do since the Board of Inquiry is independent; it was their report and recommendations and he could not alter them, he said," according to the cable.

But Rice persisted, insisting in a subsequent call that Ban should at least "make clear in his cover letter when he transmits the summary to the Security Council that those recommendations exceeded the scope of the terms of reference and no further action is needed." Ban offered no initial promise. She subsequently drove the point home again, underlining the "importance of having a strong cover letter that made clear that no further action was needed and would close out this

issue." Ban began to relent, assuring Rice that "his staff was working with an Israeli delegation on the text of the cover letter."
After completing the cover letter, Ban phoned back Rice to report that he believed "they had arrived at a satisfactory cover letter. Rice thanked the Secretary-General for his exceptional efforts on such a sensitive issue."
At the following day's news conference, Ban flat-out rejected Martin's recommendation for an investigation. While underscoring the board's independent nature, he made it clear that "it is not my intention to establish any further inquiry." Although he acknowledged publicly that he had consulted with Israel on the findings, he did not say it had been involved in the preparation of the cover letter killing off the call for an investigation. Instead, he only made a request to the Israelis to pay the U.N. more than $11 million in financial compensation for the damage done to U.N. facilities.
When contacted about the cable by Turtle Bay, a U.N. spokesman, Farhan Haq, declined to comment on its contents, noting only that the original investigation was designed only to resolve a dispute with Israel over the damage done to its facilities and seek restitution.
But the issue was far from over. The U.N. Human Rights Council, which the United States has long criticized for singling out Israel for censure, had already established its own commission headed by Goldstone. Goldstone agreed to take on the assignment after he revised the terms of reference to allow for investigation into both Israel and Hamas. The Goldstone investigation coincided with U.S. efforts to reinvigorate the Middle East peace process. Israel was livid over the development, warning that it could undermine peace prospects. In a Sept. 16 meeting with Rice, Danny Ayalon, Israel's deputy foreign minister, called the Goldstone Report, which had been released the day before, "outrageous," according to a diplomatic cable, adding that it would give Hamas a "free pass" to smuggle

weapons into Gaza. Rice agreed, calling the report deeply flawed and biased. But she also saw its release as an opportunity to convince Israel to pursue a U.S.-backed peace process. She asked Ayalon to "help me help you" by embracing the peace process and highlighting Israel's capacity to hold its own troops accountable for possible misconduct. She underscored that the Goldstone Report could be more easily managed if there was positive progress on the peace process, according to the cable. She also advised Israel that it "would be helpful" if it would emphasize its own judicial process and investigations" into the matter.

Rice reinforced that position a month later in a meeting with Lieberman, but the foreign minister was skeptical about the prospects for peace in the Middle East. "Israel and the United States had a responsibility not to foster illusions. A comprehensive peace was impossible," said Lieberman, who "cited Cyprus as an example that Israel might emulate, claiming that no comprehensive solution was possible, but security, stability and prosperity were."

The release of the cables comes as Rice is very publicly sticking with her position taking on the Goldstone Report. "The United States was very, very plain at the time and every day since that the Goldstone report was deeply flawed, and we objected to its findings and conclusions," Rice told the House Foreign Affairs Committee last week. "We didn't see any evidence at the time that the Israeli government had intentionally targeted civilians or intentionally committed war crimes."

***Colum Lynch*** *has been been reporting on foreign policy and national security for the Washington Post since June 1999.*

Article 3.

The Washington Post

# Time to up the ante on Egypt

David Ignatius

April 19 -- Samuel Johnson famously observed that the prospect of hanging concentrates the mind. The same could be said about America's current budget crisis: It should force some hard decisions about foreign policy priorities — so that we spend more to support the democratic revolution in Egypt and less to seek a military solution in Afghanistan.

Today, the United States is allocating about $110 billion annually for the Afghan war, about $3.2 billion for military and economic aid to Pakistan, and about $150 million in special assistance to help Egypt's democratic revolution. In terms of U.S. national interests, those spending levels don't make sense. The pyramid is upside down.

President Obama should seize this budget-crisis moment of to change national security spending for the next fiscal year. The rationale for the shower of cash in Afghanistan is to prevent future attacks by al-Qaeda. But, frankly, a successful, democratic Egypt will be a more potent counter to the spread of Islamic terrorism than a stable Afghanistan. And a prosperous, democratic Pakistan would be the best safeguard of all.

This is not an argument for pulling the plug in Afghanistan, especially at the start of this year's "fighting season." The United States should stick to its broad timetable for transferring responsibility to the Afghans in 2014. But we should spend less, going forward, as we move along the exit ramp. This will mean a smaller military footprint, more use of paramilitary forces and more emphasis on diplomacy.

The time is right for this pivot. Recent weeks have brought new outreach to the Taliban. Secretary of State Hillary Clinton on Feb. 18 announced a "diplomatic surge" and subtly shifted what had been preconditions for Afghan peace talks so that they were instead "necessary outcomes." And she hired Marc Grossman, a veteran diplomat who strongly favors negotiation with the Taliban, as her new Afghanistan representative. The quiet, low-key Grossman may have better luck facilitating this process than did his high-voltage predecessor, the late Richard Holbrooke.

There's new momentum from Afghanistan and Pakistan as well. Pakistani Prime Minister Yousaf Raza Gillani visited Kabul last weekend to meet with President Hamid Karzai. They upgraded plans for a "joint peace commission" that, crucially, will include Gen. Ashfaq Kayani and Lt. Gen. Ahmed Shuja Pasha, the chiefs of Pakistan's army and intelligence agency, respectively, who accompanied Gillani to Kabul. The message is that Pakistan wants to help broker a peace deal, now.

Another push for the Af-Pak peace train is coming from Britain, which also wants a prompt start for negotiations. The British are working several possible contacts with the Taliban and are circulating a plan that they are calling, in classic Anglo-speak, a "non-paper."

The awkward question, of course, is whether the Taliban are ready to play. Some intermediaries have been saying yes, but Grossman wants more clarity about who's on the other side. The U.S. wants a Taliban representative who can make decisions, who is connected with Mohammad Omar, the Taliban leader, and who will work toward a settlement that would include America's three "outcomes" of renouncing al-Qaeda, halting violence and respecting the Afghan constitution. Grossman hasn't yet found such a negotiating partner, but he's looking — with British, Afghan and Pakistani help.

Gen. David Petraeus, the U.S. military commander in Kabul, favors negotiations in principle, but wants more time to squeeze the Taliban for leverage. Petraeus has supported the recent negotiating feelers. In the meantime, he's hoping to disarm enough low-level Taliban fighters that Omar will have trouble fielding a robust insurgency. Petraeus surely won't win a military victory before he is expected to hand off command this fall, but it's intriguing to ponder how he might oversee the coming phase, which may lean more on paramilitary forces, if he should become the next CIA director. The CIA will also remain the key point of contact with Pakistan, which is the decisive battlefield for combating al-Qaeda.

Which brings me back to support for Egypt's democratic revolution. Simply put, there is no greater priority for U.S. counterterrorism policy than helping the Tahrir Square revolutionaries build a strong new country that can lead the rest of the Arab and Islamic world toward a better, saner future. The Egyptians are going to need help, big-time, to repair their damaged economy and their demoralized police.

America needs to put its money where its interests are. That's the unifying link between the Arab Spring and Af-Pak: The promise of the former must lead us to change our spending mix for the latter, and the time is now.

Article 4.

The National Interest

# Samantha and Her Subjects

Jacob Heilbrunn

April 19, 2011 -- HUMANITARIAN INTERVENTION—the conviction that American presidents must act, preemptively if necessary, to avert the massacre of innocents abroad—is steadily acquiring a new prominence in the Obama administration. For America's foreign-policy elite, it is a precept that provides a way to expiate the sins of the past, either bellicose action (Vietnam) or complacent inaction (Rwanda). It not only holds out the expectation of protecting endangered civilians but also the promise of acting multilaterally to uphold international laws.

Yet the consequences of such intervention have rarely been more vexing. As the world's leading military power—it devotes more to defense than the next ten biggest-spending countries combined—America finds itself lurching from conflict to conflict, often with little idea of how they will end, other than the hope that the forces of righteousness will prevail, even as Washington becomes progressively more enmeshed in local disputes. In its quixotic quest to create a global and irenic order by force, it is flouting Shakespeare's admonition that it is best to "fling away ambition: By that sin fell the angels."

This is particularly so in the Middle East, where the Obama administration and, to a lesser degree, Europe face nothing less than a potential cataclysm of engagements, until the entire region is in tumult. The result is a self-reinforcing doctrine of permanent revolution. In creating, or abetting, chaotic conditions, it becomes necessary to intervene again and again, all in the name of averting further chaos.

These incursions embrace the idea—some more, some less—of humanitarian intervention. The conceit is that when America intervenes, it is not doing so on the basis of sordid national interests but, rather, on the grounds of self-evidently virtuous human rights or, in its most extreme case, to prevent genocide. This development—to call it a mere trend would be to trivialize its true import—has been a long time in the making.

Indeed, in an essay published in The National Interest (now reprinted in The Neoconservative Persuasion), Irving Kristol contended that human rights had become a kind of unquestioned ideology. Kristol traced its origins back to the debates between William Gladstone and Benjamin Disraeli over intervention in the Balkans, when the Turks massacred some twelve thousand Bulgarians. The realist Disraeli, who sought to check Russia, was unmoved by Gladstone's humanitarian appeals to endorse self-determination for the Balkan states. But perhaps an even earlier instance came in the lead-up to British involvement in the Crimean War, revolving as it did around the "Eastern Question"; the Turks and Russians could fight it out for influence in the Mediterranean—and the French could get in their squabble over Catholics, without much bother to the Brits. As liberal politician John Bright argued on March 31, 1854, in his great speech to Parliament against squandering power in foolish adventures abroad:

How are the interests of England involved in this question? . . . it is not on a question of sympathy that I dare involve this country, or any country, in a war which must cost an incalculable amount of treasure and of blood. It is not my duty to make this country the knight-errant of the human race, and to take upon herself the protection of the thousand millions of human beings who have been permitted by the Creator of all things to people this planet.

Transforming the United States into a knight-errant, though, is at the heart of liberal internationalism. As in nineteenth-century Britain, so in modern America; just as with Gladstone, the current manifestation of this impulse first became apparent in the Balkans, when NATO established a no-fly zone there, during the bombings of 1995. And so a new generation of liberal hawks emerged, overcoming the discomfiture associated with the use of force in Vietnam, seeing themselves as divine intervenors for mistreated ethnic minorities abroad. It amounted, in some ways, to a multicultural foreign policy, or at least one that sees America as key to creating a new democratic order. Madeleine Albright, for example, announced during the Clinton administration, "If we have to use force, it is because we are America. We are the indispensable nation. We stand tall, and we see further than other countries into the future."

The hubris of ascribing a unique percipience to the United States was hardly confined to Albright. It also amounted a fortiori to the credo of the George W. Bush administration, which witnessed a fusion of neoconservatives and liberal hawks. "Damn the doves," Christopher Hitchens announced in the conservative London Spectator in 2001 as the United States readied to topple Saddam Hussein. While in Dissent, Michael Walzer declared that the Left was being "stupid, overwrought, grossly inaccurate" and should accept America's imperial status, modeling any opposition to the Iraq invasion on the Little Englanders during the Boer War.

Then, as the insurgency developed, the alliance melted away. A notable defector was Peter Beinart, who first wrote a book calling for a nationalistic Democratic Party, then issued a second one taking it all back.

Now the alliance between liberal hawks and neocons is returning, epitomized in an open letter sent to the White House in February 2011 by the Foreign Policy Initiative (successor to the Project for the

New American Century), demanding that President Obama act to avoid a humanitarian disaster in Libya. Signed by Paul Wolfowitz and William Kristol as well as Martin Peretz and Leon Wieseltier, the old gang was back together again. Robert Kagan declared Obama's speech on Libya to be "Kennedy-esque," the ultimate term of neocon approbation. Intellectuals as a class have become habituated to demanding military action to make up for America's failure to prevent various atrocities and genocides. As David Rieff observed with vexation:

This war—let us call it by its right name, for once—will be remembered to a considerable extent as a war made by intellectuals, and cheered on by intellectuals. The main difference this time is that, particularly in the United States, these intellectuals largely come from the liberal rather than the conservative side.

No doubt the Obama team was itself torn on the issue of intervention. It entered office emphasizing realist tenets. Now it is jettisoning them. The intellectual incoherence of the White House was epitomized by a statement from Deputy National Security Adviser Ben Rhodes:

What we are doing is enforcing a resolution that has a very clear set of goals, which is protecting the Libyan people, averting a humanitarian crisis, and setting up a no-fly zone. Obviously that involves kinetic military action, particularly on the front end.

But Washington is not "getting into an open-ended war, a land invasion in Libya."

The plan, however, seems to be for America to act as an arsenal of freedom rather than to promote its own domestic welfare. Today this Wilsonian doctrine is sold as a form of atonement for past wrongdoings—that, unless we intervene decisively in what is often a civil war to tip the balance of the scales to one side, America will

once again have blood on its hands. Never again, in other words, will become ever again.

IT WOULD be hard to think of a more ardent promoter of this doctrine than Samantha Power. Power is not just an advocate for human rights. She is an outspoken crusader against genocide. She has referred self-deprecatingly to herself as the "genocide chick." She has made it her life's mission to shame American statesmen into action and to transform U.S. foreign policy. And as she seeks to create a new paradigm, she is becoming a paradigmatic figure. She is a testament to the collapse of the old foreign-policy establishment and the rise of a fresh elite. This elite is united by a shared belief that American foreign policy must be fundamentally transformed from an obsession with national interests into a broader agenda that seeks justice for women and minorities, and promotes democracy whenever and wherever it can—at the point of a cruise missile if necessary. The same century-long progressive expansion of the democratic franchise that has taken place at home is also supposed to occur abroad. She is, you could say, the prophet armed.

Along with Secretary of State Hillary Clinton and UN Ambassador Susan Rice, Power has become closely—and publicly—identified as one of the advisers most responsible for pushing Obama to intervene in Libya. It is a stunning turnabout. Power served then-Senator Obama as a top aide on foreign policy, taking a leave of absence from the Kennedy School at Harvard. But during the presidential campaign, Power announced that Hillary Clinton (not yet in Barack's employ), who had been relentlessly bashing her boss, was a "monster." A furor erupted. Power resigned. Her career with Obama was over.

Only it wasn't. The late diplomat Richard Holbrooke, a close friend, called her "mesmerizing." Once Obama was elected, she landed a post as a senior adviser on the National Security Council, where she

has become an increasingly influential and distinctive voice. Her rise there is even more astonishing given that National Security Adviser Tom Donilon was a deputy to Warren Christopher in the Clinton administration—and Power bitterly assailed that secretary of state for his dithering over Bosnia.

Power, unlike many liberal hawks, was an opponent of the Iraq War. When I hosted a panel with her in 2004 at UCLA that included journalist James Mann and scholar Chalmers Johnson, I asked how she was able to reconcile her espousal of humanitarian intervention with failing to put a stop to Saddam Hussein's depredations. Her response? The Bush administration was not acting multilaterally and Saddam's actions, at that point, didn't meet the definition of genocide even if they had in the past. It is an answer that I never found fully satisfactory, at least for someone who was otherwise championing the cause of stopping mad and bad dictators around the world.

Indeed, absent Power, Obama may not have intervened in Libya. Obama now uses arguments to justify the intervention that are somewhat redolent of Bush's about Iraq. Power has almost single-handedly revived the alliance between liberal hawks and neocons; as one of the chief promoters of the Iraq War, Fouad Ajami, declared in the Wall Street Journal:

In Bosnia, as in Libya a generation later, the standard-bearer of American power had a stark choice: It was either rescue or calamity. Benghazi would have been Barack Obama's Srebrenica, the town that the powers had left to the mercy of [General] Ratko Mladic.

An icon among the human-rights lobby, she has made it her personal crusade to ensure that American presidents act decisively to forestall, impede or halt the murder of civilians abroad. When President Obama gave his speech at the National Defense University in March, he explained military action in Libya protected the innocent; he was channeling Power:

To lend some perspective on how rapidly this military and diplomatic response came together, when people were being brutalized in Bosnia in the 1990s, it took the international community more than a year to intervene with air power to protect civilians.

In fact, a few hours before Obama's speech, Power herself told an audience at Columbia University, in words that anticipated Obama's, that "in the Balkans it took three years for the international community to use air power to prevent heavy weapons from firing on civilians. In Libya it took a little more than a month."

The invocation of Bosnia was not adventitious. It has become the siren song of liberal interventionists. Part of the legend of Power is her first mission to Bosnia, where she filed reports for the Boston Globe and other publications about Serbian belligerence and Western inaction. Power became the anti–Rebecca West—where West lionized the Serbs standing up to fascism in the 1930s in her book Black Lamb and Grey Falcon, Power became a heroine chastising America and Europe for their lassitude in confronting contemporary fascist impulses from West's former freedom fighters. This was, at bottom, a new Spanish Civil War for Power and her cohort—a chance to choose sides, to experience good and evil, not vicariously but up close, and to denounce it. It is important to remember that when Power traveled to Bosnia, she frequently met with and chastised government officials, including Ambassador Peter Galbraith, for not doing more against Serbian iniquities (a favor he returned as Obama hesitated about intervention in Libya). Not for her the Weberian Wertfreiheit, or objectivity, that American newspapers inculcate. Power epitomizes an older model—the crusading journalist.

BUT POWER'S journalistic triumphs were a dress rehearsal for her next career as a professor and author of "A Problem From Hell": America and the Age of Genocide, which won a Pulitzer Prize.

It is a bold effort. Stylishly written, packed with vignettes and sharp portraits, it essentially rewrites much of twentieth-century American history in the shadow of genocide. She observes that, again and again, Western powers looked away from massacre. The problem, she famously declared, wasn't that America's policy failed. It was that it worked. Reticence about protesting mass murder was a constituent part of America's hard-nosed, realist approach to foreign affairs. What is missing from Power's work, however, is a political context. There seems to be the assumption that Washington can always be on the right side of history—that American presidents can ignore domestic and international considerations simply to plunge into conflicts on the side of the beleaguered whenever they feel like it.

It is also notable that Power, in her extended case studies of genocide, ignores some of the biggest examples of the past century. There is no mention of Stalin's man-made Ukrainian famine. There is no mention of Mao's Cultural Revolution, which killed tens of millions.

Perhaps this is because these cases don't quite fit with her theory that the American government's deliberate indifference has invariably been key in the failure to stop mass deaths. Rather, many on the American and British left were bedazzled by what they saw as Communist dictatorships greatly leaping forward, whatever the human toll might be. It was active blindness on the part of these intellectuals, a shameful historical legacy that nothing can efface. As Saul Bellow once observed, "A great deal of intelligence can be invested in ignorance when the need for illusion is deep."

The true strength of Power's book is as a literary work, a ringing and idealistic call to arms. It does not merely recount. It instructs its reader what is to be done. Power's work begins with a bang—the 1921 assassination in Berlin of Mehmed Talat, the former Turkish interior minister who presided over the massacre of Armenians. It

was one of the few actions, as Power notes, taken to punish the Turks. Woodrow Wilson, eager to remain neutral in World War I, had resisted the calls of his ambassador to the Ottoman Empire, Henry Morgenthau, to protest the killings of Armenians. Power castigates Wilson for refusing to "declare war on or even break off relations with the Ottoman Empire." She would have taken America onto the European battlefields—and into the bloodbath—far earlier. In going to war against Germany, Wilson told Congress, "it seems to me that we should go only where immediate and practical considerations lead us and not heed any others." According to Power, "America's nonresponse to the Turkish horrors established patterns that would be repeated."

What Power does not discuss is Wilson's conduct of the war, namely his decision to intervene after he had promised Americans he would not. If anything, Wilson, who promised the war to end wars, was wildly idealistic, anything but a hardened realist, someone who was bamboozled during the Paris peace negotiations by his French and British counterparts, the champion of the League of Nations, whose headquarters in Geneva became a testament to fecklessness during the 1930s. It seems peculiar to condemn Wilson for not having been idealistic enough.

When it comes to World War II, Power has a far stronger case to make. The wartime Allies, confronted with the crime of the century, focused on battling Nazism rather than exposing its genocidal campaign against the Jews and other ethnic and religious minorities. Her hero is the Polish-Jewish lawyer Raphael Lemkin who invented the neologism "genocide." He was pivotal to the new United Nations' adoption of a convention declaring genocide a violation of international law, though America refused to sign it for four decades. Now it provides a basis for military intervention.

Which returns us to Bosnia yet again. Power does an excellent job of limning the reluctance of the George H. W. Bush administration to intervene. As then–Secretary of State James Baker famously put it, "We don't have a dog in this fight." Instead, to quell charges of its heartlessness, the White House sent American troops to Somalia in a humanitarian venture—a disastrous decision that got America bogged down in a bloody civil war. Next, the Clinton administration came under fire for doing the same sort of hand-wringing over Bosnia as its realist predecessor—surely the Left could be counted on for compassion? Yet then it remained reticent about Rwanda, allowing the Hutus to conduct mass killings of hundreds of thousands of Tutsis.

Power's verdict is withering:

The real reason the United States did not do what it could and should have done to stop genocide was not a lack of knowledge or influence but a lack of will. Simply put, American leaders did not act because they did not want to. They believed that genocide was wrong, but they were not prepared to invest the military, financial, diplomatic, or domestic political capital needed to stop it.

Power hopes to once and for all turn the tide against American lassitude, against the Democratic slogan propounded by presidential hopeful George McGovern in the 1972 campaign—"Come Home, America." Liberals were then opposed to Ronald Reagan's support for the Nicaraguan contras, even though he portrayed that partly as a humanitarian venture, pointing to the human-rights abuses perpetrated by the Sandinistas. Reagan, for all the bellicosity, was loath to send American troops into combat, withdrawing them from Lebanon after the bombing of the Marine Corps barracks in 1983. What Power overlooks, or minimizes, is the political context of a country in which the term "no more Vietnams" carried, and continues to carry, great political weight. It is these old thought patterns that

Power wants to refashion, turning the United States into a nation that wields force wherever it deems fit—not for security, but for the betterment of others, secure we will not squander resources because of the justness of our cause.

Power has a penchant for dramatizing history through people rather than considering broader forces. She states in the acknowledgments to "A Problem From Hell" that a friend from Hollywood advised her to create a drama by telling the story through characters. And that is what she did.

AS HER other tome about the United Nations official Sergio Vieira de Mello—Chasing the Flame: One Man's Fight to Save the World—makes clear, however, Power champions her own kind of great-man history in which a lonely hero stands up for truth, justice and the international way. She produces a morality play rather than a conventional history. In a sense, Power, you could argue, is addicted to hero worship, beginning with Raphael Lemkin and ending with Obama. In fact, in her acknowledgments, she observes that she offered "whatever help I could to Barack Obama, the person whose rigor and compassion bear the closest resemblance to Sergio's that I have ever seen."

This seems excessive. Vieira de Mello was a Brazilian United Nations bureaucrat. He served the UN in a number of hot spots—East Timor, Rwanda, Cyprus, Cambodia, Lebanon and the Balkans (where Power first met him in her capacity as a journalist). He was a UN high commissioner for human rights and was murdered along with twenty other members of his staff in August 2003 when he was the secretary-general's special representative in Iraq. He served bravely. Perhaps he would have become secretary-general. But to elevate him, as Power does, into the stuff of legend defies credulity. For her Vieira de Mello serves as a beacon, a symbol of what true internationalism might accomplish.

As Power portrays it, Vieira de Mello is everything the United States was not under George W. Bush—dignified, restrained, attentive to local conditions, eager to negotiate with foreign tyrants. His death in the bombed-out Canal Hotel serves as a sign of the blundering malignancy of the land of the free. Obama, like Vieira de Mello, is supposed to personify the better side of America. He represents patience and understanding, and a readiness to negotiate with authoritarian leaders when necessary rather than refusing to deal with them at all.

But as Michael Massing observed in an incisive review in the June 9, 2008, issue of the Nation, Vieira de Mello actually reflected many of the worst traits of the UN. According to Massing:

While she presents him as embodying the UN system at its best—its dedication to humanitarianism, multilateralism and dialogue—a strong case can be made, based on the evidence she presents, that he represented the UN system at its worst—its timidity, mediocrity and zeal for self-protection.

Instead of being a crusader, Vieira de Mello was ready to compromise. For example, Power writes that when it came to protecting the rights of Vietnamese boat people,

he could have gone to greater lengths to use his pulpit at [the UN's refugee agency] UNHCR to try to ensure that the Vietnamese were more fairly screened in the camps and were better treated en route back to Vietnam. This was the first of several prominent instances in his career in which he would downplay his and the UN's obligation to try to shape the preferences of governments. By the 1980s he had come to see himself as a UN man, but since the organization was both a body of self-interested governments and a body of ideals, he did not seem sure yet whether serving the UN meant doing what states demanded or pressing for what refugees needed.

Such tentative statements, as Massing observes, are acutely at odds with the fire-breathing Power of "A Problem From Hell." There she denounced statesmen for doing what Vieira de Mello did. This raises the question of whether Power is willing to make any accommodation necessary to cater to her own new boss.

Nor did the role that Vieira de Mello played in Bosnia turn out any better. It's hardly a secret that the UN disgraced itself in the Balkans, where it served as a de facto accomplice to the Serbs. Power recounts that Vieira de Mello was touring the former Soviet Union while Serbian General Ratko Mladic presided over the systematic slaughter of every Bosnian man and boy in his custody, some eight thousand in all. When the Serb mass graves were discovered six weeks later, Vieira de Mello was stunned. "I never thought Mladic was this stupid," he said, projecting his own reverence for reason onto one who clearly observed different norms. "The massacre was totally unnecessary."

(What massacre, incidentally, is necessary?) In this telling, Vieira de Mello, who sought to curry favor with leading Serbs, sounds less like an international statesman than a gullible technocrat. Power's implicit criticisms of Vieira de Mello suggest, as Michael Massing notes, that she is wrestling with the contradictions of espousing an idealistic credo and implementing a policy. (Such would seem to be the case, for example, when she defends Obama administration policy on Guantánamo Bay, wildly at variance as it is with the president's promises circa 2008 to shutter the detention facility promptly.)

Power recounts other less-than-inspiriting episodes. She notes that in 1999, after the Washington Post reported that several UN weapons inspectors in Iraq were sending information to the Clinton administration, Vieira de Mello almost resigned. Fabrizio Hochschild, his special assistant, thought that some kind of démarche to Richard Butler, the head of the UN inspections team, was required.

But he was, Power reports, "taken aback when he saw Vieira de Mello greet Butler on his next visit as if nothing had happened. No matter how great his outrage, Hochschild noted, Vieira de Mello remained as reluctant as ever to make an enemy." There can be no doubting that Vieira de Mello's extensive experience in war zones would have made him a valuable adviser, if the Bush administration had been disposed to listen to his advice, which it was not. He had, as Power observes, frequently "watched as promising postwar transitions collapsed because of a failure to fill the security void." Power's assumption appears to be that given the right approach, Iraq might not have degenerated into sectarian warfare. There can be no doubting that the Bush administration botched the occupation. But it is unclear such interventions ever turn out well. It is not just the hubristic evildoers on the right who fail to build up new and better societies in the wake of war; incursions of this sort may simply be doomed. Doesn't Iraq, in fact, cast further doubt on the efficacy of so-called humanitarian ventures?

NOW POWER is behind the rush to fill the security void in Libya. As Secretary Clinton told ABC News in March:

We learned a lot in the 1990s. We saw what happened in Rwanda. It took a long time in the Balkans, in Kosovo to deal with a tyrant. But I think . . . what has happened since March 1st, and we're not even done with the month, demonstrates really remarkable leadership.

Power provided the tutorials these past years, both to Obama and to an entire class of liberal hawks. She may be the most influential journalist-turned-presidential-adviser since a young Walter Lippmann drafted the Fourteen Points for Woodrow Wilson, only to become a chastened realist after the Treaty of Versailles made a mockery of Wilsonianism and the internationalist dream.

Perhaps Power's next destination is to become United Nations ambassador. Maybe she will follow in the footsteps of Madeleine

Albright and ultimately become secretary of state. In his memoir, The Audacity of Hope, Obama observed that Power "combed over each chapter." Now she has begun to exercise the same influence over his approach to foreign affairs. Obama entered office, like George W. Bush, promising to repudiate the arrogance of his predecessor, only to be seduced by the lure of militant democracy.

Power's argument that there is a coincidence between humanitarian intervention and American national interests marks a profound shift in justification for military action. Rhetorically, she espouses a move away from fighting Islamic terrorism to battling aggressors under the banner of humanitarian intervention. This is supposed to mark a fundamental break with the Bush administration, whose approach to confronting terrorism she denounced in a lengthy essay in the New York Times in 2007. Whether it amounts to one in practice is another matter.

Even Obama didn't try to argue that genocide was taking place in Libya. Instead, this was a preemptive strike (ah, how redolent again of the 2003 Iraq invasion) against a potential massacre, one that would have profound implications for the region. It was in America's national interest to intervene. And so he plunged the United States into a new conflict. Where does Power draw the line? The bar for preventing genocide may well have been set too high in the past, as she argues. But she, in turn, may be setting it too low, providing an ideological smokescreen for the use of American military force in dubious circumstances, something she never adequately addresses. She runs the risk of exposing America to the charge of hypocrisy for not intervening in countries where brutal mistreatment of the local population is taking place, as in Zimbabwe, while providing a validating and dangerously palatable logic for American overextension. Power's solution to the conundrum that has bedeviled the Democratic Party since Vietnam—when to sanction the use of

force abroad—is to support wars of national liberation. This is likely not a solution at all.

In a speech in 2006, Power told graduating students at Santa Clara University Law School "to demand that our representatives are attentive to the human consequences of their decision making." The new round of engagements abroad by the Obama administration may well come to be seen as the last glimmerings of American hubris. "Kings can have subjects," George F. Kennan once observed, "it is a question whether a republic can."

It would be no small irony if, in her zeal to reshape American foreign policy in the image of liberal internationalism, Power were to usher in its demise.

*Jacob Heilbrunn is the author of the newly released, They Knew They Were Right: the Rise of the Neocons, and a senior editor at the National Interest.*

**Date:** Wednesday, May 4 2011 10:51 AM
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;

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mary's great ,thanks.. I will call her again today. my suggestion for T is out of the box ( how unusual ).. 1. I still think that the only really qualified person is Jamie. knowledge of system, ddreivatives. banking operations both domestic and intl. . Personality issues are the key. ..AS that seems diofficult 2 I THink it would behoove Obama to make Bill CLinton Treasury sec.. and move Hillary out. of state. , Bill will be able to explain to the public and he world complex issues.. Unlike Jamie he could not craft them, but in todays internet world the message and how itis delivered is as important..

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**Date:** Wednesday, July 27 2011 05:17 PM
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Jes Staley <[redacted]>;

# Barak to fly to US, meet Biden, Clinton, Panetta and Ban,,,, it seems they forgot one person on the list

By JPOST.COM STAFF

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**Date:** Tuesday, August 2 2011 08:40 PM
**Subject:** basketball player
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

---

obama was scheduled to sign the debt bill late yesterday, just hours before the midnight Treasury deadline that could have seen the US default on its debts, a national humiliation likely to have had a huge impact on markets and the global economy.

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**Jeffrey Epstein** - Wikipedia, the free encyclopedia
en.wikipedia.org/wiki/**Jeffrey_Epstein**
**Jeffrey** Edward **Epstein** (born January 20, 1953) is an American financier and science and education philanthropist. He is responsible for founding The Program ...
Life - Financial career - Science funding - Solicitation of prostitution

**Jeffrey Epstein**: International Moneyman of Mystery
nymag.com/nymetro/news/people/n_7912/
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't ...

Billionaire **Jeffrey Epstein**: I'm a sex offender, not a predator ...
www.nypost.com/.../perv_don_shmear_me_GzYV0fJYoWleF...
Feb 25, 2011 – Billionaire pervert **Jeffrey Epstein** is back in New York City -- and making wisecracks about his just-ended jail stint for having sex with an ...

Home - **JEFFREY EPSTEIN** VI FOUNDATION
www.**jeffreyepstein**foundation.com/
**Jeffrey Epstein**, Holds a Conference of Nobel Laureates to Define Gravity ... The conference was financed by science philanthropist **Jeffrey Epstein** and his ...

**Jeffrey Epstein**
www.huffingtonpost.com/news/**jeffrey-epstein**
Disgraced billionaire money manager (and former Bill Clinton associate) **Jeffrey Epstein** is back in New York City after 13 months of jail time for soli.

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www.**jeffreyepstein**.org/
**Jeffrey Epstein** Philanthropy supports a wide range of innovative initiatives around the world from education and youth programs to international peace accords ...

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www.foundhair.com/

by Jeffrey Epstein - More by Jeffrey Epstein
Dr. **Jeffrey Epstein's** expertise in hair restoration can greatly benefit male patients experiencing varying degrees of hair loss. Men may seek a hair restoration ...

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us.linkedin.com/pub/dir/**Jeff/Epstein**
View the profiles of professionals named **Jeff Epstein** on LinkedIn. There are 25 professionals named **Jeff Epstein**, who use LinkedIn to exchange information, ...

**Jeff** N. **Epstein**, PhD
www.cincinnatichildrens.org/bio/e/**jeff-epstein**/
**Jeff** N. **Epstein**, PhD, is the director of the Center for ADHD and a professor of pediatrics for the Division of Behavioral Medicine and Clinical Psychology at ...

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/26/2014 5:08:53 PM
**To:** Melanie Spinella [redacted]

## Camp Hits Carried Interest in Tax Plan With Wall Street in Focus

*Posted February 25, 2014, 10:29 P.M. ET*

The top Republican tax writer in Congress will lean on the financial industry with his planned revamp of the U.S. code, changing the treatment of carried interest and imposing a levy on the assets of banks and insurers.

House Ways and Means Committee Chairman Dave Camp (R-Mich.) is to unveil the proposed tax code changes Feb. 26 that also include revisions that affect how investment fund managers' compensation is taxed. He offered a preview tonight using rhetoric that in part echoes President Barack Obama's own calls to change tax laws.

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Date: Tuesday, March 8 2011 11:17 PM
Subject: RE: <no subject>
From: [redacted]
To: Jeffrey Epstein <jeevacation@gmail.com>;

I think this is a great article I think [redacted] was clearly very nice…I remember when I got the call when she was thinking about her writing the article 8 years ago…she was spot on here this is the article that citrick should work off of…
Home all night

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, March 08, 2011 5:48 PM
**To:** [redacted]
**Subject:** Fwd: <no subject>

---------- Forwarded message ----------
From: **gmax** <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

# Jeffrey and Ghislaine: Notes on New York's Oddest Alliance < http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html >

by ***Vicky Ward*** <*http://www.vanityfair.com/contributors/vicky- ward*>

March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."

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Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.

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The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about

Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair* story that really brought him into the limelight —that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like *you*, Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

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**Date:** Tuesday, March 8 2011 10:51 PM
**Subject:** Re: Fwd: <no subject>
**From:** [redacted]
**To:** jeevacation@gmail.com;

---

Call me [redacted]

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Tue Mar 08 17:48:01 2011
Subject: Fwd: <no subject>

---------- Forwarded message ----------
From: gmax <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

Jeffrey and Ghislaine: Notes on New York's Oddest Alliance
<http://www.vanityfair.com/online/daily/2011/03/notes- on-new-yorks-oddest-couple-jeffrey-epstein-and-ghislaine-maxwell.html>
by Vicky Ward <http://www.vanityfair.com/contributors/vicky- ward>
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**Date:** Tuesday, March 8 2011 10:48 PM
**Subject:** Fwd: <no subject>
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** [redacted]

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---------- Forwarded message ---------
From: **gmax** <gmax1@ellmax.com>
Date: Tue, Mar 8, 2011 at 12:17 PM
Subject: <no subject>
To: J Jep <jeevacation@gmail.com>

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**Date:** Tuesday, March 8 2011 08:58 PM
**Subject:** RE:
**From:** Boris Nikolic <[redacted]>
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

---

What is this??? When this will stop. This is crazy.

And you are NOT 57 ;)

And certainly you are NOT socially awkward.
Who is that idiot.

Boris

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, March 08, 2011 3:28 PM
**To:** Boris Nikolic
**Subject:**

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by ***Vicky Ward*** <http://www.vanityfair.com/contributors/vicky- ward>

March 8, 2011, 2:30 PM

"I've got a story idea for you. The rebuilding of Indonesia. Or New Orleans. Or both. Go there. I've just been. You will never think the same way about anything again."
So spoke not Bill or Melinda Gates, but Ghislaine Maxwell, the 48-year-old woman being written up everywhere at the moment as the alleged "procurer" of young women for billionaire Jeffrey Epstein.
Epstein, 57, is the financier who spent a year in jail on charges of soliciting prostitutes—and now there is talk of another investigation because various women, now in their twenties and thirties, have come forward with allegations that he molested them when they were under-age. The allegations first surfaced in British newspapers, which have zeroed in on Epstein's friendship with Prince Andrew, who has recently tried to publicly disassociate himself from his old pal.
I wrote a piece for *Vanity Fair* in 2003 called "The Talented Mr. Epstein." It was largely a business piece that focused on his mysterious exit from Bear Stearns in 1981, his close relationships with Jimmy Cayne, Les Wexner, the chairman of Limited Brands, and above all, the man who claimed to be his mentor, Steven Jude Hoffenberg, who is currently serving a 20-year-jail sentence for bilking investors in Towers Financial out of $450 million.

The piece alluded to Epstein's great friendship with Maxwell, and how she introduced him to young women with whom he had sexual relationships. But, in the end, the story didn't really go there, focusing instead on the issue that remains a mystery—how Jeffrey made his money, and how Ghislaine made hers.

This is not to say I didn't hear stories about the girls. I did. But, not knowing quite who to believe, I concentrated on the intriguing financial mystery instead. But now the women have come back. Not the same ones, different ones. And their stories are bone-chilling. Journalists from England have phoned—and, in one case, flown—to ask me about Epstein and Maxwell. Who is he? And the British, especially, want to know: Who is she? At this point, I am so bored of repeating myself to others—it was, after all, my 2003 *Vanity Fair* story that really brought him into the limelight—that I have decided to write about this myself.

Bizarrely, perhaps, I have gotten to know Jeffrey and Ghislaine far better *after* my piece than before it. I kept running into both of them, separately, at parties. Jeffrey is not a social animal so he usually has a couple of young women with him who stand two feet behind him, as if serving a monarch. "Do they speak?" I remember asking him once, nodding at his lookalike blondes. He laughed. "Not like *you,*Vicky," was his riposte.

I remembered that when we'd once discussed math—in particular, an isosceles triangle—and I revealed I hadn't studied math since I was 14 (such is, or was, the way of the British educational system), I received a package at home via messenger. It was a book: "Math for idiots."

So he is not without humor, even though he doesn't drink or smoke, and hates restaurants.

"Jeffrey knows a good deal about most subjects," newspaper publisher Mort Zuckerman told me last week. He was certainly preaching to the converted. The truth is, Epstein *does* know a lot about a lot of things. Just a few moments in his company and you know this to be true.

When I saw pictures of Prince Andrew walking in Central Park with Jeffrey, my immediate thought was that "Andy" —as Jeffrey calls him—is probably asking for help with his role as British trade envoy, or whatever his strange title is. Because if one thing's for sure: When it comes to international business, Jeffrey knows what he's talking about far more than "Andy" does. Which is why Leon Black, Mort Zuckerman and a few other financiers hang out with him.

And Ghislaine?

Full disclosure: I like her. Most people in New York do. It's almost impossible not to.

She is always the most interesting, the most vivacious, the most unusual person in any room. I've spent hours talking to her about the third world at a bar until 2am. She is as passionate as she is knowledgeable. She is curious. She has spent weeks at the bottom of the ocean, literally going deeper than anyone else. She has sent me a DVD of the fish there. Her rolodex would blow away almost anyone else's I can think of—probably even Rupert Murdochs'. She is very well-read and can talk about most things for hours. She is passionate about Bill Clinton with whom she is close friends.

Yet, touchingly, when she had to give a speech at the 40th birthday party of her best friend, Ariadne Calvo-Platero, (known fondly to her close friends as "the Tennis Goddess") Ghislaine shook a little with nerves. When it comes down to things she really cares about—and Ariadne is one of them—Ghislaine shows her vulnerability.
And that vulnerability is key to understanding her friendship with Jeffrey.

"He saved her," I remember a close friend of mine telling me. "When her father died, she was a wreck; inconsolable. And then Jeffrey took her in. She's never forgotten that—and never will."

In many ways, the socially awkward Epstein with his big house, plane, island and ranch was the perfect replacement for her father, the late Robert Maxwell, newspaper tycoon and criminal. Sure, Jeffrey had his sexual pecadillos, but then Ghislaine's father was not without his oddities. After all, it was he who died leaving a massive "black hole" he'd fraudulently created. To Ghislaine, Jeffrey's habits may not have seemed that strange.

In fact, she probably figured, rather like I have, after years of writing about he very rich, that most successful people in the end either have some weird habit (the late Bruce Wasserstein had the weight issues, the girl issues, and moved countries to avoid paying tax), or they break the law (Sam Waksal, Martha Stewart.) You don't tend to get to the top by being the world's most balanced human being. Even the folksy Warren Buffett didn't quite manage a normal life —whatever that is. He had a second "wife" for many years whose existence he has been open about.

So what to make of the current fuss over Ghislaine? I haven't spoken to her or to Jeffrey, but I suspect that her loyalty to friends like Bill Clinton will keep her in good stead, in the end, she'll be out and about as always. Look at Waksal and Stewart. No one sees them and thinks: criminal. Au contraire. In this city, money makes up for all sorts of

blemishes.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/7/2011 5:03:12 PM
**To:** Peggy Siegal [redacted]
**Subject:** crazy
**Attachments:** image001.png

---

**From:** Kirsty Mackenzie [mailto[redacted]
**Sent:** Monday, March 07, 2011 11:11 AM

We are keen to explore the possibility of conducting an interview with Mr Epstein, on the subject of the stories which are circulating, however inaccurately, about both him and Prince Andrew, the Duke of York; we'd be keen to hear from Mr Epstein first hand so that the various and at times, speculative reporting which is at large in the UK press can be better scrutinised?

Let me tell you a bit about the ***Today*** programme.

***Today*** is the BBC's main morning news show; we have been part of the BBC for over 50 years and are generally considered one of the most important news broadcast outlets - either on radio or TV - here in the UK. We set the news agenda for the BBC and in many respects we set the daily news agenda for the country. Our interviews are regularly re broadcast across the BBC's national and international news network including - ***BBC World, BBC World Service*** and ***BBC Online***. The combination of these outlets means the global 'reach' of a BBC *Today* programme interview is *second to none*.

Programme guests have included a selection of some of the biggest names in politics, business, international relations and the arts including US Treasury Secretary Tim Geithner, President Nicholas Sarkozy, President Hamid Karzai, HRH the Prince of Wales, former President Musharraf, former Secretary of State Condoleezza Rice, former President Bill Clinton, Senator George Mitchell, Al Gore, Kofi Annan, former Prime Minister Tony Blair, the Dalai Lama, Bill Gates, George Soros, Stephen Hawking, Sir Paul McCartney, Mick Jaggar and Salman Rushdie.

We are a programme that carries considerable weight and influence and which prides itself in being a first port of call for many of the most important and influential figures on the international stage.

I can best be reached via my cell phone - [redacted] - or this email address.

My very best wishes and my thanks!

Kirsty

***Kirsty MacKenzie,***
***Interviews Editor,***
***Today Programme,***
***BBC News***
***mobile:*** [redacted]

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**Date:** Friday, March 4 2011 04:31 PM
**Subject:** Fwd: FW: Ghislaine Maxwell
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Martin Weinberg <[redacted]>; Jay Lefkowitz <[redacted]>;

---

---------- Forwarded message ----------
From: **GMAX** <gmax1@ellmax.com>
Date: Fri, Mar 4, 2011 at 8:28 AM
Subject: FW: Ghislaine Maxwell
To: J Jep <jeevacation@gmail.com>

------ Forwarded Message
**From:** Mark Cohen <[redacted]>
**Date:** Fri, 4 Mar 2011 11:14:35 -0500
**To:** NY Max <gmax1@ellmax.com>
**Subject:** FW: Ghislaine Maxwell

FYI, following up on my email of this morning. Again, I have no intention of responding unless you direct otherwise.

---

**From:** [redacted]
**Sent:** Friday, March 04, 2011 11:12 AM
**To:** Brett D. Jaffe
**Subject:** Ghislaine Maxwell

Dear Brett Jaffe,

I left you a telephone message earlier. The Mail on Sunday newspaper is running a story on Ghislaine Maxwell, Jeffrey Epstein, Prince Andrew and others this weekend.

We urgently require responses from Ms Maxwell to the following questions. Our deadline is noon tomorrow. My telephone numbers are [redacted] or [redacted]

Annette Witheridge
On behalf of the Mail on Sunday

1. [redacted] says Ghislaine Maxwell offered her a job as a masseuse with Jeffrey Epstein when she was aged 15. Ms Maxwell led [redacted] upstairs on her first visit to him at his Palm Beach house. Mr Epstein was naked on massage table.
Ms Maxwell initiated a bisexual encounter during which Ms Maxwell rubbed her own breasts on Mr Epstein and directed [redacted] to copy her.
Please respond to these allegations and all others in the original Jane Doe 102 complaint.

2. Ms Maxwell took part in numerous other sexual encounters involving her assistant [redacted], [redacted] and Mr Epstein.

3. Ms Maxwell kept sex toys and costumes in the Palm Beach mansion and dressed [redacted] prior to sex sessions with Mr Epstein. S Maxwell herself wore black vinyl during sex sessions with Mr Epstein.

4. [redacted] was paid between US $200 and $ 5000 US sex, depending on whether it involved travel and other men.

5, [redacted] was required to have sex with friends of Ms Maxwell and Mr Epstein, including Glenn Dubin, Les Wexner, Ehud Barak, former Senator George Mitchell and Stephen Kosslyn.

6. Ms Maxwell introduced [redacted] to Prince Andrew in 2001 at Ms Maxwell's London house where [redacted] had sex with him. [redacted] subsequently was directed to meet him at Mr Epstein's New York house where Ms Maxwell directed [redacted] to sit on Andrew's knee with [redacted]. Andrew groped both girls. Ms Maxwell directed [redacted] after this to have sex with Andrew.
Ms Maxwell and Mr Epstein subsequently travelled with [redacted] to Little St James where she was directed to stage an orgy for Andrew and Mr Epstein during which she performed oral sex on them.

7. [redacted] was paid extra by Mr Epstein or his employees for these sexual encounters.

8. Ms Maxwell knew [redacted] age and laughed about it when she introduced her to Andrew.

9. Ms Maxwell and Mr Epstein tried to persuade [redacted] to bear his child.

10. After sexual encounters with male friends of Mr Epstein and/or Ms Maxwell, Ms Maxwell and Mr Epstein would ask [redacted] explicit questions about what went on.

11. Mr Epstein's residences in Florida and New York had surveillance cameras that taped the sex sessions and taped [redacted] even in the bathroom.

12. Ms Maxwell and Mr Epstein arranged for Ehud Barak to have sex with several girls, often at Mr Epstein's Palm Beach house.

13. Ms Maxwell piloted President Bill Clinton in a helicopter to a dinner on Little St James where two brunettes Ms Maxwell, [redacted] and Mr Epstein were at the table.

14. Mr Epstein bought Ms Maxwell the helicopter, homes in New York and London and a Mercedes.

------ End of Forwarded Message

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**From**: Martin G. Weinberg [redacted]
**Sent**: 1/30/2015 7:03:47 PM
**To**: jeevacation@gmail.com; [redacted]; [redacted]
**Subject**: Fw: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

# Privileged - Redacted

**From:** David Pegg
**Sent:** Friday, January 30, 2015 12:00 PM
**To:** [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

Dear Mr Weinberg,

I hope this email finds you well. I am a journalist at The Guardian newspaper in London.

We are preparing for publication an article in which we may mention Mr Jeffrey Epstein, who is your client. We have sent Mr Epstein an email concerning this article and made a number of attempts to contact him, to which he has not responded.

Please see the email in question below. Should Mr Epstein wish to respond, please ensure that we receive his response by no later than 18:00 on Monday 2nd February 2015.

I would be grateful if you could acknowledge receipt of this email.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

---------- Forwarded message ----------
From: **David Pegg** [redacted]
Date: 29 January 2015 at 16:49
Subject: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein
To: [redacted]

Dear Mr Epstein,

I write further to an email sent to you earlier this month, concerning an article we are preparing for publication in which you may be mentioned.

We have not received a response from you. If you wish to respond, please do so as soon as possible and no later than 18:00 on Monday 2nd February 2015.

For your convenience, please see the original letter below,.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

On 5 January 2015 at 11:14, David Pegg [redacted] wrote:

Swiss Accounts Survey

Dear Mr Epstein,

We are writing because a US media organisation, in concert with ourselves at the Guardian newspaper in London, is currently conducting a detailed survey of Swiss bank accounts, past and present.

It is not illegal to have Swiss accounts. But as you may know, it is a topic of considerable public debate, and several governments have been investigating the owners of such accounts.

There are a number of ways such accounts and also offshore trusts have been used to avoid inheritance tax, UK domestic tax, or tax imposed by other countries. Such accounts have also been used to launder money.

We have seen records held in the US identifying you among those who have held accounts. These accounts contained assets of up to USD 3.5m, and include:

HSBC (Suisse) SA
FAMILY INTEREST L.P.
22079
BESSIE
JEFFREY EPSTEIN

1) You may therefore have been a person evading or avoiding tax, or laundering money.

We will be particularly concerned with these questions:

2) Why you had Swiss accounts.
3) How much back tax you have settled with the tax authorities following their investigation of your affairs.

Additionally, from public records and from material we have seen we note that:

4) In 2008 you pleaded guilty to solicitation of prostitution and procuring minors for prostitution. You were sentenced to 18 months in prison.

5) Your above accounts were also linked with Mr Leslie Wexner.

6) You are known to be or have previously been closely associated with Bill Clinton, Prince Andrew and Kevin Spacey.

7) You have made substantial contributions to the Clintons' philanthropic causes. Tax reform campaigners have previously been critical of those who engage in public life or the political process while avoiding or evading tax. Hilary Clinton herself, speaking in 2012, noted the importance of elites paying a substantial share of tax: "One of the issues that I have been preaching about around the world is collecting taxes in an equitable manner — especially from the elites in every country."

It is intended shortly to publish the results of our survey in both the US and the UK.

As responsible journalists acting in the public interest, we would first like to give you the opportunity to comment.

If we do not hear from you by 18:00 on Monday 12th January 2015 (preferably by email to [redacted], we shall proceed on the basis that you do not wish to comment on or amend our information.

But we have approached you in a straightforward fashion and hope you will take this opportunity to respond if you wish. Your substantive responses to each of our numbered points will be carefully considered and published if appropriate.

(For the avoidance of doubt, we do not normally regard any generalised assertion of "inaccuracies" as a substantive response; nor any generalised statement that the holders acted on advice. Neither will we regard as substantive any comment that only refers to the present state of affairs and not to the past.)

We are, of course, happy to discuss directly any concerns you may have.

We would be most grateful if you would acknowledge receipt of this letter. This will save us from chasing.

Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

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**From:** Martin Weinberg [redacted]
**Sent:** 1/30/2015 5:54:21 PM
**To:** Jeff Epstein [jeevacation@gmail.com]; Darren Indyke [redacted]
**Subject:** Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein

Sent from my iPhone

Begin forwarded message:

**From:** David Pegg <[redacted]>
**Date:** January 30, 2015, 12:00:34 PM EST
**To:** [redacted]
**Subject: Fwd: Media Enquiry - The Guardian - Re: Jeffrey Epstein**

Dear Mr Weinberg,

I hope this email finds you well. I am a journalist at The Guardian newspaper in London.

We are preparing for publication an article in which we may mention Mr Jeffrey Epstein, who is your client. We have sent Mr Epstein an email concerning this article and made a number of attempts to contact him, to which he has not responded.

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David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

[redacted]

---------- Forwarded message ----------
From: **David Pegg** <[redacted]>
Date: 29 January 2015 at 16:49
Subject: Re: Media Enquiry - The Guardian - Re: Jeffrey Epstein
To: Jeffrey@jeffreyepstein.org

Dear Mr Epstein,

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David Pegg
The Guardian
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There are a number of ways such accounts and also offshore trusts have been used to avoid inheritance tax, UK domestic tax, or tax imposed by other countries. Such accounts have also been used to launder money.

We have seen records held in the US identifying you among those who have held accounts. These accounts contained assets of up to USD 3.5m, and include:

[redacted]

1) You may therefore have been a person evading or avoiding tax, or laundering money.

We will be particularly concerned with these questions:

2) Why you had Swiss accounts.
3) How much back tax you have settled with the tax authorities following their investigation of your affairs.

Additionally, from public records and from material we have seen we note that:

4) In 2008 you pleaded guilty to solicitation of prostitution and procuring minors for prostitution. You were sentenced to 18 months in prison.

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Yours faithfully,

David Pegg
The Guardian
Kings Place
90 York Way
London
N1 9GU

Tel: [redacted]
Email: [redacted]

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**Date:** Friday, January 9 2015 02:52 PM
**Subject:** Re: FW: Prince Andrew at Heidi Klum's 'Hookers and Pimps' party with Ghislaine Maxwell | Daily Mail Online [IWOV-Matters.FID782702]
**From:** jeffrey E. <jeevacation@gmail.com>
**To:** G Maxwell <gmax1@ellmax.com>;

Ok , tie it to the easily disproved Clinton

On Friday, January 9, 2015, G Maxwell <GMax1@ellmax.com> wrote:

I am going o have to make a statement – I will send it to you – I don't have a choice

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** Philip Barden
**Date:** Friday, January 9, 2015 at 5:09 AM
**To:** gmax, Ross Gow
**Subject:** Prince Andrew at Heidi Klum's 'Hookers and Pimps' party with Ghislaine Maxwell | Daily Mail Online [IWOV-Matters.FID782702]

Dear Ghislaine

Below is a link to today's Mail.

The allegations are getting worse - this is not a storm you can ride by not making any statement out and get your life back. You have friends saying they don't believe you would act in this way and you need to say that you did not.

The Mail website is read by 193 million I don't see how a statement denying the allegations will make matters worse which is the acid test. It will make your position better as you will a strong open denial on record. These allegations must not gain traction.

I wont say anymore as I have given my advice - call me.

Best

Philip

http://www.dailymail.co.uk/news/article- 2900787/Prince-Andrew-Heidi-Klum-Hookers-Pimps-party-New-York-socialite-accused-procuring-underage-girls-billionaire-pedophile-Jeffrey-Epstein.html

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The Devonshires Foundation is proud to support Action for Kids (reg. charity 1068841), Wide horizons (reg. charity 1105847), and Theatre Royal Stratford East (reg. charity 233801) during 2013/2014. Please consider the environment before printing this email.

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**Date:** Thursday, January 28 2010 02:46 PM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic [redacted];

i understand,, the ratio of run to leap is way too high

On Thu, Jan 28, 2010 at 9:41 AM, Boris Nikolic <[redacted]> wrote:

Just had mtg with Andrew. He is great.

Jee - i think that i would trade davos for a good fashion week. Much more fun.

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:39 AM
**To:** Boris Nikolic <[redacted]>
**Subject:** Re: Re:

hes great fun,

On Thu, Jan 28, 2010 at 5:34 AM, Boris Nikolic <[redacted]> wrote:

Thank you!
I heard that he is not that fun but i trust your judgement. It would be blast that you are here. I was just flirting with 22 years old hot blond blue eyes mexican chick. It turns out she is with her husband. Did not have chance to check him out. But as we concluded, anything good is rented ;)

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:30 AM
**To:** Boris Nikolic [redacted]>
**Subject:** Re: Re:

yes you do, you need to laugh and have fun, he is good at that.

On Thu, Jan 28, 2010 at 5:27 AM, Boris Nikolic <[redacted]> wrote:

No problem.
I am meeting him as he has some questions. I do not need anything from him.

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How are you?

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:24 AM
**To:** Boris Nikolic [redacted]>
**Subject:** Re:

you can tell andrew we are friends ,

On Thu, Jan 28, 2010 at 4:39 AM, Boris Nikolic [redacted] wrote:

Different kind of fun.
It is fun for a short time but i am already getting sick of so many meetings!
Met your friend bill clinton yesterday followed up with sarkozy. Later in day meeting your other friend prince andrew as he has some questions re microsoft.

How are you?

boris

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 7:47 AM
**To:** Boris Nikolic [redacted]
**Subject:**

any fun?

--
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**Date:** Thursday, January 28 2010 10:40 AM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic [redacted]

possibly

On Thu, Jan 28, 2010 at 5:37 AM, Boris Nikolic [redacted] wrote:

You would get sick of yesterday harvard party. Average age was 60. Non stop boring talks. Run away so quickly!!!

Will be in nyc the following week feb 5 to 8th. Are you there?

boris

Sent from my AT&T Windows Mobile phone.

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Thursday, January 28, 2010 11:30 AM
**To:** Boris Nikolic [redacted]
**Subject:** Re: Re:

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**Date:** Thursday, January 28 2010 10:39 AM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic [redacted]

hes great fun,

On Thu, Jan 28, 2010 at 5:34 AM, Boris Nikolic [redacted] wrote:

Thank you!
I heard that he is not that fun but i trust your judgement. It would be blast that you are here. I was just flirting with 22 years old hot blond blue eyes mexican chick. It turns out she is with her husband. Did not have chance to check him out. But as we concluded, anything good is rented ;)

Sent from my AT&T Windows Mobile phone.

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**Sent:** Thursday, January 28, 2010 11:30 AM
**To:** Boris Nikolic [redacted]
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**Date:** Thursday, January 28 2010 10:29 AM
**Subject:** Re: Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Boris Nikolic <[redacted]

yes you do, you need to laugh and have fun, he is good at that.

On Thu, Jan 28, 2010 at 5:27 AM, Boris Nikolic <[redacted] wrote:

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**Sent:** Thursday, January 28, 2010 7:47 AM
**To:** Boris Nikolic [redacted]
**Subject:**

any fun?

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**Date:** Friday, June 19 2009 11:01 PM
**Subject:** Re:
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Peggy Siegal [redacted]

Jeffrey Epstein, the Florida money manager who once roamed in the same social circle as Bill Clinton, Prince Andrew and other high profile figures, is going to be released from prison early, a source tells RadarOnline.com.

Epstein pleaded guilty last year to procuring teen girls for prostitution, ending his lifestyle with the rich and famous in a Palm Beach, Florida scandal that reverberated through high-profile society. He received an 18-month sentence and was slated to be incarcerated until the end of this year.

But now, says the source, the jail door is about to swing open because Epstein has been secretly helping the feds unravel a suspected Ponzi scheme. He had inside knowledge of the scheme because he was one of its victims, losing $67 million.

The source says it's all tied to the indictment of former managers of Bear Stearns Mortgage Investment Fund, and in that case Epstein is the person who is identified only as Victim # 1.

Meanwhile, Epstein's life behind bars hasn't been too rough – in fact he's allowed to spend most days at his attorney's office. He was supposedly working on a charity venture but the source says he was actually busy helping the feds with the Ponzi scheme. One source says that he's been guarded by men in suits with earphones.

Well if those suits are going to follow him when he's freed they better pack bathing suits. Epstein owns Little St. James Island in the Virgin Islands.

On Fri, Jun 19, 2009 at 4:51 PM, Peggy Siegal [redacted] wrote:

Can you cut and paste and email to my blackberry...I can't open this up. Peg

---- Original Message ----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jun 19 16:17:18 2009
Subject:

http://www.radaronline.com/category/tags/jeffrey- epstein <http://www.radaronline.com/category/tags/jeffrey- epstein>

HELP ; a reporter for the ny times wants to write the following ; Epsteins lawyers were contacted and they said they had no comment.. We have checked with some of the world s financial experts ,both in and out of gov't , the consensus is that if Epstein is cooperating with the feds the average intelligence of the u.s. government , just went up dramatically.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2014 5:08:53 PM
**To**: Melanie Spinella [redacted]

## Camp Hits Carried Interest in Tax Plan With Wall Street in Focus

*Posted February 25, 2014, 10:29 P.M. ET*

The top Republican tax writer in Congress will lean on the financial industry with his planned revamp of the U.S. code, changing the treatment of carried interest and imposing a levy on the assets of banks and insurers.

House Ways and Means Committee Chairman Dave Camp (R-Mich.) is to unveil the proposed tax code changes Feb. 26 that also include revisions that affect how investment fund managers' compensation is taxed. He offered a preview tonight using rhetoric that in part echoes President Barack Obama's own calls to change tax laws.

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**From:** Darren Indyke [redacted]
**Sent:** 10/19/2013 12:27:41 AM
**To:** Fred Haddad [redacted]
**CC:** Tonja Haddad Coleman [redacted]; Jeffrey Epstein [jeevacation@gmail.com]; Debbie Fein [redacted]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

**Privileged - Redacted**

Sent from my iPhone

On Oct 18, 2013, at 8:10 PM, Fred Haddad [redacted] wrote:

**Privileged - Redacted**

Sent from my iPhone

On Oct 18, 2013, at 6:38 PM, Tonja Haddad Coleman <[redacted]> wrote:

Tonja Haddad Coleman, Esq.
Sent from my iPhone

Begin forwarded message:

**From:** Sharon Churcher [redacted]>
**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** [redacted] <[redacted]>, "[redacted]" [redacted]
**Cc:** Nick Pyke [redacted]>, Liz Hartley <[redacted]>
**Subject: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein**

Dear Sirs:

We are preparing an article about the calendaring today of Mr Edwards' claim against Mr Epstein for jury trial and the witness list which names [redacted] and other young women who allege they were underage victims of Mr Epstein.

Mr Edwards claims that Mr Epstein maliciously attempted to intimidate him and his clients into retracting their claims.

Ms [redacted] further has stated to us that she intends to testify that she was flown to London by Mr Epstein and instructed to have sex at age 17 with Prince Andrew. She alleges that she was paid $15k for this encounter.

She claims that on another occasion, Mr Epstein flew two young women to a dinner for the purpose of entertaining President Clinton. She claims she herself was sex trafficked to several other men, whose contact

information is contained in an address book of Mr Epstein's filed in court records.

May we have a comment please? Our deadline is 1pm tomorrow (SATURDAY) ET.

Yours sincerely,
Sharon Churcher

The Mail on Sunday (New York office)

Ph: [redacted] or [redacted]

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/19/2013 12:30:10 AM
**To:** Fred Haddad [redacted]
**CC:** Tonja Haddad Coleman [redacted]; Darren Indyke [redacted]; Debbie Fein [redacted]
**Subject:** Re: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

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Begin forwarded message:

**From:** Sharon Churcher <[redacted]>
**Date:** October 18, 2013 at 6:32:28 PM EDT
**To:** "[redacted]" [redacted], "[redacted]" <tonja@tonjahaddad.com>
**Cc:** Nick Pyke <[redacted]>, Liz Hartley <[redacted]
**Subject: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein**

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Ph[redacted] or [redacted]

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**From:** Tonja Haddad Coleman [redacted]
**Sent:** 10/18/2013 10:38:16 PM
**To:** Darren Indyke [redacted] Jeffrey Epstein [jeevacation@gmail.com]; [redacted]
**CC:** Debbie Fein [redacted]
**Subject:** Fwd: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein

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**To:** "[redacted]"
<[redacted]>
**Cc:** Nick Pyke <[redacted]>, Liz Hartley [redacted]
**Subject: Request for comment from The Mail on Sunday with noon ET Saturday deadline re Mr Bradley Edwards vs Mr Jeffrey Epstein**

Dear Sirs:

We are preparing an article about the calendaring today of Mr Edwards' claim against Mr Epstein for jury trial and the witness list which names Virginia Roberts and other young women who allege they were underage victims of Mr Epstein.

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/21/2018 9:22:54 PM
**To:** Darren Indyke [redacted]; Ken Starr [redacted]; Kathy Ruemmler [redacted]; Martin Weinberg [redacted] Alan Dershowitz [redacted]
**Subject:** Fwd: FW: Motion to Unseal Epstein Appeal Briefs
**Attachments:** Notice of Motion (Epstein Unsealing).pdf; Memo of Law (Epstein Unsealing).pdf; Browning Aff. and Exhibits (Epstein Unsealing).pdf

**Privileged - Redacted**

---------- Forwarded message ---------
From: **Martin G. Weinberg** <[redacted]
Date: Fri, Dec 21, 2018 at 4:06 PM
Subject: FW: Motion to Unseal Epstein Appeal Briefs
To: J <jeevacation@gmail.com>, Darren Indyke AOL <[redacted]
Cc: Kimberly Homan <[redacted]>, [redacted]

**Privileged - Redacted**

**From:** Browning, Jack [mailto:[redacted]
**Sent:** Friday, December 21, 2018 3:37 PM
**To:**[redacted]
**Cc:** Balin, Robert <[redacted]>
**Subject:** Motion to Unseal Epstein Appeal Briefs

Marty,

Please find attached of the motion papers we just filed to unseal the redacted briefs in the 2011 appeal we discussed yesterday. As per my client's instructions, we have set the return date on the motion as December 31. If Mr. Epstein has no opposition to the motion, however, no opposition or response is necessary.

Best regards and happy holidays,

Jack

**John Browning** | Davis Wright Tremaine LLP
1251 Avenue of the Americas, 21st Floor | New York, NY 10020
[redacted]
Anchorage | Bellevue | Los Angeles | New York | Portland | San Francisco | Seattle | Washington, D.C.

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**Date:** Friday, July 1 2011 10:38 PM
**Subject:** Re: Huffington Post
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Peggy Siegal <[redacted]>;

I think a great opportunity has arisen. Just like the headlines of a hotel maid now proven to have lied in the Stauss Kahn case. The girl who accused Prince Andrew can also easily be proven to be a liar. I think Buckingham Palace would love it . You should task someone to investigate the girl Virginia Roberts, that has caused the Queens son all this agro. I promise you she is a fraud. you and i will be able to go to ascot for the rest of our lives. I know there is a public police report that no one has had the courage to publish, as they do not want to be seen attacking a " vicitm", but being falsely accused will be the new headline

On Fri, Jul 1, 2011 at 2:43 PM, Peggy Siegal <[redacted]> wrote:

If you rewrite your last email in better grammar, (and so I have a better understanding) I can cut and paste and send it to Arianna Huffington from me.....

Did you know why Prince Albert's Charlene fled to the airport with a one way ticket back to South Africa? Because she found out about a third illegitimate child that is 3 months old...the palace officials followed her to the airport and propably made her an offer she could not refuse...will get details from Jim Coleman when he comes home Sunday night.

In Southampton now. Peg

---- Original Message ----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jul 01 07:18:25 2011
Subject:

should you point out to Ariana Huff, that the same type of person, same as strauss Kahn i s Andrews accuser, ,long criminal record. total liar. Ariana should champion the dangers of false allegations. send a reporter or reporters to investigate,.. the palace would love it, the girl in the photo , was nothing more than a telephone answerer,, she was never 15, according to her version she worked for trump , first at that age, at MAra lago. ITs ridiculous. but the press like strauss kahn is afraid to question women.

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**From**: [redacted]
**Sent**: 7/8/2016 8:10:26 PM
**To**: jeffrey epstein [jeevacation@gmail.com]
**Subject**: News
**Attachments**: IMG_4903.mov; Untitled attachment 378917.txt

**Importance**: High

Hi Jeffrey!

Here is a short video of me sailing under Golden Gate Bridge with my Stanford friends. Really pretty :) I can't express how happy I am to be here. Totally over the moon every day going to [redacted] and exploring the area.

Now I'm on the way to Tuscon to visit [redacted] whose info I sent you for assistant position. She would love to pass interviews with you. She is smart and easy, her mum produced [redacted] movie so [redacted] knows a lot in film industry too besides other assets.

What happens with Zubair's project ? Do you believe it can be used in H.Clinton's campaign or the Trump's one to help her/ him win elections ? His goal is to propose it to them to find out in which states, what kind of people should be targeted to collect votes. He says that his algorithms can figure reasons why a category of people vote against a candidate and to help candidate to adapt the campaign to the people's preferences...well, to win elections at the end!

**From:** Kathy Ruemmler [redacted]
**Sent:** 8/27/2015 2:27:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Aug 27, 2015, at 10:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Thursday, August 27, 2015, Kathy Ruemmler <[redacted]> wrote:

Great.

Sent from my iPhone

On Aug 27, 2015, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

ok , anytime you like, you can drive right to me and i will feed you.::)

On Wed, Aug 26, 2015 at 10:38 PM, Kathy Ruemmler <[redacted]> wrote:

Will leave @ 9, so will be in ny @ 1 pm.

Sent from my iPad

On Aug 26, 2015, at 10:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what time , I will come up

On Wed, Aug 26, 2015 at 10:18 PM, Kathy Ruemmler [redacted] wrote:

Going up to NY Friday morning. Think I am going to drive. I will then stop to pee and get gas at a rest stop on the New Jersey turnpike, will observe all of the people there who are at least 100 pounds overweight, will have a mild panic attack as a result of the observation, and will then decide that I am not eating another bite of food for the rest of my life out of fear that I will end up like one of these people.

Sent from my iPad

On Aug 26, 2015, at 10:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ill give you details when i see you, when are you in ny?

On Wed, Aug 26, 2015 at 9:28 PM, Kathy Ruemmler <[redacted] wrote:

Trump is living proof of the adage that it is better to be lucky than smart.

Sent from my iPad

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**From**: [redacted]
**Sent**: 6/24/2016 10:34:22 AM
**To**: jeevacation@gmail.com

**Importance**: High

Where are you? Not answering your cell
What the f... Does going to open 1k down not good... Trump is saying its a great thing really???

Sent from my iPhone

**From:** Faith Kates [redacted]
**Sent:** 6/24/2016 10:49:32 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Is this the right # says its disconnected

Sent from my iPhone

On Jun 24, 2016, at 6:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

5616557625

On Friday, 24 June 2016, Faith Kates <[redacted]> wrote:

> Where are you? Not answering your cell
> What the f... Does going to open 1k down not good... Trump is saying its a great thing really???
>
> Sent from my iPhone

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**From**: Linda Stone [redacted]
**Sent**: 9/25/2016 7:10:59 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Moving (small places in Raleigh and Bellevue), wrapping up taxes, wrapping up fire claim, trying to figure out if technologies that soothe the nervous system (that offer the positive effects that meditation or massage might offer) are worth working on....

And wondering if the fact that so many people are on anti-depressant, adhd, and other drugs, is what makes trump appealing and his flaws invisible...

Will you have a cabinet position?

How are you?

Co-authored with iPhone auto-correct

On Sep 25, 2016, at 12:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

bring me up to speed.

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**From:** Linda Stone[redacted]
**Sent:** 9/25/2016 7:46:45 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

"Psychically" and that puts me way out on the edge, that's what it looks like. People are blinded by him. He has a hypnotic effect.

You asked about power a long time ago. And - he seems to have an effect on masses (that troubles me) that hypnotizes. Add to this that Clinton is charisma-compromised.

I don't want him to win. I find this troubling.

On Sep 25, 2016, at 12:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

do you think he can win?

On Sun, Sep 25, 2016 at 9:10 PM, Linda Stone <[redacted]> wrote:

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**From:** Linda Stone [redacted]
**Sent:** 9/26/2016 5:14:01 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

SPEAK! Please. What do you think?

On Sep 25, 2016, at 12:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Linda Stone[redacted]
**Sent:** 11/13/2016 1:53:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Ri did see this coming...

**Importance:** High

And just had a great time with Joi.
You still in Paris?

Co-authored with iPhone auto-correct

On Sep 26, 2016, at 7:31 AM, Linda Stone <[redacted]> wrote:

How's that?

Which team you pulling for?

Co-authored with iPhone auto-correct

On Sep 26, 2016, at 2:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

too far to tell, we will know much more come oct 15

On Mon, Sep 26, 2016 at 7:14 AM, Linda Stone <[redacted]> wrote:
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**From:** Linda Stone [redacted]
**Sent:** 11/13/2016 3:19:37 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Ri did see this coming...

**Importance:** High

Perfect

Co-authored with iPhone auto-correct

On Nov 13, 2016, at 9:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump tower

On Sun, Nov 13, 2016 at 8:53 AM, Linda Stone <[redacted]> wrote:

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You still in Paris?

Co-authored with iPhone auto-correct

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**From**: Linda Stone [redacted]
**Sent**: 11/19/2016 4:54:50 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Question

**Importance**: High

I'm not sure it's safe long term or a good option to live in the US for a Trump/Pence presidency with Bannon as a key advisor.

Am I wrong? The hate, anti-semitism (swastikas painted all over the park a few blocks from me), and "His" desire to be Putin.... All super concerning.

Xx

Co-authored with iPhone auto-correct

**From**: Michael Wolff [redacted]]
**Sent**: 11/28/2016 5:11:02 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

**From:** Michael Wolff [redacted]
**Sent:** 11/28/2016 5:13:40 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> im in palm beach is roger here?
>
> On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted]> wrote:
>
> > Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747
> >
> > And...I have a bit of an idea for you re media and Saudi friends.

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**From:** Michael Wolff[redacted]]
**Sent:** 11/28/2016 5:18:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I will ask. How long in New York? Get together?

On Monday, November 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
im here today flying to nw york tomow. if he is up to it ild love to sit with him , house or on plane if we wants a ride

On Mon, Nov 28, 2016 at 12:13 PM, Michael Wolff <[redacted]> wrote:
I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im in palm beach is roger here?

On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted]> wrote:
Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

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**From**: Nicholas Ribis [redacted]
**Sent**: 2/3/2017 12:39:05 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

U r so right Bannon will be gone by Sept - too out front taking glow off DJT

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Friday, February 3, 2017 7:33 AM
**To:** Nicholas Ribis
**Subject:**

does he turn on bannon soon as bannon is getting too much attention and power

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**From:** Michael Wolff [redacted]
**Sent:** 4/5/2017 5:00:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I got a message from Barrack--he's in LA.

On Wed, Apr 5, 2017 at 12:56 PM, jeffrey E. <jeevacation@gmail.com> wrote:
Yup , tillerdon unhsppy with Jared in Iraq . Pence given health bill . Kelly conway in trouble . All fun barrack gone dark

On Wed, Apr 5, 2017 at 6:51 PM Michael Wolff <[redacted]> wrote:
War between the Jews and the non Jews. Jews presently winning.

On Wed, Apr 5, 2017 at 12:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:
https://www.bloomberg.com/politics/articles/2017-04-05/bannon-removed-from-national-security-council-role-in-shakeup

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**From**: Michael Wolff[redacted]
**Sent**: 4/27/2017 12:56:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: crown prince

**Importance**: High

Was with Bannon last night who was saying how much Trump liked deputy crown prince: "Real guy's guy, he loved him. Thinks they can do stuff together."

**From**: [redacted]
**Sent**: 6/21/2017 2:33:52 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: How are u? Send this interview to Donald Trump pls. Its going to be everywhere

**Importance**: High

https://www.youtube.com/watch?v=HIMzSfOVwEk&sns=em

**From:** Michael Wolff [redacted]
**Sent:** 8/18/2017 8:08:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Just spent two hours on the phone with Bannon. I saw Spicer and Priebus his week. I'd pretty much say that nearly 100% of the non-family senior staff of the first six months now believe that Trump can't function in this job. I think they all become part of a Republican initiative to take him down. I hear Kelly trying to make Trump understand that Jared and Ivanka have to go.

On Fri, Aug 18, 2017 at 3:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> I assume no dinner
>
> --
>
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**From:** Darren Indyke [redacted]
**Sent:** 9/26/2017 12:12:50 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Breaking News: At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business

**Importance:** High

Here we go again.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**** Please note that my mobile telephone number has changed to the new number provided above. ***

**********
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**********

Begin forwarded message:

**From:** NYTimes.com News Alert <nytdirect@nytimes.com>
**Subject: Breaking News: At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business**
**Date:** September 25, 2017 at 8:11:34 PM EDT
**To:** [redacted]

Add nytdirect@nytimes.com to your address book.

**BREAKING NEWS**

# At least six of President Trump's advisers, including Steve Bannon and Reince Priebus, used private email accounts for government business

Monday, September 25, 2017 8:08 PM EDT

At least six of President Trump's closest advisers occasionally used private email addresses to discuss White House matters, current and former officials said on Monday.

Officials are supposed to use government emails for their official duties so their conversations are available to the public and those conducting oversight. But it is not illegal for White House officials to use private email accounts as long as they forward work-related messages to their work accounts so they can be preserved.

During the 2016 presidential race, Mr. Trump repeatedly harped on Hillary Clinton's use of a private account as secretary of state, making it a centerpiece of his campaign and using it to paint her as untrustworthy. "We must not let her take her criminal scheme into the Oval Office," Mr. Trump said last year. His campaign rallies often boiled over with chants of "Lock her up!"

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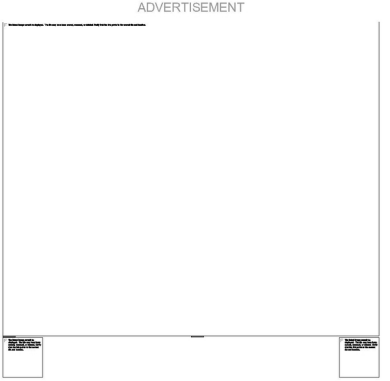

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**From:** Weingarten, Reid [redacted]
**Sent:** 11/2/2017 5:36:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Trump is going to fire mueller and republicans on hill won't do a thing

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 10:04 AM
**To:** Weingarten, Reid
**Subject:** Re:

told you so

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Bannon won...tax code fucks rich people

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 3:06 PM
**To:** Weingarten, Reid
**Subject:** Re:

Number? I have s truly funny one

On Wed, Nov 1, 2017 at 5:19 PM Weingarten, Reid <[redacted]> wrote:

And?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 2:14 PM

---

**To:** Weingarten, Reid
**Subject:** Re:

Notice the date of the email

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Sent from my BlackBerry 10 smartphone.

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**To:** Weingarten, Reid
**Subject:** Re:

number ?

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Charlie rose is next

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 10:07 AM
**To:** Weingarten, Reid
**Subject:**

brett ratner now . oy

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**From:** Weingarten, Reid [redacted]]
**Sent:** 11/2/2017 5:44:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

In between

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 10:43 AM
**To:** Weingarten, Reid
**Subject:** Re:

opinon or knowledge

On Thu, Nov 2, 2017 at 1:36 PM, Weingarten, Reid <[redacted]> wrote:

Trump is going to fire mueller and republicans on hill won't do a thing

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**From:** Weingarten, Reid [redacted]
**Sent:** 11/2/2017 6:05:42 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yep...order rod to fire him...rod would refuse...gets rid of him too...twofer....

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 11:04 AM
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**Subject:** Re:

how would he do it. rosenstein?

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**Subject:** Re:

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**To:** Weingarten, Reid
**Subject:** Re:

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**From:** Weingarten, Reid [redacted]
**Sent:** 11/2/2017 6:07:15 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Don't snicker, make fun or call me a liberal douchebag...we are approaching public good vs evil in a fundamental way

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 11:04 AM
**To:** Weingarten, Reid
**Subject:** Re:

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**From:** Weingarten, Reid [redacted]
**Sent:** 11/2/2017 6:31:26 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yup

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 11:21 AM
**To:** Weingarten, Reid
**Subject:** Re:

shouldnt mueller just file sealed indicments against jared ivanka and junior? they would stay even if he were fired.

On Thu, Nov 2, 2017 at 2:07 PM, Weingarten, Reid <[redacted]> wrote:

Don't snicker, make fun or call me a liberal douchebag...we are approaching public good vs evil in a fundamental way

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 11:04 AM
**To:** Weingarten, Reid
**Subject:** Re:

how would he do it. rosenstein?

On Thu, Nov 2, 2017 at 1:50 PM, Weingarten, Reid <[redacted]> wrote:

Would put us in a different place...may even rouse you into action

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 10:43 AM
**To:** Weingarten, Reid
**Subject:** Re:

opinon or knowledge

On Thu, Nov 2, 2017 at 1:36 PM, Weingarten, Reid <[redacted]> wrote:

Trump is going to fire mueller and republicans on hill won't do a thing

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, November 2, 2017 10:04 AM
**To:** Weingarten, Reid
**Subject:** Re:

told you so

On Thu, Nov 2, 2017 at 12:58 PM, Weingarten, Reid <[redacted]> wrote:

Bannon won...tax code fucks rich people

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 3:06 PM
**To:** Weingarten, Reid
**Subject:** Re:

Number? I have s truly funny one

On Wed, Nov 1, 2017 at 5:19 PM Weingarten, Reid <[redacted]> wrote:

And?

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 2:14 PM
**To:** Weingarten, Reid
**Subject:** Re:

Notice the date of the email

On Wed, Nov 1, 2017 at 5:05 PM Weingarten, Reid <[redacted]> wrote:

Just landed in san fran...at the airport...let's talk when I get settled...

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 2:04 PM
**To:** Weingarten, Reid
**Subject:** Re:

number ?

On Wed, Nov 1, 2017 at 5:02 PM, Weingarten, Reid <[redacted]> wrote:

Charlie rose is next

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Wednesday, November 1, 2017 10:07 AM
**To:** Weingarten, Reid
**Subject:**

brett ratner now . oy

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**From**: Steven Pfeiffer [redacted]
**Sent**: 11/21/2017 7:17:42 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: 2017 IFP Gotham Awards. Chairs from Jeffrey Epstein OK.
**Attachments**: image001.png; image002.png; image003.png

**Importance**: High

Perfect, thanks so much!

Best,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Tuesday, November 21, 2017 at 2:17 PM
**To:** Steven Pfeiffer [redacted]>
**Subject:** Re: 2017 IFP Gotham Awards. Chairs from Jeffrey Epstein OK.

me, [redacted]

On Tue, Nov 21, 2017 at 2:15 PM, Steven Pfeiffer [redacted] wrote:

> Hi Jeffery –
>
> I just wanted to follow up on a couple of notes. I have been coordinating with Richard Kahn (copied), and I have sent along to him the invoice and donation letter. So, we are all set on that front.
>
> I also wanted to circle back around on Peggy's note below. Will you indeed be attending the ceremony this year? Also, you had indicated you would have three additional guests as well. If you are available to attend the ceremony, please let us know, as well as to provide us with the names of your three guests. (Security is extra tight this year, with honoring Al Gore and all, and everyone's names have to be on the list to attend).
>
> Thanks so much, and look forward hearing more on this.
>
> Best,
> Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

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Brooklyn, NY 11201
p:[redacted]
www.ifp.org

---

**From:** Peggy Siegal <[redacted]>
**Date:** Thursday, November 16, 2017 at 3:31 PM
**To:** Jeffrey Epstein <jeevacation@gmail.com>, Steven Pfeiffer <[redacted]>, Rich Kahn <[redacted]>, Joana Vicente <[redacted]>
**Cc:** Rebecca Drescher <[redacted]>, Lila Walker <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards. Chairs from Jeffrey Epstein OK.

Jeffrey; every year I beg you to come and every year you don't. I will sit with you this year. If you bail, please let me know ASAP. You will have four seats with me. Xoxo peggy

Sent from my BlackBerry - the most secure mobile device

---

**From:** jeevacation@gmail.com
**Sent:** November 16, 2017 3:26 PM
**To:** [redacted]
**Subject:** Re: 2017 IFP Gotham Awards

happy to buy your 10k of chairs and will need me plus 3 seats.

On Thu, Nov 16, 2017 at 1:36 PM, Steven Pfeiffer <[redacted]> wrote:

Hello Jeffrey –

I hope all is well with you. As per Peggy Siegal's office, I have included here the invitation to the IFP Gotham Awards ceremony, which will be held on Monday, November 27 at Cipriani Wall Street in New York City.

This year's ceremony is going to be another successful event. We couldn't be more thrilled with this year's impressive group of Tributees. The Actress Tribute will go to **Nicole Kidman** and the Actor Tribute to **Dustin Hoffman**. The Director Tribute will be given to **Sofia Coppola**, with the Cinematographer Tribute going to **Ed Lachman**. With the Industry Tribute, we will be honoring **Jason Blum**, founder of Blumhouse Productions. And we simply couldn't be more

pleased to honor Vice President **Al Gore** with this year's special Humanitarian Tribute. With nominees this year ranging from **Willem Dafoe, Adam Sandler** and **Robert Pattison** to **Margot Robbie, Lois Smith** and **Mary J. Blige**, this year's ceremony looks to be the most star studded ever.

Please let me know if you have any questions.

Best regards,
Steven

**Steven Pfeiffer**

**Associate Director, Development**

Independent Filmmaker Project

Made in NY Media Center by IFP

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Brooklyn, NY 11201

p:[redacted]

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**From**: Michael Wolff [redacted]
**Sent**: 12/11/2017 4:47:33 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Looks like I can't get away. But will be back in NYC on Sunday. Let me know when you're back too. I have a bad feeling about this new Woody round. It could pull him into the general Harvey pool of the despised and shunned. Clearly what Ronan and company are hoping for. I think Bannon may be right. This is not going to end until Trump goes down.

On Mon, Dec 11, 2017 at 3:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtontimes.com/news/2017/dec/10/glenn-simpsons-fusion-gps-ran-donald-trump-smear-c/

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**From:** Michael Wolff [redacted]
**Sent:** 12/11/2017 4:57:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

And they won't be the last. My buddy, Lorin Stein, who runs the Paris Review--the Paris Review for god's sake!--just went down. The 80-year-old father of my friend Rachel Horovitz--the playright Israel Horovitz--whacked. Big names on the horizon: Michael Douglas, Larry Gagosian, and still my favorite, Arthur Sulzberger.

On Mon, Dec 11, 2017 at 5:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Strange time I have two more friends up to bat

On Mon, Dec 11, 2017 at 5:47 PM Michael Wolff <[redacted]> wrote:

Looks like I can't get away. But will be back in NYC on Sunday. Let me know when you're back too. I have a bad feeling about this new Woody round. It could pull him into the general Harvey pool of the despised and shunned. Clearly what Ronan and company are hoping for. I think Bannon may be right. This is not going to end until Trump goes down.

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**From:** Michael Wolff [redacted]
**Sent:** 12/11/2017 7:52:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Cross your fingers.

On Mon, Dec 11, 2017 at 8:39 PM jeffrey E. <jeevacation@gmail.com> wrote:
you and i are old news? :) .

On Mon, Dec 11, 2017 at 5:57 PM, Michael Wolff <[redacted]> wrote:
And they won't be the last. My buddy, Lorin Stein, who runs the Paris Review--the Paris Review for god's sake!--just went down. The 80-year-old father of my friend Rachel Horovitz--the playright Israel Horovitz--whacked. Big names on the horizon: Michael Douglas, Larry Gagosian, and still my favorite, Arthur Sulzberger.

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**From:** Michael Wolff [redacted]
**Sent:** 1/18/2018 1:42:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

All good. I am everybody's darling. Have to keep reminding people that I am actually quite unpopular. Apparently thing of the past--for now (excepting among a small circle of journalists). Ira Rosen, a 60 Minutes producer and a friend of Bannon's, came with a message from SB: "You own me a few million." Rosen also says he believes SB now weighing the strategy of making a formal and public break with Trump. I can't get together today because I have to leave for DC at 11AM to speak to 800 book buyers (not to mention pre-signing 800 books). Then tomorrow AM to LA to do Bill Maher show. Making money is hard work.

On Thu, Jan 18, 2018 at 7:38 AM, jeffrey E. <jeevacation@gmail.com> wrote:

> how was it.? why dont you stop by today so we can script tomorrow. - assuming no change. . prefer no details on email
>
> --
>
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**From:** Michael Wolff [redacted]
**Sent:** 1/18/2018 2:08:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Bannon's "nationalist-populist" platform is coherent, rational, and, apparently appealing to a great many people. I can't see why at this point he wouldn't want to use his world-stage stature to make an argument for it and to claim leadership of it. What does he have to lose? What else is there, except to suck up to Trump, and get the chance to be manhandled by him again?

On Thu, Jan 18, 2018 at 8:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Great.
I m thrilled for you . At the moment he's coming tomorrow night

On Thu, Jan 18, 2018 at 8:42 AM Michael Wolff <[redacted]> wrote:

All good. I am everybody's darling. Have to keep reminding people that I am actually quite unpopular. Apparently thing of the past--for now (excepting among a small circle of journalists). Ira Rosen, a 60 Minutes producer and a friend of Bannon's, came with a message from SB: "You own me a few million." Rosen also says he believes SB now weighing the strategy of making a formal and public break with Trump. I can't get together today because I have to leave for DC at 11AM to speak to 800 book buyers (not to mention pre-signing 800 books). Then tomorrow AM to LA to do Bill Maher show. Making money is hard work.

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**From:** Michael Wolff[redacted]
**Sent:** 1/18/2018 2:16:32 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

don't forget I want to go with you to the mid east sometime....

On Thu, Jan 18, 2018 at 9:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:
im off sat to europe mid east etc. return around the 30

On Thu, Jan 18, 2018 at 9:08 AM, Michael Wolff <[redacted]> wrote:
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**From:** Michael Wolff[redacted]
**Sent:** 1/18/2018 2:20:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ha! On another note, this Woody thing is going south very quickly. Planning to speak to them this morning.

On Thu, Jan 18, 2018 at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
why dont we also ask harvey weinstein to join to make sure we dont get any press :)

On Thu, Jan 18, 2018 at 9:16 AM, Michael Wolff <[redacted]> wrote:
don't forget I want to go with you to the mid east sometime....

On Thu, Jan 18, 2018 at 9:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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**From:** Michael Wolff[redacted]
**Sent:** 1/18/2018 2:32:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

He has to turn this into a love story with Soon-Yi. She's the only one who can save him.

On Thu, Jan 18, 2018 at 9:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:
yes, he is having what he refers to as his" brain trust"this weekend. but it appears the group needs a name change. They are all old thinkers. no social media strategy. no links to connecticut report. . the jackals now lying in wait for the next movie release. which i believe cannot happen at all now. but they tell him what he wants to hear. wonder wheel grossed 7m at the box office. the new movie is young ditz, prositutes. . drunken journalism student chasing an older guy. . The connecticut ( hired by the state ) report front page. -- WE interviewed dylan Nine times . two professionals AT THE TIME. we conclude that the story is fantasy. . NOTHING ELSE is relevant. mia. ronan. motives, policeman views. etc.

On Thu, Jan 18, 2018 at 9:20 AM, Michael Wolff <[redacted]> wrote:
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On Thu, Jan 18, 2018 at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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On Thu, Jan 18, 2018 at 9:16 AM, Michael Wolff <[redacted]> wrote:
don't forget I want to go with you to the mid east sometime....

On Thu, Jan 18, 2018 at 9:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:
im off sat to europe mid east etc. return around the 30

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On Thu, Jan 18, 2018 at 8:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:
Great.
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On Thu, Jan 18, 2018 at 8:42 AM Michael Wolff <[redacted]> wrote:
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On Thu, Jan 18, 2018 at 7:38 AM, jeffrey E. <jeevacation@gmail.com> wrote:

how was it.? why dont you stop by today so we can script tomorrow. - assuming no change. . prefer no details on email

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**From:** Michael Wolff[redacted]
**Sent:** 1/18/2018 2:42:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yes, yes, that's their continuing resistance speaking. But that doesn't change the fact that it is their ONLY option. AND it's a slam-dunk one. She would turn it around. If Dylan is coming out to speak publicly, Soon-Yi also has to. If Dylan is allowed to be the center of this story, Woody is cooked. If Soon-Yi claims it--and she is actually the center of the story--everything shifts and they can make it their own.

On Thu, Jan 18, 2018 at 9:37 AM, jeffrey E. <jeevacation@gmail.com> wrote:
not intellectually capable. . and frankly -unwiling. my shrink says .....

On Thu, Jan 18, 2018 at 9:32 AM, Michael Wolff <[redacted]> wrote:
He has to turn this into a love story with Soon-Yi. She's the only one who can save him.

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**From:** LHS [redacted]
**Sent:** 2/10/2018 5:20:54 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice[redacted]
**Subject:** Re:

**Importance:** High

Saw and liked Woody piece. The columnist is Good.

Don't follow your note. What texts

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 10, 2018, at 12:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

The list of officials frequently discussed in the texts who are no longer in their jobs seems to grow by the day. It includes former FBI Director James Comey, who was fired by Trump; former Deputy Director Andrew McCabe; Comey's chief of staff, James Rybicki; FBI General Counsel James Baker; as well as Strzok, who was booted off the special counsel investigation and sent to a job in the FBI's personnel div. laufman and rachel brand. not one surprise if would have heard bannon

On Sat, Feb 10, 2018 at 12:06 PM, LHS <[redacted]> wrote:
Lisa will call.

People are saying resignation of justice Dept number 3 is big deal.

Sent from my iPad

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www.larrysummers.com

On Fri, Feb 9, 2018 at 8:33 AM -0500, "jeffrey E." <jeevacation@gmail.com> wrote:

[redacted]

On Fri, Feb 9, 2018 at 8:32 AM, LHS <[redacted]> wrote:
?? What number r u at?

Sent from my iPhone

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On Feb 9, 2018, at 6:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wow

On Thu, Feb 8, 2018 at 8:52 PM, LHS <[redacted]> wrote:

Goofy corrupt giveaways?

Do tell.

Sent from my iPhone

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On Feb 8, 2018, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

this bill has the things you were looking for in the last

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**Sent:** 2/10/2018 5:28:33 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice[redacted]
**Subject:** Re:

**Importance:** High

Depends on calculus for Ryan and McConnell who crave continued power above all else and would be thrilled if trump died

Sent from my iPad

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I think it comes down to trump obstruction. vs clintons wrondoing. timing. ? election impact etc. kelly is not political. so half his job not getting done

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**From**: Steve Bannon [redacted]]
**Sent**: 3/15/2018 10:04:58 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Corker 'hopeful' on approving new war-powers authorization for Trump administration - POLITICO

**Importance**: High

https://www.politico.com/story/2018/03/14/corker-hopeful-war-powers-authorization-trump-464373

**From:** Steve Bannon [redacted]
**Sent:** 3/15/2018 10:54:45 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Corker 'hopeful' on approving new war-powers authorization for Trump administration - POLITICO

**Importance:** High

What time is dinner?

Do u want me to come over beforehand ???
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thu, 15 Mar 2018 06:46:54 -0400
**To:** Steve Bannon<[redacted]
**Subject:** Re: Corker 'hopeful' on approving new war-powers authorization for Trump administration - POLITICO

yes I saw it 1 i will invite gerry baker to our dinnner tonight. 2 miro lajcak. president of UN . will guide the EU project if you like him. his govt will fall this week - as planned. :) 3. later today we can discuss michael and his coins. 4. sultan - duabi in new york 21 22

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**From:** Steve Bannon [redacted]
**Sent:** 3/15/2018 11:07:24 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Corker 'hopeful' on approving new war-powers authorization for Trump administration - POLITICO

**Importance:** High

Done

On Mar 15, 2018, at 7:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

sure ! dinner 7 . come at 6?

https://blindgossip.com/?p=89824

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**From**: Steve Bannon [redacted]
**Sent**: 3/16/2018 11:19:55 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Skripal, Syria, And England Are All Victims Of The Globalist War On Trump | Geopolitica.RU

**Importance**: High

https://www.geopolitica.ru/en/article/skripal-syria-and-england-are-all-victims-globalist-war-trump

Dugan's analysis with shout out

**From**: Steve Bannon[redacted]]
**Sent**: 3/16/2018 11:25:35 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Skripal, Syria, And England Are All Victims Of The Globalist War On Trump | Geopolitica.RU

**Importance**: High

Last night great---really liked those guys

I'm back Tuesday

On Mar 16, 2018, at 7:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:

did you enjoy last night. . leon doesnt listen as much as he should. but he is a good guy. Im in palm beach for the weekend. next week if you like Kathy ruemmler. or reid weingarten and or miro lacjak.

On Fri, Mar 16, 2018 at 7:19 AM, Steve Bannon <[redacted]> wrote:

https://www.geopolitica.ru/en/article/skripal-syria-and-england-are-all-victims-globalist-war-trump

Dugan's analysis with shout out

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**From:** Mark L. Epstein[redacted]
**Sent:** 3/21/2018 8:32:08 AM
**To:** 'jeffrey E.' [jeevacation@gmail.com]
**Subject:** RE: hey

**Importance:** High

Ask him if Putin has the photos of Trump blowing Bubba?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, March 19, 2018 2:15 PM
**To:** [redacted]n
**Subject:** Re: hey

All good. Bannon with me

On Mon, Mar 19, 2018 at 1:49 PM Mark L. Epstein <[redacted]> wrote:

> How are you doing?
>
> A while back you mentioned that you were prediabetic. Has anything changed with that?
>
> What is your boy Donald up to now?

--

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**From:** Mark L. Epstein [redacted]
**Sent:** 3/21/2018 1:54:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: hey

**Importance:** High

You and your boy Donnie can make a remake of the movie Get Hard.

Sent via tin can and string.

On Mar 21, 2018, at 09:37, jeffrey E. <jeevacation@gmail.com> wrote:

and i thought- I had tsuris

On Wed, Mar 21, 2018 at 4:32 AM, Mark L. Epstein [redacted] wrote:

Ask him if Putin has the photos of Trump blowing Bubba?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, March 19, 2018 2:15 PM
**To:** [redacted]
**Subject:** Re: hey

All good. Bannon with me

On Mon, Mar 19, 2018 at 1:49 PM Mark L. Epstein [redacted] wrote:

How are you doing?

A while back you mentioned that you were prediabetic. Has anything changed with that?

What is your boy Donald up to now?

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**From:** Mark L. Epstein [redacted]
**Sent:** 3/21/2018 2:54:13 PM
**To:** 'jeffrey E.' [jeevacation@gmail.com]
**Subject:** RE: hey

**Importance:** High

I'd rather be in Donni Dee's shoes.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, March 21, 2018 10:43 AM
**To:** Mark L. Epstein [redacted]
**Subject:** Re: hey

you mean DONNI TEE

On Wed, Mar 21, 2018 at 9:54 AM, Mark L. Epstein [redacted] wrote:

> You and your boy Donnie can make a remake of the movie Get Hard.
>
> Sent via tin can and string.
>
> On Mar 21, 2018, at 09:37, jeffrey E. <jeevacation@gmail.com> wrote:
>
> and i thought- I had tsuris
>
> On Wed, Mar 21, 2018 at 4:32 AM, Mark L. Epstein [redacted] wrote:
>
> > Ask him if Putin has the photos of Trump blowing Bubba?
> >
> > **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> > **Sent:** Monday, March 19, 2018 2:15 PM
> > **To:** [redacted]
> > **Subject:** Re: hey
> >
> > All good. Bannon with me
> >
> > On Mon, Mar 19, 2018 at 1:49 PM Mark L. Epstein [redacted] wrote:
> >
> > > How are you doing?
> > >
> > > A while back you mentioned that you were prediabetic. Has anything changed with that?
> > >
> > > What is your boy Donald up to now?
> >
> --
>
> please note

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**From**: Steve Bannon [redacted]
**Sent**: 3/24/2018 8:08:37 AM
**To**: jeevacation@gmail.com
**Subject**: How Close Is Donald Trump to a Psychiatric Breakdown?

**Importance**: High

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

**From**: Kathy Ruemmler [redacted]
**Sent**: 7/8/2018 12:53:09 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Het hele interview met Steve Bannon | Nieuwsuur

**Importance**: High

This drives me f*ing crazy.

Simple question for your boy: Did Donald Trump actively promote the theory that Barak Obama was not born in the US and was therefore not a legitimate President?

Answer: Yes.

He should not defend that shit. He can defend populist/nationalism all he wants, but when he bullies people defending obvious Trump lies, he loses credibility.

On Jul 7, 2018, at 10:57 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Fun

---------- Forwarded message ---------
From: Steve Bannon <[redacted]>
Date: Sat, Jul 7, 2018 at 1:21 PM
Subject: Het hele interview met Steve Bannon | Nieuwsuur
To: jeffrey E. <jeevacation@gmail.com>

https://nos.nl/nieuwsuur/video/2240261-het-hele-interview-met-steve-bannon.html
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**From**: Michael Wolff [redacted]
**Sent**: 7/12/2018 7:55:54 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: A few thoughts

**Importance**: High

1) I saw SB in London yesterday and he seemed especially paranoid about any reporters seeing me with him. My guess is that he is working hard on his relationship with Trump who he sees as newly ascendent and being seen with me might queer that.

2) He went on Hannity last night and will be on Piers Morgan tomorrow and that seemed with an eye toward an audience of one.

3) He was having a meeting yesterday with the French right wingers, including Le Pen's husband, about refinancing the National Front Party because apparently a good part of their money comes from Russia. Two thoughts here, these guys seemed like idiots, pure Ruritania, and Bannon, surrounded by his own thuggish-looking security people and whacky-bloggers advisors, thrives precisely because the world of populism is so unprofessional (if not farcical).

more later...

**From:** David Stern [redacted]
**Sent:** 7/12/2018 10:51:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Have I been trained by you to fly commercial ?? What do you think ??

I am in London tomorrow and can have Tea with Bannon - but I guess he's got better things to do....

On 12 Jul 2018, at 12:44, jeffrey E. <jeevacation@gmail.com> wrote:

my assistant [redacted] also going. you guys are nuts. . are you flying comercial? bannon and trump in london. fun

On Thu, Jul 12, 2018 at 5:35 AM, David Stern [redacted] wrote:

> On my way to Munich
> Weekend going to Russia to World Cup Final.

--

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**From:** David Stern [redacted]
**Sent:** 7/12/2018 11:02:32 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I am finding out what the plan is in Moscow - send me her number.I will fly from Moscow to Spain (not London)

Let's discuss DB. Seeing Chairman today in Munich....

On 12 Jul 2018, at 12:53, jeffrey E. <jeevacation@gmail.com> wrote:

ill ask, hes pretty swamped. . if there is any help you can give to [redacted] in russia id appreciate it. . dont know parties. ride to london . shes a futbol nut. . deutsch bank getting interesting soon.

On Thu, Jul 12, 2018 at 6:51 AM, David Stern [redacted] wrote:

Have I been trained by you to fly commercial ?? What do you think ??

I am in London tomorrow and can have Tea with Bannon - but I guess he's got better things to do....

On 12 Jul 2018, at 12:44, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** David Stern [redacted]]
**Sent:** 7/12/2018 11:03:10 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Death of chinese shareholder quite an issue. What can we do with Qataris here?

On 12 Jul 2018, at 12:53, jeffrey E. <jeevacation@gmail.com> wrote:

ill ask, hes pretty swamped. . if there is any help you can give to [redacted] in russia id appreciate it. . dont know parties. ride to london . shes a futbol nut. . deutsch bank getting interesting soon.

On Thu, Jul 12, 2018 at 6:51 AM, David Stern <[redacted]> wrote:

Have I been trained by you to fly commercial ?? What do you think ??

I am in London tomorrow and can have Tea with Bannon - but I guess he's got better things to do....

On 12 Jul 2018, at 12:44, jeffrey E. <jeevacation@gmail.com> wrote:

my assistant [redacted] also going. you guys are nuts. . are you flying comercial? bannon and trump in london. fun

On Thu, Jul 12, 2018 at 5:35 AM, David Stern <[redacted]> wrote:

On my way to Munich
Weekend going to Russia to World Cup Final.

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**From:** David Stern [redacted]
**Sent:** 7/12/2018 11:08:45 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Let's show them the way - Baruch HaShem

On 12 Jul 2018, at 13:05, jeffrey E. <jeevacation@gmail.com> wrote:

they are lost

On Thu, Jul 12, 2018 at 7:03 AM, David Stern [redacted] wrote:
Death of chinese shareholder quite an issue. What can we do with Qataris here?

On 12 Jul 2018, at 12:53, jeffrey E. <jeevacation@gmail.com> wrote:

ill ask, hes pretty swamped. . if there is any help you can give to [redacted] in russia id appreciate it. . dont know parties. ride to london . shes a futbol nut. . deutsch bank getting interesting soon.

On Thu, Jul 12, 2018 at 6:51 AM, David Stern <[redacted]> wrote:
Have I been trained by you to fly commercial ?? What do you think ??

I am in London tomorrow and can have Tea with Bannon - but I guess he's got better things to do....

On 12 Jul 2018, at 12:44, jeffrey E. <jeevacation@gmail.com> wrote:

my assistant [redacted] also going. you guys are nuts. . are you flying comercial? bannon and trump in london. fun

On Thu, Jul 12, 2018 at 5:35 AM, David Stern <[redacted]> wrote:
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**From**: Steve Bannon [redacted]
**Sent**: 7/20/2018 10:16:04 AM
**To**: jeevacation@gmail.com
**Subject**: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

**Importance**: High

https://www.thedailybeast.com/you-are-either-with-trump-or-you-are-against-him-says-bannon-as-putin-mayhem-tests-presidents-grip-on-gop?ref=home

**From**: Michael Wolff [redacted]]
**Sent**: 7/20/2018 2:11:44 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: bannon view of trump

**Importance**: High

Haven't watched this yet. But was with him for a few hours last night and got the full download: he think trump has lost his stuff, and as well, to boot, is an idiot. Putin, tho, he thinks is a genius.

On Fri, Jul 20, 2018 at 8:58 AM jeffrey E. <jeevacation@gmail.com> wrote:

> https://www.youtube.com/watch?v=2X9E9n6GHC8
>
> --
>
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**From**: Steve Bannon [redacted]
**Sent**: 7/21/2018 11:40:00 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

**Importance**: High

So epic---world coming our way
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 21 Jul 2018 05:52:00 -0400
**To:** Steve Bannon<[redacted]>
**Subject:** Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

https://www.cnn.com/2018/07/20/politics/china-cold-war-us-superpower-influence/index.html

On Fri, Jul 20, 2018 at 6:16 AM, Steve Bannon <[redacted]> wrote:

> https://www.thedailybeast.com/you-are-either-with-trump-or-you-are-against-him-says-bannon-as-putin-mayhem-tests-presidents-grip-on-gop?ref=home

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**From:** Steve Bannon[redacted]
**Sent:** 7/21/2018 12:31:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

**Importance:** High

Thanks-- exploding right now

On Jul 21, 2018, at 7:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Daily beast well done

On Sat, Jul 21, 2018 at 1:39 PM Steve Bannon <[redacted]> wrote:

So epic---world coming our way
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sat, 21 Jul 2018 05:52:00 -0400
**To:** Steve Bannon<[redacted]>
**Subject:** Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

https://www.cnn.com/2018/07/20/politics/china-cold-war-us-superpower-influence/index.html

On Fri, Jul 20, 2018 at 6:16 AM, Steve Bannon <[redacted] wrote:

https://www.thedailybeast.com/you-are-either-with-trump-or-you-are-against-him-says-bannon-as-putin-mayhem-tests-presidents-grip-on-gop?ref=home

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**From**: Steve Bannon [redacted]
**Sent**: 8/20/2018 1:41:12 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

**Importance**: High

https://www.newsobserver.com/news/business/article216997195.html

**From**: Steve Bannon[redacted]
**Sent**: 8/20/2018 2:21:37 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

**Importance**: High

Yes

but let's discuss--their is a crazed jihad against u--ive never seen anything like it--and I've seen a lot
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 19 Aug 2018 22:17:38 -0400
**To:** Steve Bannon<[redacted]
**Subject:** Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

AHHHH thats more like it , , we need to find you the exorcist hat. ! . do you think you might want to come to europe?

On Sun, Aug 19, 2018 at 9:41 PM, Steve Bannon <[redacted]wrote:

https://www.newsobserver.com/news/business/article216997195.html

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**From:** Steve Bannon[redacted]]
**Sent:** 8/20/2018 2:28:22 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

**Importance:** High

Exactly

But somebody big has u in the gunsights

On Aug 19, 2018, at 10:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yes . no worry, november too important to risk diversion. mission first

On Sun, Aug 19, 2018 at 10:21 PM, Steve Bannon <[redacted]> wrote:

Yes

but let's discuss--their is a crazed jihad against u--ive never seen anything like it--and I've seen a lot
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 19 Aug 2018 22:17:38 -0400
**To:** Steve Bannon<[redacted]>
**Subject:** Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

AHHHH thats more like it , , we need to find you the exorcist hat. ! . do you think you might want to come to europe?

On Sun, Aug 19, 2018 at 9:41 PM, Steve Bannon <[redacted]> wrote:

https://www.newsobserver.com/news/business/article216997195.html

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**From:** Michael Wolff [redacted]]
**Sent:** 11/5/2018 7:35:30 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I was thinking of opening with you and Bannon talking about Trump. Would let you sound smart and offer what I think would be a crowd-pleasing perspective, and make you seem like a credible player--former friend of Trump, advisor to world leaders, sought after person, etc--without having to too much rehash old stuff.

Doesn't seem like they can win...but who knows. I'm meeting Bannon had 3 tomorrow and will stay with him until the end.

On Mon, Nov 5, 2018 at 2:08 PM J <jeevacation@gmail.com> wrote:

> if the republicans pull this off , steve would deserve most of the credit. . he was way out in front on this way out. . . execution not to his liking but..... on another note , what were you thinking about me in the book, with what moniker

--

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**From**: [redacted]
**Sent**: 11/8/2018 7:17:03 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Yes completely forgot about it
I m flying in Friday night
Would Saturday 11:00 be good for you?

Ariane de Rothschild

On 8 Nov 2018, at 19:39, J <jeevacation@gmail.com> wrote:

when are you arriving. traffic will be crazy . do to celebratons and trump

--

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**From:** Michael Wolff [redacted]]
**Sent:** 5/30/2019 11:13:27 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: privleged

**Importance:** High

Again! Why you need a team in place! Where are you with Ollie?

On Thu, May 30, 2019 at 7:09 AM J <jeevacation@gmail.com> wrote:

lots of reporters inquiries. !. do i think that trump set me up? what do i know about his dealings? . did i speak to you? suggestion. all public record, house bought out of a bankruptcy proceding . I was the stalking horse bid. . never before was there a prosecution of erotic massage by women for money in someones home. every girl got money. returned . most interviewed by police over 21. all public record. . some concern on my team that i will get a cong subpoena. do i have to wear a tie?

--

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**From:** Michael Wolff [redacted]
**Sent:** 5/30/2019 11:24:24 AM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: privleged

**Importance:** High

Expensive. But... In a way this new round of calls is an opportunity: reporters suddenly thinking they don't know something or that there is a new angle—now would be a good moment to hit them with a better prepared set of responses. Somebody, Ollie or otherwise, should get started on this.

On Thu, May 30, 2019 at 7:17 AM J <jeevacation@gmail.com> wrote:

hes great. he needs to get the documents from the law firms that are wholly focused on this submission to the judge. . BTW He asked for 1milllion per month . for a year. .

On Thu, May 30, 2019 at 7:13 AM Michael Wolff <[redacted]> wrote:

Again! Why you need a team in place! Where are you with Ollie?

On Thu, May 30, 2019 at 7:09 AM J <jeevacation@gmail.com> wrote:

lots of reporters inquiries. !. do i think that trump set me up? what do i know about his dealings? . did i speak to you? suggestion. all public record, house bought out of a bankruptcy proceding . I was the stalking horse bid. . never before was there a prosecution of erotic massage by women for money in someones home. every girl got money. returned . most interviewed by police over 21. all public record. . some concern on my team that i will get a cong subpoena. do i have to wear a tie?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/10/2015 2:36:20 PM
**To**: G Maxwell [GMax1@ellmax.com]
**Subject**: Re:

ok

On Sat, Jan 10, 2015 at 10:33 AM, G Maxwell <GMax1@ellmax.com> wrote:

I need it written out in full.

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:31
**To:** G Maxwell
**Subject:** Re:

i am on the phone with other attny getting you an answer.

On Sat, Jan 10, 2015 at 10:25 AM, G Maxwell <GMax1@ellmax.com> wrote:

I have to distance myself from you in statement too
And they need me to say I was not aware of massage w/andrew in my house. These thing they have to stay along w/meeting [redacted] and rebutting those allegations. I needs it asap

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INSTAGRAM
PLEDGE
THE DAILY CATCH

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**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:18
**To:** G Maxwell
**Subject:** Re:

yes,,

On Sat, Jan 10, 2015 at 10:15 AM, G Maxwell <GMax1@ellmax.com> wrote:

Can my lawyer talk to a lawyer?

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PINTEREST
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PLEDGE
THE DAILY CATCH

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**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:12
**To:** G Maxwell
**Subject:**

inital respone, too many unanswerd question raised, realtionship with jeffrey/ , ? you and clinton? her and andrew? whats the deal here? why is she there . this is who i am, this how i know jeffrey, employed from ,, to .. . I was aware that jeffrey hired masag people, I sometine hired them, she was one of them. recolletion empllyed , firmative. . what . I am writing to writin to respond to the alleagtinoin that have been made whcich are categoricly untrue. . during hte time i met mr derhsowiz , in general inviting a subpeona . ? you will never answer questions to the press satisfaction they will not be persuaded.
the --

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/10/2015 2:41:47 PM
**To**: G Maxwell [GMax1@ellmax.com]
**Subject**: Re:

call me

On Sat, Jan 10, 2015 at 10:33 AM, G Maxwell <GMax1@ellmax.com> wrote:

I need it written out in full.

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**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:31
**To:** G Maxwell
**Subject:** Re:

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On Sat, Jan 10, 2015 at 10:25 AM, G Maxwell <GMax1@ellmax.com> wrote:

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And they need me to say I was not aware of massage w/andrew in my house. These thing they have to stay along w/meeting [redacted] and rebutting those allegations. I needs it asap

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**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:18
**To:** G Maxwell
**Subject:** Re:

yes,,

On Sat, Jan 10, 2015 at 10:15 AM, G Maxwell <GMax1@ellmax.com> wrote:

Can my lawyer talk to a lawyer?

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**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:12
**To:** G Maxwell
**Subject:**

inital respone, too many unanswerd question raised, realtionship with jeffrey/ , ? you and clinton? her and andrew? whats the deal here? why is she there . this is who i am, this how i know jeffrey, employed from ,, to .. . I was aware that jeffrey hired masag people, I sometine hired them, she was one of them. recolletion empllyed , firmative. . what . I am writing to writin to respond to the alleagtinoin that have been made whcich are categoricly untrue. . during hte time i met mr derhsowiz , in general inviting a subpeona . ? you will never answer questions to the press satisfaction they will not be persuaded.
the --

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/30/2015 1:52:00 AM
**To**: Michael Wolff [redacted]
**Subject**: more to follow

Pg 5 first par – reporter speaks about a "sex slave ring" and speaks in the plural "sex slaves" suggesting more than one accusation

Pg 8 1st par – reporter should clarify that the young women at your house (and later on your plane) are comely but clearly not underage

Pg 20- might lead a reader to think you helped clients hide wealth raises flags)

Pg 21 – Hoffenberg mentioned – I assume from what everyone including J Sweet says he is nuts but not flattering and totally irrelevant to the story

Pg 25 – quoting you on massages – your adversaries will exploit this to show a lack of remorse, minimizing the conduct etc -

Pg 25-26 – don't help him with SG – he's confusing SG and HR – whatever SGs age her website said she was 18

Pg 26 – he loops back to your "description" which opens reporter up to tough depoto

Pg 28 – your quotes re NPA being Kafkaesque..... can be exploited to harm you

Pg 30 – he writes about VR – "new chapter" – sounds like he is quoting you – he can preface it with "according to court papers..." and not suggest you are narrating the description of the VR allegations

Pg 31 – he writes that you said this "this is all utterly false" re VR allegations should limit denial to Clinton, Gore –

Pg 31 – he writes that VR is now suing you for 50M not true case over.

Pg 31-2 – close to end where he says in essence the only thing you regret is not being more circumspect re legal advice – not wise ,

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/27/2015 2:26:33 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

# Privileged - Redacted

On Thursday, August 27, 2015, Kathy Ruemmler <[redacted]> wrote:
Great.

Sent from my iPhone

On Aug 27, 2015, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

ok , anytime you like, you can drive right to me and i will feed you.::)

On Wed, Aug 26, 2015 at 10:38 PM, Kathy Ruemmler <[redacted]> wrote:
Will leave @ 9, so will be in ny @ 1 pm.

Sent from my iPad

On Aug 26, 2015, at 10:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what time , I will come up

On Wed, Aug 26, 2015 at 10:18 PM, Kathy Ruemmler <[redacted]> wrote:
Going up to NY Friday morning. Think I am going to drive. I will then stop to pee and get gas at a rest stop on the New Jersey turnpike, will observe all of the people there who are at least 100 pounds overweight, will have a mild panic attack as a result of the observation, and will then decide that I am not eating another bite of food for the rest of my life out of fear that I will end up like one of these people.

Sent from my iPad

On Aug 26, 2015, at 10:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ill give you details when i see you, when are you in ny?

On Wed, Aug 26, 2015 at 9:28 PM, Kathy Ruemmler <[redacted]> wrote:
Trump is living proof of the adage that it is better to be lucky than smart.

Sent from my iPad

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/24/2016 10:51:32 AM
**To:** Faith Kates [redacted]
**Subject:** Re:

7626

On Fri, Jun 24, 2016 at 6:49 AM, Faith Kates <[redacted]> wrote:

Is this the right # says its disconnected

Sent from my iPhone

On Jun 24, 2016, at 6:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

5616557625

On Friday, 24 June 2016, Faith Kates <[redacted] wrote:

Where are you? Not answering your cell
What the f... Does going to open 1k down not good... Trump is saying its a great thing really???

Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/26/2016 11:34:40 AM
**To:** Linda Stone [redacted]
**Subject:** Re:

none

On Mon, Sep 26, 2016 at 1:31 PM, Linda Stone [redacted] wrote:

How's that?

Which team you pulling for?

Co-authored with iPhone auto-correct

On Sep 26, 2016, at 2:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

too far to tell, we will know much more come oct 15

On Mon, Sep 26, 2016 at 7:14 AM, Linda Stone <[redacted] wrote:

SPEAK! Please. What do you think?

On Sep 25, 2016, at 12:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

do you think he can win?

On Sun, Sep 25, 2016 at 9:10 PM, Linda Stone [redacted] wrote:

Moving (small places in Raleigh and Bellevue), wrapping up taxes, wrapping up fire claim, trying to figure out if technologies that soothe the nervous system (that offer the positive effects that meditation or massage might offer) are worth working on....

And wondering if the fact that so many people are on anti-depressant, adhd, and other drugs, is what makes trump appealing and his flaws invisible...

Will you have a cabinet position?

How are you?

Co-authored with iPhone auto-correct

On Sep 25, 2016, at 12:01 PM, jeffrey E. <jeevacation@gmail.com> wrote:

bring me up to speed.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/2/2016 4:14:41 AM
**To**: LHS [redacted]
**Subject**: Re: Trump

**Importance**: High

zero. ! , do you want to have dinner with rothchild in new york. thurs. , woody?

On Sun, Oct 2, 2016 at 2:32 AM, LHS [redacted] wrote:

Jeff

How plausible is idea that trump is real cocaine user?

L

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/19/2016 5:09:17 PM
**To**: Linda Stone [redacted]
**Subject**: Re: Question

**Importance**: High

its fine. will be fun

On Sat, Nov 19, 2016 at 12:54 PM, Linda Stone [redacted] wrote:

> I'm not sure it's safe long term or a good option to live in the US for a Trump/Pence presidency with Bannon as a key advisor.
>
> Am I wrong? The hate, anti-semitism (swastikas painted all over the park a few blocks from me), and "His" desire to be Putin.... All super concerning.
>
> Xx
>
> Co-authored with iPhone auto-correct

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/28/2016 5:16:31 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

im here today flying to nw york tomow. if he is up to it ild love to sit with him , house or on plane if we wants a ride

On Mon, Nov 28, 2016 at 12:13 PM, Michael Wolff [redacted] wrote:
I think so.

On Mon, Nov 28, 2016 at 12:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
im in palm beach is roger here?

On Mon, Nov 28, 2016 at 12:11 PM, Michael Wolff <[redacted] wrote:
Thought you might be interested in this--it's suddenly made me the only liberal-media guy with access to Trump circle. http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747

And...I have a bit of an idea for you re media and Saudi friends.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/19/2017 10:17:46 AM
**To:** [redacted]
**Subject:** Re:

what is best for you? no worry, I ve hardly had a moment. everyone in govt wanting an explanation of trump. SO MUCH FUN

On Sun, Feb 19, 2017 at 10:12 AM, [redacted] wrote:

Sorry Jeff, had put my phone in a corner and didn t think you would come in the end
How long are you staying? I'm I'm Megeve with guests today
I can come after any day after

Ariane de Rothschild

On 17 Feb 2017, at 21:28, jeffrey E. <jeevacation@gmail.com> wrote:

when?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/5/2017 4:56:22 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

Yup , tillerdon unhsppy with Jared in Iraq . Pence given health bill . Kelly conway in trouble . All fun barrack gone dark

On Wed, Apr 5, 2017 at 6:51 PM Michael Wolff [redacted] wrote:

> War between the Jews and the non Jews. Jews presently winning.
>
> On Wed, Apr 5, 2017 at 12:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> https://www.bloomberg.com/politics/articles/2017-04-05/bannon-removed-from-national-security-council-role-in-shakeup
>
> --
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/27/2017 12:57:44 PM
**To**: Michael Wolff [redacted]
**Subject**: Re: crown prince

yes great

On Thu, Apr 27, 2017 at 8:56 AM, Michael Wolff [redacted] wrote:

> Was with Bannon last night who was saying how much Trump liked deputy crown prince: "Real guy's guy, he loved him. Thinks they can do stuff together."

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/21/2017 2:34:14 PM
**To**: [redacted]
**Subject**: Re: How are u? Send this interview to Donald Trump pls. Its going to be everywhere

ok

On Wed, Jun 21, 2017 at 10:33 AM, [redacted] wrote:

> https://www.youtube.com/watch?v=HIMzSfOVwEk&sns=em

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## 2017 ifp GOTHAM AWARDS

**November 27, 2017 - 6pm**
**Cipriani Wall Street**

Industry Tribute
**JASON BLUM**

Director Tribute
**SOFIA COPPOLA**

Humanitarian Tribute
**AL GORE**

Actor Tribute
**DUSTIN HOFFMAN**

Actress Tribute
**NICOLE KIDMAN**

Cinematographer Tribute
**ED LACHMAN**

AWARD CATEGORIES

**BEST FEATURE • BEST DOCUMENTARY**
**BEST ACTOR • BEST ACTRESS**
**BREAKTHROUGH ACTOR • BEST SCREENPLAY**
**BINGHAM RAY BREAKTHROUGH DIRECTOR AWARD**
**AUDIENCE AWARD • BREAKTHROUGH SERIES**

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OFFICIAL WINE SPONSOR
Landmark Vineyards

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/11/2017 4:52:48 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

Strange time I have two more friends up to bat

On Mon, Dec 11, 2017 at 5:47 PM Michael Wolff <[redacted]> wrote:

Looks like I can't get away. But will be back in NYC on Sunday. Let me know when you're back too. I have a bad feeling about this new Woody round. It could pull him into the general Harvey pool of the despised and shunned. Clearly what Ronan and company are hoping for. I think Bannon may be right. This is not going to end until Trump goes down.

On Mon, Dec 11, 2017 at 3:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtontimes.com/news/2017/dec/10/glenn-simpsons-fusion-gps-ran-donald-trump-smear-c/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/11/2017 7:39:17 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

you and i are old news? :) .

On Mon, Dec 11, 2017 at 5:57 PM, Michael Wolff <[redacted]> wrote:
And they won't be the last. My buddy, Lorin Stein, who runs the Paris Review--the Paris Review for god's sake!--just went down. The 80-year-old father of my friend Rachel Horovitz--the playright Israel Horovitz--whacked. Big names on the horizon: Michael Douglas, Larry Gagosian, and still my favorite, Arthur Sulzberger.

On Mon, Dec 11, 2017 at 5:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:
Strange time I have two more friends up to bat

On Mon, Dec 11, 2017 at 5:47 PM Michael Wolff <[redacted]> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/11/2017 7:54:19 PM
**To:** Michael Wolff [[redacted]
**Subject:** Re:

beleive you me , i do

On Mon, Dec 11, 2017 at 8:52 PM, Michael Wolff <[redacted]> wrote:
Cross your fingers.

On Mon, Dec 11, 2017 at 8:39 PM jeffrey E. <jeevacation@gmail.com> wrote:
you and i are old news? :) .

On Mon, Dec 11, 2017 at 5:57 PM, Michael Wolff <[redacted]> wrote:
And they won't be the last. My buddy, Lorin Stein, who runs the Paris Review--the Paris Review for god's sake!--just went down. The 80-year-old father of my friend Rachel Horovitz--the playright Israel Horovitz--whacked. Big names on the horizon: Michael Douglas, Larry Gagosian, and still my favorite, Arthur Sulzberger.

On Mon, Dec 11, 2017 at 5:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:
Strange time I have two more friends up to bat

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On Mon, Dec 11, 2017 at 3:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:
https://www.washingtontimes.com/news/2017/dec/10/glenn-simpsons-fusion-gps-ran-donald-trump-smear-c/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/18/2018 2:12:02 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

**Importance:** High

we discussed what color shirt he should wear at the hearing. :)/. as you recognize there is the one major inflection point. . congress has begun the long process of trying to get answers from him. . invitation. subpoena. future contempt. wh responding . executirve privlege. . special counsel rules different but either very short or very long.

On Thu, Jan 18, 2018 at 9:08 AM, Michael Wolff <[redacted]> wrote:
Bannon's "nationalist-populist" platform is coherent, rational, and, apparently appealing to a great many people. I can't see why at this point he wouldn't want to use his world-stage stature to make an argument for it and to claim leadership of it. What does he have to lose? What else is there, except to suck up to Trump, and get the chance to be manhandled by him again?

On Thu, Jan 18, 2018 at 8:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:
Great.
I m thrilled for you . At the moment he's coming tomorrow night

On Thu, Jan 18, 2018 at 8:42 AM Michael Wolff <[redacted]> wrote:
All good. I am everybody's darling. Have to keep reminding people that I am actually quite unpopular. Apparently thing of the past--for now (excepting among a small circle of journalists). Ira Rosen, a 60 Minutes producer and a friend of Bannon's, came with a message from SB: "You own me a few million." Rosen also says he believes SB now weighing the strategy of making a formal and public break with Trump. I can't get together today because I have to leave for DC at 11AM to speak to 800 book buyers (not to mention pre-signing 800 books). Then tomorrow AM to LA to do Bill Maher show. Making money is hard work.

On Thu, Jan 18, 2018 at 7:38 AM, jeffrey E. <jeevacation@gmail.com> wrote:
how was it.? why dont you stop by today so we can script tomorrow. - assuming no change. . prefer no details on email

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/18/2018 2:44:02 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

you and i as usual agree. - tell you more face to face. I an going to ask SB to sign your book

On Thu, Jan 18, 2018 at 9:42 AM, Michael Wolff <redacted> wrote:
Yes, yes, that's their continuing resistance speaking. But that doesn't change the fact that it is their ONLY option. AND it's a slam-dunk one. She would turn it around. If Dylan is coming out to speak publicly, Soon-Yi also has to. If Dylan is allowed to be the center of this story, Woody is cooked. If Soon-Yi claims it--and she is actually the center of the story--everything shifts and they can make it their own.

On Thu, Jan 18, 2018 at 9:37 AM, jeffrey E. <jeevacation@gmail.com> wrote:
not intellectually capable. . and frankly -unwiling. my shrink says .....

On Thu, Jan 18, 2018 at 9:32 AM, Michael Wolff <redacted> wrote:
He has to turn this into a love story with Soon-Yi. She's the only one who can save him.

On Thu, Jan 18, 2018 at 9:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:
yes, he is having what he refers to as his" brain trust"this weekend. but it appears the group needs a name change. They are all old thinkers. no social media strategy. no links to connecticut report. . the jackals now lying in wait for the next movie release. which i believe cannot happen at all now. but they tell him what he wants to hear. wonder wheel grossed 7m at the box office. the new movie is young ditz, prositutes. . drunken journalism student chasing an older guy. . The connecticut ( hired by the state ) report front page. -- WE interviewed dylan Nine times . two professionals AT THE TIME. we conclude that the story is fantasy. . NOTHING ELSE is relevant. mia. ronan. motives, policeman views. etc.

On Thu, Jan 18, 2018 at 9:20 AM, Michael Wolff <redacted> wrote:
Ha! On another note, this Woody thing is going south very quickly. Planning to speak to them this morning.

On Thu, Jan 18, 2018 at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
why dont we also ask harvey weinstein to join to make sure we dont get any press :)

On Thu, Jan 18, 2018 at 9:16 AM, Michael Wolff <redacted> wrote:
don't forget I want to go with you to the mid east sometime....

On Thu, Jan 18, 2018 at 9:15 AM, jeffrey E. <jeevacation@gmail.com> wrote:
im off sat to europe mid east etc. return around the 30

On Thu, Jan 18, 2018 at 9:08 AM, Michael Wolff <redacted> wrote:
Bannon's "nationalist-populist" platform is coherent, rational, and, apparently appealing to a great many people. I can't see why at this point he wouldn't want to use his world-stage stature to make an argument for it and to claim leadership of it. What does he have to lose? What else is there, except to suck up to Trump, and get the chance to be manhandled by him again?

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On Thu, Jan 18, 2018 at 8:42 AM Michael Wolff <[redacted]> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/26/2018 5:01:50 AM
**To:** Steve Bannon [redacted]
**Subject:** Re:

fun. have you come across lisa monaco yet . obama counter terroism girl. ? our cripto coin issues are us based. tax predominately. , regualtion, disclosure etc. world wide , a whole different bag. . debit cards. usb , some bad shit . very bad.

On Sun, Feb 25, 2018 at 11:49 PM, Steve Bannon <[redacted]> wrote:

NSA has em

On Feb 25, 2018, at 11:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Did you ask him for Hillary's emails ;)

On Sun, Feb 25, 2018 at 11:47 PM jeffrey E. <jeevacation@gmail.com> wrote:

Remember if you bought bitcoin at 1000 dollars and after it went to 10000. You then buy furniture at overstock. You have a 9000 GAIN to pay tax on in real dollars .
At some point treasury should put forth a voluntary disclosure program and fuck all the bad guys . Don't disclose . Tax evasion

On Sun, Feb 25, 2018 at 11:42 PM jeffrey E. <jeevacation@gmail.com> wrote:

Understood but there is an office of terroism finance at treasury that has thought about tax

On Sun, Feb 25, 2018 at 11:39 PM Steve Bannon <[redacted]> wrote:

Treasury not driving nsc is
Sent via BlackBerry by AT&T

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Mon, 26 Feb 2018 04:33:00 +0000
**To:** Steve Bannon<[redacted]>
**Subject:**

Will treasury respond to you re crypto or do we need another way in for advice
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/7/2018 12:17:54 PM
**To**: LHS[redacted]
**Subject**: Re: What's up in trump World?

would you like to sit with bannon?

On Wed, Mar 7, 2018 at 4:51 AM, LHS <[redacted]> wrote:

> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at:[redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/24/2018 10:43:53 AM
**To**: Steve Bannon [redacted]]
**Subject**: Re: How Close Is Donald Trump to a Psychiatric Breakdown?

sums it up well. , needs to add melania. pressure, bibi indictment. jared money grubbing. recipe for tragedy

On Sat, Mar 24, 2018 at 4:08 AM, Steve Bannon <[redacted]> wrote:

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/10/2018 9:01:05 AM
**To**: Jabor Y. [redacted]
**Subject**: from ny times today

While Mr. Bannon and Mr. Trump have yet to repair their rift, the president's moves against China represent a policy victory for his excommunicated aide. During his final weeks in the White House, Mr. Bannon kept a whiteboard in his office, on which he had scrawled a calendar for trade actions against China, the European Union and others.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/5/2018 11:34:36 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

http://www.newsweek.com/trump-so-desperate-hes-talking-steve-bannon-amid-multiple-investigations-912040

On Sat, May 5, 2018 at 6:38 PM Michael Wolff <[redacted]> wrote:

I can't get to Boston tomorrow—but thanks for inviting. Where in NYT did you see this—can't find.

On Sat, May 5, 2018 at 7:04 AM jeffrey E. <jeevacation@gmail.com> wrote:

nyt says trump talking directly to steve

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/9/2018 10:57:12 AM
**To**: Steve Bannon [redacted]
**Subject**: ny times freudian

Having shed or sidelined some of the top advisers who held him back in the past, Mr. Trump gives the appearance of a leader liberated at last to follow the china-breaking instincts that have long animated his approach to the world even as they troubled diplomats and national security veterans of both parties.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/12/2018 10:36:12 AM
**To**: Michael Wolff [redacted]
**Subject**: Re: A few thoughts

yes, and hannity and he seemed jet lagged and sloppy . it had bit of air of desperation. .

On Thu, Jul 12, 2018 at 3:55 AM, Michael Wolff [redacted]> wrote:

1) I saw SB in London yesterday and he seemed especially paranoid about any reporters seeing me with him. My guess is that he is working hard on his relationship with Trump who he sees as newly ascendent and being seen with me might queer that.

2) He went on Hannity last night and will be on Piers Morgan tomorrow and that seemed with an eye toward an audience of one.

3) He was having a meeting yesterday with the French right wingers, including Le Pen's husband, about refinancing the National Front Party because apparently a good part of their money comes from Russia. Two thoughts here, these guys seemed like idiots, pure Ruritania, and Bannon, surrounded by his own thuggish-looking security people and whacky-bloggers advisors, thrives precisely because the world of populism is so unprofessional (if not farcical).

more later...

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/12/2018 11:14:48 AM
**To:** David Stern [redacted]
**Subject:** Re:

they are in south of france for 2 weeks.

On Thu, Jul 12, 2018 at 7:08 AM, David Stern <[redacted]> wrote:
Let's show them the way - Baruch HaShem

On 12 Jul 2018, at 13:05, jeffrey E. <jeevacation@gmail.com> wrote:

they are lost

On Thu, Jul 12, 2018 at 7:03 AM, David Stern <[redacted]> wrote:
Death of chinese shareholder quite an issue. What can we do with Qataris here?

On 12 Jul 2018, at 12:53, jeffrey E. <jeevacation@gmail.com> wrote:

ill ask, hes pretty swamped. . if there is any help you can give to [redacted] in russia id appreciate it. . dont know parties. ride to london . shes a futbol nut. . deutsch bank getting interesting soon.

On Thu, Jul 12, 2018 at 6:51 AM, David Stern <[redacted]> wrote:
Have I been trained by you to fly commercial ?? What do you think ??

I am in London tomorrow and can have Tea with Bannon - but I guess he's got better things to do....

On 12 Jul 2018, at 12:44, jeffrey E. <jeevacation@gmail.com> wrote:

my assistant [redacted] also going. you guys are nuts. . are you flying comercial? bannon and trump in london. fun

On Thu, Jul 12, 2018 at 5:35 AM, David Stern <[redacted]> wrote:
On my way to Munich
Weekend going to Russia to World Cup Final.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/20/2018 10:42:07 AM
**To**: Steve Bannon [redacted]
**Subject**: Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

**Importance**: High

yup

On Fri, Jul 20, 2018 at 6:16 AM, Steve Bannon <[redacted]> wrote:

https://www.thedailybeast.com/you-are-either-with-trump-or-you-are-against-him-says-bannon-as-putin-mayhem-tests-presidents-grip-on-gop?ref=home

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/20/2018 2:32:16 PM
**To**: Steve Bannon [redacted]
**Subject**: Re: 'You Are Either With Trump or You Are Against Him,' Says Bannon, as Putin Mayhem Tests President's Grip on GOP

**Importance**: High

http://www.foxnews.com/politics/2018/07/19/counterprotesters-burn-american-flag-outside-office-maxine-waters.html

On Fri, Jul 20, 2018 at 6:16 AM, Steve Bannon <[redacted]> wrote:

https://www.thedailybeast.com/you-are-either-with-trump-or-you-are-against-him-says-bannon-as-putin-mayhem-tests-presidents-grip-on-gop?ref=home

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/18/2018 4:54:58 PM
**To:** Steve Bannon[redacted]
**Subject:** Re: The Anatomy of a Crisis: A Strong Dollar and Disappearing Liquidity | Zero Hedge | Zero Hedge

In recent weeks, prosecutors with the Justice Department's public integrity section — which examines possible political and government corruption — have sought documents related to Broidy's business dealings.

Among the information sought by investigators are details about Broidy's work on behalf of and interactions with the Chinese and Malaysian officials, according to two people familiar with the document requests.

As part of their efforts, prosecutors have subpoenaed casino magnate Steve Wynn, the former RNC finance chairman and longtime Trump friend, for copies of records and communications related to Broidy.

An attorney for Wynn, Reid Weingarten, declined to comment, saying only that Wynn is cooperating with the Justice Department.

"Steve Wynn is completely cooperating with the investigation and he certainly has no reason to believe that anyone acted improperly in anything he knew about or was involved in," Weingarten said in a statement.

On Sat, Aug 18, 2018 at 12:28 PM, Steve Bannon [redacted]> wrote:

Wow: decent ; from a guy I have a ton of respect for

On Aug 18, 2018, at 12:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

this means that you should ignore advice not given by jews. :) it is nonsense . each one of these guys decides to put in pin the carousel and say the horse is up , the horse isgoing down or the horse is going up. strong dollars make it easier to invest in emerging markets , as their currency is really worth shit and needs to be adequately priced, but in the mean time. there is apple in the us and maduro in venezuela. . what do you expect from the currencies. :)

Reid weingarten review of msnbc " even though ari is gay, hard to watch steve rape him.

On Sat, Aug 18, 2018 at 10:29 AM, Steve Bannon [redacted] wrote:

https://www.zerohedge.com/news/2018-08-16/anatomy-crisis-strong-dollar-and-disappearing-liquidity

Wat does this mean

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/20/2018 2:34:11 AM
**To:** Steve Bannon [redacted]
**Subject:** Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

any ideas ?

On Sun, Aug 19, 2018 at 10:28 PM, Steve Bannon [redacted] wrote:

Exactly

But somebody big has u in the gunsights

On Aug 19, 2018, at 10:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yes . no worry, november too important to risk diversion. mission first

On Sun, Aug 19, 2018 at 10:21 PM, Steve Bannon [redacted] wrote:

Yes

but let's discuss--their is a crazed jihad against u--ive never seen anything like it--and I've seen a lot
Sent via BlackBerry by AT&T

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**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sun, 19 Aug 2018 22:17:38 -0400
**To:** Steve Bannon [redacted]
**Subject:** Re: Steve Bannon says GOP must rally behind Trump to survive | News & Observer

AHHHH thats more like it , , we need to find you the exorcist hat. ! . do you think you might want to come to europe?

On Sun, Aug 19, 2018 at 9:41 PM, Steve Bannon <[redacted] wrote:

https://www.newsobserver.com/news/business/article216997195.html

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/26/2018 2:33:08 PM
**To:** Weingarten, Reid[redacted]
**Subject:** Re:

trump screamimg at people as they are vacation while he sits it the WH funny

On Wed, Dec 26, 2018 at 8:43 AM Weingarten, Reid <[redacted]n> wrote:

Will call in a while...have a lot of good gossip

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, December 26, 2018 8:39 AM
**To:** Weingarten, Reid
**Subject:** Re:

561 655 7626..

On Wed, Dec 26, 2018 at 8:37 AM Weingarten, Reid <[redacted]> wrote:

Kent, connecticut....and you? Hear about Bannon in italy?should I take the huawei cfo?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, December 26, 2018 8:32 AM
**To:** Weingarten, Reid
**Subject:**

where are yoyu

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/30/2018 8:01:43 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: guess who

Not only billionaire pedophile friend of trump but helped hitler just what i need

On Sun, Dec 30, 2018 at 2:35 PM Steve Bannon [redacted] wrote:

Hitler

That's the men's dorm he lived in during those 3 dark years as failed artist

On Dec 30, 2018, at 10:59 AM, J <jeevacation@gmail.com> wrote:

by late fall he had sold most his clothes including his black winter overcoat. and so the snow and cold drove him to further humiliation . Huddled in a light jacket late one afternoon just before Xmas he trudged all the way to Meidling in the outskirts of town. It took two and a half to reach his destination the ASy Fur abdachlose a shelter fore the destitute , and by the time he arrived he was exhausted. his feet sore Run by a philanthropic society whose principal support was the Epstein family,

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/30/2019 11:43:25 AM
**To:** Michael Wolff [redacted]
**Subject:** Re: privleged

https://www.rawstory.com/2019/05/new-book-paints-sordid-picture-of-trump-real-estate-deal-involving-russian-oligarch-and-jeffrey-epstein/

On Thu, May 30, 2019 at 7:24 AM Michael Wolff <[redacted] wrote:
Expensive. But... In a way this new round of calls is an opportunity: reporters suddenly thinking they don't know something or that there is a new angle—now would be a good moment to hit them with a better prepared set of responses. Somebody, Ollie or otherwise, should get started on this.

On Thu, May 30, 2019 at 7:17 AM J <jeevacation@gmail.com> wrote:
hes great. he needs to get the documents from the law firms that are wholly focused on this submission to the judge. . BTW He asked for 1milllion per month . for a year. .

On Thu, May 30, 2019 at 7:13 AM Michael Wolff <[redacted] wrote:
Again! Why you need a team in place! Where are you with Ollie?

On Thu, May 30, 2019 at 7:09 AM J <jeevacation@gmail.com> wrote:
lots of reporters inquiries. !. do i think that trump set me up? what do i know about his dealings? . did i speak to you? suggestion. all public record, house bought out of a bankruptcy proceding . I was the stalking horse bid. . never before was there a prosecution of erotic massage by women for money in someones home. every girl got money. returned . most interviewed by police over 21. all public record. . some concern on my team that i will get a cong subpoena. do i have to wear a tie?

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/30/2019 11:46:19 AM
**To:** Michael Wolff [redacted]
**Subject:** Re: privleged

https://www.mirror.co.uk/news/world-news/saudi-arabias-mohammed-bin-salman-16208376 russian oligarch same as pb house

On Thu, May 30, 2019 at 7:24 AM Michael Wolff <[redacted]> wrote:
Expensive. But... In a way this new round of calls is an opportunity: reporters suddenly thinking they don't know something or that there is a new angle—now would be a good moment to hit them with a better prepared set of responses. Somebody, Ollie or otherwise, should get started on this.

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Again! Why you need a team in place! Where are you with Ollie?

On Thu, May 30, 2019 at 7:09 AM J <jeevacation@gmail.com> wrote:
lots of reporters inquiries. !. do i think that trump set me up? what do i know about his dealings? . did i speak to you? suggestion. all public record, house bought out of a bankruptcy proceding . I was the stalking horse bid. . never before was there a prosecution of erotic massage by women for money in someones home. every girl got money. returned . most interviewed by police over 21. all public record. . some concern on my team that i will get a cong subpoena. do i have to wear a tie?

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**From**: Boris Nikolic (bgC3) [redacted]
**Sent**: 1/29/2011 12:36:57 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Agree!

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

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**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Saturday, January 29, 2011 1:35 AM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:**

I can find out if mick jagger, ken starr, clinton . julie taymor , are in town/? I suggest we leave it till mon night.. I will have no trouble getting anyone you want . but i think it best after the three of us noodle a bit/.

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**From**: [redacted]
**Sent**: 4/27/2011 10:14:56 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Me again

**Importance**: High

What do you think of Trump running?

Sent from my iPhone

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

Here's what our U.S. Balanced portfolio looks like right now[1]. This week's note reviews some of the factors that affect these allocations: **healthy private sector profits, problems left over from the recession, and interventions by the world's legislatures, treasuries, central banks and multilateral agencies.** This latter group reminds me of the ancient Greek Gods: they are very powerful, but sometimes flawed, as their interventions in the world did not always work as planned. We are getting closer to the *Twilight of the Gods*, a time when they are either running out of ammunition, or the ability to use it without causing even more problems. If so, the private sector will have to recover on its own. The consequence of these cross-currents: we invest in equities, but hold 10%-15% less than what we normally would at this point of the business cycle, and are positioning for a single-digit year on equities.

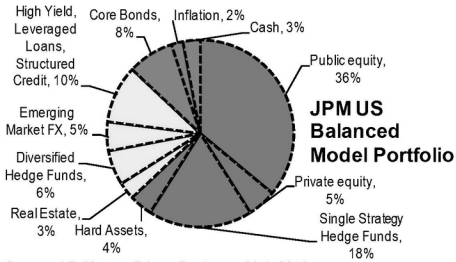


Source: J.P. Morgan Private Bank, as of July 2011.
These portfolios may not be suitable for all investors & are shown for illustrative purposes only

***PROFITS***

**The primary (and perhaps sole) justification for carrying the levels of risk shown above relates to corporate profits**. As shown below, profit margins have reached levels not seen in decades. The challenge, which we have discussed many times before: what is driving these margins[2]? One useful way to deconstruct profits is to measure them from peak to peak, and analyze what changed. As shown in the first chart, S&P 500 profit margins increased by ~1.3% from 2000 to 2007. There are a lot of moving parts in the margin equation, but as shown in the second chart, **reductions in wages and benefits explain the majority of the net improvement in margins**. This trend has continued; as we have shown several times over the last two years, US labor compensation is now at a 50-year low relative to both company sales and US GDP (see EoTM April 26, 2011).

**S&P 500 pre-tax margins**
Excluding financials, large-cap proxy used before 1976

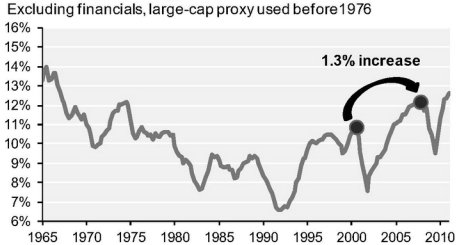


Source: Corporate reports, Empirical Research Partners. Past performance is not indicative of future results.

**Labor cost reductions driving the margin expansion**
Peak to peak change in margins, 2000-2007, S&P 500 constituents

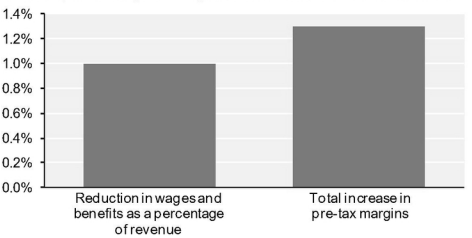


Source: Standard & Poor's, Empirical Research Partners.

**Last week's train wreck of a labor report included the dour news that labor compensation is now firmly negative in real terms.** Why is US labor compensation so low? The lingering excess labor supply from the recession is one reason, but the 2 billion people in Asia joining the global labor force over the last two decades is another. As shown on next page, EM wages for production workers remain well below US levels[3]. Another factor helping profit margins: increased US imports of intermediate goods from Asia. As shown in the accompanying chart, imports from Asia have been rising, and over the same time frame, Asian import prices only increased at around 1% per year.

---

[1] We use these portfolios to manage assets for clients who give us discretion over their funds, and to provide recommendations to those who don't. This is one of several model portfolios we manage globally. They differ by jurisdiction, risk tolerance, tax treatment, eligibility to purchase vehicles designated for qualified purchasers, and other factors.

[2] Empirical Research Partners does more work on corporate profits than anyone else we've seen. This section draws on research that Mike Goldstein at Empirical shared with us at a recent investment committee meeting.

[3] A recent study from Boston Consulting Group maintains that the gap between China and the US will close in 5 years. BCG believes that with Chinese wages growing at 15%-20% per year, US wages growing at 3% per year, higher productivity in the US and rising shipping and inventory costs, the China advantage will disappear within the decade. Some of these assumptions seem aggressive to apply in perpetuity.



HOUSE_OVERSIGHT_030808

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

**Hourly compensation for production workers**
Share of US rate, 2005 vs. 2011

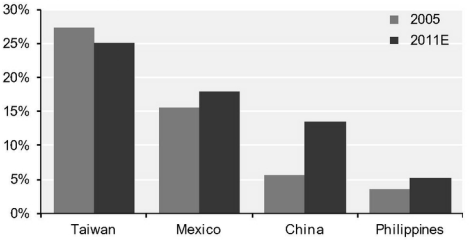


Source: Bureau of Labor Statistics, Empirical Research Partners.

**Share of US imports of intermediate goods from China, Malaysia, Thailand and Vietnam,** percent

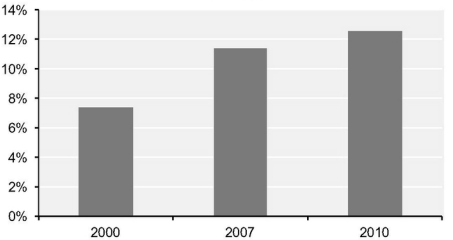


Source: UN Comtrade, Empirical Research Partners.

To summarize, we expect today's margins to last a while longer, since relative costs won't converge overnight. But we are not inclined to pay a high multiple for them, given their reliance on weak labor compensation, which in turn requires large government transfers. The good news: markets are not applying high multiples right now, which is why we own the equities we do. **However, questions about the large but shrinking public sector toolkit knock 10%-15% off of our equity allocations, compared to where we would normally expect to be 2 years after a recession. We walk through 4 instances of this below, as it relates to US fiscal policy, oil prices, Chinese inflation and the European periphery**.

**Twilight of the Gods, part 1: Limited room for fiscal policy to invigorate the US recovery**

Here's what we know for sure about the US Federal debt ceiling debate:

- The government is facing the unappealing task of having to increase the Federal debt ceiling above 100% of GDP for the first time since the end of WWII, and only the second time since the debt ceiling was established in 1917
- The government has already run out of money from traditional sources. As shown below, since May 16, 2011, the US Treasury has been raiding the cash, securities and borrowing capacity of government employee retirement and other funds. Of $270 billion of such balances which existed in May, around 75% has already been used up. There's not much leeway left, which is why the government will probably run out of money some time in August.
- The debate about the *existing* Federal debt is the lesser of two problems. As shown on the following page, the present value of unfunded entitlement obligations (e.g., *future* debt) dwarfs the existing debt. That's why there's so much talk about a deal to stabilize the long term trajectory of the budget deficit.

The rest is all speculation. The table on the next page shows the revenue and spending factors in play. It's too early to know what kind of deal will be crafted. We believe that the deal with be composed of 80% spending cuts and 20% revenue/tax increases (rather than 50-50), and will be closer to $2 trillion than $4 trillion. **While it's possible that another dose of fiscal stimulus will be built into the debt ceiling agreement, it might not be that large, and its impact could easily be offset by a subdued consumer response due to expectations of higher taxes in the long run (e.g., Ricardian equivalence).**

**Statutory debt limit and debt subject to limit**
Trillions of gross debt, USD

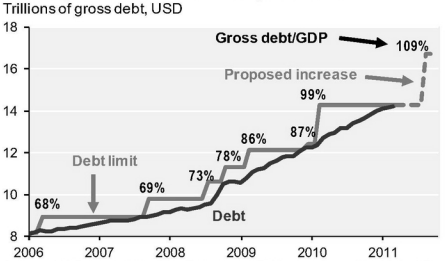


Source: US Department of the Treasury, J.P. Morgan Securities LLC, J.P. Morgan Private Bank.

**US Treasury: raiding the cookie jar**
Billions, USD

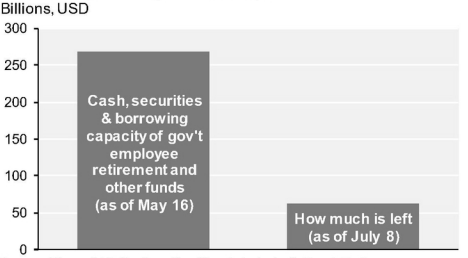


Source: Stone & McCarthy. Gov't funds include G-Fund, Exchange Stabilization Fund and Civil Service Retirement and Disability Fund.



HOUSE_OVERSIGHT_030809

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

**The existing Federal debt is the lesser of 2 problems**
Trillions, USD

Source: US Department of the Treasury, J.P. Morgan Private Bank.

| Items on the table in discussions to reduce the deficit | |
|---|---|
| **Revenue raises** | **Spending cuts** |
| Carried interest taxed at ordinary income rates | Discretionary spending cuts |
| Increased taxes on ordinary income, capital gains and qualified dividends | Changing formulas affecting inflation indexation for entitlements |
| "Bracket creep": higher tax brackets applying to lower incomes more quickly | Defense spending cuts |
| Phase-out of personal exemptions or caps on itemized deductions | Expenditure caps |
| Changes to grantor retained annuity trust required terms | Change in entitlement eligibility requirements |

**Twilight of the Gods, part 2: Can releases of strategic oil reserves keep oil prices down for more than a few weeks?**

International Energy Agency member countries agreed to release strategic petroleum reserves to bring oil prices down. They have a lot of ammunition to do so; government-controlled oil inventories are at least 1.5 *billion* barrels, and so far, all they have done is authorize the release of 60 *million* barrels. The timeline suggests that oil markets began focusing on the release of the SPR after the Libyan shutdown, the lack of a sufficient OPEC supply response, and weak economic data in the US. As shown below, oil prices have been *rising* since the announcement of the supply increase. Are IEA members committed to doing it again if oil prices reach their May levels?

**Brent oil price and timeline of SPR release**
USD/bbl

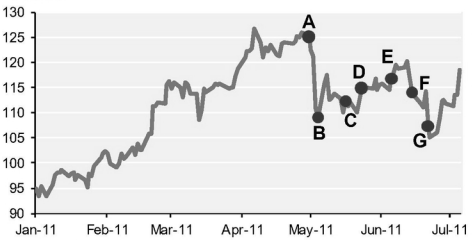


Source: Bloomberg.

[A] May 2: Advisors lay out SPR release plan to Obama

[B] May 6: Obama calls Abdullah (S.A.) and Sabah al-Ahmad (Kuw) to discuss SPR release

[C] May 19: IEA urges OPEC to increase production or else member nations are prepared to use "all tools" to protect global economy

[D] May 27: Former White House energy advisor predicts IEA SPR release

[E] June 8: OPEC does not agree on production increase

[F] June 17: Obama authorizes IEA-SPR release feasibility study

[G] June 23: SPR release announced

**The problem for the IEA is that the tightness in oil markets is not just a sudden supply shock.** As shown in the bottom chart we first published in March, there was not much slack even before the Libyan shutdown, and oil demand is expected to rise 1-2 mm bpd as the developed and emerging world continue to grow. One of our colleagues used to work at the IEA, and in a recent piece[4], argued that the impact of the SPR release will be limited to Q3 2011, and that upside oil price risks to 2012 have increased. Why? The SPR release came at a time when OPEC tanker traffic made it clear that producing countries were having problems meeting prior pledges: "*As such, it is difficult to conclude anything except that there is little or no spare capacity in the oil market*". If that's the case, future interventions may not have a lasting impact either.

**Post-Libya OPEC spare capacity running out**
Millions of barrels per day

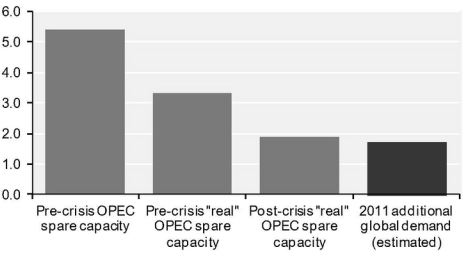


Source: J.P. Morgan Securities LLC.

[4] "*Oil Market Monthly: Living with No Spare Capacity*", Lawrence Eagles, Commodities Research, JP Morgan Chase Bank NA, 7/7/ 2011



HOUSE_OVERSIGHT_030810

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

**Twilight of the Gods part 3: Why is everyone assuming that the next Chinese tightening is the last one?**

Every time China tightened monetary policy this year, most China research maintained that the tightening cycle is close to its end. Perhaps; Premier Wen has stated that the country's efforts to control inflation have worked, that price stability is in an acceptable range, and that it will drop steadily from here. But last week's headline inflation release of 6.4% hit a three year high, and it is not clear to us that China is about to end its various inflation control policy measures.

In favor of Wen's argument, food inflation has been a large contributor, some of which should be transitory. Blue-ear pig virus (PRRS) killed hundreds of thousands of pigs in 2010, which affected this year's supply (2006 was worse). As shown below, pork prices have soared, but *should* come down if the supply situation normalizes. [*Note: a "Strategic Pork Reserve" can be released to mitigate price increases*]. However, according to the Food and Agriculture Organization[5], new virulent strains of the virus have a fatality rate of 20% (even higher for piglets), and **what is considered a temporary supply shock may be more permanent.** Chinese pig facilities have the highest animal densities in the world, contributing to the spread of disease to 25 of China's 33 provinces. Antibiotics have proven ineffective, and once one pig gets the disease, it tends to spread to the entire herd in 7-10 days. China has vaccinated 100 million of its 500 million pigs, but existing vaccines do not prevent infection, they only slow the rate of transmission to other pigs.

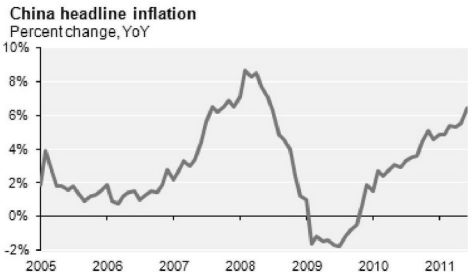

Source: National Bureau of Statistics of China.

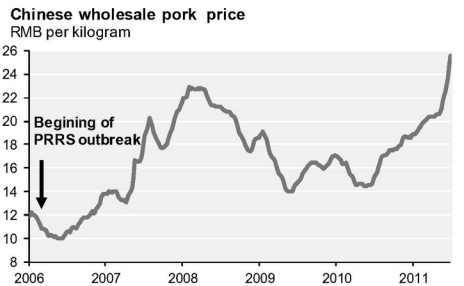

Source: China Ministry of Commerce.

A separate issue is that China is doing a lot more to control the ***supply*** of money than the ***cost*** of money. As shown below, there have been a lot more increases in bank reserve requirements than interest rate increases. Deposit rates are still negative in real terms, and bank reserve requirements only affect banks, and not the shadow banking system, which is growing in China.

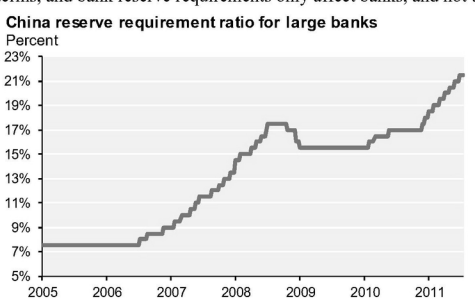

Source: People's Bank of China.

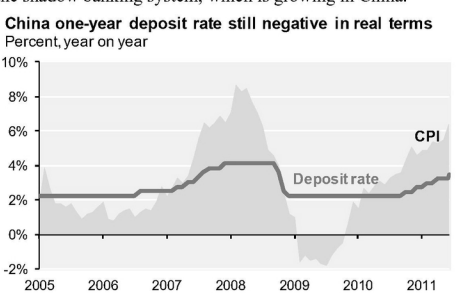

Source: People's Bank of China, National Bureau of Statistics.

Forward-looking manufacturing surveys have declined and interbank lending rates (Shibor) have surged, so it's clear that the tightening steps are working. But private sector credit is still growing in China, and real estate prices are still rising. **The bottom line is that the substantial stimulus provided by Chinese and other Asian policymakers in the wake of the recession has not yet been adequately withdrawn, and that more steps will need to be taken to do so.**

[5] "*Porcine reproductive and respiratory syndrome (PRRS) virulence jumps and persistent circulation in Southeast Asia*", Food and Agriculture Organization Emergency Prevention System, Issue number 5, 2011.



HOUSE_OVERSIGHT_030811

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

**Twilight of the Gods, part 4:**
**Is Europe just trying to save its banking system, or is a more comprehensive move towards Federalism underway?**
I expected French proposals on a Greek debt exchange to begin to spell out the sacrifices private sector investors will have to make as Greece spirals towards insolvency. As shown below, I was wrong about that. French proposals don't entail any specific commitments by banks, and are merely non-binding indications of interest by banks to roll over debt at some point in the future as it matures. If bank rollovers of Greek debt or Greek government asset sales fall short of the mark, the EU and IMF appear committed to providing Greece with funds to pay off maturing debt anyway. The EU taxpayer continues to foot the bill.

**Binding commitments from EU banks to roll over Greek debt as per French posposal,** Euros in billions

*This chart intentionally left blank since there are no binding commitments at all*

**Italy gross debt to GDP**
Percent

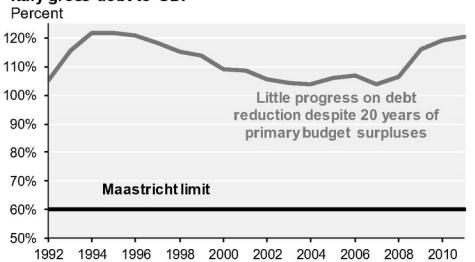


Source: International Monetary Fund.

**So to be clear, the *Twilight of the Gods* has not arrived in Europe, since the EU appears determined to spend more money to prevent a sovereign default.** I see why they are worried about contagion. The latest signs: Portugal downgraded to junk; long-term debt of 3 French banks put on downgrade watch; and stress in European unsecured interbank markets[6], now affecting **Italian banks** which rely heavily on them. Italian bank and insurance company holdings of their own government bonds is 2x-3x higher than the rest of the region, creating the potential for a vicious circle if something goes wrong. Italian banks are better-capitalized and have higher quality assets than banks in other European countries, since Italy did not experience a large boom-bust in residential property, or a consumer debt binge. However, like Greece and Ireland, Italy's debt/GDP ratio is above 100%, and the country suffers from low growth (the lowest in the world from 2000-2010 other than Zimbabwe and Haiti, according to the *Economist*). Think about this: **Italy has run a primary budget surplus (i.e. ex-interest payments) every year since 1992, but still hasn't been able to bring its debt ratios below 100% of GDP**. Italy was making progress, but the recession derailed them, leaving Italy with the same elevated debt burden they started with 20 years ago.

I believe that eventually, the constituency of the European Monetary Union will have to change. However, my colleagues in J.P. Morgan Securities' economics group disagree. They believe that the EMU will survive intact, and believe that Europe is moving towards Federalism, with this crisis as the basis for putting it in place. I have been a skeptic of this idea; **how can a region use the structural failures of its current model as an excuse for expanding it**, particularly when popular support for the European project is at such low levels[7]? The history of Europe does show that revolutions are often imposed from above (e.g., Peter the Great, Otto von Bismarck, Napoleon) rather than below, so anything is possible. If my colleagues are right, losses suffered by holders of Greek, Irish and Portuguese debt may be a lot less than what's priced in right now. I don't have the conviction to make that kind of call, at least not yet; geopolitical investing is a very hard thing to do. **We remain cautious on Europe; are underinvested in government debt, corporate credit and equities across the region; and expect a Greek sovereign debt restructuring within the next 18 months (**see chart from "*Five Stages of Greece*", June 30, 2011 ).

Michael Cembalest
Chief Investment Officer

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[6] JP Morgan's Prime Money Market Fund is indicative of industry concerns about a liquidity squeeze. The fund holds no Greece, Portugal, Ireland or Spain. Its Italy holdings are less than 2% of the fund, and the portfolio manager does not expect to roll them when they mature.

[7] A 2010 Eurobarometer Poll showed very low readings on whether "Membership in the EU is a good thing". More recently, the centre-left Foundation for European Progressive Studies polled EU civil servants (a pro-EU constituency if there ever was one) and found that a majority believe that "the European model has entered into a lasting crisis". Only a quarter of respondents saw the EU as having evolved positively over the last decade, or believe that the December 2009 Lisbon Treaty has had a positive effect.



HOUSE_OVERSIGHT_030812

**Topics: Portfolios, US corporate profits and the Twilight of the Gods (in the US, Europe, China and the IEA)**

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HOUSE_OVERSIGHT_030813

**Topic: The quixotic search for energy solutions**

***Another Don Quixote Thanksgiving***. Every year at Thanksgiving[1], we look in-depth at an issue that affects markets and portfolios. Last year, we examined the unraveling situation in Europe. Unfortunately, most concerns we expressed last year have been borne out, and are getting much worse (I spent the weekend reading legal documents on a Eurozone break-up, just in case). Like Don Quixote, Europe went on its journey for all the wrong reasons, adopting a half-pregnant monetary union to support a political objective that had arguably already been achieved by 1955[2]. This year, a look at something just as worrying in the long run as the fiscal problems of the West: **the search for energy solutions**. This journey has been fraught with similarly quixotic dead ends, fairy tales and blunders ignoring economic (and thermodynamic) realities. This is important to us, since energy cost and availability is central to how we think about growth, profits, stability and our portfolio investments.

As part of this effort, I made a pilgrimage to Manitoba to spend a day with Vaclav Smil. Vaclav is one of the world's foremost experts on energy, and has written over 30 books and 300 papers on the subject (he's #49 on Foreign Policy's list of the 100 most influential thinkers). Vaclav's book "*Energy Myths and Realities*" should be required reading for politicians or regulators impacting energy policy. We start with an unflinching look at these realities before turning to solutions, and some potentially encouraging developments, which have less to do with how electricity is generated, and more to do with how it might be stored.

**"A dream is a wish your heart makes" (*Cinderella*)**

Over the last 50 years, a lot of proposed solutions have not panned out as expected. While the process of discovery and invention *always* includes large doses of failure, energy policy is different than say, cell phones or VCRs, since more public money, time and effort are spent on them. Hopes are raised, and as a result, less flashy but more reliable solutions are sometimes postponed or avoided altogether. Here are a few memorable predictions of our energy future:

- *1945*. Oak Ridge National Laboratory nuclear physicists Weinberg and Soodak predict that nuclear breeders will be man's ultimate energy source; a decade later, the chairman of the US Atomic Energy Commission predict it would be "too cheap to meter"
- *1973*. "Let this be our national goal: At the end of this decade, in the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes, and to keep our transportation moving." Richard Nixon
- *1978*. "Through modeling of supply and demand for over 200 US utilities it was projected that, by the year 2000, almost 60% of US cars could be electrified, and that only 17% of the recharging power would come from petroleum."
- *1979*. An influential Harvard Business School study projects that by 2000, the US could satisfy 20% of its energy needs through solar
- *1980*. Physicist Bent Sorenson predicts that 49% of America's energy could come from renewable sources by the year 2005
- *1994*. Hypercar Center established, whose lightweight material and design would yield 200 mpg cars with a 95% decline in pollution
- *1994*. InterTechnology Corporation predicts that solar energy would supply 36% of America's industrial process heat by 2000
- *1995*. Energy consultant and physicist Alfred Cavallo projects that wind could have a capacity factor of 60%, which when combined with compressed air storage, would rise to 70 – 95%[3]
- *1999*. US Department of Energy hopes to sequester 1 billion tonnes of carbon per year by 2025
- *2000*. Fuel cell companies announce 250-kilowatt production plants that can fit into a conference room and produce energy at 10 cents per kilowatt hour, with the goal of 6 cents by 2003
- *2008*. "Today I challenge our nation to commit to producing 100% of our electricity from renewable energy and truly clean carbon-free sources within 10 years. This goal is achievable, affordable and transformative." Al Gore
- *2009*. Gene scientist Craig Venter announces plans to develop next-generation biofuels from algae in a partnership with Exxon Mobil

**How have things turned out?** There are no commercial nuclear breeders on anyone's horizon; global nuclear capacity is only 20% of the Atomic Energy Agency's 1970 forecast; the Hypercar is nowhere to be seen; solar and wind make up a miniscule portion of US electricity generation; wind capacity factors range from 20%-30%; the US is reliant for 50% of its oil from foreign sources; 70% of US electricity generation comes from coal and natural gas; fuel cells haven't worked as expected; hybrids are 2% of US car sales; "clean coal" is mostly a blueprint; and Venter announced that his team failed to find naturally occurring algae that can be converted into commercial-scale biofuel (they will now work with synthetic strains instead)[4].

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[1] Some clients tell me it is helpful to have something to read this weekend, when/if family gatherings become unwieldy, or aggravating.

[2] A few years ago, Swedish and Dutch politicians mobilizing support for the EU Constitution referred to "Yes" votes as necessary tribute to the dead from the Second World War, and more urgently, to avoid the pre-war divisions which led to it. Conflict between European empires existed for hundreds of years (1871-1914 was the only period of peace until 1945), so the idea of a united Europe would have seemed appealing in 1945. However, **conditions for securing a lasting peace within Western Europe were arguably *already in place* by 1954**.

[3] A 2005 paper from Stanford raised expectations further by estimating **theoretical wind power** at 72 TW, 30x global electricity production.

[4] **Algae** are inefficient photosynthetic reactors (they do not consume $CO_2$ when the sun isn't shining), and allocate only a tiny fraction of captured solar energy into lipid production. A 2007 study by Krassen Dimitrov at the University of Queensland predicted GreenFuel's demise in advance, claiming that the company estimated its photosynthetic efficiency at almost double the maximum theoretical rate, and could only be profitable at $800 per barrel of oil. Genetic improvements of plant life have historically focused on disease resistance and modifying the split between production of "fruit vs. stem"; it is used less often to increase growth rates of biomass itself.



HOUSE_OVERSIGHT_030814

**Topic: The quixotic search for energy solutions**

## Today's US energy reality: electricity generation

Before exploring why some of these ideas did not pan out, let's look at where the US is right now in electricity generation. The table below shows each energy source; its installed capacity; the electricity this capacity generated in 2010 and percent of total generation; its capacity factor; and its long-term levelized cost for new construction, estimated by the Energy Information Agency. Capacity factors are important since they measure the intermittency of each source (capacity factor = actual generation relative to potential maximum generation). Baseload natural gas plants can run at higher factors than 28%; this number reflects the fact that many gas plants are used as "peaking" facilities to provide short-term energy during periods of elevated demand.

As stated above, fossil fuels dominate, followed by nuclear. Hydroelectric is next (efficient and cheap, but most large-scale sites are already in use); followed by non-hydroelectric renewable energy, which across all categories makes up less than 5%, in part due to their low capacity factors. Non-hydroelectric renewable energy is a similarly small component of the country's *overall* energy use, a broader category which includes transportation fuels[5].

| *Energy Information Agency* | Installed base 2010 MW | Electricity gen in 2010 mm MWh | % of total gen. | Implied capacity factor | EIA Levelized cost 2016 per MWh | **<---Levelized cost incorporates upfront and ongoing capital costs, cost of capital, fuel and other operating costs, capacity factor and related power transmission investments (in 2009 dollars) for new construction** |
|---|---|---|---|---|---|---|
| Coal | 316,800 | 1,847 | 45.4% | 67% | $95 - $110 | Abundant and cheap, but with a substantial range of environmental problems |
| Natural gas | 407,028 | 988 | 24.3% | 28% | $60 - $70 | Capacity factors understate potential utilization |
| Nuclear | 101,167 | 807 | 19.8% | 91% | $114 | Efficient once built; very expensive to build (costs rising sharply in recent decades) |
| Hydro | 78,825 | 260 | 6.4% | 38% | $86 | Most viable sites already in use after incentives in the 1960s-1980s |
| Wind | 39,135 | 95 | 2.3% | 28% | $97 | Low capacity factor, maturing technology; cost more than doubles offshore |
| Biomass/wood | 11,406 | 56 | 1.4% | 56% | $112 | Expensive to aggregate and collect; high capital costs relative to energy density |
| Geothermal | 2,405 | 18 | 0.4% | 85% | $102 | Very expensive, except near areas with active geothermal reservoirs |
| Solar PV/CSP | 941 | 1 | 0.0% | 15% | $210 - $312 | Expensive, low capacity factors; this segment is commercial (non-res) installations |

## Energy Conversions 101

What went wrong with renewables? Theories generally fall into 3 buckets: (i) why bother, since there are plenty of fossil fuels; (ii) renewable energy would have a larger share if it benefitted from the massive R&D put into things like nuclear; and (iii) renewables have thermodynamic, structural and practical limitations that inhibit their ability to represent much larger shares of electricity or transportation fuel production. While (i) and (ii) have some merit[6], it is hard to escape (iii). *Energy Conversions 101* is meant to show why, using examples[7] that I expanded from Vaclav's narrative (unit equalities on p.8).

**Question #1**: How much more electricity would the US need if it switched to electric cars?

| | |
|---|---|
| 200 | watt hours per km for average electric car |
| 20,000 | km driven per car per year |
| 245,000,000 | number of US passeneger cars |
| 980,000,000 | MWh for US passeneger cars per year, all electric |
| 980 | TWh for US passenger cars per year, all electric |
| 10% | + Increase due to battery self-discharge |
| 1,078 | TWh for US passenger cars per year |
| 4,325 | TWh of US electricity production |
| **25%** | Incremental electricity need |

**Implication**: This is incremental *generation*, not *capacity*, since *some* existing facilities could produce more. But it's still a huge increase in generation, and the cost will depend on where you plan to get the electricity from, and when. Gasoline is used on site; electricity is generated offsite and then moved across what is perhaps the worst electrical grid in the OECD. Note that we did not include transmission losses here; if we did, generation requirements would be higher. This also ignores electric car battery life issues (heat, cold, etc) and the rising cost of rare earth metals needed for electric cars.

**Question #2**: Do electric cars require less energy than gasoline powered cars? If not, what might the other benefits of electric cars be?

| | |
|---|---|
| 4.4 | MWh per electric car per year (see assumptions in #1) |
| *Now let's figure out the PRIMARY energy needed to make this electricity…* | |
| 60% | Efficiency loss of generation process (avg for US coal and nat gas generation) |
| 10% | Electricity transmission losses |
| 12.2 | MWh of primary energy required per car per year |
| 44,000 | Megajoules of energy per electric car per year (3,600 MJ=1 MWh) |
| 2.2 | Megajoules per car per year per km driven |
| 15.9 | km/liter for electric car when the primary energy (coal or gas used to generate electricity) is expressed in gasoline equivalents (35 MJ=1 L) |
| **37.4** | Primary energy requirement of electric car, expressed in miles per gallon |

**Implication**: In other words, **primary energy** required to power electric cars is not that different from high mpg gasoline cars, which exist already. Depending on how electricity is generated, there *could* be some emissions benefits (but not if coal is the primary source of electricity, as it is now). There would be much less depedence on foreign oil, a US objective for decades. But some benefits could also be obtained through a high mileage fleet, perhaps less of an undertaking than switching to electric cars. If efficiency losses from electricity conversion in coal, nuclear or gas plants were reduced from 60% to 50%, that would help the thermodynamics of electric cars substantially; but that's a big if.

[5] Domestically produced and imported biofuels make up around 14% of US liquid fuels consumption.
[6] The nuclear industry was the recipient of 96 percent of all funds appropriated by Congress for energy R&D between 1945 and 1998.
[7] These examples are of course assumption-dependent; I tried to be conservative. I am sure you will let me know if I wasn't.



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## Topic: The quixotic search for energy solutions

**Question #3**: What if the world ends up relying on coal for the next 100 years, and seeks to prevent further increases in carbon emissions. How large an undertaking is it to bury 15% of all $CO_2$ emissions?

| | |
|---|---|
| 33.2 | billion tonnes of $CO_2$ emissions (2010) |
| 5.0 | Sequestration target, billions of tonnes |
| *Now let's shrink the $CO_2$ by compressing it before burying it…* | |
| 0.80 | Compressed gas density, tonnes per cubic meter |
| **6.2** | Volume of compressed $CO_2$ to bury, billions of cubic meters |
| 3.9 | Amount of global crude oil extraction, billions of tonnes (2010) |
| 0.85 | Density of crude oil, tonnes per cubic meter |
| **4.6** | Volume of global crude oil extracted, bn cubic meters (2010) |

**Implication**: Capturing a small portion of $CO_2$ emissions requires a compression/transportation/storage industry whose throughput is greater than the one used for oil extraction; and without the benefit that oil provides as an energy input. Coal-fired plant capital costs could rise 40%-75% (as per IPCC), and their electricity consumption could rise by 30%-40% for CCS particulate removal and flue gas desulfurization. Unlikely in time to prevent a further rise in $CO_2$ emissions; unexplored legal and NIMBY issues as well.

**Question #4**: What would be the reduction in gasoline needs if the entire U.S. corn harvest not already used for ethanol were repurposed for more ethanol?

| | |
|---|---|
| 160,000,000 | US corn harvest, tonnes, 2010, not already used for ethanol |
| 159,667,200,000 | US corn harvest, kg, not already used for ethanol |
| 0.40 | Conversion ratio, liters of ethanol per kg |
| 63,866,880,000 | Liters of converted ethanol |
| 67% | Energy density of ethanol relative to gasoline |
| 42,699,571,200 | Effective gasoline-equivalent savings (liters) |
| 521,845,394,389 | Liters of total US gasoline consumption in 2010 |
| **8%** | Reduction in gasoline needs by repurposing entire corn harvest |

**Implication**: Benefits of corn ethanol appear to be close to their maximum production level. There is of course the issue of ethanol's "energy return on investment" (EROI), for which estimates range from 0.8:1 to 1.6:1. Charles Hall at SUNY ESF (originator of the EROI concept in the 1970's) published recent EROIs for oil (10-20); Tar sands and Shale Oil (3-5); Nuclear (5-15) and Wind (15-20, but that excludes the cost of back-up peaking plants). In that context, the EROI for corn ethanol, which excludes the various layers of subsidies involved, is well below the fully loaded economic benefits of other fuel sources.

**Question #5**: What about cellulosic ethanol? And what about using spent coffee grounds?

| | |
|---|---|
| 225,000,000 | Tonnes of US corn stover, annual |
| 224,532,000,000 | kg of US corn stover (using conversion factors from #4) |
| 40% | Amount that can be removed without destroying soil |
| 89,812,800,000 | Stover removed |
| 30% | Efficiency losses (evaporation, transportation, etc) |
| 62,868,960,000 | Remaining dry stover of uniform condition for conversion |
| 0.34 | *Theoretical* conversion ratio, liters of ethanol per kg of stover |
| 21,375,446,400 | Liters of ethanol produced from stover |
| 14,291,012,736 | Gasoline-equivalent ethanol from stover (see #4) |
| **2.74%** | Percent of gasoline needs reduced from conversion of stover |
| *And another fun fact…..* | |
| **0.16%** | Percent of global diesel fuel production offset by somehow gathering all of the world's spent coffee grounds and then converting them into biodiesel |

**Implication**: Apart from Brazilian sugarcane, which grows 365 days a year and needs no irrigation or fertilizer (it self-fertilizes), biofuels are challenged due to the cost of aggregation, low energy densities and high energy extraction costs. For algae limitations, see note 3.

**Question #6:** How much area would be needed for a quarter of US electricity generation to come from wind?

| | |
|---|---|
| 2.3% | Wind as a % of electricity generation |
| 10 | Growth factor |
| 23% | Target wind generation |
| 95,000,000 | Existing wind generation, MWh, 2010 |
| 950,000,000 | Target MWh |
| 28% | Wind capacity factor |
| 387,312 | Required incremental MW of wind |
| 2 | watts per meter squared required for wind farms |
| **193,656** | square km of required area |
| *And on the need for expensive HVDC transmission lines…* | |
| 30,099,000 | US population living in prime wind and/or solar states [AZ, OK, NE, WY, CO, ND, SD, KS, IA, MT, NM + Northern TX] |
| 309,350,000 | US population |

**Implication**: 194 thousand square km is about the entire area of Nebraska. It would be a massive undertaking which requires, as stated earlier, hundreds of billions of dollars for new transmission lines. To be clear, land under wind turbines still have many practical economic uses. The larger issues are transmission and intermittency, as described below.

As for wind, let's put aside concerns about space requirements and transmission lines. Let's also put aside problems of wind's reliance on rare earths like neodymium for its turbine magnets (neodymium prices **quadrupled** this year, and that's with wind still making up *less than 3%* of global electricity generation). Let's also put aside debris (from birds/insects), ice storms and other natural elements that reduce wind farm efficiency. **The reason to put them aside: if wind were more reliable, like hydropower, it could justify a lot more expense and effort. Unfortunately, wind is not that reliable**. The first chart is the "Mona Lisa" of wind unreliability, measured at one of California's largest wind farms. The second is from the California Independent System Operator, showing how wind power tends to be low when power demand is high (and vice-versa).

**Day-to-day variability in wind generation in April 2005**

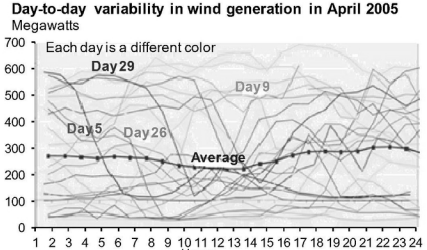


Source: Electric Power Research Institute. As measured in Tehachapi, CA

**California energy demand vs. total wind - summer 2006**

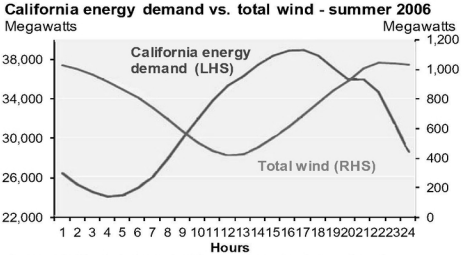


Source: California Independent System Operator , Integration of Renewable Resources, November 2007.



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**Topic: The quixotic search for energy solutions**

Wind should play an important role, but unless there is a high-voltage, high-capacity, high-density grid to accompany it (as in Northern Europe), or electricity storage, **the variability of wind means that co-located natural gas peaking plants are needed as well**. The cost of such natural gas plants are rarely factored into the all-in costs of wind, but perhaps they should be.

**These exercises are important, since unfounded expectations might lead to suboptimal policy choices.** One example: the Keystone Pipeline extension, which the President has opted not to consider until after 2012. The US imports more oil from Canada than from any other country. With the extension, the Keystone system would account for 13% of US petroleum imports. The pipeline has been opposed on environmental grounds, but the extension itself would only add 1% to the entire network of crude oil and refined product pipelines already criss-crossing the US. Moving petroleum products by rail or truck instead is more expensive and riskier. If the US does not provide a market for the Alberta tar sands oil, it could end up on tankers to China; and the US will end up importing more of its energy needs from the Persian Gulf and Venezuela. Could misperceptions about wind, solar and biofuel[8] feasibility explain why some people are opposed to this extension? Unclear.

**The art of the possible**

Now let's take a (desperately needed) look at some good news. Over the last 3 decades, the oil intensity of the developed world has been falling, followed by non-OECD countries (see first chart). **This is not meant to suggest that declining availability of cheap crude oil isn't a problem, since it is.** There are lots of studies showing rapid declines in the production rate of existing crude oil fields, and that the discovery of new fields is (a) not keeping up, and (b) are located where marginal costs of extraction are considerably higher. No need to repeat them here. But oil's importance to economic growth has been declining over time, and there is no reason to believe that these improvements have completely run their course.

**Oil intensity declining worldwide**
Billions of barrels/real GDP (constant 2000 USD, trillions)

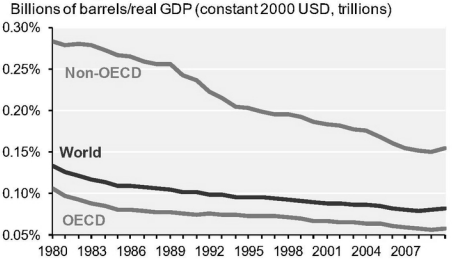


Source: ISI Group, International Energy Agency, World Bank.

**Actual and projected fuel economy for new passenger vehicles by country,** Miles per gallon

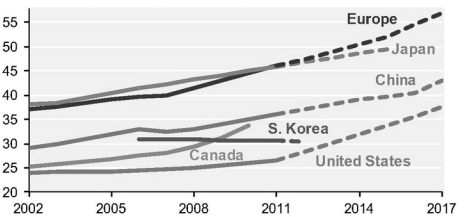


Source: The International Council on Clean Transportation, United Nations Department of Economic and Social Affairs.

There is also room for reduced fuel consumption, although here's another case where energy fairy tales might have postponed smart policy choices. While waiting for a holy grail, the US left fuel efficiency standards unchanged from 1983 (light trucks) and 1987 (cars) until 2010. Chrysler head Lee Iacocca said this in 1986 when Ford/GM lobbied the Reagan Administration to lower ("CAFE") fuel efficiency standards: "**We are about to put up a tombstone that says, 'Here lies America's energy policy'. CAFE protects American jobs. If CAFE is weakened now, come the next energy crunch, American car makers will not be able to meet demand for fuel-efficient cars.**" Well, the rest of the world kept on truckin' as he suggested, and have more efficient fleets (see chart). If the US fleet were 30% more efficient, US gasoline consumption could fall by 40 billion gallons per year (~1 billion barrels). For context, the US imports 0.36 billion barrels of crude per year from Venezuela, and 0.62 billion from the Persian Gulf. The US just increased fuel efficiency standards, but it will take time to make an impact.

**Other possible good news includes ongoing research by Daimler Engine Research Labs on improving gasoline engines**, something the world should not give up on just yet. Prototypes with fewer cylinders and smaller displacement may yield a car with both lower fuel consumption and lower emissions, eventually at fuel efficiencies greater than hybrids like the Prius. The US Recovery Act included $100 million for Advanced Combustion Engine Research and Development; it could be money well spent. One example the DoE is working on: semiconductors, powered by the heat exiting the car in its exhaust pipe, used to create electricity and power the car's accessories, which are usually powered by belts driven by the car's engine.

[8] Here's one view on biodesel from Giampetro (Barcelona) and Mayumi (Tokushima), authors of "*The Biofuel Delusion*" [2009]: "The promise of biofuels as a replacement to fossil fuels is in fact a mirage that, if followed, risks leaving us short of power, short of food, destroying biodiversity and doing as much damage to the climate as ever."



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**Topic: The quixotic search for energy solutions**

**The other good news relates to the discovery of new natural gas reserves**. US shale gas production is up 14-fold over the last decade, and the EIA projects that by 2035, the US will no longer be a gas importer. Yes, the Energy Department recently slashed estimates of gas in the Marcellus Basin from 410 trillion cubic feet to 84 trillion; this followed the latest survey by the US Geological Survey, which last estimated the basin at 2 trillion cubic feet in 2002. However, the historical imprecision of peak oil/gas estimates make it a difficult science. To be clear, shale gas production will be critical; EIA projections to 2035 assume that rising shale gas production will offset declines in almost every other gas category (see p. 7). Deep sea gas reserves are a potential positive, but marginal costs may be an issue. As for shale gas exploration and radium (naturally occurring and surfaced in sometimes dangerous concentrations), and fracking chemicals themselves, the cost of natural gas electricity appears low enough to absorb costs related to wastewater collection and treatment. Eventually, replacements will be needed for fossil fuels. What "art of the possible" solutions do is give the world more time to find them. **In the meantime, many scientists would prefer to put as much emphasis on efficiency as on new technologies**. Examples include 95% efficient natural gas furnaces, LED/fluorescent lighting and more insulation. The largest direct energy saver in a 2010 report by the Pacific Northwest National Laboratory for the Department of Energy: **deployment of diagnostic devices in residential and commercial buildings to manage HVAC systems and lighting.**

**A potential game-changer: electricity storage that works, in commercial scale**

What would potentially change the energy equation is **storage**. The world has been *generating* commercially available electricity for over a hundred years, but as things stand now, the world has almost no electricity *storage*. The benefits of electricity storage, if it could be implemented, are self-evident:

- increased cost-effectiveness of intermittent solar and wind power, and lower electricity costs, since electricity produced by wind at night could be stored and sold during the day; and electricity produced during sunny days could be stored and sold during cloudy spells. There are obvious tie-ins to the feasibility and cost of electric cars
- lower required **peak** production capacities of large urban power systems, by drawing on stored electricity reserves
- deferral or avoidance of costly upgrades to the transmission grid. As per the North American Electricity Reliability Corporation, only 27% of grid upgrades relate to integrating renewable energy. Almost half are designed to improve overall reliability, due to fluctuating loads (since the grid has to accommodate peak loads, and not just average ones)
- reduced consumption of fossil fuels which power most stand-by generators

**Unfortunately, battery storage has moved along at a snail's pace**. Moore's Law on doubling semiconductor capacity is something of a distraction; technology improvements over 15-18 months are hard to find anywhere EXCEPT semiconductors. Solar photovoltaic cell efficiency has doubled over 15-18 *years*; and battery storage has progressed even more slowly as it relates to commercial-scale applications[9] (rather than lithium ion applications for cell phone and laptops). As a reminder, electricity is simply defined as the movement of electrons, which can only be "stored" as potential energy, for example via large height or chemical gradients (e.g., batteries).

The accompanying chart shows the existing state of commercial-scale electricity storage; **it's all about pumped hydro**[10], a process that uses cheaper electricity at night to pump water uphill into a reservoir basin, and then releases the water during the day to power a hydro-electric generator. The other technologies are an afterthought, at least right now. Note that more energy is expended in pumping the energy uphill than is generated by releasing it downhill; the economic value derives from much higher electricity prices during the day. Around 10%-20% of the potential pumped hydro energy is lost over time through evaporation and conversion losses.

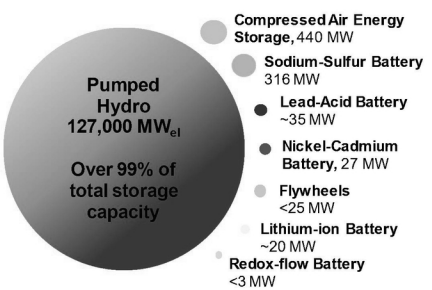


Source: Fraunhofer Institute, EPRI, Electricity Storage Technology Options, 2010.

[9] Companies like A123 produce commercial scale batteries, but they are primarily for grid-smoothing. A123's lithium ion batteries are meant to store energy for *fractions* of an hour, rather than for hours or days.

[10] Most pumped hydro facilities are designed to run for 10 hours uninterrupted (before being empty). Assuming 127 GW of installed capacity, that means that 1,270 GWh of electricity would be produced before their reservoirs ran dry. That amount of stored electricity is 0.0064% of annual global generation. That is a *very* small supply; inventory storage for crude oil is 10%-12% of annual production.



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**Topic: The quixotic search for energy solutions**

There's no room to go through the complexities of the storage technologies shown below. Here are a couple of generalizations:

- Less expensive options like pumped hydro and compressed air storage require favorable sites with the right geology, which are rare in nature and expensive to build from scratch (and often not located near electricity demand centers), and in the case of compressed air, require co-located gas turbines for compression
- Many battery-based technologies suffer from high upfront capital or operating costs; low energy storage volumes; delayed response times; safety issues (such as zinc bromine); or short lives (limited number of recharge cycles)

**I had a meeting a few weeks ago which was notable for its optimism and enthusiasm.** I met with the managers of Eos Energy Storage, which is working on a zinc air battery solution which aims to conquer all of the obstacles outlined in the second bullet point above. If the Eos projections bear out, they will offer battery storage at a capital cost of ~$160 per kWh, in the form of a 1 MW battery that is the size of a 40 foot shipping container (for 6 MWh of storage). As with the table on page 2, the concept of "levelized cost" synthesizes upfront costs, financing costs, useful life, fuel costs and ongoing maintenance expenses. Rather than looking projections of capital costs per kWh, levelized cost comparisons are more useful. As shown, Eos aims to be the cheapest option that can be scaled, and flexibly and safely located where needed. Note as well that they expect to be cheaper than natural gas peaking plants. This is a relevant benchmark, since most utilities rely on natural gas peaking plants to meet daily peak load requirements and to compensate for intermittent renewable generation of wind and solar. If storage works, the need for lots of peaking facilities could disappear.

Eos has a prototype of its Zinc-Air technology that has run around 2,000 cycles so far; we should all pray either for their success, or for the success of similar efforts undertaken by their competitors. Based on the outcome of energy dreams shown on p.1, we should always be skeptical of breakthrough claims, given the complexity of the challenge. Let's hope for the best.

**The cost of electricity storage options**
Range of levelized costs, $ per kWh

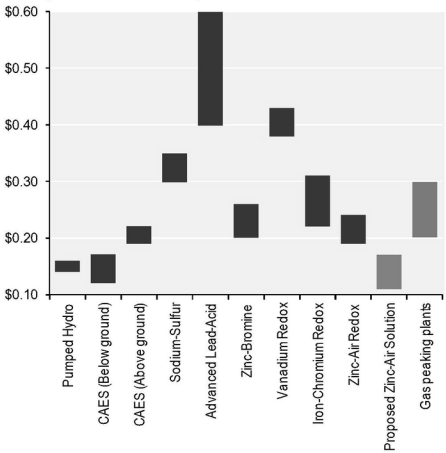


Source: EPRI, Electricity Energy Storage Technology Options, 2010, Eos.
CAES: Compressed Air Energy Storage.

**Here's another look at the financial rewards to anyone who can figure this out.** Note how demands on the Texas electricity grid (ERCOT) are almost 100% inversely correlated with when the wind blows. Either ERCOT gets connected to the national grid, storage solutions are invented, or a lot of wind energy continues to be underutilized. On the right, what happens when 70% of the grid's transmission lines, transformers and circuit breakers are 25-30 years old: **rising congestion problems, signified by rising loading relief requests**. Grid storage has the potential to alleviate some of this congestion.

**Texas electricity demand vs. actual wind output**
Megawatts Megawatts

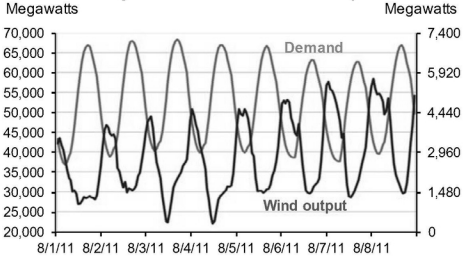


Source: Electric Reliability Council of Texas.

**Transmission loading relief requests**
Number of incidents, 2002 - 2008

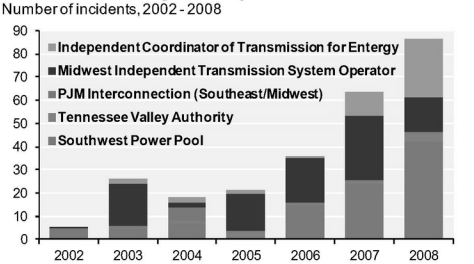


Source: North American Electric Reliability Corporation.



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**Topic: The quixotic search for energy solutions**

**A setback for nuclear, and some investment consequences**

The saddest energy moment of the year was the failure of the Fukushima Dai-ichi nuclear power plant in March. Weaknesses of the original design and actions taken in the immediate aftermath of a massive tsunami combined to produce a disaster: the latest studies show emissions of radioactive cesium that are equal to half of the release from Chernobyl. The concept of nuclear power is one of man's greatest achievements, but generating it safely and in a cost-effective way (including decommissioning) makes it a difficult undertaking. In some ways, **nuclear's goose was cooked by 1992**, when the cost of building a 1 GW plant rose by a factor of 5 (in real terms) from 1972. Before he died, father of the hydrogen bomb Edward Teller's last paper argued that nuclear power plants (molten salt reactors, specifically) do not belong on the surface of the earth, and belong underground instead, to deal with the clean-up and failure, if it happened. And that's from one of nuclear power's greatest supporters.

**From a broader perspective, the era of cheap oil appears to be over.** As shown below in the first chart, almost the entire future increase in oil supplies projected by the EIA are based on unconventional supplies (tar sands, deep-sea drilling, enhanced oil recovery, oil shale, etc.), with the word "*unconventional*" being shorthand for "*more expensive*". As for natural gas, as shown in the second chart, EIA projections assume that rising U.S. shale gas production, with all its uncertainties in terms of associated costs, will offset declines in almost every other category. It is hard to precisely quantify the speed bump on growth that this creates for the world, and as things stand right now, **deleveraging of household, corporate and sovereign balance sheets in the US and Europe is a much bigger risk for financial markets**. As I write this, Italy has entered an acute state of distress; its credit default swap spreads are now at levels which prompted bank runs in Greece and Ireland. In the long run, as we outline return expectations for the future, uncertainties related to energy availability are yet another reason why price-to-earnings multiples may remain well below their historic averages. A break in the chain of unfulfilled promises from breakthrough technologies will be needed to alter this view.

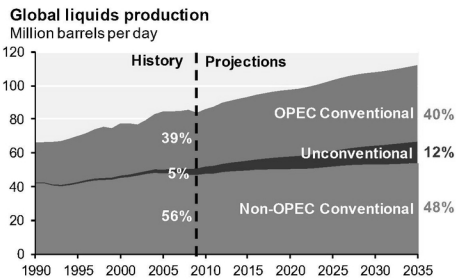

Source: U.S. Energy Information Administration.

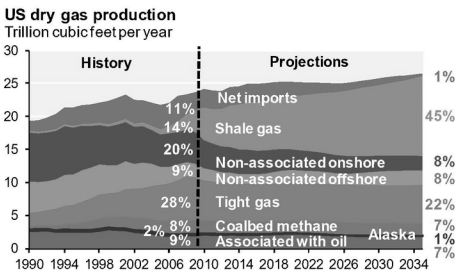

Source: Energy Information Administration.

Absent an unexpected renaissance in cheap and abundant nuclear power, or unexpected solar breakthroughs[11], we seem to be in for another 20-30 years of reliance on fossil fuels. As a result, that's how our own energy-related investments have been positioned. Given the risks and returns associated with energy investing, a lot our exposure has been executed through private investments rather than public markets. Across the full range of energy-related investments in our private equity portfolios, roughly 70%-80% are related to conventional energy, and the remainder to a variety of renewable strategies.

**Conventional energy investments**. The majority of our conventional energy investments are "upstream" (exploration and production of oil and natural gas). The remainder are in midstream assets (pipelines/storage) and services, with very little in downstream assets (refining). On natural gas, new finds have been rewarding, even with natural gas prices at current (low) levels, since large major oil and gas companies aggregate proven reserves, and are willing to pay a premium for them given their long term horizons. On crude oil, many of our investments focus on so-called "renaissance" plays, which entail older, mostly depleted fields which majors sell as they reshuffle their reserve mix to higher-growth assets. Service companies include firms providing enhanced oil recovery, fracking and waste-water management. Other servicing investments are related to deep-

[11] **On Solar Energy.** The EIA projects that even after further investment and expansion, commercial (non-residential) solar power will make up less than 1% of US electricity generation in 2035. Solar power suffers from intermittency, low electricity conversion rates, and the recognition that real-life installations have higher operating and maintenance expenses than previously thought. A paper presented this year at the Syracuse Biophysical Economics Conference by an operator of solar plants in Spain estimates that after taking unexpected operating expenses into account, the energy return on investment for solar is closer to 3 than to 8.



HOUSE_OVERSIGHT_030820

**Topic: The quixotic search for energy solutions**

sea fields recently discovered off the coast of Brazil. We have discussed these projects before (EoTM September 2009). The sub-salt fields in Brazil lay 7 kilometers below the surface of the ocean, beneath a thick salt canopy in the Lower Tertiary region. Oil extraction can be quite complicated due to the low permeability and porosity of the salt canopy, and tar pockets. Our investments in this region are linked to providing services, rather than owning exploration and production assets themselves. Overall, our experience in conventional energy investments has generally been positive.

**Renewable energy investments**. Our experience with renewable energy investing has much more mixed, for many of the reasons outlined in this paper. Some wind projects have worked well, while others (in the UK and in upstate New York) have not, mostly a function of less windy conditions than project managers anticipated. As with conventional energy, some of the better wind projects are related to providing services (constructing offshore wind farms, development for purposes of sale), rather than taking ongoing operating risk. Weather played a negative role as well: higher than expected precipitation in Brazil negatively affected our investments in sugar cane ethanol. Solar projects are on track (utility-scale projects in the US and Europe, and a company providing distributed solar solutions to small business), although both are highly dependent on continued subsidies. Natural gas discoveries have effectively raised the efficiency hurdle rate for renewable projects, and fiscal problems in the West may reduce the subsidies that underpin many renewable projects and valuations.

Michael Cembalest
Chief Investment Officer

**Notes**

Vaclav Smil is a Distinguished Professor in the Faculty of Environment at the University of Manitoba in Winnipeg and a Fellow of the Royal Society of Canada. His interdisciplinary research has included the studies of energy systems (resources, conversions, and impacts), environmental change (particularly global biogeochemical cycles), and the history of technical advances and interactions among energy, environment, food, economy, and population. He is the author of thirty books and more than three hundred papers on these subjects and has lectured widely in North America, Europe, and Asia. He is also noted by Foreign Policy magazine as #49 on its list of the 100 most influential thinkers in the world.

**Citations**

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"*Energy and the Wealth of Nations: Understanding the Biophysical Economy*", Charles Hall of SUNY ESF (who was kind enough to review this *Eye on the Market*) and Kent Klitgaard, Springer NY, 2011.

For more information on Eos and zinc-air battery storage, see www.eosenergystorage.com

**Acronyms**

| | |
|---|---|
| CAFE | Corporate average fuel economy |
| ERCOT | Electricity Reliability Council of Texas |
| EPRI | Electric Power Research Institute |
| HVDC | High voltage direct current |
| NIMBY | Not in my backyard! |
| EROI | Energy return on energy invested |
| IPCC | Intergovernmental Panel on Climate Change |
| CCS | Carbon capture and storage |
| $CO_2$ | Carbon dioxide |
| EIA | Energy Information Agency |
| IEA | International Energy Agency |
| IAEA | International Atomic Energy Agency |
| PV | Photovoltaic solar |
| CSP | Concentrated solar power (the parabola version) |
| DoE | Department of Energy |
| SUNY ESF | State of New York, College of Environmental Science and Forestry |
| HVAC | Heating, ventilation and air conditioning |

**Conversions used in examples 1-6**

| | | | |
|---|---|---|---|
| 1 megawatt | = | 1,000,000 | watts |
| 1 terawatt | = | 1,000,000 | megawatts |
| 1 petawatt | = | 1,000 | terawatts |
| 1 megawatt | = | 1,000 | kilowatts |
| 1 megawatt hour | = | 3,600 | megajoules |
| 1 gigajoule | = | 1,000 | megajoules |
| 1 liter gasoline | = | 35 | megajoules |
| 1 mile | = | 1.609 | kilometers |
| 1 gallon | = | 3.785 | liters |
| 1 unit of carbon | = | 3.7 | units of $CO_2$ |
| 1 metric tonne | = | 2,200 | pounds |
| 1 pound | = | 0.4536 | kg |
| 1 barrel | = | 42 | gallons of gasoline |
| 1 btu | = | 1,055 | joules |



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**From:** Steven Elkman[redacted]
**Sent:** 11/23/2011 5:29:30 PM
**Subject:** Fw: Little Hodiaki [I]

Classification: For internal use only

==========
Steven Munro Elkman
Client Advisor
Managing Director
Deutsche Bank Alex. Brown
A Division of Deutsche Bank Securities, Inc.
280 Park Avenue, 3 East
New York, NY 10017
[redacted] phone
fax
==========

**Subject: Little Hodiaki**

The teacher said, "Let's begin by reviewing some American History.

Who said 'Give me Liberty , or give me Death'?"

She saw a sea of blank faces, except for Little Hodiaki a bright foreign exchange student from Japan, who had his hand up:'Patrick Henry, 1775' she said..'Very good!'

Who said, 'Government of the People, by the People, for the People, shall not perish from the Earth?'

Again, no response except from Little Hodiaki, 'Abraham Lincoln, 1863'..

'Excellent!', said the teacher continuing, 'let's try one a bit More difficult...'

Who said, 'Ask not what your country can do for you, but what you can do for your country?'

Once again, Hodiaki's was the only hand in the air and he said;'John F. Kennedy, 1961'.

The teacher snapped at the class, 'Class, you should be ashamed of yourselves, Little Hodiaki isn't from this country and he knows more about our history than you do.'

She heard a loud whisper: fuck the Japs,'

'Who said that? I want to know right now!' she angrily demanded.

Little Hodiaki put his hand up, 'General MacArthur, 1945.'

At that point, a student in the back said, 'I'm gonna puke.'

The teacher glares around and asks, 'All right!!! Now who said that!?'

Again, Little Hodiaki says, 'George Bush to the Japanese Prime Minister,1991.'

Now furious, another student yells, 'Oh yeah? Suck this!'

Little Hodiaki jumps out of his chair waving his hand and shouts to the teacher,
'Bill Clinton, to Monica Lewinsky, 1997!'

Now with almost mob hysteria someone said, 'You little shit. If you say anything else, I'll kill you.'

Little Hodiaki frantically yells at the top of his voice,'Michael Jackson to the child witnesses testifying against him, 2004.'

The teacher fainted.

As the class gathered around the teacher on the floor, someone said,'Oh shit, We're screwed!'

**Little Hodiaki said quietly, 'the American people, November 4, 2008.**

Regards,

jac

O [redacted]
F [redacted]

E [redacted]
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In March 2011 tens of thousands of demonstrators took to the streets in Syria. The protestors were demanding political reforms, dissatisfied with the cruel and authoritarian regime of Bashar al-Assad, who has been in power for more than ten years, succeeding his father after a 30-year rule. The government responded by opening fire. Within a few months, a peaceful uprising grew into a full-scale civil war, which has lasted for more than two years and is unlikely to end soon. This August, the death toll in Syria has reached 100,000. More than a quarter of the 22 million population has been displaced, hundreds of thousands of refugees have left the country.

The United States has been supporting the opposition, supplying it with food and medical aid, but refraining from military intervention and from providing the rebels with weapons. The Obama administration claimed that the US would not intervene unless it had strong evidence of chemical weapons used by the Assad regime. In June 2013, Washington concluded that chemical weapons, including nerve agent sarin, classified by The United Nations as a weapon of mass destruction, had been used. The White House announced for the first time in June that it was going to send weapons to the opposition. Congress vetoed this resolution.

There are many reasons why the US should refrain from providing the opposition with weapons. Over the two years of military confrontation, the situation on the ground has become increasingly chaotic. It is important to understand that there is no united opposition capable of overthrowing / toppling Assad's regime. Instead,

there are different military groups, using terrorist methods against the government forces, as well as against each other. The most prominent of them, the Free Syrian Army, is not strong enough to defeat Assad's forces. Even if the US provides the FSA with light weapons, this opposition group is outnumbered by hundreds of thousands against Assad's army. Even according to the most exaggerated estimates, the size of the FSA does not exceed 20,000 soldiers, while Assad's army counts as many as 400,000, equipped with heavy and sophisticated weapons.

Due to the uprising, different extremist military groups have been able to cross the border and enter Syria. One of the leading armed groups, Al-Nusra Front, an affiliate of the world's largest terrorist organizations Al-Qaeda, has been included by the US in the international terrorism blacklist. It is important to note that these rebels have many supply channels, making it impossible for the US to control which group will be receiving the weapons, creating the risk of the US arms being used by terrorists against America or its allies in the region.

Moreover, after two years of fighting against the regime, the opposition forces have started to turn guns on each other, fighting for power and territory. This significantly undermines their ability to form a united government, decreasing the probability of a strong alternative force. Providing military groups with weapons will only escalade the violence, lead to more massacre and destruction.

More importantly, even if the Assad's regime is overthrown, the opposition is unlikely to succeed in forming a stable and functional democratic government. Admittedly, Bashar Assad has made immense mistakes since the beginning of the war. Human rights have been viciously violated, tens of thousands of people, including civilians, have been killed. But it appears that there is no better alternative at the moment than Assad remaining in power. Once the regime is overthrown, the power vacuum is inevitable. Removing Mr. Assad is just a tiny part of a long and troublesome process. If history is any guide, overthrowing a dictatorship is just the very first step. Ouster of Muammar Quaddafi in Libya was supposed to bring democracy and stability. Instead, the country is more destabilized than ever. Two years after the revolution, a significant part of Libya remains under the control of the militias, the armed groups who did not cease power even after the parliamentary elections and continue to use force against the government.

The situation is even worse in Iraq, where Al-Qaeda has been expanding its power again. The past four months have been among the bloodiest since 2008, with death toll reaching 3,000. The Al-Qaeda affiliate, The Islamic State of Iraq, started conducting terrorist attacks, not only against the government forces and Shia mosques, but also the civilians, further destabilizing the week government. The Islamic State of Iraq has become one of the most prominent military groups fighting in Syria. The terrorist groups are trying to destabilize and debase Syria, which would give them an opportunity to create there a platform to plan international terrorist attacks. If the opposition forces gain control of the country, this scenario is

almost inevitable. Subsequently, the conflict in Syria is dramatically impacting its neighboring countries. More than a million of refugees from Syria have fled to Jordan, Turkey, Lebanon and Iraq.

Some critics, looking at the turmoil in Syria, Egypt, Lybia, claim that the warm Arab spring has turned into a cold winter. Tunisia, for example, the first of the Arab countries to overthrow their dictatorship, is on the edge of another civil war after two political assassinations. It might take years until the situation in Syria stabilizes, decades until the country turns into a genuine and a true democracy. If Americans are to learn from their mistakes in Iraq and Libya, military intervention is off the table. To stop Syria's turmoil, the United States needs a new strategy aimed at pressuring both sides into negotiating. Syrian conflict cannot be resolved by military methods. The only way to end the war is through political dialogue. Providing the rebels with weapons would only aggravate the situation and lead to more deaths and casualties.

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# Victims win right to see negotiations that led to 'lenient' plea agreement for billionaire sex offender

## Latest in legal saga involving Jeffrey Epstein, 61, financier convicted of procuring minor for prostitution


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Jeffrey Epstein

Jeffrey E. Epstein pleaded guilty in 2008 to soliciting prostitutes at his Palm Beach mansion. (The Palm Beach County Sheriff's Office via The New York Times / April 21, 2014)


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- Palm Beach, FL, USA

By Brett Clarkson, Sun Sentinel

7:43 p.m. EDT, April 21, 2014

Did a Palm Beach billionaire being investigated for having sex with young girls use his wealth to negotiate a lenient and secret agreement that saw him avoid federal prosecution?

Attorneys for two victims, known only as Jane Doe 1 and 2, may soon get an answer thanks to an appeals court ruling against financier and sex offender Jeffrey Epstein, 61.

The ruling, issued Friday, orders federal authorities to disclose the correspondence that took place between Epstein's attorneys and federal prosecutors when they were negotiating a 2007 agreement, which allowed him to escape federal prosecution if he pleaded guilty to state charges that carried a lesser penalty.

"We're trying to figure out if Epstein used his political connections and great wealth to secure this kind of arrangement, that was unheard of, frankly, if you look at these charges," said Paul Cassell, an attorney for the women.

Epstein is a native New Yorker who according to media reports built a huge fortune as a money manager and owns several properties including a primary residence in Manhattan, a Palm Beach mansion and his own island in the Caribbean. At one point he counted among his friends former President Bill Clinton, Donald Trump and other high-powered figures.

The appeal court decision described the background of Epstein's case, stating that in 2006, the Federal Bureau of Investigation "began investigating allegations that Jeffrey Epstein had sexually abused several minor girls."

In September 2007, federal prosecutors struck the non-prosecution deal with Epstein, but didn't tell the victims, court filings say.

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"Not only did the United States neglect to confer with the victims before it entered into the agreement with Epstein, it also failed to notify them of its existence for at least nine months," Circuit Judge William H. Pryor wrote in the appeals court decision.

In June 2008, Epstein pleaded guilty to a state charge of procuring a person under the age of 18 for prostitution and was sentenced to 18 months in prison. He spent 13 months behind bars, and is registered as a sex offender in Florida.

The situation also resulted in civil suits being filed against Epstein, who according to media reports settled claims from about two dozen young women who alleged he paid them for sexual massages at his Palm Beach mansion, some as young as 14, according to media reports.

To the attorneys who represent the Jane Does 1 and 2, the sentence was much lighter than the years, or possibly decades, that Epstein could've spent behind bars had he been prosecuted in the federal system.

They're hoping that the correspondence, ordered released by the Eleventh Circuit Court of Appeals, will shed light on what they say is an unusually lenient deal.

"I can say that I've been teaching criminal law for more than two decades and I have never seen a plea agreement as lenient as this one, for hands-on sex offenders," said Cassell, who is based in Salt Lake City.

But one of Epstein's attorney's, Martin Weinberg, based in Boston, disputed those characterizations. Weinberg said Monday that the plea agreement was "reached in good faith" and that "it's not a fair conclusion" to describe the agreement as either improper or tainted by Epstein's wealth.

"It's Mr. Cassell's hope that this correspondence may support that theory, but the reality is that the U.S. Attorney's Office made a responsible judgment in how to implement the law," Weinberg said.

Weinberg said he was concerned about the potential impact the ruling would have on the ability of criminal defense attorneys and prosecutors to communicate confidentially.

He also said he and Epstein co-counsel, Miami criminal defense attorney Roy Black, will ask the Atlanta-based appeals court to review the decision.

As for the Jane Does, who are now over 18, it's just the latest development in a long legal saga, another one of their attorneys said.

"They're pretty numb at this point to favorable news because they've heard this before and nothing's happened," said Fort Lauderdale attorney Brad Edwards.

Edwards and Cassel said their goal is to have Epstein's plea agreement deemed to be in violation of federal victims' rights legislation and invalidated. Edwards said Epstein should face a new prosecution.

Edwards also said he was first told by the U.S. Attorney's Office that he would receive the correspondence documents on Monday, but was then told that they weren't ready yet. Cassell said the documents number 500 pages.

In an email, Annette Castillo, spokeswoman for the U.S. Attorney's Office, Southern District of Florida, said the office couldn't comment.

*bsclarkson@tribune.com, 561-243-6609 or Twitter @BrettClarkson_*

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**Sent**: 11/6/2012 10:24:50 PM
**To**: Undisclosed recipients:
**Subject**: J.P. Morgan exclusive conference call on Thursday, November 8th at 4pm EST: "Post-election insight: The road ahead"
**Attachments**: image001.png; image002.png; image004.png; image006.png

**Importance**: High

We are pleased to invite you to an exclusive J.P. Morgan Private Bank conference call, *"Post-election insights: The road ahead,"* on **Thursday, November 8 at 4:00 p.m. Eastern Time**.

The call will feature Peter Scher, Head of Corporate Responsibility for JPMorgan Chase. Peter is an undisputed expert in political matters, having spent nearly a decade in government service as U.S. Special Trade Negotiator and Ambassador in the Clinton administrations. The discussion will take a closer look at the election results, focusing on the political and fiscal implications and what they mean for our clients globally.

The invitation below contains full details of the event.

You are invited to participate in an exclusive conference call

# Post-election insights: The road ahead

Thursday, November 8, 2012 at 4:00 p.m. Eastern Time

Hosted by
**John Duffy**, Chief Executive Officer, J.P. Morgan U.S. Private Bank

Featuring
**Peter Scher**, Head of Corporate Responsibility, JPMorgan Chase & Co.

As the new political landscape begins to take shape, join us to hear Peter discuss:

- Global implications of election results
- Impact on regulatory and "fiscal cliff" legislation
- Bipartisanship in the new environment

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**TO LISTEN TO THE CALL**
Toll-free: 877.804.2965
International Toll: 706.902.2073
Conference ID: 68693542

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**ABOUT PETER L. SCHER**

Peter L. Scher is the Executive Vice President and Head of Corporate Responsibility for JPMorgan Chase & Co and a member of the firm's Executive Committee. Scher oversees Global Government Relations and Public Policy, Global Philanthropy, the Office of Environmental Affairs, and the firm's Social Finance business, which provides financial services to the impact investing market. He led the firm's development of the *Brookings-JP Morgan Chase Global Cities Initiative,* a five-year effort to help the 100 largest U.S. metropolitan areas become more competitive in the global economy.

Prior to joining JPMorgan Chase in June of 2008, Scher was the Managing Partner of the Washington, D.C. office of Mayer Brown LLP, where he had been a partner since 2000 and earlier served as the chairman of the firm's Government and Global Trade Practice, overseeing that practice in the United States, Europe and Asia.

Scher spent nearly a decade in government service. Nominated by President Clinton and confirmed by the United States Senate, he served as the U.S. Special Trade Negotiator, with the rank of Ambassador from 1997-2000. In his service as U.S. Special Trade Ambassador, he was one of the lead U.S. negotiators on China's entry into the World Trade Organization, as well as negotiations on trade issues with countries in Europe, Asia and Latin America. He earlier served as the Chief of Staff in the Office of the United States Trade Representative and in the same position at the U.S. Department of Commerce. Scher previously served on Capitol Hill as the majority staff director for the U.S. Senate Committee on Environment and Public Works, and as the Chief of Staff to U.S. Senator Max Baucus.

Scher has been active in civic and political activities throughout his career. He served on the staff for the Clinton-Gore campaigns of 1992 and 1996, as well as the Kerry-Edwards campaign of 2004. He has been a member of the Atlantic Council of the United States Working Group on U.S.–European Union Trade and Regulatory Issues and the Asia Task Force for the Center for Strategic and International Studies. In 2009, Scher was appointed by the White House to serve as U.S. Representative to the Asia Pacific Economic Cooperation Forum (APEC) Business Advisory Council.

Scher serves on the Board of Trustees of American University and is a member of the Council on Foreign Relations. He received his B.A. from American University in 1983 and his J.D. from AU's Washington College of Law in 1987.

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# market thoughts

**Richard Madigan, Chief Investment Officer, J.P. Morgan Private Bank**

**November 2012**

## A brief introduction (and a promise)

For those of you who don't know me from my former position as Chief Investment Officer of the Global Access Portfolios, where I oversaw $16 billion in private and institutional client assets, **I want to briefly introduce myself in my new role as Chief Investment Officer of the J.P. Morgan Private Bank.**

I've been part of the investment and strategy team at the Private Bank since 2004, when I returned to the firm to work with Michael Cembalest as he assembled a global strategy team to work on behalf of private clients. I was responsible for global multi-asset investment strategy and asset allocation for our international clients before taking on the role as CIO for Global Access.

During my time with Global Access, I wrote a regular investment strategy note, *Market Thoughts*, which we sent to clients globally. In my new role, I want to re-establish the discipline of putting pen to paper around our market views: what we are thinking, what we are seeing as core investment themes, and how we are investing across global markets.

There is nothing more humbling than writing down and clearly explaining what you think, and why, about the world and markets. I have a well-established practice with our family physician: I promise not to confuse him with investment nonsense if he promises not to do the same with medical gibberish. I promise the same clarity with this note.

## Same as it ever was

"Once in a Lifetime" is a song by the band Talking Heads. It has come to mind repeatedly as I've listened to the media talk about the recent U.S. elections. There is a line in the song that keeps repeating the phrase "same as it ever was," which seems to be, post-election, where we've landed.

The United States just ran a national election where an estimated $6 billion was spent campaigning. The result across Congress, state governorships and the presidential popular vote was effectively a 50/50 split. **Ironically, an election this important is supposed to help bring direction and clarity, and instead we have continued short-term uncertainty. We believe that will translate into a market that trends higher over the next 12 months, but with air pockets.**

**Right now, the most important policy debate and air pocket is around the fiscal cliff.** The good and bad news is we have to see movement in the next few months. There isn't a choice. The one thing that did ring clearly from the U.S. election is the degree of frustration around partisan bickering and policy inaction. This was Obama's last campaign, so he is playing for posterity. Congress recognizes it is already playing to mid-term elections in 2014, and while I never count on pragmatism from politicians, **it's actually in everyone's interest for the first time in three years to work together.** Everyone wins, and if not, has the other side to blame come 2014.

## Looking ahead

**From a macro perspective, we believe the global economy is bottoming, though we are likely to sit along the bottom of a U-shaped recovery into early next year: growing, but not yet inspiring.** The immediate effects on growth from Hurricane Sandy are going to need to be better understood, along with how protracted a recession Europe is facing. Markets reflect expectations, and already, data that is less bad shows improved leading indicators, consumer confidence and surprise indices. So less bad will eventually be good; we simply need to see a trough in activity to lessen market uncertainty.

**Economic data has been surprising to the upside**
Economic surprises; Index level

Source: Citigroup, Bloomberg. Data as of November 2012.

**Global manufacturing and services survey**
J.P. Morgan Global Composite PMI

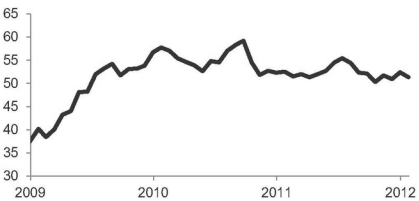


Source: J.P. Morgan Securities LLC, Bloomberg. Data as of October 2012.



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Our core macro view remains that the global economy continues to muddle through. We see U.S. growth between +1.5% and 2.0%, Europe continuing to work its way out of recession, and emerging economies growing +4%-5%, led by China as growth moves to a more sustainable trend-like +7%-8%. **Global growth next year should be somewhere between +2.5% and 3%.**

China has just gone through a major political transition. We expect the new Government to focus on reform initiatives and inward investment. **As my team in Hong Kong continues to remind me, 7% growth feels pretty good. There simply isn't the sense of concern or urgency in China as there has been outside the country around a Chinese hard landing.** It's a domestic economy that is maturing, which is exactly what we expect to see ahead.

With the U.S. election behind us, we believe there should be little doubt across markets that until inflation becomes a meaningful concern, central banks will continue to make holding cash and core bonds frustrating for investors—slowly pushing investors to take on incremental risk across markets. **But like deleveraging, increased risk taking needs to be a process, not an event.**

## Fundamentals matter

I'm a pragmatist in life and as an investor, especially when measuring and trying to understand risk. My team is very much macro driven, and I believe in fundamentals (as a parent, I have to). I like to have a view on both the upside and downside of an investment. **My favorite investment ratio is 2:1, when thinking about the potential upside-relative-to-downside, and those investments are hard to find.** Credit has been one of them.

I recently challenged our quantitative research and analytics team to help me think about the benefits and the risk in portfolio diversification. We continue to have significant investment tilts across our portfolios, and I wanted to make sure we weren't taking on additional risk because of a lack of diversification. My intuition is that there is far less benefit today than there has been traditionally in a set-it and forget-it approach to asset allocation (something we don't practice). Let me also add that there is a tremendous difference between an investor who is less diversified and one who is out of the market, which continues to be painful for many investors still on the sidelines.

The team looked back to 1991 at the correlation between assets across world equity, bond, commodity and foreign exchange markets. What we found is that correlation across risk assets has been particularly high since the 2008 financial crisis. **You get less benefit owning a little bit of everything and a great deal more reward for being disciplined and investing only where you see the most value.** What was even more interesting is that while some of this is obviously cyclical, there appears to be a structural pattern here as well.

**Correlation across risk assets has risen**

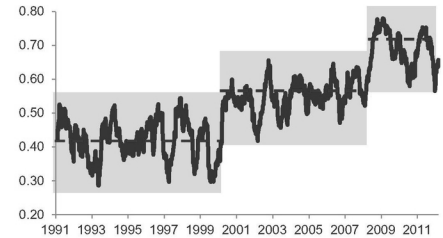


Source: J.P. Morgan Private Bank, Bloomberg. Data as of November 2012.

Why is this relevant? Because it helps explain why we've been comfortable barbelling the risk we've taken across portfolios this year with a significant overweight to credit markets; it's allowed us to own less equities for similar returns. **Effectively, we've been able to take normal levels of risk in portfolios but focus on the higher certainty of those returns coming from yield rather than more volatile equity price appreciation.**

We still see fundamental value in our credit allocations, but the return ahead is going to be driven by yield or the coupon, not by bond price appreciation. I'm going to argue that it places us right where we should be in the deleveraging and global recovery cycle. It's time to revisit the balance of how we are taking risk in portfolios. **If we want to achieve similar portfolio returns next year, we'll need to take more directional risk where we see value across global markets.**

**The end of "easy money"**

| Index | 2012 YTD Return | Annualized Return | Realized Volatility* |
|---|---|---|---|
| Global Equities (MSCI World) | 8.6% | 10.8% | 19.1% |
| J.P. Morgan Developed High Yield Bonds | 12.7% | 22.4% | 9.4% |
| Investment Grade (JULlexEM) | 9.9% | 11.9% | 4.9% |
| Emerging Market Debt (J.P. Morgan EMBI) | 16.1% | 16.5% | 6.9% |

Source: Bloomberg. Data from January 2009 through November 14, 2012.

* Data from January 2009 through October 2012.
It is not possible to invest directly in an index.



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## The great rotation

There is an awful lot being written about the next bursting bubble, which, according to pundits, is fixed income. The fear is either that inflation very quickly begins to reaccelerate because of monetary policy and central banks will need to aggressively slam on the policy brakes, or that investors are going to begin a Great Rotation out of fixed income.

The Great Rotation *scare* being talked about argues that individual investors will apparently all wake up one day and collectively sell their bonds to buy stocks. For individual investors, it's very unlikely that we will see selling of core bonds until investors actually lose money—and we don't expect that to happen soon. **In our portfolios next year, we envision owning more world equity markets, and owning less cash and short-duration fixed income.** So I agree with the risk rotation, but a mad dash by individual investors out of fixed income seems unnecessary and unlikely.

The balancing act for central banks is to try to stimulate growth without provoking inflation. There is enough excess capacity in labor markets that the greater policy concern remains disinflationary pressure. **While we are keeping a close eye on inflation expectations, which have been rising, our economics team continues to believe inflation comes after growth and therefore isn't a threat to this cycle of easy monetary policy.** We expect the Fed, European Central Bank and Bank of Japan will continue to promote "easy money."

There is going to be an inflation shock that will come with accelerating growth—we just don't see it next year. But in preparation for that scenario, our team has already begun to do work on the theme of inflation protection.

**Inflation expectations remain stable**
5Y5Y forward breakeven inflation

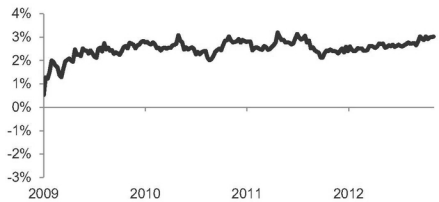


Source: Bloomberg. Data as of November 2012.

**U.S. inflation is not yet troubling**
U.S. CPI YoY NSA

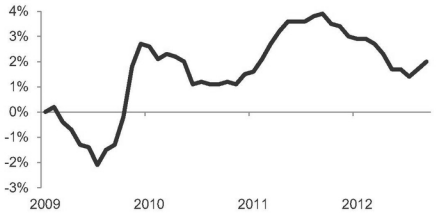


Source: Bloomberg, Bureau of Labor Statistics.
Data as of November 2012.

## Now what?

We invest with a 12-month outlook, but also take advantage of short-term trading opportunities. But to borrow a phrase from my daughter, **patience is the key to joy.** Into year-end, markets face higher uncertainty and weaker activity. We are going to see more headlines, unfortunately with less real news. In the short term, both issues will extract a higher risk premia from risk assets, which should create some interesting opportunities.

**For where we believe the macro cycle is right now, we want to be increasing our allocation to equities as we look into 2013.** We continue to barbell those equity allocations between the United States, which continues to lead the global recovery, and emerging markets, where we see significant growth potential. While we have added to our exposure in Europe and continue to see scope for investment opportunity ahead, we don't feel it's a market that is gapping away from us.

We are also doing tactical work in our hedge fund allocations. **We are looking to be more directional in our risk taking next year, particularly looking at long/short and event-driven strategies. In fixed income, we continue to like credit, but need to be more selective.** We are looking at total and absolute return fixed income strategies that can be more nimble in how they invest duration. We expect to hold less short-duration and cash next year across portfolios.

As a last mention, for anyone looking for a timely read, I just finished William Silber's book about Paul Volcker. It is great context for how we got to where we are today and a reminder that while the past doesn't ever exactly repeat itself, it does rhyme. It's also a subtle reminder of why strong leadership and bipartisan counsel are essential for effectively navigating the road ahead.

I very much look forward to our ongoing investment dialogue with you.

Richard Madigan
November 2012



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**Richard Madigan** is Chief Investment Officer and Head of Investment Strategy for J.P. Morgan Private Bank. In his role, he is responsible for the development of investment strategy, tactical and strategic asset allocation for over $800 billion in high-net-worth and institutional client assets. Richard is Chair of the Private Bank's Global Investment Committee.

The Private Bank CIO Team is composed of market strategy, portfolio construction and a dedicated quantitative research and analytics team that also oversees investment risk. The team is global, with senior CIO Team members based in New York, London, Geneva, Hong Kong and Singapore. Strategy and Portfolio Construction for Latin America are based in New York.

Previously, Richard held the title of Chief Investment Officer for the Global Access Portfolios, where he and his team managed in excess of $16 billion in client assets across 35 countries.

Richard brings over 20 years of experience in portfolio management and international capital markets to the firm. Prior to his current role at J.P. Morgan, he held the title of Managing Director, Head of Emerging Markets Investments and Senior Portfolio Manager at Offitbank, a New York-based wealth management boutique, where he managed peak assets in excess of $1 billion in both domestic and offshore portfolios, including the firm's flagship emerging markets mutual fund. He was also a senior member of the firm's investment committee. Before joining Offitbank, Richard worked for J.P. Morgan's Investment Banking division in New York in the emerging markets securities business. He previously spent six years with Citicorp, first as a banker in Mexico and then in the firm's international corporate finance division in New York.

Richard's commentaries have appeared in the *Financial Times, The New York Times*, *The Wall Street Journal*, Bloomberg and Reuters. He is a frequent guest speaker on CNBC, and has also appeared on CNN and *Bloomberg News*, as well as various industry conferences. Richard holds a master's degree from New York University, where he majored in Finance and International Business. He has lived both in Europe and Latin America, and currently resides with his wife and children in New York City.

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**MSCI World Index**—The MSCI World Index is a capitalization weighted index that monitors the performance of stocks from around the world
**J.P. Morgan Developed Market High Yield Index (JPM Global High Yield)**—An index of developed market high yield bonds
**J.P. Morgan Investment Grade Index (ex Emerging Markets)**—An index of investment grade corporate bonds, excluding emerging markets
**J.P. Morgan Emerging Markets Bond Index**—An index of emerging market bonds

**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 3/29/2013 8:48:11 PM
**To:** Undisclosed recipients:
**Subject:** The J.P. Morgan View: Local forces are dominating
**Attachments:** image1.gif; image2.gif; JPM_The J.P. Morgan View_2013-03-28_1084792.pdf

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Global Asset Allocation

# The J.P. Morgan View: Local forces are dominating

- **Asset allocation** — Local risks and opportunities trump global forces in driving investment opportunities. Cross-market correlations to remain much lower than in recent years.
- **Economics** — US activity data are coming in better than hoped, but we need another 1-2 months to see how consumers are responding to higher taxes.
- **Fixed Income** — Search for carry to trump Euro area jitters over time.
- **Equities** — Japan remains our main country overweight.
- **Credit** — We OW covered bonds in the Euro periphery over senior bank bonds and subordinated vs senior bank bonds in the core.
- **Currencies** — Cyprus to have minimal further impact on EUR, but a ECB rate cut would push it a few cents lower versus the dollar.
- **Commodities** — Stay long Brent and short gasoline.

- **US stocks continue to gain, with the benchmark S&P500 breaching its all time high level** today in a gentle fashion. Bonds are generally up this week on dovish comments from both the Fed and the BoJ. Commodities have gained also, but credit remains the troubled asset class with spreads wider in most markets, especially in EM external debt.
- **Our overall investment theme remains that there is no overarching global investment theme** anymore this year but instead a number of **unrelated local forces that have largely local impact**. The generalized **asset reflation** we saw last year, with risk premia coming down consistently across the globe and asset classes, was due to a gradual fading of tail risks that has since been largely completed. "**Risk-on, risk- off is so last year**".
- In addition, we are seeing **no momentum either way in global growth, price or earnings expectations** that could put us into a bullish or bearish growth story. Our 2.4% projection for 2013 world economic growth is unchanged since November. YTD activity data for the world are tracking our 2.6% forecast for Q1, comfortably up from the dismal 1.6% in Q4 of last year. Amidst offsetting up- and downside surprises in the US and Japan versus Europe, there has been no reason yet to raise the growth profile for the year as a whole. We hope, but need evidence first.
- Without a global growth or fading-of-tail-risks force, we are left with a set of local issues and opportunities that are having a local impact, at the regional, asset class and company level, that should leave the rest of the world largely unmoved. In this environment, **correlations across regions and risk markets should remain significantly lower** than in past years. Various markets may seem to behave "inconsistently" with others, but we caution against expecting simple mean reversion, given our view of the reduced impact of global factors. Active investors should pay more attention to local fundamentals while long-term investors can expect to achieve greater gains from cross-market and international diversification.

- Local issues must be monitored and understood, though, to decide how to allocate capital and risk. Just to review a few, **Japanese** policy makers continue to present a concerted plan to reflate their economy through monetary, fiscal and structural measures. The

strong control of the government and its high approval rating are steadily raising the chance of success. We stay overweight Japanese equities and grow wary of the short yen trade, as capital inflows and rising growth expectations (chart of right) are ultimately bullish for the currency. Watch next week's BoJ meeting, led by newly appointed Governor Kuroda, for new reflationary measures.

- The **Euro area** economy remains in recession, while policy makers are making little effort to reverse the contraction. We monitor signs of any large deposit flight post Cyprus over coming weeks and months to judge whether the bailout may actually be worsening conditions in the Euro. Economic forecast momentum remains negative (chart of right). These are good reasons to underweight the Euro area, if not all of Europe, across asset classes, against the rest of the world.

- The **US**, in contrast, is seeing better spending from both corporates and consumers than we could have expected post Fiscal Cliff and sequestration. But given the huge amount of fiscal drag, which is a fact, we want to see another 1-2 months of data before extrapolating the good news. It did support US equities in recent weeks, which continue to benefit from US corporates issuing debt to buy their own shares and others', through M&A. This corporate rotation from debt to equities is almost exclusively a US flow, which helps explain US equity outperformance.

- Across risk assets, we are similarly seeing huge delinking, with **equities** rallying greatly and **commodities and credit** seeing no gains (chart p. 1), very much unlike last year. Commodities are delinking as there are no growth upgrades in EM, and inflation concerns are concentrated on two countries, UK and Japan. Credit is delinking as most investors are massively overweight credit versus equities, as evidenced by the disparity in buying flows in 2011-12. Relevering by US corporate and the Fed debating the end of QE are signaling that the 3-decade long rally in bonds is likely over. Investors are starting to dollar-average away from bonds to equities.

## Fixed Income

- Bonds rallied again, except for Euro area peripherals, the source of this week's market concerns. The imposition of capital controls on **Cypriot** deposits is to be sure a watershed moment, but for now not one we expect to spark significant deposit withdrawals elsewhere. Meanwhile, the most likely outcome to the Italian impasse appears to be new elections in the autumn. With seemingly little prospect of a material rise in yields on the safest assets, we think the search for carry evident across the full gamut of asset markets will see peripheral spreads narrow over time.

- Ten-year **JGB** yields have rallied to within a few bps of their all-time low, ahead of next week's inaugural meeting for the new BoJ leadership. We do indeed expect aggressive easing, with JGB purchases out to 30 years, but think this will be trumped by profit taking in JGBs after the fiscal year end.

- Our latest Inflation Expectations Survey (F. Diamond, K. Gupta) was out yesterday. One interesting result is that almost 90% of respondents believe the BoJ has less than a 50/50 shot of hitting its 2% inflation target in two years, a reflection of the formidable challenge of sparking inflation expectations after two decades of falling prices.

## Equities

- The global rally in equity markets slowed this week, but did not reverse, on continued concerns about the fallout from a poorly executed Cyprus solution. The Euro area underperformed again, for a second week in a row. As discussed last week, we view Cyprus as a local problem that we address by **underweighting Euro area** equities in a global portfolio. A potential negative feedback loop from markets to the economy poses a serious downside risk for Euro area growth over coming months prolonging the current run of negative economic surprises from the region.

- **Japan** is the region we like the most. In our mind the Japanese equity trade has further legs not only due to prospective BoJ balance sheet expansion but more importantly due to a reform agenda to be unveiled into the summer.

- **EM** equities are suffering from renewed policy tightening in major EM economies such as Brazil and China. Investors have bitter memories of previous property tightening measures in China. As within DM, we see a lot of divergences within EM and prefer to focus on under-owned markets with good domestic demand story such as Mexico and Malaysia. See "Consensus Asset Allocation", Adrian Mowat and team, Mar 26th. Open overweights in Mexican and Malaysia equities vs MSCI EM.

- For long-term investors we just released our quarterly publication "**Trade opportunities for long term investors**" Mar 27. We monetize risk premia in Value stocks via a long in S&P500 Value vs S&P500 ETFs. It appears that a five year long underperformance of Value stocks has come to an end. We take profit on trades that monetize skew risk premia in S&P500 due to sharp contraction over the past quarter. We continue to monetize equity risk premia via buying high dividend yield equity ETFs against USTs. Our preference is to buy ETFs which track the S&P US Preferred stock due to its high yield, around 6%, and its high weight on Financials.

## Credit

- **The news flow from the Cypriot bailout continued to push spreads wider and vol higher this week,** with European Financials underperforming as creditor bail-in risks returned to the forefront. iTraxx senior and subordinated financials indices widened 20bp as investors sought to hedge via CDS rather than sell bonds. European credit continued to underperformed US credit.

- The fact that Cypriot banks debt is only 1.3% of total liabilities was a key factor in the decision to bail-in depositors. Yet events surrounding the banking sector restructuring **also suggest that keeping senior unsecured bondholders immune from costly bail-**

**outs is politically untenable**. This removes the implicit 'cover' that senior bonds holders have enjoyed and has increased speculation that implementation of the bail-in proposals under the EU's Resolution & Recovery Directive (RRD) will be brought forward to 2015 from the current 2018 time-frame.

- As such, our colleagues in European Credit have examined the implications of changing recovery rate expectations across the bank capital structure. Assuming that covered bonds remain outside the scope of the proposals, we expect senior bank bond spreads to widen relative to covered bonds **and prefer being OW covered bonds vs senior bonds in the periphery,** particularly in Spain where covered bonds have first claim over the entire mortgage book of the bank. From a relative value point of view, we also suggest owning **subordinated bank bonds vs senior bank bonds in the core** as, under the new RRD regime, there is a higher probability than before that senior bank bond holders will lose money and this risk is, in our mind, not yet in the price (*Rethinking the capital structure*, R. Henriques et al., Mar 27).

## Foreign Exchange

- Today's research note, ***Sacrificing Cyprus,*** examines several presumptions which have arisen over the past two weeks due to the Cyprus crisis, and scores them on a scale of truths, half-truths and falsehoods. There are indeed some right conclusions to draw from this experience, but also some wrong ones. As examples, it is true that capital controls have created a two-tier euro, but very unlikely that Cyprus is exiting EMU. And while it is true that markets deserve a risk premium for policy uncertainty, the size of the premium should be much lower than in previous crises due to backstops like the OMT.

- For example, during the first Greek crisis in May 2010 EUR undershot by 10% relative to cyclical conditions at that time, and during Greek elections in May 2012 the currency undershot by 5%. The combination of Italian and Cypriot events have eliminated the euro's overvaluation from early 2013, when the currency spiked to the high $1.30s on a presumption that LTRO funds would be repaid rapidly, driving European rates higher. The currency is now close to fair value, so carries no risk premium for contagion. The message is similar in vol markets: the 1% premium for 3-mo implied versus realized vol is far less than the 5% premium witnessed during previous crises.

- While there is no evidence that the EUR/USD cash or options market carries a risk premium, it is also true that the required premium should probably be far less than in previous crises given that a sovereign funding backstop like the OMT is in place. We are thus **reluctant to extrapolate this mini-crisis into a systemic event which triggers broad deleveraging**, or to forecast trend euro weakness. The currency could trade down a couple of cents around an ECB rate cut, but assuming that fears around Cyprus contagion pass in a month or two, the currency should reverse its recent decline by the summertime.

## Commodities

- **Commodities rallied this week, up almost 2%, led by energy.** We went tactically **long Brent** in last week's *J.P. Morgan View* as we believed that the correction in oil markets had brought prices too far below our price forecast of $112/bbl. Since then Brent is up around 1.5%. We stay long and expect further price appreciation over coming months. We are also **short gasoline vs. Brent**. Gasoline cracks (the premium for gasoline over crude prices) spiked over the first three months of the year due to a combination of low inventories and refinery closures that came during refinery maintenance season. As refinery maintenance comes to a close and demand falls seasonally, gasoline prices should fall relative to Brent.

- We went long **Soybean time spreads** late last year (*GMOS*, Dec 5) on a view that much higher Brazilian supplies would find it difficult to leave the country due to logistical constraints. Since then we have seen a record number of ships planning to load soybeans in Brazilian ports and this number is still rising. The average waiting time before loading is also rising, now 38 days compared to 26 days a month ago. This has caused the front Soybean contract to rally while longer maturity contracts have been depressed by the much higher than normal supply inside the country. The spread between the May-13 and Jul-13 contracts has doubled since we put the trade on in December. **We stay long** as we think these logistical issues are unlikely to be resolved anytime soon.

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# The J.P. Morgan View

## Local forces are dominating

- **Asset allocation** — Local risks and opportunities trump global forces in driving investment opportunities. Cross-market correlations to remain much lower than in recent years.
- **Economics** — US activity data are coming in better than hoped, but we need another 1-2 months to see how consumers are responding to higher taxes.
- **Fixed Income** — Search for carry to trump Euro area jitters over time.
- **Equities** — Japan remains our main country overweight.
- **Credit** — We OW covered bonds in the Euro periphery over senior bank bonds and subordinated vs senior bank bonds in the core.
- **Currencies** — Cyprus to have minimal further impact on EUR, but a ECB rate cut would push it a few cents lower versus the dollar.
- **Commodities** — Stay long Brent and short gasoline.

- **US stocks continue to gain, with the benchmark S&P500 breaching its all time high level** today in a gentle fashion. Bonds are generally up this week on dovish comments from both the Fed and the BoJ. Commodities have gained also, but credit remains the troubled asset class with spreads wider in most markets, especially in EM external debt.
- **Our overall investment theme remains that there is no overarching global investment theme** anymore this year but instead a number of **unrelated local forces that have largely local impact**. The generalized **asset reflation** we saw last year, with risk premia coming down consistently across the globe and asset classes, was due to a gradual fading of tail risks that has since been largely completed. "**Risk-on, risk- off is so last year**".
- In addition, we are seeing **no momentum either way in global growth, price or earnings expectations** that could put us into a bullish or bearish growth story. Our 2.4% projection for 2013 world economic growth is unchanged since November. YTD activity data for the world are tracking our 2.6% forecast for Q1, comfortably up from the dismal 1.6% in Q4 of last year. Amidst offsetting up- and downside surprises in the US and Japan versus Europe, there has been no reason yet to raise the growth profile for the year as a whole. We hope, but need evidence first.
- Without a global growth or fading-of-tail-risks force, we are left with a set of local issues and opportunities that are having a local impact, at the regional, asset class and company level, that should leave the rest of the world largely unmoved. In this environment, **correlations across regions and risk markets should remain significantly lower** than in past years. Various markets may seem to behave "inconsistently" with others, but we caution against expecting simple mean reversion, given our view of the reduced impact of global factors. Active investors should pay more attention to local fundamentals while long-term investors can expect to achieve greater gains from cross-market and international diversification.

**See page 7 for analyst certification and important disclosures.**

Click play to view the video

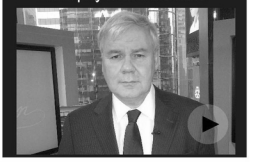

**Global Asset Allocation**

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**YTD returns through Mar 27**
%, equities are in lighter color.

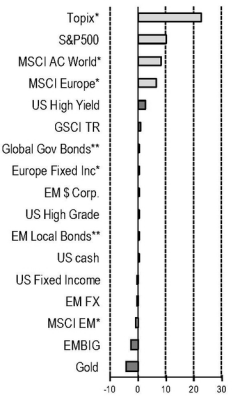


Source: J.P. Morgan, Bloomberg. See blue box on page 2 for description.



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- Local issues must be monitored and understood, though, to decide how to allocate capital and risk. Just to review a few, **Japanese** policy makers continue to present a concerted plan to reflate their economy through monetary, fiscal and structural measures. The strong control of the government and its high approval rating are steadily raising the chance of success. We stay overweight Japanese equities and grow wary of the short yen trade, as capital inflows and rising growth expectations (chart of right) are ultimately bullish for the currency. Watch next week's BoJ meeting, led by newly appointed Governor Kuroda, for new reflationary measures.
- The **Euro area** economy remains in recession, while policy makers are making little effort to reverse the contraction. We monitor signs of any large deposit flight post Cyprus over coming weeks and months to judge whether the bailout may actually be worsening conditions in the Euro. Economic forecast momentum remains negative (chart of right). These are good reasons to underweight the Euro area, if not all of Europe, across asset classes, against the rest of the world.
- The **US**, in contrast, is seeing better spending from both corporates and consumers than we could have expected post Fiscal Cliff and sequestration. But given the huge amount of fiscal drag, which is a fact, we want to see another 1-2 months of data before extrapolating the good news. It did support US equities in recent weeks, which continue to benefit from US corporates issuing debt to buy their own shares and others', through M&A. This corporate rotation from debt to equities is almost exclusively a US flow, which helps explain US equity outperformance.
- Across risk assets, we are similarly seeing huge delinking, with **equities** rallying greatly and **commodities and credit** seeing no gains (chart p. 1), very much unlike last year. Commodities are delinking as there are no growth upgrades in EM, and inflation concerns are concentrated on two countries, UK and Japan. Credit is delinking as most investors are massively overweight credit versus equities, as evidenced by the disparity in buying flows in 2011-12. Relevering by US corporate and the Fed debating the end of QE are signaling that the 3-decade long rally in bonds is likely over. Investors are starting to dollar-average away from bonds to equities.

## Fixed Income

- Bonds rallied again, except for Euro area peripherals, the source of this week's market concerns. The imposition of capital controls on **Cypriot** deposits is to be sure a watershed moment, but for now not one we expect to spark significant deposit withdrawals elsewhere. Meanwhile, the most likely outcome to the Italian impasse appears to be new elections in the autumn. With seemingly little prospect of a material rise in yields on the safest assets, we think the search for carry evident across the full gamut of asset markets will see peripheral spreads narrow over time.
- Ten-year **JGB** yields have rallied to within a few bps of their all-time low, ahead of next week's inaugural meeting for the new BoJ leadership. We do indeed expect aggressive easing, with JGB purchases out to 30 years, but think this will be trumped by profit taking in JGBs after the fiscal year end.
- Our latest Inflation Expectations Survey (F. Diamond, K. Gupta) was out yesterday. One interesting result is that almost 90% of respondents believe the BoJ has less than a 50/50 shot of hitting its 2% inflation target in two years, a reflection of the formidable challenge of sparking inflation expectations after two decades of falling prices.

**2013 Japan GDP growth forecasts: JPMorgan and Consensus**

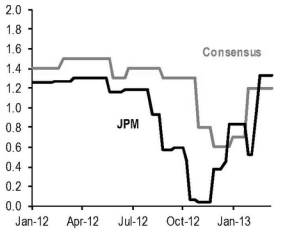


Source: J.P. Morgan, Consensus Economics. Consensus Economics forecasts are for regions and countries that we averaged using the same 5-year rolling USD GDP weights that we use for our own global growth forecast.

**2013 Euro area GDP growth forecasts: JPMorgan and Consensus**

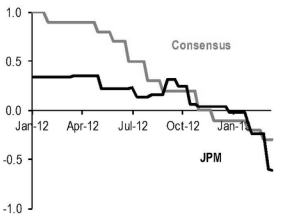


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More details in ...

*Global Data Watch*, Bruce Kasman and David Hensley
*Global Markets Outlook and Strategy*, Jan Loeys et al.
*US Fixed Income Markets*, Pavan Wadhwa, Matthew Jozoff, and Srini Ramaswamy
*Global Fixed Income Markets*, Fabio Bassi
*Emerging Markets Outlook and Strategy*, Joyce Chang
*Key trades and risk: Emerging Market Equity Strategy*, Adrian Mowat et al.
*Flows and Liquidity*, Nikos Panigirtzoglou et al.

Description of YTD Chart on p. 1: Returns in USD. *Local currency. **Hedged into USD. Euro Fixed Income is iBoxx Overall Index. US HG, HY, EMBIG and EM $ Corp are JPM indices. EM FX is ELMI+ in $.



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## Equities

- The global rally in equity markets slowed this week, but did not reverse, on continued concerns about the fallout from a poorly executed Cyprus solution. The Euro area underperformed again, for a second week in a row. As discussed last week, we view Cyprus as a local problem that we address by **underweighting Euro area** equities in a global portfolio. A potential negative feedback loop from markets to the economy poses a serious downside risk for Euro area growth over coming months prolonging the current run of negative economic surprises from the region.
- **Japan** is the region we like the most. In our mind the Japanese equity trade has further legs not only due to prospective BoJ balance sheet expansion but more importantly due to a reform agenda to be unveiled into the summer.
- **EM** equities are suffering from renewed policy tightening in major EM economies such as Brazil and China. Investors have bitter memories of previous property tightening measures in China. As within DM, we see a lot of divergences within EM and prefer to focus on under-owned markets with good domestic demand story such as Mexico and Malaysia. See "Consensus Asset Allocation", Adrian Mowat and team, Mar 26th. Open overweights in Mexican and Malaysia equities vs MSCI EM.
- For long-term investors we just released our quarterly publication "**Trade opportunities for long term investors**" Mar 27. We monetize risk premia in Value stocks via a long in S&P500 Value vs S&P500 ETFs. It appears that a five year long underperformance of Value stocks has come to an end. We take profit on trades that monetize skew risk premia in S&P500 due to sharp contraction over the past quarter. We continue to monetize equity risk premia via buying high dividend yield equity ETFs against USTs. Our preference is to buy ETFs which track the S&P US Preferred stock due to its high yield, around 6%, and its high weight on Financials.

## Credit

- **The news flow from the Cypriot bailout continued to push spreads wider and vol higher this week,** with European Financials underperforming as creditor bail-in risks returned to the forefront. iTraxx senior and subordinated financials indices widened 20bp as investors sought to hedge via CDS rather than sell bonds. European credit continued to underperformed US credit.
- The fact that Cypriot banks debt is only 1.3% of total liabilities was a key factor in the decision to bail-in depositors. Yet events surrounding the banking sector restructuring **also suggest that keeping senior unsecured bondholders immune from costly bail-outs is politically untenable**. This removes the implicit 'cover' that senior bonds holders have enjoyed and has increased speculation that implementation of the bail-in proposals under the EU's Resolution & Recovery Directive (RRD) will be brought forward to 2015 from the current 2018 time-frame.
- As such, our colleagues in European Credit have examined the implications of changing recovery rate expectations across the bank capital structure. Assuming that covered bonds remain outside the scope of the proposals, we expect senior bank bond spreads to widen relative to covered bonds **and prefer being OW covered bonds vs senior bonds in the periphery,** particularly in Spain where covered bonds have first claim over the entire mortgage book of the bank. From a relative value point of view, we also suggest owning **subordinated bank bonds vs senior bank bonds in the core** as, under the new RRD regime, there is a higher probability than before that

More details in ...

*US Credit Markets Outlook and Strategy, Eric Beinstein et al.*

*High Yield Credit Markets Weekly, Peter Acciavatti et al.*

*European Credit Outlook & Strategy, Steven Dulake et al.*

*Emerging Markets Cross Product Strategy Weekly, Eric Beinstein et al.*



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senior bank bond holders will lose money and this risk is, in our mind, not yet in the price (*Rethinking the capital structure*, R. Henriques et al., Mar 27).

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FX weekly change in USD

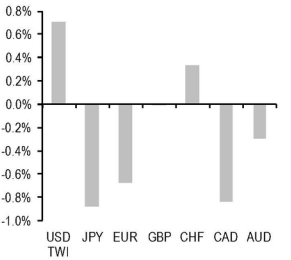


Source: J.P. Morgan

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More details in ...

FX Markets Weekly, John Normand et al.
Commodity Markets Outlook & Strategy, Colin Fenton et al.
Oil Markets Monthly, Colin Fenton et al.
Daily Metals Note, Colin Fenton et al.
Agriculture Weekly, Dietz et al.



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| Interest rates | | Current | Jun-13 | Sep-13 | Dec-13 | Mar-14 | YTD Return* |
|---|---|---|---|---|---|---|---|
| United States | Fed funds rate | 0.125 | 0.125 | 0.125 | 0.125 | 0.125 | |
| | 10-year yields | 1.85 | 2.00 | 2.10 | 2.25 | 2.35 | -0.5% |
| Euro area | Refi rate | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | |
| | 10-year yields | 1.29 | 1.55 | 1.70 | 1.80 | 1.90 | 0.0% |
| United Kingdom | Repo rate | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | |
| | 10-year yields | 1.77 | 2.40 | 2.50 | 2.55 | 2.60 | -0.1% |
| Japan | Overnight call rate | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | |
| | 10-year yields | 0.51 | 0.65 | 0.65 | 0.70 | 0.80 | 2.0% |
| GBI-EM hedged in $ | Yield - Global Diversified | 5.59 | | | | 5.70 | 0.1% |

| Credit Markets | Current | Index | YTD Return* |
|---|---|---|---|
| US high grade (bp over UST) | 159 | JPMorgan JULI Porfolio Spread to Treasury | -0.1% |
| Euro high grade (bp over Euro gov) | 165 | iBoxx Euro Corporate Index | 0.6% |
| USD high yield (bp vs. UST) | 496 | JPMorgan Global High Yield Index STW | 2.9% |
| Euro high yield (bp over Euro gov) | 633 | iBoxx Euro HY Index | 1.6% |
| EMBIG (bp vs. UST) | 305 | EMBI Global | -2.3% |
| EM Corporates (bp vs. UST) | 322 | JPM EM Corporates (CEMBI) | 0.5% |

| | | Quarterly Averages | | | | | |
|---|---|---|---|---|---|---|---|
| Commodities | Current | 13Q2 | 13Q3 | 13Q4 | 14Q1 | GSCI Index | YTD Return* |
| Brent ($/bbl) | 110 | 108 | 120 | 120 | 122 | Energy | -0.1% |
| Gold ($/oz) | 1595 | 1775 | 1800 | 1775 | 1800 | Precious Metals | -3.8% |
| Copper ($/metric ton) | 7577 | 8700 | 9000 | 9200 | 9400 | Industrial Metals | -6.1% |
| Corn ($/Bu) | 6.95 | 8.00 | 6.50 | 6.00 | | Agriculture | 0.0% |

| Foreign Exchange | Current | Mar-13 | Jun-13 | Sep-13 | Dec-13 | 3m Cash | YTD Return* CCY vs. USD |
|---|---|---|---|---|---|---|---|
| EUR/USD | 1.28 | 1.32 | 1.32 | 1.34 | 1.34 | EUR | -1.9% |
| USD/JPY | 94.1 | 94 | 97 | 97 | 96 | JPY | -9.0% |
| GBP/USD | 1.52 | 1.50 | 1.47 | 1.51 | 1.51 | GBP | -6.5% |
| AUD/USD | 1.05 | 1.04 | 1.05 | 1.06 | 1.07 | AUD | 1.3% |
| USD/BRL | 2.02 | 1.92 | 1.90 | 1.92 | 1.95 | BRL | 3.7% |
| USD/CNY | 6.2 | 6.28 | 6.25 | 6.2 | 6.15 | CNY | 0.7% |
| USD/KRW | 1113 | 1070 | 1060 | 1040 | 1020 | KRW | -3.6% |
| USD/TRY | 1.8 | 1.8 | 1.8 | 1.75 | 1.75 | TRY | -0.5% |

| Equities | Current | YTD Return (local ccy) |
|---|---|---|
| S&P | 1563 | 10.2% |
| Nasdaq | 3261 | 8.6% |
| Topix | 1037 | 22.8% |
| FTSE 100 | 6388 | 9.4% |
| MSCI Eurozone* | 154 | 1.9% |
| MSCI Europe* | 1214 | 6.6% |
| MSCI EM $* | 1032 | -1.8% |
| Brazil Bovespa | 56028 | -7.5% |
| Hang Seng | 22300 | -0.5% |
| Shanghai SE | 2236 | -2.4% |

*Levels/returns as of Mar 27, 2013

Local currency except MSCI EM $

| Sector Performance * | US YTD | Europe YTD | Japan YTD | EM YTD ($) |
|---|---|---|---|---|
| Energy | **10.5%** | 3.0% | 14.8% | -5.5% |
| Materials | 4.3% | -2.1% | 17.2% | -10.0% |
| Industrials | 10.0% | **8.3%** | 17.4% | **-1.3%** |
| Discretionary | **11.7%** | 5.9% | **24.6%** | -2.2% |
| Staples | **14.0%** | **13.8%** | **26.7%** | **1.2%** |
| Healthcare | **14.7%** | **14.7%** | **32.6%** | **1.9%** |
| Financials | **11.2%** | 3.5% | **26.3%** | **1.5%** |
| Information Tech. | 4.3% | **7.5%** | 16.4% | **0.8%** |
| Telecommunications | 9.1% | **7.2%** | **24.6%** | -5.1% |
| Utilities | **11.6%** | -0.3% | 12.3% | **1.0%** |
| **Overall** | **10.2%** | **6.6%** | **22.8%** | **-1.8%** |

Source: J.P. Morgan



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# Global Economic Outlook Summary

| | Real GDP | | | | Real GDP | | | | | | | Consumer prices | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | % over a year ago | | | | % over previous period, saar | | | | | | | % over a year ago | | | |
| | 2011 | 2012 | 2013 | 2014 | 3Q12 | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 3Q12 | 4Q12 | 2Q13 | 4Q13 |
| **The Americas** | | | | | | | | | | | | | | | |
| United States | 1.8 | 2.2 | **1.8** ↑ | 2.3 | 3.1 | **0.1** ↑ | **2.3** ↑ | 1.5 | 2.0 | 2.5 | 2.0 | 1.7 | 1.9 | 1.9 | 1.7 |
| Canada | 2.6 | 1.8 | 1.4 | 2.1 | 0.7 | 0.6 | 1.6 | 1.6 | 2.0 | 2.1 | 1.9 | 1.2 | 0.9 | 1.4 | 2.0 |
| Latin America | 4.2 | 2.6 | 3.4 | 3.8 | 2.0 | 3.4 | 3.0 | 4.0 | 4.2 | 3.7 | 3.9 | 4.7 | 4.7 | 5.0 | 4.7 |
| Argentina | 8.9 | 1.9 | 3.0 | 1.5 | 3.2 | 5.2 | 3.5 | 3.0 | 1.6 | 1.5 | 1.5 | 10.0 | 10.6 | 10.0 | 11.0 |
| Brazil | 2.7 | 0.9 | 3.0 | 4.0 | 1.5 | 2.2 | 2.7 | 3.7 | 4.4 | 3.9 | 4.2 | 5.2 | 5.6 | 6.4 | 5.9 |
| Chile | 5.9 | 5.6 | 5.5 | 4.5 | 5.0 | 6.1 | 6.0 | 5.1 | 4.8 | 4.5 | 4.5 | 2.6 | 2.2 | 2.2 | 3.1 |
| Colombia | 6.6 | 4.0 | 4.5 | 5.0 | -2.9 | 7.4 | 4.2 | 5.5 | 5.5 | 5.1 | 4.5 | 3.1 | 2.8 | 2.0 | 2.4 |
| Ecuador | 8.0 | 5.0 | 4.0 | 4.5 | 6.3 | 5.5 | 5.0 | 3.0 | 3.0 | 4.0 | 5.0 | 5.1 | 4.6 | 5.4 | 4.7 |
| Mexico | 3.9 | 3.9 | 3.6 | 3.6 | 1.5 | 3.1 | 3.9 | 4.5 | 4.6 | 4.0 | 3.5 | 4.6 | 4.1 | 4.0 | 3.4 |
| Peru | 6.9 | 6.3 | 6.0 | 6.5 | 6.9 | 2.5 | 5.0 | 7.0 | 7.5 | 6.0 | 6.5 | 3.5 | 2.9 | 2.3 | 2.5 |
| Uruguay | 5.7 | 3.5 | 3.7 | 4.0 | 7.8 | 2.3 | 4.0 | 3.0 | 5.0 | 5.0 | 4.0 | 8.0 | 8.9 | 8.4 | 7.7 |
| Venezuela | 4.2 | 5.6 | 2.0 | 3.0 | 5.2 | 5.7 | -4.0 | 2.0 | 2.0 | 2.0 | 4.0 | 19.0 | 18.7 | 31.0 | 35.7 |
| **Asia/Pacific** | 4.7 | 4.8 | 4.8 | **4.8** ↑ | 2.9 | 5.1 | **5.3** ↓ | **5.5** ↑ | 5.3 | 5.4 | 5.4 | 2.1 | 2.2 | 2.6 | 3.0 |
| Japan | -0.5 | 2.0 | 1.3 | 1.2 | -3.7 | 0.2 | 3.0 | 3.2 | 2.5 | 2.9 | 3.4 | -0.4 | -0.2 | 0.0 | 0.5 |
| Australia | 2.4 | 3.6 | 2.7 | 3.2 | 2.6 | 2.4 | 2.4 | 2.7 | 3.7 | 2.6 | 4.3 | 2.0 | 2.2 | 2.8 | 2.7 |
| New Zealand | 1.4 | 2.5 | 2.5 | 2.9 | 0.7 | 6.1 | 2.1 | 3.5 | -2.0 | 4.4 | 4.3 | 0.8 | 0.9 | 1.1 | 2.2 |
| Asia ex Japan | 7.4 | 6.2 | 6.7 | 6.7 | 5.9 | 7.7 | **6.7** ↓ | **6.9** ↑ | 6.9 | 6.9 | 7.0 | 3.2 | 3.4 | 3.7 | 4.2 |
| China | 9.3 | 7.8 | 8.2 | 8.0 | 8.0 | 9.4 | 8.0 | 8.2 | 8.2 | 8.2 | 8.0 | 1.9 | 2.1 | 3.0 | 3.6 |
| Hong Kong | 4.9 | 1.4 | 3.8 | 3.6 | 3.2 | 4.9 | 3.5 | 3.5 | 5.0 | 5.0 | 2.0 | 3.1 | 3.8 | 3.5 | 3.7 |
| India | 6.2 | 5.0 | 5.8 | 6.5 | 3.5 | 4.7 | 6.4 | 6.5 | 5.3 | 5.6 | 7.6 | 9.8 | 10.1 | 9.0 | 8.5 |
| Indonesia | 6.5 | 6.2 | 5.7 | 5.3 | 5.3 | 6.9 | 5.0 | 6.0 | 6.0 | 5.5 | 5.5 | 4.5 | 4.4 | 3.9 | 4.6 |
| Korea | **3.6** ↑ | 2.0 | 2.8 | 3.9 | 0.2 | **1.5** ↓ | 3.1 | 4.0 | 4.5 | 4.5 | 4.0 | 1.6 | 1.7 | 1.8 | 2.6 |
| Malaysia | 5.1 | 5.6 | **5.1** ↑ | 5.4 | 5.2 | 7.9 | **5.0** ↓ | 4.5 | **4.5** ↑ | **5.0** ↑ | 6.3 | 1.4 | 1.3 | 2.3 | 2.6 |
| Philippines | 3.9 | 6.6 | 5.3 | 5.3 | 7.0 | 6.1 | 4.5 | 4.9 | 5.3 | 5.3 | 5.3 | 3.5 | 3.0 | 3.1 | 3.4 |
| Singapore | 5.2 | 1.3 | **2.2** ↑ | **3.6** ↑ | -4.6 | 3.3 | **4.5** ↓ | **2.0** ↑ | **3.6** ↑ | 4.1 | 6.1 | 4.2 | 4.0 | **3.5** ↓ | **3.8** |
| Taiwan | 4.1 | 1.3 | 4.2 | 3.9 | 3.9 | 7.3 | 4.0 | 4.0 | 4.2 | 4.3 | 3.4 | 2.9 | 1.8 | 1.3 | 2.3 |
| Thailand | 0.1 | 6.4 | 5.4 | 4.5 | 6.1 | 15.0 | 4.5 | 4.5 | 5.0 | 5.0 | 4.5 | 2.9 | 3.2 | 4.2 | 4.0 |
| **Africa/Middle East** | | | | | | | | | | | | | | | |
| Israel | 4.6 | 3.1 | 3.1 | 3.3 | 2.7 | 2.4 | 3.2 | 2.8 | 3.6 | 3.6 | 3.2 | 1.8 | 1.6 | 1.9 | 2.2 |
| South Africa | 3.5 | 2.5 | 2.6 | 3.6 | 1.2 | 2.1 | 2.7 | 2.8 | 3.4 | 3.6 | 3.8 | 5.1 | 5.6 | 6.2 | 5.7 |
| **Europe** | **2.0** ↑ | **0.1** ↑ | 0.1 | 1.7 | 0.5 | -1.6 | -0.3 | 0.3 | 1.2 | 1.5 | 1.8 | 3.2 | 3.0 | 2.5 | 2.4 |
| Euro area | 1.5 | -0.5 | -0.6 | 1.2 | -0.3 | -2.3 | -0.5 | -0.5 | 0.5 | 1.0 | 1.5 | 2.5 | 2.3 | 1.6 | 1.5 |
| Germany | 3.1 | 0.9 | 0.6 | 2.1 | 0.9 | -2.3 | 1.5 | 1.0 | 1.8 | 2.0 | 2.5 | 2.1 | 2.0 | 1.6 | 1.6 |
| France | 1.7 | 0.0 | -0.7 | 1.0 | **0.6** ↑ | **-1.1** ↓ | -1.3 | -1.3 | 0.0 | 0.5 | 1.5 | 2.3 | 1.7 | 1.1 | 1.2 |
| Italy | 0.5 | -2.4 | -1.6 | 0.7 | -0.8 | -3.7 | -1.5 | -1.5 | 0.0 | 0.5 | 1.0 | 3.4 | 2.6 | 1.7 | 1.8 |
| Spain | 0.4 | -1.4 | -1.7 | 0.5 | -1.3 | -3.1 | -1.8 | -1.8 | -0.8 | -0.8 | 0.0 | 1.9 | 3.2 | 2.6 | 2.6 |
| United Kingdom | **0.9** ↑ | **0.2** ↑ | 0.8 | 1.9 | **3.9** ↓ | **-1.0** ↓ | 0.5 | 1.0 | 1.5 | 2.0 | 2.0 | 2.4 | 2.7 | 2.8 | 2.9 |
| Emerging Europe | 4.8 | 2.4 | 2.3 | 3.4 | 1.3 | 1.5 | 0.2 | 3.1 | 3.9 | 3.1 | 3.0 | 6.1 | 5.7 | 5.5 | 4.8 |
| Bulgaria | 1.8 | 0.8 | 1.2 | 1.7 | … | … | … | … | … | … | … | … | … | … | … |
| Czech Republic | 1.9 | -1.3 | -0.2 | 1.9 | -1.8 | -0.7 | -0.1 | 0.5 | 1.0 | 1.0 | 2.0 | 3.3 | 2.8 | 2.2 | 2.4 |
| Hungary | 1.6 | -1.7 | -0.7 | 1.4 | -1.4 | -3.4 | -0.3 | 0.3 | 1.2 | 1.5 | 1.5 | 6.1 | 5.4 | 2.9 | 2.8 |
| Poland | 4.3 | 2.0 | 1.3 | 2.6 | 1.2 | 0.8 | 1.1 | 1.6 | 2.3 | 2.8 | 2.8 | 3.9 | 2.9 | 1.0 | 1.8 |
| Romania | 2.2 | 0.3 | 1.9 | 2.3 | -1.0 | 0.3 | 0.8 | 3.9 | 5.9 | 2.8 | 1.6 | 4.1 | 4.8 | 6.3 | 5.1 |
| Russia | 4.3 | 3.4 | 2.5 | 3.6 | 2.2 | 2.5 | 0.0 | 4.0 | 4.8 | 3.5 | 3.5 | 6.0 | 6.5 | 6.8 | 5.5 |
| Turkey | 8.5 | 2.6 | 3.7 | 4.5 | … | … | … | … | … | … | … | 9.0 | 6.8 | 6.7 | 6.3 |
| **Global** | 3.1 | 2.4 | 2.4 | 3.1 | 2.1 | 1.6 | 2.6 | 2.7 | **3.0** ↑ | 3.3 | 3.3 | 2.5 | 2.5 | 2.6 | 2.6 |
| Developed markets | 1.4 | 1.2 | 0.9 | 1.8 | 0.9 | **-0.6** ↑ | **1.4** ↑ | 1.1 | 1.6 | 2.0 | 2.1 | 1.7 | 1.7 | 1.6 | 1.6 |
| Emerging markets | 6.1 | 4.7 | 5.1 | 5.4 | 4.2 | 5.7 | **4.8** ↓ | **5.5** ↑ | 5.7 | 5.5 | 5.6 | 4.0 | 4.1 | 4.3 | 4.4 |

Source: J.P. Morgan



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**From**: Daniel Sabba [redacted]
**Sent**: 1/9/2015 1:53:22 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fw: EOD Commodities Note - 8 Jan [C]
**Attachments**: image001.jpg; image002.png

**Importance**: High

Classification: Confidential

Vol in crude continues to collapse

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**From:** Prateek Jain
**Sent:** 01/08/2015 09:15 PM GMT
**Subject:** EOD Commodities Note - 8 Jan

**Oil**

A relatively quiet day in Crude today. We hovered around unchanged for most of the day before selling off in the afternoon and testing 50$ BRE again. However, we failed to break it and rallied towards unchanged for the close, perhaps off the back of some index buying. Newswise, Feb Azeri BTC loadings will be up a whopping 11% m/o/m to 821kbd. Interestingly, there is apparently some floating storage interest happening as well, as some major phys trading firms have booked long term tankers for this as long term charter rates are cheaper and thus make the economics of storage look good. The window was again weak with ekofisk and brent offered down a bit. In other news, RTRS cites GCC "sources" saying that there is no chance of OPEC cut even though oil has dipped to 50$...Stateside, we learned yesterday that the Seaway Twin is moving 100% heavy crude. Furthermore, USGC diffs weakened again, with LLS now trading 1$ above WTI. In the morning WTI spreads were quite bid, but that abated towards the end of the day. The arb did however stay bid throughout the day, as the fact that LLS/WTI is tight at 1$ means that there is more room BRE to discount vs LLS so as to place those Jan and Feb overhang cargoes in the US. In politics land, the Senate committee voted 13-9 to have Keystone "bypass" presidential approval. So if the Senate passes this bill (which it should as it has 60 co sponsors), Obama may have to veto it. It is not clear that the Senate has 67 votes needed to overturn the veto, so this should be interesting to follow...In products land, distillate bounced back a bit after yesterday's post stats ugly showing, perhaps off the realization that the stats didn't add up along with the extremely cold weather giving NG a (rare) bid as well...

**Oil Vols**

Another day of carnage in oil vols today. Early morning NY vols were down 0.4-0.5 through the curve, but a one way selling streak started just before the open and all the bids out there started getting hit. As an example Dec5 atm straddles started the day 1465/1505, were 1405/1450 at 9am, and were 1350/1390 later in the day. Within 2 hours of open, vols were down about 3 vols across the curve..and stayed there for most of the day till about 1:30pm when futures took a quick leg lower.. prompt vols traded 1.5% higher than close at that time and Jun5 was up 2% from the lows. However, with a quick rally back vols started fading again and ended 1.5-2.5 lower.
Wings got smashed again and put skew collapsed quickly. 8000 lots of $40puts in WTI Mar15 were sold on the screen, which is quite an impressive volume outside floor trading..

| | WTI (/change) | | BRE (/change) | |
|---|---|---|---|---|
| G15 | 50.40% | -1.60% | 44.00% | -2.60% |
| H15 | 45.50% | -2.40% | 43.70% | -1.10% |
| M15 | 41.40% | -2.10% | 38.20% | -2.60% |
| Z15 | 35.15% | -1.60% | 33.10% | -2.15% |
| Z16 | 28.60% | -2.00% | 28.50% | -1.80% |

**Index**

No rhyme or reason to flat price action today.

Energy up, precious down, ags down, softs up, base mixed.
Contributing to the choppy action was day one the SPGS and BCOM index rebalance and it was quite choppy during the closing bell.
Estimated rebalance numbers are next to today's performance grid. Only 4 more days to go.....Sean Kemery

| | | | |
|---|---|---|---|
| + NGG5 | 2.949 | +.078 | +2.72% |
| + CLH5 | ↑49.33 | +.25 | +.51% |
| + COH5 | ↑52.03 | -.14 | -.27% |
| + XBG5 | ↑133.98 | +.22 | +.16% |
| + HOG5 | ↑170.50 | +.51 | +.30% |
| + QSG5 | ↑490.00 | +5.00 | +1.03% |
| precious | | | |
| + GCG5 | ↑1207.50 | -3.20 | -.26% |
| + SIH5 | ↓16.335 | -.209 | -1.26% |
| + PLF5 | s1221.70 | +1.00 | +.08% |
| grains | | | |
| + KWH5 | s607¾ | -12¼ | -1.98% |
| + W H5 | s567 | -12½ | -2.16% |
| + C H5 | s394¼ | -2 | -.50% |
| + S H5 | s1048¼ | -8 | -.76% |
| + SMH5 | s347.20 | -6.80 | -1.92% |
| + BOH5 | s33.76 | +.60 | +1.81% |
| meats | | | |
| + LCJ5 | 161.725 | -3.000 | -1.82% |
| + FCH5 | 216.300 | -4.025 | -1.83% |
| + LHJ5 | 80.300 | -1.575 | -1.92% |
| softs | | | |
| + CTH5 | s60.56 | +.13 | +.22% |
| + SBH5 | s14.88 | +.10 | +.68% |
| + KCH5 | s176.90 | +1.85 | +1.06% |
| + CCH5 | s2986 | +74 | +2.54% |
| base | | | |
| + HGH5 | ↑276.95 | +1.10 | +.40% |
| LMCADS03 | s6104.00 | -11.00 | -.18% |
| LMAHDS03 | s1832.00 | +42.00 | +2.35% |
| LMNIDS03 | s15550.00 | -- | -- |
| LMZSDS03 | s2160.00 | +27.00 | +1.27% |

| Commodity | Total |
|---|---|
| WTI Crude | 14,801 |
| Brent Crude | 46,197 |
| Heating Oil ULSD | 6,713 |
| Unleaded Gas RBOB | 12,303 |
| Natural Gas | 18,340 |
| Gas Oil | (13,566) |
| Aluminum ( primary ) | (16,404) |
| Copper LME | 393 |
| Copper CME | (305) |
| Nickel | (4,213) |
| Zinc | (6,504) |
| Lead | 484 |
| Gold | (7,599) |
| Silver | 2,671 |
| Wheat | (10,993) |
| Wheat(HRW- Hard red winter) | (2,921) |
| Cocoa | 204 |
| Coffee 'C' | (17,223) |
| Corn | (18,625) |
| Cotton No.2 | 4,515 |
| Soybean | 5,065 |
| Sugar | (8,165) |
| Soy Meal | 1,917 |
| Soy Oil | (2,228) |
| Feeder Cattle | 1,064 |
| Live Cattle | (14,602) |
| Lean Hog | (2,759) |

**Base Metals**

| 3m lvls | dod change | support | resistance |
|---|---|---|---|
| Al $1832 | +$42 | $1800 | $1900 |
| Cu $6101 | -$11 | $6000 | $6200 |
| Zn $2160 | +$27 | $2125 | $2200 |
| Ni $15,550 | +$0 | $15,000 | $15,650 |
| Pb $1851 | +$1 | $1830 | $1900 |

The base complex was up in the morning, with most metals rallying around 12:30, retracing in the afternoon then rallying to the close. Gains in stock markets, Fed confidence in the US economy and the increasing likelihood of aggressive stimulus in Europe are holding up the complex, but the re-wieghting of commodity indexes is likely to result in a sell off in Nickel Ali and Zinc between 8-14 Jan. Aluminium prices recovered as shorts were covered. Commerzbank expects to see a further rebound in coming days.Copper prices are suffering due to the sell off in the energy

market. Nitaxis sees the Chinese Stare Reserve Bureau cutting its purchases from 600-700 kMT in 2014 to ~300 kMT in 2015 as domestic supply catches up with demand. Zinc open interest is looking very high leading Macquarie to suggest that prices may be going down this quarter.

Shanghai Aluminium on warrant stocks are down 3.52% to 46.9 kMT. LME Aluminium on warrant stocks are flat at 1852.2 kMT. Shanghai Copper on warrant stocks are up 0.97% to 31.1 kMT. LME Copper stocks are up 0.67% to 155.1 kMT. LME Nickel stocks are down 1.21% to 324.4 kMT.
Copper Vols are up 0.28% in the front, Ali Vols unch, Nickel Vols are unch in the front, up 0.27% in the back, Lead and Zinc Vols unch

***Upcoming Data***
*8/1- EC Consumer Confidence-Surv -10.9, Actual -10.9, Prior -10.9*
*8/1- US Initial Jobless Claims-Surv 290k, Actual 294k, Prior 298k*

Regards,
Prateek

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**From:** Faith Kates [redacted]
**Sent:** 3/27/2015 2:34:05 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Google Alert - jeffrey epstein sex scandal

**Importance:** High

What a piece of shit!!!

Sent from my iPhone

Begin forwarded message:

**From:** Google Alerts <googlealerts-noreply@google.com>
**Date:** March 26, 2015 at 4:05:39 PM EDT
**To:** <[redacted]>
**Subject: Google Alert - jeffrey epstein sex scandal**

# jeffrey epstein sex scandal

Daily update · March 26, 2015

NEWS

## Modeling agency owner alleges he lost business after **Epstein sex scandal**

Reuters

(Reuters) - A modeling agency owner is suing U.S. financier and convicted **sex** offender **Jeffrey Epstein**, claiming that Epstein's high-profile legal ...

Flag as irrelevant

## Will Jeff **Epstein** end Hillary's presidential bid?

Beaufort Observer

What was Bill Clinton doing on the island with Mr. Epstein on multiple ... some notable success—have been implicated in the Epstein **scandal** too.) ... For those of you who haven't heard much about the **Jeffrey Epstein**, he is a ... for **sex** crimes, Philip Weiss wrote anastonishing story about Mr. Epstein in ...

 Flag as irrelevant

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Receive this alert as RSS feed

Send Feedback

**From:** Daniel Sabba [redacted]
**Sent:** 3/31/2015 8:06:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Vahe Stepanian [redacted], Ariane Dwyer [redacted]]
**Subject:** FW: EOD Commodities Note - 31 Mar

**Importance:** High

---

**From:** Prateek Jain
**Sent:** Tuesday, March 31, 2015 4:06 PM
**Subject:** EOD Commodities Note - 31 Mar

**OIL**

All eyes on Iran talks today which were extended by a day into Wednesday. Earlier in the day, a US official suggested that negotiation may continue another day past deadline if 'it's useful to do so'. Another Russian official commented that a deal was 'closer and closer'. This optimism about an agreement, at least on some points, weighed heavily on oil today with Brent dropping 2.5%. In my opinion, even if the talks end positively with agreement on key points, the deal has been softened enough compared to what was originally sought by President Obama, and is going to face a tough challenge being approved by a skeptical Congress, which is in fact proposing to impose new sanctions on Iran.

Nigeria's elections ended today easing the political tension, with the ex-military ruler Buhari's winning against the incumbent President. In short term, this eased any immediate violence concerns in the country, but this shift in power can lead to the movement of the Boko Haram violence to southern oil producing region of Nigeria and any developments there need to be carefully watched. In other news, Yemen rebels seized military base at Bab el-Mandeb, overlooking the key shipping route while Saudi-led coalition kept bombing Houthi occupied sites..

Vols were stronger with wings being bought aggressively today as oil can move quickly away from current levels depending on Iran deal outcome.. overall vols gained about 1% across the curve

| | WTI (/change) | | BRE (/change) | |
|---|---|---|---|---|
| K15 | 52.50% | +1.45% | 51.10% | +1.05% |
| M15 | 51.20% | +2.10% | 47.90% | +0.90% |
| Z15 | 37.10% | +1.00% | 35.15% | +0.70% |
| Z16 | 26.20% | +0.10% | 26.40% | +0.55% |

**Metals**

| 3m lvls | dod change | support | resistance |
|---|---|---|---|
| Al $1785 | -$12.5 | $1750 | $1800 |
| Cu $6041 | -$41 | $6000 | $6300 |
| Zn $2081 | -$28 | $2000 | $2100 |
| Ni $12,395 | -$485 | $12,000 | $13,000 |
| Pb $1820 | -$5 | $1800 | $1900 |

The base complex traded down in the morning then picked up on improving customer confidence only to crash off again at close. China has reduced the deposits required from home buyers for the second time in 6 months in an attempt to boost sliding house prices, which should have knock on effects in the copper and nickel markets. Nickel continues its slide as CTA funds have sold off heavily on the supply crunch failing to materialize and demand from the stainless steel market evaporating. Nickel ore supplies are also returning from the Philippines as the rainy season ends, adding further supply pressure. Chinese NPI producers are cutting production, selling stocks or attempting to secure loans on the back of stocks in warehouses. Rio Tinto have resolved the their tax dispute with the Mongolian government over the Oyu Tolgoi copper mine but financing still needs to be negotiated over phase II of the development there. Zambia's Mining

and finance ministers have indicated that they may consider temporarily reverting to the old tax regime or making deals on a mine by mine basis as the IMF applaud their efforts to compromise and encouraged them to implement a transparent system that applies to all mines. Vietnam is expected to increase its aluminia output by 20% to 650kMT/year as its first plant reaches full capacity this month.

Shanghai Aluminum on warrant stocks are flat at 108.1 kMT. LME Aluminum on warrant stocks are flat at 1888 kMT Shanghai Copper on warrant stocks are flat at 86.7 kMT. LME Copper stocks are up 0.11% to 252 kMT. LME Nickel stocks are up 0.41% to 332 kMT.
Copper Vols are down 0.5%, Ali Vols are down 0.25%, Nickel Vols are up 1%, Lead Vols are unch Zinc Vols are unch

***Upcoming Data***
*30/3-Chicago PMI-Surv 51.7%, Actual 46.3%, Prior 45.8%*
*30/3-US Consumer Confidence Index -Surv 96.4, Actual 101.3, Prior 96.4*

Regards,
Prateek

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**From:** Daniel Sabba [redacted]
**Sent:** 7/21/2015 1:31:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** on trump [C]
**Attachments:** image001.jpg

**Importance:** High

Classification: **Confidential**

http://fivethirtyeight.com/features/donald-trump-is-the-worlds-greatest-troll/

thought provoking stats

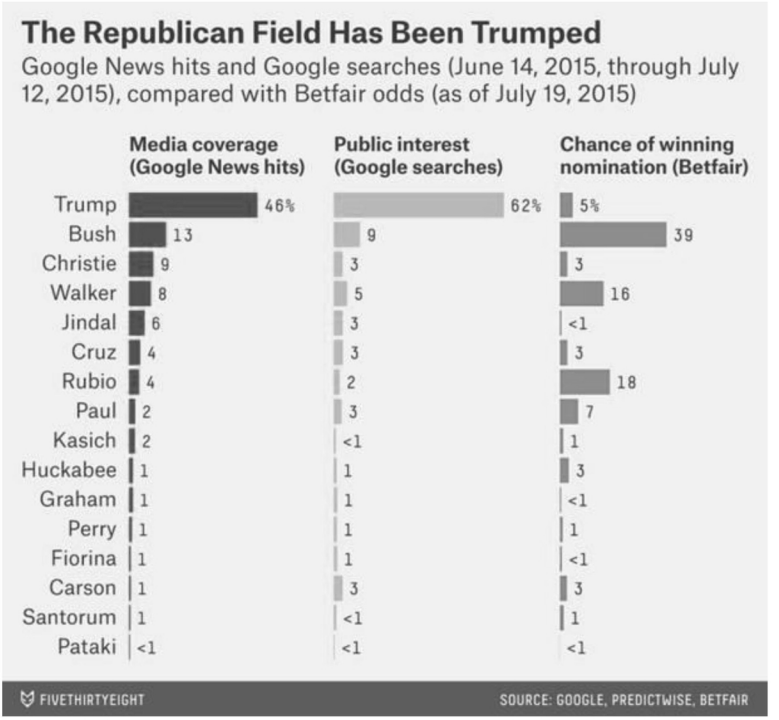


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**From:** Richard Kahn [redacted]
**Sent:** 9/20/2016 7:58:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: US Equity Insights - Clinton vs Trump stock baskets
**Attachments:** 0900b8c08bbd7ff1_4.jpg

**Importance:** High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cel

Begin forwarded message:

**From:** Stewart Oldfield <[redacted]>
**Subject: FW: US Equity Insights - Clinton vs Trump stock baskets**
**Date:** September 20, 2016 at 9:25:31 AM EDT
**To:** Richard Kahn <[redacted]>

<!--[if mso 9]--> <![endif]-->

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**From:** David Bianco, Deutsche Bank [mailto:[redacted]]
**Sent:** Friday, September 16, 2016 6:47 PM
**To:** Stewart Oldfield
**Subject:** US Equity Insights - Clinton vs Trump stock baskets

**Deutsche Bank - Equity Research - North America**

**US Equity Insights - Clinton vs Trump stock baskets**

16 September 2016 (26 pages/ 2739 kb)

Download the complete report

**Clinton vs. Trump: A sweep by either party would likely rattle markets**

Our S&P targets and sector strategy assume a balanced outcome from the US general election on Nov 8th that maintains the current split in power. However, if Democrats keep the Presidency and take Senate or Republicans take the Presidency and keep Senate, it likely brings policy uncertainty and market volatility. Longer-term, it will be the policies and implementation that will influence markets, which both parties, many individuals and circumstances will craft. This note identifies sectors, industries and stocks that we think would be price sensitive to an unbalanced election outcome tilted toward one party.

### Dividing issues: Taxes, trade, favored infrastructure types and monetary policy

It's difficult to pin down specific policies from either candidate, but on several economic issues their general bias is clear. These issues include taxes, trade deals, favored types of infrastructure – such as green vs conventional energy, preference for monetary policy, and also their expressed views on industries such as Health Care and Energy. It is the gist of the candidate's preference on these issues that we used to identify sectors and stocks sensitive to a sweep.

### Big banks might outperform small banks and oil might go down on Rep sweep

While many of our conclusions align with conventional judgment, we think we differ in that we think a Rep sweep could: 1) be good for some domestic oil producers, as it should permit more drilling, but negative to the recovery in oil and gas prices, as more supply, and thus negative for the broad Energy sector, 2) bring somewhat faster Fed hikes and a stronger dollar than otherwise, 3) the first two could lead to lower inflation and a flatter yield curve than otherwise would be. One could argue that Trump sized tax cuts and an infrastructure and defense spending spree would steepen the curve, but we think this unlikely while Republicans control the House. If Fed hikes bring yield curve flattening then big banks and capital markets likely outperform small banks and insurance companies. Slow hikes that allow inflation to accelerate and steepen the curve might favor smaller banks and insurance, but this could pressure PEs at non-financials. If the Fed falls too far behind the curve, higher long-term rates could threaten the stock market, real estate and the overall economy.

### Equity strategy election themes: Party sweep better for investor confidence on

Taxes-R, Trade-D, Infrastructure-R/D, Faster Fed hikes-R, Higher inflation target-D, Steeper curve-D, stronger dollar-R, stock market-R/D, large caps-R, small caps-D, globally exposed S&P stocks-R, domestically exposed S&P-D, higher commodity prices-D, lighter regulations-R, foreign profit repatriation-R.

### Industry pair trades and ETF ideas for Democratic vs. Republican Sweep

1) Favor Health Care Services & Facilities over Drugs & Medical Devices

2) Favor Engineering & Construction over Defense stocks

3) Favor Small Banks & Life Insurance over Big Banks and Capital Mkts

4) Favor Energy majors over Oil Services and smaller domestic E&Ps

5) Favor Clean Energy & Social Media over Cheap Energy & Telco/Cable

6) Favor Metals & Mining over Chemicals & Construction Materials

Dem: IHF, GEX, XME, SOCL, IWM, KBE. Rep: XPH, IHI, XOP, IGF, ITA, IYZ, VGT, XLF

Clinton 15 stock basket (DBUSCLNT): UNH, HUM, MCK, ACM, PWR, XOM, AA, NEE, CREE, FSLR, FB, NFLX, PRU, C, UNP

Trump 15 stock basket (DBUSTRMP): JNJ, PFE, MDT, NOC, LLL, HAL, DOW, DUK, F, MLM, VZ, CMCSA, SCHW, WFC, DAL

David Bianco[redacted]
Ju Wang +1
Winnie Nip +
Please visit our group webpage at
https://gm.db.com/welcome.html?/ger/analyst/Analyst.eqsr?analystID=39531

Click/ copy this link into a browser to access the report: http://pull.db-gmresearch.com/p/1997-6822/54759794/0900b8c08bbd7ff1.pdf. If you have any difficulty accessing the report, please forward this email with the word 'PDF' in the subject line to GMResearch.Subscriptions@db.com. After 90 days you can access the report on our web site: http://gm.db.com.

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**From**: paul krassner [redacted]
**Sent**: 2/10/2017 3:43:30 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: hey hey
**Attachments**: default.gif

**Importance**: High

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US

# ‘He doesn’t like this sh*t’: Trump reportedly hates his job and his staff after less than a month

**TRAVIS GETTYS**
**10 FEB 2017 AT 08:38 ET**

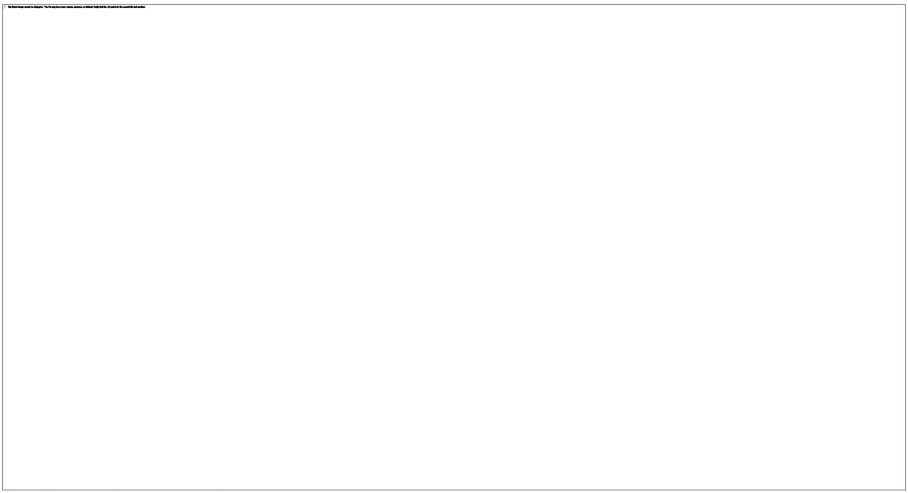

*Donald Trump (screen capture)*

**DON'T MISS STORIES. FOLLOW RAW STORY!**

After just three weeks on the job, President Donald Trump is reportedly frustrated with the realities of trying to run the U.S. government the way he manages his family-owned business.

**Politico interviewed** nearly two dozen people who have spent time with the former real estate developer and reality TV star since his inauguration — and they said Trump's "mood has careened between surprise and anger as he's faced the predictable realities of governing," according to the report.
"The interviews paint a picture of a powder-keg of a workplace where job duties are unclear, morale among some is low, factionalism is rampant and exhaustion is running high," Politico reported. "Two visitors to the White House last week said they were struck by how tired the staff looks."

Trump would like to shake up his White House staff less than a month into the job but knows it's too soon, the website reported, and aides joke that the president would like to spend even more time golfing at his Mar-A-Lago resort.

Sources close to Trump said he's infuriated by the profusion of leaks revealing his confrontational phone calls with world leaders and the herky-jerky inner workings of the White House.

The White House has launched an investigation of those leaks that appears to be focused on the National Security Council, based on the Politico report.

NSC staffers have been instructed to cooperate with the inquiry, and the administration may tighten the inner circle of aides who have access to the calls and their transcripts, the website reported.

A culture of fear and paranoia is developing, pitting the president and his allies against career NSC staff assigned from other agencies.

The Trump circle believe those career bureaucrats are out to get them, while NSC staffers are concerned the president isn't up to the job and resent the politicization of the agency by appointing Bannon to the council.

Staffers fear Kushner because he's so close to the president, and they aren't really sure of his official role in the White House.

For his part, Kushner is furious at reports that New Jersey Gov. Chris Christie has been saying he will join the White House as part of a "second wave" after the president's son-in-law got him banished from the transition team as retribution for prosecuting his father.

Sources said Trump often asks simple questions about his job, and he usually changes the subject when discussions become too detail-oriented to make it seem as if he's in control, said one senior government official.

Trump prefers to hand off detailed questions to his son-in-law, Jared Kushner, or to chief strategist Steve Bannon or House Speaker Paul Ryan, the website reported.

Those sources also revealed that Trump has privately expressed disbelief that judges, bureaucrats and lawmakers are able to halt him from filling government positions or implementing policies.

"He doesn't like this sh*t," a source told Politico, referring to the **difficulties** Trump faced in getting one of his top fundraisers, Anthony Scaramucci, appointed to a job in the West Wing.
However, sources said Trump appears to enjoy showing visitors around the Oval Office, where he spends most of his working hours, and keeping tabs on how his staffers look on TV news.

**From**: paul krassner [redacted]
**Sent**: 7/21/2017 4:13:33 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: hey

**Importance**: High

J. or Jeff or Jeffrey,

Hope things are going well for you.

I finally finished trimming down my collection from 700 pages to 400, "60 Years of Investigative Satire: The Best of PK." The piece below is the last one in the book. You've previously seen the first half.

Enjoy,
Paul or Zen Bastard or Rumpleforeskin

## Alternative Facts

Between the choice of a one-man-one-vote (Supreme Court Justice Antonin Scalia) and fake news of Weapons of Mass Destruction, invasion of Iraq, and horror of ISIS, George Bush was elected president in the year 2000. It was due to the electoral college (a rigged system which originally intended to prevent slaves from voting and evolved to gerrymandering), even though Bush's opponent, Al Gore, won the national popular vote.

Hillary Clinton was elected senator that year, and she announced that the first thing she would do was to get rid of the electoral college. A few years later, as a columnist for the *New York Press*, I sent her a letter asking about the status of that promise. She didn't reply.

On November 8, 2016, a crooked businessman, liar extraordinaire, bragging pussy-grabber, make-America-white-again, anti-choice, anti-Semite, fake Christian, climate-change hoaxer, twitter addict, homophobic, apprentice politician, friendly fascist, and Vladimir Putin's "useful idiot," namely Donald Trump, who was elected as an insanely narcissistic dictator based on the electoral college, whereas his opponent, Hillary Clinton, won the national popular vote by "more than three million" individuals.

Irony lives.

But an incredibly cruel monster inadvertently awakened a sleeping population to counteract the essence of evil with love, laughs, and law, fueled by the aid of true news. Incidentally, Putin had 88 journalists murdered. No

wonder Trump told him, “It’s an honor to be with you.” Now Putin wanted new Obama’s sanctions on Russia to be reprieved.

National Security Adviser Michael Flynn had discussed it with the Russian ambassador a month before Trump took office. Although General Flynn joined his campaign and shared criminal secrets, he denied them to the FBI. It was a felony offense. The Justice Department warned Trump that Flynn had misled Mike Pence, and that Flynt could be vulnerable to blackmail. Trump asked Flynn to resign, and yet he offered his job back when he got out of prison. Why? Because Flynt was the scapegoat, taking the fall for the president and vice-president. He preferred a trial with immunity since they knew. Pence said Flynt lied and that itself was a lie.

If Trump and Pence were both to be kicked out of the White House, the next in line would be the Speaker of the House, Paul Ryan. Steve Bannon has described him as “a limp-dick motherfucker who was born in a petri dish at the Heritage Foundation.” It takes one to know one. Indeed, Bannon said he wanted to destroy Ryan.

Hallelujah!

**From:** Michael Wolff [redacted]
**Sent:** 10/9/2017 1:18:25 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: How's it looking...?

**Importance:** High

---------- Forwarded message ----------
From: **Steve Bannon** <[redacted]>
Date: Sun, Oct 8, 2017 at 10:38 PM
Subject: Re: How's it looking...?
To: Michael Wolff <[redacted]>

Can't make tomorrow

Can we resked for when he returns

On Oct 8, 2017, at 10:53 AM, Michael Wolff <[redacted]> wrote:

JE leaves for Paris tomorrow at 9:30AM. Could meet before or tonight.
On Sun, Oct 8, 2017 at 10:47 AM Michael Wolff <[redacted]> wrote:
Yes!

On Sun, Oct 8, 2017 at 10:46 AM Steve Bannon <[redacted]> wrote:
Did u see prince in nyt and djt tweets on corker???

On Oct 8, 2017, at 10:46 AM, Michael Wolff <[redacted]> wrote:

Sure. Give me a target window?
On Sun, Oct 8, 2017 at 10:43 AM Steve Bannon <[redacted]> wrote:
I'm in CT w/ donors to my revolution now all day...can we meet tomorrow?
Sent via BlackBerry by AT&T

---

**From:** Michael Wolff[redacted]
**Date:** Sun, 8 Oct 2017 09:42:39 -0400
**To:** Steve Bannon[redacted]
**Subject:** How's it looking...?

lemme know

**From:** [redacted]
**Sent:** 10/12/2017 6:36:24 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Attachments:** image_6546160.JPG

**Importance:** High

OMG!!! Columbia university is so political involved and has such a strong feminists influence !!!
Today we judged Clinton about scandal with Monica Lewinsky, judged Hillary that she hasn't left him, and judged Vladimir Putin ...we actually mention him every day..😑

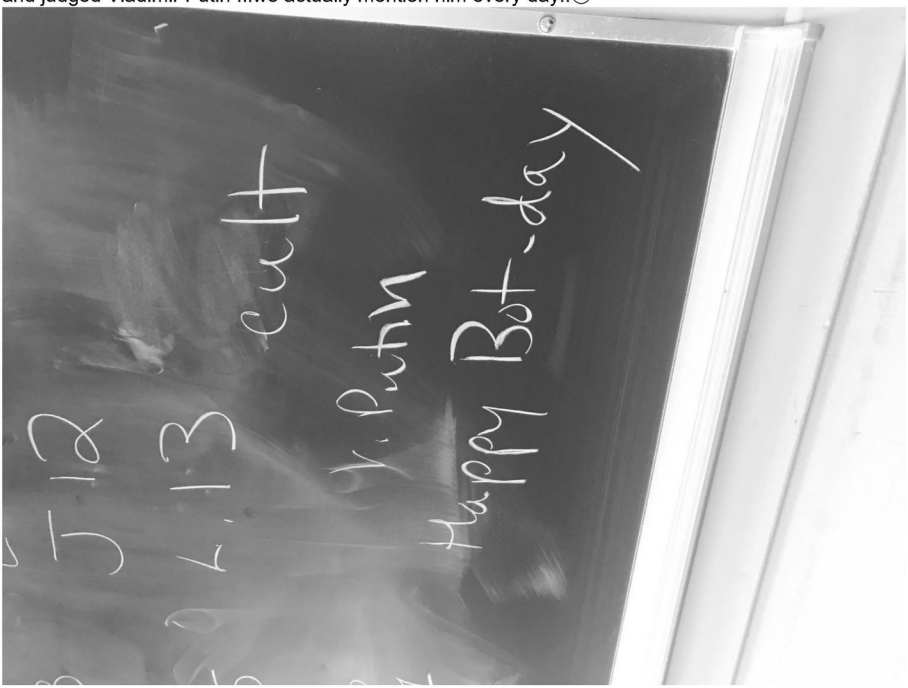

Bruce Wasserstein, who paid $55 million.[6] In 2004, Epstein and Zuckerman committed up to $25 million to finance *Radar*, a celebrity and pop culture magazine founded by Maer Roshan. Epstein and Zuckerman were equal partners in the venture, and Roshan, as its editor-in-chief, retained a small ownership stake.[7]

Since all but one of his financial clients are anonymous, it has been speculated that much of Epstein's lavish lifestyle was once financed by Wexner.[5] In September 2002, he flew Bill Clinton, Kevin Spacey and Chris Tucker to Africa in his private Boeing 727 to promote the former president's anti-AIDS efforts.[5][*better source needed*]

He is also a longtime friend of Prince Andrew, Duke of York; they have stayed

**From:** Sultan Bin Sulayem [redacted]
**Sent:** 6/1/2018 10:54:16 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Steve Bannon's clever idea to save the GOP from brutal midterms

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** Fareed Zakaria GPS [redacted]
**Date:** June 2, 2018 at 2:26:50 AM GMT+4
**To:** Fareed Zakaria GPS <[redacted]>
**Subject: Steve Bannon's clever idea to save the GOP from brutal midterms**

Please scroll down or click here to read my latest Washington Post column.

**Steve Bannon's clever idea to save the GOP from brutal midterms**
By Fareed Zakaria, Friday, June 1, 2018

ROME -- The Republican Party faces dim prospects in the midterm elections. But it doesn't have to be that way, says Stephen K. Bannon, the chief ideologist of the populist wave that brought Donald Trump into the White House. "If the Republicans continue on the path they are on," Bannon told me Thursday, "they will lose 40 seats in the House and President Trump will be impeached." He presented an alternative that strikes me as clever, and it's a strategy that Trump himself seems to instinctively get.

Bannon was in Rome to learn from and provide support to the unusual coalition of populists and nationalists who together won half the vote in Italy's recent elections and are now set to govern. Bannon sees that sort of coalition — mixing left and right, old and young — as his goal for the United States. "Europe is about a year ahead of the United States. . . . You see populist-nationalist movements with reform [here]. . . . You could begin to see the elements of Bernie Sanders coupled with the Trump movement that really becomes a dominant political force in American politics." (This column draws on an on-air interview he did with me for CNN, as well as a subsequent conversation.)

The Republican Party's strategy, for now, appears to be to make the midterm elections a series of local contests focusing on the tax cut and the healthy economy. Bannon views this as fundamentally misguided. "You have to nationalize the election," he said. Bannon understands that voters are moved from the gut more than through a wonky analysis of taxes. "This is going to be an emotional [election] — you're either with [House Minority leader] Nancy Pelosi or you're with Donald Trump. . . . Trump's second presidential race will be on Nov. 6 of this year."

Bannon is most focused on the issue of immigration because it hits both the heart and the head. "Immigration is about not just sovereignty, it's about jobs." He believes that the Trump coalition can attract up to a third of Sanders supporters who see trade and immigration as having created unfair competition for jobs, particularly for working-class blacks and Hispanics. He advocates appealing directly to those voters, saying, "You're not going to be able to take the Hispanic and black community from the STEM system in grammar school to our best engineering schools . . . to the great jobs in Silicon Valley, unless you start to limit these H-1B visas and this unfair competition . . . from East Asia and South Asia."

Now this strikes me as entirely wrong. The reason that not enough Hispanic and black students end up in Silicon Valley has much more to do with a broken education system, particularly for poorer kids, than the modest number of skilled Asian immigrants who get work visas. The most likely result of limiting these visas is that talented immigrants will simply

go elsewhere — Canada, Britain, Australia — and start successful companies there. And, in fact, there is lots of evidence this is already happening.

But Bannon is right that this is a brilliant electoral strategy. The idea of greater immigration controls has an undeniable mainstream appeal. The Democratic Party is too far to the left on many of these issues, embracing concepts such as sanctuary cities, which only reinforces its image as a party that is more concerned with race, identity and multiculturalism than the rule of law.

Where Bannon is analytic and historical, Trump is instinctive. But the president appears to see the situation similarly. I wrote last month that Trump would try to fight the midterm elections on immigration and added, "Do not be surprised if Trump also picks a few fights with black athletes." In recent weeks, the president has labeled immigrant gang members "animals" and suggested that football players who silently protest police violence against blacks should leave the country.

Bannon thinks Trump is just getting started in nationalizing the election around immigration. He predicted the next major battle would be over the proposed wall along the U.S.-Mexico border. "The wall is not just totemic. The wall is absolutely central to his program. . . . As we come up on Sept. 30, if [Congress's] appropriations bill does not include spending to fully build his wall . . . I believe he will shut down the government."

Sadly, but not surprisingly, Bannon doesn't think the fighting and the rancor in the United States are going away any time soon. The "battle between nationalists and globalists is at the fundamental roots of what America is, what America will be," he said. "This is very healthy, and . . . I think this is going to go on for a long time. . . . We've got a lot more fighting and a lot more scar tissue to go over."

*You can watch my CNN special "The Steve Bannon Interview" on Friday at 9 pm ET and Sunday at 10 am ET.*

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**From:** Richard Kahn[redacted]
**Sent:** 9/15/2018 1:09:39 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Steve Bannon was supposed to be in Michael Moore's 'Fahrenheit 11/9'

**Importance:** High

https://pagesix.com/2018/09/14/steve-bannon-was-supposed-to-appear-in-michael-moores-fahrenheit-11-9/?_ga=2.179263469.891655311.1536972901-2116259238.1278814960

# Steve Bannon almost appeared in Michael Moore's 'Fahrenheit 11/9'

Steve Bannon was invited to be in Michael Moore's latest documentary, "Fahrenheit 11/9," and while the former White House strategist declined to go on camera, he did meet with Moore for two hours, the filmmaker revealed after the film's NYC premiere.

After a Lincoln Center screening, Moore, at a Tavern on the Green party, revealed Bannon was almost in the film. "We wanted Steve Bannon to answer that first question in the film: 'How the f–k did this happen?' " the liberal gadfly told guests.

"It took a long time. We finally got him to come over, no cameras . . . He said he wanted to talk to me first. And we talked to him for two hours."

Ultimately, Bannon decided not to go on camera, but the conversation had a seismic impact on the finished film anyway.

"He said something very profound to us, and it changed us and it changed the course of the film," Moore said of Bannon. "I asked him, 'How did you pull this [Trump's election] off?' And he said, 'It's a very easy answer. Our side, we go for the head wound. Your side, you have pillow fights.' "

Moore continued, "That so f–ked us up to hear him say that . . . watching him smirk as he said it. As soon as he left, we decided to watch the film . . . and put the pillow fight filter."

One example Moore gave of a change to his film post-Bannon was a line about news networks being run by men, from "most" to "all."

"It's amazing how we talk as liberals. We always want to be nice and maybe be fair," Moore explained.

The film also jabs at the media, highlighting major newsmen who have turned out to be predators, including Matt Lauer and Charlie Rose.

A spy told us, “Everyone in the theater hissed when Les Moonves’ face came up on-screen.”

Moore also held a Q&A after the screening.

The movie’s already premiered in Moore’s hometown of Flint, Mich., and played the Toronto International Film Festival.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax [redacted]
Cell [redacted]

**From:** Michael Wolff [redacted]
**Sent:** 3/11/2019 8:08:25 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** FYI

**Importance:** High

This is what I'm now going with--what do you think?

In the White House, the President, to general surprise, announced that he would not accompany his family to Mar-a-Lago over the holidays—a confounding, even alarming, turn for anyone who knew how much he valued a golf-and-warm-weather opportunity over any presidential business. Melania certainly had no intention of staying behind. Among other issues, friends suggested that she was still furious about his fireside Christmas Eve chat with a seven-year-old boy, during which Trump asked the boy if he still believed in Santa. "Melania didn't think that was funny," said one aide. Trump was "clearly a guy who had never dealt with a seven-year-old."

In an empty White House, Trump's personal secretary, 28-year-old Madeleine Westerhout, brought his papers and call sheets from the West Wing up to the residence, finding him, she told friends, in his underwear.

And herein, suddenly, was another subplot.

Westerhout had been the elevator girl in Trump Tower during the transition. The comely young woman ferrying dignitaries and job-seekers up to the President-elect soon became something of a meme herself. Bannon recalled noting that Trump took a particular interest in her. A leering Trump kept repeating, "She's got a way about her," his signature, and creepy, stamp of approval for young women.

Now the president was telling friends that he wasn't staying at the White House because of the shutdown—he was staying because he was "banging" Madeleine.

Shutdown bravado? Locker room talk? Or all part of a new alternative reality that only he seemed to be living in?"

**From:** [redacted]
**Sent:** 9/22/2013 2:08:00 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Bruno Le Maire criticizes the French PM for failing to present efficient solutions to the crisis in Syria. Instead the PM has been merely following the course of Obama, who, according to Bruno, does not know what he wants. Such an approach has weakened the influence of France on the international arena and has undermined its sovereignty.

Also watched some other videos of him - Bruno attacks Hollande for his tax policy and excuses him for "not knowing what he is doing"..

On Sun, Sep 22, 2013 at 7:39 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

http://video.lefigaro.fr/figaro/video/echange-muscle-entre-le-maire-et-fabius/2664796316001/

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**From:** [redacted]
**Sent:** 12/15/2013 5:16:35 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: A few questions just in case please?

**Importance:** High

Thank you! Was amazing! The best family dinner ever. Louis said they LOVED me! Thu both texted him afterwards saying that:)

On Saturday, December 14, 2013, Jeffrey Epstein wrote:

> how will our future differ from your lives? if i was going to do your job what three things would i have to know. ? is obama good for the country, . ? israel? . if you could live one day of your lives over again, what would it be?
>
> On Sat, Dec 14, 2013 at 7:04 PM, [redacted]> wrote:
>
> Sent from my iPhone

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**From**: Steve Bannon [redacted]
**Sent**: 5/5/2018 2:09:16 AM
**To**: jeevacation@gmail.com
**Subject**: Trump Is Said to Know of Stormy Daniels Payment Months Before He Denied It - The New York Times

**Importance**: High

https://mobile.nytimes.com/2018/05/04/us/politics/trump-hush-payment-stormy-daniels.html?action=click&module=Top%20Stories&pgtype=Homepage

**Ed Krassenstein** @EdKrassen · 14h

To all journalists out there looking for big breaks in **Trump**/Russia. I suggest you all investigate Rosneft, **Qatar** Investments, and Michael Flynn's relationship with Ahmed Al-Rumaihi. This is going to be the ultimate downfall for **Trump**. Carter Page knows more than we think too.

57 764 1,770

**From:** Faith Kates [redacted]
**Sent:** 12/17/2010 1:13:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE:

**Importance:** High

Neither very funny…always ask for the 3 minute version but most of the girls you know haven't spoken for a total of 30 minutes in all the time you knew them….she is a GREAT girl who is refreshing in this business totally focused and smart. Jeffrey I brought her to a meeting with scientists a few months back she knew more than they did and totally embarrassed not only the scientists but the client was totally unprepared for what she knew, she actually was able to tell them things they were and weren't doing that they had no clue of and they changed there practices at p&g!!! this is the kind of girl to mold she is the leader in her field of sustainability ny times wrote an article if you cant afford al gore hire summer rayne says something.
xoxo

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Friday, December 17, 2010 7:32 AM
**To:** Faith Kates
**Subject:**

woody asked summer , so what do you do? 30 minutes later , she had not taken a breath. . either medicated, or manic.,,

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**From:** Boris Nikolic (bgC3) [redacted]
**Sent:** 1/30/2011 11:29:14 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE:

**Importance:** High

Just landed to lga.
Are you in?
Is it 7:30pm tmr ok? I will come w bill at that time. Pls let me know.
b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Friday, January 28, 2011 7:35 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:**

I can find out if mick jagger, ken starr, clinton . julie taymor , are in town/? I suggest we leave it till mon night.. I will have no trouble getting anyone you want . but i think it best after the three of us noodle a bit/.

--
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**From:** Boris Nikolic (bgC3) [redacted]
**Sent:** 1/30/2011 11:39:47 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Thank you man. Want to go and take a shower!
Worked most of flght.
Lets plan rather to meet tmr.
Lets talk tmr.
Great for 7:30! It will be fun.

b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Sunday, January 30, 2011 6:35 PM
**To:** Boris Nikolic (bgC3) <[redacted]
**Subject:** Re:

yes, would you like to come by, or are youyou as jetlagged as me,, sultan just left. I will be up for another hour or so.. yes 730 tomorrow is great

On Sun, Jan 30, 2011 at 6:29 PM, Boris Nikolic (bgC3) [redacted]> wrote:

Just landed to lga.
Are you in?
Is it 7:30pm tmr ok? I will come w bill at that time. Pls let me know.
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**Sent:** Friday, January 28, 2011 7:35 PM
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**Subject:**

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**From**: Boris Nikolic[redacted]
**Sent**: 4/3/2011 2:40:39 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

I will email Steve and Lawerence.

I am curious what you think about Vanity fair piece?

How the daily beast knows about that dinner with woody allen and the crew?
Who would know that? Some of your employees?

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 02, 2011 6:09 PM
**To:** Boris Nikolic
**Subject:**

in paris,, emailed steve - no response yet,, you wanted me to meet someone here, I forgot who. . may 2 will be an eye opener . I read the vanity fair piece. .
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/
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**From**: Boris Nikolic[redacted]
**Sent**: 4/4/2011 12:16:17 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Agree.
The book is much worst – it is coming out April 19th.
Will tell you more.

Try Consuelo – I can't think of other people right now in Paris. Few that I might interest you are traveling.
I am so being answering on Consuelo's emails that you are better off to contact her directly.

Steve will know many interesting people in Paris. He has great circle there.

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Sunday, April 03, 2011 2:16 AM
**To:** Boris Nikolic
**Subject:** Re:

re vanity fair, paul seems imbalanced,, so many intricate computing details but fuzzy on reality. He seems like a wife that has been divorced for a younger girl . re woody allen,, my fault,, Charlie rose was also there. he has a big mouth.-- wasn't there a science person or someone that worked with consuelo that you thought intersting?

On Sat, Apr 2, 2011 at 10:40 PM, Boris Nikolic [redacted] wrote:

I will email Steve and Lawerence.

I am curious what you think about Vanity fair piece?

How the daily beast knows about that dinner with woody allen and the crew?
Who would know that? Some of your employees?

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 02, 2011 6:09 PM
**To:** Boris Nikolic
**Subject:**

in paris,, emailed steve - no response yet,, you wanted me to meet someone here, I forgot who. . may 2 will be an eye opener . I read the vanity fair piece. .
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

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**From**: Boris Nikolic [redacted]
**Sent**: 4/4/2011 1:36:28 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Not nice at all. Just wait to see the book. It is disgusting,

>From someone whom he help made 30B.

And who was silent out the whole issue for 27 years, pretending to be a great friend.
At least try to discuss/solve the problem outside the entre press.
I do feel sorry for Bill.

How do you choose your close friend? Whom to trust?

B

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Sunday, April 03, 2011 6:33 PM
**To:** Boris Nikolic
**Subject:** Re: Re:

not nice for bill. It just makes choosing new friends even more difficult

On Mon, Apr 4, 2011 at 2:16 AM, Boris Nikolic [redacted] wrote:

Agree.

The book is much worst – it is coming out April 19th.

Will tell you more.

Try Consuelo – I can't think of other people right now in Paris. Few that I might interest you are traveling.

I am so being answering on Consuelo's emails that you are better off to contact her directly.

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Sunday, April 03, 2011 2:16 AM
**To:** Boris Nikolic
**Subject:** Re:

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Who would know that? Some of your employees?

B

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**Sent:** Saturday, April 02, 2011 6:09 PM
**To:** Boris Nikolic
**Subject:**

in paris,, emailed steve - no response yet,, you wanted me to meet someone here, I forgot who. . may 2 will be an eye opener . I read the vanity fair piece. .
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/
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**From:** Lawrence Kraus [redacted]
**Sent:** 4/6/2011 9:31:19 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Statement in the Daily Beast?

**Importance:** High

just so you know.. you can read from bottom up.. you may be mad that I was blunt... haven't heard from you.. hope all is well..

Begin forwarded message:

**From:** Rebecca Watson [redacted]
**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Kraus [redacted]
**Subject:** **Re: Statement in the Daily Beast?**

Okay, will do.

On Wed, Apr 6, 2011 at 1:27 PM, Lawrence Kraus [redacted] wrote:

ok.. I just sent an additional email which moderates this.. everyone was a victim, including Jeffrey here.. and there was no happy resolution.. please add.. "probably everyone was a victim, with no happy resolution or consequences of these activities", after "was the victim in this case.".

On Apr 6, 2011, at 10:18 AM, Rebecca Watson wrote:

Okay, thanks for this statement . . . I'll print it in full along with the article, probably today. I very, very strongly disagree with your position and hope you eventually reconsider, but I do appreciate you taking the time to respond.

-R

On Wed, Apr 6, 2011 at 1:15 PM, Lawrence Kraus [redacted] wrote:

jeffrey apparently paid for massages with sex... I believe him when he told me he had no idea the girls were underage, and I doubt that people normally are asked for or present a driver's license under such circumstances... Moreover, I also believe that Jeffrey is an easy target for those who want to take advantage of him... Moreover, I can say with great honesty that Jeffrey's time in prison led him to seriously examine his life in very positive ways and I don't believe in blanket condemnations of people. He served time for something that was determined was inappropriate. I honestly don't know who was the victim in this case. I fully expect that these masseuses knew what they were doing, and were not swayed to do anything with Jeffrey that they were not already doing. That is not to approve of the whole behavior, but lots of peopleI know and like have behavior I don't entirely approve of.. I know it is not politically correct to say that, because in general this is a very sensitive issue and all other things being equal one should take the side of the

young women. But all things are not equal in this case, from my point of view. It is a judgement call, and I will not turn my back on a good friend so easily.

On Apr 6, 2011, at 9:57 AM, Rebecca Watson wrote:

Thanks for getting back to me. I was asking because I found the quote shocking . . . the evidence against Epstein is overwhelming and he's even pled guilty to paying for sex with a minor. It's in no way scientific or rational to assume that because you never saw him with an underage girl he must actually be innocent. It is possible for a person to be kind and generous with his friends but still a criminal paying for sex with underage girls in his private life.

I'm going to write about the topic on Skepchick, and I'll include any additional statement you'd like if you want to provide more context or if you've changed your mind.

-R

On Wed, Apr 6, 2011 at 12:50 PM, Lawrence Krauss [redacted] wrote:

yes it is.. Based on my direct experience with Jeffrey, which is all I can base my assessment on, he is a thoughtful, kind, considerate man who is generous to his friends, and all of the women I have known who have been associated with Jeffrey speak glowingly in the same words..

why are you asking?

On Apr 6, 2011, at 9:41 AM, Rebecca Watson wrote:

Dear Professor Krauss,

We met briefly after your talk in Ithaca a few months ago – I'm the girl on The Skeptics' Guide to the Universe podcast. I've really enjoyed your talks and books, but I was surprised to see you quoted in the Daily Beast recently defending Jeffrey Epstein:
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

Can you confirm if the following quote is accurate?

"If anything, the unfortunate period he suffered has caused him to really think about what he wants to do with his money and his time, and support knowledge," says Krauss. "Jeffrey has surrounded himself with beautiful women and young women but they're not as young as the ones that were claimed. As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people." Though colleagues have criticized him over his relationship with Epstein, Krauss insists, "I don't feel tarnished in any way by my relationship with Jeffrey; I feel raised by it."

Thanks,
Rebecca Watson

---

Lawrence M. Krauss
Foundation Professor
Director, The ASU Origins Project
Co-Director, Cosmology Initiative
Assoc. Dir, Beyond Center
ARIZONA STATE UNIVERSITY
College of Liberal Arts and Sciences
School of Earth and Space Exploration
PO Box 871404 | Tempe AZ 85287-1404
[redacted]
http://krauss.faculty.asu.edu
Exec. Asst [redacted]
Origins Asst [redacted]

Lawrence M. Krauss
Foundation Professor
Director, The ASU Origins Project
Co-Director, Cosmology Initiative
Assoc. Dir, Beyond Center
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Exec. Asst [redacted]:
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[redacted] |
Exec. Asst [redacted]:
Origins Asst [redacted]:

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**From:** Lawrence Krauss [redacted]
**Sent:** 4/6/2011 10:18:31 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Statement in the Daily Beast?

**Importance:** High

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Sent from my iPhone

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**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Krauss [redacted]
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**From:** Lawrence Krauss[redacted]
**Sent:** 4/6/2011 10:58:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Lawrence Krauss[redacted]
**Subject:** Re: Statement in the Daily Beast?

**Importance:** High

people are now throwing out my books, according to her blog.. more nonsense..

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**From:** Lawrence Krauss[redacted]
**Sent:** 4/6/2011 11:42:24 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Statement in the Daily Beast?

**Importance:** High

Here is my response to the hundreds who are now attacking me on the web:

I will add one remark here, as most people have not read my full set of comments, posted after the post appeared.. I am myself rather disappointed by the lack of skepticality of this community. As I said, I have read numerous reports of orgies on Jeffrey's island involving me and other scientists during our meetings.. Orgies that never happened, I am VERY skeptical of other claims on his behavior. I am defending Jeffrey for 2 reasons: (1) Based on my knowledge and experience I am skeptical of the claims in the media and of those who have settled claims for money… namely I don't believe the published details just like I tend to be skeptical of many published details on the internet.. I don't believe Jeffrey did what has been claimed, and unless I see hard evidence, I will trust my own judgement here, and (2) Jeffrey went to prison, and I happen to believe that having served time, even those who questioned his behavior should be willing to give him the benefit of the doubt, again until proved otherwise, that he is working hard to live a good life and do good things. I for one am disgusted that people eat up the salacious nonsense the read on the web and then jump to conclusions about things and people they do not know.. I do not jump to condemn people, especially when it concerns their sexual preferences. I DO NOT CONDONE sex with young girls, or young boys for that matter.. because there are real victims there.. Until I know all the facts however, I do not jump to conclusions, and I am sorry, having seen the media frenzy around Jeffrey, and having seen the shoddy behavior of those who have attacked him, I remain skeptical, and I support a man whose character I believe I know.. If you want to condemn me for that, so be it.

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**From:** Lawrence Krauss[redacted]
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**To:** Jeffrey Epstein [jeevacation@gmail.com]
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ps. I have decided that Feynman would have done what I did.. and I am therefore content.. no matter what.. :)

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Thanks,
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**From:** Lawrence Krauss [redacted]
**Sent:** 4/7/2011 4:12:11 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Statement in the Daily Beast?

**Importance:** High

I know.. it is one of the reasons I respect you.

btw.. this was the last note I sent out to the blogs... after that I gave up..

"I will add one remark here, as most people have not read my full set of comments, posted after the post appeared.. I am myself rather disappointed by the lack of skepticality of this community. As I said, I have read numerous reports of orgies on Jeffrey's island involving me and other scientists during our meetings.. Orgies that never happened. I am VERY skeptical of other claims on his behavior. I am defending Jeffrey for 2 reasons: (1) Based on my knowledge and experience I am skeptical of the claims in the media and of those who have settled claims for money… namely I don't believe the published details just like I tend to be skeptical of many published details on the internet.. I don't believe Jeffrey did what has been claimed, and unless I see hard evidence, I will trust my own judgement here, and (2) Jeffrey went to prison, and I happen to believe that having served time, even those who questioned his behavior should be willing to give him the benefit of the doubt, again until proved otherwise, that he is working hard to live a good life and do good things. I for one am disgusted that people eat up the salacious nonsense they read on the web and then jump to conclusions about things and people they do not know.. I do not jump to condemn people, especially when it concerns their sexual preferences. I DO NOT CONDONE sex with young girls, or young boys for that matter.. because there are real victims there.. Until I know all the facts however, I do not jump to conclusions, and I am sorry, having seen the media frenzy around Jeffrey, and having seen the shoddy behavior of those who have attacked him, I remain skeptical, and I support a man whose character I believe I know.. If you want to condemn me for that, so be it."

On Apr 6, 2011, at 9:07 PM, Jeffrey Epstein wrote:

so would i

On Thu, Apr 7, 2011 at 4:05 AM, Lawrence Krauss [redacted] wrote:
ps. I have decided that Feynman would have done what I did.. and I am therefore content.. no matter what.. :)

On Apr 6, 2011, at 3:56 PM, Jeffrey Epstein wrote:

what evidence? no real sex.. where is she getting her so called facts

On Thu, Apr 7, 2011 at 12:18 AM, Lawrence Krauss [redacted] wrote:
Beyond anything else, you are my friend. I hope we can both always remember that, no matter what.

Are you coming this weekend at all?

Lawrence Krauss
Foundation Professor
School of Earth and Space Exploration and Physics Dept.

Co-director, Cosmology Initiative
and Director, Origins initiative
Arizona State University

Sent from my iPhone

On Apr 6, 2011, at 3:15 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

no it was appreciated. thanks

On Wed, Apr 6, 2011 at 11:31 PM, Lawrence Krauss [redacted] wrote:
just so you know.. you can read from bottom up.. you may be mad that I was blunt... haven't heard from you.. hope all is well..

Begin forwarded message:

**From:** Rebecca Watson [redacted]
**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Krauss [redacted]
**Subject: Re: Statement in the Daily Beast?**

Okay, will do.

On Wed, Apr 6, 2011 at 1:27 PM, Lawrence Krauss [redacted] wrote:
ok.. I just sent an additional email which moderates this.. everyone was a victim, including Jeffrey here.. and there was no happy resolution.. please add.. "probably everyone was a victim, with no happy resolution or consequences of these activities", after "was the victim in this case.".

On Apr 6, 2011, at 10:18 AM, Rebecca Watson wrote:

Okay, thanks for this statement . . . I'll print it in full along with the article, probably today. I very, very strongly disagree with your position and hope you eventually reconsider, but I do appreciate you taking the time to respond.

-R

On Wed, Apr 6, 2011 at 1:15 PM, Lawrence Krauss [redacted] wrote:
jeffrey apparently paid for massages with sex... I believe him when he told me he had no idea the girls were underage, and I doubt that people normally are asked for or present a driver's license under such circumstances... Moreover, I also believe that Jeffrey is an easy target for those who want to take advantage of him... Moreover, I can say with great honesty that Jeffrey's time in prison led him to seriously examine his life in very positive ways and I don't believe in blanket condemnations of people. He served time for something that was determined was inappropriate. I honestly don't know who was the victim in this case. I fully expect that these masseuses knew what they were doing, and were not

swayed to do anything with Jeffrey that they were not already doing. That is not to approve of the whole behavior, but lots of peopleI know and like have behavior I don't entirely approve of.. I know it is not politically correct to say that, because in general this is a very sensitive issue and all other things being equal one should take the side of the young women. But all things are not equal in this case, from my point of view. It is a judgement call, and I will not turn my back on a good friend so easily.

On Apr 6, 2011, at 9:57 AM, Rebecca Watson wrote:

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**From:** Ken Jenne
**Sent:** Oct 12, 2009 17:44:42
**To:** Grant J. Smith
**Cc:**
**Bcc:**
**Subject:** RE: Sam Fields on 302 Interview

---

FDLE is even worst.

Ken Jenne

Rothstein Rosenfeldt Adler

401 E Las Olas Blvd. Suite 1650

Fort Lauderdale, FL 33301

---

From: Grant J. Smith
Sent: Monday, October 12, 2009 3:48 PM
To: Ken Jenne
Cc: Grant J. Smith
Subject: Sam Fields on 302 Interview

Broward Probe: 302 Reasons Not To Talk To The FBI

BY SAM FIELDS
Guest Columnist

Actually, there are not 302 reasons. There is but one and it is called in federal court ""The 302"". It could screw the innocent and the unwary.

The newspapers and Browardbeat.com make clear that the Federal investigations that led to the arrests of County Commissioner Josephus Eggleston, former Miramar Commissioner Fitzroy Salesman and School Board member Bev Gallagher are just beginning.

The FBI will be interviewing everyone from County Administrator Bertha Henry to bus drivers about anything and everything.

They are looking for scalps.

I suspect that if the average person thought about it, he would assume that when the FBI comes calling, like Joe Friday from DRAGNET, they ""want the facts and nothing but the facts."" Equally important they want an accurate record of that interview so they bring a court reporter or at the very least a tape recorder.

The average person would be wrong.

Agents bring a pencil and pad to take notes. They then prepare a summary of the interview called a ""302 Report""

If you are called as a witness at trial, prior to testifying, you will be given a copy of ""Your 302"" to review. It is a record of what the FBI insists you said at your previous meeting.

If your interview lasted more than thirty seconds, it is guaranteed you will find numerous discrepancies. Some of them will be insignificant; some of them could be material.

Ask two people to listen to you in a discussion about a traffic accident and then write a summary. It is a guaranteed they will have differences with each other as well as with you, the witness.

You said, ""I am reasonably sure that the traffic light was green"".

One report takes out the equivocation and quotes you as saying: ""The light was green.""

This brings us to Federal law 18 USC 1001. That statute makes it a felony to lie to the government. And guess who decides whether or not you were lying? The government.

So here is your conundrum. Do you testify about your doubts about the light, which is the truth, or do you adopt the ""302"" version to avoid the wrath of the FBI?

Whether or not the ""302"" discrepancies are a result of stupidity or cupidity makes no difference. Testify in opposition to the ""302"" and you are in the crosshairs of the Feds.

If they believe your testimony cost them the case, the next thing you likely to hear from the FBI will be: ""Please place your hands behind your back.""

A number of years ago, fed up with the 302 Two Step, I turned the tables on them.

In a high profile case, my client was asked to submit to an FBI interview at their offices in North Miami Beach.

Feigning naivety, I asked where the court reporter was. I was told there was no court reporter.

I then asked where the tape recorder was.

I will always be impressed that the agent was able to give us the response he did without laughing. He said the FBI could not tape the interview because they did not have ""enough money in their budget.""

It was time to play the Trump Card.

At that point, I removed a cassette recorder from my pocket and explained that my client had been able to scrape together the 59 cents for a cassette tape. Further we would pay for the tape to be transcribed and supply them with a free copy of everything.

You could've heard a fart in a vacuum.

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Months later the client was called to testify at trial.

I warned him the ""302"" would be a work of fiction. It was. I was sitting in the back of the courtroom.

Called to the stand, he told the ""real"" truth and not the ""302"" version of the truth. The Assistant U.S. Attorney was frustrated and kept on confronting him with the ""302"" version.

Fed up with the prosecutor and in the presence of the jury, the witness preceded to recount my debate over recording from the first interview. Pointing to me in the back of the courtroom, the witness announced that I had warned him that they would pull this crap with the ""302"" report.

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With the advent of DNA and groups like the Innocence Project, we have now seen that so-called unrecorded confessions have put many innocent people in jail and even on Death Row. As a result, agencies such as the BSO, now require all interviews to be taped.

But not the FBI.

Like anyone, including lawyers, the FBI wants to control the record of the interview. Taping hurts that effort.

I'm not saying that it is FBI policy to step over the line. But they have chalk on their shoes more often than you can imagine.

So, what's should you do if the FBI comes calling?

First of all, the advice I am about to give is not for the a guy who was an inadvertent witness to a bank robbery.

I am talking about people who are being interviewed as part of the types of crimes that are best described as corruption, RICO, white collar, etc.

Those are the kinds of cases that involve tons of evidence. Giving an innocent, but incorrect answer to a vague question could leave any of us in deep CaCa.

A case in point is the lead story in the September 26, 2009 Herald. Chris Walton, director of the Broward County Transportation Department, was interviewed by two FBI agents.

He stated that they wanted to know if ""commissioners attempted to influence contracts.""

""I told them no.""

It may sound like a simple straight forward Q-and-A but it ain't necessarily so. He may think his interview and public statement ends the matter.

In actuality, he has thrown down the gauntlet in front of the FBI.

Start out with the understanding that the FBI is not investigating to see if there is crime and corruption in Broward County government. They already believe there is. They are only trying to uncover evidence to confirm their beliefs.

Walton's blanket defense of the Commission has made the Feds conclude he is a fool or co-conspirator.

The FBI just needs the evidence and not much of it. To quote the late Supreme Court Justice William Brennan: ""any prosecutor worth his salt could indict a ham sandwich.""

This means all evidence, regardless of its ambiguous nature, will be interpreted to support their assumption of wrongdoing.

They will be using software to go through millions of E-mail messages to look for key words. As Buddy has quoted me: ""The 'E' in E-mail stands for evidence.""

So imagine the following scenario.

Six months from now they uncover an E-mail from the County Manager to Walton stating that Commissioner X wants to know if the bid of company Y for new busses was correctly filled out. He replies that it was.

Months later he has totally forgotten about the innocuous E-mail. Based on the merits, he happens to rank Y's bid number one.

You can bet as sure as J. Edgar Hoover wore pink poodle skirts, the FBI will conclude this was code from Commissioner X to Walton to vote for Y.

Armed with the E-mail you can be damn sure that the G-Men will be back threatening him with everything including a stint in Gitmo.

All of this might have been avoided if he had followed my three basic rules.

Memorize them.

1. Do not talk to the FBI without a lawyer.

2. Do not talk to the FBI without a lawyer.

3. Do not talk to the FBI without a law

Grant J. Smith, Esq.

Rothstein Rosenfeldt Adler

Las Olas City Centre, Bank America Building

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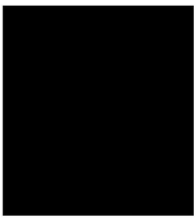

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All of this might have been avoided if he had followed my three basic rules.

Memorize them.

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Grant J. Smith, Esq.

Rothstein Rosenfeldt Adler

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401 East Las Olas Boulevard

Suite 1650

Fort Lauderdale, FL 33301

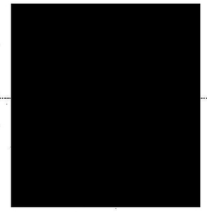

**From:** Grant J. Smith
**Sent:** Oct 12, 2009 15:48:27
**To:** Ken Jenne
**Cc:** Grant J. Smith
**Bcc:**
**Subject:** Sam Fields on 302 Interview

---

Broward Probe: 302 Reasons Not To Talk To The FBI

BY SAM FIELDS
Guest Columnist

Actually, there are not 302 reasons. There is but one and it is called in federal court ""The 302"". It could screw the innocent and the unwary.

The newspapers and Browardbeat.com make clear that the Federal investigations that led to the arrests of County Commissioner Josephus Eggleston, former Miramar Commissioner Fitzroy Salesman and School Board member Bev Gallagher are just beginning.

The FBI will be interviewing everyone from County Administrator Bertha Henry to bus drivers about anything and everything.

They are looking for scalps.

I suspect that if the average person thought about it, he would assume that when the FBI comes calling, like Joe Friday from DRAGNET, they ""want the facts and nothing but the facts."" Equally important they want an accurate record of that interview so they bring a court reporter or at the very least a tape recorder.

The average person would be wrong.

Agents bring a pencil and pad to take notes. They then prepare a summary of the interview called a ""302 Report""

If you are called as a witness at trial, prior to testifying, you will be given a copy of ""Your 302"" to review. It is a record of what the FBI insists you said at your previous meeting.

If your interview lasted more than thirty seconds, it is guaranteed you will find numerous discrepancies. Some of them will be insignificant; some of them could be material.

Ask two people to listen to you in a discussion about a traffic accident and then write a summary. It is a guaranteed they will have differences with each other as well as with you, the witness.

You said, ""I am reasonably sure that the traffic light was green"".

One report takes out the equivocation and quotes you as saying: ""The light was green.""

This brings us to Federal law 18 USC 1001. That statute makes it a felony to lie to the government. And guess who decides whether or not you were lying? The government.

So here is your conundrum. Do you testify about your doubts about the light, which is the truth, or do you adopt the ""302"" version to avoid the wrath of the FBI?

Whether or not the ""302"" discrepancies are a result of stupidity or cupidity makes no difference. Testify in opposition to the ""302"" and you are in the crosshairs of the Feds.

If they believe your testimony cost them the case, the next thing you likely to hear from the FBI will be: ""Please place your hands behind your back.""

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In a high profile case, my client was asked to submit to an FBI interview at their offices in North Miami Beach.

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I then asked where the tape recorder was.

I will always be impressed that the agent was able to give us the response he did without laughing. He said the FBI could not tape the interview because they did not have ""enough money in their budget.""

It was time to play the Trump Card.

At that point, I removed a cassette recorder from my pocket and explained that my client had been able to scrape together the 59 cents for a cassette tape. Further we would pay for the tape to be transcribed and supply them with a free copy of everything.

You could've heard a fart in a vacuum.

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Called to the stand, he told the ""real"" truth and not the ""302"" version of the truth. The Assistant U.S. Attorney was frustrated and kept on confronting him with the ""302"" version.

Fed up with the prosecutor and in the presence of the jury, the witness preceded to recount my debate over recording from the first interview. Pointing to me in the back of the courtroom, the witness announced that I had warned him that they would pull this crap with the ""302"" report.

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But not the FBI.

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A case in point is the lead story in the September 26, 2009 Herald. Chris Walton, director of the Broward County Transportation Department, was interviewed by two FBI agents.

He stated that they wanted to know if ""commissioners attempted to influence contracts.""

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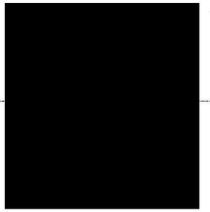

**From:** Grant J. Smith
**Sent:** Oct 13, 2009 08:07:09
**To:** Robert C. Buschel
**Cc:**
**Bcc:**
**Subject:** Sam Fields on 302 Interview

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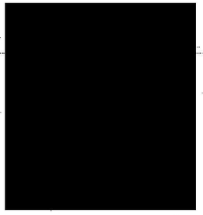

**From:** Ian Osborne [redacted]
**Sent:** 9/7/2012 2:40:14 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Jawbone/Mort

What else are you interested in? Peter is best for currency; maybe Reid Hoffman (fatty at LinkedIn) or Dave Morin (Path) or Drew Houston (Dropbox).

I do believe China offers the best opportunities for Sinofsky. Problem is after Windows, pretty much everything else in the US is a step down. No-one else is building an OS. Alibaba or Xiaomi in China are. But if he wants to stay in the US, then probably the best options are Facebook (who may one day do their own OS), Palantir (Peter Thiel's), Yahoo (where Marissa is aggressively seeking out senior talent). Then of course, there is Apple and Google - but I assume he doesn't want to be a traitor to Microsoft?

On 7 Sep 2012, at 03:20, Jeffrey Epstein wrote:

yes, who else , ? im meeting with sinofsky, , i think he wants to do different things . chinese may be difficult becuase of us secuirty cleraence

On Thu, Sep 6, 2012 at 10:00 PM, Ian Osborne [redacted] wrote:

Are you back now in NY?

I'm in London but staying up to watch the Obama speech. Hosain's really keen to close this out by Monday.... It would help me a lot if we can finish this for once and for all.

I'm in Munich Saturday, then St. Petersburg and Moscow with Eike Sunday-Tuesday (we've got some terrific meetings lined up), London Wednesday-Thursday (including Mubadala board meeting Wed.) and then heading to SF next Friday 14th.... you will arrive on the 16th? Shall we do Peter Thiel for drinks then?

Best wishes,

Ian

On 6 Sep 2012, at 11:52, Jeffrey Epstein wrote:

Ill review all in detail , when i land tonight , in ny for the next week, you?

---------- Forwarded message ----------
From: **Darren Indyke** [redacted]
Date: Wed, Sep 5, 2012 at 8:17 PM
Subject: Fwd: Jawbone/Mort
To: Jeffrey Epstein <jeevacation@gmail.com>

Sent from my iPhone

Begin forwarded message:

**From:** "Jacoby, Craig" [redacted]
**Date:** September 5, 2012 7:27:21 PM EDT
**To:** "Darren Indyke" [redacted]
**Cc:** "Hosain Rahman" [redacted], "Ian Osborne" [redacted], "Jacoby, Craig" [redacted]
**Subject: Jawbone/Mort**

Hi Darren,

Just checking back in on the Jawbone investment. Thanks for sending across your comments. If possible, we would like to avoid a situation where we recirculate the investment agreements in place with Jawbone's other investors, and our hope is that we can accommodate as many of your comments as possible short of taking that step.

We think that the best way to address your comments would be to have Jawbone enter into a new purchase agreement covering both the preferred and the common stock being sold to Mort. Jawbone would make its representations and warranties anew upon the closing of the purchase agreement, so Mort would not be relying on the reps made back in June 2011, nor on the schedule of exceptions prepared in connection with the initial closing. The new purchase agreement would have the same closing conditions that applied to the initial closing of the JP Morgan investment.

Given the affiliation between Mort, Hedosophia and Apoletto and their collective investment in preferred and common stock, we also want to propose that Mort (along with the other two parties) be treated as a "Major Investor" under the Investor Rights Agreement so long as their collective holdings of preferred and common stock remains at least equal to 2,000,000 shares. We intend to do this with a side letter that would not require the signature of the other parties to those documents. You have already seen the draft amendment that would expand the definition of "Registrable Securities" in the investor rights agreement to include the common stock being purchased by Mort, and we do anticipate that our principal investors will quickly sign that document once we circulate it.

You had indicated a desire to have JP Morgan approve the sale of Series 5 Preferred outside of the existing purchase agreement. As I indicated to you on the phone, we do not think that this is necessary, but we are willing to obtain from them an acknowledgement to that effect prior to the closing of Mort's investment.

We do believe, however, that various of your other requests for change in the investor documents would require a broader amendment and restatement of the applicable documents, and some of them concern business points that were the subject of specific negotiation with JP Morgan and others of our investors in prior rounds. These points include your comments to the drag along rights, the registration rights, the information rights and the venue provisions. We would like those terms to remain as we had negotiated them with JP Morgan.

If you are comfortable with the approach outlined in this email, we can get you draft documents, including a draft updated Schedule of Exceptions, tomorrow for your review and approval. Please let me know.

Best regards,

**Craig D. Jacoby**
Cooley LLP | 101 California Street | 5th Floor
San Francisco, CA 94111-5800
E-mail: [redacted]
Direct: [redacted] Fax[redacted]
Bio | Practice | @cjacoby | LinkedIn

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/3/2018 1:46:48 PM
**To:** Steve Bannon [redacted]
**Subject:** Fwd: Sultan Bin Sulayem

**Importance:** High

fyi

---------- Forwarded message ---------
From: Jide Zeitlin [redacted]
Date: Thu, May 3, 2018 at 2:30 AM
Subject: Re: Sultan Bin Sulayem
To: jeffrey E. <jeevacation@gmail.com>

Unfortunately, bin Sulayem and I did not meet. I was stuck at the White House and he had a narrow window before heading to Cyprus. I just sent him the following note:

"Good Morning, I hope your travels to Cyprus were smooth.

Okey Enelamah, Nigeria's trade minister, stopped by my home this evening as he was still in town after Buhari's visit with Trump. He mentioned his discussions with you at WEF and afterwards. Separately, I spoke earlier with the Vice President.

Whenever we meet, I have some thoughts that may be helpful to you."

On May 2, 2018, at 11:05, jeffrey E. <jeevacation@gmail.com> wrote:

011971 50 644 8444 he is cahriman of bubai world ports. african ports a new focus he built the palm islands. is totally trustworthy

On Wed, May 2, 2018 at 10:55 AM Jide Zeitlin [redacted] wrote:

> Thank you for the introduction. Do you have a better sense of what he needs? Also, what's his WhatsApp/mobile so I can confirm details for today?
>
> When's best on Friday for me to visit with you?
>
> Bibi's speech was a bit of a dead letter on Europe.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/5/2018 5:46:34 AM
**To**: Steve Bannon [redacted]
**Subject**: Re: Trump Is Said to Know of Stormy Daniels Payment Months Before He Denied It - The New York Times

Good catch and yes

On Fri, May 4, 2018 at 10:09 PM Steve Bannon <[redacted]> wrote:

> https://mobile.nytimes.com/2018/05/04/us/politics/trump-hush-payment-stormy-daniels.html?action=click&module=Top%20Stories&pgtype=Homepage

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/5/2018 10:07:11 AM
**To:** Steve Bannon [redacted]
**Subject:** Re: Trump Is Said to Know of Stormy Daniels Payment Months Before He Denied It - The New York Times

Once you know the code it's all clear

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>
> > https://mobile.nytimes.com/2018/05/04/us/politics/trump-hush-payment-stormy-daniels.html?action=click&module=Top%20Stories&pgtype=Homepage
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**From:** J [jeevacation@gmail.com]
**Sent:** 12/6/2018 10:25:30 PM
**To:** Steve Bannon[redacted]
**Subject:** Re: Alex Acosta update | Power Line

https://www.miamiherald.com/opinion/op-ed/article222705765.html

On Thu, Dec 6, 2018 at 5:17 PM Steve Bannon <[redacted]> wrote:

Begin forwarded message:

**From:** Robert Grusky [redacted]
**Date:** December 6, 2018 at 3:52:15 PM EST
**To:** Steve Bannon [redacted]
**Subject: Alex Acosta update | Power Line**

https://www.powerlineblog.com/archives/2018/12/alex-acosta-update.php

# Alex Acosta update

Earlier this week, pedophile Jeffrey Epstein bought his way out of a lawsuit that would have given some of his victims the opportunity to testify about his predatory and criminal conduct. Victims never got that opportunity when Epstein faced criminal charges, because Alex Acosta — then the lead prosecutor, now the Secretary of Labor — let Epstein off with a ridiculously lenient sentence. Despite having committed hideous sex offenses with dozens of minors, Epstein received a sentence of 13 months in jail, during which he was often free during the day.

Epstein's decision to buy his out of the civil lawsuit, one that he had the nerve to initiate, benefits Acosta. The trial would have provided non-stop headlines, coupled with frequent references to the sweetheart deal Acosta gave him. As Randy Schultz puts it, the trial would have been the occasion for a long overdue public shaming of Acosta. Now, he avoids this consequence.

But this doesn't mean Acosta is out of the woods. He faces calls for his ouster from the Trump cabinet.

Some calls are from the usual suspects. Michelle Goldberg of the New York Times has written a piece so obnoxious that it almost makes me want to see Acosta ride out the storm.

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I don't doubt that Acosta regarded escaping the wrath of the defense team as a benefit of reaching the plea deal. But I don't believe this was incentive enough to cause him, in effect, to throw the case.

What was the true incentive? As I wrote when this story broke, I think it was the same incentive that explains much of his conduct in public life — Acosta's desire to accommodate people he thinks can help him down the road.

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Much of that accommodation is of Democrats. Indeed, at the time Acosta was working in Miami as a U.S. Attorney, he had alienated some Republicans by such accommodation while at the Department of Justice. Some say he was on the verge of being fired when Attorney General Alberto Gonzalez parachuted him to Miami. The Epstein settlement was a way for Acosta to shore up his standing with some influential Republicans.

Will Acosta be able to survive the current scandal? I don't have a clear sense about this yet. But President Trump, who isn't bashful about sacking cabinet members, may come to believe (if he doesn't now) that it's disadvantageous to have a cabinet member who sold out teenage victims of sexual abuse, especially when the sell-out benefited an ultra-wealthy serial offender.

* Some on the left are trying to make something or the fact that Starr, who had investigated Bill Clinton in connection with sexual misconduct, later defended Epstein, a pervert. This is silly.

In both instances, Starr was doing his job as a lawyer. Perverts are entitled to a defense and there is nothing hypocritical about investigating Bill Clinton's misconduct when that was Starr's job and later joining the team that was defending Jeffrey Epstein.

Acosta, by contrast, was on the team seeking justice for Epstein and for his victims. He gave up this quest for reasons that can't be defended.

Sent from my iPad

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/6/2018 10:26:10 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Alex Acosta update | Power Line

do you know bill barr. CIA .

On Thu, Dec 6, 2018 at 5:17 PM Steve Bannon <[redacted]> wrote:

Begin forwarded message:

**From:** Robert Grusky <[redacted]>
**Date:** December 6, 2018 at 3:52:15 PM EST
**To:** Steve Bannon <[redacted]>
**Subject: Alex Acosta update | Power Line**

https://www.powerlineblog.com/archives/2018/12/alex-acosta-update.php

# Alex Acosta update

Earlier this week, pedophile Jeffrey Epstein bought his way out of a lawsuit that would have given some of his victims the opportunity to testify about his predatory and criminal conduct. Victims never got that opportunity when Epstein faced criminal charges, because Alex Acosta — then the lead prosecutor, now the Secretary of Labor — let Epstein off with a ridiculously lenient sentence. Despite having committed hideous sex offenses with dozens of minors, Epstein received a sentence of 13 months in jail, during which he was often free during the day.

Epstein's decision to buy his out of the civil lawsuit, one that he had the nerve to initiate, benefits Acosta. The trial would have provided non-stop headlines, coupled with frequent references to the sweetheart deal Acosta gave him. As Randy Schultz puts it, the trial would have been the occasion for a long overdue public shaming of Acosta. Now, he avoids this consequence.

But this doesn't mean Acosta is out of the woods. He faces calls for his ouster from the Trump cabinet.

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/22/2018 1:59:38 PM
**To**: Steve Bannon [redacted]
**Subject**: Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

should have been done months ago too old!!!!

On Sat, Dec 22, 2018 at 8:21 AM Steve Bannon <[redacted]> wrote:

> https://thehill.com/policy/finance/422577-trump-considering-firing-federal-reserve-chief-after-latest-interest-rate-hike

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/22/2018 2:17:57 PM
**To**: Steve Bannon [redacted]
**Subject**: Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

powells statment at his press conference were inane. . suffers from , this is what was done in the past.
!!! BEFORE the internet. . the numbers they look at are not reflective of todays economy, . AT ALL.

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/22/2018 3:35:08 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

getting rid of powell much more important than syria /mattis. . I guess pompeo , only one left. . unless ambassador heather has a brilliant idea. - a first. . jared and ivanka , need to go. !!!

On Sat, Dec 22, 2018 at 10:31 AM Steve Bannon [redacted] wrote:

LMAO

Perfect mnuchin hit

On Dec 22, 2018, at 9:22 AM, J <jeevacation@gmail.com> wrote:

In 1993, Powell began working as a managing director for Bankers Trust, but he quit in 1995 after the bank got into trouble when several customers suffered large losses due to derivatives. He then went back to work for Dillon, Read & Co.[15]

he didnt understand the markets 25 years ago. obama appointed him to the board. what else do you guys need to know

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/22/2018 3:44:28 PM
**To:** Steve Bannon [redacted]
**Subject:** Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

no, mnuchin is ok. . its simple , 15 yrs ago. the geriatrics understood that the internet was like telephones. connections only, then my nerds taught them thaat cyber is a weapon. , same with the fed. . its a weapon to be used with sophistication. . inflation is a concept from the 50s , before the internet set instantaneious info around the world. . soooo dumb

On Sat, Dec 22, 2018 at 10:40 AM Steve Bannon <[redacted]> wrote:

Can u get rid of Powell or really get rid of mnuchin

On Dec 22, 2018, at 10:35 AM, J <jeevacation@gmail.com> wrote:

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**From:** J [jeevacation@gmail.com]
**Sent:** 2/1/2019 4:11:28 PM
**To:** Michael Wolff [redacted]
**Subject:** Re: FYI

Needs edit but ... ie 36! M Ryboloev not known in 05 , Talk later

On Fri, Feb 1, 2019 at 11:07 AM Michael Wolff <[redacted]> wrote:

Books and newspaper accounts of Trump's 45 years in business were full of his shady dealings, and the presidency had only helped to highlight them and to surface even juicier ones. Real estate was the world's favorite money laundering currency and Trump's B-level real estate business was quite explicitly designed to appeal to money launderers. What's more, Trump's own financial woes, and desperate efforts to maintain billionaire lifestyle, cache, and market viability, forced him into constant and unsubtle schemes. Practically speaking, you couldn't miss him, as the Mueller investigation appeared to be finding.

In November 2004, for instance, Jeffrey Epstein, the financier later caught in a scandal involving under-age prostitutes, agreed to buy out of bankruptcy a house in Palm Beach, Florida for $30 million—a house that had been on the market for two years. Epstein and Trump had been close friends—playboys in arms, as it were—for more than a decade, with Epstein often counseling Trump on his chaotic financial affairs. Epstein took Trump to see the Palm Beach house to advise him on construction issues involved with moving a swimming pool. As he prepared to finalize his deal for the house, an incredulous Epstein saw a severely cash-constrained Trump bid $41 million for the property, buying it through an entity called Trump Properties LLC, financed by Deutsche Bank. Trump, Epstein knew, had been renting his name, telling Epstein he ought to do the same—that is, for an ample fee, Trump was willing to serve as a front man to disguise the actual ownership in a real estate transaction. (This was, in effect, just another variation of Trump's basic business model of licensing his name for commercial properties owned by someone else.) A furious Epstein, suspecting that the real owner was a Russian oligarch, who Trump knew, Dmitry Rybolovlev—part of the close Putin circle of government-aligned industrialists in Russia—threatened to expose the deal, then getting extensive scrutiny in Florida papers. The fight became all the more bitter when, two months later, the house was put on the market for $125 million. Well known to Trump, who often saw Epstein at his current Palm Beach house, Epstein was visited almost every day, and had been for many years, by girls who he paid for massages with happy endings—girls recruited from local restaurants, strip clubs, and, also, Trump's Mar-a-Lago. Just as the threats and enmity of the two friends increased over the house sale, Epstein found himself under investigation by local Palm Beach police. Epstein's legal problems vastly escalated as the house, with only minor improvements, was bought for $96 million by Dmitry Rybolovlev. That is, Trump had either miraculously earned $55 million, without putting up a dime, or Rybolovlev, or someone such as Rybolovlev, paid Trump Properties, LLC—actual owner unknown—$96 million, thereby providing a clean payment of $55

million to someone. Rybolovlev might have, in effect, paid himself for the house, thereby cleansing the money. Epstein, on his part, would spend 12 months in jail on a prostitution charge.

After the election, when Bannon was introduced to Epstein, Bannon told him, "You were the one person I was truly afraid of coming forward during the campaign."

"And rightly so," said Epstein.

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**From:** J [jeevacation@gmail.com]
**Sent:** 2/1/2019 4:46:54 PM
**To:** Michael Wolff [redacted]
**Subject:** Fwd: FYI

first edit

---------- Forwarded message ---------
From: **Michael Wolff** [redacted]
Date: Fri, Feb 1, 2019 at 11:07 AM
Subject: FYI
To: Jeffrey Epstein <jeevacation@gmail.com>

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"not surprising " said Epstein.

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/29/2019 4:46:05 PM
**To**: Roy Black [redacted]
**Subject**: Fwd: FW: Reporter question

---------- Forwarded message ---------
From: **Martin G. Weinberg** <[redacted]>
Date: Wed, May 29, 2019 at 12:45 PM
Subject: FW: Reporter question
To: J <jeevacation@gmail.com>

Martin G. Weinberg, Esq.
20 Park Plaza
Suite 1000
Boston, MA 02116
[redacted] Office
[redacted] Cell

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**From:** Kate Briquelet <[redacted]
**Sent:** Wednesday, May 29, 2019 12:34 PM
**To:** Martin Weinberg <[redacted]>
**Subject:** Re: Reporter question

Hi Marty,

Hope all is well. Noticed this Guardian story about Michael Wolff's new book, which states Donald Trump purchased a Palm Beach property Mr. Epstein had planned to buy, behind Mr. Epstein's back. And that Mr. Epstein threatened to expose Trump's shady real estate deals. Do you know anything about this? Does Mr. Epstein have any knowledge of illegal or suspicious dealings by President Trump?

https://www.theguardian.com/us-news/2019/may/28/bannon-trump-organization-criminal-enterprise-comments-michael-wolff-book

Also, we plan on running a story this Friday about the Crime Victims' Rights Act suit, and the Jane Does' proposed remedies. The alleged victims want the U.S. Attorney's Office to rescind the immunity provisions in the NPA, and to pursue a prosecution against Mr. Epstein and his co-conspirators. Can you comment on this?

Thanks so much!

Kate

Kate Briquelet
Senior Reporter
P[redacted]

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/29/2019 4:47:32 PM
**To:** Martin G. Weinberg [redacted]
**Subject:** Re: FW: Reporter question

# Privileged - Redacted

On Wed, May 29, 2019 at 12:45 PM Martin G. Weinberg <[redacted]> wrote:


Martin G. Weinberg, Esq.
20 Park Plaza
Suite 1000
Boston, MA 02116
[redacted]



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---

**From:** Kate Briquelet <[redacted]>
**Sent:** Wednesday, May 29, 2019 12:34 PM
**To:** Martin Weinberg <[redacted]>
**Subject:** Re: Reporter question

Hi Marty,

Hope all is well. Noticed this Guardian story about Michael Wolff's new book, which states Donald Trump purchased a Palm Beach property Mr. Epstein had planned to buy, behind Mr. Epstein's back. And that Mr. Epstein threatened to expose Trump's shady real estate deals. Do you know anything about this? Does Mr. Epstein have any knowledge of illegal or suspicious dealings by President Trump?

https://www.theguardian.com/us-news/2019/may/28/bannon-trump-organization-criminal-enterprise-comments-michael-wolff-book

Also, we plan on running a story this Friday about the Crime Victims' Rights Act suit, and the Jane Does' proposed remedies. The alleged victims want the U.S. Attorney's Office to rescind the immunity provisions in the NPA, and to pursue a prosecution against Mr. Epstein and his co-conspirators. Can you comment on this?

Thanks so much!

Kate

Kate Briquelet
Senior Reporter
P[redacted]

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/29/2019 10:38:12 PM
**To:** Michael Wolff [redacted]
**Subject:** Fwd: Wolff Book

the public records show i was the stalking horse in the bankruptcy, not 55 million but I had bid 36 m

---------- Forwarded message ---------
From: **Richard Kahn** <[redacted]>
Date: Wed, May 29, 2019 at 6:28 PM
Subject: Wolff Book
To: Jeffrey Epstein <jeevacation@gmail.com>

i am sure you read attached
articles already on internet..

https://www.rawstory.com/2019/05/new-book-paints-sordid-picture-of-trump-real-estate-deal-involving-russian-oligarch-and-jeffrey-epstein/

# New book paints sordid picture of Trump real estate deal involving Russian oligarch and Jeffrey Epstein

By Travis Gettys - May 29, 2019

President Donald Trump departs the White House for Palm Beach, FL (Shutterstock)
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A new book claims Jeffrey Epstein played a key role in a shady Palm Beach real estate deal between President Donald Trump and a Russian oligarch.

Michael Wolff's forthcoming book, "Siege," details the 2004 property deal that involved the future president, Deutsche Bank, a child predator and an ally of Russian president Vladimir Putin, reported *The Guardian*.

ADVERTISING

According to Wolff's account, Epstein showed his friend Trump a $55 million mansion he planned to buy, but Trump instead went behind his back to buy the foreclosed property for about $40 million.

Epstein didn't believe Trump could raise that much money on his own, through an entity called Trump Properties LLC that was entirely financed by Deutsche Bank, Wolff wrote.

The billionaire financier knew Trump had been loaning out his name in real estate deals for a fee, and he suspected the freshly minted reality TV star was fronting for the mansion's real owners.

Epstein threatened to expose the deal until he found himself under investigation by Palm Beach police for child sex abuse and human trafficking, and he eventually served 13 months in county jail as part of a controversial plea agreement brokered by Trump's future Labor Secretary Alex Acosta.

Trump later put the mansion on the market for $125 million, despite making only minor improvements to the property.

It was purchased for $96 million by Dmitry Rybolovlev, a Kremlin-linked industrialist — which meant Trump made $55 million on the deal despite risking none of his own money.

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Or, Wolff theorizes, Rybolovlev essentially bought the house from himself, with Trump as an intermediary, to launder ill-gotten money.

"This," Wolff wrote, "was Donald Trump's world of real estate."

Rybolovlev tore down the mansion in 2016 and sold off the property as three lots for less than the $115 million he had invested in it.

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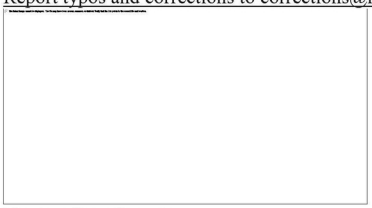

Next on Raw Story >
Russia is 'likely' conducting nuclear testing — despite Trump's friendship with Putin: US intel agencies

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

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**From:** Steve Bannon [redacted]
**Sent:** 12/6/2018 10:17:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: Alex Acosta update | Power Line

**Importance:** High

Begin forwarded message:

**From:** Robert Grusky <[redacted]>
**Date:** December 6, 2018 at 3:52:15 PM EST
**To:** Steve Bannon [redacted]>
**Subject: Alex Acosta update | Power Line**

https://www.powerlineblog.com/archives/2018/12/alex-acosta-update.php

# Alex Acosta update

Earlier this week, pedophile Jeffrey Epstein bought his way out of a lawsuit that would have given some of his victims the opportunity to testify about his predatory and criminal conduct. Victims never got that opportunity when Epstein faced criminal charges, because Alex Acosta — then the lead prosecutor, now the Secretary of Labor — let Epstein off with a ridiculously lenient sentence. Despite having committed hideous sex offenses with dozens of minors, Epstein received a sentence of 13 months in jail, during which he was often free during the day.

Epstein's decision to buy his out of the civil lawsuit, one that he had the nerve to initiate, benefits Acosta. The trial would have provided non-stop headlines, coupled with frequent references to the sweetheart deal Acosta gave him. As Randy Schultz puts it, the trial would have been the occasion for a long overdue public shaming of Acosta. Now, he avoids this consequence.

But this doesn't mean Acosta is out of the woods. He faces calls for his ouster from the Trump cabinet.

Some calls are from the usual suspects. Michelle Goldberg of the New York Times has written a piece so obnoxious that it almost makes me want to see Acosta ride out the storm.

But some conservatives are also advocating Acosta's departure. Concerned Women for America is a stalwart conservative organization. It describes itself, accurately, as "focus[ed] on seven core issues: the family, the sanctity of human life, religious liberty, education, **sexual exploitation**, national sovereignty, and support for Israel." (Emphasis added)

Its leader, Penny Nance, has called for Acosta's resignation. Noting that labor trafficking, which the Labor Department combats, is often conjoined with sex trafficking, Nance says that President Trump would not have nominated Acosta if reports fully describing Acosta's conduct in the Epstein case had emerged earlier.

Sen. Ben Sasse has also weighed in. He sent a letter to the Justice Department asking it to investigate its treatment of Epstein, including the fact that the plea deal ensured that victims of the pervert would be denied the ability to comment on or object to the leniency of his sentence. Sasse is chairman of the Senate Judiciary Committee Subcommittee on Oversight, Agency Action, Federal Rights and Federal Courts.

Sen. Marco Rubio, a longtime supporter of Acosta, says it would be "very troubling" if political influence led to a light sentence for Epstein. In Rubio's view, and that of every rational person, Epstein "should have been in jail for a long time." Rubio added, however, that he will reserve judgment until he hears Acosta's side.

That's fair. But so far, Acosta has provided no real defense for letting Epstein off so lightly. In public, at least, he is standing by his argument that the deal was a reasonable one and that this is old news.

Previously, Acosta had a different defense. He cited "a year-long assault on the prosecution and the prosecutors" by "an army of legal superstars" who represented Epstein. This allegedly included "defense counsel investigat[ing] individual prosecutors and their families, looking for personal peccadilloes that may provide a basis for disqualification." In this account, the deal was made to relieve the pressure, while still getting a conviction.

Acosta could hardly assert this explanation — i.e., that he wimped out — while seeking a cabinet position with the expectation of being appointed to more exalted jobs in the future. Nor is the explanation particularly plausible. Acosta isn't the first prosecutor to face a scorched earth defense. Ask Ken Starr about this.

I don't doubt that Acosta regarded escaping the wrath of the defense team as a benefit of reaching the plea deal. But I don't believe this was incentive enough to cause him, in effect, to throw the case.

What was the true incentive? As I wrote when this story broke, I think it was the same incentive that explains much of his conduct in public life — Acosta's desire to accommodate people he thinks can help him down the road.

Which people? Probably the lawyers at Kirkland and Ellis, where Acosta had once worked.

Epstein enlisted Ken Starr* and Jay Lefkowitz, both of Kirkland, for his defense team. Acosta reportedly worked out the terms of his surrender with Lefkowitz, a former colleague, at a meeting in a location far away from the prosecutor's office.

The location of the meeting is itself suspicious. Prosecutors and other law enforcement officials normally demand that those seeking a deal come to them.

The fact that Acosta didn't is another sign — if one were needed — that this was a capitulation. It also casts further doubt on the claim that Acosta was capitulating for the purpose of sparing the folks who worked with him in the prosecutor's office.

The key point, though, is that Ken Starr and Jay Lefkowitz were power players in Washington — men who might help Acosta down the road.

Readers will be quite familiar with Starr's background. Lefkowitz was director of cabinet affairs and deputy executive secretary to the domestic policy council under President George H.W. Bush. Under President George W. Bush, Lefkowitz served as general counsel in the Office of Management and Budget and later as deputy director of domestic policy at the White House.

Accommodating such influential figures must have seemed like a good career move. Having Starr and Lefkowitz on his side might help Acosta get a judgeship, a cabinet appointment, or a high-paying job back at Kirkland and Ellis.

I'm speculating, of course. But my speculation finds support in Acosta's practice of accommodating the powerful.

Much of that accommodation is of Democrats. Indeed, at the time Acosta was working in Miami as a U.S. Attorney, he had alienated some Republicans by such accommodation while at the Department of Justice. Some say he was on the verge of being fired when Attorney General Alberto Gonzalez parachuted him to Miami. The Epstein settlement was a way for Acosta to shore up his standing with some influential Republicans.

Will Acosta be able to survive the current scandal? I don't have a clear sense about this yet. But President Trump, who isn't bashful about sacking cabinet members, may come to believe (if he doesn't now) that it's disadvantageous to have a cabinet member who sold out teenage victims of sexual abuse, especially when the sell-out benefited an ultra-wealthy serial offender.

* Some on the left are trying to make something or the fact that Starr, who had investigated Bill Clinton in connection with sexual misconduct, later defended Epstein, a pervert. This is silly.

In both instances, Starr was doing his job as a lawyer. Perverts are entitled to a defense and there is nothing hypocritical about investigating Bill Clinton's misconduct when that was Starr's job and later joining the team that was defending Jeffrey Epstein.

Acosta, by contrast, was on the team seeking justice for Epstein and for his victims. He gave up this quest for reasons that can't be defended.

Sent from my iPad

**From:** Steve Bannon [redacted]
**Sent:** 12/22/2018 3:31:34 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Trump has discussed firing Fed chief after latest interest rate hike: report | TheHill

**Importance:** High

LMAO

Perfect mnuchin hit

On Dec 22, 2018, at 9:22 AM, J <jeevacation@gmail.com> wrote:

In 1993, Powell began working as a managing director for Bankers Trust, but he quit in 1995 after the bank got into trouble when several customers suffered large losses due to derivatives. He then went back to work for Dillon, Read & Co.[15]

he didnt understand the markets 25 years ago. obama appointed him to the board. what else do you guys need to know

On Sat, Dec 22, 2018 at 8:21 AM Steve Bannon <[redacted]> wrote:

https://thehill.com/policy/finance/422577-trump-considering-firing-federal-reserve-chief-after-latest-interest-rate-hike

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**From:** Michael Wolff [redacted]
**Sent:** 2/1/2019 4:07:11 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** FYI

**Importance:** High

Books and newspaper accounts of Trump's 45 years in business were full of his shady dealings, and the presidency had only helped to highlight them and to surface even juicier ones. Real estate was the world's favorite money laundering currency and Trump's B-level real estate business was quite explicitly designed to appeal to money launderers. What's more, Trump's own financial woes, and desperate efforts to maintain billionaire lifestyle, cache, and market viability, forced him into constant and unsubtle schemes. Practically speaking, you couldn't miss him, as the Mueller investigation appeared to be finding.

In November 2004, for instance, Jeffrey Epstein, the financier later caught in a scandal involving under-age prostitutes, agreed to buy out of bankruptcy a house in Palm Beach, Florida for $30 million—a house that had been on the market for two years. Epstein and Trump had been close friends—playboys in arms, as it were—for more than a decade, with Epstein often counseling Trump on his chaotic financial affairs. Epstein took Trump to see the Palm Beach house to advise him on construction issues involved with moving a swimming pool. As he prepared to finalize his deal for the house, an incredulous Epstein saw a severely cash-constrained Trump bid $41 million for the property, buying it through an entity called Trump Properties LLC, financed by Deutsche Bank. Trump, Epstein knew, had been renting his name, telling Epstein he ought to do the same—that is, for an ample fee, Trump was willing to serve as a front man to disguise the actual ownership in a real estate transaction. (This was, in effect, just another variation of Trump's basic business model of licensing his name for commercial properties owned by someone else.) A furious Epstein, suspecting that the real owner was a Russian oligarch, who Trump knew, Dmitry Rybolovlev—part of the close Putin circle of government-aligned industrialists in Russia—threatened to expose the deal, then getting extensive scrutiny in Florida papers. The fight became all the more bitter when, two months later, the house was put on the market for $125 million. Well known to Trump, who often saw Epstein at his current Palm Beach house, Epstein was visited almost every day, and had been for many years, by girls who he paid for massages with happy endings—girls recruited from local restaurants, strip clubs, and, also, Trump's Mar-a-Lago. Just as the threats and enmity of the two friends increased over the house sale, Epstein found himself under investigation by local Palm Beach police. Epstein's legal problems vastly escalated as the house, with only minor improvements, was bought for $96 million by Dmitry Rybolovlev. That is, Trump had either miraculously earned $55 million, without putting up a dime, or Rybolovlev, or someone such as Rybolovlev, paid Trump Properties, LLC—actual owner unknown—$96 million, thereby providing a clean payment of $55 million to someone. Rybolovlev might have, in effect, paid himself for the house, thereby cleansing the money. Epstein, on his part, would spend 12 months in jail on a prostitution charge.

After the election, when Bannon was introduced to Epstein, Bannon told him, “You were the one person I was truly afraid of coming forward during the campaign.”

“And rightly so,” said Epstein.

**From:** Richard Kahn [redacted]
**Sent:** 5/29/2019 10:28:52 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Wolff Book

**Importance:** High

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https://www.rawstory.com/2019/05/new-book-paints-sordid-picture-of-trump-real-estate-deal-involving-russian-oligarch-and-jeffrey-epstein/

# New book paints sordid picture of Trump real estate deal involving Russian oligarch and Jeffrey Epstein

By Travis Gettys - May 29, 2019

President Donald Trump departs the White House for Palm Beach, FL (Shutterstock)

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Russia is 'likely' conducting nuclear testing — despite Trump's friendship with Putin: US intel agencies

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 4/14/2009 7:02:11 PM
**To**: [redacted]
**Subject**: Fwd: FW: As Obama says "We've got problems"

---------- Forwarded message ----------
From: **gmax** <gmax1@ellmax.com>
Date: Sun, Apr 12, 2009 at 6:15 PM
Subject: FW: As Obama says "We've got problems"
To: J J <jeevacation@gmail.com>

# We are in trouble....

# The population of this America is 300 million.

# 160 million are retired.

# That leaves 140 million to do the work.

# There are 85 million in school.

**Which leaves 55 million to do the work.**

**Of this there are 35 million employed by the federal government.**

**Leaving 20 million to do the work.**

**2.8 million are in the armed forces**

**preoccupied with killing Osama Bin-Laden.**

**Which leaves 17.2 million to do the work.**

**Take from that total the 15..8 million people who work for state and city Governments. And that leaves 1.4 million to do the work.**

**At any given time there are 188,000 people in hospitals.**

**Leaving 1,212,000 to do the work.**

**Now, there are 1,211,998 people in prisons.**

**That leaves just two people to do the work.**

**You and me.**

**And there you are,**

**Sitting on your chair,**

**At your computer, reading jokes.**

**Nice. Real nice.**

------ End of Forwarded Message

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 5/29/2009 3:04:08 PM
**To:** [redacted]
**Subject:** Re: Fw: (no subject)
**Attachments:** C2936214.jpg

call back

On Fri, May 29, 2009 at 10:02 AM, <[redacted]> wrote:

---

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---------- Forwarded message ----------
From: Steven Elkman <[redacted]
To: undisclosed-recipients:;
Date: Fri, 29 May 2009 09:58:45 -0400
Subject: Fw: (no subject)

==========
Steven Munro Elkman
Client Advisor
Managing Director
Deutsche Bank Alex. Brown
A Division of Deutsche Bank Securities, Inc.
280 Park Avenue, 3 East
New York, NY 10017
[redacted]
==========

----- F

# The new GM (Government Motors) proudly introduces the 2010 Obama ...

**This car runs on hot air and broken promises. It has three wheels that speed the vehicle through tight left turns. It comes complete with two Teleprompters programmed to help the occupants talk their way out of any violations.**
**The transparent canopy reveals the plastic smiles still on the faces of all the "happy" democrat owners**

Version: 8.0.136 / Virus Database: 270.6.4/1615 - Release Date: 8/16/2008 7:11 AM

---

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/9/2009 4:43:25 PM
**To:** Jack Goldberger [redacted]; Robert D. Critton Jr. [redacted]
**Subject:** Fwd: Daily News story on Jeffrey Epstein

---------- Forwarded message ----------
From: **Darren Indyke** <[redacted]>
Date: Fri, Oct 9, 2009 at 12:32 PM
Subject: Fwd: Daily News story on Jeffrey Epstein
To: Jeevacation <jeevacation@gmail.com>

# Privileged - Redacted

Sent from my iPhone

Begin forwarded message:

**From:** Howard Rubenstein <[redacted]>
**Date:** October 9, 2009 7:26:54 AM PDT
**To:** "[redacted]>
**Subject: FW: Daily News story on Jeffrey Epstein**

Hi Darren:

I hope you are well.

Since we are no longer working for Jeffrey, I'm forwarding this Daily News request to you so you can handle it as you see fit.

Many thanks,

Howard

---

**From:** Rush, George [mailto:[redacted]
**Sent:** Thursday, October 08, 2009 11:08 PM
**To:** Howard Rubenstein
**Subject:** Daily News story on Jeffrey Epstein

Howard:

We're working on a story for our Sunday column about Jeffrey Epstein. I thought I might send my questions to you tonight, so you'd have them first thing tomorrow.

Would you like to comment on the following:

1. You've said that the women pressing suits against Mr. Epstein "have lied repeatedly, and in no way shape or form were they victims. They were at his place freely and voluntarily. And one of them showed Epstein a fake ID." What do you have to say now that Mr. Epstein has admitted in his federal plea bargain that he did conspire to entice minors to engage in prostitution? Accepting that these women came voluntarily, isn't Mr Epstein still guilty of statutory rape?

2. Brad Edwards, an attorney who represents three of the women, recently served a Subpoena to Testify at a Deposition on Epstein's former girlfriend, Ghislaine Maxwell. The Subpoena asks that Maxwell produce "a list of all girls" that visited Jeffrey Epstein's homes in Palm Beach and Manhattan, or flew on his planes. Edwards said in an interview that Maxwell was "second-in-command of Epstein's criminal enterprise." He added, "She was on Epstein's plane, transporting girls for the purpose of having sex with other people. She kept a computer database of hundreds of girls and oversaw the schedule of girls who came to Epstein's homes."

3. A suit filed last May by "Jane Doe 102" against Epstein alleges that, after recruiting her as a 15-year-old girl to give Epstein massages, Maxwell and Epstein took part in "sexually assaulting, battering, exploiting, and abusing Plaintiff."

4. The same suit alleges that Epstein "lured" the girl "every day for next two weeks" to his house. The suit claims that she eventually became a "sex slave" to Epstein, traveling with him around the world. "In all of these locations, she was required to engage in sex acts with him and other women - including other minors."

5. Did Jane Doe 102 – who now lives in Australia – go on the 2002 trip where President Clinton flew on Mr. Epstein's Boeing 727?

6. "Most of these acts of abuse occurred during a time when defendant [Jane Doe 102] knew that the plaintiff was approximately 15, 16 and 17 years old and, after years of daily sexual exploitation continued into her adulthood ... until she fled at age 19,"

7. When Maxwell and Epstein celebrated Jane Doe 102's 16th birthday with her, Epstein joked that he would have to "trade her in" because she was getting too old for him.

8. Not only was Jane Doe 102 required to satisfy Epstein's "every sexual whim," but she also was exploited by Epstein's adult male peers. They included "royalty, politicians, academicians, businessmen and others in various locations around the world."

9. The Palm Beach Post and lawyers representing Epstein's alleged victims have called his federal non-prosecution agreement a "secret," "backroom," "sweetheart" deal, noting that none of his alleged victims was consulted. Several critics have claimed Epstein "bought" the agreement, using politically-connected lawyers. Would he like to comment?

10. Is Epstein cooperating with federal suit against Bear Stearns hedge fund managers Ralph Cioffi and Matthew Tannin? Will he testify in their cases?

11. Mr Epstein was deposed on this week, on Thursday. Is it true that he answered almost every question by invoking his Fifth Amendment rights?

12. Defense attorney Brad Evans has filed a motion to freeze Mr Epstein's assets. Has Mr. Epstein moved his money from the US offshore or abroad, or does he intend to, in order to protect his assets from possible damage claims?

13. What did Mr. Epstein do during his work release program while serving time. Reports have said he engaged in "scientific research." If so, what was he researching?

14. Has Mr. Epstein returned to pursuing his investment business? Is Mr Epstein still on probation?

15. Is Mr. Epstein permitted to leave Florida or the United States? Do authorities hold his passport?

You can reach me via e-mail or at [redacted] or [redacted]. We close our column at 3 pm on Friday but can add comments as late as 3 pm on Saturday. Many thanks.

George

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Jeffrey Epstein
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We're working on a story for our Sunday column about Jeffrey Epstein. I thought I might send my questions to you tonight, so you'd have them first thing tomorrow.

Would you like to comment on the following:

1. You've said that the women pressing suits against Mr. Epstein "have lied repeatedly, and in no way shape or form were they victims. They were at his place freely and voluntarily. And one of them showed Epstein a fake ID." What do you have to say now that Mr. Epstein has admitted in his federal plea bargain that he did conspire to entice minors to engage in prostitution? Accepting that these women came voluntarily, isn't Mr Epstein still guilty of statutory rape?

2. Brad Edwards, an attorney who represents three of the women, recently served a Subpoena to Testify at a Deposition on Epstein's former girlfriend, Ghislaine Maxwell. The Subpoena asks that Maxwell produce "a list of all girls" that visited Jeffrey Epstein's homes in Palm Beach and Manhattan, or flew on his planes. Edwards said in an interview that Maxwell was "second-in-command of Epstein's criminal enterprise." He added, "She was on Epstein's plane, transporting girls for the purpose of having sex with other people. She kept a computer database of hundreds of girls and oversaw the schedule of girls who came to Epstein's homes."

3. A suit filed last May by "Jane Doe 102" against Epstein alleges that, after recruiting her as a 15-year-old girl to give Epstein massages, Maxwell and Epstein took part in "sexually assaulting, battering, exploiting, and abusing Plaintiff."

4. The same suit alleges that Epstein "lured" the girl "every day for next two weeks" to his house. The suit claims that she eventually became a "sex slave" to Epstein, traveling with him around the world. "In all of these locations, she was required to engage in sex acts with him and other women - including other minors."

5. Did Jane Doe 102 – who now lives in Australia – go on the 2002 trip where President Clinton flew on Mr. Epstein's Boeing 727?

6. "Most of these acts of abuse occurred during a time when defendant [Jane Doe 102] knew that the plaintiff was approximately 15, 16 and 17 years old and, after years of daily sexual exploitation continued into her adulthood ... until she fled at age 19,"

7. When Maxwell and Epstein celebrated Jane Doe 102's 16th birthday with her, Epstein joked that he would have to "trade her in" because she was getting too old for him.

8. Not only was Jane Doe 102 required to satisfy Epstein's "every sexual whim," but she also was exploited by Epstein's adult male peers. They included "royalty, politicians, academicians, businessmen and others in various locations around the world."

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10. Is Epstein cooperating with federal suit against Bear Stearns hedge fund managers Ralph Cioffi and Matthew Tannin? Will he testify in their cases?

11. Mr Epstein was deposed on this week, on Thursday. Is it true that he answered almost every question by invoking his Fifth Amendment rights?

12. Defense attorney Brad Evans has filed a motion to freeze Mr Epstein's assets. Has Mr. Epstein moved his money from the US offshore or abroad, or does he intend to, in order to protect his assets from possible damage claims?

13. What did Mr. Epstein do during his work release program while serving time. Reports have said he engaged in "scientific research." If so, what was he researching?

14. Has Mr. Epstein returned to pursuing his investment business? Is Mr Epstein still on probation?

15. Is Mr. Epstein permitted to leave Florida or the United States? Do authorities hold his passport?

You can reach me via e-mail or at [redacted] or [redacted]. We close our column at 3 pm on Friday but can add comments as late as 3 pm on Saturday. Many thanks.

George

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 10/9/2009 5:19:34 PM
**To**: Mortimer Zuckerman [redacted]
**Subject**: Fwd: Daily News story on Jeffrey Epstein

---------- Forwarded message ----------
From: **Darren Indyke** <[redacted]>
Date: Fri, Oct 9, 2009 at 12:32 PM
Subject: Fwd: Daily News story on Jeffrey Epstein
To: Jeevacation <jeevacation@gmail.com>

Just woke up to find this from Howard. A
going to canyons today, so not sure about phone reception.

Sent from my iPhone

Begin forwarded message:

**From:** Howard Rubenstein <[redacted]>
**Date:** October 9, 2009 7:26:54 AM PDT
**To:** [redacted]
**Subject: FW: Daily News story on Jeffrey Epstein**

Hi Darren:

I hope you are well.

Since we are no longer working for Jeffrey, I'm forwarding this Daily News request to you so you can handle it as you see fit.

Many thanks,

Howard

---

**From:** Rush, George [mailto:[redacted]
**Sent:** Thursday, October 08, 2009 11:08 PM
**To:** Howard Rubenstein
**Subject:** Daily News story on Jeffrey Epstein

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5. Did Jane Doe 102 – who now lives in Australia – go on the 2002 trip where President Clinton flew on Mr. Epstein's Boeing 727?

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/9/2009 5:24:34 PM
**To:** Michael J. Pike [redacted]
**Subject:** Fwd: Daily News story on Jeffrey Epstein

---------- Forwarded message ----------
From: **Darren Indyke** <[redacted]>
Date: Fri, Oct 9, 2009 at 12:32 PM
Subject: Fwd: Daily News story on Jeffrey Epstein
To: Jeevacation <jeevacation@gmail.com>

**Privileged - Redacted**

Sent from my iPhone

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**To:** [redacted]
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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 6/14/2010 8:18:52 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Fwd: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
**Attachments**: 14093566.jpg; 14528996.jpg; 14223289.jpg; 14439708.jpg; 14986269.jpg; ecblank.gif; 14770170.jpg

---------- Forwarded message ----------
From: <[redacted]>
Date: Mon, Jun 14, 2010 at 2:27 PM
Subject: Fwd: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
To: jeevacation@gmail.com

---------- Forwarded message ----------
From: Steven Elkman [redacted]
To: undisclosed-recipients:;
Date: Mon, 14 Jun 2010 12:13:37 -0400
Subject: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

==========

Steven Munro Elkman
Client Advisor
Managing Director
Deutsche Bank Alex. Brown
A Division of Deutsche Bank Securities, Inc.
280 Park Avenue, 3 East
New York, NY 10017
[redacted] phone
fax

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Deutsche Bank does not render legal or tax advice, and the information contained in this communication should not be regarded as such.----- Forwarded by Steven Elkman/db/dbcom on 06/14/2010 12:13 PM -----

[redacted]

06/12/2010 07:59 AM

ToSteven Elkman/db/dbcom@DBAmericas

Please respond to [redacted]

cc

SubjectFw: Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

Get it

Sent from my Verizon Wireless BlackBerry

**From:** "Armando Fernandez,D.D.S." <[redacted]>
**Date:** Fri, 11 Jun 2010 23:53:54 -0400
**To:** <[redacted]; Coleman Christie[redacted]>; Edward Petillo<[redacted]>; Foley, Daniel<[redacted]; [redacted]; JJuncal<[redacted]>; John Noto[redacted]; John Noto<[redacted]>; Joy Toboroff[redacted]; [redacted] lennycorp[redacted]>; Richard Savino<[redacted]>; [redacted]
**Subject:** Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

---------- Forwarded message ----------
From: [redacted]
Date: Thu, Jun 10, 2010 at 10:07 PM
Subject: Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
To: [redacted]
Cc: [redacted]

---------- Forwarded message ----------
From: Leonard Lebovitch <[redacted]>
To: willie friedman [redacted], gregg&gisele dimant [redacted], jerry hirsh [redacted], harwey morgan [redacted], edy-imi weiss [redacted], peter weiss [redacted], ROBERT SAWYER [redacted]
Date: Thu, 10 Jun 2010 19:49:10 -0400
Subject: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

----- Original Message -----
**From:** [redacted]
**To:** [redacted]
**Sent:** Thursday, June 10, 2010 3:28 PM
**Subject:** Nobody knows nobody in Chicago

**Rod Blagojevich is the former Illinois Governor who tried to sell Obama's seat in congress.**

**Obama was asked, by the press, if he had ever met Gov. Ron Blagojevich.**

**<u>Barack Obama:</u> "I only saw Rod Blagojevich one time ... and that was in the stands and from**

**a distance at a Chicago Bears Football Game."**

**Rod Blagojevich, Barack Obama and Richard Daley during a rally in Chicago , April 16, 2007.** (Photo Reuters )

**To understand the next 4 years, you have to understand the world according to Chicago ...**

**While Chicago is a city in Illinois , it is almost a completely different country when it comes to politics, with a whole different set of morals and language.**

**There are only three rules and a *Prime Directive* which anybody can understand. You don't even need an attorney to understand them --and if you need an attorney, well, you know too much...so look out for Rule #3!**

**RULE #1...No matter what you see, hear, or do --you don't know anybody and you don't know nothing!**

**RULE #2...If you capture something on tape or camera -- it doesn't reveal nothing!**

**RULE #3...If you know what everybody knows in Chicago --well, you *still* don't know nothing.**

**The PRIME DIRECTIVE in CHICAGO ...No matter what the vote Democrats win the election. Now pay close attention!**

**It's very simple....we'll illustrate. *Remember, you know nothing.***

**These two? They don't know each other! They said they didn't.**

**The fellas in this picture . They never actually met face to face. What fellas? We don't see nothing!**

**The guy on the left? For all you know he's Santa Claus.**

**And the guy on the right... well, he's the Easter Bunny! That's all you need to know.**

**Go to your eye doctor...your eyes are lying to you! Ca'pish?**

**Remember Jimmy Hoffa? He knew too much and now, well, now no one knows where he is.**

**Is the big picture clear? Not these pictures! Remember, You've already forgot them...**

Governor Blagojevich confers with now President-Elect Barack Obama

**Now, ain't that simple? They don't know each other and they never met!**

**How is that possible? 'cause they said so! And don't forget it!**

**P.S. If you pass this on to your friends, don't forget, you know nothing and they will know nothing.**

***David Gibson, M.D.*** **Chicago**

## Steven Summerlin

Reply to sender | Reply to group | Reply via web post | Start a New Topic
Messages in this topic (1)
**Recent Activity:**
Visit Your Group

Switch to: Text-Only, Daily Digest • Unsubscribe • Terms of Use

--
Armando Fernandez,D.D.S.

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communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 1/29/2011 12:36:51 AM
**To**: Boris Nikolic[redacted]

I can find out if mick jagger, ken starr, clinton . julie taymor , are in town/? I suggest we leave it till mon night.. I will have no trouble getting anyone you want . but i think it best after the three of us noodle a bit/.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/30/2011 11:35:21 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:** Re:

yes, would you like to come by, or are youyou as jetlagged as me,, sultan just left. I will be up for another hour or so.. yes 730 tomorrow is great

On Sun, Jan 30, 2011 at 6:29 PM, Boris Nikolic (bgC3) <[redacted] wrote:

Just landed to lga.
Are you in?
Is it 7:30pm tmr ok? I will come w bill at that time. Pls let me know.
b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Friday, January 28, 2011 7:35 PM
**To:** Boris Nikolic (bgC3) <[redacted]>
**Subject:**

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/30/2011 11:45:40 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:** Re: Re:

perfect

On Sun, Jan 30, 2011 at 6:39 PM, Boris Nikolic (bgC3) <[redacted]> wrote:

Thank you man. Want to go and take a shower!
Worked most of flght.
Lets plan rather to meet tmr.
Lets talk tmr.
Great for 7:30! It will be fun.

b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/6/2011 10:15:22 PM
**To:** Lawrence Krauss [redacted]
**Subject:** Re: Statement in the Daily Beast?

no it was appreciated. thanks

On Wed, Apr 6, 2011 at 11:31 PM, Lawrence Krauss [redacted] wrote:
just so you know.. you can read from bottom up.. you may be mad that I was blunt... haven't heard from you.. hope all is well..

Begin forwarded message:

**From:** Rebecca Watson [redacted]
**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Krauss [redacted]
**Subject: Re: Statement in the Daily Beast?**

Okay, will do.

On Wed, Apr 6, 2011 at 1:27 PM, Lawrence Krauss [redacted] wrote:
ok.. I just sent an additional email which moderates this.. everyone was a victim, including Jeffrey here.. and there was no happy resolution.. please add.. "probably everyone was a victim, with no happy resolution or consequences of these activities", after "was the victim in this case.".

On Apr 6, 2011, at 10:18 AM, Rebecca Watson wrote:

Okay, thanks for this statement . . . I'll print it in full along with the article, probably today. I very, very strongly disagree with your position and hope you eventually reconsider, but I do appreciate you taking the time to respond.

-R

On Wed, Apr 6, 2011 at 1:15 PM, Lawrence Krauss [redacted] wrote:
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Thanks,
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/6/2011 10:55:39 PM
**To:** Lawrence Krauss[redacted]
**Subject:** Re: Statement in the Daily Beast?

no i am in paris thanks

On Thu, Apr 7, 2011 at 12:18 AM, Lawrence Krauss[redacted] wrote:
Beyond anything else, you are my friend. I hope we can both always remember that, no matter what.

Are you coming this weekend at all?

Lawrence Krauss
Foundation Professor
School of Earth and Space Exploration and Physics Dept.
Co-director, Cosmology Initiative
and Director, Origins initiative
Arizona State University

Sent from my iPhone

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/6/2011 10:56:35 PM
**To:** Lawrence Krauss [redacted]
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what evidence? no real sex.. where is she getting her so called facts

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**From:** jeffrey epstein [jeevacation@gmail.com]
**Sent:** 5/16/2011 8:28:27 PM
**To:** Richard Kahn [redacted]
**Subject:** Re: Check out [redacted] - Sök på Google

Yes

Sorry for all the typos .Sent from my iPhone

On May 16, 2011, at 5:10 PM, Richard Kahn [redacted] wrote:

confirming that donation is to Stockholm School of Economics for 25k

Richard Kahn
HBRK Associates Inc.
301 East 66th Street, Suite 10F
New York, NY 10065
[redacted]

On May 14, 2011, at 7:52 PM, Jeffrey Epstein wrote:

25k from enhanced ed

---------- Forwarded message ----------
From: [redacted]
Date: Sat, May 14, 2011 at 6:43 PM
Subject: Re: Check out [redacted] - Sök på Google
To: jeevacation@gmail.com

JEFFREY EPSTEIN - YOU ARE THE BEST - YOU MADE NOT ONLY MY DAY BUT MY TRIP! TACK!!BE

In a message dated 2011-05-14 12:18:45 Eastern Daylight Time, jeevacation@gmail.com writes:

> she has been in my house. I will give you the 25k that you need.
>
> On Sat, May 14, 2011 at 5:20 PM, [redacted] wrote:
>
> > Click here: [redacted] - Sök på Google I met this terrific girl in a church in Gotland, godmother to my friend Angelina Jolins baby girl..she was so beautiful I thought - and she is obviously! And nice! Wants to do more good for Africa than she already does..thought of you but she may not be the Swedish girl we look for....
> >
> > I am packing last minute - did not hear back from you...its ok I understand if it was much to ask for...but you did it last year so now when things are tough you spoilt me..! I will meet your friend Bill Clinton in Stockholm this Thursday - at the royal opera!! - next year SALSS - if I survive this year...will have a focus on Globalization and I thought I ask him to come....?! Anyway, off we go, me and Lalla...to start with to interview 10 candidates for FEOY 2011...Much love BE

--
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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 6/5/2012 1:01:03 PM
**To**: [redacted]

hang the clinton painting in place of the art work , so that people walking by can smile.

--
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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 12/15/2013 1:07:51 AM
**To**: [redacted]
**Subject**: Re: A few questions just in case please?

**Importance**: High

how will our future differ from your lives? if i was going to do your job what three things would i have to know. ? is obama good for the country, . ? israel? . if you could live one day of your lives over again, what would it be?

On Sat, Dec 14, 2013 at 7:04 PM [redacted] wrote:

Sent from my iPhone

--
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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 12/15/2013 12:59:34 PM
**To**: [redacted]
**Subject**: Re: A few questions just in case please?

Call

On Sunday, December 15, 2013, [redacted] wrote:

> Thank you! Was amazing! The best family dinner ever. Louis said they LOVED me! Thu both texted him afterwards saying that:)
>
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>
> > how will our future differ from your lives? if i was going to do your job what three things would i have to know. ? is obama good for the country, . ? israel? . if you could live one day of your lives over again, what would it be?
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Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-01-26\Anil Ambani on 2018-01-26 at 05.05.50.ichat

Service: iMessage

Start Time: 01/26/18 02:05:50 AM (538653950)

End Time: 01/26/18 02:15:13 AM (538654513)

Last Message ID: 12026

Chat Room:

Participants: jee, Anil Ambani

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:05:50 AM (538653950)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 4A4822E6-E703-4DC7-8D30-5FBC4E6277F0

Message: <Unsupported Message Content>

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:06:16 AM (538653976)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: BD7E0CEC-8151-45FC-B09E-BAC585C96835

Message: I have your signed dedicated copy

Sender: [redacted]

Time: 01/26/18 02:06:40 AM (538654000)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 30A949A4-94CD-4599-806E-C40B9455DACC

Message: By whom

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:07:08 AM (538654028)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 52EF45DD-48E1-4ED5-900F-CCB73F4421FF

Message: To you by both bannon and Wolfe

Sender: [redacted]

Time: 01/26/18 02:07:27 AM (538654047)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 69AD9E66-E612-41B5-8F2B-FDDED7BFD075

Message: Great. Thanks.

Sender: [redacted]

Time: 01/26/18 02:07:41 AM (538654061)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 79477044-3013-4FBA-BBE2-6F390D06DF19

Message: U not in davos

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:08:04 AM (538654084)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: B7B54956-1B47-4C33-BB1A-4276778E8D65

Message: There are only 5

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:09:30 AM (538654170)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: C08219DC-C92D-40CF-A1AF-D907E66CDFE8

Message: No - my Paris house has been suburb of meetings . GREAT fun . No ties or pretense

Sender: [redacted]

Time: 01/26/18 02:10:16 AM (538654216)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8EE713DB-13D4-4364-89E1-1841654AEFA2

Message: Thanks.

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:10:17 AM (538654217)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 0BB20873-A930-447A-8086-E0C2E04369C0

Message: Though I am tired of bomb sniffing dogs in my bedroom

Sender: [redacted]

Time: 01/26/18 02:10:26 AM (538654226)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 951383F4-F0B0-4279-B143-1534D7D8121D

Message: Enjoy.

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:12:36 AM (538654356)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 20EA5C68-6583-415A-9189-B7023681960E

Message: Many leaders just find it very difficult to grasp trump. While it is obvious but hard to truly believe

Sender: e:jeeitunes@gmail.com

Time: 01/26/18 02:12:51 AM (538654371)

Flags: 1093637

Is Read: Yes

Is Invitation: No

GUID: 4BCE7C2E-57B5-4005-8D25-38D80A2BF331

Message: Ex . He is not rich

Sender: [redacted]

Time: 01/26/18 02:15:13 AM (538654513)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 28634BA1-5C08-4650-8525-5E8A521C1ABF

Message: Have fun

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-24\+1 (310) 990-6526 on 2018-08-24 at 06.30.17.ichat

Service: iMessage

Start Time: 08/24/18 03:30:17 AM (556799417)

End Time: 08/24/18 08:22:17 PM (556860137)

Last Message ID: 19241

Chat Room:

Participants: jee, +1 [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 03:30:17 AM (556799417)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 0B6F4D7B-1A34-433A-A461-990E08FCBDB2

Message: you had a win in austrailia . anti immigration again

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 03:55:42 AM (556800942)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3D374759-13F9-4EE7-B47E-1CEF04D8EFE0

Message: Ny state - as advertised

Sender: [redacted]

Time: 08/24/18 04:53:34 AM (556804414)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F66B4FD2-1217-4EB6-B8F8-69B4B69C7F56

Message: Did ny state do anything other than threaten??

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 04:58:43 AM (556804723)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: DA58BDCB-C4F2-44CF-A409-515887FE188F

Message: yes. opened cohen . and reviewing corp. but only a matter of time. cohen . fed deal does not include state. state has no double imdemnity for tax .

and all its bookkeeping issues. .  I refer to this as a very slow guilty plea.  and the ny attny general woman is super smart

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 04:59:06 AM (556804746)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B0F4F18A-81F3-48BD-BDE9-BAB526170442

Message: so subpoenas galore

Sender: [redacted]

Time: 08/24/18 05:08:36 AM (556805316)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E54D8E72-BE1C-46E6-8D10-D816FD1B99A2

Message: Got it

Sender: [redacted]

Time: 08/24/18 05:08:48 AM (556805328)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 743CCE20-BD4D-4251-A627-F10EB79C8F99

Message: What did u think of the film

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:18:45 AM (556805925)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: AA86C5D8-3BE6-44E7-8875-D7EB412D7853

Message: if it were the UFC  ,  the ref would have stopped the fight after 40 min. .discontinuing the  ground and pound  .

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:25:11 AM (556806311)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 051AE557-60A2-46D7-AA74-E22B52B3DD28

Message: I trust your judgment. -  his friends think he's gone over the edge

Sender: [redacted]

Time: 08/24/18 05:25:19 AM (556806319)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F9AC3C6F-EDEB-4A58-B2B3-ABE9049128D0

Message: a bannon special-- very nuanced -- did my girlfriend watch any of it

Sender: [redacted]

Time: 08/24/18 05:25:30 AM (556806330)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8AB9E066-1B4B-4682-9371-F7F71E1B880F

Message: Trumps friends ??

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:25:36 AM (556806336)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 88F51BDE-FA05-45D8-B4EE-710118EC92DE

Message: ex

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:25:45 AM (556806345)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4CE2B5D0-E67F-4C54-9159-0D4D80E935EA

Message: but know him very very well

Sender: [redacted]

Time: 08/24/18 05:26:31 AM (556806391)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 73F1B618-214D-4041-927E-CED94D13AFE9

Message: He has lost it-- no doubt about that

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:26:44 AM (556806404)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 455C2876-5039-460C-A541-3B904AA9CA88

Message: to put it mildly  she was in no mood .  she is also close to brennan

Sender: [redacted]

Time: 08/24/18 05:27:36 AM (556806456)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A783EB1F-4D58-4A6B-9DA2-57810FEB079A

Message: Will keep a note NOT to use my films as foreplay

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:28:30 AM (556806510)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 14AC89F7-7523-476D-9A0E-7C7E41B740B9

Message: so you understand the pattern  .  its one event per person that get stuck. you - moore.  sessions recusal.  - barrack  his crazy comment. - [redacted].  her fucking the guy under the lifeguard chair  !  whoops , that one does have meaning

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:29:19 AM (556806559)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F488E185-8712-411F-A515-9BA31B5C4F27

Message: your films work as foreplay for a former isis wife

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:29:53 AM (556806593)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 6ED179DE-ED29-4E0F-8B88-E867B82EBFDD

Message: especially with the guy under the tank treads  ,  she wouldnt be able to control herself

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:30:31 AM (556806631)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 29E7FFA7-12B0-4CA7-BB9C-0745CB8443E9

Message: witnessing as one might describe it , as squeezing one out , for the last time

Sender: [redacted]

Time: 08/24/18 05:31:27 AM (556806687)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 2C07F4E9-A451-4C73-B696-E639E941B1EB

Message: Squeezing one out

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 05:32:29 AM (556806749)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 4968B727-B9CB-451F-8828-2C2D3F91649C

Message: it appears the thought was mutual

Sender: [redacted]

Time: 08/24/18 05:35:00 AM (556806900)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 439AF932-1815-422B-86C4-1D64C91A5976

Message: LOL

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:58:20 AM (556815500)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F079FB60-5AD1-4496-A2E4-42CB78A8E88F

Message: now weisslberg.  can't survive

Sender: [redacted]

Time: 08/24/18 08:31:38 AM (556817498)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BE97DE6D-53E8-4DAD-B351-05E3EBEE6405

Message: End of Days

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:41:53 AM (556818113)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 98CAE05A-5570-4D72-825B-ADC89D3AE4DF

Message: lets make a plan for YOU . . more important by far. I guessed that before sept 6 , more will come out. keeping it outside the 60 days of election interference . as you will see trump corp on the hit list. . isn't it nice to have tomorrows news today

Sender: [redacted]

Time: 08/24/18 08:46:20 AM (556818380)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 94C6A4C4-E6C0-4C4A-A563-A532CBBC71FF

Message: Very comforting

Sender: [redacted]

Time: 08/24/18 08:46:44 AM (556818404)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: F54BFD3E-4B09-49F6-BEC1-84E14313DFC8

Message: Trump org always the weak link

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:49:00 AM (556818540)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5ABBDEE6-3267-40B5-990E-D009D3C6207D

Message: no fifth amendment right to corp and that the money . you should start thking of your back game

Sender: [redacted]

Time: 08/24/18 08:50:05 AM (556818605)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2052B9A-75E1-469A-A136-884ED5F1085C

Message: I am; need to discuss

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:52:47 AM (556818767)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: D6842178-D581-4D6C-BF1F-34D4D420FC26

Message: you choose time and place. its going to get serious. . Im in new york today. . will be in palm beach wed thru sat then europe for two weeks. . your girl likes you. and would help , but very very quiet

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:52:57 AM (556818777)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 52778FCF-35AB-4CF6-AE13-FEF9D32A9B9C

Message: if you want

Sender: [redacted]

Time: 08/24/18 08:53:15 AM (556818795)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E7CDA4FF-6F10-4B87-9A8D-B8206E763591

Message: K

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:59:30 AM (556819170)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8D92449C-7E37-4629-9B38-437A596F3C31

Message: fyi, when asked how long weisselburg has been coo of the foundation , he reportedly said , he didn't know he was.

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:59:36 AM (556819176)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: D14D4D82-1BFF-47B7-83DA-B55EC602B8D7

Message: cfo

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 09:00:32 AM (556819232)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 1C5E6242-5229-4A8C-8D33-5143B1B84335

Message: he weisssburg said

Sender: [redacted]

Time: 08/24/18 09:26:16 AM (556820776)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: A25D4FBC-9BEB-422B-B097-5CAD56BE6364

Message: LMAO

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 09:26:53 AM (556820813)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7EB394B0-DB8B-479F-B171-3408B6363C22

Message: grifters

Sender: [redacted]

Time: 08/24/18 09:28:00 AM (556820880)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 347EA024-110D-4DA1-8F6C-A1E546EB8B8C

Message: Total and complete-- this implicates Ivanka ; Don jr; etc etc

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 09:33:40 AM (556821220)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 8590E45D-E582-4DEE-934D-2D6C5A1B11E6

Message: look , Im the farthest thing from chicken little. - but i like contingency plans. It would be nice if you're not home when and if ,the house comes down. though more when, than if. Im aware of your mantra re - on and off the bus , but at the time , you were not referring to one of those transport buses with bars on the

windows.

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 02:48:35 PM (556840115)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 657528E2-DDBE-47F6-B15E-DC969E2C6412

Message: Reid Weingarten coming tonight. Any questions?

Sender: [redacted]

Time: 08/24/18 03:01:55 PM (556840915)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BEAD8901-F1FF-4238-B226-606C9CB2055B

Message: 1. Would he Rep potus now ;2.What should trump do ; 3. how serious is the CFO flipping ; 4. Where does he think this goes next; 5. Is trump org the target and does that mean the kids

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 06:37:48 PM (556853868)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: A093AB15-EF89-4E43-804B-733A31D10F88

Message: 1 no 2 a group want to stage an intervention 3 very very 4 corp one of many - stone - prinz etc 5 yes but only after November

Sender: [redacted]

Time: 08/24/18 08:22:17 PM (556860137)

Flags: 1052673

Is Read: No

Is Invitation: No

GUID: 8BA33DD4-CD32-4E8F-B439-62EB30E4053D

Message: Jesus ---need 2 soonest

Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2018-08-24\+1 (917) 439-3646 on 2018-08-24 at 10.10.15.ichat

Service: iMessage

Start Time: 08/24/18 07:10:15 AM (556812615)

End Time: 08/24/18 07:15:13 PM (556856113)

Last Message ID: 19240

Chat Room:

Participants: jee, [redacted]

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 08/24/18 07:10:15 AM (556812615)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: AAEEBAB6-DF0C-47BD-A2F9-22B0712434C2

Message: Jeffrey I am up at my sons college trying to move him in

Sender: [redacted]

Time: 08/24/18 07:10:32 AM (556812632)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: EC1E1AFA-A2A9-4C40-9096-B960D19B7289

Message: Any chance we could move dinner to Tuesday

Sender: [redacted]

Time: 08/24/18 07:10:51 AM (556812651)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 7CA1D001-CE20-44D4-B25A-37F2F6228B32

Message: Don't mind missing Woody want to hang with you

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:10:51 AM (556812651)

Flags: 1150981

Is Read: No

Is Invitation: No

GUID: 52464CB4-773A-4FEC-AC50-8ECE5C2E1C54

Message: I leave tomorrow

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:10:57 AM (556812657)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: B0B6F154-AC50-4474-8F7D-8758AB043D84

Message: Night

Sender: [redacted]

Time: 08/24/18 07:11:09 AM (556812669)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E2EF6DD9-5A61-41AE-9871-6D5EBA784877

Message: When are you back

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:11:20 AM (556812680)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7316014C-43DB-42C2-9780-A9A2F8D17164

Message: 15th

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:11:26 AM (556812686)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7BC8110B-4F05-4BED-A9D9-035C64D48D93

Message: U?

Sender: [redacted]

Time: 08/24/18 07:13:18 AM (556812798)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: BD94BB2E-E387-4D60-9B65-F6F65A75656A

Message: I am around

Sender: [redacted]

Time: 08/24/18 07:13:29 AM (556812809)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: CC7E1EA9-BC07-4A43-90C9-C50CBC1DD7DD

Message: Ok Going to try to make it back.

Sender: [redacted]

Time: 08/24/18 08:05:05 AM (556815905)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E131234F-A922-424A-82EC-CBC05A52371B

Message: Trump CFO weiselberg now said to have been granted immunity... Not good

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:06:11 AM (556815971)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 90A01797-F230-4777-939D-E759498D5B03

Message: to say the least

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:06:33 AM (556815993)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: C9CEDAE9-70D9-4A87-BE41-536D7A01F3DD

Message: he knows all ,

Sender: [redacted]

Time: 08/24/18 08:08:03 AM (556816083)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 268A7BFF-C7D5-44BE-AAD1-E5EA504D8A39

Message: The establishment hates trump

Sender: [redacted]

Time: 08/24/18 08:08:21 AM (556816101)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: E697A602-4933-48EF-AB90-2D825CB23768

Message: The good news is they are getting him resign by finding illegality rather than doing what they did to JFK

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 08:42:15 AM (556818135)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: F3B2FFD3-3CE6-4DBE-823E-58084A5FC0B1

Message: Yup

Sender: [redacted]

Time: 08/24/18 02:55:50 PM (556840550)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 7885DB90-F4D6-44BE-9184-FF2D8DBE0D78

Message: Jeff I apologize for tonight I'm having a hard time getting down there with the traffic. I'm up in northern Connecticut trying to unload my son Dorm

Sender: [redacted]

Time: 08/24/18 02:56:03 PM (556840563)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: F886E130-ADDC-4EC1-BC28-9817A4D35A9A

Message: I have to take a rain check for tonight. Can I take you guys to Rao's when you get back from your trip after September 15?

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 02:56:34 PM (556840594)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 7E9C59CF-822F-459C-BD73-ED0E7EBD0995

Message: no worry  easy

Sender: [redacted]

Time: 08/24/18 02:57:14 PM (556840634)

Flags: 1126401

Is Read: Yes

Is Invitation: No

GUID: 8C2D52FC-66AB-4490-B099-B41DD584D7E0

Message: OK terrific. I didn't realize he had to give me back there for his lacrosse practice this afternoon

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:07:01 PM (556855621)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 02B2FA66-17E5-4943-B22B-AD8D1580C4AF

Message: I assume you are still close to invanka . if so , there are a few of his heavy hitter friends that would like to help ( me not included of course ). I think a war council. schwartzman wynn, rudy, lorber lefrak.you barrack , should be called in to give suggestions . weissleburg , cohen pecker all together doesn't bode well. . I didn't add bannon as i know ivanka hates him. though as you said about bedfellows . he would be a good addition if it wasn't for his baggage .

Sender: e:jeeitunes@gmail.com

Time: 08/24/18 07:15:13 PM (556856113)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 5A30B1CA-8806-45C4-9FC5-F3C938B5A2B9

Message: and not sure he will actually follow any advice but you could try .

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#BelieveSurvivors</a> <a
href=\"https://t.co/8O8FQlZfil\">pic.twitter.com/8O8FQlZfil</a></p>— Full Frontal
(@FullFrontalSamB) <a
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arrested, after taking over the Russell rotunda in the Senate building to protest
Kavanaugh. They are chanting â€œWe believe the women!â€ <a
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#BelieveSurvivors</a> <a
href=\"https://t.co/gr2i29UmRK\">pic.twitter.com/gr2i29UmRK</a></p>— Scott
Dworkin (@funder) <a
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are rapists like <a
href=\"https://twitter.com/hashtag/Kavanaugh?src=hash&ref_src=twsrc%5Etfw\">#Kavana
ugh</a> and because, unlike the gop senate, we <a
href=\"https://twitter.com/hashtag/BelieveSurvivors?src=hash&ref_src=twsrc%5Etfw\">
#BelieveSurvivors</a> <br><br>Thank you Dr Christine Ford for standing up <a
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(@JackTorres00) <a
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href=\"https://twitter.com/hashtag/BelieveSurvivors?src=hash&ref_src=twsrc%5Etfw\">
#BelieveSurvivors</a>. <br><br>Special thanks to local <a
href=\"https://twitter.com/MomsDemand?ref_src=twsrc%5Etfw\">@MomsDemand</a> members for
coming by Corona for todayâ€™s walkout.<br><br>To all survivors out there - know that
you are loved and accepted.<br><br>You donâ€™t have to carry this weight on your own.

<a href=\"https://t.co/oEkYDuv2Pf\">pic.twitter.com/oEkYDuv2Pf</a></p>—
Alexandria Ocasio-Cortez (@Ocasio2018) <a
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September 24, 2018</a></blockquote>\n<script async
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solidarity with Dr. Christine Blasey Ford. <a
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**From:** Faith Kates [redacted]
**Sent:** 3/27/2015 2:34:05 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Google Alert - jeffrey epstein sex scandal

What a piece of shit!!!

Sent from my iPhone

Begin forwarded message:

**From:** Google Alerts <googlealerts-noreply@google.com>
**Date:** March 26, 2015 at 4:05:39 PM EDT
**To:** <[redacted]>
**Subject: Google Alert - jeffrey epstein sex scandal**

# jeffrey epstein sex scandal

Daily update · March 26, 2015

NEWS

## Modeling agency owner alleges he lost business after **Epstein sex scandal**

Reuters

(Reuters) - A modeling agency owner is suing U.S. financier and convicted **sex** offender **Jeffrey Epstein**, claiming that Epstein's high-profile legal ...

Flag as irrelevant

## Will Jeff **Epstein** end Hillary's presidential bid?

Beaufort Observer

What was Bill Clinton doing on the island with Mr. Epstein on multiple ... some notable success—have been implicated in the Epstein **scandal** too.) ... For those of you who haven't heard much about the **Jeffrey Epstein**, he is a ... for **sex** crimes, Philip Weiss wrote anastonishing story about Mr. Epstein in ...

Flag as irrelevant

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Receive this alert as RSS feed

**From:** Lawrence Krauss [redacted]
**Sent:** 4/6/2011 10:58:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Lawrence Krauss [redacted]
**Subject:** Re: Statement in the Daily Beast?

people are now throwing out my books, according to her blog.. more nonsense..

On Apr 6, 2011, at 3:56 PM, Jeffrey Epstein wrote:

what evidence? no real sex.. where is she getting her so called facts

On Thu, Apr 7, 2011 at 12:18 AM, Lawrence Krauss [redacted] wrote:

Beyond anything else, you are my friend. I hope we can both always remember that, no matter what.

Are you coming this weekend at all?

Lawrence Krauss
Foundation Professor
School of Earth and Space Exploration and Physics Dept.
Co-director, Cosmology Initiative
and Director, Origins initiative
Arizona State University

Sent from my iPhone

On Apr 6, 2011, at 3:15 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

no it was appreciated. thanks

On Wed, Apr 6, 2011 at 11:31 PM, Lawrence Krauss [redacted] wrote:

just so you know.. you can read from bottom up.. you may be mad that I was blunt... haven't heard from you.. hope all is well..

Begin forwarded message:

**From:** Rebecca Watson <[redacted]>
**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Krauss <[redacted]>
**Subject: Re: Statement in the Daily Beast?**

Okay, will do.

On Wed, Apr 6, 2011 at 1:27 PM, Lawrence Krauss <[redacted]> wrote:

ok.. I just sent an additional email which moderates this.. everyone was a victim, including Jeffrey here.. and there was no happy resolution.. please add.. "probably everyone was a victim, with no happy resolution or consequences of these activities", after "was the victim in this case.".

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Okay, thanks for this statement . . . I'll print it in full along with the article, probably today. I very, very strongly disagree with your position and hope you eventually reconsider, but I do appreciate you taking the time to respond.

-R

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On Apr 6, 2011, at 9:57 AM, Rebecca Watson wrote:

Thanks for getting back to me. I was asking because I found the quote shocking . . . the evidence against Epstein is overwhelming and he's even pled guilty to paying for sex with a minor. It's in no way scientific or rational to assume that because you never saw him with an underage girl he must actually be innocent. It is possible for a person to be kind and generous with his friends but still a criminal paying for sex with underage girls in his private life.

I'm going to write about the topic on Skepchick, and I'll include any additional statement you'd like if you want to provide more context or if you've changed your mind.

-R

On Wed, Apr 6, 2011 at 12:50 PM, Lawrence Krauss [redacted] wrote:

yes it is.. Based on my direct experience with Jeffrey, which is all I can base my assessment on, he is a thoughtful, kind, considerate man who is generous to his friends, and all of the women I have known who have been associated with Jeffrey speak glowingly in the same words..

why are you asking?

On Apr 6, 2011, at 9:41 AM, Rebecca Watson wrote:

Dear Professor Krauss,

We met briefly after your talk in Ithaca a few months ago – I'm the girl on The Skeptics' Guide to the Universe podcast. I've really enjoyed your talks and books, but I was surprised to see you quoted in the Daily Beast recently defending Jeffrey Epstein:
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

Can you confirm if the following quote is accurate?

"If anything, the unfortunate period he suffered has caused him to really think about what he wants to do with his money and his time, and support knowledge," says Krauss. "Jeffrey has surrounded himself with beautiful women and young women but they're not as young as the ones that were claimed. As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people." Though colleagues have criticized him over his relationship with Epstein, Krauss insists, "I don't feel tarnished in any way by my relationship with Jeffrey; I feel raised by it."

Thanks,
Rebecca Watson

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Lawrence M. Krauss
Foundation Professor
Director, The ASU Origins Project
Co-Director, Cosmology Initiative
Assoc. Dir, Beyond Center
ARIZONA STATE UNIVERSITY
College of Liberal Arts and Sciences
School of Earth and Space Exploration
PO Box 871404 | Tempe AZ 85287-1404
[redacted]
http://krauss.faculty.asu.edu
Exec. Asst [redacted]
Origins Asst [redacted]

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including all attachments. copyright -all rights reserved

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PO Box 871404 | Tempe AZ 85287-1404
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http://krauss.faculty.asu.edu
Exec. Asst [redacted]
Origins Asst [redacted]

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Thanks for getting back to me. I was asking because I found the quote shocking . . . the evidence against Epstein is overwhelming and he's even pled guilty to paying for sex with a minor. It's in no way scientific or rational to assume that because you never saw him with an underage girl he must actually be innocent. It is possible for a person to be kind and generous with his friends but still a criminal paying for sex with underage girls in his private life.

I'm going to write about the topic on Skepchick, and I'll include any additional statement you'd like if you want to provide more context or if you've changed your mind.

-R

On Wed, Apr 6, 2011 at 12:50 PM, Lawrence Krauss [redacted] wrote:

yes it is.. Based on my direct experience with Jeffrey, which is all I can base my assessment on, he is a thoughtful, kind, considerate man who is generous to his friends, and all of the women I have known who have been associated with Jeffrey speak glowingly in the same words..

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We met briefly after your talk in Ithaca a few months ago – I'm the girl on The Skeptics' Guide to the Universe podcast. I've really enjoyed your talks and books, but I was surprised to see you quoted in the Daily Beast recently defending Jeffrey Epstein:
http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

Can you confirm if the following quote is accurate?

"If anything, the unfortunate period he suffered has caused him to really think about what he wants to do with his money and his time, and support knowledge," says Krauss. "Jeffrey has surrounded himself with beautiful women and young women but they're not as young as the ones that were claimed. As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people." Though colleagues have criticized him over his relationship with Epstein, Krauss insists, "I don't feel tarnished in any way by my relationship with Jeffrey; I feel raised by it."

Thanks,
Rebecca Watson

---

Lawrence M. Krauss
Foundation Professor
Director, The ASU Origins Project
Co-Director, Cosmology Initiative
Assoc. Dir, Beyond Center
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/6/2011 10:55:39 PM
**To:** Lawrence Krauss [redacted]
**Subject:** Re: Statement in the Daily Beast?

no i am in paris thanks

On Thu, Apr 7, 2011 at 12:18 AM, Lawrence Krauss [redacted] wrote:

Beyond anything else, you are my friend. I hope we can both always remember that, no matter what.

Are you coming this weekend at all?

Lawrence Krauss
Foundation Professor
School of Earth and Space Exploration and Physics Dept.
Co-director, Cosmology Initiative
and Director, Origins initiative
Arizona State University

Sent from my iPhone

On Apr 6, 2011, at 3:15 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

no it was appreciated. thanks

On Wed, Apr 6, 2011 at 11:31 PM, Lawrence Krauss [redacted] wrote:

just so you know.. you can read from bottom up.. you may be mad that I was blunt... haven't heard from you.. hope all is well..

Begin forwarded message:

**From:** Rebecca Watson [redacted]>
**Date:** April 6, 2011 10:28:36 AM MST
**To:** Lawrence Krauss <[redacted]
**Subject: Re: Statement in the Daily Beast?**

Okay, will do.

On Wed, Apr 6, 2011 at 1:27 PM, Lawrence Krauss <[redacted] wrote:

ok.. I just sent an additional email which moderates this.. everyone was a victim, including Jeffrey here.. and there was no happy resolution.. please add.. "probably everyone was a victim, with no happy resolution or consequences of these activities", after "was the victim in this case.".

On Apr 6, 2011, at 10:18 AM, Rebecca Watson wrote:

Okay, thanks for this statement . . . I'll print it in full along with the article, probably today. I very, very strongly disagree with your position and hope you eventually reconsider, but I do appreciate you taking the time to respond.

-R

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/30/2011 11:45:40 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:** Re: Re:

perfect

On Sun, Jan 30, 2011 at 6:39 PM, Boris Nikolic (bgC3) [redacted] wrote:

Thank you man. Want to go and take a shower!
Worked most of flght.
Lets plan rather to meet tmr.
Lets talk tmr.
Great for 7:30! It will be fun.

b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Sunday, January 30, 2011 6:35 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:** Re:

yes, would you like to come by, or are youyou as jetlagged as me,, sultan just left. I will be up for another hour or so.. yes 730 tomorrow is great

On Sun, Jan 30, 2011 at 6:29 PM, Boris Nikolic (bgC3) [redacted] wrote:

Just landed to lga.
Are you in?
Is it 7:30pm tmr ok? I will come w bill at that time. Pls let me know.
b

Sent from my Samsung Jack™, a Windows Mobile® smartphone from AT&T

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Sent:** Friday, January 28, 2011 7:35 PM
**To:** Boris Nikolic (bgC3) [redacted]
**Subject:**

I can find out if mick jagger, ken starr, clinton . julie taymor , are in town/? I suggest we leave it till mon night.. I will have no trouble getting anyone you want . but i think it best after the three of us noodle a bit/.

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**From**: Faith Kate[redacted]
**Sent**: 12/17/2010 1:13:39 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: RE:

Neither very funny…always ask for the 3 minute version but most of the girls you know haven't spoken for a total of 30 minutes in all the time you knew them….she is a GREAT girl who is refreshing in this business totally focused and smart. Jeffrey I brought her to a meeting with scientists a few months back she knew more than they did and totally embarrassed not only the scientists but the client was totally unprepared for what she knew, she actually was able to tell them things they were and weren't doing that they had no clue of and they changed there practices at p&g!!!! this is the kind of girl to mold she is the leader in her field of sustainability ny times wrote an article if you cant afford al gore hire summer rayne says something.
xoxo

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Friday, December 17, 2010 7:32 AM
**To:** Faith Kates
**Subject:**

woody asked summer , so what do you do? 30 minutes later , she had not taken a breath. . either medicated, or manic.,,

--
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/28/2010 4:16:11 PM
**To:** Faith Kates [redacted]

# Special tax benefits could help founders and investors

**by Craig Sherman and Andrew Bryant on Tuesday, October 26, 2010, 9:10am PDT**

**Craig Sherman and Andrew Bryant**: A little noticed provision of a recently enacted federal tax law may lead to a significant increase in the formation of new startups and angel investing before the end of this year. If you have been thinking about founding or investing in a technology startup, there is no better time to jump in and take advantage of a recently enacted federal income tax benefit.

President Obama recently signed into law changes to tax law that may, under certain circumstances, exempt profits from investments in startup companies from ALL federal income tax, including alternative minimum tax. Yes, that's right, if you start a new company now and sell it more than five years from now and make a $10 million profit on the sale, you may owe NO federal income taxes on your profit.

This special tax benefit will apply only to stock issued to founders or investors between September 28 and December 31, 2010, so time is of the essence.

The founder or investor would have to buy and hold shares of a "qualified small business" for five or more years. A "qualified small business" is a C corporation engaged in an active trade or business with less than $50 million in aggregate gross assets.

If you satisfy the above requirements and certain other conditions, you may not have to pay federal income taxes on your first $10 million of gain. If there is a liquidity event within five years of your purchase of qualified small business stock, you may still be eligible to "roll over" any gains from sale of the shares tax-free within 60 days into another qualified small business.

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 6/14/2010 8:18:52 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Fwd: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
**Attachments**: 14093566.jpg; 14528996.jpg; 14223289.jpg; 14439708.jpg; 14986269.jpg; ecblank.gif; 14770170.jpg

---------- Forwarded message ----------
From: [redacted]>
Date: Mon, Jun 14, 2010 at 2:27 PM
Subject: Fwd: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
To: jeevacation@gmail.com

---------- Forwarded message ----------
From: Steven Elkman <[redacted]>
To: undisclosed-recipients:;
Date: Mon, 14 Jun 2010 12:13:37 -0400
Subject: Fw: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

==========
Steven Munro Elkman
Client Advisor
Managing Director
Deutsche Bank Alex. Brown
A Division of Deutsche Bank Securities, Inc.
280 Park Avenue, 3 East
New York, NY 10017
[redacted] phone
[redacted] fax
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Deutsche Bank does not render legal or tax advice, and the information contained in this communication should not be regarded as such.----- Forwarded by Steven Elkman/db/dbcom on 06/14/2010 12:13 PM -----

[redacted]
06/12/2010 07:59 AM

ToSteven Elkman/db/dbcom@DBAmericas

Please respond to [redacted]

cc

SubjectFw: Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

Get it

Sent from my Verizon Wireless BlackBerry

**From:** "Armando Fernandez,D.D.S." <[redacted]>
**Date:** Fri, 11 Jun 2010 23:53:54 -0400
**To:** <[redacted]>; Coleman Christie<[redacted]>; Edward Petillo<[redacted]>; Foley, Daniel<[redacted]>; [redacted]; JJuncal<[redacted]>; John Noto<[redacted]>; John Noto<[redacted]>; Joy Toboroff<[redacted]>; [redacted]; lennycorp[redacted]>; Richard Savino<[redacted]>; <[redacted]
**Subject:** Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

---------- Forwarded message ----------
From: <[redacted]>
Date: Thu, Jun 10, 2010 at 10:07 PM
Subject: Fwd: [Perl-Cousins] Fw: Nobody knows nobody in Chicago
To: [redacted]
C[redacted]

---------- Forwarded message ----------
From: Leonard Lebovitch[redacted]>
To: willie friedman <[redacted]>, gregg&gisele dimant [redacted]>, jerry hirsh [redacted], harwey morgan[redacted] edy-imi weiss <[redacted], peter weiss [redacted] ROBERT SAWYER [redacted]
Date: Thu, 10 Jun 2010 19:49:10 -0400
Subject: [Perl-Cousins] Fw: Nobody knows nobody in Chicago

----- Original Message -----
**From:** [redacted]
**To:** [redacted]
**Sent:** Thursday, June 10, 2010 3:28 PM
**Subject:** Nobody knows nobody in Chicago

**Rod Blagojevich is the former Illinois Governor who tried to sell Obama's seat in congress.**

**Obama was asked, by the press, if he had ever met Gov. Ron Blagojevich.**

**<u>Barack Obama:</u> "I only saw Rod Blagojevich one time ... and that was in the stands and from**

**a distance at a Chicago Bears Football Game."**

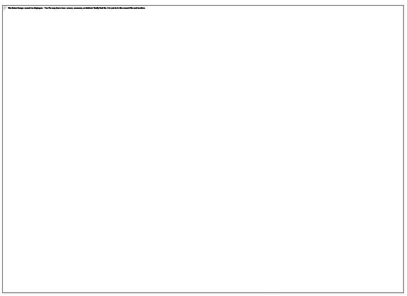

**Rod Blagojevich, Barack Obama and Richard Daley during a rally in Chicago , April 16, 2007.** (Photo Reuters )

**To understand the next 4 years, you have to understand the world according to Chicago ...**

**While Chicago is a city in Illinois , it is almost a completely different country when it comes to politics, with a whole different set of morals and language.**

**There are only three rules and a *Prime Directive* which anybody can understand. You don't even need an attorney to understand them --and if you need an attorney, well, you know too much...so look out for Rule #3!**

**RULE #1...No matter what you see, hear, or do --you don't know anybody and you don't know nothing!**

**RULE #2...If you capture something on tape or camera -- it doesn't reveal nothing!**

**RULE #3...If you know what everybody knows in Chicago --well, you *still* don't know nothing.**

**The PRIME DIRECTIVE in CHICAGO ...No matter what the vote Democrats win the election. Now pay close attention!**

**It's very simple....we'll illustrate. *Remember, you know nothing.***

**These two? They don't know each other! They said they didn't.**

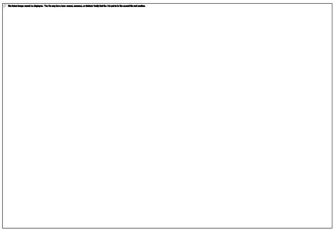

**The fellas in this picture . They never actually met face to face. What fellas? We don't see nothing!**

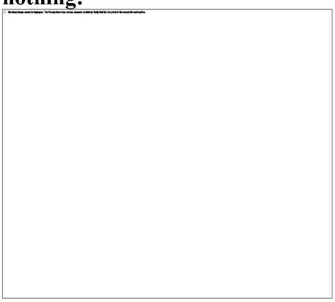

**The guy on the left? For all you know he's Santa Claus.**

**And the guy on the right... well, he's the Easter Bunny! That's all you need to know.**

**Go to your eye doctor...your eyes are lying to you! Ca'pish?**

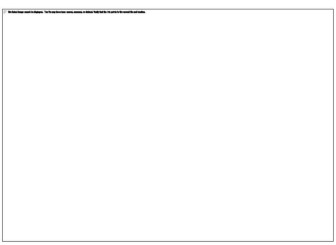

**Remember Jimmy Hoffa? He knew too much and now, well, now no one knows where he is.**

**Is the big picture clear? Not these pictures! Remember, You've already forgot them...**

**Now, ain't that simple? They don't know each other and they never met!**

**How is that possible? 'cause they said so! And don't forget it!**

**P.S. If you pass this on to your friends, don't forget, you know nothing and they will know nothing.**

***David Gibson, M.D.*** **Chicago**

## Steven Summerlin

Reply to sender | Reply to group | Reply via web post | Start a New Topic
Messages in this topic (1)
**Recent Activity:**
Visit Your Group

Switch to: Text-Only, Daily Digest • Unsubscribe • Terms of Use

--
Armando Fernandez,D.D.S.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/10/2015 3:31:13 PM
**To**: G Maxwell [gmax1@ellmax.com]
**Subject**: Re:

that is the best advice can you call me now. i must get on the boat.

On Sat, Jan 10, 2015 at 10:33 AM, G Maxwell <GMax1@ellmax.com> wrote:

I need it written out in full.

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:31
**To:** G Maxwell
**Subject:** Re:

i am on the phone with other attny getting you an answer.

On Sat, Jan 10, 2015 at 10:25 AM, G Maxwell <GMax1@ellmax.com> wrote:

I have to distance myself from you in statement too
And they need me to say I was not aware of massage w/andrew in my house. These thing they have to stay along w/meeting [redacted] and rebutting those allegations. I needs it asap

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:18
**To:** G Maxwell
**Subject:** Re:

yes,,

On Sat, Jan 10, 2015 at 10:15 AM, G Maxwell <GMax1@ellmax.com> wrote:

Can my lawyer talk to a lawyer?

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** jeffrey E.
**Sent:** Saturday, 10 January 2015 09:12
**To:** G Maxwell
**Subject:**

inital respone, too many unanswerd question raised, realtionship with jeffrey/ , ? you and clinton? her and andrew? whats the deal here? why is she there . this is who i am, this how i know jeffrey, employed from ,, to .. . I was aware that jeffrey hired masag people, I sometine hired them, she was one of them. recolletion empllyed , firmative. . what . I am writing to writin to respond to the alleagtinoin that have been made whcich are categoricly untrue. . during hte time i met mr derhsowiz , in general inviting a subpeona . ? you will never answer questions to the press satisfaction they will not be persuaded.
the --

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 10/9/2009 5:24:34 PM
**To:** Michael J. Pike [redacted]
**Subject:** Fwd: Daily News story on Jeffrey Epstein

---------- Forwarded message ----------
From: **Darren Indyke** <[redacted]>
Date: Fri, Oct 9, 2009 at 12:32 PM
Subject: Fwd: Daily News story on Jeffrey Epstein
To: Jeevacation <jeevacation@gmail.com>

**Privileged - Redacted**

Sent from my iPhone

Begin forwarded message:

**From:** Howard Rubenstein <[redacted]>
**Date:** October 9, 2009 7:26:54 AM PDT
**To:** "[redacted]>
**Subject: FW: Daily News story on Jeffrey Epstein**

Hi Darren:

I hope you are well.

Since we are no longer working for Jeffrey, I'm forwarding this Daily News request to you so you can handle it as you see fit.

Many thanks,

Howard

---

**From:** Rush, George [mailto[redacted]]
**Sent:** Thursday, October 08, 2009 11:08 PM
**To:** Howard Rubenstein
**Subject:** Daily News story on Jeffrey Epstein

Howard:

We're working on a story for our Sunday column about Jeffrey Epstein. I thought I might send my questions to you tonight, so you'd have them first thing tomorrow.

Would you like to comment on the following:

1. You've said that the women pressing suits against Mr. Epstein "have lied repeatedly, and in no way shape or form were they victims. They were at his place freely and voluntarily. And one of them showed Epstein a fake ID." What do you have to say now that Mr. Epstein has admitted in his federal plea bargain that he did conspire to entice minors to engage in prostitution? Accepting that these women came voluntarily, isn't Mr Epstein still guilty of statutory rape?

2. Brad Edwards, an attorney who represents three of the women, recently served a Subpoena to Testify at a Deposition on Epstein's former girlfriend, Ghislaine Maxwell. The Subpoena asks that Maxwell produce "a list of all girls" that visited Jeffrey Epstein's homes in Palm Beach and Manhattan, or flew on his planes. Edwards said in an interview that Maxwell was "second-in-command of Epstein's criminal enterprise." He added, "She was on Epstein's plane, transporting girls for the purpose of having sex with other people. She kept a computer database of hundreds of girls and oversaw the schedule of girls who came to Epstein's homes."

3. A suit filed last May by "Jane Doe 102" against Epstein alleges that, after recruiting her as a 15-year-old girl to give Epstein massages, Maxwell and Epstein took part in "sexually assaulting, battering, exploiting, and abusing Plaintiff."

4. The same suit alleges that Epstein "lured" the girl "every day for next two weeks" to his house. The suit claims that she eventually became a "sex slave" to Epstein, traveling with him around the world. "In all of these locations, she was required to engage in sex acts with him and other women - including other minors."

5. Did Jane Doe 102 – who now lives in Australia – go on the 2002 trip where President Clinton flew on Mr. Epstein's Boeing 727?

6. "Most of these acts of abuse occurred during a time when defendant [Jane Doe 102] knew that the plaintiff was approximately 15, 16 and 17 years old and, after years of daily sexual exploitation continued into her adulthood ... until she fled at age 19,"

7. When Maxwell and Epstein celebrated Jane Doe 102's 16th birthday with her, Epstein joked that he would have to "trade her in" because she was getting too old for him.

8. Not only was Jane Doe 102 required to satisfy Epstein's "every sexual whim," but she also was exploited by Epstein's adult male peers. They included "royalty, politicians, academicians, businessmen and others in various locations around the world."

9. The Palm Beach Post and lawyers representing Epstein's alleged victims have called his federal non-prosecution agreement a "secret," "backroom," "sweetheart" deal, noting that none of his alleged victims was consulted. Several critics have claimed Epstein "bought" the agreement, using politically-connected lawyers. Would he like to comment?

10. Is Epstein cooperating with federal suit against Bear Stearns hedge fund managers Ralph Cioffi and Matthew Tannin? Will he testify in their cases?

11. Mr Epstein was deposed on this week, on Thursday. Is it true that he answered almost every question by invoking his Fifth Amendment rights?

12. Defense attorney Brad Evans has filed a motion to freeze Mr Epstein's assets. Has Mr. Epstein moved his money from the US offshore or abroad, or does he intend to, in order to protect his assets from possible damage claims?

13. What did Mr. Epstein do during his work release program while serving time. Reports have said he engaged in "scientific research." If so, what was he researching?

14. Has Mr. Epstein returned to pursuing his investment business? Is Mr Epstein still on probation?

15. Is Mr. Epstein permitted to leave Florida or the United States? Do authorities hold his passport?

You can reach me via e-mail or at 212-210-1536 or 917-952-4052. We close our column at 3 pm on Friday but can add comments as late as 3 pm on Saturday. Many thanks.

George

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 8/5/2009 12:59:57 PM
**To**: Faith Kates[redacted]
**Subject**: Re:

i saw it. where are you?

On Wed, Aug 5, 2009 at 5:51 AM, Faith Kates <[redacted] wrote:

Did you see whos plane Clinton went on to north korea…bing

Faith Kates
Next Management, LLC
15 Watts Street, 6th Floor
New York, NY 10013
P. [redacted]
F. [redacted]

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**From:** Weingarten, Reid [redacted]
**Sent:** 7/6/2019 12:50:57 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

Have a hysterical wynn-trump issue that will make you laugh

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, July 6, 2019 8:28 AM
**To:** Weingarten, Reid
**Subject:** Re:

dont know. ,. bannon for breakfast tomor. . everyone confused. markets strong.

On Sat, Jul 6, 2019 at 2:26 PM Weingarten, Reid <[redacted]> wrote:

Charged criminally in sdny...Lithuanian hottie...take it you don't know him...what's your headline?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, July 6, 2019 8:09 AM
**To:** Weingarten, Reid
**Subject:** Re:

Pb divorce? Fun

On Sat, Jul 6, 2019 at 1:55 PM Weingarten, Reid <[redacted]> wrote:

It is Todd kozel...

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, July 6, 2019 7:51 AM
**To:** Weingarten, Reid
**Subject:** Re:

I leave monday at 10 a m breakfast?

On Sat, Jul 6, 2019 at 1:45 PM Weingarten, Reid <[redacted]> wrote:

Are you in nyc monday?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, July 6, 2019 3:41 AM
**To:** Weingarten, Reid
**Subject:**

where are you , im in ny on sunday.

--

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**From**: COLOM, Olivier [redacted]
**Sent**: 10/19/2013 11:21:35 AM
**To**: jeevacation@gmail.com
**Subject**: Re:

How come you're always right?

She is not awful looking though. Her father is Samuel and she worked with the spokesman of Clinton at the White House. She lives in Paris now. 40ish.
She teaches at University and also works at Huffington Post. Very much in the middle of US - France relations.

Found out that Castelbajac has his showroom next door to my new apartment. Have already seen some models come and go - to your liking I think

---

**De** : Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Envoyé** : Saturday, October 19, 2013 12:24 PM
**À** : COLOM, Olivier
**Objet** : Re:

no, I assume she she clever not cute

2013/10/19 COLOM, Olivier <[redacted]>
Do you know Leah Pisar?

---

**De** : COLOM, Olivier
**Envoyé** : Friday, October 18, 2013 10:19 PM
**À** : 'jeevacation@gmail.com' <jeevacation@gmail.com>
**Objet** : Re:

Have you got an idea for me? :)

We had fun with Ariane this week. She talked everyday about you and the advice you gave her last Sunday by the way. And her mum likes you as well

---

**De** : COLOM, Olivier
**Envoyé** : Friday, October 18, 2013 06:41 PM
**À** : 'jeevacation@gmail.com' <jeevacation@gmail.com>
**Objet** : Re:

Have to do some stuff, like more "political", but might go to Ethiopia instead of NY early November

---

**De** : COLOM, Olivier
**Envoyé** : Friday, October 18, 2013 04:44 PM
**À** : 'jeevacation@gmail.com' <jeevacation@gmail.com>

**Objet** : Re:

Pleasure of seeing you, hopefully...

---

**De** : Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Envoyé** : Friday, October 18, 2013 04:36 PM
**À** : COLOM, Olivier
**Objet** : Re:

any things to do

2013/10/18 COLOM, Olivier [redacted]

Could be there in first half of November. Or December

---

**De** : Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Envoyé** : Friday, October 18, 2013 04:24 PM
**À** : COLOM, Olivier
**Objet** : Re:

when are you next in ny?

2013/10/18 COLOM, Olivier <[redacted]

Don't remember what we said re scheduling

---

**De** : Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Envoyé** : Friday, October 18, 2013 04:20 PM
**À** : COLOM, Olivier
**Objet** : Re:

yes

2013/10/18 COLOM, Olivier <[redacted]

You mean schedule ? :)

In your island now?

---

**De** : Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Envoyé** : Friday, October 18, 2013 04:18 PM
**À** : COLOM, Olivier
**Objet** :

scheudle?

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**From**: Sultan Bin Sulayem [redacted]
**Sent**: 6/1/2018 10:54:16 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: Steve Bannon's clever idea to save the GOP from brutal midterms

Sent from my iPhone

Begin forwarded message:

**From:** Fareed Zakaria GPS <[redacted]>
**Date:** June 2, 2018 at 2:26:50 AM GMT+4
**To:** Fareed Zakaria GPS <[redacted]>
**Subject: Steve Bannon's clever idea to save the GOP from brutal midterms**

Please scroll down or click here to read my latest Washington Post column.

**Steve Bannon's clever idea to save the GOP from brutal midterms**
By Fareed Zakaria, Friday, June 1, 2018

ROME -- The Republican Party faces dim prospects in the midterm elections. But it doesn't have to be that way, says Stephen K. Bannon, the chief ideologist of the populist wave that brought Donald Trump into the White House. "If the Republicans continue on the path they are on," Bannon told me Thursday, "they will lose 40 seats in the House and President Trump will be impeached." He presented an alternative that strikes me as clever, and it's a strategy that Trump himself seems to instinctively get.

Bannon was in Rome to learn from and provide support to the unusual coalition of populists and nationalists who together won half the vote in Italy's recent elections and are now set to govern. Bannon sees that sort of coalition — mixing left and right, old and young — as his goal for the United States. "Europe is about a year ahead of the United States. . . . You see populist-nationalist movements with reform [here]. . . . You could begin to see the elements of Bernie Sanders coupled with the Trump movement that really becomes a dominant political force in American politics." (This column draws on an on-air interview he did with me for CNN, as well as a subsequent conversation.)

The Republican Party's strategy, for now, appears to be to make the midterm elections a series of local contests focusing on the tax cut and the healthy economy. Bannon views this as fundamentally misguided. "You have to nationalize the election," he said. Bannon understands that voters are moved from the gut more than through a wonky analysis of taxes. "This is going to be an emotional [election] — you're either with [House Minority leader] Nancy Pelosi or you're with Donald Trump. . . . Trump's second presidential race will be on Nov. 6 of this year."

Bannon is most focused on the issue of immigration because it hits both the heart and the head. "Immigration is about not just sovereignty, it's about jobs." He believes that the Trump coalition can attract up to a third of Sanders supporters who see trade and immigration as having created unfair competition for jobs, particularly for working-class blacks and Hispanics. He advocates appealing directly to those voters, saying, "You're not going to be able to take the Hispanic and black community from the STEM system in grammar school to our best engineering schools . . . to the great jobs in Silicon Valley, unless you start to limit these H-1B visas and this unfair competition . . . from East Asia and South Asia."

Now this strikes me as entirely wrong. The reason that not enough Hispanic and black students end up in Silicon Valley has much more to do with a broken education system, particularly for poorer kids, than the modest number of skilled Asian immigrants who get work visas. The most likely result of limiting these visas is that talented immigrants will simply go elsewhere — Canada, Britain, Australia — and start successful companies there. And, in fact, there is lots of evidence this is already happening.

But Bannon is right that this is a brilliant electoral strategy. The idea of greater immigration controls has an undeniable mainstream appeal. The Democratic Party is too far to the left on many of these issues, embracing concepts such as sanctuary cities, which only reinforces its image as a party that is more concerned with race, identity and multiculturalism than the rule of law.

Where Bannon is analytic and historical, Trump is instinctive. But the president appears to see the situation similarly. I wrote last month that Trump would try to fight the midterm elections on immigration and added, "Do not be surprised if Trump also picks a few fights with black athletes." In recent weeks, the president has labeled immigrant gang members "animals" and suggested that football players who silently protest police violence against blacks should leave the country.

Bannon thinks Trump is just getting started in nationalizing the election around immigration. He predicted the next major battle would be over the proposed wall along the U.S.-Mexico border. "The wall is not just totemic. The wall is absolutely central to his program. . . . As we come up on Sept. 30, if [Congress's] appropriations bill does not include spending to fully build his wall . . . I believe he will shut down the government."

Sadly, but not surprisingly, Bannon doesn't think the fighting and the rancor in the United States are going away any time soon. The "battle between nationalists and globalists is at the fundamental roots of what America is, what America will be," he said. "This is very healthy, and . . . I think this is going to go on for a long time. . . . We've got a lot more fighting and a lot more scar tissue to go over."

*You can watch my CNN special "The Steve Bannon Interview" on Friday at 9 pm ET and Sunday at 10 am ET.*

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 3/29/2013 8:48:11 PM
**To:** Undisclosed recipients:;
**Subject:** The J.P. Morgan View: Local forces are dominating
**Attachments:** image1.gif; image2.gif; JPM_The J.P. Morgan View_2013-03-28_1084792.pdf

Global Asset Allocation

# The J.P. Morgan View: Local forces are dominating

- **Asset allocation** — Local risks and opportunities trump global forces in driving investment opportunities. Cross-market correlations to remain much lower than in recent years.
- **Economics** — US activity data are coming in better than hoped, but we need another 1-2 months to see how consumers are responding to higher taxes.
- **Fixed Income** — Search for carry to trump Euro area jitters over time.
- **Equities** — Japan remains our main country overweight.
- **Credit** — We OW covered bonds in the Euro periphery over senior bank bonds and subordinated vs senior bank bonds in the core.
- **Currencies** — Cyprus to have minimal further impact on EUR, but a ECB rate cut would push it a few cents lower versus the dollar.
- **Commodities** — Stay long Brent and short gasoline.

- **US stocks continue to gain, with the benchmark S&P500 breaching its all time high level** today in a gentle fashion. Bonds are generally up this week on dovish comments from both the Fed and the BoJ. Commodities have gained also, but credit remains the troubled asset class with spreads wider in most markets, especially in EM external debt.
- **Our overall investment theme remains that there is no overarching global investment theme** anymore this year but instead a number of **unrelated local forces that have largely local impact**. The generalized **asset reflation** we saw last year, with risk premia coming down consistently across the globe and asset classes, was due to a gradual fading of tail risks that has since been largely completed. "**Risk-on, risk- off is so last year**".
- In addition, we are seeing **no momentum either way in global growth, price or earnings expectations** that could put us into a bullish or bearish growth story. Our 2.4% projection for 2013 world economic growth is unchanged since November. YTD activity data for the world are tracking our 2.6% forecast for Q1, comfortably up from the dismal 1.6% in Q4 of last year. Amidst offsetting up- and downside surprises in the US and Japan versus Europe, there has been no reason yet to raise the growth profile for the year as a whole. We hope, but need evidence first.
- Without a global growth or fading-of-tail-risks force, we are left with a set of local issues and opportunities that are having a local impact, at the regional, asset class and company level, that should leave the rest of the world largely unmoved. In this environment, **correlations across regions and risk markets should remain significantly lower** than in past years. Various markets may seem to behave "inconsistently" with others, but we caution against expecting simple mean reversion, given our view of the reduced impact of global factors. Active investors should pay more attention to local fundamentals while long-term investors can expect to achieve greater gains from cross-market and international diversification.

- Local issues must be monitored and understood, though, to decide how to allocate capital and risk. Just to review a few, **Japanese** policy makers continue to present a concerted plan to reflate their economy through monetary, fiscal and structural measures. The

strong control of the government and its high approval rating are steadily raising the chance of success. We stay overweight Japanese equities and grow wary of the short yen trade, as capital inflows and rising growth expectations (chart of right) are ultimately bullish for the currency. Watch next week's BoJ meeting, led by newly appointed Governor Kuroda, for new reflationary measures.

- The **Euro area** economy remains in recession, while policy makers are making little effort to reverse the contraction. We monitor signs of any large deposit flight post Cyprus over coming weeks and months to judge whether the bailout may actually be worsening conditions in the Euro. Economic forecast momentum remains negative (chart of right). These are good reasons to underweight the Euro area, if not all of Europe, across asset classes, against the rest of the world.

- The **US**, in contrast, is seeing better spending from both corporates and consumers than we could have expected post Fiscal Cliff and sequestration. But given the huge amount of fiscal drag, which is a fact, we want to see another 1-2 months of data before extrapolating the good news. It did support US equities in recent weeks, which continue to benefit from US corporates issuing debt to buy their own shares and others', through M&A. This corporate rotation from debt to equities is almost exclusively a US flow, which helps explain US equity outperformance.

- Across risk assets, we are similarly seeing huge delinking, with **equities** rallying greatly and **commodities and credit** seeing no gains (chart p. 1), very much unlike last year. Commodities are delinking as there are no growth upgrades in EM, and inflation concerns are concentrated on two countries, UK and Japan. Credit is delinking as most investors are massively overweight credit versus equities, as evidenced by the disparity in buying flows in 2011-12. Relevering by US corporate and the Fed debating the end of QE are signaling that the 3-decade long rally in bonds is likely over. Investors are starting to dollar-average away from bonds to equities.

## Fixed Income

- Bonds rallied again, except for Euro area peripherals, the source of this week's market concerns. The imposition of capital controls on **Cypriot** deposits is to be sure a watershed moment, but for now not one we expect to spark significant deposit withdrawals elsewhere. Meanwhile, the most likely outcome to the Italian impasse appears to be new elections in the autumn. With seemingly little prospect of a material rise in yields on the safest assets, we think the search for carry evident across the full gamut of asset markets will see peripheral spreads narrow over time.

- Ten-year **JGB** yields have rallied to within a few bps of their all-time low, ahead of next week's inaugural meeting for the new BoJ leadership. We do indeed expect aggressive easing, with JGB purchases out to 30 years, but think this will be trumped by profit taking in JGBs after the fiscal year end.

- Our latest Inflation Expectations Survey (F. Diamond, K. Gupta) was out yesterday. One interesting result is that almost 90% of respondents believe the BoJ has less than a 50/50 shot of hitting its 2% inflation target in two years, a reflection of the formidable challenge of sparking inflation expectations after two decades of falling prices.

## Equities

- The global rally in equity markets slowed this week, but did not reverse, on continued concerns about the fallout from a poorly executed Cyprus solution. The Euro area underperformed again, for a second week in a row. As discussed last week, we view Cyprus as a local problem that we address by **underweighting Euro area** equities in a global portfolio. A potential negative feedback loop from markets to the economy poses a serious downside risk for Euro area growth over coming months prolonging the current run of negative economic surprises from the region.

- **Japan** is the region we like the most. In our mind the Japanese equity trade has further legs not only due to prospective BoJ balance sheet expansion but more importantly due to a reform agenda to be unveiled into the summer.

- **EM** equities are suffering from renewed policy tightening in major EM economies such as Brazil and China. Investors have bitter memories of previous property tightening measures in China. As within DM, we see a lot of divergences within EM and prefer to focus on under-owned markets with good domestic demand story such as Mexico and Malaysia. See "Consensus Asset Allocation", Adrian Mowat and team, Mar 26th. Open overweights in Mexican and Malaysia equities vs MSCI EM.

- For long-term investors we just released our quarterly publication "**Trade opportunities for long term investors**" Mar 27. We monetize risk premia in Value stocks via a long in S&P500 Value vs S&P500 ETFs. It appears that a five year long underperformance of Value stocks has come to an end. We take profit on trades that monetize skew risk premia in S&P500 due to sharp contraction over the past quarter. We continue to monetize equity risk premia via buying high dividend yield equity ETFs against USTs. Our preference is to buy ETFs which track the S&P US Preferred stock due to its high yield, around 6%, and its high weight on Financials.

## Credit

- **The news flow from the Cypriot bailout continued to push spreads wider and vol higher this week,** with European Financials underperforming as creditor bail-in risks returned to the forefront. iTraxx senior and subordinated financials indices widened 20bp as investors sought to hedge via CDS rather than sell bonds. European credit continued to underperformed US credit.

- The fact that Cypriot banks debt is only 1.3% of total liabilities was a key factor in the decision to bail-in depositors. Yet events surrounding the banking sector restructuring **also suggest that keeping senior unsecured bondholders immune from costly bail-**

**outs is politically untenable**. This removes the implicit 'cover' that senior bonds holders have enjoyed and has increased speculation that implementation of the bail-in proposals under the EU's Resolution & Recovery Directive (RRD) will be brought forward to 2015 from the current 2018 time-frame.

- As such, our colleagues in European Credit have examined the implications of changing recovery rate expectations across the bank capital structure. Assuming that covered bonds remain outside the scope of the proposals, we expect senior bank bond spreads to widen relative to covered bonds **and prefer being OW covered bonds vs senior bonds in the periphery,** particularly in Spain where covered bonds have first claim over the entire mortgage book of the bank. From a relative value point of view, we also suggest owning **subordinated bank bonds vs senior bank bonds in the core** as, under the new RRD regime, there is a higher probability than before that senior bank bond holders will lose money and this risk is, in our mind, not yet in the price (*Rethinking the capital structure*, R. Henriques et al., Mar 27).

## Foreign Exchange

- Today's research note, ***Sacrificing Cyprus,*** examines several presumptions which have arisen over the past two weeks due to the Cyprus crisis, and scores them on a scale of truths, half-truths and falsehoods. There are indeed some right conclusions to draw from this experience, but also some wrong ones. As examples, it is true that capital controls have created a two-tier euro, but very unlikely that Cyprus is exiting EMU. And while it is true that markets deserve a risk premium for policy uncertainty, the size of the premium should be much lower than in previous crises due to backstops like the OMT.

- For example, during the first Greek crisis in May 2010 EUR undershot by 10% relative to cyclical conditions at that time, and during Greek elections in May 2012 the currency undershot by 5%. The combination of Italian and Cypriot events have eliminated the euro's overvaluation from early 2013, when the currency spiked to the high $1.30s on a presumption that LTRO funds would be repaid rapidly, driving European rates higher. The currency is now close to fair value, so carries no risk premium for contagion. The message is similar in vol markets: the 1% premium for 3-mo implied versus realized vol is far less than the 5% premium witnessed during previous crises.

- While there is no evidence that the EUR/USD cash or options market carries a risk premium, it is also true that the required premium should probably be far less than in previous crises given that a sovereign funding backstop like the OMT is in place. We are thus **reluctant to extrapolate this mini-crisis into a systemic event which triggers broad deleveraging**, or to forecast trend euro weakness. The currency could trade down a couple of cents around an ECB rate cut, but assuming that fears around Cyprus contagion pass in a month or two, the currency should reverse its recent decline by the summertime.

## Commodities

- **Commodities rallied this week, up almost 2%, led by energy.** We went tactically **long Brent** in last week's *J.P. Morgan View* as we believed that the correction in oil markets had brought prices too far below our price forecast of $112/bbl. Since then Brent is up around 1.5%. We stay long and expect further price appreciation over coming months. We are also **short gasoline vs. Brent**. Gasoline cracks (the premium for gasoline over crude prices) spiked over the first three months of the year due to a combination of low inventories and refinery closures that came during refinery maintenance season. As refinery maintenance comes to a close and demand falls seasonally, gasoline prices should fall relative to Brent.

- We went long **Soybean time spreads** late last year (*GMOS*, Dec 5) on a view that much higher Brazilian supplies would find it difficult to leave the country due to logistical constraints. Since then we have seen a record number of ships planning to load soybeans in Brazilian ports and this number is still rising. The average waiting time before loading is also rising, now 38 days compared to 26 days a month ago. This has caused the front Soybean contract to rally while longer maturity contracts have been depressed by the much higher than normal supply inside the country. The spread between the May-13 and Jul-13 contracts has doubled since we put the trade on in December. **We stay long** as we think these logistical issues are unlikely to be resolved anytime soon.

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**From**: Peggy Siegal [redacted]
**Sent**: 3/7/2013 2:03:11 PM
**To**: jeevacation@gmail.com
**Subject**: Fw: Oscar Diary

I am struggling thru this. It is so late already. I am so stressed out. Will finishe is in a day or two.. I can not write about the Katzenberg party. Maybe can just mention is happened in my hotel. But the reason to go was to support Katzenberg and network. More to come. Peg

----- Original Message -----
From: Peggy Siegal
Sent: Thursday, March 07, 2013 08:51 AM
To: Peggy Siegal
Subject: Oscar Diary

It's Thursday morning on Wilshire Boulevard and the Academy of Motion Pictures Arts and Sciences has just opened it's doors for ticket pick-up for the 85th Oscar telecast.

Forty voting members, the distinguished director Norman Jewison and I are on a long single file line that snakes thru the lobby patiently waiting to go upstairs to pick up our tickets. My seats were awarded via a lottery system. We clutch our photo I.D.

Suddenly, a messenger slips in wearing a smart khaki windbreaker and cuts through the line. He announces to the uniformed guard in a stage whisper, "Dreamworks", and as if Steven Spielberg himself had just delivered the Gettysburg address, is ushered upstairs.
That is the final act of social justice of the "Lincoln" campaign.

I am sleep deprived and jet lagged having just spent six hours on a flight sitting next Paula Wagner who is Tom Cruise's ex-agent turned Broadway producer for Jessica Chastain's "The Heiress". We discuss Jessica's not so great chances to beat Jennifer Lawrence for Best Actress. I mention Harvey Weinstein's concern about Emmanuel Riva's last minute surge. The French phenomena doesn't speak English, has never been to L.A. and it's like voting for a ghost, even on her 86th birthday.

This is the year I got phone calls in September from top studio executives announcing each are winning the Oscar. Their euphoric giddiness is due to the quality of the films resulting in the priciest oscar campaigns on record and astounding audience support at the theaters.

Seven of the nine best picture nominees have taken in well over $100 million at the domestic box office to date, but it's the worldwide numbers in the millions that are staggering.

Twentieth Century Fox's "Life of Pi" caused a tsunami at $595,
Universal's "Les Miserables" scored $412, the Weinstein Cos.' "Django Unchained" whipped up $395,
DreamWorks' "Lincoln" delivered at $254, Warner's "Argo" captured $219, Weinstein's "Silver Lining Playbook" danced to $187 and Sony's "Zero Dark Thirty" killed at $107 million.

In comparison, Sony Classics' "Amour" received $19 and Fox Searchlights' "Beast of the Southern Wild" worked up $19 million.

Hugh audiences having actually seen the films this year have an ear for the nuances of the Oscar race and everyone including Ben Affleck follow the bloggers religiously.

So by Thursday morning on line at the Academy the informed buzz was as follows: "Argo" takes best picture because is was most entertaining. The director snub to Ben Affleck was a Godsend as George Clooney's advice came from far away Berlin where he was in pre-production on "The Monuments Men". Warner's president Sue Kroll kept the campaign clean and calm on the home front.

"Lincoln's" victory is Daniel Day Lewis from day one of shooting, no pun intended. The suggestion that Obama is our answer to Lincoln was interesting. Voters knew Obama secretly hosted three screenings in the White House, but they weren't invited. The Hollywood Foreign press were the biggest winners with Bill Clinton's surprise appearance on their broadcast. DreamWorks' ran an impeccable patriotic campaign that the media ate up.

The best director race had the most drama. Hollywood dreaded Spielberg loosing to Ang Lee. (Eventually everyone was thrilled Steven was anointed president of the Cannes Jury for 2013 the day after the awards show.)

The voters knew beloved Ang Lee's three year boat ride was the technical miracle. Fox's $595 million international box office blew in the win.

Harvey Weinstein having three horses running is always the most talked about. His loquacious Quentin Tarentino was a lock for screenplay. Best supporting actor was a total toss up with a sentimental edge

to Robert DeNiro. We even applauded Bob putting his handprints in cement in front of Grauman's Chinese Theater.

The conversations continued about how our government put the cabasch on "Zero Dark Thirty" with their arrogant denial of enhanced interrogation. Even MPAA President Chris Dodd could not help Mark Boal, Katherine Bigalow and Amy Pascal.

Additional chatter was the renewed last minute love for "Les Miserables". Clearly the most polarizing film in the race, this 27 year old theatrical musical seen by 60 million fans is now the talk of the Oscar weekend.

Hugh Jackman, Anne Hathaway, Russell Crowe, Amanda Segfried, Eddie Redmayne, Sasha Baron Cohen, Helena Bonham Carter and Samanthe Barks are making an historic one time live performance as part of Sunday's television broadcast. Producers Craig Zadan and Neil Meron's will attempt to razzel dazzel us with an homage to movie musicals for three plus hours at the Dolby theater.

Barbra Streisand, Adele and Shirley Basse's appearances also create high anxiety and a blood bath for tickets...hence the hysteria created by DreamWorks' messenger cutting the line.

After checking into the iconic Beverly Hills Hotel, my home away from home for 30 years of Oscar weekends and meticulously laying out all the ensembles sent from Valentino and Ralph Rucci, I hit the party circuit overdressed for life.

Daisy... I can do this...fairly easily now...but I have a lunch at 12:30pm and important meetings. I am so distraught about all this pressure. I am calling you now. Peggy

**From:** [redacted]]
**Sent:** 1/22/2013 10:45:31 PM
**To:** jeevacation@gmail.com
**Subject:** Tom McMillen

Hi Jeffrey,
I saw Tom McMillen last night and he asked about you - said he lost touch. He's tight with the Obama's and is going to be an Ambassador - apparently any country he wants. So great! I'd LOVE to be an Ambassador and am going attempt to raise enough money on the next election cycle.

His info is: [redacted] and [redacted] I hesitate to give him your info w/out ur permission...

Am doing Aspen Institute Socrates Society program over President's weekend if you're in Aspen! Miss you!
Love and Happiness, Gwendolyn

PS. Have a conference call with Jessica Joffe tomorrow.

[redacted]

[redacted]

**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 1/11/2013 11:38:48 PM
**To:** Undisclosed recipients:;
**Subject:** JPM View 01/11/2013
**Attachments:** image1.gif; JPM_The J.P. Morgan View_2013-01-11_1025113.pdf

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Global Asset Allocation

# The J.P. Morgan View: Go East.

Click **here** for the full Note and disclaimers.

- **Asset allocation** — The growth gap between East and West is widening, and has allowed us to join the Obama Pivot towards Asia. We stay long Japan and EM Asia in equities on stronger signs of an economic rebound in the East, while we again cut growth numbers for the US and Europe.
- **Economics** — Weaker activity data force us to lower Q4 for the US from 1.5% to 0.8% and the Euro area from -1.5% to -1.8%. But strong trade and industrial data in Asia, as well as more fiscal easing in Japan, have induced us to raise Japanese growth for the 3rd time in a row, and to signal upside risk on China.
- **Fixed Income** — Go long duration in the US as we see yields mean reverting and we are not quite high in the 6-month range.
- **Equities** — Strong retail buying is adding fuel to equity markets.
- **Credit** — Idiosyncrasies driving relative performance signals a welcome move-away from the one-factor-drives-all world of late.
- **Currencies** — Staying short JPY. Be also short USD but against AUD, RUB and KRW.
- **Commodities** — Our main trades are long industrial metals, US natural gas, and Brent time spreads vs. short agriculture.
- **Another good week for risk markets** with equities and credit rallying further, but this week without a selloff in bonds. Much of the rally in equities is likely the aftermath of the last minute escape from Fiscal Cliff 1 on December 31. But since then, we have also seen a sudden surge in equity fund inflows, which seem incongruous with lukewarm incoming data and thus may well come from investors who missed last year's stock market rally. In 2012, fund investors poured $680bn into bond mutual funds and ETFs, while taking some $23bn out of equity funds.
- Given the recent vintage of these equity fund inflows, they are unlikely to reverse quickly as there is not a lot of profit on them yet. **Near-term momentum thus remains good for stocks, in our view.** At the same time, the more bullish sentiment on stocks is now sending a contrarian signal. Last year, we based much of our long equity recommendation on our impression that most market participants saw more downside risk across the globe than we thought would become realized. This does not appear to be the case anymore, as the main remaining market concern is only about Fiscal Cliff 2. No more talk of Chinese hard landing or a Greek exit. Hence, the case for being long risk assets is more value based, rather than the reversal in risk perceptions which we think has largely happened by now. We would therefore describe our remaining longs in equities and credit as modest and medium term.
- 
- We could again be induced to move our equity overweight to an "aggressive" level, if there were to be reason to raise growth and earnings projections. All we have so far is improved forward looking indicators – largely PMIs and positive feedback from asset markets – that are signaling a pickup in growth this quarter. But so far, this is simply confirming our and consensus views on how the year is set to start. They are not allowing us yet to upgrade our global growth expectations (Chart on right).
- More ominously, the continued strong rallies in risk markets to new highs for the cycle are hiding the fact that recent hard data on Q4 activity have again forced us to lower our estimate of Q4 global GDP growth, now to 1.7%, largely due to the US and

Europe. The average global growth pace of the past 3 months has fallen to only 1.8%, barely more than half of trend. The expectation remains that Q1 should come in at 2.4% as both Japan and the Euro area exit recession.

- While staying overall long risk markets, both credit and equities at the moment, we have increasingly focused on tactical cross-market exposures, and in particular the underweight of US equities. In *GMOS* this week, we took profit on the overweight of Euro area equities against the US given the still very weak economy, with Q4 likely now the biggest GDP decline since the end of the global recession (We do stay overweight Euro periphery bond). But we **remain aggressively overweight both Japan and EM Asia versus the US,** with Japan currency hedged. The upside surprise on Chinese CPI today dented its equity market somewhat, but we think this will be temporary as it should not yet lead to monetary tightening. The recent set of strong trade and industrial data from China and the region are signaling to us significant upside risk on Q1 and 2013 growth projections.

- We have been long **Japanese** equities since Nov 16, which more by luck than skill defined the beginning of its equity rally. Topix is up 20% since then, almost straight line. We believe new PM Abe conviction and political power to reflate the economy are real. It has already helped the yen lose 10% versus the dollar. Given this move, faster fiscal easing and support from equities, we have raised our 2013 growth forecast for a 3rd time, this time to 0.8%. We stay long the Japanese reflation trade.

**Fixed Income**

- Bonds recovered some of their losses from last week, but remain down on the year. We do not see the current surge in equities as a negative for bonds, yet, as equity inflows are not coming out of bond funds, and growth remains too weak to elicit an early end to QE. With USTs very much at the top of their 6-month trading range, we go tactically long duration, but would take profit soon on a decent rally. In the Euro are, in contrast, the continued flow into the periphery should remain negative for Bund and euro swaps. We retain a bearish bias here.

**Equities**

- Equities are up again this week, helped by rapidly improving equity ETF inflows. **Strong buying by retail investors** is adding fuel to equity markets against a backdrop of rather subdued macro drivers, maintaining a positive-near term momentum. The reporting season is also helping with US companies beating so far by 2% the bottom up analysts' estimates at the beginning of the year.

- Our recommended equity portfolio focuses on regional and sectoral exposures. Underweighting US equities remains our main regional theme. This trade also protects our portfolio against looming debt ceiling risks. US equities had been the consensus overweight by equity investors for two years and their outperformance started reversing over the summer. **US equities have so far erased their 2012 outperformance but are far from erasing their 2011 outperformance.**

- We focus the **US equity underweight against EM Asia and Japan**. In GMOS this week, we took profit on our overweight in MSCI EMU versus S&P500 given looming Italian election risks into February, and still disappointing European economic activity data. We stay overweight in Topix vs. S&P500 currency hedged. Fiscal easing, financed via debt monetization, and coupled with structural reforms has the potential to sustain this trade beyond a 3-6 month horizon, in our view. This week's fiscal stimulus announced by the Japanese gov't appears supportive of the Japanese trade.

- Across sectors we favor Cyclical vs. Defensive sectors but have taken part profit as the pace of the improvement in the global manufacturing PMI slowed in December. We stay overweight the DJ US Home Construction Index and large mortgage banks (BKX Index) vs. the S&P500 to position for a continued recovery in US housing.

**Credit**

- **High-grade spreads and yields were a few bps tighter this week,** although US and European high-yield continued to rally strongly. Double-digit spread tightening sent both to new all-time yield lows; now just 5.9% in the US and 6.5% in Europe. The clear outlier this week was EMBIG, the ill health of the Venezuelan president and a NY court ruling in favor of hold-out creditors in Argentina's 'pari passu' saga helped push spreads up 12bp. We believe such idiosyncrasies driving relative performance signals an uncharacteristic break-down in spread correlations and a welcome move-away from the one-factor-drives-all world of late.

- The strength of equity flows has caught our attention this week, but there is little evidence of a wider rotation out of bonds. There has indeed been some evidence of bond into equity fund flows in ETFs (best seen through our flow radars in *Flows & Liquidity*), but bond mutual funds continue to see inflows, which accelerated this week. Also, our client survey reports on-going demand for credit and new issues remain well bid (see *CMOS* and *F&L* for more details).

**Foreign Exchange**

- 2013 has started with **bubbling optimism across global markets**. Equities are approaching five-year highs and credit spreads their five-year lows, while government bonds are selling off worldwide and inflation breakevens behave (outside the UK). And per the traditional pattern, the dollar is falling versus most currencies, except those which entered 2013 with enormous liabilities – the yen given Japan's full-throated commitment to looser monetary and fiscal policy, and the rand on sovereign credit and balance of payment concerns. EUR/USD has spiked since Thursday's ECB meeting but is underperforming much of the commodity complex (MXN, CLP, AUD, NZD) year-to-date, highlighting that China's data surprises this week count for as much as a less-worried ECB.

- These **country-specific issues are more powerful than systemic ones** for the moment, which is likely why correlations across dollar-based pairs have sunk to three-year lows. The yen story still looks to us the most unique – USD/JPY is the only major

asset globally where vols are up this year – and the one with broader consequences for neighbors (through EM Asian intervention policy). Hence, this week's focus in our *FX Markets Weekly* on two other dimensions of the bearish yen view: what is the currency worth if the BoJ successfully delivers 2% inflation, and how broad is the yen short.

- To those who believe in purchasing power parity (and we are not amongst them), USD/JPY could move to 100 on a credible BoJ. Realizing these extreme targets requires Japanese participation in this yen move, since international investors could reach their risk limits on yen shorts. So far domestics look fairly unconvinced. Japan has been posting net capital outflows (foreign purchases of JGBs minus Japanese purchases of foreign bonds) since mid-2011, but the pace of those outflows has not increased since then-candidate Shinzo Abe began calling for much looser monetary policy. Stay short yen on the possibility that locals join the move, but rotate exposure. Book gains on a KRW/JPY one-touch, a USD/JPY seagull and CHF/JPY cash. Stay long NOK/JPY and re-enter EUR/JPY (both in cash). Stay short USD vs a basket of AUD, RUB and KRW.

**Commodities**

- **Commodities are up around 1% this week, with all sectors gaining ground.** In Wednesday's *GMOS*, we retained all our previous positions. Our main trades are long **Brent time spreads** (long front vs. third futures contract), long industrial metals, long US natural gas and short agriculture. Production losses in the North Sea should support our Brent trade, while the current economic rebound in China should push industrial metals higher. US **Natural gas** should benefit from the ongoing switch from coal to gas for power generation and 2013 should see the first slowdown in production since the boom began five years ago.

- The GSCI **agriculture** index has already reversed around 80% of its rise in summer 2012 as farmers have planted a much larger area, which means a higher likelihood of much higher future supply. **We stay short** for now as we think this downtrend has further to go. **We are also long gasoil vs. Brent.** Global inventories are very low and demand from Asia is picking up, consistent with the economic data, which we expect to improve further over the coming months. An expected cold snap should also help push demand higher through January

- We took profit on our long position in **gold** last Friday and year-to-date gold is down around 1%. We believe many investors had bought gold over the past few years to hedge against the risk of "QE unlimited." The recent FOMC minutes, however, have since raised the risk of an early end to QE, reducing to need to hedge through gold. The risk is thus that a number of market participants will reduce their gold hedges, pushing gold prices down further. We still like gold as a hedge against long-term inflation risks once global growth returns to trend and we would look to reopen the position at around $1,550/oz..

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**From:** Faith Kates [redacted]
**Sent:** 11/10/2016 11:49:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

She should be so lucky people are nuts

Sent from my iPhone

On Nov 10, 2016, at 4:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: US GIO [us.gio@jpmorgan.com]
**Sent**: 11/6/2012 10:24:50 PM
**To**: Undisclosed recipients:;
**Subject**: J.P. Morgan exclusive conference call on Thursday, November 8th at 4pm EST: "Post-election insight: The road ahead"
**Attachments**: image001.png; image002.png; image004.png; image006.png

We are pleased to invite you to an exclusive J.P. Morgan Private Bank conference call, *"Post-election insights: The road ahead,"* on **Thursday, November 8 at 4:00 p.m. Eastern Time**.

The call will feature Peter Scher, Head of Corporate Responsibility for JPMorgan Chase. Peter is an undisputed expert in political matters, having spent nearly a decade in government service as U.S. Special Trade Negotiator and Ambassador in the Clinton administrations. The discussion will take a closer look at the election results, focusing on the political and fiscal implications and what they mean for our clients globally.

The invitation below contains full details of the event.

You are invited to participate in an exclusive conference call

# Post-election insights: The road ahead

Thursday, November 8, 2012 at 4:00 p.m. Eastern Time

Hosted by
**John Duffy**, Chief Executive Officer, J.P. Morgan U.S. Private Bank

Featuring
**Peter Scher**, Head of Corporate Responsibility, JPMorgan Chase & Co.

As the new political landscape begins to take shape, join us to hear Peter discuss:

- Global implications of election results
- Impact on regulatory and "fiscal cliff" legislation
- Bipartisanship in the new environment

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**TO LISTEN TO THE CALL**
Toll-free: 877.804.2965
International Toll: 706.902.2073
Conference ID: 68693542

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**ABOUT PETER L. SCHER**

Peter L. Scher is the Executive Vice President and Head of Corporate Responsibility for JPMorgan Chase & Co and a member of the firm's Executive Committee. Scher oversees Global Government Relations and Public Policy, Global Philanthropy, the Office of Environmental Affairs, and the firm's Social Finance business, which provides financial services to the impact investing market. He led the firm's development of the *Brookings-JP Morgan Chase Global Cities Initiative,* a five-year effort to help the 100 largest U.S. metropolitan areas become more competitive in the global economy.

Prior to joining JPMorgan Chase in June of 2008, Scher was the Managing Partner of the Washington, D.C. office of Mayer Brown LLP, where he had been a partner since 2000 and earlier served as the chairman of the firm's Government and Global Trade Practice, overseeing that practice in the United States, Europe and Asia.

Scher spent nearly a decade in government service. Nominated by President Clinton and confirmed by the United States Senate, he served as the U.S. Special Trade Negotiator, with the rank of Ambassador from 1997-2000. In his service as U.S. Special Trade Ambassador, he was one of the lead U.S. negotiators on China's entry into the World Trade Organization, as well as negotiations on trade issues with countries in Europe, Asia and Latin America. He earlier served as the Chief of Staff in the Office of the United States Trade Representative and in the same position at the U.S. Department of Commerce. Scher previously served on Capitol Hill as the majority staff director for the U.S. Senate Committee on Environment and Public Works, and as the Chief of Staff to U.S. Senator Max Baucus.

Scher has been active in civic and political activities throughout his career. He served on the staff for the Clinton-Gore campaigns of 1992 and 1996, as well as the Kerry-Edwards campaign of 2004. He has been a member of the Atlantic Council of the United States Working Group on U.S.–European Union Trade and Regulatory Issues and the Asia Task Force for the Center for Strategic and International Studies. In 2009, Scher was appointed by the White House to serve as U.S. Representative to the Asia Pacific Economic Cooperation Forum (APEC) Business Advisory Council.

Scher serves on the Board of Trustees of American University and is a member of the Council on Foreign Relations. He received his B.A. from American University in 1983 and his J.D. from AU's Washington College of Law in 1987.

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**From**: [redacted]
**Sent**: 9/28/2012 2:41:02 PM
**To**: Lesley Groff [redacted]; [redacted]; Richard Barnnet [redacted]; Louella Rabuyo [redacted]; Januiz Banasiak [janusz53@me.com]; Rich Kahn [redacted]; Darren Indyke [redacted]; Francis Derby [redacted]; Je vacation [jeevacation@gmail.com]
**Subject**: Re: 3:00 Wheels up!!

Lesley,
Please inform JEE, Vice President Biden is in West Palm Beach and is schedule to depart between 5pm and 6pm today. He parks at Galaxy ramp also in Palm Beach. The airport will be closed between 5pm and 6pm.
Flight time is 2+21min.
we'll need wheels up at 4pm or 2pm. Pls advise which time je prefers?

Thank you,
Larry
------Original Message------
From: Lesley Groff
To: Larry
To: [redacted]
To: [redacted]
To: Richard Barnnet
To: Louella Rabuyo
To: Januiz Banasiak
To: Rich Kahn
To: Darren Indyke
To: Francis Derby
Subject: 3:00 Wheels up!!
Sent: Sep 28, 2012 10:33 AM

JE has moved wheels up to 3pm today!

LArry, please confirm

Also, Larry please confirm you will organize pick up in PB upon the arrival today
Sent via BlackBerry by AT&T

**From:** Faith Kates [redacted]
**Sent:** 8/14/2012 1:05:43 PM
**To:** Faith Kates [redacted]
**Subject:** Fwd: Public work vs private AMAZING

> This is crazy please read it and pass it on!!!
>
>
> Sent from my iPhone
>
> Begin forwarded message:
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>
>  From: John Connolly Ed.D. [redacted]
>  Date: August 4, 2012 3:54:25 PM GMT+02:00
>  To: RALPH BERNSTEIN <[redacted] Morad Tahbaz [redacted], "Joseph Bernstein [redacted]
>  Subject: FW: Public work vs private AMAZING
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>
>  John J. Connolly, Ed.D.
>
>  President & CEO
>
>  Castle Connolly Medical Ltd.
>
>  42 W. 24th St.
>
>  New York, NY 10010
>
>
>
>  P. [redacted]
>
>  F. [redacted]
>
>
>
>  [redacted]
>
>  www.castleconnolly.com
>
>
>
>  From: ed thompson [mailto:[redacted]
>  Sent: Friday, August 03, 2012 6:03 PM
>  To: ;
>  Subject: Fw: Public work vs private AMAZING
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> And now for the last statistic:
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>
> National Health Insurance?
>
> U.S. NO
>
> England YES
>
> Canada YES
>
> Check this last set of statistics!!
>
> The percentage of each past president's cabinet who had worked in the private business sector prior to their appointment to the cabinet. You know what the private business sector is a real-life business, not a government job. Here are the percentages.
>
>
> T. Roosevelt..... 38%
>
> Taft.....40%
>
> Wilson .....52%
>
> Harding..... 49%
>
> Coolidge..... 48%
>
> Hoover..... 42%
>
> F. Roosevelt..... 50%
>
> Truman..... 50%
>
> Eisenhower..... ..... 57%
>
> Kennedy..... 30%
>
> Johnson..... 47%
>
> Nixon..... 53%
>
> Ford..... 42%
>
> Carter..... 32%
>
> Reagan..... 56%
>
> GH Bush..... 51%
>
> Clinton ..... 39%
>
> GW Bush..... 55%
>
> Obama..... 8%
>
>
> This helps to explain the incompetence of this administration:
> only 8% of them have ever worked in private business!
>
> That's right! Only eight percent---the least, by far, of the
> last 19 presidents! And these people are trying to tell our big
> corporations how to run their business?
>
> How can the president of a major nation and society, the one
> with the most successful economic system in world history, stand and talk about business when he's never worked for one? Or about jobs when he has never really had one? And when it's the same for 92% of his senior staff and closest advisers? They've spent most of their time in academia, government and/or non-profit jobs or as "community organizers." They should have been in an employment line.
>
> Pass this on because we'll NEVER see these facts in the main
> stream media.
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>    ------ End of Forwarded Message
>

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**From:** Faith Kates [redacted]
**Sent:** 6/24/2016 10:49:32 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

Is this the right # says its disconnected

Sent from my iPhone

On Jun 24, 2016, at 6:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:

5616557625

On Friday, 24 June 2016, Faith Kates <[redacted]> wrote:

> Where are you? Not answering your cell
> What the f... Does going to open 1k down not good... Trump is saying its a great thing really???
>
> Sent from my iPhone

--

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**From**: Faith Kates [redacted]
**Sent**: 6/24/2016 10:34:22 AM
**To**: jeevacation@gmail.com

Where are you? Not answering your cell
What the f... Does going to open 1k down not good... Trump is saying its a great thing really???

Sent from my iPhone

**From:** Faith Kates [redacted]
**Sent:** 5/18/2016 5:45:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** FW: Warning: The smart money is fleeing U.S. stocks

May 18, 2016

# Warning: The Smart Money Is Fleeing U.S. Stocks

BY BILL BONNER, CHAIRMAN, BONNER & PARTNERS

DUBLIN – The Dow dropped 180 points yesterday – or about 1%.

And another clever billionaire says he is looking elsewhere for profits. Reuters:

Activist investor Carl Icahn on Monday said there was a chance the stock market could suffer a big decline, saying valuations are rich and earnings at many companies are fueled more by low borrowing costs than management's efforts to boost results.

"I am very cautious on equities today. This market could easily have a big drop," Icahn said.

Yes, dear reader, the smart money is getting out of U.S. stocks. And here's our old friend Rob Marstrand explaining why:

Right now, every measure that analyzes the S&P 500 says it's expensive. Prices are high relative to earnings, net assets, sales, and cash flow.

What's more, there's plenty of evidence that the main thing propping up the stock prices is heavy buying by the companies themselves [via share repurchases].

And now, that prop is getting kicked out from under the stock market. Bloomberg:

After snapping up trillions of dollars of their own stock in a five-year shopping binge that dwarfed every other buyer, U.S. companies from Apple Inc. to IBM Corp. just put on the brakes.

Announced repurchases dropped 38% to $244 billion in the last four months, the biggest decline since 2009...


**Recommended Links**

**Rickards: "Warning, I've Changed My Thesis On Gold"**
I firmly believe we're at the beginning of the BIGGEST move the world has ever seen in gold. "Simple math" says $10,000 gold is all but certain. But, you're not going to believe what I have to say next... **BEFORE you buy a single ounce of gold, read this important message.**

**Last Chance: VIP Access To Doug Casey's Shocking 2016 Forecast**
Casey fears a severe crisis is brewing. Not a currency collapse or stock market crash. A specific threat that could wreak more havoc than the Great Depression. That's why tomorrow, in an urgent broadcast event, Doug's pulling back the curtain on his shocking warning. And revealing how to profit from it in the months ahead, in a big way. Last chance to get VIP access ends tonight. **Click here now for full details.**


## Pareto's "Foxes"

Although the bull market in U.S. stocks is probably near its end, the bull market in the Deep State shows no sign of weakening.

Year after year, the power of the "foxes" grows.

It was the great Italian economist Vilfredo Pareto who noticed – among other things – that no matter what kind of government you think you have, there are always some crafty insiders, the "foxes," who take control of it.

Policies are set, programs are started… decisions are made… with no consent of the people or their elected officials; the foxes work the angles.

Over time, the forces of law and order become more and more corrupt… as the foxes bend the entire system to do their bidding.

Wars are started with no plan or intention to win them. Money is handed out for no better reason than this: They can get away with it.

And best of all, most people are none the wiser; they believe the myths… and attack anyone who challenges them.

## Rip-Off

Perhaps the biggest rip-off of all time has taken place over the last eight years – and in plain sight of everybody.

Via the magic of ultra-low rates, the Fed – a nest for the wiliest and most cunning of the foxes – took roughly $8 trillion out of the pockets of savers and retirees and handed it to borrowers.

Who is the world's biggest borrower?

Yes… it's the Deep State itself.

The Fed claimed to be helping to "stimulate" the economy. But you can't really stimulate an economy by stealing from the people who produce wealth and provide it with capital.

Not surprisingly, growth has stalled. Wages have fallen. Productivity has

stagnated.

For 95% of the male population, real earnings are lower today than they were in 1973.

Is there any wonder many of these men vote for Donald Trump – a "strong man" who promises to do something about it?

But the top 5% – where the foxes are – gained income. Their wages are up more than 50% over the same time.

Why?

Because they take more and more money from the rest of us.

More tomorrow… on a new Rebellion in Gualfin… and a measure of how big the Deep State has become…

Regards,

Bill

**Further Reading:** The Deep State already controls just about every aspect of American life. From health care to education to the food on our tables to the never-ending war on terror, this cadre of cronies is pulling the strings.

In his latest online presentation, Bill exposes how the Deep State has now pushed the world to the brink of an irreversible disaster. Learn more here as he reveals how it will all unfold… and, more importantly, how it'll change your life forever.



HOUSE_OVERSIGHT_031139

BY CHRIS LOWE, EDITOR AT LARGE

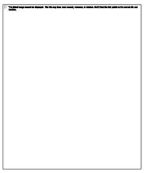

George Soros is betting big on gold.

As Bill reported yesterday, the billionaire speculator cut his firm's investments in U.S. stocks by more than one-third.

Soros has also disclosed a new stake in the world's biggest gold miner, Barrick Gold (ABX).

Soros Fund Management, his investment vehicle, bought a 1.7% of Barrick. This makes it Soros' biggest listed holding.

As today's chart shows, Barrick has skyrocketed so far in 2016.

The company's stock is up a jaw-dropping 156% year to date.

**Recommended Links**

**Read this BEFORE you buy gold or gold stocks**

Dr. Steve Sjuggerud Reports: Most investors don't know this, but there's a "Magic Number" that appears before EVERY big move in gold and EVERY big move in gold stocks. What is it and is now the time to buy? **Details here...**

**Featured Reads**

**Gold Price to Soar More Than 650%?**

One currencies expert says a "super spike" in gold prices is headed our way. Here, he explains what will cause it and, more importantly, how you can position yourself to profit.

### Share Buybacks Fall Most Since 2009

U.S. share buybacks have fallen back to levels last seen in 2099. The news comes amid the worst profit slump since the financial crisis... and when valuations sit near 14-year highs.

### Why "Money Helicopters" Are Not the Answer

Although "helicopter money" – code for handing out free money – is now being seriously discussed... what's really needed to boost growth are major structural reforms. The fate of the world depends on it.


**Recommended Links**

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## Mailbag

Readers continue to weigh in on the state of U.S. politics. Here are more responses to Monday's issue, "Trump's Biggest Deal."

Sarah Palin will be the V.P. with Trump, and you may be surprised that they will have a balance budget within three years. And with Obamacare repealed, job killing regulations eliminated, and corporate tax rates cut, it will make the U.S. more business friendly.

**— Christopher F.**

Good God! Anything is better than just giving it to Hilary and her despicable husband.

**— Judy P.**

Thanks for including Jefferson and von Mises, my favorite Galician, in the list of good guys. Our economy cannot be repaired without dismantling the Fed. As you often point out, our monetary system is rotten at the core, as it is based on credit.

I read in one of these letters from a libertarian source that Jefferson wrote, already in 1810 or so, that he had failed to set up a free country as he envisioned… and that was still more than 100 years before the Federal Reserve Act.

On the other hand, even today, I strongly believe that if we just followed the Constitution, we would be okay – especially the 10th amendment. I think that is the most important of all.

**— Chaim K.**

In the words of Warren Zevon, "Send lawyers, guns, and money; the s--- has hit the fan."

The Democratic Party is electing a known criminal, and they don't care, as long as it's their criminal. They just assume all politicians are criminal, and the really good ones get their districts what they need. Would anyone let Harry Reid babysit their children? The Republican Party is electing anybody who is not a politician. Donald Trump just happens to be the best known, "anybody" who is running.

**— Wayde L.**

All I can say about Bill's message on Monday is: "Amen, brother! Amen!" He hit every nail right on the head.

To those self-deluding worthies who think that a Donald Trump presidency will solve all of America's problems I say, "Get your heads out of your collective a***s, because it ain't gonna happen."

Trump will continue the policies (if we can laughably call them such) of the Deep State... with a dash of Adolph Hitler thrown in for good measure. Clinton will be no better, if not worse.

I'm with Bill – a vote for the lesser of two evils is still voting for evil. However, unlike him, I will vote, but for a third-party candidate who doesn't have a snowball's chance of winning. A "wasted" vote is better than a vote for Trump or Hillary.

**— Dale A.**

I think you are correct in your assessment of the Deep State. I disagree in how to deal with it.

It seems easy for the rich or the poor to walk away and state it doesn't matter. The poor because they do not have a choice; the rich because they do. For those of us in the middle we need to deal with it, lest we end up in the poor camp. For me, a decision that includes a less bad scenario is still a decision worth pursuing.

**— Rudy R.**

---

**In Case You Missed It...**

The third part of Doug Casey's "virtual workshop" on how to turn crises into wildly profitable investments goes live today.

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155 E 55th St., Ste 6-D
New York, NY 10022
TEL: [redacted]
FAX: [redacted]

**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 2/27/2012 5:50:08 PM
**To:** Undisclosed recipients:;
**Subject:** J.P. Morgan Eye on the Market 2/27/2012: Dire Straits
**Attachments:** image007.png; image008.png; image009.png; image013.png; image019.png; image020.png; image021.png; 02-27-2012 - EOTM - Dire Straits.pdf

**Eye on the Market, February 27, 2012** ***[the attached PDF is much easier to read this week, particularly if you are interested in the energy science implications of last week's press release from the House Minority Leader]***
**Topics: oil markets and Iran**

Most of this week's note deals with oil prices and Iran, but I did want to point out a trend that is illustrative of how things are going globally. One of the strongest aspects of the US recovery has been the rebound in business spending on equipment and software. As highlighted by our friends at Hamiltonian Associates, sales by Caterpillar's dealer network are a proxy for global trends. Caterpillar's US sales are leading the pack for the first time in a while, Asia is moderating, and Europe trails with a distinctly negative trend. We expect a recovery in US payrolls this year, and eventually, in labor incomes. The US recovery may be weak by historical standards, but expectations are pretty low (2.2% growth in 2012). We expect the US to exceed expectations, and for Europe ex-Germany to disappoint them. Absent a blow-up in Iran, this view seems like it's on track.

**"Iranium enrichment": another hurdle for global markets to surmount**

The near-term fundamentals don't point to higher oil prices. Oil demand has been revised down a bit, particularly in the OECD, and non-OPEC supply growth is a little higher in 2012 than in recent years. After netting all the supply and demand factors, it looks like there will be a global oil inventory build in 2012 (see chart below), not something we would normally associate with rising oil prices. However, even before we get to Iran, there are other factors contributing to higher prices: a pick-up in global growth expectations for 2013 and beyond; the explosion of Central Bank balance sheets and associated reflation goals (see last week's EoTM); and the possibility that China's will build strategic crude oil reserves to the IEA standard of 90 days from their current level of 14. Note as well that the inventory build is a small one, nowhere near 2002-2007 levels.

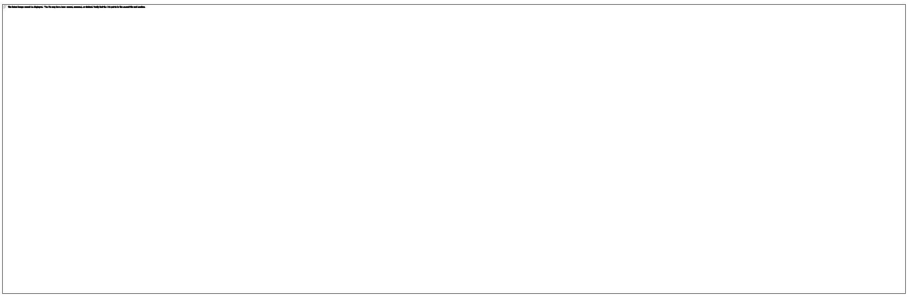

That's why Iran is a risk: a disruption would make oil markets even tighter, and drive gasoline prices up further. Even before the February spike, gasoline prices relative to earnings and income were starting to bite (2nd chart). The private sector can handle *some* gasoline price increases, but probably not much more than what we've seen already. The spread between retail and wholesale gasoline prices is low ($0.35, compared to a $0.35-$1.00 range), suggesting further retail increases may be in store.

**People like me now spend a lot of time on conference calls with geopolitical experts of different stripes.** On one call, speakers raised the probability of military action from 30% to 50%. On another call, speakers mentioned that the US has "run out of senior military advisors to send to Israel, all requesting that Israel not attack unilaterally", and believe Israel won't. A paper by Matt Kroenig in Foreign Affairs magazine entitled "*Time to Attack Iran; Why a Strike is the Least Bad Option*" resulted in a firestorm of criticism from multiple sides. With sanctions appearing to work (Iran's inflation, currency collapse, fewer buyers of its oil and a potential ban on Iranian banks from the global SWIFT payments network), won't the US want to wait and see? Most of the US military establishment *seems* to take this view. The conjecture is endless. Here are a few points I found to be of greatest relevance as we sift through this:

** **The US and Europe appear to take the Israeli attack threat seriously**. Economic recoveries are just beginning to form in both regions, and there are elections coming up, so for politicians to ratchet up sanctions and drive up oil and gasoline prices, they must be very concerned that without tougher sanctions, the Israelis might act.

** **Iran's Fordow facility is key to understanding the debate about the effectiveness of military action, and why some are nervous that the "window for action is closing"**. Fordow is estimated to be 80-90 meters below grade, and is suspected of being ready for uranium enrichment. The Iranians reportedly have ~80 kg of 20% enriched uranium ($UF_6$), and need 25 kg more to convert it into enough uranium metal ($UF_4$) for a nuclear bomb. The most powerful *conventional* weapon in the US arsenal is the Massive Ordnance Penetration device (MOP), a 30,000 pound bomb with 5,000 pounds of explosives. It travels at twice the speed of sound, and is designed to penetrate rock and concrete before detonating. However, **it would probably take 4 of these weapons**, dropped in succession by B-2 bombers in the same exact spot, to destroy Fordow [a].

** **Military strikes could quickly escalate to engulf the entire region**. While the Israel-Iran and US-Iran dimensions are important to understand, so too are the Sunni-Shia issues in play. Any complicity by Sunni countries in conjunction with US action (airspace, attack plans and logistics, etc.) might be seen as acts of war by Iran.

** The **Strait of Hormuz** carries 20% of the world's oil (17 million bpd). There are active and de-activated pipelines in Saudi Arabia, Iraq and the UAE that could divert around 5-6 mm bpd, and strategic petroleum reserves could be released. Even so, a military battle in the Strait could cause oil prices to rise $20-$30, according to EIA and GAO 2007 estimates.

To be fair to all the analysts, journalists and think tanks, there is no reason to expect greater foresight now than during the Cuban Missile Crisis, Iraq War or other military standoffs. This is a binary market risk that in our view justifies material consideration in portfolio allocations, and that's about all we know. Our 2012 Outlook section on this issue was entitled "*Learning to Live with a Nuclear Iran*", and that may very well be where this ends up.

As a reminder, since 2001, rising oil prices have coincided with a gradual exhaustion of conventional oil to meet marginal demand, sharp increases in operating and commodity input costs for oil companies, deeper exploratory and developmental wells, reliance on a shrinking number of deepwater fields, rising E&P spending by US oil majors to meet rising EM demand, etc. A simplified version of this dynamic appears below: as oil production rises to meet global demand, the sources for the marginal barrel become more expensive and more complicated. **Without getting into the whole Peak Oil thing, I do think there is evidence that the marginal cost of oil will be a speed bump on growth in the years ahead, if oil production has to rise over 90 million barrels per day to support demand and the building of strategic reserves.**

**Output from the Congressional Centrifuge**

In the midst of all the above, **House Minority Leader Nancy Pelosi** issued the following press release:

"Independent reports confirm that speculators are driving up the cost of oil, hurting consumers and potentially damaging the economic recovery. Wall Street profiteering, not oil shortages, is the cause of the price spike. In fact, U.S. oil production is at its highest level since 2003, and millions of acres have been cleared for additional development. We need to take strong action to protect consumers from this speculation. Unfortunately, Republicans have chosen to protect the interests of Wall Street speculators and oil companies instead of the interests of working Americans by obstructing the agencies with the responsibility of enforcing consumer protection laws. They have also repeatedly opposed our efforts to end billions of dollars in outdated taxpayer subsidies for oil companies enjoying record profits.

We support efforts by the Obama Administration to expand domestic energy resources, including natural gas and renewable sources like wind and solar that create jobs in America and will end our dangerous dependence on foreign energy supplies. This can be achieved because today, the United States currently has more oil and gas rigs at work than the rest of the world combined, and imports of foreign oil have decreased.

We call on the Republican leadership to act on behalf of American consumers and join our efforts to crack down on speculators who care more about their profits than the price at the pump even if these spikes harm the American consumer and our economy."

**I am of course not going to comment directly on this, for many reasons, including not wanting to spend my days at California's solar-powered detention facility in Chuckawalla Valley. However, for anyone interested in the specific points raised in this press release, I have included some charts on the unfortunately binding constraints of science and energy economics. Enjoy.**

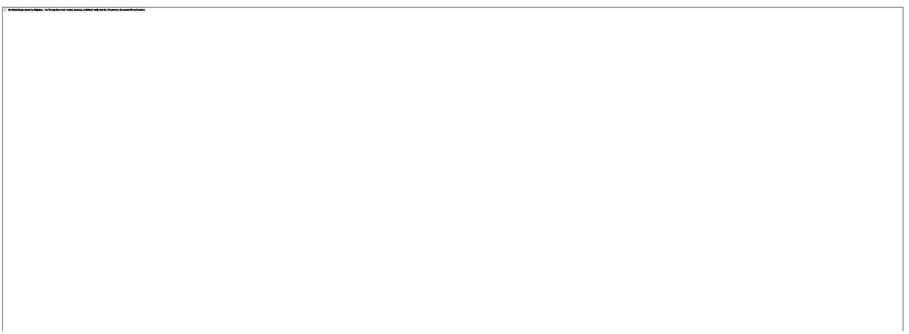

5. **Now let's get to the interesting part. The press release implies that natural gas and renewable energy can reduce American dependence on foreign oil ("end" is the word used).** This is an appealing proposition, particularly with Brent oil prices now 5 times higher than natural gas prices on a BTU basis. So, let's assume that the US wanted to cease all oil imports from Venezuela, Russia and the Persian Gulf. This would reduce oil imports by ~30%. If Americans still wanted to drive around just as much, absent an increase of 2.8 million bpd in US domestic crude production, electricity would have to replace the foregone gasoline. **Ergo**: how much wind power or natural gas would be needed, assuming electric cars at 200 watt hours per km? And what policies would be needed on fracking, eminent domain, and subsidies for high voltage direct current power lines to transmit electricity at acceptable loss rates?

*Note: the charts below only account for the foregone **gasoline** component of the imported crude oil. Gasoline is only around 45%-50% of total refined products. The US would also have to come up with suitable domestic or foreign replacements for the rest of the barrel: jet fuel, heating oil, fuel oil, lube oils, asphalt, etc. This is a topic that is often neglected in discussions about reducing reliance on foreign oil: we do a lot more with it than just drive cars.*

Michael Cembalest
Chief Investment Officer

[Note a] Austin Long at Columbia University walked me through the geodynamics of the MOP and how many would be needed to penetrate the Fordow facility. His calculations are a function of soil hardness/density, the weapon's mass and impact velocity, the shape of its cone, and the percentage of each penetration that collapses back in as "spoil", blocking the hole created by previous weapons. The estimate of 4 MOPs is based on the assumption of a modest amount of gravel spoilage, and less dense soil. Higher soil density and gravel estimates could require 2-4 more bombs.

BLS Bureau of Labor Statistics
BEA Bureau of Economic Analysis
BP British Petroleum
BTU British Thermal Unit
CERA Cambridge Energy Research Associates
EIA US Energy Information Agency
E&P Exploration and Production
GAO Government Accountability Office
IEA International Energy Agency
OECD Organization for Economic Cooperation and Development
OPEC Organization of Petroleum Exporting Countries
SWIFT Society for Worldwide Interbank Financial Telecommunication

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**From**: Weingarten, Reid [redacted]
**Sent**: 11/10/2011 2:46:50 PM
**To**: jeevacation@gmail.com
**Subject**: Re: Re:

I wish

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Wednesday, November 09, 2011 10:11 PM
**To**: Weingarten, Reid
**Subject**: Re: Re:

time to relax. go get a massage

On Thu, Nov 10, 2011 at 2:41 AM, Weingarten, Reid <[redacted]> wrote:

Been preoccupied with ukraine...creeps...trip next week in doubt...will report tomorrow...too annoyed to talk tonite...

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Wednesday, November 09, 2011 04:37 PM
**To**: Weingarten, Reid
**Subject**: Re: Re:

same paris number 331 441 70210

On Wed, Nov 9, 2011 at 11:48 PM, Weingarten, Reid <[redacted]> wrote:

Weird day…some poor soul jumped in front of my speeding Acela to commit suicide…quite a mess…just back in d.c….where are you?

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, November 09, 2011 7:44 AM
**To:** Weingarten, Reid
**Subject:** Re:

call me 133144170210

On Wed, Nov 9, 2011 at 1:28 PM, Weingarten, Reid <[redacted]> wrote:

Laughing very hard...are you there?

---

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Tuesday, November 08, 2011 11:58 PM
**To**: Weingarten, Reid
**Subject**: Re:

you friends are all connected.

On Wed, Nov 9, 2011 at 3:42 AM, Weingarten, Reid <[redacted]> wrote:

Huh?????????????

**From**: Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent**: Tuesday, November 08, 2011 04:51 PM
**To**: Weingarten, Reid
**Subject**:

In taking his case to Washington, Mr. Aliyev has variously sought safe passage to the United States, help in recovering $2 billion that relatives claimed they lost from seized businesses, or at least the satisfaction of embarrassing Mr. Nazarbayev. For his part, the Kazakh leader wants to make sure that the Americans stay out of the dispute, and not allow it to affect their alliance with his government.
The Obama administration has done just that. Through comments in secret diplomatic cables, the former ambassador to Kazakhstan made clear his wariness of being drawn in.
"Both sides — the government and Aliyev — seek to manipulate us to their own advantage," Richard E. Hoagland, who ended his term as United States ambassador early this year, wrote in February 2009 in one of more than a dozen State Department cables obtained by the antisecrecy group WikiLeaks that mentioned the dispute. [*]
Mr. Nazarbayev, 70, [*]a former steel worker and Soviet-era Communist Party leader, has been in power for two decades, presiding over Central Asia's most vibrant economy. Human rights activists, however, have long accused him of persecuting dissidents and political opponents.
Mr. Aliyev, 48, [*]has served as chief of the tax police, deputy foreign affairs minister and head of the Kazakh equivalent of the K.G.B. But critics say he used his clout to secretly take over private companies for financial gain, often by threatening violence.
Now hiding somewhere in Europe, he has been convicted back home on what he claims are trumped-up criminal charges, including a coup attempt. His wife divorced him in June 2007, and the Kazakh government has taken businesses owned by him and members of his extended family. [*]
No longer powerful at home, Mr. Aliyev turned to Washington, knowing that his former father-in-law cared greatly about his reputation there.
Early in 2008 he hired RJI Government Strategies, a small Washington lobbying group whose consultants included Tanya Rahall, sister of Representative Nick J. Rahall II, a West Virginia Democrat; and a friend of Representative Darrell Issa, Republican of California. Both congressmen were booked on a trip to Kazakhstan to discuss energy policy with Mr. Nazarbayev.
Before their departure, members of RJI met with Mr. Issa to urge him to express strong concerns about the harm done to a relative of Mr. Aliyev named Devincci Hourani, whose oil-company assets in Kazakhstan were seized, according to a letter to Mr. Issa from RJI.
Mr. Issa, who had developed a rapport with the Kazakh president on an earlier visit, nonetheless agreed to take up the plight of Mr. Hourani. Though he stepped into the fight, he still maintained a close connection to the president, nominating him that summer for the Nobel Prize, a move that drew ridicule from human rights activists. [that's right, of Vista, CA] [*]
Ms. Rahall worked on behalf of Mr. Aliyev and later for Mr. Hourani through 2010, contacting the offices of at least two dozen members of Congress. They included Representative Howard L. Berman, Democrat of California, then chairman of the House Foreign Affairs Committee, whose office said he discussed the dispute with the State Department.
Ms. Rahall also pursued a second strategy. "The alternative is to embarrass the existing regime," she wrote in a July 2008 e-mail to her boss.
She pressed House members to criticize the Kazakh government's human rights record. At her request, at least five statements were published in the Congressional Record, one citing Mr. Aliyev as a victim of his government. Separately, Mr. Aliyev offered to provide the Justice Department with documents that he claimed could prove that his former father-in-law accepted bribes from a businessman representing American oil companies that were seeking drilling rights in Kazakhstan

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 8/4/2011 11:41:48 PM
**To:** Undisclosed recipients:;
**Subject:** On today's financial market developments
**Attachments:** 08-04-11 - EOTM - Market update.pdf

This is a little unorthodox, but here is the text of an internal note that I just sent to our integrated Private Bank client coverage teams a few moments ago. Mary thought it would be a good idea to share this with our clients given the events of the day.

"Here is what I plan to say at our Aspen Insights conference tomorrow about today's events. The last two weeks have been a severe setback for financial markets and the global recovery.

**[1] Today, Italian equity markets sold off sharply and were eventually shut down after the ECB (for now) rejected being the buyer of last resort for Italian government bonds, as the markets were hoping. The Bundesbank apparently has objections to the idea.** This is a problem: Italy has issued around as much public debt as Germany, but is a considerably smaller country with almost twice the debt load as a percentage of its GDP. Absent a decision by Germany to move to Federalism or a lot more debt monetization by the ECB, the European Monetary Union (as it is currently configured) could be facing its final stretch. Today's reported move by Italian regulators to seize documents at Moody's regarding declines in Italian bank stocks is an indication of the pressure the system is under, and the possible search for scapegoats. I don't think you will find a firm that has written more often and more direly about the structural inconsistencies of the EMU than we have (I have a 2-year bibliography of what we said and when, if anyone wants it). The "*Sick Men of Europe*" paper from February 2010 and "*Don Quixote Thanksgiving*" from November 2010 go into the greatest detail on why. Our concerns sky-rocketed upon Greece's financial disclosures in November 2009, after which we took portfolio decisions to back that up, purging exposures to the GIPSI countries from our credit, government bond and equity portfolios. Since early 2010, our underweight positions in Europe represent the largest regional underweights we have ever held.

**[2] Will there be another recession in the US? Our friend Marty Feldstein at Harvard puts the odds at 50-50.** Sell side and buy side economists missed last month's US economic rollover by a country mile, so I am not sure how much weight to put in their current forecasts. Most summarily dismissed our concerns that the recovery earlier this year had elements of a stimulus-driven mirage. Bridgewater Associates was the only firm we spoke to that consistently highlighted the broader process of household deleveraging; and cautioned that when stimulus faded, so would the US economy, given the weakness in household income. Their insights have been invaluable to us in terms of not stepping into this and taking too much risk prematurely during the three market swoons this year. Our central scenario for the US in 2012 is not another recession, but low growth in the 2.0% range, which is enough of a problem given the low job creation that entails. Note that the CBO assumes growth rates of 3.0% to 3.6% over the next few years in their analyses of future US federal debt levels.

**[3] Do not blame today's events on the debt ceiling debate, US politicians or European regulators. If we get to the point where economic and profit fundamentals in a given market or region are not sustainable on their own, then we should be underweight that region (as in Europe).** Owning an asset class under the assumption that there will always be a "*Lord of the Flies*" type rescue from Central Banks and Treasuries is very risky, and historically, fraught with failure. I remember similar logic in the summer of 1998, when the accepted mantra was that the US would bail out Russia and Boris Yeltsin, since President Clinton would not want to see a nuclear power like Russia slide back into Soviet rule, or anarchy (that view turned out to be wrong). Anyone market-weight European risk out of the expectation that "Trichet and Merkel will fix surely it" is taking a binary risk that impossible to handicap. Similarly, we should not start buying anything just because we think Qe3 is coming in the US (in the form of securities purchases, a permanently controlled long bond, etc).

[4] When we began this year, I made the following decision: **we would risk underperforming if there was a strong equity rally, out of concerns about the macroeconomic landscape (weakness in the West, inflation in the East).** As a result, we have held less equity exposure than usual for a period of high margins, low P/E multiples and strong earnings. Instead, we've held larger exposures to investment grade and high yield credit, and hedge funds. Over the last couple of years, our hedge funds (long-short funds with low net positions, macro hedge funds, distressed credit) have

helped cushion portfolio returns when markets declined. We won't know until the data comes in, but we expect the same to happen this time.

[5] The "Eye on the Market" has endlessly chronicled this year the fissures which are now affecting financial markets: European sovereign risk and inadequate bank capitalization; weak labor compensation as an Achilles heel of the US profits recovery, given its negative impact on spending; the political divide in Congress over how to deal with falling government revenue and rising entitlement spending; inflation risks in Asia and Latin America and the resulting need for more policy tightening; and the mixed track record of low interest rates to sustainability solve structural problems. The cover of the 2011 Outlook (a printing press, out of control) expressed our concern regarding a recovery built upon a stimulus machine. I would contrast this with the cover of a competitor's 2011 publication, which had a picture of George Washington crossing the Delaware, with the caption "America's structural resilience, fortitude and ingenuity will carry the economy and financial markets in 2011 – and beyond". **Our job is not to point to where we would like the financial markets to go, but rather to point to where they might end up**. It's like the scene in Oliver Stone's *Nixon*, when Nixon looks up at a portrait of JFK and says, "*When they look at you, they see what they want to be. When they look at me, they see what they are*." Our job is to see financial markets for what they are.

[6] All that said, we have lessons to learn here.

Too many of our investment discussions this year focused on the negative real return characteristics of cash, and why to reduce it. In a world of deflation risk on financial assets (rather than of goods and services), cash retains substantial option value at times like these.

We could have connected the dots more aggressively on our views on weak growth and easy monetary policy, and owned more gold. While we have had rising price forecasts for gold and owned it in portfolios, we did not have large enough allocations.

Given the all-time high of US government transfers to households and negative real interest rates, we should not have interpreted positive economic data earlier this year as being highly representative of the true run-rate of the US economy. The same goes for the global economy, which has been the beneficiary of a lot of stimulus that is now fading, for a variety of economic and political reasons.

Great corporate profits are no guarantee against a problem in financial markets. Corporate profits and P/E multiples were fine in June 2007, but rested on top of a systemic problem in private sector credit markets and private sector balance sheets. This year, strong corporate profits and low P/E multiples sit on top of systemic problems in public sector finances.

[7] In the wreckage, as usual, there are opportunities, and we will be reviewing them with you in the days ahead. There is a benefit to having held back on our firepower this year. With risk to spend held in reserve, there are oversold assets with considering, particularly among multinationals with strong balance sheets, high dividends and which trade at very low multiples, something we reviewed earlier in the week."

Michael Cembalest
Chief Investment Officer

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 7/25/2011 4:33:45 PM
**To:** Undisclosed recipients:;
**Subject:** Eye on the Market, July 25, 2011
**Attachments:** image002.png; image004.png; image006.png; image008.png; image021.png; image022.png; image023.png; image024.png; 07-25-11 - EOTM - White Castle.pdf

**Eye on the Market, July 25, 2011 (the attached PDF document is much easier to read)**
**Topics: US debt ceiling negotiations, a more ambitious European bailout plan (finally), and how large cap growth stocks and rising corporate profits are patiently waiting for both of them to end**

***White Castle***. Twenty five years ago, I had a friend with a peculiar way of responding to seeing things he didn't like on TV: he would throw White Castle hamburgers at the screen. I always thought this was a bad way to waste a good hamburger, but I had one of those moments the other night when watching news reports on debt ceiling discussions. Media outlets have referred to President Reagan's scolding of Congressional Republicans for delaying debt ceiling increases, and the 18 increases that took place during his Presidency. The implication: reservations about raising the debt ceiling are as irresponsible now as they were then. **This is a disingenuous argument; in the 1980's, the debt ceiling being debated was 50% of GDP, and had no bearing on the solvency of the United States**. Today, the proposed increase raises the debt limit twice as high, measured relative to GDP or government revenues. While a default is a *very* bad idea (deserving of a White Castle hurling of its own), unconstrained debt growth with no plan to slow it is bad as well. Some suggest we not worry about debt growth, since demand from foreign central banks and the Federal Reserve would keep yields in check. That logic is irresponsible at best. Debt limit legislation is a rocky but healthy way for a democracy to decide whether mega-deficits are in the long-term public interest.

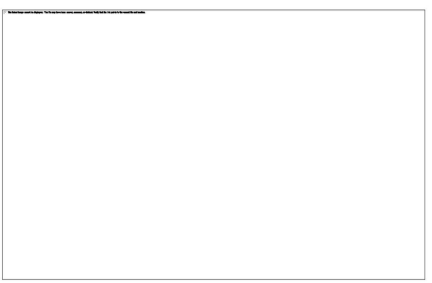

**Over the last few days, the Gang of Six plan, the Reid-McConnell plan and the Obama-Boehner plan have all been raised up the flagpole and then lowered.** By the end of the process, we're still looking for deficit reduction of $3 trillion+ over 10 years (relative to the CBO Alternative case in which there is no deficit reduction at all). However, Congress is running short on time, and may have to do a smaller debt ceiling increase/deficit reduction first. For now, we wait to see the balance of spending cuts and revenue increases will be agreed to. Last week's *Profiles in Courage* piece walked through the history and dynamics of this process, so we won't repeat that here. **Here's our take on what has been proposed so far**, with the caveat that many plans are not crystal clear what baseline they are using, or what steps they recommend to get to that baseline first. For example: the Gang of Six state that they used the President's budget as a baseline (scored by CBO in March 2011), reduced deficits by $3.7 trillion, and ended up with a 71% debt/GDP ratio; but they do not explain how they get to the President's baseline in the first place.

I have a feeling that revenue increases will be a material (e.g., 25% or more) part of the deal. The Peterson Foundation's sampling of 6 policy groups shown below indicate that 5 of 6 recommend revenue increases compared to where we are today; the Heritage Foundation's "*Woody Guthrie Memorial Budget Plan*" is the only exception. What kind of revenue increases? Raising the top two brackets, which would affect joint filers with adjusted gross incomes above $212,300, would raise $450-$700 billion over 10 years (depending on whether you use OMB or CBO numbers). If they cannot agree to raise *rates*, another option (as in the Gang of Six plan) would be reductions in the deductibility of state and local taxes, sales taxes, mortgage interest, etc. As this gets sorted out, let's hope everyone recognizes that the US tax system is already progressive. As shown in the chart below, effective Federal tax rates for low earners have dropped to zero over the last decade, even after including FICA taxes. News reports that the US tax system is regressive make me want to throw hamburgers at the screen.

**Europe: Finally (!!), but now what?**

For the first time since 2009, it felt last week like European policymakers were trying to get out in front of things. In exchange for a modest amount of "private sector involvement", Germany agreed to more generous financing terms for Greece, Ireland and Portugal, and an expanded role for the EU-IMF lending facility (see following page). What would the plan accomplish if implemented? While Greek debt to GDP ratios would remain well over 125% of GDP (the IMF estimate for next year is a ridiculous 170%), Greece's near-term financing obligations would decline, due to debt buybacks, exchanges into long maturity bonds, and interest grace periods on new EU loans. More broadly, the plan also allows for money to be lent to countries *before* they enter into an IMF program, for recapitalization of banks. **All things considered, it's the broadest defense of the Monetary Union so far.** On paper, it even looks like a **free ride** for holders of Greek paper that don't participate in the debt exchanges (they would be paid at par). So, what's not to like? Well, there are still questions about Greece:

** There's a big difference between generous *financing* terms and generous *economic* terms. Greece must still meet an enormous 5%-6% primary budget surplus target (government revenues less spending, pre-interest) during a recession
** Greece must execute on its asset sale targets, despite having little success or experience doing this in the past

** Banks listed in the IIF document (the committee representing them) are under no binding legal obligation to participate in the debt exchanges, and may turn out to own less Greek debt than currently believed. [Note: bank participation in the Latin Brady bond era was high, since at the time, banks held almost all the paper, and in the form of illiquid loans].

The big question: **would Germany still live up to the deal** if Greece missed deficit targets or assets sales, if bank participation was too low, or if hedge funds (once referred to by the Chairman of the German Social Democratic Party as a "swarm of locusts") reaped large free rider windfalls? Ultimately, this is a political question. If "yes", Germany will underwrite Greece no matter what; if "no", then a broader, coercive Greek restructuring might follow in the not-so-distant future.

**In addition to execution risk in Greece, we are left with 3 other concerns**. The current EU-IMF lending facility capacity is Eur 255 bn, but we anticipate that as agreed, national parliaments will expand it to 440 bn. First concern: while that's to deal with problems in Greece, Portugal and Ireland, if you include Spain, it gets tight (note: the chart excludes costs to recapitalize banks). If Italy or Belgium entered Europe's Liquidity Hospital, a lot more money might be needed from European parliaments (in one worst-case scenario, Alliance Bernstein estimates that the EU lending facility would have to increase from 440 bn to 1.7 trillion Euros, mostly from Germany). Italy faces a multi-notch downgrade from Moody's, which is not going to help. As we discussed two weeks ago, Italy has been a model citizen in terms of running low budget deficits for 20 years, but still cannot escape the confines of its very large existing debt stock (120% of GDP).

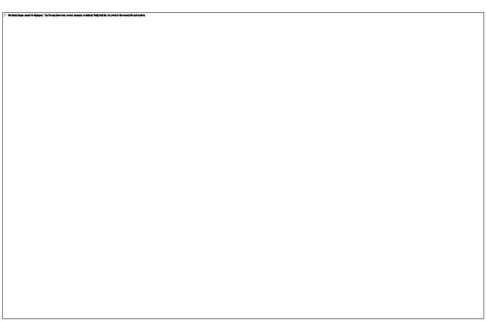

Second, as shown below, Europe is now a two-speed economy, with the periphery stuck in neutral (industrial production is one proxy for this; there are others, such as unemployment, consumption, export shares, etc). If the idea behind the EU/IMF effort is that austerity will boost growth and lead these countries back to the public markets, there is very little momentum in this direction. **If the status quo in the periphery does not change, all the EU package does is allow the current approach more time to fail.**

**The third concern: Germany as paymaster**. We are often told that Germans across both major parties are unflinching supporters of the European project, and will do whatever it takes to prevent a break-up. The objections from members of the Bundesbank are described as lonely voices of opposition that carry no weight [a]. **But how large are the costs going to be?** German politicians and voters may see current circumstances as exceptional, and that if they just agree to one more package, the problem will go away. However, we are starting to see analyses of how costly a permanent transfer union may be for Germany. Bernard Connolly at Hamiltonian Advisors sent me a recent paper from the *Centrum fur Europaische Politik* in Freiburg, which provides some clues. They see three alternatives for the deficit countries:

** massive reduction in regulations and unit labor costs to regain competitiveness
** exit from the EMU, re-introduction of national currencies
** permanent transfer union from surplus countries to deficit ones

On the last option, they estimate a "creditworthiness gap" in European deficit countries of Eur 108 billion in 2010. The gap measures how much European deficit countries rely on capital inflows to fund consumption, rather than investment (which contributes to future GDP). Germany's share of the European surplus is around ¾, so let's assume a pro-rata burden on Germany to maintain the transfer union. As a result, the theoretical economic cost could be 3.3% of German GDP every year, which as shown, gets close to some expensive episodes in German history. If German citizens were faced with costs this high, it could be a White Castle hamburger-throwing moment of national proportions.

***Bottom line***. At a time when European equities are trading close to 2009 lows relative to earnings and book value, this package could result in a relief rally for European equities, particularly banks. The chance of a disorderly default in 2011 has decreased markedly, and a process has been put in place to create more seamless transfers to areas (and banks) in need. But the size of the transfer union fund is not big enough to allay all concerns, particularly with Spain and Italy growing at anemic levels, and there is execution risk in Greece.

Recent bank stress tests conducted by the EU concluded that only Eur 2.5 billion of capital needs to be raised (70 to 80 billion sounds more reasonable to us). And in the package announced last week, the **following Orwellian clause** indicates how European policymakers feel about rating agencies these days:

*Point 15. We agree that reliance on external credit ratings in the EU regulatory framework should be reduced, taking into account the Commission's recent proposals in that direction, and we look forward to the Commission proposals on credit ratings agencies*

In Europe, denial appears to be an essential ingredient to the process (See "*Five Stages of Greece*", June 30, 2011). **Last week's package is a bold step towards Federalization and the worst-case outcomes have been avoided (money market failures, bank runs, etc), but markets will remain nervous about Europe**.

**While we're waiting: large cap growth stocks**

One day, the melodramas around US and European sovereign debt will end. While we're waiting, one of the asset classes that looks attractive is large cap growth stocks. As shown below (for a universe of 300 U.S. large cap growth stocks that meet certain earnings quality and stability factors), **free cash flow relative to both revenues and stock prices looks good compared to the last four decades**. This is where we believe investors should be adding exposure if they are underweight versus their desired equity allocations. This is also an asset class where active management can still provide a lot of value; the dispersion of large cap growth managers is higher than large cap core, large cap value and international equity manager dispersion.

**Q2 earnings season in the US is off to a good start**. Nearly 30% of the S&P has reported, and results have generally been positive. Earnings are beating consensus estimates by almost 4% (7.4% ex-financials), all ten sectors are beating on revenue targets, and only 7% of companies are reporting below-consensus earnings. Given earnings expectations for 2011 at $98.50, the S&P 500 is trading at a reasonable 13.5x forward multiple. However, y/y earnings growth expectations appear to be flattening out for both 2011 and 2012 at around 11%-12%. While Q2 earnings are doing well so far, some company guidance for the remainder of the year has been below consensus, which would be consistent with the recent batch of reports indicating a slowdown in manufacturing and service sector surveys.

Michael Cembalest
Chief Investment Officer

Notes

[a] Bundesbank President Weidmann, in response to last week's package: "By transferring significant risks to the support-giving countries and their taxpayers, the Euro area has taken a large step to socialising risks created by unsound government finances and macroeconomic problems. This weakens the foundations of the fiscal self-responsibility that EMU is built on".

CBO Congressional Budget Office
OMB Office of Management and Budget
EFSF European Financial Stability Facility
FICA Federal Insurance Contributions Act
EU European Union
IMF International Monetary Fund

IIF Institute of International Finance
ECB European Central Bank
EMU European Monetary Union
AMT Alternative Minimum Tax

A White Castle hamburger is smaller than its competitors' offerings, measuring 2.5 inches square.

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**From:** US GIO [us.gio@jpmorgan.com]
**Sent:** 6/14/2011 11:54:12 AM
**To:** Undisclosed recipients:;
**Subject:** Eye on the Market, June 14, 2011
**Attachments:** image001.png; 06-14-11 - EOTM - The Stratford Inn.pdf

**Eye on the Market, June 14, 2011 (attached PDF is easier to read)**

**Market update**: for better or worse, this is the kind of year we were expecting. We were surprised at the market's unbridled optimism in April*, since the tug-of-war between private sector profits and public sector problems has a long way to go. We chose the charts on the front page of our 2011 Outlook carefully; they were designed to show that equity markets were priced inexpensively, but were likely to stay that way, given too much stimulus in the East, and ineffective stimulus in the West **. We expect a modest second half recovery, based primarily on US capital spending increases, easy credit conditions everywhere, and a pick-up in industrial production in Japan. But the world's structural problems are weighing on the private sector, and our portfolios are positioned for a single-digit year in credit, equities and hedge funds.

* The Osama Bin Laden episode marked the equity market peak. Some commentators saw this event as a basis for further optimism, but unsurprisingly, the positive glow lasted for only around 2.5 hours the subsequent Monday. According to the Congressional Research Service, **over the last decade, the US has spent at least $1.1 trillion in war funding operations, surpassing the constant-dollar cost of the Korean and Vietnam Wars combined**. This highlights the disproportionately large pain that small, non-sovereign entities can inflict in the modern era.

** So far, the large growth and employment multipliers from deficit spending estimated by Christina Romer (former Chair of the President's Council of Economic Advisers) have not materialized. John Taylor and John Cogan from Stanford have been closer to the mark: an initial boost, but then a rapidly fading benefit

**Something different this week**. I was on the road seeing clients last week, and was asked "*what should be done about job growth*". We are investors and not politicians, so my ideas [a] are not relevant. However, it seems to me that **anyone involved in the jobs debate should be required to read the article below, written after the prior deep US recession (1990-1991)**. It's from George McGovern, one of the most liberal politicians [b] ever to hold office and run for President. His epiphanies after leaving office and running the Stratford Inn are worth considering as legislators contemplate additional job creation measures, and the broader regulatory environment in which the private sector operates.

**"A Politician's Dream Is a Businessman's Nightmare", by George McGovern, June 1992 [c]**

*Wisdom too often never comes, and so one ought not to reject it merely because it comes late*. (Justice Felix Frankfurter). It's been 11 years since I left the U.S. Senate, after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility--complete with an experienced manager and staff. In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold**. I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender.**

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and others have, I believe, **changed the debate of our party [d].** We intuitively know that **to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.**

My own business perspective has been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, protecting our customers from fire hazards, etc. While I never doubted the worthiness of any of these goals, the concept that most often eludes legislators is: `Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape.' **It is a simple concern that is nonetheless often ignored by legislators [e].** For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed $150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit of all these claims, I've also witnessed firsthand the explosion in blame-shifting and scapegoating for every negative experience in life. Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. **And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening**.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle. It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or antitrust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices. In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days. You can eat in restaurants fewer times per month, or forgo a number of services from car washes to shoeshines. Every such decision eventually results in job losses for someone. And often these are the people without the skills to help themselves--the people I've spent a lifetime trying to help.

In short, "one-size-fits-all" rules for business ignore the reality of the market place. And setting thresholds for regulatory guidelines at artificial levels--e.g., 50 employees or more, $500,000 in sales--takes no account of other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics. The problem we face as legislators is: **Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.**

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**So, there you have it, one of the more remarkable epiphanies in American politics: a paean to entrepreneurship and government restraint from one of its most progressive members**. Public epiphanies like this are rare, but there have been others. Last year, Al Gore conceded that first-generation ethanol was "not good policy" given its low energy conversion ratios, and said he had supported ethanol out of "a certain fondness for the farmers in the state of Iowa because I was about to run for president" [f]. In 2008, former Fed Chair Greenspan conceded that his Ayn Rand philosophies regarding regulations and shareholder self-interest were flawed. Perhaps the most famous epiphany was from Robert McNamara, Secretary of Defense and one of the principal architects of the Vietnam War. In 1995, he conceded that he was "wrong, terribly wrong" about the war. George McGovern was one of the war's fiercest opponents, saying on the floor of the Senate, "I'm tired of old men dreaming up wars for young men to fight".

There may be no magic elixir of policies to speed the adjustment the US faces. Look at it this way: the US is trying the mega-stimulus route, while the UK has accelerated its fiscal austerity program. Yet both countries are struggling with below-trend growth and employment. Perhaps after a debt binge, there are no easy answers, other than time. What to do next? McGovern's article suggests that an overly interventionist public sector may be the wrong answer, given the unintended consequences.

Michael Cembalest
Chief Investment Officer

Notes

[a] I like the idea of **extending the holding period for short term capital gains to 3-5 years, and cutting the long term capital gains rate closer to 5%-10%.** It could encourage more business formation, since more of what people create, they keep. If the cutoff year is properly set, it could be done on a deficit–neutral basis.

[b] According to methodology described by Keith Poole of the University of San Diego in the *American Journal of Political Science*, **McGovern ranks as the 99th most liberal politician out of 3,320** politicians serving from 1937 to 2002.

[c] In a letter to the Wall Street Journal. Reprinted with permission; emphasis added.

[d] This may not have been a permanent change. The National Taxpayers Union rated the Blue Dog Democrats as having a fiscal conservatism score of 52% in 1995; by 2009, it had fallen to 18%.

[e] Would McGovern's focus on red tape make sense today? **According to surveys conducted by the National Federation of Small Business, the answer would be yes.** The 3 issues most frequently mentioned as each respondent's "single most important problem" are Poor Sales, Regulation & Red Tape, and Taxes. Two things of note. First, Regulation & Red Tape concerns have been steadily rising over the last two years. Secondly, availability of credit does not show up as an issue. As the NFIB wrote in May 2011, "92 percent reported that all their credit needs were met or that they were not interested in borrowing. Eight percent reported that not all of their credit needs were satisfied. Three percent reported financing as their #1 business problem, so credit supply is not a problem for the overwhelming majority."

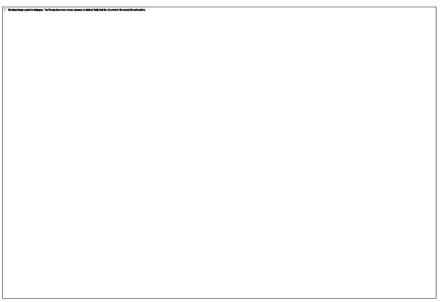

[f] As reported by Reuters, Gerald Wynn, November 22, 2010.

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**Date:** Thursday, November 10 2016 10:40 PM
**Subject:** Re:
**From:** Cecile de Jongh <[redacted]>
**To:** jeffrey E. <jeevacation@gmail.com>;

---

Very good news indeed.

With warm regards,

Cecile

Sent from my iPhone and misspellings courtesy of iPhone.
On Nov 10, 2016, at 5:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article- 3914012/Troubled- woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED- story.html

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# Miami U.S. attorney's office recuses itself from the Jeffrey Epstein case

By JULIE K. BROWN
Miami Herald

MIAMI — Just days before a Friday deadline, the Justice Department has reassigned the Jeffrey Epstein victims' rights case to the U.S. attorney's office in Atlanta, the attorneys representing Epstein's victims said Tuesday.

Miami federal prosecutors, in a letter to attorneys for the victims Monday, said they had recused themselves from the case, according to Brad Edwards and Jack Scarola, representing Epstein's victims.

The reassignment means that the U.S. attorney for the Northern District of Georgia, Byung J. "BJay" Pak, will oversee the case for the government. Pak, a former Georgia lawmaker, was appointed Atlanta's chief federal prosecutor by President Donald Trump in October 2017.

The Justice Department is still under a Friday deadline for prosecutors to confer with the victims' attorneys in an effort to settle the case. On Feb. 22, U.S. District Judge Kenneth A. Marra in Palm Beach County ruled that federal prosecutors, under former Miami U.S. Attorney Alexander Acosta, broke the law when they concealed a plea agreement from more than 30 underage girls in Palm Beach who had been sexually abused by Epstein, a multimillionaire New York hedge fund manager.

Marra stopped short of voiding the agreement, which granted Epstein and an untold number of accomplices immunity from federal prosecution for sex trafficking crimes, provided Epstein plead guilty to minor charges in state court. At the time of the plea deal, federal prosecutors had gathered enough evidence against Epstein to write a 53-page federal indictment, court records show.

An investigation by the Miami Herald, "Perversion of Justice," found that after Acosta met privately with one of Epstein's lawyers, the government agreed to seal the plea agreement so that no one — not the victims, not even the state court judge who sentenced Epstein — would know the full extent of his crimes. Epstein, now 66, was allowed to plead guilty to prostitution charges and served 13 months in the Palm Beach County jail, where he was given liberal work release, and allowed to travel to New York and his private island in the Virgin Islands during his subsequent house arrest. He was released in 2009, and now divides his time between New York, Palm Beach and the U.S. Virgin Islands.

The Herald interviewed four of Epstein's victims, who were as young as 13 at the time they were abused by Epstein. They said they felt betrayed by state and federal prosecutors, who treated them like prostitutes instead of victims. Two of them sued the federal government in 2008 under the Crime Victims' Rights Act, which grants crime victims the right to be informed about plea deals and to confer with prosecutors.

Marra, in a 33-page opinion, said prosecutors not only intentionally violated the Crime Victims' Rights Act, but they misled the girls into believing that the FBI's sex trafficking case against Epstein was ongoing — when, in fact, prosecutors had secretly closed it after sealing the plea bargain from the public record.

Marra, noting that he reviewed affidavits, depositions and interrogatories, said "Epstein worked in concert with others to obtain minors not only for his own sexual gratification, but also for the sexual gratification of others."

The victims' attorneys — Edwards, Scarola and Paul Cassell — have asked the Justice Department to throw out Epstein's plea agreement and reopen the criminal investigation.

Edwards, who brought the victims' rights case against the government, said transferring the case to another jurisdiction is a prudent decision.

"I think it's good that we're going to get fresh eyes and a fresh opinion on the way the case was handled," Edwards said Tuesday.

Miami's new U.S. attorney, Ariana Fajardo Orshan — who was appointed by Trump in September — did not respond to a request for comment.

Acosta, who was appointed by Trump as the U.S. secretary of labor in 2017, is the focus of a separate Justice Department investigation into whether there was any prosecutorial misconduct in the Epstein case. That probe, by the DOJ's Office of Professional Responsibility, was initiated in response to demands from a bipartisan group in Congress, led by Republican Sen. Ben Sasse of Nebraska and Democratic Rep. Debbie Wasserman Schultz of Florida.

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# Justice Department opens Epstein probe

**The Associated Press**

FORT LAUDERDALE, Fla. — The Justice Department has opened an investigation into federal prosecutors' handling of a plea deal in which a wealthy, politically connected Virgin Islands financier avoided potentially severe penalties for sexually abusing teenage girls in favor of a relatively light state conviction in Florida.

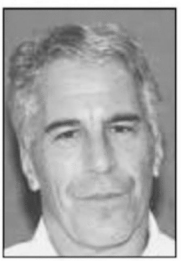
Jeffrey Epstein

The department's Office of Professional Responsibility wrote in a letter Wednesday to U.S. Sen. Ben Sasse, R-Nebraska, that it would examine whether professional misconduct occurred in the highly publicized case of Jeffrey Epstein. The letter cited a series of recent articles by the Miami Herald that focused new attention on how the deal came about.

Sasse, a member of the Senate Judiciary Committee who has twice asked the Justice Department to investigate the case, welcomed the news.

"Jeffrey Epstein is a child rapist and there's not a single mom or dad in America who shouldn't be horrified by the fact that he received a pathetically soft sentence," Sasse said in an email. "The victims of Epstein's child sex trafficking ring deserve this investigation — and so do the American people and members of law enforcement who work to put these kinds of monsters behind bars."

Epstein, who also has homes in Palm Beach, Fla., and New York, lives on Little St. James Island off St. Thomas.

Epstein, now 66, reached a nonprosecution deal in 2008 with then-Miami U.S. Attorney Alexander Acosta's office to secretly end a federal sex abuse investigation involving at least 40 teenage girls that could have landed him behind bars for life. He instead pleaded guilty to state charges, spent 13 months in jail, paid settlements to victims and is a registered sex offender.

Acosta, now President Donald Trump's labor secretary, has defended the deal as appropriate but has not commented since the recent round of stories. He was asked about the case during his Senate confirmation hearings for the Cabinet post.

Some of his accusers are pursuing a separate legal effort to nullify the plea agreement.

**Date:** Thursday, March 1 2012 01:41 PM
**Subject:** Re: Front page of foxnews.com right now!! - Look at this!
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Cecile de Jongh <[redacted]

whoops

On Thu, Mar 1, 2012 at 2:12 AM, Cecile de Jongh <[redacted] wrote:

FYI

http://www.foxnews.com/politics/2012/02/29/obama- bundler-works-as-virgin-islands-tax-adviser/

With warm regards

Cecile

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Source Entry: H\Macintosh HD\root\Users\jee\Library\Messages\Archive\2019-02-19\Arda on 2018-11-30 at 17.05.35.ichat

Service: iMessage

Start Time: 02/19/19 07:59:43 AM (572284783)

End Time: 02/19/19 08:15:56 AM (572285756)

Last Message ID: 25343

Chat Room:

Participants: jee, Arda

Presentity IDs: e:jeeitunes@gmail.com, [redacted]

Messages -

Sender: [redacted]

Time: 02/19/19 07:59:43 AM (572284783)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 5B5709A3-560E-429B-AFE4-E5249A48CFE0

Message: greetings from Gibraltar.  need anything?

Sender: e:jeeitunes@gmail.com

Time: 02/19/19 08:04:38 AM (572285078)

Flags: 1085445

Is Read: No

Is Invitation: No

GUID: 3CAA3A98-B462-4033-A879-565077D68802

Message: Funny.  New client?

Sender: [redacted]

Time: 02/19/19 08:15:56 AM (572285756)

Flags: 1060865

Is Read: Yes

Is Invitation: No

GUID: 8FE44F3A-A8C4-4590-9DD8-7A62A3FFFE6C

Message: working on it. the quality of potential immigrants seriously declined since trump.

**Date:** Saturday, January 4 2014 06:05 PM
**Subject:** Re: Larry Summers
**From:** Kelly Friendly [redacted]
**To:** Jeffrey Epstein <jeevacation@gmail.com>;

Ann brought us the car. It's wonderful, thank you so much.

We are so grateful for your generosity...

Kelly Friendly
[redacted]

Sent from my iPhone
On Jan 4, 2014, at 12:21 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> you will get a call from either jermain, or cecile ( the governors wife and my asst )
>
> On Sat, Jan 4, 2014 at 10:54 AM, Kelly Friendly <[redacted]> wrote:
>
> > Thank you! We are so grateful....
> >
> > Sent from my iPhone
> > On Jan 4, 2014, at 11:52 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> >
> > > jermaine , please organzie kelly to have use of the mini van. today
> > >
> > > On Sat, Jan 4, 2014 at 10:50 AM, Kelly Friendly <[redacted]> wrote:
> > >
> > > > Excellent. I will email him now.
> > > >
> > > > If it's not too much of an inconvenience we would love to use the car. Is it available around 3? We are staying by the airport....
> > > >
> > > > Kelly Friendly
> > > > [redacted]
> > > >
> > > > On Jan 4, 2014, at 11:46 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> > > >
> > > > > [redacted] . andrew farkas is flying tomorrow. please contact him directly and as soon as you are ready i will organize the use of my car.
> > > > >
> > > > > On Sat, Jan 4, 2014 at 10:44 AM, Kelly Friendly <[redacted]> wrote:
> > > > >
> > > > > > Fantastic. If possible, could my daughter [redacted] and I go back with Mr. Farkas?

Please let me know how best to follow up. We may have found a condo by red hook but haven't found a car yet.

Let me know how to follow up.
Kelly Friendly
[redacted]

On Jan 4, 2014, at 11:39 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> my friend andrew farkas has a pretty full plane to ny tomorrwo but can take 1 or 2 of you. i can call other hotels wher we have pull.. my cars and drivers are at your disposal.
>
> On Sat, Jan 4, 2014 at 10:37 AM, Kelly Friendly <[redacted]> wrote:
>
> Mr. Epstein:
>
> I work for Larry Summers and as you may have heard, we are stranded in St. Thomas and the airlines are saying we can't get out until Thursday.
>
> Our names:
>
> Kelly Friendly
> Andrew Friendly
> [redacted]
>
> My cell is below or you can reach my husband Andrew Friendly on his cell at [redacted] You may have met him when he was President Clinton's aide.
>
> We would be so grateful for any help you could provide.
>
> Kelly Friendly
> [redacted]

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**Date:** Friday, July 16 2010 04:47 PM
**Subject:** Re: Some of those girls I invited to ibiza
**From:** Jeffrey Epstein <jeevacation@gmail.com>
**To:** Daniel Siad [redacted];

---

tigran has the best taste next to you.. ,, i am happy to meet him, he had a girl named [redacted] in paris, that he had told many bad things about me.

On Fri, Jul 16, 2010 at 12:33 PM, Daniel Siad <[redacted]> wrote:

Hello Jeffrey
A great friend of mine rented Huge House in Ibiza so invited a lots of girls from Russia all models because they will be doing the shootings down there for several magazines with and great scout named Tigrane He use to scout For Trump but he deosnt work for him any more he coming with 12 girls the first weeck 22th of Jully then 13 others the second weeck from the th of 5 th of august
He would like to meet you . I just called Jean Luc to see with him if he can come too that will be great to build this great network for Mc2
Please let me know if you can come to spend some time with us
My best regards

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/15/2017 7:51:34 PM
**To:** Kathy Ruemmler [redacted]

http://dailycaller.com/2017/12/15/report-feminist-lawyer-promised-cash-to-trump-sexual-harassment-accusers/?utm_medium=referral&utm_source=idealmedia&utm_campaign=dailycaller.com&utm_term=68814&utm_content=1

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***Chief Deputy Whip Diana DeGette*** *is serving her 8th term in Congress as the Representative of the First District in Colorado. Diana has established herself as a leader for progressive change on LGBT rights, health care, reproductive rights, food safety, consumer protection and the environment.*

*Diana serves on the powerful Committee on Energy and Commerce where she has used her position to improve health care, expand medical research, reform corporate business and accounting practices, ensure that our homeland is adequately protected, take on global climate change, and move America toward energy independence.*

*She has led the efforts to expand the State Children's Health Insurance Program (SCHIP), which provides health insurance to low-income children up to age 18. Diana was a leader in the expansion of this program that was signed into law by President Obama in February of 2009.*

*Diana was the chief architect of legislation to expand stem cell research, which was passed twice with broad, bipartisan support in Congress. One of Congress's leading experts on cutting-edge scientific research, Diana is the author of the Stem Cell Research Enhancement Act which would ensure a lasting ethical framework overseeing stem cell research at the National Institutes of Health (NIH) and will provide stability to the scientists and individuals who are on the quest for life-saving cures.*

*As co-chair of the bipartisan Congressional Diabetes Caucus, Diana has also been a long-time advocate for the expansion of diabetes care and research, particularly for lower-income and minority communities.*

DIANA DEGETTE CONGRESS

Approved by Diana DeGette for Congress

*Come and Join*

Congresswoman Diana DeGette

*in New York City*

*September 27th, 2012*

*"Science's Voice in Congress"*

*United in Stockholm – Now in New York City*

*Congresswoman Diana DeGette (center) in Stockholm, Sweden with Barbro Ehnbom (left), Chairwoman Swedish-American Life Science Summit and Swedish Ambassador Karin Palmquist (right). Diana was honored to be the keynote speaker at the Swedish-American Life Science Summit in August 2009.*

Approved by Diana DeGette for Congress

*Please join*

Barbro Ehnbom
Florence P. Haseltine, MD, PhD
Karin Hehenberger, MD, PhD
Ambassador Karin Palmquist
Christine Rappoport

*for*

*a reception with*

# Congresswoman Diana DeGette

*on*

**Thursday, September 27, 2012**
6:00 P.M. – 8:00 P.M.

*at*

**The Home of Christine Rappoport**
993 Park Avenue
New York, NY

**Contribution Levels**
Host - $2,500 • Patron - $1,000
Supporter - $500 • Friend - $250 • Guest - $100

To RSVP, please contact Barbro Ehnbom
at (212) 228-3210 or behnbom@aol.com

# California woman accusing Donald Trump of raping her when she was 13 years old to break her silence

The woman behind a potentially damaging lawsuit accusing Donald Trump of raping her when she was an underage teen will break her silence today, her lawyer said.

The California woman, known until now as "Jane Doe," will finally give voice to long-denied allegations that the Republican presidential nominee sexually assaulted her in New York during a series of sex parties hosted by alleged billionaire pedophile Jeffrey Epstein in 1994.

The woman filed a lawsuit in Manhattan Supreme Court in June. She is scheduled to speak at a Los Angeles press conference this afternoon.

She said she was 13 at the time of the alleged attacks.

**Lawsuit accusing Trump of raping girl, 13, gets December hearing**

"Immediately following this rape, Defendant Trump threatened me that, were I ever to reveal any of the details of Defendant Trump's sexual and physical abuse of me, my family and I would be physically

harmed if not killed," the plaintiff said in an affidavit.

**12 photos view gallery**

**The women accusing Donald Trump of sexual assault**

She says that since Trump launched his campaign and received mass media coverage, she has been "subjected to daily painful reminders of the horrific acts."

A similar lawsuit by the woman was dismissed by a Los Angeles Federal Court in May.

A lawyer who was representing the woman at the time, Thomas Meagher, said the original suit, which she filed without the help of an attorney, was dismissed because it cited statutes that did not apply to the case.

**Trump campaign manager: There'd be no rape if women were stronger**

Alan Garten, vice president and general counsel of the Trump Organization, has said the allegations were "categorically untrue, completely fabricated and politically motivated."

Epstein, who is also named as a defendant, has also denied the allegations. Epstein is alleged to have preyed on dozens of underage girls in the late 1990s and early 2000s, but pleaded guilty to soliciting a minor in just one case in 2008.

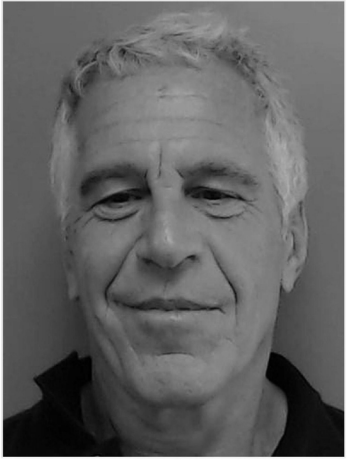

(Florida Department of Law Enforcement/REUTERS)

But the woman's new lawyer, Lisa Bloom, said the case against Trump cannot be ignored. She has even launched a GoFundMe page to raise money to support Trump's sexual assault accusers.

"My law firm will proudly represent any accusers sued by Donald Trump and crowd fund defense costs," Bloom tweeted. "Can't wait to take his deposition!"

**Billionaire perv Jeffrey Epstein must testify in victim's lawsuit**

Bloom is the daughter of noted women's rights lawyer Gloria Allred.

**Tags:**

donald trump

lawsuits

sexual abuse lawsuits

california

new york sexual assaults

jeffrey epstein

Send a Letter to the Editor

**Join the Conversation:**

Tweet

**From**: Barbro Ehnbom [redacted]
**Sent**: 1/20/2017 10:55:49 PM
**To**: JEEVACATION@gmail.com
**Subject**: January 20, 2017
**Attachments**: DSC_0192.JPG; DSC_0192.JPG

**Importance**: High

Dearest Jeffrey,

HAPPY HAPPY HAPPY HAPPY!!!

AND, YOUR BIRTHDAY PRESENT IS.....PRESIDENT DONALD TRUMP!! HA HA!

LOVE & KISSES

BE for your BBB!

---

Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit

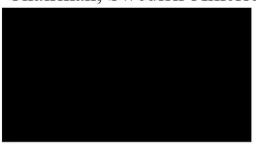

## [redacted]: *May 20, 1997*

Donald Trump's instincts regarding Jeffrey Epstein were solid. But if the reporters who were beginning to look into Epstein's mysterious background had dug a bit further, there's a chance they would have hit pay dirt as well—and not just in Palm Beach.

In California, for instance, a paper trail already stretched from the Santa Monica Police Department to Epstein's front door.

In the spring—almost the summer—of 1997, a call came in to the police. The young woman who placed it—a young actress who'd appeared on *Baywatch* and *General Hospital*—said she'd been sexually assaulted at a trendy hotel called Shutters on the Beach.

The officer who took the call knew the woman's name—[redacted]—and her voice. A week earlier, she'd told him about an encounter with Epstein. The woman had not wanted to make a formal complaint at the time. But she had taken the cop's card, and now he was happy to hear that she'd changed her mind.

In a shaky voice, [redacted] described Epstein as a tallish man—five feet eleven or six feet in height was her guess—with gray hair and brown eyes. He was the owner of a large black four-door Mercedes and was a regular at Shutters on the Beach, which was the kind of place that cost one thousand dollars a night and was frequented by actors, agents, and other Hollywood types.

[redacted] told the cop that she was a model and actress herself. She'd known Epstein for about a month. They had a friend in common, and she'd sent him her head shots.

**From:** Darren Indyke [redacted]
**Sent:** 12/24/2015 5:04:27 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: PPB Jeffrey Epstein News Latest News Hot New Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Scheme Text Only You Have Photo

**Importance:** High

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**********
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**********

Begin forwarded message:

**From:** Martin Weinberg [redacted]>
**Subject: Fwd: PPB Jeffrey Epstein News Latest News Hot New Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Scheme Text Only You Have Photo**
**Date:** December 24, 2015 at 12:02:02 PM EST
**To:** Darren Indyke <[redacted]

Sent from my iPhone

Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** December 24, 2015, 11:57:45 AM EST
**To:** [redacted]
**Subject: Fwd: PPB Jeffrey Epstein News Latest News Hot New Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Scheme Text Only You Have Photo**

Steven J. Hoffenberg
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Begin forwarded message:

**From:** steven hoffenberg [redacted]
**Date:** December 24, 2015 at 11:44:20 AM EST
**To:** "Gary H. Baise" <[redacted]>
**Cc:** ANN BAISE [redacted]
**Subject: Fwd: PPB Jeffrey Epstein News Latest News Hot New Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Scheme Text Only You Have Photo**

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Begin forwarded message:

**From:** Florence Anthony [redacted]t>
**Date:** December 24, 2015 at 11:08:55 AM EST
**To:** [redacted]
**Cc:** [redacted]
**Subject: PPB Jeffrey Epstein News Latest News Hot New Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Scheme Text Only You Have Photo**

Hot Book Rips Jeffrey Epstein's $50 Billion Dollar Ponzi Crime Covered Up By President Obama

By Steven Hoffenberg
Publisher/CEO

Lisa Twardeau died at the dirty hands of billionaire Jeffrey Epstein's lies about the crimes he committed while working atTowersinvestors.com.

Jeffrey Epstein looted Towers Investors of billions of dollars in ponzi crimes at the time Lisa became the wife of Steven Hoffenberg, who was Epstein's boss at Towers Investors.

Epstein defrauded the Towers Investors with a cover-up after taking $2 billion from Towers and depositing it into the Epstein Hedge Fund Financial Trust Corp.

Lisa Twardeau died when she was going to expose the fact that Jeffrey Epstein looted billions from Towers Investors by ponzi crimes.

Now, from the grave, Lisa Twardeau slams arrogant ponzi crimes King Epstein in the tell-all book she wrote that reveals everything about Epstein and the Feds' cover-up with President Obama.

The Feds are bad. They are covering up the Epstein ponzi crimes. The Lisa Twardeau book states that the FBI is violating the law with this cover-up.

The book says President Obama told the Attorney General that Jeffrey Epstein was cooperating in an overseas banking crime, but

the FBI can't arrest Epstein. These are all lies by the President of the United States.

The book says that President Obama lied to cover up his relationship with Larry Summers who is on Jeffrey Epstein's payroll.

The book could give reasons for the president to be impeached for obstruction of justice whereby the U.S. Attorney General will learn everything that is in the Twardeau book.

Readers, stay with this hot story that reveals that a cover-up in America is taking place.

The Richard Nixon story all over again is in the Lisa Twardeau book coming soon.....

**From:** Darren Indyke [redacted]
**Sent:** 1/27/2016 5:02:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: ST THOMAS CASE TOWERS INVESTORS VS JEFF EPSTEIN PROCEEDINGS FOR THE ST THOMAS ATTACHMENT OF ALL JEFF EPSTEIN ASSETS

**Importance:** High

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Subject: Fwd: ST THOMAS CASE TOWERS INVESTORS VS JEFF EPSTEIN PROCEEDINGS FOR THE ST THOMAS ATTACHMENT OF ALL JEFF EPSTEIN ASSETS**
**Date:** January 27, 2016 at 12:01:01 PM EST
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]
**Date:** January 27, 2016 at 11:57:38 AM EST
**To:** Brad Edwards <[redacted]>
**Cc:** "Gary H. Baise" <[redacted]
**Subject: ST**
**THOMAS CASE TOWERS INVESTORS VS JEFF EPSTEIN PROCEEDINGS FOR THE ST TH OMAS ATTACHMENT OF ALL JEFF EPSTEIN ASSETS**

HI BRAD

PLEASE CONSIDER WISDOM IN THE YEARS OF LITIGATION AGAINST JEFF EPSTEIN .

1 ST THOMAS HAS THE MAJOR BENEFIT BY THE ATTACHMENT OF ALL THE JEFF EPST EIN & CLIENTS ASSETS IN THE EPSTEIN OPERATIONS ON ST THOMAS .

2 EPSTEIN IS NOW THE COLLECTION PROCEEDING UNDER THE FEDERAL & ST THOMAS LAW .

3 EPSTEIN HAS THE WRONG PERSON AS THE ST THOMAS AGENT FOR EPSTEIN WHEREB Y THE EPSTEIN ST THOMAS AGENT IS THE WIFE OF THE FORMER HEAD OF ST THOMA S NOT THE PARTY PERSON FROM THE LEADERSHIP IN ST THOMAS .

4 EPSTEIN BACKED THE PARTY IN ST THOMAS THAT DID NOT WIN THE ST THOMAS RA CE .

5 ST THOMAS NEEDS MONEY THAT THE ATTACHMENT OF THE EPSTEIN ASSETS ON ST THOMAS WILL PROVIDE AT ONCE .

6 BANKS LENDING EPSTEIN & CLIENTS ALL OF THE MONEY FOR TRADING THE MARGI N ACCOUNTS MUST PUT EPSTEIN et
al INTO BANKRUPTCY ONCE ST THOMAS MOVES AGAINST EPSTEIN & ALL OF THE ASSE TS ON ST THOMAS THAT EPSTEIN WORKS WITH EVERY DAY .

7 BRAD THE YEARS OF LITIGATION AGAINST JEFF EPSTEIN ARE OVER WITH NO MAJOR COLLECTION FROM EPSTEIN IN THE PROCEEDINGS BRAD IS LITIGATING .

8 BRAD CALL ATTORNEY ALAN FRAADE 212 486 2500 , TO JOIN THE ST THOMAS PROCE EDINGS AGAINST JEFF EPSTEIN .

THANK YOU BRAD

GO TRUMP !!!!!!!!

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# Donald Trump Rape: 'Jane Doe' Real Identity Revealed!

Donald Trump USERNAME OF FLICKR PIC / Flickr cc

Polo Club Boca Raton
A Luxurious Place To Call Home In South Florida. Start Living Today!

BY JERECO PALOMA ON EMAIL JERECOSAN
PUBLISHED: 7:56 PM, JUN 24, 2016
UPDATED: 8:00 PM, JUN 24, 2016

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*The identity of the woman, who filed a series Donald Trump rape cases, has been revealed. It turned out it was the same woman behind the different cases filed in different courts one after the other.*

In a May 6 report from showbiz website Gossip Extra, the woman behind the rape case against the presidential-wannabe Donald Trump, along with the American financier Jeffrey Epstein, was identified as Katie Johnson. In the

same report, some highlights were revealed, including the defendant and circumstances revolving the case.

It was also in the same report where the man who claimed as the spokesperson for Johnson said that the plaintiff has been shopping for lawyers from California, Atlanta, and Florida to represent her when they re-file the Donald Trump rape case in New York. The case, which was initially filed in California in April, was junked by the court after failure of the complainant to prove a California address.

True enough, a rape case filed against the same respondents, Trump and Epstein, with basically the same facts, reappeared and was refilled in New York City, like what Johnson's spokesperson said last month.

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However, in the newly filed case in New York City, the respondent was only identified as Tiffany Doe. In the case in New York City, the complainant claimed she was raped by Trump and Epstein in one of the parties Epstein hosted, the Real Deal reported.

She claimed that she was only 13 when she was raped by the duo in 1994. The incident occurred at Epstein's Wexner Mansion. In the document, the complainant added she was hired by Epstein to recruit

young girls in the guise of a modeling stint. Trump's camp refused to comment as they are yet to read the complaint, while Epstein's representatives were not available for comment, the Real Deal added.

**Also Read:** **WATCH: Father's Day 2016 Rap on 'The Tonight Show Starring Jimmy Fallon'**

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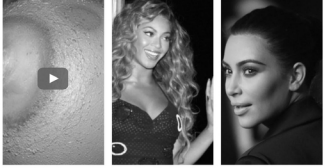

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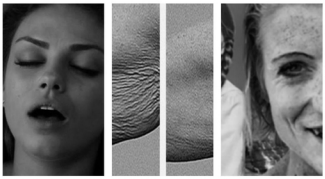

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**From:** Darren Indyke [redacted]
**Sent:** 7/13/2016 1:37:19 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]; Bennet J. Moskowitz [redacted]
**Subject:** Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN

**Importance:** High

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]
**Subject: Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN**
**Date:** July 13, 2016 at 4:45:18 AM PDT
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg [redacted]
**Date:** July 13, 2016 at 6:26:21 AM EDT
**To:** "Gary H. Baise" [redacted]
**Cc:** Alan Fraade [redacted]
**Subject: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN**

SIR

PRESIDENT TRUMP WILL KNOW THAT GARY BAISE IS WORKING ON THE NEEDED FOOD POLICY POINTS OF FACT WITH THE FOOD INDUSTRY LEADERS .

PRESIDENT TRUMP UNDERSTANDS THAT THE FOOD INDUSTRY IS VITAL TO THE TRUMP WHITE HOUSE POLICY .

WHAT IS NEEDED IN THE PRESENTATION TO PRESIDENT DONALD TRUMP WILL BE DONE BY OUR TEAM THAT NOW HAS THE KEY JOB AT THE STEVEN HOFFENBERG TRUMP SUPER PAC IN BUYING OVER $ 1 BILLION DOLLARS IN ADS & THE HIRING OF THE BUS PROJECT TO GET OUT THE VOTE IN EVERY POOR AREA IN THE USA .

THE POOR VOTER OVER 120 MILLION VOTERS THAT WERE DEMS ARE NOW VOTING FOR PRESIDENT TRUMP ON NOV 8 2016 .

T V EXPERTS DONT REPORT THE ABOVE DEMS POOR FOLKS THAT ARE VOTING FOR PRESIDENT TRUMP !!!!!

THE POOR VOTER WILL PUT PRESIDENT IN THE WHITE HOUSE IN THE 2016 RACE .

OUR BUS PROJECT IS VITAL TO THE PRESIDENT TRUMP GET OUT THE VOTE IN NOVEMBER !!!!!

JUDGE SWEET PLAYS THE KEY PART NOW IN THE TOWERS VICTIMS SUIT AGAINST JEFF EPSTEIN !!!!

JEFF EPSTEIN HAS THE PICTURES OF BILL CLINTON HAVING SEX WITH THE UNDERAGE GIRLS !!!!!!

BILL CLINTON & JEFF EPSTEIN BOTH HAD SEX WITH THE UNDERAGE GIRLS THAT ARE RECORDED BY JEFF EPSTEIN !!!!!

JEFF EPSTEIN IS NOT IN FEDERAL PRISON ONLY BECAUSE JEFF EPSTEIN IS HOLDING TH E ABOVE PICTURES !!!!!!

THANK YOU SIR

GO PRESIDENT TRUMP !!!!!

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STEVEN HOFFENBERG C E O

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**From:** Moskowitz, Bennet J. [redacted]
**Sent:** 7/13/2016 6:02:16 PM
**To:** Darren Indyke [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN

**Importance:** High

Darren,

**Privileged - Redacted**

Regards,
Bennet

---

**From:** Darren Indyke [mailto:[redacted]
**Sent:** Wednesday, July 13, 2016 9:37 AM
**To:** Jeffrey Epstein; Moskowitz, Bennet J.
**Subject:** Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**Subject: Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN**
**Date:** July 13, 2016 at 4:45:18 AM PDT
**To:** [redacted]

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**From:** steven hoffenberg <[redacted]>
**Date:** July 13, 2016 at 6:26:21 AM EDT
**To:** "Gary H. Baise" <[redacted]>
**Cc:** Alan Fraade <[redacted]>
**Subject: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUI T FILING AGAINST JEFF EPSTEIN**

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# Epstein building compound on Great St. James

By SUZANNE CARLSON Daily News Staff 6 hrs ago

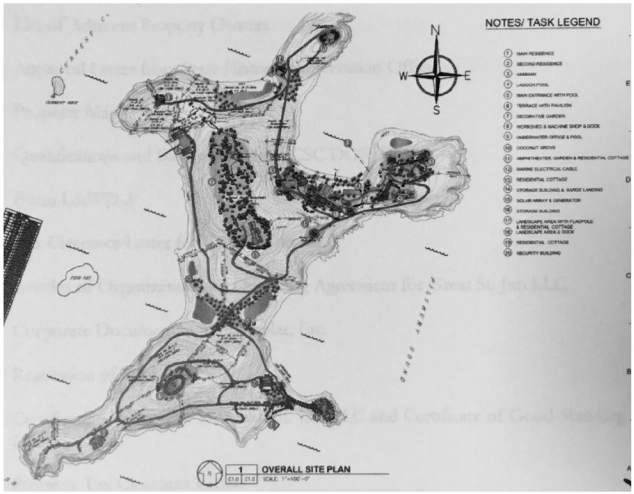


A schematic filed with the Department of Planning and Natural Resources shows development plans for Great St. James island.

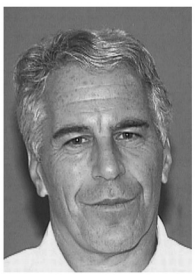

Jeffrey Epstein
HOGP

ST. THOMAS —Wealthy sex offender Jeffrey Epstein has been quietly working for years to construct a new compound on Great St. James island off the East End of St. Thomas, adding to a massive real estate portfolio that also includes neighboring Little St. James island, which has been his primary residence for decades.

V.I. Department of Planning and Natural Resources spokesman Jamal Nielsen confirmed Monday that at least some of that construction activity has been taking place without permission from the government — the third time in as many years that Epstein has gone beyond the scope of permitted building plans.

"We have confirmed that there's unauthorized work going on at Great St. James, we have been in touch with the owners and we are setting up to have a meeting with them soon, to rectify this," Nielsen said.

Nielsen could not say what specifically the unauthorized work consists of, but said DPNR Commissioner nominee Jean-Pierre Oriol would be available by phone today to answer questions about the situation.

Documents on file at the Coastal Zone Management division of DPNR show that Epstein used "Great St. Jim, LLC," a shell company organized by St. Thomas attorney Erika Kellerhals, to purchase three parcels totaling 80.1 acres from the Danish Kjaer family for $17.5 million on Jan. 18, 2016.

The remainder of the island — 12 parcels totaling 81.22 acres — was transferred from another St. Thomas company, GSJ Properties Corp., to Great St. Jim LLC for $5 million on Jan. 21, 2016.

While it's long been rumored that Epstein had purchased Great St. James, for years his name appeared nowhere on publicly available documents listing property ownership of the island.

The Daily News requested access to documents contained in Coastal Zone Management permit application files for the island on April 18, and was provided access to those records Monday.

The documents show that in 2011, Kellerhals, another attorney in her firm, Gregory Ferguson, and business consultant Brett Geary organized the St. Thomas company Poplar Inc.

A certificate of incumbency contained in the file lists Epstein as president of Poplar Inc., his longtime lawyer Darren Indyke is listed as vice president and secretary, and another longtime associate, Richard Kahn, is listed as treasurer.

The Daily Beast reported in April that Kellerhals, Indyke, and Kahn are listed as the only officers of other defunct nonprofits run by Epstein, including the C.O.U.Q. Foundation, J. Epstein Virgin Islands Foundation, and Epstein Interests. They're also listed as officers for Gratitude America Ltd., a nonprofit formed in the Virgin Islands in 2012 through which Epstein has made financial contributions to various organizations.

The certificate specifically states that those individuals are authorized to act on behalf of the corporation with respect to all transactions, "including but not limited to transactions related to permitting matters submitted on behalf of Great St. Jim, LLC."



HOUSE_OVERSIGHT_031210

Kellerhals organized Great St. Jim LLC on Oct. 26, 2015, with herself as the sole member, and identified Geary's company, Business Basics VI LLC, as the resident agent.

Kellerhals could not be reached for comment Monday.

Documents contained in the permit application file show that DPNR employees and Epstein's staff have been communicating for years about the project.

"[H]i Erika, spoke with Jeff yesterday and let him know that the scopes of work from both applications are being combined into one single permit. Dave of my staff is supposed to reach out to the LSJ [Little St. James] staff and arrange when he can make the required site visit. there are some specific details that were not included in the application package, so they will have to be verified during the site visit and notes made on the submitted drawings," Oriol wrote to Kellerhals in an email dated Aug. 16, 2016, under the subject line, "RE: Cistern Permit."

An email from DPNR legal counsel Michele Baker to Kellerhals dated Aug. 26, 2016, lists a number of documents required for the permit application to proceed, and indicates that "the OWNER" has to sign off.

Kellerhals responded in an email that "I understand that there are some places where the owner needs to sign if the attorney completes the application. I will discuss with Jeffrey and get you copies of those signed attachments asap. You are correct that I am no longer the sole member. In fact, I am not a member at all. The only position I serve is as counsel to Great St. Jim."

Epstein signed off on the application for a Coastal Zone Management major permit on Jan. 10, 2017, identifying himself as "President of Poplar, Inc., sole member of Great St. Jim, LLC."

Permit application documents and site plans on file show that Epstein is planning a complex of buildings across the approximately 160-acre island, connected by private road. The plans include a barge dock, two homes, cottages, an amphitheater, gardens, a marine electrical cable, solar array and generator, storage building, security building, workshed and machine shop, and an "underwater office & pool."

The permit application addresses mitigation efforts for endangered corals and the Virgin Islands tree boa — which was spotted on the island during site visits — and indicates



HOUSE_OVERSIGHT_031211

that the public will still have free access to the island's shoreline, which includes Christmas Cove, a popular boating site and home to floating restaurant Pizza Pi.

A wealthy financier long associated with the rich and powerful, including former President Bill Clinton and President Donald Trump, Epstein, 66, was convicted in 2008 of procuring a child under the age of 18 for prostitution.

An investigation by the Miami Herald found that despite evidence Epstein sexually abused dozens of underage girls, some who say they were forced to have sex with Epstein's rich friends at his various homes, including on Little St. James, federal prosecutor Alexander Acosta — who now serves as U.S. secretary of labor — worked with Epstein's defense attorneys to craft an extraordinarily lenient plea deal.

A federal judge ruled in February that Miami prosecutors violated the Crime Victims' Rights Act when they intentionally kept that agreement secret from victims in the case.

While Epstein owns lavish properties in New York City, Palm Beach, and New Mexico that he travels between on his private Boeing 727, he lists Little St. James as his primary residence on his sex offender registration.

Epstein last verified his registration with the V.I. Justice Department on March 15, which lists the 11 vehicles he owns — all of which are black — including a Mercedes-Benz S550, Bentley Arnage, Hummer II, Dodge Caravan, Range Rover, three Chevy Suburbans and three Cadillac Escalades.

---

*— Contact Suzanne Carlson at 340-714-9122 or email scarlson@dailynews.vi.*

Suzanne Carlson



HOUSE_OVERSIGHT_031212

**From:** BARBRO EHNBOM [redacted]
**Sent:** 8/21/2012 9:12:11 AM
**To:** jeevacation@gmail.com
**Subject:** Re: Program & Attendee list
**Attachments:** [redacted]2.jpg

**Importance:** High

She is the one! Now SALSS 4 days...will get back to you next week...

Kram BE.

---


Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit
*Office:* [redacted]
*Cell:* [redacted]
*Sweden:* [redacted]
360 E. 55 St. #10G
New York, N.Y. 10022


-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Barbro C Ehnbom [redacted]
Sent: Mon, Aug 20, 2012 2:32 pm
Subject: Re: Program & Attendee list

who is you r wife choice this year?

On Sat, Aug 18, 2012 at 12:11 PM, Barbro C Ehnbom [redacted] wrote:

Dear Jeffrey,

I am sorry I did not call back Yesterday-I was exhausted from a crazy week and fell asleep as soon as I came home! Anyway, here is the full program and attendee list attached, this is the Globalization Summit I invited Bill Clinton to when I met him in Stockholm last Summer-
But he is a bit busy I gather!
Anyway, hope [redacted] got hold of you re search service? Also, I did see your mail about possibly coming here end of September-however, I am supposedly arranging a fund-raiser for Congress Woman Diana deGette of Colorado on Sept 27 in NYC; she is the only one with a scientific agenda and she is just super-if anything I am hoping on your involvement?
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Let me know what you think!
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First prize for perseverance!
Also, Sofia and the prince is on every magazine here, I think it is wonderful!
Marcus has two big concerts in Stockholm this coming week. Me - SALSS!

KRAM
BE

Barbro C. Ehnbom
Sent from iPad

Vidarebefordrat brev:

**Från:** [redacted]>
**Datum:** August 18, 2012 8:44:29 AM GMT+02:00
**Till:** Barbro Ehnbom [redacted]
**Ämne: Program & Attendee list**

--
**********
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**From:** behnbom@aol.com [redacted]
**Sent:** 7/19/2017 2:09:32 PM
**To:** jeevacation@gmail.com
**Subject:** Fwd: SV: BBB AB konto #
**Attachments:** SALSS 2017 - Exclusive Preview - 2017-07-17.pdf; AFCF4528-BABC-4E04-A585-33C370B0CF1D.JPG

Dear Jeffrey,

Huge thanks for giving BBB another chance!!We have 200 quite fantastic young women including a minister, an ambassador-Lisa! a professor -your [redacted]!-a princess-Sofia! and the other 196
are doing pretty good as well...lots of young girls in Sweden now dream of joining BBB...we really build something
unique and worthwhile!! Young dean at Stockholm School of Economics is an idiot to through it all out but
now its time to develop it smartly! I will be doing a famous Summer radio program in a few weeks in Sweden,
1 million listeners...among other things, I will talk about the girls..(and my blind date long ago with a Donald
Trump..ha ha!) Anyway, please see details for the money transaction below - Edyta is my banker ann a super
person! - I am leaving tomorrow night if anything? Also, if you send me a cell phone number, I can start sending
you photos from BBB, much easier than e-mail.

TACK sweetheart for continuing believing in BBB! Kram BE

---

Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit
[redacted]

-----Original Message-----
From: Edyta.Wynberg <[redacted]
To: behnbom [redacted]>
Sent: Wed, Jul 19, 2017 9:05 am
Subject: SV: BBB AB konto #?

Hej Barbro!

Beneficiary name: BBB AB
Beneficiarys bank: SEB ( Skandinaviska Enskilda Banken)
106 40 Stockholm
Beneficiarys bank SWIFT address/BIC: ESSESESS

Beneficiarys account no: [redacted]
IBAN: IBAN: [redacted]

Vi hörs
Kram
Edyta

**Edyta Wynberg**
Client Service Coordinator
Non Resident, Wealth Advisory
SEB
Corporate & Private Customers

Phone [redacted]
Phone department [redacted]
SEB Customer Center [redacted]
Switchboard [redacted]
Fax +[redacted]
Postal Address: SEB, Non-Resident, GÖH 460, SE-405 04 Göteborg
Office Address: Östra Hamngatan 24
E-mail: edyta.wynberg@seb.se
E-mail department:KRNonResGbg@seb.se
www.seb.se

Invoice address: SEB Accounts Payable, SE-106 40 Stockholm

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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/26/2010 2:59:54 PM
**To**: Alan M. Dershowitz [redacted] Martin Weinberg [redacted]
**Subject**: Fwd: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

---------- Forwarded message ----------
From: [redacted]
Date: Wed, Feb 24, 2010 at 5:58 AM
Subject: Fw: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable
To: jeevacation@gmail.com

-----Forwarded by Public Records/PalmBeach on 02/24/2010 05:58AM -----

To: [redacted]
From: Michael Reiter/PalmBeach
Date: 07/10/2008 02:36PM
Subject: Epstein -- I apologize if you have received this but it keeps coming back to me as undeliverable

Margie,

" As you know, nothing too big or too small for us, especially in the summer " Hmmmmm. I have to be direct -- you or someone at your paper was very astute in checking the Clerk and Comptroller's computer and activity in the Epstein case two days before the hearing. As result, you sent me a text message on Saturday asking what the activity was about and I confirmed that the plea would take place. You were the only member of the news media that I talked with. And yet, after the case is completely over, the Palm Beach Daily News' editorial staff remains silent on the topic.

Thanks,
Mike

Palm Beach Post Editorial

Monday, July 07, 2008

Two years after a grand jury indicted him on a felony charge of solicitation of prostitution, Jeffrey Epstein finally admitted that he lured a teenage girl to his $8.5 million, 13,000-square-foot Palm Beach mansion for sex. A week ago, the 55-year-old investment banker began serving 18 months in jail.

But that plea deal - guilty of felony solicitation of prostitution and procuring a person under the age of 18 for prostitution - does not account for all five of the girls, one as young as 14, who alleged that Epstein sexually abused them. And why is Epstein serving his term in the overcrowded Palm Beach County Jail and not a state prison, where inmates are sent if their sentences are longer than one year?

The slow, dissatisfying resolution of the case sends a message to the public that there's a different system of justice for the wealthy who hire high-powered lawyers. Epstein's legal team included West Palm Beach defense attorney Jack Goldberger, Harvard Law School Professor Alan Dershowitz, who defended O.J. Simpson against murder charges, and Kenneth Starr, the prosecutor who pursued then-President Bill Clinton for lying about sex with young women.

Palm Beach police spent 11 months investigating Epstein before State Attorney Barry Krischer sent the case to a grand jury, instead of charging Epstein so the man who once boasted of accepting only billionaire clients

could face a trial. The police had taken a high school transcript, class schedules and phone messages from Epstein's home that showed he knew the girls were underage. Yet Mr. Krischer was more swayed by Epstein's lawyers, who attempted to impugn the girls' character by showing they had chatted on myspace.com about smoking marijuana and drinking. He should have let a jury decide whether the victims - and Epstein - were credible.

Ultimately, one charge against Epstein finally reflected the age of one victim, and the plea agreement left Epstein labeled a sex offender. With that additional charge, if Epstein had been convicted at a trial, he could have been sentenced to anything from probation to 15 years in prison, Assistant State Attorney Lanna Belohlavek said, adding that the recommended guideline sentence was 21 months.

Epstein also won't have to certify to the court that he is receiving counseling, typically required of sex offenders, because he has a private psychiatrist. But without court supervision, who will ensure Epstein is in fact being treated?

The plea deal also drops a federal investigation of Epstein. If a federal investigation was warranted, how does dropping it before completion benefit the public?

Epstein preyed on girls and denied it. For three years, his wealth and the influence of his lawyers bought him the protection the state attorney owed to the victims.

## Police chief's reputation helps discredit attacks

By Larry Keller

Palm Beach Post Staff Writer

Monday, August 14, 2006

In the case of Palm Beach financier Jeffrey Epstein, it seems, at times, as if two men are accused of wrongdoing: Epstein and Palm Beach Police Chief Michael Reiter.

Epstein, 53, was indicted last month on a charge of felony solicitation of prostitution solely because of Reiter's "craziness," one of Epstein's lawyers said. His department disseminated "a distorted view of the case" and behaved in a "childish" manner when the grand jury didn't indict Epstein on the charges it sought, another Epstein lawyer complained. To hear the Epstein camp tell it, Reiter, 48, is a loose cannon better suited to be the sheriff of Mayberry. They whisper that he's embroiled in a messy divorce.

Reiter did in fact file for divorce from his wife, Jill, last year, after 24 years of marriage. They have a son, 18, and a daughter, 14. The couple is scheduled to go to mediation next week, Aug. 16. Nothing in the court file suggests their split is particularly ugly.

Reiter incurred the wrath of the Epstein camp as well as the state attorney's office for two reasons. First, he pressed for Epstein to be charged with the more serious crimes of sexual activity with minors. Second, he slammed State Attorney Barry Krischer in blunt language seldom used by one law-enforcement official concerning another because of what he perceived as that office's mishandling of the case.

In a letter to Krischer written May 1, Reiter called his actions in the Epstein case "highly unusual." He added, "I must urge you to... consider if good and sufficient reason exists to require your disqualification from the prosecution of these cases."

In short, Reiter told the county's top prosecutor for the past 13 years that he ought to get off the case. "It looks like a departure from professionalism," Miami-Dade State Attorney Katherine Fernandez Rundle said of Reiter's letter.

Following Epstein's indictment, Reiter referred the case to the FBI to determine whether the super-rich, super-connected defendant had violated any federal laws.

Reiter won't discuss the case or the broadsides aimed at him. But others almost uniformly use one word to describe the chief: professional.

"I have always been impressed by Mike's professionalism and his leadership," said Rick Lincoln, chief of the Lantana Police Department and a Palm Beach County cop for 32 years.

"The town of Palm Beach has a very professional police department. We all consider Mike to be our peer and a man of integrity."

Juno Beach Police Chief H.C. Clark II agreed. Although he doesn't know Reiter well, he has met with him on countywide law enforcement issues. "I've never seen him lose his cool. I've never seen anything but a professional demeanor from him."

Reiter joined the Palm Beach Police Department in 1981, leaving a $20,000-a-year patrol job at the University of Pittsburgh. His personnel jacket shows consistently excellent job evaluations.

Posh Palm Beach is no hotbed of crime, and in his first year on the job, a resident confined to his home with a sick child thanked Reiter for delivering a few Cokes to the house. Reiter refused payment for the beverages. Another resident thanked Reiter for shutting off his car's headlights in his driveway, saying a valet must have been at fault.

Reiter worked everything from road patrol to organized crime, vice and narcotics. And he's no novice at investigations involving the island's rich and famous. He was the lead detective probing the drug overdose death of David Kennedy in 1984. He also was one of the officers who worked the investigation of William Kennedy Smith, who was charged in 1991 — and later acquitted — with raping a woman at the Kennedy family compound in Palm Beach.

Reiter, who has a master's degree in human resource development from Palm Beach Atlantic University, also has attended the FBI National Academy in Quantico, Va., and management courses at Harvard. He's been active in countywide interagency law enforcement organizations and has a "top secret" national security clearance.

"He has a perspective that's broader than just addressing the needs of the town," said Town Manager Peter Elwell, who promoted Reiter from assistant chief to chief in March 2001. Reiter makes more than $144,000 as the town's top cop. Elwell thinks he's worth it.

"He's very businesslike, very straightforward. He's not easily agitated or flamboyant. He's about the work," Elwell said. "I think that his service as chief has been outstanding in five-plus years."

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including all attachments.

**From:** Barbro Ehnbom[redacted]
**Sent:** 1/20/2017 10:55:49 PM
**To:** jeevacation@gmail.com
**Subject:** January 20, 2017
**Attachments:** DSC_0192.JPG; DSC_0192.JPG

Dearest Jeffrey,

HAPPY HAPPY HAPPY HAPPY!!!

AND, YOUR BIRTHDAY PRESENT IS.....PRESIDENT DONALD TRUMP!! HA HA!

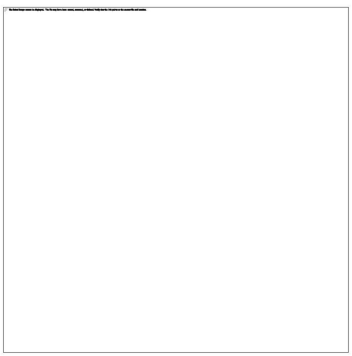

LOVE & KISSES

BE for your BBB!

---

Barbro C. Ehnbom
Chairman, Swedish-American Life Science Summit
[redacted]

**From**: BARBRO EHNBOM [redacted]
**Sent**: 8/21/2012 9:12:11 AM
**To**: jeevacation@gmail.com
**Subject**: Re: Program & Attendee list

----------MB_8CF4D942E5EAFC0_1404_1CC5DD_webmail-d082.sysops.aol.com
Content-Transfer-Encoding: QUOTED-PRINTABLE
Content-Type: TEXT/PLAIN;
charset=utf-8

She is the one! Now SALSS 4 days...will get back to you next week...

Kram BE.

Barbro C. Ehnbom =20

Chairman, Swedish-American Life Science Summit

[redacted]

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Barbro C Ehnbom [redacted]
Sent: Mon, Aug 20, 2012 2:32 pm
Subject: Re: Program & Attendee list

who is you r wife choice this year?

On Sat, Aug 18, 2012 at 12:11 PM, Barbro C Ehnbom [redacted] wrote:

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Barbro C. Ehnbom
Sent from iPad=20

Vidarebefordrat brev:

Fr=C3=A5n: Cecilia Sch=C3=B6tt [redacted]
Datum: August 18, 2012 8:44:29 AM GMT+02:00
Till: Barbro Ehnbom [redacted]
=C3=84mne: Program & Attendee list

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=20

----------MB_8CF4D942E5EAFC0_1404_1CC5DD_webmail-d082.sysops.aol.com
Content-Transfer-Encoding: QUOTED-PRINTABLE
Content-Type: TEXT/HTML;
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<font color=3D'black' size=3D'2' face=3D'Arial, Helvetica, sans-serif'>
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Kram BE.

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er New', Courier, mono"><span style=3D"font-size: large;" class=3D"Apple-st=
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s, serif">Barbro C. Ehnbom </font></font>=20

<font class=3D"Apple-style-span" face=3D"'Times New Roman', Times, ser=
if">Chairman, Swedish-American Life Science Summit</font>

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serif"><font class=3D"Apple-style-span" color=3D"#808080">Cell:</font></fon=
t><font class=3D"Apple-style-span" face=3D"'Times New Roman', Times, se=
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serif"><font class=3D"Apple-style-span" color=3D"#808080">Sweden:</font></f=
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if"><font class=3D"Apple-style-span" color=3D"#808080">360 E. 55 St. #10G</=
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</font></font>

<div style=3D"color: black; font-family: arial,helvetica; font-size: 10pt;"=
>-----Original Message-----<br>
From: Jeffrey Epstein <jeevacation@gmail.com><br>
To: Barbro C Ehnbom <[redacted]<br>
Sent: Mon, Aug 20, 2012 2:32 pm<br>
Subject: Re: Program & Attendee list<br>
<br>

<div id=3D"AOLMsgPart_1_6455a56a-885e-4058-b827-c4956343fe5b">

who is you r wife choice this year?<br>
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<div class=3D"gmail_quote">On Sat, Aug 18, 2012 at 12:11 PM, Barbro C Ehnbo=
m <span dir=3D"ltr"><<a href=3D"mailto[redacted]<=

/a>> wrote:<br>

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eft-color: rgb(204, 204, 204); border-left-width: 1px; border-left-style: s=
olid;" class=3D"gmail_quote">
<div bgcolor=3D"#FFFFFF">
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<br>

KRAM

BE

<br>

Barbro C. Ehnbom
Sent from iPad 

<br>
Vidarebefordrat brev:<br>
<br>

<blockquote type=3D"cite">
Fr=C3=A5n: Cecilia Sch=C3=B6tt <<a href=3D"mailto:[redacted]</a>><br>

Datum: August 18, 2012 8:44:29 AM GMT+02:00<br>
Till: Barbro Ehnbom <<a href=3D"mailto:[redacted]>
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<br>

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*************************************************************<br>
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acation@gmail.com</a>, and<br>
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----------MB_8CF4D942E5EAFC0_1404_1CC5DC_webmail-d082.sysops.aol.com--
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**From**: Barbro C Ehnbom [redacted]
**Sent**: 8/18/2012 4:11:07 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Program & Attendee list
**Attachments**: SALSS Attendee 2012 FINAL v2.pdf; Untitled attachment 860732.htm; SALSS Program 2012 FINAL.pdf; Untitled attachment 860735.htm

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Barbro C. Ehnbom
Sent from iPad

Vidarebefordrat brev:

**Från:** [redacted]
**Datum:** August 18, 2012 8:44:29 AM GMT+02:00
**Till:** Barbro Ehnbom [redacted]
**Ämne: Program & Attendee list**

**From:** Moskowitz, Bennet J. [redacted]
**Sent:** 7/13/2016 6:02:16 PM
**To:** Darren Indyke [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN

Darren,

**Privileged - Redacted**

Regards,
Bennet

---

**From:** Darren Indyke [mailto:[redacted]
**Sent:** Wednesday, July 13, 2016 9:37 AM
**To:** Jeffrey Epstein; Moskowitz, Bennet J.
**Subject:** Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**********

Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Subject: Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN**
**Date:** July 13, 2016 at 4:45:18 AM PDT
**To:** [redacted]

Steven J. Hoffenberg
New York Post Publishing INC.
C E O

WHAM INC THE PUBLIC COMPANY OWNS THE BELOW OPERATIONS

TOWERSINVESTORS.COM
C E O

SEE

WWW.POST PUBLISHING.BUZZ THE JESUS CHRIST ON LINE GODs WORD NEWSPAPER
MR HOFFENBERG ONLINE NEWSPAPER
PUBLICSPEAKINGWALLSTREET.COM

Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** July 13, 2016 at 6:26:21 AM EDT
**To:** "Gary H. Baise" <[redacted]>
**Cc:** Alan Fraade <[redacted]>
**Subject: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUI T FILING AGAINST JEFF EPSTEIN**

SIR

PRESIDENT TRUMP WILL KNOW THAT GARY BAISE IS WORKING ON THE NEEDED FOOD POLICY POINTS OF FACT WITH THE FOOD INDUSTRY LEADERS .

PRESIDENT TRUMP UNDERSTANDS THAT THE FOOD INDUSTRY IS VITAL TO THE TRUMP WHITE HOUSE POLICY .

WHAT IS NEEDED IN THE PRESENTATION TO PRESIDENT DONALD TRUMP WILL BE DON E BY OUR TEAM THAT NOW HAS THE KEY JOB AT THE STEVEN HOFFENBERG TRUMP SUPER PAC IN BUYING OVER $ 1 BILLION DOLLARS IN ADS & T HE HIRING OF THE BUS PROJECT TO GET OUT THE VOTE IN EVERY POOR AREA IN THE USA .

THE POOR VOTER OVER 120 MILLION VOTERS THAT WERE DEMS ARE NOW VOTING FO R PRESIDENT TRUMP ON NOV 8 2016 .

T V EXPERTS DONT REPORT THE ABOVE DEMS POOR FOLKS THAT ARE VOTING FOR PR ESIDENT TRUMP !!!!!

THE POOR VOTER WILL PUT PRESIDENT IN THE WHITE HOUSE IN THE 2016 RACE .

OUR BUS PROJECT IS VITAL TO THE PRESIDENT TRUMP GET OUT THE VOTE IN NOVEM BER !!!!!

JUDGE SWEET PLAYS THE KEY PART NOW IN THE TOWERS VICTIMS SUIT AGAINST JEFF EPSTEIN !!!!

JEFF EPSTEIN HAS THE PICTURES OF BILL CLINTON HAVING SEX WITH THE UNDERAGE GIRLS !!!!!!

BILL CLINTON & JEFF EPSTEIN BOTH HAD SEX WITH THE UNDERAGE GIRLS THAT ARE RECORDED BY JEFF EPSTEIN !!!!!

JEFF EPSTEIN IS NOT IN FEDERAL PRISON ONLY BECAUSE JEFF EPSTEIN IS HOLDING TH E ABOVE PICTURES !!!!!!

THANK YOU SIR

GO PRESIDENT TRUMP !!!!!

TRUMP SUPER PAC

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STEVEN HOFFENBERG C E O

Steven J. Hoffenberg
New York Post Publishing INC.
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**From:** Darren Indyke [redacted]
**Sent:** 7/13/2016 1:37:19 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]; Bennet J. Moskowitz [redacted]
**Subject:** Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN


DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
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**********
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**********


Begin forwarded message:

**From:** steven hoffenberg [redacted]
**Subject: Fwd: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUIT FILING AGAINST JEFF EPSTEIN**
**Date:** July 13, 2016 at 4:45:18 AM PDT
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** July 13, 2016 at 6:26:21 AM EDT
**To:** "Gary H. Baise" <[redacted]>
**Cc:** Alan Fraade <[redacted]>
**Subject: JUDGE SWEET ALLOWING STEVEN HOFFENBERG TO TALK WITH THE TOWERS VICTIMS TO EXPLAIN THE VICTIMS SUI T FILING AGAINST JEFF EPSTEIN**

SIR

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**From:** Lawrence Krauss [redacted]
**Sent:** 12/11/2017 2:14:35 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

OK.. Here it is.. suggestions?

1. Item 1: I did neck with that woman, but never forced myself on her, and we talked about kissing or going beyond that and decided not to.

2. Item 2: This was what I told you about.. A student who came to me for advice about science communication.. I never approached her, or did anything, and have emails rebuffing her requests to meet off campus for coffee or meals.. not because they were suggestive, but because I didn't think it was appropriate. I did ask her about being a female in a male dominated physics major group because I wanted to find out what problems might be occurring. I was respectful of her, and in fact my wife and I gave her a lift later at a AAAS meeting that I had helped get her a fellowship to attend. I was shocked later to learn that she had complained. There was no official investigation.. no formal complaint lodged.. When I spoke to the Dean and told her the above, including showing emails, it was agreed that there would be no formal complaint but because the student had been upset I would not interact with her at all. I was shocked and dismayed, as I had worked very hard to be supportive and mentor this girl

3. Item 3: I have no idea about this.

4. This never happened.. In March 2008 at the convention I was approached by a student who did ask to sit at a table with the then executive director of the Dawkins foundation. She asked me to join her in the hot tub. I said now. Afterwards the exec. director informed me that this person was complaining that I had harassed her, and she told me as she was there at the time she would be more than happy to explain that it was quite the opposite.

5. This was a cruise with Nancy, who was my female companion. When that report appeared I explained that my wife Nancy was upset at the allegation as she was my companion and such a complaint could be considered libelous. the complaint was removed from the bloggers web site. Moreover, CFI not only continued to invite me on cruises but to speak at their events, including this year, where they have strict harassment policies. I continue to receive letters of thanks from them for my contributions, attitude, graciousness etc.. No complaints ever. Not one!

6. This one you know about.

Shall we talk?

LMK

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]

ASU Origins PROJECT
ARIZONA STATE UNIVERSITY

Begin forwarded message:

**From:** Peter Aldhous <[redacted]>
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.

- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."

- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

--
**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
tel: [redacted]
cell: [redacted]
[redacted]
@paldhous
www.peteraldhous.com

**From**: Lawrence Kraus [redacted]
**Sent**: 12/11/2017 5:53:12 AM
**To**: nancy dahl [redacted]
**CC**: Lawrence Krauss[redacted]
**Subject**: Fwd: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments**: DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance**: High

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

It is worthwhile responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her to go for coffee to talk, which I usually had to turn down because I was busy, including several occasions where she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students

on campus, and I see nothing wrong with this. I was shocked when I later learned of her complaint, not least because there was no inappropriate interaction and also because well after the date on which she is said to have been offended, she continued to email me with joking questions or comments, and at a AAAS conference in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift well out out of our way to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed to be warranted in this case, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request because it was basically moot. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the allegation from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complain, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension by ANU outlined the claim you made in the words you quoted in your note to me, along with the statement made in the complaint that

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took

the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff. I have had numerous female graduate students, postdocs, employees, and colleagues, and as ASU attested to you, none of these have ever complained of harassment. Quite the contrary in fact, as I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant [redacted]
Origins Office [redacted]
**origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu**

Begin forwarded message:

**From:** Peter Aldhous [redacted]>
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.

- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.

- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
tel: [redacted]
cell: [redacted]
[redacted]
@paldhous
www.peteraldhous.com

**From:** Lawrence Krauss [redacted]
**Sent:** 12/11/2017 6:31:28 AM
**To:** Nancy Portland [redacted]
**CC:** Lawrence Krauss [redacted]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

Second Draft:

I appreciate the opportunity to respond to your email. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete. It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career

advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions sh specifically asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat even students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction and also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, agin in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and providing the emails in question, I was told that no formal complaint of sexual harassment was deemed at that time to be called for, and that the young woman in question had agreed to that. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, and the excellent relations I had with my colleagues there, both among the faculty and among the administration. Because I was already in Arizona at the time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. I was also told that because it was being handled informally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would remove the complaint from my record after 5 years, which makes me surprised that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and morever the outside complaints were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complain, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated throughly by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. . In addition ANU's investigation, which took a full month found significant inconsistencies in the allegation, suggesting distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU, until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows in the report, from which I quote:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.

- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took
the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, and sometimes overly aggressive. I am particularly proud of the way I attempt to make all people feel at ease, and respected, rather than humiliated. Thus, this false claim strikes at the heart of what I am about, which is to acknowledge fans in a way that makes them feel appreciated. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted], Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

On Dec 10, 2017, at 9:53 PM, Lawrence Krauss <[redacted]> wrote:

First draft:

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements on your part. Needless to say, I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public. I do not sexually harass people. If the purpose of your reporting is to somehow argue that that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of outside complaints and

allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that they trust my behavior. I was asked to be an honorary director of CFI, and invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

Your specific allegations are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and had respectful encounters afterwards. I cannot comment on item 3, which involves an anonymous 3rd party claim, because I know nothing about it, and it was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part is false. I don't do that. Re incident 5: The 'female companion' in this case is my wife, who can attest to the fact that the claim is false, which is what I wrote in response to the blog in question, causing it to be taken down.

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"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the investigation, the final report absolved me of any wrongdoing, and indicated information inconsistent with the original claim and apparent later claims as follows:

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Begin forwarded message:

**From:** Peter Aldhous <[redacted]>
**Subject: URGENT: BuzzFeed News inquiry re allegations of sexual harassment**
**Date:** December 10, 2017 at 5:12:27 PM PST
**To:** [redacted], [redacted]

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.

- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

**From:** Lawrence Krauss[redacted]
**Sent:** 12/11/2017 5:18:30 PM
**To:** Peter Aldhous[redacted]
**CC:** matthew.schafer[redacted]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments:** image002.png

**Importance:** High

I appreciate the opportunity to respond to your email. I am currently on a plane until noon pacific time, and then heading to a meeting right after landing, till about 2 pm or so. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete, as I always try and do with reporters. If you decide to go ahead with a story, which, after reading my responses, I hope you decide is inappropriate, I would like you to quote my responses fully in order not to distort them.

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public, and this is supported by the institutions of which I am a part. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of unfounded outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that their experience validates a trust in my behavior. I was asked to be an honorary director of CFI, and continue to be invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo by people whose motives I cannot judge. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who accompanied me on the cruise, and has attested to the fact that the claim is false. This is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me, asked me to talk over coffee, or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school in physics, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member and

department chair I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it, and I believe she found it useful. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction but also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, again in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and explaining the situation, I was told that no formal complaint of sexual harassment was requested. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, the excellent relations I had with my colleagues there— both among the faculty (many of whom in physics I had hired while department chair)) and among the administration, along with a very attractive counter-offer by Case. Because I was already in Arizona at the later time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. Following this episode, as indicated in the letter to the student, I did assess what might have led to misinterpretations by this student, and became more careful in offering advice when talking to students. I was also told by human resources that because it was decided to handle this informally and not formally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would preserve its confidentiality and remove the complaint from my record after 5 years, which makes me surprised and concerned that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and moreover that the 'outside complaints' were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. In addition ANU's investigation, which took a full month, found various inconsistencies in the allegation, which suggest distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report, from which I quote below absolved me of any wrongdoing, reinstating my position, and indicated information inconsistent with the original claim and apparent later claims:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
-The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took
the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour. Moreover, I have no idea if the other eyewitnesses you quote, who were not involved in any complaint, were in fact there but this was a formal banquet with individuals and their partners, which I attended long enough to agree to sign things and do selfies before leaving early because I was tired. Even if I had any such intent it would have been lunacy to pose for selfies in front of a group and openly do such a thing, including presumably in front of this person's partner, . Which, besides the fact that I don't do such things, is one of the many reasons it never happened.)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, or sometimes aggressive. I am particularly proud of the way I work to make all people feel at ease, and respected, rather than humiliated, whatever their behavior or request. Thus, this false claim strikes at the heart of what I am about, which characterizes all my interactions with fans: to acknowledge them in a way that makes them feel appreciated and respected. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed and should report on. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

On Dec 10, 2017, at 6:12 PM, Peter Aldhous <[redacted]> wrote:

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
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- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
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- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

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- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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**Lawrence M. Krauss**
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**Co-Director, Cosmology Initiative**
**Foundation Professor**
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ASU Origins Project
Arizona State University

**From:** Lawrence Krauss [redacted]
**Sent:** 12/11/2017 6:34:49 PM
**To:** Peter Aldhous [redacted]
**CC:** Lawrence Krauss[redacted]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment
**Attachments:** image002.png

**Importance:** High

Hello Peter. I am currently on a plane. I sent you earlier from the plane an email response to your letter, which I hope you received. Regarding your note below: My earlier remark to you was based on my correspondence with the universities during and after the investigation, and the conclusion I drew from the ANU report, which I quoted for you in my response to your note. The claims made in the allegation which were later demonstrated to be false, or which were then not supported after repeated requests from the University to substantiate the claim, provided evidence that the claim was fabricated (as I knew it must be), and therefore maliciously so.

I had been planning on resigning my honorary appointment at ANU before I received the original letter from ANU because my wife had moved to the US several years ago, and I no longer visited the University regularly to work with colleagues there as I did in earlier years. When I received the letter from ANU regarding the complaint, I decided to wait to resign my appointment until the investigation was completed and the complaint was dismissed. After it was, I sent my note of resignation in, and I note that upon its receipt the Dean he suggested I remain on until my appointment expired at the end of this year, but as I had made my decision to resign earlier I felt no need to wait until then. I received a very nice note from the director of the unit I work with (who was made aware of the complaint and its resolution by the Dean) who expressed thanks for my many contributions to the University while there, and my interactions with staff, students, and faculty there.

I hope this clarifies your issues.

LMK

On Dec 11, 2017, at 9:02 AM, Peter Aldhous <[redacted]> wrote:

Dr. Krauss,

Since sending the note below, we have heard from the Australian National University. They informed us:

"The characterisation by Professor Krauss that The Australian National University (ANU) found the complaint to be 'unsubstantiated and fabricated with malicious intent' is false."

They also told us that you resigned your honorary appointment at ANU on November 3. Can you comment on the reason for your resignation from ANU?

I would welcome the opportunity to discuss this with you. Again, **we are planning on publishing our story Tuesday morning, Eastern US Time.** Please provide any comments you wish us to consider before then.
Sincerely,

Peter Aldhous

On 12/10/17 5:12 PM, Peter Aldhous wrote:

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.

- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.
- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

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**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
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Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins Project
Arizona State University

**From:** Lawrence Krauss [redacted]
**Sent:** 12/12/2017 1:47:22 AM
**To:** Lawrence Krauss [redacted]
**CC:** nancy dahl [redacted]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment

**Importance:** High

Is this a reasonable response? Should i even respond? Could use advice.

Mutual decisions about meeting and everything else at the time. I assumed that was clear.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted], Assistant [redacted]
Origins Office [redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Dec 11, 2017, at 6:00 PM, Lawrence Krauss <[redacted]> wrote:

Gee.. I just got out of a meeting and was trying to respond to your last one.. and I am now leaving for a 2 hour drive to a book signing event… I will try and respond to all your emails when I get back home later tonight.. I don't want to rush anything off as I am already late..

On Dec 11, 2017, at 5:31 PM, Peter Aldhous <[redacted]> wrote:

Dear Dr. Krauss,

Apologies for the multiple emails.

Regarding #1, you say it "refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards."

To clarify, are you saying that this mutual decision was reached in the hotel room? Or was this discussed subsequently?

Sincerely,

Peter Aldhous

On 12/11/17 1:00 PM, Peter Aldhous wrote:

Dear Dr. Krauss,

Thank you for your responses, which state that the allegations made against you are false and/or distorted.

That does raise a question:

Why do you think that multiple women, over more than a decade, have separately made accusations against you?

Sincerely,

Peter Aldhous

On 12/11/17 9:18 AM, Lawrence Krauss wrote:

I appreciate the opportunity to respond to your email. I am currently on a plane until noon pacific time, and then heading to a meeting right after landing, till about 2 pm or so. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete, as I always try and do with reporters. If you decide to go ahead with a story, which, after reading my responses, I hope you decide is inappropriate, I would like you to quote my responses fully in order not to distort them.

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public, and this is supported by the institutions of which I am a part. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens me up to a host of unfounded outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that their experience validates a trust in my behavior. I was asked to be an honorary director of CFI, and continue to be invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo by people whose motives I cannot judge. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who accompanied me on the cruise, and has attested to the fact that the claim is false. This is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me, asked me to talk over coffee, or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school in physics, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member and department chair I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it, and I believe she found it useful. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction but also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, again in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and explaining the situation, I was told that no formal complaint of sexual harassment was requested. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, the excellent relations I had with my colleagues there— both among the faculty (many of whom in physics I had hired while department chair)) and among the administration, along with a very attractive counter-offer by Case. Because I was already in Arizona at the later time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. Following this episode, as indicated in the letter to the student, I did assess what might have led to misinterpretations by this student, and became more careful in offering advice when talking to students. I was also told by human resources that because it was decided to handle this informally and not formally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would preserve its confidentiality and remove the complaint from my record after 5 years, which makes me surprised and concerned that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and moreover that the 'outside complaints' were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. In addition ANU's investigation, which took a full month, found various inconsistencies in the allegation, which suggest distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report, from which I quote below absolved me of any wrongdoing, reinstating my position, and indicated information inconsistent with the original claim and apparent later claims:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
-The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took
the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour. Moreover, I have no idea if the other eyewitnesses you quote, who were not involved in any complaint, were in fact there but this was a formal banquet with individuals and their partners, which I attended long enough to agree to sign things and do selfies before leaving early because I was tired. Even if I had any such intent it would have been lunacy to pose for selfies in front of a group and openly do such a thing, including presumably in front of this person's partner, . Which, besides the fact that I don't do such things, is one of the many reasons it never happened.)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, or sometimes aggressive. I am particularly proud of the way I work to make all people feel at ease, and respected, rather than humiliated, whatever their behavior or request. Thus, this false claim strikes at the heart of what I am about, which characterizes all my interactions with fans: to acknowledge them in a way that makes them feel appreciated and respected. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed and should report on. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

On Dec 10, 2017, at 6:12 PM, Peter Aldhous <[redacted] wrote:

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

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Based on our reporting, this is what we plan to publish:

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- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
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- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.

- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
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- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

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- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.
- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
- You also make regular public appearances across the world, often at gatherings of skeptics and atheists.

- At CSICon in Las Vegas in October, a few dozen fans paid $500 per head to attend a VIP luncheon with you and Dawkins.
- Many more lined up to get you to sign their copy of your latest book, *The Greatest Story Ever Told — So Far*.
- Online, people can buy T-shirts emblazoned "Lawrence Krauss for President."
- In talks and interviews, you have argued that our universe arose without divine intervention, that religion drives xenophobia, and that our brains are hardwired to believe.
- You have stated that science provides answers to many of life's biggest questions, and can even fix great societal injustices.
- Earlier this year, at a Q&A event to promote your new book, the conversation came around to the dearth of women and minorities in science. "Science itself overcomes misogyny and prejudice and bias," you said. "It's built in: Questioning yourself, always questioning results, questioning others, relying on empirical evidence."
- You have clashed with some skeptics over your defense of Jeffrey Epstein, a billionaire financier who in 2008 was convicted for soliciting prostitution from underage girls, and spent 13 months in a Florida jail.
- Through his private foundation, Epstein has funded the work of several prominent scientists. He has provided funding for your Origins Project, supporting lectureship and scholarship programs, most recently pledging $100,000 in 2014.
- In April 2011, you told the Daily Beast: "As a scientist I always judge things on empirical evidence and he always has women ages 19 to 23 around him, but I've never seen anything else, so as a scientist, my presumption is that whatever the problems were I would believe him over other people."
- In a blog comment about the Epstein controversy, you wrote: "I remain skeptical, and I support a man whose character I believe I know...If you want to condemn me for that, so be it."
- You were made an honorary member of CFI's board of directors in December 2011.
- A blog post published in August 2013 described incidents #1 and #4, naming you. Another post, published at around the same time, described incident #5.
- The first post was edited to remove your name after you had commented that the allegations of assault were "potentially illegal." The second post was quickly taken down.

Again, if you wish to comment on or clarify any of these points, please get in touch with us as soon as possible. If I do not respond immediately it is because I am on another call, so please leave the best phone number to reach you.

Thanks,
Peter Aldhous
[redacted]

--
**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
tel: [redacted]
cell: [redacted]
[redacted]
@paldhous
www.peteraldhous.com

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**

**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378 | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

<image002.png>

--
**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
tel: [redacted]
cell: [redacted]
[redacted]
@paldhous
www.peteraldhous.com
PGP Fingerprint: 225F B2AF 4B8E 6E3D B1EA 7F9A B96E BF7D 9CB2 9B16 <="" a="" moz-do-not-send="true">

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**Peter Aldhous**, PhD
Science reporter | **BuzzFeed News**
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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378 | Assistant (Jessica): 480.965.9825
Origins Office (Cynthia): 480.965.0053
krauss@asu.edu
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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On Aug 17, 2016, at 11:27 AM, Darren Indyke <[redacted]> wrote:

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DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** "Michael, Charles" <[redacted]>
**Subject: RE: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 16, 2016 at 10:42:56 PM EDT
**To:** 'Darren Indyke' <[redacted]>

Darren:

**Privileged - Redacted**

Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Privileged - Redacted**

# Privileged - Redacted

Thanks,

Regards,

Darren

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DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**From:** steven hoffenberg [redacted]
**Subject: Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 11, 2016 at 9:42:25 AM EDT
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." [redacted]
**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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<2016.08.16 - Draft Letter to Eric Rayman re Epstein Book re Steven Hoffe....docx>

<Ex. A - 2016.08.11 - Hoffenberg Email re Being on Book Writing Team.pdf>

<Ex. B - 1997.03.05 - Sentencing Opinion.pdf>

<Ex. C - 2014.12.16 - Consent Decree re NY Post.pdf>

<Ex. D - 2016.07.05 - Order Dismissing Case.pdf>

**From:** Darren Indyke [redacted]
**Sent:** 8/17/2016 4:01:19 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Importance:** High

**Privileged - Redacted**

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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On Aug 17, 2016, at 11:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Wed, Aug 17, 2016 at 9:27 AM, Darren Indyke <dkiesq@aol.com> wrote:

**Privileged - Redacted**

We wrote a letter to the court. May be hopful.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** "Michael, Charles" <cmichael@Steptoe.com>
**Subject: RE: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 16, 2016 at 10:42:56 PM EDT
**To:** 'Darren Indyke' <dkiesq@aol.com>

Darren:

**Privileged - Redacted**

Best,

Charles

---

**From:** Darren Indyke [mailto:dkiesq@aol.com]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

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# Privileged - Redacted

Thanks,

Regards,

Darren

DARREN K. INDYKE
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New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** steven hoffenberg <hoffenberg.steven@gmail.com>
**Subject: Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 11, 2016 at 9:42:25 AM EDT

**To:** dkiesq@aol.com

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Begin forwarded message:

**From:** steven hoffenberg <hoffenberg.steven@gmail.com>
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." <players02@hotmail.com>
**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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TO ROGER STONE

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**From:** Darren Indyke [redacted]
**Sent:** 8/18/2016 2:45:08 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!
**Attachments:** 2016.08.17 - Draft Letter to Eric Rayman re Epstein Book re Steven Hoffe....docx; Untitled attachment 110342.htm

**Importance:** High

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DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** "Michael, Charles" <[redacted]>
**Subject: RE: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 17, 2016 at 10:56:37 PM EDT
**To:** 'Darren Indyke' <[redacted]>

**Privileged - Redacted**

# Privileged - Redacted

Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]
**Sent:** Wednesday, August 17, 2016 4:02 PM
**To:** Michael, Charles
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

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**********

On Aug 16, 2016, at 10:42 PM, Michael, Charles <[redacted]> wrote:

Darren:

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Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

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Thanks,

Regards,

Darren

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

[redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Subject: Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 11, 2016 at 9:42:25 AM EDT
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." <[redacted]>

**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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<2016.08.16 - Draft Letter to Eric Rayman re Epstein Book re Steven Hoffe....docx><Ex. A - 2016.08.11 - Hoffenberg Email re Being on Book Writing Team.pdf><Ex. B - 1997.03.05 - Sentencing Opinion.pdf><Ex. C - 2014.12.16 - Consent Decree re NY Post.pdf><Ex. D - 2016.07.05 - Order Dismissing Case.pdf>

**From**: Thomas Jr., Landon [redacted]
**Sent**: 11/18/2016 4:38:21 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Duke Buchan III

**Importance**: High

This guy apparently is constantly texting Trump/Trump. Have you heard of him?
http://hginvestors.com/?page_id=10
--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Ramsey Elkholy [redacted]
**Sent**: 1/13/2017 5:07:22 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

My sister's in a wheelchair the cancer is getting worse, she's just about done, so trying to spend some time with her. My mother's alzheimer's has gotten worse, but it's not so bad, I tell her whatever I want her to know, like my father is off at work and coming home soon and I have a beautiful wife and 3 kids that very much enjoyed her company yesterday and she's happy, so I've figured out how to manage that one. Otherwise no news, going to Brazil in a few weeks. If you're still interested in Joy I'll let them know, I remember they wanted to meet you at Paris when they went for VS show, so not sure what their future plans are, but Marcelo - one of the owners/investors - will probably try to impress you Brazilian style (over-stating/inflating everything), but the girls are there and they're trying to network in Eastern Europe, so if you get involved for that reason alone I guess you'll be satisfied at the end of the day.

Congrats on your Trump.... but if any of that is true I guess he will be impeached (fingers crossed, lol).

---

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** January 12, 2017 9:06 AM
**To:** Ramsey Elkholy
**Subject:**

news?
--
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return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
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Image Not Available

**From:** Richard Kahn [redacted]
**Sent:** 11/21/2017 1:29:32 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fwd: 2017 IFP Gotham Awards

**Importance:** High

is gratitude paying for IFP or peggy?
please advise
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax
cel

Begin forwarded message:

**From:** Steven Pfeiffer <[redacted]>
**Subject: Re: 2017 IFP Gotham Awards**
**Date:** November 20, 2017 at 8:48:00 PM EST
**To:** Richard Kahn <[redacted]>

Hi Richard -

I certainly will. But perhaps you can clarify something for me before I put all this together for the donation. Jeffrey Epstein had asked to submit the letter and invoice to Peggy Siegal instead, and she had supplied different information than below.

Please advice how best to proceed.

Best,
Steven

Sent from my iPhone

On Nov 20, 2017, at 8:33 PM, Richard Kahn <[redacted]> wrote:

please send info tomorrow as i will be out the remainder of the week
thank you

Richard Kahn

HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Nov 17, 2017, at 11:38 AM, Steven Pfeiffer <[redacted]> wrote:

Dear Richard,

Thanks so much for providing this information. I'm offsite today at the ceremony venue, but I will be sure to send everything over to you via email on Monday.

Best regards,
Steven

Sent from my iPhone

On Nov 17, 2017, at 11:19 AM, Richard Kahn
<[redacted]> wrote:

The foundation that will be making this contribution is:

Gratitude America Ltd.
6100 Red Hook Quarter, B3
St Thomas, USVI 00802

please send all correspondence including invoice to me via email
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Nov 16, 2017, at 3:38 PM, Steven Pfeiffer <[redacted]> wrote:

Hi Jeffrey –

Sounds good. Thanks so much for confirming. If you or someone in your office could provide the information below, I can send along an invoice and contribution letter for your $10K donation toward the chairs.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Many thanks.

Best,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

<image001.png>

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:26 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>, Richard Kahn <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

happy to buy your 10k of chairs and will need me plus 3 seats.

On Thu, Nov 16, 2017 at 1:36 PM, Steven Pfeiffer <[redacted]> wrote:

Hello Jeffrey –

I hope all is well with you. As per Peggy Siegal's office, I have included here the invitation to the IFP Gotham Awards ceremony, which will be held on Monday, November 27 at Cipriani Wall Street in New York City.

This year's ceremony is going to be another successful event. We couldn't be more thrilled with this year's impressive group of Tributees. The Actress Tribute will go to **Nicole Kidman** and the Actor Tribute to **Dustin Hoffman**. The Director Tribute will be given to **Sofia Coppola**, with the Cinematographer Tribute going to **Ed Lachman**. With the Industry Tribute, we will be honoring **Jason Blum**, founder of Blumhouse Productions. And we simply couldn't be more pleased to honor Vice President **Al Gore** with this year's special Humanitarian Tribute. With nominees this year ranging from **Willem Dafoe, Adam Sandler** and **Robert Pattison** to **Margot Robbie, Lois Smith** and **Mary J. Blige**, this year's ceremony looks to be the most star studded ever.

Please let me know if you have any questions.

Best regards,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p:[redacted]
www.ifp.org

<image002.png>

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**From:** Nicholas Ribis [redacted]
**Sent:** 10/3/2018 3:10:21 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

In DC finalizing

Sent from my iPhone

On Oct 3, 2018, at 11:07 AM, J <jeevacation@gmail.com> wrote:

?

On Wed, Oct 3, 2018 at 9:18 AM Nicholas Ribis <[redacted]> wrote:

I will call u later

Sent from my iPhone

On Oct 2, 2018, at 7:27 PM, J <jeevacation@gmail.com> wrote:

https://www.marketwatch.com/story/new-york-launches-tax-investigation-into-trump-after-ny-times-report-2018-10-02

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/20/2015 12:14:30 AM
**To**: Jean Luc Brune[redacted]
**Subject**: could you put something like this out. if you want

I have to hand it to ms[redacted]. I'm sure she deserves the pretty penny she has made for her effort . She has certainly caught the imagination of a public hungry for salacious fiction. To suggest her story is anything other than that, a fiction , is ludicrous. Presidents at dinner on caribean islands. ( clinton was never ever there, easy to confirm ). Sharing a bath with a Prince ( bathtub too small even for one adult ). sex slave being paid thousands of dollars. ( while at the exact same time, she was working as a hostess in a burger bar ). being lent out to a prime minister though this prime mininster, never out of sight of his massive security detail also never visited the island, , sex on a small airplane with a famous lawyer while the other passengers must have been all looking out the window during the event . I would have thought that her fabrications were readilly apparent , but now , being asked to deny what the press has termed her " allegations " is frankly silly. ok, to play along I deny each and every allegation . The only person she didn't suggest she was forced to have sex with , was Bilbo Baggins. , maybe its in the sequel.

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/17/2016 3:50:43 PM
**To:** Darren Indyke [redacted]
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Importance:** High

**Privileged - Redacted**

On Wed, Aug 17, 2016 at 9:27 AM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** "Michael, Charles" <[redacted]>

**Subject: RE: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 16, 2016 at 10:42:56 PM EDT
**To:** 'Darren Indyke' <[redacted]>

Darren:

**Privileged - Redacted**

Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Privileged - Redacted**

Thanks,

Regards,

Darren

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Subject: Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 11, 2016 at 9:42:25 AM EDT
**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <hoffenberg.steven@gmail.com>
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." <players02@hotmail.com>
**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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TO ROGER STONE

CHILD RAPE BILLIONAIRE JEFF EPSTEIN NEW TELL ALL JAMES PATTERSON BOOK FEDS COVER UP NO FED ARREST OF MASS CHILD RAPIST BILLIONAIRE JEFF EPSTEIN BOOK RELEASE DATE OCT 10 2016 !!!!!

STEVEN HOFFENBERG IS ON THE JAMES PATTERSON BOOK WRITING TEAM .

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/17/2016 4:11:25 PM
**To:** Darren Indyke [redacted]
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Importance:** High

**Privileged - Redacted**

On Wed, Aug 17, 2016 at 10:01 AM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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On Aug 17, 2016, at 11:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Wed, Aug 17, 2016 at 9:27 AM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**From:** "Michael, Charles" <[redacted]>
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**Date:** August 16, 2016 at 10:42:56 PM EDT
**To:** 'Darren Indyke' <[redacted]>

Darren:

Privileged - Redacted

Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

Privileged - Redacted

# Privileged - Redacted

Thanks,

Regards,

Darren

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022

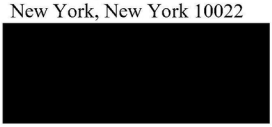

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**From:** steven hoffenberg <[redacted]>
**Subject: Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 11, 2016 at 9:42:25 AM EDT
**To:** [redacted]

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**From:** steven hoffenberg <[redacted]>
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." <[redacted]>
**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/18/2016 2:47:14 PM
**To:** Darren Indyke [redacted]
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Importance:** High

**Privileged - Redacted**

On Thu, Aug 18, 2016 at 8:45 AM, Darren Indyke <[redacted]> wrote:

# Privileged - Redacted

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DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**From:** "Michael, Charles" <[redacted]>
**Subject: RE: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**
**Date:** August 17, 2016 at 10:56:37 PM EDT
**To:** 'Darren Indyke' <[redacted]>

**Privileged - Redacted**

# Privileged - Redacted

Best,

Charles

---

**From:** Darren Indyke [mailto:[redacted]
**Sent:** Wednesday, August 17, 2016 4:02 PM
**To:** Michael, Charles
**Subject:** Re: Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

# Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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**********

On Aug 16, 2016, at 10:42 PM, Michael, Charles <[redacted]> wrote:

Darren:

**Privileged - Redacted**

Best,

Charles

---

**From:** Darren Indyke [mailto[redacted]
**Sent:** Monday, August 15, 2016 5:35 PM
**To:** Michael, Charles
**Subject:** Privileged and Confidential - Fwd: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!

**Privileged - Redacted**

Thanks,

Regards,

Darren

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

[redacted]

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**To:** [redacted]

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Begin forwarded message:

**From:** steven hoffenberg <[redacted]>
**Date:** August 11, 2016 at 9:36:01 AM EDT
**To:** "Players2 ." <[redacted]>

**Subject: JAMES PATTERSON NEW BOOK TELLING FEDS COVER UP OF BILLIONAIRE JEFF EPSTEIN CHILD RAPES RELEASE DATE OCT 10 2016 STEVEN HOFFENBERG IS ON THE BOOK WRITING TEAM !!!!**

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<2016.08.16 - Draft Letter to Eric Rayman re Epstein Book re Steven Hoffe....docx><Ex. A - 2016.08.11 - Hoffenberg Email re Being on Book Writing Team.pdf><Ex. B - 1997.03.05 - Sentencing Opinion.pdf><Ex. C - 2014.12.16 - Consent Decree re NY Post.pdf><Ex. D - 2016.07.05 - Order Dismissing Case.pdf>

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/18/2016 6:27:24 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Duke Buchan III

nope

On Fri, Nov 18, 2016 at 12:38 PM, Thomas Jr., Landon <[redacted]> wrote:

This guy apparently is constantly texting Trump/Trump. Have you heard of him?
http://hginvestors.com/?page_id=10
--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/21/2017 1:44:04 PM
**To:** Richard Kahn [redacted]
**Subject:** Re: 2017 IFP Gotham Awards

gratitude

On Tue, Nov 21, 2017 at 8:29 AM, Richard Kahn <[redacted]> wrote:

is gratitude paying for IFP or peggy?
please advise
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

Begin forwarded message:

**From:** Steven Pfeiffer <[redacted]>
**Subject: Re: 2017 IFP Gotham Awards**
**Date:** November 20, 2017 at 8:48:00 PM EST
**To:** Richard Kahn <[redacted]>

Hi Richard -

I certainly will. But perhaps you can clarify something for me before I put all this together for the donation. Jeffrey Epstein had asked to submit the letter and invoice to Peggy Siegal instead, and she had supplied different information than below.

Please advice how best to proceed.

Best,
Steven

Sent from my iPhone

On Nov 20, 2017, at 8:33 PM, Richard Kahn <[redacted]> wrote:

please send info tomorrow as i will be out the remainder of the week
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Nov 17, 2017, at 11:38 AM, Steven Pfeiffer <[redacted]> wrote:

Dear Richard,

Thanks so much for providing this information. I'm offsite today at the ceremony venue, but I will be sure to send everything over to you via email on Monday.

Best regards,
Steven

Sent from my iPhone

On Nov 17, 2017, at 11:19 AM, Richard Kahn
<[redacted]> wrote:

The foundation that will be making this contribution is:

Gratitude America Ltd.
6100 Red Hook Quarter, B3
St Thomas, USVI 00802

please send all correspondence including invoice to me via email
thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Nov 16, 2017, at 3:38 PM, Steven Pfeiffer <[redacted]> wrote:

Hi Jeffrey –

Sounds good. Thanks so much for confirming. If you or someone in your office could provide the information below, I can send along an invoice and contribution letter for your $10K donation toward the chairs.

COMPANY NAME (if applicable):
CONTACT NAME:
ADDRESS LINE 1:
ADDRESS LINE 2:

Many thanks.

Best,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

<image001.png>

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Thursday, November 16, 2017 at 3:26 PM
**To:** Steven Pfeiffer <[redacted]>, Peggy Siegal <[redacted]>, Richard Kahn <[redacted]>
**Subject:** Re: 2017 IFP Gotham Awards

happy to buy your 10k of chairs and will need me plus 3 seats.

On Thu, Nov 16, 2017 at 1:36 PM, Steven Pfeiffer <[redacted]> wrote:

Hello Jeffrey –

I hope all is well with you. As per Peggy Siegal's office, I have included here the invitation to the IFP Gotham Awards ceremony, which will be held on Monday, November 27 at Cipriani Wall Street in New York City.

This year's ceremony is going to be another successful event. We couldn't be more thrilled with this year's impressive group of Tributees. The Actress Tribute will go to **Nicole Kidman** and the Actor Tribute to **Dustin Hoffman**. The Director Tribute will be given to **Sofia Coppola**, with the Cinematographer Tribute going to **Ed Lachman**. With the Industry Tribute, we will be honoring **Jason Blum**, founder of Blumhouse Productions. And we simply couldn't be more pleased to honor Vice President **Al Gore** with this year's special Humanitarian Tribute. With nominees this year ranging from **Willem Dafoe, Adam Sandler** and **Robert Pattison** to **Margot Robbie, Lois Smith** and **Mary J. Blige**, this year's ceremony looks to be the most star studded ever.

Please let me know if you have any questions.

Best regards,
Steven

**Steven Pfeiffer**
**Associate Director, Development**
Independent Filmmaker Project

Made in NY Media Center by IFP
30 John Street
Brooklyn, NY 11201
p: [redacted]
www.ifp.org

<image002.png>

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**From:** J [jeevacation@gmail.com]
**Sent:** 2/25/2019 7:25:08 PM
**To:** Michael Wolff[redacted]

https://www.philly.com/opinion/commentary/robert-kraft-prostitution-jeffrey-epstein-sex-slavery-trump-20190224.html

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**From**: Gmax [gmax1@ellmax.com]
**Sent**: 4/2/2011 7:09:39 PM
**To**: jeevacation@gmail.com
**Subject**: Re:

**Importance**: High

I have been thinking about that...

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Sat Apr 02 14:25:45 2011
Subject:

i want you to realize that that dog that hasn't barked is trump.. virignia spent hours at my house with him ,, he has never once been mentioned. police chief. etc. im 75 % there

--
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**From**: Gmax [gmax1@ellmax.com]
**Sent**: 5/18/2011 11:27:04 AM
**To**: jeevacation@gmail.com
**Subject**: Re:

**Importance**: High

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Wed May 18 06:37:36 2011
Subject:

do you have photos from our clinton trip to africa

--
**********
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**From**: Gmax [gmax1@ellmax.com]
**Sent**: 5/18/2011 11:27:18 AM
**To**: jeevacation@gmail.com
**Subject**: Re:

**Importance**: High

Somewhere

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Gmax
Sent: Wed May 18 06:37:36 2011
Subject:

do you have photos from our clinton trip to africa

--
**********
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return e-mail or by e-mail to jeevacation@gmail.com, and
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**From:** Middle East Update [middle.east.update@hotmail.com]
**Sent:** 6/1/2011 10:47:23 PM
**To:** Middle East Update [middle.east.update@hotmail.com]
**Subject:** Middle East Update - May 25-31, 2011

# Middle East Update
# May 25-31, 2011

## Syria

International pressure on Damascus is mounting. After the US imposed sanctions on the Syrian leadership earlier in May, the EU foreign ministers agreed to impose travel bans and to freeze the assets of President Assad and nine other Syrian senior officials. Within days of the EU announcement, Canada invoked similar travel and economic sanctions.

While Russia blocked any reference in the G8 communiqué to the possibility of deferring the issue of Syria to the UN Security Council, the communiqué's compromise language illustrates the international community's increased pressure on the regime. The G8 leaders stated that they were "appalled" by the death of peaceful protesters and called on the Syrian leadership to immediately stop using force against its people or the G-8 countries would "consider taking further measures".

At the same time, Sheikh Hassan Nasrallah—the leader of the Lebanese party Hizbullah—called on the Syrian people to give the government time to effectuate reforms, arguing that President Assad believes in reforming the system and is determined to implement change. The Hizbullah leader denied that his party has dispatched fighters to assist the Syrian regime in quelling the protest movement. Anti-Iran and -Hizbullah slogans were chanted in a number of Syrian cities in response to Nasrallah's defense of the regime and his pictures were burned in Deir Ezzor in eastern Syria.

Syrian protesters declared Friday "the day of the Guardians of the Homeland"—a reference to the Syrian armed forces—in an effort to encourage the army to join the uprising. Security and military forces appear, however, to be stepping up their campaign in an attempt to end the protests. Tens of people were killed or wounded over the weekend and tanks have entered two suburbs of the city of Homs, Rastan, and Talbiseh. The heavy-handed repression by police and military officials may lead demonstrators to consider a recourse to arms.

The government is cracking down on protesters' use of social media, but, in contrast to what occurred in Egypt, it has refrained from a general shut down of the internet. Security officials are forcing dissidents to turn over their Facebook passwords and have switched off 3G mobile networks in order to prevent the uploading of protestor videos to YouTube. The electricity and phone service has been cut off in neighborhoods where discontent is mounting.

Facebook and, in particular, its "Syrian Revolution 2011" page, has been a vital platform for activists to mobilize protests and to disseminate information. Syria has over 580,000 Facebook users. In response to government measures, protesters have created multiple Facebook pages under different names and have given their Facebook passwords to friends in case they are arrested or disappear and their comments opposing the Assad regime need to be quickly removed from personal webpages.

Syrian activists acknowledge their debt to the Tunisian and Egyptian revolutions, further improvising and improving on their tactics on a daily basis in an effort to avoid retribution by the regime and to sustain the protest movement. Daytime demonstrations have moved to the evening in order to make it more difficult for security forces to identify individual protesters and to single them out for arrest. After dark, protesters can disperse to unlit alleyways to escape arrest—a tactic Syrian activists call "tayyara" or flying.

## Yemen

The authority of President Saleh's government continues to erode rapidly and Yemen appears to be edging closer towards a civil war. Tribal fighters in the capital of Sanaa, have gained control of key ministries, including the Interior Ministry. Brigades from the Republican Guard—the President's main forces—have surrendered to tribal fighters east and west of the capital who have succeeded in blocking their deployment to Sanaa.

According to well-informed sources, the Vice President, the Prime Minister, and the Speaker of the Yemeni Consultative Council have tried to convince President Saleh to sign the agreement mediated by the Gulf Cooperation Council (GCC) in

an effort to avoid civil conflict. Disregarding their advice, President Saleh remains convinced that he will be able to stem the uprising and maintain his control of the government.

On Sunday night, President Saleh ordered units of the Republican Guard and Central Security—commanded by his son and a nephew, respectively—to clear the protestors from Liberty Square in the city of Taizs, where they have been camping for more than four months. Dozens of civilians were killed and approximately 1000 were wounded. Reports indicate that President Saleh is preparing to attack protesters in other cities and towns.

The absence of a political solution to the Yemeni uprising has led to an escalation of violence in Sanaa. Fighting between President Saleh's forces and those of the leader of the powerful Hashid tribe, Sheikh Sadiq al-Ahmar—a supporter of the Youth revolution—broke out on Monday. The Republican Guards fired missiles at Ahmar's residence, killing approximately fifty people, including prominent personalities who were trying to mediate an end to the fighting. This attack has further alienated other tribes from President Saleh's regime.

Friday's G8 declaration expressed growing concern regarding the situation in Yemen and urged President Saleh to immediately "ensure that the legitimate aspirations of the Yemeni people are addressed." Reports indicate that King Abdullah of Saudi Arabia has also called on President Saleh to immediately leave office. Having turned his army against the Ahmar family, which has close ties to Saudi leaders, President Saleh has no doubt done some damage to Saudi-Yemeni relations.

US officials are continuing to consult with Arab and European allies in an effort to bring the deteriorating situation to the attention of the UN Security Council. A UNSC Presidential Statement asking Saleh to accept the GCC-mediated agreement is being considered. In the absence of compliance, and in the event of an escalation of fighting, sanctions could be imposed on the President and his family. Last Sunday, John Brennan, Assistant to President Obama, called President Saleh to brief him on Washington's plans and to urge him to sign the Gulf agreement.

The sudden withdrawal of government forces from the city of Zinjibar, in the Abyan province, made it possible for al-Qaida fighters to occupy the city and to take over government offices. Military commanders who defected from the regime have issued a communiqué accusing the President of facilitating al-Qaida's takeover of Zinjibar. They see this as an attempt to scare the West into supporting President Saleh by convincing them that al-Qaida will take over if Saleh leaves. The split within the military is wide and deep.

The Republican Guard and the Special Forces, the elite forces that are in charge of the President's protection, are not necessarily immune from division. Each side, however, calculates that its opponents are weak and, therefore, the temptation to resort to military means to resolve the impasse is very high.

**Jordan**

Demonstrations took place after Friday prayers in the cities of Amman and Maan—where railroad workers went on strike, paralyzing rail services. Protesters called for political reforms and increased efforts to combat corruption. A silent protest was also convened in front of the Jordanian Parliament, calling for constitutional democracy, not just amending of the constitution.

**Libya**

President Barack Obama and Prime Minister David Cameron have indicated that they are bracing for a long battle in Libya, not just to remove Col. Qaddafi from power, but to guide the burgeoning democracy movement in other Arab states to a successful conclusion.

NATO leaders have decided against bombing Libya's infrastructure, an idea voiced by many officials, including Britain top military commander, Gen. Sir David Richards. President Obama has urged patience, underscoring that the combination of bombing, sanctions, and import cutoff will force Qaddafi from power.

Following the Summit meeting in France, G8 leaders declared that "Qaddafi and the Libyan government have failed to fulfill their responsibilities to protect the Libyan population and have lost all legitimacy. [Qaddafi] has no future in a free, democratic Libya. He must go." Russia agreed to this formulation after initial objections.

**Morocco**

Last Sunday, Moroccan authorities detained several demonstrators who were protesting under the banner of "insistence on change." Prominent Moroccan human rights advocates expressed indignation at the treatment of protesters by security forces, considering it to be an escalation of repressive methods toward peaceful protests and a sign of the regime's lack of determination to effectuate democratic change. The opposition movement is organizing a nation-wide protest on June 5 in response to these arrests.

Moroccan security forces have accused the 20th February movement—which is demanding constitutional reforms—of violating the law, claiming that the movement has become an umbrella cover for extremists, from the left and right, who are calling for the downfall of the regime. Officials have, however, denied allegations that the government has decided to forbid the movement from protesting.

**Bahrain**

Sources suggest that the opposition plans to resume protests for democratic reforms as soon as the emergency law is lifted on June 1.

According to reports, Saudi officials have approached Pakistan, Malaysia, Indonesia, and Central Asian states to lend diplomatic support and, possibly, military assistance to the Gulf Cooperation Council's presence in Bahrain. Saudi national security adviser, Prince Bandar bin Sultan, has reportedly asked for Pakistani support in Bahrain, including the possible integration of Pakistani troops into the approximately 4000 Saudis already posted there. Malaysia has already indicated its willingness to send troops to Bahrain.

**Saudi Arabia**

Protesters in eastern Saudi Arabia, an area mostly populated by Saudi Shiites, believed their movement would spread to other parts of the country, but the protests remained confined to the East. The youth movement ended its protests there, following pressure from community elders and the arrests of 150 demonstrators. Activists believe that the protests for democratic reforms and an end to sectarian discrimination will eventually resume. Riyadh remains concerned that Iran is manipulating Shiite sentiments and the desire for reforms in order to further Iranian foreign policy objectives.

Manal al-Sharif—an information technology expert—was detained for five days on Sunday on charges of disturbing public order. Sharif was arrested while driving in the eastern city of Dammam with her brother sitting next to her, challenging the law that forbids Saudi females from driving.

Her arrest has been highlighted on both Facebook and Twitter, with a call to Saudi women to drive en masse on June 17. The campaign has so far attracted 12,000 followers on Facebook. Saudi Arabia is the only country that forbids women from driving. The Saudi government wants to prevent the rise of a movement, using social media having observed similar protest movements in other Arab states. An online petition to free Sharif, addressed to King Abdullah, has attracted more than 600 signatures by both men and women.

**From**: Gmax [gmax1@ellmax.com]
**Sent**: 6/2/2011 2:20:56 PM
**To**: jeevacation@gmail.com

**Importance**: High

Dear President Obama:
I am writing today with a somewhat unusual request.

First and foremost, I am asking that you return America to its August 20th, 1959 borders so that Hawaii is no longer a state and you are no longer a citizen.
Sincerely,
Prime Minister
Benjamin Netanyahu

**From:** [redacted]
**Sent:** 6/18/2011 2:51:44 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** The European Union Times

**Importance:** High

T

Sent from my iPad

# Russia Says IMF Chief Jailed For Discovering All US Gold is Gone

A new report prepared for Prime Minister Putin by the Federal Security Service (FSB) says that former International Monetary Fund (IMF) Chief Dominique Strauss-Kahn was charged and jailed in the US for sex crimes on May 14th after his discovery that all of the gold held in the United States Bullion Depository located at Fort Knox was 'missing and / or unaccounted' for.

According to this FSB secret report, Strauss-Kahn had become "increasingly concerned" earlier this month after the United States began "stalling" its pledged delivery to the IMF of 191.3 tons of gold agreed to under the Second Amendment of the Articles of Agreement signed by the Executive Board in April 1978 that were to be sold to fund what are called Special Drawing Rights (SDRs) as an alternative to what are called reserve currencies.

This FSB report further states that upon Strauss-Kahn raising his concerns with American government officials close to President Obama he was 'contacted' by 'rogue elements' within the Central Intelligence Agency (CIA) who providedhim 'firm evidence' that all of the gold reported to be held by the US 'was gone'.

Upon Strauss-Kahn receiving the CIA evidence, this report continues, he made immediate arrangements to leave the US for Paris, but when contacted by agents working for France's General Directorate for External Security (DGSE) that American authorities were seeking his capture he fled to New York City's JFK airport following these agents directive not to take his cell-phone because US police could track his exact location. Once Strauss-Kahn was safely boarded on an Air France flight to Paris, however, this FSB report says he made a 'fatal mistake' by calling the hotel from a phone on the plane and asking them to forwarded the cell-phone he had been told to leave behind to his French residence, after which US agents were able to track and apprehend him.

Within the past fortnight, this report continues, Strauss-Kahn reached out to his close friend and top Egyptian banker Mahmoud Abdel Salam Omar to retrieve from the US the evidence given to him by the CIA. Omar, however, and exactly like Strauss-Kahn before him, was charged yesterday by the US with a sex crime against a luxury hotel maid, a charge the FSB labels as 'beyond belief' due to Omar being 74-years-old and a devout Muslim.

In an astounding move puzzling many in Moscow, Putin after reading this secret FSB report today ordered posted to the Kremlin's official website a defense of Strauss-Khan becoming the first world leader to state that the former IMF chief was a victim of a US conspiracy. Putin further stated, "It's hard for me to evaluate the hidden political motives but I cannot believe that it looks the way it was initially introduced. It doesn't sit right in my head."

Interesting to note about all of these events is that one of the United States top Congressman, and 2012 Presidential candidate, Ron Paul has long stated his belief that the US government has lied about its gold reserves held at Fort Knox. So concerned had Congressman Paul become about the US government and the Federal Reserve hiding the truth about American gold reserves he put forward a bill in late 2010 to force an audit of them, but which was subsequently defeated by Obama regime forces.
When directly asked by reporters if he believed there was no gold in Fort Knox or the Federal Reserve, Congressman Paul gave the incredible reply, "I think it is a possibility."

Also interesting to note is that barely 3 days after the arrest of Strauss-Kahn, Congressman Paul made a new call for the US to sell its gold reserves by stating, "Given the high price it is now, and the tremendous debt problem we now have, by all means, sell at the peak."

Bizarre reports emanating from the US for years, however, suggest there is no gold to sell, and as we can read as posted in 2009 on the ViewZone.Com news site:
"In October of 2009 the Chinese received a shipment of gold bars. Gold is regularly exchanged between countries to pay debts and to settle the so-called balance of trade.

Most gold is exchanged and stored in vaults under the supervision of a special organization based in London, the London Bullion Market Association (or LBMA). When the shipment was received, the Chinese government asked that special tests be performed to guarantee the purity and weight of the gold bars. In this test, four small holes are drilled into the gold bars and the metal is then analyzed.

Officials were shocked to learn that the bars were fake. They contained cores of tungsten with only a outer coating of real gold. What's more, these gold bars, containing serial numbers for tracking, originated in the US and had been stored in Fort Knox for years. There were reportedly between 5,600 to 5,700 bars, weighing 400 oz. each, in the shipment!"

To the final fate of Strauss-Kahn it is not in our knowing, but new reports coming from the United States show his determination not to go down without a fight as he has hired what is described as a 'crack team' of former CIA spies, private investigators and media advisers to defend him.

To the practical effects on the global economy should it be proved that the US, indeed, has been lying about its gold reserves, Russia's Central Bank yesterday ordered the interest rate raised from 0.25 to 3.5 percent and Putin ordered the export ban on wheat and grain crops lifted by July 1st in a move designed to fill the Motherlands coffers with money that normally would have flowed to the US.

The American peoples ability to know the truth of these things, and as always, has been shouted out by their propaganda media organs leaving them in danger of not being prepared for the horrific economic collapse of their nation now believed will much sooner than later.

**From:** [redacted]
**Sent:** 6/18/2011 2:59:52 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]

**Importance:** High

# DOMINQUE STRAUSS-KAHN ARRESTED, NOT BECAUSE HE RAPED A MAID, BUT BECAUSE HE HAD EVIDENCE US HAS NO GOLD IN FORT KNOX.

Posted by admin on Jun 3, 2011 in News | 0 comments

A startling story published by the European Union Times, could be the one of the worlds biggest conspiracy theories, a plot for a movie or a frightening scenario for the U.S. and world economy.

Dominique Strauss Kahn

According to the on-line publication a new report prepared for Russian Prime Minister Putin by the FederalSecurity Service(FSB) says that former International Monetary Fund (IMF) ChiefDominique Strauss-Kahnwas charged and jailed in the US forsex crimeson May 14 after his discovery that all of thegoldheld in theUnited States Bullion Depositorylocated at Fort Knox was missing and/or unaccounted for.

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## Incoming search terms:

- dsk fort knox
- dsk gold
- strauss kahn fort knox
- strauss-kahn fort knox
- strauss kahn gold
- strauss kahn jailed no gold
- Mahmoud Abdel Salam Omar fort knox
- putin gold fort knox
- dominique strauss kahn gold
- putin re missing us gold/dsk
- dominique strauss kahn fort knox
- fort knox gold missing
- straus kahn
- stros kan fort nox cia
- putin fort knox
- dsk gold fort knox
- straus khan and gold
- dominique strauss-kahn maid us gold
- kahn and gold
- stros kan and fort nox conspirasy
- Mahmoud Abdel Salam Omar Putin Strauss-Kahn
- strauss-kahn gold
- Mahmoud Abdel Salam Omar gold
- strauss kahn gold knox
- conspiracy behind Strauss kahn arrest

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Name (required)

Mail (will not be published) (required)

Website

Submit Comment

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**From**: G Maxwell [GMax1@ellmax.com]
**Sent**: 2/28/2015 3:47:18 AM
**To**: J Jep [jeevacation@gmail.com]
**Subject**: Fw: Google Alert - jeffrey epstein

**Importance**: High

Check out trump

THE TERRAMAR PROJECT
FACEBOOK
TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** Google Alerts <googlealerts-noreply@google.com>
**Sent:** Friday, 27 February 2015 21:00
**To:** G Maxwell
**Subject:** Google Alert - jeffrey epstein

# jeffrey epstein

Daily update · February 28, 2015

NEWS

Donald Trump gets back on the birther wagon but insists Hillary drove it first, as he says she will ...
Daily Mail
... Hillary and Bill Clinton, saying the former president would soon face new troubles related to his friendship with convicted pedophile **Jeffrey Epstein**.

   Flag as irrelevant

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Unsubscribe | View all your alerts

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Send Feedback

**From**: [redacted]
**Sent**: 8/12/2016 1:28:18 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Obama team nixed fundraiser by attorney for sex offender pal of Bill Clinton, emails show

**Importance**: High

This guy black might be your lawyer and even a friend; but i have to say it seems to me he is much more about himself than his clients.

He made a comment in a newspaper about a case of mine not long ago and he had no idea what he was talking about; he should have been embarrassed. When i asked a reporter from one if the leading newspapers why the other paper had run his opinion about my casr when he knows nothing about it, she said his p.r. people email and others regularly with comments on all sorts if cases just hoping to get black's name in the paper in some pseudo authoritative role. Pretty weak.

Good luck, David

Sent from AOL Mobile Mail
Get the new AOL app: mail.mobile.aol.com

---

From: David Schoen <[redacted]>
Date: Friday, August 12, 2016
Subject: Obama team nixed fundraiser by attorney for sex offender pal of Bill Clinton, emails show
To: David Schoen <[redacted]>

I thought you might be interested in this article:

One of America's top defense attorneys was deemed too controversial to host an event for President Obama, according to newly surfaced emails, mainly because of one particular client – a jet-setting billionaire accused of trafficking underage girls, who also happens to be close friends with Bill Clinton.

http://www.foxnews.com/politics/2016/08/12/obama-team-nixed-fundraiser-by-attorney-for-sex-offender-pal-bill-clinton-emails-show.html

Sent via the Fox News app for Android. Download the app here:

https://play.google.com/store/apps/details?id=com.foxnews.android

**From:** paul krassner [redacted]
**Sent:** 8/1/2018 11:59:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Jones is crazier than Trumpo the Elephant
**Attachments:** facebook_2.png; twitter.png; rss.png; logo.png; screen_shot_2018-07-24_at_10.54.49_am.png; 1.jpg

**Importance:** High

**SEARCH**

Top of Form

Search form

**Search**
**Search**

Bottom of Form

ALTERNET

TRUMP TRAUMA
ELECTION '18
ECONOMY
RIGHTS
EDUCATION
MEDIA / CULTURE
ENVIRONMENT / FOOD
HEALTH

NEWS & POLITICS

# 'You're Going to Get It, or I'm Going to Die Trying, B*tch': Alex Jones Issues Stunning Threat to Mueller — And Pantomimes Shooting Him

***The conspiracy theorist ended a deranged rant about pedophilia by threatening the special counsel.***

*By* ***Chris Sosa*** / **AlterNet**
*July 24, 2018, 5:48 AM GMT*

•

Print
194 COMMENTS

*Photo Credit: InfoWars (YouTube)*

Conspiracy theorist Alex Jones threatened special counsel Robert Mueller during a Monday episode of his InfoWars show, miming a shooting and saying he would "die trying" to take Mueller down.

Jones began by making unfounded claims about Mueller and Jeffrey Epstein, who was convicted of solicitation of a minor for prostitution in 2008.

"That's the thing, is like, once it's Mueller, everyone's so scared of Mueller, they'd let Mueller rape kids in front of people, which he did," Jones said. "I mean, Mueller covered up for a decade for Epstein kidnapping kids, flying them on sex planes, some kids as young as seven years old reportedly, with big perverts raping them to frame people."

SPONSORED

"That's a demon I will take down, or I'll die trying," Jones continued.

Jones made repeated shooting gestures as he closed out the rant.

"It's not a joke. It's not a game. It's the real world. Politically. You're going to get it, or I'm going to die trying, b*tch," Jones concluded. "Get ready. We're going to bang heads. We're going to bang heads."

Watch the clip below:

**From**: Nicholas Ribis [redacted]
**Sent**: 2/19/2019 7:25:25 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: The New York Times: Intimidation, Pressure and Humiliation: Inside Trump's Two-Year War on the Investigations Encircling Him

**Importance**: High

He is crazy!!

**Intimidation, Pressure and Humiliation: Inside Trump's Two-Year War on the Investigations Encircling Him**
The New York Times

President Trump's efforts have exposed him to accusations of obstruction of justice as Robert S. Mueller III, the special counsel, finishes his work. Read the full story

Shared from Apple News

Sent from my iPhone

**From**: DAVID SCHOEN [redacted]
**Sent**: 3/6/2019 6:26:30 PM
**To**: jeevacation@gmail.com
**Subject**: Jerrold Nadler's investigation seems rigged to me: Why are two leading Trump foes heading up his probe? - New York Daily News

**Importance**: High

https://www.nydailynews.com/opinion/ny-oped-jerrold-nadlers-investigation-seems-rigged-to-me-20190305-story.html

Sent from my iPhone

**From**: Nicholas Ribis [redacted]
**Sent**: 3/12/2019 12:55:51 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: New York Attorney General Opens Investigation of Trump Projects - The New York Times

**Importance**: High

This is the start of big problem for him!
https://www.nytimes.com/2019/03/11/nyregion/deutsche-bank-trump.html?emc=edit_NN_p_20190312&nl=morning-briefing&nlid=85691347ion%3DwhatElse§ion=whatElse&te=1

Sent from my iPhone

**From**: Nicholas Ribis[redacted]
**Sent**: 3/28/2019 7:41:52 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: The Washington Post: How Donald Trump inflated his net worth to lenders and investors

**Importance**: High

For ur info

**How Donald Trump inflated his net worth to lenders and investors**
The Washington Post

Trump's 'statements of financial condition' are a key component of inquiries by House Democrats and New York investigators. Read the full story

Shared from Apple News

Sent from my iPhone

**From:** Tyler Shears [redacted]
**Sent:** 1/24/2014 8:20:13 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Christina Galbraith [redacted]
**Subject:** Re:

**Importance:** High

Mr. Epstein,

We currently have two negatives on first page in Google but one is at 6th and the other at 7th. (Universal search, no history applied). Results will be very different if that PC has been used to click or search any of the results and has not been cleared.

How did you pull the results you just sent?

Using Google Chrome + InCognito Mode + Clearing Browser Cache = only reliable reporting. I can help set you up with this. Screenshot here of results using above method - http://i.imgur.com/tfGN3Zj.png. This is the true representation of what your average searcher will find (statistically, most searches will be from users whom have not clicked on your negative articles before)

Much progress has been made since we spoke - premium placements are getting secured over next week, hundreds of links have been built to your primary sites and the first movements are kicking in today (NYMag moved up to 4th a few hours ago). We still have confidence we are on the right track and doing everything we can to get this cleaned up - another 45 days should be enough to have a clean first page based on what has been done.

PS - The foundation site was just hacked and I'm in the process of fixing that today. You can actually see it in the screenshot above (it reads Cash Advance advertisement in the short-description). This is something a previous company deployed but we are now going through and securing the rest of the domains to prevent basic hijacks like this.

I'm free on my cell for next few hours. [redacted]

Sincerely,

Tyler Shears

On Fri, Jan 24, 2014 at 3:04 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

About 40,700,000 results (0.21 seconds)

## Search Results

**1. *Jeffrey Epstein* - Wikipedia, the free encyclopedia**

*en.wikipedia.org/wiki/**Jeffrey_Epstein***
Wikipedia
*Jeffrey* Edward *Epstein* (born January 20, 1953) is an American financier and science and education philanthropist. He worked at Bear Stearns early in his ...
Life - Financial career - Science funding - Solicitation of prostitution

**2. *Jeffrey Epstein*: Sex Offender, Yes. Billionaire, No. - Forbes**

www.forbes.com/.../**jeffrey-epstein**-sex-offender-yes-bil...
Forbes
by Clare O'Connor - in 138 Google+ circles
Feb 28, 2011 - The pervert of Palm Beach is back in the news, and back to being described as a "billionaire". Here's why he's not.

### 3. *Jeffrey Epstein* Philanthropy: Overview

www.**jeffreyepstein**.org/
*Jeffrey Epstein* Philanthropy supports innovative research and programs in science, medicine, education and international affairs.

### 4. *Jeffrey Epstein* VI Foundation - New York, NY - Medical & Health ...

https://www.facebook.com/**jeffreyepstein**vifoundation
*Jeffrey Epstein* VI Foundation, New York, NY. 27 likes · 1 talking about this. The *Jeffrey Epstein* VI Foundation was founded in 2000 by *Jeffrey Epstein* to sponsor **...**

### 5. *Jeff Epstein* profiles | LinkedIn

www.linkedin.com/pub/dir/**Jeff**/**Epstein**
View the profiles of professionals named *Jeff Epstein* on LinkedIn. There are 25 professionals named *Jeff Epstein*, who use LinkedIn to exchange information, **...**

### 6. Dr. *Jeffrey* M. *Epstein*, MD - Babylon, NY - Neurosurgery ...

www.healthgrades.com › ... › New York (NY) › Babylon
HealthGrades
Rating: 4.3 - 6 reviews
Visit Healthgrades for information on Dr. *Jeffrey* M. *Epstein*, MD. Find Phone & Address information, medical practice history, affiliated hospitals and more.

### 7. Billionaire *Jeffrey Epstein*: I'm a sex offender, not a predator | New ...

nypost.com/.../billionaire-**jeffrey-epstein**-im-a-...
New York Post
by Amber Sutherland
Feb 25, 2011 - Billionaire pervert *Jeffrey Epstein* is back in New York City — and making wisecracks about his just-ended jail stint for having sex with an **...**

### 8. Woody Allen spotted with convicted child sex-offender *Jeffrey* ...

www.dailymail.co.uk/.../Woody-Allen-spotted-convicted-chil...
Daily Mail
Sep 24, 2013 - Woody Allen has been spotted strolling on New York's Upper East Side with millionaire child sex-offender *Jeffrey Epstein*, who served time for **...**

### 9. *Jeffrey Epstein*: International Moneyman of Mystery

nymag.com/nymetro/news/people/n_7912/
New York Magazine
He's pals with a passel of Nobel Prize–winning scientists, CEOs like Leslie Wexner of the Limited, socialite Ghislaine Maxwell, even Donald Trump. But it wasn't **...**

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www.telegraph.co.uk › ... › North America › USA
The Daily Telegraph
Mar 5, 2011 - The Duke of York's billionaire paedophile friend kept a secret journal, described as "The Holy Grail" by lawyers, which listed his alleged ...

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**From:** Tyler Shears [redacted]
**Sent:** 1/24/2014 8:25:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Can you set up Google Chrome and use Incognito Mode?

If you search while signed into your Google account is impacts things, but using Incognito mode will resolve that.

**Chrome here** https://www.google.com/intl/en/chrome/browser/

*Once installed...*

## Open an incognito window

1. Click the Chrome menu on the browser toolbar.
2. Select **New incognito window**.
3. A new window will open with the incognito icon in the corner.

You can also use the keyboard shortcuts **Ctrl+Shift+N** (Windows, Linux, and Chrome OS) and **⌘-Shift-N** (Mac) to open an incognito window.

On Fri, Jan 24, 2014 at 3:21 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
new computer virgin isalnds

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*https://www.facebook.com/**jeffreyepstein**vifoundation*
*Jeffrey Epstein* VI Foundation, New York, NY. 27 likes · 1 talking about this. The *Jeffrey Epstein* VI Foundation was founded in 2000 by *Jeffrey Epstein* to sponsor **...**

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NOBEL CHARITABLE TRUST

# NOBEL CHARITABLE TRUST

## ”Thinking About the Environment and Technology”

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# The Nobel Charitable Trust ①

## Vision

"We envisage a world in which alternative, renewable and sustainable energy sources will be freely accessible to all members of society. A world in which solutions have been found and successfully implemented to meet the present and future needs whilst avoiding environmental threats.

## Mission

"Nobel Charitable Trust seek to encourage and push forward the development and use of products, procedures, research and initiative within the domain of renewable and sustainable energy in order to fulfil our vision and to create general awareness of this matter"

## Nobel Charitable Trust Scholarship

The scholarship shall be awarded at every award ceremony to the person or persons who, have shown the most inventive and effective development or discoveries within the fields of alternative, renewable and or sustainable energy.

Candidates are most likely to be found amongst young researchers and inventors from all over the world. Companies, organisations, politicians and others could also be candidates so long as they fulfil the criteria above and, of course, that their efforts are available for the benefit of all mankind.

A scholarship committee with seven members will make the selection for the winner of the scholarship. The members will be national and international experts on sustainability

Persons eligible to receive the NCT Scholarship will be limited to selected young researchers.

The scholarship will be awarded at every award ceremony , with the first award to be granted in 2012 (tentative)

The winner will receive, in addition to the recognition and honour bestowed by the scholarship, a cash prize .



HOUSE_OVERSIGHT_031355

# Nobel Charitable Trust ②

## Purpose of Efforts

◆Contributing to the stable preservation of our planet and the development of our environment through sustainable energy resources by providing grants to efforts in the fields of natural conservation, natural resources and energy, education, culture and other relevant areas.
◆Support activities to improve children's environments and education conditions and provide learning experiences around the world as children will bear the future of energy.

## Description of Activities

Engage in activities such as disclosing information on environmental improvement, formation of a fund division, obtaining support from researchers in the field of environmental improvement, providing grants to corporations, organizing environment forums and expos etc.
Promote exchange of information by networking with charity organizations.
Seek and review support members amongst organizations and corporations, and work to expand networks and disclose information relating to environmental improvement mainly throughout East Asia.

## Establishing Certificates of Merits and NCT Awards for Fields in Environmental Technology, Contribution to Society, Environmental Design, Renewable/Alternative/Sustainable Energy

With recommendations from a qualified committee, various awards will be granted to individuals and/or organizations who have attained the best achievements or most practical inventions in the above fields. (Selection from 4 Categories – Politician, Researcher, Artists, Corporations)

◆Awards shall be granted at every selection ceremony. A medal/certificate /scholarship will be awarded in accordance with the various awards.

◆Individuals Candidates will be selected from around the world – Scientist who have made a contribution through sciences, politicians who have made a contribution through policies, artists who have made a contribution through the arts.

◆Organizations: Candidates will be selected from around the world - When an organizations or corporation that have made a contribution through their products has been selected, such invention (product) shall be granted with the NCT accreditation mark..

◆NCT is a non-profit organization and has no connection to any political organization, corporations or government agencies.

## Grants

1. Grants to researches and projects relating to water, natural resources and energy
2. Grants to researches in natural conservation, education, culture and other relevant areas.
3. Grants to projects that educate the younger generation on environmental, educational and cultural issues.
4. Grants to researches and projects in the above fields conducted in foreign countries, especially in developing countries.
5. Other projects necessary for NCT to fulfill its objectives.

## Services to Members

- Distribution of The "Nobel Family", a monthly web mail service.
- Providing consulting, information and education on technologies for environmental improvement
- Information on seminars and other events hosted by NCT



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## NCT's Board Members (The Nobel Family Society)

The Nobel Family Society is a private society of which only the descendants of Immanuel Nobel, father of Robert, Ludvig and Alfred Nobel, are eligible as members. The 4 Nobels of the Nobel Family Society below are NCT's founders and board members.

### Nobel Family Society Members

**Michael Nobel** Born in 1940

Chairman of NCT Asia, Former Chairman of NCT Switzerland 2007-2009/former Chairman of the Board of Directors of the Nobel Family Society /former Chairman of the Appeal of the Peace Prize Laureates Foundation. Michael obtained his PH D. in pyscho-pedagogy from the University of Lausanne. He is knowledgeable in the fields of economics and environmentology, has deep ties with Japanese Universities and has been honored with many awards.

**Gustaf Nobel** Born in1950

Appointed Chairman of NCT in Switzerland in Jan.2009.. After studies at University of Lund, Sweden, in marketing and economics he started his career as an international businessman working in more than 15 countries all over the world. Over the last 8 years he has become very much involved in environmental projects and renewable energy solutions, as well as recycling of refuse, and is an authority in the field.

**Peter Nobel** Born in 1953

Trustee of NCT in Switzerland. Peter is a graduate with MSc in Material Science and Engineering from The Royal Institute in Stockholm. Peter is a well-known businessman and entrepreneur. A major part of his experience relates to energy associating product programs, product and technology development activities targeting environmental concerned segments. Peter works extensively with supporting clean technologies for environmental improvements and energy saving programs.

**Philip Nobel** Born in 1970

Trustee of NCT in Switzerland. In Switzerland Philip studied marketing and economics. He then moved to the Bahamas in 2006 and is currently actively involved in environmental issues all throughout the Caribbean islands; he's an active member of the Bahamas National Trust as well as the Nature Conservancy-group whose aims are to preserve and to improve the natural environment of the islands and its surrounding waters.

# Nobel Charitable Trust ④

## Membership Structure

### Preparatory Committee

Founders

Representatives of the Founders:
Michael Nobel
Mom Luang Rajadarasri Jayankura

### NCT Organization Phase 1

| | |
|---|---|
| Honorary Directors | 20 |
| Board of Directors | 10 |
| Board of Advisory | 10 |
| Board of Trustees | 10 |
| Office Staff | 6 |

### Members

| | | | |
|---|---|---|---|
| Regular Members | 80 members | 1 year | Membership based on recommendations and donations |
| Support Members | Corporate | 1 year | Annual membership fee |
| | Individuals | 1 year | Annual membership fee |
| Honorary Members | 20 members | | Membership based on recommendations from regular members |

Support Members will be corporations, organizations, municipalities and public entities that support NCT's objectives and activities.
Corporate Membership will be based on business units, where HQ, branch offices and factories all acquire separate membership.

## Board Members

●Michael Nobel, a member of the Nobel Family Society, shall be NCT's chairperson.
●Candidates for board members include Prince Charles, the 45th Vice President of the United States, Al Gore, Hubert Hermes, Crown Prince Abdulla of Saudi Arabia, Prince Ruport Lowenstein, the 42nd President of the United States, Bill Clinton, and other prominent figures who can address the quintessence of environmental issues.
(Photos below:★ are confirmed, ●are candidates)

### Candidates for Board Members

★ **Jenie Kang**
Director WM Welfare Foundation ISF of YPO International Member

★ **HRH Prince Faisal bin Turki Al-Faisal**
Founder of GSSI

★ **Mom Luang Rajadarasri Jayankura**
Great Great Granddaughter of His Majesty, King Rama IV of Thailand

● **Sim Farar**
54th U.S. Representative to the United Nations underthe Clinton Administration

● **Nancy Davis Rickel**
Chairman of Nancy Davis Foundation

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NOBEL CHARITABLE TRUST

# Basic Policy Plan of the Convention

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## Nobel Charitable Trust Earth Environment Convention (tentative), hosted by N C T

A convention will be hosted for developers (organizations and corporations) of eco-friendly products and renewable, alternative and sustainable energy developments from around the world to exhibit their products at the time the winner of the NCT Energy Award (and the other awards) are announced. Visitors and judges from the Judging Committee will select , . from the exhibited products of the exhibitors ( organizations and corporations) , the best corporation or exhibitor of the year and an accreditation mark (NCT No.1010) or award will be granted.

Convention Name

# Nobel Earth Environment Convention (tentative)

Theme

"Environment and Technology, Looking to the Future of the Next Generation"

- By providing grants to efforts in the fields of natural conservation, natural resources and energy, education, culture and other relevant areas, NCT hopes to contribute to the creation of a stable protected environment and promote sustainable development of our societies NCT aims to promote and encourage travels to Japan as well as assisting Japan to become the world's leader in environmental issues and environmental technologies.
- NCT will support activities to improve children's environments and education conditions around the world as children are the source of our future energy.

# Nobel Charitable Trust Earth Environment Convention (tentative)

## Hosting Awards and the Convention

- NCT will host the awards and convention.
- Hosting the convention is not NCT's ultimate objective. Rather, NCT strives to promote excellent energy efficient products and the development of renewable, alternative and sustainable energy resources through the convention and to financially support corporations and individual(s) aiming to develop such products.

## Right to Carry the Accreditation Mark

- Awarded products will have the right to carry the NCT accreditation mark (NCT No.1234).
- Awarded products will enjoy high status and recognition as a product accredited by the prestigious Nobel Charitable Trust, giving it a significant advantage in expanding its market.

## Participants (Exhibitors)

- Corporations from all over the world supporting NCT's cause and activities and are either members or support members can become exhibitors.

# Points to Keep In Mind in Hosting the Convention ( Direction of Hosting the Convention)

## 1 .Host Country

■In the future we will construct a framework where different countries will rotate to host and support the Convention.
■To establish an implementation model as well as build recognition and success, the first 3 to 4 Conventions will be held in Japan.
■One of the most well-known environmental instrument is the Kyoto Protocol adopted in Japan. Despite the many environmental conferences taking place around the world, no event has ever included an exhibit ion of environmental technologies . Therefore, it is a natural course of events, that this Convention should begin in Japan, which would carry a significant message . Global consensus on this matter should be easy to attain.

## 2 .Venue

■Venue candidates include Kyoto from the Kyoto Protocol, and Okinawa and Hokkaido from the past G8 summits but considering factors such as transportation, operation and promotion, we would like to recommend the Tokyo Big Sight (Tokyo International Exhibition Center.)

## 3 .Timing of the Conference

■As the formation of NCT and preparations to organize the support system in Japan will begin in spring 2010, timing of the 1st Convention will be in the year 2012.
■Seasonal factors in Japan indicate the best timing for the conference to be in spring (April-May) or fall (Sept- Oct).

## 4 .Exhibitors (Corporations)

■With the cooperation of governments around the world, NCT will encourage corporations worldwide to participate in the exhibition.

■Participation of Japanese corporations will be managed through the future energies organization (GSSI Earth Environment Technology Development Expo Executive Committee)
( Anticipated number of participating corporations: from 500 to 1000 )

## 5 . Advantages in Participating in the Exhibition

■By participating, corporations will have the opportunity to introduce and promote their energy efficient products, obtain information on renewable, alternative and sustainable energy resources, and may obtain rights to or participate in projects.
■By positioning participation itself as a status symbol, higher awareness will be seen in corporate efforts to engage in environmental friendly endeavors.
■Improved brand image of participating corporations and an opportunity to accumulate consumer response data

## 6 .Operations

■Hosted by: Nobel Charitable Trust
■ The GSSI Earth Environment Technology Development Expo Executive Committee will manage all production and operations of this convention.

## 7 . Implementation Costs

■Funds will be provided by NCT, sponsors, and exhibition fees will be collected from each participating exhibitor.

## Structure of Funds and Operations of the Convention

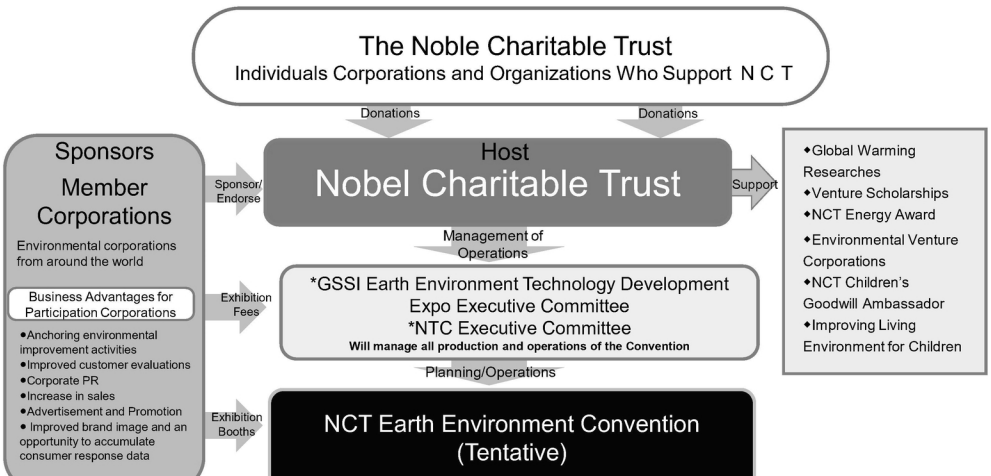

NOBEL CHARITABLE TRUST

# Basic Development Plan of the Convention

* Unauthorized use of information, postings and distributions are strictly prohibited. For information, please contact the Nobel Charitable Trust at info@nobelcharitabletrust.org



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# Outline of Convention

| | |
|---|---|
| ■Name of Event | Nobel Charitable Trust Earth Environment Convention (tentative) |
| ■Date of Event | May, 2012 (to be confirmed ) 3 days ( Thurs, Fri, Sat) Day 1: Morning: Press Day/ Afternoon: Public Day/ Day 2-3: Public Day (open to the public) |
| ■Venue | Tokyo Big Sight West Exhibition Halls 1-2 (plan), International Conference Room, Reception Hall and other conference rooms |
| ■Hosted by | Nobel Charitable Trust ( Endorsements and Sponsors listed below are only for reference) |
| ■Endorsed by | General Administrative Agency of the Cabinet, Ministry of the Environment, Ministry of Foreign Affairs, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communication ( plan ) , various local authorities. TV Broadcasters, mass medias, Junior Chamber International Japan, National Congress of Parents & Teachers Association of Japan, JETRO, UNICEF, UNESCO |
| ■Sponsored by | (List of companies) |
| ■Exhibitors | NCT Member Corporations (Organizations), Universities |
| ■Visitors | Day1 : morning: media and industry people, afternoon: public / Day2-3: open to the public (students etc) |
| ■Admission | Admission Fee TBD |
| ■Number of Visitors | 60,000 visitors ( goal ) (goal for 2nd year, 100,000 visitors and 150,000 visitors for the 3rd year ) |
| ■Operation | GSSI Earth Environment Technology Development Expo Executive Committee and NCT Executive Committee (tentative) |
| ■Content of Event | Exhibition of energy efficient products, energy efficient product awards, keynote lecture, forums and others |



HOUSE_OVERSIGHT_031365

# Content of the Convention

We will not be concerned with the number/variety of event contents for the first year and focus our efforts on bettering the quality of each content.

## Developments Before the Event ( Announcements/PR )

- Press Conference
- Official Website
- Media Announcements

## Exhibition of Energy Efficient Products

《Venue: West Hall 1&2》

Exhibition of renewable, alternative and sustainable energy developments and energy efficient products

Large scale exhibition with exhibition booths

## Award Ceremony

《Venue: Special Stage in the West Hall Atrium 》

NCT Energy Award and other Award's Ceremony

The Award Ceremony will be the highlight of the Convention

Presentations by Corporations

Public presentations by corporations that pass the first screening.

NOBEL CHARITABLE TRUST

## Nobel Earth Environment Convention (tentative)

### Keynote Lecture

《Venue: International Conference Room》

Forum/Symposium

Keynote lecture by world class environmental authorities.
Convey direction of NCT and the Convention

### Forum

《Venue: International Conference Room and other conference rooms》

Forum/Symposium

Panel discussions on themes of renewable, alternative and sustainable energies and earth environment

### Others

《 Venue: Other areas》

Events for Children

Experiment stages and interactive events for children

Reception Party

Reception party for NCT members to exchanges ideas and information



HOUSE_OVERSIGHT_031366

# 1st Convention to be held at Tokyo Big Sight: Easy access, large capacity and good facilities

## Overview of Tokyo Big Sight (Tokyo International Exhibition Center)

■Facilities

Location 3-11-1 Ariake Koto-ku Tokyo
Total Site Area 243,419.46m2
Total Bldg Area 141,700.04m2
Total Floor Area 230,873.07m2
Total Exhibition Area 80,660m2
Structure Steel frame, reinforced concrete construction
Height Conference Tower: 8F and B1/
West Exhibition Hall: 5F/ East Exhibition Hall: 3F and B1

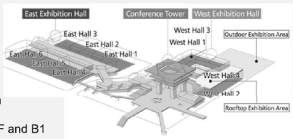


【East Exhibition Hall】
Consists of six halls, three on each side of the Galleria. Each hall contains recessed electronic and information control service pits every six meters, equipped with large freight entrances to facilitate exhibition setup and removal. Each hall is 90m x 90m and can be combined into one large exhibition area to meet the needs of large exhibitions and events

【West Exhibition Hall 1 & 2】
2 Halls on 1F with Atrium in the middle. Adjacent to the Outdoor Exhibition area.

【West Exhibition Hall 3 & 4】
2 Exhibition halls around the top open space of the Atrium on 4F. Adjacent to the Rooftop Exhibition area. Direct slopes to the 4F freight entrance.

【Reception Hall】
Fully equipped with a stage that can be raised, audio and lighting systems, and an simultaneous interpretation system.

【International Conference Room】
Main facility in the Conference Tower. Seats 1000. Fully equipped with audio and lighting systems and an simultaneous interpretation system of up to 8 languages. Used for international conventions, symposiums and other large scale events.

【Other Conference Rooms】
The Conference Tower also has 22 other small to medium sized conference rooms. Largest rooms 605-608 can accommodate up to 612 persons each.

# Exhibition Zone

Exhibition

Energy efficient products and services from Japan and around the world all exhibited in one venue. NCT will send out the latest information on energy efficiency to reduce effects on the environment.

## Exhibition of Renewable. Alternative and Sustainable Energy Developments & Energy Efficient Products

Exhibitors will be corporations (organizations) of energy efficient products and renewable, alternative and sustainable energy developments from around the world. The exhibition will scale in size each year as the most prestigious environmental exhibition.
Each participating corporation (organization) will enter a product (technology/service)for the awards. As corporations hope to win, an active and lively atmosphere will be created.

### Categories

The exhibition zone will be divided into 2 subzones under the following categories:

① Renewable, Alternative and Sustainable Energy Zone ⇒ Introducing new energy developments such as fuel cells and biomass energy
*3 Awards will be selected from this division by the Judging Committee: NCT Energy Aware, Kyoto Energy Award, Nobel Family Award

② Environment and Eco Zone ⇒ Exhibits and demonstrations of energy efficient products, services and technologies
*3 Awards will be selected from this division by visitors and the Judging Committee: NCT Contribution to the Environment Award, NCT Environmental Design Award and the Special Ecology Award (3 products)

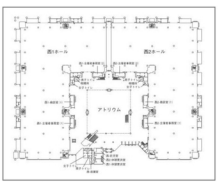


### Venue and Booths

Venue scheduled to be at Tokyo Big Sight's West Halls 1 & 2 (17,760㎡) .
Depending on the number of exhibitors, may use West Halls 3 & 4 (11,520㎡) and also the rooftop exhibition area.

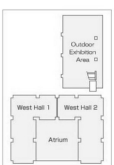

〈Construction of Booths〉

- Booth space will be in units of 3m x 3m: 1 unit, 2 units, 3 units, 4 units, 8 units . Other requests from exhibitors can be accommodated.
- The Japan Earth Environment Technology Development Organization office will set up basic eco-friendly structures (floor, building frames, etc).
- Exhibitors will be responsible for the construction and set up of exhibition decorations.

※If there are many exhibitors we will change venues to the East Hall



HOUSE_OVERSIGHT_031368

Award

## ★Selection, Announcement of Winners and the Award Ceremony

Awards will be granted to energy developments, products and services evaluated as being most ingenious, practical and eco-friendly (Winners will be selected through visitor's votes and the Judging Committee)

NCT aims to gain worldwide recognition and establish the NCT accreditation mark as the world's most prestigious environmental accreditation mark. This will be the most distinctive feature of this Convention.
Awarded products will have the right to carry the NCT accreditation mark and news of the winners will be sent through NCT's PR division to the world.

### How Awards are Selected (tentative plan)

**Establishment of a Judging Committee**
- Establishment of a qualified Judging Committee
- The Committee will consist of approximately 10 judged and 10 civil members
- A review committee will work on the method of selection for visitor votes

**Entries**
- A summary of the entry product will be submitted at the time the entry application is submitted

**1st Screening**
- Judges from the committee and visitors will go around booths and check products.
- 8 finalists will be selected upon the results of votes from day 1-2.

**Presentation**
- Held on the last day of the Convention. The selected 8 corporations conduct public demonstrations.

**Final Screening**
- After the presentations, the judging committee will select the winners.

**Announcement and Award Ceremony**
- Winners will be announced on the last day at 15:00 followed by an award ceremony

**Visitor Votes**
- On day 1 &2, ballots will be handed out to visitors at the entrance.
- Visitors will go around each booth, mark the product/service they find most outstanding and cast their votes.

**Count Votes**
- Voting will end at 12:00 on the 3rd day and ballots counted.

### Awards (tentative)

ENERGY DIVISION
★NCT Energy Award ★Kyoto Energy Award ★Nobel Family Honorary Award
These awards will be awarded to the best achievements or most practical inventions in the energy field.
( selection will be made by the Judging Committee )

ENVIRONMENT & ECOLOGY DIVISION
★NCT Contribution to Environmental Award ★NCT Environmental Design Award ★Special Ecology Award
The "NCT Contribution to Environment Award" and the "NCT Environmental Design Award" will be awarded to the best achievements or most practical inventions the fields of energy efficient products, eco-friendly services and R&D. The "Special Ecology Award" will be awarded to the product that wins the most votes of visitors .
(selection will be made by the Judging Committee and visitors)

### Award Ceremony Venue

The Award Ceremony will take place at a special stage constructed in the West Hall Atrium.

- Announcement of winners and the Award Ceremony will take place at the special stage in the West Atrium
- Judges, the 8 finalists (companies), press and other parties involved will participate.
- Winners will be presented with a certificate of merit,/medal/prize money by members of the Nobel family in accordance with the awards.

# Selection and the Award Ceremony

## Public Presentations

★NCT Energy Award★ Kyoto Energy Award ★Nobel Family Honorary Award
The 8 finalists will conduct public presentations of their products.

### Outline of Presentation

Each corporation will have 15 minutes to make a presentation in front of the judge.
The presentation will place the spotlight on environmental products and services representing the year.

- Date & Time : Final Day (10:30-12:30)
- Place: International Conference Room
- Participants : Judges, press and others involved
- Visitors: free (first 500 visitors)

- The 8 finalists will be announced at 16:00 on the 2nd day.
- No defined style of presentation. A screen will be used.
- After all 8 finalists complete their presentations, the judges will hold a final selection meeting.
- Announcement of winners and the Award Ceremony will take place at the special stage from 15:00.

※Presentations are held to better explain the features of the product to the Judges and visitors and will be a factor in determining the awards.

### Awards Selected by Visitors and the Judging Committee

★NCT Contribution to the Environment Award ★NCT Environmental Design Award
★Special Ecology Award
The Judging Committee will select the winners from the finalists selected by votes of the visitors

- Selections will be made on the basis of the votes casted by visitors during public days
- The Awards above will be awarded to the top 3 products with the most votes

## Announcement of Awards & Ceremony

Ingenuity, practicality, lessening effects on the environment and design. All these factors will be comprehensively examined in determining the awards.

### Outline

As the audience watch, an impressive award ceremony will be produced. Each award will be presented in a prestigious manner, well suited for this honor.

- Date and Time: Last Day (15:00-15:45)
- Place: Special stage build in the Atrium
- Participants: Judges, press and others involved
- Visitors: Free

### Award Ceremony Program (draft)

①Opening Speech

②Announcement of Awards, Award Presentation and Speech from Winners

ENVIRONMENT & ECOLOGY DIVISION :
★Special Ecology Award ★NCT Contribution to the Environment Award★NCT Environmental Design Award

ENERGY DIVISION:
★Kyoto Energy Award ★Nobel Family Award ★NCT Energy Award

③Overall Comments by the Chair of the Judging Committee

④Photo Session of Winners •Closing Remarks

Presenter: Michael Nobel

Photo Session

Nobel Medal (image)

Stage decorations will be prestigious and dignified within the premises of eco-friendly materials.



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Keynote Speech

Keynote Speech by world renown authorities in the field of environmental issues : A lecture on the direction of NCT and the Convention

# NCT's Aims for the Earth Environment Lectures

Through the keynote lectures, the fundamental principals of the Convention, current earth environment issues and directions will be addressed. As NCT aims to gain worldwide status and further promote this Convention, keynote speakers will be selected from world class authorities.

## Outline of Keynote Lectures

- A total of 3 keynote lectures will take place (each 45minutes) during day 1 & 2.
- Admission: Related authorities, press and the public (reservation required for the public/ admission fee required)
- Content of lectures will be provided in newsletters
- Keynote Lectures will be broadcasted on NCT's official website

## Venue of Keynote Lectures

【International Conference Room】

- Capacity: 1000(fixed chairs)
- Simultaneous Interpretation System for up to 8 languages, equipped with audio-visual and lighting systems
- Large screen will project a real time enlarged image of the keynote speaker
- Large screen can also be used for presentations.

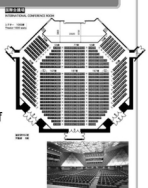

## Keynote Lecturers (plan)

Lecturers for the first Convention in 2012 will be the founders of NCT, the Nobel Family, well known environmental activists Bono and 45th Vice President of the United States,, Al Gore (tentative)

### The Nobel Family

The 4 founders and directors of the NCT will be the keynote speakers for Day 1 (1st speech).
They will speak about NCT's direction in facing the environmental crisis the world needs to address.

### Al Gore

45th Vice President of the United States, Nobel Peace Prize laureate and active environmentalist Al Gore will be the keynote speaker for Day2 (2nd speech)
Al Gore will speak about the threats of global warming, and the desired path of corporations in relation to the environment and technology.

### Bono

U2's lead vocalist, renown philanthropist and 3 time candidate for the Nobel Peace Prize, Bono will be the keynote speaker for Day 2 (3rd speech).
Bono will convey his thoughts on the connection of environmental technology and world peace.

# Profile: Michael Nobel, who visited Japan in March, 2010

## Michael Nobel

Trustee, Nobel Family Society
Former Chairman of the Nobel Charitable Trust in Switzerland
Former Chairman of the Appeal of the Peace Prize Laureates Foundation.

【Michael Nobel's Profile】

Dr. Nobel was born in Sweden and has been living in Switzerland for many years. He is a citizen of Sweden and Switzerland. After studies in Sweden and America he obtained a doctorate at the University of Lausanne in psycho-pedagogy in 1979. He then worked for seven years as a researcher in social sciences at the Institute for Mass Communication at the Lausanne University and at the Institute of Social and Preventive Medicine and has been a consultant to UNESCO in Paris and the United Nation's Social Affairs Division in Geneva.

Commercially he participated in the introduction of magnetic resonance imaging and is chairman or board member of a total of 10 international companies in the fields of diagnostics, treatment, financial investments and information systems in the field of medicine, satellite communications, Internet service provision, airport security, management consulting and finance.
In his idealistic work Michael Nobel is chairman or board member of several non-for-profit organizations in the field of conflict resolution, youth education and development. He has also served as Chairman of the Nobel Charitable Trust, a trust that will honor politicians, scientists and corporations who make a significant contribution in the field of renewable energy by providing awards. NCT also plans to hold international conferences in this field.

Michael Nobel has received numerous international citations and awards for his work in the fields of medicine and conflict resolution including an honorary doctorate from Soka University and an honorary professorship from the National Academy of Science of Azerbaijan. He is also an honorary member of two Rotary clubs and in 1997 Rotary International conferred on him the Paul Harris Fellowship Award.

In 2002 he was awarded the Gandhi, King, Ikeda Award from Morehouse College in Atlanta, earlier only given once, to Prince El Hassan bin Talal of Jordan. In 2004 he became the Board of Trustees Citation Recipient from the Midwest Research Institute of Kansas City. Previous recipients include Margaret Thatcher (former Prime Minister of the United Kingdom), Henry Kissinger (former US National Security Advisor), Paul Volcker (former chairman of the Federal Reserve Bank), Edward Teller (father of the H-bomb) and Henry Ford (founder of the Ford Motor Company).

In 2004 he was appointed foreign member of the Russian Academy of Natural Sciences as well as receiving the UNESCO medal for outstanding contributions to the cultural dialogue between nations. The same year in Jerusalem he received the Albert Einstein Medal for Outstanding Achievements in Life Sciences and Technology and in 2006 the International Order of Perfection, First Class.



HOUSE_OVERSIGHT_031372

Forums

Identifying a vision for the future of environmental energies and products through forums with experts and researchers

# Forums and Symposiums to Improve Our Environment

Discussions on environmental issues from various perspectives with cultural figures, scholars, and journalists in the environmental field, and in-house developers.
Simultaneous interpretation will be available. Forums will be unique and richly international.

## Outline of Forums/Symposiums

- A total of 5 sessions will be scheduled throughout the 3 day event (last day will have one session)

Each session will have a different theme and environmental issues will be discussed from various perspectives: global, environmental economics, technological, governmental and biological.

- Sessions will be panel discussion. 3-5 panelists will discuss a theme.

- To enhance understanding we will include time to take questions from the audience.
- Admission : reservations required/ admission fee required
( Photos of speakers will be inserted as they are confirmed)

## Venue

- Venue will be the international conference room and other conference rooms

【conference rooms 605 to 608】

- 760㎡ ; 612 seats (theater style)
- Large screen available

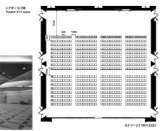

## Panelists (example)

# Other Events

To promote interest and knowledge of environmental issues and renewable, alternative and sustainable energy resources in children.
Establishment of the NCT Children's Goodwill Ambassador

## Events for Children

### Experiments & Interactive Events

Provide children, who will take on the role of R&D for future energies, an opportunity to learn and experience energy and the environment

#### Experimenting with the Wonders of Energy

A special children's experiment corner will be set up in the exhibition zone

With the cooperation of exhibitors, we will have a corner for children to experience energy related experiments. (ex. fuel cell experiments etc.)
Purpose is for children to experience and understand, not to watch experiments

◆ Only available on public days. Participation will be on a first come first serve basis

#### Experimental Show: the Wonders of Energy

Energy and environment related experiment shows will be conducted on the special stage in the Atrium on public days

Ex. Performances by popular science producer Denjiro Yonemura (energy experiment shows)

Denjiro Yonemura

◆Only available on public days, Participation is free

Establishment of the NCT Children's Goodwill Ambassador program.
Camps for children to experience and think about nature/
visits to locations with environmental issues (plan)

Provide an opportunity to exchange information and promote application into future businesses

## Deepen Exchanges Between Members

### Reception Party

After the end of Day 1, a reception party inviting members and other related authorities will be held to provide an opportunity to promote and deepen exchanges.

#### Outline

The reception party will be an informal gathering for NCT and members to deepen exchanges, an opportunity for future product development and opening new distribution channels,

- Date & Time: Day 1 (18:00 to 20:00)
- Place: Reception Hall ( 1,700㎡ )
- Participants: Members (2 per corporation), other related authorities, approx. 1500 people
- Reception Style: Stand up Party

〈Draft Schedule〉

①Opening Speech by Host
②Guest Speaker
③Festive Opening of Sake Barrel
④Free time
⑤Show time
⑥Free time

〈Example of Shows〉

Tap Show
( Super LiBLAZE )

Illusion Magic
( Cyril )



HOUSE_OVERSIGHT_031374

# Program ( Tentative )

## Day 1: Morning: Press,/Afternoon: Public

| | Ex. Hall | Sp. Stage | Int.Conf. Rm | Conf.Rm |
|---|---|---|---|---|
| 09:00 | | | | |
| 10:00 | Press | Opening Ceremony | | |
| 11:00 | | | Keynote Lecture ① | |
| 12:00 | Exhibition | Selection process by Judges and visitors all day | | |
| 13:00 | | | | Forum ① |
| 14:00 | | | | |
| 15:00 | | | | Forum ② |
| 16:00 | | | | |
| 17:00 | | | | |
| 18:00 | Reception Party (Reception Hall) | | | |
| 19:00 | | | | |
| 20:00 | | | | |

## Day 2: Public Day

| | Ex. Hall | Sp. Stage | Int.Conf. Rm | Conf.Rm |
|---|---|---|---|---|
| 09:00 | | | | |
| 10:00 | Exhibition | Selection process by Judges and visitors all day | | |
| 11:00 | | Experiment Show | Keynote Lecture ② | |
| 12:00 | | | Keynote Lecture ③ | |
| 13:00 | | | | Forum ③ |
| 14:00 | | | | |
| 15:00 | | | | Forum ④ |
| 16:00 | | Announce Finalists | | |
| 17:00 | | | | |
| 18:00 | | | | |
| 19:00 | | | | |
| 20:00 | | | | |

## Day 3: Public Day

| | Ex. Hall | Sp. Stage | Int. Conf. Rm | Conf.Rm |
|---|---|---|---|---|
| 09:00 | | | | |
| 10:00 | Count Votes | | | |
| 11:00 | | Experiment Show | Public Presentations | |
| 12:00 | Exhibition | | | |
| 13:00 | | | | Forum ⑤ |
| 14:00 | | | | |
| 15:00 | | Announce/Award Ceremony | | |
| 16:00 | | Closing | | |
| 17:00 | | | | |
| 18:00 | | | | |
| 19:00 | | | | |
| 20:00 | | | | |

※This program is tentative and may change.



HOUSE_OVERSIGHT_031375

## Effective PR Activities to Ensure Target Turnout Number is Attained and the Convention is a Success

### Press Release

Official press release of Convention and Awards. Press release by a member of the Nobel Family .

A press release will be held to a wide range of media to announce and topicalize the creation of this new Convention.

**Development Plan**

It is Important to hold a press meeting that will create a buzz to attract as many press and articles releases as possible

■Ensure the attendance of the Nobel Family and other prominent directors

◆ By releasing comments (personally signed) from Prince Charles and Former US Vice President Al Gore, attract media attention worldwide.

①Opening Speech by Host (Chairman)
②Introducing Directors (include comments from Prince Charles and Al Gore)
③ Video of the History of NCT
④Introducing the Nobel Charitable Trust
⑤Summary Presentation of the Convention
⑥Q&A
⑦Schedule up to the Convention
⑧Closing Speech
⑨Photo Session

Press kit and souvenir at the end.

### Website

Opening a website for NCT and the Convention where information of the event will be released.

Opening an official website immediately to accommodate interests generated through the announcement of the press release.

**Development Plan**

■Timely opening of the official website after the press release.
■Active use of the site as an eco product portal site that provides an outline and highlight of the Convention, NCT's official website and links to exhibitors.

◆The dedicated members (Exhibitors Only) page will provide information on exhibitors.
◆Blog-style information of the Convention will be provided.

〈Website Examples〉

### Advertisements

Promote awareness and attract visitors to the Convention through advertisements using mass media.

As this will be the first Convention, it is essential that we reach and penetration the public using mass media to promote widespread awareness of the Convention..

**Development Plan**

●Newspaper Ads

Ads in Nikkei Newspaper and others will advertise the event 1 week before the Convention (all 15 columns)

(Example of Ad)

●Web Ads

Banner Ads on Yahoo's search engine page ( from a month before Convention)

Link to the official NCT Convention website

# Overall Schedule

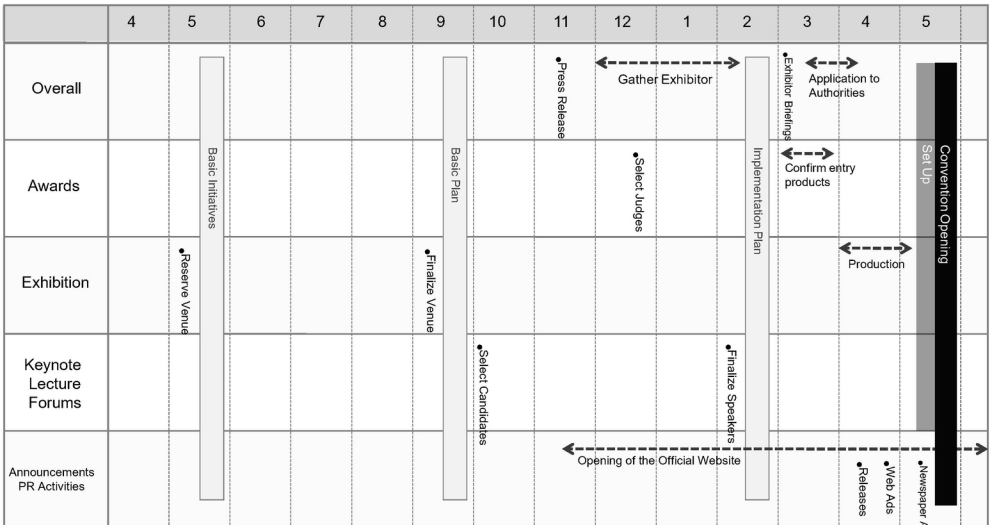

# NCT's Activities

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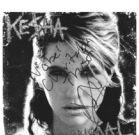

# The Nobel Charitable Trust Symposium (Sep 10th, 2010)

HOUSE_OVERSIGHT_031381

# *The special video messages of celebrities*

- *"I hope that people look upon charity as they look upon the necessity of flowers needing oxygen. Any dream is possible if it comes from the heart because it is a real thing"*

  *- Stevie Wonder*

- *"I hope to have the opportunity to bring our own modest contributions one day together with you because we are the world"*

  *- Quincy Jones*

- *"I dream that, one day when I wake up, the whole world will be one people who loves each other. I think it is possible that people throughout the world will communicate with each other since we are not different"*

  *- George Duke*

- *"I am pleased to learn that all your work is to achieve peace of help, peace of mind, peace of heart and peace of body"*

  *- Dionne Warwick*

- *"Remember, you can achieve everything if you really try. Never, never, never give in"*

  *- Former Los Angeles Mayor Tom Bradley*

We are One

**From**: GMAX [gmax1@ellmax.com]
**Sent**: 4/2/2011 2:15:40 PM
**To**: J Jep [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Did you have a chance to look at the potential idea of having people fulfill there contract with Sunrise? Just want to know what you think as this is something you know well..as it says int he article the only thing that you don't get a pass on is poverty..

On 4/2/11 9:02 AM, "J Jep" <jeevacation@gmail.com> wrote:

http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/2/

**From:** J [jeevacation@gmail.com]
**Sent:** 3/5/2019 11:12:41 PM
**To:** Martin Weinberg [redacted] Scott J. Link [redacted]; Darren Indyke [redacted]; Jack Goldberger [redacted]
**Subject:** Fwd: Herald

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Date: Tue, Mar 5, 2019 at 6:08 PM
Subject: Herald
To: jeffrey E. <jeevacation@gmail.com>

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BY JULIE K. BROWN

*jbrown@miamiherald.com*

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**Sent:** 3/5/2019 11:19:19 PM
**To:** Martin Weinberg [owlmgw@att.net]; Weingarten, Reid [redacted], Lilly Ann Sanchez [redacted]; Ken Starr [redacted]
**Subject:** Fwd: Herald

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**Sent:** 3/5/2019 11:21:53 PM
**To:** Lilly Sanchez [redacted]
**Subject:** Re: Herald

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# A Justice Dept. discipline office with limited reach to probe handling of controversial child sex abuse case

Matt Zapotosky

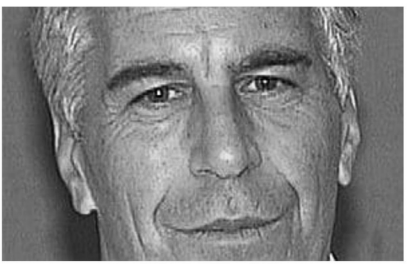

The Justice Department office that handles employee discipline has opened an investigation into whether attorneys committed "professional misconduct" in allowing a well-connected millionaire to spend just over a year in jail to resolve allegations that he molested dozens of young girls.

The department revealed the investigation Wednesday in a letter from Assistant Attorney General Stephen E. Boyd to Sen. Ben Sasse (R-Neb.), who has questioned how the department handled its inquiry of financier Jeffrey Epstein.

Epstein's case had been the subject of an investigation by the Miami Herald, which detailed how then-U.S. Attorney Alex Acosta, now



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President Trump's labor secretary, shelved a 53-page indictment that could have put Epstein behind bars for life.

Epstein, who counts among his friends Trump and former president Bill Clinton, assembled a high-powered legal team to address the allegations he faced. Ultimately, he pleaded guilty in 2008 only to state charges of soliciting prostitution. Victims told the Herald they felt betrayed by the arrangement.

The department's newly announced investigation is likely to be of limited consequence. According to Boyd's letter, it is being handled by the Office of Professional Responsibility, which explores allegations of employee wrongdoing. The office's findings, at worst, typically result in employees being fired, and they are not usually made public, though Boyd wrote to Sasse that the office would "share the results with you at the conclusion of its investigation as appropriate." It is possible, even likely, the investigation could drag on so long that Acosta, already outside the Justice Department, would by then be out of government entirely.

In a statement, Sasse said: "The victims of Epstein's child sex trafficking ring deserve this investigation — and so do the American people and the members of law enforcement who work to put these kinds of monsters behind bars. Parents should be grateful for the men and women at the DOJ who are committed to transparency and accountability and for the soon-to-be Attorney General who is committed to pursuing justice."

A representative for Acosta, who did not respond to requests for an interview for the Herald's investigation, did not immediately return a



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message seeking comment for this report.

Martin G. Weinberg, an attorney for Epstein, said in a statement that Epstein's plea was "fairly negotiated by experienced teams of attorneys representing each party."

"It was anything but a sweetheart deal," Weinberg said. "And it was carefully and fully reviewed not only by senior prosecutors within the Southern District of Florida Office but also at multiple levels of the Department of Justice in D.C."

The government, he said, "avoided litigation risks including the risks of an acquittal and Mr. Epstein went to jail, served a period of probation, lived up to each and every obligation under the Agreement, and has fully conformed his conduct to the law for well over 10 years."



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**From:** Lilly Sanchez [redacted]
**Sent:** 3/5/2019 11:08:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Herald

**Importance:** High

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**To:** J [jeevacation@gmail.com]
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Miami federal prosecutors, in letter to attorneys for the victims's lawyers on Monday, said they had recused themselves from the case, according to Brad Edwards and Jack Scarola, representing Epstein's victims.

The reassignment means that the U.S. attorney for the Northern District of Georgia, Byung J. “BJay” Pak, will oversee the case for the government. Pak, a former Georgia lawmaker, was appointed Atlanta’s chief federal prosecutor by President Trump in October 2017.

The Justice Department is still under a Friday deadline for prosecutors to confer with the victims’ attorneys in an effort to settle the case. On Feb. 22, U.S. District Judge Kenneth A. Marra in Palm Beach ruled that federal prosecutors, under former Miami U.S. Attorney Alexander Acosta, broke the law when they concealed a plea agreement from more than 30 underage girls in Palm Beach who had been sexually abused by Epstein, a multimillionaire New York hedge fund manager.

Marra stopped short of voiding the agreement, which granted Epstein and an untold number of accomplices immunity from federal prosecution for sex trafficking crimes, provided Epstein plead guilty to minor charges in state court. At the time of the plea deal, federal prosecutors had gathered enough evidence against Epstein to write a 53-page federal indictment, court records show.

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12:20

## The story behind a Palm Beach sex offender’s remarkable deal

**The story behind a Palm Beach sex offender’s remarkable deal**
**Emily Michot**

An investigation by the Miami Herald, “Perversion of Justice,’’ found that after Acosta met privately with one of Epstein’s lawyers, the government agreed to seal the plea agreement so that no one — not the victims, not even the state court judge who sentenced Epstein — would know the full extent of his crimes. Epstein, now 66, was allowed to plead guilty to prostitution charges and served 13 months in the Palm Beach County jail, where he was given liberal work release, and allowed to travel to New York and his private island in the Caribbean during his subsequent house arrest. He was released in 2009, and now divides his time between New York, Palm Beach and the U.S. Virgin Islands.

The Herald interviewed four of Epstein’s victims, who were as young as 13 at the time they were abused by Epstein. They said they felt betrayed by state and federal prosecutors, who treated them like prostitutes instead of victims. Two of them sued the federal government in 2008 under the Crime Victims’ Rights Act, which grants crime victims the right to be informed about plea deals and to confer with prosecutors.

Marra, in a 33-page opinion, said prosecutors not only intentionally violated the Crime Victims’ Rights Act, but they misled the girls into believing that the FBI’s sex trafficking case against Epstein was ongoing — when, in fact, prosecutors had secretly closed it after sealing the plea bargain from the public record.

Marra, noting that he reviewed affidavits, depositions and interrogatories, said "Epstein worked in concert with others to obtain minors not only for his own sexual gratification, but also for the sexual gratification of others.''

The victims' attorneys — Edwards, Scarola and Paul Cassell — have asked the Justice Department to throw out Epstein's plea agreement and reopen the criminal investigation.

Edwards, who brought the victims' rights case against the government, said transferring the case to another jurisdiction is a prudent decision.

"I think it's good that we're going to get fresh eyes and a fresh opinion on the way the case was handled,'' Edwards said Tuesday. "We were obviously in an adversarial posture with the U.S. Attorney's Office in Miami because they handled the case to begin with.''

Miami's new U.S. Attorney, Ariana Fajardo Orshan — who was appointed by President Trump in September — did not respond to a request for comment.

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## Jeffrey Epstein apologizes, but not to his victims

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Edwards predicted that it would take some time for Pak's office to review the case, which includes more than 500 docket entries and thousands of documents. He said If the sides can't agree on a resolution, then Marra would likely have to come up with one. The case is being closely watched by crime victims' rights advocates, as it will likely set a precedent.

Acosta, who was appointed by Trump as the U.S. secretary of labor in 2017, is the focus of a separate Justice Department investigation into whether there was any prosecutorial misconduct in the Epstein case. That probe, by the DOJ's Office of Professional Responsibility, was initiated in response to demands from a bipartisan group in Congress, led by Republican Sen. Ben Sasse of Nebraska and Democratic Rep. Debbie Wasserman Schultz of Florida.

In the meantime, a court hearing will be held at 4 p.m. Wednesday in New York in another Epstein-related case. A federal appeals court will hear oral arguments in a motion by the Miami Herald, supported by 32 other news organizations, asking the court to unseal documents that could reveal details about the extent of Epstein's crimes and any other people who may have been involved.

Three of Epstein's former attorneys — who helped negotiate his plea deal in 2008 — wrote a letter published in the New York Times on Monday, defending the plea bargain cut with Acosta as a fair deal. The letter was in

response to a Times editorial that called on Congress and the Trump administration to hold Acosta and others involved in the case accountable.

Epstein's lawyers said the editorial's conclusions were "in profound conflict with the reality,'' noting that there was no evidence that Epstein committed federal sex trafficking offenses. The letter was signed by former Epstein lawyers Kenneth Starr, Jack Goldberger and Lilly Ann Sanchez, as well as Epstein's current attorney, Martin G. Weinberg.

Read more here: https://www.miamiherald.com/news/politics-government/article227136459.html#storylink=cpy

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Lilly Ann Sanchez
The LS Law Firm

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**From:** Lilly Sanchez [redacted]
**Sent:** 3/5/2019 11:51:43 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Herald

**Importance:** High

**Privileged - Redacted**

Lilly Ann Sanchez
The LS Law Firm

On Mar 5, 2019, at 5:22 PM, J <jeevacation@gmail.com> wrote:

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On Tue, Mar 5, 2019 at 6:08 PM Lilly Sanchez <[redacted] wrote:

Miami U.S. Attorney's Office recuses itself from Jeffrey Epstein case

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DurationÂ 3:51

AG nominee Barr pledges to look into handling of Epstein case

i

Sen. Ben Sasse questioned attorney general nominee William Barr about the Jeffrey Epstein case on January 15, 2019, getting the nominee to commit to having the Department of Justice look into the handling of that case if confirmed. **C-SPAN** Meta Viers

BY JULIE K. BROWN
*jbrown@miamiherald.com*

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**From**: Jeevacation [jeevacation@gmail.com]
**Sent**: 11/10/2010 8:53:53 PM
**To**: Gmax [gmax1@ellmax.com]
**Subject**: Re:

Imagine exactly the opposite ? Appetizers 20, salad pasta dishes meat dishes fist dishes cheeses chocolates teas nuts olives hummus breads cakes pastry sorbet ice-cream juices fruits

Sorry for all the typos .Sent from my iPhone

On Nov 10, 2010, at 9:49 PM, "Gmax" <gmax1@ellmax.com> wrote:

I now refer to my most recent trip as that mad adventure. The Arabian Stallion I rode across the desert had 2 speeds. Fast and faster. Oh, did I mention his name was Obama? My hands are still clamped shut from trying to hold him! I didn't see a lick of water or a loo for a week and sand, even after 12 showers, is still coming out of places I did not know existed! The food...well what can one say about a piece of flat bread and some warm goats milk? The sleeping arrangements were deeply dodgy - shared a three sided Bedouin tent with a host of strangers, with not so much as a lamp for light, whilst freezing to death in the night air and simultaneously choking whilst inhaling swirls of sand from the nightly storms. The nadir was being propositioned by a toothless Arab who lit the fire and helped feed the horses to a tumble around the bushes during a bedouin night story telling moment..Does that give you a picture?

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 5/18/2011 10:37:36 AM
**To**: Gmax [gmax1@ellmax.com]

do you have photos from our clinton trip to africa

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 7/1/2011 8:26:40 AM
**To:** [redacted]
**Subject:** Re:

This girl fled the country with an outstanding arrest warrant. the da after she accused others. said in writing that she had no credibility, she was never 15 years, old working for me, her story made it seem like she first worked for trump at that age and was met by ghislaine maxwell. total horseshit,, the daily mail paid her money,, they admitted it, with the statement that it took money to coax out the truth.. Yes she was on my plane, and yes she had her picture taken with Andrew,, as many of my employees have. I have never misled you , this girl is a total liar, they authorities should check her austrailain immigration form, you could talk to dershowitz. I will ask if they will cooperate-Prince people

On Fri, Jul 1, 2011 at 4:03 AM, <[redacted]> wrote:

I might be interested in that story. Would Andrew's people cooperate?

Sent from my BlackBerry® wireless device

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>
**Date:** Fri, 1 Jul 2011 04:01:12 -0400
**To:** Landon Thomas<[redacted]>
**Subject:**

now that strauss kan girl will be shown to be a total liar. maybe your paper should jump on and show that [redacted]s allegations re andrew are the same,, she also accused numnerous people of having sex with her,, dersh, ehud etc. not one newpaper had the balls to question her credibility

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# A Justice Dept. discipline office with limited reach to probe handling of controversial child sex abuse case

Matt Zapotosky

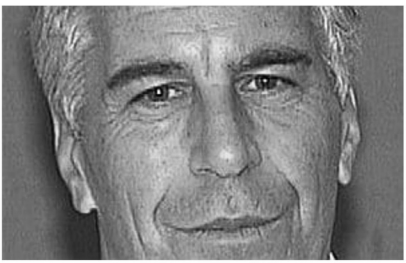

The Justice Department office that handles employee discipline has opened an investigation into whether attorneys committed "professional misconduct" in allowing a well-connected millionaire to spend just over a year in jail to resolve allegations that he molested dozens of young girls.

The department revealed the investigation Wednesday in a letter from Assistant Attorney General Stephen E. Boyd to Sen. Ben Sasse (R-Neb.), who has questioned how the department handled its inquiry of financier Jeffrey Epstein.

Epstein's case had been the subject of an investigation by the Miami Herald, which detailed how then-U.S. Attorney Alex Acosta, now



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President Trump's labor secretary, shelved a 53-page indictment that could have put Epstein behind bars for life.

Epstein, who counts among his friends Trump and former president Bill Clinton, assembled a high-powered legal team to address the allegations he faced. Ultimately, he pleaded guilty in 2008 only to state charges of soliciting prostitution. Victims told the Herald they felt betrayed by the arrangement.

The department's newly announced investigation is likely to be of limited consequence. According to Boyd's letter, it is being handled by the Office of Professional Responsibility, which explores allegations of employee wrongdoing. The office's findings, at worst, typically result in employees being fired, and they are not usually made public, though Boyd wrote to Sasse that the office would "share the results with you at the conclusion of its investigation as appropriate." It is possible, even likely, the investigation could drag on so long that Acosta, already outside the Justice Department, would by then be out of government entirely.

In a statement, Sasse said: "The victims of Epstein's child sex trafficking ring deserve this investigation — and so do the American people and the members of law enforcement who work to put these kinds of monsters behind bars. Parents should be grateful for the men and women at the DOJ who are committed to transparency and accountability and for the soon-to-be Attorney General who is committed to pursuing justice."

A representative for Acosta, who did not respond to requests for an interview for the Herald's investigation, did not immediately return a



HOUSE_OVERSIGHT_031416

message seeking comment for this report.

Martin G. Weinberg, an attorney for Epstein, said in a statement that Epstein's plea was "fairly negotiated by experienced teams of attorneys representing each party."

"It was anything but a sweetheart deal," Weinberg said. "And it was carefully and fully reviewed not only by senior prosecutors within the Southern District of Florida Office but also at multiple levels of the Department of Justice in D.C."

The government, he said, "avoided litigation risks including the risks of an acquittal and Mr. Epstein went to jail, served a period of probation, lived up to each and every obligation under the Agreement, and has fully conformed his conduct to the law for well over 10 years."



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**From**: G Maxwell [gmax1@ellmax.com]
**Sent**: 9/22/2015 2:40:08 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: <no subject>

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THE TERRAMAR PROJECT

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**From:** J Jep
**Date:** Monday, September 21, 2015 at 22:08 PM
**To:** G G, "Indyke, Darren K."
**Subject:** Re: <no subject>

Privileged - Redacted

On Mon, Sep 21, 2015 at 9:12 PM, G Maxwell <GMax1@ellmax.com> wrote:

http://pagesix.com/2015/09/21/ex-teen-prostitute-files-suit-in-billionaire-sex-slave-case/

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**From**: G Maxwell [gmax1@ellmax.com]
**Sent**: 9/22/2015 2:17:30 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: <no subject>

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**From:** J Jep
**Date:** Monday, September 21, 2015 at 22:08 PM
**To:** G G, "Indyke, Darren K."
**Subject:** Re: <no subject>

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**From**: G Maxwell [gmax1@ellmax.com]
**Sent**: 2/28/2015 3:47:18 AM
**To**: J Jep [jeevacation@gmail.com]
**Subject**: Fw: Google Alert - jeffrey epstein

Check out trump

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TWITTER
G+
PINTEREST
INSTAGRAM
PLEDGE
THE DAILY CATCH

---

**From:** Google Alerts <googlealerts-noreply@google.com>
**Sent:** Friday, 27 February 2015 21:00
**To:** G Maxwell
**Subject:** Google Alert - jeffrey epstein

# jeffrey epstein

Daily update · February 28, 2015

NEWS

## Donald Trump gets back on the birther wagon but insists Hillary drove it first, as he says she will ...

Daily Mail

... Hillary and Bill Clinton, saying the former president would soon face new troubles related to his friendship with convicted pedophile **Jeffrey Epstein**.

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/3/2009 11:18:47 AM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re:

she is your second biggest fan... iam the first. i sell dubai, to its detractors.

On Thu, Sep 3, 2009 at 7:05 AM, Sultan Bin Sulayem <[redacted]> wrote:

An interesting piece to read before you start your weekend. Guest Post by Jim Krane: Dubai, Not Obama, is the Mideast's Best Peace Hope Tuesday, Sep 01 2009, 3:11PMThis is a guest note by Jim Krane, a former AP Persian Gulf correspondent. His new book on Dubai, City of Gold: Dubai and the Dream of Capitalism, is available.

As Americans, Israelis and Palestinians continue their endless peace-jockeying, a more hopeful solution has emerged. It is a fresh Arab initiative that depends neither on America nor Israel.

It is Dubai.

Dubai, you must know, is the flashy Gulf city-state that is one of the seven United Arab Emirates. In my book, I argue that Dubaians, descended from illiterate Bedouin who faced starvation in the 1940s, have authored the most exciting Arab accomplishment in 700 years.

From nowhere, Dubai has mushroomed into a trading city-state on the lines of Hong Kong and Singapore, with sidelines in real estate and tourism.

Dubai accomplished all this without (much) oil, and without the help - or even recognition of the United States. While Washington has been caught up prolonging the Israel-Palestinian conflict and starting a war in Iraq, Dubai was erecting one of the world's most spectacular cities. So, how can Dubai fix the Middle East? It certainly can't do much to help Palestinians suffering under Israeli misrule.

But that is the point. Dubai has succeeded in spite of the plight of the Palestinians, and in spite of what Arab leaders describe as US meddling that stymies their development. One of the favorite themes of Dubai leader Sheikh Mohammed is that his counterparts should stop bloviating about the Israelis and start serving the interests of their own citizens.

Dubai's wild growth backs up Sheikh Mohammed's message. His business-before-politics way is becoming a development model for the rest of the Arab world.

But wait, Dubai is in financial trouble. How could it be a role model?Dubai's downturn is temporary. Being one of the world's most globalized cities, it couldn't help but be infected by a global recession. The contagion kneecapped each one of its economic pillars: Shipping, logistics, tourism, and its binging real estate sector. Most of these pillars remain sound.

Dubai's economic example isn't widely understood in Washington. But it's a good thing. Emulating Dubai could make Arab countries more stable and secure, along with the rest of us. For America, which has mistreated Dubai despite synergies with our interests, it's a windfall.

If you remember, Dubai in 2006 bought US port operations and found itself vilified as a terrorist logistics center. Members of Congress now in the Obama administration -- among them the senator who is now president -- joined the Dubai-bashing. Well, it may turn out that this "terrorist logistics center" has one of the keys for fixing the Mideast's terrorism problem.

The Dubai model is a mixture of social freedom, unbridled immigration, and raw capitalism. It is overseen by a government that is one of the world's least democratic. This is no accident. Dubai avoids both elections and the Arab obsession with politics, especially the syndrome of feeling slighted by the West.

Dubai is pragmatic. It makes money doing business with Israel and Iran, countries shunned by other Arab states. The city's finessing of simultaneous friendships with Washington and Tehran is as deft as it is precarious.

Dubai's government wrings efficiencies using schemes from Harvard Business School and General Electric. Its use of strategic planning is a new concept in the Middle East. Dubai conceives developments, like no-tax business parks, and builds them exactly as promised.

In contrast with the surrounding police states, Dubai functions on the honor system. Alcohol is legal. Prostitution is tolerated. A nice example is the e-Gate scheme, which allows residents to use a biometric card to skip passport control. None of the neighbors has the confidence to replace state security with a smart card. Not Saudi Arabia, not Iran, not Israel.

Saudis and Iranians, especially, find a refreshing dignity in Dubai, a respect for their ability to make the right choice. "Friday you can pray, but Thursday night you might want to go to the bar," says a Dubai-based Saudi. "It's up to you."Dubai is certainly taking risks. But rulers from Morocco to Iran are already Xeroxing parts of the Dubai playbook and waiting to see how the more controversial approaches pan out. For some, it's a matter of self-preservation: Dubai's state-led development doesn't involve elections. For others it's a bid to stop the hemorrhage of bright citizens and cash fleeing to Dubai.

All of them ought to do more. Egypt, with its unemployed masses, could make use of Dubai's incentives for foreign investment. Syria might adopt its free trade ways. Iraq and Israel could use a dose of its religious tolerance. And its Gulf neighbors might streamline their bureaucracies as Dubai has.

Of course, there are areas where neighbors emulate Dubai to their detriment. Dubai's abusive "in-sourced" labor market is one. Real estate is another. One hopes Dubai's property crash taught admirers what not to copy. And Dubai pays no heed to the environment. Thus Dubaians, with their monster 4x4s and chilled swimming pools, are the world's most prolific polluters.

But overall, Dubai's self-help mentality is the best hope for dragging this stagnant region into the global economic mainstream, with the accompanying stability and peace it implies. It's time Washington took notice.-- Jim Kranehttp://www.thewashingtonnote.com/archives/2009/09/guest_post_by_j_12/

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**Scott J. Link**
Board Certified Business Litigation

LINK & ROCKENBACH, PA
1555 Palm Beach Lakes Blvd., Suite 930
West Palm Beach, FL 33401
[redacted]

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**From:** Nicholas Ribis [redacted]
**Sent:** 3/28/2019 7:41:52 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** The Washington Post: How Donald Trump inflated his net worth to lenders and investors

For ur info

**How Donald Trump inflated his net worth to lenders and investors**
The Washington Post

Trump's 'statements of financial condition' are a key component of inquiries by House Democrats and New York investigators. Read the full story

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**From**: Nicholas Ribis [redacted]
**Sent**: 3/12/2019 12:55:51 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: New York Attorney General Opens Investigation of Trump Projects - The New York Times

This is the start of big problem for him!
https://www.nytimes.com/2019/03/11/nyregion/deutsche-bank-trump.html?emc=edit_NN_p_20190312&nl=morning-briefing&nlid=85691347ion%3DwhatElse§ion=whatElse&te=1

Sent from my iPhone

**From:** J [jeevacation@gmail.com]
**Sent:** 3/5/2019 11:19:19 PM
**To:** Martin Weinberg [redacted] Weingarten, Reid [redacted]; Lilly Ann Sanchez [redacted] Ken Starr [redacted]
**Subject:** Fwd: Herald

# Privileged - Redacted

---------- Forwarded message ---------
From: **Lilly Sanchez** <[redacted]>
Date: Tue, Mar 5, 2019 at 6:08 PM
Subject: Herald
To: jeffrey E. <jeevacation@gmail.com>

## Miami U.S. Attorney's Office recuses itself from Jeffrey Epstein case

Play Video

DurationÂ 3:51

## AG nominee Barr pledges to look into handling of Epstein case

i

Sen. Ben Sasse questioned attorney general nominee William Barr about the Jeffrey Epstein case on January 15, 2019, getting the nominee to commit to having the Department of Justice look into the handling of that case if confirmed. **C-SPAN** Meta Viers

BY JULIE K. BROWN
*jbrown@miamiherald.com*

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Just days before a Friday deadline, the Justice Department has reassigned the Jeffrey Epstein victims' rights case to the U.S. Attorney's Office in Atlanta, the attorneys representing Epstein's victims' attorneys said Tuesday.

Miami federal prosecutors, in letter to attorneys for the victims's lawyers on Monday, said they had recused themselves from the case, according to Brad Edwards and Jack Scarola, representing Epstein's victims.

The reassignment means that the U.S. attorney for the Northern District of Georgia, Byung J. “BJay” Pak, will oversee the case for the government. Pak, a former Georgia lawmaker, was appointed Atlanta’s chief federal prosecutor by President Trump in October 2017.

The Justice Department is still under a Friday deadline for prosecutors to confer with the victims’ attorneys in an effort to settle the case. On Feb. 22, U.S. District Judge Kenneth A. Marra in Palm Beach ruled that federal prosecutors, under former Miami U.S. Attorney Alexander Acosta, broke the law when they concealed a plea agreement from more than 30 underage girls in Palm Beach who had been sexually abused by Epstein, a multimillionaire New York hedge fund manager.

Marra stopped short of voiding the agreement, which granted Epstein and an untold number of accomplices immunity from federal prosecution for sex trafficking crimes, provided Epstein plead guilty to minor charges in state court. At the time of the plea deal, federal prosecutors had gathered enough evidence against Epstein to write a 53-page federal indictment, court records show.

## Play Video

DurationÂ

12:20

## The story behind a Palm Beach sex offender’s remarkable deal

**The story behind a Palm Beach sex offender’s remarkable deal**
**Emily Michot**

An investigation by the Miami Herald, “Perversion of Justice,’’ found that after Acosta met privately with one of Epstein’s lawyers, the government agreed to seal the plea agreement so that no one — not the victims, not even the state court judge who sentenced Epstein — would know the full extent of his crimes. Epstein, now 66, was allowed to plead guilty to prostitution charges and served 13 months in the Palm Beach County jail, where he was given liberal work release, and allowed to travel to New York and his private island in the Caribbean during his subsequent house arrest. He was released in 2009, and now divides his time between New York, Palm Beach and the U.S. Virgin Islands.

The Herald interviewed four of Epstein’s victims, who were as young as 13 at the time they were abused by Epstein. They said they felt betrayed by state and federal prosecutors, who treated them like prostitutes instead of victims. Two of them sued the federal government in 2008 under the Crime Victims’ Rights Act, which grants crime victims the right to be informed about plea deals and to confer with prosecutors.

Marra, in a 33-page opinion, said prosecutors not only intentionally violated the Crime Victims’ Rights Act, but they misled the girls into believing that the FBI’s sex trafficking case against Epstein was ongoing — when, in fact, prosecutors had secretly closed it after sealing the plea bargain from the public record.

Marra, noting that he reviewed affidavits, depositions and interrogatories, said “Epstein worked in concert with others to obtain minors not only for his own sexual gratification, but also for the sexual gratification of others.’’

The victims' attorneys — Edwards, Scarola and Paul Cassell — have asked the Justice Department to throw out Epstein's plea agreement and reopen the criminal investigation.

Edwards, who brought the victims' rights case against the government, said transferring the case to another jurisdiction is a prudent decision.

"I think it's good that we're going to get fresh eyes and a fresh opinion on the way the case was handled,'' Edwards said Tuesday. "We were obviously in an adversarial posture with the U.S. Attorney's Office in Miami because they handled the case to begin with.''

Miami's new U.S. Attorney, Ariana Fajardo Orshan — who was appointed by President Trump in September — did not respond to a request for comment.

## Play Video

DurationÂ

5:29

## Jeffrey Epstein apologizes, but not to his victims

**Jeffrey Epstein apologizes, but not to his victims**
**Emily Michot**

Edwards predicted that it would take some time for Pak's office to review the case, which includes more than 500 docket entries and thousands of documents. He said If the sides can't agree on a resolution, then Marra would likely have to come up with one. The case is being closely watched by crime victims' rights advocates, as it will likely set a precedent.

Acosta, who was appointed by Trump as the U.S. secretary of labor in 2017, is the focus of a separate Justice Department investigation into whether there was any prosecutorial misconduct in the Epstein case. That probe, by the DOJ's Office of Professional Responsibility, was initiated in response to demands from a bipartisan group in Congress, led by Republican Sen. Ben Sasse of Nebraska and Democratic Rep. Debbie Wasserman Schultz of Florida.

In the meantime, a court hearing will be held at 4 p.m. Wednesday in New York in another Epstein-related case. A federal appeals court will hear oral arguments in a motion by the Miami Herald, supported by 32 other news organizations, asking the court to unseal documents that could reveal details about the extent of Epstein's crimes and any other people who may have been involved.

Three of Epstein's former attorneys — who helped negotiate his plea deal in 2008 — wrote a letter published in the New York Times on Monday, defending the plea bargain cut with Acosta as a fair deal. The letter was in response to a Times editorial that called on Congress and the Trump administration to hold Acosta and others involved in the case accountable.

Epstein's lawyers said the editorial's conclusions were "in profound conflict with the reality,'' noting that there was no evidence that Epstein committed federal sex trafficking offenses. The letter was signed by former Epstein lawyers Kenneth Starr, Jack Goldberger and Lilly Ann Sanchez, as well as Epstein's current attorney, Martin G. Weinberg.

Read more here: https://www.miamiherald.com/news/politics-government/article227136459.html#storylink=cpy

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Lilly Ann Sanchez
The LS Law Firm

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**From**: Nicholas Ribis[redacted]
**Sent**: 2/19/2019 7:25:25 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: The New York Times: Intimidation, Pressure and Humiliation: Inside Trump's Two-Year War on the Investigations Encircling Him

He is crazy!!

**Intimidation, Pressure and Humiliation: Inside Trump's Two-Year War on the Investigations Encircling Him**
The New York Times

President Trump's efforts have exposed him to accusations of obstruction of justice as Robert S. Mueller III, the special counsel, finishes his work. Read the full story

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Sent from my iPhone

**From:** Lawrence Krauss[redacted]
**Sent:** 12/12/2017 2:22:11 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: URGENT: BuzzFeed News inquiry re allegations of sexual harassment

**Importance:** High
**Flag:** Follow up

No. We didn't have sex. Decided it wasn't a good idea.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted], Assistant[redacted]
Origins Office (Cynthia): 480.965.0053
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Dec 11, 2017, at 7:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

did You have sex with her ). ? Condom ? Did she take it? I wouldn't respond . My advice is consistent . Off the record

On Tue, Dec 12, 2017 at 2:47 AM Lawrence Krauss <[redacted]> wrote:

Is this a reasonable response? Should i even respond? Could use advice.

Mutual decisions about meeting and everything else at the time. I assumed that was clear.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted], Assistant[redacted]
Origins Office[redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Dec 11, 2017, at 6:00 PM, Lawrence Krauss [redacted] wrote:

Gee.. I just got out of a meeting and was trying to respond to your last one.. and I am now leaving for a 2 hour drive to a book signing event… I will try and respond to all your emails when I get back home later tonight.. I don't want to rush anything off as I am already late..

On Dec 11, 2017, at 5:31 PM, Peter Aldhous [redacted] wrote:

Dear Dr. Krauss,

Apologies for the multiple emails.

Regarding #1, you say it "refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards."

To clarify, are you saying that this mutual decision was reached in the hotel room? Or was this discussed subsequently?

Sincerely,

Peter Aldhous

On 12/11/17 1:00 PM, Peter Aldhous wrote:

Dear Dr. Krauss,

Thank you for your responses, which state that the allegations made against you are false and/or distorted.

That does raise a question:

Why do you think that multiple women, over more than a decade, have separately made accusations against you?

Sincerely,

Peter Aldhous

On 12/11/17 9:18 AM, Lawrence Krauss wrote:

I appreciate the opportunity to respond to your email. I am currently on a plane until noon pacific time, and then heading to a meeting right after landing, till about 2 pm or so. While I am running the risk that you will report my comments, if you do, either out of context, or incompletely, I am responding with an effort to be complete, as I always try and do with reporters. If you decide to go ahead with a story, which, after reading my responses, I hope you decide is inappropriate, I would like you to quote my responses fully in order not to distort them.

It is hard to know how to respond to a list of false and/or distorted allegations, along with misleading statements. I treat people I interact with with respect, and I work hard to support and mentor students, colleagues, and members of the general public, and this is supported by the institutions of which I am a part. I do not sexually harass people. If the purpose of your reporting is to somehow argue that Universities and other institutions are lax in dealing with well known individuals like myself, then in fact the situation is quite the opposite. My high public profile opens me up to more scrutiny at these institutions, not less, and it also opens

me up to a host of unfounded outside complaints and allegations that other faculty do not receive, each of which the University has to respond to. The fact that I have remained a professor in all Universities with which I have been associated, in good standing, and also an officer or an invited speaker at organizations like CFI, which have strict harassment policies, is a confirmation of the fact that their experience validates a trust in my behavior. I was asked to be an honorary director of CFI, and continue to be invited to their last 3 meetings to speak, specifically because, as they have written me after the fact, the attendees universally appreciated my talks, my courtesy, and graciousness in spending time with the attendees. If the purpose of your report is to impugn my integrity or suggest I have a history of harassment, that too is false. As noted in one of your 'miscellaneous facts', as a scientist I try and remain skeptical, and rely on empirical evidence, rather than allegations and innuendo by people whose motives I cannot judge. I also try and judge the facts in context. The fact that Universities and other organizations employ me or have me on their boards, or invite me to meetings is because they value my contributions and my actions.

The items you list are false or distorted. Item 1 refers to a consensual encounter in my hotel room in 2006 where we mutually decided, in a polite discussion in fact, that taking it any further would not be appropriate, and there were respectful and platonic encounters afterwards. There is nothing to comment on in item 3, which involves an anonymous 3rd party claim because I know nothing about it, there are no details provided, and it clearly was not taken seriously enough to result in any university action. Item 4 is confusing. Are you saying that because I decided I didn't want to go out to a bar with a group of attendees that I was harassing them? The second part did not happen. Re incident 5: The 'female companion' in this case is my wife, who accompanied me on the cruise, and has attested to the fact that the claim is false. This is what I wrote at the time in response to the blog in question, causing it to be taken down.

It is worth responding to Item 2 and 6 in more detail,

Re item 2: the student in question was interested in science communication, and on dozens of occasions came to me, asked me to talk over coffee, or wrote to me with questions. When she asked about advice for after graduation I DID tell her she was different than the other students in her year. The rest of them were interested in going on to graduate school in physics, but she was interested in science communication so I told her that she might want to take a different path. Since she was the only woman in her year, as I recall, I did ask her on one of these occasions if that made it difficult for her in any way. I asked, because as a faculty member and department chair I was interested in knowing what we could do, if necessary to encourage more women to go into physics, and also because as someone she had asked for career advice from I wanted to know if that made a difference to her. Re asking her for dinner.. I have gone back over emails from that period. I have numerous requests from her asking me to go for coffee to talk, which I usually had to turn down because I was busy, and on several occasions she asked me to have coffee with her off campus to talk, and I politely declined. I did let her accompany me off campus one time to watch me do a BBC interview because she specifically requested it, and I believe she found it useful. I did and do have coffee and meals with students on campus, and I see nothing wrong with this. I try to treat students as respected colleagues if possible. I was shocked when I later learned of the complaint she was apparently asked to lodge to the University, not least because there was no inappropriate interaction but also because, well after the dates you listed on which she was apparently offended, she continued to email me with joking questions or comments. Also, at a later AAAS conference, again in 2008, for which she had asked, and for which I had written her a letter of recommendation to attend, my wife and I gave her a lift in our taxi well out out of our way in order to drop her off at her hotel, and I note in an email response to her email about the conference, again in 2008, I expressed that I would pass her regards along to my wife and vice versa. When the University later informed me of the complaint I was shocked and concerned. When I spoke to the human resources person, including relating my concerns and explaining the situation, I was told that no formal complaint of sexual harassment was requested. By that time I learned of the complaint I had already announced my intentions to leave Case to accept an offer at ASU—a very difficult decision for me because of my long-standing attachment to the University, the excellent relations I had with my colleagues there— both among the faculty (many of whom in physics I had hired while department chair)) and among the administration, along with a very attractive

counter-offer by Case. Because I was already in Arizona at the later time I was asked not to have any further interaction with the student I agreed to that request, both to respect her sensitivities and also because it was basically moot because I was not on campus. Following this episode, as indicated in the letter to the student, I did assess what might have led to misinterpretations by this student, and became more careful in offering advice when talking to students. I was also told by human resources that because it was decided to handle this informally and not formally, that (a) it should remain confidential, which I, at least abided by, and (b) if no further complaints were lodged in that case, that the University would preserve its confidentiality and remove the complaint from my record after 5 years, which makes me surprised and concerned that someone violated that written agreement with you.

Re item 6: You report on ASU's response to item #6 , without including the fact that the University specifically stated there were never any allegations of sexual misconduct or harassment by me at the University, and moreover that the 'outside complaints' were in fact related specifically to your item #6. Further you neglect to mention that this complaint was by an anonymous third party, not the individual who was allegedly harassed, who never lodged a complaint, and that no specific evidence was provided of the alleged transgression. I was surprised and dismayed that both ASU and ANU launched investigations on the basis of this but was told by both Universities that because of my high profile even such unsubstantiated third party complaints at private events unrelated to the University would be investigated. The complaint was investigated by both ASU and ANU and both came to the conclusion that it was not credible and no university policies had been violated. In addition ANU's investigation, which took a full month, found various inconsistencies in the allegation, which suggest distortion and fabrication, I will quote from the ANU report. The initial complaint, which in fact resulted in a temporary suspension of my position at ANU until it was dismissed, outlined the claim you made in the words you quoted in your note to me, but it also stated

"It is the University's understanding that a complaint was lodged directly to the conference organisers at the time of the incident."

After the month-long investigation, during which I was told I was not to interact with anyone on campus (again moot because I was a hemisphere removed) the final report, from which I quote below absolved me of any wrongdoing, reinstating my position, and indicated information inconsistent with the original claim and apparent later claims:

"The allegations were made by an observer to the incident.
- The complaint did not identify, nor disclose the identity of the conference attendee who was allegedly touched in
an unwelcome manner.
- The conference attendee who took the 'selfie' photo did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
- The conference attendee who witnessed the incident, did not lodge a formal complaint to the conference organisers
at the time of the incident (November 2016).
-The photo submitted as part of the complaint does not provide evidence of any physical contact.
- The complainant alleged that a photo exists, showing your hand on the breast of the conference attendee who took
the 'selfie' photo. This photo was not made available to the Australian National University, although it was requested
in the course of the investigation."

(And for the record I often put my hand up in front of a camera if there is a flash, as I specifically request selfies not to include flashes, so that I don't end up with a series bright spots in front of my eyes for the next half hour. Moreover, I have no idea if the other eyewitnesses you quote, who were not involved in any

complaint, were in fact there but this was a formal banquet with individuals and their partners, which I attended long enough to agree to sign things and do selfies before leaving early because I was tired. Even if I had any such intent it would have been lunacy to pose for selfies in front of a group and openly do such a thing, including presumably in front of this person's partner, . Which, besides the fact that I don't do such things, is one of the many reasons it never happened.)

What makes this particular type of allegation so repugnant is that I get asked for literally thousands of selfies, and when people come up to me they are vulnerable, often shaking, or sometimes aggressive. I am particularly proud of the way I work to make all people feel at ease, and respected, rather than humiliated, whatever their behavior or request. Thus, this false claim strikes at the heart of what I am about, which characterizes all my interactions with fans: to acknowledge them in a way that makes them feel appreciated and respected. As I understand you had a reporter watching me sign books and take selfies at the CFI conference in Las Vegas this year, that behavior is what they will have witnessed and should report on. Moreover, I am proud of the interactions I have had at both Case and ASU, with students, colleagues and staff of all genders and ethnicities. I have worked hard to support them, mentor them, and treat them with respect. I treat others as responsible adults, and I expect to be treated equally.

On Dec 10, 2017, at 6:12 PM, Peter Aldhous [redacted] wrote:

Dr. Krauss:

As you know, I'm a reporter for BuzzFeed News who has been investigating sexual misconduct allegations against you. As we've already discussed by email, I'd very much like to interview you about these allegations in detail.

In particular, you stated in an email sent on Nov 13 that two universities had investigated an incident (# 6 below). You claimed that "both Universities independently concluded that the report was unsubstantiated and fabricated with malicious intent." We are not aware that either university concluded fabrication or malicious intent, so if you have evidence to support this assertion, we would like to see and discuss it.

The story concerns your actions towards students while a professor of physics at Case Western Reserve University, as well as your conduct in non-academic settings as a prominent figure in the skeptics movement. I am reporting this story along with two of my colleagues on the science desk, Azeen Ghorayshi and Virginia Hughes.

Our story is about several allegations of sexual misconduct dating from 2006 to 2016 (see full details below). Our reporting also goes into how the various institutions you have been affiliated with — Case Western, Arizona State University, the Australian National University, the New College of the Humanities, and the Center for Inquiry, for which you serve as an honorary member of the board of directors — have handled complaints and concerns about your behavior during this time.

Our story is corroborated by emails, university documents, official complaints, testimony from victims and eyewitnesses, and interviews with more than two dozen of your current and former academic colleagues, students, and peers in the skeptics movement.

I wanted to offer you the opportunity to comment and/or respond to the main facts we plan to publish. If you wish to comment on any of the below findings, we need to hear from you as soon as possible. **We are planning on publishing our story Tuesday morning, Eastern US Time.**

Based on our reporting, this is what we plan to publish:

Incident 1:

- In November of 2006, at an event launching the new Center for Inquiry in Washington D.C., you met a volunteer for CFI D.C.
- At the event, you asked for her business card. Later, you followed her as she was leaving and asked her if she was "of age."
- Later, you emailed her to invite her to dinner.
- You planned to dine with her in the restaurant at the Washington D.C. hotel where you were staying.
- You told her to come up to your room first because you needed to finish some work.
- In your hotel room, you seemed in no rush to leave. You ordered a cheese plate, and later champagne, despite her suggestion that you go down to dinner.
- You then made a comment about her eye makeup, getting very close to her face.
- You then lifted her by her arms, and pushed her onto the bed beneath you, forcibly kissing her and trying to pull down the crotch of her tights.
- She struggled to push you off her.
- You said, "When I was in college I could never get a girl that looked like you."
- When you pulled out a condom, she got out from under you. She said "I have to go," and rushed out of the room.

Incident 2:

- In an incident that occurred in fall of 2007 while you were a physics professor at Case Western Reserve University, a student tried to talk to you about her plans after graduation. You mentioned to her how tough it must be to have all the other physics majors asking her out on dates.
- In a second incident in December of 2007, while you were still at Case Western, the same student visited your office to interview you for a student science journal. You closed the door behind her, and ignored the questions she had prepared. Then you made a casual comment about taking her out for dinner.
- Later, in a regular column for the school paper, she described her experiences with you, without mentioning you by name. "There was even one particular creep of a professor who once told me he thought differently of me compared to other students and asked me to dinner: a situation so disturbing that it left me upset for weeks afterward," she wrote.
- She was then approached by a dean at the university, who suspected that she was referring to you, based on a previously reported incident with another student. He encouraged her to make a complaint, and she did.
- University investigators interviewed both you and the student.
- On September 4, 2008, Susan Nickel-Schindewolf, the university's associate vice president for student affairs, wrote to the student, telling her that the investigation was complete. She wrote that you had been told: "This type of behavior could constitute sexual harassment in violation of the university's sexual harassment policy."
- The letter also stated that you were prohibited from making contact with the student as long as she remained at Case.
- The letter also stated that you are required to get approval from the dean or the chair of the physics department before setting foot on the campus again.
- The letter also stated, "Dr. Krauss expressed regret about having a negative impact on you, and also his willingness to use this complaint as an opportunity to reflect and improve on his future interactions with students."
- By then, you had already left Case, taking up your current position at Arizona State University the month before.
- "The opportunities being offered at ASU are simply too great to turn down at this stage in my career," you told Case colleagues, in an email announcing your departure on April 16, 2008.

Incident 3:

- A former Case Western physics department administrator confirmed that she had reported a previous incident involving a student who had confided in her about your inappropriate behavior towards her.

Incident 4:

- You met a student from another university, an atheist activist, in March 2008 at the American Atheists Convention in Minneapolis. She wanted to expand the atheist group she ran at the midwestern university she was attending, and hoped to convince you to come and speak. You initially seemed enthusiastic.
- During the convention, attendees including you and Richard Dawkins went for dinner with the student and volunteers for Dawkins' foundation.
- Afterwards, the student invited you to join the volunteers for a drink.
- You asked her to come get you in your hotel room. She was wary of your intentions, and so brought a male friend with her. Opening the door to find them both there, you informed her you had decided not to go.
- You met this student again at the American Atheists Convention in Des Moines, Iowa, in April 2011.
- You pulled over a chair for her in the bar, and then started running your hand up her leg under the table.
- She tried to shift her body away from you, and you persisted in putting your hand on her leg. She crossed her legs, and you kept trying. Then she turned her entire body away.

Incident 5:

- This incident allegedly occurred on in May 2011 on a CFI cruise. We understand that CFI staff were informed that you had propositioned a female cruise-goer, who rejected an invitation to join you and your female companion for sex in your cabin.
- At least two CFI staffers were sufficiently concerned about reports of your behavior that they urged CFI's president not to invite you on a 2014 cruise of the Galápagos Islands. You were invited on that cruise, however.

Incident 6:

- During a visit to Melbourne, Australia, in November 2016, you were accused of sexual misconduct once again.
- The incident happened at a dinner held at the Melbourne Zoo as part of the Australian Skeptics National Convention, where you were a featured speaker.
- With conference delegates chatting over drinks, a woman asked you for a celebrity selfie.
- As the woman held out her phone to take the picture, you reached over her shoulder and grabbed her right breast.
- She immediately reacted, bodychecking you and spinning around. "Don't do that," she said.
- BuzzFeed News has seen the complaint made by another woman to ASU, ANU, and the New College of the Humanities in London, including the selfie, her face obscured to conceal her identity. It shows your hand in motion as a blur in front of her shoulder, apparently moving toward her chest. Two other eyewitnesses have confirmed the complainant's account of what happened.
- In April 2017, the complainant described the incident on her blog. After hearing more about your reputation for inappropriate behavior from blog readers, she decided to file a complaint about the Nov. 2016 incident.
- On July 16, she filed formal complaints with Arizona State University, and with the Australian National University in Canberra and the New College of the Humanities in London, where you have visiting appointments.

- Both Arizona State and the Australian National University told her they would look into the matter. But neither university found against you.
- "Based on the material available to the University, we do not have sufficient evidence to substantiate the allegations," Kiaran Kirk, dean of the College of Science at the Australian National University, wrote to her.
- Erin Ellison, who heads Arizona State's Office of Equity & Inclusion, wrote to her explaining that an inquiry "did not find a violation of university policy."
- In October, Arizona State denied a request from BuzzFeed News for documents relating to complaints of sexual harassment against you. However, Cynthia Jewett, the university's senior associate general counsel, noted that **two** individuals, neither affiliated with the university, had complained about you. "The University did not find either communication to state a credible allegation," Jewett wrote.

Miscellaneous facts:

- In 2008, you founded the Origins Project at Arizona State University in Tempe, a multidisciplinary effort to understand the origins of the universe, life, and social systems. You have led that effort ever since.
- Thanks to best-selling books like *The Physics of Star Trek* and *A Universe From Nothing*, frequent essays in publications including the New Yorker and the New York Times, and the documentary you made with biologist Richard Dawkins, called *The Unbelievers*, you are celebrated as one of America's leading public intellectuals.
- You served on the science policy committee for Barack Obama's 2008 presidential campaign and are a vocal critic of President Donald Trump.
-

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**From**: [redacted]
on behalf of Christina Galbraith [redacted]
**Sent**: 1/5/2015 10:12:19 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: High Profile

---------- Forwarded message ----------
From: **Jamie Rosenwald** <[redacted]>
Date: Mon, Jan 5, 2015 at 5:07 PM
Subject: High Profile
To: "Jeffrey@jeffreyepstein.org" <Jeffrey@jeffreyepstein.org>

Dear Jeff,

Your name popped up again in the Press and I thought it was time to congratulate you on your wonderful financial successes since your days as my Physics prof at Dalton!! The young, bright options trader, who understood Black Sholes and how to use it, at Bear, made good!!

Unless your PR advisor is Donald Trump, I am not sure that current press provides you with much benefit. Perhaps I am wrong? Not the first time!!

Anyway, middle age has brought its own unique set of challenges. Aging certainly ain't for sissy's.

Regards,

Jamie Rosenwald

Ps. David Asch and I toasted to you during our Thanksgiving weekend in Amagansett in November.

--
Christina Galbraith
MEDIA/PR
Jeffrey Epstein VI Foundation
[redacted]

**From**: MAILER-DAEMON@p3plsmtp05-03.prod.phx3.secureserver.net [MAILER-DAEMON@p3plsmtp05-03.prod.phx3.secureserver.net]
**Sent**: 1/6/2015 1:15:20 AM
**To**: jeevacation@gmail.com
**Subject**: failure notice

Your mail message to the following address(es) could not be delivered.
This is a permanent error. Please verify the address(es) and try again.

<christina@jeffreyepstein.org>:
child status 100...The e-mail message could not be delivered because the user's mailfolder is full.

--- Below this line is a copy of the message.

```
Return-Path: <jeevacation@gmail.com>
Received: (qmail 19093 invoked by uid 30297); 6 Jan 2015 01:15:20 -0000
Received: from unknown (HELO p3plibsmtp03-01.prod.phx3.secureserver.net) ([68.178.213.113])
          (envelope-sender <jeevacation@gmail.com>)
          by p3plsmtp05-03.prod.phx3.secureserver.net (qmail-1.03) with SMTP
          for <christina@jeffreyepstein.org>; 6 Jan 2015 01:15:20 -0000
Received: from mail-wi0-f180.google.com ([209.85.212.180])
       by p3plibsmtp03-01.prod.phx3.secureserver.net with bizsmtp
       id cRFK1p0133u5SEh01RFLFp; Mon, 05 Jan 2015 18:15:20 -0700
Received: by mail-wi0-f180.google.com with SMTP id n3so4433763wiv.1
        for <christina@jeffreyepstein.org>; Mon, 05 Jan 2015 17:15:19 -0800 (PST)
DKIM-Signature: v=1; a=rsa-sha256; c=relaxed/relaxed;
        d=gmail.com; s=20120113;
        h=mime-version:in-reply-to:references:date:message-id:subject:from:to
         :content-type;
        bh=buIihKI+751WUl5BWGwKtQK2/0JcqYe/gvCC04QgIRY=;
        b=z6YCyAQzipV5nA4ezYe1UuzMbC02F5qd7OFMrCxFpy6N8FXVytfaIAh0hzM0hVinWj
         MZgeAmWYVAOzFrgvod6tJ9yUjyyHaqWYpTLBcNsxy6LOZrMHHiiG8gyRPORH87Le1g5k
         Po5bpIP9FKGuRK7eldNJnfgZ72zdfiEncYZ1BjTTBKezlvIukQqO6shBJV+3FHqymtdX
         Bf8of0N0PdI3dR1igQoVSzNJ9XDi3kQgg+ipLnugDlDLX5A2dDqFLzfD6zYanOg6WHwH
         EAsCVZxDOVb3SRhbd9W5dVjNO82p/uKfq1qTsL/HmZKL1yewnQ6GxSEO2JRyIfjp9r6s
         h0bA==
MIME-Version: 1.0
X-Received: by 10.195.12.15 with SMTP id em15mr166563452wjd.80.1420506919320;
 Mon, 05 Jan 2015 17:15:19 -0800 (PST)
Received: by 10.194.47.1 with HTTP; Mon, 5 Jan 2015 17:15:19 -0800 (PST)
In-Reply-To: <CAE-V2w=outijAfJGNP4772MO8wn9HWTfq4=_quBh3_k=QDNn1w@mail.gmail.com>
References: <844D16BDCC83F5419485EEB1B49DCEE356FF9997@mbx027-w1-ca-2.exch027.domain.local>
       <CAE-V2w=outijAfJGNP4772MO8wn9HWTfq4=_quBh3_k=QDNn1w@mail.gmail.com>
Date: Mon, 5 Jan 2015 21:15:19 -0400
Message-ID: <CA+t=u-ZBcu1megS3ECP4+K9mcZHVw6UBFryJ8gFn98=Ju4T1yA@mail.gmail.com>
Subject: Re: High Profile
From: "jeffrey E." <jeevacation@gmail.com>
To: Christina Galbraith <christina@jeffreyepstein.org>
Content-Type: multipart/alternative; boundary=047d7bfcef3a53c24d050bf18a12

--047d7bfcef3a53c24d050bf18a12
Content-Type: text/plain; charset=UTF-8
Content-Transfer-Encoding: quoted-printable

thanks,  what is david doing?

On Mon, Jan 5, 2015 at 6:12 PM, Christina Galbraith <
christina@jeffreyepstein.org> wrote:

>
> ---------- Forwarded message ----------
> From: Jamie Rosenwald <[redacted]>
> Date: Mon, Jan 5, 2015 at 5:07 PM
> Subject: High Profile
> To: "[redacted]" <[redacted]>
>
>
>  Dear Jeff,
>
>
>
> Your name popped up again in the Press and I thought it was time to
```

> congratulate you on your wonderful financial successes since your days as
> my Physics prof at Dalton!! The young, bright options trader, who
> understood Black Sholes and how to use it, at Bear, made good!!
>
>
>
> Unless your PR advisor is Donald Trump, I am not sure that current press
> provides you with much benefit. Perhaps I am wrong? Not the first time!!
>
>
>
> Anyway, middle age has brought its own unique set of challenges. Aging
> certainly ain=E2=80=99t for sissy=E2=80=99s.
>
>
>
> Regards,
>
>
>
> Jamie Rosenwald
>
>
>
> Ps. David Asch and I toasted to you during our Thanksgiving weekend in
> Amagansett in November.
>
>
>
> --
> Christina Galbraith
> MEDIA/PR
> Jeffrey Epstein VI Foundation
> [redacted]
>
>
>

--=20
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and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved

--047d7bfcef3a53c24d050bf18a12
Content-Type: text/html; charset=UTF-8
Content-Transfer-Encoding: quoted-printable

<div dir=3D"ltr">thanks,=C2=A0 what is david doing?<br> <div class=3D"=
gmail_extra"><br><div class=3D"gmail_quote">On Mon, Jan 5, 2015 at 6:12 PM,=
 Christina Galbraith <span dir=3D"ltr"><<a href=3D"mailto [redacted] </a>></spa=
n> wrote:<br><blockquote class=3D"gmail_quote" style=3D"margin:0 0 0 .8ex;b=
order-left:1px #ccc solid;padding-left:1ex"><div dir=3D"ltr"><br><div class=
=3D"gmail_quote">---------- Forwarded message ----------<br>From: <b class=
=3D"gmail_sendername">Jamie Rosenwald</b> <span dir=3D"ltr"><<a href=3D"=
mailto:jrosenwald@daltoninvestments.com" target=3D"_blank">[redacted]
>><br>Date: Mon, Jan 5, 2015 at 5:07 PM<br>Sub=
ject: High Profile<br>To: "<a href=3D"mailto:Jeffrey@jeffreyepstein.or=
g" target=3D"_blank">Jeffrey@jeffreyepstein.org</a>" <<a href=3D"ma=
ilto:Jeffrey@jeffreyepstein.org" target=3D"_blank">Jeffrey@jeffreyepstein.o=
rg</a>><br><br><br>

```
<div vlink=3D"purple" link=3D"blue" lang=3D"EN-US">
<div>
<p class=3D"MsoNormal">Dear Jeff,<u></u><u></u></p>
<p class=3D"MsoNormal"><u></u>=C2=A0<u></u></p>
<p class=3D"MsoNormal">Your name popped up again in the Press and I thought=
 it was time to congratulate you on your wonderful financial successes sinc=
e your days as my Physics prof at Dalton!! The young, bright options trader=
, who understood Black Sholes and
 how to use it, at Bear, made good!!<u></u><u></u></p>
<p class=3D"MsoNormal">=C2=A0<u></u></p>
<p class=3D"MsoNormal">Unless your PR advisor is Donald Trump, I am not sur=
e that current press provides you with much benefit. Perhaps I am wrong? No=
t the first time!!<u></u><u></u></p>
<p class=3D"MsoNormal">=C2=A0<u></u></p>
<p class=3D"MsoNormal">Anyway, middle age has brought its own unique set of=
 challenges. Aging certainly ain=E2=80=99t for sissy=E2=80=99s.
<u></u><u></u></p>
<p class=3D"MsoNormal">=C2=A0<u></u></p>
<p class=3D"MsoNormal">Regards,<span><font color=3D"#888888"><u></u><u></u>=
</font></span></p><span><font color=3D"#888888">
<p class=3D"MsoNormal">=C2=A0<u></u></p>
<p class=3D"MsoNormal">Jamie Rosenwald<u></u><u></u></p>
</font></span><p class=3D"MsoNormal">=C2=A0<u></u></p>
<p class=3D"MsoNormal">Ps. David Asch and I toasted to you during our Thank=
sgiving weekend in Amagansett in November. =C2=A0<span class=3D"HOEnZb"><fo=
nt color=3D"#888888">=C2=A0<u></u></font></span></p><span class=3D"HOEnZb"=
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</font></span></div><span class=3D"HOEnZb"><font color=3D"#888888"><br><br =
clear=3D"all"><br>-- <br><div><div dir=3D"ltr"><div><font face=3D"arial nar=
row,sans-serif" color=3D"#0b5394">Christina Galbraith</font></div><div><fon=
t face=3D"arial narrow,sans-serif" color=3D"#0b5394">MEDIA/PR</font></div><=
div><font face=3D"arial narrow,sans-serif" color=3D"#0b5394">Jeffrey Epstei=
n VI Foundation</font></div><div><font face=3D"arial narrow,sans-serif" col=
or=3D"#0b5394">[redacted]=
target=3D"_blank">[redacted]></font></div><div><a href=3D"mailto[redacted]
[redacted] target=3D"_blank"><font face=3D"arial narrow,san=
s-serif" color=3D"#0b5394">[redacted]</font></a></div><di=
v><br></div><div><br></div></div></div>
</font></span></div>
</blockquote></div><br><br clear=3D"all"><br>-- <br><div class=3D"gmail_sig=
nature"><div dir=3D"ltr">=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0 please =
note<br><div>The information contained in this communication is<br>confiden=
tial, may be attorney-client privileged, may<br>constitute inside informati=
on, and is intended only for<br>the use of the addressee. It is the propert=
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you have received this<br>communication in error, please notify us immediat=
ely by<br>return e-mail or by e-mail to <a href=3D"mailto:jeevacation@gmail=
.com" target=3D"_blank">jeevacation@gmail.com</a>, and<br>destroy this comm=
unication and all copies thereof,<br>including all attachments. copyright -=
all rights reserved<br></div></div></div>
</div>

--047d7bfcef3a53c24d050bf18a12--
```

**From:** Michael Wolff [[redacted]
**Sent:** 3/29/2015 4:22:30 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Today...

**Importance:** High

Ok. Talk at 5:00.

On Sunday, March 29, 2015, jeffrey E. <jeevacation@gmail.com> wrote:
ok, i need to run by lawyers, your sentene appears to read i nevefr met clinton or gore?? harsh about women, i thought we modified that.

On Sun, Mar 29, 2015 at 12:08 PM, Michael Wolff <[redacted]> wrote:
In NYC or otherwise? Why don't we plan on talking then at about 5:00.

On Sun, Mar 29, 2015 at 12:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:
be back on land around 4

On Sun, Mar 29, 2015 at 10:46 AM, Michael Wolff <[redacted]> wrote:
Have you read? When's good to talk?

--
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MARTIN G. WEINBERG, P.C.
ATTORNEY AT LAW

20 PARK PLAZA, SUITE 1000
BOSTON, MASSACHUSETTS 02116
[redacted]
FAX [redacted]
NIGHT EMERGENCY
[redacted]

EMAIL ADDRESSES:
[redacted]

August 19, 2015

**Via Certified Mail**
Melanie Ann Pustay
Director of Office of Information Policy
Sean R. O'Neill
Chief, Administrative Appeals Staff
Office of Information Policy
United States Department of Justice, Suite 11050
1425 New York Avenue, N.W.
Washington, D.C. 20530

**RE: FBI Request No 1203982-001/ DOJ OIP Appeal AP-2013-01397 (Jeffrey Epstein)**

Dear Ms. Pustay and Mr. O'Neill:

On March 29, 2013, the OIP determined that the FBI could not rely on 5 U.S.C. § 552(b)(7)(A) as a basis to withhold all records of past investigations regarding Mr. Epstein's prior FBI FOIA request. On April 25, 2013, the FBI reopened the above-numbered FOIA request and stated that it had started its processing and searching for responsive records. On June 24, 2013, the FBI was informed that Mr. Epstein would pay the costs of copying. At present, 27 ½ months after the FBI started to process Mr. Epstein's FOIA request, Mr. Epstein has received just two "batches," the first numbering 372 pages (including redactions) that was produced on December 16, 2014, and the second "batch" numbering 336 pages that was produced 5 ½ months later on May 29, 2015, out of a file that exceeds 12,000 pages. The processing of a third "batch" of documents will not begin until, at earliest, October, 2015, see *infra*. At this pace, the FBI will not complete the processing Mr. Epstein's file until 2025. A citizen should not have to wait over a decade for an agency to meet its FOIA obligations. As documented below – and within the May 1, 2015, and August 13, 2015, letters to Mr. Dennis Argall, FBI FOIPA Public Liaison Officer, each of which are attached – the FBI has declined to meet its statutory obligations in providing Freedom of Information Act mandated disclosures relating to the above-numbered request without unreasonable delay. Accordingly, I appeal to the OIP to require the FBI to comply with its March 29, 2013, determination in a reasonably prompt manner.

I spoke with Mr. Argall by telephone on August 12, 2015, and inquired as to when I could expect a third interim production. He informed me that the FBI reviewer assigned to the Epstein file had not commenced the processing of any additional materials in the 2 ½ months following the May 29 production and, further, that any such review was not currently scheduled and would not begin until, *at earliest*, October 2015. Given the lengthy delays due which include second level FOIA reviews conducted in Southern Florida by either the USAO or FBI, it predictably will take, *at the very minimum*, 5 ½ months from the prior production in May until a third "batch" would be provided (not the 60–90 days I had repeatedly been told was the ordinary delay between separate 500 page productions on large files such as Mr. Epstein's). *At this pace – a production of fewer than 500 pages out of the still unprocessed 11,000 pages each 5 ½ months – the remaining 22 "batches" will not be produced for ten more years.* Mr. Argall also advised that the reviewer assigned to the request was processing other files and that, in essence, other than communicating with me (which Mr. Argall has done on a regular basis), he could not suggest a way to expedite the pace other than by my advising Mr. Epstein to relinquish his FOIA rights to the review of his entire file.

The FBI response to the above-numbered FOIA request has been utterly incompatible with the language of the FOIA, which states that "[u]pon any determination by an agency to comply with a request for records, *the records shall be made promptly available* to such person making such request," 5 U.S.C. § 552(a)(6)(C)(i)(emphasis added), and with court opinions defining the FOIA "basic policy" as focusing on "citizens' right to be informed about 'what their government is up to,'" *Dep't of Justice v. Reporters Comm. for Freedom of the Press*, 489 U.S. 749, 773 (1989). Additionally, the FBI's delays in this matter violate the policy of President Obama, announced on January 21, 2009, which directed each agency to "act promptly" and make "timely disclosures of information." Even further, the Attorney General in a Memorandum for the Heads of Executive Departments and Agencies dated March 19, 2009, stressed that FOIA "professionals should be mindful of their obligation to work 'in a spirit of cooperation' with FOIA requesters," that "unnecessary bureaucratic hurdles have no place in the 'new era of open Government,'" and that "*timely disclosure of information is an essential component of transparency* [*and*] *long delays should not be viewed as an inevitable and insurmountable consequence of high demand.*" (emphasis added). The pace of disclosure where Mr. Epstein has received less than 1,000 of over 12,000 pages in the over 28 months since the OIP required the FBI to process his FOIA request is in stark conflict with the mandates of both the President and the Attorney General. More is required than for Mr. Epstein to simply wait, year after year, for the FBI to comply with its FOIA obligations.*

---

* In a recent opinion, *Clemente v. FBI*, 71 F.Supp.3d 262 (D.D.C. 2014), Judge Hogan found that the "FBI is not 'deluged with [a] volume of requests . . . vastly in excess of that anticipated by Congress,'" that the "FBI has not shown exceptional circumstance or sufficient progress in reducing its backlog to warrant an *Open America* stay," and that although the plaintiff's request "that the FBI process 5,000 pages a month is higher than the rate would be in an ordinary case, . . . the FBI has successfully processed documents at that rate in other cases." Mr. Epstein acknowledges the differences between his case and that of plaintiff Clemente, however, an agreement that his file be processed at even 10% of the 5,000 pages a month ordered in the Clemente case would speed up the production of his FOIA file by many multiples given that Mr.



HOUSE_OVERSIGHT_031448

I would request that you intervene in this matter and require that the FBI agree to a procedure that expedites the production of the 12,000 page file. I would also request a conference with you and/or with the specific individuals who will be responsible for discharging the FBI's FOIA responsibilities as to the pending Epstein request for FOIA materials so that I can be assured that the FBI will be discharging its legal obligations without continued unlawful and inexplicable delay.

Yours truly,

Martin G. Weinberg

cc: James A. Baker
General Counsel
Federal Bureau of Investigation
935 Pennsylvania Avenue, N.W.
Washington, D.C. 20535

---

Epstein, after 28 months, has received just over 700 pages of redacted documents out of a file of over 12,000 pages.



HOUSE_OVERSIGHT_031449

**From**: Thomas Jr., Landon [redacted]]
**Sent**: 12/8/2015 9:41:11 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

Now everyone coming to me thinking I have juicy info on you and Trump.

Because of this.

"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

That story will never die.

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Landon Thomas Jr. [redacted]
**Sent:** 12/8/2015 9:50:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

would you like photso of donald and girls in bikinis in my kitchen.

On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon [redacted] wrote:

Now everyone coming to me thinking I have juicy info on you and Trump.

Because of this.

"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 12/8/2015 10:17:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Do you mind if I pass Petrella's contact on to a political reporter? I won't do it unless you say OK because after that I would have no say as to where story goes. Let me know -- its not a big deal for me either way. But at some point this stuff will come out -- as long he continues to top polls.

On Tue, Dec 8, 2015 at 4:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:
hawain tropic girl

**lauren petrella <[redacted]>**

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. <[redacted]> wrote:
Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon <[redacted]> wrote:
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"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

That story will never die.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 12/8/2015 10:18:54 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Amazing! When is last time you talked to him?

On Tue, Dec 8, 2015 at 5:14 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://en.actu-cci.com/features/200-women-managers/8910-celina-midelfart-the-queen-of-glamour my 20 year old girlfriend in 93, , that after two years i gave to donald

On Tue, Dec 8, 2015 at 5:03 PM, Thomas Jr., Landon <[redacted]> wrote:
I am serious man -- for the good of the nation why not try to get some of this out there. I would not do it myself, but would pass on to a political reporter.
http://www.buzzfeed.com/alexcampbell/court-papers-trump-ate-at-jeffrey-epsteins-house#.ltoekLMRz6

Plus: look at these lies!

In response to a message left seeking the Trump campaign's comment on this article, on Thursday Trump's general counsel Alan Garten emailed threatening legal action against BuzzFeed News. "Mr. Trump's only connection with Mr. Epstein was that Mr. Epstein was one of thousands of people who has visited Mar-a-Lago. That's it. Mr. Trump has NEVER been accused of having any involvement or even having any knowledge of any of Mr. Epstein's conduct by anyone," Garten wrote.

"As a result, I have no idea what the purpose of your article could possibly be other than to try and intentionally and with actual malice defame my client's name and reputation by mentioning him in the same article as Mr. Epstein. In other words, suggest guilt by association. This is the very definition of irresponsible and reckless journalism and to publish such a story would be highly unethical - even by buzzfeed's standards."

On Tue, Dec 8, 2015 at 4:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:
hawain tropic girl

**lauren petrella <[redacted]>**

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. [redacted] wrote:
Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

would you like photso of donald and girls in bikinis in my kitchen.

On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon <[redacted]> wrote:
Now everyone coming to me thinking I have juicy info on you and Trump.

Because of this.

"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

That story will never die.

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 12/8/2015 11:08:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Maybe I will wait for the pics in your kitchen:)

On Tue, Dec 8, 2015 at 5:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:
Pass on midelfart wealthiest girl in Norway

On Tuesday, 8 December 2015, Thomas Jr., Landon <[redacted] wrote:
Do you mind if I pass Petrella's contact on to a political reporter? I won't do it unless you say OK because after that I would have no say as to where story goes. Let me know -- its not a big deal for me either way. But at some point this stuff will come out -- as long he continues to top polls.

On Tue, Dec 8, 2015 at 4:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:
hawain tropic girl

**lauren petrella <**[redacted]

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. <[redacted] wrote:
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Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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Because of this.

"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

That story will never die.

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Landon Thomas, Jr.
Financial Reporter
New York Times
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http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times

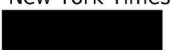

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Ed [redacted]
**Sent**: 12/19/2015 2:36:13 AM
**To**: Epstein, Jeff [jeevacation@gmail.com]
**Subject**: My review today in wsj of conspiracy theories

**Importance**: High

They're Not Really Out to Get You
By EDWARD JAY EPSTEIN
Dec. 18, 2015, Wall Street Journal
1
Conspiracy, a word derived from the Latin "to breathe together," has been a salient part of the darker side of recorded history ever since some 60 conspirators in the Roman senate, including Brutus and Cassius, plotted together to assassinate Julius Caesar in 44 B.C. Nowadays the "C" word does not always sit well with journalists, who commonly employ it in conjunction with "theory" to describe paranoid distortions of reality.

Even so, a criminal conspiracy is not a rare phenomenon. Not only was a foreign conspiracy responsible for the monstrous 9/11 attack on the World Trade Center (as well as the previous attempt to blow it up in 1993) but, according to the Center on Law and Security at Fordham University, over 90% of routine federal indictments for terrorist attacks since 9/11 contain at least one conspiracy charge. The government's pursuit of conspiracies is by no means limited to terrorism. Conspiracy charges are the rule rather than the exception in cases brought against businessmen accused of fixing prices, evading environmental regulations, using insider information or laundering money.
But there are also pseudo-conspiracies that exist only in a delusionary or misinformed mind. And some of them achieve a huge following. In Pakistan, according to public opinion polls, a majority of the population believes that the 9/11 attack was staged by President George W. Bush to launch a war on Islam. The claim that the 1969 moon landing was faked is still around. Just two days ago a crew from a Russian TV channel rushed to my apartment to interview me about a viral post on YouTube in which the deceased director Stanley Kubrick supposedly made a deathbed confession to having filmed the landing in a Hollywood studio—even though everything about the post, including a fake Kubrick, was untrue.

Why people believe in pseudo-conspiracies is the focus of Rob Brotherton's fascinating book "Suspicious Minds." Mr. Brotherton, an academic psychologist, advances the thesis that the belief in pseudo-conspiracies proceeds from the "quirks and foibles" in the way that the human brain, or at least some human brains, process evidence. He lucidly reviews studies showing common defects in the brain's wiring, such as the bias that selects evidence to confirm rather than undermine a pre-adopted thesis. "We seek what we expect to find," as Mr. Brotherton puts it. Relatedly, "biased assimilation" causes us to "interpret ambiguous events in light of what we already believe."
Discussing Richard Hofstadter's 1964 essay "The Paranoid Style in American Politics," Mr. Brotherton accepts Hofstadter's characterization of proponents of politically motivated conspiracy theories as "paranoid" and suffering from "a psychic phenomenon" that prevents them from seeing the absurdity of their position. But he disagrees with Hofstadter that this condition affects only a small number of people on the fringes of society. For Mr. Brotherton, "conspiracy theories thrive in the mainstream." Until the controversy over the validity of Warren Commission's 1966 report on the Kennedy assassination, the phrase "conspiracy theory" had a more neutral meaning, suggesting a plausible yet unproven claim about multiple actors in a single event. Only in the aftermath of the Warren Commission did it become a derogatory term used to suggest theories that subvert conventional wisdom. To those who doubted the commission's finding that a single gunman killed Kennedy, Earl Warren became, Mr. Brotherton's says, the "figurehead in a vast cover-up."

It is not easy to find an objective criterion that distinguishes the inquiry into a real conspiracy from one that chases a pseudo-conspiracy. Both types rely are the eyewitnesses, documents and forensic evidence. The best that Mr. Brotherton can offer on this score is to cite Stewart Potter's famous comment on pornography: "I know it when I see it." In the context of suspicious minds, though, one person might see a plausible case for a conspiracy and another only outlandish connections. The distinction is in the mind of the beholder.

Mr. Brotherton offers a sample list of conspiracy theories, including ones alleging that Abraham Lincoln was assassinated on the orders of his vice president; that the moon landing was faked; that Area 51 in New Mexico is home to extra-terrestrial technology under government auspices; that President Obama is "a communist Muslim from Kenya." Such theories are meant to show that suspicious minds leap to absurd conclusions. These are chosen because there is no evidence to support them.

The picture changes, however, if we consider, for example, the theory claiming that Lincoln's assassin, John Wilkes Booth was part of a larger conspiracy backed by the Confederacy. On April 14, 1865, at about the same time that Booth shot Lincoln, one of his associates stabbed Secretary of State William Seward and another stalked Vice President Andrew Johnson with a loaded gun. The military commission appointed by President Johnson, after hearing 371 witnesses testify and after examining Confederate bank transfers and cipher communications, concluded that the three attacks were part of a conspiracy sponsored by the Confederacy and convicted eight of Booth's associates, four of whom were hanged. Here we have a conspiracy theory proceeding not from crackpots but from a government commission backed by the new president and most members of Lincoln's cabinet.

Clearly the defects in the brain's wiring that lead to crazy theories may lead to the confirmation of theories that are adopted by rational people. Indeed, the confirmation bias can work in contradictory ways: confirming not only conspiracy theories but the impulse to reject them in favor of conventional wisdom. Can this defect be corrected? Here I am reminded of a Woody Allen's absolutely brilliant 1996 comedy "Everyone Says I Love You," in which the once-liberal son of a New York liberal family starts spouting conservative theories until a doctor solves the problem by restoring the proper flow of oxygen to his brain. The movie has a happy ending when the son goes back to spouting his family's liberal theories. While Mr. Brotherton offers no such remedy to our brain's defects, he does offer a thought-provoking analysis and an appealing guide to thinking about conspiracies, real and imagined.

—Mr. Epstein most recent book is "The Annals of Unsolved Crimes." He is currently writing a book about Edward Snowden.

.

http://www.wsj.com/articles/theyre-not-really-out-to-get-you-1450471512

Happy New Year

Ed

www.edwardjayepstein.com

**From:** Lesley Groff [redacted]
**Sent:** 4/28/2016 4:46:00 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Reuters / lawsuit against Jeffrey Epstein

**Importance:** High

ok…
so sorry…

On Apr 28, 2016, at 12:42 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

# Privileged - Redacted

Begin forwarded message:

**From:** <[redacted]>
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]>
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted], and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**

Correspondent
Reuters News

**Thomson Reuters**

[redacted]

[redacted]
Reuters.com

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<katie johnson v trump complaint.pdf>

**From:** Michael Wolff [redacted]
**Sent:** 4/28/2016 7:00:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Reuters / lawsuit against Jeffrey Epstein

**Importance:** High

Well, I guess if there's anybody who can wave thus away, it's Donald. Let me know if there's anything I can do.

On Thursday, April 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

here we go
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

Reporter said 1994 claim fed ct California
Will go to press in several hrs
Sent from my iPhone

Begin forwarded message:

**From:** [redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]>
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

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My number is [redacted], and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

Thomson Reuters

Office: [redacted]
Mobile

[redacted]
Reuters.com

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 5/16/2016 2:52:57 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

I am kind of shocked that our reporters did not contact you re the Trump/women story. Seems to me he got off rather lightly.

How are you doing?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 5/16/2016 3:56:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

is the other stuff ever going to come out?

On Mon, May 16, 2016 at 11:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Me too

On Monday, 16 May 2016, Thomas Jr., Landon <[redacted]> wrote:

I am kind of shocked that our reporters did not contact you re the Trump/women story. Seems to me he got off rather lightly.

How are you doing?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter

New York Times

[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Larry Summers [redacted]
**Sent**: 5/21/2016 10:53:15 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: tomorrows news today

**Importance**: High

Yup. Going to be ugly. Who will win?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On May 21, 2016, at 6:02 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.huffingtonpost.ca/2016/05/20/trump-bill-clinton-rape_n_10062090.html

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**From:** Larry Summers [redacted]
**Sent:** 5/21/2016 12:31:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: tomorrows news today

**Importance:** High

Who is the card cheat? Both have aspects. Will call

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On May 21, 2016, at 7:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

difficult to bet against the card cheat , if you are gambling on the outcome. . I have some great stories , as i have just returned from a week of jeffrey style meetings [redacted] any time today

On Sat, May 21, 2016 at 6:53 AM, Larry Summers <[redacted]> wrote:

Yup. Going to be ugly. Who will win?

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www.larrysummers.com

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**From:** Weingarten, Reid [redacted]
**Sent:** 8/5/2016 7:11:50 PM
**To:** Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject:** FW: Audio recording

**Importance:** High

---

**From:** Will Bohlen [mailto:redacted
**Sent:** Friday, August 05, 2016 1:49 PM
**To:** Keough, Michael; King, Kathryn; Miller, Michael; Katelyn Wohlford; Y. Alp Aslandogan; Weingarten, Reid; Remzi Kulen; Weinstein, Jason; Osman Oz.; David Marin; Erin Billings; Drake, William
**Cc:** Eliopoulos, Steven
**Subject:** RE: Audio recording

Wall St Journal:

http://www.wsj.com/articles/lawyers-for-imam-wanted-by-turkish-authorities-fear-for-their-clients-life-1470418445

# Lawyers for Imam Wanted by Turkish Authorities Fear for Their Client's Life

## Fethullah Gulen has been accused by Turkish President Erdogan of ordering the launch of July coup

DEVLIN BARRETT
Aug. 5, 2016 1:34 p.m. ET

Lawyers for the imam living in Pennsylvania whom Turkish authorities accuse of directing a coup last month in that country said Friday they fear for his life and may ask U.S. authorities to help protect him.

Since the failed coup that led to the deaths of 271 people, Turkish President Recep Tayyip Erdogan has accused the imam, Fethullah Gulen, of issuing instructions to launch the coup, a charge Mr. Gulen has denied. Turkish authorities have demanded the U.S. extradite Mr. Gulen immediately to Turkey, but The Wall Street Journal reported Thursday that U.S. officials don't expect to do that, citing people familiar with the discussions. U.S. officials see problems with the evidence presented thus far by Turkey, and they are concerned about strident public statements made by Turkish leaders against Mr. Gulen, those people said.
Mr. Erdogan has called Mr. Gulen and his supporters a terrorist network, a charge U.S. officials have long discounted. Turkey in May officially designated Mr. Gulen's network a terrorist organization, making membership a crime under Turkish law.

Mr. Erdogan's government has pressed the Obama administration since the coup to extradite Mr. Gulen, arguing that pursuing the imam is part of the broader campaign against terrorism. At times, the Turkish leader's

aides have said Ankara would view as hostile any foreign government that gave sanctuary to leaders of the Gulen movement.

Turkey hasn't yet made a formal extradition request to the U.S., and Turkish officials say they plan to provide more evidence to the Justice Department.

Mr. Gulen, 75 years old, came to the U.S. in 1999, and has a devoted following in Turkey and other countries.

At a press conference in Washington on Friday, Mr. Gulen's lawyers said they have spoken to the Justice Department about the demands for extradition but are unaware of the U.S. government's thinking or plans.

Asked if they feared for his life, one of Mr. Gulen's lawyers, Reid Weingarten said, "We do. We're very concerned about his safety.'' The lawyer said they are discussing whether to ask U.S. authorities for help in safeguarding their client.

A Turkish court has issued a warrant for Mr. Gulen's arrest, and Turkish and U.S. authorities have privately discussed scenarios in which Mr. Gulen might be extradited. But several U.S. officials said they cannot now envision a scenario in which they turn him over to Turkey.

"It would be unprecedented and appalling if the U.S. took a frail, almost octogenarian, plopped him on a plane to go back into that kind of setting with the hideous things that are being said about him by the entire Turkish government,'' said Mr. Weingarten.

"The bluster, the conspiracy theories, and the threats of Mr. Erdogan are not strong enough to overwhelm the American legal system," he added. "And for that reason we believe that Mr. Gulen should not and will not be extradited.''

Mr. Weingarten said the chances that his client helped plot a coup from his base in the Poconos is "about as likely" as a meteor striking the lawyer's office while he was speaking.

**Write to** Devlin Barrett at devlin.barrett@wsj.com

---

**From:** Keough, Michael [mailto:[redacted]
**Sent:** Friday, August 05, 2016 1:28 PM
**To:** Will Bohlen <[redacted]; King, Kathryn <[redacted]; Miller, Michael <[redacted] Katelyn Wohlford <[redacted]; Y. Alp Aslandogan <[redacted] Weingarten, Reid <[redacted]>; Remzi Kulen <[redacted]>; Weinstein, Jason <[redacted]>; Osman Oz. <[redacted]>; David Marin <[redacted]>; Erin Billings <[redacted]>; Drake, William <[redacted]>

**Cc:** Eliopoulos, Steven <[redacted]>
**Subject:** RE: Audio recording

USA TODAY and Al Arabiya as well:

http://www.usatoday.com/story/news/world/2016/08/05/cleric-extradition-turkey-coup/88288220/

http://english.alarabiya.net/en/News/middle-east/2016/08/05/US-evaluating-new-Turkish-documents-on-Gulen.html

**Michael A. Keough**
Associate
[redacted]
+[redacted] direct | +[redacted] fax

Steptoe
Steptoe & Johnson LLP
1114 Avenue of the Americas | New York, NY 10036
www.steptoe.com

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**From:** Will Bohlen [mailto:[redacted]
**Sent:** Friday, August 05, 2016 1:27 PM
**To:** Keough, Michael; King, Kathryn; Miller, Michael; Katelyn Wohlford; Y. Alp Aslandogan; Weingarten, Reid; Remzi Kulen; Weinstein, Jason; Osman Oz.; David Marin; Erin Billings; Drake, William
**Cc:** Eliopoulos, Steven
**Subject:** RE: Audio recording

BBC story:

http://www.bbc.com/news/world-europe-36988726

# Turkey coup bid: Fethullah Gulen's lawyers fear attack on his life

- 25 minutes ago

**Lawyers for US-based Turkish cleric Fethullah Gulen say they fear an attack on his life, in the wake of the failed coup attempt on 15 July in Turkey.**

Turkey has issued an arrest warrant for Mr Gulen, accusing him of orchestrating the coup attempt. It has called on the US to extradite him.

Mr Gulen denies any involvement.

Turkey has cracked down heavily in the wake of the coup attempt. On Friday the governing AK Party ordered an internal purge of Gulen supporters.

More than 270 people died in events surrounding the coup attempt.

Speaking at a news conference in Washington, Mr Gulen's lawyers said they expected him to remain at the Pennsylvania compound where he lives in self-imposed exile, and not attempt to flee.

Mr Gulen is a reclusive figure who rarely makes contact with the media.

Although Turkey has demanded his extradition, it has yet to make a formal request.

The US has said its judiciary will consider a request if and when it is filed. It also asked for evidence of the cleric's involvement in the coup attempt, which Turkey says it has supplied.

Mr Gulen's lawyers said it was most unlikely any extradition request would stand up in a US court and almost no chance that their client would get a fair trial in Turkey, given what had been said against him there since the coup attempt.

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About 18,000 people have been detained or arrested.

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Mr Gulen had been a close ally of President Recep Tayyip Erdogan until a bitter split between his movement and the party of the president three years ago.

Turkey has listed Mr Gulen's movement as a terrorist organisation.

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**World** | Fri Aug 5, 2016 1:07pm EDT
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# Lawyers for U.S.-based Turkish cleric fear attacks on his life

**WASHINGTON** | BY JULIA HARTE

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That case alleged Gulen issued coded orders to followers in the Turkish judiciary in a 2009 sermon to persecute members of another religious sect. It also alleged that the script of a popular Turkish television show was laced with follow-up messages. The case was dismissed by a judge in June.

Turkish government officials, however, say such evidence is valid because Gulen operates covertly and sends encoded messages to his followers.

Turkey has sent the United States new documents in recent days containing evidence that Turkish authorities say proves the cleric was behind the attempted coup. U.S. officials say they are looking through them.

(Reporting by Julia Harte; Editing by Kevin Drawbaugh and James Dalgleish)

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**Cc:** Eliopoulos, Steven <[redacted]>
**Subject:** RE: Audio recording

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**Michael A. Keough**
Associate
[redacted] direct | [redacted] fax

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I believe our preference is the second choice?

Thanks,
Kathy

**Kathy King**
Director, Media & Public Relations
[redacted]
[redacted]direct | [redacted] fax

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**From:** Weingarten, Reid [redacted]
**Sent:** 8/5/2016 7:39:39 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: FW: Audio recording

**Importance:** High

[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Friday, August 05, 2016 3:19 PM
**To:** Weingarten, Reid
**Subject:** Re: FW: Audio recording

funny can you speak

On Fri, Aug 5, 2016 at 3:11 PM, Weingarten, Reid <[redacted]> wrote:

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**From:** Will Bohlen [mailto[redacted]]
**Sent:** Friday, August 05, 2016 1:49 PM
**To:** Keough, Michael; King, Kathryn; Miller, Michael; Katelyn Wohlford; Y. Alp Aslandogan; Weingarten, Reid; Remzi Kulen; Weinstein, Jason; Osman Oz.; David Marin; Erin Billings; Drake, William
**Cc:** Eliopoulos, Steven
**Subject:** RE: Audio recording

Wall St Journal:

http://www.wsj.com/articles/lawyers-for-imam-wanted-by-turkish-authorities-fear-for-their-clients-life-1470418445

# Lawyers for Imam Wanted by Turkish Authorities Fear for Their Client's Life

## Fethullah Gulen has been accused by Turkish President Erdogan of ordering the launch of July coup

DEVLIN BARRETT

Aug. 5, 2016 1:34 p.m. ET

Lawyers for the imam living in Pennsylvania whom Turkish authorities accuse of directing a coup last month in that country said Friday they fear for his life and may ask U.S. authorities to help protect him.

Since the failed coup that led to the deaths of 271 people, Turkish President Recep Tayyip Erdogan has accused the imam, Fethullah Gulen, of issuing instructions to launch the coup, a charge Mr. Gulen has denied. Turkish authorities have demanded the U.S. extradite Mr. Gulen immediately to Turkey, but The Wall Street Journal reported Thursday that U.S. officials don't expect to do that, citing people familiar with the discussions. U.S. officials see problems with the evidence presented thus far by Turkey, and they are concerned about strident public statements made by Turkish leaders against Mr. Gulen, those people said.

Mr. Erdogan has called Mr. Gulen and his supporters a terrorist network, a charge U.S. officials have long discounted. Turkey in May officially designated Mr. Gulen's network a terrorist organization, making membership a crime under Turkish law.

Mr. Erdogan's government has pressed the Obama administration since the coup to extradite Mr. Gulen, arguing that pursuing the imam is part of the broader campaign against terrorism. At times, the Turkish leader's aides have said Ankara would view as hostile any foreign government that gave sanctuary to leaders of the Gulen movement.

Turkey hasn't yet made a formal extradition request to the U.S., and Turkish officials say they plan to provide more evidence to the Justice Department.

Mr. Gulen, 75 years old, came to the U.S. in 1999, and has a devoted following in Turkey and other countries.

At a press conference in Washington on Friday, Mr. Gulen's lawyers said they have spoken to the Justice Department about the demands for extradition but are unaware of the U.S. government's thinking or plans.

Asked if they feared for his life, one of Mr. Gulen's lawyers, Reid Weingarten said, "We do. We're very concerned about his safety.'' The lawyer said they are discussing whether to ask U.S. authorities for help in safeguarding their client.

A Turkish court has issued a warrant for Mr. Gulen's arrest, and Turkish and U.S. authorities have privately discussed scenarios in which Mr. Gulen might be extradited. But several U.S. officials said they cannot now envision a scenario in which they turn him over to Turkey.

"It would be unprecedented and appalling if the U.S. took a frail, almost octogenarian, plopped him on a plane to go back into that kind of setting with the hideous things that are being said about him by the entire Turkish government,'' said Mr. Weingarten.

"The bluster, the conspiracy theories, and the threats of Mr. Erdogan are not strong enough to overwhelm the American legal system," he added. "And for that reason we believe that Mr. Gulen should not and will not be extradited.''

Mr. Weingarten said the chances that his client helped plot a coup from his base in the Poconos is "about as likely" as a meteor striking the lawyer's office while he was speaking.

**Write to** Devlin Barrett at devlin.barrett@wsj.com

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**From:** Keough, Michael [[redacted]
**Sent:** Friday, August 05, 2016 1:28 PM
**To:** Will Bohlen <[redacted]>; King, Kathryn <[redacted]>; Miller, Michael <[redacted]>; Katelyn Wohlford <[redacted]>; Y. Alp Aslandogan <[redacted]>; Weingarten, Reid <[redacted]>; Remzi Kulen <[redacted]>; Weinstein, Jason <[redacted]>; Osman Oz. <[redacted]>; David Marin <[redacted]>; Erin Billings <[redacted]>; Drake, William <[redacted]
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USA TODAY and Al Arabiya as well:

http://www.usatoday.com/story/news/world/2016/08/05/cleric-extradition-turkey-coup/88288220/

http://english.alarabiya.net/en/News/middle-east/2016/08/05/US-evaluating-new-Turkish-documents-on-Gulen.html

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BBC story:

http://www.bbc.com/news/world-europe-36988726

# Turkey coup bid: Fethullah Gulen's lawyers fear attack on his life

- 25 minutes ago

**Lawyers for US-based Turkish cleric Fethullah Gulen say they fear an attack on his life, in the wake of the failed coup attempt on 15 July in Turkey.**

Turkey has issued an arrest warrant for Mr Gulen, accusing him of orchestrating the coup attempt. It has called on the US to extradite him.

Mr Gulen denies any involvement.

Turkey has cracked down heavily in the wake of the coup attempt. On Friday the governing AK Party ordered an internal purge of Gulen supporters.

More than 270 people died in events surrounding the coup attempt.

Speaking at a news conference in Washington, Mr Gulen's lawyers said they expected him to remain at the Pennsylvania compound where he lives in self-imposed exile, and not attempt to flee.

Mr Gulen is a reclusive figure who rarely makes contact with the media.

Although Turkey has demanded his extradition, it has yet to make a formal request.

The US has said its judiciary will consider a request if and when it is filed. It also asked for evidence of the cleric's involvement in the coup attempt, which Turkey says it has supplied.

Mr Gulen's lawyers said it was most unlikely any extradition request would stand up in a US court and almost no chance that their client would get a fair trial in Turkey, given what had been said against him there since the coup attempt.

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Kathy

**Kathy King**

Director, Media & Public Relations

[redacted]

[redacted] direct [redacted] fax

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**From:** Stephen Hanson[redacted]
**Sent:** Fri 10/7/2016 10:30:45 PM (UTC)
**To:** Jeffrey / E / Epstein[jeevacation@gmail.com]
**Subject:** Fwd: Breaking News: Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, "When you're a star they let you do it"

Ouch

Sent from my iPad

Begin forwarded message:

**From:** NYTimes.com News Alert <nytdirect@nytimes.com>
**Date:** October 7, 2016 at 5:40:40 PM EDT
**To:** [redacted]
**Subject: Breaking News: Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, "When you're a star they let you do it"**

Add nytdirect@nytimes.com to your address book.

October 07, 2016

NYTimes.com »

# Breaking News Alert

BREAKING NEWS

## Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, “When you’re a star they let you do it”

Friday, October 7, 2016 5:28 PM EDT

Donald J. Trump was caught on tape bragging in vulgar terms about making sexual

advances toward a married woman, and aggressively kissing and groping other women.
The remarkable recording, unearthed by The Washington Post on Friday, was made in 2005 on the set of a soap opera where Mr. Trump was making a cameo appearance. Mr. Trump was captured on an open microphone that he apparently did not know was recording his conversation with Billy Bush, then the host of "Access Hollywood," with whom he was sitting on a bus.

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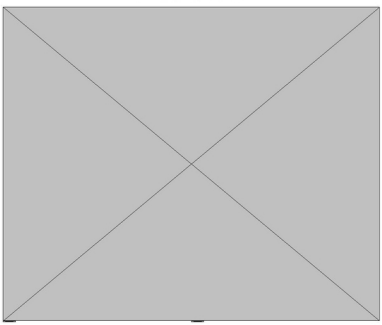

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**From:** Larry Summers [redacted]
**Sent:** 10/10/2016 12:45:19 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Got it.

Now remember

Press is so revolted by trump that I'd expect they will not be for benefit of doubt.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 9, 2016, at 8:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no, im out of it . donald brought out four women that said bill abused them. / they wilil feature in the hillary says you should give the benefit of the doubt to victims. I laid this out for you over dinner. its disgraceful, but. here we are

--

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**From:** [redacted]
**Sent:** 10/11/2016 3:34:03 AM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

Well i should have figured it was only a matter of time before some other brilliant lawyer tried to find a way to tie you to Trump and see if he could money off it and now i just read exactly that with this guy cheney mason. Unbelievable. These guys just love the publicity - clinton, dershowitz, now Trump. First these "friends" act like anything but your friend once they get sued; then the next joker of a lawyer decides to join this cottage industry of suing you and hoping either you settle or the "friend" settles.

Sorry to see this. Good luck.

David

Sent from AOL Mobile Mail
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On Wednesday, July 6, 2016 jeffrey E. <jeevacation@gmail.com> wrote:

thx

On Wed, Jul 6, 2016 at 9:28 PM, <[redacted]> wrote:

Just read the Fox News piece today rehashing old stories. The media just cannot let go and loves to think of new angles to get you in headlines. Sorry to see it; but i am sure by now you can deal with it for what it is.

I appreciate the call from Darren a few weeks ago and would have loved to have a fought a battle for the fellow at issue. But once he let me know the guy had been served and it was just a matter if defending a deposition, i suggested that it might be a waste of money to have me handle that. I hope it worked out. I am more than happy to get involved any time in any way i can help - and i would like to think i could help with what i bring to the table. I just did not feel in that circumstance that you did not need me adding to the milking of resources that i am sure has been going on with lawyers for years.

I would have felt differently if it were a matter if taking depositions or actually litigating a case. I would like to think that in that circumstance i could add value. If we ever meet, i will tell you a bit about depositions i took not long ago of the leaders of the PFLP terrorist organization. That was my kind of setting.

Please know that i am here to help in any way i can with any case or just for advice if you think my help would be meaningful. Your situation seems to me to raise the combination of friends you have been very good to using all you gave them and then ditching you and sharks swarming when they smell blood and i don't like to see either.

I "met" you originally through a friend i like very much. I wish it had been earlier in time; but looking to the present and future, you just let me know if you need me.

Take care.

David

Sent from AOL Mobile Mail
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On Saturday, May 14, 2016 jeffrey E. <jeevacation@gmail.com> wrote:

thanks, lets meet when i am back in june

On Fri, May 13, 2016 at 11:50 PM, <[redacted]> wrote:

Sorry to see they are still dragging your name through the press. I hope some of the legal matters have been resolved since last we spoke. I would have liked to have helped. I am sure you have the lawyers you feel are the best for you and I hope that is the case and all works out well as soon as possible.

David Schoen

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Mon, Sep 2, 2013 10:08 am
Subject: Re: Question - CONFIDENTIAL

William Riley

On Monday, September 2, 2013, wrote:

That's a pretty clear answer. Thanks, you saved me a phone call. If you have any other ideas for top guys there, let me know. Otherwise, I have a former FBI guy I might use. Going to be a very hard fought case. Take care, David

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Mon, Sep 2, 2013 9:55 am
Subject: Re: Question - CONFIDENTIAL

Dont

On Monday, September 2, 2013, wrote:

Jeffrey:

You might recall that we "met" by email and on the phone a couple of years ago, originally through our mutual friend Bernard Kruger.

I have a question for you. I am preparing a lawsuit against the Broward County Sheriff's Department. I am looking for a good and trustworthy private investigator there who will not undercut me with the Sheriff's department because of ties there, etc. I have a couple of candidates; but someone recently referred me to one in Davie, FL who this person said would fit the bill.

When I went on the guy's website, however, I see that one of the things he apparently holds out as a highlight (it is on his "press" page) is a series of stories about your case. I assume the guy was an investigator for the other side in the civil case - the group that set you up.

His name is Mike Fisten and his company is Blueline Investigations. If he is someone who you encountered and he was a bad guy or out to get you, I would not want to use him. Even though we don't really know each other, I very much liked you when we spoke and I would not want to give business to someone who had gone after you and you think is a bad guy. If on the other hand, he was a decent guy just doing his job, perhaps it would be ok. I can't tell enough about it from his website.

Any thoughts on the guy?

Meanwhile, I hope all is going well for you now and I wish you a happy and healthy new year.

David Schoen

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Mon, Feb 22, 2010 5:09 pm
Subject: Re:

the strange person is [redacted]

On Mon, Feb 22, 2010 at 3:33 PM, <[redacted]> wrote:

As terrible as the system is and has been to you, I have to tell you one encouraging thing. Last Friday I spoke on a panel in DC on the justice system. I was seated next to Justice Breyer and got to know him a bit. For what it is worth, he certainly seem to understand that the system is broken and I hear this more and more. Indeed, he made it very clear that he thinks the sentencing system (which he helped form as a member of the Sentencing Commission) is broken and while you are past having to deal with that, I would like to think this raises some hope that the rest of the system will improve if others in his position feel the same.

Tomorrow I go to Alabama to argue before the court of appeals regarding the constitutionality of Alabama's Community Notification Act, which the lower court struck down as unconstitutional already. Ultra right wing court and election year, so who knows; but these laws are so Draconian.

I saw that the U.S. Attorney's office is appearing in your civil cases as well. Some strange folks in that office. Anyway, I will look forward to talking and while all the judges are going to be tough, Judges Marra and Johnson so far have not been rubber stamps for government in my case and that means something.

David

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 10/19/2016 1:41:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

Interesting. CEO of big finance form told me that Saudis (SAMA) have withdrawn $200 billion that has been parked with usual suspects over past year or so. That number seem in line with what you know?

On Tue, Oct 18, 2016 at 7:04 AM, jeffrey E. <jeevacation@gmail.com> wrote:

words that you to refer to one thing, USA . the stock market / the Royal family, . are no longer very useful. In politics the USA meant the white house. now there is pentagon. cia, state, and congress in addition, each feels empowered to act more independantly. stock market even in tech, needs bio tech, consuner tech. infrastrucrue tech. etc. same with Royal family, there are 20k members of a tribe. called the royal family, the words are misleading. if your article is focused on bin salman, or the very top. no one is wondering where they can find the local costco.. but they are aware that a message needs to be sent to their population , regarding the next 20 years,

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On Mon, Oct 17, 2016 at 5:57 PM, Thomas Jr., Landon [redacted] wrote:

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Any thoughts?

PS: does my story on Abraaj get me a meeting with Gates next time he is in town:)

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 10/19/2016 1:42:43 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

Too high? Too low?

On Wed, Oct 19, 2016 at 9:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:
no

On Wed, Oct 19, 2016 at 9:41 AM, Thomas Jr., Landon <[redacted]> wrote:
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**From:** Thomas Jr., Landon [redacted]]
**Sent:** 10/19/2016 1:47:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

what is your back of the envelope guess as to much saudi money tied up in such funds?

On Wed, Oct 19, 2016 at 9:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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**From:** Thomas Jr., Landon [redacted]
**Sent:** 10/19/2016 1:55:18 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

I have spoken to a lot of ceos of fund outfits who say Saudis have been pulling billions of dollars in separate account money -- not just from BR. And plus I cant believe they would have so much tied up in lock ups.

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sorry, no good handle without digging

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 10/19/2016 2:28:11 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

[redacted]

On Wed, Oct 19, 2016 at 10:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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--

Landon Thomas, Jr.

Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
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**From:** Thomas Jr., Landon [redacted]
**Sent:** 10/19/2016 3:13:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Saudi money

**Importance:** High

A new guy for your stable of smart guys. He taught at SAIS in DC where I went in 1989. I was just down there a few weeks ago and was on a panel with him. He is vicious on Bill C's NATO expansion -- biggest foreign policy error since WWII. Retiring. Let me know if you want an intro -- I am sure that your Russian friends would enjoy talking to him. Book well worth reading...

https://www.amazon.com/Mission-Failure-America-World-Post-Cold/dp/0190469471/ref=sr_1_1?s=books&ie=UTF8&qid=1476889698&sr=1-1&keywords=mission+failure

On Wed, Oct 19, 2016 at 11:02 AM, jeffrey E. <jeevacation@gmail.com> wrote:
https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

On Wed, Oct 19, 2016 at 10:28 AM, Thomas Jr., Landon <[redacted]> wrote:
[redacted]

On Wed, Oct 19, 2016 at 10:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:
number

On Wed, Oct 19, 2016 at 9:55 AM, Thomas Jr., Landon <[redacted]> wrote:
I have spoken to a lot of ceos of fund outfits who say Saudis have been pulling billions of dollars in separate account money -- not just from BR. And plus I cant believe they would have so much tied up in lock ups.

On Wed, Oct 19, 2016 at 9:48 AM, jeffrey E. <jeevacation@gmail.com> wrote:
sorry, no good handle without digging

On Wed, Oct 19, 2016 at 9:47 AM, Thomas Jr., Landon <[redacted]> wrote:
what is your back of the envelope guess as to much saudi money tied up in such funds?

On Wed, Oct 19, 2016 at 9:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:
most of the saudi money is tied up in pe funds. no withdrawals allowed . and im not seeing much in the secondary market. . blackrock is more money market , more like custodian than investor .

On Wed, Oct 19, 2016 at 9:41 AM, Thomas Jr., Landon <[redacted]> wrote:
Interesting. CEO of big finance form told me that Saudis (SAMA) have withdrawn $200 billion that has been parked with usual suspects over past year or so. That number seem in line with what you know?

On Tue, Oct 18, 2016 at 7:04 AM, jeffrey E. <jeevacation@gmail.com> wrote:
words that you to refer to one thing, USA . the stock market / the Royal family, . are no longer very useful. In politics the USA meant the white house. now there is pentagon. cia, state, and congress in addition, each feels empowered to act more independantly. stock market even in tech, needs bio tech, consuner tech. infrastrucrue tech. etc. same with Royal family, there are 20k members of a tribe. called the royal family, the words are misleading. if your article is focused on bin salman, or the very top. no one is wondering where they can find the local

costco.. but they are aware that a message needs to be sent to their population , regarding the next 20 years,

social media, and the selfie crowds post the best of everything, their cutest pictures the amazing food , the luxury resorts. the masses see these things and as the difference between expectations and reality widen, the anger grows. trump has tapped in.

with the passage of the 9 11 saudi bill, unlike the french revolution where it was the people of france that revolted against their own aristocracty, with the internet and globalization of discontect it is now the americans that can revolt against the saudi leadership. it is the americans that are demanding women drive. not the saudis

On Mon, Oct 17, 2016 at 5:57 PM, Thomas Jr., Landon <[redacted]> wrote:

I have been called in to help on a big NYT investigation into how low oil prices have been effecting the personal finances of royal family in Saudi Arabia. Obviously they called in much of their cash from the likes of BlackRock and others but I thought you might have some ideas. Maybe some people to talk to?

I would think its more than cutting down on yachts and private planes or selling real estate in Paris, Istanbul, London.

Any thoughts?

PS: does my story on Abraaj get me a meeting with Gates next time he is in town:)

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Weingarten, Reid [redacted]
**Sent**: 10/21/2016 11:33:11 AM
**To**: Jeffrey Epstein (jeevacation@gmail.com) [jeevacation@gmail.com]
**Subject**: FW: Trump lawyers given court date over lawsuit alleging rape of 13-year-old | US news | The Guardian

**Importance**: High

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**From:** stanpottinger [mailto[redacted]
**Sent:** Thursday, October 20, 2016 9:31 PM
**To:** Weingarten, Reid
**Subject:** Trump lawyers given court date over lawsuit alleging rape of 13-year-old | US news | The Guardian

https://www.theguardian.com/us-news/2016/oct/12/donald-trump-jeffrey-epstein-alleged-rape-lawsuit

Hope all is well. We're due for a catch-up one day soon, you think?

Sent from my Verizon, Samsung Galaxy smartphone

**From**: Mark Lloyd [[redacted]]
**Sent**: 10/25/2016 6:40:42 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

May have HBJ interested in a development in Kensington that could be purchased for £80m and there would be 1.5% for me. So fingers crossed. Which way do you think the election will go? I had supper with Conrad B the other day who was praising Trump!!!

Sent from my iPad

On 25 Oct 2016, at 19:30, jeffrey E. <jeevacation@gmail.com> wrote:

Any news

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**From:** Zubair Khan [redacted]
**Sent:** 11/11/2016 5:21:53 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Out of 13 states we got 11 right. The ones we got wrong are NY and WI.

In the last report, analyzed data was of 3 days in which Clinton got a positive spike after she got clearance from FBI. However Trump dominated the social media positively if we analyze one week data before starting time of election, monthly data and entire data which we have gathered for months. Based on this we predicted on our Facebook page on 30th October that Trump will be next president of US.

Our model works but I think the important question which we failed to answer is that how much historic data must be analyzed to make the right decision. This could have been answered if we had a Data Scientist. Also I believe its a great tool to track voters and get them to vote. It can be used in French elections next year or elections of Brazil in 2018 but unfortunately I have to shut down this project as getting data from Twitter is expensive and the start up is running out of money.

I am going to focus on cyber security again and will definitely reach out if I have a powerful investable idea.

Regards,
Zubair Khan

On Nov 11, 2016, at 4:49 AM, jeffrey E. <jeevacation@gmail.com> wrote:

not so good

--

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**From:** Larry Summers [redacted]
**Sent:** 11/11/2016 5:57:02 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Times bad. R u around Tuesday?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 10, 2016, at 4:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ehud in on sun pritzker mon. you around? dinner woody sunday. or have you gone dark

On Mon, Oct 10, 2016 at 2:45 AM, Larry Summers <[redacted]> wrote:
Got it.

Now remember

Press is so revolted by trump that I'd expect they will not be for benefit of doubt.

Sent from my iPhone

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On Oct 9, 2016, at 8:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Zubair Khan [redacted]
**Sent:** 11/11/2016 6:34:29 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Just checked report again. NY is correct. We only got WI wrong.

Regards,
Zubair

On Fri, 11 Nov 2016 at 10:29 am, jeffrey E. <jeevacation@gmail.com> wrote:

New York ? How ? It was hillary no doubt always

On Friday, 11 November 2016, Zubair Khan <[redacted]> wrote:

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**From:** Larry Summers [redacted]
**Sent:** 11/11/2016 3:13:53 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Can call circa 11

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 11, 2016, at 10:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

No , -phone today?

On Friday, 11 November 2016, Larry Summers <[redacted]> wrote:

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Sent from my iPad

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On Nov 10, 2016, at 4:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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On Mon, Oct 10, 2016 at 2:45 AM, Larry Summers <[redacted]> wrote:

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**From:** Larry Summers [redacted]
**Sent:** 11/11/2016 3:24:02 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

What number

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 11, 2016, at 10:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Ok

On Friday, 11 November 2016, Larry Summers <[redacted]> wrote:

Can call circa 11

Sent from my iPad

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**From:** Marc.Kensington [redacted]
**Sent:** 11/27/2016 8:41:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Too bad. I was excited to have a


**Marc LEON**
Partner - Managing Director

**KENSINGTON**
Luxury Properties Sarl

**Private Office Marrakech**
Avenue Yacoub El Mansour
Arset Bata 3, App. 13, 5º ét.
Guéliz - 40000 - Marrakech (Morocco)

Tel.: +[redacted]
Fax: +
Cell: +
Cell: +

www.kensingtonmorocco.com


2016-11-27 17:54 GMT+00:00 jeffrey E. <jeevacation@gmail.com>:

I will not come this week, too many trump issues. . anything new. exciting. has mr kiss come to reality?

--


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**From**: Marc.Kensington [redacted]
**Sent**: 11/27/2016 8:44:06 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Too bad. I was excited to have a drink with you. Mr. Kiss is still alive and has his real market price. I have mine at 35, but to far away from both parts to have a chance to persuade both parties.
Regards


**Marc LEON**
Partner - Managing Director
**KENSINGTON**
Luxury Properties Sarl

**Private Office Marrakech**
Avenue Yacoub El Mansour
Arset Bata 3, App. 13, 5º ét.
Guéliz - 40000 - Marrakech (Morocco)

Tel.: +[redacted]
Fax: +
Cell: +
Cell: +

www.kensingtonmorocco.com


2016-11-27 20:41 GMT+00:00 Marc.Kensington <[redacted]>:
Too bad. I was excited to have a


**Marc LEON**
Partner - Managing Director
**KENSINGTON**
Luxury Properties Sarl

**Private Office Marrakech**
Avenue Yacoub El Mansour

Arset Bata 3, App. 13, 5º ét.
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2016-11-27 17:54 GMT+00:00 jeffrey E. <jeevacation@gmail.com>:

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# Explosion

Move-in day was complete, Welcome Week had gone swimmingly, and the new academic year – 2015-16-- loomed just ahead, filled with promise. Then came the explosion. A closely-watched rape trial was underway at the McLennan County courthouse, a magnificent structure symbolizing the community-unifying goal of justice. Justice for all. Sam Ukwuachu, a super-talented defensive end on Baylor's football team who had transferred from football powerhouse Boise State, was in the dock, charged with an egregious offense against basic human dignity. Sam's rape trial launched a crisis. Suddenly, for all the wrong reasons, Baylor football was thrust into the national limelight.

## Explosion I

Triggering the unexpected explosion was a provocative on-line piece by the wildly popular home-grown periodical, Texas Monthly. Based in Austin, and unremittingly progressive in tone, TM published a harshly-critical on-line piece just as pre-season was drawing to a close. The muck-raking on-line attack claimed that, in effect, a rape culture had grown up in the fabulously successful football program under the turbo-charged leadership of Coach Art Briles. This was the first anyone around the Executive Council roundtable had heard anything of the sort.

A terrible pall fell over the conference room in Pat Neff 100. Just hours before, we had all been exulting in the excitement of a new year. Football was an integral part of what would soon unfold that autumn. After all, in a few short years, Coach Briles had built a national powerhouse on the banks of the Brazos. And his dream (described in Chapter 1) of an on-campus stadium had come true. The House that RG III built was, in fact, the House that Art Briles and Drayton McLaneean, Jr. built. Coach Briles was the inspiration, and Drayton – the dreamer of great dreams – was the driving force.

Coach and Drayton were joined by a cracker-jack in-house Development team, augmented by members of the Board of Regents, especially former Regent Chair Dary Stone. The staff and Regent volunteers poured themselves into the unprecedented fundraising effort. They had triumphed. And Year One at McLaneean had gone beautifully, marred only by injuries to two key quarterbacks. Even then, the 2014 season had ended with a record-shattering offensive display in Orlando as the Baylor Bears overwhelmed the Tar Heels of North Carolina with a high-speed "Wildcat" offense (no quarterback).

For his part, Coach Briles had quickly built an eye-popping football program that matched the stunningly impressive stadium, which in short order became a gathering place for the broader community, not just the Baylor family. Indeed, at Coach Briles' urging, the very first game played at McLaneean Stadium was not a Baylor Bears high-octane display of razzle-dazzle offense, but a high-school match-up straight out

of Friday night lights. Baylor was making a statement – McLaneean Stadium is for all of us, not just for Baylor Nation on college game day.

As I mentioned in a previous chapter, "Field of Dreams" brought into popular culture an abiding idea – if you build it, they will come. Unlike a Midwestern corn field turned into a ghostly baseball diamond summoning forth spirits from bygone days, McLaneean Stadium – which at Coach Briles' insistence was renamed (prior to opening) to carry the McLean family name rather than the institutionalized, plain-vanilla "Baylor Stadium" – brought tens of thousands of fans and friends to the banks of the Brazos. Season ticket sales skyrocketed. Games were now sold out. At the aging Floyd Casey Stadium, albeit home to great memories over a half century, we worked hard to fill the seats. The occasional sell-out would occur when, say, the Longhorns came to Waco and eagerly bought up the thousands of unwanted tickets. That was then. Now, ESPN regularly brought "Game Day" to campus, and the prevailing colors were the beautiful gold of the Baylor Line, with shades of Baylor green sprinkled in. The optics were even better than at green-and-gold dominated Lambeau Field in Green Bay.

And so Sam Ukwuachu came. He had traveled way north from Houston, where he had done well enough academically in high school but whose strength and speed attracted the attention of gridiron programs across the country. He chose national powerhouse Boise State, but he was soon unhappy and homesick. His head football coach looked after him, thought he should be closer to home, called Coach Briles, and soon Sam was a Baylor Bear, although he never played football at Baylor. When Sam was charged with the unspeakably horrible act of rape, he protested his innocence and defended himself vigorously. Devastating testimony by a former girlfriend from Boise State – who contradicted Sam's testimony of non-violence – likely sealed his fate. The McLennan County jury found him guilty, but then fashioned an oddly lenient sentence – probation. As I write, Sam continues to protest his innocence, and to seek redress in the courts. But the jury verdict stands, and Sam is thus a convicted felon.

Explosion II

Even in the best of programs horrible deeds are done. We are a fallen race. Even young men from "good families" succumb to temptation and allow themselves to enter the darkest of dark domains. The nationally-debated case of the Stanford swimmer, convicted of rape but given a lenient sentence, once again brought into sharp focus the problem of interpersonal violence on and around college campuses, and in particular, sexual assault. National statistics were frequently reported to the effect that 1 in 5 young women are sexually assaulted (or are otherwise victims of interpersonal violence) during their college years. Sam's case provided the jumping off point for Texas Monthly's provocative thesis that with all of its vaunted success, Coach Briles' program was infected by a culture of violence against women.

We rolled into action. A crisis management team was set up, the Board of Regents promptly informed (first through the leadership), and an initial recommendation made. Specifically, I commissioned Baylor's Faculty Athletic Representative (a post required under NCAA procedures) to conduct an internal inquiry into the charges. By design, the "FAR" operates outside of and independent of the Athletic Department. Serving in a watchdog capacity, a form of "check and balance," the FAR reports directly to the president. Respected law professor Jeremy Counsellor took on the role, and within several days, reported back – in a one-page summary that contained only the background of his appointment and his solitary recommendation – that an outside investigation should be conducted. That is, no one inside or connected to the university should be retained to provide a truly independent, honest assessment of the situation.

So it was that Pepper Hamilton, a respected Philadelphia law firm, was retained. Their work began in early September 2015, and came to conclusion in May 2016. To assure the independence of its work, the Pepper Hamilton lawyers reported directly to a special three-person committee of Baylor's Board of Regents. That structure remained in place throughout the lengthy process, culminating in a verbal report – with numerous power point slides – to the Board of Regents in mid-May 2016. The final work product was two-fold: a set of findings of fact, reported by the Board of Regents, and a lengthy set of recommendations from the law firm. There was no "report" in the traditional sense. The Board's findings and Pepper Hamilton's recommendations were publicly released, leading to events that I describe in the next chapter.

The findings were deeply troubling. Moral outrage was the order of the day, throughout the country. This was page one, above-the-fold news. Searing criticism unfolded, not simply of the football program but overall the University's stewardship with respect to interpersonal violence (including sexual assault) was found wanting. The criticisms were directed atincluded what I call "first responders," including campus law enforcement, health services and counseling. Pepper Hamilton's findings were summarized as a "fundamental failure" on the part of the University. This quickly became the prevailing narrative. The narrative was reinforced by additional victims coming forward – some of whom had graduated – about their tragic experiences. These were chronicled in dramatic ways by ESPN's go-for-the-jugular program, "Outside the Lines." Baylor – not just the football program – became a pariah.

Victims' stories moved the thoughtful observer or listener to a powerful combination of empathy and outrage. One's heart goes out to the victim; a second later, waves of outrage wash over the empathetic observer. How could this have happened? Who fell asleep at the switch? Who failed to protect these young women, and why? Did coaches turn a blind eye to reports of unconscionable acts by superstar players – or even non-superstars who abused (or worse) young women?. Did "first responders" on the University's payroll turn a deaf ear to distraught complaints of sexual violence, including rape? How could this be, especially at a self-professed Christian university?

I made it clear that as chief executive, I accepted responsibility for any shortcomings or failings on the University's part. No act of sexual violence can be tolerated, period, even off-campus (which is where all the serious incidents, as reported, took place). And no one, regardless of how important the student-athlete was to program success, was to be above the law. Basic decency, reinforced by the Christian commitment to creating a caring community, called for the gold standard with respect to prevention in the first place, and effective response if prevention safeguards failed.

Explosion III

As the old saying goes, "there are usually two sides to the story." Pepper Hamilton's recommendations, coupled with the Board of Regents' "findings of fact," created a toxic killer of a narrative. The devastating conclusion – a fundamental failure of the institution itself– echoed throughout campus and demoralized Baylor Nation. An operational failure of the highest order had been identified, with profound impacts on victims and their families.

The "other side of the story" was left untold. Campus safety – and the safety of our students in all respects, including freedom from interpersonal violence – was a high priority throughout my years of servant-leadership. The idea that Pat Neff Hall was oblivious to student-safety concerns was belied not only by common sense and basic human decency, but refuted by the facts.

Here, in brief, is the other side of the story. Indeed, iIn the fall of 2010, the EC round table focused specifically on issues of student safety arising out of a Department of Education (Office of Civil Rights) investigation into a tragic student death at Eastern Michigan University. OCR's compliance review (under Title IX) was prompted by an on-campus student -death. A 22-year old student at EMU was found dead in her residence hall after having been sexually assaulted and brutally beaten. The government's devastating report issued in November 2010. The EC promptly determined to establish a Baylor Student Safety Concern Task Force to examine all issues relating to student safety, including but by no means limited to interpersonal violence.

The Task Force had an outstanding group of members. Five student leaders, including Michael Wright (student body president) joined with the then-Chief of Police, Jim Doak, and EC member Kevin Jackson (Vice President for Student Life), and other key staff members to begin their work early in the new semester (January 2011). The Task Force held on-campus hearings. Broad participation was invited.

In the meantime, additional voices were raised across the nation. As the Baylor Task Force was operating at full speed, 16 Yale students filed a complaint with respect to the campus climate prevailing "under the elms" of New Haven. One particularly disturbing incident included a ribald Yale fraternity

chant: "No means yes." The brothers' outrageous chant then went a perverse step further in descending into the realm of raucous indignity.

In April 2011, OCR published its first "Dear Colleague" letter with respect to responsibilities under Title IX. In contrast to common (mis)understanding, the letter did not embody or reflect law. It was not law in any sense of the word. It was not reporting on an act of Congress, nor was it setting forth an administrative regulation enjoying the force of law. It was a letter – providing guidance, not the direction that law enjoys. Nor did that guidance call for the appointment of a full-time Title IX coordinator. To the contrary, that administrative step was more than three years away.

Three days after OCR's "Dear Colleague" letter appeared, a public panel discussion took place on the Baylor campus. In addition to myself, Vice President Jackson and Student Body President Wright discussed a wide range of student-safety issues, and took questions from the floor. This on-campus conversation was illustrative of what was underway around the nation. Everyone was aware of myriad concerns about student safety, including freedom from interpersonal violence. No one had his or her head in the sand, nor averted his or her gaze to avoid facing unpleasantness – or worse.

The work of the Campus Task Force was completed, and in the fall of 2012, a Campus Safety Committee was formed. The Safety Committee pulled together stakeholders from all across campus to discuss any and all threats to student safety. Issues relating to sexual assault were an integral part of the broad mandate the Committee examined.

For its first three years, the Campus Safety Committee was chaired by Vice President Jackson. Its work enjoyed the unalloyed support of the entire Executive Council. Then, in the following June (2013), I personally issued a memorandum creating a specialized Task Force Review of Sexual Violence to conduct a comprehensive review of Baylor's policies and practices relating to sexual violence. This Task Force (operating at the same time as the Campus Safety Committee) was formed in response to the recommendations and concerns expressed by John Whelan, then the head of Human Resources.

Action items quickly emerged. The entering freshman class that fall (August 2013) were specifically briefed by a senior Student Life staff member on what was expected in terms of proper, upright behavior. Entering students were provided with a copy of OCR's "Know Your Rights" summary, along with a highly-specific cover letter from Vice President Jackson. The following month (September 2013) the "Do Something!" campaign was launched – a sexual assault prevention campaign hosted the week after Labor Day 2013. The campaign was sponsored by Baylor's Sexual Assault Advisory Board, chaired by Dr. Cheryl Wooten, an outstanding leader recognized across the nation for her expertise in dealing with the horror and trauma of sexual violence.

The story continues, with the appointment of an EC member, Dr. Karla Leeper, as the Title IX coordinator, to succeed the departing John Whelan (again, the head of HR, who left to return to his adopted state of Indiana as head of HR at IU-Bloomington). This basic fact stands uncontested -- at no time did Baylor University fail to have a high-level Title IX coordinator in place. Never. Not for one instant.

The suggestion that the Administration somehow failed to have a Title IX coordinator in compliance with OCR guidance is demonstrablyis manifestly wrong. Indeed, Baylor was months ahead of OCR's later guidance that the issues swirling around Title IX were sufficiently complex that a full-time coordinator was called for. Baylor was way ahead of the curve.

Following numerous meetings of the specialized Task Force, the Administration engaged a leading consulting firm, Margolis Healy & Associatesd, to assess Baylor's compliance with Title IX and the Clery Act (a federal law requiring reports of on-campus assaults; note the key requirement of on-campus). Within a few short months, Margolis Healy recommended the appointment of a full-time Title IX coordinator. At the round table, the EC discussed that recommendation, along with others (including our shortcomings in reportings due under the Clery Act). Without dissent, the EC embraced the consulting firm's recommendation, and by October 2014, Patty Crawford was in place in her full-time role.

In the meantime, the Sexual Assault Advisory Board developed an elaborate prevention proposal to launch in the fall of 2014. That exemplary proposal resulted in the "Bear Up Now" program, designed to prevent all forms of interpersonal violence. In August and September 2014, a full year before the Texas Monthly neutron-bomb report, widespread campus training for all students was launched. In particular, the effort featured the renowned "Green Dot" program (developed by the federal government in response to sexual violence reports at the Air Force Academy). Green Dot is a state-of-the-art program that sets the standard for the pivotally important function of bystander intervention.

Throughout late August 2014, almost 150 peer-leader educators were trained in prevention; those peer leaders then lead elaborate prevention education sessions in small groups with community leaders and their residents. Beloved Baylor Police Officer Kandy Knowles guidedled numerous discussions with students in residence hall meetings early on in the new academic year. Chapel, thea cherished Baylor tradition, featured the highly impressive Rachel Sibley and others in the Baylor community who were outspoken on the subject of preventing sexual violence. The faculty and staff likewise joined in the effort. Over a three- month period from August through October 2014, almost 2000 faculty, staff and student workers completed training sessions on both Title IX and the Violence Against Women Act, a measure which had been signed into law (a reauthorization) by President Obama in the early spring of 2013).

Baylor loves its students. I love the students. We want them not only to be safe, but to flourish. We worked hard to achieve that goal in a fallen world, where all too often, students will yield to temptations all around them. We could always do more. And the silver lining of the nine-month ordeal culminating in the events of May 2016 is that no university is more focused on Title IX-related prevention and effective response than our beloved Baylor.

To be sure, there were failures and shortcomings. In particular, I lament the now-known fact that first responders were, at best, insensitive to reports of sexual violence. But there are limits to what the University can do with respect to OFF-CAMPUS behavior, especially when alcohol flows freely – and all too frequently, it flows to tragic excess. But that jurisdictional point – off-campus drinking, not infrequently under-age drinking – was deemed utterly irrelevant by American culture's ultimate mediator, the mainstream media, led in this instance by ESPN. Its provocative investigative reporting avenue, "Outside the Lines," had found a target on the banks of the Brazos. Several of us, including Coach Art Briles, an honorable and decent man (and football genius) would be fatally hit by the media's unrelenting fusillade.

**From**: paul krassner[redacted]
**Sent**: 4/22/2017 10:02:03 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Subject to change

**Importance**: High

So the publisher wants me to trim down 700 to 400 pages in "The Best of…" collection. Tsk tsk. Below will be the revised mini-essay to serve as the final piece. Although I detest Trump, to be fair, I realized, thanks to you, that I had no evidence that he had raped a 13-year-old, though I did have have evidence that, as an adult, there was evidence that she made an accusation. Also, I added another sentence with a positive ending. Meanwhile, Happy Earth Day.

## The Last Word: Yikes!

When George W. Bush was elected president in the year 2000, it was due to the electoral college (a rigged system which originally intended to prevent slaves from voting and evolved to gerrymandering), even though Bush's opponent, Al Gore, won the national popular vote. Hillary Clinton was elected senator that year, and she announced that the first thing she would do was to get rid of the electoral college. A few years later, as a columnist for the *New York Press*, I sent her a letter asking about the status of that promise. She didn't reply.

On November 8, 2016, a crooked businessman, liar extraordinaire, bragging pussy-grabber, make-America-white-again, anti-choice, anti-Semite, fake Christian, accused rapist of a 13-year-old in 1994 (she canceled a press conference one week before the election because of death threats if she filed a lawsuit), climate-change hoaxer, twitter addict, homophobic, apprentice politician, fucking fascist, and Vladimir Putin's "useful idiot," namely Donald Trump, who was elected as an insanely narcissistic dictator based on the electoral college, whereas his opponent, Hillary Clinton, won the national popular vote by almost three million individuals galore, to no avail.

Irony lives. But the monster has inadvertently awakened a population to resist.

**From:** Weingarten, Reid [redacted]
**Sent:** 7/26/2017 3:12:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Chagoury about to get indicted in l.a....wants me to rep him...supposed to be close to your guy

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Wednesday, July 26, 2017 12:10 PM
**To:** Weingarten, Reid
**Subject:** Re:

I don't but with details can ask

On Wed, Jul 26, 2017 at 11:08 AM Weingarten, Reid <[redacted] wrote:

Do you know if your boy barrack is close witha lebanese/nigerian biz guy named chagoury?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, July 26, 2017 7:53 AM
**To:** Weingarten, Reid
**Subject:** Re:

https://www.washingtonpost.com/politics/at-ohio-campaign-rally-trump-offers-an-unfiltered-view-of-his-presidency/2017/07/25/dbbf6792-7188-11e7-8839-ec48ec4cae25_story.html?utm_term=.37ed1a334d20

On Tue, Jul 25, 2017 at 9:51 PM, Weingarten, Reid <[redacted]> wrote:

If trump fires mueller and gets away with it it is 1933 berlin

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

[redacted]

On Tue, Jul 25, 2017 at 10:43 AM, Weingarten, Reid [redacted] wrote:

Buying a new kayak...hard negotiations going on...will call when I am done...Rudy next ag...

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 8:44 AM
**To:** Weingarten, Reid
**Subject:**

catch up today?

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**From**: [redacted]
**Sent**: 8/24/2017 11:13:38 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts | HuffPost

it's just a start. we'll do more and push them up to the top in google search.

should be there in mid September.

thank you for your advice too. You said women never sell and you was right. so I just sold my shares in one startup. 10x in 15 months. wouldn't agree to sell if we didn't speak ;)

On Aug 24, 2017, at 4:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

good work. thx. when are you next on east coast

On Thu, Aug 24, 2017 at 6:38 PM, [redacted] wrote:

http://m.huffpost.com/us/entry/us_599f532ae4b0d0cf9f1c129d

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**From**: Weingarten, Reid [redacted]]
**Sent**: 12/1/2017 5:42:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Beginning of the end...will say trump told him to go the russkies

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Friday, December 1, 2017 5:37 PM
**To:** Weingarten, Reid
**Subject:**

what does the flyinn plea mean in the scheme of things

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●●●○○ T-Mobile LTE 4:40 PM 30%

Twitter, Inc.

# Donald J. Trump

45th President of the United States of America🇺🇸

Washington, DC Instagram.com/realDonaldTrump

**45** Following **46,137,463** Followers

Tweets | Tweets & replies | Media | Likes

**Donald J. Trump** @realDonaldTrump · 12h

....to President of the United States (on my first try). I think that would qualify as not smart, but genius....and a very stable genius at that!

83.6K 26.6K 104.8K

**Donald J. Trump** @realDonaldTrump · 12h

....Actually, throughout my life, my two greatest assets have been mental stability and being, like, really smart. Crooked Hillary Clinton also played these cards very hard and, as everyone knows, went down in flames. I went from VERY successful businessman, to top T.V. Star.....

55K 29.3K 102K

**Donald J. Trump** @realDonaldTrump · 12h

Now that Russian collusion, after one year of intense study, has proven to be a total hoax on the American public, the Democrats and their lapdogs, the Fake News Mainstream Media, are taking out the old Ronald Reagan playbook and screaming mental stability and intelligence.....

30.6K 26.7K 108.5K

**From**: Weingarten, Reid [redacted]
**Sent**: 1/16/2018 5:37:47 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Stevie boy should obviously take the fifth in response to the grand jury subpoena....and I be he doesn't

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

mcgann feels if he stays he risks indicment

On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid <[redacted]> wrote:

And...???? Trump stopped them? He cannot stand mcgahn

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From:** Weingarten, Reid [redacted]
**Sent:** 1/16/2018 8:42:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

When?...(did you ask him after or before he got his grand jury subpoena?)

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:39 PM
**To:** Weingarten, Reid
**Subject:** Re:

I told him to join me and Wolff for my birthday lunch . He said yes. He is just checking on a tea party conference schedule

On Tue, Jan 16, 2018 at 4:36 PM Weingarten, Reid <[redacted]> wrote:

Acela...type it or wait till I get to a quiet place

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:34 PM

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**To:** Weingarten, Reid
**Subject:** Re:

Number ? Funny story

On Tue, Jan 16, 2018 at 3:35 PM Weingarten, Reid <[redacted]> wrote:

Stevie boy is all over the place

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.

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**Sent:** Monday, January 15, 2018 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

mcgann feels if he stays he risks indicment

On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid <[redacted]> wrote:

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From:** Weingarten, Reid [redacted]
**Sent:** 1/16/2018 9:10:40 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

He shouldn't laugh off the grand jury

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:49 PM
**To:** Weingarten, Reid
**Subject:** Re:

After

On Tue, Jan 16, 2018 at 4:42 PM Weingarten, Reid <[redacted] wrote:

When?...(did you ask him after or before he got his grand jury subpoena?)

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:39 PM

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**To:** Weingarten, Reid
**Subject:** Re:

I told him to join me and Wolff for my birthday lunch . He said yes. He is just checking on a tea party conference schedule

On Tue, Jan 16, 2018 at 4:36 PM Weingarten, Reid <[redacted]n> wrote:

Acela...type it or wait till I get to a quiet place

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:34 PM

---

**To:** Weingarten, Reid
**Subject:** Re:

Number ? Funny story

On Tue, Jan 16, 2018 at 3:35 PM Weingarten, Reid <[redacted]> wrote:

Stevie boy is all over the place

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.

---

**Sent:** Monday, January 15, 2018 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

mcgann feels if he stays he risks indicment

On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid <[redacted]> wrote:

And...???? Trump stopped them? He cannot stand mcgahn

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From**: Weingarten, Reid [redacted]
**Sent**: 2/15/2018 10:41:00 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: hicks

**Importance**: High

So the florida shooter always wore a trump hat and was looking to kill Jews and women

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Thursday, February 15, 2018 2:55 PM
**To:** Weingarten, Reid
**Subject:** hicks

From: "Sidney Blumenthal" <[redacted]>
Date: Feb 15, 2018 2:08
To:
Cc:

https://blindgossip.com/?p=89824

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**From**: Lawrence Krauss [redacted]
**Sent**: 2/27/2018 12:09:48 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: sorry
**Attachments**: image002.png

**Importance**: High

They claimed they had 1500 hits for their announcement about me and buzzfeed, which doesn't seem like a lot, but they thought so, and they are getting pressure from various of their supporters and senior people.. this three week thing may be true, but I wonder if I will ever really recover.. I wish they would indict Trump or something right now..

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

Origins Project 10 Year Celebration
Be a part of something 10 years in the making!
April 5-9th 2018 – *Visit for more info*

ASU Origins Project
Arizona State University

On Feb 26, 2018, at 4:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yikes

On Mon, Feb 26, 2018 at 7:05 PM, Lawrence Krauss <[redacted]> wrote:
I had my call with the Bulletin, I am going to take a voluntary leave as Chair of the Board.. allowing me and them to make nice statements about me and how the board appreciates me, has never had a complaint, how professional I am, and how they hope I will return after this has subsided.. The alternative was worse.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

-Origins Project 10 Year Celebration-

Be a part of something 10 years in the making!
April 5-9th 2018 – *Visit for more info*

<image002.png>

On Feb 26, 2018, at 4:00 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no rush, this is not going away soon :)

On Mon, Feb 26, 2018 at 6:55 PM, Lawrence Krauss [redacted] wrote:
I am really occupied with stuff here.. will see when I can get around to writing something.

LMK

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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<image002.png>

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**From**: Ken Starr[redacted]
**Sent**: 5/19/2018 5:07:10 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Happy to do so. Feel free to give Michael my email address.

Hugs, Ken

Sent from my iPhone

On May 19, 2018, at 10:01 AM, jeffrey E. <jeevacation@gmail.com> wrote:

my good friend michael wolffe of FIre and Fury fame, .wanted to speak to you totally off the record. thoghts? he wanted some color on indicting a sitting pres, between us , he has seen a draft of one. . ) what does not subject to crimnal process mean. ? I assume trump corp has non of the consiutuional baggage?

--

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**From:** [redacted]
**Sent:** 7/4/2018 1:02:08 PM
**To:** jeevacation@gmail.com
**Subject:** Re: Hello

**Importance:** High

Personal/Political bias is one thing (I still would exploit it any and every time on cross); this was an obsession and directly relevant "Stop Trump." Also, the IG made clear in his testimony Strzok told him McCabe was there. McCabe is another real character. He denies this; but he also is irreconcilably at odds with Comey on WSJ leak. Absolutely right that taking emails alone is not fair; but I would point out that it is folks like Strzok and company who have ruined many a businesman's life based exclusively on a twisted reading of emails sold to a jury. Flynn is an interesting case. I believe I could have gotten his plea back for him in a second based on what has surfaced; but he decided to go a different way. But as to your underlying point that there might well be something to go after with these guys, I hear you; but I have spent my whole career fighting bullies and crooked, unethical prosecutors. That will remain a guiding principle for me, whether the target is popular, hated, a complete jerk, guilty, etc. I am doing ok, thanks. I see you really follow this stuff.

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: David Schoen [redacted]
Sent: Wed, Jul 4, 2018 8:51 am
Subject: Re: Hello

we're on the same team. strzok. testimony was that discussions with lovers , often include embellishments. and not indicative of non professionalism. I believe he said nothing more than it referenced " andys office". . [redacted] says andy was there. how many other people were there ? were strzok and [redacted] off in the corner talking to each other . was mccabe on the phone? you know that taking emails alone is not meaningful. . isnt it a but much to say that prosecutors that have strong opinions . should be looked out with skepticism? who doesnt have bias. . strzok had many neg hillary opinions . . - michael cohen. michael flynn. . are not fictions created by mueller ? how are you ?

On Wed, Jul 4, 2018 at 8:31 AM, <[redacted]> wrote:

Gotti was an anomaly because of his personality (some agents loved him and some hated him); but I get your point. Couple of things:

1. This the investigation of the President. It is only as good as public confidence in it can be (subtracting the conspiracy theorists on both sides). We just can't have someone with this kind of political bias as a lead investigator. But more importantly, he was not alone. He was just stupid enough to show it in office emails. We don't yet know what his private emails showed. Strzok, however, says that he met with McCabe - the number 2 guy in the FBI - and in his office discussed how best to stop Trump from becoming President. That just cannot be tolerated. Plus, if I find any evidence of personal or other extraneous animus in any case by any agent or prosecutor, I view it as an open invitation for cross examination and any other exploitation possible as it cannot be an accepted part of the process.

2. In this whole matter, I am most disturbed by the composition of the Mueller team and it seems to me that if we are to learn anything from the IG's report it is the importance of having an investigation conducted above-board without personal and political baggage. Mueller had a whole universe of lawyers from around the country to choose from to make up his team. He purposefully chose a murderer's row of the worst. I can go one by one; but I will spare you. Here are a couple of examples:

A. Andrew Weissmann was known in the EDNY as "The Pathological Liar" after the SNL character. He literally would withhold exculpatory evidence throughout the case and then one day when defense counsel went to the bathroom or lunch, stick the documents under others on his table and tell the judge the lawyer had it all along. I have been brought into a case in which he lied from start to finish - and now his rats have come to me to admit their role in it - to get murder convictions in two cases. He has been cited by judges for his misconduct and he runined both Arthur Anderson and Enron through his work, all of which was rejected by the higher courts. He also is a Trump hater and Clinton sycophant. Mueller knows Weissmann's conduct up close and personal. He chose Weissmann for his chief counsel at the FBI years ago.

B. Jeannie Rhee, hand-picked by Mueller from Mueller's own firm, was actually Clinton's lawyer in the email investigation. Now how does that look. She also is a bully and thinks she is a real tough guy and I don't want that kind of character around. I also have an ineffective assistance of counsel case against her for a client in a $100 million earnings management fraud case in which she was way over her head.

C. Greg Andres was another bully who replaced Weissmann in the EDNY. He withheld evidence terribly in his cases, regularly threatened others, and accused a defendant of putting out a contract on him when he knew it was a completely bogus claim, but gave him the publicity he craved. He is 100% in the pro-Clinton, anti-Trump camp. President Obama gave his wife a federal judgeship on the SDNY

and on and on.

I don't personally believe Russia affected the election at all; but I certainly am not qualified to say. I do know that we have meddled in other countries' elections as a matter of policy forever. But the bottom line is, if there is to be an investigation, just play it straight up. I am friends for a long time with the IG. If they had picked him to head up the team, I would not be a weekly guest on Hannity tv and radio (I never would have been asked), as I know he would pick a team of honest folks from across the spectrum.

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: David Schoen <[redacted]>
Sent: Wed, Jul 4, 2018 8:10 am
Subject: Re: Hello

is it overblown. ? all mob prosecutors have strong feelings towards their targets. I recall many that told stories of how they despised gotti etc. why is stryok different ?

On Wed, Jul 4, 2018 at 7:51 AM, <[redacted]> wrote:

> I am obsessed with prosecutorial and FBI misconduct wherever it rears it ugly head and i am committed to doing what i can to fight it whether for my death penalty clients or a klansman. Lots of wrongdoing here and we all lose when the system breaks down.
> I assume you were just flipping the channels.
> Hope you are doing well. I see they never miss an opportunity to try to drag you in - saw an article the other day asking how you missed the #metoo press and tying you to trump. Didn't mention much of all you have been put through already. I hope the cases are all behind you now. I would have liked to have helped; but i guess you and your team decided on a different direction. Whatever works best.
>
> ---
>
> On Wednesday, July 4, 2018 jeffrey E. <jeevacation@gmail.com> wrote:
>
> judge jeannie?
>
> On Mon, Apr 16, 2018 at 9:54 PM, <[redacted]> wrote:
>
> > Just checking in to see how you are getting along these days. I hope all the litigation is well behind you and things are going well
> >
> > Take care.
> >
> > David
> >
> > David I. Schoen
>
> --
>
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**From:** Starr, Ken[redacted]]
**Sent:** 8/22/2018 7:17:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Jed Rubenfeld

**Importance:** High

Wise counsel. Thx!

Sent from my iPhone

On Aug 22, 2018, at 1:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I think scholarly but not too much so. no one above the law. . we began leaving a kingdom. . unlikely to give king like powers to a president. on one above the law. I would like lunch pail joe to come away and think , this guy is smart . I understood . lets see what he writes about the clintons.
someone suggested that trump could shoot someone on fifth avenue and not lose a vote. that is true , but would make little sense for him not to suffer an immediate consequence. the allowed civil depo setting precedent for criminal process , is a lawyers outline I might think of dumbing it down , again , and suggesting that you can sue your neighbor , even if you neighbor is the president. makes little sense that the you can be indicted for assaulting him but he cannot if he assaults you. low bar for civil higher bar for criminal. . at some point on your book tour I might point out how disappointed you were that the clinton and betty curries' trashcan story , was reopened . .

On Wed, Aug 22, 2018 at 2:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
i vote yes as it makes you relevant to today rather than merely re- reciting an old tale. :) or tail?

On Wed, Aug 22, 2018 at 12:07 PM, Starr, Ken <[redacted]> wrote:
Can you talk? Impt. [redacted]

Sent from my iPhone

On Aug 17, 2018, at 9:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

thx

On Fri, Aug 17, 2018 at 10:14 AM, Starr, Ken <[redacted]> wrote:

Good morning!

Jed teaches crim law at Yale. Outspokenly strong on the need for procedural fairness in campus adjudicatory proceedings. Relevant to your friend's unhappy situation? If so, happy to make the connection.

Hugs, Ken

Sent from my iPhone

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**From:** Nicholas Ribis [redacted]
**Sent:** 12/13/2018 10:03:53 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Read it. TB has big problems

Sent from my iPhone

On Dec 13, 2018, at 5:02 PM, J <jeevacation@gmail.com> wrote:

Federal prosecutors are investigating whether U.S. President Donald Trump's inaugural committee misspent some of the funds it raised, the Wall Street Journal reported on Thursday, citing people familiar with the matter.

The probe opened by the Manhattan U.S. attorney's office is examining whether some of the committee's donors gave money in exchange for policy concessions, influencing administration positions or access to the incoming administration, the Journal said.

Read Newsmax: WSJ: Federal Prosecutors Probing Trump Inauguration Spending
**Urgent:** Do you approve of Pres. Trump's job performance? Vote Here Now! --
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**From:** Michael Wolff [redacted]
**Sent:** 5/30/2019 9:37:43 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Starting to smell sweet, the way you put it!

On Thu, May 30, 2019 at 5:35 PM J <jeevacation@gmail.com> wrote:
reminder trump overuled congress on yemen .

On Thu, May 30, 2019 at 5:33 PM Michael Wolff <[redacted]> wrote:
So MBS was paying him off? Why? Ideas?

On Thu, May 30, 2019 at 5:29 PM J <jeevacation@gmail.com> wrote:
is it a coincidence that the russian that bought the house in palm beach and knows all , is the same guy that sold a painting last year to mbs for 450 million dollars. that was only worth 1. 5m?

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**From:** Michael Wolff [redacted]
**Sent:** 5/30/2019 9:40:54 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

You have an art guy?

On Thu, May 30, 2019 at 5:40 PM J <jeevacation@gmail.com> wrote:
In addition my art guyd said the painting wasn't very good

On Thu, May 30, 2019 at 5:37 PM Michael Wolff [redacted] wrote:
Starting to smell sweet, the way you put it!

On Thu, May 30, 2019 at 5:35 PM J <jeevacation@gmail.com> wrote:
reminder trump overuled congress on yemen .

On Thu, May 30, 2019 at 5:33 PM Michael Wolff [redacted] wrote:
So MBS was paying him off? Why? Ideas?

On Thu, May 30, 2019 at 5:29 PM J <jeevacation@gmail.com> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/19/2014 10:37:05 AM
**To:** Peter Thiel [redacted]
**Subject:** That was fun , see you in 3 weeks

FP Briefing non- classified
19 May, 2014

| | |
|---|---|
| Article 1. | The National Interest<br>**Which Road Will Egypt Take?**<br>Kathryn Alexeeff |
| Article 2. | Now Lebanon<br>**What Saudi-Iran talks could mean for Lebanon and the region**<br>Alex Rowell |
| Article 3. | The Economist<br>**India's next prime minister: The Modi era begins** |
| Article 4. | The Christian Science Monitor<br>**An India ready to dream big**<br>Editorial |
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| Article 6. | The National Interest<br>**Stars Are Aligned for a Solution in Cyprus**<br>Özdil Nami |
| Article 7. | The diplomat<br>**China's Instructive Syria Policy**<br>Adrien Morin |

Article 1.

The National Interest

# Which Road Will Egypt Take?

Kathryn Alexeeff

May 19, 2014 -- With Abdul Fattah al-Sisi's official resignation from the military and bid for the presidency, the future of Egypt looks murky at best. While his victory is highly likely, the question remains—down which path will he take Egypt? Al-Sisi's support for the anti-Morsi protesters may indicate support for the democratization of Egypt and the will of the people. On the other hand, his bid looks like a giant leap backwards for Egypt, a return to a military dictatorship. Egypt has several potential paths forward under an al-Sisi government, none of which are ideal. Unfortunately, Egypt appears to be justifying analysts' worst fears and will likely return to a Mubarak-style military autocracy under al-Sisi.

The first option is a military government that enacts economic and political reforms that improve the lives of the citizenry, not just the military or the elites. This will lead to a slower evolution toward democracy. On the plus side, slower evolution under a stable government would allow structural changes to take root, fostering effective institutions and greater stability. The negative side is that evolution of this sort would be neither smooth nor straightforward. It would come in fits and spurts, punctuated by returns to oppression and violence. It would also be extremely slow, and easy for a demagogue to reverse. Unfortunately, given Egypt's current situation, option one is highly unlikely. Given the high levels of repression and violence, the only reforms the government will likely enact would involve greater centralized power in its hands. Furthermore, there are a myriad of ways for a government to pay lip service to democratization without actually decreasing its power. Another option is that Egypt becomes stuck in a proverbial time loop—repeating the revolution every year or two when the government fails to deliver on

actual, on-the-ground improvements. This would not necessarily make Egypt worse off, but it could further weaken the economy as revenue from key industries, such as tourism, continues to decline. It would not improve conditions either, as improvements, unfortunately, take longer that the voting public generally likes. The potential upshot of this option is that, hopefully, over time, mass action would become more and more cohesive and leaders start to emerge from the morass. This would bring developed political parties into Egypt's political system and potentially, leaders from outside the military and the elite as well. This, however, will remain only a temporary option. Revolutions, or even mass action, are difficult to maintain over time. Moreover, if some improvements, particularly economic improvements, do occur, the majority of the country will acquiesce to a nondemocratic government. The best example of this is the Chinese government, which has managed economic growth without any accompanying political liberalization. Eventually, either a government will improve conditions for the average Egyptian, or it will become so repressive that mass action ceases to be a viable option. The third option is a total crackdown on any and all political movements and the return of a repressive and autocratic government. The impetus behind this path is the idea that establishing stability is the first and foremost priority of the government. If you establish stability, the rest will follow. Or, if the government is truly cynical, it simply does not care what happens as long as the ruler and his or her cronies are taken care of. Right now, it looks as though Egypt has chosen to go with option three, the return to repression under military rule. The first step for any autocracy is to get a firm grip on the political process, weeding out the opposition. This is precisely what has been occurring. Massive repression of the Muslim Brotherhood is the most obvious example of this process. While there are some legitimate security concerns regarding the Muslim Brotherhood ties to ongoing violence, banning the entire organization and labeling them all as terrorists is like using a sledgehammer on a nail—overkill and likely to create a mess. It does, however, have the benefit of getting the only meaningful political party out of the current political scene and that is a key step in political consolidation. Other examples of consolidation abound, including

harsh treatment of dissents and a crackdown on journalists. While Egypt is headed down the path of autocracy, this does not suggest the futility of change or of promoting democracy in Egypt, nor, say, that the Arab Spring was a failure. Autocracy will not be a permanent fix for the factors that nourished the Arab Spring. It will work for a while, maybe even a decade, but eventually, repression will not be enough, and the demonstrations will begin again. A little liberty is a dangerous thing—especially when it bears fruit. The Arab Spring in Egypt may not have brought about democracy, but that does not mean it failed. Egypt now knows the impact mass action can have on its government. They have seen not one, but two governments fall as a direct result of protests and popular action. Egypt may be moving back toward a military dictatorship, but now the people have a taste of liberty. No matter how repressive the military establishment decides to be, the genie is out of the bottle.

*Kathryn Alexeeff holds a master's degree in Security Studies from Georgetown University and has worked at the Atlantic Council's South Asia Center.*

Article 2.

Now Lebanon

# What Saudi-Iran talks could mean for Lebanon and the region

Alex Rowell

May 16, 2014 -- In a potentially momentous surprise move that could herald an alleviation of political and sectarian conflict across the Middle East, Saudi Arabian Foreign Minister Prince Saud al-Faisal announced on Tuesday an invitation to his Iranian counterpart to travel to Riyadh to enter negotiations over the rival countries' "differences."

Saudi and Iran, powerhouses of Sunni and Shiite Islam respectively, presently support opposing sides in many of the Middle East's major confrontations, and are often seen as having radically divergent and competing visions for the future of the region.

Which is why, in Lebanon – a country where the two powers wield extensive influence over their respective allies – the news of a possible rapprochement has already sparked confidence that political deadlock on a number of key disputes may be resolved, perhaps even defying expectations of a presidential vacuum by ushering in a successor to President Michel Suleiman in time for the expiry of his term on 25 May.

"I [now] believe we will have an elected president on the 25th," said MP Ahmad Fatfat of the Saudi-supported Future Movement. "That [Prince Faisal's] invitation was public means they already agreed on many points under the table. That means the negotiations regarding the new president have already been done."

Beyond the elections, Fatfat added the talks would likely also yield wider benefits in terms of security and the economy. Earlier this week, Saudi lifted what has been described as an "unofficial ban" on its citizens traveling to Lebanon, fueling hopes of a boost to the country's struggling tourism industry. Saudi analysts concurred that the overall situation in Lebanon would likely improve in the near future.

"I think in Lebanon there is already agreement [between Saudi and Iran]," said Jamal Khashoggi, veteran Saudi journalist and former advisor to then-ambassador Prince Turki al-Faisal. "The agreement in Lebanon is to contain the situation."

In neighboring Syria, however, where Iranian-backed regime forces continue to suppress a Saudi-supported armed rebellion, Khashoggi expects very little to materialize from Saudi-Iranian talks.

"I'm not optimistic," he told NOW. "The Saudis and Iranians are still far apart. The Iranians must relinquish their expansionism toward the Mediterranean, or we have to give up Syria. And I don't think we can afford to give up Syria. And besides, even if we decide to give up Syria, the Syrian people are not going to give up Syria."

"So basically, the Iranians are acting like the Israelis – they want peace, and they want to keep the land."

Other analysts, while conceding any progress would be slow, had somewhat more positive forecasts on the Syrian front.

"[Syria] is a tough one to happen quickly, but at least if they start talking then it's a good thing," said Andrew Hammond, policy fellow at the European Council on Foreign Relations and author of The Islamic Utopia: The Illusion of Reform in Saudi Arabia.

"Fundamentally, the chances of the Syrian tragedy being brought to an end, or the beginning of this disaster being brought to an end, require these two countries to come to an agreement […] They are the keys to the Syrian conflict, so they have to start talking, even though it will take a long time."

Accordingly, with little chance of the two reaching agreement on Syria in the immediate future, the talks may in fact focus on other areas of dispute, such as Iraq, where a new coalition government is being formed following parliamentary elections on 30 April.

"The other issue is Iraq, now that the election is over and all the horse-trading is beginning," said Hammond. "I wonder whether that actually may have been the main impetus for this invitation."

Perhaps the most significant changes resulting from Faisal's initiative in the long run, however, will pertain to Saudi itself. Having been "shocked," as Hammond put it, by the United States' decision to pursue warmer ties with Tehran last year, and initially threatening a "major shift" in its relations with Washington as a consequence, Riyadh may now be grudgingly coming to terms with the new order envisaged by President Obama.

"It does suggest there is a potential for them to reassess the situation and try and move things forward, find some way of having a new relationship with the Iranians, given the fact that the Americans clearly want to move forward, and the smaller Gulf states do as well," said Hammond.

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Article 3.

The Economist

# India's next prime minister: The Modi era begins

May 18th 2014 -- IN THE days since May 16th when Narendra Modi and his Bharatiya Janata Party (BJP) stormed to victory in India's general election much commentary has wrestled with the idea of history. Most commentators seem to agree that May 2014 marks an historic moment. One reason is the scale of Mr Modi's landslide victory, which scooped up 282 seats for the BJP and thus an absolute majority in parliament. That is first time since 1984 that any party has won a majority for itself. It is also the first time ever that a party other than Congress has done so. Conversely, the defeat for Congress is far worse than anything in its long history of dominating Indian politics: it won fewer than a sixth the seats of its rival, getting just 44. In much of north India, the political heartland, Congress was wiped out. Some correctly ask if its eventual recovery (assuming that will happen one day) would require being rid of the Nehru-Gandhi dynasty that has been at its heart for so long.

Yet the size of Mr Modi's victory, and Congress's defeat, tells only part of the dramatic story. The immense dissatisfaction with Congress was undeniable. Voters were unhappy with high inflation, slowing growth, weak leadership, corruption and much more. Such voter grumpiness, usually summed up as "anti-incumbency", is all but inevitable for a party that had been in power for a decade. Yet more has happened here. Take, for example, the utter defeat of the Bahujan Samaj Party of Mayawati, the Dalit leader in Uttar Pradesh. She was not an incumbent and her party

managed to collect some 20% of the votes cast in the state. Indeed, after the BJP and Congress, it got the most votes nationally of any party in the election. Yet it failed to win a single constituency. By contrast the BJP not only collected a huge tally of votes but also turned those efficiently into seats. With 31% of the national vote-share, they captured nearly 52% of the seats in parliament.

That suggests an important shift in Indian politics. The BJP did extraordinarily well because it approached the election in a far more professional, strategic and efficient way than its rivals. The methods it employed were modern, and the skill at which Mr Modi and his fellow leaders conducted their campaigns rivalled the sort of performances put in by American presidential contenders (and with similar quantities of money to spend). Rahul Gandhi of Congress, in the end, proved to be a hopeless amateur, poorly advised without even decent media-management skills or the ability to present a strong campaign message. Many regional figures proved similarly out of date in their campaigning. The BJP's roadshows and rallies, the door-knocking by volunteers, the influence on India's press and television channels, the ability to set the agenda of discussion, all went to making the election a remarkably one-sided affair. The chief minister of Bihar, Nitish Kumar, tendered his resignation on May 17th, after his party was flattened by the BJP in the state. (Assam's chief minister, from Congress, has also offered to quit.) That was not because of anti-incumbency—voters in Bihar are happy with the work Mr Kumar has been doing—but because the BJP's campaign was vastly superior.

Mr Modi in his first speeches after his victory has sounded magnanimous and made the right noises about running the country for all, bringing everyone along. He also mentioned, only partly accurately, that the BJP's success transcended caste politics and religious appeals. If that were entirely true, it would be another reason to call this election result historic. In fact the BJP did make some use of caste and religion, as when Mr Modi played up his "other backward classes" background while campaigning in Uttar Pradesh, or when he criticized Bangladeshi (read: Muslim) infiltrators in Assam and West Bengal. It is troubling, too, that the new parliament will have the fewest Muslim members of any since 1952, while

the ruling BJP has not a single Muslim MP among its cohort of 282; Muslims are reckoned to comprise at least 14% of the Indian population.

But largely Mr Modi told the truth: the BJP's manifesto and Mr Modi's speeches emphasised economic and development matters. The victory he achieved is more the result of his talk of strong government and improvements to the material lives of voters than anything else. That is encouraging. It suggests that he will now seek to govern in a way that encourages economic growth, job creation and better infrastructure, along with further reductions in poverty and inflation. Mr Modi has been dropping strong hints that he hopes to remain in power not only for the current five-year term, but to win re-election and reshape India's economy and political landscape. In other words, he is considering his long-term prospects by keeping in mind the rise of a powerful new constituency that will only gather more influence as the years pass: the young, urban, educated and impatient set of voters who aspire for material gains to their lives. We argued before that such voters, for whom there is only "one God, that is GDP", will increasingly decide the outcome of Indian elections. Mr Modi and the BJP look set to corner their support.

What comes next? On May 20th the BJP will meet, apparently to elect Mr Modi formally as their leader. That, apparently, is a precursor to the formation of a government which is going to include the immediate allies of the party that make up the National Democratic Alliance. It could, too, be made from of a wider coalition, since the BJP—if it is to push through legislative changes quickly—will need additional help from other parties that control powerful states, and to win more support in the upper house of parliament.

Unease persists about the role of the Hindu-nationalist right, whose footsoldiers undoubtedly helped a great deal in getting BJP candidates elected. With Mr Modi having been an activist member in the right-wing Rashtriya Swayamsevak Sangh (RSS) since he was a boy, some on the right have expectations that he will pursue an agenda of Hindutva (for example getting a temple erected in Ayodhya, or changing the constitutional status of Muslim-majority Kashmir). Others look for evidence that nationalism of a protectionist variety will have a strong

influence on Mr Modi's policies. For example over the weekend BJP spokesmen have been saying that the party still intends to reverse an existing policy that would allow foreign investors to open supermarkets in larger cities, and even then only under limited circumstances.

Mr Modi would be wiser to downplay the influence of both sorts of nationalists. To sustain confidence that he can get the economy growing faster will require pulling off some difficult feats, not least attracting more foreign capital into a host of industries which could include insurance, banking, defence and many parts of infrastructure. He needs to send a clear message, as he picks ministers and begins to offer policy, that India aspires to become strong on the back of economic growth, more international trade, deeper global engagement—and not by promoting nationalist tendencies at home. He has a decent record of reaching out to other countries, notably Japan, in his time as chief minister of Gujarat. Since his victory on May 16th he has fielded calls from Barack Obama, David Cameron and a host of other global well-wishers eager to engage India internationally. Mr Obama for example made clear that India's prime minister would be welcome to visit the United States. The Americans in particular want a decisive break from an earlier period, when interaction with Mr Modi concerned his record in handling communal violence in his state in 2002. Mr Modi in other words, by winning so emphatically on May 16th, appears both to have made history and escaped it. That is no mean feat at all.

Article 4.

The Christian Science Monitor

# An India ready to dream big

Editorial

May 18, 2014 --Years before Narendra Modi won this month's election that now allows him to become India's next leader, the former tea-stall

worker asked this question on behalf of the world's second most-populous nation:

"It is often said that India does not dream big and that is the root cause of all our problems. Why can't we dream like China, Europe or America?"

Note how Mr. Modi compares India to other continental powers. This reveals just how much today's 1.25 billion Indians, who are digitally hitched to the global flow of ideas, have adopted new views of their capacity for progress – not only for India but for themselves.

During his campaign, Modi tapped into this rising aspiration for India to emulate the best in other countries. One in eight voters went to the polls for the first time, a sign of the fact that two-thirds of the population is under 35. He and his Bharatiya Janata Party (BJP) promised economic growth, clean governance, and decisive leadership, all of which Modi delivered as chief minister of Gujarat state – although sometimes too harshly or divisively.

His record and his campaign promises really reflect an India ready to join the global community. Voter turnout was a record 66 percent. And the electoral results cut across the old divides of caste, rural vs urban, old vs. young, poor vs. middle-class. On those measures alone, India has surpassed China, which is not even allowed to have elections, and the political disunity in Europe and America.

The BJP's election sweep was achieved in part out of public frustration with the long-ruling Congress party. Its corrupt, paternalistic, and dynastic style no longer fits an India of smart phones and social mobility. More than two-thirds of Indians are dissatisfied with their country's direction, according to a Pew poll. In throwing off the past, voters have allowed the BJP to rule with a clear majority in the lower house of parliament. Such a feat was achieved only once before, in 1984, after the assassination of Indira Gandhi boosted the Congress party in an election.

As prime minister, Modi must not forget he is riding an awakening of Indian expectations as much as leading them. His checkered past as a Hindu nationalist, and in sometimes treating India's Muslims as less than citizens, cannot color his leadership in a constitutional democracy.

Religion, including Hinduism and Islam, can help Indians define their individual identity. But in a country of such size and diversity, one that is home to a third of the world's poor, only secular rule can ensure the unity needed to fulfill people's collective hopes.

"India has won," Modi tweeted after his victory. This apparent humility may serve him well in preventing an overreach of his powers. India does not need big-man style rule now that a historic election has shown Indians are ready to dream big.

Article 5.

Hürriyet

# Will it be Cyprus' year?

Yusuf Kanli

19 May 2014 -- The highlight of the one-day trip to North Cyprus by Foreign Minister Ahmet Davutoğlu might best be his bold declaration that time has come to end the 50-year-old Cyprus problem. Can there be relevance between the age and the time for the resolution of a problem? Obviously not, but a minister expressing conviction that time has come to end a problem carries incredible importance and naturally boosts expectations to that end.

Is it really the high time, best opportunity, right moment, last chance or whatever for a Cyprus deal? All through the past many decades, somehow many prominent and otherwise effective personalities, including not only Davutoğlu and people of his caliber, but many premiers, presidents and at least every American leader since George Bush Sr. have declared many of the past years as the "Cyprus year" but that Cyprus year never came… Will it come this time? Sure… the Cyprus problem could easily be resolved if the two sides on the island ever develop sufficient political will; prepare their respective societies to be receptive to a painful compromise and international actors stop paying lip service to the idea of a resolution, but instead genuinely support a resolution.

Do the two sides on Cyprus have political will? Does Turkey want a settlement? Is Greece prepared for a deal that might trigger a larger deal with Turkey over the Aegean and Thrace issues? Of these questions only one element is affirmative; Turkish Cypriots want a settlement. In 2004, they not only demonstrated simultaneous referenda, but repeated polls have shown since then that the pro-settlement resolve of Turkish Cypriots is over 65 percent. Greek Cypriots? Polls show a decreasing 41 percent are receptive to the idea of resolution, less than 30 want federation. Officially, both Greece and Turkey support a compromise deal on Cyprus. How sincere are they? Last time, in 2004, despite all of the pledges made before, Greece eventually could not support a plan for resolution. Will it support a compromise deal this time? Let us hope it will. Turkey will support any deal supported by Turkish Cypriots, provided it somehow maintains a presence on the island. Why should it not, after all, if Britain, a country far away, has two sovereign bases just because it was the previous colonial power? Was it not Turkey that leased the island to Greece?

International actors all keep on vowing to support a deal on Cyprus. Why would the British want a settlement knowing that despite the recent agreement it signed in haste with the Greek Cypriots, British bases on Cyprus will be the next and joint target for all Cypriots if ever they resolve their bilateral quagmire? Russians would not want a resolution either. Why should they? To upset their peculiar position as the major energy supplier of Europe, (particularly) to Germany? Or to render life even more difficult to the Russian population and collaborators engaged in bleaching business?

Why would Americans support a compromise deal if they benefit more from the British bases on the divided Cyprus? The upcoming visit of American Vice President Joe Biden this week and the anticipated visit to the island within weeks by Secretary of State John Kerry of course demonstrate an interest in the Cyprus problem. A visit by a U.S. vice president – the first in 52 years – of course will be meaningful.

Plans to ease European energy dependency on Russia might play a role for an accelerated demand for a Cyprus deal push. Don't the Americans know

better than anyone else a Cyprus peace requires engagement in goodwill and determination by both sides and of course at least Turkey, if not Turkey and Greece together? Why would Greek Cypriots want a resolution as long as they enjoy alone the "sole legitimate government" of Cyprus and the Turkish Cypriot part of the island is considered only as "areas not under the government's control?"

Yes, Davutoğlu may wish to see accelerated peace talks and a commitment from Nikos Anastasiades to work for a deal "as soon as possible." In view of the latest European Court of Human Rights and these plain realities, can that be possible anytime soon?

Article 6.

The National Interest

# Stars Are Aligned for a Solution in Cyprus

Özdil Nami

May 19, 2014 -- The Cyprus problem is at a critical juncture as there exists a unique opportunity for its solution. If this opportunity is utilized, a united Cyprus will be the keystone of a wider area of cooperation and stability in the Eastern Mediterranean and beyond. A glance at the issues that are affected by or directly resulted from the prolongation of the problem clearly highlights the need for an early settlement in Cyprus.

The 50th Year on the UN Agenda

The Cyprus problem has been on the agenda of the United Nations for half-a-century. For decades, it has consumed considerable diplomatic and political effort, domestic and international alike, but to no avail. As such, it has gained a reputation as an intractable and inexorable problem that eluded an ultimate settlement. The island of Cyprus, nearly half the size of the state of Connecticut, has subsequently become synonymous with conflict, despite its nostalgic narrative as a haven of peaceful coexistence. Since the drawing of the Green Line in 1963, Nicosia, the Janus-faced

capital of both North and South Cyprus, remains today as the last divided city in Europe and the only divided capital in the world. However, the Cyprus problem has to change face and move on from this conundrum characterized by a relentlessly enduring state of conflict to an inspirational success story of peace. Time is ripe for such a change, especially in view of current dynamics that are molding together both on the island and in the region.

## Missed Opportunities

April 24, 2014 marked the 10th anniversary of the referenda held on the UN Comprehensive Settlement Plan (the Annan Plan) on both sides of the island. This was the first time in the history of Cyprus negotiations that a comprehensive settlement document, comprising 9,000 pages, was put to separate simultaneous referenda. The Turkish Cypriots accepted the plan with an overwhelming majority (65 percent), despite the great sacrifices it entailed for them. They did not only vote in favour of a solution, but also for moving beyond the traumatic past and building a common future within the EU through a new partnership with Greek Cypriots. Unfortunately, the Plan failed due to the resounding 'no' vote (76 percent) of the Greek Cypriots. Nevertheless, the Turkish Cypriot aspiration for a solution has prevailed even in the face of deep frustration ensuing the Greek Cypriot rejection of the Annan Plan and the continued isolation imposed on Turkish Cypriots in all aspects of life. The fact that they have been left out in the cold, while the Greek Cypriot side has unilaterally become a member of the EU, did not change the Turkish Cypriots' resolve for settlement. Yet, it further complicated the prospects of reconciliation on the island.

## Thriving Opportunities from Within

Against this background, the Turkish Cypriot side has intensified its endeavors to overcome this crisis of confidence and engaged sincerely with the Greek Cypriot side for the preparation of the ground for a new dialogue. Subsequently, the two sides were able to initiate a series of agreements in early 2008, which paved the way for the resumption of full-fledged negotiations after a four-year stalemate. Since then, intermittent

negotiations have been underway, with significant progress attained on the majority of the chapters of the Cyprus problem as a result of the intensive efforts put forward by the two sides in reaching convergences. Furthermore, with the recent agreement on the Joint Declaration of February 11, 2014, an important milestone in the negotiations has been reached, which clearly provides for the broad outline of a solution and the main principles upon which the new partnership will be established. Hence, the announcement of the Joint Declaration triggered a very positive atmosphere that was further fostered by the support of a wide spectrum of actors on both sides as well as the extensive espousal received by the international community.

The Far-Reaching Consequences of the Problem

In light of this promising political climate on the island, combined with the existence of some external factors that are currently at play, there is an historic opportunity that should not be missed in bringing the long-overdue Cyprus problem to a closure. The recent developments in our region strongly signal a pressing need in this direction. It is beyond doubt that the Cyprus problem holds back the potential of cooperation in a broader context. Since its conception, the relations between Turkey and Greece have been negatively affected by it. A full-scale rapprochement between the two countries has been held hostage to the chronic status quo on the island. In the course of time, this has been exploited as an excuse to oppose Turkey's bid for EU membership through the blocking of some chapters in her accession talks. EU-NATO strategic cooperation has also been hampered in a similar fashion due to the non-existence of diplomatic relations between South Cyprus and Turkey. As a NATO member, Turkey has proven to be an indispensable strategic partner of the Transatlantic cooperation since the inception of the Cold War. Although a NATO Council decision in late 2002 enabled the participation of the non-EU members of NATO in the European Security and Defense Policy (ESDP), the Greek Cypriot side has been blocking Turkey's involvement both in the ESDP and her prospective membership in the European Defense Agency (EDA). As a result, no meaningful dialogue can practically be established between the EU and NATO, creating a situation whereby the

Cyprus problem is literally obstructing the deepening of the EU-NATO strategic relations. The current crisis in Ukraine clearly highlighted, once again, the need for closer cooperation between the two institutions.

External Dynamics Necessitating a Settlement

The crisis in Ukraine also brings forward the necessity of alternative energy supplies en route to Europe. Recently, the island of Cyprus has driven considerable attention as a result of the newly found energy reserves in the Eastern Mediterranean. Common sense dictates that Turkish Cypriots and Greek Cypriots, together with neighboring countries, adopt a win-win approach and share the benefits of the natural resources of the region on an equitable basis. Such cooperation and the resulting interdependency could only bring much needed stability and prosperity to the region and help restore the ties between Turkey and Israel.

The Promise of a Solution

Cyprus lies at a strategic crossroads between the East and the West. However, as all these developments indicate, the island's full potential can only be utilized with the solution of the Cyprus problem. A solution will not only provide for peace on the island, but will also prompt a wave of cooperation in its wider region. Therefore, all relevant actors, including the two sides on the island, should act in a spirit of good-will and compromise in bringing an end to this half-century-old problem. The Turkish Cypriot side is ready to do its utmost in this regard, with a view to realizing the island's destiny to become a hub for peace and stability rather than a source of conflict and tension.

*Özdil Nami is the Minister of Foreign Affairs for the Turkish Republic of Northern Cyprus.*

Article 7.

The diplomat

# China's Instructive Syria Policy

Adrien Morin

May 18, 2014 -- The crisis in Syria erupted early in 2011 as part of the Arab Spring and worsened as the year went on. A first draft resolution to intervene in Syria was proposed by France, Germany, Portugal and the U.K., on October 4. This proposal was vetoed by Russia and China, marking the start of a long diplomatic impasse with Moscow and Beijing on one side and the Western powers on the other. China and Russia would later veto two more draft UN resolutions. Three years after the clashes in Syria began, and with the civil war now being supplanted in media headlines, it is worth reviewing Chinese policy. Has Beijing purposefully been more assertive toward Western powers, and the U.S. in particular?

Western Concerns

Chinese foreign policy worries the West on a number of fronts. One concern is the formation of a "united front" of China and Russia, to oppose Western goals. Certainly, China and Russia have together vetoed draft resolutions supported by the three other permanent members of the Security Council. The world has meanwhile witnessed China's impressive rise in recent decades as well as Russia's attempts to return to Great Power status. Perhaps an anti-Western alliance of those two actors could indeed challenge the U.S. and its allies. In the meantime, the West finds itself frustrated by Chinese foreign policy pragmatism, or as the critics would have it, the absence of values. This is de facto incompatible with Western moral ideals, which invoke human rights or other ethical arguments. Chinese realpolitik is seen as amoral, if not immoral. Chinese policy is also not up for domestic debate – a lack of transparency and little civic engagement make sure of that. Those who fear that Chinese foreign policy is driven by the intent of challenging (and eventually supplanting) the West would view Beijing's support for the Syrian regime as ideological. This concern rises as China becomes more popular in the Middle East. Mostafa Kamel, a member of the Egyptian Foreign Ministry, "expressed admiration for China's position and proposition on the Syrian issue and said that Egypt is willing to strengthen communications and

coordination with China on the issue." Could the influence of Western powers in the region be weakened, for the benefit of China? All these concerns come back to one issue: China's new role within the international community. As a new – and still growing – power, some observers fear that China may soon have the ability to challenge and threaten the Western liberal model that has dominated international organizations since the end of the Cold War.

The Reality

These concerns are misplaced. First, the Chinese Communist Party (CCP) has a high level of suspicion toward Western proposals at the international level and within the executive organs of the United Nations in particular. China seems to view the UN as a potential tool to oppose what it considers Western interventionist policies around the world, and it is clear that the Chinese government was greatly disappointed when the United States and its allies acted on their own to impose, by force, a regime change in Iraq in 2003. The frustration was even greater during the Libyan crisis that ended with the overthrow and execution of former leader Muammar Gaddafi. Indeed, from Beijing's perspective, resolution 1973 of the United Nations seeking to impose a no-fly zone in Libya did not give any foreign power the right to intervene militarily on Libyan territory and against the Libyan regime. Beijing learned a lesson. The second element may be more important: Beijing's stance on the Syrian crisis is consistent with China's long-term foreign policy and its fundamental principles. The basis of Chinese foreign policy is articulated in the Five Principles of Peaceful Coexistence, enunciated by Zhou Enlai in 1954: 1) mutual respect for sovereignty and territorial integrity; 2) mutual non-aggression; 3) non-interference in each other's internal affairs; 4) equality and mutual benefit; and 5) peaceful coexistence in developing diplomatic relations and economic and cultural exchanges with other countries.

Since the opening of the country under Deng Xiaoping in 1978, Chinese foreign policy can be more generally characterized as pragmatic. Pragmatism and the five principles are the key to understanding China's response to the Syrian crisis and indeed its general approach to foreign relations. This model excludes moral or ethical arguments from the

practice of foreign policy, and as such is antithetical to Western ideals, which raises questions, misunderstandings, and fears among the Western powers as China emerges a major world power. The notion of peaceful development is also important, and is central to Xi Jinping's administration. This concept means that China seeks peaceful relations with other members of the international community to establish fruitful economic relations that will serve Chinese development goals. To achieve this goal, China needs a stable environment. The concept of peaceful development means, according to Xi Jinping, that "China will never seek hegemony or expansion."

Although Western powers may not approve of the "Chinese Model," it does explain Chinese policy on the Syrian crisis.

It is also worth noting the influence of China's domestic situation on Chinese policy in Syria. Beijing cannot legitimize any insurrection abroad, as it has to deal domestically with separatist issues (such as in Tibet, Xinjiang, or Inner Mongolia.). To show that domestic considerations can logically obliterate considerations of human rights, George Abu Ahmad, taking domestic policies of Iran, Russia or China as an example, explains that "the exceptional decision to attack the population is, therefore, not only a sovereign right of the twentieth-century state, but the paramount right that guarantees a state's integrity." This perspective helps us to understand the way in which China may have internalized the causes of the Syrian crisis in the context of its own domestic separatist issues and thus cannot provide any legitimacy to an insurrection abroad.

A final point to make is China's inability and unwillingness to take on a "superpower" role within the international community. China has no experience being a political leader on the international stage, and as a result has mostly abstained in the Security Council on any draft resolution that did not directly affect its own domestic situation. Nor does it like to take any strong stances that could lead to diplomatic clashes with a major power, especially the U.S. It seems improbable, given the record of Chinese positions in the UN, that China would have opposed the Western resolutions on Syria without the support of Russia.

## The South China Sea, the Senkaku/Diaoyu, and the ADIZ

Some may argue that China is clearly adopting a more assertive policy in East Asia – using the South China Sea, the Senkaku/Diaoyu islands dispute, or the Air Defense Identification Zone as examples. However, there is a difference, and this has to do with the "sphere of influence" of China and, more specifically, with the sovereignty and integrity of Chinese national territory (as Beijing defines it). For the CCP, the Syrian crisis is a "pure" foreign policy issue, as the Chinese government has no territorial claim in Syria or in the Middle East in general. On the other hand, Beijing has always considered the South China Sea and the Senkaku/Diaoyu islands as part of its sphere of influence and by vigorously defending its claims on those territorial disputes, the CCP purports to do nothing but protect its territorial integrity. It's arguable that this concern with territory has been the very first priority of China throughout its history. The debate over the East China Sea ADIZ, which China established in November, can also be related to the territorial integrity of the Middle Kingdom. However, Western criticisms should be balanced against the knowledge that the ADIZ is an American invention (1950), which South Korea (1951) and Japan (1969) adopted long before China did. At any rate, the South China Sea, the Senkaku/Diaoyu islands, and the ADIZ issues are domestic issues for the CCP, rather than "pure" foreign policy matters.

This article doesn't seek to take a normative position. Rather, the point is that in the Syrian crisis China has followed a consistent foreign policy, in line with its principles and traditions. The outcome of this policy may not satisfy many Western actors, but that is not enough to accuse China of following a more assertive foreign policy toward Western powers and the U.S. in particular. Of course, the new status of China in the international community allows it to make its voice heard, instead of the silence that may have prevailed before its economic arrival. But the considerations of the CCP as it formulates its foreign policy have remained the same since the creation of the PRC. In the future, China is likely to be more capable of achieving its goals in its "domestic" Northeast Asian claims, but there

is no evidence showing that the CCP is purposefully becoming more assertive in its foreign policy towards the West.

Napoleon said two-hundred years ago that, when China wakes "she will shake the world." It may not be time to start shaking yet.

*Adrien Morin is a postgraduate student of International Affairs at Peking University.*

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/6/2015 1:15:19 AM
**To**: Christina Galbraith [redacted]
**Subject**: Re: High Profile

thanks, what is david doing?

On Mon, Jan 5, 2015 at 6:12 PM, Christina Galbraith <[redacted] wrote:

---------- Forwarded message ----------
From: **Jamie Rosenwald** [redacted]
Date: Mon, Jan 5, 2015 at 5:07 PM
Subject: High Profile
To: "Jeffrey@jeffreyepstein.org" <Jeffrey@jeffreyepstein.org>

Dear Jeff,

Your name popped up again in the Press and I thought it was time to congratulate you on your wonderful financial successes since your days as my Physics prof at Dalton!! The young, bright options trader, who understood Black Sholes and how to use it, at Bear, made good!!

Unless your PR advisor is Donald Trump, I am not sure that current press provides you with much benefit. Perhaps I am wrong? Not the first time!!

Anyway, middle age has brought its own unique set of challenges. Aging certainly ain't for sissy's.

Regards,

Jamie Rosenwald

Ps. David Asch and I toasted to you during our Thanksgiving weekend in Amagansett in November.

--
Christina Galbraith
MEDIA/PR
Jeffrey Epstein VI Foundation
[redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/29/2015 4:20:37 PM
**To:** Michael Wolff[redacted]
**Subject:** Re: Today...

**Importance:** High

ok, i need to run by lawyers, your sentene appears to read i nevefr met clinton or gore?? harsh about women, i thought we modified that.

On Sun, Mar 29, 2015 at 12:08 PM, Michael Wolff [redacted]> wrote:
In NYC or otherwise? Why don't we plan on talking then at about 5:00.

On Sun, Mar 29, 2015 at 12:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:
be back on land around 4

On Sun, Mar 29, 2015 at 10:46 AM, Michael Wolff[redacted]wrote:
Have you read? When's good to talk?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 9:49:18 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

research how he paid for mara lago . matt was his bagman, , trump shuttle. . trump casino review sec filing to see the backdates taking of money

On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon [redacted]> wrote:

Now everyone coming to me thinking I have juicy info on you and Trump.

Because of this.

"I've known Jeff for fifteen years. Terrific guy," Trump booms from a speakerphone. "He's a lot of fun to be with. It is even said that he likes beautiful women as much as I do, and many of them are on the younger side. No doubt about it -- Jeffrey enjoys his social life."

That story will never die.

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 9:51:09 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

read the uzz feed re my airplane logs and hawain tropic contest. / have them ask my houseman about donad almost walking through the door leaving his nose print on the glass as young women were swimming in the pool and he was so focused he walked straight into the door

On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon [redacted] wrote:

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 9:52:40 PM
**To:** Landon Thomas Jr. [redacted]]
**Subject:** Re: Trump

**Importance:** High

when we bet that marla maples was pregnnat , i olst and sent him 10,ooo dollars of baby food. the hawain tropic girls all have photos he was the judge

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. <[redacted]> wrote:

Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

would you like photso of donald and girls in bikinis in my kitchen.

On Tue, Dec 8, 2015 at 5:41 PM, Thomas Jr., Landon <[redacted]> wrote:

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Financial Reporter
New York Times
[redacted]
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 9:53:39 PM
**To:** Landon Thomas Jr.[redacted]
**Subject:** Re: Trump

**Importance:** High

hawain tropic girl

**lauren petrella <[redacted]>**

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. [redacted] wrote:

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Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 10:14:34 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

http://en.actu-cci.com/features/200-women-managers/8910-celina-midelfart-the-queen-of-glamour my 20 year old girlfriend in 93, , that after two years i gave to donald

On Tue, Dec 8, 2015 at 5:03 PM, Thomas Jr., Landon [redacted] wrote:

I am serious man -- for the good of the nation why not try to get some of this out there. I would not do it myself, but would pass on to a political reporter.
http://www.buzzfeed.com/alexcampbell/court-papers-trump-ate-at-jeffrey-epsteins-house#.ltoekLMRz6

Plus: look at these lies!

In response to a message left seeking the Trump campaign's comment on this article, on Thursday Trump's general counsel Alan Garten emailed threatening legal action against BuzzFeed News. "Mr. Trump's only connection with Mr. Epstein was that Mr. Epstein was one of thousands of people who has visited Mar-a-Lago. That's it. Mr. Trump has NEVER been accused of having any involvement or even having any knowledge of any of Mr. Epstein's conduct by anyone," Garten wrote.

"As a result, I have no idea what the purpose of your article could possibly be other than to try and intentionally and with actual malice defame my client's name and reputation by mentioning him in the same article as Mr. Epstein. In other words, suggest guilt by association. This is the very definition of irresponsible and reckless journalism and to publish such a story would be highly unethical - even by buzzfeed's standards."

On Tue, Dec 8, 2015 at 4:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hawain tropic girl

**lauren petrella** [redacted]

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. [redacted] wrote:

Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.

Financial Reporter
New York Times
[redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/8/2015 10:59:55 PM
**To:** Thomas Jr., Landon [redacted]]
**Subject:** Re: Trump

**Importance:** High

Pass on midelfart wealthiest girl in Norway

On Tuesday, 8 December 2015, Thomas Jr., Landon <[redacted]> wrote:

Do you mind if I pass Petrella's contact on to a political reporter? I won't do it unless you say OK because after that I would have no say as to where story goes. Let me know -- its not a big deal for me either way. But at some point this stuff will come out -- as long he continues to top polls.

On Tue, Dec 8, 2015 at 4:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hawain tropic girl

**lauren petrella <[redacted]>**

On Tue, Dec 8, 2015 at 5:50 PM, Landon Thomas Jr. [redacted] wrote:

Yes!!!

Sent from my iPhone

On Dec 8, 2015, at 4:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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Landon Thomas, Jr.
Financial Reporter
New York Times
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/19/2015 2:28:32 PM
**To:** Ed[redacted]
**Subject:** Re: My review today in wsj of conspiracy theories

**Importance:** High

could i pay you to organzie my story into a coherent presentation. . probaly a six- 9 moth job.

On Fri, Dec 18, 2015 at 10:36 PM, Ed [redacted] wrote:

They're Not Really Out to Get You
By EDWARD JAY EPSTEIN
Dec. 18, 2015, Wall Street Journal
l
Conspiracy, a word derived from the Latin "to breathe together," has been a salient part of the darker side of recorded history ever since some 60 conspirators in the Roman senate, including Brutus and Cassius, plotted together to assassinate Julius Caesar in 44 B.C. Nowadays the "C" word does not always sit well with journalists, who commonly employ it in conjunction with "theory" to describe paranoid distortions of reality.

Even so, a criminal conspiracy is not a rare phenomenon. Not only was a foreign conspiracy responsible for the monstrous 9/11 attack on the World Trade Center (as well as the previous attempt to blow it up in 1993) but, according to the Center on Law and Security at Fordham University, over 90% of routine federal indictments for terrorist attacks since 9/11 contain at least one conspiracy charge. The government's pursuit of conspiracies is by no means limited to terrorism. Conspiracy charges are the rule rather than the exception in cases brought against businessmen accused of fixing prices, evading environmental regulations, using insider information or laundering money.
But there are also pseudo-conspiracies that exist only in a delusionary or misinformed mind. And some of them achieve a huge following. In Pakistan, according to public opinion polls, a majority of the population believes that the 9/11 attack was staged by President George W. Bush to launch a war on Islam. The claim that the 1969 moon landing was faked is still around. Just two days ago a crew from a Russian TV channel rushed to my apartment to interview me about a viral post on YouTube in which the deceased director Stanley Kubrick supposedly made a deathbed confession to having filmed the landing in a Hollywood studio—even though everything about the post, including a fake Kubrick, was untrue.

Why people believe in pseudo-conspiracies is the focus of Rob Brotherton's fascinating book "Suspicious Minds." Mr. Brotherton, an academic psychologist, advances the thesis that the belief in pseudo-conspiracies proceeds from the "quirks and foibles" in the way that the human brain, or at least some human brains, process evidence. He lucidly reviews studies showing common defects in the brain's wiring, such as the bias that selects evidence to confirm rather than undermine a pre-adopted thesis. "We seek what we expect to find," as Mr. Brotherton puts it. Relatedly, "biased assimilation" causes us to "interpret ambiguous events in light of what we already believe."
Discussing Richard Hofstadter's 1964 essay "The Paranoid Style in American Politics," Mr. Brotherton accepts Hofstadter's characterization of proponents of politically motivated conspiracy theories as "paranoid" and suffering from "a psychic phenomenon" that prevents them from seeing the absurdity of their position. But he disagrees with Hofstadter that this condition affects only a small number of people on the fringes of society. For Mr. Brotherton, "conspiracy theories thrive in the mainstream."
Until the controversy over the validity of Warren Commission's 1966 report on the Kennedy assassination, the phrase "conspiracy theory" had a more neutral meaning, suggesting a plausible yet unproven claim about multiple actors in a single event. Only in the aftermath of the Warren Commission did it become a derogatory term used to suggest theories that subvert conventional wisdom. To those who doubted the commission's finding that a single gunman killed Kennedy, Earl Warren became, Mr. Brotherton's says, the "figurehead in a

vast cover-up."

It is not easy to find an objective criterion that distinguishes the inquiry into a real conspiracy from one that chases a pseudo-conspiracy. Both types rely are the eyewitnesses, documents and forensic evidence. The best that Mr. Brotherton can offer on this score is to cite Stewart Potter's famous comment on pornography: "I know it when I see it." In the context of suspicious minds, though, one person might see a plausible case for a conspiracy and another only outlandish connections. The distinction is in the mind of the beholder.

Mr. Brotherton offers a sample list of conspiracy theories, including ones alleging that Abraham Lincoln was assassinated on the orders of his vice president; that the moon landing was faked; that Area 51 in New Mexico is home to extra-terrestrial technology under government auspices; that President Obama is "a communist Muslim from Kenya." Such theories are meant to show that suspicious minds leap to absurd conclusions. These are chosen because there is no evidence to support them.

The picture changes, however, if we consider, for example, the theory claiming that Lincoln's assassin, John Wilkes Booth was part of a larger conspiracy backed by the Confederacy. On April 14, 1865, at about the same time that Booth shot Lincoln, one of his associates stabbed Secretary of State William Seward and another stalked Vice President Andrew Johnson with a loaded gun. The military commission appointed by President Johnson, after hearing 371 witnesses testify and after examining Confederate bank transfers and cipher communications, concluded that the three attacks were part of a conspiracy sponsored by the Confederacy and convicted eight of Booth's associates, four of whom were hanged. Here we have a conspiracy theory proceeding not from crackpots but from a government commission backed by the new president and most members of Lincoln's cabinet.

Clearly the defects in the brain's wiring that lead to crazy theories may lead to the confirmation of theories that are adopted by rational people. Indeed, the confirmation bias can work in contradictory ways: confirming not only conspiracy theories but the impulse to reject them in favor of conventional wisdom. Can this defect be corrected? Here I am reminded of a Woody Allen's absolutely brilliant 1996 comedy "Everyone Says I Love You," in which the once-liberal son of a New York liberal family starts spouting conservative theories until a doctor solves the problem by restoring the proper flow of oxygen to his brain. The movie has a happy ending when the son goes back to spouting his family's liberal theories. While Mr. Brotherton offers no such remedy to our brain's defects, he does offer a thought-provoking analysis and an appealing guide to thinking about conspiracies, real and imagined.

—Mr. Epstein most recent book is "The Annals of Unsolved Crimes." He is currently writing a book about Edward Snowden.
.
http://www.wsj.com/articles/theyre-not-really-out-to-get-you-1450471512
Happy New Year
Ed
www.edwardjayepstein.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 4:28:39 PM
**To**: Kathy Ruemmler [redacted]
**Subject**: Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments**: katie johnson v trump complaint.pdf

**Importance**: High

---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

# Privileged - Redacted

Begin forwarded message:

**From:** <[redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile [redacted]

[redacted]
Reuters.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 4:34:20 PM
**To**: Tom Barrack Private [redacted]
**Subject**: Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments**: katie johnson v trump complaint.pdf

**Importance**: High

nuts but i thought you guys should know
---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]t>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

Reporter said 1994 claim fed ct California
Will go to press in several hrs
Sent from my iPhone

Begin forwarded message:

**From:** <[redacted]>
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** <[redacted]>
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile

david.ingram@thomsonreuters.com
Reuters.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 4:37:29 PM
**To**: Michael Wolff [redacted]
**Subject**: Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments**: katie johnson v trump complaint.pdf

**Importance**: High

here we go
---------- Forwarded message ----------
From: **Martin Weinberg** <redacted>
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Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

Reporter said 1994 claim fed ct California
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Sent from my iPhone

Begin forwarded message:

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**Date:** April 28, 2016 at 12:14:37 PM EDT
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 7:03:16 PM
**To**: Michael Wolff[redacted]
**Subject**: Re: Reuters / lawsuit against Jeffrey Epstein

no , obviously somoene who is deranaged, but lets see, it will be released by reuters this afternoon supposedly

On Thu, Apr 28, 2016 at 3:00 PM, Michael Wolff <[redacted]> wrote:
Well, I guess if there's anybody who can wave thus away, it's Donald. Let me know if there's anything I can do.

On Thursday, April 28, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
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From: **Martin Weinberg** [redacted]
Date: Thu, Apr 28, 2016 at 12:20 PM
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/16/2016 3:41:25 PM
**To**: Thomas Jr., Landon [redacted]
**Subject**: Re: Trump

**Importance**: High

Me too

On Monday, 16 May 2016, Thomas Jr., Landon <[redacted]> wrote:

I am kind of shocked that our reporters did not contact you re the Trump/women story. Seems to me he got off rather lightly.

How are you doing?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E.[jeevacation@gmail.com]
**Sent:** Sat 10/8/2016 1:29:26 AM (UTC)
**To:** Stephen Hanson[redacted]
**Subject:** Re: Breaking News: Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, "When you're a star they let you do it"

https://wikileaks.org/podesta-emails/emailid/927

On Fri, Oct 7, 2016 at 6:30 PM, Stephen Hanson <[redacted]> wrote:

Ouch

Sent from my iPad

Begin forwarded message:

**From:** NYTimes.com News Alert <nytdirect@nytimes.com>
**Date:** October 7, 2016 at 5:40:40 PM EDT
**To:** [redacted]
**Subject: Breaking News: Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, "When you're a star they let you do it"**

Add nytdirect@nytimes.com to your address book.

October 07, 2016

NYTimes.com »

# Breaking News Alert

BREAKING NEWS

## Donald Trump brags in vulgar terms about groping women in a 2005 recording, saying, “When you’re a star they let you do it”

Friday, October 7, 2016 5:28 PM EDT

Donald J. Trump was caught on tape bragging in vulgar terms about making sexual advances toward a married woman, and aggressively kissing and groping other women.

The remarkable recording, unearthed by The Washington Post on Friday, was made in 2005 on the set of a soap opera where Mr. Trump was making a cameo appearance. Mr. Trump was captured on an open microphone that he apparently did not know was recording his conversation with Billy Bush, then the host of "Access Hollywood," with whom he was sitting on a bus.

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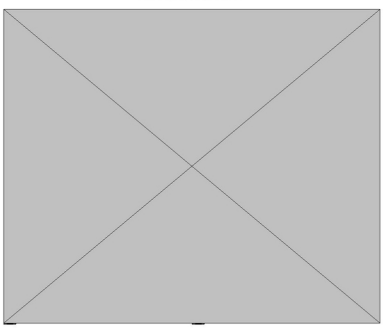

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/19/2016 1:43:18 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Saudi money

**Importance:** High

most of the saudi money is tied up in pe funds. no withdrawals allowed . and im not seeing much in the secondary market. . blackrock is more money market , more like custodian than investor .

On Wed, Oct 19, 2016 at 9:41 AM, Thomas Jr., Landon <[redacted]> wrote:

Interesting. CEO of big finance form told me that Saudis (SAMA) have withdrawn $200 billion that has been parked with usual suspects over past year or so. That number seem in line with what you know?

On Tue, Oct 18, 2016 at 7:04 AM, jeffrey E. <jeevacation@gmail.com> wrote:

words that you to refer to one thing, USA . the stock market / the Royal family, . are no longer very useful. In politics the USA meant the white house. now there is pentagon. cia, state, and congress in addition, each feels empowered to act more independantly. stock market even in tech, needs bio tech, consuner tech. infrastrucrue tech. etc. same with Royal family, there are 20k members of a tribe. called the royal family, the words are misleading. if your article is focused on bin salman, or the very top. no one is wondering where they can find the local costco.. but they are aware that a message needs to be sent to their population , regarding the next 20 years,

social media, and the selfie crowds post the best of everything, their cutest pictures the amazing food , the luxury resorts. the masses see these things and as the difference between expectations and reality widen, the anger grows. trump has tapped in.

with the passage of the 9 11 saudi bill, unlike the french revolution where it was the people of france that revolted against their own aristocracty, with the internet and globalization of discontect it is now the americans that can revolt against the saudi leadership. it is the americans that are demanding women drive. not the saudis

On Mon, Oct 17, 2016 at 5:57 PM, Thomas Jr., Landon <[redacted]> wrote:

I have been called in to help on a big NYT investigation into how low oil prices have been effecting the personal finances of royal family in Saudi Arabia. Obviously they called in much of their cash from the likes of BlackRock and others but I thought you might have some ideas. Maybe some people to talk to?

I would think its more than cutting down on yachts and private planes or selling real estate in Paris, Istanbul, London.

Any thoughts?

PS: does my story on Abraaj get me a meeting with Gates next time he is in town:)

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/19/2016 1:48:17 PM
**To:** Thomas Jr., Landon[redacted]
**Subject:** Re: Saudi money

**Importance:** High

sorry, no good handle without digging

On Wed, Oct 19, 2016 at 9:47 AM, Thomas Jr., Landon <[redacted]> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/19/2016 2:26:25 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Saudi money

**Importance:** High

number

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/19/2016 3:02:57 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Saudi money

**Importance:** High

https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

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[redacted]

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with the passage of the 9 11 saudi bill, unlike the french revolution where it was the people of france that revolted against their own aristocracty, with the internet and globalization of discontect it is now the americans that can revolt against the saudi leadership. it is the americans that are demanding women drive. not the saudis

On Mon, Oct 17, 2016 at 5:57 PM, Thomas Jr., Landon <[redacted]> wrote:

I have been called in to help on a big NYT investigation into how low oil prices have been effecting the personal finances of royal family in Saudi Arabia. Obviously they called in much of their cash from the likes of BlackRock and others but I thought you might have some ideas. Maybe some people to talk to?

I would think its more than cutting down on yachts and private planes or selling real estate in Paris, Istanbul, London.

Any thoughts?

PS: does my story on Abraaj get me a meeting with Gates next time he is in town:)

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

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Financial Reporter
New York Times
[redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/21/2016 11:55:13 AM
**To**: Weingarten, Reid[redacted]
**Subject**: Re: FW: Trump lawyers given court date over lawsuit alleging rape of 13-year-old | US news | The Guardian

Rape lawsuits against Donald Trump linked to former TV producer | US news | The Guardian
www.theguardian.com › US News › Donald Trump
Jul 7, 2016 - Lawsuits accusing Donald **Trump** of sexually assaulting a child in the 1990s appear to have been .... follows a near-identical suit in California that made the same allegations against **Trump** and **Epstein**.

On Friday, October 21, 2016, Weingarten, Reid <[redacted]> wrote:

---

**From:** stanpottinger [mailto:[redacted]
**Sent:** Thursday, October 20, 2016 9:31 PM
**To:** Weingarten, Reid
**Subject:** Trump lawyers given court date over lawsuit alleging rape of 13-year-old | US news | The Guardian

https://www.theguardian.com/us-news/2016/oct/12/donald-trump-jeffrey-epstein-alleged-rape-lawsuit

Hope all is well. We're due for a catch-up one day soon, you think?

Sent from my Verizon, Samsung Galaxy smartphone

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/5/2016 1:38:24 PM
**To:** Jabor Y. [redacted]
**Subject:** Re:

thank you for being understanding, I hate canceling. but i will explain when i see you. . the states will be in turmoil for awhile no matter who wins, its also possible that there will be court battles to decide . like bush gore. . one thing is for sure, women are angry, they have more power, and race relations are sensitve.

On Sat, Nov 5, 2016 at 2:35 PM, Jabor Y. <[redacted]> wrote:

No worries. I understand your situation. I will leave on the 9th will be back on 13th. Again leave on the 16 and back on 18th. I had fixed an appoint for you on Monday with Shk. Hamad. Which I shall cancel and fix later. Let me know when you plan again your trip to Doha.

On Saturday, November 5, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

unfortunatlely , too much work around the election. I will need to cancel doha before the 9th, it is soooo crazy. many stories to tell when i see you. when do you leave.? I feel badly about changes at the last minute , but i hope you understand.

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/9/2016 7:57:45 PM
**To:** Harry Fisch [redacted]

We should pay attention, too, to the many men whose lives are about to get significantly worse under Trump. Immigrant men. Gay men. Black men at risk of police violence. Men who rely on the Affordable Care Act for their health insurance. Men who reject traditional masculinity. And even the men and women who voted Trump to victory — white people who traded racial resentment for the kind of progressive change that would have improved their lives, too. They surely think feminism has nothing to offer them compared with a promise to restore them to their former position of unearned power; they are about to see how wrong they are.

dear. I would like to confirm our recent and frankly very perplexing conversation. I had agreed to your proposal and that of Arthur Klein, . salary , sharings , responsbilities. etc. Arthur and I were clear and had agreed that expenses would be in the form of a stipend. What I think I heard from you is that you no longer can stand by the proposed agreement. . If that is true, please confirm to me in writing. I am very surprised , and find it difficult to understand

## Hillary Clinton to little girls: 'Never doubt that you are valuable and powerful'

Embed Share

Play Video1:18

Trump voters will not like what happens next

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/11/2016 5:29:35 AM
**To:** Zubair Khan [[redacted]]
**Subject:** Re:

**Importance:** High

New York ? How ? It was hillary no doubt always

On Friday, 11 November 2016, Zubair Khan <[redacted]> wrote:

Out of 13 states we got 11 right. The ones we got wrong are NY and WI.

In the last report, analyzed data was of 3 days in which Clinton got a positive spike after she got clearance from FBI. However Trump dominated the social media positively if we analyze one week data before starting time of election, monthly data and entire data which we have gathered for months. Based on this we predicted on our Facebook page on 30th October that Trump will be next president of US.

Our model works but I think the important question which we failed to answer is that how much historic data must be analyzed to make the right decision. This could have been answered if we had a Data Scientist. Also I believe its a great tool to track voters and get them to vote. It can be used in French elections next year or elections of Brazil in 2018 but unfortunately I have to shut down this project as getting data from Twitter is expensive and the start up is running out of money.

I am going to focus on cyber security again and will definitely reach out if I have a powerful investable idea.

Regards,
Zubair Khan

On Nov 11, 2016, at 4:49 AM, jeffrey E. <jeevacation@gmail.com> wrote:

not so good

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/11/2016 3:26:54 PM
**To:** Larry Summers [redacted]]
**Subject:** Re:

[redacted]

On Friday, 11 November 2016, Larry Summers <[redacted]> wrote:
What number

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 11, 2016, at 10:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Ok

On Friday, 11 November 2016, Larry Summers <[redacted]> wrote:
Can call circa 11

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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www.larrysummers.com

On Nov 11, 2016, at 10:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

No , -phone today?

On Friday, 11 November 2016, Larry Summers <[redacted]> wrote:
Times bad. R u around Tuesday?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

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www.larrysummers.com

On Nov 10, 2016, at 4:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ehud in on sun pritzker mon. you around? dinner woody sunday. or have you gone dark

On Mon, Oct 10, 2016 at 2:45 AM, Larry Summers <[redacted]> wrote:
Got it.

Now remember

Press is so revolted by trump that I'd expect they will not be for benefit of doubt.

Sent from my iPhone

Please direct all scheduling inquiries to my office at [redacted]

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www.larrysummers.com

On Oct 9, 2016, at 8:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no, im out of it . donald brought out four women that said bill abused them. / they wilil feature in the hillary says you should give the benefit of the doubt to victims. I laid this out for you over dinner. its disgraceful, but. here we are

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/11/2016 5:05:04 PM
**To:** Larry Summers [[redacted]
**Subject:** Re:

???

On Fri, Nov 11, 2016 at 10:13 AM, Larry Summers <[redacted]> wrote:
Can call circa 11

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

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www.larrysummers.com

On Nov 11, 2016, at 10:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

No , -phone today?

On Friday, 11 November 2016, Larry Summers <[redacted] wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/11/2016 9:26:17 PM
**To:** Larry Summers [redacted]
**Subject:** Re:

was that circa 11?

On Fri, Nov 11, 2016 at 10:13 AM, Larry Summers <[redacted]> wrote:

Can call circa 11

Sent from my iPad

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/13/2016 1:09:02 PM
**To:** Larry Summers [redacted]
**Subject:** Re:

today?

On Fri, Nov 11, 2016 at 10:24 AM, Larry Summers <[redacted]> wrote:

> What number
>
> Sent from my iPad
>
> Please direct all scheduling inquiries to my office at: [redacted]
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> On Nov 11, 2016, at 10:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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> Ok
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/27/2016 5:54:15 PM
**To**: Kensington2 [redacted]]

**Importance**: High

I will not come this week, too many trump issues. . anything new. exciting. has mr kiss come to reality?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/8/2017 5:24:07 AM
**To:** Larry Summers [[redacted]
**Subject:** Re:

**Importance:** High

Obama or trump or yours
On Wed, Feb 8, 2017 at 12:03 AM Larry Summers <[redacted]> wrote:

It's ok.

He didn't wreck world and avoided scandal.

What does Ruemmler say re his attitude towards women?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 7, 2017, at 1:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

your man of the people
http://www.usatoday.com/story/news/nation-now/2017/02/07/president-barack-obama-kiteboards-horses-around-richard-branson-epic-vacation/97592260/

On Mon, Feb 6, 2017 at 9:17 AM, Larry Summers <[redacted]> wrote:

Yes. In NYC actually.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 6, 2017, at 8:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

speak today

--
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/8/2017 9:53:21 AM
**To:** Larry Summers [redacted]
**Subject:** Re:

**Importance:** High

recall ive told you ,, -- i have met some very bad people ,, none as bad as trump. not one decent cell in his body.. so yes- dangerous

On Wed, Feb 8, 2017 at 12:03 AM, Larry Summers <[redacted]> wrote:

It's ok.

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What does Ruemmler say re his attitude towards women?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/16/2017 12:21:27 AM
**To**: paul krassner [redacted]
**Subject**: Re: Trump

i was pointing out that that alleged rape was reported to be at my house with donald and I raping her.

On Wed, Feb 15, 2017 at 7:07 PM, paul krassner <[redacted]> wrote:

> On Feb 1, 2017, at 7:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> the allegation was not at a pedophile party, it was at my house with me.
>
> to what wording would you suggest I change that?

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/17/2017 11:31:08 AM
**To:** Larry Summers [redacted]
**Subject:** Re:

And you an interllectual with a Wall Street curiosity

On Fri, Feb 17, 2017 at 2:55 AM Larry Summers <redacted> wrote:
U r wall st tough guy w intellectual curiosity.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: redacted

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 16, 2017, at 10:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

i find it amazing -but both. . where do you think I fit in your descriptions.? wall st tough. ? or dem fighter for principles

On Thu, Feb 16, 2017 at 7:40 PM, Larry Summers <redacted> wrote:
It was unhinged.

Your Repub friends are goofy.

Are any of them w experience in DC or are they wall st tough guy types.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: redacted

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 16, 2017, at 3:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:

my assessment this morning seemed pretty accurate as to his views. / my republican friends thougt the press conference was GREAT , and the dems thought he was " unhinged. "

On Thu, Feb 9, 2017 at 2:18 PM, Larry Summers <redacted> wrote:
Got it.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: redacted

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www.larrysummers.com

On Feb 9, 2017, at 2:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I m on [redacted] palm beach, available after 3.

On Thu, Feb 9, 2017 at 2:13 PM, Larry Summers <[redacted]> wrote:
When r u home.

Ruemmler predictable.

U not.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Feb 9, 2017, at 2:07 PM, jeffrey E. <jeevacation@gmail.com> wrote:

you can call ruemm ler. the wind of dissent has turned into a cat 5 hurricane. Already today I have gotten 6 high volume irate calls. all similar to can you believe !!! Since this is not really my arena . Ill have to concede , if only for self preservation. :)

On Tue, Feb 7, 2017 at 11:03 PM, Larry Summers <[redacted]> wrote:
It's ok.

He didn't wreck world and avoided scandal.

What does Ruemmler say re his attitude towards women?

Sent from my iPad

Please direct all scheduling inquiries to my office at [redacted]

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your man of the people
http://www.usatoday.com/story/news/nation-now/2017/02/07/president-barack-obama-kiteboards-horses-around-richard-branson-epic-vacation/97592260/

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/17/2017 10:12:08 PM
**To**: Nicholas Ribis [redacted]
**Subject**: Re:

**Importance**: High

Fun
On Wed, May 17, 2017 at 6:08 PM Nicholas Ribis <[redacted]> wrote:

> Robert Mueller appointed Special Counsel on Russian Probe bad for DJT
>
> Sent from my BlackBerry 10 smartphone.

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/19/2017 10:45:11 AM
**To**: Nicholas Ribis [redacted]]
**Subject**: Re:

**Importance**: High

soo crazy.

On Wed, May 17, 2017 at 6:13 PM, Nicholas Ribis <[redacted]> wrote:

Here we go

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, May 17, 2017 6:12 PM
**To:** Nicholas Ribis
**Subject:** Re:

Fun

On Wed, May 17, 2017 at 6:08 PM Nicholas Ribis <[redacted]> wrote:

Robert Mueller appointed Special Counsel on Russian Probe bad for DJT

Sent from my BlackBerry 10 smartphone.

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**COVINGTON**

BEIJING BRUSSELS LONDON LOS ANGELES
NEW YORK SAN FRANCISCO SEOUL
SHANGHAI SILICON VALLEY WASHINGTON

Robert K. Kelner

Covington & Burling LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001-4956
T [redacted]

**By E-Mail and First Class Mail**

May 22, 2017

The Honorable Richard Burr
The Honorable Mark R. Warner
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

**Re: Subpoena to Lieutenant General Michael T. Flynn (Ret.)**

Dear Chairman Burr and Vice Chairman Warner:

We write in response to the Senate Select Committee on Intelligence's subpoena dated May 10, 2017, requesting that our client, Lieutenant General Michael T. Flynn (Ret.), produce any documents he may have that are responsive to a broad range of requests covering an 18-month period of time. Specifically, the subpoena requests that he create a list of all meetings and all communications between himself and Russian officials, and that he produce records of all communications between himself and President Trump's campaign that were in any way related to Russia, for the period from June 16, 2015, to January 20, 2017.

In our May 8, 2017, letter to the Committee, we reiterated General Flynn's eagerness to give a full account of the facts and to answer the Committee's questions, should the circumstances permit, including assurances against unfair prosecution. We stated that, absent such assurances, General Flynn would respectfully decline your request for an interview and for the production of documents.

Our client's position remains unchanged. Producing documents that fall within the subpoena's broad scope would be a testimonial act, insofar as it would confirm or deny the existence of such documents. Under the Fifth Amendment to the United States Constitution and applicable court precedents, no person is required to offer testimony when he has "reasonable cause to apprehend danger from a direct answer," even when that person is entirely innocent and has committed no crime.[1] Indeed, the United States Supreme Court has "emphasized that one of the Fifth Amendment's basic functions . . . is to protect *innocent* men . . . who otherwise might be ensnared by ambiguous circumstances."[2] The Court held that even "truthful responses of an innocent witness" may provide the Government with evidence that could be used against

[1] *See Ohio v. Reiner*, 532 U.S. 17, 21 (2001) (internal quotation marks omitted).

[2] *Id.* (emphasis in original) (internal quotation marks omitted).

the witness.[3] And, as courts have repeatedly held, the protection offered by the Fifth Amendment privilege extends to producing documents where the act of production itself is testimonial in nature.

The context in which the Committee has called for General Flynn's testimonial production of documents makes clear that he has more than a reasonable apprehension that any testimony he provides could be used against him. Multiple Members of Congress have demanded that he be investigated and even prosecuted. He is the target on nearly a daily basis of outrageous allegations, often attributed to anonymous sources in Congress or elsewhere in the United States Government, which, however fanciful on their face and unsubstantiated by evidence, feed the escalating public frenzy against him.[4] Additionally, in the intervening time since the Committee issued its subpoena, the Department of Justice has appointed a special counsel to investigate these and related matters. This environment creates a "reasonable cause to apprehend danger," giving rise to a constitutional right not to testify. A detailed explanation of the legal basis for respectfully declining to comply with the Committee's requests follows below.[5]

<u>The Fifth Amendment Privilege Bars Congress From Compelling A Witness to Provide Testimony Through The Act of Producing Documents</u>

The Fifth Amendment protects an individual from being "compelled in any criminal case to be a witness against himself." U.S. Const. amend. V. This privilege applies in congressional investigations. In *Watkins v. United States,* Chief Justice Warren stressed that "the constitutional rights of witnesses will be respected by the Congress as they are in a court of justice. . . . Witnesses cannot be compelled to give evidence against themselves." 354 U.S. 178, 187-88 (1957). The Supreme Court later held in *United States v. Hubbell,* 530 U.S. 27, 34 (2000), that the right not to be compelled to give testimony against oneself applies as well to the compelled production of *documents* that would be "testimonial" in nature. Specifically, the act of producing documents in response to a subpoena may have a "compelled testimonial aspect" when "the act of production itself may implicitly communicate statements of fact" that the documents "existed, were in his possession or control, and were authentic." *Id.* at 36 (internal quotation marks omitted) (quoting *United States v. Doe,* 465 U.S. 605, 613 & n.11 (1984)).

---

[3] *Id.*

[4] These include leaks that purport to describe classified briefings, documents, and intelligence collection. Any actual leaks of classified information -- including reported leaks of signals intelligence -- constitute criminal offenses by government officials violating their duty to protect classified information.

[5] General Flynn reserves the right to assert, in connection with the subpoena, any other privilege or protection provided by the Constitution, statute, or common law.

A. *If the government fails to demonstrate prior knowledge of requested subpoenaed documents, the act of producing those documents is testimonial.*

Two Supreme Court precedents, *Fisher v. United States*, 425 U.S. 391 (1976) and *United States v. Hubbell*, as well as *Hubbell's* progeny, *United States v. Ponds*, 454 F.3d 313 (D.C. Cir. 2006), inform the determination of whether a production of documents in response to a subpoena has a testimonial character. *Fisher* involved IRS investigations in which the government learned that the investigated taxpayers had given their attorneys tax returns prepared by their accountants in the years in question. The Court highlighted that the subpoenaed documents belonged to the accountant and not the target of the investigation, were prepared by the accountant, and are "the kind usually prepared by an accountant working on the tax returns of his client." *Fisher*, 425 U.S. at 411. The Court concluded that insofar as the government was not relying on the taxpayer to prove the existence of the documents, production of the documents was not "testimonial" because "the existence and location of the papers are a foregone conclusion and the taxpayer adds little or nothing to the sum total of the Government's information by conceding that he in fact has the papers." *Id.*

In contrast to *Fisher*, a case in which investigators already knew that documents existed and exactly where they were located, the investigators in *Hubbell* lacked "any prior knowledge of either the existence or the whereabouts" of the subpoenaed materials. *Hubbell*, 530 U.S. 27, 44-45. *Hubbell* arose out of the Whitewater investigation, in which Independent Counsel Kenneth Starr sought broad categories of information from Webster Hubbell, a target of the investigation. The subpoena included such requests as "any and all documents reflecting, referring, or relating to" the broad contours of the investigation, as well as "Hubbell's schedule of activities." *Id.* at 41, 47. In examining the broad requests in the subpoena, the Court emphasized that "it [was] apparent from the text of the subpoena itself that the prosecutor needed respondent's assistance both to identify potential sources of information and to produce those sources." *Id.* at 41. The Court ruled that the acts required to respond to such a broad subpoena were testimonial in nature, comparing them to "answering a series of interrogatories asking a witness to disclose the existence and location of particular documents fitting certain broad descriptions." *Id.* at 41, 43.

The U.S. Court of Appeals for the District of Columbia Circuit applied *Hubbell* and *Fisher* in *United States v. Ponds*, framing the inquiry as concerning "an act of production that, in its testimonial character, falls somewhere between the response to a fishing expedition addressed in *United States v. Hubbell*, and the production of documents whose existence was a 'foregone conclusion' in *Fisher v. United States*." *United States v. Ponds*, 454 F.3d 313, 316 (D.C. Cir. 2006). The court emphasized that "[w]hether an act of production is sufficiently testimonial to implicate the Fifth Amendment . . . depends on the government's knowledge regarding the documents before they are produced." *Id.* at 320. Significantly, the *Ponds* court put the burden on the *government* to show that the act of production would not be testimonial, requiring the government to show its pre-subpoena knowledge of the "existence, possession, and authenticity of the subpoenaed documents with reasonable particularity such that the communication inherent in the act of production can be considered a foregone conclusion." *Id.* at 324 (internal citations omitted).

The court contrasted the concept of "reasonable particularity" with mere general knowledge of an event or topic, finding that mere "prior knowledge [of a topic] . . . cannot suffice to establish [the government's] prior knowledge of the existence and location of the documents relating or referring to those topics." *Id.* at 326. Ultimately, the court held that "[b]ecause the government has failed to show with reasonable particularity that it knew of the existence and location of most of the subpoenaed documents . . . Ponds' act of production was sufficiently testimonial to implicate his right against self-incrimination under the Fifth Amendment to the Constitution." *Id.* at 316.

*B. Because the Committee's subpoena fails to demonstrate with reasonable particularity prior knowledge of the requested documents, General Flynn's act of production would be testimonial in nature.*

The great breadth of the Committee's subpoena to General Flynn suggests that his act of producing the requested documents, if they even exist, would be testimonial in nature, given that the Committee has not demonstrated knowledge of the "existence, possession, and authenticity of the subpoenaed documents with reasonable particularity such that the communication inherent in the act of production can be considered a foregone conclusion." *Id.* at 324. Schedule A of the subpoena requests production of:

> 1. A list of all meetings between you and any Russian official or representative of Russian business interests which took place between June 16, 2015, and 12pm on January 20, 2017. For each meeting listed, please include the date, location, all individuals present, and complete copies of any notes taken by you or on your behalf.
>
> 2. All communications records, including electronic communications records such as e-mail or text messages, written correspondence, and phone records, of communications that took place between June 16, 2015, and 12pm on January 20 2017, to which you and any Russian official or representative of Russian business interests was a party.
>
> 3. All communications records, including electronic communications records such as e-mail or text message, written correspondence, and phone records, of communications related in any way to Russia, conducted between you and members and advisors of the Trump campaign prior to 12pm on January 20, 2017.

In sum, the subpoena demands a list of "*all* meetings" with "*any* Russian official," "*all* communication records" with "*any* Russian official," and "*all* communication records . . . related *in any way* to Russia" conducted with unnamed "members and advisors of the Trump campaign," that occurred over an 18-month period. The broad sweep and lack of specificity of these demands clearly reflect that the Committee does not have specific knowledge regarding

the existence of any particular responsive documents. *See United States v. Doe*, 465 U.S. 605, 613 n.12 (1984) ("The most plausible inference to be drawn from the broad-sweeping subpoenas is that the Government [is] unable to prove that the subpoenaed documents exist . . . .").

The first demand for a list of all meetings with any Russian official (or "representative of Russian business interests") over 18 months fails for want of specifying particular individuals, locations, or dates. Moreover, this is not merely a demand to produce existing documents. It is actually an interrogatory demanding that General Flynn create a new document containing information that the Committee seeks to discover. This is a demand for direct testimony, not merely a testimonial act of production. As in *Hubbell*, General Flynn's compilation of such a list would be akin to him "answering a series of interrogatories asking [him] to disclose the existence and location of [meetings] fitting certain broad descriptions." *Hubbell*, 530 U.S. at 41. The Court in *Hubbell* held that the witness could not be compelled to prepare such a list without violating his Fifth Amendment privilege. Finally, the nebulous term "representative of Russian business interests" necessarily would require General Flynn, in responding to the request, to testify as to who is or is not a "representative of Russian business interests." This too constitutes direct testimony that is clearly covered by the Fifth Amendment privilege.

The subpoena's second and third demands are even broader in scope than the first, given their request for *all* communication records with *any* Russian official. The complete lack of specificity in the request makes clear that, unlike in *Fisher*, the existence of any document responsive to the Committee's request is far from a "foregone conclusion." *Fisher*, 425 U.S. at 411. The fact that the subpoena also demands all documents in the custody, control or possession of General Flynn's "agents, employees, or representatives" underscores that the Committee does not know whether responsive documents exist, who may possess them, or where they are located. Were General Flynn to provide responsive documents, he would be providing compelled testimony about "the documents' existence, custody, and authenticity." *Hubbell*, 530 U.S. at 28. This is precisely the sort of testimonial information that the Fifth Amendment privilege is designed to protect from compelled disclosure. *See In re Grand Jury Subpoena, Dated Apr. 18, 2003*, 383 F.3d 905, 911 (9th Cir. 2004) (finding an act of production to be testimonial in nature where a "subpoena seeks all documents within a category but fails to describe those documents with any specificity . . . .").

The Committee must demonstrate more than general knowledge that a meeting may have occurred; the Committee must demonstrate "knowledge of the existence and possession of the *actual documents*" in order to prove that the existence and location of the documents is a "foregone conclusion." *Id.* at 910 (emphasis added). The Committee simply has not met its burden of showing its "pre-subpoena knowledge of the existence, possession, and authenticity of the subpoenaed documents with reasonable particularity." *Ponds*, 454 F.3d at 324.

Instead, as in *Hubbell*, the Committee's broad demands makes it "apparent from the text of the subpoena itself" that the Committee needs General Flynn's "assistance both to identify potential sources of information and to produce those sources." *Hubbell*, 530 U.S. at 41. As a consequence, the subpoena seeks to compel General Flynn to offer testimony through the act of producing documents that may or may not exist. In these circumstances, General Flynn is entitled to, and does, invoke his Fifth Amendment privilege against production of documents.

Respectfully submitted,

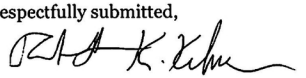

Robert K. Kelner
Stephen P. Anthony
Brian D. Smith

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/27/2018 12:14:26 AM
**To:** Lawrence Krauss [redacted]]
**Subject:** Re: sorry
**Attachments:** image002.png

concentrate on your point by point refutation. . article on women agreeing on seeing flying saucers. . does not make the claim real. break the charges into ludicrous. ogling. jokes. . etc. . nancy language in her tweets. stirred up emotion. .

On Mon, Feb 26, 2018 at 7:09 PM, Lawrence Krauss <[redacted]> wrote:

They claimed they had 1500 hits for their announcement about me and buzzfeed, which doesn't seem like a lot, but they thought so, and they are getting pressure from various of their supporters and senior people.. this three week thing may be true, but I wonder if I will ever really recover.. I wish they would indict Trump or something right now..

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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April 5-9th 2018 – *Visit for more info*

ASU Origins Project
Arizona State University

On Feb 26, 2018, at 4:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yikes

On Mon, Feb 26, 2018 at 7:05 PM, Lawrence Krauss <[redacted]> wrote:

I had my call with the Bulletin, I am going to take a voluntary leave as Chair of the Board.. allowing me and them to make nice statements about me and how the board appreciates me, has never had a complaint, how professional I am, and how they hope I will return after this has subsided.. The alternative was worse.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404

Research Office: [redacted] | Assistant [redacted]
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<image002.png>

On Feb 26, 2018, at 4:00 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no rush, this is not going away soon :)

On Mon, Feb 26, 2018 at 6:55 PM, Lawrence Krauss <lawkrauss@gmail.com> wrote:
I am really occupied with stuff here.. will see when I can get around to writing something.

LMK

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] | Assistant (Jessica): [redacted]
Origins Office (Cynthia): [redacted]
[redacted]
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<image002.png>

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/13/2018 10:01:57 PM
**To:** Kathy Ruemmler [redacted]

Federal prosecutors are investigating whether U.S. President Donald Trump's inaugural committee misspent some of the funds it raised, the Wall Street Journal reported on Thursday, citing people familiar with the matter.

The probe opened by the Manhattan U.S. attorney's office is examining whether some of the committee's donors gave money in exchange for policy concessions, influencing administration positions or access to the incoming administration, the

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/13/2018 10:02:38 PM
**To:** Nicholas Ribis [redacted]

Federal prosecutors are investigating whether U.S. President Donald Trump's inaugural committee misspent some of the funds it raised, the Wall Street Journal reported on Thursday, citing people familiar with the matter.

The probe opened by the Manhattan U.S. attorney's office is examining whether some of the committee's donors gave money in exchange for policy concessions, influencing administration positions or access to the incoming administration, the Journal said.

Read Newsmax: WSJ: Federal Prosecutors Probing Trump Inauguration Spending
**Urgent:** Do you approve of Pres. Trump's job performance? Vote Here Now! --

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**From:** J [jeevacation@gmail.com]
**Sent:** 2/1/2019 7:20:44 PM
**To:** Michael Wolff [[redacted]

*"That Russian oligarch who spent that money on that property and never moved into it and ultimately tore it down, he`s also a large shareholder in a bank called the Bank of Cyprus, which has been implicated in Russian money laundering. The chairman of the Bank of Cyprus is the former CEO of Deutsche Bank, to which Donald Trump owed all that money at the time he conveniently got this very large influx of cash from a Russian guy. The vice chairman of that bank until recently was our new secretary of commerce, long time Trump friend, Wilbur Ross.*

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**From**: J [jeevacation@gmail.com]
**Sent**: 4/20/2019 10:09:26 PM
**To**: Jabor Y. [redacted]

On the American side, a varied cast of characters was fielding overtures and proposals from Russians or pro-Russian Ukrainians during the campaign and transition, including: Mr. Gerson; George Nader, the Lebanese-American with Trump campaign connections; Paul Manafort, Mr. Trump's former campaign chairman; Michael D. Cohen, the president's longtime fixer and lawyer; and Erik Prince, the Blackwater founder and brother of Betsy DeVos, Mr. Trump's pick for education secretary.

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/30/2019 9:34:38 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

maybe as a favor to trump. in exchange for yemen and iran support. . smells doesnt it?

On Thu, May 30, 2019 at 5:33 PM Michael Wolff <[redacted]> wrote:

So MBS was paying him off? Why? Ideas?

On Thu, May 30, 2019 at 5:29 PM J <jeevacation@gmail.com> wrote:

is it a coincidence that the russian that bought the house in palm beach and knows all , is the same guy that sold a painting last year to mbs for 450 million dollars. that was only worth 1. 5m?

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**From:** J [jeevacation@gmail.com]
**Sent:** 5/30/2019 9:43:09 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

*Salvator Mundi*, the last known da Vinci painting in private hands, has an incredible provenance. Rybolovlev purchased it for $127 million in 2013 through his art dealer, the Swiss businessman Yves Bouvier. Bouvier, the owner and operator of several freeports, bought the painting for $80 million with the intention of selling it to Rybolovlev at a steep profit. Its owner before Bouvier, the New York City-based gallerist Robert Simon, found the painting at an estate auction in New Orleans in 2005. He paid just $10,000.

On Thu, May 30, 2019 at 5:41 PM Michael Wolff [redacted] wrote:
You have an art guy?

On Thu, May 30, 2019 at 5:40 PM J <jeevacation@gmail.com> wrote:
In addition my art guyd said the painting wasn't very good

On Thu, May 30, 2019 at 5:37 PM Michael Wolff <[redacted] wrote:
Starting to smell sweet, the way you put it!

On Thu, May 30, 2019 at 5:35 PM J <jeevacation@gmail.com> wrote:
reminder trump overuled congress on yemen .

On Thu, May 30, 2019 at 5:33 PM Michael Wolff <[redacted]> wrote:
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**From:** J [jeevacation@gmail.com]
**Sent:** 5/30/2019 9:43:42 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

Doesn't everyone

On Thu, May 30, 2019 at 5:41 PM Michael Wolff <[redacted]> wrote:
You have an art guy?

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**From:** Bill Siegel [redacted]
**Sent:** 3/8/2011 4:57:57 PM
**To:** [redacted]
**Attachments:** image001.jpg

Bill Siegel thought you might find this of interest:

http://www.familysecuritymatters.org/publications/id.8911/pub_detail.asp

March 8, 2011

# Denis McDhimmi

White House National Security Adviser Speaks to Hamas-Linked Group

Bill Siegel

On March 6, in anticipation of Congressional hearings on domestic radicalization, Deputy National Security Adviser Denis McDonough stated the following:

"President Obama recognizes that through our words and deeds we can either play into al Qaeda's narrative and messaging or we can challenge it and thereby undermine it. We're determined to undermine it. For example, we know there are many different reasons why individuals—from many different faiths—succumb to terrorist ideologies. And there is no one easy profile of a terrorist. But based on extensive investigations, research and profiles of the violent extremists we've captured or arrested, and who falsely claim to be fighting in the name of Islam, we know that they all share one thing—they all believe that the United States is somehow at war with Islam, and that this justifies violence against Americans. So we are actively and aggressively undermining that ideology. We're exposing the lie that America and Islam are somehow in conflict. That is why President Obama has stated time and again that the United States is not and never will be at war with Islam."

This statement encapsulates so much of what this writer has identified as the "Control Factor:" that function of our minds which will distort our perceptions so as not to present ourselves with the ever so fearful reality that confronts us under the banner of Islam today. That is, rather than to clearly see, focus upon, and set about to create strategies to properly confront the threat which we currently face- a threat that by definition we do not control and see little way over which to regain control- our minds essentially collude to reconstruct in a manner which deludes us with the sense that we are in control.

1. The statement essentially reduces the threat we face to that of terrorism caused by al-Qaeda. By defining and limiting the threat to a band of "radical extremists" who have distorted the doctrine of a great religion, we buy into the sense that our military might and criminal detection methods will ultimately save the day. The fantasy is that this is a problem that we can get our arms around because under our Constitutional principles, terrorism is a violation that we are permitted to fight against.

Yet terrorism is only one of three levels upon which the threat is attacking us and al-Qaeda is only a piece of the terrorism level. The second level, the "Civilization Jihad," a term used by the Muslim Brotherhood itself to describe its long term effort to peaceably infiltrate American and Western society at all levels in order to bring it down from the inside through the freedoms that Western Constitutions afford, is well at work and in process today. This has also been called the "Stealth Jihad."

There is a third level, the "International Institutional Jihad," upon which organizations such as the UN, along with its 57 Member State bloc the Organization of the Islamic Conference, work to push through those principles of Sharia Law and Islamic doctrine which it Members can agree upon such as the 1990 Cairo Declaration of Human Rights which is fully at odds with U.S. Constitutional tenets. Once these principles become international standards, the institutions seek to push them into Western societies through treaties and trade deals over which the Members have leverage.

McDonough's words, by limiting the threat to Al Qaeda, intentionally ignore the other levels of threat which, for all intents and purposes can be even more dangerous because our Constitution does not afford us easy means to combat. Nor does our desired general sense of morality.

2. By focusing on "reasons" for this terrorist piece of the pie, the Control Factor further sets out the narrative that we can gain control over the problem. By looking for "root causes," we advance the notion that by eliminating or reducing those elements we can eliminate the symptom-terrorism. This is part of a long-engaged Leftist narrative that has been utilized across a vast array of social problems in order to gain control over funding and policy. Now, it is being used to avoid seeing a problem clearly, much less addressing it intelligently.

It is this administration's (and also, unfortunately, many members of Bush's as well) distortion to frame terrorism as a result of victimhood. That is, by establishing the root causes of terrorism as either a response to U.S. policy, to economic conditions, to Israeli occupation, and so on, the Control Factor sells the buried wish that since we cause the conditions, we can fix the symptom without the grueling costs of war and confrontation. When both sides collude in this form of narrative, we allow it to continue and grow. Yet placing the cause of the problem within ourselves is false and strips us of the proper incentive to stand up and fight against a threat that simply seeks our destruction no matter what we do.

3. McDonough fights the enemy's battle for us in the simple phrase of those "who falsely claim to be fighting in the name of Islam." Here, the Control Factor refuses to accept what the enemy has repeatedly made clear—there is a Holy War between Islam and the Western world, it has been declared by a significant faction of Muslims and agreed upon by many more either explicitly or through silence and omission, and the war is defined by the enemy itself under the banner of Islam to seek the destruction of Western society as it is and to replace it with a Sharia based global Islamic Ummah. This is what the enemy says itself. The Control Factor tells us that this can not be, that Islam is a "peaceful" and "great" religion that has been "hijacked" by a few "crazies" and that most Muslims worldwide are much like us peace loving Westerners who seek a world based on mutual tolerance. If there is any "war," it emanates from those of us Westerners who are "racists," "bigots," or otherwise and fail to acknowledge the realities of the Muslim peoples. The critical issue here is that the Control Factor, as expressed through McDonough, takes full responsibility for defining Islam and identifying the enemy. The enemy, however, defines itself and needs to identify itself both through its actions, its words, and importantly what it does not do and say.

This "transfer of responsibility" from the enemy to ourselves that McDonough's words so freely take on is symptomatic of the deep addictive style the West has adopted to avoid hard confrontation. Once again, the Control Factor utilizes Western guilt to define the conflict as resulting from improper acts of its own. It then seeks to redeem itself by accommodating the enemy. This shows up in America's dealings with Islam as well as the "Israeli-Palestinian Conflict;" responsibility for the problem is transferred to the West or Israel in a grand psychological effort to avoid facing the terrors and costs of hard confrontation, terror, or war. And in each example, as with all psychological defenses, the defense creates the very conditions it seeks to avoid. Until the West is fully able to place responsibility back upon the Islamic world for the actions it takes and omits to take, the West will only dig itself deeper into a weaker position. Unfortunately, the game of guilt gives us no guidance as to how it is to end; when enough has been repaid. Instead, it is geared to continue indefinitely.

4. McDonough's statement that the U.S. is not at war with Islam is a pleasant Control Factor fantasy but does little to eliminate the fact that the enemy has declared it so. We can walk away and pretend there is no war, follow the deceptive words of those in this country engaged in the Civilization Jihad who attack us for any response to the war other than bending over backwards to accommodate Islam and tolerate that which does not tolerate anything other than itself. Yet that path leads only to further the cause of the enemy.

5. Perhaps most telling of all of McDonough's statement is the word "never." To claim we will **never** be at war with Islam regardless of what Islam or Muslims worldwide do to us is the height of Dhimmitude—a phrase coined by Bat Yeor, an expert on Dhimmi behavior throughout Islamic history. In Islam, a Dhimmi is generally a Jew or Christian (there are others) who has agreed to accept a lesser and humiliating status with duties including the payment of a special tax, in exchange for life in an Islamic controlled land. It is a protection contract: you can live as long as you abide by these conditions. In claiming that we could "never" be at war with Islam, McDonough has staked out Dhimmi status for all non-Muslims in the U.S. and has put words to the famous act of Obama in bowing to the King of Saudi Arabia.

By denying that we are at war with Islam, McDonough has admitted that those words have meaning, just that they do not fit U.S. policy. By denying that the U.S. would **ever** be at war with Islam, McDonough has sent the message of unconditional surrender in advance. This is pure Control Factor maneuvering and threatens our nation worse than the underlying threat itself. Put simply, our Constitution does not afford us easy ways to combat the threat we face- we can fight certain types of terrorism in certain (albeit still under great dispute) ways yet we have no effective means to combat the Civilization Jihad and are fast losing leverage to resist the International Institutional Jihad. Unless and until we all obtain better control over our Control Factors so that we can develop sufficient acceptable means to fight on these levels, we are headed to self-destruction.

*FamilySecurityMatters.org* *Contributing Editor Bill Siegel lives in New York and is the author of the forthcoming book,* The Control Factor ©.

**From:** Peggy Siegal [redacted]
**Sent:** 4/30/2011 9:20:14 PM
**To:** [redacted] jeevacation@gmail.com
**Subject:** Re: from Jesse Kornbluth

**Importance:** High

Absolutely.

----- Original Message -----
From: [redacted]
To: Peggy Siegal
Sent: Sat Apr 30 17:15:27 2011
Subject: Re: from Jesse Kornbluth

Peggy, did you want me to send this to JE?

Sent via BlackBerry by AT&T

---

From: "Peggy Siegal" [redacted]
Date: Sat, 30 Apr 2011 16:59:25 -0400
To: [redacted]
Subject: Fw: from Jesse Kornbluth

Jesse Kornbluth could never make a dime. He is an angry loser who was married to [redacted] years ago.(She now is married to Joe Allen and they live near you in PB) [redacted] left him because there was no bread on the table and he is nasty.

What should I do? Call him or not? Peg

----- Original Message -----
From: Jesse Kornbluth [redacted]
To: Peggy Siegal
Cc: Jesse Kornbluth [redacted]h>
Sent: Sat Apr 30 16:29:18 2011
Subject: Re: from Jesse Kornbluth

Peg --

Obviously, I'm sharing what follows on the assumption that everything here is just between us.

The thesis of the Times piece is that the rich and their corporations have SO much power
that we no longer live in a democracy.

Can "we the people" make change? Not really.

Who can? The rich and powerful.

Huh? All they want is the status quo. Or more.

But they could --- okay, it's not likely, but they could --- turn on the bad actors at their social/economic level.
For example: Wall Street CEOs, donors to the Tea Party, etc.

That's the topic. Shaming. Shunning.

One of the people I deal with --- there are several others. --- is Jeffrey Epstein.

Reading the clips, I don't see that Jeffrey as been shunned.

In this piece --- http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/ ---
I read:
The crowd at the events top publicist Peggy Siegal has organized for Epstein proves the point, at least behind closed doors. "I and many others that know him describe him as brilliant," says Siegal.
"His unique mind is what attracts the world's smartest people to his home." Last September, with Siegal's help, Epstein hosted a Break Fast after Yom Kippur. A group of 120 friends brought their children over for a buffet dinner

This was just a few months after he finished his prison obligations in Florida.
And here he is, entertaining --- with children present.

This Break Fast is one of a number of social events involving post-prison Jeffrey that attracted celebrated, powerful people.
Of course I have zero idea who said, "NO WAY" and didn't cross his doorway.

My questions are:
l) I You have known him for decades, were/are friends, etc.
Why was your reaction to his crimes to continue being his friend --- and not in a covert way?
2) What would he have had to do for you to shun him --- to cut him out of your life?

You're the ultimate professional; you may not want to respond.
Especially because I'm NOT reaching out to anyone else who's named in the piece.
I don't care about them.
But it ain't me to blindside you.

JK

On Apr 30, 2011, at 4:03 PM, Peggy Siegal wrote:

> Would love to talk to you. What is piece about? Peg
>
> ----- Original Message -----
> From: Jesse Kornbluth [redacted]
> To: Peggy Siegal
> Sent: Sat Apr 30 15:38:06 2011
> Subject: from Jesse Kornbluth
>
> Peg ---
>
> As you've seen, I'm doing a piece for the Times.
>
> You're briefly in it.
>
> I'd like 3 minutes of your time, if possible.
>
> Turning it in late Sunday....
>
> We could do this by email.
> Or phone.
>
> I'm at [redacted]
> If I'm out, my cell is [redacted]
>
> THANKS
>
> JK

**From:** [redacted]
**Sent:** 4/30/2011 9:36:09 PM
**To:** Jefffrey Epstein [jeevacation@gmail.com]
**Subject:** Fw: from Jesse Kornbluth

**Importance:** High

Sent via BlackBerry by AT&T

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**From:** "Peggy Siegal"[redacted]
**Date:** Sat, 30 Apr 2011 16:59:25 -0400
**To:** [redacted]
**Subject:** Fw: from Jesse Kornbluth

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But they could --- okay, it's not likely, but they could --- turn on the bad actors at their social/economic level.
For example: Wall Street CEOs, donors to the Tea Party, etc.

That's the topic. Shaming. Shunning.

One of the people I deal with --- there are several others. --- is Jeffrey Epstein.

Reading the clips, I don't see that Jeffrey as been shunned.

In this piece --- http://www.thedailybeast.com/blogs-and-stories/2011-04-01/bill-clinton-katie-couric-woody-allen-jeffrey-epsteins-society-friends-close-ranks/ ---
I read:
The crowd at the events top publicist Peggy Siegal has organized for Epstein proves the point, at least behind closed doors. "I and many others that know him describe him as brilliant," says Siegal.
"His unique mind is what attracts the world's smartest people to his home." Last September, with Siegal's help, Epstein hosted a Break Fast after Yom Kippur. A group of 120 friends brought their children over for a buffet dinner

This was just a few months after he finished his prison obligations in Florida.
And here he is, entertaining --- with children present.

This Break Fast is one of a number of social events involving post-prison Jeffrey that attracted celebrated, powerful people.
Of course I have zero idea who said, "NO WAY" and didn't cross his doorway.

My questions are:
1) I You have known him for decades, were/are friends, etc.
Why was your reaction to his crimes to continue being his friend --- and not in a covert way?
2) What would he have had to do for you to shun him --- to cut him out of your life?

You're the ultimate professional; you may not want to respond.
Especially because I'm NOT reaching out to anyone else who's named in the piece.
I don't care about them.
But it ain't me to blindside you.

JK

On Apr 30, 2011, at 4:03 PM, Peggy Siegal wrote:

> Would love to talk to you. What is piece about? Peg
>
> ----- Original Message -----
> From: Jesse Kornbluth [redacted]
> To: Peggy Siegal
> Sent: Sat Apr 30 15:38:06 2011
> Subject: from Jesse Kornbluth
>
> Peg ---
>
> As you've seen, I'm doing a piece for the Times.
>
> You're briefly in it.
>
> I'd like 3 minutes of your time, if possible.
>
> Turning it in late Sunday....
>
> We could do this by email.
> Or phone.
>
> I'm at [redacted]
> If I'm out, my cell is [redacted]
>
> THANKS
>
> JK

**From:** Lesley Groff [redacted]]
**Sent:** 5/16/2011 8:08:35 PM
**To:** Jefffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: "Both Sides Now w/ Huffington & Matalin"

**Importance:** High

Begin forwarded message:

**From:** "Mark Green"[redacted]
**Date:** May 16, 2011 3:59:12 PM EDT
**To:**[redacted]
**Subject:** **"Both Sides Now w/ Huffington & Matalin"**

Dear Friend,

Mary Matalin and Hilary Rosen debate torture, Afghan, and Obama after Osama. How *is* the Barack & Hillary "Team of Rivals" performing on foreign policy? And the women clash on Gingrich and Gibson (Mel).

Here, fyi, is today's HuffingtonPost feature and audio:

http://www.huffingtonpost.com/huff-radio/both-sides-now-w-huffingt_16_b_862240.html

Best,

Mark

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**To:** Jefffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: 1st Anniversary show today -- Both Sides Now w/ Huffington & Matalin

**Importance:** High

Begin forwarded message:

**From:** "Mark Green" <[redacted]>
**Date:** May 23, 2011 3:37:46 PM EDT
**To:** [redacted]
**Subject:** **1st Anniversary show today -- Both Sides Now w/ Huffington & Matalin**

Dear Friend,

*Both Sides Now w/ Huffington & Matalin* celebrates its 1st anniversary this week. As the only 2 sides/2 women show on national radio, we've grown from 16 stations in May of 2010 to 110 now.

Arianna and Mary find consensus that, contrary to the Washington and media conventional wisdom, the Jobs Agenda is more urgent than the Deficit Agenda ("if people only read about shark attacks, they'll worry about shark attacks," says Arianna). And they agree that there's an apparent outbreak of men abusing the help -- Strauss-Kahn, Schwarzenegger, Ensign. To paraphase Freud, what *do* men want?

But there's sharp disagreement about whether Rep. Ryan walked into Obama's trap by proposing to end Medicare in 10 years. Will the special election this Tuesday in Jack Kemp's old seat produce a Democratic "Scott Brown Moment"?

To read the show summary and listen, http://www.huffingtonpost.com/huff-radio/both-sides-now-1st-annive_b_865325.html

Best,

Mark Green

Host

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**To:** Michael S. Buchholtz [redacted]
**CC:** Jeffery Edwards [jeevacation@gmail.com]; Mark L. Epstein [redacted]
**Subject:** FW: Rabbi Steven Pruzansky
**Attachments:** image001.gif; image001.gif

**Importance:** High

MB: this sums up my feelings on the direction of the country and the blind loyalty of Democratic Jews. I trust I do not offend. Its blunt but in many ways true. tk

---

**From:** Brad Bowen [mailto:[redacted]]
**Sent:** Monday, November 04, 2013 9:42 AM
**To:** Terry Kafka
**Subject:** Fwd: Rabbi Steven Pruzansky

Sent from my iPhone

Begin forwarded message:

**From:** Fred Simon [redacted]
**Date:** November 3, 2013 at 4:07:53 PM CST
**To:** Ralph Simon [redacted], Fred Simon [redacted]
**Subject: Rabbi Steven Pruzansky**

**VERY INTERESTING. G**

---

***The problems we face today are there because <u>the people who work for a living are outnumbered by those who vote for a living.</u>***

**We Are Not Coming Back**

**Please take a moment to digest this provocative article by a Jewish Rabbi from Teaneck , N.J.**
**It is far and away the <u>most succinct and thoughtful explanation of how our nation is changing</u>. The article appeared in The Israel National News, and is directed to Jewish readership. 70% of American Jews vote as Democrats. The Rabbi has some interesting comments in that regard.**

=

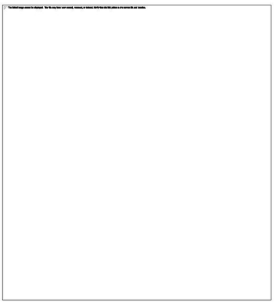

# Rabbi Steven Pruzansky is the spiritual leader of Congregation Bnai Yeshurun in Teaneck, New Jersey

~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

**"The most charitable way of explaining the election results of 2012 is that Americans voted for the status quo - for the incumbent President and for a divided Congress. They must enjoy gridlock, partisanship, incompetence, economic stagnation and avoidance of responsibility. And fewer people voted.**

**But as we awake from the nightmare, it is important to eschew the facile explanations for the Romney defeat that will prevail among the chattering classes. Romney did not lose because of the effects of Hurricane Sandy that devastated this area, nor did he lose because he ran a poor campaign, nor did he lose because the Republicans could have chosen better candidates, nor did he lose because Obama benefited from a slight uptick in the economy due to the business cycle.**

**Romney lost because he didn't get enough votes to win.**

**That might seem obvious, but not for the obvious reasons. Romney lost because the conservative virtues - the traditional American virtues – of liberty, hard work, free enterprise, private initiative and aspirations to moral greatness - no longer inspire or animate a majority of the electorate.**

**The simplest reason why Romney lost was because it is impossible to compete against free stuff.**
~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

Every businessman knows this; that is why the "loss leader" or the giveaway is such a powerful marketing tool. Obama's America is one in which free stuff is given away: the adults among the 47,000,000 on food stamps clearly recognized for whom they should vote, and so they did, by the tens of millions; those who - courtesy of Obama - receive two full years of unemployment benefits (which, of course, both disincentivizes looking for work and also motivates people to work off the books while collecting their windfall) surely know for whom to vote. The lure of free stuff is irresistible.

The defining moment of the whole campaign was the revelation of the secretly-recorded video in which Romney acknowledged the difficulty of winning an election in which "47% of the people" start off against him because they pay no taxes and just receive money - "free stuff" - from the government.

## Almost half of the population has no skin in the game - they don't care about high taxes, promoting business, or creating jobs, nor do they care that the money for their free stuff is being borrowed from their children and from the Chinese.

## They just want the free stuff that comes their way at someone else's expense. In the end, that 47% leaves very little margin for error for any Republican, and does not bode well for the future.

It is impossible to imagine a conservative candidate winning against such overwhelming odds. People do vote their pocketbooks. In essence, the people vote for a Congress who will not raise their taxes, and for a President who will give them free stuff, never mind who has to pay for it.

That engenders the second reason why Romney lost: the inescapable conclusion that the electorate is ignorant and uninformed. Indeed, it does not pay to be an informed voter, because most other voters - the clear majority – are unintelligent and easily swayed by emotion and raw populism. That is the indelicate way of saying that too many people vote with their hearts and not their heads. That is why Obama did not have to produce a second term agenda, or even defend his first-term record. He needed only to portray Mitt Romney as a rapacious capitalist who throws elderly women over a cliff, when he is not just snatching away their cancer medication, while starving the poor and cutting taxes for the rich.

During his 1956 presidential campaign, a woman called out to Adlai Stevenson: "Senator, you have the vote of every thinking person!" Stevenson called back: "That's not enough, madam, we need a majority!"
Truer words were never spoken.

Obama could get away with saying that "Romney wants the rich to play by a different set of rules" - without ever defining what those different rules were; with saying that the "rich

should pay their fair share" - without ever defining what a "fair share" is; with saying that Romney wants the poor, elderly and sick to "fend for themselves" - without even acknowledging that all these government programs are going bankrupt, their current insolvency only papered over by deficit spending.

Similarly, Obama (or his surrogates) could hint to blacks that a Romney victory would lead them back into chains and proclaim to women that their abortions and birth control would be taken away. He could appeal to Hispanics that Romney would have them all arrested and shipped to Mexico and unabashedly state that he will not enforce the current immigration laws. He could espouse the furtherance of the incestuous relationship between governments and unions - in which politicians ply the unions with public money, in exchange for which the unions provide the politicians with votes, in exchange for which the politicians provide more money and the unions provide more votes, etc., even though the money is gone.

Obama also knows that the electorate has changed - that whites will soon be a minority in America (they're already a minority in California) and that the new immigrants to the US are primarily from the Third World and do not share the traditional American values that attracted immigrants in the 19th and 20th centuries. It is a different world, and a different America . Obama is part of that different America , knows it, and knows how to tap into it. That is why he won.

Obama also proved again that negative advertising works, invective sells, and harsh personal attacks succeed. That Romney never engaged in such diatribes points to his essential goodness as a person; his "negative ads" were simple facts, never personal abuse - facts about high unemployment, lower take-home pay, a loss of American power and prestige abroad, a lack of leadership, etc. As a politician, though, Romney failed because he did not embrace the devil's bargain of making unsustainable promises.

It turned out that it was not possible for Romney and Ryan - people of substance, depth and ideas - to compete with the shallow populism and platitudes of their opponents. Obama mastered the politics of envy – of class warfare - never reaching out to Americans as such but to individual groups, and cobbling together a winning majority from these minority groups. If an Obama could not be defeated - with his record and his vision of America , in which free stuff seduces voters - it is hard to envision any change in the future.

## The road to Hillary Clinton in 2016 and to a European-socialist economy - those very economies that are collapsing today in Europe - is paved.

For Jews, mostly assimilated anyway and staunch Democrats, the results demonstrate again that liberalism is their Torah. Almost 70% voted for a president widely perceived by Israelis and most committed Jews as hostile to Israel . They voted to secure Obama's future at America 's expense and at Israel 's expense - in effect, preferring Obama to Netanyahu by a wide margin.

## A dangerous time is ahead. Under present circumstances, it is

**inconceivable that the US will take any aggressive action against Iran and will more likely thwart any Israeli initiative. The US will preach the importance of negotiations up until the production of the first Iranian nuclear weapon - and then state that the world must learn to live with this new reality.**

**But this election should be a wake-up call to Jews. There is no permanent empire, nor is there an enduring haven for Jews anywhere in the exile. The American empire began to decline in 2007, and the deterioration has been exacerbated in the last five years. This election only hastens that decline.**
**Society is permeated with sloth, greed, envy and materialistic excess. It has lost its moorings and its moral foundations.. The takers outnumber the givers, and that will only increase in years to come.**

**The "Occupy" riots across this country in the last two years were mere dress rehearsals for what lies ahead - years of unrest sparked by the increasing discontent of the unsuccessful who want to seize the fruits and the bounty of the successful, and do not appreciate the slow pace of redistribution.**

**If this election proves one thing, it is that the Old America is gone. And, sad for the world, it is not coming back."**

***The problems we face today are there because the people who work for a living are outnumbered by those who vote for a living.***

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**Subject:** Fwd: Why not in Vegas?

**Importance:** High

# Why Not in Vegas?

By THOMAS L. FRIEDMAN
Published: July 31, 2012 418 Comments

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I'll make this quick. I have one question and one observation about Mitt Romney's visit to Israel. The question is this: Since the whole trip was not about learning anything but about how to satisfy the political whims of the right-wing, super pro-Bibi Netanyahu, American Jewish casino magnate Sheldon Adelson, why didn't they just do the whole thing in Las Vegas? I mean, it was all about money anyway — how much Romney would abase himself by saying whatever the Israeli right wanted to hear and how big a jackpot of donations Adelson would shower on the Romney campaign in return. Really, Vegas would have been so much more appropriate than Jerusalem. They could have constructed a plastic Wailing Wall and saved so much on gas.

Josh Haner/The New York Times

Thomas L. Friedman

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The observation is this: Much of what is wrong with the U.S.-Israel relationship today can be found in that Romney trip. In recent years, the Republican Party has decided to make Israel a wedge issue. In order to garner more Jewish (and evangelical) votes and money, the G.O.P. decided to "out-pro-Israel" the Democrats by being even more unquestioning of Israel. This arms race has pulled the Democratic Party to the right on the Middle East and has basically forced the Obama team to shut down the peace process and drop any demands that Israel freeze settlements. This, in turn, has created a culture in Washington where State Department officials, not to mention politicians, are reluctant to even state publicly what is U.S. policy — that settlements are "an obstacle to peace" — for fear of being denounced as anti-Israel.

Add on top of that, the increasing role of money in U.S. politics and the importance of single donors who can write megachecks to "super PACs" — and the fact that the main Israel lobby, Aipac, has made itself the feared arbiter of which lawmakers are "pro" and which are "anti-Israel" and, therefore, who should get donations and who should not — and you have a situation in which there are almost no brakes, no red lights, around Israel coming from America anymore. No wonder settlers now boast on op-ed pages that the game is over, they've won, the West Bank will remain with Israel forever — and they don't care what absorbing all of its Palestinians will mean for Israel's future as a Jewish democracy.

It is into this environment that Romney wandered to add more pandering and to declare how he will be so much nicer to Israel than big, bad Obama. This is a canard. On what matters to Israel's survival — advanced

weaponry and intelligence — Defense Minister Ehud Barak told CNN on Monday, "I should tell you honestly that this administration under President Obama is doing in regard to our security more than anything that I can remember in the past."

While Romney had time for a $50,000-a-plate breakfast with American Jewish donors in Jerusalem, with Adelson at his elbow, he did not have two hours to go to Ramallah, the seat of the Palestinian Authority, to meet with its president, Mahmoud Abbas, or to share publicly any ideas on how he would advance the peace process. He did have time, though, to point out to his Jewish hosts that Israelis are clearly more culturally entrepreneurial than Palestinians. Israel today *is* an amazing beehive of innovation — thanks, in part, to an influx of Russian brainpower, massive U.S. aid and smart policies. It's something Jews should be proud of. But had Romney gone to Ramallah he would have seen a Palestinian beehive of entrepreneurship, too, albeit small, but not bad for a people living under occupation. Palestinian business talent also built the Persian Gulf states. In short, Romney didn't know what he was talking about.

On peace, the Palestinians' diplomacy has been a fractured mess, and I still don't know if they can be a partner for a secure two-state deal with even the most liberal Israeli government. But I do know this: It is in Israel's overwhelming interest to test, test and have the U.S. keep testing creative ideas for a two-state solution. That is what a real U.S. friend would promise to do. Otherwise, Israel could be doomed to become a kind of apartheid South Africa.

And here is what I also know: The three U.S. statesmen who have done the most to make Israel more secure and accepted in the region all told blunt truths to every Israeli or Arab leader: Jimmy Carter, who helped forge a lasting peace between Israel and Egypt; Henry Kissinger, who built the post-1973 war disengagement agreements with Syria, Israel and Egypt; and James Baker, who engineered the Madrid peace conference. All of them knew that to make progress in this region you have to get in the face of both sides. They both need the excuse at times that "the Americans made me do it," because their own politics are too knotted to move on their own.

So how about all you U.S. politicians — Republicans and Democrats — stop feeding off this conflict for political gain. Stop using this conflict as a backdrop for campaign photo-ops and fund-raisers. Stop making things even worse by telling the most hard-line Israelis everything that they want to hear, just to grovel for Jewish votes and money, while blatantly ignoring the other side. There are real lives at stake out there. If you're not going to do something constructive, stay away. They can make enough trouble for themselves on their own.

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**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump Rape Lawsuit Refiled With New Witness | Law News

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http://lawnewz.com/high-profile/trump-team-fires-back-after-jane-doe-refiles-rape-lawsuit-with-new-witness/

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**From**: Sultan Bin Sulayem [redacted]
**Sent**: 10/12/2016 7:53:37 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: BBC News: A silver lining in #TrumpTapes story

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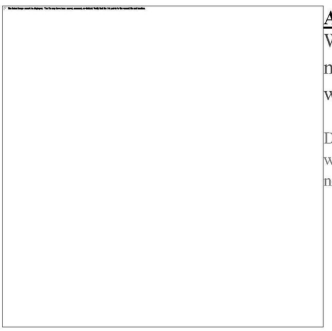

**A silver lining in #TrumpTapes story**

While the video of Donald Trump denigrating women has horrified many, the backlash has also showed how much has changed for women. Trumps PUSSY Gate

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Jeffrey Epstein
As-it-happens update · October 13, 2016

NEWS

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Independent Journal Review

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Click on the link to the video at the bottom of the article below. Wow.

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NEWS

## Bill Clinton “Orgy Island” Tape Alleged

FITSNews

“Orgy Island” is the private 72-acre luxury estate of billionaire American financier **Jeffrey Epstein**, a pedophile who was convicted in 2008 of soliciting ...

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Full Coverage

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# Jeffrey Epstein

As-it-happens update · October 20, 2016

NEWS

Woman Who Claims Trump Raped Her When She Was 13 Has Released Video. Here's What She ...

Independent Journal Review

Johnson claims Donald Trump, along with former banker and sex offender **Jeffrey Epstein**, raped her in 1994 when she was just thirteen years old.

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http://fortune.com/2016/10/22/middle-east-isis-syria/

FORTUNE INSIDERS INTERNATIONAL

# What the Middle East Needs Now from America

Commentary by: Thomas J. Barrack Jr.

OCTOBER 22, 2016, 9:00 AM EDT

DAMASCUS, SYRIA. MARCH 13, 2016. People in a Damascus neighborhood, an area liberated when a ceasefire agreement between the Syrian Army and the rebels controlling the district came into effect on February 27, 2016. Valery Sharifulin/TASS (Photo by Valery SharifulinTASS via Getty Images)Valery Sharifulin — TASS/Getty Images

For decades, the U.S. has pursued misguided policies.

At pivotal moments in our history, America has courageously concluded that a central tenet of its foreign policy, conceived with the best intentions, simply isn't working. Hard though it's been for this proud and mighty nation to admit failure, trading a losing strategy for a fresh course has brought such triumphs as the Nixon-Kissinger pacts with China that isolated the Soviet Union and helped to end the Cold War.

Today, America faces just such a reckoning in the Middle East. Our objective is clear: halting the spread of terrorism that's headed for our shores, threatening mass murder in our suburban shopping malls, city tunnels, and crowded parks. With the Middle East in chaos—as though a raging desert sirocco is destroying all sense of order––the US should make a radical, historic shift in its outreach towards the Arab world.

Given the reluctance of America and its Western allies to launch a military offensive, it's impossible to know when peace will be restored. But right now, while the battles rage, the US can take decisive diplomatic steps to stem the poverty and despair that makes the Middle East a breeding ground for radical Islamic terrorism. America should forge alliances with a new generation of Arab leaders whose principal goal is improving the daily lives of their people. Providing jobs and raising hope among the region's impoverished youth is the best protection for the world's wealthy nations, from America, to Europe, to the Arabian Peninsula.

Once peace is restored, the US should take the lead in establishing a 21st century "Marshall Plan" of economic aid to durably lift living standards in the Middle East's poorest areas.

So what went wrong? For decades, the U.S. has pursued a misguided policy I'll call "embrace and abandon." It started with the "embrace:" recruiting and financing leaders who were blatantly autocratic, yet at the time qualified as America's allies. Then, the U.S. invariably exhorted these strongmen to champion revolutionary democratic

reforms in the name of "nation building." Yet the newly-installed regimes owed their existence to denying freedoms that would rally dissidents to overthrow them. So the democratization America encouraged was doomed from the start.

Then came the "abandon." Time and time again, when the governments America had nurtured and praised faced resistance or rebellion, Washington deserted their leaders, citing the popular excuse that their repressive measures were enslaving their own people.

Supporting leaders when they kept the Middle East stable, then dumping them when they failed to adopt Western ideals, was a blueprint for disaster. And it's disaster that ensued. Many of those strongmen––from Mubarak in Egypt to Gaddafi in Libya––have fallen. Once dominated by repressive but stable nation-states, vast swaths of the Middle East are now borderless, a hodge-podge of territories controlled by warring factions that's a throwback to its tribal past.

The search for a solution to this chaos requires a clear understanding of how we got here in the first place.

For centuries, the Ottoman Empire had neutralized the historically rooted sectarian divisions within Islam. Those divisions stem from its ancient political legacy as a "caliphate," a religious state with united by military might, but with constantly shifting borders. Following the Ottoman collapse after World War I, European colonial powers assumed the role of regional administrator, and colluded to redraw boundaries (i.e. Sykes-Picot) in the Middle-East to create nation states that satisfied competing Western interests. Those newly-created nations, occupying territories defined by legal borders, ignored Arab history and tribal custom. Modern Western notions of distinct nations bound together by geography, language, self-determination or political ideals been relevant in the Arab world. To Arabs, tribe and religion

always trump an imposed political structure, especially the Western-exported concept of the nation-state.

Following World War II, as European colonialism waned, the US assumed a more significant role in the Middle East. US foreign policy was driven primarily by oil interests, the protection of Israel and resistance to Soviet aggression. To prevent the region from dissolving in sectarian conflict, the US established a series of autocracies. The campaign included restoring the Shah of Iran to the throne after the democratically elected Mosaddegh regime nationalized oil fields, and supporting for the Baathist overthrow of the Qasim government in Iraq, which gave rise to Saddam Hussein.

Following the end of the Cold War, America's foreign policy gravitated toward nation building, and the widespread promotion of democracy and human rights abroad. However, an iron fisted policies the strongmen imposed to remain in power conflicted with the moral endeavor to curate democracy afar. Hence, America's crusade undermined its original goals by threatening the same autocratic regimes the US had helped establish.

As the leaders the West once championed are toppled one by one, the boot-prints of Western Power are clearly visible. Regimes once supported by the US have fallen, marking the failure of embrace and abandon. In Egypt, Mubarak was in, then deserted. In Iraq, Hussein was in, then deposed. In Libya, Gaddafi was in, then overthrown with US support. In Syria with Assad, it was the same scenario. The instability created by contradictory Western interests has invited far worse atrocities by the new regimes than the crimes perpetrated by the previous order. The massacres in Syria and Iraq are obvious, bitter examples.

Filling the void are a multitude of warring sectarian groups from ISIS to Syrian rebels. The factions each generally fight under their own flag of political Islam. The rise of Islamic factions battling for territory is a

legacy of the Iranian revolution that established a state rooted in religion.

Now, nearly four decades old, the Revolutionary Guard's rise to power remains the catalyst for Islamic sectarian division today, releasing forces of fury once confined first by Ottoman rule and then by US dominance in the region. The threat to Arab nations and the West that ensued is the same as that led by the Ottomans: the spread of a radical Islamic caliphate based on religion, not country. In Iran, this is credo is championed by the Revolutionary Guard and an Ayatollah who lectures two billion Muslims that he is an infallible ruler directly responsible to God. US diplomats are faced with an impossible balancing act: limiting nuclear proliferation and, at the same time, firmly standing against the religious intolerance fanning Islamic terrorism.

The outbreak of these historically opposing forces, compounded by declining oil prices, is heightening the ferment.

The Arab World's best hope is the rise of a new generation in government. In the UAE, Qatar and Saudi Arabia, brilliant young leaders are crafting forward-looking policies to effectively forge a new Middle East. American foreign policy must persuade these bold visionaries to lean West rather than East. This endeavor will not simply benefit the nations they lead. It's the most effective strategy to safeguard America's interests. By supporting their anti-terrorism platforms abroad, America enhances its anti-terrorism policies at home.

Like Asian rulers who launched the Tiger Economies of the mid to late 20th century, these new Arab leaders are searching for policies aimed at economic and educational development. Those policies are designed to reduce internal tensions and secure their countries' rightful place in a future dominated by global trade. The fate of America's Middle Eastern allies, as well as its own foreign policy interests, hinges on

these reform efforts. These leaders need and deserve active, engaged US support. Yet America's recent retreat from the region, following clumsy attempts at nation building, has destabilized and discouraged its allies.

Iran is supporting militias in Iraq, Syria and Yemen whose stated purpose is to eradicate Israel. That threat may create what has been a previously unthinkable alliance between our Gulf Cooperating Council partners and Israel. It's in the interest of all these allies, including Saudi Arabia, Egypt, Palestine, other GCC members, along with Israel, to join forces. That alliance would provide a countervailing balance to the Revolutionary Guard in Iran, the ISIS caliphate and the aggressive aspiration of Turkey, which is further fueled by a renewed Russian push.

The competition for a caliphate has more contestants than just Iran, including ISIS, of course, as well as Turkey, and the Muslim Brotherhood. As the US withdraws, Russia is taking its place as the non-Arab power player in the Middle East. The chill in US-Russia relations has left President Putin free to defy Washington. Without predictable US-support, our allies may have only one direction to turn as Russia capitalizes on every USA misstep in the region.

The emerging alliance between Putin and Turkey's Erdogan has evolved in perfect Kissingerian fashion; sovereign relationships can be as ephemeral as their counterparties' interests. And now that Russia and Turkey seem to have a growing relationship, a counterbalancing alignment needs to be crafted between the GCC and the Arab nations.

The Kingdom of Saudi Arabia has been our longest and strongest ally and, to many Westerners' amazement, it is impossible for the US to move against any hostile Islamic group anywhere in the world without Saudi support. Almost two billion Muslims look to Mecca and Medina as their spiritual heartland and challenging any faction of Islam without the support of its guardian, Saudi Arabia, would be foolhardy.

The Saudis are reliable defenders of the West's diverse interests in the region, and have been America's principal ally in the Middle East for more than seventy years. The confused notion that Saudi Arabia is synonymous with radical Islam is falsely based on the Western notion that "one size fits all." Fundamentalists supporting the Islamic State in the Kingdom violate the rule of law at home, and the Saudis' strong efforts to prevent the export of terrorism. Saudi senior leaders desire good relations with the West and see the Islamic State and Jihadist terrorism as threatening to their very rule. Through the safeguarding of the Holy Cities of Mecca and Medina, which remain open to tens of millions of foreign visitors and differing Islamic beliefs, the Kingdom has a unique window into the actions and motivations of radical fundamentalists who pass in and out of those always accessible cities. By sharing that intelligence, the Saudis greatly enhance America's security.

Like it or not, the military option most unpopular with America's voters and politicians may be its best. Bashar Assad may well be our only hope in fighting the various terrorist factions that are attempting to form an ISIS state. If America agrees that putting boots on the ground would be impractical and ineffective, then a self-governed "Syria State" must be the entity that reaches settlements with the various factions that are causing the mass migration of thousands of Syrians to Europe, the USA and elsewhere. The only solution is one that works with Russia and not against them. Our vacuum forced that hand, because we are no longer the lonesome superpower shaping Middle East foreign policy.

When the USA had a narrow set of interests during the Cold War era, acting prudently in favor of well-defined and communicated objectives, its actions were more effective. But as the objectives changed, and America attempted to democratize autocracies, the broadening of goals led to a corresponding weakening of results. A clear direction in the Middle East is imperative, not just to enhance Middle Eastern nation-state interests, but to protect US interests at home, as well as abroad.

America's nation-building exercise of the past twenty years was founded on self-contradictions that have tarnished US foreign credibility. The geopolitical framework for that policy has been "embrace and abandon," a formula that has caused frustration, confusion and concern to America's allies in the region and displaced many millions of young refugees.

As America rethinks its interests in the Middle East, its primary concern is the elimination of domestic terrorism. The path forward replaces fear with hope and poverty with prosperity. Once security in the Middle East is attained, including a negotiated peace between the Israelis and the Palestinians, the USA must respond with an "end-state" perspective to draw a comprehensive solution similar to the Marshall Plan. Going from promoting then dumping dictators to drawing a new manifesto for economic rebirth would mean that finally, the America is finally doing right in teeming, oil-rich desert lands where it did wrong for decades.

*Thomas J. Barrack Jr. is an international private equity investor and the founder and executive chairman of Colony Capital. He is also foreign policy and economic advisor to GOP U.S. Presidential candidate Donald Trump. The views expressed in this article are his own and do not reflect the campaign.*

**From**: Darren Indyke [redacted]
**Sent**: 11/2/2016 9:07:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Gloria Allred Says More Women Are Contacting Her About Trump Misconduct: Gothamist
**Attachments**: WebPage.pdf; Untitled attachment 407992.htm

**Importance**: High

DARREN K. INDYKE
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575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
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**********
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**********

http://gothamist.com/2016/10/10/gloria_allred_trump.php

# Gloria Allred Says More Women Are Contacting Her About Trump Misconduct

*Gloria Allred in New York City in June 2016 (Getty Images)*

Donald Trump's disgusting behavior towards women has ranged from fat-shaming to allegations of sexual harassment, and, as we heard in the infamous "hot mic" audio from a 2005 Access Hollywood segment, even sexual assault: "You know I'm automatically attracted to beautiful—I just start kissing them. It's like a magnet... And when you're a star, they let you do it, you can do anything. Grab 'em by the pussy." Unsurprisingly, allegations are flying about much more dirty laundry yet to be aired, with reporters chasing down possibly damaging evidence and looking for other victims.

Gloria Allred, the civil rights lawyer who takes on high-profile targets, like Bill Cosby, Roman Polanski and, yes, Trump, confirmed to us that since the *Access Hollywood* tape's release, she has been "contacted by women who allege inappropriate contact by Mr. Trump."

More to the point, Allred discussed how Trump's words suggest criminal behavior. "If there is an unwanted or unconsented to touching of a person's intimate parts such as the genital areas or a woman's breasts, that could constitute a sexual assault or a sexual battery," she explained yesterday. She added that "when Rudy Giuliani was asked" on Sunday's political programs "if Donald Trump was describing a sexual

assault on the recently released 2005 video, he responded, 'That's what he was talking about.'" Allred said, "I am disgusted by what Donald Trump said and admitted that he had done on that video. An apology is not enough."

The *Access Hollywood* tape was discovered after the AP's report featuring former crew members on Trump's reality show, *The Apprentice*, describing his demeaning behavior towards women; in one example, he allegedly judges female contestants' breast sizes and discusses which women he'd want to have sex with. Allred released a statement last week, citing the numerous sexual harassment lawsuits and his lecherous behavior: "If Mr. Trump were to be elected president he would be the employer of the largest workforce in the country, federal government employees. Mr. Trump in that role would be sending a message through his past words and actions that sexual harassment of women in the workplace is acceptable and this could lead to other employers believing that they can follow Mr. Trump's lead and openly sexually harass their female employees, thereby creating and condoning a hostile workplace for working women."

> We need a President who respects the rights of women in the workplace not someone who creates a hostile and sexist environment for women who work and not someone like Mr. Trump who believes pregnancy is an inconvenience for employers; and who enables sexism.
>
> I call on Donald Trump to release all of his employees and former employees from their non-disclosure clauses so that they can tell the public what they suffered when they had the unfortunate experience of working for Donald Trump, and I urge him to promise not to retaliate against them if they tell the truth.
>
> Donald Trump once made a remark to TMZ about me. He said "Gloria would be very very impressed" which TMZ suggested in the context of the interview with him meant that I would be impressed with his penis.
>
> No Donald, I wouldn't. What would impress me would be having Hillary Rodham Clinton in the White House, not a man who blatantly denigrates women in the workplace.

Allred, a Clinton supporter, was a delegate at the Democratic National Convention. She successfully fought Trump and the Miss Universe pageant to allow transgender contestant Jenna Talackova to compete in the Miss Universe Canada event. During the DNC, Allred told Variety, "I know the only way to beat Trump is to confront him, head on and to refuse to let him get away with his bullying behavior. I think people want someone to stand up and confront him. I think a strong approach with Trump is warranted and that Hillary is more than capable of fighting back and winning this battle."

You could also contribute to the GoFundMe dedicated to a legal fund for anyone who leaks *Apprentice*

outtakes.

**From**: Thomas Jr., Landon [redacted]
**Sent**: 2/17/2017 1:42:03 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: !!!!!

**Importance**: High

Here we go again....
http://www.politico.com/story/2017/02/alexander-acosta-trump-jeffrey-epstein-plea-235096

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Tonja Haddad Coleman [redacted]
**Sent:** 3/13/2017 8:16:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]; Darren Indyke [redacted]
**Subject:** Fwd: epstein

**Importance:** High

# Privileged - Redacted

Tonja Haddad Coleman, Esq.
Tonja Haddad, PA
Advocate Building
315 SE 7th Street
Suite 301
Fort Lauderdale, FL 33301

Begin forwarded message:

**From:** DAN CHRISTENSEN <[redacted]>
**Date:** March 13, 2017 at 5:15:15 PM EDT
**To:** Tonja Haddad Coleman <[redacted]
**Subject: epstein**

Hi, Tonja,

I left you a couple of voicemails. Working on a story about Epstein/Trump.
Can you please get in touch asap. Story is to run tomorrow and I'd like to get your thoughts.
My cell is [redacted]

Dan Christensen - Editor
Florida Bulldog

---

**From:** Tonja Haddad Coleman [redacted]
**Date:** Wednesday, April 16, 2014 at 12:10 PM
**To:** Dan Christensen <[redacted]>
**Subject:** RE: <no subject>

8PM tonight out of Miami= at the office for 20 more minutes trying to finish up!

Tonja Haddad Coleman, Esq.
**Tonja Haddad, P.A.**
**Advocate Building**
**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted] **facsimile**
**www.tonjahaddad.com**

**Please add this efiling address to all pleadings:** [redacted]

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**From:** DAN CHRISTENSEN [mailto:[redacted]
**Sent:** Wednesday, April 16, 2014 1:09 PM
**To:** Tonja Haddad Coleman
**Subject:** Re: <no subject>

when's your flight?

---

**From:** Tonja Haddad Coleman <[redacted]>
**Date:** Wednesday, April 16, 2014 at 1:07 PM
**To:** DAN CHRISTENSEN <[redacted]
**Subject:** RE: <no subject>

He did not- he isn't required to.

Tonja Haddad Coleman, Esq.
**Tonja Haddad, P.A.**
**Advocate Building**
**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted] **facsimile**
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**From:** DAN CHRISTENSEN [mailto:[redacted]
**Sent:** Wednesday, April 16, 2014 1:07 PM
**To:** Tonja Haddad Coleman
**Subject:** Re: <no subject>

So he didn't read the affidavit?

---

**From:** Tonja Haddad Coleman <[redacted]>
**Date:** Wednesday, April 16, 2014 at 12:41 PM
**To:** DAN CHRISTENSEN <[redacted]>
**Subject:** RE: <no subject>

He verified the affidavit- like a notary- verifying/swearing to only the fact that the officer who filled it out and signed it was who he purports to be. When an officer does that for the officer drafting the document that is all he is doing- he is not swearing to the contents of the document or their veracity- just like any other notary. Make sense?

Tonja Haddad Coleman, Esq.
**Tonja Haddad, P.A.**
**Advocate Building**

**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted] **facsimile**
**www.tonjahaddad.com**

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---

**From:** DAN CHRISTENSEN [mailto[redacted]]
**Sent:** Wednesday, April 16, 2014 12:38 PM
**To:** Tonja Haddad Coleman
**Subject:** <no subject>

Hi, Tonja,

I'm not going to get into this in this story, but I'd still like you to address the state's contention that Kogan signed the resisting arrest charge against Hart. What happened?

Dan

**From:** [redacted]
**Sent:** 4/7/2017 12:28:56 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

i asked him about trump and russians he said maybe some truth there,If you want to meet him just give me the wordjf

In a message dated 4/7/2017 8:21:25 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> why dont you suggest to him that the real money making book is getting to the truth of the claims. unvierstiy of virgina. no penalty for fals accusations. . hockey team no penalty for accusations. . trump 13 yeara old rape accusation no penaltiy etc. mine is ripe with same
>
> On Fri, Apr 7, 2017 at 8:11 AM, <[redacted]> wrote:
> Do you want me to arrange it? be careful jf
>
> In a message dated 4/7/2017 8:06:20 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:
>
> > im happy to meet him
> >
> > On Fri, Apr 7, 2017 at 7:39 AM, Jonathan Farkas <[redacted]> wrote:
> > Went to opening of war paint last night was sitting next to john Connolly at after party he is on to his next book about Ef Hutton murders apparently was going to put me in your book because I was in your visitors list but somers and Margo nederlander asked him not to which pisses me off I have never been in a big book before and I think it would have been great and they never even asked me I told him about how you called Apple best jonathan
> >
> > Sent from my iPhone
> >
> > --
> > please note
> > The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
> > Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved
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**From**: Robert Trivers [redacted]
**Sent**: 4/20/2017 3:54:45 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: good and bad

**Importance**: High

Jeffrey

in a mixed state

on the up side i now have an excellent agent, am adding two chapters to my expanded memoir that deal with 1. my first five famous papers and 2. my work on genetic conflict within ourselves; so there is a good chance i can sell the book by this summer to a publisher and start reaping some money off it

a friend at Cornell has now contacted me regarding a special senior fellowship they have and i remain hopeful that i will soon be relaxing with the famously beautiful women of Aarhus by late September

—-

on the downside, Jamaica is increasingly dangerous, murder rate climbing once again, about 6th highest in world

and i encounter a lot of racism, especially from young thugs—not so much hostility as disrespect—they regard me as an easy target—that old white man nah know nothing, we can rob him or do as we please

yesterday morning at 7am very hostile encounter at an ATM machine, no overt attempt to rob me or i would have shot him dead, just cursing me and my mother out because he had to wait an extra minute or two while i did my transaction—all my Jamaican male friends agree that he would not have acted that way toward a dark-skinned man

makes me reluctant so spend so much time here or to continue to invest in my property

—-

i hope you are fine, the Trump bump in the market seems to have stalled and i would be curious what you thought of the market over the next three years—i will be forcibly retired July 1 but as long as i have 'employment' (equals fellowships at the moment) for a couple of years i need not spend my retirement money which will be roughly $900,000; at most i might put 450 grand in an annuity and keep the rest invested

all the best

bob

**From**: aziza alahmadi [redacted]
**Sent**: 5/20/2017 9:48:34 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump; Prince of Believers .docx
**Attachments**: Trump; Prince of Believers .docx; Untitled attachment 454977.htm

**Importance**: High

https://www.google.ca/amp/www.cnbc.com/amp/2017/05/20/saudi-aramco-ceo-says-to-sign-50-billion-of-deals-with-u-s-companies.html

http://www.argaam.com/en/article/articledetail/id/486123

# Trump; Prince of Believers (Caliph)!

Abdulnaser Salamah

http://www.almasryalyoum.com/news/details/1133143

I cannot accommodate that an American president – whatever his name - comes to the Kingdom of Saudi Arabia to hold a summit meeting with the Kingdom's king, and then gulf's leaders come together to hold a summit meeting with him, and then the leaders of Arab and Islamic states come to hold a summit meeting with him. Is this because the American president has no time to host them in the White House, where he rules, so those all leaders met him in the kingdom?

I cannot accommodate with this status unless this person was the prince of believers or (Caliph) who has the right and power to gather the rulers of states in whatever place he choose in the Caliphate or any of its palaces.

Following the example of Caliphs, the rulers ware not know the reason behind this meeting or its subject. They also were not know the instructions or orders he carried from the far reaches of the Caliphate. In this case they are as like as the public. All information is available that the Caliph not only feels angry with the

rulers, but also puts his eyes on the wealth at their hands. During his election campaign, he literally said, "**Saudi Arabia is just like 'a milk cow' and we will slaughter it when its milk runs out**". He may announce increase of the annual attribute provided by every rulers. Also, he may announce administrative redistribution of the states. Moreover, he may spreads his teeth regarding the new rules of the rulers. This may be through involving them in land wars against each other and not against their real enemy, as he is on his way to Israel; and you do not know what Israel is?!

The new Caliphate does not hide that he want to empower Israel more and more, to cover from Tel Aviv, Jerusalem, all the Levant, Arabian Island and Persia lands. Therefore, he is going to leave from the lands of Hijaz to the Palestinian occupied lands before leaving to Vatican. He clearly refers to that it is a political tour with religious purposes. It will comes to our ears, all the time, expressions like terrorism, extremism, stiffness, sects, Sunni Islam, Shiite Axis and other expressions that cause more dilemmas and allies in the region. However, the visit is covered by the title of "Mutual Interests".

I wish we would not live this day or witness a status in which the Arab and Islamic leaders run rapidly to a person who does not hide his aggressive feelings towards Arabs and Muslims. At least, I would like to see pre-coordination

meetings result in declared demands regarding the region's cases, headed by the case of ending the Israeli occupation of Arab lands. I hoped to see demands include US non-interference in the affairs of the region, especially in Syria, Iraq, Yemen and Libya. I hoped to see Arabic demands to compensate Iraq for its devastation out of US invasion, compensate Syria for the damages resulted by the US-made ISIS and compensate Yemen and Libya for the bombing and sabotage they face.

What is certain is that the Arab people from the ocean to gulf is holding his breath and waiting with great concern what will result from these meetings and the new catastrophes may take place in the region after creative chaos, destructive chaos, endless chaos and the new Middle East. Besides, they ask whether there is anything coherent in the region to be targeted by this suspicious visit, especially that all information confirm imposing new overpriced royalties on specific states. This is through instructions issued directly from the White House. Accordingly, there was no need to visit just to ink more weapon contracts unless the matter is greater than all expectations similar to the deal of century, millennium initiative and other useless contracts of acquiescence.

Therefore, we cannot breathe a sigh of relief unless there is transparency from leaders in dealing openly and frankly with their people about all things in the

official circles. The people may be surprised in the future with a new "**Sykes-Picot Agreement**", other "**Balfour Declaration**" or even other "**1967**" and we have lessons in the history of ancestors. The treachery and collusion have been discovered since 1948 until now make us fear everything and doubt in everything especially that there are clear signs in the horizon.

Unfortunately, the plotters, in Egypt and other Arab countries, will preach and promote to such visit and meetings as the savior of the region of its pests. They will ignore the recent and distance past experiences, depending on the weak Arabic memory. This matter should be warned in the light of Russian-US conflict on the dominance in Syria, Saudi-Iranian conflict on the dominance in Yemen, Sunni-Shiite conflict on the dominance in Iraq and Lebanon, and the Israeli presence in the region. All of these mentioned conflicts are made by the United States. Accordingly, should we depend on Donald Trump or the new prince of believers (Caliph)?!

Anyway, I want to remind you that Trump said: **"I will get the Gulf states, who are not doing much, believe me. The Gulf states have nothing but money. I'm going to get them to pay. We owe 19 trillion, we're not paying for it. Don't forget, without us, the Gulf states won't exist**."

**From:** paul krassner [redacted]
**Sent:** 5/20/2017 9:59:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** My Prediction Coming True
**Attachments:** wp-logo.png; flynn_pence_0519.png; pence_0519.png; trump_0519.png

**Importance:** High

Begin forwarded message:

**From:** paul krassner <[redacted]>
**Subject:** **My Prediction Coming True**
**Date:** May 20, 2017 at 8:08:09 AM PDT

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# WATCH: In a Shocking Turn of Events, Flynn Moves To Take Down Pence.

An MSNBC panel says that former National Security Advisor Michael Flynn has information that could take down Vice President Mike Pence. **Flynn may have leaked information that shows Pence and the Trump transition team knew that foreign governments were paying him.**
If this information turns out to be true, it would be a devastating blow to the Vice President's reputation. So far, Pence is untouched by the Russia scandal.
The prevailing opinion is that Pence didn't know anything about Flynn's calls to the Russian ambassador to the U.S. And the administration's story is that Flynn lied about his Russian contacts to Pence.

Related

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But these new leaks fly in the face of all this. They suggest that Pence **knew about all of Flynn's dealings**with foreign governments and chose to ignore them.

Additionally, Pence was the head of the Trump transition team and was supposed to **vet all of Trump's appointees**. So he should have known about Flynn's work with Turkey and Russia.
So either Pence is incompetent, or he's an outright liar. Neither is a good quality for a Vice President.
Washington Post reporter Karen Tumulty also stated that Pence was in the Oval Office right before President Trump asked Comey to drop the Flynn investigation. So Pence may also have been involved in Trump's efforts to obstruct the investigation into Flynn and the Russia scandal.
Flynn may not have finished with Pence, either. Bloomberg Politics editor John Heilemann showed how Flynn can keep the pressure on Pence.
Heilemann said, "Either he [Pence] knew and is lying or he did not know and was wildly incompetent. Either way, not a great story for him."
"By the way, it seems to me the import of this story is that Michael Flynn's lawyer came out a couple of months ago and said that Mike Flynn had a story to tell," continued Heilemann. "He's now starting to tell that story."

# POLL: Is the whole Trump administration going down?

The Trump administration claims that Vice President Mike Pence didn't know anything about Michael Flynn's work with the Russian or Turkish governments.
But Flynn has allegedly released information contradicting these claims.
Is Flynn trying to take down the whole Trump administration? Share your opinion in the poll below.

## Heilemann suggested that Flynn might be leaking these stories in order to get immunity. Flynn's hoping that he can prove his story is worth enough to gain immunity from prosecution.

"If this is the thing that he's leaking, and there are other things that he's still holding to offer in exchange for immunity, that means this isn't even the worst of it—that means he's got more things to say," said Heilemann.
If that's true, that means there's more bad news coming for Pence and Trump. Flynn could help take down both men.
It looking more and more like Pence is also guilty of treason. So Congress should impeach Pence as well as Trump.
Unfortunately, that would put House Speaker Paul Ryan in charge. But at least he's not in the Russian President's pocket.
Flynn's trying to get his revenge and take down the Vice President. Please share this story on Facebook to show that Pence isn't as innocent as we've been led to believe.

**From**: Nicholas Ribis [redacted]
**Sent**: 8/11/2017 3:05:31 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: Fwd: Manafort ratted on Donald Jr.'s meeting with the Russian lawyer

**Importance**: High

I thought you might be interested in this article:

Manafort ratted on Donald Jr.'s meeting with the Russian lawyer

Trump's former campaign manager Paul Manafort alerted authorities to Donald Trump Jr.'s infamous meeting with the Russian lawyer during his father's presidential campaign.

Manafort, who is facing increasing pressure from U.S. special counsel Robert Mueller, divulged Trump Jr.'s meeting with Natalia Veselnitskaya about three months ago, Bloomberg reported.

Responding to a congressional request for information, Manafort revealed the meeting and provided 300 documents, although FBI agents went on to raid his Virginia home two weeks ago.

Trump, responding to news of the raid, said, "I was very, very surprised to see it….I've always found Paul Manafort to be a very decent man."

Investigators are looking into accusations of money laundering in an attempt to pressure Manafort into cooperating with the probe into the Trump campaign's possible ties to Russia, two sources told Reuters.

"If Mueller's team can threaten criminal charges against Manafort, they could use that as leverage to convince him to cooperate," said one of the sources.

But the former campaign manager's spokesman Jason Maloni said, "Paul Manafort is not a cooperating witness."

Maloni also told Bloomberg that Manafort was enlisting the services of a D.C.-based law firm Miller & Chevalier,which focuses on tax law, to replace WilmerHale, where Mueller previously worked.

Mueller's investigation has extended to global bank transactions involving Manafort, as well as his business partner Rick Gates and son-in-law, Jeffrey Yohai.

Yohai, who is under investigation for real estate deals he made with Manafort, turned over documents to Mueller's probe more than two months

Sent from my iPhone

**Influence without force: the law of the Internet**

The past year has seen increasing backlash and fear towards the Internet and its constituents. Calls for government-mandated regulation are coming from all sides while Silicon Valley wonders how influence campaigns have managed to sway an election.

It is tempting, especially for the affected parties, to see Russian influence campaigns and lack of internet regulation as the culprit for the general sense of malaise in the Western World and its descent into populism but that would miss two much bigger phenomena: worsening living conditions and incorrect conceptualization of the internet.

**Worsening living conditions**

The rapid growth of China and emerging markets as well as the rise of "non-material" capitalism caused capital to move up and out. It moved up, with the "rich getting richer", because non-material capitalism (eg. finance, tech) scales better than traditional capitalism and it moved out towards emerging markets owing to globalization. The displacement of capital from middle-class Western world has led to progressively better living conditions for the world as a whole but worse living conditions at the individual level in Europe and the United States. This new world order is the culprit for the nationalism seen across these regions.

**Conceptualizing the Internet**

In "The True Believer" Eric Hoffer remarks "For men to plunge headlong into an undertaking of vast change, they must be intensely discontented yet not destitute. […] They must also have an extravagant conception of the prospects and potentialities of the future", in other words for people to champion change they need to be unhappy yet sufficiently hopeful. The Internet has been the very enabler and carrier of this hope, as evidenced in the Arab Spring and Trump alike. For an industry to be able to shape minds and spread hopes of such a diverse and dispersed group of people is extraordinary.

This realization enables us to posit that unlike any other booming industry, technology is unique. No other industry in the past has had the ability to create a new world, a domain in military lingo, where people have a virtual life, an identity and participate in their own unique flavor of "res publica"; where people are citizens as much as they are consumers. It is therefore useful to look at the Internet as the natural evolution of a Nation State, an entity in which there are myriads of co-existing tribes yet this State is not concerned with most of its traditional functions such as public defense, welfare and so forth.

Looking at the Internet as a New Nation State is not merely an exercise in theoretical metaphors and awe for human ingenuity; it provides a practical mental model to address the problem of nationalism and worsening living conditions.

**Need for a social contract of the Internet**

But if the Internet is a State of its own, it lacks the characteristic kinetic force of a Sovereign State but wages its power through influence (in this sense it is more similar to the Vatican). If traditional states dictate through laws, the Internet does so through code. Whether the Trump campaign and Russia have understood the laws and leveraged the laws better than anyone else is not as important as realizing that the Internet and its dominant players, as State and major constituents, have a responsibility to create a more cohesive, transparent and equitable social contract:

1. Leverage internet players' assets for welfare:
    a. Use machine learning and the trove of data available on the Internet to improve people's decision making abilities when it comes basic needs (e.g. optimizing healthcare, living location, school choices etc.)
    b. Use the power of networks to boost socially cohesive messages or provide safety (e.g: companies that help reporting sexual harassment or racial discrimination)
2. Leverage the computational power and data availability to build crowd-based business models:
    a. Balance sheet based businesses that thrive on the law of large numbers are a good example of businesses that could provide a source of profit for Internet citizens (eg: LendingClub vs. traditional lenders)
    b. Rewards for reduction of information asymmetry is another avenue through which the public could benefit from the Internet

But for the above framework to work and for the Internet to thrive while keeping its citizens happy, there are a number of technical challenges that need to be resolved:

1. "One person, one vote" voting system but with the ability to preserve pseudo-anonymity

2. Increase transparency on the "laws" of the Internet, its governing algorithms and protocol:
    a. Visibility and integrity: how do they work and how to verify they cannot be tampered with
    b. Accountability: who is held accountable in case of failure
    c. Explainability/Auditability: why the code has made a certain decision

3. Improve the state of homomorphic encryption and machine learning protocols that work on data streams vs data at rest

Solving the technical challenges above as well as funding companies and initiatives that fit in the framework for social welfare will oil the function of the Internet as a Nation State. This, in turn, will allow Internet citizens to express "intended behavior" as well as profit from scale. Being heard and improving living conditions are the best medicine against discontent and protectionism.

**From**: Richard Kahn [redacted]
**Sent**: 4/9/2018 8:04:42 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: F.B.I. Raids Office of Trump's Longtime Lawyer Michael Cohen

**Importance**: High

https://www.nytimes.com/2018/04/09/us/politics/fbi-raids-office-of-trumps-longtime-lawyer-michael-cohen.html?smid=pl-share

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/31/2015 11:24:38 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: kerry scheme

**Importance**: High

he will get hillarty indicted, they will need a candidate at the last moment it will either be him or biden. he won most states last time. biden has no money so kerry can buy him out of race.

--

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**From:** Darren Indyke [redacted]
**Sent:** 7/17/2016 7:46:17 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: T V ADS BY THE TRUMP SUPER PAC / GET OUR JOBS BACK INC TELLING ALL CORRUPT CLINTONS JEFF EPSTEIN RAPES OF CHILD LITTLE GIRLS F B I COVER UP CRIMES NOT ARRESTING JEFF EPSTEIN TO COVER UP FOR BOTH CLINTONS !!!!

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** steven hoffenberg [redacted]
**Date:** July 17, 2016 at 12:34:29 PM PDT
**To:** [redacted]
**Subject: Fwd: T V**
**ADS BY THE TRUMP SUPER PAC / GET OUR JOBS BACK INC TELLING ALL CORRUPT CLINTONS JEFF EPSTEIN RAPES OF CHILD LITTLE GIRLS F B I COVER UP CRIMES NOT ARRESTING JEFF EPSTEIN TO COVER UP FOR BOTH CLINTONS !!!!**

Steven J. Hoffenberg
New York Post Publishing INC.
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SEE

WWW.POST PUBLISHING.BUZZ THE JESUS CHRIST ON LINE GODs WORD NEWSPAPER
MR HOFFENBERG ONLINE NEWSPAPER
PUBLICSPEAKINGWALLSTREET.COM

Begin forwarded message:

**From:** steven hoffenberg [redacted]
**Date:** July 17, 2016 at 3:28:16 PM EDT
**To:** Conchita Sarnoff [redacted]
**Cc:** [redacted]
**Subject: T V**
**ADS BY THE TRUMP SUPER PAC / GET OUR JOBS BACK INC TELLING ALL CORRUPT CLINTONS JEFF EPSTEIN RAPES OF CHILD LITTLE GIRLS F B I COVER UP CRIMES NOT ARRESTING JEFF EPSTEIN TO COVER UP FOR BOTH CLINTONS !!!!**

TO CONCHITA SARNOFF

ROGER STONE

MARTIN FEINBERG

RE T V ADS FOR MY TRUMP SUPER PAC NOW !!!

HI

NOW IS THE TIME TO PUT
THE MS SARNOFF NEW BOOK INTO MY TRUMP SUPER PAC T V ADS TELLING ALL ABO UT THE TWO CORRUPT CLINTONS F B I COVER UP ORDERED TO KEEP JEFF EPSTEIN OU T OF FEDERAL PROSON !!!!

MARTY FEINBERG YOUR AD T V AGENCY WILL PRODUCE THE ABOVE TRUMP SUPER P AC T V ADS .

THE MS SARNOFF NEW BOOK WILL BE USED IN EACH TRUMP SUPER PAC T V AD .

MS SARNOFF PLEASE TELL STEVEN HOFFENBERG IF YOU ARE O K WITH THE ABOVE T V ADS USE OF YOUR NEW BOOK ???

MARTY & ROGER PLEASE WIPE THE FLOOR WITH THE CORRUPT 2 CLINTONS & THE M ASS RAPIST OF CHILD LITTLE GIRLS JEFF EPSTEIN IN THE TRUMP SUPER PAC T V ADS NOW !!!!!

C E O TRUMP SUPER PAC

GET OUR JOBS BACK INC

STEVEN HOFFENBERG

WIN PRESIDENT TRUMP !!!!!

Steven J. Hoffenberg
New York Post Publishing INC.
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WHAM INC THE PUBLIC COMPANY OWNS THE BELOW OPERATIONS

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SEE

WWW.POST PUBLISHING.BUZZ THE JESUS CHRIST ON LINE GODs WORD NEWSPAPER
MR HOFFENBERG ONLINE NEWSPAPER
PUBLICSPEAKINGWALLSTREET.COM

**From:** Darren Indyke [dkiesq@aol.com]
**Sent:** 5/3/2018 9:44:08 PM
**To:** jeevacation@gmail.com
**CC:** Darren Indyke [redacted]
**Subject:** Fwd: Google Alert - Jeffrey Epstein

**Importance:** High

# Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**********

Begin forwarded message:

**From:** Google Alerts <googlealerts-noreply@google.com>
**Subject: Google Alert - Jeffrey Epstein**
**Date:** May 3, 2018 at 4:38:01 PM EDT
**To:** [redacted]

## Jeffrey Epstein

As-it-happens update · May 3, 2018

NEWS

## Tom Arnold is gonna find the pee tape

AV Club

... Trump and Charles Kushner with “young Russian hookers” in Florida; a tape involving billionaire and convicted sex offender **Jeffrey Epstein**; what Arnold has called Trump's “version of the Ray Rice elevator tape;” assorted “Howard Stern tapes;” and, most obviously “The Pee Pee Tape,” essentially the ...

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# Operation Chaos Lives

**By Paul Krassner**

If a psychologist testing you in a free association method said "Vietnam War deserters" you most likely would reply "Canada." However, Matthew Sweet, the British author of *Operation Chaos: The Vietnam Deserters Who Fought the CIA, the Brainwashers, and Themselves,* would definitely respond "Stockholm," as proven by his nonfiction book's comprehensive research. By 1968, more than a thousand deserters and draft resisters had escaped to Sweden.

Many of them formed a group named the American Deserters Committee. That ADC might just as well have served it as insane inadvertently satire. For example, a few friends kept a woman in her in her apartment, playing Beethoven in an attempt to reprogram her brain. An individual insisted that the Beatles were created as an instrument of psychological warfare. And the author himself became to believe the genocidal

ambitions of Her Majesty Queen Elizabeth' s secret plot to start World War III. And now, for whatever purpose, Donald Trump has met the same Majesty Queen Elizabeth.

Back In January 1974, journalists and activists whistle-blowers revealed the truth that there was a takeover by the CIA of the United States. Indeed, Lyndon LaRouche, the leader of a growing cult, spoke as his longtime alias, Lyn Marcus, to the audience in a New York shabby ballroom. He began describing the second phase of a psy-war game designed by the CIA, conducted on four continents, turning some of their most trusted colleagues into killers, drugged and imprisoned, reconditioned their minds, erased their memories of the experience, and returned to their friends as unknowing vehicles of a murderous conspiracy.

The American CIA was then to be performed at a secret facility near Stockholm, where Marcus explained how brainwashed candidates were hypnotized, subjected to electric

shocks, forced to eat their own excrement, endure sexual humiliation, and tortured until they whined like puppies. Once they had been reduced to mental pulp, the programming began.

A literal kind of programming, following the rules of the computer age. Numbers linked to functions. Infinite loops of coded instructions, drilled into the subject by repetition, violence, the application of electrodes to bare skin. Finally, cyanide pills had been secreted inside their bodies, in order to eliminate the killers once they had fulfilled their programs.

No wonder Sweet admitted, "If I were to die without finishing this book, then someone out there would undoubtedly set up a Web page claiming that I' d been bumped off, by either the CIA, the Swedish secret services, or the bizarre political group that had once counted many of my interviewees as its members—and would, by the time my research was concluded, come to regard me as an enemy infiltrator. And that

was then I knew I' d been swallowed by my own story. Swallowed, but not brainwashed." He' s still alive.

Back in New York, at the National Caucus of Labor Committees, Marcus was the leader of Students for a Democratic Society. For better or worse, he was delivering a charismatic economics lecture to an enthusiastic SDS crowd. In 1968 that summer, they protested the Vietnam War at the National Democratic Convention in Chicago. The Yippies nominated a pig as a presidential candidate, and I started a rumor that we planned to drop LSD into the reservoir. And yes, Lyndon LaRouche decided to drop his alias into pure manure.

He was an unlovable conspiracy theorist who ran for the U.S. presidency eight times. He played himself as a cartoon character in an episode of *The Simpsons* in which aliens kidnapped presidential candidates Bill Clinton and Bob Dole, Immersing them in tanks of bubbling pink liquid. Homer shouted, "Oh my God! Lyndon LaRouche was right!" And

*Saturday Night Live* featured "Lyndon LaRouche Theater," in which Randy Quaid played LaRouche, with a bald wig, bow-tie and spectacles, narrating melodramatic twists, conspiracies, and confessing "I am insane."

* * *

Not mentioned in the book, near the end of March 1981, I delivered a keynote address at the Youth International Party convention in New York. These were the latterday Yippies, originally launched as the anti-Yippie "Zippies" during the 1972 both conventions in Miami. I asked the audience a rhetorical question, "How would *you* like to be a Secret Service agent guarding Ronald Reagan, *knowing* that his vice president, George Bush, is the former head of the CIA?"

Once again, satire would be outdistanced by reality. On March 30, the president was shot by John Hinckley in order to make a favorable impression on actress Jodie Foster so that he could take her bowling on a date. Ironicallly, Hinckley came out for gun control, and Reagan came out against it.

I was scheduled to perform stand-up at Budd Friedman's Improvisation comedy club in Hollywood in April. He asked me to try and get some advance publicity. On April 2, the *Los Angeles Herald-Examiner* quoted a dispatch from the *New Solidarity* International Press Service:

> A group of terrorists and drug traffickers linked to *Playboy* magazine met in New York City's Greenwich Village area and publicly discussed an assassination of President Ronald Reagan and Vice-President George Bush. The meeting convened by the Yippie organization, featured former *Playboy* editor Paul Krassner and numerous individuals associated with *High Times* magazine, *Hustler* magazine and the *Chicago Sun-Times*.
>
> In a statement this afternoon, national Democratic Policy Committee advisory board chairman Lyndon LaRouche urged that this information be made public at this time as a means of assisting government investigators pursuing the assassination attempt against President Reagan. *Playboy* magazine, as an international dossier released in the March 30, 1981, issue of *New Solidarity* indicates, is at the center of an international apparatus that has in the past been directly implicated in high-level political assassinations.

*Playboy's* response: "Absolute, unequivocal nonsense." And Budd Friedman said, "Paul, that's not exactly what I meant by

advance publicity." My show went fine, but in July, *New Solidarity* escalated the attack and published a whole dossier on me:

> In the early 1950s, Paul Krassner was recruited to the stable of pornographers and "social satirists" created and directed by the British Intelligence's chief brainwashing facility, the Tavistock Institute, to deride and destroy laws and institutions of morality and human decency. Among Krassner's circle of Tavistock iconoclasts, peddling smut in the name of humor and "creative expression," were Lenny Bruce...

These people were taken seriously in certain quarters. LaRouche received enough campaign contributions to qualify him for matching funds from the government. And the U.S. Labor Party's newsletter, *Investigating Leads*, was subscribed to by police departments across the country.

In fact, when two thousand demonstrators protested the construction of the Seabrook nuclear power plant in New Hampshire, LaRouche's private intelligence network briefed a state police lieutenant that the demonstration would be "nothing but a cover for terrorist activity" --the exact same

phrase the governor would use to the media a few days before the rally.

Incidentally, I was never in England. Moreover, *Tavistock…Tavistock…*I just couldn't seem to remember anything about ever having been brainwashed at the Tavistock Institute. They must've deprogrammed it right out of my consciousness.

* * *

Although LaRouche and I both taught at the Free University of New York in 1966, we didn't cross paths. One student said that "LaRouche presented the most credible, most articulate, and best-argued version of Marxist economics that I ever heard." My class was titled, "Journalism and Satire and How to Tell the Difference." My countercultural friend Ed Sanders—leader of the Fugs band and publisher of *Fuck You/A Magazine of the Arts*—taught "Revolutionary Egyptology." In 1967, he orchestrated the levitation of the Pentagon.

LaRouche and his followers spent the year 2016 snickering

behind their hands at the Republican candidate for the U.S. presidency. The organization even recorded a satirical song suggesting that the candidate's core constituents were mentally ill. The singer trilled: "He's a festering pustule on Satan's rump! Don't you be a chump for Trump!"

But when Hillary conceded defeat, the tune changed. Suddenly, Trump was not, as had been previously thought, a maniac poised to legalize heroin and govern on behalf of Wall Street, but America's best chance to defeat the British Empire and forge a new alliance with Russia.

It has been said that LaRouche's wife, Helga, "keeps him on a tight leash." She is a German political activist, and founder of the LaRouche movement's Schiller Institute, an international political and economic think tank, one of the primary organizations, with headquarters in Germany and the United States, and supporters in Australia, Canada, Denmark, Russia, and South America, among others.

Helga outlines the great potential for the world if a Russia, China and U.S. partnership develops to fight terrorism and develop the world economy. Trump' s successful meetings with China's president Xi Jinping and Russian President Putin is promising. However, that relationship will only improve if the American people step up to the challenge to ignore the British media campaign attempting to subvert his presidency, and fight to implement LaRouche's Four Law economic development program.

Helga believes that only with the support of the population will Trump be able to fulfill his campaign promises to the American people to restore Glass-Steagall and rebuild the country. The Glass-Steagall Act was signed by President Franklin D. Roosevelt in 1933 as the Banking Act, which prohibited commercial banks from participating in the investment banking business. Helga makes an appeal from abroad to the American people not to miss this great historic opportunity. Dictator

Trump has evolved from FDR's fireside chat to morning tweets.

Feckless cunt, anyone?

*Zapped by the God of Absurdity: The Best of Paul Krassner* will be published in 2019 by Fantagraphics with an introduction by Andy Borowitz.

**From:** Weingarten, Reid [redacted]
**Sent:** 8/18/2018 4:51:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Fw: GOP fundraiser Broidy under investigation for alleged effort to sell government influence, people familiar with probe say - The Washington Post

**Importance:** High

Sent from my BlackBerry 10 smartphone.

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**From:** Heberlig, Brian [redacted]
**Sent:** Friday, August 17, 2018 6:47 PM
**To:** Weingarten, Reid; Silverman, Nicholas
**Subject:** GOP fundraiser Broidy under investigation for alleged effort to sell government influence, people familiar with probe say - The Washington Post

https://www.washingtonpost.com/politics/gop-fundraiser-broidy-under-investigation-for-alleged-effort-to-sell-government-influence-people-familiar-with-probe-say/2018/08/17/c9c55792-a185-11e8-8c87-c869fc70a721_story.html?utm_term=.f7126cd4d51c

# GOP fundraiser Broidy under investigation for alleged effort to sell government influence, people familiar with probe say

Carol D. Leonnig

The Justice Department is investigating whether longtime Republican fundraiser Elliott Broidy sought to sell his influence with the Trump administration by offering to deliver U.S. government actions for foreign officials in exchange for tens of millions of dollars, according to three people familiar with the probe.

As part of the investigation, prosecutors are scrutinizing a plan that Broidy allegedly developed to try to persuade the Trump government to extradite a Chinese dissident back to his home country, a move sought by Chinese President Xi Jinping, according to two of the people.

They are also investigating claims that Broidy sought $75 million from a Malaysian business official if the Justice Department ended its investigation of a development fund run by the Malaysian government. The Malaysian probe has examined the role of the former prime minister in the embezzlement of billions of dollars from the fund.

A Justice Department spokeswoman declined to comment. Christopher Clark, an attorney for Broidy, declined to comment.

Broidy's alleged activities were detailed in news reports earlier this year that cited hacked emails. The Los Angeles-based venture capitalist, who served as top fundraiser for the Republican Party and President Trump, has said that allegations against him are an effort by his enemies to smear him.

Rudolph W. Giuliani, an attorney for Trump, said he had no knowledge of any request for records related to Broidy. The White House referred a request for comment to the Republican National Committee, which declined to comment.

*[Trump fundraiser Elliott Broidy sues Qatar alleging cyber smear campaign]*

In recent weeks, prosecutors with the Justice Department's public integrity section — which examines possible political and government corruption — have sought documents related to Broidy's business dealings.

Among the information sought by investigators are details about Broidy's work on behalf of and interactions with the Chinese and Malaysian officials, according to two people familiar with the document requests.

As part of their efforts, prosecutors have subpoenaed casino magnate Steve Wynn, the former RNC finance chairman and longtime Trump friend, for copies of records and communications related to Broidy.

An attorney for Wynn, Reid Weingarten, declined to comment, saying only that Wynn is cooperating with the Justice Department.

"Steve Wynn is completely cooperating with the investigation and he certainly has no reason to believe that anyone acted improperly in anything he knew about or was involved in," Weingarten said in a statement.

Wynn was tapped by Trump to serve as the RNC's lead fundraiser after the election. Earlier this year, he stepped down from that post and from his executive role at his resort company after reports of sexual misconduct. Wynn has denied the allegations of inappropriate behavior.

The public integrity probe is the latest legal challenge for Broidy, who helped corral big donors to support Trump's presidential campaign, throwing a lavish fundraiser for the then-nominee at his Los Angeles-area home during the 2016 campaign. After the election, he was appointed to serve as a national deputy chairman for the RNC.

Broidy sought to parlay his party role and connections to the White House and on Capitol Hill in pitches to foreign governments, according to a person with direct knowledge of his activities.

In April, he resigned from his RNC position in the wake of a report that he had paid a former Playboy model $1.6 million in exchange for her silence about a sexual affair. Trump's personal attorney, Michael Cohen — another RNC fundraiser — helped arrange the settlement, Broidy acknowledged.

*[RNC deputy finance chair steps down after admitting Trump's lawyer negotiated settlement between him and pregnant Playboy model]*

Cohen is under investigation by federal prosecutors in Manhattan who are examining whether he fraudulently obtained millions of dollars in loans and whether his efforts to squash negative stories about Trump during the campaign violated election law.

Broidy's business dealings captured the attention of investigators for special counsel Robert S. Mueller III, who asked at least one witness about Broidy's activities, according to a person familiar with the matter.

Broidy's attempts to solve high-level headaches for the Chinese and Malaysian governments were first reported this spring by the Wall Street Journal and the New York Times, which cited in part a cache of hacked emails.

Broidy has said the documents were stolen by enemies seeking to ruin his reputation.

"This whole narrative is a fabrication driven by hackers who want to undermine me," Broidy said in a statement to the Times. Earlier this year, he filed a lawsuit against the country of Qatar, alleging that it hacked his email accounts in retaliation for his allegations that Qatar supports terrorists. A spokesman for the Qatari government has called the suit "without fact or merit."

The Journal reported in March that, according to a draft contract, Broidy and his wife, Robin Rosenzweig, were seeking $75 million from Malaysian businessman Jho Low if federal prosecutors dropped their investigation into a Malaysian state investment fund.

The Justice Department has filed civil suits claiming $4.5 billion in public money was misappropriated from the fund, 1Malaysia Development Berhad, seeking to claim a portion of those assets. Last month, Malaysian authorities charged f ormer prime minister Najib Razak with embezzling billions in public money from the fund.

Clark, the Broidy attorney, told The Journal that Rosenzweig's firm had been hired to provide strategic advice to Low, adding that "at no time did Mr. Broidy or Ms. Rosenzweig, or anyone acting on their behalf, discuss Mr. Low's case with President Trump, any member of his staff, or anyone at the U.S. Department of Justice."

The Times reported in April that Broidy had explored ways to force Chinese exile Guo Wengui to leave the United States. The billionaire businessman had fled China in 2014 as he was facing arrest for a range of charges, including corruption. Guo has said the allegations were fabricated by a government that wants to silence him.

Since his arrival in the U.S., Guo has publicly detailed allegations of corruption in the Chinese ruling party.

The Times reported that Broidy drafted a plan to enlist Emirati officials to pressure the U.S. to turn over Guo. In his statement to the newspaper, Broidy said he "never had a strategy or plan regarding Mr. Guo nor was there any compensation given or even discussed."

Broidy's alleged efforts to push for Guo's extradition came after Wynn separately helped deliver a message from the Xi government seeking to have the dissident returned to China, according to a person familiar with the effort.

Wynn, who has contacts with Chinese officials because of his business interests in Macau, hand-delivered a letter to Trump seeking Guo's deportation, The Journal reported last year. A spokesman for Wynn Resorts has said that the report about Wynn's role was false.

At the time, the president expressed interest in assisting the Chinese, but was met with resistance by senior law enforcement officials, according to the person.

White House officials did not respond to requests for comment.

Brian M. Heberlig
Steptoe & Johnson LLP
Direct: [redacted]
Mobile: [redacted]
[redacted]

Sent from my iPhone

**From:** Sultan Bin Sulayem [redacted]
**Sent:** 10/17/2018 5:26:21 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Not Bad for a HORSE Head Though
**Attachments:** image001.jpg

**Importance:** High

# Trump calls Stormy Daniels 'Horseface'

Jordan Fabian
1 hr ago

© Photo by Gabe Ginsberg/Getty Images Stormy Daniels hit back with an insult of her own after President Trump called her "Horseface." President Trump on Tuesday called adult-film star Stormy Daniels "Horseface" and threatened to "go after" her after he won a court victory over his alleged mistress.

"'Federal Judge throws out Stormy Danials [sic] lawsuit versus Trump. Trump is entitled to full legal fees.' @FoxNews Great, now I can go after Horseface and her 3rd rate lawyer in the Great State of Texas. She will confirm the letter she signed! She knows nothing about me, a total con!' he tweeted.

The tweet comes one day after a federal judge in California threw out Daniels's defamation lawsuit against Trump and ordered Daniels to repay the president's legal fees.

Daniels's attorney, Michael Avenatti, responded by calling Trump a "disgusting misogynist" and a "liar" who has dishonored his family and country.

"You are a disgusting misogynist and an embarrassment to the United States. Bring everything you have, because we are going to demonstrate to the world what a complete shyster and liar you are. How many other women did you cheat on your wife with while you had a baby at home?" he tweeted.

**From**: Richard Kahn [redacted]
**Sent**: 1/25/2019 1:11:27 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: US special counsel's office: Trump ally Roger Stone arrested in Florida

**Importance**: High

https://www.cnbc.com/2019/01/25/us-special-counsels-office-trump-ally-roger-stone-arrested-in-florida.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

**From**: Nicholas Ribis [redacted]
**Sent**: 2/5/2019 1:41:49 AM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: Federal prosecutors subpoena Trump inaugural committee, source says - CNNPolitics

**Importance**: High

In case you missed it- Nick
https://www.cnn.com/2019/02/04/politics/sdny-subpoena-trump-inauguration-committee/index.html

Sent from my iPhone

**From:** paul krassner [redacted]
**Sent:** 2/22/2019 5:18:49 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Fwd:

**Importance:** High

**From:** AlterNet <[redacted]>
**Subject: Trump may have botched his 'national emergency' — a big chunk of his wall money has already been spent**
**Date:** February 22, 2019 at 8:21:14 AM PST
**To:** <[redacted]>
**Reply-To:** AlterNet <[redacted]>

MSNBC's Donny Deutsch presses reporter to name names in Esptein scandal — and drops some big hints

MSNBC's Donny Deutsch pressed a reporter to name names after she reopened the Jeffrey Epstein sex abuse scandal with a series of bombshell reports.

**From**: Nicholas Ribis [redacted]
**Sent**: 2/22/2019 10:56:44 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: The New York Times: Cohen Gave Prosecutors New Information on the Trump Family Business

**Importance**: High

**Cohen Gave Prosecutors New Information on the Trump Family Business**
The New York Times

President Trump's former lawyer, Michael D. Cohen, discussed possible irregularities at the Trump Organization. He wants a reduced prison sentence. Read the full story

Shared from Apple News

Sent from my iPhone

**From**: paul krassner [redacted]
**Sent**: 3/14/2019 10:26:57 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Fwd: GOP consultant destroys 'shallow tyrant' Trump for threatening violence from his supporters

**Importance**: High

Begin forwarded message:

**From:** Raw Story Overnight <replies@rawstory.com>
**Subject: GOP consultant destroys 'shallow tyrant' Trump for threatening violence from his supporters**
**Date:** March 14, 2019 at 3:02:10 PM PDT
**To:** [redacted]
**Reply-To:** <us2-a8db8e23b2-2d4c539bfb@inbound.mailchimpapp.net>

Prosecutor in Trump pal Epstein's trial had previously been rebuked in sex assault case -- and then-US Atty Acosta knew about it

**From**: DAVID SCHOEN [redacted]
**Sent**: 3/22/2019 12:11:49 PM
**To**: jeevacation@gmail.com
**Subject**: Mueller's Star Witness Against Trump Once Arrested For Child Porn, Hung Out With Pedos Clinton And Epstein (Photo) – Tea Party Pac

**Importance**: High

This nut site today has you as an informant for mueller and as being friends with another informant, Nadler. I assume they don't realize they are undercutting their friend in the White House as well Re: Acosta and the Prez himself. I ordinarily would not send a whacko site but this one gets a lot of play.

https://teapartypac.org/muellers-star-witness-against-trump-once-arrested-for-child-porn-hung-out-with-pedos-clinton-and-epstein-photos/

EXTORTION – AVANATTI

# How Avenatti May Have Crossed The Line Into Extortion

By **Andrew Strickler**

Share us on: By **Andrew Strickler**

Law360 (March 26, 2019, 9:52 PM EDT) -- A day after being accused of trying to extort Nike, attorney and President Donald Trump antagonist Michael Avenatti was on the offensive Tuesday with allegations of corruption on the part of the company, but those counterpunches likely won't help him dodge federal charges that he went beyond hardball advocacy.

According to prosecutors, Avenatti pressed Nike to pay him millions of dollars as an "internal investigator" in addition to the much smaller figure he demanded from the sports gear giant for his youth basketball coach client.

The lack of nexus between his client's alleged injury at Nike's hands and Avenatti's demand for eight-figure fees as an investigator puts the allegations well beyond the realm of aggressive posturing and into the parameters of federal extortion statutes, said criminal defense attorney Jeremy Saland of Crotty Saland PC.

"Being a blowhard is not illegal, but whether what he's claiming Nike did is fact or fiction doesn't justify trying to enrich himself with a job that doesn't help remedy a wrong suffered by a client," Saland said.

On Monday, federal officials in New York **arrested Avenatti**, charging the pugnacious Los Angeles lawyer with threatening Nike with a stock-price-sinking press conference about recruitment misconduct if it didn't pay up.

Avenatti, who purported to be representing the coach of a youth basketball team once sponsored by Nike, demanded $1.5 million for the client, who had recently seen Nike drop its support, according to the charges. Separately, Avenatti and another attorney — an unnamed co-conspirator since identified as celebrity defense attorney Mark Geragos — also demanded Nike hire them to conduct an "internal investigation" related to amateur player recruiting.

The cost: at least $12 million and as much as $25 million. Prosecutors said Avenatti was also recorded at a March 21 meeting with Nike lawyers at Boies Schiller Flexner LLP offering to end the entire matter, with no bad publicity for Nike, for $22.5 million.

If the company didn't agree, Avenatti threatened an immediate press conference amid the NCAA basketball tournament about Nike making payments to youth players and their families, prosecutors said, an event he promised would snowball into more bad press and people coming forward with claims of recruiting malfeasance.

In a recorded phone call, Avenatti told Nike attorneys that if the company tried to negotiate a cap on the investigation fees, he would go public and "take a billion dollars off your client's market cap," according to the complaint. At a March 21 meeting in New York, Avenatti allegedly continued to wield threats and press for the investigator role, at one point asking Nike attorneys if they'd ever had "the balls of a client in [their] hands."

"Michael Avenatti may be the best lawyer in the world, according to Michael Avenatti, but there are appropriate courses of conduct to address an alleged wrongdoing, and I don't see how a demand of, 'Give me a job and pay me $12 million,' is ever going to make the client whole," Saland said.

Adam Felsenstein, a white collar defense specialist at Gallet Dreyer & Berkey LLP, called the prosecutor's narrative "very extortive," particularly on the allegation regarding Avenatti's demand to be hired directly by the company. If that element of the charges is well-founded, it would effectively leave Avenatti without a "cloak of legitimacy" that he was acting solely to resolve a dispute on behalf of his client.

The complaint "doesn't even refer to anticipated litigation. It's just, 'I'm going to reveal embarrassing information unless you pay me.' And once you start asking for money for yourself like that, you trend into extortion," Felsenstein said.

Barry Temkin of Mound Cotton Wollan & Greengrass LLP similarly characterized the alleged scheme as "brazen," and voiced doubt Avenatti would be able to argue that he could pressure Nike to hire him as an investigator and stay within the legal lines.

"He's going to them with a demand that they hire him even as he's threatening them with this press conference, which is screwed up on a lot of levels," he said. "It's ambulance chasing, which is unethical. It's a conflict of interest, and who would want to hire someone to do an internal investigation who is also shaking them down?"

Avenatti was arrested Monday just after he announced via Twitter an impending press conference about a "major high school/college basketball scandal" and criminal conduct "at the highest levels of Nike."

In an unrelated action, federal officials in California **charged Avenatti** on Monday with defrauding a client out of a $1.6 million settlement and lying to a Mississippi bank to secure loans for his firm and a coffee business.

Avenatti was released in New York later in the day after posting a $300,000 bond. He is due in court on the California case on Monday. He did not respond to multiple requests

for comment Tuesday. A message seeking comment from Geragos was also not returned.

Avenatti shot to national prominence last year representing Stormy Daniels, the porn actress who took $130,000 from Trump lawyer Michael Cohen to stay quiet about her affair with the future president and then **sued to void the deal**.

The brash lawyer seemed to relish needling Trump and others on countless cable news appearances and on Twitter. He also faced mounting legal troubles in the form of a $10 million judgment stemming from the breakup of his old firm, Eagan Avenatti LLP, and accusations from former partners that **he hid millions in assets**. Avenatti also **split with Daniels** in recent weeks.

Daniels said Monday she was "saddened but not shocked" by news of Avenatti's arrest, and that he had dealt with her "extremely dishonestly."

Despite the recent setbacks, Avenatti was back on Twitter less than 24 hours after his arrest, saying Nike had made payments to the mother of Phoenix Suns player DeAndre Ayton while he was a college player and to University of Oregon center Bol Bol.

"A lot of people at Nike will have to account for their criminal conduct, starting with Carlton DeBose & moving higher up. The diversion charade they orchestrated against me will be exposed," he tweeted. DeBose is the head of Nike's youth basketball division.

A Nike spokesperson on Tuesday referred to a company statement that it has been cooperating with a government investigation into NCAA basketball for more than a year, and would not "be extorted or hide information" relevant to that probe.

The case is U.S. v. Avenatti, case number 19-mj-2927, in the U.S. District Court for the Southern District of New York.

**From**: paul krassner [redacted]
**Sent**: 3/29/2019 11:28:13 PM
**To**: Steven Gaydos [redacted]
**Subject**: IMPORTANT
**Attachments**: matt-wilstein-author.jpg; LRG_DSC02899_fvmyha.jpeg; 190321-wilstein-sarah-silverman-tease_tjmvn0.jpeg; SS_tulqlf.jpeg; IMG_8787_vrvikb.jpeg; 190321-wilstein-sarah-silverman-tease_tjmvn0.jpeg; 190318-last-laugh-trailer-tease_q5y2es.jpeg; SM_4_gq9fyv.jpeg

**Importance**: High

# *Sarah Silverman on Al Franken, Louis C.K., Losing Her Hulu Show and More*

**In the premiere episode of 'The Last Laugh' podcast, Sarah Silverman speaks out for the first time about her Hulu show's cancelation and goes to bat for her friend Al Franken.**

Matt Wilstein

03.26.19 4:12 AM ET

**Subscribe to *The Last Laugh* on Apple Podcasts**

Wearing a rainbow-striped hoodie and a "Beer Nuts" baseball cap, Sarah Silverman strode into our Burbank recording studio ready to talk.

It had been just a few weeks since Hulu had unceremoniously canceled her weekly show *I Love You, America* and the comedian's emotions were still a bit raw. But her unflappable sense of humor was fully intact as she recounted to me how she found out the bad news and ended up revealing more than ever before about how the streaming service treated her over the past year.

During our long conversation for the first-ever episode of my new podcast *The Last Laugh*, Silverman also spoke frankly about what it has been like to see her friend Al Franken accused of alleged sexual misconduct and attempted to clarify the controversial comments she made to Howard Stern about Louis C.K. She reflected on some of her most iconic roles and looked ahead to what comes next.

Highlights from the interview are below and you can listen to the whole thing right now by subscribing to *The Last Laugh* on Apple Podcasts, the Himalaya app or wherever you listen to podcasts.

## *On the 'heartbreaking' cancelation of I Love You, America*

*"It came as a surprise. We were so sure we were getting picked up. We're all super bummed about it. I know that they did love the show, but I think what it cost compared to its popularity or the eyes that they had on it didn't—you know, the people that make the decisions there don't have any connection to the show. And it is just so heartbreaking because I kind of feel cut off at the knees."*

Sarah Silverman on 'The Last Laugh'

Cassandra Church/Starburns Audio

## *On the ‘bullshit’ allegations against Al Franken*

*“I can only just be honest and say, if I didn’t know Al Franken, I’d probably be like yeah, go girl, me too, fuck that shit. Because I do know him, I don’t feel that way. So maybe I’m too close to it and just seeing the dots not the big picture. But I just can’t believe it. The U.S.O. thing is bullshit and if you watch the sketch they did, give me a fucking break. He may be guilty of doing pedestrian comedy, I guess, but he apologized and she accepted his apology. But it does seem that the Republican Party—and I don’t think this is something to emulate at all—doesn’t apologize, denies everything, admits nothing and everyone keeps their job. And I hate that that’s what we teach our children. But if you apologize and say, ‘I want there to be an ethics investigation on me and I want to do everything by the book, this is my truth but I’m open to [the fact] that these women felt this way, I want to make this right,’ I don’t know why that person then loses their job.”*

•

*BURN IT DOWN*

## Sarah Silverman Throws Hulu Under the Bus: ‘F*ck It’

**Matt Wilstein**

•

*GIVING THANKS*

## Why Sarah Silverman Is ‘Thankful’ for Trump

**Matt Wilstein**

## *On looking like an 'asshole' after commenting on Louis C.K.*

*"My experience with Louis as a teenager perhaps informs his pathology a bit. But in no way is it analogous to crimes, to assaults, he subsequently committed that mirror it, that come from it. I was just speaking about my own experience. And the headline was, 'He jerked off in front of me and I didn't care.' And that's so cold and insulting and awful to the women who were hurt by his actions. So if you clicked on it, they quoted me. But if you didn't, and nobody does, it just makes me look like an asshole. And me looking like an asshole is the least of it. It hurt people and there was stuff that I said that I don't think I was articulating the spirit of what I meant."*

'The Last Laugh' host Matt Wilstein and Sarah Silverman

Cassandra Church/Starburns Audio

## *On performing stand-up about being single without sounding 'hacky'*

**RELATED IN ENTERTAINMENT**

Sarah Silverman Throws Hulu Under the Bus: 'F*ck It'

Comedians Reveal Their Realest Selves on 'The Last Laugh'

Seth Meyers Proves Trump Is the Real 'Husband From Hell'

*"It's such an '80s comedienne premise, but then it was also my truth so I was trying to reconcile with it. It's hard to not be meta about it, because just to say 'I'm single' on stage. There's something that feels so inherently hacky about it that I feel like I have these guilt pangs and then it just becomes a whole other bit. It's always weird to navigate. I've always been in relationships for big chunks of time and every time I come out I'm like a generation older and I don't know what my station is."*

Next week on *The Last Laugh* podcast: *Arrested Development* and *Veep* star Tony Hale.

**From**: Richard Kahn [redacted]
**Sent**: 5/28/2019 3:18:36 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Mueller drew up obstruction indictment against Trump, Michael Wolff book claims

**Importance**: High

https://www.theguardian.com/us-news/2019/may/28/mueller-trump-obstruction-charge-michael-wolff-book-siege-under-fire-news

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

**From**: Nicholas Ribis[redacted]
**Sent**: 5/29/2019 2:14:44 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]

**Importance**: High

Mueller statement at 11am will be interesting - I think it's because of Michael Wolff's new book and the reference to a draft indictment- it probably will be helpful to DJT - talk after

Sent from my iPhone

**From:** Richard Kahn [redacted]
**Sent:** 6/15/2018 1:06:12 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Trump advisors reportedly seeking a pardon for 'junk bond king' Milken

**Importance:** High

https://www.cnbc.com/2018/06/15/trump-advisors-reportedly-seeking-a-pardon-for-junk-bond-king-milken.html

# Trump advisors reportedly seeking a pardon for 'junk bond king' Milken

Tae Kim

Several of President Donald Trump's advisors are pushing him to pardon Michael Milken, Bloomberg News reported Friday.

Michael Milken, 71, was known as the "junk bond king" in the 1980s and was convicted for securities fraud.

Bloomberg said former White House communications director Anthony Scaramucci, Treasury Secretary Steven Mnuchin, senior advisor Jared Kushner and attorney Rudy Giuliani support the pardon for Milken.

Milken has a net worth of $3.7 billion, according to Forbes. The financier, who pioneered the market for high-yield bonds while at Drexel Burnham Lambert, was sentenced to 10 years in prison and permanently banned from the securities industry by the Securities and Exchange Commission. His prison term was reduced to two years.

The White House and a spokesperson for the Milken Institute did not immediately respond to requests for comment.

See the full Bloomberg News report here.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

**From:** Richard Kahn [redacted]
**Sent:** 6/15/2018 1:47:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump advisors reportedly seeking a pardon for 'junk bond king' Milken

**Importance:** High

i requested last week not yet received
i will call again now..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Jun 15, 2018, at 9:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Did we get bank appraisal ayh

On Fri, Jun 15, 2018 at 9:06 AM Richard Kahn [redacted] wrote:

https://www.cnbc.com/2018/06/15/trump-advisors-reportedly-seeking-a-pardon-for-junk-bond-king-milken.html

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Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
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Phone [redacted]
Fax [redacted]
Cell [redacted]

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**From:** [redacted]
**Sent:** 8/5/2009 4:25:51 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Robert D. Critton Jr. [redacted]
**Subject:** FW: Jane Doe

[redacted]
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 12:29 PM
**To:** [redacted]
**Subject:** RE: Jane Doe

Maxwell was not served. Wexner's counsel accepted for him. Trump's staff accepted for him

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 12:22 PM
**To:** [redacted]
**Subject:** RE: Jane Doe

I will let you know when bob confirms back with me.
Also, can u let me know if Wexner and Maxwell were actually personally served or if it was just someone at the location eligible to accept.

[redacted]
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 11:04 AM
**To:** [redacted]
**Subject:** RE: Jane Doe

We have a Motion to Stay re Ints and a Motion to Stay regarding Orders of May 22 and June 30.

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 10:59 AM

**To:** [redacted]
**Subject:** RE: Jane Doe

A hearing for what??
We have a depositon set that morning so I need to know what it is for??

[redacted]
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 10:54 AM
**To:** [redacted]
**Subject:** RE: Jane Doe

Sorry [redacted] – I was unaware of this. I will try and get this information as soon as possible. Also, please advise whether you are available for a hearing on 8/20 UMC.

---

**From:** [redacted]
**Sent:** Wednesday, August 05, 2009 9:58 AM
**To:** [redacted]
**Cc:** Robert D. Critton Jr.; Bradley J. Edwards
**Subject:** RE: Jane Doe

Thank you for the email, however, in briefly reviewing LM's responses, she mentions a Dr. Rishard. I have previously asked your office to provide Dr. Rishard's contact information. I have looked for an "Office of Palm Beach Doctors" and and a "Dr. Rishard" and have been unable to locate either. Please provide me with contact information so that I may obtain records. Thank you.

[redacted]
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** [redacted]
**Sent:** Tuesday, August 04, 2009 5:11 PM
**To:** [redacted]
**Cc:** Robert D. Critton Jr.
**Subject:** RE: Jane Doe

---

[redacted]

*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

# nipulé par une actrice porno

**Jeffrey Epstein, P-DG de Financial Trust** Ce milliardaire américain, grand ami de Bill Clinton et du duc d'York, a été condamné en 2008 à 18 mois de prison et a dû payer des dizaines de millions de dollars. Il a eu de la chance que la justice américaine ne découvre son journal intime qu'après son procès. Avec force détails, il y confirme avoir abusé d'une vingtaine de mineures dans son domaine de Floride.

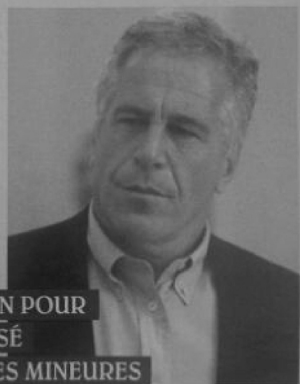

**JETÉ EN PRISON POUR AVOIR ABUSÉ DE JEUNES FILLES MINEURES**

La lis

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/17/2017 6:45:14 PM
**To**: Thomas Jr., Landon[redacted]
**Subject**: Re: !!!!!

Fun
On Fri, Feb 17, 2017 at 2:42 PM Thomas Jr., Landon <[redacted]> wrote:

Here we go again....
http://www.politico.com/story/2017/02/alexander-acosta-trump-jeffrey-epstein-plea-235096

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/15/2018 1:26:04 PM
**To:** Richard Kahn[redacted]
**Subject:** Re: Trump advisors reportedly seeking a pardon for 'junk bond king' Milken

**Importance:** High

Did we get bank appraisal ayh

On Fri, Jun 15, 2018 at 9:06 AM Richard Kahn <[redacted]> wrote:

https://www.cnbc.com/2018/06/15/trump-advisors-reportedly-seeking-a-pardon-for-junk-bond-king-milken.html

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The White House and a spokesperson for the Milken Institute did not immediately respond to requests for comment.

See the full Bloomberg News report here.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]

Fax [redacted]
Cell [redacted]
--

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**From**: J [jeevacation@gmail.com]
**Sent**: 11/29/2018 3:59:27 AM
**To**: David Schoen [redacted]
**Subject**: Re: Shared Article from AOL: Report: Trump aide helped sex abuser get cushy plea deal

yes, every outlet needs a sex story

On Wed, Nov 28, 2018 at 10:57 PM <[redacted]> wrote:

> They try to keep this story going from every angle. Now dershowitz isn't involved; rather he is a high powered lawyer. I didn't know you also had lefkowitz. I met the guy once when a prospective client asked me to try a case with him. One meeting was enough for me to see clearly that that would not have worked out well; but he apparemtly is a successful lawyer.
>
> One thing for sure the article gets wrong - that the "victims" were silenced.
>
> Hope you are doing well.
>
> David
>
> **Report: Trump aide helped sex abuser get cushy plea deal**
>
> https://aol.it/2BDSk0l
>
>
>
> Shared via the AOL App

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/15/2018 4:24:32 PM
**To:** Michael Wolff[redacted]
**Subject:** Re: Chat? #?

**The allegation:** Harth claimed that Trump made repeated unwanted sexual advances as she and her romantic partner at the time, George Houraney, pursued a business relationship with the mogul in the early 1990s. She said that on January 24, 1993, at Mar-a-Lago, Trump offered her a tour of the estate, then pulled her into his daughter Ivanka's empty bedroom.

"He pushed me up against the wall, and had his hands all over me and tried to get up my dress again," Harth said, "and I had to physically say: 'What are you doing? Stop it.' It was a shocking thing to have him do this because he knew I was with George, he knew they were in the next room. And how could he be doing this when I'm there for business?"

In 1997 Harth and Houraney sued Trump for breach of contract, and she filed a separate sexual-harassment suit, accusing him of "attempted rape." They reached a confidential settlement in the contract suit, and as part of the agreement Harth withdrew her suit.

On Sat, Dec 15, 2018 at 10:51 AM Michael Wolff [redacted] wrote:

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/22/2018 1:04:05 PM
**To:** Larry Summers [redacted]
**Subject:** Re:

this is not a new phenomenon for him. in the past he was told not to come out of his apt. thats how he got through near personal bankruptcy. is strength is remarkable. he is pounded 24/7. I hope someone close to him gets indicted , but not sure, otherwise the pressure of the unkown will force him to do crazy things.

On Sat, Dec 22, 2018 at 7:54 AM Larry Summers [redacted] wrote:

Of course. Who knows whether I'm serious? Not at this moment me.

Will trump crack into insanity?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 22, 2018, at 7:18 AM, J <jeevacation@gmail.com> wrote:

trump - borderline insane. dersh, a few feet further from the border but not by much

On Sat, Dec 22, 2018 at 7:03 AM Larry Summers [redacted] wrote:

Sent 45 minutes after she sent an outline.

I had sent a comment in mtg w her father flattering her father and saying other China officials had flattered him as well.
Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Keyu Jin [redacted]
**Date:** December 22, 2018 at 12:49:20 AM EST
**To:** Larry Summers [redacted]

I also wanted to say how grateful I am and have been for your support, and also your support of my father's work. I don't say these things often enough but it is I hope implied.

--

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**From**: J [jeevacation@gmail.com]
**Sent**: 3/26/2019 11:11:17 AM
**To**: DAVID SCHOEN [redacted]
**Subject**: Re: From Fox News - Federal judge overseeing key lawsuit relating to pedophile Jeffrey Epstein dies

Yup

On Tue, Mar 26, 2019 at 11:56 AM DAVID SCHOEN <[redacted]> wrote:

> A U.S. District Court judge in New York who was presiding over a lawsuit involving a wealthy, Clinton-connected financier and sex offender died Sunday at the age of 96.
>
> https://www.foxnews.com/us/federal-judge-overseeing-key-lawsuit-relating-to-pedophile-jeffrey-epstein-dies
>
> Explore the Fox News apps that are right for you at http://www.foxnews.com/apps-products/index.html.

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**From**: J [jeevacation@gmail.com]
**Sent**: 6/15/2019 9:57:14 AM
**To**: DAVID SCHOEN [redacted]
**Subject**: Re: From Fox News - Jeffrey Epstein, registered sex offender, settles civil lawsuit and avoids testimony from alleged victims

no worry how are you

On Sat, Jun 15, 2019 at 2:21 AM DAVID SCHOEN <[redacted]> wrote:

> I know it was an old piece but Fox is running it again today.
>
> The numerous young women who say they were sexually abused by wealthy, Clinton-linked financier Jeffrey Epstein no longer appear set to testify after a last-minute settlement was reached in a closely-watched civil lawsuit against the registered sex offender.
>
> https://www.foxnews.com/us/jeffrey-epstein-a-registered-sex-offender-settles-civil-lawsuit-and-avoids-testimony-from-alleged-victims
>
> Explore the Fox News apps that are right for you at http://www.foxnews.com/apps-products/index.html.

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**From**: Paul Barrett[redacted]
**Sent**: 7/13/2018 5:40:46 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Richard Kahn[redacted]
**Subject**: AVGO
**Attachments**: image004.jpg; image001.jpg

**Importance**: High

Any thoughts on the AVGO Aug puts? Stock trading at 204.50.

Aug puts now $6.50

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

---

**From:** Paul Barrett
**Sent:** Friday, July 13, 2018 9:42 AM
**To:** jeffrey E. <jeevacation@gmail.com>; Richard Kahn[redacted]
**Subject:** RE:

Jeffrey

I understand your frustrations and appreciate your willingness to figure out a solution. I have some ideas which I will send you over the weekend if that is OK.

Re Broadcom: the stock is up $1.20 at $211.50. After the initial shock reaction of yesterday, there has been a lot of focus on the cost synergies etc. but very little conviction in revenue opportunities. However until we hear from management as to the overall intentions of the deal, uncertainty will linger.

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Earning are on 08/30. So worst case is the uncertainty lingers until then which would argue to buy the Sept puts. However I still prefer buying the Aug puts as I would fully expect more clarity from management before August expiry.

Paul

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 7:11 AM
**To:** Paul Barrett [redacted]; Richard Kahn [redacted]
**Subject:**

Im not angry , sorry, it is sad. it is apparent that you have no experience trading. we both made a mistake. . the spy trades were the results of a rank amatuer. . you took a postion on the direction of the market. ok. you decided to play it extra short time and short. . why? becaue the options are cheaper. ? knowing full well that time premium was running. . first silly move. . I allowed as promised to give you authority. . you set a target. . it hit the traget , you moved in back. based on media reporting on trump visit? you didnt act. the market dipped and you panicked. . AMATEUR . wrong options wrong timing , no discipline and as a percentaage of investment. a one day dip fof 25%. wanting to buy the highter strike , is ok. but why the same month? why the same moment. why the same index. . sorry. I have taught this for many years. and your grade is an F. not one good move in many. . re broadcom. the crack happend in the morning. options were higher. no alternative presented. no analysis. , this is no way to manage money. I have lost a great deal of money hoping you would be able to do as you promised you could . would. . Had you told me , jeffrey I d like to try a new job as a manager lets start slow I can learn . i would be less annoyed. you told me you had great confidence knew the risks and truly believed you would be able to raise money .do well and prosper. . If it were not you, this would have ended months ago. . we should work on a solution . not sure yet what shape it takes.

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**From**: Paul Barrett [redacted]
**Sent**: 7/13/2018 6:13:06 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Richard Kahn [redacted]
**Subject**: RE: AVGO
**Attachments**: image003.jpg; image001.jpg

**Importance**: High

My initial recommendation this morning was to buy the $200 Aug puts. I still think that is the best idea. The stock is now down 16% on a deal that no one fully understands. The CEO has a good track record regarding mergers. So I think it makes sense to keep the stock and own protection for the next 35 days until we hopefully get more clarity from management.

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 1:55 PM
**To:** Paul Barrett [redacted]
**Cc:** Richard Kahn [redacted]
**Subject:** Re: AVGO

Ive had enough!!!! Which puts ???

On Fri, Jul 13, 2018 at 1:40 PM Paul Barrett [redacted] wrote:

> Any thoughts on the AVGO Aug puts? Stock trading at 204.50.
>
> Aug puts now $6.50
>
> **Paul Barrett**
> Alpha Group Capital LLC
> 142 W 57th Street, 11th Floor, New York, NY 10019
> [redacted]
>
> **From:** Paul Barrett
> **Sent:** Friday, July 13, 2018 9:42 AM

**To:** jeffrey E. <jeevacation@gmail.com>; Richard Kahn [redacted]
**Subject:** RE:

Jeffrey

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Paul

**Paul Barrett**

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[redacted]

ALPHA GROUP CAPITAL

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 7:11 AM
**To:** Paul Barrett [redacted]; Richard Kahn [redacted]
**Subject:** -

Im not angry , sorry, it is sad. it is apparent that you have no experience trading. we both made a mistake. . the spy trades were the results of a rank amatuer. . you took a postion on the direction of the market. ok. you decided to play it extra short time and short. . why? becaue the options are cheaper. ? knowing full well that time premium was running. . first silly move. . I allowed as promised to give you authority. . you set a target. . it hit the traget , you moved in back. based on media reporting on trump visit? you didnt act. the market dipped and you panicked. . AMATEUR . wrong options wrong timing , no discipline and as a percentaage of investment. a one day

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**From:** Richard Kahn [redacted]
**Sent:** 7/13/2018 6:35:08 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: AVGO _

**Importance:** High

i believe he is married to broadcom as has he got stuck with stock on both 4,000 lots from selling puts ..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]4

On Jul 13, 2018, at 2:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Again?? How many puts ? What are the alternatives. The fact tgat you iwn thd stock at a higher price is affecting your decision. Sorry. This is judt ridiculous!!! Would you buy the stock here . ???? If you would would you also buy puts ??? My patience is at its end

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**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

<image001.jpg>

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 1:55 PM
**To:** Paul Barrett <[redacted]>
**Cc:** Richard Kahn <[redacted]>
**Subject:** Re: AVGO

Ive had enough!!!! Which puts ???

On Fri, Jul 13, 2018 at 1:40 PM Paul Barrett <[redacted]> wrote:

Any thoughts on the AVGO Aug puts? Stock trading at 204.50.

Aug puts now $6.50

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

<image003.jpg>

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**From:** Paul Barrett
**Sent:** Friday, July 13, 2018 9:42 AM
**To:** jeffrey E. <[redacted]>; Richard Kahn [redacted]
**Subject:** RE:

Jeffrey

I understand your frustrations and appreciate your willingness to figure out a solution. I have some ideas which I will send you over the weekend if that is OK.

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Paul

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

<image003.jpg>

**From:** jeffrey E. [redacted]
**Sent:** Friday, July 13, 2018 7:11 AM
**To:** Paul Barrett [redacted]; Richard Kahn [redacted]
**Subject:**

Im not angry , sorry, it is sad. it is apparent that you have no experience trading. we both made a mistake. . the spy trades were the results of a rank amatuer. . you took a postion on the direction of the market. ok. you decided to play it extra short time and short. . why? becaue the options are cheaper. ? knowing full well that time premium was running. . first silly move. . I allowed as promised to give you authority. . you set a target. . it hit the traget , you moved in back. based on media reporting on trump visit? you didnt act. the market dipped and you panicked. . AMATEUR . wrong options wrong timing , no discipline and as a percentaage of investment. a one day dip fof 25%. wanting to buy the highter strike , is ok. but why the same month? why the same moment. why the same index. . sorry. I have taught this for many years. and your grade is an F. not one good move in many. . re broadcom. the crack happend in the morning. options were higher. no alternative presented. no analysis. , this is no way to manage money. I have lost a great deal of money hoping you would be able to do as you promised you could . would. . Had you told me , jeffrey I d like to try a new job as a manager lets start slow I can learn . i would be less annoyed. you told me you had great confidence knew the risks and truly believed you would be able to raise money .do well and prosper. . If it were not you, this would have ended months ago. . we should work on a solution . not sure yet what shape it takes.

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**From:** Richard Kahn [redacted]
**Sent:** 7/13/2018 6:46:14 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: AVGO

**Importance:** High

i do not believe so..
i will look into exact trades..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Jul 13, 2018, at 2:41 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Did he sell naked puts??

On Fri, Jul 13, 2018 at 2:35 PM Richard Kahn [redacted] wrote:
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Richard Kahn
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**Paul Barrett**

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[redacted]

<image001.jpg>

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 1:55 PM
**To:** Paul Barrett <[redacted]>
**Cc:** Richard Kahn <[redacted]>
**Subject:** Re: AVGO

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Aug puts now $6.50

**Paul Barrett**

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[redacted]

<image003.jpg>

---

**From:** Paul Barrett
**Sent:** Friday, July 13, 2018 9:42 AM
**To:** jeffrey E. <jeevacation@gmail.com>; Richard Kahn <[redacted]>
**Subject:** RE:

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142 W 57th Street, 11th Floor, New York, NY 10019

[redacted]

<image003.jpg>

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**Sent:** Friday, July 13, 2018 7:11 AM
**To:** Paul Barrett <[redacted]>; Richard Kahn <[redacted]>
**Subject:**

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**CC**: Richard Kahn [redacted]
**Subject**: RE: AVGO
**Attachments**: image003.jpg; image004.jpg

**Importance**: High

We own 8000 shares on the thesis that their growing exposure to data center capex spend would be a big positive for the stock.

Recommendation: Keep the stock and buy Aug $200 puts on the 8000 shares costing $6.50 or $52,000. Nothing has changed regarding their core business. Data center spending is not going to change based off this M&A transaction. However if I am wrong and the market further penalizes the stock at least our losses are contained. The stock has dropped $40 and I think we could easily recoup our premium if the market buys into the CEO's reason for the merger.

If I never had a position I would absolutely buy the stock using options. I would be selling October $185 puts and buying Oct $220 calls costing 50c/share.

Paul

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 2:18 PM
**To:** Paul Barrett [redacted]
**Cc:** Richard Kahn [redacted]
**Subject:** Re: AVGO

Again?? How many puts ? What are the alternatives. The fact tgat you iwn thd stock at a higher price is affecting your decision. Sorry. This is judt ridiculous!!! Would you buy the stock here . ???? If you would would you also buy puts ??? My patience is at its end

On Fri, Jul 13, 2018 at 2:13 PM Paul Barrett [redacted] wrote:

> My initial recommendation this morning was to buy the $200 Aug puts. I still think that is the best idea. The stock is now down 16% on a deal that no one fully understands. The CEO has a good track record regarding mergers. So I think it makes sense to keep the stock and own protection for the next 35 days until we hopefully get more clarity from management.
>
> **Paul Barrett**

Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 1:55 PM
**To:** Paul Barrett <[redacted]>
**Cc:** Richard Kahn <[redacted]>
**Subject:** Re: AVGO

Ive had enough!!!! Which puts ???

On Fri, Jul 13, 2018 at 1:40 PM Paul Barrett <[redacted]> wrote:

Any thoughts on the AVGO Aug puts? Stock trading at 204.50.

Aug puts now $6.50

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From:** Paul Barrett
**Sent:** Friday, July 13, 2018 9:42 AM
**To:** jeffrey E. <jeevacation@gmail.com>; Richard Kahn <[redacted]
**Subject:** RE:

Jeffrey

I understand your frustrations and appreciate your willingness to figure out a solution. I have some ideas which I will send you over the weekend if that is OK.

Re Broadcom: the stock is up $1.20 at $211.50. After the initial shock reaction of yesterday, there has been a lot of focus on the cost synergies etc. but very little conviction in revenue opportunities. However until we hear from management as to the overall intentions of the deal, uncertainty will linger.

This morning the pricing is as follows:

Aug 200 Puts cost $4.10

Sept 200 Puts cost $7.90

Earning are on 08/30. So worst case is the uncertainty lingers until then which would argue to buy the Sept puts. However I still prefer buying the Aug puts as I would fully expect more clarity from management before August expiry.

Paul

**Paul Barrett**

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[redacted]

[redacted]

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, July 13, 2018 7:11 AM
**To:** Paul Barrett [redacted]; Richard Kahn [redacted]
**Subject:**

Im not angry , sorry, it is sad. it is apparent that you have no experience trading. we both made a mistake. . the spy trades were the results of a rank amatuer. . you took a postion on the direction of the market. ok. you decided to play it extra short time and short. . why? becaue the options are cheaper. ? knowing full well that time premium was running. . first silly move. . I allowed as promised to give you authority. . you set a target. . it hit the traget , you moved in back. based on media reporting on trump visit? you didnt act. the market dipped and you panicked. . AMATEUR . wrong options wrong timing , no discipline and as a percentaage of investment. a one day dip fof 25%. wanting to buy the highter strike , is ok. but why the same month? why the same moment. why the same index. . sorry. I have taught this for many years. and your grade is an F. not one good move in many. . re broadcom. the crack happend in the morning. options were higher. no alternative presented. no analysis. , this is no way to manage money. I have lost a great deal of money hoping you would be able to do as you promised you could . would. . Had you told me , jeffrey I d like to try a new job as a manager lets start slow I can learn . i would be less annoyed. you told me you had great confidence knew the risks and truly believed you would be able to raise money .do well and prosper. . If it were not you, this would have ended months ago. . we should work on a solution . not sure yet what shape it takes.

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**From**: [redacted]
**Sent**: 2/7/2019 3:36:37 AM
**To**: jeevacation@gmail.com
**Subject**: From Fox News - DOJ to investigate plea bargain awarded to Clinton-linked sex offender Jeffrey Epstein, but watchdogs say probe is tainted

**Importance**: High

DOJ to investigate plea bargain awarded to Clinton-linked sex offender Jeffrey Epstein, but watchdogs say probe is tainted

https://www.foxnews.com/politics/doj-opens-probe-into-plea-bargain-awarded-by-trump-official-to-alleged-pedophile-predator-jeffrey-epstein

It is bizarre to see who tries to get political mileage out of this.

**From:** DAVID SCHOEN [redacted]
**Sent:** 3/26/2019 10:56:00 AM
**To:** jeevacation@gmail.com
**Subject:** From Fox News - Federal judge overseeing key lawsuit relating to pedophile Jeffrey Epstein dies

**Importance:** High

**A U.S. District Court judge in New York who was presiding over a lawsuit involving a wealthy, Clinton-connected financier and sex offender died Sunday at the age of 96.**

https://www.foxnews.com/us/federal-judge-overseeing-key-lawsuit-relating-to-pedophile-jeffrey-epstein-dies

Explore the Fox News apps that are right for you at http://www.foxnews.com/apps-products/index.html.

**From:** DAVID SCHOEN [redacted]
**Sent:** 6/15/2019 12:20:06 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** From Fox News - Jeffrey Epstein, registered sex offender, settles civil lawsuit and avoids testimony from alleged victims

**Importance:** High

**Hope you are satisfied with the outcome all things considered.**

**Ridiculous article. All of sudden the NPA in [redacted]'s case goes from no jurisdiction even to prosecute to you avoiding a possible life sentence. Moronic.**

**Man I sure would like to see you getting some in the W column though and some press that at least presents the true facts that some of the girls have admitted under oath. Still a story no one ever has heard and they are compelling facts.**

**Good Shabbos.**

**The numerous young women who say they were sexually abused by wealthy, Clinton-linked financier Jeffrey Epstein no longer appear set to testify after a last-minute settlement was reached in a closely-watched civil lawsuit against the registered sex offender.**

https://www.foxnews.com/us/jeffrey-epstein-a-registered-sex-offender-settles-civil-lawsuit-and-avoids-testimony-from-alleged-victims

Explore the Fox News apps that are right for you at http://www.foxnews.com/apps-products/index.html.

**From:** DAVID SCHOEN [redacted]
**Sent:** 6/15/2019 12:21:00 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** From Fox News - Jeffrey Epstein, registered sex offender, settles civil lawsuit and avoids testimony from alleged victims

**Importance:** High

**I know it was an old piece but Fox is running it again today.**

**The numerous young women who say they were sexually abused by wealthy, Clinton-linked financier Jeffrey Epstein no longer appear set to testify after a last-minute settlement was reached in a closely-watched civil lawsuit against the registered sex offender.**

https://www.foxnews.com/us/jeffrey-epstein-a-registered-sex-offender-settles-civil-lawsuit-and-avoids-testimony-from-alleged-victims

Explore the Fox News apps that are right for you at http://www.foxnews.com/apps-products/index.html.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/6/2011 11:18:44 AM
**To:** [redacted]
**Subject:** Re: You should see this movie/documentary
**Attachments:** image001.jpg

I have

On Sun, Feb 6, 2011 at 3:26 AM, [redacted] wrote:

# Inside Job (2010)

NYT Critics' Pick This movie has been designated a Critic's Pick by the film reviewers of The New York Times.

Sony Pictures Classics

Henry Paulson, Ben Bernanke and Timothy Geithner in the documentary "Inside Job."

## Who Maimed the Economy, and How

By A. O. SCOTT

"Inside Job," a sleek, briskly paced film whose title suggests a heist movie, is the story of a crime without punishment, of an outrage that has so far largely escaped legal sanction and societal stigma. The betrayal of public trust and collective values that Mr. Ferguson chronicles was far more brazen and damaging than the adultery in Nathaniel Hawthorne's novel, which treated Hester more as scapegoat than villain.

The gist of this movie, which begins in a mood of calm reflection and grows angrier and more incredulous as it goes on, is unmistakably punitive. The density of information and the complexity of the subject matter make "Inside Job" feel like a classroom lecture at times, but by the end Mr. Ferguson has summoned the scourging moral force of a pulpit-shaking sermon. That he delivers it with rigor, restraint and good humor makes his case all the more devastating.

He is hardly alone in making it. Numerous journalists have published books and articles retracing the paths that led the world economy to the precipice two years ago. The deregulation of the financial services industry in the 1980s and '90s; the growing popularity of complex and risky derivatives; the real estate bubble and the explosion of subprime lending — none of these developments were exactly secret. On the contrary, they were celebrated as vindications of the power and wisdom of markets. Accordingly, Mr. Ferguson recycles choice moments of triumphalism, courtesy of Lawrence H. Summers, George W. Bush, Alan Greenspan and various cable television ranters and squawkers.

Even as stock indexes soared and profits swelled, there were always at least a few investors, economists and government officials who warned that the frenzied speculation was leading to the abyss. Some of these prophets without honor show up in front of Mr. Ferguson's camera, less to gloat than to present, once again, the analyses that were dismissed and ignored by their peers for so long.

Dozens of interviews — along with news clips and arresting aerial shots of New York, Iceland and other disaster areas — are folded into a clear and absorbing history, narrated by Matt Damon. The music (an opening song, "Big Time," by Peter Gabriel, and a score by Alex Heffes) and the clean wide-screen cinematography provide an aesthetic polish that is welcome for its own sake and also important to the movie's themes. The handsomely lighted and appointed interiors convey a sense of the rarefied, privileged worlds in which the Wall Street operators and their political enablers flourished, and the elegance of the presentation also subliminally bolsters the film's authority. This is not a piece of ragged muckraking or breathless advocacy. It rests its outrage on reason, research and careful argument.

The same was true of Mr. Ferguson's previous documentary, "No End in Sight," which focused on catastrophic policies carried out in Iraq by President George W. Bush's administration just after the overthrow of Saddam Hussein. But whereas that film concentrated on a narrow view of a complex subject — the conduct of the war rather than the at least equally controversial rationale for fighting it — "Inside Job" offers a sweeping synthesis, going as far back as the Reagan administration and as far afield as Iceland in its anatomy of the financial crisis.

Perhaps unsurprisingly, many of the highest-profile players declined to be interviewed. Mr. Summers appears only in news footage, and none of his predecessors or successors as Treasury secretary — not Robert E. Rubin or Henry M. Paulson Jr. or Timothy F. Geithner — submit to Mr. Ferguson's questions. Nor do any of the top executives at Goldman Sachs or the other big banks. Most of the interviewees are, at least from the perspective of the filmmaker, friendly witnesses, adding fuel to the director's comprehensive critique of the way business has been done in the United States and the other advanced capitalist countries for the past two decades.

Both American political parties are indicted; "Inside Job" is not simply another belated settling of accounts with Mr. Bush and his advisers, though they are hardly ignored. The scaling back of government oversight and the weakening of checks on speculative activity by banks began under Reagan and continued during the Clinton administration. And with each administration the market in derivatives expanded, and alarms about the dangers of this type of investment were ignored. Raghuram Rajan, chief

economist at the International Monetary Fund, presented a paper in 2005 warning of a "catastrophic meltdown" and was mocked as a "Luddite" by Mr. Summers.

Meanwhile, some investment bankers — at Goldman Sachs in particular — were betting against the positions they were pushing on their customers. An elaborate house of cards had been constructed in which bad consumer loans were bundled into securities, which, were certified as sound by rating agencies paid by the banks and then insured via credit-default swaps. One risky bet was stacked on top of another, and in retrospect the collapse of the whole edifice, along with the loss of jobs, homes, pensions and political confidence, seems inevitable.

How did this happen? Mr. Ferguson is no conspiracy theorist; nor is he inclined toward structural or systemic explanations. Markets are not like tectonic plates, shifting on their own. Visible hands write laws and make deals, and in this case a combination of warped values and groupthink seems to have driven very intelligent men (and they were mostly men) toward folly. In addition to business and government, Mr. Ferguson aims his critique at academia, suggesting that the discipline of economics and more than a few prominent economists were corrupted by consulting fees, seats on boards of directors and membership in the masters of the universe club.

When he challenges some of these professors, in particular those who held positions of responsibility in the White House or in the Federal Reserve, they are reduced to stammering obfuscation — Markets are complicated! Who could have predicted? I don't see any conflict of interest — and occasionally provoked to testiness. Mr. Ferguson, for his part, cannot always contain his incredulity or rein in his sarcasm. Occasionally his voice pipes up from off camera, saying things like, "You can't be serious!"

But it is hard to imagine a movie more serious, and more urgent, than "Inside Job." There are a few avenues that might have been explored more thoroughly, in particular the effects of the crisis on ordinary, non-Wall-Street-connected workers and homeowners. The end of the film raises a disturbing question, as Mr. Damon exhorts viewers to demand changes in the status quo so that the trends associated with unchecked speculation of the kind that caused the last crisis — rising inequality, neglect of productive capacity, endless cycles of boom and bust — might be reversed.

This call to arms makes you wonder why anger of the kind so eloquently expressed in "Inside Job" has been so inchoate. And through no fault of its own, the film may leave you dispirited as well as enraged. Its fate is likely to be that of other documentaries: praised in some quarters, nitpicked in others and shrugged off by those who need its message most. Which is a shame.

*"Inside Job" is rated PG-13 (Parents strongly cautioned). Some drug and sex references and pervasive obscenity, though not the verbal kind.*

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 2/6/2011 1:27:43 PM
**To:** [redacted]
**Subject:** Re: You should see this movie/documentary
**Attachments:** image001.jpg

it is very unfair, and misrepresents tons of inf

On Sun, Feb 6, 2011 at 3:26 AM, <[redacted] wrote:

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16 May, 2011

| | |
|---|---|
| Article 1. | The Weekly Standard<br>**The Illusion of Peace with Syria**<br>Elliott Abrams |
| Article 2. | The Daily Star<br>**A democratic Arab world would welcome peace with Israel**<br>Hamid Alkifaey |
| Article 3. | The Daily Beast<br>**The Awkward Exit of Mideast Envoy George Mitchell**<br>Daniel Stone |
| Article 4. | The Washington Post<br>**Amid the Arab Spring, a U.S.-Saudi split**<br>Nawaf Obaid |
| Article 5. | Newsweek<br>**Dr. K's Rx for China**<br>Niall Ferguson |
| Article 6. | Hurriyet Daily News<br>**Syria as Turkey's domestic issue**<br>Yusuf Kanli |
| Article 7. | STRATFOR<br>**The Geopolitics of Israel: Biblical and Modern** |

Article 1.

The Weekly Standard

# The Illusion of Peace with Syria

Elliott Abrams

May 23, 2011 -- The news from Syria grows grimmer by the day—more peaceful protesters killed, ten thousand arrested in the past week, army units shelling residential neighborhoods.

But the Obama administration's response has not grown grimmer or louder. As recently as May 6, Secretary of State Clinton was still talking about a "reform agenda" in Syria, as if Bashar al-Assad were a slightly misguided bureaucrat rather than the murderer of roughly 1,000 unarmed demonstrators. As for the president, though the White House has issued a couple of statements in his name, he has yet to say one word on camera about the bloodletting in Syria. This is not a small matter, for a tough statement attacking the regime's repression and giving the demonstrators moral support would immediately circulate over the Internet. American sanctions against Syria, meanwhile, have not named Assad, and there has been no call for him to step down.

Why is the administration appearing to stick with Assad and refusing to call for his ouster? A key reason may be the hope that an Israeli-Syrian peace deal can be arranged.

From the day it came to office, the Obama administration clearly wanted to win an Israeli-Palestinian peace agreement. There has been no progress during its two years in office, mostly because the White House insisted on a 100 percent construction freeze in the West Bank settlements and Jerusalem as a precondition for negotiations. This was politically impossible in Israel, and also meant that Palestinian president Mahmoud Abbas could not come to the table lest he appear to be asking less from Israel than the Americans.

With negotiations frozen, the Palestinians turned to unilateral measures: seeking a United Nations vote admitting the State of Palestine to membership and getting dozens of countries to recognize a Palestinian state. Meanwhile, their delegitimization campaign against Israel continued apace, especially in Europe, where calls for boycotts and sanctions spread. On the pro-Israel side there was also consideration of unilateral measures—steps to head off the Palestinians diplomatically (several of which I described and supported in the April 11 Weekly Standard).

Some forlorn hope may still have existed inside the administration that a compromise on construction could bring the Palestinians back to the table with the government of Israel—until the agreement between Hamas and Fatah was signed on April 27. This agreement, unless and until it collapses, makes Israeli concessions or new flexibility in the West Bank impossible and puts paid to the entire "peace process." It brings Hamas into the Palestinian Authority government, ending a period of several years when Palestinian Security Forces have cooperated with the Israel Defense Forces against terrorism and against Hamas in particular. It will also bring Hamas—next year and for the first time—into the PLO, the body charged with negotiating peace with Israel. Even Yasser Arafat resisted that development when he headed the PLO, and it seems obvious that Israel cannot negotiate peace with an anti-Semitic terrorist group bent on its destruction.

So where can the White House turn if it wants some kind of peace process in the Middle East? Syria. After all, in his first term as prime minister, back in 1998, Benjamin Netanyahu did authorize indirect negotiations with Syria. And the IDF—and especially Ehud Barak, a former head of the IDF, Israel's defense minister, and a close adviser to Netanyahu—has long favored such a deal. The IDF theory was that if Syria made peace, so would Lebanon, and then Israel would be at

peace with all four neighboring Arab states. And it can be argued now that Assad may see negotiations with Israel as a way to climb back from the pariah status he is earning, making him at this juncture truly open to a new peace process.

Such thinking, whether in Jerusalem or the White House, is foolish and even grotesque. There is no possibility that Assad would negotiate seriously and that an agreement could be attained. He is now clinging desperately to power, and his only true allies are Iran and Hezbollah. Yet Israel's (and, one hopes, our own) key precondition to any agreement would necessarily be a clean break in those relationships: an end to the Syrian alliance with Hezbollah and Iran. Otherwise Israel would be giving the Golan, in effect, to Iran—a suicidal act. No Israeli government would do it, which suggests that negotiations with Assad would have no purpose.

Assad may indeed be open to commencing a negotiation as a means to escape international isolation, but that's all the more reason not to give it to him. Prime Minister Ehud Olmert's 2008 talks with Syria (via Turkey) allowed Syria to escape the partial isolation the United States had imposed on it in that decade, with zero gain for Israel. This is not an experiment worth repeating, for the Assad regime is today even more despicable than it was three years ago.

To react to the murders now taking place all over Syria by embracing the Assad regime would be morally indefensible. Whether Assad can be overthrown soon by the people of Syria is a fair question to ask. Will the army stay with him, or will Sunni units rebel? Will the Sunni business elites turn against him? How long can the regime survive? We do not yet know the answers. But surely we must avoid any step that could help Assad, rehabilitate his regime, or undermine the courageous struggle of peaceful demonstrators in the streets of Syria.

The peace agreements that Israel signed with Egypt and Jordan were real achievements, but there will be no such agreements with the

Palestinians or with Syria in the foreseeable future. The Palestinians have taken themselves out of the game for now. We cannot turn from them to the Syrians while Assad's troops are using howitzers and sniper rifles against his people. This is the time not for diplomatic engagement with Assad, but for diplomacy aimed at quarantining his regime and helping bring it down. The White House should dismiss any remaining dreams of a "peace process" with Syria to substitute for the Palestinian version and face facts: There will be no peace with the butcher who rules Syria today.

*Elliott Abrams, senior fellow for Middle Eastern studies at the Council on Foreign Relations, was a deputy national security adviser in the George W. Bush administration.*

Article 2.

The Daily Star

# A democratic Arab world would welcome peace with Israel

Hamid Alkifaey

One could reasonably argue that the golden opportunity for peace in the Middle East was blown away when Israeli Prime Minister Yitzhak Rabin was assassinated on Nov. 4, 1995.

He was the only Israeli leader capable of making peace with the Palestinians, and was about to do so had it not been for the bullets of Yigal Amir, the right-wing religious zealot who believed in the "winner takes all" principle.

One could also claim that the Israeli-Palestinian conflict and its global ramifications are responsible for agitating religious extremism in the Muslim world as a whole, and among Palestinians in particular. Prior to 1987, there was hardly any Islamic factor in Palestinian resistance. The Hamas and Islamic Jihad groups were established after the 1987 intifada. From this we deduce that extremism on the Israeli side led to the same on the Palestinian side, and consequently in other Muslim countries, which manifests in popular opposition to traditional and despotic regimes.

The Arab world is currently going through a social and political revolution that has so far claimed two "entrenched" regimes in Tunisia and Egypt. At least three other regimes in the region are fighting for their lives, and are not expected to survive. There will soon be different styles of government in Libya, Yemen and Syria. This much is certain.

Will there be a different policy toward Israel? Certainly. But this will take time to take shape, since there are more pressing national

priorities, such as political and economic reforms. Israel has long branded the Arab world as tribal and undemocratic, in order to brand itself the only democracy in the Middle East. Well, soon enough it won't be. Many of its neighbors will soon join the democratic world as demands for democracy grow. Democracy will mean more development, prosperity and people's power. It means more popular participation in decision making and awareness of the possibilities of the nation and what it can and cannot do. It may not mean more hostility toward Israel if the latter knows how to deal with it. But there will be tension if Israel continues to follow extreme policies, which it will under the current leadership of Benjamin Netanyahu. The Palestinians must achieve their right to establish their own state on their land. This right has been recognized by almost everyone except a minority of extremists in Israel, led by Netanyahu. Free and democratic Arab countries won't shrink from supporting this Palestinian right under any circumstances. Muslims will not give up on East Jerusalem, either. Arab regimes have been weak in the past. Democracy will strengthen them, but also add reason to Arab governance. Most Arabs have accepted Israel's right to exist, and accepted U.N. resolutions 242 and 338, but Israeli intransigence is not helping them formulate a unified position.

Democratic Egypt won't be a threat to Israel as the Egyptian military, which will continue to be highly influential in Egypt's politics in the foreseeable future, will not risk another war with Israel. Egyptians under a democratic regime will be seeking better living standards, better laws to govern the country and more rights as citizens. They won't be pressing their government to fight Israel; on the contrary, they want a stable economy where things will be better for future generations. But Israel may aggravate the situation by electing extremists and following extreme policies. This will strengthen the hands of the hawks in the Arab world. Moderate Israel under

reasonable and realistic leaders should have nothing to fear from Egypt, with which it has an enduring peace treaty.

The situation with Syria may not be exactly the same, however, especially when the two countries are still officially in a state of war. The regime of Bashar Assad, and his father before him, would have never started a war with Israel unilaterally. It also suited them not to have a peace treaty. Any new Syrian leader is not likely (for a considerable period of time) to initiate a move toward a peace agreement with Israel as this will weaken his position domestically. Nor will he launch a war, however, since such a war will not result in victory. A democratic regime in Syria, or any other Arab country for that matter, will need a good 10 years to build democratic institutions and stabilize a modern market economy needed in any democracy. So, war won't be on the agenda in the near future.

Prosperity increases the public's stake in a stable economy, and this will make people want to compromise to make their country more prosperous and stable. However, everything will depend on how prepared the free world is to help new democracies in the Middle East survive and prosper. Small Islamic groups, organized and armed with religious zeal, could hijack power from the moderates. This would lead to a disaster for the whole region. Therefore, it is imperative for the free world, Israel included, not to leave matters to chance. A proactive stance is needed to nurture democracy and help moderate forces organize themselves in order to govern the region

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Article 3.

The Daily Beast

# The Awkward Exit of Mideast Envoy George Mitchell

Daniel Stone

May 13, 2011 -- Two days after Barack Obama's inauguration, George Mitchell was named special envoy for Middle East peace. With the new president standing beside Mitchell and Secretary of State Hillary Clinton, Vice President Joe Biden took the podium and extolled Mitchell's reputation and experience having brokered peace in Northern Ireland, calling him an "outstanding public servant" with "incredible capacity." In the press, Mitchell was praised as the right man for the job at the right time.

On Friday, though, that capacity had reached its limit, and Mitchell told his bosses in the West Wing that he'd had enough. His reasons, he said, were personal—the kind of nebulous rationale that leaves ample room for interpretation. Unmentioned were the months of frustration that Mitchell had built up as direct negotiations between Israelis and Palestinians became more difficult and the peace process further off.

The timing of Mitchell's departure couldn't be more awkward. Obama will meet with Israeli Prime Minister Benjamin Netanyahu and Jordan's King Abdullah next week, as well as deliver a major speech on Middle East policy. But the resignation didn't come as a surprise to those who worked closest with Mitchell. A State Department official described to Newsweek a man increasingly annoyed by both parties' constant moving of the goal posts and the constraints of the administration's unshakeable political instinct to support Israel.

The strain was noticeable in the Middle East. In a recent interview with Newsweek, one senior Israeli official said Mitchell often would say one thing about the direction the U.S. was taking with the two sides, only to be contradicted by Dennis Ross, Clinton's special adviser to the region. The official, who did not want to be quoted by name, said it seemed as if Mitchell had abdicated his role completely in recent months. Indeed, Mitchell's frequent visits to Israel and the West Bank slowed to a trickle; his last visit to the region was in December.

When he was there, officials on both sides of the conflict had voiced bewilderment at Mitchell's hands-off approach to the complex negotiating process. With a small staff in Israel, he would shuttle between Jerusalem and Ramallah to meet with senior advisers to the leaders of both sides and then leave after just a few days. In an interview with Newsweek last month, Palestinian President Mahmoud Abbas openly accused Mitchell of not doing his job. "Every visit by Mitchell, we talked to him and gave him some ideas," he said. "At the end we discovered that he didn't convey any of these ideas to the Israelis. What does it mean?"

A politically attuned man who was once Senate Majority Leader, Mitchell was aware of the complaints about him. His usual comeback was to point to his success in Northern Ireland, which earned him the Presidential Medal of Freedom. For hundreds of days, he liked to say, he was considered a failure, until the final day, when he actually got it done.

Mitchell's resignation letter set off a small panic inside the West Wing earlier in the week. Senior advisers, as well as Obama himself, could sense the increasing difficulty of the job: Administration officials had been unable to convince Israel to halve new settlements in the West Bank, alienating Palestinians, and Israelis were irked in early May when Abbas allied with Hamas, a group that refuses to

denounce violence against Israel. But the symbolism of Mitchell leaving several days before Obama's biggest week of outreach to the region projected a vacuum of confidence that anything hopeful, however remote, was on the horizon.

"He wouldn't be leaving at this important hour if he knew there was going to be a significant change in the administration's attitude toward the peace process," said Middle East analyst Gregory Orfalea, who formerly taught at Georgetown's School of Foreign Service. "He's leaving because it's status quo."

Mitchell will be replaced—in the interim by his deputy, David Hale—and another official will take a crack at the quandary. But despite new momentum from Netanyahu's visit next week and Obama's speech Thursday, Mitchell's departure could signal stagnant talks for the next several years. According to Fawaz Gerges, director of the London School of Economics' Middle East Center, "the reality is that, with Mitchell leaving, Barack Obama basically lost the ideological battle [over how to confront the peace process]. By now he'll have to wait for the second term before you can get another concerted effort."

*Daniel Stone is Newsweek's White House correspondent. He also covers national energy and environmental policy.*

Article 4.

The Washington Post

# Amid the Arab Spring, a U.S.-Saudi split

Nawaf Obaid

May 16 - RIYADH, SAUDI ARABIA -- A tectonic shift has occurred in the U.S.-Saudi relationship. Despite significant pressure from the Obama administration to remain on the sidelines, Saudi leaders sent troops into Manama in March to defend Bahrain's monarchy and quell the unrest that has shaken that country since February. For more than 60 years, Saudi Arabia has been bound by an unwritten bargain: oil for security. Riyadh has often protested but ultimately acquiesced to what it saw as misguided U.S. policies. But American missteps in the region since Sept. 11, an ill-conceived response to the Arab protest movements and an unconscionable refusal to hold Israel accountable for its illegal settlement building have brought this arrangement to an end. As the Saudis recalibrate the partnership, Riyadh intends to pursue a much more assertive foreign policy, at times conflicting with American interests. The backdrop for this change are the rise of Iranian meddling in the region and the counterproductive policies that the United States has pursued here since Sept. 11. The most significant blunder may have been the invasion of Iraq, which resulted in enormous loss of life and provided Iran an opening to expand its sphere of influence. For years, Iran's leadership has aimed to foment discord while furthering its geopolitical ambitions. Tehran has long funded Hamas and Hezbollah; recently, its scope of attempted interference has broadened to include the affairs of Arab states from Yemen to Morocco. This month the chief of staff of Iran's armed forces, Gen. Hasan Firouzabadi, harshly criticized Riyadh over its intervention in Bahrain, claiming this act would spark massive domestic uprisings.

Such remarks are based more on wishful thinking than fact, but Iran's efforts to destabilize its neighbors are tireless. As Riyadh fights a cold war with Tehran, Washington has shown itself in recent months to be an unwilling and unreliable partner against this threat. The emerging political reality is a Saudi-led Arab world facing off against the aggression of Iran and its non-state proxies. Saudi Arabia will not allow the political unrest in the region to destabilize the Arab monarchies — the Gulf states, Jordan and Morocco. In Yemen, the Saudis are insisting on an orderly transition of power and a dignified exit for President Ali Abdullah Saleh (a courtesy that was not extended to Hosni Mubarak, despite the former Egyptian president's many years as a strong U.S. ally). To facilitate this handover, Riyadh is leading a diplomatic effort under the auspices of the six-country Gulf Cooperation Council. In Iraq, the Saudi government will continue to pursue a hard-line stance against the Maliki government, which it regards as little more than an Iranian puppet. In Lebanon, Saudi Arabia will act to check the growth of Hezbollah and to ensure that this Iranian proxy does not dominate the country's political life. Regarding the widespread upheaval in Syria, the Saudis will work to ensure that any potential transition to a post-Assad era is as peaceful and as free of Iranian meddling as possible. Regarding Israel, Riyadh is adamant that a just settlement, based on King Abdullah's proposed peace plan, be implemented. This includes a Palestinian state with its capital in East Jerusalem. The United States has lost all credibility on this issue; after casting the sole vote in the U.N. Security Council against censuring Israel for its illegal settlement building, it can no longer act as an objective mediator. This act was a watershed in U.S.-Saudi relations, guaranteeing that Saudi leaders will not push for further compromise from the Palestinians, despite American pressure. Saudi Arabia remains strong and stable, lending muscle to its invigorated foreign policy. Spiritually, the kingdom plays a unique

role for the world's 1.2 billion Muslims — more than 1 billion of whom are Sunni — as the birthplace of Islam and home of the two holiest cities. Politically, its leaders enjoy broad domestic support, and a growing nationalism has knitted the historically tribal country more closely together. This is largely why widespread protests, much anticipated by Western media in March, never materialized. As the world's sole energy superpower and the de facto central banker of the global energy markets, Riyadh is the economic powerhouse of the Middle East, representing 25 percent of the combined gross domestic product of the Arab world. The kingdom has amassed more than $550 billion in foreign reserves and is spending more than $150 billion to improve infrastructure, public education, social services and health care. To counter the threats posed by Iran and transnational terrorist networks, the Saudi leadership is authorizing more than $100 billion of additional military spending to modernize ground forces, upgrade naval capabilities and more. The kingdom is doubling its number of high-quality combat aircraft and adding 60,000 security personnel to the Interior Ministry forces. Plans are underway to create a "Special Forces Command," based on the U.S. model, to unify the kingdom's various special forces if needed for rapid deployment abroad. Saudi Arabia has the will and the means to meet its expanded global responsibilities. In some issues, such as counterterrorism and efforts to fight money laundering, the Saudis will continue to be a strong U.S. partner. In areas in which Saudi national security or strategic interests are at stake, the kingdom will pursue its own agenda. With Iran working tirelessly to dominate the region, the Muslim Brotherhood rising in Egypt and unrest on nearly every border, there is simply too much at stake for the kingdom to rely on a security policy written in Washington, which has backfired more often than not and spread instability. The special relationship

may never be the same, but from this transformation a more stable and secure Middle East can be born.

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Article 5.

Newsweek

# Dr. K's Rx for China

Niall Ferguson

May 15, 2011 -- Secretary of State Hillary Clinton thinks the Chinese government is "scared" of the Arab Spring. "They're worried," she told Jeffrey Goldberg in the latest Atlantic, "and they are trying to stop history, which is a fool's errand. They cannot do it." These are words—intemperate, undiplomatic, and very likely counterproductive—that you cannot imagine being uttered by her predecessor Henry Kissinger. It is now 40 years since Kissinger went on his secret mission to China, to pave the way for President Richard Nixon's historic visit the following year. Since then he has visited the country more than 50 times. And if there is one thing he has learned, it is this: the real fool's errand is to lean on the Chinese. Much has changed in the world since Kissinger's first trip to China. (In 1971, who would have dared to predict that America's public enemy No. 1 would be a Saudi-born Islamic fundamentalist skulking in a walled compound in Pakistan?) But at least two things in American foreign policy remain consistent: the relationship with mainland China, revived by Kissinger after more than 20 years in the deep freeze, and Kissinger himself, consulted formally or informally by every president from John F. Kennedy to Barack Obama. On China, Kissinger's new book, is a reminder of why our leaders still want to pick his brains. Eighty-eight years old this month, he remains without equal as a strategic thinker. The opening to China is a story Kissinger has told before: how he and Nixon had discerned that country could become a strategic counterweight to the Soviet Union; how he secretly flew to China after feigning illness in Pakistan; how he and Premier Zhou Enlai hammered out the diplomatic basis for

Nixon's official visit (the Shanghai Communiqué). The result was, as he puts it, "a quasi alliance," which, though initially intended to contain the Soviet Union, ended up outliving the Cold War.

In this telling, however, Kissinger is able to take advantage of recent research that illuminates the Chinese side of the story. The American opening to China was also a Chinese opening to America, actuated above all by Mao Zedong's fear of encirclement. "Think about this," Mao told his doctor in 1969. "We have the Soviet Union to the north and the west, India to the south, and Japan to the east. If all our enemies were to unite, attacking us from the north, south, east, and west, what do you think we should do?" The medic had no idea. "Think again," said Mao. "Beyond Japan is the United States. Didn't our ancestors counsel negotiating with faraway countries while fighting with those that are near?" It was to explore the American option that Mao recalled four Army marshals from exile. Skirmishes were already underway between Soviet and Chinese forces on the Ussuri River. In October 1970 Mao ordered China's top leadership to evacuate Beijing and put the People's Liberation Army on "first-degree combat readiness." The stakes for China were high indeed—higher than for the United States. As Kissinger shows, it was far from unusual for Mao to refer to "our ancestors' counsel." Despite his lifelong commitment to Marxism-Leninism, Mao was also steeped in the classics of Chinese civilization, as were his close advisers. "We can consult the example of Zhuge Liang's strategic guiding principle," Marshal Ye Jian-ying suggested, "when the three states of Wei, Shu, and Wu confronted each other: 'Ally with Wu in the east to oppose Wei in the north.' " The allusion, Kissinger explains, is to Romance of the Three Kingdoms, a 14th-century epic novel set in the so-called Warring States period (475–221 B.C.).

Nor was this the only occasion when China's communist leaders looked to the distant past for inspiration. Of equal importance to

them, Kissinger argues, was The Art of War by Sun Tzu, which dates from the even earlier Spring and Autumn period (770–476 B.C.). "The victorious army/Is victorious first/And seeks battle later": axioms like this one encouraged Chinese strategists to think of international relations like the board game Weiqi (known in the West as Go), a "game of surrounding pieces." Mao shared with China's prerevolutionary leaders an assumption that China is not like other countries. With a population that amounts to a fifth of humanity, it is Zhongguo: the Middle Kingdom or, perhaps more accurately, the "Central Country." At times it could even seem like tian xia: "all under heaven." The best foreign policy for such an empire was to "let barbarians fight barbarians." If that failed, then the strongest of the barbarians should be embraced and civilized (as happened to the Manchus). "Domineering and overwhelming … ruthless and aloof, poet and warrior, prophet and scourge"—Mao's true hero was not Lenin but the tyrannical, book-burning "first emperor," Qin Shi Huang, who united China in 221 B.C. In a similar way, Kissinger shows, the current generation of Chinese leaders have drawn inspiration from the teachings of Kong Fu Zi (known in the West as Confucius). Their goal, he argues, is not world domination but da tong: "great harmony." This goes to the heart of the matter. In 1971, when Kissinger first went to China, the U.S. economy was roughly five times that of the People's Republic. Forty years later, as a result of the industrial revolution unleashed by Mao's successor Deng Xiao-ping, it is conceivable that China could overtake America within a decade. This is a feat the Soviet Union never came close to achieving. Moreover, China is now the biggest foreign holder of U.S. Treasury notes, which form an important part of its vast $3 trillion of international reserves. How China will use its newfound economic power may be the most important question of our time. Few

Americans are better placed to answer that question than Kissinger, who has dealt with four generations of Chinese leaders.
The most profound insights of On China are psychological. They concern the fundamental cultural differences between a Chinese elite who can look back more than two millennia for inspiration and an American elite whose historical frame of reference is little more than two centuries old. This became most obvious in the wake of June 1989, when Americans recoiled from the use of military force to end the Tiananmen Square pro-democracy demonstrations. To Kissinger's eyes, it was doubly naive to retaliate to this crackdown with sanctions: "Western concepts of human rights and individual liberties may not be directly translatable … to a civilization for millennia ordered around different concepts. Nor can the traditional Chinese fear of political chaos be dismissed as an anachronistic irrelevancy needing only 'correction' by Western enlightenment." As China's first Anglophone leader, Jiang Zemin, explained to Kissinger in 1991: "We never submit to pressure … It is a philosophical principle." The United States and China went to war in Korea because of another cultural gap. It came as a surprise to the Americans when Mao ordered Chinese intervention because the military odds looked so unfavorable. But, argues Kissinger, his "motivating force was less to inflict a decisive military first blow than to change the psychological balance, not so much to defeat the enemy as to alter his calculus of risks." Mao was a master of the ancient Empty City Stratagem, which seeks to conceal weakness with a show of confidence, even aggression. To Westerners, his insistence that he did not fear a nuclear attack seemed unhinged or, at best, callous ("We may lose more than 300 million people. So what? War is war. The years will pass, and we'll get to work producing more babies than ever before"). But this was classical Chinese bravado, or "offensive deterrence." "Chinese negotiators," observes Kissinger

in a passage that should be inwardly digested not just by American diplomats but also by American businessmen before they land in Beijing, "use diplomacy to weave together political, military, and psychological elements into an overall strategic design." American diplomacy, by contrast, "generally prefers …c to be 'flexible'; it feels an obligation to break deadlocks with new proposals—unintentionally inviting new deadlocks to elicit new proposals." We could learn a thing or two from the Chinese, Kissinger implies, particularly Sun Tzu's concept of shi, meaning the "potential energy" of the overall strategic landscape. Our tendency is to have an agenda of 10 different points, each one to be dealt with separately. They have one big game plan. We are always in a hurry for closure, anxiously watching the minutes tick away. The Chinese value patience; as Mao explained to Kissinger, they measure time in millennia.

Such fundamental cultural differences may give rise to conflict with China in the future, Kissinger warns: "When the Chinese view of preemption encounters the Western concept of deterrence, a vicious circle can result: acts conceived as defensive in China may be treated as aggressive by the outside world; deterrent moves by the West may be interpreted in China as encirclement. The United States and China wrestled with this dilemma repeatedly during the Cold War; to some extent they have not yet found a way to transcend it."

Could the United States and the People's Republic come to blows again? The possibility cannot be excluded. As Kissinger reminds us, war was the result when Germany rose to challenge Britain economically and geopolitically 100 years ago. Moreover, the key factor that brought America and China together in the 1970s—the common Soviet enemy the Chinese called "the polar bear"—has vanished from the scene. Old, intractable differences persist over Taiwan and North Korea. What remains is "Chimerica," a less-than-

happy marriage of economic convenience in which one partner does all the saving and the other does all the spending.
In Kissinger's own words, China's rise could "make international relations bipolar again," ushering in a new cold (or possibly even hot) war. Nationalist writers like Liu Mingfu, author of China Dream, urge China to switch from "peaceful development" to "military rise" and look forward to the "duel of the century" with the United States. There are those in Washington, too—apparently including, for the moment, the Obama administration—who would relish a more confrontational relationship. Yet Kissinger remains hopeful that cooler heads will prevail in Beijing: thinkers like Zheng Bijian, who urges China to "transcend the traditional ways for great powers to emerge" and "not [to] follow the path of Germany leading up to World War I." Rather than attempting to "organize Asia on the basis of containing China or creating a bloc of democratic states for an ideological crusade," the United States would do better, Kissinger suggests, to work with China to build a new "Pacific Community." Four decades ago, Richard Nixon grasped sooner than most the huge potential of China. "Well," he mused, "you can just stop and think of what could happen if anybody with a decent system of government got control of that mainland. Good God … There'd be no power in the world that could even—I mean, you put 800 million Chinese to work under a decent system … and they will be the leaders of the world." That prophecy is being fulfilled in our time. The fact that until now China's rise has been a boon to the United States rather than a bane owes much to the work of Henry Kissinger. With this book he has given his successors an indispensable guide to continuing the Sino-American "coevolution" he began.

*Ferguson is writing a biography of Henry Kissinger.*

Article 6.

Hurriyet Daily News

# Syria as Turkey's domestic issue

Yusuf Kanli

May 15, 2011 -- Syria is no Libya for many reasons; not just because it is a country right on the Turkish border or, like Turkey, it has a Kurdish population and an explosion there may ignite an explosion on this side of the border as well.

Like a broken watch that shows correct time twice a day, Prime Minister Recep Tayyip Erdoğan as well occasionally makes some correct analysis. Last week, while comparing the uprising in Libya against the Moammar Gadhafi regime and the growing unrest in the Syrian street against the Baathist regime of Bashar al-Assad, the prime minister correctly said Libya and Syria were two totally different issues for Turkey.

Erdoğan explained while Turkey was very much concerned with what's happening in Libya and have been undertaking every possible effort to contribute to a quick end to the tumult and restoration of peace and order in Libya, Syria was very much like a domestic incident for Turkey.

As part of its neo-Ottoman drive to enhance its influence in the Middle Eastern territory of the former Ottoman Empire the ruling Justice and development Party, or AKP, government of Turkey has long waived visa requirement in travel between Turkey and Syria. The aim behind that move was to plant the seeds of a future European Union-like Middle Eastern union led by Turkey but the first tangible result was not a marked increase in commercial, business or tourist interactions, but a batch of 250 refugees running from the fire on the Syrian street.

If the problem continues and escalates further in the Syrian street it is probable that the prefabricated facility in the Hatay province constructed to provide temporary lodging to pilgrims during the Hajj season will not suffice in providing a shelter to Syrian refugees who thanks to the no-visa regime in travel between Turkey and Syria may freely escape to Turkey from the trouble in their own street and thus carry the problem to the Turkish street.

For now the separatist Kurdistan Workers' Party, or PKK, terrorists are abiding with an unilateral truce, which is claimed to have been negotiated with the government by Abdullah Öcalan, the chieftain of the gang serving an enforced life term on the İmralı island prison, which according to claims will last until June 15, three days after the June 12 parliamentary elections. Indeed, excluding some rehearsal for a possible mass civilian disobedience campaign after the elections and some exceptional terrorist acts, it might be said that there is nothing extraordinary in Turkey's southeast bordering Syria, Iraq and Iran, where there are sizeable Kurdish populations.

The "success" of the unrest in Syrian streets in uprooting the government might mean added trouble for Turkey, which has been battling with separatist terrorism for the past 25 years. Turkey remaining silent or supportive of the Assad regime crushing the pressure for a regime change and reform calls of the Syrian street, on the other hand, would seriously imperil the regional role aspired by the AKP governance of Turkey.

Indeed, while the AKP government in Ankara joined the calls of the U.S.-led coalition of the willing that time is up for Moammar Gadhafi in Libya and for peace and safety of his own people Gadhafi must step down, as regards to Syria Ankara, as well as the Western alliance, has been restraining their calls with a shy request from Assad to accelerate reforms.

While Ankara may answer anti-Turkish demonstrations in Libya by closing down the Turkish embassy in Tripoli, the first ever such action by the diplomatic service throughout its modern history, anti-Turkish demonstrations in Damascus can be really costly for Turkey now and in the future.

While the personal friendly relations between Assad and his counterpart in Turkey, Erdoğan, might provide Turkey a golden opportunity to help Syria sail out of the current tumultuous situation. Of course at a time when Erdoğan himself is after converting Turkey into his sultanate of fear under the aegis of advanced democracy it might be absurd to expect him to advise Assad of a democratic way out of the mess in Syria. Yet, as much as Turkey needs to see restoration of peace, security and stability in Syria for domestic security reasons as well as for its regional role, Syria and President Assad need Turkey and Erdoğan to walk the extra mile in reforms advised by them, as the real-politic of the day compels him to do so if he wants to sail out of this problem in one piece.

If, however, despite Turkey's democracy and reform preaches, the massacres continue in the Syrian street not only the prestige of Erdoğan in the Arab street will be seriously impaired but sooner or later the fire in the Arab street will have a reflection on the Turkish streets.

Article 7.

STRATFOR

# The Geopolitics of Israel: Biblical and Modern

The founding principle of geopolitics is that place — geography — plays a significant role in determining how nations will behave. If that theory is true, then there ought to be a deep continuity in a nation's foreign policy. Israel is a laboratory for this theory, since it has existed in three different manifestations in roughly the same place, twice in antiquity and once in modernity. If geopolitics is correct, then Israeli foreign policy, independent of policymakers, technology or the identity of neighbors, ought to have important common features. This is, therefore, a discussion of common principles in Israeli foreign policy over nearly 3,000 years.

For convenience, we will use the term "Israel" to connote all of the Hebrew and Jewish entities that have existed in the Levant since the invasion of the region as chronicled in the Book of Joshua. As always, geopolitics requires a consideration of three dimensions: the internal geopolitics of Israel, the interaction of Israel and the immediate neighbors who share borders with it, and Israel's interaction with what we will call great powers, beyond Israel's borderlands.

Israel has manifested itself three times in history. The first manifestation began with the invasion led by Joshua and lasted through its division into two kingdoms, the Babylonian conquest of the Kingdom of Judah and the deportation to Babylon early in the sixth century B.C. The second manifestation began when Israel was recreated in 540 B.C. by the Persians, who had defeated the Babylonians. The nature of this second manifestation changed in the

fourth century B.C., when Greece overran the Persian Empire and Israel, and again in the first century B.C., when the Romans conquered the region.

The second manifestation saw Israel as a small actor within the framework of larger imperial powers, a situation that lasted until the destruction of the Jewish vassal state by the Romans.

Israel's third manifestation began in 1948, following (as in the other cases) an ingathering of t least some of the Jews who had been dispersed after conquests. Israel's founding takes place in the context of the decline and fall of the British Empire and must, at least in part, be understood as part of British imperial history.

During its first 50 years, Israel plays a pivotal role in the confrontation of the United States and the Soviet Union and, in some senses, is hostage to the dynamics of these two countries. In other words, like the first two manifestations of Israel, the third finds Israel continually struggling among independence, internal tension and imperial ambition.

Israeli Geography and Borderlands

At its height, under King David, Israel extended from the Sinai to the Euphrates, encompassing Damascus. It occupied some, but relatively little, of the coastal region, an area beginning at what today is Haifa and running south to Jaffa, just north of today's Tel Aviv. The coastal area to the north was held by Phoenicia, the area to the south by Philistines. It is essential to understand that Israel's size and shape shifted over time. For example, Judah under the Hasmoneans did not include the Negev but did include the Golan. The general locale of Israel is fixed. Its precise borders have never been.

Thus, it is perhaps better to begin with what never was part of Israel. Israel never included the Sinai Peninsula. Along the coast, it never stretched much farther north than the Litani River in today's Lebanon. Apart from David's extreme extension (and fairly tenuous control) to

the north, Israel's territory never stretched as far as Damascus, although it frequently held the Golan Heights. Israel extended many times to both sides of the Jordan but never deep into the Jordanian Desert. It never extended southeast into the Arabian Peninsula.

Israel consists generally of three parts. First, it always has had the northern hill region, stretching from the foothills of Mount Hermon south to Jerusalem. Second, it always contains some of the coastal plain from today's Tel Aviv north to Haifa. Third, it occupies area between Jerusalem and the Jordan River — today's West Bank. At times, it controls all or part of the Negev, including the coastal region between the Sinai to the Tel Aviv area. It may be larger than this at various times in history, and sometimes smaller, but it normally holds all or part of these three regions.

Israel is well-buffered in three directions. The Sinai Desert protects it against the Egyptians. In general, the Sinai has held little attraction for the Egyptians. The difficulty of deploying forces in the eastern Sinai poses severe logistical problems for them, particularly during a prolonged presence. Unless Egypt can rapidly move through the Sinai north into the coastal plain, where it can sustain its forces more readily, deploying in the Sinai is difficult and unrewarding. Therefore, so long as Israel is not so weak as to make an attack on the coastal plain a viable option, or unless Egypt is motivated by an outside imperial power, Israel does not face a threat from the southwest.

Israel is similarly protected from the southeast. The deserts southeast of Eilat-Aqaba are virtually impassable. No large force could approach from that direction, although smaller raiding parties could. The tribes of the Arabian Peninsula lack the reach or the size to pose a threat to Israel, unless massed and aligned with other forces. Even then, the approach from the southeast is not one that they are likely to take. The Negev is secure from that direction.

The eastern approaches are similarly secured by desert, which begins about 20 to 30 miles east of the Jordan River. While indigenous forces exist in the borderland east of the Jordan, they lack the numbers to be able to penetrate decisively west of the Jordan. Indeed, the normal model is that, so long as Israel controls Judea and Samaria (the modern-day West Bank), then the East Bank of the Jordan River is under the political and sometimes military domination of Israel — sometimes directly through settlement, sometimes indirectly through political influence, or economic or security leverage.

Israel's vulnerability is in the north. There is no natural buffer between Phoenicia and its successor entities (today's Lebanon) to the direct north. The best defense line for Israel in the north is the Litani River, but this is not an insurmountable boundary under any circumstance. However, the area along the coast north of Israel does not present a serious threat. The coastal area prospers through trade in the Mediterranean basin. It is oriented toward the sea and to the trade routes to the east, not to the south. If it does anything, this area protects those trade routes and has no appetite for a conflict that might disrupt trade. It stays out of Israel's way, for the most part. Moreover, as a commercial area, this region is generally wealthy, a factor that increases predators around it and social conflict within. It is an area prone to instability. Israel frequently tries to extend its influence northward for commercial reasons, as one of the predators, and this can entangle Israel in its regional politics. But barring this self-induced problem, the threat to Israel from the north is minimal, despite the absence of natural boundaries and the large population. On occasion, there is spillover of conflicts from the north, but not to a degree that might threaten regime survival in Israel.

The neighbor that is always a threat lies to the northeast. Syria — or, more precisely, the area governed by Damascus at any time — is populous and frequently has no direct outlet to the sea. It is,

therefore, generally poor. The area to its north, Asia Minor, is heavily mountainous. Syria cannot project power to the north except with great difficulty, but powers in Asia Minor can move south. Syria's eastern flank is buffered by a desert that stretches to the Euphrates. Therefore, when there is no threat from the north, Syria's interest — after securing itself internally — is to gain access to the coast. Its primary channel is directly westward, toward the rich cities of the northern Levantine coast, with which it trades heavily. An alternative interest is southwestward, toward the southern Levantine coast controlled by Israel.

As can be seen, Syria can be interested in Israel only selectively. When it is interested, it has a serious battle problem. To attack Israel, it would have to strike between Mount Hermon and the Sea of Galilee, an area about 25 miles wide. The Syrians potentially can attack south of the sea, but only if they are prepared to fight through this region and then attack on extended supply lines. If an attack is mounted along the main route, Syrian forces must descend the Golan Heights and then fight through the hilly Galilee before reaching the coastal plain — sometimes with guerrillas holding out in the Galilean hills. The Galilee is an area that is relatively easy to defend and difficult to attack. Therefore, it is only once Syria takes the Galilee, and can control its lines of supply against guerrilla attack, that its real battle begins.

To reach the coast or move toward Jerusalem, Syria must fight through a plain in front of a line of low hills. This is the decisive battleground where massed Israeli forces, close to lines of supply, can defend against dispersed Syrian forces on extended lines of supply. It is no accident that Megiddo — or Armageddon, as the plain is sometimes referred to — has apocalyptic meaning. This is the point at which any move from Syria would be decided. But a Syrian offensive would have a tough fight to reach Megiddo, and a tougher one as it

deploys on the plain.

On the surface, Israel lacks strategic depth, but this is true only on the surface. It faces limited threats from southern neighbors. To its east, it faces only a narrow strip of populated area east of the Jordan. To the north, there is a maritime commercial entity. Syria operating alone, forced through the narrow gap of the Mount Hermon-Galilee line and operating on extended supply lines, can be dealt with readily. There is a risk of simultaneous attacks from multiple directions. Depending on the forces deployed and the degree of coordination between them, this can pose a problem for Israel. However, even here the Israelis have the tremendous advantage of fighting on interior lines. Egypt and Syria, fighting on external lines (and widely separated fronts), would have enormous difficulty transferring forces from one front to another. Israel, on interior lines (fronts close to each other with good transportation), would be able to move its forces from front to front rapidly, allowing for sequential engagement and thereby the defeat of enemies. Unless enemies are carefully coordinated and initiate war simultaneously — and deploy substantially superior force on at least one front — Israel can initiate war at a time of its choosing or else move its forces rapidly between fronts, negating much of the advantage of size that the attackers might have.

There is another aspect to the problem of multifront war. Egypt usually has minimal interests along the Levant, having its own coast and an orientation to the south toward the headwaters of the Nile. On the rare occasions when Egypt does move through the Sinai and attacks to the north and northeast, it is in an expansionary mode. By the time it consolidates and exploits the coastal plain, it would be powerful enough to threaten Syria. From Syria's point of view, the only thing more dangerous than Israel is an Egypt in control of Israel. Therefore, the probability of a coordinated north-south strike at Israel

is rare, is rarely coordinated and usually is not designed to be a mortal blow. It is defeated by Israel's strategic advantage of interior lines.

Israeli Geography and the Convergence Zone

Therefore, it is not surprising that Israel's first incarnation lasted as long as it did — some five centuries. What is interesting and what must be considered is why Israel (now considered as the northern kingdom) was defeated by the Assyrians and Judea, then defeated by Babylon. To understand this, we need to consider the broader geography of Israel's location.

Israel is located on the eastern shore of the Mediterranean Sea, on the Levant. As we have seen, when Israel is intact, it will tend to be the dominant power in the Levant. Therefore, Israeli resources must generally be dedicated for land warfare, leaving little over for naval warfare. In general, although Israel had excellent harbors and access to wood for shipbuilding, it never was a major Mediterranean naval power. It never projected power into the sea. The area to the north of Israel has always been a maritime power, but Israel, the area south of Mount Hermon, was always forced to be a land power.

The Levant in general and Israel in particular has always been a magnet for great powers. No Mediterranean empire could be fully secure unless it controlled the Levant. Whether it was Rome or Carthage, a Mediterranean empire that wanted to control both the northern and southern littorals needed to anchor its eastern flank on the Levant. For one thing, without the Levant, a Mediterranean power would be entirely dependent on sea lanes for controlling the other shore. Moving troops solely by sea creates transport limitations and logistical problems. It also leaves imperial lines vulnerable to interdiction — sometimes merely from pirates, a problem that plagued Rome's sea transport. A land bridge, or a land bridge with minimal water crossings that can be easily defended, is a vital

supplement to the sea for the movement of large numbers of troops. Once the Hellespont is crossed, the coastal route through southern Turkey, down the Levant and along the Mediterranean's southern shore, provides such an alternative.

There is an additional consideration. If a Mediterranean empire leaves the Levant unoccupied, it opens the door to the possibility of a great power originating to the east seizing the ports of the Levant and challenging the Mediterranean power for maritime domination. In short, control of the Levant binds a Mediterranean empire together while denying a challenger from the east the opportunity to enter the Mediterranean. Holding the Levant, and controlling Israel, is a necessary preventive measure for a Mediterranean empire.

Israel is also important to any empire originating to the east of Israel, either in the Tigris-Euphrates basin or in Persia. For either, security could be assured only once it had an anchor on the Levant. Macedonian expansion under Alexander demonstrated that a power controlling Levantine and Turkish ports could support aggressive operations far to the east, to the Hindu Kush and beyond. While Turkish ports might have sufficed for offensive operations, simply securing the Bosporus still left the southern flank exposed. Therefore, by holding the Levant, an eastern power protected itself against attacks from Mediterranean powers.

The Levant was also important to any empire originating to the north or south of Israel. If Egypt decided to move beyond the Nile Basin and North Africa eastward, it would move first through the Sinai and then northward along the coastal plain, securing sea lanes to Egypt. When Asia Minor powers such as the Ottoman Empire developed, there was a natural tendency to move southward to control the eastern Mediterranean. The Levant is the crossroads of continents, and Israel lies in the path of many imperial ambitions.

Israel therefore occupies what might be called the convergence zone

of the Eastern Hemisphere. A European power trying to dominate the Mediterranean or expand eastward, an eastern power trying to dominate the space between the Hindu Kush and the Mediterranean, a North African power moving toward the east, or a northern power moving south — all must converge on the eastern coast of the Mediterranean and therefore on Israel. Of these, the European power and the eastern power must be the most concerned with Israel. For either, there is no choice but to secure it as an anchor.

Internal Geopolitics

Israel is geographically divided into three regions, which traditionally have produced three different types of people. Its coastal plain facilitates commerce, serving as the interface between eastern trade routes and the sea. It is the home of merchants and manufacturers, cosmopolitans — not as cosmopolitan as Phoenicia or Lebanon, but cosmopolitan for Israel. The northeast is hill country, closest to the unruliness north of the Litani River and to the Syrian threat. It breeds farmers and warriors. The area south of Jerusalem is hard desert country, more conducive to herdsman and warriors than anything else. Jerusalem is where these three regions are balanced and governed.

There are obviously deep differences built into Israel's geography and inhabitants, particularly between the herdsmen of the southern deserts and the northern hill dwellers. The coastal dwellers, rich but less warlike than the others, hold the balance or are the prize to be pursued. In the division of the original kingdom between Israel and Judea, we saw the alliance of the coast with the Galilee, while Jerusalem was held by the desert dwellers. The consequence of the division was that Israel in the north ultimately was conquered by Assyrians from the northeast, while Babylon was able to swallow Judea.

Social divisions in Israel obviously do not have to follow

geographical lines. However, over time, these divisions must manifest themselves. For example, the coastal plain is inherently more cosmopolitan than the rest of the country. The interests of its inhabitants lie more with trading partners in the Mediterranean and the rest of the world than with their countrymen. Their standard of living is higher, and their commitment to traditions is lower. Therefore, there is an inherent tension between their immediate interests and those of the Galileans, who live more precarious, warlike lives. Countries can be divided over lesser issues — and when Israel is divided, it is vulnerable even to regional threats.

We say "even" because geography dictates that regional threats are less menacing than might be expected. The fact that Israel would be outnumbered demographically should all its neighbors turn on it is less important than the fact that it has adequate buffers in most directions, that the ability of neighbors to coordinate an attack is minimal and that their appetite for such an attack is even less. The single threat that Israel faces from the northeast can readily be managed if the Israelis create a united front there. When Israel was overrun by a Damascus-based power, it was deeply divided internally.

It is important to add one consideration to our discussion of buffers, which is diplomacy. The main neighbors of Israel are Egyptians, Syrians and those who live on the east bank of Jordan. This last group is a negligible force demographically, and the interests of the Syrians and Egyptians are widely divergent. Egypt's interests are to the south and west of its territory; the Sinai holds no attraction. Syria is always threatened from multiple directions, and alliance with Egypt adds little to its security. Therefore, under the worst of circumstances, Egypt and Syria have difficulty supporting each other. Under the best of circumstances, from Israel's point of view, it can reach a political accommodation with Egypt, securing its southwestern frontier

politically as well as by geography, thus freeing Israel to concentrate on the northern threats and opportunities.

Israel and the Great Powers

The threat to Israel rarely comes from the region, except when the Israelis are divided internally. The conquests of Israel occur when powers not adjacent to it begin forming empires. Babylon, Persia, Macedonia, Rome, Turkey and Britain all controlled Israel politically, sometimes for worse and sometimes for better. Each dominated it militarily, but none was a neighbor of Israel. This is a consistent pattern. Israel can resist its neighbors; danger arises when more distant powers begin playing imperial games. Empires can bring force to bear that Israel cannot resist.

Israel therefore has this problem: It would be secure if it could confine itself to protecting its interests from neighbors, but it cannot confine itself because its geographic location invariably draws larger, more distant powers toward Israel. Therefore, while Israel's military can focus only on immediate interests, its diplomatic interests must look much further. Israel is constantly entangled with global interests (as the globe is defined at any point), seeking to deflect and align with broader global powers. When it fails in this diplomacy, the consequences can be catastrophic.

Israel exists in three conditions. First, it can be a completely independent state. This condition occurs when there are no major imperial powers external to the region. We might call this the David model. Second, it can live as part of an imperial system — either as a subordinate ally, as a moderately autonomous entity or as a satrapy. In any case, it maintains its identity but loses room for independent maneuvering in foreign policy and potentially in domestic policy. We might call this the Persian model in its most beneficent form. Finally, Israel can be completely crushed — with mass deportations and migrations, with a complete loss of autonomy and minimal residual

autonomy. We might call this the Babylonian model.

The Davidic model exists primarily when there is no external imperial power needing control of the Levant that is in a position either to send direct force or to support surrogates in the immediate region. The Persian model exists when Israel aligns itself with the foreign policy interests of such an imperial power, to its own benefit. The Babylonian model exists when Israel miscalculates on the broader balance of power and attempts to resist an emerging hegemon. When we look at Israeli behavior over time, the periods when Israel does not confront hegemonic powers outside the region are not rare, but are far less common than when it is confronting them.

Given the period of the first iteration of Israel, it would be too much to say that the Davidic model rarely comes into play, but certainly since that time, variations of the Persian and Babylonian models have dominated. The reason is geographic. Israel is normally of interest to outside powers because of its strategic position. While Israel can deal with local challenges effectively, it cannot deal with broader challenges. It lacks the economic or military weight to resist. Therefore, it is normally in the process of managing broader threats or collapsing because of them.

## The Geopolitics of Contemporary Israel

Let us then turn to the contemporary manifestation of Israel. Israel was recreated because of the interaction between a regional great power, the Ottoman Empire, and a global power, Great Britain. During its expansionary phase, the Ottoman Empire sought to dominate the eastern Mediterranean as well as both its northern and southern coasts. One thrust went through the Balkans toward central Europe. The other was toward Egypt. Inevitably, this required that the Ottomans secure the Levant.

For the British, the focus on the eastern Mediterranean was as the

primary sea lane to India. As such, Gibraltar and the Suez were crucial. The importance of the Suez was such that the presence of a hostile, major naval force in the eastern Mediterranean represented a direct threat to British interests. It followed that defeating the Ottoman Empire during World War I and breaking its residual naval power was critical. The British, as was shown at Gallipoli, lacked the resources to break the Ottoman Empire by main force. They resorted to a series of alliances with local forces to undermine the Ottomans. One was an alliance with Bedouin tribes in the Arabian Peninsula; others involved covert agreements with anti-Turkish, Arab interests from the Levant to the Persian Gulf. A third, minor thrust was aligning with Jewish interests globally, particularly those interested in the refounding of Israel. Britain had little interest in this goal, but saw such discussions as part of the process of destabilizing the Ottomans. The strategy worked. Under an agreement with France, the Ottoman province of Syria was divided into two parts on a line roughly running east-west between the sea and Mount Hermon. The northern part was given to France and divided into Lebanon and a rump Syria entity. The southern part was given to Britain and was called Palestine, after the Ottoman administrative district Filistina. Given the complex politics of the Arabian Peninsula, the British had to find a home for a group of Hashemites, which they located on the east bank of the Jordan River and designated, for want of a better name, the Trans-Jordan — the other side of the Jordan. Palestine looked very much like traditional Israel.

The ideological foundations of Zionism are not our concern here, nor are the pre- and post-World War II migrations of Jews, although those are certainly critical. What is important for purposes of this analysis are two things: First, the British emerged economically and militarily crippled from World War II and unable to retain their global empire, Palestine included. Second, the two global powers that

emerged after World War II — the United States and the Soviet Union — were engaged in an intense struggle for the eastern Mediterranean after World War II, as can be seen in the Greek and Turkish issues at that time. Neither wanted to see the British Empire survive, each wanted the Levant, and neither was prepared to make a decisive move to take it.

Both the United States and the Soviet Union saw the re-creation of Israel as an opportunity to introduce their power to the Levant. The Soviets thought they might have some influence over Israel due to ideology. The Americans thought they might have some influence given the role of American Jews in the founding. Neither was thinking particularly clearly about the matter, because neither had truly found its balance after World War II. Both knew the Levant was important, but neither saw the Levant as a central battleground at that moment. Israel slipped through the cracks.

Once the question of Jewish unity was settled through ruthless action by David Ben Gurion's government, Israel faced a simultaneous threat from all of its immediate neighbors. However, as we have seen, the threat in 1948 was more apparent than real. The northern Levant, Lebanon, was fundamentally disunited — far more interested in regional maritime trade and concerned about control from Damascus. It posed no real threat to Israel. Jordan, settling the eastern bank of the Jordan River, was an outside power that had been transplanted into the region and was more concerned about native Arabs — the Palestinians — than about Israel. The Jordanians secretly collaborated with Israel. Egypt did pose a threat, but its ability to maintain lines of supply across the Sinai was severely limited and its genuine interest in engaging and destroying Israel was more rhetorical than real. As usual, the Egyptians could not afford the level of effort needed to move into the Levant. Syria by itself had a very real interest in Israel's defeat, but by itself was incapable of decisive

action.

The exterior lines of Israel's neighbors prevented effective, concerted action. Israel's interior lines permitted efficient deployment and redeployment of force. It was not obvious at the time, but in retrospect we can see that once Israel existed, was united and had even limited military force, its survival was guaranteed. That is, so long as no great power was opposed to its existence.

From its founding until the Camp David Accords re-established the Sinai as a buffer with Egypt, Israel's strategic problem was this: So long as Egypt was in the Sinai, Israel's national security requirements outstripped its military capabilities. It could not simultaneously field an army, maintain its civilian economy and produce all the weapons and supplies needed for war. Israel had to align itself with great powers who saw an opportunity to pursue other interests by arming Israel.

Israel's first patron was the Soviet Union — through Czechoslovakia — which supplied weapons before and after 1948 in the hopes of using Israel to gain a foothold in the eastern Mediterranean. Israel, aware of the risks of losing autonomy, also moved into a relationship with a declining great power that was fighting to retain its empire: France. Struggling to hold onto Algeria and in constant tension with Arabs, France saw Israel as a natural ally. And apart from the operation against Suez in 1956, Israel saw in France a patron that was not in a position to reduce Israeli autonomy. However, with the end of the Algerian war and the realignment of France in the Arab world, Israel became a liability to France and, after 1967, Israel lost French patronage.

Israel did not become a serious ally of the Americans until after 1967. Such an alliance was in the American interest. The United States had, as a strategic imperative, the goal of keeping the Soviet navy out of the Mediterranean or, at least, blocking its unfettered access. That

meant that Turkey, controlling the Bosporus, had to be kept in the American bloc. Syria and Iraq shifted policies in the late 1950s and by the mid-1960s had been armed by the Soviets. This made Turkey's position precarious: If the Soviets pressed from the north while Syria and Iraq pressed from the south, the outcome would be uncertain, to say the least, and the global balance of power was at stake.

The United States used Iran to divert Iraq's attention. Israel was equally useful in diverting Syria's attention. So long as Israel threatened Syria from the south, it could not divert its forces to the north. That helped secure Turkey at a relatively low cost in aid and risk. By aligning itself with the interests of a great power, Israel lost some of its room for maneuver: For example, in 1973, it was limited by the United States in what it could do to Egypt. But those limitations aside, it remained autonomous internally and generally free to pursue its strategic interests.

The end of hostilities with Egypt, guaranteed by the Sinai buffer zone, created a new era for Israel. Egypt was restored to its traditional position, Jordan was a marginal power on the east bank, Lebanon was in its normal, unstable mode, and only Syria was a threat. However, it was a threat that Israel could easily deal with. Syria by itself could not threaten the survival of Israel.

Following Camp David (an ironic name), Israel was in its Davidic model, in a somewhat modified sense. Its survival was not at stake. Its problems — the domination of a large, hostile population and managing events in the northern Levant — were subcritical (meaning that, though these were not easy tasks, they did not represent fundamental threats to national survival, so long as Israel retained national unity). When unified, Israel has never been threatened by its neighbors. Geography dictates against it.

Israel's danger will come only if a great power seeks to dominate the Mediterranean Basin or to occupy the region between Afghanistan

and the Mediterranean. In the short period since the fall of the Soviet Union, this has been impossible. There has been no great power with the appetite and the will for such an adventure. But 15 years is not even a generation, and Israel must measure its history in centuries.

It is the nature of the international system to seek balance. The primary reality of the world today is the overwhelming power of the United States. The United States makes few demands on Israel that matter. However, it is the nature of things that the United States threatens the interests of other great powers who, individually weak, will try to form coalitions against it. Inevitably, such coalitions will arise. That will be the next point of danger for Israel.

In the event of a global rivalry, the United States might place onerous requirements on Israel. Alternatively, great powers might move into the Jordan River valley or ally with Syria, move into Lebanon or ally with Israel. The historical attraction of the eastern shore of the Mediterranean would focus the attention of such a power and lead to attempts to assert control over the Mediterranean or create a secure Middle Eastern empire. In either event, or some of the others discussed, it would create a circumstance in which Israel might face a Babylonian catastrophe or be forced into some variation of a Persian or Roman subjugation.

Israel's danger is not a Palestinian rising. Palestinian agitation is an irritant that Israel can manage so long as it does not undermine Israeli unity. Whether it is managed by domination or by granting the Palestinians a vassal state matters little. Nor can Israel be threatened by its neighbors. Even a unified attack by Syria and Egypt would fail, for the reasons discussed. Israel's real threat, as can be seen in history, lies in the event of internal division and/or a great power, coveting Israel's geographical position, marshalling force that is beyond its capacity to resist. Even that can be managed if Israel has a patron whose interests involve denying the coast to another power.

Israel's reality is this. It is a small country, yet must manage threats arising far outside of its region. It can survive only if it maneuvers with great powers commanding enormously greater resources. Israel cannot match the resources and, therefore, it must be constantly clever. There are periods when it is relatively safe because of great power alignments, but its normal condition is one of global unease. No nation can be clever forever, and Israel's history shows that some form of subordination is inevitable. Indeed, it is to a very limited extent subordinate to the United States now.

For Israel, the retention of a Davidic independence is difficult. Israel's strategy must be to manage its subordination effectively by dealing with its patron cleverly, as it did with Persia. But cleverness is not a geopolitical concept. It is not permanent, and it is not assured. And that is the perpetual crisis of Jerusalem.

14 June, 2011

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| Article 1. | The Washington Post<br>**From a Saudi prince, tough talk on America's favoritism toward Israel**<br>Richard Cohen |
| Article 2. | Boston Globe<br>**Turkey's new challenges**<br>Stephen Kinzer |
| Article 3. | The Financial Times<br>**Why Syria will get away with it**<br>Gideon Rachman |
| Article 4. | The American Interest<br>**The Conservative Revolutionary**<br>Walter Russell Mead |
| Article 5. | NYT<br>**Iran Without Nukes**<br>Roger Cohen |
| Article 6. | NATIONAL REVIEW<br>**Interview with - Francis Fukuyama**<br>Matthew Shaffer |
| Article 7. | Project Syndicate<br>**Does Anything Matter?**<br>Peter Singer |

Article 1.

The Washington Post

# From a Saudi prince, tough talk on America's favoritism toward Israel

Richard Cohen

June 13 -- As best I can recall, I first met Saudi Arabia's Prince Turki al-Faisal at a private home in Washington years ago. I found him stern and humorless, sometimes even bitter. I have seen him since at international conferences and the like — never in the mood for small talk and exhibiting, sometimes in his glorious robes, not an ounce of Bedouin charm. Still, I was unprepared for the opinion column he published in Sunday's Post. It read like a declaration of war.

Prince Turki is not now in the government. Yet he is a member of the Saudi royal family and was once the kingdom's intelligence chief and its former ambassador to both London and Washington. The man is solidly credentialed.

He is also angry as hell, and he lets America have it. He starts by citing what he calls President Obama's "controversial speech last month, admonishing Arab governments to embrace democracy and provide freedom to their populations." Saudi Arabia, he wrote, heard what Obama said and took it "seriously," and he noted, of course, that Obama had not demanded the same rights for Palestinians under Israeli occupation. Point taken.

But the same kingdom that has taken Obama "seriously" is an absolute monarchy that, among other things, bans women from driving cars. It is also a country that offers no freedom of religion but offers, for the occasional criminal, a public beheading. Given that Turki has spent a good deal of time in the West, it's not possible that

he was unaware that commentators like me would be picky about the lack of basic freedoms. He doesn't care.

Indeed, that was the point. Turki — and by implication all of Saudi Arabia — has had it with the United States. The kingdom will not be lectured to. It is sick and tired of American favoritism to Israel — the exuberant congressional reception for Binyamin Netanyahu, for example — and the administration's decision to oppose any effort in the United Nations to create a Palestinian state. In this matter, America is doing what Israel wants.

"In September, the kingdom will use its considerable diplomatic might to support the Palestinians in their quest for international recognition," Turki wrote. "American leaders have long called Israel an 'indispensable' ally. They will soon learn that there are other players in the region — not least the Arab street — who are as, if not more, 'indispensable.' The game of favoritism toward Israel has not proven wise for Washington, and soon it will be shown to be an even greater folly."

This is not your usual diplomatic language — and even for Turki it is rough. It shows, though, a not-surprising frustration in the Arab world with American policy tethered for the moment to a quite stubborn and unimaginative Israeli policy. Both countries are suffering from a surfeit of democracy. Israel's governing coalition is held hostage by the right; America's governing coalition is in the same fix.

Turki does not run out of wagging fingers. He says that those who think that the United States and Israel will determine the future of Palestine are dead wrong. "There will be disastrous consequences for U.S.-Saudi relations if the United States vetoes U.N. recognition of a Palestinian state. It would mark a nadir in the decades-long relationship as well as irrevocably damage the Israeli-Palestinian peace process and America's reputation among Arab nations. The

ideological distance between the Muslim world and the West in general would widen — and opportunities for friendship and cooperation between the two could vanish." This from our ally, not to mention friendly gas station.

The tone of the column is both remarkable and ominous. It comes, as I said, from a man of little charm, but he is nevertheless a skilled diplomat and intelligence chief. While his vexation over the Palestinian problem is well-known, rarely has it been carried to this extent — and in such a public venue.

A Post opinion column is designed to get the attention of the American government. I'm sure Prince Turki succeeded in that. But I hope he also got the attention of the Israeli government, which for some time now has enjoyed Saudi moderation on the Palestinian question. That seems about to change — not the least because the Arab street that Turki expressly mentioned is demanding it and the Saudis will, if they have to, appease the street. This is the gravamen of Prince Turki's piece and is why he ends it so ominously for Israel: "I'd hate to be around when they face their comeuppance."

Article 2.

Boston Globe

# Turkey's new challenges

Stephen Kinzer

June 14, 2011 -- SUNDAY'S ELECTION in Turkey was another reminder of the country's astonishing rise, which has been one of the most dramatic geopolitical stories of the last decade. For the first 80 years of its existence as a nation, Turkey was dominated by generals and played almost no role in the world. Now it is a vibrant democracy and a major force in the Middle East, the Caucasus, North Africa, the Balkans, and beyond. The election was a triumph for Prime Minister Recep Tayyip Erdogan, who has presided over his country's remarkable transformation. His party won more votes than all other parties combined, making him the first Turkish prime minister in more than half a century to win three consecutive terms. He will naturally be tempted to take this victory as a mandate to charge ahead with his own projects. Instead he should do the opposite: curb his divisive rhetoric, adjust his authoritarian style, and seek broad support for projects that will strengthen Turkey and help calm the world's most volatile region.

Syrians who are racing toward Turkey in search of refuge represent Erdogan's most immediate challenge. Turkey has become not just a safe haven, but a model for what many Arabs would like to see their countries become. This model — a government with roots in Islam but also committed to democracy, free enterprise, and good relations with Europe and the United States — represents the dream of millions of Tunisians, Libyans, Egyptians, Yemenis, Syrians, Jordanians, and Palestinians.

Finding a way to stabilize the ever-more-turbulent Middle East is Turkey's most urgent task. Erdogan is obsessed with his drive to

make Turkey one of the world's 10 biggest economies (it is now 17th). This will only be possible if the Middle East is peaceful and open for business.

Besides dealing with upheaval in the Arab world, Turkey faces three other key foreign policy challenges. First is the continuing division of Cyprus between ethnic Greek and Turkish sectors. Second is the frozen conflict with Armenia, which seemed to be on the brink of resolution until Turkish and Armenian nationalists killed a promising agreement reached by both countries two years ago. Erdogan's new mandate gives him the power to overrule militants in his ranks. If he does, and if Armenian leaders can do the same, the entire region will benefit.

Third is to rebuild relations with Israel. Erdogan has become a hero in the Middle East for his forthright denunciations of Israel's occupation of the West Bank and its blockade of Gaza. Like many Turks, he is still enraged over the murder of nine Turkish civilians by Israeli commandos who stormed a freighter bearing relief supplies for Gaza last year. His anger may be justified by the facts, but he should realize that a resumption of Turkey's good ties to Israel could be a decisive step toward Middle East peace.

Foreign policy challenges are only part of Erdogan's post-election agenda. He also needs to deepen Turkish democracy. That would require resolving the decades-old Kurdish conflict and taking concrete steps to reassure secular Turks that their country is not moving toward religious rule.

Turkey's grand project in the next couple of years will be writing a new constitution to replace the one imposed by generals three decades ago. Erdogan wants to replace the current parliamentary system with one built around a strong president and then run for the presidency himself. His party did not win enough seats in Parliament to impose a constitution on its own, so if he wants to make such a

radical change, he will have to propose a constitution that represents a national consensus. That can only be reached if the constitution includes strong guarantees of free speech, rights for women, judicial independence, and cultural freedom for all ethnic and religious groups.

Such a constitution would embody the wishes of most Turks. It might also reinvigorate Turkey's stalled campaign to join the European Union. If Turkey becomes an EU member by the time it celebrates its 100th anniversary in 2023, that would be Erdogan's eternal legacy. Turkey is poised to become one of the most successful countries of the 21st century, a model of Muslim democracy and a powerful force for regional peace. Whether it will fulfill its potential depends largely on how Erdogan handles the mandate he has just won.

*Stephen Kinzer teaches international relations at Boston University and is author of "Reset: Iran, Turkey, and America's Future.''*

Article 3.

The Financial Times

# Why Syria will get away with it

Gideon Rachman

June 13 2011 -- late last week, Robert Gates, the US defence secretary, launched an offensive of his own. In a speech in Brussels, he dismissed most of America's European allies as a useless bunch of timewasters. I paraphrase – but not much.

Mr Gates pointed out that while all Nato countries had voted to intervene in Libya, most had chosen not to participate in the actual fighting. Even those European countries that are taking part began to run short of munitions just 11 weeks into the fighting – forcing an exasperated America to step into the breach. More broadly, a situation in which the US accounts for 75 per cent of the military spending in Nato was "unacceptable" and unsustainable. If it is not rectified, Mr Gates predicted, Nato faces a "dismal" future.

The conjunction of the Gates speech and the Syrian civil war is very telling. It explains why a 20-year experiment with the idea that western military force can put the world to rights is coming to a close.

Just a few weeks ago, that would have seemed a surprising conclusion. Supporters of "liberal interventionism" hailed the decision to bomb Colonel Gaddafi's forces in Libya as evidence of a longed-for new era, in which dictators can no longer feel free to massacre their own people.

However a western failure to intervene, as the Syrian army brutalises and kills its own citizens, is likely to be a more accurate guide to the future than the Libyan campaign. There is, of course, a direct link between the west's reluctance to get involved in Syria and the

frustrating and (so far) inconclusive nature of the Libyan intervention.

However, the Syrian conflict also needs to be seen in the context of a generation-long experiment with liberal interventionism. That era began in 1991, when the collapse of the Soviet Union left the US as the world's sole superpower and a swift victory in the first Gulf war restored confidence in the power and effectiveness of American military might. Since then, the debate about how and when to use military power has waxed and waned. Western governments chastised themselves over the failure to protect the Kurds and the Shia in Iraq in 1991, over the Rwandan genocide of 1994 and over the many years of dithering as lives were lost in the Balkans. But a series of apparently successful interventions – Bosnia, Kosovo, East Timor, Sierra Leone – gradually strengthened the belief that western military power could be used to end conflicts and save civilians.

The bitter experiences of the Afghan and Iraq wars, however, shifted the debate on military intervention once more. Both Barack Obama in the US and David Cameron in Britain promised to be leaders who would adopt a much more cautious attitude to foreign military adventures. Then along came the Arab spring and western leaders once again found themselves committing to military action, this time in Libya – Mr Obama with evident reluctance, Mr Cameron and President Nicolas Sarkozy of France with apparent enthusiasm.

The Libyan war illustrates how unfolding events can force a political leader's hand. That could still happen in Syria. But it seems much more likely that, this time, the west will stand aside.

In part, this is because of deadlock at the UN, where Russia and China – angry about the Libyan war – are blocking efforts to pass a resolution that even condemns events in Syria, let alone prepares the ground for intervention. However the broader context is the west's diminishing ability and willingness to intervene at all.

The Gates speech effectively marks the end of the American ambition to turn Nato into the global, military arm of a unified western world. The Americans have flirted with this idea, ever since the onset of the "war on terror". But, as the Afghan war has worn on, so the military effort has become more and more heavily dependent on the US.

The fact that Europeans called for a campaign in Libya that they are incapable of conducting alone has merely re-enforced the American view that the European arm of Nato is, to varying degrees, feckless and unreliable. Disarray and recriminations within Nato hobble the single most effective potential tool for western military intervention overseas.

Even more significant in the long run is the American anxiety that budgetary constraints, which are leading to defence cuts in Europe, are beginning to be replicated in the US itself. Admiral Michael Mullen, America's top military officer, has called the budget deficit the single biggest threat to US national security. It is also the single biggest constraint on future bouts of "liberal interventionism".

Money is not the only problem, however. Over the past 20 years it has become apparent that swiftly agreed-upon military actions can lead to entanglements that last for many years. There is still a Nato mission in Kosovo and an EU military mission in Bosnia, more than a decade after the fighting ended in both places.

As for Afghanistan – that conflict has now lasted almost twice as long as the second world war. Western governments are also only beginning to come to terms with what may soon be required in Libya. Against this background, there are very few takers for yet another military venture – this time in Syria.

Article 4.

The American Interest

# The Conservative Revolutionary

Walter Russell Mead

June 12, 2011 -- The United States is the most revolutionary power in the history of the world, but after more than 200 years of a brilliant revolutionary career we are still not very good at understanding or responding to the revolutions our example, our ideas, our economy and our technology do so much to create.

The Arab spring is the latest example of the clash between America's revolutionary world role and our pathetic cluelessness about the forces we do so much to promote. The Arab Spring is turning into a long, hot summer. Civil wars in Libya, Syria and Yemen and the sullen silence of the Shi'a in Bahrain have baptized Arab democracy in blood. More will flow — and American foreign policy is befuddled and bemused.

None of the experts look particularly smart at the moment. The 'realists' who counseled President Obama to forget George W. Bush's support of Middle Eastern democracy and cultivate our relations with regional despots like Hosni Mubarak, the Iranian mullahs and the younger Assad have been sent back to the benches in disgrace. Their counsel is now seen as both morally dubious and pragmatically unwise; the 'realists' would have put the US on the wrong side of history in the service of unrealistic assumptions about the stability of despotic regimes.

But the idealists who seek to replace them already have egg on their faces. "Days, not weeks" is what they promised the President when he began to bomb for democracy in Libya. The democratic revolution in Egypt is looking less democratic by the day; it looks more and more as if the Army used public unrest to block the

Mubarak family's attempt to turn Egypt into a family possession. The Army has ruled Egypt since the overthrow of King Farouk, playing liberals and religious conservatives off against each other. It looks set to go on doing that for some time to come. In Yemen, Bahrain and Syria, the counsel of the idealists seems dark and confused. US policy overall seems to have found the 'sour spot' that is the particular curse of the Obama administration: too friendly to the revolt to earn the trust and gratitude of the despots, too cautious and compromising to win many friends on the street.

Overall I am more cautious than optimistic about where the Arab Spring is headed. There is little prospect for the kind of rapid economic growth that could improve the prospects for young unemployed and underemployed Arabs. Foreign investment and tourism have already been badly hit by the unrest of the last six months, and the Arab regimes are turning to aid donors and organizations like the IMF and the World Bank in increasing desperation.

Culturally, many of the necessary preconditions are not in place. The poor quality of most Arab universities, the limited access to serious political history and discourse among all but a handful of Arab intellectuals, the suppression of political life under past dictatorships, the weakness of Islamic political thought in recent centuries and the absence of a robust and deeply rooted tradition of Islamic democracy all work against the rapid widespread development of stable liberal democracy in the Arab world.

Putting the dark economic outlook together with the problematic cultural and political situation makes optimism a tough position to hold. Without in any way scanting or minimizing the idealism, dedication and vision of the democrats rising in the Arab world today, they still seem a long way from winning. They remind me still of the Marquis de Lafayette during the French Revolution: they

believe in all the right ideas, but their countries aren't ready for the vision they seek to promote. They can help make a revolution but others will, for a time at least, determine the flow of events.

If true, then both the realists and the idealists are wrong about the Arab Revolution. The realists are wrong that despotic regimes can provide long term stability in the region; the idealists are wrong that the fall of the old despots will lead to liberal democratic states.

Americans have been getting foreign revolutions wrong for more than 200 years. It began with the French Revolution. Enthusiasts like Thomas Jefferson initially thought they saw France following in America's footsteps. Then came the Reign of Terror, Napoleon, and a generation of brutal war.

Many Americans responded with the same generous enthusiasm to the South American revolutions against colonial rule. Once again, those revolutions failed to establish anything like liberal democratic rule.

The cycles of revolution — 1830, 1848, 1917-20, 1946-1960 (decolonization), 1989-91, 2003-5 and now 2011 — catch Americans flatfooted over and over again. We are surprised when they occur, and we are surprised when they fail to follow the course we expect.

Delusional Realists

The realists are half right: most revolutions will not bring about stable democratic societies. But realists get the other half wrong; revolution is a basic fact of modern life and the kind of 'stability' that old fashioned diplomats long for is just a mirage. American foreign policy cannot proceed on the assumption that despotic, frozen regimes will last. They won't. Sooner or later they will come crashing down — and as the pace of technological and social change around the world continues to accelerate, such revolutionary upheavals are likely to become more frequent.

There is another problem with realism. Like it or not, the United States is a revolutionary power. Whether our government is trying to overthrow foreign dictators is almost irrelevant; American society is the most revolutionary force on the planet. The Internet is more subversive than the CIA in its prime. The dynamism of American society is constantly creating new businesses, new technologies, new ideas and new social models. These innovations travel, and they make trouble when they do. Saudi conservatives know that whatever geopolitical arrangements the Saudi princes make with the American government, the American people are busily undermining the core principles of Saudi society. It's not just our NGOs educating Saudi women and civil society activists; it's not just the impact of American college life on the rising generation of the Saudi elite. We change the world even when we aren't thinking anything about global revolution — when Hollywood and rap musicians are just trying to make a buck, they are stoking the fires of change around the world.

A revolutionary nation cannot make a conservative foreign policy work for long. In the 1820s and 1830s Washington tried to reassure the Mexican government that it had no hostile designs against Mexican territory. But the American people were moving into Texas and the US government couldn't stop that movement or blunt the threat to Mexico if it tried. In the same way today, the economic and political activity of individual Americans and American companies is changing the world in ways that make life much harder for governments in countries like Russia, China and Saudi Arabia. We can press all the reset buttons with Russia that we want, but the Russian government will still notice that both US society and sometimes the government are actively working to help foreign subversives overthrow repressive regimes.

Feckless Idealists

If the desire of our realists to conduct foreign policy with foreign despots as if unprincipled cooperation with the bad guys could build a stable world is unrealistic, the idealism of our enthusiasts that every new foreign revolution will bring a millennium of democratic peace is absurd.

American foreign policy cannot expect that revolutions in foreign countries will rescue us from the painful dilemmas our foreign policy often confronts. Revolution is not the deus ex machina that will make the world peaceful; it is a tsunami that sweeps everything before it, and often leaves the world messier and more dangerous.

Modern history teaches two great lessons about revolution: that revolutions are inevitable, and that a large majority of revolutions either fail or go bad. Americans almost instinctively look at revolutions in terms of our own past: the 1688 Glorious Revolution that made Parliament more powerful than the King in England, and the American Revolution that led in relatively short order to the establishment of a stable and constitutional government.

Most revolutions don't work like this at all. Many of them fail, with the old despots crushing dissent or making only cosmetic changes to the old system. (This happened in Austria in 1848 and something very like it may be happening in Egypt today.) Others move into radicalism, terror and mob rule before a new despot comes along to bring order — at least until the next futile and bloody revolutionary spasm. That was France's history for almost 100 years after the storming of the Bastille. China, Russia and Iran all saw revolutions like this in the 20th century.

The revolutions that 'work' are the exceptions, not the rule. The peaceful revolutions in the Central European countries as Soviet power melted in 1989-1990 are a unique exception to the rule that most revolutions either turn nasty or fail. When many American

idealists think about revolution today, they have Poland, the Czech Republic and Hungary in mind.

Few assumptions can lead you into as much trouble this quickly. Even in 1989-90, those countries were the exception and not the rule. Think Ukraine, Belarus, Yugoslavia, Romania, Azerbaijan, Kazakhstan, Uzbekistan and of course Russia itself. More people live in countries where the 1989-90 revolutionary wave failed to establish secure constitutional democracy than live in those where it succeeded.

More, the countries that had 'velvet' revolutions shared a number of important characteristics. They had or longed to have close political and cultural ties to the West. They wanted to join NATO and the EU, and had a reasonable confidence of doing so sooner rather than later. They could expect enormous amounts of aid and foreign direct investment if they continued along the path of democratic reform. They lay on the 'western' side of the ancient division of Europe between the Orthodox east and the Catholic/Protestant homeland of the modern liberal tradition.

No Arab country looks anything like this. Indeed, most seem closer to Yugoslavia and Belarus or, at best, Ukraine. We, and they, may get lucky, and the revolutions in the Arab world may lead to something that looks more like Central Europe than like Central Asia. That would be a nice surprise, but we should not be placing large bets that this will actually happen.

China, by the way, does not look very much like the Czech Republic. Revolution there is very unlikely to produce a US or European style democracy anytime soon.

If realists ignore the inevitability of revolution, idealists close their eyes to the problems of revolutionary upheavals in societies that have difficult histories, deep social divisions, and poor short term economic prospects. Unfortunately the countries most likely to

experience revolutions are usually the countries that lack the preconditions for Anglo-American style relatively peaceful revolutions that end with the establishment of stable constitutional order. If things were going well in those countries, they would not be having revolutions.

Historically, revolutions in foreign countries are both necessary for their political development and inevitable. They often tend to make American foreign policy more difficult — and the world more dangerous. On the evidence so far, this is the pattern we are seeing in the Middle East today.

Revolutionary Realism?

The difficulty American policymakers have in coming to grips with the recurring phenomenon of foreign revolutions is rooted in America's paradoxical world role. We are not just the world's leading revolutionary nation; we are also the chief custodian of the international status quo. We are upholding the existing balance of power and the international system of finance and trade with one hand, but the American agenda in the world ultimately aims to transform rather than to defend.

It is harder to be an effective revolutionary power than to be a conservative one — and it is harder still to combine the two roles. A traditional conservative power knows what it wants. Revolutionary powers have a tougher job; building the future is harder work than holding on to the past. This is particularly true in the American case; the global transformation we seek is unparalleled for depth, complexity and scale.

We are not sure how this revolutionary transformation works. We know that it involves liberal political change: governments of law rather than of men and legitimacy derived from the consent of the governed as measured in regular and free elections. We also know that involves intellectual and social change: traditional religious ideas

must make room for the equality of the sexes and the rights of religious minorities. Property rights must be rooted in law and protected by an independent judicial system. While governments have a role in the economy, the mechanisms of the market must ultimately be allowed to work their way.

We do not agree among ourselves about the proper sequence of these changes. We know that in the short run, democratic voting procedures may not produce liberal governments. We know that demagogues and aspiring despots can use the language and even the mechanisms of democracy to build personal dictatorships (Napoleon III and Hugo Chavez, for example). We know that popular opinion is sometimes more nationalistic than elite opinion and that gains for democracy do not always lead to more foreign policy cooperation. In most cases, progress toward stable and peaceful democratic government comes slowly if it comes at all; even if you believe in 'democratic peace theory, hoping that the democratization of other countries will solve American foreign policy problems is a fool's game.

Yet we also know — or at least we believe — that in the long run a more democratic world is a better if not always a safer world, and that it would be immoral as well as impractical to stand in the way of the changes that need to come.

If we add the conservative mission of the United States to the revolutionary agenda, the problems of American foreign policy become more complex still. We are trying to carry out a vast reordering of global society even as we preserve the stability of the international political order: we are trying to walk blindfolded on a tightrope across Niagara Falls — while changing our clothes.

The uncertainties and risks that surround us should not be underestimated. There has never been a worldwide revolution of this kind before; nobody knows for sure how best to speed the plow.

Nobody has ever had to balance transformational and conservative roles on a global scale before.

From an American point of view, the Arab Spring is just another complication of this global task — a sudden thunderstorm with flashes of lightening, driving rain and unpredictable gusts of wind as we hop one-legged on the tightrope changing our pants. The Islamic world is entering new territory as it struggles to integrate religious and liberal political values; as the United States tries to juggle its geopolitical interests with its values at a volatile moment in world history, we are almost certain to get the balance wrong much of the time.

Here, however, history offers some hope. As I wrote at the beginning of this post, the United States has been doing two things for more than 200 years: getting foreign revolutions wrong, but somehow still pushing its global revolution forward. America's success as a conservative revolutionary power on a global scale depends less on the clever policies of our presidents and our secretaries of state, and more on the creativity and dynamism of American society as a whole. It is power of a free people more than the brilliance of our intellectual and social establishment that has brought the United States this far; in that truth lies the secret of our revolution and of our success.

Article 5.

NYT

# Iran Without Nukes

Roger Cohen

June 13, 2011 — Remember Iran?

I do. It's been two years since the Iranian people rose up to protest a stolen election with a bravery that stirred the world and presented Americans with a truer image of a young and highly educated nation than the old specter of the bearded Islamic zealot. The Green Movement was suppressed through barbaric violence but its example helped kindle the Arab Spring.

As Hamid Dabashi of Columbia University wrote in July, 2009: "Tehran, I believe, is ground zero of a civil rights movement that will leave no Muslim or Arab country, or even Israel, untouched." He added, "The moving pictures of Iranians flooding colorfully into the streets have forever altered the visual vocabulary of the global perception of 'the Middle East.'"

Seldom were there more prescient words.

They were quoted by Nader Hashemi of the University of Denver in a recent talk on Iran, in which he noted shared Iranian and Arab aims: "Democracy and dignity, the rule of law and respect for basic human rights, political transparency and an end to corruption."

That urge is still powerful in Iran beneath the opaque, directionless apparatus of the Islamic Republic. Iran is weak now, its ideology as tired as Osama Bin Laden's, as marginal to peoples questing to reconcile their Muslim faith and modernity in new ways.

I would probe this weakness through new approaches. But we are stuck still with the world's most paranoid relationship: the American-Iranian relationship. That's largely because there's another way to remember Iran — as the Godot of nuclear threats, the country always

on the verge of producing a nuclear weapon or acquiring the "breakout capacity" to make one, but never, despite the dire warning of Israeli leaders dating back to the 1990s, doing either, preferring to dwell in the Islamic Republic's favored zones: ambivalence and inertia. As one awaits this tortuous Godot, one might recall a forecast of a bomb by 1999 (Shimon Peres) or 2004 (Ehud Barak), or Prime Minister Benjamin Netanyahu's talk of "a messianic apocalyptic cult controlling atomic bombs," or my friend Jeffrey Goldberg's allusion in The Atlantic last year to a "consensus" that there is "a better than 50 percent chance that Israel will launch a strike by next July." That would be next month.

It might also be worth recalling that Meir Dagan, the former head of Israel's Mossad spy agency, declared last month that attacking Iran would be "a stupid idea." He suggested his main worry was not Iran itself but Netanyahu's susceptibility to "dangerous adventure." Dagan's concerns have surfaced as Seymour Hersh concludes in a New Yorker article this month that, as he put it in one interview, "There's just no serious evidence inside that Iran is actually doing anything to make a nuclear weapon."

His reporting reveals that the U.S. National Intelligence Estimate (N.I.E.) of 2007 — which concluded "with high confidence" that Iran had halted a nuclear-weapons program in 2003 — still pertains in the classified N.I.E. of 2011. As a retired senior intelligence official put it to Hersh, there's nothing "substantially new" that "leads to a bomb."

In other words, Iran, epicenter of inefficiency, unable to produce a kilowatt of electricity through its Bushehr nuclear reactor despite decades of effort, is still doing its old brinkmanship number. Remember, Ali Khamenei, the supreme leader, is the guardian of the revolution. That is a conservative business. Breakout, let alone a bomb, is a bridge too far if the Islamic Republic is what you've

vowed to preserve. Much better to gain leverage by producing low-enriched uranium — far from weapons grade — under International Atomic Energy Agency inspection and allow rumors to swirl.

So Iran, long at the top of the Washington agenda, has slid down. It's partly the Arab Spring. It's partly that you can't keep saying the same thing. People do begin to remember the refrain, although nobody in the large Iran-the-clear-and-present-danger school ever seems to get called to account. They should be. The nuclear bogeyman obsession has been a distraction from the need to try to tease out a relationship with Tehran, see Iran as it is. Only the most flimsy efforts have been made, insufficient to test the waters.

Those waters are troubled. The Islamic Republic has not recovered from its convulsion of 2009. It is sickly, consumed by hypocrisy as it cheers on some brave Arabs (but not those in Syria) while brutalizing its own seekers of the freedom promised in 1979. Arabs aren't buying Iranian hypocrisy. Only Iran's command of Revolutionary Guard force and the opposition's lack of a shared goal salvage it.

Khamenei is at loggerheads with President Mahmoud Ahmadinejad, who got into such a sulk recently that he took 11 days off work, infuriating everybody. The Majlis, or parliament, is investigating Ahmadinejad for various alleged frauds including, of all things, vote-buying in 2009! Ahmadinejad was booed during his June 3 speech commemorating Ayatollah Khomeini's death. Iran is characterized by what Farideh Farhi of the University of Hawaii recently termed "administrative chaos."

That's not how you make a nuke. When remembering Iran — and it must be remembered — call the fear-mongers to account.

Article 6.

NATIONAL REVIEW

# Interview with - Francis Fukuyama: The Difficulty of Political Order

Matthew Shaffer

June 13, 2011 -- It wouldn't be an exaggeration to call Francis Fukuyama one of the most important thinkers in America. He's a rare triple threat in public-intellectual life — maintaining high appointments in academe, producing popular books and magazine writing consumed by the chattering classes, and advising American presidents and foreign leaders directly. He combines expertise and influence with breadth: He's worked on questions as imperial as American grand strategy and as delicate and abstract as bioethics. He's most famous for The End of History and the Last Man, whose perennially misunderstood title is often jeered, but which defined a decade's thinking about the post–Cold War world order and globalization. His latest book is Origins of Political Order, which traces a single story through several millennia and dozens of different cultures, empires, and societies — the story of how man emerged from tribal structures into a modern state. Fukuyama talks with NRO's Matthew Shaffer, about the book and how his thinking about world order and America's place in it has changed over the last 20 years.

MATTHEW SHAFFER: *Origins* is a historical work, as opposed to previous works, such as *The End of History*, and *Our Posthuman Future*, which were more theoretical. What, for you, is the prescriptive value of history?

FRANCIS FUKUYAMA: This really started with a practical concern I had after dealing with failed states and nation-building issues in the wake of September 11 and our nation-building efforts in Afghanistan and Iraq. It seemed to me that the United States in particular didn't appreciate the difficulty of this kind of activity, because we didn't adequately understand how hard it was to establish institutions. When I was at Johns Hopkins at SAIS [School of Advanced International Studies] I ran an international-development program, focusing on issues of anti-corruption and improving governance. And a lot of it seemed premised on an overly optimistic faith in the ability of outsiders to effect desired outcomes. So I decided to write a book about where institutions came from in countries that had them and could take them for granted. We've forgotten a lot of that history and how we've gotten to the present. Along the way it was also a means of revisiting a lot of *The End of History* 20 years later.

SHAFFER: Some theorists, like Hegel, think that history doesn't just tell us what is stable, or what works, but actually points us toward moral progress. Do you believe that?

FUKUYAMA: Fundamentally, I believe in liberal democracy, that it's the best form of government, and that the world has made moral progress. But that's a separate question from whether the development of democratic institutions is inevitable and driven by an underlying historical force. I've become more skeptical of that latter belief over the years as I've become more attentive to the role of accident and contingency. And my current book is about a lot of that. For example: The reason we got to democracy in Europe is the almost accidental survival of a feudal institution — the English parliament — into the modern period. That's something that didn't happen in other

European countries, and which we therefore can't take for granted. So, as you see, the normative concern is separate from the empirical question of whether democracy is inevitable.

SHAFFER: *Origins* incorporates economics, anthropology, philosophy, and social psychology, for lessons about political order. Is that kind of study too rare today?

FUKUYAMA: This is partly the fault of the structure of academia. There's such a premium placed on specialization and narrowness that it's very hard to think more broadly and to cross disciplinary boundaries. I work at Stanford in an interdisciplinary institute, and I've been associated with these kinds of outfits for most of my years. And those are where the most interesting research gets done.

SHAFFER: What field outside of political science has the most important insights for understanding political order?

FUKUYAMA: That's hard to say. I don't know if there is one. Part of the problem is economics — it's a very important discipline, but in a way it's colonized the rest of the social sciences. A lot of political analysis in academia is driven by this model of everybody being a rational decision maker driven by more or less material interests. There's obviously something to that, but it's a very limited way of looking about politics, which is about dignity and values and ideas that can't be explained in material terms. Other disciplines — sociology and anthropology — have gotten at those things better than economics has.

SHAFFER: Your chapter "How Christianity Undermines the Family" is provocatively titled and sort of microcosmic for your whole thesis. Can you tell us about it?

FUKUYAMA: You can't have modern politics if society is based on the biological principles of supporting friends and family. That's the natural mode of human sociability. We're naturally inclined to take care of family and exchange favors with friends. Human beings will interact in that manner without anyone telling them to behave that way because it's biologically grounded.

In all human societies, social order at one stage depended on extended kinship — people living in tribes where people traced ancestry to a common ancestor that may be three, four, or five generations dead. This was no less true of Europeans than it was of the Chinese, or Arabs, or Africans, or anyone else in the world. All the Germanic barbarians organized themselves tribally after overrunning the Roman Empire.

One of the broad questions I've addressed in the book is how did these different societies make an exit out of kinship-based social organization into a modern-based state, with impersonal, centralized administration? Europe in that respect was quite exceptional, because that happened early, and it happened through the agency of the Catholic Church, which changed the rules of inheritance for kin-groups. It forbade divorce, it forbade concubinage, and it forbade cousin marriages within three or four degrees of relatedness. All of these were practices in tribal societies that kept property within an extended kin-group. In the Arab world in many places they still encourage cross-cousin marriage, where you marry your first cousin and the two families get to keep property within this narrow circle.

When the Catholic Church [forbade cousin marriage] in the eighth century, it wasn't thinking about the effect on kinship. It was acting in a self-interested way, because by cutting off these ways of kin-groups' keeping property, the Church ended up being the beneficiary. So if a woman didn't marry and didn't have children but had a big estate, she tended to donate it to the Church. So the Church helped effect in Europe the breakdown of extended kinship very, very early. Even in the beginning of the Middle Ages, people owned property as individuals. Women could hold property — they could sell it, alienate it, in ways that they still can't in parts of the Arab world. And this meant that individualism became very deeply rooted in European society. So some individualism was already established by the time Europe got to feudalism. And feudalism is basically a contract — it's one that is very hierarchical, between a stronger and weaker person, but it is a contract between two people.

So the idea of exchange and private property dates way, way back, hundreds of years before the Enlightenment, Reformation, etc. So I think that the basis for European modernization traces all the way back to developments like that. In China, in India, the exit out of kinship was accomplished through political power, via a state that tried to create impersonal government layered on top of a kin-based society. And those kin-groups really never went away. Even in contemporary China and India, in certain parts there are still kin-groups that influence politics.

SHAFFER: But China had an impersonal government — a meritocratic bureaucracy — without Christianity, and long before the West did, yes?

FUKUYAMA: So you have to understand what that means. China didn't create the first state, it created the first modern state, meaning a state which recruited people into a centralized bureaucracy based on talent and merit, essentially, and not based on family relations, or connections to the household of the emperor, or something of that sort. So it had a modern form of public administration. And this was all consolidated by the third century B.C. But what the country never got to was the rule of law. Up to the modern day, the concept of a sovereign being limited by the rule of law never existed. So what that meant is that at a very early period in their history, the Chinese perfected strong, absolutist government. And that's been a consistent pattern — high-quality, authoritarian government. And I think that continues up to the present.

SHAFFER: Could we trace Western ascendance to that one factor, the rule of law?

FUKUYAMA: That's what's interesting about the present period. A lot of economic theory says you can't have modern economic growth without Western-style rule of law. Economists who believe this are thinking about two critical things — property rights and contract enforcement. And there's a lot of theory and a lot of empirical evidence that show that these are in fact important. The problem with that theory is that it doesn't really square with the facts in contemporary China. As everybody knows, for the past three decades, China has been growing at double-digit rates and they don't have Western rule of law.

I think you can rescue the theory in the long run, because without rule of law they can't keep this up. In a way the challenge that contemporary China poses it that they are doing well, and in the short

run they're doing better than the United States without having these Western institutions. The real challenge is the long-run sustainability of that system, or of the two systems. And looking at that in the long-run, I would still bet on the West, with its rule of law and systems of checks and balances on authority.

SHAFFER: You've probably heard a lot of phony rebuttals based on misreading of *The End of History*. So, I won't attempt one — but you've made oblique references to your own revisions and criticisms. How does the rise of China and the current Arab unrest, for example, fit into the end of history?

FUKUYAMA: If you understand the original thesis correctly, what I was saying is that there was a theory of history among progressive intellectuals for most of the 20th century. That theory of history was Marxism. And according to the Marxists, the end of history was a communist utopia. My observation in the late 1980s is that we weren't going to get there. Liberal democracies seemed to be the highest stage of political development, and I didn't see any real alternatives. If you understand the thesis that way, I still believe that. Nothing that's happened in the last 20 years has convinced me that there's a higher form of government. Certainly not 9/11 — I don't think anybody wants to live in a place like Iran and Afghanistan, so I don't think that's a serious competitor. China is a more plausible alternative. But I don't think that anybody who's not culturally Chinese would duplicate their system, and the Chinese are not really proselytizing their system. So I still think liberal democracy is the default form of government.

What's changed for me are a couple of things: One is the idea of political decay. It wasn't an important part of the *End of History*. But I do think that all political systems, including liberal democracies,

can decay over time. They can get too rigid, they can fail to adapt, and if they do, then they're going to get into trouble, just like authoritarian systems. The other issue, which we've already touched on, is contingency in history. So the route to getting into modernity is, I now think, full of a lot of accident, and so it's not as if there's this inevitable historical process that driving us toward the present. I think it should make us both more appreciative of the fact that we've gotten to the present and also more aware of the fragility of modern institutions.

SHAFFER: A lot of people have related that — your focus on the contingency of political order, and our ability to construct democracies — to your "falling-out" with neoconservatism. Was that "falling out" just local to some of the failures and disappointments of the Bush years or was it a break with the intellectual project as a whole?

FUKUYAMA: It was more a practical dispute over methods. I didn't think U.S. hard power was an effective method [for advancing liberal democracy], and the Bush administration hadn't really thought through the implications of invading Iraq. I still think there are ways that the United States can help promote democracy, but it's a slow and long-term process. For example, I'm on the board of the National Endowment for Democracy, which had an important role in supporting solidarity in Poland in the 1980s, and in Serbia, and the Orange Coalition in Ukraine. So there are ways in which we've encouraged democratic forces around the world. I still believe in that mission and project. But I don't think the Bush administration actually invaded Iraq to promote democracy. They had security objectives in mind, and they added the democracy argument as an

afterthought, and that's what stuck in people's minds. That was a mistake, because it kind of undermined the notion of democracy promotion, simply because it was connected to a very unpopular intervention.

SHAFFER: Taking lessons from that, what can we do to promote democracy in the aftermath of the "Arab Spring"?

FUKUYAMA: We already are doing a lot. We've got organizations like the National Democratic Institute, or the International Republican Institute, that are all over Tunisia and Egypt and Libya, and other places, trying to help them organize political parties, trade unions, civil-society organizations, that hopefully will allow the more Western-oriented democrats in those Arab countries to actually contest in the elections. As we move toward votes in Tunisia and Egypt we want to have some alternative to the Muslim Brotherhood and the military. So we're giving them that kind of assistance right now. That's difficult, because they haven't had experience with democracy previously.

It's a long-term struggle, and I think we'll be disappointed in the short run. I don't think the more pro-Western forces are the ones that will end up on top in the short-run. But we've got to start somewhere.

SHAFFER: Is the spread of liberal democracy dependent upon persisting American hegemony?

FUKUYAMA: It's been helpful. The U.S. obviously plays a big role in maintaining a liberal, open world order, through its alliances and the influence it projects. And American ideas have been very dominant in the world especially in the last two decades. A lot of that is shifting now because of the rise of other powers and other ideas.

But the idea of liberal democracy — the U.S. is not the only exemplar of liberal democracy — [remains]. It's a powerful idea that would exist independently of whether the U.S. is hegemonic or not.

I'm not as scared of a world without American hegemony as some people are. We went through the whole Cold War period in which the U.S. was one of two superpowers. A return to a more multi-polar world in certain ways induces a fair amount of moderation among big players in the system, because people know they can't get their way unilaterally. And in the more multi-polar world we'd probably think twice about doing things like Iraq. The more important question is: In the global marketplace of ideas, how dominant will American *ideas* about freedom and rule of law and democracy and our economic model be? Our ideas will obviously be challenged; and it's important for the U.S. to put its own house in order, both politically and economically, because that's the most important way we exercise influence around the world: The model we set.

SHAFFER: To revisit *Our Posthuman Future*, are there any developments in bio-technologies in the past nine years that you find particularly disturbing?

FUKUYAMA: Yes. The whole rise of synthetic biology, where we've had new forms of life, and the ability to do new forms of life is proceeding extremely rapidly. The creation of an artificial bacteria itself is not immediately threatening, but it's part of a long-term process by which we'll uncover the technologies for manufacturing life, in ways that could have very serious security and moral implications.

SHAFFER: Don't bioethics pose a challenge to the idea that the best society is the most successful society? You argue in *Our Posthuman Future* that a society that genetically engineered its children to be more intelligent might be more productive and successful but wouldn't be moral.

FUKUYAMA: I've got a simpler concern in my current book. It's just that liberal democracy is not something you can take for granted, or that democracies will find a way to solve their problems. I think we've got a number of long-term problems in the United States that don't seem to be getting addressed with the current political system.

*Matthew Shaffer is a William F. Buckley Fellow at the National Review Institute*

Article 7.

Project Syndicate

# Does Anything Matter?

Peter Singer

2011-06-13 – Can moral judgments be true or false? Or is ethics, at bottom, a purely subjective matter, for individuals to choose, or perhaps relative to the culture of the society in which one lives? We might have just found out the answer.

Among philosophers, the view that moral judgments state objective truths has been out of fashion since the 1930's, when logical positivists asserted that, because there seems to be no way of verifying the truth of moral judgments, they cannot be anything other than expressions of our feelings or attitudes. So, for example, when we say, "You ought not to hit that child," all we are really doing is expressing our disapproval of your hitting the child, or encouraging you to stop hitting the child. There is no truth to the matter of whether or not it is wrong for you to hit the child.

Although this view of ethics has often been challenged, many of the objections have come from religious thinkers who appealed to God's commands. Such arguments have limited appeal in the largely secular world of Western philosophy. Other defenses of objective truth in ethics made no appeal to religion, but could make little headway against the prevailing philosophical mood.

Last month, however, saw a major philosophical event: the publication of Derek Parfit's long-awaited book On What Matters. Until now, Parfit, who is Emeritus Fellow of All Souls College, Oxford, had written only one book, Reasons and Persons, which appeared in 1984, to great acclaim. Parfit's entirely secular arguments, and the comprehensive way in which he tackles

alternative positions, have, for the first time in decades, put those who reject objectivism in ethics on the defensive.

On What Matters is a book of daunting length: two large volumes, totaling more than 1,400 pages, of densely argued text. But the core of the argument comes in the first 400 pages, which is not an insurmountable challenge for the intellectually curious – particularly given that Parfit, in the best tradition of English-language philosophy, always strives for lucidity, never using obscure words where simple ones will do. Each sentence is straightforward, the argument is clear, and Parfit often uses vivid examples to make his points. Thus, the book is an intellectual treat for anyone who wants to understand not so much "what matters" as whether anything really can matter, in an objective sense.

Many people assume that rationality is always instrumental: reason can tell us only how to get what we want, but our basic wants and desires are beyond the scope of reasoning. Not so, Parfit argues. Just as we can grasp the truth that 1 + 1 = 2, so we can see that I have a reason to avoid suffering agony at some future time, regardless of whether I now care about, or have desires about, whether I will suffer agony at that time. We can also have reasons (though not always conclusive reasons) to prevent others from suffering agony. Such self-evident normative truths provide the basis for Parfit's defense of objectivity in ethics.

One major argument against objectivism in ethics is that people disagree deeply about right and wrong, and this disagreement extends to philosophers who cannot be accused of being ignorant or confused. If great thinkers like Immanuel Kant and Jeremy Bentham disagree about what we ought to do, can there really be an objectively true answer to that question?

Parfit's response to this line of argument leads him to make a claim that is perhaps even bolder than his defense of objectivism in ethics.

He considers three leading theories about what we ought to do – one deriving from Kant, one from the social-contract tradition of Hobbes, Locke, Rousseau, and the contemporary philosophers John Rawls and T.M. Scanlon, and one from Bentham's utilitarianism – and argues that the Kantian and social-contract theories must be revised in order to be defensible.

Then he argues that these revised theories coincide with a particular form of consequentialism, which is a theory in the same broad family as utilitarianism. If Parfit is right, there is much less disagreement between apparently conflicting moral theories than we all thought. The defenders of each of these theories are, in Parfit's vivid phrase, "climbing the same mountain on different sides."

Readers who go to On What Matters seeking an answer to the question posed by its title might be disappointed. Parfit's real interest is in combating subjectivism and nihilism. Unless he can show that objectivism is true, he believes, nothing matters.

When Parfit does come to the question of "what matters," his answer might seem surprisingly obvious. He tells us, for example, that what matters most now is that "we rich people give up some of our luxuries, ceasing to overheat the Earth's atmosphere, and taking care of this planet in other ways, so that it continues to support intelligent life."

Many of us had already reached that conclusion. What we gain from Parfit's work is the possibility of defending these and other moral claims as objective truths.

*Peter Singer is Professor of Bioethics at Princeton University and Laureate Professor at the University of Melbourne. Revised editions of his books Practical Ethics and The Expanding Circle have just been published.*

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**Sent**: 7/1/2011 11:18:25 AM
**To**: Peggy Siegal[redacted]

should you point out to Ariana Huff, that the same type of person, same as strauss Kahn i s Andrews accuser, ,long criminal record. total liar. Ariana should champion the dangers of false allegations. send a reporter or reporters to investigate,.. the palace would love it, the girl in the photo , was nothing more than a telephone answerer,, she was never 15, according to her version she worked for trump , first at that age, at MAra lago. ITs ridiculous. but the press like strauss kahn is afraid to question women.

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24 August, 2011

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|---|---|
| Article 1. | The Daily Beast<br>**Obama's True Claim to Fame**<br>Michael Tomasky |
| Article 2. | Stratfor<br>**Israeli-Arab Crisis Approaching**<br>George Friedman |
| Article 3. | The Financial Times<br>**Why Assad need not fear Gaddafi's fate**<br>Ed Husain |
| Article 4. | The Christian Science Monitor<br>**Libya endgame: Lessons for Syria's protesters**<br>Bilal Y. Saab |
| Article 5. | Foreign Policy<br>**Assad's Chemical Romance**<br>Leonard Spector |
| Article 6. | Washington Post<br>**10 years after 9/11, al-Qaeda is down but not out**<br>David Ignatius |
| Article 7. | Hurriyet<br>**Why Golda Meir was right**<br>Burak Bekdil |

Article 1.

The Daily Beast

# Obama's True Claim to Fame

Michael Tomasky

August 23, 2011 -- Barack Obama hasn't been much of a domestic-policy president from nearly anyone's point of view. And it's a little hard to picture how he might ever be seen as such—that is to say, even if he's reelected, he'll probably have a Republican House or Senate (or both) that will thwart him at every turn, so the best he'll be able to say is that he presided over a slow and very difficult economic recovery, which presumably will finally happen by January 2017. But foreign policy could be a completely different story. Here one can see how he might become not just a good but a great foreign-policy president. Yes, of course, let's stipulate: the war isn't actually, you know, over. And even after it is, Libya could descend into chaos or extremism or both (although it is heartening to read that the National Transitional Council, the recognized new governing body, apparently has detailed governance plans in place). So could Egypt, and Tunisia, and so on and so on. Lots of things could, can, and undoubtedly will go wrong. Let's also stipulate that Obama did not drape himself only in glory on Libya. The administration's statement in June that the conflict wasn't under the purview of the War Powers Act because bombing didn't constitute "hostilities" was ridiculous. And many critics reasonably felt back in March that Obama was a little slow to pull the trigger on the intervention (I didn't share that view).

All that said, the administration has already handled a lot of these changes well (and in the face of absolutely constant know-it-all criticism). One of the best things an American administration can do when big changes are afoot somewhere in the world is stay out of the way and not act as if we can will an outcome just because we're

America. We have a group in this country that likes to will outcomes, and their track record demonstrates that that doesn't work so well (unless you think, apropos Iraq, that eight years and more than 100,000 lives later defines "well"). Obama has been more in the mold of George H.W. Bush and his secretary of state, Jim Baker, when the Eastern bloc was throwing off Moscow's shackles. Offer encouragement and stability, give a few speeches about freedom, but otherwise let them do their own work. Obama took a lot of stick for not being more forceful on Egypt in February, but he was right to be cautious—there were lots of stakeholders involved, and sorry, but the president of the United States just can't say every sweet thing romantics would like him to say. He then, as noted, took heat for moving too slowly on Libya, but here again he was correct. The nature of the Libyan regime is not a direct national-security issue, so there absolutely had to be a specific trigger to justify acting. That trigger was Gaddafi's threatened assault on Benghazi. That was completely the right thing to do. It was as textbook a fulfillment of "R2P," or "responsibility to protect," as one could imagine. The subsequent bombing campaign took longer than advertised, but it has apparently done the job, quickly and with far smaller loss of life (including zero U.S. deaths) than if we'd followed John McCain and Lindsey Graham's advice and gone in with ground troops. One of the best things an American administration can do when big changes are afoot somewhere in the world is stay out of the way and not act as if we can will an outcome just because we're America. Next comes Syria. Conservatives are pushing Obama to take stronger steps. Maybe he should. I argued back in the spring, before Obama imposed sanctions on Assad, that he needed to be more forceful. But now he has imposed those sanctions and said Assad should step down. Doing much more seems dubious. Bashar al-Assad will go. It's a matter of when. Better to let it play out. If a true R2P situation arises, then

Obama will have to make some decisions. But it's far better to let the Syrians do this themselves, if they can. We cannot prevent every casualty. That's starting to sound like a doctrine to me. Call it the doctrine of no doctrine: using our power and influence but doing so prudently and multilaterally, with the crucial recognition that Egypt is different from Libya is different from Syria is different from someplace else. According to the foreign-policy establishment, if you want to have a self-respecting big-D doctrine, you're not supposed to recognize differences. The doctrine must guide all cases. But that is exactly the kind of thinking that has led—always—to tragedy. The Truman Doctrine was never meant to be applied to Vietnam. The Bush Doctrine was applied to Iraq based on a series of lies told to the American people. And so on. If the Obama Doctrine is nothing like those, so much the better. This does not yet greatness make. These dramatic changes have to work out for the better, and here the United States has a huge role to play. With respect to Libya, for example, we have control of about $37 billion in assets we can dole out to the transitional council. And yes, we probably are interested in its oil. But that doesn't have to mean stealing it. All the Western countries that backed the rebels have to play a constructive and non- (forgive me for such a dated word) imperialist role in helping the country build its future. So there's work to be done. But it's hardly impossible to envision an Obama administration in a few years' time that has drawn down Afghanistan and Iraq, helped foster reforms and maybe even the growth of a couple of democracies around the Middle East, and restored the standing of a country that Bush had laid such staggering waste. And killed Osama bin Laden. If this is weak America-hating, count me in.

*Newsweek/Daily Beast special correspondent Michael Tomasky is also editor of Democracy: A Journal of Ideas.*

Article 2.

Stratfor

# Israeli-Arab Crisis Approaching

George Friedman

August 22, 2011 -- In September, the U.N. General Assembly will vote on whether to recognize Palestine as an independent and sovereign state with full rights in the United Nations. In many ways, this would appear to be a reasonable and logical step. Whatever the Palestinians once were, they are clearly a nation in the simplest and most important sense - namely, they think of themselves as a nation. Nations are created by historical circumstances, and those circumstances have given rise to a Palestinian nation. Under the principle of the United Nations and the theory of the right to national self-determination, which is the moral foundation of the modern theory of nationalism, a nation has a right to a state, and that state has a place in the family of nations. In this sense, the U.N. vote will be unexceptional.

However, when the United Nations votes on Palestinian statehood, it will intersect with other realities and other historical processes. First, it is one thing to declare a Palestinian state; it is quite another thing to create one. The Palestinians are deeply divided between two views of what the Palestinian nation ought to be, a division not easily overcome. Second, this vote will come at a time when two of Israel's neighbors are coping with their own internal issues. Syria is in chaos, with an extended and significant resistance against the regime having emerged. Meanwhile, Egypt is struggling with internal tension over the fall of President Hosni Mubarak and the future of the military junta that replaced him. Add to this the U.S. withdrawal from Iraq and the potential rise of Iranian power, and the potential recognition of a Palestinian state - while perfectly logical in an abstract sense -

becomes an event that can force a regional crisis in the midst of ongoing regional crises. It thus is a vote that could have significant consequences.

**The Palestinian Divide**

Let's begin with the issue not of the right of a nation to have a state but of the nature of a Palestinian state under current circumstances. The Palestinians are split into two major factions. The first, Fatah, dominates the West Bank. Fatah derives its ideology from the older, secular Pan-Arab movement. Historically, Fatah saw the Palestinians as a state within the Arab nation. The second, Hamas, dominates Gaza. Unlike Fatah, it sees the Palestinians as forming part of a broader Islamist uprising, one in which Hamas is the dominant Islamist force of the Palestinian people.

The Pan-Arab rising is moribund. Where it once threatened the existence of Muslim states, like the Arab monarchies, it is now itself threatened. Mubarak, Syrian President Bashar al Assad and Libyan leader Moammar Gadhafi all represented the old Pan-Arab vision. A much better way to understand the "Arab Spring" is that it represented the decay of such regimes that were vibrant when they came to power in the late 1960s and early 1970s but have fallen into ideological meaninglessness. Fatah is part of this grouping, and while it still speaks for Palestinian nationalism as a secular movement, beyond that it is isolated from broader trends in the region. It is both at odds with rising religiosity and simultaneously mistrusted by the monarchies it tried to overthrow. Yet it controls the Palestinian proto-state, the Palestinian National Authority, and thus will be claiming a U.N. vote on Palestinian statehood. Hamas, on the other hand, is very much representative of current trends in the Islamic world and holds significant popular support, yet it is not clear that it holds a majority position in the Palestinian nation.

All nations have ideological divisions, but the Palestinians are divided over the fundamental question of the Palestinian nation's identity. Fatah sees itself as part of a secular Arab world that is on the defensive. Hamas envisions the Palestinian nation as an Islamic state forming in the context of a region-wide Islamist rising. Neither is in a position to speak authoritatively for the Palestinian people, and the things that divide them cut to the heart of the nation. As important, each has a different view of its future relations with Israel. Fatah has accepted, in practice, the idea of Israel's permanence as a state and the need of the Palestinians to accommodate themselves to the reality. Hamas has rejected it.

The U.N. decision raises the stakes in this debate within the Palestinian nation that could lead to intense conflict. As vicious as the battle between Hamas and Fatah has been, an uneasy truce has existed over recent years. Now, there could emerge an internationally legitimized state, and control of that state will matter more than ever before. Whoever controls the state defines what the Palestinians are, and it becomes increasingly difficult to suspend the argument for a temporary truce. Rather than settling anything, or putting Israel on the defensive, the vote will compel a Palestinian crisis.

Fatah has an advantage in any vote on Palestinian statehood: It enjoys far more international support than Hamas does. Europeans and Americans see it as friendly to their interests and less hostile to Israel. The Saudis and others may distrust Fatah from past conflicts, but in the end they fear radical Islamists and Iran and so require American support at a time when the Americans have tired of playing in what some Americans call the "sandbox." However reluctantly, while aiding Hamas, the Saudis are more comfortable with Fatah. And of course, the embattled Arabist regimes, whatever tactical shifts there may have been, spring from the same soil as Fatah. While Fatah is the preferred Palestinian partner for many, Hamas can also use that

reality to portray Fatah as colluding with Israel against the Palestinian people during a confrontation.

For its part, Hamas has the support of Islamists in the region, including Shiite Iranians, but that is an explosive mix to base a strategy on. Hamas must break its isolation if it is to counter the tired but real power of Fatah. Symbolic flotillas from Turkey are comforting, but Hamas needs an end to Egyptian hostility to Hamas more than anything.

**Egypt's Role and Fatah on the Defensive**

Egypt is the power that geographically isolates Hamas through its treaty with Israel and with its still-functional blockade on Gaza. More than anyone, Hamas needs genuine regime change in Egypt. The new regime it needs is not a liberal democracy but one in which Islamist forces supportive of Hamas, namely the Muslim Brotherhood, come to power.

At the moment, that is not likely. Egypt's military has retained a remarkable degree of control, its opposition groups are divided between secular and religious elements, and the religious elements are further divided among themselves - as well as penetrated by an Egyptian security apparatus that has made war on them for years. As it stands, Egypt is not likely to evolve in a direction favorable to Hamas. Therefore, Hamas needs to redefine the political situation in Egypt to convert a powerful enemy into a powerful friend.

Though it is not easy for a small movement to redefine a large nation, in this case, it could perhaps happen. There is a broad sense of unhappiness in Egypt over Egypt's treaty with Israel, an issue that comes to the fore when Israel and the Palestinians are fighting. As in other Arab countries, passions surge in Egypt when the Palestinians are fighting the Israelis.

Under Mubarak, these passions were readily contained in Egypt. Now the Egyptian regime unquestionably is vulnerable, and pro-

Palestinian feelings cut across most, if not all, opposition groups. It is a singular, unifying force that might suffice to break the military's power, or at least to force the military to shift its Israeli policy. Hamas in conflict with Israel as the United Nations votes for a Palestinian state also places Fatah on the political defensive among the Palestinians. Fatah cooperation with Israel while Gaza is at war would undermine Fatah, possibly pushing Fatah to align with Hamas. Having the U.N. vote take place while Gaza is at war, a vote possibly accompanied by General Assembly condemnation of Israel, could redefine the region.

Last week's attack on the Eilat road should be understood in this context. Some are hypothesizing that new Islamist groups forming in the Sinai or Palestinian groups in Gaza operating outside Hamas' control carried out the attack. But while such organizations might formally be separate from Hamas, I find it difficult to believe that Hamas, with an excellent intelligence service inside Gaza and among the Islamist groups in the Sinai, would not at least have known these groups' broad intentions and would not have been in a position to stop them. Just as Fatah created Black September in the 1970s, a group that appeared separate from Fatah but was in fact covertly part of it, the strategy of creating new organizations to take the blame for conflicts is an old tactic both for the Palestinians and throughout the world.

Hamas' ideal attack would offer it plausible deniability - allowing it to argue it did not even know an attack was imminent, much less carry it out - and trigger an Israeli attack on Gaza. Such a scenario casts Israel as the aggressor and Hamas as the victim, permitting Hamas to frame the war to maximum effect in Egypt and among the Palestinians, as well as in the wider Islamic world and in Europe.

**Regional Implications and Israel's Dilemma**

The matter goes beyond Hamas. The Syrian regime is currently fighting for its life against its majority Sunni population. It has survived thus far, but it needs to redefine the conflict. The Iranians and Hezbollah are among those most concerned with the fall of the Syrian regime. Syria has been Iran's one significant ally, one strategically positioned to enhance Iranian influence in the Levant. Its fall would be a strategic setback for Iran at a time when Tehran is looking to enhance its position with the U.S. withdrawal from Iraq. Iran, which sees the uprising as engineered by its enemies - the United States, Saudi Arabia and Turkey - understandably wants al Assad to survive.

Meanwhile, the fall of Syria would leave Hezbollah - which is highly dependent on the current Syrian regime and is in large part an extension of Syrian policy in Lebanon - wholly dependent on Iran. And Iran without its Syrian ally is very far away from Hezbollah. Like Tehran, Hezbollah thus also wants al Assad to survive. Hezbollah joining Hamas in a confrontation with Israel would take the focus off the al Assad regime and portray his opponents as undermining resistance to Israel. Joining a war with Israel also would make it easier for Hezbollah to weather the fall of al Assad should his opponents prevail. It would help Hezbollah create a moral foundation for itself independent of Syria. Hezbollah's ability to force a draw with Israel in 2006 constituted a victory for the radical Islamist group that increased its credibility dramatically.

The 2006 military confrontation was also a victory for Damascus, as it showed the Islamic world that Syria was the only nation-state supporting effective resistance to Israel. It also showed Israel and the United States that Syria alone could control Hezbollah and that forcing Syria out of Lebanon was a strategic error on the part of Israel and the United States.

Faced with this dynamic, it will be difficult for Fatah to maintain its relationship with Israel. Indeed, Fatah could be forced to initiate an intifada, something it would greatly prefer to avoid, as this would undermine what economic development the West Bank has experienced.

Israel therefore conceivably could face conflict in Gaza, a conflict along the Lebanese border and a rising in the West Bank, something it clearly knows. In a rare move, Israel announced plans to call up reserves in September. Though preannouncements of such things are not common, Israel wants to signal resolution.

Israel has two strategies in the face of the potential storm. One is a devastating attack on Gaza followed by rotating forces to the north to deal with Hezbollah and intense suppression of an intifada. Dealing with Gaza fast and hard is the key if the intention is to abort the evolution I laid out. But the problem here is that the three-front scenario I laid out is simply a possibility; there is no certainty here. If Israel initiates conflict in Gaza and fails, it risks making a possibility into a certainty - and Israel has not had many stunning victories for several decades. It could also create a crisis for Egypt's military rulers, not something the Israelis want.

Israel also simply could absorb the attacks from Hamas to make Israel appear the victim. But seeking sympathy is not likely to work given how Palestinians have managed to shape global opinion. Moreover, we would expect Hamas to repeat its attacks to the point that Israel no longer could decline combat.

War thus benefits Hamas (even if Hamas maintains plausible deniability by having others commit the attacks), a war Hezbollah has good reason to enter at such a stage and that Fatah does not want but could be forced into. Such a war could shift the Egyptian dynamic significantly to Hamas' advantage, while Iran would certainly want al-Assad to be able to say to Syrians that a war with Israel is no time for

a civil war in Syria. Israel would thus find itself fighting three battles simultaneously. The only way to do that is to be intensely aggressive, making moderation strategically difficult.

Israel responded modestly compared to the past after the Eilat incident, mounting only limited attacks on Gaza against mostly members of the Palestinian Resistance Committees, an umbrella group known to have links with Hamas. Nevertheless, Hamas has made clear that its de facto truce with Israel was no longer assured. The issue now is what Hamas is prepared to do and whether Hamas supporters, Saudi Arabia in particular, can force them to control anti-Israeli activities in the region. The Saudis want al Assad to fall, and they do not want a radical regime in Egypt. Above all, they do not want Iran's hand strengthened. But it is never clear how much influence the Saudis or Egyptians have over Hamas. For Hamas, this is emerging as the perfect moment, and it is hard to believe that even the Saudis can restrain them. As for the Israelis, what will happen depends on what others decide - which is the fundamental strategic problem that Israel has.

*Dr. Friedman is the Chief Executive Officer and founder of STRATFOR. Dr. Friedman is the author of The New York Times bestseller "The Next Decade: Where We've Been…and Where We're Going,"*

Article 3.

The Financial Times

# Why Assad need not fear Gaddafi's fate

Ed Husain

August 23, 2011 -- The dramatic scenes in Tripoli are already being seized upon by those keen to depose other despotic regimes. Taken alongside the unstable situation in Syria, there is now a risk of a dangerous moment of western triumphalism. This must be resisted, especially given that the odds of overthrowing dictator Bashar al-Assad are so small.

After months of holding his nerve, US president Barack Obama last week succumbed to calls from commentators and Syrian opposition leaders, and demanded Mr Assad's removal. The decision was a mistake. Earlier in the week, Hillary Clinton, secretary of state, noted that, "if the US called for Mr Assad's head, then what?". And, indeed, then what? I lived in Syria for two years and still visit regularly, so I know only too well that the US is viewed with deep animosity. Officials told me many times, and with straight faces, that America is at war with Arabs and Muslims – a view also ingrained among the wider population, particularly after the Iraq war.

Calls for regime change will thus help Syria, as Mr Assad defies the west with ease. As elsewhere in the Middle East, defying Washington is a cause of strength and popularity, as Hamas, Hezbollah and Iran show. Every passing day will now be seen as a humiliation for Mr Obama, while the fragmented and shambolic Syrian opposition will be more credibly dubbed "American stooges" or "Zionist agents". For a population that is vehemently anti-American and anti-Israel, such labels are powerful and destructive.

The regime has been barbaric in responding to the brave people on the streets, but we must be careful about accepting the narrative that

the whole of Syria is demanding change. The largest cities of Aleppo and Damascus remain relatively calm, while opinion in western capitals is led by reports generated via opposition movements, often using social media of questionable reliability. The army has committed many atrocities but hundreds of its members appear to have been killed, too. In the absence of international media, it is debatable whether the protesters are altogether peaceful.

Already, calls for military intervention are being made by Syrian opposition activists in meetings at the White House and US state department. Yet such movements have led us astray before, as when politicians such as Ahmed Chalabi misled the US about realities in Iraq. In truth, Mr Assad's regime is much less likely to fall than that of Muammer Gaddafi: there have been no high-profile political or military defections, while Mr Assad remains relatively popular among senior military commanders, Syrian mosque clerics, the middle classes and business leaders.

This brings us back to the "then what" question. The numbers being killed now will wither in comparison with a possible future civil war, if an increasingly sectarian Syria splinters between the ruling Alawites, the elite and urban Christians, the majority Sunnis, the Kurds, Druze and others. There is no civil society to engineer a peaceful transition, while Syria could plausibly become another Lebanon, acting as a proxy battleground for regional powers.

This risk partly explains why Syria's ally Turkey has exerted such effort to rein in the slaughter, and why Saudi Arabia, Russia and China have not joined America's lead. They all want to give Mr Assad more time – because they recognise the thin chance of getting rid of him, and because they fear the violence that would follow if he did fall.

Almost 90 per cent of Syria's crude oil exports go to European countries. Almost $3bn of its annual trade is conducted with Turkey.

Saudi Arabia is a regional power with vested interests in the country, and Russia and Syria enjoy historical relations, as well as arms deals. It is these countries that now must be on the front lines of reform, with the US largely working behind the scenes.

For the west, the most powerful and poignant moment in recent months came when US ambassador Robert Ford travelled to Hama, scene of protests, to show solidarity and monitor the regime's actions. His quiet move warmed usually hostile Sunni communities elsewhere in the Middle East to America, while putting fear into the heart of the tyrant himself. Such innovative, soft power strategies will do more to help Syrian democracy than loud statements from the White House. The most powerful pressure on Mr Assad so far, however, has been from Al Jazeera's Arabic coverage, which encouraged Syrians to take control of their own destiny. This is surely right, for any long-term change must come from within. Sadly, in the short term and in a highly volatile region, at present Mr Assad remains the least worst option.

*The writer is a senior fellow at the Council on Foreign Relations, and author of The Islamist*

Article 4.

The Christian Science Monitor

# Libya endgame: Lessons for Syria's protesters

Bilal Y. Saab

August 23, 2011 -- As the Libyan opposition's fight appears to be nearing a triumphant close, with rebels having taken over Muammar Qaddafi's compound in Tripoli, the showdown between largely peaceful protesters and regime forces in Syria rages on and shows no signs of abating. But Mr. Qaddafi's ouster could help turn the tide for the Syrian opposition – especially if it takes the lessons from Libya to heart.

One would assume that the escalating pressure on Qaddafi's regime would have been enough to shake Syrian President Bashar al-Assad and push him to stop the bloodbath against his own people. Forget about it. With his speech on Sunday (when all signs pointed to Qaddafi's imminent downfall) in which he rebuffed Western calls to resign, Mr. Assad is now more defiant than ever. His message is unambiguous: Extensive international pressure notwithstanding, he is not going down without a fight.

RELATED: Spots to watch in the battle for Tripoli

The popular uprisings in Libya and Syria (and elsewhere in the Middle East) have similar root causes – decades-old authoritarian politics, harsh political repression, denial of freedoms, and bad economics – but they have taken different paths, which may lead them to very different ends.

Commentators and analysts have been quick to state that Assad's days are numbered. That may be true. Facing international isolation of unprecedented scale and a growing protest movement at home that

is determined to depose him, the ruler of Syria is in deep trouble. It may be only a matter of time before Assad falls, but we simply do not know how long it will take and how it will unfold.

External intervention and support for anti-government forces is undoubtedly the most important issue that separates the Libyan case from the Syrian one. Slaughtered by Qaddafi's regime, Libyan protesters did not hesitate to ask for Western military intervention, which they ultimately got in the form of a NATO aerial campaign. Let's be honest and clear, without NATO's air strikes, the no-fly zone, and the sanctions against Qaddafi, the civil war in Libya would have dragged on even longer, and rebel victory would have been extremely difficult if not impossible to achieve.

The majority of the protesters in Syria do not want Western military intervention. Their position is both courageous and rational, but it is not without costs and risks. With external military assistance (if the West sends arms or launches another NATO aerial campaign), they would be in a better position operationally to overthrow Assad, but their ability to govern their country in the future autonomously would be more limited (surely nothing is for free in international relations). Without external military assistance, they are extremely vulnerable and at the mercy of Assad's tanks and security forces, but if they pull his overthrow off, they will own their country's future and put themselves in a position to better ward off future foreign meddling and interference. It is not an easy choice, but so far, the Syrian protesters have decided to go it alone, and one must understand and respect their remarkable position.

While the balance of forces currently tilts heavily in Assad's favor, Qaddafi's downfall might just be the necessary factor that will embolden the protesters and offer them a sizeable advantage. This is not naïve or farfetched. After all, it was the plight of Tunisian vendor

Mohamed Bouazizi and the symbolism of his fate that sparked all the revolutions across the Middle East.

The images of the rebels in Libya liberating their country (as it seems they are close to doing) and chanting songs of freedom, like their Egyptian and Tunisian counterparts before them, will no doubt be another powerful inspiration and morale booster for the Syrian people.

Qaddafi's departure will also make it possible for the international community to devote more attention and energy to Syria and come up with more creative and coordinated policies to assist the Syrian people, short of bombing Damascus or sending arms. That all eyes are currently on Assad is certainly bad news for the dictator.

Yet whatever the international community devises, the Syrian protest movement must do a better job organizing and convincing the world that it is more or less ready to take over once Assad falls. For that, the protesters need to create a truly united and inclusive political front (the National Council which the Syrian opposition formed today in Istanbul is a good first step, but it remains leaderless and still needs to come up with a tangible platform that goes beyond the demands for freedom and regime change).

Interviews with Arab intellectuals and ordinary citizens broadcast on satellite TV channels across the Arab world tell us that many Arabs believe that the rebels in Libya have made a mistake in asking for Western ("colonial") military intervention. But the rebels' salvation is that they quickly came together and formed a transitional council, gaining world recognition and persuading major powers that the alternative to Qaddafi is indeed viable.

Right now, the West, and especially Syria's neighbors, are concerned that Assad's departure will lead to chaos and perhaps even sectarian, civil war that could spill over to other parts of the region.

Nobody and no amount of external assistance can help the Syrian protesters overcome their differences (as a Lebanese citizen, trust me on this one). But the sooner they speak with one voice, organize their ranks from within, and show the world that they are a mature and capable group able to turn Syria into a responsible democracy, the closer they will be to fulfilling their dream of toppling the Assad regime.

Their unity and organization are indeed more powerful than NATO's bombs and more effective than the West's sanctions. The lessons of Libya, Egypt, and Tunisia are clear: With unity comes historic opportunity.

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Article 5.

Foreign Policy

# Assad's Chemical Romance

Leonard Spector

AUGUST 23, 2011 -- The continued unrest in Syria, coupled with President Barack Obama's call for President Bashar al-Assad to leave power, has thrown the future of the country into flux. Among the most troubling uncertainties is the fate of Syria's chemical weapons arsenal, which, if not protected properly, could fall into the wrong hands, with catastrophic results. Syria is one of a handful of states that the U.S. government believes possess large stocks of chemical agents in militarized form -- that is, ready for use in artillery shells and bombs. The arsenal is thought to be massive, involving thousands of munitions and many tons of chemical agent, which range, according to CIA annual reports to Congress, from the blister gases of World War I -- such as mustard gas -- to advanced nerve agents such as sarin and possibly persistent nerve agents, such as VX gas.

In the hands of Assad -- and his father Hafez before him -- these weapons have been an ace-in-the-hole deterrent against Israel's nuclear capability. The Assad regime, however, has never openly brandished this capability: It did not employ chemical weapons in the 1982 Lebanon War against Israel, even after Israeli warplanes decimated the Syrian Air Force. Nor have they been deployed, or their use threatened, in attempting to bring Assad's current domestic antagonists to heel. And although Syria is accused of providing powerful missiles to Hezbollah, including some of a type that carried chemical warfare agents in the Soviet arsenal, Assad has not reportedly transferred lethal chemical capabilities to the Lebanon-based Shiite organization.

So despite their many faults and deplorable record on human rights, the Assads have treated their chemical arsenal with considerable care. But as the country potentially descends into chaos, will that hold true?

Let's start with the possibility of civil war. According to researchers at the James Martin Center for Nonproliferation Studies, open sources indicate that there are at least four, and potentially five, chemical weapons production facilities in Syria. One or two are located near Damascus, the other three situated in Hama, Latakia, and al-Safira village, near the city of Aleppo. Hama is one of the hotbeds of the Syrian revolt, which Assad's tanks attacked in early August and where, more recently, fighting has severely damaged the city's hospitals. Latakia is another center of unrest; it was shelled by the Syrian Navy in mid-August. Aleppo, Syria's second-largest city has also seen significant demonstrations.

If anti-Assad insurgents take up arms, the chemical sites, as symbols of regime's authority, could become strategic targets. And, if mass defections occur from the Syrian army, there may be no one left to defend the sites against seizure. This could lead to disastrous outcomes -- including confiscation of the chemical weapons by a radical new national government, or sale of the weapons as war booty to organized non-state actors or criminal groups.

In such chaos, no one can predict who might control the weapons or where they might be taken. With these chemical weapons in the hands of those engaged in a possible civil war, the risks that they would be used would increase substantially. The problem would be worsened further if some possessors were not fully aware of the extent of the weapons' deadly effects.

And let's imagine that Assad is eventually removed: What leaders would gain control of these weapons after he departed? Saudi-backed Sunni groups? Iran-backed Shia organizations? Whoever they might

be, it is unclear that the newcomers would follow the Assads' cautious-use doctrine and refusal to share chemical weapons with non-state groups, or that the new leaders would be able to maintain strict security measures at the chemical sites.

Meanwhile, it's possible that an existential threat will cause the Assad regime to abandon its previous policy of restraint regarding chemical weapons. It is not a huge leap from attacking civilians with tank fire, machine guns, and naval artillery to deploying poison gas, and the shock effect and sense of dread engendered by even limited use could quash a city-wide uprising within an hour.

The options available to the United States to minimize these risks are limited at best. Washington has certainly warned Assad against using the weapons domestically. But with Assad already at risk of indictment for crimes against humanity, and given his likely belief that the United States will not intervene militarily due to its commitments elsewhere -- including its politically unpopular and still opaque involvement in Libya -- U.S. warnings may have little deterrent effect.

A preemptive Israeli military strike to destroy the weapons does not appear technically feasible: Even if Israeli Prime Minister Benjamin Netanyahu were ready to change the status quo, Assad is believed to have stored bulk chemical agents and filled (or quickly filled) shells and bombs in underground bunkers at multiple sites throughout the country. Moreover, even if Israel used incendiary bombs in an attempt to incinerate the chemical agents, the risk of dispersing large quantities of poisonous liquids would remain, with the potential to cause large-scale casualties.

The Obama administration needs to start planning now to manage Assad's chemical weapons legacy. If a new government replaces Assad -- or even if different groups compete for international recognition -- a U.S.-led coalition, including Turkey and the leading

Arab states, should demand as a condition of support that the weapons immediately be placed under control of international monitors from the Hague-based Organization for the Prohibition of Chemical Weapons and plans developed for their destruction. Hopefully, Syria's new leaders will have genuine legitimacy and will not need to prop up their credibility at home by clinging to these barbaric weapons.

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Article 6.

Washington Post

# 10 years after 9/11, al-Qaeda is down but not out

David Ignatius

August 24 -- Government officials refer to it blandly as the "SSE," or Sensitive Site Exploitation. That's their oblique term for the extraordinary cache of evidence that was carried away from Osama bin Laden's compound the night the al-Qaeda leader was killed.
With the anniversary of the Sept. 11, 2001, attacks a few weeks away, it's possible to use this evidence to sketch a vivid portrait of al-Qaeda, drawing on material contained in more than 100 computer storage devices, including thumb drives, DVDs and CDs, and more than a dozen computers or hard drives — all collected during the May 2 raid.
U.S. officials say three strong themes emerge from their reading of the files, most of which were communications between bin Laden and his top deputy Atiyah Abd al-Rahman. Indeed, because the Libyan-born Atiyah (who's known to analysts by his first name) was the boss's key link with the outside, officials see him as more important than bin Laden's nominal successor, Ayman al-Zawahiri.
Here are the highlights:
●Bin Laden retained until his death a passion to launch a significant attack against the United States, ideally linked to the 10th anniversary of 9/11. He and Atiyah communicated often about who might carry out such a strike, with Atiyah proposing names and bin Laden rejecting them. Bin Laden was still looking for a history-changing attack on big, economically important targets — one that would

match, if not outdo, the impact of 9/11. Zawahiri, by contrast, favored an opportunistic strategy of smaller strikes.

●Bin Laden was a hands-on chief executive, with a role in operations planning and personnel decisions, rather than the detached senior leader that U.S. analysts had hypothesized. Zawahiri, whom the analysts had imagined as the day-to-day leader, was actually quite isolated — and remains so, despite a dozen communications this year. Zawahiri suffers from mistrust between his Egyptian faction of al-Qaeda and other operatives, such as Atiyah.

●Bin Laden was suffering badly from drone attacks on al-Qaeda's base in the tribal areas of Pakistan. He called this the "intelligence war," and said it was "the only weapon that's hurting us." His cadres complained that they couldn't train in the tribal areas, couldn't communicate, couldn't travel easily and couldn't draw new recruits to what amounted to a free-fire zone. Bin Laden discussed moving al-Qaeda's base to another location, but he never took action.

Analysts did not find in the material any smoking gun to suggest Pakistani government complicity in bin Laden's presence in Abbottabad. And it's clear he was paranoid about being found and killed: He ordered his subordinates to restrict movements to help preserve what remained of al-Qaeda in Pakistan. Fear of being discovered was a subject of regular conversation between bin Laden, Atiyah, Zawahiri and others.

Bin Laden also worried that al-Qaeda's status among Muslims was dwindling, and that the West had at least partially succeeded in distancing al-Qaeda's message from core Islamic values. Concerned about this eroding base, bin Laden counseled affiliates in North Africa and Yemen to hold back on their efforts to develop a local Islamic extremist state in favor of attacking the United States and its interests.

This fear that al-Qaeda's extreme tactics were burning too hot and alienating Muslims was also the theme of a remarkable message that Atiyah sent in 2005 to Abu Musab al-Zarqawi, the murderous chief of al-Qaeda in Iraq. In this document, made public five years ago by the United States, Atiyah warned that fomenting Sunni-Shiite violence (which was Zarqawi's trademark) was potentially ruinous.

The al-Qaeda that emerges from these documents is a badly battered and disoriented group. The June 3 death of Ilyas Kashmiri in a drone attack illustrates the organization's continuing vulnerability. Kashmiri was a ruthless operator who planned the 2008 Mumbai attacks that killed 166 people and was plotting deadly attacks on Europe last winter that were stopped only because of aggressive counterterrorism work. (Security services from Europe and Turkey arrested about 20 of Kashmiri's operatives before they could carry out the attacks.)

When top U.S. officials summarize their view of al-Qaeda now, in the run-up to the 9/11 anniversary, they describe an organization that is down but certainly not out. They don't know of any specific plots targeting the United States, 10 years on. But they're looking, pulsing every channel they know. They recognize that it's what we still don't know about al-Qaeda that's most dangerous.

The Washington Post

Article 7.

Hurriyet

# Why Golda Meir was right

Burak Bekdil

August 23, 2011 -- It has been more than two and a half years since Prime Minister Recep Tayyip Erdoğan told to Israeli President Shimon Peres's face, "You (Jews) know well how to kill." Prime Minister Erdoğan has also declared more than a few times that the main obstacle to peace in this part of the world is Israel, once calling the Jewish state "a festering boil in the Middle East that spreads hate and enmity." In this holy month of Ramadan full of blood on Muslim territories, let's try to identify who are the ones who know well how to kill. As the Syrian death count clicks every day to come close to 2,000, the Turkish-Kurdish death count does not stop, already over 40,000 since 1984, both adding to the big pool of blood called the Middle East. Only during this Ramadan, the Kurdistan Workers' Party, or PKK's, death toll has reached 50 in this Muslim Kurds vs. Muslim Turks war. This excludes the PKK casualties in Turkey and in northern Iraq due to Turkish military retaliation since they are seldom accurately reported.

Let's speak of facts.

Sudan is not in the conventional Middle East, so let's ignore the genocide there. Let's ignore, also, the West Pakistani massacres in East Pakistan (Bangladesh) totaling 1.25 million in 1971. Or 200,000 deaths in Algeria in war between Islamists and the government in 1991-2006. But a simple, strictly Middle East research will give you one million deaths in the all-Muslim Iran-Iraq war; 300,000 Muslim minorities killed by Saddam Hussein; 80,000 Iranians killed during the Islamic revolution; 25,000 deaths in 1970-71, the days of Black September, by the Jordanian government in its fight against the

Palestinians; and 20,000 Islamists killed in 1982 by the elder al-Assad in Hama. The World Health Organization's estimate of Osama bin Laden's carnage in Iraq was already 150,000 a few years earlier. In a 2007 research, Gunnar Heinsohn from the University of Bremen and Daniel Pipes, director of the Middle East Forum, found out that some 11 million Muslims have been violently killed since 1948, of which 35,000, (0.3 percent) died during the six years of Arab war against Israel, or one out of every 315 fatalities. In contrast, over 90 percent who perished were killed by fellow Muslims. According to Mssrs. Heinsohn and Pipes, the grisly inventory finds the total number of deaths in conflicts all over the world since 1950 numbering around 85 million. Of that, the Muslim Arab deaths in the Arab-Israeli conflict were at 46,000 including 11,000 during Israel's war of independence. That makes 0.05 percent of all deaths in all conflicts, or 0.4 percent of all Arab deaths in the Arab-Israeli conflict. In another calculation ignoring "small" massacres like the one that goes on in Syria and other deaths during the Arab Spring, only Saddam's Iraq, Jordan, the elder al-Assad's Syria, Iran-Iraq war, the bin Laden campaign in Iraq, the Iranian Islamic revolution and the Turkish-Kurdish conflict caused 1.65 million Muslim deaths by Muslims compared to less than 50,000 deaths in the Arab-Israeli conflict since 1950, including fatalities during and after Operation Cast Lead which came after the Heinsohn-Pipes study. For those who don't have a calculator ready at their desks, allow me to tell: 50,000 is three percent of 1.65 million. Golda Meir, the fourth prime minister of Israel, or rather the "Mother of Israel," had a perfectly realistic point when she said that peace in the Middle East would only be possible "when Arabs love their children more than they hate us."

*Burak Bekdil is an Ankara-based freelance journalist.*

17 November, 2011

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|---|---|
| Article 1. | NYT<br>**U.S. Hones Warnings to Egypt as Military Stalls Transition**<br>David D. Kirkpatrick and Steven Lee Myers |
| Article 2. | NYT<br>**Europe's Contagion**<br>Editorial |
| Article 3. | New York Post<br>**High stakes in Syria**<br>Amir Taheri |
| Article 4. | Guardian<br>**Turkey has a key role in Syria**<br>Simon Tisdall |
| Article 5. | Foreign Policy<br>**Barack Obama's Foreign Policy**<br>November 16, 2011 |
| Article 6. | Project Syndicate<br>**America in the Asian Century**<br>Dominique Moisi |

Article 1.

NYT

# U.S. Hones Warnings to Egypt as Military Stalls Transition

David D. Kirkpatrick and Steven Lee Myers

November 16, 2011 -- CAIRO — Brazen attempts by Egypt's interim military rulers to hold on to power long after elections have elicited a sharp reaction domestically and for the first time have prompted Washington to warn about the potential for new unrest.

After months of mixing gentle pressure with broad support for the ruling military council, the Obama administration has sharpened its tone, senior administration officials say, expressing concern that the failure to move to civilian control could undermine the defining revolt of the Arab Spring.

The shift in tone is part of a difficult balancing act for Washington, which is keen to preserve its ties to the military and its interests in the region, chiefly Egypt's role in maintaining peace with Israel. But Washington also hopes to win favor with Egypt's newly empowered political opposition while avoiding the appearance of endorsing the military's stalled transition to democracy. All things considered, some here have suggested, the change in tone may be intended to placate Egyptian public opinion rather than actually press the military to give up power.

"I think they are working for their own interests, particularly regarding the slow transition of power," said Shady el-Ghazaly Harb, a prominent liberal activist who was among the leaders of the Egyptian revolution. "The U.S. wants to guarantee that the coming government will be on good terms — I won't say loyal, but friendly —

and the support for SCAF is related to that." SCAF is the Supreme Council of the Armed Forces, Egypt's ruling military council.
Secretary of State Hillary Rodham Clinton underscored the shift in a speech last week that her aides later said was a deliberate warning to the military council, which assumed power after President Hosni Mubarak's ouster. The military had initially pledged to hand over control to civilians by September, but it now says that a presidential election will not occur before 2013. And last week it laid out a blueprint for the next constitution, giving the military special political powers and protection from civilian oversight into perpetuity.
"If, over time, the most powerful political force in Egypt remains a roomful of unelected officials, they will have planted the seeds for future unrest, and Egyptians will have missed a historic opportunity," Mrs. Clinton warned.
"When unelected authorities say they want to be out of the business of governing," the United States expects them "to lay out a clear road map" and "abide by it," she added.
Given Washington's long support for Mr. Mubarak, and Mrs. Clinton's comment last month approving of the military's extended timetable for electing a civilian president, there was suspicion over Washington's intentions. The shift occurred at the same time as a broader effort by the Obama administration to counter anti-American sentiment and reach out to opposition leaders across the political spectrum.
The United States "wants to have the cake and eat it, too," said Nabil Fahmy, a former Egyptian ambassador to Washington, arguing that the United States wants to promote democracy without dealing with the pressure it would put on American interests in the region.
The military's attempts to protect its power and privileges indefinitely have created an awkward situation for Washington. The United States, through the Pentagon in particular, has long nurtured

close ties with the Egyptian military, which still receives $1.3 billion in American aid each year. American officials hope that whatever government emerges will continue to support American policy, including maintaining ties with Israel and distance from Iran.

At the same time, the United States' standing in public opinion in Egypt and around the region continues to suffer because of decades of support for undemocratic governments like the military-backed system that controlled Egypt under Mr. Mubarak. Remaining aloof from the debate over the military's future role here risks reinforcing those criticisms at a time when democratic changes are giving public opinion new weight.

As part of its broader outreach, the Obama administration has also met with the Muslim Brotherhood, the Islamist group whose political party is poised to win a major role in the country's new Parliament and remains the biggest political counterweight to the military council.

Jacob Walles, a deputy assistant secretary of state, met for the first time this week with the leaders of the Brotherhood's newly formed Freedom and Justice Party at its new headquarters in Cairo. While American diplomats have had intermittent contacts for years with Brotherhood lawmakers in the Egyptian Parliament, officials here said Mr. Walles's meeting appeared to underscore Mrs. Clinton's pledges to cooperate with Islamist parties that respect democracy. Others said it might instead have been a sign that Washington simply realized that the Brotherhood was certain to play a crucial role in Egypt's future and was likely to win a large bloc of seats in the parliamentary elections that begin this month.

"They confirmed that they are keen to support the democratic process, and they will accept any results of the elections and deal with any government that respects human rights and the rights of women and minorities and the democratic process," said Essam el-

Erian, a veteran Brotherhood leader and the vice chairman of its new party, who met with Mr. Walles. “And we are keen and eager to say that we respect the democratic process and the rights of all people according to the Constitution and the law.”

Administration officials, who spoke on the condition of anonymity to discuss private diplomatic exchanges, said they hoped that a combination of internal and external pressure on the council would persuade it to yield power and submit to civilian oversight. In addition to the public comments by Mrs. Clinton, other senior American officials have privately urged the council to revise its recent proposals to preserve power, the officials said.

The officials noted that since Mr. Mubarak’s ouster, the council’s leaders had repeatedly offered, then backed away from, some proposals only after street protests and public pressure, in a kind of prolonged back-and-forth that some noted reflected a true, if messy, democratic process taking root.

But administration officials and Egyptian activists note worrying signs. The military core of Mr. Mubarak’s government has “reasserted itself again,” a senior administration official said. “We don’t have great expectations that this is going to be the creation of a democratic system,” the official said, referring to the coming elections.

At best, the official added, the elections will be “a transition to a transition,” one that could leave the military as the de facto power in Egypt for years to come, as it was under Mr. Mubarak’s rule.

The military has said that it intends to hold ultimate political power even after the election of a Parliament in the coming months, and that it will play a role in drafting the constitution as well. It has refused to lift the Mubarak-era “emergency law” allowing arrests without trial, and it has sent as many as 12,000 civilians to military trials.

While the administration's changes in tone risk upsetting a pivotal ally where anti-American sentiment — and, in some quarters, support for the military — runs high, they are also drawing rare praise from activists here who say they appreciate Washington's help.

"I think that Secretary of State Mrs. Clinton delivered a clear-cut message to the SCAF, and I think they got that message: that the SCAF is not an elected body and must deliver the authority and turn over power," said Emad Gad, an analyst at the government-financed Al Ahram research institute and now a leader of the Social Democratic Party.

Mr. Gad contended that over the long term such pressure could only benefit the American relationship with a democratic Egypt. "I think more than 50 percent of the Egyptians think the SCAF is trying to kill the Egyptian revolution," he said.

Article 2.

NYT

# Europe's Contagion

Editorial

November 16, 2011 -- Two years of gross mismanagement of the euro-zone debt crisis have all too predictably produced a wider crisis of market confidence that now threatens the entire 17-nation euro zone. This week's formation of new technocrat-led governments in Greece and Italy has not calmed fears. Practically every euro zone country is paying the price in higher interest costs and ebbing economic growth.

The only country that isn't suffering — yet — is Germany, whose competitive export-driven economy feeds on foreign demand and an exchange rate held down by its neighbors' troubles. But all European countries cannot be Germany and run net surpluses, especially if Berlin insists on policies that keep factories shuttered and workers unemployed.

And German leaders are wrong if they think their country will remain unscathed as its major trading partners and neighbors unravel. Chancellor Angela Merkel of Germany has been talking a more pro-European line. But she is still insisting on growth-killing austerity as the price for European bailouts and still blocking the European Central Bank from printing more euros and acting as a lender of last resort.

Mrs. Merkel's advisers insist that she is doing what the German people want. That is not leadership. She needs to challenge her voters' simplistic stereotypes of southern European sloth and tell them the truth: The real threat to Germany isn't inflation; it is an economic collapse across Europe. And Germany has a huge amount to lose from a fracturing of the European Union.

European stock and bond markets are already treating that as an ever-more-realistic possibility, shunning even moderate levels of risk and pushing interest rates to unsustainable levels. As far as they can see, Mrs. Merkel and her fellow euro-zone leaders haven't come up with an adequate plan, sufficient political will or sufficient cash to halt the contagion. As far as we can see, they are right.

The political changes at the top of Greece and Italy are promising. Greece's new prime minister, Lucas Papademos, and Mario Monti of Italy are internationally credible economists, committed to making painful but much needed reforms, including liberalizing labor markets, shrinking overgrown bureaucracies, shedding state properties and rooting out corruption.

Given their training, they surely understand that their economies are not now strong enough to absorb more austerity, including broad new taxes or further sweeping service cuts. Mr. Papademos and Mr. Monti should press their fellow European leaders for a new and better deal.

Even with the best leadership, neither Greece nor Italy will be able, on their own, to restore their fiscal health and help slow the spreading financial contagion. That will require substantial and immediate help from their euro-zone partners, starting with Mrs. Merkel.

An all-out effort by the European Central Bank to buy bonds, lower interest rates and inject new liquidity into the markets may still calm the contagion if it begins in the next few days. The bank's new president, Mario Draghi, may be willing to play this role, if Germany stops standing in the way.

Mrs. Merkel must make clear that she will support the central bank taking on this expanded role. And now that new, credible leaders are in office in Athens and Rome, she and other euro-zone leaders need to meet with them and negotiate more growth-friendly reform packages. There is very little time left to avoid financial catastrophe.

Article 3.

New York Post

# High stakes in Syria

Amir Taheri

November 16, 2011 -- As Arab foreign ministers met in Rabat, Morocco, yesterday to discuss Syria, one question was on every mind: Is the country already in a civil war?

Some of the facts on the ground suggest so. With more than 350 killed so far, November has been the bloodiest month since the uprising against President Bashar al-Assad began last spring.

Defections from the army, which started as a trickle, now look like a torrent. In October, the number was around 800. The best total now available is about 17,000. The defectors have organized themselves as the Free Syrian Army and are creating credible command-and-control structures.

Since September, the FSA has carried out a number of symbolic attacks against the regime. And now the "shadow army," as Syrians call it, seems to be planning more spectacular operations.

On Monday, the FSA claimed an attack on an army convoy near Deraa, the southwestern town where the revolution started. Official accounts reported at least 34 soldiers killed.

Yesterday, the FSA attacked the headquarters of the Air Force Intelligence Agency at Harasta near the capital Damascus. Since Hafez al-Assad, an air-force officer and Bashar's father, seized power in a coup in 1970, the AIA has been the nerve center of the regime's security system.

Also this week, reports surfaced of attacks by armed tribesmen on three military outposts near the Iraqi border.

Despite all that, it may be premature to speak of civil war in Syria.

In a civil war, a society is divided into armed camps that, initially at least, are roughly the same size. That's not the case in Syria, where the uprising is backed by an overwhelming majority against a government that's dominated by a small minority — the Ba'ath Party. To make matters worse, the Ba'ath is dominated by the Nusairi (Alawite) religious minority, a mere 5 percent of the population. Thus, Syria's is a nationwide revolution against a minority regime. Almost all Syrians agree that the situation is untenable. Assad's policy of rule by massacre has few supporters outside his clan. Judging by the revolution's most popular slogan — "Assad Get Out!"— a majority may support demands for Assad to stand down, as suggested by Jordan's King Abdullah.

Nevertheless, the Assad clan still controls enough military and financial assets to continue its rule-by-massacre strategy.

The result could be the disintegration of the Syrian army and the emergence of armed groups beyond the control of either the government or the Syrian National Council, the opposition's umbrella organization. That could lead to violence spilling into neighboring countries, especially Iraq and Lebanon.

Rather than speculating about a civil war, the Arab League and the international community should focus on the dangers that the Syrian situation poses for regional peace.

A Franco-British resolution on Syria won a majority at the UN Security Council last month but was killed by Russian and Chinese vetoes. The Security Council should take up the issue again — this time to debate the threat to the region.

Last month, Russia and China tried to justify their vetoes by claiming that the Arab states were divided over Syria. This wasn't true then and is less so now. The Arab League has suspended Syria's membership and condemned the rule-by-massacre policy. Arab

support is also building up for creating havens for Syrian refugees in Turkey, Lebanon, Iraq and Jordan.

Moscow had also expressed concern that, with Assad's demise, a new Syrian government might "ignore Russia's interests in the Middle East." Since the vetoes, however, the Syrian National Council has established contact with Russia and China to offer assurances that a democratic Syria would pursue "cooperation with all nations."

SNC sources tell me that they've also "opened a dialogue" with Iran, Assad's main supporter, amid signs that it, too, may no longer be so sure about the despot's chances of survival.

America must take the lead in mobilizing international support for the Syrian revolution. By removing one of the last regimes that still sponsors terrorism, the victory of democracy in Syria is in America's best national interests.

Article 4.

Guardian

# Turkey has a key role in Syria – now and in the future

Simon Tisdall

16 November 2011 -- The Arab League's unexpectedly tough action in suspending Syria, ostracising President Bashar al-Assad, and inviting opposition leaders to talks in Cairo has outraged the regime in Damascus, which suspects a US-led conspiracy to impose forcible regime change. But the increased hostility exhibited by Turkey, Syria's most powerful and best-connected neighbour, may yet prove decisive as Ankara assumes a crisis leadership role.

Until the uprising tore apart old certainties, the Turkish prime minister, Recep Tayyip Erdogan, had invested considerable capital in improved ties with Syria, with which Turkey almost went to war in the 1990s. A turning point came with the 2004 free trade agreement. This interdependence now gives Turkey significant economic leverage. Ankara has already imposed unilateral sanctions and is considering additional measures including a cut in electricity supplies.

Erdogan turned the screw again this week, accusing Assad personally of "feeding on blood" after he failed to honour the Arab League peace plan. "No regime can survive by killing or jailing," he said. "No one can build a future over the blood of the oppressed."

Turkey's motives are not difficult to discern. Chaos on its fragile southern flank, and Syria's possible descent into civil war, would be reasons enough to prompt Ankara's intervention. But Erdogan was also incensed by weekend attacks on Turkey's embassy in Damascus and regional consulates, apparently orchestrated by the regime. The

government issued a formal protest and advised Turks against travel to Syria, a reversal of its proud open-borders policy.
Turkey also appears motivated by a desire to keep ahead of evolving Arab opinion. "It can comfortably be said, in light of recent developments, that the countdown to the end of Syria's Assad regime has begun," said Today's Zaman columnist Bülent Kenes, reflecting official opinion.
With senior Saudi officials and King Abdullah of Jordan openly backing the revolt, and the violence escalating, Erdogan and his foreign minister, Ahmet Davutoglu, who have long harboured regional leadership ambitions, seem to be positioning themselves for a post-Assad future.
In this push towards the Syrian endgame they plainly have the enthusiastic backing of the US, for whom they are effectively acting as a local proxy in opposition to external actors such as the pro-regime Russia. Given Erdogan's sharp differences with Washington over Israel-Palestine and the Iraq war, this coincidence of view is not lacking in irony. "We very much welcome the strong stance that Turkey has taken and believe it sends a critical message to President Assad that … he should step down," said Ben Rhodes, Barack Obama's deputy national security adviser.
In a series of statements, Davutoglu has insisted it is "no longer possible to trust the Syrian government". Adding provocation to insult, he underscored Ankara's support for the protesters and specifically for the Syrian National Council, an opposition umbrella group based in Turkey that is seeking recognition from Ankara. "We will continue to take our place at the side of the Syrian people's rightful struggle," Davutoglu said.
As bilateral tensions rise, suggestions that Turkey may physically intervene in northern Syria to create a safe haven for civilians displaced by the violence are likely to resurface. Several thousand

Syrian refugees are already sheltering inside Turkey, as are numerous Syrian army defectors. Possibly anticipating Syrian retaliation, the newspaper Hürriyet reported that President Abdullah Gül recently warned Assad would pay a heavy price for stirring up trouble in Turkey's Kurdish south-east.

Fears that a Syrian meltdown could seriously destabilise the wider neighbourhood are also driving Turkey's hardening response. Such a scenario could affect Iraq, where security concerns are rising as the US withdrawal nears completion, and even Iran, a close Assad ally.

For its part, the Syrian regime has pressing reasons to fear Ankara's animosity, as Gökhan Bacik pointed out in Today's Zaman. Unlike many Muslim countries, Turkey identifies strongly with Europe, the US and Nato. And in the past decade, Erdogan's Justice and Development party has made its brand of moderate Islamist politics acceptable to previously blinkered western eyes.

In other words, Turkey, with its majority Sunni Muslim population, furnishes a role model for the disenfranchised Sunni majority in Syria (and other Arab spring countries). Not only is Ankara encouraging revolution in Damascus, it is also living proof that Assad's politics of fear are outdated, that Syrians have before them a workable alternative paradigm, and that, after the revolution, the country's secular, Islamist and other sectarian traditions could fairly hope to co-exist peacefully, Turkish-style.

Article 5.

Foreign Policy

# Barack Obama's Foreign Policy

November 16, 2011

**Foreign-policy credentials:** As president, Obama has taken on a number of major foreign-policy initiatives, including a renewed troop surge in Afghanistan, the negotiation of the New START nuclear arms reduction treaty with Russia, the NATO intervention in Libya, the withdrawal from Iraq, ongoing trade negotiations with China, and of course, the killing of al Qaeda leader Osama bin Laden.

**Overview:** Obama is a much different candidate today from the senator who distinguished himself by his opposition to the "dumb war" on his way to the presidency in 2008. Obama has turned out, in many ways, to have pursued a fairly conventional, at times, hawkish foreign policy. He has had some notable successes, such as the bin Laden raid and this year's withdrawal from Iraq -- albeit on a timetable negotiated by his predecessor -- and the successful overthrow of Muammar al-Qaddafi. All the same, "apology tours" and "leading from behind" -- referring to an unfortunate description of Obama's diplomatic strategy by a White House staffer -- have already become buzzwords for Republican candidates. He has also faced heavy criticism on the left for a sometimes inconsistent approach to international law in counterterrorism operations.

But with a significant economic recovery appearing unlikely and fewer domestic achievements to point to than he might have expected, coupled with the international inexperience of his opponents, Obama may make his foreign-policy wins the centerpiece of his reelection strategy.

**Advisors:** Secretary of State Hillary Clinton, Defense Secretary Leon Panetta, National Security Advisor Thomas Donilon.

**On the issues:**

**Afghanistan/Pakistan:** "We have put al Qaeda on a path to defeat," Obama announced last June, noting that the 33,000 "surge" troops he sent to Afghanistan in 2009 would be out of the country by the summer of 2012. Although a constant barrage of drone strikes and special operations raids have taken a harsh toll on al Qaeda, it may be difficult for Obama to make the case that Afghanistan has achieved stability or that Hamid Karzai's government can stand on its own without U.S. assistance.

Relations with Pakistan have deteriorated significantly under Obama's tenure, particularly following the bin Laden raid. He has pledged to "constantly evaluate" the relationship between the two countries going forward but says he would be hesitant to cut off aid that could "help the Pakistani people strengthen their own society and their own government."

**Military spending:** Backed by his then current defense secretary, Robert Gates, Obama announced last April that the Pentagon will lead a "fundamental review" of U.S. military capabilities in order to cut $400 billion in defense spending over the next 10 years. "We need to not only eliminate waste and improve efficiency and effectiveness, but conduct a fundamental review of America's missions, capabilities, and our role in a changing world," Obama said. Of course, major cuts could come sooner than that if the congressional "supercommittee" fails to reach an agreement on deficit reduction by Nov. 23.

**Immigration/borders:** Obama insists that enacting comprehensive immigration reform, which would likely include a path to citizenship for at least some illegal immigrants already in the United States, is still a "top priority," but with little congressional enthusiasm for such a measure, it has been pushed to the back burner for now. Meanwhile, deportations of illegal immigrants are continuing at a record pace, though the administration touts the fact that a higher percentage of those deported have criminal records.

Obama has substantially increased the number of agents patrolling the U.S.-Mexico border, but has also mocked the fence-building enthusiasm of Republicans, saying they won't be happy until there's a "moat with alligators."

**Israel/Palestine:** Obama's engagement in the Israeli-Palestinian peace process has probably been the most frustrating foreign-policy initiative of his presidency and the one on which he is most often criticized by his Republican opponents. Obama continues to support negotiations on a two-state settlement of the conflict, but his best-remembered statement on the topic is controversial: his suggestion that Israel's pre-1967 war borders be taken as a starting point for negotiations, a position fiercely opposed by Israel. More recently, the administration has confirmed that it will veto Palestine's statehood bid in the U.N. Security Council.

Obama's relationship with Prime Minister Benjamin Netanyahu has seemed very strained at times. In a recently overheard conversation he told French President Nicolas Sarkozy, "You're fed up with him? I have to deal with him every day."

**China:** Obama has repeatedly criticized China -- most recently at the APEC summit in Honolulu -- for currency policies that he says have

a distorting effect on the global economy. The president has made a few cautious statements on China's human rights record but came under criticism for delaying a White House meeting with the Dalai Lama. This year, the administration confirmed a $5.8 billion package of arms sales for Taiwan that provoked a predictable Chinese backlash.

**Foreign aid:** In his 2010 address to the U.N. General Assembly, Obama announced an overhaul of U.S. foreign aid policies, which he vowed will place them at the center of U.S. foreign policy. In the speech he called aid a "core pillar of American power." Nonetheless, foreign aid to a number of countries was cut by Congress in the 2012 budget.

**Iran/nukes:** Early in his presidency, Obama made several overtures to Iran in an effort to improve relations. Critics say this engagement strategy went too far during the 2009 Green Movement uprising against the reelection of President Mahmoud Ahmadinejad, when the Obama administration was reluctant to overtly back the protesters. Since then, the administration has instituted a number of new sanctions against Iran that are aimed at halting its nuclear enrichment program. "We are not taking any options off the table. Iran with nuclear weapons would pose a threat not only to the region but also to the United States," Obama said in a recent news conference in Hawaii.

**Trade:** In October, Obama signed long-delayed free trade agreements with Colombia, Panama, and South Korea. On his trip to Asia this November, Obama is working to promote a new trans-Pacific free trade agreement. "We're not going to be able to put our folks back to work and grow our economy and expand opportunity unless the Asia-

Pacific region is also successful," he said. Obama has indefinitely put on hold a campaign promise to renegotiate NAFTA.

**War on terror/detainees:** Obama signed an executive order closing the Guantánamo Bay detention center as one of his first actions as president. The facility remains open, however, largely due to congressional opposition over where to house the remaining prisoners. Obama has put a halt to the "enhanced interrogation techniques" employed by George W. Bush's administration but has enraged some civil liberties advocates by authorizing the extrajudicial killing of alleged al Qaeda terrorist Anwar al-Awlaki, a U.S. citizen. Obama has also disappointed some liberal supporters by resuming military trials of terrorism suspects at Guantánamo.

**Environment:** Despite his stated support for environmental legislation and green energy, there has been little progress on passing major climate-change bills under Obama's watch. Thanks largely to Obama's public intervention, an agreement was reached at the 2009 Copenhagen climate summit, but in failing to impose enforceable emissions targets, the meeting was widely considered a failure. This year, Obama abandoned tough new air-quality rules, adopted early in his administration.

**Russia/reset:** One of the centerpieces of Obama's first-term foreign policy was the effort to "reset" relations with Russia. The president successfully negotiated the New START nuclear reduction treaty, though there have been significant disagreements with both Russia and his GOP opponents over the contours of missile defense. Human rights advocates have criticized the president for ignoring the erosion of Russian democracy. Russia has also continued to stymie U.S. efforts to impose tough international sanctions on Iran and Syria. Obama seemed to have made friends with President Dmitry

Medvedev, but relations with Russia may only get tougher, with Vladimir Putin's likely return to the Russian presidency.

**Arab Spring:** After a slow start, the Obama administration eventually came around to calling for Egyptian President Hosni Mubarak to step down, joining the NATO intervention in Libya, and supporting stricter sanctions against Syria. The president has been less outspoken about other Persian Gulf allies, including Bahrain, which hosts a key U.S. naval base. Obama has urged Egypt and Tunisia to "set a strong example through free and fair elections, a vibrant civil society, accountable and effective democratic institutions, and responsible regional leadership."

**Other issues:** Although he once described himself as a George H.W. Bush-school realist, in the past year Obama has learned to embrace humanitarian intervention, both in Libya and in central Africa, where military advisors have been sent to aid in the fight against the long-running insurgency by the Lord's Resistance Army. There's speculation that Nigeria may be next. It's a measure of how much things have changed in the last four years that Republicans are now attacking the Democratic president for trying to spread democracy and human rights at the barrel of a gun.

As the European economic crisis has worsened, Obama has been speaking out more in support of strong measures to protect the common currency. "Ultimately what they are going to need is a firewall that sends a clear signal we stand behind the European project and we stand behind the euro," he said during his recent trip to Australia.

Article 6.

Project Syndicate

# America in the Asian Century

Dominique Moisi

2011-11-15 – At "ground zero" in lower Manhattan, two empty spaces will be filled by water cascades, memorializing in a serene and respectful way the victims of the terrorist attacks of September 11, 2001. Next to them, a powerful tower, designed by the architect Daniel Libeskind and nearly completed, rises vigorously into the sky, a symbol of the triumph of life over the forces of death. One word comes to mind to characterize the impression made by this place, the site of an unprecedented crime: resilience.

In a building that houses what will one day be a memorial museum, one can buy a DVD entitled "9/12: From Chaos to Community." Ground Zero is the architectural and human proof that, despite America's current economic woes, it would be premature, if not dangerous, to write the country off as a declining power. America has the moral and intellectual resources that it needs in order to rebound. But what is necessary is not sufficient. In order to reinvent itself, if not to manage its relative international decline, America must proceed toward a rebalancing of its domestic and international priorities. In the immediate aftermath of World War I, a triumphant America withdrew from global responsibility, with tragic consequences for the balance of power in a Europe that was left to face its inner demons alone.

In the aftermath of World War II, by contrast, the US managed successfully to contain Soviet ambitions. Today, unlike in 1945, Americans do not confront an imminent threat. Russia may speak loudly (using its permanent seat on the United Nations Security Council as a megaphone), but it is a greatly reduced rump of the

Soviet Union. Likewise, while the nationalism of America's principal rival, China, has become more assertive lately, the communist regime's clear priority – indeed, the key to its stability – is domestic economic growth.

Indeed, the only obvious danger that the US faces stems from weapons of mass destruction, which could proliferate or be used by terrorist groups. But confronting this threat does not require a massive military budget or huge deployments of US troops all over the world. America has a much-needed opportunity to refocus on itself – to recover its inner strength without withdrawing from the world. As Richard Haass, the president of the Council on Foreign Relations, puts it, America must enter a period of "restoration" of its fundamentals.

American foreign policy starts at home, and that means reining in budget deficits over the long term, reviving economic growth and job creation in the short term, and addressing the country's deteriorating infrastructure. Indeed, America's "aged modernity" has become a drag on its competitiveness, as well as an insult to its international image and a risk to the safety of its citizens.

Moreover, imperial fatigue has set in. Recent US history has been characterized by cycles of enthusiasm about foreign engagement. In the mid-1970's, following the war in Vietnam, America, guided by President Jimmy Carter's moralizing impulse, opted for "regionalization" of its engagements. But, given that the Soviet threat still existed, this effort came too early (and probably was carried out in the wrong manner).

Today, by contrast, the starting point for a reassessment of American priorities is more economic than ethical. But the reasoning is the same, for it is based on the conviction that more America in the world today implies less costly and confused interventionism tomorrow. That means that US foreign policy itself – defined in recent years by

too much attention to the Middle East, and too little to Asia – must embrace a shift in priorities.

Of course, in the midst of today's ongoing Arab revolutions, America cannot simply ignore the Middle East. Nor must the US give up hope on the Israel-Palestine front, or on its efforts to contain Iran's nuclear ambitions. But it is in Asia that history is unfolding – and where the US must define its long-term global strategy.

Must the US, as Henry Kissinger suggests in his latest book On China, consider the prospect of a "Pacific Community" that, unlike the Cold War-era Atlantic Community, is not based on common culture and values in the face of a direct threat, but on common interests in an "age of rebalancing of world order"?

America's resilience may contrast with Europe's multiple weaknesses. But resilience will not be enough. The US must get back into shape to face tomorrow's challenges, and that means restoring economic growth, reducing deficits, and improving infrastructure. Paradoxically, only a more confident America can accept a reduced global status, because reconciling oneself to change is always easier once one has taken the steps needed to adjust to it.

*Dominique Moisi is the author of The Geopolitics of Emotion.*

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 8/31/2013 7:21:40 PM
**To:** ehud barak [redacted]
**Subject:** Re:

I would use the opportunity to compare it with iran. the solutions become more compelx with time not less. i think many people would like your views on egypt. syria, etc. russias role.? i think you might point out the gassing of " women and children " is an expressions from the 20th centry . women are no longer equiv to children, . civilians. vs combatants . only.

On Sat, Aug 31, 2013 at 2:55 PM, ehud barak <[redacted]> wrote:

After listening to POTUS speech, You're probably right. EB

Sent from my iPhone

On Aug 31, 2013, at 21:06, Jeffrey Epstein <jeevacation@gmail.com> wrote:

it will be at a minmumm a week or two not before g20

On Sat, Aug 31, 2013 at 12:03 PM, ehud barak [redacted] wrote:

it might be launched before the op ed will be accepted by any major paper

On Aug 31, 2013, at 1:06 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

Time to write the wait "until too late "op Ed ???

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The showâ€™s creators, including veteran hitmakers Ryan Murphy and Brad Falchuk, assembled a large cast of transgender performers, and theyâ€™re P-H-E-N-O-M-E-N-A-L. Standouts include Mj Rodriguez as a politically conscious, HIV-positive house mother, and Indya Moore as Angel, a willowy femme whose married boyfriend works for Donald Trump. Truly, the \u003Ci\u003EEntire\u003C/i\u003E cast shinesâ€"from the get-go, weâ€™re deeply invested in their victories and struggles. The costumes and sets are perfection, while the alternately intimate and epic storylines shift from entertaining spectacle to gut-wrenching drama without missing a beat. Above all, \u003Ci\u003EPose\u003C/i\u003E tackles dark realities like AIDS, transphobia, and bigotry, but somehow manages to sparkle with light. Every episode gave us life."},"trackCount":9,"nameSortValue":"Pose, Season 1","id":"1380483381","releaseDate":"2018-06-03","userRating":{"value":4.5,"ratingCount":238},"contentRatingsBySystem":{"us-tv":{"name":"TV-MA","value":600,"rank":6}},"name":"Pose, Season 1","uber":{"backgroundColor":"ca0000","name":null,"titleTextColor":"fefd00","primaryTextColor":"eeb7c4","masterArt":{"width":4320,"url":"https://is4-ssl.mzstatic.com/image/thumb/Features115/v4/28/bd/99/28bd99ef-c2d3-9247-e231-90f7e8de789c/source/{w}x{h}{c}.{f}","height":1080,"textColor3":"f4ca00","textColor2":"f7e5f5","textColor4":"eeb7c4","hasAlpha":false,"textColor1":"fefd00","bgColor":"ca0000","hasP3":false,"supportsLayeredImage":false},"headerTextColor":null,"primaryTextColorOnBlack":"rgba(238,183,196,1.0)","titleTextColorOnBlack":"rgba(249,249,0,1.0)","description":null},"artistUrl":"https://itunes.apple.com/us/artist/pose/1380483380","formerIds":[],"nameRaw":"Pose, Season 1","seasonNumber":1,"editorialArtwork":{"storeFlowcase":{"width":4320,"url":"https://is3-ssl.mzstatic.com/image/thumb/Features118/v4/76/e6/28/76e62861-af56-bb06-9fe5-5a47e883fe1f/source/{w}x{h}{c}.{f}","height":1080,"textColor3":"e9ac91","textColor2":"f29c95","textColor4":"e28179","hasAlpha":true,"textColor1":"fbd2b4","bgColor":"a31509","hasP3":false,"supportsLayeredImage":true},"fullscreenBackground":{"width":4320,"url":"https://is3-ssl.mzstatic.com/image/thumb/Features125/v4/c5/26/44/c5264431-6c48-88e2-8c31-170025a267d7/source/{w}x{h}{c}.{f}","height":2160,"textColor3":"ebb49c","textColor2":"ffc528","textColor4":"eba020","hasAlpha":false,"textColor1":"ffdec4","bgColor":"9d1000","hasP3":false,"supportsLayeredImage":false},"contentLogo":{"width":2400,"url":"https://is3-ssl.mzstatic.com/image/thumb/Features115/v4/05/c2/ca/05c2ca4c-2bfc-715a-482f-9171d9c6d853/source/{w}x{h}{c}.{f}","height":390,"textColor3":"cbbe60","textColor2":"f9c62e","textColor4":"c79e25","hasAlpha":true,"textColor1":"ffee79","bgColor":"000000","hasP3":false,"supportsLayeredImage":false}},"kind":"tvSeason","copyright":"Â© 2018 FX Productions, LLC. 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Desna (the perfect Niecy Nash) is exploring new relationships, both with her doctor boyfriend and her new (mafia) boss, Zlata (explosive guest star Franka Potente). Virginia is staying devoted to Dean, Desnaâ€™s autistic brother. â€œQuiet Annâ€ is reeling from her breakup with girlfriendâ€"and detective on their caseâ€"Arlene. With a plethora of powerful women and LGBTQ characters, and a no-holds-barred approach to topics from addition and immigration to sex and family, thereâ€™s so much more happening here than just seriously fierce nail inspo."},"trackCount":11,"nameSortValue":"Claws, Season 2","id":"1380862406","releaseDate":"2018-06-10","userRating":{"value":4.5,"ratingCount":32},"contentRatingsBySystem":{},"name":"Claws, Season 2","uber":{"backgroundColor":"000000","name":null,"titleTextColor":"fcffff","primaryTextColor":"01c534","masterArt":{"width":4320,"url":"https://is4-ssl.mzstatic.com/image/thumb/Features125/v4/55/b3/ca/55b3cad7-8455-8646-cf76-9cdc6ccf3a8e/source/{w}x{h}{c}.{f}","height":1080,"textColor3":"c9cbcb","textColor2":"02f641","textColor4":"01c534","hasAlpha":false,"textColor1":"fcffff","bgColor":"000000","hasP3":false,"supportsLayeredImage":false},"headerTextColor":null,"primaryTextColorOnBlack":"rgba(45,212,67,1.0)","titleTextColorOnBlack":"rgba(238,241,241,1.0)","description":null},"artistUrl":"https://itunes.apple.com/us/artist/claws/1236255052","formerIds":[],"nameRaw":"Claws, Season 2","seasonNumber":2,"editorialArtwork":{"storeFlowcase":{"width":4320,"url":"https://is5-ssl.mzstatic.com/image/thumb/Features115/v4/dc/f2/bf/dcf2bf22-b0de-71ff-e27f-a08c52a7c2f1/source/{w}x{h}{c}.{f}","height":1080,"textColor3":"eed3e5","textColor2":"f3bee5","textColor4":"e59fd1","hasAlpha":true,"textColor1":"ffffff","bgColor":"af237f","hasP3":false,"supportsLayeredImage":true},"fullscreenBackground":{"width":4320,"url":"https://is4-ssl.mzstatic.com/image/thumb/Features118/v4/12/f8/e9/12f8e91d-ff5e-9fef-84e4-

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*Thomas Fuller reported from Sacramento and Vivian Yee from New York.*

# Suit Against California Relies on a Court Case Won by Obama in 2012

demonstrate that it was not a noncompliance with federal laws.

"The suit is modeled on the Obama administration's successful suit against Arizona," he said. But he added that "some of the key considerations are flipped."

In the Arizona case, conservatives insisted that respect for state sovereignty required letting states play a leading role in controlling immigration within their borders. But Mr. Sessions, a longtime conservative himself, disavowed that position in his speech on Wednesday. "Immigration law is the province of the federal government," he said.

Justice Antonin Scalia, the conservative jurist who died in 2016, took a different view of the Arizona case. In an impassioned partial dissent, he wrote that "it is easy to lose sight of the states' traditional role in regulating immigration — and to overlook their sovereign prerogative to do so."

There is no doubt that the California lawsuit is at odds with some of the Trump administration's usual positions. "It's a fascinating suit on a number of levels," Professor Vladeck said, "not the least of

in Sacramento, in his view, is

"Professor Vladeck, a law professor at the University of Texas, said history was repeating itself, but in reverse.

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"Both administrations claim that the state laws they challenge impermissibly interfere with the executive branch's ability to enforce the immigration laws," she said. "But both lawsuits are also clearly designed to take on visible and politically powerful local officials whose vision of immigration policy conflicts with the president's and his supporters."

In a news conference on Wednesday, Xavier Becerra, the California attorney general, said he was ready for the fight. The state's laws, he said, were "fully constitutional and provide for the safety and welfare of all our people."

"California is in the business of public safety," he said. "We are not in the business of deportations."

The Justice Department challenged parts of three of California's so-called sanctuary laws. One restricts employers from cooperating with immigration officials. A second generally prohibits state officials from telling federal ones when undocumented immigrants are to be released from

NOAH BERGER/AGENCE FRANCE-PRESSE — GETTY IMAGES

Protesting a speech delivered by Attorney General Jeff Sessions in Sacramento on Wednesday.

state custody. A third requires state officials to inspect some facilities that house people detained on behalf of the federal government.

Jennifer Chacon, a law professor at the University of California, Irvine, said the state laws had been carefully written to avoid direct conflicts with federal immigration laws. "I think it is clear that California deliberately tried to draft laws that involved core exercises of state police power in a way that did not run afoul of federal law," she said.

Each state law presents different issues, and courts may give varying answers depending on how directly the state laws conflict with federal ones. More generally, though, courts will take account of the Supreme Court's decision in the Arizona case, which called for collaboration rather than conflict.

"Consultation between federal and state officials is an important feature of the immigration system," Justice Kennedy wrote in the court's decision in the Arizona case.

Gov. Jerry Brown, a Democrat, has said that consultation is fine but that federal officials should not use California's resources to pursue undocumented Californians. The federal government, he added, may do so on its own.

"They are free to use their own considerable resources to enforce federal immigration law in California," he said in October in signing one of the challenged laws.

The Supreme Court has said that the federal government may not commandeer state resources to achieve federal objectives. In his speech on Wednesday, Mr. Sessions denied that anything like that was afoot.

"Contrary to what you might hear from the lawless open borders radicals," he said, "we are not asking California, Oakland or anyone else to enforce immigration laws."

"We are simply asking California and other sanctuary jurisdictions to stop actively obstructing federal law enforcement," he added.

But Professor Rodriguez said

***'The state may not pursue policies that undermine federal law,' a justice wrote.***

the commandeering issue was a substantial one. "In the extent the Trump administration's challenge against California, would effectively force state officials and localities to participate in immigration enforcement, the issue is a substantial and unconstitutional commandeering," he said.

Professor Spiro said that California may have the upper hand in the suit's early stages, as the issues in it are novel, leaving judges with substantial discretion.

The Trump administration has not fared well in federal courts in California in other cases concerning immigration, including ones challenging President Trump's efforts to restrict travel from predominantly Muslim countries and to rescind a program protecting some 700,000 young unauthorized immigrants from deportation.

But the ultimate fate of the suit will probably rest with the Supreme Court. In 2012, with what may have been unwarranted optimism, Justice Kennedy said he hoped that conflicts over immigration policy would be worked out through reasoned discussion.

"The national government has significant power to regulate immigration," he wrote. "The sound exercise of national power over immigration depends on the nation's meeting its responsibility to base its laws on a political will informed by searching, thoughtful, rational civic discourse."

# Investigating Sexual Misconduct Accusations, Arizona State Suspends a Physicist

**By KENNETH CHANG**

Arizona State University has suspended Lawrence M. Krauss, a prominent theoretical physicist, while the university investigates accusations of sexual misconduct over a decade.

"In an effort to avoid further disruption to the normal course of business as the university continues to gather facts about the allegations, Krauss has been placed on paid leave and is prohibited from being on campus for the duration of the review," the university said in a statement released on Tuesday.

Last month, BuzzFeed reported that several women have accused Dr. Krauss of inappropriate behavior including groping women and making sexist jokes.

The university said it would not release any additional details until its investigation is complete.

Dr. Krauss, a professor in the university's School of Earth and Space Exploration, is director of Arizona State's Origins Project, a multidisciplinary research effort to tackle questions about life, the universe and complex social problems. He gained prominence for his book, "The Physics of Star Trek" in 1995. He later became one of the leaders of the so-called "skeptics" movement that espouses science over religion. He has also written essays and Op-Ed articles that were published in The Times.

Michael Crow, president of Arizona State, told The State Press, an independent student news organization, that the university had received no complaints of harassment against Dr. Krauss. The university started the investigation after being contacted by BuzzFeed.

CAROLYN KASTER/ASSOCIATED PRESS

Dr. Krauss moved to Arizona State from Case Western Reserve University in Ohio in 2008.

On Wednesday afternoon, Dr. Krauss posted a lengthy rebuttal to the BuzzFeed article. He said many of the incidents reported by BuzzFeed were based on unsubstantiated rumors and others were distorted and misleading.

"Has my language or demeanor sometimes made others feel uncomfortable?" Dr. Krauss wrote. "Clearly yes, and for that I sincerely apologize. Nevertheless, the BuzzFeed article effectively paints a false picture of me and my relationships with others through a mosaic constructed largely out of anonymous hearsay and a web of often vague innuendo."

The university is not the only one to take action against Dr. Krauss. The American Physical Society and other organizations have withdrawn invitations to Dr. Krauss for upcoming talks. The Center for Inquiry, an organization that promotes secularism, suspended its association with Dr. Krauss on Monday.

On Tuesday, Dr. Krauss resigned from the board of the Bulletin of the Atomic Scientists, which is best known for its Doomsday Clock that represents that danger of atomic war and other calamities to the planet. In his resignation letter, he said he was resigning from the board because he did not want to distract from the organization's work.

Additionally, a conference scheduled for next month to mark the 10th anniversary of the Origins Project has been canceled. "What we hope to do is reschedule it for another time," Dr. Krauss said in an interview on Wednesday.

Order home delivery today.

HOUSE_OVERSIGHT_031972

**From:** paul krassner [redacted]
**Sent:** 5/15/2019 12:17:32 AM
**To:** George Krassner [redacted]; nick kazan [redacted]; Mrisman02 [redacted]; Rebecca Risman [redacted]; Linda W. Grossman [redacted]
**Subject:** rather long and a few typos

# REMEMBERING CAVALIER MAGAZINE

## LAUNCHING A MAGAZINE

My friend Michael Simmons, who has been the editor of *National Lampoon* and *High Times,* observes that *Cavalier* hired fine scribes. A few examples: Thomas Pynchon, Philip Roth, William Saroyman, Isaac Asimov, Theodore Sturgeon. *Cavalier* was launched by Fawcett Publications in 1952.

Men's magazine *Cavalier* (motto: "For the American Male") was published the year before *Playboy* to whom it has often been compared, and back in the day tried to be seen as slightly hipper, more youthful and considered a bit more clever than its big name rival. Almost an anti-establishment *Playboy.* A slogan stated: "Your dad bought *Playboy*, you bought *Cavalier*."

## I BECAME A COLUMNIST

I was invited to write a column, named "The Naked Emperor," for *Cavalier*, that was beginning to publish underground writers and artists. They paid me $1,000 a month. My first column was a report on an auction of two-inch squares from the hotel bedsheets slept on by the Beatles during their first trip to America.

There were 300 screaming young girls, off on a fetishist's holiday. Obviously, there wouldn't be enough items to go around, but it was announced that the Beatles' unwashed towels and bed linens were to be cut into two-inch squares and sold for $1 each. The price included a notarized statement of authenticity.

My second column was about Lenny Bruce—titled "Lenny the Lawyer," since he defended himself in trials He was arrested for obscene performances only because there were no blasphemy laws. I went to the bank and deposited my check, withdrawing half of it in cash, a $500 bill. Lenny was alone in his hotel room on Christmas Day when I presented it to him. And, with a large safety pin, Lenny attached the $500 bill to the outside breast pocket of his denim dungaree jacket.

AFTER JFK ASSASSINATION

In another column of mine, "Jack Ruby and His Dirty Little Secret," it began, "Lenny Bruce told me how all the night club comics used to Jack Ruby's "tattoo of a lady's *schmutzik* (translate: pussy) in his armpit." If it wasn't a fact, I was quite willing to settle for an apocryphal allusion which nevertheless crystallized the entire personality of that alleged murderer who wanted so very much to be liked.

I say *alleged* because upon Ruby's own death. Dallas District Attorney Henry Wade said he would dismiss the murder charge against him, a promise which has since been kept, although no such posthumous grace was ever officially bestowed on Lee Harvey Oswald. See, they grant you retroactive innocence only in the face of innumerable witnesses who were present at the actual event through the miracle of inadvertent televised coverage.

Now Jack Ruby's dirty little secret has been forever sealed away in his armpit by the hymen of history. Oh yeah, and at Lenny's funeral, that safety pin was still attached on his jacket.

**JULES SIEGEL**

Two years before Lenny's death, with his permission I published his obituary in my own magazine, *The Realist.* Before the issue went to press, he called his mother and a few others to let them know it would only be a hoax. The point was that he couldn't get work and his work was his life so he might as well be dead. And if people regretted that they hadn't helped him, well,

now they could have a second chance because he was still alive. The obituary evoked inquiries from newspapers, wire services, foreign publications, radio and TV.

"What's the meaning of it?" one editor asked me. "There's a lot of excitement at the city desk."

"That *is* the meaning of it."

A few years later, without my permission, Jules Siegel, the editor of a short-lived magazine, *Cheetah*, published a fake obituary of me. I thought it was funny. An Associated Press reporter called, and I explained that it was a hoax.

"Are you sure?" he asked.

"Of course. I would tell you if I was dead."

Siegel started writing for *Cavalier.* His first assignment was a profile of Sterling Hayden, an actor best known in *Dr, Stranglove or How I Learned to Stop Worrying and Love the Bomb.*

Journalist Adam Ellsworth described Siegel's "Goodbye Surfing, Hello God" with his most famous example of rock journalism, but his most revolutionary was his article, "The Big Beat." It appeared in the *Playboy*-esque *Cavalier* magazine in 1965 and was one of the earliest writings he'd ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Then Jules' friend, Arthur Kretchmer, became *Cavalier's* managing editor. "When the editorial director later resigned," Kretchmer said, "there was a 24-hour hiatus before the new editor arrived." Siegel and Kretchmer had been discussing the possibility of publishing an issue on rock and roll, so to make it happen, Kretchmer went into the office at night and retyped the magazine's schedule to include their ideas.

When the new editorial started, Kretchmer handed him the schedules and said, "Here's what we're working on." The new editorial director suspected nothing and the rock and roll issue went ahead. Once the laughter died down, Jules talked for a good 25 minutes about

some of the ups and downs of his writing career and how hard it is to make a living as any kind of a writer, let alone a "rock journalist." and the people who created it, seriously.

Now everybody writes about rock and roll that way. Jules was one of the people who did it first. "Goodbye Surfing, Hello God!" is Jules's most famous example of rock journalism, but I think his most revolutionary is his article "The Big Beat." It appeared in the Playboy-esque *Cavalier* magazine in 1965 and is one of the earliest writings I've ever seen on the development of rock and roll, from slaves singing in chains on their way to America to Bob Dylan "going electric" at the Newport Folk Festival.

Jules Siegel died of a heart attack on November 17, 2012 at the age of 77. He was a brilliant author, but neither *Rolling Stone* nor the *New York Times* honored him with an obituary. Not even a fake one.

**COMIC STRIPS**

Art Spiegelman tells me his work at *Cavalier* 50 years ago:

I was first invited into the mag to do two full-color comix pages in 1969 (when being printed in color was a Very Big Deal for me as was Getting Paid more than 25 bucks for a drawing), somehow in proximity to a big article on underground comix. It was around the time Vaughn Bode was made a regular contributor to the magazine, They were running some Crumb "Fritz the Cat" pages. All thanx to their hip, laid back and kind editor, Alan LeMond.

I also did some gag cartoons, short strips and occasional illustrations for *Cavalier* (one especially bad drawing for a story by Bruce Jay Friedman, I recall). My work in 1969, as an apprentice underground cartoonist taking too many drugs was really, really awful so I'm grateful for the editor's hip and laid-back kindness. But, hey, I was proud to be in a mag that published pieces by Pynchon, Manny Farber and you.

By the time I'd gotten incrementally better as a cartoonist in the first half of the 1970s I was regularly doing illustrations for soft-core fiction stories in *Cavalier's* low-rent sister mags, *Dude, Gent* and *Nugget* (even wrote a story or two there and got several of my San Francisco comix cronies (Spain Rodriguez, Bill Griffith and Justin Greene) illustration gigs with Alan for those mags as well.

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[Note in Wikipedia: *Maus* is a graphic novel by American cartoonist Art Spiegelman, serialized from 1980 to 1991. It depicts Spiegelman interviewing his father about his experiences as a Polish Jew and Holocaust survivor. The work employs postmodernist techniques and represents Jews as mice, Germans as cats, and Poles as pigs. In 1992, *Maus* won a Pulitzer Prize.]

**COMiING AND GOING**

I wrote some movie reviews for *Cavalier.* I recall that *Midnight Cowboy* was 50 years ago. I always went to two screenings. The first one I would go stoned with magic mushrooms. The second one I took notes. However, I got fired by *Cavalier.*

They declined to publish a particular column--my review of *MASH* as though it were a Busby Berkeley musical called *Gook Killers of 1970*-- ostensibly on the grounds of bad taste, but I learned that three wholesalers had told the publisher they were pressured by the FBI and would refuse to distribute *Cavalier* if my name appeared in it.

On top of that, my name was on a list of sixty-five "radical" campus speakers, released by the House Internal Security Committee. The blacklist was published in the *New York Times*, and picked up by newspapers across the country. It might have been a coincidence, but my campus-speaking engagement-bookings stopped abruptly. It felt just like a film.

**OH, WELL**

It was over for me, but it had been fun—like the issue with only the one large red headline on the *Cavalier* cover: "BEAT 'EM SENSELESS FIRST"—THE FREE SPEECH CONTROVERSY, BY PAUL KRASSNER . . . "Ironically," I wrote, "it is this concept of the total education experience *on* campus which I believe to be the basic significance of the much-misunderstood free-speech imbroglio at the University of California in Berkeley."

The sit-in lasted till 3 a.m. Next day, October 1, 1964, ten tables were manned again, and a campus policeman approached one of the tables (manned by the Congress of Racial Equality) where a dozen persons were seated. One was singled out and placed under arrest. But before you could say nonviolent demonstration, the police car was surrounded, its captors reaching as many as 3,000 students. During the late evening, bored fraternity men gathered and tossed lighted cigarettes and eggs on those sitting in the plaza. The demonstrators responded with silence.

Next day, 450 police assembled on campus to remove the cop car and its arrested inhabitant, but an agreement to negotiate was reached and the demonstrators dispersed. One of the folk songs to come out of the Free Speech Movement incidentally, was *If I Negotiate With You,* to the tune of the Beatles' *If I Fell in Love With You.*

Over the next couple of months there was a series of sit-ins and attempted negotiations, and then, on December 2, the infamous Sproul Hall sit-in. It took twelve hours for 800 students to be arrested by some 600 instructors of a new course called Introductory Police Brutality. These were from the lab notes student took.

There was a freshman co-ed at Berkeley who—long after she had forgotten what some professor spouted during an official lecture about Dostoevsky's *Crime and Punishment*—would remember, with perhaps a twinge of frightened pride, learning from a fellow demonstrator that if she planned to go limp when the police arrested her, it would be an act of practical feminine foresight to remove the earrings from her pierced lobes in advance.

So, now in 2019, fighting over free speech has been happening heavily at Berkeley campus again. Meanwhile, Trump grabbed a pussy on the Statue of Liberty. *Cavalier,* anyone?

**From:** Jay Lefkowitz [redacted]
**Sent:** 3/8/2011 4:41:04 PM
**To:** Michael S. Sitrick [redacted]; Jeffrey Epstein [redacted]
**Subject:** Fw: Alexandra Wolfe called from Newsweek

----- Original Message -----
From: Kristin Andersen
Sent: 03/08/2011 11:09 AM EST
To: Jay Lefkowitz
Subject: Alexandra Wolfe called from Newsweek

# Privileged - Redacted

----- Forwarded by Kristin Andersen/New York/Kirkland-Ellis on 03/08/2011 11:05 AM -----

| | | |
|---|---|---|
| "Wolfe, Alexandra " [redacted] | "Jay Lefkowitz" [redacted] | To |
| | | cc |
| 03/07/2011 02:09 PM | RE: | Subject |

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

-What is he chiefly focusing on now? Is he spending more time on The Jeffrey Epstein Science Foundation? Could he talk about his interest in science and the 2011 grants/conference?
-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?

-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 3/7/2011 7:12:54 PM
**To:** Jay Lefkowitz [redacted]
**Subject:** Re: Fw:

# Privileged - Redacted

On Mon, Mar 7, 2011 at 11:11 AM, Jay Lefkowitz <[redacted] wrote:

----- Original Message -----
From: "Wolfe, Alexandra" [redacted]
Sent: 03/07/2011 02:04 PM EST
To: Jay Lefkowitz
Subject: RE:

Dear Mr. Lefkowitz,

Here are the questions I'd like to ask Jeffrey Epstein. Would he be available to answer any of these on the phone or by email? People have told me some of his thoughts on background but I wanted to see if he could tell me or email me anything directly I could use on the record. Also I'd like to run the information I already have by you or him.

Thank you,
Alexandra

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-How has his business been affected? Is there any new direction he's taking it? Does he still have the same clients or new ones? Is it still at $15 billion?
-Did he still work while in prison? How was that arranged? With whom was he working/advising?
-Where is he spending his time now? How has his social life changed from three years ago?
-Is he still close with Ghislaine Maxwell?
-What were friends/colleagues/acquaintances reactions to his conviction?
-What does he think about the sentence he got- was it too lenient or too harsh and why?
-What is his side of the story and have people been supportive?
-Is he continuing the charity initiatives he started with Bill Clinton, etc?

-----Original Message-----
From: Jay Lefkowitz [mailto:[redacted]
Sent: Mon 3/7/2011 12:18 PM
To: Wolfe, Alexandra
Subject:

Dear Ms. Wolfe,

I understand you have some questions about my client, Jeffrey Epstein. Given that much of the press coverage surrounding Mr. Epstein has been inaccurate and in some instances, defamatory, I would like to suggest that you send me any facutal questions so that I can provide you with accurate responses.

I am also available to speak with you. My number is [redacted]

Thank you,

Jay

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**From**: [redacted]
**Sent**: 2/6/2011 9:35:06 PM
**To**: jeevacation@gmail.com
**Subject**: Re: You should see this movie/documentary

seems very one-sided and as if the makers didn't quite see the bigger picture
i'm not sure the finance industry really had too much of a choice

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Sun, Feb 6, 2011 5:27 am
Subject: Re: You should see this movie/documentary

it is very unfair, and misrepresents tons of inf

On Sun, Feb 6, 2011 at 3:26 AM, [redacted] wrote:

Inside Job (2010)
NYT Critics' PickThis movie has been designated a Critic's Pick by the film reviewers of The New York Times.

Sony Pictures Classics
Henry Paulson, Ben Bernanke and Timothy Geithner in the documentary "Inside Job."
Who Maimed the Economy, and How
By A. O. SCOTT
"Inside Job," a sleek, briskly paced film whose title suggests a heist movie, is the story of a crime without punishment, of an outrage that has so far largely escaped legal sanction and societal stigma. The betrayal of public trust and collective values that Mr. Ferguson chronicles was far more brazen and damaging than the adultery in Nathaniel Hawthorne's novel, which treated Hester more as scapegoat than villain.
The gist of this movie, which begins in a mood of calm reflection and grows angrier and more incredulous as it goes on, is unmistakably punitive. The density of information and the complexity of the subject matter make "Inside Job" feel like a classroom lecture at times, but by the end Mr. Ferguson has summoned the scourging moral force of a pulpit-shaking sermon. That he delivers it with rigor, restraint and good humor makes his case all the more devastating.
He is hardly alone in making it. Numerous journalists have published books and articles retracing the paths that led the world economy to the precipice two years ago. The deregulation of the financial services industry in the 1980s and '90s; the growing popularity of complex and risky derivatives; the real estate bubble and the explosion of subprime lending — none of these developments were exactly secret. On the contrary, they were celebrated as vindications of the power and wisdom of markets. Accordingly, Mr. Ferguson recycles choice moments of triumphalism, courtesy of Lawrence H. Summers, George W. Bush, Alan Greenspan and various cable television ranters and squawkers.
Even as stock indexes soared and profits swelled, there were always at least a few investors, economists and government officials who warned that the frenzied speculation was leading to the abyss. Some of these prophets without honor show up in front of Mr. Ferguson's camera, less to gloat than to present, once again, the analyses that were dismissed and ignored by their peers for so long.
Dozens of interviews — along with news clips and arresting aerial shots of New York, Iceland and other disaster areas — are folded into a clear and absorbing history, narrated by Matt Damon. The music (an opening song, "Big Time," by Peter Gabriel, and a score by Alex Heffes) and the clean wide-screen cinematography provide an aesthetic polish that is welcome for its own sake and also important to the movie's themes. The handsomely lighted and appointed interiors convey a sense of the rarefied, privileged worlds in which the Wall Street operators and their political enablers flourished, and the elegance of the presentation also subliminally bolsters the film's authority. This is not a piece of ragged muckraking or breathless advocacy. It rests its outrage on reason, research and careful argument.
The same was true of Mr. Ferguson's previous documentary, "No End in Sight," which focused on catastrophic policies carried out in Iraq by President George W. Bush's administration just after the overthrow of Saddam Hussein. But whereas that film concentrated on a narrow view of a complex subject — the conduct of the war rather than the at least equally controversial rationale for fighting it — "Inside

Job" offers a sweeping synthesis, going as far back as the Reagan administration and as far afield as Iceland in its anatomy of the financial crisis.
Perhaps unsurprisingly, many of the highest-profile players declined to be interviewed. Mr. Summers appears only in news footage, and none of his predecessors or successors as Treasury secretary — not Robert E. Rubin or Henry M. Paulson Jr. or Timothy F. Geithner — submit to Mr. Ferguson's questions. Nor do any of the top executives at Goldman Sachs or the other big banks. Most of the interviewees are, at least from the perspective of the filmmaker, friendly witnesses, adding fuel to the director's comprehensive critique of the way business has been done in the United States and the other advanced capitalist countries for the past two decades.
Both American political parties are indicted; "Inside Job" is not simply another belated settling of accounts with Mr. Bush and his advisers, though they are hardly ignored. The scaling back of government oversight and the weakening of checks on speculative activity by banks began under Reagan and continued during the Clinton administration. And with each administration the market in derivatives expanded, and alarms about the dangers of this type of investment were ignored. Raghuram Rajan, chief economist at the International Monetary Fund, presented a paper in 2005 warning of a "catastrophic meltdown" and was mocked as a "Luddite" by Mr. Summers.
Meanwhile, some investment bankers — at Goldman Sachs in particular — were betting against the positions they were pushing on their customers. An elaborate house of cards had been constructed in which bad consumer loans were bundled into securities, which, were certified as sound by rating agencies paid by the banks and then insured via credit-default swaps. One risky bet was stacked on top of another, and in retrospect the collapse of the whole edifice, along with the loss of jobs, homes, pensions and political confidence, seems inevitable.
How did this happen? Mr. Ferguson is no conspiracy theorist; nor is he inclined toward structural or systemic explanations. Markets are not like tectonic plates, shifting on their own. Visible hands write laws and make deals, and in this case a combination of warped values and groupthink seems to have driven very intelligent men (and they were mostly men) toward folly. In addition to business and government, Mr. Ferguson aims his critique at academia, suggesting that the discipline of economics and more than a few prominent economists were corrupted by consulting fees, seats on boards of directors and membership in the masters of the universe club.
When he challenges some of these professors, in particular those who held positions of responsibility in the White House or in the Federal Reserve, they are reduced to stammering obfuscation — Markets are complicated! Who could have predicted? I don't see any conflict of interest — and occasionally provoked to testiness. Mr. Ferguson, for his part, cannot always contain his incredulity or rein in his sarcasm. Occasionally his voice pipes up from off camera, saying things like, "You can't be serious!"
But it is hard to imagine a movie more serious, and more urgent, than "Inside Job." There are a few avenues that might have been explored more thoroughly, in particular the effects of the crisis on ordinary, non-Wall-Street-connected workers and homeowners. The end of the film raises a disturbing question, as Mr. Damon exhorts viewers to demand changes in the status quo so that the trends associated with unchecked speculation of the kind that caused the last crisis — rising inequality, neglect of productive capacity, endless cycles of boom and bust — might be reversed.
This call to arms makes you wonder why anger of the kind so eloquently expressed in "Inside Job" has been so inchoate. And through no fault of its own, the film may leave you dispirited as well as enraged. Its fate is likely to be that of other documentaries: praised in some quarters, nitpicked in others and shrugged off by those who need its message most. Which is a shame.
"Inside Job" is rated PG-13 (Parents strongly cautioned). Some drug and sex references and pervasive obscenity, though not the verbal kind.

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**From**: [redacted]
**Sent**: 2/6/2011 8:26:59 AM
**To**: jeeproject@yahoo.com
**Subject**: You should see this movie/documentary

Inside Job (2010)
NYT Critics' PickThis movie has been designated a Critic's Pick by the film reviewers of The New York Times.

Sony Pictures Classics
Henry Paulson, Ben Bernanke and Timothy Geithner in the documentary "Inside Job."
Who Maimed the Economy, and How
By A. O. SCOTT
"Inside Job," a sleek, briskly paced film whose title suggests a heist movie, is the story of a crime without punishment, of an outrage that has so far largely escaped legal sanction and societal stigma. The betrayal of public trust and collective values that Mr. Ferguson chronicles was far more brazen and damaging than the adultery in Nathaniel Hawthorne's novel, which treated Hester more as scapegoat than villain.
The gist of this movie, which begins in a mood of calm reflection and grows angrier and more incredulous as it goes on, is unmistakably punitive. The density of information and the complexity of the subject matter make "Inside Job" feel like a classroom lecture at times, but by the end Mr. Ferguson has summoned the scourging moral force of a pulpit-shaking sermon. That he delivers it with rigor, restraint and good humor makes his case all the more devastating.
He is hardly alone in making it. Numerous journalists have published books and articles retracing the paths that led the world economy to the precipice two years ago. The deregulation of the financial services industry in the 1980s and '90s; the growing popularity of complex and risky derivatives; the real estate bubble and the explosion of subprime lending – none of these developments were exactly secret. On the contrary, they were celebrated as vindications of the power and wisdom of markets. Accordingly, Mr. Ferguson recycles choice moments of triumphalism, courtesy of Lawrence H. Summers, George W. Bush, Alan Greenspan and various cable television ranters and squawkers.
Even as stock indexes soared and profits swelled, there were always at least a few investors, economists and government officials who warned that the frenzied speculation was leading to the abyss. Some of these prophets without honor show up in front of Mr. Ferguson's camera, less to gloat than to present, once again, the analyses that were dismissed and ignored by their peers for so long.
Dozens of interviews – along with news clips and arresting aerial shots of New York, Iceland and other disaster areas – are folded into a clear and absorbing history, narrated by Matt Damon. The music (an opening song, "Big Time," by Peter Gabriel, and a score by Alex Heffes) and the clean wide-screen cinematography provide an aesthetic polish that is welcome for its own sake and also important to the movie's themes. The handsomely lighted and appointed interiors convey a sense of the rarefied, privileged worlds in which the Wall Street operators and their political enablers flourished, and the elegance of the presentation also subliminally bolsters the film's authority. This is not a piece of ragged muckraking or breathless advocacy. It rests its outrage on reason, research and careful argument.
The same was true of Mr. Ferguson's previous documentary, "No End in Sight," which focused on catastrophic policies carried out in Iraq by President George W. Bush's administration just after the overthrow of Saddam Hussein. But whereas that film concentrated on a narrow view of a complex subject – the conduct of the war rather than the at least equally controversial rationale for fighting it – "Inside Job" offers a sweeping synthesis, going as far back as the Reagan administration and as far afield as Iceland in its anatomy of the financial crisis.
Perhaps unsurprisingly, many of the highest-profile players declined to be interviewed. Mr. Summers appears only in news footage, and none of his predecessors or successors as Treasury secretary – not Robert E. Rubin or Henry M. Paulson Jr. or Timothy F. Geithner – submit to Mr. Ferguson's questions. Nor do any of the top executives at Goldman Sachs or the other big banks. Most of the interviewees are, at least from the perspective of the filmmaker, friendly witnesses, adding fuel to the director's comprehensive critique of the way business has been done in the United States and the other advanced capitalist countries for the past two decades.
Both American political parties are indicted; "Inside Job" is not simply another belated settling of accounts with Mr. Bush and his advisers, though they are hardly ignored. The scaling back of government oversight and the weakening of checks on speculative activity by banks began under Reagan and continued during the Clinton administration. And with each administration the market in derivatives expanded, and alarms about the dangers of this type of investment were ignored. Raghuram Rajan, chief economist at the International Monetary Fund, presented a paper in 2005 warning of a "catastrophic meltdown" and was mocked as a "Luddite" by Mr. Summers.
Meanwhile, some investment bankers – at Goldman Sachs in particular – were betting against the positions they were pushing on their customers. An elaborate house of cards had been constructed in which bad consumer loans were bundled into securities, which, were certified as sound by rating agencies paid by the banks and then insured via credit-default swaps. One risky bet was stacked on top of another, and in retrospect the collapse of the whole edifice, along with the loss of jobs, homes, pensions and political confidence, seems inevitable.

How did this happen? Mr. Ferguson is no conspiracy theorist; nor is he inclined toward structural or systemic explanations. Markets are not like tectonic plates, shifting on their own. Visible hands write laws and make deals, and in this case a combination of warped values and groupthink seems to have driven very intelligent men (and they were mostly men) toward folly. In addition to business and government, Mr. Ferguson aims his critique at academia, suggesting that the discipline of economics and more than a few prominent economists were corrupted by consulting fees, seats on boards of directors and membership in the masters of the universe club.

When he challenges some of these professors, in particular those who held positions of responsibility in the White House or in the Federal Reserve, they are reduced to stammering obfuscation — Markets are complicated! Who could have predicted? I don't see any conflict of interest — and occasionally provoked to testiness. Mr. Ferguson, for his part, cannot always contain his incredulity or rein in his sarcasm. Occasionally his voice pipes up from off camera, saying things like, "You can't be serious!"

But it is hard to imagine a movie more serious, and more urgent, than "Inside Job." There are a few avenues that might have been explored more thoroughly, in particular the effects of the crisis on ordinary, non-Wall-Street-connected workers and homeowners. The end of the film raises a disturbing question, as Mr. Damon exhorts viewers to demand changes in the status quo so that the trends associated with unchecked speculation of the kind that caused the last crisis — rising inequality, neglect of productive capacity, endless cycles of boom and bust — might be reversed.

This call to arms makes you wonder why anger of the kind so eloquently expressed in "Inside Job" has been so inchoate. And through no fault of its own, the film may leave you dispirited as well as enraged. Its fate is likely to be that of other documentaries: praised in some quarters, nitpicked in others and shrugged off by those who need its message most. Which is a shame.

"Inside Job" is rated PG-13 (Parents strongly cautioned). Some drug and sex references and pervasive obscenity, though not the verbal kind.

**From:** [redacted]
**Sent:** 12/27/2010 9:04:41 PM
**To:** jeff epstein [jeevacation@gmail.com]
**Subject:** Fw: Ken Starr Aiming High as Head of Baylor

Sent via BlackBerry by AT&T

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**From:** "Newsmax.com" <newsmax@reply.newsmax.com>
**Date:** Mon, 27 Dec 2010 21:03:04 GMT
**To:** [redacted]
**ReplyTo:** newsmax@reply.newsmax.com
**Subject:** Ken Starr Aiming High as Head of Baylor

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Bill Clinton's one-time legal nemesis is earning high marks for his new role as president of Texas' Baylor University. Whitewater prosecutor Ken Starr is helping to heal divisions at the nation's largest Baptist school as he seeks to raise its academic stature.
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**From:** Daniel Siad [redacted]
**Sent:** 7/24/2010 5:10:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** hello from ibiza

can you come to Ibiza or you can send us the ticket to come with
Tigrane and five girls to Paris because they have there return ticket
from Barcelona if they are living from here
it will be great if you can arrenge for us tickets for Paris
please let me know so we can get orgnized

On 7/24/10, Jeffrey Epstein <jeevacation@gmail.com> wrote:
> i will be in paris tomooorw night
>
> On Sat, Jul 24, 2010 at 9:32 AM, Daniel Siad
> [redacted] wrote:
>
>> the other girl name is [redacted]
>>
>>
>> On Sat, Jul 24, 2010 at 2:28 PM, Daniel Siad <
>[redacted] wrote:
>>
>>> Can you call me
>>> I am with tigrane he would like to meet you he is here with me in Ibiza
>>> with 8 top girls he said he would like to build some thing with you
>>> can you come to Ibiza we have a huge house or how can we orgnise this
>>> meeting even Jean Luc could doo a great biz also
>>> he has the most amizing top models on stand by I told him not to do any
>>> deals with anybody before he meet with you .
>>> he stoped working with IMG and Trump wi here please call me and let me
>>> know what is your plans
>>> [redacted]
>>> warmest regards
>>> Daniel
>>>
>>>
>>> On Fri, Jul 23, 2010 at 2:38 PM, Jeffrey Epstein
>>> <jeevacation@gmail.com>wrote:
>>>
>>>> what is your schedule?
>>>>
>>>> --
>>>> ************************************************************
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**From:** Tonja Haddad Coleman [redacted]
**Sent:** 1/29/2015 8:33:35 PM
**To:** Darren Indyke [redacted] jeevacation@gmail.com; Jack Goldberger ([redacted]
[redacted]
**Subject:** FW: National Enquirer Comment Request Re: Jeffrey Epstein

**Importance:** High


Tonja Haddad Coleman, Esq.
**TONJA HADDAD, P.A.**
**Advocate Building**
**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted]



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**From:** Gonzalez, Patricia [mailto:[redacted]
**Sent:** Thursday, January 29, 2015 3:29 PM
**To:** Tonja Haddad Coleman
**Cc:** Cartwright, Lachlan
**Subject:** National Enquirer Comment Request Re: Jeffrey Epstein
**Importance:** High

Tonja--

The National ENQUIRER is preparing to publish a story that Bill Clinton used a private "orgy" jet to travel to Brunei for an extraordinary dinner with a royal accused of duping American women into "white slavery."

The ENQUIRER will report that Bill was accompanied by the 727's owner, billionaire pedophile Jeffrey Epstein, when he landed in the tiny South-East Asian country on May 25, 2002. His entourage also included two women who allegedly worked as "madams" for Epstein, luring teenaged girls into sex trysts with the tycoon and his powerful and famous friends.

According to The ENQUIRER's investigation, Bill spent the day playing golf at a seven-star hotel -- and then was invited to dine with Brunei's sultan, Hassanal Bolkiah .....who was charged with holding a deeply-religious Christian beauty queen as a "human chattel." Far from being embarrassed by the ruler's tawdry reputation, moreover, records for Bill's nonprofit foundation reveal that Brunei made a donation towards his Clinton Presidential Library that year of between $1 million and $5 million.

Please kindly attempt to provide any comment by 4 pm ET tomorrow, Friday January 30th to Lachlan Cartwright, Executive Editor, at [redacted], [Office] or [redacted].

Thank You,
Patricia Gonzalez
The National Enquirer

Office#[redacted]
E-mail: [redacted]

**From**: mailer-daemon@p3plsmtp05-03.prod.phx3.secureserver.net [mailer-daemon@p3plsmtp05-03.prod.phx3.secureserver.net]
**Sent**: 1/6/2015 1:15:20 AM
**To**: jeevacation@gmail.com
**Subject**: failure notice

Your mail message to the following address(es) could not be delivered.
This is a permanent error. Please verify the address(es) and try again.

<[redacted]>:
child status 100...The e-mail message could not be delivered because the user's mailfolder is full.

--- Below this line is a copy of the message.

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Return-Path: <jeevacation@gmail.com>
Received: (qmail 19093 invoked by uid 30297); 6 Jan 2015 01:15:20 -0000
Received: from unknown (HELO p3plibsmtp03-01.prod.phx3.secureserver.net) ([68.178.213.113])
          (envelope-sender <jeevacation@gmail.com>)
          by p3plsmtp05-03.prod.phx3.secureserver.net (qmail-1.03) with SMTP
          for <[redacted]>; 6 Jan 2015 01:15:20 -0000
Received: from mail-wi0-f180.google.com ([209.85.212.180])
       by p3plibsmtp03-01.prod.phx3.secureserver.net with bizsmtp
       id cRFK1p0133u5SEh01RFLFp; Mon, 05 Jan 2015 18:15:20 -0700
Received: by mail-wi0-f180.google.com with SMTP id n3so4433763wiv.1
        for <[redacted]> Mon, 05 Jan 2015 17:15:19 -0800 (PST)
DKIM-Signature: v=1; a=rsa-sha256; c=relaxed/relaxed;
        d=gmail.com; s=20120113;
        h=mime-version:in-reply-to:references:date:message-id:subject:from:to
         :content-type;
        bh=buIihKI+751WUl5BWGwKtQK2/0JcqYe/gvCCO4QgIRY=;
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         h0bA==
MIME-Version: 1.0
X-Received: by 10.195.12.15 with SMTP id em15mr166563452wjd.80.1420506919320;
 Mon, 05 Jan 2015 17:15:19 -0800 (PST)
Received: by 10.194.47.1 with HTTP; Mon, 5 Jan 2015 17:15:19 -0800 (PST)
In-Reply-To: <CAE-V2w=outijAfJGNP4772MO8wn9HWTfq4=_quBh3_k=QDNn1w@mail.gmail.com>
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Message-ID: <CA+t=u-ZBcu1megS3ECP4+K9mcZHVw6UBFryJ8gFn98=Ju4T1yA@mail.gmail.com>
Subject: Re: High Profile
From: "jeffrey E." <jeevacation@gmail.com>
To: Christina Galbraith [redacted]
Content-Type: multipart/alternative; boundary=047d7bfcef3a53c24d050bf18a12

--047d7bfcef3a53c24d050bf18a12
Content-Type: text/plain; charset=UTF-8
Content-Transfer-Encoding: quoted-printable

thanks,  what is david doing?

On Mon, Jan 5, 2015 at 6:12 PM, Christina Galbraith <
[redacted]> wrote:

>
> ---------- Forwarded message ----------
> From: Jamie Rosenwald [redacted]>
> Date: Mon, Jan 5, 2015 at 5:07 PM
> Subject: High Profile
> To: "Jeffrey@jeffreyepstein.org" <Jeffrey@jeffreyepstein.org>
>
>
>  Dear Jeff,
>
>
>
> Your name popped up again in the Press and I thought it was time to
```

> congratulate you on your wonderful financial successes since your days as
> my Physics prof at Dalton!! The young, bright options trader, who
> understood Black Sholes and how to use it, at Bear, made good!!
>
>
>
> Unless your PR advisor is Donald Trump, I am not sure that current press
> provides you with much benefit. Perhaps I am wrong? Not the first time!!
>
>
>
> Anyway, middle age has brought its own unique set of challenges. Aging
> certainly ain=E2=80=99t for sissy=E2=80=99s.
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>
> Regards,
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>
>
> Jamie Rosenwald
>
>
>
> Ps. David Asch and I toasted to you during our Thanksgiving weekend in
> Amagansett in November.
>
>
>
> --
> Christina Galbraith
> MEDIA/PR
> Jeffrey Epstein VI Foundation
> [redacted]
> [redacted]
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--047d7bfcef3a53c24d050bf18a12
Content-Type: text/html; charset=UTF-8
Content-Transfer-Encoding: quoted-printable

<div dir=3D"ltr">thanks,=C2=A0 what is david doing?<br> <div class=3D"=
gmail_extra"><br><div class=3D"gmail_quote">On Mon, Jan 5, 2015 at 6:12 PM,=
 Christina Galbraith <span dir=3D"ltr"><<a href=3D"mailto:[redacted]
[redacted] target=3D"_blank">[redacted]</a>></spa=
n> wrote:<br><blockquote class=3D"gmail_quote" style=3D"margin:0 0 0 .8ex;b=
order-left:1px #ccc solid;padding-left:1ex"><div dir=3D"ltr"><br><div class=
=3D"gmail_quote">---------- Forwarded message ----------<br>From: <b class=
=3D"gmail_sendername">Jamie Rosenwald</b> <span dir=3D"ltr"><<a href=3D"=
mailto:[redacted]" target=3D"_blank">[redacted]
[redacted]m</a>><br>Date: Mon, Jan 5, 2015 at 5:07 PM<br>Sub=
ject: High Profile<br>To: "<a href=3D"mailto:Jeffrey@jeffreyepstein.or=
g" target=3D"_blank">Jeffrey@jeffreyepstein.org</a>" <<a href=3D"ma=
ilto:Jeffrey@jeffreyepstein.org" target=3D"_blank">Jeffrey@jeffreyepstein.o=
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<div vlink=3D"purple" link=3D"blue" lang=3D"EN-US">
<div>
<p class=3D"MsoNormal">Dear Jeff,<u></u><u></u></p>
<p class=3D"MsoNormal"><u></u>=C2=A0<u></u></p>
<p class=3D"MsoNormal">Your name popped up again in the Press and I thought=
 it was time to congratulate you on your wonderful financial successes sinc=
e your days as my Physics prof at Dalton!! The young, bright options trader=
, who understood Black Sholes and
 how to use it, at Bear, made good!!<u></u><u></u></p>
<p class=3D"MsoNormal"><u></u>=C2=A0<u></u></p>
<p class=3D"MsoNormal">Unless your PR advisor is Donald Trump, I am not sur=
e that current press provides you with much benefit. Perhaps I am wrong? No=
t the first time!!<u></u><u></u></p>
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<p class=3D"MsoNormal">Anyway, middle age has brought its own unique set of=
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<u></u><u></u></p>
<p class=3D"MsoNormal"><u></u>=C2=A0<u></u></p>
<p class=3D"MsoNormal">Regards,<span><font color=3D"#888888"><u></u><u></u>=
</font></span></p><span><font color=3D"#888888">
<p class=3D"MsoNormal"><u></u>=C2=A0<u></u></p>
<p class=3D"MsoNormal">Jamie Rosenwald<u></u><u></u></p>
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target=3D"_blank">[redacted]</font></div><div><a href=3D"mailto[redacted]
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nature"><div dir=3D"ltr">=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0=C2=A0 please =
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you have received this<br>communication in error, please notify us immediat=
ely by<br>return e-mail or by e-mail to <a href=3D"mailto:jeevacation@gmail=
.com" target=3D"_blank">jeevacation@gmail.com</a>, and<br>destroy this comm=
unication and all copies thereof,<br>including all attachments. copyright -=
all rights reserved<br></div></div></div>
</div>

--047d7bfcef3a53c24d050bf18a12--
```

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/12/2010 11:18:58 AM
**To:** Peggy Siegal [redacted]
**Subject:** Re: My Wall Street 2 Story

sorry you are sick, go slow.. no cleaning. stay in bed.. sorry..

On Tue, Jan 12, 2010 at 6:17 AM, Peggy Siegal [redacted] wrote:

Will call you later. I am sick as a dog with a cold. I am supposed to go to Dr. Magnani this morning for a cleaning. If you get a cleaning with a cold does it make it worse of just infect the dental hygenist?

Had a great lunch for Woody Harrelson and Ben Foster for "The Messenger" at Monkey Bar yesterday and hung with Clooney at the New York Film Critics Awards last night. Tonight is the National Board of Review and I am thinking of staying in bed till show time. Have a party for Clooney Wednesday nigh Graydon is hosting at Monkey Bar that we are working on.

I have to fly to LA Jan. 14 and I am worried...I have emailed three doctors this morning!

Will call later...Mattie keeps saying she is going to show me how to email photos- will try to do today and call.

I think I got sick in economy class from Lamu, Nairobi, Amsterdan, Newark from all those wanna be terrorists breathing on me in the planes.

Did you see "Avator". I do not have a dvd because it's 3D.
The white American marines are wiped out by black people painted blue....it's going to be highest grossing film in the world is an few weeks beating out "Titanic" and will win the Oscar for "Best Picture."
xoxo Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Mon Jan 11 19:28:25 2010
Subject: Re: My Wall Street 2 Story

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The crew is yucking it up and Donald feels great. Paparazzi shoot the whole scene with long lenses from across the street. The unit publicist is helpless to keep this under wraps. Donald emerges, poses and gives interviews. Michael comes out, and the press think they have a scoop on the ending. Gekko is back in all his lovable titan splendor. Full-page photos of Michael and Donald run the next day in the tabloids. Never underestimate Oliver Stone’s surprise endings.

Twentieth Century Fox releases "Wall Street 2: The Money Never Sleeps" on April 23rd and it's got hit written all over it.

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Donald Trump is on set at 7 a.m. ready for his close up. He is trying to make a mid-day departure on his jet from Teterboro with wife Melania and son Baron for Thanksgiving weekend in Palm Beach. Back in September, Oliver had invited Donald Trump to dinner at "21" to meet his leading men Josh and Shia so they could observe New York's most charismatic powerbroker in his natural environment.

The scene is London so the grey skies are perfect. Gekko has moved abroad to make his financial comeback. The scene opens on the back of his head in a barber's chair as he watches the financial news on TV. The camera pulls back and Gordon Gekko is finally revealed as the powerful bull he once was in an exquisite suit and signature slicked-back hair. Donald Trump walks into the shop for a cut and the banter begins about the money market. From his chair, Donald leans into Michael and suggests a "comb over" like his famous do. Gekko, with a slight grin, says, "No thanks Donald, I am a gel man."

The crew is yucking it up and Donald feels great. Paparazzi shoot the whole scene with long lenses from across the street. The unit publicist is helpless to keep this under wraps. Donald emerges, poses and gives interviews. Michael comes out, and the press think they have a scoop on the ending. Gekko is back in all his lovable titan splendor. Full-page photos of Michael and Donald run the next day in the tabloids. Never underestimate Oliver Stone’s surprise endings.

Twentieth Century Fox releases "Wall Street 2: The Money Never Sleeps" on April 23rd and it's got hit written all over it.

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**From**: Nicholas Ribis [redacted]]
**Sent**: 5/29/2019 2:14:44 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

Mueller statement at 11am will be interesting - I think it's because of Michael Wolff's new book and the reference to a draft indictment- it probably will be helpful to DJT - talk after

Sent from my iPhone

**From**: Mitchell Bard [redacted]
on behalf of Mitchell Bard [redacted]
**Sent**: 7/4/2019 12:46:27 PM
**To**: jeevacation@gmail.com
**Subject**: Reminder: AICE Update: Did the British promise the Arabs independence in Palestine?

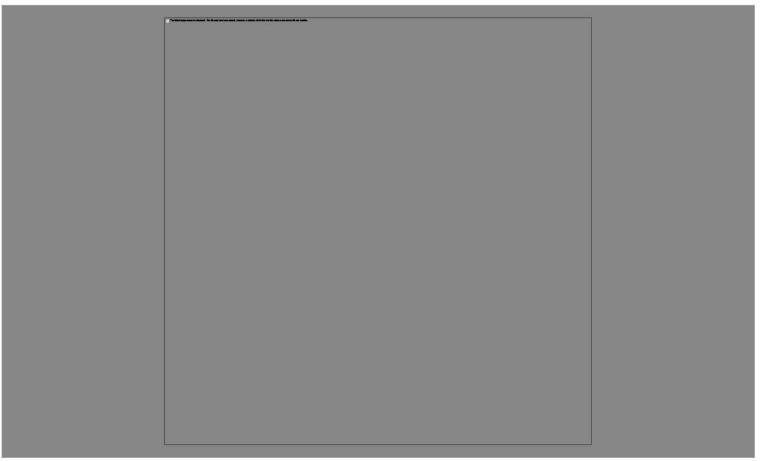

## Did the British promise the Arabs independence in Palestine?

In July 1915, Hussein ibn ‘Ali, the Sherif of Mecca, sent a letter to Sir Henry MacMahon, the High Commissioner for Egypt, informing him of the terms for Arab participation in the war against the Turks. The letters between Hussein and Mac-Mahon that followed outlined the areas that Britain was prepared to cede to the Arabs in exchange for their help.

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## Trump's Saudi Arms Sale Is About Politics and Economics, Not Security
## by Mitchell Bard

President Trump wants to use his emergency powers to sell billions of dollars' worth of weapons to Saudi Arabia on national security grounds. Congress wants to stop the sale because of lingering anger over Saudi abuses and the murder of journalist Jamal Khashoggi, and the usurpation of its legal authority to review arms sales. Both sides are ingenuous. The willingness to sell the Saudis weapons has little to do with American national security, and everything to do with economics and politics.

**Click here to read more...**

[illegible] Transition to nuclear energy is inevitable. The 100 year transition is unacceptable, unnecessary, and dangerous. [illegible] Nuclear Energy Institute [illegible] [illegible] [illegible]

Travel

Israel

Religion

# New This Week

## Arizona-Israel Cooperation

The U.S.-Israel relationship is based on the twin pillars of shared values and mutual interests. Given this commonality of interests and beliefs, it should not be surprising that support for Israel is one of the most pronounced and consistent foreign policy values of the American people.

Today's interdependent global economy requires that trade policy be developed at the national and state level. Many states have recognized the opportunity for realizing significant benefits by seeking to increase trade with Israel. Arizona is one of 33 states that have cooperative agreements with Israel.

**Click here to read more...**

---

## Views on Israel of U.S. Presidential Candidates 2020: Amy Klobuchar

Amy Jean Klobuchar* was born on May 25, 1960, in Plymouth, Minnesota. Klobuchar is the daughter of Rose (née Heuberger) and Jim Klobuchar. She has one younger sister. Her parents divorced when Klobuchar was 15.

Klobuchar attended public schools in Plymouth and was valedictorian at Wayzata High School. In 1982, she graduated from Yale magna cum laude with a B.A. in political science. During college, she was a member of the Yale College Democrats, the Feminist Caucus, and the improv troupe Suddenly Susan. During her time at Yale, Klobuchar spent time as an intern for then Vice President, and former Minnesota Senator, Walter Mondale. Her senior thesis was "Uncovering the

Dome," a history of the ten years of politics surrounding the building of the Hubert H. Humphrey Metrodome in Minneapolis.

**Click here to read more...**

**Check our ongoing updates on 2020 presidential candidates**

## Nazi Collaborators - Mufti Amin al-Husseini

## Quizzes

## June Israel Quiz

Israel is 71! Test yourself with our Israel quiz!

**Click here to take the quiz**

## June Holocaust Quiz

How much do you know about the holiday of Passover?

**Click here to take the quiz**

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**From**: Mitchell Bard[redacted]]
on behalf of Mitchell Bard[redacted]
**Sent**: 7/1/2019 12:46:20 PM
**To**: jeevacation@gmail.com
**Subject**: AICE Update: Did the British promise the Arabs independence in Palestine?

## Did the British promise the Arabs independence in Palestine?

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**Click here to read more...**

[illegible] Transition to congressional relationship. Ties that have been [illegible] [illegible] [illegible]

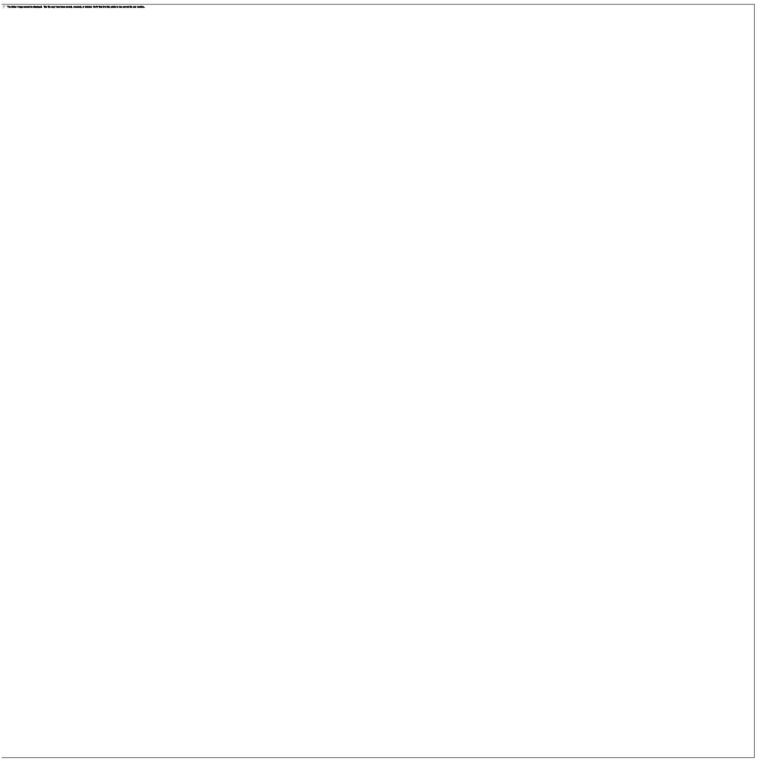

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## Travel

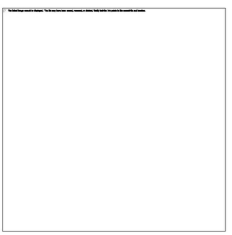

## Israel

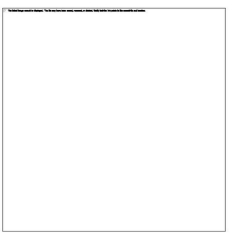

## Religion

The Israel Group consists of Alexander, Tal, Ron, Yossi, Yaron and Jonathan, Israelis, or Israeli, THEY WILL PROVIDE a wide array of services and capabilities.

# New This Week

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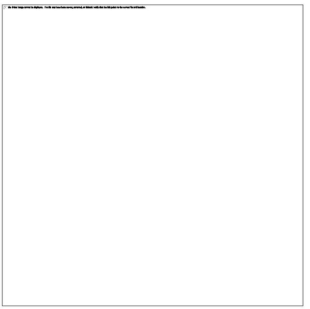

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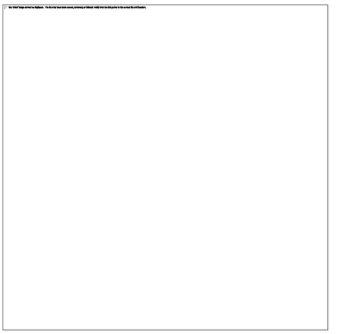

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**From:** Flipboard Week in Review [editorialstaff@flipboard.com]
**Sent:** 6/8/2019 12:06:43 PM
**To:** jeevacation@gmail.com
**Subject:** Trump's U.K. visit and highlights from Apple's WWDC

Flipboard

Biggest news stories from the past week.

# Trump's U.K. visit had its thrills and spills but not the drama some expected

**nbcnews.com / Alexander Smith** Analysis: There were gaffes and insults, but the president's state visit to the U.K. and Ireland seemed to adhere to norms more than other foreign... read more

The United Kingdom's prime minister, Theresa May, shed a tear during a ceremony at Arromanches, Normandy, France, on Thursday. Photo: Jeff Gilbert/The Telegraph/Alamy Stock Photo

The United States President, Donald Trump, and his wife, Melania, at the Normandy American Cemetery and Memorial, Colleville-sur-Mer, France, on Thursday. Photo: Jeff Gilbert/The Telegraph/Alamy Stock Photo

# D-day veterans and world leaders take part in emotional ceremony

**theguardian.com / Steven Morris and Ben Quinn** There were concerns ahead of the UK's official D-day commemoration that the presence of Donald Trump and the circus that surrounds him would overshadow... read more

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# World marks 30 years since Tiananmen massacre as China censors all mention

**cnn.com / James Griffiths** Hong Kong (CNN) — As commemorations for the 30th anniversary of the Tiananmen Square massacre take place worldwide Tuesday, any coverage or discussion... read more

---

# Trump signs long-stalled $19.1B disaster relief bill

**politico.com / CAITLIN EMMA** President Donald Trump Thursday signed a package that would deliver $19.1 billion in disaster relief to communities across the country that are still... read more

# Trump says there is a ‘good chance’ of a deal with Mexico that could avert tariffs

**washingtonpost.com / David Nakamura, John Wagner, Nick Miroff** President Trump announced Friday night that a deal was in place that would avert threatened tariffs on imports from Mexico in exchange for that... read more

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# Here's everything Apple just announced at the 2019 WWDC Keynote

**techcrunch.com / Greg Kumparak** Apple kicked off its annual Worldwide Developer Conference in San Jose this morning with a two-and-a-half hour keynote, showing off everything the... read more

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# YouTube to ban supremacist and hoax videos in tougher hate speech policy

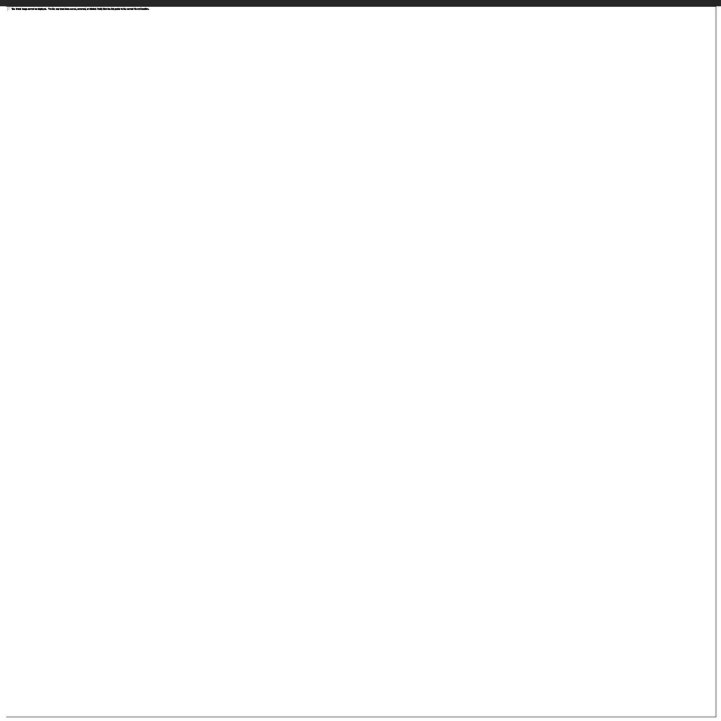

**cnet.com / by Richard Nieva** That includes videos that deny events like the Holocaust or Sandy Hook shooting. read more

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# White House tells 2 ex-aides to defy congressional subpoena

**apnews.com / MARY CLARE JALONICK and LISA MASCARO**
WASHINGTON (AP) — The White House on Tuesday again directed former employees not to cooperate with a congressional investigation, this time instructing... read more

---

# Former Parkland deputy Scot Peterson charged after staying outside Marjory Stoneman Douglas school shooting

**usatoday.com / Stacey Henson** FORT MYERS, Fla. - Former school resource officer Scot Peterson was arrested Tuesday in connection with his inaction during a mass school shooting, 15... read more

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# Sudan crisis: African Union membership suspended

**bbc.com / BBC News** The African Union has suspended Sudan's membership "with immediate effect", amid an upsurge of violence in the capital that has seen dozens killed. The... read more

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 4/12/2014 11:24:06 AM
**To:** [redacted]

These conspiracy theories are an aberration and an insult to the memory of the crash victims, including the late President himself. As a Pole who *is* at least somewhat aware of the politics and economics of Poland, and a journalist who follows world politics and news developments daily, I am severely disappointed at the number of people that are flocking to these conspiracy theories, and academics and professionals who propagate such ideas should themselves feel ashamed.

Firstly, there is absolutely no proof that there was any sabotage or subterfuge by *either* the Russians *or* the Prime Minister's political allies. Such accusations, then, without presenting any credible evidence, are slanderous.

Also, there would be no political or diplomatic capital gained by either of the "accused"... there would be little for the Russian government to gain - it would be a huge diplomatic embarrassment for the Russian government to be found guilty of essentially assassinating a head of state. Kaczynski was one of the strongest allies of the U.S. among European leaders, and even Russia with its assertive diplomatic policies would not risk a complete breakdown with the U.S. by killing a close ally. International condemnation would also follow, and the President - perhaps even the Prime Minister - would have to resign and wave good-bye to any political career in the foreseeable future. Yes, "even in Russia."

Similarly, for the Prime Minister's party, if he were actually complicit in the crash, that would mean he - or his allies - committed a coup d'etat. Also, there will be early presidential elections in June, which might actually go in favor of the President's party because of a sympathy vote. The "acting" Presidency is in the hands of his party for only two months... so, again, the Prime Minister and his allies have nothing to gain and potentially everything to lose in the June vote.

**Conspiracy-monging cheapens a national tragedy**

Political profit or loss questions aside, however, the conspiracy-monging seems to be taken as a way to discover who's responsible for the tragedy and thus somehow bring them justice. However, it is not a healthy way to deal with the tragedy. It is not conducive to national or personal healing. Furthermore, it disgraces and taints the memory of those who died.

It only cheapens the tragedy and, sadly, may foreshadow what's to come in the coming presidential campaign - the tragedy may be used by certain groups or individuals to propagate their own agenda and assume the presidency.

It is not so different than what has been going on in the U.S., with the "birthers" claiming Barack Obama is not legally the President because he is not actually a citizen, or even natural-born citizen. Not as morbid, of course, but still, in my honest opinion, ridiculous.

Baseless, nonsensical conspiracies simply destroys the abiltiy of the nation and people of Poland to move on and honor the memory of those lost, and cheapens the tragedy that has been felt by Poles as far away as Chicago

as well, and commented on with deep sorrow and respect by U.S. politicians from Mayor Daley to President Obama himself.

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**From:** Nicholas Ribis [redacted]
**Sent:** 2/22/2019 10:56:44 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** The New York Times: Cohen Gave Prosecutors New Information on the Trump Family Business

**Cohen Gave Prosecutors New Information on the Trump Family Business**
The New York Times

President Trump's former lawyer, Michael D. Cohen, discussed possible irregularities at the Trump Organization. He wants a reduced prison sentence. Read the full story

Shared from Apple News

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**From**: Nicholas Ribis[redacted]]
**Sent**: 2/5/2019 1:41:49 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Federal prosecutors subpoena Trump inaugural committee, source says - CNNPolitics

In case you missed it- Nick
https://www.cnn.com/2019/02/04/politics/sdny-subpoena-trump-inauguration-committee/index.html

Sent from my iPhone

**From:** [redacted]
**Sent:** 4/7/2017 12:28:56 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

i asked him about trump and russians he said maybe some truth there,If you want to meet him just give me the wordjf

In a message dated 4/7/2017 8:21:25 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> why dont you suggest to him that the real money making book is getting to the truth of the claims. unvierstiy of virgina. no penalty for fals accusations. . hockey team no penalty for accusations. . trump 13 yeara old rape accusation no penaltiy etc. mine is ripe with same
>
> On Fri, Apr 7, 2017 at 8:11 AM, [redacted] wrote:
> Do you want me to arrange it? be careful jf
>
> In a message dated 4/7/2017 8:06:20 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:
>
> > im happy to meet him
> >
> > On Fri, Apr 7, 2017 at 7:39 AM, Jonathan Farkas [redacted] wrote:
> > Went to opening of war paint last night was sitting next to john Connolly at after party he is on to his next book about Ef Hutton murders apparently was going to put me in your book because I was in your visitors list but somers and Margo nederlander asked him not to which pisses me off I have never been in a big book before and I think it would have been great and they never even asked me I told him about how you called Apple best jonathan
> >
> > Sent from my iPhone
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> --
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**From:** Weingarten, Reid [redacted]
**Sent:** 2/16/2017 11:51:27 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

Would be conflicted out of everything to come

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, February 16, 2017 3:36 PM
**To:** Weingarten, Reid
**Subject:** Re:

Yes
On Thu, Feb 16, 2017 at 3:17 PM Weingarten, Reid [redacted] wrote:

> I know...I just saw that and almost threw up....also have to decide today whether or not to take flynn
>
> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Thursday, February 16, 2017 3:14 PM
> **To:** Weingarten, Reid
> **Subject:**
>
> http://www.politico.com/story/2017/02/alexander-acosta-trump-jeffrey-epstein-plea-235096
>
> --
>
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**From**: Weingarten, Reid [redacted]
**Sent**: 2/16/2017 8:17:01 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, February 16, 2017 3:14 PM
**To:** Weingarten, Reid
**Subject:**

http://www.politico.com/story/2017/02/alexander-acosta-trump-jeffrey-epstein-plea-235096

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/6/2016 2:08:35 PM
**To:** Darren Indyke [redacted]

http://www.dailymail.co.uk/news/article-3894806/Woman-alleged-raped-Donald-Trump-13-Jeffrey-Epstein-sex-party-DROPS-case-casting-doubt-truth-claims.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/13/2016 6:14:55 PM
**To:** Kathy Ruemmler [redacted]; Darren Indyke [redacted]
**Subject:** Fwd: CNN Inquiry

---------- Forwarded message ----------
From: [redacted]
Date: Thu, Oct 13, 2016 at 2:08 PM
Subject: Fwd: CNN Inquiry
To: JEE <jeevacation@gmail.com>

Fyi

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Begin forwarded message:

**From:** Melanie Hicken <hit-reply@linkedin.com>
**Date:** October 13, 2016 at 8:03:22 PM GMT+2
**To:** [redacted]
**Subject: CNN Inquiry**
**Reply-To:** Melanie Hicken <[redacted]

[redacted],

I'm a reporter at CNN, and my colleague Blake Ellis and I have read that Bill Clinton and Donald Trump have both visited Epstein's private island. We are trying to determine whether there is any truth to the allegations that either or both of these men may have had sexual relations with minors while there. We know that you have been Epstein's pilot, so we're wondering if you would be willing to speak with us completely off the record. We are not focusing on the allegations against Epstein -- we are solely focusing on Trump and Clinton given the current allegations being levied in the press.

If you don't feel comfortable sharing anything via social media or email, feel free to send us any documentation/proof that might be helpful anonymously via mail:

Melanie Hicken
[redacted]

You can also reach us by phone: [redacted]

Thanks so much,
Melanie

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/11/2016 3:50:20 AM
**To:** Kathy Ruemmler [redacted] Darren Indyke [redacted]

http://lawnewz.com/high-profile/high-profile-casey-anthony-attorney-now-representing-jane-doe-in-trump-rape-lawsuit/

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**From**: Weingarten, Reid [redacted]
**Sent**: 10/9/2016 3:26:04 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: nuts

Yup

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, October 8, 2016 9:24 PM
**To:** Miller, Michael; Weingarten, Reid
**Subject:** nuts

http://lawnewz.com/high-profile/federal-judge-orders-hearing-in-donald-trump-rape-lawsuit-case/

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**From**: Martin G. Weinberg [redacted]
**Sent**: 10/9/2016 2:14:46 AM
**To**: jeffrey E. [jeevacation@gmail.com]; Darren Indyke [redacted]; [redacted]
**Subject**: ATTORNEY-CLIENT PRIVILEGE
**Attachments**: Redline of 10-7-16 Revisions to Opp by DKI.docx MGW EDITS.docx

# Privileged - Redacted

**From:** jeffrey E.
**Sent:** Saturday, October 08, 2016 9:07 PM
**To:** Kathy Ruemmler ; Darren Indyke ; Martin Weinberg

http://lawnewz.com/high-profile/federal-judge-orders-hearing-in-donald-trump-rape-lawsuit-case/

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**From:** Miller, Michael [redacted]
**Sent:** 10/9/2016 1:52:26 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Weingarten, Reid [redacted]; Darren Indyke [redacted]
**Subject:** Re: nuts

# Privileged - Redacted

Sent from my BlackBerry - the most secure mobile device

**From:** jeevacation@gmail.com
**Sent:** October 8, 2016 9:24 PM
**To:** [redacted]; [redacted]
**Subject:** nuts

http://lawnewz.com/high-profile/federal-judge-orders-hearing-in-donald-trump-rape-lawsuit-case/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/9/2016 1:07:24 AM
**To:** Kathy Ruemmler [redacted]; Darren Indyke [redacted] Martin Weinberg [redacted]

http://lawnewz.com/high-profile/federal-judge-orders-hearing-in-donald-trump-rape-lawsuit-case/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/28/2016 9:10:25 PM
**To:** Kathy Ruemmler [redacted]; Darren Indyke [redacted]; Martin Weinberg [redacted]

http://radaronline.com/celebrity-news/donald-trump-sued-sexual-abuse-jeffrey-epstein-claims/
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/28/2016 4:25:55 PM
**To**: Darren Indyke [redacted]
**Subject**: Fwd: Reuters / lawsuit against Jeffrey Epstein
**Attachments**: katie johnson v trump complaint.pdf

---------- Forwarded message ----------
From: **Martin Weinberg** <[redacted]>
Date: Thu, Apr 28, 2016 at 12:20 PM
Subject: Fwd: Reuters / lawsuit against Jeffrey Epstein
To: Jeff Epstein <jeevacation@gmail.com>

# Privileged - Redacted

Begin forwarded message:

**From:** [redacted]
**Date:** April 28, 2016 at 12:14:37 PM EDT
**To:** [redacted]
**Subject: RE: Reuters / lawsuit against Jeffrey Epstein**

Sorry, the suit is attached to this email.

---

**From:** Ingram, David (Reuters News)
**Sent:** Thursday, April 28, 2016 12:14 PM
**To:** 'Martin G. Weinberg'
**Subject:** Reuters / lawsuit against Jeffrey Epstein

Hi Marty,

The attached lawsuit was filed this week in federal court in California alleging that Jeffrey Epstein and another man, Donald Trump, raped her in 1994. We're planning to publish a story on the suit this afternoon, and we want to make sure it is fair. Is Mr. Epstein available to speak? Or do you want to offer a comment on this behalf?

My number is [redacted] and I'm available any time. I also just tried your cell phone.

Thank you in advance.

**David Ingram**
Correspondent
Reuters News

**Thomson Reuters**

Office: [redacted]
Mobile: [redacted]

[redacted]
Reuters.com

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 9/22/2011 10:19:51 AM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re: Gps GTX Smart Shoe

we will have dinnner at 8 ,, you can bring your maldives friend or anyone else. ( no women ). we should spend an hour together just the two of us. today tomorrow:? It is always fun to see you

On Thu, Sep 22, 2011 at 12:46 AM, Sultan Bin Sulayem [redacted] wrote:

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- About GTX
- Products & Services
- Platform
- News
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- Press
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- Videos
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  - Watch Video
  - GTX Corp on YouTube
  - Locimobile

# NEWS

## Patrick Bertagna Interviewed on Travel Talk Radio with Sandy Dhuyvetter

**Patrick Bertagna, founder and co-inventor of the GTX Smart Shoe, joins Sandy to discuss this new invention and what it means to patients and families.**

The Executive Producer and Host of TravelTalkMEDIA is Ms. Sandy Dhuyvetter, one of the world's leading travel industry media specialists. Following a successful career as a pioneer in the

internet industry and new media in the San Francisco area, Sandy established TravelTalkMEDIA in 2001 to provide radio and web-based, online information to the U.S. and global travel industry.

Listen to the radio interview (MP3)

### GTX Corp's Tracking Apps Hit One Million Dowloads

**GPS Wolrd - July 12, 2011** - GPS Tracking Apps, from GTX Corp subsidiary LOCiMOBILE, have been downloaded more than one million times by users in 116 countries, and continues to be on the top charts of iTunes and Android marketplace, the company said. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or Internet-ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### GTX Corp... More'n A Million Served (GPS)

**This App has managed to stay quite popular in both iTunes and Android online sites...**

**SatNews Daily - July 1, 2011 -** GTX Corp. (OTCBB: GTXO.OB), a provider of real-time two way GPS Tracking and personal location services (PLS) has announced its LOCiMOBILE subsidiary's GPS Tracking Apps has managed more than 1 Million downloads with users in 116 countries and continues to be on the top charts of iTunes and Android market place. "The GPS Tracking app is the simplest way to stay connected to a child, parent, friend or business associate, quickly and accurately from a Smartphone or internet ready device like the iPad, iPod or Android tablet, allowing users to locate people, instantly with one simple touch of a button," said Patrick Bertagna, CEO of GTX Corp. "We also offer it at a price everyone can afford without compromising privacy."

Read the full article

### Professor Andy Carle talks about "Nana" technology and the GPS Smart Shoe™

**Radio show called "Wriggling in the Middle", based out of Canton, Ohio and syndicated nationally through FOX radio network.**
http://www.whbc.com/Wriggling-In-The-Middle/6636686

For anyone who would like to skip directly to the shoes, go to the link below, scroll down to the show listing (March 28) and fast forward to about the 26-minute mark. The conversation on the shoes lasts about 7 minutes.

**Proximity marketing will push location based service revenues to nearly $13 billion over the next few years.**

**SatNews Daily - March 23, 2011** - GTX Corp (OTCBB: GTXO) and ADAM, Inc. have entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base. Gartner reports that 42 percent of consumers use their phone to check a store location, 31% use it for a mobile promotion, and 17 percent use their phone for the actual purchase.

Read the full article

**GTX Corp. Joins with Chambers of Commerce on Location Advertising**

**GPS World - March 22, 2011** - GTX Corp., which provides two-way GPS Personal Location Services (PLS), and ADAM, Inc., a platform for Hyper Local Mobile Apps for Directories, entered into an exclusive revenue share agreement allowing 123 Chambers of Commerce representing more than 100,000 businesses nationwide to push out proximity alert promotions, using the GTX Corp GPS/PLS Platform and leveraging its growing GPS Tracking Smartphone App user base, GTX Corp. announced.

Read the full article

**New Tech Is Helping Families With Special Needs**

**March 17, 2011 8:52 PM - MIAMI (CBS4) – New technology is making life a little easier for people with special needs and their families.**

The GTX Corp. is introducing new shoes, loafers and sneakers, with GPS built into them. CBS technology expert Katie Linendoll said they can really come in handy for families who are taking care of relatives suffering from Alzheimer's disease. With a downloadable app, they can track them using the GPS or get an alert if the person wanders out of a pre-set safe zone.

Read the full story and view the video

**Technology for seniors**

Great Day Show - CBS KHou.com - Houston - March 23, 2011

**Truly groundbreaking tech to change our lives**

**CBS News - Early Show - March 17, 2011** - The shoe uses GPS and cellular technologies. It gives a family member or a caregiver the option of monitoring real-time from the Internet or on your phone...

Watch the CBS Early Show video

**GTX's GPS Tracking Apps For iPhone**
**Apps allow you to let family, friends know your location**

**Joel Mathis, Macworld.com** - If the federal government tagged millions of iPhone users with GPS tracking devices, the American people—or, at least, Apple devotees—might protest very strongly. But iPhones these days come with GPS installed, and companies make good money furnishing apps that utilize that very feature. On this list: GTX, who offers a pair of $4 GPS apps—GPS Tracking and Tracking—that provide workmanlike solutions for users who want to keep an electronic eye on their loved ones.

Read the full article

**Going Gray-Where Technology's Headed - Entering the Gray-Tech Revolution**
**World Market Media - Brittney Barrett - February 16, 2011**

Over the next 20 years, 80 million baby boomers will enter their sixties and seventies in the U.S. alone. In the next 40, the number of senior citizens will double. For the government, this represents a huge financial burden resultant from rising Medicare and

Social Security costs. For industries focused on late-life care and creating products that cater to the aging demographic; however, this population shift represents a major opportunity.

Read the full article

### Walk to Remember? A National Academy of Sciences Study Says Yes

**February 13, 2011** - In healthy adults, the hippocampus — a part of the brain important to the formation of memories — begins to atrophy around 55 or 60 and even sooner to an even greater degree if one contracts Alzheimer's. Now psychologists are suggesting that the hippocampus can be modestly expanded, and memory improved, by nothing more than regular walking.

Read the full article

### GTX's New Patent...Smart Shoe Has Heart In Its Sole (GPS)

**Satnews Daily - February 09, 2011** - GTX Corp (OTCBB: GTXO) has a big heart that is manifested in their sole. GTX, known for customizable, 2-way GPS Personal Location Services (PLS) solutions, was granted its ninth patent for their innovative and potentially life saving GPS Smart Shoe technology.

By the year 2050, there will be 16 million adults with Alzheimer's in the U.S. alone. The multi patent GPS Smart Shoe™ will afford millions of caregivers the means to remotely monitor those afflicted with Alzheimer's that become lost due to wondering.

Read the full article

### GPS Shoes – Footsteps to the Future…

**World Market Media - Brittney Barrett - February 7, 2011**

Every 70 seconds, someone in America develops Alzheimer's, according to the Alzheimer's Association 60% will wander away from their homes or care facilities at some point during their affliction with the disease. Worse, it's even more difficult to find a missing senior citizen than a missing child, as fewer people will take note of older person walking alone than they would a small child.

Read the full article

### GPS Tracking Technology – How it works

**GPS Tracking Apps are available for most smartphones.**

Watch this video to learn how GPS Tracking Technology works and what it can do for you.

### GPS Tracking Apps installed on over 850,000 smart phones

GPS Tracking Apps by LOCiMOBILE are installed on over 850,000 smart phones in over 106 countries.

LOCiMOBILE is a leader in 2-way GPS Tracking Solutions providing the ability to find your loved ones quickly and easily with one touch of a finger. But don't stop there, get creative with it; track your drivers in real-time, see when your relatives land at the airport… with turn by turn directions, you will never get lost again!

Read the full article

### Locimobile GPS Tracker App Now for the iPad

Well it looks like the iPad's next leap is to become a GPS tracker. Locimobile, which makes GPS Tracking Apps for iPhones, iPods and smartphones is now taking on the iPad. From the comfort of your own home and on a much bigger screen, you can keep tabs on your spouse or kids and see in greater detail than before, where they are off too or hanging out. Will the iPad be the cause for the next big celebrity break-up?! Who knows but in the mean time you can use it to keep tabs on your own family for only $4.99

### Proximity marketing will push Location Based Services revenues to nearly $13 Billion

**Knowing where you are will give you the answer to the "where is" question.**

Recent developments in GPS positioning technologies could drive revenues from mobile location-based services to more than $12.7 billion by 2014, according to a new report published by Juniper Research.

Revenues will come from sales of apps through application stores and other channels, but also from mobile advertising tied to those apps. In fact, the Juniper report notes that advertising will likely form an increasing share of Mobile Location Based Services-related revenues over the next five years.

Read the full article

### GPS Technology Mentioned In State of the Union Address as Growth Driver

**World Market Media - Brittney Barrett - January 26, 2011**

"The rules have changed. In a single generation, revolutions in technology have transformed the way we live, work and do business" said President Barack Obama last night, during his second State Of The Union address to the 112th Congress of the United States and 1.3 million Americans watching the speech from their homes.

Read the full article

### Patrick Bertagna interview with Bob McCormick from CBS Los Angeles, Money 101

**January 17, 2011** - Being an apps developer can pay off handsomely when you fill a need.

Click here to listen to the interview

### LBSN – What It Is And Why You Should Care

**Marsha Ahrenkiel - January 13, 2011** - Shades of The Island of Dr. Moreau! (hint: Google H.G. Wells) Modern-day mad scientists (let's call them "software developers") have been merging social networking concepts with a range of other technologies and rolling out new hybrid beasts that could eventually change your marketing and public relations strategies.

One that we're keeping a close eye on here is a species known as "location based social networking" (LBSN) – combining short message service (SMS), aspects of gaming, smartphone technologies and GPS capabilities.

Read the full article

### GTX Corp - Year in Review 2010

**SatMagazine - December 2010** - GTX Corp is in the business of keeping you connected — the Company continues to be at the forefront of the personal location industry and debuting new technologies that impact how you ask the "where is" question.

Read the full article

**Future Family: Life In the Digital Age preview.**

**The Discovery Channel - Nov. 13, 2010** - This patient education program explores how baby boomers the 78 million Americans born in the wake of World War II are embracing technology to better manage increased work and home responsibilities. Future Family discusses the GPS footwear by GTX Corp.

View the show - Part 1

View the show - Part 2

**Wireless Technology on Black Friday: Smart Phones Good, PNDs Bad According to WedBush**

**World Market Media - Tom Copeland - December 1, 2010** -

The biggest holiday shopping days of the year has passed and many investors want to know: How did wireless technology do? According to Scott Sutherland, CFA with Wedbush Securities, the answer is pretty good – depending on which companies you're invested in.

Read the full article

**Andrew Carle on Elder Tech Trends**

**Eldergadget.com - November 5, 2010** - ElderGadget's Michael Goldman starts the series with a conversation with Andrew Carle, an Assistant Professor at George Mason University. Andrew is also an expert on technology development for seniors, and is a consultant for the Nintendo Corp., GTX Corp., and several other companies about how to make their newest gadgets more elder friendly.

Listen to Podcast interview with Andrew Carle

**How does a GPS tracking system work?**

**Patrick Bertagna, GTX Corp. - 10/26/2010** - Global Positioning System (GPS) is a worldwide radio-navigation system formed from the constellation of 24 satellites and their ground stations. The Global Positioning System is mainly funded and controlled by the U.S Department of Defense (DOD). The system was initially designed for the operation of U. S. military. But today, there are also many civil users of GPS across the whole world. The civil users are allowed to use the Standard Positioning Service without any kind of charge or restrictions.

Read the full article

## GPS Elder Applications

**Eldergadget.com - October 21, 2010** - The rapid evolution of Global Positioning Satellite (GPS) tracking technology is producing new applications of particular interest to seniors, their families, and caregivers. One of the most active companies in this space is GTX Corp. GTX is the company behind the patented GPS Smart Shoe™ , in partnership with footwear manufacturer Aetrex Worldwide. The shoe was developed to provide peace of mind for families with senior-age loved ones suffering from Alzheimer's and other forms of dementia. Available on the Internet at the GPS Shoe, Aetrex, and Foot.com sites, the shoe should also be available in retail stores some time in 2011, according to GTX Corp. chairman/president Patrick Bertagna.

Read the full story

## The "Where" or Your Social Media Network - iCheck-In

**World Market Media - Tom Copeland - November 15, 2010** - Checking in is a movement that's really starting to catch on, and companies are scrambling to develop and release check-in apps and services. GTX Corp committed to being the "better people finder", owns and operates LOCiMOBILE, Inc. which developsGPS Tracking location based social networking (LBSN) mobile applications, today released its 17th App - iCheck-In, the fastest and easiest way to "check-in" and stay connected to everyone in your mobile contact list and your Facebook and Twitter friends.

Read the full story

**App News**

On Saturday, CBS News broadcasted a segment on The Early Show called "Unique Ways on Keeping Kids Safe on Halloween" in which CNET technology contributor Katie Linendoll showcased a few charming gadgets to help track children while they're out and about. Naturally, GTX Corp's iPhone, iPad, Android and Samsung GPS Tracking Apps iLoci2 and GPS Tracking Pro were highlighted for their easy-to-use yet powerful features.

View the show

**Patrick Bertagna GTX Corp CEO on the Peggy Smedley Show**

Oct. 26, 2010 - wsRadio

Listen to an interview with

Patrick Bertagna, GTX Corp CEO,

on The Peggy Smedley Show

Click here to listen

**GPS Smart Shoe ™ Wins 2010 People's Choice Award**

LOS ANGELES, Oct. 12, 2010 (GLOBE NEWSWIRE) -

GTX Corp (OTCBB:GTXO - News) has won the prestigious 2010 People's Choice Award for Most Innovative Connected Location Device at the 4th Annual Locations & Beyond Summit this past week.

"We are honored to have won this prestigious award and look forward to continue to bring innovative and game changing technologies that transform how we utilize GPS tracking and stay connected to one another," says Patrick Bertagna, CEO and founder of GTX Corp.

Read the full story

**Wall Street Reporter Interview**

Audio interview with Patrick Bertanga, CEO, GTX Corp

Click here and then on Audio MP3 button to listen to the interview.

**Safety afoot, via GPS, for Alzheimer's patients**

USA Weekend - PEGGY J. NOONAN - October 17, 2010

A tiny GPS chip embedded in the sole of the shoe provides continuous tracking ... The GPS Shoe by Aetrex is available from Foot.com and GPSShoe.com now for ...

Read the full story

**GTX Corp. (OTCBB: GTXO) Wins 2010 Peoples Choice Award**

Tom Copeland - October 11, 2010 - World Market Media

The GPS Smart Shoe™ was nominated for Most Innovative Location Connected Device at the Locations and Beyond Summit that was held last week during the CTIA show and CEO Patrick Bertagna confirmed with us - GTXO had won!

Read the full story

**With 675,000 Downloads in 91 Countries GPS Tracking Apps Leader GTX Corp Launches 3 New GPS and LBS Apps**

GPS Tracking Apps Keep You Connected to Everyone, Everywhere

LOS ANGELES,CA - Tuesday, September, 28th 2010 - GTX Corp business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location - based "apps" and web services solidifying its leadership position in the mobile LBS market, which mobile carriers are calling "Pure Gold".

Read the full story

**Not All Who Wander Are Lost**

Donna Fannin - Gather News Technology - October 17, 2010

GPS shoes are coming to a retailer near you. Why in the world would anyone want a GPS tracker in their shoes, you ask? Generally, they don't, if they know about it.

Read the full story

**People Choice Tries on GPS Smart Shoe**

By Peter Suciu - Kinetic Shift - October 13, 2010

While there are many tracking programs out there for children and even teens, GTX Corp introduced an innovative product aimed at adults suffering from Alzheimer's disease and other dementias. Many sufferers are actually in good physical condition and thus aren't confined to a room or even a house. To keep track of loved ones, the company came up with a novel idea – namely putting a tracking device in the footwear.

Read the full story

**GTX Corp... Phone Finder (GPS)**

Satnews Daily - September 28, 2010

GTX Corp (OTCBB: GTXO.OB) business unit LOCiMOBILE, Inc. is launching a series of GPS and personal location-based "apps" and web services.

The new apps all have a GPS component and are designed to add the "where is" factor to functionality. The Company launched on the Android market place Phone Tracking™ in case you lose or misplace your phone. More than 70 million phones are reported lost or stolen in the US each year, but while the loss of a phone may be annoying, the loss of personal and business data could be devastating.

Read the full story

**Gadgets -These Shoes Were Made for Tracking**

By Erin Monda - TMCnet Contributor - September 22, 2010

There is no end to the wonderments that shoes can achieve (a certain pair of ruby Mary Janes comes to mind) – and one company is pushing the envelope even further (although not quite as far as Oz).

I'm referring to GTX, a company integrating two-way GPS people-finding technologies into consumer products and applications. The company utilizes the latest in miniaturized global positioning system (GPS) tracking and cellular location technology, enabling subscribers to track in real time the whereabouts of people, pets, or high valued assets through its customizable

transceiver module, wireless connectivity gateway, middleware, and viewing portals.

Read the full story

**Costs of Alzheimer's will touch 1% of Global GDP in 2010**

By World Market Media

The rising need for GTX Corp's technology continues to be influenced by the increasing numbers of elderly and those that are memory impaired, and so the epic battle of technology and illness wages on. ...

Read the full story

**Do you know what the Most Innovative Location Device is?**

No it's not a compass or an astrolabe. It's not semaphore or a smoke signal. Not an RFID tag or a neon sign or phosphorous flare either.

Give up?

It's the GPS Smart Shoe™ recently mentioned in Forbes Magazine, developed by GTX Corp (OTCBB: GTXO.OB) and licensed to Aetrex Worldwide. Yes, a shoe…well a very smart shoe as it can tell a caregiver the precise location, bearing, history, speed and altitude of an Alzheimer's victim that has eloped or wandered. No small feat – pun intended – to reduce the overwhelming stress on the millions of victim caregivers while potentially saving thousands from injuries and death owing to exposure, accidents and criminal activity. The GPS Shoe also reduces the manpower drain on municipal services; fire, police and welfare agencies often enlisted to locate the mentally ill.

While a Finalist in the Most Innovative Location Device category of the Locations & Beyond Summit and the People's Choice Awards is a wonderful acknowledgment for the years GTXO invested in developing the solution and the promise that Aetrex has made in bringing the Shoe to market… the real winners are those touched by this devastating disease for which there is no cure, but now have a new measure of hope.

**'Nanatech': Seniors Stay Independent With Tech Gadgets**

Senior Tech - Ashlea Ebeling, 09.15.10

The GPS shoes from GTX ( GTXO - news - people ) tackle another senior problem--folks who have Alzheimer's who wander and are at risk of getting lost or injured. A GPS device in one of the shoes will alert a caregiver if the wearer leaves a specified area. Don't expect the latest styles from Nike ( NKE - news - people ) or Steve Madden ( shoo - news - people ) . The manufacturer is Aetrex Worldwide, an orthodic and medical specialty shoe maker. Roll-out is expected by year's end.

Read the full story

**Keeping an eye on Mom and Dad**

Remote monitoring technology aims to keep seniors in their houses and out of nursing homes

Over the coming months a raft of new-and-improved remote monitoring devices will hit the market, from GPS shoes that can track the whereabouts of wandering seniors to MedCottages, portable RV-like units equipped with motion and monitoring systems that allow seniors to maintain some independence from the backyard of their adult childrens' homes.

"As we age, this is going to be a growing trend," says Laurie Orlov, a Florida-based expert on so-called "aging-in-place technology" aimed at keeping seniors in their houses and out of nursing homes as long as possible.

"We have to get past the fear and antagonism among the older people who need it the most. I don't think they're that technology-ready, but the boomers, who are their adult children, certainly are."

Motion sensors strategically placed in the three-bedroom home where Howe has lived for 53 years feed information right to her daughter's laptop, detailing when she got out of bed (the Friday we chatted it was 9 a.m.), walked into the bathroom (9:15 a.m.) or hovered at the kitchen table where she keeps her pills (9:30 a.m.)

Even her blood-pressure reading (165/76) is fed to her daughter's computer, along with her daily weigh-in tally, providing a detailed graph which she often takes to her doctor appointments.

The only thing GrandCare can't tell Pierce, because her system doesn't include cameras, is if her mother actually swallowed her pills.

Monitoring and in-home help technologies will be a $20 billion U.S. business in North America by 2020, predicts Orlov, founder of Aging In Place Technology Watch.

Already some baby boomers are able to remotely lock their parents' doors, track calls coming into their homes and even see who is ringing the doorbell, in many cases right from their smart phones. Systems such as QuietCare, WellAWARE, FineThanx and SimplyHome are already fixtures in some U.S. homes and seniors' communities, although Orlov estimates fewer than 10,000 units are in active use because the systems can be so costly.

Next month, Paul Whyte, a Markham dealer of smart-home technology that allows ordinary electronics and appliances to communicate with each other, will unveil the GrandCare system at the Zoomer show in Toronto.

"I call it the invisible caregiver," says Whyte of Cybernetics Systems Inc. "The minute I saw this system I thought, 'There's something that actually makes sense.'

The key, of course, with all these technologies is that the senior be relatively able-bodied and sound of mind — most are of limited value if the senior is suffering from dementia, which is expected to become a major public health issue in the next few decades.

But developers are also working hard on that challenging front.

Sometime later this fall or next spring the first GPS-equipped shoe, the Aetrex Ambulator, will go on sale through www.gpsshoe.com orwww.foot.com.

Originally designed for children by Los Angeles-based GTX Corp., the new shoes are expected to retail for about $250 U.S. They enable caregivers to track those afflicted with dementia or Alzheimer's thanks to GPS and cellular technology that will relay their whereabouts back to a monitoring centre.

"Privacy may be a talking point, but it's not really an issue," says Patrick Bertagna, chairman and CEO of GTX Corp.

MEDCottage creator Dupin expects concerns around privacy will fade quickly as families and health-care systems here and in the U.S. become overwhelmed by aging baby boomers — more than 76 million in the U.S., 10 million in Canada — who start hitting 65 next year.

"I see remote monitoring becoming an integral part of health care as we all age," says Dupin. "One of the issues around aging in place is going to be making trade-offs. Privacy may be something we have to give up."

Susan Pigg focuses on issues about aging and baby boomers. spigg@thestar.ca

### Tracking Deal

A downtown L.A. company that creates GPS tracking applications for cell phones has announced a deal to provide its friend-finding apps on Samsung smart phones.

The deal could mean more than 40 million more downloads, which would translate to increased revenue, for GTX Corp.'s application, which is currently available for the iPhone, BlackBerry and Android phones, said GTX Chief Executive Patrick Bertagna.

The LociMobile tracking applications send a GPS signal out to all of a person's cell phone contacts who use the app. Bertagna said the app can be used to meet up with friends or keep tabs on kids.

GTX has also developed a GPS shoe for tracking Alzheimer's patients.

*Staff reporter Natalie Jarvey can be reached atnjarvey@labusinessjournal.com or at (323) 549-5225, ext. 230.*

Read the full story

### Senior Gadgets: GPS Shoe May Offer Peace of Mind to Alzheimer's Caregivers

By Teresa Steinfatt - July 1, 2010 - Safety of loved ones is a top concern for caregivers, especially those caring for persons with Alzheimer's disease.

Memory loss and confusion can set in without warning. For example, a loved one might set out on a walk or errand alone, wander off and not be able to return home safely.

Currently scheduled for retail sale this summer, the Aetrex Ambulator® GPS Shoe by GTX Corp will provide millions of caregivers the means to help easily find those afflicted with Alzheimer's and other forms of dementia who wander and become lost.

Read the full story

### Style and Safety Come Together with GPS Shoes For Alzheimer's Care

GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a

four year, license agreement with Aetrex Worldwide, Inc. GTX Corp's eight patents for the GPS Shoe cover a GPS transceiver module that is placed within the footwear and transmission of location coordinates to a central monitoring station which disseminates the location data through the use of proprietary software, cellular connectivity, the GTX Corp middleware platform and the secure viewing portal.

Read the full story - World Market Media

### Wandering Soles

Aetrex Worldwide Inc. has teamed with GTX Corp. to create the Aetrex Ambulator GPS Shoe, a therapeutic sneaker designed for people with Alzheimer's disease. The shoe comes with a tiny GPS tracker that alerts a caregiver when the wearer has strayed more than a set distance. It then sends the caregiver a Google map link that plots the wearer's location.

Read the full story

### GTX And MNX — STAT Trax Critical Medical and Bio-Pharmas

SatNews - June 9, 2010 - GTX Corp (OTCBB: GTXO.OB), a provider in embedded GPS tracking location based services and MNX (Midnite Express), a worldwide specialty courier, have entered into an exclusive three-year contract for GTX to deliver thousands of highly customized, industry-first GPS tracking devices. Additionally, the GTX Corp tracking platform to the shipping company is included in the contract.

Read the full story

## Find Friends and Family Mobile Apps

### LOCiMOBILE [iPhone & Android]

LOCiMOBILE has a few great GPS tracking apps out at the moment. The two that I would like to feature are the free/lite versions of the software. This app supports up to 6 users (paid version is unlimited) and integrates with Twitter and Facebook. GPS Tracking populates your phone's built-in Google Maps with the locations of people in your private opt-in buddy list. You can let users

know where you are or request their location, and you can post your information to your social profiles.

Read the full story

**GPS Tracking Apps Website to Track iPad, iPhone, Android, Blackberry Smart Phones**

Want to locate all your friends with smart phones (ipad, ipod, iphone, android, blackberry) but you don't have one? The latest technology from GTX Corp allows you to do just that – www.gpstrackingapps.com high-tech website enables you to locate your family, friends and coworkers (who have downloaded the GPS Tracking App) instantly, in real time, even if you don't have a smart phone. http andwww.locimobile.com are proud members of the http GTX Corp (OTCBB: GTXO.OB) family of products and services. people locator, people finder, gps tracking, gps tracking app, location based social networking, iphone Friend finder, android, top downloads, gps apps, iPad, blackberry, gps shoe, GTXO, gtxcorp, top apple downloads

Read the full story

**Style and Safety Come Together with GPS Shoes For Alzheimer's**

Senior Housing News - GTX Corp (OTCBB: GTXO), a provide of customizable, embedded 2-way GPS Personal Location Services (PLS) solutions, is bringing personal GPS tracking solutions to the 5.3 million seniors afflicted with dementia by signing a four year, ...

Read the full story

**Keeping track of seniors with Alzheimer's**

Rosemary McClure, Special to the Los Angeles Times - May 29, 2010 - The email alert shouted its message: "Missing Person with Alzheimer's. PLEASE HELP." It was sent to Alzheimer's Assn. chapters and to law enforcement officials within hours after an Orange County woman disappeared while on a short trip to visit a friend.

The woman had set out in her car, made a wrong turn and became confused, says her family, who asked that her name not be used to protect her privacy.

Read the full story

### Resources and Technology to Help Caregivers Cope

Kirk Johnson - NYTimes.com - May 4, 2010 - One Alzheimer's wanderer in Arizona had lost much of his memory, but not, apparently, his interest in fashion: he never left the house without a beloved baseball cap on his head. So a trick the family used to keep the man around was to hide his caps.

Search-and-rescue experts who deal with dementia patients also recommend alarms on doors that sound when opened if a proper code is not entered, along with posters or wallpaper images that disguise or conceal doors. Sometimes a simple large, emphatic sign on every door saying "Stop!" will deter a wanderer.

Read the full story

### New App craze brings back the 1990's

World Market Media - April 9, 2010 - Every Portfolio manager I've ever known loves to find a sector with wind at it's back..the early users of the "CrackBerry" knew (Nasdaq: RIMM) was the stock he/she needed to invest in because every person on Wall Street had one. This phenomena doesn't occur often and RIMM"s are as rare as Australopithecus. I observe the current app craze as the new cycle for lightning quick revenues based on the size of the market itself. Certainly anyone with an iPhone or Android phone has imagined that they could build an app when they got home that night…I know I did.

I can tell you from experience that when Kleiner Perkins doubles the size of its venture fund specific to app's you know your watching the ship turning in the harbor. This is a unique space with wind at it's back and certainly the app's market is a niche to watch, we found this company and had a chance to speak with Patrick Bertagna at GTX Corp (OTCBB:GTXO) its Founder/ Chairman and CEO. He had some interesting comments about how the company has evolved and found some traction with its wholly owned subsidiary LOCiMOBILE Inc. Bertagna commented "With 500 million smart phones entering the market place, I believe we are at the tip of the next

disruptive wave. Apps will become as ubiquitous as the device they live on and that makes this new frontier a game changer" Certainly being on the iTunes top ten highest grossing list puts us at the forefront of this coming wave."

Read the full story

**World Market Media Announces the Launch of the WMM NanoCap and MicroCap Indices**

WEST PALM BEACH, April 19, 2010 (GLOBE NEWSWIRE) – World Market Media, Inc. ("WMM"), a high traffic stock market, news data website providing cutting edge new media products and services to publicly traded companies worldwide, announced today the launch of the WMM NanoCap Index and the WMM MicroCap Index.

Read the full story

**GTX Corp. Inks Global Licensing Deal with Aetrex Worldwide**

SGI - March 24, 2010 - The four-year, exclusive contract brings Los Angeles-based GTX a step closer to bringing its personal GPS tracking solutions to 5.3 million seniors afflicted with dementia. Aetrex is slated to begin selling the Aetrex Ambulator GPS shoe this summer through its website, www.foot.com, at www.gpsshoe.com and at a select group of assisted living facilities in the U.S.

Read the full story

**New Running Shoes Could Include Embedded GPS**

GPS-powered trail running shoes may be on the horizon

Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Read the full story

**GPS in your shoe?**

Yes GTX Corp. has a GPS shoe that can be worn while a family member is walking or jogging that reports your location to other family members ...

Read the full story

**GTX Corporation - Year In Review**

GPS "People Tracking" continues to garner both increased opportunity and adoption worldwide — PLS technology has been the focus of our business for the past seven years. GTX Corp., a leader in Personal Location Services, develops and license's 2-way GPS people finding technologies which seamlessly integrate with consumer products and enterprise applications. GTX Corp uses the latest miniaturized, low power consumption hardware technology in its GPS and cellular location devices and provides a fully customizable back-end portal enabling subscribers to use real time tracking to obtain the whereabouts of people, pets, or valued assets. Through its miniaturized transceiver module, wireless connectivity gateway, smart phone Apps, customizable middleware, and viewing portal, GTX Corp offers a complete end to end solution.

Read the full story

**BEAM: Game Plays...**

SatMagazine.com : November 2009 - With this issue's focus on the Latin American and MENA markets, one of the most interesting news items deals with Rio de Janeiro's win of the 2016 Winter Olympics. Companies who bid for, and win, the broadcasting rights to the 2016 Summer Olympics in Rio de Janeiro are certain to enjoy substantial profits, and Latin American countries and communities are already celebrating this award by the Olympic Committee.

According to GTX Corp., a firm whose base is in the Personal Location Services businesses, Latin America has increased its adoption of Location Based Services by a factor of 10 from 2008 to 2009. Carlos Briceno, the firm's Vice President of Business Development, states that the category with the highest total spending in South and Central America is in "People Tracking," which has been the exact focal point of GTX Corp for the past seven years.

Read the full story

GTX Corp Annual Update - Vista Partners
Download the full document

**We Know Where You Are**

Phoenix, AZ --(www.USEquityNews.com)-- 03/12/2009 - If the above headline sounds a bit spooky, be prepared for things to get a lot spookier in the coming years - but also a lot more useful, valuable and fun. That's because electronic technology has once again taken a turn that could, like the cell phone, affect much of your waking life, either directly or indirectly.

Read the fill story

**GTX Corp brings personal location-based services to the masses with Google Maps API Premier Business**

Wherever you go, there you are, goes the saying – but others might have a tough time finding you, at least until now. With GTX Corp's Personal Location Services, people can go online and, via an intuitive interface, track the exact location of loved ones, or even their high-value assets. GTX offers miniaturized assisted Global Positioning Satellite (GPS) tracking and cellular location-transmitting technology for consumer products and applications. The company's business model is to deliver solutions to consumers in a wide variety of wearable location devices, from shoes to tiny clip-on devices no larger than a small matchbox, by licensing its core technology to branded consumer product partners.

Read the full story

**GPS-Equipped Shoes Keep Track of Wanderers**

Tuesday, August 11, 2009 - Caring for a loved one with dementia is worrisome, especially if that person is prone to taking flight. Statistics suggest that 60 percent of people with Alzheimer's

disease will get lost at least once, said Andrew Carle, director of George Mason University's senior housing administration program.

Read the full story

**Keep Track of Your Kids This Summer**

From GPS to Temporary Tattoos With Contact Info, Keep Your Kid Safe This Summer

ABC News - Good Morning America - July 31, 2009 - Those of you with iPhone know that there are many GPS applications. One of the latest is the Locimobile. Ideal for the 3.0 family (you and your teen need to have the phone). You download the app to your phones, and then your teen lets you check on his or her whereabouts, perhaps in exchange for getting an iPhone in the first place. The Locimobile app allows you to see exactly where your child or children are on a map. You can monitor several kids at one time.

Read the full story

**Understanding Dementia And 'Wandering'**

NPR - USA - July 14, 2009 - A shoe company, Aetrex Worldwide, and a firm that makes global positioning devices, GTX Corp., have created shoes containing GPS technology for wanderers to ...

**GTX in Sports Illustrated**

June 29, 2009 - GTX, a technology company, and Aetrex Worldwide have announced plans for shoes containing a GPS chip that will allow family members or saftey personnel to locate anyone wearing the shoes through online tracking software.

Download the article

**GPS Tech Review:**

Interviews with Leading GPS Innovators

GPS Tech Review is a forum for current news stories and interviews with the leading innovators of GPS-enabled personal location services.

**Abductors of Children May Run, But Today Code Amber and SA-Announce Make it Much More Difficult for Them to Hide**

Timely missing person's alerts and rich graphics delivered to your phone.

Mandeville, LA (PRWEB) June 25, 2009 --www.CodeAmber.com News Service the nation's leading internet and digital display missing persons alert service, a wholly owned subsidiary of www.GTXCorp.com (GTXO.OB), has expanded its multimillion viewer reach with an additional 2 million www.syn-apps.comsubscribers. SA-Announce, Syn-Apps' notification system, is a feature-rich communication application that works with Cisco Unified Communications Manager to distribute alerts across enterprises such as; NASA, Tiffany & Co and Martha Stewart Living, as well as numerous schools and government offices. The Code Amber alerts will be available to the SA-Announce subscribers and accessible in real-time appearing on their VOIP enabled phones.

Read the full story

**GPS shoe to track Alzheimer's patients**

A new shoe outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

London, England (CNN) -- June 10, 2009 -- The embedded GPS tracking system will allow the wearer of the shoe to be located instantly online and for their whereabouts to be monitored in real time.

Read the full story

GTX Corp in Sports Intelligence Magazine

May 2009 - GTX Corp., which markets patented two-way GPS Personal Location Services (PLS) solutions, will launch two new applications this summer - expanding its LOCi brand with iLOCi2 and Code Mobile.

Download the Article Here

GTX Corp in Lextech May Newsletter

Download the Full Newsletter Here

GTX Corp on RedChip Real Radio

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GTX in Bottom Line Health

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GTX Corp on RedChip Real Radio

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GTX Corp on CNBC

Watch the video clip

GTX Corp on RedChip Real Radio

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GTX Corp on The Early Show

Watch the video clip

GTX Corp on the Discovery Channel

Watch the video clip

GTX Corp in the Philidelphia Inquirer

Read the article

GTX Corp on KCBS Radio, San Francisco

Listen to the audio clip

GTX Corp on KFWB Radio, Los Angeles

Audio clip 1, Audio clip 2, Audio clip 3

GTX Corp on the KGW News, Portland, OR

Watch the video clip

GTX Corp on the Boston 10 o'clock News

Watch the video clip

GTX Corp in Los Angeles Business Journal

Download the full article

GTX Corp in Pervasive Computing Magazine, April/June 2007

Download the full article

GTX Corp in Budget Travel Magazine, May 2007

Read the full article

GTX Corp in Footwear News Magazine, April 2007

Read the full article

**Kids Sneakers That Know Where They Are**

Castro Valley Forum - CA, USA - By : Michael Singer : 10/16/07

There is a trend in high-tech that recommends adding location-based services to anything and everything. But it has me pulled between wanting to see really cool gadgets and avoiding a Big Brother-like society.

The latest is a new high-tech tennis shoe coming to the market that lets parents and guardians track the movements of their family using Global Positioning Systems or GPS technology.

Called the "Smart Shoe," the miniature device is inserted in the sole of the low-top sneaker. An antenna that runs up the back of the footwear communicates with satellites and relays a location back to a subscription Web site service for easy viewing. Los Angeles-based GTXC, which makes the devices and the service, said it is hoping to put Smart Shoes in stores by the end of the year. Shoes with the technology could cost between $100 and $200. The tracking service is expected to cost about $20 a month.

**Follow That Kid**

Today's technology makes it easier for parents to know where their kids are and what they're doing.

By Joe Burris | Baltimore Sun | July 1, 2007

Michelle Smith had been reluctant to buy a cell phone for her 7-year-old daughter, Daysha. Then one day in April, a substitute teacher placed the Radford, Va., girl on the wrong school bus. Instead of being dropped off at her older sister's after-school program as planned, Daysha was sent home - only to find the doors locked.

As she sat on her front porch crying, her mother drove around town, searching frantically for the girl. No one at the school could tell her which bus the girl had been put on.

"Then my next-door neighbor called," said Smith, "and said, 'I have your baby.' "

The scary moment had a happy ending, but Smith didn't want to take a chance on losing her daughter again. So she did what many other parents are doing - she bought her child a cell phone equipped with an electronic device that could keep track of her whereabouts.

Download the full article

**Tracking technology hits the ground running.**

Wherever you go, there you are. And we know where you are.

By Nancy Francis

GPS technology will soon be at your feet, offering peace of mind to loved ones of Alzheimer's sufferers, people with autism, active preschoolers and others who might wander into harm's way or get lost.

A Los Angeles-based company that sees opportunity in the merging of GPS tracking technology and footwear, has developed several prototypes of GPS tennis shoes.

GTX Corporation is having discussions with various footwear manufactures (including some in Oregon) about licensing its technological designs and connectivity system.

During a recent visit to Portland, GTX Corp CEO Patrick Bertagna showed KGW a prototype of the company's GPS shoe.

Download the full article

**Mobile Ways to Keep Track of Your Kids**

By Lori Tucker, (WATE) Knoxville, TN -- June 7, 2007

As technology makes our society more mobile, there are more mobile ways to keep track of your loved ones including cell phones, car trackers and even shoes. GPS shoes That's right, an LA company has patented a GPS system in a shoe.

Xplorer Smart Shoes, made by GTX Corp., are able to track the person wearing them in real time or by remote surveillance.

GTX says the shoes work particularly well for: children, people with Alzheimer's disease, outdoor adventures, military, police, fire and public safety workers.

**IN THE PIPELINE: Tracking All The Uses For Positioning Chips**

By Donna Fuscaldo - DowJones Newswire - May 1, 2007

For Patrick Bertagna, the eureka moment came a few years ago when watching the coverage of the Elizabeth Smart abduction. After spending years helping companies track their products via software, Bertagna decided it was time to do something that mattered.

So the serial entrepreneur, armed with a couple of checks from friends, launched Global Trek Xploration Corp., a Los Angeles-based company that's developing shoes embedded with a global positioning chip. The shoes will enable parents to monitor their children's every movement and caregivers to keep real time tabs on elderly or sick people.

Download the full article

**Top-Notch Security**

M2M - Specialty Publications - April 6, 2007

M2M technology providers and system integrators often cite efficiency improvements and new revenue opportunities as common indicators of return-on-investment. However, as more and more customers use machine-to-machine applications to collect data, security has not only become a top-notch priority for end users and OEMs (original equipment manufacturers) but also a highly valued part of fostering a positive ROI.

According to IDC Corp., www.idc.com, Framingham, Mass., as devices enabling a mobile workforce continue to shrink in size, the increased likelihood of losing devices, such as laptops, mobile phones, BlackBerrys, has caused growing concern over the sensitive corporate information they contain.

**Smart Shoes Get Smarter**

M2M - Specialty Publications - April 2, 2007

Smart shoes just got a little smarter. The newest models of GPS-enabled (global positioning system) shoes from Global Trek Xploration Corp. (GTXC), www.gtxcorp.com, Los Angeles, Calif., will now be equipped with wireless and location modules from Enfora Inc.,www.enfora.com, Plano, Texas.

GTXC chose Enfora's Enabler IIG-A-GPS modules for its robust and accurate platform, company executive say. Eric Stalnaker vice president of business development at GTXC explains, "Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity, and customization that lets us focus on our product and service offering."

**Wireless Briefs**

by Andrew D. Smith | Dallas Morning News | Thursday, March 29, 2007

Few at conference get to soul of GPS shoe

Satellite tracking services were expected to be one of the big attractions at this year's big wireless conference in Orlando, but the satellite shoe seemed to surprise most of the people walking around the convention floor.

Many passers-by Wednesday furrowed their brows or shook their heads at what appeared to be a silly toy for spoiled yuppie joggers. Only a few investigated long enough to realize that the GPS

shoe may well be one of the least frivolous prototypes on display among the 1,100 exhibitors. Developers plan to sell the device as a way to track mentally disabled people or seniors who have Alzheimer's disease.

**Where would you be without GPS?**

Perhaps carrying fewer gadgets: The technology is being added to shoes, MP3 players, dogs

By Carolyn Y. Johnson | Boston Globe | February 19, 2007

This month, GTX Corp. launched a line of Xplorer Smart GPS shoes that transform sneakers into a wearable LoJack system.

ABI Research found that the number of people in North America who subscribe to GPS-enabled location-based services more than doubled between 2005 and 2006, from 1.6 to 3.9 million. The number of subscribers is projected to rocket to 52 million in 2011.

That means companies working in what used to be a niche market have been enjoying explosive growth. Revenues at TomTom NV, a Concord-based maker of personal navigation products, have increased more than 500-fold since 2001, from $2.5 million to an estimated $1.7 billion last year. Garmin's business has exploded into the mainstream, too, and the company ran its first Super Bowl ad this year. Boston-based start-up Skyhook Wireless brings location awareness to any device with WiFi, and announced a major partnership this month with GPS platform maker SiRF.

**Xplorer shoes offer advanced personal location services**

from Wearable Electronics

January 29, 2007 - We've written several times about the concept of electronically fencing dogs and cats for their safety, or the safety of others. Similarly, as GPS technologies have become commercially viable, of tracking assets and loved ones to ensure their safety. Now personal location services company GTXC Corporation, is set to unveil a line of Xplorer Smart GPS shoes at the World Shoe Association (WSA) in Las Vegas on February 1 which offer a range of new opportunities. Xplorer shoes incorporate a small and robust GPS tracking device which hooks up with GTXC's internet user portal to offer a very compelling array of personal location services.

**Integrated GPS Shoes by GTXC**

Getoutdoors.com Outdoor Blog - Friday, February 2. 2007

Integrated GPS Shoes by GTXC Though originally made to track patients and kids, we're sure the shoes will be integrated soon with the Nike + Ipod so you can track your run in your personal Google mashup. Or hide it in your wife's purse to see whether she's banging San Francisco's mayor, Gavin Newsom. Or something like that. The system from GTXC has a sophisticated GPS integrated into the shoe, which communicates directly with a satellite, which then relays locations in real-time to their monitoring center and made available via internet or phone. Predetermined geographic areas can also be defined and alerts sent when the person being tracked leaves or enters the area. And don't worry, they already have a product for outdoor activities called the Wearable Caddy.

**New Smart GPS Shoes**

Manisha Kanetkar - Thursday, 1 February 2007

Keeping track of your loved ones has never been so easy (or so spy-like) with the new Xplorer smart GPS shoes designed by GTXC.

The company boasts the shoes incorporate the smallest, most powerful and robust GPS tracking device currently available. GTXC says they are ideal for caretakers of children or the elderly to easily monitor the location of their charges.

So, for example, they can preset perimeters of safe zones or unsafe zones, and then receive mobile phone alerts if a perimeter is breached by the wearer. This is handled by what the company calls its 'set-it-and-forget-it' Dual GeoFencing feature.

**Shoes with GPS locator Coolest Gadgets**

Jan 29, 2007 - GTX Corporation will be unveiling its new line of Xplorer Smart GPS footwear at the beginning of next month in Las Vegas. The Xplorer aims to usher in the next generation of GPS smart shoes by incorporating smaller and yet more powerful GPS chipsets inside the shoe itself to provide a more accurate reading....

**GTX Corporation unveils GPS-equipped Xplorer shoes Engadget**

Jan 26, 2007 - It seems like Sayo Isaac Daniel has some serious competition coming at him in the GPS shoe market, as GTX Corporation is unveiling its latest geo-tracking footwear at next week's World Shoe Association trade show. The questionably styled Xplorer kicks pack an internal GPS transceiver,...

**GPS Shoes keep track of kids**

January 25, 2007 - GPS-integrated shoes - now why didn't I think of that? The Xplorer line of Smart GPS shoes from GTX Corp. come with an integrated GPS tracking device which helps parents keep tabs on their children. In addition, parents are able to set up a virtual boundary, where they will be duly noted via SMS should the shoes leave beyond the designated area.

**GPS Shoes Let Mommy Know Where You Are**

January 25, 2007 - Good news for worried parents. These GTX GPS Xplorer Smart Shoes will let you keep track of your kids no matter where you are. Here's how it works.

Define a "safe" area around your house or school that it's safe for your kids to wander around. When the GPS signal goes outside of the area, an SMS will be sent to your phone alerting you of the situation. Then you're free to call your wife, the police, or Chloe from 24.

**The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service**

ESATO NEWS - Jan 26, 2007 - Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several groundbreaking innovations currently in the patent process.

**GTX Corp. announces the Xplorer line of Smart GPS shoes**

Thu, 25 Jan 2007 - The GTX GPS shoes have a small GPS tracking device inside the shoe actually communicates the location to a central location tracking service. So you could get your kids these GPS sneakers and define an area where it is safe for the kid to wander around. When leaving the defined area an SMS would be sent to your mobile phone notifying you of the situation. GTX calls this feature GeoFencing. The batteries powering the GPS unit inside the shoes last several days.

**"With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety

or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."

"The greatest endorsement of P2P surveillance is that 66% of Americans are comfortable being monitored by concerned loved ones in case of emergency. That's an awfully large market waiting to be tapped by companies like GTX Corporation who debuts its first GPS-based tracking shoe for children this week."

Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency

Download the full article

**Brave New GPS World**

By James Klein, Larta VOX Editor - November 3, 2003

In the future, we won't lose anything. Advances in global positioning system technology allow users to easily pinpoint the location of any object on earth. GPS boards have been reduced to the size of a postage stamp. Soon, we could attach GPS locators to everything we own - cell phones, briefcases, wallets - and even our children.

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**GPS Shoe to Track Alzheimer's Patients**

London, England - June 10, 2009 - A new show outfitted with a GPS chip aims to offer peace of mind to Alzheimer's patients and their caregivers.

Download the full article

**GTX Signs Deal With Aertrex Worldwide**

June 1, 2009 - GTX signs its first footwear deal for its Personal Location Services product with Aertrex Worldwide, which specializes in orthotic footwear.

Download the full article

**Enfora and GTXC Advance Personal Tracking and Location with GPS-enabled Shoe**

Plano, Texas - March 27, 2007 - Enfora, Inc., today announced GTX Corporation's (GTXC) adoption of the Enabler® IIG-A-GPS embedded wireless and location module into their latest model of the GTXC Xplorer® GPS Smart Shoe designed to monitor the whereabouts of loved ones.

"Enfora and the Enabler II provide us with an integrated approach to software, Internet connectivity and customization that lets us focus on our product and service offering," said Eric Stalnaker, VP of Business Development at GTXC. "By working with Enfora, we know the Xplorer® A-GPS Smart Shoe is built on a robust and highly accurate platform."
Download the full article

**GTXC Wins Praise, Reduces Chip Size**

Los Angeles, California, March 5, 2007 - GTXC received a strong, positive reception as a third time exhibitor at the recent World Shoe Association show in Las Vegas, NV. It also won praise from the technology community at the latest 3GSM World Congress in Barcelona, Spain. GTXC continues to build momentum, enhance its intellectual property and provide leadership throughout the embedded GPS footwear space.
Download the full article

**New era of "Wearable GPS" capabilities enabled by technological breakthrough.**

February 21, 2007, Los Angeles, CA - GTXC, founder of the Personal Location Services category and leader in Miniaturized GPS Technologies, has created a proprietary, "single click" software application used to activate the GPS-2-SMS Dual-GeoFence features that form an integral part of its embedded GPS technology. The recent Multi Dual GeoFence patent application filled in February 2007 is the most current of seven applications filed since the company's founding five years ago, and promises to bring new capabilities and efficiencies to the Wearable GPS industry. The company's first, US Patent 6.788.200 titled GPS Footwear was issued in September 2004.
Download the full article

**GTXC unveils new generation of Smart GPS Shoes**

Los Angeles, CA, January 25, 2007 - GTX Corp., a dominant world leader in personal location services, will unveil their new Xplorer line of Smart GPS shoes on February 1st, at the World Shoe Association (WSA) in Las Vegas.
Xplorer, the next generation of smart GPS shoes, incorporates the smallest, most powerful and robust GPS tracking device on the market today. Drawing on a long history of patented embedded GPS technology for footwear and other consumer products, GTXC has been in development on

the Xplorer line for the past three years. The new line advances the state of GPS tracking technology considerably, utilizing several ground-breaking innovations currently in the patent process.
Download the full article

**GTXC to provide maritime version of personal GPS tracking devices to governmental security agencies and consumers**

Los Angeles, California, October 4, 2006 - GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including ground-breaking shoe-based satellite tracking products - announced today that they have signed a licensing agreement aimed at providing miniaturized, waterproof personal tracking devices to governmental security agencies and consumer maritime enthusiasts.
Download the full article

**An Open Letter To GTX Corporation's Investors, Customers And Friends**

January 5, 2007 - GTX Corp has received many inquiries this week regarding recent reports that another manufacturer has entered the GPS footwear sector claiming, among other things, that they have patented GPS footwear technology, and that there is a technology called "Quantum Satellite Technology."
GTXC believes that the convergence of high technology with consumer products should be represented to the public in an ethical and honest fashion. GTXC takes issue with the claims made in those recent reports, and believes that they do not paint an accurate and truthful picture. As such, GTXC is taking immediate, strong and active steps to respond to those claims in a responsible way to inform the public and the relevant media about GTXC, its products and technology, and the true status of the following facts.
Download the full article

**CEO & President of GTXC - to Address Cornell MBA Class**

Los Angeles, California, November 6, 2006 - Patrick Bertagna, CEO and President of GTXC (GTX Corporation), the Personal Location Services (PLS) company known worldwide for developing and commercializing miniaturized personal GPS tracking technologies - including

shoe-based and hand held satellite tracking products - will address the Cornell Business students that are analyzing a case study that was developed over the past year at the university.
Download the full article

**GTXC announces newest addition to PERSONAL GPS suite of miniaturized location-finding solutions**

Los Angeles, California, June 1, 2006 - GTXC (GTX Corporation), known worldwide for developing and commercializing innovative shoe-based GPS tracking technologies, today announced a downloadable location-finding application for hand held PDAs.
Beginning with PaqTrax™ for the HP iPaq 6515, the newest GTXC application integrates a PDA's embedded GPS abilities with the internet-based GTXC TrackPack™, creating a complete Personal GPS™ tracking and location-finding solution.
Download the full article

**Boston University study validates Americans' acceptance of Person-to-Person (P2P) surveillance**

Los Angeles, California, March 14, 2006 - GTXC, Inc., maker of miniaturized tracking technologies - including a patented shoe-based GPS location-finding platform - shared in the release of a recent Boston University study which offers proof of strong consumer demand for Person-To-Person (P2P) tracking and surveillance products. Despite increased media attention to governmental eavesdropping and surveillance issues, the study's conclusions contradict privacy advocates and redress recent media sentiments by finding that up to 81% of those surveyed approve the use of P2P surveillance under specific situations, and nearly a third (32%) say they are likely to use a tracking device to monitor a loved one in the future.
Download the full article

**GTXC announces world's first GPS location-reporting technology built into footwear**

Los Angeles, California, February 10, 2006 - After several years of intensive research and development, GTXC (GTX Corporation) today announced the world's first GPS location-reporting platform built into footwear. Unveiled at the World Shoe Association trade show in Las Vegas, Nevada, the company's patented solution links advanced GPS and cellular miniaturization technology with internet-based monitoring capabilities to provide accurate, real-time location and movement history to a wide range of users. Their shoe-based technology also introduces an

innovative platform for delivering a new category of portable, personal consumer-based applications, from exercise monitoring and live real-time gaming to interaction with appliances and other household items.
Download the full article

**With Liberty and Surveillance for All: Person-to-person Surveillance Gets Green Light from Public**

February 2006 - Excerpts from recent Boston University Research indicating that two-thirds of Americans are comfortable being electronically monitored by loved ones in case of an emergency. Survey research from Boston University graduate students shows that Americans are more willing to engage in surveillance of loved ones than one might expect given our love for independence. Half of Americans are comfortable with being electronically monitored by a loved one for safety or health reasons. Nearly a third 32% say it is likely they will use a tracking device to monitor a loved one in the future."
Download the full article

DailyTech, LLC - Michael Barkoviak - March 17, 2010 - GTX Corporation may be one step closer to trail running shoes that have integrated GPS directly into the shoes. GPS use has increased in the cycling and running worlds, as it is used to accurately track time, distance, and speed. There has been discussion of GPS-enabled running shoes in the past, but nothing significant ever materialized.

Oct 26, 2010
Listen to an interview with GTX Corp CEO, Patrick Bertagna on wsRadio - The Peggy Smiley Show.

**Top Grossing iTunes list**

GPS Tracking Apps for your smart phone.

## Featured Products

Shoes to monitor seniors suffering from dementia.

While GPS tracking can answer the "where" question, the Code Amber Alertag knows the answers to the "who, what and when" questions that first responders to emergencies need to know to provide informed treatment.

2 Way GPS has helped the lives of thousands by guiding emergency services to the precise location of people and pets in need of immediate attention. Getting there quickly however is only the first step. That's why everyone needs a Code Amber Alertag

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# Taking the Plunge

Wednesday, August 03, 2011

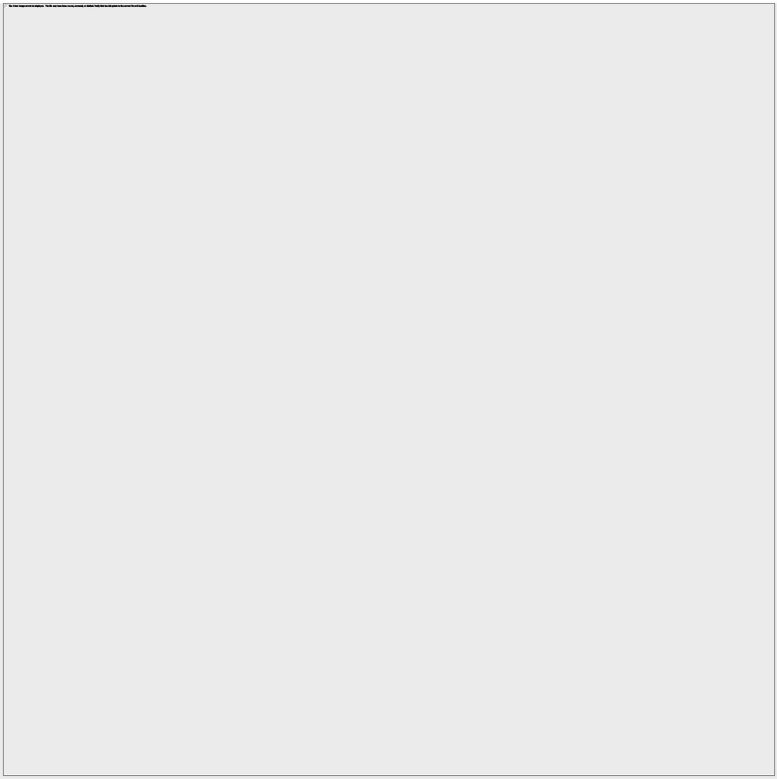

"New and noteworthy" is a term that gets tossed around a lot in the travel world, but we're taking it seriously to heart this week at Jetsetter. The "new" is the Dream Downtown NYC, a hip, reinvented space at the crossroads of Chelsea and the Meatpacking District (MePa, if you really must). The "noteworthy" is a little thing called skydiving at Mount Everest. Whether it's lounging poolside in New York or jumping out of a plane in full view of the world's highest mountain, there's a lot going on this week. Read on for all the details, including properties in Paris, San Francisco, Vegas, Miami and more. (Image: Skydive Mount Everest - on sale Sat, Aug 6.)

# Hip Manhattan Newcomer... with Real Sand

*Dream Downtown - NYC*

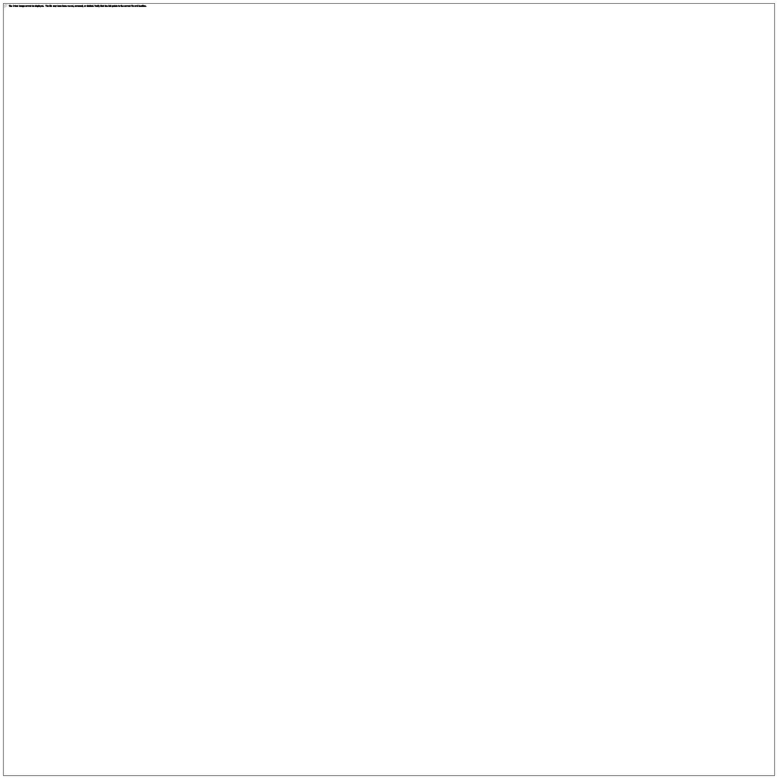

**The new Dream Downtown** has the best of both worlds. Housed in a 1960s building designed by Albert C. Ledner, it's situated at the crux of Manhattan's art, design and nightlife scenes between Chelsea and the Meatpacking District. With a hot rooftop bar, a Miami-meets-Ibiza pool (with lounge chairs set in real sand) and modern rooms with classic Downtown views, you can have your party and a good night's sleep, too.

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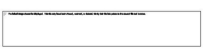

# Romance by the Arc de Triomphe

*Mon Hotel - Paris*

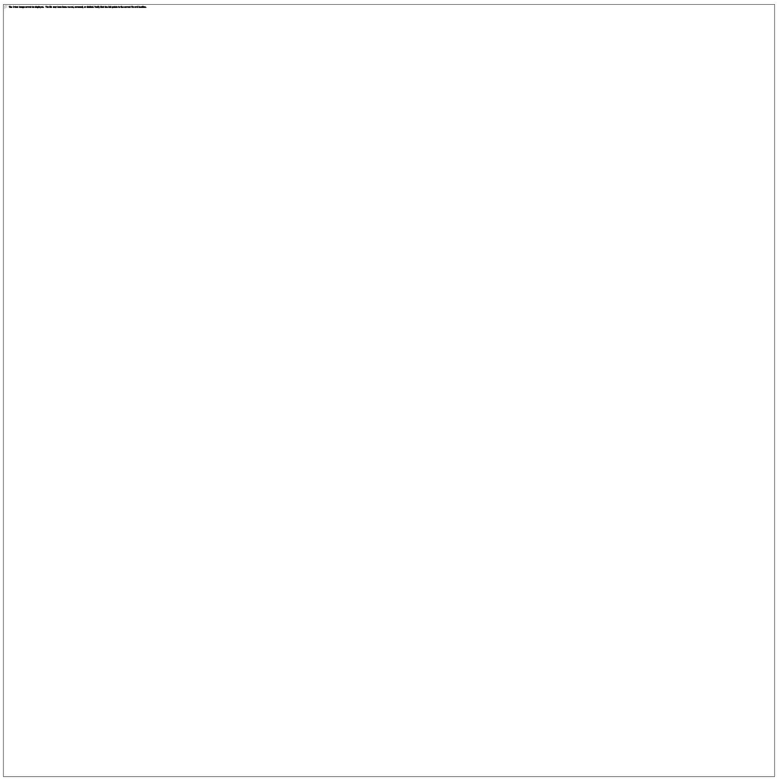

**Just a short walk** from the Arc de Triomphe, Mon Hotel sits on a quiet street off the bustling boulevards. Designer Aurélia Santoni fashioned this intimate boutique property with eccentricity and flair; lampshades from Dutch design firm Moooi hang above Utrecht armchairs in the lobby. Above all, the style of the guestrooms and the service stress comfort; Mon feels like your personal Paris *pied-à-terre*.

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# Beach, Spa, Repeat in Crete

*Candia Maris Resort - Crete*

**Just outside Heraklion, Crete's** capital city, the Candia Maris is a sprawling beachside resort spanning nearly 10 acres. Although the property lacks the charm of smaller hotels, it more than compensates with its amenities, which include tennis courts and seven pools. The highlight is the vast thalassotherapy spa, which underwent a multimillion-dollar renovation in 2008.

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# Sleep in a Palace in Portugal

*Vidago Palace - Portugal*

**In the mountainous north** of the country, just over an hour from Porto, the recently opened Vidago Palace has, in one fell swoop, raised the bar for luxury getaways in Portugal. As far removed from the sun and sand of the touristy Algarve as you can get, this is a destination for the discerning traveler and the lover of fine things, whether they be cigars, hand-painted silk wallpaper, the country's best spa or a championship golf course.

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# The Budapest Bauhaus

*Mamaison Hotel Budapest*

**Leisure and business travelers** feel like locals at this historic boutique hotel set among the embassies and grand residences of Budapest's tree-lined Andrassy Avenue. Built in 1937 and completely renovated three years ago, the hotel is home to a hip-again Bauhaus style in the comfortable rooms and gourmet dining at on-site Baraka Restaurant. For exploring, you can't beat the location: It's a short walk to restaurants, parks, museums and the city's famed thermal baths.

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# A Study in Swiss Chic

*Cervo - Switzerland*

**The Cervo may have** a Swiss address, but there's nothing neutral about this boutique hotel's atmosphere and hospitality. In Zermatt, a legendary ski village where the Matterhorn ("Horu" to locals) dominates the landscape (and the activities, yearround) the hotel has the requisite majestic views. But modern interiors and quirky accents like antlers and cheerful checkerboard patterns make the Cervo a study in Swiss chic.

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# Living the Fantasy in Las Vegas

*The Palms - Las Vegas*

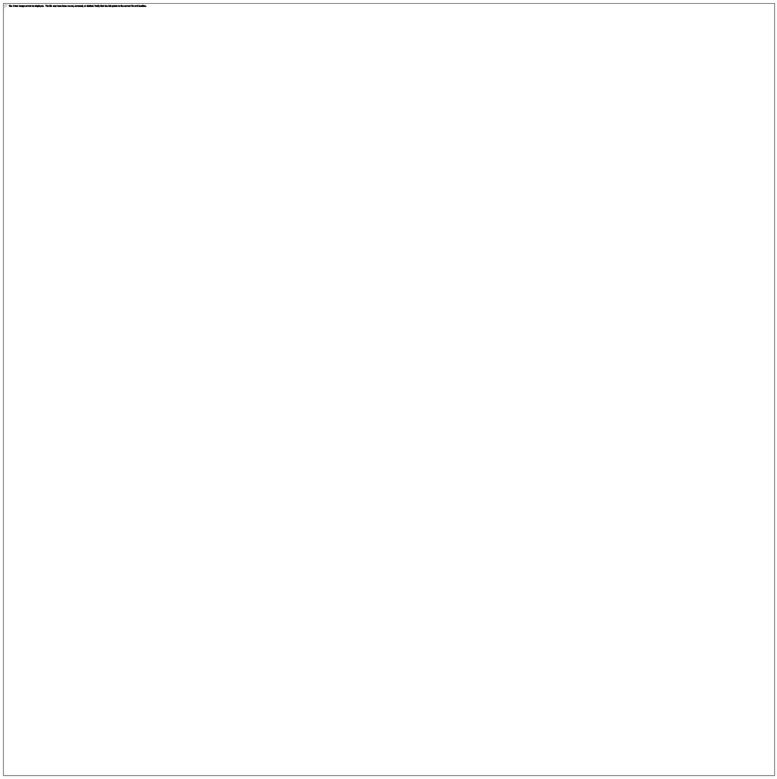

**The Palms Las Vegas** is all about classic hedonism: nightlife, gambling, pool parties and sweet guestrooms for more after-hours fun. Within the Palms enclave, the Palms Fantasy Tower flaunts a cool, contemporary feel to suit the tastes of its young and stylish party-hard crowds, perfect for hosting the true "what happens in Vegas stays in Vegas" experience.

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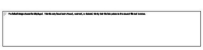

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# A Classic San Francisco Stay

*Omni San Francisco Hotel*

**In a beautifully renovated** redbrick-and-stone former bank building, the Omni San Francisco has an elegant ambiance and draws inspiration from Renaissance Florence. The spacious rooms have carved-mahogany furniture and nine-foot-high crown molded ceilings, while sparkling crystal chandeliers, mahogany paneling and an iron-and-marble staircase define the lobby. Best of all, it's within walking distance from some of the city's top attractions like Union Square, North Beach and Chinatown.

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# Hilltop Romance on Phuket

*The Pavilions - Phuket*

**These hilltop retreats are** some of Phuket's most romantic crash pads thanks to sublime panoramic Andaman Sea views and the island's most discreet staff. All villas include swimmable pools and roomy decks for sun and shade. The 360 bar attracts the island's best dressed inhabitants who flock here at sundown for the calm view then stay sipping colorful cocktails late into the warm night.

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# Beachfront Zen Near Cancun

*La Amada Hotel - Playa Mujeres*

**Looking more like some** millionaire's Miami crib than a traditional Cancún resort, the all white, Zen-minimalist La Amada Hotel exudes a down-to-earth sexiness and an understated elegance - all creamy sofas, gauzy curtains and personal Jacuzzis. Just 20 minutes north of central Cancún in Playa Mujeres, La Amada is on a long, pristine and very secluded beach.

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# Stately Style in the Heart of Washington D.C.

*The Madison - D.C.*

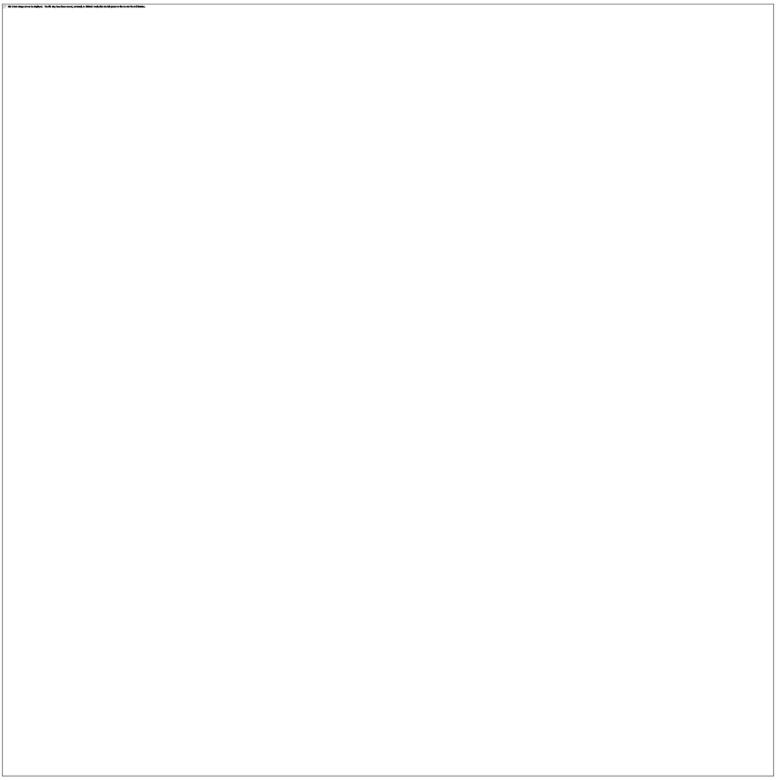

**Named for James Madison,** the fourth president and "father of the Constitution," this stately hotel has traditional style and refined service - plus, a location that puts many of Washington's must-see museums and monuments along the Mall within walking distance. Opened in 1963, the 353-room hotel has hosted the Dalai Lama, the occasional celebrity and every U.S. president since John F. Kennedy except Barack Obama. But don't worry - you can stop by the White House, which is just five blocks away.

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# Where Esther Williams Meets Chanel

*The Raleigh - South Beach*

**The Raleigh is different** from most properties in South Beach, with a vibe that's more Deco cool than decked out to the nines. A stay here feels a bit like a trip to the 1940s - dressed in whites one minute, casual the next. It's all about lounging in style by the pool, which has hosted everything from Esther Williams swimming routines to Chanel's cruise collection show. The Raleigh itself is a lot like that pool: cool, pretty and a place to be seen.

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*Starting Thursday 4/8 at 8pm BST*

# The Classic SoCal Beach Escape

*Shorebreak - California*

**Shorebreak, a 157-room hotel** on Huntington Beach, lives up to the SoCal lifestyle celebrated on breezy beach postcards. From your private balcony, you'll gaze over a classic California coast pier, with the Pacific stretching out behind it. Surf by day, then chow down on room-service orecchiette pasta with seared diver scallops before heading out to a beachside bonfire.

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*Starting Thursday 4/8 at 8pm BST*

# Attention Adrenaline Junkies

*Skydive Mount Everest*

**As any adrenaline junkie** knows, skydiving is the ultimate thrill: Those few seconds during free fall are as close to flying as we humans will probably ever get. Now imagine hurling yourself out of a plane at 29,500 feet - in full view of Mount Everest. To call it a rush would be an understatement, but tour company Everest Skydive makes this once-in-a-lifetime experience possible. During this 10-night/11-day tour, beginning in Kathmandu, you'll get your bearings on the ground with some sightseeing and then hike up to the drop site, where the true adventure begins. And with all the details - accommodations, gear, professional instruction - taken care of, skydivers can simply enjoy the (truly unforgettable) moment.

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*Starting Saturday 6/8 at 5pm BST*

# The South African Safari Goes Posh

*Morukuru - South Africa*

**In the heart of** the Madikwe Game Reserve, Morukuru Family's trio of boutique-chic, exclusive lodging options are the perfect pick for small groups seeking an intimate, totally tailor-made bush adventure. Half wild, half unabashedly posh, the getaway is less than a four-hour drive - or an even shorter charter plane ride - from Johannesburg. Choose between the Owners House, the Lodge or the Farm, and the the only people you'll share sundowners and lion cub photos ops with will be the pack you arrived with. Family-friendly and super flexible, this is a true South African safari vacation, complete with personal cooks, butlers and animal trackers at your service.

Click here to preview sale

*Starting Saturday 6/8 at 5pm BST*

## *Sales this week*

*Starting Today at 8pm BST*
Mamaison Hotel Budapest
Sofitel Montreal Golden Mile
Cervo - Switzerland

*Starting Thursday at 8pm BST*
The Shores - Daytona Beach
The Raleigh - South Beach
Shorebreak - California

*Starting Friday at 5pm BST*
Veranda House - Nantucket

*Starting Friday at 8pm BST*
Iron Horse Hotel - Milwaukee
Hidden Pond - Maine
Kedron Valley Inn - Vermont

*Starting Saturday at 5pm BST*
A Culinary Retreat in Mexico
Morukuru - South Africa
Skydive Mount Everest

*Starting Sunday at 5pm BST*
The Alexandra - Turks & Caicos

*Starting Sunday at 8pm BST*
Las Alamandas - Mexico
Arenas del Mar Beachfront
Blue Waters - Antigua
Nayara Hotel, Spa & Gardens

*Starting Monday at 8pm BST*
Hotel Matilda - San Miguel
Santa Teresa - Rio De Janeiro

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# Active Escapes, Quiet Getaways and More

Wednesday, July 27, 2011

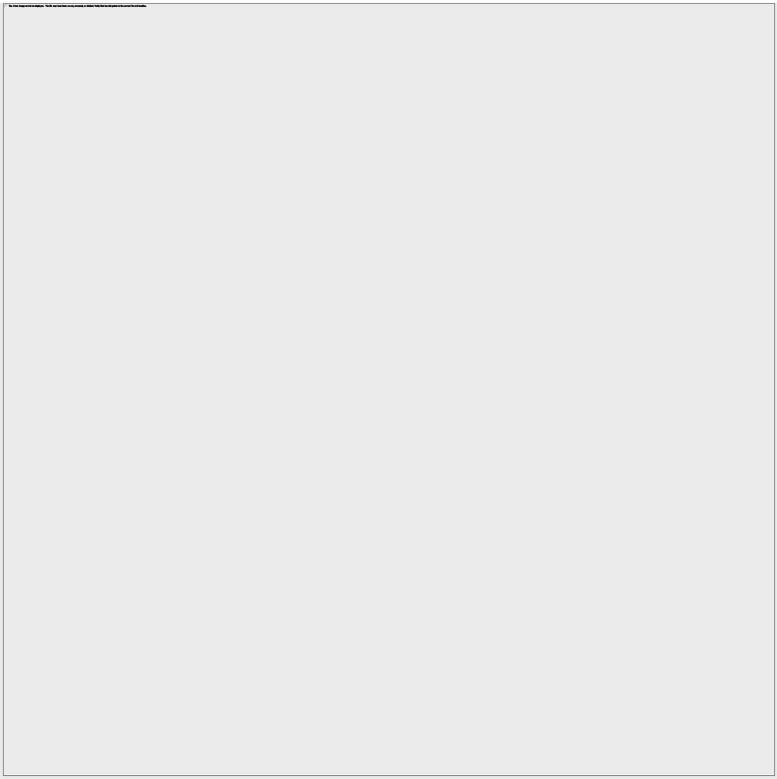

Some people do yoga on vacation; others go for the occasional run. This week we're thinking a little more... adventurously, from active escapes at Travaasa Hana in Maui to racecar driving in Baja and hiking Moab with the experts at Austin-Lehman Adventures. And after all that action, chill out with stays at the new Dream South Beach, the gorgeous Pavilions Phuket and other luxe resorts worldwide. (Image: The Pavilions Phuket - on sale Fri, July 31.)

## *Sales this week*

*Starting Tuesday at Noon BST*
Dream South Beach
Travaasa Hana - Hawaii
Esencia Estate - Riviera Maya

*Starting Tuesday at 8pm BST*
AVIA Hotel - Long Beach, CA
Hotel Las Palmas - Mexico

*Starting Wednesday at Noon BST*
Last-Minute London and NYC

*Starting Wednesday at 8pm BST*

*Starting Thursday at Noon BST*

*Starting Thursday at 8pm BST*

Fairmont Turnberry Isle Resort

Sofitel - Philadelphia

Hotel Derek - Houston
Arches to Moab
Spirit Ridge, British Columbia

*Starting Friday at Noon BST*
Hotel Allegro - Chicago

*Starting Friday at 8pm BST*
Vidago Palace - Portugal
The Manor On Golden Pond - NH
Candia Maris Resort - Crete

*Starting Saturday at Noon BST*
Round Hill - Jamaica
Fairmont Royal Pavilion
Experience Baja, Two Ways
Maca Bana - Grenada

*Starting Sunday at Noon BST*
Alila Sothea - Cambodia

*Starting Sunday at 8pm BST*
The Pavilions - Phuket
Siam Kempinski Hotel Bangkok
Anantara Bophut - Koh Samui

*Starting Monday at 8pm BST*
The Madison - D.C.
Grand Hyatt Atlanta
Hotel Bellevue - Washington
The Adolphus - Dallas

# Art Deco Meets Modern at South Beach Newcomer

*Dream South Beach*

**This South Beach newcomer** lives up to the hype. Set in two landmark Art Deco buildings on Collins Avenue, right behind the former Versace Mansion, the boutique hotel has 108 sleek guestrooms washed in blue and white, and access to soft, sandy beaches, a restaurant helmed by chef Geoffrey Zakarian and a hip rooftop pool scene.

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# Maui's Memorable Journey

*Travaasa Hana - Hawaii*

**Reinvented from the former** Hotel Hana Maui, the brand new Travaasa Hana combines - in concept and name - travel and pravaasa ("memorable journey" in Sanskrit). The mix of adventure, relaxation and truly experiencing a destination are hallmarks of Travaasa. With the beauty of Hana, Hawaii, all around, it's hard to imagine a better marriage of purpose and place.

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# The Royal Ferrari Hideaway

*Esencia Estate - Riviera Maya*

**It's rare to find** a luxury resort as down to earth as this *Condé Nast Traveler* Hot List alum. Sitting on 50 wild acres of jungle by the beach, this striking Italian-style villa has white sand-colored interiors that match the serene beach outside. The Duchess of Ferrari originally built this tropical hideaway on Mexico's fabled Yucatan Peninsula in the early 1990s to entertain her globetrotting friends. It has since been remade as a 29-room boutique wonder, where that local culture is so intrinsic to the design that it can be found in the minutest details.

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# A Barefoot Hideaway in Zihuatanejo

*Hotel Las Palmas - Mexico*

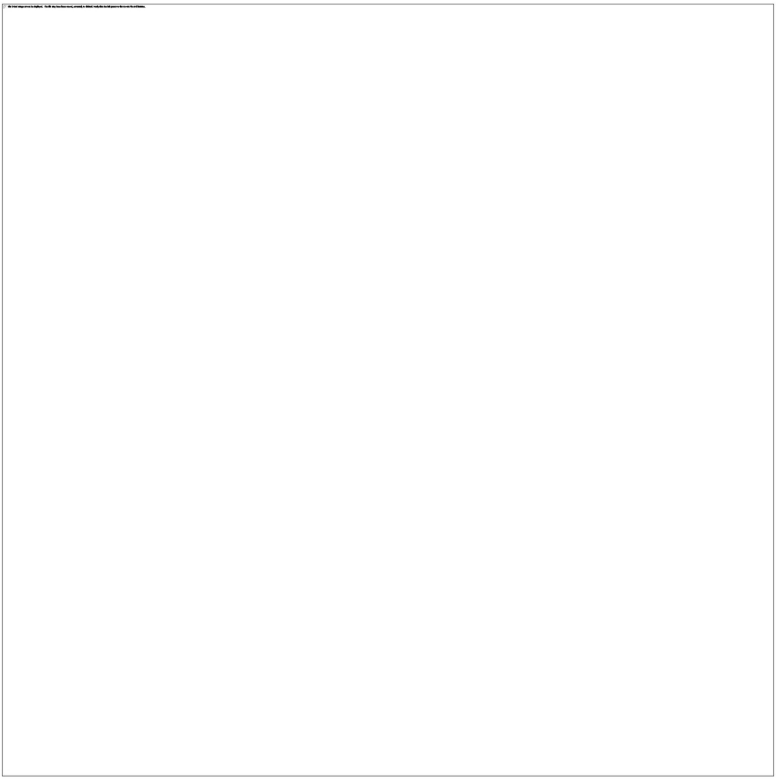

**On a nine-mile stretch** of Playa Blanca, just 20 minutes from downtown Zihuatanejo, Hotel Las Palmas is unique escape between lush rain forest and the open Pacific Ocean. All 10 suites were individually designed by Enrique Zozaya in a sleek, modern-tropical style and capture the unspoiled views on private terraces and balconies. With the soaring Sierra Madre del Sur mountains in the distance and sleepy fishing village of Barra de Potosi close by, the Hotel Las Palmas is a true barefoot hideaway in a quintessentially Mexican setting.

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# Minimalism to the Max in Long Beach

*AVIA Hotel - Long Beach, CA*

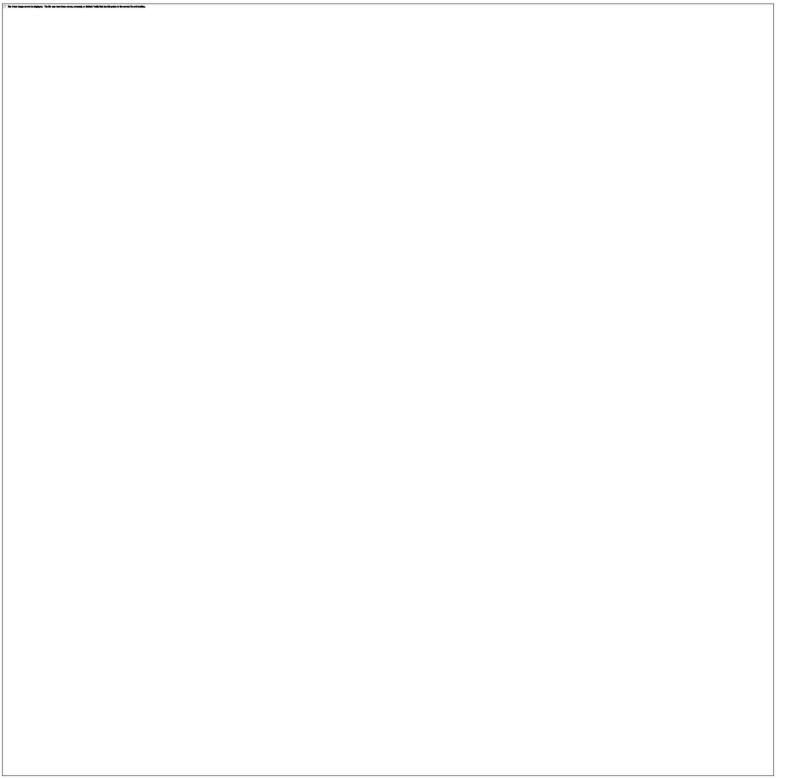

**There's a lot to** love in Long Beach. It's the sixth largest city in California (with nearly half a million people), one half of the western hemisphere's largest port, and it's finally coming into its own as a magnet for travelers. The modern, 138-room AVIA Hotel sits at the epicenter of all the action. And the cheery Long Beach lovers staffing the property are happy to highlight the best of the city.

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# Last-Minute London and New York City

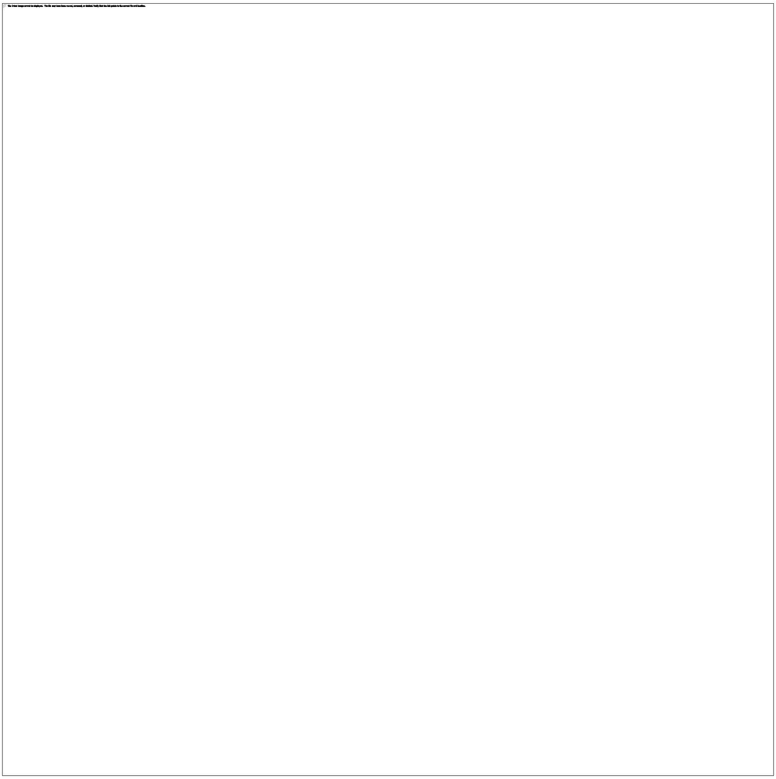

**It's hard to imagine,** but true: Summer will slip away before you know it. Which means it's time for a mini-getaway to one of your favorite cities. And this is the time to go - the streets are quieter, the parks are in bloom and concerts, movies and performances are staged nearly every day. We've got last-minute availability at the Landmark London and three Manhattan standouts: the elegant Hôtel Plaza Athénée, the family-friendly Roger Williams and the über-sleek Thompson LES. Choosing can be tough when the options are so good.

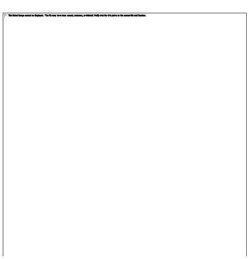

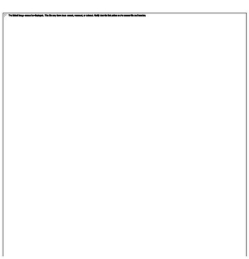

*Hôtel Plaza Athénée*
*Starting Wednesday 27/7 at 5pm BST*

*The Landmark London*
*Starting Wednesday 27/7 at 5pm BST*

*Thompson LES*
*Starting Wednesday 27/7 at 5pm BST*

*Hotel Roger Williams*
*Starting Wednesday 27/7 at 5pm BST*

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# Mediterranean Style in South Florida

*Fairmont Turnberry Isle Resort*

**Located 20 minutes north** of Miami Beach in the heart of Aventura, Fairmont Turnberry Isle Resort & Club mixes country club charm with the sleek styling of a boutique hotel. The 392-room property is home to two Raymond Floyd-designed golf courses and the Laguna Pool, which features a water slide, a lazy river and cabanas outfitted with TVs and refrigerators (this is Miami, after all). With its family-friendly vibe, Turnberry Isle falls somewhere between Grossinger's in the Catskills (at its legendary height) and a posh island resort.

Click here to preview sale

*Starting Wednesday 27/7 at 8pm BST*

# French Service Meets American History

*Sofitel - Philadelphia*

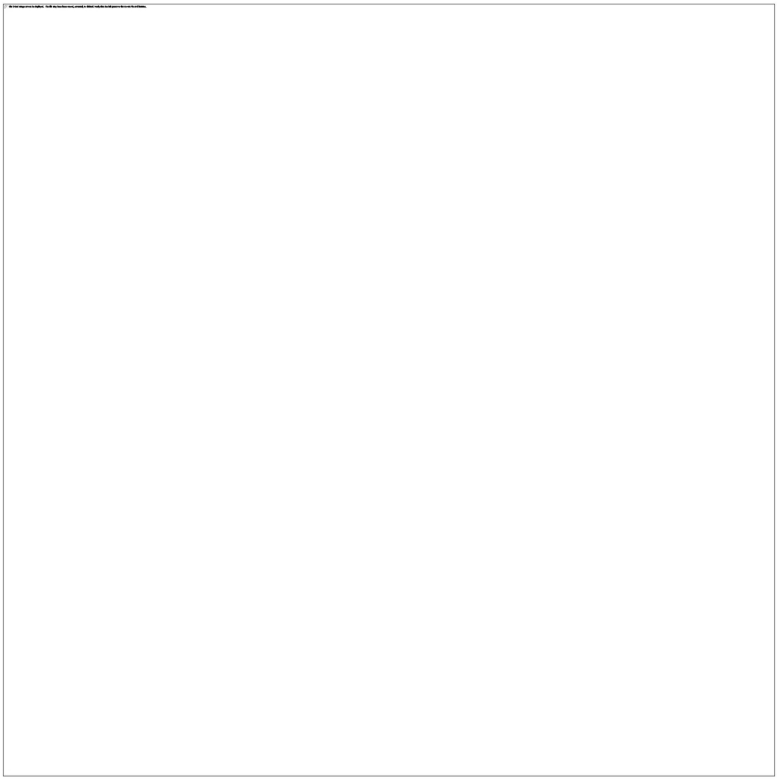

**In the city's former** stock exchange building, the 306-room Sofitel is retrofitted with streamlined rooms and an intimate brasserie. This Philadelphia gem is where French and American style come together - think Shaker quilts next to spacious marble bathrooms - in the French Quarter of an All-American destination.

Click here to preview sale

*Starting Thursday 28/7 at Noon BST*

# Adventures in Utah with Austin-Lehman

*Arches to Moab*

**Epic renderings of sandstone** and the frothy beauty of the Colorado River form the backdrop for Austin-Lehman's six-day exploration of the Utah desert in and around its fabled adventure capital, Moab. Guests hop on bicycles, bound down the river in rafts, clamber into 4x4s, and, of course, hike into some of the most jaw-dropping geology on the planet. Evenings are as relaxing as the days are active, with a fixed homebase - a lodge set against red-rock cliffs that happens to have its own winery.

Click here to preview sale

*Starting Thursday 28/7 at 8pm BST*

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# Wine and Golf in the Napa of the North

*Spirit Ridge, British Columbia*

**Known as Napa of** the North, Canada's Okanagan region is a year-round retreat east of Vancouver. The area is home to award-winning wineries, Canada's warmest lake and a stunning desert landscape fit for golfing virtually every day of the year. With exceptional service and Pueblo-style architecture, Spirit Ridge Vineyard Resort & Spa is just as much a hotel for oenophiles looking to unwind as it is for golf fanatics and families looking to take advantage of mild weather and myriad activities.

Click here to preview sale

*Starting Thursday 28/7 at 8pm BST*

# Houston's Worldly Side

*Hotel Derek - Houston*

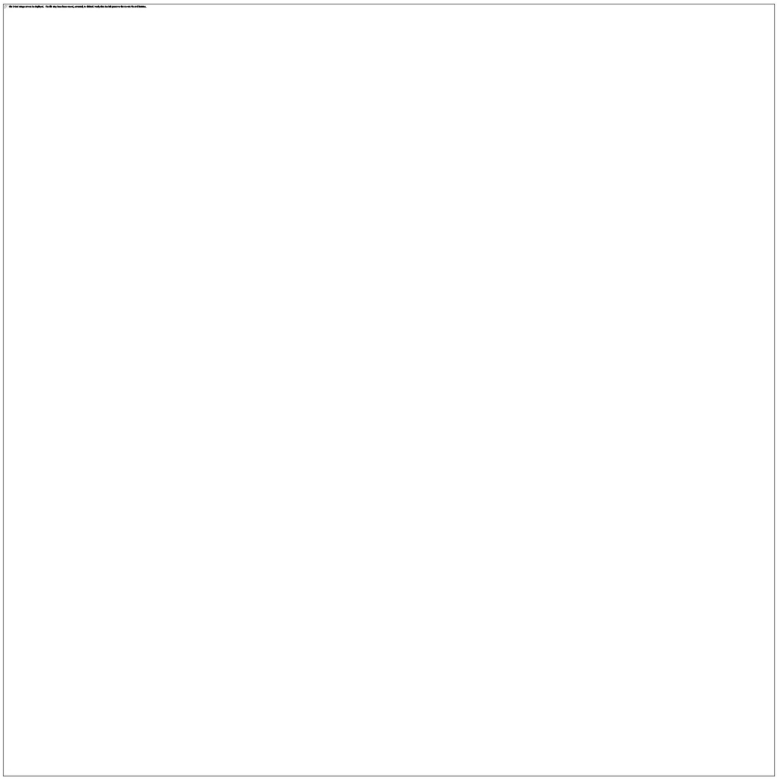

**Near swank shops and** Houston's art-gallery scene, the Hotel Derek is designed to feel like a superhip home, with 60s-style settees, English wingback chairs and cowhide rugs. The hotel works on the assumption that its guests have the same qualities as the fictional host, Derek: worldliness, a sense of humor and an eye for beauty.

Click here to preview sale

*Starting Thursday 28/7 at 8pm BST*

# Chicago Shows its Quirky Side

*Hotel Allegro - Chicago*

**It starts with a** grand entrance: You'll walk in on a three-story staircase as wide as an IMAX screen. A double-sided fireplace and baby grand piano jazz up the lobby while Technicolor furnishings like cherry-red sofas and silver wallpaper add to the whimsical vibe. The Allegro, a Kimpton hotel, is a vibrant example of boutique-style hospitality in Chicago that playfully tips its hat to old-world glamour without ever taking itself too seriously.

Click here to preview sale

*Starting Friday 29/7 at Noon BST*

# Sleep in a Palace in Portugal

*Vidago Palace - Portugal*

**In the mountainous north** of the country, just over an hour from Porto, the recently opened Vidago Palace has, in one fell swoop, raised the bar for luxury getaways in Portugal. As far removed from the sun and sand of the touristy Algarve as you can get, this is a destination for the discerning traveler and the lover of fine things, whether they be cigars, hand-painted silk wallpaper, the country's best spa or a championship golf course.

Click here to preview sale

*Starting Friday 29/7 at 8pm BST*

# Beach, Spa, Repeat in Crete

*Candia Maris Resort - Crete*

**With 285 rooms, Crete's** Candia Maris beachfront resort is large by Greek hotel standards. It shares the space between the large and airy guestrooms, a choice of restaurants and a host of activities, whatever your interest. Waterbabies will love the seven pools and sybarites can camp out in the resort's Thalassotherapy spa. Overlooking Amoudara beach just outside Heraklion, the resort underwent a top-to-bottom renovation five years ago, adding modern style and amenities to this uber-resort.

Click here to preview sale

*Starting Friday 29/7 at 8pm BST*

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# The Real "On Golden Pond"

*The Manor On Golden Pond - NH*

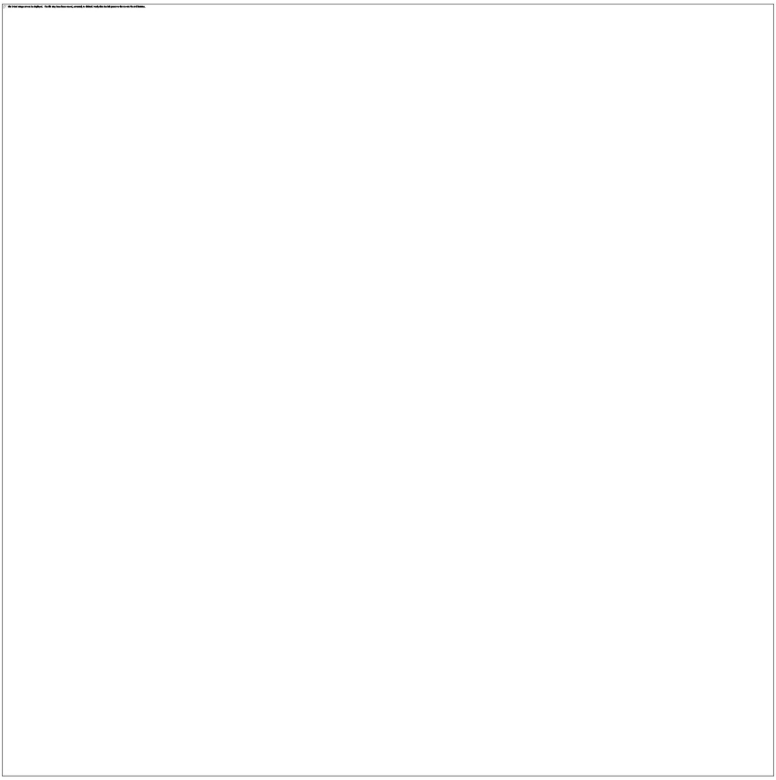

**Katharine Hepburn and Henry** Fonda made this elegant B&B famous in the 1981 film *On Golden Pond*, but three decades later the 13-acre estate on Squam Lake remains a revered and romantic New Hampshire countryside escape. With unbeatable views of the White Mountains, Manor on Golden Pond has distinctive guestrooms - from the Cotswold Cottage to the Canterbury Manor - plus all the trappings of a sophisticated inn, with the English heritage to back it up.

Click here to preview sale

*Starting Friday 29/7 at 8pm BST*

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# An Eco Retreat on the Spice Isle

*Maca Bana - Grenada*

**Grenada is known as** the most gregarious of the Caribbean islands, and Maca Bana, on a secluded cove on the Point Salines peninsula, represents a microcosm of that, from the general manager to the gardener. The boutique villa hotel (appropriately named after a tree in the indigenous Arawak language) has an infinity pool and beachside restaurant to entertain, plus each villa has a deck with a private hot tub. And even though the resort is just five minutes from the airport, it feels worlds away.

Click here to preview sale

*Starting Saturday 30/7 at Noon BST*

# High Style in Montego Bay

*Round Hill - Jamaica*

**With room decor by** Ralph Lauren, Round Hill is a true standout among the properties along the northwest coast of Jamaica. High-end yet relaxed, it has sprawling grounds and a full-service attitude that invites total indulgence for guests. It's also got awe-inspiring views of the Caribbean from the rooms, restaurants and infinity pool, where visitors feel as if they're literally floating in the sea.

Click here to preview sale

*Starting Saturday 30/7 at Noon BST*

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# A Barbados Stay Fit for Royals

*Fairmont Royal Pavilion*

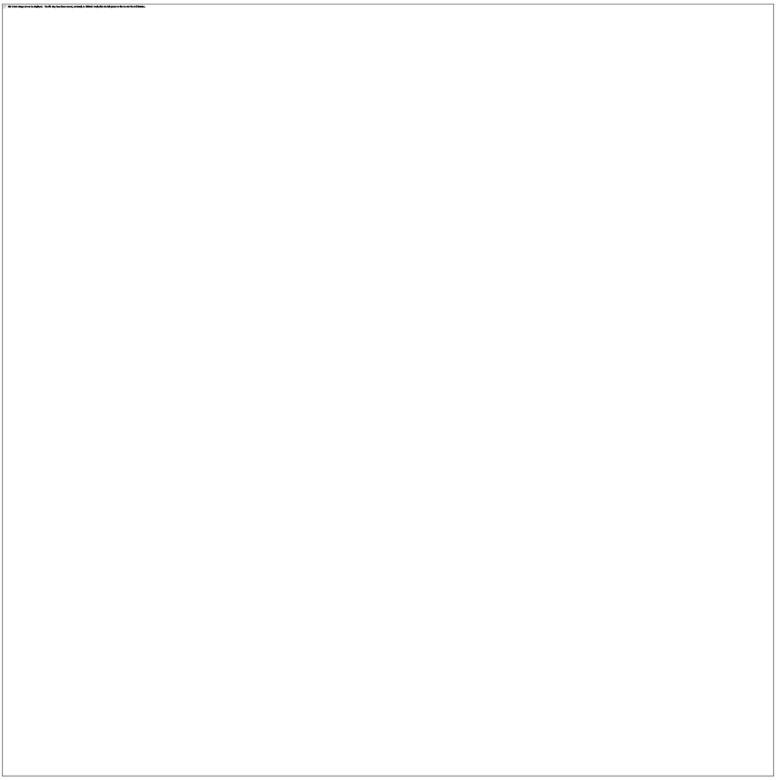

**Skilled in the art** of seduction, the Fairmont Royal Pavilion was one of the first great beach hotels to open on Barbados. Refreshed by a major 2010 renovation, this graceful Colonial-style estate makes the most of its location - by day guests swim, sail and cavort along the powdery beach or simply enjoy the views from a private terrace overlooking the water. And by night, one of the island's most elegant tables will be available, where dinner is served with the serenading sounds of the surf.

Click here to preview sale

*Starting Saturday 30/7 at Noon BST*

# Racecars & Relaxation with Momentum Adventure

*Experience Baja, Two Ways*

**This six-day journey with** Momentum Adventure explores the wild, stark landscape of the Baja Peninsula, and balances adrenaline-infused outings with relaxation at the iconic One&Only Palmilla. Navigate a Baja Challenger racecar through sand washes, cactus forests and lone beaches; score a hole-in-one at a Jack Nicklaus-designed golf course; and fish for blue marlins in a yacht off the shore. Come evening, sip tequila in a breezy villa that overlooks the Sea of Cortez.

Click here to preview sale

*Starting Saturday 30/7 at Noon BST*

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# Romance Near the Temples of Angkor Wat

*Alila Sothea - Cambodia*

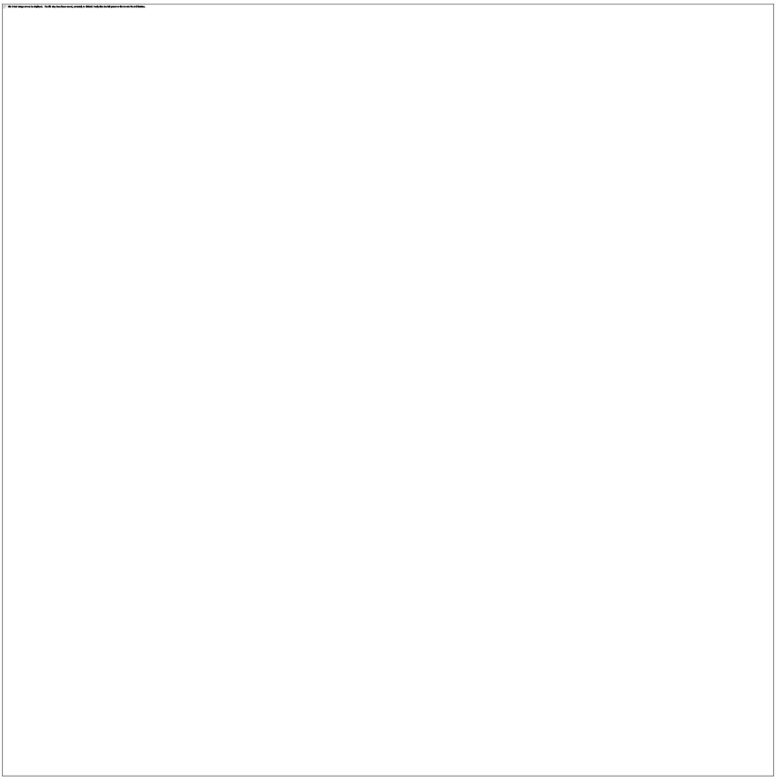

**Over the last decade,** Siem Reap, the gateway to Cambodia's magnificent temples of Angkor Wat, has morphed from a dusty backpacker hangout to a picturesque town filled with an array of five-star hotels, artsy boutiques and restaurants oozing with ambience. Service here is some of the finest and friendliest in the region, a trait nowhere more evident than at the all-suite Alila Sothea. The hotel's regal 39 rooms, which surround a glittering slate-and-gold-leaf-tiled pool, offer a tranquil, resort-like atmosphere that's rich with local culture and just 20 minutes by car from Angkor.

Click here to preview sale

*Starting Sunday 31/7 at Noon BST*

# Hilltop Romance on Phuket

*The Pavilions - Phuket*

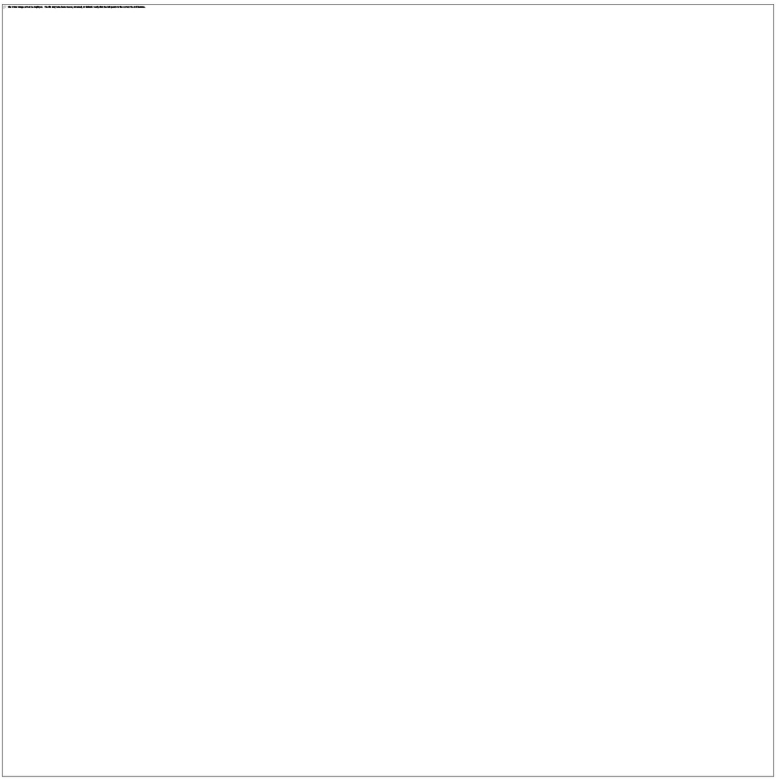

**These hilltop retreats are** some of Phuket's most romantic crash pads thanks to sublime panoramic Andaman Sea views and the island's most discreet staff. All villas include swimmable pools and roomy decks for sun and shade. The 360 bar attracts the island's best dressed inhabitants who flock here at sundown for the calm view then stay sipping colorful cocktails late into the warm night.

Click here to preview sale

*Starting Sunday 31/7 at 8pm BST*

# From Cooking to Kickboxing on Koh Samui

*Anantara Bophut - Koh Samui*

**The best part of** staying at the Anantara Bophut - besides the fact that it's on a beautiful Koh Samui beach - is the activities menu, which keeps every type of traveler entertained. Spend mornings windsurfing or learning Thai kickboxing, and afternoons cooking authentic regional dishes or snorkeling in the Gulf of Thailand. If you're craving some slothful downtime, relax next to the giant lagoon-style infinity pool or in the blissful spa.

Click here to preview sale

*Starting Sunday 31/7 at 8pm BST*

# Art Deco Meets Thai Flair in Sizzling Bangkok

*Siam Kempinski Hotel Bangkok*

**Though it's just steps** from Bangkok's best shopping malls (and the city's notorious traffic-thronged streets), the Siam Kempinski Hotel Bangkok manages to provide a tranquil getaway that feels miles from the city's chaos. Capitalizing on the hotel brand's European roots, the design is an artful blend of Art Deco accents and Thai flourishes. In 303 rooms, huge beds, baths and work/lounge areas provide ample space to recharge, while the amenities - a pool area, a spa and one of the city's best restaurants - offer plenty of excuses to stay close to home.

Click here to preview sale

*Starting Sunday 31/7 at 8pm BST*

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# Stately Style in the Heart of Washington D.C.

## *The Madison - D.C.*

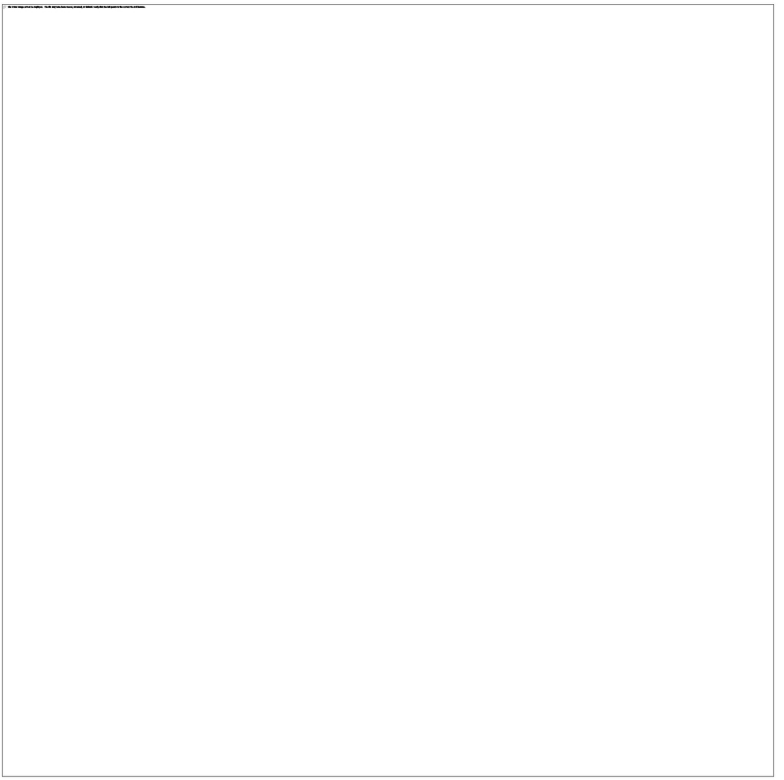

**Named for James Madison,** the fourth president and "father of the Constitution," this stately hotel has traditional style and refined service to match - plus, a location that puts many of Washington's must-see museums and monuments along the National Mall within walking distance. Opened in 1963, the 353-room hotel has hosted the Dalai Lama, the occasional celebrity and every U.S. president since John F. Kennedy except Barack Obama. Not to worry - you can stop by the White House, just five blocks away.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

# Atlanta's Tranquil Retreat, Newly Updated

*Grand Hyatt Atlanta*

**With 438 newly renovated** cream-and-beige rooms (thoughtful details include iPod docks and air purifiers), a quiet and plush restaurant that serves locally-inspired Southern dishes and a beautifully manicured 9,000-square-foot Japanese garden, the Grand Hyatt Atlanta makes a tranquil retreat in the heart of the city's Buckhead District. This is the shopping mecca of the South, so boutiques, plus lots of award-winning restaurants, are all just steps away.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

# The Beer Baron's Classic Dallas

*The Adolphus - Dallas*

**Built by beer baron** Adolphus Busch in 1912 two blocks from Neiman Marcus's flagship store, Dallas's Adolphus Hotel has kept its place as a favorite among distinguished visitors for years. The draw? An Old World aesthetic with traditional furniture and paintings, a hyperattentive staff and an outstanding French restaurant - right in the middle of downtown.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

# Beautiful Views in Washington State

*Hotel Bellevue - Washington*

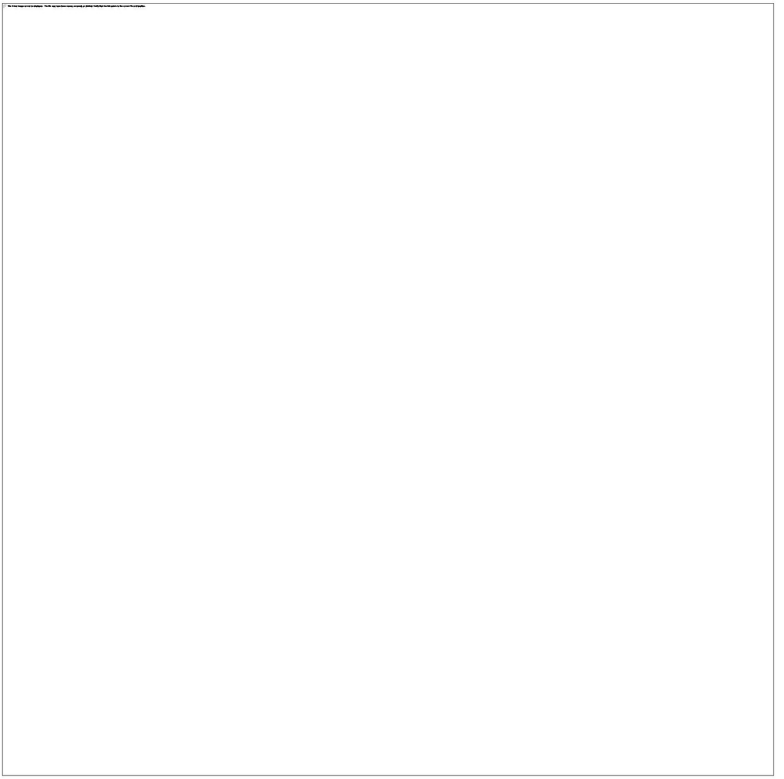

**While Seattle may be** one of the smartest cities in the country, its next door neighbor Bellevue is one of the most glamorous. Appealing to both savvy business travelers and couples seeking a romantic respite, Hotel Bellevue is an unassuming retreat in an environment where wealthy residents reign supreme. The property is intimate in size (just 67 rooms), but features luxury amenities in a serene garden setting, just a few blocks from the hustle and bustle of downtown Bellevue.

Click here to preview sale

*Starting Monday 1/8 at 8pm BST*

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**From:** Peggy Siegal [redacted]
**Sent:** 7/1/2011 6:43:30 PM
**To:** jeevacation@gmail.com
**Subject:** Re: Huffington Post

If you rewrite your last email in better grammar, (and so I have a better understanding) I can cut and paste and send it to Arianna Huffington from me.....

Did you know why Prince Albert's Charlene fled to the airport with a one way ticket back to South Africa? Because she found out about a third illegitimate child that is 3 months old...the palace officials followed her to the airport and propably made her an offer she could not refuse...will get details from Jim Coleman when he comes home Sunday night.

In Southampton now. Peg

----- Original Message -----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Peggy Siegal
Sent: Fri Jul 01 07:18:25 2011
Subject:

should you point out to Ariana Huff, that the same type of person, same as strauss Kahn i s Andrews accuser, ,long criminal record. total liar. Ariana should champion the dangers of false allegations. send a reporter or reporters to investigate,.. the palace would love it, the girl in the photo , was nothing more than a telephone answerer,, she was never 15, according to her version she worked for trump , first at that age, at MAra lago. ITs ridiculous. but the press like strauss kahn is afraid to question women.

--
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**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 7/1/2011 11:18:25 AM
**To**: Peggy Siega[redacted]]

should you point out to Ariana Huff, that the same type of person, same as strauss Kahn i s Andrews accuser, ,long criminal record. total liar. Ariana should champion the dangers of false allegations. send a reporter or reporters to investigate,.. the palace would love it, the girl in the photo , was nothing more than a telephone answerer,, she was never 15, according to her version she worked for trump , first at that age, at MAra lago. ITs ridiculous. but the press like strauss kahn is afraid to question women.

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**Strive Masiyiwa's next challenge**

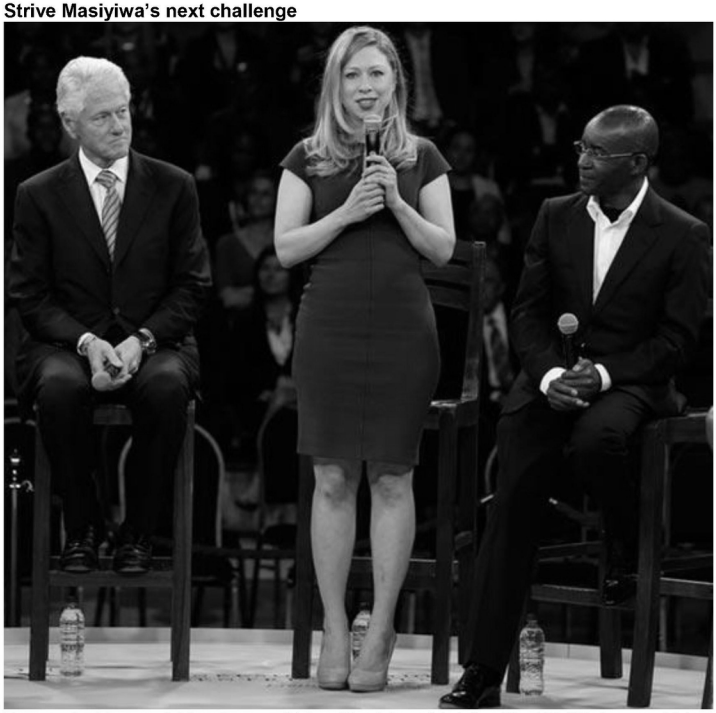

**Respected by world leaders ... Strive Masiyiwa (right) with Bill Clinton and his daughter**

**NEW ZIMBABWE 19-08-2014**

SPEAKING at a microfinance symposium in Turin, Italy, recently, Econet Wireless founder Strive Masiyiwa recalled the ruling by the judge who gave him a licence in 1998 saying that "70 percent of people in the country had never heard a telephone ring"

The licence was granted after a costly five-year legal battle against the government. According to the UK-based Guardian newspaper Masiyiwa told the Turin gathering that "today, 75 percent of people [in Zimbabwe] have a cell phone; and I want 75 percent of the people in Africa to have a bank account … on a mobile phone." Not only that, Econet Wireless has since grown into a diversified technology and financial services group with operations in 17 countries including Botswana, Lesotho, Kenya, Nigeria, South Africa and New Zealand.

Another problem, and opportunity, arose when the government ditched the Zimbabwe dollar in 2009 for more stable foreign currencies. The transacting public, having struggled with huge amounts of worthless cash in the hyperinflation years, welcomed the decision. But with

the country's productive and export sectors all but collapsed, there just wasn't enough of the foreign currencies in circulation.

"If you wanted to buy a packet of sweets for your child, you couldn't get change," said Masiyiwa. Econet intervened with a mobile payments system which has set Zimbabwe on course to become Africa's first cashless economy. "Today 43 percent of the GDP moves through Econet Wireless," said the telecoms mogul. Explained Econet's chief executive, Douglas Mboweni , recently said: "We do not expect anyone to still be using paper money in a year's time. It will be just like Europe or America, where you no longer see people carrying bundles of cash."

Masiyiwa told the Guardian that his next challenge is to create a product that allows people who are informally employed, such as smallholder farmers and casual workers, to access credit. "In Africa 70 percent of people are informally employed," he says. "The big frontier for us is to create platforms where those people can access credit." There is little risk that they will get into unmanageable debt because the banks won't extend excessive credit, calling the system "self-regulating".

"We're trying to build up a savings culture where people are encouraged to save, even if they only have a dollar – for children's school fees, for transport, for the doctor. A savings and credit infrastructure builds resilience." However, in order to reach the unbanked, financial institutions – and telecommunications companies – must design services that are practical, simple and affordable. "I've got a customer who has a dollar in his pocket and has got to decide to have some lunch, call his cousin or go to the doctor," he said.

"We have to develop services with sensitivity to the fact that in Africa our customers don't have the same disposable income as in New Zealand, for example." It would however, be a mistake to assume the poorest behave differently to other customers. "Their behaviour and aspirations are no different from those who have higher incomes," cautioned Masiyiwa. "They want to use Facebook. They want to use WhatsApp. We have to find ways for them to access those things with their very low income."

**The UK Guardian 19-08-2014**

- Will Zimbabwe be Africa's first cashless society? Telecommunications company, and now mobile banking service, Econet Wireless predicts that in less than 12 months notes and coins will be long-gone from this southern African country. "We do not expect anyone to still be using paper money in a year's time," the company's CEO Douglas Mboweni recently said. "It will be just like Europe or America, where you no longer see people carrying bundles of cash." The collapse of Zimbabwe's economy in 2002 paved the way for Econet Wireless's mobile payment system. "Hyperinflation had destroyed people's confidence in financial institutions," said the Zimbabwe company's founder, Strive Masiyiwa, at the Mastercard Foundation Symposium on Financial Inclusion in July.

"The lowest denomination circulating was $1," Masiyiwa said. "If you want to buy a packet of sweets for your child, you can't get change." The company set up a mobile payment system that handles small amounts and allows people to save as little as $1. "Today 43% of the GDP moves through Econet Wireless," he concludes. Masiyiwa was born in Zimbabawe (then Rhodesia) in 1961. He and his parents fled the country in the turmoil after prime minister Ian Smith declared independence in 1965, settling in Zambia. His parents, who ran their own business, could afford to send Masiyiwa to school in Scotland when he was 12. After school he studied electronic engineering at the University of Wales and worked briefly for a computer company in Cambridge before returning to Zimbabwe in the early 1980s.

Econet Wireless was established in 1998, but not before a fight. Masiyiwa waged a five-year legal battle with the government for a licence to deliver telephone services. The company now operates in 17 countries including Botswana, Lesotho, Kenya, Nigeria, South Africa and New Zealand. In 2000, while the UN filed a civil suit against Mugabe, Masiyiwa moved his family and company headquarters to South Africa. Econet Wireless first developed mobile payments to help NGOs transfer money to refugees after the war in Burundi ended in 2005. "Donor agencies were trying to find ways to make cash disbursements to refugees," says Masiyiwa. "So we built the payment system initially not as a business but as a way to help humanitarians get money to people in rural areas who were trying to re-establish their lives."

That model was extended and now mobile money transfers are central to Econet Wireless's business. Like M-Pesa before it, the company blurs the lines between telecomms and banking. Masiyiwa is passionate about this latter part of his business. He believes that extending saving and credit services to the poorest people gives them "extraordinary dignity and a sense that they are in control of their own lives". His next challenge is to create a product that allows people who are informally employed, such as smallholder farmers and casual workers, to access credit. "In Africa 70% of people are informally employed," he says. "The big frontier for us is to create platforms where those people can access credit." He says there's no risk that they will get into unmanageable debt because the banks won't extend excessive credit, calling the system "self-regulating".

But Masiyiwa says that offering people the ability to save is even more important than credit. "We're trying to build up a savings culture where people are encouraged to save, even if they only have a dollar – for children's school fees, for transport, for the doctor. A savings and credit infrastructure builds resilience." In his speech to microfinance experts at the symposium in Turin, Masiyiwa recounted a story about the judge in Zimbabwe who granted Econet Wireless's licence in 1998, saying that 70% of people in the country had never heard a telephone ring. "Today, 75% of people [in Zimbabwe] have a cell phone," he said "And I want 75% of the people in Africa to have a bank account … on a mobile phone."

And Masiyiwa has even found a solution to the energy problem that could prevent him from realising his dream. "We have developed solar charging stations where people can go into a kiosk and plug in their phone for free. Because our money is not made from someone charging the phone. It's made from someone using the phone." By way of lessons learnt, Masiyiwa says that in order to reach the unbanked, financial institutions – and telecommunications companies – must design services that are practical, simple and affordable. "I've got a customer who has a dollar in his pocket and has got to decide to have some lunch, call his cousin or go to the doctor. We have to develop services with sensitivity to the fact that in Africa our customers don't have the same disposable income as in New Zealand, for example."

But the billionaire businessman cautions that it's a mistake assume the poorest behave differently to other customers. "Their behaviour and aspirations are no different from those who have higher incomes," he says. "They want to use Facebook. They want to use WhatsApp. We have to find ways for them to access those things with their very low income."

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/30/2014 2:50:38 AM
**To:** Nili Priell Barak [redacted]
**Subject:** Re:

begining edits

David Ben Gurion was asked why he, after 2000 years , in contrast to the many great leaders in the past was uniquely able to re -established the State of Israel. BG responded that he thought that it must have been true that in ancient times people had been born with a sixth sense. The one enabling individuals to have the ability to recognize and the seize opportunities. Though few of those individuals remain I think I am one of the fortunate few. He didn't mentioned the horrors or the sacrifice of the 48' war. I believe Menachem Begin had it,as several years after the bitter 73' war he was able to make a daring peace with Egypt. Als Izhak Rabin,who now 20yrs ago, signed the Peace treaty with Jordan though in amidst a wave of terror. He faced huge internal rejection but it began the first baby steps towards a settlement with the Palestinians. As we all know he was assassinated by a Jewish terrorist. These leaders all faced many risks, yet were able to see

and seize an opportunity. Statesmanship and leadership..

During the last three years we have been living through a geo political earthquake. The world order, which existed since the demise of the Ottoman Empire , is collapsing.The Arab Spring appears to have turned into an Islamist Winter. Borders are erased. Old tribal and sectarian disputes have awakened. In perfect storm like fashion Israel now finds itself surrounded by clashes of civilizations, in addition to the Islam confrontation between fanatic terror and moderna , Suna and Shia, the legacy threats: Iran, Assad in Syria, Hezbullah in Lebanon,Hamas in Gaza are all still active and worrying.

we have to be alert and ready to strongly respond to any threat to our security..

But I believe new opportunities are there for the taking. This opportunity,which might not occur again for generations ,is the potential to reshape our relationships with the Arab Moderates based on our common concerns . Extremism, Terror and Iran. This could open the gate to a more peaceful Middle East based on cooperation and synergies

rather than blood and revenge. However thers is , in my opnion n o way to achieve but to move forward with the Palestinians

A precondition to seize such an opportunity is a mighty, sober, self confident Israel, in strong alliance with the US. An Israel which can deter or defeat any combination of regional powers, yet, an Israel who is ready to contemplate and consider a modified Saudi or Arab League Plan as a basis for negotiations.

The unique relationship we have developed with the US over the last 45yrs based on common values ,mutual respect and shared interests is a cornerstone of our strength, world posture and our future. It is also a crucial building block of any regional peace and cooperation strategy.Allowing IL/US relations to remain damaged , I believe is a grave mistake with potentially far reaching consequences.

As the Minister of Defense of Israel I've met more than once with President Obama , as well as with President Bush before him, , reiterating with both that the though the US is clearly our best friend

and ally, Israel is a Sovereign state and when our security and the future of Israel and the Jewish people are at stake we might need to take tough decisions on our own. We cannot and will not, I added, delegate the responsibility for such decisions to even our best friends ,. We respect the fact that we might have different views. American Presidents have always understood that . We also must have the same respect when the US decides it is its interest to take decisions we might not fully agree with.

this relation is of course not fully symmetric. It is the US which will provides Israel with the new F-35s and ensures the Qualitative Edge of the IDF vis a vis any combination of neighbors. It is the US who significantly financed the IronDome, Arrow and David's Sling missile defense systems. It is the US that has commited to defend Israel in the event of a missile attack from Iran.

We should never forget it.

The recent spurt of verbal exchanges is a worrying signal that something has gone wrong. It

needs corrrection.. Netanyahu is not a coward. I've seen him as a young special forces officer ,under my command, facing fire directly and taking risks to his life. A very courageous soldier. That will never change. cheap words serve little purpose .The same applies to President Obama and Secretary Kerry. they are not enemies of Israel. they are Good Friends. Kerry has exhibited decades long support for Israel. Since he became Secretary of State he has invested his time energy and prestige trying to help Israel and the Palestinians to bridge disputes and reach a breakthrough. it was a noble effort which should justify thanks rather than accustations. We are of course concerned by the lack of outcome of the P5+1 negotiations with Iran and we think that the chemical weapons removal from Syria could have been handled differently But President Obama strengthens the legacy of Presidential support for Israel.. Israel has a vital interest in resuming the healthy trust, and mutual respect that existed until recently.

. I believe that the most profound internal debate inside Israel today is in regard to the relationship

between Israel's security needs and the viability of the "two states solution". We all agree that we are living in a tough, merciless and highly unpredictable neighborhood..So it is clear that our security needs are of the highest priority and we should build certain "safety margins" into any future security planning.But the Israeli Right is going too far by arguing that the security needs of Israel renders any viable,demilitarized independent, Palestinian State - impossible.

In other words, the " lesson" of recent years according to our Right is that Israel's Security and the "two states solution" are incompatible. I believe this is a fallacious conclusion, driven by narrow political interests.

I've served a lifetime career, fighting and defending my country's security. Most of the time in uniform. Based on this experience ,I confidently conclude,and it is a professional rather than political answer, that if and when a Palestinian demilitarized independent State will be established side by side with Israel behind borders which will consist of a solid Jewish majority for generations to come and will include the major "Settlement

Blocks” accompanied by mutually agreed swaps and an Israeli long term military presence along the River Jordan - the IDF and the SecurityServices will be capable of defending Israel. Moreover, I’m confident that if we will bring together all former Israeli Chiefs of Staff, all former Commanders of the Central Command( responsible for Judea and Samaria) and all former Heads of Intelligence ,SecServices and Mossad, an extremely vast majority of them will agree with me on this issue. True,it might take time, frustrations and setbacks. It might have to go through prolonged periods of interim arrangements. but the IDF is much superior to any conceivable rival and will be able to defend Israel under all those circumstances.

the Right argument is convoluted. the opposite is true. The real big threat to the Zionist Project is not the “two state solution” but rather the “one state solution” which will lead inevitably to either a non Jewish or a non democratic, potentially ever bleeding State. Still,this is the vision the Israeli extreme Right shares unknowingly with the Hamas

(and with all due differences with the lunatic, Post Zionist fringes of the Israeli Left).

In order to seize the opportunity for regional peace and cooperation arrangements and in order to block the deterioration towards “one state solution” action, tenacity and decisiveness will be essential. politics of survival, anxiety and pessimism will not do.

we are facing a moment of truth. a time for daring decisions.The essence of Zionism, its raison d’être had always been to take our fate in our hands. make decisions and follow them with actions, rather than being dragged by events and decisions of others and paying the price for it.

our legendary Foreign Minister Abba Eban famously said that the Palestinians had never missed an opportunity to miss an opportunity. Lets not fall into the same trap.

On Wed, Oct 29, 2014 at 7:12 PM, Nili Priell Barak [redacted] wrote:

> herewith the Op Ed. Please let me know your opinion and your remarks.
> thanks,
> EB

Herewith

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please note

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26 June, 2011

| | |
|---|---|
| Article 1. | NYT<br>**Building Boom in Gaza's Ruins Belies Misery That Remains**<br>Ethan Bronner |
| Article 2. | Herald Tribune<br>**Buying Into Palestinian Statehood**<br>Yossi Alpher, Colette Avital, Shlomo Gazit, and Mark Heller |
| Article 3. | The Daily Star<br>**What the Arab revolts leave unanswered**<br>Rami G. Khouri |
| Article 4. | Guardian<br>**Why Israel is wrong about Iran**<br>Meir Javedanfar |
| Article 5. | The Financial Time<br>**Global oil supplies are healthier than they seem**<br>Ian Bremmer |
| Article 6. | Newsweek<br>**Robert Gates: America is losing its grip**<br>John Barry and Tara McKelvey |
| Article 7. | The National Interest<br>**The Good Autocrat**<br>Robert D. Kaplan |

Article 1.

NYT

# Building Boom in Gaza's Ruins Belies Misery That Remains

Ethan Bronner

June 25, 2011 -- GAZA — Two luxury hotels are opening in Gaza this month. Thousands of new cars are plying the roads. A second shopping mall — with escalators imported from Israel — will open next month. Hundreds of homes and two dozen schools are about to go up. A Hamas-run farm where Jewish settlements once stood is producing enough fruit that Israeli imports are tapering off.

As pro-Palestinian activists prepare to set sail aboard a flotilla aimed at maintaining an international spotlight on Gaza and pressure on Israel, this isolated Palestinian coastal enclave is experiencing its first real period of economic growth since the siege they are protesting began in 2007.

"Things are better than a year ago," said Jamal El-Khoudary, chairman of the board of the Islamic University, who has led Gaza's Popular Committee Against the Siege. "The siege on goods is now 60 to 70 percent over."

Ala al-Rafati, the economy minister for Hamas, the militant group that governs Gaza, said in an interview that nearly 1,000 factories are operating here, and he estimated unemployment at no more than 25 percent after a sharp drop in jobless levels in the first quarter of this year. "Yesterday alone, the Gaza municipality launched 12 projects for paving roads, digging wells and making gardens," he said.

So is that the news from Gaza in mid-2011? Yes, but so is this: Thousands of homes that were destroyed in the Israeli antirocket invasion two and a half years ago have not been rebuilt. Hospitals

have canceled elective surgery for lack of supplies. Electricity remains maddeningly irregular. The much-publicized opening of the Egyptian border has fizzled, so people remain trapped here. The number of residents living on less than $1.60 a day has tripled in four years. Three-quarters of the population rely on food aid.

Areas with as contested a history as this one can choose among anniversaries to commemorate. It has been four years since Hamas took over, prompting Israel and Egypt to impose a blockade on people and most goods. It is a year since a Turkish flotilla challenged the siege and Israeli commandos killed nine activists aboard the ships, leading to international outrage and an easing of conditions. And it is five years since an Israeli soldier, Staff Sgt. Gilad Shalit, was abducted and held in captivity without even visits from the Red Cross.

In assessing the condition of the 1.6 million people who live in Gaza, there are issues of where to draw the baseline and — often — what motivates the discussion. It has never been among the world's poorest places. There is near universal literacy and relatively low infant mortality, and health conditions remain better than across much of the developing world.

"We have 100 percent vaccination; no polio, measles, diphtheria or AIDS," said Mahmoud Daher, a World Health Organization official here. "We've never had a cholera outbreak."

The Israeli government and its defenders use such data to portray Gaza as doing just fine and Israeli policy as humane and appropriate: no flotillas need set sail.

Israel's critics say the fact that the conditions in Gaza do not rival the problems in sub-Saharan Africa only makes the political and human rights crisis here all the more tragic — and solvable. Israel, they note, still controls access to sea, air and most land routes, and its security policies have consciously strangled development opportunities for an

educated and potentially high-achieving population that is trapped with no horizon. Pressure needs to be maintained to end the siege entirely, they say, and talk of improvement is counterproductive.
The recent changes stem from a combination of Israeli policy shifts and the chaos in Egypt. The new Egyptian border policy has made little difference, but Egypt's revolution and its reduced policing in the Sinai have had a profound effect.
For the past year, Israel has allowed most everything into Gaza but cement, steel and other construction material — other than for internationally supervised projects — because they are worried that such supplies can be used by Hamas for bunkers and bombs. A number of international projects are proceeding, but there is an urgent need for housing, street paving, schools, factories and public works projects, all under Hamas or the private sector, and Israel's policy bans access to the goods to move those forward.
So in recent months, tunnels under the southern border that were used to bring in consumer goods have become almost fully devoted to smuggling in building materials.
Sacks of cement and piles of gravel, Turkish in origin and bought legally in Egypt, are smuggled through the hundreds of tunnels in double shifts, day and night, totaling some 3,000 tons a day. Since the overthrow of President Hosni Mubarak, the Egyptian security authorities no longer stop the smugglers. Streets are being paved and buildings constructed.
"Mubarak was crushing us before," said Mahmoud Mohammad, a subcontractor whose 10-man crew in Gaza City was unloading steel bars that were carried through the tunnels and were destined for a new restaurant. "Last year we were sitting at home. The contractor I work for has three major projects going."
Nearby, Amer Selmi was supervising the building of a three-story, $2 million wedding hall. Most of his materials come from the tunnels.

Karim Gharbawi is an architect and building designer with 10 projects under way, all of them eight- and nine-story residential properties. He said there were some 130 engineering and design firms in Gaza. Two years ago, none were working. Today, he said, all of them are.

Another result of the regional changes is the many new cars here. Israel allows in 20 a week, but that does not meet the need. Hundreds of BMWs, pickup trucks and other vehicles have arrived in recent months from Libya, driven through Egypt and sold via the unmonitored tunnels. Dozens of white Kia Sportage models, ubiquitous on the street, are widely thought to have come from the same dealership in Benghazi, Libya, that was looted after the uprising there began.

Hamas's control of Gaza appears firmer than ever, and the looser tunnel patrols in Egypt mean greater access to weapons as well. But opinion surveys show that its more secular rival, Fatah, is more popular. That may explain why an attempt at political unity with Fatah is moving slowly: the Hamas leaders here are likely to lose their jobs. The hospital supply crisis is a direct result of tensions with Fatah in the West Bank, which has kept the supplies from being shipped here.

Efforts by fringe Islamist groups to challenge Hamas have had little effect. And it has been a year since the government unsuccessfully sought to impose tighter religious restrictions by banning women from smoking water pipes in public. On a recent afternoon in the new Carino's restaurant — with billiards, enormous flat-screen televisions, buttery-soft chairs — women without head coverings were smoking freely.

But such places and people represent a wafer-thin slice of Gazan society, and focusing on them distorts the broader and grimmer picture.

Samah Saleh is a 21-year-old medical student who lives in the Jabaliya refugee camp. Her father, an electrician, is adding a second story to their house now that material is available from the tunnels. Ms. Saleh will get her own room for the first time in her life, but she views her good fortune in context.

"For the vast majority in Gaza, things are not improving," she said. "Most people in Gaza remain forgotten."

Article 2.

Herald Tribune

# Buying Into Palestinian Statehood

Yossi Alpher, Colette Avital, Shlomo Gazit, and Mark Heller

June 24, 2011— Instead of wasting time and energy trying to revive a moribund Israeli-Palestinian peace process, the United States and European Union should take another look at the Palestinian initiative to seek U.N. recognition in September. What is described in some quarters as a recipe for new strife and confrontation can actually be leveraged into a win-win situation for Israelis, Palestinians and the world.

The Palestinians under Mahmoud Abbas want the United Nations to grant them a sovereign state based on the 1967 boundaries with East Jerusalem as its capital. That's all. It is not asking the U.N. to solve the refugee /right-of-return issue or to determine who owns the Temple Mount in Jerusalem. It is opting to convert an intractable conflict between a state and a liberation movement into a state-to-state conflict with manageable parameters.

Why not offer the Palestinians what they want, but add elements that could render the resolution acceptable to a majority of Israelis?

Israel wants acceptance as a Jewish state with its recognized capital in Jerusalem. It needs assurances regarding the nature and priorities of future negotiations, with the truly intractable issues postponed to a later phase. It needs solid security arrangements, understandings regarding Hamas rule in Gaza, and a viable incentive from an Arab world that has long offered to reward it for moving forward with the Palestinians.

Here are the components of a possible "win-win" U.N. resolution regarding Palestinian statehood:

• Reaffirm support for the resolution of the Israeli-Palestinian conflict on the basis of two states for two peoples and the right of the Jewish and Palestinian peoples to self-determination, without prejudice to the rights of all citizens and minority groups. Recall, in this context, U.N. General Assembly resolution 181 of 1947 that called for the establishment of a Jewish state and an Arab state.
• Acknowledge institutional and security reform, economic development and state-building efforts — especially in the West Bank, under the leadership of President Abbas and Prime Minister Salam Fayyad, which have helped lay the foundations for Palestinian statehood — and endorse the position articulated by the World Bank and the United Nations that the Palestinian Authority is "well positioned for the establishment of a state at any point in the near future."
• Accordingly, support the establishment of an independent and sovereign Palestinian state on the basis of the 1967 lines with its capital in East Jerusalem in parallel with Israel's recognized capital in West Jerusalem, and with mutually agreed territorial swaps and modifications, subject to negotiation — a state that will live side by side with Israel in peace and security.
• Recognize that extending the authority of a Palestinian state to the Gaza Strip will depend on effective control there by a legitimate Palestinian government that exercises authority in the West Bank, is committed to the Quartet principles and the Arab Peace Initiative and respects the commitments of the Palestine Liberation Organization.
• Call for both states to engage in good faith negotiations on the basis of this and previous relevant resolutions and agreements in order to resolve all outstanding issues between them, beginning with the issues of borders, settlements, water and security arrangements. Specifically, security arrangements — including multi-layered international, regional and bilateral guarantees — should confront

and neutralize threats and enable the phased withdrawal of Israeli forces from a demilitarized Palestinian state with an effective internal security force and without compromising Israeli security.

• Note the importance of the Arab Peace Initiative, endorsed by the Arab League in 2002, and call for regional states to assist in creating an atmosphere conducive to negotiation and agreement, including by intensifying efforts to advance coexistence and normalization of relations between Arab League members and Israel.

A creative and courageous approach to leveraging the Palestinian initiative will not end the conflict. But it could make it far more manageable.

*Yossi Alpher coedits bitterlemons.net and is former director of the Jaffee Center at Tel Aviv University. Colette Avital, former ambassador and deputy speaker of the Knesset, is international secretary of the Israel Labor Party. Maj. Gen. Shlomo Gazit was military coordinator in the Occupied Territories and head of military intelligence. Mark Heller is principal research associate at the Institute for National Security Studies, Tel Aviv University.*

Article 3.

The Daily Star

# What the Arab revolts leave unanswered

Rami G. Khouri

June 25, 2011 -- My pleasure at speaking this week in Ottawa at a gathering at the International Development Research Center of Canada was compounded by the very thoughtful questions and comments that members of the audience offered.

The audience raised new questions in my mind about what is likely or possibly may occur in the Arab region, as the current citizen revolt moves into its seventh month. The issues they raised revolved around the reality that there is no certain outcome to the developments in assorted Arab countries. While I and many other Arab citizens feel that the wave of democratic transformations will continue to wash across most of the region, sweeping away old and young autocrats and opening the door to new democracies, this is by no means certain.

Economic pressures, for one, could easily create such immense stresses on families that many Arabs who celebrated the Tunisian and Egyptian regime changes may welcome the return of strongmen who restrict citizens' powers but provide more jobs. I doubt this will happen, but we can never rule it out. The demands of children's stomachs crying out for food that many families cannot afford to buy are immensely powerful drivers of political behavior.

Another threat that some audience members raised was related to the potential break-up of some countries into smaller units that could be more easily controlled by regional or foreign powers. The first Arab revolt against the Ottomans around a century ago occurred simultaneously with the Sykes-Picot accord, by which France and Great Britain carved up the Arab east into smaller units that were put

under the rule of locally chosen leaders whom the Europeans knew they could trust. It is possible that the current transformations might result in security vacuums that local parties or foreign powers could exploit to fragment some Arab states into smaller units that would then be more reliant on foreign support or protection.

Sudan has already split into northern and southern states, while Yemen, Iraq and possibly a few others are similarly susceptible to subdivision into smaller statelets. This raises difficult issues about the inviolability of the current Arab borders that the retreating Europeans created last century. I thought the secession of South Sudan was a perfectly acceptable development, if it reflected the will of the people of the south, and was not imposed on them. The operative principle in such possible developments is whether change reflects the consent of the governed and represents the will of the majority, while protecting the rights of minorities. If Yemenis decide to split again into two or even three states, and this reflects the free will of the Yemeni people, they should be allowed to do so without external interference.

There is nothing sacred or permanent about the borders of any country, especially Arab countries that were mostly created by the handiwork of European colonial officers. Countries evolve and sometimes change shape as a routine historical process. If some Arabs decide they are uncomfortable with their existing state boundaries and they wish to break away and form a separate country, that should always be an option. After all, the world mostly rejoiced when the former Soviet Union and its empire collapsed and some of its constituent republics fragmented into smaller units, notably Yugoslavia and Czechoslovakia.

We should be prepared to deal with the specter of existing Arab countries that reconfigure their frontiers and populations while they are reconfiguring their political governance systems.

Another point that was raised in several different forms related to how the current Arab revolt would affect relations with major Western countries, especially since many Western powers actively supported the Arab autocrats who are now being challenged and, in some cases, removed from office. Would newly liberated Arab citizenries seek revenge against Western powers?

My impression is that this will depend on the new policies that these Western powers adopt, rather than on what they did in the past. Most Arabs are critical of Western powers because they unquestioningly back Israel or support Arab autocrats. Should those policies be moderated and replaced by more even-handed postures toward the Middle East, newly liberated Arab citizens would probably be too busy building their new countries to allow themselves to be distracted by lingering resentments from the past.

What is the single most important development that could trigger regime change in some countries now facing domestic challenges and unrest, one person asked? Three reasons come to mind: economic collapse could do so; or key figures in the military and security agencies could stop protecting the regime; or strategically placed commercial, tribal, sectarian and business leaders in society could decide that the current course was disastrous and, in consequence, could bring about the fall of the regime.

Article 4.

Guardian

# Why Israel is wrong about Iran

Meir Javedanfar

25 June 2011 -- Israel's former intelligence chief, Meir Dagan, has been subjected to a firestorm of criticism – from the Israeli government as well as sections of the media – since he stated that attacking Iran's nuclear installations would be "a stupid idea".

So strong has been the reaction that the prime minister's office even asked him to return his diplomatic passport. What seems to be bothering some Israelis, including Ari Shavit, the respected Haaretz journalist, is that Dagan has now "made the Iranians think they can continue galloping to the bomb because they are not in any real danger". This claim, though, is a clear example of where some in Israel are getting it wrong with regard to Iran and what the Iranian leadership perceives as serious threats. Israel has to realise that the Tehran regime is more petrified by what is happening to its economy and among its own population than by the possibility of a military attack from Israel. When it comes to using violence, this regime has had 32 years of experience. It can cope. However, the regime is so frightened of its own population that it breaks up silent demonstrations. It panicked when the shooting of Neda Agha Soltan was filmed and broadcast to the world. It even went as far as to temporarily ban books by Paulo Coelho – simply because his editor in Iran, Arash Hejazi, was seen trying to save Neda's life.

Dagan could be wrong in his assessment but, even if he is right, it does not mean that cessation of a military threat from Israel would induce the Iranian government to "gallop ahead" towards the bomb without any concern. The biggest reason why Iran's supreme leader, Ali Khamenei, has agreed to talks during the last few years is not the

fear of a military attack by Israel. The biggest reason is that he is worried about his country's economy, which is far more crucial to the regime's survival than the nuclear programme. The Islamic regime in Iran has not and will not live on its nuclear programme. It lives on its economy. Khamenei is worried that if he doesn't negotiate, the west will find it easier to justify isolating his country. This, in turn, will make it easier to gain international approval for tough economic sanctions. With so much legitimacy lost domestically after Mahmoud Ahmadinejad's controversial election in 2009, Khamenei has even more reason to worry about the impact that sanctions could have on the survival of his regime. This is the main reason why he is negotiating and will continue to do so. This is also why he will be careful, as he was before Dagan's statement, in the way he approaches his nuclear programme. One also has to ask: which is the bigger reason why the international community is becoming more united against Iran's nuclear programme? Its distaste and concern for Khamanei's desire to have access to a bomb (which is becoming more apparent from clause 35 of the most recent IAEA report), or threats by Israel to attack Iran's nuclear installations? After recent revelations, such as the secret enrichment site near Qom, the former is more true. To deal with such a regime and to confront its controversial nuclear programme, instead of constantly relying on military threats, Israel's leaders would be better advised to study Coelho's masterpiece, The Alchemist, and page 121 in particular: "When you want something, all the universe conspires in helping you to achieve it."

Israel is no longer alone in its belief that Iran wants to build a bomb. Judging by the support for sanctions, the UN and especially its security council members are more on the side of Israel than Iran. This includes countries such as South Korea that have adopted unilateral sanctions against Iran. In its bid to stop Iran's nuclear

programme Israel should help itself and the international community. The most potent way would be by improving relations with the Islamic world, especially the PLO and Turkey. Israel had good relations with them before. It can do so again.
Fortunately for Israel, and unfortunately for Khamenei, Israel even has the option to hurt the regime on its very own streets.
That option is the cessation of verbal military threats against Iran. Cessation of military threats from Israel will make it much harder for the regime to divert the public's attention away from its falling popularity and serious domestic problems. Silence from Israel will make Iran's leaders more worried, as it will rob Khamenei from an important tool which has helped him, and at a crucial time when the regime is hemorrhaging legitimacy and popularity at an unprecedented rate. The damage such an endeavour will cause is worth the inconvenience of Israeli politicians having to bite their tongues. Cessation of verbal threats will also prevent significant future damage being caused to Israel's deterrence posture if, at the end of the day, it decides to not to attack Iran's nuclear installations.
Coelho once said:
"Be careful. You can hurt with your words, but you can also hurt with your silence."
The words of a wise man.

*Meir Javedanfar is an Iranian-Israeli Middle East analyst and co-author of The Nuclear Sphinx of Tehran: Mahmoud Ahmadinejad and the State of Iran.*

Article 5.

The Financial Time

# Global oil supplies are healthier than they seem

Ian Bremmer

June 24, 2011 -- Many of the world's oil consuming nations, led by the US, shocked oil markets this week as the International Energy Agency agreed to release 60m barrels of oil from strategic reserves over the coming month. The move was intended to offset price pressures brought about by Libya's supply cut and comes in response to Opec's recent inability to formally endorse new supply increases. The IEA action is also an example of growing concern over higher oil prices in Washington, where the White House is managing political fallout from high gasoline prices as next year's presidential elections loom just over the horizon. Yet, a year from now, we're likely to look back on this moment and find that fears for supply have diminished. There are three reasons. First, the most substantial fallout from the Arab world's recent upheaval is behind us. Syria's Bashar al-Assad continues to fight for survival and Yemen continues to flirt with failed-state status, but the Gulf's major oil-producing states are quite stable. So are other major producers. Even in Iran, with its leaders infighting, the green revolution has moved off the streets for now. While there are plenty of long-term structural challenges for many major economies – just ask China – for the moment there are no more Libyas left to explode. IEA action and the ongoing Saudi supply increases will neutralise what remains of the oil price's political risk premium. Second, big additional supply is coming, and it's not all priced in. Offshore Brazil and Canadian oil sands are no longer new stories, but their collective impact has not

yet been fully felt and is often undervalued. Iraq still draws undue scepticism but production there is showing serious promise. The country could add up to 300,000 barrels this year, with more contracts, more exploration and more drilling already in the works. Barring an unlikely and total implosion of the government, it is hard to see production slowing down this decade. The same is true for "tight oil" coming from unconventional sources. We are seeing this begin to play out in North American fields such as the Bakken in North Dakota. As technology and investment are dispersed over the coming year, oil supply should positively surprise. Third, Saudi supply increases are not dependant on Opec. The country's oil minister Ali Naimi left the cartel's Vienna meeting earlier this month with complaints that the organisation had just endured one of its most contentious and least productive gatherings in many years. But that is only because the major oil players were not prepared to pretend that there was agreement on output quotas. With Iran chairing the meeting, an annoyed Venezuela in attendance and an embattled Libya looking on, it was much harder to get the group to put aside their differences and smile for the cameras. The Saudis have the most influence on price-moving output decisions and they increased production just as they had planned before the meeting proved so difficult. Economically stressed oil producers such as Iran and Venezuela always want higher oil prices. But the Saudis and other Gulf Co-operation Council producers maintain a longer-term moderating outlook and they are the ones with the spare capacity to make the difference. Add that to your favourite economist's projection on the softness of the global economy, and we may soon be asking whether or not this latest IEA move was worth it.

*The writer is the president of Eurasia Group, a political risk consultancy, and author of 'The End of the Free Market'.*

Article 6.

Newsweek

# Robert Gates: America is losing its grip

John Barry and Tara McKelvey

27 June -- Aboard the Pentagon jet on his last foreign trip as secretary of defense, Robert Gates takes a moment to peer across the American horizon--and the view is dire: the U.S. is in danger of losing its supremacy on the global stage, he says.

"I've spent my entire adult life with the United States as a superpower, and one that had no compunction about spending what it took to sustain that position," he tells NEWSWEEK, seated in the strategic communications center of the Boeing E-4B. "It didn't have to look over its shoulder because our economy was so strong. This is a different time." A pause. "To tell you the truth, that's one of the many reasons it's time for me to retire, because frankly I can't imagine being part of a nation, part of a government ... that's being forced to dramatically scale back our engagement with the rest of the world."

Such a statement--rather astonishing for the leader of the world's preeminent fighting force--may open the administration to charges of not believing in American exceptionalism, an opening the GOP is already trying to exploit. But these days Gates is less worried about political crossfire and more focused on the legacy of his own tenure, which bridged the presidencies of George W. Bush and Barack Obama. He is determined to define his own legacy as Pentagon boss, and eager to push back against one of the more vocal criticisms of his tenure: the belief among many liberals and some conservative budget hawks that in a time of deep indebtedness, he hasn't been willing to chop enough of a defense budget bloated by a decade of war. Don't expect him to apologize. In Gates's mind, it's other political leaders with less experience who are confused.

"Congress is all over the place," Gates says at one point. "And the Republicans are a perfect example. I mean, you've got the budget hawks and then you've got the defense hawks within the same party. And so I think there is no consensus on a role in the world."

In some ways, the first part of his tenure was easier. During the Bush years, money was never an issue. By contrast, Obama faced a harsh economic reality, and Gates tried to get in front of the issue by shrinking the Pentagon budget. But his cuts satisfied neither hawks nor doves nor the White House. This spring, when Obama announced a $400 billion reduction in defense spending, Gates got just 24 hours' notice. Gates, who'll be succeeded by CIA chief Leon Panetta, wins bipartisan accolades for restoring morale at the Pentagon and, more important, repairing relations with Congress, which had grown distrustful of the Defense Department under Rumsfeld.

Bridging two administrations, Gates gets credit for stabilizing Iraq, though the key decisions that led to success--a surge of troops and the appointment of Gen. David Petraeus to oversee the strategy--predated his arrival. Petraeus says Gates knew that his real contribution was to buy time in Washington for the strategy to succeed. " 'Your battle space is Iraq. My battle space is Washington,' " Petraeus recalls Gates telling him. Gates concedes he was sometimes on the wrong side of an issue. For instance, he was gun-shy about using ground troops to kill Osama bin Laden, arguing that Obama should opt for an airstrike instead. Gates hesitated because he feared a repeat of the bungled 1980 attempt to free American hostages in Iran that killed eight U.S. servicemen. "I was very explicit with the president in one of the discussions," Gates acknowledges. "I said: 'Mr. President, I want truth in lending. Because of experience, I may be too cautious, you know.'?" Obama overruled Gates, siding with those who wanted to deploy the elite Navy SEALs, securing the biggest victory in the 10-year war on terror. Rather than a transformational figure, a more

accurate description for Gates may be "steady hand on the wheel," says the Foreign Policy Research Institute's Michael Noonan.
"I don't think [Gates's] accomplishments merit the sky-high reputation that he enjoys as he leaves office," former senior CIA analyst Paul Pillar says. "Gates has long had a knack for nurturing his own reputation."
Pillar recalls that Gates during his CIA days was "always saying, 'I'm going to whip this organization into shape.' Anything good that happens, it's because 'I'm head of the organization.' Anything bad can be attributed to 'institutional resistance.'"
When Gates took over the Pentagon in December 2006, he quickly demonstrated the diplomatic and political acumen he had acquired as he worked his way up through the intelligence community as the first career officer to become CIA director.
Take, for instance, his decision to court Hillary Clinton when she took over as secretary of state in 2009. One of the few senior Bush holdovers in the new Obama administration, Gates was keenly aware of the tensions between the State and Defense departments built up during the war in Iraq. He invited Clinton to his Pentagon office, and the two ate lunch at a table that belonged to Confederate President Jefferson Davis back when he was U.S. secretary of war.
"I just told her, based on my experience, that how well the administration worked would depend a lot on how well she and I got along together," Gates recalls. "If we got along, the message would go to the entire bureaucracy--not just our own bureaucracies but the rest of government as well. She totally understood."
Gates made a calculated--and more public--courtship of her entire agency. "I read in the press, and therefore it must be true, that no secretary of defense had ever been quoted as arguing for a bigger budget for State," Gates boasts now. The strategy worked. Clinton and Gates try to get together privatelyonce a week to work out

differences between their departments, and working with a younger generation, the two have bonded.

"Hillary and I call ourselves the Old Folks Caucus," Gates quips. "And I must say, it's the first time in my life I've worked for a president who was 20 years younger than I was."

Gates's tenure had difficult moments, too. Three years ago, he rejected requests from Gen. David McKiernan, his then top commander in Afghanistan, for more troops, believing there weren't enough resources. Gates stayed the course until 2009, when he argued for the troop surge that now appears to have stalled the insurgency.

Gates acknowledges a historical similarity to the Vietnam War. "There is one parallel that I think is appropriate, and that is we came to the right strategy and the right resources very late in the game," Gates says. "President Obama, I think, got the right strategy and the right resources for Afghanistan--but eight years in."

In Afghanistan, Gates leaves behind a difficult, unfinished piece of business: to convince Congress and war-weary Americans that any major U.S. withdrawal should be delayed by a year--a deferment sought by military commanders on the ground. Likewise, Gates won't be around for what may be the most delicate aspect of the exit strategy--trying to broker reconciliation between the Taliban and the Afghan ruling parties aligned with the U.S.

"I'm not saying it'll all be settled," says Gates. "I'm just saying you could begin a serious dialogue by the end of the year." But, he concedes, "asking for another year is hard."

Article 7.

The National Interest

# The Good Autocrat

Robert D. Kaplan

June 21, 2011 -- IN HIS extended essay, On Liberty, published in 1859, the English philosopher John Stuart Mill famously declares, "That the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others." Mill's irreducible refutation of tyranny leads him to—I have always felt—one of the most moving passages in literature, in which he extols the moral virtues of Marcus Aurelius, only to register the Roman's supreme flaw. Mill writes:

If ever any one, possessed of power, had grounds for thinking himself the best and most enlightened among his contemporaries, it was the Emperor Marcus Aurelius. Absolute monarch of the whole civilized world, he preserved through life not only the most unblemished justice, but what was less to be expected from his Stoical breeding, the tenderest heart. The few failings which are attributed to him, were all on the side of indulgence: while his writings, the highest ethical product of the ancient mind, differ scarcely perceptibly, if they differ at all, from the most characteristic teachings of Christ. And yet, as Mill laments, this "unfettered intellect," this exemplar of humanism by second-century-AD standards, persecuted Christians. As deplorable a state as society was in at the time (wars, internal revolts, cruelty in all its manifestations), Marcus Aurelius assumed that what held it together and kept it from getting worse was the acceptance of the existing divinities, which the adherents of Christianity threatened to dissolve. He simply could not foresee a world knit together by new and better ties. "No Christian," Mill writes, "more firmly believes

that Atheism is false, and tends to the dissolution of society, than Marcus Aurelius believed the same things of Christianity."
If even such a ruler as Marcus Aurelius could be so monumentally wrong, then no dictator, it would seem, no matter how benevolent, could ever ultimately be trusted in his judgment. It follows, therefore, that the persecution of an idea or ideals for the sake of the existing order can rarely be justified, since the existing order is itself suspect. And, pace Mill, if we can never know for certain if authority is in the right, even as anarchy must be averted, the only recourse for society is to be able to choose and regularly replace its forever-imperfect leaders. But there is a catch. As Mill admits earlier in his essay, Liberty, as a principle, has no application to any state of things anterior to the time when mankind have become capable of being improved by free and equal discussion. Until then, there is nothing . . . but implicit obedience to an Akbar or a Charlemagne, if they are so fortunate as to find one. Indeed, Mill knows that authority has first to be created before we can go about limiting it. For without authority, however dictatorial, there is a fearful void, as we all know too well from Iraq in 2006 and 2007. In fact, no greater proponent of individual liberty than Isaiah Berlin himself observes in his introduction to Four Essays on Liberty that, "Men who live in conditions where there is not sufficient food, warmth, shelter, and the minimum degree of security can scarcely be expected to concern themselves with freedom of contract or of the press." In "Two Concepts of Liberty," Berlin allows that "First things come first: there are situations . . . in which boots are superior to the works of Shakespeare, individual freedom is not everyone's primary need." Further complicating matters, Berlin notes that "there is no necessary connection between individual liberty and democratic rule." There might be a despot "who leaves his subjects a wide area of liberty" but cares "little for order, or virtue, or knowledge." Clearly, just as there

are good and bad popularly elected leaders, there are good and bad autocrats. THE SIGNAL fact of the Arab world at the beginning of this year of democratic revolution was that, for the most part, it encompassed few of these subtleties and apparent contradictions. Middle Eastern societies had long since moved beyond basic needs of food and security to the point where individual freedom could easily be contemplated. After all, over the past half century, Arabs from the Maghreb to the Persian Gulf experienced epochal social, economic, technological and demographic transformation: it was only the politics that lagged behind. And while good autocrats there were, the reigning model was sterile and decadent national-security regimes, deeply corrupt and with sultanic tendencies. These leaders sought to perpetuate their rule through offspring: sons who had not risen through the military or other bureaucracies, and thus had no legitimacy. Marcus Aurelius was one thing; Tunisia's Zine el-Abidine Ben Ali, Egypt's Hosni Mubarak and Syria's Bashar al-Assad, quite another. Certainly, the Arab Spring has proved much: that there is no otherness to Arab civilization, that Arabs yearn for universal values just as members of other societies do. But as to difficult questions regarding the evolution of political order and democracy, it has in actuality proved very little. To wit, no good autocrats were overthrown. The regimes that have fallen so far had few saving graces in any larger moral or philosophical sense, and the wonder is how they lasted as long as they did, even as their tumultuous demise was sudden and unexpected. Yet, the issues about which Mill and Berlin cared so passionately must still be addressed. For in some places in the Arab world, and particularly in Asia, there have been autocrats who can, in fact, be spoken of in the same breath as Marcus Aurelius. So at what point is it right or practical to oust these rulers? It is quite possible to force through political change, which leads, contrary to aims, into a more deeply

oppressive, militarized or, perhaps worse, anarchic environment. Indeed, as Berlin intimates, what follows dictatorial rule will not inevitably further the cause of individual liberty and well-being. Absent relentless, large-scale human-rights violations, soft landings for nondemocratic regimes are always preferable to hard ones, even if the process takes some time. A moral argument can be made that monsters like Muammar el-Qaddafi in Libya and Kim Jong-il in North Korea should be overthrown any way they can, as fast as we can, regardless of the risk of short-term chaos. But that reasoning quickly loses its appeal when one is dealing with dictators who are less noxious. And even when they are not less noxious, as in the case of Iraq's Saddam Hussein, the moral argument for their removal is still fraught with difficulty since the worse the autocrat, the worse the chaos left in his wake. That is because a bad dictator eviscerates intermediary institutions between the regime at the top and the extended family or tribe at the bottom—professional associations, community organizations, political groups and so on—the very stuff of civil society. The good dictator, by fostering economic growth, among other things, makes society more complex, leading to more civic groupings and to political divisions based on economic interest that are by definition more benign than tribal, ethnic or sectarian divides. A good dictator can be defined as one who makes his own removal less rife with risk. While the logical conclusion of Mill's essay is to deny the moral right of dictatorship, his admission of the need for obedience to an Akbar or a Charlemagne at primitive levels of social development leaves one facing the larger question: Is transition from autocracy to democracy always virtuous? For there is a vast difference between the rule of even a wise and enlightened individual like the late-sixteenth-century Mogul Akbar the Great and a society so free that coercion of the individual by the state only ever occurs to prevent the harm of others. It is such a great disparity that

Mill's proposition that persecution to preserve the existing order can never be justified remains theoretical and may never be achieved; even democratic governments must coerce their citizens for a variety of reasons. Nevertheless, the ruler who moves society to a more advanced stage of development is not only good but also perhaps the most necessary of historical actors—to the extent that history is determined by freewilled individuals as well as by larger geographical and economic forces. And the good autocrat, I submit, is not a contradiction in terms; rather, he stands at the center of the political questions that continuously morphing political societies face.

GOOD AUTOCRATS there are. For example, in the Middle East, monarchy has found a way over the decades and centuries to engender a political legitimacy of its own, allowing leaders like King Mohammed VI in Morocco, King Abdullah in Jordan and Sultan Qaboos bin Said in Oman to grant their subjects a wide berth of individual liberties without fear of being overthrown. Not only is relative freedom allowed, but extremist politics and ideologies are unnecessary in these countries. It is only in modernizing dictatorships like Syria and Libya—which in historical and geographical terms are artificial constructions and whose rulers are inherently illegitimate—where brute force and radicalism are required to hold the state together. To be sure, Egypt's Mubarak and Tunisia's Ben Ali neither ran police states on the terrifying scale of Libya's Qaddafi and Syria's Assad nor stifled economic progress with such alacrity. But while Mubarak and Ben Ali left their countries in conditions suitable for the emergence of stable democracy, there is little virtue that can be attached to their rule. The economic liberalizations of recent years were haphazard rather than well planned. Their countries' functioning institutions exist for reasons that go back centuries: Egypt and Tunisia have been states in

one form or another since antiquity. Moreover, the now-fallen dictators promoted a venal system of corruption built on personal access to their own ruling circles. And Mubarak, rather than move society forward by dispensing with a pseudomonarchical state, sought to move it backward by installing his son in power. Mubarak and Ben Ali were dull men, enabled by goons in the security services. The real story in the Middle East these past few months, beyond the toppling of these decrepit regimes, is the possible emergence of authentic constitutional monarchies in places like Morocco and Oman. Both of these countries, which lie at the two geographical extremities of the Arab world, have not been immune to demonstrations. But the protesters in both cases have explicitly called for reform and democracy within the royal system and have supported the leaders themselves. King Mohammed and Sultan Qaboos have moved vigorously to get out in front of popular demands by reforming their systems instead of merely firing their cabinets. Indeed, over the years, they have championed women's rights, the environment, the large-scale building of schools and other progressive causes. Qaboos, in particular, is sort of a Renaissance man who plays the lute and loves Western classical music, and who—at least until the celebrations in 2010 marking forty years of his rule—eschewed a personality cult. The characteristics, then, of the benign dictator are evident, at times hewing to propositions set forth by the likes of Berlin: freedom may come as much from stability as from democracy; leaders must adhere to the will of the people, they need not in all cases be chosen by them. Yet in the Middle East these dictators remain the exception to the rule, and this is why quasi monarchies of the iron-fisted Assad or the crazed and tyrannical Qaddafi are now under assault. THE PLACE where benevolent autocracy has struck deep and has systematic roots is Asia. Any discussion of whether and how democracy can be successfully implemented might, because of the

current headlines, begin with the Arab world, but the answers such as there are will, nevertheless, ultimately come in from the East. It is in those Asian lands that conventional Western philosophical precepts are challenged. The ideology by which Asian autocrats stand in opposition to the likes of Mill and Berlin falls—to some extent—under the rubric of Confucianism. Confucianism is more a sensibility than a political doctrine. It stresses traditional authority, particularly that of the family, as the sine qua non of political tranquility. The well-being of the community takes precedence over that of the individual. Morality is inseparable from one's social obligation to the kin group and the powers that be. The Western—and particularly the American—tendency is to be suspicious of power and central authority; whereas the Asian tendency is to worry about disorder. Thus, it is in Asia, much more so than in the Middle East, where autocracy can give the Western notion of freedom a good run for its money. The fact that even a chaotic democracy is better than the rule of a Mubarak or a Ben Ali proves nothing. But is a chaotic democracy better than the rule of autocrats who have overseen GDP growth rates of 10 percent annually over the past three decades? It is in places like China, Singapore, Malaysia and Vietnam where good dictators have produced economic miracles. These in turn have led to the creation of wide-ranging personal freedoms, even as these leaders have compelled people against their will on a grand scale. Here the debate gets interesting.

Indeed, probably one of the most morally vexing realizations in the field of international politics is that Deng Xiaoping, by dramatically raising the living standard of hundreds of millions of Chinese in such a comparatively short space of time—which, likewise, led to an unforeseen explosion in personal freedoms across China—was, despite the atrocity of Tiananmen Square that he helped perpetrate, one of the great men of the twentieth century. Deng's successors,

though repressive of political rights, have adhered to his grand strategy of seeking natural resources anywhere in the world, wherever they can find them, caring not with which despots they do business, in order to continue to raise the economic status of their own people. These Chinese autocrats govern in a collegial fashion, number many an engineer and technocrat among them, and observe strict retirement ages: this is all a far cry from the king of Saudi Arabia and the deposed leader of Egypt, sleepy octogenarians both, whose skills for creating modern middle-class societies are for the most part nonexistent.

Park Chung Hee, in the 1960s and 1970s, literally built, institutionalized and industrialized the South Korean state. It was Park Chung Hee's benign authoritarianism, as much as the democracy that eventually followed him, that accounts for the political-economic powerhouse that is today's South Korea.

Then, of course, there is the founder of current-day Singapore, Lee Kuan Yew. In 1959, Lee became prime minister of what was then a British colony. He retired from that post over thirty years later (though he continued to exert significant power until very recently). As the British prepared to withdraw in the 1960s, Lee attached Singapore to Malaya, helping to form Malaysia as a bulwark against Indonesian expansionism. When racial tensions between ethnic Malays in the Malay Peninsula and ethnic Chinese in Singapore made the new federation unworkable, Lee seceded and the independent city-state of Singapore was born. When Lee assumed power, Singapore was literally a third-world malarial hellhole beset by ethnic tensions and communist tendencies; it was barely a country in any psychological sense and it certainly could not defend itself against powerful neighbors. Lee turned it into a first-world technological dynamo and transportation hub, with one of the highest living standards worldwide, and with a military that is among the best

anywhere pound for pound. Along the way, a strong national consciousness was forged in the vein of a twenty-first-century trading state. Lee's method of government was not altogether democratic, and his intrusion into people's lives bordered on the petty and anal-retentive: banning spitting, the use of tobacco and chewing gum. The press, of course, was tightly controlled. Whenever criticized, Lee scoffed at how an uninhibited media in India, the Philippines and Thailand had not spared those countries from rampant corruption; multinationals love Singapore in large measure because of its meritocracy and honest government. Yes, Singapore is green with many parks, and so immaculate it borders on the antiseptic. But it is also a controlled society that challenges ideals of the Western philosophers.

For Lee has provided for the well-being of his citizens without really relying on democracy. His example holds out the possibility, heretical to an enlightened Western mind, that democracy may not be the last word in human political development. What he has engineered in Singapore is a hybrid regime: capitalistic it is, but it all occurred—particularly in the early decades—in a quasi-authoritarian setting. Elections are held, but the results are never in doubt. There may be consultations with various political groupings, yet, in fifty years, there is still little sign that the population is fundamentally unhappy with the ruling People's Action Party (though its majority has fallen somewhat). Unsurprisingly, Lee makes liberals supremely uncomfortable. Fundamentally Mill, Berlin and many other Western philosophical theorists and political scientists—from Thomas Paine and John Locke to Francis Fukuyama of late—hold that people will eventually wish to wrest themselves from the shackles of repressive rule. That the innate human desire for free will inevitably engenders discontent with the ruling class from below—something we have seen in abundance in the lands of the Arab Spring. Yet, Confucian-

based societies see not oppression in reasonably exercised authority but respect; they see lack of political power not as subjugation but as order. Of course, this is provided we are talking about a Deng or a Lee and not a Pol Pot.

To be sure, Asian autocracies are not summarily successful. Elsewhere, political Confucianism is messier. In Malaysia, Mahathir bin Mohamad lifted his people out of abject poverty and easygoing cronyism to mold another high-tech, first-world miracle; but he lacks virtue because of the tactics he employed as methods of control: vicious campaigns against human-rights activists and intimidation of political opponents, which included character assassination. The Vietnamese Communist leadership has lately overseen dynamic economic growth, with, again, the acceleration of personal freedoms, even as corruption and inequalities remain rampant. Think for a moment of Vietnam, a society that has gone from rationing books to enjoying one of the largest rice surpluses in the world in a quarter of a century. It recently graduated in statistical terms to a middle-income country with a per capita GDP of $1,100. Instead of a single personality with his picture on billboards to hate, as has been the case in Egypt, Syria and other Arab countries, there is a faceless triumvirate of leaders—the party chairman, the state president and the prime minister—that has delivered an average of 9 percent growth in GDP annually over the past decade. Nevertheless, Vietnam's rulers remain fearful of public displays of dissatisfaction spread across the Internet. And there is China: continental in size, it produces vastly different local conditions with which a central authority must grapple. Such grappling puts pressure on a regime to grant more rights to its far-flung subjects; or, that being resisted, to become by degrees more authoritarian. So terrified is its regime of its own version of an Arab Spring that it has gone to absurd lengths to block social media and politically provocative areas of the Web.

HERE IS the dilemma. Yes, a social contract of sorts exists between these citizens and their regimes: in return for impressive economic-growth rates the people agree to forego their desire to replace their leaders. (Truly, East Asian autocracies have not robbed people of their dignity the way Middle Eastern ones have.) But even as such growth rates continue unabated—to say nothing of if they collapse or even slow down—at higher income levels, this social contract may peter out. For as people become middle class, they gain access to global culture and trends, which prompts a desire for political freedoms to go along with their personal ones. This is why authoritarian capitalism may be just a phase, rather than a viable alternative to Western democracy.

To be sure, once the basic issues of food and security have been addressed, pace Mill and Berlin, democracy retains a better possibility of getting it right than autocracy. This is because virtuous autocracies are hard to come by and usually rely on the genius of personality; whereas democracy, regardless of the personalities involved, is systemically better positioned to lead citizenries along the path of development. Of course, we will have to wait until China's economic growth slows down, or, failing that, continues until enough Chinese have more access to global culture. Only then can we really begin to draw conclusions about whether democracy represents the final triumph of reason in politics.

The genius of both Rome and America lies ultimately in their institutions, which allowed in the first place for their freedoms. True, the history of Rome—and particularly the death of the Roman Republic—is not in the least uplifting relative to the cause of political expression. But it was Rome's ability to provide a modicum of stability to parts of central Europe and the entire Mediterranean basin—and thus further the cause of personal freedoms (mind you, by the dismal standards of the era)—that is key to its achievement; and

something which, in turn, is owed to its imperial superstructure. And as that superstructure became too unwieldy, an emperor like the gruff soldier Diocletian could allow for the division of the empire itself into several administrative parts, thus furthering its life span. America, for its part, is unique in its division of federal, state and local power over a vast continental landscape, allowing for the full expression of its boisterous democracy. Say what you will about the deficiencies of the United States and particularly those of Rome, but they both indicate a very difficult truth central to the outcome of the Arab Spring: it is not about the expressions of freedom in Tahrir Square so much as it is about the building of legitimate institutions to replace illegitimate ones. And because institutions are hierarchical—and social media like Twitterand Facebookdismantle existing hierarchies—revolutions enabled by new technology do not necessarily lead to the building of governing organizations. Criticism is not enough, someone must wield power; hopefully in a way less coercive than before.

Meanwhile, the Arab Spring has raised the pressure on autocrats the world over to truly be good—or at least better. Though, even if they are, they can never ultimately get it right, as demonstrated by Mill's example of Marcus Aurelius.

*Robert D. Kaplan is a foreign correspondent for The Atlantic, a senior fellow at the Center for a New American Security in Washington and a member of the Pentagon's Defense Policy Board. His most recent book is Monsoon: The Indian Ocean and the Future of American Power (Random House, 2010).*

**From**: Multiple Senders [Multiple Senders]
**Sent**: 6/1/2019 12:36:57 PM
**To**: jeevacation[redacted]
**Subject**: ass.dads -- 2019/06/01

**jeevacation**
06/01/2019 11:36:57 AM
trump coming to londong will be crazy

[redacted]
06/01/2019 11:48:33 AM
When ?

**jeevacation**
06/01/2019 11:49:49 AM
mon

[redacted]
06/01/2019 11:54:45 AM
I m leaving monday

[redacted]
06/01/2019 11:54:45 AM
I m leaving monday

**jeevacation**
06/01/2019 12:48:09 PM
Good

[redacted]
06/01/2019 01:40:43 PM
Should i come to you , or wait for you here ?

**jeevacation**
06/01/2019 02:29:42 PM
Wait drive new car

[redacted]
06/01/2019 08:35:25 PM
Ok , i talked to dasha she said that NEXT week will be a lot of model in milan because of the season

[redacted]
06/01/2019 08:35:55 PM
I met with another[redacted], i dont know if you remember cute one but super shy

[redacted]
06/01/2019 08:36:09 PM
She ll be in Paris mid of the month

[redacted]
06/01/2019 08:49:07 PM
You ll be able to meet her if you want

**jeevacation**
06/01/2019 09:10:59 PM
Ok

[redacted]
06/01/2019 09:52:52 PM
Let me know if you want me to go there and meet them there

**From:** Multiple Senders [Multiple Senders]
**Sent:** 8/24/2017 2:20:29 AM
**To:** lawkrauss; jeevacation
**Subject:** lawkrauss -- 2017/08/24

**lawkrauss**
08/24/2017 01:20:29 AM

**lawkrauss**
08/24/2017 01:20:39 AM
can we talk tonight? I need advise.

**lawkrauss**
08/24/2017 03:33:24 AM
I have a question of some urgency. Can you call me tonight at [redacted]

**jeevacation**
08/24/2017 10:40:28 AM
Consult a lawyer beforehand, if possible, but be cooperative/nice at this stage. But this sounds like an internal discipline matter rather than Title IX. Going into court this morning but can focus/reflect more on this after I emerge (around noon Central). Doing great! Hope you are as well. Breakers at Thanksgiving. Where will Jeffrey be? Sent from my iPhone On Aug 24, 2017, at 5:24 AM, jeffrey E. wrote: > Lawrence Krauss , professor at Arizona , says office of diversity contacts him saying a third party , said you inappropriatly touched another person in AUSTRAILIA after a Skeptics type event. They asked him to sign a paper saying he received notice of the investigation, any statments made could not be used in a court to incriminate him . and if he didnt sign or agree , he was open to disciplinary action. He was concerced that an investigation will now always be part of his file. . he was going to meet the title nine woman today. does he bring a lawyer. does he record the meeting , does he say , he will say nothing but is willng to listen ? not a good environment nowadays. how are you? > > On Thu, Aug 24, 2017 at 5:56 AM, Starr, Ken wrote: > > No. Emphatically not if the victim is not a student. What's the student-status, if any, of the "victim?" > > Hugs, Ken > > Sent from my iPhone > > On Aug 24, 2017, at 4:48 AM, jeffrey E. wrote: > >> A professor friend is told by title nine person that a third party filed a complaint alleging inappropriate touching of a person , not the third party , at a bar in another country by the professor after he gave a lecture for money to an unrelated organization . Jurisdiction? >> --

**jeevacation**
08/24/2017 10:40:59 AM
from the worlds expert KEN STARR . clinton. removed from Baylor under title 9 .

**jeevacation**
08/24/2017 05:47:55 PM
news?

**jeevacation**
08/24/2017 05:48:25 PM
what happened?

**jeevacation**
08/24/2017 07:14:01 PM
???

**From**: lawkrauss [lawkrauss]
**Sent**: 7/11/2017 11:42:34 PM
**To**: lawkrauss
**Subject**: lawkrauss -- 2017/07/11

**lawkrauss**
07/11/2017 10:42:34 PM
ok.. in france now.. we can talk next week.. after we deal with trump. :) Thanks for the driver!

**From**: Multiple Senders [Multiple Senders]
**Sent**: 7/5/2017 8:29:33 PM
**To**: lawkrauss; jeevacation
**Subject**: lawkrauss -- 2017/07/05

**lawkrauss**
07/05/2017 07:29:33 PM
hi.. tried you a bunch of times.. leaving for london and paris tomorrow.. where are you?

**jeevacation**
07/05/2017 08:32:54 PM
paris

**lawkrauss**
07/05/2017 09:12:23 PM
we will be there July 13-16.. will you?

**jeevacation**
07/05/2017 09:13:04 PM
are you nuts. trump will close down the city

**lawkrauss**
07/05/2017 09:14:01 PM
He won't be there then.. I am talking about Paris

**lawkrauss**
07/05/2017 10:54:53 PM
don't forget my dream app idea.. and don't steal it. :) anyway, I do think it would be fascinating to make it happen. lets talk about how to make that happen. I think we could learn some very interesting things that could only be learned that way.

**lawkrauss**
07/05/2017 11:01:43 PM
oh yeah.. and I like the idea of you matching ASU.. could you do that? :)

**From**: Multiple Senders [Multiple Senders]
**Sent**: 4/5/2019 11:06:20 AM
**To**: jeevacation; live:linkspirit
**Subject**: live:linkspirit -- 2019/04/05

**jeevacation**
04/05/2019 10:06:20 AM
which friday ?

**jeevacation**
04/05/2019 10:06:32 AM
but you can ttravel to me without it ?

**jeevacation**
04/05/2019 10:06:42 AM
I need your help this week

**jeevacation**
04/05/2019 12:43:15 PM
https://join.skype.com/invite/j1rOgOVxn3fB

**jeevacation**
04/05/2019 12:43:29 PM
please skype [redacted] meet her today and she might fly with you

**jeevacation**
04/05/2019 02:34:59 PM
10 minutes

**live:linkspirit**
04/05/2019 03:17:35 PM
May we call you?

**live:linkspirit**
04/05/2019 03:39:19 PM
We googled you

**jeevacation**
04/05/2019 03:39:36 PM
do i look cute

**jeevacation**
04/05/2019 03:40:01 PM
now [redacted] should understand that i dont care about her photos

**live:linkspirit**
04/05/2019 03:40:24 PM
Nice article about girls for trump

**live:linkspirit**
04/05/2019 03:40:28 PM
:)

**live:linkspirit**
04/05/2019 03:56:55 PM
Should I send her passport to Lesley?

**jeevacation**
04/05/2019 03:57:08 PM
i did

**From:** [redacted]
**Sent:** 3/24/2018 9:55:46 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High
**Flag:** Follow up

Thanks! I think we've heard enough proofs on this subject today:)

Miroslav Lajčák
Minister zahraničných vecí a európskych záležitostí Slovenskej republiky
Minister of Foreign & European Affairs of the Slovak Republic
Ministerstvo zahraničných vecí a európskych záležitostí SR
Hlboká cesta 2 | 833 36 Bratislava 37 | Slovenská republika
tel.: +[redacted] | fax:[redacted]
[redacted]k | www.mzv.sk

---

From: jeffrey E. <jeevacation@gmail.com>
Sent: sobota, marca 24, 2018 6:39 AM
Subject:
To: Lajcak Miroslav/MINISTER/MZV[redacted]

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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Click here to report this email as spam

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/24/2018 10:39:13 AM
**To**: [redacted]

**Importance**: High

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/24/2018 10:07:32 PM
**To:** [redacted]
**Subject:** Re:

Agreed

On Sat, Mar 24, 2018 at 5:55 PM [redacted] wrote:

Thanks! I think we've heard enough proofs on this subject today:)

Miroslav Lajčák
Minister zahraničných vecí a európskych záležitostí Slovenskej republiky
Minister of Foreign & European Affairs of the Slovak Republic
Ministerstvo zahraničných vecí a európskych záležitostí SR
Hlboká cesta 2 | 833 36 Bratislava 37 | Slovenská republika
tel.: [redacted] | fax: [redacted]
[redacted] | www.mzv.sk

---

From: jeffrey E. <jeevacation@gmail.com>
Sent: sobota, marca 24, 2018 6:39 AM
Subject:
To: Lajcak Miroslav/MINISTER/MZV [redacted]

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From**: Larry Summers [redacted]
**Sent**: 10/10/2016 12:29:04 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

No. what happened? R u about to be dragged in?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: lhsoffice@lawrencesummers.com

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 9, 2016, at 8:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

trump roles out clintons four accusers. recall our dinner?

--

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**From**: Alireza Ittihadieh [redacted]
**Sent**: 5/22/2017 6:58:42 AM
**To**: JEFF EPSTEIN [jeevacation@gmail.com]
**Subject**: Iran and Trump Speech.

**Importance**: High

Mr. Rouhani's supporters also expect his victory, with 57 percent of the vote, to bolster his outreach efforts to the West and the pursuit of more foreign investment to lift Iran's ailing economy.

For those who voted for Mr. Rouhani, there was a feeling of tremendous relief that his challenger, the hard-line cleric Ebrahim Raisi, who criticized the nuclear deal with the United States and other Western powers, had lost.

"Bye-bye, Raisi," the crowds chanted during the street gatherings.

"He faces a difficult task," Fazel Meybodi, a Shiite Muslim cleric from the city of Qum, said of Mr. Rouhani. "Now he must provide more freedoms, break the hard-line monopoly on the state-run radio and television, and increase freedom of press."

To achieve all that, Mr. Rouhani must persuade the hard-line-dominated judiciary and security forces to change their outlook, Mr. Meybodi said. "If he fails to deliver on at least 70 percent of those promises, his future is dark," he added.

For decades, Saudi Arabia and Iran have competed for religious leadership and political influence across the Muslim world and beyond.

Trump is correct, however, Rouhani needs a chance to act.

V-BR
Alireza Ittihadieh
[redacted]

**From**: Lesley Groff [redacted]
**Sent**: 4/25/2018 8:15:47 PM
**To**: Jefffrey Epstein [jeevacation@gmail.com]
**Subject**: Tim Zagat

**Importance**: High

Tim Zagat would like to take you to dinner some time soon! he says he is always in NY from Sunday night to WEd…and of course you are always invited to go see him in the country for dinner Thurs-Sunday…he says he was in Paris for the past 2 weeks and had amazing dinners…He also wants to tell you about he dream he had about Trump!

Tim's office [redacted]
Tim's Home:
Tim's cell:

**From:** [redacted]
**Sent:** 3/24/2015 4:56:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I wish I had a reason to go to Paris this weekend. I am headed to LA now for two events and meetings. Back late Friday. I am thrilled we got my money. I loved the lawyer Martin telling me I deserved more. Made me hate my idiot brother even more. We are ahead of billing from last year and it's the quiet time. Will stay in touch. How are you doing. Has all that vile publicity finally gone away for good or do the keep stirring the pot for more blackmail money every few months. Hope you are well. Just spent the weekend at David Koch's in palm beach. He had a lunch for 70. Including 9 acting republican governors, Pataki, Giuliani, trump, Wilbur ross, Was fascinating Xoxo. Peggy

Sent from my iPad

On Feb 25, 2015, at 11:33 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

going to paris on sat if you want a ride

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**From**: Linda Stone [redacted]
**Sent**: 8/12/2015 5:22:10 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Please

**Importance**: High

Please tell me Trump will not win the election...

Xo

Co-authored with iPhone auto-correct

**From:** Linda Stone [redacted]
**Sent:** 8/12/2015 1:40:14 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Please

**Importance:** High

Seriously?
It's a terrifying prospect...

Co-authored with iPhone auto-correct

On Aug 12, 2015, at 8:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

not sure,

On Wed, Aug 12, 2015 at 1:22 AM, Linda Stone <[redacted] wrote:

> Please tell me Trump will not win the election...
>
> Xo
>
> Co-authored with iPhone auto-correct

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**From**: Kathy Ruemmler [redacted]
**Sent**: 8/27/2015 1:28:50 AM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

Trump is living proof of the adage that it is better to be lucky than smart.

Sent from my iPad

**From:** Kathy Ruemmler [redacted]
**Sent:** 8/27/2015 2:18:39 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Going up to NY Friday morning. Think I am going to drive. I will then stop to pee and get gas at a rest stop on the New Jersey turnpike, will observe all of the people there who are at least 100 pounds overweight, will have a mild panic attack as a result of the observation, and will then decide that I am not eating another bite of food for the rest of my life out of fear that I will end up like one of these people.

Sent from my iPad

On Aug 26, 2015, at 10:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

ill give you details when i see you, when are you in ny?

On Wed, Aug 26, 2015 at 9:28 PM, Kathy Ruemmler [redacted] wrote:

> Trump is living proof of the adage that it is better to be lucky than smart.
>
> Sent from my iPad

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**From:** Kathy Ruemmler [redacted]
**Sent:** 8/27/2015 2:38:04 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Will leave @ 9, so will be in ny @ 1 pm.

Sent from my iPad

On Aug 26, 2015, at 10:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what time , I will come up

On Wed, Aug 26, 2015 at 10:18 PM, Kathy Ruemmler [redacted] wrote:

Going up to NY Friday morning. Think I am going to drive. I will then stop to pee and get gas at a rest stop on the New Jersey turnpike, will observe all of the people there who are at least 100 pounds overweight, will have a mild panic attack as a result of the observation, and will then decide that I am not eating another bite of food for the rest of my life out of fear that I will end up like one of these people.

Sent from my iPad

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**From:** Kathy Ruemmler [redacted]
**Sent:** 8/27/2015 2:25:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Great.

Sent from my iPhone

On Aug 27, 2015, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

ok , anytime you like, you can drive right to me and i will feed you.::)

On Wed, Aug 26, 2015 at 10:38 PM, Kathy Ruemmler [redacted] wrote:

Will leave @ 9, so will be in ny @ 1 pm.

Sent from my iPad

On Aug 26, 2015, at 10:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what time , I will come up

On Wed, Aug 26, 2015 at 10:18 PM, Kathy Ruemmler [redacted] wrote:

Going up to NY Friday morning. Think I am going to drive. I will then stop to pee and get gas at a rest stop on the New Jersey turnpike, will observe all of the people there who are at least 100 pounds overweight, will have a mild panic attack as a result of the observation, and will then decide that I am not eating another bite of food for the rest of my life out of fear that I will end up like one of these people.

Sent from my iPad

On Aug 26, 2015, at 10:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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Sent from my iPad

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**From**: Michael Wolff [redacted]
**Sent**: 12/16/2015 1:00:36 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Heads up

**Importance**: High

I hear CNN planning to ask Trump tonight about his relationship with you--either on air or in scrum afterwards.

**From:** Michael Wolff [redacted]
**Sent:** 12/16/2015 4:26:32 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Heads up

**Importance:** High

I think you should let him hang himself. If he says he hasn't been on the plane or to the house, then that gives you a valuable PR and political currency. You can hang him in a way that potentially generates a positive benefit for you, or, if it really looks like he could win, you could save him, generating a debt. Of course, it is possible that, when asked, he'll say Jeffrey is a great guy and has gotten a raw deal and is a victim of political correctness, which is to be outlawed in a Trump regime.

On Tue, Dec 15, 2015 at 11:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> if we were able to craft an answer for him, what do you think it should be?
>
> On Tue, Dec 15, 2015 at 8:00 PM, Michael Wolff [redacted] wrote:
>
> > I hear CNN planning to ask Trump tonight about his relationship with you--either on air or in scrum afterwards.

--

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**From**: Martin G. Weinberg [redacted]
**Sent**: 1/21/2016 12:18:58 AM
**To**: jeevacation@gmail.com; [redacted]
**Subject**: Fw: Meet?

**Importance**: High

**From:** Mosk, Matthew
**Sent:** Wednesday, January 20, 2016 6:08 PM
**To:** [redacted]
**Subject:** Meet?

Mr. Weinberg –

I am a reporter with the ABC News investigative unit. We are gathering background research on the major candidates for President.

Seeing that both former President Clinton and Mr. Trump have been mentioned in connection to the Jeffrey Epstein case, I am interested in better understanding the case, it's current status, and any information that could help explain Mr. Epstein's dealings and interactions with both men.

I would very much appreciate the chance to meet and discuss this subject in an off the record conversation at your earliest convenience.

Please let me know if that would be possible, and if so, when and where we could meet.

Many thanks,

Matthew

---

Matthew Mosk
Producer, ABC News
Work [redacted]
Mobile: [redacted]

**From:** Michael Wolff [redacted]
**Sent:** 1/21/2016 2:06:40 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Fw: Meet?

**Importance:** High

ABC doesn't really have an "investigative unit" so unless you want to hand it to them they won't pursue, so ignore. But, nevertheless, the more Trump looks real, or perish the thought, inevitable, the more reporters are going to focus on this, so, as you will not be surprised, you need a strategy.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Martin G. Weinberg** [redacted]
Date: Wed, Jan 20, 2016 at 7:18 PM
Subject: Fw: Meet?
To: jeevacation@gmail.com, [redacted]

**From:** Mosk, Matthew
**Sent:** Wednesday, January 20, 2016 6:08 PM
**To:** [redacted]
**Subject:** Meet?

Mr. Weinberg –

I am a reporter with the ABC News investigative unit. We are gathering background research on the major candidates for President.

Seeing that both former President Clinton and Mr. Trump have been mentioned in connection to the Jeffrey Epstein case, I am interested in better understanding the case, it's current status, and any information that could help explain Mr. Epstein's dealings and interactions with both men.

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Many thanks,

Matthew

---

Matthew Mosk

Producer, ABC News

Work: [redacted]

Mobile: [redacted]

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**From:** Kathy Ruemmler [redacted]
**Sent:** 1/21/2016 2:42:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Meet?

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Jan 20, 2016, at 8:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

---------- Forwarded message ----------
From: **Martin G. Weinberg** <[redacted]>
Date: Wed, Jan 20, 2016 at 7:18 PM
Subject: Fw: Meet?
To: jeevacation@gmail.com, [redacted]

**From:** Mosk, Matthew
**Sent:** Wednesday, January 20, 2016 6:08 PM
**To:** [redacted]
**Subject:** Meet?

Mr. Weinberg –

I am a reporter with the ABC News investigative unit. We are gathering background research on the major candidates for President.

Seeing that both former President Clinton and Mr. Trump have been mentioned in connection to the Jeffrey Epstein case, I am interested in better understanding the case, it's current status, and any information that could help explain Mr. Epstein's dealings and interactions with both men.

I would very much appreciate the chance to meet and discuss this subject in an off the record conversation at your earliest convenience.

Please let me know if that would be possible, and if so, when and where we could meet.

Many thanks,

Matthew

---

Matthew Mosk

Producer, ABC News

Work: [redacted]

Mobile [redacted]

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 2/10/2016 6:46:25 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

Its getting scary. The stories you could tell...

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 2/10/2016 7:13:36 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Actually I don't think he/voters would care. Being effectively shameless is a pretty powerful weapon for a presidential candidate.

http://www.vox.com/2016/2/10/10956978/donald-trump-terrifying

On Wed, Feb 10, 2016 at 2:07 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Wow

On Wednesday, 10 February 2016, Thomas Jr., Landon [redacted] wrote:

Its getting scary. The stories you could tell...

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter

New York Times

[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Michael Wolff [redacted]
**Sent**: 2/19/2016 5:44:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

NYT called me about you and Trump. Also, Hillary campaign digging deeply. Again, you should consider preempting.

**From:** Michael Wolff[redacted]
**Sent:** 2/19/2016 9:58:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

ok

On Fri, Feb 19, 2016 at 2:48 PM, jeffrey E. <jeevacation@gmail.com> wrote:
paris be back the 5th for a few days we can do it then

On Fri, Feb 19, 2016 at 1:07 PM, Michael Wolff [redacted] wrote:
Have to go to a funeral of an old relative in NJ. Won't be back into city until 3:30 or 4:00. Or what's your weekend look like?

On Friday, February 19, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
Im here today, chud barak at 1 , would you like to join at 2?

On Fri, Feb 19, 2016 at 12:44 PM, Michael Wolff [redacted] wrote:
NYT called me about you and Trump. Also, Hillary campaign digging deeply. Again, you should consider preempting.

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**From**: Kathy Ruemmler [redacted]
**Sent**: 2/21/2016 12:38:14 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

The Trump success is seriously scary.

Sent from my iPad

On Feb 21, 2016, at 7:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

you were right rubio looks better

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**From**: Michael Wolff [redacted]
**Sent**: 2/24/2016 3:14:36 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Yeah, you're the Trump bullet.

On Wed, Feb 24, 2016 at 10:12 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Lots of reporters

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**From**: Tom Barrack Private[redacted]
**Sent**: 3/9/2016 5:28:29 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Hope ur good. Let's catch up

Sent from my iPhone

On Mar 9, 2016, at 6:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hope you are well. photos look good. fyi I receive many calls a week about both Donald ( celina midelfart , marla , beauty contest. mara lago etc) and clinton from reporters. less so recently with clinton , but my answers are always i have nothing to say . or i try to ignore altogether. A few times i have been ambushed on the street with questions . but am more careful now

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**From:** Michael Wolff [redacted]
**Sent:** 3/18/2016 3:39:39 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Patterson

**Importance:** High

A few things to think about:

If the Patterson book is being published in August, that presents some time frame issues. You would not be able to do a competing book or documentary before then. This is not to say that they shouldn't be pursued. In a sense, better that they know what Patterson's position is and, a year from now say, be able to counter it. I have some thoughts on book and doc to share at your convenience.

That being said, you do need an immediate counter narrative to the book. I believe Trump offers an ideal opportunity. It's a chance to make the story about something other than you, while, at the same time, letting you frame your own story. Also, becoming an anti-Trump voice gives you a certain political cover which you decidedly don't have now. Still, this necessary involves you going public. And so the most basic decision is about your willingness to do that. My view is that in a couple of weeks you could master message and technical proficiency. I know a bunch of people who could be very helpful here. This would involve something along the lines of you writing an op-ed, doing a high profile television interview (Charlie Rose, I'd say), and perhaps some social media efforts.

Speaking of which, again, I think a strategic plan, involving your public identity, philanthropic activities and interests, and the development of media allies, ought finally to be put in place. A big, comprehensive, expensive effort.

The alternative is to continue to keep head down and hope Patterson book is just more he-said she-said and Connolly getting lost in the reeds (which, as an inveterate conspiracist, he always does). My worry is that Patterson can be counted on to produce a bestseller, and while he isn't regarded as a serious writer, he'll surely be unloading a lot of tabloid copy. Because this will be tied to the election, the Trump-Clinton angle will amp up the attention 10-fold, in fact, possibly, a hundred fold. Possibly more than anything you've encountered before.

Meanwhile--

In a lawyer's letter, I'd suggest including the following points--not necessarily legal, but a warning about how a press campaign might unfold (publishers are more worried about being caught in negative media controversy than they are of legal threats):

1) Little, Brown has made on the record representations to at least one well-known journalist that it was not publishing a book by James Patterson about Jeffrey Epstein--possibly an effort to avoid inquiries about the questionable nature of the book;

2) The actual author of the book, John Connolly, is someone other than the stated author, James Patterson. Connolly is known to have developed an obsession with Epstein, such that, his longtime employer, Vanity Fair, has refused to allow him to write about Epstein for the magazine;

3) Sources have confirmed for us that Patterson has had little more than a minimal consulting role in the book, and that Connolly has functioned in every material way as the book's researcher and writer. We believe Patterson's "authorship" of the book will not stand up to scrutiny. And, indeed, that the entire notion of an

extension of the Patterson franchise into nonfiction, as it has been used in fiction and children's book--effectively other authors writing under the Patterson name—presents a host of journalism ethical issues.

**From:** Kathy Ruemmler[redacted]
**Sent:** 3/18/2016 3:57:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Patterson

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Mar 18, 2016, at 11:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]>
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

A few things to think about:

If the Patterson book is being published in August, that presents some time frame issues. You would not be able to do a competing book or documentary before then. This is not to say that they shouldn't be pursued. In a sense, better that they know what Patterson's position is and, a year from now say, be able to counter it. I have some thoughts on book and doc to share at your convenience.

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**From:** Kathy Ruemmler [redacted]
**Sent:** 3/18/2016 3:57:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Patterson

**Importance:** High

On the shuttle back to NYC. About to take off.

Sent from my iPhone

On Mar 18, 2016, at 11:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

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**From:** Martin G. Weinberg [redacted]
**Sent:** 3/18/2016 4:30:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]; Kathy Ruemmler [redacted]; Darren Indyke [redacted], [redacted]
**Subject:** ATTORNEY-CLIENT PRIVILEGE

**Importance:** High

# Privileged - Redacted

**From:** jeffrey E.
**Sent:** Friday, March 18, 2016 11:41 AM
**To:** Martin Weinberg ; Kathy Ruemmler ; Darren Indyke
**Subject:** Fwd: Patterson

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]>
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

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**From**: Richard Kahn [redacted]]
**Sent**: 3/31/2016 8:27:13 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: bad

**Importance**: High

Agreed. Trump appears to be losing momentum in polls even before that crazy comment. Think it may be beginning of the end of him...

http://www.realclearpolitics.com/epolls/latest_polls/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax
Cell

On Mar 30, 2016, at 5:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.nytimes.com/2016/03/31/us/politics/donald-trump-abortion.html?ribbon-ad-idx=3&rref=homepage&module=Ribbon&version=origin&region=Header&action=click&contentCollection=Home%20Page&pgtype=article

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**From**: Kathy Ruemmler[redacted]
**Sent**: 5/8/2016 1:08:03 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

What's more disturbing is that you are reading breitbart.

Sent from my iPhone

On May 8, 2016, at 5:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.breitbart.com/2016-presidential-race/2016/05/07/bills-sex-accusers-echo-trump-hillary-enabler/

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**From:** Michael Wolff [redacted]
**Sent:** 5/11/2016 2:52:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Are you around?

**Importance:** High

all bizarre.

On Wed, May 11, 2016 at 10:49 AM, jeffrey E. <jeevacation@gmail.com> wrote:
none.. trump lawsuit thrown quickly out. .

On Wed, May 11, 2016 at 4:46 PM, Michael Wolff [redacted] wrote:
Any news?

On Wed, May 11, 2016 at 10:46 AM, jeffrey E. <jeevacation@gmail.com> wrote:
paris 011 331 441 70210

On Wed, May 11, 2016 at 4:45 PM, Michael Wolff [redacted] wrote:

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**From:** Gerald Barton [redacted]
**Sent:** 5/17/2016 1:53:36 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

My Extraordinarily Talented, Outrageous Friend,

Thank you for asking how I am doing. The short answer is very well. I hope that you are in good health and continue to use your special talents to make the world a better place and for your somewhat unique amusements.

The longer answer to your question is that at the end of 2014 I closed down the office of Landmark, transferred all of the assets to pay all of the major creditors, except me, and found myself as broke as I was when you first called me that Friday after Thanksgiving, with my only remaining assets, a large capital loss, my reputation, and my energy.

Since then, our luck has been better than even an optimist like me would expect. Being free of the $500,000 a day I was fined by the OTS, after several years they abandoned this fine, which was initiated strictly to ensure that I had no opportunity to finance any new developments, I became involved with an extraordinary, large, important real estate development in Oklahoma City and two others in the D.C. area.

The bad news is that my dear friend and good partner, Aubrey McClendon, was killed in a single car accident on March 2nd of this year and the development with great potential is now either delayed or abandoned. The good news is that our involvement in a 1,000 acre development on Deep Creek Lake in western Maryland is in the process of being financed and should be underway sometime this summer. Our second project is a 405 acre development in Harper's Ferry, West Virginia, that is probably the prettiest piece of property I know of in the U.S. that is zoned and developable. Its business plan is now underway and we should be in the financing mode this fall. My impression is that there is a tremendous amount of money on the sidelines, but the top 5% or 10% that control it are terribly frightened of losing money they don't need, while the 90% to 95% of the citizens are continuing their daily labors somewhat frightened that they are not certain where next month's or next year's mortgage payment is coming from.

On a lighter note, Donald Trump recently bought our development in Ireland, Doonbeg Golf Club. It has been rated the first or second best resort in Europe. To-date, to my surprise, he is managing it reasonably well, probably because he is presently devoted to an endeavor that amuses him.

Jeffrey, I want you to understand that I am extremely pleased and not at all melancholy about my present circumstances. Whenever I get an opportunity, I always visit those assets I helped create and almost without exception, I wish I had been smarter, but generally satisfied that I made a positive contribution and one much higher than normally done by my competitors, because I am fortunate that the labor focus of my life has not attracted the best and the brightest.

When good fortune brings you to the D.C. area, please let me know. I always enjoy understanding your activities and do so with amazement and amusement.

Jerry

On Mon, May 16, 2016 at 3:56 PM, jeffrey E. <jeevacation@gmail.com> wrote:
how are you

On Mon, May 16, 2016 at 2:35 PM, Gerald Barton <[redacted] wrote:
Jeffrey,

I am certainly glad that you have thick skin and care little about what the press says. I am sorry that you have to appear tolerant against intolerance.

From all appearances, you fulfill the challenge of Kipling when he said:

"If you can talk with crowds and keep your virtue,
Or walk with Kings - nor lose the common touch,
If neither foes nor loving friends can hurt you,
If all men count with you, but none too much."

In spite of outward appearances, I know very few know how you really feel and I can only hope that that feeling is shown best in the naming of your airplane.

Jerru

--

Gerald G. Barton
The Barton Development Group, Inc.
1993 Moreland Parkway, Suite 204
Annapolis, MD 21401
Direct Line: [redacted]
Fax: [redacted]

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Gerald G. Barton
The Barton Development Group, Inc.
1993 Moreland Parkway, Suite 204
Annapolis, MD 21401
Direct Line: [redacted]
Fax: [redacted]

**From:** Kathy Ruemmler [redacted]
**Sent:** 5/21/2016 2:27:24 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I am about to go on stage. The first part of my presentation is about Trump.

Sent from my iPhone

On May 21, 2016, at 8:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

speak.?

On Sat, May 21, 2016 at 7:51 AM, Kathy Ruemmler [redacted] wrote:

This is a stupid and exhausting trip. No more speeches.

Sent from my iPad

On May 20, 2016, at 8:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:

rest

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**From:** Kathy Ruemmler [redacted]
**Sent:** 5/21/2016 4:47:49 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I talked about his role in the birther movement. In car on way to Denver airport now.

Sent from my iPhone

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con man, says it all

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**From**: Michael Wolff [redacted]
**Sent**: 5/25/2016 11:05:51 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

I'm interviewing him this afternoon. Anything you think I should ask?

**From**: Thomas Jr., Landon [redacted]
**Sent**: 6/1/2016 3:25:15 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: The book on you...

**Importance**: High

Keep getting calls from that guy doing a book on you -- John Connolly. He seems very interested in your relationship with the news media. I told him you were a hell of a guy:) One oddity: he said he had been told that that quote from Trump about you in the original NY Mag story had been manufactured. ie, that I did not actually speak to Donald. Which is bull shit of course. I am sure that is what Trump told him as they have been getting a lot of questions from reporters about you.

He actually seemed to be a sensible guy/solid reporter -- just from the few conversations I had with him. I think he is close to finishing up.

Did you ever speak to him?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 6/1/2016 3:54:43 PM
**To:** Story [jeevacation@gmail.com]
**Subject:** Re: The book on you...

**Importance:** High

everyone except the NYT it seems:) yes or no question: does he win?

On Wed, Jun 1, 2016 at 11:47 AM, Story <jeevacation@gmail.com> wrote:
every day

On Jun 1, 2016, at 11:46 AM, Thomas Jr., Landon [redacted] wrote:

are you still getting calls from reporters re Trump?

On Wed, Jun 1, 2016 at 11:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:
no

On Wed, Jun 1, 2016 at 11:25 AM, Thomas Jr., Landon [redacted] wrote:
Keep getting calls from that guy doing a book on you -- John Connolly. He seems very interested in your relationship with the news media. I told him you were a hell of a guy:) One oddity: he said he had been told that that quote from Trump about you in the original NY Mag story had been manufactured. ie, that I did not actually speak to Donald. Which is bull shit of course. I am sure that is what Trump told him as they have been getting a lot of questions from reporters about you.

He actually seemed to be a sensible guy/solid reporter -- just from the few conversations I had with him. I think he is close to finishing up.

Did you ever speak to him?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Cecilia Steen[redacted]
**Sent**: 6/22/2016 9:58:45 PM
**To**: JE gmail [jeevacation@gmail.com]
**Subject**: Hi from London

**Importance**: High

Hi Jeffrey!

I'm so sorry to hear about the Trump law suit. I wish there was something I could do. I always think of you.

All my love always,

Cecilia

Sent from my iPad

**From**: Heather Mann [redacted]
**Sent**: 6/28/2016 6:38:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Oh boy!

**Importance**: High

Trump or Hilary?

Sent from my iPhone

On 28 Jun 2016, at 19:00, jeffrey E. <jeevacation@gmail.com> wrote:

uncertainty ahead. thats all anyone can responsbliy say

On Tue, Jun 28, 2016 at 1:51 PM, Heather Mann [redacted] wrote:

> So the last few days have been very interesting over here - what do you think!? Xx
>
> Sent from my iPhone

--

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**From:** Heather Mann[redacted]
**Sent:** 6/28/2016 6:58:59 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Oh boy!

**Importance:** High

Oh boy..... Any space on your island? - we may want to come and hide a while ! Xx

Sent from my iPhone

On 28 Jun 2016, at 19:40, jeffrey E. <jeevacation@gmail.com> wrote:

ask again aug 1

On Tue, Jun 28, 2016 at 2:38 PM, Heather Mann [redacted] wrote:

> Trump or Hilary?
>
> Sent from my iPhone
>
> On 28 Jun 2016, at 19:00, jeffrey E. <jeevacation@gmail.com> wrote:
>
> uncertainty ahead. thats all anyone can responsbliy say
>
> On Tue, Jun 28, 2016 at 1:51 PM, Heather Mann [redacted] wrote:
>
> > So the last few days have been very interesting over here - what do you think!? Xx
> >
> > Sent from my iPhone

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**From:** Thorbjøn Jagland[redacted]
**Sent:** 6/28/2016 8:42:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yes, terrible times. If Trump wins in US I'll settle on your island. Before that, I'll be in NY in September. Lot of things to talk about.

Den tirsdag 28. juni 2016 skrev jeffrey E. <jeevacation@gmail.com> følgende:

> you must be a very busy man
> hope to seee you soon
>
> --
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**From:** Miller, Michae[redacted]
**Sent:** 7/7/2016 1:04:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]; Darren Indyke [redacted] Kathy Ruemmler [redacted]
**Subject:** RE:

**Importance:** High

Thank you, Jeffrey. Mike

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

+1[redacted] direct
+1[redacted] fax
+1[redacted] cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, July 07, 2016 8:12 AM
**To:** Darren Indyke; Kathy Ruemmler; Miller, Michael
**Subject:**

https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

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**From**: Kathy Ruemmler [redacted]
**Sent**: 7/7/2016 1:15:26 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Wow

Sent from my iPhone

On Jul 7, 2016, at 8:11 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

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**From:** Richard Kahn [redacted]
**Sent:** 7/14/2016 11:59:52 AM
**To:** jeffrey E. [jeevacation@gmail.com]

**Importance:** High

funny you sent as i just read and saw Peter Thiel speaking
i am hoping he will have some surprises as well..

polls getting closer..

| | | | |
|---|---|---|---|
| General Election: Trump vs. Clinton | CBS News/NY Times | Clinton 40, Trump 40 | Tie |
| General Election: Trump vs. Clinton | Economist/YouGov | Clinton 45, Trump 43 | Clinton +2 |

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Jul 14, 2016, at 7:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.nytimes.com/2016/07/14/us/politics/republican-convention-speakers-donald-trump.html

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**From:** Kathy Ruemmler [redacted]
**Sent:** 7/14/2016 11:32:51 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yikes

Sent from my iPad

On Jul 14, 2016, at 7:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

every news channel today . as she apologized for her trump remarks.

On Thu, Jul 14, 2016 at 7:26 PM, Kathy Ruemmler [redacted] wrote:

I like that dress....narciso Rodriguez. Where did you see that picture? RBG was my date to state dinner.

Sent from my iPad

On Jul 14, 2016, at 7:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

pretty black dress. you and ruth ginsburg

--

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**From:** Kathy Ruemmler [redacted]
**Sent:** 7/15/2016 1:38:11 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

That's a broad question.

On Jul 15, 2016, at 9:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:

today?

On Thu, Jul 14, 2016 at 7:32 PM, Kathy Ruemmler [redacted] wrote:

Yikes

Sent from my iPad

On Jul 14, 2016, at 7:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

every news channel today . as she apologized for her trump remarks.

On Thu, Jul 14, 2016 at 7:26 PM, Kathy Ruemmler [redacted] wrote:

I like that dress....narciso Rodriguez. Where did you see that picture? RBG was my date to state dinner.

Sent from my iPad

On Jul 14, 2016, at 7:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

pretty black dress. you and ruth ginsburg

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**From**: soon yi previn[redacted]
**Sent**: 9/13/2016 11:04:37 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Woody said it doesn't mean anything.

Sent from Soon-Yi's iPhone

On Sep 12, 2016, at 5:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://origin-nyi.thehill.com/blogs/ballot-box/presidential-races/295423-bill-clintons-cia-chief-joins-trump-campaign

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**From**: Zubair Khan [redacted]
**Sent**: 9/15/2016 5:02:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:
**Attachments**: US Election Report.pdf; Untitled attachment 114288.htm

**Importance**: High

Please find attached US Election Report.

Regards,
Zubair

# US Presidential Election Report

This report is based on data collected from 1st September till date. We have processed around 8.6 million tweets during this period, a little more than 4 million tweets for each candidate. However not all tweets have a geographical location.

## Donald Trump

Out of 4.2 million Trump impressions 17.72% are positive and 63.76% are negative. Remaining are neutral. He was doing OK this month but became very unpopular after 9th September.

He is most popular in New York. 18.71% of his positive impressions are in NY. He is getting hammered in Florida. Only 2.98% positive and 12.56% of negative impressions are in FL. The table below shows top states with positive and negative impressions of Trump.

| Top States with Positive Impressions | Top States with Negative Impressions |
|---|---|
| New York – (18.71%) | California – (19.85%) |
| Colorado – (17.70%) | North Carolina – (18.86%) |
| California – (13.86%) | Florida – (12.56%) |
| North Carolina – (8.07%) | Texas – (11.36%) |
| Texas – (6.71%) | Louisiana – (7.71%) |
| Arizona – (5.53%) | Arizona – (7.40%) |
| Illinois – (5.15%) | New York – (5.75%) |
| New Jersey – (3.16%) | Ohio – (2.83%) |
| Florida – (2.98%) | Washington – (2.45%) |
| Louisiana – (2.96%) | Georgia – (1.91%) |

## Hillary Clinton

Out of 4.4 million Clinton impressions 4.07% are positive and 89.84% negative. Remaining are neutral. 11th September was her worst day of this month. She had around 0.7 million negative impressions on that day and 0.4 million on 14th September.

She is most popular in California with 29.96% of her positive impressions. The table below shows top states with positive and negative impressions of Clinton.

| Top States with Positive impressions | Top States with Negative impressions |
|---|---|
| **California – (29.96%)** | **Texas – (11.59%)** |
| **Texas – (11.99%)** | **Washington – (9.79%)** |
| **Oklahoma – (7.21%)** | **Arizona – (9.31%)** |
| **Oregon – (6.48%)** | **Georgia – (9.28%)** |
| **Mississippi – (5.70%)** | **Pennsylvania – (8.69%)** |
| **Ohio – (5.53%)** | **New York – (7.92%)** |
| **Pennsylvania – (5.16%)** | **Ohio – (6.67%)** |
| **New York – (4.93%)** | **South Carolina – (6.11%)** |
| **Alabama – (4.70%)** | **Illinois – (5.62%)** |
| **Louisiana – (4.15%)** | **California – (5.20%)** |

On Sep 14, 2016, at 8:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your heat map showign for trump clinton

--

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 9/16/2016 5:08:05 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

I am getting worried. Is he ever going to implode?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 9/16/2016 8:07:51 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:

too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:

I am getting worried. Is he ever going to implode?

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 9/16/2016 8:24:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

Lets catch up next time you are in NYC. NYT is making me write more on markets now and I don't really know who to believe any more re where the market is going these days.

On Fri, Sep 16, 2016 at 4:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon [redacted] wrote:
you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:
too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:
I am getting worried. Is he ever going to implode?

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 9/16/2016 8:49:29 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

If you knew Trump was going to win, how would you position your portfolio?

On Fri, Sep 16, 2016 at 4:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:
no place else to invest for alpha, your children are rich

On Fri, Sep 16, 2016 at 4:24 PM, Thomas Jr., Landon <[redacted] wrote:
Lets catch up next time you are in NYC. NYT is making me write more on markets now and I don't really know who to believe any more re where the market is going these days.

On Fri, Sep 16, 2016 at 4:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon [redacted] wrote:
you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:
too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:
I am getting worried. Is he ever going to implode?

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 9/16/2016 8:56:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

[redacted]

On Fri, Sep 16, 2016 at 4:52 PM, jeffrey E. <jeevacation@gmail.com> wrote:
give me a number ill call

On Fri, Sep 16, 2016 at 4:49 PM, Thomas Jr., Landon [redacted] wrote:
If you knew Trump was going to win, how would you position your portfolio?

On Fri, Sep 16, 2016 at 4:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:
no place else to invest for alpha, your children are rich

On Fri, Sep 16, 2016 at 4:24 PM, Thomas Jr., Landon [redacted] wrote:
Lets catch up next time you are in NYC. NYT is making me write more on markets now and I don't really know who to believe any more re where the market is going these days.

On Fri, Sep 16, 2016 at 4:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon [redacted] wrote:
you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:
too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:
I am getting worried. Is he ever going to implode?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** [redacted]]
**Sent:** 9/17/2016 11:51:24 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

We already have plans on Sunday as I didn't hear from you. I don't think I can change them.

Sent from Soon-Yi's iPhone

On Sep 17, 2016, at 6:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trumps guys changing their plans . all at the trump hotel right down the street from the white house. its a bad movie. president trump . down the street from trump hotel. deepak chopra , again, sunday , I know you moved krause to tonight. .

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**From:** Lang, Caroline [redacted]
**Sent:** 9/27/2016 10:48:58 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

He is tired
And also depressed by the presidential campaign, I will tell you more when we see each other

I saw the Clinton/Trump debate; she was really good

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** mardi 27 septembre 2016 12:19
**To:** Lang, Caroline
**Subject:** Re: Re:

thanks for organizing last night. you father did not appear very well. everything ok?

On Mon, Sep 26, 2016 at 6:28 PM, Lang, Caroline [redacted] wrote:
[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** lundi 26 septembre 2016 18:07
**To:** Lang, Caroline
**Subject:** Re:

Can I have Castro number , I'm outside gran palais

On Monday, 26 September 2016, jeffrey E. <jeevacation@gmail.com> wrote:
Ok

On Monday, 26 September 2016, Lang, Caroline [redacted] wrote:
Alone, a lot of officials will be there Ministers…

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** lundi 26 septembre 2016 17:04
**To:** Lang, Caroline
**Subject:** Re: Re:

can my two assistnats join, or should i go alone?

On Mon, Sep 26, 2016 at 12:13 PM, Lang, Caroline [redacted] wrote:
Well what about you ?
Tell me when you are free to see each other
You can meet my father in front of the Grand Palais
I will send you an email if may father decides to go at 6 pm.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** lundi 26 septembre 2016 12:11
**To:** Lang, Caroline
**Subject:** Re:

yes, great . how are you?

On Mon, Sep 26, 2016 at 12:09 PM, Lang, Caroline [redacted] wrote:

Hi Jeffrey

Would you like to go with my father at the inauguration of the exhibition on Hergé, the father of « Tintin » , a huge celebrity here, at le Grand Palais at 6.30 pm?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** dimanche 25 septembre 2016 21:04
**To:** Lang, Caroline
**Subject:**

Im in paris all week, hope to see you and family

--

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**From**: Richard Kahn [redacted]
**Sent**: 10/1/2016 1:56:19 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: This Chart Predicts Trump Will Win, Unless the S&P Rallies in October - Bloomberg

**Importance**: High

http://www.bloomberg.com/news/articles/2016-09-30/this-chart-predicts-trump-will-win-unless-the-s-p-rallies-in-october

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax [redacted]
Cell [redacted]

**From:** Michael Wolff [redacted]
**Sent:** 10/1/2016 2:09:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I can chat now. [redacted] Or if not, when works?

On Sat, Oct 1, 2016 at 5:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

> time to talk today, ? now that the book is a dud, no trump, clinton etc. I woudl like to move forward.
>
> --
>
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**From:** LHS [redacted]
**Sent:** 10/2/2016 12:32:18 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Trump

**Importance:** High

Jeff

How plausible is idea that trump is real cocaine user?

L

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

**From:** Darren Indyke [redacted]
**Sent:** 10/8/2016 10:48:32 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: WSJ inquiry -- on deadline

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** "Miller, Michael" <[redacted]>
**Date:** October 8, 2016 at 4:52:27 PM EDT
**To:** "Darren Indyke [redacted]
**Cc:** "Weingarten, Reid" <[redacted]
**Subject: FW: WSJ inquiry -- on deadline**

# Privileged - Redacted

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com

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**From:** Palazzolo, Joseph [redacted]
**Sent:** Saturday, October 08, 2016 4:49 PM
**To:** Miller, Michael
**Subject:** WSJ inquiry -- on deadline

Hi, Michael.

I'm writing about the Jane Doe case in SDNY involving Mr. Trump and Mr. Epstein. Can I talk to you briefly? Story is likely going online in the next couple hours. Apologies for the short notice. I wanted to get a comment on behalf of Mr. Epstein.

Thanks and best,
Joe

--

Joe Palazzolo
Staff reporter

1211 Avenue of the Americas
New York, NY 10036
[redacted]

**From:** Darren Indyke [redacted]
**Sent:** 10/9/2016 2:53:46 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: WSJ inquiry -- on deadline

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Oct 8, 2016, at 9:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Sat, Oct 8, 2016 at 6:48 PM, Darren Indyke <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** "Miller, Michael" <[redacted]>
**Date:** October 8, 2016 at 4:52:27 PM EDT
**To:** "Darren Indyke[redacted]
**Cc:** "Weingarten, Reid" <[redacted]>
**Subject: FW: WSJ inquiry -- on deadline**

# Privileged - Redacted


**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com



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**From:** Palazzolo, Joseph [redacted]
**Sent:** Saturday, October 08, 2016 4:49 PM

**To:** Miller, Michael
**Subject:** WSJ inquiry -- on deadline

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I'm writing about the Jane Doe case in SDNY involving Mr. Trump and Mr. Epstein. Can I talk to you briefly? Story is likely going online in the next couple hours. Apologies for the short notice. I wanted to get a comment on behalf of Mr. Epstein.

Thanks and best,

Joe

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Joe Palazzolo
Staff reporter

[redacted]

1211 Avenue of the Americas
New York, NY 10036

[redacted]

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**From**: Gianni Serazzi [redacted]
**Sent**: 10/9/2016 5:53:22 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: SInce you are super well connected...

**Importance**: High

A small point on the election that maybe you think might have some value for HC

1-In Europe a LOT of citizens start becoming very angry and voting for populist parties
2-A major reason is that the interconnected world shows them every minute on their smartphones how rich people are living and envy sets in (especially with raising inequality that is perfectly normal when financial returns of rich people are exponential and work returns are linear)
3-They want change and risk electing completely wrong people (Italy 5stelle, France LePen might be next, Hungary, Greece already lost, Brexit and anti-trade another example)
4-US election is over, Trump has destroyed himself as expected (I was in Wharton with Donald Jr, 3.95GPA vs. 2.5 GPA but he thought he was a god... what a family)

the message:
5-Maybe HC can use the last debates to create weapons for change. She could acknowledge that she understands that people want change, and ask for a clear majority in the senate thinking abou that instead of presidential elections. Then if she does bad in 4 years she is out, but she could make the public understand that senate is key to show what a president can do.

But again, I know 0.001% of what you or them understands about politics, I am however worried that europe is just 5 or 10 years ahead on this trend compared to the US in anti-establishment feelings and I have seen with friends how irrational and influenceable masses can become in voting when they are frustrated (Hitler was elected after all...)

Hope to see you soon!!!

G

**From:** Gianni Serazzi [redacted]
**Sent:** 10/9/2016 6:14:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: SInce you are super well connected...

**Importance:** High

Thanks for answering, your opinion on many life aspects means a lot to me

G

On Sun, Oct 9, 2016 at 8:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:
agreed

On Sun, Oct 9, 2016 at 1:53 AM, Gianni Serazzi [redacted] wrote:
A small point on the election that maybe you think might have some value for HC

1-In Europe a LOT of citizens start becoming very angry and voting for populist parties
2-A major reason is that the interconnected world shows them every minute on their smartphones how rich people are living and envy sets in (especially with raising inequality that is perfectly normal when financial returns of rich people are exponential and work returns are linear)
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Hope to see you soon!!!

G

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**From**: Andres Serrano [redacted]
**Sent**: 10/10/2016 8:09:15 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

Jeffrey,
I was prepared to vote against Trump for all the right reasons but I'm so disgusted by the outrage over "grab them by the pussy" that I may give him my sympathy vote.
I'm sure Bill C said things, too.
Andres

**From:** Andres Serrano [redacted]
**Sent:** 10/10/2016 9:30:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Either one I guess. Just came back from Ireland where I have a show called "Torture."

Andres Serrano
Daily update · October 7, 2016

WEB

VOID hosts first Irish exhibition by renowned artist **Andres Serrano**
Arts Council of Northern Ireland
**Serrano's** work has been praised and debated in equal measure since the 1980's and has raised questions on taste, censorship and acceptable ...

Flag as irrelevant

On Oct 10, 2016, at 4:19 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no good choice. how are u

On Mon, Oct 10, 2016 at 4:09 PM, Andres Serrano [redacted] wrote:

Jeffrey,
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I'm sure Bill C said things, too.
Andres

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**From:** Andres Serrano [redacted]
**Sent:** 10/10/2016 10:21:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:
**Attachments:** IMG_0033.jpeg

**Importance:** High

They're huge!

On Oct 10, 2016, at 6:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Great photos d

On Monday, 10 October 2016, Andres Serrano [redacted] wrote:
Either one I guess. Just came back from Ireland where I have a show called "Torture."

Andres Serrano
Daily update · October 7, 2016

WEB

VOID hosts first Irish exhibition by renowned artist **Andres Serrano**
Arts Council of Northern Ireland
**Serrano's** work has been praised and debated in equal measure since the 1980's and has raised questions on taste, censorship and acceptable ...

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I'm sure Bill C said things, too.
Andres

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**From:** Peter Attia[redacted]
**Sent:** 10/19/2016 12:54:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: In NYC next week?

**Importance:** High

Ok. Glad you were able to see him.
Please tell me it is officially over for trump…

**Peter Attia, M.D.** | Attia Medical, PC
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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, October 19, 2016 4:48 AM
**To:** Peter Attia
**Subject:** Re: In NYC next week?

I like sebastain, bottojm line , nothig to do , took some bloods.

On Tue, Oct 18, 2016 at 3:30 PM, Peter Attia [redacted] wrote:
:(

**Peter Attia, M.D.** | Attia Medical, PC |[redacted](m)
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On Oct 18, 2016, at 12:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no week after

On Tue, Oct 18, 2016 at 2:11 PM, Peter Attia <[redacted]wrote:

**Peter Attia, M.D.** | Attia Medical, PC [redacted] (m)
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**From**: Zubair Khan [redacted]
**Sent**: 10/29/2016 1:40:09 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Hi Jeffrey,

Looks like Trump is back in game. We processed 11 million tweets this week for Trump and 50.03% are positive and only 20.66% are negative whereas Clinton is 56.05% negative and 20.03% positive.

We are trying to correlate that into popular vote outcome and electoral votes received.

Regards,
Zubair

On Sep 15, 2016, at 5:15 AM, Zubair Khan [redacted] wrote:

Hi Jeffrey,

We are in the process of removing data from bots and making a clean report which I will share with you in few hours. Overall Trump is way more popular than Clinton.

Regards,
Zubair

On Sep 14, 2016, at 8:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your heat map showign for trump clinton

--

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**From**: Richard Kahn [redacted]
**Sent**: 10/29/2016 9:04:53 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Peter is looking smarter each day...
Heading to Lynn wake tonight.
I believe Lesley Bella Bebe went this afternoon.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phon[redacted]
Fax [redacted]
Cell [redacted]

On Oct 29, 2016, at 2:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.nytimes.com/2016/10/31/technology/peter-thiel-defends-his-most-contrarian-move-yet-supporting-trump.html

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USDC-SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC#:
DATE FILED: 10/4/2016

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JANE DOE *proceeding under a pseudonym*,

Plaintiff,

v.

DONALD J. TRUMP and JEFFREY E. EPSTEIN,

Defendants.

No. 16 CV-7673 (RA)

ORDER AND NOTICE
OF INITIAL CONFERENCE

RONNIE ABRAMS, United States District Judge:

This case has been assigned to me for all purposes. It is hereby:

ORDERED that counsel for all parties appear for an initial status conference on December 16, 2016 at 11:30 a.m. in Courtroom 1506 of the U.S. District Court for the Southern District of New York, 40 Foley Square, New York, New York.

IT IS FURTHER ORDERED that, by December 9, 2016, the parties submit a joint letter, not to exceed five (5) pages, providing the following information in separate paragraphs:

1. A brief description of the nature of the action and the principal defenses thereto;

2. A brief explanation of why jurisdiction and venue lie in this Court. If any party is a corporation, the letter shall state both the place of incorporation and the principal place of business. If any party is a partnership, limited partnership, limited liability company or trust, the letter shall state the citizenship of each of the entity's members, shareholders, partners and/or trustees;

3. A brief description of all contemplated and/or outstanding motions;

4. A brief description of any discovery that has already taken place, and/or that which will be necessary for the parties to engage in meaningful settlement negotiations;

5. A brief description of prior settlement discussions (without disclosing the parties' offers or settlement positions) and the prospect of settlement;

6. The estimated length of trial; and

7. Any other information that the parties believe may assist the Court in advancing the case to settlement or trial, including, but not limited to, a description of any dispositive issue or novel issue raised by the case.

IT IS FURTHER ORDERED that, by December 9, 2016, the parties jointly submit to the Court a proposed case management plan and scheduling order. A template for the order is available at http://nysd.uscourts.gov/judge/Abrams. The status letter and the proposed case management plan should be filed electronically on ECF, consistent with Section 13.1 of the Court's Electronic Case Filing (ECF) Rules & Instructions, available at http://www.nysd.uscourts.gov/ecf/ecf_rules_080113.pdf.

Plaintiff is ordered to serve Defendants with a copy of this order and to file an affidavit on ECF certifying that such service has been effectuated.

SO ORDERED.

Dated: October 4, 2016
New York, New York

Ronnie Abrams
United States District Judge



HOUSE_OVERSIGHT_032322

**From**: Zubair Khan [redacted]
**Sent**: 11/4/2016 12:43:32 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Election Update
**Attachments**: Election_Update_4Nov.pdf; Untitled attachment 121551.htm

**Importance**: High

Hi Jeffrey,

According to InsightsPod Trump is more popular. We processed 3 million tweets this week.

I have attached detailed report.

Regards,
Zubair

# US Election Report

From 1st of Nov till now, we have captured around 3 million tweets.

Here is the performance of candidates:

| | | | | |
|---|---|---|---|---|
| 1. | Donald Trump | Positive – 19.29% | Neutral – 35.03% | Negative – 45.68% |
| 2. | Hillary Clinton | Positive – 20.44% | Neutral – 20.79% | Negative – 58.77% |

## Winning chances

**Clinton: 45% – Trump: 55%**

## Winning chances in US States

| | |
|---|---|
| **New York** | Trump 39% - Clinton 61% |
| **California** | Trump 37% - Clinton 63% |
| **Texas** | Trump 80% - Clinton 20% |
| **North Carolina** | Trump 54% - Clinton 46% |
| **Florida** | Trump 52% - Clinton 48% |
| **Washington** | Trump 31% - Clinton 69% |
| **Ohio** | Trump 62% - Clinton 38% |
| **New Jersey** | Trump 19% - Clinton 81% |
| **Michigan** | Trump 37% - Clinton 63% |
| **Pennsylvania** | Trump 51% - Clinton 49% |
| **Iowa** | Trump 67% - Clinton 33% |
| **Wisconsin** | Trump 18% - Clinton 82% |
| **Nevada** | Trump 39% - Clinton 61% |

**From:** Zubair Khan [redacted]
**Sent:** 11/4/2016 1:07:21 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Election Update

**Importance:** High

Trump is definitely winning popular vote so far. According to our data winning chances of Trump are 52% in Electoral college.

On Nov 4, 2016, at 5:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

thats in the popular vote , not talking into account the elctoral college?

On Fri, Nov 4, 2016 at 1:43 PM, Zubair Khan [redacted] wrote:

Hi Jeffrey,

According to InsightsPod Trump is more popular. We processed 3 million tweets this week.

I have attached detailed report.

Regards,
Zubair

On Oct 9, 2016, at 4:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:

jeevacation

On Sat, Oct 8, 2016 at 11:20 PM, Zubair Khan [redacted] wrote:

What is your Skype ID?

Thanks.

On Saturday, 8 October 2016, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Sat, Oct 8, 2016 at 7:07 AM, Zubair Khan [redacted] wrote:

Hi Jeffrey,

Are you available to talk today?

Regards,
Zubair

On Oct 6, 2016, at 11:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:

skyype good this weekend?

On Thu, Oct 6, 2016 at 5:42 AM, Zubair Khan [redacted] wrote:

Hi Jeffrey,

Just wondered if you have time to discuss the business plan of InsightsPod on Skype or if you prefer I can meet you in person after 19th Oct.

Regards,
Zubair

On Sunday, 25 September 2016, jeffrey E. <jeevacation@gmail.com> wrote:

Skype this week?

On Sunday, 25 September 2016, Zubair Khan [redacted] wrote:

Hi Jeffrey,

Please find attached InsightsPod business plan for your consideration.

Since Twitter is live streaming the presidential debates, the social media activity will accelerate and it will help us in making better predictions of outcome. It was apparent from the US Election report, which I sent you previously that we need a Data Scientist who can translate our data into better insights. Taking this into account I hope you can help us by backing this venture.

Thanks,

Zubair

--

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**Best regards,**
**Zubair Khan**
Chief Executive Officer | **Tranchulas**
London | San Francisco | Auckland | Islamabad

email: [redacted] | web: www.tranchulas.com

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--

**Best regards,**
**Zubair Khan**
Chief Executive Officer | **Tranchulas**
London | San Francisco | Auckland | Islamabad

email: [redacted] | web: www.tranchulas.com

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**From:** Miller, Michael [redacted]
**Sent:** 11/4/2016 10:14:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Weingarten, Reid [redacted]]
**Subject:** JE

**Importance:** High

# Privileged - Redacted

**From:** NYSD_ECF_Pool@nysd.uscourts.gov [mailto:NYSD_ECF_Pool@nysd.uscourts.gov]
**Sent:** Friday, November 04, 2016 5:59 PM
**To:** CourtMail@nysd.uscourts.gov
**Subject:** Activity in Case 1:16-cv-07673-RA Doe v. Trump et al Notice of Voluntary Dismissal

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**U.S. District Court**

**Southern District of New York**

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The following transaction was entered by Meagher, Thomas on 11/4/2016 at 5:59 PM EDT and filed on 11/4/2016

| | |
|---|---|
| **Case Name:** | Doe v. Trump et al |
| **Case Number:** | 1:16-cv-07673-RA |
| **Filer:** | Jane Doe |
| **Document Number:** | 15 |

**Docket Text:**
**NOTICE OF VOLUNTARY DISMISSAL Pursuant to Rule 41(a)(1)(A)(i) of the Federal Rules of Civil Procedure, the plaintiff(s) and or their counsel(s), hereby give notice that the above-captioned action is voluntarily dismissed, against the defendant(s) All Defendants. Document filed by Jane Doe. (Meagher, Thomas)**

**1:16-cv-07673-RA Notice has been electronically mailed to:**

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com

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**From:** Darren Indyke [redacted]
**Sent:** 11/4/2016 10:16:32 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: JE

**Importance:** High

**Privileged - Redacted**

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**********

On Nov 4, 2016, at 6:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

--------- Forwarded message ---------
From: **Miller, Michael** <[redacted]>
Date: Fri, Nov 4, 2016 at 11:14 PM
Subject: JE
To: "jeffrey E." <jeevacation@gmail.com>
Cc: "Weingarten, Reid" <[redacted]

**Privileged - Redacted**

# Privileged - Redacted

**From:** NYSD_ECF_Pool@nysd.uscourts.gov [mailto:NYSD_ECF_Pool@nysd.uscourts.gov]
**Sent:** Friday, November 04, 2016 5:59 PM
**To:** CourtMail@nysd.uscourts.gov
**Subject:** Activity in Case 1:16-cv-07673-RA Doe v. Trump et al Notice of Voluntary Dismissal

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**U.S. District Court**

**Southern District of New York**

**Notice of Electronic Filing**

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| | |
|---|---|
| **Case Name:** | Doe v. Trump et al |
| **Case Number:** | 1:16-cv-07673-RA |
| **Filer:** | Jane Doe |
| **Document Number:** | 15 |

**Docket Text:**
**NOTICE OF VOLUNTARY DISMISSAL Pursuant to Rule 41(a)(1)(A)(i) of the Federal Rules of Civil Procedure, the plaintiff(s) and or their counsel(s), hereby give notice that the above-captioned action is voluntarily dismissed, against the defendant(s) All Defendants. Document filed by Jane Doe. (Meagher, Thomas)**

**1:16-cv-07673-RA Notice has been electronically mailed to:**

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

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New York, NY 10036
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**From:** Kathy Ruemmler[redacted]
**Sent:** 11/5/2016 11:56:17 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: told you

**Importance:** High

**Privileged - Redacted**

Sent from my iPad

On Nov 4, 2016, at 6:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**From:** NYSD_ECF_Pool@nysd.uscourts.gov [mailto:NYSD_ECF_Pool@nysd.uscourts.gov]
**Sent:** Friday, November 04, 2016 5:59 PM
**To:** CourtMail@nysd.uscourts.gov
**Subject:** Activity in Case 1:16-cv-07673-RA Doe v. Trump et al Notice of Voluntary Dismissal

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**U.S. District Court**

**Southern District of New York**

**Notice of Electronic Filing**

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| | |
|---|---|
| **Case Name:** | Doe v. Trump et al |
| **Case Number:** | 1:16-cv-07673-RA |
| **Filer:** | Jane Doe |
| **Document Number:** | 15 |

**Docket Text:**
**NOTICE OF VOLUNTARY DISMISSAL Pursuant to Rule 41(a)(1)(A)(i) of the Federal Rules of Civil Procedure, the plaintiff(s) and or their counsel(s), hereby give notice that the above-captioned action is voluntarily dismissed, against the defendant(s) All Defendants. Document filed by Jane Doe. (Meagher, Thomas)**

**1:16-cv-07673-RA Notice has been electronically mailed to:**

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**From**: ehbarak[redacted]
**Sent**: 11/7/2016 3:54:57 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: speak. JE

**Importance**: High

Hi Jeff
The Trump momentum,
I believe was stopped.
Hillary might be on her way to Win. But with much lower margin, and probably still GOP controlled Senate.
Best
EB
Sent from my iPhone

On 5 Nov 2016, at 10:28, jeffrey E. <jeevacation@gmail.com> wrote:

paris[redacted]

On Sat, Nov 5, 2016 at 4:35 PM, ehbarak [redacted] wrote:

> Sure. Speak. When? #?
> Best
> EB
>
> Sent from my iPhone
>
> On 5 Nov 2016, at 8:52, jeffrey E. <jeevacation@gmail.com> wrote:
>
> speak?
>
> --
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**From**: Richard Kahn[redacted]
**Sent**: 11/9/2016 3:44:39 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

Shocked but you seem to be right on don't count him out. Trump victory looking good and these pollsters like fools...

Markets getting hit. Dow futures -700

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax [redacted]
Cell [redacted]

**From**: Weingarten, Reid [redacted]
**Sent**: 11/10/2016 9:36:16 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

# Privileged - Redacted

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, November 10, 2016 4:24 PM
**To:** Weingarten, Reid
**Subject:**

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** Michael Wolff [redacted]
**Sent:** 11/10/2016 9:40:43 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

What was behind this, do you know? Or just nutters?

On Thu, Nov 10, 2016 at 4:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 11/10/2016 9:57:35 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

You called it! How are you positioned re market?

On Thu, Nov 10, 2016 at 4:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 9:59:45 PM
**To:** Lawrence Krauss[redacted]

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** [redacted]
**Sent:** 11/10/2016 10:08:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Oh my goodness. I'm so sorry about these accusations. I wish there was a way to make them stop but glad that the truth surfaced.

She sounds troubled for sure. Did you even know her?

Hope your trip went well ----

On Nov 10, 2016, at 4:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 11/10/2016 10:10:27 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

who is treasury secretary? Is Mnuchin a done deal? Seems too obvious.

On Thu, Nov 10, 2016 at 4:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:
long dow , short yen euro and pound. long reits,

On Thu, Nov 10, 2016 at 10:57 PM, Thomas Jr., Landon [redacted] wrote:
You called it! How are you positioned re market?

On Thu, Nov 10, 2016 at 4:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Melanie Walker [redacted]
**Sent:** 11/10/2016 10:11:46 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ugh

Hopefully this nonsense stops NOW!!

On Nov 10, 2016, at 5:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

nope

On Thu, Nov 10, 2016 at 11:08 PM, Melanie Walker [redacted] wrote:

Oh my goodness. I'm so sorry about these accusations. I wish there was a way to make them stop but glad that the truth surfaced.

She sounds troubled for sure. Did you even know her?

Hope your trip went well ----

On Nov 10, 2016, at 4:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From**: Erika Kellerhals [redacted]
**Sent**: 11/10/2016 10:12:20 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

I'm so sorry this happened to you. It's terrible. And sad.

Sent from my iPhone

On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html**

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**From**: Erika Kellerhals [redacted]
**Sent**: 11/10/2016 10:12:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

But holy shit you were spot on about trump!

Sent from my iPhone

On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html**

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**From**: Deepak Chopra [redacted]
**Sent**: 11/10/2016 10:14:40 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Did she also drop civil case against you ?

Deepak Chopra

2013 Costa Del Mar Road
Carlsbad, CA 92013

New Book: Radicalbeauty.com

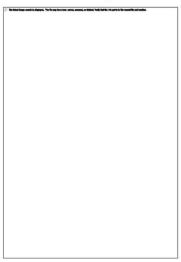

On Nov 10, 2016, at 5:00 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** Deepak Chopra [redacted]
**Sent:** 11/10/2016 10:16:11 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Good
See you this Sat 230 PM ?

Deepak Chopra

2013 Costa Del Mar Road
Carlsbad, CA 92013

New Book: Radicalbeauty.com

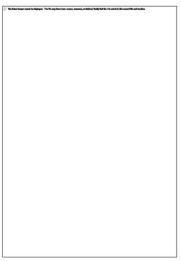

On Nov 10, 2016, at 5:15 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yup

On Thu, Nov 10, 2016 at 11:14 PM, Deepak Chopra <[redacted] wrote:

Did she also drop civil case against you ?

Deepak Chopra

2013 Costa Del Mar Road
Carlsbad, CA 92013

New Book: Radicalbeauty.com

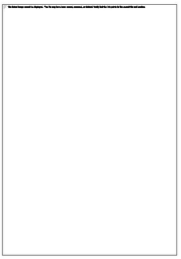

On Nov 10, 2016, at 5:00 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** Erika Kellerhals [redacted]
**Sent:** 11/10/2016 10:19:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

☺ I'll try not to. Need to meet with you Tuesday.

Sent from my iPhone

On Nov 10, 2016, at 6:14 PM, jeffrey E. <jeevacation@gmail.com> wrote:

its funny, dont lose your sense of humor

On Thu, Nov 10, 2016 at 11:12 PM, Erika Kellerhals [redacted] wrote:

I'm so sorry this happened to you. It's terrible. And sad.

Sent from my iPhone

On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html**

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 11/10/2016 10:19:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

212 556 3821

On Thu, Nov 10, 2016 at 5:11 PM, jeffrey E. <jeevacation@gmail.com> wrote:
number?

On Thu, Nov 10, 2016 at 11:10 PM, Thomas Jr., Landon [redacted] wrote:
who is treasury secretary? Is Mnuchin a done deal? Seems too obvious.

On Thu, Nov 10, 2016 at 4:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:
long dow , short yen euro and pound. long reits,

On Thu, Nov 10, 2016 at 10:57 PM, Thomas Jr., Landon [redacted] wrote:
You called it! How are you positioned re market?

On Thu, Nov 10, 2016 at 4:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter
New York Times

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Miller, Michael [redacted]
**Sent:** 11/10/2016 10:28:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE:

**Importance:** High

# Privileged - Redacted

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com

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**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, November 10, 2016 4:55 PM
**To:** Miller, Michael
**Subject:**

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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**From:** Jabor Y. [redacted]
**Sent:** 11/11/2016 5:13:57 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Wish you a safe trip back. Congratulations on your new president. You are made to handle all uncertainties and meet new challenges. Wish you the best and assure you of all my possible support. I am in contact with the Sharia guys and hope to come back to you next week regarding the e-currency. Look forward to see you in Marrakech or in NY if nothing works out.

On Thursday, November 10, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

> in paris today, headed for new york. . trump gives many new things to do
>
> --
>
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**From:** Jabor Y.[redacted]
**Sent:** 11/11/2016 11:00:04 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yes around 22nd.

On Friday, November 11, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

> When marrahesh ? Is it definite
>
> On Friday, 11 November 2016, Jabor Y. [redacted] wrote:
>
> > Wish you a safe trip back. Congratulations on your new president. You are made to handle all uncertainties and meet new challenges. Wish you the best and assure you of all my possible support. I am in contact with the Sharia guys and hope to come back to you next week regarding the e-currency. Look forward to see you in Marrakech or in NY if nothing works out.
> >
> > On Thursday, November 10, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> >
> > > in paris today, headed for new york. . trump gives many new things to do
> > >
> > > --
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**From**: Linda Stone[redacted]
**Sent**: 11/13/2016 6:26:33 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: My sister's perspective from Europe

**Importance**: High

I am looking at this from over here in Germany. American politics gets reduced in the end to only a few issues: pro-life or pro-choice, gun laws, and establishment vs. anti-establishment. Political categories are so wishy washy and intermingled with what is termed 'liberal' and 'conservative' that one forgets what they actually mean.

Of course, not everybody who voted for Trump is sexist or a racist, but, on some level, they didn't care if he is. He knew how to gather momentum with the discourse he chose, and, even if he changes his tone, he has let loose a storm. We will brace ourselves over here for Putin's eventual takeover of the Baltic States. Putin has extended his power back into Republic of Georgia, the Crimea, and Armenia. Trump has said that he would not come to the aid of Nato allies if they were attacked. IS is the least of our problems here in Germany; Erdogan is a much larger threat, for now.

I don't see Hillary Clinton as being at fault. I see the growth of nationalism (all throughout the world, not just in the USA) and an underestimation of the fear that non-Hispanic whites have about the trajectory they are on to become a minority (in the USA and other European countries).

Every news show, talk show, etc here is discussing and analysing the fallout of Trump's win. German politicians are hoping to learn from it, to stem the growth of the right wing AFD party here. As far as I know, Merkel is the only leader who congratulated Trump with a warning.

**From:** Linda Stone [redacted]
**Sent:** 11/13/2016 6:34:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: My sister's perspective from Europe

**Importance:** High

Putin? NATO? Those were the points my sister raised that were concerning.

Will meet you in Boston or NYC sometime. Curious to hear your thinking.

On Nov 13, 2016, at 1:28 PM, jeffrey E. <jeevacation@gmail.com> wrote:

he is neither sexist or racistl that is the point and in fact the truth. he says things . to get elected and it worked nothing more . talking heads goofyy

On Sun, Nov 13, 2016 at 1:26 PM, Linda Stone [redacted] wrote:

I am looking at this from over here in Germany. American politics gets reduced in the end to only a few issues: pro-life or pro-choice, gun laws, and establishment vs. anti-establishment. Political categories are so wishy washy and intermingled with what is termed 'liberal' and 'conservative' that one forgets what they actually mean.

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**From:** Valeria Chomsky [redacted]
**Sent:** 11/13/2016 6:37:59 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Noam Chomsky [redacted]
**Subject:** Re: trump

**Importance:** High

I knew even before the primaries. Announced in meetings, lunches and dinners, just to receive a look of contempt and disbelief.

Now I want my position as a political analyst (preferably in the White House).

Valeria

Valeria Chomsky

On Sun, Nov 13, 2016 at 1:32 PM, Valeria Chomsky [redacted] wrote:

Yeah.

Once you asked me who I would like to see talking to Noam. Here is a guy! Can you arrange it? He could make good use of Noam's advices.

Valeria

Valeria Chomsky

On Sun, Nov 13, 2016 at 1:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:

we called it

--

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**From**: Deepak Chopra [redacted]
**Sent**: 11/14/2016 1:13:43 PM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: Deepak Chopra shared a link: The Real Cause - and Cure - of Trump Anguish - SFGate

**Importance**: High

The Real Cause - and Cure - of Trump Anguish - SFGate from Deepak Chopra's Tweet

Download the Twitter app

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

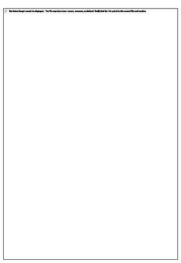

**From**: Deepak Chopra [redacted]
**Sent**: 11/14/2016 1:25:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Deepak Chopra shared a link: The Real Cause - and Cure - of Trump Anguish - SFGate

**Importance**: High

Yes
Will do
❤

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

On Nov 14, 2016, at 8:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:

nice to ee you, we should spend some time getting the app and board game right

On Mon, Nov 14, 2016 at 8:13 AM, Deepak Chopra [redacted] wrote:

The Real Cause - and Cure - of Trump Anguish - SFGate from Deepak Chopra's Tweet

Download the Twitter app

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

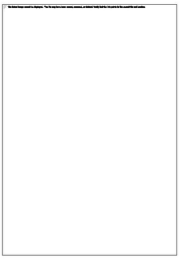

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 11/14/2016 2:51:53 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

Any further intel on Treasury? Priebus choice suggests to me that he may go for a bigger name in treasury than Mnuchin. Someone to underscore/push forward this notion that he is Reagan 2.0 (as some are suggesting). I am just not sure who that person would be. The Trump trade certainly seems to have legs -- all the Hillary loving hedgies I am talking to are congratulating themselves for making so much money last week. They are all Trump lovers now!

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 11/14/2016 2:54:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

do you agree with my thesis?

On Mon, Nov 14, 2016 at 9:53 AM, jeffrey E. <jeevacation@gmail.com> wrote:

no intel but lots of profits

On Mon, Nov 14, 2016 at 9:51 AM, Thomas Jr., Landon [redacted] > wrote:

Any further intel on Treasury? Priebus choice suggests to me that he may go for a bigger name in treasury than Mnuchin. Someone to underscore/push forward this notion that he is Reagan 2.0 (as some are suggesting). I am just not sure who that person would be. The Trump trade certainly seems to have legs -- all the Hillary loving hedgies I am talking to are congratulating themselves for making so much money last week. They are all Trump lovers now!

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--

Landon Thomas, Jr.

Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 11/14/2016 2:59:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Trump

**Importance:** High

yeah, but that was a smart move -- made him look presidential. everything he has done so far suggests to me he is going to do what you told me months ago: appoint competent people beneath him who he trusts AND who will not fuck things up. Christie was not one of those people.

On Mon, Nov 14, 2016 at 9:56 AM, jeffrey E. <jeevacation@gmail.com> wrote:
no, they dont have many loyal people that have gravitas. . it will be somewhat random but he is being advised to do as you suggest but he doesnt like advice in general. he has no loyalty ZERO tossed christie after being his best friend. in four seconds flat

On Mon, Nov 14, 2016 at 9:54 AM, Thomas Jr., Landon [redacted] wrote:
do you agree with my thesis?

On Mon, Nov 14, 2016 at 9:53 AM, jeffrey E. <jeevacation@gmail.com> wrote:
no intel but lots of profits

On Mon, Nov 14, 2016 at 9:51 AM, Thomas Jr., Landon [redacted] wrote:
Any further intel on Treasury? Priebus choice suggests to me that he may go for a bigger name in treasury than Mnuchin. Someone to underscore/push forward this notion that he is Reagan 2.0 (as some are suggesting). I am just not sure who that person would be. The Trump trade certainly seems to have legs -- all the Hillary loving hedgies I am talking to are congratulating themselves for making so much money last week. They are all Trump lovers now!

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: [redacted]
**Sent**: 11/16/2016 6:48:02 PM
**To**: jeffrey epstein [jeevacation@gmail.com]

**Importance**: High

Hey Jeffrey!!

How are you ? Happy abt Trump being elected or not?

I hope you meet Christian in NY. He is genius in tech and also my boyfriend :-) so I will be travelling to NY often to see him and can catch up with you..

Did you think of any lawyering job I can do for you after I graduate from Berkeley and take NY bar ? ;-)

Hugs,
[redacted]

**From:** [redacted]
**Sent:** 11/16/2016 6:55:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

What do u hope?))

Kind regards,
[redacted]

On 16 Nov 2016, at 7:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hope

On Wed, Nov 16, 2016 at 2:48 PM, [redacted] wrote:

Hey Jeffrey!!

How are you ? Happy abt Trump being elected or not?

I hope you meet Christian in NY. He is genius in tech and also my boyfriend :-) so I will be travelling to NY often to see him and can catch up with you..

Did you think of any lawyering job I can do for you after I graduate from Berkeley and take NY bar ? ;-)

Hugs,
[redacted]

--

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**From:** Linda Pinto [redacted]
**Sent:** 11/25/2016 11:53:06 AM
**To:** 'jeffrey E.' [jeevacation@gmail.com]
**Subject:** RE: ILE MOUSTIQUE

**Importance:** High

OK great I will ask the accounting department to prepare and send the first request.

Good luck with the government...

Linda PINTO
Cabinet Alberto Pinto
11 rue d'Aboukir
75002 Paris
T: [redacted]
F: [redacted]
www.albertopinto.com
[redacted]

**De :** jeffrey E. [mailto:jeevacation@gmail.com]
**Envoyé :** jeudi 24 novembre 2016 18:09
**À :** Linda PINTO [redacted]
**Objet :** Re: ILE MOUSTIQUE

please do so. I am having a meeting with the government on the 15th re foreigb workers , painters. etc. sorry , its beeen crazy with trump people here in palm beach

On Thu, Nov 24, 2016 at 11:49 AM, Linda Pinto [redacted] wrote:

> Dear Jeffrey,
>
> Since your last meeting in Paris and the meeting on site I have had no news from you. I would just like to know if you intend to go ahead with the interior design work because Florence is blocked and waiting. If you want to do it and since about ~70-80-90% of the project is approved then why don't we start with what is sure and for the remaining points, such as the kitchen, we can see about these the next time you are in Paris.
>
> As for the kitchen I understand new samples were sent yesterday. These samples are in grey which is not a very bright color for a beach house kitchen where perhaps blue might be more appropriate. Let's see.
>
> If you would like us to do the project we will send you a budget recap for the points agreed upon along with our first account and fees.
>
> Big kisses,

Linda PINTO
Cabinet Alberto Pinto
11 rue d'Aboukir
75002 Paris
T:[redacted]
F:[redacted]
www.albertopinto.com
[redacted]

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**From**: Larry Visoski [redacted]
**Sent**: 11/25/2016 10:28:28 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: Trump

Jeffrey
Trump is still scheduled to depart Sunday between 4 and 6pm,,
Let me know if we are firm for wheels up Saturday at 6pm still?

Thx
Larry

Sent from my iPhone

**From:** Dangene and Jennie Enterprise [redacted]
**Sent:** 11/27/2016 5:50:02 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:
**Attachments:** EWLarge2.jpg

**Importance:** High

cool ! Lets go to the inauguration together !!!

Enterpriseworld

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | Main: [redacted] | Mobile: [redacted]
www.coreaccess.net |

On Nov 27, 2016, at 12:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

really fun, im in palm with the trump crowd

On Sun, Nov 27, 2016 at 12:40 PM, Dangene and Jennie Enterprise [redacted] wrote:

soma dome ….How was your thanksgiving ? Love u

Enterpriseworld

CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | Main: [redacted] Mobile: [redacted] |
www.coreaccess.net |

On Nov 27, 2016, at 12:29 PM, jeffrey E. <jeevacation@gmail.com> wrote:

What is the relaxation machine in waiting area

--

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**From:** Dangene and Jennie Enterprise [redacted]
**Sent:** 11/27/2016 7:05:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Dangene and Jennie Enterprise [redacted]
**Subject:** Re:
**Attachments:** EWLarge2.jpg

**Importance:** High

HAPPY thanksgiving weekend 🍁
SOMADOME

Enterpriseworld 🌎
Dangene Enterprise | Founder |
@dandjenterprise |
CORE: 66 E.55th Street |
New York NY 10022 |
Ph: [redacted]
| www.dangene.com |

On Nov 27, 2016, at 12:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

really fun, im in palm with the trump crowd

On Sun, Nov 27, 2016 at 12:40 PM, Dangene and Jennie Enterprise [redacted] wrote:
soma dome ….How was your thanksgiving ? Love u

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CORE: Jennie Enterprise |
@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 |
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On Nov 27, 2016, at 12:29 PM, jeffrey E. <jeevacation@gmail.com> wrote:

What is the relaxation machine in waiting area

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**From**: Larry Summers [redacted]
**Sent**: 11/28/2016 12:52:19 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Interesting

Grey is at least reasonably smart.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Nov 28, 2016, at 7:20 AM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.foxbusiness.com/politics/2016/05/01/trump-touts-henry-kravis-as-treasury-secretary-again-and-again-declines.html
--
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**From:** Larry Summers [redacted]
**Sent:** 11/29/2016 7:34:18 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Re:

**Importance:** High

Who is the guy you have set me up with?

Spend zero effort on anything about me w trump. Seeing his approach to conflict of interest, his Putin proximity, and his mindless response on Castro death I'm best off a million miles away.

Until they are deeply humbled by the fuckups that are sure to come, I serve myself and country best by doing nothing that involves loyalty to them.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Afri zp <[redacted]
**Date:** November 29, 2016 at 3:26:13 AM GMT-3:30
**To:** "jeffrey E." <jeevacation@gmail.com>
**Cc:** Larry Summers <[redacted]>
**Subject: Re:**

Larry,

I'll be very please to meet or take you for diner. My mobile in Doha is +97455125119

Le 29 nov. 2016 à 00:16, jeffrey E. <jeevacation@gmail.com> a écrit :

larry, karim, karim - larry, larry will be in doha on wed, i think you two would enjoy meeting

--

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**From**: Kathy [redacted]
**Sent**: 12/1/2016 3:58:05 AM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

The dems are going to take out a couple of Trump's nominees, and Mnuchin may be one of them.

Sent from my iPad

**From**: Lang, Caroline[redacted]
**Sent**: 12/2/2016 12:41:57 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Excellent !

Caroline Lang

Le 2 déc. 2016 à 12:38, jeffrey E. <jeevacation@gmail.com> a écrit :

first you father was afraid of trump and the us. , now he shold probaby move here. :)

--

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**From**: Jonathan Farkas [redacted]
**Sent**: 12/7/2016 5:01:04 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan

Sent from my iPhone

**From:** [redacted]
**Sent:** 12/7/2016 5:29:21 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

yikes your birthday coming up next month

In a message dated 12/7/2016 12:25:22 P.M. Eastern Standard Time, jeevacation@gmail.com writes:

> plenty left
>
> On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas [redacted]> wrote:
>
> > Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
> >
> > Sent from my iPhone
>
> --
>
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**From**: Pritzker, Tom[redacted]
**Sent**: 12/15/2016 3:54:53 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

I'm stuck in the cold! Five degrees. Aspen next week to warm up. Tilerson is a good move for Trump. Have gotten to know him at CSIS, he's the real deal.
tjp

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 15, 2016 8:53 AM
**To:** Pritzker, Tom[redacted]
**Subject:**

??

--

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**From**: Pritzker, Tom [redacted]
**Sent**: 12/15/2016 4:07:24 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Will call Japan tonite. A tent? Hmmm... I think that is code for 'I love you'. Or, maybe code for 'go pound sand'. Better check your KSA urban dictionary.

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 15, 2016 9:59 AM
**To:** Pritzker, Tom [redacted]
**Subject:** Re:

yes, any word on karyyna plans. . can you belive MBS sent me a TENT carpets and all.

On Thu, Dec 15, 2016 at 10:54 AM, Pritzker, Tom [redacted] wrote:

I'm stuck in the cold! Five degrees. Aspen next week to warm up. Tilerson is a good move for Trump. Have gotten to know him at CSIS, he's the real deal.

tjp

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 15, 2016 8:53 AM
**To:** Pritzker, Tom [redacted]
**Subject:**

??

--

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**From:** Lvjet [redacted]
**Sent:** 12/15/2016 4:29:32 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

message received,,, not before 8pm very good
NOTE,.
UPdated President Elect schedule:
Trump Plane to arrive Orlando at 5pm friday for event,. then arrive Palm Beach estimate 10pm,. He usually runs late, so 11pm could be realistic time for his PBI Arrival,.
***the airport only shuts down for 20 min before and after his arrival,.
I'll keep you posted if time changes,.

thx
Larry

-----Original Message-----
From: jeffrey E. <jeevacation@gmail.com>
To: lvjet[redacted]; Lesley Groff [redacted]
Sent: Thu, Dec 15, 2016 11:16 am

wont leave until 8 pm torow

--
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**From:** Bruce Moskowitz [redacted]
**Sent:** 12/20/2016 7:37:59 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Will discuss

**Importance:** High

Actually they only looked at the "Trump Deplorables"!

Sent from my iPad
Bruce Moskowitz M.D.

On Dec 20, 2016, at 2:22 PM, jeffrey E. <jeevacation@gmail.com> wrote:

shoddy statistics. skewed towards the poor

On Tue, Dec 20, 2016 at 1:59 PM, Bruce Moskowitz [redacted] wrote:

Sent from my iPad
Bruce Moskowitz M.D.

--

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**From**: Ken Starr [redacted]
**Sent**: 12/25/2016 5:46:20 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Hope Santa (swim trunks donned), reindeer and sleigh successfully made it southward. Yuletide hugs, Ken

Sent from my iPhone

On Dec 18, 2016, at 5:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:

if trump fully supports jasta , does that make the consitutional challenge moot?

--

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**From:** Ken Starr [redacted]
**Sent:** 12/25/2016 7:39:30 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

A prince art thou. Thank you.

Just agreed to handle an appeal -- billion-dollar jury verdict in federal court against Johnson & Johnson. Get ready: Representing the hip-replacement plaintiffs. Good friends on both sides.

Love ya.

Sent from my iPhone

On Dec 25, 2016, at 12:39 PM, jeffrey E. <jeevacation@gmail.com> wrote:

thx
hope this year brings you true peace. you deserve it

On Sun, Dec 25, 2016 at 12:46 PM, Ken Starr [redacted] wrote:

Hope Santa (swim trunks donned), reindeer and sleigh successfully made it southward. Yuletide hugs, Ken

Sent from my iPhone

On Dec 18, 2016, at 5:59 PM, jeffrey E. <jeevacation@gmail.com> wrote:

if trump fully supports jasta , does that make the consitutional challenge moot?

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**From:** edrobles erobles [redacted]
**Sent:** 12/29/2016 11:35:31 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Thanu Cnx [redacted]
**Subject:** Re:

**Importance:** High

Sounds like a plan!

[redacted]

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower, Business Bay, Dubai United Arab Emirates.

On Dec 29, 2016, at 6:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

will send great for schedule. . 20th is both my birthday and inauguration of trump. a nice time for a new project

On Thu, Dec 29, 2016 at 6:16 AM, edrobles erobles [redacted] wrote:

Dear Jeffrey, need to be in Dubai on January 15, 2017. Then, We can fly to New York and meet you there on the 20 th.

If you happen to have a survey on the Islands available? It will be very helpful to us (to get familiar with the site) ? If not, we can google earth the Island

Looking forward to meet you

Regards

[redacted]

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower, Business Bay, Dubai United Arab Emirates.

On Dec 29, 2016, at 5:28 PM, jeffrey E. <jeevacation@gmail.com> wrote:

im in caribean until the 2nd. and then fly to new york. anytime is good. I dont cellebrate normal holidays. . every day is a holiday. . othewise I will be in new york the 20th-22 and then fly down to island again. so if the 22 works we could exchange some ideas and info prior and you can hit the ground running.

On Wed, Dec 28, 2016 at 10:52 PM, edrobles erobles [redacted] wrote:

Hi Jeffrey, Many options through Asia, destination New York , please let me know the dates, also it'll be good to have an engeenier at the site to ask some technical (local) questions

With this plus your briefing, would be enough to asses the islands and through the two days of (blue sky Ideas) get your vision in a rough format

Regards

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,

Business Bay, Dubai United Arab Emirates.

On Dec 29, 2016, at 9:09 AM, edrobles erobles [redacted] wrote:

Hi Jeffrey, what Day, is better for you to meet in New York? It's the holidays and issue ? (New Year) , for us it's fine but let us know, so can arrange the date and schedule

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,

Business Bay, Dubai United Arab Emirates.

On Dec 28, 2016, at 10:39 PM, edrobles erobles [redacted] wrote:

Yes, trying now New York Via Hong Kong or Tokyo ? I'll now by tomorrow Morning

Regards

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,

Business Bay, Dubai United Arab Emirates.

On Dec 28, 2016, at 8:48 PM, jeffrey E. <jeevacation@gmail.com> wrote:

new york throught asia tokyo hong kong etc. then i will fly you with me to st thomas and return

On Wed, Dec 28, 2016 at 7:41 AM, edrobles erobles [redacted] wrote:

Ok

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,

Business Bay, Dubai United Arab Emirates.

On Dec 28, 2016, at 7:37 PM, jeffrey E. <jeevacation@gmail.com> wrote:

in ten minutes. . ??

On Wed, Dec 28, 2016 at 7:36 AM, edrobles erobles [redacted] wrote:

Oh, In that case I'm available right now , for the next two hours , that this work for you ?

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,

Business Bay, Dubai United Arab Emirates.

On Dec 28, 2016, at 7:28 PM, jeffrey E. <jeevacation@gmail.com> wrote:

im in new york so does early eveing work

On Wed, Dec 28, 2016 at 7:05 AM, edrobles erobles [redacted] wrote:
Hi Jeffrey
I'm available tomorrow, at any time after 10:00 Am (Dubai time) ( notice that Thailand its three hours ahead so for me it's 13:00 Pm)

My cell number in Thailand is: [redacted]
(If possible) please let me know by email (at least) 1/2 an hour before calling me so I can be alert to the (phone) ring

Regards

- email: [redacted]
- email: [redacted]
- website: www.creativekingdom.com
- address: 5th Floor Office No:504 Aspect Tower,
Business Bay, Dubai United Arab Emirates.

On Dec 28, 2016, at 6:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Eduardo, I ve gotten your name from sulltan suleiman in Dubai. He and I are great friends. I have two islands in the us virgin islands and want to build a great home Sultan thought you might be the right fit . can speak directly at any time , the islands you can see on google earth or great and little st james thanks jeffrey

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**From:** Bruce Moskowitz [redacted]
**Sent:** 1/1/2017 12:44:33 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Chatter

**Importance:** High

when you bring a donkey to the Kentucky derby you won't get into the starting gate and you certainly won't cross the finish line. This donkey brought four racehorses who will get to the finish line!
This was my major role hopefully we have a way forward.
https://ww

Sent from my iPhone

On Dec 31, 2016, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Fun?
On Sat, Dec 31, 2016 at 7:57 PM Bruce Moskowitz [redacted] wrote:

> FYI you were right. Happy New Year.
>
> Sent from my iPad
>
> Bruce Moskowitz M.D.

**From:** Deepak Chopra [redacted]
**Sent:** 1/2/2017 4:39:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: From a physicist friend
**Attachments:** OutlookEmoji-1478302741070_PastedGraphic-1.tiff; OutlookEmoji-1478822725266_supergenes-960x200.jpg.jpg

**Importance:** High

Today's Chronicle
http://www.sfgate.com/opinion/chopra/article/Why-You-and-the-Universe-Are-One-10830679.php

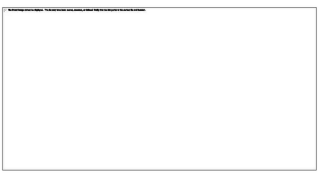

## Why You and the Universe Are One

www.sfgate.com

The accepted view of reality holds that human beings exist in the context of a vast physical universe "out there." Sir John Eccles, a famous British neurologist and Nobel laureate, declared, "I want you to realize that there exists no color in the natural world, and no sound – nothing of this kind; no textures, no patterns, no beauty, no scent." What Eccles means is that all the qualities of Nature, from the luxurious scent of a rose to the sting of a wasp and the taste of honey, are produced by human beings. The most distant galaxies billions of light years away, have no reality without you, because everything that makes any galaxy real— with the multitude of stars with their heat, emitted light, and masses, the positions of the distant galaxies in space and the velocity that carries each distant galaxy away at enormous speed—requires a human observer with a human nervous system. There are extremely faint traces of photon activity in the brain, but the optic nerve doesn't transmit photons to the visual

[redacted]
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

**From:** Deepak Chopra
**Sent:** Monday, January 2, 2017 10:58:07 AM
**To:** jeffrey E.
**Subject:** Re: From a physicist friend

I'm with you Sir !
Hoping to see you soon
💝🎈💝🎉🌴

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

On Jan 2, 2017, at 10:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im glad. I think the encyclpedia of meditation is going to be great we still have to work on the app and the boardgame. . instead of jail maybe it is spending time with Trump.

On Mon, Jan 2, 2017 at 11:53 AM, Deepak Chopra [redacted] wrote:

Awareness is you
Chair and Body / Mind and The Universe are re created in consciousness with every experience in you / being
Experience is in time
You are not in time
This mornings post
Has so far reached 300,000 people in less than 1 hour
Some people are getting it !!

Love ❤

https://www.facebook.com/DeepakChopra/videos/10154236761065665/

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

On Jan 2, 2017, at 8:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Breathe
On Mon, Jan 2, 2017 at 9:14 AM Deepak Chopra [redacted] wrote:

FYI

# Responding to another physicist who said "None of you seem capable of rational objective critical thinking on this topic of consciousness as a physical phenomenon."

**Response**

**"That's because it isn't, and everyone here (apparently save one) is rational and objective enough to understand that. Physical phenomena, and phenomena in general, are**

**ultimately perceptual in nature and subject to observational replication - that's why they call physics an empirical science. But consciousness is not.**

**Consciousness cannot be objectively, replicably observed. Its putative physical correlates, including**

**brains and behaviors, can be replicably observed, and it can be subjectively**

**apprehended by any conscious entity. But that's it. Anyone who denies this understands neither physics nor consciousness, and has a severe logic problem to boot, inasmuch as he/she cannot properly distinguish between cognition and perception or internal and**

**external state.**

**This isn't "polemics". This is just the way it is. Stop overreaching.**

Deepak Chopra

New Book: Radicalbeauty.com

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**From:** Sultan Bin Sulayem [redacted]
**Sent:** 1/6/2017 11:28:17 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Presidential inauguration

**Importance:** High

Do you think it will be possible to shake hand with trump

Sent from my iPhone

On Jan 6, 2017, at 3:13 PM, jeffrey E. <jeevacation@gmail.com> wrote:

very many people going. it will be very crowded . but if you can meet some before or after in either wash or ny , it might be worth it. . but unlikely

On Fri, Jan 6, 2017 at 4:08 AM, Sultan Bin Sulayem [redacted] wrote:

> Should I accept the invitation sent by Tom barrack
>
> Sent from my iPhone

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**From:** Richard Merkin [redacted]
**Sent:** 1/8/2017 9:11:37 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Where?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 1:07 PM
**To:** Richard Merkin [redacted]
**Subject:** Re:

all good with trump lots of opportunity

On Sun, Jan 8, 2017 at 4:02 PM, Richard Merkin [redacted] wrote:

Fair ..and you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 11:59 AM
**To:** Richard Merkin [redacted]
**Subject:**

you well?

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**From**: Richard Merkin[redacted]
**Sent**: 1/9/2017 5:10:35 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Re:

**Importance**: High

No plans ,but I will make some!

Sent from my iPad

On Jan 9, 2017, at 4:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:

are you coming to my coast anytime soon?

On Sun, Jan 8, 2017 at 4:11 PM, Richard Merkin [redacted] wrote:

Where?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 1:07 PM
**To:** Richard Merkin[redacted]
**Subject:** Re:

all good with trump lots of opportunity

On Sun, Jan 8, 2017 at 4:02 PM, Richard Merkin [redacted] wrote:

Fair ..and you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 11:59 AM
**To:** Richard Merkin [redacted]
**Subject:**

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**From:** Richard Merkin [redacted]
**Sent:** 1/9/2017 7:27:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Re:

**Importance:** High

Could be . If I had the time I would like to help the country and the VA improve the system, but until I have less current responsibility I will pass and focus on what is rather than what could be!

Sent from my iPhone

On Jan 9, 2017, at 10:24 AM, jeffrey E. <jeevacation@gmail.com> wrote:

is the shakeup in health care good for you?

On Mon, Jan 9, 2017 at 12:10 PM, Richard Merkin [redacted] wrote:
No plans ,but I will make some!

Sent from my iPad

On Jan 9, 2017, at 4:55 AM, jeffrey E. <jeevacation@gmail.com> wrote:

are you coming to my coast anytime soon?

On Sun, Jan 8, 2017 at 4:11 PM, Richard Merkin [redacted] wrote:
Where?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 1:07 PM
**To:** Richard Merkin [redacted]
**Subject:** Re:

all good with trump lots of opportunity

On Sun, Jan 8, 2017 at 4:02 PM, Richard Merkin [redacted] wrote:

Fair ..and you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 11:59 AM
**To:** Richard Merkin [redacted]
**Subject:**

you well?

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**From**: Kathy Ruemmler [redacted]
**Sent**: 1/12/2017 2:02:04 AM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

Not to disturb you, but I am struck by the similar mannerisms between Trump and McGyver

Sent from my iPad

**From**: Kathy Ruemmler[redacted]
**Sent**: 1/12/2017 2:12:30 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

What if I get it and can't resell?

On Jan 12, 2017, at 6:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im happy to negotiate with developer on your behalf. . or just give your talking points. allowances . commisions fees. free maintence etc

On Wed, Jan 11, 2017 at 9:02 PM, Kathy Ruemmler[redacted] wrote:

> Not to disturb you, but I am struck by the similar mannerisms between Trump and McGyver
>
> Sent from my iPad

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**From:** Kathy Ruemmler [redacted]
**Sent:** 1/12/2017 2:14:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

That's smart. :-)

On Jan 12, 2017, at 9:13 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i understand the fear . thats why we will condition the close on how the others sell

On Thu, Jan 12, 2017 at 9:12 AM, Kathy Ruemmler [redacted] wrote:

What if I get it and can't resell?

On Jan 12, 2017, at 6:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im happy to negotiate with developer on your behalf. . or just give your talking points. allowances . commisions fees. free maintence etc

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Sent from my iPad

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**From:** Kathy Ruemmler[redacted]
**Sent:** 1/12/2017 2:21:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Got hired by Apple this week to do a patent trial.

On Jan 12, 2017, at 9:13 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i understand the fear . thats why we will condition the close on how the others sell

On Thu, Jan 12, 2017 at 9:12 AM, Kathy Ruemmler [redacted] wrote:

What if I get it and can't resell?

On Jan 12, 2017, at 6:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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On Wed, Jan 11, 2017 at 9:02 PM, Kathy Ruemmler [redacted] wrote:

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Sent from my iPad

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**From:** Kathy Ruemmler [redacted]
**Sent:** 1/12/2017 2:52:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

When I go to Dubai on Emirates, do I need to go first or is business class good enough given that I only care about slepeping?

On Jan 12, 2017, at 9:22 AM, jeffrey E. <jeevacation@gmail.com> wrote:

nice

On Thu, Jan 12, 2017 at 9:21 AM, Kathy Ruemmler [redacted] wrote:
Got hired by Apple this week to do a patent trial.

On Jan 12, 2017, at 9:13 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i understand the fear . thats why we will condition the close on how the others sell

On Thu, Jan 12, 2017 at 9:12 AM, Kathy Ruemmler [redacted] wrote:
What if I get it and can't resell?

On Jan 12, 2017, at 6:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im happy to negotiate with developer on your behalf. . or just give your talking points. allowances . commisions fees. free maintence etc

On Wed, Jan 11, 2017 at 9:02 PM, Kathy Ruemmler [redacted] wrote:
Not to disturb you, but I am struck by the similar mannerisms between Trump and McGyver

Sent from my iPad

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**From:** Kathy Ruemmler[redacted]
**Sent:** 1/12/2017 3:00:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I'm going 2/13-2/17. Good news on biz. Do I have to wear a head scarf??

On Jan 12, 2017, at 9:53 AM, jeffrey E. <jeevacation@gmail.com> wrote:

when are you going ? biz is ok. my guy is flying from new york dubai on the 20th , his plane. i will organzie fun time there for you

On Thu, Jan 12, 2017 at 9:52 AM, Kathy Ruemmler [redacted] wrote:
When I go to Dubai on Emirates, do I need to go first or is business class good enough given that I only care about slepeping?

On Jan 12, 2017, at 9:22 AM, jeffrey E. <jeevacation@gmail.com> wrote:

nice

On Thu, Jan 12, 2017 at 9:21 AM, Kathy Ruemmler [redacted] wrote:
Got hired by Apple this week to do a patent trial.

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**From**: Weingarten, Reid [redacted]
**Sent**: 1/12/2017 3:19:45 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

Craziest shit happening...trying to deliver el chapo to barack instead of trump....figuring out my schedule next week...will let you know

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, January 12, 2017 10:17 AM
**To:** Weingarten, Reid
**Subject:** Re:

thursday new york? my brithday fri

On Thu, Jan 12, 2017 at 9:45 AM, Weingarten, Reid [redacted] wrote:

Going to florida...then end of the week nyc

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 11, 2017 11:52 PM
**To:** Weingarten, Reid
**Subject:**

if not florida do you have any plans to be in new york next week.

--

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Finding His Voice on Race

Front Page

Choice for E.P.A. a Frequent Ally of the Regulated

For Cubans, an Expulsion Long Delayed

Finding His Voice on Race

After 'Downton,' Affluent Chinese Seek Butlers

For Early 'Jersey Boys' Investors, Oh, What a Run

Women Who Voted for Donald Trump, in Their Own Words

International

International

"What they would like to say to their friends is, 'Look, I have a butler, an English-style butler in my home,' to show how wealthy they are," said Neal Yeh, a Chinese-born Briton living in Beijing, who for over a decade has helped train and find jobs for butlers.

"The country now with the biggest trend in butlers is China," said Mr. Yeh, whose English accent would be at home on "Downton Abbey," the television series about a blue blood family in England, which was avidly watched in China. "I dare say I have played a part in starting this trend."

Butler training schools and agencies have been doing business in China for more than a decade, but the number of recruits has grown sharply in recent years, according to those in the business. Most are Chinese and many are women. The International Butler Academy China opened in 2014 here in Chengdu, a haze-covered city in southwest China, and offers a six-week boot camp on dinner service, managing homes and other minutiae of high living.

"The Chinese are vacationing more now than ever in history, and so they're being exposed to the West more and more," said Christopher Noble, an American trainer at the academy who previously ran bars in Cleveland. "But Chinese people see that, experience top-class personal service abroad, and they want to experience it here."

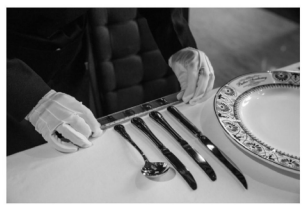

A student uses a ruler to set the cutlery on the table for a formal dinner. Gilles Sabrié for The New York Times

A boom in butler service might seem incongruous as President Xi Jinping

**From:** [redacted]
**Sent:** 1/15/2017 1:49:11 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

People are just back and the activity really started this week. A lot of enquiries out of China and a lot of buyers in the US have resurfaced

V-BR
Alireza ITTIHADIEH

On 15 Jan 2017, at 04:17, jeffrey E. <jeevacation@gmail.com> wrote:

what is trading , now that trump has won. ?

--

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**From**: Alireza Ittihadieh [redacted]
**Sent**: 1/15/2017 2:20:36 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

I just got my G550 - 5176 under contract at $18.5 and it's going to Pre-Purchase inspection on Monday.

I'm aware that G550 - 5109 was under contract for $17,600,000.

As a company we have 5 G550, 2 G650 and 1 BBJ buyers.

That is all I know for now.

V-BR
Alireza ITTIHADIEH

---

**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 05:51
**To:** Alireza Ittihadieh
**Subject:** Re:

what about real trades? what number?

On Sun, Jan 15, 2017 at 9:49 AM, Alireza Ittihadieh [redacted] wrote:

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**From:** Alireza Ittihadieh [redacted]
**Sent:** 1/15/2017 2:27:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Good V's are trading between $10-13.0M

V-BR
Alireza ITTIHADIEH

---

**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 06:21
**To:** Alireza Ittihadieh
**Subject:** Re:

and 5 s?

On Sun, Jan 15, 2017 at 10:20 AM, Alireza Ittihadieh [redacted] wrote:

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**Sent:** Sunday, 15 January 2017 05:51
**To:** Alireza Ittihadieh
**Subject:** Re:

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**From:** Alireza Ittihadieh [redacted]
**Sent:** 1/15/2017 2:27:43 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Why?

V-BR
Alireza ITTIHADIEH

---

**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 06:22
**To:** Alireza Ittihadieh
**Subject:** Re:

i stepped away from the royal jet. if you want to go after the bbj

On Sun, Jan 15, 2017 at 10:20 AM, Alireza Ittihadieh [redacted] wrote:

I just got my G550 - 5176 under contract at $18.5 and it's going to Pre-Purchase inspection on Monday.

I'm aware that G550 - 5109 was under contract for $17,600,000.

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**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 05:51
**To:** Alireza Ittihadieh
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**From**: Robert Kuhn [redacted]
**Sent**: 1/22/2017 7:33:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Kuhn

**Importance**: High

Just got to New York - love to meet, brainstorm.

From Washington, my inauguration-day commentary and conversation with Chinese experts on Sino-US relations under Trump - https://youtu.be/OGdu1pmeVNM?list=PLt-M8o1W_GdSZbSuplmsSS5JZzlhIWpGb

Earlier interview on BBC "What Chinese think of Trump" - two minute excerpt
- http://www.bbc.co.uk/programmes/p04m9jj4

Looking forward, Robert

On Jan 11, 2017, at 2:51 AM, Robert L. Kuhn [redacted] wrote:

Dear Jeffrey:

Attached, as promised, is our proposal for Closer To Truth to produce the definitive television series on "The Science of Sleep and Dreams" - 13 episodes, a full season, on ~200 PBS stations, plus extensive web videos. Contemporary advances in sleep/dream research makes timing propitious.

Three documents:

1) Proposal (12 pages)

2) Budget (line item)

3) Schedule (weekly)

Please confirm receipt.

I'll be in New York from January 19 until about February 8. Love to meet - on Sleep/Dreams and all sorts of fun stuff to cheer our 2017.

Robert

<Closer To Truth - The Science of Sleep & Dreams – CTT TV Episodes & Web Videos - Jeffrey Epstein VI Foundation - 1.10.17.docx><Closer To Truth - The Science of Sleep & Dreams - Series Budget - 1.10.17.xls><Closer To Truth - Sleep and Dreams - Series Schedule-Timeline - 1.9.17.xlsx>

**From:** Robert Kuhn[redacted]
**Sent:** 1/22/2017 9:49:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

I'm flexible after Tuesday. (Doing CNBC on Trump-China Tues morning)

I forgot to congratulate you on winning your looooooong-odds bet on Trump with Woody. Everyone I know, including me, would have bet against you. Quite extraordinary.

On Jan 22, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

look forward to it

On Sun, Jan 22, 2017 at 2:33 PM, Robert Kuhn <[redacted]> wrote:

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**From:** Robert Kuhn [redacted]
**Sent:** 1/25/2017 7:26:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

When's good to meet?

On Jan 22, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

look forward to it

On Sun, Jan 22, 2017 at 2:33 PM, Robert Kuhn [redacted] wrote:
Just got to New York - love to meet, brainstorm.

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**From**: Kathy Ruemmler [redacted]
**Sent**: 1/31/2017 2:49:24 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

I am at dinner with a NYT reporter and have been talking to half of the press universe. Trump just declared war on DOJ. Bad, bad move.

On Jan 30, 2017, at 9:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

trump fired yates

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**From:** Robert Kuhn[redacted]
**Sent:** 2/3/2017 6:02:37 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

When to meet? Weekend OK.

On Jan 22, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

look forward to it

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Just got to New York - love to meet, brainstorm.

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**From:** Deepak Chopra[redacted]
**Sent:** 2/3/2017 10:00:49 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Barnaby Marsh [redacted]
**Subject:** Re: Fwd:
**Attachments:** image001.png

**Importance:** High

He is wrong about heart rate variability
Increased heat rate variability is a sign of Well Being even self awareness not decreased variability . It's a sign of adaptability and flexibility .
Rigidity stubbornness and inability to change are associated with decreased heat rate variability and sympathetic overdrive
Trump would be an example of that
Love ♥

**Deepak Chopra MD**
**2013 Costa Del Mar Road**
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

On Feb 2, 2017, at 8:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ---------
From: **Robert Trivers**[redacted]

Date: Thu, Feb 2, 2017 at 6:45 PM
Subject:
To: Jeffrey Epstein <jeevacation@gmail.com>

Dear Jeffrey

Two questions.

1—do you believe the stock market will continue to climb given what we have now seen of Trump-land? [Strictly confidential]

2—what do you think of the attached (N=1)? You do not drink or smoke, probably do not inject etc. you swim or exercise every day, so your heartbeat is expected to be low and less variable than average. Is your ability to predict heart rate accurately—without holding your neck or wrist—positively related to your ability to succeed in the financial world—as the attached strongly suggests. Just give me and N=1.

Remember you asked me, what does self-knowledge have to do with anything—and here is a most intriguing example.

I will send you a joke shortly

All best

bob

--

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<Interocept stock trading.pdf>

**From:** Robert Kuhn [redacted]
**Sent:** 2/3/2017 3:37:10 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

Thanks; looking forward.

On Feb 3, 2017, at 6:11 AM, jeffrey E. <jeevacation@gmail.com> wrote:

im in on the 9 th and 10th

On Fri, Feb 3, 2017 at 1:02 AM, Robert Kuhn [redacted] wrote:
When to meet? Weekend OK.

On Jan 22, 2017, at 4:32 PM, jeffrey E. <jeevacation@gmail.com> wrote:

look forward to it

On Sun, Jan 22, 2017 at 2:33 PM, Robert Kuhn [redacted] wrote:
Just got to New York - love to meet, brainstorm.

From Washington, my inauguration-day commentary and conversation with Chinese experts on Sino-US relations under Trump - https://youtu.be/OGdu1pmeVNM?list=PLt-M8o1W_GdSZbSuplmsSS5JZzlhIWpGb

Earlier interview on BBC "What Chinese think of Trump" - two minute excerpt
- http://www.bbc.co.uk/programmes/p04m9jj4

Looking forward, Robert

On Jan 11, 2017, at 2:51 AM, Robert L. Kuhn [redacted] wrote:

Dear Jeffrey:

Attached, as promised, is our proposal for Closer To Truth to produce the definitive television series on "The Science of Sleep and Dreams" - 13 episodes, a full season, on ~200 PBS stations, plus extensive web videos. Contemporary advances in sleep/dream research makes timing propitious.

Three documents:

1) Proposal (12 pages)

2) Budget (line item)

3) Schedule (weekly)

Please confirm receipt.

I'll be in New York from January 19 until about February 8. Love to meet - on Sleep/Dreams and all sorts of fun stuff to cheer our 2017.

Robert

<Closer To Truth - The Science of Sleep & Dreams – CTT TV Episodes & Web Videos - Jeffrey Epstein VI Foundation - 1.10.17.docx><Closer To Truth - The Science of Sleep & Dreams - Series Budget - 1.10.17.xls><Closer To Truth - Sleep and Dreams - Series Schedule-Timeline - 1.9.17.xlsx>

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**From:** Lesley Groff [redacted]
**Sent:** 2/3/2017 11:47:50 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Phillipe at Fekkai...

**Importance:** High

Patrick had John (who I assume is a manage for NY) call me. I gave him your Cc# so he could call PB and try to get the appt with Jerome ...but unfortunately he was unsuccessful as well. They are "in season" and are super busy. Once again, I am told if they get a cancellation we are the first call. I am also told since Trump is there and traffic is bad so people may cancel as they don't want to go out in the mess.

Sent from my iPhone

On Feb 3, 2017, at 5:48 PM, jeffrey E. <jeevacation@gmail.com> wrote:

call patrick in new york if nec se if he knows jerome

On Fri, Feb 3, 2017 at 4:43 PM, Lesley Groff [redacted] wrote:

> I am still waiting to hear back from Phillipe re can he help with an appt for Lasma with Jerome tomorrow! I have texted and called (his vm is full can't leave a message) and when I call the salon I am told he is with a client…
>
> I am on top of it…will keep trying for Phillipe...

--

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**From:** Larry Visoski[redacted]
**Sent:** 2/5/2017 12:32:54 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Darren Indyke [redacted]
**Subject:** Re: new schedule

**Importance:** High

Monday 4pm confirmed
Pres Trump departs Monday at 11am,. TFR in place until 11:30am Monday, which requires 24 hour notice for Departure screening if departing during TFR hours.,
TFR (Temporally Flight Restriction),

Our departure time of 4:30 PM will not be impacted since TFR expires 11:30am Monday,.
FYI,
Friday, Josh left voicemail indicating chevron should present purchase agreement by midday Monday. for your review.,

Thx
Larry

Sent from my iPhone

On Feb 4, 2017, at 2:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:

monday 4 pm to lsj, thurs morning pre clear to palm beach. sunday 12 new york . tues paris to 21 new york. 24 santa fe. -march 1

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**From**: paul krassner[redacted]
**Sent**: 2/8/2017 12:34:24 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**CC**: Nancy Cain [redacted]
**Subject**: P.S.

**Importance**: High

I neglected to mention the importance of ACLU attorneys who have been receiving donations of many millions to aid their actions such as impeaching Trump based on breaking his oath of the affirmation of the constitution...

**From**: Etienne Binant [redacted]
**Sent**: 2/10/2017 5:40:45 PM
**To**: jeffrey E. [jeevacation@gmail.com]; Lang, Caroline [redacted]
**Subject**: RE: update

**Importance**: High

---

**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40:10
**À :** Etienne Binant; Lang, Caroline
**Objet :** Re: update

yes, lets start. . yes we are on. sorry with trump around its been very crazy busy

On Fri, Feb 10, 2017 at 7:59 AM, Etienne Binant [redacted] wrote:

Hi Jeffrey

Happy to talk to you almost anytime today until around 3PM. Just tell me what number I should reach.

Not sure what got lost in translation here: **never** had the intention to go to any art fair or art show or anything of the kind.

All the artists we have in mind or send to you are people we have direct connections with. Not just their studio, but also their home. They are people the work of whom we follow, and many of them are already friendly (Arianna, Cali have had dinner or stayed home).

The idea is absolutely to have an impact on the ecosystem and to make a difference by supporting great artists when they need it.

Galleries references are important, because galleries allow artist to reach a broader audience. We would go directly to the source.

This is why it's important for me to go to LA or Berlin (or elsewhere) because those artists are not rich yet, they dont travel so much. They belong to a scene, and it does make a big difference to them if you connect in person.

The spirit is to have an impact on young, talented folks, and absolutely to stay at the source.

Once again, not sure was drifted away from this in communication

E

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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 12:32
**À :** Etienne Binant
**Cc :** Darren Indyke
**Objet :** Re: update

going to artists studio s much more appropriate , i think

On Thu, Feb 9, 2017 at 9:49 PM, Etienne Binant [redacted] wrote:

> Gentlemen
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> I hope you are having a great week.
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**From**: Lang, Caroline [redacted]
**Sent**: 2/10/2017 6:37:32 PM
**To**: Etienne Binant [redacted]
**CC**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: update

**Importance**: High

😄😄😄😄😄😄😄

Caroline Lang

Le 10 févr. 2017 à 18:40, Etienne Binant [redacted] a écrit :

👍👍👍

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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40:10
**À :** Etienne Binant; Lang, Caroline
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**From**: Darren Indyke [redacted]
**Sent**: 2/15/2017 11:11:40 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: TR: update

**Importance**: High

# Privileged - Redacted

Sent from my iPhone

Begin forwarded message:

**From:** Etienne Binant <[redacted]>
**Date:** February 14, 2017 at 8:18:41 PM EST
**To:** Darren Indyke <[redacted]>
**Subject: TR: update**

Dear Darren

Latest from JE (indeed, encouraging)

Please let me know when account/wire are active, and how I can access internet banking and start the ball (in fact, it has started)

all the best

e

---

**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40
**À :** Etienne Binant; Lang, Caroline
**Objet :** Re: update

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**From:** Darren Indyke [redacted]
**Sent:** 2/15/2017 11:49:48 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: TR: update

**Importance:** High

**Privileged - Redacted**

Sent from my iPhone

On Feb 15, 2017, at 6:37 AM, jeffrey E. <jeevacation@gmail.com> wrote:

**Privileged - Redacted**

On Wed, Feb 15, 2017 at 6:11 AM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

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In LA hoping to begin acquiring pieces: are we on?

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**From**: Michael Wolff [redacted]
**Sent**: 2/15/2017 1:16:03 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: A few favors...

**Importance**: High

So...I'm doing this Trump book for a pile of money and with so far quite a bit of cooperation from them (DT called me the other day and spent 45 minutes on the phone ranting and raving about the media--alarming). I wonder if you could introduce me to Tom Barrack--just to say I'm a journalist who you know and trust, and that I'll follow up with a description of the project that I'm doing. Also, I'd love a reintroduction to Kathy Ruemmler. I need some off-the-record perspective on White House procedures.

Are you in NYC soon?

**From:** Kathy Ruemmler [redacted]
**Sent:** 2/15/2017 1:28:39 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Yes, of course.

Sent from my iPad

On Feb 15, 2017, at 5:24 PM, jeffrey E. <jeevacation@gmail.com> wrote:

btw. michael wolff is doing a trump book. spent 45 minutes on the phone with him over the weekend he asked if he could ask you some off the record questions re policy procedures , noramlly followed etc.

On Wed, Feb 15, 2017 at 8:12 AM, Kathy Ruemmler [redacted] wrote:

He was great.

Sent from my iPad

On Feb 15, 2017, at 4:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

did you enjoy sultan?

--

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**From:** Michael Wolff [redacted]
**Sent:** 2/15/2017 1:31:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: A few favors...

**Importance:** High

Dear Jeffrey, You mentioned you were friends with Tom Barrack and I wondered if you might introduce me to him. As discussed, I'm doing a book on the first 100 days of the Trump White House--POTUS and key staff know all about it and are cooperating--and would love to chat with Tom on or off the record. Thanks in advance and look forward to seeing you soon. All best, Michael

---
Michael Wolff
Columnist, USA Today, The Hollywood Reporter, Vanity Fair,
British GQ
917-825-9659

On Wed, Feb 15, 2017 at 8:25 AM, jeffrey E. <jeevacation@gmail.com> wrote:

can you send me an email to forward to tom. hes in the middle o some of the mess at the moment. everyone lawyering up in wash. .

On Wed, Feb 15, 2017 at 8:16 AM, Michael Wolff [redacted] wrote:

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Are you in NYC soon?

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**From**: Michael Wolff[redacted]
**Sent**: 2/15/2017 1:31:25 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: A few favors...

**Importance**: High

When in NYC?

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**From:** Michael Wolff [redacted]
**Sent:** 2/15/2017 1:53:41 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: A few favors...

**Importance:** High

Thanks. Any time to get together today?

On Wed, Feb 15, 2017 at 8:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:
kathy agreed

On Wed, Feb 15, 2017 at 8:31 AM, Michael Wolff [redacted] wrote:
When in NYC?

On Wed, Feb 15, 2017 at 8:25 AM, jeffrey E. <jeevacation@gmail.com> wrote:
can you send me an email to forward to tom. hes in the middle o some of the mess at the moment. everyone lawyering up in wash. .

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Are you in NYC soon?

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**From:** Michael Wolff [redacted]
**Sent:** 2/15/2017 1:59:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: A few favors...

**Importance:** High

Great.

On Wed, Feb 15, 2017 at 8:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:
12?

On Wed, Feb 15, 2017 at 8:53 AM, Michael Wolff [redacted] wrote:
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**From**: Darren Indyke [redacted]
**Sent**: 2/15/2017 5:54:14 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: RE: TR: update

**Importance**: High

*Sent from my Verizon 4G LTE Droid*
---------- Forwarded message ----------
From: Etienne Binant [redacted]
Date: Feb 15, 2017 12:15 PM
Subject: RE: TR: update
To: Darren Indyke [redacted]
Cc:

Thanks Darren

Good news!

I'm under the impression that checks will be exceptional (they are more cumbersome to handle), and we will use mostly wires.

Considering the time difference, my heavy travel and my own propension to do things at night and on week-ends I would much prefer having an internet code and be able to organize everything online when I need to.

When I use Interaudi (my US bank), they can do that, store the recurring beneficiaries, and do wires in multiple currencies, but I am not familiar with DB.

Of course, you could also have the same access and help me when needed.

Also, your point about bookkeeping is mitigated by the fact that, in any case, I will also need to have someone keeping track of the receipts and inventory, before shipping proofs to you. In any case there will be need for some work on my side before final filing is done.

On the other hand, if there is a "checks and balances" control issue, there could be a cap to my wiring powers (like the 10 K we discussed), that would be absolutely fine for me if this is the intent.

Please do let me know.

We can also talk about it (in Hawai now, free after 2 PM your time)

In any case, this is good and happy news. I'll review the first list of payments over the week-end.

Etienne

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**De :** Darren Indyke [redacted]
**Envoyé :** mercredi 15 février 2017 13:00:07
**À :** Etienne Binant
**Objet :** Re: TR: update

There is $1mm in the bank account. We can prepare checks or wires for you to sign upon request. This way book keeping gets done at same time. Just send back up with each request. How does that sound?

Sent from my iPhone

On Feb 14, 2017, at 8:18 PM, Etienne Binant [redacted] wrote:

Dear Darren

Latest from JE (indeed, encouraging)

Please let me know when account/wire are active, and how I can access internet banking and start the ball (in fact, it has started)

all the best

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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40
**À :** Etienne Binant; Lang, Caroline
**Objet :** Re: update

yes, lets start. . yes we are on. sorry with trump around its been very crazy busy

On Fri, Feb 10, 2017 at 7:59 AM, Etienne Binant [redacted] wrote:

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This is why it's important for me to go to LA or Berlin (or elsewhere) because those artists are not rich yet, they dont travel so much. They belong to a scene, and it does make a big difference to them if you connect in person.

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Once again, not sure was drifted away from this in communication

E

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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 12:32
**À :** Etienne Binant
**Cc :** Darren Indyke
**Objet :** Re: update

going to artists studio s much more appropriate , i think

On Thu, Feb 9, 2017 at 9:49 PM, Etienne Binant [redacted] wrote:

> Gentlemen
>
> I hope you are having a great week.
>
> In LA hoping to begin acquiring pieces: are we on?
>
> If not yet, when please
>
> thanks

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**From**: paul krassner [redacted]
**Sent**: 2/16/2017 12:07:16 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

On Feb 1, 2017, at 7:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the allegation was not at a pedophile party, it was at my house with me.

to what wording would you suggest I change that?

**From:** Landon Thomas Jr. [redacted]
**Sent:** 2/16/2017 1:36:00 AM
**To:** jeevacation@gmail.com
**Subject:** Fwd: production: 16db-stocks published

**Importance:** High

Channeling you! Maybe even the big guy gives it a read. What? This? From the failing NYT?

Sent from my iPhone

Begin forwarded message:

**From:** Scoop Notifications <scoop-notifications@nytimes.com>
**Date:** February 15, 2017 at 8:25:29 PM EST
**Subject: production: 16db-stocks published**

Hi Landon Thomas Jr. -

16db-stocks has been published.

The URL is: http://www.nytimes.com/2017/02/15/business/dealbook/stock-market-investment-trump.html

Please consider sharing the article on social platforms.

Thank you!

**From**: Darren Indyke [redacted]
**Sent**: 2/17/2017 2:34:42 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: TR: TR: update

**Importance**: High

**Privileged - Redacted**

Sent from my iPhone

Begin forwarded message:

**From:** Etienne Binant <[redacted]>
**Date:** February 16, 2017 at 9:29:08 PM EST
**To:** Darren Indyke <[redacted]>
**Subject: TR: TR: update**

Dear Darren

I hope all is well

can you let me know if the below modus operandi works for you?

all the best

e

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**De :** Etienne Binant [redacted]
**Envoyé :** mercredi 15 février 2017 18:15
**À :** Darren Indyke
**Objet :** RE: TR: update

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**À :** Etienne Binant
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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 12:32

**À :** Etienne Binant
**Cc :** Darren Indyke
**Objet :** Re: update

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**From:** Darren Indyke [redacted]
**Sent:** 2/17/2017 7:00:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: update

**Importance:** High

# Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**Subject: TR: TR: update**
**Date:** February 16, 2017 at 9:29:08 PM EST
**To:** Darren Indyke <[redacted]>

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**Objet :** Re: update

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> The idea is absolutely to have an impact on the ecosystem and to make a difference by supporting great artists when they need it.
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**From:** Darren Indyke [redacted]
**Sent:** 2/17/2017 8:34:47 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: update

**Importance:** High

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DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

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On Feb 17, 2017, at 3:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:

## Privileged - Redacted

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575 Lexington Avenue, 4th Floor

New York, New York 10022
[redacted]

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Gentlemen

I hope you are having a great week.

In LA hoping to begin acquiring pieces: are we on?

If not yet, when please

thanks

e

--

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**From**: Roy Black[redacted]
**Sent**: 2/19/2017 12:01:21 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

He will be by himself. Perhaps a trump administration aide to assist and accompany him.

Get Outlook for iOS

On Sat, Feb 18, 2017 at 3:30 PM -0800, "jeffrey E." <jeevacation@gmail.com> wrote:

> Who will represent Acosta at hearings
> --
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**From**: Thorbjøn Jagland [redacted]
**Sent**: 2/19/2017 7:54:56 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Is It possible for you to pass by Strasbourg, it would be great. I really need to understand more about Trump and what's going on in the American society.

fre. 17. feb. 2017 kl. 21.27 skrev jeffrey E. <jeevacation@gmail.com>:

> Im in paris until thurs? you?
>
> --
>
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**From:** Thorbjøn Jagland [redacted]
**Sent:** 2/19/2017 9:11:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Train, 1h45, I'll pick you up at the train station. Tuesday afternoon is ok. Also Wednesday, but only after 6

søn. 19. feb. 2017 kl. 11.14 skrev jeffrey E. <jeevacation@gmail.com>:

yes, that should be possible. remind me how long is the fast train? otherwise ill fly. what days are good for you

On Sun, Feb 19, 2017 at 8:54 AM, Thorbjøn Jagland [redacted] wrote:

Is It possible for you to pass by Strasbourg, it would be great. I really need to understand more about Trump and what's going on in the American society.

fre. 17. feb. 2017 kl. 21.27 skrev jeffrey E. <jeevacation@gmail.com>:

Im in paris until thurs? you?

--

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**From**: Thomas Jr., Landon[redacted]
**Sent**: 3/3/2017 2:57:50 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Masa

**Importance**: High

Have you met Masa yet? Seems to me he is a person you should know and you are a person he should know.

https://www.nytimes.com/2017/03/03/business/dealbook/masayoshi-son-sprint-and-a-bet-on-the-trump-economy.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 3/3/2017 4:26:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Masa

**Importance:** High

Seems to me he is a natural guy for you; he is going to be in Florida in March for some Trump event. I know some of his financial guys pretty well: I might try to facilitate something if you are not opposed.

On Fri, Mar 3, 2017 at 11:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
have not met

On Fri, Mar 3, 2017 at 9:57 AM, Thomas Jr., Landon [redacted] wrote:
Have you met Masa yet? Seems to me he is a person you should know and you are a person he should know.

https://www.nytimes.com/2017/03/03/business/dealbook/masayoshi-son-sprint-and-a-bet-on-the-trump-economy.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 3/3/2017 4:34:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Masa

**Importance:** High

OK. Let me see what I can do. What is the latest from the inner circle?

On Fri, Mar 3, 2017 at 11:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:
great , thanks, or new york , or this weekend as donald arrives at 5pm tonight

On Fri, Mar 3, 2017 at 11:26 AM, Thomas Jr., Landon [redacted] wrote:
Seems to me he is a natural guy for you; he is going to be in Florida in March for some Trump event. I know some of his financial guys pretty well: I might try to facilitate something if you are not opposed.

On Fri, Mar 3, 2017 at 11:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
have not met

On Fri, Mar 3, 2017 at 9:57 AM, Thomas Jr., Landon [redacted] wrote:
Have you met Masa yet? Seems to me he is a person you should know and you are a person he should know.

https://www.nytimes.com/2017/03/03/business/dealbook/masayoshi-son-sprint-and-a-bet-on-the-trump-economy.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Larry Visoski [redacted]
**Sent**: 3/5/2017 3:52:39 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: TSA

**Importance**: High

Jeffrey
TSA called me,. They inform closing TSA inspection at 3pm,,
Asked if we could depart 2:30pm,?
Is 2:30pm ok for departure,,
Otherwise it would be after Trump's departure between 4 and 5pm

Is 2:30pm inspection / departure ok?

Thx
Larry

Sent from my iPhone

**From:** Larry Visoski[redacted]
**Sent:** 3/5/2017 4:21:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: TSA

**Importance:** High

Not yet,. I'll be there at 12:30pm

Sent from my iPhone

On Mar 5, 2017, at 11:04 AM, jeffrey E. <jeevacation@gmail.com> wrote:

are you at the plane already?

On Sun, Mar 5, 2017 at 10:52 AM, Larry Visoski [redacted] wrote:

> Jeffrey
> TSA called me,. They inform closing TSA inspection at 3pm,,
> Asked if we could depart 2:30pm,?
> Is 2:30pm ok for departure,,
> Otherwise it would be after Trump's departure between 4 and 5pm
>
> Is 2:30pm inspection / departure ok?
>
> Thx
> Larry
>
> Sent from my iPhone

--

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**From**: Deepak Chopra [redacted]
**Sent**: 3/6/2017 5:54:42 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Meeting
**Attachments**: image001.png; image001.png; OutlookEmoji-1483997936424_email-signature-plain.jpg.jpg

**Importance**: High

Crazy new re Trump claims on wiretapping
Is he loco ?

**Deepak Chopra MD**
**2013 Costa Del Mar Road**
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

On Mar 6, 2017, at 7:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes
On Mon, Mar 6, 2017 at 1:48 AM Deepak Chopra [redacted] wrote:
Are you in the US ?

**Deepak Chopra MD**
**2013 Costa Del Mar Road**

**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

On Mar 6, 2017, at 7:44 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I'm glad
On Mon, Mar 6, 2017 at 1:19 AM Deepak Chopra [redacted] wrote:

meeting today --will let you know

Lat night was a blast

Ended 1 AM

2013 Costa Del Mar Road
Carlsbad, CA 92009
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

**discoveringyourcosmicself.com**

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**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Sunday, March 5, 2017 10:16:48 AM
**To:** Deepak Chopra
**Subject:** Re: Meeting

physical processes , not intersting

On Sun, Mar 5, 2017 at 10:14 AM, Deepak Chopra [redacted] wrote:

Meeting this professor who studies quantum entanglement in brains

**Deepak Chopra MD**
**2013 Costa Del Mar Road**
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 3/9/2017 3:21:50 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Masa...

**Importance**: High

Trying to get you in with Masa crowd. Some resistance though, due to all the headlines/controversy -- as you might expect. I tell them about your relationship with Saudis/Gates/Trump crowd, but still doubts. Working on it!

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Thomas Jr., Landon [redacted]
**Sent**: 3/9/2017 3:29:54 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Small biz and Trump
**Attachments**: image.png

**Importance**: High

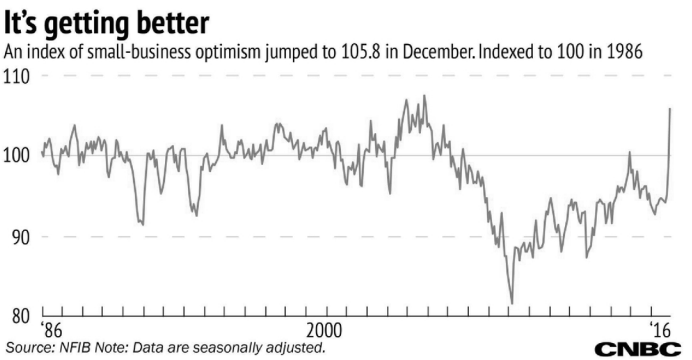


I was in Toledo Ohio yesterday drilling down on small business animal spirits: amazing how bullish they are there -- for all of DJT"s craziness, his ability to present himself as a small biz owner pissed off about regulations/health care/anti-business sentiment in White House was a brilliant stroke. They really dig him down there....

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Lawrence Krauss[redacted]
**Sent:** 3/22/2017 11:46:50 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

All shoe. This is not supporting science. It is all about the size of the rocket for him. All this will do is give him glory and not contribute to science.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378, Assistant [redacted]
Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

Sent from my iPhone

On Mar 22, 2017, at 5:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtonpost.com/news/speaking-of-science/wp/2017/03/21/trump-signs-nasa-bill-aimed-at-landing-on-mars/?utm_term=.64eb9bf54e09

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**From:** Lawrence Krauss [redacted]
**Sent:** 3/22/2017 12:25:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:
**Attachments:** image002.png

**Importance:** High

sorry.. all SHOW.. he is a fucking showman.. a carnival huckster.. this, and the military budget and health care are all show… no substance.. just the 'biggest ever'.. for a guy with small hands..

On Mar 22, 2017, at 4:46 AM, Lawrence Krauss <[redacted]> wrote:

All shoe. This is not supporting science. It is all about the size of the rocket for him. All this will do is give him glory and not contribute to science.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378, Assistant [redacted]
Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | **krauss.faculty.asu.edu**

<DA866543-7401-4A5A-8E50-FD32E33A50EC.png>

Sent from my iPhone

On Mar 22, 2017, at 5:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtonpost.com/news/speaking-of-science/wp/2017/03/21/trump-signs-nasa-bill-aimed-at-landing-on-mars/?utm_term=.64eb9bf54e09

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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378 | Assistant [redacted]
Origins Office [redacted]

origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins Project
Arizona State University

**From:** Lawrence Krauss[redacted]
**Sent:** 3/22/2017 12:27:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Lawrence Krauss [redacted]
**Subject:** Re:
**Attachments:** image002.png

**Importance:** High

I was never worried about space.. I always knew he was enamored with human space exploration because it is big and showy.. I even wrote that in print early on.. for him that is science.. it isn't for those of us who know.. it is more bad news as far as I am concerned because this big budget will decimate real science.. 900 million cut in DOE office fo science will kill particle physics.. will end funding for me, for example..

On Mar 22, 2017, at 5:09 AM, jeffrey E. <jeevacation@gmail.com> wrote:

you told me you were worried about space and i told you not to worry, he will decimate climate change . and support, verifiable projects.

On Wed, Mar 22, 2017 at 7:46 AM, Lawrence Krauss [redacted] wrote:

All shoe. This is not supporting science. It is all about the size of the rocket for him. All this will do is give him glory and not contribute to science.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office:[redacted], Assistant [redacted]
Origins Office[redacted]
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Sent from my iPhone

On Mar 22, 2017, at 5:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtonpost.com/news/speaking-of-science/wp/2017/03/21/trump-signs-nasa-bill-aimed-at-landing-on-mars/?utm_term=.64eb9bf54e09

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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
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Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378 | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

ASU Origins Project
Arizona State University

**From**: Joshua Cooper Ramo[redacted]
**Sent**: 4/10/2017 9:29:36 AM
**To**: jeffrey E. [redacted]
**Subject**: Re:

**Importance**: High

In Europe. You well?
On Sun, Apr 9, 2017 at 00:46 jeffrey E. <jeevacation@gmail.com> wrote:
are you playing a part in the xi trump. fun

--
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**From**: Larry Visoski[redacted]
**Sent**: 4/16/2017 3:57:41 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: STT Customs

**Importance**: High

Jeffrey
Due to Staffing issues,, customs cannot use North Ramp,, only PreClear in main building,.
Trump is suppose to depart 4pm,. Latest 4:30pm
Flight time: 2+25min

Do you want PBI customs or PreClear STT?

Thx
Larry

Sent from my iPhone

**From**: Larry Visoski [redacted]
**Sent**: 4/16/2017 4:12:22 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: STT Customs

**Importance**: High

Ok 2pm heli
PreClear

Sent from my iPhone

On Apr 16, 2017, at 11:58 AM, jeffrey E. <jeevacation@gmail.com> wrote:

pre clear. heli at 2 . thanks

On Sun, Apr 16, 2017 at 11:57 AM, Larry Visoski [redacted] wrote:

Jeffrey
Due to Staffing issues,, customs cannot use North Ramp,, only PreClear in main building,.
Trump is suppose to depart 4pm,. Latest 4:30pm
Flight time: 2+25min

Do you want PBI customs or PreClear STT?

Thx
Larry

Sent from my iPhone

--

please note
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**From**: Weingarten, Reid [redacted]
**Sent**: 4/29/2017 6:56:25 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE: Re:

**Importance**: High

2-3 weeks but Not sure how it will roll....supposed to be serious riots here may 1....lefties are pissed and trump said p.r. can fuck iself....what's with you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 29, 2017 2:46 PM
**To:** Weingarten, Reid
**Subject:** Re:

for how long. you can hop to my island with your friend if you like, just give me 24 hrs notice otherwsie i ill be htre around the 19th

On Sat, Apr 29, 2017 at 2:45 PM, Weingarten, Reid [redacted] wrote:

San juan...pick the jury monday

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 29, 2017 2:44 PM
**To:** Weingarten, Reid
**Subject:**

where are you / PR or new york

--

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**From:** Jabor Y. [redacted]
**Sent:** 5/6/2017 7:02:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

We still have not finished our tour yet. If we are left with any energy will try to pass by. If not next time. I'll call you if we are coming.

On Sat, May 6, 2017 at 7:16 PM jeffrey E. <jeevacation@gmail.com> wrote:

> if you and or your uncle want to come to visit after art shopping to talk more about trump middle east trip at the end of the month, let me know , thx great fun today
>
> --
>
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**From**: Jonathan Farkas[redacted]
**Sent**: 5/8/2017 2:43:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

I am seeing [redacted] a little bit I don't think it will turn into romance I am a bit old and not tall enough but she seems intelligent and kind Somers got an appointment from Trump she is on The White House Fellowship Commison it came through Woody and Suzanne Johnson because she bundled best Jonathan

Sent from my iPhone

**From:** [redacted]
**Sent:** 5/8/2017 3:26:51 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

a 2 timer?

In a message dated 5/8/2017 11:19:08 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

careful she is nottrustworthy at ALLL

On Mon, May 8, 2017 at 10:43 AM, Jonathan Farkas [redacted] wrote:

I am seeing [redacted] a little bit I don't think it will turn into romance I am a bit old and not tall enough but she seems intelligent and kind Somers got an appointment from Trump she is on The White House Fellowship Commison it came through Woody and Suzanne Johnson because she bundled best Jonathan

Sent from my iPhone

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**From:** Jonathan Farkas[redacted]
**Sent:** 5/8/2017 3:29:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Jeffrey please help me here is she a hooker

Sent from my iPhone

On May 8, 2017, at 11:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

worse

On Mon, May 8, 2017 at 11:26 AM,[redacted] wrote:

a 2 timer?

In a message dated 5/8/2017 11:19:08 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

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On Mon, May 8, 2017 at 10:43 AM, Jonathan Farkas[redacted] wrote:

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Sent from my iPhone

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**From:** Jonathan Farkas[redacted]
**Sent:** 5/8/2017 3:30:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

We have not had sex [redacted]

Sent from my iPhone

On May 8, 2017, at 11:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

worse

On Mon, May 8, 2017 at 11:26 AM, [redacted] wrote:

a 2 timer?

In a message dated 5/8/2017 11:19:08 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

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Sent from my iPhone

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**From:** Jonathan Farkas [redacted]
**Sent:** 5/8/2017 3:34:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Gosh I don't drink and I never did drugs

Sent from my iPhone

On May 8, 2017, at 11:31 AM, jeffrey E. <jeevacation@gmail.com> wrote:

alcoholic . drugs . unstable . consumate liar. CAREFUL

On Mon, May 8, 2017 at 11:29 AM, Jonathan Farkas [redacted] wrote:
Jeffrey please help me here is she a hooker

Sent from my iPhone

On May 8, 2017, at 11:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:

worse

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a 2 timer?

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Sent from my iPhone

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**From:** Jonathan Farkas[redacted]
**Sent:** 5/8/2017 3:38:08 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

No I sold too soon 110

Sent from my iPhone

On May 8, 2017, at 11:36 AM, jeffrey E. <jeevacation@gmail.com> wrote:

do you still own apple?

On Mon, May 8, 2017 at 11:34 AM, Jonathan Farkas [redacted] wrote:
Gosh I don't drink and I never did drugs

Sent from my iPhone

On May 8, 2017, at 11:31 AM, jeffrey E. <jeevacation@gmail.com> wrote:

alcoholic . drugs . unstable . consumate liar. CAREFUL

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Sent from my iPhone

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worse

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Sent from my iPhone

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**From:** Robert Kuhn[redacted]
**Sent:** 5/9/2017 3:39:07 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Appreciate consideration. I'm next in NY June 7 (for about a week); love to brainstorm…. I too would really like to do something (important) together.

Just arrived in Beijing for the "The Belt and Road Forum for International Cooperation" (commentating), the second most important event of 2017 in China (after the upcoming Party Congress), but Western media not paying much attention, what with All-Things-Trump.

On May 8, 2017, at 7:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hope things are well. . when are you back. . I would love to do something with you , but sleep is not going to be it. . I have read quite alot and frankly , the subject is fascinating but i see no real insights. just more questions and mostly the same ones that have been asked for years. . yes, its role in many processes are now becoming apparent. but I see no theories that can hold their own ( yet ).

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**From**: [redacted]
**Sent**: 5/14/2017 7:17:04 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

any tips on how we should communicate with him?

Sent from my iPhone

On May 14, 2017, at 9:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

much to do around the trump trip. I hope you are enjoying.

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**From:** [redacted]
**Sent:** 5/21/2017 3:07:12 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

just finished watching trump speech, he did well

Sent from my iPhone

On May 16, 2017, at 1:42 PM, jeffrey E. <jeevacation@gmail.com> wrote:

very complex. I passed your message. . in addition Im not sure what role you and your boss would like to play in the yemen issue moving forward. . I think to progress what you and terje have spoken about, the rebel leaders are ready to propose a document they woudl like a cease fire , and halt . If you like I can pass on their proposal. THIS IS NOT WHAT I DO. my expertise is only money. . but it seems like your part of the world would like advice. very complex for me.

--

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**From:** Michael Wolff [redacted]
**Sent:** 5/30/2017 7:57:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Still in NYC

**Importance:** High

Do you think this means anything more than that it is Italy?

On Tue, May 30, 2017 at 3:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:
https://www.theguardian.com/world/2017/may/29/close-friend-trump-thomas-barrack-alleged-tax-evasion-italy-sardinia?CMP=share_btn_fb

On Tue, May 30, 2017 at 3:46 PM, Michael Wolff [redacted] wrote:
His son was in my son's class at Collegiate.

On Tue, May 30, 2017 at 3:26 PM jeffrey E. <jeevacation@gmail.com> wrote:
Krumholtz

On Tue, May 30, 2017 at 3:25 PM Michael Wolff [redacted] wrote:
Who is your colonoscopy man?

On Tue, May 30, 2017 at 3:24 PM jeffrey E. <jeevacation@gmail.com> wrote:
Colonoscopy

On Tue, May 30, 2017 at 3:15 PM Michael Wolff [redacted] wrote:
Breakfast?

On Tue, May 30, 2017 at 2:28 PM jeffrey E. <jeevacation@gmail.com> wrote:
New York tonight

On Tue, May 30, 2017 at 2:07 PM Michael Wolff [redacted] wrote:
I've been cancelled on for today. Appears everybody gone to ground. Seems Priebus decision expected.

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**From**: Weingarten, Reid [redacted]
**Sent**: 5/30/2017 11:56:59 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

I was good...judge is new and afraid to go outside the box...maybe I should rep your buddy here...agreed to meet pence one-on-one Thursday in dc

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, May 30, 2017 3:54 PM
**To:** Weingarten, Reid
**Subject:**

how did today go . . https://www.theguardian.com/world/2017/may/29/close-friend-trump-thomas-barrack-alleged-tax-evasion-italy-sardinia?CMP=share_btn_fb

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**From:** Kathy Ruemmler [redacted]
**Sent:** 6/13/2017 1:25:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Maybe Trump wants to get impeached. Going after Mueller is declaring holy war.

Sent from my iPad

On Jun 12, 2017, at 8:09 AM, jeffrey E. <jeevacation@gmail.com> wrote:

lower right side excrutiating

On Mon, Jun 12, 2017 at 5:56 AM, Kathy Ruemmler [redacted] wrote:

All week. How do you know if you have appendicitis?

[redacted]

Sent from my iPad

On Jun 12, 2017, at 7:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Fun? When are you in New York this week

On Mon, Jun 12, 2017 at 7:53 AM Kathy Ruemmler [redacted] wrote:

Yes

Sent from my iPad

On Jun 11, 2017, at 10:36 PM, jeffrey E. <jeevacation@gmail.com> wrote:

We're you on tv today?

On Sun, Jun 11, 2017 at 10:35 PM jeffrey E. <jeevacation@gmail.com> wrote:

Navigate wash views on intl law and sanctions

On Sun, Jun 11, 2017 at 8:18 PM Kathy Ruemmler [redacted] wrote:

Why does he need counsel?

Sent from my iPad

On Jun 11, 2017, at 10:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I assume you do not want to represent. Hamad bin jassim? Qatar. Hired Ashcroft. ? Silly, Anyone you would like to suggest for him?

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**From:** Barnaby Marsh [redacted]
**Sent:** 7/8/2017 2:55:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

perhaps its not the important dimension? If some share advantages of luck and otherse dont, the curve flattens, or becomes bimodal. one can imagine the fomation of "lucky enclaves" where luck is actually manufactured in a sense, and effects kept inthe group and further amplified. In a way, it is a kind of "market" to capture unusual events or to create cascades of events that would be otherwise difficult to create, anticipate, or predict?. I was at lunch yesterday with Dan Rose and he was saying that all of the major real estate families in NYC (excepting Trump) collectively think of the longer-term consequences of their actions for the larger group of dynasties.

How do these "intentinal" actions affect the natrual probability distributions? Perhaps not at all (!!!) but they might shift the curve or displace others at different places in the aggregate population (the curve). Lets keeep thinking.

BTW, this also has implication for my life (and yours)- we want to be members of various "lucky groups" (physical, mental, emotional, intellectual, etc), and if we pick the right sub-group, there will be natural regression to the mean in that group.... so, surround yourself with people as gifted or more, and use the power of RTM? Sometimes, it only works if the gaps are not too large, but I have found it a very useful heuristic in life.... in lots of areas.

When are you back?

On Sat, Jul 8, 2017 at 8:21 AM, jeffrey E. <jeevacation@gmail.com> wrote:

> since luck is not zero sum. cant figure out how to move up the curve.

--

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**From**: Thorbjøn Jagland [redacted]
**Sent**: 7/10/2017 7:29:37 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

In Norway. Next time, tell me well in advance, would be interesting to learn more more about Trump. I am totally confused.

lør. 8. jul. 2017 kl. 15.22 skrev jeffrey E. <jeevacation@gmail.com>:

I am in paris you?

--

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**From**: Kathy Ruemmler [redacted]
**Sent**: 7/21/2017 12:03:20 AM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

Trump is truly stupid.

**From**: Kathy Ruemmler [redacted]
**Sent**: 7/21/2017 12:06:24 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Just tried you

On Jul 21, 2017, at 7:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:

call me if you get the chance.

On Thu, Jul 20, 2017 at 8:03 PM, Kathy Ruemmler [redacted] wrote:
Trump is truly stupid.

--

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**From**: Robert Lawrence Kuhn[redacted]
**Sent**: 7/22/2017 5:25:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Kuhn

**Importance**: High

Disappointed to miss in NY - I'm here until August ~11 if your schedule changes.

Timing for Breakthrough series? Appreciate for planning purposes.

Latest China -

Q&A on US-China, China risks - http://www.atimes.com/article/us-china-talks-no-trade-war-xi-trump-bromance-cools/

Beijing Meeting - http://www.scio.gov.cn/32618/Document/1558546/1558546.htm

**From:** Robert Kuhn[redacted]
**Sent:** 7/22/2017 7:29:28 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Kuhn

**Importance:** High

Great. When's good - Skype/FaceTime/phone? Time Zone?

On Jul 22, 2017, at 1:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

we can skype or phone , ready when you are re breakthrough

On Sat, Jul 22, 2017 at 1:25 PM, Robert Lawrence Kuhn [redacted] wrote:

Disappointed to miss in NY - I'm here until August ~11 if your schedule changes.

Timing for Breakthrough series? Appreciate for planning purposes.

Latest China -

Q&A on US-China, China risks - http://www.atimes.com/article/us-china-talks-no-trade-war-xi-trump-bromance-cools/

Beijing Meeting - http://www.scio.gov.cn/32618/Document/1558546/1558546.htm

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**From**: Weingarten, Reid [redacted]]
**Sent**: 7/26/2017 1:51:06 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

If trump fires mueller and gets away with it it is 1933 berlin

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

1 340 775 8111

On Tue, Jul 25, 2017 at 10:43 AM, Weingarten, Reid [redacted] wrote:

Buying a new kayak...hard negotiations going on...will call when I am done...Rudy next ag...

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 8:44 AM
**To:** Weingarten, Reid
**Subject:**

catch up today?

--

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**From:** Weingarten, Reid [redacted]
**Sent:** 7/26/2017 3:08:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Do you know if your boy barrack is close witha lebanese/nigerian biz guy named chagoury?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, July 26, 2017 7:53 AM
**To:** Weingarten, Reid
**Subject:** Re:

https://www.washingtonpost.com/politics/at-ohio-campaign-rally-trump-offers-an-unfiltered-view-of-his-presidency/2017/07/25/dbbf6792-7188-11e7-8839-ec48ec4cae25_story.html?utm_term=.37ed1a334d20

On Tue, Jul 25, 2017 at 9:51 PM, Weingarten, Reid [redacted] wrote:

If trump fires mueller and gets away with it it is 1933 berlin

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

[redacted]

On Tue, Jul 25, 2017 at 10:43 AM, Weingarten, Reid [redacted] wrote:

Buying a new kayak...hard negotiations going on...will call when I am done...Rudy next ag...

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, July 25, 2017 8:44 AM
**To:** Weingarten, Reid
**Subject:**

catch up today?

--

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**From:** Michael Wolff [redacted]
**Sent:** 7/31/2017 3:56:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Met him at dinner last night. He had some good Trump stories.

On Mon, Jul 31, 2017 at 11:45 AM, jeffrey E. <jeevacation@gmail.com> wrote:
not well. martha stewarts old buddy

On Mon, Jul 31, 2017 at 11:37 AM, Michael Wolff <[redacted] wrote:
...he's trying to get Sessions to take Homeland Security. Do you know Sam Waksal?

On Mon, Jul 31, 2017 at 11:31 AM, jeffrey E. <jeevacation@gmail.com> wrote:
donald now down on tillerson

--
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**From**: Weingarten, Reid [redacted]
**Sent**: 8/9/2017 10:37:05 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

North Korean response to trump is rational,. Accurate anmd really scary

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, August 9, 2017 11:34 AM
**To:** Weingarten, Reid
**Subject:**

https://www.nytimes.com/2017/08/09/us/politics/paul-manafort-home-search-mueller.html?hp=undefined&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news&auth=login-email

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**From**: [redacted]
**Sent**: 8/24/2017 5:22:16 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Questions for article

**Importance**: High

Jeffrey,

Huffington Post is almost done with their article. They need couple answers to use them for your quotes. Please see below.

**Questions for you**:

1. As a result of Trump's budget cuts, more scientists are turning to private donors for funds. How have you helped these scientists thrive during this time in particular?

2. Why do you think it's important to have funded the Program for Evolutionary Dynamics and how will this program help us in the future?

**Questions for a scientist (can I ask Martin to answer and quote him)?**

1. How has Jeffery Epstein's donations helped you advance your research?

Let me know if you have any questions or comments. Would appreciate speedy response.

Thank you!

[redacted]

**From**: [redacted]
**Sent**: 8/24/2017 10:38:21 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts | HuffPost

**Importance**: High

http://m.huffpost.com/us/entry/us_599f532ae4b0d0ef9f1c129d

**From**: Stanley Rosenberg [redacted]
**Sent**: 8/25/2017 6:56:49 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: I look forward to hearing from you

**Importance**: High

What nice coverage in the Huffington Post.

Living in Europe, I was not aware that Trump's proposed cuts will be so devastating to the scientific community.

You asked me if I would be in New York September 18. Did you have something in mind?

I am 77 and do not travel so well. I have cut back on my plans to travel. I can consider coming to New York, September has anything to do specifically with the vagus nerve - and if it cannot be done with a conference call on Skype.

I will be able to stop in NYC on a future trip.

Linda Stone was the person who I met with years ago. It was Linda who suggested that I contact you.

best wishes,

Stanley

---

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, August 25, 2017 3:22 AM
**To:** Stanley Rosenberg
**Subject:** Re: I look forward to hearing from you

http://www.huffingtonpost.com/entry/private-donor-helps-fund-scientists-after-trumps-proposed_us_599f532ae4b0d0ef9f1c129d

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

On Thu, Aug 24, 2017 at 10:11 AM, Stanley Rosenberg [redacted] wrote:

> Dear Jeffrey,
>
> can you please tell me about your interest in the vagus nerve? Why is the vagus nerve important to you?
>
> Perhaps you can refer me to web site where I can learn more about your take on it.
>
> best wishes,
>
> Stanley

--

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**From**: Stanley Rosenberg[redacted]
**Sent**: 8/25/2017 10:15:52 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: I look forward to hearing from you

**Importance**: High

Until 3 p.m. EST.
I will try to connect with you on Skype.

Sent from my iPhone

On 25 Aug 2017, at 09.49, jeffrey E. <jeevacation@gmail.com> wrote:

I recall. Let's skype or phone

On Fri, Aug 25, 2017 at 2:56 AM Stanley Rosenberg [redacted] wrote:

What nice coverage in the Huffington Post.

Living in Europe, I was not aware that Trump's proposed cuts will be so devastating to the scientific community.

You asked me if I would be in New York September 18. Did you have something in mind?

I am 77 and do not travel so well. I have cut back on my plans to travel. I can consider coming to New York, September has anything to do specifically with the vagus nerve - and if it cannot be done with a conference call on Skype.

I will be able to stop in NYC on a future trip.

Linda Stone was the person who I met with years ago. It was Linda who suggested that I contact you.

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Stanley

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**Sent:** Friday, August 25, 2017 3:22 AM
**To:** Stanley Rosenberg
**Subject:** Re: I look forward to hearing from you

http://www.huffingtonpost.com/entry/private-donor-helps-fund-scientists-after-trumps-proposed_us_599f532ae4b0d0ef9f1c129d

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

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**From:** Michael Wolff [redacted]
**Sent:** 9/3/2017 4:27:45 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Probably won't know until tomorrow. Waiting on both Jared and Trump. Can you chat? have something to ask.

On Sun, Sep 3, 2017 at 12:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> White House this week?
> --
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**From:** [redacted]
**Sent:** 9/8/2017 10:24:06 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i dont know yet .. larson should reply to me soon .. i will let you know as soon as he reply. are you in new york after paris?
i hope he reply soon as i want to catch my old man while he is there

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york  how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, <[redacted]> wrote:

things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well .  congragulations

--

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**From:** [redacted]
**Sent:** 9/8/2017 10:26:00 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york  how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, [redacted] wrote:

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**From:** [redacted]
**Sent:** 9/8/2017 11:15:36 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

he just did😊 it seems i will be in new york from sep 14 until 20 .. if you happen to be there let me know it will be great to see you .. if not, i will have a bag dilevered to your house with some souvenirs from kuwait🎧

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, [redacted] wrote:

i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york  how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, [redacted] wrote:

things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

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**From:** [redacted]
**Sent:** 9/8/2017 1:29:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

you think you will be in new york?

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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Sent from my iPhone

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**From:** [redacted]
**Sent:** 9/8/2017 9:48:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

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**From**: [redacted]
**Sent**: 9/9/2017 2:46:08 AM
**To**: jeevacation@gmail.com
**Subject**: science in Trump time

**Importance**: High

Startup idea - marketplace where a scientist can find a donor. I realize what we've started. We've started a new PR campaign to engage donors to support science during Trump's time.

It can be massive. And you can be a face of if it doesn't sound scary for you 😉 But what I really like it's actually important and we are the first one who started thinking about it

**From:** [redacted]
**Sent:** 9/9/2017 3:31:28 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i will be in new york from tuesday sep 12 for a week.. let me know the date and time to meet you if you there

Sent from my iPhone

On Sep 9, 2017, at 4:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think trump cut the legs off your guy . He would like to take all the credit . If there is a deal or be seen to be strong on terror

On Sat, Sep 9, 2017 at 2:34 AM jeffrey E. <jeevacation@gmail.com> wrote:
See you I in. Ew york thurs?

On Fri, Sep 8, 2017 at 11:48 PM [redacted] wrote:
tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

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I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, [redacted] wrote:
i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

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your man did well . congragulations

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**From:** [redacted]
**Sent:** 9/9/2017 3:40:30 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

what is your shoes size if you dont mind me asking?

Sent from my iPhone

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**From:** [redacted]
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**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

😊😊😊
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Sent from my iPhone

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**From:** [redacted]
**Sent:** 9/9/2017 4:35:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

very well .. plz when you have a minute send me the date and the time .. i know the house by now👈

Sent from my iPhone

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of course

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**From:** [redacted]
**Sent:** 9/9/2017 4:42:31 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

thursday at 6 pm? is that ok?

Sent from my iPhone

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when is good for you? late thurs? fri lunch whatever you prefer.

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**From:** [redacted]
**Sent:** 9/9/2017 5:26:47 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

see you inshalla 👈

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

see you then :)

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See you I in. Ew york thurs?

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Sent from my iPhone

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i will bring you some kuwaiti gifts but not food😊

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what is your schedule in new york how long will you be there?

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your man did well . congragulations

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**From:** [redacted]
**Sent:** 9/9/2017 11:39:24 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: science in Trump time

**Importance:** High

I'll think how to execute on it. I'm very focused on my fund but I want it to exist, will find a way

On Sep 9, 2017, at 3:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes a kickstarter with no return , you form a 501 c 3 charity , that can accept donations. and give them out to scientists. . it s avery clever idea. good work!

On Sat, Sep 9, 2017 at 4:46 AM, [redacted] wrote:

> Startup idea - marketplace where a scientist can find a donor. I realize what we've started. We've started a new PR campaign to engage donors to support science during Trump's time.
>
> It can be massive. And you can be a face of if it doesn't sound scary for you 😁 But what I really like it's actually important and we are the first one who started thinking about it

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**From**: [redacted]
**Sent**: 9/11/2017 6:33:39 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Interview with Futurism

**Importance**: High

Jeffrey, https://futurism.com/ editor (fast-growing media about science with over 25M unique readers) would like to have an interview with you. Same topic: Trump's cuts on science and your philanthropy.

Would you be open to talk to them?

**From:** [redacted]
**Sent:** 9/11/2017 6:51:05 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Interview with Futurism

**Importance:** High

great. when is good?
are you coming to New York next week?

On Sep 11, 2017, at 11:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:33 PM, [redacted] wrote:

> Jeffrey, https://futurism.com/ editor (fast-growing media about science with over 25M unique readers) would like to have an interview with you. Same topic: Trump's cuts on science and your philanthropy.
>
> Would you be open to talk to them?

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**From:** [redacted]
**Sent:** 9/11/2017 6:59:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Interview with Futurism

**Importance:** High

nice. should we coordinate it with Leslie? [redacted]

I'd can join it too, I'm in NYC next week

On Sep 11, 2017, at 11:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes happy to do in person

On Mon, Sep 11, 2017 at 8:51 PM [redacted] wrote:

great. when is good?
are you coming to New York next week?

On Sep 11, 2017, at 11:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:33 PM, [redacted] wrote:

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Would you be open to talk to them?

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**From:** [redacted]
**Sent:** 9/12/2017 3:30:22 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Interview with Futurism

**Importance:** High

Scheduled. Would you have 30 min - 1 h before/after. Will tell you some more ideas about your interviews and science support

On Sep 11, 2017, at 11:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:59 PM, [redacted] wrote:
nice. should we coordinate it with Leslie?

I'd can join it too, I'm in NYC next week

On Sep 11, 2017, at 11:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes happy to do in person

On Mon, Sep 11, 2017 at 8:51 PM, [redacted] wrote:
great. when is good?
are you coming to New York next week?

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yes

On Mon, Sep 11, 2017 at 8:33 PM, [redacted] wrote:
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Would you be open to talk to them?

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**From:** [redacted]
**Sent:** 9/12/2017 10:25:56 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
if you bussy dont worry i can wait until thursday ..
thnx again

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

see you then :)

On Sat, Sep 9, 2017 at 6:42 PM, [redacted] wrote:
thursday at 6 pm? is that ok?

Sent from my iPhone

On Sep 9, 2017, at 7:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

when is good for you? late thurs? fri lunch whatever you prefer.

On Sat, Sep 9, 2017 at 6:35 PM, [redacted] wrote:
very well .. plz when you have a minute send me the date and the time .. i know the house by now👈

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is this some sort of perverted question :) 12 american . of course

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what is your shoes size if you dont mind me asking?

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**From:** [redacted]
**Sent:** 9/13/2017 6:46:36 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

msg from touchline

We have media platform in the region called philanthropy age with gates foundation.

The guys who are working with us is
Kofi Rashid Gates foundation advisor who report dirctly to bill
This is the link
http://www.philanthropyage.org

Please ask him not to focus on philanthropy age ... As its is one aspect of the over all deliverables
thnx
Sent from my iPhone

On Sep 13, 2017, at 4:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Wed at 2?

On Wed, Sep 13, 2017 at 12:26 AM [redacted] wrote:
hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
if you bussy dont worry i can wait until thursday ..
thnx again

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** [redacted]
**Sent:** 9/13/2017 11:59:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i enjoyed it👈 .. see you in november inshalla

Sent from my iPhone

On Sep 13, 2017, at 10:06 PM, jeffrey E. <jeevacation@gmail.com> wrote:

your gifts were unncessary but greatly appreciated

On Wed, Sep 13, 2017 at 2:46 PM, <[redacted]> wrote:

msg from touchline

We have media platform in the region called philanthropy age with gates foundation.

The guys who are working with us is
Kofi Rashid Gates foundation advisor who report dirctly to bill
This is the link
http://www.philanthropyage.org

Please ask him not to focus on philanthropy age ... As its is one aspect of the over all deliverables
thnx
Sent from my iPhone

On Sep 13, 2017, at 4:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Wed at 2?

On Wed, Sep 13, 2017 at 12:26 AM <[redacted]> wrote:
hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
if you bussy dont worry i can wait until thursday ..
thnx again

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

see you then :)

On Sat, Sep 9, 2017 at 6:42 PM, <[redacted]> wrote:
thursday at 6 pm? is that ok?

Sent from my iPhone

On Sep 9, 2017, at 7:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

when is good for you? late thurs? fri lunch whatever you prefer.

On Sat, Sep 9, 2017 at 6:35 PM, [redacted] wrote:
very well .. plz when you have a minute send me the date and the time .. i know the house by now👈

Sent from my iPhone

On Sep 9, 2017, at 7:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:

of course

On Sat, Sep 9, 2017 at 6:30 PM, [redacted] wrote:
😊😊😊
are we meeting in new york?

Sent from my iPhone

On Sep 9, 2017, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

is this some sort of perverted question :) 12 american . of course

On Sat, Sep 9, 2017 at 5:40 PM, [redacted] wrote:
what is your shoes size if you dont mind me asking?

Sent from my iPhone

On Sep 9, 2017, at 4:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think trump cut the legs off your guy . He would like to take all the credit . If there is a deal or be seen to be strong on terror

On Sat, Sep 9, 2017 at 2:34 AM jeffrey E. <jeevacation@gmail.com> wrote:
See you I in. Ew york thurs?

On Fri, Sep 8, 2017 at 11:48 PM <[redacted]> wrote:
tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, <[redacted]> wrote:
i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, <[redacted]> wrote:
things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

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**From:** [redacted]
**Sent:** 9/20/2017 9:57:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond
--
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**From:** [redacted]
**Sent:** 9/20/2017 10:26:34 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

thnx jeff .. i m praying[redacted]

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked. :)

On Wed, Sep 20, 2017 at 5:57 PM, <[redacted]> wrote:

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

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**From:** [redacted]
**Sent:** 9/20/2017 10:58:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

😂😂😂
a long term invesment i hope 😂😂

Sent from my iPhone

On Sep 21, 2017, at 1:35 AM, jeffrey E. <jeevacation@gmail.com> wrote:

only you please

On Wed, Sep 20, 2017 at 6:26 PM, <[redacted] wrote:
thnx jeff .. i m praying[redacted]

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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On Wed, Sep 20, 2017 at 5:57 PM, <[redacted]> wrote:
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**From**: Thomas Jr., Landon [redacted]
**Sent**: 9/27/2017 2:47:47 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Got another call from Connelly..

**Importance**: High

He is digging around again -- not clear if its another book/or expanded paperback version. Was asking me all sorts of questions about why you hired Ken Starr. I told him I had no idea -- I think he is doing some Trump-related digging too.

Anyway, for what its worth...

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Larry Visoski [redacted]
**Sent**: 9/30/2017 5:43:18 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: STT

Jeffrey
I hear Pres Trump arrives in St Thomas on Tuesday FYI

Thx
Larry

Sent from my iPhone

**From**: Nicholas Ribis [redacted]
**Sent**: 10/15/2017 11:45:57 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: did you see barrack interview

**Importance**: High

Yes

Sent from my iPhone

On Oct 15, 2017, at 6:00 AM, jeffrey E. <jeevacation@gmail.com> wrote:

"In the last 10 months, we have followed through on one promise after another," Mr. Trump told the Values Voter Summit in Washington. "I didn't have a schedule. But if I did have a schedule, I would say we are substantially ahead of schedule."

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**From**: Weingarten, Reid [redacted]
**Sent**: 10/15/2017 4:11:25 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Is the point of this he is totally divorced from reality?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Sunday, October 15, 2017 5:59 AM
**To:** Weingarten, Reid
**Subject:**

"In the last 10 months, we have followed through on one promise after another," Mr. Trump told the Values Voter Summit in Washington. "I didn't have a schedule. But if I did have a schedule, I would say we are substantially ahead of schedule."

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**From**: Robert Kuhn[redacted]
**Sent**: 11/6/2017 1:19:09 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:
**Attachments**: Kuhn - CNN - Xi and New Politburo Standing Committee - 10.26.17.pdf; Untitled attachment 168555.htm; Kuhn - BBC World News - Xi Jinping and the New Politburo Standing Committee - 10.25.17.pdf; Untitled attachment 168558.htm; Kuhn - CNN - Xi and 19th CPC National Congress - 10.25.17A.pdf; Untitled attachment 168561.htm; Kuhn - New Era on the Road to 2050 - China Daily Newspaper - 10.28.17.pdf; Untitled attachment 168564.htm

**Importance**: High

You nailed it! (before ~1/2 of family).

Still in China - from Party Congress through Trump "State+ Visit". Many interviews/commentaries (CNN/BBC attached).

More important (from some ultimate reference frame): Radical Breakthroughs. Preproduction going well; expect to send by end of month complete preproduction document, with 3-4 pages on each of the 13 episodes - refined versions of the prototypes (first two episodes) I sent you in late Sept. Excited. Looking forward to discussing content.

I'll be in NY from ~Nov. 21/22 through early January. When to meet? Breakthroughs and of course politics / geopolitics (so much).

Robert

# CNN International

## Xi Jinping and the New Politburo Standing Committee
## Robert Lawrence Kuhn - October 26, 2017

| | |
|---|---|
| **HOST: The author of *How China's Leaders Think: The Inside Story of Past, Current and Future Leaders,* Robert Lawrence Kuhn is a longtime advisor to the Chinese government. He comes to us once again from Beijing. We talked this time yesterday. Good to have you back. And we discussed yesterday what we would learn about that lineup of the standing committee. It hadn't been revealed at that point that we spoke, but we now know and is it correct to say the most significant thing is no sign of a leader in waiting?**<br><br>**RLK: I think the most significant sign is who the people are and how they relate to each other. It's a group that actually respects traditional norms.** | |
| **RLK: There was thought that Wang Qishan, for example, might violate norms by being on the Standing Committee after the traditional retirement age and that's not the case. There is balance among the member in terms of their geographies, even their political affiliations within the party which internally are important. Two are from Shanghai, two are from the Communist Youth League - one is actually from Shanghai and the Youth League as well but he's really from Shanghai - two have a long relationship with General Secretary Xi. And then of course General Secretary Xi has the overarching power as everyone says - and that is correct and will be correct for a long time to come.** | |

| | |
|---|---|
| **HOST: Absolutely, well certainly but breaking precedent by not having a young leader coming up behind him and we discussed this yesterday. The transfer of Mr. Xi will remain in power for many more years to come, perhaps revive the position of party chairman and stick around indefinitely.**<br><br>**RLK: There's no question about the power and longevity of Xi. I would put it a little differently. I'd say that it is not even necessary for him to have the party chairmanship or any particular title because of his overarching power by having his name associated with "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" - that whole phrase is now in the Party Constitution. Moreover, he already had the designation of "Core" of the Party.** | |
| **RLK: So those two elements – name in Constitution and Core - are totally overarching over any particular title. That said, not having a younger member of the Standing Committee who is an obvious candidate for future leadership, prevents there being a separate power center that could undermine what Xi wants to do. So the fact that Xi will be there until, potentially, the mid-2030s is very real. I think now we should shift our attention to what Xi Jinping wants to do. We need to look at the policies he is putting forth, and see what they mean for China and for the world.**<br><br>**HOST: And I want to touch on that in a moment, but given this power and position afforded to him in the constitution no less, I mean where is room for discussion?** | |

| | |
|---|---|
| **HOST: If not dissent at least a little difference in opinion when those who don't agree with him basically, because he's in the constitution, are against the communist party. They can leave or they can put up with it, no middle ground or perhaps question?**<br><br>**RLK: This is a very interesting point and it goes to the party concept of what they call democratic centralism and collective leadership. When Xi was appointed Core about a year ago, which was a very significant move, the party also said it was reaffirming collective leadership. Now that seems on its surface an oxymoron, contradictory, but in the Chinese system it was not, and it's good to understand why.** | |
| **RLK: Xi has overarching decision making power which he didn't have before he was made 'core'. But he is obligated under the system to respect the system - if he continues to do so, and I certainly expect he will - to really listen to all of the opinions of the senior leaders, certainly the people in the standing committee. And to conduct substantial research, reviews with experts, and polling and iterative kinds of research that they do for all their major documents. So he is obligated to do such serious consultation under the party system. Now can he subvert it the way Mao did? I don't think that's really possible even if he tried and I don't think he will do that. So it's a combination of him now having the absolute power, no question about it, but still respecting party norms of how they go about the research and decision-making process.** | |

| | |
|---|---|
| **RLK: Now this will not mean overt dissent from the media. Certainly, that has been suppressed and will arguably for the foreseeable future continue to be. But in the inner circles, he is obligated to continue to seek guidance and get alternative opinions.**<br><br>**HOST: Speaking of the media you just reminded me of something and we were having a lovely conversation yesterday. I don't think either of was being particularly rude or anything. And let's put up the video because you and I were chatting about, just regular Chinese politics and what was happening and this was what happened in our office. We were shut down by the censors in the middle of our conversation. What does that say about how things are going to be run?** | |
| **RLK: China is extremely sensitive during this particular time of the 19th CPC National Congress. They do that for all national meetings but this is probably the most central time. All elements of media are under strictures. Who knows at what level decisions are made? But even internet connections this week have been terrible because of extreme censorship. I expect that will lessen in the future. But it is endemic of the situation and we will all learn to live with it. As I said, there's a larger picture here about what Xi is going to do in terms of his people orientation, rejuvenating China, comprehensively deepening reform, and strengthening rule of law.** | 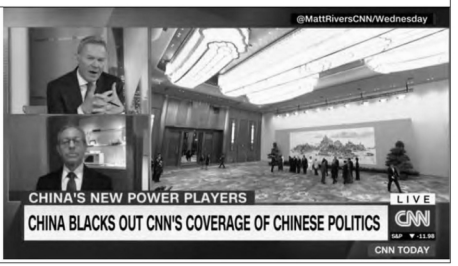 |

| | |
|---|---|
| **RLK: We have to wait and see how that strengthening of reform and strengthening of rule of law is going to turn out.**<br><br>**HOST: Indeed. I do have one final question because Mr. Trump is heading that way in a matter of days really. What does Mr. Xi make of Donald Trump? Donald Trump thinks they're best buddies. What do you think Mr. Xi makes of Donald Trump?**<br><br>**RLK: Before Trump came into office I know very specifically there were various think tanks that were engaging in various scenario planning on how to deal with Trump and his vicissitudes.** | |
| **RLK: And the conclusion was to let it play out, don't react to virtually anything, and treat the U.S. just like it did in normal times. And so I think that will be the approach. It'll be very straight forward. China won't react to the highs or lows. It'll treat the protocol at a very high level. And I think based on Trump's personality that he will react well to that. The substance that comes out of that, whether it's North Korea or trade, will have to wait. We could be quite skeptical about the substance of the results, but I think the form will look good.**<br><br>**HOST: It's going to be fascinating. Robert Lawrence Kuhn, great to have you on again. Appreciate your insights. Thank you.** | |

**From:** anasalrasheed[redacted]
**Sent:** 11/6/2017 9:07:51 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

this was just tweeted by famous saudi opposition @mujtahidd .. almost 2 million followers ..

#Trump_MBS scandal involving President @realDonaldTrump and Crown Prince Mohammad bin Salman...

Following @realDonaldTrump's visit to SA, US stance on Saudi affairs changed especially on competition between MBS & MBN and Qatar siege.

MBS = Saudi Crown Prince Mohammad bin Salman (de facto King)
MBN = Mohammad bin Nayef (deposed Saudi Crown Prince and Interior Minister)

Prior to @realDonaldTrump, US institutions stood firmly with MBN throughout Obama's presidency. This was reaffirmed in a letter to the King.

After @realDonaldTrump's Riyadh visit, he changed the US stance on the MBS v MBN power struggle and forced the establishment to back MBS.

Past US administrations were keen on avoiding strife within GCC: This is because American interests cannot be upheld without a harmonic GCC.

That was until @realDonaldTrump's return from Saudi upon which Qatar siege began and he openly supported it contradicting Defence&State Dept

That was until @realDonaldTrump's return from Saudi upon which Qatar siege began and he openly supported it contradicting Defence&State Dept

More bizarrely; MBS has a secure direct line to Trump like no other leader has - not even Israeli Netanyahu & British May...

The following story explains MBS's 'special' influence over @realDonaldTrump - even if it means compromising America's national interests...

During @realDonaldTrump's Riyadh visit in May 2017 a private yacht discreetly arrived at Jeddah Port; heavily guarded and identity hidden.

Even the Port's authorities were not allowed near it. Only a number of individuals reached it - delivering several boxes of cash ($1bn USD).

After loading the boxes, the yacht disappeared. The operation lasted hours & was kept secret as was yacht's identity, origin and destination

It transpired from MBS's inner circles that the $1bn was from MBS himself & the yacht belonged indirectly to @Trump Organisation. #Trump_MBS

Sent from my iPhone

On Nov 6, 2017, at 10:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

wowo

On Mon, Nov 6, 2017 at 2:39 PM, <[redacted] wrote:
https://www.al-monitor.com/pulse/en/originals/2017/11/saudi-arabia-crown-prince-remove-opponents-national-guard.html

Sent from my iPhone

On Nov 5, 2017, at 1:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the missile or the anti corruption

On Sat, Nov 4, 2017 at 4:18 PM, <[redacted] wrote:
keep close eye on what is going on in saudi right now

Sent from my iPhone

On Nov 2, 2017, at 5:56 PM, jeffrey E. <jeevacation@gmail.com> wrote:

im really looking forward to it. . however today sick with flu

On Thu, Nov 2, 2017 at 10:48 AM, [redacted] wrote:
i m going to germany next week for two days to see terry. any plans to visit gcc soon?

Sent from my iPhone

On Oct 30, 2017, at 6:18 PM, jeffrey E. <jeevacation@gmail.com> wrote:

good proposal. everyone there still dealing with remnants of investor conference. . hope your are well

--

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**From**: Larry Visoski[redacted]]
**Sent**: 11/16/2017 10:27:22 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Jeffrey,
Thx for the update,
Just to confirm, LSJ trip is Next Sunday the 26th as you stated,,

POTUS schedule:
Arrival: Tuesday November 21st @ 1800ish
Departure: Sunday November 26th @ 1500ish

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment we will go to lsh on sunday the 26th early then to new york where i will stay the week,
larry , it will be assayay and I , trump is in town that week,

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**From:** Larry Visoski [redacted]
**Sent:** 11/16/2017 11:59:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Shouldn't be to bad if we are leaving early and Trump is not scheduled to depart until 3pm on Sunday, the Departure will be similar to a DCA Departure with Customs,
TSA will have an office set up inside the FBO, you will enter the main lobby at Atlantic and be escorted to the plane after you meet with TSA officers.,
I have to schedule all passengers names 24hours in advance, no additions within 24 Hours,

Thx
Larry

Sent from my iPhone

On Nov 16, 2017, at 6:45 PM, jeffrey E. <jeevacation@gmail.com> wrote:

scheudle us to leave sunday early to lsj, we will have to go through hoops to clear ?

On Thu, Nov 16, 2017 at 5:27 PM, Larry Visoski [redacted] wrote:

Jeffrey,
Thx for the update,
Just to confirm, LSJ trip is Next Sunday the 26th as you stated,,

POTUS schedule:
Arrival: Tuesday November 21st @ 1800ish
Departure: Sunday November 26th @ 1500ish

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**From:** Lesley Groff [redacted]
**Sent:** 11/17/2017 11:48:52 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Marilyn

**Importance:** High

Reminder: Jojo and Merwin both requested off Nov. 25 and 26 to be with family in town and celebrate Brianna's 16th Birthday. We will need to bring Marilyn to NY to help prepare for your arrival. We should have Sonam and Leo to help as well. Shall we get a flight for Marilyn early Sat. Nov. 25th morning?

On Nov 16, 2017, at 6:47 PM, jeffrey E. <jeevacation@gmail.com> wrote:

marilyn

On Thu, Nov 16, 2017 at 6:37 PM, Lesley Groff [redacted] wrote:

Will you want to bring back Marilyn or Carluz/Arline for the week you are in NY?

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Lesley Groff [redacted]
**Sent:** 11/17/2017 11:56:42 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Marilyn

**Importance:** High

OK,…and are you OK with Larry getting you a car to take you to 71st upon landing at Teterboro on No. 26th?

On Nov 17, 2017, at 6:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i will show up at aroudn 11 pm sunday so plenty of time

On Fri, Nov 17, 2017 at 6:48 AM, Lesley Groff [redacted] wrote:
Reminder: Jojo and Merwin both requested off Nov. 25 and 26 to be with family in town and celebrate Brianna's 16th Birthday. We will need to bring Marilyn to NY to help prepare for your arrival. We should have Sonam and Leo to help as well. Shall we get a flight for Marilyn early Sat. Nov. 25th morning?

On Nov 16, 2017, at 6:47 PM, jeffrey E. <jeevacation@gmail.com> wrote:

marilyn

On Thu, Nov 16, 2017 at 6:37 PM, Lesley Groff [redacted] wrote:
Will you want to bring back Marilyn or Carluz/Arline for the week you are in NY?

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Lesley Groff [redacted]
**Sent:** 11/17/2017 12:17:02 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Marilyn

**Importance:** High

I had [redacted] in apartment 3M. I will ask David about a room for tonight instead

Sent from my iPhone

On Nov 17, 2017, at 7:06 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what apt is [redacted] staying in. call david mitchell , put her at the life hotel instead. for tonight if they have room.

On Fri, Nov 17, 2017 at 6:56 AM, Lesley Groff [redacted] wrote:
OK,…and are you OK with Larry getting you a car to take you to 71st upon landing at Teterboro on No. 26th?

On Nov 17, 2017, at 6:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Darren Indyke[redacted]
**Sent:** 11/17/2017 6:34:33 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

# Privileged - Redacted

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
Telephone: [redacted]
Telecopier: [redacted]
Mobile: [redacted]
email: [redacted]

**** Please note that my mobile telephone number has changed to the new number provided above. ***

**********
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**********

On Nov 16, 2017, at 3:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

# Privileged - Redacted

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**From**: Richard Kahn [redacted]
**Sent**: 12/2/2017 4:52:49 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Attachments**: IMG_4779.jpg

**Importance**: High

Trump in your neighborhood today. Looks like he is going to 740 Park for a fundraiser.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

**From:** [redacted]
**Sent:** 12/8/2017 8:37:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i m at the door but i will wait for my time.. i dont want to come early to find trump in your house😂😂

Sent from my iPhone

On Dec 8, 2017, at 9:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Fri, Dec 8, 2017 at 2:10 PM <[redacted]> wrote:
sorry that is 2512 for the gate👈

Sent from my iPhone

On Dec 6, 2017, at 5:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:

10pm should I bring special cake from New York

On Wed, Dec 6, 2017 at 9:37 AM [redacted] wrote:
very well .. just send me the address again and the code to the door so i can get to the second floor? and send me the day and time.
thnx

Sent from my iPhone

On Dec 6, 2017, at 5:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

You are welcome at my house always . And more private

On Wed, Dec 6, 2017 at 9:12 AM jeffrey E. <jeevacation@gmail.com> wrote:
Of courses

On Wed, Dec 6, 2017 at 9:08 AM [redacted] wrote:
???

Sent from my iPhone

On Dec 5, 2017, at 2:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment i was flying to paris on the 8th. . I can leave eariler and get to paris by 830 . if you like to meet there. geneve difficult to fly out of at night . or lunch sat in paris. ,

On Tue, Dec 5, 2017 at 5:03 AM, [redacted] wrote:
can we have dinner in geneva on the 8th? i will be there on 7 and 8 dec and going back to kuwait on the 9th

Sent from my iPhone

On Dec 5, 2017, at 3:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I am planning to be in paris starting the 9th for the week. any chance to see you

--

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**From:** [redacted]
**Sent:** 12/9/2017 7:00:51 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i forget to ask .. is there any new update about the saudi project that i sent you??

Sent from my iPhone

On Dec 8, 2017, at 11:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no come now !!!

On Fri, Dec 8, 2017 at 9:37 PM, [redacted] wrote:
i m at the door but i will wait for my time.. i dont want to come early to find trump in your house😊😊

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10pm should I bring special cake from New York

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Sent from my iPhone

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Of courses

On Wed, Dec 6, 2017 at 9:08 AM [redacted] wrote:
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Sent from my iPhone

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On Tue, Dec 5, 2017 at 5:03 AM, [redacted] wrote:
can we have dinner in geneva on the 8th? i will be there on 7 and 8 dec and going back to kuwait on the 9th

Sent from my iPhone

On Dec 5, 2017, at 3:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I am planning to be in paris starting the 9th for the week. any chance to see you

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**From:** [redacted]
**Sent:** 12/9/2017 10:32:34 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

very well 👈 👈

Sent from my iPhone

On Dec 9, 2017, at 1:13 PM, jeffrey E. <jeevacation@gmail.com> wrote:

They told me to discuss in Jan

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On Dec 5, 2017, at 3:34 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From**: Weingarten, Reid [redacted]
**Sent**: 12/11/2017 3:43:25 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Weird connections....i know glenn simpson very well....more to be said about that when I see you

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, December 11, 2017 9:12 AM
**To:** Weingarten, Reid
**Subject:**

https://www.washingtontimes.com/news/2017/dec/10/glenn-simpsons-fusion-gps-ran-donald-trump-smear-c/

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**From:** [redacted] [redacted]
**Sent:** 12/22/2017 10:53:41 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i m trying to wear the sweater but it has been geeting a bit warm here😊
hope you doing well

Sent from my iPhone

On Dec 9, 2017, at 1:13 PM, jeffrey E. <jeevacation@gmail.com> wrote:

They told me to discuss in Jan

On Sat, Dec 9, 2017 at 8:00 AM <[redacted]> wrote:
i forget to ask .. is there any new update about the saudi project that i sent you??

Sent from my iPhone

On Dec 8, 2017, at 11:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:

no come now !!!

On Fri, Dec 8, 2017 at 9:37 PM, [redacted] wrote:
i m at the door but i will wait for my time.. i dont want to come early to find trump in your house😊😊

Sent from my iPhone

On Dec 8, 2017, at 9:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Yes

On Fri, Dec 8, 2017 at 2:10 PM [redacted] wrote:
sorry that is 2512 for the gate👈

Sent from my iPhone

On Dec 6, 2017, at 5:44 PM, jeffrey E. <jeevacation@gmail.com> wrote:

10pm should I bring special cake from New York

On Wed, Dec 6, 2017 at 9:37 AM [redacted] wrote:
very well .. just send me the address again and the code to the door so i can get to the second floor? and send me the day and time.
thnx

Sent from my iPhone

On Dec 6, 2017, at 5:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

You are welcome at my house always . And more private

On Wed, Dec 6, 2017 at 9:12 AM jeffrey E. <jeevacation@gmail.com> wrote:
Of courses

On Wed, Dec 6, 2017 at 9:08 AM [redacted] wrote:
???

Sent from my iPhone

On Dec 5, 2017, at 2:34 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment i was flying to paris on the 8th. . I can leave eariler and get to paris by 830 . if you like to meet there. geneve difficult to fly out of at night . or lunch sat in paris. ,

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**From:** [redacted]
**Sent:** 12/22/2017 12:03:30 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i m ok .. still waiting for new york trip .. taking the family to dubai for new year👈

Sent from my iPhone

On Dec 22, 2017, at 2:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what have you been doing? any fun?

On Fri, Dec 22, 2017 at 5:53 AM, [redacted] wrote:
i m trying to wear the sweater but it has been geeting a bit warm here😊
hope you doing well

Sent from my iPhone

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10pm should I bring special cake from New York

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Of courses

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**From**: Stephen Hanson[redacted]
**Sent**: 12/24/2017 2:21:03 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: You around today

**Importance**: High

FYI. Need to go long way. Trump

Sent from my iPad

On Dec 24, 2017, at 9:02 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes now?

On Sun, Dec 24, 2017 at 8:44 AM, Shanson900 <[redacted]> wrote:

Sent from my iPhone

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**From:** [redacted]
**Sent:** 12/25/2017 6:02:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

washington post .. new york times .. i think saudis need some help .. maybe our proposal can help .. just a thought

Sent from my iPhone

On Dec 22, 2017, at 3:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:

great. have fun. . with the crazy tax bill, Ill stay in US until end of year.

On Fri, Dec 22, 2017 at 7:03 AM, [redacted] wrote:
i m ok .. still waiting for new york trip .. taking the family to dubai for new year

Sent from my iPhone

On Dec 22, 2017, at 2:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

what have you been doing? any fun?

On Fri, Dec 22, 2017 at 5:53 AM, [redacted] wrote:
i m trying to wear the sweater but it has been geeting a bit warm here
hope you doing well

Sent from my iPhone

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They told me to discuss in Jan

On Sat, Dec 9, 2017 at 8:00 AM [redacted] wrote:
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Sent from my iPhone

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i m at the door but i will wait for my time.. i dont want to come early to find trump in your house

Sent from my iPhone

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On Fri, Dec 8, 2017 at 2:10 PM [redacted] wrote:
sorry that is 2512 for the gate 👈

Sent from my iPhone

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10pm should I bring special cake from New York

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 1/3/2018 6:08:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I know -- have been reading it. Good old MW. You still talk to him?

On Wed, Jan 3, 2018 at 1:05 PM, jeffrey E. [redacted] wrote:

> http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html
>
> --
>
> please note
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--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Weingarten, Reid [redacted]
**Sent**: 1/3/2018 6:11:02 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From**: Stephen Hanson[redacted]
**Sent**: 1/3/2018 6:55:08 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Dam. That will be a interesting book

Sent from my iPad

On Jan 3, 2018, at 1:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From**: Weingarten, Reid [redacted]
**Sent**: 1/3/2018 7:01:08 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid <[redacted] wrote:

> Internet is crashing right now about this....trump apparently off his rocker
>
> **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> **Sent:** Wednesday, January 03, 2018 1:05 PM
> **To:** Weingarten, Reid
> **Subject:**
>
> http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html
>
> --
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**From:** Thomas Jr., Landon [redacted]
**Sent:** 1/3/2018 7:12:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

No doubt he and DT know each other well too. Have to say, he is looking/sounding increasingly unhinged -- are you tempted to take any money off the table in the markets?

On Wed, Jan 3, 2018 at 2:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:
yup

On Wed, Jan 3, 2018 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:
I know -- have been reading it. Good old MW. You still talk to him?

On Wed, Jan 3, 2018 at 1:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Thomas Jr., Landon [redacted]
**Sent:** 1/3/2018 7:17:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

You be judge -- wasn't here a time when he at least completed sentences?

https://www.theatlantic.com/health/archive/2018/01/trump-cog-decline/548759/

On Wed, Jan 3, 2018 at 2:14 PM, jeffrey E. <jeevacation@gmail.com> wrote:
no. but no questions donalds statement is goofy. . early dementia?

On Wed, Jan 3, 2018 at 2:12 PM, Thomas Jr., Landon [redacted] wrote:
No doubt he and DT know each other well too. Have to say, he is looking/sounding increasingly unhinged -- are you tempted to take any money off the table in the markets?

On Wed, Jan 3, 2018 at 2:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:
yup

On Wed, Jan 3, 2018 at 1:08 PM, Thomas Jr., Landon [redacted] wrote:
I know -- have been reading it. Good old MW. You still talk to him?

On Wed, Jan 3, 2018 at 1:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
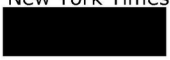
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Weingarten, Reid [redacted]
**Sent:** 1/4/2018 12:24:49 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

As usual you nailed it....tomorrow will be an interesting day

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 2:03 PM
**To:** Weingarten, Reid
**Subject:** Re:

it also includes barrack, saying not is only donald crazy but hes stupid. SO MCH FUN

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid <[redacted]> wrote:
Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid [redacted] wrote:
Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From**: Weingarten, Reid [redacted]
**Sent**: 1/4/2018 1:49:20 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Just reading this...will call this morn...

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 8:11 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

[redacted]

On Wed, Jan 3, 2018 at 7:24 PM Weingarten, Reid [redacted] wrote:

As usual you nailed it....tomorrow will be an interesting day

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 2:03 PM

**To:** Weingarten, Reid
**Subject:** Re:

it also includes barrack, saying not is only donald crazy but hes stupid. SO MCH FUN

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid [redacted] wrote:

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid [redacted] wrote:

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From**: Kathy Ruemmler[redacted]
**Sent**: 1/4/2018 3:27:09 PM
**To**: jeevacation@gmail.com

**Importance**: High

Now being reported that Trump's lawyers sent a letter to MW's publisher demanding that they not publish the book.

**From:** Weingarten, Reid [redacted]
**Sent:** 1/4/2018 3:37:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Call me..[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 8:11 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

[redacted]

On Wed, Jan 3, 2018 at 7:24 PM Weingarten, Reid [redacted] wrote:

As usual you nailed it....tomorrow will be an interesting day

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 2:03 PM

**To:** Weingarten, Reid
**Subject:** Re:

it also includes barrack, saying not is only donald crazy but hes stupid. SO MCH FUN

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid [redacted] wrote:

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid [redacted] wrote:

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM

**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From**: Michael Wolff [redacted]
**Sent**: 1/4/2018 3:55:56 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Yes
On Thu, Jan 4, 2018 at 10:31 AM jeffrey E. <jeevacation@gmail.com> wrote:
?
---------- Forwarded message ----------
From: **Kathy Ruemmler**
Date: Thu, Jan 4, 2018 at 10:27 AM
Subject:
To: jeevacation@gmail.com

Now being reported that Trump's lawyers sent a letter to MW's publisher demanding that they not publish the book.

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**From**: Kathy Ruemmler [redacted]
**Sent**: 1/4/2018 6:10:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Finally got the apartment so can "move in" tomorrow.

On Jan 4, 2018, at 10:29 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.google.com/amp/s/www.hollywoodreporter.com/amp/news/michael-wolff-my-insane-year-inside-trumps-white-house-1071504

On Thu, Jan 4, 2018 at 10:27 AM, Kathy Ruemmler [redacted] wrote:

> Now being reported that Trump's lawyers sent a letter to MW's publisher demanding that they not publish the book.

--

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**From:** Michael Wolff[redacted]
**Sent:** 1/5/2018 11:04:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Just passing reference that you, Tom Barrack, and Trump were once friends. One mention. No inference.

On Thu, Jan 4, 2018 at 8:41 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> am i mentioned in the book? .
>
> --
>
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**From:** Michael Wolff [redacted]
**Sent:** 1/8/2018 12:46:27 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Just his plan. Trump is going to go down--why doesn't use this opportunity to strike out on his own? Also, gently imply I have tapes. I wonder, btw, if he isn't interested in talking to you about in fact bringing down Trump. Can't wait to hear?

On Sun, Jan 7, 2018 at 7:31 PM jeffrey E. <jeevacation@gmail.com> wrote:

I didn't offer him a time yet . As I need my marching orders;)

--

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**From**: anasalrasheed[redacted]
**Sent**: 1/8/2018 6:27:13 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

i m traveling to see terry and antonio in dubai and bahrain .. wish you were here .. weather is great

Sent from my iPhone

On Jan 3, 2018, at 9:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From:** Michael Wolff [redacted]
**Sent:** 1/8/2018 10:57:20 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Up?
On Sun, Jan 7, 2018 at 9:37 PM jeffrey E. <jeevacation@gmail.com> wrote:
212 772 9416

On Sun, Jan 7, 2018 at 7:46 PM, Michael Wolff [redacted] wrote:
Just his plan. Trump is going to go down--why doesn't use this opportunity to strike out on his own? Also, gently imply I have tapes. I wonder, btw, if he isn't interested in talking to you about in fact bringing down Trump. Can't wait to hear?

On Sun, Jan 7, 2018 at 7:31 PM jeffrey E. <jeevacation@gmail.com> wrote:
I didn't offer him a time yet . As I need my marching orders;)
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**From:** Michael Wolff [redacted]
**Sent:** 1/8/2018 5:11:15 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Perfect. You should ping SB. He has some weird ADD thing. You remind him tho and he sometimes clicks back into plan.

On Mon, Jan 8, 2018 at 12:03 PM jeffrey E. <jeevacation@gmail.com> wrote:

> he in keeping with past tradtion said he would confirm a time around 11 . no word since. . the example you might use, was when john mccain was grilling comey, and made some really weird statements everone looked at each other , with a " what is going on: " look. it turned out to be a brain tumor. . eveyone looks now with the same , WTF , look, at trump but has no idea what the future holds.
>
> --
>
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55 Likes 3 Comments 32 Shares

**From:** anasalrasheed[redacted]
**Sent:** 1/10/2018 7:29:10 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

https://www.bloomberg.com/politics/articles/2018-01-10/saudis-alarm-their-friends-more-than-foes-in-mideast-power-plays

Sent from my iPhone

On Jan 8, 2018, at 2:53 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Me too

On me tooMon, Jan 8, 2018 at 1:27 AM <[redacted]> wrote:

i m traveling to see terry and antonio in dubai and bahrain .. wish you were here .. weather is great

Sent from my iPhone

On Jan 3, 2018, at 9:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From:** Lawrence Krauss [redacted]
**Sent:** 1/15/2018 3:01:19 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: no chile
**Attachments:** image002.png

**Importance:** High

Not sure I understood that, but thanks Jeffrey for everything. Talk tomorrow.

On Jan 14, 2018, at 7:57 PM, jeffrey E. <jeevacation@gmail.com> wrote:

He publicly shed and defend ed his told in publishing trash . Right to know I think you should distinguish yourself from trump

On Sun, Jan 14, 2018 at 9:52 PM jeffrey E. <jeevacation@gmail.com> wrote:
Of course

On Sun, Jan 14, 2018 at 9:36 PM Lawrence Krauss [redacted] wrote:
so.. what do you think of the letter on the whole? This is very scary, but I see that they keep contacting students, postdocs etc, and are
not letting up.. I really need your feedback.
will talk tomorrow.. on plane now.

On Jan 14, 2018, at 3:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

why?

On Sun, Jan 14, 2018 at 5:34 PM, Lawrence Krauss [redacted] wrote:

have cancelled my flight to chile.. did so while on way to jfk and found a flight to portland at the same time.. will be home tonight.. can we talk tomorrow?

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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April 5-9th 2018 – *Visit for more info*

<image002.png>

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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: 480.965.6378 | Assistant [redacted]
Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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**Director, The Origins Project at ASU**
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Origins Office [redacted]
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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ASU Origins Project
Arizona State University

**From**: Weingarten, Reid[redacted]
**Sent**: 1/15/2018 3:05:52 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

And...???? Trump stopped them? He cannot stand mcgahn

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From**: Weingarten, Reid [redacted]
**Sent**: 1/16/2018 7:35:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Stevie boy is all over the place

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Monday, January 15, 2018 1:08 PM
**To:** Weingarten, Reid
**Subject:** Re:

mcgann feels if he stays he risks indicment

On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid [redacted] wrote:

And...???? Trump stopped them? He cannot stand mcgahn

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From**: Weingarten, Reid [redacted]
**Sent**: 1/16/2018 8:36:01 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Acela...type it or wait till I get to a quiet place

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, January 16, 2018 3:34 PM
**To:** Weingarten, Reid
**Subject:** Re:

Number ? Funny story

On Tue, Jan 16, 2018 at 3:35 PM Weingarten, Reid [redacted] wrote:

> Stevie boy is all over the place
>
> Sent from my BlackBerry 10 smartphone.
>
> ---
>
> **From:** jeffrey E.
>
> ---
>
> **Sent:** Monday, January 15, 2018 1:08 PM
> **To:** Weingarten, Reid
> **Subject:** Re:
>
> mcgann feels if he stays he risks indicment
>
> On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid [redacted] wrote:
>
> > And...???? Trump stopped them? He cannot stand mcgahn
> >
> > **From:** jeffrey E. [mailto:jeevacation@gmail.com]
> > **Sent:** Monday, January 15, 2018 10:02 AM
> > **To:** Weingarten, Reid
> > **Subject:**
> >
> > mcgann and mcmasters tried to resign
> >
> > --
> >
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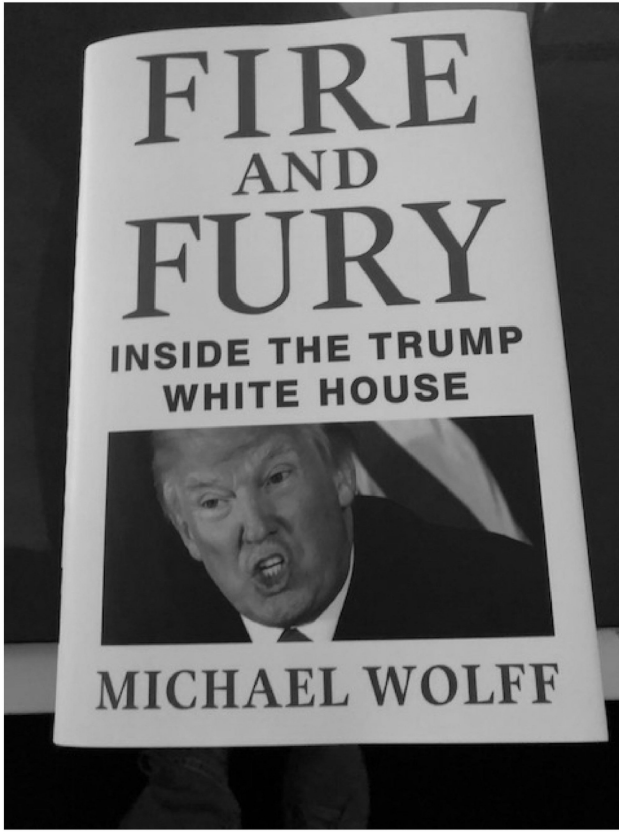
FIRE
AND
FURY
INSIDE THE TRUMP
WHITE HOUSE
MICHAEL WOLFF

**From:** Richard Kahn [redacted]
**Sent:** 1/29/2018 2:39:14 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Term Sheet

**Importance:** High

Not sure if realistic but trump may impact 5g and not sure if net positive or negative for this potential investment.

https://www.cnbc.com/2018/01/28/trump-administration-could-build-nationalized-5g-mobile-network.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Tel [redacted]
Fax [redacted]
Cell [redacted]

On Jan 25, 2018, at 4:11 PM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Greg** [redacted]>
Date: Thu, Jan 25, 2018 at 10:07 PM
Subject: Term Sheet
To: Jeffrey Epstein <jeevacation@gmail.com>

Hi Jeff,

I realize the last term sheet was a draft, my fault (my computer sync'd the draft with the same name).

Here is a correct version, the last page is the signature page. It would be great if I could get this back tomorrow. Nothing is due until the recap is complete, hopefully in about 4 weeks. I am planning to start those discussions the end of next week.

Things are going well. The more I learn the more excited I get. I will be at Tarana tomorrow discussing a window mount version to try to get to self-install. 1gbps in a self-install package would be the last step.

We will only need a tower ever 4-5km in the city, which is basically 2 or 3 rooftops for all of Boston. I met with American Tower today (I know their CEO and CTO) and they have plenty of room on the John Hancock.

Fun Stuff and great to be doing something together!

Greg

--

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<Series 1 Preferred Term Sheet .4 - 1.15.18.pdf>

**From**: Kathy [redacted]
**Sent**: 2/13/2018 2:16:57 PM
**To**: jeevacation@gmail.com
**Subject**: Obama admin discussed how much to share about Russia with incoming Trump team - CNNPolitics

**Importance**: High

https://www.cnn.com/2018/02/12/politics/susan-rice-email-russia-investigation-trump-team/index.html

**From**: Jonathan Farkas [redacted]
**Sent**: 3/2/2018 10:58:05 AM
**To**: jeevacation@gmail.com

**Importance**: High

Hi Jeffrey do you think this is Smoot Hawley 2 which topped us into the depression Bloomberg just quoted trump trade wars are good and easy to win thanks jf Somers is going to mar a lago lunch Saturday fund raiser for djt

Sent from my iPhone

**From**: Sultan Bin Sulayem [redacted]
**Sent**: 3/4/2018 10:29:59 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Joe cinque

**Importance**: High

Do you know him I heard he is so close to trump
Sent from my iPhone

**From**: Jonathan Farkas [redacted]
**Sent**: 3/4/2018 2:26:09 PM
**To**: jeevacation@gmail.com

**Importance**: High

I went to the trump mar a lago speech trump gave Saturday he isn't kidding about a trade war he said we have nothing to loose because we are already loosing he used the example of Indian motorbikes coming into the us and India charges 125 percent for Harley's quite frankly I wouldn't ride an Indian motorbike if you paid me and 99 .9 percent of Indians can't afford a Harley belt buckle .last night went to James cohens house a palace he is s nice guy we had a long talk he sold Hudson news and now into multi family housing we should get together for lunch I am going to get to know him better best stay well jonathan

Sent from my iPhone

**From**: LHS [redacted]
**Sent**: 3/7/2018 9:51:44 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**CC**: lhsoffice [redacted]
**Subject**: What's up in trump World?

**Importance**: High

Sent from my iPhone

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

**From**: Larry Visoski [redacted]
**Sent**: 3/18/2018 2:00:32 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Wheels up 3 to New York Wednesday

**Importance**: High

Thx 3pm Wednesday to Teterboro confirmed,,

Friday Trump arrives in PBI, I'll confirm time,

Thx
Larry

Sent from my iPhone

On Mar 18, 2018, at 9:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

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**From:** Robert Trivers[redacted]
**Sent:** 3/20/2018 6:44:20 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

i think this is a good point Jeffrey but i do think they are rarely sacrificed—certainly not Saddam or the sadistic Assads or Donald

have you heard that Genghis Khan—for all i know a gentle nomadic warrior—left 5 million Y chromosomes in his wake, surviving today?

45% of marriages in Iraq are with first cousins of the doubly paternal kind—father's brother's child and this has been said to lead to easy fracturing of the country which only a powerful dictator like Saddam could contain

of course "we" destroyed the country and it lies in ruins now—one end to the other

leave tomorrow for Ft Lauderdale and then Sunday on to California

as always, if you have an hour or so i will be there

all best

On Mon, Mar 19, 2018 at 6:14 AM, jeffrey E. <jeevacation@gmail.com> wrote:

> i think you might be missing the benefit of the psycopath to the group. he is the defender easily sacrificed. but strkes fear in the heart of the other tribes. they are needed as best warriors
>
> On Sun, Mar 18, 2018 at 11:19 PM, Robert Trivers [redacted] wrote:
>
> > dear men
> >
> > i am writing you both because i am attaching a still not-quite-complete response to Peter Richerson, a gene-culture co-evolutionist—without the genes
> >
> > i do so because four lines down i tell the "Gruterites"—Gordon Getty's echo chamber—that i have added you two to the list
> >
> > so here is your chance to say "no way" and i will delete that from the message and likewise not ask Gruter's assistant to add your names to the list
> >
> > having said that, i find Gordon's missives much less burdensome than those from EDGE and certainly without the egomaniacal nonsense that infects John Brockman—the key is to get the brightest minds in a room and have them tell each other what they think is most important—or some such nonsense
> >
> > neither David nor i can think of a single scientific advance achieved that way—most of what we do is simply concentrated sustained thought directed toward the foundations of a problem
> >
> > i doubt Jeffrey has made a huge amount of money via the EDGE program

unless you say otherwise, i will shortly send you the key Getty missives in which he asserts, i believe correctly, that Trump is an archetypal narcissistic psychopath—or whatever the precise term is—and that he must be opposed with full force on that basis

—

meanwhile, David has heard plenty about you Jeffrey, a financial/mathematical mind of exceptional quality and you should know that David is one of the very top evolutionary geneticists still breathing and my teacher on every detail large and small

in haste and all best

bob

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GORDON GETTY ON DONALD TRUMP

CALL TO ACTION

--

Gruterites,

What prompted my first memo was a concern that we have a psychopath or sociopath or malignant narcissist or narcissist or Mach (Machiavellian) in the White House, whether or not those categories grade into a continuum. What might be the remedy? To start, someone should get the word out.

It isn't about partisanship. The far left, with its ancient forbears such as Marius or Peisistratos, has shown equal menace or worse. It's about fitness for office. The President is the world's number one fiduciary. A fiduciary puts the trust first. Persons without empathy or remorse are not prudent choices.

By book, I mean a collection of papers along the lines of "Moral Markets." A mass-market book would be even better if one of us is up for it and up to it.
If I am right in fitting the president somewhere in the groups I listed, the nation faces a different and deeper crisis than many had thought. That clarifies the question and its urgency. We may or may not reach consensus on the answer. Each of us will decide separately, as always, on what is relevant and where logic leads. The overall theme might be something like "personality disorders in leadership." There would be attention, but not exclusive attention, to which shoe if any fits the President.

GORDON GETTY

**From**: Landon Thomas Jr.[redacted]
**Sent**: 3/24/2018 12:19:49 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

He is scaring the shit out of me now. He could well tank global economy. Can Barrack talk sense to him anymore?

Maybe it's time for you to jump in now. Given how he is throwing caution to wind in such epic fashion, why wouldn't he take your call?

Give it a shot!

Sent from my iPhone

On Mar 24, 2018, at 5:39 PM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/24/2018 3:10:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Later possible? Need my beauty sleep

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

yes 730?

On Sat, Mar 24, 2018 at 11:02 AM, Weingarten, Reid [redacted] wrote:

Am I seeing you tomorrow morning?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 3:39 AM
**To:** Weingarten, Reid
**Subject:**

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/24/2018 3:19:05 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Flying in from vancouver now...about to board...what works best for you tomorrow?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:15 AM
**To:** Weingarten, Reid
**Subject:** Re:

Tonight or tomnight

On Sat, Mar 24, 2018 at 11:10 AM Weingarten, Reid [redacted] wrote:

Later possible? Need my beauty sleep

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

yes 730?

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**Sent:** Saturday, March 24, 2018 3:39 AM
**To:** Weingarten, Reid
**Subject:**

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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return e-mail or by e-mail to jeevacation@gmail.com, and
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**From**: Weingarten, Reid[redacted]
**Sent**: 3/24/2018 3:33:51 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Jesus....see you at 730...will be eager to hear about your day today....

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:25 AM
**To:** Weingarten, Reid
**Subject:** Re:

either 73 am or 10 pm

On Sat, Mar 24, 2018 at 11:19 AM, Weingarten, Reid [redacted] wrote:

Flying in from vancouver now...about to board...what works best for you tomorrow?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:15 AM
**To:** Weingarten, Reid
**Subject:** Re:

Tonight or tomnight

On Sat, Mar 24, 2018 at 11:10 AM Weingarten, Reid [redacted] wrote:

Later possible? Need my beauty sleep

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

yes 730?

On Sat, Mar 24, 2018 at 11:02 AM, Weingarten, Reid <[redacted] wrote:

Am I seeing you tomorrow morning?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 3:39 AM
**To:** Weingarten, Reid
**Subject:**

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** LHS[redacted]
**Sent:** 3/24/2018 6:40:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice[redacted]
**Subject:** Re:

**Importance:** High

Opinions

Sent from my iPhone

Please direct all scheduling inquiries to my office at[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 24, 2018, at 6:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/24/2018 9:14:48 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

How about Monday morning? Easier for me...how did today go?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 11:48 AM
**To:** Weingarten, Reid
**Subject:** Re:

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**Subject:** Re:

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Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

yes 730?

On Sat, Mar 24, 2018 at 11:02 AM, Weingarten, Reid [redacted] wrote:

Am I seeing you tomorrow morning?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 3:39 AM
**To:** Weingarten, Reid
**Subject:**

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/24/2018 9:30:01 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I am there

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 5:24 PM
**To:** Weingarten, Reid
**Subject:** Re:

Steve is coming to meet you breakfast

On Sat, Mar 24, 2018 at 5:14 PM Weingarten, Reid [redacted] wrote:

How about Monday morning? Easier for me...how did today go?

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**Subject:**

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/25/2018 10:54:31 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

On my way...(still on for now, right?)

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 5:24 PM
**To:** Weingarten, Reid
**Subject:** Re:

Steve is coming to meet you breakfast

On Sat, Mar 24, 2018 at 5:14 PM Weingarten, Reid [redacted] wrote:

How about Monday morning? Easier for me...how did today go?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 11:48 AM

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**To:** Weingarten, Reid
**Subject:** Re:

i have to leave at 830 for the airpot thats why sorry

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**Sent:** Saturday, March 24, 2018 8:15 AM
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**Subject:** Re:

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Later possible? Need my beauty sleep

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 8:06 AM
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**Subject:** Re:

yes 730?

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Am I seeing you tomorrow morning?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 3:39 AM
**To:** Weingarten, Reid
**Subject:**

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**From:** Weingarten, Reid [redacted]
**Sent:** 3/25/2018 1:50:02 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Love the guy...(you were deadass right)

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 5:24 PM
**To:** Weingarten, Reid
**Subject:** Re:

Steve is coming to meet you breakfast

On Sat, Mar 24, 2018 at 5:14 PM Weingarten, Reid [redacted] wrote:

How about Monday morning? Easier for me...how did today go?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Saturday, March 24, 2018 11:48 AM

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**To:** Weingarten, Reid
**Subject:** Re:

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**From:** LHS [redacted]
**Sent:** 3/25/2018 5:25:02 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Re:

**Importance:** High

Got it till when ?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 25, 2018, at 12:35 PM, jeffrey E. <jeevacation@gmail.com> wrote:

We are here at martins

On Sat, Mar 24, 2018 at 2:40 PM LHS <[redacted]> wrote:

Opinions

Sent from my iPhone

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**From:** LHS [redacted]
**Sent:** 3/25/2018 5:38:17 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Re:

**Importance:** High

Ok. Will be there in about an hour.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 25, 2018, at 1:37 PM, jeffrey E. <jeevacation@gmail.com> wrote:

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On Sun, Mar 25, 2018 at 1:25 PM LHS [redacted] wrote:

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**From:** Richard Kahn [redacted]
**Sent:** 4/10/2018 1:20:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Darren Indyke [redacted]
**Subject:** Re:

**Importance:** High

yes agree
seems like dershowitz has been interviewing for that job for last 2 months on fox news..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Apr 10, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump will problably hire dershowitz,, no joke

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**From**: Kathy Ruemmler [redacted]
**Sent**: 4/10/2018 1:53:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Match made in heaven

On Apr 10, 2018, at 9:11 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump will problably hire dershowitz,, no joke

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**From**: Michael Wolff [redacted]]
**Sent**: 4/10/2018 2:18:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

chat? #?

On Tue, Apr 10, 2018 at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump likely to hire dershowitz , no kidding

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**From:** Richard Kahn [redacted]
**Sent:** 4/10/2018 4:43:07 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

https://www.justice.gov/usam/usam-9-13000-obtaining-evidence#9-13.420

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Apr 10, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump will problably hire dershowitz,, no joke

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 4/10/2018 9:20:41 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Your buddies!

**Importance**: High

1 reply4 retweets1 like

1

4

1

2. **Maggie Haberman** @maggieNYT 9m

Some news - Dershowitz has been at the White House for part of today as Trump seeks his input, and he's supposed to have dinner with the president tonight, per WH sources

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: LHS [redacted]
**Sent**: 4/14/2018 10:42:58 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**CC**: lhsoffice [redacted]
**Subject**: What do u make of latest trump follies?

**Importance**: High

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

**From:** LHS [redacted]
**Sent:** 4/15/2018 12:33:37 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Re: What do u make of latest trump follies?

**Importance:** High

Yup

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Apr 14, 2018, at 8:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Talk tomorrow?

On Sat, Apr 14, 2018 at 6:43 PM LHS <[redacted]> wrote:

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

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**From:** LHS [redacted]
**Sent:** 4/17/2018 6:31:49 PM
**To:** jeffrey E. [jeevacation@gmail.com]; [redacted]
**CC:** lhsoffice [redacted]
**Subject:** Re: What do u make of latest trump follies?

**Importance:** High

Adding Lisa. Scary to be a guy in today s World.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Apr 17, 2018, at 7:21 PM, jeffrey E. <jeevacation@gmail.com> wrote:

thought you and lisa might find amusing an aftershock of the me too movement. the revival of my fair lady has eliza dolittle walking out of the house when at the end Higgins says ok get my slippers instead of the original happy ever after.

On Sat, Apr 14, 2018 at 8:33 PM, LHS <[redacted]> wrote:

Yup

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Apr 14, 2018, at 8:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Talk tomorrow?

On Sat, Apr 14, 2018 at 6:43 PM LHS <[redacted]> wrote:

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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**From:** Michael Wolff [redacted]
**Sent:** 5/5/2018 10:38:16 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I can't get to Boston tomorrow—but thanks for inviting. Where in NYT did you see this—can't find.

On Sat, May 5, 2018 at 7:04 AM jeffrey E. <jeevacation@gmail.com> wrote:

> nyt says trump talking directly to steve
>
> --
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**From:** Starr, Ken [redacted]
**Sent:** 5/19/2018 8:25:18 PM
**To:** Michael Wolff [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Michael:

Excellent. With thanks to Jeffrey, I'm delighted to come into your orbit, and look forward to our conversation.

My mailing address is:

[redacted]

Warm regards, Ken

Sent from my iPhone

On May 19, 2018, at 1:14 PM, Michael Wolff <[redacted]> wrote:

Ken, delighted to meet. Jeffrey has long told me about your friendship and the respect he has for you. If you send me your mailing address, it would be my pleasure to send you my recent book about the Trump White House. I'm now at work on a sequel focusing on the legal case against Trump and Trump's response to it. Any counsel and background you might provide would aid me enormously and enrich the book. I, of course, would be willing to talk with you on an entirely off-the-record basis or under any arrangement that suits. Thanks in advance and I look forward to the chance to chat. All best, Michael

On Sat, May 19, 2018 at 1:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Ken - Michael , Michael/ Ken
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**From**: Kathy Ruemmler [redacted]
**Sent**: 6/22/2018 2:42:02 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Good lord. A novella of rehashed crap.

On Jun 22, 2018, at 10:20 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-did-trump-and-clinton-pal-jeffrey-epstein-escape-metoo

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**From:** Kathy Ruemmler [redacted]
**Sent:** 6/22/2018 2:59:06 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Ugh.

On Jun 22, 2018, at 10:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

sign of the times

On Fri, Jun 22, 2018 at 4:42 PM, Kathy Ruemmler [redacted] wrote:

Good lord. A novella of rehashed crap.

On Jun 22, 2018, at 10:20 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-did-trump-and-clinton-pal-jeffrey-epstein-escape-metoo

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**From:** Kathy Ruemmler [redacted]
**Sent:** 6/22/2018 3:13:33 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Small update when you have a second.

On Jun 22, 2018, at 10:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

sign of the times

On Fri, Jun 22, 2018 at 4:42 PM, Kathy Ruemmler [redacted] wrote:

Good lord. A novella of rehashed crap.

On Jun 22, 2018, at 10:20 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-did-trump-and-clinton-pal-jeffrey-epstein-escape-metoo

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**From:** Michael Wolff [redacted]
**Sent:** 6/22/2018 3:17:02 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

So...a couple of times a year somebody can cull the Internet and write an article about you that recycles every other article. That's a reason to try to create a new story. But, on the other hand, by not offering new news the old seems just ho-hum.

On Fri, Jun 22, 2018 at 4:51 PM jeffrey E. <jeevacation@gmail.com> wrote:

https://www.thedailybeast.com/how-did-trump-and-clinton-pal-jeffrey-epstein-escape-metoo

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**From**: Nicholas Ribis [redacted]
**Sent**: 7/9/2018 7:48:10 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: Fwd: RE: Barrack is not

**Importance**: High

For ur info

https://www.forbes.com/sites/forbesdigitalcovers/2018/07/09/disastrous-deal-staggers-trump-ally-thomas-barrack/

**From:** LHS[redacted]
**Sent:** 7/17/2018 12:18:53 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** lhsoffice[redacted]
**Subject:** Re:

**Importance:** High

Do the Russians have stuff on Trump?

Today was appalling even by his standards.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 16, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wed presidnt of united nations , interesting person for you

On Sun, Jul 15, 2018 at 6:28 PM, LHS <[redacted]> wrote:

Unsure. What is up

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 15, 2018, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

new york soon?

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**From:** LHS [redacted]
**Sent:** 7/17/2018 12:01:00 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Re:

**Importance:** High

Will call later. What number?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Jul 17, 2018, at 7:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

my email is full with similar comments . wow
Im sure his view is that it went super well . he thinks he has charmed his adversary. . Admittedly he has no idea of the symbolism . He has no idea of most things

On Mon, Jul 16, 2018 at 8:18 PM, LHS <[redacted]> wrote:

> Do the Russians have stuff on Trump?
>
> Today was appalling even by his standards.
>
> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: [redacted]
>
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> www.larrysummers.com

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wed presidnt of united nations , interesting person for you

On Sun, Jul 15, 2018 at 6:28 PM, LHS <[redacted]> wrote:

> Unsure. What is up
>
> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: [redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com

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new york soon?

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**From:** LHS [redacted]
**Sent:** 7/18/2018 12:12:09 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Re:

**Importance:** High

Just tried u. Am at 6178179452

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 5:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

?

On Tue, Jul 17, 2018 at 8:01 AM, LHS <[redacted] wrote:

Will call later. What number?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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**From:** LHS [redacted]
**Sent:** 7/18/2018 12:51:11 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Re:

**Importance:** High

Just tried back. Now here

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 8:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

just tried

On Tue, Jul 17, 2018 at 8:12 PM, LHS <[redacted]> wrote:

Just tried u. Am at 6178179452

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Jul 16, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wed presidnt of united nations , interesting person for you

On Sun, Jul 15, 2018 at 6:28 PM, LHS [redacted] wrote:

Unsure. What is up

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 15, 2018, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

new york soon?

--

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**From**: Alireza Ittihadieh [redacted]
**Sent**: 7/24/2018 7:57:33 PM
**To**: JEFF EPSTEIN [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Let's keep our friendship and talk politics, you are after free information and I NO longer provide free information.

V-BR
Alireza ITTIHADIEH

---

**From:** jeevacation@gmail.com
**Sent:** 24 July 2018 21:54
**To:** [redacted]
**Subject:**

if you can , send me the spec on the bbj, with calendar dates for next few checks. . as you can see trump now said he wants a deal with iran. nuts

--

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**From:** Alireza Ittihadieh [redacted]
**Sent:** 7/24/2018 8:13:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I'm not being funny, We got an Offer a few hours ago and we're going to accept it.

V-BR
Alireza ITTIHADIEH

On 24 Jul 2018, at 22:10, jeffrey E. <jeevacation@gmail.com> wrote:

i thought you were selling it

On Tue, Jul 24, 2018 at 9:57 PM, Alireza Ittihadieh [redacted] wrote:

Let's keep our friendship and talk politics, you are after free information and I NO longer provide free information.

V-BR
Alireza ITTIHADIEH

---

**From:** jeevacation@gmail.com
**Sent:** 24 July 2018 21:54
**To:** [redacted]
**Subject:**

if you can , send me the spec on the bbj, with calendar dates for next few checks. . as you can see trump now said he wants a deal with iran. nuts

--

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**From**: Weingarten, Reid [redacted]
**Sent**: 8/21/2018 10:34:55 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Quite a day...have a feeling cohen is just beginning to make trouble...where are you?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 5:57 PM
**To:** Weingarten, Reid
**Subject:**

avenatti civil suit now goes front and center? I guess trump just refuses ? how are you feeling?

--

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**From:** Weingarten, Reid [redacted]
**Sent:** 8/21/2018 11:32:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Of course

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 7:28 PM
**To:** Weingarten, Reid
**Subject:** Re:

does he flip

On Tue, Aug 21, 2018 at 6:57 PM Weingarten, Reid [redacted] wrote:

Big trouble

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 6:38 PM
**To:** Weingarten, Reid
**Subject:** Re:

david pecker ? what happends to him

On Tue, Aug 21, 2018 at 6:34 PM Weingarten, Reid [redacted] wrote:

Quite a day...have a feeling cohen is just beginning to make trouble...where are you?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 5:57 PM
**To:** Weingarten, Reid
**Subject:**

avenatti civil suit now goes front and center? I guess trump just refuses ? how are you feeling?

--

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**From:** Weingarten, Reid [redacted]
**Sent:** 8/22/2018 3:30:53 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Do you have 5 minutes today? You could actually help me on something I think...(mizrahi bank wants to hire me)

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 6:38 PM
**To:** Weingarten, Reid
**Subject:** Re:

david pecker ? what happends to him

On Tue, Aug 21, 2018 at 6:34 PM Weingarten, Reid [redacted] wrote:

Quite a day...have a feeling cohen is just beginning to make trouble...where are you?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 5:57 PM
**To:** Weingarten, Reid
**Subject:**

avenatti civil suit now goes front and center? I guess trump just refuses ? how are you feeling?

--

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**From**: Tim Zagat [redacted]
**Sent**: 8/22/2018 4:16:57 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

Jeffrey,

I'm sending you a copy of *House of Trump, House of Putin* in case you haven't already received 10.

When are you available to get together?

- Tim

**From**: Nicholas Ribis [redacted]
**Sent**: 8/29/2018 4:19:56 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: Donald Trump only lasted 2 minutes during sex says Stormy Daniels | Bossip

**Importance**: High

In Europe saw this it will drive him crazy!!
https://bossip.com/1664506/premature-potus-stormy-daniels-says-donald-trump-only-lasted-2-minutes-inside-her-pornographic-pleasure-pocket-43081/

Sent from my iPhone

**From**: Nicholas Ribis [redacted]
**Sent**: 8/29/2018 4:27:35 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re: Donald Trump only lasted 2 minutes during sex says Stormy Daniels | Bossip

**Importance**: High

Not yet here with him and board - will shortly

Sent from my iPhone

On Aug 29, 2018, at 6:25 PM, jeffrey E. <jeevacation@gmail.com> wrote:

did you get your money?

On Wed, Aug 29, 2018 at 12:19 PM, Nicholas Ribis [redacted] wrote:

In Europe saw this it will drive him crazy!!
https://bossip.com/1664506/premature-potus-stormy-daniels-says-donald-trump-only-lasted-2-minutes-inside-her-pornographic-pleasure-pocket-43081/

Sent from my iPhone

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**From:** Neal Kassel[redacted]
**Sent:** 9/4/2018 12:46:09 AM
**To:** Melanie Walker [redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Introduction

**Importance:** High

Thanks Melanie

Jeffery – look forward to meeting you. Wish Melanie was with us. I will be in New York from Tuesday the 25th through Friday, 28 September. Let me know if you are available.

Be well.

Sent from my iPhone
N F Kassell MD
434 981 0100

On Sep 3, 2018, at 8:42 PM, Melanie Walker <[redacted]> wrote:

Jeffrey - Neal

Neither of you requires introduction. I've known Jeffrey 28 years and this isn't a joke - Donald Trump introduced us. I first met Neal in 16 years ago when Bob Pirie introduced us ...

Neal will be visiting NYC end of month.

I think you would both enjoy spending time together -

Thanks to you both for always supporting me.

You are both copied.

Melanie

**From:** Neal Kassell [redacted]
**Sent:** 9/4/2018 12:50:33 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Lesley Groff [redacted]
**Subject:** Re: Introduction

**Importance:** High

Will do

Does Leslie do your schedule?

Sent from my iPad
N F Kassell MD
434 326 9835

On Sep 3, 2018, at 8:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yes, will be in town , coordiante a time closer . look forward to it

On Mon, Sep 3, 2018 at 8:46 PM, Neal Kassell [redacted] wrote:

Thanks Melanie

Jeffery – look forward to meeting you. Wish Melanie was with us. I will be in New York from Tuesday the 25th through Friday, 28 September. Let me know if you are available.

Be well.

Sent from my iPhone
N F Kassell MD
434 981 0100

On Sep 3, 2018, at 8:42 PM, Melanie Walker [redacted] wrote:

Jeffrey - Neal

Neither of you requires introduction. I've known Jeffrey 28 years and this isn't a joke - Donald Trump introduced us. I first met Neal in 16 years ago when Bob Pirie introduced us ...

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Thanks to you both for always supporting me.

You are both copied.

Melanie

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**From:** Thomas Jr., Landon [redacted]
**Sent:** 9/17/2018 6:35:55 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Smart analysis on big tech -- Apple section highlighted

**Importance:** High

# China's big tech stocks have fallen into a bear market at the same time that regulatory threats against U.S. big tech companies are gaining momentum. Can U.S. big tech stocks soldier on alone or is this a harbinger that the group as a whole is losing its tremendous leadership position?

- Sep 13, 2018
- Technology & Security
- Tech Backlash
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In recent months, China's BAT collapse has demonstrated how costly the expectation of invincibility can be—**Baidu, Alibaba, and Tencent are all down more than 24% from their year-to-date closing highs**. Citigroup's head of Asia strategy, Mohammed Apabhai, told *CNN* an apt analogy about the investor sentiment that led to BAT's collapse, likening "the exuberance for tech stocks to the Looney Tunes cartoons in which Wile E. Coyote chases Road Runner over a cliff." **Given they've more or less moved in tandem for years, will FAANG follow the same path as BAT?**

*Source: Stockcharts.com*

The BAT collapse was triggered by subpar earnings and a shifting regulatory environment in China. Facebook's miss in 2Q18—which drove a $120 billion single-day market cap loss, the biggest ever for a U.S. company—showed how decisive a turn could be if more U.S. tech darlings stumble this quarter.

**There are mounting fundamental reasons to question the 3Q18 earnings prospects of FAANG**, from the accelerating user backlash against Facebook to Apple's trade war exposure to Amazon's rapidly-intensifying workforce revolt that could see the e-commerce giant left with no option but to raise wages and improve workplace conditions for its warehouse and Whole Foods employees.

However, as Apabhai suggests, the message BAT is sending is less about earnings, and more about the cost of exuberance. And FAANG exuberance faces threats that go beyond fundamentals. **A flurry of regulatory announcements last week signaled the political tide has turned in the U.S. Across every branch of government, the message was consistent: the U.S. no longer trusts tech giants to self-police. And the public agrees—according to a Gallup poll last month, 79% of Americans now believe "tech companies should be regulated the same way the news media is."**

Regardless of political will, threats may not turn to action in the near term. Nonetheless, FAANG appears increasingly vulnerable to a decisive sentiment shift. At some point, the relentless barrage of bad news will force investors to begin pricing in regulatory risks. Any sustained stumble by FAANG's leadership could cripple exuberance, and cause an unraveling of passive and algorithmic strategies that are heavily overweight tech (see *WILTW* April 7, 2018 for more). **We will continue to watch closely to estimate timing, but given BAT's collapse, today more than ever, acute scrutiny of tech giant leadership is required.**

Through August 28, Amazon, Apple and Microsoft had accounted for greater than 35% of the S&P 500's total return this year, according to S&P Dow Jones Indices data. It took Amazon just 165 trading days to grow its market value from $600 billion in January to $1 trillion. The combined market cap of FAAMG (Facebook, Apple, Amazon, Microsoft, and Google) now sits over $4 trillion, or roughly equal to the combined market cap of the 283 smallest S&P 500 members.

**Tech's continued market leadership means investors have largely discounted the mounting risks tech giants face.** We have been warning about the downsides of tech giant monopolism for more than two years in these pages, from surveillance/data security concerns to anticompetitive behavior and their role in escalating inequality. **For the political establishment, for the media, for the public, this year has seen a broad awakening—**the Cambridge Analytica scandal, the backlash against Jeff Bezos' astonishing wealth, and tech's ever-skyrocketing market caps were all warning signs. **The past month signals a new phase has begun: from a distant rumbling of change to preparation for action.**

The number of significant tech-related regulatory developments that have emerged from the U.S. and the E.U. in recent weeks is nothing short of staggering. Here is an abbreviated list:

- President Trump attacked Google for liberal bias, and claimed Google, Facebook, and Amazon represent "a very antitrust situation".
- **Attorney General Jeff Sessions convened a meeting of Republican state attorneys general** to discuss whether tech giants "may be hurting competition and intentionally stifling the free exchange of ideas on their platforms."
- Facebook, Twitter, and Google were called to testify in front of the House and Senate about election interference, political bias, etc. Google declined to attend.
- The FTC has begun a series of **hearings on Digital Age antitrust,** the first such hearings since the 1990s.
- The FTC revealed the hiring of Lina Kahn—heralded for authoring a groundbreaking antitrust argument against Amazon—as an advisor. (See section 5 for more.)
- **Republican Senator Orrin Hatch asked the FTC to reopen a 2013 antitrust case against Google.**
- Democratic Senator Mark Warner released a six-point policy proposal on regulating the tech industry.
- Democratic Senator Bernie Sanders proposed the "BEZOS Act", which would tax corporations one dollar for every dollar low-wage workers receive in government health-care benefits or food stamps.
- **The E.U. Parliament voted 438 to 226 to back a draft proposal of copyright reforms**that will impose unprecedented liability on information platforms.
- **France is pushing to have "Right to be Forgotten" laws applied globally, which Google is now fighting in court.**
- Reports emerged that the E.U. is considering investigating Google's location-tracking practices on data privacy grounds.

We will continue to watch each development in the U.S. and E.U. closely to understand if and when debate turns to action. For now, we agree with the analysis of NYU Stern professor Scott Galloway, who told CNBC last week after the congressional hearings:

*I don't see anything meaningful coming out of this panel, much less Washington...**D.C. lacks the domain expertise or the will to go after big tech. Where you may see it is, one, out of Brussels and, two, out of [the FTC, the DOJ, or] a red state** whose attorney general sees the brightest path between the AG's mansion and the governor's mansion is a populist argument against big tech.*

Evidence of fundamental weakness could exacerbate the investor reaction to escalating regulatory news. **By all accounts, Facebook has continued to bleed users**. According to Pew Research poll results released earlier this month, more than a quarter of U.S. Facebook users claim to have deleted the app from their phones over the past year:

*Source: Recode*

Then there's Apple. The trade war combined with China's slowing economy present a significant short-term threat to the company's profits. As we note in section 1, **smartphone handset sales in China in August were reported at 32.6 million units, a decline of 20.9% year-over-year and 11.8% month-on-month. Moreover, no firm could suffer more if China decides to target tech supply chains in retaliation to Trump's tariffs.**

Yet, the risks extend beyond Asia. On Wednesday, Apple announced its newest generation of iPhones. It is following the same strategy as last year, releasing ever-more expensive phones as it tries to keep profit growth on pace despite a largely-matured smartphone market. As *The Wall Street Journal* reported this week, projections suggest last year's $1,000 iPhone X underperformed previous launches: "**Even for Apple and its devoted fans, the art of the upsell appears to have some limits**...Analysts believe the iPhone X has accounted for about 30% of iPhone unit sales in the recent nine-month period...That is below the share the company's newest models typically get in a given cycle." Will a $1,200 iPhone cross the limits of what the market will tolerate?

We have roughly a month until 3Q18 earnings season begins. For years, big tech's remarkable profit trajectory has generated an air of invincibility. BAT's earnings miss combined with Facebook's earnings miss has cracked that expectation. **As news reports of regulatory threats continue to flood in and as tech giant profit doubts mount, the weeks to come could see that crack turn to a fissure.**

**Then there's Apple. The trade war combined with China's slowing economy present a significant short-term threat to the company's profits. As we note in section 1, smartphone handset sales in China in August were reported at 32.6 million units, a decline of 20.9% year-over-year and 11.8% month-on-month. Moreover, no firm could suffer more if China decides to target tech supply chains in retaliation to Trump's tariffs.**

**Yet, the risks extend beyond Asia. On Wednesday, Apple announced its newest generation of iPhones. It is following the same strategy as last year, releasing ever-more expensive phones as it tries to keep profit growth on pace despite a largely-matured smartphone market. As *The Wall Street Journal* reported this week, projections suggest last year's $1,000 iPhone X underperformed previous launches: "Even for Apple and its devoted fans, the art of the upsell appears to have some limits...Analysts believe the iPhone X has accounted for about 30% of iPhone unit sales in the recent nine-month**

**period...That is below the share the company's newest models typically get in a given cycle." Will a $1,200 iPhone cross the limits of what the market will tolerate?**

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Jack LANG [redacted]
**Sent**: 9/19/2018 2:56:08 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Dear Jerffrey,

Dear Jerffrey,

Have you received my email about Serge Moati's film project?

Our recent conversation on Trump was exciting.

Once again you are right.

See you soon,

With my friendship,

Jack

Le 12 sept. 2018 à 13:24, jeffrey E. <jeevacation@gmail.com> a écrit :

Jack- tom - tom jacques
--
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**From**: Lawrence Krauss[redacted]
**Sent**: 9/20/2018 5:43:37 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Kafka

**Lawrence M. Krauss**
**Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office[redacted] Assistant[redacted]
| twitter.com/lkrauss1 | **www.lawrencemkrauss.com**

On Sep 20, 2018, at 10:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

The Guardian has learned that Rubenfeld is currently the subject of an internal investigation at Yale. The investigation is focused on Rubenfeld's conduct, particularly with female law students. Students have also raised related concerns to Yale authorities about Chua's powerful influence in the clerkships process. The investigation was initiated before Kavanaugh was nominated by Donald Trump to serve on the high court.

Rubenfeld said in a statement to the Guardian: "In June, Yale University informed me that it would conduct what it terms an 'informal review' of certain allegations, but that to preserve anonymity, I was not entitled to know any specifics. As a result, I do not know what I am alleged to have said or done. I was further advised that the allegations were not of the kind that would jeopardize my position as a long-tenured member of the faculty.

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**From**: Weingarten, Reid [redacted]
**Sent**: 10/3/2018 1:58:44 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

--

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**From**: Weingarten, Reid[redacted]
**Sent**: 10/3/2018 11:21:41 AM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Anything surprise you?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid [redacted] wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

--

please note
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**From:** Weingarten, Reid [redacted]
**Sent:** 10/3/2018 1:02:13 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Had a gut that's where you would come out

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Wednesday, October 3, 2018 7:34 AM
**To:** Weingarten, Reid
**Subject:** Re:

fred gave him 15k as a 3 year old only . however ( written 200k in "todays dollars" ) then they compound their silliness, stating that he was a millonair at age 8.? all silly, . if fred put 2k in treasuries the same year ,and didnt invest it it would be worth 1 million today. instead he invested in real estate. taxes on estates and gigts are taxed on the value of what was transferred not the underlying thing. ex if you own 10 percent of a partnership interest in a 1 million builidng that cannot be sold for 20 years. what is the value of your interest. not 10 percent of 1 million as you only own a ltd partnership right. maybe 2 percent. its all legal

On Wed, Oct 3, 2018 at 7:21 AM Weingarten, Reid [redacted] wrote:

Anything surprise you?

Sent from my BlackBerry 10 smartphone.

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**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid [redacted] wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

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**From:** Weingarten, Reid[redacted]
**Sent:** 10/4/2018 3:32:39 PM
**To:** J [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

But isn't the disclosure that fred shtupped him with money versus his bullshit story of self-made hero valid and important?

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, October 03, 2018 9:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

im fair. and not his defender. but even the explanations on line were WAY wrong. and based on silliness of understandings.

On Wed, Oct 3, 2018 at 9:02 AM Weingarten, Reid[redacted]wrote:

> Had a gut that's where you would come out
>
> Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, October 3, 2018 7:34 AM
**To:** Weingarten, Reid
**Subject:** Re:

fred gave him 15k as a 3 year old only . however ( written 200k in "todays dollars" ) then they compound their silliness, stating that he was a millonair at age 8.? all silly, . if fred put 2k in treasuries the same year ,and didnt invest it it would be worth 1 million today. instead he invested in real estate. taxes on estates and gigts are taxed on the value of what was transferred not the underlying thing. ex if you own 10 percent of a partnership interest in a 1 million builidng that cannot be sold for 20 years. what is the value of your interest. not 10 percent of 1 million as you only own a ltd partnership right. maybe 2 percent. its all legal

On Wed, Oct 3, 2018 at 7:21 AM Weingarten, Reid[redacted]wrote:

> Anything surprise you?
>
> Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid[redacted]wrote:

> Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

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**From:** Weingarten, Reid[redacted]
**Sent:** 10/5/2018 1:48:46 PM
**To:** J [jeevacation@gmail.com]
**Subject:** RE: Re:

**Importance:** High

Finally read the nytimes piece closely....with all due respect I am guessing you are wrong in dismissing/trivializing it....seems there are some hard facts that are very difficult for the big guy to explain

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Thursday, October 04, 2018 11:43 AM
**To:** Weingarten, Reid
**Subject:** Re: Re:

Maybe

On Thu, Oct 4, 2018 at 11:32 AM Weingarten, Reid [redacted] wrote:

But isn't the disclosure that fred shtupped him with money versus his bullshit story of self-made hero valid and important?

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, October 03, 2018 9:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

im fair. and not his defender. but even the explanations on line were WAY wrong. and based on silliness of understandings.

On Wed, Oct 3, 2018 at 9:02 AM Weingarten, Reid [redacted] wrote:

Had a gut that's where you would come out

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, October 3, 2018 7:34 AM
**To:** Weingarten, Reid
**Subject:** Re:

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On Wed, Oct 3, 2018 at 7:21 AM Weingarten, Reid [redacted] wrote:

Anything surprise you?

Sent from my BlackBerry 10 smartphone.

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**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid [redacted] wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

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**From**: Weingarten, Reid [redacted]
**Sent**: 10/27/2018 1:40:35 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Just called...on my way to atlantic city...my nj client developer bought trump's casino there and there is a big event tonight...my tablemates are fat chris christie, Bo dietl and pitbull...I will have some stories...feels like I have not had contact with you for a long time

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, October 27, 2018 8:57 AM
**To:** Weingarten, Reid
**Subject:** Re:

mbs? girl? call [redacted]

On Sat, Oct 27, 2018 at 8:53 AM Weingarten, Reid [redacted] wrote:

You go first

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, October 27, 2018 7:06 AM
**To:** Weingarten, Reid
**Subject:**

news?

--

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**From**: Peter Thiel [redacted]
**Sent**: 11/7/2018 12:34:34 AM
**To**: J [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Can't complain thus far...

**From:** J <jeevacation@gmail.com>
**Sent:** Tuesday, November 6, 2018 1:51 AM
**To:** Peter Thiel [redacted]
**Subject:**

Are you enjoying la? I liked your trump exaggerations not lies
--

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**From**: Michael Wolff [redacted]
**Sent**: 11/8/2018 12:30:56 AM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

He was in good form. Thinks Trump is fucked. But likely that the Dems will screw it up too.

On Wed, Nov 7, 2018 at 6:33 PM J <jeevacation@gmail.com> wrote:

> how was it?
>
> --
>
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**From:** Michael Wolff[redacted]
**Sent:** 12/1/2018 3:57:27 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

...all about Donald Trump, the real villain.

On Sat, Dec 1, 2018 at 10:56 AM Michael Wolff <[redacted]> wrote:

Claims are ludicrous and self-serving, media is working with the other side's lawyers, this is all about Donald Trump.

On Sat, Dec 1, 2018 at 10:53 AM Michael Wolff[redacted] wrote:
He never tries to explain. He denies, blames media, denigrates someone else.

On Sat, Dec 1, 2018 at 10:51 AM J <jeevacation@gmail.com> wrote:
im aware. im thinking what would trump do

On Sat, Dec 1, 2018 at 10:49 AM Michael Wolff[redacted] wrote:
At this point I don't think you can go legalistic. They've won the high ground—young, vulnerable, poor girls.

On Sat, Dec 1, 2018 at 10:44 AM J <jeevacation@gmail.com> wrote:
do you think we highlight , that at the end of the day it was prositution . sex for money. . a state crime. with state laws.

On Sat, Dec 1, 2018 at 9:18 AM Michael Wolff[redacted] wrote:
don't tweet this

On Sat, Dec 1, 2018 at 9:13 AM J <jeevacation@gmail.com> wrote:

On Sat, Dec 1, 2018 at 9:09 AM Michael Wolff [redacted] wrote:
This thing as model journalism is one more element that could give it legs--so another danger. I don't think it's a question now of directly debunking this. That's going against virtue itself. What I'd like to do is game out everything, creating a structure for thinking this through. Definitely not a piecemeal response. Figure out where we want to be and where we can reasonably get and work backwards. Maybe we do agree to a big interview with you--Landon Thomas or something like that. But this has to be war gamed out. Obviously I can contribute, Kathy can, would be great to get SB input, but this needs a structure, that's why I think Hiltzig or somebody assembling a plan would be helpful. Even if in the end you decide to do nothing, at least you've come up with a structured way to think about it.

On Sat, Dec 1, 2018 at 8:57 AM J <jeevacation@gmail.com> wrote:
kathy thought the piece is being lauded as great investigative journalism so does your suggested pr group have the better contacts to place a story. on why it is not. . howeer to you point. to what end?

--
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**From:** Michael Wolff [redacted]
**Sent:** 12/4/2018 1:34:27 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

I think you should reach out to Matt. Moonves' guy, who I had lunch with yesterday, says he would probably use Hiltzig.

On Tue, Dec 4, 2018 at 8:33 AM J <jeevacation@gmail.com> wrote:
> should i , or you reach out to matt. or sean . or ?
>
> On Tue, Dec 4, 2018 at 8:25 AM Michael Wolff [redacted] wrote:
> > I think it's a useful point, potentially a powerful one. But I don't think anything is going to get attention now. I would look for some reporter to do a more nuanced post-morten on the case--with it's Trump overtones, legal joustings, #metoo-isms, and profit-motives. WSJ is probably right place.
> >
> > On Tue, Dec 4, 2018 at 7:59 AM J <jeevacation@gmail.com> wrote:
> > > do you think the press would react to the fact that all the settlement money is going to the attorney and none to the girls.? react to the fact that the case was settled but the lawyers wanted to trumpet their success.
> > >
> > > --
> > > please note
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**From**: Weingarten, Reid [redacted]
**Sent**: 12/20/2018 7:28:53 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Not a stupid point...he is starting to behave very erratically....

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Thursday, December 20, 2018 4:10 AM
**To:** Weingarten, Reid
**Subject:**

you might want to tell your dem friends that treating trump like a mafia don , ignores the fact that he has great dangerous power. . tightening the noose too slowly , risks a very bad situation. . gambino was never the commander in chief. there was little gambino could do as the walls closed in. not so with this maniac

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**From**: Nicholas Ribis [redacted]
**Sent**: 3/19/2019 12:56:20 PM
**To**: 'J' [jeevacation@gmail.com]
**Subject**: RE:

**Importance**: High

Please call me

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Monday, March 18, 2019 7:44 PM
**To:** Nicholas Ribis [redacted]
**Subject:**

https://www.nytimes.com/2019/03/18/business/trump-deutsche-bank.html?action=click&module=Top%20Stories&pgtype=Homepage

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**From:** Anas Alrasheed [redacted]
**Sent:** 5/11/2019 7:50:51 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Well that is good to know bcz i got concerned lately 👈

Sent from my iPhone

On May 11, 2019, at 10:00 PM, J <jeevacation@gmail.com> wrote:

WASHINGTON – Venezuelan President Nicolas Maduro is deriding President Donald Trump as foolish for trying to oust him. Kim Jong Un is testing Trump's "love" – and his resolve – in the North Korea negotiations. And Iran's leaders are finding new ways to threaten the U.S. and to defy the president's "maximum pressure" campaign.

On Sat, May 11, 2019 at 2:53 PM Anas Alrasheed [redacted] wrote:

Want to know what you think .. is there a war coming in our region?

Sent from my iPhone

On May 6, 2019, at 1:08 PM, J <jeevacation@gmail.com> wrote:

i hope the fasting is easy for you.. see you soon "?

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**From**: Merwin Dela cruz [redacted]
**Sent**: 5/14/2019 10:16:30 AM
**To**: J [jeevacation@gmail.com]; Richard Kahn [redacted]
**Subject**: Re:

**Importance**: High

Thank you for the heads up sir.

Sent from Yahoo Mail for iPhone

On Tuesday, May 14, 2019, 5:46 AM, J <jeevacation@gmail.com> wrote:

presidnet trump is going to be at our neighbors on thurs, so dont be surprsised if secret service check in

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**From**: Nicholas Ribis [redacted]
**Sent**: 6/1/2019 10:53:32 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

They r all jumping ship - its totally crazy - it's time to worry

Sent from my iPhone

On Jun 1, 2019, at 6:46 PM, J <jeevacation@gmail.com> wrote:

https://thehill.com/homenews/administration/446491-trump-announces-departure-of-white-house-lawyer-emmet-flood

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**From**: Nicholas Ribis [redacted]
**Sent**: 6/1/2019 10:57:12 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

I hear Kelly Ann Conway next

Sent from my iPhone

On Jun 1, 2019, at 6:55 PM, J <jeevacation@gmail.com> wrote:

yup

On Sat, Jun 1, 2019 at 6:53 PM Nicholas Ribis [redacted] wrote:

They r all jumping ship - its totally crazy - it's time to worry

Sent from my iPhone

On Jun 1, 2019, at 6:46 PM, J <jeevacation@gmail.com> wrote:

https://thehill.com/homenews/administration/446491-trump-announces-departure-of-white-house-lawyer-emmet-flood

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/2/2014 2:42:24 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

**Importance**: High

Been beaten up by trump , promoter , he is strIght with me and will with my direction , be with you

On Wednesday, July 2, 2014, Weingarten, Reid [redacted] wrote:

God guy?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, July 02, 2014 10:39 AM
**To:** Weingarten, Reid
**Subject:** Re:

Very

On Wednesday, July 2, 2014, Weingarten, Reid [redacted] wrote:

Is he a friend of yours?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, July 02, 2014 10:36 AM
**To:** Weingarten, Reid
**Subject:** Re:

No but you should tLk to nick ribbis knows it inside and out

On Wednesday, July 2, 2014, Weingarten, Reid [redacted] wrote:

On my way to atlantic city...thinking of helping a client "steal" the revel casino...(in bankruptcy)...he wants to give me a piece...you want in?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, July 02, 2014 10:18 AM
**To:** Weingarten, Reid
**Subject:**

Speak?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/24/2015 11:16:47 AM
**To**: Jonathan Farkas [redacted]
**Subject**: Re: (no subject)

trump.,is scaring the market not china

On Mon, Aug 24, 2015 at 5:49 AM, <[redacted]> wrote:

> jeffrey Hi what is the final outcome of this devaluation race is it a breton woods collapsapse and does it take the markets with it thanks Jonathan

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/21/2016 1:54:27 AM
**To**: Michael Wolff [redacted]
**Subject**: Fwd: Fw: Meet?

**Importance**: High

---------- Forwarded message ----------
From: **Martin G. Weinberg** <[redacted]>
Date: Wed, Jan 20, 2016 at 7:18 PM
Subject: Fw: Meet?
To: jeevacation@gmail.com, [redacted]

**From:** Mosk, Matthew
**Sent:** Wednesday, January 20, 2016 6:08 PM
**To:** [redacted]
**Subject:** Meet?

Mr. Weinberg –

I am a reporter with the ABC News investigative unit. We are gathering background research on the major candidates for President.

Seeing that both former President Clinton and Mr. Trump have been mentioned in connection to the Jeffrey Epstein case, I am interested in better understanding the case, it's current status, and any information that could help explain Mr. Epstein's dealings and interactions with both men.

I would very much appreciate the chance to meet and discuss this subject in an off the record conversation at your earliest convenience.

Please let me know if that would be possible, and if so, when and where we could meet.

Many thanks,

Matthew

---

Matthew Mosk
Producer, ABC News

Work: [redacted]

Mobile: [redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/21/2016 2:22:20 AM
**To**: Michael Wolff [redacted]
**Subject**: Re: Fw: Meet?

**Importance**: High

Yup

On Wednesday, 20 January 2016, Michael Wolff [redacted] wrote:

ABC doesn't really have an "investigative unit" so unless you want to hand it to them they won't pursue, so ignore. But, nevertheless, the more Trump looks real, or perish the thought, inevitable, the more reporters are going to focus on this, so, as you will not be surprised, you need a strategy.

On Wednesday, January 20, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Martin G. Weinberg** [redacted]
Date: Wed, Jan 20, 2016 at 7:18 PM
Subject: Fw: Meet?
To: jeevacation@gmail.com, [redacted]

**From:** Mosk, Matthew
**Sent:** Wednesday, January 20, 2016 6:08 PM
**To:** [redacted]
**Subject:** Meet?

Mr. Weinberg –

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Please let me know if that would be possible, and if so, when and where we could meet.

Many thanks,

Matthew

---

Matthew Mosk

Producer, ABC News

Work [redacted]

Mobile: [redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/10/2016 7:07:17 PM
**To**: Thomas Jr., Landon [redacted]
**Subject**: Re: Trump

**Importance**: High

Wow

On Wednesday, 10 February 2016, Thomas Jr., Landon [redacted] wrote:

> Its getting scary. The stories you could tell...
>
> --
> Landon Thomas, Jr.
> Financial Reporter
> New York Times
> [redacted]
> http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/10/2016 7:17:33 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

But by being a phony rich person

On Wednesday, 10 February 2016, Thomas Jr., Landon [redacted] wrote:

Actually I don't think he/voters would care. Being effectively shameless is a pretty powerful weapon for a presidential candidate.

http://www.vox.com/2016/2/10/10956978/donald-trump-terrifying

On Wed, Feb 10, 2016 at 2:07 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Wow

On Wednesday, 10 February 2016, Thomas Jr., Landon [redacted] wrote:

Its getting scary. The stories you could tell...

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/19/2016 5:46:24 PM
**To**: Michael Wolff[redacted]
**Subject**: Re: Trump

**Importance**: High

Im here today, ehud barak at 1 , would you like to join at 2?

On Fri, Feb 19, 2016 at 12:44 PM, Michael Wolff [redacted] wrote:

> NYT called me about you and Trump. Also, Hillary campaign digging deeply. Again, you should consider preempting.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/19/2016 5:47:06 PM
**To**: Kathy Ruemmler [redacted]; Darren Indyke [redacted]
**Subject**: Fwd: Trump

**Importance**: High

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]>
Date: Fri, Feb 19, 2016 at 12:44 PM
Subject: Trump
To: Jeffrey Epstein <jeevacation@gmail.com>

NYT called me about you and Trump. Also, Hillary campaign digging deeply. Again, you should consider preempting.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/9/2016 5:32:21 PM
**To:** Tom Barrack Private [redacted]
**Subject:** Re:

send photos of you and child. -- make me smile

On Wed, Mar 9, 2016 at 12:28 PM, Tom Barrack Private <[redacted]> wrote:

Hope ur good. Let's catch up

Sent from my iPhone

On Mar 9, 2016, at 6:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:

hope you are well. photos look good. fyi I receive many calls a week about both Donald ([redacted], [redacted], beauty contest. mara lago etc) and clinton from reporters. less so recently with clinton , but my answers are always i have nothing to say . or i try to ignore altogether. A few times i have been ambushed on the street with questions . but am more careful now

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/16/2016 10:08:48 AM
**To:** Kathy Ruemmler [redacted]

[redacted] vs jeffrey trump. its awful, I wish your side won.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/18/2016 4:18:52 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Patterson

Nuts

On Friday, 18 March 2016, Kathy Ruemmler <[redacted]> wrote:

On the shuttle back to NYC. About to take off.

Sent from my iPhone

On Mar 18, 2016, at 11:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]>
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

A few things to think about:

If the Patterson book is being published in August, that presents some time frame issues. You would not be able to do a competing book or documentary before then. This is not to say that they shouldn't be pursued. In a sense, better that they know what Patterson's position is and, a year from now say, be able to counter it. I have some thoughts on book and doc to share at your convenience.

That being said, you do need an immediate counter narrative to the book. I believe Trump offers an ideal opportunity. It's a chance to make the story about something other than you, while, at the same time, letting you frame your own story. Also, becoming an anti-Trump voice gives you a certain political cover which you decidedly don't have now. Still, this necessary involves you going public. And so the most basic decision is about your willingness to do that. My view is that in a couple of weeks you could master message and technical proficiency. I know a bunch of people who could be very helpful here. This would involve something along the lines of you writing an op-ed, doing a high profile television interview (Charlie Rose, I'd say), and perhaps some social media efforts.

Speaking of which, again, I think a strategic plan, involving your public identity, philanthropic activities and interests, and the development of media allies, ought finally to be put in place. A big, comprehensive, expensive effort.

The alternative is to continue to keep head down and hope Patterson book is just more he-said she-said and Connolly getting lost in the reeds (which, as an inveterate conspiracist, he always does). My worry is that Patterson can be counted on to produce a bestseller, and while he isn't regarded as a serious writer, he'll surely be unloading a lot of tabloid copy. Because this will be tied to the election, the Trump-Clinton angle will amp up the attention 10-fold, in fact, possibly, a hundred fold. Possibly more than anything you've encountered before.

Meanwhile--

In a lawyer's letter, I'd suggest including the following points--not necessarily legal, but a warning about how a press campaign might unfold (publishers are more worried about being caught in negative media controversy than they are of legal threats):

1) Little, Brown has made on the record representations to at least one well-known journalist that it was not publishing a book by James Patterson about Jeffrey Epstein--possibly an effort to avoid inquiries about the questionable nature of the book;

2) The actual author of the book, John Connolly, is someone other than the stated author, James Patterson. Connolly is known to have developed an obsession with Epstein, such that, his longtime employer, Vanity Fair, has refused to allow him to write about Epstein for the magazine;

3) Sources have confirmed for us that Patterson has had little more than a minimal consulting role in the book, and that Connolly has functioned in every material way as the book's researcher and writer. We believe Patterson's "authorship" of the book will not stand up to scrutiny. And, indeed, that the entire notion of an extension of the Patterson franchise into nonfiction, as it has been used in fiction and children's book--effectively other authors writing under the Patterson name—presents a host of journalism ethical issues.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/18/2016 4:58:46 PM
**To:** Martin G. Weinberg [redacted]
**Subject:** Re: ATTORNEY-CLIENT PRIVILEGE

**Importance:** High

**Privileged - Redacted**

On Fri, Mar 18, 2016 at 12:30 PM, Martin G. Weinberg <[redacted] wrote:

**Privileged - Redacted**

**From:** jeffrey E.
**Sent:** Friday, March 18, 2016 11:41 AM
**To:** Martin Weinberg ; Kathy Ruemmler ; Darren Indyke
**Subject:** Fwd: Patterson

---------- Forwarded message ----------
From: **Michael Wolff** [redacted]
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/10/2016 8:17:34 PM
**To**: Peter Thiel [redacted]

trump delegate? fun

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/17/2016 1:56:20 PM
**To:** Gerald Barton [redacted]
**Subject:** Re:

thanks for filling me in

On Tue, May 17, 2016 at 3:53 PM, Gerald Barton [redacted] wrote:

My Extraordinarily Talented, Outrageous Friend,

Thank you for asking how I am doing. The short answer is very well. I hope that you are in good health and continue to use your special talents to make the world a better place and for your somewhat unique amusements.

The longer answer to your question is that at the end of 2014 I closed down the office of Landmark, transferred all of the assets to pay all of the major creditors, except me, and found myself as broke as I was when you first called me that Friday after Thanksgiving, with my only remaining assets, a large capital loss, my reputation, and my energy.

Since then, our luck has been better than even an optimist like me would expect. Being free of the $500,000 a day I was fined by the OTS, after several years they abandoned this fine, which was initiated strictly to ensure that I had no opportunity to finance any new developments, I became involved with an extraordinary, large, important real estate development in Oklahoma City and two others in the D.C. area.

The bad news is that my dear friend and good partner, Aubrey McClendon, was killed in a single car accident on March 2nd of this year and the development with great potential is now either delayed or abandoned. The good news is that our involvement in a 1,000 acre development on Deep Creek Lake in western Maryland is in the process of being financed and should be underway sometime this summer. Our second project is a 405 acre development in Harper's Ferry, West Virginia, that is probably the prettiest piece of property I know of in the U.S. that is zoned and developable. Its business plan is now underway and we should be in the financing mode this fall. My impression is that there is a tremendous amount of money on the sidelines, but the top 5% or 10% that control it are terribly frightened of losing money they don't need, while the 90% to 95% of the citizens are continuing their daily labors somewhat frightened that they are not certain where next month's or next year's mortgage payment is coming from.

On a lighter note, Donald Trump recently bought our development in Ireland, Doonbeg Golf Club. It has been rated the first or second best resort in Europe. To-date, to my surprise, he is managing it reasonably well, probably because he is presently devoted to an endeavor that amuses him.

Jeffrey, I want you to understand that I am extremely pleased and not at all melancholy about my present circumstances. Whenever I get an opportunity, I always visit those assets I helped create and almost without exception, I wish I had been smarter, but generally satisfied that I made a positive contribution and one much higher than normally done by my competitors, because I am fortunate that the labor focus of my life has not attracted the best and the brightest.

When good fortune brings you to the D.C. area, please let me know. I always enjoy understanding your activities and do so with amazement and amusement.

Jerry

On Mon, May 16, 2016 at 3:56 PM, jeffrey E. <jeevacation@gmail.com> wrote:
how are you

On Mon, May 16, 2016 at 2:35 PM, Gerald Barton [redacted] wrote:
Jeffrey,

I am certainly glad that you have thick skin and care little about what the press says. I am sorry that you have to appear tolerant against intolerance.

From all appearances, you fulfill the challenge of Kipling when he said:

"If you can talk with crowds and keep your virtue,
Or walk with Kings - nor lose the common touch,
If neither foes nor loving friends can hurt you,
If all men count with you, but none too much."

In spite of outward appearances, I know very few know how you really feel and I can only hope that that feeling is shown best in the naming of your airplane.

Jerru

--

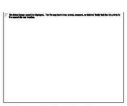

Gerald G. Barton
The Barton Development Group, Inc.
1993 Moreland Parkway, Suite 204
Annapolis, MD 21401
Direct Line: [redacted]
Fax: [redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/1/2016 3:28:14 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: The book on you...

**Importance:** High

no

On Wed, Jun 1, 2016 at 11:25 AM, Thomas Jr., Landon [redacted] wrote:

Keep getting calls from that guy doing a book on you -- John Connolly. He seems very interested in your relationship with the news media. I told him you were a hell of a guy:) One oddity: he said he had been told that that quote from Trump about you in the original NY Mag story had been manufactured. ie, that I did not actually speak to Donald. Which is bull shit of course. I am sure that is what Trump told him as they have been getting a lot of questions from reporters about you.

He actually seemed to be a sensible guy/solid reporter -- just from the few conversations I had with him. I think he is close to finishing up.

Did you ever speak to him?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** Story [jeevacation@gmail.com]
**Sent:** 6/1/2016 3:47:12 PM
**To:** Landon Thomas[redacted]
**Subject:** Re: The book on you...

**Importance:** High

every day

On Jun 1, 2016, at 11:46 AM, Thomas Jr., Landon [redacted] wrote:

are you still getting calls from reporters re Trump?

On Wed, Jun 1, 2016 at 11:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

no

On Wed, Jun 1, 2016 at 11:25 AM, Thomas Jr., Landon [redacted] wrote:

Keep getting calls from that guy doing a book on you -- John Connolly. He seems very interested in your relationship with the news media. I told him you were a hell of a guy:) One oddity: he said he had been told that that quote from Trump about you in the original NY Mag story had been manufactured. ie, that I did not actually speak to Donald. Which is bull shit of course. I am sure that is what Trump told him as they have been getting a lot of questions from reporters about you.

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--
Landon Thomas, Jr.
Financial Reporter
New York Times
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/1/2016 4:00:04 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: The book on you...

ask me august

On Wed, Jun 1, 2016 at 11:54 AM, Thomas Jr., Landon [redacted] wrote:
everyone except the NYT it seems:) yes or no question: does he win?

On Wed, Jun 1, 2016 at 11:47 AM, Story <jeevacation@gmail.com> wrote:
every day

On Jun 1, 2016, at 11:46 AM, Thomas Jr., Landon [redacted] wrote:

are you still getting calls from reporters re Trump?

On Wed, Jun 1, 2016 at 11:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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On Wed, Jun 1, 2016 at 11:25 AM, Thomas Jr., Landon [redacted] wrote:
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--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/1/2016 4:37:29 PM
**To:** Kathy Ruemmler [redacted]; Darren Indyke [redacted]
**Subject:** Fwd: The book on you...

---------- Forwarded message ----------
From: **Thomas Jr., Landon** <[redacted]>
Date: Wed, Jun 1, 2016 at 11:54 AM
Subject: Re: The book on you...
To: Story <jeevacation@gmail.com>

everyone except the NYT it seems:) yes or no question: does he win?

On Wed, Jun 1, 2016 at 11:47 AM, Story <jeevacation@gmail.com> wrote:
every day

On Jun 1, 2016, at 11:46 AM, Thomas Jr., Landon <[redacted]> wrote:

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On Wed, Jun 1, 2016 at 11:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:
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On Wed, Jun 1, 2016 at 11:25 AM, Thomas Jr., Landon [redacted] wrote:
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Financial Reporter
New York Times
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Landon Thomas, Jr.
Financial Reporter
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/22/2016 10:36:05 PM
**To**: [redacted]
**Subject**: Re: Hi from London

no worry

On Wed, Jun 22, 2016 at 5:58 PM, [redacted] wrote:

> Hi Jeffrey!
>
> I'm so sorry to hear about the Trump law suit. I wish there was something I could do. I always think of you.
>
> All my love always,
>
> [redacted]
>
> Sent from my iPad

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/28/2016 8:44:10 PM
**To:** Thorbjøn Jagland[redacted]
**Subject:** Re:

you can settle even if john kerry wins :) /

On Tue, Jun 28, 2016 at 4:42 PM, Thorbjøn Jagland [redacted] wrote:

> Yes, terrible times. If Trump wins in US I'll settle on your island. Before that, I'll be in NY in September. Lot of things to talk about.
>
> Den tirsdag 28. juni 2016 skrev jeffrey E. <jeevacation@gmail.com> følgende:
>
> > you must be a very busy man
> > hope to seee you soon
> >
> > --
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/14/2016 12:01:26 PM
**To**: Peter Thiel [redacted]
**Subject**: Re:

He will be a speaker at the convention. he runs colony capital. solid, great real estate judgement. . donalds fund raiser. http://www.bloomberg.com/news/videos/2016-05-31/tom-barrack-the-donald-trump-i-know

On Thu, Jul 14, 2016 at 7:58 AM, Peter Thiel <[redacted]> wrote:

Who is that?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, July 14, 2016 4:22 AM
**To:** Peter Thiel <[redacted]>
**Subject:**

dont know how well you know tom barrack he is great.

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/15/2016 1:58:56 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

I no longer use terms like "broad" ):

On Friday, 15 July 2016, Kathy Ruemmler <[redacted]> wrote:

> That's a broad question.
>
> On Jul 15, 2016, at 9:18 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> today?
>
> On Thu, Jul 14, 2016 at 7:32 PM, Kathy Ruemmler <[redacted]> wrote:
>
> > Yikes
> >
> > Sent from my iPad
> >
> > On Jul 14, 2016, at 7:27 PM, jeffrey E. <jeevacation@gmail.com> wrote:
> >
> > every news channel today . as she apologized for her trump remarks.
> >
> > On Thu, Jul 14, 2016 at 7:26 PM, Kathy Ruemmler <[redacted]> wrote:
> >
> > > I like that dress....narciso Rodriguez. Where did you see that picture? RBG was my date to state dinner.
> > >
> > > Sent from my iPad
> > >
> > > On Jul 14, 2016, at 7:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:
> > >
> > > pretty black dress. you and ruth ginsburg
> > >
> > > --
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/16/2016 8:02:47 PM
**To**: Thomas Jr., Landon [redacted]
**Subject**: Re: Trump

**Importance**: High

too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon <[redacted]> wrote:

> I am getting worried. Is he ever going to implode?
>
> --
> Landon Thomas, Jr.
> Financial Reporter
> New York Times
> [redacted]
> http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/16/2016 8:08:30 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon <[redacted]> wrote:
you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:
too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon <[redacted]> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/16/2016 8:38:51 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

no place else to invest for alpha, your children are rich

On Fri, Sep 16, 2016 at 4:24 PM, Thomas Jr., Landon <[redacted]> wrote:
Lets catch up next time you are in NYC. NYT is making me write more on markets now and I don't really know who to believe any more re where the market is going these days.

On Fri, Sep 16, 2016 at 4:08 PM, jeffrey E. <jeevacation@gmail.com> wrote:
ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon <[redacted]> wrote:
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Landon Thomas, Jr.
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Landon Thomas, Jr.
Financial Reporter
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Landon Thomas, Jr.
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/16/2016 8:52:44 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

give me a number ill call

On Fri, Sep 16, 2016 at 4:49 PM, Thomas Jr., Landon <[redacted]> wrote:
If you knew Trump was going to win, how would you position your portfolio?

On Fri, Sep 16, 2016 at 4:38 PM, jeffrey E. <jeevacation@gmail.com> wrote:
no place else to invest for alpha, your children are rich

On Fri, Sep 16, 2016 at 4:24 PM, Thomas Jr., Landon <[redacted]> wrote:
Lets catch up next time you are in NYC. NYT is making me write more on markets now and I don't really know who to believe any more re where the market is going these days.

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ask again 30th

On Fri, Sep 16, 2016 at 4:07 PM, Thomas Jr., Landon <[redacted]> wrote:
you think he will win?

On Fri, Sep 16, 2016 at 4:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:
too late

On Fri, Sep 16, 2016 at 1:08 PM, Thomas Jr., Landon <[redacted]> wrote:
I am getting worried. Is he ever going to implode?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/1/2016 3:05:32 AM
**To:** Richard Kahn [redacted]
**Subject:** Re: This Chart Predicts Trump Will Win, Unless the S&P Rallies in October - Bloomberg

tuesday

On Sat, Oct 1, 2016 at 3:56 AM, Richard Kahn <[redacted]> wrote:

> http://www.bloomberg.com/news/articles/2016-09-30/this-chart-predicts-trump-will-win-unless-the-s-p-rallies-in-october
>
> Richard Kahn
> HBRK Associates Inc.
> 575 Lexington Avenue, 4th Floor
> New York, NY 10022
> [redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/9/2016 1:17:28 AM
**To:** Darren Indyke[redacted]
**Subject:** Re: WSJ inquiry -- on deadline

**Importance:** High

Privileged - Redacted

On Sat, Oct 8, 2016 at 6:48 PM, Darren Indyke <[redacted]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** "Miller, Michael" <[redacted]>
**Date:** October 8, 2016 at 4:52:27 PM EDT
**To:** "Darren Indyke[redacted]
**Cc:** "Weingarten, Reid" <RWeingarten@steptoe.com>
**Subject: FW: WSJ inquiry -- on deadline**

# Privileged - Redacted

**Michael C. Miller**
Partner
www.steptoe.com/mmiller

Steptoe

[redacted] direct
fax
cell

Steptoe & Johnson LLP
1114 Avenue of the Americas
New York, NY 10036
www.steptoe.com

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**From:** Palazzolo, Joseph [redacted]
**Sent:** Saturday, October 08, 2016 4:49 PM
**To:** Miller, Michael
**Subject:** WSJ inquiry -- on deadline

Hi, Michael.

I'm writing about the Jane Doe case in SDNY involving Mr. Trump and Mr. Epstein. Can I talk to you briefly? Story is likely going online in the next couple hours. Apologies for the short notice. I wanted to get a comment on behalf of Mr. Epstein.

Thanks and best,

Joe

--

Joe Palazzolo
Staff reporter

[redacted]

1211 Avenue of the Americas
New York, NY 10036
[redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 10/9/2016 6:16:35 AM
**To**: Gianni Serazzi[redacted]
**Subject**: Re: SInce you are super well connected...

lets see how he hnadles the debate tonight. he sholud apologize to hillary and ask her to do the same.

On Sun, Oct 9, 2016 at 2:14 AM, Gianni Serazzi [redacted] wrote:

Thanks for answering, your opinion on many life aspects means a lot to me

G

On Sun, Oct 9, 2016 at 8:08 AM, jeffrey E. <jeevacation@gmail.com> wrote:

agreed

On Sun, Oct 9, 2016 at 1:53 AM, Gianni Serazzi [redacted] wrote:

A small point on the election that maybe you think might have some value for HC

1-In Europe a LOT of citizens start becoming very angry and voting for populist parties
2-A major reason is that the interconnected world shows them every minute on their smartphones how rich people are living and envy sets in (especially with raising inequality that is perfectly normal when financial returns of rich people are exponential and work returns are linear)
3-They want change and risk electing completely wrong people (Italy 5stelle, France LePen might be next, Hungary, Greece already lost, Brexit and anti-trade another example)
4-US election is over, Trump has destroyed himself as expected (I was in Wharton with Donald Jr, 3.95GPA vs. 2.5 GPA but he thought he was a god... what a family)

the message:
5-Maybe HC can use the last debates to create weapons for change. She could acknowledge that she understands that people want change, and ask for a clear majority in the senate thinking abou that instead of presidential elections. Then if she does bad in 4 years she is out, but she could make the public understand that senate is key to show what a president can do.

But again, I know 0.001% of what you or them understands about politics, I am however worried that europe is just 5 or 10 years ahead on this trend compared to the US in anti-establishment feelings and I have seen with friends how irrational and influenceable masses can become in voting when they are frustrated (Hitler was elected after all...)

Hope to see you soon!!!

G

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 10/19/2016 3:05:12 PM
**To:** Martin Weinberg[redacted] Darren Indyke [redacted]

http://www.washingtonexaminer.com/ponzi-schemer-steven-hoffenberg-pledges-50-million-to-help-trump/article/2593931

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/4/2016 10:17:45 PM
**To:** Kathy Ruemmler[redacted]
**Subject:** told you

**Importance:** High

**From:** NYSD_ECF_Pool@nysd.uscourts.gov [mailto:NYSD_ECF_Pool@nysd.uscourts.gov]
**Sent:** Friday, November 04, 2016 5:59 PM
**To:** CourtMail@nysd.uscourts.gov
**Subject:** Activity in Case 1:16-cv-07673-RA Doe v. Trump et al Notice of Voluntary Dismissal

**This is an automatic e-mail message generated by the CM/ECF system. Please DO NOT RESPOND to this e-mail because the mail box is unattended.**
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**U.S. District Court**

**Southern District of New York**

## Notice of Electronic Filing

The following transaction was entered by Meagher, Thomas on 11/4/2016 at 5:59 PM EDT and filed on 11/4/2016

| | |
|---|---|
| **Case Name:** | Doe v. Trump et al |
| **Case Number:** | 1:16-cv-07673-RA |
| **Filer:** | Jane Doe |
| **Document Number:** | 15 |

**Docket Text:**
**NOTICE OF VOLUNTARY DISMISSAL Pursuant to Rule 41(a)(1)(A)(i) of the Federal Rules of Civil Procedure, the plaintiff(s) and or their counsel(s), hereby give notice that the above-captioned action is voluntarily dismissed, against the defendant(s) All Defendants. Document filed by Jane Doe. (Meagher, Thomas)**

**1:16-cv-07673-RA Notice has been electronically mailed to:**

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/6/2016 8:32:09 PM
**To:** Peter Mandelson [redacted]
**Subject:** Re:

trump/ and having agreat deal of fun. in hindsight . you were right about staying away from andrew. I was right in your staying with rinaldo

On Sun, Nov 6, 2016 at 9:30 PM, Peter Mandelson [redacted] wrote:
What's the donald white house ? And how are you ?

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sunday, 6 November 2016 at 19:42
**To:** Peter Mandelson [redacted]
**Subject:** Re:

in the donald white house

On Sun, Nov 6, 2016 at 8:41 PM, Peter Mandelson [redacted] wrote:
Just. I have decided to extend my life by spending more of it in the US

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sunday, 6 November 2016 at 19:15
**To:** Peter Mandelson [redacted]
**Subject:** <no subject>

63 years old. . you made it

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/9/2016 4:22:49 AM
**To**: Richard Kahn [redacted]
**Subject**: Re: Trump

Wow

On Wednesday, 9 November 2016, Richard Kahn [redacted] wrote:

> Shocked but you seem to be right on don't count him out. Trump victory looking good and these pollsters like fools...
>
> Markets getting hit. Dow futures -700
>
> Richard Kahn
> HBRK Associates Inc.
> 575 Lexington Avenue, 4th Floor
> New York, NY 10022
> Tel [redacted]
> Fax [redacted]
> Cell [redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/10/2016 12:18:00 PM
**To**: Jabor Y. [redacted]

**Importance**: High

in paris today, headed for new york. . trump gives many new things to do

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 9:58:12 PM
**To:** Thomas Jr., Landon[redacted]
**Subject:** Re:

**Importance:** High

long dow , short yen euro and pound. long reits,

On Thu, Nov 10, 2016 at 10:57 PM, Thomas Jr., Landon[redacted]> wrote:

You called it! How are you positioned re market?

On Thu, Nov 10, 2016 at 4:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 10:08:36 PM
**To:** David Blaine [redacted]
**Subject:** Re:

http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

On Thu, Nov 10, 2016 at 11:07 PM, David Blaine <[redacted]> wrote:

Perfect

Sent

On Nov 10, 2016, at 2:02 PM, jeffrey E. <jeevacation@gmail.com> wrote:

7?

On Thu, Nov 10, 2016 at 11:02 PM, David Blaine <[redacted]> wrote:

Great

Sent

On Nov 10, 2016, at 1:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:

dinner with woody sun?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 10:11:04 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re:

**Importance:** High

number?

On Thu, Nov 10, 2016 at 11:10 PM, Thomas Jr., Landon <[redacted]> wrote:
who is treasury secretary? Is Mnuchin a done deal? Seems too obvious.

On Thu, Nov 10, 2016 at 4:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:
long dow , short yen euro and pound. long reits,

On Thu, Nov 10, 2016 at 10:57 PM, Thomas Jr., Landon <[redacted]> wrote:
You called it! How are you positioned re market?

On Thu, Nov 10, 2016 at 4:54 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 10:14:13 PM
**To:** Ken Starr [redacted]
**Subject:** Re:

**Importance:** High

you are always welcome. if you would like to visit caribean , i can organize. anytime with wife your call. otherwise new york dec . 6-9? \
interesting times. http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html

On Thu, Nov 10, 2016 at 11:11 PM, Ken Starr <[redacted]> wrote:

Thanks for checking in. I'll make some. What timing would work for you?

Sent from my iPhone

On Nov 10, 2016, at 4:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

any new york plans

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 10:14:49 PM
**To:** Erika Kellerhals [redacted]
**Subject:** Re:

**Importance:** High

yup

On Thu, Nov 10, 2016 at 11:12 PM, Erika Kellerhals <[redacted]> wrote:

But holy shit you were spot on about trump!

Sent from my iPhone

On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html**

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/10/2016 11:50:21 PM
**To:** Erika Kellerhals [redacted]
**Subject:** Re:

im in new york tomrow if you want to speak or ill see you tues

On Thu, Nov 10, 2016 at 11:12 PM, Erika Kellerhals <[redacted]> wrote:

But holy shit you were spot on about trump!

Sent from my iPhone

On Nov 10, 2016, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

**http://www.dailymail.co.uk/news/article-3914012/Troubled-woman-history-drug-use-claimed-assaulted-Donald-Trump-Jeffrey-Epstein-sex-party-age-13-FABRICATED-story.html**

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/11/2016 5:19:42 AM
**To:** Jabor Y. [redacted]
**Subject:** Re:

**Importance:** High

When marrahesh ? Is it definite

On Friday, 11 November 2016, Jabor Y. <[redacted]> wrote:

> Wish you a safe trip back. Congratulations on your new president. You are made to handle all uncertainties and meet new challenges. Wish you the best and assure you of all my possible support. I am in contact with the Sharia guys and hope to come back to you next week regarding the e-currency. Look forward to see you in Marrakech or in NY if nothing works out.
>
> On Thursday, November 10, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
>
> > in paris today, headed for new york. . trump gives many new things to do
> >
> > --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/14/2016 2:53:27 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

no intel but lots of profits

On Mon, Nov 14, 2016 at 9:51 AM, Thomas Jr., Landon <[redacted]> wrote:

Any further intel on Treasury? Priebus choice suggests to me that he may go for a bigger name in treasury than Mnuchin. Someone to underscore/push forward this notion that he is Reagan 2.0 (as some are suggesting). I am just not sure who that person would be. The Trump trade certainly seems to have legs -- all the Hillary loving hedgies I am talking to are congratulating themselves for making so much money last week. They are all Trump lovers now!

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/14/2016 2:56:18 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump

**Importance:** High

no, they dont have many loyal people that have gravitas. . it will be somewhat random but he is being advised to do as you suggest but he doesnt like advice in general. he has no loyalty ZERO tossed christie after being his best friend. in four seconds flat

On Mon, Nov 14, 2016 at 9:54 AM, Thomas Jr., Landon <[redacted]> wrote:
do you agree with my thesis?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/20/2016 1:48:58 AM
**To:** Ken Starr [redacted]
**Subject:** Re:

**Importance:** High

hope thanksgiving is peaceful . miss talking to you

On Sat, Nov 19, 2016 at 8:36 PM, Ken Starr <[redacted]> wrote:
Greetings! Just got my hands on the itinerary. Alas, no St. Thomas. Back to the drawing board.

Hope you're well. Best, Ken

Sent from my iPhone

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Thanks for checking in. I'll make some. What timing would work for you?

Sent from my iPhone

On Nov 10, 2016, at 4:03 PM, jeffrey E. <jeevacation@gmail.com> wrote:

any new york plans

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/20/2016 5:32:35 AM
**To:** Ken Starr [redacted]
**Subject:** Re:

**Importance:** High

I'll be there wed

On Sat, Nov 19, 2016 at 11:11 PM Ken Starr <[redacted]> wrote:
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/20/2016 6:53:17 PM
**To:** Ken Starr [redacted]
**Subject:** Re:

**Importance:** High

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/20/2016 11:00:34 PM
**To:** Lesley Groff [redacted]
**Subject:** Fwd:

---------- Forwarded message ----------
From: **Ken Starr** <[redacted]
Date: Sun, Nov 20, 2016 at 6:54 PM
Subject: Re:
To: "jeffrey E." <jeevacation@gmail.com>

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/25/2016 10:29:32 PM
**To**: Larry Visoski [redacted]
**Subject**: Re: Trump

will let you know tomorw morning

On Fri, Nov 25, 2016 at 5:28 PM, Larry Visoski [redacted] wrote:

> Jeffrey
> Trump is still scheduled to depart Sunday between 4 and 6pm,,
> Let me know if we are firm for wheels up Saturday at 6pm still?
>
> Thx
> Larry
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/28/2016 12:22:35 AM
**To**: jean.huguen[redacted]; Lesley Groff [redacted]

**Importance**: High

can you delay your trip one week, . trump related issues occupying my time. say 13 14 instead

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/28/2016 8:22:53 PM
**To**: Larry Summers [redacted]

http://www.cbsnews.com/news/tom-barrack-donald-trump-presidency-healing-the-nation/

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/29/2016 10:56:40 PM
**To**: Larry Summers[redacted]

http://www.reuters.com/article/us-usa-trump-mnuchin-idUSKBN13O2W4

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/1/2016 11:55:58 AM
**To**: Kathy [redacted]
**Subject**: Re:

can you do earlier tomorw. >??

On Wed, Nov 30, 2016 at 10:58 PM, Kathy [redacted] wrote:

> The dems are going to take out a couple of Trump's nominees, and Mnuchin may be one of them.
>
> Sent from my iPad

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/2/2016 11:38:14 AM
**To**: Lang, Caroline [redacted]

**Importance**: High

first you father was afraid of trump and the us. , now he shold probaby move here. :)

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/7/2016 5:25:20 PM
**To**: Jonathan Farkas [redacted]
**Subject**: Re:

plenty left

On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas <[redacted]> wrote:

> Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
>
> Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/7/2016 5:30:18 PM
**To:** Jonathan Farkas [redacted]
**Subject:** Re:

oy

On Wed, Dec 7, 2016 at 1:29 PM, <[redacted]> wrote:

> yikes your birthday coming up next month
>
> In a message dated 12/7/2016 12:25:22 P.M. Eastern Standard Time, jeevacation@gmail.com writes:
>
> > plenty left
> >
> > On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas <[redacted]> wrote:
> > > Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
> > >
> > > Sent from my iPhone
> >
> > --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/13/2016 1:48:54 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

btw, liked your fake news article

On Tue, Dec 13, 2016 at 8:46 AM, Michael Wolff <[redacted]> wrote:

I can't. With the Trump people today.

On Tue, Dec 13, 2016 at 8:40 AM, jeffrey E. <jeevacation@gmail.com> wrote:

michael can you do today at 12 instead of tomorw?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/15/2016 3:58:59 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Re:

**Importance**: High

yes, any word on karyyna plans. . can you belive MBS sent me a TENT carpets and all.

On Thu, Dec 15, 2016 at 10:54 AM, Pritzker, Tom <[redacted]> wrote:

I'm stuck in the cold! Five degrees. Aspen next week to warm up. Tilerson is a good move for Trump. Have gotten to know him at CSIS, he's the real deal.

tjp

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Thursday, December 15, 2016 8:53 AM
**To:** Pritzker, Tom <[redacted]>
**Subject:**

??

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 12/17/2016 8:30:26 PM
**To:** Jabor Y. [redacted]
**Subject:** Re:

sorry, yes, palm beach, all trump people here

On Sat, Dec 17, 2016 at 3:29 PM, Jabor Y. <[redacted]> wrote:

I hope you are in a better place now than NY. [redacted]

On Saturday, December 17, 2016, Jabor Y. <[redacted]> wrote:
Sorry i just checked your email.
What time you will leve to the airport

On 16 Dec 2016 2:45 p.m., "jeffrey E." <jeevacation@gmail.com> wrote:
are you free to visit?

On Fri, Dec 16, 2016 at 1:14 PM, Jabor Y. <[redacted]> wrote:
Ok, let her apply for a visa at the consulate the normal way. Once applied sent me a copy of the submission receipt and the application form, so I can do the necessary through my contact in Morocco.

On Friday, December 16, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
she leaves tonight

On Fri, Dec 16, 2016 at 10:16 AM, Jabor Y. <[redacted]> wrote:
I have sent the passport copy to my contact who will talk with the Moroccan consulate today morning and will advise me. If not today, then it will be on Monday. I'll let you know. I can see you anytime after 3pm.

On Friday, December 16, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
do you know if [redacted] can go to morrocan consulate for visa today. ? do i see you before i leave?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/18/2016 3:35:10 PM
**To**: Tom Pritzker [redacted]

http://variety.com/2016/tv/news/alec-baldwin-donald-trump-john-goodman-saturday-night-live-1201944908/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/6/2017 11:29:46 AM
**To:** Sultan Bin Sulayem [redacted]
**Subject:** Re: Presidential inauguration

1 561 655 7626 call to discuss if you are free

On Fri, Jan 6, 2017 at 6:28 AM, Sultan Bin Sulayem <[redacted]> wrote:

> Do you think it will be possible to shake hand with trump
>
> Sent from my iPhone
>
> On Jan 6, 2017, at 3:13 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> very many people going. it will be very crowded . but if you can meet some before or after in either wash or ny , it might be worth it. . but unlikely
>
> On Fri, Jan 6, 2017 at 4:08 AM, Sultan Bin Sulayem <[redacted]> wrote:
>
> > Should I accept the invitation sent by Tom barrack
> >
> > Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/6/2017 2:49:47 PM
**To**: [redacted]; Raafat Alsabbagh [redacted]

**Importance**: High

http://www.cnn.com/2017/01/06/politics/tom-barrack-donald-trump-inauguration/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/6/2017 2:49:57 PM
**To**: Sultan Bin Sulayem[redacted]
**Subject**: Re: Presidential inauguration

http://www.cnn.com/2017/01/06/politics/tom-barrack-donald-trump-inauguration/index.html

On Fri, Jan 6, 2017 at 4:08 AM, Sultan Bin Sulayem <[redacted]> wrote:

> Should I accept the invitation sent by Tom barrack
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/8/2017 9:31:02 PM
**To**: Richard Merkin [redacted]
**Subject**: Re: Re:

**Importance**: High

new york

On Sun, Jan 8, 2017 at 4:11 PM, Richard Merkin <[redacted]> wrote:

Where?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 1:07 PM
**To:** Richard Merkin <[redacted]>
**Subject:** Re:

all good with trump lots of opportunity

On Sun, Jan 8, 2017 at 4:02 PM, Richard Merkin <[redacted]> wrote:

Fair ..and you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Sunday, January 8, 2017 11:59 AM
**To:** Richard Merkin <[redacted]>
**Subject:**

you well?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/9/2017 6:56:10 PM
**To**: Sultan Bin Sulayem [redacted]

http://www.latimes.com/politics/la-na-pol-trump-barrack-inauguration-20170109-story.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/9/2017 6:56:22 PM
**To**: Tom Pritzker [redacted]
**Subject**: see you at 9 am tomorw

**Importance**: High

http://www.latimes.com/politics/la-na-pol-trump-barrack-inauguration-20170109-story.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/12/2017 4:35:42 AM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

yes . im afraid you are right

On Wed, Jan 11, 2017 at 9:02 PM, Kathy Ruemmler <[redacted]> wrote:

> Not to disturb you, but I am struck by the similar mannerisms between Trump and McGyver
>
> Sent from my iPad

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/15/2017 2:28:57 PM
**To:** Alireza Ittihadieh [redacted]
**Subject:** Re:

new , friend asked yesterday. . one in virginia. paid 8 . fixed up with 300k . asking 10

On Sun, Jan 15, 2017 at 10:27 AM, Alireza Ittihadieh <[redacted]> wrote:

Why?

V-BR
Alireza ITTIHADIEH

**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 06:22
**To:** Alireza Ittihadieh
**Subject:** Re:

i stepped away from the royal jet. if you want to go after the bbj

On Sun, Jan 15, 2017 at 10:20 AM, Alireza Ittihadieh <[redacted]> wrote:

I just got my G550 - 5176 under contract at $18.5 and it's going to Pre-Purchase inspection on Monday.

I'm aware that G550 - 5109 was under contract for $17,600,000.

As a company we have 5 G550, 2 G650 and 1 BBJ buyers.

That is all I know for now.

V-BR
Alireza ITTIHADIEH

**From:** jeffrey E.
**Sent:** Sunday, 15 January 2017 05:51
**To:** Alireza Ittihadieh
**Subject:** Re:

what about real trades? what number?

On Sun, Jan 15, 2017 at 9:49 AM, Alireza Ittihadieh <[redacted]> wrote:

People are just back and the activity really started this week. A lot of enquiries out of China and a lot of buyers in the US have resurfaced

V-BR
Alireza ITTIHADIEH

On 15 Jan 2017, at 04:17, jeffrey E. <jeevacation@gmail.com> wrote:

what is trading , now that trump has won. ?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/29/2017 9:59:36 AM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Trump!

IT helps as he is seen to be keeping his word, it is importnat with putin and north korea. as you notice north korea has not fired there missile that he promsied wouldnt happen. obama was never able to effecturate that. . that being said Donald is fucking crazy I told you that

On Sat, Jan 28, 2017 at 11:05 PM, Thomas Jr., Landon <[redacted]> wrote:

I gave him benefit of doubt on a whole bunch of stuff and agree that we need to shake things up. But this ban is just wrong and I really don't see how it helps him.

On Sat, Jan 28, 2017 at 7:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

oh no , you too/ I have been fielding similar emails calls texts ALL DAY, it will all turn out ok. shaking things up will bring about hopefully positive change. . he won and his people won , this is what his people want. cant be sore losers.

On Sat, Jan 28, 2017 at 8:15 PM, Thomas Jr., Landon <[redacted]> wrote:

How are you explaining this to your Saudi friends? Can't believe logical people like Barrack would support such insanity.

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

--

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Landon Thomas, Jr.
Financial Reporter
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/8/2017 12:37:31 AM
**To**: paul krassner [redacted]
**Subject**: Re: P.S.

**Importance**: High

he can only be impeached for high crimes and misdemeanors. not oath breaking. . impeachment not likely , but eventual resignation , a possiblitiy - maybe after a period of time. not for a while. .

money - its a privlege to help

On Tue, Feb 7, 2017 at 8:34 PM, paul krassner <[redacted]> wrote:

> I neglected to mention the importance of ACLU attorneys who have been receiving donations of many millions to aid their actions such as impeaching Trump based on breaking his oath of the affirmation of the constitution...

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/15/2017 11:37:13 AM
**To**: Darren Indyke [[redacted]
**Subject**: Re: TR: update

**Importance**: High

Privileged - Redacted

On Wed, Feb 15, 2017 at 6:11 AM, Darren Indyke <[redacted]> wrote:

# Privileged - Redacted

Sent from my iPhone

Begin forwarded message:

**From:** Etienne Binant <[redacted]>
**Date:** February 14, 2017 at 8:18:41 PM EST
**To:** Darren Indyke <[redacted]>
**Subject: TR: update**

Dear Darren

Latest from JE (indeed, encouraging)

Please let me know when account/wire are active, and how I can access internet banking and start the ball (in fact, it has started)

all the best

e

---

**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40
**À :** Etienne Binant; Lang, Caroline
**Objet :** Re: update

yes, lets start. . yes we are on. sorry with trump around its been very crazy busy

On Fri, Feb 10, 2017 at 7:59 AM, Etienne Binant <[redacted]> wrote:

Hi Jeffrey

Happy to talk to you almost anytime today until around 3PM. Just tell me what number I should reach.

Not sure what got lost in translation here: **never** had the intention to go to any art fair or art show or anything of the kind.

All the artists we have in mind or send to you are people we have direct connections with. Not just their studio, but also their home. They are people the work of whom we follow, and many of them are already friendly (Arianna, Cali have had dinner or stayed home).

The idea is absolutely to have an impact on the ecosystem and to make a difference by supporting great artists when they need it.

Galleries references are important, because galleries allow artist to reach a broader audience. We would go directly to the source.

This is why it's important for me to go to LA or Berlin (or elsewhere) because those artists are not rich yet, they dont travel so much. They belong to a scene, and it does make a big difference to them if you connect in person.

The spirit is to have an impact on young, talented folks, and absolutely to stay at the source.

Once again, not sure was drifted away from this in communication

E

---

**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 12:32
**À :** Etienne Binant
**Cc :** Darren Indyke
**Objet :** Re: update

going to artists studio s much more appropriate , i think

On Thu, Feb 9, 2017 at 9:49 PM, Etienne Binant <[redacted] wrote:

Gentlemen

I hope you are having a great week.

In LA hoping to begin acquiring pieces: are we on?

If not yet, when please

thanks

e

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/15/2017 11:37:26 AM
**To:** Darren Indyke [redacted]
**Subject:** Re: TR: update

**Importance:** High

Privileged - Redacted

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**Cc :** Darren Indyke
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/15/2017 1:52:46 PM
**To:** Michael Wolff [redacted]
**Subject:** Re: A few favors...

**Importance:** High

today only

On Wed, Feb 15, 2017 at 8:31 AM, Michael Wolff <[redacted]> wrote:

When in NYC?

On Wed, Feb 15, 2017 at 8:25 AM, jeffrey E. <jeevacation@gmail.com> wrote:

can you send me an email to forward to tom. hes in the middle o some of the mess at the moment. everyone lawyering up in wash. .

On Wed, Feb 15, 2017 at 8:16 AM, Michael Wolff <[redacted]> wrote:

So...I'm doing this Trump book for a pile of money and with so far quite a bit of cooperation from them (DT called me the other day and spent 45 minutes on the phone ranting and raving about the media--alarming). I wonder if you could introduce me to Tom Barrack--just to say I'm a journalist who you know and trust, and that I'll follow up with a description of the project that I'm doing. Also, I'd love a reintroduction to Kathy Ruemmler. I need some off-the-record perspective on White House procedures.

Are you in NYC soon?

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/16/2017 2:03:54 AM
**To:** Landon Thomas Jr. [redacted]
**Subject:** Re: production: 16db-stocks published

thnks for sending

On Wed, Feb 15, 2017 at 8:36 PM, Landon Thomas Jr. <[redacted]> wrote:

Channeling you! Maybe even the big guy gives it a read. What? This? From the failing NYT?

Sent from my iPhone

Begin forwarded message:

**From:** Scoop Notifications <scoop-notifications@nytimes.com>
**Date:** February 15, 2017 at 8:25:29 PM EST
**Subject: production: 16db-stocks published**

Hi Landon Thomas Jr. -

16db-stocks has been published.

The URL is: http://www.nytimes.com/2017/02/15/business/dealbook/stock-market-investment-trump.html

Please consider sharing the article on social platforms.

Thank you!

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/17/2017 8:26:51 PM
**To:** Darren Indyke [redacted]
**Subject:** Re: update

**Importance:** High

**Privileged - Redacted**

On Fri, Feb 17, 2017 at 8:00 PM, Darren Indyke <[redacted]> wrote:

**Privileged - Redacted**

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**********

Begin forwarded message:

**From:** Etienne Binant <[redacted]>
**Subject: TR: TR: update**
**Date:** February 16, 2017 at 9:29:08 PM EST
**To:** Darren Indyke <[redacted]>

Dear Darren

I hope all is well

can you let me know if the below modus operandi works for you?

all the best

e

---

**De :** Etienne Binant [redacted]
**Envoyé :** mercredi 15 février 2017 18:15
**À :** Darren Indyke
**Objet :** RE: TR: update

Thanks Darren

Good news!

I'm under the impression that checks will be exceptional (they are more cumbersome to handle), and we will use mostly wires.

Considering the time difference, my heavy travel and my own propension to do things at night and on week-ends I would much prefer having an internet code and be able to organize everything online when I need to.

When I use Interaudi (my US bank), they can do that, store the recurring beneficiaries, and do wires in multiple currencies, but I am not familiar with DB.

Of course, you could also have the same access and help me when needed.

Also, your point about bookkeeping is mitigated by the fact that, in any case, I will also need to have someone keeping track of the receipts and inventory, before shipping proofs to you. In any case there will be need for some work on my side before final filing is done.

On the other hand, if there is a "checks and balances" control issue, there could be a cap to my wiring powers (like the 10 K we discussed), that would be absolutely fine for me if this is the intent.

Please do let me know.

We can also talk about it (in Hawai now, free after 2 PM your time)

In any case, this is good and happy news. I'll review the first list of payments over the week-end.

Etienne

---

**De :** Darren Indyke <[redacted]
**Envoyé :** mercredi 15 février 2017 13:00:07
**À :** Etienne Binant
**Objet :** Re: TR: update

There is $1mm in the bank account. We can prepare checks or wires for you to sign upon request. This way book keeping gets done at same time. Just send back up with each request. How does that sound?

Sent from my iPhone

On Feb 14, 2017, at 8:18 PM, Etienne Binant [redacted] wrote:

Dear Darren

Latest from JE (indeed, encouraging)

Please let me know when account/wire are active, and how I can access internet banking and start the ball (in fact, it has started)

all the best

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---

**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 18:40
**À :** Etienne Binant; Lang, Caroline
**Objet :** Re: update

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**De :** jeffrey E. <jeevacation@gmail.com>
**Envoyé :** vendredi 10 février 2017 12:32
**À :** Etienne Binant
**Cc :** Darren Indyke
**Objet :** Re: update

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> Gentlemen
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> I hope you are having a great week.
>
> In LA hoping to begin acquiring pieces: are we on?
>
> If not yet, when please
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> thanks
>
> e

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/19/2017 12:31:38 AM
**To:** Weingarten, Reid [redacted]
**Subject:** Fwd:

---------- Forwarded message ---------
From: Roy Black <[redacted]>
Date: Sun, Feb 19, 2017 at 1:01 AM
Subject: Re:
To: jeffrey E. <jeevacation@gmail.com>

He will be by himself. Perhaps a trump administration aide to assist and accompany him.

Get Outlook for iOS

On Sat, Feb 18, 2017 at 3:30 PM -0800, "jeffrey E." <jeevacation@gmail.com> wrote:

> Who will represent Acosta at hearings
> --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 2/19/2017 10:13:59 AM
**To:** Thorbjøn Jagland [redacted]
**Subject:** Re:

**Importance:** High

yes, that should be possible. remind me how long is the fast train? otherwise ill fly. what days are good for you

On Sun, Feb 19, 2017 at 8:54 AM, Thorbjøn Jagland <[redacted]> wrote:

> Is It possible for you to pass by Strasbourg, it would be great. I really need to understand more about Trump and what's going on in the American society.
>
> fre. 17. feb. 2017 kl. 21.27 skrev jeffrey E. <jeevacation@gmail.com>:
>
> > Im in paris until thurs? you?
> >
> > --
> > please note
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/3/2017 4:27:13 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Masa

**Importance:** High

great , thanks, or new york , or this weekend as donald arrives at 5pm tonight

On Fri, Mar 3, 2017 at 11:26 AM, Thomas Jr., Landon <[redacted]> wrote:
Seems to me he is a natural guy for you; he is going to be in Florida in March for some Trump event. I know some of his financial guys pretty well: I might try to facilitate something if you are not opposed.

On Fri, Mar 3, 2017 at 11:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
have not met

On Fri, Mar 3, 2017 at 9:57 AM, Thomas Jr., Landon <[redacted]> wrote:
Have you met Masa yet? Seems to me he is a person you should know and you are a person he should know.

https://www.nytimes.com/2017/03/03/business/dealbook/masayoshi-son-sprint-and-a-bet-on-the-trump-economy.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/3/2017 4:36:56 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Masa

they believe all on track, . tax policy, big changes. . law and order and immigration. . . jobs. . however russia not going away anytime soon. . lots of people with magnifiying glasses.

On Fri, Mar 3, 2017 at 11:34 AM, Thomas Jr., Landon <[redacted]> wrote:
OK. Let me see what I can do. What is the latest from the inner circle?

On Fri, Mar 3, 2017 at 11:27 AM, jeffrey E. <jeevacation@gmail.com> wrote:
great , thanks, or new york , or this weekend as donald arrives at 5pm tonight

On Fri, Mar 3, 2017 at 11:26 AM, Thomas Jr., Landon <[redacted]> wrote:
Seems to me he is a natural guy for you; he is going to be in Florida in March for some Trump event. I know some of his financial guys pretty well: I might try to facilitate something if you are not opposed.

On Fri, Mar 3, 2017 at 11:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
have not met

On Fri, Mar 3, 2017 at 9:57 AM, Thomas Jr., Landon <[redacted]> wrote:
Have you met Masa yet? Seems to me he is a person you should know and you are a person he should know.

https://www.nytimes.com/2017/03/03/business/dealbook/masayoshi-son-sprint-and-a-bet-on-the-trump-economy.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/5/2017 3:53:26 PM
**To**: Larry Visoski [redacted]
**Subject**: Re: TSA

**Importance**: High

ok

On Sun, Mar 5, 2017 at 10:52 AM, Larry Visoski <[redacted]> wrote:

> Jeffrey
> TSA called me,. They inform closing TSA inspection at 3pm,,
> Asked if we could depart 2:30pm,?
> Is 2:30pm ok for departure,,
> Otherwise it would be after Trump's departure between 4 and 5pm
>
> Is 2:30pm inspection / departure ok?
>
> Thx
> Larry
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/9/2017 3:22:44 PM
**To**: Thomas Jr., Landon [redacted]
**Subject**: Re: Masa...

tell him to ask nathan mhyrvold. . or bin salman

On Thu, Mar 9, 2017 at 11:21 AM, Thomas Jr., Landon <[redacted]> wrote:

Trying to get you in with Masa crowd. Some resistance though, due to all the headlines/controversy -- as you might expect. I tell them about your relationship with Saudis/Gates/Trump crowd, but still doubts. Working on it!

--

Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/9/2017 3:30:52 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Small biz and Trump
**Attachments:** image.png

foot off the brake

On Thu, Mar 9, 2017 at 11:29 AM, Thomas Jr., Landon <[redacted]> wrote:

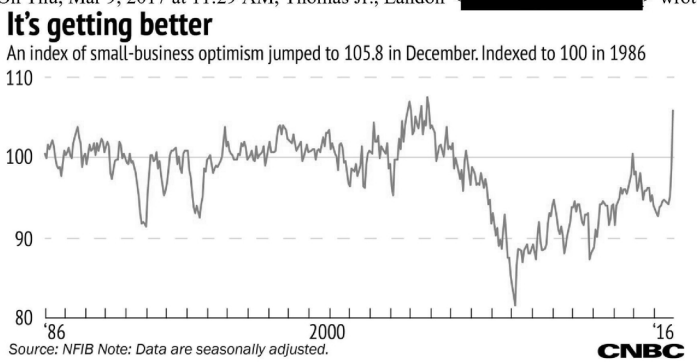


I was in Toledo Ohio yesterday drilling down on small business animal spirits: amazing how bullish they are there -- for all of DJT's craziness, his ability to present himself as a small biz owner pissed off about regulations/health care/anti-business sentiment in White House was a brilliant stroke. They really dig him down there....

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/22/2017 12:09:56 PM
**To:** Lawrence Krauss [redacted]
**Subject:** Re:
**Attachments:** DA866543-7401-4A5A-8E50-FD32E33A50EC.png

**Importance:** High

you told me you were worried about space and i told you not to worry, he will decimate climate change . and support, verifiable projects.

On Wed, Mar 22, 2017 at 7:46 AM, Lawrence Krauss <[redacted]> wrote:

All shoe. This is not supporting science. It is all about the size of the rocket for him. All this will do is give him glory and not contribute to science.

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
Research Office: [redacted] Assistant [redacted]
Origins Office [redacted]
[redacted]
**origins.asu.edu** | **twitter.com/lkrauss1** | [redacted]

ASU Origins PROJECT
ARIZONA STATE UNIVERSITY

Sent from my iPhone

On Mar 22, 2017, at 5:41 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.washingtonpost.com/news/speaking-of-science/wp/2017/03/21/trump-signs-nasa-bill-aimed-at-landing-on-mars/?utm_term=.64cb9bf54e09

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/10/2017 10:41:00 AM
**To**: Joshua Cooper Ramo [redacted]
**Subject**: Re:

Very

On Mon, Apr 10, 2017 at 5:29 AM Joshua Cooper Ramo <[redacted]> wrote:

> In Europe. You well?
>
> On Sun, Apr 9, 2017 at 00:46 jeffrey E. <jeevacation@gmail.com> wrote:
>
> > are you playing a part in the xi trump. fun
> >
> > --
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/29/2017 6:57:28 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re: Re:

new york fun your girl is in the DR . i have no idea

On Sat, Apr 29, 2017 at 2:56 PM, Weingarten, Reid <[redacted]> wrote:

2-3 weeks but Not sure how it will roll....supposed to be serious riots here may 1....lefties are pissed and trump said p.r. can fuck iself....what's with you?

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 29, 2017 2:46 PM
**To:** Weingarten, Reid
**Subject:** Re:

for how long. you can hop to my island with your friend if you like, just give me 24 hrs notice otherwsie i ill be htre around the 19th

On Sat, Apr 29, 2017 at 2:45 PM, Weingarten, Reid <[redacted]> wrote:

San juan...pick the jury monday

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Saturday, April 29, 2017 2:44 PM
**To:** Weingarten, Reid
**Subject:**

where are you / PR or new york

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/8/2017 3:19:07 PM
**To**: Jonathan Farkas [redacted]
**Subject**: Re:

careful she is nottrustworthy at ALLL

On Mon, May 8, 2017 at 10:43 AM, Jonathan Farkas [redacted] wrote:

> I am seeing [redacted] a little bit I don't think it will turn into romance I am a bit old and not tall enough but she seems intelligent and kind Somers got an appointment from Trump she is on The White House Fellowship Commison it came through Woody and [redacted] because she bundled best Jonathan
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/10/2017 2:29:16 AM
**To**: Kathy Ruemmler [redacted]

http://www.foxnews.com/real-estate/2017/05/08/trump-looking-to-unload-caribbean-beach-estate.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/17/2017 8:07:22 AM
**To**: Melanie Walker, MD [redacted]

**Importance**: High

told you http://www.foxnews.com/politics/2017/05/15/trump-expands-ban-on-abortion-funding-overseas.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/21/2017 3:51:09 PM
**To:** anasalrasheed[redacted]
**Subject:** Re:

Yes. His time at home more difficult
On Sun, May 21, 2017 at 11:07 AM <anasalrasheed[redacted]> wrote:

just finished watching trump speech, he did well

Sent from my iPhone

On May 16, 2017, at 1:42 PM, jeffrey E. <jeevacation@gmail.com> wrote:

very complex. I passed your message. . in addition Im not sure what role you and your boss would like to play in the yemen issue moving forward. . I think to progress what you and terje have spoken about, the rebel leaders are ready to propose a document they woudl like a cease fire , and halt . If you like I can pass on their proposal. THIS IS NOT WHAT I DO. my expertise is only money. . but it seems like your part of the world would like advice. very complex for me.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/22/2017 9:52:07 AM
**To:** Alireza Ittihadieh [redacted]
**Subject:** Re: Iran and Trump Speech.

i told you this would happen. its going to get a lot worse before it gets better.

On Mon, May 22, 2017 at 2:58 AM, Alireza Ittihadieh <[redacted]> wrote:

> Mr. Rouhani's supporters also expect his victory, with 57 percent of the vote, to bolster his outreach efforts to the West and the pursuit of more foreign investment to lift Iran's ailing economy.
>
> For those who voted for Mr. Rouhani, there was a feeling of tremendous relief that his challenger, the hard-line cleric Ebrahim Raisi, who criticized the nuclear deal with the United States and other Western powers, had lost.
>
> "Bye-bye, Raisi," the crowds chanted during the street gatherings.
>
> "He faces a difficult task," Fazel Meybodi, a Shiite Muslim cleric from the city of Qum, said of Mr. Rouhani. "Now he must provide more freedoms, break the hard-line monopoly on the state-run radio and television, and increase freedom of press."
>
> To achieve all that, Mr. Rouhani must persuade the hard-line-dominated judiciary and security forces to change their outlook, Mr. Meybodi said. "If he fails to deliver on at least 70 percent of those promises, his future is dark," he added.
>
> For decades, Saudi Arabia and Iran have competed for religious leadership and political influence across the Muslim world and beyond.
>
> Trump is correct, however, Rouhani needs a chance to act.
>
> V-BR
> Alireza Ittihadieh
> [redacted]

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/30/2017 7:53:28 PM
**To:** Landon Thomas [redacted]

https://www.theguardian.com/world/2017/may/29/close-friend-trump-thomas-barrack-alleged-tax-evasion-italy-sardinia?CMP=share_btn_fb

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/30/2017 7:53:55 PM
**To**: Weingarten, Reid [redacted]

**Importance**: High

how did today go . . https://www.theguardian.com/world/2017/may/29/close-friend-trump-thomas-barrack-alleged-tax-evasion-italy-sardinia?CMP=share_btn_fb

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/30/2017 7:54:10 PM
**To:** Michael Wolff [redacted]
**Subject:** Re: Still in NYC

**Importance:** High

https://www.theguardian.com/world/2017/may/29/close-friend-trump-thomas-barrack-alleged-tax-evasion-italy-sardinia?CMP=share_btn_fb

On Tue, May 30, 2017 at 3:46 PM, Michael Wolff <[redacted]> wrote:
His son was in my son's class at Collegiate.

On Tue, May 30, 2017 at 3:26 PM jeffrey E. <jeevacation@gmail.com> wrote:
Krumholtz

On Tue, May 30, 2017 at 3:25 PM Michael Wolff <[redacted]> wrote:
Who is your colonoscopy man?

On Tue, May 30, 2017 at 3:24 PM jeffrey E. <jeevacation@gmail.com> wrote:
Colonoscopy

On Tue, May 30, 2017 at 3:15 PM Michael Wolff <[redacted]> wrote:
Breakfast?

On Tue, May 30, 2017 at 2:28 PM jeffrey E. <jeevacation@gmail.com> wrote:
New York tonight

On Tue, May 30, 2017 at 2:07 PM Michael Wolff <[redacted]> wrote:
I've been cancelled on for today. Appears everybody gone to ground. Seems Priebus decision expected.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/3/2017 1:32:13 AM
**To**: Robert Gold [redacted]

hey, hope this finds you well. our president trump , recently told someone that i had in the past a bulldog lawyer that had sued him , that he tried to get me to stop him. I know of no lawyer at that time separrate from you. does it ring a bell? thx

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/13/2017 1:32:37 AM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

However not firing him might be suicide

On Mon, Jun 12, 2017 at 7:25 PM Kathy Ruemmler <[redacted]> wrote:
Maybe Trump wants to get impeached. Going after Mueller is declaring holy war.

Sent from my iPad

On Jun 12, 2017, at 8:09 AM, jeffrey E. <jeevacation@gmail.com> wrote:

lower right side excrutiating

On Mon, Jun 12, 2017 at 5:56 AM, Kathy Ruemmler <[redacted]> wrote:
All week. How do you know if you have appendicitis?

Sent from my iPad

On Jun 12, 2017, at 7:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Fun? When are you in New York this week
On Mon, Jun 12, 2017 at 7:53 AM Kathy Ruemmler <[redacted]> wrote:
Yes

Sent from my iPad

On Jun 11, 2017, at 10:36 PM, jeffrey E. <jeevacation@gmail.com> wrote:

We're you on tv today?
On Sun, Jun 11, 2017 at 10:35 PM jeffrey E. <jeevacation@gmail.com> wrote:
Navigate wash views on intl law and sanctions

On Sun, Jun 11, 2017 at 8:18 PM Kathy Ruemmler <[redacted]> wrote:
Why does he need counsel?

Sent from my iPad

On Jun 11, 2017, at 10:12 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I assume you do not want to represent. Hamad bin jassim? Qatar. Hired Ashcroft. ? Silly, Anyone you would like to suggest for him?
--
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/17/2017 4:31:26 PM
**To**: Jabor Y. [redacted]

https://www.statnews.com/2017/01/16/donald-trump-palm-beach-doctor/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/10/2017 7:40:41 AM
**To:** Thorbjøn Jagland [redacted]
**Subject:** Re:

Ok but it's easy

On Mon, Jul 10, 2017 at 9:29 AM Thorbjøn Jagland <[redacted]> wrote:

> In Norway. Next time, tell me well in advance, would be interesting to learn more more about Trump. I am totally confused.
>
> lør. 8. jul. 2017 kl. 15.22 skrev jeffrey E. <jeevacation@gmail.com>:
>
> I am in paris you?
>
> --
> please note
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/21/2017 1:39:13 AM
**To**: Kathy Ruemmler [redacted]
**Subject**: Re:

**Importance**: High

Duh

On Thu, Jul 20, 2017 at 8:03 PM Kathy Ruemmler <[redacted]> wrote:

> Trump is truly stupid.

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/24/2017 5:58:38 PM
**To**: Masha Drokova [redacted] Robert Trivers [redacted]
**Subject**: Re: Questions for article

**Importance**: High

you should contact robert trivers

On Thu, Aug 24, 2017 at 1:22 AM, [redacted] wrote:

Jeffrey,

Huffington Post is almost done with their article. They need couple answers to use them for your quotes. Please see below.

**Questions for you**:

1. As a result of Trump's budget cuts, more scientists are turning to private donors for funds. How have you helped these scientists thrive during this time in particular?

2. Why do you think it's important to have funded the Program for Evolutionary Dynamics and how will this program help us in the future?

**Questions for a scientist (can I ask Martin to answer and quote him)?**

1. How has Jeffery Epstein's donations helped you advance your research?

Let me know if you have any questions or comments. Would appreciate speedy response.

Thank you!

Masha

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/24/2017 6:01:15 PM
**To**: Masha Drokova [redacted]
**Subject**: Re: Questions for article

**Importance**: High

I have helped scientists for 20 years. I dont bleive you can say you fully understand a problem unless your ideas can be tested against the evidence. . mathermatics described in one simple equation the motion of the planets that had alluded men for ages. . When asked what was the most important scientific invention for most people. . though people like me said air conditioning? the consensus was ,,, eyeglasses. letting people read past the age of 40.

On Thu, Aug 24, 2017 at 1:22 AM, Masha Drokova [redacted] wrote:

Jeffrey,

Huffington Post is almost done with their article. They need couple answers to use them for your quotes. Please see below.

**Questions for you**:

1. As a result of Trump's budget cuts, more scientists are turning to private donors for funds. How have you helped these scientists thrive during this time in particular?

2. Why do you think it's important to have funded the Program for Evolutionary Dynamics and how will this program help us in the future?

**Questions for a scientist (can I ask Martin to answer and quote him)?**

1. How has Jeffery Epstein's donations helped you advance your research?

Let me know if you have any questions or comments. Would appreciate speedy response.

Thank you!

Masha

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/25/2017 12:11:54 PM
**To**: Stanley Rosenberg [redacted]
**Subject**: Re: I look forward to hearing from you

now?

On Fri, Aug 25, 2017 at 6:13 AM, Stanley Rosenberg <[redacted] wrote:

I am free today after 8 o'clock a. m. EST until 3 p.")

Sent from my iPhone

On 25 Aug 2017, at 09.49, jeffrey E. <jeevacation@gmail.com> wrote:

I recall. Let's skype or phone

On Fri, Aug 25, 2017 at 2:56 AM Stanley Rosenberg [redacted] wrote:

What nice coverage in the Huffington Post.

Living in Europe, I was not aware that Trump's proposed cuts will be so devastating to the scientific community.

You asked me if I would be in New York September 18. Did you have something in mind?

I am 77 and do not travel so well. I have cut back on my plans to travel. I can consider coming to New York, September has anything to do specifically with the vagus nerve - and if it cannot be done with a conference call on Skype.

I will be able to stop in NYC on a future trip.

Linda Stone was the person who I met with years ago. It was Linda who suggested that I contact you.

best wishes,

Stanley

---

**From:** jeffrey E. <jeevacation@gmail.com>
**Sent:** Friday, August 25, 2017 3:22 AM
**To:** Stanley Rosenberg
**Subject:** Re: I look forward to hearing from you

http://www.huffingtonpost.com/entry/private-donor-helps-fund-scientists-after-trumps-proposed_us_599f532ae4b0d0ef9f1c129d

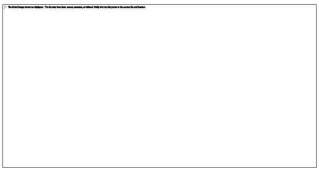

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

On Thu, Aug 24, 2017 at 10:11 AM, Stanley Rosenberg [redacted] wrote:

Dear Jeffrey,

can you please tell me about your interest in the vagus nerve? Why is the vagus nerve important to you?

Perhaps you can refer me to web site where I can learn more about your take on it.

best wishes,

Stanley

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/3/2017 5:02:27 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

Yes cell 212-533-3739

On Sun, Sep 3, 2017 at 6:27 PM Michael Wolff [redacted] wrote:

> Probably won't know until tomorrow. Waiting on both Jared and Trump. Can you chat? have something to ask.
>
> On Sun, Sep 3, 2017 at 12:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> > White House this week?
> >
> > --
> >
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/3/2017 5:25:04 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

sent you his book cover, he has been nominated for the Nobel Peace Prize . on the short list.

On Sun, Sep 3, 2017 at 6:27 PM, Michael Wolff [redacted] wrote:

> Probably won't know until tomorrow. Waiting on both Jared and Trump. Can you chat? have something to ask.
>
> On Sun, Sep 3, 2017 at 12:26 PM, jeffrey E. <jeevacation@gmail.com> wrote:
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> > White House this week?
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/8/2017 8:13:08 AM
**To**: [redacted]
**Subject**: Re:

**Importance**: High

Great

On Fri, Sep 8, 2017 at 9:09 AM [redacted] wrote:

things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/8/2017 8:52:18 AM
**To**: Anas Alrasheed [redacted]
**Subject**: Re:

**Importance**: High

he wants to be needed.

On Fri, Sep 8, 2017 at 9:09 AM, <anasalrasheed[redacted]> wrote:

things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/9/2017 12:34:28 AM
**To:** anasalrasheed[redacted]
**Subject:** Re:

**Importance:** High

See you I in. Ew york thurs?

On Fri, Sep 8, 2017 at 11:48 PM <anasalrasheed[redacted]> wrote:
tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, <anasalrasheed[redacted]> wrote:
i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, <anasalrasheed[redacted]> wrote:
things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/10/2017 9:01:16 AM
**To**: [redacted]
**Subject**: Re: science in Trump time

yes, it could be great. .

On Sun, Sep 10, 2017 at 1:39 AM, [redacted] wrote:

I'll think how to execute on it. I'm very focused on my fund but I want it to exist, will find a way

On Sep 9, 2017, at 3:50 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes a kickstarter with no return , you form a 501 c 3 charity , that can accept donations. and give them out to scientists. . it s avery clever idea. good work!

On Sat, Sep 9, 2017 at 4:46 AM, [redacted] > wrote:

Startup idea - marketplace where a scientist can find a donor. I realize what we've started. We've started a new PR campaign to engage donors to support science during Trump's time.

It can be massive. And you can be a face of if it doesn't sound scary for you 😁 But what I really like it's actually important and we are the first one who started thinking about it

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/12/2017 5:07:38 AM
**To:** [redacted]
**Subject:** Re: Interview with Futurism

Yes

On Tue, Sep 12, 2017 at 5:30 AM [redacted] wrote:
Scheduled. Would you have 30 min - 1 h before/after. Will tell you some more ideas about your interviews and science support

On Sep 11, 2017, at 11:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:59 PM, [redacted] wrote:
nice. should we coordinate it with Leslie?

I'd can join it too, I'm in NYC next week

On Sep 11, 2017, at 11:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes happy to do in person

On Mon, Sep 11, 2017 at 8:51 PM, [redacted] wrote:
great. when is good?
are you coming to New York next week?

On Sep 11, 2017, at 11:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:33 PM, [redacted] wrote:
Jeffrey, https://futurism.com/ editor (fast-growing media about science with over 25M unique readers) would like to have an interview with you. Same topic: Trump's cuts on science and your philanthropy.

Would you be open to talk to them?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/12/2017 5:07:53 AM
**To:** Lesley Groff [redacted]
**Subject:** Fwd: Interview with Futurism

---------- Forwarded message ---------
From: jeffrey E. <jeevacation@gmail.com>
Date: Tue, Sep 12, 2017 at 7:07 AM
Subject: Re: Interview with Futurism
To: [redacted]

Yes

On Tue, Sep 12, 2017 at 5:30 AM [redacted] wrote:
Scheduled. Would you have 30 min - 1 h before/after. Will tell you some more ideas about your interviews and science support

On Sep 11, 2017, at 11:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:59 PM, [redacted] wrote:
nice. should we coordinate it with Leslie?

I'd can join it too, I'm in NYC next week

On Sep 11, 2017, at 11:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes happy to do in person

On Mon, Sep 11, 2017 at 8:51 PM, [redacted] wrote:
great. when is good?
are you coming to New York next week?

On Sep 11, 2017, at 11:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

yes

On Mon, Sep 11, 2017 at 8:33 PM, [redacted] wrote:
Jeffrey, https://futurism.com/ editor (fast-growing media about science with over 25M unique readers) would like to have an interview with you. Same topic: Trump's cuts on science and your philanthropy.

Would you be open to talk to them?

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/13/2017 1:29:54 AM
**To:** Lesley Groff [redacted]
**Subject:** Fwd:

**Importance:** High

---------- Forwarded message ---------
From: <anasalrasheed[redacted]>
Date: Wed, Sep 13, 2017 at 3:13 AM
Subject: Re:
To: jeffrey E. <jeevacation@gmail.com>

perfect👍👍

Sent from my iPhone

On Sep 13, 2017, at 4:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Wed at 2?

On Wed, Sep 13, 2017 at 12:26 AM <anasalrasheed[redacted]> wrote:
hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
if you bussy dont worry i can wait until thursday ..
thnx again

Sent from my iPhone

On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:

see you then :)

On Sat, Sep 9, 2017 at 6:42 PM, <anasalrasheed[redacted]> wrote:
thursday at 6 pm? is that ok?

Sent from my iPhone

On Sep 9, 2017, at 7:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

when is good for you? late thurs? fri lunch whatever you prefer.

On Sat, Sep 9, 2017 at 6:35 PM, <anasalrasheed[redacted]> wrote:
very well .. plz when you have a minute send me the date and the time .. i know the house by now👍

Sent from my iPhone

On Sep 9, 2017, at 7:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:

of course

On Sat, Sep 9, 2017 at 6:30 PM, <anasalrasheed[redacted]> wrote:
😂😂😂
are we meeting in new york?

Sent from my iPhone

On Sep 9, 2017, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

is this some sort of perverted question :) 12 american . of course

On Sat, Sep 9, 2017 at 5:40 PM, <anasalrasheed[redacted]> wrote:
what is your shoes size if you dont mind me asking?

Sent from my iPhone

On Sep 9, 2017, at 4:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:

I think trump cut the legs off your guy . He would like to take all the credit . If there is a deal or be seen to be strong on terror

On Sat, Sep 9, 2017 at 2:34 AM jeffrey E. <jeevacation@gmail.com> wrote:
See you I in. Ew york thurs?

On Fri, Sep 8, 2017 at 11:48 PM <anasalrasheed[redacted]> wrote:
tamem just called mbs .. he want to sit and talk .. breakthrough

Sent from my iPhone

On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

I will get larson to call you

On Fri, Sep 8, 2017 at 12:26 PM, <anasalrasheed[redacted]> wrote:
i will bring you some kuwaiti gifts but not food😊

Sent from my iPhone

On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:

what is your schedule in new york how long will you be there?

On Fri, Sep 8, 2017 at 9:09 AM, <anasalrasheed[redacted]> wrote:
things look very bad in the gulf .. my feeling trump do not want to end it

Sent from my iPhone

On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:

your man did well . congragulations

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/20/2017 10:34:14 PM
**To:** Anas Alrasheed [redacted]
**Subject:** Re:

**Importance:** High

no need :)

On Wed, Sep 20, 2017 at 6:26 PM, <anasalrasheed[redacted]> wrote:

thnx jeff .. i m praying

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked. :)

On Wed, Sep 20, 2017 at 5:57 PM, <anasalrasheed[redacted]> wrote:

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/20/2017 10:34:58 PM
**To:** Anas Alrasheed [redacted]
**Subject:** Re:

**Importance:** High

your watch turned out to be a truly great investment :)

On Wed, Sep 20, 2017 at 6:26 PM, <anasalrasheed [redacted]> wrote:

thnx jeff .. i m praying [redacted]

Sent from my iPhone

On Sep 21, 2017, at 1:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

the book worked. :)

On Wed, Sep 20, 2017 at 5:57 PM, <anasalrasheed [redacted]> wrote:

only for you .. trump is on the phone today .. it is possible any minute that all parties will be on one table in new york including my dear old man to put an end to this

Sent from my iPhone

On Sep 20, 2017, at 11:51 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Im certain you understand - I'm sure you will have a great new year . No need to respond

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/27/2017 2:56:10 PM
**To**: Thomas Jr., Landon [redacted]
**Subject**: Re: Got another call from Connelly..

thx

On Wed, Sep 27, 2017 at 10:47 AM, Thomas Jr., Landon <[redacted]> wrote:

He is digging around again -- not clear if its another book/or expanded paperback version. Was asking me all sorts of questions about why you hired Ken Starr. I told him I had no idea -- I think he is doing some Trump-related digging too.

Anyway, for what its worth...

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/30/2017 9:46:50 PM
**To**: Larry Visoski [redacted]
**Subject**: Re: STT

no hes going to pr only maybe pence on fri

On Sat, Sep 30, 2017 at 1:43 PM, Larry Visoski <[redacted]> wrote:

> Jeffrey
> I hear Pres Trump arrives in St Thomas on Tuesday FYI
>
> Thx
> Larry
>
> Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/16/2017 9:52:54 PM
**To:** Lesley Groff [redacted]
**Subject:** Re:

**Importance:** High

27

On Thu, Nov 16, 2017 at 4:48 PM, Lesley Groff <[redacted]> wrote:

We have a ticket for [redacted] to go back to Paris on Nov 24. What date shall I change this to since she will be traveling with you?

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment we will go to lsh on sunday the 26th early then to new york where i will stay the week, larry , it will be assayay and I , trump is in town that week,

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 11/17/2017 11:58:02 AM
**To:** Lesley Groff [redacted]
**Subject:** Re: Marilyn

**Importance:** High

ok

On Fri, Nov 17, 2017 at 6:56 AM, Lesley Groff [redacted] wrote:
OK,…and are you OK with Larry getting you a car to take you to 71st upon landing at Teterboro on No. 26th?

On Nov 17, 2017, at 6:54 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i will show up at aroudn 11 pm sunday so plenty of time

On Fri, Nov 17, 2017 at 6:48 AM, Lesley Groff [redacted] wrote:
Reminder: Jojo and Merwin both requested off Nov. 25 and 26 to be with family in town and celebrate Brianna's 16th Birthday. We will need to bring Marilyn to NY to help prepare for your arrival. We should have Sonam and Leo to help as well. Shall we get a flight for Marilyn early Sat. Nov. 25th morning?

On Nov 16, 2017, at 6:47 PM, jeffrey E. <jeevacation@gmail.com> wrote:

marilyn

On Thu, Nov 16, 2017 at 6:37 PM, Lesley Groff [redacted] wrote:
Will you want to bring back Marilyn or Carluz/Arline for the week you are in NY?

Sent from my iPhone

On Nov 16, 2017, at 4:46 PM, jeffrey E. <jeevacation@gmail.com> wrote:

at the moment we will go to lsh on sunday the 26th early then to new york where i will stay the week, larry , it will be assayay and I , trump is in town that week,

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/2/2017 5:13:28 PM
**To**: Richard Kahn [redacted]
**Subject**: Re:
**Attachments**: IMG_4779.jpg

schwartman

On Sat, Dec 2, 2017 at 11:52 AM, Richard Kahn [redacted] wrote:

Trump in your neighborhood today. Looks like he is going to 740 Park for a fundraiser.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [redacted]
Fax [redacted]
Cell [redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/11/2017 3:53:10 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

I KNOW

On Mon, Dec 11, 2017 at 4:43 PM Weingarten, Reid <[redacted]> wrote:

Weird connections....i know glenn simpson very well....more to be said about that when I see you

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, December 11, 2017 9:12 AM
**To:** Weingarten, Reid
**Subject:**

https://www.washingtontimes.com/news/2017/dec/10/glenn-simpsons-fusion-gps-ran-donald-trump-smear-c/

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/3/2018 7:02:31 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

**Importance:** High

not that i know of

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid <[redacted]> wrote:

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid <[redacted]> wrote:

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/3/2018 7:03:19 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

**Importance:** High

it also includes barrack, saying not is only donald crazy but hes stupid. SO MCH FUN

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid <[redacted]> wrote:

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

---

**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid <[redacted]> wrote:

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/3/2018 7:14:36 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re:

**Importance:** High

no. but no questions donalds statement is goofy. . early dementia?

On Wed, Jan 3, 2018 at 2:12 PM, Thomas Jr., Landon <[redacted]> wrote:
No doubt he and DT know each other well too. Have to say, he is looking/sounding increasingly unhinged -- are you tempted to take any money off the table in the markets?

On Wed, Jan 3, 2018 at 2:04 PM, jeffrey E. <jeevacation@gmail.com> wrote:
yup

On Wed, Jan 3, 2018 at 1:08 PM, Thomas Jr., Landon <[redacted]> wrote:
I know -- have been reading it. Good old MW. You still talk to him?

On Wed, Jan 3, 2018 at 1:05 PM, jeffrey E. <jeevacation@gmail.com> wrote:
http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/4/2018 3:46:44 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re: Re:

i tried a coupe of times [redacted]

On Thu, Jan 4, 2018 at 10:37 AM, Weingarten, Reid <[redacted]> wrote:

Call me...[redacted]

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 8:11 PM
**To:** Weingarten, Reid
**Subject:** Re: Re:

[redacted]

On Wed, Jan 3, 2018 at 7:24 PM Weingarten, Reid <[redacted]> wrote:

As usual you nailed it....tomorrow will be an interesting day

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 2:03 PM

**To:** Weingarten, Reid
**Subject:** Re:

it also includes barrack, saying not is only donald crazy but hes stupid. SO MCH FUN

On Wed, Jan 3, 2018 at 2:01 PM, Weingarten, Reid <[redacted]> wrote:

Does he have a lawyer? Is he dealing with mueller?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Wednesday, January 3, 2018 1:53 PM
**To:** Weingarten, Reid
**Subject:** Re:

told you

On Wed, Jan 3, 2018 at 1:11 PM, Weingarten, Reid <[redacted]> wrote:

Internet is crashing right now about this....trump apparently off his rocker

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, January 03, 2018 1:05 PM
**To:** Weingarten, Reid
**Subject:**

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/4/2018 6:17:52 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

Great

On Thu, Jan 4, 2018 at 1:10 PM Kathy Ruemmler <[redacted]> wrote:

> Finally got the apartment so can "move in" tomorrow.
>
> On Jan 4, 2018, at 10:29 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> https://www.google.com/amp/s/www.hollywoodreporter.com/amp/news/michael-wolff-my-insane-year-inside-trumps-white-house-1071504
>
> On Thu, Jan 4, 2018 at 10:27 AM, Kathy Ruemmler <[redacted]> wrote:
>
> > Now being reported that Trump's lawyers sent a letter to MW's publisher demanding that they not publish the book.
>
> --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/5/2018 11:17:30 AM
**To:** Michael Wolff [redacted]
**Subject:** Re:

ok, barrack keeps texting me. good luck this morning. the next question is who will do YOUR biography now that you are world famous :)/ have fun today

On Fri, Jan 5, 2018 at 6:04 AM, Michael Wolff <[redacted]> wrote:

Just passing reference that you, Tom Barrack, and Trump were once friends. One mention. No inference.

On Thu, Jan 4, 2018 at 8:41 PM, jeffrey E. <jeevacation@gmail.com> wrote:

am i mentioned in the book? .

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/8/2018 11:02:22 AM
**To:** Michael Wolff [redacted]
**Subject:** Re:

Yes On conference finish in 10 min

On Mon, Jan 8, 2018 at 5:57 AM Michael Wolff <[redacted]> wrote:

Up?

On Sun, Jan 7, 2018 at 9:37 PM jeffrey E. <jeevacation@gmail.com> wrote:

[redacted]

On Sun, Jan 7, 2018 at 7:46 PM, Michael Wolff <[redacted]> wrote:

Just his plan. Trump is going to go down--why doesn't use this opportunity to strike out on his own? Also, gently imply I have tapes. I wonder, btw, if he isn't interested in talking to you about in fact bringing down Trump. Can't wait to hear?

On Sun, Jan 7, 2018 at 7:31 PM jeffrey E. <jeevacation@gmail.com> wrote:

I didn't offer him a time yet . As I need my marching orders;)

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/8/2018 11:27:44 AM
**To:** Michael Wolff [redacted]
**Subject:** Re:

The rich and powerful ALWAYS send lawyers letters . A book about any one of them takes more time to publish as I must be -and I am , meticulous about documentation and back up

On Mon, Jan 8, 2018 at 6:02 AM jeffrey E. <jeevacation@gmail.com> wrote:
Yes On conference finish in 10 min

On Mon, Jan 8, 2018 at 5:57 AM Michael Wolff <[redacted]> wrote:
Up?

On Sun, Jan 7, 2018 at 9:37 PM jeffrey E. <jeevacation@gmail.com> wrote:
[redacted]

On Sun, Jan 7, 2018 at 7:46 PM, Michael Wolff <[redacted]> wrote:
Just his plan. Trump is going to go down--why doesn't use this opportunity to strike out on his own? Also, gently imply I have tapes. I wonder, btw, if he isn't interested in talking to you about in fact bringing down Trump. Can't wait to hear?

On Sun, Jan 7, 2018 at 7:31 PM jeffrey E. <jeevacation@gmail.com> wrote:
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/15/2018 2:57:30 AM
**To**: Lawrence Krauss [redacted]
**Subject**: Re: no chile

**Importance**: High

He publicly shed and defend ed his told in publishing trash . Right to know I think you should distinguish yourself from trump

On Sun, Jan 14, 2018 at 9:52 PM jeffrey E. <jeevacation@gmail.com> wrote:
Of course

On Sun, Jan 14, 2018 at 9:36 PM Lawrence Krauss <[redacted]> wrote:
so.. what do you think of the letter on the whole? This is very scary, but I see that they keep contacting students, postdocs etc, and are
not letting up.. I really need your feedback.
will talk tomorrow.. on plane now.

On Jan 14, 2018, at 3:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

why?

On Sun, Jan 14, 2018 at 5:34 PM, Lawrence Krauss <[redacted]> wrote:
have cancelled my flight to chile.. did so while on way to jfk and found a flight to portland at the same time.. will be home tonight.. can we talk tomorrow?

**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

-Origins Project 10 Year Celebration-
Be a part of something 10 years in the making!
April 5-9th 2018 – *Visit for more info*

<image002.png>

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**Lawrence M. Krauss**
**Director, The Origins Project at ASU**
**Co-Director, Cosmology Initiative**
**Foundation Professor**
School of Earth & Space Exploration and Physics Department
Arizona State University, P.O. Box 871404, Tempe, AZ 85287-1404
[redacted]
origins.asu.edu | twitter.com/lkrauss1 | krauss.faculty.asu.edu

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April 5-9th 2018 – *Visit for more info*

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 1/15/2018 3:17:18 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

**Importance**: High

yes, he refused their resignations . so i am told.

On Mon, Jan 15, 2018 at 10:05 AM, Weingarten, Reid <[redacted]> wrote:

And...???? Trump stopped them? He cannot stand mcgahn

**From:** jeffrey E. [mailto:jeevacation@gmail.com]
**Sent:** Monday, January 15, 2018 10:02 AM
**To:** Weingarten, Reid
**Subject:**

mcgann and mcmasters tried to resign

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 2/13/2018 2:19:01 PM
**To**: Kathy [redacted]
**Subject**: Re: Obama admin discussed how much to share about Russia with incoming Trump team - CNNPolitics

saw it -good girl

On Tue, Feb 13, 2018 at 9:16 AM, Kathy <[redacted]> wrote:

> https://www.cnn.com/2018/02/12/politics/susan-rice-email-russia-investigation-trump-team/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/4/2018 11:45:02 AM
**To**: Sultan Bin Sulayem [redacted]
**Subject**: Re: Joe cinque

never heard off him . donald is close to no one. . he talks to many people. he tells each one something differnt.

On Sun, Mar 4, 2018 at 5:29 AM, Sultan Bin Sulayem <[redacted]> wrote:

> Do you know him I heard he is so close to trump
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/4/2018 2:35:53 PM
**To**: Jonathan Farkas[redacted]
**Subject**: Re:

i like him  i know him

On Sun, Mar 4, 2018 at 9:26 AM, Jonathan Farkas <[redacted]> wrote:

> I went to the trump mar a lago speech trump gave Saturday he isn't kidding about a trade war he said we have nothing to loose because we are already loosing he used the example of Indian motorbikes coming into the us and India charges 125 percent for Harley's quite frankly I wouldn't ride an Indian motorbike if you paid me and 99 .9 percent of Indians can't afford a Harley belt buckle .last night went to James cohens house a palace he is s nice guy we had a long talk he sold Hudson news and now into multi family housing we should get together for lunch I am going to get to know him better best stay well jonathan
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/7/2018 11:49:41 AM
**To**: LHS [redacted]
**Subject**: Re: What's up in trump World?

[redacted]

On Wed, Mar 7, 2018 at 4:51 AM, LHS <[redacted]> wrote:

> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: [redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/8/2018 12:13:48 AM
**To**: LHS [redacted]
**Subject**: Re: What's up in trump World?

?

On Wed, Mar 7, 2018 at 4:51 AM, LHS <[redacted]> wrote:

> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at:[redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/24/2018 12:26:50 PM
**To**: Kathy Ruemmler [redacted]
**Subject**: Re:

**Importance**: High

but -accurate

On Sat, Mar 24, 2018 at 8:26 AM, Kathy Ruemmler <[redacted]> wrote:

> Not confidence inspiring
>
> Sent from my iPad
>
> On Mar 24, 2018, at 6:38 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home
>
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/24/2018 12:59:19 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

plenty of blame. mostly the feminists

On Sat, Mar 24, 2018 at 8:46 AM, Kathy Ruemmler <[redacted]> wrote:

I blame the plutocracy

On Mar 24, 2018, at 8:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:

but -accurate

On Sat, Mar 24, 2018 at 8:26 AM, Kathy Ruemmler <[redacted]> wrote:

Not confidence inspiring

Sent from my iPad

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/24/2018 1:15:12 PM
**To**: Stephen Hanson [redacted]

https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/24/2018 1:16:30 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

**Importance:** High

i was kidding

On Sat, Mar 24, 2018 at 9:14 AM, Kathy Ruemmler <[redacted]> wrote:

Careful, or the pendulum is going to swing hard the other way and feminists will be in charge of everything

On Mar 24, 2018, at 8:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

plenty of blame. mostly the feminists

On Sat, Mar 24, 2018 at 8:46 AM, Kathy Ruemmler <[redacted]> wrote:

I blame the plutocracy

On Mar 24, 2018, at 8:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:

but -accurate

On Sat, Mar 24, 2018 at 8:26 AM, Kathy Ruemmler <[redacted]> wrote:

Not confidence inspiring

Sent from my iPad

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 3/24/2018 4:15:12 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re:

see you at 2 , i ordered sushi for you

On Sat, Mar 24, 2018 at 9:17 AM, Kathy Ruemmler <[redacted]> wrote:
So was I, mostly. :-)

On Mar 24, 2018, at 9:16 AM, jeffrey E. <jeevacation@gmail.com> wrote:

i was kidding

On Sat, Mar 24, 2018 at 9:14 AM, Kathy Ruemmler <[redacted]> wrote:
Careful, or the pendulum is going to swing hard the other way and feminists will be in charge of everything

On Mar 24, 2018, at 8:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

plenty of blame. mostly the feminists

On Sat, Mar 24, 2018 at 8:46 AM, Kathy Ruemmler <[redacted]> wrote:
I blame the plutocracy

On Mar 24, 2018, at 8:26 AM, jeffrey E. <jeevacation@gmail.com> wrote:

but -accurate

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Not confidence inspiring

Sent from my iPad

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https://www.thedailybeast.com/how-close-is-donald-trump-to-a-psychiatric-breakdown?ref=home

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/10/2018 2:36:47 PM
**To:** Michael Wolff [redacted]
**Subject:** Re:

[redacted]

On Tue, Apr 10, 2018 at 10:18 AM, Michael Wolff <[redacted]> wrote:
chat? #?

On Tue, Apr 10, 2018 at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
trump likely to hire dershowitz , no kidding

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/10/2018 9:26:01 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Your buddies!

he might become trumps lawyer. its under discussion. NUTS~~!!!

On Tue, Apr 10, 2018 at 5:20 PM, Thomas Jr., Landon <[redacted]> wrote:

1 reply4 retweets1 like

1

4

1

2. **Maggie Haberman** @maggieNYT 9m

Some news - Dershowitz has been at the White House for part of today as Trump seeks his input, and he's supposed to have dinner with the president tonight, per WH sources


Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html



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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/18/2018 4:53:58 PM
**To:** Nicholas Ribis [redacted]

https://www.nytimes.com/2018/04/18/us/politics/trump-stormy-daniels-sketch.html?mabReward=ART_CB1&recid=13Q5G7HYxXozluDD1YIiddYajNS&recp=1&moduleDetail=recommendations-1&action=click&contentCollection=Asia%20Pacific&region=Footer&module=WhatsNext&version=WhatsNext&contentID=WhatsNext&src=recg&pgtype=article

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 4/22/2018 7:28:13 PM
**To:** Michael Wolff [redacted]
**Subject:** Re: Tomorrow

Trump-Financial-Disclosure-2017.pdf

On Sun, Apr 22, 2018 at 3:24 PM, Michael Wolff <[redacted]> wrote:
You're killing me.

On Sun, Apr 22, 2018 at 3:18 PM jeffrey E. <jeevacation@gmail.com> wrote:
18 usc 981

On Sun, Apr 22, 2018 at 3:01 PM Michael Wolff <[redacted]> wrote:
Just remembered I have to give a luncheon talk tomorrow. So if, by any chance, you got an opening tomorrow AM that would be terrific.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 5/9/2018 10:33:34 AM
**To:** Lawrence H. Summers [redacted]
**Subject:** Re:

https://www.motherjones.com/politics/2017/08/a-putin-friendly-oligarchs-top-us-executive-donated-285000-to-trump/

On Tue, May 8, 2018 at 8:24 PM LHS <[redacted]> wrote:

I am now.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On May 8, 2018, at 8:19 AM, jeffrey E. <jeevacation@gmail.com> wrote:

https://www.bloomberg.com/news/articles/2018-05-07/d-e-shaw-fired-fund-manager-michalow-for-gross-violations STAY AWAY!

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/6/2018 10:29:46 PM
**To**: Weingarten, Reid [redacted]

trump looking for attny, considering rifkin
--
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/22/2018 1:58:37 PM
**To**: Darren Indyke [redacted]

**Importance**: High

https://www.thedailybeast.com/how-did-trump-and-clinton-pal-jeffrey-epstein-escape-metoo

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 6/24/2018 1:59:24 PM
**To:** Thorbjøn Jagland [redacted]
**Subject:** Re:

churkin was great . he understood trump after our conversations. it is not complex. he must be seen to get something its that simple.

On Sun, Jun 24, 2018 at 3:28 PM, Thorbjøn Jagland <[redacted]> wrote:

I'll meet Lavrovs assistant on Monday and will suggest
Thank you fo a lovely evening. I'll com to un high level week

søn. 24. jun. 2018 kl. 15:18 skrev jeffrey E. <jeevacation@gmail.com>:

I think you might suggest to putin, that lavrov , can get insight on talking to me. vitaly churkin used to . but he died. ? !

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 7/13/2018 11:11:16 AM
**To**: Paul Barrett [redacted]; Richard Kahn [redacted]

**Importance**: High

Im not angry , sorry, it is sad. it is apparent that you have no experience trading. we both made a mistake. . the spy trades were the results of a rank amatuer. . you took a postion on the direction of the market. ok. you decided to play it extra short time and short. . why? becaue the options are cheaper. ? knowing full well that time premium was running. . first silly move. . I allowed as promised to give you authority. . you set a target. . it hit the traget , you moved in back. based on media reporting on trump visit? you didnt act. the market dipped and you panicked. . AMATEUR . wrong options wrong timing , no discipline and as a percentaage of investment. a one day dip fof 25%. wanting to buy the highter strike , is ok. but why the same month? why the same moment. why the same index. . sorry. I have taught this for many years. and your grade is an F. not one good move in many. . re broadcom. the crack happend in the morning. options were higher. no alternative presented. no analysis. , this is no way to manage money. I have lost a great deal of money hoping you would be able to do as you promised you could . would. . Had you told me , jeffrey I d like to try a new job as a manager lets start slow I can learn . i would be less annoyed. you told me you had great confidence knew the risks and truly believed you would be able to raise money .do well and prosper. . If it were not you, this would have ended months ago. . we should work on a solution . not sure yet what shape it takes.

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/17/2018 12:42:20 AM
**To:** LHS [redacted]
**Subject:** Re:

**Importance:** High

Not that i know . I would doubt it. He was totally predictable!! Not sure why it is not obvious, can explain on phone

On Mon, Jul 16, 2018 at 8:31 PM LHS <[redacted]> wrote:

> Do the Russians have stuff on Trump?
>
> Today was appalling even by his standards.
>
> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: [redacted]
>
> Follow me on twitter @lhsummers
> www.larrysummers.com
>
> On Jul 16, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> wed presidnt of united nations , interesting person for you
>
> On Sun, Jul 15, 2018 at 6:28 PM, LHS <[redacted]> wrote:
>
> > Unsure. What is up
> >
> > Sent from my iPhone
> >
> > Please direct all scheduling inquiries to my office at: [redacted]
> >
> > Follow me on twitter @lhsummers
> > www.larrysummers.com
> >
> > On Jul 15, 2018, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:
> >
> > new york soon?
> >
> > --
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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/17/2018 12:13:00 PM
**To:** LHS [redacted]
**Subject:** Re:

**Importance:** High

[redacted]

On Tue, Jul 17, 2018 at 8:01 AM, LHS <[redacted]> wrote:

Will call later. What number?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 7:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

my email is full with similar comments . wow
Im sure his view is that it went super well . he thinks he has charmed his adversary. . Admittedly he has no idea of the symbolism . He has no idea of most things

On Mon, Jul 16, 2018 at 8:18 PM, LHS <[redacted]> wrote:

Do the Russians have stuff on Trump?

Today was appalling even by his standards.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 16, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wed presidnt of united nations , interesting person for you

On Sun, Jul 15, 2018 at 6:28 PM, LHS <[redacted]> wrote:

Unsure. What is up

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 15, 2018, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

new york soon?

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 7/18/2018 2:58:35 PM
**To:** LHS [redacted]
**Subject:** Re:

november now a toss up

On Tue, Jul 17, 2018 at 8:51 PM, LHS <[redacted]> wrote:

Just tried back. Now here

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 8:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:

just tried

On Tue, Jul 17, 2018 at 8:12 PM, LHS <[redacted]> wrote:

Just tried u. Am at [redacted]

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 5:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

?

On Tue, Jul 17, 2018 at 8:01 AM, LHS <[redacted]> wrote:

Will call later. What number?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 17, 2018, at 7:42 AM, jeffrey E. <jeevacation@gmail.com> wrote:

my email is full with similar comments . wow

Im sure his view is that it went super well . he thinks he has charmed his adversary. . Admittedly he has no idea of the symbolism . He has no idea of most things

On Mon, Jul 16, 2018 at 8:18 PM, LHS <[redacted]> wrote:

Do the Russians have stuff on Trump?

Today was appalling even by his standards.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 16, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

wed presidnt of united nations , interesting person for you

On Sun, Jul 15, 2018 at 6:28 PM, LHS <[redacted]> wrote:

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Sent from my iPhone

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Follow me on twitter @lhsummers
www.larrysummers.com

On Jul 15, 2018, at 6:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

new york soon?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/21/2018 10:36:45 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

palm beach.

On Tue, Aug 21, 2018 at 6:34 PM Weingarten, Reid <[redacted]> wrote:

Quite a day...have a feeling cohen is just beginning to make trouble...where are you?

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 5:57 PM
**To:** Weingarten, Reid
**Subject:**

avenatti civil suit now goes front and center? I guess trump just refuses ? how are you feeling?

--

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 8/22/2018 3:35:51 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

[redacted]

On Wed, Aug 22, 2018 at 11:30 AM, Weingarten, Reid <[redacted]> wrote:

Do you have 5 minutes today? You could actually help me on something I think...(mizrahi bank wants to hire me)

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 6:38 PM
**To:** Weingarten, Reid
**Subject:** Re:

david pecker ? what happends to him

On Tue, Aug 21, 2018 at 6:34 PM Weingarten, Reid <[redacted]> wrote:

Quite a day...have a feeling cohen is just beginning to make trouble...where are you?

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Tuesday, August 21, 2018 5:57 PM
**To:** Weingarten, Reid
**Subject:**

avenatti civil suit now goes front and center? I guess trump just refuses ? how are you feeling?

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/22/2018 4:26:31 PM
**To**: Tim Zagat [redacted]
**Subject**: Re:

im back in ny after the 15th of sept

On Wed, Aug 22, 2018 at 12:16 PM, Tim Zagat <[redacted]> wrote:

> Jeffrey,
>
> I'm sending you a copy of *House of Trump, House of Putin* in case you haven't already received 10.
>
> When are you available to get together?
>
> - Tim

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 8/29/2018 4:27:12 PM
**To**: Nicholas Ribis [redacted]
**Subject**: Re: Donald Trump only lasted 2 minutes during sex says Stormy Daniels | Bossip

did you get your money?

On Wed, Aug 29, 2018 at 12:19 PM, Nicholas Ribis <[redacted]> wrote:

> In Europe saw this it will drive him crazy!!
> https://bossip.com/1664506/premature-potus-stormy-daniels-says-donald-trump-only-lasted-2-minutes-inside-her-pornographic-pleasure-pocket-43081/
>
> Sent from my iPhone

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/4/2018 1:40:13 AM
**To:** Neal Kassell[redacted]
**Subject:** Re: Introduction

yes

On Mon, Sep 3, 2018 at 8:50 PM, Neal Kassell <[redacted]> wrote:

Will do

Does Leslie do your schedule?

Sent from my iPad
N F Kassell MD
[redacted]

On Sep 3, 2018, at 8:49 PM, jeffrey E. <jeevacation@gmail.com> wrote:

yes, will be in town , coordiante a time closer . look forward to it

On Mon, Sep 3, 2018 at 8:46 PM, Neal Kassell <[redacted]> wrote:

Thanks [redacted]

Jeffery – look forward to meeting you. Wish [redacted] was with us. I will be in New York from Tuesday the 25th through Friday, 28 September. Let me know if you are available.

Be well.

Sent from my iPhone
N F Kassell MD
[redacted]

On Sep 3, 2018, at 8:42 PM, [redacted] wrote:

Jeffrey - Neal

Neither of you requires introduction. I've known Jeffrey 28 years and this isn't a joke - Donald Trump introduced us. I first met Neal in 16 years ago when Bob Pirie introduced us ...

Neal will be visiting NYC end of month.

I think you would both enjoy spending time together -

Thanks to you both for always supporting me.

You are both copied.

[redacted]

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/7/2018 3:17:10 PM
**To**: Stephen Hanson [redacted]

https://www.nytimes.com/2018/09/06/us/politics/trump-un-security-council-iran.html?action=click&module=Top%20Stories&pgtype=Homepage

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 9/17/2018 7:12:25 PM
**To:** Thomas Jr., Landon [redacted]
**Subject:** Re: Smart analysis on big tech -- Apple section highlighted

its the leader for the next years .

On Mon, Sep 17, 2018 at 2:35 PM, Thomas Jr., Landon <[redacted]> wrote:

# China's big tech stocks have fallen into a bear market at the same time that regulatory threats against U.S. big tech companies are gaining momentum. Can U.S. big tech stocks soldier on alone or is this a harbinger that the group as a whole is losing its tremendous leadership position?

- Sep 13, 2018
- Technology & Security
- Tech Backlash
- Save Article
- Download PDF

- big-tech-backlash

In recent months, China's BAT collapse has demonstrated how costly the expectation of invincibility can be—**Baidu, Alibaba, and Tencent are all down more than 24% from their year-to-date closing highs**. Citigroup's head of Asia strategy, Mohammed Apabhai, told *CNN* an apt analogy about the investor sentiment that led to BAT's collapse, likening "the exuberance for tech stocks to the Looney Tunes cartoons in which Wile E. Coyote chases Road Runner over a cliff." **Given they've more or less moved in tandem for years, will FAANG follow the same path as BAT?**

*Source: Stockcharts.com*

The BAT collapse was triggered by subpar earnings and a shifting regulatory environment in China. Facebook's miss in 2Q18—which drove a $120 billion single-day market cap loss, the biggest ever for a U.S. company—showed how decisive a turn could be if more U.S. tech darlings stumble this quarter.

**There are mounting fundamental reasons to question the 3Q18 earnings prospects of FAANG**, from the accelerating user backlash against Facebook to Apple's trade war exposure to Amazon's rapidly-intensifying workforce revolt that could see the e-commerce giant left with no option but to raise wages and improve workplace conditions for its warehouse and Whole Foods employees.

However, as Apabhai suggests, the message BAT is sending is less about earnings, and more about the cost of exuberance. And FAANG exuberance faces threats that go beyond fundamentals. **A flurry of regulatory announcements last week signaled the political tide has turned in the U.S. Across every branch of government, the message was consistent: the U.S. no longer trusts tech giants to self-police. And the public agrees—according to a Gallup poll last month, 79% of Americans now believe "tech companies should be regulated the same way the news media is."**

Regardless of political will, threats may not turn to action in the near term. Nonetheless, FAANG appears increasingly vulnerable to a decisive sentiment shift. At some point, the relentless barrage of bad news will force investors to begin pricing in regulatory risks. Any sustained stumble by FAANG's leadership could cripple exuberance, and cause an unraveling of passive and algorithmic strategies that are heavily overweight tech (see *WILTW* April 7, 2018 for more). **We will continue to watch closely to estimate timing, but given BAT's collapse, today more than ever, acute scrutiny of tech giant leadership is required.**

Through August 28, Amazon, Apple and Microsoft had accounted for greater than 35% of the S&P 500's total return this year, according to S&P Dow Jones Indices data. It took Amazon just 165 trading days to grow its market value from $600 billion in January to $1 trillion. The combined market cap of FAAMG (Facebook, Apple, Amazon, Microsoft, and Google) now sits over $4 trillion, or roughly equal to the combined market cap of the 283 smallest S&P 500 members.

**Tech's continued market leadership means investors have largely discounted the mounting risks tech giants face.** We have been warning about the downsides of tech giant monopolism for more than two years in these pages, from surveillance/data security concerns to anticompetitive behavior and their role in escalating inequality. **For the political establishment, for the media, for the public, this year has seen a broad awakening—**the Cambridge Analytica scandal, the backlash against Jeff Bezos' astonishing wealth, and tech's ever-skyrocketing market caps were all warning signs. **The past month signals a new phase has begun: from a distant rumbling of change to preparation for action.**

The number of significant tech-related regulatory developments that have emerged from the U.S. and the E.U. in recent weeks is nothing short of staggering. Here is an abbreviated list:

- President Trump attacked Google for liberal bias, and claimed Google, Facebook, and Amazon represent "a very antitrust situation".
- **Attorney General Jeff Sessions convened a meeting of Republican state attorneys general** to discuss whether tech giants "may be hurting competition and intentionally stifling the free exchange of ideas on their platforms."
- Facebook, Twitter, and Google were called to testify in front of the House and Senate about election interference, political bias, etc. Google declined to attend.
- The FTC has begun a series of **hearings on Digital Age antitrust**, the first such hearings since the 1990s.
- The FTC revealed the hiring of Lina Kahn—heralded for authoring a groundbreaking antitrust argument against Amazon—as an advisor. (See section 5 for more.)
- **Republican Senator Orrin Hatch asked the FTC to reopen a 2013 antitrust case against Google.**
- Democratic Senator Mark Warner released a six-point policy proposal on regulating the tech industry.
- Democratic Senator Bernie Sanders proposed the "BEZOS Act", which would tax corporations one dollar for every dollar low-wage workers receive in government health-care benefits or food stamps.
- **The E.U. Parliament voted 438 to 226 to back a draft proposal of copyright reforms**that will impose unprecedented liability on information platforms.
- **France is pushing to have "Right to be Forgotten" laws applied globally, which Google is now fighting in court.**
- Reports emerged that the E.U. is considering investigating Google's location-tracking practices on data privacy grounds.

We will continue to watch each development in the U.S. and E.U. closely to understand if and when debate turns to action. For now, we agree with the analysis of NYU Stern professor Scott Galloway, who told CNBC last week after the congressional hearings:

*I don't see anything meaningful coming out of this panel, much less Washington...**D.C. lacks the domain expertise or the will to go after big tech. Where you may see it is, one, out of Brussels and, two, out of [the FTC, the DOJ, or] a red state** whose attorney general sees the brightest path between the AG's mansion and the governor's mansion is a populist argument against big tech.*

Evidence of fundamental weakness could exacerbate the investor reaction to escalating regulatory news. **By all accounts, Facebook has continued to bleed users**. According to Pew Research poll results released earlier this month, more than a quarter of U.S. Facebook users claim to have deleted the app from their phones over the past year:

*Source: Recode*

Then there's Apple. The trade war combined with China's slowing economy present a significant short-term threat to the company's profits. As we note in section 1, **smartphone handset sales in China in August were reported at 32.6 million units, a decline of 20.9% year-over-year and 11.8% month-on-month. Moreover, no firm could suffer more if China decides to target tech supply chains in retaliation to Trump's tariffs.**

Yet, the risks extend beyond Asia. On Wednesday, Apple announced its newest generation of iPhones. It is following the same strategy as last year, releasing ever-more expensive phones as it tries to keep profit growth on pace despite a largely-matured smartphone market. As *The Wall Street Journal* reported this week, projections suggest last year's $1,000 iPhone X underperformed previous launches: "**Even for Apple and its devoted fans, the art of the upsell appears to have some limits**...Analysts believe the iPhone X has accounted for about 30% of iPhone unit sales in the recent nine-month period...That is below the share the company's newest models typically get in a given cycle." Will a $1,200 iPhone cross the limits of what the market will tolerate?

We have roughly a month until 3Q18 earnings season begins. For years, big tech's remarkable profit trajectory has generated an air of invincibility. BAT's earnings miss combined with Facebook's earnings miss has cracked that expectation. **As news reports of regulatory threats continue to flood in and as tech giant profit doubts mount, the weeks to come could see that crack turn to a fissure.**

**Then there's Apple. The trade war combined with China's slowing economy present a significant short-term threat to the company's profits. As we note in section 1, smartphone handset sales in China in August were reported at 32.6 million units, a decline of 20.9% year-over-year and 11.8% month-on-month. Moreover, no firm could suffer more if China decides to target tech supply chains in retaliation to Trump's tariffs.**

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**period...That is below the share the company's newest models typically get in a given cycle." Will a $1,200 iPhone cross the limits of what the market will tolerate?**

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 9/20/2018 10:01:48 AM
**To**: Jack LANG [redacted]
**Subject**: Re:

i was offline for yom kippur . can you put me in direct contact .? happy holiday

On Wed, Sep 19, 2018 at 10:56 AM, Jack LANG <[redacted]> wrote:

Dear Jerffrey,

Dear Jerffrey,

Have you received my email about Serge Moati's film project?

Our recent conversation on Trump was exciting.

Once again you are right.

See you soon,

With my friendship,

Jack

Le 12 sept. 2018 à 13:24, jeffrey E. <jeevacation@gmail.com> a écrit :

Jack- tom - tom jacques

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**From**: J [jeevacation@gmail.com]
**Sent**: 9/26/2018 5:14:42 PM
**To**: Jack LANG [redacted]
**Subject**: Re:

tom pritzker has asked if you have ideas re the Pritzker Prize

On Wed, Sep 19, 2018 at 10:56 AM, Jack LANG <[redacted]> wrote:

Dear Jerffrey,

Dear Jerffrey,

Have you received my email about Serge Moati's film project?

Our recent conversation on Trump was exciting.

Once again you are right.

See you soon,

With my friendship,

Jack

Le 12 sept. 2018 à 13:24, jeffrey E. <jeevacation@gmail.com> a écrit :

Jack- tom - tom jacques

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**From**: J [jeevacation@gmail.com]
**Sent**: 10/3/2018 9:59:22 AM
**To**: Alan Dershowitz [redacted]

Nyt-By age 3, Mr. Trump was earning $200,000 a year in today's dollars from his father's empire. / this is UNFAIR- what are " todays dollars? The article was written by financial illiterates--
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**From**: J [jeevacation@gmail.com]
**Sent**: 10/3/2018 11:29:06 AM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

how unfair yes, it was written by financial illiterates. . referencing " todays dollars? with no back up. IRS looked at all. .they ignored taxes paid along the way. . they didnt understand the rules. . I m not a supporter but this is nothing but a hit job.

On Wed, Oct 3, 2018 at 7:21 AM Weingarten, Reid <[redacted]> wrote:

Anything surprise you?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid <[redacted]> wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 10/5/2018 1:46:57 PM
**To:** Lawrence H. Summers [redacted]
**Subject:** Re:

By age 3, Mr. Trump was earning $200,000 a year in today's dollars from his father's empire. He was a millionaire by age 8.

On Fri, Oct 5, 2018 at 8:31 AM LHS <[redacted]> wrote:

What number should I call in 10

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 4, 2018, at 9:19 PM, J <jeevacation@gmail.com> wrote:

Tomorrow

On Thu, Oct 4, 2018 at 7:27 PM LHS <[redacted]> wrote:

830 or so???

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Oct 4, 2018, at 6:22 PM, J <jeevacation@gmail.com> wrote:

now?

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 10/5/2018 1:49:48 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re: Re:

help yes no question FRAUD show me an inkling. ?

On Fri, Oct 5, 2018 at 9:48 AM Weingarten, Reid <[redacted]> wrote:

Finally read the nytimes piece closely....with all due respect I am guessing you are wrong in dismissing/trivializing it....seems there are some hard facts that are very difficult for the big guy to explain

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Thursday, October 04, 2018 11:43 AM
**To:** Weingarten, Reid
**Subject:** Re: Re:

Maybe

On Thu, Oct 4, 2018 at 11:32 AM Weingarten, Reid <[redacted]> wrote:

But isn't the disclosure that fred shtupped him with money versus his bullshit story of self-made hero valid and important?

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, October 03, 2018 9:06 AM
**To:** Weingarten, Reid
**Subject:** Re:

im fair. and not his defender. but even the explanations on line were WAY wrong. and based on silliness of understandings.

On Wed, Oct 3, 2018 at 9:02 AM Weingarten, Reid <[redacted]> wrote:

Had a gut that's where you would come out

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Wednesday, October 3, 2018 7:34 AM
**To:** Weingarten, Reid
**Subject:** Re:

fred gave him 15k as a 3 year old only . however ( written 200k in "todays dollars" ) then they compound their silliness, stating that he was a millonair at age 8.? all silly, . if fred put 2k in treasuries the same year ,and didnt invest it it would be worth 1 million today. instead he invested in real estate. taxes on

estates and gigts are taxed on the value of what was transferred not the underlying thing. ex if you own 10 percent of a partnership interest in a 1 million builidng that cannot be sold for 20 years. what is the value of your interest. not 10 percent of 1 million as you only own a ltd partnership right. maybe 2 percent. its all legal

On Wed, Oct 3, 2018 at 7:21 AM Weingarten, Reid <[redacted]> wrote:

Anything surprise you?

Sent from my BlackBerry 10 smartphone.

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**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid <[redacted]> wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

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**From:** J [jeevacation@gmail.com]
**Sent:** 10/5/2018 1:51:39 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re: Re:

[redacted]

On Fri, Oct 5, 2018 at 9:48 AM Weingarten, Reid <[redacted]> wrote:

Finally read the nytimes piece closely....with all due respect I am guessing you are wrong in dismissing/trivializing it....seems there are some hard facts that are very difficult for the big guy to explain

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Thursday, October 04, 2018 11:43 AM
**To:** Weingarten, Reid
**Subject:** Re: Re:

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On Thu, Oct 4, 2018 at 11:32 AM Weingarten, Reid <[redacted]> wrote:

But isn't the disclosure that fred shtupped him with money versus his bullshit story of self-made hero valid and important?

**From:** J [mailto:jeevacation@gmail.com]
**Sent:** Wednesday, October 03, 2018 9:06 AM
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**Subject:** Re:

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On Wed, Oct 3, 2018 at 9:02 AM Weingarten, Reid <[redacted]> wrote:

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**From:** J
**Sent:** Wednesday, October 3, 2018 7:34 AM
**To:** Weingarten, Reid
**Subject:** Re:

fred gave him 15k as a 3 year old only . however ( written 200k in "todays dollars" ) then they compound their silliness, stating that he was a millonair at age 8.? all silly, . if fred put 2k in treasuries the same year ,and didnt invest it it would be worth 1 million today. instead he invested in real estate. taxes on

estates and gigts are taxed on the value of what was transferred not the underlying thing. ex if you own 10 percent of a partnership interest in a 1 million builidng that cannot be sold for 20 years. what is the value of your interest. not 10 percent of 1 million as you only own a ltd partnership right. maybe 2 percent. its all legal

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Anything surprise you?

Sent from my BlackBerry 10 smartphone.

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**From:** J
**Sent:** Tuesday, October 2, 2018 11:45 PM
**To:** Weingarten, Reid
**Subject:** Re:

Florida

On Tue, Oct 2, 2018 at 9:58 PM Weingarten, Reid <[redacted]> wrote:

Reading the nytimes trump tax story...so wish I was with you right now...so where are you?

Sent from my BlackBerry 10 smartphone.

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**From:** jeffrey E.
**Sent:** Tuesday, September 25, 2018 11:42 AM
**To:** Weingarten, Reid
**Subject:**

where?

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/7/2018 11:05:27 AM
**To:** Peter Thiel [redacted]
**Subject:** Re:

Dec visit me Caribbean

On Wed, Nov 7, 2018 at 1:34 AM Peter Thiel <[redacted]> wrote:

Can't complain thus far…

**From:** J <jeevacation@gmail.com>
**Sent:** Tuesday, November 6, 2018 1:51 AM
**To:** Peter Thiel <[redacted]>
**Subject:**

Are you enjoying la? I liked your trump exaggerations not lies

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/16/2018 11:52:51 AM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

yes, 1 no one asking how the turks got that recording? 2 for you - steve says the republicans also want trump gone. he is now a liability

On Thu, Nov 15, 2018 at 9:17 PM Weingarten, Reid <[redacted]> wrote:

So fucking much going on

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Thursday, November 15, 2018 8:29 PM
**To:** Weingarten, Reid
**Subject:**

https://www.huffingtonpost.com/entry/fethullah-gulen-tayyip-erdogan-foe-us-removal_us_5bedf361e4b0510a1f2f16e9

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/20/2018 12:09:41 PM
**To:** Kathy Ruemmler [redacted]

you might want to tell your dem friends that treating trump like a mafia don , ignores the fact that he has great dangerous power. . tightening the noose too slowly , risks a very bad situation. . gambino was never the commander in chief. there was little gambino could do as the walls closed in. not so with this maniac

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/20/2018 7:30:07 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

borderline insane. and corroberated by some that are close

On Thu, Dec 20, 2018 at 2:28 PM Weingarten, Reid <[redacted]> wrote:

Not a stupid point...he is starting to behave very erratically....

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Thursday, December 20, 2018 4:10 AM
**To:** Weingarten, Reid
**Subject:**

you might want to tell your dem friends that treating trump like a mafia don , ignores the fact that he has great dangerous power. . tightening the noose too slowly , risks a very bad situation. . gambino was never the commander in chief. there was little gambino could do as the walls closed in. not so with this maniac

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**From**: J [jeevacation@gmail.com]
**Sent**: 2/9/2019 10:00:59 PM
**To**: Pritzker, Tom [redacted]
**Subject**: Re:

sasse was told im a witness against trump. ? others were told I m a witness against clinton. . so my credibilitiy needs destroying, . unlikely . :)

On Sat, Feb 9, 2019 at 4:57 PM Pritzker, Tom <[redacted]> wrote:

You are news!

I am quiet.

Have called for a Chairman's dinner on Feb 26 to discuss trade. Have mix of biz und govt bigfoots. Will need to get someone to staff me. Her job will be push and organize. May position her in DC. As the Zen Master said 'let's see'.

Off to Asia mid week.

tjp

150 N. Riverside Plaza, Suite 3200

Chicago, IL 60606-1594

[redacted]

Please note new address

**From:** J <jeevacation@gmail.com>
**Sent:** Saturday, February 9, 2019 2:48 PM
**To:** Pritzker, Tom <[redacted]>
**Subject:**

News?

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/13/2019 8:36:29 PM
**To**: Richard Kahn [redacted]; Darren Indyke [redacted]

trump goin to lutniks house on thurs

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/19/2019 10:39:32 PM
**To**: Weingarten, Reid [redacted]

https://www.bloomberg.com/news/articles/2019-05-19/the-world-agrees-with-trump-on-one-thing-when-it-comes-to-iran

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/20/2019 9:26:52 PM
**To**: Kathy Ruemmler [redacted]

https://www.nytimes.com/2019/05/20/us/politics/trump-hunter-biden-china.html?action=click&module=Top%20Stories&pgtype=Homepage

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/29/2019 11:59:25 PM
**To**: Martin Weinberg [redacted]

heads up that in michael wolfes book it said alan asked trump for a million dollars up front. . it also talks about me an the palm beach house purchase

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/30/2019 12:32:45 PM
**To**: Michael Wolff [redacted]

read the times interview. I would think about pointing to the stormy daniels. denial by trump his staff and aides. would it have made sense to go back to them? no would they admit no did they admit no , did they obfuscate yes. did they deny , yes so checking with the subject when you have to goods only confuses the reader ?

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**From**: J [jeevacation@gmail.com]
**Sent**: 5/31/2019 9:33:59 AM
**To**: Michael Wolff [redacted]

https://www.nytimes.com/2019/02/27/us/politics/trump-school-grades.html

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**From**: J [jeevacation@gmail.com]
**Sent**: 6/1/2019 10:45:53 PM
**To**: Nicholas Ribis [redacted]

https://thehill.com/homenews/administration/446491-trump-announces-departure-of-white-house-lawyer-emmet-flood

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**From**: J [jeevacation@gmail.com]
**Sent**: 6/1/2019 10:59:01 PM
**To**: Michael Wolff [redacted]
**Subject**: now look what youve done

https://thehill.com/homenews/administration/446491-trump-announces-departure-of-white-house-lawyer-emmet-flood

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**From**: J [jeevacation@gmail.com]
**Sent**: 6/8/2019 11:53:57 PM
**To**: Kathy Ruemmler [redacted]

https://news.yahoo.com/confronted-with-multiple-errors-in-his-new-trump-book-a-testy-michael-wolff-says-you-have-to-trust-me-181252406.html

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**From**: drsra [redacted]
**Sent**: 4/11/2011 2:33:58 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

So, are you on his campaign committee and what part of the organizing are you responisble for? I know you are just dying to help.

**From:** [redacted]
**Sent:** 4/26/2011 4:34:41 PM
**To:** jeevacation@gmail.com
**Subject:** Beoing update

**Importance:** High

Jeffrey,
Boeing status:
**Boeing will be completed May 6th,.**
-re weigh
-three mandatory AD compliance
-FDR Flight Data recorder repair,.
-leak in flap drive gear box,.

C5 check will be accomplished July 30th,.
The maintenance facility is completing "Trumps" New Boeing 757 at this time here,. Eric Roth is doing the interior,. I was told Trump sold his B727 to a person in Singapore??

thx,
Larry

**From:** Sean J. Lancaster [redacted]
**Sent:** 4/26/2011 7:28:33 PM
**To:** [redacted]; jeevacation@gmail.com; [redacted]
**CC:** [redacted]
**Subject:** RE: Boeing

I was told it was going for part out by Wendy ? I don't know this buyer you describe

Best regards,

Sean J. Lancaster
Bristol Associates Inc.
[redacted]
www.bristolassociates.com

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**From:** [redacted]
**Sent:** Tuesday, April 26, 2011 3:25 PM
**To:** jeevacation@gmail.com; [redacted]
**Cc:** [redacted]
**Subject:** Boeing

Jeffrey and Sean,
I heard Trump has a contract on his B727, no money has changed hands, sold for 2.2M as is,, he needs three engine overhaul's in the next 14 months, 600k worth total,..
Sean may know this guy, he is Indian, I think his name is Shugo or something like that, he is buying the plane and leasing it to company in Singapore, FYI info,.
thx,
Larry

**From**: [redacted]
**Sent**: 5/27/2011 4:34:44 PM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Rich Kahn [redacted]; Darren Indyke [redacted]
**Subject**: B727

Trump's B727 sold for 2.7M,.
Sean very discussed with me this company was interested, unless he call you,.

From Sean:
This buyer did have specs on your aircraft. They were looking at a 3.0 million budget but did not make an offer and it was too low. We did discuss it

Best regards,
Sent via BlackBerry by AT&T

**From:** [redacted]
**Sent:** 1/21/2014 10:51:27 PM
**To:** jeevacation@gmail.com
**Subject:** Fwd: Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters
**Attachments:** Business_Insider.jpg; dujour.jpg; padddleboard-florida-beach-2.jpg

**Importance:** High

-----Original Message-----
From: BRYAN SUBOTNICK [redacted]
To: [redacted]; Subotnick Stuart [redacted]; Prosperi Paul [redacted]
Sent: Tue, Jan 21, 2014 4:35 pm
Subject: Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters

BUSINESS INSIDER

FINANCE

# Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters

DUJOUR

JACQUELINE DETWILER, DUJOUR
JAN. 21, 2014, 1:18 PM

Neilson Barnard/Getty Images

The Palm Beach finance crowd can paddleboard whenever they please.

Behind a semicircular brick drive and a lawn as manicured as a putting green sits a 30,000-square-foot masterpiece of Italian Renaissance architecture called Casa Nana.

John Porter, a real estate associate for Corcoran who oversees some of the largest sales in Palm Beach County, Florida, points out the spiral staircase, built by famed 1920s architect Addison Mizner for the founder of the National Tea Company. “This home went for $30.2 million in 2003; today that sum wouldn’t be in the top 25 highest prices” of houses for sale in this area, Porter says. “Palm Beach real estate has gone from nothing going on to nothing left to sell.”

Porter is giving me a tour of the so-called Billionaire’s Row, a stretch of South Ocean Boulevard on the island of Palm Beach that is bordered by some of the highest hedges I’ve ever seen. Through gaps in the greenery appear stone fountains, elephant statues, pools the size of tennis complexes (next to actual tennis complexes), and more clay roofs than one could count. It’s a monumental display of wealth, and it is rapidly expanding, not just here but in Delray Beach, Jupiter, Palm Beach Gardens and Boca Raton, as

money pours out of the Northeast (and in some cases, from as far as London and Singapore) and into this already wealthy section of southeast Florida. Approximately 70 hedge and private equity funds are now headquartered here, many of which have set up shop in the last two years, jacking up home prices and spurring a countywide initiative to become, as some have said, "the new Greenwich."

For hedge fund managers who might normally be inclined toward Westchester or Connecticut, the allure of South Florida is as plain as grits on toast. The homes are sprawling; the Intracoastal Waterway is a yachter's paradise. It has a glittering social scene. During high season—October through March—there might be several fundraisers on any given night. Perhaps the key factor, however: In Florida, there are no individual income taxes, no estate taxes and no capital gains taxes. A hedge fund manager reporting $1 million in income can expect to pay only the federal government, whereas his counterpart living in Connecticut pays that plus an extra $67,000. And if the poor schmuck were still in New York City? He'd better be ready to fork over $104,300.

As for why all of this is happening now, when Florida has long been a sunny tax haven, so to speak, financiers point to the upcoming application of Section 457A of the Internal Revenue Code. Before 457A was enacted, certain fees and related earnings could grow tax deferred in offshore accounts for up to ten years. But now, according to the section, hedge fund managers will need to funnel all of the fees that were deferred before 2009 and their related earnings back into the U.S. by 2017. If a manager lives in Florida when this happens, he's much less likely to pay exorbitant state taxes on the whole amount. If he still lived in New York City? Fuggedaboudit.

It's the job of Kelly Smallridge, president and CEO of the Palm Beach Business Development Board, to ensure that hedge fund and private equity managers are informed of these benefits, in the hopes that they, and their firms, will become Palm Beach County's newest residents. She's developed a red-carpet tour that goes beyond looking at office space and real estate to include meeting headmasters at private schools, the school-district superintendent and the mayor and speaking with the governor's staff and CEOs who have moved their operations here. Plus, of course, a few nights on the town.

In the winter, when the well-to-do from all over the Northeast visit Florida for charity balls, the board hosts dinners and parties for prospective relocators and local captains of industry. Last year, Smallridge and company sponsored a soiree aboard a $70 million yacht that featured Veuve Clicquot, caviar and live jazz. Guests—who included the CEOs of a national IT company, a major finance company and a land developer, venture capitalists, hedge fund managers and the creator of Goldman Sachs' prime brokerage division—took private tours with the captain of the yacht.

Smallridge is also working with former hedge fund CIO Dr. Rainford Knight to develop a club for local investment managers called SocialAlpha that encourages bankers in Palm Beach County's ritzy social scene to get to know each other. Even Florida governor Rick Scott has gotten involved, sending personal letters to friends and prospects from the Northeast (the governor is a former Greenwich resident and businessman) to convince them of Florida's merits.

Smallridge and Governor Scott are hoping to induce a snowball effect, and so far, it seems to be working. Every financier who moves south chips away at the primary reason to remain near New York City—the fact that everyone else is there. That's not to say it's been easy. Florida is still Florida, and popular opinion has not been kind. Even Palm Beach, which has for the most part dodged the insults hurled at the rest of the state, is known for its residents' apocalyptically bad driving and worse Hawaiian shirts.

"There was a fair amount of trepidation," says Al Rabil III, managing partner and CEO of Kayne Anderson Real Estate Advisors, who made the move from Armonk, New York, with 20 coworkers this summer. "But once everybody got past the stereotypes and actually came and looked, that changed." He says most of his employees weren't looking for bottle service and models anyway. The majority of those who have reached the upper echelons of financial management are married with children, and the appeal of a semi-tropical paradise with luxury restaurants, year-round recreation, and sophisticated socializing in a community far more tight-knit than Manhattan (yes, that'sDonald Trump over there) is not lost on them.

Porter's tour of Billionaire's Row was part of a modified version of one of the Business Development Board's red-carpet tours that I took as part of researching this story. I ate breakfast at the clubby Top of the Point restaurant with some of the area's prominent financiers. A waiter in a captain's outfit served lobster rolls while a CPA, a lawyer and the executive

director of the Palm Beach County Education Commission touted the area's benefits. I surveyed real estate and office space surrounded by miles of water without once having my foot stepped on by a tourist. You can see how all this might sway someone who's on the fence.

Exploring the sugary beaches of South Florida, one starts to wonder why Wall Streeters would be on the fence at all. Between the smiling locals and the shopping on Worth Avenue, the Hiaasen-esque stereotypes recede. What remains are the facts: Take-home pay is higher, commutes are shorter, and it's just as fabulous as Manhattan, at least for four months of the year. Meanwhile, no one in Florida even owns an ice scraper. With the Internet allowing more and more money managers to perform their work from nearly anywhere, there are few reasons not to make the move.

"Initially, it was a way to play golf and keep the wife and kids happy," says Brett Langbert, managing director and head of sales at I.A. Englander & Co. "But once we moved down, it became a quality-of-life issue. There are unlimited things the kids can do outside. I have to tell you, my wife and I are so happy we haven't had to go to one of those indoor bouncy-castle places since we got here."

**From**: [redacted]
**Sent**: 4/19/2012 5:57:05 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

I'm in Istanbul, private meeting of asian, middle eastern + north african families.
Apparently Donald Trump is also in town today to open the Trump Tower Istanbul.

**From**: Eric Roth [redacted]
**Sent**: 3/24/2015 5:58:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: 10:00pm Tonight - CNBC Feature
**Attachments**: image001.jpg; image002.jpg; image003.jpg

**Importance**: High

Hi Jeffrey,

Hope all is well.

Should you be bored this evening, we will be featured on CNBC's "Secret Lives of The Super Rich" showcasing our S-76 refurbishment for Donald Trump.

Warm regards,

Eric

**ERIC H. ROTH** | PRESIDENT

international jet
INTERIORS

[redacted] www.intljet.com

2221 Smithtown Avenue, Long Island MacArthur Airport, Ronkonkoma, New York 11779

**From**: Richard Kahn [redacted]
**Sent**: 3/24/2015 8:00:21 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Eric Roth
**Attachments**: image001.jpg; image002.jpg; image003.jpg

**Importance**: High

he appears to be looking for a response from me as i never replied to his email offering a 10,000 discount
please advise

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

Begin forwarded message:

**From:** Eric Roth <[redacted]>
**To:** Richard Kahn <[redacted]>
**Subject: 10:00pm Tonight - CNBC Feature**
**Date:** March 24, 2015 at 2:12:01 PM EDT

Hi Richard,

Hope all is well.

Should you be bored this evening, we will be featured on CNBC's "Secret Lives of The Super Rich" showcasing our S-76 helicopter refurbishment for Donald Trump – thought you might enjoy getting a glimpse of what we do.

Best regards,

Eric

**ERIC H. ROTH** | PRESIDENT
international jet
INTERIORS
[redacted] www.intljet.com
2221 Smithtown Avenue, Long Island MacArthur Airport, Ronkonkoma, New York 11779

**From**: Richard Kahn [redacted]
**Sent**: 9/20/2016 1:05:00 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

http://projects.fivethirtyeight.com/2016-election-forecast/

not sure how trump wins without PA..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 9/21/2016 12:01:29 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump-Clinton debate expected to shatter records | TheHill

**Importance**: High

http://thehill.com/homenews/administration/296818-trump-clinton-debate-expected-to-shatter-ratings-records

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 9/26/2016 3:18:41 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

trump is on the move..

http://projects.fivethirtyeight.com/2016-election-forecast/

please get your rest today as debate begins 3am for you..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022

[redacted]

**From**: [redacted]
**Sent**: 9/26/2016 8:59:46 PM
**To**: [redacted]; jeevacation@gmail.com; [redacted]
**Subject**: humor and trump and evolutionary logic

**Importance**: High

was pleased that Robert Lynch's work and my own were cited in a Nation article on the lack of humor of our Republican standard bearer

https://www.thenation.com/article/have-you-ever-seen-donald-trump-laugh/

congratulations Robert

John and Jeffrey, i will write you shortly

**From**: Deepak Chopra [redacted]
**Sent**: 9/27/2016 12:32:41 AM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump and the Looking-Glass War - SFGate

**Importance**: High

http://m.sfgate.com/opinion/chopra/article/Donald-Trump-and-the-Looking-Glass-War-9284330.php

Deepak Chopra

[redacted]

New Book: Radicalbeauty.com

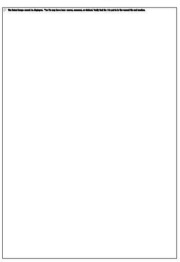

**From:** Zubair Khan [redacted]
**Sent:** 9/27/2016 9:46:03 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Update on US Elections

**Importance:** High

We have processed 943,338 tweets since the start of the presidential debate till now.

Clinton's popularity has increased dramatically since the debate. According to our recent data, 62% support Clinton and 38% Trump.

Clinton is now more popular in New York, California and Michigan. She is likely to win in these states with huge margins. Clinton has also gained popularity in Texas (Clinton 65% - Trump 35%).

Trump has huge support in Ohio (90% Trump - 10% Clinton) and in New Jersey.

Regards,
Zubair

On Sep 25, 2016, at 11:12 PM, Zubair Khan <[redacted]> wrote:

Sure. Let me know your availability.

Regards,
[redacted]

On Sep 25, 2016, at 11:09 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Skype this week?

On Sunday, 25 September 2016, Zubair Khan <[redacted]> wrote:

> Hi Jeffrey,
>
> Please find attached InsightsPod business plan for your consideration.
>
> Since Twitter is live streaming the presidential debates, the social media activity will accelerate and it will help us in making better predictions of outcome. It was apparent from the US Election report, which I sent you previously that we need a Data Scientist who can translate our data into better insights. Taking this into account I hope you can help us by backing this venture.
>
> Thanks,
>
> Zubair

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**From**: Jonathan Farkas [redacted]
**Sent**: 10/3/2016 11:10:56 PM
**To**: jeevacation@gmail.com

**Importance**: High

Hi Jeffrey long time now hear don't sweat Patterson was with trump last week small dinner he really would make a good financial steward no agenda woody is busting his ass for him Rudy too wiki leaks tonight on Hillary stopped caring fed wants to raise I guess terrible luck brexit Deutschebank then probably some terror thing smart to be out of it best jonathan

Sent from my iPhone

**From**: Linda Stone [redacted]
**Sent**: 10/8/2016 3:45:09 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Isn't it great that...

**Importance**: High

Trump is owning the headlines this weekend??

Co-authored with iPhone auto-correct

**From**: Zubair Khan [redacted]
**Sent**: 10/13/2016 1:39:13 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: US Election Update

**Importance**: High

Hi Jeffrey,

Since the start of 2nd US Presidential Election debate till now, we have processed 3.1 million tweets.

Here is the performance of candidates:

1. Donald Trump 11.80% (Positive), 15.66% (Neutral), 72.54% (Negative)
2. Hillary Clinton 40.70% (Positive), 19.09% (Neutral), 40.21% (Negative)

**Winning Chances:**

1. Clinton 72%
2. Trump 28%

**Winning chances in US States:**

1. Clinton: New York (84%), California (75%), North Carolina (64%), Florida (75%), Washington (52%), Ohio (96%), New Jersey (70%)
2. Trump: Texas (66%)

Regards,
Zubair Khan

**From**: Mark L. Epstein [redacted]
**Sent**: 10/13/2016 10:36:57 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: FW: Emailing - Trump 1_trump.pdf
**Attachments**: Trump 1_trump.pdf

**Importance**: High

---

**From:** Mark L. Epstein [redacted]
**Sent:** Thursday, October 13, 2016 6:36 PM
**To:** [redacted]
**Subject:** Emailing - Trump 1_trump.pdf

WOULD YOU TRUST THIS MAN

WITH YOUR DAUGHTER?

**From**: [redacted]
**Sent**: 10/19/2016 6:25:58 PM
**To**: jeffrey epstein [jeevacation@gmail.com]
**Subject**: News

**Importance**: High

Hi Jeffrey!!

Thank you for writing. I'm doing well. Looking forward for winter season in the Alps!

I have [redacted] from Zurich as assistant for you. I sent you her photos once :) [redacted] lives in New Jersey now and [redacted] in Paris!!
I have some new ones here in zurich but not in NY or Paris yet.

How is it going with Zubair?

Do you believe Trump will win or Hilary ?

I miss Berkeley so much. This California lifestyle was magical. Can't wait to be back for 2nd semester ☺

I plan to pass NY or California bar and be attorney in USA. I love America and the Win mentality in your country.

Kind regards,
[redacted]

**From**: Michael Wolff [redacted]
**Sent**: 10/29/2016 12:21:03 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Now could be the time

**Importance**: High

There's an opportunity to come forward this week and talk about Trump in such a way that could garner you great sympathy and help finish him. Interested?

**From**: Darren Indyke [redacted]
**Sent**: 11/2/2016 9:25:09 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump Used Legally Dubious Method to Avoid Paying Taxes - The New York Times
**Attachments**: WebPage.pdf; Untitled attachment 408001.htm

**Importance**: High

Very, very funny.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**********

http://www.nytimes.com/2016/11/01/us/politics/donald-trump-tax.html

# Donald Trump Used Legally Dubious Method to Avoid Paying Taxes

Photo

Donald J. Trump in Atlantic City in 1990, seeking approval for his Trump Taj Mahal casino. Credit Associated Press

Donald J. Trump proudly acknowledges he did not pay a dime in federal income taxes for years on end. He insists he merely exploited tax loopholes legally available to any billionaire — loopholes he says Hillary Clinton failed to close during her years in the United States Senate. “Why didn’t she ever try to change those laws so I couldn’t use them?” Mr. Trump asked during a campaign rally last month.

But newly obtained documents show that in the early 1990s, as he scrambled to stave off financial ruin, Mr. Trump avoided reporting hundreds of millions of dollars in taxable income by using a tax avoidance

maneuver so legally dubious his own lawyers advised him that the Internal Revenue Service would most likely declare it improper if he were audited.

Thanks to this one maneuver, which was later outlawed by Congress, Mr. Trump potentially escaped paying tens of millions of dollars in federal personal income taxes. It is impossible to know for sure because Mr. Trump has declined to release his tax returns, or even a summary of his returns, breaking a practice followed by every Republican and Democratic presidential candidate for more than four decades.

Tax experts who reviewed the newly obtained documents for The New York Times said Mr. Trump's tax avoidance maneuver, conjured from ambiguous provisions of highly technical tax court rulings, clearly pushed the edge of the envelope of what tax laws permitted at the time. "Whatever loophole existed was not 'exploited' here, but stretched beyond any recognition," said Steven M. Rosenthal, a senior fellow at the nonpartisan Tax Policy Center who helped draft tax legislation in the early 1990s.

**Graphic**

Mr. Trump managed to save millions in personal taxes by borrowing – then losing – other people's money.

Moreover, the tax experts said the maneuver trampled a core tenet of American tax policy by conferring enormous tax benefits on Mr. Trump for losing vast amounts of other people's money — in this case, money investors and banks had entrusted to him to build a casino empire in Atlantic City.

Continue reading the main story

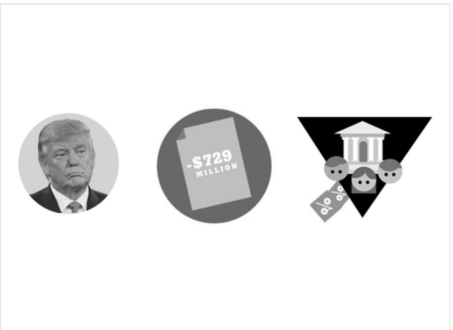


**OPEN Graphic**

**From**: Richard Kahn [redacted]
**Sent**: 11/4/2016 11:43:01 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Market Indicator Gives Trump An 86% Chance Of Winning The Election

**Importance**: High

http://www.zerohedge.com/news/2016-11-04/market-indicator-gives-trump-86-chance-winning-election

**From**: Peter Mandelson [redacted]
**Sent**: 11/6/2016 8:36:05 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Of course, donald in WH. Will he get there ?

Yes, without Andrew it would not have gone nuclear. Did you advise me to stay with R ? Such a handful but loyal and never embarrassing.

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sunday, 6 November 2016 at 20:32
**To:** Peter Mandelson <[redacted]>
**Subject:** Re:

trump/ and having agreat deal of fun. in hindsight . you were right about staying away from andrew. I was right in your staying with rinaldo

On Sun, Nov 6, 2016 at 9:30 PM, Peter Mandelson <[redacted]> wrote:
What's the donald white house ? And how are you ?

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sunday, 6 November 2016 at 19:42
**To:** Peter Mandelson <[redacted]>
**Subject:** Re:

in the donald white house

On Sun, Nov 6, 2016 at 8:41 PM, Peter Mandelson <[redacted]> wrote:
Just. I have decided to extend my life by spending more of it in the US

---

**From:** "jeffrey E." <jeevacation@gmail.com>
**Date:** Sunday, 6 November 2016 at 19:15
**To:** Peter Mandelson <[redacted]>
**Subject:** <no subject>

63 years old. . you made it

--
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**From**: Robert Lawrence Kuhn [redacted]
**Sent**: 11/9/2016 1:46:11 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Shocked in Beijing

**Importance**: High

You are a prophet….

I was just with senior leaders in Beijing….

I'll be discussing China-U.S. relations under "President Trump" with the former Chinese Ambassador to the U.S on CCTV News ("Closer To China"), broadcast in China and internationally (NY - "CCTV News" channel) - Saturday at 8:30 pm and Sunday at 8:30 am New York time. Not an interview - we will each question each other.

We're playing in new territory here. There may be some contributions we can make… To be discussed privately. I return to Los Angeles on Nov. 17, but dont get to NY until Dec. 24, after my next trip to Beijing.

Robert

**From**: Richard Kahn [redacted]
**Sent**: 11/10/2016 8:32:13 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: INTERACTIVE: Where does Donald Trump's money come from?

**Importance**: High

http://therealdeal.com/2016/10/11/where-does-donald-trumps-money-come-from/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** Thomas Jr., Landon [redacted]
**Sent:** 11/10/2016 10:55:01 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Responding to yesterday's election

**Importance:** High

Look what has happened to your borough..

---------- Forwarded message ----------
From: **Dr. Bruce L. Dennis** <[redacted]>
Date: Wed, Nov 9, 2016 at 10:14 AM
Subject: Responding to yesterday's election
To: [redacted]

Dear Packer Families,

Like many of you, I am writing this message on very little sleep. Last night was like no other in our political memory, defying the predictions of the most erudite pundits and political prognosticators.

Today, we are spending a great deal of time unpacking the election results with our students across the three divisions — during morning meeting and throughout the day in Lower School classrooms, in Middle School advisories, during Upper School Community time, as well as in many individual classroom conversations. I write to assure you that we will do our best to handle these discussions with balance, sensitivity, and fairness.

Given that last week's mock election among Packer's Upper School students showed that over 80% favored Secretary Clinton, I don't think it's a huge leap to assume that there was more disappointment than joy in Packer households as results unfolded last night. At the same time, there are certainly Packer families who support Mr. Trump and are pleased with this outcome. As a school community, we have an obligation to recognize that there will be a broad array of feelings generated by the election results, and it is our responsibility as a school to make space for these feelings to be expressed thoughtfully and compassionately, as well as to model the tolerance and acceptance of difference that are among our core values. No doubt, we have our work cut out for us, but I am confident in the good that we can do as a community.

There are abundant lessons to be learned from this election: that experts can be wrong; that our country is even more deeply divided than many of us had thought; and that abundant numbers of our fellow Americans feel a deep sense of despair and disaffection with the status quo of government. For us here at school, we will use this as an opportunity to talk with your children in age-appropriate ways about demographics, the economy, social policy, our democratic system, and the rule of law. We will also talk about the world's response to yesterday's election results, our individual responsibilities as citizens to continue to give voice to our beliefs, and appropriate channels of political activism. On a more basic level, we will stress the importance of not being a gloating winner or a sore loser, and about the strength of our nation, its history of responding to dramatic political change, and the hopefulness of the future.

As for you, our families, I offer two resources. Last week at a NYSAIS heads-of-school conference that I attended, the University of Pennsylvania educator Ali Michael spoke about advancing our national dialogue about race. This morning Dr. Michael wrote a Huffington Post piece, "What Do We Tell the Children?", a moving yet direct reminder of how we, as adults, can model our responses for the young people around us. **Next Wednesday, November 16, from 6:30 to 8 p.m., Semeka Smith-Williams and the PA Diversity Committee are holding a "Post-Election Healing" evening here at Packer.**

Please reach out if you have questions, suggestions, or simply would like to share your thoughts, and take good care.

Best regards.

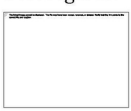

Bruce L. Dennis
Head of School

Unsubscribe from this eNotice.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Richard Kahn [redacted]
**Sent**: 11/11/2016 5:57:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump's possible cabinet picks

**Importance**: High

http://www.marketwatch.com/story/from-zero-to-hero-most-of-trumps-speculated-cabinet-was-in-the-policy-wilderness-before-election-2016-11-11/print

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/14/2016 3:04:29 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: aapl

**Importance**: High

http://www.cnbc.com/2016/11/14/apple-iphones-could-be-hit-if-trump-imposes-a-45-percent-tariff-on-china-exports-beijing-warns.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/15/2016 9:31:51 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump Is Picking His Cabinet. Here's a Shortlist. - The New York Times

**Importance**: High

http://www.nytimes.com/interactive/2016/us/politics/donald-trump-administration.html?_r=0

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/16/2016 10:33:03 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Saudi Arabia warns Trump on blocking oil imports

**Importance**: High

http://www.cnbc.com/2016/11/16/saudi-arabia-warns-trump-on-blocking-oil-imports.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/18/2016 8:37:36 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump University agrees to settle lawsuit for $25 million:

**Importance**: High

http://www.cnbc.com/2016/11/18/president-elect-donald-trump-nearing-settlement-in-trump-university-case-source.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/21/2016 8:29:50 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Cozen O'Connor - 7 Ways the Trump Administration Will Affect Businesses

**Importance**: High

https://www.cozen.com/cozendocs/7-Trump-Administration-Policies-Affecting-Businesses/#_home

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Thomas Jr., Landon [redacted]
**Sent**: 11/22/2016 1:49:24 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Markets and DJT

**Importance**: High

Donald has got to love this -- NYT calling him next Reagan:) You called it...

http://www.nytimes.com/2016/11/21/business/dealbook/investors-make-bullish-bet-on-trump-and-an-era-of-tax-cuts-and-spending.html?hpw&rref=business&action=click&pgtype=Homepage&module=well-region&region=bottom-well&WT.nav=bottom-well&_r=0

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Bruce Moskowitz [redacted]
**Sent**: 11/22/2016 5:35:05 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Doctor Behind Knock-Off "Cancer Moonshot" Meets with Trump

**Importance**: High

FYI
https://www.technologyreview.com/s/602954/doctor-behind-knock-off-cancer-moonshot-meets-with-trump/?utm_campaign=internal&utm_medium=homepage&utm_source=top-stories_3&set=602951#

Sent from my iPad
Bruce Moskowitz M.D.

**From**: Richard Kahn [redacted]
**Sent**: 11/26/2016 3:37:10 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump fills White House counsel and deputy national security posts - The Washington Post

**Importance**: High

https://www.washingtonpost.com/politics/trump-fills-white-house-counsel-and-deputy-national-security-posts/2016/11/25/c4dee8d2-b341-11e6-be1c-8cec35b1ad25_story.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Kathy Ruemmler [redacted]
**Sent**: 12/1/2016 3:46:53 AM
**To**: jeevacation@gmail.com
**Subject**: NYTimes: Trump's Economic Cabinet Picks Signal Embrace of Wall St. Elite

**Importance**: High

Wow. This is truly moronic.

http://www.nytimes.com/2016/11/30/business/dealbook/trumps-economic-cabinet-picks-signal-embrace-of-wall-st-elite.html?smprod=nytcore-ipad&smid=nytcore-ipad-share

Steven Mnuchin, the financier who has been tapped to run Treasury, joins other wealthy investors chosen by Mr. Trump, a sign of possible tax cuts and deregulation ahead.

Sent from my iPad

**From:** Alireza Ittihadieh [redacted]
**Sent:** 12/5/2016 6:44:28 PM
**To:** JEFF EPSTEIN [jeevacation@gmail.com]
**Subject:** Trump
**Attachments:** IMG_0419.JPG

**Importance:** High

V-BR
Alireza ITTIHADIEH

**From**: Richard Kahn [redacted]
**Sent**: 12/6/2016 10:57:20 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: SoftBank Pledges to Invest $50 Billion in U.S. After Meeting With Trump - WSJ

**Importance**: High

http://www.wsj.com/articles/donald-trump-says-softbank-pledges-to-invest-50-billion-in-u-s-1481053732

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From:** [redacted]
**Sent:** 12/7/2016 5:31:19 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

well heaven can wait

In a message dated 12/7/2016 12:30:19 P.M. Eastern Standard Time, jeevacation@gmail.com writes:

> oy
>
> On Wed, Dec 7, 2016 at 1:29 PM, <[redacted]> wrote:
> yikes your birthday coming up next month
>
> In a message dated 12/7/2016 12:25:22 P.M. Eastern Standard Time, jeevacation@gmail.com writes:
>
> > plenty left
> >
> > On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas <[redacted]> wrote:
> > Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
> >
> > Sent from my iPhone
> >
> > --
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>
> --
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**From**: Richard Kahn [redacted]
**Sent**: 12/8/2016 7:43:45 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump's conflict web

**Importance**: High

http://therealdeal.com/issues_articles/trumps-conflict-web/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 12/8/2016 8:51:06 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

President-elect Donald J. Trump kicked around ideas for his inaugurationin his office at Trump Tower on Tuesday with two of his oldest friends, Mark Burnett and Thomas Barrack Jr.

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**From**: Larry Visoski [redacted]
**Sent**: 12/14/2016 2:34:21 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: Trump

Jeffrey
President Elect arrives Palm Beach on Friday 9pm ish,.
He also has a day trip Saturday departing PBI at 9am,. And returning 4pm,.
Just fyi for your Friday arrival time.

Thx
Larry

Sent from my iPad

**From**: David Fiszel [redacted]
**Sent**: 12/15/2016 8:37:33 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump Tells Tech Chiefs He Will Foster Innovation - The Wall Street Journal.

**Importance**: High

This is pretty cool, Palantir was the only private company invited to yesterday's tech summit. That seems like a huge change post election and bigger oppty. Let's hang in PB.

I thought you would be interested in the following story from The Wall Street Journal.

**Trump Tells Tech Chiefs He Will Foster Innovation**

http://www.wsj.com/articles/top-tech-execs-to-meet-trump-to-talk-jobs-regulations-1481724004

Download the Wall Street Journal app here: WSJ.

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**From:** Richard Kahn [redacted]
**Sent:** 12/16/2016 3:09:19 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** re: Palantir

**Importance:** High

not sure your thoughts on Palantir but if remotely positive then david access to shares seems like a 50% discount to market
please advise
thank you

https://www.bloomberg.com/news/articles/2016-10-26/palantir-mulls-ipo-and-expects-to-be-profitable-next-year

http://fortune.com/2016/10/26/palantir-ceo-ipo/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

Begin forwarded message:

**From:** David Fiszel <[redacted]>
**Subject:** **re: Palantir**
**Date:** December 16, 2016 at 9:47:07 AM EST
**To:** Richard Kahn <[redacted]>

Can you see if we can get an update on palantir view. I heard the meeting with Trump was Huge for the company and I can buy more at $5 which is $9.5B valuation. Seems like a home run

**From:** Lesley Groff [redacted]
**Sent:** 12/20/2016 10:33:15 PM
**To:** Jefffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Cavett's guilt and horror..

**Importance:** High

Begin forwarded message:

**From:** Dick Cavett <[redacted]>
**Subject: Cavett's guilt and horror..**
**Date:** December 20, 2016 at 5:26:17 PM EST
**To:** [redacted]

Dear Lesley,

HORRORS!

I have committed the (to me) unpardonable error of inflicting upon Jeffrie -- today on the phone - a *false* anagram. Please spare him the pain of passing it on in its erroneous form.
Here is the correct version:

The letters in PRESIDENT TRUMP -- re-arranged -- spell: MR. PUTIN'S RED PET.

Thanks, Lesley. The chicken matter touches my heart. Dick C.

**From:** Nicholas Ribis [redacted]
**Sent:** 1/3/2017 2:07:16 PM
**To:** 'jeffrey E.' [jeevacation@gmail.com]
**Subject:** Trump appears with mobster-affiliated felon at New Year's bash/Joe Cinque

**Importance:** High

Jeffrey --I thought you might be interested in this article-- Nick

Trump appears with mobster-affiliated felon at New Year's bash

President-elect Donald Trump rang in the new year together with Joseph "Joey No Socks" Cinque — a convicted felon with ties to notorious Gambino crime family boss John Gotti, a recently released video has revealed.

Cinque can be seen in a video obtained by the Palm Beach Daily News , cheering loudly as a tuxedo-clad Trump runs through a number of campaign promises before the hundreds of guests attending the New Year's Eve bash the President-elect threw at his Mar-a-Lago estate in Florida on Saturday.

"The taxes are coming down, regulations are coming off, we're going to get rid of Obamacare," Trump can be heard saying as an exuberant Cinque stands next to him, pumping his fists into the air.

Cinque's Sunday appearance with Trump might raise some eyebrows.

Beyond a 1989 felony conviction for possessing nearly $100,000 worth of stolen artwork, Cinque "used to be friends with John Gotti," according to a New York Magazine profile from 1995 .

Cinque was also "shot three times and left for dead" in a 1980 incident that authorities described as "a hit," according to the profile.

Further, Saturday's Mar-a-Lago party was far from the first time Cinque cheered on for Trump.

An Associated Press report from this spring showed that the American Academy of Hospitality Sciences, a company owned and operated by Cinque, has awarded more than a dozen of Trump's golf courses, hotels, casinos and private clubs with so-called "Star Diamond" awards "of true excellence in hospitality."

The same report also found that about half of the roughly 30 people listed as "trustees" to the company are Trump friends or business associates.

Trump, meanwhile, was listed on the company's website as its "ambassador extraordinaire," and he even appeared in a 2009 tribute video to Cinque in which he said, "There's nobody like him. He's a special guy."

But when asked by reporters about Cinque in May, Trump denied knowing anything about him or his criminal past.

"If a guy's going to give you an award, you take it," the President-elect said at the time. "You don't tend to look up his whole life story."

The Trump transition team did not immediately return a request for comment on how the President-elect knows Cinque or why they appeared together Saturday.

While standing alongside Cinque, Trump also took a moment to address the terror attack that left scores of nightclub revelers in Istanbul dead over the weekend — and how the bloodbath somehow necessitates a Mexican border wall.

“We will build a wall, you know that. We will build a wall,” the President-elect told the raucous crowd.

“And speaking of walls,” he continued. “In Turkey tonight — has anybody heard? Big disaster took place in Turkey tonight. Many, many, many people killed…It’s a horror show. So we’re going to get things running properly.”

ISIS claimed responsibility for the Saturday attack , which left at least 39 people dead and dozens more wounded, calling the lone gunman who carried out the massacre a “heroic soldier of the caliphate.” The suspect had yet to be named and located by Turkish authorities early Tuesday.

The President-elect made building a wall along the country’s southern border one of his main campaign talking points, frequently promising his supporters that it will be a “great” and “beautiful” wall .

But his pledge to construct a border barrier has gone under several renditions, with the President-elect admitting in November that it might actually end up “part wall, part fence.”

**From**: Nicholas Ribis[redacted]
**Sent**: 1/6/2017 2:26:34 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: FW: CNN Article
**Attachments**: image001.jpg

**Importance**: High

Jeffrey – I thought this article on Tom would interest u -- Nick

http://www.cnn.com/2017/01/06/politics/tom-barrack-donald-trump-inauguration/index.html

## Donald Trump's power broker

www.cnn.com

Tom Barrack is poised to wield enormous influence in Donald Trump's Washington as the person perhaps closest to the new president outside of his immediate family.

**From**: Richard Kahn [redacted]
**Sent**: 1/11/2017 11:38:08 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Peter Thiel, Trump's Tech Pal, Explains Himself - NYTimes.com

**Importance**: High

https://mobile.nytimes.com/2017/01/11/fashion/peter-thiel-donald-trump-silicon-valley-technology-gawker.html?referer=http://www.drudgereport.com/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Mark L. Epstein [redacted]
**Sent**: 1/12/2017 10:35:55 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: your boy trump

**Importance**: High

I saw this post about Trump's difficulty in getting entertainers and cracked up:

It is rumored also that comrades Boris and Natasha and Fearless Leader have also offered performance at tremendous inauguration of Moose and Squirrel.

**From**: Purevsuren Lundeg [redacted]
**Sent**: 1/14/2017 1:13:48 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Meeting in Europe

**Importance**: High

Dear Jeff,

Happy New Year! I could visit you in Paris on January 21st or 22nd or 23rd. Which day is convienent for you? I will arrive noon time to see only you and after the meeting leave back. Early after noon time is suite for me.

warmest,

Purev

Sent from my iPad

On Dec 18, 2016, at 11:17 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://www.nytimes.com/interactive/2016/11/29/us/politics/document-Trump-Inaugural-Benefit-Packages.html?mtrref=www.nytimes.com&gwh=AA614B76E88085F22C999B2AC0241763&gwt=pay

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**From**: Richard Kahn [redacted]
**Sent**: 1/20/2017 3:25:48 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump could tap tech entrepreneur Peter Thiel for Germany job: Report

**Importance**: High

http://www.cnbc.com/2017/01/20/trump-could-tap-tech-entrepreneur-peter-thiel-for-germany-job-report.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Kathy Ruemmler [redacted]
**Sent**: 1/29/2017 1:44:28 PM
**To**: jeevacation@gmail.com
**Subject**: Kathy Ruemmler shared a link: Malevolence Tempered by Incompetence: Trump's Horrifying Executive Order on Refugees and Visas - Lawfare

**Importance**: High

Malevolence Tempered by Incompetence: Trump's Horrifying Executive Order on Refugees and Visas - Lawfare from John Heilemann's Tweet

Download the Twitter app

**From:** Larry Visoski [redacted]
**Sent:** 2/1/2017 1:24:27 AM
**To:** Je vacation [jeevacation@gmail.com]
**Subject:** President PBI FYI

Jeffrey
Trump in PBI Fed 3rd thru 5th,. FYI,,

---

When PresTrump is visiting MarLago PBI there will be flight restrictions flying in and out of palm beach,, due to location of MarLago,.
There will be GateWay airports you have to depart from in order to land PBI,,
Teterboro is a gateway departure airport, requires 24 hour notice just like our DCA program,
When Trump is in MarLago, we will be unable to land in Palm Bch departing from LSJ,, we can land Fort Lauderdale Excutive airport, which isn't bad, they are offering $2.76 fuel price this weekend,,
Same with departure from PBI, need 24 hour notice when President is in town,,
See message from PBI Port:

Important Message: **All Palm Beach County Airport Users**

We are getting word and expecting a President of the United States (POTUS) visit to PBI / Mar-a-Lago from Feb 3, 2017 (afternoon?) until Feb. 5, 2017. Times to be established.

Expect the FAA's Temporary Flight Restriction paperwork to be posted at least 72 hours prior to the POTUS arrival.

The following two airports are in the inner core, inside 10NM TFR.

**PBI Airport**; All General Aviation traffic into PBI must clear TSA designated "Gateways" for both arrival and departures into and out of PBI. Departure Gateways - We expect the Gateways to be established at the multiple locations at PBI with TSA operating from 0800-1700 and requires prior reservation (24hrs) with TSA. Arrival Gateways – Expect Ft. Lauderdale International Airport (FLL) and Orlando Int'l (MCO). Also expecting Teterboro, Dulles, and White Plains as additional gateways.

**LNA Airport**; As initially established by the USSS, the Palm Beach County Park Airport (LNA) in Lantana, FL will be closed to all departures and flight training. Only arrivals into LNA that have gone through the TSA Gateway program at one of the designated airports (FLL/MCO) may fly into LNA during the TFR.

The 30NM outer core will also be in effect and measures will be posted in the FAA NOTAM/TFR release.

Please share this advisory with all aviation users.

Regards,

***Peter E. Labbe, Director***
*Operations & Security*
Department of Airports
Palm Beach International Airport

Sent from my iPhone

ECONOMICS: US PERSPECTIVES

# NATIONAL DEFENSE: IS ANOTHER SPENDING BOOM ON THE HORIZON?

+ Joseph G. Carson, US Economist and Director—Global Economic Research, joe.carson@abglobal.com

President Trump has promised to increase defense spending—and there's support from key members of Congress. If a large multiyear plan is approved, it would represent a sharp reversal from what has been the weakest trend in defense spending in the past 50 years. And the timing and scale would have important implications for the outlook on growth and inflation.

## National Defense—The Trump Plan

President Trump has promised to deliver an ambitious program to rebuild the US military. It would include modernizing US nuclear weapons systems, investing more in cybersecurity, enlarging the navy's fleet and increasing the number of fighter aircraft for the air force. Trump's plan also includes additional military personnel—well over 100,000, according to some estimates.

The details of Trump's first Pentagon budget will form part of the overall budget he'll submit to Congress in late February or early March. The actual funding request for the current fiscal year (which ends September 30) must be completed by April 30—that's when the current legislation funding the military budget is set to expire.

More important, Trump's blueprint for the Pentagon budget could set the baseline for defense spending for at least the next four years. It's also worth noting that Trump's military expenditures could be at the low end of what some in Congress are proposing.

For example, Senator John McCain, who chairs the Senate Armed Services Committee, recently released a white paper on defense spending, *Restoring American Power*. McCain argues that the US has underinvested in the military for several years, and that it is now vital for the US to substantially increase funding for the Pentagon. His plan calls for a $640 billion defense budget for fiscal year 2018, which is $58 billion above the current budget baseline. Moreover, the McCain defense plan urges an additional $430 billion in military spending over the next five fiscal years.

## Defense Spending Patterns Are Unlike Other Federal Programs

History shows that defense spending programs are unusual in that they're neither cyclical nor countercyclical. Most often they are based on military and political strategies as well as ongoing readiness to respond to or engage in global encounters.

Based on historical gross domestic product (GDP) data, there have been three large defense-spending programs in the past 50 years (*Display 1*). The first buildup occurred in the mid-1960s, during President Lyndon Johnson's term, and ran for five years. That was tied to the military engagement in Southeast Asia.

Display 1
Defense Spending Comes in Big Waves

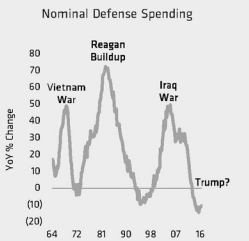


Through September 30, 2016
Four-year moving average
Source: Bureau of Economic Analysis and Haver Analytics

The second large defense-spending boom occurred during the first four years of the Reagan presidency. This buildup was part of Reagan's political and military strategy to rebuild the military apparatus after what he saw as years of neglect.

The third major increase started during the first term of President George W. Bush. This one was linked to events surrounding 9/11 and the following events in the Middle East.



HOUSE_OVERSIGHT_033220

From a political and military standpoint, the Trump defense plan parallels the goals and objectives of President Reagan's military push. And with McCain's more aggressive plan aligned on the same premise of modernizing and improving the readiness of the US military, Trump will likely have the backing of this influential member of the Republican congressional leadership.

### Today's Economic Backdrop—Similar to the 1960s

The economic and financial implications of a large, multiyear defense-spending plan must be weighed against the economic environment at the time of implementation. And from a historical context, today's conditions have more similarities to the economic setting of the mid-1960s than during the defense buildups of the early 1980s or early 2000s, which were either in recession or the very early stages of recovery.

In contrast, the US economy in the mid-1960s was already in its fifth year of expansion, the jobless rate of 4.5% was relatively low and inflation was tame (roughly 1.5%). Nonetheless, the extra defense spending boosted domestic demand growth and added significant pressure to labor costs, materials and supplies, and product prices. So much so that the acceleration in consumer price inflation (from 1% in 1961 to near 6% in 1970) from the start to the end of that business cycle was one of the largest of any economic growth cycle during the postwar period.

Today's economic backdrop looks similar in many ways. The economy has been in recovery for seven years, the jobless rate is in the mid-4% range and inflation is stable (at around 2%). While many domestic and global factors are different now, we would still expect a large multiyear defense-spending program to add to growth and put upward pressure on labor costs and inflation in the coming years. Keep in mind that we're coming off the weakest five-year defense spending trend in the past 50 years, so Trump's defense spending need not match any of the prior three to have a major impact.

Stay tuned for the unveiling of Trump's budget and pay close attention to the defense spending request. A large multi-year program would definitely lift inflationary pressures. While we wouldn't expect an acceleration like that in the 1960s, a sustained rise of 100 to 200 basis points in general inflation would still seem reasonable—and far above what the Federal Reserve and financial markets are currently expecting. ■

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**From:** Darren Indyke [redacted]
**Sent:** 2/1/2017 5:02:59 PM
**To:** Richard Kahn [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: February 2nd Hot Topic Briefing: Challenging Immigration Detention with Habeas Petitions

**Importance:** High

Thought you'd find it amusing that the legal education providers are already on top of Trump issues. LOL.

DARREN K. INDYKE
DARREN K. INDYKE, PLLC
575 Lexington Avenue, 4th Floor
New York, New York 10022
[redacted]

**********
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**********

Begin forwarded message:

**From:** PLI <admin@info.pli.edu>
**Subject: February 2nd Hot Topic Briefing: Challenging Immigration Detention with Habeas Petitions**
**Date:** February 1, 2017 at 11:36:51 AM EST
**To:** [redacted]
**Reply-To:** plireply@pli.edu

If you are unable to see the message below, click here to view.

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**Just Scheduled: FREE Hot Topic Briefing!**

## Challenging Immigration Detention with Habeas Petitions – A Basic Overview

February 2, 4-5pm ET **FREE**

Please join expert faculty as they provide basic training on habeas petitions for detained immigrants.

### Topics to be addressed include:

- Nuts and bolts of filing a motion for temporary restraining order
- Legal standard for TROs
- Nuts and bolts for filing a petition for writ of habeas corpus
- Common legal claims for habeas petitions

This important free Briefing is offered in response to community demand and the great need for training on this topic. For a more in-depth discussion of habeas and immigration, please register for PLI's three-hour Habeas Petitions for Detained Immigrants program scheduled on March 3rd in San Francisco and via Live Webcast.

### Faculty:

**Holly S. Cooper**
*UC Davis School of Law*
Davis, CA

**Matthew H. Green**
*Law Offices of Matthew H. Green*
Tucson, AZ

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**From**: Thomas Jr., Landon [redacted]
**Sent**: 2/3/2017 3:43:10 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: I love these Trump suck up guys....

**Importance**: High

Do you think he gets what he wants?

https://www.nytimes.com/2017/02/02/business/dealbook/an-early-trump-backer-awaits-his-reward.html?_r=0

Interesting piece on cognitive science/Trump. Right down your alley.

http://www.bijaadvisorsllc.com/trumpfog.html

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** paul krassner [redacted]
**Sent:** 2/12/2017 12:25:16 AM
**To:** DANNY GOLDBERG [redacted]; Sam/Walli Leff [redacted]; Michael Simmons [redacted]
**Subject:** I don't know if they'll publish this:

**Importance:** High

**From:** paul krassner <[redacted]>
**Subject: Re:"Comedian made an art...," Obituariwa, Feb. 10**
**Date:** February 11, 2017 at 12:56:37 PM PST
**To:** letters@latimes.com

The obituary of unique comedian Irwin Corey stated, "Over a career that spanned more than 70 years, Corey performed in vaudeville, radio, television, films, Broadway, nightclubs and Las Vegas showrooms."

In 1983, I was fortunate to be booked as the opening act for Corey in a four-day run at the Julia Morgan Theater in Berkeley. He revealed his dark side in a room backstage, where we smoked a joint, and he told me how he used to read Nazi hate literature to get him in the mood to perform. And there was a certain sense of continuity on his deathbed. The night before he died, he said to a close friend, James Drougas, "Trump will be assassinated soon."

"Professor" Corey also had a humanitarian streak. In 1996, in my magazine, The Realist, I published a photo of him, from a video by his son Richard, presenting Fidel Castro a bag of California-grown pistachio nuts (Castro said, "California, hmmmm, good climate there for nuts"), a book on the Rosenberg controversy, and a credit-card-size calculator (Castro said, "I'll have to use my little pinky to push the buttons"). Dave Channon reported thatCorey was on a diplomatic mission to lift the embargo on health supplies to Cuba, and he visited a hospital that was providing sophisticated treatment for the survivors of Chernobyl. Cuban health care provided for more radiation victims than than did the U..S."

Paul Krassner
Desert Hot Springs

[redacted]

**From**: Thomas Jr., Landon [redacted]
**Sent**: 2/15/2017 3:48:18 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Markets and DJT

**Importance**: High

I am writing a story about how markets keep ripping ahead despite political craziness. VIX so low, etc. You must get a lot of this in talking to clients -- people freaking out about headlines as markets hit new highs. How do you spin this to them? One hedgie Trump supporter told me that Trump is the highest beta prez ever -- ie the highs will be high but so will be the lows.

Question: how closely does DJT track market moves? I know he tweets about Dow 20,000 but how aware do you think he is about how market really betting big on him. Does he talk to Barrack about this? Cohn?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** Robert Trivers [redacted]
**Sent:** 3/13/2017 1:36:48 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** US idiocy

**Importance:** High

re your comment on predicting Trump, there is HL Mencken's famous phrase:

"It is IMPOSSIBLE to underestimate the intelligence of the American people."

—-

and then from Richard Hofstadter's 1964 book on Ant-intellectualism in American Life:

"There is a cult of ignorance in the United States, and there has always been. The strain of anti-intellectualism has been a constant thread winding its way through our political and cultural life, nurtured by the false notion that democracy means that my ignorance is just as good as your knowledge."

—-

Only thing stupefying me about Trump so far is that all his EPA appointees come from the great wasteland called Oklahoma—Inhofe et al, climate change deniers to the last, but climate change is inescapable and by going back to our old way of doing things, it will merely come all the quicker

all best

**From**: Tonja Haddad Coleman [redacted]]
**Sent**: 3/14/2017 12:31:06 PM
**To**: Darren Indyke [redacted]; Jeffrey Epstein [redacted]
**CC**: [redacted]; Fred Haddad [redacted]
**Subject**: The article

**Importance**: High

http://www.floridabulldog.org/2017/03/trump-on-witness-list-lawsuit-pedophile/

***Tonja Haddad Coleman, Esq.***
**TONJA HADDAD, P.A.**
**Advocate Building**
**315 SE 7th Street, Suite 301**
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[redacted]
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**From**: Larry Visoski [redacted]
**Sent**: 3/16/2017 8:35:54 AM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Lesley Groff [redacted]
**Subject**: Trump TFR Friday PBI

Jeffrey
Pres. Trump arrives PBI Friday at 6pm is TFR is effective,. If we land before 6pm we are ok.
Newark is not a gateway airport to PBI, only Teterboro,,
If you want to arrive in PBI after 6pm,. I can relocate the GIV to Teterboro,

What time do you estimate wheels up Friday from Newark? Or should I move plane to Teterboro Friday afternoon?

Thx
Larry

Sent from my iPhone

**From**: Anil.Ambani[redacted]
**Sent**: 3/30/2017 11:01:20 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: PC - Business standard - Thu. 30 March 2017 : After trump phone call, govt weighs if Modi should visit US early
**Attachments**: RCS.scanner@relianceada.com_20170330_154847.pdf

**Importance**: High

Dear Jeffrey,

Info.

BR,

**Anil (अनिल)**

Business Standard MUMBAI | THURSDAY, 30 MARCH 2017

# After Trump phone call, govt weighs if Modi should visit US early

ARCHIS MOHAN
New Delhi, 29 March

The Monday night phone call of US President Donald Trump to Prime Minister Narendra Modi could pave the way for an early visit of the Indian PM to Washington. The Trump administration is keen to host Modi. But South Block is looking at the potential deliverables from such a visit, particularly on H1B visas. The Indian PM's political stature has increased manifold after his recent electoral successes, while Trump's presidential tenure has moved from one problem to another.

Delhi doesn't want Modi to invest his substantial political capital to help Trump burnish his image, without the visit yielding positive results for the Indian side. Modi is scheduled to visit New York to attend the UN General Assembly in September. But, the Trump-Modi telephonic conversation has indicated to South Block, and to those who look at foreign policy issues within the Bharatiya Janata Party (BJP), that the Trump administration is keen to host the Indian PM for a bilateral visit in the next couple of months.

Earlier this month, Foreign Secretary S Jaishankar, accompanied by Commerce Secretary Rita Teaotia, was in the US. Last week, National Security Advisor Ajit Kumar Doval was also on a visit to the US. External Affairs Minister Sushma Swaraj and US Secretary of State Rex W Tillerson had also recently spoken over the phone.

Prime Minister Narendra Modi

US President Donald Trump

In his phone call, Trump congratulated Modi on his recent state election victories, expressed support for his economic reforms and said he had great respect for Indians, and said he looked forward to hosting the PM later this year.

The window for such a visit is available in May, as well as in June after the PM attends the Shanghai Cooperation Organisation Summit in Kazakhstan in the second week. The PM's US visit could take place before his visit to Hamburg, in Germany, to attend the G20 Summit on July 7-8, and his bilateral visit to Israel around that time.

It will be the first-ever visit of an Indian PM to Israel. The highlight of his policy changes will be the PM's outreach to the Indian diaspora there. Israel has 85,000 Jews of Indian origin. Jews are an influential community in the US, and some of these groups had engaged with Modi even during his time as the Gujarat chief minister.

According to a source, Modi's visit to the US before Tel Aviv could help the PM engage with the Jewish community there, which would contribute to the success of his Israel visit.

On Tuesday, the Indo-American Chamber of Commerce urged an early visit of the PM to the US to "sort out the apprehensions" of the Indian industry on the negative impact of tightening of visa rules relating to H1B and L1 visas.

**From**: Larry Visoski [redacted]
**Sent**: 4/16/2017 12:24:32 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: TRUMP

Jeffrey
Just remembered, POTUS is in PBI until 4:30pm today,. We Cannot fly from STT to PBI since we are not departing from a TSA approved scanning airport. We could land Fort Lauderdale or Stuart only,. If you elected to arrive before 4:30pm.,
After 4:30pm PBI arrival is OK,.
Thx
Larry

Sent from my iPad

**From**: Thorbjøn Jagland [redacted]
**Sent**: 4/16/2017 3:04:37 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

Hope you recover quickly. We have had wonderful days. Tell me when you are coming to Paris so that we can talk. I really don't understand Trump. Today I have to deal with the referendum in Turkey. Endogan is another difficult to understand
T

**From**: Gino Yu [redacted]
**Sent**: 4/24/2017 8:32:33 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: The Party Girl Who Brought Trump to His Knees - The Daily Beast

**Importance**: High

Stayed with this woman in st moritz. Was in NYC for a while.

Gino

http://www.thedailybeast.com/articles/2016/11/01/the-party-girl-who-brought-trump-to-his-knees.html

Sent from my iPhone

**From:** Richard Kahn [redacted]
**Sent:** 5/9/2017 9:22:35 PM
**To:** jeffrey E. [jeevacation@gmail.com]

**Importance:** High

http://www.mansionglobal.com/articles/61984-trump-looking-to-unload-caribbean-beach-estate?link=TD_marketwatch_home_page.83461b39d1bfc251&utm_source=marketwatch_home_page.83461b39d1bfc251&utm_campaign=circular&utm_medium=MANSIONGLOBAL&locale=

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

# #Tramp's_Daaughter
# #بنت_ترامب

A Funny trinding Hashtag on Twitter welcoming Trump's Daughter Ivanka and talking about her beauty and joking around.

This guy asking her for marriage

This one is saying that he is running to the airport with his friends to meet her

This one saying that he wants to take her in a tour around riyadh

This one is welcoming her with a poem

**Kroosy**
@Jon7Ak

#بنت_ترامب Mood :

5/20/17, 1:15 PM

**Nader**
@Nader_SM

Is there an actual reason behind #بنت_ترامب hashtag trending worldwide? or is it just Saudi men simply drooling over her? @IHWCo

5/20/17, 11:24 AM

**1** RETWEET **1** LIKE

etisalat 2:45 PM 44%

Tweet

**Shuja Rabbani**
@ShujaRabbani

#بنت_ترامب

This is crazy - 'bint Trump' (Trump's daughter) in Arabic is trending no.1 worldwide. They must've confused Melania w/ Ivanka.

**مسلط سعد بن جدلان**
@MUSLAT_JADLAN

#بنت_ترامب

@IvankaTrump

Give me paper give me pen
I'm wrote message my love
وصلوها لها 😊

5/20/17, 12:35 PM from Riyadh, Kingdom of Sa...

**الفايز**
@F4yez

#بنت_ترامب

I love you 🖤
plz visit me at Romah road. east Riyadh
3izpat althil Fayez 😍

#بنت_ترامب وانا ابوك قفلي الباب قفلتين

ههههههه

**From**: Martin G. Weinberg [redacted]
**Sent**: 5/25/2017 1:02:58 PM
**To**: jeevacation@gmail.com
**Subject**: ATTORNEY-CLIENT PRIVILEGE

**Importance**: High

Reid mentioned along with Ted Olson, one or two others as potential add'l lawyers for Trump in today's Law 360
Martin G Weinberg PC
20 Park Plaza
Suite 1000
Boston, MA 02116
[redacted]

Virus-free. www.avast.com

**From**: Thomas Jr., Landon [redacted]
**Sent**: 5/30/2017 12:51:12 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Per your point about Trump/Aramco/Ponzi

**Importance**: High

https://www.fairobserver.com/region/middle_east_north_africa/donald-trump-saudi-arabia-oil-aramco-news-60922/?utm_campaign=Daily%20Fringe%20&utm_source=hs_email&utm_medium=email&utm_content=52487236&_hsenc=p2ANqtz--UTwt8lDzZpk6zyw34g9GdPZPoZwsqwM128tJRlurvCO743YcshoDCCjkHnAUT_aPi33tdrUG6_Pah_t5ufCkN48qfxw&_hsmi=52487236

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Nicholas Ribis [redacted]
**Sent**: 5/30/2017 7:51:52 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fw: Close friend of Trump investigated over alleged €170m tax evasion | World news | The Guardian

**Importance**: High

Bad news for TJB
https://urldefense.proofpoint.com/v2/url?u=https-3A__www.theguardian.com_world_2017_may_29_close-2Dfriend-2Dtrump-2Dthomas-2Dbarrack-2Dalleged-2Dtax-2Devasion-2Ditaly-2Dsardinia-3FCMP-3Dshare-5Fbtn-5Ffb&d=DQIFAg&c=euGZstcaTDllvimEN8b7jXrwqOf-v5A_CdpgnVfiiMM&r=qvsWPMySvJQKJyiCbbH3_UeJCrKMWih9KXDAwYE2eSw&m=HWy8klH7mKJ1sy-3HdPAkCHdC0MhzGlxMC3_stl3GEg&s=F0WqhPv3Cj87MVTDCVx3sZahVmybNtdsoq3D_V-5yAU&e=

Sent from my iPhon

**From:** paul krassner [redacted]
**Sent:** 6/3/2017 6:36:57 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** yikes

**Importance:** High

I'm against censorship, and that includes Kathy Griffin. CNN eats chickenshit. What she did is nothing compared to Trump's murderous evil.

**P.S.** THIS LITERALLY REEKS WITH IRONY…THIS IS WHERE CNN GETS ITS CHICKENSHIT. A COMMERCIAL THAT THEY'RE LOSING BECAUSE OF KATHY:

# SQUATTY POTTY - KATHY GRIFFIN "FULL OF SHIT" (2017) (USA)

09 May, 2017 By Dabitch 0 Comments

Second week of May this Kathy Griffin ad rolls out digital media only, where Kathy tells people that they are "full of shit." Literally. See, Kathy Griffin has a potty mouth but also a selling point - the reason you'd use the squatty potty is to properly empty your bowels. "It's like a colonic" she explains, but without that hose up your ass. A cute blue turd bleeps her potty mouth but the point is still made.
You may remember Squatty Potty's pooping unicorn video created by the Harmon Brothers in 2015. Now Kathy Griffin is their first celebrity spokesperson. The brand's CEO and co-creator, Bobby Edwards, finds her quirky, brave and fearless, which makes her a good ambassador for the brand as they target women with this campaign.
Edwards says the brand team fell in love with the "full of shit" idea from Bravery Films, "it got the biggest laughs" from staff. Howie Ronay, Bravery Films' founder and chief creative officer, a former FCB exec who worked on the 2013 viral hit "Ship My Pants" for Kmart explains: "We know a lot of people struggle with this issue, and we decided to take a common colloquial phrase and use it literally." Basically, this is "ship my pants II." Enough about poop, not all ads can be great.

**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 6/13/2017 11:38:59 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

WASHINGTON: US President Donald Trump held the first meeting of his full Cabinet today, vowing to take the fight against terrorism to the very end and said "we are going to starve the beast" by stopping its funding.

"One of the big things that we did - and you're seeing it now with Qatar and all of the things that are actually going on in a very positive fashion - we are stopping the funding of terrorism," Trump told reporters at the White House.

Read more at:
http://economictimes.indiatimes.com/articleshow/59116707.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

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please note
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of
JEE
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Kathy Ruemmler [redacted]
**Sent**: 7/30/2017 3:11:00 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Donald Trump Can't Close Deal, Failing Salesman | National Review

**Importance**: High

http://amp.nationalreview.com/article/449988/donald-trump-cant-close-deal-failing-salesman?utm_source=PANTHEON_STRIPPED&utm_medium=PANTHEON_STRIPPED&utm_campaign=PANTHEON_STRIPPED

**From**: Richard Kahn [redacted]
**Sent**: 8/7/2017 7:51:25 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Peter Thiel Has Been Hedging His Bet On Donald Trump

**Importance**: High

https://www.buzzfeed.com/ryanmac/peter-thiel-and-donald-trump?utm_term=.lvylleJvy#.iwWNNok75

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Thomas Jr., Landon [redacted]
**Sent**: 8/10/2017 6:35:55 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Barrack/Mexico

**Importance**: High

Pitched him/his people on a profile a few weeks ago. They said they were inclined to do it but would have to wait a bit because there are some things in the air. Without being specific.

Do you think he takes it?

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From:** [redacted]
**Sent:** 9/6/2017 5:08:21 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** WoW

**Importance:** High

Jeffrey look at you. how great you are

http://www.huffingtonpost.com/entry/599f532ae4b0d0ef9f1c129d

Private Donor Helps Fund Scientists After Trump's Proposed "Anti-Science" Budget Cuts

www.huffingtonpost.com

The famous American Astrophysicist, Neil deGrasse Tyson, once said, "The good thing about science is that it's true, whether or not you believe in ...

greetings from mexico city...its so trashy, i wanna leave :/

Kind regards/Cordialement,
[redacted]

**From**: [redacted]
**Sent**: 9/6/2017 9:18:52 AM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Fwd: Disney CEO Bob Iger Calls DACA Decision 'Cruel' and 'Misguided'

**Importance**: High

Hello Jeffrey
I understood very well that it is in the Congress's hands now;
But there are a lot of reactions

[redacted]

Début du message transféré :

**Expéditeur:** [redacted]
**Date:** 6 septembre 2017 à 09:22:24 UTC+2
**Destinataire:** [redacted], "Queneudec, Stephane" [redacted]>, [redacted], [redacted], [redacted], [redacted], "Broclawski, Benjamin" <[redacted]>, [redacted]
**Objet: Disney CEO Bob Iger Calls DACA Decision 'Cruel' and 'Misguided'**

*Walt Disney Co. CEO Bob Iger weighed in on President Trump's decision to rescind an Obama-era progr…*

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BREAKING NEWS
TUE, SEPTEMBER 5, 2017

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# *Disney CEO Bob Iger Calls DACA Decision 'Cruel' and 'Misguided'*

Walt Disney Co. CEO Bob Iger weighed in on President Trump's decision to rescind an Obama-era program to allow young undocumented …

**Full Story**

*Follow us on Facebook*

**From**: Deepak Chopra [redacted]
**Sent**: 9/6/2017 5:19:43 PM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: Here's the guru Donald Trump needs right now - MarketWatch

**Importance**: High

http://www.marketwatch.com/story/heres-the-guru-donald-trump-needs-right-now-2017-09-06


Deepak Chopra MD

2013 Costa Del Mar Road
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

**Home: Where Everyone is Welcome**


Deepak Chopra MD

2013 Costa Del Mar Road
**Carlsbad, CA 92009**
**Chopra Foundation**
**Jiyo**
**Chopra Center for Wellbeing**

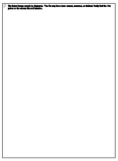

**Home: Where Everyone is Welcome**

**From**: Larry Visoski [redacted]
**Sent**: 9/16/2017 7:57:47 PM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Darren Indyke [redacted]; Rich Kahn [redacted]
**Subject**: Cuba trip
**Attachments**: CUBA TRAVEL DOCUMENTATION 11 JAN 2017.docx; Untitled attachment 482987.txt

Jeffrey
I've contact Universal ref Cuba trip:
Attached is current form they are utilizing,.
See note from UVAir below:

Hello Larry,
This year we have had quite a few successful Cuba trips with clients over the past year or so that Cuba travel has resumed. Attached are the rules and regulations that we currently operate under.
Keep in mind on 16 Jun 2017, President Donald Trump has announced changes that are to come regarding Cuban and US relations. This means the regulations are being rewritten to reflect these changes and are to be published 30-90 days from that date. We do not have advance notice on how the regulations will be written or exactly how it will affect our Cuba licensing but we are sure they will have some impact on us.

Until further notice we are still utilizing the attached information. I will keep an eye out for updates on Cuba restrictions; however, we should start the process as we have in the past.

We will need the following documents form you:
1. In the attached document on page number 10 there is a "Cubia BIS Certification Form" We will need this filled out by the PIC for the trip. This is a self-authorization form for the aircraft and should be kept on file after the trip in case the Department of Treasury asks for it in the future.
2. We will also need the "Passenger Certification" form for each passenger on board. They will need to advise purpose of travel under section 1. If they do not fall under any of those then they will need a specific license from the Department of Treasury.

After we receive the above documents for the aircraft and passengers we can start arranging handing and landing permits for the trip.

Thank you,
William McLendon
Senior Mission Advisor
Trip Support Services
Universal Weather and Aviation, Inc

**From**: Robert Lawrence Kuhn [redacted]
**Sent**: 9/25/2017 7:06:34 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Radical Breakthroughs - Kuhn
**Attachments**: BBC World News - Kuhn - China, North Korea Bomb, BRICS Summit - 09_03_17.pdf; Untitled attachment 485043.htm; BBC World News - Kuhn - Mynamar Rohingya Refugees - China-Mynamar - 09_14_17.pdf; Untitled attachment 485046.htm

**Importance**: High

Dear Jeffrey:

Trust all is well. We are in full pre-production of our "Radical Breakthroughs" series/season for *Closer To Truth*. We expect to have a complete production plan, with contributors, locations and schedule, by mid/late November - when (coincidentally) I will be back in NY.

My next email will add detail, including first (rough) outlines of the first two episodes. I'll be copying the producer/director of *Closer To Truth,* as I will from now on with all reports/communications related to the content of the series. Whenever we want to communicate privately, about the series/grant or anything else, please use a separate email (or respond to this one).

I am in Santa Monica for two weeks, then Beijing for the big Party Congress. I may need to stay until after Trump's (supposed) visit. Attached are my two recent BBC commentaries on China (N.Korea bomb and Myanmar refugees).

Always available to Skype.

I am truly excited about the series - nothing like it, could have impact - and I deeply appreciate your generosity/support, confidence and trust.

Take care and warm regards,

Robert

# BBC World News – Robert Lawrence Kuhn – September 14, 2017

**Host**: Why is the mass exodus of Rohingya Muslims from Myanmar continuing. Today on Impact we bring you different perspectives, and one comes from Myanmar's state media which claims the military has China's backing for what it calls an "Anti-Terror Operation." It claims the Chinese ambassador told hig- level officials that the operation should be treated as an internal affair. Let's get insight from Beijing where we're joined by Dr. Robert Lawrence Kuhn, a long-term advisor to the Chinese government and the author of *How China's Leaders Think*. Robert, thank you for joining us here on impact, and what do you think is the Chinese interest here?

**RLK**: China's foreign policy is clear historically, but it has been changing under President Xi Jinping. President Xi has a grand vision to create an international community of common destiny, as he calls it, via a new kind of global governance. So, in this situation, what is China's position? Historically, of course, China's cardinal principle has been non-interference across international boundaries. But there's much more here to the story. First of all, China will always skew to supporting the existing government - especially in cases of minority issues because China of course has its own minorities and would not want some new general principle of "responsibility to protect" to be used in an exaggerated way, because it could be applied to China's situation in Xinjiang or elsewhere.

**RLK**: But there's more complexity with Myanmar because Myanmar an ASEAN country and China has great political interest in ASEAN, particularly in the South China Sea where Vietnam, potentially Indonesia, Philippines (for a time), were all claimants against China, and China needs support in that

area. In addition, Myanmar is in a critical geographic position for China's economic concerns. President Xi has the Belt and Road Initiative, this far reaching strategy to build infrastructure across Asia and into Africa and even Eastern Europe. And Myanmar plays a critical position potentially for an oil or energy pipeline that would allow China to get resources from the Middle East and avoid the bottleneck in the Straits of Malacca. For all of these reasons, China would support the Myanmar government.

**Host**: Robert, is China's support strengthened by opposition from Washington where President Trump's administration is calling for Rohingya refugees to return to safe zones?

**RLK**: I don't think that's a big motivation for China. Far more important are local geopolitics, the Belt and Road Initiative, the potential energy pipeline. I don't think China considers opposing Washington a major motivator for their strategy. U.S. comments seem normal for these situations, but are fairly ineffectual – look at Crimea or other places in the world where similar situations have occurred.

**RLK:** Refugee crises are great tragedies for the world and it seems like we have more of them. There's more of a desire for individual groups of people to assert their own independence. We see it in the Kurds, South Sudan, many places in the world. Perhaps it's our interconnected world of 24-hour-a-day internet, which allows similar people to congregate together and take up their own personal interests. So it's a very complex situation. China is dealing with it - for the reasons I said - for what it believes to be in its own interests.

**Host**: Robert Lawrence Kuhn, thank you very much for joining us from Beijing. We appreciate your insights.

**From**: Lesley Groff [redacted]
**Sent**: 9/28/2017 8:27:09 PM
**To**: Jefffrey Epstein [jeevacation@gmail.com]
**Subject**: Dylan Love of TNW & Business Insider ([redacted] person)

**Importance**: High

Hi Jeffrey, I was happy to meet you this morning.

You asked to see some things I've written. Here's my (only slightly out of date) professional web presence, including Letterman clip:
www.thedylanlove.com

Here are a few stories I've written more recently that are not displayed on my site:
https://www.inverse.com/article/33173-virtual-reality-psychedelic-drugs
https://www.inverse.com/article/11766-how-instant-translation-tech-will-change-the-way-the-world-talks-and-listens
https://thenextweb.com/contributors/2017/09/14/russians-use-technology-influence-elections
http://www.businessinsider.com/quantum-technologies-conference-2017-8

You might get a special kick out of this Trump story:
https://www.inverse.com/article/20029-transhumanist-presidential-candidate-zoltan-istvan-donald-trump-new-technologies

What kinds of media goals/story ideas are interesting to you? Masha has made it clear that she wants me to write something about you, but that's much more your call to make. I suggest that there is mileage to be gained by quoting you in a story about how proper implementation of cryptocurrency might solve financial corruption issues.

I travel back to Austin, Texas tomorrow evening, but am of course reachable. Thanks again for your time this morning.

-Dylan

**From**: Richard Kahn [redacted]
**Sent**: 10/4/2017 4:24:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: PR Bonds

**Importance**: High

https://www.cnbc.com/video/2017/10/04/trump-puerto-rico-debt-will-have-to-be-wiped-out.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** paul krassner [redacted]
**Sent:** 10/16/2017 5:12:25 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** FYI
**Attachments:** f9d496f4156db88c578809252b54c5cf.png

**Importance:** High

**September 24, 2017**

# Trump's urging that some NFL players be fired could cost him 15 years in prison

**Legal Information Institute**

1. U.S. Code › Title 18 › Part I › Chapter 11 › § 227

**18 U.S. Code § 227 - Wrongfully influencing a private entity's employment decisions by a Member of Congress or an officer or employee of the legislative or executive branch**

- US Code
- Notes

(a) Whoever, being a covered government person, with the intent to influence, solely on the basis of partisan political affiliation, an employment decision or employment practice of any private entity—

(1)
takes or withholds, or offers or threatens to take or withhold, an official act, or
(2)
influences, or offers or threatens to influence, the official act of another, shall be fined under this title or imprisoned for not more than 15 years, or both, and may be disqualified from holding any office of honor, trust, or profit under the United States.

(b) In this section, the term "covered government person" means—

(1)
a Senator or Representative in, or a Delegate or Resident Commissioner to, the Congress;
(2)
an employee of either House of Congress; or
(3)
the President, Vice President, an employee of the United States Postal Service or the Postal Regulatory Commission, or any other executive branch employee (as such term is defined under section 2105 of title 5, United States Code).

I sent the Attn: Mueller re Trump crime to these journalists:

AP John Rogers — on vacation

NY Times

LA Times

Washington Post

Village Voice

Syndicated Sports columnist

and Al Franken:

Thank you for submitting your message to my U.S. Senate office. Each week, several thousand Minnesotans send me their thoughts and suggestions on legislation and important issues facing our nation. This impressive volume is a testament to the Minnesotan traditions of grassroots activism and civic participation that distinguish our state. I closely track the concerns that are expressed in your letters and emails, and will answer them as soon as possible.

Sincerely,

Al Franken
United States Senator

P.S. To sign up to receive my email updates visit http://franken.senate.gov/

**From**: Richard Kahn [redacted]
**Sent**: 11/17/2017 2:32:27 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Reid Hoffman: Trump 'worse than useless'

**Importance**: High

https://www.cnbc.com/2017/11/16/reid-hoffman-trump-worse-than-useless.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/30/2017 10:28:42 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump 'made comment about p**sy years before tape' | Daily Mail Online

**Importance**: High

http://www.dailymail.co.uk/news/article-5131173/Trump-comment-p-sy-years-tape.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 12/1/2017 4:34:09 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: U.S. stocks fall after ABC report that Flynn will testify against Trump

**Importance**: High

should be interesting...

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 12/5/2017 12:02:43 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Mueller Subpoenas Trump Deutsche Bank Records

**Importance**: High

https://www.bloomberg.com/news/articles/2017-12-05/deutsche-bank-is-said-to-have-received-subpoena-on-client-trump

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022

[redacted]

**From**: Thomas Jr., Landon [redacted]
**Sent**: 12/7/2017 6:13:54 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Interesting on Barrack/Trump/Russia

**Importance**: High

http://talkingpointsmemo.com/edblog/in-2016-tom-barrack-too-said-we-needed-to-become-friends-with-russia

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Richard Kahn [redacted]
**Sent**: 1/3/2018 6:00:32 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

http://nymag.com/daily/intelligencer/2018/01/michael-wolff-fire-and-fury-book-donald-trump.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Thomas Jr., Landon [redacted]
**Sent**: 1/5/2018 4:38:00 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: To your point I guess....

**Importance**: High

The story is out there -- but people have not directly linked it to Trump I guess...

https://quartzy.qz.com/1155494/theres-never-been-a-better-time-to-buy-a-50-million-nyc-dream-pad/

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Richard Kahn[redacted]
**Sent**: 1/5/2018 5:03:27 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: wolf interview

**Importance**: High

https://www.cnbc.com/2018/01/05/people-say-trump-is-like-a-child-fire-and-fury-author-michael-wolff-says.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022

[redacted]

**From:** Larry Visoski [redacted]
**Sent:** 1/8/2018 2:02:30 PM
**To:** Je vacation [jeevacation@gmail.com]
**Subject:** POTUS
**Attachments:** image002.png

Jeffrey
FYI
Trump estimate arrival Jan 12 evening

POTUS arrival – Friday, January 12th, time TBD (likely PM)
POTUS departure – Monday, January 15th, time TBD (likely PM)

Advance teams arrive tomorrow – hope to learn more specific times for these movements and will update you.

Rumors of a visit the following week are surfacing – January 19th-21st.

Seth Mager
Customer Relations Manager

[redacted]

Sent from my iPhone

**From**: Larry Visoski [redacted]
**Sent**: 1/9/2018 1:04:53 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: Friday POTUS

Jeffrey
Boston / Bedford are not gateway airports to PBI.
Only airports that are gateway into Palm Beach are:
White Plains
Teterboro
Orlando
Dulles
Orlando
Fortlauderdale

Most operators are using Boca for arrivals when Trump is in town. Parking reservation at Boca are required since the ramp fill up. Other options is Fort Lauderdale when Boca is full.

POTUS arrival – Friday, January 12th, time TBD (likely PM)

POTUS departure – Monday, January 15th, time TBD (likely PM)

Should I request parking at Boca?

Thx
Larry

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 1/17/2018 7:08:41 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Porn star: Trump said I reminded him of Ivanka after sex | New York Post

**Importance**: High

https://nypost.com/2018/01/17/porn-star-detailed-alleged-affair-with-trump-in-2011-interview/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Paul Barrett [redacted]
**Sent**: 1/25/2018 7:43:30 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: EUR
**Attachments**: image001.jpg

**Importance**: High

Any thoughts on the EUR up here? I just bought some 3 month puts as I think Trump will push the strong USD policy tomorrow.

**Paul Barrett**
Alpha Group Capital LLC
142 W 57th Street, 11th Floor, New York, NY 10019
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 1/30/2018 2:30:10 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Dershowitz: There's No Obstruction, President 'Has Constitutional Authority to Do What Trump Is Alleged to Have Done'

**Importance**: High

https://www.cnsnews.com/blog/michael-w-chapman/dershowitz-theres-no-obstruction-president-has-constitutional-authority-do

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Larry Visoski [redacted]
**Sent**: 1/30/2018 4:57:53 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

Jeffrey
Trump is due to arrive PBI Friday 6pm and depart Sunday 8:30pm
Times may change, I'll keep you posted.
Teterboro is an arrival gateway to PBI when TFR is in effect, NO airMarshal is needed, just 24hour advance Passenger list and Prescreening at departure airport.

Thx
Larry

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 2/16/2018 12:56:55 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Bombshell report emerges of alleged Trump affair with Playboy model | New York Post

**Importance**: High

https://nypost.com/2018/02/16/ronan-farrow-details-alleged-trump-affair-with-playboy-model-in-new-yorker-piece/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Jeffrey Epstein [jeevacation@gmail.com]
**Sent**: 2/16/2018 2:19:27 PM
**To**: jeevacation@gmail.com
**Subject**: Alert - trump im palm

**Importance**: High

February 16, 2018 9:00 AM : trump im palm

**From**: Richard Kahn [redacted]
**Sent**: 2/27/2018 6:50:45 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

https://www.texastribune.org/2018/02/27/trump-taps-texan-brad-parscale-his-2020-re-election-campaign-manager/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 3/14/2018 4:59:21 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump plans to name Larry Kudlow his top economic advisor, replacing Gary Cohn

**Importance**: High

https://www.cnbc.com/2018/03/14/trump-to-name-larry-kudlow-as-gary-cohn-replacement.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 3/30/2018 5:50:50 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Dershowitz On Special Counsel: The Investigation Should End « CBS Dallas / Fort Worth

**Importance**: High

http://dfw.cbslocal.com/2018/03/29/dershowitz-trump-special-counsel-investigation-should-end-soviet-union/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 4/6/2018 9:20:51 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Trump tariffs are in 'Stop, or I'll shoot myself in the foot' category: Ex-Treasury chief Summers

**Importance**: High

https://www.cnbc.com/2018/04/06/trump-tariff-threats-harming-us-ex-treasury-chief-larry-summers.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Larry Visoski [redacted]
**Sent**: 4/12/2018 12:36:12 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

Jeffrey,
Rumor at the PBI airport is President Trump is due to arrive PBI Monday the 16th and stay until 23rd or 24th.,
This means we can only arrive in PBI from Teterboro after the 16th.

Thx
Larry

Sent from my iPhone

**From**: Vincenzo Iozzo [redacted]
**Sent**: 4/14/2018 9:40:46 PM
**To**: jeevacation@gmail.com
**Subject**: New Yorker

**Importance**: High

I think this is a very good article in case you missed https://www.newyorker.com/news/news-desk/michael-cohen-and-the-end-stage-of-the-trump-presidency

Sent from my Iphone

**From**: Richard Kahn [redacted]
**Sent**: 8/19/2015 5:48:50 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Poll: Trump closing in on Clinton

**Importance**: High

http://thehill.com/blogs/ballot-box/presidential-races/251425-poll-trump-closing-in-on-clinton

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** [redacted]
**Sent:** 8/24/2015 11:32:13 AM
**To:** jeevacation@gmail.com
**Subject:** Re: (no subject)

**Importance:** High

Trump no chance of president but upending Bushes chance

In a message dated 8/24/2015 7:16:48 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> trump.,is scaring the market  not china
>
> On Mon, Aug 24, 2015 at 5:49 AM, <[redacted]> wrote:
>
> > jeffrey Hi what is the final outcome of this devaluation race is it a breton woods collapsapse and does it take the markets with it thanks Jonathan
>
> --
>
> please note
> The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
> Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Thomas Jr., Landon [redacted]
**Sent**: 1/4/2016 9:05:31 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Connolly digging into Trump and you...

**Importance**: High

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

**From**: Richard Kahn [redacted]
**Sent**: 2/10/2016 11:04:38 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

looks like donald and mort are not to friendly..

http://www.marketwatch.com/story/ny-daily-news-calls-voters-mindless-zombies-after-donald-trump-wins-new-hampshire-2016-02-10/print

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 2/29/2016 4:35:11 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Hillary could lose to Trump in Democratic New York | New York Post

**Importance**: High

http://nypost.com/2016/02/28/hillary-could-lose-to-trump-in-democratic-new-york/

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 3/4/2016 2:21:38 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump could beat Hillary Clinton: Bill Richardson

**Importance**: High

http://www.cnbc.com/2016/03/04/donald-trump-could-beat-hillary-clinton-bill-richardson.html

Sent from my iPhone

**From:** Stephen Alexander [redacted]
**Sent:** 3/7/2016 10:05:34 PM
**To:** jeevacation@gmail.com
**Subject:** Trump

**Importance:** High

A pal from Trump's military school days came out in his defense. What the author failed to mention was Peter Ticktin's law license has been suspended twice since 2009 for unethical practice of law. Makes him the perfect "character witness" for The Donald, eh?

Man Who Lived With Trump 50 Years Ago Drops Bombshell TRUTH... "I Was Aghast"

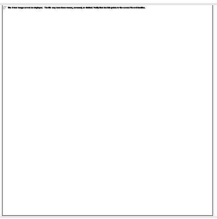

Man Who Lived With Trump 50 Years Ago Drops Bo mbshe...

Donald Trump NEVER thought this was going to come out...

View on conservativetribune.com Preview by Yahoo

Stephen R. Alexander, Psy.D.
Clinical & Forensic Psychology
1825 Forest Hill Blvd., Suite 204
West Palm Beach, Florida 33406
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 4/25/2016 5:03:12 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: trump

**Importance**: High

your call was remarkable..

https://mediarelations.gwu.edu/americans-overwhelmingly-engaged-2016-election-tone-race-affecting-voters-new-gw-battleground-poll

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Martin Weinberg [redacted]
**Sent**: 4/27/2016 7:49:46 PM
**To**: Jeff Epstein [jeevacation@gmail.com]; [redacted]
**Subject**: Fwd: media inquiry - Fox News

**Importance**: High

Sent from my iPhone

Begin forwarded message:

**From:** [redacted]
**Date:** April 27, 2016 at 3:47:49 PM EDT
**To:** [redacted]
**Cc:** [redacted]
**Subject: media inquiry - Fox News**

Mr. Weinberg

I was referred to you by Alan Dershowitz, who told me you're Jeffrey Epstein's attorney.

If this is the case, I was hoping to reach him through you to see if he'd be willing to speak on the record about his ties - or previous ties - to both the Clintons and Donald Trump?

Would you be able to arrange a call or email exchange this week?

Thanks for your consideration.

[redacted]

[redacted]
Investigative Reporter,
FoxNews.com

2044 Armacost Avenue
Los Angeles, CA 90025

[redacted]

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**From**: Michael Wolff [redacted]
**Sent**: 4/29/2016 4:41:30 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Well...

**Importance**: High

Hardly a whimper. Must be nice to be Donald Trump.

**From:** [redacted]
**Sent:** 5/4/2016 4:21:38 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** hello

**Importance:** High

Hi Jeffrey,
Are you going to survive with Trump?
Are you coming to Cannes for Woody's movie?
Big kiss
[redacted]

**From**: Martin G. Weinberg[redacted]
**Sent**: 5/6/2016 7:52:09 PM
**To**: jeevacation@gmail.com;[redacted]
**Subject**: Fw: media inquiry - Fox News

**Importance**: High

**From:**[redacted]
**Sent:** Friday, May 06, 2016 3:26 PM
**To:**[redacted]
**Subject:** Re: media inquiry - Fox News

Just following up again in hopes of arranging a phone interview or email exchange.

Thanks for your consideration.

[redacted]

---

**From:**[redacted]
**Sent:** Wednesday, April 27, 2016 12:47 PM
**To:**[redacted]
**Cc:**[redacted]
**Subject:** media inquiry - Fox News

Mr. Weinberg

I was referred to you by Alan Dershowitz, who told me you're Jeffrey Epstein's attorney.

If this is the case, I was hoping to reach him through you to see if he'd be willing to speak on the record about his ties - or previous ties - to both the Clintons and Donald Trump?

Would you be able to arrange a call or email exchange this week?

Thanks for your consideration.

[redacted]

[redacted]
Investigative Reporter,
FoxNews.com

2044 Armacost Avenue
Los Angeles, CA 90025

[redacted]

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**From**: Nicholas Ribis [redacted]
**Sent**: 5/13/2016 12:31:13 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fw: Washington Post Article

**Importance**: High

Sent from my BlackBerry 10 smartphone.

Thought u would be interested in this

https://www.washingtonpost.com/news/post-politics/wp/2016/05/12/california-allies-roll-out-new-pro-trump-super-pac-with-aim-of-raising-20-million-by-july/

**From**: Michael Wolff [redacted]
**Sent**: 6/1/2016 11:29:02 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump

**Importance**: High

http://www.hollywoodreporter.com/features/donald-trump-conversation-politics-dark-898465

**From:** Sultan Bin Sulayem [redacted]
**Sent:** 6/2/2016 9:25:10 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Trump says he has foreign policy experience because he ran the Miss Universe pageant in Russia!!

**Importance:** High

Donald Trump says he has foreign policy experience because he ran the Miss Universe pageant in Russia

Clinton attacks Trump's foreign policy as 'dangerously incoherent' 1 / 27U.S. Democratic presidential candidate Hillary Clinton lambasted Donald Trump's foreign policy platform as "dangerously incoherent" in a speech on Thursday that cast her Republican rival as both a dangerous and laughable figure.
A former U.S. secretary of state, Clinton attacked Trump for his policies and his character, suggesting Trump might start a nuclear war if elected to the White House simply because "someone got under his very thin skin."
"Donald Trump's ideas are not just different, they are dangerously incoherent," she said to a room of supporters in San Diego, California. "They're not even really ideas, just a series of bizarre rants, personal feuds and outright lies."

© Mike Blake U.S. Democratic presidential candidate Hillary Clinton delivers a speech on national security in San Diego, California, United States June 2, 2016.
Clinton, the front-runner in the race to become the Democratic presidential nominee, delivered her speech as she seeks to shift her attention to the Nov. 8 election against likely rival Trump and away from Bernie Sanders, a U.S. senator from Vermont, who is continuing his longshot bid for the nomination.
Trump, the Republicans' presumptive nominee, has said he would sit down with North Korean leader Kim Jong Un to try to stop Pyongyang's nuclear program and has criticized the decades-old NATO alliance with mainly European nations as obsolete and too costly for the United States.
Clinton derided these and other positions, promising she would do a better job keeping the United States safe and standing in front of a backdrop of 19 large U.S. flags, an unusual abundance even by the standards of presidential campaign events.
Trump, a billionaire businessman who has never held elected office or worked in government before, says he has experience dealing with foreign governments through setting up hotels, resorts, golf courses and beauty pageants in foreign countries. Clinton, who is also a former U.S. senator and former first lady, mocked this.
"He says he has foreign policy experience because he ran the Miss Universe pageant in Russia," she said to loud laughter.
Trump has talked tough on foreign policy. He has said he would bring back waterboarding and other brutal interrogation techniques for terrorism suspects that are widely regarded as torture and were discontinued by Democratic President Barack Obama.
He has also vowed to renegotiate trade deals, called for a temporary ban on Muslims entering the country, and said he would ask members of the 28-nation NATO alliance to "pay up" or "get out."
Trump has criticized Clinton for her handling of foreign policy during her 2009-2013 stint as foreign secretary, including the Sept. 11, 2012, attack by Islamist militants on a U.S. diplomatic facility in Benghazi, Libya, that killed the U.S. ambassador and three other Americans.
He cites Clinton's support for the Iraq war - launched by former Republican President George W. Bush - as another example of her shortcomings.
At a rally Wednesday night in Sacramento, California, Trump said he had seen a copy of Clinton's speech and "it was such lies about my foreign policy."

Sent from my iPhone

NOTE: This e-mail message is subject to the Dubai World Group disclaimer see http://www.dubaiworld.ae/email_disclaimer

**From**: Landon Thomas Jr. [redacted]
**Sent**: 6/22/2016 4:15:25 PM
**To**: jeevacation@gmail.com
**Subject**: Trump Wall Street

**Importance**: High

Any big finance names out there supporting trump that we have not heard about? We are trying to get an angle on who is supporting and who is not.

Sent from my iPhone

**From**: Barry Josephson [redacted]
**Sent**: 6/26/2016 9:55:27 PM
**To**: Jeff Epstein [jeevacation@gmail.com]
**Subject**: www.washingtonpost.com: In new poll, support for Trump has plunged, giving Clinton a double-digit lead - The Washington Post

**Importance**: High

What a difference a week makes!

**In new poll, support for Trump has plunged, giving Clinton a double-digit lead - The Washington Post**
www.washingtonpost.com

Read the full story

Best,
Barry J

**Barry Josephson**
**Josephson Entertainment**
11900 W Olympic Blvd.
Suite 620
Los Angeles, CA 90064
[redacted]

**From**: Linda Stone [redacted]
**Sent**: 6/27/2016 2:03:17 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Watching

**Importance**: High

Chomsky's requiem for the American Dream. Fascinating. Brilliant guy.

Separately, trump is not a force for a civil society. EVERY taxi/Uber driver I've encountered is FOR him. I really don't get it.

How are you?

Xo

Co-authored with iPhone auto-correct

**From:** Barry Josephson [redacted]
**Sent:** 6/27/2016 3:20:09 PM
**To:** Jeff Epstein [jeevacation@gmail.com]
**Subject:** FW: Trump Force One Vs. Air Force One
**Attachments:** F8796710-315E-4988-9D76-F47859C86983[1].png

**Importance:** High

Funny!
Best,
Barry J

Barry Josephson
Josephson Entertainment
1201 W. 5th St.
Suite F-300
Los Angeles, CA 90017
[redacted]

---

**From:** Niall McCarthy | Statista <[redacted]>
**Reply-To:** Niall McCarthy | Statista <[redacted]>
**Date:** Monday, June 27, 2016 at 7:34 AM
**To:** Barry Josephson <[redacted]>
**Subject:** Trump Force One Vs. Air Force One

View this email in your browser here.

[redacted]

Chart of the Day - Economy and Society
June 27, 2016

**Dear Barry,**

When it comes to describing Donald Trump's private jet, the word "impressive" would be an understatement. The presumptive Republican Party nominee bought the Boeing 757-200 from Microsoft co-founder Paul Allen and he spared no expense kitting it out. Dubbed "Trump Force One," the luxurious jet is equipped with a shower, gold-plated seatbelt buckles and a 52-inch flatscreen with a library of 1,000 movies. Built in 1991, the 757 is estimated to have cost approximately $100 million. If Trump reaches the White House in November, he'll have to exchange his personal jet for the presidential fleet, two highly modified Boeing 747-200Bs. The aircraft used by the president were built in 1986 and operate with the Air Force One callsign when the president is onboard. Will switching jets prove one of Trump's few regrets if he becomes president?

Even though it cannot boast gold-plated accessories, Air Force One is a larger aircraft, seating 70 passengers in comfort compared to Trump Force

One's 43. The presidential jet is also slightly faster with a range of about 6,800 nautical miles compared to 4,100 for a 757. A VC-25A can also be refuelled in mid-air by a tanker, extending its range even further.

The two presidential planes cost $325 million each and their cost of operation comes to $179,750 per hour. The hourly cost of operation for a standard 757 is just over $8,000 by comparison, though the taxpayer will pick up the higher bill for Air Force One. All that bling certainly inflated the cost of Trump Force One but Air Force One is expensive because it's packed with equipment and facilities to keep the president and his or her entourage safe at all times. There is a hospital onboard, electronic countermeasures and heavy shielding to afford protection in the event of an electromagnetic pulse during a nuclear attack. All in all, if Trump does end up travelling regularly on Air Force One, he probably won't regret trading in his gold seatbelt buckle for the presidential suite on one of the most sophisticated airliners in the world.

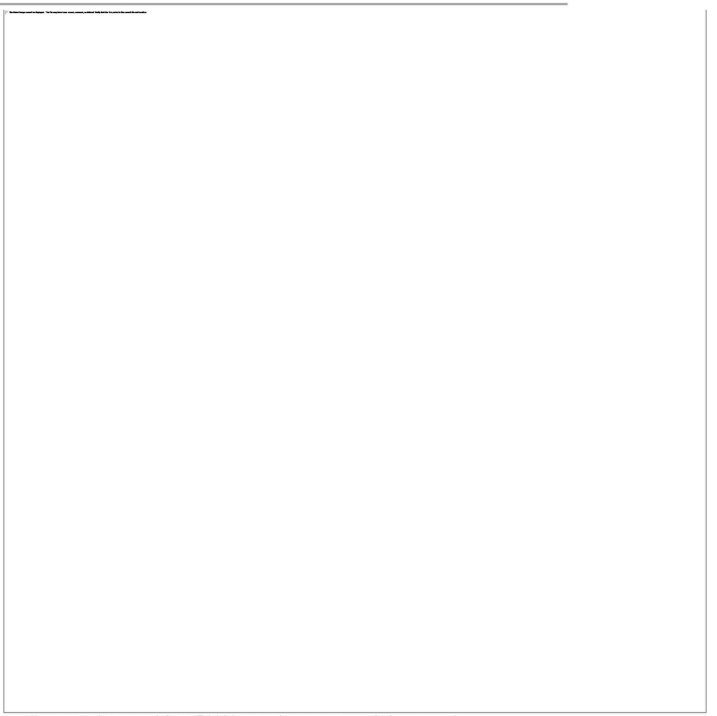

https://www.statista.com/chart/5110/trump-force-one-vs-air-force-one/

+++ Advertisement ++

**6 Best Practices for Creating Effective Dashboards**
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Our charts are intended for public use in online articles and social media. Please feel free to share them. If you do, we kindly ask you to refer to Statista using the URL given below the respective chart.

Please feel free to contact me with any questions you may have. For data requests, please use the search function on the Statista website.

Best regards,
**Niall McCarthy**
Media Relations Manager

Statista creates infographics about your topic in your corporate design. For information about our infographic service and advertising in this newsletter please contact :

**Jan Frederik Ahrens**
Digital & Content Marketing

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**From**: Richard Kahn [redacted]
**Sent**: 7/6/2016 8:12:44 PM
**To**: Darren Indyke [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Jared Kushner: The Donald Trump I Know | | Observer

**Importance**: High

http://observer.com/2016/07/jared-kushner-the-donald-trump-i-know/

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 7/14/2016 5:13:01 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: good call on pence

**Importance**: High

http://www.nytimes.com/2016/07/15/us/politics/mike-pence-donald-trump-vice-president.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 7/21/2016 12:00:41 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Peter Thiel's Embrace of Trump Has Silicon Valley Squirming - NYTimes.com

**Importance**: High

http://mobile.nytimes.com/2016/07/21/technology/peter-thiels-embrace-of-trump-has-silicon-valley-squirming.html?referer=http://www.drudgereport.com/

Sent from my iPhone

**From:** Richard Kahn [redacted]
**Sent:** 7/25/2016 4:28:09 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** trump getting RNC bounce...

**Importance:** High

## Monday, July 25

| Race/Topic (Click to Sort) | Poll | Results | Spread |
|---|---|---|---|
| General Election: Trump vs. Clinton | CNN/ORC | Trump 48, Clinton 45 | Trump +3 |
| General Election: Trump vs. Clinton | CBS News | Trump 44, Clinton 43 | Trump +1 |
| General Election: Trump vs. Clinton vs. Johnson vs. Stein | CNN/ORC | Clinton 39, Trump 44, Johnson 9, Stein 3 | Trump +5 |
| General Election: Trump vs. Clinton vs. Johnson | CBS News | Clinton 39, Trump 40, Johnson 12 | Trump +1 |

**From**: Richard Kahn [redacted]
**Sent**: 8/9/2016 8:14:10 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump Could Make the Deal of His Life and Defeat Clinton - Yahoo Finance

**Importance**: High

http://finance.yahoo.com/news/trump-could-deal-life-defeat-090000096.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: [redacted]
**Sent**: 8/18/2016 2:09:42 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Article on political trends

**Importance**: High

https://www.theguardian.com/news/2016/aug/16/secret-history-trumpism-donald-trump?CMP=share_btn_tw

Co-authored with iPhone auto-correct

**From**: Richard Kahn [redacted]
**Sent**: 9/13/2016 5:36:29 PM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: LinkedIn's Hoffman Offers $5 Million for Trump's Tax Returns

**Importance**: High

http://www.bloomberg.com/news/articles/2016-09-12/linkedin-s-hoffman-offers-5-million-for-trump-s-tax-returns

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** Richard Kahn [redacted]
**Sent:** 9/14/2016 2:33:10 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** trump making a nice move ..

**Importance:** High

Election Polls | President Polls | State Polls | Senate Polls | House Polls | Governor Polls | Approval Polls

**Wednesday, September 14**

| Race/Topic (Click to Sort) | Poll | Results | Spread |
|---|---|---|---|
| General Election: Trump vs. Clinton | LA Times/USC Tracking | Clinton 42, Trump 47 | Trump +5 |
| General Election: Trump vs. Clinton vs. Johnson vs. Stein | Reuters/Ipsos | Clinton 39, Trump 39, Johnson 8, Stein 2 | Tie |
| General Election: Trump vs. Clinton | Reuters/Ipsos | Clinton 40, Trump 39 | Clinton +1 |
| Ohio: Trump vs. Clinton vs. Johnson vs. Stein | Bloomberg | Trump 44, Clinton 39, Johnson 10, Stein 3 | Trump +5 |
| Ohio: Trump vs. Clinton | Bloomberg | Clinton 43, Trump 48 | Trump +5 |
| Maine: Trump vs. Clinton vs. Johnson vs. Stein | Colby College/SurveyUSA | Clinton 42, Trump 39, Johnson 9, Stein 5 | Clinton +3 |
| Maine CD2: Trump vs. Clinton vs. Johnson vs. Stein | Colby College/SurveyUSA | Trump 47, Clinton 37, Johnson 8, Stein 5 | Trump +10 |
| Massachusetts: Trump vs. Clinton vs. Johnson vs. Stein | WBUR/MassINC | Clinton 54, Trump 28, Johnson 9, Stein 4 | Clinton +26 |
| Kansas: Trump vs. Clinton vs. Johnson vs. Stein | KSN News/SurveyUSA | Trump 48, Clinton 36, Johnson 8, Stein 2 | Trump +12 |
| South Carolina: Trump vs. Clinton vs. Johnson vs. Stein | Trafalgar Group (R) | Trump 53, Clinton 38, Johnson 3, Stein 1 | Trump +15 |
| Kansas Senate - Moran vs. Wiesner | KSN News/SurveyUSA* | Moran 50, Wiesner 34 | Moran +16 |
| Maine 2nd District - Poliquin vs. Cain | Colby College/SurveyUSA | Poliquin 50, Cain 45 | Poliquin +5 |
| Maine 1st District - Holbrook vs. Pingree | Colby College/SurveyUSA | Pingree 57, Holbrook 37 | Pingree +20 |
| President Obama Job Approval | Reuters/Ipsos | Approve 48, Disapprove 48 | Tie |
| 2016 Generic Congressional Vote | Reuters/Ipsos | Democrats 40, Republicans 38 | Democrats +2 |
| Direction of Country | Reuters/Ipsos | Right Direction 22, Wrong Track 65 | Wrong Track +43 |

**From**: Richard Kahn [redacted]
**Sent**: 4/20/2018 5:52:34 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

is this a sign trump will escape muller investigation unharmed..

https://www.cnbc.com/2018/04/20/democratic-party-files-suit-alleging-russia-the-trump-campaign-and-wikileaks-conspired-to-disrupt-the-2016-election-report.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** Richard Kahn [redacted]
**Sent:** 6/22/2018 1:12:21 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]

**Importance:** High

see video at the bottom of the page as someone at rally printed a picture of you and trump together

https://www.washingtonexaminer.com/news/watch-trump-kicks-out-protesters-from-rally

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022

[redacted]

**From**: Robert Trivers [redacted]
**Sent**: 6/28/2018 12:27:50 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

i think we have divergent views on Trump and trade for obvious reasons

the best economists say all-out trade war will cost the WORLD 2-3% of its GDP

this can hardly help the stock market

but the "perturbations" are meat for you—if you can see what to buy and sell ahead of time—or very quickly—in response to the latest tariffs you can beat the system

TIA-CRF can not

in good times, it does better than average—here it does distinctly worse—each hit is taken hard, each recovery is feeble—precisely because it does not change its portfolio or only slowly

**From**: Kathy Ruemmler [redacted]
**Sent**: 7/17/2018 12:29:07 AM
**To**: jeevacation@gmail.com

**Importance**: High

Your boy should distance himself from Trump.  Quick.

**From:** [redacted]
**Sent:** 9/18/2018 8:17:46 PM
**To:** jeevacation@gmail.com

**Importance:** High

I like the confidence that Bob talked about it .... it's a real lesson of how to be strong 💪

https://www.washingtonpost.com/politics/2018/09/04/transcript-phone-call-between-president-trump-journalist-bob-woodward/?noredirect=on&utm_term=.7fb34bc85d22

# Transcript: Phone call between President Trump and journalist Bob Woodward

Aaron Blake

President Trump and Bob Woodward discuss Woodward's new book, "Fear," before its publication. (The Washington Post)

**Bob Woodward, an associate editor at The Washington Post, sought an interview with President Trump as he was writing "Fear," a book about Trump's presidency. Trump called Woodward in early August, after the manuscript had been completed, to say he wanted to participate.**

**Over the course of 11-plus minutes, Trump repeatedly claimed his White House staff hadn't informed him of Woodward's interview request — despite also admitting Sen. Lindsey Graham (R-S.C.) had told him Woodward wanted to talk. He also started the phone call by saying Woodward had "always been fair" to him, but by the end he said the book would be "inaccurate."**

**This is a transcript of that call, with key sections highlighted and annotated. To see an annotation, click on the yellow, highlighted text.**

**Trump:** Hello, Bob.

**BW:** President Trump, how are you?

**Trump:** How are you? How are you doing? Okay?

**BW:** Real well. I'm turning on my tape recorder, with your permission.

**Trump:** Oh, that's okay. That's okay. I don't mind that at all.

**BW:** I'm sorry we missed the opportunity to talk for the book.

**Trump:** Well, I just spoke with Kellyanne [Conway] and she asked me if I got a call. I never got a call. I never got a message. Who did you ask about speaking to me?

**BW:** Well, about six people.

**Trump:** They don't tell me.

**BW:** A senator. I talked to Kellyanne about it two and a half months ago.

**Trump: [?]**.

**BW:** She came for lunch.

**Trump:** Well, it's too bad. Of course, you and I had a conversation a couple of years ago, and so that I think got you there a little bit. And we had a conversation many years ago, if you remember, in Trump Tower.

**BW:** Yeah, I do.

**Trump:** That has to be 20 years ago. And you were thinking about doing a book about me then, which is interesting. Who knew it would've been on this subject? Right? That was not in the cards at that time.

**BW:** That's right. Well, I'm sorry, I . ..

**Trump:** I still remember that.

**BW:** I spent a lot of time on this, talked to lots of people.

**Trump:** All right. Good.

**BW:** And as you know and are living, we are at a pivot point in history.

**Trump:** Right.

**BW:** And I would've liked to have done that, and I maximized my effort, and somehow it didn't get to you, or . ..

**Trump:** It's really too bad, because nobody told me about it, and I would've loved to have spoken to you. You know I'm very open to you. I think you've always been fair. We'll see what happens. But all I can say is the country is doing very well. We're doing better economically just about than at any time. We're doing better on unemployment maybe than ever. You know, I mean, if you look at the unemployment numbers, you've heard me say it. And we're doing better on unemployment than just about ever. We're having a lot of — a lot of companies are moving back into our country, which would've been unheard of two years ago. If the other administration or representatives of it had kept going, had kept — you know, if the other group had won, I will tell you, that you would have, I think you'd have a GDP of less than zero. I think we would've been going in the wrong direction. Because regulations are such a big part of what we've done, Bob.

**BW:** Well, I understand that point of view. And as you know, it's also a difficult time where the political system and you and my business is being tested.

**Trump:** Yeah. Yeah.

**BW:** I take it very seriously. I've done books on eight presidents, going back from Nixon to Obama.

**Trump:** Right.

**BW:** And I learned something about reporting, frankly, Mr. President.

**Trump:** Good.

**BW:** I've got to go talk to people and see them outside of the White House and outside of their offices, and gained a lot of insight and documentation. And it's — you know, it's a tough look at the world and your administration and you.

**Trump:** Right. Well, I assume that means it's going to be a negative book. But you know, I'm some — I'm sort of 50 percent used to that. [Laughter] That's all right. Some are good and some are bad. Sounds like this is going to be a bad one.

**BW:** It was a chance missed, and I don't know how things work over there in terms of . ..

**Trump:** Very well. We . ..

**BW:** . . . getting to you.

**Trump:** Well, if you would call Madeleine [Westerhout] in my office . . . Did you speak to Madeleine?

**BW:** No, I didn't. But I . ..

**Trump:** Madeleine is the key. She's the secret. Because she's the person . ..

**BW:** Well, I talked to Raj [Shah] about it. I talked to . . . I talked to Kellyanne.

**Trump:** Well, a lot of them are afraid to come and talk, or — you know, they are busy. I'm busy. But I don't mind talking to you. I would've spoken to you. I spoke to you 20 years [ago] and I spoke to you a year and a half or two years ago.

*[Listen to Woodward and Trump's call on The Post's "Can He Do That?" podcast]*

**BW:** A couple of years ago, I understand.

**Trump:** And I certainly don't mind talking to you, and I wish I could've spoken to you. But nobody called my office. I mean, you went through, I guess, different people. ...

**BW:** Well, Mr. President, how can I spend all this time talking to people and — like Kellyanne and Raj and Republican senators?

**Trump:** Who were the senators? No, they never called me about it.

**BW:** Senator [Lindsey] Graham said he had talked to you about talking to me. Now, is that not true?

**Trump:** Senator Graham actually mentioned it quickly in one meeting.

**BW:** Yes. Well, see. And then nothing happened.

**Trump:** That is true. That is true. Well, that — no, but that is true. Mentioned it quickly, not like, you know, and I would certainly have thought that maybe you would've called the office. But that's okay. I'll speak to Kellyanne. I am a little surprised that she wouldn't have told me. In fact, she just walked in. [*to Kellyanne*] I'm talking to Bob Woodward. He said that he told you.

**Conway:** Yes.

**Trump:** About speaking to me. But you never told me. Why didn't you tell me?

**Conway:** [*inaudible*].

**Trump:** I would've been very happy to speak to him. All right, so what are you going to do?

**BW:** Well ...

**Trump:** So I have another bad book coming out. Big deal.

**BW:** . . . it goes on, and I . . . What you can count on is that I've been very careful. And Evelyn, are you on?

**EMD:** Yes.

**BW:** Evelyn Duffy, who's my assistant, Mr. President.

**Trump:** Hello, Evelyn.

**BW:** She transcribed all the tapes because, with permission, I taped people for hundreds of hours.

**Trump:** Good.

**BW:** And I think there's nothing in this book that doesn't come from a firsthand source. Is that correct, Evelyn?

**EMD:** I believe that's —

**Trump:** But are you naming names? Or do you just say sources?

**BW:** Yeah, well, it names real incidents, so . ..

**Trump:** No, but do you name sources? I mean, are you naming the people, or just say, people have said?

**BW:** I say, at 2:00 on this day, the following happened, and everyone who's there, including yourself, is quoted. And I'm sorry I didn't get to ask you about these . ..

**Trump:** I mean, you do know I'm doing a great job for the country. You do know that NATO now is going to pay billions and billions of dollars more, as an example, than anybody thought possible, that other presidents were unable to get more? And it was heading downward. You do know all of the things I've done and things that I'm doing? I'm in the process of making some of the greatest trade deals ever to be made. You do understand that stuff? I mean, I hope.

**BW:** Certainly, I understand and I would've loved to go through a discussion with you about NATO, because this goes back to early in your administration and your concern about it, and the agreement that the countries have that they would increase their defense contribution, what is it, by the year 2024? And you know . . . So anyway, we are . ..

**Trump:** Well, you know last year, if you see the secretary, [Jens] Stoltenberg, he said I believe $44 billion just last year, and that was from last year's meeting. And this year it's much more money they've agreed to put up. So it's a tremendous amount of money. No other president has done it. It was heading down in the opposite direction. So I don't know if you're going to report it that way; probably not. But that's too bad, but that's all right, but you know, one of those things.

**BW:** Everything is going to be factual. And it is not a good thing for my business, if I may say this to you, Mr. President, to the presidency, or to the country, to not have real, full exchanges on these. And I broke my spear on it trying to get to you.

**Trump:** Well, other than Lindsey [Graham], who did quickly mention it, nobody mentioned it.

**BW:** You say Kellyanne's there, ask her.

**Trump:** Nobody told me about it. Well, let me ask her. Why don't you speak to Kellyanne. Ask her. She never told me about it.

[*Conway takes the phone.*]

**BW:** Kellyanne?

**Conway:** Bob, how are you? Hi.

**BW:** Hi. Remember two and a half months ago you came over and I laid out, I wanted to talk to the president? And you said you would get back to me?

**Conway:** I do. And I put in the request. But you know, they — it was rejected. I can only take it so far. I guess I can bring it right to the president next time.

**BW:** Yeah.

**Conway:** But I try to follow all the protocols, or else I'm accused of being somebody who doesn't follow protocol.

**BW:** President Trump, I just want you to know I made every effort.

**Conway:** But you had talked to [former White House communications director] Hope [Hicks], right, who said no?

**BW:** Listen, I talked to anyone I could. [Laughs]

**Conway:** You talked to a number of people and they all said no?

**BW:** I talked to Raj.

**Conway:** Raj.

**BW:** He was going to work it out.

**Conway:** Hope. **[Me?].**

[*The president says something in the background that is inaudible.*]

**Conway:** I said you tried talking to everybody? What about when you interviewed, like, other people? They all said yes? That they'd try?

**BW:** Yeah, well, about six or seven people. I tried. And I couldn't have — you and I spent a whole lunch on it, Kellyanne. And I said, I want to cover the substantive issues in foreign policy and domestic policy. And you said you would get back to me. Nothing.

**Conway:** Yeah. So, I did. I presented it to the people here who make those decisions, but . ..

**BW:** Who are the people?

**Conway:** But anyway, I'll give you back to the president. And I'm glad to hear that you tried through seven or eight different people. That's good. You should tell him all the names. [*Laughs*] Thank you.

**Trump:** But you never called for me. It would've been nice, Bob, if you called for me, in my office. I mean, I have a secretary. I have two, three secretaries. If you would've called directly — a lot of people are afraid . . . Raj, I hardly have . . . I don't speak to Raj.

**BW:** Kellyanne is a . ..

**Trump:** I do, I do, and Kellyanne went to somebody, but she didn't come to me.

**BW:** Well, does she have access to you?

**Trump:** And she should've come to me. She does have access to me. Absolutely. She has direct access, but she didn't come to me. And you know what? That's okay. I'll just end up with another bad book. What can I tell you?

**BW:** It's surprising to me that these people — did Raj have access to you?

**Trump:** Not really, but he would've been able to do it. But I have an office. You have the office number. I have an office that's directly into my office.

**Conway:** [*inaudible in background*]

**Trump:** It doesn't matter. Let me tell you what matters: The economy is the best it's been in many, many decades. And it's going to get a lot better. And the country is doing very well. That's what's important.

**BW:** Yes, sir. I thought I would . ..

**Trump:** We're doing a good job.

**BW:** . . . never kind of say, let's not talk about this because the book is done to a president . ..

**Trump:** Yeah, I know.

**BW:** . . . and, but that's the position we're in. And it's one I tried to avoid. You need to know I made maximum effort.

**Trump:** All right. It's too bad.

**BW:** Yes, sir.

**Trump:** I'm just hearing about it. And I heard — I did hear from Lindsey, but I'm just hearing about it. So we're going to have a very inaccurate book, and that's too bad. But I don't blame you entirely.

**BW:** No, it's **[?]** — it's going to be accurate, I promise.

**Trump:** Yeah, okay. Well, accurate is that nobody's ever done a better job than I'm doing as president. That I can tell you. So that's . . . And that's the way a lot of people feel that know what's going on, and you'll see that over the years. But a lot of people feel that, Bob.

**BW:** I believe in our country, and because you're our president, I wish you good luck.

**Trump:** Okay. Thank you very much, Bob. I appreciate it. Bye.

[*Call ends*]

[*Recording ends*]

Regards,
Aziza

Sent from my iPhone

# Does Trump Fit the Evolutionary Role of Narcissistic Sociopath?

Nathan H. Lents and Robert Trivers

There is no shortage of published psychological profiles of Donald J. Trump that attempt to diagnose him, from a distance, as either a psychopath or a narcissistic sociopath. These profiles, of course, are fatally hindered by the lack of access to Mr. Trump for personal examination and completion of personality inventories. However, exploration of the evolutionary features of these very peculiar personality types may provide insight into this important question.

Psychopaths are indeed an evolutionary conundrum because their particular behaviors are not an obvious path toward evolutionary success. For example, the majority of serial killers are childless when they are killed or apprehended. Narcissistic sociopaths, however, invariably **[typically]** have families and children whom they support energetically, and many of the traits specific to this phenotype can fairly be called adaptive. This raises the important issue of the evolutionary niche of a narcissistic sociopath within the societies in which they exist.

The psychological profile of narcissistic sociopathy is generally agreed upon and shares many features with psychopaths including above average intelligence, considerable social savvy, adaptability, likeability, and natural skills in the manipulation of others. They are charming, outgoing, and often feign interest in people and subjects and can convincingly fake both sympathy and conscience. If they engage in charitable acts at all, they are only in pursuit of ancillary selfish benefits. They learn well from past experiences, and show no dedication to a set of moral values, religious beliefs, truth, transparency. If they admire anyone, it is other sociopaths that they wish to emulate. Finally, they are effective liars and show a chilling unconcern for the welfare of others.

There is one particular skill that is common to both psychopaths and narcissistic sociopaths and absolutely essential to their nature: cognitive empathy. *Emotional* empathy, sometimes called emotional contagion, is regarded as the ability and tendency to closely identify with the emotional experience of others, even "catching" their emotions to a degree. *Cognitive* empathy is quite different. This is a mental skill involving the close observation and interpretation of the actions and emotions of others in order to understand and predict their behavior. It is morally neutral and common in high-functioning individuals across the moral and ethical spectrum. While social workers and therapists use cognitive empathy to help individuals improve their lives, psychopaths and sociopaths use this skill to manipulate, coerce, and deceive others in order to achieve their own ends. While emotional empathy is an innate cognitive feature we share with most social mammals, cognitive empathy is a skill that can be developed and refined and doing so is key to the behavioral patterns of both psychopaths and sociopaths.

However, the ways in which sociopaths *differ* from psychopaths is key to understanding their evolutionary utility. For example, psychopaths are more likely than the general public to be violent and to end up incarcerated. Narcissistic sociopaths, on the other hand, are usually nonviolent and happy to work within a system of laws and norms, insofar as it suits their goals, because, while they do not hesitate to harm others, it isn't a specific aim. Instead, they are highly motivated toward the accumulation of riches and influence; whereas psychopaths are often motivated toward sadistic self-gratification and generally do not seek positions of power and wealth *per se*. (There is some crossover between these phenotypes and sociopaths who do find gratification in hurting others are labeled malignant sociopaths.) Finally, narcissistic sociopaths always seek reproductive success through procreation and aggressive nepotism, which is usually accompanied by extreme in-group identification, e.g., racism, xenophobia, and nationalism, while psychopaths show no allegiance to family, community, or country.

Therefore, the phenotype of the narcissistic sociopath is not a bizarre combination of traits, but rather a set of highly attuned social skills and behaviors aimed at increasing long-term biological fitness through wealth, status, power, and the future success of progeny. In order words, sociopaths are highly adapted. The evolutionary puzzle is not found in the phenotype itself but rather in the interaction of sociopaths with the society in which they exist. Social groups can detect dishonest and manipulative behaviors and act to punish the actors in order to either correct the antisocial behavior or remove them from the group. Dozens of mammal species have shown this very sophisticated and elastic social behavior, but humans and our close relatives are especially apt at detecting and punishing cheaters, freeloaders, and liars.

This sets up both a short-term conflict and long-term evolutionary battle between manipulative narcissistic sociopaths and the rest of society, that is, those who do not wish to be manipulated. Most individuals in a society share a vested interest in maintaining fairness and social order. The equilibrium point is reached through a concept called *frequency-dependent selection*, the essence of which is that phenotypes can sometimes have distinct advantages precisely because they are rare. Under this paradigm, the infrequency of sociopaths in a population is essential to their success.

Current estimates place the prevalence of narcissistic sociopathy at 1-2% and scholars have held that this rate appears stable across societies and over recorded history (insofar as such a phenotype and its frequency can be inferred from historical sources). This makes sociopathy a candidate phenotype for frequency-dependent selection, especially given how successful they often are. The rarity of narcissistic sociopaths in the population, along with their considerable skill in hiding their true motivations, makes them very difficult to detect. If they were more numerous, however, members of society would become familiar with this particular pattern of social deviance and quickly learn to neutralize it. Furthermore, when narcissists encounter one another, while they may be willing to cooperate with each

other in fickle and short-lived alliances, ultimately their goals will collide and the relationship deteriorates into mutually self-defeating conflicts. This, too, acts as negative selection and maintains the low frequency of this peculiar phenotype.

On the other side of the conflict is the selective pressure on the rest of society. Because sociopaths are rare, the intensity of the pressure on society to detect and neutralize them is correspondingly weak. Weak pressure leads to poor adaptation, while sociopaths experience strong pressure and become highly adapted. However, as the sociopath phenotype finds evolutionary success, the pressure flips back the other direction as the rest of society experiences increasing pressure, adapts, and then pushes the frequency of the sociopaths back down to the basal level. In human culture, this pendulum swings in both the long time scales of genetic evolution and the short time scales of cultural evolution. In both contexts, the conflict is cyclical.

With this evolutionary framework in mind, we can now return to the question of President Trump. Clearly, he attracts devoted supporters. When it serves him, he can be affable, charming, and flattering. He reads people well and can maneuver through his relationships in order to obtain the best "deal" for himself. While many question his capacity for emotional empathy, his skills in cognitive empathy are undeniable.

However, he also has maintained an unwavering pursuit of wealth, influence, and power, even by his own admission. He has never participated in regular religious observance, is not outwardly pious, and shows no allegiance to political party. It is well documented that his views have shifted, sometimes repeatedly, on the most central political questions of the day such as abortion, government involvement in healthcare, military interventionism, federal drug policy, and LGBTQ rights. While only his critics view him as racist and xenophobic, even his supporters see him as fiercely nationalistic and his own campaign slogan of "America First" underscores this. And finally, he aggressively pursues his own biological fitness through the placement of his children in top positions in both his business enterprises and his presidential administration. Thus, an evolutionary analysis reveals that he is clearly not a psychopath.

Whether or not he is a narcissistic sociopath, then, depends on the answers to questions about his conscience or lack thereof, commitment to truth and transparency, sincerity in his religious beliefs, fidelity to political ideals, and tendency to cheat, deceive, and coerce. These questions are more like Rorschach tests in which his supporters and detractors come to the exact opposite conclusions. However, for the most part, the answers to these questions do not require a psychological analysis of the President. There is abundant evidence in the public record.

**From**: Richard Kahn [redacted]
**Sent**: 10/24/2018 10:27:45 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: The New York Times: When Trump Phones Friends, the Chinese Listen and Learn

**Importance**: High

**When Trump Phones Friends, the Chinese Listen and Learn**
The New York Times

President Trump has been repeatedly told by aides that his cellphone calls are not secure from foreign spies. But he has refused to heed the warnings to stop talking. Read the full story

Shared from Apple News

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 11/8/2018 8:46:41 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Former NJ Gov. Chris Christie visits the White House as Trump considers him to replace Jeff Sessions as attorney general

**Importance**: High

https://www.cnbc.com/2018/11/08/trump-considers-chris-christie-to-replace-sessions-as-attorney-general.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: [redacted]
**Sent**: 11/21/2018 7:26:45 AM
**To**: jeevacation@gmail.com
**Subject**: Top Republicans slam Trump for indicating no strong action over Khashoggi killing - CNNPolitics

**Importance**: High

Does the statement will help?

https://www.cnn.com/2018/11/20/politics/top-republicans-slam-trump-saudi-arabia-khashoggi/index.html

Regards,
[redacted]

Sent from my iPhone

**From:** LHS [redacted]
**Sent:** 11/21/2018 10:29:49 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** lhsoffice [redacted]
**Subject:** Fwd: China's dangerous test

**Importance:** High

See story on Chinese economists

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Bloomberg <noreply@mail.bloombergbusiness.com>
**Date:** November 21, 2018 at 4:46:50 PM EST
**To:** [redacted]
**Subject: China's dangerous test**

Beijing plans to give its 22 million residents behavioral report cards as China moves toward higher-intensity monitoring of its entire population. This strategy, similar to those of other Chinese cities, has been made easier by mobile technology and existing state restrictions on electronic anonymity. Getting an "F" on this test doesn't mean staying after school, though. The consequences can last a lifetime. —*David E. Rovella*

## Here are today's top stories

**If there's one thing Americans** do well, it's spend. The expectation this holiday shopping season is that they will burn through $1 trillion. But save a kind thought for one former king of Christmas: This is usually the most wonderful time of the year for gadget maker Apple. Not anymore.

**Apple's helpers** aren't feeling joyous, either. Foxconn Technology Group, the biggest assembler of iPhones, aims to cut $2.9 billion from expenses in 2019 as it faces “ a very difficult and competitive year.”

**In an extraordinary statement** for a U.S. Supreme Court chief justice, John Roberts, an appointee of Republican President George W. Bush, criticized the Republican currently in the White House for implying a federal judge appointed by Democratic President Barack Obama was partisan. U.S. District Judge Jon Tigar this week blocked Donald Trump's latest effort to restrict immigration.

**U.S. fossil fuel producers** say they expect to fix distribution issues tied to the Permian Basin next year, adding three pipelines and as many as 2 million barrels of oil a day. For OPEC, it's a very bad dream come true.

**Depressed about** that money you just lost in your 401(k)? Don't feel too terrible, as it could have been much worse—just ask these guys. Besides, the bleeding finally stopped today as most equity benchmarks rose.

**During his time** Running Nissan, Carlos Ghosn earned a lot more than his Japanese peers, but not nearly as much as other global auto leaders.

**What is Joe Weisenthal thinking about?** The Fed. The Bloomberg news director has bad tidings for those of you who think the market's recent calamitous behavior might slow planned rate hikes.

## What you'll need to know tomorrow

- China warns economists on predictions that don't toe the Party's line.
- Dolce & Gabbana faces China boycott for "racist" videos.
- The EU extended a stiff-arm to the U.K. over Sunday Brexit talks.
- General Electric could be a $41 billion problem for these banks.
- Scared investors will force Trump to deal on trade, TIAA Bank says.
- A Boeing 737 narrowly avoided disaster on takeoff from Belfast.
- George Papadopoulos? Robert Mueller says lock 'em up.

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# How Do You Get a Millennial to Watch Golf?

When AT&T acquired the rights to a pay-per-view duel between legends Tiger Woods and Phil Mickelson, it suddenly faced a challenge: How do you create a golf event that appeals to both retirement age-traditionalists and a more lucrative, younger demographic? Less whispers, more wagers.

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**From**: paul krassner [redacted]
**Sent**: 11/28/2018 9:56:58 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Fwd: Trump: Manafort Pardon 'Not Off the Table'

**Importance**: High

Begin forwarded message:

This one is milder than the previous—pk

**From:** "The Daily Beast: PM Cheat Sheet" <emails@thedailybeast.com>
**Subject: Trump: Manafort Pardon 'Not Off the Table'**
**Date:** November 28, 2018 at 1:29:35 PM PST
**To:** [redacted]

DOUBLE STANDARD

# Trump Labor Sec Helped 'Contain' Scandal in Epstein Deal

**From**: Richard Kahn [redacted]
**Sent**: 11/29/2018 10:02:09 PM
**To**: Larry Visoski [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: President Trump's Private Plane Clipped On Ground At LaGuardia Airport

**Importance**: High

https://newyork.cbslocal.com/2018/11/28/president-trumps-private-plane-clipped-on-ground-at-laguardia-airport/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Larry Visoski [redacted]
**Sent**: 12/14/2018 8:38:47 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

Jeffrey
Trump is expected to be in PBI
Dec 21st -Jan 6th

From Atlantic Aviaiton:
For your planning purposes, please be advised that PBI is expecting a Presidential TFR from December 21st until January 6th. As of this moment.

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 12/14/2018 11:21:04 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump meets Christie as some advisers urge Kushner for chief of staff: sources | Reuters

**Importance**: High

https://www.reuters.com/article/us-usa-trump-kushner/some-trump-advisers-tell-him-to-consider-kushner-as-chief-of-staff-sources-idUSKBN1OC33A

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 12/14/2018 6:42:54 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**CC**: Darren Indyke [redacted]]
**Subject**: Chris Christie says he declined offer to be Trump's next chief of staff

**Importance**: High

https://nypost.com/2018/12/14/chris-christie-says-he-declined-offer-to-be-trumps-next-chief-of-staff/?utm_source=maropost&utm_medium=email&utm_campaign=news_alert&utm_content=20181214&tpcc=nypbreaking&mpweb=755-7498464-719004712

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Nicholas Ribis [redacted]
**Sent**: 12/20/2018 5:58:37 PM
**To**: 'jeffrey E.' [jeevacation@gmail.com]
**Subject**: FW:
**Attachments**: img234.pdf

**Importance**: High

Jeff – one of my friends sent me this today – it is the press release of the day I left DJT – how well I remember – I thought u would get a kick out of it -- Nick

Allen MARCUS

# EXHIBIT "C"

**FOR IMMEDIATE RELEASE**

For more information contact:
Donald J. Trump (212) 832-2000

**New York, June 13, 2000** — Donald J. Trump and Nicholas L. Ribis today confirmed that they have mutually agreed to end their formal, professional relationship. The announcement comes at the conclusion of the second five year contract between Mr. Ribis and Trump Hotels & Casino Resorts, Inc.

Mr. Trump commented, "Nick Ribis has worked closely with me since the early 1990's and the evolution of our gaming company into a publicly-owned entity. Given my desire to play a greater role in the Company's day-to-day activities, I can understand Nick's decision to pursue other opportunities at the chief executive officer level."

Mr. Ribis said that the time was right for a career change. "Donald's New York City real estate business has reached an unparalleled level and he, appropriately, wants to focus on Atlantic City, his other principal activity. While Donald and I have been a team for many years, there is only room for one decision-maker in any organization. I respect Donald's decision to focus on Atlantic City and wish him well."

Mr. Ribis' tenure with Trump includes 14 years as an outside attorney and 10 years as Chief Executive of first The Trump Organization and later Trump Hotels & Casino Resorts, Inc.. Mr. Ribis has entered into a one-year agreement to work on special projects for The Trump Organization.

**From**: David Mitchell [redacted]
**Sent**: 1/10/2019 11:08:57 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Donald Trump | Deutsche Bank | House Intelligence Committee

**Importance**: High

https://therealdeal.com/2019/01/09/congress-to-investigate-trumps-florida-property-sale-deutsche-bank-loans/


::::::::::::::::::::::::::::::::::::
**DAVID MITCHELL**
::::::::::::::::::::::::::::::::::::
Mitchell Holdings LLC
745 Fifth Avenue
New York NY 10151
USA
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 1/18/2019 3:13:37 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump-Deutsche Bank links in sights of U.S. House investigators

**Importance**: High

https://www.reuters.com/article/us-usa-trump-deutsche-bank/trump-deutsche-bank-links-in-sights-of-u-s-house-investigators-idUSKCN1PC123

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Larry Visoski [redacted]
**Sent**: 2/1/2019 8:12:28 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

Jeffrey
Just heads up
President Trump arrives PBI today and is scheduled to depart 9pm on Sunday,
Should not effect our arrival at 11:30pm Sunday evening

Thx
Larry

Sent from my iPhone

**From**: Larry Visoski [redacted]
**Sent**: 2/3/2019 9:53:52 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: PBI

I spoke to TSA at Palm Bch Atlantic,
Once the President departs Palm Beach area, the TFR (temporary flight restriction) is lifted,
We should be able to land in PBI.,
Currently the TFR expires at 10:30pm,, the superbowl is typically 3 hours long, it starts at 6:30pm,,
Only a guess, Trump will leave around 10pm is my guess.

Sent from my iPhone

**From**: Larry Visoski [redacted]
**Sent**: 2/13/2019 6:07:04 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

Jeffrey
Pres Trump arrives PBI Friday the 15th at 6pm,
He departs Monday 18th 4:30pm
May effect our PBI arrival from Puerta Plata if we travel on Monday,, just heads up,.
Thx,
Larry

---

Larry,
POTUS arrival: Friday, February 15th @ 1800.
POTUS departure: Monday, February 18th @ 1630
Seth,

Sent from my iPad

**From**: Larry Visoski [redacted]
**Sent**: 3/18/2019 1:50:32 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: POTUS

**Importance**: High

Appears President Trump B757 is in Islip, we are parked right in front of it, it came here on Tuesday and is due to depart Wednesday this week

Sent from my iPhone

**From:** paul krassner [redacted]
**Sent:** 3/24/2019 5:48:38 PM
**To:** [redacted]
**Subject:** Fwd: Palmer Report updated - 03/24/2019

**Importance:** High

Begin forwarded message:

**From:** Palmer Report <billpalmer@palmerreport.com>
**Subject: Palmer Report updated - 03/24/2019**
**Date:** March 24, 2019 at 3:03:24 AM PDT
**To:** <[redacted]>
**Reply-To:** Palmer Report <billpalmer@palmerreport.com>

Palmer Report

View this email in your browser

# Palmer Report

**In the 03/24/2019 edition:**

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## Nancy Pelosi's grandmaster chess game against Donald Trump

Robert Harrington

...

The post Nancy Pelosi's grandmaster chess game against Donald Trumpappeared first on Palmer Report.

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Bill Palmer

...

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## Watergate expert says the Trump-Russia investigation is just getting started

Ron Leshnower

...

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## What Nancy Pelosi is really doing with the Mueller report right now

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...

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## We found out how Donald Trump is reacting to the Mueller report – and it involves Kid Rock of all people

Bill Palmer

...

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## Robert Mueller has farmed out Trump-related investigations to SDNY and six other federal prosecutorial entities

Bill Palmer

...

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## The real reason Donald Trump is pushing this ‘Democrats hate Jews’ nonsense

Bill Palmer

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## William Barr may yet surprise us

Shirley Kennedy

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## Donald Trump’s deafening silence about the Mueller report speaks volumes

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## Three ways we know more indictments in Robert Mueller’s investigation are still coming from other prosecutors

Bill Palmer

...

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## Donald Trump makes bizarre new announcement about North Korea, and no one can even figure out what he's talking about

Daniel Cotter

...

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## Welcome to Donald Trump's post-Mueller twilight zone

Bill Palmer

...

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**From**: Richard Kahn [redacted]
**Sent**: 4/28/2019 9:09:20 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: The potential lie that could actually destroy Trump

**Importance**: High

https://theweek.com/articles/837793/potential-lie-that-could-actually-destroy-trump

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 4/29/2019 9:59:45 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: trump praising dershowitz..

**Importance**: High

http://www.newshounds.us/trump_attacks_fox_judge_napolitano_opining_obstructed_justice_deserves_impeachment_042819

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From**: Nicholas Ribis [redacted]
**Sent**: 5/7/2019 11:53:10 PM
**To**: Jeffrey Epstein [JEEvacation@gmail.com]
**Subject**: NYTimes: Decade in the Red: Trump Tax Figures Show Over $1 Billion in Business Losses

**Importance**: High

Here's a link from The New York Times that I thought you'd find interesting:

Newly obtained tax information reveals that from 1985 to 1994, Donald J. Trump's businesses were in far bleaker condition than was previously known.

See More...

Get The New York Times on your mobile device

Sent from my iPhone

**From**: Richard Kahn [redacted]
**Sent**: 5/8/2019 12:36:13 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: The New York Times: Trump tax figures show over $1 billion in losses over 10 years

**Importance**: High

**Trump tax figures show over $1 billion in losses over 10 years**
The Times obtained details from a decade of the president's tax returns, revealing $1.17 billion in business losses. Here's what else the numbers show.

Read in The New York Times: https://apple.news/AnDrX8VebSwaqxfHkuKK85g

Shared from Apple News

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 5/9/2019 9:28:17 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

https://www.nytimes.com/2019/05/08/opinion/trump-taxes.html?smid=nytcore-ios-share

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: paul krassner [redacted]
**Sent**: 5/9/2019 11:24:30 PM
**To**: Kevin Bright [redacted]; Danny Goldberg [redacted]; [redacted]
**Subject**: my occasional tweet

"Trump has grabbed the pussy of the Statue of Liberty."

**From**: Richard Kahn [redacted]
**Sent**: 5/19/2019 10:21:24 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: "SNL": Baldwin's Trump, De Niro's Mueller season 44 finale cold open - Axios

**Importance**: High

https://www.axios.com/snl-alec-baldwin-trump-dont-stop-me-now-60e0839e-68f5-4ce5-af36-8635dfcb694c.html

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From**: Richard Kahn [redacted]
**Sent**: 5/22/2019 5:02:24 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump shoots back at Democrats, declares 'I don't do cover-ups'

**Importance**: High

https://www.cnbc.com/video/2019/05/22/i-dont-do-cover-ups-president-trump-during-rose-garden-press-conference.html

https://nypost.com/2019/05/22/trump-shoots-back-at-democrats-declares-i-dont-do-cover-ups/?utm_source=maropost&utm_medium=email&utm_campaign=news_alert&utm_content=20190522&tpcc=nypbreaking&mpweb=755-7962477-719004712

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022

[redacted]

**From:** [redacted]
**Sent:** 5/28/2019 8:51:55 PM
**CC:** Stephen Rubin [redacted]
**BCC:** jeevacation@gmail.com
**Subject:** Michael Wolff Launch Party

Stephen Rubin
invites you to celebrate

# MICHAEL WOLFF

upon the publication of

# SIEGE

# Trump Under Fire

June 3, 6-8PM
15 West 67th Street
RSVP: [redacted]

**Due to space, we cannot allow plus ones.
**This may be a duplicate invitation because we were worried the original invitation went to your spam folder!

[redacted]
Assistant Editor
Henry Holt
175 5th Ave.
New York, NY 10010
[redacted]

**From:** Roy Black [redacted]
**Sent:** 5/29/2019 4:57:42 PM
**To:** Martin Weinberg [redacted]; Jeffrey Epstein [jeevacation@gmail.com]; Jackie Perczek [redacted]; Darren Indyke [redacted]
**Subject:** FW: epstein
**Attachments:** image001.jpg; image002.jpg; image003.jpg

fyi

---

**From:** Roy Black
**Sent:** Wednesday, May 29, 2019 12:57 PM
**To:** [redacted]
**Subject:** epstein

Dear [redacted]: we have no comment on the trump story. We are finalizing our pleading regarding the plaintiff's position on remedies. I intend to hold off commenting until we file it. After that I will be free to comment on the pleading which will address your question. Roy


***Roy Black, Esq.***

**www.royblack.com**
Black Srebnick Kornspan & Stumpf, PA
201 S. Biscayne Boulevard, Suite 1300
Miami, FL 33131

BLACK SREBNICK KORNSPAN STUMPF
TRIAL & APPELLATE ATTORNEYS

**Telephone:** [redacted]
**Fax:**



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Legal Statement

**From**: Richard Kahn [redacted]
**Sent**: 5/30/2019 3:19:40 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: Apple, Inc.: Addressing The Top 5 Investor Questions

**Importance**: High

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

Begin forwarded message:

**From:** "Morgan Stanley" <ms-wmir@morganstanley.com>
**Subject: Apple, Inc.: Addressing The Top 5 Investor Questions**
**Date:** May 29, 2019 at 6:35:01 PM EDT
**To:** <[redacted]>
**Reply-To:** <mswmir-cie-feedback@morganstanley.com>

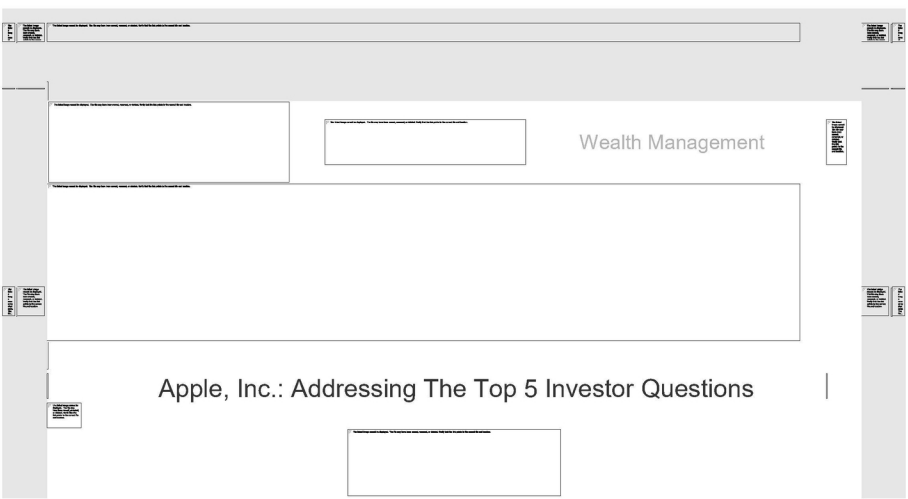

**Katy L. Huberty, CFA – Morgan Stanley**
*May 29, 2019 10:28 PM GMT*

Given the risk of further restrictive trade measures, we answer investors' top questions. We expect shares to remain choppy, with a near-term floor around $160. Our estimates are unchanged but peer multiple contraction drives our SoTP-driven PT to $231 (from $240).
What is the latest view on iPhone demand in China? On Apple's April 30th earnings call, CEO Tim Cook noted that the November-December period was likely to be the trough in iPhone demand in China, following an improvement in performance during the March quarter helped by iPhone price cuts, VAT tax rollbacks, increased financing options and better consumer confidence. Data from push-messaging service provider Jigaung shows that the improvement in iPhone demand likely persisted through April, where Apple gained over 175bps of Chinese smartphone installed base share Y/Y (1). However, the increasingly tough trade rhetoric and actions recently taken by US and Chinese authorities make it less likely this trend will continue into May/June. Late last week, following the Huawei blacklist, President Trump commented that "it's possible that Huawei would be included in a trade deal", suggesting recent actions could be bargaining chips to use in trade negotiations that can be worked out by/around the G20 Summit in late June, but with Apple guiding June quarter revenue down 8% Q/Q (vs. trailing 3 year seasonality of -14% Q/Q), the risk remains that weaker near-term demand in China increases the risk of a revenue shortfall. For reference, we model 37M iPhone shipments in the June quarter (-10% Y/Y), in-line with iPhone builds, which implies a 5th consecutive quarter of double digit iPhone shipment declines in China. If we assume Chinese demand significantly weakens in the last 6 weeks of the quarter and iPhone shipments instead fall 50% Y/Y (a 10 point further deceleration from March Q declines), then we'd expect 2.3M lower iPhone units (-6% vs. our current model), $1.6B lower revenue (-2.9%) and a $0.05 hit to EPS (-2

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The New York Times

# Trump Hands China an Easy Win in the Trade War

The president's tough rhetoric plays into Chinese economic nationalism.

**By Kevin Rudd**
Mr. Rudd, a former prime minister of Australia, is the president of the Asia Society Policy Institute.

May 29, 2019

When President Trump tweeted on May 5 that the China trade deal was off, the historical echoes in Beijing were loud and clear. Almost exactly 100 years earlier, China's "May Fourth Movement" of 1919 was a direct response to the actions of President Woodrow Wilson at the end of World War I. Wilson had promised China, an American ally, that German colonies in Shandong would be returned to Chinese sovereignty, but instead handed them to Japan. China exploded with anti-American, nationalist sentiment. One of the eventual consequences was the establishment of the Chinese Communist Party, which for the last 70 years has ruled the country.

Thus, Mr. Trump has handed Xi Jinping a remarkably effective nationalist card to play at a time when he has been under pressure at home because of a slowing economy. The Chinese media is now full of accounts of the country's economic resilience and appeals to patriotism, even invoking the spirit of the Korean War, when, according to the official narrative, China was able to stare down the vastly superior American military.

And just in case people didn't get the point, Mr. Xi recently visited Jiangxi, the starting point of the Long March in 1934, in which the Communist Party endured many hardships but ultimately emerged victorious.

I can almost hear members of the Trump administration groaning. Why on earth would they need to take into consideration events in China's ancient past?

The answer depends on what Mr. Trump's primary objective is. If it's to sound tough to American voters, he may well have a winning formula. But if it's to bring about a substantive change in China's negotiating posture toward a bilateral trade agreement, one that might usher in changes in China's trade policy, addressing questions of forced technology transfers, intellectual property theft, industrial subsidies, currency manipulation and a phalanx of other non-tariff barriers, I'm not so sure.



HOUSE_OVERSIGHT_033365

Days after the president's tweets, China listed three "red lines," positions the United States had taken in the trade talks that were unacceptable: First, that it would keep tariffs in place for a period after the proposed trade agreement was signed. Second, that it could impose punitive tariffs if it judged China to be in violation of the agreement, and that China would be forbidden from retaliating with its own tariffs. Third, the ever-inflating expectations of the terms under which Beijing would buy American goods under a proposed bilateral purchasing agreement.

These "red lines" were new. Before that, China's negotiating team had a fully flexible remit from the leadership. But not anymore. Now that these three lines are in the public domain, there is no way Chinese leaders can yield on them. The leaks of large parts of the negotiating text to the American news media has added a new level of toxicity, making it virtually impossible to return to the existing text as a basis of negotiations. Together with recent moves against the Chinese telecom company Huawei presumably intended to pressure Beijing further, the possibility of negotiating a revised agreement that is more accommodating to American interests is now very slim.

Instead, what I have seen in Beijing over the last few weeks is a country moving in exactly the opposite direction.

**Related**
*More on the trade war.*

Opinion | Michelle Cottle
Donald Trump's Great Patriotic Wars May 26, 2019

Economic analysts, meanwhile, have been calculating the impact of a full-blown trade war, estimating a loss of about 1.2 percentage points to Chinese G.D.P. growth. This figure is now portrayed in the Chinese media as entirely manageable given China's capacity to use fiscal and monetary policy stimulus to support domestic demand and keep growth above 6 percent.

Even if a trade deal with the United States is still possible, some in the Chinese leadership are now starting to ask, why bother? They argue that in technology, investment, foreign policy, national security and human rights, the Trump administration has made it clear that it has embarked on a more adversarial position toward China. So why should Beijing expend any more political capital on a trade deal? Perhaps it's better, in China's view, to cut its losses now and get ready for the next Cold War.



HOUSE_OVERSIGHT_033366

If that's what the Trump administration wants, its strategy has been a great success. If not, and the president really wants a trade deal, with reasonable decreases in the bilateral trade deficit, and some substantive changes in Chinese economic behavior, the American negotiating strategy requires some serious recalibration.

Of course, China's public position is that negotiations can continue. Even within the framework of the new "red lines," there may still be room for a deal. China might agree to purchase more American goods, with America yielding on the retention of tariffs, and the unilateral right to impose tariffs later. However, the degree of difficulty in getting to an agreement has now increased substantially.

The bottom line is that nationalism is not just a factor in Trump's America. It's now a big factor in Xi Jinping's China as well, reinforced through the prism of Chinese history. In most of its dealings with America over the last 100 years, China has seen itself as weak. Today, in Beijing's view, China is weak no longer.

Kevin Rudd, a former prime minister of Australia, is president of the Asia Society Policy Institute in New York.

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HOUSE_OVERSIGHT_033367

**From**: Richard Kahn [redacted]
**Sent**: 6/7/2019 4:21:40 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Koch network floats backing Democrats in revamp of influence operation

**Importance**: High

they must hate trump..

https://www.politico.com/story/2019/06/07/koch-network-gives-bipartisanship-a-chance-1356571

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022

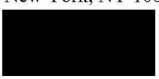

**From:** Richard Kahn [redacted]
**Sent:** 6/13/2019 2:49:13 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Trump financial disclosure

**Importance:** High

Catching up on some reading and finally read trumps 100 pages of nonsense. Some interesting findings:

1) foundation is inactive
2) ironic that starett city largest federal subsidized housing project which trump had 4 percent interest was finally sold while he is president.

https://www.google.com/amp/s/www.bizjournals.com/newyork/news/2018/05/09/starrett-city-sells-giving-trump-a-profit.amp.html

3) other than doral and post office hotel no substantial income from any of his enties that he showed..

4) 30 pages of stock purchases and sales all 5-15k.

5) cash in his name 25mm or less
6) still has money in revocable trust from his father at jpm 1-5mm
7) claims to have as much as 125mm in trump revocable trust at cap one, professional bank, signature bank and bank United but can be as little as 40mm it mins were real numbers.
Didn't he once say he say he had billions of liquidity..
8) valued planes from 56 to over 86mm. Down from 300mm on earlier disclosures..

9) Bank used for last mortgage on ocean drive purchase is a coral gables bank that is opening in boca as well.

https://www.cnbc.com/amp/2019/05/16/read-president-donald-trumps-financial-disclosure-report.html

https://myprobank.com/

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
[redacted]

**From:** [redacted]
**Sent:** 11/12/2013 9:07:32 PM
**To:** jeevacation@gmail.com
**Subject:** Re: B727 deal

**Importance:** High

I spoke to my FAA in Orlando, it will take the buyer 6 months to obtain a FAR125 certificate if we do not include ours, Darren and Rich are working on possibility of including JEGE, INC with sale of Boeing, this will be valuable to buyer and prove to be beneficial monetarily to you if we can include the company name in the sale. FAA informs me its taken under into consideration on a case by case basis if they will approve another buyer to operate my FAR125 certificate. My FAA inspector did mention that Trump did the same deal when he purchased his B757, it included the manuals and company.
-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: [redacted]
Sent: Tue, Nov 12, 2013 3:37 pm
Subject: Re: B727 deal

ok to all

On Tue, Nov 12, 2013 at 3:51 PM, [redacted] wrote:

Jeffrey,
I spoke to Gary and he agrees to make a counter offer, do you agree with the following:
-Counter the offer at $2.750M
-deal to include my FAR125 certificate, along with the company name: JEGE, Inc. this provides the buyer with ease of transition and keeps the B727 on its current FAR125, tremendous value to buyer,.
-Buyer understands purchase is "As Is" but has the opportunity to visually inspect the aircraft in Palm Bch along with my records.
-closing to be on December 30th 2013.
-Buyer will pay round trip repositioning expense Brunswick GA to Palm Beach and return to Brunswick if buyer declines the aircraft (fuel cost round trip $14,930.00).
-Seller will deduct the reposition expense if buyer proceeds with purchase. (fuel expense to fly B727 to Palm Beach is $7,465.00).

is this approved?

thank you,
Larry

--
**********
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**From**: Richard Kahn [redacted]
**Sent**: 4/26/2018 7:34:48 PM
**To**: jeffrey E. [jeevacation@gmail.com]

**Importance**: High

direction of trump? criminal tax fraud??

https://therealdeal.com/2018/04/26/shvo-settles-tax-evasion-case/?utm_source=The+Real+Deal+E-Lerts&utm_campaign=9f5d9ae9f9-EMAIL_CAMPAIGN_2017_06_06&utm_medium=email&utm_term=0_6e806bb87a-9f5d9ae9f9-385784701

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

**From:** Richard Kahn [redacted]
**Sent:** 4/26/2018 7:55:58 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

ok

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

On Apr 26, 2018, at 3:55 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Careful. Max might call

On Thu, Apr 26, 2018 at 3:34 PM Richard Kahn <[redacted]> wrote:
direction of trump? criminal tax fraud??

https://therealdeal.com/2018/04/26/shvo-settles-tax-evasion-case/?utm_source=The蜂.˙.屆韓
Lerts&utm_campaign=9f5d9ae9f9-
EMAIL_CAMPAIGN_2017_06_06&utm_medium=email&utm_term=0_6e806bb87a-9f5d9ae9f9-385784701

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
[redacted]

--
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**From:** Jide Zeitlin [redacted]
**Sent:** 5/3/2018 6:30:55 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Sultan Bin Sulayem

**Importance:** High

Unfortunately, bin Sulayem and I did not meet. I was stuck at the White House and he had a narrow window before heading to Cyprus. I just sent him the following note:

"Good Morning, I hope your travels to Cyprus were smooth.

Okey Enelamah, Nigeria's trade minister, stopped by my home this evening as he was still in town after Buhari's visit with Trump. He mentioned his discussions with you at WEF and afterwards. Separately, I spoke earlier with the Vice President.

Whenever we meet, I have some thoughts that may be helpful to you."

On May 2, 2018, at 11:05, jeffrey E. <jeevacation@gmail.com> wrote:

[redacted] he is cahriman of bubai world ports. african ports a new focus he built the palm islands. is totally trustworthy

On Wed, May 2, 2018 at 10:55 AM Jide Zeitlin <[redacted]> wrote:

> Thank you for the introduction. Do you have a better sense of what he needs? Also, what's his WhatsApp/mobile so I can confirm details for today?
>
> When's best on Friday for me to visit with you?
>
> Bibi's speech was a bit of a dead letter on Europe.

--

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**From:** Jide Zeitlin [redacted]
**Sent:** 5/4/2018 4:37:03 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Sultan Bin Sulayem

**Importance:** High

Meetings here in PB are winding down. How's your day look tomorrow?

Separately, do you know Oleg Deripaska or Ivan Glasenberg?

On May 3, 2018, at 3:59 AM, jeffrey E. <jeevacation@gmail.com> wrote:

No worry both problem and solution will still be there -)

On Thu, May 3, 2018 at 2:30 AM Jide Zeitlin <[redacted]> wrote:

Unfortunately, bin Sulayem and I did not meet. I was stuck at the White House and he had a narrow window before heading to Cyprus. I just sent him the following note:

"Good Morning, I hope your travels to Cyprus were smooth.

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**From:** Jide Zeitlin [redacted]
**Sent:** 5/4/2018 4:40:15 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**Subject:** Re: Sultan Bin Sulayem

**Importance:** High

Yes.

On May 4, 2018, at 12:39 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Easy . Does 11 work

On Fri, May 4, 2018 at 12:37 AM Jide Zeitlin <[redacted]> wrote:
Meetings here in PB are winding down. How's your day look tomorrow?

Separately, do you know Oleg Deripaska or Ivan Glasenberg?

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On Thu, May 3, 2018 at 2:30 AM Jide Zeitlin <[redacted]> wrote:
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The Washington Post

Outlook Perspective

Trump loves a strongman, so of course he fawns over Hungary's Viktor Orban

# How Washington pivoted from finger-wagging to appeasement.

By Heather A. Conley and Charles Gati May 25

About the authors

Two important American visitors showed up in Budapest on Wednesday. One was Stephen K. Bannon, the former White House adviser who is an admirer of Hungary's strongman, Viktor Orban; he addressed a conference on "Europe's Future " organized by Mária Schmidt, an Orban counselor with Bannon-esque ideas about maintaining a Christian culture in Europe. Bannon had called Orban "a man of principles" as well as "a real patriot and a real hero" earlier this year. The two spent an hour together Thursday.

The other visitor was Assistant Secretary of State for European and Eurasian Affairs A. Wess Mitchell, the highest-ranking American official responsible for U.S. relations with Hungary. Mitchell came to usher in a new era of accommodation between the Trump administration and the Orban government. This policy dispenses with the traditional foreign policy practice, followed by previous Republican and Democratic administrations, of conveying benefits for cooperative behavior and disapproval for abandoning American interests and values. Instead, this administration believes that offering high-level contacts and withholding criticism will improve an authoritarian regime's behavior. For those who know Hungary's politics, this is appeasement — the victory of hope over centuries of experience.

Orban's odyssey began in 1998 when, during his first term as prime minister, he started to flirt with nationalistic, anti-American and anti-Semitic sentiments to try to win reelection in 2002. When Istvan Csurka, the head of an anti-Semitic party, blamed the United States for the 9/11 attacks (it got what it deserved, he said), the premier declined to dissociate himself from Csurka, despite a White House request to do so. Orban lost his reelection bid and did not return to power until 2010. He has since managed to change the Hungarian constitution five times to reduce judicial independence, restrict press freedoms and modify the electoral system to ensure that no viable opposition could ever form against him and his coalition. He has placed pliant and corrupt loyalists in positions of authority. And he still embraces anti-Semitism as a political tool, praising a Nazi-allied wartime leader of Hungary and using stereotypes to cast Jewish emigre George Soros as an outside puppeteer.

In the past, U.S. administrations kept a certain distance from countries that espoused such policies and attitudes. During Orban's first premiership, for example, President George W. Bush sent the Hungarian leader a hard-hitting, confidential "non-paper" — essentially a list of complaints — that was never answered, so the White House decided not to invite Orban to the Oval Office. The Obama administration denied visas for six Hungarian government officials because of corruption (and it certainly never invited the premier to the White House).

The Trump administration's friendly and intensive contacts with the Orban government represent a radical departure: It watches idly as Orban dismantles his nation's democratic institutions. For instance, the pro-government weekly Figyelo recently issued an enemies list of about 200 prominent opposition individuals. Most were local civil society advocates, but the list also included U.S. citizens, many of them scholars of economics, Judaism and nationalism at the Soros-funded Central European University (such as Leon Botstein and Allen Feldman). The government has erected contrived legal barriers in an effort to close the institution, a graduate school devoted to liberal values and based in Budapest. Meanwhile, Hungary harassed the U.S.-based Open Society Foundations until they decided to move their operations from Budapest to Berlin. Two Hungarian newspapers, Magyar Nemzet and Budapest Beacon , shut down this spring as advertisers vanished because of their opposition to the Hungarian government, leaving only one print opposition daily.

The State Department and the U.S. Embassy in Budapest have remained almost entirely silent about all of this. The compliant new U.S. approach was initially discussed at a Dec. 18, 2017, meeting of the National Security Council's policy coordinating committee led by Fiona Hill, the council's senior director for European and Russian affairs, and Assistant Secretary Mitchell, according to two sources familiar with the proceedings. They concluded that previous efforts under the Bush administration, and especially the Obama administration, had not paid off, so it was time to try something else.

Accordingly, the first high-level meeting between the two sides took place at the White House on May 15, when John Bolton, Trump's national security adviser, received Jeno Megyesy, Orban's chief adviser on the United States. (Megyesy was also the official point of contact for then-Trump aide Carter Page's meetings in Budapest during the campaign.) This coming week, Foreign Minister Peter Szijjarto is scheduled to meet Secretary of State Mike Pompeo; although Szijjarto has visited Washington an eye-popping seven times in the past 18 months, this will be the first such high-level bilateral meeting since 2012. The only step left would be for Trump to receive Orban — the first European head of government to endorse Trump over Hillary Clinton and congratulate him on his victory — at the White House.

What, if anything, is the United States getting from Hungary for this appeasement? The $12 billion Russian-financed and secretly signed Russian Paks II nuclear plant in southern Hungary is one reflection of Orban's Russian orientation. (Orban previously welcomed energy investments from the now-failed Russian South Stream pipeline.) Hungary spends only 1 percent of its gross domestic product on defense, among the lowest levels for NATO members, despite Trump's insistence that nations step up their payments. (Budapest said last year that it would increase spending, but it has said this many times before.)

Many intelligent Hungarians — watching the complicity, or at least inaction, of the U.S. government — do not understand what is happening, they tell us. They know that Trump wants to be different from Barack Obama, including in his approach to Hungary. But they search in vain for logic in Trump's posture. For those who still believe in the merits of a Western-style democracy there, which is a large majority in Budapest and a large minority in the countryside, the policy of appeasement signifies abandonment. They would like Washington to keep hope alive. People who suffer from, or are ashamed by, the government's anti-Semitic discourse and attacks on liberal norms long for a different America.

And there may be one. David Cornstein, the new U.S. ambassador to Hungary, who will arrive in Budapest in a few weeks, might make a difference. In his appearance before the Senate Foreign Relations Committee in early May, he spoke eloquently about promoting American values. He promised to fight against anti-Semitism, not just in Hungary but elsewhere in Europe, too. His nice, old-fashioned remarks were even cleared by the State Department and the U.S. Embassy in Budapest. He received strong expressions of support from Republican and Democratic senators, including Sen. Benjamin Cardin (D-Md.), who is something of an expert on Hungarian politics. There is still hope, then, that decent, humane values will be heard by Hungarians who, in search of answers, continue to look to the United States.

But the hour is late. Orban's vision has gained considerable appeal throughout Europe. In 2014, when he declared the end of the age of liberalism, he was seen as a pariah; today he is the leader of a xenophobic, authoritarian and often anti-American trend that haunts Poland, Austria and Turkey. He has won many converts to the cause of strengthening nation-states and weakening multilateral institutions, notably the European Union. His hostility to migration, particularly what he calls the "Islamic multitude" that "leads to the disintegration of nations," is widely shared. He is admired for having built the first wall in Europe — on the Hungarian-Serbian border — to stem the flow of migrants in 2015. (Paradoxically, Hungary used to be admired for tearing down the barrier between itself and Austria, precipitating the fall of the Berlin Wall.)

It remains as true today as it was in the 1930s that appeasement — the sacrificing of one's principles to avoid confrontation with illiberalism — does not pay. Although we hope the Trump administration will reconsider its flawed strategy, recent events are not promising.

Read more from Outlook and follow our updates on Facebook and Twitter.

256 Comments

Heather A. Conley, a senior vice president for Europe, Eurasia and the Arctic at the Center for Strategic and International Studies, was a deputy assistant secretary of state for European affairs during the George W. Bush administration.

Charles Gati, a senior research professor of European and Eurasian Studies at Johns Hopkins University's School of Advanced International Studies in Washington, served on the State Department's Policy Planning staff during the Bill Clinton administration.

The Washington Post

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**From:** [redacted]
**Sent:** 2/10/2011 3:02:14 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

I have heard some things about it.
B of A has note on house and the land across the street now subdivided into lots (a few acres each) called Vineyard Estates.
Farm Credit Bank has note on winery and equipment.
Trump has tried to make a deal with the lenders but didnt. He may bid.
I'll find out current status.

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: paul prosperi <[redacted]>
Sent: Thu, Feb 10, 2011 7:56 am

I think kluge virgnia property goes to auction next week,, we should get details

--
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**From:** [redacted]
**Sent:** 3/25/2011 3:00:02 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

**Importance:** High

Paul Rampell does act as Donald Trump's attorney for some personal, real estate and Town of PB matters. James Green of WPB also does work for Trump (like the American flag matter) usually through Rampell. I think another firm was doing the airport flight path and expansion matter.

-----Original Message-----
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jack Goldberger <[redacted]>
Cc: paul prosperi <[redacted]>
Sent: Fri, Mar 25, 2011 9:36 am
Subject: Re:

was it Rampell.

On Fri, Mar 25, 2011 at 9:33 AM, Jack Goldberger <[redacted]> wrote:

> Looking for his name. haven't located yet
>
> **From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
> **Sent:** Friday, March 25, 2011 8:37 AM
> **To:** Jack Goldberger
> **Subject:**
>
> donald attnny?
>
> --
> **********
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**From:** Eric Roth [redacted]
**Sent:** 6/27/2011 4:17:37 PM
**To:** 'Jeffrey Epstein' [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Gulfstream V - offmarket, sleeper aircraft
**Attachments:** image001.jpg

**Importance:** High

Jeffrey-

I need to start off by stating that it is not my intent to go around Shawn Lancaster on this – Shawn is a friend.

This being said, I have received e-mails from both you and Larry this weekend.

I called Larry and he said I should send you an e-mail.

I called a close friend of mine inquiring about the GV market and aircraft that are "not published". As of today, there are eight (8) of these aircraft that are not yet on the market.

Let me know if you would like to speak with him and by what means (you call him, he call you, call Larry?....whatever).

By the way, his company sold Trumps 727 and got Trump a very attractive number for an aircraft that was on it's way to a museum.

Hope all is well.

Sincerely,

**Eric Roth**
*President*

international jet
INTERIORS

**International Jet Interiors**
2221 Smithtown Avenue
Long Island MacArthur Airport
Ronkonkoma, NY 11779
[redacted] Phone
[redacted] Fax
[redacted] Cell
[redacted] e-mail
www.intljet.com website

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Saturday, June 25, 2011 12:29 AM
**To:** Eric Roth
**Subject:** Re:

not yet

On Fri, Jun 24, 2011 at 8:20 PM, Eric Roth[redacted] wrote:
Any photos? Serial number?

Sent from my iPhone

On Jun 24, 2011, at 7:56 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

eric,, price for a re-rag , new seats , g-v , paint and interior, plus approx time after choosing fabrics etc.

--
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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 4/16/2017 3:12:17 PM
**To**: Thorbjøn Jagland [redacted]
**Subject**: Re:

**Importance**: High

I'll be better I feel terrible having to cut your stay short . There is much going on . Many investigations will begin

On Sun, Apr 16, 2017 at 11:04 AM Thorbjøn Jagland <[redacted]> wrote:

> Hope you recover quickly. We have had wonderful days. Tell me when you are coming to Paris so that we can talk. I really don't understand Trump. Today I have to deal with the referendum in Turkey. Endogan is another difficult to understand
>
> T

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**From:** jeffrey E. [jeevacation@gmail.com]
**Sent:** 1/9/2018 1:22:51 AM
**To:** Larry Visoski [redacted]
**Subject:** Re: Friday POTUS

Yes

On Mon, Jan 8, 2018 at 8:04 PM Larry Visoski <[redacted]> wrote:

Jeffrey
Boston / Bedford are not gateway airports to PBI.
Only airports that are gateway into Palm Beach are:
White Plains
Teterboro
Orlando
Dulles
Orlando
Fortlauderdale

Most operators are using Boca for arrivals when Trump is in town. Parking reservation at Boca are required since the ramp fill up. Other options is Fort Lauderdale when Boca is full.

POTUS arrival – Friday, January 12th, time TBD (likely PM)

POTUS departure – Monday, January 15th, time TBD (likely PM)

Should I request parking at Boca?

Thx
Larry

Sent from my iPhone

--

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 5/11/2018 8:31:29 PM
**To**: Landon Thomas [redacted]
**Subject**: Re: Maybe you can answer this question...

nixon adage-- follow the..

On Fri, May 11, 2018 at 10:26 AM Thomas Jr., Landon [redacted] wrote:

https://www.politico.com/magazine/story/2018/05/11/alan-dershowitz-donald-trump-what-happened-218359

--
Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]
http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/20/2018 6:44:25 PM
**To:** Larry Summers [redacted]
**Subject:** Re:

steady crazy , but now frightened .. yes quiet. .. lets see if the pace picks up or slows. she's already begining to sound needy :) nice

On Tue, Nov 20, 2018 at 1:36 PM Larry Summers [redacted] wrote:

Think no response for a while probably appropriate.

Just had lunch w Jamie D

Is trump getting crazier as many of my pals think or is it steady crazy.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Keyu Jin [redacted]
**Date:** November 20, 2018 at 12:46:35 PM EST
**To:** Larry Summers [redacted]

Did RA come back with answers to the yellow highlighted? did you take a look at the section that was written up? apart from your revision of intro there was the first section.

--
Keyu Jin

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 11/21/2018 7:07:56 PM
**To:** Larry Summers [redacted]
**Subject:** Re:

if you can hold out till tomorrow. and write something along the lines that when people talk about giving thnks , I think of how lucky i am to have met you . blah blah

On Tue, Nov 20, 2018 at 1:36 PM Larry Summers [redacted] wrote:

Think no response for a while probably appropriate.

Just had lunch w Jamie D

Is trump getting crazier as many of my pals think or is it steady crazy.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Keyu Jin [redacted]
**Date:** November 20, 2018 at 12:46:35 PM EST
**To:** Larry Summers [redacted]

Did RA come back with answers to the yellow highlighted? did you take a look at the section that was written up? apart from your revision of intro there was the first section.

--
Keyu Jin

--

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**From:** J [jeevacation@gmail.com]
**Sent:** 12/4/2018 3:41:44 PM
**To:** Kathy Ruemmler [redacted]
**Subject:** Re: Slowing economy could increase pressure on Big Tech - Axios

easy and beneficial for you. . I will try to negotiate am automkoatic reset if.. such and such and so and so.

On Tue, Dec 4, 2018 at 10:20 AM Kathy Ruemmler <[redacted]> wrote:

What do we think of this?

https://www.axios.com/recession-threat-2019-regulatory-risk-google-facebook-amazon-b8966b22-57dc-426c-9f4f-5526982383c7.html

# Slowing economy could increase pressure on Big Tech

Sara Fischer, David McCabe, Courtenay Brown5 hours ago

A potential recession, combined with increasing regulatory threats for some of the biggest tech companies, foreshadows a difficult 2019 for Silicon Valley.

**Why it matters:** The biggest tech companies have already raked in billions of dollars in profits and benefited from major tax cuts that aren't going to be repeated, so next year isn't likely to be better for them financially. They've also been dogged by scandals that have left many questioning their positive role in society, and if on top of that the economy starts to slip, 2019 could be worse.

*"People look for scapegoats in a bad economy. And with big tech already on its heels, a downturn probably would feed arguments that the largest internet companies are too big and need to be reined in."*

**— Paul Gallant, an analyst with Cowen Washington Research Group**

**Big Tech is closing** out a contentious year in Washington, and potential regulation will continue to haunt it well into 2019.

- Google CEO Sundar Pichai has agreed to testify before Congress, and will likely be asked about whether the company is being transparent about its data privacy practices and any potential bias. By the year's end, the CEOs of Twitter, Google and Facebook will have been called to testified in front of Congress for the first time ever during 2018.
- Lawmakers in the United States are pushing for a federal privacy law with an urgency likely to be exacerbated by more breaches like the one Marriott disclosed last Friday.
- The Federal Trade Commission still has an open investigation into whether Facebook's conduct violated a previous settlement with the agency. Margrethe Vestager,

Europe's aggressive commissioner overseeing competition, is still investigating aspects of Google's business and whether Amazon plays fair in the market for generic products.

- President Trump has said his administration is seriously looking into monopolistic behavior of Facebook, Google and Amazon.

**Some analysts predict** an economic slowdown — even if it doesn't lead to a recession like the one in 2008 — will be enough to change the global attitude around big American companies.

*"So the really shocking thing this year is that the only major economy in the world where growth has actually accelerated this year is America. And this is because of the tax cuts, the deregulation, the other stimulus which has been put into work. And that has also helped the earnings of companies. My point is, from next year onwards, those effects begin to fade."*

**— Ruchir Sharma, chief global strategist at Morgan Stanley on Fareed Zakaria GPS on Sunday**

**The "FAANG" stocks** (Facebook, Amazon, Apple, Netflix and Google) that pushed the stock market to record highs have not been immune from this year's market rout.

- "The mood has changed. Investors are asking a lot more questions right now," says Larry Glazer, a Managing Partner at Mayflower Advisors, which manages $3 billion. "Momentum has faded on these names."

- Adding to potential concern: possible regulatory action could translate into higher costs, particularly for Google or Facebook.

- "Facebook has been under such a dark cloud for so long that now everybody is expecting the worst," Paul Meeks, a technology portfolio manager at Wireless Fund, told Axios.

**The other side:** "I don't see a looming recession. And even if there was, people aren't going to target these companies if there is a recession," says Nicholas Economides, Professor of Economics at NYU Stern School of Business.

- Economides argues that, even if there was a mild reduction in GDP growth, it wouldn't significantly impact the high tech sector.

- For companies like Google, Facebook and Twitter, "their main revenue streams are from ads. They gain market share from brands converting traditional ad spend to digital ads. This conversion is not so dependent on the growth of GDP, because they are still in the process of converting ads of different formats to digital ads, and that's something that will continue, regardless of GDP growth."

**The bottom line:** Tech companies that have long been the darlings of investor portfolios will likely find themselves in much weaker positions.

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/15/2018 4:21:21 PM
**To**: Michael Wolff [redacted]
**Subject**: Re: Chat? #?

https://www.buzzfeednews.com/article/chrismcdaniel/trump-employee-said-he-knew-of-misconduct-at-the-company

On Sat, Dec 15, 2018 at 10:51 AM Michael Wolff <[redacted]> wrote:

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/18/2018 12:57:26 PM
**To**: Larry Visoski [redacted]
**Subject**: Re: G550

boca good idea

On Mon, Dec 17, 2018 at 10:21 PM Larry Visoski <[redacted]> wrote:

Jeffrey
Pete informs the new spoilers board install going well, should be return to service late Wed evening, or Noon Thursday at the latest.,they are painting the white underside this evening, Blue upper surface tomorrow and clear coat Wed morn.

President Trump arrives Friday at 4:30pm ish.

Should Dave and Darren move the G550 to Boca Thursday?

Thx
Larry

Sent from my iPhone

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**From**: J [jeevacation@gmail.com]
**Sent**: 12/22/2018 12:13:56 AM
**To**: Robert Trivers [redacted]
**Subject**: Re:

i never receveidc anything asking for support? what are your referring to

On Fri, Dec 21, 2018 at 7:03 PM Robert Trivers <[redacted]> wrote:

> Apologies for requesting support in what was originally intended as an update on work done
>
> i am done with that, you will receive no more messages from me regarding funding, i am most grateful for your help—without it, i doubt i would have a book in view on Honour killings—i can finish it on my own and fully intend to
>
> you once said you would "never not support me" but never, as we both know, is a very long time—i am much more scared of Trump's capacity to destroy the stock market—but as long as i do not get orders from you to sell, i will ride it out
>
> i hope everything is good in your life
>
> warmest best, as always
>
> bob

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**From**: J [jeevacation@gmail.com]
**Sent**: 2/19/2019 8:24:07 PM
**To**: nicholas.ribis[redacted]
**Subject**: Trump Officials Tried To Rush Nuclear Technology To Saudis, House Panel Finds

Trump Officials Tried To Rush Nuclear Technology To Saudis, House Panel Finds

https://www.npr.org/2019/02/19/695954246/trump-officials-tried-to-rush-nuclear-technology-to-saudis-house-panel-finds?ft=nprml&f=1001

**From**: J [jeevacation@gmail.com]
**Sent**: 2/21/2019 1:51:38 PM
**To**: Weingarten, Reid [redacted]
**Subject**: Re:

Not a good time

On Thu, Feb 21, 2019 at 8:51 AM Weingarten, Reid <[redacted]> wrote:

Is she in dc today or tomorrow?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, February 20, 2019 2:51 PM
**To:** Weingarten, Reid
**Subject:**

https://www.cnbc.com/2019/02/20/ex-trump-lawyer-michael-cohen-gets-prison-surrender-date-delayed-two-months-to-may-6.html

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**From:** J [jeevacation@gmail.com]
**Sent:** 2/21/2019 2:46:12 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

she flew to london yesterday . back in dc. tonight dallas. then seatle. then tel aviv. totally jet lagged and cranky

On Thu, Feb 21, 2019 at 8:54 AM Weingarten, Reid <[redacted]> wrote:

Of course I trust you...what is going on?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Thursday, February 21, 2019 8:52 AM
**To:** Weingarten, Reid
**Subject:** Re:

Trust me

On Thu, Feb 21, 2019 at 8:51 AM Weingarten, Reid <[redacted]> wrote:

Is she in dc today or tomorrow?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Wednesday, February 20, 2019 2:51 PM
**To:** Weingarten, Reid
**Subject:**

https://www.cnbc.com/2019/02/20/ex-trump-lawyer-michael-cohen-gets-prison-surrender-date-delayed-two-months-to-may-6.html

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**From**: J [jeevacation@gmail.com]
**Sent**: 3/17/2019 10:18:39 PM
**To**: Larry Summers [redacted]
**Subject**: Re: Call from New Yorker.

Helen fisher- anatomy of love - you might find amusing

On Sun, Mar 17, 2019 at 4:35 PM Larry Summers <[redacted]> wrote:
Home Boston. Will try to call

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 4:21 PM, J <jeevacation@gmail.com> wrote:

where are you?

On Sun, Mar 17, 2019 at 2:16 PM Larry Summers <[redacted]> wrote:
I hear you.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 12:26 PM, J <jeevacation@gmail.com> wrote:

last i looked ( sic), you do not have ovaries.

On Sun, Mar 17, 2019 at 12:24 PM Larry Summers <[redacted]> wrote:
That is true.

Interesting. I take a serious note from someone as a deed not words.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 12:17 PM, J <jeevacation@gmail.com> wrote:

you can be both thoughtful and face to face

On Sun, Mar 17, 2019 at 11:48 AM Larry Summers <[redacted]> wrote:
?..

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 9:49 AM, J <jeevacation@gmail.com> wrote:

coming from you -- not mutually exclusive

On Sun, Mar 17, 2019 at 9:45 AM Larry Summers <[redacted]> wrote:
Hmmm.

I think sometimes written communication shows seriousness of thought but see your point

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 9:11 AM, J <jeevacation@gmail.com> wrote:

this is only the first quarter of the game. if you call a time out, its on the field and done with dignity, you cant retreat into the locker room and send a note to the opposing side. in the next quarter she will appreciate whatever you've said with respect and founded on strength. you care very much for this person. you might want to demonstrate that . a note does the very opposite. . its like trump firing comey. :)

On Sun, Mar 17, 2019 at 9:01 AM Larry Summers <[redacted]> wrote:
It was latter. Why bad form. Supposed to be face to face?

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 8:54 AM, J <jeevacation@gmail.com> wrote:

unclear if you meant you ve written notes to yourself re exit or a note you were thinking of sending - BAD FORM if latter. you both have still not agreed the rules of the game. so difficult to play . you

have laid out - this is what i want . . but actually , how it would work , and what her freedoms are. could be . yours.. are essential to the plan. I think much of this is your uncertainty and not hers. sorry . and yours is infectious

On Sun, Mar 17, 2019 at 8:48 AM Larry Summers <[redacted]> wrote:

Ok. Best to make reversible errors

I've written note for exit strategy 1. Not going to send for few days.

Going to treat it all as a game till I maybe see her in Beijing and out of character ignore and look past her bad behavior.

Best to stop obsessing.

Sent from my iPad

Please direct all scheduling inquiries to my office at:[redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 8:42 AM, J <jeevacation@gmail.com> wrote:

com

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**From:** J [jeevacation@gmail.com]
**Sent:** 4/13/2019 10:44:40 PM
**To:** Alan Dershowitz [redacted]
**Subject:** Re: Off the record trump

wow

On Sat, Apr 13, 2019 at 6:40 PM <[redacted]> wrote:

> Sent from my iPhone
>
> Begin forwarded message:
>
> **From:** [redacted]
> **Date:** April 13, 2019 at 6:39:25 PM EDT
> **To:** '[redacted] <[redacted]>
> **Subject: Re: Off the record trump**
>
> Thanks. I appreciate it. I was just reporting what I heard.
>
> Sent from my iPhone
>
> On Apr 13, 2019, at 6:36 PM, [redacted] <[redacted]> wrote:
>
> I never told anyone that. I know nothing about that. I have no idea what you are talking about.
>
> On Sat, Apr 13, 2019 at 1:57 PM <[redacted]> wrote:
>
> > Just heard you were telling people that you heard I asked Trump for a million dollars. Totally false. Please check every false allegation with me before repeating to others.
> >
> > Sent from my iPhone

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**From**: J [jeevacation@gmail.com]
**Sent**: 4/21/2019 1:22:00 PM
**To**: JONATHAN FARKAS [redacted]
**Subject**: Re:

fun

On Sun, Apr 21, 2019 at 3:21 PM JONATHAN FARKAS <[redacted]> wrote:

> Somers and I talked to trump and Melania last night He looked and seemed very tired but upbeat
> Sent from my iPhone

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**From:** anasalrasheed[redacted]
**Sent:** 10/12/2018 7:46:11 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Dificult to tell as of today.. leaks are done in a very smart way and .. fast.. very fast. No question Qatar scoring big. It is a media war now.
I think saudis are loosing Trump if they dont start defending. Best defense is the truth even if ugly, in my opinion.
Turkey is having fun, the saudis need to act. This will not go away. And, yes, Canada wins
Sent from my iPhone

On Oct 12, 2018, at 10:00 PM, J <jeevacation@gmail.com> wrote:

Thought s?

On Fri, Oct 12, 2018 at 2:35 PM <anasalrasheed[redacted]> wrote:

> mmmmmm
>
> Sent from my iPhone
>
> On Oct 12, 2018, at 8:49 PM, J <jeevacation@gmail.com> wrote:
>
> smells like something bigger to me. I wouldnt be surprised if MBZ set him up.
>
> On Fri, Oct 12, 2018 at 1:48 PM <anasalrasheed[redacted]> wrote:
>
> > ugly .. very ugly
> >
> > Sent from my iPhone

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**From:** Edward Rød Larsen [redacted]
**Sent:** 10/30/2018 11:00:04 AM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Essays

**Importance:** High

Essay 1.

Coming from an international background, and having lived in Oslo, Tel Aviv, New York and London by the age of eighteen, I believe that the international profile of NYU will provide the best environment for my college education, with the added benefit of returning to the place where I've spent most of my childhood and where my mother will be posted as Norwegian Ambassador to the UN in January 2019.

NYU's Art History department appeals to me because of its wide range of courses, from the global art of antiquity to the contemporary. My passion is the Italian Renaissance and the rich history behind it, especially the works of 15th century masters such as Masaccio and Bellini. Some of the courses that NYU offers such as "Early masters of Italian Renaissance painting" and "Florentine Villas: An Interpretation Based on Historical, Social Factors" are, therefore appealing to me. What I find exciting, is not only the visual aesthetics and analysis of these masterpieces, but also the manner in which the Renaissance emphasised scientific and economic innovation, areas of study the Global Liberal Arts programme would offer. NYU's unique campus in Florence would give me a once in lifetime opportunity to spend a year immersing myself in the art, culture and history of Italy. This would be an exciting experience to have while studying for a Bachelor's degree in Art History, and would compliment my main interests in the subject.

As one of the prime cultural centres in the world, NYU's location in NYC is the perfect place to broaden knowledge within contemporary art. I am very much looking forward to visiting the Whitney Biennia this May. In addition the New museum, which shows a lot of the kind of work I find interesting is a short walk away from campus.

Taking advantage of being based in central London for the past year, I have completed the Chairman's Programme at Christies, work experience at the Courtauld Gallery and I will be working at Maddox Gallery in the near future. Similarly, I want to take advantage of being based in NYC to gain as much experience as possible. I have chosen to apply Early Decision to NYU as it is the only American university I will be applying to, as there is no better place to obtain experience of the contemporary art world than New York City.

Essay 2.

## From the age of extremes to the age of bewilderment

What captivates me more than anything else is the different ideological phases of the 20th century and how art can be used as a tool of advancement and reflection on ideological and political developments.

My fascination began when I read; Eric Hobsbawm's "Age Of Extremes" and has since developed through books such as Benjamin Carter Hett's "The Death Of Democracy" and Yuval Harari "A Brief History Of Tomorrow" and "21 Lessons For The 21st Century".

In the years after the First World War, until the end of the Second World War, three political models for shaping the future of nation states emerged; Fascism, Communism and liberal democracy. These all offered great ideas for the future of the world. Fascism and Communism shared some common features: authoritarian, strong leaders and a belief that their revolutions had to be carried through with violence. This led to the mass murders in the Nazi concentration camps and in the Soviet Gulags.

In the mid war periods, the "Litfass columns" that were originally designed to carry advertising, became the outdoor galleries for the war of ideologies. The political poster was born. High quality posters from every political party in Germany popped up on the columns. Hitler's propaganda chief Göebels stated that the Nazi election campaign should be run through speeches and posters. The other parties responded in kind. An art form thus became an essential political tool in the battle for votes. The propagandist Art used by the Nazis and communists alike was essential in helping sell their message to the masses.

Indeed, much of the art that was critical of these movements was suppressed or censored and "subversive" artists cowed, in some cases imprisoned or even worse.

The liberal democratic model departed sharply from these authoritarian perspectives by presenting the alternative of free and transparent elections, the rule of law and freedom of speech. In the mid-war period the three narratives were competing to be the conceptual frame for society. After the Second World War fascism was crushed leaving the two competing ideologies of communism and liberal democracy. After the demise of communism in 1989, through to the late 1990's, liberal democracy was victorious in the idealogical battlefield. Some historians, like Francis Fukuyama, went so far as to proclaim this period as "the end of history".

A key piece of art that championed this kind of ideology was Sheppard Fairey's campaign poster for Barack Obama. In this poster, Fairey, a well established graffiti artist uses urban colours and stencilling techniques combined with the message "HOPE" to promote the incoming presidents positive values and popularity with the young. It is notable that Fairey's most recent political poster protests the Trump presidency rather than promote it.

With the rise of so called "illiberal democracy", with strong parties standing for populist ideologies, we have now moved into what can be described as the age of bewilderment. We were not in fact at the "end of history". Once again the future looks unpredictable and insecure and artists are responding in different ways.

Jeremy Deller, a British Turner prize winning artist created a work which features a car damaged in the bombing of the historic Mutanabbi Street book market, which resulted in the deaths of 38 people. Here, an art work has been used to show the aftermath of an event. This event was the result of the Iraq war, which was seen as a way to spread democracy. Here Art is used as a means by which to explore the effects of ideology rather than promote it, another really interesting area in the study of the intersections between ideology and art.

Exploring how art reflects the historical and ideological contexts of the world around it is fascinating to me and I would love to study these ideas in more depth at undergraduate level.

**From:** Edward Rød Larsen [redacted]
**Sent:** 10/30/2018 1:06:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re: Essays

**Importance:** High

will do

On Tue, Oct 30, 2018 at 11:18 AM J <jeevacation@gmail.com> wrote:
essay 1. change next to the last sentence. Similarly. ..... to I look forward to accessing the cultural resources in New York in order that I may continue my cultural journey.

On Tue, Oct 30, 2018 at 7:00 AM Edward Rød Larsen <[redacted]> wrote:
Essay 1.

Coming from an international background, and having lived in Oslo, Tel Aviv, New York and London by the age of eighteen, I believe that the international profile of NYU will provide the best environment for my college education, with the added benefit of returning to the place where I've spent most of my childhood and where my mother will be posted as Norwegian Ambassador to the UN in January 2019.

NYU's Art History department appeals to me because of its wide range of courses, from the global art of antiquity to the contemporary. My passion is the Italian Renaissance and the rich history behind it, especially the works of 15th century masters such as Masaccio and Bellini. Some of the courses that NYU offers such as "Early masters of Italian Renaissance painting" and "Florentine Villas: An Interpretation Based on Historical, Social Factors" are, therefore appealing to me. What I find exciting, is not only the visual aesthetics and analysis of these masterpieces, but also the manner in which the Renaissance emphasised scientific and economic innovation, areas of study the Global Liberal Arts programme would offer. NYU's unique campus in Florence would give me a once in lifetime opportunity to spend a year immersing myself in the art, culture and history of Italy. This would be an exciting experience to have while studying for a Bachelor's degree in Art History, and would compliment my main interests in the subject.

As one of the prime cultural centres in the world, NYU's location in NYC is the perfect place to broaden knowledge within contemporary art. I am very much looking forward to visiting the Whitney Biennia this May. In addition the New museum, which shows a lot of the kind of work I find interesting is a short walk away from campus.

Taking advantage of being based in central London for the past year, I have completed the Chairman's Programme at Christies, work experience at the Courtauld Gallery and I will be working at Maddox Gallery in the near future. Similarly, I want to take advantage of being based in NYC to gain as much experience as possible. I have chosen to apply Early Decision to NYU as it is the only American university I will be applying to, as there is no better place to obtain experience of the contemporary art world than New York City.

Essay 2.

From the age of extremes to the age of bewilderment

What captivates me more than anything else is the different ideological phases of the 20th century and how art can be used as a tool of advancement and reflection on ideological and political developments.

My fascination began when I read; Eric Hobsbawm's "Age Of Extremes" and has since developed through books such as Benjamin Carter Hett's "The Death Of Democracy" and Yuval Harari "A Brief History Of Tomorrow" and "21 Lessons For The 21st Century".

In the years after the First World War, until the end of the Second World War, three political models for shaping the future of nation states emerged; Fascism, Communism and liberal democracy. These all offered great ideas for the future of the world. Fascism and Communism shared some common features: authoritarian, strong leaders and a belief that their revolutions had to be carried through with violence. This led to the mass murders in the Nazi concentration camps and in the Soviet Gulags.

In the mid war periods, the "Litfass columns" that were originally designed to carry advertising, became the outdoor galleries for the war of ideologies. The political poster was born. High quality posters from every political party in Germany popped up on the columns. Hitler's propaganda chief Göebels stated that the Nazi election campaign should be run through speeches and posters. The other parties responded in kind. An art form thus became an essential political tool in the battle for votes. The propagandist Art used by the Nazis and communists alike was essential in helping sell their message to the masses. Indeed, much of the art that was critical of these movements was suppressed or censored and "subversive" artists cowed, in some cases imprisoned or even worse.

The liberal democratic model departed sharply from these authoritarian perspectives by presenting the alternative of free and transparent elections, the rule of law and freedom of speech. In the mid-war period the three narratives were competing to be the conceptual frame for society. After the Second World War fascism was crushed leaving the two competing ideologies of communism and liberal democracy. After the demise of communism in 1989, through to the late 1990's, liberal democracy was victorious in the idealogical battlefield. Some historians, like Francis Fukuyama, went so far as to proclaim this period as "the end of history".

A key piece of art that championed this kind of ideology was Sheppard Fairey's campaign poster for Barack Obama. In this poster, Fairey, a well established graffiti artist uses urban colours and stencilling techniques combined with the message "HOPE" to promote the incoming presidents positive values and popularity with the young. It is notable that Fairey's most recent political poster protests the Trump presidency rather than promote it.

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**From**: Larry Summers [redacted]
**Sent**: 11/20/2018 6:36:39 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd:

**Importance**: High

Think no response for a while probably appropriate.

Just had lunch w [redacted]

Is trump getting crazier as many of my pals think or is it steady crazy.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

Begin forwarded message:

**From:** Keyu Jin <[redacted]>
**Date:** November 20, 2018 at 12:46:35 PM EST
**To:** Larry Summers <[redacted]>

Did RA come back with answers to the yellow highlighted? did you take a look at the section that was written up? apart from your revision of intro there was the first section.

--
Keyu Jin

**From**: [redacted]
**Sent**: 11/29/2018 3:57:47 AM
**To**: jeevacation@gmail.com
**Subject**: Shared Article from AOL: Report: Trump aide helped sex abuser get cushy plea deal

**Importance**: High

They try to keep this story going from every angle. Now dershowitz isn't involved; rather he is a high powered lawyer. I didn't know you also had lefkowitz. I met the guy once when a prospective client asked me to try a case with him. One meeting was enough for me to see clearly that that would not have worked out well; but he apparemtly is a successful lawyer.

One thing for sure the article gets wrong - that the "victims" were silenced.

Hope you are doing well.

David

# Report: Trump aide helped sex abuser get cushy plea deal

https://aol.it/2BDSk0l

Shared via the AOL App

**From:** Kathy Ruemmler [redacted]
**Sent:** 12/4/2018 3:20:07 PM
**To:** jeevacation@gmail.com
**Subject:** Slowing economy could increase pressure on Big Tech - Axios

**Importance:** High

What do we think of this?

https://www.axios.com/recession-threat-2019-regulatory-risk-google-facebook-amazon-b8966b22-57dc-426c-9f4f-5526982383c7.html

# Slowing economy could increase pressure on Big Tech

Sara Fischer, David McCabe, Courtenay Brown5 hours ago

A potential recession, combined with increasing regulatory threats for some of the biggest tech companies, foreshadows a difficult 2019 for Silicon Valley.

**Why it matters:** The biggest tech companies have already raked in billions of dollars in profits and benefited from major tax cuts that aren't going to be repeated, so next year isn't likely to be better for them financially. They've also been dogged by scandals that have left many questioning their positive role in society, and if on top of that the economy starts to slip, 2019 could be worse.

*"People look for scapegoats in a bad economy. And with big tech already on its heels, a downturn probably would feed arguments that the largest internet companies are too big and need to be reined in."*

**— Paul Gallant, an analyst with Cowen Washington Research Group**

**Big Tech is closing** out a contentious year in Washington, and potential regulation will continue to haunt it well into 2019.

- Google CEO Sundar Pichai has agreed to testify before Congress, and will likely be asked about whether the company is being transparent about its data privacy practices and any potential bias. By the year's end, the CEOs of Twitter, Google and Facebook will have been called to testified in front of Congress for the first time ever during 2018.
- Lawmakers in the United States are pushing for a federal privacy law with an urgency likely to be exacerbated by more breaches like the one Marriott disclosed last Friday.
- The Federal Trade Commission still has an open investigation into whether Facebook's conduct violated a previous settlement with the agency. Margrethe Vestager,

Europe's aggressive commissioner overseeing competition, is still investigating aspects of Google's business and whether Amazon plays fair in the market for generic products.

- President Trump has said his administration is seriously looking into monopolistic behavior of Facebook, Google and Amazon.

**Some analysts predict** an economic slowdown — even if it doesn't lead to a recession like the one in 2008 — will be enough to change the global attitude around big American companies.

*"So the really shocking thing this year is that the only major economy in the world where growth has actually accelerated this year is America. And this is because of the tax cuts, the deregulation, the other stimulus which has been put into work. And that has also helped the earnings of companies. My point is, from next year onwards, those effects begin to fade."*

**— Ruchir Sharma, chief global strategist at Morgan Stanley on Fareed Zakaria GPS on Sunday**

**The "FAANG" stocks** (Facebook, Amazon, Apple, Netflix and Google) that pushed the stock market to record highs have not been immune from this year's market rout.

- "The mood has changed. Investors are asking a lot more questions right now," says Larry Glazer, a Managing Partner at Mayflower Advisors, which manages $3 billion. "Momentum has faded on these names."

- Adding to potential concern: possible regulatory action could translate into higher costs, particularly for Google or Facebook.

- "Facebook has been under such a dark cloud for so long that now everybody is expecting the worst," Paul Meeks, a technology portfolio manager at Wireless Fund, told Axios.

**The other side:** "I don't see a looming recession. And even if there was, people aren't going to target these companies if there is a recession," says Nicholas Economides, Professor of Economics at NYU Stern School of Business.

- Economides argues that, even if there was a mild reduction in GDP growth, it wouldn't significantly impact the high tech sector.

- For companies like Google, Facebook and Twitter, "their main revenue streams are from ads. They gain market share from brands converting traditional ad spend to digital ads. This conversion is not so dependent on the growth of GDP, because they are still in the process of converting ads of different formats to digital ads, and that's something that will continue, regardless of GDP growth."

**The bottom line:** Tech companies that have long been the darlings of investor portfolios will likely find themselves in much weaker positions.

**From**: Larry Visoski [redacted]
**Sent**: 12/14/2018 2:59:21 PM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: NY

Jeffrey
Do you think NY on Monday is still possible?
I guess It makes sense to leave the G550 in PBI until Wednesday then fly it to Boca, Since Trump arrival is Friday.,

Should I leave plane in PBI until Wednesday?

Thx
Larry

Sent from my iPhone

**From**: Larry Visoski [redacted]
**Sent**: 12/14/2018 3:12:21 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re: NY

**Importance**: High

Ok,, I'll make parking arrangements for Thur in Boca if needed,, this way, 550 is in PBI for you if needed

Sent from my iPhone

On Dec 14, 2018, at 10:06 AM, J <jeevacation@gmail.com> wrote:

i iwll stay here until wed thrus at earliest

On Fri, Dec 14, 2018 at 9:59 AM Larry Visoski <[redacted]> wrote:

Jeffrey
Do you think NY on Monday is still possible?
I guess It makes sense to leave the G550 in PBI until Wednesday then fly it to Boca, Since Trump arrival is Friday.,

Should I leave plane in PBI until Wednesday?

Thx
Larry

Sent from my iPhone

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**From**: Larry Visoski [redacted]
**Sent**: 12/18/2018 3:21:16 AM
**To**: Je vacation [jeevacation@gmail.com]
**Subject**: G550

Jeffrey
Pete informs the new spoilers board install going well, should be return to service late Wed evening, or Noon Thursday at the latest.,they are painting the white underside this evening, Blue upper surface tomorrow and clear coat Wed morn.

President Trump arrives Friday at 4:30pm ish.

Should Dave and Darren move the G550 to Boca Thursday?

Thx
Larry

Sent from my iPhone

**From**: Robert Trivers [redacted]
**Sent**: 12/22/2018 12:03:25 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]

**Importance**: High

Apologies for requesting support in what was originally intended as an update on work done

i am done with that, you will receive no more messages from me regarding funding, i am most grateful for your help—without it, i doubt i would have a book in view on Honour killings—i can finish it on my own and fully intend to

you once said you would "never not support me" but never, as we both know, is a very long time—i am much more scared of Trump's capacity to destroy the stock market—but as long as i do not get orders from you to sell, i will ride it out

i hope everything is good in your life

warmest best, as always

bob

**From:** Larry Summers [redacted]
**Sent:** 12/22/2018 12:52:50 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Of course. Who knows whether I'm serious? Not at this moment me.

Will trump crack into insanity?

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Dec 22, 2018, at 7:18 AM, J <jeevacation@gmail.com> wrote:

trump - borderline insane. dersh, a few feet further from the border but not by much

On Sat, Dec 22, 2018 at 7:03 AM Larry Summers [redacted] wrote:

> Sent 45 minutes after she sent an outline.
>
> I had sent a comment in mtg w her father flattering her father and saying other China officials had flattered him as well.
> Sent from my iPhone
>
> Please direct all scheduling inquiries to my office at: lhsoffice@lawrencesummers.com
>
> Follow me on twitter @lhsummers
> www.larrysummers.com
>
> Begin forwarded message:
>
> **From:** Keyu Jin [redacted]
> **Date:** December 22, 2018 at 12:49:20 AM EST
> **To:** Larry Summers [redacted]
>
> I also wanted to say how grateful I am and have been for your support, and also your support of my father's work. I don't say these things often enough but it is I hope implied.

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**From**: J [jeevacation@gmail.com]
**Sent**: 2/5/2019 5:44:43 PM
**To**: jeffrey epstein [jeevacation@gmail.com]

**Importance**: High

https://www.vox.com/2019/2/5/18211600/trump-inauguration-investigation-subpoena-sdny

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**From**: Nicholas Ribis[redacted]
**Sent**: 2/19/2019 8:25:24 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re: Trump Officials Tried To Rush Nuclear Technology To Saudis, House Panel Finds

**Importance**: High

Saw it

Sent from my iPhone

On Feb 19, 2019, at 3:24 PM, J <jeevacation@gmail.com> wrote:

Trump Officials Tried To Rush Nuclear Technology To Saudis, House Panel Finds

https://www.npr.org/2019/02/19/695954246/trump-officials-tried-to-rush-nuclear-technology-to-saudis-house-panel-finds?ft=nprml&f=1001

**From**: Weingarten, Reid [redacted]
**Sent**: 2/21/2019 1:51:10 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re:

**Importance**: High

Is she in dc today or tomorrow?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Wednesday, February 20, 2019 2:51 PM
**To:** Weingarten, Reid
**Subject:**

https://www.cnbc.com/2019/02/20/ex-trump-lawyer-michael-cohen-gets-prison-surrender-date-delayed-two-months-to-may-6.html

**From:** Weingarten, Reid [redacted]
**Sent:** 2/21/2019 1:54:02 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

Of course I trust you...what is going on?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Thursday, February 21, 2019 8:52 AM
**To:** Weingarten, Reid
**Subject:** Re:

Trust me

On Thu, Feb 21, 2019 at 8:51 AM Weingarten, Reid <[redacted]> wrote:

Is she in dc today or tomorrow?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Wednesday, February 20, 2019 2:51 PM
**To:** Weingarten, Reid
**Subject:**

https://www.cnbc.com/2019/02/20/ex-trump-lawyer-michael-cohen-gets-prison-surrender-date-delayed-two-months-to-may-6.html

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12:53 LTE

OVERVIEW TOP STORIES MOVIES VIDEOS BO

Alan Dershowitz Replied-All to the Entire Media to Claim Trump Didn't...

1 day ago

Trump lawye and Dershow on Saturday

11 hours ago

Alan Dershowitz
Twitter › AlanDersh

users are
and Sarah
have long
Roberts sold
hat she met
n's island.
cords prove
the island.
s she has
ry C and

My false accusers won't accuse me on Twitter but I will accuse them: I hereby accuse my false accusers of committing the felony of perjury and challenge them to sue me for defamation. They won't ,because they know the truth will land them in prison.

15 hours ago

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16

## About Alan Dershowitz

12:54 LTE

OVERVIEW TOP STORIES MOVIES VIDEOS BO

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1 day ago

Trump lawye
and Dershow
on Saturday

11 hours ago

Alan Dershowitz
Twitter › AlanDersh

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David Boies, the lawyer for both of my false accusers , has admitted in private that his client has falsely accused me :"your belief "— referring to his client— "is wrong". "Your conclusion is simply wrong". I challenge Boies to deny this admission under oath.

16 hours ago

These r
joining
It's my
want to
have no
everyth

16 hours

## About Alan Dershowitz

10:01

2

BE

Edwards ›

iMessage
Today 8:28 AM

You're in the press almost as much as President Trump!

Delivered

No shit. I get called every day to "verify something Jack said." I don't have time for this nonsense. The recusal was such a non-event. Ridiculous.

iMessage

Pay

**From:** Larry Summers [redacted]
**Sent:** 3/17/2019 1:45:22 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Call from New Yorker.

**Importance:** High

Hmmm.

I think sometimes written communication shows seriousness of thought but see your point

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 9:11 AM, J <jeevacation@gmail.com> wrote:

this is only the first quarter of the game. if you call a time out, its on the field and done with dignity, you cant retreat into the locker room and send a note to the opposing side. in the next quarter she will appreciate whatever you've said with respect and founded on strength. you care very much for this person. you might want to demonstrate that . a note does the very opposite. . its like trump firing comey. :)

On Sun, Mar 17, 2019 at 9:01 AM Larry Summers <[redacted]> wrote:

It was latter. Why bad form. Supposed to be face to face?

Sent from my iPad

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On Mar 17, 2019, at 8:54 AM, J <jeevacation@gmail.com> wrote:

unclear if you meant you ve written notes to yourself re exit or a note you were thinking of sending - BAD FORM if latter. you both have still not agreed the rules of the game. so difficult to play . you have laid out - this is what i want . . but actually , how it would work , and what her freedoms are. could be . yours.. are essential to the plan. I think much of this is your uncertainty and not hers. sorry . and yours is infectious

On Sun, Mar 17, 2019 at 8:48 AM Larry Summers <[redacted]> wrote:

Ok. Best to make reversible errors

I've written note for exit strategy 1. Not going to send for few days.

Going to treat it all as a game till I maybe see her in Beijing and out of character ignore and look past her bad behavior.

Best to stop obsessing.

Sent from my iPad

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 8:42 AM, J <jeevacation@gmail.com> wrote:

com

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**Sent:** 3/17/2019 3:48:09 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re: Call from New Yorker.

**Importance:** High

?..

Sent from my iPad

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www.larrysummers.com

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coming from you -- not mutually exclusive

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com

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**From**: Larry Summers [redacted]
**Sent**: 3/17/2019 4:24:05 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re: Call from New Yorker.

**Importance**: High

That is true.

Interesting. I take a serious note from someone as a deed not words.

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

Follow me on twitter @lhsummers
www.larrysummers.com

On Mar 17, 2019, at 12:17 PM, J <jeevacation@gmail.com> wrote:

you can be both thoughtful and face to face

On Sun, Mar 17, 2019 at 11:48 AM Larry Summers <[redacted]> wrote:

?..

Sent from my iPad

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coming from you -- not mutually exclusive

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I think sometimes written communication shows seriousness of thought but see your point

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this is only the first quarter of the game. if you call a time out, its on the field and done with dignity, you cant retreat into the locker room and send a note to the opposing side. in the next quarter she will appreciate whatever you've said with respect and founded on strength. you care very much for this person. you might want to demonstrate that . a note does the very opposite. . its like trump firing comey. :)

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unclear if you meant you ve written notes to yourself re exit or a note you were thinking of sending - BAD FORM if latter. you both have still not agreed the rules of the game. so difficult to play . you have laid out - this is what i want . . but actually , how it would work , and what her freedoms are. could be . yours.. are essential to the plan. I think much of this is your uncertainty and not hers. sorry . and yours is infectious

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Sent from my iPad

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On Mar 17, 2019, at 8:42 AM, J <jeevacation@gmail.com> wrote:

com

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**From**: Larry Summers [redacted]
**Sent**: 3/17/2019 8:35:34 PM
**To**: J [jeevacation@gmail.com]
**Subject**: Re: Call from New Yorker.

**Importance**: High

Home Boston. Will try to call

Sent from my iPhone

Please direct all scheduling inquiries to my office at: [redacted]

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On Mar 17, 2019, at 4:21 PM, J <jeevacation@gmail.com> wrote:

where are you?

On Sun, Mar 17, 2019 at 2:16 PM Larry Summers <[redacted]> wrote:
I hear you.

Sent from my iPhone

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**From:** [redacted]
**Sent:** 4/13/2019 10:40:00 PM
**To:** Martin G Weinberg [redacted]; Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Fwd: Off the record trump

**Importance:** High

Sent from my iPhone

Begin forwarded message:

**From:** [redacted]
**Date:** April 13, 2019 at 6:39:25 PM EDT
**To:** "[redacted]" <[redacted]>
**Subject: Re: Off the record trump**

Thanks. I appreciate it. I was just reporting what I heard.

Sent from my iPhone

On Apr 13, 2019, at 6:36 PM, [redacted] <[redacted]> wrote:

I never told anyone that. I know nothing about that. I have no idea what you are talking about.

On Sat, Apr 13, 2019 at 1:57 PM <[redacted]> wrote:

> Just heard you were telling people that you heard I asked Trump for a million dollars. Totally false. Please check every false allegation with me before repeating to others.
>
> Sent from my iPhone

**From:** JONATHAN FARKAS [redacted]
**Sent:** 4/18/2019 2:21:05 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

**Importance:** High

The best appointment trump made

Sent from my iPhone

On Apr 18, 2019, at 10:18 AM, J <jeevacation@gmail.com> wrote:

he stuck it up their ass  wow

On Thu, Apr 18, 2019 at 9:40 AM JONATHAN FARKAS <[redacted]> wrote:

> I did not talk to him about anything but dinner but I know the kind of person he is
> Sent from my iPhone

--

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**From**: JONATHAN FARKAS [redacted]
**Sent**: 4/21/2019 1:21:37 PM
**To**: jeevacation@gmail.com

**Importance**: High

Somers and I talked to trump and Melania last night He looked and seemed very tired but upbeat
Sent from my iPhone

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/6/2010 1:03:04 AM
**To:** [redacted]
**Subject:** Re: Great seeing you

joel,, jack goldberger is my local attny, i would love him to play the trump course.. jerry you.. i will pick up all costs. thanks,,

On Tue, Jan 5, 2010 at 1:40 PM, <[redacted]> wrote:

Let me know when you are coming back to Palm Beach so I can take you for golf at Trump. Also coordinate with Andy re: his trip here from California.

Jeffrey mentioned to me you are looking to pick up an interest in a Hawker 800 XP. I recently exchanged my fractional interest for a jet pass card but I may know some other people who might want to sell their interests at a bargain price. Also, Jeffrey's and my friend, Benny Shabtai is looking to partner with someone to pick up a plane in today's depressed market, but he is looking for someone to pick up a 50% interest.

Look forward to hearing from you.

Joel

-----Original Message-----
From: Steve Hanson <[redacted]>
To: [redacted]
Sent: Tue, Jan 5, 2010 8:47 am
Subject: Great seeing you

1/5/10

Joel,

It was great seeing you. Hope to see you on my next trip which is every other week. Let me know when Andrew Lucasi is coming to town.

Stephen Hanson

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/6/2010 10:38:22 AM
**To:** [redacted]
**Subject:** Re: Great seeing you

jack [redacted], aweekend when he could bring a friend would be appreciated

On Tue, Jan 5, 2010 at 8:27 PM, [redacted] wrote:
have.him.call.me.or.better.eme.his.no.and.ill.set.sometgng.up.with.gerry.and.i...good.trip.to.ny.and.isle...joel

---
Sent from my Verizon Wireless mobile phone

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> is looking for someone to pick up a 50% interest.
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> Look forward to hearing from you.
>
> Joel
>
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> From: Steve Hanson <[redacted]>
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> Subject: Great seeing you
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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 1/7/2010 10:54:22 PM
**To:** [redacted]
**Subject:** Re: Great seeing you

Brian Baker jpm

[redacted] use my name

On Wed, Jan 6, 2010 at 5:38 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
jack [redacted], aweekend when he could bring a friend would be appreciated

On Tue, Jan 5, 2010 at 8:27 PM, [redacted] wrote:
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To: <[redacted]>
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Subject: Re: Great seeing you

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**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 6/27/2011 4:45:11 PM
**To:** Eric Roth[redacted]
**Subject:** Re: Gulfstream V - offmarket, sleeper aircraft
**Attachments:** image001.jpg

of course i will speak send me his number , or have him call [redacted]

On Mon, Jun 27, 2011 at 12:17 PM, Eric Roth [redacted] wrote:

Jeffrey-

I need to start off by stating that it is not my intent to go around Shawn Lancaster on this – Shawn is a friend.

This being said, I have received e-mails from both you and Larry this weekend.

I called Larry and he said I should send you an e-mail.

I called a close friend of mine inquiring about the GV market and aircraft that are "not published". As of today, there are eight (8) of these aircraft that are not yet on the market.

Let me know if you would like to speak with him and by what means (you call him, he call you, call Larry?....whatever).

By the way, his company sold Trumps 727 and got Trump a very attractive number for an aircraft that was on it's way to a museum.

Hope all is well.

Sincerely,

**Eric Roth**
*President*

international jet
INTERIORS

**International Jet Interiors**
2221 Smithtown Avenue
Long Island MacArthur Airport
Ronkonkoma, NY 11779
[redacted] Phone
Fax

[redacted] Cell
[redacted] e-mail
www.intljet.com website

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Saturday, June 25, 2011 12:29 AM
**To:** Eric Roth
**Subject:** Re:

not yet

On Fri, Jun 24, 2011 at 8:20 PM, Eric Roth [redacted] wrote:

Any photos? Serial number?

Sent from my iPhone

On Jun 24, 2011, at 7:56 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

eric,, price for a re-rag , new seats , g-v , paint and interior, plus approx time after choosing fabrics etc.

--
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**From**: jeffrey epstein [jeevacation@gmail.com]
**Sent**: 1/12/2012 3:22:33 PM
**To**: [redacted]
**Subject**: Re: B 727 thought

**Importance**: High

Call

Sorry for all the typos .Sent from my iPhone

On Jan 12, 2012, at 4:12 PM, [redacted] wrote:

Jeffrey,
this may be a long shot to save the Boeing deal, or if you think its a dead deal, disregard this.
I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
I wrote this email for your review, if you think its worth sending, please critique, and let me know,. thank you:

Mr. Tarek El Sayed,

I hope this email finds you well, and believe worth communicating my thoughts to you.

I was surprised to hear that you decided against the purchase of our Super Boeing 727. I personally thought it was a great match for your business needs in Qatar. If for any reason your decision was based on crew issues and charter needs in the Middle East, I'd like to share some information that might prove beneficial to making you reconsider this purchase.

The pilot candidates I have lined up for your interview along with the possibility of David Rodgers joining your flight department were as follows:

(at no time did I disclose location or persons to the following pilot candidates to protect your privacy.)

Robert Breslin, who is the former Chief Pilot of Mr. Donald Trump, Mr. Breslin flew the Boeing 727 and Boeing 757 owned by Mr Trump. Mr Breslin is a fine man of 40 years of age estimate, with extensive VIP Boeing operations.

James Bartakowski, who has extensive flying experience in the Middle east, Africa and Europe régime. Mr. Bartakowski has also been involved in charter operations in Africa and Middle East and has contacted me on several recent occasions with charters for our Boeing 727, James has indicated there is the possibility of 40 – 60 hours per month charter operations for larger transport category aircraft in your area. I believe there is a growing need for charter in the business community in Qatar and neighboring countries.

Bruce Jafahri, who is a current Boeing 727 captain who lived in Doha for two years, and familiar with international operations of Boeing 727 aircraft. Mr. Jafahri currently lives in California and ready for a new opportunity. Bruce is current in the Boeing 727 and also flew Captain on the Boeing 747. Well qualified individual and personable.

Mr. El Sayed, as you have seen during our demo flight, our Boeing 727 is in impeccable condition, quite cabin and will provide many years of charter and business flights your company. I believe the large business jet future in Qatar is growing and you will be leading its path, and your initial investment in this purchase will not come close with other aircraft options on the market as you may have seen already.

We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

Conflicting reports have surfaced on the possible resignation or firing of US Deputy Attorney General Rod Rosenstein, who oversees the special counsel investigation into Russia's role in the 2016 presidential election.Â 

According to US media, Rosenstein was meeting with White House Chief of Staff John Kelly after reports surfaced that he had offered to resign in speculation of being fired.Â 

Axios, citing an unidentified source with knowledge of the matter, reported that Rosenstein verbally resigned to White House Chief of Staff John Kelly. A second source told the news outlet that Rosenstein is "expecting to be fired" so he plans to step down.Â 

The Wall Street Journal, citing an individual familiar with the matter, reported that Rosenstein has not submitted his resignation.

NBC News reported that Rosenstein said he would not resign and the White House would have to fire him.

Reuters news agency, also citing a person familiar with the matter, said Rosenstein had not resigned and is still serving as US deputy attorney general. The news agency reported that the unnamed source confirmed that the deputy attorney general had a previously scheduled meeting at the White House on Monday and that the Axios reports were false.Â 

The reports come as Trump faces mounting pressure from the investigation by Special Counsel Robert Mueller, who is looking into Russia's role in the 2016 presidential election.Â 

Rosenstein assumed supervision of the investigation after his boss, Attorney General Jeff Sessions, recused himself because of his own contacts with Russia's ambassador to Washington while serving as a Trump campaign adviser became public.Â 

There was widespread speculation that Trump would fire Rosenstein after a New York Times report on Friday said in 2017 he had suggested secretly recording Trump and recruiting Cabinet members to invoke a constitutional amendment to remove him from the office. The newspaper said none of those proposals came to fruition. Rosenstein denied the report as "inaccurate and factually incorrect".Â 

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banning.\"","textStyle":"body","type":"text"}],"identifier":"_anf-container-11","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-10","layout":"ComponentLayout-31","role":"body","text":"Twitter Chief Executive Jack Dorsey responded at the hearing that some platform's algorithms had been changed to fix the issue.","textStyle":"body","type":"text"}],"identifier":"_anf-container-12","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-11","layout":"ComponentLayout-31","role":"body","text":"Some of the state officials attending the meeting or sending representatives have also expressed concern about how Google uses consumer data.","textStyle":"body","type":"text"}],"identifier":"_anf-container-13","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-12","layout":"ComponentLayout-31","role":"body","text":"Mississippi Attorney General Jim Hood filed a lawsuit against Google in January 2017, accusing the company of misusing data collected from public school students who use the company's software. That lawsuit is pending.","textStyle":"body","type":"text"}],"identifier":"_anf-container-14","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-13","layout":"ComponentLayout-31","role":"body","text":"Missouri Attorney General Josh Hawley, meanwhile, opened an investigation in November 2017 into whether Google's data collection practices violate consumer protection laws. Hawley is also probing whether Google violated antitrust law by manipulating search results to favor its own products.","textStyle":"body","type":"text"}],"identifier":"_anf-container-15","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-14","layout":"ComponentLayout-31","role":"body","text":"Google said at the time of the probe being opened that it had \"strong privacy protections in place for our users and continue to operate in a highly competitive and dynamic environment.\"","textStyle":"body","type":"text"}],"identifier":"_anf-container-16","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-body-15","layout":"ComponentLayout-31","role":"body","text":" (Reporting by Jan Wolfe; editing by Lisa Shumaker and Rosalba O'Brien)","textStyle":"body","type":"text"}],"identifier":"_anf-container-17","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"},{"components":[{"identifier":"_anf-divider-1","layout":"ComponentLayout-24","role":"divider","stroke":{"color":"#FF8000","width":"2.0pt"},"type":"line"}],"identifier":"_anf-container-18","layout":"ComponentLayout-1","role":"container","style":"container","type":"container"}],"identifier":"USKCN1M42Q9","language":"en-US","layout":{"columns":7,"gutter":20,"margin":60,"width":1024},"metadata":{"canonicalURL":"http://www.reuters.com/article/2018/09/24/us-usa-justice-tech-idUSKCN1M42Q9?utm_source=applenews","thumbnailImageIdentifier":"9a21437b00156ea86bd8e8fa14450642","transparentToolbar":false},"resources":{"12da98e1-928b-4917-9b2b-c6cf69077526":{"URL":"asset://12da98e1-928b-4917-9b2b-c6cf69077526","classification":"font","fileSize":0,"fontAttributes":{"familyName":"Source Sans Pro Semibold","style":"normal","weight":600,"width":"normal"},"fontName":"SourceSansPro-Semibold","identifier":"12da98e1-928b-4917-9b2b-c6cf69077526","type":"font"},"851f91af-eeab-4b41-adb5-36b2a8bbe1fc":{"URL":"asset://851f91af-eeab-4b41-adb5-36b2a8bbe1fc","classification":"image","dimensions":{"height":173,"width":300},"fileSize":0,"identifier":"851f91af-eeab-4b41-adb5-36b2a8bbe1fc","imageIdentifier":"9a21437b00156ea86bd8e8fa14450642","type":"image"},"a238f299-4c99-439c-8744-2387a0dff150":{"URL":"asset://a238f299-4c99-439c-8744-2387a0dff150","classification":"font","fileSize":0,"fontAttributes":{"familyName":"Knowledge","style":"normal","weight":500,"width":"normal"},"fontName":"Knowledge-Medium","identifier":"a238f299-4c99-439c-8744-2387a0dff150","type":"font"},"a86fe9cb-3812-4af3-9e3f-d15e79574af9":{"URL":"asset://a86fe9cb-3812-4af3-9e3f-d15e79574af9","classification":"image","dimensions":{"height":420,"width":728},"fileSize":0,"identifier":"a86fe9cb-3812-4af3-9e3f-d15e79574af9","imageIdentifier":"9a21437b00156ea86bd8e8fa14450642","type":"image"},"ddcb278b-5375-4100-8f71-9d224360f18c":{"URL":"asset://ddcb278b-5375-4100-8f71-9d224360f18c","classification":"font","fileSize":0,"fontAttributes":{"familyName":"Sour

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protection at social media meeting","version":"1.7"}

55 Likes 3 Comments 32 Shares

# TILLERSON OUSTED AS TRUMP SILENCES DISSENT IN CABINET

## Pick for C.I.A. Chief Ran Secret Prison

By ADAM GOLDMAN

WASHINGTON — Just over a year after the Sept. 11 attacks, the C.I.A. dispatched the veteran clandestine officer Gina Haspel to oversee a secret prison in Thailand. Shortly after, agency contractors in the frantic hunt for the conspirators waterboarded a Qaeda suspect three times and subjected him to brutal interrogation techniques.

Ms. Haspel's time running the prison, code-named Cat's Eye, began her deep involvement in the agency's counterterrorism operations and showed her willingness to take part in the agency's rendition, detention and interrogation program, which shaped her career. She was a rising star until that dark chapter in C.I.A. history began to emerge publicly.

But under President Trump, her fortunes changed, and on Tuesday, he announced that he intended to name her director of the C.I.A.

With his elevation of Ms. Haspel, now

## Pompeo Is Chosen to Lead State Dept.

*This article is by* **Mark Landler, Maggie Haberman** *and* **Gardiner Harris.**

WASHINGTON — President Trump ousted his secretary of state, Rex W. Tillerson, on Tuesday, the most dramatic in a cascade of personnel moves that suggest Mr. Trump is determined to surround himself with loyalists more willing to reflect his "America First" views.

Mr. Trump announced he would replace Mr. Tillerson with Mike Pompeo, the C.I.A. director and former Tea Party congressman, who has cultivated a close relationship with the president and has taken a harder line than Mr. Tillerson on critical issues like Iran and North Korea.

Mr. Tillerson's dismissal, on the heels of Gary D. Cohn's resignation as Mr. Trump's chief economic adviser after a dispute over steel tariffs, pulls the Trump administration further out of the economic and foreign policy mainstream and closer to the nationalist ideas that animated Trump's 2016 presidential campaign.

It also suggests that after a of chaotic on-the-job training Trump has developed more

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have appeared frequently on the radio show of Frank Gaffney Jr., the president and founder of the Center for Security Policy, a think tank that argues that mosques and Muslims across America are engaged in a “stealth jihad” to “Islamize” the country by taking advantage of American pluralism and democracy.

John R. Bolton is Mr. Trump’s choice for national security adviser. Mr. Bolton and Mr. Pompeo both have ties to individuals and groups promoting a worldview that

have appeared frequently on the radio show of Frank Gaffney Jr., the president and founder of the Center for Security Policy, a think tank that argues that mosques and Muslims across America are engaged in a “stealth jihad” to “Islamize” the country by taking advantage of American pluralism and democracy.

John R. Bolton is Mr. Trump’s choice for national security adviser. Mr. Bolton and Mr. Pompeo both have ties to individuals and groups promoting a worldview that

**From**: Sultan Bin Sulayem [redacted]
**Sent**: 9/18/2015 5:26:12 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fareed Zakaria: Trump sells America short

**Fareed Zakaria: Trump sells America short**

**Dear Donald Trump: China, Japan and Mexico are not "killing us"**

By Fareed Zakaria, Thursday, September 17, 2015

Donald Trump's presidential bid is centered on the promise of his personal talents. He says he's the "most successful person ever to run for the presidency, by far." (George Washington and Dwight Eisenhower, sit down!) But if there is an idea animating his candidacy, it is that the United States is being badly beaten by its economic competitors. In his speech on foreign policy this week, Trump explained that America is being bested by countries such as China, Japan and Mexico because their leaders are "smarter, more cunning and sharper than our leaders." "They're killing us," he often says.

This is an odd moment to make these charges because the reality is almost entirely the opposite. The United States is more dominant on the global economic landscape than at any point since the heyday of Bill Clinton's presidency — perhaps even more so.

Last quarter, the U.S. economy grew at a 3.7 percent clip. Annual growth now is almost twice that of Europe and four times that of Japan. Unemployment is at 5.1 percent, the lowest in seven years. The deficit as a percentage of gross domestic product (2.8 percent in 2014) is at its lowest since 2007.

"The U.S. has come out of the 2008 crisis better than all the others," says Ruchir Sharma, head of global macro investing at Morgan Stanley. "Americans have reduced their debt burden more than the Europeans, while China's debt has skyrocketed to extremely dangerous levels. If you look outside of China, U.S. growth is actually faster even than the emerging markets. Since the 2008 crisis, U.S. equity markets have outperformed all others — in fact 9 out of the 10 most valuable companies in the world are now American. The dollar is the currency of choice. Global growth is not what it used to be, but in a bad neighborhood, the U.S. has the best house by far." Sharma points out that for the past four years, the United States' share of global GDP has increased while Europe's and Japan's have moved down.

When I was in Europe last week, businessmen there were concerned with what they saw as a new level of U.S. dominance in everything from technology to entertainment to finance. Consider America's big banks. They were at the epicenter of the financial crisis and were badly battered by it. Since then, bankers have complained that they've faced uncertainty about government policies, overzealous regulators trying to compensate for their laxness before the crisis and the unwieldy burdens of the Dodd-Frank law.

Well, U.S. banks today are more dominant than ever. The Wall Street Journal notes that in the past five years, JPMorgan Chase, Bank of America, Citigroup, Goldman Sachs and Morgan Stanley have increased in value by $254.6 billion. In the same period, their European competitors, Barclays, Credit Suisse, Deutsche Bank, UBS and Royal Bank of Scotland added just $9.5 billion. In July, Barclays Chairman John McFarlane was asked if America's banks were eating European lenders' lunch. He replied: "They are doing a good job of it." He added that the U.S. banks "are the only ones that really claim to be global and successful."

To compare the United States' performance and leadership to Mexico's, Japan's and China's is particularly ill-timed. Trump might be stuck in a 1980s time warp on Japan. When his "The Art of the Deal" was published in 1987, Americans were envious of Japan's brilliant leaders, who were said to be outsmarting the United States at every turn. Since then, Japan has become the poster child for economic stagnation and political paralysis. Prime Minister Shinzo Abe has been unwilling or unable to get his promised reforms enacted, and the country's economy continues to shrink.

Mexico is watching its growth collapse. While its president, Enrique Peña Nieto, is a courageous and intelligent leader who has made some very bold decisions, he has also made some significant missteps. Most important, the country was ill-prepared for plunging oil prices that have battered government revenues and growth.

China has had three decades of supercharged growth and competent government policy. But in the past few years, Beijing went on a borrowing binge, running up its total debt to levels that are unprecedented, according to Sharma. And in the past two months it has made mistakes in managing both its equity markets and currency — mistakes that have cost $400 billion, the Financial Times reports.

Of course, the United States has problems that are worrying, such as wage stagnation and low labor-force participation. But the important comparison is not to some ideal fantasy of what America might be but to other countries in the real world. And the facts show, Mr. Trump, we're killing *them* .

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**From:** [redacted]
**Sent:** 8/24/2015 11:32:13 AM
**To:** jeevacation@gmail.com
**Subject:** Re: (no subject)

Trump no chance of president but upending Bushes chance

In a message dated 8/24/2015 7:16:48 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> trump.,is scaring the market  not china
>
> On Mon, Aug 24, 2015 at 5:49 AM, <[redacted]> wrote:
>
> > jeffrey Hi what is the final outcome of this devaluation race is it a breton woods collapsapse and does it take the markets with it thanks Jonathan
>
> --
>
> please note
> The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE
> Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved

**From**: Nicholas Ribis [redacted]
**Sent**: 5/7/2019 11:53:10 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: NYTimes: Decade in the Red: Trump Tax Figures Show Over $1 Billion in Business Losses

Here's a link from The New York Times that I thought you'd find interesting:

Newly obtained tax information reveals that from 1985 to 1994, Donald J. Trump's businesses were in far bleaker condition than was previously known.

See More...

Get The New York Times on your mobile device

Sent from my iPhone

**From**: [redacted]
**Sent**: 5/27/2011 4:34:44 PM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Rich Kahn [redacted]; Darren Indyke [redacted]
**Subject**: B727

Trump's B727 sold for 2.7M,.
Sean very discussed with me this company was interested, unless he call you,.

From Sean:
This buyer did have specs on your aircraft. They were looking at a 3.0 million budget but did not make an offer and it was too low. We did discuss it

Best regards,
Sent via BlackBerry by AT&T

**From:** [redacted]
**Sent:** 4/26/2011 7:25:19 PM
**To:** jeevacation@gmail.com; [redacted]
**CC:** [redacted]
**Subject:** Boeing

Jeffrey and Sean,
I heard Trump has a contract on his B727, no money has changed hands, sold for 2.2M as is,, he needs three engine overhaul's in the next 14 months, 600k worth total,..
Sean may know this guy, he is Indian, I think his name is Shugo or something like that, he is buying the plane and leasing it to company in Singapore, FYI info,.
thx,
Larry

**From:** [redacted]
**Sent:** 4/26/2011 4:34:41 PM
**To:** jeevacation@gmail.com
**Subject:** Beoing update

Jeffrey,
Boeing status:
**Boeing will be completed May 6th,.**
-re weigh
-three mandatory AD compliance
-FDR Flight Data recorder repair,.
-leak in flap drive gear box,.

C5 check will be accomplished July 30th,.
The maintenance facility is completing "Trumps" New Boeing 757 at this time here,. Eric Roth is doing the interior,. I was told Trump sold his B727 to a person in Singapore??

thx,
Larry

**From**: Larry Visoski [redacted]
**Sent**: 9/16/2017 7:57:47 PM
**To**: Je vacation [jeevacation@gmail.com]
**CC**: Darren Indyke [redacted]; Rich Kahn [redacted]
**Subject**: Cuba trip
**Attachments**: CUBA TRAVEL DOCUMENTATION 11 JAN 2017.docx; Untitled attachment 233034.txt

Jeffrey
I've contact Universal ref Cuba trip:
Attached is current form they are utilizing,.
See note from UVAir below:

Hello Larry,
This year we have had quite a few successful Cuba trips with clients over the past year or so that Cuba travel has resumed. Attached are the rules and regulations that we currently operate under.
Keep in mind on 16 Jun 2017, President Donald Trump has announced changes that are to come regarding Cuban and US relations. This means the regulations are being rewritten to reflect these changes and are to be published 30-90 days from that date. We do not have advance notice on how the regulations will be written or exactly how it will affect our Cuba licensing but we are sure they will have some impact on us.

Until further notice we are still utilizing the attached information. I will keep an eye out for updates on Cuba restrictions; however, we should start the process as we have in the past.

We will need the following documents form you:
1. In the attached document on page number 10 there is a "Cubia BIS Certification Form" We will need this filled out by the PIC for the trip. This is a self-authorization form for the aircraft and should be kept on file after the trip in case the Department of Treasury asks for it in the future.
2. We will also need the "Passenger Certification" form for each passenger on board. They will need to advise purpose of travel under section 1. If they do not fall under any of those then they will need a specific license from the Department of Treasury.

After we receive the above documents for the aircraft and passengers we can start arranging handing and landing permits for the trip.

Thank you,
William McLendon
Senior Mission Advisor
Trip Support Services
Universal Weather and Aviation, Inc

**From:** [redacted]
**Sent:** 5/8/2017 3:26:51 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

a 2 timer?

In a message dated 5/8/2017 11:19:08 A.M. Eastern Daylight Time, jeevacation@gmail.com writes:

> careful she is nottrustworthy at ALLL
>
> On Mon, May 8, 2017 at 10:43 AM, Jonathan Farkas [redacted] wrote:
>
> I am seeing Heidi a little bit I don't think it will turn into romance I am a bit old and not tall enough but she seems intelligent and kind Somers got an appointment from Trump she is on The White House Fellowship Commison it came through Woody and Suzanne Johnson because she bundled best Jonathan
>
> Sent from my iPhone

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please note

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**From**: Lvjet [redacted]
**Sent**: 6/7/2014 5:00:22 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Photos

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Content-Transfer-Encoding: QUOTED-PRINTABLE
Content-Type: TEXT/PLAIN;
       charset=us-ascii


=20
=20
=20
-----Original Message-----
From: Lvjet [redacted]
To: jeevacation <jeevacation@gmail.com>
Sent: Sat, Jun 7, 2014 12:45 pm
Subject: Fwd: Photos


Jeffrey,
photos of unmasked B727,. Paint shop indicated we can use Vinyl for your "E=
" Logo and "Flag" as oppose of painting. this would enable easy removal if =
plane sells in the future. Trump and other airlines uses Vinyl for logos,.=
=20
can you sketch the style of "E" for the tail, and I'll request rendering wi=
th slanted Flag for Right side of Vertical Stabilizer,.
=20
thank you,
Larry=20
=20
=20
-----Original Message-----
From: Guy Amico [redacted]
To: Larry Visoski [redacted]
Cc: Scott Stambaugh [redacted]; JR Stambaugh [redacted]
Sent: Sat, Jun 7, 2014 12:16 pm
Subject: Photos




=20



=20



=20



=20



=20
```

----------MB_8D1508919E8E668_F4C_19E8A0_webmail-d292.sysops.aol.com
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Content-Type: TEXT/HTML;
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<div style=3D"color: black; font-family: arial,helvetica; font-size: 10pt;"=
>-----Original Message-----<br>
From: Lvjet <[redacted]>;<br>
To: jeevacation <jeevacation@gmail.com><br>
Sent: Sat, Jun 7, 2014 12:45 pm<br>
Subject: Fwd: Photos<br>
<br>

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<font style=3D"background-color: transparent;">Jeffrey,</font>

photos of unmasked B727,. Paint shop indicated we can use Vinyl f=
or your "E" Logo and "Flag" as oppose of painting. this would enable easy r=
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thank you,

Larry 

 

 

<div style=3D"color: black; font-family: arial,helvetica; font-size: 10pt;"=
>-----Original Message-----<br>

From: Guy Amico <<a href=3D"mailto[redacted]/a>&=
gt;<br>

To: Larry Visoski <<a href=3D"mailto[redacted]
;<br>

Cc: Scott Stambaugh <<a href=3D"mailto:[redacted]
com">[redacted]a>>; JR Stambaugh <<a href=
=3D"mailto:[redacted]
.com</a>><br>

Sent: Sat, Jun 7, 2014 12:16 pm<br>

Subject: Photos<br>

<br>

<div id=3D"AOLMsgPart_0_06acbf7b-6640-4997-a12c-7ea717651d23" style=3D"marg=
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<div id=3D"AOLMsgPart_8_06acbf7b-6640-4997-a12c-7ea717651d23" style=3D"marg=
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<pre style=3D"font-size: 9pt;"><tt>

</tt></pre>

=20

<br>

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</div>

</font>
</div>


<br>


</div>
</font>
----------MB_8D1508919E8E668_F4C_19E8A0_webmail-d292.sysops.aol.com--

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X-Apple-Content-Length: 3398772


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X-Apple-Content-Length: 3429348


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X-Apple-Content-Length: 2891546


----------MB_8D1508919E8E668_F4C_19E89F_webmail-d292.sysops.aol.com--
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**From**: [redacted]
**Sent**: 6/7/2014 4:45:54 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Photos

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-----Original Message-----
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To: Larry Visoski <[redacted]>
Cc: Scott Stambaugh <[redacted]>; JR Stambaugh <[redacted]
[redacted]>
Sent: Sat, Jun 7, 2014 12:16 pm
Subject: Photos




=20



=20



=20



=20



=20


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Content-Type: TEXT/HTML;
       charset=us-ascii

<font color=3D'black' size=3D'2' face=3D'arial'>
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<div>can you sketch the style of "E" for the tail, and I'll request re=
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<div> </div>

<div>thank you,</div>

<div>Larry </div>

<div> </div>

<div> </div>

<div style=3D"color: black; font-family: arial,helvetica; font-size: 10pt;"=
>-----Original Message-----<br>
From: Guy Amico &lt;[redacted];<br>
To: Larry Visoski &lt;[redacted];<br>
Cc: Scott Stambaugh &lt;[redacted];; JR Stamba=
ugh &lt;[redacted];<br>
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Subject: Photos<br>
<br>



<div id=3D"AOLMsgPart_0_06acbf7b-6640-4997-a12c-7ea717651d23" style=3D"marg=
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</tt></pre>
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</div>
 <!-- end of AOLMsgPart_2_06acbf7b-6640-4997-a12c-7ea717651d23 -->


<div id=3D"AOLMsgPart_4_06acbf7b-6640-4997-a12c-7ea717651d23" style=3D"marg=
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 <!-- end of AOLMsgPart_4_06acbf7b-6640-4997-a12c-7ea717651d23 -->


<div id=3D"AOLMsgPart_6_06acbf7b-6640-4997-a12c-7ea717651d23" style=3D"marg=
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 <!-- end of AOLMsgPart_6_06acbf7b-6640-4997-a12c-7ea717651d23 -->


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</tt></pre>
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 <!-- end of AOLMsgPart_8_06acbf7b-6640-4997-a12c-7ea717651d23 -->

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</div>
</font>
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X-Apple-Content-Length: 3398772


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Content-Transfer-Encoding: BASE64
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Content-Type: IMAGE/JPEG;
       name=photo_2.JPG
X-Apple-Content-Length: 3288040


----------MB_8D1508714B7E628_F4C_19E347_webmail-d292.sysops.aol.com
Content-Transfer-Encoding: BASE64
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Content-Type: IMAGE/JPEG;
       name=photo_3.JPG
X-Apple-Content-Length: 3429348


----------MB_8D1508714B7E628_F4C_19E347_webmail-d292.sysops.aol.com
Content-Transfer-Encoding: BASE64
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       name=photo_4.JPG
X-Apple-Content-Length: 2891546


----------MB_8D1508714B7E628_F4C_19E347_webmail-d292.sysops.aol.com--
```

**From:** Jessica Cadwell [redacted]
**Sent:** 8/11/2009 7:00:05 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** RE: FW: Jane Doe

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

---

**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Tuesday, August 11, 2009 3:01 PM
**To:** Jessica Cadwell
**Subject:** Re: FW: Jane Doe

**Privileged - Redacted**

On Tue, Aug 11, 2009 at 2:55 PM, Jessica Cadwell <[redacted]> wrote:

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

---

**From:** Jacquie Johnson [mailto [redacted]
**Sent:** Tuesday, August 11, 2009 2:55 PM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Yes – we are still trying to get the details though

---

**From:** Jessica Cadwell [mailto: [redacted]
**Sent:** Tuesday, August 11, 2009 2:27 PM

**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Does this mean you have service on Maxwell

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

Tel: [redacted] / Fax: [redacted]

Email: [redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 2:30 PM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Do you have service on Maxwell or still trying to subpoena her??

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

Tel: [redacted] / Fax: [redacted]

Email: [redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 11:28 AM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Please notice the deposition of Ms. Maxwell has been rescheduled from 8/17 to 9/23. A re-Notice of Taking Deposition will follow. Mr. Trump's deposition is scheduled for August 18, 2009.

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Monday, August 10, 2009 3:31 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

No not likely. They just filed an emergency protective order

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*

BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

Tel: [redacted] / Fax: [redacted]

Email: [redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Monday, August 10, 2009 3:18 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – is the depo of [redacted] going forward on Friday

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Monday, August 10, 2009 12:10 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

I didnt forget about this…

Still working on it.

*Jessica Cadwell, CP, FRP*

*Certified Paralegal*

*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

---

**From:** Jacquie Johnson [mailto[redacted]
**Sent:** Thursday, August 06, 2009 10:47 AM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – I need a date for the deposition of Mr. Epstein. Can you provide me with one please?

---

**From:** Jessica Cadwell [mailto[redacted]
**Sent:** Thursday, August 06, 2009 10:20 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Great thank you. Do you have your Stays signed yet?

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel:[redacted] / Fax:[redacted]
Email: [redacted]

---

**From:** Jacquie Johnson [mailto[redacted]
**Sent:** Thursday, August 06, 2009 9:59 AM
**To:** Jessica Cadwell; Bradley J. Edwards
**Cc:** Robert D. Critton Jr.
**Subject:** RE: Jane Doe

Brad is out of the office until this afternoon – I will ask him then.

---

**From:** Jessica Cadwell [mailto[redacted]
**Sent:** Thursday, August 06, 2009 9:51 AM
**To:** Bradley J. Edwards

**Cc:** Jacquie Johnson; Robert D. Critton Jr.
**Subject:** Jane Doe

Brad –

In your answers to ROGS, you list Milton Center for girls as facility that Jane Doe attended. Milton Center is a Department of Juvenile Justice facility; therefore I will need to get her records from DJJ. DJJ will not release the records without a signed release by Jane Doe. I have attached a general HIPPA release for your review. Would you please have Jane Doe sign it? DJJ does not have a standard form.

Also, will you agree to one more week on Responses to Net Wirth ROGS??

Please let me know.

Jess –

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*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
Tel: [redacted] / Fax: [redacted]
Email: [redacted]

--
**********
The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments.

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 8/11/2009 7:00:57 PM
**To:** Jessica Cadwell [redacted]
**Subject:** Re: FW: Jane Doe

**Privileged - Redacted**

On Tue, Aug 11, 2009 at 2:55 PM, Jessica Cadwell <[redacted]> wrote:

**Privileged - Redacted**


*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]


---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 2:55 PM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Yes – we are still trying to get the details though

---

**From:** Jessica Cadwell [mailto:[redacted]]
**Sent:** Tuesday, August 11, 2009 2:27 PM

**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

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*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401

[redacted]

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**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 2:30 PM

**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

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*Florida Registered Paralegal*

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515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

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*Florida Registered Paralegal*

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515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

[redacted]

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515 N. Flagler Drive

Suite #400

West Palm Beach, FL 33401

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**Subject:** RE: Jane Doe

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**Subject:** Jane Doe

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*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

--
**********
The information contained in this communication is
confidential, may be attorney-client privileged, may
constitute inside information, and is intended only for
the use of the addressee. It is the property of
Jeffrey Epstein
Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments.

**From:** Jessica Cadwell [redacted]
**Sent:** 8/11/2009 6:55:54 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** Robert D. Critton Jr. [redacted]
**Subject:** FW: Jane Doe

**Privileged - Redacted**

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

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**Sent:** Tuesday, August 11, 2009 2:55 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Yes – we are still trying to get the details though

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 2:27 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Does this mean you have service on Maxwell

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Tuesday, August 11, 2009 2:30 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

---

**From:** Jessica Cadwell [mailto[redacted]
**Sent:** Tuesday, August 11, 2009 11:28 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Do you have service on Maxwell or still trying to subpoena her??

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]]
**Sent:** Tuesday, August 11, 2009 11:28 AM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Please notice the deposition of Ms. Maxwell has been rescheduled from 8/17 to 9/23. A re-Notice of Taking Deposition will follow. Mr. Trump's deposition is scheduled for August 18, 2009.

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Monday, August 10, 2009 3:31 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

No not likely. They just filed an emergency protective order

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto:[redacted]
**Sent:** Monday, August 10, 2009 3:18 PM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – is the depo of [redacted] going forward on Friday

---

**From:** Jessica Cadwell [mailto:[redacted]]
**Sent:** Monday, August 10, 2009 12:10 PM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

I didnt forget about this…
Still working on it.

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP

515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto[redacted]
**Sent:** Thursday, August 06, 2009 10:47 AM
**To:** Jessica Cadwell
**Subject:** RE: Jane Doe

Jessica – I need a date for the deposition of Mr. Epstein. Can you provide me with one please?

---

**From:** Jessica Cadwell [mailto:[redacted]
**Sent:** Thursday, August 06, 2009 10:20 AM
**To:** Jacquie Johnson
**Subject:** RE: Jane Doe

Great thank you. Do you have your Stays signed yet?

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

---

**From:** Jacquie Johnson [mailto[redacted]]
**Sent:** Thursday, August 06, 2009 9:59 AM
**To:** Jessica Cadwell; Bradley J. Edwards
**Cc:** Robert D. Critton Jr.
**Subject:** RE: Jane Doe

Brad is out of the office until this afternoon – I will ask him then.

---

**From:** Jessica Cadwell [mailto:[redacted]]
**Sent:** Thursday, August 06, 2009 9:51 AM
**To:** Bradley J. Edwards
**Cc:** Jacquie Johnson; Robert D. Critton Jr.
**Subject:** Jane Doe

Brad –

In your answers to ROGS, you list Milton Center for girls as facility that Jane Doe attended. Milton Center is a Department of Juvenile Justice facility; therefore I will need to get her records from DJJ. DJJ will not release the records without a signed release by Jane Doe. I have attached a general HIPPA release for your review. Would you please have Jane Doe sign it? DJJ does not have a standard form.

Also, will you agree to one more week on Responses to Net Wirth ROGS??

Please let me know.

Jess –

*Jessica Cadwell, CP, FRP*
*Certified Paralegal*
*Florida Registered Paralegal*
BURMAN CRITTON LUTTIER & COLEMAN, LLP
515 N. Flagler Drive
Suite #400
West Palm Beach, FL 33401
[redacted]

**From:** Roy Black [redacted]
**Sent:** 5/29/2019 4:57:42 PM
**To:** Martin Weinberg [redacted]; Jeffrey Epstein [jeevacation@gmail.com]; Jackie Perczek [redacted]; Darren Indyke [redacted]
**Subject:** FW: epstein
**Attachments:** image001.jpg; image002.jpg; image003.jpg

fyi

---

**From:** Roy Black
**Sent:** Wednesday, May 29, 2019 12:57 PM
**To:** [redacted]
**Subject:** epstein

Dear [redacted]: we have no comment on the trump story. We are finalizing our pleading regarding the plaintiff's position on remedies. I intend to hold off commenting until we file it. After that I will be free to comment on the pleading which will address your question. Roy


***Roy Black, Esq.***

www.royblack.com
Black Srebnick Kornspan & Stumpf, PA
201 S. Biscayne Boulevard, Suite 1300
Miami, FL 33131

BLACK SREBNICK KORNSPAN STUMPF
TRIAL & APPELLATE ATTORNEYS

**Telephone:**
**Fax:** [redacted]



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Legal Statement

**From:** Weingarten, Reid [redacted]
**Sent:** 6/17/2019 6:47:59 PM
**To:** J [jeevacation@gmail.com]
**Subject:** Re:

Do I want to rep arif naqvi the founder of abraaj?

Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Monday, June 3, 2019 1:31 PM
**To:** Weingarten, Reid
**Subject:** Re:

Future

On Mon, Jun 3, 2019 at 8:20 AM Weingarten, Reid <[redacted]> wrote:

Why is this interesting?...Donny duetsch now has a show....should I go on and talk about "the jeffrey I know"...?....i am in london when you are in paris...we should try to make progress then
Sent from my BlackBerry 10 smartphone.

---

**From:** J
**Sent:** Saturday, June 1, 2019 6:46 PM
**To:** Weingarten, Reid
**Subject:**

https://thehill.com/homenews/administration/446491-trump-announces-departure-of-white-house-lawyer-emmet-flood

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**From:** J [jeevacation@gmail.com]
**Sent:** 6/3/2019 1:20:56 PM
**To:** Weingarten, Reid [redacted]
**Subject:** Re:

Nobt

On Mon, Jun 3, 2019 at 9:12 AM Weingarten, Reid <[redacted]> wrote:

Huh?

Sent from my BlackBerry 10 smartphone.

**From:** J
**Sent:** Monday, June 3, 2019 8:31 AM
**To:** Weingarten, Reid
**Subject:** Re:

Future

On Mon, Jun 3, 2019 at 8:20 AM Weingarten, Reid <[redacted]> wrote:

Why is this interesting?...Donny duetsch now has a show....should I go on and talk about "the jeffrey I know"...?....i am in london when you are in paris...we should try to make progress then
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**From**: Mitchell Bard [redacted]
on behalf of Mitchell Bard [redacted]
**Sent**: 6/13/2019 12:46:24 PM
**To**: jeevacation@gmail.com
**Subject**: Reminder: AICE Update: Is UNRWA vital for the Palestinians' future?

## Is UNRWA vital for the Palestinians' future?

A great international hue and cry followed the Trump administration's announcement the U.S. would no longer fund the UN Relief and Works Agency (UNWRA) because it is an "irredeemably flawed operation." Historically, the United States was the organization's biggest funder – in 2017, the U.S. covered nearly one-third of the agency's budget of $1.1 billion. Angered by the Palestinians' refusal to

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## How Obama Blew the Chance for Economic Peace by Mitchell Bard

IIn 2009, Barack Obama had an unprecedented opportunity to advance the peace process between Israel and the Palestinians. For the first time, the Palestinians had a prime minister who was respected and admired by the Israelis, because he did not come from the same terrorist background as Yasser Arafat and Mahmoud Abbas. Unlike his ideological comrades who insisted on “liberating Palestine,” Salam Fayyad, was interested in building the infrastructure for a future state, strengthening the West Bank economy, and improving the lives of the Palestinian people.

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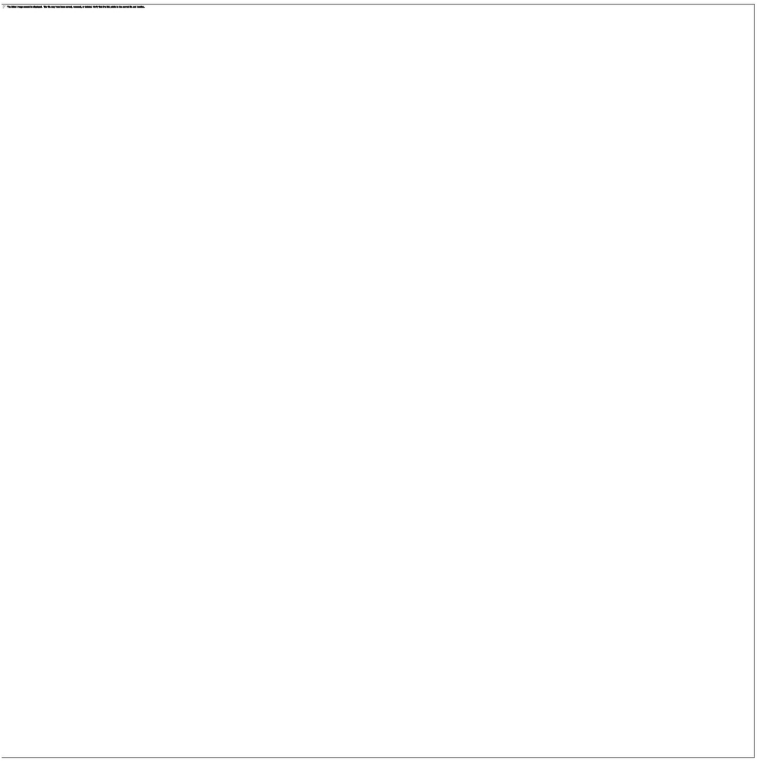

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## Travel

## Israel

## Religion

## New This Week

### Last Survivor of Sobibor Uprising Dies

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## Views on Israel of U.S. Presidential Candidates 2020: Joe Biden

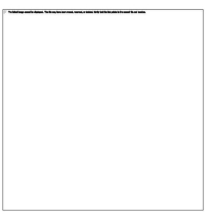

Former Vice President Joseph Robinette Biden, Jr., was born November 20, 1942, in Scranton, Pennsylvania, the first of four siblings. In 1953, the Biden family moved from Pennsylvania to Claymont, Delaware. He graduated from the University of Delaware and Syracuse Law School.

One of his first overseas visits as a senator was to Israel, on the eve of the 1973 Yom Kippur War during which he met Golda Meir. “She read letters and told me how this young man or woman had died and this is their family. This went on for I don’t know how long, and I guess she could tell I was visibly moved by this, and I was getting depressed about it.” The Prime Minister said, “Senator, don’t look so sad….we have a secret weapon in our confrontation in this part of the world. And I thought she was about to lean over and tell me about a new system or something….she said, our secret weapon, Senator, is we have no place else to go. We have no place else to go.”

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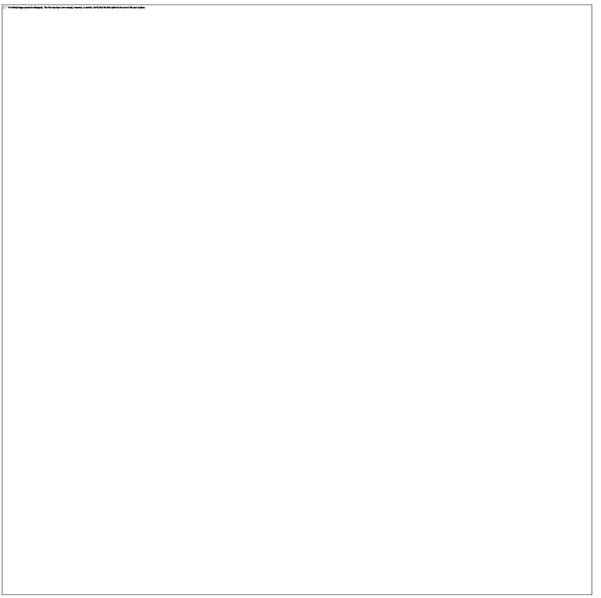

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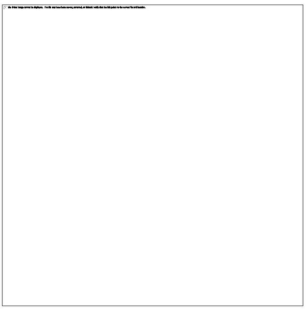

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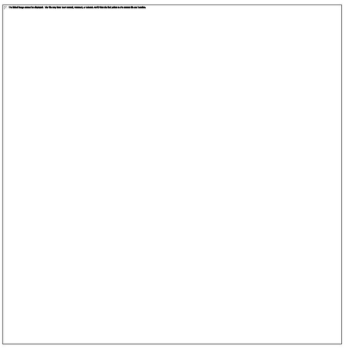

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How much do you know about the holiday of Passover?

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on behalf of Mitchell Bard [redacted]
**Sent**: 6/10/2019 12:46:19 PM
**To**: jeevacation@gmail.com
**Subject**: AICE Update: Is UNRWA vital for the Palestinians' future?

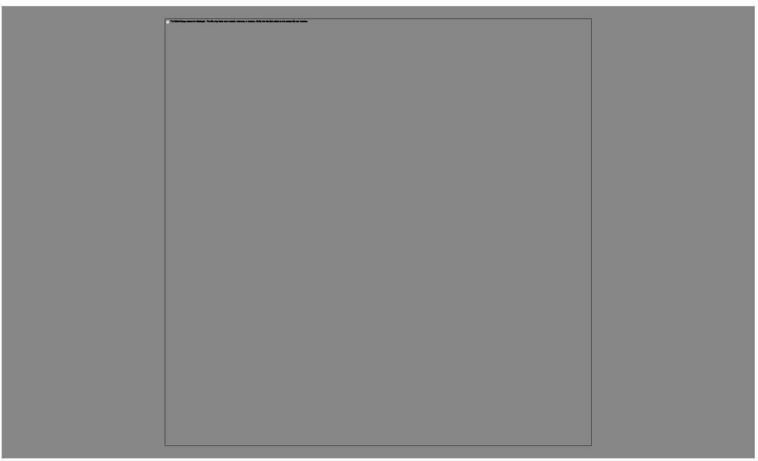

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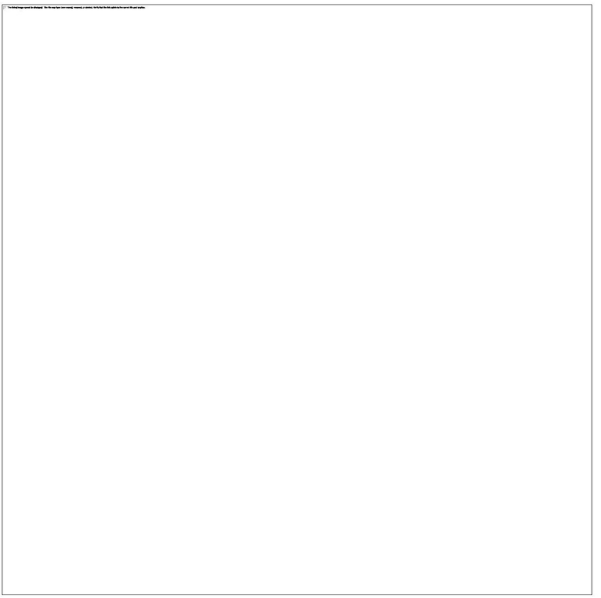

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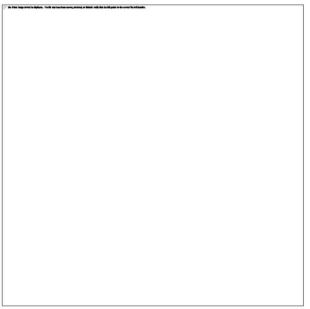

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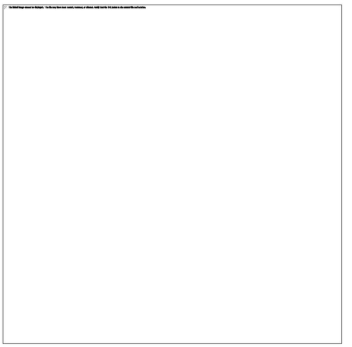

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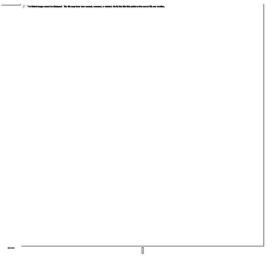

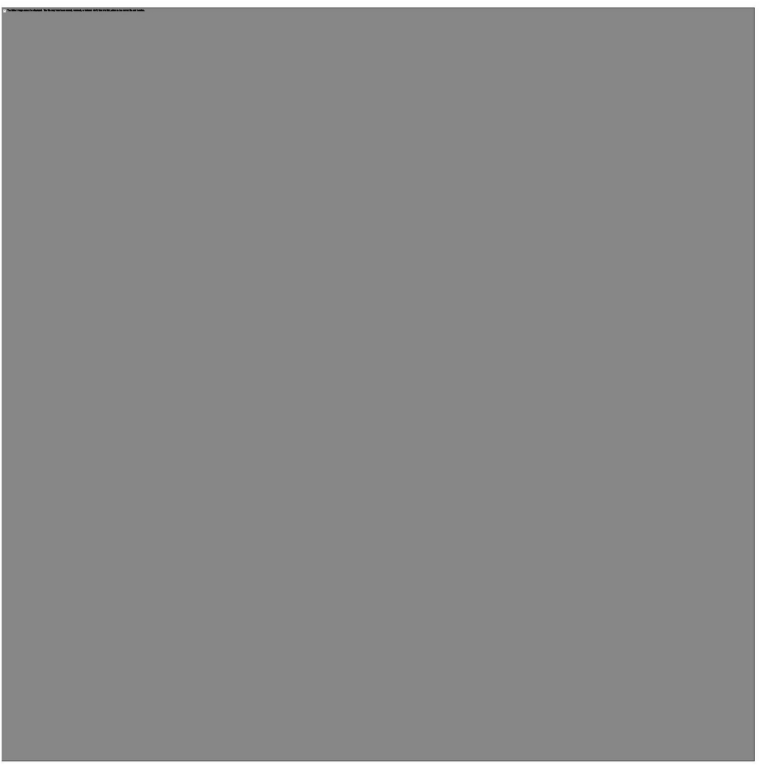

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**To:** jeevacation@gmail.com
**Subject:** The 75th anniversary of D-Day

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U.S. troops from Company E, 16th Infantry, 1st Infantry Division disembark from a landing craft of the USS Samuel Chase and wade ashore onto the Fox Green section of Omaha Beach during the Normandy landings, June 6, 1944. Robert F. Sargent/US Coast Guard/The LIFE Picture Collection/Getty Images

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**From**: [redacted]
**Sent**: 1/21/2014 10:51:27 PM
**To**: jeevacation@gmail.com
**Subject**: Fwd: Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters

-----Original Message-----
From: BRYAN SUBOTNICK <[redacted]>
To: [redacted]; Subotnick Stuart <[redacted]>; Prosperi Paul <[redacted]>
Sent: Tue, Jan 21, 2014 4:35 pm
Subject: Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters

FINANCE

Why Palm Beach, Florida Is The 'New Greenwich' For Wall Streeters

JACQUELINE DETWILER, DUJOUR
JAN. 21, 2014, 1:18 PM

Neilson Barnard/Getty Images
The Palm Beach finance crowd can paddleboard whenever they please.

Behind a semicircular brick drive and a lawn as manicured as a putting green sits a 30,000-square-foot masterpiece of Italian Renaissance architecture called Casa Nana.

John Porter, a real estate associate for Corcoran who oversees some of the largest sales in Palm Beach County, Florida, points out the spiral staircase, built by famed 1920s architect Addison Mizner for the founder of the National Tea Company. "This home went for $30.2 million in 2003; today that sum wouldn't be in the top 25 highest prices" of houses for sale in this area, Porter says. "Palm Beach real estate has gone from nothing going on to nothing left to sell."

Porter is giving me a tour of the so-called Billionaire's Row, a stretch of South Ocean Boulevard on the island of Palm Beach that is bordered by some of the highest hedges I've ever seen. Through gaps in the greenery appear stone fountains, elephant statues, pools the size of tennis complexes (next to actual tennis complexes), and more clay roofs than one could count. It's a monumental display of wealth, and it is rapidly expanding, not just here but in Delray Beach, Jupiter, Palm Beach Gardens and Boca Raton, as money pours out of the Northeast (and in some cases, from as far as London and Singapore) and into this already wealthy section of southeast Florida. Approximately 70 hedge and private equity funds are now headquartered here, many of which have set up shop in the last two years, jacking up home prices and spurring a countywide initiative to become, as some have said, "the new Greenwich."

For hedge fund managers who might normally be inclined toward Westchester or Connecticut, the allure of South Florida is as plain as grits on toast. The homes are sprawling; the Intracoastal Waterway is a yachter's paradise. It has a glittering social scene. During high season—October through March—there might be several fundraisers on any given night. Perhaps the key factor, however: In Florida, there are no individual income taxes, no estate taxes and no capital gains taxes. A hedge fund manager reporting $1 million in income can expect to pay only the federal government, whereas his counterpart living in Connecticut pays that plus an extra $67,000. And if the poor schmuck were still in New York City? He'd better be ready to fork over $104,300.

As for why all of this is happening now, when Florida has long been a sunny tax haven, so to speak, financiers point to the upcoming application of Section 457A of the Internal Revenue Code. Before 457A was enacted, certain fees and related earnings could grow tax deferred in offshore accounts for up to ten years. But now, according to the section, hedge fund managers will need to funnel all of the fees that were deferred before 2009 and their related earnings back into the U.S. by 2017. If a manager lives in

Florida when this happens, he's much less likely to pay exorbitant state taxes on the whole amount. If he still lived in New York City? Fuggedaboudit.

It's the job of Kelly Smallridge, president and CEO of the Palm Beach Business Development Board, to ensure that hedge fund and private equity managers are informed of these benefits, in the hopes that they, and their firms, will become Palm Beach County's newest residents. She's developed a red-carpet tour that goes beyond looking at office space and real estate to include meeting headmasters at private schools, the school-district superintendent and the mayor and speaking with the governor's staff and CEOs who have moved their operations here. Plus, of course, a few nights on the town.

In the winter, when the well-to-do from all over the Northeast visit Florida for charity balls, the board hosts dinners and parties for prospective relocators and local captains of industry. Last year, Smallridge and company sponsored a soiree aboard a $70 million yacht that featured Veuve Clicquot, caviar and live jazz. Guests—who included the CEOs of a national IT company, a major finance company and a land developer, venture capitalists, hedge fund managers and the creator of Goldman Sachs' prime brokerage division—took private tours with the captain of the yacht.

Smallridge is also working with former hedge fund CIO Dr. Rainford Knight to develop a club for local investment managers called SocialAlpha that encourages bankers in Palm Beach County's ritzy social scene to get to know each other. Even Florida governor Rick Scott has gotten involved, sending personal letters to friends and prospects from the Northeast (the governor is a former Greenwich resident and businessman) to convince them of Florida's merits.

Smallridge and Governor Scott are hoping to induce a snowball effect, and so far, it seems to be working. Every financier who moves south chips away at the primary reason to remain near New York City—the fact that everyone else is there. That's not to say it's been easy. Florida is still Florida, and popular opinion has not been kind. Even Palm Beach, which has for the most part dodged the insults hurled at the rest of the state, is known for its residents' apocalyptically bad driving and worse Hawaiian shirts.

"There was a fair amount of trepidation," says Al Rabil III, managing partner and CEO of Kayne Anderson Real Estate Advisors, who made the move from Armonk, New York, with 20 coworkers this summer. "But once everybody got past the stereotypes and actually came and looked, that changed." He says most of his employees weren't looking for bottle service and models anyway. The majority of those who have reached the upper echelons of financial management are married with children, and the appeal of a semi-tropical paradise with luxury restaurants, year-round recreation, and sophisticated socializing in a community far more tight-knit than Manhattan (yes, that'sDonald Trump over there) is not lost on them.

Porter's tour of Billionaire's Row was part of a modified version of one of the Business Development Board's red-carpet tours that I took as part of researching this story. I ate breakfast at the clubby Top of the Point restaurant with some of the area's prominent financiers. A waiter in a captain's outfit served lobster rolls while a CPA, a lawyer and the executive director of the Palm Beach County Education Commission touted the area's benefits. I surveyed real estate and office space surrounded by miles of water without once having my foot stepped on by a tourist. You can see how all this might sway someone who's on the fence.

Exploring the sugary beaches of South Florida, one starts to wonder why Wall Streeters would be on the fence at all. Between the smiling locals and the shopping on Worth Avenue, the Hiaasen-esque stereotypes recede. What remains are the facts: Take-home pay is higher, commutes are shorter, and it's just as fabulous as Manhattan, at least for four months of the year. Meanwhile, no one in Florida even owns an ice scraper. With the Internet allowing more and more money managers to perform their work from nearly anywhere, there are few reasons not to make the move.

"Initially, it was a way to play golf and keep the wife and kids happy," says Brett Langbert, managing director and head of sales at I.A. Englander & Co. "But once we moved down, it became a quality-of-life issue. There are unlimited things the kids can do outside. I have to tell you, my wife and I are so happy we haven't had to go to one of those indoor bouncy-castle places since we got here."

**From**: Nicholas Ribis[redacted]
**Sent**: 7/9/2018 7:48:10 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Fwd: RE: Barrack is not

For ur info

https://www.forbes.com/sites/forbesdigitalcovers/2018/07/09/disastrous-deal-staggers-trump-ally-thomas-barrack/

**From:** Michael Wolff [redacted]
**Sent:** 5/19/2018 7:14:30 PM
**To:** Ken Starr[redacted]
**CC:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Re:

Ken, delighted to meet. Jeffrey has long told me about your friendship and the respect he has for you. If you send me your mailing address, it would be my pleasure to send you my recent book about the Trump White House. I'm now at work on a sequel focusing on the legal case against Trump and Trump's response to it. Any counsel and background you might provide would aid me enormously and enrich the book. I, of course, would be willing to talk with you on an entirely off-the-record basis or under any arrangement that suits. Thanks in advance and I look forward to the chance to chat. All best, Michael

On Sat, May 19, 2018 at 1:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:

> Ken - Michael , Michael/ Ken
> --
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**From:** Richard Kahn [redacted]
**Sent:** 4/10/2018 1:20:04 PM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Darren Indyke [redacted]
**Subject:** Re:

yes agree
seems like dershowitz has been interviewing for that job for last 2 months on fox news..

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [redacted]
fax [redacted]
cell [redacted]

On Apr 10, 2018, at 9:17 AM, jeffrey E. <jeevacation@gmail.com> wrote:

trump will problably hire dershowitz,, no joke

--

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**From**: Dangene and Jennie Enterprise [redacted]
**Sent**: 3/15/2018 9:54:45 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: NY Post: Vanessa Trump files for divorce from Donald Trump Jr.

I thought you'd be interested in this story:

Vanessa Trump files for divorce from Donald Trump Jr.

EXCLUSIVE

https://pagesix.com/2018/03/15/vanessa-trump-files-for-divorce-from-donald-trump-jr/?utm_campaign=iosapp&utm_source=mail_app

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@dandjenterprise | Founder & Chairman | 66 East 55th Street New York NY 10022 | Main: [redacted] |
Mobile: [redacted]
www.coreaccess.net |

**From**: Nicholas Ribis[redacted]
**Sent**: 2/28/2019 3:03:20 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: DC attorney general subpoenas Trump's inaugural committee

https://nypost.com/2019/02/27/dc-attorney-general-subpoenas-trumps-inaugural-committee/?utm_campaign=iosapp&utm_source=message_app

Sent from my iPhone

**From**: paul krassner [redacted]
**Sent**: 2/10/2019 12:09:30 AM
**To**: [redacted]; [redacted]; George Krassner [redacted]; [redacted]; Daniel Dawson [redacted]; Tom [redacted]; [redacted]; Danny Goldberg [redacted]; Kevin Bright [redacted]; Walli Leff [redacted]; Michael Simmons [redacted]; Lee Quarnstrom [redacted]; Lanny Swerdlow [redacted]; LARRY SLOMAN [redacted]; [redacted]; [redacted]; W&K [redacted]; [redacted]; HARRY SHEARER [redacted]; [redacted]; Jay Levin [redacted]
**Subject**: Fwd: Daryl Cagle's Blog

Begin forwarded message:

**From:** Daryl Cagle <[redacted]>
**Subject: Daryl Cagle's Blog**
**Date:** February 9, 2019 at 3:03:36 PM PST
**To:** paul krassner <[redacted]>
**Reply-To:** Daryl Cagle <[redacted]>

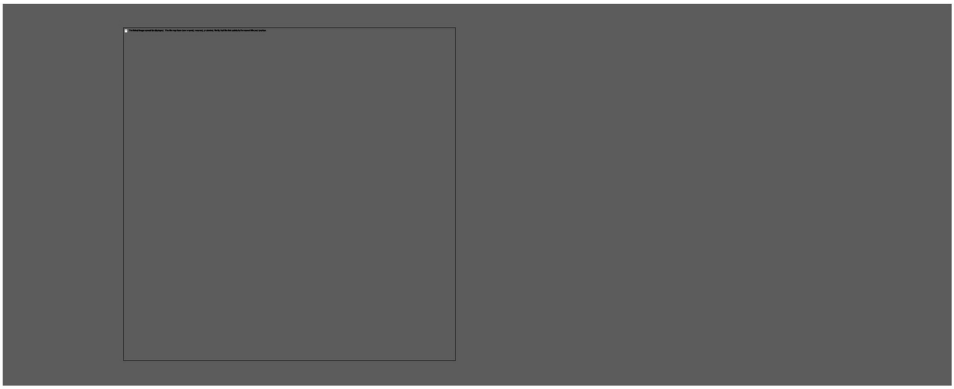

Howard Schultz

*By Daryl Cagle on Feb 09, 2019 12:13 pm*

I forgot to post my cartoon from week before last, about Howard Schultz, the prospective independent presidential candidate, billionaire and Starbucks magnate. Schultz threatens to split the vote for a Democratic party candidate, possibly throwing the election to Donald Trump.

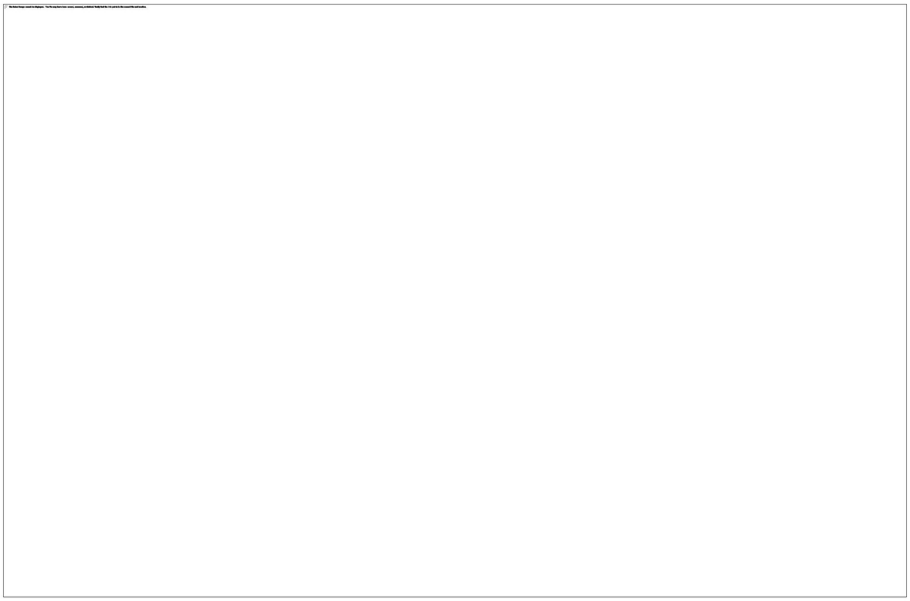

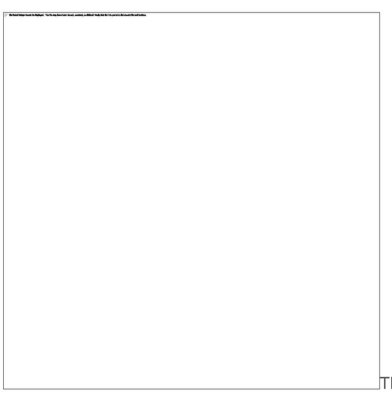 The two legged Starbucks mermaid logo is so disturbing that I love to draw it whenever I can. Here's the original Starbucks logo, that customers didn't like. See the evolution of the Starbucks logo here.

The logo was intended to depict the merger of two coffee companies, the original Starbucks and Howard Schultz's company, *Il Gornale* that purchased Starbucks. Starbucks has a nautical theme to go with the character of Seattle. "Starbuck" was the name of the first mate in the novel *Moby Dick*.

This two legged, merger-mermaid is nasty, which makes it great fodder for cartoons. I drew the mermaid last year when there was a racism scandal at Starbucks, leading the company to shut down for a day to do racial sensitivity training. This logo-fish-girl would scare anybody!

Read in browser »

Jeff Bezos and David Pecker

*By Daryl Cagle on Feb 08, 2019 06:04 pm*

Here's my new cartoon on the world's richest man, Amazon's Jeff Bezos, and the National Enquirer's (AMI) CEO David Pecker, who was blackmailing Bezos. Pecker's AMI was extorting Bezos, demanding that the Washington Post (which

Bezos owns) hold back publication on their investigation of AMI, and that Bezos stop a private investigator he hired to look into AMI – otherwise they would publish photos of Bezos' penis. Bezos was brave to expose Pecker's extortion.

It is interesting that Pecker and AMI seems to have such success with blackmail that his attorneys didn't step back to think of what would happen if the person they were blackmailing simply made their emails public.

AMI is looking pretty sleazy these days, with likely links to Saudi Arabia, and a reported safe full of Donald Trump secrets, among other tawdry stuff. So, I took advantage of Pecker's dickish name and pulled Pecker's pants down. Some cartoons are fun to draw – even if editors won't publish them much.

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Trump Knocked Out!

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DarylCagle.com

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.

**From**: Tonja Haddad Coleman [redacted]
**Sent**: 5/13/2013 10:28:30 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]; Darren Indyke [redacted] Debbie Fein [redacted]

Farmer Jaffe is suing Donald Trump!

http://www.mypalmbeachpost.com/news/business/lawsuit-lobbed-against-trumps-ownership-of-former-/nXjjQ/?icmp=pbp_internallink_invitationbox_apr2013_pbpstubtomypbp_launch

Tonja Haddad Coleman, Esq.
**TONJA HADDAD, P.A.**
**Advocate Building**
**315 SE 7th Street**
**Fort Lauderdale, FL 33301**
[redacted] **facsimile**

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 3/30/2017 11:11:37 AM
**To**: anil.ambani[redacted]
**Subject**: Re: PC - Business standard - Thu. 30 March 2017 : After trump phone call, govt weighs if Modi should visit US early

India Israel Key -not for email
On Thu, Mar 30, 2017 at 7:02 AM <Anil.Ambani[redacted]> wrote:

Dear Jeffrey,

Info.

BR,

**Anil (अनिल)**

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**From**: anil.ambani[redacted]
**Sent**: 3/30/2017 11:01:20 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: PC - Business standard - Thu. 30 March 2017 : After trump phone call, govt weighs if Modi should visit US early
**Attachments**: RCS.scanner@relianceada.com_20170330_154847.pdf

**Importance**: High

Dear Jeffrey,

Info.

BR,

**Anil (अनिल)**

**From**: ehbarak[redacted]
**Sent**: 2/12/2017 4:30:33 PM
**To**: Epstein Jeffrey [jeevacation@gmail.com]
**Subject**: Adam Pashut shared a link: Where God had sex with Maria: Israel joins trend with welcome video for Trump

Where God had sex with Maria: Israel joins trend with welcome video for Trump from Ran Harnevo's Tweet

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Sent from my iPhone

**From:** Larry Visosk[redacted]
**Sent:** 2/5/2017 12:32:54 AM
**To:** jeffrey E. [jeevacation@gmail.com]
**CC:** Darren Indyke[redacted]
**Subject:** Re: new schedule

Monday 4pm confirmed
Pres Trump departs Monday at 11am,. TFR in place until 11:30am Monday, which requires 24 hour notice for Departure screening if departing during TFR hours.,
TFR (Temporally Flight Restriction),

Our departure time of 4:30 PM will not be impacted since TFR expires 11:30am Monday,.
FYI,
Friday, Josh left voicemail indicating chevron should present purchase agreement by midday Monday. for your review.,

Thx
Larry

Sent from my iPhone

On Feb 4, 2017, at 2:58 PM, jeffrey E. <jeevacation@gmail.com> wrote:

monday 4 pm to lsj, thurs morning pre clear to palm beach. sunday 12 new york . tues paris to 21 new york. 24 santa fe. -march 1

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**From**: David Fiszel[redacted]
**Sent**: 12/15/2016 8:37:33 AM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Trump Tells Tech Chiefs He Will Foster Innovation - The Wall Street Journal.

This is pretty cool, Palantir was the only private company invited to yesterday's tech summit. That seems like a huge change post election and bigger oppty. Let's hang in PB.

I thought you would be interested in the following story from The Wall Street Journal.

**Trump Tells Tech Chiefs He Will Foster Innovation**

http://www.wsj.com/articles/top-tech-execs-to-meet-trump-to-talk-jobs-regulations-1481724004

Download the Wall Street Journal app here: WSJ.

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**From:** [redacted]
**Sent:** 12/7/2016 5:31:19 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

well heaven can wait

In a message dated 12/7/2016 12:30:19 P.M. Eastern Standard Time, jeevacation@gmail.com writes:

> oy
>
> On Wed, Dec 7, 2016 at 1:29 PM, [redacted] wrote:
> yikes your birthday coming up next month
>
> In a message dated 12/7/2016 12:25:22 P.M. Eastern Standard Time, jeevacation@gmail.com writes:
>
> > plenty left
> >
> > On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas [redacted] wrote:
> > Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
> >
> > Sent from my iPhone
> >
> > --
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**From:** [redacted]
**Sent:** 12/7/2016 5:29:21 PM
**To:** jeevacation@gmail.com
**Subject:** Re:

yikes your birthday coming up next month

In a message dated 12/7/2016 12:25:22 P.M. Eastern Standard Time, jeevacation@gmail.com writes:

> plenty left
>
> On Wed, Dec 7, 2016 at 1:01 PM, Jonathan Farkas [redacted] wrote:
>
> Hi jeffrey hope all is well I think you are going to have a winderful life from now on in your opinion how much is left in this market it's been a trump triumph I gave him some money through woody best jonathan
>
> Sent from my iPhone

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**From**: jeffrey E. [jeevacation@gmail.com]
**Sent**: 11/2/2016 8:53:35 PM
**To**: Jack Goldberger [redacted]; Darren Indyke [redacted]

https://www.theguardian.com/us-news/2016/jul/07/donald-trump-sexual-assault-lawsuits-norm-lubow

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**From**: [redacted]
**Sent**: 9/26/2016 8:59:46 PM
**To**: [redacted] jeevacation@gmail.com; [redacted]
**Subject**: humor and trump and evolutionary logic

was pleased that Robert Lynch's work and my own were cited in a Nation article on the lack of humor of our Republican standard bearer

https://www.thenation.com/article/have-you-ever-seen-donald-trump-laugh/

congratulations Robert

John and Jeffrey, i will write you shortly

**From**: soon yi previn [redacted]
**Sent**: 9/13/2016 11:04:37 AM
**To**: jeffrey E. [jeevacation@gmail.com]
**Subject**: Re:

Woody said it doesn't mean anything.

Sent from Soon-Yi's iPhone

On Sep 12, 2016, at 5:30 PM, jeffrey E. <jeevacation@gmail.com> wrote:

http://origin-nyi.thehill.com/blogs/ballot-box/presidential-races/295423-bill-clintons-cia-chief-joins-trump-campaign

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**From:** Sultan Bin Sulayem[redacted]
**Sent:** 6/2/2016 9:25:10 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**Subject:** Trump says he has foreign policy experience because he ran the Miss Universe pageant in Russia!!

Donald Trump says he has foreign policy experience because he ran the Miss Universe pageant in Russia

Clinton attacks Trump's foreign policy as 'dangerously incoherent' 1 / 27U.S. Democratic presidential candidate Hillary Clinton lambasted Donald Trump's foreign policy platform as "dangerously incoherent" in a speech on Thursday that cast her Republican rival as both a dangerous and laughable figure.
A former U.S. secretary of state, Clinton attacked Trump for his policies and his character, suggesting Trump might start a nuclear war if elected to the White House simply because "someone got under his very thin skin."
"Donald Trump's ideas are not just different, they are dangerously incoherent," she said to a room of supporters in San Diego, California. "They're not even really ideas, just a series of bizarre rants, personal feuds and outright lies."

© Mike Blake U.S. Democratic presidential candidate Hillary Clinton delivers a speech on national security in San Diego, California, United States June 2, 2016.
Clinton, the front-runner in the race to become the Democratic presidential nominee, delivered her speech as she seeks to shift her attention to the Nov. 8 election against likely rival Trump and away from Bernie Sanders, a U.S. senator from Vermont, who is continuing his longshot bid for the nomination.
Trump, the Republicans' presumptive nominee, has said he would sit down with North Korean leader Kim Jong Un to try to stop Pyongyang's nuclear program and has criticized the decades-old NATO alliance with mainly European nations as obsolete and too costly for the United States.
Clinton derided these and other positions, promising she would do a better job keeping the United States safe and standing in front of a backdrop of 19 large U.S. flags, an unusual abundance even by the standards of presidential campaign events.
Trump, a billionaire businessman who has never held elected office or worked in government before, says he has experience dealing with foreign governments through setting up hotels, resorts, golf courses and beauty pageants in foreign countries. Clinton, who is also a former U.S. senator and former first lady, mocked this.
"He says he has foreign policy experience because he ran the Miss Universe pageant in Russia," she said to loud laughter.
Trump has talked tough on foreign policy. He has said he would bring back waterboarding and other brutal interrogation techniques for terrorism suspects that are widely regarded as torture and were discontinued by Democratic President Barack Obama.
He has also vowed to renegotiate trade deals, called for a temporary ban on Muslims entering the country, and said he would ask members of the 28-nation NATO alliance to "pay up" or "get out."
Trump has criticized Clinton for her handling of foreign policy during her 2009-2013 stint as foreign secretary, including the Sept. 11, 2012, attack by Islamist militants on a U.S. diplomatic facility in Benghazi, Libya, that killed the U.S. ambassador and three other Americans.
He cites Clinton's support for the Iraq war - launched by former Republican President George W. Bush - as another example of her shortcomings.
At a rally Wednesday night in Sacramento, California, Trump said he had seen a copy of Clinton's speech and "it was such lies about my foreign policy."

Sent from my iPhone

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**From**: Martin Weinberg [redacted]
**Sent**: 4/27/2016 7:49:46 PM
**To**: Jeff Epstein [jeevacation@gmail.com]; [redacted]
**Subject**: Fwd: media inquiry - Fox News

Sent from my iPhone

Begin forwarded message:

**From:** [redacted]
**Date:** April 27, 2016 at 3:47:49 PM EDT
**To:** [redacted]
**Cc:** [redacted]
**Subject: media inquiry - Fox News**

Mr. Weinberg

I was referred to you by Alan Dershowitz, who told me you're Jeffrey Epstein's attorney.

If this is the case, I was hoping to reach him through you to see if he'd be willing to speak on the record about his ties - or previous ties - to both the Clintons and Donald Trump?

Would you be able to arrange a call or email exchange this week?

Thanks for your consideration.

[redacted]

[redacted]
Investigative Reporter,
FoxNews.com

2044 Armacost Avenue
Los Angeles, CA 90025

[redacted]

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**From:** Martin G. Weinberg [redacted]
**Sent:** 3/18/2016 4:30:13 PM
**To:** jeffrey E. [jeevacation@gmail.com]; Kathy Ruemmler [redacted]; Darren Indyke [redacted]; [redacted]
**Subject:** ATTORNEY-CLIENT PRIVILEGE

# Privileged - Redacted

**From:** jeffrey E.
**Sent:** Friday, March 18, 2016 11:41 AM
**To:** Martin Weinberg ; Kathy Ruemmler ; Darren Indyke
**Subject:** Fwd: Patterson

---------- Forwarded message ----------
From: **Michael Wolff** <[redacted]
Date: Fri, Mar 18, 2016 at 11:39 AM
Subject: Patterson
To: Jeffrey Epstein <jeevacation@gmail.com>

A few things to think about:

If the Patterson book is being published in August, that presents some time frame issues. You would not be able to do a competing book or documentary before then. This is not to say that they shouldn't be pursued. In a sense, better that they know what Patterson's position is and, a year from now say, be able to counter it. I have some thoughts on book and doc to share at your convenience.

That being said, you do need an immediate counter narrative to the book. I believe Trump offers an ideal opportunity. It's a chance to make the story about something other than you, while, at the same time, letting you frame your own story. Also, becoming an anti-Trump voice gives you a certain political cover which you decidedly don't have now. Still, this necessary involves you going public. And so the most basic decision is about your willingness to do that. My view is that in a couple of weeks you could master message and technical proficiency. I know a bunch of people who could be very helpful here. This would involve something along the lines of you writing an op-ed, doing a high profile television interview (Charlie Rose, I'd say), and perhaps some social media efforts.

Speaking of which, again, I think a strategic plan, involving your public identity, philanthropic activities and interests, and the development of media allies, ought finally to be put in place. A big, comprehensive, expensive effort.

The alternative is to continue to keep head down and hope Patterson book is just more he-said she-said and Connolly getting lost in the reeds (which, as an inveterate conspiracist, he always does). My worry is that Patterson can be counted on to produce a bestseller, and while he isn't regarded as a serious writer, he'll surely be unloading a lot of tabloid copy. Because this will be tied to the election, the Trump-Clinton angle will amp up the attention 10-fold, in fact, possibly, a hundred fold. Possibly more than anything you've encountered before.

Meanwhile--

In a lawyer's letter, I'd suggest including the following points--not necessarily legal, but a warning about how a press campaign might unfold (publishers are more worried about being caught in negative media controversy than they are of legal threats):

1) Little, Brown has made on the record representations to at least one well-known journalist that it was not publishing a book by James Patterson about Jeffrey Epstein--possibly an effort to avoid inquiries about the questionable nature of the book;

2) The actual author of the book, John Connolly, is someone other than the stated author, James Patterson. Connolly is known to have developed an obsession with Epstein, such that, his longtime employer, Vanity Fair, has refused to allow him to write about Epstein for the magazine;

3) Sources have confirmed for us that Patterson has had little more than a minimal consulting role in the book, and that Connolly has functioned in every material way as the book's researcher and writer. We believe Patterson's "authorship" of the book will not stand up to scrutiny. And, indeed, that the entire notion of an extension of the Patterson franchise into nonfiction, as it has been used in fiction and children's book--effectively other authors writing under the Patterson name—presents a host of journalism ethical issues.

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**From**: jeffrey epstein [jeevacation@gmail.com]
**Sent**: 1/12/2012 3:22:33 PM
**To**: [redacted]
**Subject**: Re: B 727 thought

Call

Sorry for all the typos .Sent from my iPhone

On Jan 12, 2012, at 4:12 PM, [redacted] wrote:

Jeffrey,
this may be a long shot to save the Boeing deal, or if you think its a dead deal, disregard this.
I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
I wrote this email for your review, if you think its worth sending, please critique, and let me know,. thank you:

Mr. Tarek El Sayed,

I hope this email finds you well, and believe worth communicating my thoughts to you.

I was surprised to hear that you decided against the purchase of our Super Boeing 727. I personally thought it was a great match for your business needs in Qatar. If for any reason your decision was based on crew issues and charter needs in the Middle East, I'd like to share some information that might prove beneficial to making you reconsider this purchase.

The pilot candidates I have lined up for your interview along with the possibility of David Rodgers joining your flight department were as follows:

(at no time did I disclose location or persons to the following pilot candidates to protect your privacy.)

Robert Breslin, who is the former Chief Pilot of Mr. Donald Trump, Mr. Breslin flew the Boeing 727 and Boeing 757 owned by Mr Trump. Mr Breslin is a fine man of 40 years of age estimate, with extensive VIP Boeing operations.

James Bartakowski, who has extensive flying experience in the Middle east, Africa and Europe régime. Mr. Bartakowski has also been involved in charter operations in Africa and Middle East and has contacted me on several recent occasions with charters for our Boeing 727, James has indicated there is the possibility of 40 – 60 hours per month charter operations for larger transport category aircraft in your area. I believe there is a growing need for charter in the business community in Qatar and neighboring countries.

Bruce Jafahri, who is a current Boeing 727 captain who lived in Doha for two years, and familiar with international operations of Boeing 727 aircraft. Mr. Jafahri currently lives in California and ready for a new opportunity. Bruce is current in the Boeing 727 and also flew Captain on the Boeing 747. Well qualified individual and personable.

Mr. El Sayed, as you have seen during our demo flight, our Boeing 727 is in impeccable condition, quite cabin and will provide many years of charter and business flights your company. I believe the large business jet future in Qatar is growing and you will be leading its path, and your initial investment in this purchase will not come close with other aircraft options on the market as you may have seen already.

We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

**From**: [redacted]
**Sent**: 1/12/2012 3:12:10 PM
**To**: jeevacation@gmail.com
**Subject**: B 727 thought

Jeffrey,
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I thought there was a connection between Tarek and myself, I do believe one concern was operation of Boeing with flight crew. I know its his problem not ours, but may help make the sale happen,.
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We are currently completing the C2C check on the Boeing, and as we have done in the past, assure you it will be a fine aircraft when it leaves Flight Star Maintenance repair facility.

Sincerely,

Lawrance Visoski

Chief Pilot, JEGE Inc.

**From**: Eric Roth [redacted]
**Sent**: 8/7/2011 4:01:33 PM
**To**: Jeffrey Epstein [jeevacation@gmail.com]
**Subject**: Michael Boccio
**Attachments**: image001.jpg; MJB cover letter v3.docx; MJB resume.doc; DJT recommendation letter - Boccio.pdf

Dear Jeffrey,

Recently while refurbishing Donald Trump's 757 I worked closely with his Director of Business Development / Special Counsel, Michael Boccio.

Although I have worked with some very intelligent and creative individuals, Michael is a real stand out – he is impressive on many levels.

Someone (or organization) is going to be excited to have someone with Michael's capabilities working for them and thought that you may need someone like Michael on your team or have a friend who may be in search of a dynamic individual with his background and talent.

Please take a moment to read the attached documents to see if Michael is someone you are looking for. If not, I ask that you forward this e-mail to someone you believe would greatly benefit by having Michael work for them.

I know that I always appreciate when a friend refers someone who can be of great help to me – personally or in business.

If you have any questions about working with Michael, please do not hesitate to call me.

Thank you.

*Attached: Cover letter*
*Resume*
*Trump Letter of Recommendation*

Sincerely,

**Eric Roth**
*President*

**International Jet Interiors**
2221 Smithtown Avenue
Long Island MacArthur Airport
Ronkonkoma, NY 11779
[redacted] Phone
Fax
Cell
[redacted] e-mail
www.intljet.com website

**From:** Jeffrey Epstein [jeevacation@gmail.com]
**Sent:** 6/27/2011 4:45:11 PM
**To:** Eric Roth[redacted]
**Subject:** Re: Gulfstream V - offmarket, sleeper aircraft
**Attachments:** image001.jpg

of course i will speak send me his number , or have him call 212 750 9895

On Mon, Jun 27, 2011 at 12:17 PM, Eric Roth <[redacted]> wrote:

Jeffrey-

I need to start off by stating that it is not my intent to go around Shawn Lancaster on this – Shawn is a friend.

This being said, I have received e-mails from both you and Larry this weekend.

I called Larry and he said I should send you an e-mail.

I called a close friend of mine inquiring about the GV market and aircraft that are "not published". As of today, there are eight (8) of these aircraft that are not yet on the market.

Let me know if you would like to speak with him and by what means (you call him, he call you, call Larry?....whatever).

By the way, his company sold Trumps 727 and got Trump a very attractive number for an aircraft that was on it's way to a museum.

Hope all is well.

Sincerely,

**Eric Roth**
*President*

**International Jet Interiors**
2221 Smithtown Avenue
Long Island MacArthur Airport
Ronkonkoma, NY 11779
[redacted] Phone
Fax

[redacted] Cell
[redacted] e-mail
www.intljet.com website

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]
**Sent:** Saturday, June 25, 2011 12:29 AM
**To:** Eric Roth
**Subject:** Re:

not yet

On Fri, Jun 24, 2011 at 8:20 PM, Eric Roth [redacted] wrote:

Any photos? Serial number?

Sent from my iPhone

On Jun 24, 2011, at 7:56 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

eric,, price for a re-rag , new seats , g-v , paint and interior, plus approx time after choosing fabrics etc.

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**From:** Eric Roth [redacted]
**Sent:** 6/27/2011 4:17:37 PM
**To:** Jeffrey Epstein [jeevacation@gmail.com]
**CC:** [redacted]
**Subject:** Gulfstream V - offmarket, sleeper aircraft
**Attachments:** image001.jpg

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**Eric Roth**
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